

# AGM Shareholders' Presentation



**30 April 2019**



# 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.

# Outline

- ▶ Cocoa Bean Grinding and Production Statistics Pg. 5
  - ▶ Introduction
    - ▶ Milestones Pg. 7
    - ▶ Group Structure Pg. 8
    - ▶ Management team Pg. 9
    - ▶ Our Products Pg. 10
    - ▶ Global Presence Pg. 11 to 17
  - ▶ Business Performance Review
    - ▶ Financials Pg. 19 to 26
  - ▶ JB Sustainability team
    - ▶ Indonesia Pg. 28
  - ▶ JB Strength, Expansion & Strategy
    - ▶ Competitive strength Pg. 30
    - ▶ Growth Strategy Pg. 32
  - ▶ Key Takeaways Pg. 34
- 



**JBCOcoa**

# Cocoa Bean Grinding & Production Statistic

# Cocoa bean grinding and production



Cocoa bean grinding and production trend from 2000 to 2019 (2019 is forecast figure from ICCO)

- 20 yrs and 10 yrs CAGR for bean grinding is 2.48% and 2.61% respectively , equivalent to about 120,000MT per year.
- 20 yrs and 10 yrs CAGR for bean production is 2.37% and 3.14% respectively, equivalent to about 150,000MT per year. 5



JBCOCHA

# Introduction of JB Foods



JBCOCOA

# Milestones



JB Cocoa  
1<sup>st</sup> factory -  
Malaysia

JB Cocoa  
IPO in Singapore

**Trading offices**  
USA/Eastern Europe/Indonesia  
**2<sup>nd</sup> Factory - Indonesia**

Completion of 3<sup>rd</sup> factory –  
China.  
Incorporation of  
Switzerland, Estonia  
subsidiary.

