

Reduced margins bring down Jollibee Q1 profit

Written by Administrator
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MANILA — Jollibee Foods Corp. (Jollibee) said profit for the first quarter of the year reached P631 million, down 8.8 percent from P691 million in the first quarter of 2010.

The company said rising commodity prices reduced margins while people cut spending as they grappled with inflation.

Consolidated revenues, however, grew 13.7 percent to P13.97 billion from last year's P12.28 billion.

System-wide, retail sales grew 14.7 percent to P18.74 billion from P16.34 billion, showing continued improvement in sales in all Jollibee stores, either company-owned or franchised.

Sales drivers were Jollibee's flagship brand of the same name and recently acquired Mang

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Inasal for local operations that grew 13.1 percent.

“Other domestic businesses experienced a decline in same-store sales because of inflation pressure,” it said.

Overseas operations grew 22.9 percent, led by the Jollibee brand and the China businesses growing 30.6 percent and 29 percent, respectively.

“The rising consumer prices and household expenses affected consumers’ food spending outside of home,” said Tony Tan Caktiong, Jollibee chairman.

Ysmael Baesa, Jollibee chief finance officer, said Jollibee may experience a slowdown for the first half of the year because of inflationary factors — a rise in raw material and operating costs and higher interest expenses.

“The slight price adjustments we implemented in the latter part of 2010 and first quarter of 2011 and our cost improvement efforts were not sufficient to cover the increase in the cost of raw materials and store and manufacturing expenses,” Baesa said.

Jollibee operates 1,931 stores in the country through its brands Chowking, Greenwich, Red Ribbon, and Caffè Ti-amo, aside from Mang Inasal and Jollibee itself.

Overseas, it has 407 stores in China bearing the brands Yonghe King and Hong Zhuang Yuan, Red Ribbon, and Chowking, aside from the Jollibee brand.