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2017
INTERIM REPORT
中期業績報告

推行專業運營 強化精細管理 業績貢獻全面增長

Professional operation and lean management gained traction
Performance improved across all segments

中國糧油控股有限公司

China Agri-Industries Holdings Limited

30 August 2017

- 2017年上半年，中國經濟運行延續穩中向好的發展態勢，結構持續優化，協調性和可持續性增強。
- 隨著終端消費需求持續升級，以及國內原糧價格市場化程度顯著提升，農產品加工行業競爭進一步向全價值鏈領域延伸。優勢企業正引領行業逐步恢復競爭秩序，企業經營效率有所提升。
- During the first half of 2017, the Chinese economy has maintained the momentum of steady and sound development. The economic structure was optimised consistently and the economic growth was more balanced and sustainable.
- The agricultural processing industry focused on value chain expansion in competition to meet the consistent consumption upgrading and the deregulation of domestic grain pricing. The dominant players were leading the industry to gradually restore competition in order, with the improvement of the operating environment and efficiency.

专业化运营 Professional Operation

- **增強專業化經營，穩固市場地位**：強化各業務專業化經營的科學授權和市場化考核機制，激發業務活力，鞏固自身行業地位。
- **向B2C環節延伸，完善商業模式**：2017年7月7日特別股東大會通過收購小包裝食用油分銷業務的提案。該交易將使油籽加工產業鏈得以貫通，為上游加工能力提供強有力的銷售出口，填補油籽加工業務在B2C品牌營銷環節的空白。
- **Enhance professional operation to reinforce market position**: Stimulate the vitality of business segments with authorisation and incentive schemes to reinforce their industry leadership.
- **Further expand towards B2C business to complete business portfolio**: EGM held on 7 July 2017 approved the acquisition of distribution business of consumer packed oil. The project will provide a developed sales channel for production capacity to fill the blank of B2C brand marketing business, completing our oilseed processing value chain.

精细化管理 Refined Management

關注全價值鏈環節，堅持精細化管理，保持低成本高效運營，助力業績同比提升：

- 全面風險控制體系穩健運行
- 合理制定購銷節奏，應對行情波動
- 優化生產工藝，保障成本優勢
- 跨品類協同銷售，加快品牌業務發展
- 優化融資結構，節約財務成本

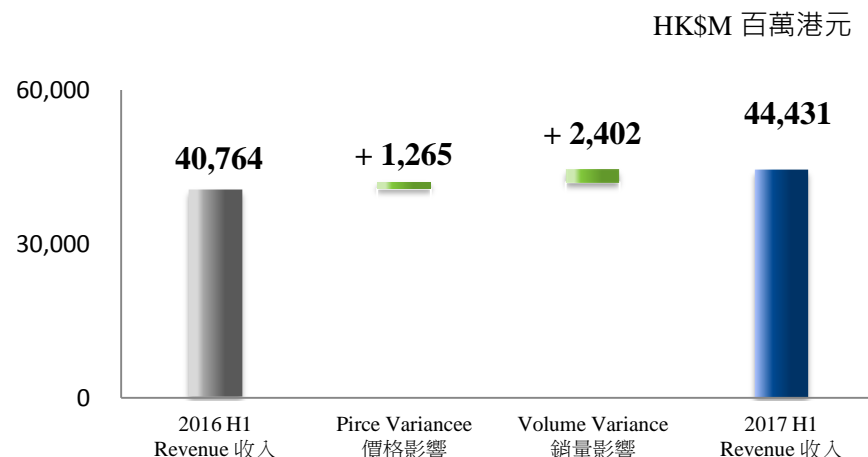
Refined management system improve operational efficiency of whole value chain to increase financial performance:

- Comprehensive risk management system operated smoothly
- Proper procurement and sales paces to cope with market fluctuation
- Optimise production process to maintain costs advantage
- Different segments conducted joint sales across product-line to accelerate the development of branded business
- Optimise loan structure to save finance costs

業務規模：銷量高位提升，收入同比增長

Top line: Sales volume rose from high base level to push up revenue year-on-year

	2017 H1	2016 H1	Change 同比變動
Total Sales Volume 總銷量 (000'MT 千公噸)	11,292	10,826	+4.3%
Revenue 主營業務收入 (HK\$ million 百萬港元)	44,431	40,764	+9.0%



- 各供應鏈高效運轉，主要產品總銷量在去年高水平基礎上增加4.3%至1,129.2萬公噸。
- 油籽粕、植物油以及燃料乙醇等主要產品銷量增長，售價提升，帶動總收入同比增長9.0%至444.31億港元。
- All value chain operated smoothly and efficiently to further increase the sales volume by 4.3% to 11.292 million metric tons from a high base level in the same period of last year.
- Revenue rose by 9.0% to HK\$44.431 billion mainly due to sales expansion and price recovery of oilseeds meals, vegetable oils and fuel ethanol.

