



AGM
25 April 2017

Shareholders' Presentation





Disclaimer

This presentation may contain forward-looking statements which are subject to risks and uncertainties that could cause actual results to differ materially from such statements. Such risks and uncertainties include industry and economic conditions, competition, and legal, governmental and regulatory changes. The forward-looking statements reflect the current views of Management on future trends and developments.



Outline

- Industry Overview
- Group Financial Highlights
- Sustainable Business Model
 - JBF's competitive strength
 - Develop market position
- JB Foods's Business and Product
- Key Takeaways



Industry Overview



Industry Overview

Improvement in industry processing margin

- Positive processing margin and higher sales volume

Less intense price competition

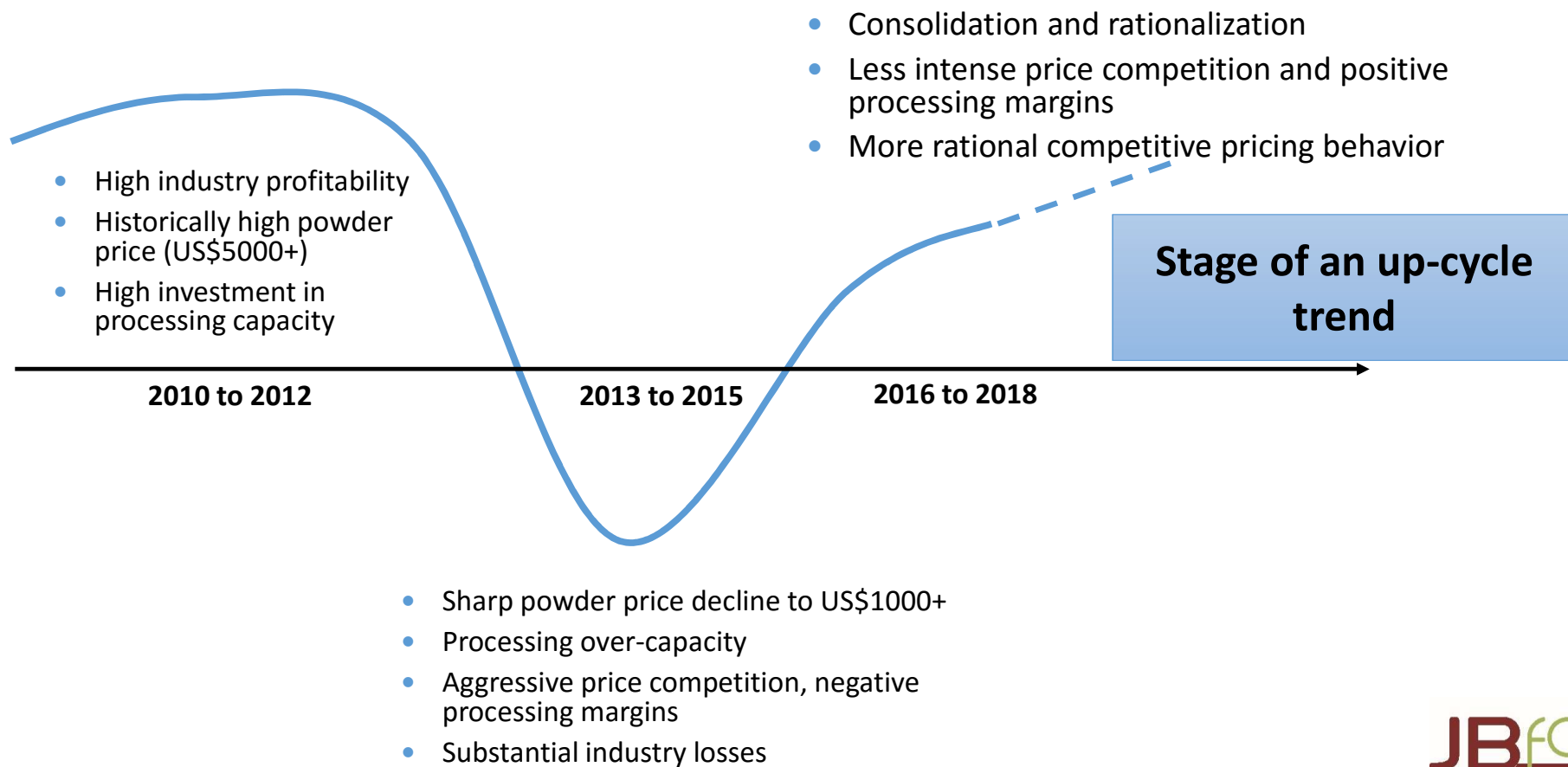
- Consolidation and rationalization created a more benign market for cocoa products

