

JB Foods Limited

# 11<sup>th</sup> ANNUAL GENERAL MEETING



26 April 2023

# JBfoods



**JB**COCOA



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# Disclaimer

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



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# Cocoa Bean

## Grinding & Production

## Statistics

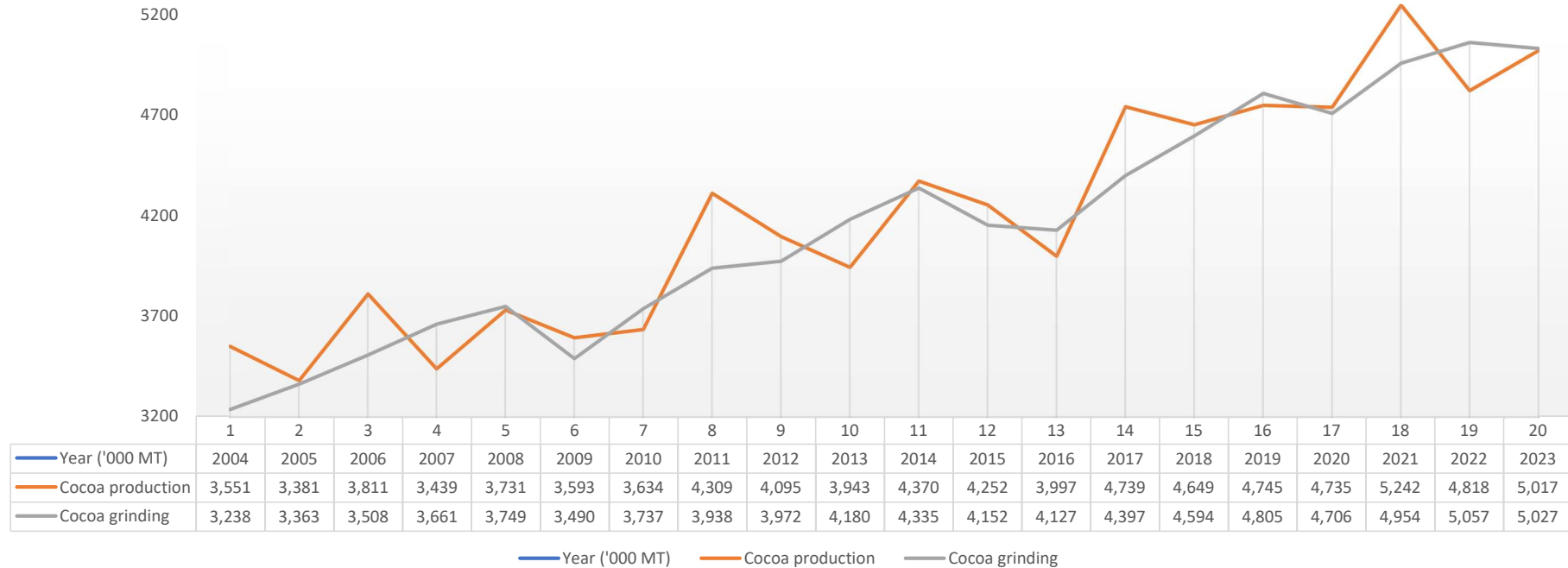
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# Cocoa Bean Grinding & Production



**Cocoa bean production & grinding from 2004 to 2023** (Source: ICCO Quarterly Bulletin of Cocoa Statistic published on 28 Feb 2023)

- ▶ Bean production: **20-year and 10-year CAGR is 1.74% and 1.39% respectively**
- ▶ Bean grinding: **20-year and 10-year is 2.22% and 1.49% respectively**



# Introduction to JB Foods

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# Key Milestones

## 2000 to 2010

- Laying foundations; penetrating the market as a new player with a new brand
- Building the JB Cocoa Brand
- Developing Customer Base

## 2011 to 2017

- Scale operations
- Expand capabilities
- Grow global presence
- Growth strategy – selling to trade houses and end-users

## 2018 to 2021

- Establish global presence
- Begins sustainability efforts, and building momentum
- Broaden international customer base

