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COFCO

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

2020 Interim Results

August, 2020



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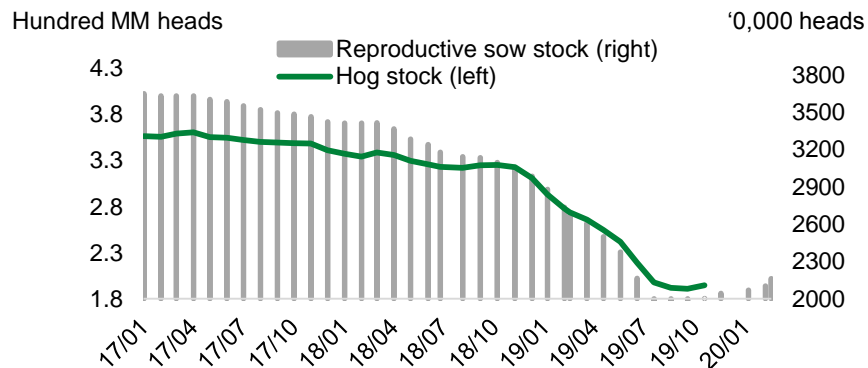
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Key Operating Metrics	2020H1	2019H1	Change
Average selling price of finishing hogs (RMB/kg)	32.63	12.42	162.6%
Hog production volume ('000 heads)	801	1451	-44.8%
Fresh pork sales volume ('000 tons)	51	86	-40.0%
Revenue from branded fresh pork business (RMB MM)	717	451	58.9%
Ratio of revenue from branded business of total fresh pork business (%)	40.7%	31.3%	9.4pct
Branded small-packed fresh pork sales volume ('000 boxes)	15,654	13,201	18.6%
Meat import sales volume ('000 tons)	175	59	194.1%

Key Financial Metrics	2020H1	2019H1	Change
Revenue (RMB MM)	9,168	4,403	108.2%
Profit for the period (before adj.) (RMB MM)	1,384	-276	+1,660
Including: profit attributable to the owners of the Company (before adj.)* (RMB MM)	1,385	-204	+1,589
Profit for the period (after adj.) (RMB MM)	2,053	93	2101.6%
Including: profit attributable to the owners of the Company (after adj.) (RMB MM)	2,055	142	1344.5%
Basic EPS(before adj.) (RMB)	0.355	-0.052	+0.407

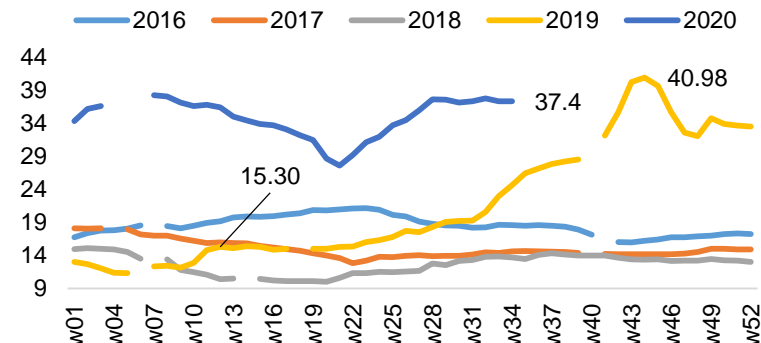
The Board recommended the payment of an interim dividend in the amount of HK\$0.118 per share and in the aggregate amount of approximately HK\$460 million, representing 30% of the net profit attributable to the owner of the Company before the fair value adjustment of biological assets

Monthly Inventory of Hog and Sows in China



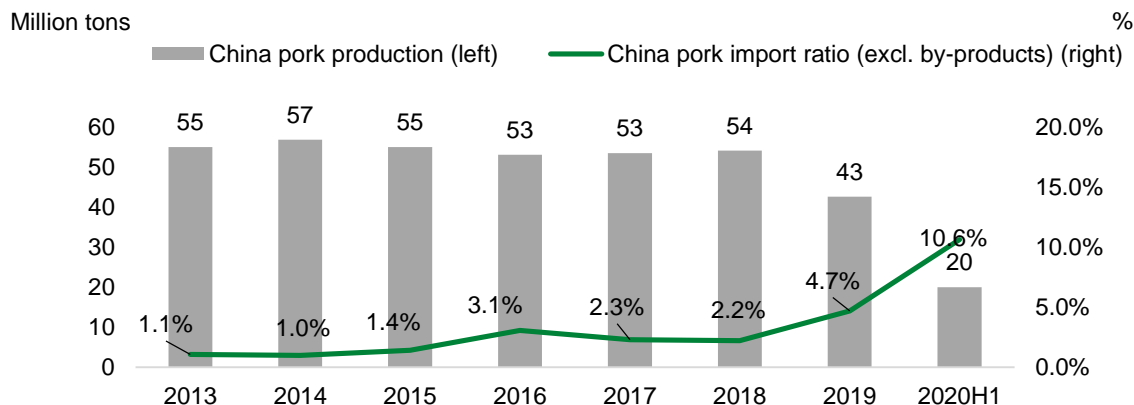
Data from the Ministry of Agriculture and Village shows that although the stock of hogs and sows has rebounded slightly, it is still at a historical low

