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



2022 Annual Results Presentation

March 2023



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Chapter 1 **Business Overview**

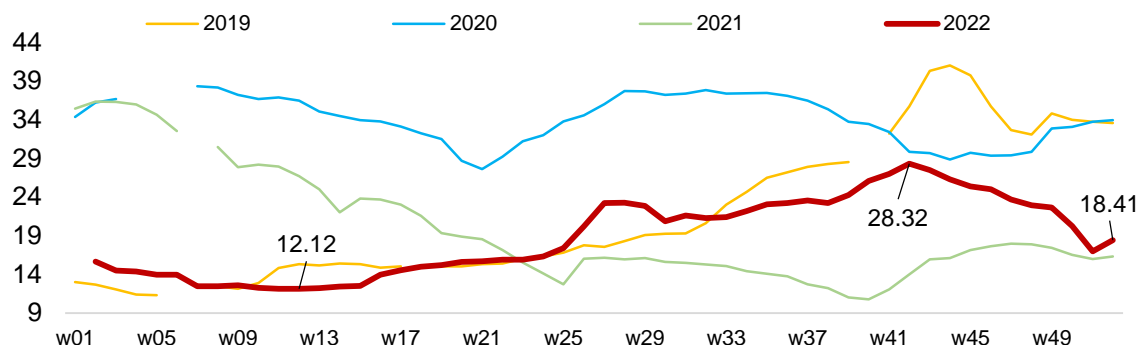
Chapter 2 **Financial Overview**

Chapter 3 **Strategy and Outlook**

Key Operating Metrics	2022	2021	Change
Hog production volume ('000 heads)	4,103	3,437	19.4%
Average selling price of finishing hogs (RMB/kg)	17.86	18.26	-2.2%
Fresh pork sales volume ('000 tons)	231	166	39.1%
Branded small-packed fresh pork sales volume ('000 boxes)	55,833	50,167	11.3%
Ratio of revenue from branded business of total fresh pork business (%)	30.4%	34.6%	-4.2ppt
Meat import sales volume ('000 tons)	71	124	-42.7%

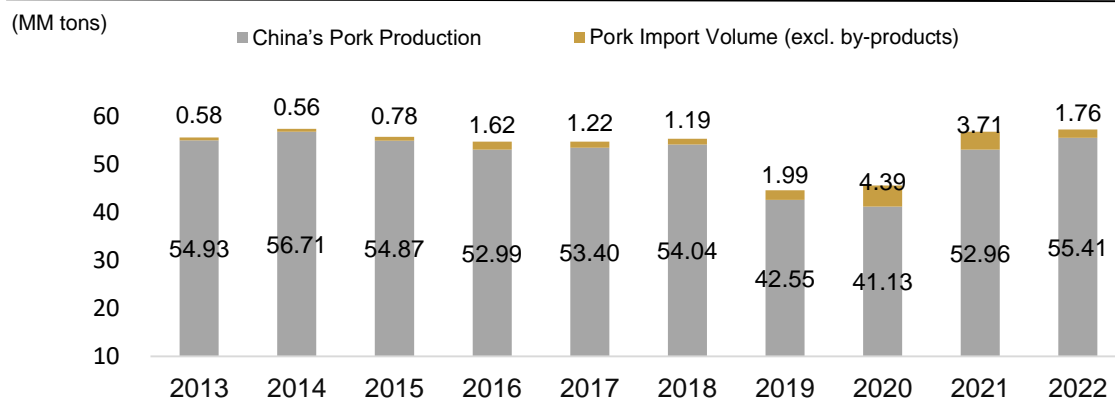
Key Financial Metrics	2022	2021	Change
Revenue (RMB MM)	12,901	13,228	-2.5%
Profit/Loss for the period (before adj.) (RMB MM)	-320	2,354	-2,674
Including: profit/loss attributable to the owners of the Company (before adj.) (RMB MM)	-320	2,378	-2,698
Profit/Loss for the period (after adj.) (RMB MM)	357	-484	+841
Including: profit/loss attributable to the owners of the Company (after adj.) (RMB MM)	357	-460	+816
Basic EPS(before adj.) (RMB)	-0.082	0.609	-0.691

