



五谷磨房食品国际控股有限公司
Natural Food International Holding Limited
2019 Interim Results

30 August 2019



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Our Core Value

Naturally Made, No Additives Needed

Our Vision

Build China's Most Valuable Natural Health Food Brand

Our Mission

Commit to Providing Health Products that Both the Aged and the Young Can Enjoy the Most



Content

1	1	Financial Summary
2	2	Business Review
3	3	Outlook
4	4	Q&A
5		



One

Financial Summary

Key Financial Highlights in 1H2019

Financial Highlights

(RMB: milliom)	1H2019	1H2018	YoY Changes
Revenue	921.52 ¹	851.02	+8.3%
Adjusted net profit²	110.64	100.19	+10.4%
Interim dividend (RMB: fen)	1.81	N/A	Payout ratio 35.8%

Numbers and revenue of concessionary counters

RMB: million

No. of concessionary counters



699.8

YoY
5.0%

734.4

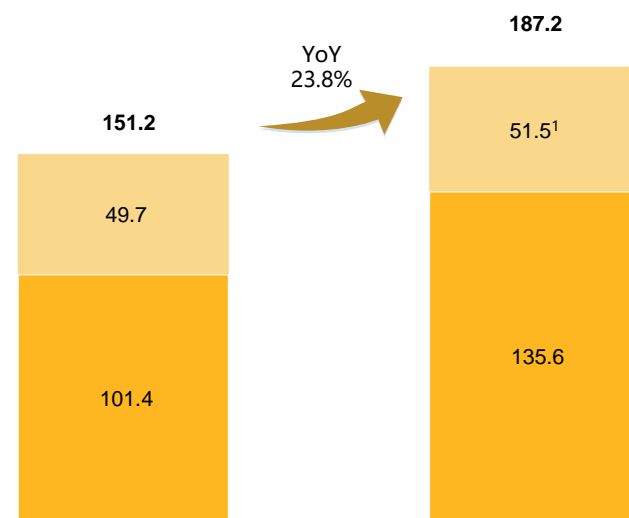
1H2018

1H2019

Revenue from online channels

RMB: million

■ E-commerce ■ WeChat member store



YoY
23.8%

151.2

49.7

101.4

1H2018

51.5¹

135.6

1H2019

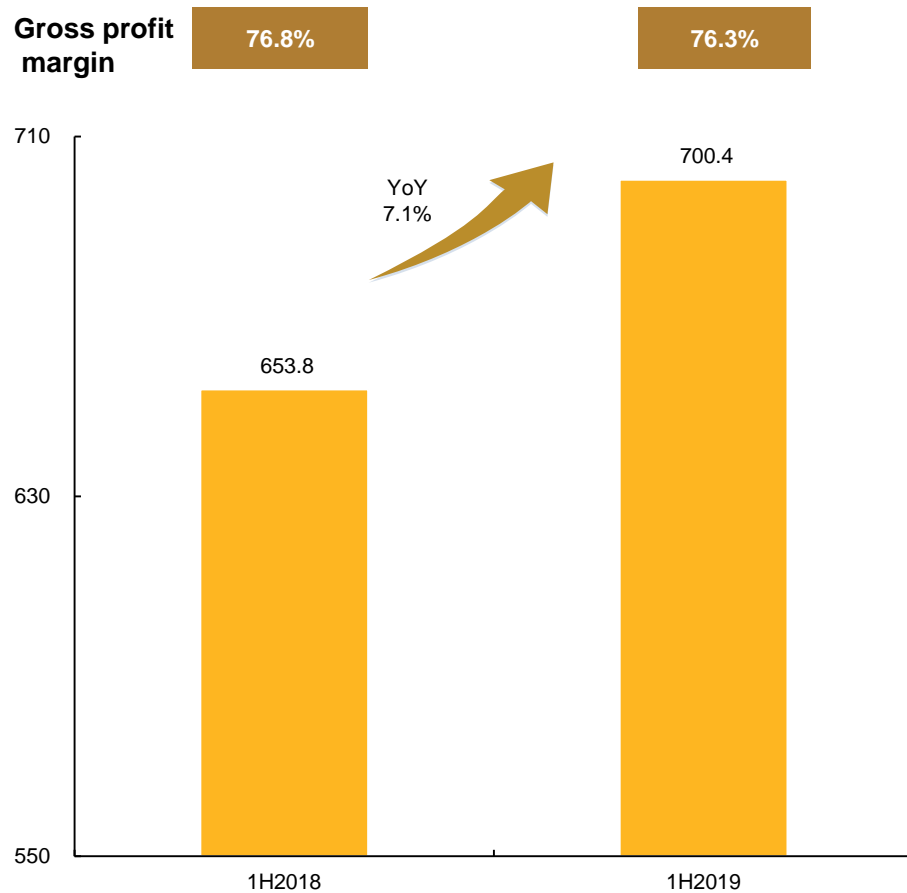
Note1 : Including commission income from other sales platforms (i.e., commission income from WeChat member store) : 4.051 million yuan

