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中糧家佳康食品有限公司
COFCO Joycome Foods Limited



2021 Interim Results Presentation

August 2021



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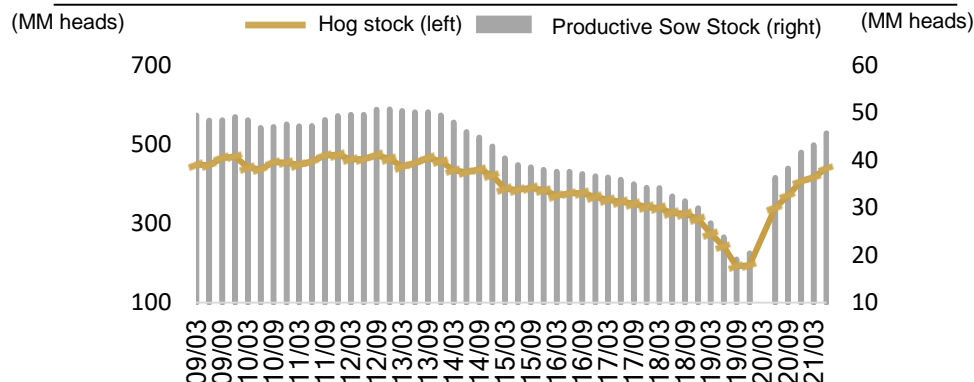
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- Chapter 2 **Financial Overview**
- Chapter 3 **Strategy and Outlook**

Key Operating Metrics	2021H1	2020H1	Change
Hog production volume ('000 heads)	1,672	801	108.7%
Average selling price of finishing hogs (RMB/kg)	23.44	32.63	-28.2%
Fresh pork sales volume ('000 tons)	65	51	26.8%
Branded small-packed fresh pork sales volume ('000 boxes)	21,477	15,654	37.2%
Ratio of revenue from branded business of total fresh pork business (%)	35.0%	40.7%	-5.7pct
Meat import sales volume ('000 tons)	75	175	-57.1%

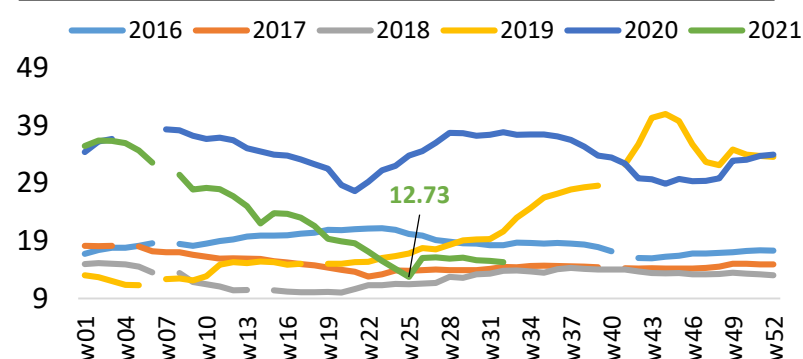
Key Financial Metrics	2021H1	2020H1	Change
Revenue (RMB MM)	7,503	9,168	-18.2%
Profit for the period (before adj.) (RMB MM)	1,561	1,384	12.8%
Including: profit attributable to the owners of the Company (before adj.) (RMB MM)	1,575	1,385	13.7%
Profit for the period (after adj.) (RMB MM)	-439	2,053	-121.4%
Including: profit attributable to the owners of the Company (after adj.) (RMB MM)	-426	2,055	-120.7%
Basic EPS(before adj.) (RMB)	0.404	0.355	13.7%

