



2018 Annual Results

March, 2019

By participating in the meeting covering this presentation, or by reading the materials related to this presentation, you agree to be bound by the following restrictions:

- The information contained in this presentation was prepared by COFCO Meat Holdings Limited (the “Company”, together with its subsidiaries, “the Group”) and/or its representatives for the Group’s presentation at the meeting with investors. Nothing contained in this presentation may constitute or form the basis or reference of any contract, undertaking or investment decision.
- No one makes express or implied representation or warrant as to the fairness, accuracy, completeness or correctness of any information or opinion contained herein. Nor should anyone rely upon any information contained herein. Neither the Company nor any of its subsidiaries, branches, affiliates, advisors or representatives shall be responsible or liable for any loss arising out of this presentation or its contents or otherwise related to this presentation (whether based on negligence or other reasons). The information contained in this presentation may be updated, improved, modified, verified or amended, and may be subject to significant changes.
- This presentation is based on the economic, legal, market and other conditions currently in effect. You should understand that subsequent developments may affect the information contained in this presentation and that neither the Company nor its subsidiaries, branches, affiliates, advisors or representatives are obliged to update, revise or confirm such information.
- The information conveyed in this presentation contains certain statements which are or may be forward-looking statements. These statements often contain words such as “will”, “may”, “expect”, “forecast”, “plan” and “anticipate” as well as words with similar meanings. By their nature, forward-looking statements involve risks and uncertainties because they involve events and depend upon circumstances which will occur in the future. There might be other significant risks which have not been considered by the Company to be significant, or which the Company and its advisors or representatives are not aware of. In light of these uncertainties, no one should rely on such forward-looking statements. The Company takes no responsibility for updating such forward-looking statements or adapting them to future events or developments.
- Neither this presentation nor the information contained herein constitutes or forms an offer to sell or issue the securities of the Company, or any part of the solicitation or invitation of an offer to purchase or subscribe for the securities of the Company or any of its subsidiaries or related parties in any jurisdiction. This presentation and the information contained herein is provided to you for reference only and shall not be used as a basis for your trading of the securities of the Group, and may not be reproduced in whole or in part in any form or distributed to any other person in any manner. In particular, no information appearing in this presentation or any copy thereof may be reproduced or disseminated to others, directly or indirectly, in the United States, Canada, Australia, Japan, Hong Kong, or any other jurisdiction with relevant prohibitive regulations. Any violation of such restrictions may constitute a violation of the securities laws of the United States or other countries. Neither this presentation nor any information contained herein constitutes a solicitation of monetary, securities or other considerations, and no monetary, securities or other considerations provided based on this presentation or any information contained herein will be accepted by the Company.
- By participating in this presentation, you confirm that you will be entirely responsible for assessing the market and the market position of the Group and market conditions, and you will conduct your own analysis and develop your own views or opinions on the future performance of the Group’s business. Any decision (if any) to purchase securities in connection with a proposed offering of securities shall only be made based on the information in the offering circular or the prospectus prepared for such offering.
- By reviewing this presentation, you will be deemed to have expressed and acknowledged that you and your representatives’ customers are not subject to any applicable laws, regulations or requirements which prohibit your/their participation in this presentation.

- Section 1 **Business Overview**
- Section 2 **Financial Overview**
- Section 3 **Strategy and Outlook**

2018 Key Matrices



中糧肉食控股有限公司
COFCO Meat Holdings Limited

Key Operating Matrices	2018	2017	Change
Hog production volume ('000 heads)	2,550	2,226	14.5%
Hog production capacity ('000 heads)	4,089	3,492	17.1%
Fresh pork sales volume ('000 tons)	190	172	10.6%
Including: branded fresh pork sales volume ('000 tons)	43	33	32.2%
Ratio of revenue from branded business (%)	17.48%	15.58%	1.9ppt
Key Financial Matrices	2018	2017	Change
Revenue (RMB MM)	7,168	6,961	3.0%
Profit for the year ¹ (RMB MM)	-217	497	-143.6%
Profit attributable to the owners of the Company ¹ (RMB MM)	-204	504	-140.5%
Basic EPS ¹ (RMB)	-0.0523	0.1290	-140.5%

