



PT JAPFA COMFEED INDONESIA Tbk



INVESTOR PRESENTATION
1Q 2017

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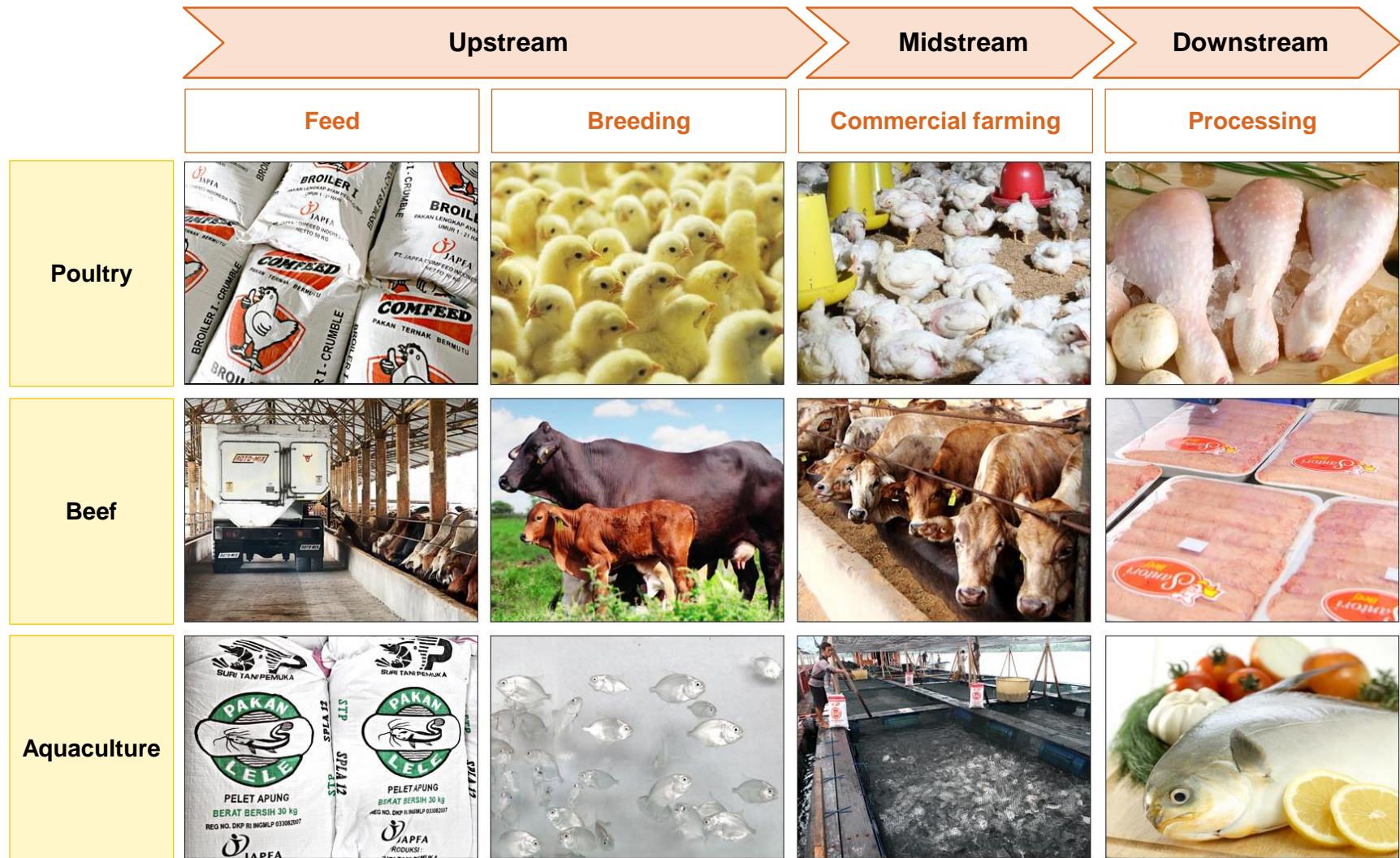
Financial and Operational Highlights

1. Company Overview



Company overview

Core competencies across the value chain



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, 66 breeding farms and 24 hatcheries across Indonesia
 - ✓ Over 100 company farms and over 9,000 contract farms
- Consolidated 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