Quarterly Inventory of Hog and Sows in China



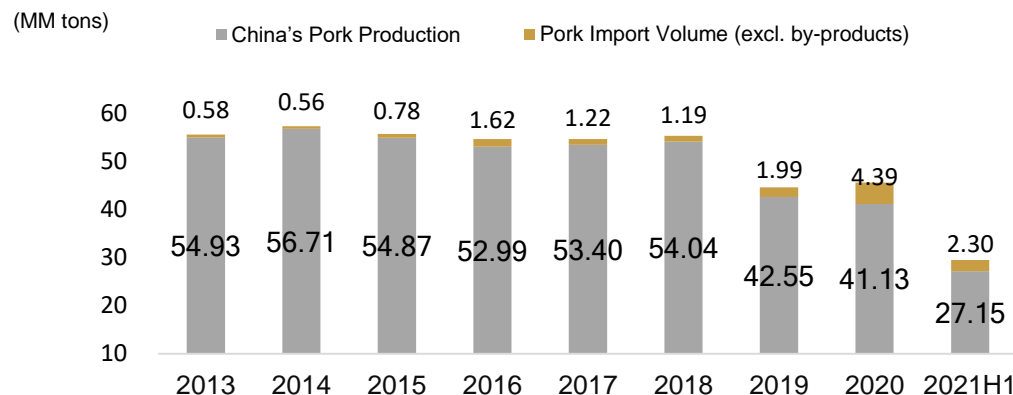
- Data from the Ministry of Agriculture and Rural Affairs, the stock of hogs and sows continued to recover since 2020, and recently was close to the pre-epidemic level

China Hog Prices (RMB/kg)



- The hog price kept falling after the Spring Festival. In late June 2021, hog price averaged 12.73 RMB/kg in 22 provinces in China, which reached the record low price in the past two years

China's Pork Production and Pork Import Volume (excl. by-products)



- In 2021H1, China's pork production was 27.15MM tons and China's import volume (excl. by-products) was 2.30MM tons

- 1 Multiple measures taken to control hog production cost**
- 2 Geographical layout of integrated industry chain and steady expansion of production capacity**
- 3 Small-packed product optimized and brand awareness improved constantly**
- 4 Risk control strengthened and value-added service embedded**

- In 2021 H1, The hog production segment result achieved RMB1,596 million.
- Facing various challenges such as descending hog price and rising cost of feed raw materials, the company took different measures to control production cost

01

Feeding: alternative raw materials and other solutions were adopted to counter rising cost

02

Breeding: inefficient sows were eliminated to optimize breeding sow structure and performance

03

Investment: hardware facilities were generally upgraded to prevent and control disease occurrence as well as improve production environment

04

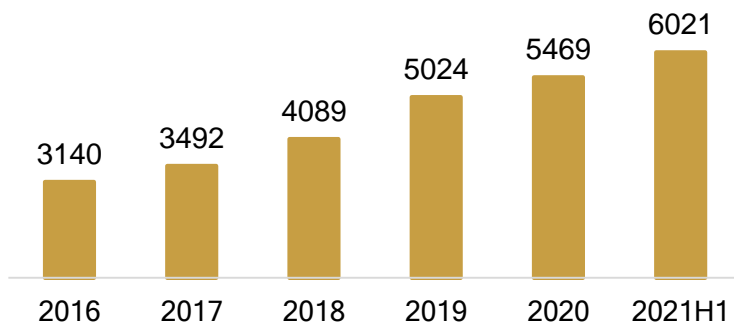
Production management: standardized operation procedures were implemented, refined batch production management were carried out and the sharing of hog production experience were facilitated

05

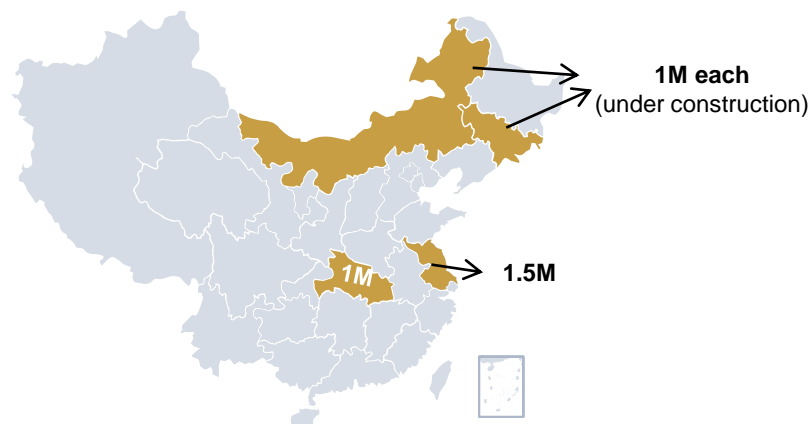
Performance assessments and incentives: continued to offer precise incentives to production staffs to motivate their enthusiasms and responsibilities

