

PT JAPFA COMFEED INDONESIA Tbk



INVESTOR
PRESENTATION
1H2022

Memperkokoh Sinergi Untuk Masa Depan yang Berkelanjutan
Strengthening Synergies for a Sustainable Future

Index

Company Overview

Key Investment Highlights

Financial and Operational Highlights

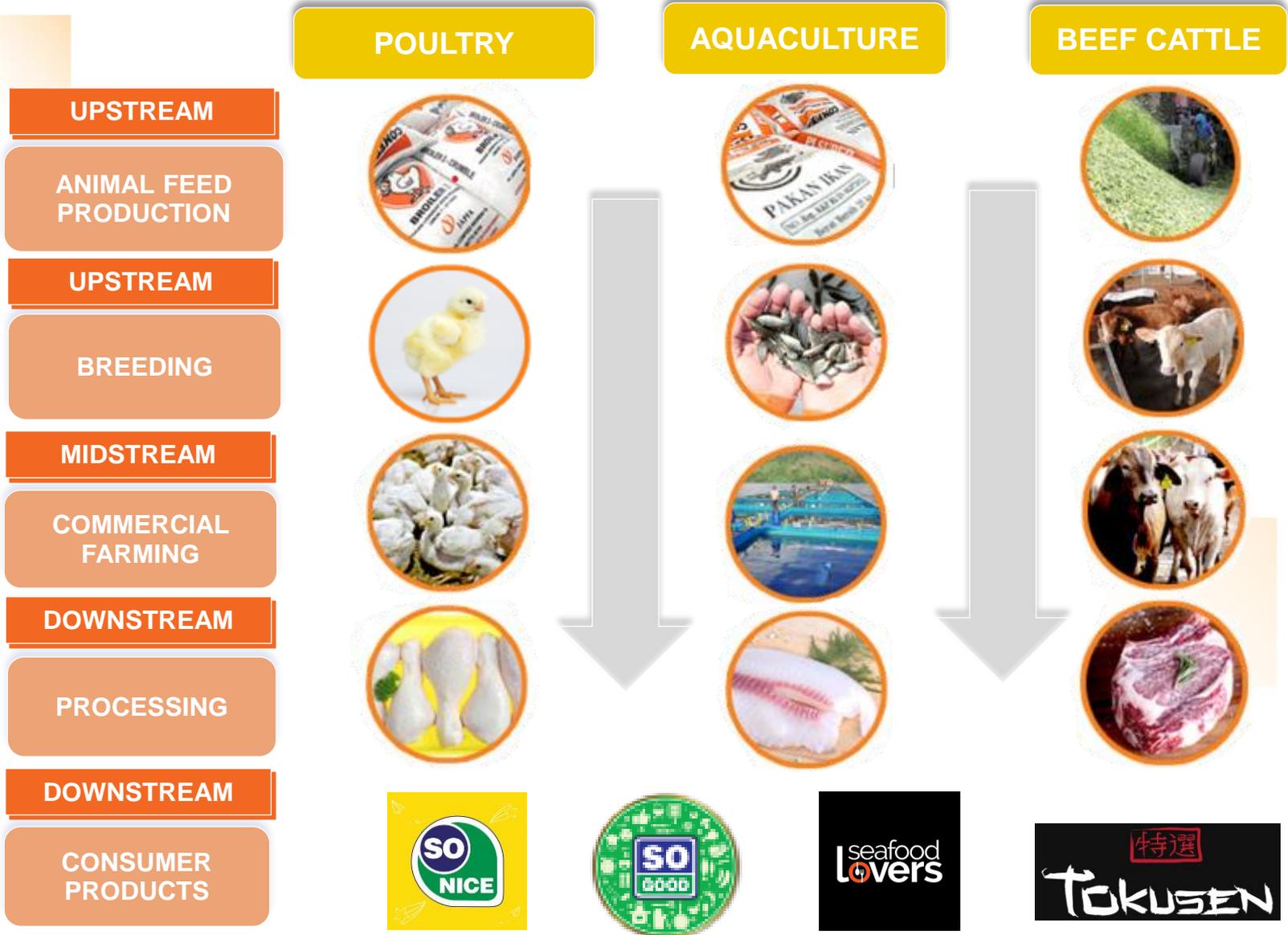
COMPANY OVERVIEW



Company Overview

Core competencies across the value chain

VERTICALLY INTEGRATED BUSINESS MODEL



Industrialized approach drives operational and financial benefits

A Scale

- 2nd largest feed and DOC producer in Indonesia with significant scale across the value chain:
 - ✓ 16 feed mills, 75 breeding farms and 30 hatcheries across Indonesia
 - ✓ Over 100 company farms and +/- 10,000 contract farms
- Centralized procurement of raw materials with the broader Japfa Group

C Biosecurity & animal health

- Advanced biosecurity measures for disease prevention and control, comprising (i) isolation; (ii) sanitation and disinfection; and (iii) traffic control
- Stringent process adherence to prevent diseases
- In-house vaccine R&D and production unit, PT Vaksindo, improves efficacy and shortens response time to disease outbreaks

B Technology & genetics

- Exclusive relationship with Aviagen for the sourcing of grandparent stock with superior genetics which is tailored for the Indonesian climate
- Advanced feed technology for quality control and optimal feed conversion ratios
- Modern farming techniques and industry best practices to further drive efficiency

D Standardization

- Ability to replicate farming best practices and infrastructural design across feed mills, breeding farms and hatcheries
- Mechanized production processes and established SOPs allow for consistency
- Opportunity to tap human resources across the Japfa Group facilitates standardization

