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August 13, 2021

Axelum profit more than doubles to ₱173M in Q2; Net income up 57% to ₱318M in H1

Axelum Resources Corp. (PSE: AXLM), the country's leading fully-integrated manufacturer and exporter of world-class premium coconut products, posted a 111% increase in bottomline to ₱172.81 million for second quarter 2021 from ₱82.00 million in the same period last year. Subsequently, Axelum considerably outperformed by 19% its first quarter 2021 net income of ₱145.60 million. As of June 2021, net income stood at ₱318.42 million, up 57% from ₱202.94 million year-on-year.

For the first half, topline rose 30% to ₱3.10 billion from ₱2.39 billion primarily driven by robust volume growth across all core product segments. In terms of volumes, desiccated coconut grew 24%, while sweetened coconut, coconut milk powder and coconut water, increased 34%, 11% and 23%, respectively. For 2021, Axelum has consistently produced record monthly output for its desiccated coconut, coconut water and coconut milk powder segments, keeping on-track to exceed last year's total volume.

Gross margin significantly improved to 26% from 21% as a result of its mix-shift strategy and operational efficiencies, in spite of elevated input and shipping costs. Axelum continues to ramp up production of its premium-priced high-margin product variants targeted for export markets. In 2020, Axelum capitalized on extra operational downtime due to community lockdowns, to focus on strategic projects that will generate scale and optimize synergies to benefit its operations in the long-term. Operating income jumped 105% to ₱387.38 million from ₱188.65 million, attributed to an effective enterprise-wide fixed-cost discipline.

Notably, net margin expanded to 10% from 9% (+180bps), despite a normalized effective tax rate of 23% versus 6% in the first half of 2021, after fully realizing special tax incentives earlier this year. To partially mitigate, Axelum was recently granted fresh tax holidays for its new agglomerated spray-dryer and latest beverage offering, pressed coconut water, on pioneer producer status. These incentives are seen to take effect starting in the second half of the year.

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“Our results paint a compelling growth story especially during these challenging times. We are receiving increasing order quantities from our blue-chip customers, and at the same time attracting new clients from various geographies, as we continue to roll out innovative and high-margin products. This puts us in a unique position to accelerate our growth momentum moving forward,” stated Mr. Henry J. Raperoga, President and Chief Operating Officer of Axelum Resources Corp.

At present, Axelum is incubating new products in different development phases that will cater to the rapidly-growing global plant-based food industry. These initiatives will extend its product line-up and create additional revenue streams in the coming years. Operationally, Axelum has boosted daily nut processing activities by 27%, following the reconfiguration of its nut opening plant, which features higher capacity while staying compliant with mandatory health and safety protocols. Moreover, Axelum is currently expanding its warehousing facilities to meet rising demand for its world-class products.

Last April, Axelum launched its official online coconut stores via international e-commerce aggregators, Lazada and Shopee, to strengthen brand mileage and seize opportunities in the thriving Philippine e-commerce sector. As of June 2021, domestic e-commerce sales have grown by 57% and continuing to gain traction among local consumers.

Axelum expects to sustain this growth trajectory on the back of robust global demand for coconut products and the sharp recovery of its major export markets.

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