

JB Foods Limited

10th ANNUAL GENERAL MEETING



28 April 2022

JBfoods



JB COCOA



Defining Trust

Disclaimer

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

Outline

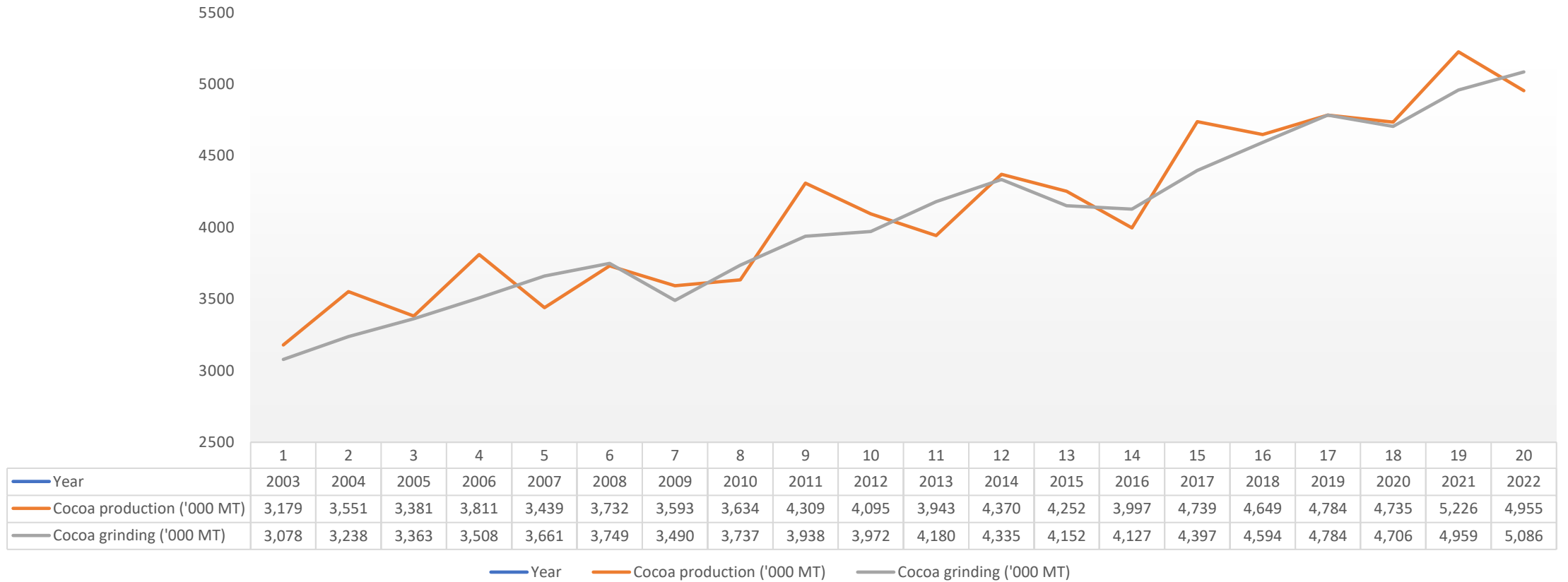
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Cocoa Bean Grinding & Production Statistics



Cocoa Bean Grinding & Production



Cocoa bean production & grinding from 2003 to 2022 (Source: ICCO Quarterly Bulletin of Cocoa Statistic published on 28 Feb 2022)

- ▶ Bean production: **20-year and 10-year CAGR is 2.56% and 2.24% respectively**
- ▶ Bean grinding: **20-year and 10-year is 3.11% and 2.54% respectively**



Introduction to JB Foods



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

2022 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 2022



▪ 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



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 165m



Production (Grinding Capacity)

