



**BALAI**  
**NI FRUITAS INC.**

Company Presentation  
June 2022



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**THE COMPANY**

**INDUSTRY OVERVIEW**

**COMPETITIVE STRENGTHS**

**KEY STRATEGIES**

**FINANCIAL HIGHLIGHTS**

**THE OFFER**



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## THE COMPANY



Emerging **food and  
beverage operator**

**Wholly-owned  
subsidiary** of Frutas  
Holdings, Inc.



**77 active** stores  
nationwide

**3 active and strong**  
brands as of  
December 2021

Highly **Scalable and  
Sustainable**  
business model

# CORPORATE HISTORY



2005

Incorporation of  
Buko ni Fruitas Inc.

First Kiosk of Buko ni  
Fruitas at Robinsons Manila



2012

Birth of Fruitas House of  
Desserts, with its first store at  
Robinsons Magnolia



2017

Buko ni Fruitas Inc.  
becomes 100% subsidiary  
of Fruitas Holdings Inc.



2021

Acquisition of Balai  
Pandesal assets with first  
Community Store at  
Kamuning, Quezon City

Renaming of Buko ni  
Fruitas Inc. to Balai ni  
Fruitas Inc.

# Brands & Products



Balai Pandesal serves freshly-baked goods such as Pandesal, Ensaymada, Buko Pie, and more.



Buko ni Fruitas serves fresh coconut-based desserts such as Buko Pandan shake, Buko con Yelo dessert, and more.

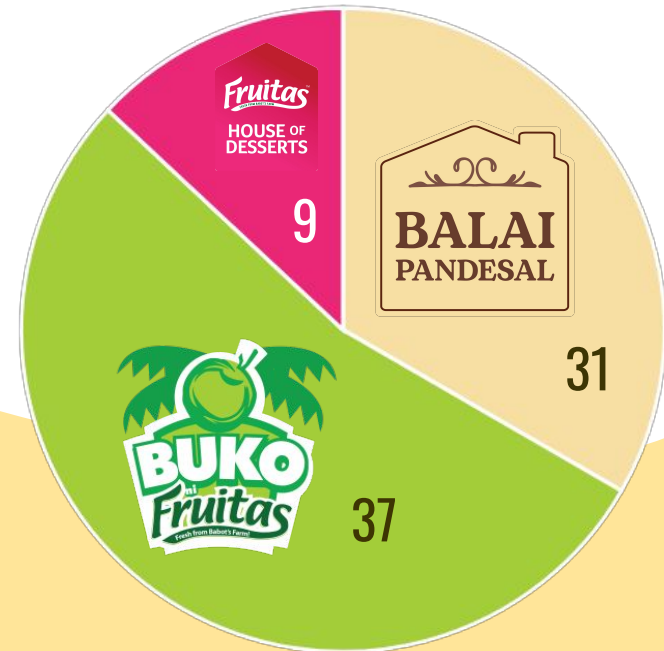
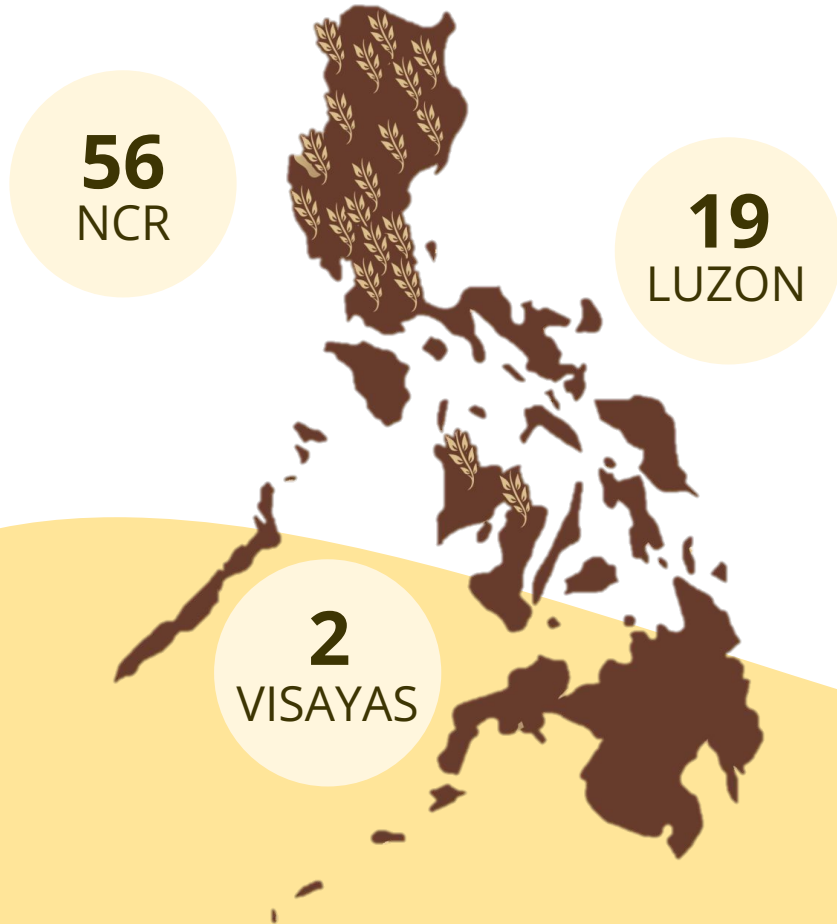