**Incorporation of  
Cote D'Ivoire  
subsidiary**

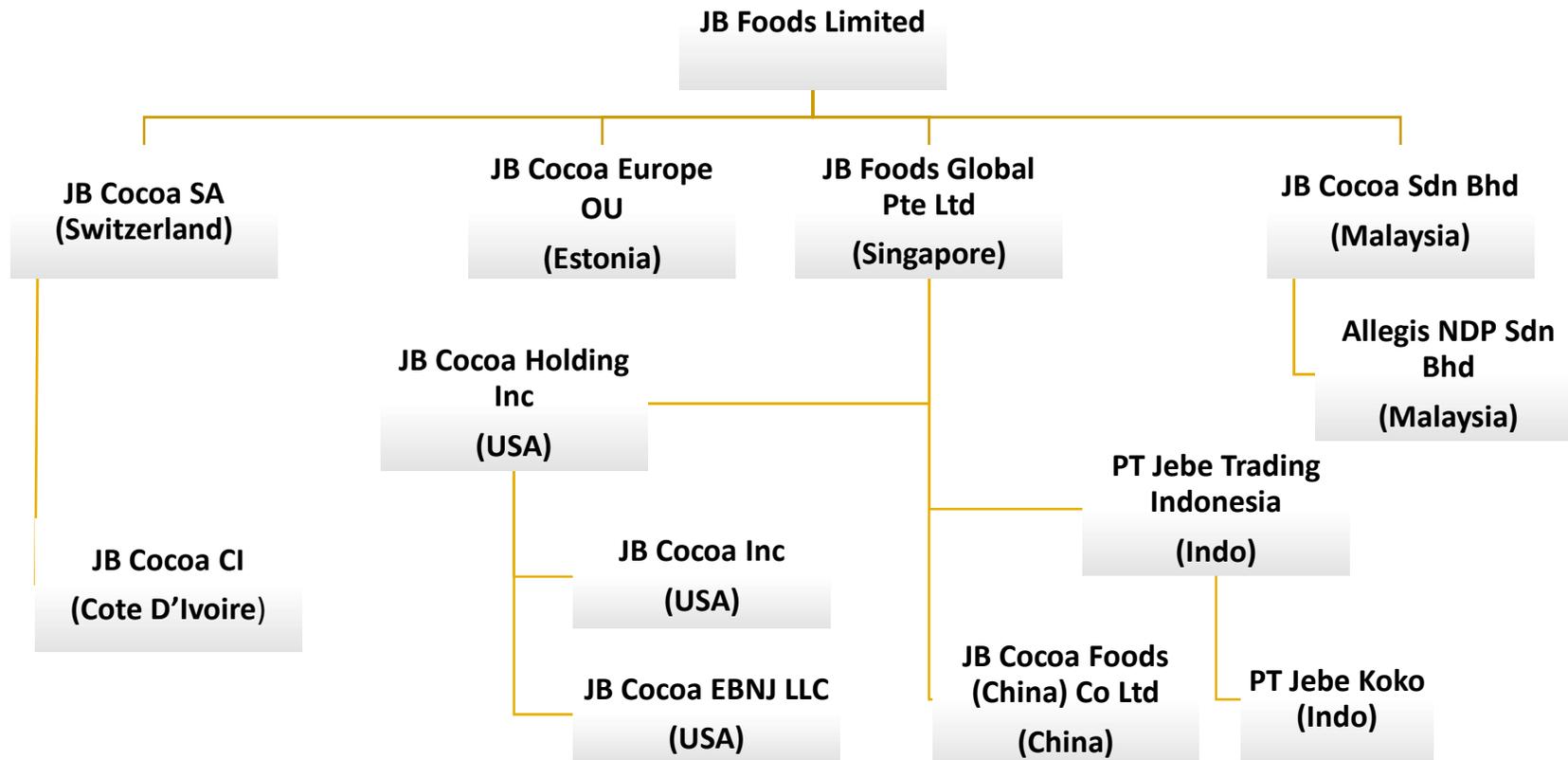
## Shareholders' Equity



## Production Capacity



# Group Structure



# Directors and Management Teams





# Our Products

---



# JB COCOA SDN BHD (MALAYSIA)



**Land Size :**  
**64,000m<sup>2</sup>**



**Build-up :**  
**35,000m<sup>2</sup>**



**Capacity :**  
**120,000MT**



# PT **JEBE** KOKO (INDONESIA)



**Land Size :**  
**20,000m<sup>2</sup>**



**Build-up :**  
**12,000m<sup>2</sup>**



**Capacity :**  
**60,000MT**



# JB COCOA (CHINA)



Land Size :  
20,000m<sup>2</sup>



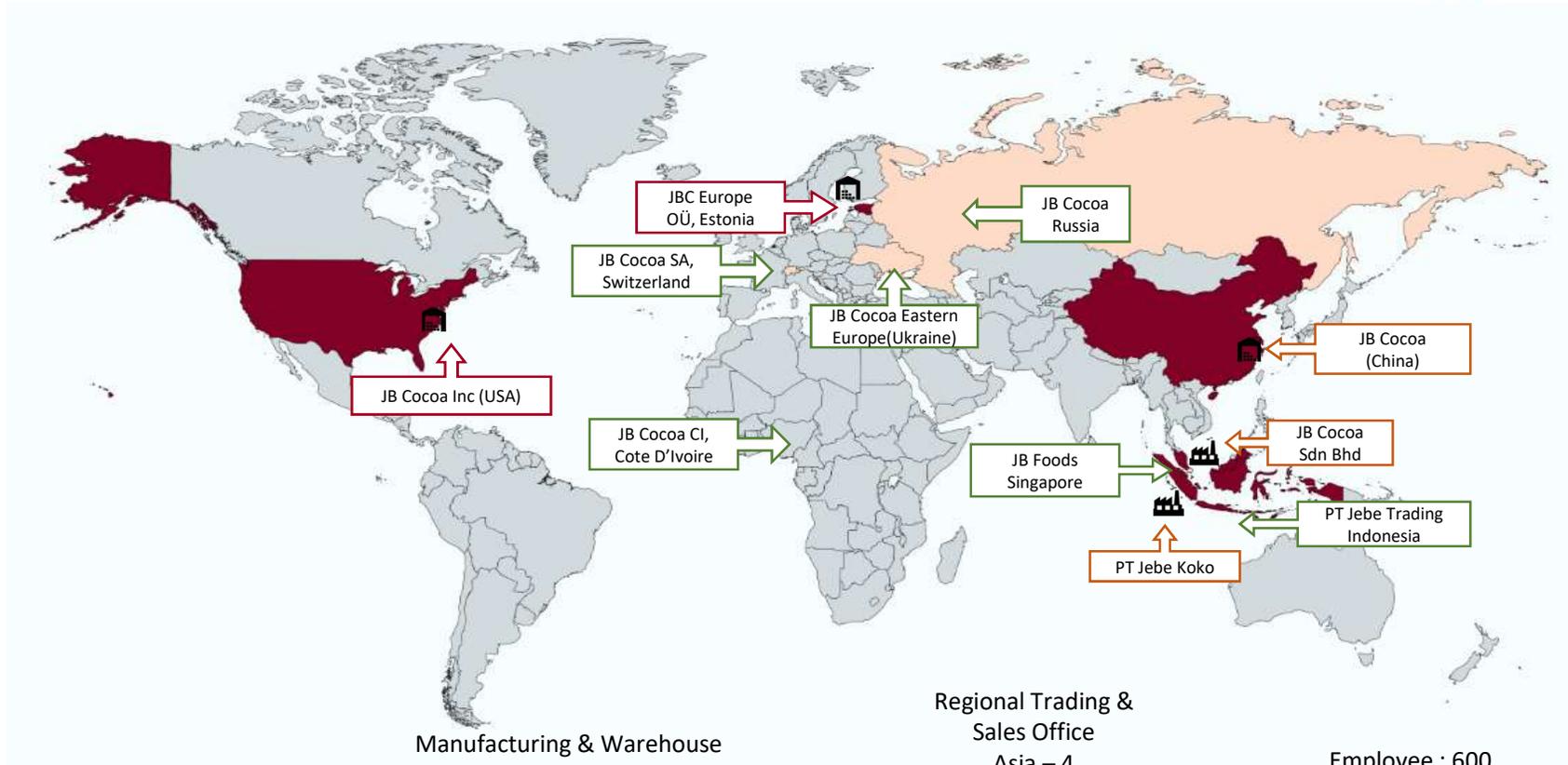
Build-up :  
13,000m<sup>2</sup>



Just-In-Time  
Delivery



# Our Global Presence



5

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

7

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>FY2018</b>	<b>FY2017</b>	<b>Y-on-Y Change</b>
