

PT JAPFA COMFEED INDONESIA Tbk



INVESTOR PRESENTATION

1H2023

**Sinergi untuk Masa Depan
Yang Berkelanjutan**
*Synergy Towards
A Sustainable Future*



Index

Company Overview

Key Investment Highlights

Financial and Operational Highlights



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, 77 breeding farms and 30 hatcheries across Indonesia
 - ✓ Over 100 company farms and +/- 8,500 contract farms
- Centralized procurement of raw materials with the broader Japfa Group

C Biosecurity and 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 and Genetics

- Exclusive relationship with Aviagen (on broilers) 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



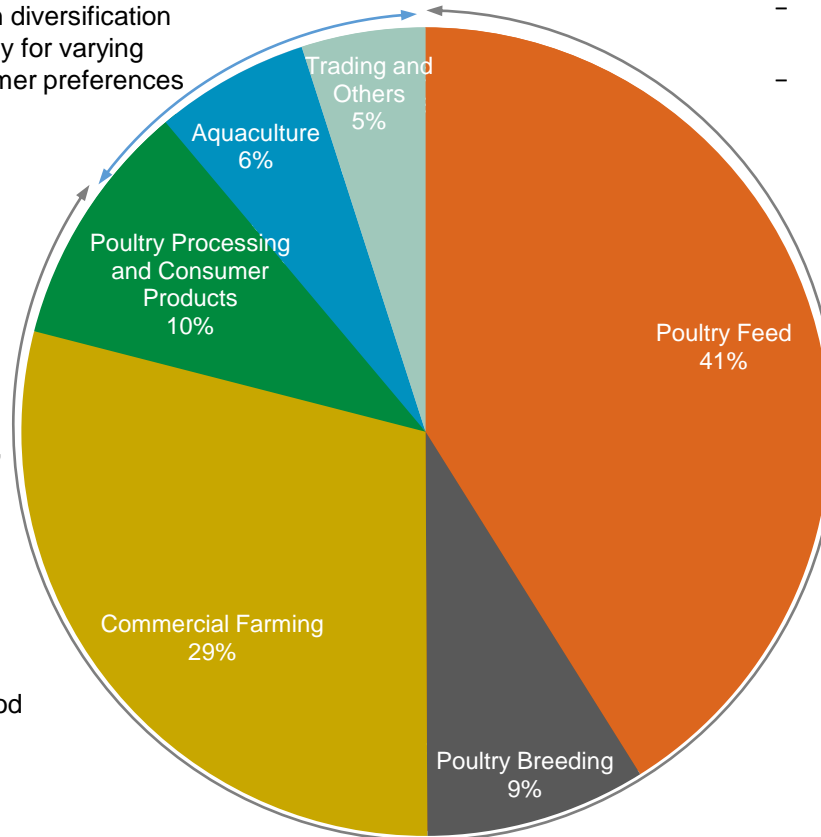
- DOC and Commercial Farming help drive sales volume for feed business
- Shift downstream via investment in slaughterhouses in order to reduce exposure to fluctuating farm gate prices.
- Acquisition of PT So Good Food, (SGF), providing vertical integration to overall operation, as SGF is known for among others:
 - (i) leading brands for consumer food
 - (ii) established network of marketing channels
 - (iii) 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 2022 revenue: IDR 49.0 Trillion
Diversification efforts to position company for long-term growth



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

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
- 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