Note2 : Adjusted net profit is net profit before deducting the fair value change of convertible and redeemable preferred stock and listing related expenses

Increasing gross profit and adjusted net profit with stabilized high margin

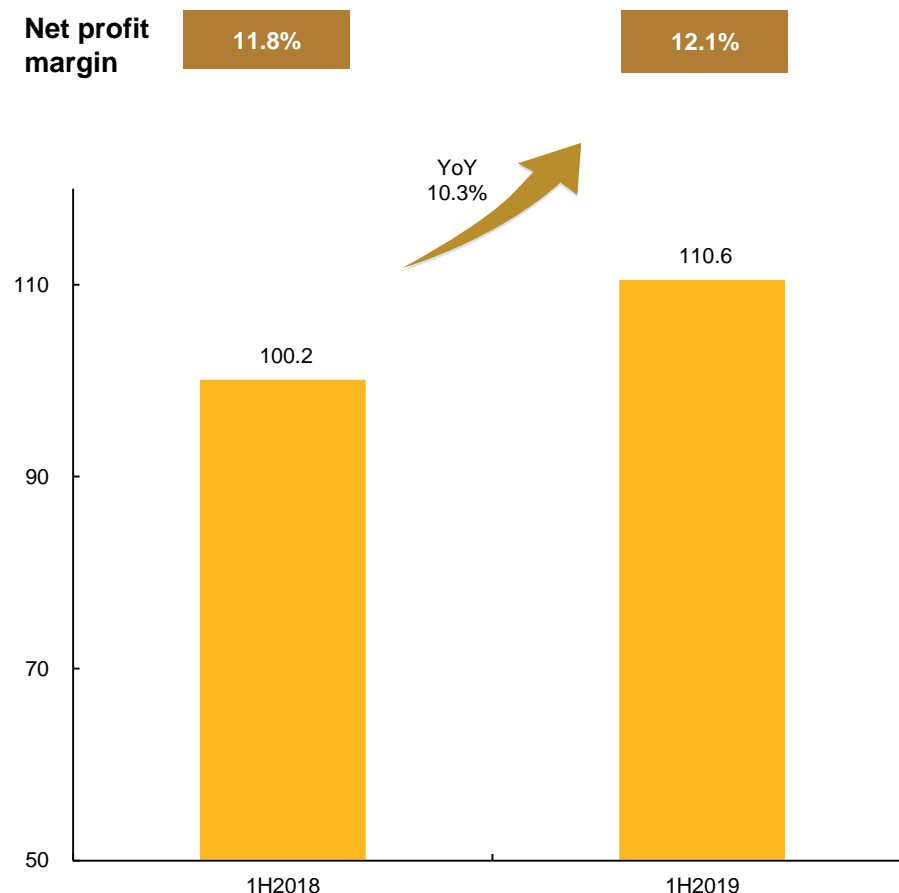
Increasing gross profit with stabilized margin

