

JB FOODS LIMITED

AGM

Shareholders' Presentation



28 April 2021

Disclaimer

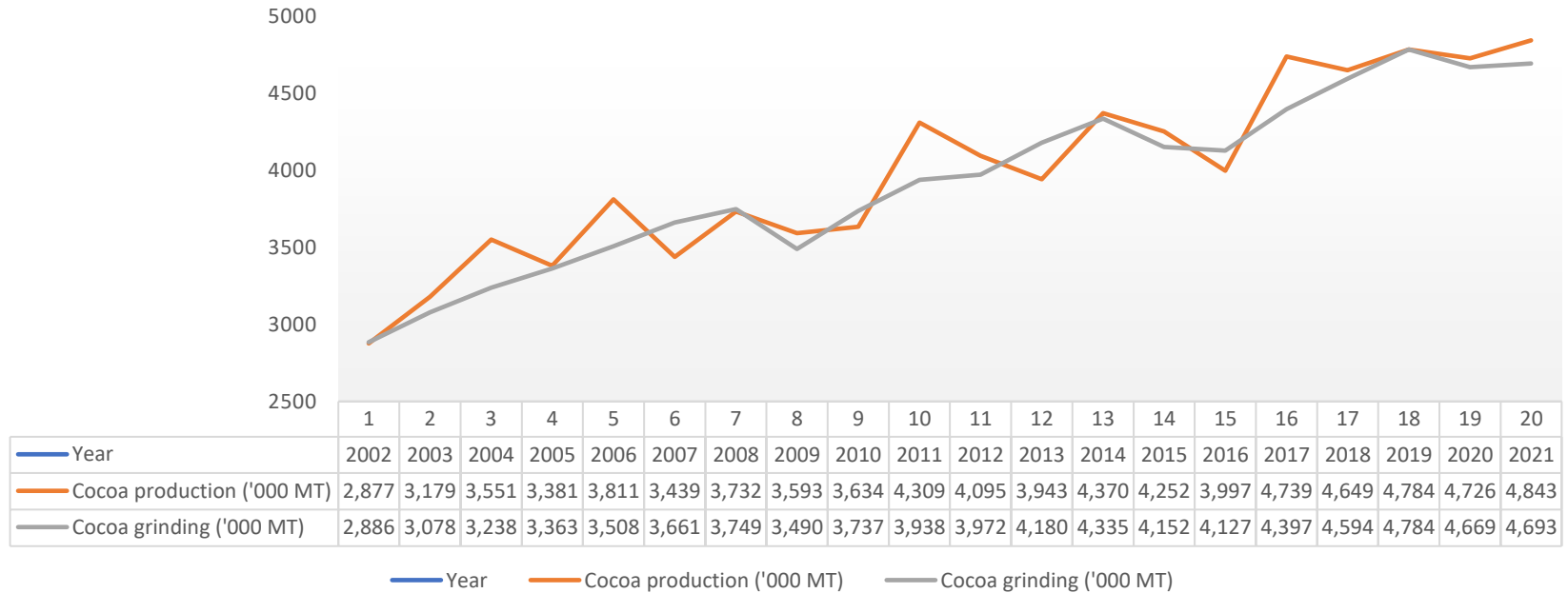
This presentation may contain forward-looking statements which are subject to risks and uncertainties that could cause actual results to differ materially from such statements. Such risks and uncertainties include industry and economic conditions, competition, and legal, governmental and regulatory changes.

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Cocoa Bean Grinding & Production Statistic

Cocoa bean grinding and production



Cocoa bean production & grinding from 2002 to 2021 (Source: ICCO Quarterly Bulletin of Cocoa Statistic published on 26 Feb 2021)

- 20 yrs and 10 yrs CAGR for bean production is 2.64% and 1.69% respectively.
- 20 yrs and 10 yrs CAGR for bean grinding is 2.46% and 1.68% respectively.

