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



# 2022 Interim Results Presentation

August 2022



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Chapter 1 **Business Overview**

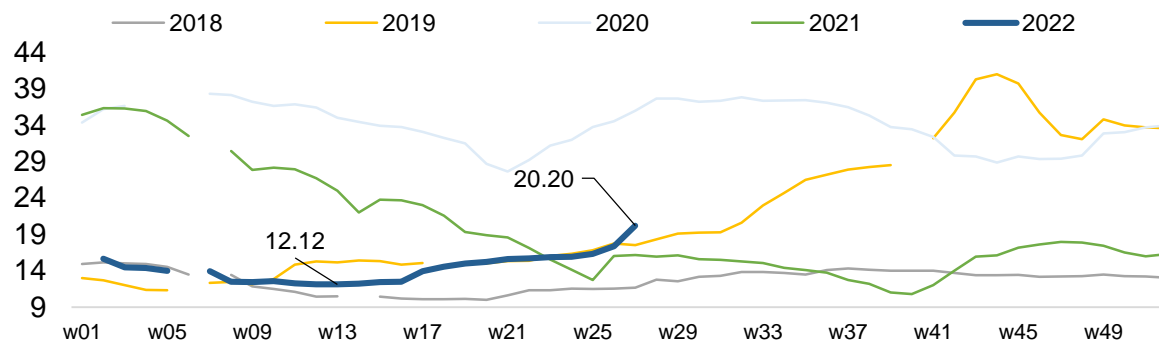
Chapter 2 **Financial Overview**

Chapter 3 **Strategy and Outlook**

Key Operating Metrics	2022H1	2021H1	Change
Hog production volume ('000 heads)	2,268	1,672	35.7%
Average selling price of finishing hogs (RMB/kg)	13.55	23.44	-42.2%
Fresh pork sales volume ('000 tons)	109	65	67.7%
Branded small-packed fresh pork sales volume ('000 boxes)	27,228	21,477	26.8%
Ratio of revenue from branded business of total fresh pork business (%)	32.8%	35.0%	-2.2pct
Meat import sales volume ('000 tons)	29	75	-61.3%

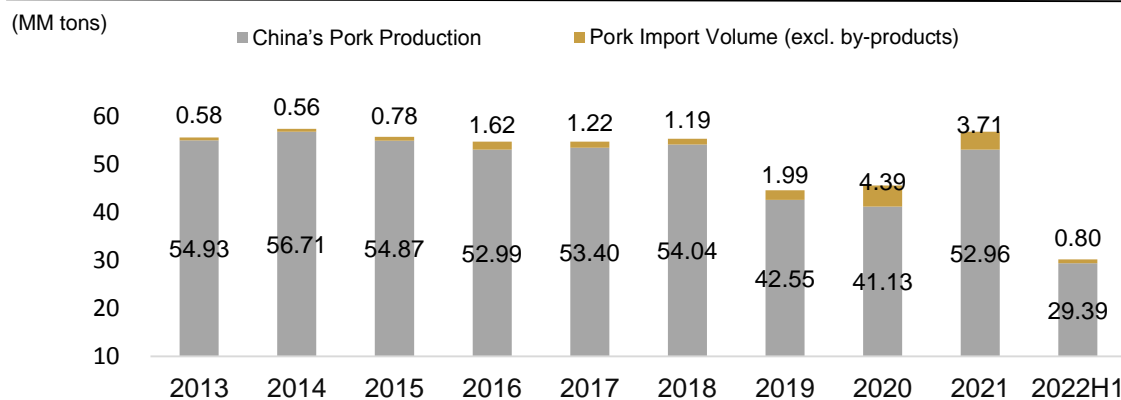
Key Financial Metrics	2022H1	2021H1	Change
Revenue (RMB MM)	5,345	7,503	-28.8%
Profit/Loss for the period (before adj.) (RMB MM)	-1,399	1,561	Down 2,960
Including: profit/loss attributable to the owners of the Company (before adj.) (RMB MM)	-1,392	1,575	Down 2,967
Profit/Loss for the period (after adj.) (RMB MM)	-469	-439	Down 30
Including: profit/loss attributable to the owners of the Company (after adj.) (RMB MM)	-462	-426	Down 36
Basic EPS(before adj.) (RMB)	-0.357	0.404	Down 0.761

## Chinese Hog Prices (RMB/kg)



- Due to the gradual release of breeding sow capacity, hog price kept dropping early this year. The average hog price of 22 provinces hit a periodical low of RMB12.12/kg at the end of March.
- Since then, the hog price turned upward, and reached RMB20.20/kg at the end of June, up 70% compared to March's lowest price.

