



Singapore Food Industries Limited

FY 2007 Performance Review

Joint Media/Analysts Briefing

by

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Overview

(4Q2007 vs 4Q2006)

TURNOVER

<u>S\$'M</u>	4Q 2007	4Q 2006	Δ	$\Delta\%$
Singapore	66.0	52.9	13.1	24.8
Overseas	155.5	143.9	11.6	8.1
	221.5	196.8	24.7	12.6

PBT

<u>S\$'M</u>	4Q 2007	4Q 2006	Δ	$\Delta\%$
Singapore	2.8	5.5	(2.7)	(49.2)
Overseas	15.1	11.2	3.9	34.5
	17.9	16.7	1.2	7.0

**Not Meaningful*



Overview

(FY2007 vs FY2006)

TURNOVER

<u>S\$'M</u>	FY 2007	FY 2006	Δ	$\Delta\%$
Singapore	246.5	225.6	20.9	9.3
Overseas-Organic	448.9	406.2	42.7	10.5
Overseas-Acquisition	19.4	5.0	14.4	285.2
Total Overseas	468.4	411.3	57.1	13.9
	714.9	636.9	78.0	12.2

PBT

<u>S\$'M</u>	FY 2007	FY 2006	Δ	$\Delta\%$
Singapore	23.1	22.9	0.2	0.9
Overseas-Organic	26.0	19.3	6.7	35.0
Overseas-Acquisition*	(0.5)	1.3	(1.7)	(137.9)
Total Overseas	25.5	20.5	5.0	24.4
	48.6	43.4	5.2	12.0

* FY 2007 included a \$2.0m amortisation of intangible assets



Overview

(FY2007 vs FY2006)

<u>PATMI \$'M</u>	<u>2007</u>	<u>2006</u>	△	△ %
Singapore -As Reported	17.8	17.9	(0.1)	(0.8)
"One-offs"	2.6		2.6	
	20.4	17.9	2.5	13.7
Overseas- As Reported	13.6	12.3	1.3	10.7
"One-offs"	(0.1)	0.6	(0.7)	
	13.5	12.9	0.6	4.7
	33.9	30.8	3.1	9.9



Overview

(FY2007 vs FY2006)

FY 2007 included the following “one offs” which were not in 2006:-

<u>(S\$'M)</u>	<u>PBT</u>	<u>PATMI</u>
Australia-Grant Income	4.4	1.5
Australia-Impairment loss on fishing licence.	(1.1)	(0.6)
Creset-Restructuring costs	(0.9)	(0.9)
Shanghai ST-Provision for stock	(0.7)	(0.7)
SSTFI-impairment//loss on disposal	(0.1)	(0.1)
Loss on financial guarantee upon fair value recognition.	(2.6)	(2.6)
Australia- Sale of property	0.8	0.8
Net Impact	<u>(0.2)</u>	<u>(2.5)</u>

Excluding the one-offs, 2007 PATMI would have been \$33.9m, a 9.9% increase over FY2006.





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Financial Highlights



Financial Highlights

(FY2007 vs FY2006)

\$'m	FY2007	FY2006	% ▲
Turnover	714.9	636.9	12.2
Gross Margins (%)	26.4	26.3	0.1
PBT	48.6	43.4	12.0
PATMI	31.4	30.2	3.9
PATMI excluding "one-offs"	33.9	30.8	9.9
Net after-tax margins (%)	4.7	4.8	(0.1)
Earnings per share (cents)	6.1	5.9	3.3
Economic Value Added	22.9	18.0	27.6
EVA Spread (%)	9.4	8.1	1.3



Financial Highlights

(FY2007 vs FY2006)

	FY2007	FY2006	% ▲
ROE (%)	20.7	21.1	(0.4)
ROTA (%)	10.5	10.0	0.5
Interest Cover (times)	11.4	12.7	(10.2)
Debt/Equity Ratio	0.4	0.4	
Net Assets per Share (cents)	29.9	28.9	3.5
EBITDA (\$'m)	74.2	65.3	13.7
Capex (\$'m)	8.9	9.9	(10.2)





