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Axelum eyes strong finish for 2019; *Non-traditional segment to drive growth in 2020*

Axelum Resources Corp. (PSE: AXLM), the country's leading fully-integrated manufacturer and exporter of world-class premium coconut products, is poised to end the year on a high note.

In its latest quarterly disclosure, the company reported a net income of P609.0 million as of September 30, 2019. Previously, Axelum posted a net income of P364.8 million for 2018.

“Our financial results for the first nine months of 2019 have grown nearly two-fold compared to our full year performance in 2018. At this rate, we are on-track to meet or even surpass our own profit expectations,” said Mr. Henry J. Raperoga, President and Chief Operating Officer of Axelum Resources Corp.

For 2020, Axelum has programmed capital spending at around P500M-P600M to further strengthen its production capabilities and at the same time broaden geographic reach. The company intends to continuously invest on pioneering technology and cutting-edge equipment to optimize manufacturing output. Moreover, it plans to penetrate new markets or expand within existing territories by setting up regional distribution hubs and appointing reputable foreign distribution partners.

“We have yet to maximize our presence in the global scale. As such, we are looking to aggressively widen our footprint particularly in the United States West Coast, Eastern Europe and Asia,” added Mr. Raperoga.

The company foresees its non-traditional segment specifically coconut water and coconut milk powder to drive its growth momentum in 2020. At this point, Axelum is finalizing the renewal of its coconut water supply contract with its anchor client, that will include additional product variants translating to higher annual committed volumes of 25-27 million liters from 20-22 million liters. Recently, the company also completed the extension of its spray-drying line that will double its production capacity for coconut milk powder from 2,400 metric tons to 4,800 metric tons yearly. This will allow the company to capitalize on the healthy demand for coconut milk powder, which is known for its extensive commercial applications.

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On the use of proceeds, Axelum has initially allocated P800 million to partially settle some of its short-term loan obligations. This will enable the company to immediately realize cost savings on interest charges. At the moment, Axelum is also engaged in preliminary discussions with certain parties for acquisition.

“We undertook a structured assessment process to carefully determine potential targets prior to approaching them. Should a deal be consummated, hopefully by next year, this will ensure that the transaction will be both income and operationally accretive to Axelum,” stated Mr. Romeo I. Chan, Chairman and Chief Executive Officer of Axelum Resources Corp.

Following its successful debut in the Philippine Stock Exchange, Axelum has seen its share price trading at a discount relative to its initial public offering.

“This does not in any way accurately reflect the company’s core fundamental value. Based on various external sources, we are currently trading at pricing multiples significantly lower than the market average, consumer sector and select local peers. Given our sound fundamentals and robust growth prospects, these prevailing valuations present a unique and ideal opportunity especially for long-term investors,” concluded Mr. Paul C. Cheah, Vice-President and Investor Relations Officer of Axelum Resources Corp.

With the year soon coming to a close, Axelum is already looking forward to an even better showing in 2020.

“As early as now, we believe that our well-defined objectives and strategies will put us in a strong position to grow our bottomline by at least double-digit next year,” ended Mr. Chan.

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