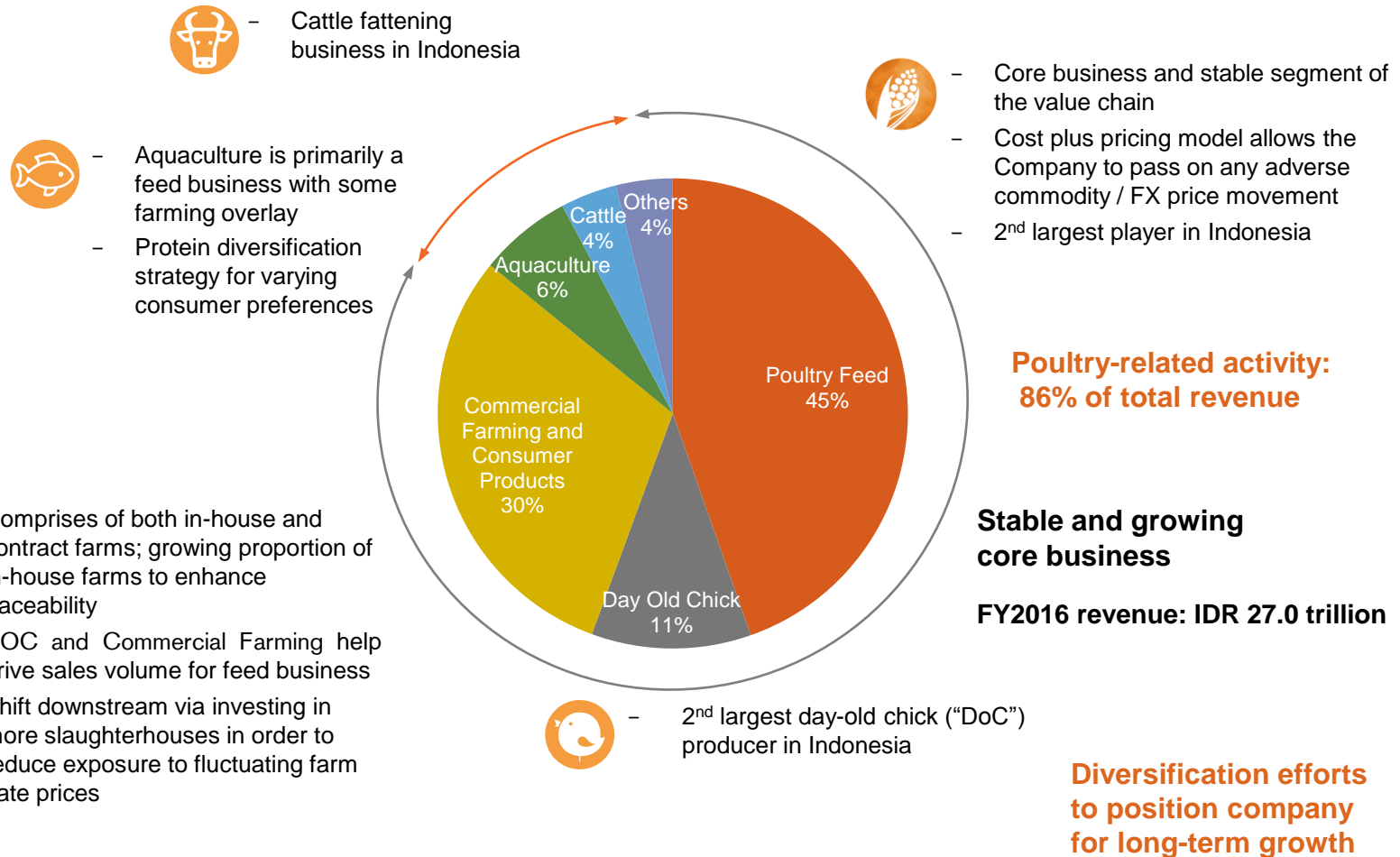


D Standardization

- 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 with growing presence in other proteins



2. Key Investment Highlights



Investment highlights



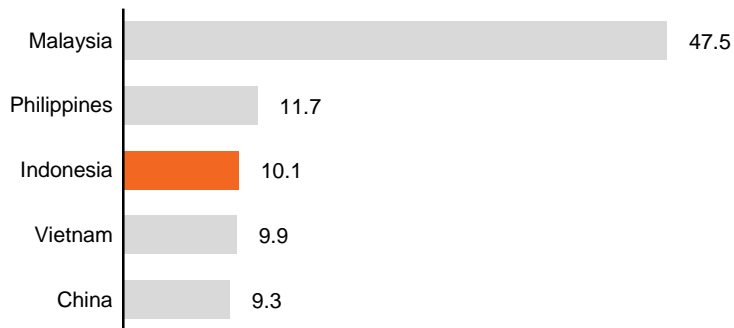
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Attractive industry dynamics driven by strong structural growth in protein consumption

- ✓ Ample room for sustained growth in business locations with one of the lowest poultry consumption per capita rates in Asia.
- ✓ Strong projected growth in GDP per capita to underpin growing protein consumption
- ✓ “Meat-of-choice” given poultry’s relative affordability, religious neutrality, consumer preference and increasing penetration and popularity of quick service restaurants
- ✓ Potential upside as Indonesians’ diet evolve to include more meat-based protein from the currently carbohydrate-heavy diets