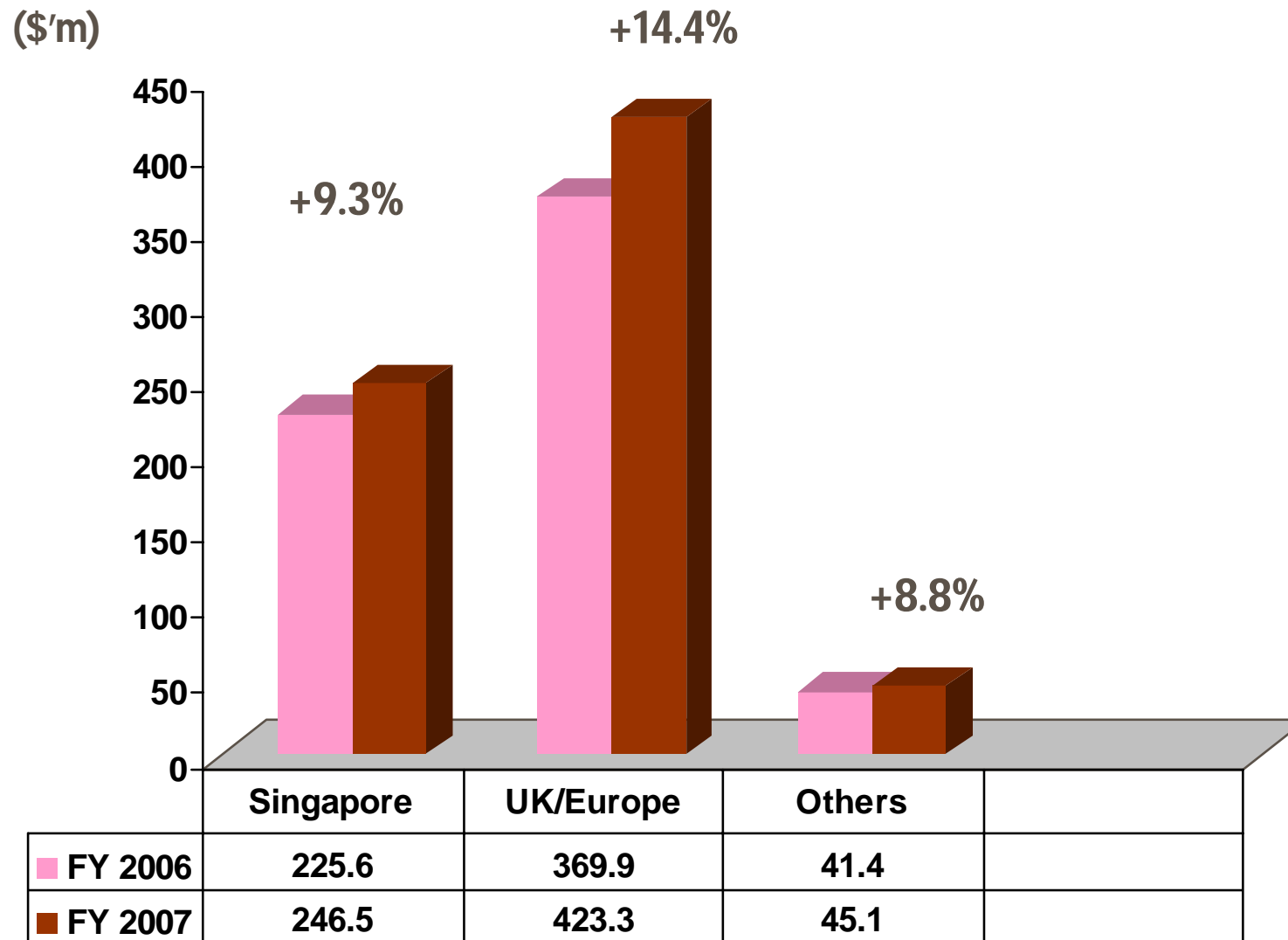
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Segmental Results

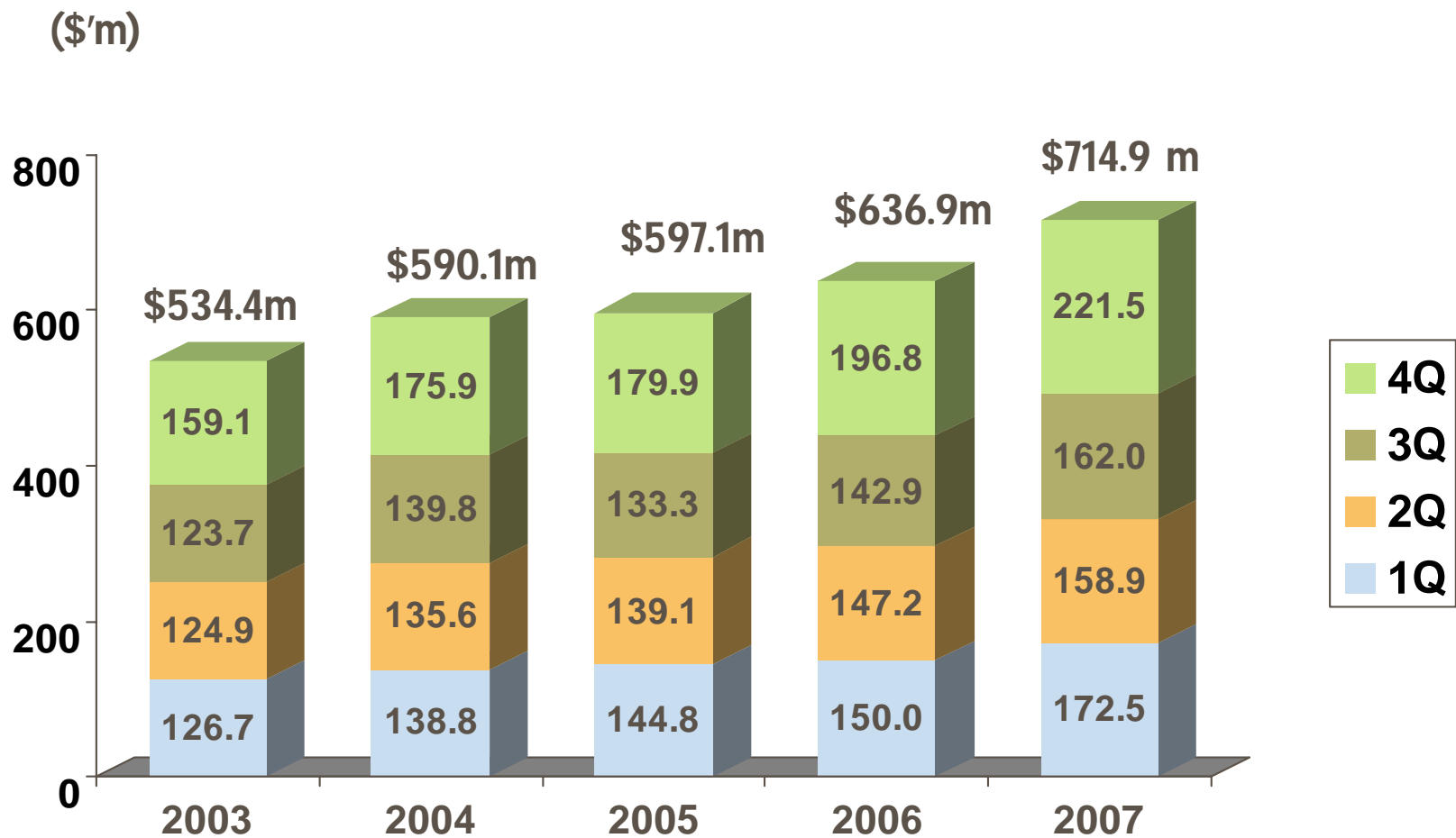


Turnover by Geographical Region

(FY2007 vs FY2006)

