

# JB FOODS LIMITED

## AGM

### Shareholders' Presentation



## 23 June 2020



## 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.

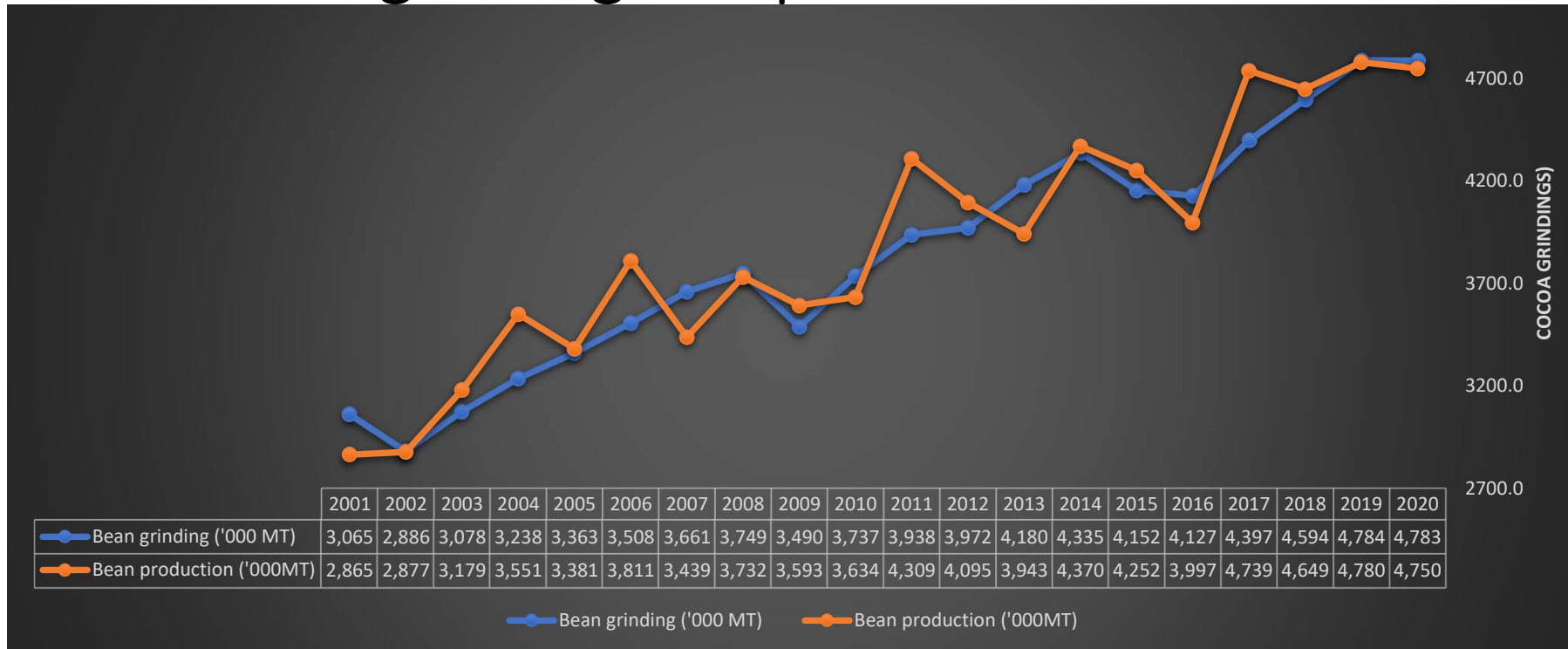
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# Cocoa Bean Grinding & Production Statistic

# Cocoa bean grinding and production



Cocoa bean grinding and production trend from 2001 to 2020 (2020 is revised forecasts figure from ICCO)

- 20 yrs and 10 yrs CAGR for bean grinding is 2.25% and 2.50% respectively , equivalent to about 120,000MT per year.
- 20 yrs and 10 yrs CAGR for bean production is 2.56% and 2.71% respectively, equivalent to about 130,000MT per year.