## 2023 and beyond

- Building capacity
- Enhancing capabilities
- Charting the course for growth

2000



First factory in Malaysia (2002)

2012



IPO listing in Singapore (SGX)

2013 to 2023



- Sales offices in USA/Eastern Europe/Indonesia/ China

- Second factory in Indonesia (2015)



- Third factory in China (2019)

- Incorporation of Switzerland, Estonia, \* Côte'D'Ivoire subsidiaries

- Breaking ground - Fourth factory in Cote'D'Ivoire (2022)

Growing sustainable bean sourcing capabilities



# Key Milestones

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### Shareholders Equity [Net Asset Value (USD' million)]



USD 3



USD 30m



USD 60m



USD 70m



USD 80m



>USD 180m



### Production (Grinding Capacity)

30,000 MT



60,000 MT



85,000 MT



145,000 MT

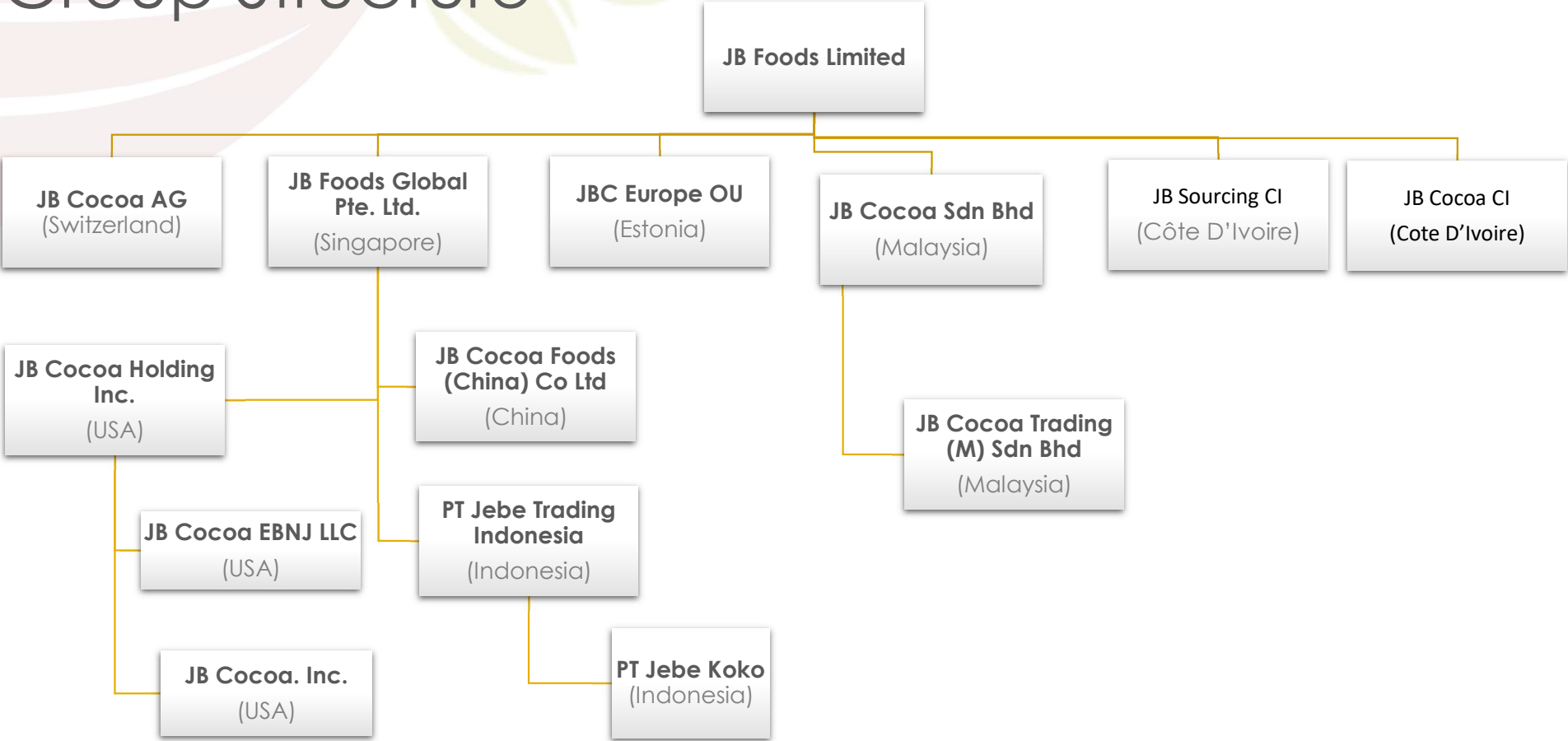


180,000 MT





# Group Structure



Except Indonesia subsidiaries which is 99.9% owned, all other subsidiaries are 100% wholly-owned by the Group.



# Raw Materials & Our Products

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



