



# Investor Relations

August 2020

# Disclaimer

All information regarding management performance and financial results of Harim Holdings (the “Company”) during the 2nd quarter of 2020 as contained herein has been prepared on a consolidated basis in accordance with Korean International Financial Reporting Standards (“K-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.

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# Chapter 01 **Company Overview**

# 01. Company Overview

## ○ Company Profile

As of June 30, 2020

NAME	Harim Holdings Co., Ltd.
CEO	Hong Kuk, Kim
Established	April 1, 1950
Listed	June 30, 2017(KOSDAQ)
Capital	9.3 Billion KRW
Employees	74
Major Function	Non-financial holding company (Subsidiary Management Consulting)
Address	121, Jungang-ro, Iksan-si, Jeollabuk-do, Korea
Affiliates	82 (Harim, Sunjin, Farmsco, Pan Ocean, Jeil Feed, NS Shopping etc.)
Overseas	39 (China, U.S., Vietnam, Philippines, Indonesia etc.)
Website	www.harimholdings.com

## ○ Major Business



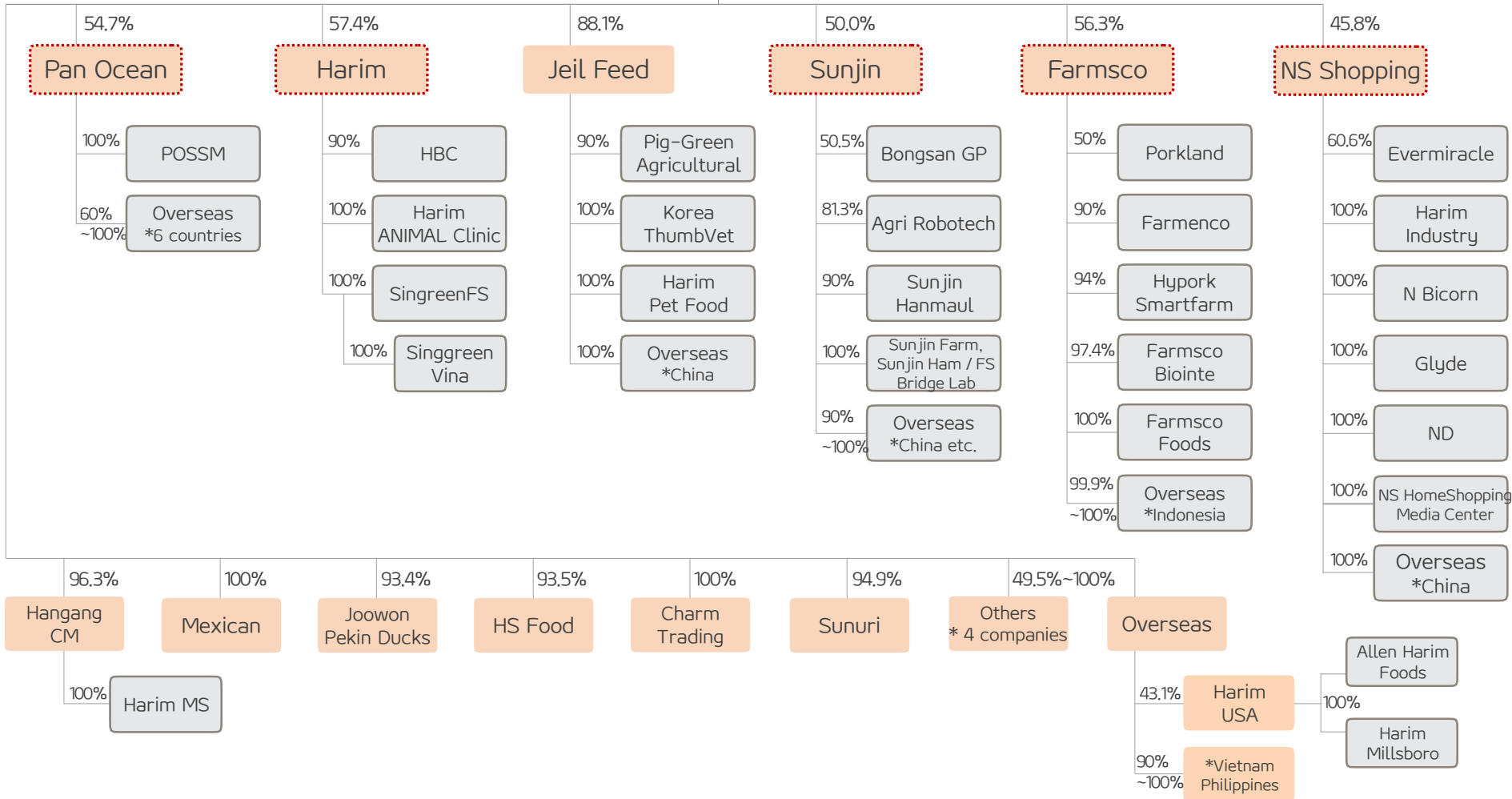
\* First Half of 2020 K-IFRS Consolidated, Revenue Breakdown  
(Include 327.3 billion KRW in internal transactions)

## 02. Corporate Governance

As of June 30, 2020

Listed

### Harim Holdings Co., Ltd

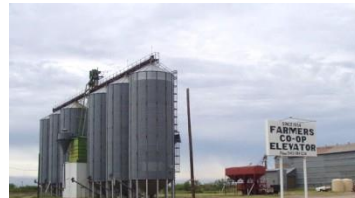


# 03. Core Competence

## Feeding the World Through Vertically Integrated Companies



Grain Farm



Country elevator



River / Terminal elevator



Export elevator



Table



Meat



Meat Processing



Livestock



Feed mill



Food



Food Processing



Farm land



Nature

- ✓ Combined with Pan Ocean, an international bulk carrier company, we entered the global grain distribution business and are now involved in the entire food chain.
- ✓ We have strengthened our competitiveness by managing the food chain from farm to table by establishing a direct procurement system for basic materials of all foods.

