

PT JAPFA COMFEED INDONESIA Tbk



**INVESTOR
PRESENTATION
1Q 2020**

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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:
 - ✓ 18 feed mills, 78 breeding farms and 27 hatcheries across Indonesia
 - ✓ Over 100 company farms and over 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

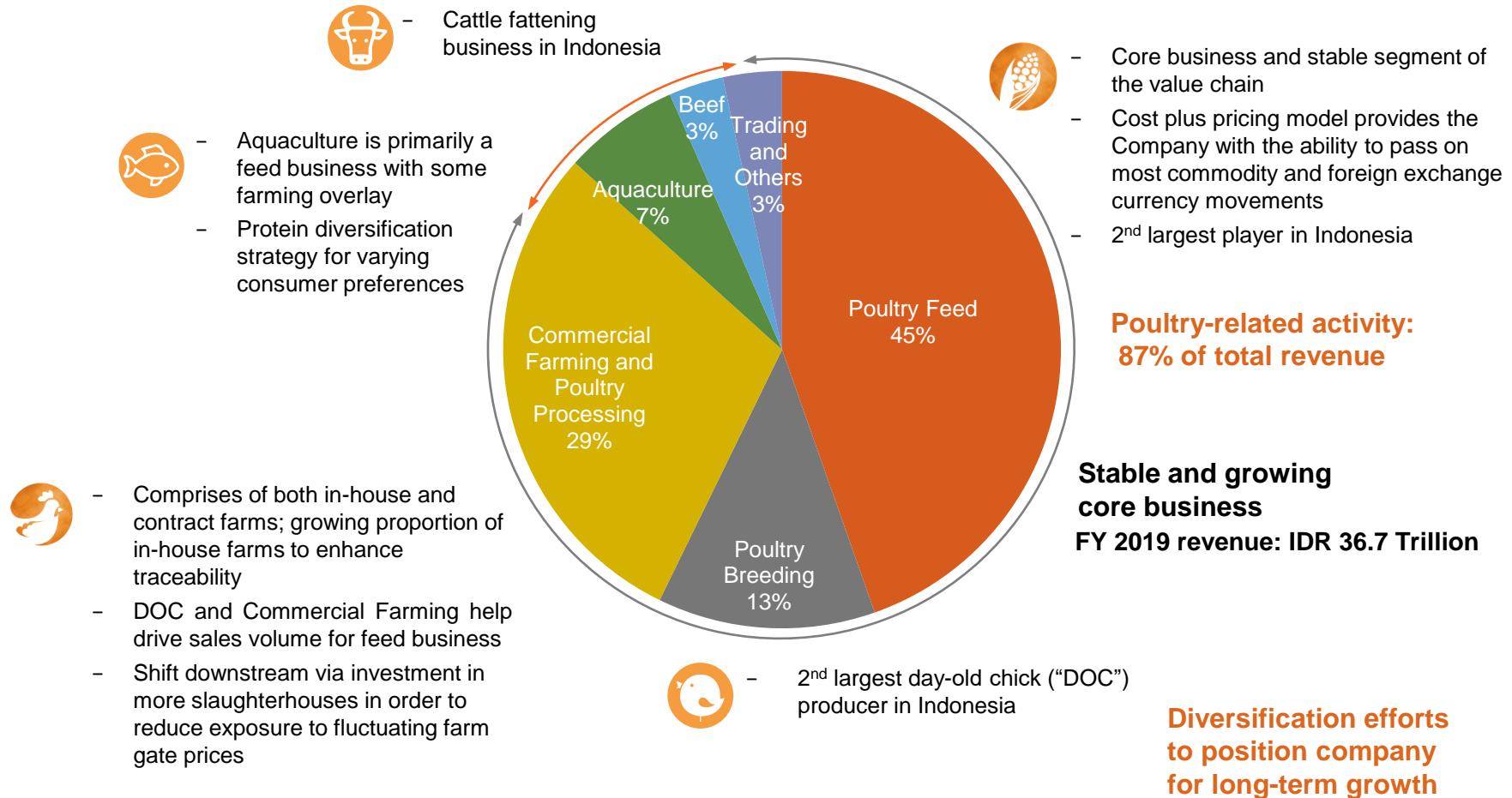
- Exclusive relationship with Aviagen for the sourcing of grandparent stock with superior genetics which is tailored for the Indonesian climate
- Advanced feed technology for quality control and optimal feed conversion ratios
- Modern farming techniques and industry best practices to further drive efficiency

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 with growing presence in other proteins