Fruitas House of Desserts serves healthy desserts, fresh fruit shakes and juices, boba shakes, and milk tea, and more.



# Number of Stores per Brand

As of December 31, 2021



Note: Stores as of December 31, 2021

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## INDUSTRY OVERVIEW





# THE PHILIPPINE BAKED GOODS INDUSTRY



***Pandesal*** is the **most popular bread product** in the country.

- NCR recorded the biggest per capita consumption per region, at **254 pieces annually**.



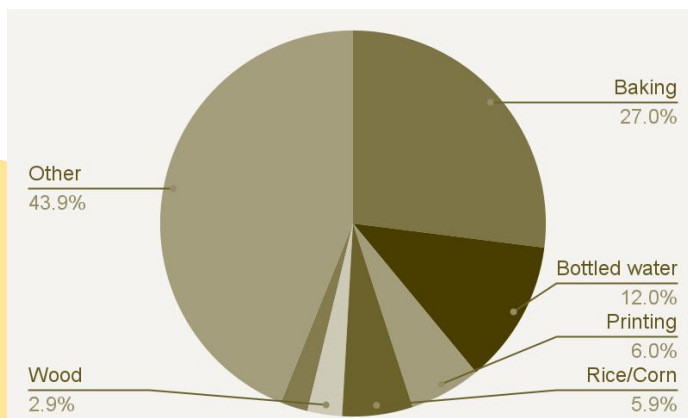
**Bread is the top substitute commodity for rice** during meals.

- 65.1% of households reporting it nationwide.

*Baked goods include bread, cakes, pastries, pies and similar perishable bakery products*

- The Philippine baked goods industry is the **2nd largest contributor** of employment, with a total of 85,106 workers.
- Of the total 28,003 manufacturing establishments in the formal sector, **27% or 7,563 are classified under the baked goods industry (Fig A).**

**Figure A.** Percent Distribution of All Manufacturing Establishments by Industry Sub-Class: Philippines 2016





# THE FRUIT-BASED DESSERTS SEGMENT

- The beverage industry has consistently been dominated by carbonated soft drinks (“CSD”).
- In 2019, CSD sales reached 4.86 billion liters. However, the introduction of the sugar tax in 2018 led to businesses downsizing product content to lessen its impact.
- This encouraged companies to use different ingredients and **produce healthier drinks**, such as **juice and smoothies with fruit content**.
- The other juice, juice mixtures & smoothies industry in the Philippines reached USD 170.10 million (in retail prices) in 2015.
- The **COVID-19 pandemic** opened up more opportunities for the emerging trend of **health-conscious consumers** who include better quality juices into their diet.



# MAJOR INDUSTRY PLAYERS

The brand value which BALAI has been able to establish for over 15 years is considered to be an advantage amongst the players in the industry.