Chinese Hog Prices (RMB/kg)



- Early 2022, with the effect of capacity reduction gradually manifested, hog price continued rising since the end of March, on the 3rd week in October, the average hog price of 22 provinces hit a periodic peak of RMB28.32/kg
- 2022Q4, under the situation of sufficient pork supply, and various regions impacted by the COVID-19 pandemic, the boost in demand from the traditional peak season of pork consumption fell short of expectations. Hog prices kept falling by the end of 2022, and the average hog price of 22 provinces reached RMB18.41/kg by the end of December, down 35% from the peak in late October

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



- In 2022, China's pork production was 55.41MM tons, up 4.6% on a YoY basis, pork import was 1.76MM tons, decreased by 52.6% on a YoY basis.

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

1

Actively Respond to External Challenges, Strengthen Internal Benchmarking to Improve Production Efficiency

2

Substantial Growth in Fresh Pork Sales Volume, and Better Alignment between Upstream and Downstream Capacity

3

Optimize Product Positioning, Accelerate Terminal Construction, Brand Influence further Expanded

4

Strengthen Risk Control and Deepen the Combination of Trade and Processing

- In response to multiple external challenges, we persistently adhered to refined management.

01

Production management: strengthening internal benchmarking and implementing resident management to narrow the gap between internal results

02

Performance assessment and incentives: optimizing management team and implementing precise incentives to fully mobilize enthusiasm and responsibility of the frontline staff

03

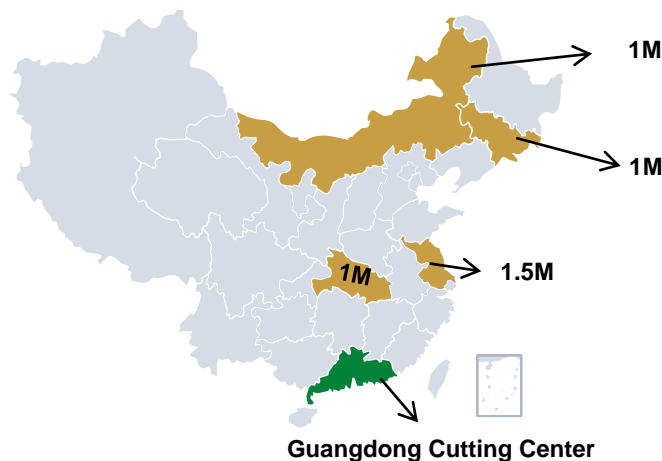
Feeding: enhancing analysis and assessment for raw material procurement and optimizing feed formula

04

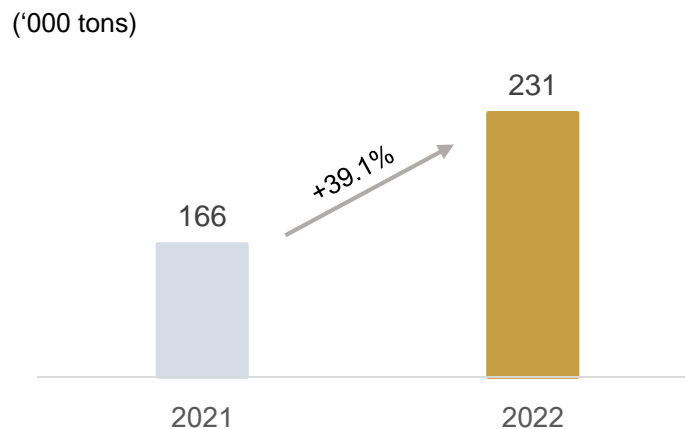
Breeding: establishing the preliminary genome-based breeding procedure, helping accelerate the optimization of herd performance

- In 2022, the hog production volume reached 4,103 thousand heads, up 19.4% YoY.
- By the end of 2022, the breeding sow stock amounted to 263 thousand heads, safeguarding production capacity for the subsequent production