30,000 MT



60,000 MT



85,000 MT



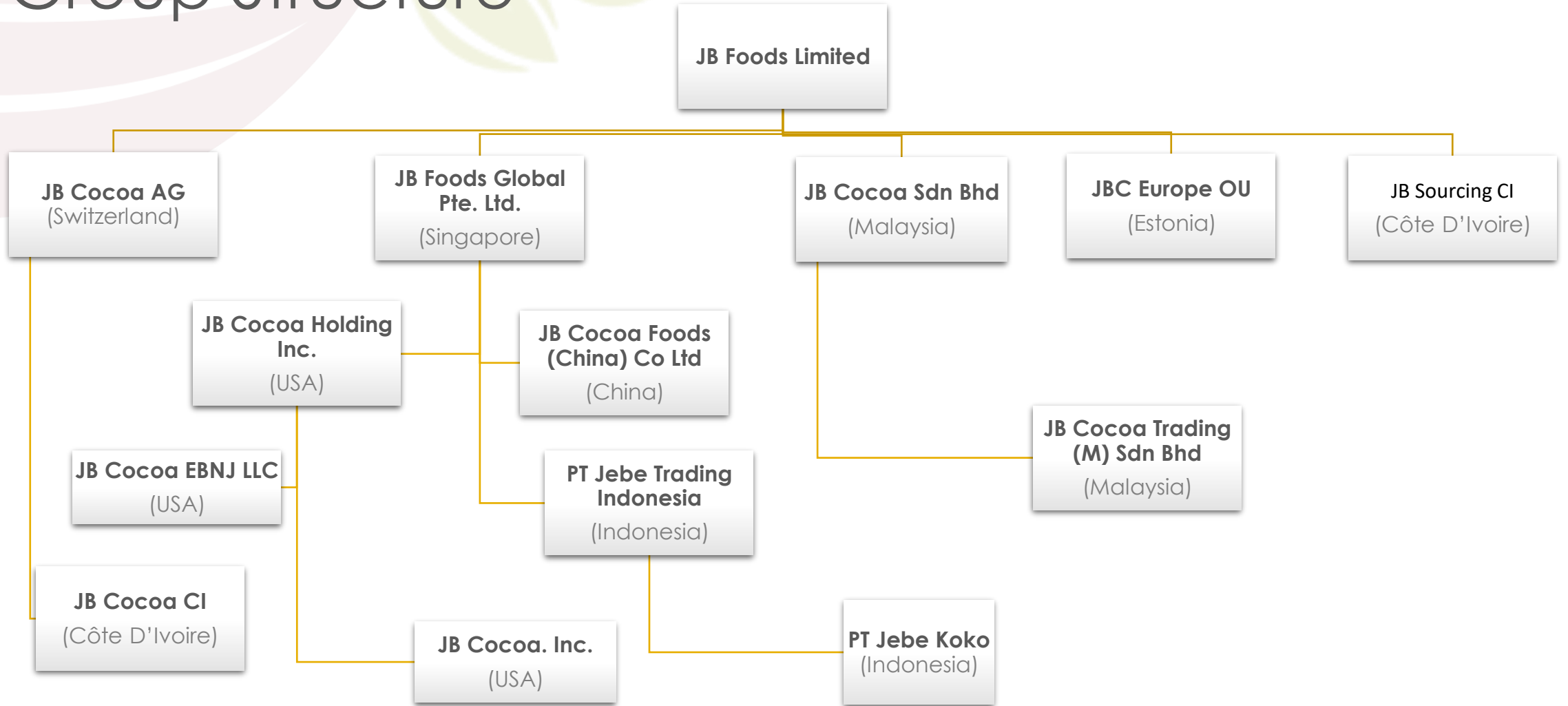
145,000 MT



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



Our Global Presence



	Manufacturing & Warehouse Facilities ▶ Asia: 3 ▶ Europe: 1	Regional Sales Offices & Sourcing Centre ▶ Asia: 3 ▶ Europe: 1 ▶ America: 1 ▶ Africa: 1	Worldwide Headcount: 680 ▶ Asia: 650 ▶ America, Europe & Africa: 30
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Business Performance Review



Financial Highlights — At A Glance

(In US\$'000)	FY2021	FY2020	Y-on-Y Change
Revenue	448,763	417,754	7.4%
EBITDA	29,650	34,256	-13.4%
PAT	13,850	19,406	-28.6%
	FY2021	FY2020	Y-on-Y Change
ROE (%)	8.6%	13.0%	-34.3%
Dividend payout	24.2%	22.6%	7.1%
EPS (US cents)	4.6	6.4	-28.1%
NAV per share (US cents)	55.04	51.64	6.6%
Net gearing (times)	1.08	0.99	8.4%