Industry	Market Size (Revenues*, in PHP Millions)	Number of Stores	Key Players
<b>Baked Goods</b> (Counter service, low-to-mid piece tier)	1,113.8	Over 700	<b>Balai Pandesal</b> , Pan de Manila, Julie's Bakeshop, BreadTalk, French Baker, Panaderia All Day Hot Pandesal
<b>Fruit-based Desserts</b>	213.5	Over 200	<b>Buko ni Fruitas, Fruitas House of Desserts</b> , Icebergs, Kabigting's Halo-halo, Avacadoria, Maxi Mango

Industry	Brand	Market Size (Revenues*, in PHP Millions)	% Share of Market Segment
<b>Baked Goods</b> (Counter service, low-to-mid piece tier)	Pan de Manila	407.02	36.5%
	Julie's Bakeshop	439.1	39.4%
	BreadTalk	80.8	7.3%
	<b>Balai Pandesal</b>	<b>5.9</b>	<b>0.5%</b>
	Panaderia All Day Hot Pandesal	3.3	0.3%
<b>Fruit-based Desserts</b>	<b>Buko Ni Fruitas/Fruitas House of Desserts</b>	<b>110.1</b>	<b>51.6%</b>
	Iceberg's	66.0	30.9%
	Kabigting's Halo-halo	16.9	7.9%
	Avacadoria	20.5	9.6%

# GROWTH PROSPECTS



## BAKED GOODS

- **Forecast Growth:** estimated 7.7% CAGR (2021-2026) for the Southeast Asia bakery products market (valued at USD 13.47 million)
- **Challenger:** Balai Pandesal as a “challenger” within the mid-price counter service retail bakery segment
- **Product innovation:** development of new variants of baked products, including flavored *pandesal*



## FRUIT-BASED DESSERTS

- **Forecast Growth:** CAGR of 4.23% per annum (2020-2025) for the smoothies market (valued at USD 286.53 million)
- **Online Channels:** food aggregators (FoodPanda, GrabFood, Babot's Mart) provide online access to consumers at the comfort of their homes
- **Healthy Trend:** increase in health-conscious people who consume quality drinks
- **Product Variety:** single/multiple fruit variant offerings as an advantage

*Improvements in technology in both industries resulted to greater efficiency and standardization of products.*

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## COMPETITIVE STRENGTHS



# STRONG BRAND PORTFOLIO

- The brands have gained a **significant following** among Filipinos and continue to enjoy strong sales.
- The Company offers **fresh baked goods**, and **fruit-based desserts**, among others.
- The Company brings its products to the market using **marketing strategies**. The team utilizes extensive and innovative marketing campaigns, brand communication campaigns, and advertising campaigns.



# MULTIPLE STORE FORMATS

Community Store



Kiosk



Inline





# SCALABLE & SUSTAINABLE BUSINESS MODEL

- Highly **flexible** and **agile** business with **small-footprint stores** within **high foot-traffic locations**.
- The Company has **multiple key suppliers** that it maintains healthy relationships with.
- The key suppliers of the Company help **manage its costs and maintain the quality and consistency of its menu offerings**.





# PROVEN TRACK RECORD ON BRAND INTRODUCTION

- The Company has a DNA of successful brand introductions. When introducing new brands, it considers the following:



- **Synergize** with the existing supply chain of the Company

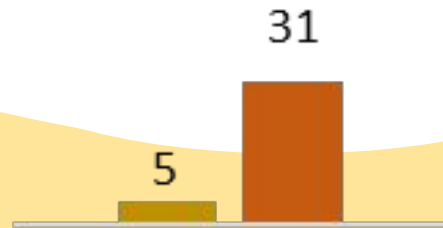


- **Replicable** and **scalable**, allowing the Company to open multiple branches



- Adds **value** to the Company through strong sales

- The management has a proven track record on brand introduction and acquisitions.



Balai Pandesal

# IDEALLY POSITIONED TO TAKE ADVANTAGE OF THE PHILIPPINE MIDDLE CLASS

- The Philippines is one of the **most attractive foodservice markets**, driven by economic growth and increasing urbanization.
- According to the Philippines Dietary Shift Analysis of Fitch Solutions released in May 2021, the average Filipino household will spend 34.5% of their total household budget on food in 2025. This is an **increase of 4.8%** and from 29.8% total share recorded in 2006.
- The Company's stores are located in **strategic locations** nationwide.



