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積極應對挑戰實現規模增長 落實品牌戰略推進業務發展

Tackle the challenges actively to achieve scale expansion

Implement the branded strategy to promote business development

中國糧油控股有限公司

China Agri-Industries Holdings Limited

28 August 2019

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The Company has delivered the consolidated financial statements for the year ended 31 December 2018 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company’s auditor has reported on those consolidated financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

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國內經濟總體平穩，行業挑戰有所增加

Stable domestic economy, more industry challenges

- 2019年上半年，我國國民經濟運行在合理區間，延續了總體平穩、穩中有進發展態勢。
- 國際貿易環境及原料主產區天氣變化等因素共同引發市場行情顯著波動，國內生豬養殖行業疫情影響飼料原料產品需求，且品牌產品市場份額的競爭愈發激烈，糧油食品加工行業面臨的經營挑戰進一步增加。
- In the first half of 2019, China's economy has been operating within an expected range, and remained stable while making further progress.
- However, the market fluctuated notably due to the uncertain international trade environment and unfavourable weather conditions in the main material growing regions. The epidemic affected the demand of animal feed ingredients for hog feeding industry in China. The competition for branded products' market share became intensive. As a result, the agri-food processing industry faced increasing challenges.

產業鏈體系優勢支撐銷量增長，實現產能擴張及高效運營

Integrated value chain boosted sales volume, realised capacity expansion and high utilisation

- 本公司落實既定戰略推進品牌業務發展，發揮產業鏈整合優勢應對行業挑戰，利用多年來打造的供應商網路、完備的產能佈局以及成熟的客戶渠道資源積極提升業務規模，主要產品銷量增長至1,273.5萬公噸，品牌產品銷量亦同比增加。
- 穩步推進產能擴張，鞏固行業領先規模地位，強化競爭能力。新增產能隨銷量增加順利釋放，綜合產能利用率繼續保持高位。
- The Company continued to implement existing strategy to promote the development of branded business, and address the business challenges with its integrated value chain. Leveraging the sound supplier network, comprehensive production capacity and mature customer channels that have been built up through years of effort, the Company kept expanding business scale. Total sales volume of major products increased year-on-year to 12.735 million metric tons, with more branded products sales as well.
- The Company conducted capacity consolidation to enhance leading position and competitiveness. The newly acquired plants operated smoothly with the supports of sales growth, maintaining high comprehensive capacity utilisation rate.

二、主要業績指標：收入規模持續上漲，利潤水平同比回落

Key financial performance: revenue further grew, profit dropped year-on-year

<i>HK\$ million</i> 百萬港元	2019 H1	2018 H1	yoy change 同比变动
Revenue 收入	59,754.0	48,320.2	+ 23.7%
Gross profit 毛利	3,658.3	4,369.4	- 16.3%
GP margin 毛利率	6.1%	9.0%	- 2.9ppt
Selling & distribution expenses 銷售及分銷費用	2,390.2	2,230.0	+ 7.2%
Administrative expenses 管理費用	723.4	961.3	- 24.7%
Operating profit 經營溢利	617.7	1,109.3	- 44.3%
Finance costs 融資成本	379.8	302.7	+ 25.5%
Net profit 淨利潤	400.6	1,000.3	- 60.0%
Profit attributable to owners of the company 本公司權益持有人應佔利潤	448.8	751.0	-40.2%

- 本公司收入較同期增長23.7%至597.540 億港元。
- 國內飼料原料需求疲軟等不利因素導致油籽加工行業盈利水平同比明顯下滑，影響本公司油籽加工業務業績表現，且品牌米、面產品市場開拓費用投入持續增加，期內，歸屬於本公司權益持有人應佔利潤為4.488 億港元，2018年同期為7.510 億港元。
- Revenue increased by 23.7% year-on-year to HK\$59,754.0 million.
- Adverse factors, such as weak demand for domestic animal feed, led to a year-on-year tightened margin for the oilseeds processing industry, which also affected the performance of the Company's oilseeds processing business. In addition, more expenses had been invested to expand the market of the branded rice and flour products. Profit attributable to owners of the Company for the period was HK\$448.8 million, versus HK\$751.0 million in the same period of 2018.