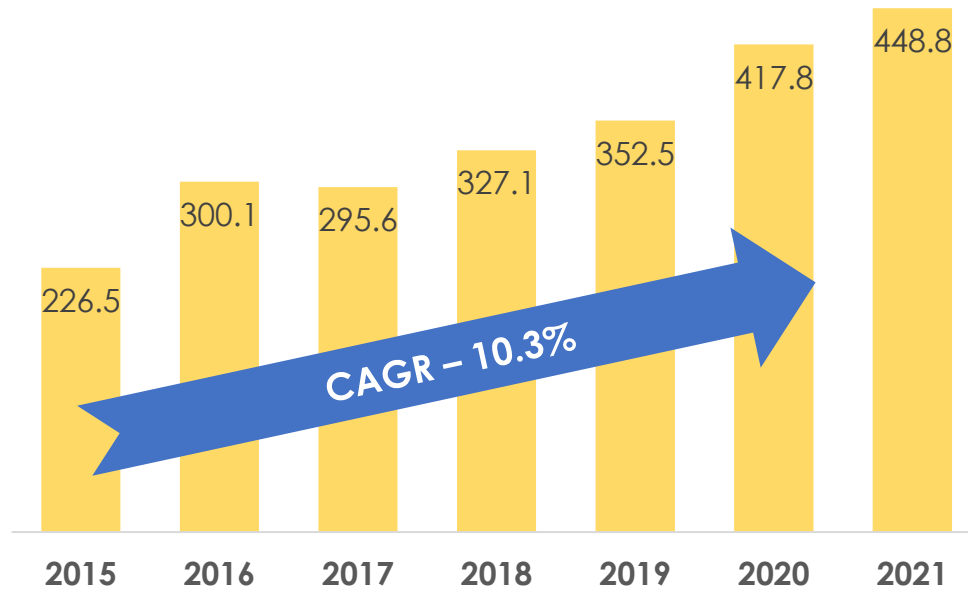
Sales by Region/Country

	2021		2020		2019	
Revenue	USD'000		USD'000		USD'000	
North America	81,224	18%	94,287	23%	94,277	27%
USA	62,351	14%	73,757	18%	83,479	24%
Others	18,873	4%	20,530	5%	10,798	3%
Asia	209,353	47%	185,461	44%	135,236	38%
China	61,298	14%	50,987	12%	33,363	9%
Others	148,055	33%	134,474	32%	101,873	29%
Europe	105,102	23%	94,936	23%	90,800	26%
Russia	58,506	13%	47,436	11%	51,311	15%
Others	46,596	10%	47,500	12%	39,489	11%
Other	53,084	12%	43,070	10%	32,181	9%
	448,763	100%	417,754	100%	352,494	100%

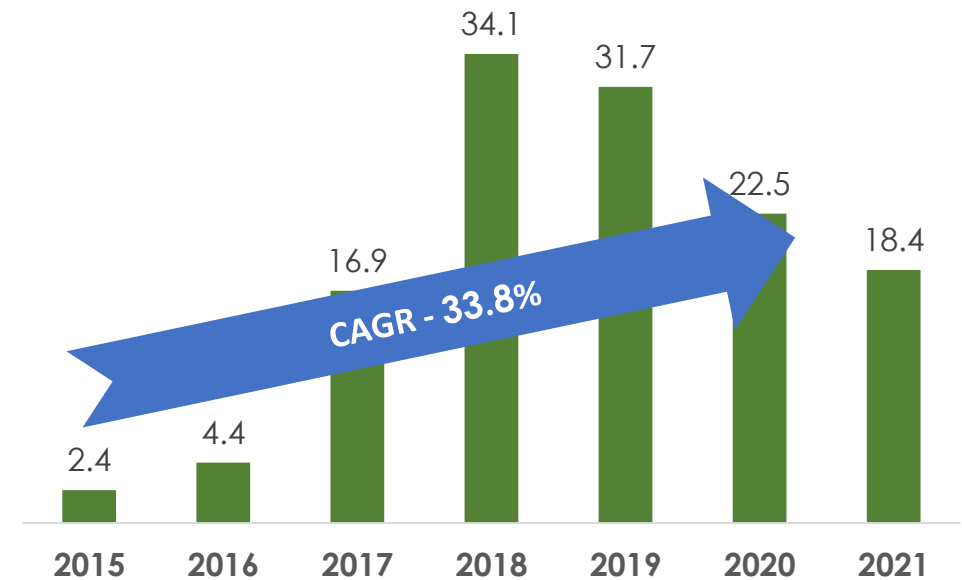
- ▶ USA, China and Russia, remains our top 3 revenue contribution in the last 3 years.
- ▶ Due to surge in ocean freight rates, our pricing to USA is not competitive and drop in revenue. The sales contribution for Asia region and other region, such as Middle East has increased.
- ▶ Overall sales growth by 7% in year 2021