Introduction of JB Foods

Milestones

2000

2012

2013 to
2015

2016 to
2021

JB Cocoa incorporated in 2020 and **Group 1st factory in Malaysia completed in 2002**

JB Cocoa listed in Singapore in year 2012 as JB Foods Limited

Trading offices
USA/Eastern Europe/Indonesia offices in 2013/2014.
Group 2nd Factory in Indonesia in year 2015.

Group 3rd factory in China, completed in year 2019.

Establishment wholly-owned subsidiaries in Switzerland, Estonia, Cote-D'Ivoire in year 2018 to 2020 to grow our market presence in those region.

Shareholders' Equity

Net Asset Value
(USD' million)

USD3

USD30m

USD60m

USD 70m

USD80m

>USD150m

Production Capacity

Bean Grinding Capacity

30,000 MT

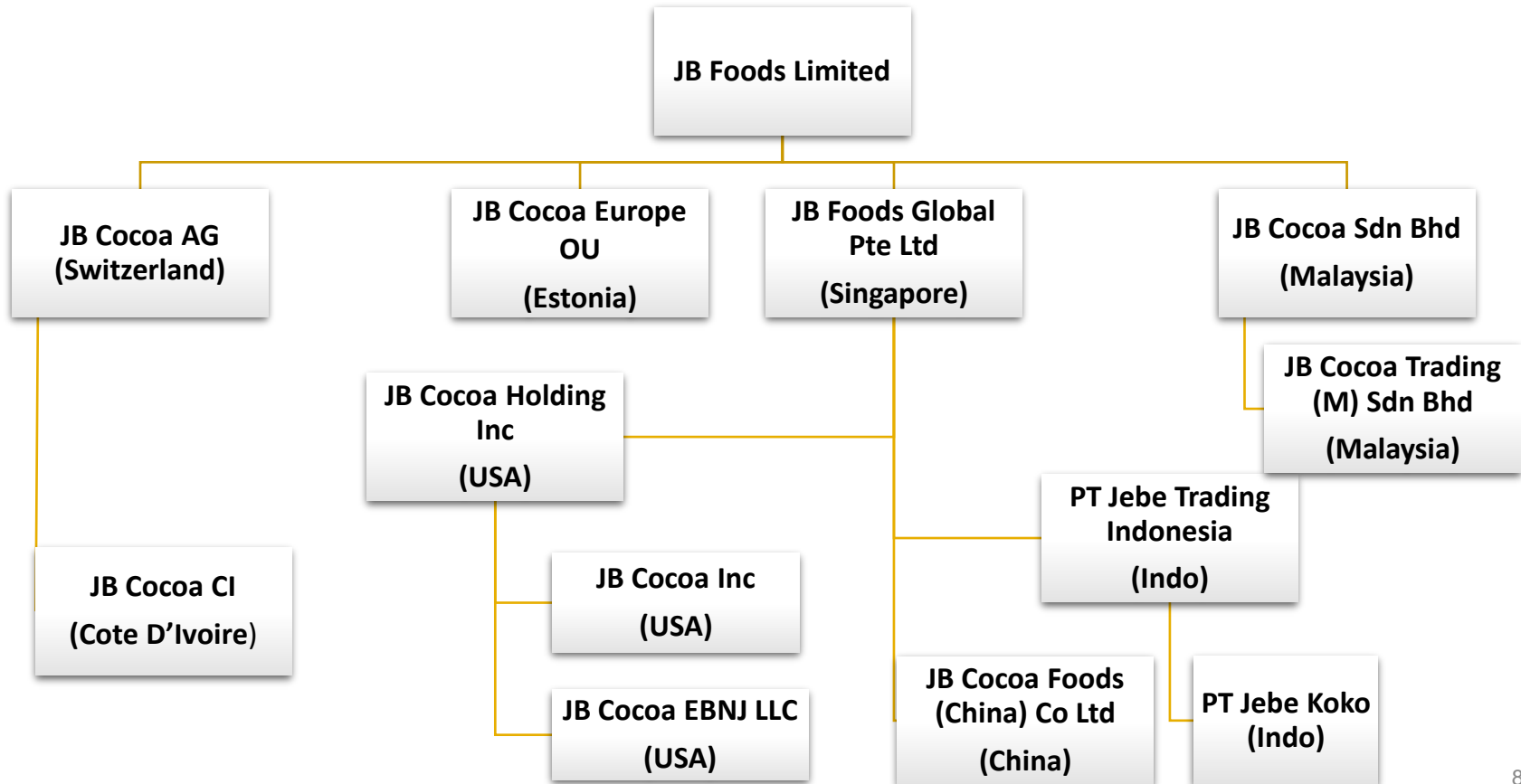
60,000 MT

85,000 MT

145,000 MT

180,000 MT

Group Structure



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 : 625
 Asia – 615
 America & Europe - 10

BUSINESS PERFORMANCE REVIEW