Japfa: Well positioned for long-term growth

Poultry leader in Indonesia



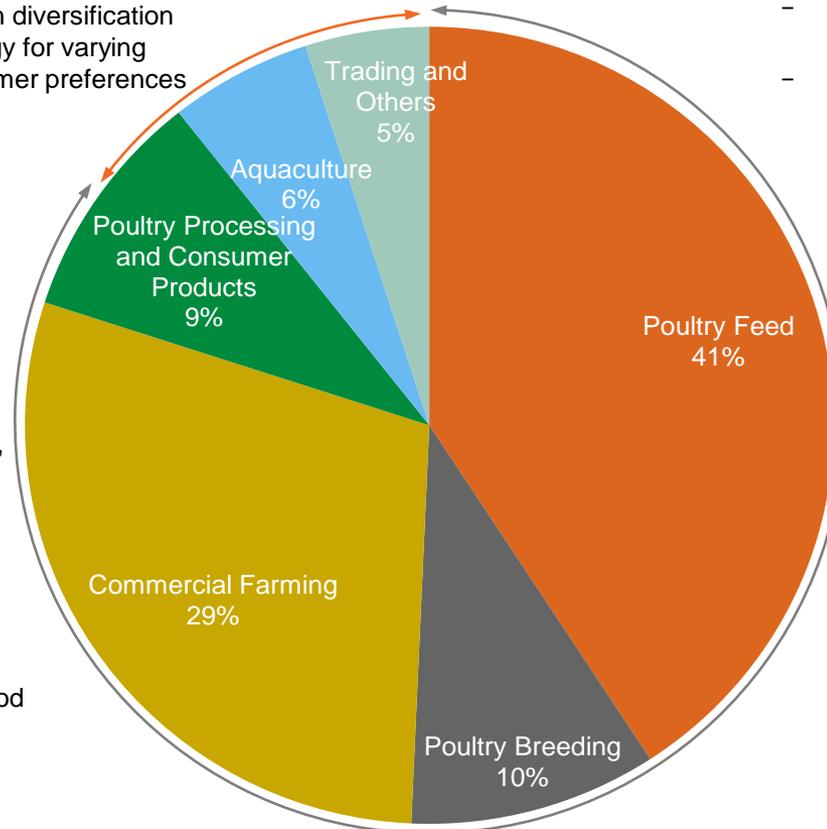
- DOC and Commercial Farming help drive sales volume for feed business
- Shift downstream via investment in slaughterhouses in order to reduce exposure to fluctuating farm gate prices.
- Acquisition of PT So Good Food, (SGF), providing vertical integration to overall operation, as SGF is known for among others:
 - leading brands for consumer food
 - established network of marketing channels
 - has the experience, in-depth knowledge and leading technology in food processing and product marketing.



- Aquaculture is primarily a feed business with some farming overlay
- Protein diversification strategy for varying consumer preferences



- 2nd largest poultry feed producer in Indonesia
- Core business and stable segment of the value chain
- Cost plus pricing model provides the Company with the ability to pass on most commodity and foreign exchange currency movements



Poultry-related activity: 89% of total revenue
Stable and growing core business

FY 2021 revenue: IDR 44.9 Trillion

Diversification efforts to position company for long-term growth



- 2nd largest day-old chick ("DOC") producer in Indonesia

Growing responsibly

- Japfa's animal protein business in Indonesia showed strong sales growth in the 2010 – 2014 period driven by strong poultry demand, which then stagnated in the 2014 – 2015 period. After the down-cycle, Japfa's poultry business resumed growth in 2016
- New and non-essential Capex was frozen in 2020 and 2021 due to the impact of covid
- Japfa's annual capex budget is primarily based on management's expectations of market demand growth. However, we have the flexibility to adjust our capex spending roll-out during the course of the year because we "build small boats, not big ships" in our animal protein business. This allows Japfa to prudently manage cash flows

Strong annual growth for 4 year period

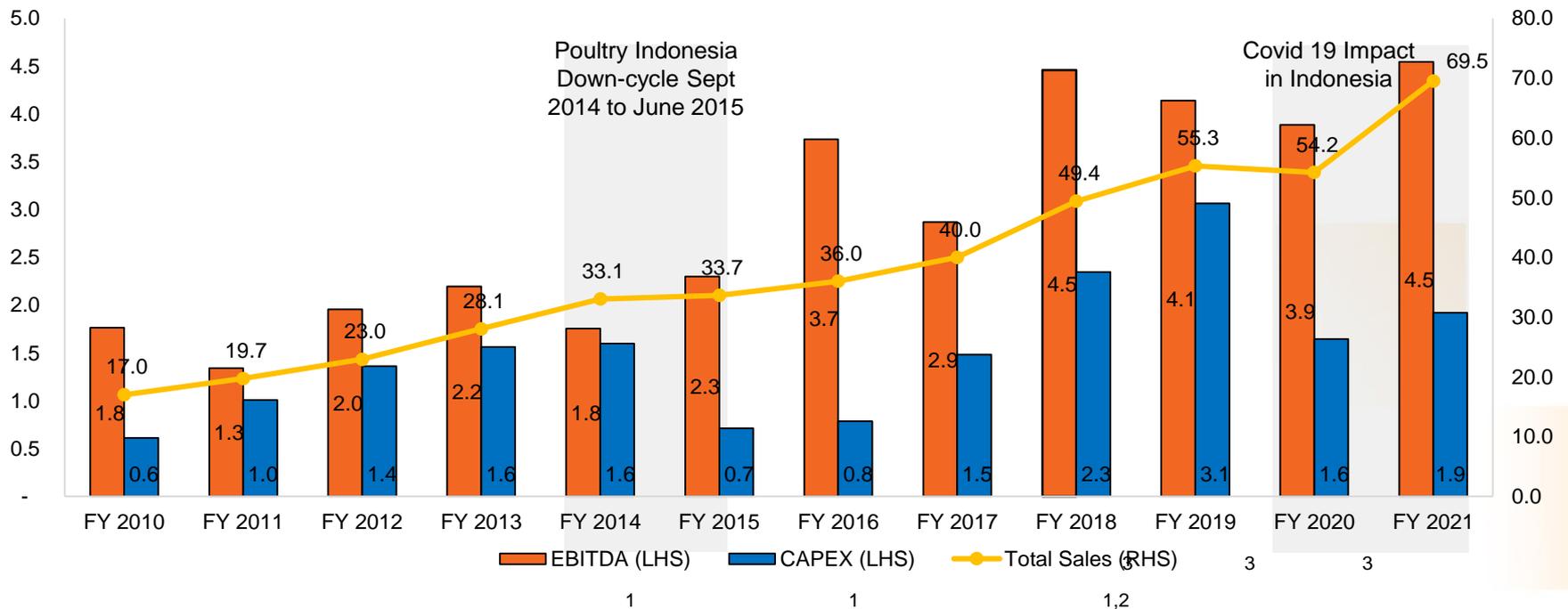
Stagnant demand

Strong Growth

Demand Adjusted

IDR trillion

IDR trillion



Notes:

¹ EBITDA, CAPEX, and Total Sales refer to PT Japfa Tbk consolidated financial statements

² Total Sales includes inter-segment sales within PT Japfa Tbk

³ Certain prior periods' figures have been restated to conform with the presentation in the audited consolidated financial statements as of and for the year ended 31 December 2020