Growth in cocoa consumptions

- Consumption growth prospect in USA, Europe and Russia, driven by lower cocoa bean prices

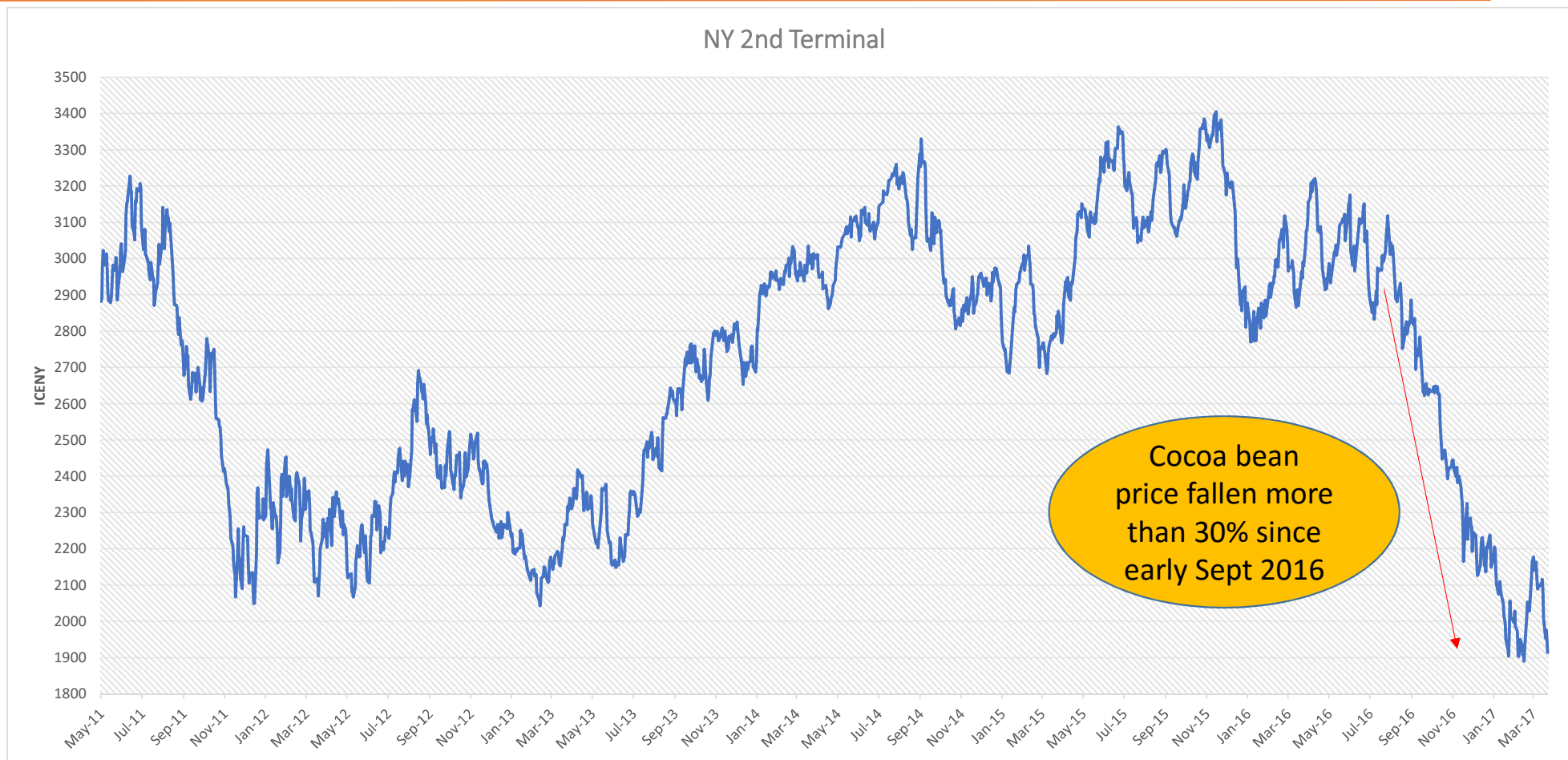


Cocoa Processing Industry Cycle





5-year historical bean chart (USD/MT)





Group Financial Highlights

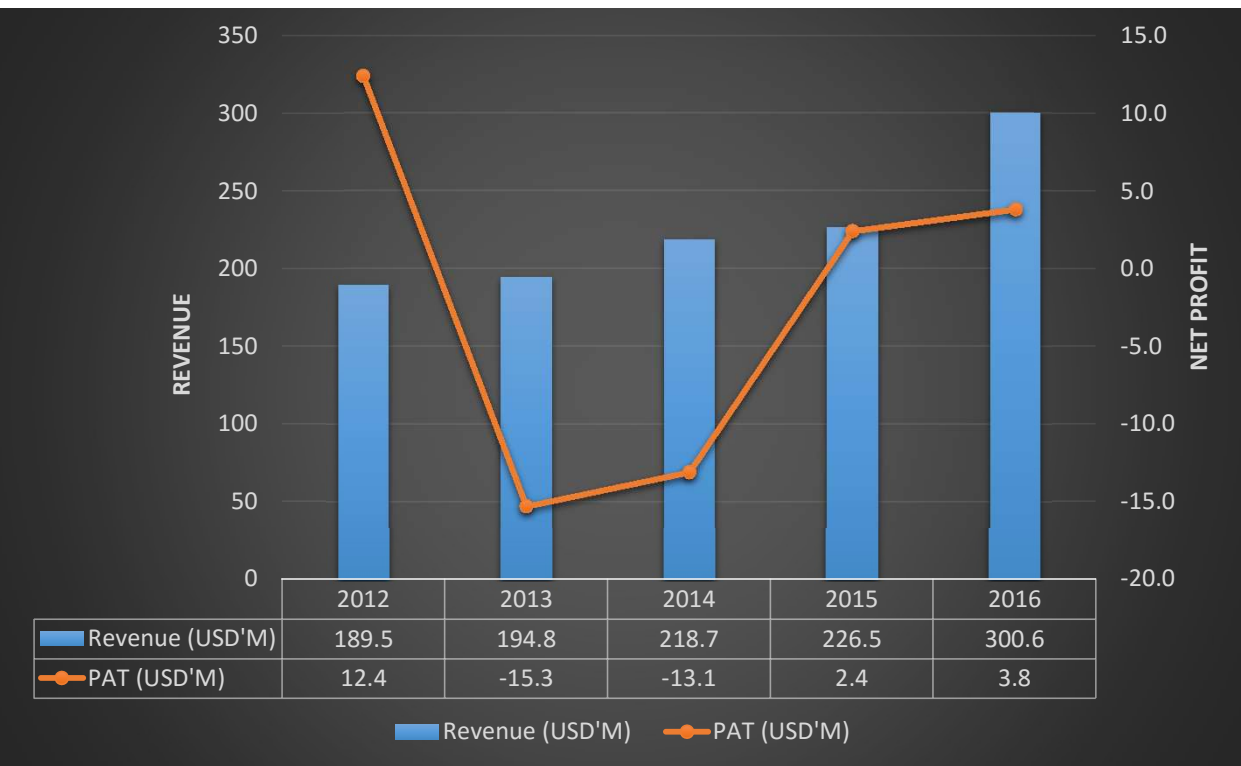


Group Financial Highlights – At a glance

(In US\$'000)	FY2016	FY2015	Y-on-Y Change
Revenue	300,564	226,535	33%
EBITDA	11,248	8,731	29%
Profit before tax	4,386	2,440	80%
	FY2016	FY2015	Y-on-Y Change
EPS (US cents)	1.7	0.9	89%
NAV per share (US cents)	32.5	30.9	5%
Net gearing (times)	1.3%	1.2%	9%



