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



2021 Annual Results Presentation

March 2022





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Chapter 1 **Business Overview**

Chapter 2 **Financial Overview**

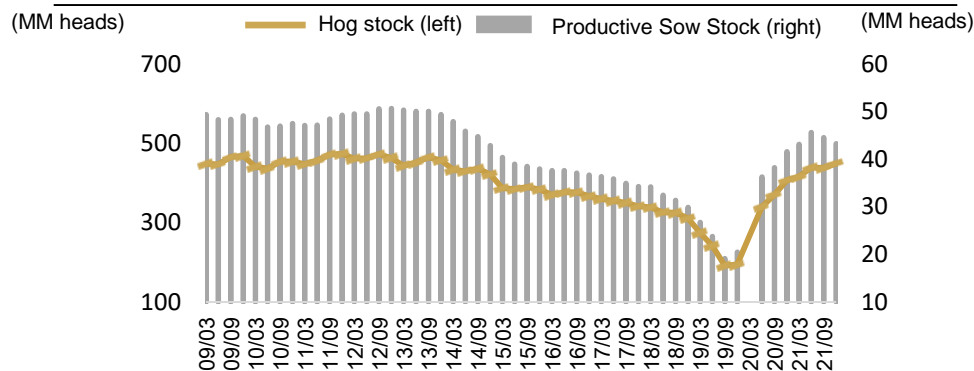
Chapter 3 **Strategy and Outlook**

Key Operating Metrics	2021	2020	Change
Hog production volume ('000 heads)	3,437	2,046	68.0%
Average selling price of finishing hogs (RMB/kg)	18.26	32.33	-43.5%
Fresh pork sales volume ('000 tons)	166	109	52.3%
Branded small-packed fresh pork sales volume ('000 boxes)	50,167	34,942	43.6%
Ratio of revenue from branded business of total fresh pork business (%)	34.6%	38.9%	-4.3pct
Meat import sales volume ('000 tons)	124	356	-65.2%

Key Financial Metrics	2021	2020	Change
Revenue (RMB MM)	13,228	18,922	-30.1%
Profit for the period (before adj.) (RMB MM)	2,354	2,910	-19.1%
Including: profit attributable to the owners of the Company (before adj.) (RMB MM)	2,378	2,881	-17.5%
Profit for the period (after adj.) (RMB MM)	-484	4,025	-112.0%
Including: profit attributable to the owners of the Company (after adj.) (RMB MM)	-460	3,995	-111.5%
Basic EPS(before adj.) (RMB)	0.609	0.738	-17.5%

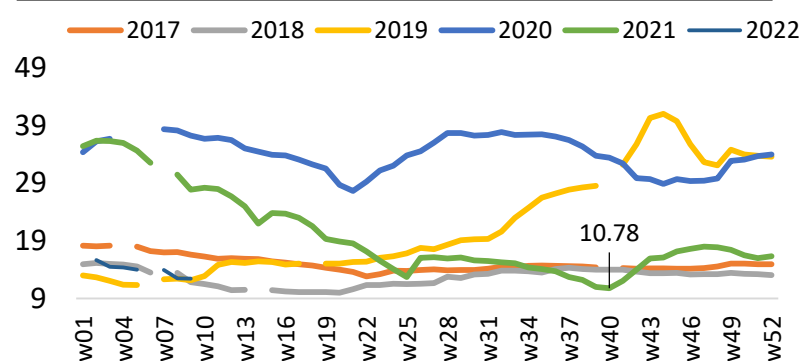
The Board recommended the payment of a final dividend for 2021 in the amount of HK\$0.180 per share to shareholders.