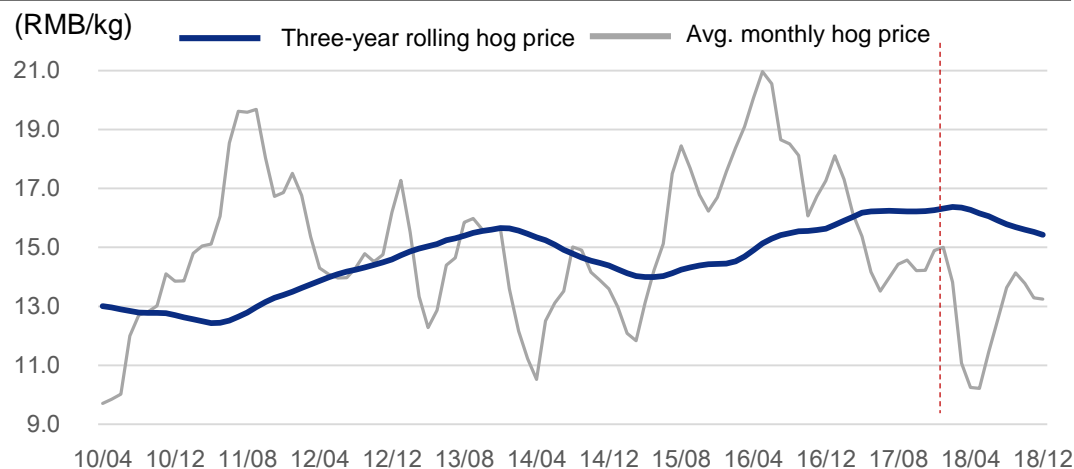
Note: 1. Before biological assets fair value adjustments

Analysis on Changes in Net Profit : Mainly due to Negative Impact of Hog Price



中糧肉食控股有限公司
COFCO Meat Holdings Limited

China hog prices



Source: WIND

- Average hog price in 2018 was at a low point of RMB 12.7/kg in China
- The three-year rolling average hog price in 2018 was RMB16.0/kg, remaining flat year-on-year

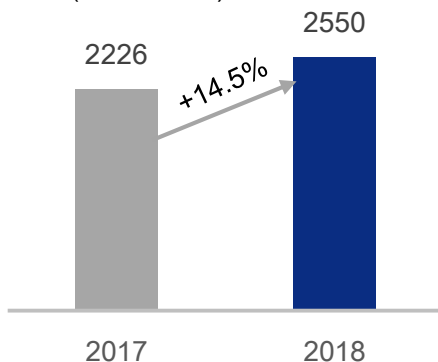
- In 2018, net profit before biological asset fair value adjustments declined by RMB713MM year-on-year
- Profit from the hog production segment decreased by RMB833MM year-on-year, mainly due to the impact of the 20% year-on-year decrease in hog selling price of the company. However, the company focused on capacity expansion and cost control, seeing a 15% increase year-on-year in hog production volume in 2018, which partially offset the adverse impacts of declining hog prices
- Profit from the fresh pork segment hit a record high, reaching RMB107MM, an increase of RMB17MM year-on-year; fresh pork sales volume increased 11% year-on-year, with branded business witnessing rapid expansion and growth in both scale and profitability
- Profit from the meat import segment amounted to RMB36 MM. The company has undertaken appropriate risk control measures amidst the operating environment with volatile market conditions and changing policies, achieving rapid development of beef business, and maintaining stable profitability

- 1 Scale growth of core businesses**
- 2 Actively reacted to industry changes brought by African swine fever, continuously improved footprint along the entire industry value-chain**
- 3 Rapid development of branded fresh pork business, leading the trend of consumption upgrades**
- 4 Achieved stable profitability in meat import business amidst major changes in market prices, policies and exchange rates**

1 Scale growth of core businesses

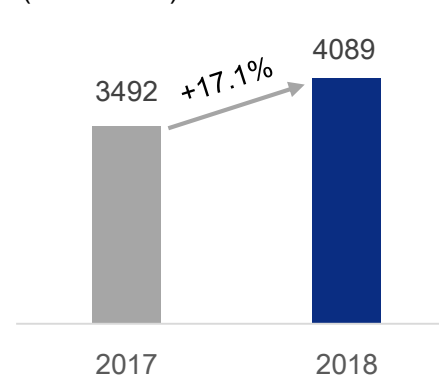
Hog Production Volume

('000 heads)