A Global Food Company that Enriches Human Life

# Global 1st. Productivity

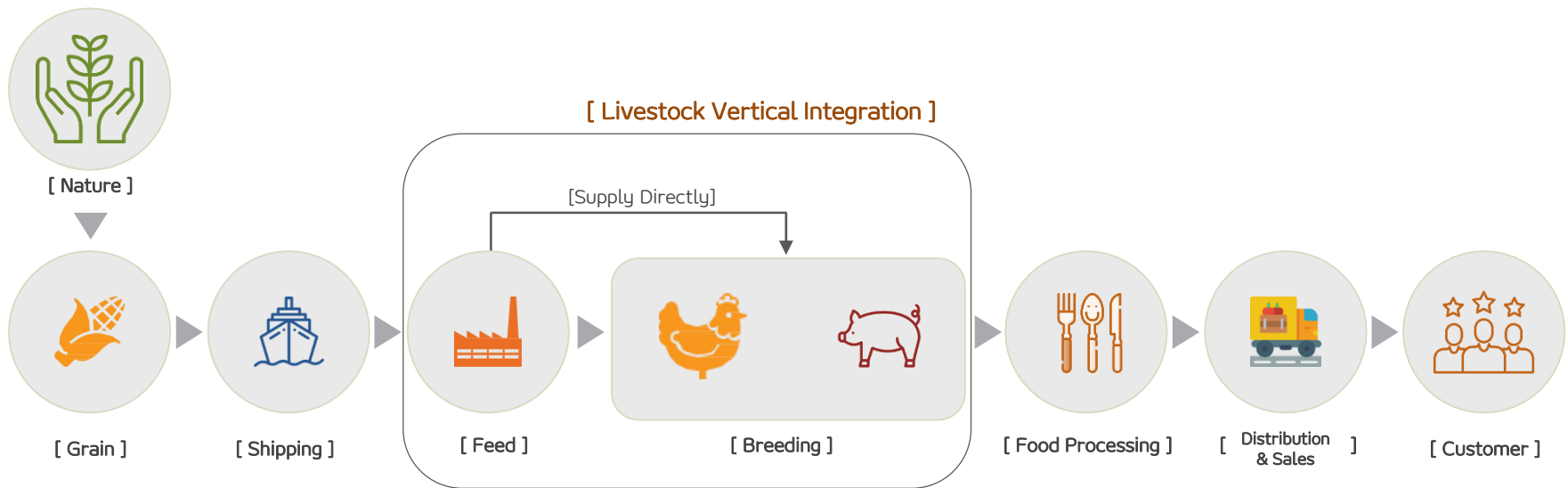


## Chapter 02 Performance

# 01. Business Areas; Success based on the best Vertical Integration System



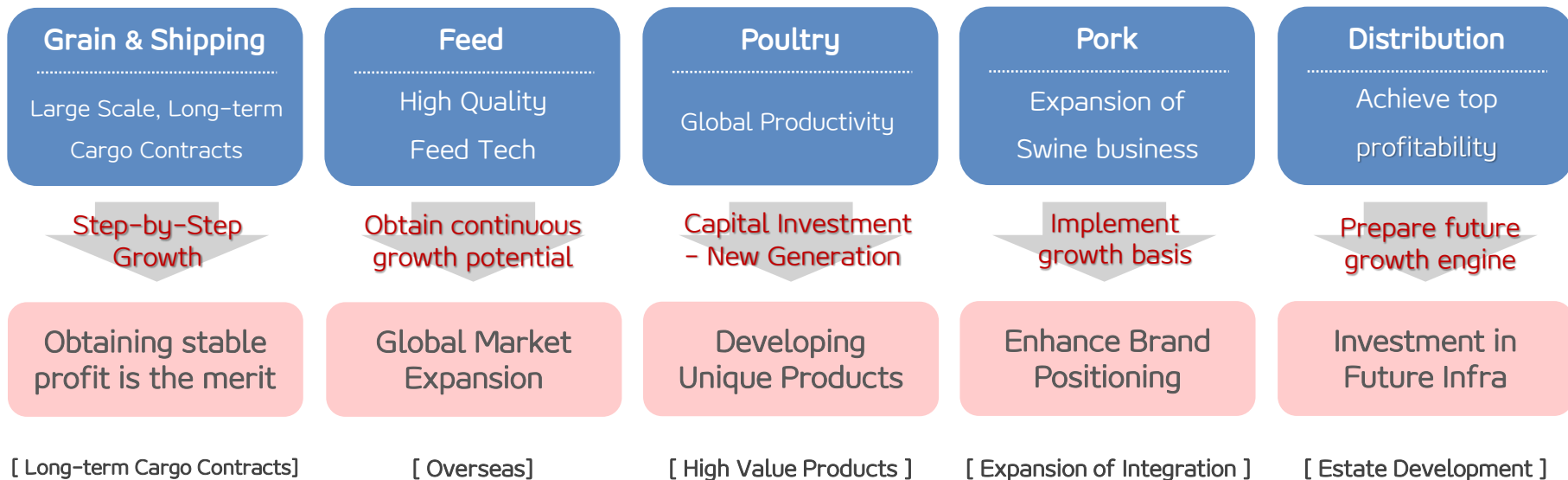
Korea's first vertically integrated company, “**Nature to Table**”



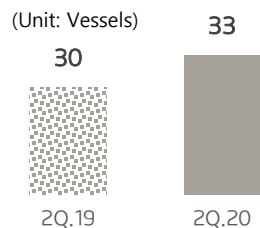
## 02. Major Business

### ○ Business Summary

- Strengthened business competitiveness through focusing on core business group and new business
  - Promote to maximize future growth engine

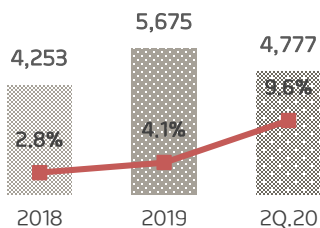


- Remaining: 13.9 year (2Q.20)
- Vessels under construction : 15ships (2020 ~ 2021)

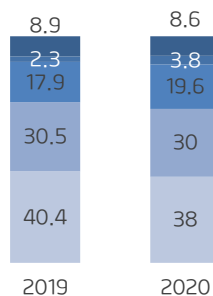


- Revenue CAGR 28%
- Operating Profit CAGR 36%

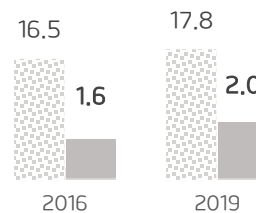
■ Revenue & Profit Ratio  
(in hundred million KRW)



■ Packaged ■ Cut meat ■ processed  
■ Seasoning ■ Others



(Unit: Million Heads)

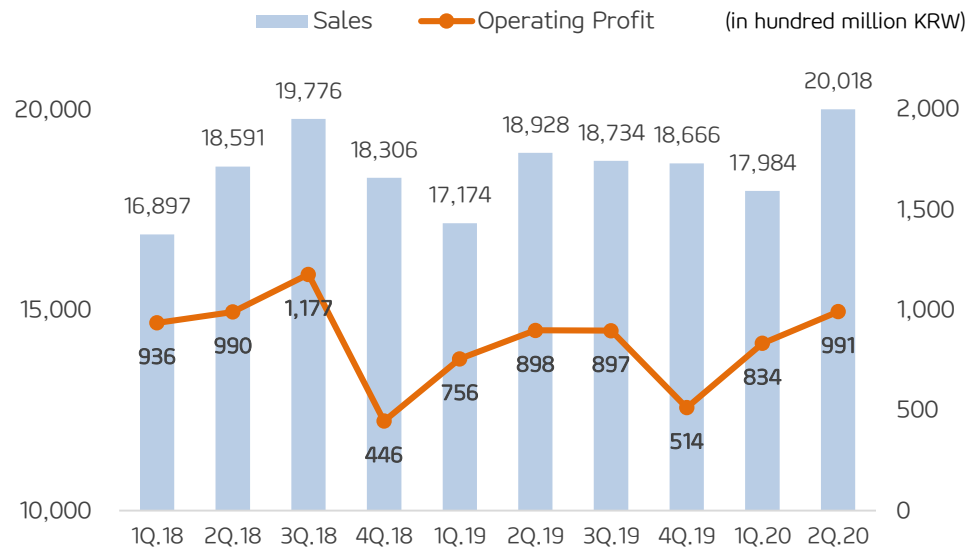


- Yangjae, Seoul
  - Development policy making (June, 2020)
- Food Business
  - Harim Industry & HS Food Completion (June, 2020)