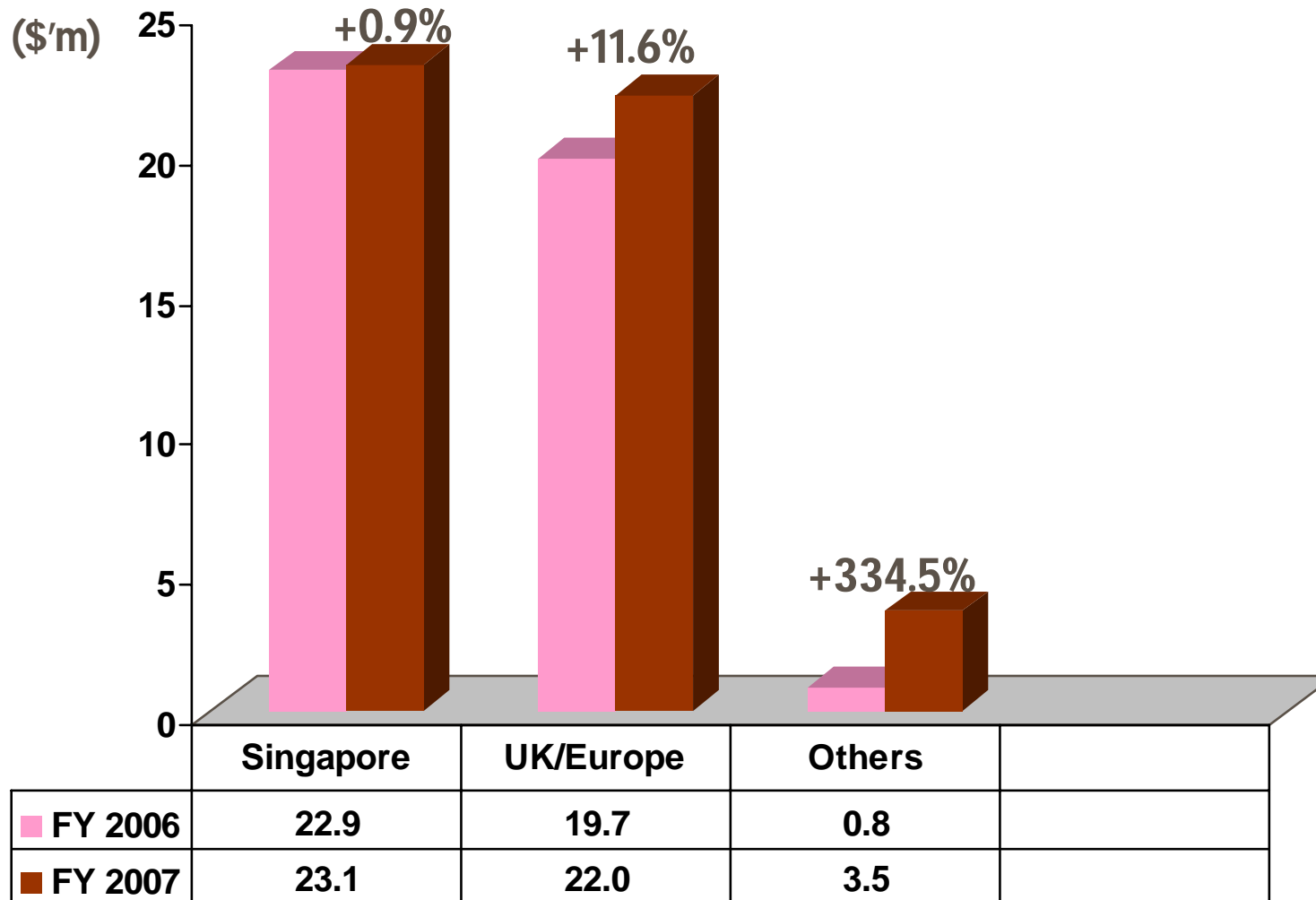


Turnover by Quarters



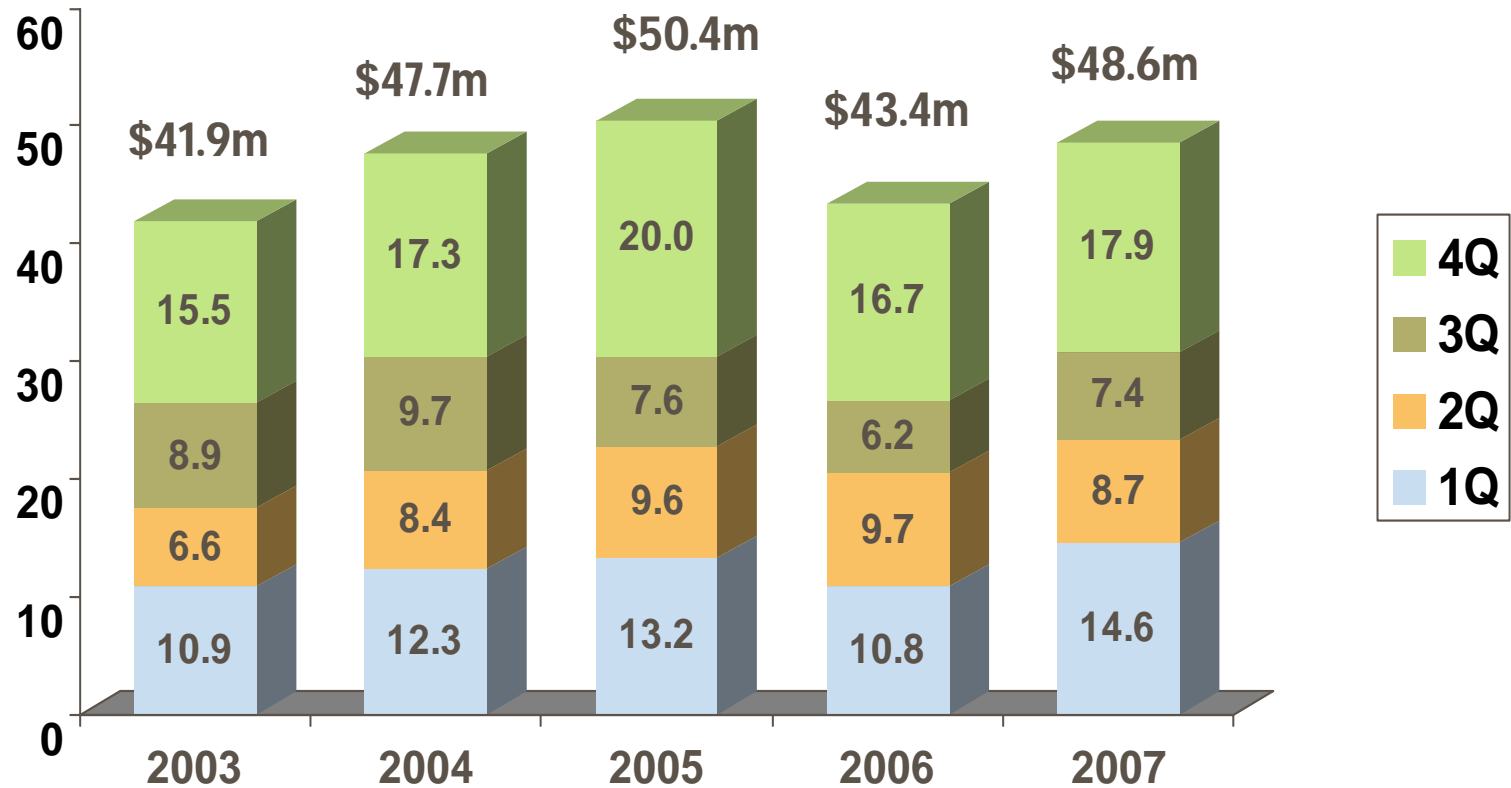
PBT by Geographical Region

(FY2007 vs FY2006)



PBT by Quarters

(\$'m)



By Geographical Location

S\$'000	Turnover		PBT		Assets		Capital Expenditure		ROTA	
	FY 2007	FY 2006	FY 2007	FY 2006	FY 2007	FY 2006	FY 2007	FY 2006	FY 2007	FY 2006
Singapore	246,530	225,598	23,074	22,873	118,198	88,204	908	1,307	16.3%	21.6%
UK/Europe	423,311	369,899	22,007	19,728	237,615	245,582	4,775	8,300	7.0%	6.3%
Others	45,042	41,392	3,537	814	23,562	23,374	404	304	10.5%	2.4%
Total Overseas	468,353	411,291	25,544	20,542	261,177	268,956	5,179	8,604	7.3%	5.6%
Total	714,883	636,889	48,618	43,415	379,375	357,160	6,087	9,911	10.5%	10.0%

%	Turnover		PBT		Assets		Capital Expenditure	
	FY 2007	FY 2006	FY 2007	FY 2006	FY 2007	FY 2006	FY 2007	FY 2006
Singapore	34.5	35.4	47.5	52.7	31.2	24.7	14.9	13.2
Overseas	65.5	64.6	52.5	47.3	68.8	75.3	85.1	86.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0



*FY 2006 included \$648,000 loss on liquidation of a dormant subsidiary in Malaysia



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EVA, Cash Flows and Balance Sheet Highlights