Quarterly Inventory of Hog and Sows in China



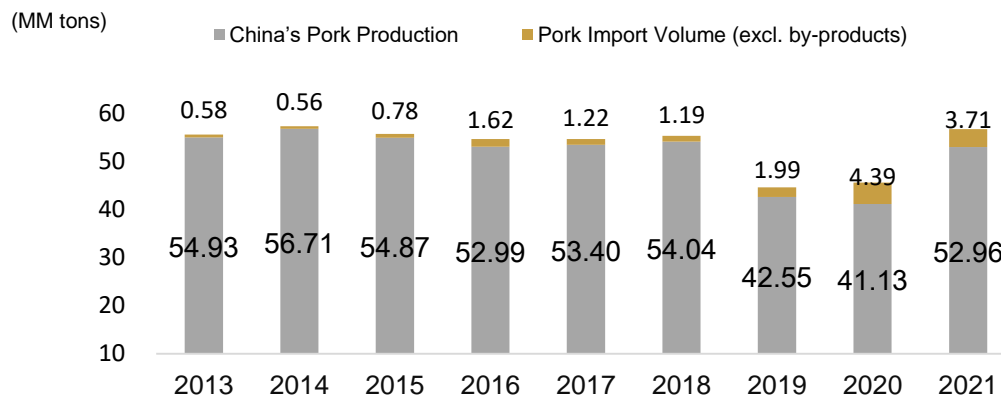
Data from the Ministry of Agriculture and Rural Affairs, the number of sows was 43.29 million by the end of 2021, decreasing by 5.1% compared to the end of June. Under the pressure from low hog price and the epidemic, there're still rooms to phase out the overcapacity.

Chinese Hog Prices (RMB/kg)



The hog price kept falling after the Spring Festival. In early Oct 2021, average hog price of 22 provinces hit a low of 10.78 RMB/kg in China, albeit returning to 16.30 RMB/kg by late Dec, still down by 54.0% compared to the year start.

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



In 2021, China's pork production was 52.96MM tons, with a YoY increase of 28.8%, and China's import volume (excl. by-products) was 3.71MM tons, with a YoY decrease of 15.5%

1

Held up in adversity through multiple cost-control measures and reasonable use of hedging methods

2

Steady progress in capacity layout for better alignment between upstream and downstream capacity

3

Fresh pork production capacity utilization boosted and the branded business constantly grew

4

Effective risk control and precise market forecast delivered remarkable growth in the meat import profit.

- Facing various challenges such as descending hog price and rising costs of feed raw materials, the company strictly controlled hog production costs, and innovated business model by using futures contracts to hedge price fluctuation
- In 2021, The hog production segment result reached RMB 2,680 million.

01

Feeding: enhancing analysis and assessment for raw material procurement and optimizing feed formula

02

Breeding: advancing the hog breeding system development by establishing the preliminary genome-based breeding procedure

03

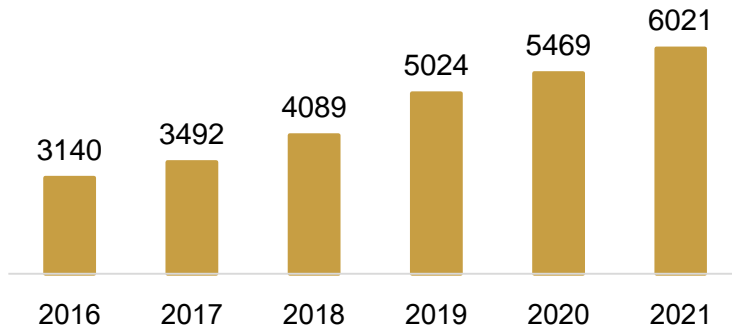
Production management: adopting more stringent standard in inefficient sow culling, maintaining a reasonable stock density, and strengthening internal benchmarking to narrow the gap between farms

