



# FMF Foods Limited

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## Market Announcement

### Impact of COVID-19 on the business

There has been significant adverse financial and social impact in Fiji and globally caused by COVID-19. Fiji suffered additionally with the unfortunate impact of Tropical Cyclone Harold which further affected the already fragile economy.

FMF Foods Limited and its subsidiaries are also experiencing the adverse impacts of COVID-19 on their respective businesses. While the impact was more on operating convenience during the month of March 2020, it is expected that the financial impact will be affecting our Group of Companies from Q4 of our financial year (Apr-Jun 2020).

Just as the pandemic is still unfolding world over and its impact being felt in new ways each day, we too are seeing high uncertainties, making it difficult to project the full impact of this situation on our companies though we have every confidence that we will tide over this disruption, given the nature of our businesses and the strength of our balance sheets. The month of March 2020 experienced panic-buying of our products and generally a "run" on most of the staple products. There has been a drop in demand since the beginning of April 2020, even for staple foods. As some of this reduction could be because consumers have stocked up in March, it will need data from at least another month before we are able to estimate and articulate a realistic impact of the pandemic on future sales and consequently on year-end financials and dividends. Export sales has followed the same trend as domestic sales.

Supplies of raw material and other goods required for production continue to be well sourced, despite some logistical disruptions. However, the cost of most commodities used by our companies has risen with some source countries starting to impose export bans (e.g., ban on rice exports by some Asian countries). The relative strength of the USD is also impacting cost of production. The Group is critically reviewing its capital expenditure program and discretionary spending, together with operational expenses and other priorities in light of the current situation.

The negative impact from COVID-19 is expected to continue till at least the end of 2020, if not longer given the reduction in consumer spending. With Fiji's economy being highly dependent on tourism, a bounce-back will be strongly linked to resumption of international holiday and business travel.

While COVID-19 has created many uncertainties, one thing that FMF Group is making certain, in line with Government guidelines, is the safety and protection of its stakeholders and its employees who have been doing a sterling job in ensuring that our customers are supplied with the needed food products in an uninterrupted manner.

Managing Director

Chief Financial Officer & Company Secretary

Place: Suva

Date: 24<sup>th</sup> April, 2020

- Atlantic & Pacific Packaging Company Limited • Biscuit Company of Fiji Limited • The Rice Company of Fiji Limited
- Pea Industries Limited • FMF Snax Limited • DHF Limited • FMF Investment Company Limited
- Bakery Company (Fiji) Limited