



Singapore Food Industries Limited

FY2006

Performance Review

Joint Media/Analysts Briefing

by

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9 February 2007

Overview

(4Q2006 vs 4Q2005)

TURNOVER

| <u>S\$'M</u> | 4Q 2006 | 4Q 2005 | Δ | $\Delta\%$ |
|--------------|----------------|----------------|----------|------------|
| Singapore | 52.9 | 59.2 | (6.4) | (10.7) |
| Overseas | 143.9 | 120.7 | 23.2 | 19.2 |
| | 196.8 | 179.9 | 16.8 | 9.4 |

PBT

| <u>S\$'000</u> | 4Q 2006 | 4Q 2005 | Δ | $\Delta\%$ |
|----------------|----------------|----------------|----------|------------|
| Singapore | 5.5 | 10.1 | (4.5) | (45.2) |
| Overseas | 11.2 | 10.0 | 1.3 | 12.7 |
| | 16.7 | 20.0 | (3.3) | (16.4) |

- PBT for 4Q2006 decreased \$3.3m (16.4%)
 - Provisions released in 4Q2005 \$4.0m
 - Singapore operationally down \$0.5m
 - ICL profits up \$1.4m to \$2.1m
 - Daniels and Cresset down \$0.7m and \$1.0m respectively
 - New acquisition Farmhouse Fare contributed \$1.3m



Overview

(FY2006 vs FY2005)

TURNOVER

| <u>S\$'000</u> | FY 2006 | FY 2005 | Δ | $\Delta\%$ |
|----------------|----------------|----------------|----------|------------|
| Singapore | 225.6 | 238.7 | (13.1) | (5.5) |
| Overseas | 411.3 | 358.4 | 52.9 | 14.8 |
| | 636.9 | 597.1 | 39.8 | 6.7 |

PBT

| <u>S\$'000</u> | FY 2006 | FY 2005 | Δ | $\Delta\%$ |
|----------------|----------------|----------------|----------|------------|
| Singapore | 22.9 | 37.1 | (14.2) | (38.3) |
| Overseas | 20.5 | 13.3 | 7.2 | 54.5 |
| | 43.4 | 50.4 | (7.0) | (13.8) |

- PBT for FY2006 decreased \$7.0m (13.8%)
 - Singapore
 - Accounting adjustments (new accounting standards) and provisions releases in FY05 \$6.5m
 - Abattoir & Hog Auction down \$3.7m
 - Food Distribution and Catering operationally down \$2.2m
 - Overseas,
 - Daniels up \$3.8m
 - ICL up \$2.9m
 - Cresset's loss reduced by \$0.8m
 - Farmhouse Fare contributed \$1.3m
 - Australian down \$1.8m (one-off billings in FY2005)
 - Winding-up loss of \$0.6m





Singapore Food Industries Limited

Financial Highlights

Financial Highlights

(FY2006 vs FY2005)

| \$'m | FY2006 | FY2005 | % ▲ |
|----------------------------|--------|--------|--------|
| Turnover | 636.9 | 597.1 | 6.7 |
| Gross Margins (%) | 26.3 | 27.0 | (0.6) |
| PBT | 43.4 | 50.4 | (13.8) |
| PATMI | 30.2 | 36.1 | (16.3) |
| Net after-tax margins (%) | 4.8 | 6.2 | (1.4) |
| Earnings per share (cents) | 5.9 | 7.1 | (17.1) |
| Economic Value Added | 18.0 | 26.3 | (31.6) |
| EVA Spread (%) | 8.1 | 12.2 | (4.1) |



Financial Highlights

(FY2006 vs FY2005)

| | FY2006 | FY2005 | %▲ |
|------------------------------|--------|--------|--------|
| ROE (%) | 21.1 | 27.0 | (5.9) |
| ROTA (%) | 10.0 | 12.0 | (2.0) |
| Interest Cover (times) | 12.7 | 16.1 | (21.1) |
| Debt/Equity Ratio | 0.4 | 0.4 | |
| Net Assets per Share (cents) | 28.9 | 27.1 | 6.6 |
| EBITDA (\$'m) | 65.3 | 73.2 | (10.8) |
| Capex (\$'m) | 9.9 | 14.1 | (29.8) |



