



達利食品集團有限公司
DALI FOODS GROUP COMPANY LIMITED

RESULTS ANNOUNCEMENT FOR THE YEAR OF 2022

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目录

CONTENTS

1

Business Highlights

2

Performance by Segments

3

Chairman's Summary and Outlook



1. Business Highlights



China's Leading Food and Beverage Company with Scalability, Profitability and Highly Recognized Brand Leadership across Multiple Product Categories



Strategically Positioned Across Multiple Compelling Categories

- ✓ **Leading positions** across multiple growing product categories
- ✓ **A refined product portfolio** with huge market potentials and solid profitability

Superior Brand Matrix Highly Recognized by Consumers

- ✓ **7** core brands each exceeding **1 bn** revenue, with **4** brands each exceeding **2 bn** revenue

Nationwide Production Bases and Distribution Network

- ✓ **36** food and beverage production bases
- ✓ **6000+** distributors
- ✓ **3.5 mn+** POS



- **Strategic positioning** to drive growth
- Pioneer **innovation** for future development

- **Localized operations** catering to consumer trends and needs
- Enhance brand building capabilities to unlock **growth potentials**

- **Optimized incentive mechanism** to improve operation efficiency
- Enhance **professional execution capabilities** to better seize opportunities across different product categories

Capture Opportunities from a Wide Range of Product Categories



Strategically positioned categories to drive sustainable growth











Optimized product mix to improve profitability



Professional organizational structure to promote operation efficiency

Financial Highlights

	2021	2022	YoY		2021	2022	YoY
 Revenue	22,294	19,957	-10.5%	 Net Profit	3,725	2,990	-19.7%
 Gross Profit	8,156	7,024	-13.9%	 Net Profit Margin	16.7%	15.0%	-1.7ppt
 Gross Profit Margin	36.6%	35.2%	-1.4ppt	 Net Cash ¹	11,874	11,249	-5.3%
 EBIT	5,072	4,191	-17.4%	 Dividend Payout Ratio	50%	50%+50% ²	50%

1. Cash and bank deposits minus interest-bearing bank borrowings.

2. The full year dividends for 2022 amounted to HK\$17.7 cents per share, being interim dividend of HK\$7.1 cents per share, special dividend of HK\$5.3 cents per share and final dividend of HK\$5.3 cents per share, representing 100% dividend payout in the second half of 2022 and full year dividend payout ratio of 71%

Currency: RMB mn

Financial Results by Segments

Revenue and gross margin by segments

	Snack Food		Household Consumption		RTD Beverage	
	Revenue	GP Margin	Revenue	GP Margin	Revenue	GP Margin
	9,030 RMB mn	34.4%	3,705 RMB mn	40.8%	5,123 RMB mn	46.2%
YoY	-9.2%	+0.2ppt	+1.9%	-2.2ppt	-22.3%	-1.6ppt
	<ul style="list-style-type: none"> Revenue was impacted by ongoing pandemic Product optimization led to improved profitability 		<ul style="list-style-type: none"> Healthy growth and consolidated leading positions in both brands Higher raw material prices led to lower gross profit margin 		<ul style="list-style-type: none"> Revenue was impacted by the lack of consumption scenarios and adjustments of marketing strategies Maintained leading market positions with superior profitability 	

Highlights by segments



- Launched new products to capture health trend and enhance brand image



- Promoted product innovation and brand rejuvenation to meet the demands of young consumers



- Broadened consumption scenarios and explored high-growth product lines



- Further invested in differentiated and functional products to strengthen pricing power

- Advanced infrastructure build-up and established a win-win partnership with distributors

- Continued consumer education to consolidate the leading position

- Focused on R&D and product quality improvement



- Improve channel execution capabilities
- Sponsored both online and offline sports events to establish a professional brand image



- Launched low-sugar and sugar-free tea beverages to grasp demands from younger generation

2. Performance by Segments



Snack Food: Capture Trillion-Dollar Market Growth Opportunity, Further Consolidate Market Leadership

- Consolidate leading position and benefit from rising market entry barriers
- Offline channel will benefit from consumption recovery



- Capture market trends and drive product innovation
- Improve control of POS and refine channel structure



#1 Bakery Brand¹
2X the size of the second player²

- Grasp the market trend to launch new products and continue to improve product quality



#1 Domestic Chips Brand¹
5X the size of the second domestic player

- Promote homegrown brand image and improve competitiveness with local flavors and innovative techniques



#1 Domestic Biscuit Brand¹
Ranked 1st for 10 consecutive years

- Expand customer base and consumption scenarios via the launch of cookies, soda biscuits and wafers



1. Source: Euromonitor
2. Packaged Pastries Category

Doubendou: Promote Consumer Education and Drive Industrial Upgrade



Leading Soy Milk Brand; Promote Balanced Diet to Facilitate the Industry Upgrade

- ✓ **Health awareness continues** with further acknowledgement of balanced diet by consumers
- ✓ Gradual acceptance of **plant-based products**