三、財務狀況：融資成本同比增加，資本結構依然穩健

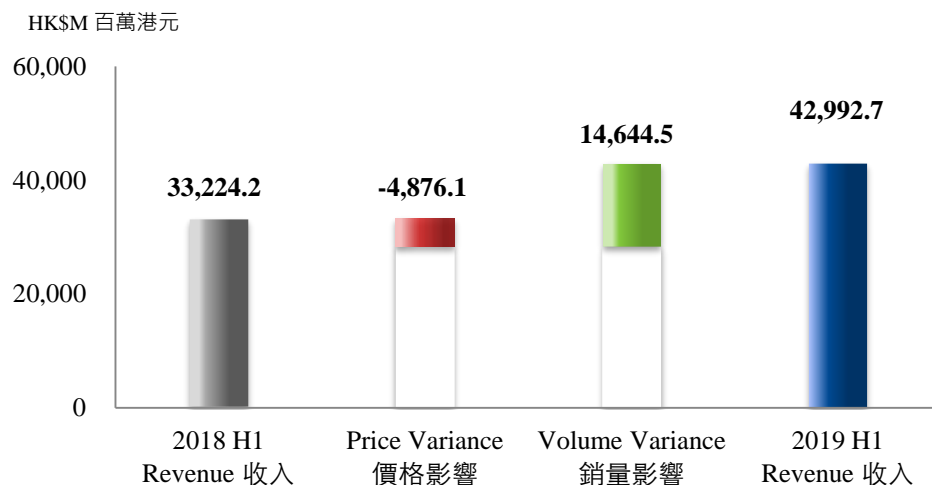
Financial Status: Finance costs increased year-on-year, remain solid capital structure

<i>HK\$ million</i> 百萬港元	As of 30 June 2019 截止2019年6月30日	As of 31 December 2018 截止2018年12月31日	As of 30 June 2018 截止2018年6月30日
Net Debt 淨負債	12,867	13,873	12,921
Total interest-bearing bank loans and other borrowings 計息銀行貸款及其他貸款	18,500	22,191	23,747
Cash and bank balances 現金及銀行結餘	5,633	8,318	10,826
Net Gearing Ratio 淨負債比率	44.0%	47.9%	44.0%

- 2019年上半年，本公司繼續實施資金集中管理，提高資金周轉效率和現金流產生能力，滿足業務規模擴張的需要。截至2019年6月30日，淨負債規模較年初下降，淨負債率為**44.0%**。
- 受2018年持續加息影響，帶動期內美元貸款平均利率同比上升，且平均融資規模較去年同期有所增加。期內，本公司融資成本為**3.798億港元**，同比增加**25.5%**。
- In the first half of 2019, the Company kept raising turnover rate and generating more operating cash flows as well as pursuing a centralised cash management to meet the capital requirement of business expansion. At 30 June 2019, net gearing ratio was 44.0%, which lower than the level at beginning of the year.
- The average interest rate of US dollar debt increased due to the several rises in 2018, and the average size of loans slightly increased as compared with corresponding period last year. During the period under review, the Company recorded HK\$379.8 million finance costs, a 25.5% increase compared with last year.

四、油籽加工業務：業務規模保持增長，品牌產品銷量同比增加

Oils: Business scale further expanded, more branded sales year-on-year



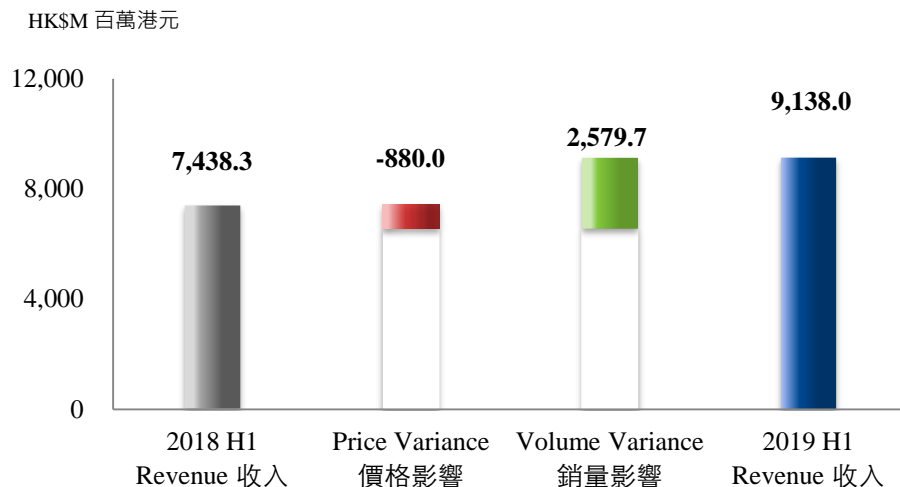
000' MT 千公噸	2019 H1	2018 H1	yoy change 同比变动
Sales volume of Meals 油籽粕銷量	5,293	4,511	+ 17.4%
Sales volume of Oils 植物油銷量	3,070	2,436	+ 26.0%
HK\$ million 百萬港元	2019 H1	2018 H1	yoy change 同比变动
Revenue 收入	42,992.7	33,224.2	+ 29.4%
GP Margin 毛利率	3.4%	7.2%	- 3.8ppt
Operating Profit 經營溢利	113.8	643.9	- 82.3%