Chinese Hog Prices (RMB/kg)



As of August 21st, 2020, hog price averaged RMB 37.40/kg in 22 provinces in China, increasing 51.5% on a year-on-year basis

China's Pork Production and Ratio of Pork Import (excl. by-products) to Production



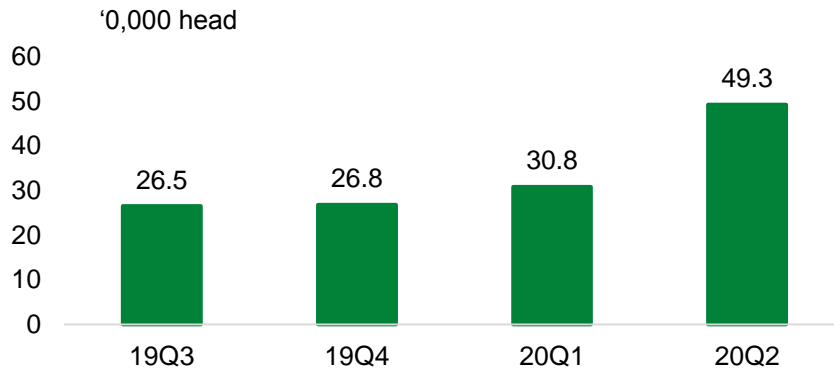
- In 2020H1, China's pork production was 19.98MM tons, and the ratio of import volume (excl. by-products) to domestic pork production was 10.6%
- In 2020H1, China's import volume (excl. by-products) was 2.12MM tons, exceeding the full year import volume in 2019, reaching a historical high

Source: Wind, National Bureau of Statistics of China, Ministry of Agriculture of the People's Republic of China

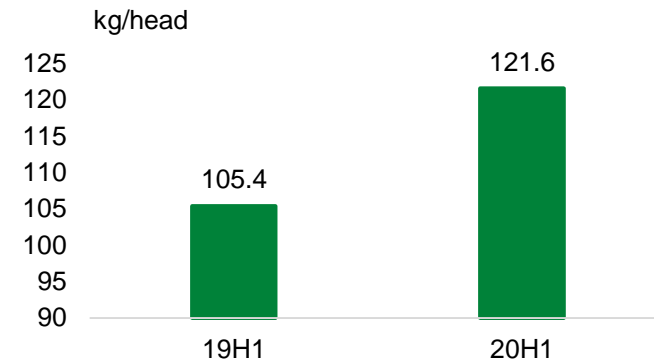
- 1** Improved hog production efficiency and reduced costs, segment results reached a new high
- 2** Clear capacity expansion goal and high certainty on scale growth
- 3** Optimized products and distribution channels, brand recognition continuously improved
- 4** Strong initiatives to fight against COVID-19 and made significant contributions to ensure stable market supply
- 5** Actively responded to changes in the import market and seized retail consumption growth opportunities

- Thanks to the successful control on African swine fever and effective employee incentives, the company has realized significant efficiency enhancement
 - Hog production volume improved on a quarterly basis; finishing weight continued to improve
 - PSY and MSY reached historical best level
 - Cost of production decreased on a quarterly basis, representing an excellent level compared to peers
- Based on efficiency improvement, the company was flexible in adjusting production strategy, with segment sales reaching 1.76Bn RMB and profit per head leading the market

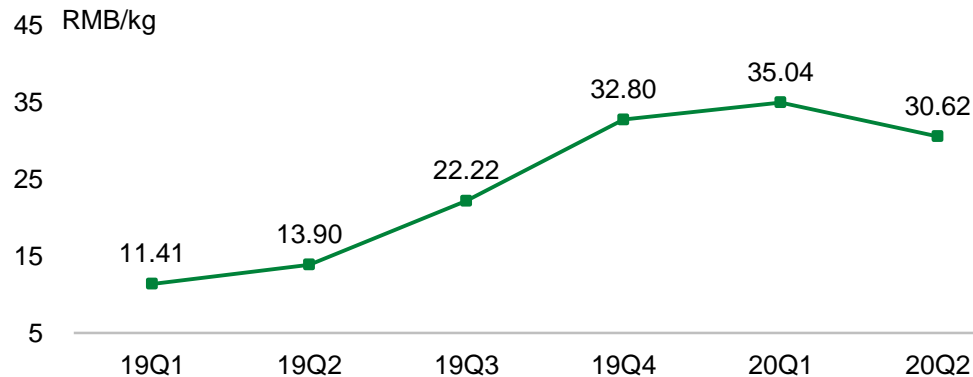
Quarterly hog production in the last 1 year