04

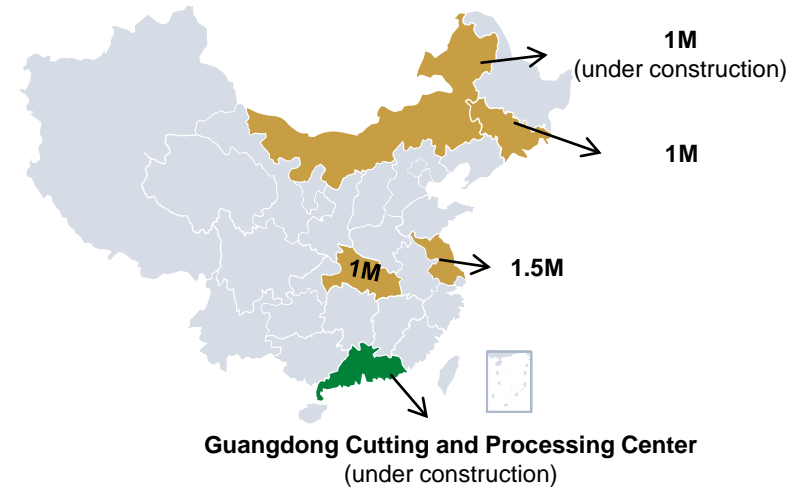
Performance assessment and incentives: insist on offering consistent and precise incentives to production staffs to motivate their enthusiasms and responsibilities

Hog Production Capacity (2016-2021)

('000 heads)



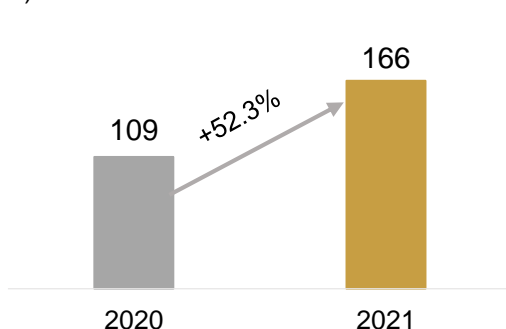
Geographical layout of Slaughtering and Processing Facilities



- By the end of 2021, total hog production capacity reached 6,021 thousand heads.
- In April 2021, the company newly imported about 1,500 heads of Danish pure-bred breeding hogs to support capacity expansion .
- The construction of slaughtering capacity continued, the 1M-head slaughter capacity in Songyuan, Jilin went into production, and an 1M-head slaughtering capacity in Chifeng, Inner Mongolia is under construction. The establishing of the cutting and processing center in Guangdong made steady progress, accelerating the alignment of upstream and downstream production capacity

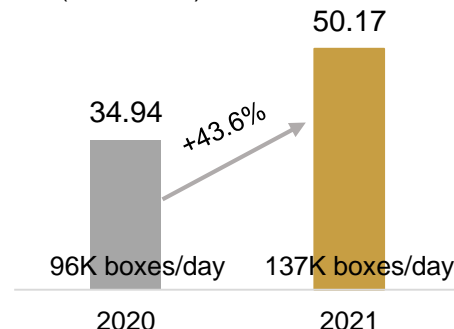
Fresh pork sales volume

('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



Became the meat product supplier and partner of the "National Snowboarding Teams Training for Different Categories and Sessions"

- In 2021, the Company's meat import segment recorded sales volume of 124 thousand tons
- Effectively controlled the market risk and precisely seized the market trend, the meat import segment result achieved RMB 370 million



Pork Import:

In line with the market trend, we reduced pork import volume and adopted strict risk control measures, achieved 100% back-to-back lock orders



Beef Import:

Based on the prediction of the general rising beef price, we expanded import scale and purchased selectively in favorable market conditions, developed terminal-end customers (corporate, catering and retail customers) and promoted the “trading + processing” mode, leading to a higher volume and better profitability.

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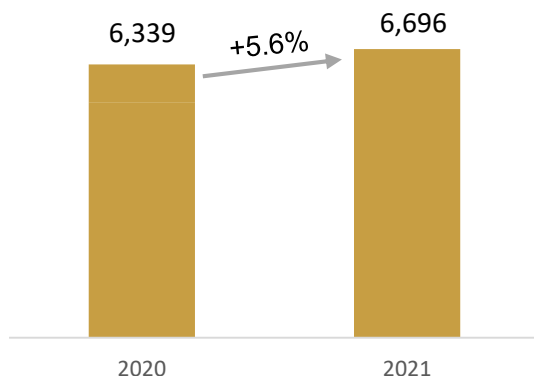
Chapter 3 **Strategy and Outlook**

- 1 Revenue amounted to RMB13,228 million
- 2 Inventories reduced and expense decreased
- 3 Capital structure optimized and net debt to equity ratio decreased continually