RMB: million



Increasing adjusted net profit¹ with stabilized margin

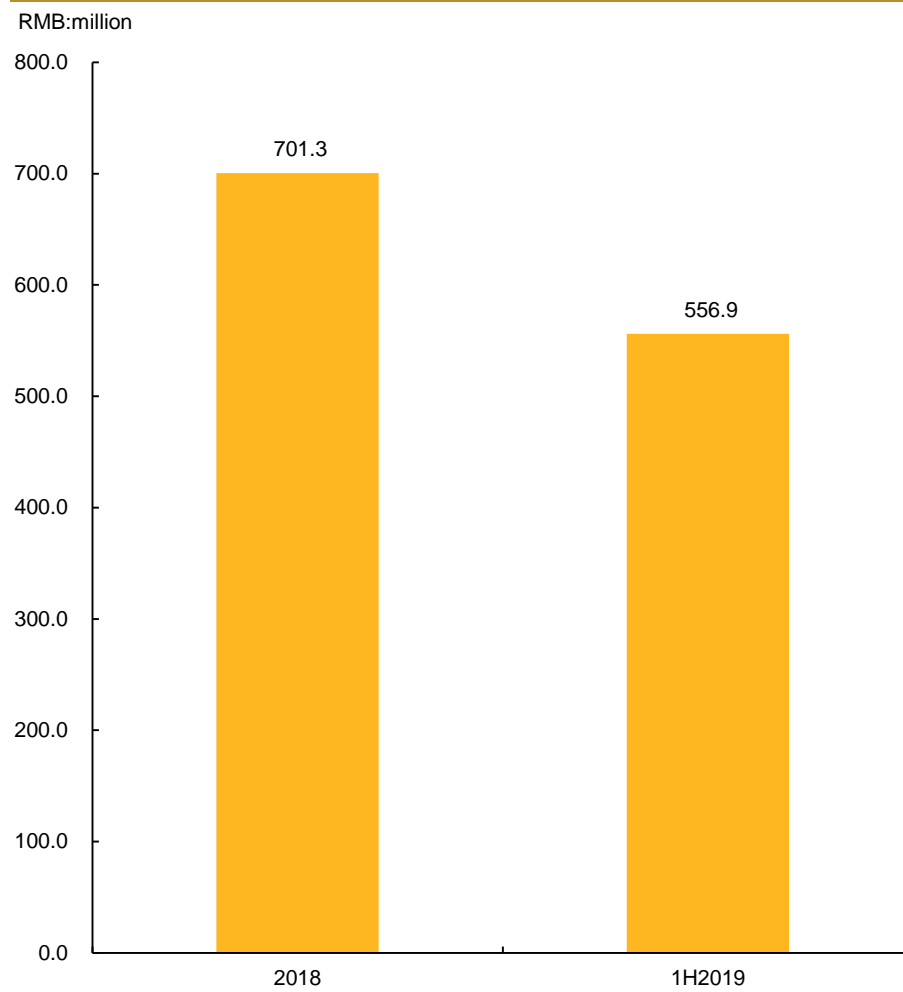
RMB: million



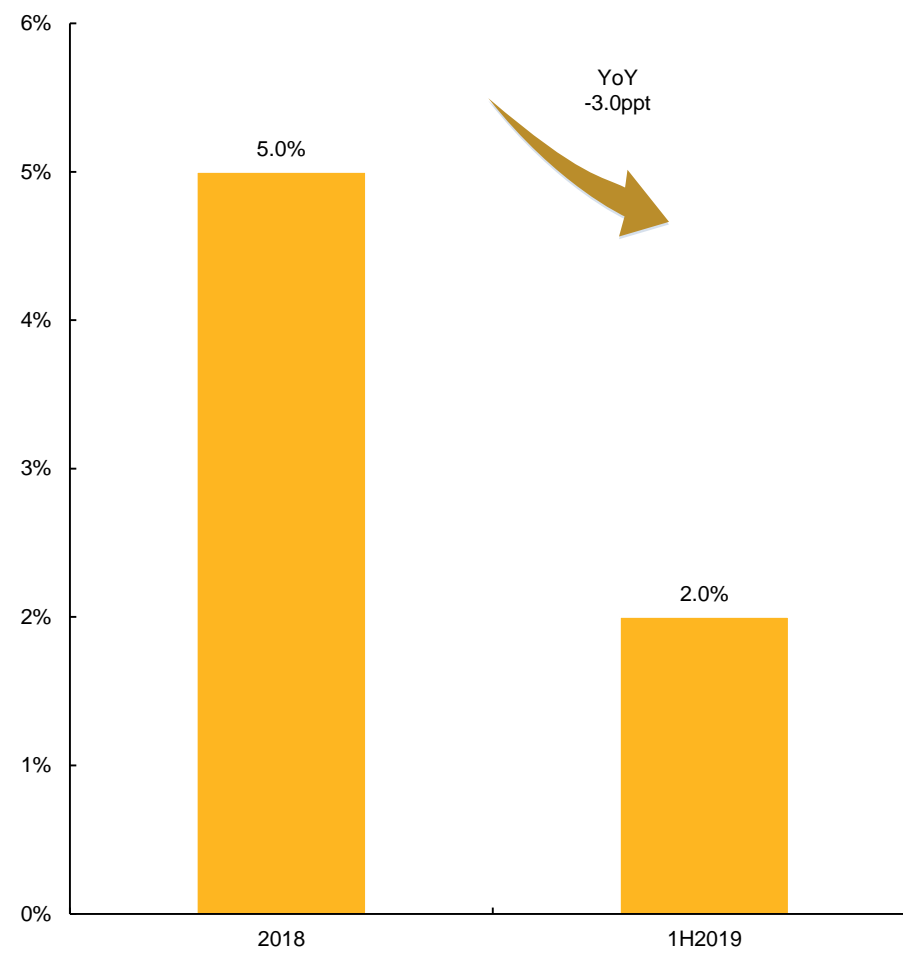
Note1 : Adjusted net profit is net profit before deducting the fair value change of convertible and redeemable preferred stock and listing related expenses