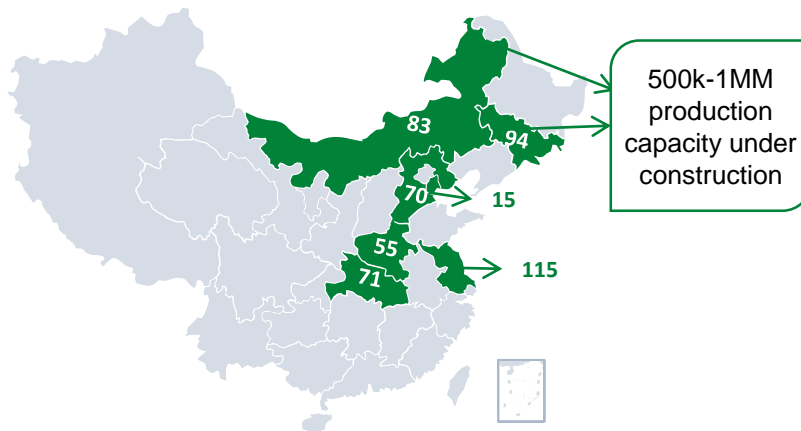
Weight of finishing hogs



Quarterly Average Sales Price of Finishing Hogs

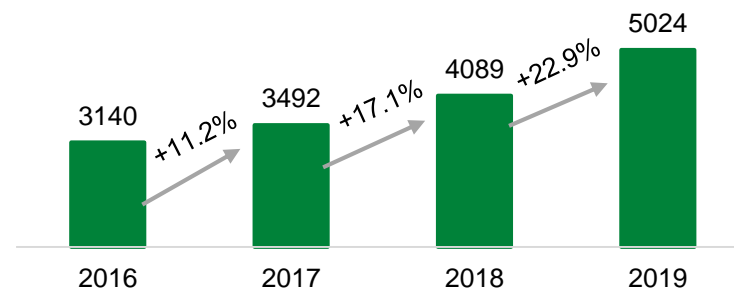


Geographical layout of Hog production



Hog production capacity (2016-2019)

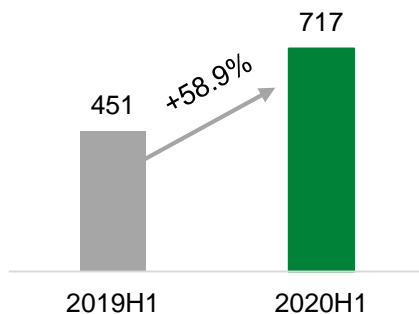
('000 head)



- By the end of June 2020, there are 241 thousand breeding and replacement hogs (including boars), supporting follow-up hog production
- In 2020H1, introduced 1,500 French purebred pigs, providing high quality breed to support capacity expansion
- By the end of 2019, built 5.02 million production capacity, and continued to start construction of 500k to 1MM new production capacity in the northern regions in 2020
- The construction of slaughtering capacity was accelerated, and the goal is to match the upstream production capacity

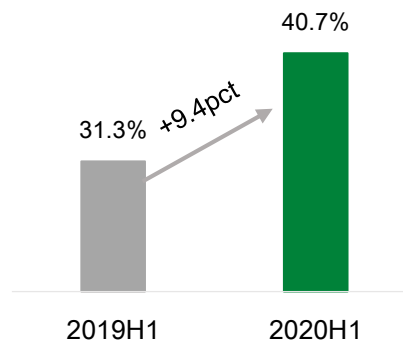
Branded Fresh Pork Revenue

(RMB MM)



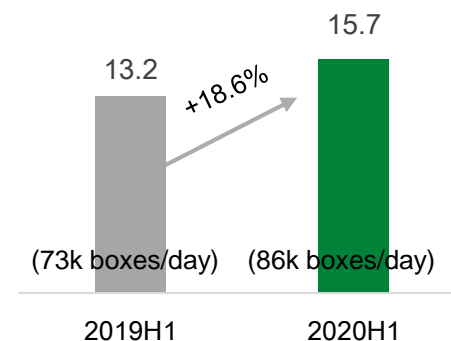
Branded business revenue % of total fresh pork business

(%)



Branded small-packed fresh pork sales volume

(MM boxes)



Transformed and upgraded products and channels to adapt to the changes in consumption behavior during the epidemic