# Introduction of JB Foods

# Milestone



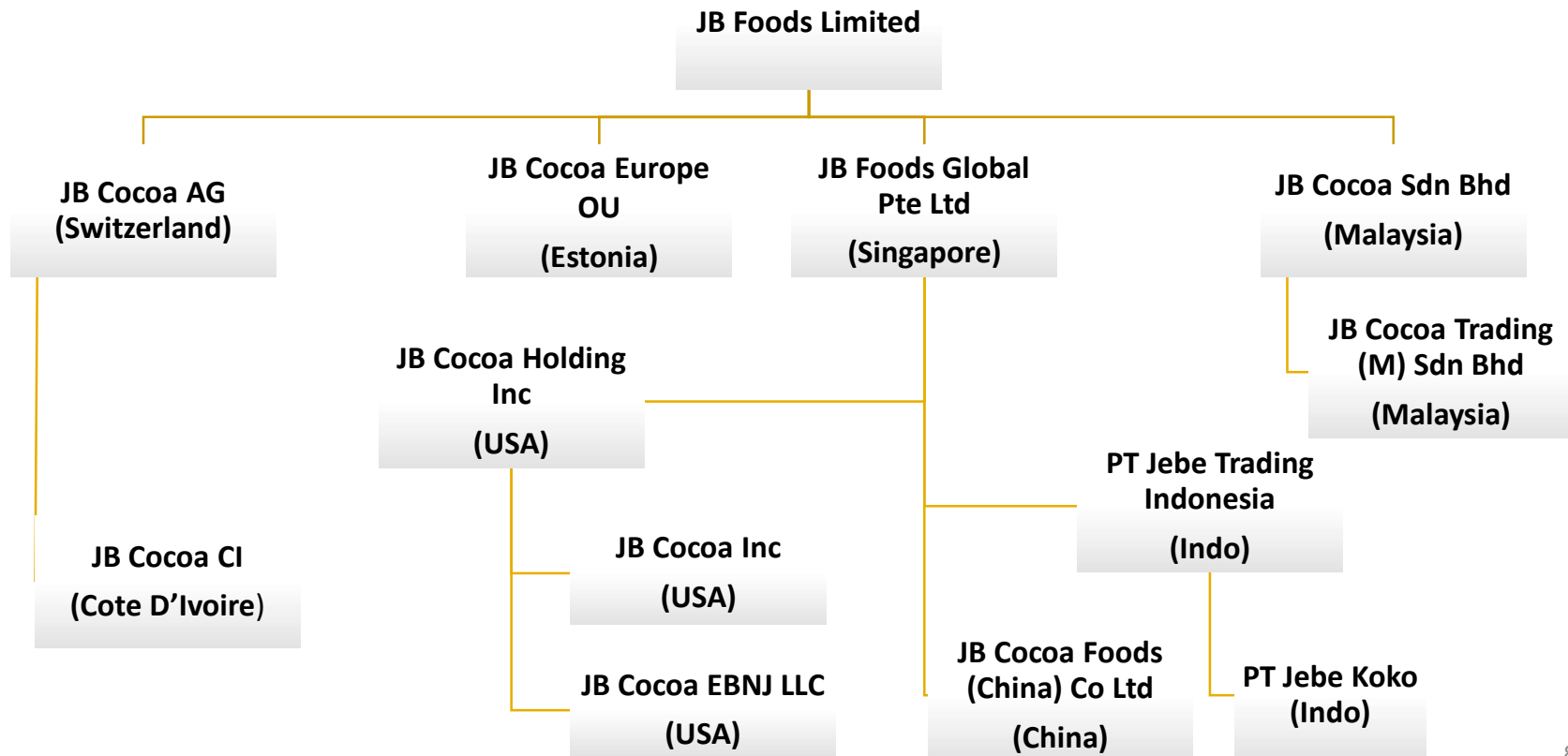
## Shareholders' Equity



## Production Capacity



# Group Structure





# Directors and Management Teams



# Our Products



More than 90% of our revenue are derived from Cocoa Powder & Cocoa Butter

# Our Presence



Manufacturing & Warehouse  
 Asia – 3  
 America – 1  
 Europe - 1

Regional Trading &  
 Sales Office  
 Asia – 4  
 Europe – 2  
 America – 1  
 Africa - 1

