



AGM

30 April 2018

Shareholders' Presentation





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



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.



Overview



Overview

- Over the last few years, we have undertaken strategic initiatives to adapt our business model and expand our organization steadily, either closer to our customers or suppliers.

2014 – Setting up trading office in USA and Indonesia (closer to customer)

2015 – Exercised call option, acquisition of Indonesia cocoa processing plant (closer to bean supplies)

2016 – Acquisition of industrial land and setting up office in China (closer to customer)

- Amongst other changes, we have:

Reviewed and trimmed underperform products and at the same time, developing our new products

Strengthened our management team and organization

Changing our routes-to-market directly to end customer



Group Financial Highlights



Group Financial Highlights – At a glance

(In US\$'000)	FY2017	FY2016	Y-on-Y Change
Revenue	295,625	300,564	-2%
Gross profit	31,890	13,585	135%
EBITDA	24,084	11,248	114%
PBT	16,896	4,386	285%
	FY2017	FY2016	Y-on-Y Change
ROE (%)	17%	5%	231%
Dividend payout	24%	22%	11%
EPS (US cents)	6.2	1.7	265%
NAV per share (US cents)	36.99	32.50	14%
Net gearing (times)	0.75	1.28	-41%



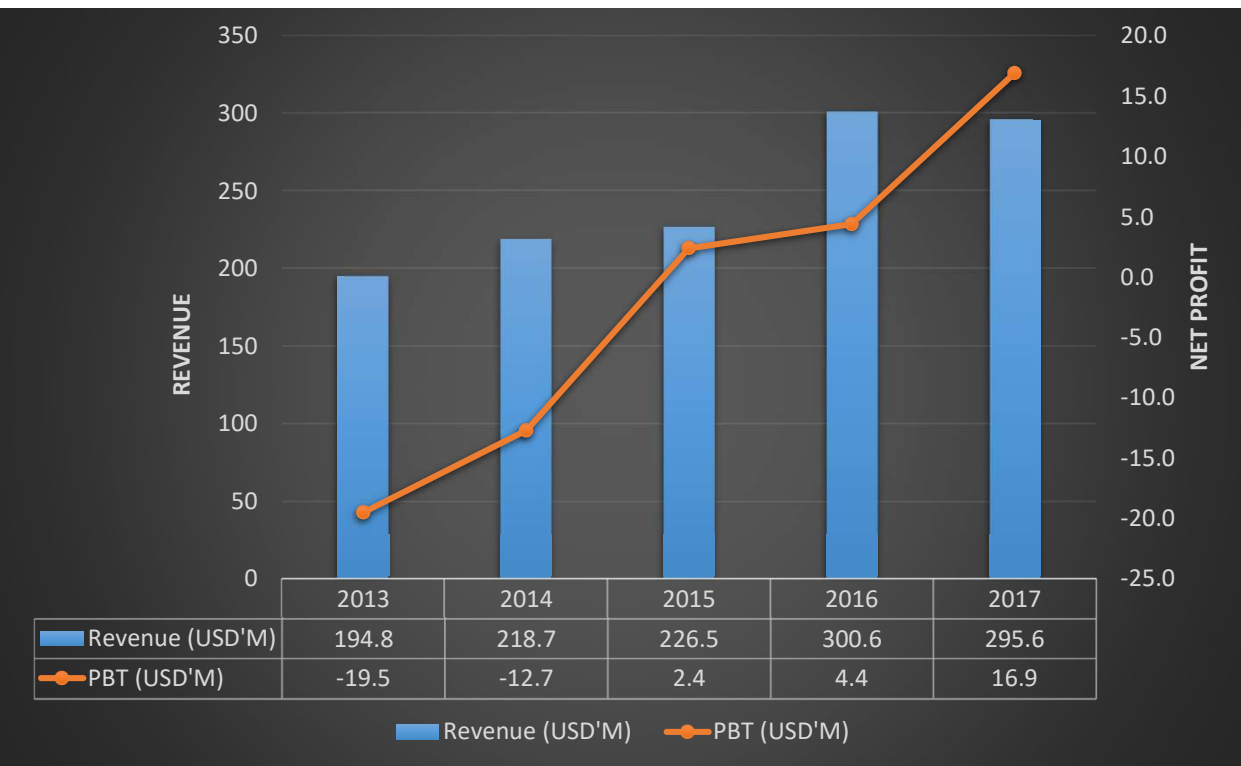
Sales by Region/ Country

	2017		2016		2015	
Revenue (shipment)	USD'000		USD'000		USD'000	
America	74,665	25%	77,576	26%	39,990	18%
USA	67,749	23%	59,233	20%	36,907	16%
Others	6,916	2%	18,343	6%	3,083	1%
Asia	131,749	45%	129,983	43%	128,526	57%
China	34,535	12%	31,732	11%	27,374	12%
Others	97,214	33%	98,251	33%	101,152	45%
Europe	60,671	21%	67,656	23%	37,331	16%
Other	28,540	10%	25,349	8%	20,688	9%
	295,625	100%	300,564	100%	226,535	100%