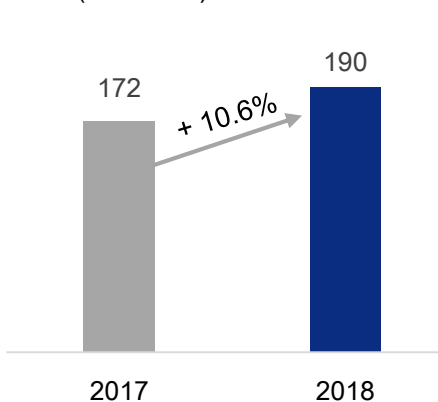
Hog Production Capacity

('000 heads)



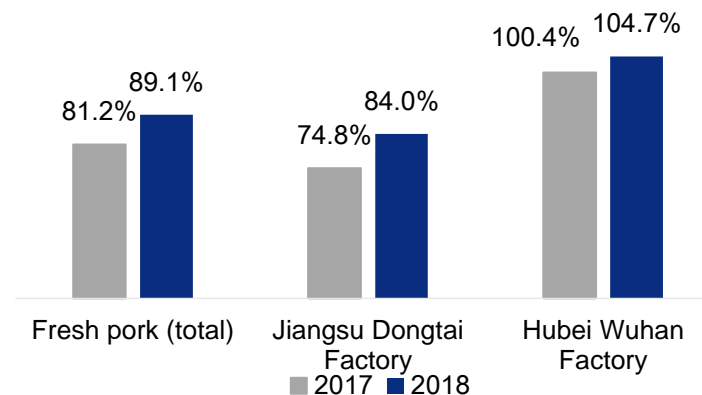
Fresh Pork Sales Volume

('000 tons)



Fresh Pork Production Capacity Utilization

(%)



Feed: Continued increase in self-sufficiency rate, further reducing costs

- Accelerated the construction of inhouse feed mills with 900,000 tons in feed production capacity, increasing the self-sufficiency rate from 43.9% last year to 55.9% in 2018, and with a target above 65% in 2019
- Thoroughly researched market prices for feed ingredients and established low-cost corn and soybean meal stock, providing space for further reduction in hog production costs



Hog Production: Strategic capacity expansion, increase in disease prevention capability, ensuring smooth operation of production systems

- Strategically reserved production capacity given the market downturn, with hog production capacity of over 4MM heads at the end of 2018, providing assurance for future growth in hog production volume
- Comprehensively improved disease prevention capability, added disinfection facilities and procedures, and strictly controlled the entry and exit of personnel, vehicles and materials at hog farms



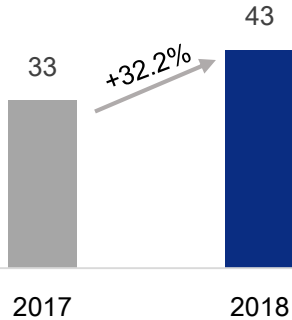
Fresh pork: Steady advancement of footprint in the North, and the construction of new plant in Central China has commenced

- Started construction of a new factory with an annual slaughtering capacity of 1million heads in Huanggang, Hubei Province, which is to commence trial production in the second half of 2019, aiming to cover the Central China market
- Conducted in-depth analysis of the impact of African swine fever on the hog slaughtering industry, and actively advanced footprint in North and Northeast China



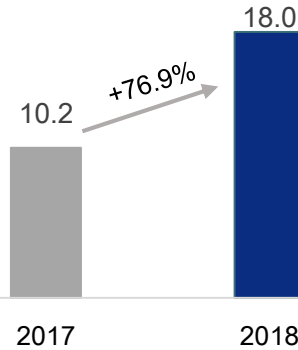
Sales Volume of Branded Fresh Pork

('000 tons)