- Adapted to changes in consumption habits during the epidemic, strengthened the development of e-commerce and new retail channels, and vigorously promoted branded boxed pork
- Ratio of revenue from branded business of total fresh pork business increased to 40.7%, per day sales volume of small-packed fresh port reached 86k boxes



"Flax Seed Pig" Series Products



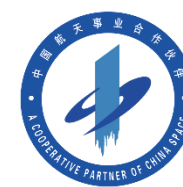
Imported Boxed Products

Public relations strategy focused around sports and aerospace, brand recognition continued to improve

- In June 2020, JOYCOME became an exclusive meat supplier for the Chinese national weightlifting team, providing "champion quality" safe meat for the weightlifting team to prepare for the Tokyo Olympic Games
- As "A Partner of China Space", continued to carry out publicity in the space area



Signing ceremony between JOYCOME and China's national weightlifting team



"Partner of China Space"
"Meat supplier of China's National Weightlifting team"

COFCO Meat has always been fighting in the front lines of the epidemic, especially the Wuhan fresh pork team. Faced with these challenges, the team overcame all kinds of difficulties and actively resumed work and production, making significant contributions to ensure pork supply during the special period and winning awards from government departments at all levels and from upper-level units:

- Letter of Thanks from the General Office of the Ministry of Commerce
- "Enterprise with outstanding contributions for safeguarding market supply during the epidemic prevention and control for the whole city"
- "Enterprise with outstanding contributions to the production and supply of 'vegetable baskets' for epidemic prevention and control in the city"
- Donated medical supplies to the People's Hospital of Huangzhou District, Huanggang City



附件

全市疫情防控市场保供作出突出贡献的企业名单

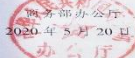
序号	行业	单位
15	商超	湖北悦联商业管理有限公司
16	商超	武汉市丽红商业有限公司
17	商贸	武汉商贸国有控股集团有限公司
18	商贸	武汉市副食品商业储备有限公司
19	商贸	武汉中粮肉食品有限公司
20	商贸	武汉良之隆食材股份有限公司
21	商贸	湖北盐业集团有限公司武汉分公司
22	批发	武汉白沙洲农副产品大市场有限公司

武汉中粮肉食品有限公司

武汉中粮肉食品有限公司：疫情期间，中粮肉食品集团，第一时间响应，克服人手短缺、物流不畅等困难，千方百计组织货源，全力保障肉品供应，为打赢疫情防控阻击战作出了突出贡献。

疫情面前，你们不惧危险，不辞辛劳，义无反顾冲锋在一线，用行动传递着温暖和信心，彰显出守望相助、同舟共济的精神传承，不忘初心、牢记使命的担当。在此，谨向贵单位致以崇高的敬意！

现在，疫情还在蔓延，防控仍需努力，希望贵单位继续支持疫情防控工作，落实常态化疫情防控措施，继续发挥引领作用，再接再厉，保供稳价，为武汉广大人民群众的消费需求，促进生产生活秩序加快恢复，助力脱贫攻坚和乡村振兴贡献更大力量！



全市疫情防控“菜篮子”生产保供作出突出贡献的企业名单

序号	企业
1	武汉市兰氏蔬菜有限公司
2	武汉七种美味科技有限公司（食享会）
3	武汉云杉世界信息技术有限公司（美菜网）
4	湖南兴盛优选电子商务有限公司（兴盛优选）
5	武汉千仓科技有限公司（吉及鲜）
58	武汉中粮肉食品有限公司
59	湖北鸭圣食品有限公司
60	正大集团湖北区
61	武汉傲牧生物科技有限公司

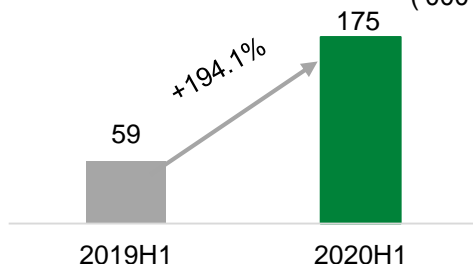


Took multiple measures consecutively to actively respond to the changes in the market

- The sales volume and income of the meat import segment increased significantly compared with the same period last year. However, affected by COVID-19, the market of imported frozen meat has changed greatly
- On the one hand, reduced the purchase cost through bargaining; on the other hand, increased the ratio of locking orders back-to-back, and greatly reduced the exposure risk

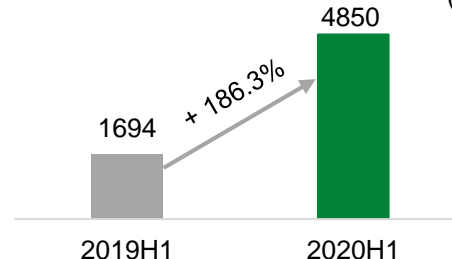
Segment Sales Volume

('000 tons)