JB Foods Performance

Revenue (USD'm)



PBT (USD'm)



2020 Revenue & Profitability - CAGR

- ▶ 7-year CAGR at 10.3% in Revenue
- ▶ 7-year CAGR at 33.8% in Profitability ("PBT")

JB Foods Banking Trade Facilities

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
	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
Utilisation	44.4	53.6	87.4	102.6	85.2	101.6	78.5	80.3	168.7	156.5	181.6

% of unutilised trade credits limits	31%	31%	20%	10%	26%	22%	48%	60%	24%	34%	31%
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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
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- ▶ Bean processing capacity grew 3.0 times over 10 years from 60,000MT in 2011 to 180,000MT in 2021
- ▶ Banking trade facilities limit increased 4.1 times over 10 years from USD65million in 2011 to USD264million in 2021
- ▶ Sufficient headroom for working capital requirement



Profit and Loss Analysis

(In US\$'000)	FY2021	FY2020	Y-on-Y Change	Notes
Revenue	448,763	417,754	31,009	7% N1
Cost of sales	(422,675)	(373,921)	(48,754)	13% N2
Gross profit	26,088	43,833	(17,745)	-40% N2
GP margin	5.8%	10.5%	-4.7%	N2
Interest income	92	131	(39)	-30%
Other gains, net	12,186	(2,084)	14,270	-685% N3
Selling & distribution expenses	(5,269)	(4,435)	(834)	19% N4
Administrative expenses	(11,056)	(10,058)	(998)	10% N5
Finance costs	(3,689)	(4,910)	1,221	-25%
Profit before tax	18,352	22,477	(4,125)	-18%
Income tax expenses	(4,502)	(3,071)	(1,431)	47%
Profit after tax	13,850	19,406	(5,556)	-29% N2
EBITDA	29,650	34,256	(4,606)	-13%

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	Surge in ocean freight rates (ocean freight costs higher by 4.8times or USD14.0mil from USD3.7mil in FY2020 to USD17.7mil in FY2021) and trucking costs due to disruption in global supply chain. Coupled with higher fixed direct overhead costs, such as depreciation due to lower utilisation of factory processing capacity, hence, resulting in a lower gross profit, gross profit margin and net profit.
N3	Other gains (net) of USD12.2million mainly related to one off gain of USD12.8mil (net of tax is USD9.5mil) from the disposal of the investment property in USA.
N4	Higher sales, trading, 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.

Cash Flow Analysis

	2021 USD'000	2020 USD'000	Changes
Operating cash flows before working capital changes	15,211	39,375	(24,164)
Changes in working capital	(39,017)	(166)	(38,851)
Income tax paid, net	(2,471)	(3,449)	978
Net operating cash flows	(26,277)	35,760	(62,037)
Net Investing cash flow	9,418	(24,344)	33,762
CAPEX			-
Malaysia	(6,015)	(21,654)	15,639
Indonesia	(110)	(264)	154
China	(243)	(951)	708
Others	15,786	(1,475)	17,261
Free Cash Flow	(16,859)	11,416	(28,275)
Net financing cash flows	24,009	(8,034)	32,043
Net movement WC financing	28,433	(17,625)	46,058
Net movement in TL & lease	(735)	14,530	(15,265)
Dividend paid	(3,689)	(4,939)	1,250
Net Cash Movement	7,150	3,382	3,768
Cash at end of year	27,481	19,950	7,531

Explanatory

Higher outflow in changes in working capital mainly due to increased in the inventories due to global supply chain disruption.

Building extension and new machinery

Net proceeds of USD16.7mil (net of professional fee) from disposal of USA property

Higher trade bills utilisation due to higher working capital requirement for inventories.