- USA and China has consistently contributed 10% above of Group's revenue in the last 3 years



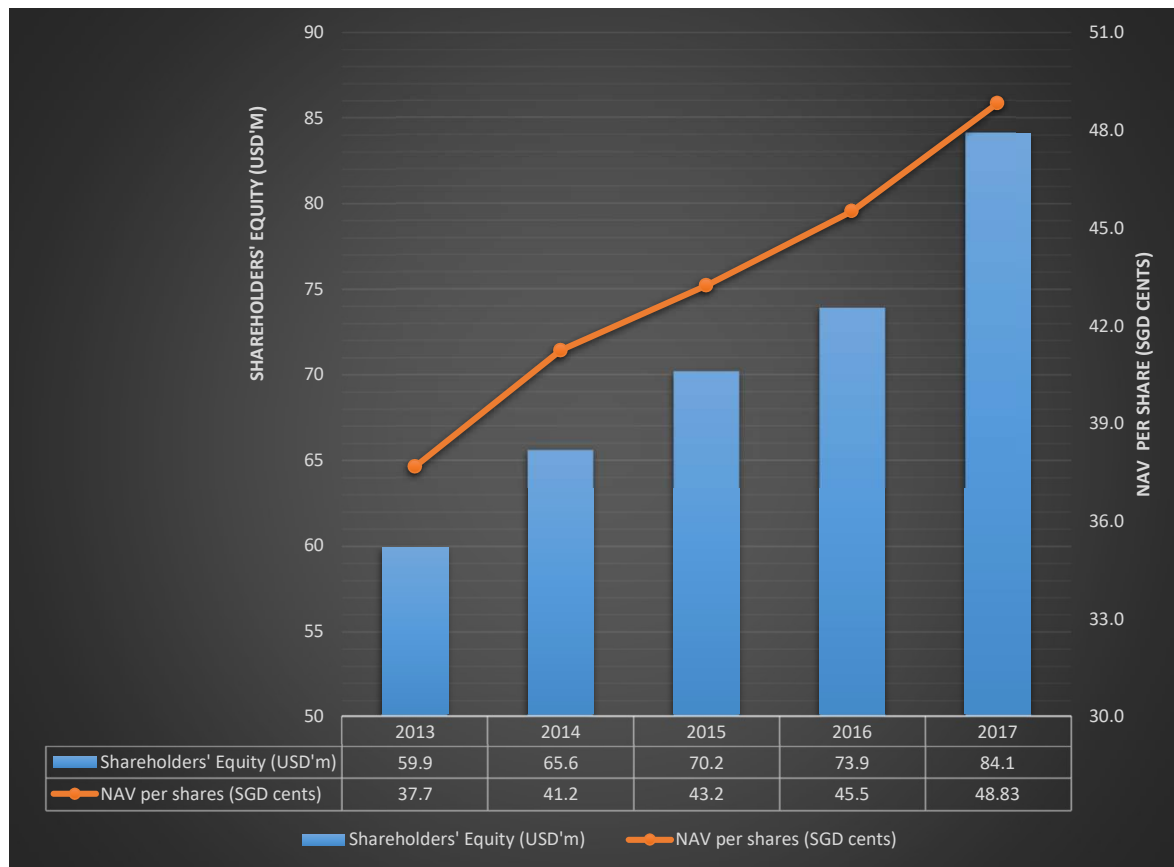
Strong growth in sales volume and profit



- Revenue drop 2% y-on-y due to the past-through effect of lower cocoa bean prices in 2017, however, sales volume rose 17%
- PBT grew 285% y-on y driven by higher sales volume and improvement in processing margin



Strong financial position



- Well-capitalised with shareholders' equity at USD84m (approximately SGD111m) as at 31.12.17. (Exchange rate of USD to SGD: 1.32)
- Share price of SGD0.545 (as at 27 Apr 18), market capitalization of SGD165m.