Hog Production Capacity (2016-2021H1)

('000 heads)



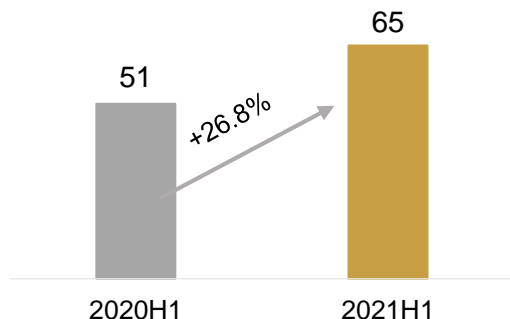
Geographical layout of Slaughter and Processing Facilities



- By the end of June 2021, total hog production capacity reached 6021 thousand heads, and the number of breeding and replacement hogs (including breeding boars) was 330 thousand heads, reaching the designed production capacity.
- April 2021, the company newly imported over 1,500 heads of Danish nucleus to support capacity expansion with high-quality breeding stocks.
- The construction of slaughtering capacity continued, the slaughter facilities each with a capacity of 1 million heads were under construction in Songyuan, Jilin and Chifeng, Inner Mongolia, and the meat processing center in South China is progressing in an orderly manner, accelerating to match the upstream production capacity

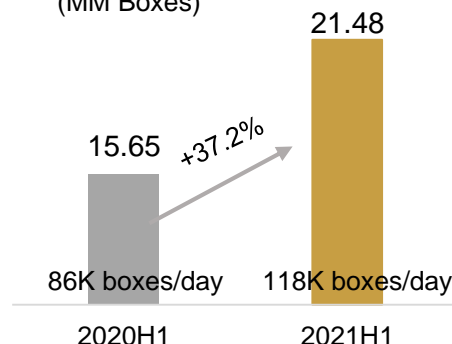
Fresh pork sales volume

('000 tons)



Branded small-packed fresh pork sales volume

(MM Boxes)



Seizing the trend of consumption upgrading and optimizing small-packed fresh pork products

- Increased the proportion of shredded pork, diced pork, sliced pork and chopped meat products
- Paired with pre-made seasoning packs to enhance product convenience



Packed proportion increased by product structure optimization

Paired small-packed fresh pork pre-made seasoning packs to enhance product convenience

Continuing to consolidate the brand positioning and focusing on the development and promotion of linseed fed pork products

- Obtained continuous brand exposure as the Exclusive Meat Products Supplier for the Chinese Weightlifting Team
- Conducted all field marketing for linseed fed pork products based on consumers' media habits, COFCO Joycome's brand awareness and influence were significantly improved



COFCO Joycome obtained brand exposure in the CCTV live broadcasts of the 2021 Asian Weightlifting Championships



Release of "α-linolenic acid-rich pork products, linseed fed pork products" group standards

- In 2021 1H, the Company's meat import segment recorded sales volume of 75 thousand tons, the segment results achieved a turnaround from loss to profit
- Strengthened market forecasts and increased the proportion of back-to-back lock orders in a bid to contain risks from market fluctuations



Value-added sales activities: focusing key regions and channels

The income share of terminal business-customers (corporate, catering and retail customers) increased to 75%



Value-added product categories: growing imported chilled beef business

Imported chilled beef covers all grades from Wagyu right down to grass-fed, meeting the demands from different customer groups

Value-Added Production: "trading plus processing"

Closely cooperated with our processed meat business to provide industrial chain value-added one-stop services for customers