Poultry Meat Consumption per capita in Asia

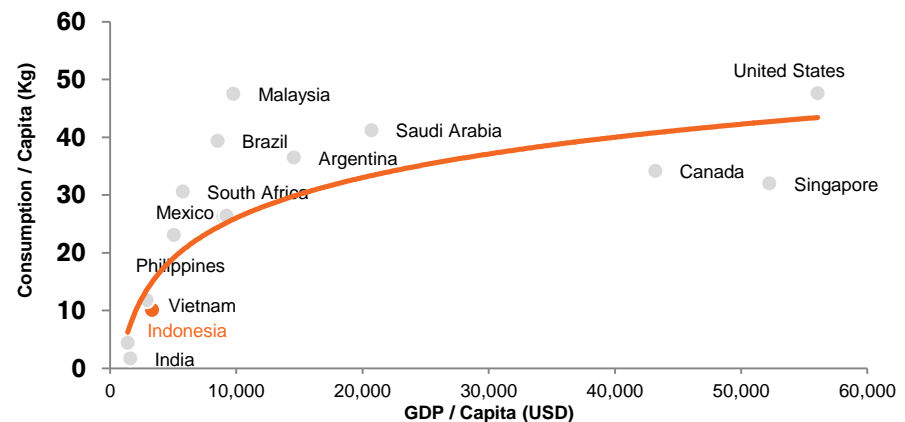
(kg per capita - 2015)



Source: Frost & Sullivan Estimates, 2017

Positive correlation between GDP per capita and Poultry meat consumption (2015)

Rising Consumption in Emerging Asian Markets

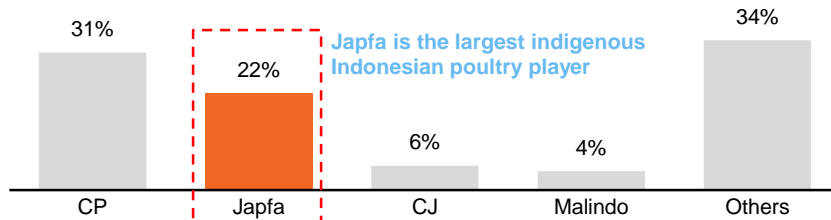


Source: OECD, UN, Frost & Sullivan Estimates, 2017

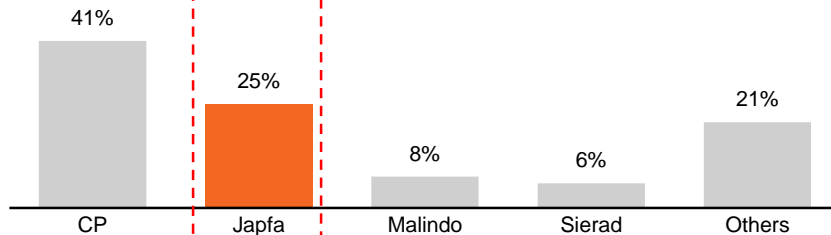
Leading integrated poultry national champion with nationwide footprint

2nd largest Indonesian poultry feed and DoC producer

Poultry feed production capacity market share (%)



DoC production capacity share (%)



- ✓ Attractive industry dynamics with CP and Japfa jointly controlling >50% of the feed and DOC markets
- ✓ Significant economies of scale given procurement volume of raw materials, especially in conjunction with the broader Japfa Group
- ✓ Heritage of 40 years in the poultry industry provides brand recognition

Nationwide footprint with presence in all major islands

WILAYAH OPERASIONAL PERUSAHAAN
WORK AREAS AND OPERATIONAL MAP

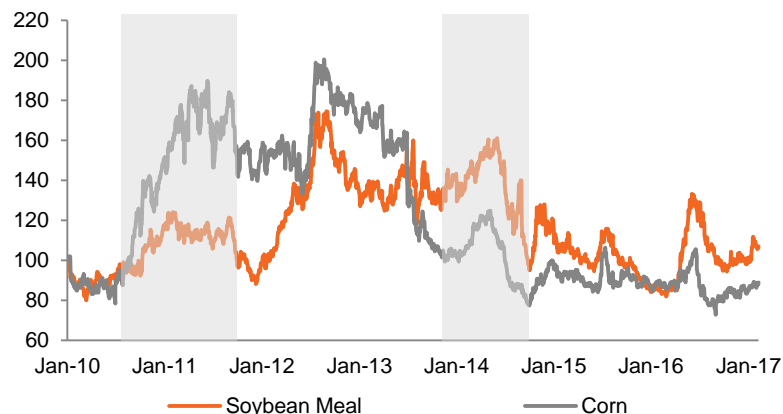


- ✓ Logistical feat given that Indonesia is an archipelago; serves as a barrier to entry and helps defend the Company's market position
- ✓ Wide geographical reach offers unparalleled access to both poultry farmers and domestic corn producers
- ✓ Key to tapping pockets of demand across the country given the highly localized market, which is a result of (i) preference for live birds; and (ii) underdeveloped cold chain and transportation infrastructure

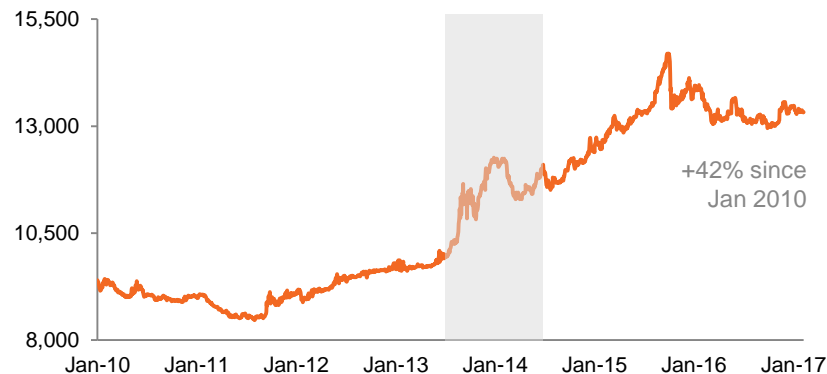
Core feed business offers stable profitability