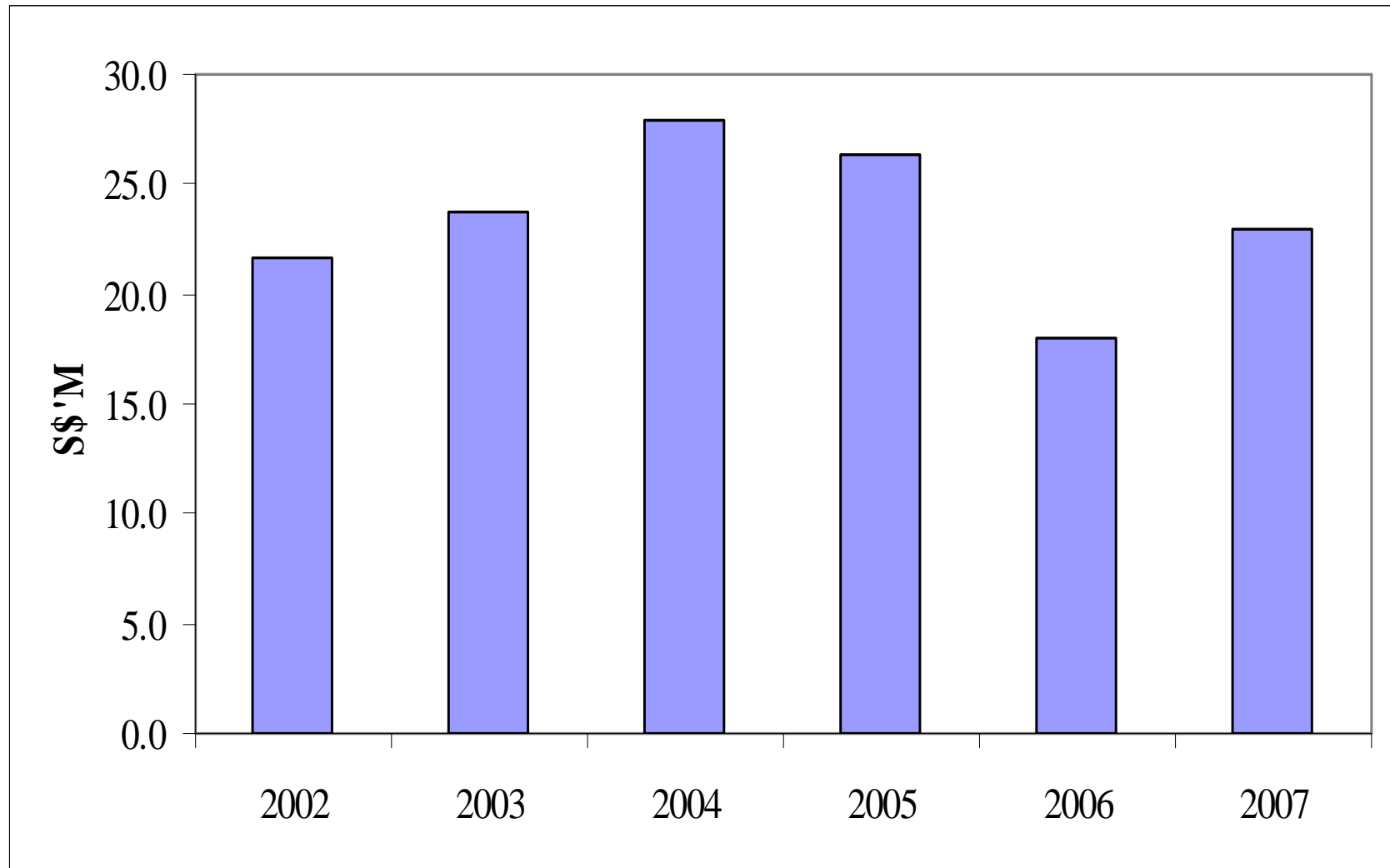
EVA Statement

(FY2007 vs FY2006)

S\$'000	FY 2007	FY 2006
Profit Before Taxation	48,608	43,466
Adjustments for:		
(Decrease)/Increase in allowance for doubtful debts	(218)	(314)
(Decrease)/increase in allowance for stock obsolescence	152	(1)
Amortisation of intangibles	2,029	0
Interest expense	4,691	3,713
Interest expense on non-capitalised leases	108	110
Adjusted Earnings Before Income Tax	55,370	46,974
Less Cash Operating Taxes	15,710	13,519
Net Operating Profit After Tax (NOPAT)	39,660	33,455
Average EVA Capital Employed	242,576	221,398
Weighted Average Cost of Capital	6.9%	7.0%
Capital Charge	16,738	15,498
Economic Value Added (EVA)	22,922	17,957



EVA Trends – 2002 to 2007



Group Cash Flow Statement

(FY2007 vs FY2006)

	FY 2007	FY 2006
Profit before taxation	48,608	43,466
EBITDA Adjustments:		
Share of profit of a jointly controlled entity	10	(51)
Interest expense	4,691	3,713
Interest income	(512)	(639)
Depreciation and amortisation	21,442	18,782
EBITDA	74,239	65,271
Gain on disposal of fixed assets/liquidation of subsidiary *	(1,228)	(248)
Equity compensation costs	238	665
Allowance for stock & doubtful receivables and trade discounts	2,848	1,654
Impairment of intangible assets	1,132	666
Provision for obligation under financial guarantee	2,600	0
Changes in Working Capital	(19,531)	(1,804)
Income taxes paid	(15,483)	(15,522)
Net Cash Flow from Operating Activities	44,815	50,682
Net Cash Flow from Investing Activities	(12,974)	(28,671)
Net Cash Flow from Financing Activities	(26,947)	(19,307)
Net Cash Flow	4,894	2,704
Cash and Bank Balances at end of period	26,221	21,438



*Loss on liquidation of subsidiary in FY2006 \$0.648m

Consolidated Balance Sheet

S\$'000	December 2007	September 2007	December 2006
Property, Plant & Equipment	113,279	119,858	126,868
Intangible assets	69,558	70,107	68,404
JV & other long term assets	1,547	1,550	2,446
Inventories	51,029	51,260	38,474
Trade & other receivables	118,698	101,039	100,457
Cash and bank balances	26,221	21,040	21,438
Bank overdrafts	(3,276)	(3,953)	(5,805)
Trade & other payables	(127,294)	(114,446)	(119,370)
Current portion of bank loans	(39,434)	(36,674)	(22,419)
Financial liability	(2,600)	0	0
Provision for taxation	(14,505)	(12,084)	(14,798)
Long Term Liabilities	(28,368)	(33,157)	(38,726)
	164,855	164,540	156,969
Share Capital & Reserves	154,304	153,585	148,423
Minority Interests	10,551	10,955	8,546
	164,855	164,540	156,969



Final Dividend for FY2007

■ Final Dividend Proposed

- Ordinary Tax-Exempt (1-Tier) Dividend of 3.2 cents per share proposed for approval by shareholders.
- Total Tax-Exempt (1-Tier) dividend for FY2007 5.0 cents per share (including interim 1.8 cents net).
- Estimated payout 82 % of FY2007 PATMI.
(Estimated payout 76 % of FY2007 PATMI, excluding the “one-offs”.)





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Business Review



SINGAPORE

4Q 2007

- Turnover grew \$13.1m or 24.8% to \$66.0m. Underlying PBT was \$5.4m, but actual PBT was lower at \$2.8m due to a one-off non-trading charge of \$2.6m.
- Food Distribution sales higher by 36.8% at \$39.2m (4Q 2006 : \$28.7m).
 - Higher sales due to growth in chilled pork sales and restoration of key supply agency for frozen poultry and pork.
- Food Catering revenues grew \$1.8m or 8.9% as a result of higher consumption at higher prices.
- Abattoir & Hog Auction revenues increased by 19.3% or \$0.8m due to higher pig numbers and higher slaughter fees.