Geographical layout of Slaughtering and Processing Facilities



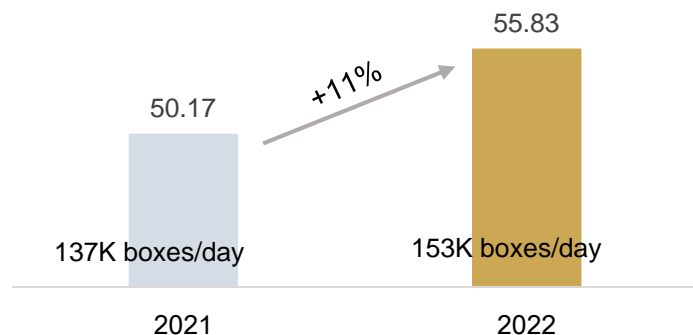
Fresh Pork Sales Volume



- Significant improvement in upstream and downstream alignment:
 - With the commissioning of Guangdong cutting center and 1-million-head slaughtering capacity in Chifeng, Inner Mongolia, the capacity matching ratio further raised.
- Substantial growth in fresh pork sales volume:
 - In 2022, the sales volume of fresh pork reached 231 thousand tons, up 39.1% YoY

Branded small-packed fresh pork sales volume

(MM Boxes)



Expanded business scale, Accelerated brand terminal construction

- Further promoted brand terminal construction, with 360 new franchised stores opened in 2022.
- Guangdong cutting center completed and went into production, accelerating the expansion of brand business in South China



Guangdong Cutting Center



Newly-opened Franchise stores

Optimizing the brand positioning, Further deepening brand influence

- 2022H1, during the COVID-19 epidemic prevention and control in several regions, we ensured “continuous supply with stable quality and price”.
- Renewed Joycome brand slogan, and applied “safety + health” two-pronged approach for precise product promotion
 - Consolidate “safety” foundation, seize authorized endorsement of sports
 - Raise “health” concept, penetrate into high net-worth consumer groups



Launched new slogan & Intensify advertising



“Joycome” Youth Golf



Yoga for Baby Moms

- In 2022, we continued to strictly control the risk of import market fluctuations, and took initiative to reduce import volume.



Pork Import :

- Given the abundant supply of domestic hogs, the prices of imported frozen pork products were inverted



Beef Import :

- Impacted by the COVID-19 pandemic in various regions during 2022H2, catering demand significantly declined
- With the gradual recovery of port transportation, imported beef market supply gets abundant, leading to a rapid decrease in the sales price of imported beef products

- Actively explored end customers, strengthened its cooperation with downstream segment and diversified marketing channels, thereby constantly enhancing capability to combine downstream processing and trading.

Enhancing Catering



Entering into Retailing



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1

Revenue amounted to RMB 12,901million, the revenue of hog production and fresh pork increased significantly, partially offsetting the impact from taking initiative to reduce pork import volume

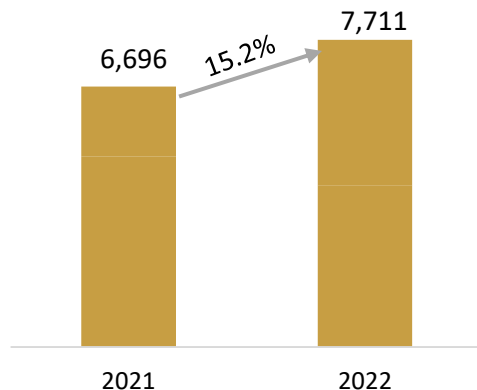
2

Management efficiency has improved, expense rate has decreased, and capital structure remained at a reasonable level

Hog production

(RMB MM)

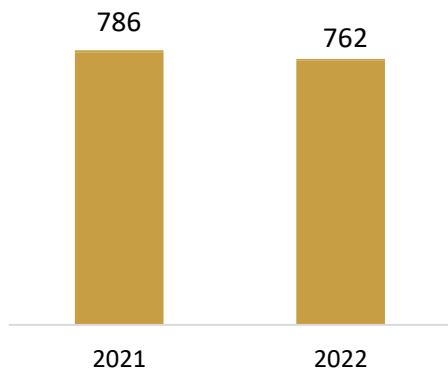
- In 2022, hog production volume was 4,103 thousand heads, up 19.4% YoY, and the revenue up 15.2% YoY.