Strong cash with continued declining gearing ratio

strong cash flow¹



continued declining gearing ratio

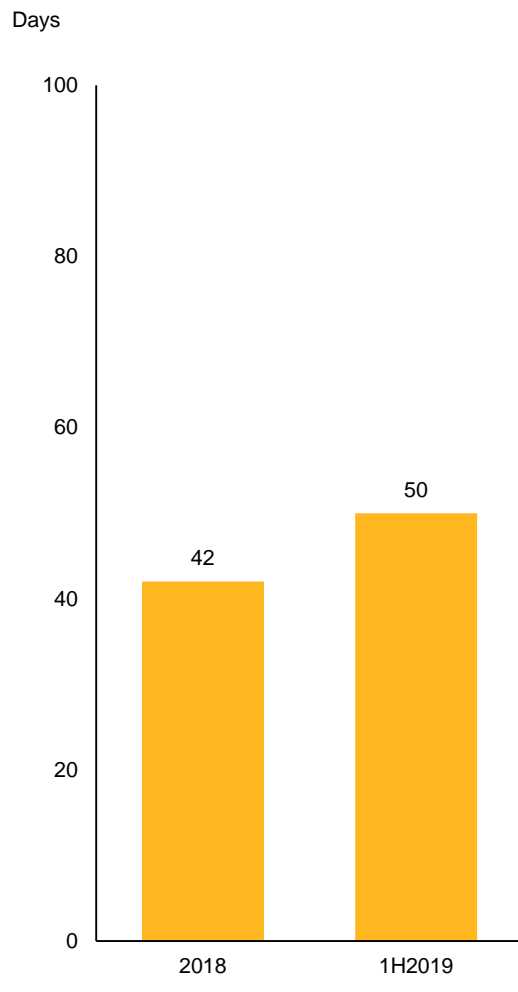


Note1 : Includes cash and cash equivalents, transactional financial assets, time deposits

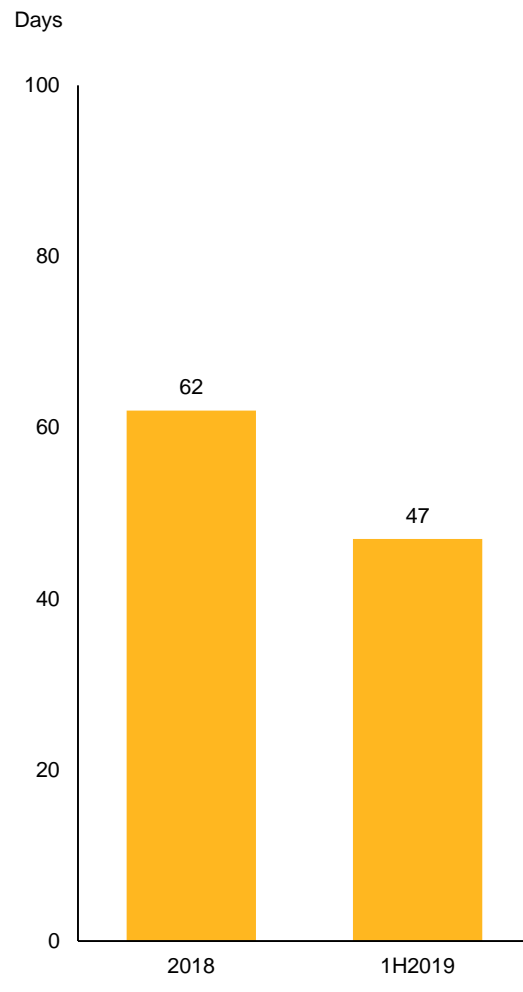
Note2 : The debt-to-capital ratio is calculated by dividing total liabilities (including amounts payable to directors and affiliates, interest-bearing borrowings, convertible and redeemable preferred shares and dividends payable) by total assets at the end of each year.