Revenue	327,114	295,625	11%
EBITDA	41,633	24,084	73%
PBT	34,088	16,896	102%
	<b>FY2018</b>	<b>FY2017</b>	<b>Y-on-Y Change</b>
ROE (%)	26%	18%	45%
Dividend payout	25%	24%	5%
EPS (US cents)	9.1	5.4	69%
NAV per share (US cents)	40.26	36.98	9%
Net gearing (times)	0.55	0.75	-27%



# Sales by Region/ Country

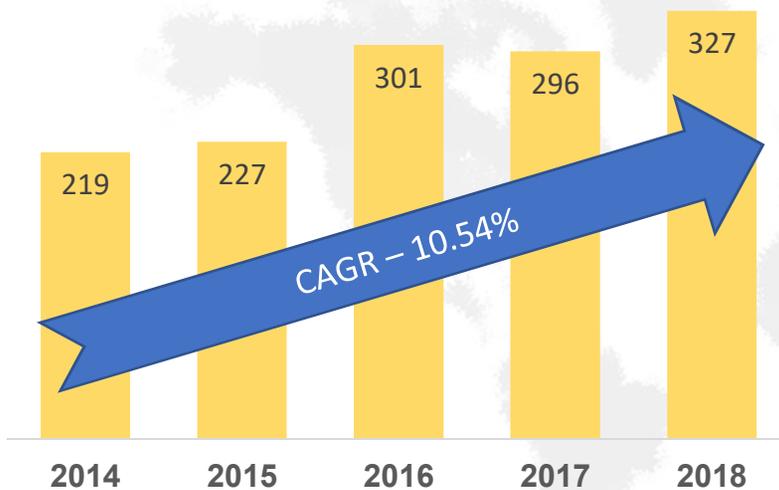
	2018		2017		2016	
Revenue	USD'000		USD'000		USD'000	
<b>America</b>	92,274	28%	74,665	25%	77,576	26%
<b>USA</b>	83,017	25%	67,749	23%	59,233	20%
Others	9,257	3%	6,916	2%	18,343	6%
<b>Asia</b>	143,327	44%	131,749	45%	129,983	43%
<b>China</b>	41,454	13%	34,535	12%	31,732	11%
Others	101,873	31%	97,214	33%	98,251	33%
<b>Europe</b>	64,111	20%	60,671	21%	67,656	23%
<b>Russia</b>	20,197	6%	18,388	6%	10,550	4%
Others	43,914	13%	42,283	14%	57,106	19%
<b>Other</b>	27,402	8%	28,540	10%	25,349	8%
	327,114	100%	295,625	100%	300,564	100%