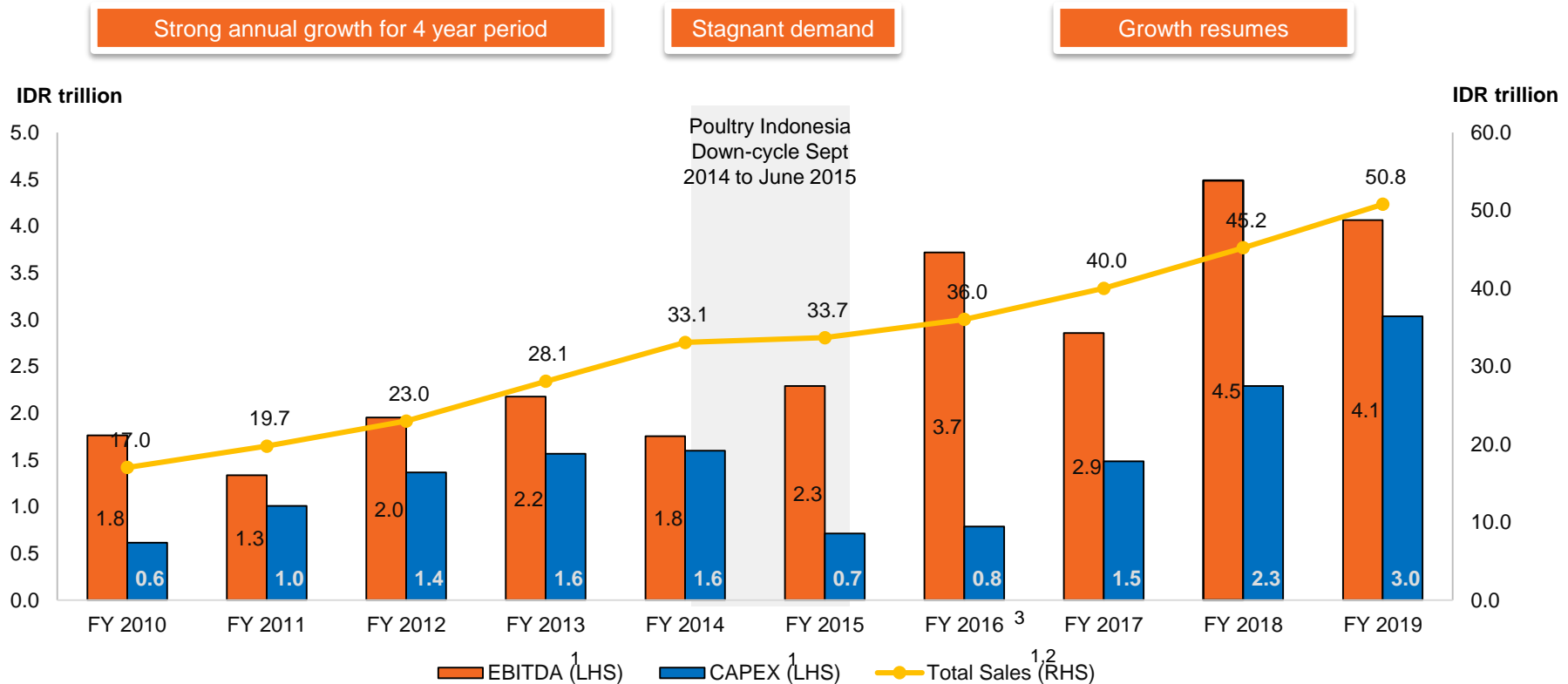


Note:

The % sales contributions from operational segments shown above are based on gross sales, which exclude elimination adjustments between segments.

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
- 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



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 years' figures have been restated to conform with the presentation in the 2016 consolidated financial statement

Key Investment Highlights



Investment highlights



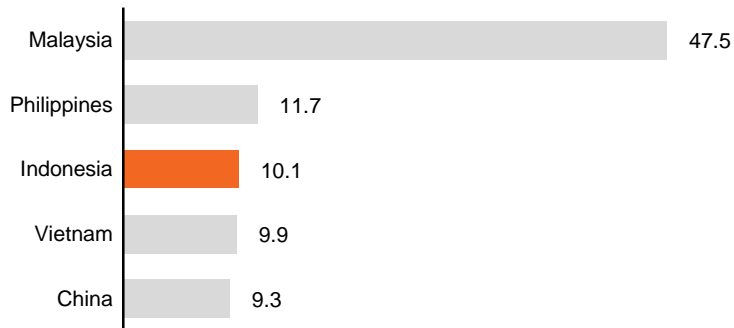
- 1 Attractive industry dynamics driven by strong structural growth in protein consumption
- 2 Leading integrated poultry national champion with nationwide footprint
- 3 Core feed business offers stable profitability
- 4 Industrialised Business Model: Leading Market Positions
- 5 Experienced and tenured management team

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

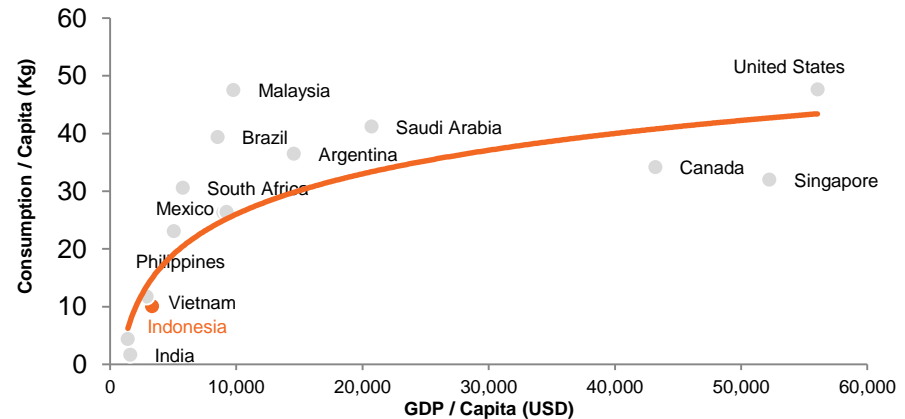
(kg per capita - 2015)