Profit and Loss Analysis

(In US\$'000)	FY2017	FY2016	Y-on-Y Change	Explanatory
Revenue	295,625	300,564	(4,939)	-2% N1
Cost of sales	(263,735)	(286,979)	23,244	-8%
Gross profit	31,890	13,585	18,305	135% N2
Interest income	114	77	37	48%
Other gains, net	(1,725)	3,259	(4,984)	-153%
Foreign exchange gains, net	(1,897)	2,818	(4,715)	-167% N3
Rental income	397	321	76	24%
Others	(225)	120	(345)	-288%
Selling & distribution expenses	(4,510)	(4,189)	(321)	8% N4
Administrative expenses	(6,382)	(5,970)	(412)	7% N5
Finance costs	(2,491)	(2,376)	(115)	5% N6
Profit before tax	16,896	4,386	12,510	285% N2
EBITDA	24,084	11,248	12,836	114% N2

Explanatory

- N1** Lower average selling price, and offset by the increase in sales volume by 17%
- N2** Driven by the higher sales volume, and improvement in processing margin
- N3** Revaluation FX losses of GBP net financial liabilities due to strengthening of GBP against USD in FY2017
- N4** Higher export freight and handling costs driven by higher product shipment volume
- N5** Higher employee benefits costs in line with better performance in FY2017
- N6** Higher finance costs mainly due to higher borrowing cost of funds



Balance Sheet Analysis

	2017	2016				2017	2016		
<u>Extract of Balance sheet</u>	USD'000	USD'000	Variance	Remarks	<u>Extract of Balance sheet</u>	USD'000	USD'000	Variance	Remarks
<u>Non-current assets</u>	63,245	59,843			<u>Current liabilities</u>	(110,634)	(128,359)		
Property, P&M	55,611	52,709	2,902	6%	Trade payables	(19,505)	(21,150)	1,645	-8%
Investment property	4,003	4,045	(42)	-1%	Other payables	(9,263)	(5,578)	(3,685)	66% N2
Other	3,631	3,089	542	18%	Dividend payable	(3,405)	-	(3,405)	100% N3
					Borrowings	(78,461)	(101,631)	23,170	-23%
<u>Current assets</u>	134,370	143,827			Trade financing	(78,461)	(99,557)	21,096	-21% N4
Inventories	83,216	95,795	(12,579)	-13% N1	Term loan	-	(2,074)	2,074	-100%
Trade receivables	29,277	36,505	(7,228)	-20%	<u>Non-Current liabilities</u>	(2,857)	(1,384)		
Other receivable, deposit, prepayment	6,236	4,408	1,828	41%	Deferred tax liabilities	(2,034)	(738)	(1,296)	176%
Cash and cash equivalent	15,641	7,119	8,522	120%	Other	(823)	(646)	(177)	27%
					Total Liabilities	(113,491)	(129,743)		
Total Assets	197,615	203,670			Total equity	84,124	73,927	10,197	14%

Explanatory

- N1** Lower cocoa bean prices
- N2** Higher accrued employee benefits expenses.
- N3** Interim dividend for FY2017, paid on 2 Mar 18.
- N4** Lower cocoa bean prices resulting in lower utilisation