Financial Highlights – At a glance

(In US\$'000)	FY2020	FY2019	Y-on-Y Change
Revenue	417,754	352,494	18.5%
EBITDA	34,256	43,033	-20.4%
PAT	19,406	26,223	-26.0%
	FY2020	FY2019	Y-on-Y Change
ROE (%)	13.0%	19.9%	-34.6%
Dividend payout	22.6%	22.5%	0.4%
EPS (US cents)	6.4	8.6	-25.6%
NAV per share (US cents)	51.64	46.64	10.7%
Net gearing (times)	0.99	1.11	10.6%

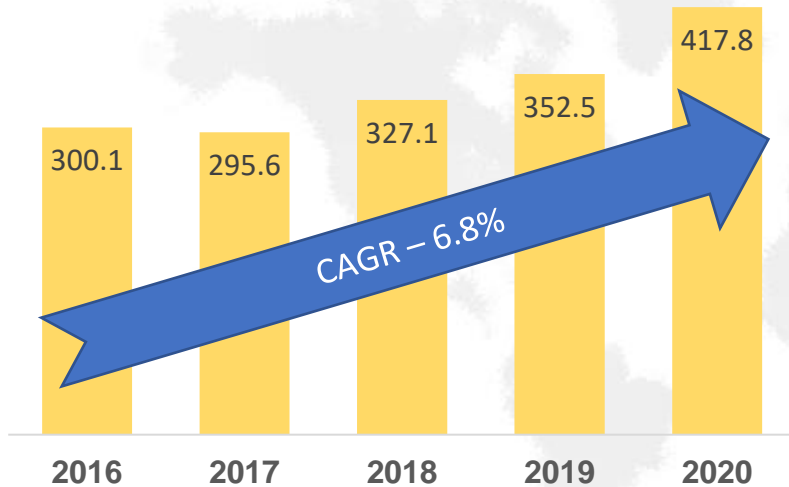
Sales by Region/ Country

Revenue	2020		2019		2018	
	USD'000		USD'000		USD'000	
Nothr America	94,287	23%	94,277	27%	92,274	28%
USA	73,757	18%	83,479	24%	83,017	25%
Others	20,530	5%	10,798	3%	9,257	3%
Asia	185,461	44%	135,236	38%	143,327	44%
China	50,987	12%	33,363	9%	41,454	13%
Others	134,474	32%	101,873	29%	101,873	31%
Europe	94,936	23%	90,800	26%	64,111	20%
Russia	47,436	11%	51,311	15%	20,198	6%
Others	47,500	11%	39,489	11%	43,913	13%
Other	43,070	10%	32,181	9%	27,402	8%
	417,754	100%	352,494	100%	327,114	100%