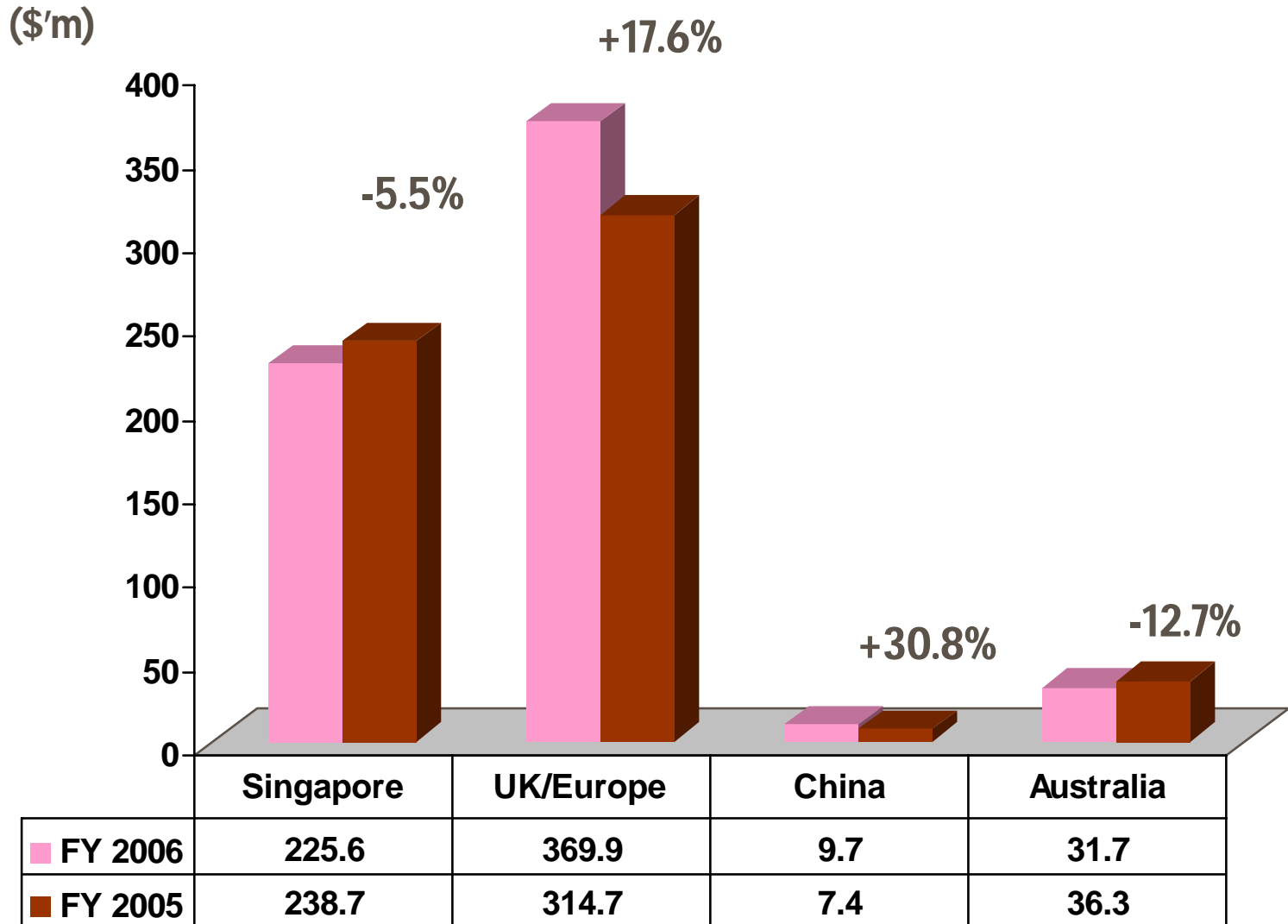


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