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

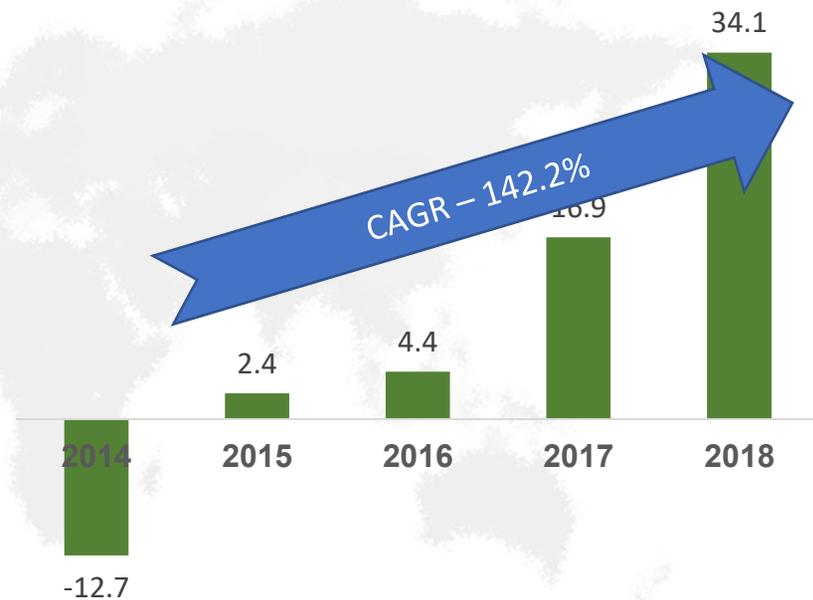
# JB Foods Performance



Revenue (USD'm)



PBT (USD'm)