## 03. Earnings Review

### ○ Financial Highlights

	(in hundred million KRW)					
	1Q.19	2Q.19	3Q.19	4Q.19	1Q.20	2Q.20
Sales	17,174	18,928	18,734	18,666	17,984	20,018
Operating Profit	756	898	897	514	834	991
(%)	4.40%	4.74%	4.79%	2.75%	4.64%	4.95%



- FY'20 1<sup>st</sup> Half Revenue 3,800 Billion KRW(YoY 5.3%), Operating Profit 183 Billion KRW(YoY 10.3%)
  - Global Shipping, Lead growth through gradual improvement
  - Feed, Expand overseas business & maintain revenue growth through continuous volume increase
  - Foods, Poultry: tough season due to market decline & Swine: compared to last year, 5% increase in market price (3,787 KRW → 3,982 KRW (1<sup>st</sup> Half Avg.))
  - Distribution, Continuous profitability of home shopping business and investing activities to obtain future growth engine
- Stabilize Business Portfolio and Strengthen Competitiveness
  - Profit – Growth – Market Domination (established strong virtuous circle)
  - Foods, livestock vertical integration & value-added HMR business

## 03. Earnings Review

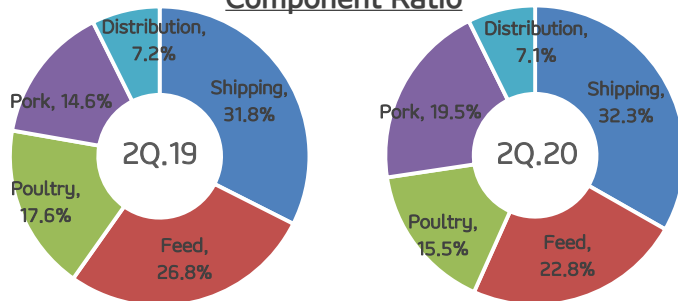
### ○ Quarterly Performance by Business Division

#### ● Revenue

	(in hundred million KRW)				
	2Q.19	1Q.20	2Q.20	YoY	QoQ
Shipping (Grain)	6,816	6,014	7,513	10.2%	24.9%
Feed	5,741	5,556	5,317	- 7.4%	- 4.3%
Food	6,887	6,886	8,144	18.3%	18.3%
poultry	3,763	3,503	3,602	- 4.3%	2.8%
Pork	3,124	3,383	4,542	45.4%	34.3%
Distribution	1,535	1,677	1,649	7.4%	- 1.7%
Etc.	431	514	668	55.0%	30.0%
<b>Consolidated*</b>	<b>18,928</b>	<b>17,984</b>	<b>20,018</b>	<b>5.8%</b>	<b>11.3%</b>
Internal transaction	- 2,482	- 2,663	- 3,273	-	-

\* After the elimination of internal transactions

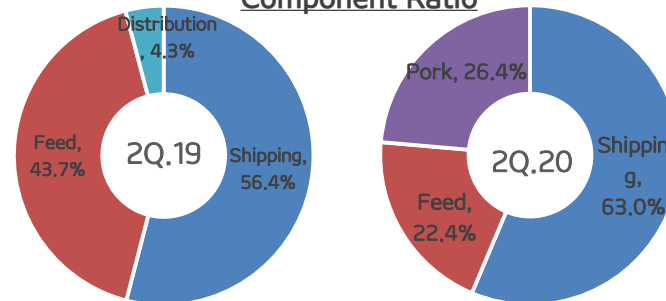
**Sales Component Ratio**



#### ● Operating Profit

	(in hundred million KRW)				
	2Q.19	1Q.20	2Q.20	YoY	QoQ
Shipping (Grain)	507	380	645	27.2%	69.7%
Feed	393	369	229	- 41.7%	- 37.9%
Food	- 128	- 208	163	-	-
poultry	- 52	- 204	- 107	-	-
Pork	- 76	- 4	270	-	-
Distribution	39	161	-14	-	-
Etc.	-2	44	1	-	- 98.1%
<b>Consolidated*</b>	<b>898</b>	<b>834</b>	<b>991</b>	<b>10.4%</b>	<b>18.8%</b>
Internal transaction	89	88	- 33	-	-

**Operating Profit Component Ratio**



## 03. Earnings Review

### ○ Annual Performance by Business Division

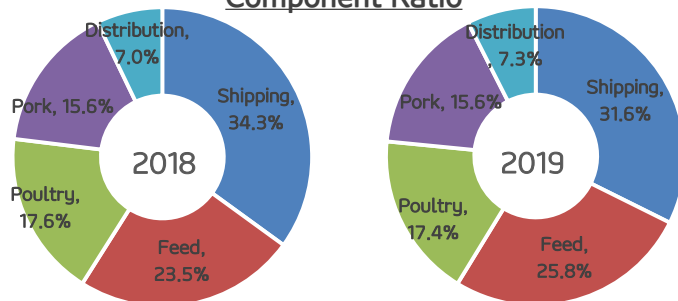
#### ● Revenue

(in hundred million KRW)

	2017	2018	2019	YoY
Shipping (Grain)	23,362	28,408	26,401	- 7.1%
Feed	17,651	19,511	21,565	10.5%
Food	28,319	27,532	27,584	0.2%
poultry	14,746	14,557	14,519	- 0.3%
Pork	13,573	12,975	13,065	0.7%
Distribution	5,710	5,803	6,094	5.0%
Etc.	1,038	1,656	1,874	13.2%
<b>Consolidated*</b>	<b>69,343</b>	<b>73,571</b>	<b>73,503</b>	<b>- 0.1%</b>
Internal transaction	- 6,737	- 9,339	-10,015	-

\* After the elimination of internal transactions

Sales  
Component Ratio

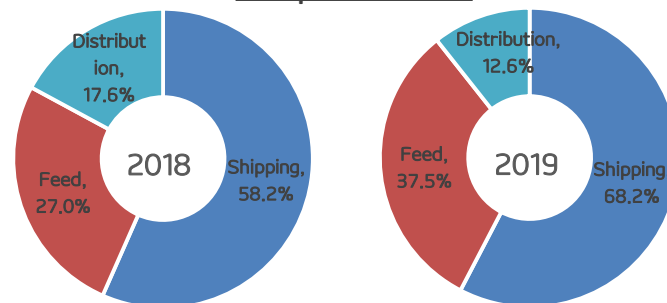


#### ● Operating Profit

(in hundred million KRW)