Cash Flow Analysis

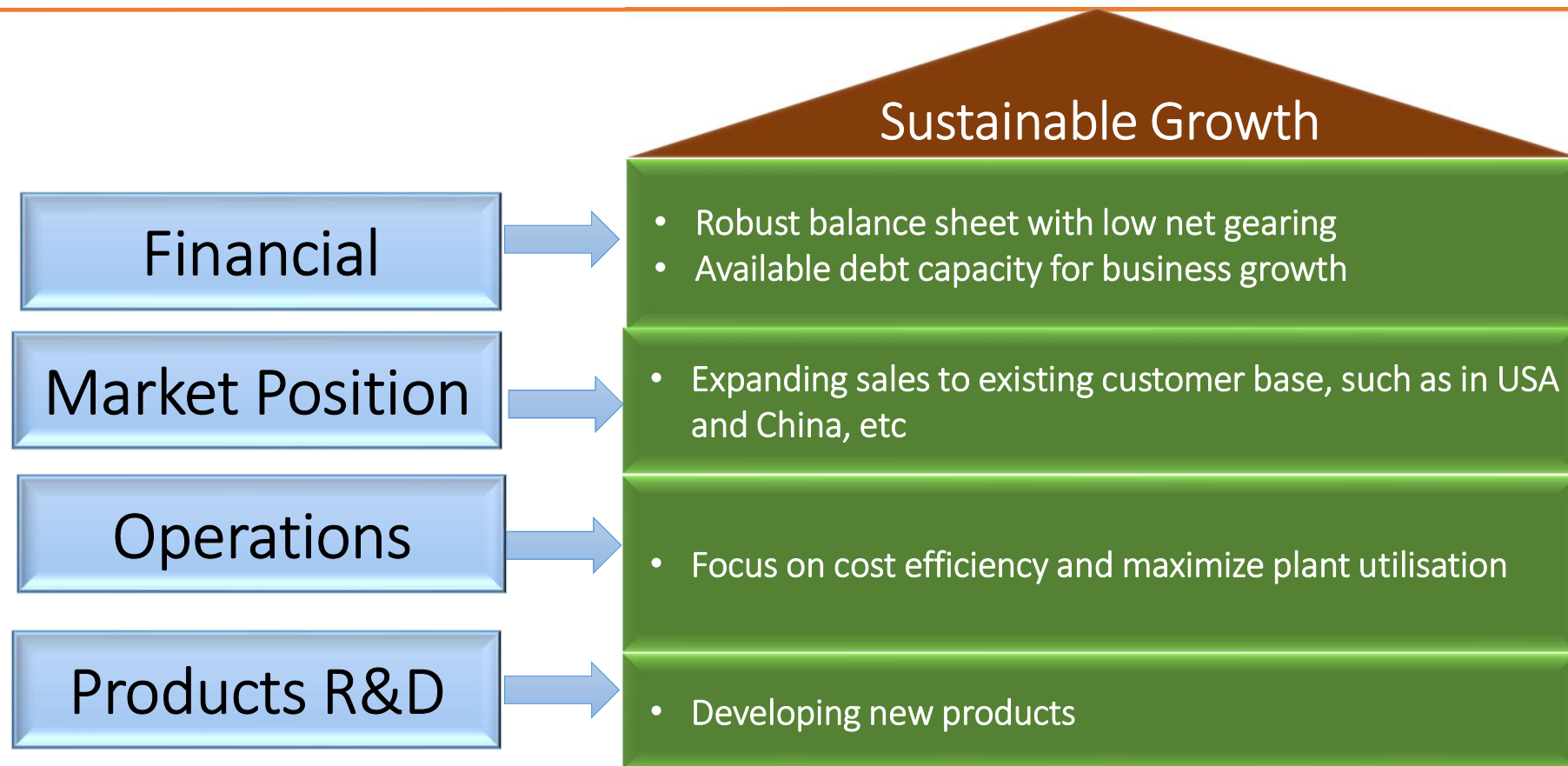
Extract of Cash Flow Statement	2017	2016	Explanatory
	USD'000	USD'000	
Operating cash flows before working capital changes	23,756	13,214	Lower cocoa bean prices. Improvement in working capital management
Changes in working capital	19,647	(19,744)	
Income tax paid, net	(595)	(91)	
Net operating cash flows	42,808	(6,621)	
Net Investing cash flow	(7,727)	(3,323)	Mainly in China, Malaysia and Indonesia
CAPEX	(7,344)	(3,859)	
Others	(383)	536	
Free Cash Flow	35,081	(9,944)	
Net financing cash flows	(26,547)	9,642	Surplus cash repayment WC financing Fully paid down Indonesia factory TL Note - SGD4.5mil paid out on 2 Mar 18
Net movement WC financing	(23,587)	11,702	
Net movement in TL & lease	(2,145)	(2,060)	
Dividend payment	(815)	-	
Net Cash Movement	8,534	(302)	
Cash at end of year	15,641	7,119	



Sustainable Business Model



Developing Our Global Market Position





JB Foods' Competitive Strengths

Competitive cost structure

- Management focus on lean management and low overhead costs structure

Management focus

- Efficient and nimble decision making
- Focus on product development 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



Our Products and Processing Plants



Our Products



Cocoa Beans

Cocoa Liquor/Mass



Cocoa Cake

Cocoa Powder



Cocoa Butter





PTP, Johor, Malaysia Cocoa Processing Plant



JB COCOA

- 85,000mt bean equivalent processing facility
- Commenced operations in 2003





Surabaya, Indonesia Cocoa Processing Plant



JeBe Koko

- 60,000mt bean equivalent processing facility
- Commenced operations in 2013



Key Takeaways



Key Takeaways

- Industry at healthy growth
- Cocoa terminal prices remains volatile (weather, crops yield, supply & demand from grinding and consumptions)
- 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

Shareholders' Presentation