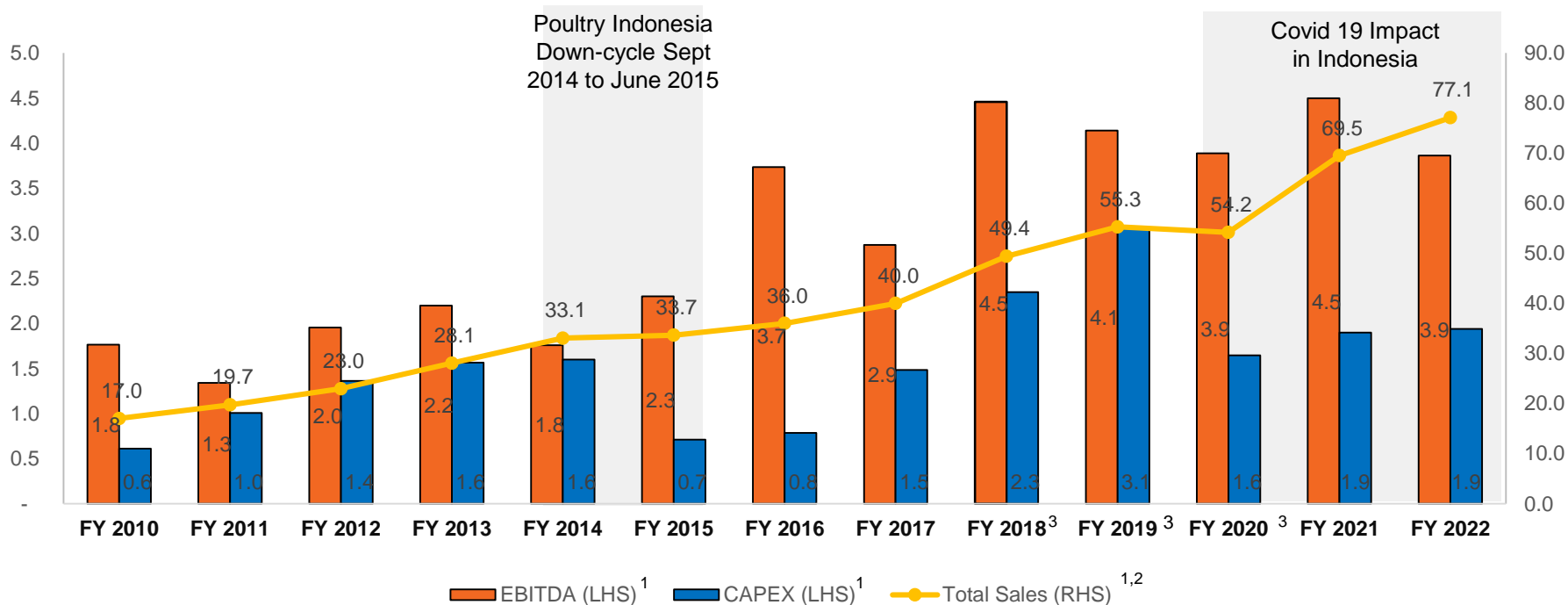
Stagnant demand

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

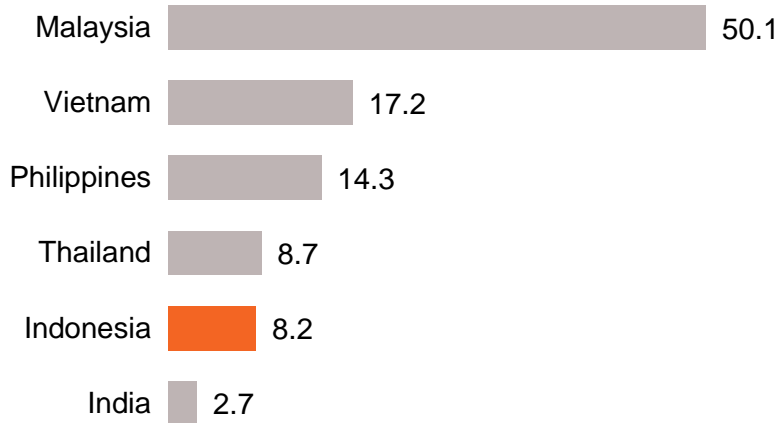


1

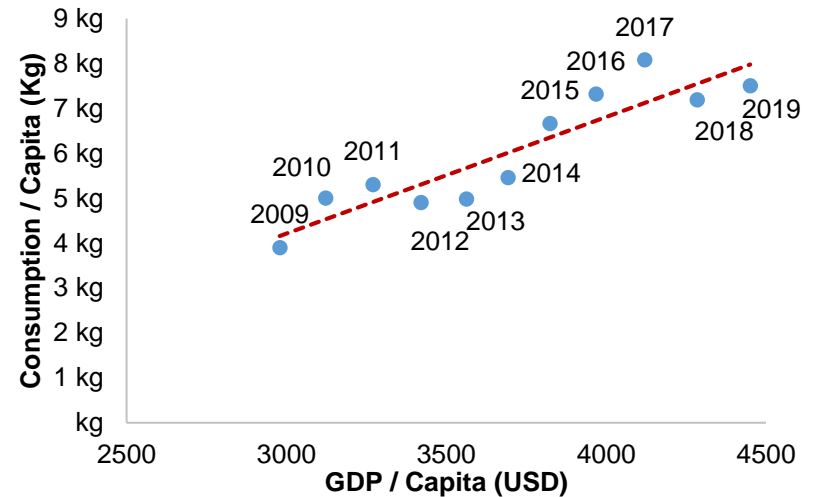
Attractive industry dynamics driven by strong structural growth in protein consumption

Poultry Meat Consumption per capita in Asia

(kg per capita – 2022)