Segment Sales Revenue

(MM RMB)

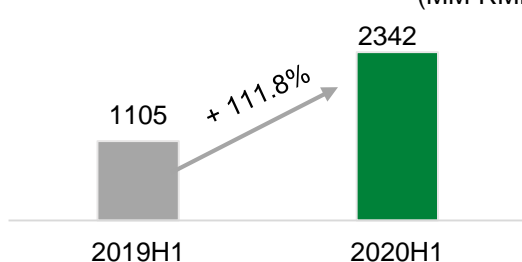


Seized the growth opportunities of retail consumption and continuously optimized channel structure

- Deep cultivation of regions and channels, with terminal business (restaurants + retail + enterprise clients) income increasing by 111.8% year-on-year
- Seize the growth opportunity in defrosting products and retail consumption to rapidly expand into the client markets of slaughtering and processing enterprises, e-commerce, convenience food, regional catering brands and other retail customers

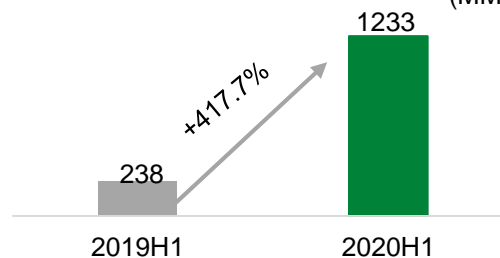
Endpoint Business Revenue

(MM RMB)



Retail Customer Sales Revenue

(MM RMB)



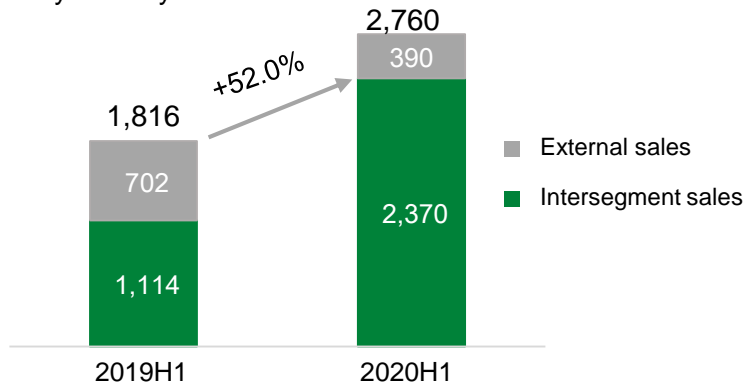
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- 1 Total operating income of RMB9,168MM, up 108.2% year-on-year**
- 2 Strictly controlled expenses, all expenses decreased on a year-on-year basis**
- 3 Import Business expanded in scale, borrowings grew accordingly, ROE continued to increase**

Hog Production

(RMB MM)

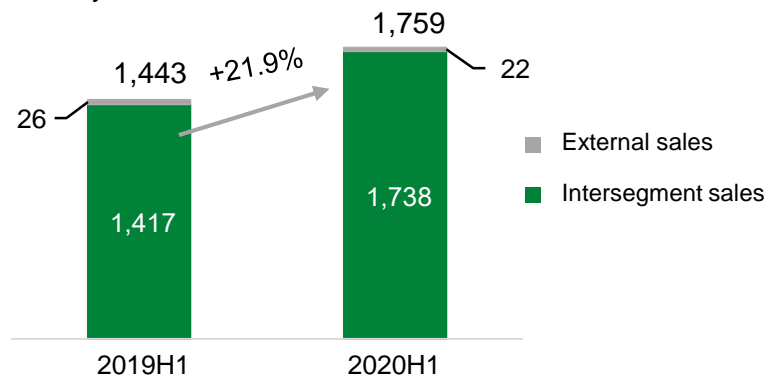
- 2020H1 company sales prices increased RMB 20.2/kg, up 163% year-on-year



Fresh Pork

(RMB MM)

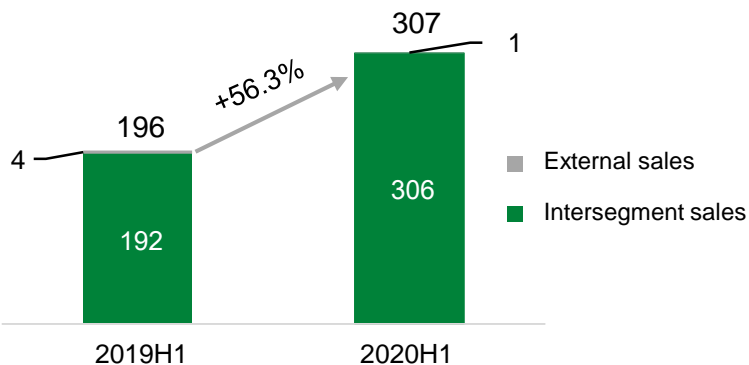
- 2020H1 fresh pork sales increased RMB17.3/kg, up 103% year-on-year