Employee : 600  
 Asia – 590  
 America & Europe - 10

# **BUSINESS PERFORMANCE REVIEW**

## Financial Highlights – At a glance

<b>(In US\$'000)</b>	<b>FY2019</b>	<b>FY2018</b>	<b>Y-on-Y Change</b>
Revenue	352,494	327,114	8%
EBITDA	43,033	41,633	3%
PAT	26,223	26,785	-2%
	<b>FY2019</b>	<b>FY2018</b>	<b>Y-on-Y Change</b>
ROE (%)	20%	26%	-23%
Dividend payout	23%	25%	-6%
EPS (US cents)	8.6	9.1	-5%
NAV per share (US cents)	46.64	40.26	16%

# Sales by Region/ Country

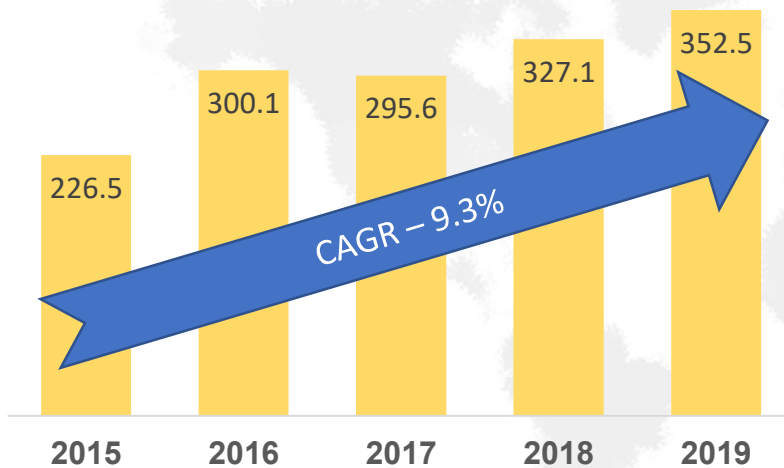
	2019		2018		2017	
Revenue	USD'000		USD'000		USD'000	
<b>America</b>	100,893	29%	92,274	28%	74,665	25%
<b>USA</b>	83,479	24%	83,017	25%	67,749	23%
Others	17,414	5%	9,257	3%	6,916	2%
<b>Asia</b>	135,236	38%	143,327	44%	131,749	45%
<b>China</b>	33,363	9%	41,454	13%	34,535	12%
Others	101,873	29%	101,873	31%	97,214	33%
<b>Europe</b>	90,800	26%	64,111	20%	60,671	21%
<b>Russia</b>	51,311	15%	20,198	6%	18,388	6%
Others	39,489	11%	43,913	13%	42,283	14%
<b>Other</b>	25,565	7%	27,402	8%	28,540	10%
	352,494	100%	327,114	100%	295,625	100%

- USA, China and Russia, remains our top 3 revenue contribution in the last 3 years as a result from our growing plans in this regions.

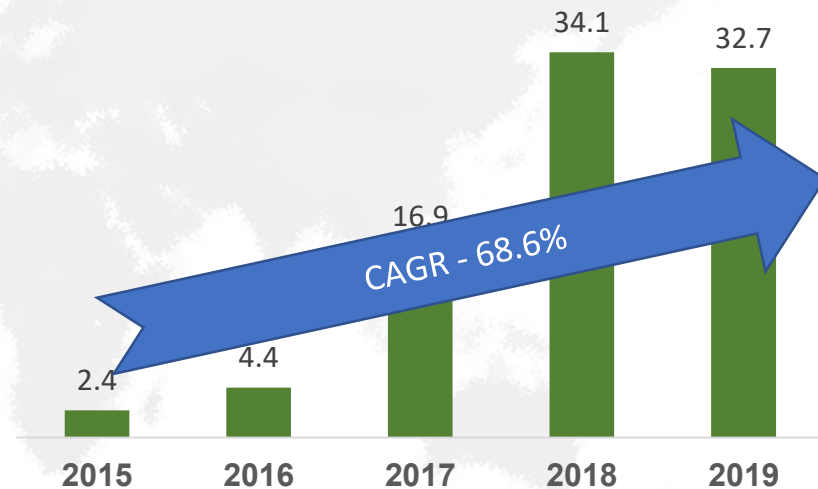
# JB Foods Performance



Revenue (USD'm)



PBT (USD'm)



## 2019 financials

- 5 years CAGR at 9.3% in revenue;
- 5 years CAGR at 68.6% in our profitability ("PBT").