Hog production

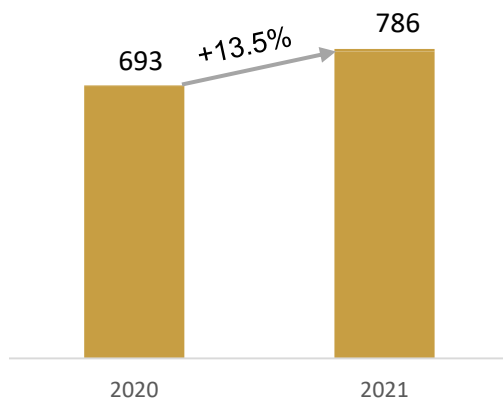
(RMB MM)

- In 2021, the Company's hog production volume was 3,437 thousand heads, representing a year-on-year increase of 68.0%



Processed meat products

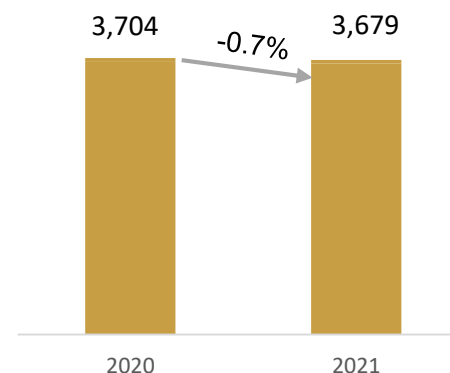
(RMB MM)



Fresh pork

(RMB MM)

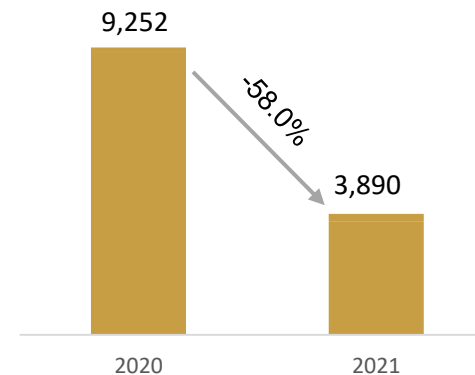
- In 2021, fresh pork sales volume increased by 52.3% year-on-year



Meat import

(RMB MM)

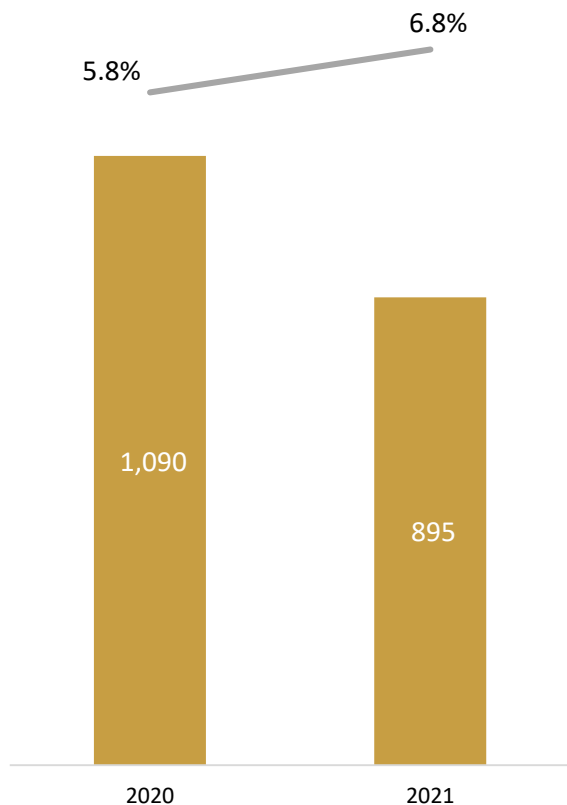
- In 2021, Tremendous import volume was 124 thousand tons, representing a year-on-year decrease of 65.2%



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

(RMB MM)

(% of revenue)