2022 Revenue (mn)

2,266

Market Share

No.1

- ✓ **Conduct market education** to promote industrial upgrade
- ✓ Consolidate leading market position through category and brand education to **strengthen market position**

Promote Industrial Upgrade with Technique Innovation

- **Zero-additive Packaging Technique:** Launched China's first **zero-additive soy milk** by using organic plant-based nutrient-rich proteins
- **Exclusive Fermentation Technique:** Launched China's first **soy-based plant yogurt** by using probiotics exclusively from Denmark
- **Zero-additive Whole Bean Technique:** Launched China's first **organic whole bean soy milk** by using zero-additive whole bean technique and molecular emulsification

Retain healthy and tasteful flavors and promote industrial upgrade



1. Source: Tmall

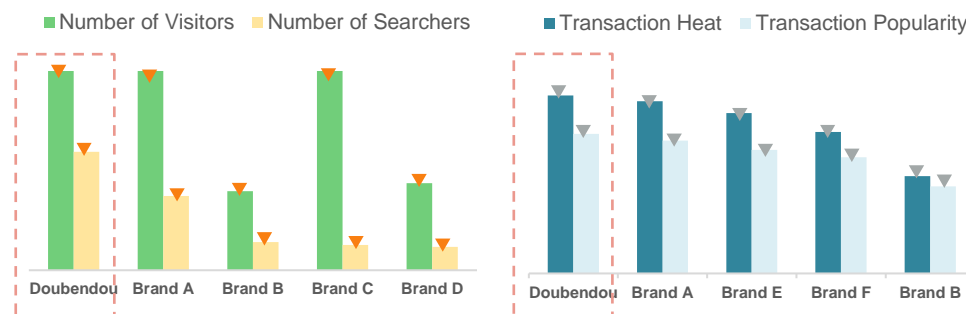
Promote Consumer Education and Brand Awareness



Release the **Consensus on Nutrition, Health and Consumption of Soy Milk** with national authorities and experts to drive consumer education and industry growth



Expand marketing coverage and strengthen consumer awareness. **Ranked No 1** in online search and visit indicators in **soy milk category** on Tmall Retail, and **No 1** in online transaction and popularity indicators on Tmall Supermarket in **plant-based protein category** in 2022¹



Meibeichen: Focus on Infrastructure Build-up and Product Portfolio Expansion

Maintain Nationwide Leading Position and Achieve Solid Growth Despite the Pandemic



Improve Scalability through Expanding Network and Improved Efficiency



Growing network with +150K POS

- ✓ Nationwide production bases and extensive network lead to a scalable business model
- ✓ Continue to expand quality POS such as **grocery chain stores and school**



Refined evaluation incentives improve distribution system

- ✓ Both distribution network and POS quality have shown superior improvements

Strengthen Pricing Power through New Product Launch and Product Upgrade



Improve product quality and launch iconic new products

- ✓ Upgrade high quality raw materials such as oil and sugar
- ✓ Enrich the product portfolio and launch **ready-to-eat hamburgers** catering to younger consumers



Mid-shelf life bread enriches product portfolio and optimizes operation efficiency

- ✓ Effectively drive the productivity of POS through complementary product offerings

RTD Beverage: Outstanding Product Portfolio and Innovation Capabilities Enhance Long-term Growth



Hi-Tiger is well-recognized as a professional energy drinks brand and poised to seize opportunities from industry growth and competitive landscape evolution



Tea Beverages capture new market trends and develop innovative Chinese-style tea beverages

Energy Drinks

Seize growth opportunities and strengthen execution capabilities

~60bn RMB

Energy Drinks Market Size¹

~11% CAGR

17-22 Growth¹



2022 Revenue

2,823

mn

Tea Beverages

Capture young health trends with innovative products

Market Size

~110bn RMB

Ready-to-drink Tea¹

2022 Revenue

1,524

mn



- ✓ Improve **professional execution capabilities** to further enhance the **quality of distributors**
- ✓ **Conduct customer-centric marketing** to promote **professional energy drink image**

Launch innovative products and instill vitality into herbal tea industry



Launch low-sugar and sugar-free Chinese tea beverage products to meet health trend



1. Source: Euromonitor

3. Chairman's Summary and Outlook



Summary and Future Outlook

Summary

- ✓ Optimize product quality, positioning and pricing point to propel **industrial upgrade**
- ✓ Promote **divisional organization** structure to enhance professional execution capabilities
- ✓ Refine channel structure to **optimize distributors' profitability**
- ✓ Rationalize resource allocations and **improve cost efficiency**



Outlook

- ✓ **Innovate products and categories** to drive sustainable growth
- ✓ Promote brand **rejuvenation and premiumization**
- ✓ Expand distribution network and **strengthen channel control**
- ✓ Cultivate human-centered organization and advocate incentive schemes to promote **professional execution**



Thank you!



For further information on Dali Foods,
please go to www.daligroup.com
or contact us:
ir@daligroup.com