

MEDIA RELEASE

November 12, 2020

Axelum posts revenue growth in Q3; *Strong global market demand across all product segments*

Axelum Resources Corp. (PSE: AXLM), the country's largest fully-integrated manufacturer and exporter of world-class premium coconut products, disclosed strong topline and profitability with sales of P1.37 billion and a net income of ₱180.16 million for the quarter ending September 30, 2020.

For the third quarter alone, Axelum generated sales of ₱1.37 billion, up 4% from ₱1.32 billion in the third quarter of 2019 driven by strong global market demand across all product segments particularly coconut water and coconut milk powder. The Company was able to grow despite being more cautious in booking desiccated coconut orders during the second quarter for delivery in the third quarter as the Company wanted to ensure it could still deliver for key clients even if COVID-19 disrupted operations leading to lower output. Axelum also grew despite peso appreciation, which reduces revenues as the majority of Axelum's sales are overseas.

"Through the years, the Axelum brand has been built on product quality and reliability. As such, we had to ensure we were able to fulfill our commitments even if this meant sacrificing short-term volume," stated Mr. Henry J. Raperoga, President and Chief Operating Officer of Axelum Resources Corp.

From January to September, coconut water volumes increased 14% on the back of robust retail consumption while coconut milk powder volumes rose 5% owing to its extensive use as a key ingredient for food and non-food commercial applications. To date, coconut water and coconut milk powder collectively account for 43% of total revenues.

"This performance is indicative that we have clearly regained our growth trajectory under the new normal environment," added Mr. Raperoga.

Income before tax shrunk slightly, by 2% versus third quarter 2019, as year-to-date gross margin contracted from 31% to 25% as the Company continues to experience some elevated costs due to COVID-19.

In terms of its fiscal position, Axelum retired ₱700 million of bank loans and total debt-to-equity ratio is now 0.13x, which provides Axelum a strong balance sheet that it can use to aggressively grow its output or pursue acquisitions.

For the remainder of the year, Axelum expects to meet surging order volumes of coconut water from anchor client Vita Coco. Further, the company is finalizing a number of plant-related food expansion projects including additional assembly lines for new product variants to further augment its growth plans in 2021.

MEDIA RELEASE

Meanwhile, Axelum continues to strictly implement health and sanitation policies in all of its work spaces to guarantee employee safety and in compliance with government-prescribed guidelines.

“We are confident of sustaining this momentum into the Christmas season where consumption is historically at its peak. Altogether, we believe that Axelum is headed in the right direction,” concluded Mr. Raperoga.

#

For inquiries, please contact:

PAUL C. CHEAH
Axelum Resources Corp.

E-mail: investor.relations@axelum.ph
Tel: +63.2.88510739