Source: Frost & Sullivan Estimates, 2017

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

Rising Consumption in Emerging Asian Markets

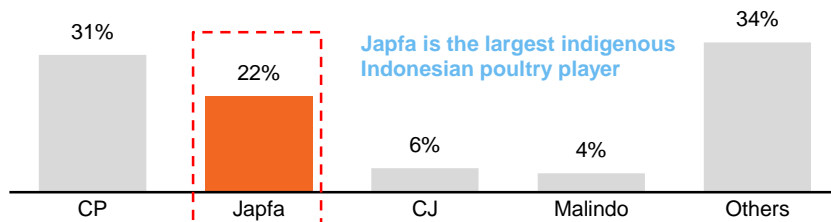


Source: OECD, UN, Frost & Sullivan Estimates, 2017

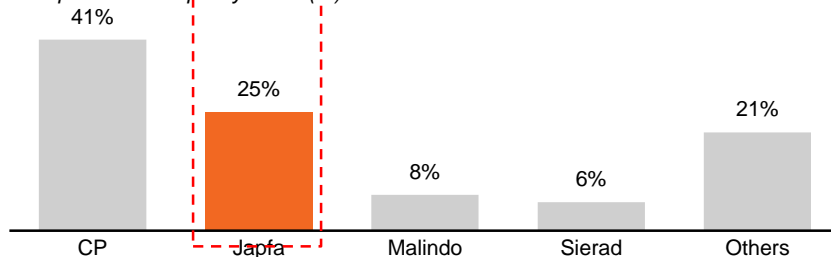
Leading integrated poultry national champion with nationwide footprint

2nd largest Indonesian poultry feed and DOC producer

Poultry feed production capacity market share (%)



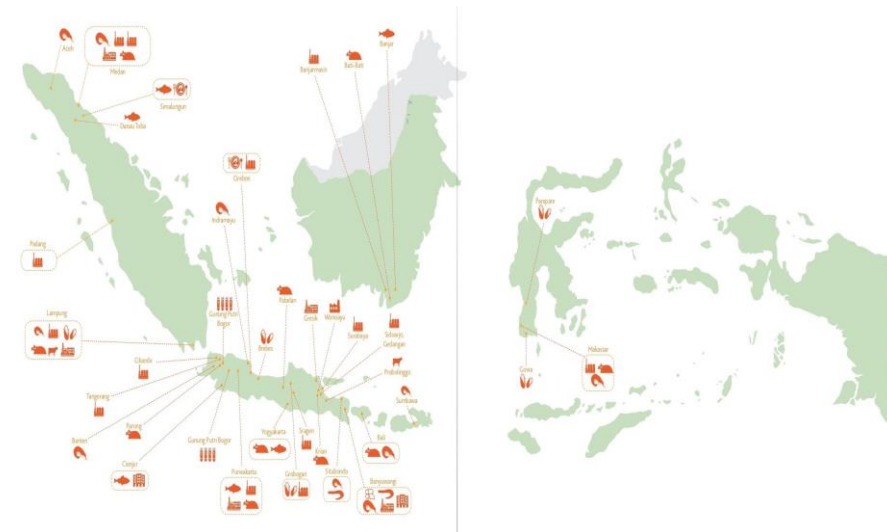
DoC production capacity share (%)



- ✓ 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 almost 50 years in the poultry industry provides brand recognition