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



- 2022 H1, China's pork production was 29.39MM tons, up 8.2% on a YoY basis, pork import was 0.8MM tons, decreased by 74.9% on a YoY basis.

Source: Wind, National Bureau of Statistics of China, Ministry of Agriculture and Rural Affairs

- 1 Strengthen Internal benchmarking to Improve Production Efficiency**
- 2 Significant Growth in Hog Production Volume with better alignment between upstream and downstream capacity**
- 3 Substantial increase in Fresh Pork Sales and Brand Recognition further enhanced**
- 4 Fulfill SOE Responsibilities, Dedicate to Fight against COVID-19 Pandemic and Maintain Supply**
- 5 Strengthen Risk Control and Deepen the Combination of Trade and Processing**

- The Company managed to improve production efficiency through persistently focusing on production management and internal benchmarking.

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:** strengthening internal benchmarking and implementing resident management, aiming to narrow the gap between farms

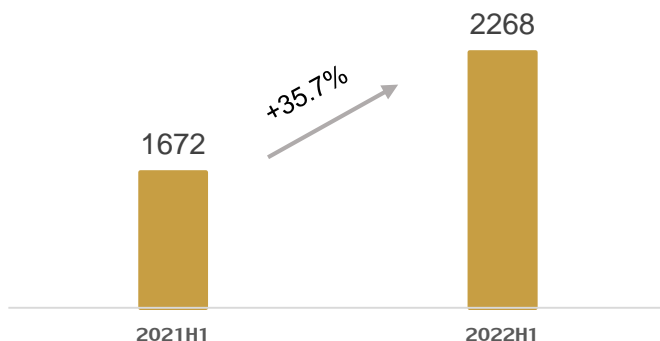
04

**Performance assessment and incentives:** optimizing management team and offering precise incentives to frontline staffs to fully mobilize their enthusiasm and responsibility

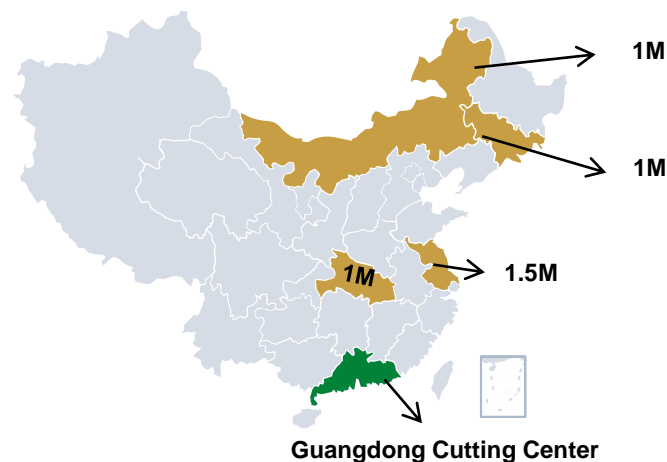


## Hog Production Volume

('000 heads)



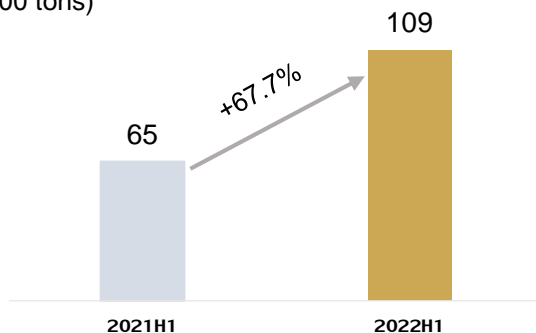
## Geographical layout of Slaughtering and Processing Facilities