Cocoa Beans



Cocoa Mass



Cocoa Powder



Cocoa Butter




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# Our Global Presence



Q4, 2024

 <b>Manufacturing &amp; Warehouse Facilities</b>	▶ Asia: 3 ▶ Europe: 1 ▶ Africa: 1	<b>Regional Sales Offices &amp; Sourcing Centre</b> ▶ Asia: 3 ▶ Europe: 2 ▶ America: 2 ▶ Africa: 3	<b>Worldwide Headcount: 750</b> ▶ Asia: 700 ▶ America, Europe & Africa: 50
	▶ Asia: 3 ▶ Europe: 1 ▶ Africa: 1		



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# Business Performance Review

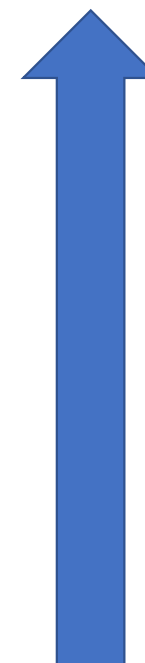
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# Financial Highlights — At A Glance

<b>(In US\$'000)</b>	<b>FY2022</b>	<b>FY2021</b>	<b>Y-on-Y Change</b>
Revenue	509,630	448,763	13.6%
EBITDA	33,690	29,550	14.0%
PAT	16,684	13,850	20.5%
	<b>FY2022</b>	<b>FY2021</b>	<b>Y-on-Y Change</b>
ROE (%)	9.6%	8.6%	12.5%
Dividend payout	25%	24%	3.3%
EPS (US cents)	5.5	4.6	19.6%
NAV per share (US cents)	59.2	55.0	7.5%
Net gearing (times)	0.87	1.08	19.6%