Stable turnover days of trade receivables, trade payables and inventory

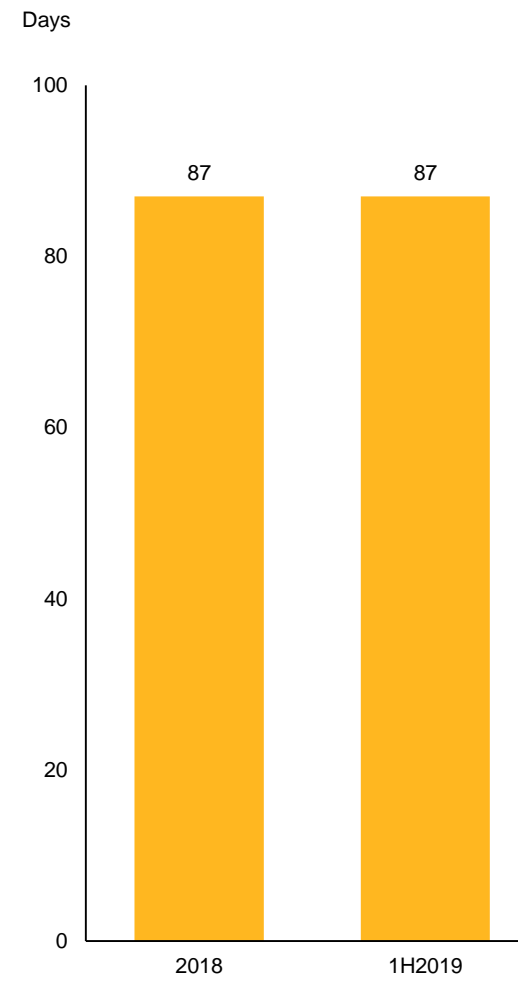
Trade receivables turnover days¹



Trade payables turnover days²



Inventory turnover days³



¹ Note 1: Trade receivables turnover days = 180 days x (average balance of trade receivables at the beginning and at the end of the relevant period)/revenue in the reporting period.

² Note 2: Trade payables turnover days = 180 days x (average balance of the trade payables at the beginning and at the end of the relevant period)/cost of sales in the reporting period.

³ Note 3: Inventory turnover days = 180 days x (average balance of inventory at the beginning and at the end of the relevant period)/cost of sales in the reporting period.

