



# Investor Relations

April. 22. 2019

# Disclaimer

---

All information regarding management performance and financial results of Harim Holdings (the “Company”) during the 4th quarter of 2018 as contained herein has been prepared on a consolidated basis in accordance with International Financial Reporting Standards (“IFRS”).

Please note that as the forward-looking statements contained herein are based on the current market situation and the Company’s management direction, they are subject to change according to the changes in future market environment and business strategy.

The information contained herein should not be utilized for any legal purposes in regards to investors’ investment results. The Company hereby expressly disclaims any and all liability for any loss or damage resulting from the investors’ reliance on the information contained herein.

# CONTENTS

---

Chapter 01 Company Overview

Chapter 02 2018 Earnings Review

Appendix

# Chapter 01 Company Overview

# Company Overview

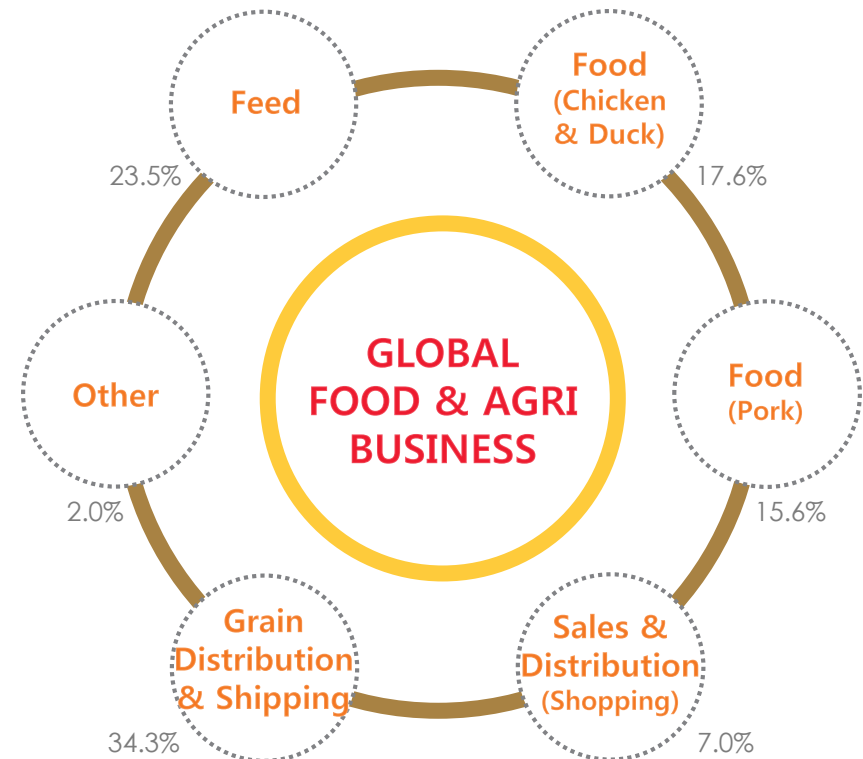
## ○ Company Profile

As of December. 31, 2018

Name	Harim Holdings Co., Ltd.
CEO	Hong-Kuk, Kim
Established	April 1, 1950 (January, 2011 – Division of Investment and Operations)
Listed	June 30, 2017(KOSDAQ)
Equity	9.3 Billion KRW
Employees	50
Major Function	Non-financial holding company (Subsidiary Management Consulting)
Address	121 Jungang-ro, Iksan-si, Jeollabuk-do, Korea
Affiliates	81 (Harim Corporation, Sunjin, Farmsco, Pan Ocean, Jeil Feed, etc.)
Overseas	36 (China, U.S., Vietnam, Philippines, etc.)
Home Page	www.harimholdings.com

Type		No. of Shares	Stake
Largest Shareholder & Affiliate Persons	Kim, Hong Kuk	21,189,308	22.64%
	Korea Investment	18,696,300	19.98%
	Orpum & 12 others	7,672,339	8.20%
Total		47,557,947	50.82%
Treasury Stock		17,659,638	18.87%
Others		28,367,503	30.31%
Listing Share in Total		93,584,198	100.00%