## 2018 financials

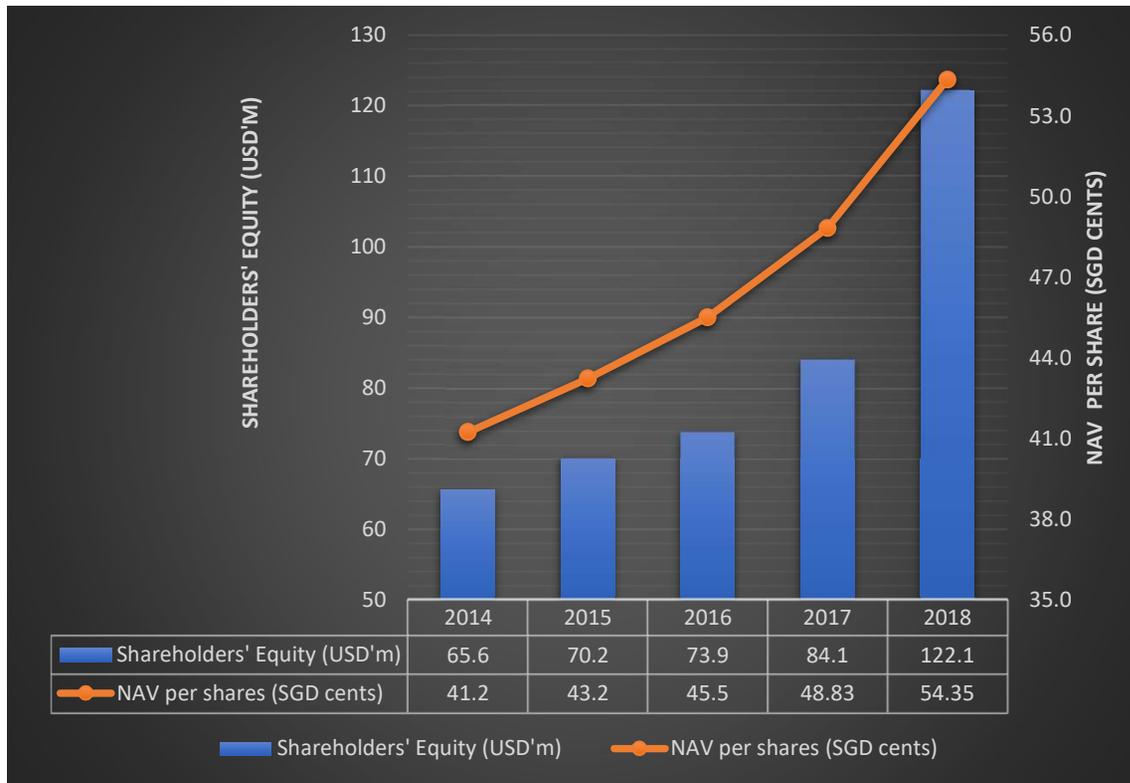
- 5 years CAGR at 10.5% in revenue;
- 4 years CAGR at 142% in our profitability ("PBT"). More than double in bottom line from FY2017

# JB Foods banking trade facilities

	2011	2012	2013	2014	2015	2016	2017	2018
	USD'mil							
Banking Facilities	64.7	78.0	109.5	113.4	115.0	130.0	150.0	180.0
Utilisation	44.4	53.6	87.4	102.6	85.2	101.6	78.5	80.3
% of headroom	31%	31%	20%	10%	26%	22%	48%	55%

- Banking facilities credit limit increase from USD65million in 2011 to USD180million in 2018.
- Sufficient headroom (55% or about USD100mil to working capital) – 40,000MT bean equivalent
- Low gearing ratio – 0.55 net gearing ratio as at 31 December 2018

# Strong financial position



- Well-capitalised with shareholders' equity at USD122m (approximately SGD165m) as at 31.12.18. (Exchange rate of USD to SGD: 1.35)
- Share price of SGD0.65 (as at 22 Apr 19), market capitalization of SGD197m.

# Profit and Loss Analysis

(In US\$'000)	FY2018	FY2017	Y-on-Y Change	Explanatory
<b>Revenue</b>	327,114	295,625	31,489	11% <b>N1</b>
Cost of sales	(277,673)	(263,735)	(13,938)	5%
<b>Gross profit</b>	49,441	31,890	17,551	55% <b>N2</b>
Interest income	110	114	(4)	-4%
Other gains, net	1,332	(1,725)	3,057	-177%
Foreign exchange gains, net	(74)	(1,897)	1,823	-96%
Rental income	408	397	11	3%
Others	998	(225)	1,223	-544%
Selling & distribution expenses	(5,603)	(4,510)	(1,093)	24% <b>N3</b>
Administrative expenses	(8,540)	(6,382)	(2,158)	34% <b>N4</b>
Finance costs	(2,652)	(2,491)	(161)	6%
<b>Profit before tax</b>	34,088	16,896	17,192	102% <b>N2</b>
<b>EBITDA</b>	41,633	24,084	17,549	73% <b>N2</b>

## Explanatory

- N1** Marginally lower average selling price, and offset by the increase in shipment volume due to stronger customer demand
- N2** Driven by the higher sales volume and improvement in processing margin
- N3** Higher sales commission, export freight and handling costs as a result of higher higher product shipment volume
- N4** Higher employee benefits costs in line with better performance in FY2018