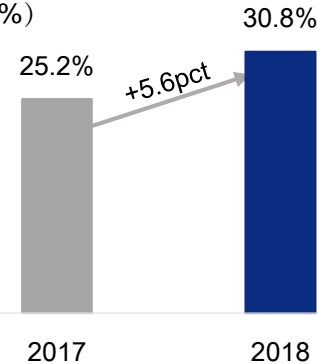
Sales Volume of Small-packed Fresh Pork

(MM boxes)



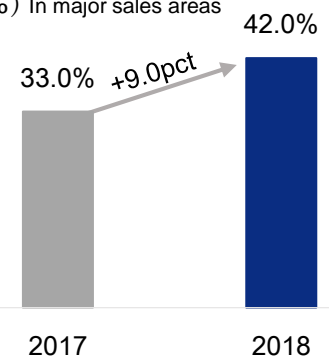
Ratio of Branded Business Revenue to Segment Revenue

(%)



JOYCOME "unaided brand awareness"

(%) In major sales areas



Product quality has won endorsements from China Space, as brand influence continues to expand

- Signed a contract to become an "Official Partner of China Space" in August 2018
- "JOYCOME" appeared on CCTV for 3 times, and served several important meetings
- Carried out a wide variety of online and offline activities on the theme of "five checkpoints for product safety and quality assurance from company"



China Space partnership



Debuted at the first China International Import Expo



Participated in the "Belt and Road" Energy Ministerial Conference

Innovation in small-packed products, leading consumption upgrades

- Close cooperation with high-end fresh food companies
- Products hit the shelf within one day, delicious, convenient, fresh and safe



"Daily fresh" small-packed products



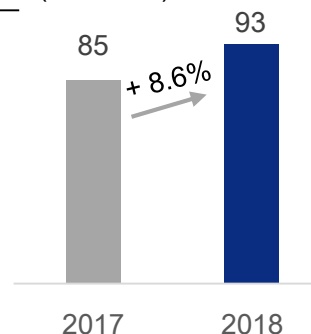
New series of high-end small-packed "linseed pork" products

Major changes in market environment, with appropriate risk control measurements and stable profits

- Actively responded to the increase in tariffs on U.S. pork and beef, Brazilian chicken “anti-dumping” investigation, and depreciation of the RMB
- Back-to-back contracts and high turnover to reduce risk
- Procurement system covering all categories and multiple countries to expand sources of imports

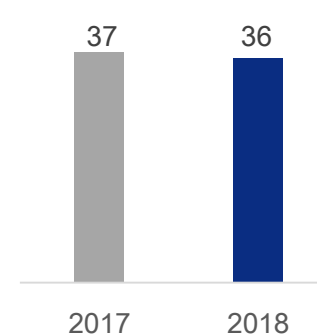
Segment Sales Volume

('000 tons)



Segment Profit

(RMB MM)

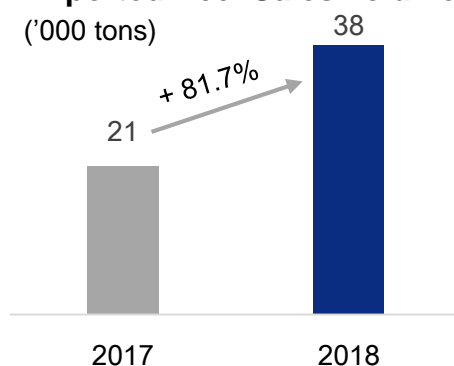


Significant increase in beef sales with channel structure optimization

- Deep cultivation of channels, with beef based terminal business (catering + retail + corporate customers) revenue increasing by 91% year-on-year

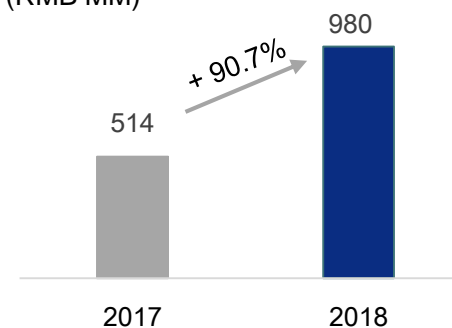
Imported Beef Sales Volume

('000 tons)



Beef Revenue in Terminal Type

(RMB MM)