# HIGHLY EXPERIENCED AND NIMBLE MANAGEMENT TEAM



**Lester C. Yu**  
President and CEO



**Ma. Teresa B. Trujillo**  
Chief Financial Officer  
and Treasurer



**Roselyn A. Legaspi**  
Managing Director



**Calvin F. Chua**  
Chief Financial Adviser



**William A. Capuno**  
Head of Operations



**Madelene T. Sayson**  
Director

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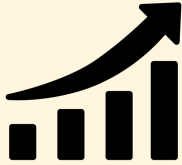
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## KEY STRATEGIES





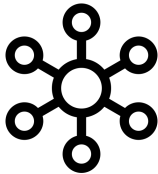
Pursue Aggressive Network Expansion



Increase Same Store and E-Commerce Sales Growth



Innovate and Introduce New Products

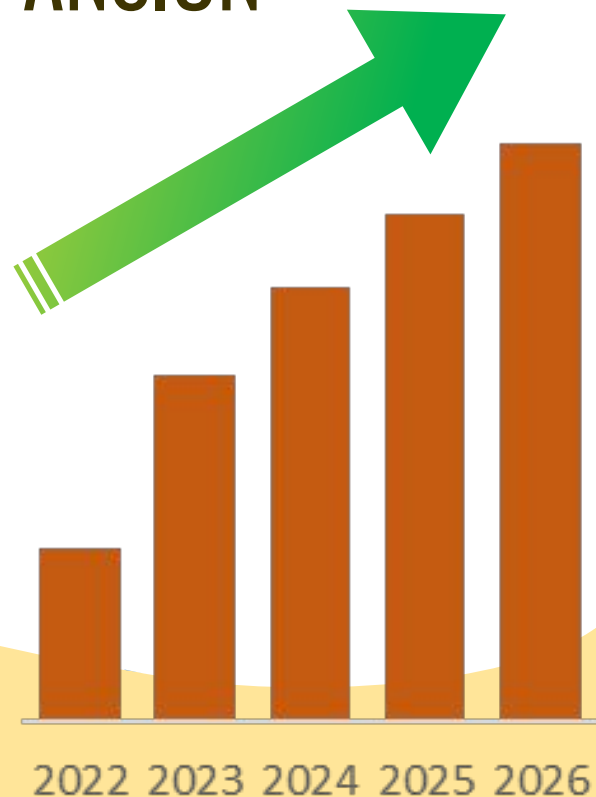


Diversify Distribution Channels



# PURSUE AGGRESSIVE NETWORK EXPANSION

- As of the end of December 31, 2021, the Company has a total of **77 stores** throughout the Philippines.
- The Company believes that there are **significant development opportunities in the Philippines**, especially in **underserved key cities outside NCR**.
- As of December 31, 2021, Balai Pandesal grew from **5** to **31** stores since its acquisition in June 2021. The Company targets to reach **130 stores** by end of 2023 and **200 stores** by end of 2026.
- Vast majority of the new BP stores will be Company-owned, but the Company will strategically grant franchises to accelerate its **expansion**.



*Note: Balai Pandesal target store network expansion*



# INCREASE SAME STORE & E-COMMERCE SALES GROWTH

- Increase transaction count through attracting **new customers**, converting first-time customers to **repeat and loyal customers** and improving overall **customer experience**.
- The Company has a team which actively executes **digital marketing initiatives** such as **product bundling**, **Create Your Own Box**, and the **Siksik all-you-can Challenge** via **social media**.





# INNOVATE & INTRODUCE NEW PRODUCTS TO SATISFY EVOLVING CONSUMER TASTES AND PREFERENCES

- The Company through its **own Research and Development (R&D) team** continuously works on **developing** new products that are fit for **different market segments and consumer lifestyles**.
- The Company aims to offer its products on a **larger scale in existing markets and explore new markets**.
- BALAI initially obtains its knowledge on **consumer preference** through its **personnel** who are always present on the ground. More than this, the Company also makes use of **social media** platforms as avenues to monitor consumer preferences.



# DIVERSIFY DISTRIBUTION CHANNELS

- The Company continuously analyzes existing **and future channels of distribution** and adopts measures to increase reach and sales in the markets of interest.
- In 2021, the Company ventured into the **“Community Store”** concept.
- BALAI products are also available at certain Fruitasgroup's stores and through the FRUIT's own e-commerce website, **Babotsmart.com**, and through other online delivery and social media platforms such as Foodpanda, and Grabfood.