# Balance Sheet Analysis

<u>Extract of Balance sheet</u>	2018 USD'000	2017 USD'000	Variance			2018 USD'000	2017 USD'000	Variance	
<b><u>Non-current assets</u></b>	<b>75,356</b>	<b>63,245</b>	<b>12,111</b>	19%		<b>(120,783)</b>	<b>(110,634)</b>	<b>(10,149)</b>	9%
PPE	68,075	55,611	<b>12,464</b>	22% <b>N1</b>	<b>Current liabilities</b>	(27,556)	(19,505)	<b>(8,051)</b>	41% <b>N4</b>
Investment property	4,072	4,003	<b>69</b>	2%	Trade payables	(9,296)	(9,215)	<b>(81)</b>	1%
Other	3,209	3,631	<b>(422)</b>	-12%	Other payables	(3,655)	(48)	<b>(3,607)</b>	-100% <b>N5</b>
<b><u>Current assets</u></b>	<b>172,930</b>	<b>134,370</b>	<b>38,560</b>	29%	Dividend payable	-	(3,405)	<b>3,405</b>	-100%
Inventories	112,837	83,216	<b>29,621</b>	36% <b>N2</b>	Trade financing	(80,276)	(78,461)	<b>(1,815)</b>	2%
Trade receivables	32,527	29,277	<b>3,250</b>	11%	<b><u>Non-Current liabilities</u></b>	<b>(5,426)</b>	<b>(2,857)</b>	<b>(2,569)</b>	90%
Other receivable, deposit, prepayment	14,150	6,236	<b>7,914</b>	127% <b>N3</b>	Deferred tax liabilities	(4,579)	(2,034)	<b>(2,545)</b>	125% <b>N5</b>
Cash and cash equivalent	13,416	15,641	<b>(2,225)</b>	-14%	Other	(847)	(823)	<b>(24)</b>	3%
<b>Total Assets</b>	<b>248,286</b>	<b>197,615</b>	<b>50,671</b>	26%	<b>Total Liabilities</b>	<b>(126,209)</b>	<b>(113,491)</b>	<b>(12,718)</b>	11%
					<b>Total equity</b>	<b>122,077</b>	<b>84,124</b>	<b>37,953</b>	45%

## Explanatory

- N1** Major CAPEX spent in Malaysia. Refer more breakdown in cash flow analysis
- N2** Higher cocoa bean inventories due to increase in Group production capacity by 24% to 180,000MT.
- N3** Higher advance payment to construction and machinery suppliers for CAPEX in Malaysia
- N4** Higher cocoa bean payables due to increase in production capacity
- N5** Fully utilised tax losses previously incurred.

# Cash Flow Analysis

<b>Extract of Cash Flow Statement</b>	<b>2018</b>	<b>2017</b>	<b>Explanatory</b>
	<b>USD'000</b>	<b>USD'000</b>	
Operating cash flows before working capital changes	40,553	23,611	Higher cocoa bean inventories due to 30% production capacity increase, require higher working capital
Changes in working capital	(31,907)	19,792	
Income tax paid, net	(1,179)	(595)	
Net operating cash flows	7,467	42,808	
Net Investing cash flow	(17,185)	(7,727)	
<b>CAPEX</b>			Upgrading existing facilities and additional new facilities Powder plant line in Surabaya in 2018 Factory construction completed in end 2018.
Malaysia	(11,685)	(3,162)	
Indonesia	(3,643)	(1,196)	
China	(1,930)	(2,883)	
Others	73	(486)	
<b>Free Cash Flow</b>	<b>(9,718)</b>	<b>35,081</b>	
Net financing cash flows	7,940	(26,547)	
Net movement WC financing	(752)	(23,587)	Right Issue proceeds
Net movement in TL & lease	-	(2,145)	
Proceeds from issuance of shares	14,322	-	
Dividend paid	(5,630)	(815)	
Net Cash Movement	(1,778)	8,534	
Cash at end of year	13,416	15,641	