## ○ Major Affiliates



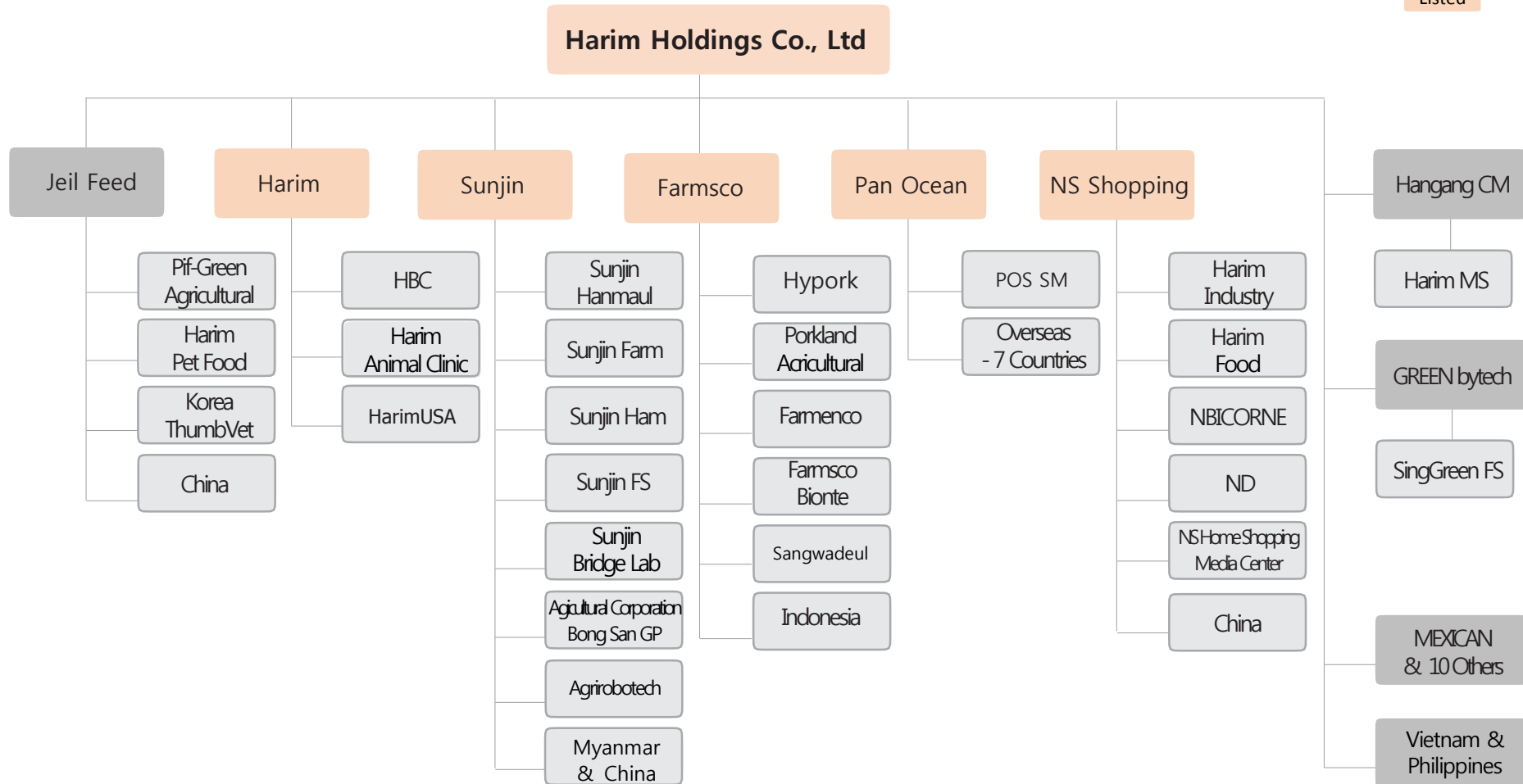
\* 2018 K-IFRS Consolidated, Revenue Breakdown