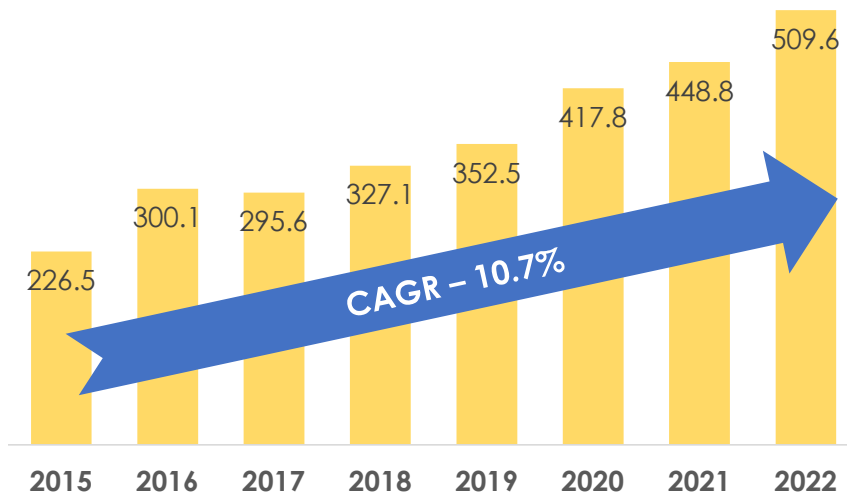
# Sales by Region/Country

Revenue	2022		2021		2020	
	USD'000		USD'000		USD'000	
<b>North America</b>	120,432	24%	81,224	18%	94,287	23%
<b>USA</b>	90,391	18%	62,351	14%	73,757	18%
Others	30,041	6%	18,873	4%	20,530	5%
<b>Asia</b>	253,579	50%	209,353	47%	185,461	44%
<b>China</b>	64,996	13%	61,298	14%	50,987	12%
Others	188,583	37%	148,055	33%	134,474	32%
<b>Europe</b>	88,941	17%	105,102	23%	94,936	23%
<b>Russia</b>	62,255	12%	58,506	13%	47,436	11%
Others	26,686	5%	46,596	10%	47,500	12%
<b>Other</b>	46,678	9%	53,084	12%	43,070	10%
	509,630	100%	448,763	100%	417,754	100%

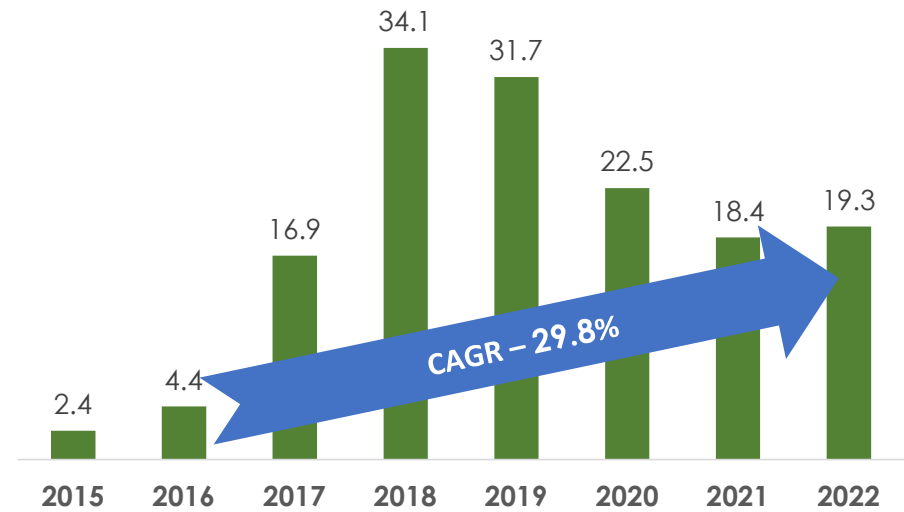
- ▶ USA, China and Russia, remains our top 3 revenue contribution in the last 3 years.
- ▶ The sales contribution for Asia region continue to grow and USA sales remains top contribution to the Group due to stable supply chain situation.
- ▶ Overall sales growth by 13.6% in year 2022

# JB Foods Performance

## Revenue (USD'm)



## PBT (USD'm)



### 2022 Revenue & Profitability - CAGR

- ▶ 8-year CAGR at 10.7% in Revenue
- ▶ 8-year CAGR at 29.8% in Profitability ("PBT")

# JB Foods Banking Trade Facilities

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	USD'mil	USD'mil	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	264.1	281.6
Utilisation	44.4	53.6	87.4	102.6	85.2	101.6	78.5	80.3	168.7	156.5	192.1	138.3
% of unutilised trade credits limits	31%	31%	20%	10%	26%	22%	48%	60%	24%	34%	27%	51%
Bean processing Capacity (MT)	60,000	85,000	85,000	85,000	145,000	145,000	145,000	145,000	180,000	180,000	180,000	180,000

- ▶ Bean processing capacity grew 3.0 times from 60,000MT in 2011 to 180,000MT in 2022
- ▶ Banking trade facilities limit increased 4.4 times from USD65million in 2011 to USD282million in 2022
- ▶ Sufficient headroom for working capital requirement