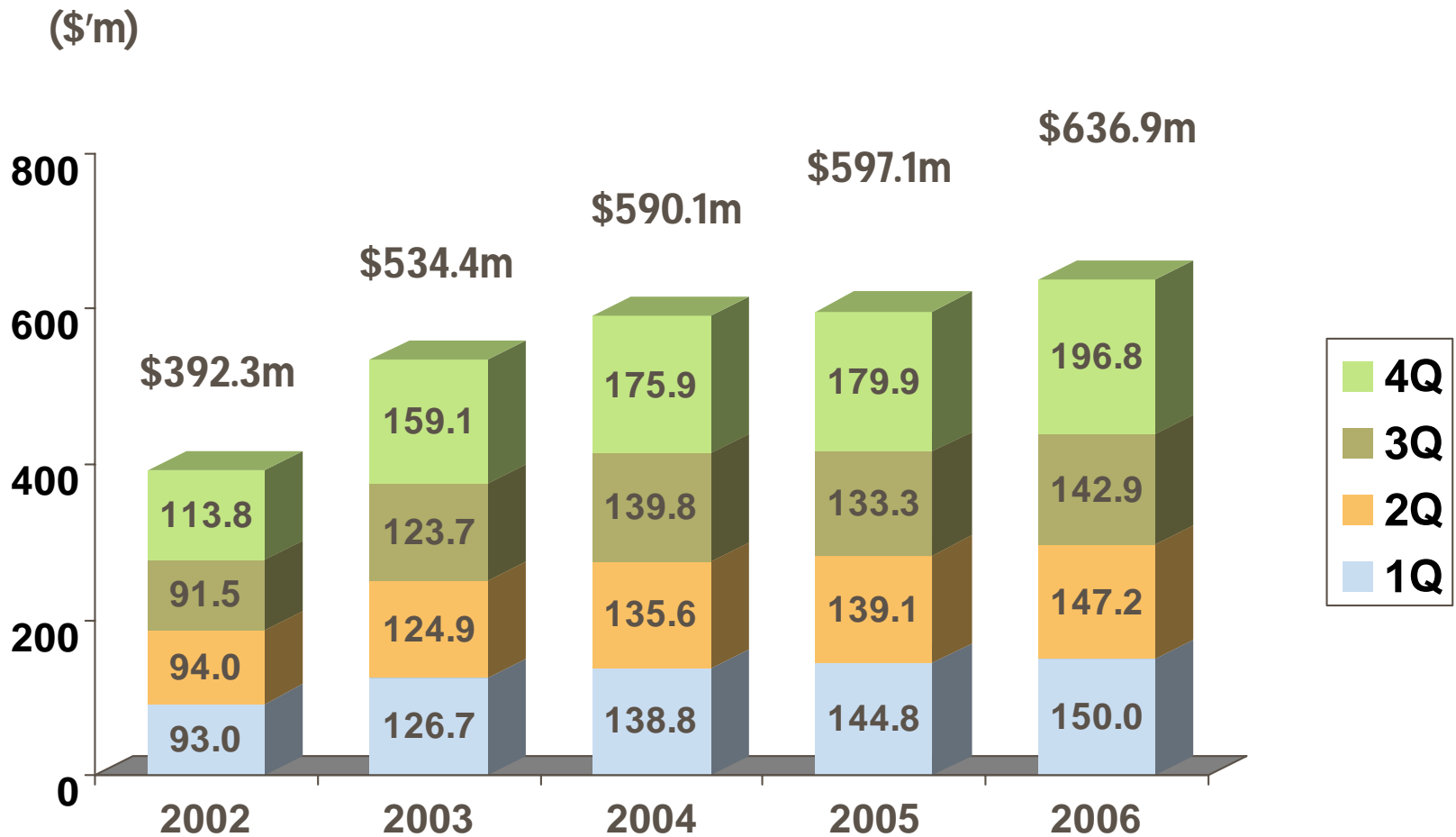
Segmental Results