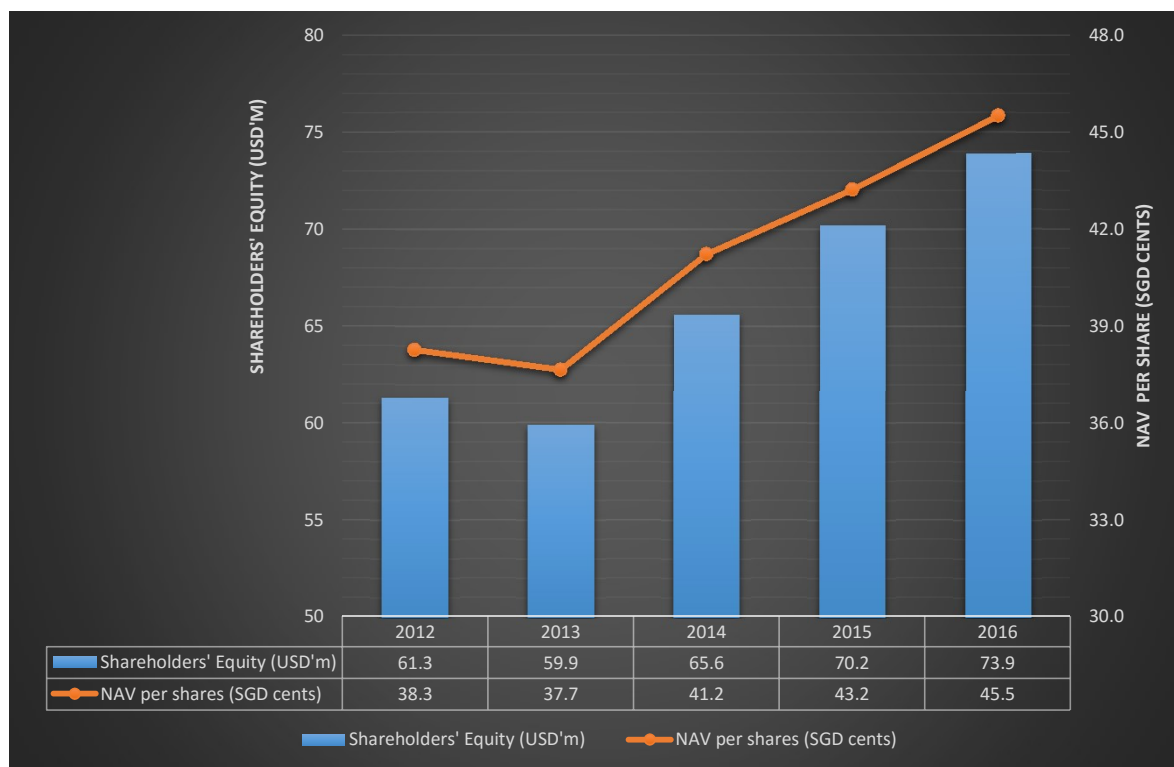
Growth in revenue and profits in FY2016



- Revenue grew 32.7% year-on-year driven by higher sales volume
- Profit grew 58.3% year-on year driven by higher sales volume



Robust Balance Sheet



- Well-capitalised with shareholders' equity at USD73.9m as at 31.12.2016
- Share price of SGD0.35 (as at 14 Apr 2016) was about **22% discount** to FY2016's NAV at SGD0.45