# Company Overview

## ○ Corporate Governance

As of December 31, 2018

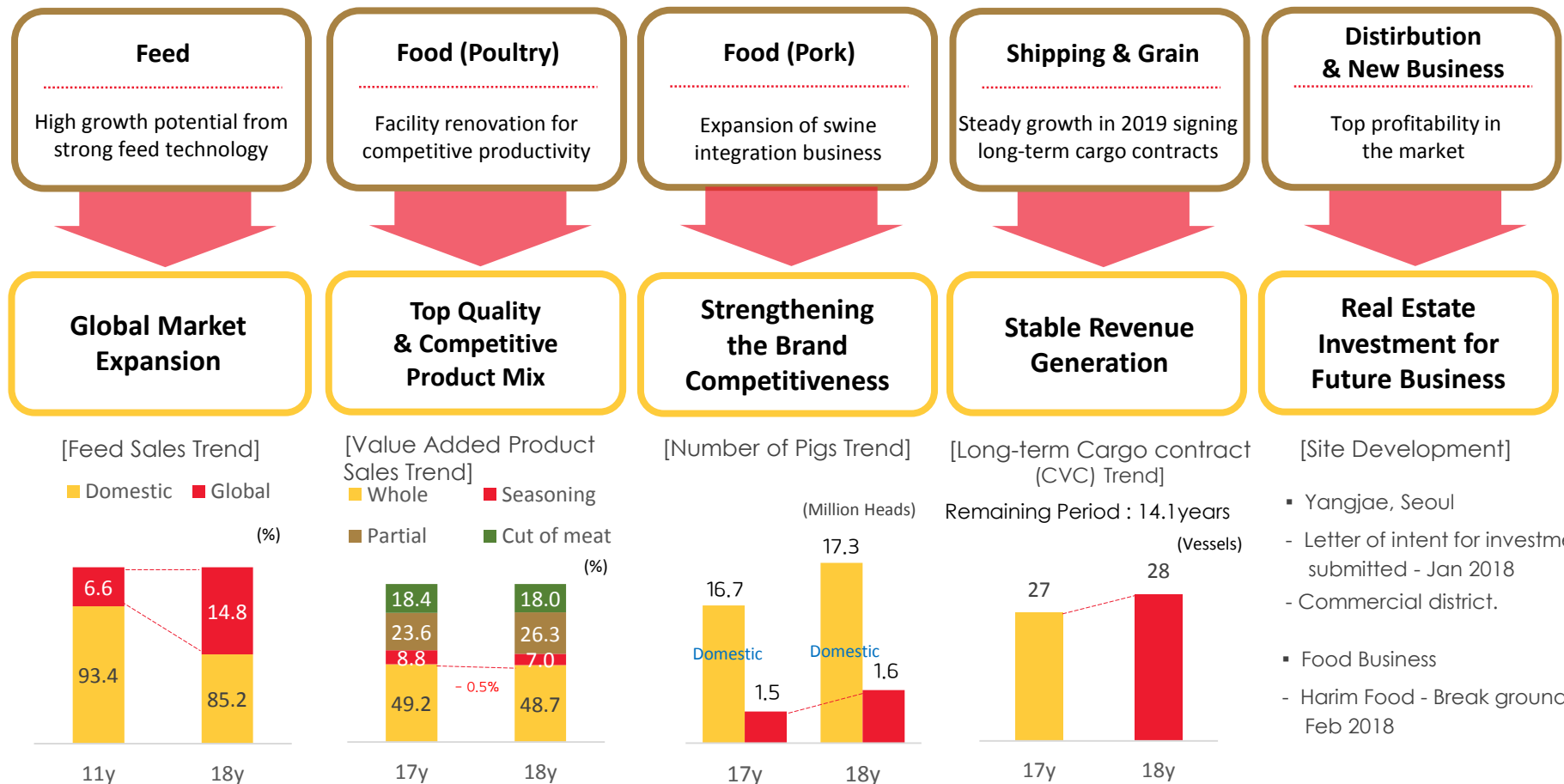
Listed



# Company Overview

## ○ Business Summary

- Harim Holdings has been strengthening its core business sectors and investing in new businesses at the same time to maximize its growth opportunity.

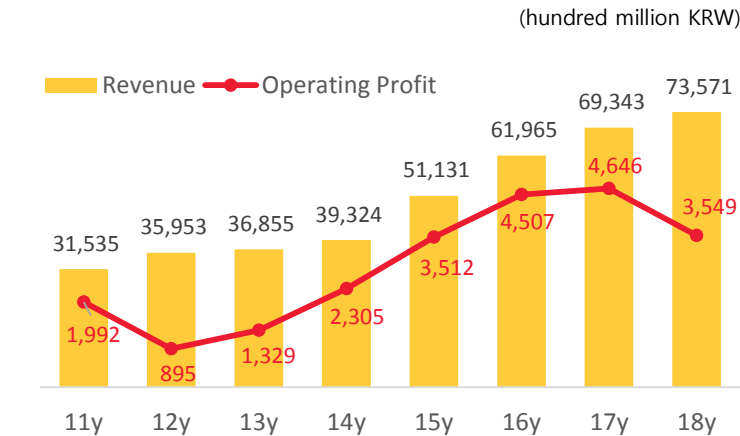


## Chapter 02 2018 Earnings Review



# 2018 Earnings Review

## ○ Financial Summary

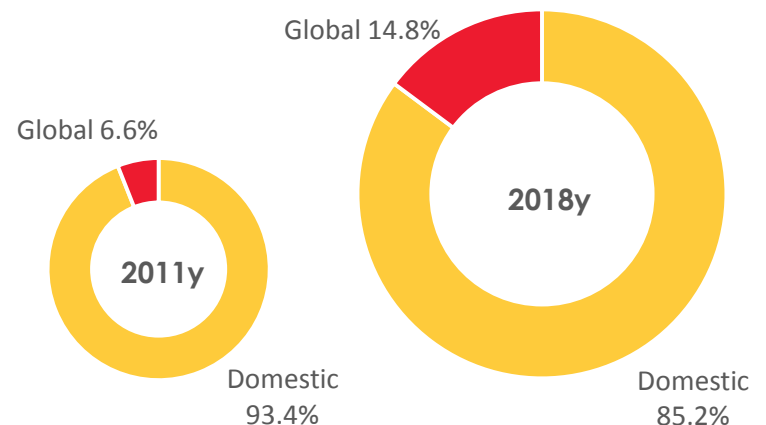


Note: K-IFRS Consolidated

- In January, 2011, after the transition to a holdings company, sales increased 233.3% from KRW 3.1trillion to 7.3trillion
- In 2018, sales climbed at a CAGR of 12.9% and profit margin was up at a CAGR of 8.6% from improvement of key business portfolio such as feed, food, Logistics and bulk shipping

## ● Business Diversification & Globalization

- As a market leader of domestic agri-food industry, Harim Holdings continued to expand its presence in other business sectors such as grain, shipping and retail
- Global revenue rose from 6.6% in 2011 to 14.8% in 2018
- Productivity in food business (including poultry & swine production) got improved due to continuous pursuit of operation excellence