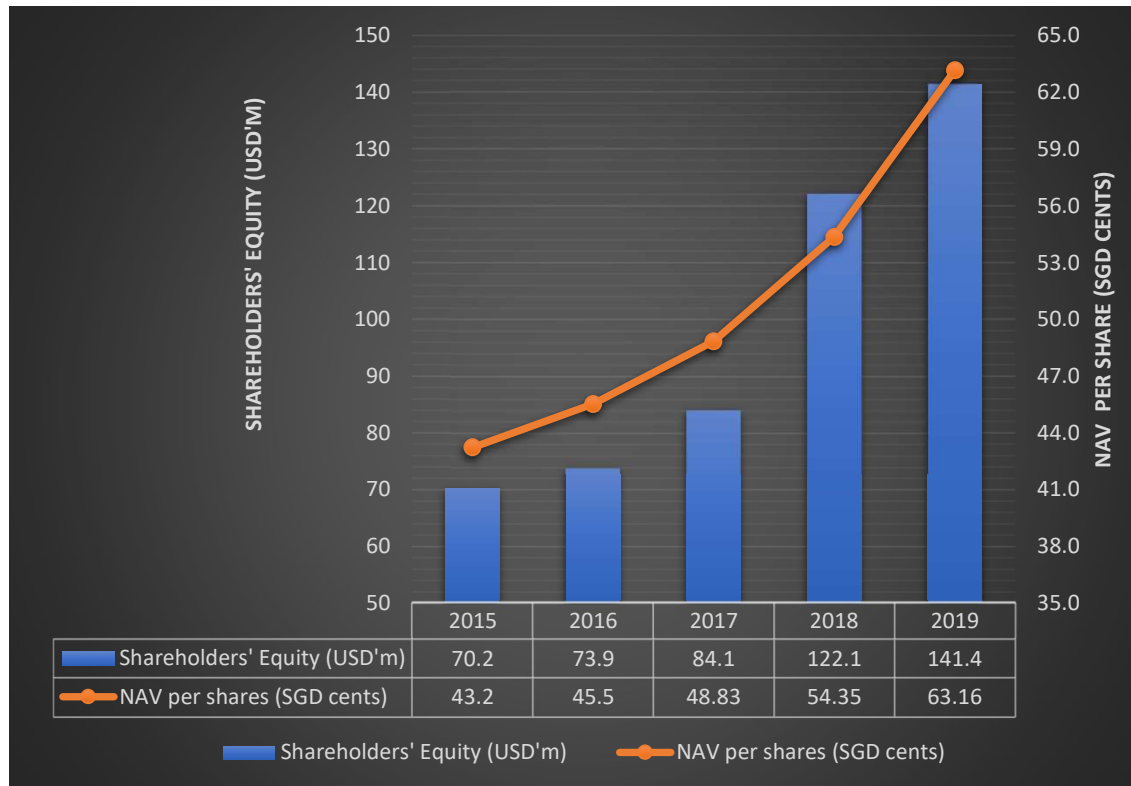
## JB Foods banking trade facilities

	2011	2012	2013	2014	2015	2016	2017	2018	2019
	USD'mil	USD'mil	USD'mil	USD'mil	USD'mil	USD'mil	USD'mil	USD'mil	USD'mil
Banking Facilities	64.7	78.0	109.5	113.4	115.0	130.0	150.0	199.8	223.0
Utilisation	44.4	53.6	87.4	102.6	85.2	101.6	78.5	80.3	168.7
% of headroom	31%	31%	20%	10%	26%	22%	48%	60%	24%

- ▶ Banking facilities credit limit increase from USD65million in 2011 to USD223million in 2019.
- ▶ Sufficient headroom for working capital requirement



# Strong financial position



Well-capitalised with shareholders' equity at USD141m (approximate SGD192m) as at 31.12.19. (Exchange rate of USD to SGD: 1.36)

Share price of SGD0.54 (as at 22 June 20), market capitalization of SGD163m.