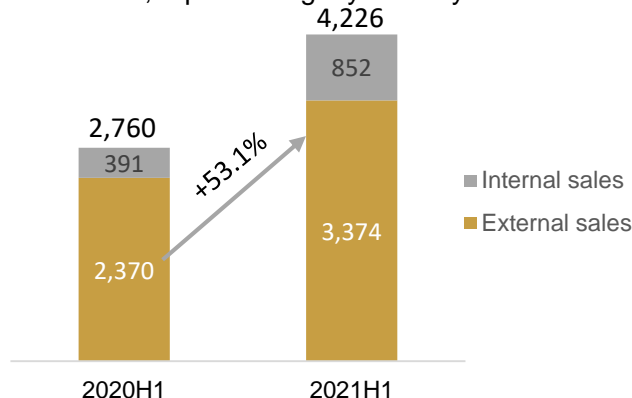
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- 1 Revenue grown in all businesses except meat import business
- 2 Inventory turnover accelerated and expense decreased
- 3 Capital structure optimized and net debt to equity ratio decreased continually

Hog production

(RMB MM)

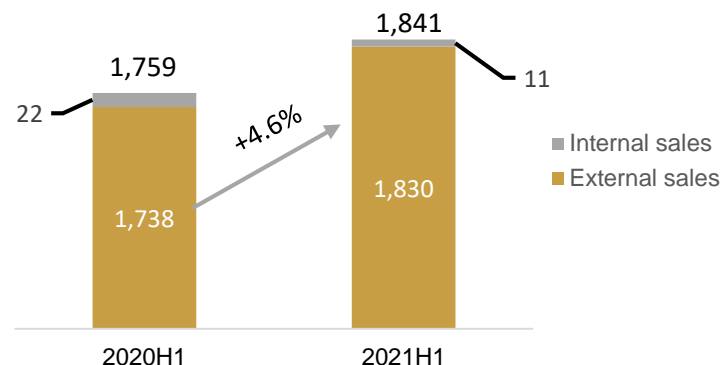
- In the first half of 2021, hog production volume was 1,672 thousand heads, representing a year-on-year increase of 108.7%



Fresh pork

(RMB MM)

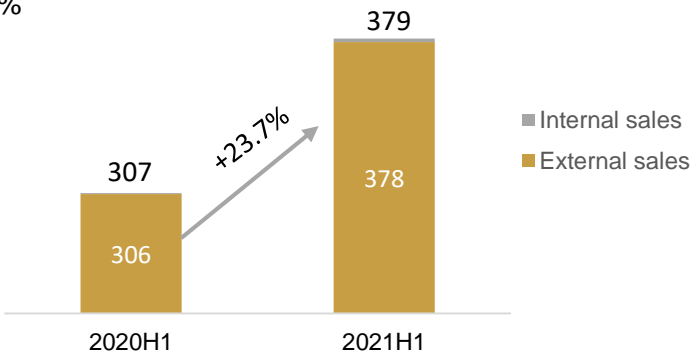
- In the first half of 2021, sales volume of fresh pork was 65 thousand tons, representing a year-on-year increase of 26.8%



Processed meat products

(RMB MM)

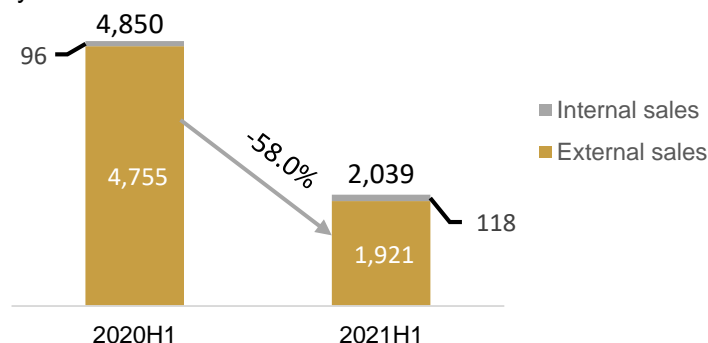
- In the first half of 2021, sales volume of processed meat products was 11 thousand tons, representing a year-on-year increase of 52.9%