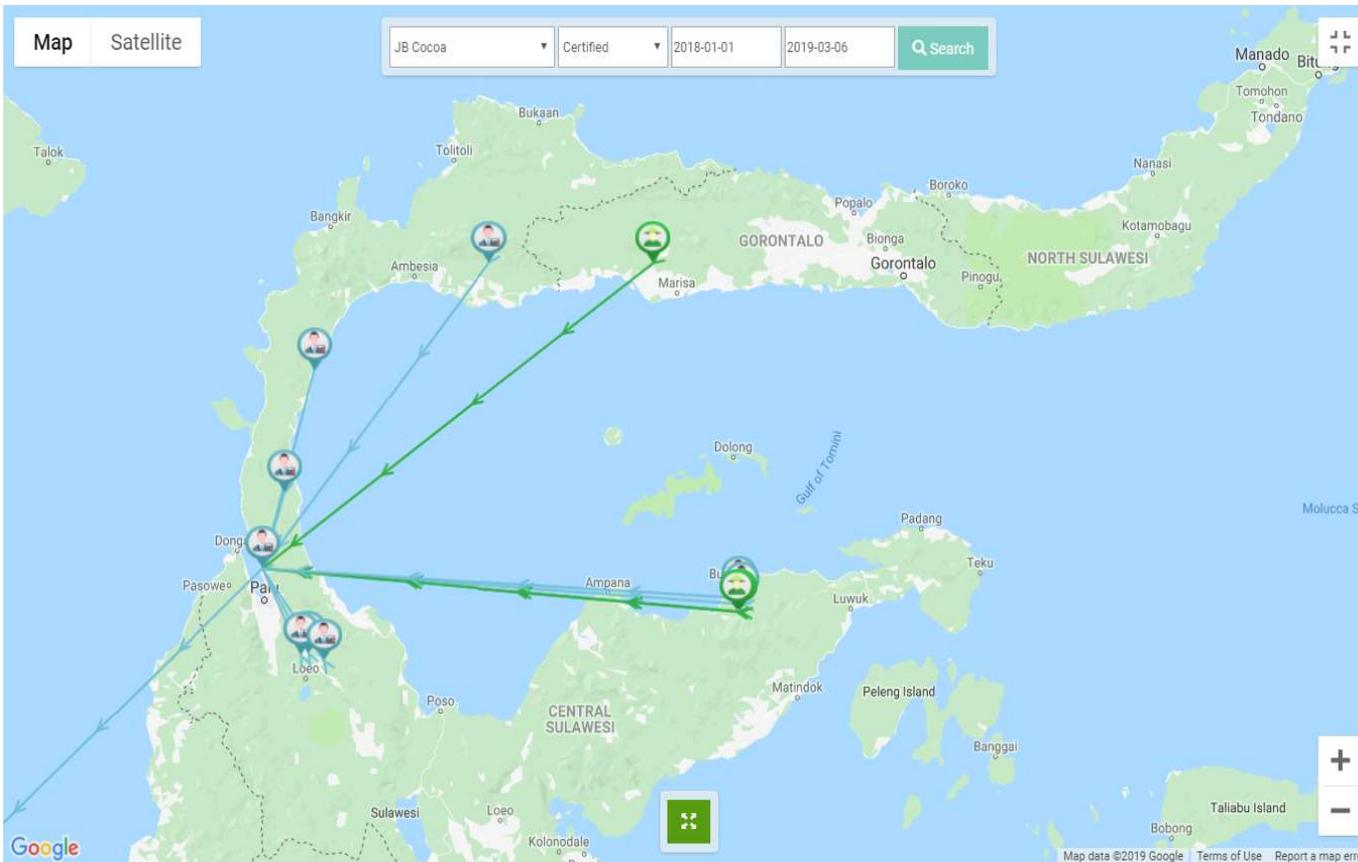


JBCOcoa



# **JB** Cocoa Sustainability team - Indonesia

# Sustainability teams – Sulawesi, Indonesia



- 20 staffs
- 3800 cocoa farmers
- 4000 hectares
- 350kg certified bean per hectare
  