# Profit and Loss Analysis



(In US\$'000)	FY2019	FY2018	Y-on-Y Change	Explanatory
<b>Revenue</b>	352,494	327,114	25,380	8% <b>N1</b>
Cost of sales	(300,622)	(277,673)	(22,949)	8%
<b>Gross profit</b>	51,872	49,441	2,431	5%
<b>GP margin</b>	14.7%	15.1%	-0.4%	
Interest income	89	110	(21)	-19%
Other gains, net	1,418	1,332	86	6%
Selling & distribution expenses	(6,609)	(5,603)	(1,006)	18% <b>N2</b>
Administrative expenses	(9,925)	(8,540)	(1,385)	16% <b>N3</b>
Finance costs	(5,152)	(2,652)	(2,500)	94% <b>N4</b>
<b>Profit before tax</b>	31,693	34,088	(2,395)	-7%
<b>Income tax expenses</b>	(5,470)	(7,307)	1,837	-25%
<b>Profit after tax</b>	26,223	26,781	(558)	-2%
<b>EBITDA</b>	43,033	41,633	1,400	3%

## Explanatory

- N1** Increase in shipment volume due to strong customer demand.
- N2** Higher sales commission, export freight and handling costs as a result of higher product shipment
- N3** Higher middle management headcount to support the business volume growth
- N4** Higher trade utilisation in 2H2019 due to higher bean purchases to cater for customer demand

# Balance Sheet Analysis



	2019	2018		
<b>Extract of Balance sheet</b>	<b>USD'000</b>	<b>USD'000</b>	<b>Variance</b>	
<b>Non-current assets</b>	<b>95,918</b>	<b>75,356</b>	<b>20,562</b>	27%
PPE	80,493	68,075	12,418	18% N1
Investment property	12,539	4,072	8,467	208% N2
Other	2,886	3,209	(323)	-10%
<b>Current assets</b>	<b>268,681</b>	<b>172,930</b>	<b>95,751</b>	55%
Inventories	181,100	112,837	68,263	60% N3
Trade receivables	54,512	32,527	21,985	68% N4
Other receivable, deposit, prepayment	16,475	14,150	2,325	16%
Cash and cash equivalent	16,594	13,416	3,178	24%
<b>Total Assets</b>	<b>364,599</b>	<b>248,286</b>	<b>116,313</b>	47%

	2019	2018		
<b>Extract of Balance sheet</b>	<b>USD'000</b>	<b>USD'000</b>	<b>Variance</b>	
<b>Current liabilities</b>	<b>(213,318)</b>	<b>(120,783)</b>	<b>(92,535)</b>	77%
Trade payables	(27,990)	(27,556)	(434)	2%
Other payables	(13,394)	(9,296)	(4,098)	44%
Tax payable	(1,929)	(3,655)	1,726	-47%
Borrowings	(170,005)	(80,276)	(89,729)	112% N5
<b>Non-Current liabilities</b>	<b>(9,867)</b>	<b>(5,426)</b>	<b>(4,441)</b>	82%
Deferred tax liabilities	(5,419)	(4,579)	(840)	18%
Other	(4,448)	(847)	(3,601)	425%
<b>Total Liabilities</b>	<b>(223,185)</b>	<b>(126,209)</b>	<b>(96,976)</b>	77%
<b>Total equity</b>	<b>141,414</b>	<b>122,077</b>	<b>19,337</b>	16%

## Explanatory

- N1** Major CAPEX spent in Malaysia. Refer more breakdown in cash flow analysis
- N2** CAPEX in warehouse storage facilities
- N3** Higher inventories due to enlarged production capacity, higher shipment, and VMI
- N4** Higher trade receivables due to higher sales shipment in 4Q2019.
- N5** Higher short-term trade bills utilisation to finance the beans for higher production