JB Cocoa

Competitive Strengths & Strategies



JB Cocoa Competitive Strengths

Loyal and supportive international customer base

- ▶ F&B multinational corporations, such as Mars, Nestle, Mondelez and Hersheys Grou, 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

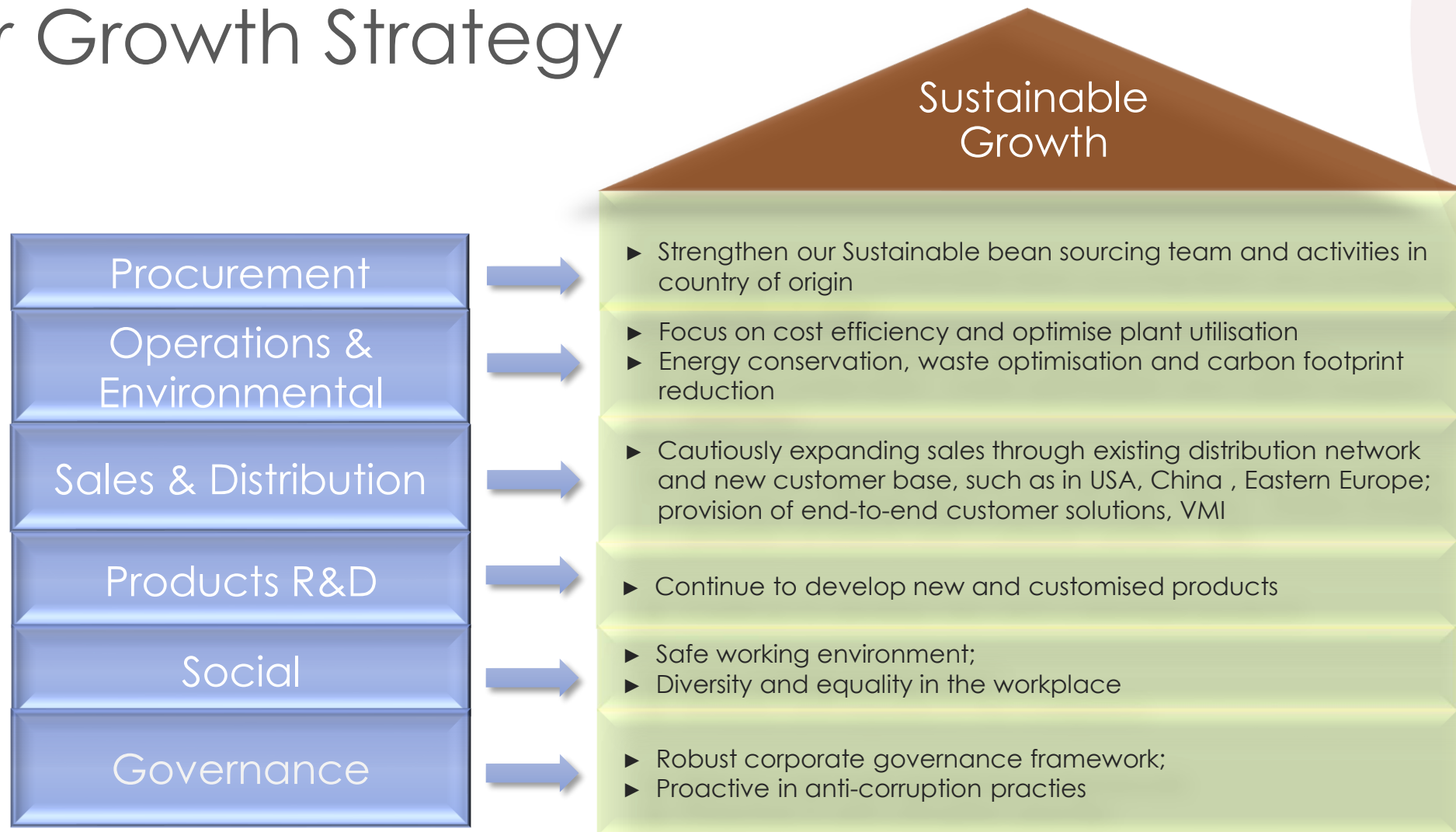
Technical competence

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

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 supply & demand due to Covid-19 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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Shareholders Presentation
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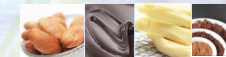
Thank You



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