# Profit and Loss Analysis

(In US\$'000)	FY2022	FY2021	Y-on-Y Change	Notes
<b>Revenue</b>	509,630	448,763	60,867	14% <b>N1</b>
Cost of sales	(461,481)	(422,675)	(38,806)	9% <b>N2</b>
<b>Gross profit</b>	48,149	26,088	22,061	85% <b>N2</b>
<b>GP margin</b>	9.4%	5.8%	-	<b>N2</b>
Interest income	110	92	18	20%
Other gains, net	(926)	12,186	(13,112)	N/M <b>N3</b>
Selling & distribution expenses	(8,661)	(5,269)	(3,392)	-64% <b>N4</b>
Administrative expenses	(12,724)	(11,056)	(1,668)	-15% <b>N5</b>
Finance costs	(6,669)	(3,689)	(2,980)	-81% <b>N6</b>
<b>Profit before tax</b>	19,279	18,352	927	5%
<b>Income tax expenses</b>	(2,595)	(4,502)	1,907	-42%
<b>Profit after tax</b>	16,684	13,850	2,834	20% <b>N2</b>
<b>EBITDA</b>	33,690	29,550	4,140	14%

## Explanatory

- N1** Post Covid, border relaxation, resulting higher shipment volume due to improvement in customer demand.
- N2** Stable supply chain situation, processing profit margin improve to normalise level.
- N3** Other gains (net) of USD12.2million in FY2021 mainly related to one off gain of USD12.8mil (net of tax is USD9.5mil) from the disposal of the investment property in USA. There is no recurring gain on this for FY2022.
- N4** Higher sales, trading, sustainability, supply chain division headcount, sales commission & storage costs as a result of higher shipment volume
- N5** Higher middle management headcount both in the corporate & sustainability division to support the business volume growth, and additional staff health & safety compliance costs to curb the Covid-19.
- N6** Higher finance costs mainly due to increase in financing interest rate.

# Balance Sheet Analysis

	2022	2021			2022	2021	Variance		
<u>Extract of Balance sheet</u>	USD'000	USD'000	Variance		USD'000	USD'000			
<b>Non-current assets</b>	<b>123,423</b>	<b>109,844</b>	<b>13,579</b>	12%	<b>(258,263)</b>	<b>(259,107)</b>	<b>844</b>	0%	
PPE	99,828	94,117	5,711	6% <b>N1</b>	Trade payables	(26,748)	(28,388)	1,640	-6%
Investment property	7,599	7,984	(385)	-5%	Other payables	(11,399)	(7,443)	(3,956)	53%
Intangible assets	2,210	2,914	(704)	-24%	Tax payable	(1,999)	(3,629)	1,630	-45%
Right-of-use assets	12,664	4,553	8,111	178% <b>N2</b>	Lease liabilities	(2,798)	(16)	(2,782)	17388% <b>N2</b>
Other	1,122	276	846	307%	Derivative instruments	(59,909)	(26,575)	(33,334)	125% <b>N6</b>
					Borrowings	(155,410)	(193,056)	37,646	-20%
<b>Current assets</b>	<b>347,786</b>	<b>338,575</b>	<b>9,211</b>	3%	Trade financing	(135,633)	(189,214)	53,581	-28% <b>N7</b>
Inventories	181,534	224,622	(43,088)	-19% <b>N3</b>	Term loan/Sukuk	(19,777)	(3,842)	(15,935)	415% <b>N8</b>
Trade receivables	62,156	49,249	12,907	26% <b>N4</b>	<b>Non-Current liabilities</b>	<b>(33,557)</b>	<b>(22,437)</b>	<b>(11,120)</b>	50%
Other receivable, deposit, prepayment	20,155	12,635	7,520	60% <b>N5</b>	Deferred tax liabilities	(7,544)	(6,940)	(604)	9%
Derivative instruments	62,339	24,138	38,201	158% <b>N6</b>	Lease liabilities	(3,841)	-	(3,841)	100% <b>N2</b>
Cash and cash equivalent	21,602	27,931	(6,329)	-23%	Borrowings	(21,382)	(14,368)	(7,014)	49% <b>N8</b>
					Other	(790)	(1,129)	339	-30%
<b>Total Assets</b>	<b>471,209</b>	<b>448,419</b>	<b>22,790</b>	5%	<b>Total Liabilities</b>	<b>(291,820)</b>	<b>(281,544)</b>	<b>(10,276)</b>	4%
					<b>Total equity</b>	<b>179,389</b>	<b>166,875</b>	<b>12,514</b>	7%