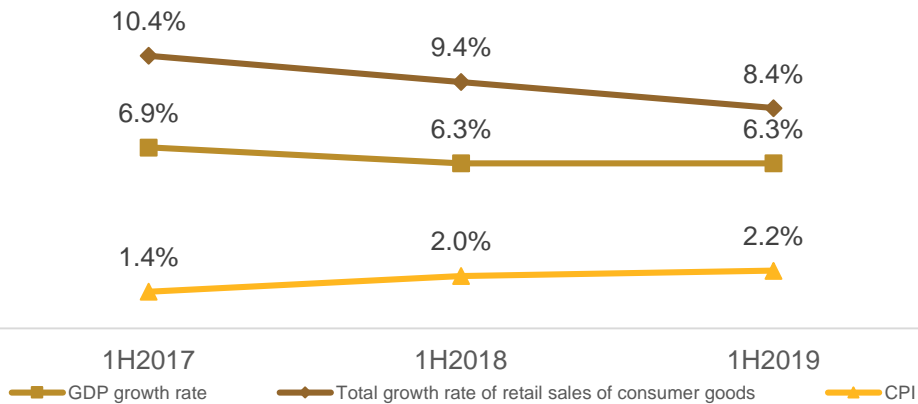


Two

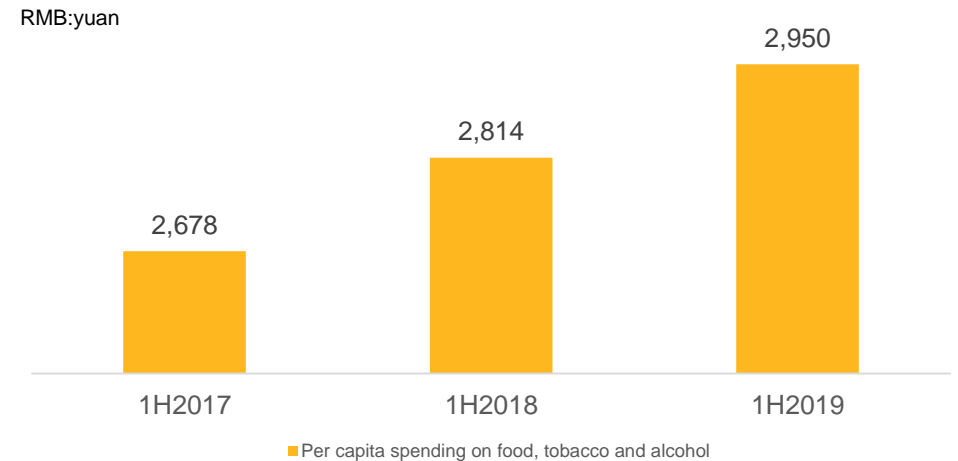
Business Review

High-quality development strengthened, Health food market continuously upgraded

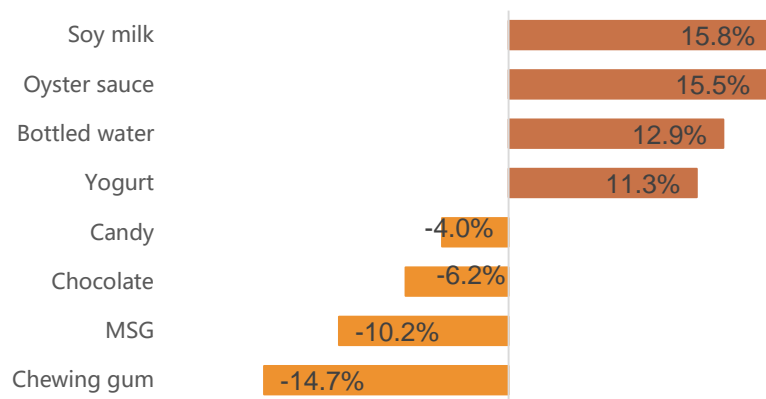
China's consumer market has shown good growth resilience



Per capita spending on food, tobacco and alcohol continued to grow



Consumers trend towards more health, nutrition and convenience



Diversified driving factors of different consumer groups

Driving Crowd1 : Elderly

~249million

High proportion, large increment, strong health awareness

Driving Crowd2 : Town Youth

~220million

E-commerce to promote consumption upgrade

Driving Crowd3 : White Colar

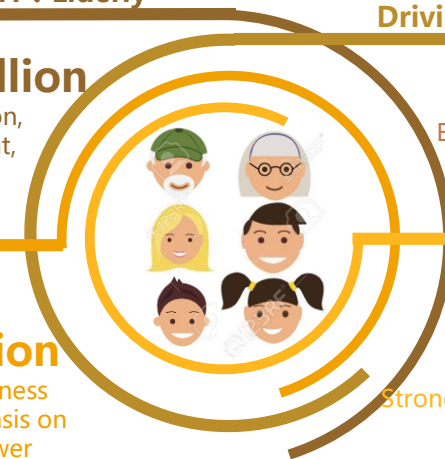
~224million

Health consciousness and equal emphasis on consumption power

Driving Crowd4 : Z-Gen

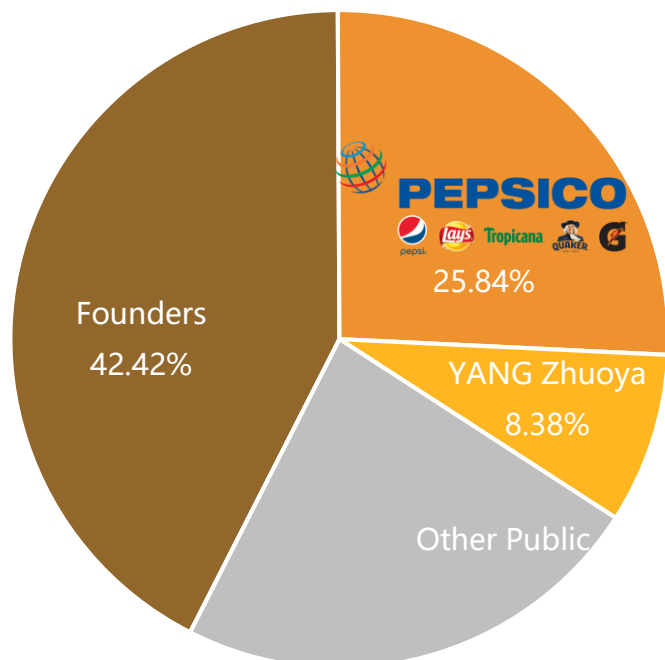
~149million

Strong spending power
Strong willing to spend money



PepsiCo completed strategic entrance to enhance synergies

PepsiCo made strategic investment in WGMF, became the second largest shareholder



- On July 26, 2019, PepsiCo (NASDAQ: PEP) invested more than HKD **1 billion** (us \$131 million; HKD1.8/share) to acquire ~26% shares of WGMF, becoming the company's **second largest shareholder**
- PepsiCo's **First Chinese strategic investment**
- PepsiCo has significant regard for the achievements made by company's founders and management team and the company's position as the **leader in natural health food**