**Babot's Mart**  
YOUR ONLINE SARI-SARI STORE



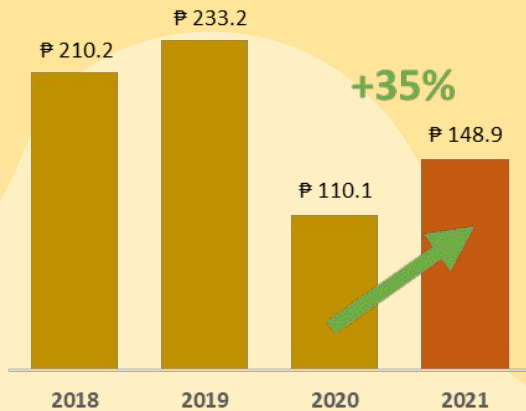
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## FINANCIAL HIGHLIGHTS



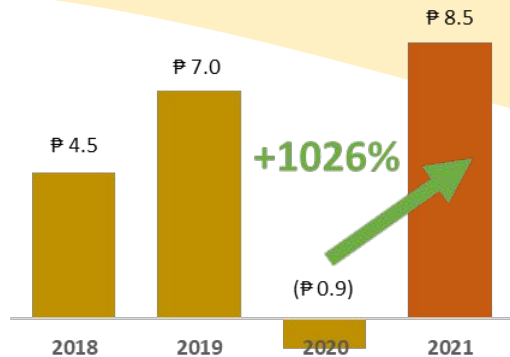
## REVENUE



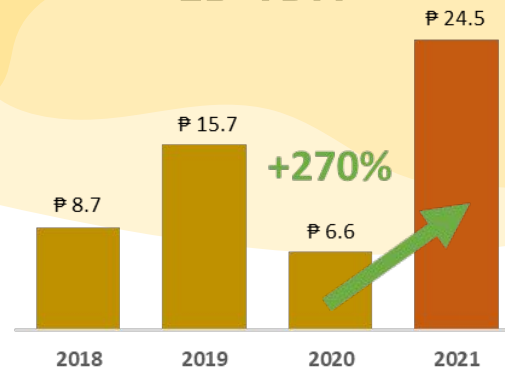
## GROSS PROFIT



## NET INCOME



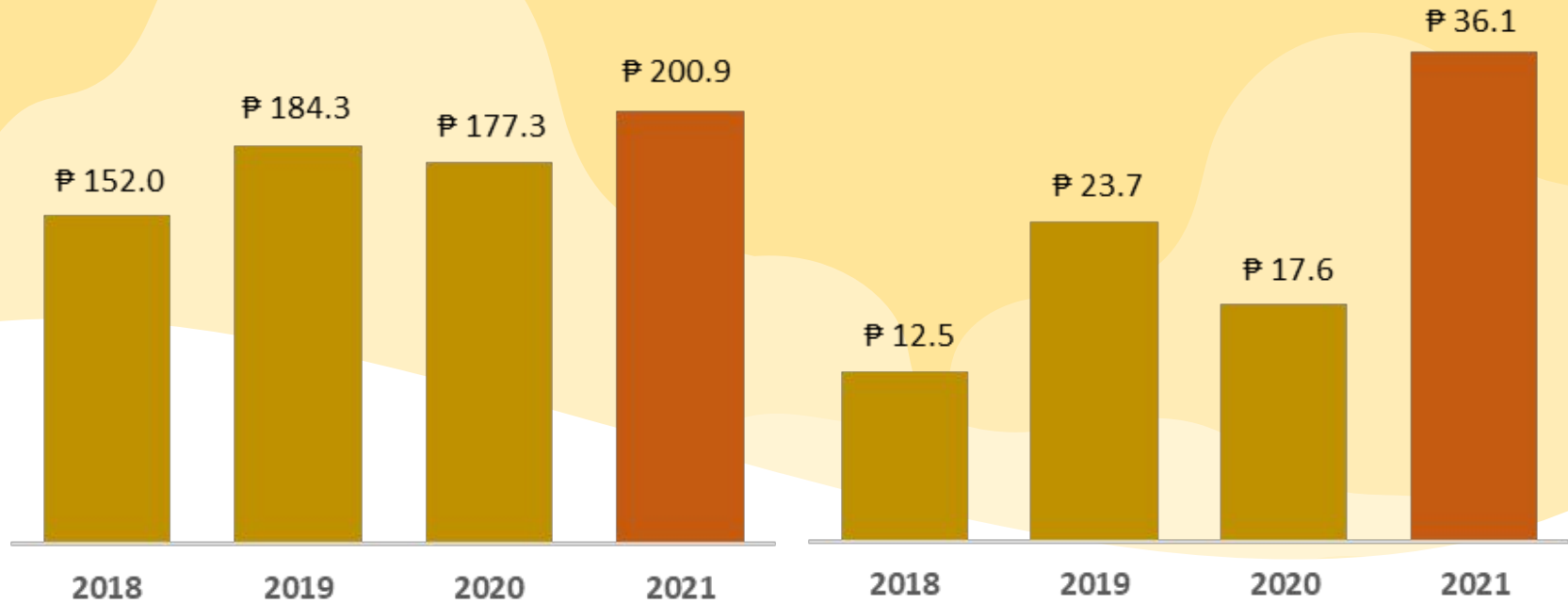
## EBITDA



# FINANCIAL HIGHLIGHTS

## ASSETS

## LIABILITIES



*Note: in PHP millions*

# KEY PERFORMANCE INDICATORS

	For the years ended December 31			
	2018	2019	2020	2021
Revenue Growth	8.7%	11.0%	-52.8%	35.2%
Gross Profit Margin	46.7%	48.4%	48.9%	52.2%
Net Income Margin	2.1%	3.0%	-0.8%	5.7%
EBITDA (₱ thousands)	8,683	15,699	6,620	24,502
EBITDA Margin	4.1%	6.7%	6.0%	16.5%
Return on Average Assets	3.0%	4.2%	-0.5%	4.3%
Return on Average Equity	3.3%	4.7%	-0.6%	5.3%
Current Ratio	12.17	15.94	28.12	6.83
Debt to Equity Ratio	8.9%	14.7%	11.0%	21.9%

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## THE OFFER





# OFFERING SUMMARY

<b>Issuer</b>	<b>Balai Ni Fruitas Inc.</b>
Selling Shareholder	Fruitas Holdings, Inc.
Offer Price	Up to ₱[0.75] per Offer Share
The Offer	Up to [375,000,000] Firm Shares and up to 37,500,000 Option Shares for the Overallotment Option
Offer Size	Up to ₱[281.25] million Firm shares and up to ₱[309.375] million with Overallotment Option