SINGAPORE

FY2007

- Turnover grew \$20.9m or 9.3% to \$246.5m. PBT up 0.9% or \$0.2m to \$23.1m. (PBT would have increased 11.8% but for one-off non-trading charge of \$2.6m.)
- 2H 2007 turnaround in sales compared to 1H 2007

	<u>Sales</u>	<u>PBT</u>
1H 2007	113.7	12.0
2H 2007	132.8	13.6*

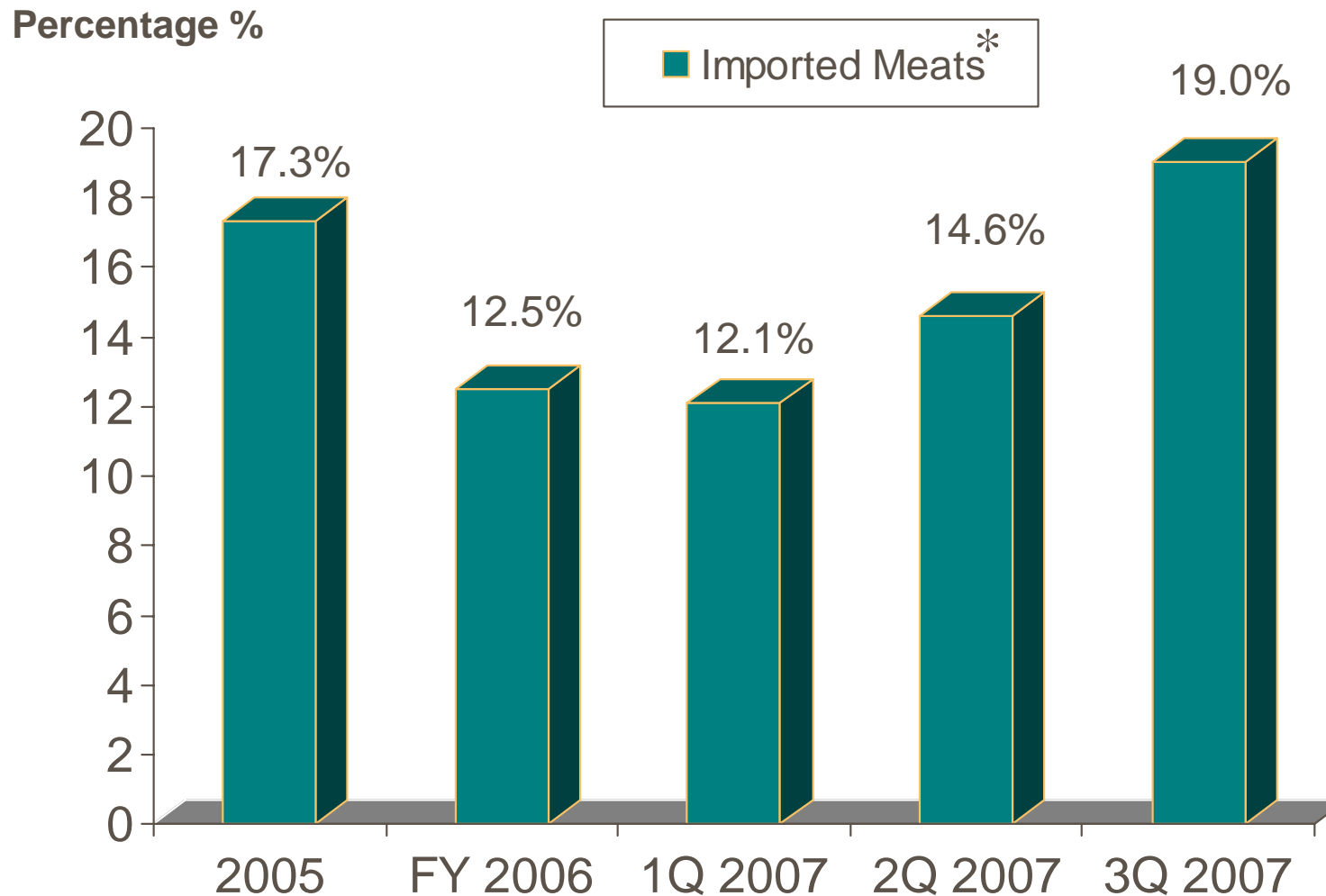
*Note: before one-off non-trading charge of \$2.6m

- Food Distribution sales 8.6% up to \$138.0m (FY2006 : \$127.1m).
 - Market share of imported meats increased to 19% in 3Q 2007.



Food Distribution - Market Share

Estimated market share of imported meats



*Meats comprise of Chilled/Frozen Pork, Frozen Poultry, Chilled/Frozen Beef



SINGAPORE

FY2007

- In Singapore, Food Catering sales were higher by 6.8% over FY2006.
 - Positive price adjustment from April 2007.
 - Higher consumption from key customer.
 - Middle East export contract for retort products renewed for 3 more years.