**KEY
INVESTMENTS
HIGHLIGHTS**



Investment highlights

1 Attractive industry dynamics driven by strong structural growth in protein consumption

2 Leading integrated poultry national champion with nationwide footprint

3 Core feed business offers stable profitability

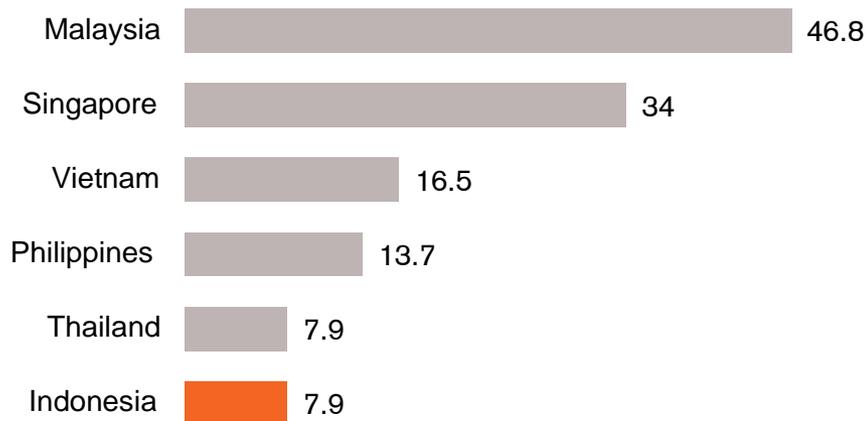
4 Industrialised Business Model: Leading Market Positions

5 Experienced and tenured management team

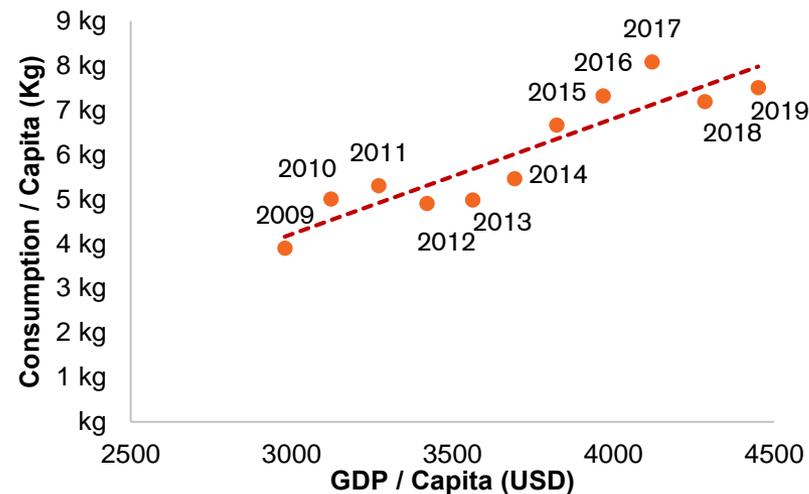
1 Attractive industry dynamics driven by strong structural growth in protein consumption

Poultry Meat Consumption per capita in Asia

(kg per capita – 2020E)

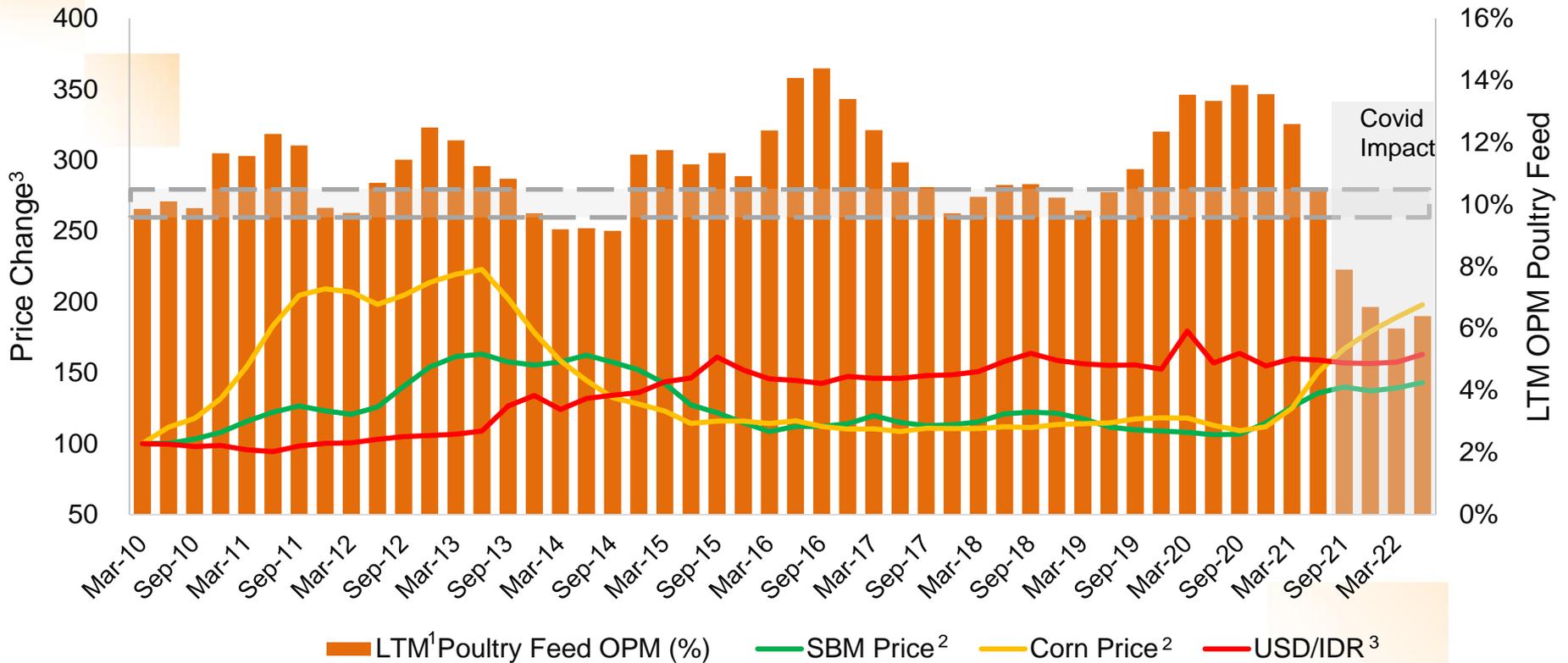


Poultry meat consumption has increased in tandem with GDP in Indonesia



- Ample room for sustained growth in business locations with some of the lowest poultry consumption per capita rates in Asia
- “Meat-of-choice” given poultry’s relative affordability, religious neutrality, consumer preference and increasing penetration and popularity of quick service restaurants
- Potential upside as diets evolve to include more meat-based protein from the currently carbohydrate-heavy diets
- From 2009 to 2019, the poultry meat consumption per capita growth in Indonesia outpaced Indonesia’s GDP per capita, recording a 7.1% CAGR growth and 4.1% CAGR growth over the period respectively