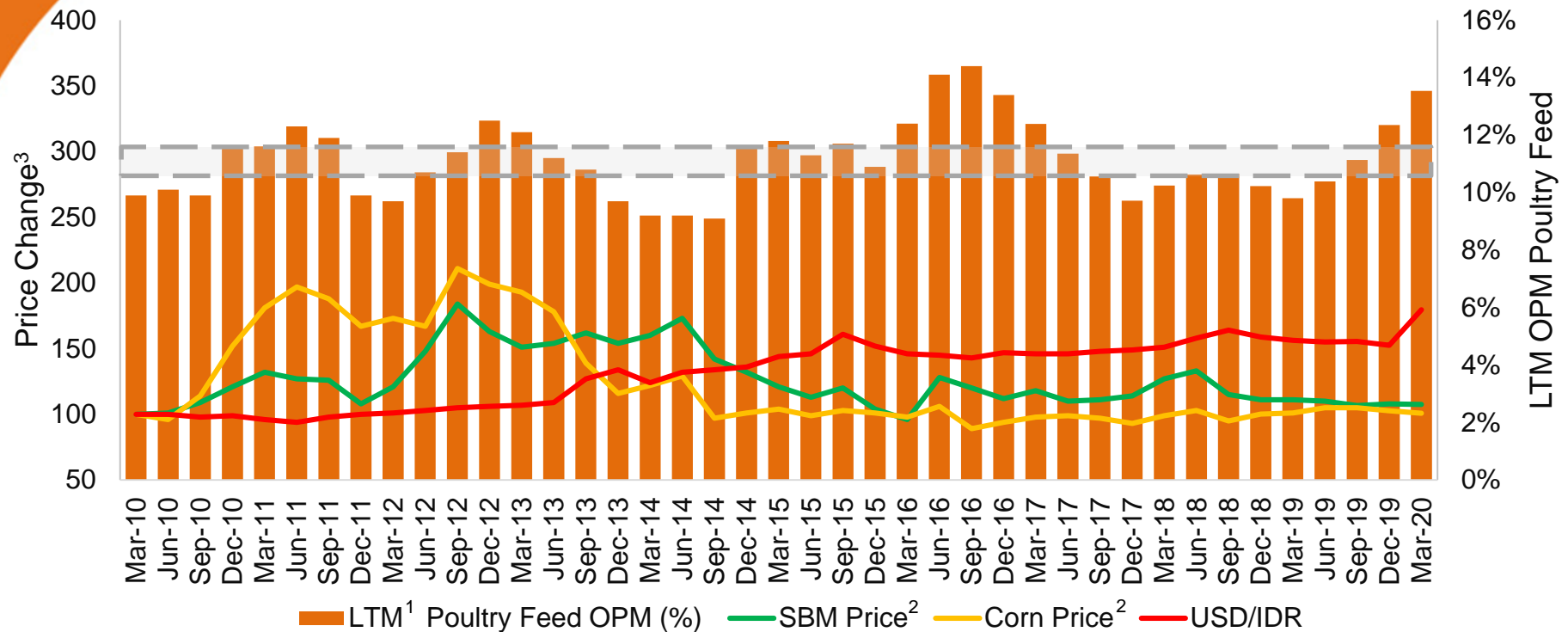
Nationwide footprint with presence in all major islands

Company's Operational Areas



- ✓ 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

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.

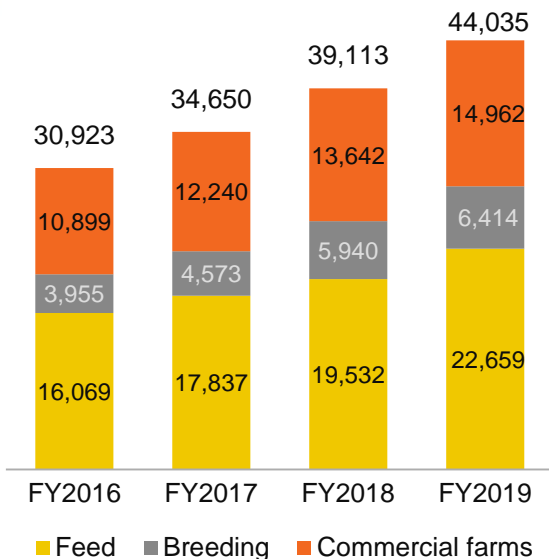
Since 2017, by government regulatory corn has been sourced locally, therefore the global market corn reference price no longer applicable.

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.

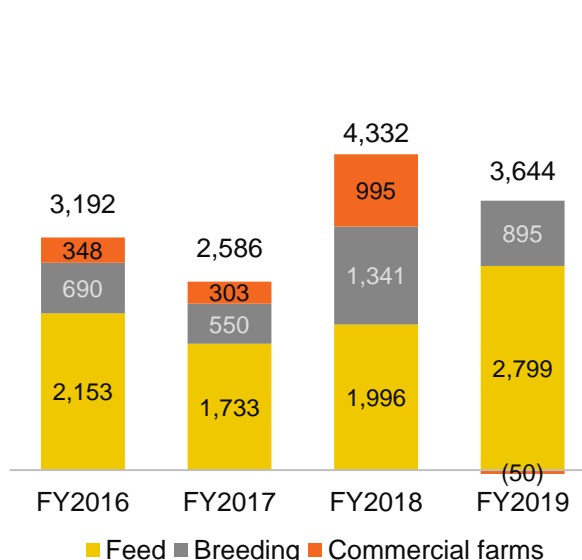
Segmental Trends: PT Japfa Tbk (Poultry)



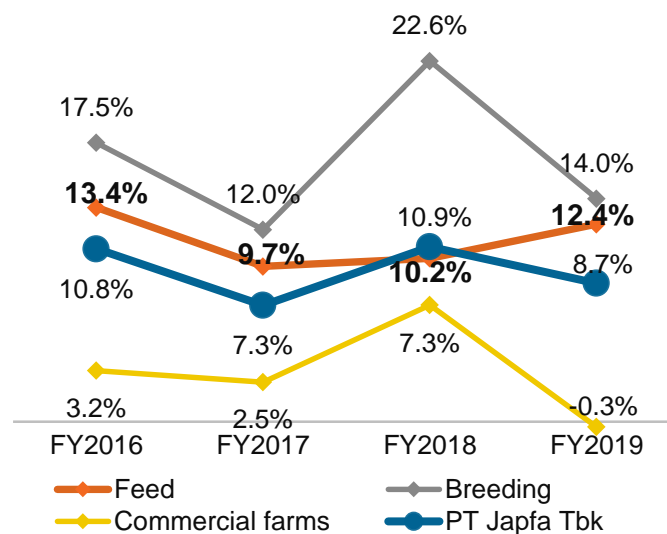
Revenue (IDR Billion)



Operating Profit (IDR Billion)



Operating Profit Margin (%)



Feed business continues to be the stable pillar of our profitability

- The poultry business (feed, breeding and commercial farms) represents the bulk of PT Japfa Tbk's revenue
- The high operating profit in FY2016 was mainly driven by the exceptionally high poultry feed operating margin of 13.4% arising from a lower COGS
- The high operating profit in FY2018 was mainly due to high ASPs for DOC and broiler driven by lack of DOC supply
- Operating profit in FY2019 weakened due to low broiler prices in the first three quarters of 2019. This was compensated by feed volume growth and feed operating profit
- Our ability to generally pass on raw material costs increases in our feed selling prices is reflected in our stable feed operating margins.