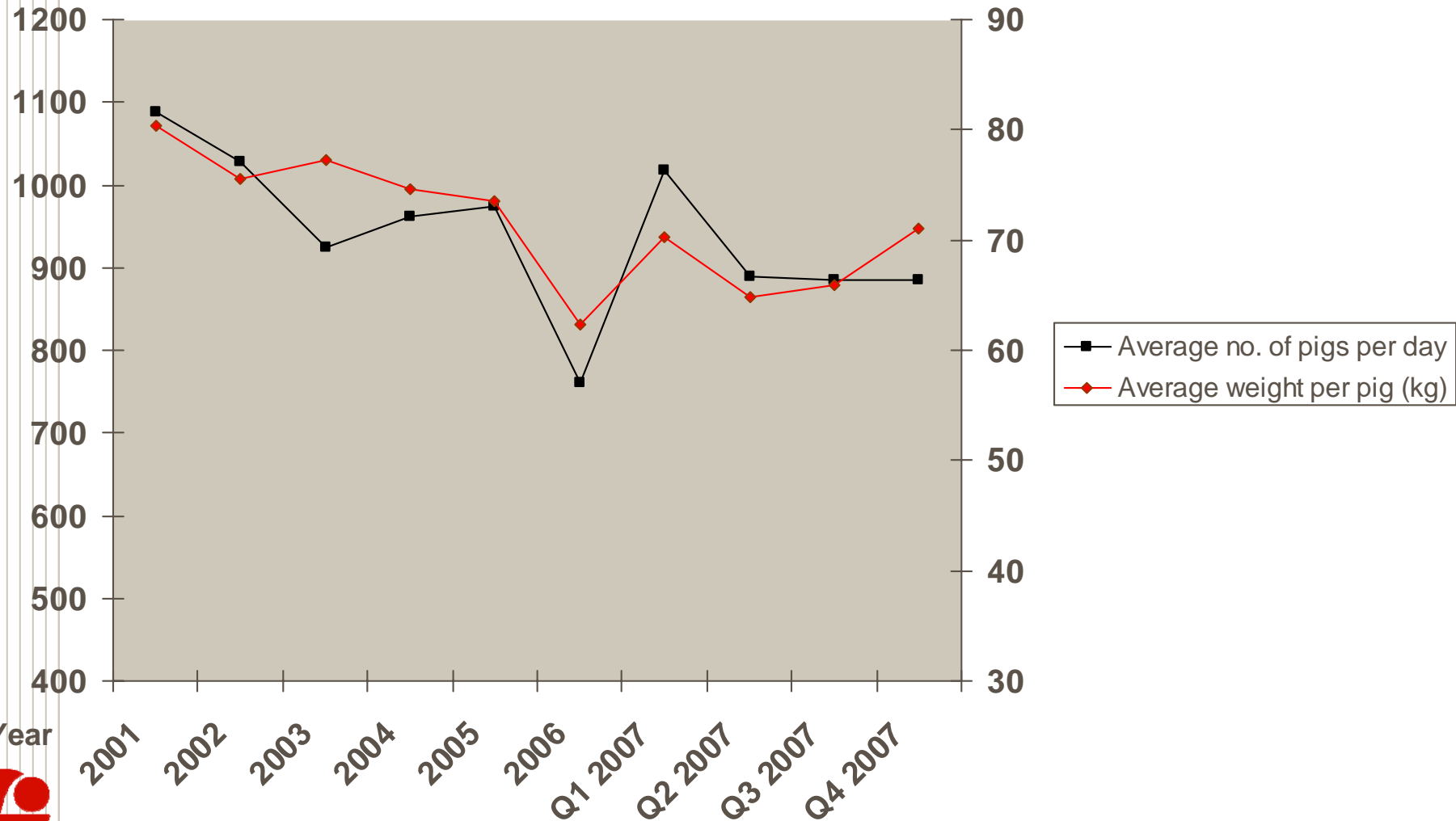
- Abattoir & Hog Auction sales increased by 26.0% or \$4.4m to \$21.3m (FY2006 : \$16.9m).
 - Average daily pig supply in FY 2007 higher than FY2006.
 - Average weight of pig steady during the year.



Abattoir & Hog Auction

Average no. of pigs per day

Average weight per pig (kg)



Note: Management views pig weight as a lead indicator of future farm productivity

UK/Europe

4Q 2007

- Turnover for UK/Europe operations grew by 6.2%, partly due to selling price increases, while PBT increased by 20.0%.
- Daniels reported sales growth of 13.0% with a PBT increase of \$3.3m, or 33.7%.
- ICL sales increased by \$2.0m, or 6.0%. PBT increased \$0.2m to \$2.4m as result of higher sales and improved manufacturing efficiencies.
- Farmhouse Fare, acquired in October 2006, accounted for \$10.4m in sales (4Q 2006 : \$5.0m). Loss of \$0.3m due to higher raw material costs before amortisation charge of \$0.5m for intangibles.
- Cresset sales were lower. Higher CRM sales made up for lower ambient sales. Lower loss of \$1.3m (4Q 2006 : \$2.0m loss) due to foreign currency translation gain of \$0.8 million.



FY2007

- UK/Europe sales increased 14.4% to \$423.3m (FY2006 : \$369.9m).
 - Some selling price increases achieved in final quarter.
- PBT from UK/Europe operations up by 11.6% to \$22.0m. (FY2006 : \$19.7m).
 - Impacted by significant input material cost increase.
- Daniels' full year sales grew \$34.0m or 14.6%.
 - Soup sales registered growth of 10%.
 - Juice and drinks grew a strong 27%.
 - Prepared fruits grew 9%.
- PBT for Daniels increased \$4.3m, or 23.9%.



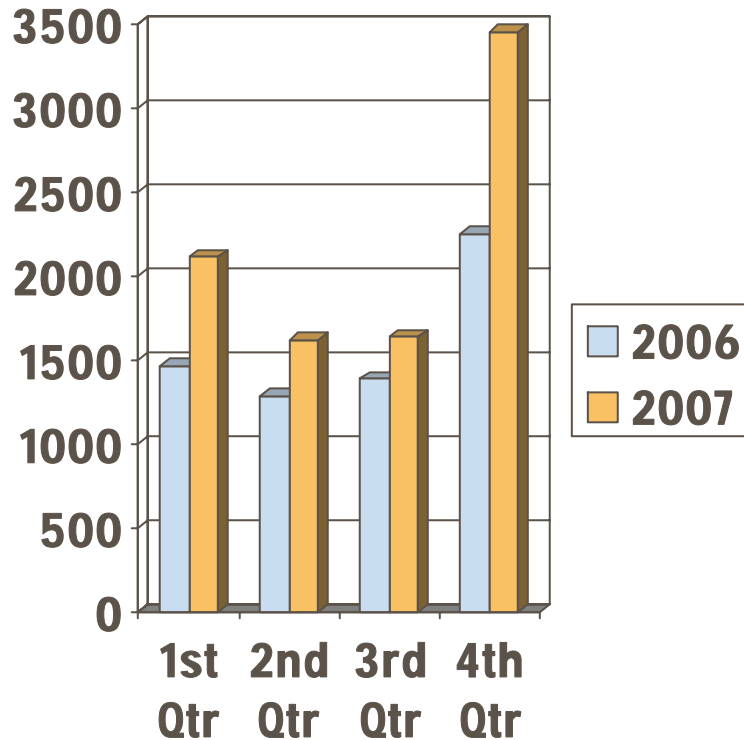
UK/Europe

FY2007

- ICL sales grew \$13.0m or 11.9% with higher sales to key customers. PBT increased 28.6% to \$7.7m.
- Cresset achieved higher sales of \$25.7m (up 1.8%) but incurred loss of \$7.3m (FY2006 : \$5.4m).
- Farmhouse Fare, acquired in October 2006, contributed \$26.7m in revenue (FY2006: \$5.0m) and achieved PBT of \$1.5m (FY2006: \$1.3m), before \$2.0m amortisation charge.