Processed Meat Products

(RMB MM)

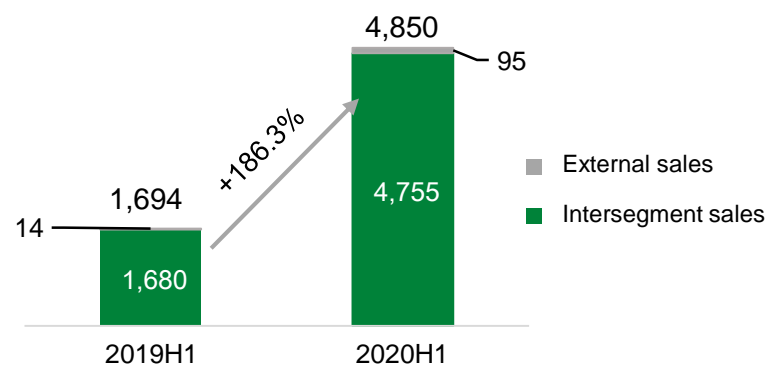
- 2020H1 processed meat products sales volume was 7,000 tons, up 10% year-on-year



Meat Imports

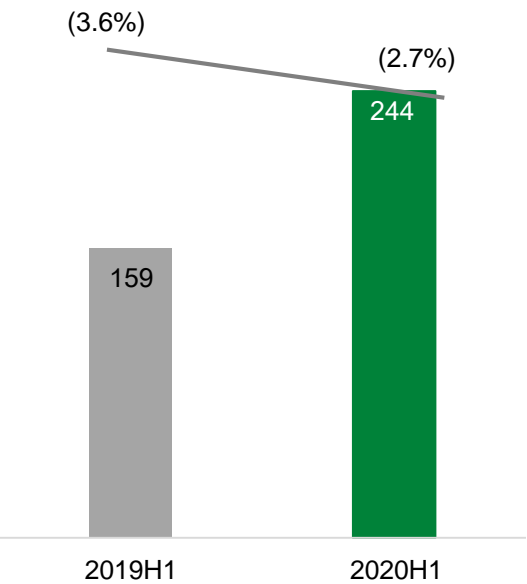
(RMB MM)

- 2020H1 import distribution volume was 175,000 tons, up 194% year-on-year



Sales and Distribution Expense

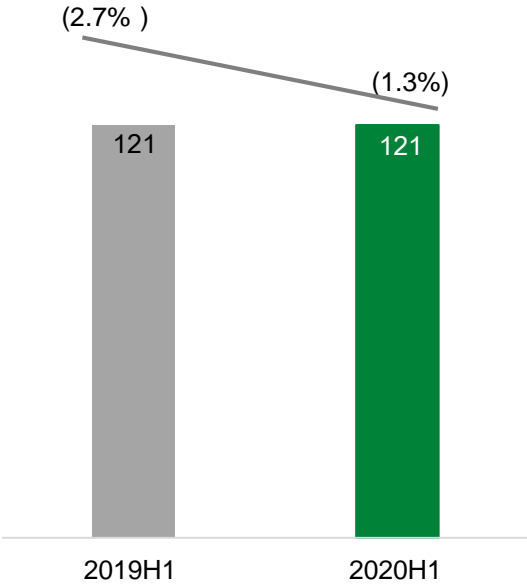
(RMB MM) (% of revenue)



— Sales and Distribution Expense as % of revenue

Administrative Expense

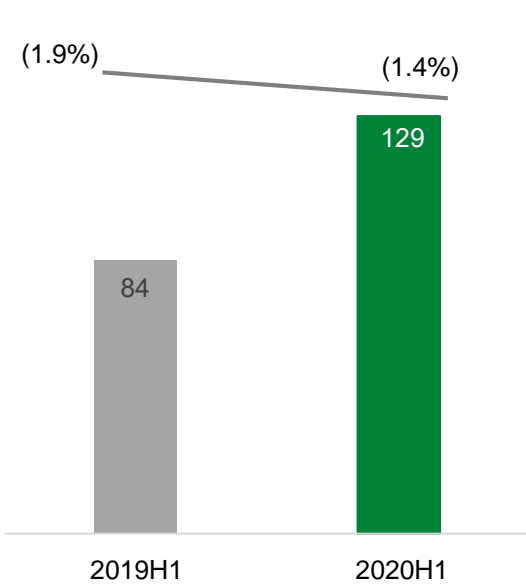
(RMB MM) (% of revenue)