Section 1 **Business Overview**

Section 2 **Financial Overview**

Section 3 **Strategy and Outlook**

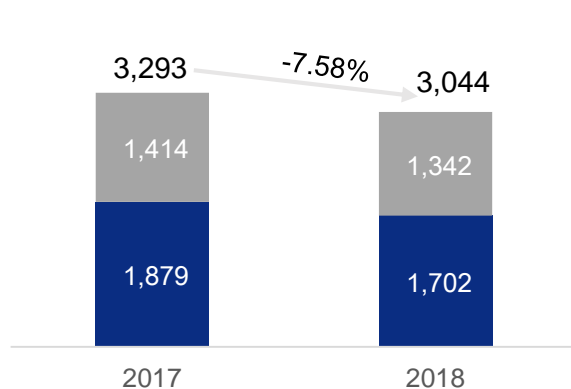
- 1 Total revenue of RMB7,168MM, up 3.0% year-on-year**
- 2 Strict control of costs and slightly increased finance expenses**
- 3 Continued improvement in asset turnover efficiency with reasonable capital structure**

1 Total revenue of RMB7,168MM, up 3.0% year-on-year

Hog Production

(RMB MM)

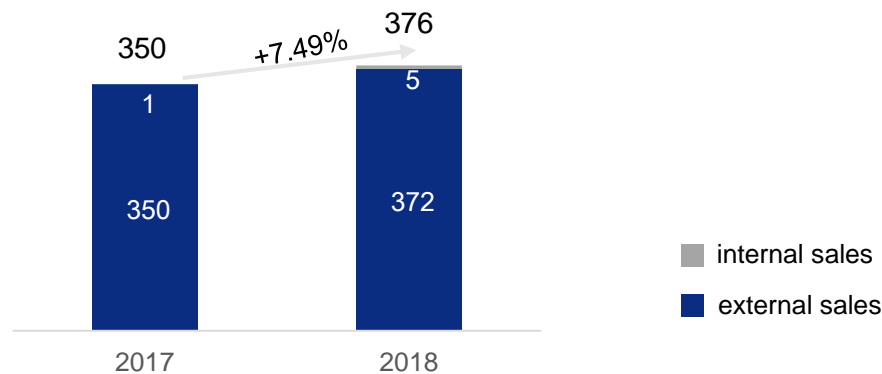
- 2018 hog production volume was 2.55MM, increased 14.5% yoy
- Hog selling price decreased by 20% yoy



Processed Meat Products

(RMB MM)

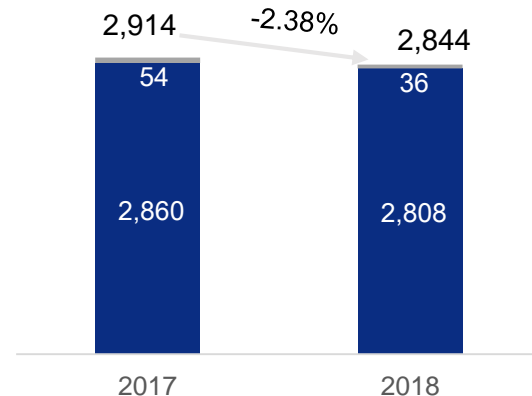
- 2018 processed meat products sales volume was 12 thousand tons, increased 16.8% yoy



Fresh Pork

(RMB MM)

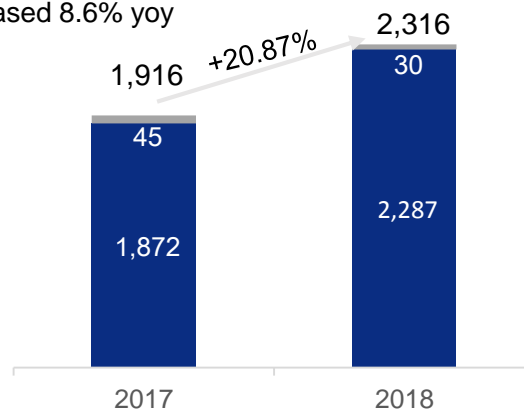
- 2018 fresh pork sales volume was 190 thousand tons, increased 10.6% yoy



Meat Import

(RMB MM)