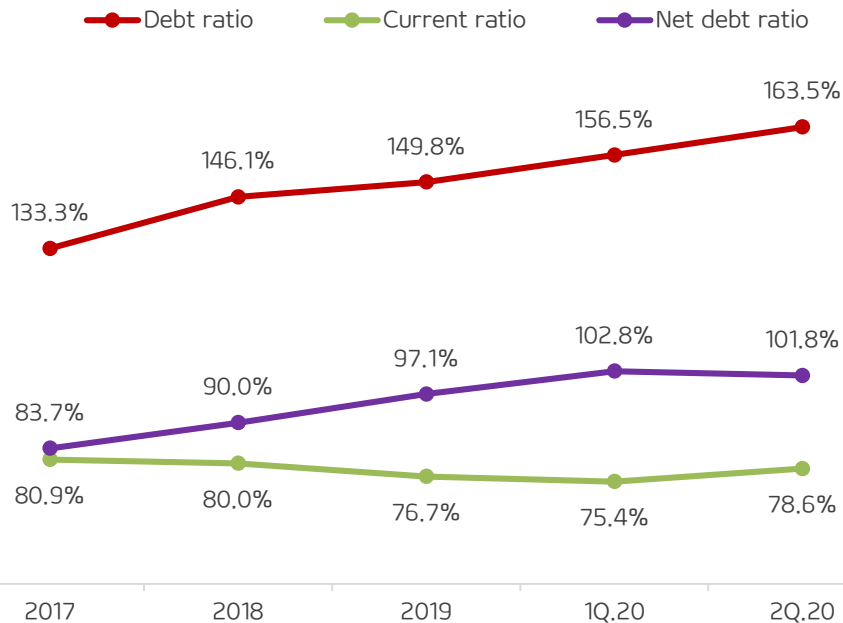
	2017	2018	2019	YoY
Shipping (Grain)	1,950	2,065	2,091	1.3%
Feed	1,062	957	1,151	20.3%
Food	482	- 457	- 950	-
poultry	261	- 341	- 701	-
Pork	221	- 116	- 249	-
Distribution	807	623	386	- 38.0%
Etc.	1	142	- 11	-
<b>Consolidated*</b>	<b>4,646</b>	<b>3,549</b>	<b>3,065</b>	<b>- 13.6%</b>
Internal transaction	344	219	398	-

Operating Profit  
Component Ratio



## 03. Earnings Review

### ○ Key Stability Indicator



	2017	2018	2019	1Q.20	2Q.20
Debt Ratio	133.3%	146.1%	149.8%	156.5%	163.5%
DEBT Dependency	44.2%	47.2%	47.9%	49.0%	50.1%
Current Ratio	80.9%	80.0%	76.7%	75.4%	78.6%

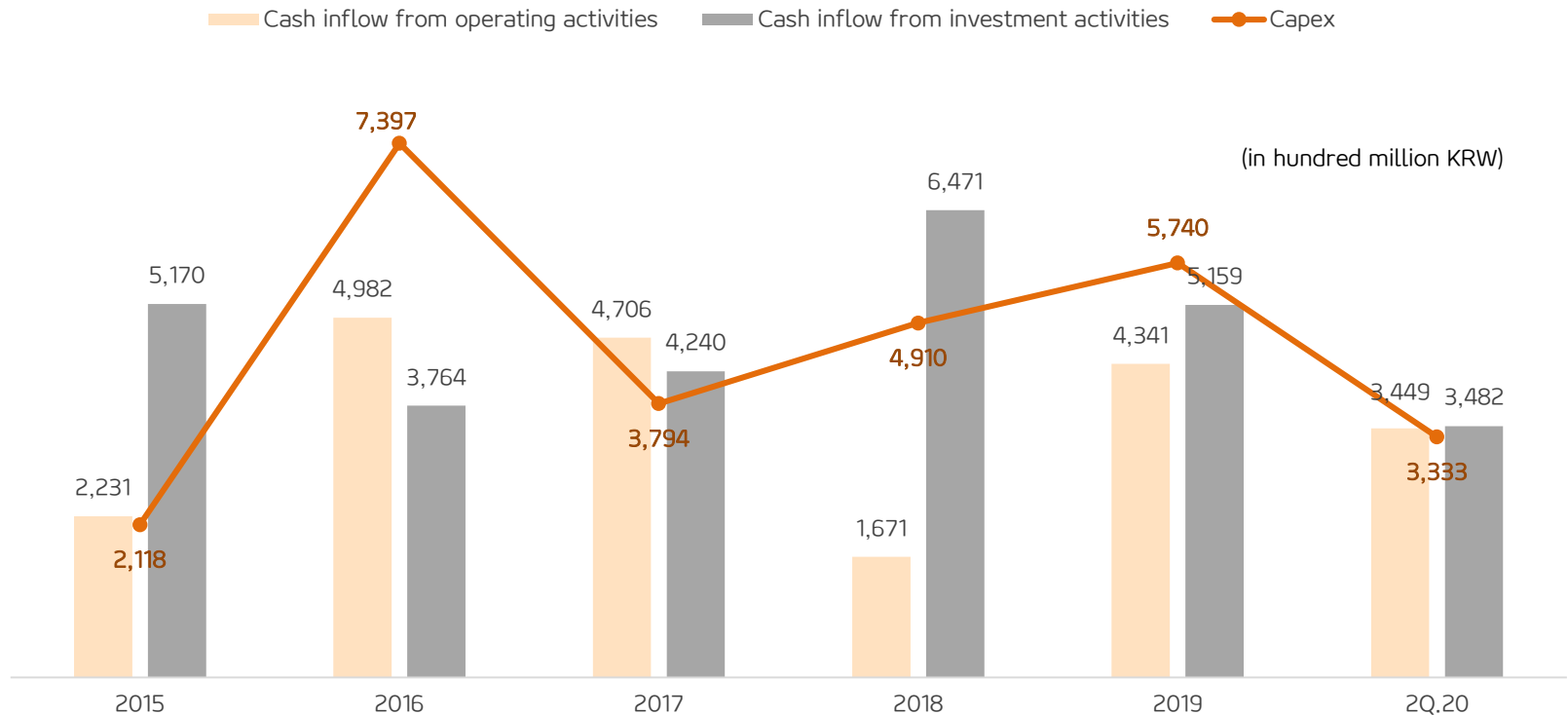
### ○ Financial Statement(Summarized)

(in hundred million KRW)