Poultry meat consumption has increased in tandem with GDP in Indonesia

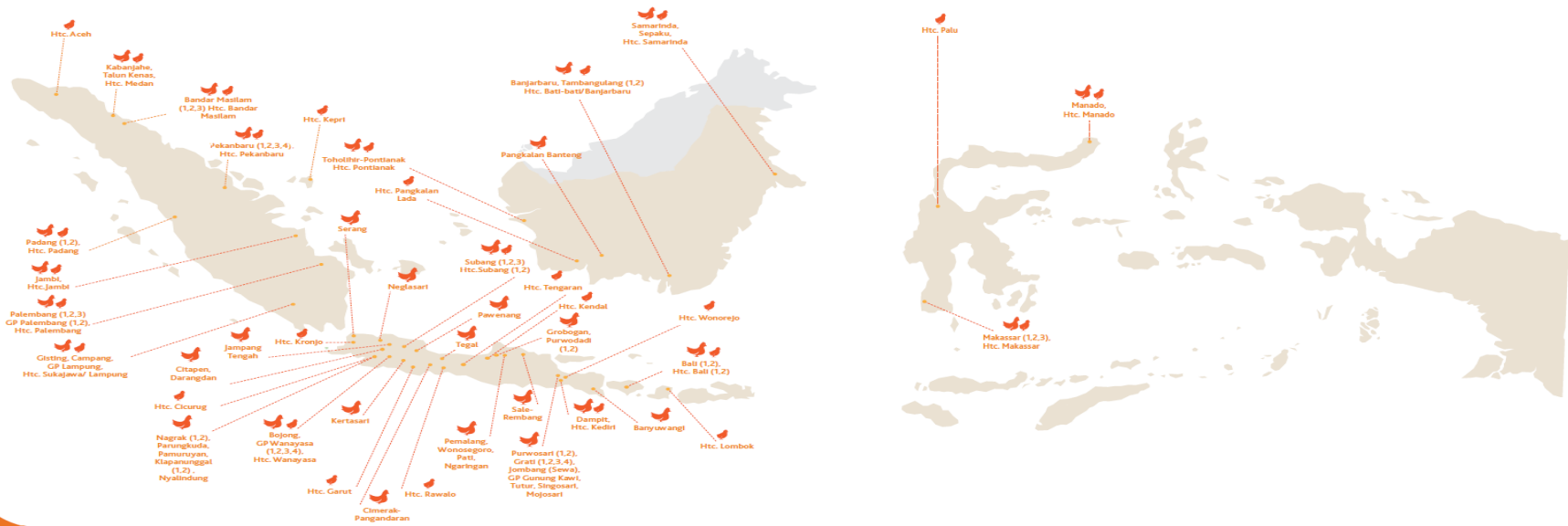


- Ample room for sustained growth in business locations with some of the lowest poultry consumption per capita rates in Asia
- “Meat-of-choice” given poultry’s relative affordability, religious neutrality, consumer preference and increasing penetration and popularity of quick service restaurants
- Potential 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

2

Well-established market leader in the Indonesian animal protein sector

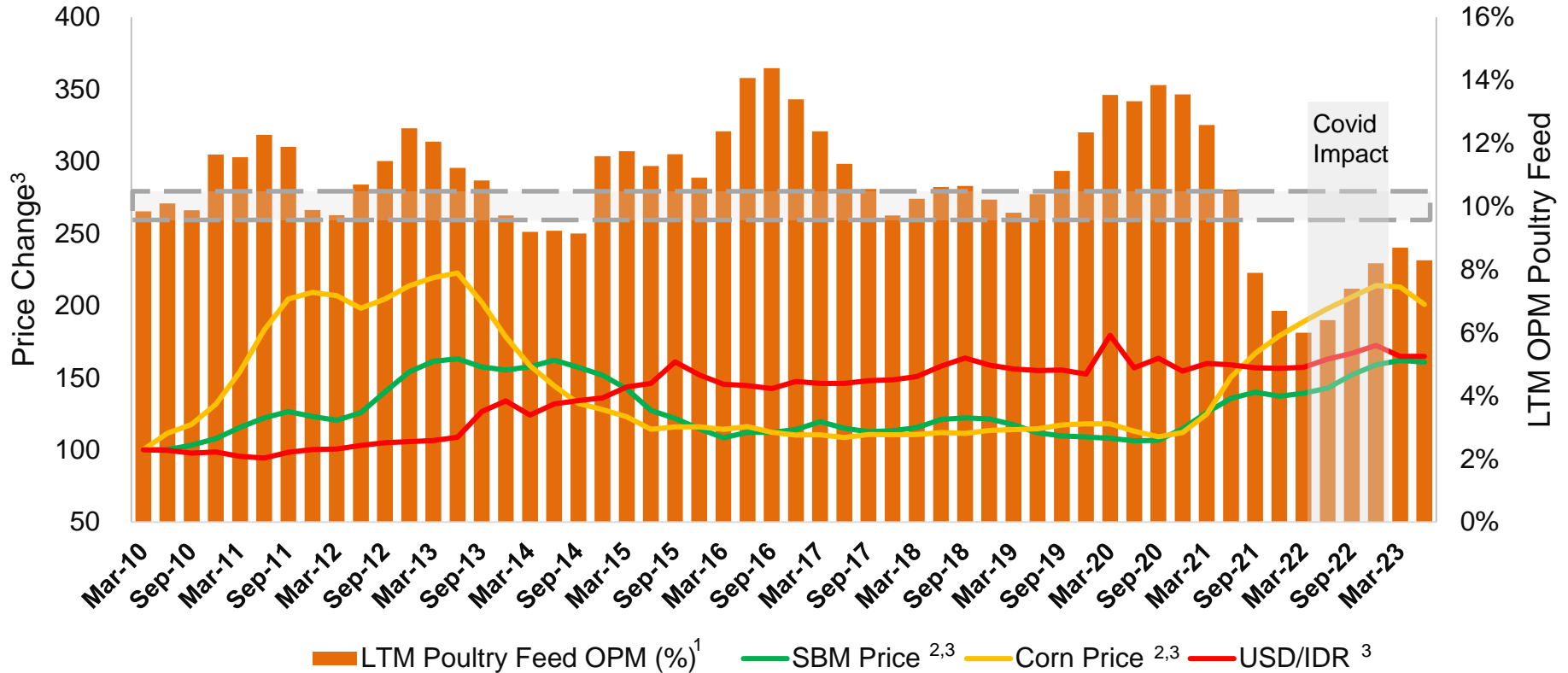
Nationwide footprint with presence in all major islands