經營業績：各業務經營狀況穩中向好，整體業績大幅扭虧增盈

Bottom line: Performance improved across all segments, supporting the overall financial turnaround

HK\$ million 百萬港元	2017 H1	2016 H1	Change 同比變動
Revenue 收入	44,431	40,764	+9.0%
Gross profit 毛利額	3,636	1,762	+106.3%
GP margin 毛利率	8.2%	4.3%	+3.9ppt
Operating profit/(loss) 經營溢利/(虧損)	1,688	(53)	n.m.
Profit/(Loss) before tax 稅前利潤/(虧損)	1,534	(289)	n.m.
Profit/(Loss) attributable to owners of the company 本公司權益持有人應佔利潤/(虧損)	1,059	(223)	n.m.

- 2017年上半年，本公司把握行業環境同比改善的契機實現良好經營業績，同比大幅扭虧增盈，歸屬本公司權益持有人應佔利潤為**10.59億港元**。

油籽加工業務：強化銷售保持領先市場份額，穩健經營實現盈利持續改善；
 生化及能源業務：發揮產區佈局優勢，把握政策機遇，盈利貢獻同比顯著增長；
 大米加工及貿易業務：穩步發展品牌業務，開拓國際貿易新市場，綜合盈利大幅提升；
 小麥加工業務：鞏固傳統業務優勢，加快品牌業務轉型，經營業績穩中有升；
 啤酒原料業務：持續保持核心競爭優勢與高水平盈利能力。

- During the period under review, due to the improved environment for the agricultural processing industry, the Company realise financial turnaround compared with the first half of 2016 and deliver HK\$1,059.0 million net profit attributable to equity holders.

Oils: Increased sales to maintain leading market share, performance improved constantly based upon stable operation;
 Bios: Benefited from the capacity layout and favourable policies in main corn producing areas, profits jumped year-on-year;
 Rice: Further developed branded rice and international trading business, overall profitability was enhanced significantly;
 Wheat: Transformed towards branded products based on the competitive competence of traditional business, profit rose year-on-year;
 Malts: Maintained core competitive advantages and high-level profitability.

財務狀況：精細管理節約資金成本，資本結構保持健康穩健

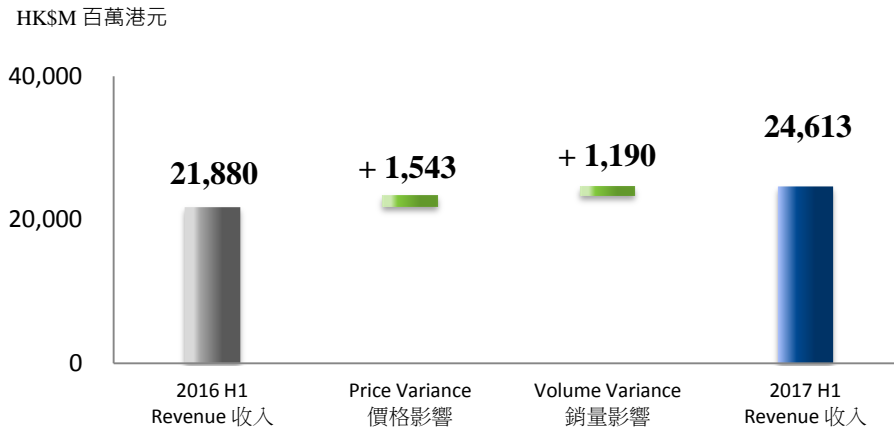
Capital Structure: Save finance costs through detail-oriented management, maintain healthy and stable capital structure

HK\$ million 百萬港元	As of 30 June 2017 截止2017年6月30日	As of 31 December 2016 截止2016年12月31日
Net Debt 淨負債	18,140	15,532
Total interest-bearing bank loans and other borrowings 計息銀行貸款及其他貸款	23,271	23,190
Cash and bank balances 現金及銀行結餘	5,130	7,658
Net Gearing Ratio 淨負債比率	65%	59%