Turnover by Geographical Region

(FY2006 vs FY2005)

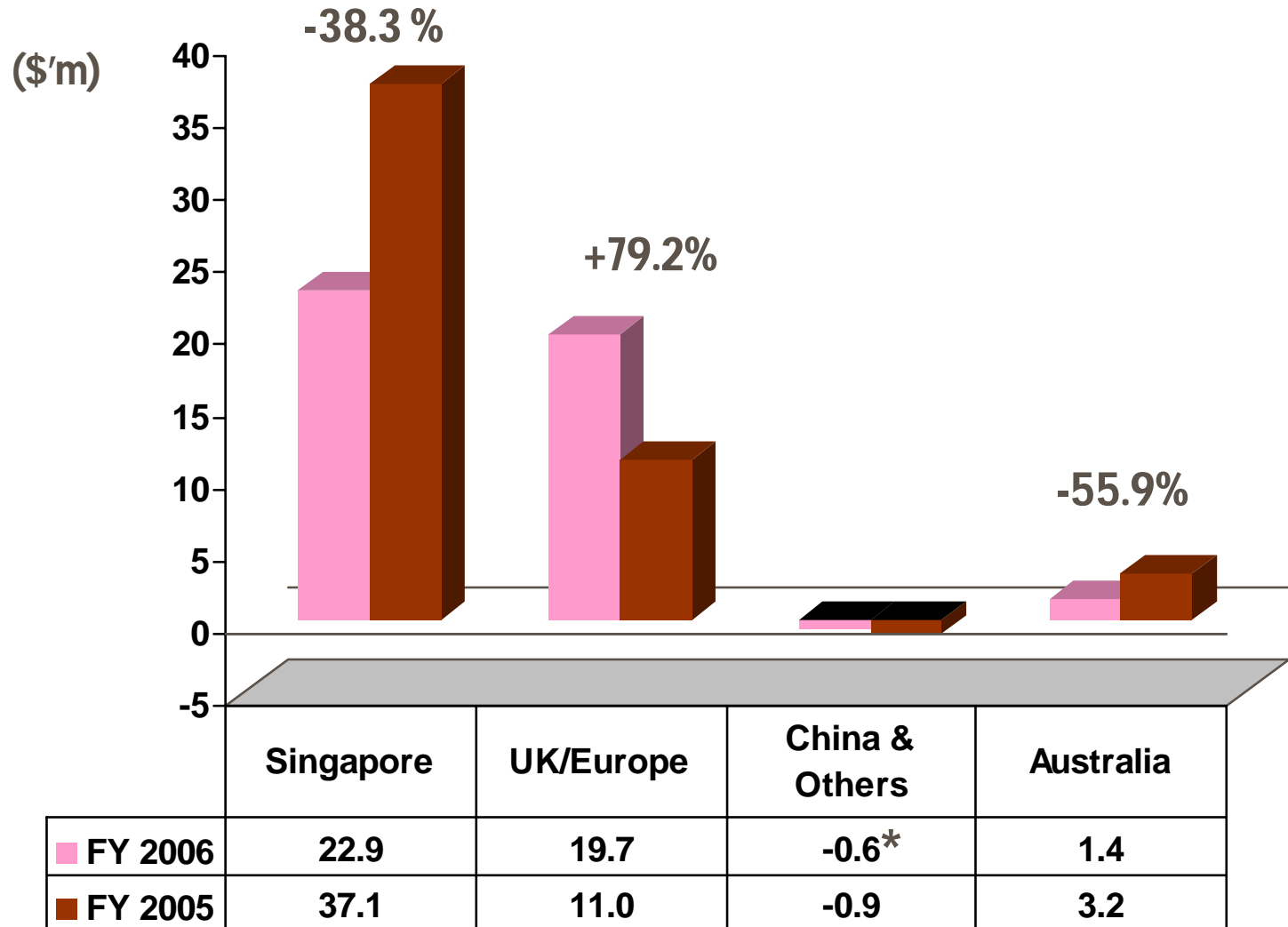


Turnover by Quarters



PBT by Geographical Region

(FY2006 vs FY2005)