Constitutes >50% of Group's operating profit

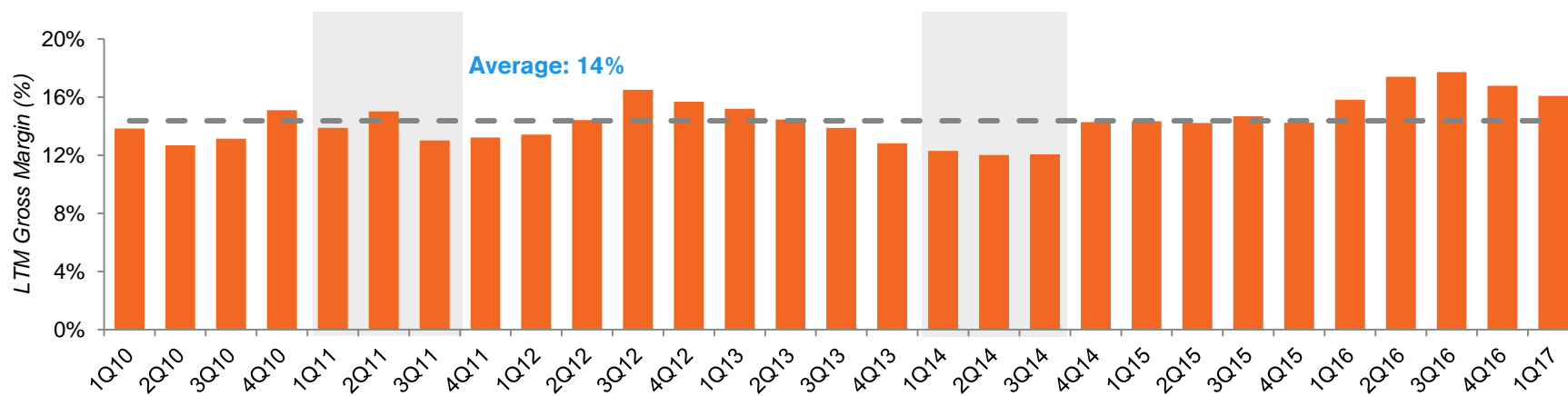
Despite volatile commodity prices...



...and weakening IDR



...the Group's feed business has been able to consistently deliver stable gross margins, underscoring the ability to effectively pass on adverse currency and commodity price movements

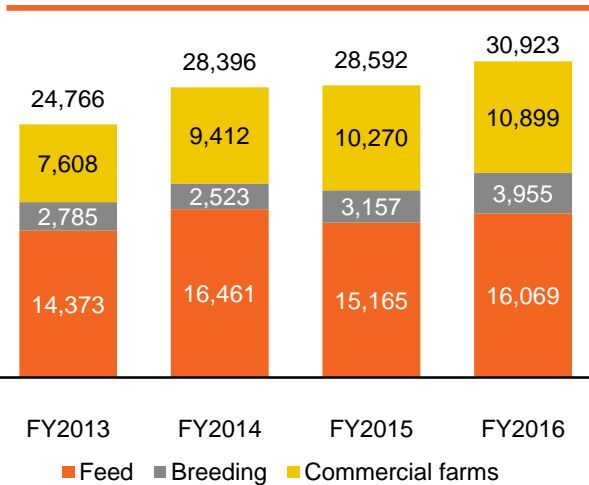


Source: Bloomberg, Company information

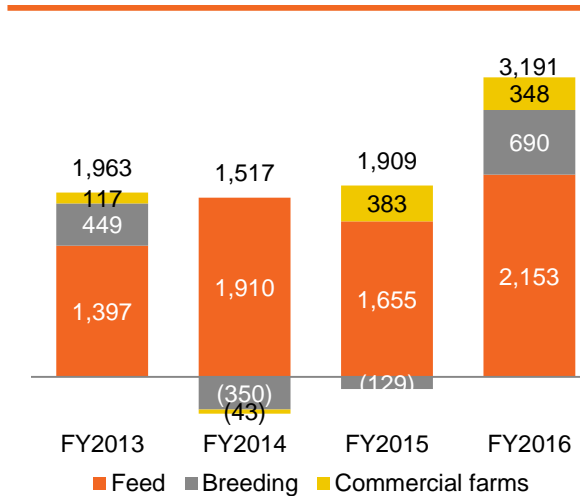
Core feed business offers stable profitability