- Hog production volume significantly grew:
  - 2022H1, hog production volume reached 2,268 thousand heads, up 35.7% YoY.
- 2022H1, the alignment between upstream and downstream capacity improved:
  - By the end of June, total hog production capacity reached 6021 thousands heads
  - By the end of June, the sow stock amounted to 306 thousand heads, up by 60+ thousand heads YTD
  - Commissioning of the Guangdong cutting center(went into operation in June ) and 1-million-head slaughtering capacity in Chifeng, Inner Mongolia(went into operation in August) further raised the capacity matching ratio

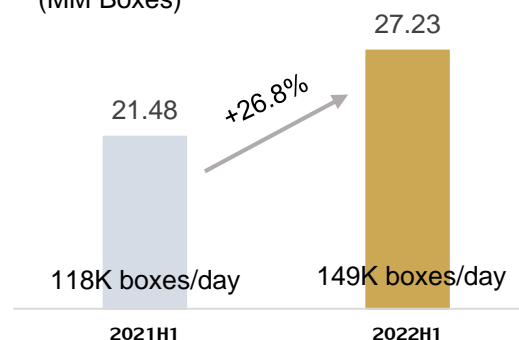
## Fresh pork sales volume

('000 tons)



## Branded small-packed fresh pork sales volume

(MM Boxes)



### Seized the trend to expand business scale Achieved a turnaround in segment results

- Seized opportunities to enhance capacity utilization rate, sales volume of fresh pork reached 109 thousand tons, up 67.7% YoY
- Launched the community group purchase to meet the needs of home consumption, the sales volume of small-packed pork up 26.8% YoY
- In June, Guangdong cutting center went into production, supporting the expansion of brand business in South China



### Continue to consolidate the brand positioning Brand influence gets further expansion

- Continued accelerating the brand promotion, to enhance brand recognition. Promoted terminal construction and increased the number of brand outlets
- 2022H1, the sales volume of linseed-fed pork up 202.7% YoY



Subway Channel Ads in Beijing



Ads in Shanghai Hongqiao Intl Airport

- 2022H1, during the COVID-19 epidemic prevention and control in Jilin, Shanghai and Beijing, etc, we made quick response and ensured “continuous supply, no drop in quality and stable price” .
- During the period, we launched the community group purchase business, which is widely and highly appreciated by neighbors:
  - ✓ The front-line staff of the Shanghai Transfer Warehouse continued to sort products from the early morning of a day till the early hours of the next day.
  - ✓ The staff of the stores in the lockdown and controlled areas in Beijing stayed in the stores for >10 days to assure order taking and delivery.



IMG1: Letter of Thanks from the Shanghai Center of Covid-19 Prevention and Control to East Region of COFCO Joycome



IMG2: COFCO Joycome outlets took proper prevention and control measures, and guaranteed the effective supply of products



IMG3: Silk Banner from Tongzhoubeiyuan Subdistrict, Beijing to North Region of COFCO Joycome

- 2022H1, we continued to strictly control the risk of import market fluctuations.



## Pork Import:

- Due to the abundant supply of domestic hogs, the price of frozen pork products continued to plummet more in China's domestic market
- Took initiative to reduce pork import volume and implemented back-to-back order locking to control the risk



## Beef Import :

- Strengthened market research and judgement, implemented opportunistic procurement
- Proactively explored end customers (corporate customers, catering customers and retail customers)

- Further promoting the “trading + processing” mode to strengthen the synergy between upstream and downstream, revenues from end consumers accounted for 66% of the segment.