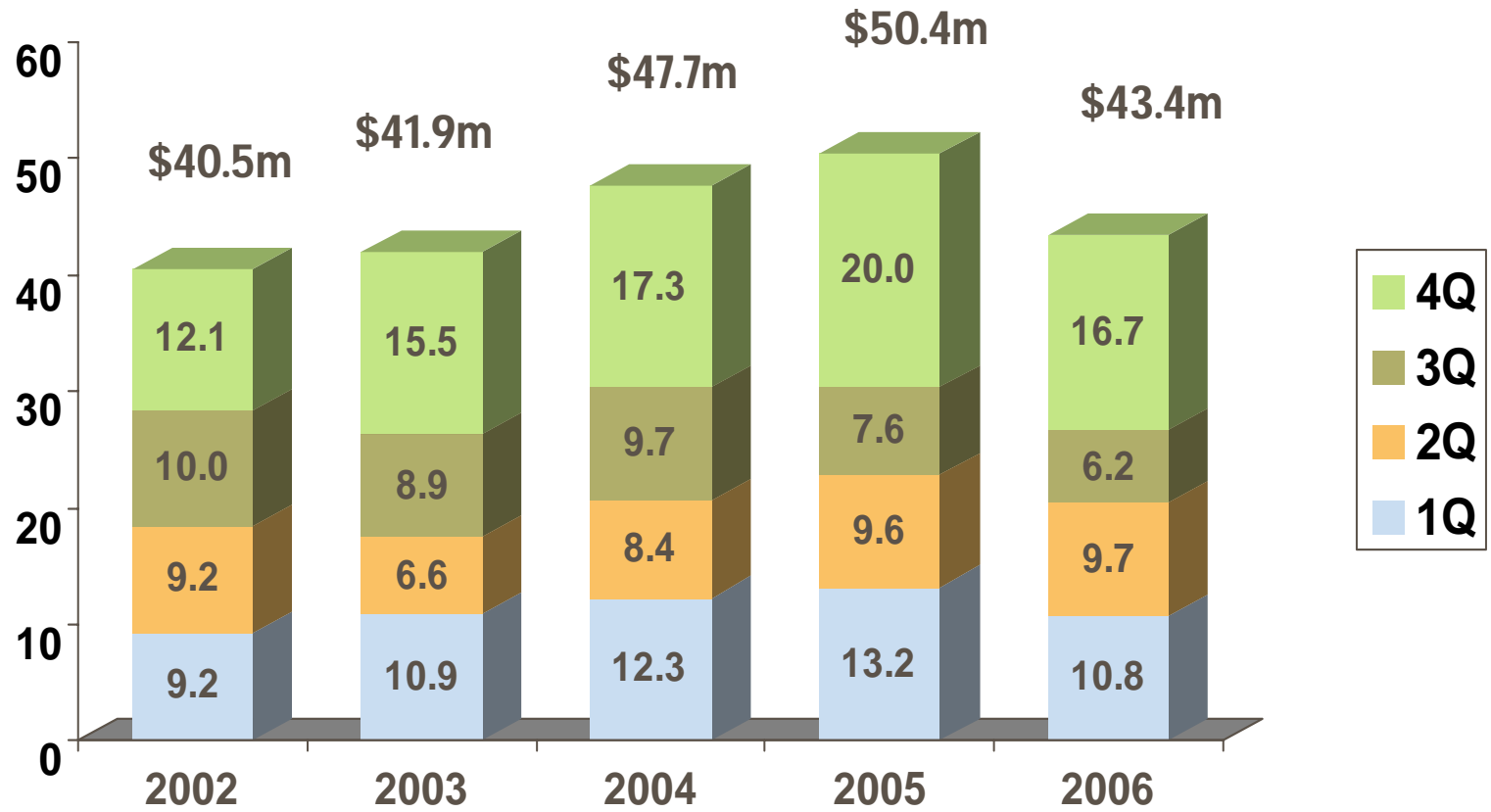


*includes \$648,000 loss on voluntary winding up of a dormant Malaysian subsidiary in 1Q2006