ACCOUNT	2018	2019	1Q.20	2Q.20
<b>Total Assets</b>	<b>81,134</b>	<b>86,157</b>	<b>91,314</b>	<b>94,648</b>
Current Assets	26,463	25,276	27,188	29,421
Cash Equivalents	8,603	7,721	8,124	10,829
Inventories	6,014	5,636	5,452	5,061
Non-Current Assets	54,671	60,881	64,126	65,227
<b>Total Liabilities</b>	<b>48,166</b>	<b>51,662</b>	<b>55,713</b>	<b>58,722</b>
Current Liabilities	33,098	32,963	36,042	37,420
Non-Current Liabilities	15,068	18,699	19,671	21,302
<b>Equity</b>	<b>32,968</b>	<b>34,495</b>	<b>35,601</b>	<b>35,926</b>
Debt	38,286	41,227	44,726	47,386
Net Debt to equity	29,684	33,506	36,602	36,557

## 03. Earnings Review

### ○ Capital Investment Activities



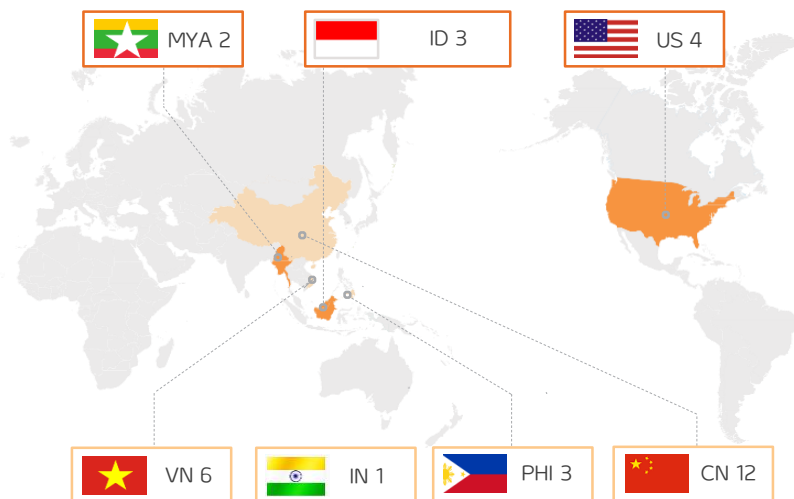
#### ● Diversification of business portfolios & implement future growth engine

- 2016. Purchased urban distribution center land & built new vessels
- 2017. Remodeled Harim Poultry Plant & purchased vessels & investment in overseas feed facility (Indonesia)
- 2018. Invested in food processing businesses (poultry, feed, swine, etc.) & built new vessels
- 2019~2020. Invested in infrastructure for food business and processing facilities & built new vessels

## Chapter 03 Highlights

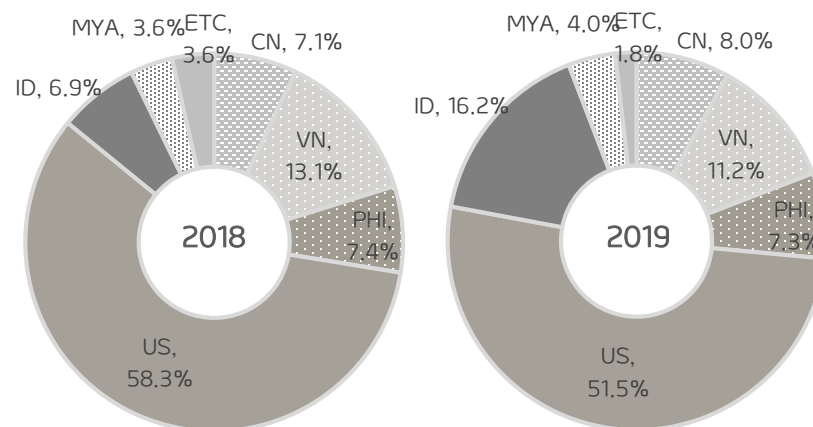
# 01. Expansion in Overseas; Based on Technical Skills

## Overseas Business



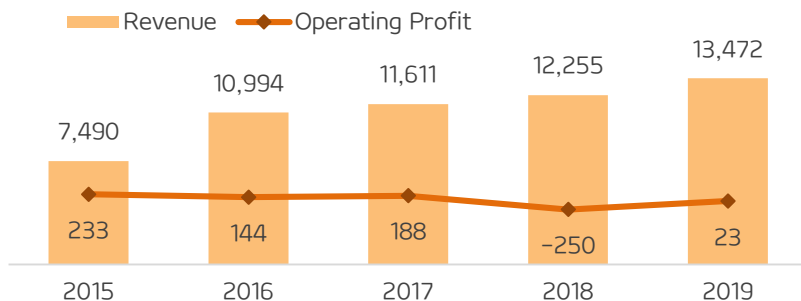
## Component Ratio (based on revenue)

### by Country



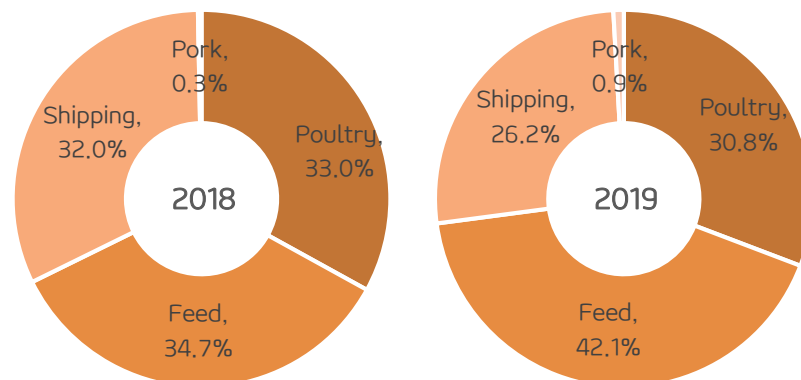
## Performance in overseas

(in hundred million KRW)