The segment realized profits of RMB 92.20MM

Keeping  
on  
Catering



Entering  
into  
Retailing



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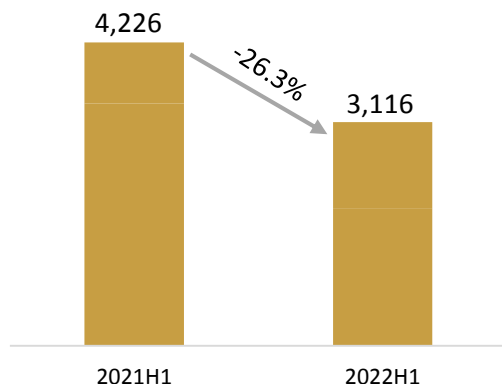
- 1** Due to the significant yoy decrease in the average hog price and the initiative of meat import to reduce the volume, the revenue represented a decrease
- 2** By doing risk control, inventory and accounts receivable both decreased
- 3** Due to business expansion, expense rate increased



## Hog production

(RMB MM)

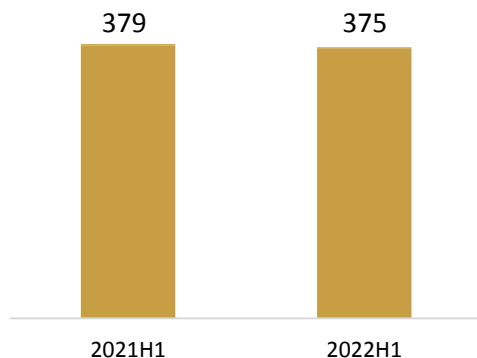
- In 2022H1, hog production volume was 2,268 thousand heads, representing a year-on-year increase of 35.7%. However, the average hog selling price was RMB13.55/kg, representing a year-on-year decrease of 42.2%



## Processed meat products

(RMB MM)

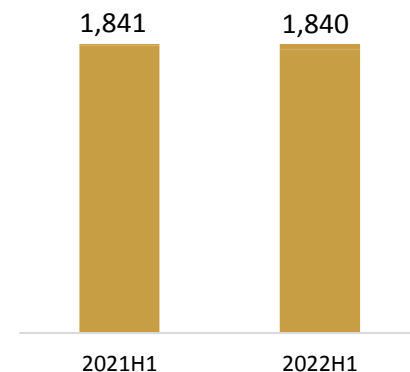
- In 2022H1, processed meat products business realized an income of RMB375 million, representing a slight year-on-year decrease



## Fresh pork

(RMB MM)

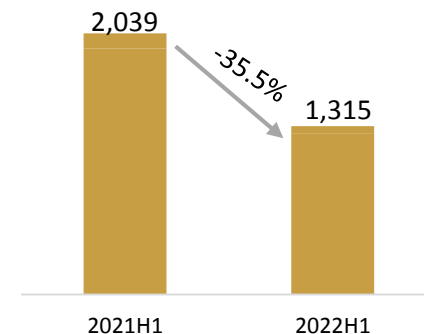
- In 2022H1, sales volume of fresh pork was 109 thousand tons, representing a year-on-year increase of 67.7%



## Meat import

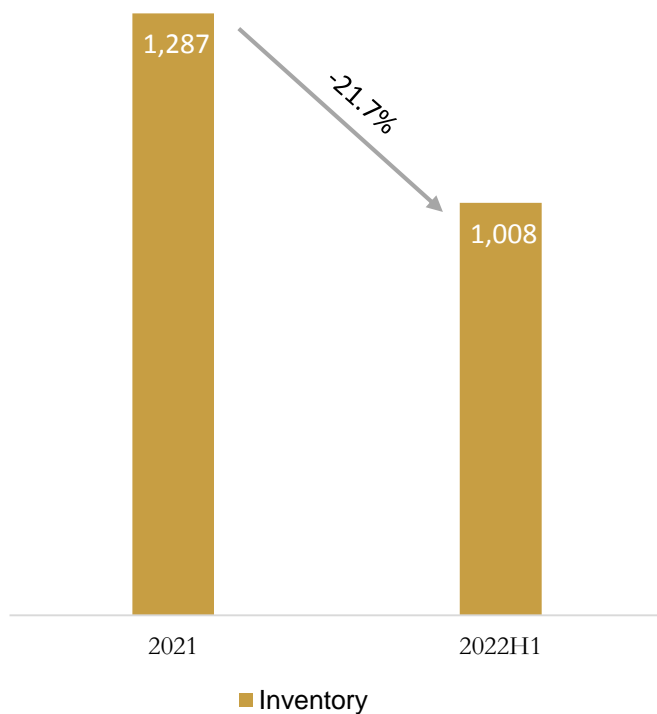
(RMB MM)