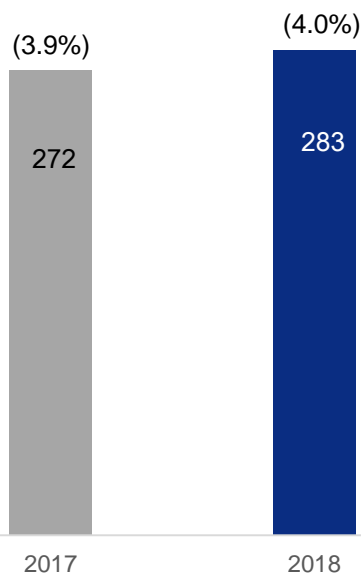
- 2018 imported meat sales volume was 93 thousand tons, increased 8.6% yoy



Sales and Distribution Expense

(RMB MM)

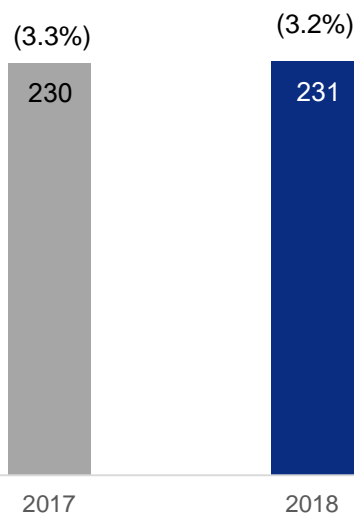
(% of revenue)



Administrative Expense

(RMB MM)

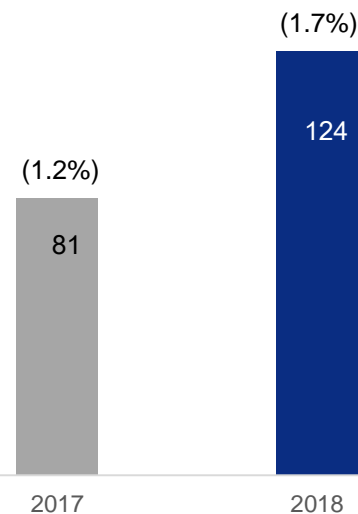
(% of revenue)



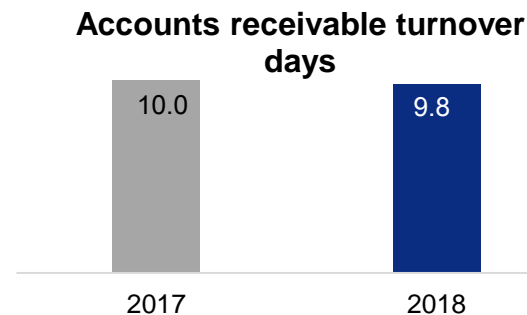
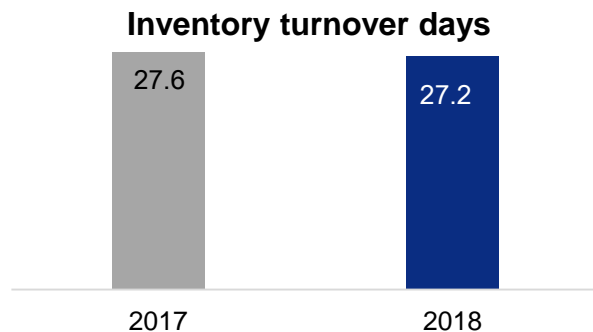
Interest Expense

(RMB MM)

(% of revenue)