\* CAGR 12.8%

### by business division

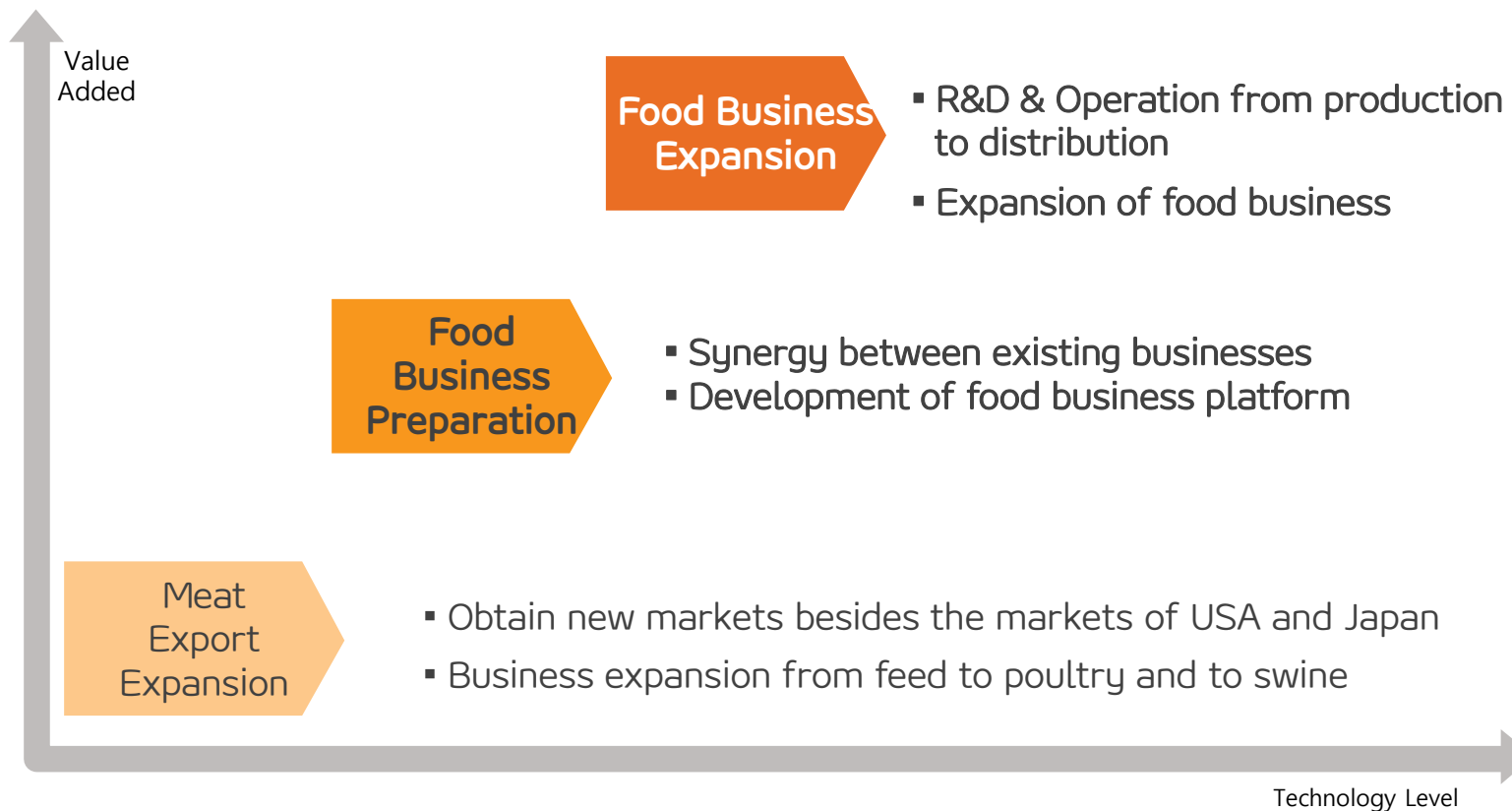


## 02. Food, a Higher Value-Added Business

Established Food & Agri Business system through implementing direct lookup of farm history system (Grain to the Table)

- Expanded profit model using accumulated experience and data of meat business

### • Expansion of Value-Added Food Business



## 03. Shipping, Securing Stable Revenue Base

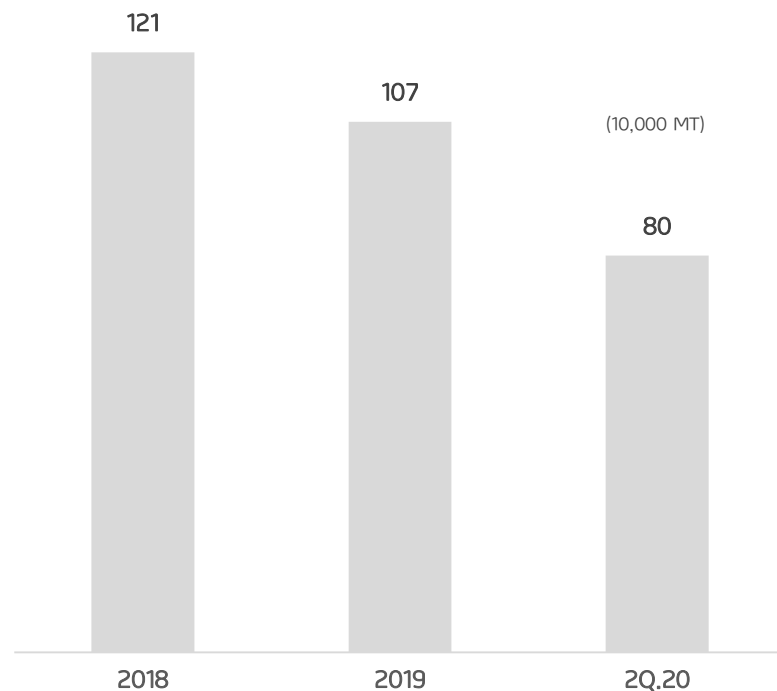
### Global No.1 Bulk Carrier by focusing on Global Delivering Services

- Obtain stabilized business through focusing on overseas long-term delivery contract (CVC)
- Complete world-wide food delivery network
- Strengthen business through purchasing 15 new vessels

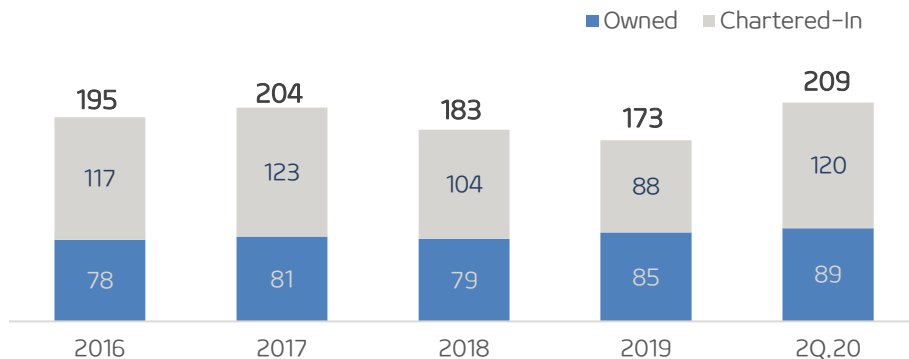
#### ● Long-term Cargo Contracts (cvc)

	Vale	Fibria	Subsidiary of KEPCO	POSCO	Hyundai Steel
No. of Vessel	10	10	7	4	2
Remaining (year)	18.1	16.0	8.3	8.7	11.9
Total	33 ships / 13.9 year				