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

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

Leading Market Positions in Multiple Protein Staples

Leading upstream regional market positions

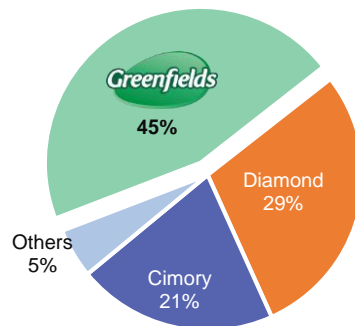
Average Daily Milk Yield (ADM) ¹	China	39.6 kg/head	#1
Poultry Feed Production ²	Indonesia	24%	#2
DOC Production ¹	Indonesia	29%	#2
DOC Production ¹	Vietnam	20%	#2
Poultry Feed Production ¹	Myanmar	27%	#1
DOC Production ¹	Myanmar	26%	#2



Leading downstream brands that are drivers for future growth

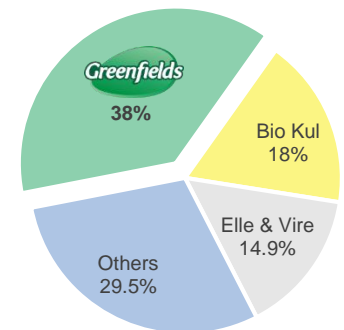
#1

Greenfields Fresh Pasteurized Milk³



#1

Greenfields Stirred Yogurt³



¹ Company's own estimates, 2019 data

² Frost & Sullivan Analysis, 2015 data

³ Greenfields, #1 brand Fresh Pasteurized Milk and Stirred Yogurt in Indonesia, as per sales volume in Indonesia, based on Company's own estimates

Experienced and tenured management team

Proven track record of guiding the Company through various cycles

Board of Commissioners*

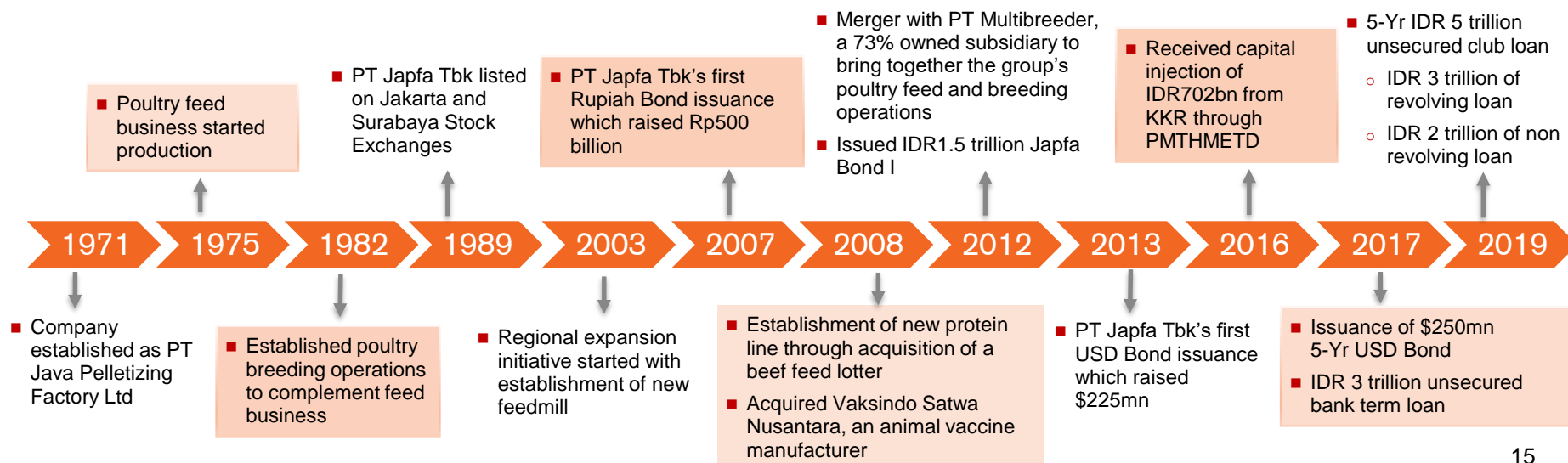
	Syamsir Siregar President Commissioner		Hendrick Kolonas Vice President Commissioner		Jaka Prasetya Commissioner (KKR's Nominee)		Retno Astuti Wibisono Independent Commissioner		Ignatius Herry Wibowo Independent Commissioner		Ito Sumardi Djuni Sanyoto Independent Commissioner
	Year of agri experience: 15		Year of agri experience: 24		Year of finance experience: 18		Year of agri experience: 19		Year of agri experience: 21		Year of Agri experience: 7