Poultry: 4-year segmental trends

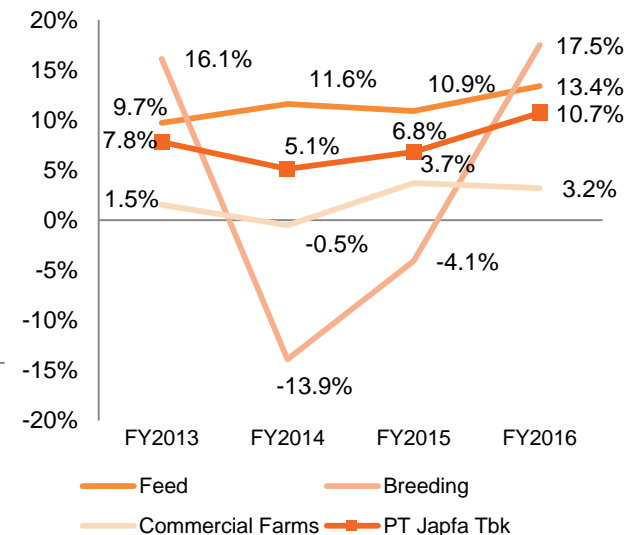
Revenues (IDR Billion)



Operating Profit (IDR Billion)



Operating Profit Margin (%)



- The poultry business (Feed, Breeding and Commercial Farms) represents the majority of the Company's revenue and profits
- Revenue trend was mainly impacted by the weakening of Rupiah and lower volumes in FY2015
- Profitability in FY2014 to FY2015 was affected by the poultry market downturn from 3Q2014 to 2Q2015
- Nonetheless, our Feed business continues to be the stable pillar of our profitability
- Our ability to pass on raw material costs increases in our Feed selling prices is reflected in our stable Feed operating margins, even during the periods of Rupiah volatility and the poultry market downturn



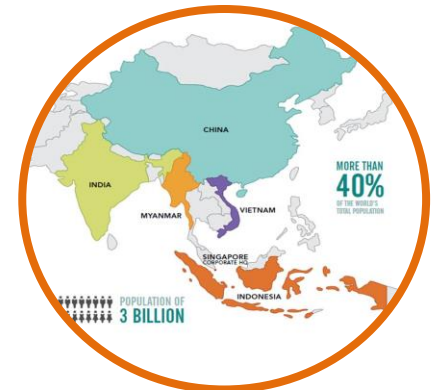
WHAT WE DO

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



WHERE WE ARE

We employ over 32,000 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

Leading Market Positions in Multiple Protein Staples

Leading upstream regional market positions

Milk Yield ¹	China	36 kg/day	#1
Poultry Feed Production Capacity ²	Indonesia	24%	#2
DOC Production ²	Indonesia	29%	#2
DOC Production ³	Vietnam	20%	#3
Poultry Feed Production Capacity ³	Myanmar	31%	#2
DOC Production Capacity ³	Myanmar	21%	#2

Leading downstream consumers brands that are key drivers for future growth

Dairy

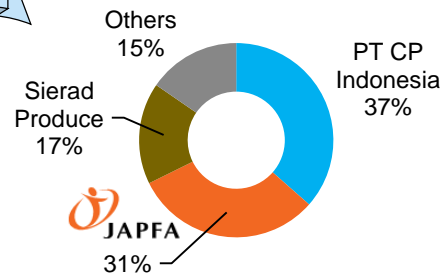
#1



Greenfields, #1 brand of Fresh Pasteurized Milk in Indonesia⁵

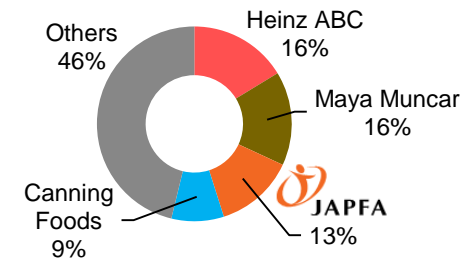
Frozen Consumer Food⁴

#2



Ambient Temperature Consumer Food⁴

#3



Experienced and tenured management team

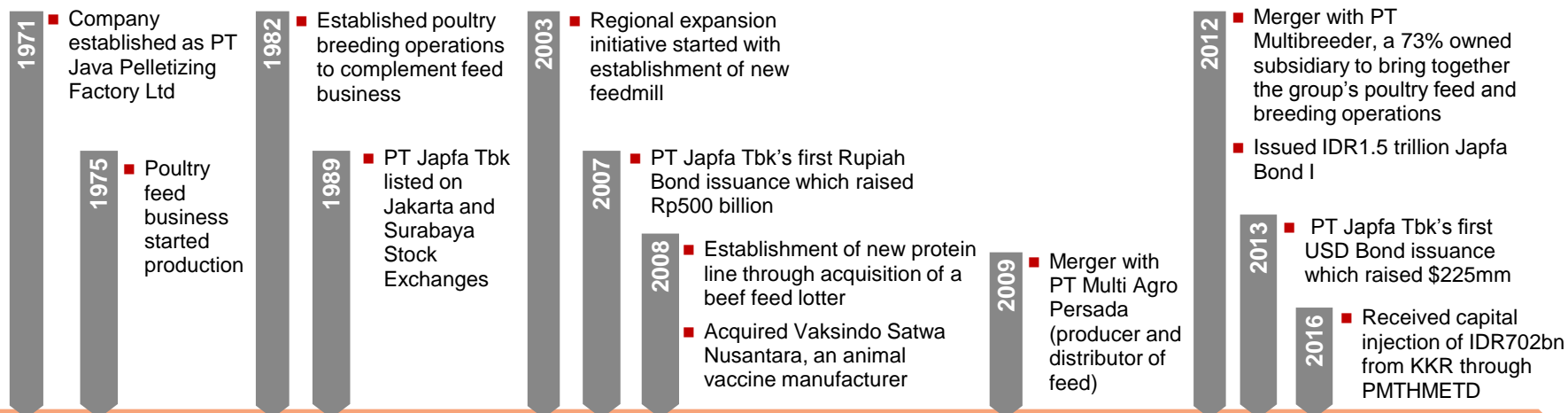
Proven track record of guiding the Company through various cycles