- 本公司秉持一貫穩健的財務政策，通過資金精細化管理提高資金使用效率，滿足業務規模高位擴張需求，有息負債規模相對穩定。截止2017年6月30日，淨負債比率為65%。
- 通過持續優化融資結構，融資成本同比降低9.4%至3.30億港元。
- 資金頭寸保持充裕，資本結構健康穩健。
- The Company adhered to a prudent and stable financial policy. By conducting detail-oriented management, China Agri improved the efficiency of the usage of capital, meeting the incremental demand for funds of the constantly growing business. The amount of interest bearing debts maintain relatively stable. Net gearing ratio is 65% as at 30 June 2017.
- Finance costs declined by 9.4% to HK\$330 million due to constant loan structure optimisation.
- Capital structure maintained healthy and stable with sufficient money in hand.

油籽加工業務：強化銷售保持領先市場份額，穩健經營實現盈利持續改善

Oils: Increased sales to maintain leading market share, performance improved constantly based upon stable operation

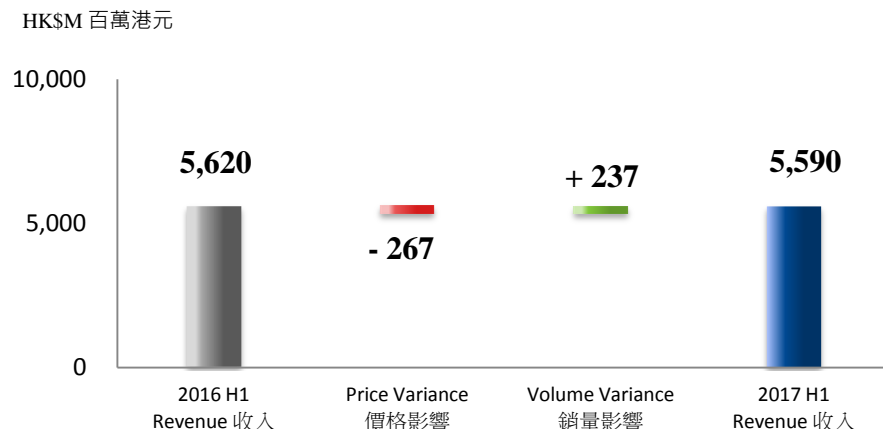


000' MT 千公噸	2017 H1	2016 H1	Change 同比变动
Sales volume of Meals 油籽粕銷量	3,661	3,609	+1.5%
Sales volume of Oils 植物油銷量	1,816	1,710	+6.2%
HK\$ million 百萬港元	2017 H1	2016 H1	Change 同比变动
Revenue 收入	24,613	21,880	+12.5%
GP Margin 毛利率	4.5%	0.2%	+4.3ppt
Operating Profit/(Loss) 经营溢利/虧損	426	(404)	n.m.

- 2017年上半年，油籽油料市場供給充足，現貨價格持續下跌，行業壓榨利潤空間較年初高位有所收窄。
- 科學決策採購時機，全力加快銷售節奏，精細管理供應鏈環節，經營質量持續提升。
- 油籽粕及植物油銷量為366.1萬公噸和181.6萬公噸，同比增長1.5%及6.2%；實現收入246.13億港元；貢獻經營溢利4.26億港元，同比大幅增盈。
- During the first half of 2017, spot prices of products declined on the background of ample supply in the oilseeds market. The industry profit margin narrowed from the peak level at the beginning of the year.
- The Company used market intelligence to make sourcing decision at proper timing. By accelerating sales pace and refining supply chain management, the operation efficiency was improved constantly.
- Sales volumes of oilseeds meal and oils reached 3.661 million metric tons and 1.816 million metric tons, a 1.5% and a 6.2% growth respectively, pushing up the revenue to HK\$24,613 million. Operating profit was HK\$426 million, a substantial increase year-on-year.