PBT by Quarters

(\$'m)





Singapore Food Industries Limited

EVA, Cash Flows and Balance Sheet Highlights

EVA Statement

(FY2006 vs FY2005)

| S\$'000 | FY 2006 | FY 2005 |
|---|---------------|---------------|
| Profit Before Taxation | 43,472 | 50,444 |
| Adjustments for: | | |
| (Decrease)/increase in general provision for doubtful debts | (314) | (86) |
| (Decrease)/increase in general provision for stock obsolescence | (1) | (151) |
| Interest expense | 3,713 | 3,350 |
| Interest expense on non-capitalised leases | 110 | 103 |
| Adjusted Earnings Before Income Tax | 46,980 | 53,660 |
| Less Cash Operating Taxes | 13,525 | 13,829 |
| Net Operating Profit After Tax (NOPAT) | 33,455 | 39,831 |
| Average EVA Capital Employed | 221,398 | 215,342 |
| Weighted Average Cost of Capital | 7.0% | 6.3% |
| Capital Charge | 15,498 | 13,567 |
| Economic Value Added (EVA) | 17,957 | 26,264 |

| | | |
|------------------------------------|------|------|
| Return on EVA Capital % | 15.1 | 18.5 |
| Weighted Average Cost of Capital % | 7.0 | 6.3 |
| EVA Spread % | 8.1 | 12.2 |



Group Cash Flow Statement

(FY2006 vs FY2005)

| S\$'000 | FY 2006 | FY 2005 |
|---|---------------|---------------|
| Profit before taxation | 43,472 | 50,444 |
| EBITDA Adjustments: | | |
| Share of profit of a jointly controlled entity | (57) | (57) |
| Interest expense | 3,713 | 3,350 |
| Interest income | (639) | (430) |
| Depreciation and amortisation | 18,782 | 19,895 |
| EBITDA | 65,271 | 73,202 |
| Gain on disposal of property, plant and equipment and intangible assets | (896) | (65) |
| Impairment loss on intangible assets | 666 | |
| Provision for diminution in value of other financial assets | 40 | 60 |
| Equity compensation expenses | 665 | 686 |
| Loss on liquidation of a subsidiary | 648 | 0 |
| Changes in Working Capital | (190) | (13,669) |
| Income taxes paid | (15,522) | (10,364) |
| Net Cash Flow from Operating Activities | 50,682 | 49,850 |
| Net Cash Flow from Investing Activities | (28,671) | (13,054) |
| Net Cash Flow from Financing Activities | (19,307) | (33,595) |
| Net Cash Flow | 2,704 | 3,201 |
| Cash and Bank Balances at end of period | 21,438 | 18,810 |



Consolidated Balance Sheet

| S\$'000 | December 2006 | September 2006 | December 2005 |
|------------------------------------|------------------|-------------------|------------------|
| Property, plant & equipment | 126,868 | 126,689 | 130,923 |
| Intangible assets | 68,404 | 45,210 | 46,466 |
| Assets classified as held for sale | 892 | 0 | 0 |
| JV & other long term assets | 1,554 | 1,330 | 1,766 |
| Inventories | 38,474 | 31,041 | 39,327 |
| Trade & other receivables | 100,457 | 91,380 | 93,884 |
| Cash and bank balances | 21,438 | 24,385 | 18,810 |
| Bank overdrafts | (5,805) | (5,063) | (1,447) |
| Trade & other payables | (119,370) | (92,368) | (110,198) |
| Current portion of bank loans | (22,419) | (41,724) | (37,983) |
| Provision for taxation | (14,798) | (10,705) | (15,988) |
| Long Term Liabilities | (38,726) | (15,964) | (18,274) |
| | 156,969 | 154,211 | 147,286 |
| Share Capital & Reserves | 148,423 | 144,755 | 138,246 |
| Minority Interests | 8,546 | 9,456 | 9,040 |
| | 156,969 | 154,211 | 147,286 |



