--RFM CORPORATION
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RFM 1st Quarter Revenues Grow 3% to Php3.2B as Income Hits Php212M

Listed food and beverage company RFM Corporation said preliminary data for the first three months of 2020 indicate sales grew to Php3.2B or 3% higher while net income slowed by 4% to Php212M.

RFM President and CEO Jose Ma. A. Concepcion III said that "RFM saw mixed results for its ice cream, milk, pasta and institutional bread and flour units. Prior to the lockdown, we saw strong growth across most units. However, the lockdown affected our ice cream sales, especially in the out-of-home segments as consumers were restricted to their homes. On the other hand, the stay-at-home situation shifted more buying to our Selecta Milk, Royal and Fiesta Pasta and sauces, as well as White King hotcakes, champorado and arroz caldo. Institutional bread and flour sales were hit by closures of fastfood outlets."

Concepcion added that "the increased demand for RFM's packaged pasta and milk also highlighted challenges in production and supply chain as well as in plant safety and health of workers under the ECQ. Our manpower and delivery personnel were limited by the ECQ even as we housed some staff in our sites to ensure steady production of our food products." The CEO said that sales and income outlook for the second quarter is expected to be more subdued than 2019. "The limited mobility and spending power of consumers will bear down on the sales of ice cream and institutional sales to fastfood outlets even as milk and pasta will see sustained demand," Concepcion noted.

The CEO also noted that RFM's balance sheet remains strong as parent company debt is zero with over Php3B in cash. Concepcion said that the company has scaled back capex spending and reconfigured expenses to the new normal. Concepcion pointed that "RFM has paid 30% of its Php1.2B 2019 net income last March, and despite the hit on income, there is still more than enough company liquidity and retained earnings to look forward to the second tranche dividends, albeit at a scaled down magnitude."

"We continue to observe and adapt to the new reality. The gradual opening of the economy balanced with measures to contain the virus is crucial to every company's and entrepreneur's long term survival. We would need to continue the collaboration of the private and public sectors in ensuring our workers have food on their table and have work to come back to when more economic activities are allowed. To this end, RFM will be part of the private sector effort to provide regular rapid testing to its manpower across its plant and office sites."

End