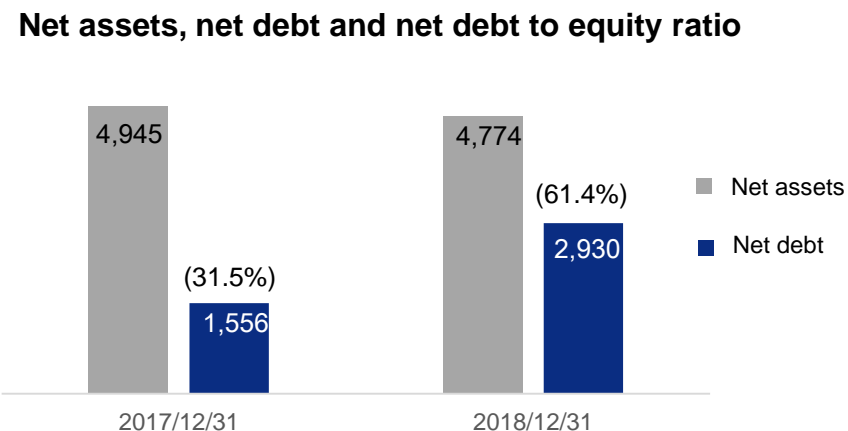
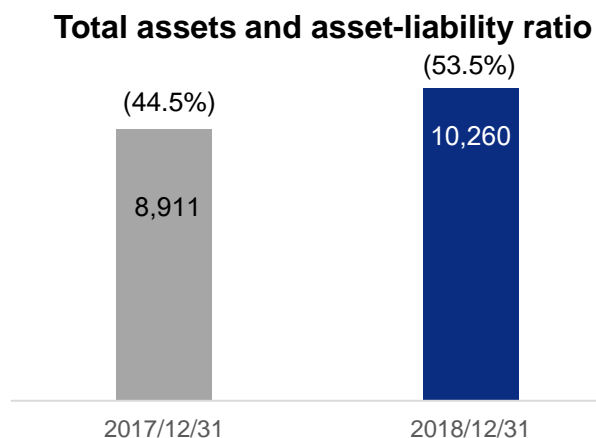
Continued increase in asset turnover efficiency



Note: relevant data are calculated based on the average of the beginning and end of the period, before the adjustment of the fair value of biological assets

Reasonable capital structure

(RMB MM)



Note: Net debt to equity ratio: sum of total bank borrowings and total loans from related parties by period end minus cash and cash equivalents, divided by total equity

- Section 1 **Business Overview**
- Section 2 **Financial Overview**
- Section 3 **Strategy and Outlook**

1

Continue to expand hog production capacity and improve production efficiency based on the prevention and control of African swine fever

- Remain vigilant against and cautiously prevent the African swine fever, lifting the level of bio-security, and defend the lifeline of our farming system
- Continue to speed up capacity layout, improve production efficiency, and reduce production costs, aiming at establishing core competitive advantages

2

Vigorously develop differentiation and branded operations of fresh pork business, and accelerate fresh pork capacity expansion in the North

- Vigorously carrying out the differentiated and branded operation of fresh pork business, expanding cooperation with the new retail channels, and converting high-quality hogs into high-premium pork products
- Accelerate the construction of fresh pork capacity in North and Northeast China and respond to new changes in the industry in the wake of African swine fever

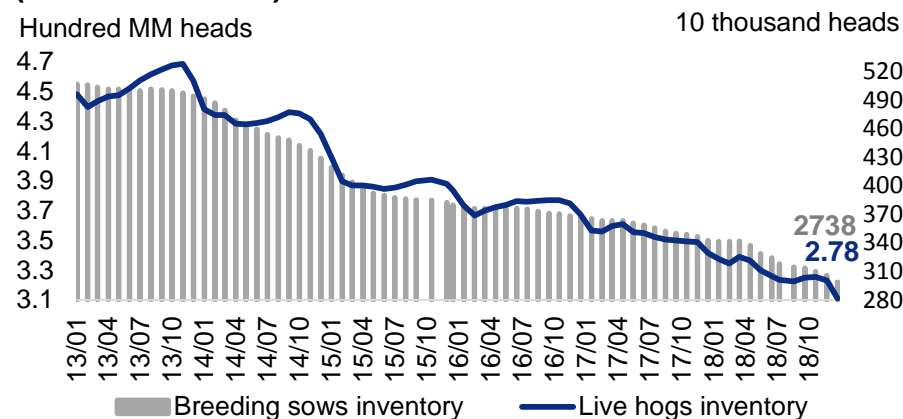
3

Strengthen industry interaction at home and abroad, and take advantage of market opportunities

- Foster synergies between meat import segment and fresh pork segment so as to give full play to industry interaction at home and abroad, and capture the opportunities brought about by African swine fever