Multi-channel and full-value chain strategic cooperation and synergy



Channel and marketing promotion

Omni-channel, restaurant channels, e-commerce, O2O retail, etc



Product mix and branding

Upgrade consumer insights to maximize product portfolio growth



Product innovation

Develop new products with world-class R&D facilities and know-how



Manufacturing

Superior manufacturing technology improves operational efficiency, covering food safety, plant construction, and production automation



Internal systems and management

The world's leading internal management methods, to build a world-class F&B listed enterprise

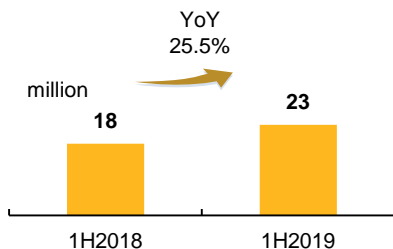
Market penetration stabilized, recorded good revenue growth in all channels

Improved single store sales growth

- Total **3,454** concessionary counters nationwide , **209** new counters
- Upgraded **300+** counters to provide consumers with more abundant natural health food
- steadily implemented the internal partnership mechanism in **400+** counters to improve the operating efficiency

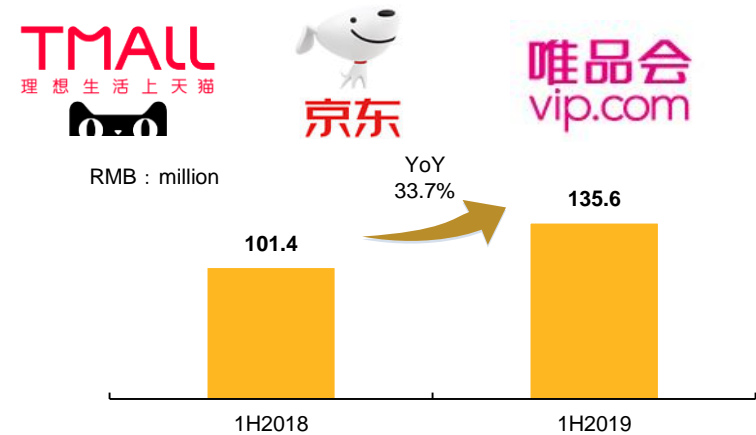


Numbers of registered members



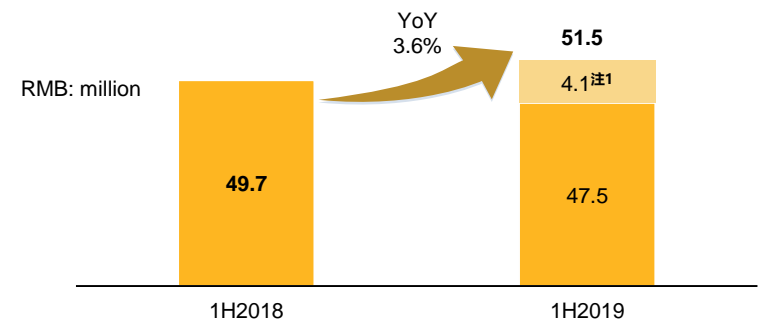
Online channels' revenue breakdown

Revenue from E-commerce channels



2019 Tmall 618 Top Awards

Revenue from WeChat Members Store



~7.55million of WeChat fans, representing YoY of +26.1%

TOP1 Corporate official account
TOP2 Health account

Published 19 WeChat graphics, cumulated 122.4million of readings

Note 1: commission income from other sales platforms (i.e., commission income from WeChat member store) is 4.051 million yuan

Differentiated product strategy to build customized growth momentum for each channel

Offline & e-commerce platform:
adhere to the strategy of "core category"

- To achieve a sustained growth of **core categories** via product upgrade and iteration, to create a large single product model
- To build a **leading position** in additive-free natural health food market via core category management, to strengthen brand awareness

WeChat member store : rich product portfolio to meet consumers' diversified demands

- WeChat member store members enjoy higher brand loyalty and stickiness
- Excellent R&D ability + flexible supply chain** enable the company to meet the fast changing consumers' demands

Product upgrades and iteration



- From "powder" to "porridge", same health and nutrition products with richer flavor and texture

Packaging upgrade and iteration

- Upgraded image of core product
- Patented structure, anti-falling and moisture-proof, excellent sealing




More Convenient

Tea bags that you can enjoy anytime and anywhere



More Leisure

Snacking in a more fashionable and easy way



More Fashionable

Products with new concepts to meet the fashion health trends of younger generation