Meat import

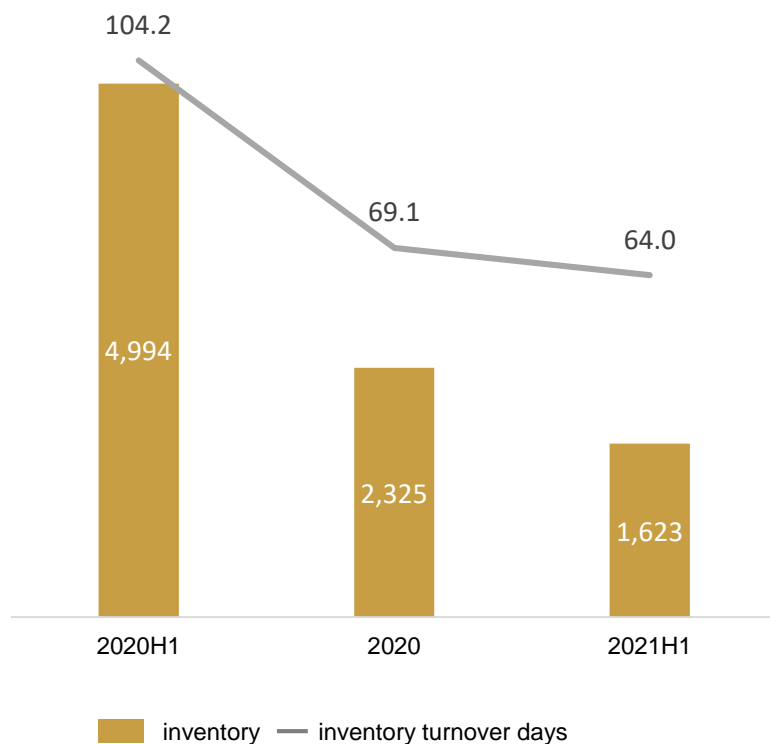
(RMB MM)

- Tremendous import volume could not be operated due to domestic and abroad meat price, import meat sales volume representing a year-on-year decrease of 57.1%



Inventory and inventory turnover days

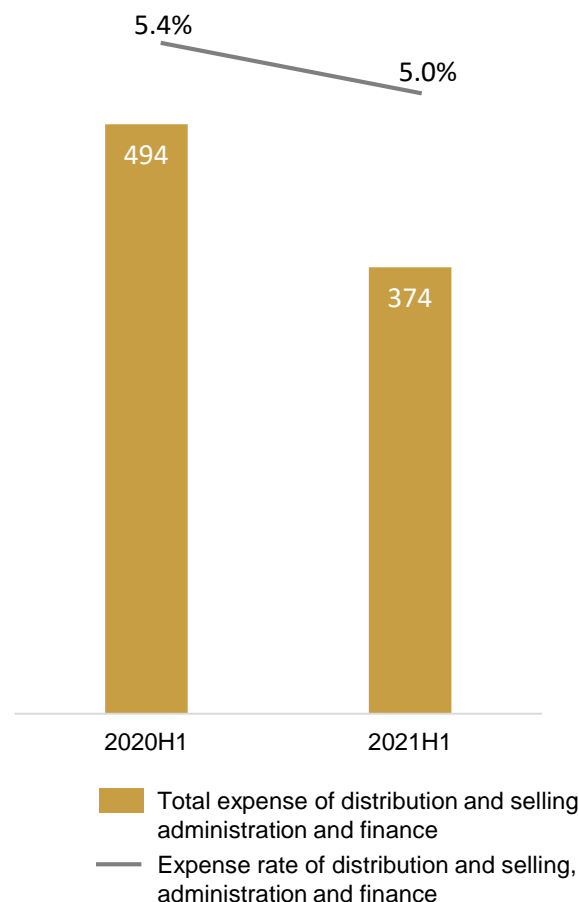
(RMB MM)

(Before biological assets
fair value adjustments)


Total expenses and expense rate of distribution and selling, administration and finance

(RMB MM)