Profit and Loss Analysis

(In US\$'000)	FY2016	FY2015	Y-on-Y Change	Explanatory
Revenue	300,564	226,535	33%	N1
Cost of sales	(286,979)	(214,836)	34%	
Gross profit	13,585	11,699	16%	N2
Interest income	77	31	148%	
Other gains, net	3,259	1,387	135%	
Foreign exchange gains, net	2,818	820	244%	N3
Rental income	321	227	41%	
Others	120	340	-65%	
Selling & distribution expenses	(4,189)	(3,827)	9%	N4
Administrative expenses	(5,970)	(4,913)	22%	N5
Finance costs	(2,376)	(1,937)	23%	N6
Profit before tax	4,386	2,440	80%	N2
EBITDA	11,248	8,731	29%	N2

Explanatory

- N1 Driven by the increase in sales volume by 23% and increase in average selling price by 8%
- N2 Driven by the increase in sales volume
- N3 Revaluation FX gains of GBP net financial liabilities due to weakening of GBP in FY2016
- N4 Due to higher export freight and handling costs, driven by higher product shipment volume
- N5 Allowance for impairment of \$633K on trade receivables, higher payroll costs and bank charges
- N6 Increased cost of funds and higher trade bills utilisation to finance purchases of cocoa ingredients



Balance Sheet Analysis

Extract of Balance sheet	2016 USD'000	2015 USD'000	Variance	Remarks
<u>Non-current assets</u>	59,843	60,422		
Property, P&M	52,709	54,378	(1,669)	-3%
Other	7,134	6,044	1,090	18%
<u>Current assets</u>	143,827	140,479		
Inventories	95,795	91,021	4,774	5% N1
Trade receivables	36,505	36,711	(206)	-1%
Other receivables	11,527	12,747	(1,220)	-10%
Total Assets	203,670	200,901		
<u>Current liabilities</u>	(128,359)	(128,047)		
Trade payables	(21,150)	(36,229)	15,079	-42% N2
Other payables	(5,578)	(4,529)	(1,049)	23%
Borrowings	(101,631)	(87,289)	(14,342)	16%
Trade financing	(99,557)	(85,195)	(14,362)	17% N3
Term loan	(2,074)	(2,094)	20	-1%
<u>Non-Current liabilities</u>	(1,384)	(2,623)		
Term loan	-	(2,085)	2,085	-100%
Other	(1,384)	(538)	(846)	157%
Total Liabilities	(129,743)	(130,670)		
Total equity	73,927	70,231	3,696	5%

- N1** Cater for next quarter shipment volume
N2 Pay off supplier earlier to enjoy better pricing
N3 Higher trade bills utilisation to pay off supplier



Cash Flow Analysis

<u>Extract of Cash Flow Statement</u>	2016 USD'000	2015 USD'000	<u>Explanatory</u>
Operating cash flows before working capital changes	12,893	8,170	
Changes in working capital	(19,690)	1,055	Pay off suppliers and inventories
Net operating cash flows	(6,797)	9,225	
Net Investing cash flow	(3,002)	(11,427)	No recurring acquisition in subsidiary (\$9.7m in FY2015)
Net financing cash flows	9,497	(22,705)	Drawdown from trade bills
Net cash outflows	(302)	(24,907)	
Cash at end of year	7,119	7,421	



Sustainable Business Model



JB Foods' Competitive Strengths

Competitive cost structure

- Management focus on lean management and low overhead structure

Management focus

- Efficient and nimble decision making
- Relentless focus on product and customer service quality