- ❑ Significant economies of scale given procurement volume of raw materials, especially in conjunction with the broader Japfa Group
- ❑ Heritage of more than 50 years in the poultry industry provides brand recognition

- ❑ 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

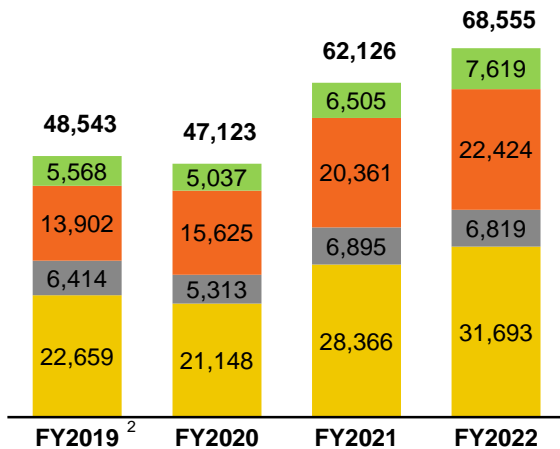
Notes:

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.

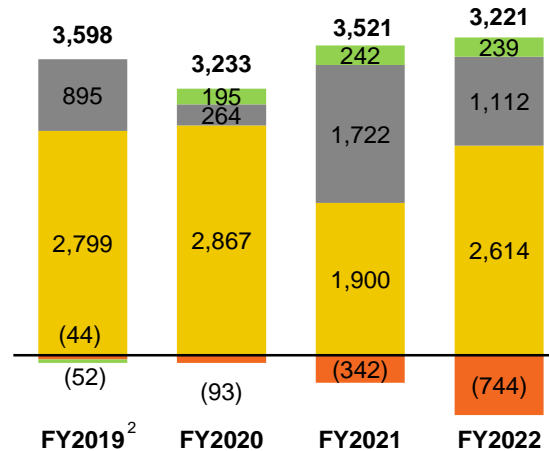
Segmental Trends: PT Japfa Tbk (Poultry)



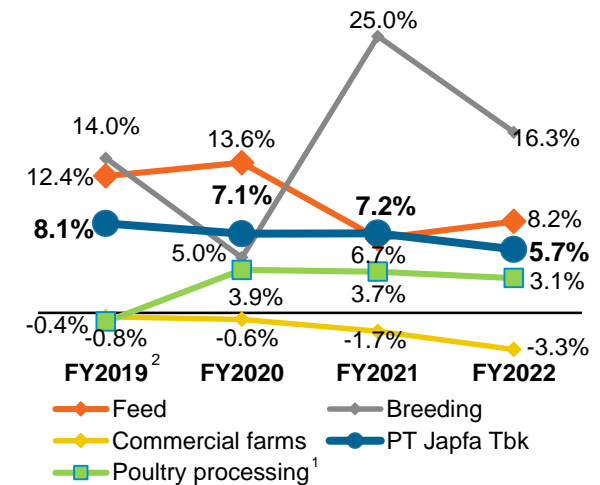
Revenue (IDR Billion)



Operating Profit (IDR Billion)



Operating Profit Margin (%)



■ Feed ■ Breeding ■ Commercial farms ■ Poultry processing¹

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
- Despite challenges over the last 3 "Covid" years, the Operating Profit remains steady above IDR 3,000 Billion despite weak results from commercial farming over the last few years. With our vertically integrated operations, we can capture value at different points of the poultry supply chain
- We are generally able to 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. Since 2021, margins were impacted by higher raw materials prices and transportation costs globally
- Operating profit in FY2020 decreased due to the low DOC and broiler price environment and Covid-19 related disruptions
- 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
- In 2022, feed margin showed signs of recovery which partially cushioned the impact of a high-cost environment

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 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

Leading Pan-Asian Industrialised Agri-Food Company



WHAT WE DO

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



WHERE WE ARE

We employ over 38,000 people across Singapore, Indonesia, Vietnam, Myanmar, India and Bangladesh



WHY WE DO IT

1.7 billion people living in our target markets
More than 20% of the world's total population

Pure-play integrated animal protein producer dedicated to Feeding Emerging Asia

4 Industrialised Business Model: Leading Market Positions

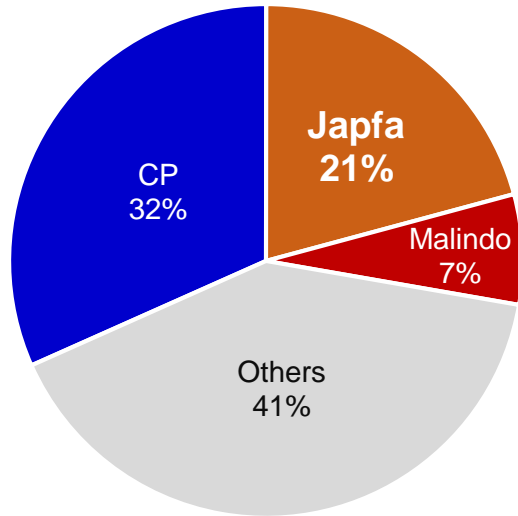
Leading upstream regional market positions