Poultry Feed: Stable Base Margin



Poultry Feed OPM has been stable around 10% - 11% as feed has the ability to effectively pass on fluctuations in raw material prices and currency to its feed selling price

Notes:

1. LTM = Last Twelve Month.

2. Raw Material price sourced from Bloomberg – global market price.

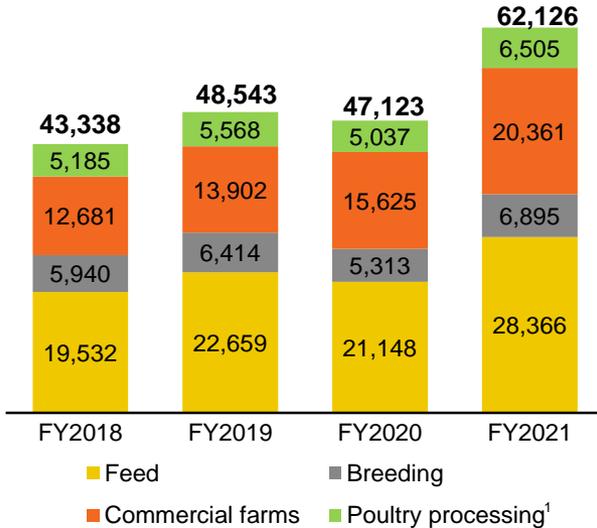
Since 2017, by government regulatory corn has been sourced locally, therefore the global market corn reference price no longer applicable.

3. The Normalized Price indicator graphs the price movement of an instrument using 100 as the base value for a user specified base date/time. The normalized value for each bar after the base date/time is the percent of the base price expressed as a whole number. (i.e. 100 times actual price divided by actual base price) This indicator shows the percentage move in price relative to some fixed starting point. For example in March 2010 USD/IDR was Rp9,115.

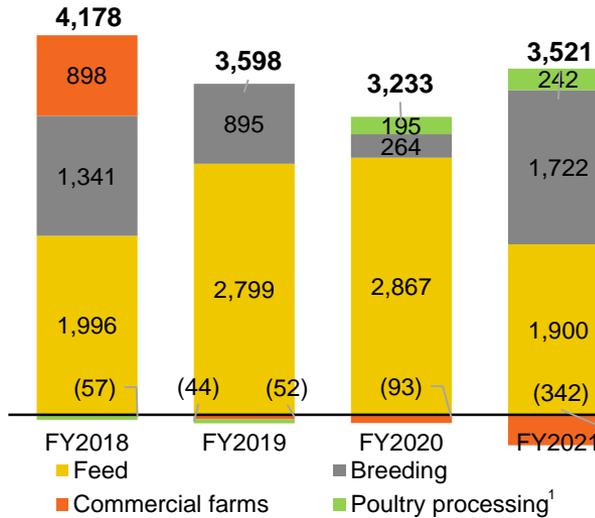
Segmental Trends: PT Japfa Tbk (Poultry)



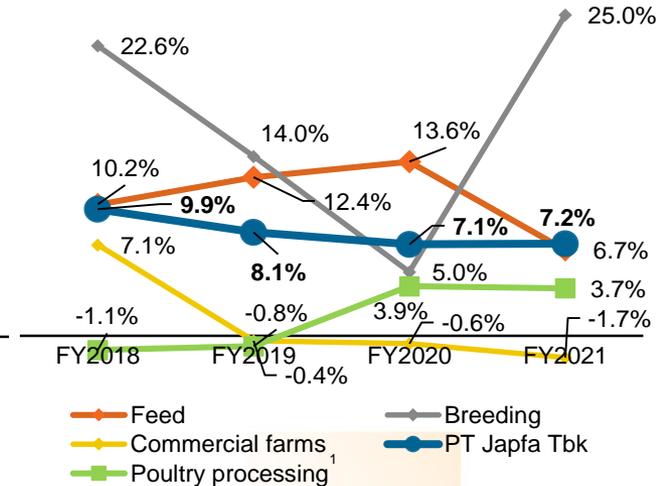
Revenue (IDR Billion)



Operating Profit (IDR Billion)



Operating Profit Margin (%)



Feed business continues to be a stable pillar of profitability in PT Japfa Tbk

- The poultry business (feed, breeding and commercial farms) represents the bulk of PT Japfa Tbk's revenue
- Operating profit in FY2020 decreased due to the low DOC and broiler price environment in 2Q2020 and 3Q2020 affected by Covid-19 related disruptions
- Operating profit remains steady despite weak results from commercial farming over the last 3 years. As we are vertically integrated, we can capture value at different points of the poultry supply chain
- We are able to generally pass on raw material costs increases in our feed selling prices, as reflected in our feed operating margins, even during the periods of Rupiah volatility and the poultry market downturn. In 2021, margins were impacted by higher raw materials prices and transportation costs globally
- In 2021, we recorded higher revenue on the back of higher sales volumes. Although margins have tightened, profitability has improved on the back of strong growth in volumes

Notes: The revenue figures for the poultry operational units shown above include inter-segment sales.

1. Poultry Processing refers to Poultry Processing and Consumer Products

2. Prior periods' figures 2018 -2019 have been restated to conform with the presentation in the audited consolidated financial statements as of and for the year ended 31 December 2020

3 Japfa Ltd: A Leading Pan-Asian Industrialized Agri-Food Company



WHAT WE DO

We produce quality protein staples, dairy, and packaged food that nourish millions of people



WHERE WE ARE

We employ over 40,000 people across Singapore, Indonesia, Vietnam, Myanmar, India and China



WHY WE DO IT

3 billion people living in our target markets
More than 40% of the world's total population

A leading pan-Asian, industrialised agri-food company dedicated to Feeding Emerging Asia with essential proteins

4 Industrialised Business Model: Leading Market Positions

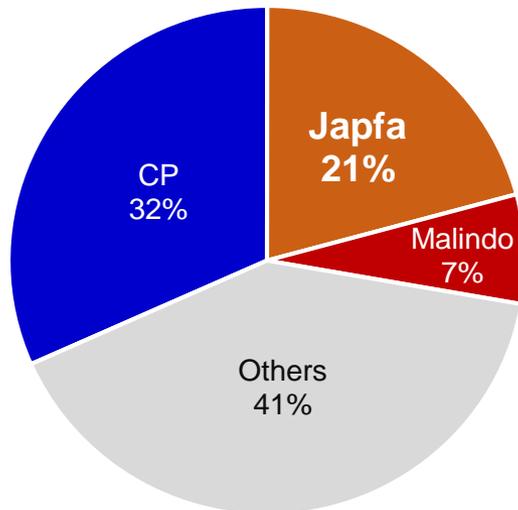
Leading upstream regional market positions