生化及生物燃料業務：發揮產區佈局優勢，把握政策機遇，盈利貢獻同比顯著增長

Bios: Benefited from the capacity layout and favourable policies in main corn producing areas, profits jumped year-on-year

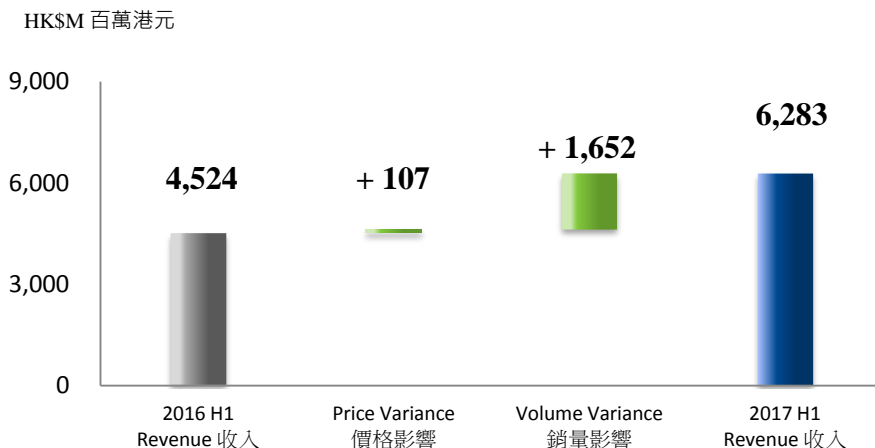


000' MT 千公噸	2017 H1	2016 H1	Change 同比变动
Sales volume of Corn Starch 淀粉销量	553	636	-13.1%
Sales volume of Sweetener 甜味剂销量	493	433	+13.9%
Sales volume of Fuel Ethanol 燃料乙醇销量	207	194	+6.6%
HK\$ million 百萬港元	2017 H1	2016 H1	Change 同比变动
Revenue 收入	5,590	5,620	-0.5%
GP Margin 毛利率	17.2%	8.8%	+8.4ppt
Operating Profit 经营溢利	754	154	+390.4%

- 發揮產區佈局優勢，保障低成本原料充足有效供應，並響應東北玉米主產區的鼓勵政策，全力加快採購及生產節奏，積極獲取加工補貼，成為上半年業績同比顯著增長的有力支撐。
- 依托自身產品質量及精細化管理優勢，進一步提升甜味劑產品銷量，並把握原油價格同比回暖、DDGS進口衝擊減弱的有利機遇，積極擴大業務規模，提升盈利水平。
- 實現收入55.90億港元；毛利率為17.2%；貢獻經營溢利7.54億港元，同比顯著增長。
- Leveraged its strong footprints advantage in the main producing areas to procure new grains, securing low cost feedstock supply. Responding to the incentive policy in northeast of China, procurement and productions were proactively accelerated to obtain processing subsidies, supporting the year-on-year jump of business performance.
- With quality product and lean management system, sweetener sales further increased. Meanwhile, with the recovered crude oil prices and reduction in DDGS imports (imports of Distillers Dried Grain with Solubles), the segment was able to scale up and improve profitability.
- Total revenue was HK\$5,590 million, with overall gross margin of 17.2% and operating profit of HK\$754 million, a substantial increase year-on-year.

大米加工及貿易業務：穩步發展品牌業務，開拓國際貿易新市場，綜合盈利大幅提升

Rice: Further developed branded rice and international trading business, overall profitability was enhanced significantly

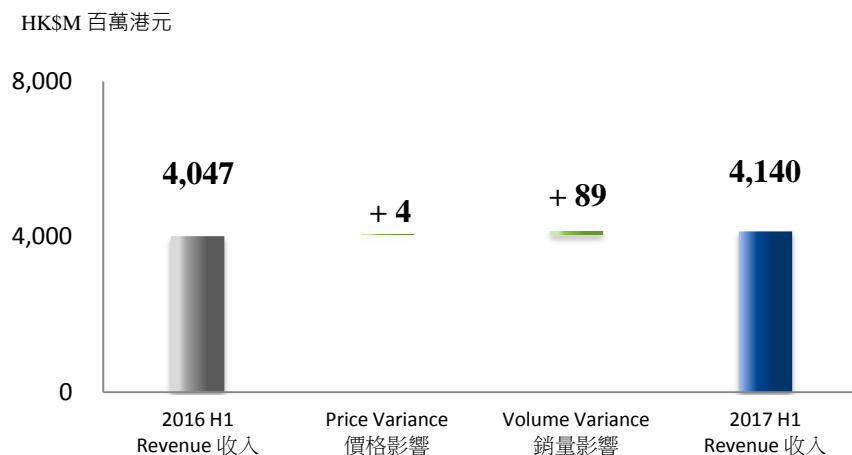


000' MT 千公噸	2017 H1	2016 H1	Change 同比变动
Volume of Domestic sales 内销销量	771	742	+3.9%
Volume of Export Sales 出口销量	496	99	+403.3%
HK\$ million 百萬港元	2017 H1	2016 H1	Change 同比变动
Revenue 收入	6,283	4,524	+38.9%
GP Margin 毛利率	14.0%	11.8%	+2.2.ppt
Operating Profit 经营溢利	277	108	+156.1%