— Administrative Expense as % of revenue

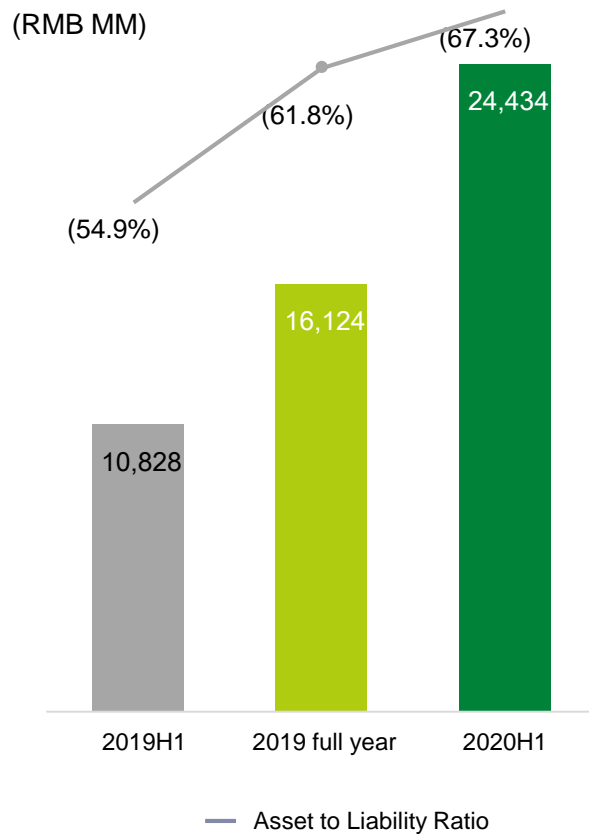
Interest Expense

(RMB MM) (% of revenue)

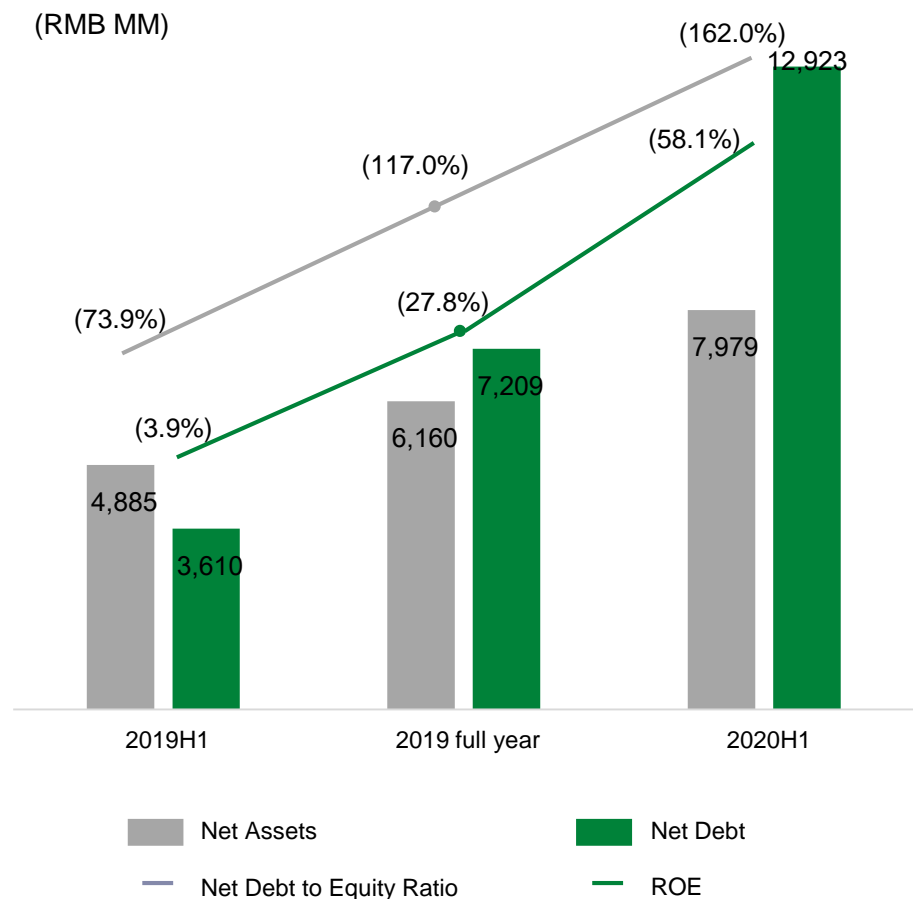


— Interest Expense as % of revenue

Total Assets and Asset to Liability Ratio



Net Debt to Equity Ratio and ROE



- All data are after biological assets adjustments

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1

Prevent and control the African swine fever to ensure production volume and improve production efficiency

- Continue to strengthen capabilities of disease prevention and control under biosecurity measures, increase overall hog production volume and solidify our cost advantages through refined management.