# Cash Flow Analysis

	2019	2018
<u>Statement</u>	USD'000	USD'000
Operating cash flows before working capital changes	40,286	40,553
Changes in working capital	(84,554)	(31,907)
Income tax paid, net	(6,833)	(1,179)
Net operating cash flows	(51,101)	7,467
Net Investing cash flow	(26,864)	(17,185)
<b>CAPEX</b>		
Malaysia	(23,257)	(11,685)
Indonesia	(571)	(3,643)
China	(157)	(1,930)
Others	(2,879)	73
Free Cash Flow	(77,965)	(9,718)
Net financing cash flows	81,288	7,940
Net movement WC financing	83,213	(752)
Net movement in TL & lease	4,778	-
Issuance of shares	-	14,322
Dividend paid	(6,703)	(5,630)
Net Cash Movement	3,323	(1,778)
Cash at end of year	16,594	13,416

## Explanatory

Higher operating cashflow outflows mainly incur in maintain higher raw materials to cater for increased in the shipment demand, and higher FG inventories as part of VMI arrangement with customers as part of our long-term growth strategy with customers.

Additional production lines in grinding, roaster and warehouse storage facility.

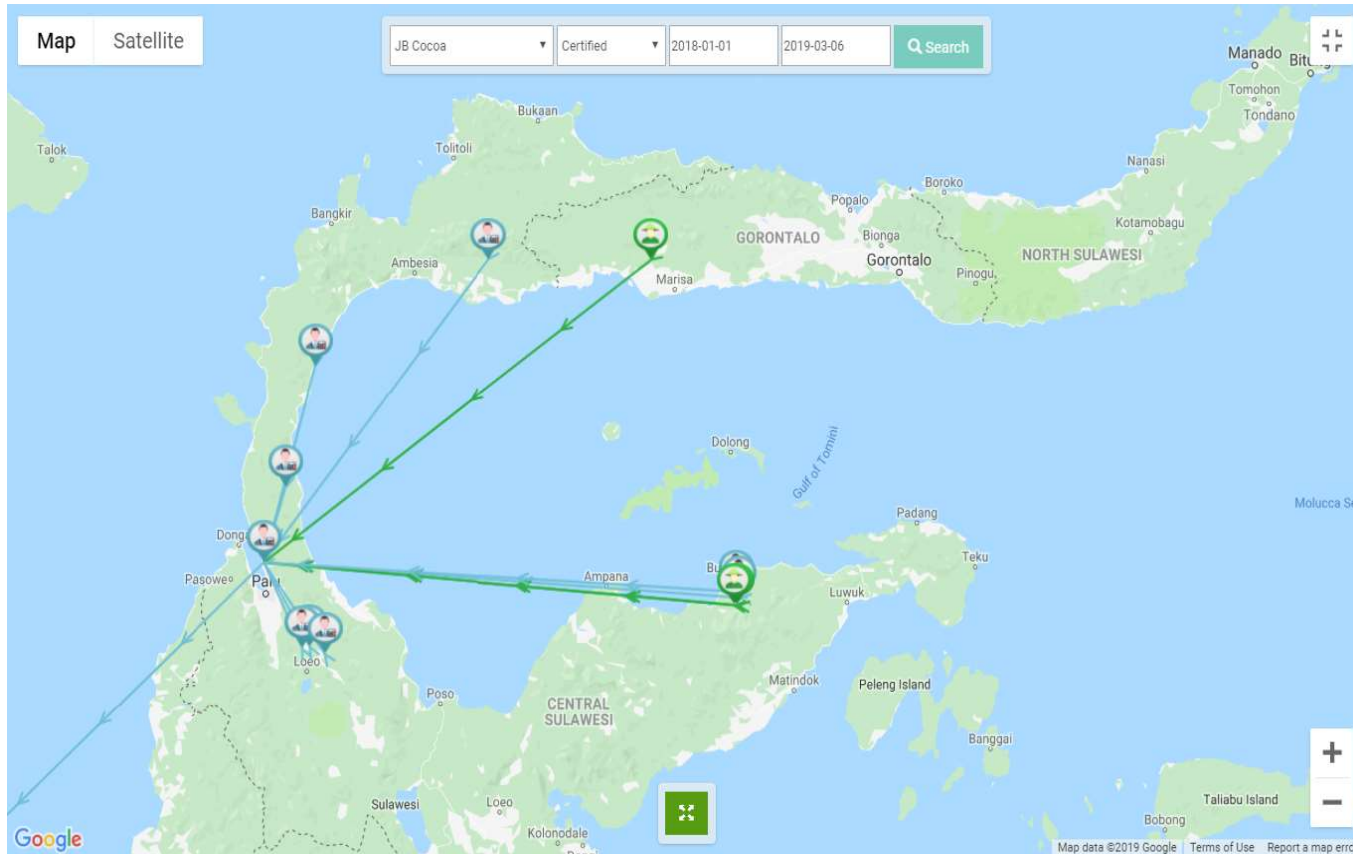