Board of Directors*

	Handojo Santosa President Director		Bambang Budi Hendarto Vice President Director		Tan Yong Nang Director		Leo Handoko Laksono Director		Rachmat Indrajaya Director
	Year of agri experience: 33		Year of agri experience: 41		Year of agri experience: 12		Year of agri experience: 31		Year of agri experience: 12

*BOC and BOD as at 31 December 2019

Timeline of PT Japfa Tbk: Almost 50 years of 'best-in-class' poultry production

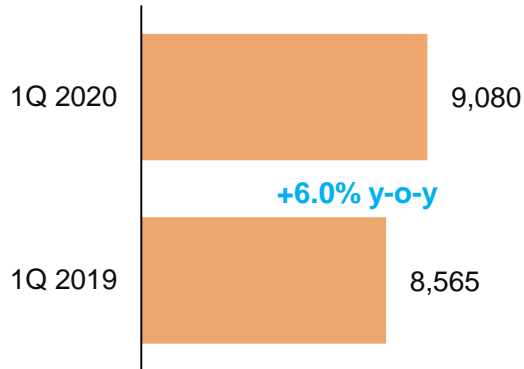


Financial and Operational Highlights

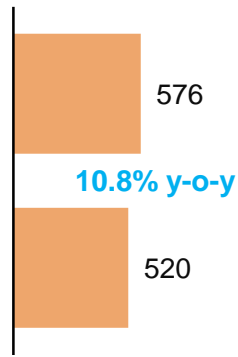


PT Japfa Tbk – Financial Performance

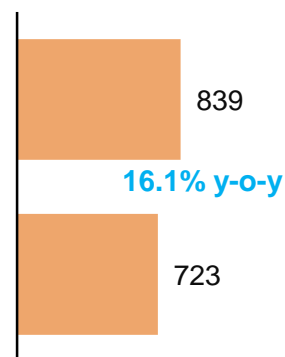
Revenue Rp Billion



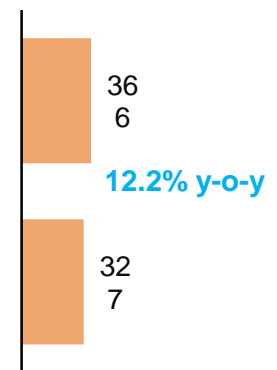
Operating Profit Rp Billion



EBITDA Rp Billion



PAT Rp Billion



Revenue and profitability stable on the back of strong feed margins

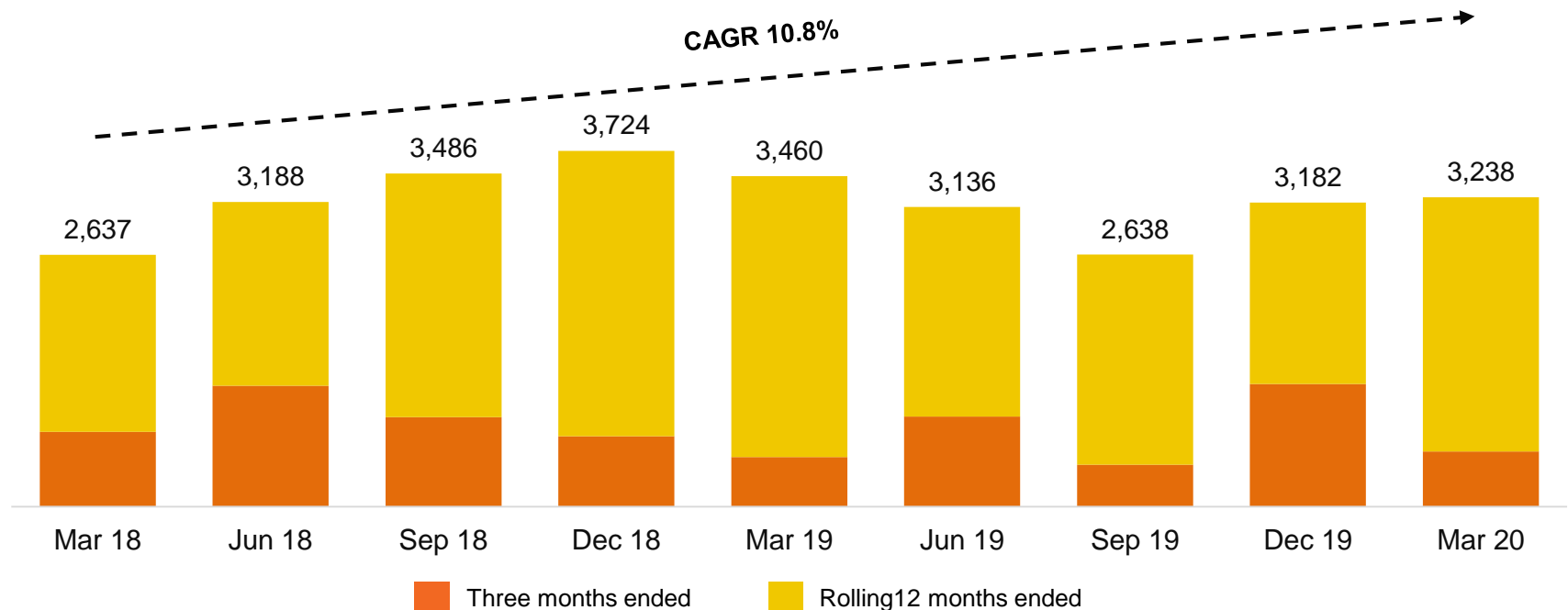
- Revenue increased 6.0%, mainly contributed by higher poultry feed and aqua feed sales volumes
- Steady profits as a result of strong feed margins, due to our ability to manage cost of key raw materials
- Commercial farm operations recorded an operating loss of Rp156.7billion due to a demand supply imbalance, which has resulted in low broiler ASPs that are expected to continue post 1Q2020
- Forex exposure from its USD bonds has been hedged for its principal and coupon payments up till maturity. The unrealised forex translation losses on the underlying USD bonds are offset against unrealised gains from the currency hedge contracts under hedge accounting
- The Covid-19 situation in Indonesia is fluid. This unprecedented outbreak has reduced purchasing power and, as a result, reduced demand for many consumer products. As we mainly supply chicken, which is a staple and affordable protein food, hopefully the impact on demand will not be drawn-out. In addition, our experience, scale and industrialised approach will better enable us to ride out the demand drop due to Covid-19
- Since Covid-19 outbreak, we have taken action to freeze non-essential new Capex and revise the original budgeted Capex for FY2020