DOC Production ¹	Vietnam	14%	#2
Poultry Feed Production ¹	Myanmar	18%	#2
DOC Production ¹	Myanmar	26%	#2

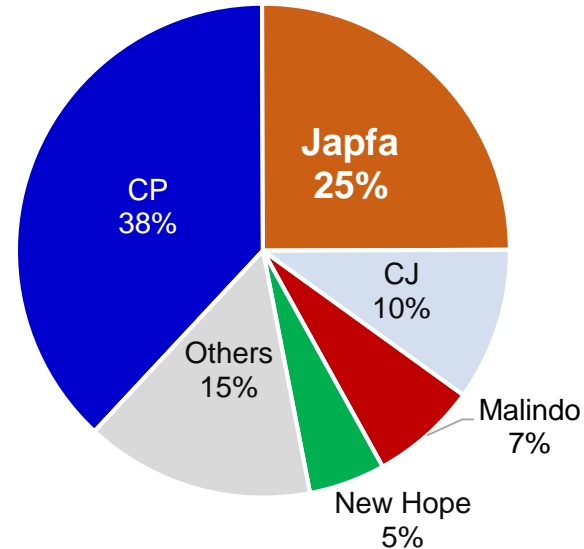


2nd largest Indonesian poultry feed and DOC producer²

Poultry feed production capacity market share (%)



DOC production capacity share (%)



¹Company's own estimate, 2022 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