Average Daily Milk Yield (ADM) ¹	China	40.1 kg/head	#1
DOC Production ¹	Vietnam	20%	#2
Poultry Feed Production ¹	Myanmar	27%	#1
DOC Production ¹	Myanmar	26%	#2

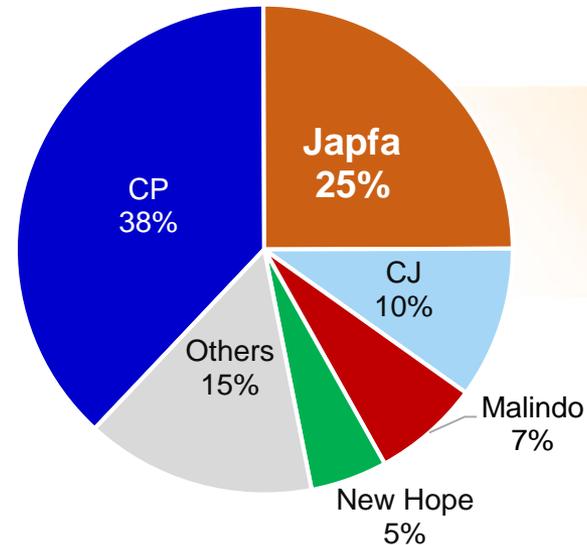


2nd largest Indonesian poultry feed and DOC producer²

Poultry feed production capacity market share (%)



DOC production capacity share (%)



¹Company's own estimate, 2020 data

²Frost & Sullivan Analysis, 2021 data

Experienced and tenured management team



Proven track record of guiding the Company through various cycles

Board of Commissioners*

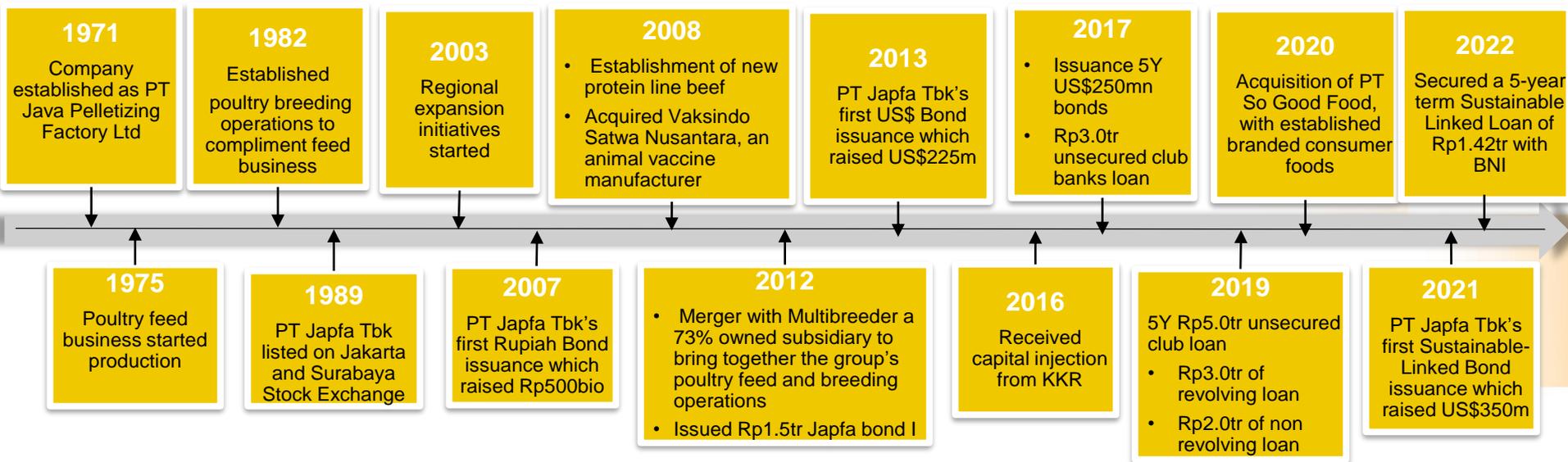
	Syamsir Siregar President Commissioner Year of agri experience: 17		Bambang Budi Hendarto Vice President Commissioner Year of agri experience: 43		Hendrick Kolonas Commissioner Year of agri experience: 26		Ito Sumardi Djuni Sanyoto Independent Commissioner Year of Agri experience: 9
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Board of Directors*

	Handojo Santosa President Director Year of agri experience: 35		Tan Yong Nang Vice President Director Year of agri experience: 14		Antonius Harwanto Suryo Sembodo Director Year of agri experience: 43		Leo Handoko Laksono Director Year of agri experience: 33		Rachmat Indrajaya Director Year of agri experience: 14
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Timeline of PT Japfa Tbk: >50 years of 'best-in-class' poultry production

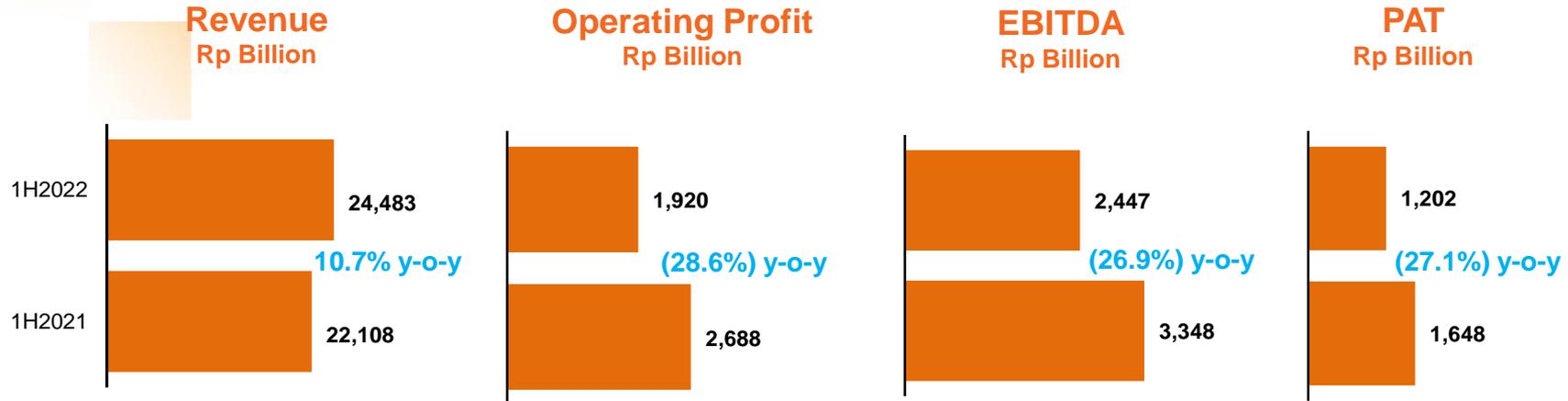
*BOC and BOD as at 30 June 2022



FINANCIAL AND OPERATIONAL HIGHLIGHTS



PT Japfa Tbk – Financial Performance



Profitability affected by high cost environment, still delivered respectable EBITDA