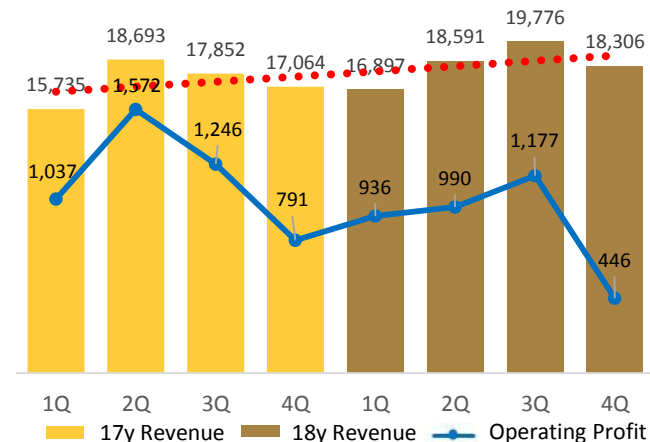
# 2018 Earnings Review

## ○ Financial Summary

(Unit: hundred million KRW)

	17.1Q	17.2Q	17.3Q	17.4Q	18.1Q	18.2Q	18.3Q	18.4Q	YoY	QoQ
Revenue	15,735	18,693	17,852	17,064	16,897	18,591	19,776	18,306	6.1%	-7.4%
Operating Profit	1,037	1,572	1,246	791	936	990	1,177	446	-23.6%	-62.1%
(%)	6.6	8.4	7.0	4.6	4.5	5.3	6.0	2.4		

(Unit: hundred million KRW)



- 2018 Revenue KRW 7,357 billion, operating profit 354.9 billion
  - Feeds / Foods : Operating profit dropped due to increase of raw material price and oversupply of the products in the market
  - Retail : Profitability of the home shopping business stayed stable, but the broadcasting/transmission fee increase caused operation profit decline
  - Bulk Shipping: Dry bulk shipping continued to grow, and container shipping got stabilized
- Stabilizing the business portfolio and strengthening the market competitiveness
  - Feeds / Foods : Newly constructed Chilgok feed mill and Iksan slaughter plant will promote sales growth / Pig integration business will be stabilized as growing GGP
  - Retail : Growth of mobile and T-Commerce channel positively impacted sales on live TV channel
  - Bulk Shipping : Cash flow got stabilized due to managing long-term cargo contracts

# 2018 Earnings Review

## ○ 2018 Performance by Division

### ● Revenue

(Unit: hundred million KRW)

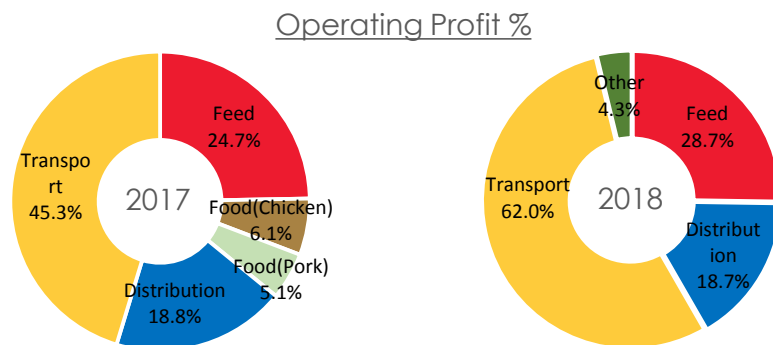
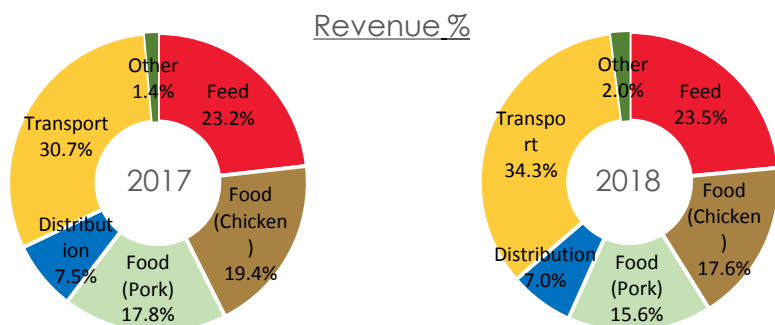
	15y	16y	17y	18y	YoY
<b>Feed</b>	16,710	17,333	17,651	19,511	10.5%
<b>Food</b>	23,808	25,901	28,319	27,532	-2.8%
Chicken·Duck	13,322	14,129	14,745	14,558	-1.3%
Pork	10,486	11,773	13,573	12,975	-4.4%
<b>Distribution (Shopping)</b>	4,789	5,220	5,710	5,803	1.6%
<b>Transport (Grain)</b>	10,038	18,740	23,362	28,408	21.6%
<b>Consolidated</b>	<b>51,131</b>	<b>61,965</b>	<b>69,343</b>	<b>73,571</b>	<b>6.1%</b>
Internal Transaction *	-4,710	-5,642	-6,737	-9,339	

(\*) Without internal transactions

### ● Operating Profit

(Unit: hundred million KRW)