- 油籽加工業務依託自身在產業鏈各環節的資源優勢，通過多種途徑拓寬業績來源，彌補產品需求疲弱的不利影響，實現銷量規模和銷售額同比提升。
- 需求低迷限制油籽粕等產品的成本傳導能力，在市場行情大幅波動的情況下，油籽壓榨業務毛利率同比明顯收窄，經營溢利為 **1.138 億港元**。
- 品牌食用油*業務繼續在終端消費者和餐飲客戶兩方面共同發力，協調發展，實現銷量 **105.5 萬公噸**，同比增幅 **13.9%**。油籽加工業務整體銷售油籽粕和植物油分別為 **529.3 萬公噸** 以及 **307.0 萬公噸**。實現收入 **429.927 億港元**。
- By leveraging its business capability in each link of supply chain, oilseeds processing business expanded income sources through various channels to offset the negative impact of weak demand. As a result, it achieved a year-on-year increase in sales volume and value.
- Sluggish demand limited the cost pass-through ability of products such as oilseed meal. Against a volatile market backdrop, the oilseeds crushing business recorded a significant year-on-year decline in gross margin. Operating profit was HK\$113.8 million.
- The Company continued to make progress in its branded edible oil business by increasing its sales volume and market share among both retail and catering customers. Branded edible oil sales reached 1.055 million metric tons during the period under review, representing a year-on-year increase of 13.9%. The oilseed processing business sold 5.293 million metric tons of oilseed meals and 3.070 million metric tons of vegetable oil. Revenue was HK\$42,992.7 million.

*注：品牌食用油包括面向終端消費者的小包裝食用油以及主要面向餐飲客戶的中包裝食用油。
 Note: Branded edible oil includes small-packaged oil for retail customers and mid-packaged oil for catering customers.

五、大米加工及貿易業務：增加投入推廣品牌產品，體系優勢助力規模擴張

Rice: More investment in branded products, competitive portfolio to support business scale growth