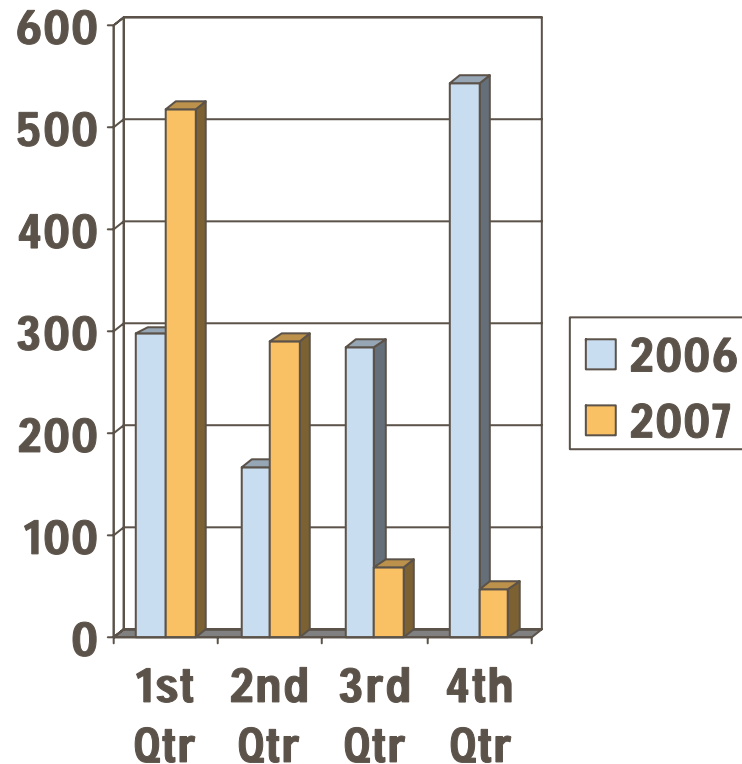
Farmhouse Fare Sales



- Sales grew 38% in 2007.
- The business mix is heavily geared towards hot eating and therefore winter.
- Growth was in both Brand and Own label.



Farmhouse Fare PBIT



- 1st half saw good levels of profit growth (+78%).
- 2nd half was impacted by severe raw material cost increases, production inefficiencies and additional £300k of marketing support.



Other Overseas Operations

4Q 2007

- Revenues from other overseas operations increased 23.8% to \$18.9m (4Q 2006 : \$15.3m) while PBT increased to \$1.7m.
- Shanghai STFI reported \$2.0m in turnover (4Q 2006 : \$2.2m). A loss of \$0.7m was registered, including \$0.1m for asset impairment and loss on asset disposals.
- Australian subsidiaries reported 29.3% increase in sales to \$16.9m. PBT increased to \$2.2m (4Q 2006 : \$0.2m).



Other Overseas Operations

FY 2007

- Sales in other overseas operations increased 8.8% to \$45.0m, while PBT grew \$2.7m to \$3.5m.
- Shanghai STFI reported lower turnover of \$7.5m (FY2006 : \$9.7m) due to suspension of exports to Singapore. Full year loss of \$2.6m versus small profit of \$48K in FY2006.
- Australian subsidiaries reported 18.4% increase in sales to \$37.5m. PBT increased to \$6.2m (FY2006 : \$1.4m) mainly due to receipt of local Government grant.



Key Developments and Outlook

Singapore Operations

- Singapore performance in FY2008 linked to renewal of key catering contract.
- Food Catering
 - Key catering contract up for renewal at end of 1Q 2008.
 - Developing further retort pouch opportunities in Middle East.
- Food Distribution
 - Sales momentum achieved in 2H 2007 expected to continue into 2008.
- Abattoir & Hog Auction
 - Pig supply from Bulan farm in FY2008 expected to be steady, barring any adverse developments.



Key Developments and Outlook

UK/Europe Operations

- UK businesses expected to show growth in FY2008. Material cost inflation will continue to be a major challenge.
- Daniels
 - Growth in all core product categories of soup, juice, drinks and fruit expected to continue.
 - Stronger export effort into Europe in FY2008.
- Farmhouse Fare
 - Growth expected to be back on track in FY2008.



Key Developments and Outlook

UK/Europe Operations

■ ICL

- ICL continues to operate in highly competitive but growing Chilled Ready Meals category.
- Supply arrangements with key retailers have been strengthened.

■ Cresset

- Restructuring made in FY2007 has changed sales mix and improved some operating costs.
- Sales need to grow further to achieve breakeven.
- Management will continue to review the operation of Cresset in FY2008.



Key Developments and Outlook

Other Overseas Operations

- Shanghai STFI
 - Core range of chicken products expected to continue to face challenges. Export suspension to Singapore not likely to end in foreseeable future.
 - Reviewing various strategies to exit Shanghai STFI.

- Australia
 - Exit from commercial fishing subsidiary pending receipt of further restructuring grant from Australian government.
 - Also reviewing exit opportunities from seafood processing subsidiary.





Singapore Food Industries Limited

FY2008 Outlook

*Subject to the renewal of the key contract in the catering division,
we expect FY2008 to be better than FY2007.*

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

Thank You

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