• Board of Directors*



Renaldo Santosa
President
Director

Year of agri
experience: 12



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

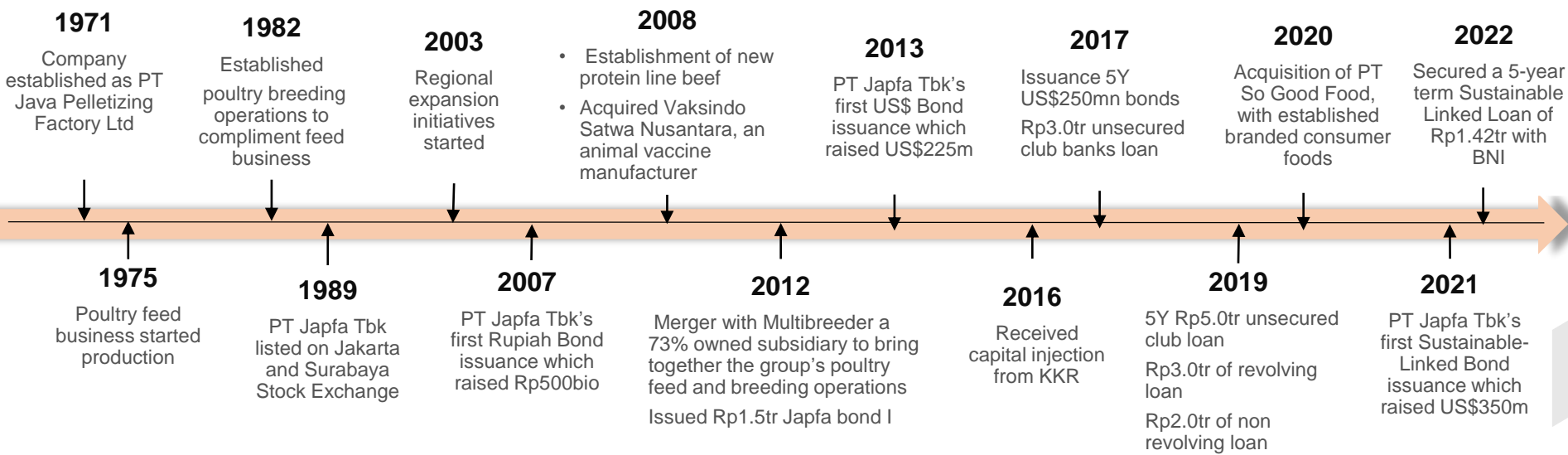


Rachmat Indrajaya
Director

Year of agri
experience: 14

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

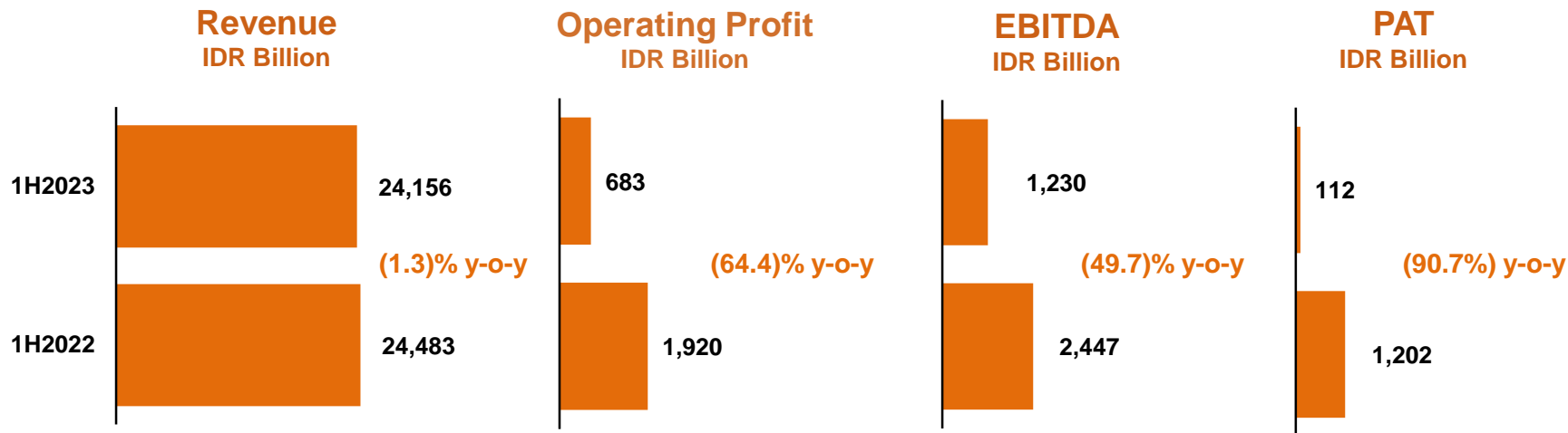
*BOC and BOD as at 30 June 2023





FINANCIAL AND
OPERATIONAL
HIGHLIGHTS

PT Japfa Tbk – Financial Performance



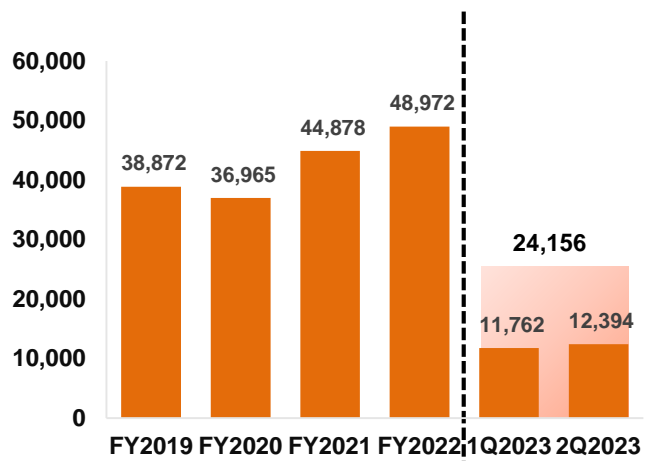
The prolonged demand and supply imbalance in DOCs and broilers since 2022 resulted in weak poultry prices, which rebounded in 2Q2023

- Feed remains a pillar of profitability, with some pressure on margins as the high-cost environment persists. We continue to pass on raw material price increases in our selling prices.
- Revenue is stable in local currency terms.
- The weak performance in the 1H2023 is the result of:
 - High raw material cost environment which impacted production costs;
 - At the same time, lower consumer purchasing power due to rising inflation continues to constrain the adjustment of average selling prices of our products.
- The prolonged demand and supply imbalance in DOCs and broilers, which started in 2022, resulted in weak poultry prices. In 2Q2023 there was an adjustment in supply which was reflected in higher poultry prices and a rebound in profitability.

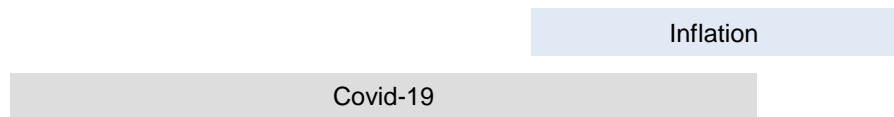
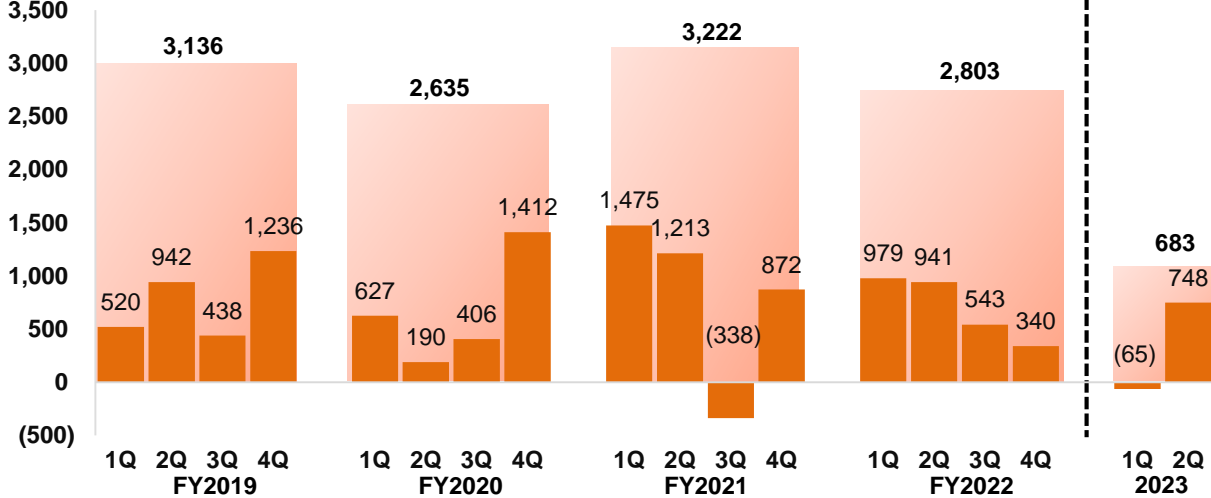
PT Japfa Tbk : 4-year trend