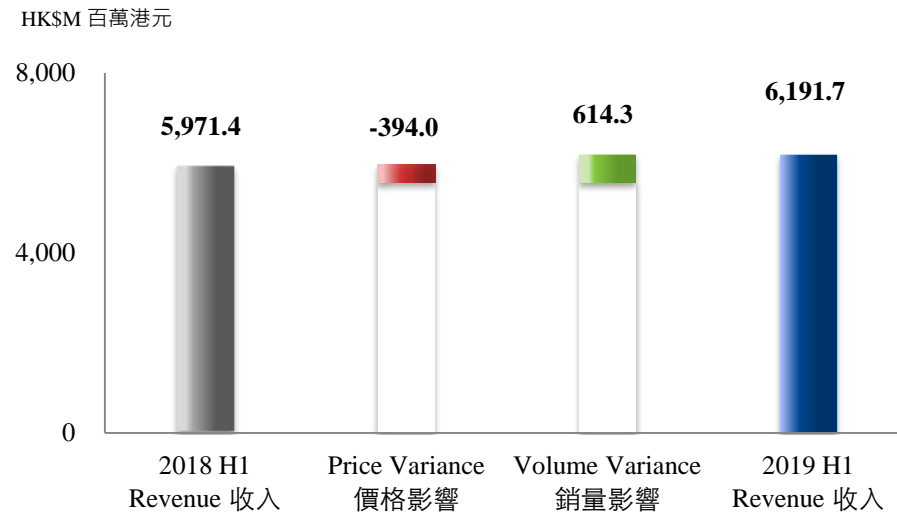


<i>000' MT 千公噸</i>	2019 H1	2018 H1	yoy change 同比变动
Sales volume of Rice 大米銷量	2,100	1,559	+ 34.7%
<i>HK\$ million 百萬港元</i>	2019 H1	2018 H1	yoy change 同比变动
Revenue 收入	9,138.0	7,438.3	+ 22.9%
GP Margin 毛利率	15.0%	15.6%	- 0.6ppt
Operating Profit 經營溢利	331.4	394.9	- 16.1%

- 大米加工及貿易業務繼續增加資源投入，品牌宣傳和特色產品打造均取得較好成效，帶動品牌產品銷量繼續增長。
- 發揮完備業務體系優勢，積極提升出口、進口等業務規模，增加業績來源，支撐銷量規模同比大幅提升，產能開工率保持高位。
- 主要產品銷量同比增加**34.7%**至**210.0萬公噸**。實現收入**91.380億港元**。毛利率同比稍有下滑，仍保持較高水平。經營溢利為**3.314億港元**。
- With more resources put into branded business, rice processing and trading business achieved solid results in both brand promotion and featured product development, further boosting sales of branded products.
- Rice processing and trading business leveraged its well-established business system and actively grew the scale of its import/export business to generate new growth drivers. As a result, the sales volume increased significantly year-on-year and the capacity utilisation rate remained stable at high level.
- Total sales volume of major products for the rice trading and processing business increased 34.7% year-on-year to 2.100 million metric tons, and revenue was HK\$9,138.0 million. Gross profit margin was declined slightly year-on-year, which remained at a relatively high level. Operating profit was HK\$331.4 million.

六、小麥加工業務：規模擴張強化競爭能力，研發與營銷投入推動業務發展

Wheat: Capacity expansion to strengthen the competitiveness, R&D and marketing input to support business development

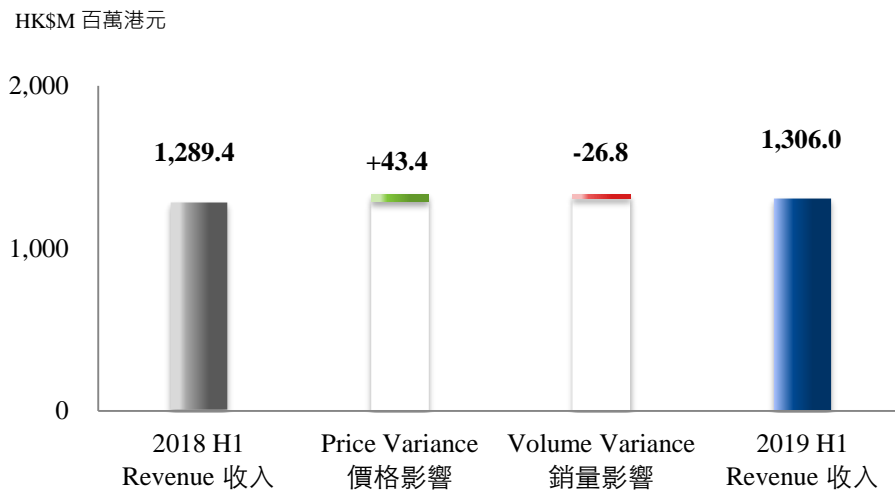


000' MT 千公噸	2019 H1	2018 H1	yoy change 同比变动
Sales Volume of Flour 面粉銷量	1,481	1,311	+ 12.9%
Sales Volume of Noodle 乾面銷量	63	70	- 9.8%
HK\$ million 百萬港元	2019 H1	2018 H1	yoy change 同比变动
Revenue 收入	6,191.7	5,971.4	+ 3.7%
GP Margin 毛利率	9.0%	9.3%	- 0.3ppt
Operating Profit 經營溢利	61.1	104.0	- 41.3%