- Lead Farmer program
  - Provide coaching and training
  - Nursery program



JBCOCA



# **JB** STRENGTH EXPANSION STRATEGY



# JB Foods' 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

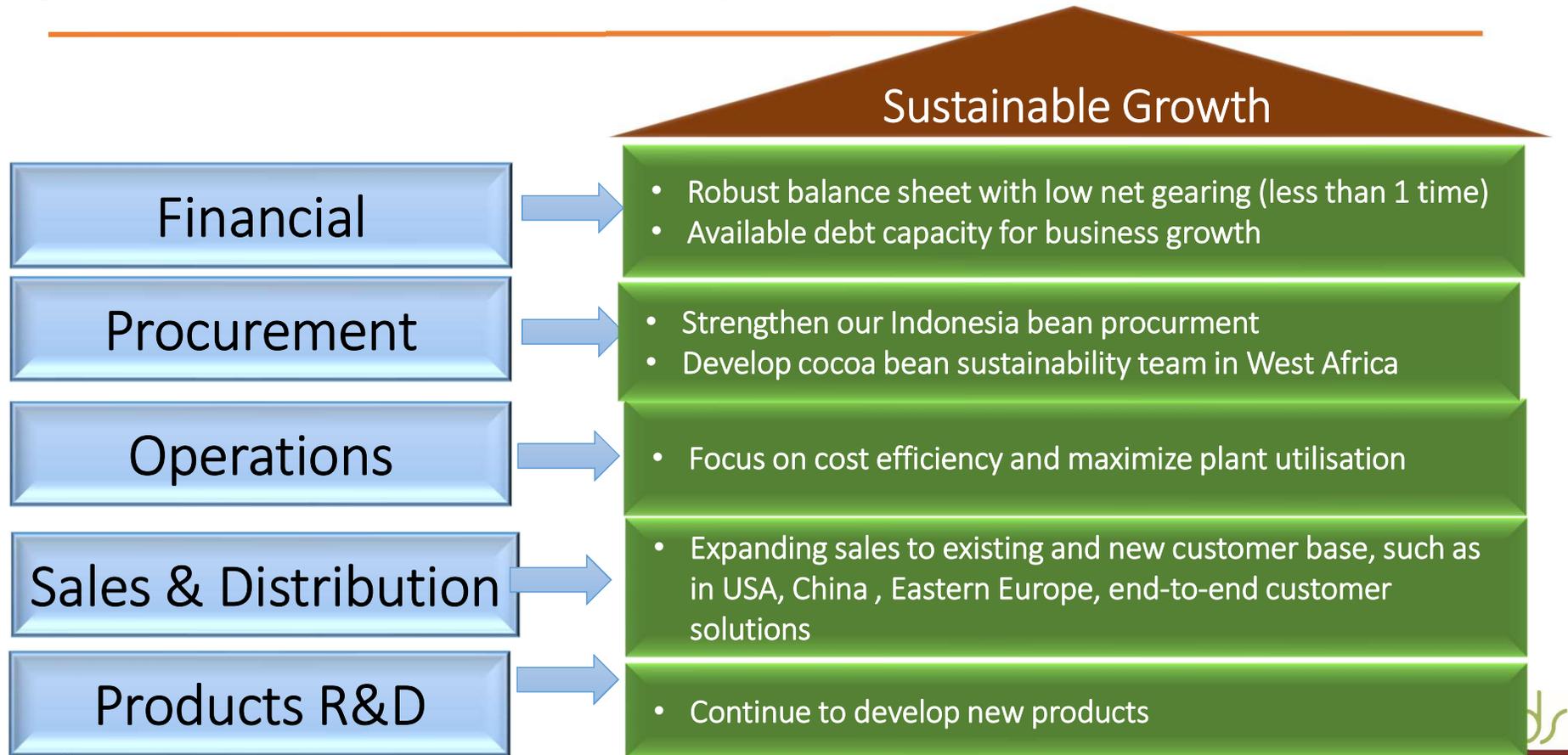


---

# Our Growth Strategy



# Our Growth Strategy





---

# Key Takeaways



## Key Takeaways

---

- 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 end-to-end solutions
- Focus on long term sustainable shareholders' value

**THANKS!**



**JBCOcoa**