Processed meat products

(RMB MM)

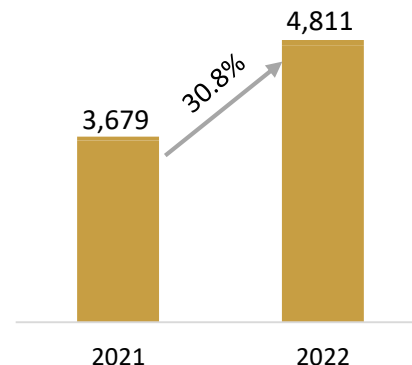
- In 2022, processed meat products business realized an income of RMB 762 million.



Fresh pork

(RMB MM)

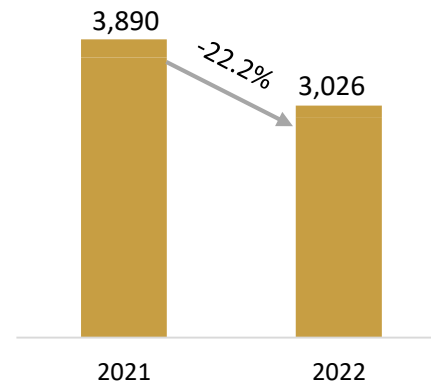
- In 2022, sales volume of fresh pork grew substantially, amounted to 231 thousand tons, up 39.1% YoY



Meat import

(RMB MM)

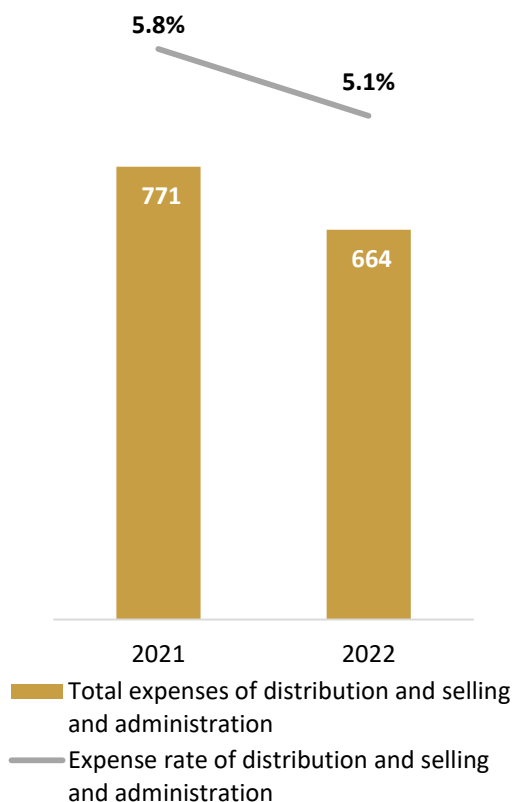
- In 2022, the prices of imported frozen pork products inverted, meat import segment took initiative to reduce pork import volume.



Total expenses and expense rate of distribution and selling and administration

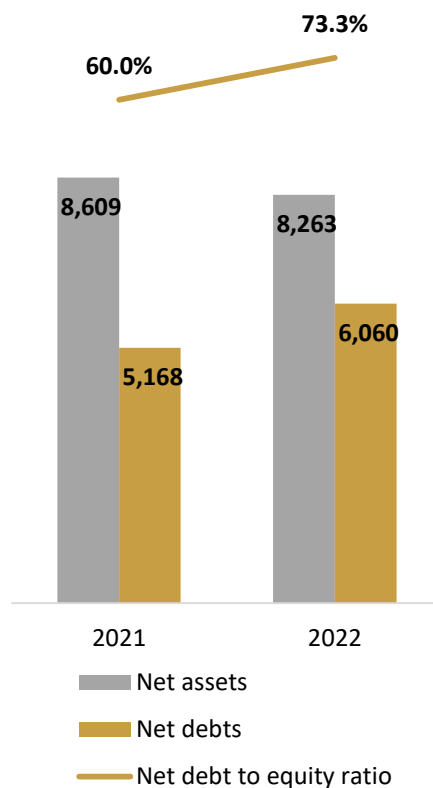
(RMB MM)