Board of Commissioners

	Syamsir Siregar President Commissioner Year of agri experience: 12		Hendrick Kolonas Vice President Commissioner Year of agri experience: 21		Jaka Prasetya Commissioner (KKR's Nominee) Year of finance experience: 15		Retno Astuti Wibisono Independent Commissioner Year of agri experience: 16		Ignatius Herry Wibowo Independent Commissioner Year of agri experience: 18		Achmad Syaifudin Haq Independent Commissioner Year of agri experience: 25
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Board of Directors

	Handojo Santosa President Director Year of agri experience: 30		Bambang Budi Hendaro Vice President Director Year of agri experience: 38		Koesbyanto Setyadharma Director Year of agri experience: 28		Tan Yong Nang Director Year of agri experience: 9		Rachmat Indrajaya Independent Director Year of agri experience: 9
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Timeline of Japfa Comfeed: Over 40 years of 'best-in-class' poultry production

3. KKR's Investment in the Company



KKR's Investment in the Company

KKR Overview

- ✓ Leading global investment firm with US\$130bn of assets under management across a wide range of asset classes including private equity, special situations etc.
- ✓ **Offers suite of value-added capabilities** to portfolio companies to drive long-term sustainable value creation
- ✓ **Deep agricultural sector expertise in Asia**, having invested behind several companies which focus on high quality food produce:



Transaction Overview

- ✓ KKR acquired ~12% stake in the Company through a combination of primary and secondary share purchase; shares purchased are subject to a one-year lock-up
- ✓ Primary proceeds from KKR's investment was used to strengthen the Company's balance sheet through deleveraging
- ✓ Jaka Prasetya, Managing Director at KKR, has been appointed to join the Board of Commissioners

KKR's Value Add and Progress to Date

- 1 Balance Sheet Optimization:** Leverage KKR's in-house capital markets expertise to determine optimal capital solution; KKR to be actively involved in ongoing refinancing discussions
 - 2 Enhance Liquidity:** Institutionalize shareholder base and to increase and improve research coverage through proactive communication
 - 3 Operational Improvements:** Leverage KKR's operational experience in the sector to drive improvements and to explore ways to "import" lessons learned from KKR's poultry investment in China, Fujian Sunner
- ✓ Successful refinancing of IDR and USD bonds
 - ✓ Improved engagement with credit rating agencies, research analysts and institutional investors
 - ✓ Increased institutional interest in the Company following KKR's investment

4. Financial and Operational Highlights



PT Japfa Tbk – Financial Performance

Revenue IDR Billion

Operating Profit IDR Billion

EBITDA IDR Billion

PAT IDR Billion



1Q2017 revenue increased but profitability declined due to lower ASP of Broilers and high G&A expenses