Loyal and supportive customer base

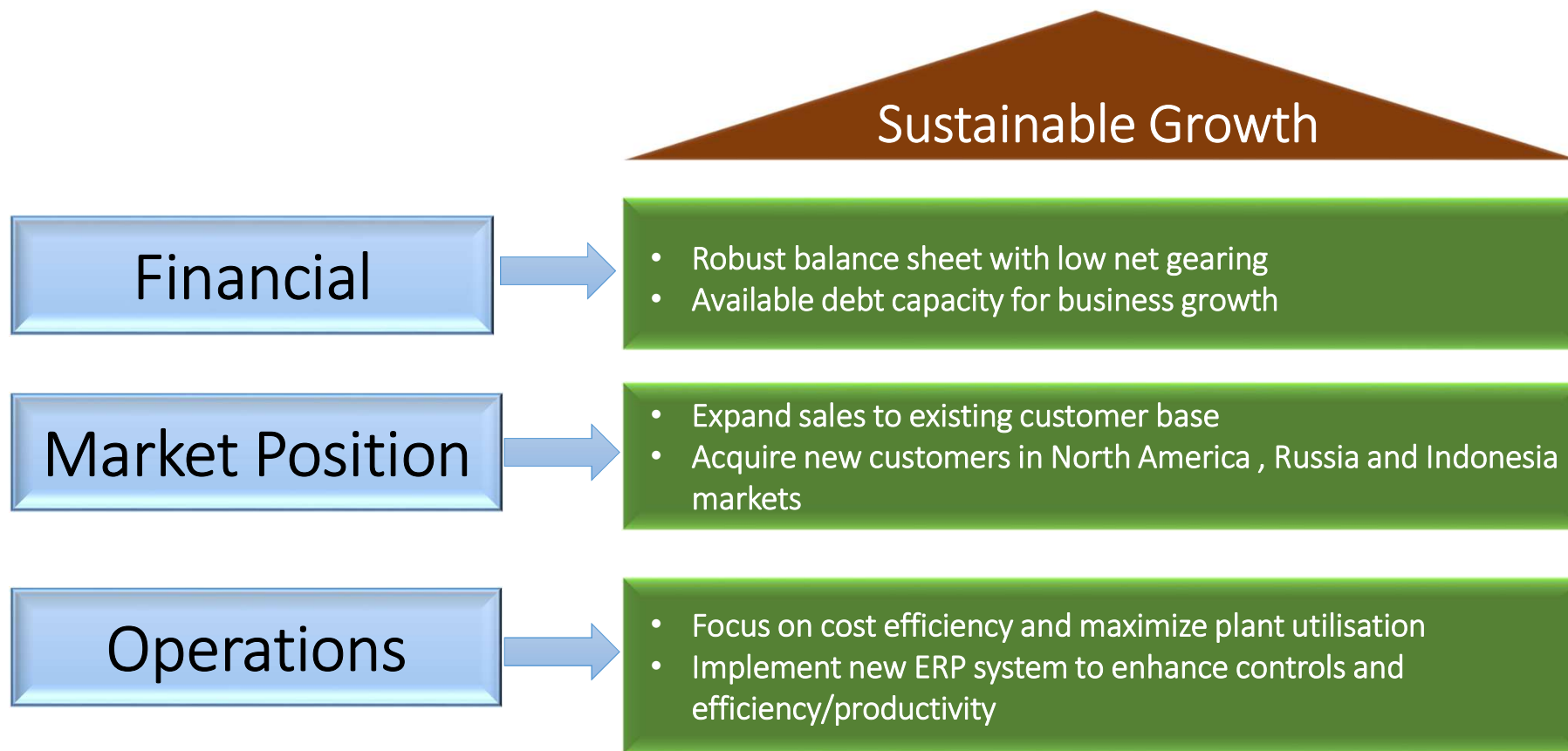
- Mars, Nestle, Mondelez and Hersheys are our long standing customers

Strong technical competence

- Proven capability to build cocoa processing factories at lower cost than competitors
- Capability to customize cocoa powder to suit customers' requirements



Develop Market Position





Core Business and Product



Our Products



Cocoa Beans



Cocoa Liquor/Mass



Cocoa Cake



Cocoa Powder



Cocoa Butter





Our Customers

MARS

Mondelēz
International

meiji



HERSHEY'S
Chocolate World®





Our Cocoa Processing Factories

Indonesia Factory



- State-of-the-art 60,000mt bean equivalent processing facility
- Commenced operations in 2013

Malaysia Factory



- State-of-the-art 85,000mt bean equivalent processing facility
- Commenced operations in 2003



Key Takeaways



Key Takeaways

- Industry maintains healthy growth
- Balanced business growth strategy
 - Build and expand sustainable customer base
 - Optimize factory utilization, lowering production costs
 - Organic growth to cope with the increase in customer demand
 - Build customer value proposition through world-class product quality and service
- Focus on long term sustainable shareholders' value



Thank you

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