- Revenue growth mainly driven by higher ASPs
- Although ASPs have increased, profitability still remains under pressure as high feed raw material costs resulted in increased production costs across the vertically integrated operations
- Profits were also affected by the impact of Covid-19 on demand at the beginning of 2022, resulting in lower broiler prices in February 2022
- We are generally able to pass on raw material costs increases in our feed selling prices. Poultry feed margins were subdued since 2Q2021 because of high raw material prices.
- PT Japfa Tbk delivered a respectable 1H2022 EBITDA of Rp2,447bn compared to FY2021 EBITDA of Rp4,544bn

Major global factors we are facing at the start of 2022:

- Geopolitical tensions, especially the situation between Russia and Ukraine, have caused disruptions to global economies, supply chains and commodities prices. This has impacted the cost of raw materials and consumer purchasing power. At this stage the potential impact on our business is unpredictable
- Global inflationary pressures arising from supply chain bottlenecks and soaring production costs have put upward pressure on prices and ultimately affecting consumer purchasing power
- Covid-19 continues into its third year and remains unpredictable and uneven amongst countries, affecting logistics, distribution and demand in any of our markets at any time. Movement restrictions affect consumers' purchasing power, especially in the low income band in emerging economies, dampening demand and impacting selling prices of our products

Covid-19 Impact

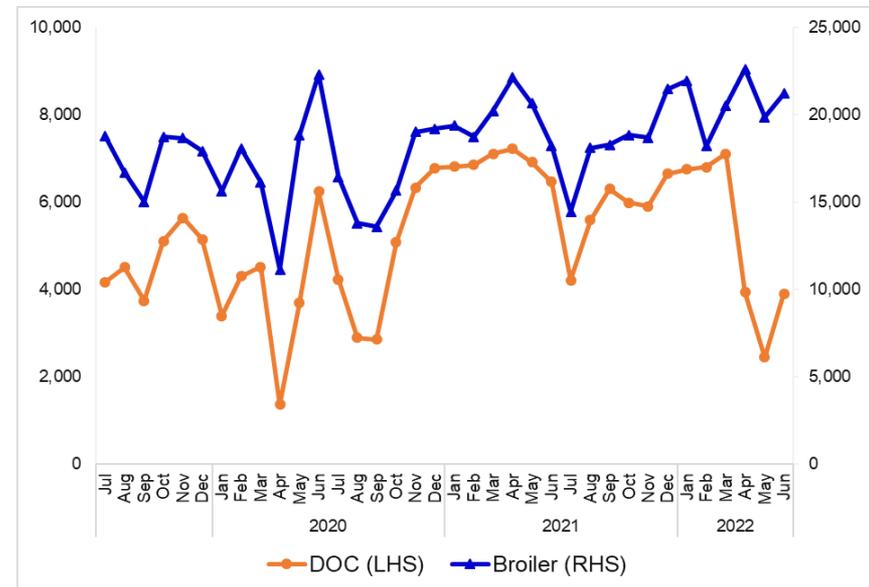
Supply and Operations

As Japfa supplies about 20-25% of animal protein foods in many countries where we operate, we play an essential role in supplying staple foods. As such, the impact of Covid-19 on our operations has not been material and we continue to run our farms and feed mills safely. However disruptions in global logistics translated into higher costs of raw materials

Demand - Poultry Indonesia

- Broiler and DOC prices dipped in 2Q2020 and 3Q2021 due to lower demand caused by Covid-19 movement restrictions and lockdowns. In 2022 Covid-19 continues to impact demand and prices for poultry
- Government initiatives to manage demand and supply of DOC, helped stabilise poultry prices

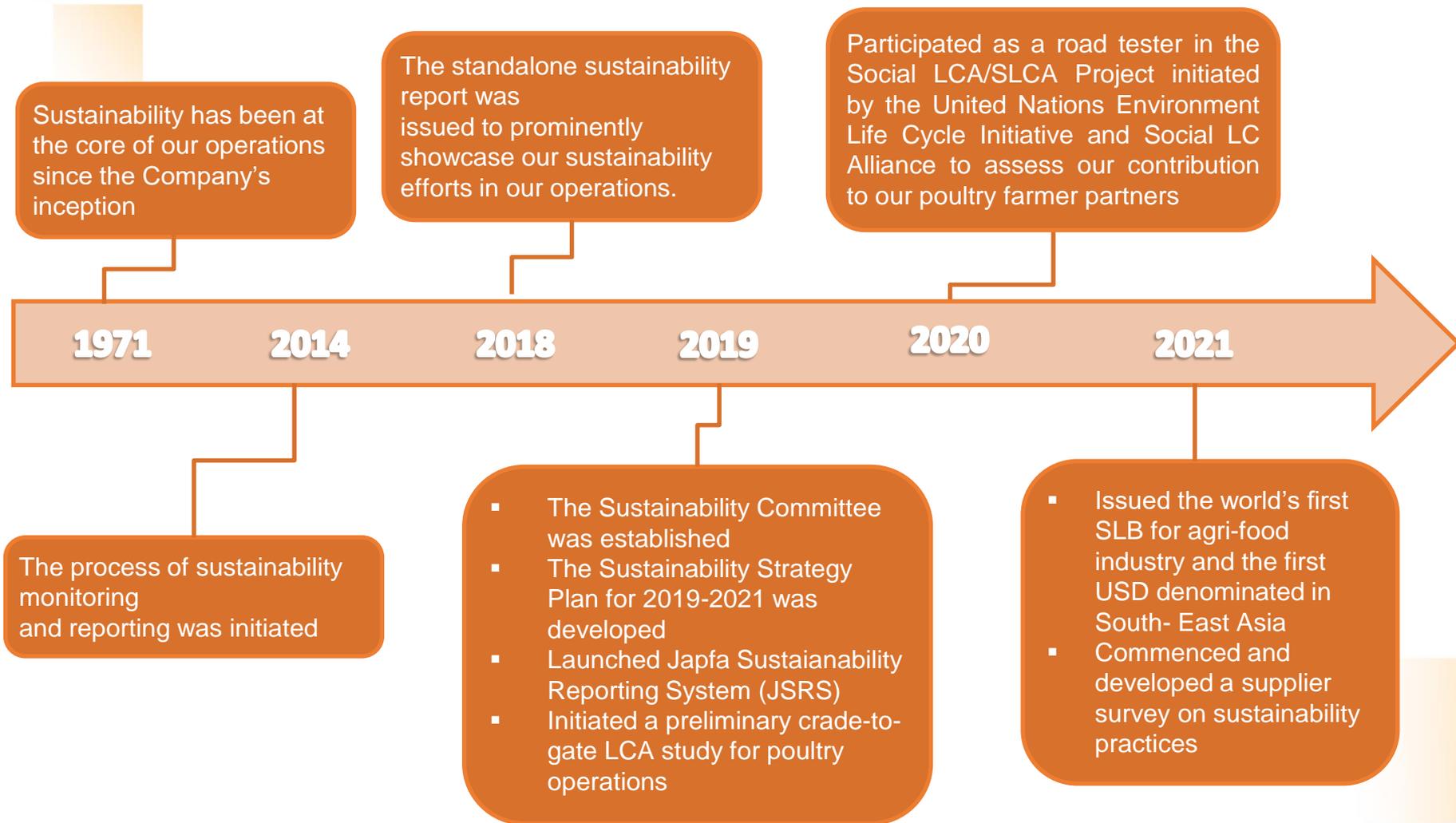
Average Monthly Prices of Broiler & DOC¹