Oversea warehouse storage facility

Trade bills utilisation to finance raw materials  
Term loan to finance warehouse storage facilities.  
Right Issue proceeds in 2018.



# **JB** Cocoa Sustainability team - Indonesia

# Sustainability teams – Sulawesi, Indonesia



- 20 staffs
- 3000 cocoa farmers
- 4000 hectares
- 450kg certified bean per hectare (350kg from 2018)
- Lead Farmer program
  - Provide coaching and training on GAP & Forest protection
  - Nursery & Demo Plot program

# **JB** COCOA COMPETITIVE STRENGTH & STRATEGY

## JB Cocoa Competitive Strengths

Loyal and supportive customer base

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

Management focus

- Efficient and nimble decision making
- Focus on product development and service quality
- Management – strong experience in cocoa industry

Customized solutions

- Capability to customize cocoa powder to suit customers' requirement
- End-to-end cocoa ingredient providers

Technical competence

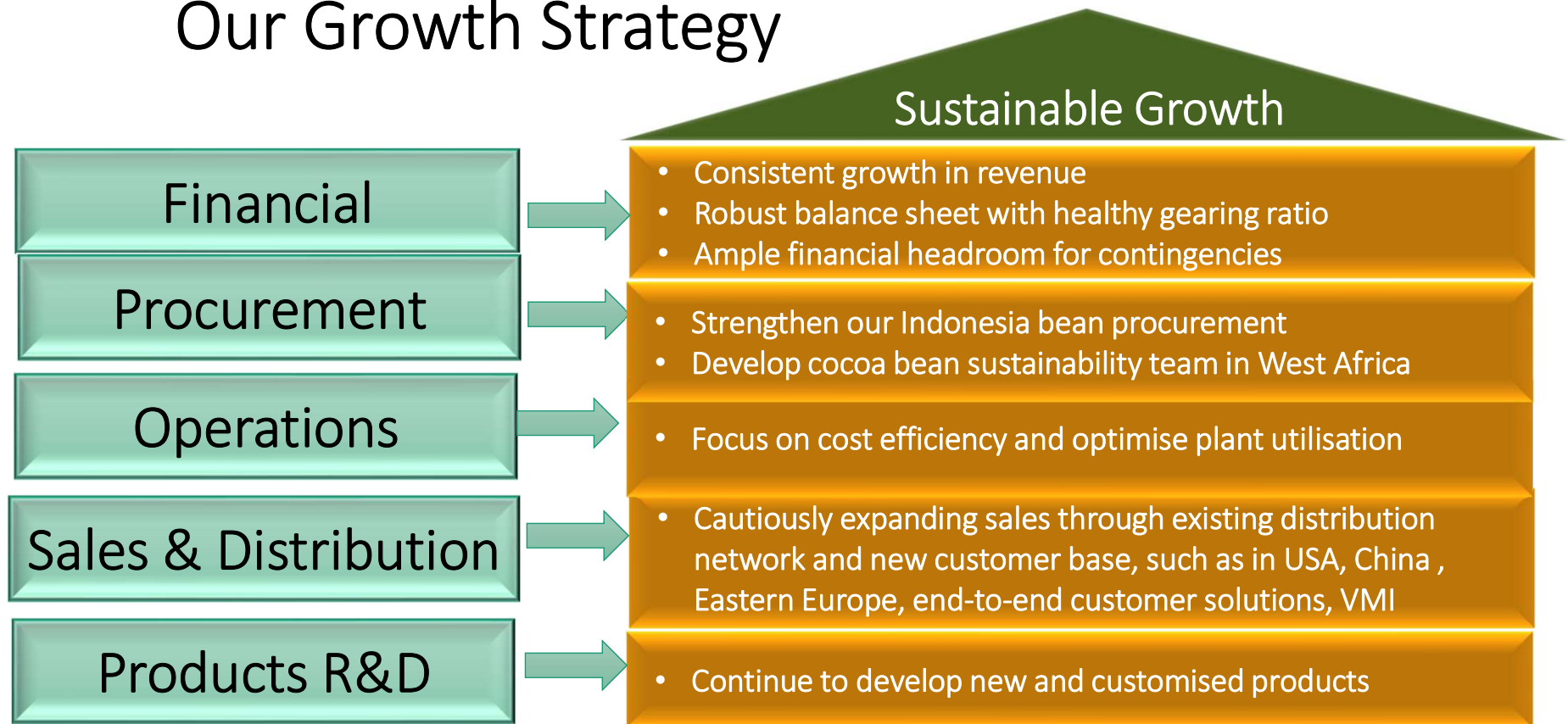
- Proven capability to build world class cocoa processing factories