	15y	16y	17y	18y	YoY
<b>Feed</b>	1,150	1,321	1,062	957	-9.9%
<b>Food</b>	283	270	481	-457	-194.9%
Chicken·Duck	215	142	261	-341	-230.6%
Pork	68	128	221	-116	-152.3%
<b>Distribution (Shopping)</b>	913	797	807	623	-22.8%
<b>Transport (Grain)</b>	1,167	1,679	1,950	2,065	5.9%
<b>Consolidated</b>	<b>3,512</b>	<b>4,507</b>	<b>4,646</b>	<b>3,549</b>	<b>-23.6%</b>
Internal Transaction	44	428	344	219	



# 2018 Earnings Review

## ○ 2018 Performance by Division

### ● Revenue

(Unit: hundred million KRW)

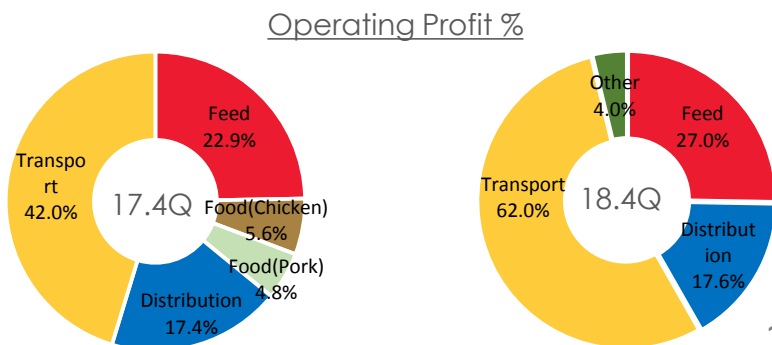
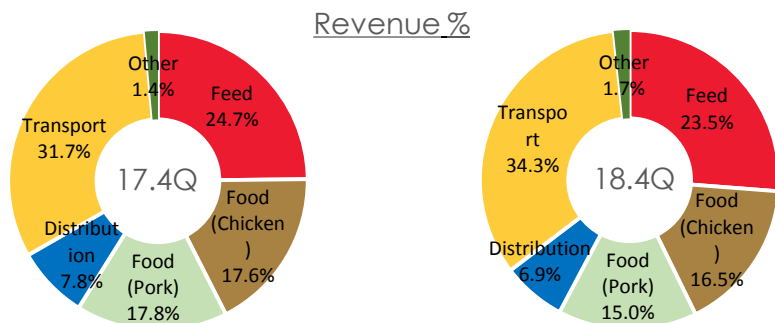
	'17.4Q	'18.3Q	'18.4Q	YoY	QoQ
<b>Feed</b>	4,640	4,230	5,455	17.6%	29.0%
<b>Food</b>	6,378	7,367	6,551	2.7%	-11.1%
Chicken·Duck	3,308	4,292	3,430	3.7%	-20.1%
Pork	3,069	3,075	3,122	1.7%	1.5%
<b>Distribution (Shopping)</b>	1,477	1,694	1,442	-2.4%	-14.9%
<b>Transport (Grain)</b>	5,970	8,967	6,998	17.2%	-22.0%
<b>Consolidated*</b>	<b>17,063</b>	<b>19,777</b>	<b>18,306</b>	<b>7.3%</b>	<b>-7.4%</b>
Internal Transaction	-1,755	-3,503	-2,494		

(\*) Without internal transactions

### ● Operating Profit

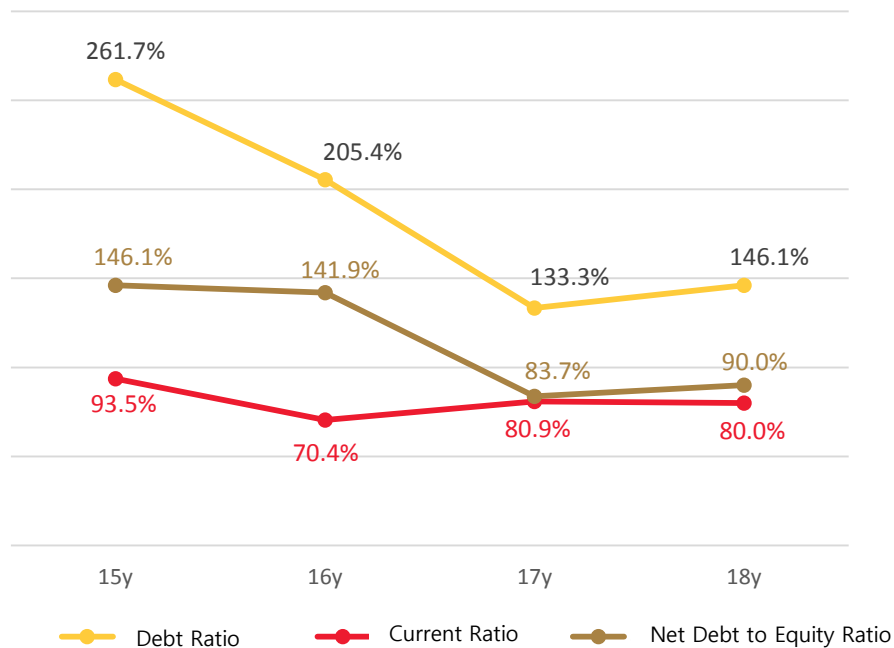
(Unit: hundred million KRW)