- 聚焦品牌營銷和產品研發升級以推動品牌業務持續發展，品牌米業務規模及盈利能力穩步提升。
- 依托多年海外經營積累的業務經驗，大力開拓非洲等出口市場，帶動產能利用率顯著提升。
- 業務總銷量同比增加44.6%至129.9萬公噸；實現收入62.83億港元，同比增長38.9%；毛利率增加2.2個百分點至14.0%；貢獻經營溢利2.77億港元，同比大幅增長。
- The Company further developed branded rice business with promotion measures like brand marketing and products upgrading. The scale and profitability of its branded rice business were improved.
- Took advantage of its experience to aggressively expand overseas market such as Africa, improving capacity utilisation rate substantially.
- Total sales volume of the segment increased by 44.6% to 1.299 million metric tons compared with the same period of last year. Revenue reached HK\$6,283 million, up 38.9%. Overall gross profit margin rose 2.2 percentage points to 14.0% with operating profit rose sharply to HK\$277million.

小麥加工業務：鞏固傳統業務優勢，加快品牌業務轉型，經營業績穩中有升

Wheat: Transformed towards branded products based on the competitive competence of traditional business, profit rose year-on-year

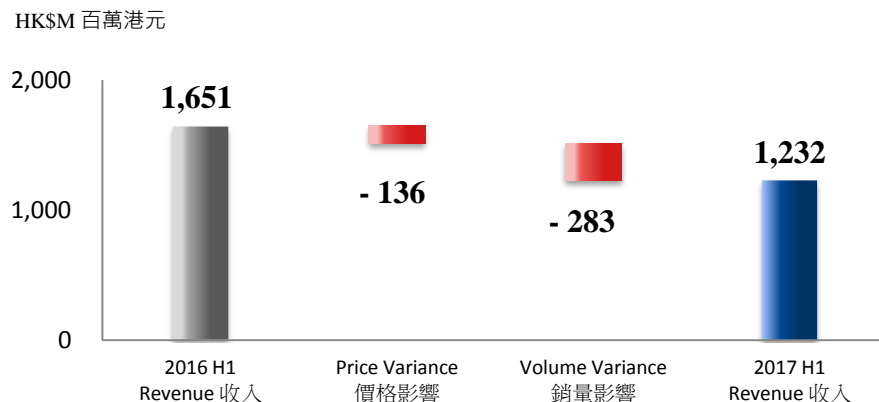


000' MT 千公噸	2017 H1	2016 H1	Change 同比变动
Sales Volume of Flour 面粉銷量	1,110	976	+13.7%
Sales Volume of Noodle 乾面銷量	53	54	-2.9%
HK\$ million 百萬港元	2017 H1	2016 H1	Change 同比变动
Revenue 收入	4,140	4,047	+2.3%
GP Margin 毛利率	7.4%	7.6%	-0.2ppt
Operating Profit 經營溢利	63	41	+56.5%

- 2017年上半年，小麥市場價格整體維持高位，麵粉市場消費規模基本保持穩定，激烈的價格競爭推動行業加速整合與升級。
- 加強與品牌米團隊協同，推進渠道拓展，提升品牌麵粉的市場地位與銷售表現。
- 針對下游烘焙、休閒食品以及餐飲等行業客戶制定差異化服務策略，加強長期戰略合作，繼續保持專用粉業務競爭優勢。
- 麵粉銷量同比增長13.7%至111.0萬公噸；收入41.40億港元，同比增長2.3%；貢獻經營溢利0.63億港元，同比穩中有升。
- During the first half of 2017, wheat prices remained at a high level with stable consumption of flour. Destructive price competition accelerated industry consolidation and upgrading.
- By collaborating with the team of branded rice business, the wheat processing business was able to expand the distribution channel, improving the market position and sales volume of branded flour products.
- The special purpose flour business has set up differential services for customers in varied downstream sectors such as bakery, snack foods and catering to reinforce the long-term strategic partnership and maintain competitive advantage.
- Sales of flour products increased by 13.7% year-over-year to 1.110 million metric tons, realising total revenue of HK\$4,140 million, an increase of 2.3% year-over-year. Operating profit rose to HK\$63 million.