Final Dividend for FY2006

■ Final Dividend Proposed

- Ordinary Tax-Exempt (1-Tier Tax) Dividend of 3.2 cents per share proposed for approval by shareholders.
- Total net dividend for FY2006 4.96 cents per share (including interim 1.76 cents net)
- Section 44 credit fully utilised. Tax Exempt (1-tier Tax) from FY 2006 final dividend onwards.
- Estimated payout 84.4 % of FY2006 PATMI.





Singapore Food Industries Limited

Business Review

Food Preparation, Mfg & Processing

4Q2006

- Turnover grew \$22.5m or 16.0% to \$163.6m. PBT lower by \$2.1m, or 13.1%, to \$13.8m.
- In Singapore, Food Catering revenues lower by \$0.7m due to withdrawal from marginal commercial catering outlets.
- In the UK, Daniels' sales increased \$14.8, or 21.9%.
 - Prepared fruits grew 43.2%
 - Drinks grew 43.5%
 - Soup sales increased 11.7%
- Daniels' profits lower by \$0.7m due to change in product mix and higher material costs.



Food Preparation, Mfg & Processing

4Q2006

- ICL sales increased by \$5.4m, or 18.9%, as Chilled Ready Meals demand recovered from effects of Sudan 1 food scare in 2005. Profits tripled from \$0.7m to \$2.1m as result of higher sales and better operating efficiencies.
- Cresset sales grew \$0.7m or 8.3% with higher sales of CRMs but offset by lower sales of ambient products. Loss of \$2.1m (4Q2005: loss of \$1.1m) due to lower margins and declining ambient business.
- Farmhouse Fare, acquired in October 2006 in the UK, accounted for \$5.0m in sales and contributed PBT of \$1.3m.
- Sales from Australian operations was down \$1.0m, or 7.2%, due to reduced commercial fishing and lower seafood processing revenues. Profit lower at \$0.2m for quarter.
- Shanghai STFI sales increased marginally. Loss of \$0.1m (4Q2005: loss of \$0.5m).



Food Preparation, Mfg & Processing

FY2006

- Turnover grew \$53.4m or 12.1% to \$492.9m. PBT increased 2.6% to \$32.2m.
- In Singapore, Food Catering sales were slightly higher (\$0.5m), benefiting from initial exports of retorted ready meals to a Middle East customer during the year.



Food Preparation, Mfg & Processing

FY2006

- Growth in sales came from overseas operations which increased \$52.9m, or 14.8%, to \$411.3m.
- PBT from overseas operations also increased by \$7.2m or 54.5%.
- Daniels' full year sales grew \$34.0m or 17.2%.
 - Prepared fruits grew a substantial 55.6%,
 - Juice and drinks grew a strong 26.5%
 - Soup sales registered growth of 10.0%,
- PBT for Daniels increased \$3.8m, or 26.9%, due to higher sales and better operating efficiencies.



Food Preparation, Mfg & Processing

FY2006

- ICL sales grew \$12.7m or 13.0% with higher sales to all key customers. Profit doubled to \$6.0m.
- Cresset achieved higher sales of \$23.4m (up 28.6%) and reduced loss by \$0.8m to a loss of \$5.4m.
- Farmhouse Fare, acquired in October 2006, accounted for \$5.0m in new revenue and contributed profit of \$1.3m.
- Turnover of Australian subsidiaries fell \$4.6m or 12.7% due to lower commercial fishing and seafood processing sales. Full year profit lower by \$1.8m or 55.9%. (FY2005 included one-off final billings of \$1.8m for a facilities management contract.)
- Shanghai STFI sales grew \$2.3m or 30.8% following increase in sales of frozen ready meals to food service sector. Achieved small profit of \$0.1m.