Public Float	[27.59% if Overallotment Option is fully exercised] [25.08% if Overallotment Option is not exercised]
Implied Market Capitalization	[Up to ₱ 1.12 billion]
Dividend Policy	20% to 30% of its net income after tax from the preceding year
Listing Venue	Small, Medium, and Emerging Board of The PSE
Issue Manager, Bookrunner and Underwriter	First Metro Investment Corporation

# USE OF PROCEEDS

Usage	Estimated Amount (PHP Millions)	Percentage (%)	Estimated Timing
Store Network Expansion	180.4	81.8%	2022-2024
Commissary Set Up	20.0	9.1%	2022-2023
Potential Acquisitions	20.0	9.1%	2022-2023
Estimated Net Proceeds	220.4	100%	

# INDICATIVE TIMETABLE OF THE OFFER

<b>SEC Pre-effective Clearance</b>	[May 25, 2022]
<b>PSE Notice of Approval</b>	[May 27, 2022]
<b>Pricing Announcement</b>	[June 14, 2022]
<b>SEC Permit to Sell</b>	[June 14, 2022]
<b>Retail Investors' Briefing</b>	[June 17, 2022]
<b>Public Offer Period</b>	[June 17 - June 23, 2022]
<b>Listing and Trading</b>	[June 30, 2022]

*The timetable indicated above is subject to change depend on, among others, market conditions and the timing of the receipt of regulatory approvals. The Company, and the Issue Manager, Bookrunner and Underwriter reserve the right to revise the timetable at any time and will advise you as soon as possible as practicable of any changes.*

# Q&A



**THANK YOU**



**BALAI**  
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