啤酒原料業務：持續保持核心競爭優勢與高水平盈利能力

Brewing Materials: Maintained core competitive advantages and high-level profitability



000' MT 千公噸	2017 H1	2016 H1	Change 同比变动
Sales Volume of Malt 麦芽销量	357	406	-12.0%
HK\$ million 百萬港元	2017 H1	2016 H1	Change 同比变动
Revenue 收入	1,232	1,651	-25.4%
GP Margin 毛利率	23.5%	16.5%	+7.0ppt
Operating Profit 经营溢利	180	153	+17.4%

- 2017年上半年，國內啤酒行業產品結構升級趨勢仍在延續，市場對優質啤酒原料的需求增加。
- 充分發揮技術、質量優勢，加強核心戰略客戶合作，並著力挖掘新興市場需求，拓展高附加值的中高端產品及出口市場銷售佔比，培育新的業績增長點。
- 依托精益的運營管理系統，實現經營溢利1.80 億港元，業績回報保持行業領先。
- During the first half of 2017, the demand for high-quality brewing materials increased as the domestic beer industry moved towards higher value-added products.
- The business put to use its core competencies in technology and quality to strengthen the strategic partnerships with key customers. Meanwhile, it explored the demand in emerging markets and increased the sales of mid-to-high end and export malts, seeking new growth drivers to meet the market trend.
- The brewing materials business's lean management practices helped to achieve operating profit of HK\$180 million, outperforming industry peers.

- 展望下半年，中國經濟將繼續堅持穩中求進的總基調，保持健康平穩發展。隨著消費對經濟增長的支撐作用正在進一步增強，已成為經濟發展的主要推動力，農產品消費升級勢能亦將持續增加，營養、健康、風味、功能等高端產品需求增長迅速，消費者對價格敏感度降低，行業整體附加值及盈利水平有望迎來新的提升機遇。
- 中糧控股在國內擁有領先的基礎加工能力，這是把握農產品消費發展趨勢的堅實基礎。下半年，本公司將加快推進收購中國食品有限公司小包裝食用油業務的交割工作，以此貫通油脂加工產業鏈，提升運營效率，並利用其遍佈全國的銷售網路助力品牌業務的進一步發展，為業績增長注入長期活力。
- 經營方面，預計下半年國內外原料供應充足，為持續優化產品成本提供空間，但油籽油料市場價格波動可能帶來的風險及玉米加工補貼到期產生的業績壓力將是主要挑戰。隨著市場邁入傳統旺季，主要產品需求有望環比增加，中糧控股將始終堅持穩健經營策略，將市場風險防範放在首位，在此基礎上繼續深化專業化經營，激發業務活力；強化精細化管理，挖掘增效潛力，力爭繼續保持行業領先的業績水平。
- Looking ahead, the Chinese economy will keep seeking progress while maintaining stability to ensure stable and healthy development. As the domestic consumption is becoming more important as major growth driver, agricultural products will continue to see more demands for high-end products featuring nutrition, health, flavour and functional differentiation. Price sensitivity will play a less important role in consumer decisions, signalling new growth opportunities for added value and profitability.
- China Agri has established leading domestic processing capacity for agricultural products. This puts it in a strong position to capture the trend towards value-added consumption. In the second half of the year, the Company plans to accelerate the acquisition and consolidation of the packaged edible oil business from COFCO Fortune Foods Sales and Distribution Co., Ltd. to inject long-term vitality for performance. The acquisition will open up the oil processing industry chain and improve operational efficiency. Its national sales network will help to further develop existing branded business.
- In terms of business operation, the second half is likely to see a sufficient supply of raw material globally to ease cost pressure. However, challenges will remain in price fluctuations in the oilseeds market and the income declines due to the expiration of government grants for corn processing business in the first half of the year. With the arrival of the traditional peak season, market demand is expected to increase on a quarter-on-quarter basis, supporting product profitability. China Agri will continue to execute strategies aimed at operational stability and give priority to risk management, and further promote professional operation to stimulate business vitality. Through emphasising on detail-oriented management, the Company will try to tap potential of cost savings and efficiency improvement, striving to maintain industry leading performance.

Q & A Session

問答環節



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Thank You
謝謝