Revenue
IDR Billion



Operating Profit
IDR Billion



2Q2023 saw a recovery in Operating Profit due to a rebound in poultry prices

- DOC and broiler prices are prone to fluctuation according market demand/supply dynamics. This affects ASPs and profitability. This is reflected in the operating profit oscillating between quarters.
- Global macro-economic factors add to market dynamics:
 - Although raw material costs have been high since 2022, we expect an easing on costs in 2H2023
 - In 2022, inflationary pressures started affecting consumer purchasing power and our ability to adjust ASPs of our products.
- Supply in Indonesia has progressively grown over the last few years in line with the expectations of demand growth for chicken, especially with the low per capita consumption. The impact of Covid and inflation has reduced consumer purchasing power and demand for chicken. This resulted in a prolonged demand and supply imbalance in DOCs and broilers.
- The quarterly cyclicalities tends to even out – the long-term prospects of protein consumption remain solid.

PT Japfa Tbk: Growth plans

Recalibrate short term growth plans

- In the light of the current challenging conditions, we have recalibrated our growth plans and prudently adjusted our Capex accordingly. We have a proven track record to adjust capex roll-out according to the prevailing market situation. In 2Q2020, when Covid-19 first hit Indonesia, PT Japfa Tbk froze non-essential growth capex. This freeze has continued until over the last 3 years as reflected by the lower capex levels compared to FY2019.
- Streamline poultry breeding farm operations to improve efficiency and control costs.
- Cost tightening measures, such as a freeze of new permanent hires, business travel restrictions, etc.

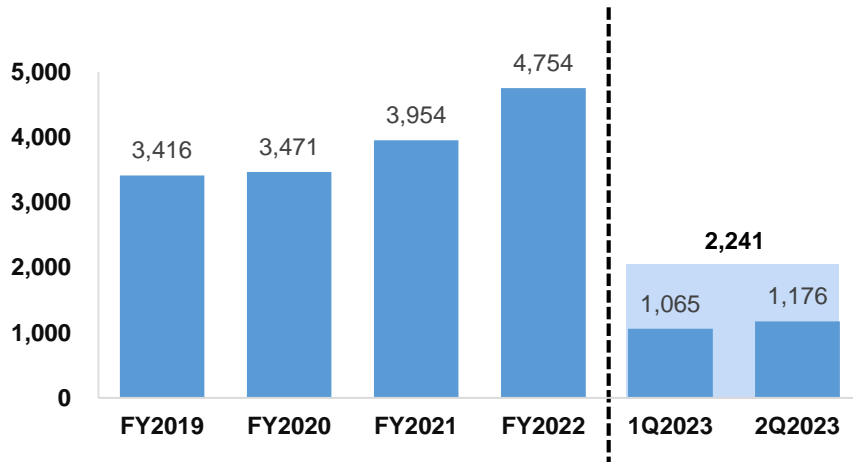
Platform for long term growth

PT Japfa Tbk will drive future growth by leveraging on:

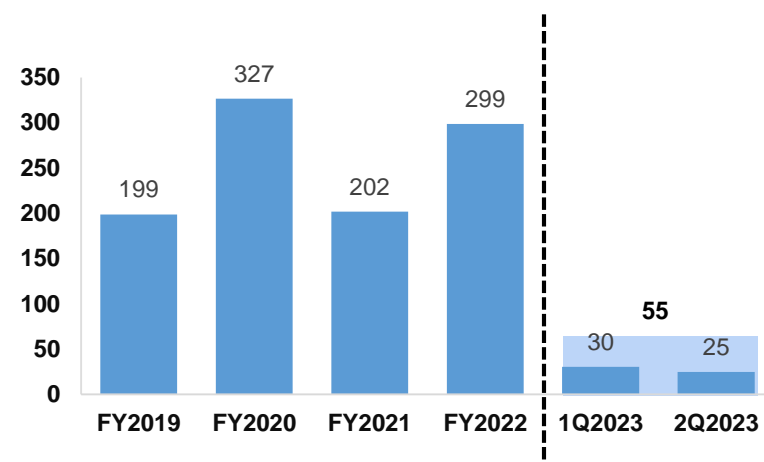
- Downstream business: The Company will continue to strengthen its downstream business through the development of its poultry processing and consumer products business, as well as encourage retail sales growth through its retail outlets both offline and online.
- Aquaculture: refer to page 20
- Vaksindo: refer to page 21