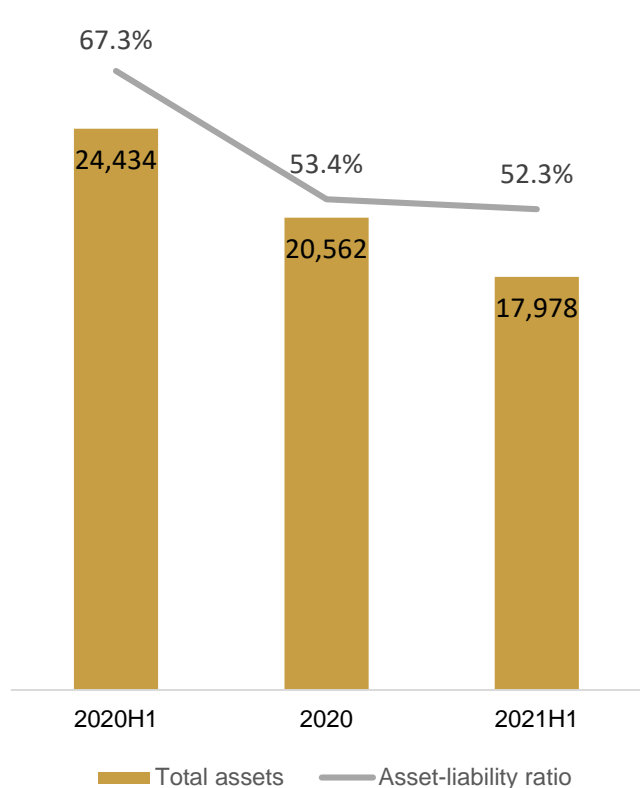
(% of revenue)



Total assets and Asset-liability ratio

(RMB MM)

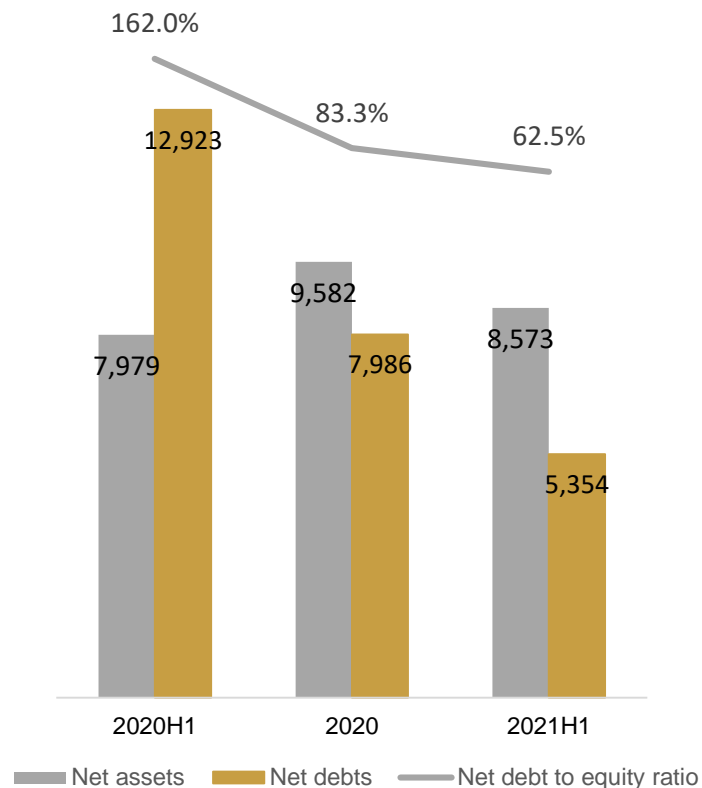
(After biological assets
fair value adjustments)



Net debt to equity ratio

(RMB MM)

(After biological assets
fair value adjustments)



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1

Prevent and control ASF, control production cost and improve production efficiency

- Strictly control and prevent African swine fever to ensure stable and orderly operation of hog production system
- Control production cost, improve production efficiency, and establish core competitive strengths

2

Accelerate slaughtering capacity expansion and improve the industry chain layout

- Speed up the construction of slaughtering capacity in northern areas, matching upstream and downstream
- Improve the layout of the branded fresh pork business and further develop the consumer market

3

Continue to differentiate fresh products and build up brand recognition and strengthen the promotion of linseed fed pork

- Carry out differentiated and branded operation of our fresh pork business and explore new retail channels, boost small-packed business constantly
- Focus on the promotion of linseed fed pork, and strengthen product influence