	'17.4Q	'18.3Q	'18.4Q	YoY	QoQ
<b>Feed</b>	248	168	186	-25.3%	10.5%
<b>Food</b>	-218	141	-420	92.9%	-397.6%
Chicken·Duck	-85	4	-183	114.6%	-4674.3%
Pork	-132	137	-237	78.9%	-272.8%
<b>Distribution (Shopping)</b>	119	175	108	-9.0%	-38.2%
<b>Transport (Grain)</b>	531	586	538	1.3%	-8.1%
<b>Consolidated</b>	<b>791</b>	<b>1,177</b>	<b>446</b>	<b>-43.6%</b>	<b>-62.1%</b>
Internal Transaction	63	-15	57		



# 2018 Earnings Review

## ○ Key Stability Indicators

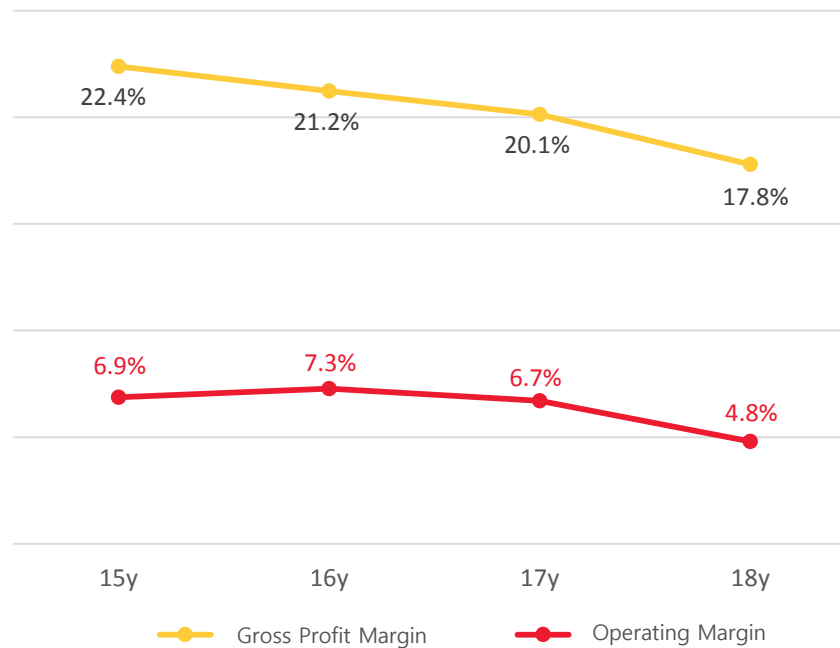


### Loan Payable

(Unit: hundred million KRW)

	15y	16y	17y	18y
Liabilities	49,823	47,536	40,191	48,166
Debt	40,317	39,026	31,104	38,286
Net Debt to equity	27,809	32,840	25,232	29,684

## ○ Key Profitability Indicators



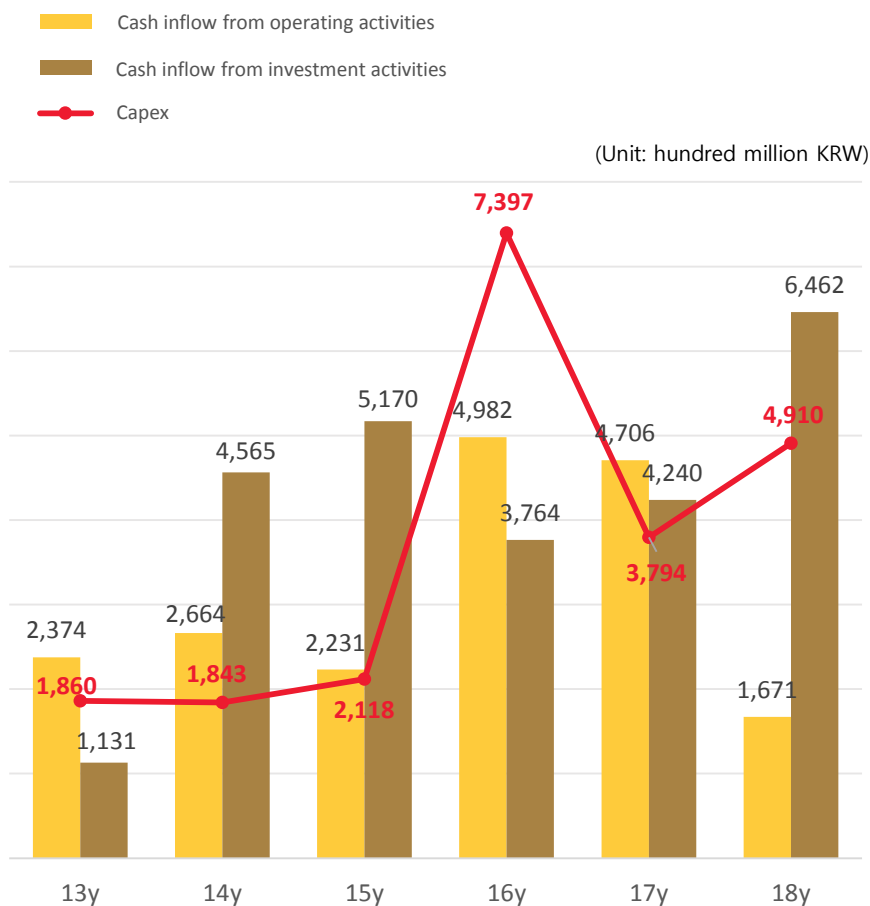
(Unit: hundred million KRW)