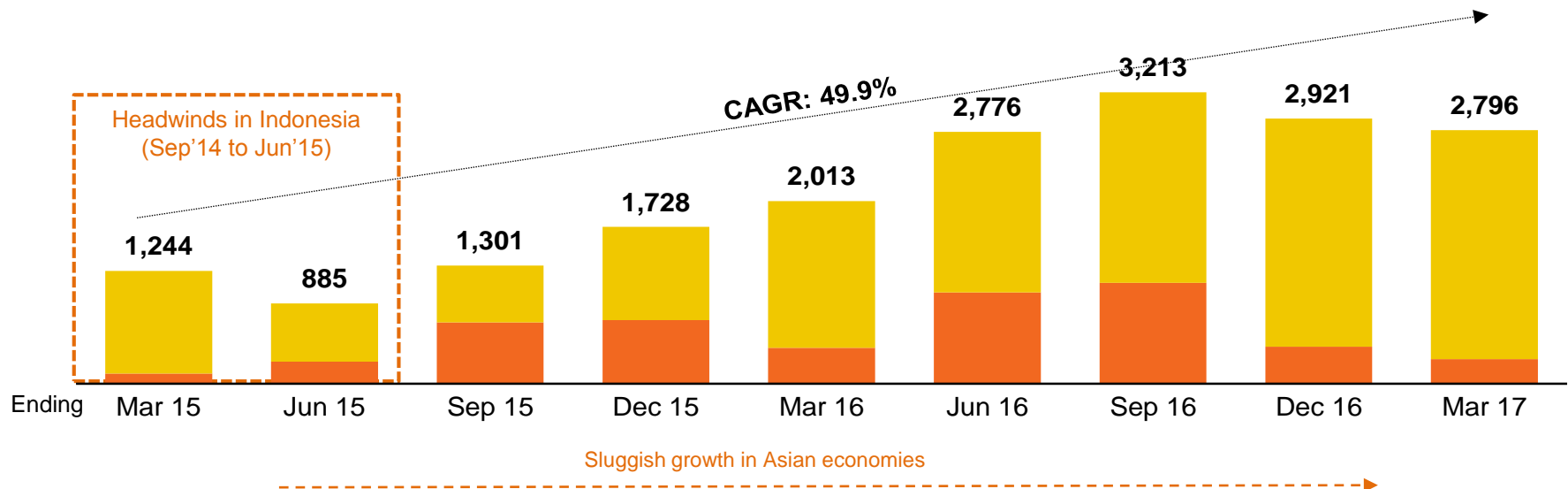
- In Indonesia, a weaker-than-expected growth in poultry demand caused an oversupply in broiler in 1Q2017. This has resulted in a lower price environment for broiler in 1Q2017.
- ASP for broiler dropped below production cost, resulting in a loss recorded by the commercial farming business.
- Feed remained the stable pillar of profitability with 9% growth in sales volume. Although operating margin was affected by higher raw material costs, it remained at a healthy level.
- Breeding recorded 4% increase in ASP.
- Looking ahead, Ramadan in 2Q2017 should drive demand for poultry and a recovery of broiler ASPs is expected.
- The Ministry of Agriculture has started to effect its new decree of culling unhatched broiler DOC eggs nationwide, which is likely to improve broiler prices for the rest of the year.

PT Japfa Tbk – Stable rolling operating profit



- PT Japfa Tbk is as an agri-food business will always be subject to cyclicality which directly impacts its revenue and profitability. Cyclicality 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.
- On a rolling basis, the operating profit has been fairly stable over last year.

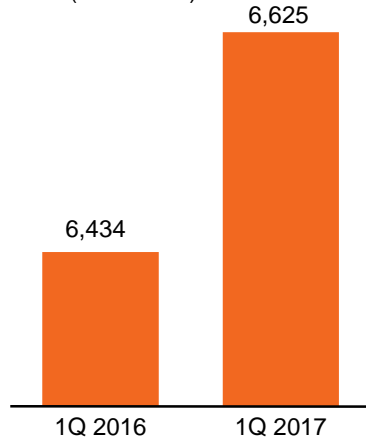
Operating profit (IDR Billion)



Proven financial track record

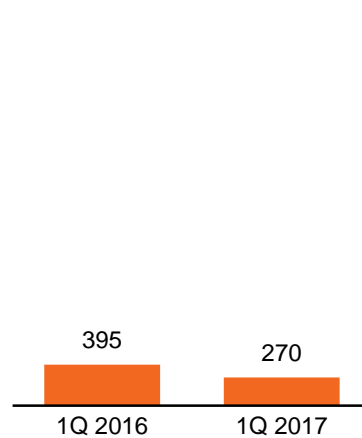
Net Revenues

(IDR Billion)



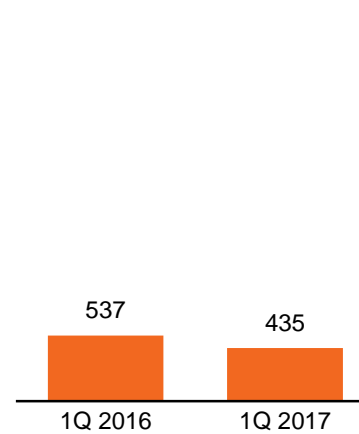
Operating Profit

(IDR Billion)



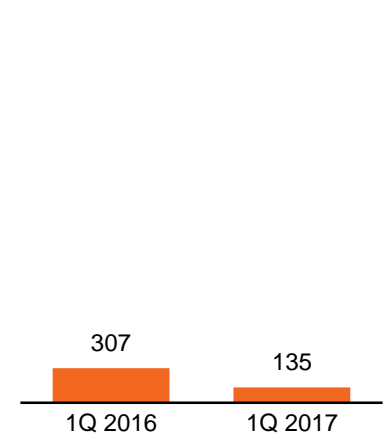
EBITDA

(IDR Billion)



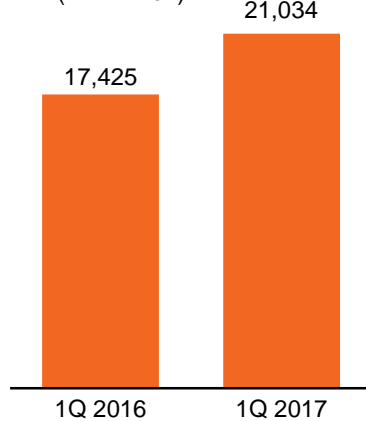
Net Profit

(IDR Billion)