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 are 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.

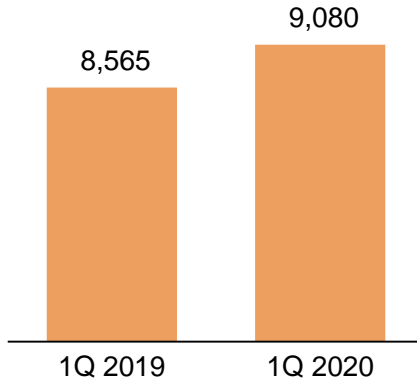
Operating profit (IDR Billion)



Proven financial track record

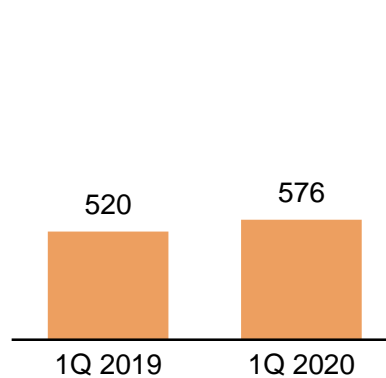
Net Revenues

(IDR Billion)



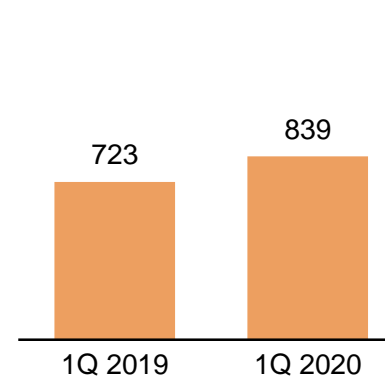
Operating Profit

(IDR Billion)



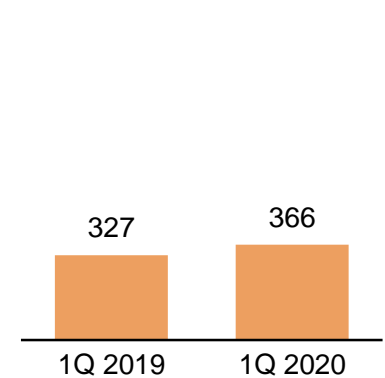
EBITDA

(IDR Billion)



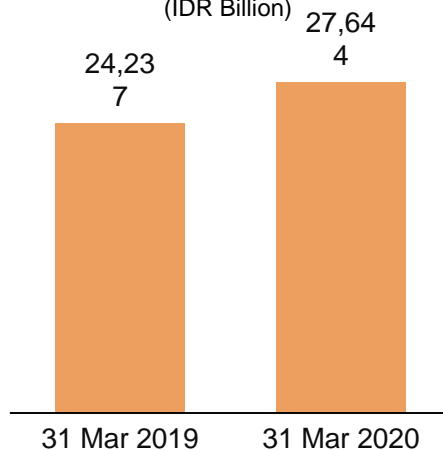
Net Profit

(IDR Billion)

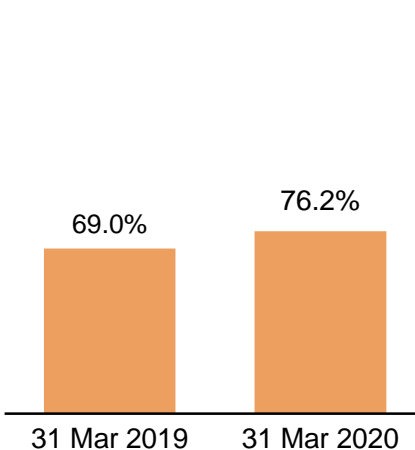


Total Assets

(IDR Billion)