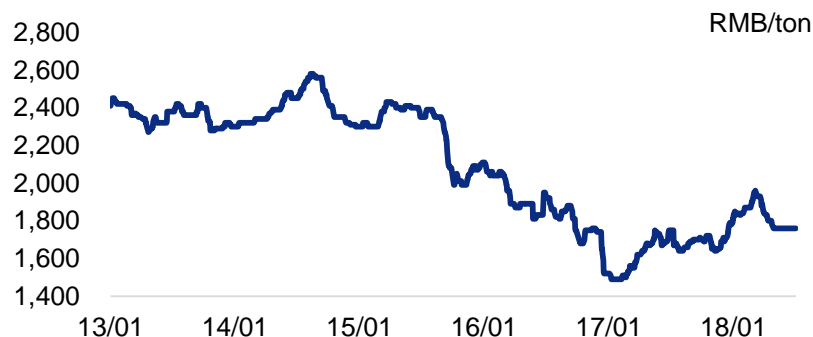
Appendix

Monthly Inventory of Hog and Sows in China (2013/01–2019/02)



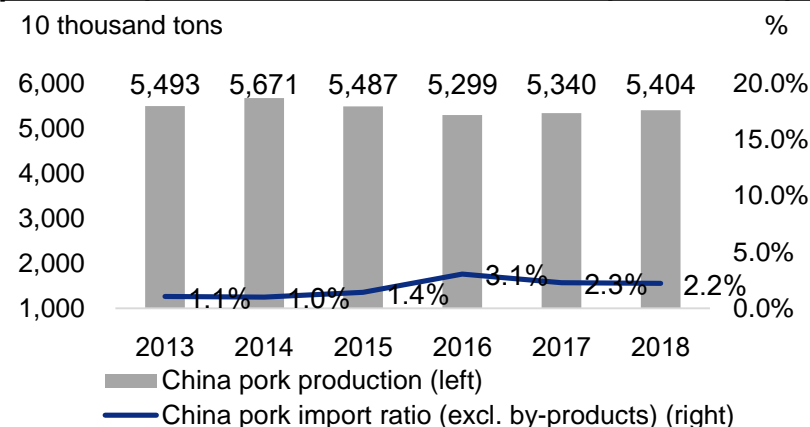
- At the end of February 2019, there was a stock of 27.38MM breeding sows and 278MM live hogs, both the lowest in the past decade, down 19.1% and 16.6% respectively

DCE Corn Price (2013-2018)



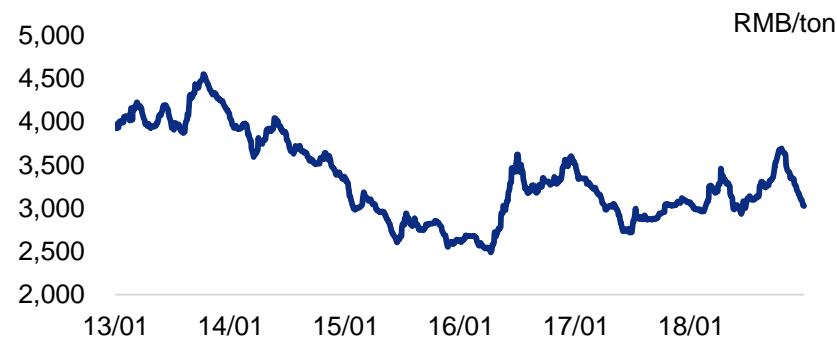
- In 2018, the closing price of corn the Dalian Commodity Exchange was 1,827 RMB/ton, compared with 1,650 RMB/ton in 2017, up 10.7% year-on-year

Pork Production and Proportion of imports (excl. by-products) in Pork Production in China (2013-2018)



- In 2018, China's pork production was 54040 thousand tons, and the import volume (excl. by-products) was 1.19MM tons, down 2.0% year-on-year. The proportion of imports in pork production was 2.2%, which was stable year-on-year

Spot Price of Soybean Meal (2013-2018)



- In 2018, the spot price of soybean meal was 3,211 RMB/ton, compared with 3,024 RMB/ton in 2017, up 6.2% year-on-year

Source: WIND, National Bureau of Statistics of China, National Grain Center, Ministry of Agriculture and Rural Affairs