2

Speed up the production capacity expansion and improve the matching degree of upstream and downstream industries

- Accelerate the construction of our hog production capacity and that of our slaughtering capacity in northern China to strengthen our upstream and downstream businesses matching.

3

Actively adapt to changes in the consumption environment and continue to differentiate fresh products and build up brand recognition

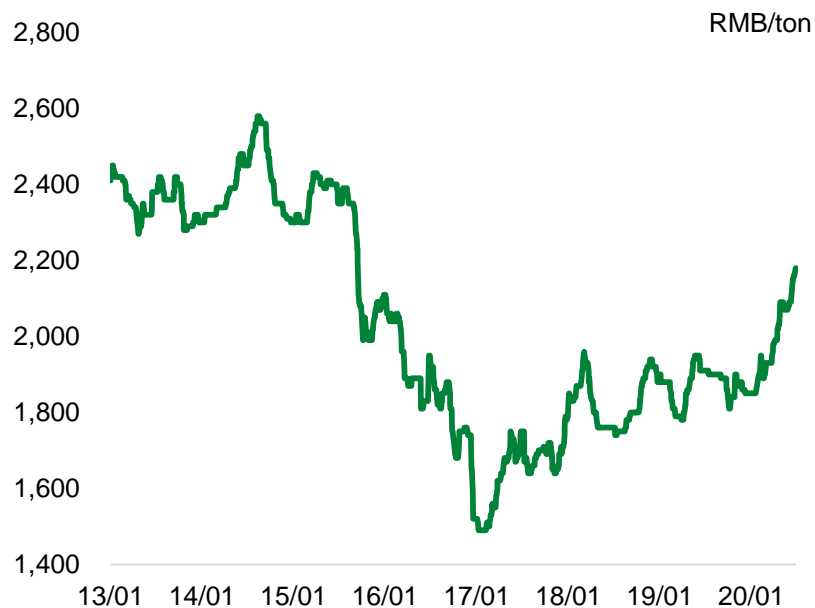
- Take active measures in response to the changes to consumption patterns caused by the COVID-19 epidemic, create market-oriented new products
- Continuously expand new retail channels and carry out differentiated and branded operation of our fresh pork business to enhance brand influence.

4

Took full advantages of industrial interaction domestically and abroad to improve profit contribution of import business

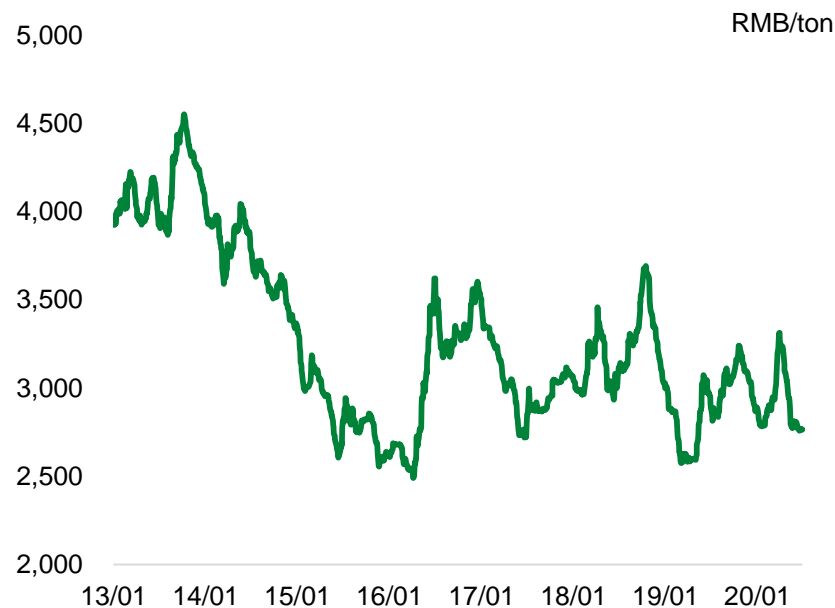
- Continued to further the penetration into channel, raised risk control awareness, and increased profit contribution of import business

Closing Price of Corn in Dalian (2013-2020H1)



The 2020H1, the closing price of corn in Dalian was 1,988 RMB/ton, compared with 1,865 RMB/ton in the same period last year, up 6.6% on a YoY basis

Spot Price of Soybean Meal (2013-2020H1)



- 2020H1, the spot price of soybean meal was 2,930 RMB/ton, compared with 2,784 RMB/ton in the same period last year, up 5.2% on a YoY basis