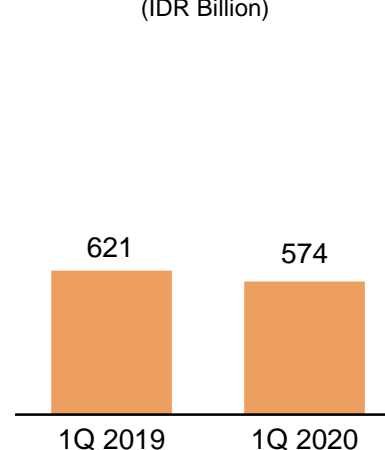


Net Debt / Equity (%)



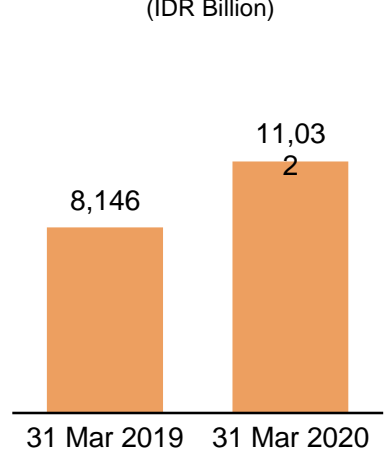
CAPEX

(IDR Billion)



Total Interest Bearing Debt

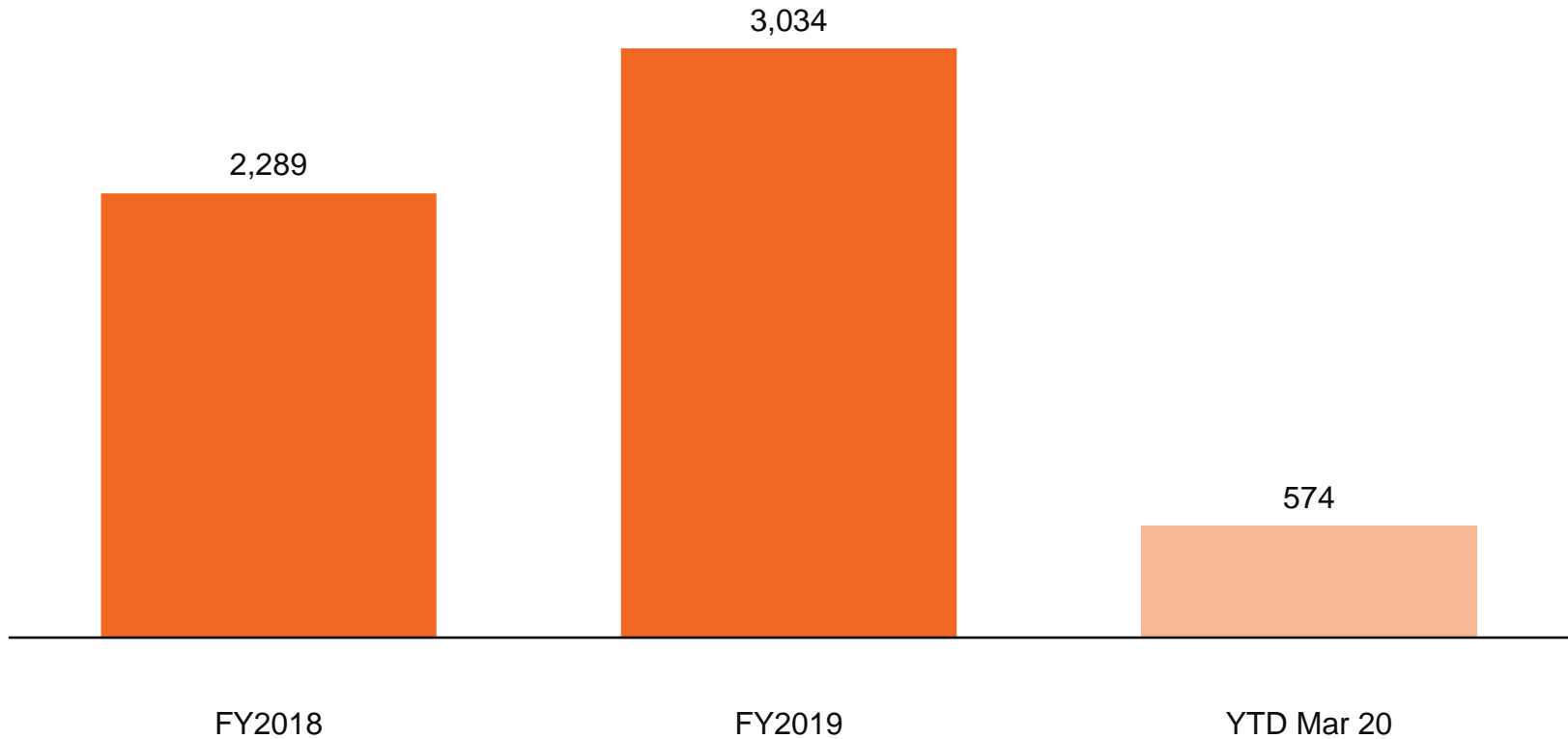
(IDR Billion)



Note: Based on Company's 31 March 2020 results

Capex

(IDR Billion)



Thank You



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