Food Distribution

4Q2006

- Sales lower at \$28.7m (4Q2005: \$34.1m).
 - Lower sales due to loss of key agency poultry line in 3Q2006
- PBT lower at \$1.5m due to lower sales (4Q2005: \$3.1m).

FY2006

- Full year sales down at \$127.1 (FY2005:\$136.6m).
- Full year PBT at \$8.2m was lower by \$4.1m, or 33.1%, over FY2005 due to lower sales.



Abattoir & Hog Auction

4Q2006

- Revenues lower by \$0.2m or 4.9% due to lower pig supply numbers (4Q2006: average 839 pigs per day; 4Q2005: average 883 per day).
- However PBT higher by \$0.4m due to lower operating costs.

FY2006

- Full year revenues fell \$4.1m or 19.6% due to lower pig supply numbers (FY2006: average of 789 pigs per day; FY2005: average of 1,007 per day).
- Full year PBT decreased by \$3.7m or 55.4% due to lower pig supply numbers.



Key Developments and Outlook

Singapore Operations

- Singapore businesses expected to be stable in 2007.
- Food Preparation, Manufacturing and Processing
 - Food Catering looking forward to higher revenues with key customer as number of enlistees expected to increase in second half of 2007.
 - Also developing export opportunities in the Middle East.
- Food Distribution
 - Focus on strengthening market position in key product areas where Company has traditional strengths, and add more value by providing business solutions to customers.
- Abattoir & Hog Auction
 - Expected to be better as pig supply from Bulan farm has been improving since end 2006.



Key Developments and Outlook

Overseas Operations

- UK businesses expected to perform well with the strong base built up in FY2006.
- Daniels
 - Growth in all core product categories of soup, juice, drinks and fruit expected to continue.
 - New Covent Garden soup expected to continue to grow through deeper distribution and new listings secured in 2006.
 - Supply of own-label juice and drinks to major retail and food service customers secured in 2006 expected to grow further.
 - Acquisition of Farmhouse Fare in October 2006 opens up sales and growth opportunities in premium desserts, a new category for Daniels.



Key Developments and Outlook

Overseas Operations

- ICL
 - ICL continues to operate in highly competitive but growing Chilled Ready Meals category.
 - Supply arrangements with retailers have strengthened.
 - ICL expects to continue with good performance in FY2007.

- Cresset
 - Sales performance improved with third key customer secured for CRM business in 2Q2006.
 - Ambient business under review.
 - Cresset expects to report lower losses in FY2007.



Key Developments and Outlook

Overseas Operations

- Shanghai STFI
 - Shanghai STFI's supply of frozen ready meals to the food service sector expected to continue growing.
 - Core range of chicken products continue to face challenges. Strategy is to diversify product mix and develop new market channels.

- Australia
 - Plan to exit commercial fishing in 2007.
 - Seafood processing business under review.





Singapore Food Industries Limited

FY2007 Outlook

*The outlook for FY2007
is growth in earnings over FY2006.*

Note: This is management's outlook based on current expectations, projections and assumptions about the future. This is not a forecast.

Thank You

This presentation contains certain statements that are not statements of historical fact, i.e. forward-looking statements. Readers can identify some of these statements by forward-looking terms such as 'expect', 'believe', 'plan', 'intend', 'estimate', 'anticipate', 'may', 'will', 'would', 'could' or similar words. However you should note that these words are not the exclusive means of identifying forward-looking statements. Forward-looking statements are made based on current expectations, projections and assumptions about future events. Although SFI believes that these expectations, projections and assumptions are reasonable at the time of making them, these forward-looking statements are subject to risks (known and unknown), uncertainties and certain assumptions about SFI, its business operations and the environment it operates in. Actual future performance, outcomes and results may therefore differ materially from those expressed in forward-looking statements. Representative examples of these risk factors include (without limitation) general industry and economic conditions, outbreak of animal disease, food scares, interest rate movements, cost of capital and capital availability, competition from other companies and venues for sales /manufacture/distribution of goods and services, shift in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, and governmental and public policy changes. Readers are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events.