## Explanatory

<b>N1</b>	Additional CAPEX in Malaysia, Indonesia and Ivory Coast.
<b>N2</b>	Increase due to leasehold land rights extension in Malaysia.
<b>N3</b>	Lower finished goods inventory due to stable supply chain situation and improvement in demand.
<b>N4</b>	Higher shipment volume towards last quarter resulting higher trade receivables
<b>N5</b>	Deposits payments to supplier for projects in Malaysia & Ivory Coasts
<b>N6</b>	Higher hedging requirement for forward sales and purchase contracts.
<b>N7</b>	Lower trade bills utilisation due to lower working capital requirement in inventory.
<b>N8</b>	Higher borrowings due to the RM100million Sukuk Issuance (USD23mil)

# Cash Flow Analysis

<b>Extract of Cash Flow Statement</b>	<b>2022</b>		<b>2021</b>		<b>Changes</b>	<b>Explanatory</b>
	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>		
Operating cash flows before working capital changes	33,945	16,736	17,209			Strong improvement in operations inflows mainly due to reduction in the inventories and processing margin
Changes in working capital	21,465	(40,542)	62,007			
Income tax paid, net	(6,174)	(2,471)	(3,703)			
<b>Net operating cash flows</b>	<b>49,236</b>	<b>(26,277)</b>	<b>75,513</b>			
Net Investing cash flow	(13,814)	9,418	(23,232)			
<b>CAPEX</b>			-			
Malaysia	(7,270)	(6,015)	(1,255)			Upgrading of manufacturing plant facilities
Indonesia	(1,238)	(110)	(1,128)			
Others	(5,306)	15,543	(20,849)			Mainly incur on construction in progress for Ivory Coast
<b>Free Cash Flow</b>	<b>35,422</b>	<b>(16,859)</b>	<b>52,281</b>			
Net financing cash flows	(41,812)	23,958	(65,770)			
Net movement WC financing	(60,956)	28,555	(89,511)			Strong operating cashflows and early settlement of trade bills financing
Net movement in TL & lease	(199)	(735)	536			
Proceeds from Sukuk	22,679	-	22,679			Proceeds of issuance of RM100mil Sukuk
Dividend paid	(3,336)	(3,862)	526			
<b>Net Cash Movement</b>	<b>(6,390)</b>	<b>7,099</b>	<b>(13,489)</b>			
Cash at end of year	20,391	27,481	(7,090)			



# Competitive Strengths & Strategies

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# Competitive Strengths

## Loyal and supportive international customer base

- ▶ F&B multinational corporations, such as Mars, Nestle, Mondelez and Hersheys Group, which are our long standing customers

## Strong Key Management Team

- ▶ Efficient and nimble decision making
- ▶ Attuned and adaptive to industry trends and market movements. Digitalisation & Automation
- ▶ Management – strong experience in cocoa industry

## Customised solutions and product development capabilities

- ▶ Capability to customise cocoa ingredient products, in particular, cocoa powder to suit customers' requirement
- ▶ End-to-end cocoa ingredient provider with a commitment to product development and quality

## Technical competence

- ▶ Proven capability to build world class cocoa processing factories that are strategically located to efficiently manage end-to-end logistical demands dexterously

# Growth Strategy

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# Our Growth Strategy





# Key Takeaways

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# Key Takeaways

- ▶ Cocoa terminal prices remains volatile (weather, crops yield, supply & demand from grinding and consumptions)
- ▶ Headwinds and uncertainty in macro-environment and effect of Russia-Ukraine conflict
- ▶ Balanced business growth strategy
  - ▶ Expanding and widening our existing customer base regionally and continuing to explore new customers
  - ▶ Building end-to-end supply chain solutions; VMI arrangement with key customers to grow the business volume
  - ▶ Focusing on cost efficiency, and optimising factory utilisation
  - ▶ Enhancing and expanding our sustainability framework
- ▶ Align business growth strategy towards ESG compliance and sustainability framework

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**ANNUAL GENERAL MEETING**  
Shareholders Presentation  
26 April 2023

Thank You



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