(% of revenue)



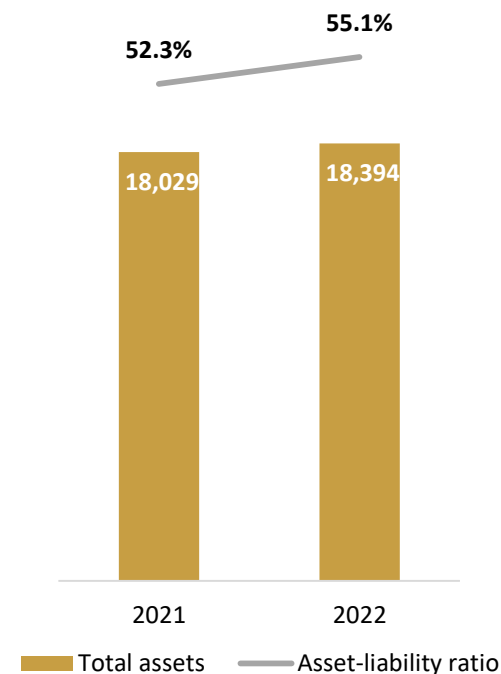
Net debt to equity ratio

(RMB MM)



Total assets and Asset-liability ratio

(RMB MM)



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1

Steadily expand the capacity of core businesses

2

Normalize ASF prevention & control, narrow internal gaps of efficiency, 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

3

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

4

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

- Forward differentiated and branded operation of the fresh pork business and boost small-packed business constantly
- Focus on the promotion of linseed-fed pork, and continue to expand scale and influence of the brand

5

Strengthen risk control and internal synergy of import business segment, and deepen the integration of trade and processing

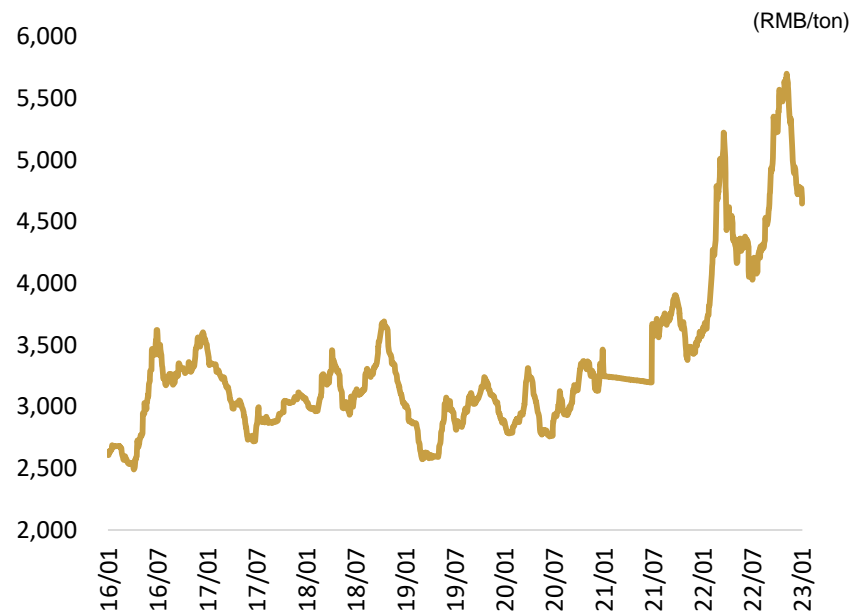
- Tighten risk control, deepen terminal channels, and enhance customer stickiness
- Strengthen internal synergy, and continuously promote the transformation process into a terminal distributor, and add value to the business

Closing Price of Corn in Dalian (2016-2022)



- In 2022, the average closing price of corn in Dalian was 2,787 RMB/ton, compared with 2,751 RMB/ton of 2021, increase 1.3% YoY.

Spot Price of Soybean Meal (2016-2022)



- In 2022, the average spot price of soybean meal was 4,607 RMB/ton, compared with 4,120 RMB/ton of 2021, increase 11.8% YoY.