1. Average monthly prices of West Java, based on market data collected by the Company
 Broiler prices refer to prices of live birds in the weight range of 1.6 kg to 1.8 kg. LHS and RHS refer to IDR price per bird.

2. DOC refers to day-old-chicks.

Japfa Sustainability Journey



Our mission to be a leading dependable provider of affordable protein foods is aligned to **the United Nations Sustainable Development Goal (SDG) No.2: Zero Hunger**

PT Japfa Tbk Sustainability-Linked Loan



- PT Japfa Tbk took another step on its sustainability journey by securing the first Sustainability-Linked Loan (SLL) within the Japfa Group.
- The SLL of Rp1.42 trillion is a 5-year bilateral credit facility for general corporate purposes. We are pleased to be part of this milestone for PT Bank Negara Indonesia Tbk, Persero (“BNI”) as this is the first SLL in the agri-food sector for BNI
- This SLL comes after the Sustainability-Linked Bonds (SLB) issued by PT Japfa Tbk in 2021. The underlying basis of our sustainability-linked funding has been a Life Cycle Assessment (LCA) on its poultry operations. The LCA is a formal science-based assessment of the company's vertically integrated production cycle from feed to chicken products sold. Based on the LCA, wastewater treatment and water management have been identified as key focus areas where positive impacts can be made.
- The Japfa Group aims to contribute towards the UN Sustainability Development Goal (UN SDG) Goal 2 – Zero Hunger by producing nutritious, safe and affordable staple protein foods through an efficient production system, which includes optimizing resources and minimizing waste.

The Asset Triple A Sustainable Capital Markets Country & Regional Awards 2021



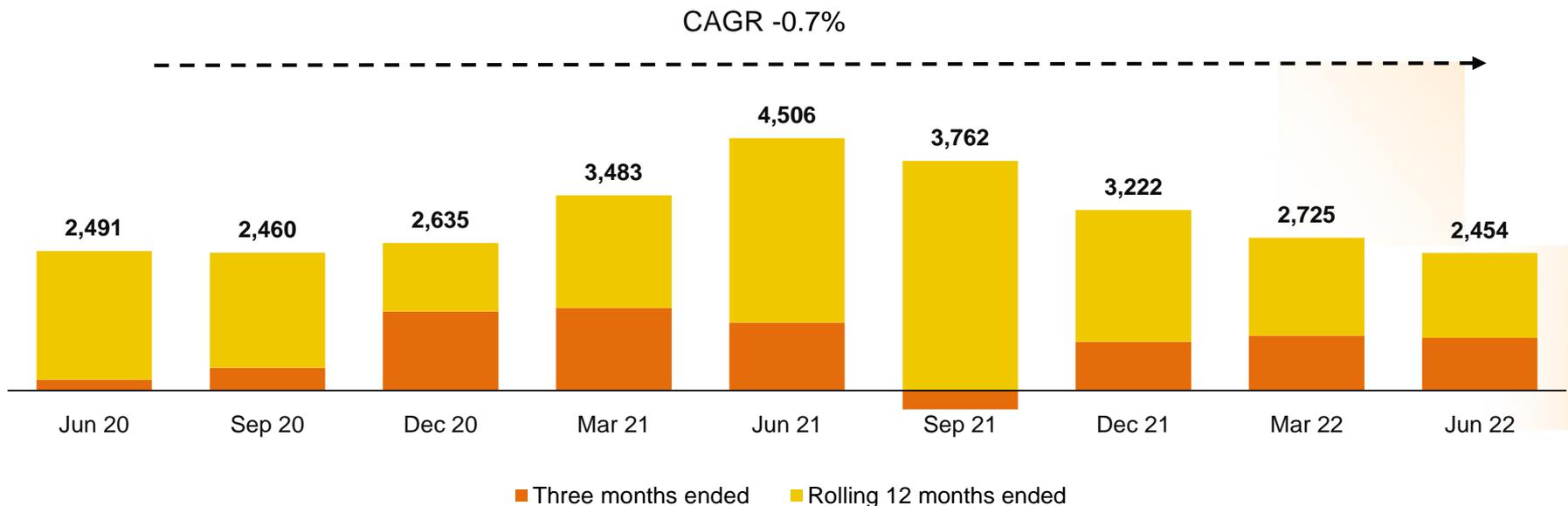
- On Tuesday, 22 March 2022, PT Japfa Comfeed Indonesia Tbk has been honored with the following awards at the The Asset Triple A Sustainable Capital Markets Country & Regional Awards 2021:
 - Best Issuer for Sustainable Finance
 - Best Sustainability-linked Bond
- The Asset Triple A Sustainable Capital Markets Awards represent the industry's most prestigious awards for the primary market best issuers, best deals, and best advisers in equity, debt, loans, M&A, and structured finance

PT Japfa Tbk – Stable rolling operating profit



- PT Japfa Tbk is an agri-food business, hence will be subject to cyclicalities which directly impacts its revenue and profitability. Cyclicalities is dependent on a variety of external factors, which are beyond the Company’s control, including the seasonality of harvest and festivals, as well as macroeconomic factors that affect purchasing power and government policies.
- Feed remains as a stable pillar of profitability.
- Operating profit has been fairly stable on a rolling twelve month basis.