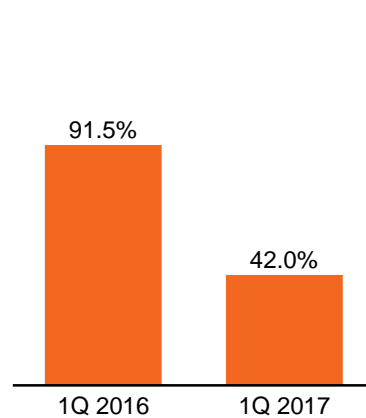


Total Assets

(IDR Billion)

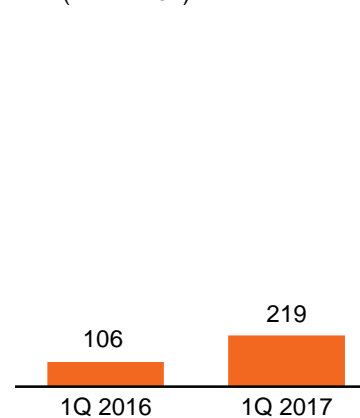


Net Debt / Equity



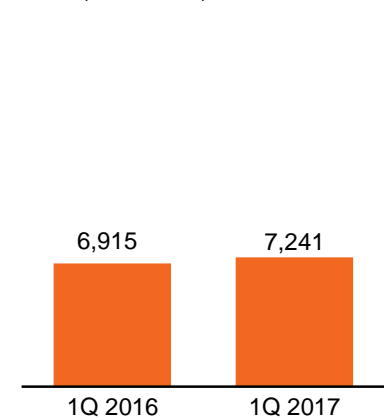
CAPEX

(IDR Billion)



TOTAL DEBT

(IDR Billion)



Note: Based on Company's 1Q2017 Financial Results

New 2017 US\$150 million USD Bond

- PT Japfa Tbk successfully issued the US\$150 million 5-Year bond in March 2017.
- Coupon is 5.50% p.a. due March 2022 and Reg S issue.
- Purpose: Early partial redemption of the outstanding 2013 USD bond due in May 2018.
- P&I are hedged for the full duration of the bond up to the all time high of USD/IDR exchange rate.

Early redemption of 2013 US\$225 million USD Bond

- PT Japfa Tbk bought back US\$30.5 million bond that have been cancelled. Post cancellation, US\$194.5 million 2013 USD bond remains outstanding.
- 1st Redemption scheduled on 2 May 2017 to redeem US\$150 million at the redemption price of 101.5%, funded by the new 2017 USD bond.
- Following the 2 May 2017 redemption, the remaining US\$44.5 million outstanding bond to be redeemed with the proceeds from the Second Tap of the new IDR bond.

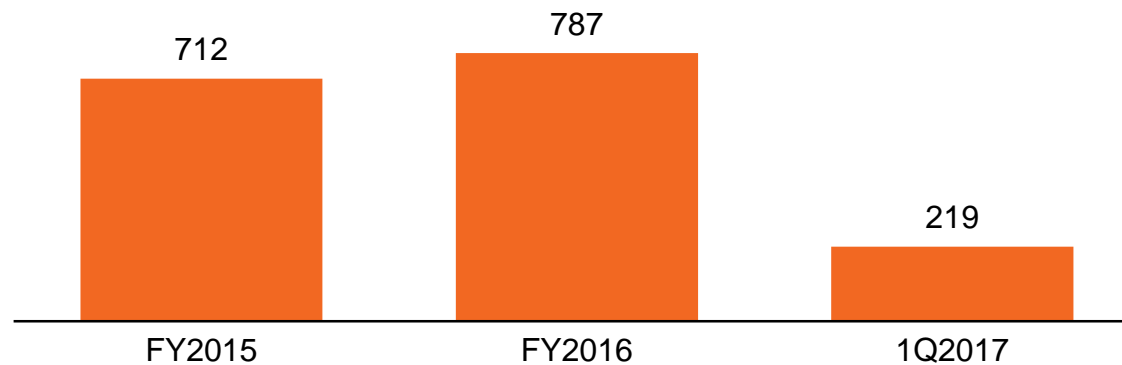
PT Japfa Tbk - IDR 3 trillion Re-tap Bond Programme

PT Japfa Tbk established a IDR 3.0 trillion Re-tap Bond Programme, which allows the company to tap the IDR bond market over two years.

	Amount	Pricing
1 st Tap (Launched in Nov 2016)	I. 3-Year : IDR 0.85 trillion due Dec 2019 II. 5-Year: IDR 0.15 trillion due Dec 2021 Total: IDR 1.0 trillion	I. 3-Year: Coupon 9.25% p.a. II. 5-Year: Coupon 9.75% p.a.
2 nd Tap (Launched in Mar 2017)	5-Year : IDR 1.0 trillion due April 2022	5-Year: Coupon 9.60% p.a.

Capex FY2015 – 1Q2017

(IDR Billion)



Thank You