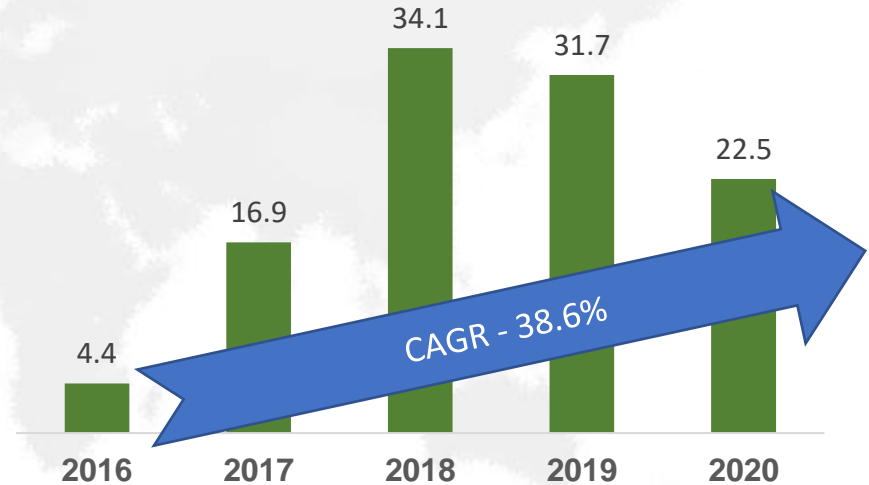
- USA, China and Russia, remains our top 3 revenue contribution in the last 3 years as a result from our growing plans in this regions.

JB Foods Performance

Revenue (USD'm)



PBT (USD'm)



2020 Revenue & Profitability - CAGR

- 5 years CAGR at 6.8% in revenue;
- 5 years CAGR at 38.6% in profitability (“PBT”).

JB Foods banking trade facilities

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
	USD'mil	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	235.9
Utilisation	44.4	53.6	87.4	102.6	85.2	101.6	78.5	80.3	168.7	156.5
% of unutilised trade credits limits	31%	31%	20%	10%	26%	22%	48%	60%	24%	34%
Bean processing Capacity (MT)	60,000	85,000	85,000	85,000	145,000	145,000	145,000	145,000	180,000	180,000

- ▶ **Bean processing capacity grows 3.0 times over 10 years from 60,000MT in 2011 to 180,000MT in 2020**
- ▶ **Banking trade facilities limit increases 3.6 times over 10 years from USD65million in 2011 to USD235million in 2020.**
- ▶ **Sufficient headroom for working capital requirement**

Profit and Loss Analysis

(In US\$'000)	FY2020	FY2019	Y-on-Y Change	Notes
Revenue	417,754	352,494	65,260	19% N1
Cost of sales	(368,599)	(300,622)	(67,977)	23% N2
Gross profit	49,155	51,872	(2,717)	-5% N2
GP margin	11.8%	14.7%	-2.9%	N2
Interest income	131	89	42	47%
Other gains, net	(2,084)	1,418	(3,502)	-247% N3
Selling & distribution expenses	(8,498)	(6,609)	(1,889)	29% N4
Administrative expenses	(11,317)	(9,925)	(1,392)	14% N5
Finance costs	(4,910)	(5,152)	242	-5%
Profit before tax	22,477	31,693	(9,216)	-29%
Income tax expenses	(3,071)	(5,470)	2,399	-44%
Profit after tax	19,406	26,223	(6,817)	-26% N2

Explanatory

N1	i) Higher shipment volume due to strong customer demand & ii) higher average selling prices of the cocoa ingredients due to higher cocoa bean price.
N2	Higher bean costs arising from the Living Income Differential imposed by Ghana and Cote d'Ivoire coupled with higher fixed direct overhead costs, such as depreciation and warehousing storage costs due to lower utilisation of factory processing capacity, hence, resulting in a lower gross profit, gross profit margin and net profit.
N3	Other losses (net) of USD2.1million mainly related to foreign exchange losses arising from appreciation of GBP for the Group's trade bills denominated in GBP currency.
N4	Higher sales commission, storage costs, export freight and handling costs as a result of higher shipment volume
N5	Higher middle management headcount to support the business volume growth and one-off professional fee and related expenses incurred in connection with the acquisition of a factory building in Malaysia.

