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Ho Chi Minh City, October 20 th, 2018

KDF 9M2018 FINANCIAL PERFORMANCE RESULTS

Sales volume were lower than expectation

- Net revenue for 9M2018 decreased by 14.2% versus last year mainly caused by lower sales of both ice cream and yoghurt due to competition in the mainstream segment.
- Sales reduction was actually offset by stronger premiumization in the ice cream segment as sales gravitated towards the premium brand Celano.
- Gross profit further dropped by 15.5% due to lower production volumes while carrying the fixed cost at both factories.
- Operating expenses were kept relatively stable and similar to last year as the Company continued to maintain costs controls to offset lower profitability.

Management comment

- The sales from products under cooperation with Dabaco Foods were not as high as expected as KDF slowed the rollout of new products due to cost control measures and focus on the ice cream business.

Income Statement	Actual	Actual	Change (%)
VND Million	3Q2018	3Q2017	(y-o-y)
Net Revenue	348,050	447,211	(22.2%)
Gross Profit	186,767	246,171	(24.1%)
Selling expenses	156,395	155,793	0.4%
G&A expenses	25,825	17,008	51.8%
Operating Profit	410	70,064	(99.4%)
EBIT	4,547	73,370	(93.8%)
Profit Before Tax	1,155	71,337	(98.4%)
Net Profit After Tax	816	62,103	(98.7%)
Gross Profit Margin	53.7%	55.0%	
Operating Profit Margin	0.1%	15.7%	
EBIT Margin	1.3%	16.4%	
Profit Before Tax Margin	0.3%	16.0%	
Net Profit Margin	0.3%	13.9%	

Income Statement	Actual	Actual	Change (%)
VND Million	9M2018	9M2017	(y-o-y)
Net Revenue	1,051,777	1,225,799	(14.2%)
Gross Profit	560,946	663,609	(15.5%)
Selling expenses	440,743	437,966	0.6%
G&A expenses	55,090	53,094	3.8%
Operating Profit	51,793	162,659	(68.2%)
EBIT	65,113	172,549	(62.3%)
Profit Before Tax	53,300	164,449	(67.6%)
Net Profit After Tax	45,854	144,012	(68.2%)
Gross Profit Margin	53.3%	54.1%	
Operating Profit Margin	4.9%	13.3%	
EBIT Margin	6.2%	14.1%	
Profit Before Tax Margin	5.1%	13.4%	
Net Profit Margin	4.4%	11.7%	



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About KIDO Frozen Foods Joint Stock Company (“KDF”)

KIDO Frozen Foods Joint Stock Company (“KDF”) is a member company under the KIDO Group, which was established in 2003 after the acquisition of Wall’s ice cream factory from Unilever by KIDO Group. After 15 years of development, KDF plays an essential role in frozen distribution and pioneered the ice cream category in Vietnam. With the two most preferred brands in ice cream; Merino and Celano, KDF has a diversified range of products that are customized to suit the taste of the Vietnamese consumers. Expanding into the frozen food segment in 2016 with frozen/chilled steamed buns, KDF is targeting to expand its reach beyond ice cream and leverage its distribution network to expand into the broader frozen food industry. By collaborating with partners and strong investment in R&D, KDF aims to widen its product portfolio become the market leader in frozen foods in Vietnam.

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