#### ● Grain Distribution Business Trend

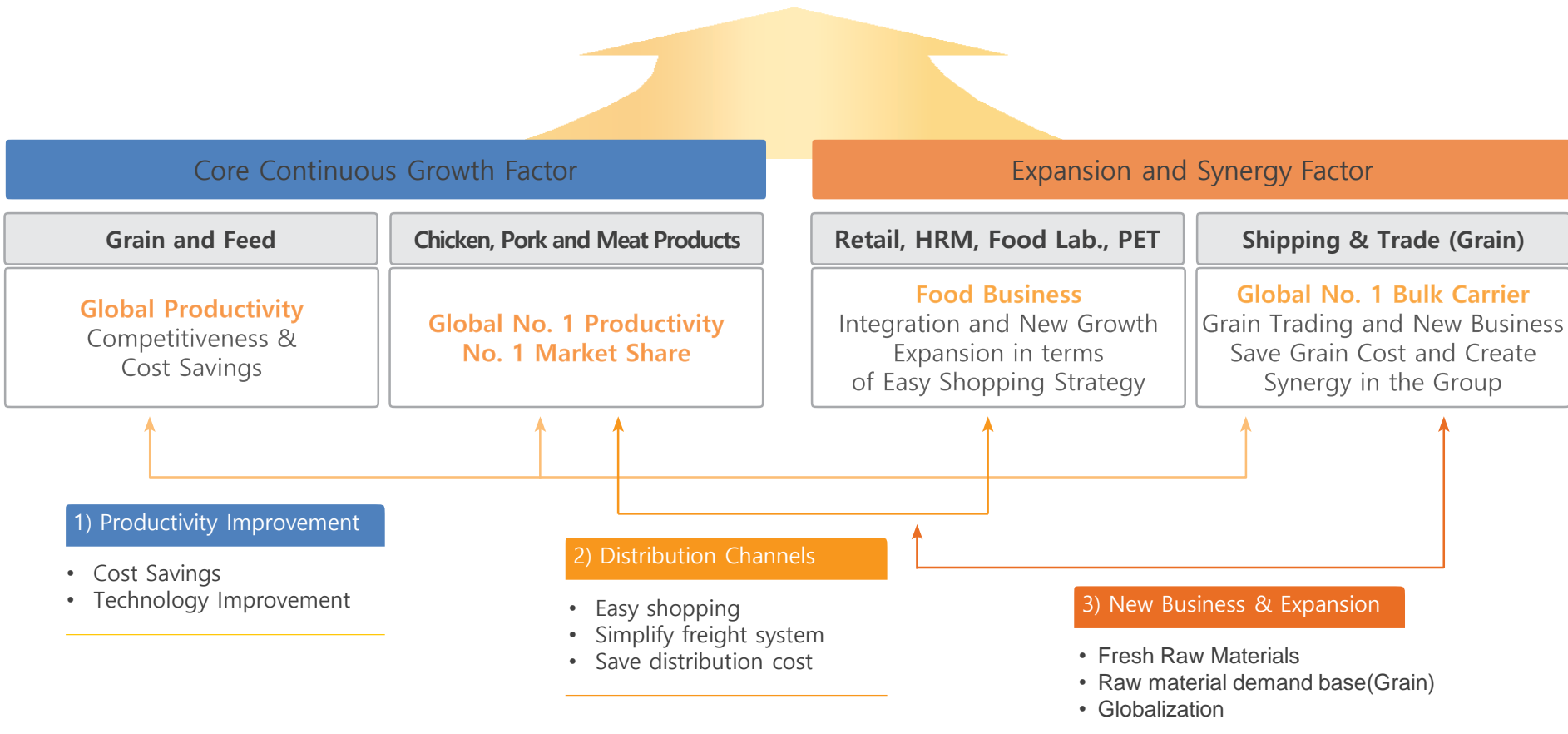


#### ● Fleet Changes



## 04. Create Profit and Synergy through Food Value Chain

"Only One Food & Agribusiness Total Value Chain in the World"



# Appendix

## ○ Consolidated Financial Statements

### ● Balance Sheet

(in million KRW)

	2019	2020 2Q	YoY
Current Assets	2,527,654	2,942,155	414,501
<i>Cash &amp; Cash Equivalents</i>	565,225	878,388	313,163
<i>Short-term financial Instruments</i>	206,909	204,499	- 2,410
<i>Accounts Receivables &amp; Other Receivables</i>	754,616	785,721	31,105
<i>Inventories</i>	563,594	506,120	- 57,474
<i>Biological asset</i>	214,581	288,343	73,762
Non-Current Assets	6,088,068	6,522,670	434,602
<b>Total Assets</b>	<b>8,615,722</b>	<b>9,464,825</b>	<b>849,103</b>
Current Liabilities	3,296,304	3,741,998	445,694
Non-Current Liabilities	1,869,932	2,130,226	260,294
<b>Total Liabilities</b>	<b>5,166,236</b>	<b>5,872,224</b>	<b>705,988</b>
Capital	9,358	9,276	- 82
Paid in Capital	934,315	937,320	3,005
Others	- 186,934	- 132,682	54,252
Retained Earnings	986,974	1,008,431	21,457
<b>Non-controlling Interest</b>	<b>1,705,773</b>	<b>1,770,256</b>	<b>64,483</b>
<b>Total Equity</b>	<b>3,449,486</b>	<b>3,592,601</b>	<b>143,115</b>

\* K-IFRS

### ● Income Statement

(in million KRW)

	2Q. 2019	2Q. 2020	YoY
Revenue	3,610,245	3,800,281	190,036
COGS	2,953,421	3,087,153	133,732
<b>Gross Profit</b>	<b>656,824</b>	<b>713,128</b>	<b>56,304</b>
Selling and G&A exp	491,379	530,595	39,216
<b>Operating Profit</b>	<b>165,445</b>	<b>182,533</b>	<b>17,088</b>
Other Income	64,779	85,977	21,198
Other Expense	170,919	167,590	- 3,329
<b>Profit before Tax</b>	<b>59,305</b>	<b>100,920</b>	<b>41,615</b>
Income Tax	23,679	24,392	713
<b>Net Profit</b>	<b>35,626</b>	<b>76,528</b>	<b>40,902</b>

\* First Half of 2020 K-IFRS

## ○ Financial Statements

### ● Balance Sheet

(in million KRW)

	2019	2Q,2020	YoY
Current Assets	14,581	19,204	4,623
Non-Current Assets	1,599,448	1,666,870	67,422
<b>Total Assets</b>	<b>1,614,029</b>	<b>1,686,074</b>	<b>72,045</b>
Current Liabilities	342,280	440,067	97,787
Non-Current Liabilities	165,526	146,660	- 18,866
<b>Total Liabilities</b>	<b>507,806</b>	<b>586,727</b>	<b>78,921</b>
Capital	9,358	9,276	- 82
Paid in Capital	1,115,485	1,115,485	-
Others	- 239,174	- 235,274	3,900
Retained Earnings	220,554	209,860	- 10,694
<b>Total Equity</b>	<b>1,106,223</b>	<b>1,099,347</b>	<b>- 6,876</b>

\* K-IFRS

### ● Income Statement

(in million KRW)