Balance Sheet Analysis

	2020	2019		
<u>Extract of Balance sheet</u>	USD'000	USD'000	Variance	
Non-current assets	114,157	95,918	18,239	19%
PPE	96,447	80,493	15,954	20% N1
Investment property	12,521	12,539	(18)	0%
Intangible assets	2,523	225	2,298	1021% N2
Other	2,666	2,661	5	0%
Current assets	268,877	268,681	196	0%
Inventories	178,811	181,100	(2,289)	-1% N3
Trade receivables	50,790	54,512	(3,722)	-7% N3
Other receivable, deposit, prepayment	11,796	12,694	(898)	-7%
Derivative instruments	6,946	3,781	3,165	84% N4
Cash and cash equivalent	20,534	16,594	3,940	24% N5
Total Assets	383,034	364,599	18,435	5%

	2020	2019		
<u>Extract of Balance sheet</u>	USD'000	USD'000	Variance	
Current liabilities	(204,333)	(213,318)	8,985	-4%
Trade payables	(20,047)	(27,990)	7,943	-28% N3
Other payables	(10,906)	(10,622)	(284)	3%
Tax payable	(1,570)	(1,929)	359	-19%
Derivative instruments	(10,908)	(2,772)	(8,136)	294% N4
Borrowings	(160,902)	(170,005)	9,103	-5% N6
Non-Current liabilities	(22,115)	(9,867)	(12,248)	124%
Deferred tax liabilities	(5,938)	(5,419)	(519)	10%
Borrowings	(15,062)	(3,523)	(11,539)	328% N6
Other	(1,115)	(925)	(190)	21%
Total Liabilities	(226,448)	(223,185)	(3,263)	1%
Total equity	156,586	141,414	15,172	11%

N1	Major CAPEX spent in Malaysia. Refer to more details in cash flow analysis
N2	CAPEX in new ERP software
N3	Lower working capital requirement in view of the lower demand caused by Covid-19 Pandemic
N4	Higher hedging requirement for forward sales and purchase contracts.
N5	Higher customer cash collection received towards year end.
N6	Increased in term loan to finance the factory building in Malaysia and partially offset with lower trade bills utilisation due to lower working capital requirement.

Cash Flow Analysis

<u>Statement</u>	2020	2019	Changes	<u>Explanatory</u>
	USD'000	USD'000		
Operating cash flows before working capital changes	39,375	42,286	(2,911)	Lower changes in working capital mainly due to lower demand and uncertainty caused by Covid-19 pandemic.
Changes in working capital	(166)	(84,554)	84,388	
Income tax paid, net	(3,449)	(6,833)	3,384	
Net operating cash flows	35,760	(51,101)	86,861	
Net Investing cash flow	(24,344)	(26,864)	2,520	
<u>CAPEX</u>			-	Mainly in factory building extension and machinery
Malaysia	(21,654)	(23,257)	1,603	
Indonesia	(264)	(571)	307	
China	(951)	(157)	(794)	
Others	(1,475)	(2,879)	1,404	
Free Cash Flow	11,416	(77,965)	89,381	
Net financing cash flows	(8,034)	81,141	(89,175)	
Net movement WC financing	(17,625)	87,885	(105,510)	Lower trade bills utilisation due to lower working capital requirement.
Net movement in TL & lease	14,530	(41)	14,571	Additional term loan on factory building
Dividend paid	(4,939)	(6,703)	1,764	
Net Cash Movement	3,382	3,176	206	
Cash at end of year	19,950	16,447	3,503	



JB COCOA COMPETITIVE
STRENGTH & STRATEGY

JB Cocoa Competitive Strengths

Loyal and supportive customer base

- Such as 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

Sustainable Growth

Procurement

- Strengthen our Indonesia sustainable bean sourcing team
- Developing cocoa bean sustainability team in West Africa & South America

Operations & Environmental

- Focus on cost efficiency and optimise plant utilisation
- Energy conservation, waste optimization and carbon footprint reduction

Sales & Distribution

- Cautiously expanding sales through existing distribution network and new customer base, such as in USA, China , Eastern Europe, end-to-end customer solutions, VMI

Products R&D

- Continue to develop new and customised products

Social

- Safe working environment;
- Diversity and equality in the workplace

Governance

- Robust corporate governance framework;
- Proactive in anti-corruption practises

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
 - ▶ Enhance and expanding our sustainability framework
- ▶ Align business growth strategy towards ESG compliance

THANKS!

**COMMITMENT
TO SUSTAINABLE
QUALITY**