More fun

Eat, play and enjoy life in a natural and healthy way

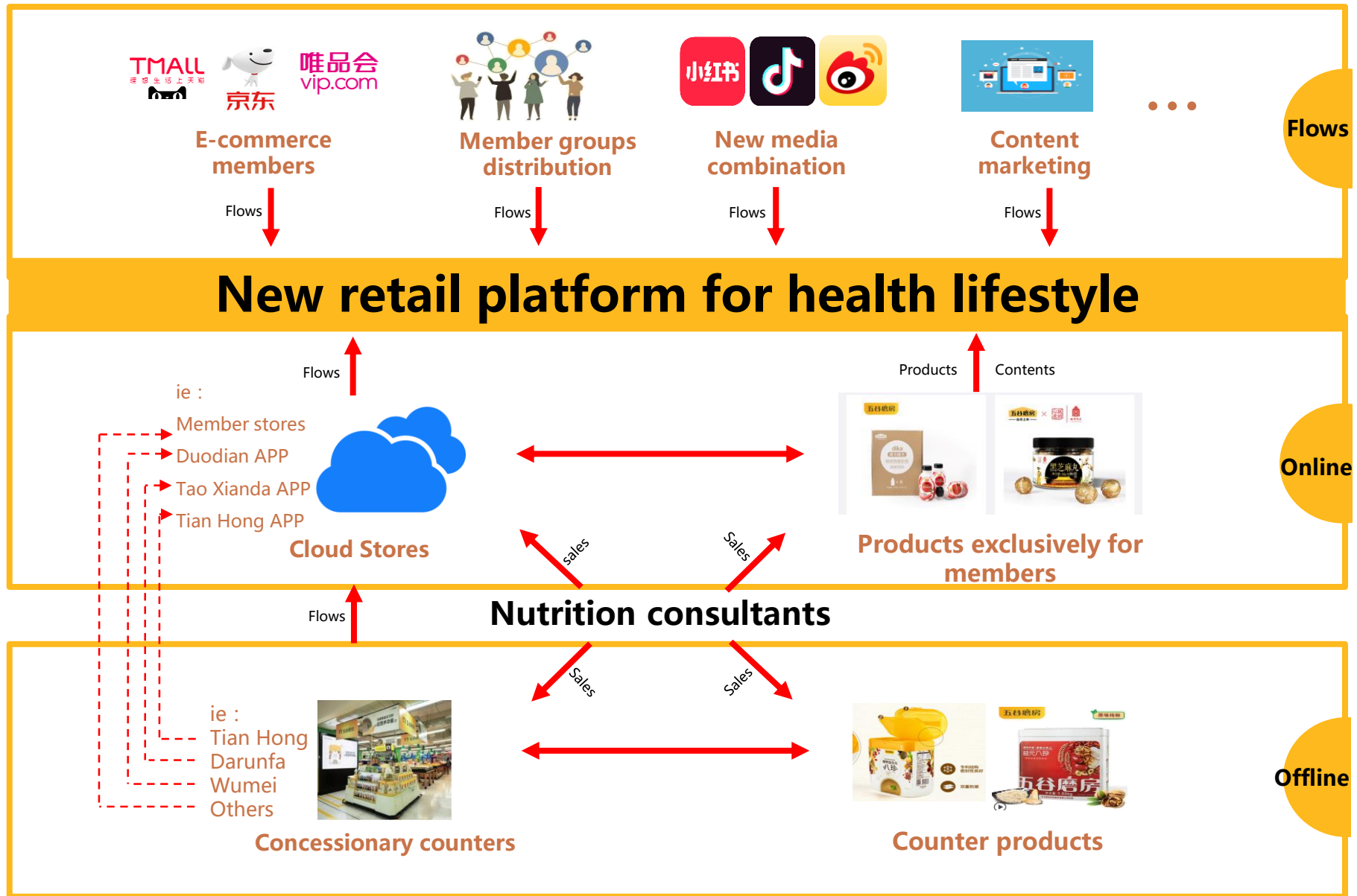




Three

Outlook

Test new models to integrate offline and online business, to explore new drives for future development



Continuously test and improve on-the-go project

- In 1H2019, the grain-nutrition breakfast featuring **freshness, convenience and health** started testing in some convenience stores, the company has received a lot of meaningful feedback from consumers.
- Great potential for **nutrition-intensive** and **health meals**
- Explore **lighter** business model and tap into **broader channels**





Four

Q&A

五谷磨房

—— 自然之养 ——



Thank you !