- In 2022H1, import business took initiative to reduce the volume, so as to control the market risk. Import meat sales volume represented a year-on-year decrease of 61.3%



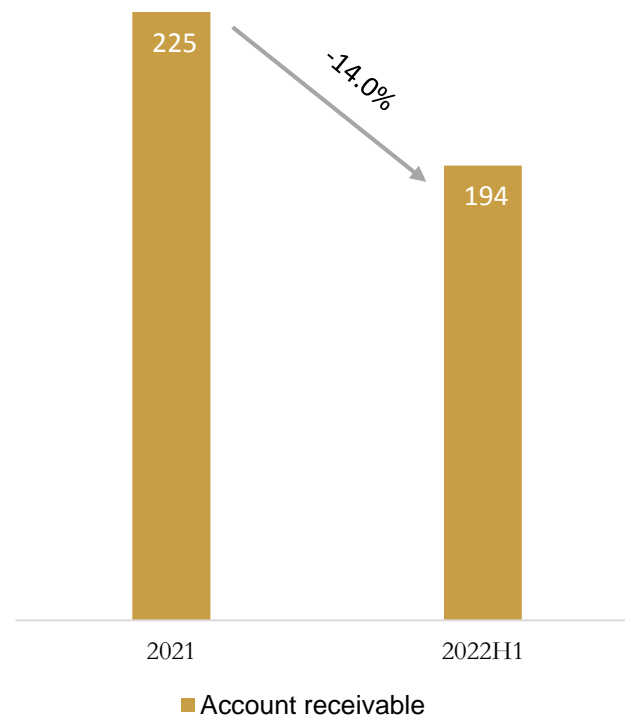
## Inventory

(RMB MM)



## Account receivable

(RMB MM)