	15y	16y	17y	18y
Operating Income	51,131	61,965	69,343	73,571
Operating Profit	3,512	4,507	4,646	3,549
Net Profit	1,744	3,718	3,337	1,943

# 2018 Earnings Review

## ○ CAPEX Investment Activities

- Diversifying business portfolio for future business growth



	17y	18y
Landed Estate	-	<ul style="list-style-type: none"> <li>Completion of Harim Holdings office construction in Iksan &gt;&gt; KRW 40 Billion</li> </ul>
Machinery	<ul style="list-style-type: none"> <li>Farms/Plants Investment &gt;&gt; KRW 261.1 Billion</li> <li>- Harim KRW 117.2 Billion</li> <li>- Sunjin KRW 37.0 Billion</li> <li>- Allen KRW 7.9 Billion</li> <li>- Farmsco KRW 54.7 Billion</li> </ul>	<ul style="list-style-type: none"> <li>Farms/Plants Investment &gt;&gt; KRW 261.6 Billion</li> <li>- Harim KRW 96.0 Billion</li> <li>- Sunjin KRW 29.4 Billion</li> <li>- Allen KRW 37.6 Billion</li> <li>- Farmsco KRW 48.3 Billion</li> </ul>
Container Ship	<ul style="list-style-type: none"> <li>Purchased oil tanker and built brand new bulk vessels - KRW 106.5 Billion</li> </ul>	<ul style="list-style-type: none"> <li>Purchased oil tanker and built brand new bulk vessels - KRW 165.4 Billion</li> </ul>

[Global Business Investment]			(Unit: hundred million KRW)	
	17y	18y		
Feed & Grain	382	53		
Poultry	178	447		
Total	560	500		

# 2019 Focus

- One and only Food & Agri. Business total value chain in the World



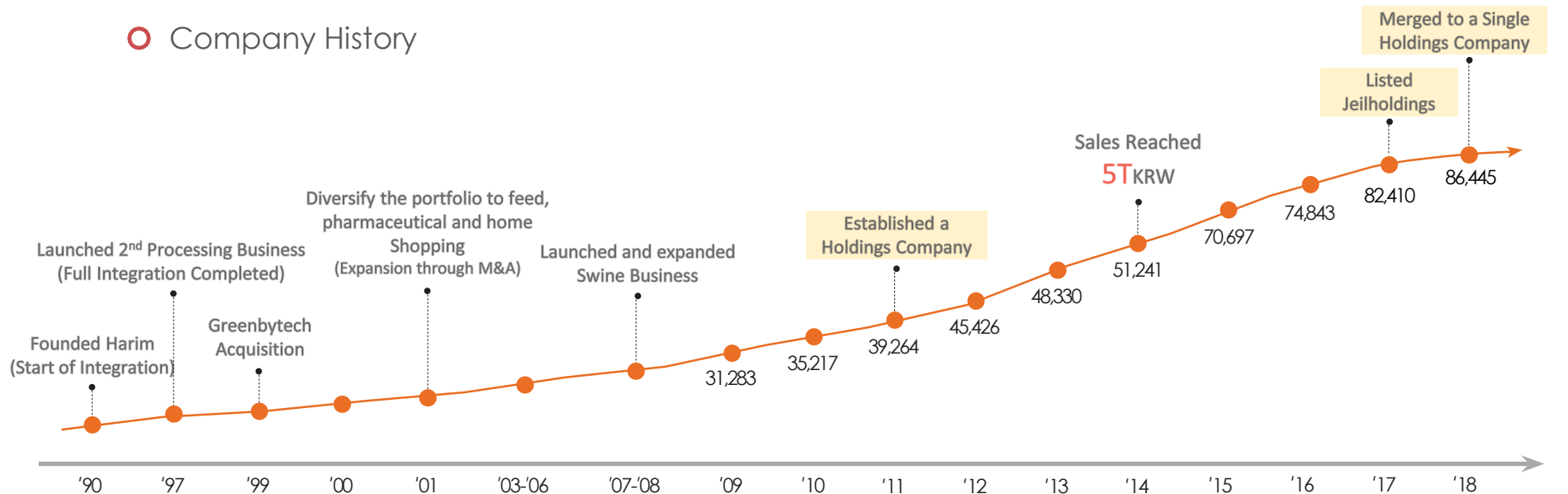
- Productivity Improvement
  - Cost Savings / Technology Improvement
- Retail Platform
  - Easy Shopping / Simplify freight system / Save distribution cost
- New Business & Expansion
  - Fresh Raw Materials / Raw material demand base(Grain) / Globalization
- Developing a Food business ecosystem
  - Enhance investment efficiency by decentralizing management authority
  - Invest in new food business sectors for future growth
  - Seek for future business opportunities and restructure existing businesses



We are designing a strong & healthy future  
as a food & agribusiness company.



