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Axelum books ₱526 million profit for 2020

Sustained profitability amidst global pandemic; Repositioned for growth in 2021

Axelum Resources Corp. (PSE: AXLM), the country's leading fully-integrated manufacturer and exporter of world-class premium coconut products, has disclosed its financial results for full year 2020.

Axelum marked a sharp rebound in the second half of 2020, overcoming considerable COVID 19-related headwinds, to notch 16% revenue growth compared to the second half of 2019. Consolidated topline marginally declined 3% to ₱5.17 billion year-on-year, attributed to the steady performance of coconut milk powder and desiccated coconut, and record volumes of coconut water, which grew 20%.

Recently, Axelum completed the expansion of its spray-drying facility featuring agglomerated technology to double production capacity of coconut milk powder. Coconut milk powder is expected to be a key growth driver particularly its organic gluten and dairy-free variants owing to robust interest in culinary ingredients for plant-based diets and other innovative applications.

In addition, Axelum commissioned its state-of-the-art pressed coconut water plant to accelerate commercial production of its latest coconut water variant. Pressed coconut water offers a sweeter and nuttier taste without added sugar. This popular refreshing drink continues to garner massive mainstream appeal in various markets worldwide.

Gross and net income margins contracted to 25% and 10%, attributed to additional costs incurred due to the effects of COVID-19 protocols, mobility limitations and physical distancing that resulted to higher costs of raw and packaging materials. Not to mention, the impact of escalating shipping fees, container space constraints and enforcement of intensified health policies to safeguard its workforce including regular COVID-19 testing and shuttle services to seamlessly transport workers. Operationally, Axelum actively engaged coconut farmers and extended sourcing areas to ensure stable nut supply to mitigate the challenges of community restrictions.

“We managed to sustain our profitability by capitalizing on strategic opportunities during extra downtime to bolster manufacturing capabilities and develop new products to anchor long-term growth. At the same time, we strictly implemented health and sanitation policies to prevent virus transmissions, allowing us to operate continuously without interruption,” stated Mr. Henry J. Raperoga, President and Chief Operating Officer of Axelum Resources Corp.

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To date, Axelum has reconfigured its nut opening facility to boost nut opening capacity by 42%, while staying compliant with physical distancing guidelines. Likewise, milk extraction procedures were improved translating to increased manufacturing yields for coconut milk powder and coconut milk/cream. Construction of new warehouses is currently underway in anticipation of impending storage requirements.

For 2021, Axelum has allocated approximately ₱350 million in capital spending to fund on-going and planned plant enhancements, equipment upgrades, new product initiatives and other support projects. In terms of distribution, Axelum is committed to broadening its market reach both domestically and overseas by appointing reputable distributors in high-demand areas. Further, Axelum is evaluating potential international and local joint-venture partnerships for value-enhancing and strategic purposes.

“In summary, we owe our grit and resilience to the tireless men and women of Axelum for their unwavering passion and sacrifice during these unprecedented times. From our end, we shall apply the unique learnings of 2020 to further strengthen an already formidable company for the future. With profound faith and by God’s grace, we are fortunate that Axelum is in such a strong position and expect to achieve strong growth in 2021,” ended Mr. Raperoga.

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