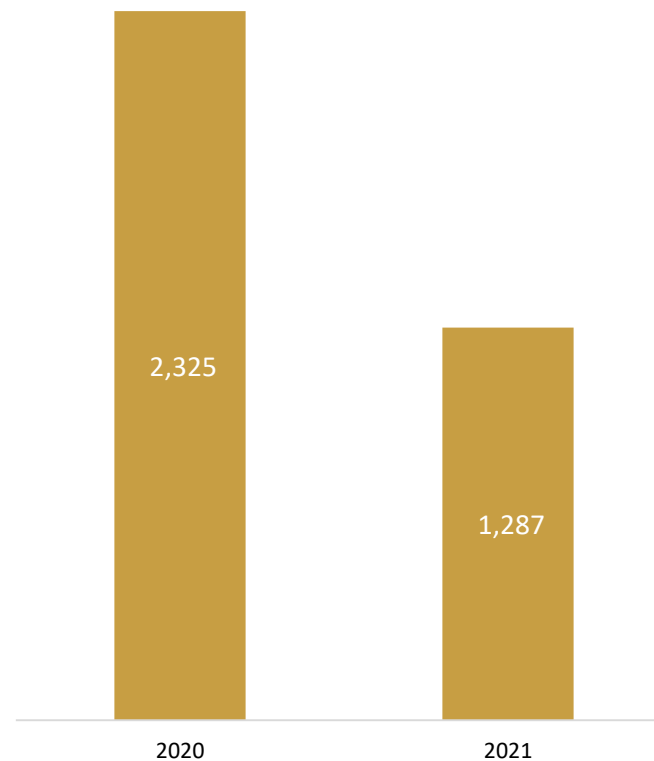


- Total expense of distribution and selling, administration and finance
- Expense rate of distribution and selling, administration and finance

Inventory

(RMB MM)

(Before biological assets fair value adjustments)

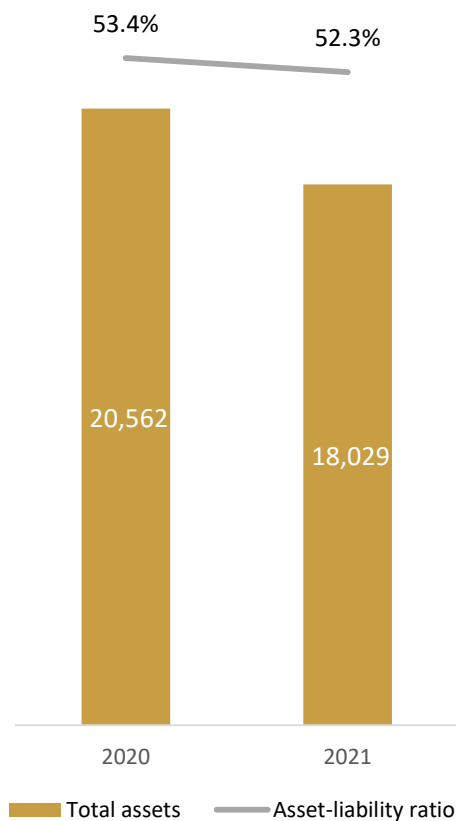


Inventory

Total assets and Asset-liability ratio

(RMB MM)

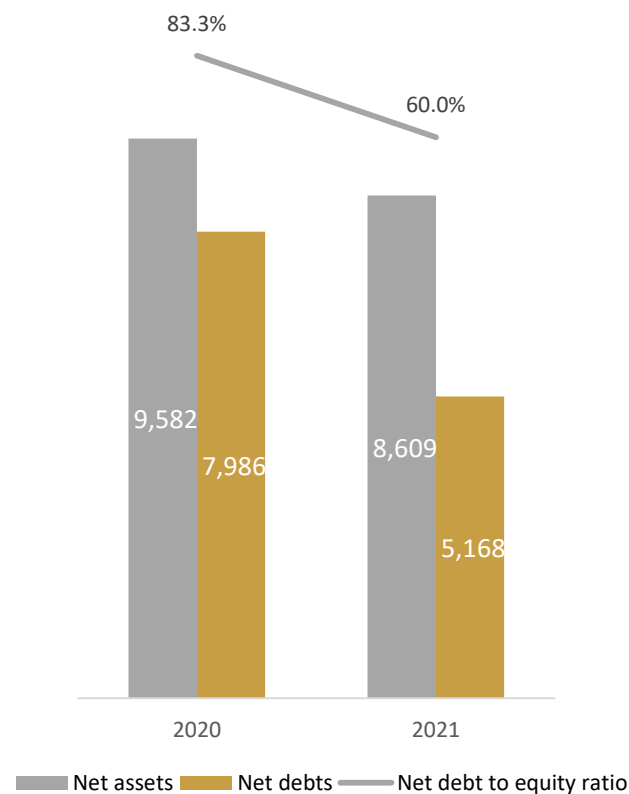
(After biological assets
fair value adjustments)