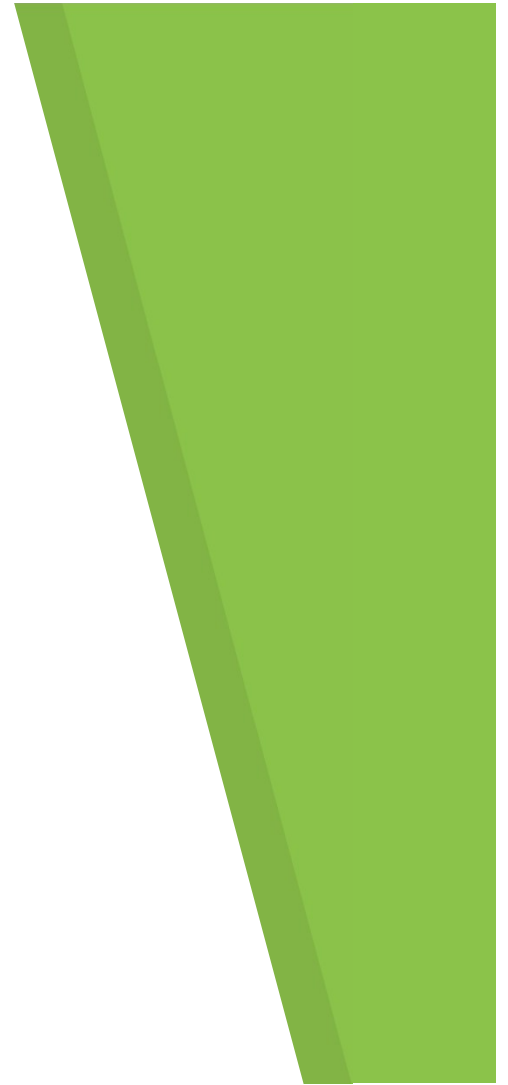
# **Our Growth Strategy**



# Our Growth Strategy



# Key Takeaways



# Key Takeaways

- ▶ Cocoa terminal prices remains volatile (weather, crops yield, supply & demand from grinding and consumptions)
- ▶ Headwinds and uncertainty in the Cocoa market due to Covid-19 pandemic and effect of LID on cocoa beans in Ivory Coast and Ghana
- ▶ **Balanced business growth strategy**
  - ▶ Expand existing customer base and continue to explore new customer base
  - ▶ Build end-to-end supply chain solutions, VMI arrangement with key customer to grow the business volume
  - ▶ Focus on cost efficiency, and optimize factory utilization
- ▶ Generate long-term sustainable shareholders' value

THANKS!