- 小麥加工業務積極推進戰略規劃，提升小麥加工業務規模，有效提升對京津冀等重點市場區域的覆蓋能力與產能份額，為銷量提升奠定基礎，強化競爭能力。
- 在技術優勢的支撐下，開發烘焙等新產品，完善產品體系，麵粉銷量同比繼續增加。以高質量發展為導向，繼續增加品牌麵粉的營銷投入，多渠道協同，提升核心產品銷量規模。
- 麵粉銷量同比增長12.9%至148.1萬公噸。實現收入61.917億港元，毛利率同比基本穩定，經營溢利為0.611億港元。
- Wheat processing business has been actively implementing its strategic plan to boost the scale of the wheat processing capacity, which effectively improved the coverage and capacity share in the key Beijing-Tianjin-Hebei market, laying a solid foundation for future sales growth and strengthening the competitiveness.
- Under the support of the technology, the wheat processing business developed new products like baking flour to optimise product portfolio and boost the flour sales. Focusing on high-quality development, the Company further increase its investment in the branded flour business with multi-channel synergies in an effort to drive the sales volume of major products.
- The sales volume of flour products increased by 12.9% year-on-year to 1.481 million metric tons. Revenue was HK\$6,191.7 million with relatively stable gross profit margin year-on-year. Operating profit was HK\$61.1 million.

七、啤酒原料業務：專業優勢保障供銷穩定，業績同比顯著恢復

Brewing Materials: Secure stable procurement and sales through professionalism, performance recovered significantly year-on-year



000' MT 千公噸	2019 H1	2018 H1	yoy change 同比变动
Sales Volume of Malt 麦芽銷量	358	364	- 1.9%
HK\$ million 百萬港元	2019 H1	2018 H1	yoy change 同比变动
Revenue 收入	1,306.0	1,289.4	+ 1.3%
GP Margin 毛利率	19.6%	21.1%	- 1.5ppt
Operating Profit/(Loss) 經營溢利/虧損	120.0	-5.7	n.m.

- 啤酒原料積極應對行業環境變化，研判市場情況，保持原料穩定供應，緩解成本上漲壓力。在自身技術能力支撐下，順應啤酒市場高端化、個性化的發展趨勢，繼續拓展高端市場，化解啤酒消費需求疲軟的業務挑戰，保持銷量規模同比基本穩定。通過精細化管理，保證產能高效運轉，有效控制生產成本及各項費用，繼續保持高水平業績回報。
- 麥芽銷量**35.8萬公噸**，收入**13.060億港元**。由於2018年同期因停止內蒙工廠運營計提物業、廠房及設備減值損失約**1.285億港元**，期內經營溢利同比增加至**1.200億港元**。
- Brewing materials business analysed the market to actively respond to industry changes, ensuring stable material supply and mitigating the pressure of rising costs. Supported by its technical capabilities, the Company followed the trends in the high-end and craft beer markets to further expand its penetration and offset the challenges of weak demand to maintain sales volume. With effective management, the Company maintained high capacity utilisation, effectively controlled the production costs and various expenses, keeping delivering high level of profit and return.
- The sales volume of malt was 358,000 metric tons with revenue of 1,306.0 million. Operating profit, increased significantly year-on-year to HK\$120.0 million. The lower base in 2018 was mainly due to the ceasing operations of plant in Inner Mongolia, which resulted the recognition of impairment losses on property, plant and equipment of HK\$128.5 million.

八、前景展望

Outlook

- 展望下半年，國際貿易環境和大宗商品市場行情的複雜性仍將存在，可能繼續給企業經營帶來挑戰。本公司將繼續以品牌業務為戰略推進重點，加強產業鏈上下游及跨品類協同，提升費用投入效率，實現品牌油、米、面產品的規模擴張目標。同時加強精細化管理和成本控制，加快實現新擴張產能的高效運營，支撐銷量規模和市場份額穩步增長，在行業整合與競爭中保持優勢地位。
- Looking ahead to the second half of the year, the international trading environment and commodity markets will remain complex, which may still posing challenges for the operation. The Company will continue to focus on its branded business strategically. By further integrating the upstream and downstream segments of value chain, enhancing coordination across product categories and improving effectiveness of expense spending, China Agri will keep expanding the production and sales of branded oil, rice and flour products. With more efforts put on lean management and cost savings, the Company will improve the operational efficiency of newly-expanded capacity in order to boost sales volume and market share, enhancing its industry leading position and competitiveness in consolidation.

Q & A Session

問答環節



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