Net debt to equity ratio

(RMB MM)

(After biological assets
fair value adjustments)



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1

Normalize ASF prevention & control, refine management and narrow internal gaps

- Incorporate the prevention and control of the ASF into routine practices, and improve the intensive management
- Narrow down internal gaps to bolster core competitive edges

2

Optimize the dynamic hedging strategy and seize opportunities to lock the profit

3

Accelerate upstream & downstream capacity match, improve the geographic layout

- Continue to devote efforts to branding operation and market development, as the new production bases go into production
- Advance the construction of regional processing center in main pork-consumption area

4

Continue branding & differentiation strategy of fresh products, focus on promotion of linseed-fed pork and new product development

- Carry out differentiated and branded operation of our fresh pork business and boost small-packed business constantly
- Focus on the promotion of linseed fed pork, and continue to expand sales and strengthen influence

5

Strengthen risk control of import business, enhance terminal customer loyalty and add value to our business

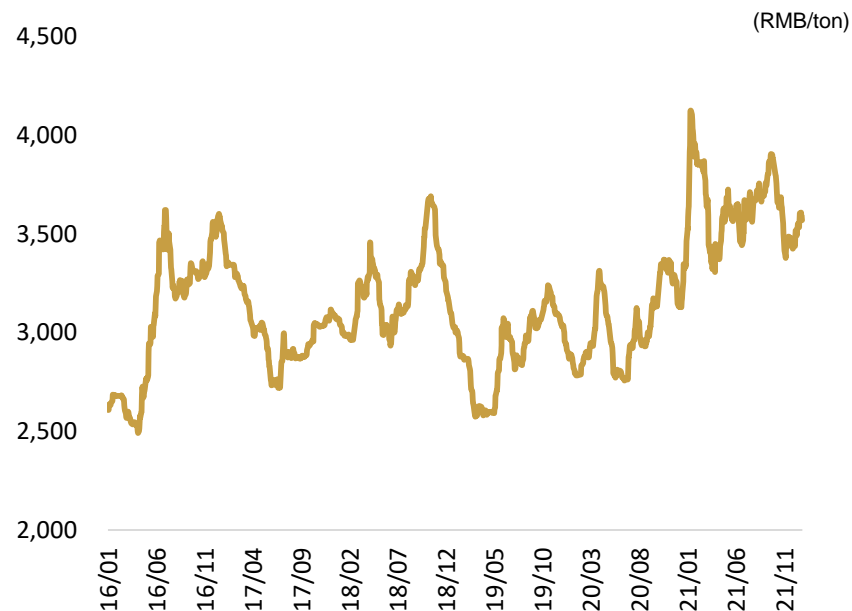
- Tighten risk control and strengthen the “trading plus processing” business model
- Enhance terminal customer loyalty and add value to the business

Closing Price of Corn in Dalian (2016-2021)



- In 2021, the average closing price of corn in Dalian was 2,742 RMB/ton, compared with 2,200 RMB/ton of 2020, up 24.6% on a YoY basis

Spot Price of Soybean Meal (2016-2021)



- In 2021, the average spot price of soybean meal was 3,632 RMB/ton, compared with 3,039 RMB/ton of 2020, up 19.5% on a YoY basis