## ○ Company History



### | 1978~1998 |

#### Foundation / Early Phase of Integration Business

- '78 Founded Hwang-Dung poultry farms
- '86 Founded Harim Foods
- '90.10 Founded Harim (start of integration business)
- '97.09 Constructed Harim 2nd processing plant (Completed full integration system)

### | 1999~2006 |

#### Expansion and Diversification of Poultry Business

- '99.12 Acquired Greenbytech Co., Ltd
- '01.01 Acquired Jeil Feed Co., Ltd.
- '01.07 Acquired Korea ThumbVet Co., Ltd.
- '01.08 Established Orpum Co., Ltd.
- '01.05 Established NS Homeshopping
- '01.12 Established Harim Group
- '02.03 Acquired Joowon Ducks
- '06.03 Established SUZHOU Feed(China)

### | 2007~2012 |

#### Industry and Global Market Expansion

- '07.10 Acquired Sunjin Co., Ltd.
- '08.04 Established TIELING Feed(China)
- '08.06 Acquired Hankang CM & Farmsco Co., Ltd.
- '09.02 Established Qingdao Feed(China)
- '09.09 Established PT Harim(Indonesia))
- '10.04 Established Eco Capital Co., Ltd.
- '11.01 Established Holdings Company
- '11.08 Established Liao Cheng Feed(China)
- '11.09 Merge Allen Family Foods(start USA)

### | 2013~Present |

#### Becoming a Comprehensive Food Company

- '13.09 Established Myanmar Co., Ltd (Myanmar)
- '13.11 Established Harim Food Co., Ltd.
- '15.06 Acquired Pan Ocean Co., Ltd.
- '16.09 Established Harim Industry Co., Ltd.
- '17.06 Listed Jeil Holdings
- '17.08 Started Feed & Poultry Business in Indonesia
- '18.02 **Started Constructing Harim Food Complex**
- '18.07 **Merged to a Single Holdings Company (Merged with Harim Holdings Co., Ltd)**

## ○ Consolidated Financial Statements (Summary)

### ● Balance Sheet

(Unit: million KRW)

	2017	2018	YoY
Current Assets	2,045,628	2,646,339	600,711
<i>Cash and Cash Equivalents</i>	<i>462,032</i>	<i>633,425</i>	<i>171,393</i>
<i>Short-term Financial Instruments</i>	<i>125,180</i>	<i>226,841</i>	<i>101,661</i>
<i>Accounts Receivables and Other Receivables</i>	<i>708,683</i>	<i>853,080</i>	<i>144,397</i>
<i>Inventories</i>	<i>449,372</i>	<i>601,393</i>	<i>152,021</i>
<i>Biological Assets</i>	<i>158,166</i>	<i>164,133</i>	<i>5,967</i>
Non-Current Assets	4,988,259	5,467,081	478,822
Total Assets	7,033,887	8,113,420	1,079,533
Current Liabilities	2,528,074	3,309,778	781,704
Non-Current Liabilities	1,491,065	1,506,865	15,800
Total Liabilities	4,019,139	4,816,643	797,504
Capital	7,071	9,358	2,287
Additional Paid in Capital	846,165	962,637	116,472
Other Capital	- 369,157	-229,783	139,374
Retained Earnings	863,100	941,674	78,574
Non-controlling Interest	1,667,569	1,612,891	- 54,678
Total Equity	3,014,748	3,296,777	282,029

Note: K-IFRS

### ● Income Statement

(Unit: million KRW)

	2017	2018	YoY
Revenue	6,934,326	7,357,069	422,743
COGS	5,537,613	6,050,548	512,935
Gross Profit	1,396,713	1,306,521	- 90,192
Selling and G&A exp	932,116	951,572	19,456
Operating Profit	464,597	354,949	- 109,648
Other Income	149,901	103,148	- 46,753
Other Expense	204,974	229,050	24,076
Income before Tax	409,524	229,047	- 180,477
Income Tax	75,801	34,710	- 41,091
Net Profit after Tax	333,723	194,338	- 139,385

Note: K-IFRS

## ○ Financial Statements (Summary)

### ● Balance Sheet

(Unit: million KRW)

	2017	2018	YoY
Current Assets	12,266	56,624	44,358
Non-Current Assets	1,201,613	1,528,666	327,053
Total Assets	1,213,879	1,585,290	371,411
Current Liabilities	316,241	447,908	131,667
Non-Current Liabilities	20,178	23,818	3,640
Total Liabilities	336,419	471,726	135,307
Capital	7,071	9,358	2,287
Additional Paid in Capital	861,589	1,115,485	253,896
Adjustment in Capital	- 225,332	-238,049	- 12,717
Retained Earnings	234,131	226,770	- 7,361
Total Equity	877,460	1,113,564	236,104

### ● Income Statement

(Unit: million KRW)

	2017	2018	YoY
Operating Income	12,008	12,378	370
Operating Expense	3,876	6,436	2,560
Operating Profit	8,132	5,942	- 2,190
Other Income	1,588	15,400	13,812
Other Expense	14,806	15,994	1,188
Income before Tax	- 5,086	5,348	10,434
Income Tax	1,328	- 255	- 1,583
Net Profit after Tax	- 6,414	5,603	12,017