	2Q,2019	2Q,2020	YoY
<b>Operating Income</b>	<b>5,829</b>	<b>9,520</b>	<b>3,691</b>
Operating Expense	5,866	6,172	306
<b>Operating Profit</b>	<b>- 37</b>	<b>3,348</b>	<b>3,385</b>
Other Income	30,522	1,468	- 29,054
Other Expense	8,317	7,058	- 1,259
<b>Profit before Tax</b>	<b>22,168</b>	<b>- 2,242</b>	<b>- 24,410</b>
Income Tax	3,360	-18	- 3,378
<b>Net Profit</b>	<b>18,808</b>	<b>- 2,224</b>	<b>- 21,032</b>

\* First Half of 2020 K-IFRS

## ○ Performance by Business Division

### ● Revenue

(in hundred million KRW)

	1Q.19	2Q.19	3Q.19	4Q.19	1Q.20	2Q.20
Shipping (Grain)	5,745	6,816	7,203	6,638	6,014	7,513
Feed	5,236	5,741	5,188	5,399	5,556	5,317
Food	6,458	6,887	7,133	7,105	6,886	8,144
poultry	3,605	3,763	3,656	3,495	3,503	3,602
Pork	2,853	3,124	3,477	3,610	3,383	4,542
Distribution	1,430	1,535	1,522	1,607	1,677	1,649
Etc.	362	431	524	557	514	668
Consolidated*	17,174	18,928	18,734	18,666	17,984	20,018
Internal transaction	- 2,057	- 2,482	- 2,836	- 2,640	- 2,663	- 3,273

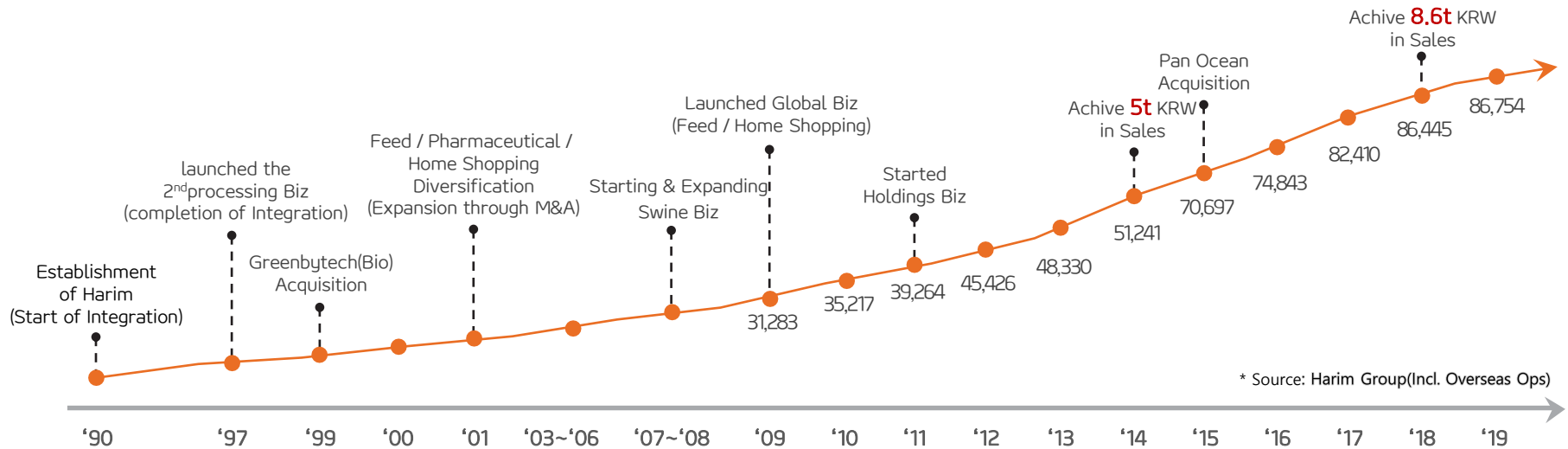
\* After the elimination of internal transactions

### ● Operating Profit

(in hundred million KRW)

	1Q.19	2Q.19	3Q.19	4Q.19	1Q.20	2Q.20
Shipping (Grain)	450	507	635	498	380	645
Feed	221	393	344	193	369	229
Food	- 124	- 128	- 294	- 402	- 208	163
poultry	- 110	- 52	- 287	- 251	- 204	- 107
Pork	- 14	- 76	- 7	- 151	- 4	270
Distribution	139	39	118	90	161	- 14
Etc.	24	- 2	- 59	26	44	1
Consolidated*	756	898	897	514	834	991
Internal transaction	46	89	153	109	88	- 33

# Appendix



## I 1978~1999 I

### Poultry Biz Entry & Growth

- '78 Established Poultry Farms
- '86 Established Harim Foods Co., Ltd.
- '90.10 Established Harim Co., Ltd. (Start of Intergration)
- '97.09 Built Harim Meat processing plant (completion of Integration)
- '99.12 Acquired Greenbytech Co., Ltd.

## I 2000~2008 I

### Diversification of Integrated Biz (Distribution Expansion)

- '01.01 Acquired Jeil Feed Co., Ltd.
- '01.07 Acquired Korea Thumvet Co., Ltd.
- '01.08 Established Orpum Co., Ltd.
- '01.05 Established NS Shopping Co., Ltd.
- '01.12 Started Harim Group
- '02.03 Acquired Joowon Pekin Ducks Co., Ltd.
- '06.03 Established SUZHOU Feed Co., Ltd.
- '07.10 Acquired Sunjin Co., Ltd.
- '08.04 Established TIELING Feed Co., Ltd.
- '08.06 Acquired Hangang CM Co., Ltd.
- '08.10 Acquired Farmsco Co., Ltd.

## I 2009~2017 I

### Expansion of Overseas & New Business

- '09.02 Established Qingdao Feed Co., Ltd.
- '09.09 Established PT. Harim Farmsco
- '10.04 Established Ecocapital Co., Ltd.
- '11.01 Started Holdings Business
- '11.08 Established Liaocheng Feed Co., Ltd.
- '11.09 Merge Allen Family Foods (Start US business)
- '13.09 Established Sunjin Myanmar Co., Ltd.
- '15.06 Acquired Pan Ocean Co., Ltd.
- '17.05 Appointed as Conglomerate
- '17.06 Listed Jeil Holdings Co., Ltd.
- '17.08 Started feed & poultry Biz in Indonesia

## I 2018~Present I

### Portfolio Rebuilding & Expansion

- '17.04 Established Harim Pet Food Co., Ltd.
- '18.07 Single holding company system (Harim Holdings Co., Ltd.)
- '18 Remodeling of Processing Plant (Harim)
- '18 Harim food complex construction
- '19.12 Harim Industry Inc. took over Harim Foods Co., Ltd.
- '20.03 Harim Co., Ltd. took over Greenbytech Co., Ltd.



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