

MEDIA RELEASE

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Axelum operating income up 62% to ₱170M in Q1

Signals bullish turnaround; Resumes growth trajectory in 2021

Axelum Resources Corp. (PSE: AXLM), the country's leading fully-integrated manufacturer and exporter of world-class premium coconut products, posted robust first quarter results with sales up 22% to ₱1.47 billion driven by the strong performance across all core product segments. In terms of volumes, desiccated coconut grew 19% while sweetened coconut, coconut milk powder and coconut water, increased 19%, 15% and 10%, respectively. Gross margin improved to 25% from 21% in spite of escalating raw material prices and shipping costs. Operating income jumped 62% to ₱170 million from ₱105 million due to expanded margins combined with the effective implementation of enterprise-wide cost containment efforts. Despite fully realizing certain tax benefits, net income rose 21% to ₱146 million compared to ₱121 million for the same period last year.

Recently, Axelum was granted a fresh four-year tax holiday for its new agglomerated spray-dryer which started commercial production in April 2021. This is set to double production capacity of its lucrative coconut milk powder business. Aside from organic, dairy-free, gluten-free and corn-free permutations, Axelum is now equipped with the ability to create agglomerated or instant coconut milk powder versions.

“We are off to a strong start in 2021. Moving forward, we expect to benefit from continuing investments in capacity upgrades, plant modernization and pandemic response initiatives. These strategies will enable us to withstand prolonged uncertainties and sustain our growth momentum in the long term,” stated Mr. Henry J. Raperoga, President and Chief Operating Officer of Axelum Resources Corp.

Global demand for desiccated coconut and sweetened coconut particularly in the United States, stayed resilient attributed to the sharp recovery of the food manufacturing, foodservice and retail sectors. For coconut water, Axelum saw delivered volumes climb 10% owing to enhanced nut processing activities and higher water collection. Axelum has completed its state-of-the-art pressed coconut water plant to manufacture its latest beverage offering. Trial product formulations began in late 2020 with commercial operations scheduled to commence by mid-2021. Axelum has a pending application for qualified tax incentives as pioneer producer of pressed coconut water in the Philippines.

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On the e-commerce front, Axelum reported a 104% jump in sales for the first quarter of 2021, while at the same time accounting for nearly half of total e-commerce sales in 2020. Listed in Amazon USA under homegrown label Fiesta Tropicale, Axelum's online products continue to gain massive growth traction in the American consumer space, specifically its desiccated coconut flakes, which has consistently landed among the Top #4 bestsellers in its category, supported by thousands of positive customer reviews.

Meanwhile, Axelum is actively incubating new product ideas coupled with on-going projects to further strengthen manufacturing and warehousing capabilities.

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