4

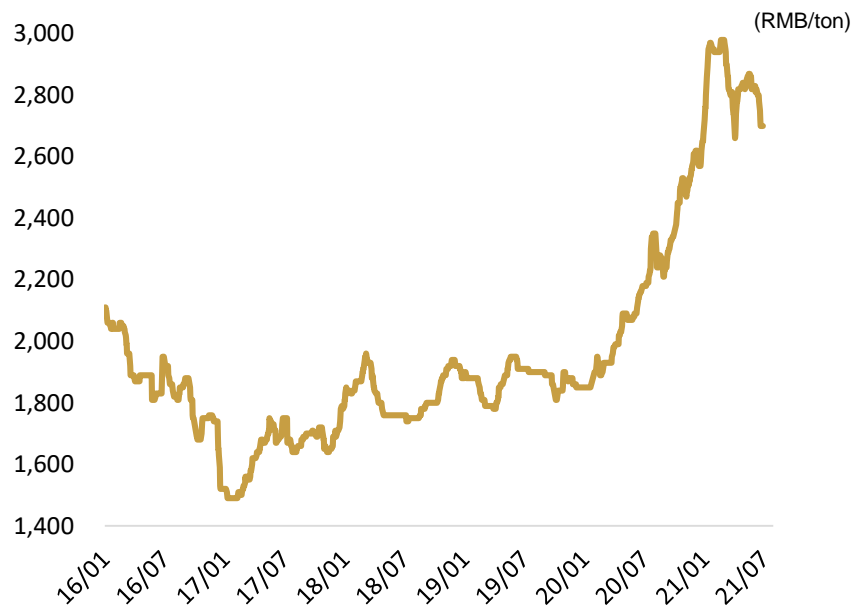
Strengthen risk control of import business and enhance customer service

- Strengthen risk control and implement value-added services in various aspects
- Continue to promote the “trading plus processing” mode, optimize terminal customer channels and enhance customer loyalty

5

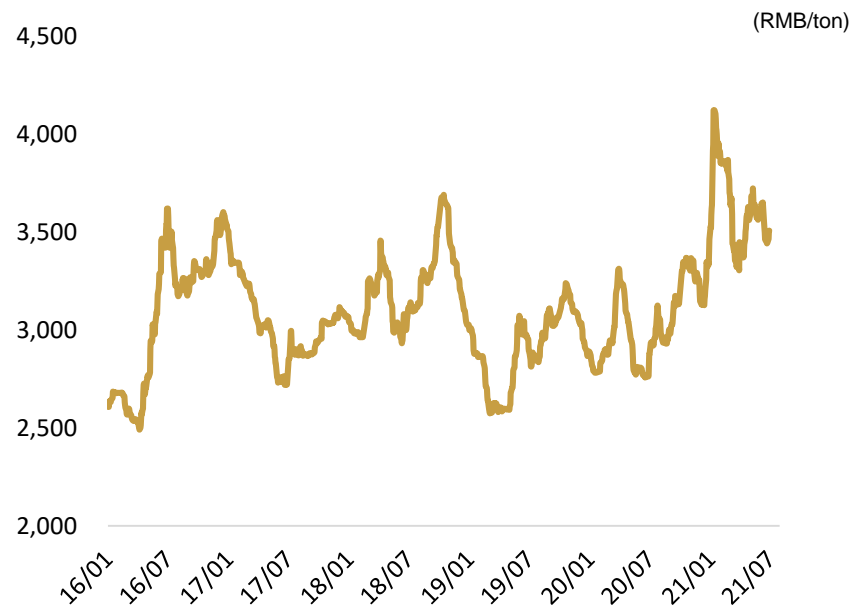
Utilize future contracts to hedge price fluctuation risks

Closing Price of Corn in Dalian (2016-2021H1)



- 2021H1, the closing price of corn in Dalian was 2,850 RMB/ton, compared with 1,988 RMB/ton in the same period last year, up 43.3% on a YoY basis

Spot Price of Soybean Meal (2016-2021H1)



- 2021H1, the spot price of soybean meal was 3,636 RMB/ton, compared with 2,930 RMB/ton in the same period last year, up 24.1% on a YoY basis