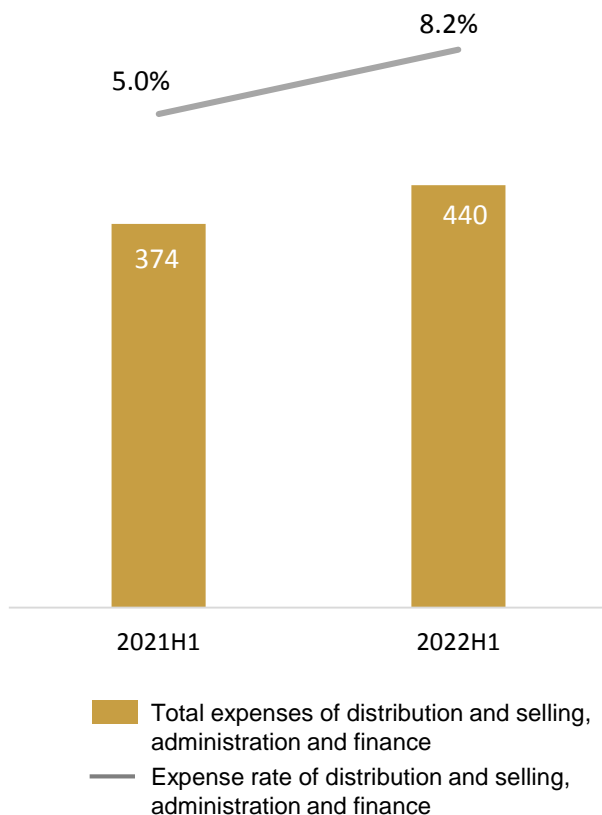




## Total expenses and expense rate of distribution and selling, administration and finance

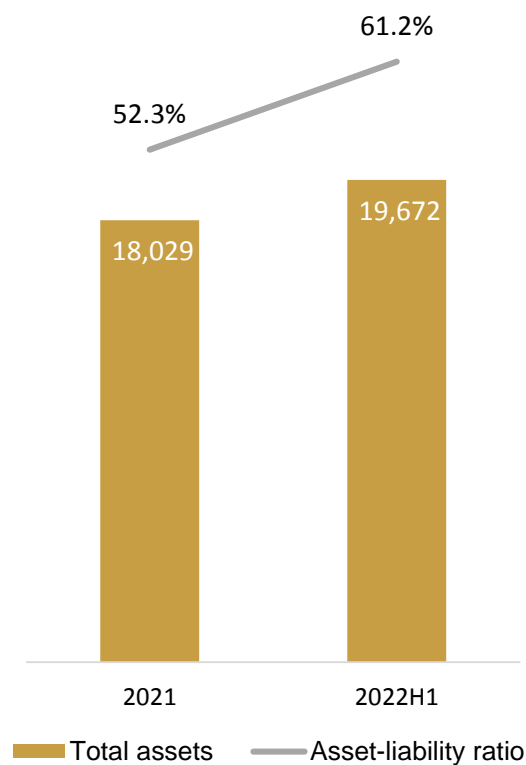
(RMB MM)

(% of revenue)



## Total assets and Asset-liability ratio

(RMB MM)



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1

## Normalize ASF prevention & control, narrow internal gaps, consolidate core competitive edges

- Incorporate the prevention and control of the ASF into routine practices, and ensure production safety and operation stability
- Improve level of refined management and narrow internal gaps to bolster core competitive edges

2

## Optimize the dynamic hedging strategy, control the risk of market fluctuation, to achieve the organic combination of futures and in-stocks

3

## Accelerate upstream & downstream capacity match, improve the geographic layout

- Advance the construction of slaughtering capacity in northern region to improve the geographic layout
- Continue to devote efforts to branding operation and market development, as the new cutting center in Guangdong went into production

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 scale and influence

5

## Strengthen risk control of import business and the integration of trade and processing, deepen terminal channels

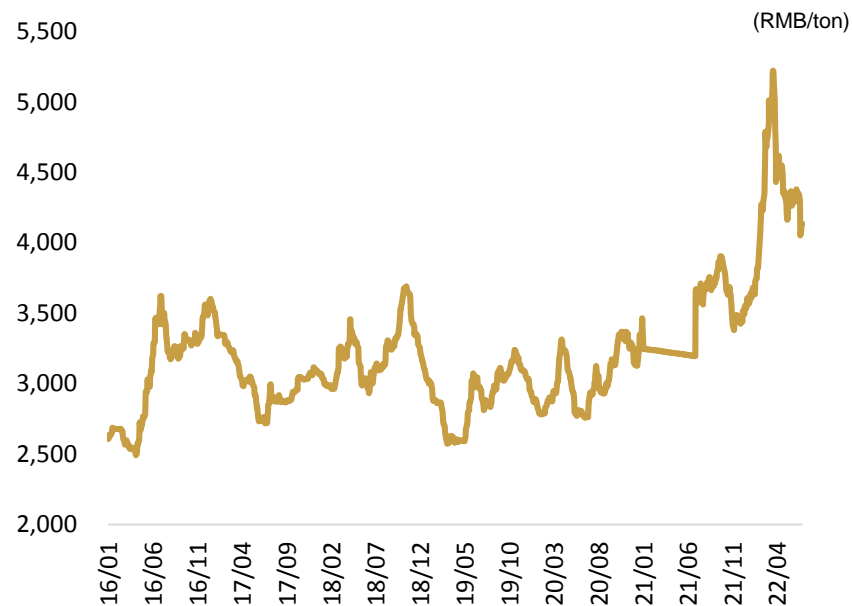
- Tighten risk control and strengthen the “trading plus processing” business model
- Deepen terminal channels & Enhance terminal customer loyalty, adding value to the business

## Closing Price of Corn in Dalian (2016-2022H1)



- 2022H1, the average closing price of corn in Dalian was 2,819 RMB/ton, compared with 2,850 RMB/ton of 2021H1, down 1.1% YoY.

## Spot Price of Soybean Meal (2016-2022H1)



- 2022H1, the average spot price of soybean meal was 4,349 RMB/ton, compared with 3,223 RMB/ton of 2021H1, up 35.0% YoY.