Operating profit (IDR Billion)

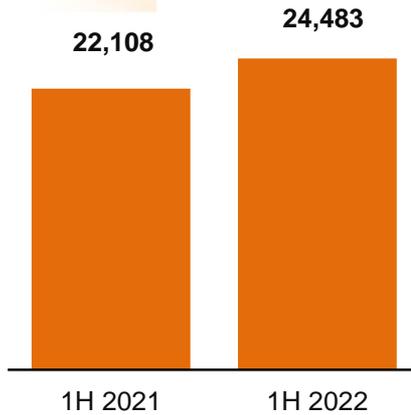


Proven financial track record



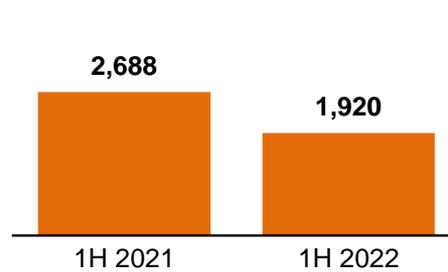
Net Revenues

(IDR Billion)



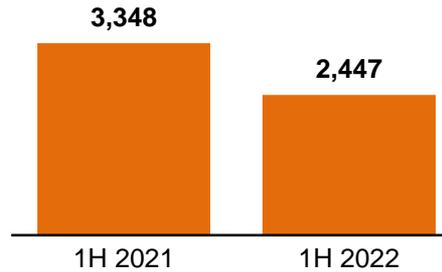
Operating Profit

(IDR Billion)



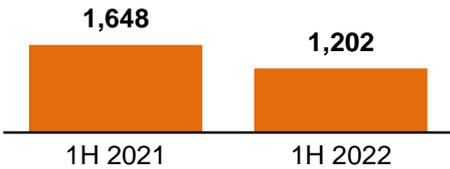
EBITDA

(IDR Billion)



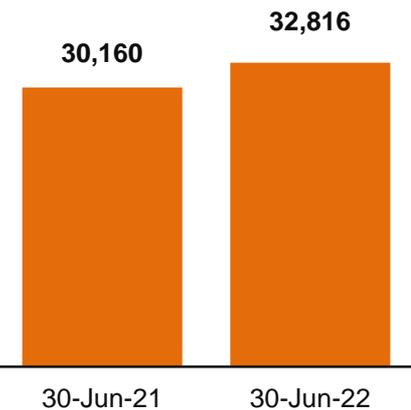
Net Profit

(IDR Billion)

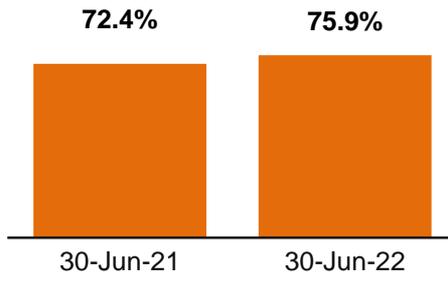


Total Assets

(IDR Billion)

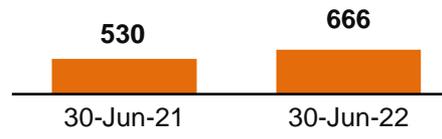


Net Debt / Equity (%)



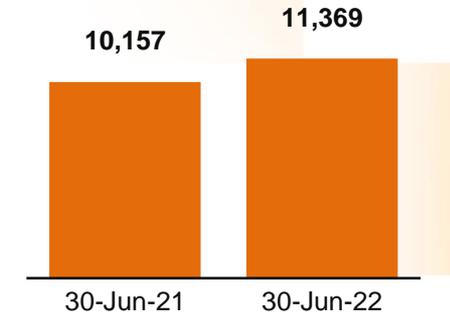
CAPEX

(IDR Billion)



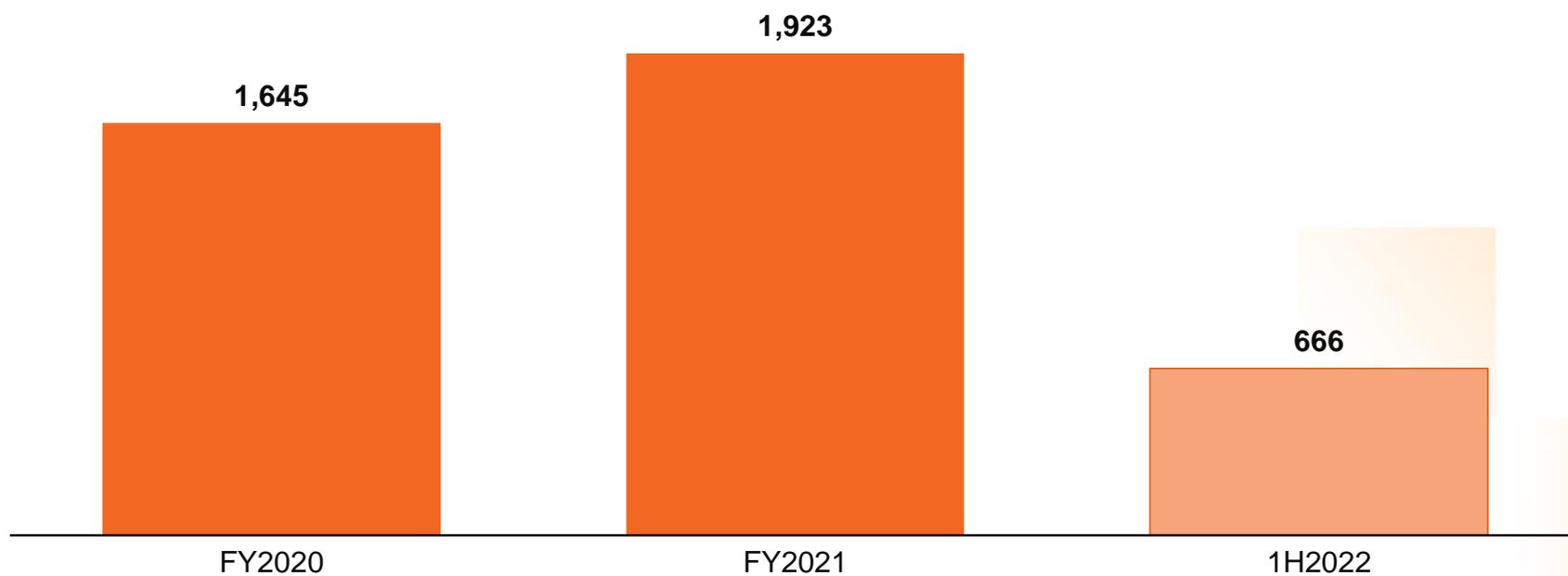
Total Interest Bearing Debt

(IDR Billion)



Capex

(IDR Billion)



Thank You

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For further information, please refer to the Company's website www.japfacomfeed.co.id