PT Japfa Tbk: Aquaculture 4-year trend

Revenue
IDR Billion



Operating Profit
IDR Billion

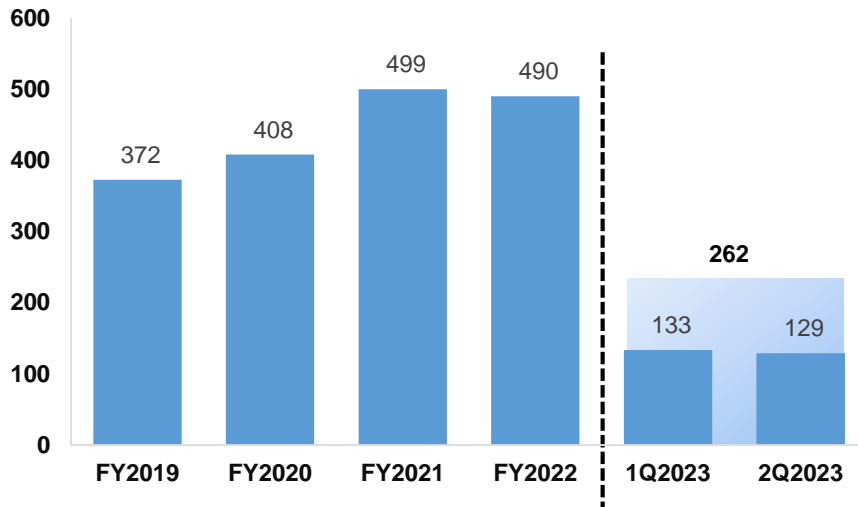


The next platform of growth

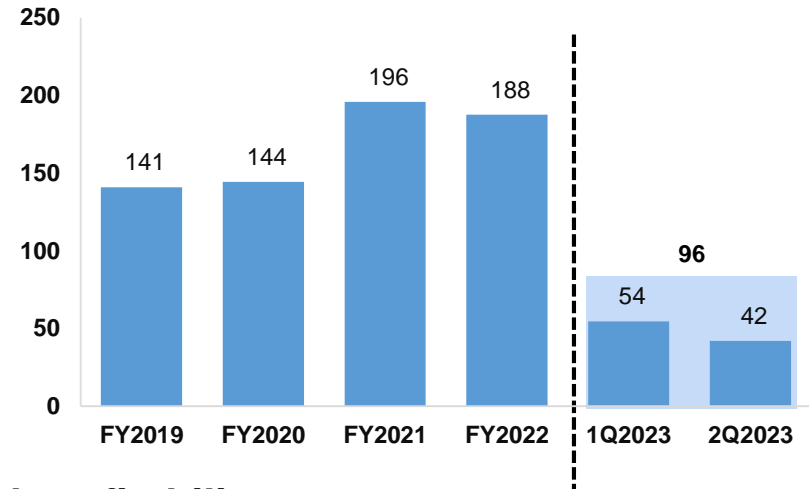
- Established in 1987, our Aquaculture division is vertically integrated and operates feed mills, shrimp and fish hatcheries, grow-out farms and seafood processing facilities.
- Aquafeed, which represents more than 3/4 of revenue, is a stable pillar of profitability. Advanced feed technology to provide consistent performance, including responsible and sustainable aquaculture with eco-friendlier fish and shrimp feed.
- Shrimp broodstock multiplication centres (JV with Hendrix Genetics) to cultivate Kona Bay shrimp broodstock from Hawaii, renowned to yield high performance in the hatchery and on farm. Kona Bay is a market leader supplying more than 50% of shrimp broodstock in Indonesia.
- Fully integrated tilapia operations from feed to farming and processing, with products exported to Europe and the United States.
- As a Total Solution provider, we also provide technical assistance services and R&D team to help customers increase farm productivity.
- Strong focus on R&D, through the establishment of a research station and partnerships with universities.

PT Japfa Tbk: Vaksindo 4-year trend

Revenue
IDR Billion



Operating Profit
IDR Billion



Vaksindo continues to deliver steady growth and profitability

- Established in 1983, producing a range of livestock vaccines primarily for poultry.
- Japfa is the only poultry producer in Indonesia with its own in-house vaccine research and production facility provides a strategic defense against one of the key risks in livestock production.
- Vaksindo has the expertise to produce Avian Influenza H5N1 vaccines since 2004 and is now one of the leading producers providing vaccines of matching strains.
- Research based - constant disease monitoring leading to new discoveries and continuously updated vaccines. Vaksindo is Indonesia's leading animal health company that pioneered domestic research of endemic respiratory diseases in poultry.
- Leader in the Indonesian market and presently exporting to 14 countries.
- Vaksindo owns and operates two production plants in Bogor, Indonesia. Vaksindo has expanded overseas with a presence in India and more recently Vietnam.

Major Global External Factors

- Geopolitical tensions, especially the situation between Russia and Ukraine, have caused disruptions to global economies, supply chains and commodities prices. These have impacted the cost of raw materials and consumer purchasing power.
- Global inflationary pressures arising from interest rate hikes by central banks, high energy costs, supply chain bottlenecks and soaring production costs have put upward pressure on prices and ultimately affected consumer purchasing power.

As Japfa produces safe and affordable staple proteins, we remain confident in our long-term outlook; we have set a solid foundation for future growth, based on the prospects for protein consumption in emerging Asia.

Japfa delivers fresh chicken to Singapore

- In May 2023, Japfa delivered 23,000 live chickens from Indonesia to Singapore. This was the first time live birds were shipped via sea to Singapore from Indonesia.
- This shipment was a notable achievement to test a new important option to supply fresh chicken to Singapore, with the birds transported live via sea and slaughtered in the destination country.
- As one of the largest poultry producers in the region, Japfa is able to meet Singapore's demand and standards for staple protein foods.
- Japfa has been working with the authorities of Singapore and Indonesia to provide fresh chicken to Singapore and contribute to the country's food security strategy.
- This first shipment opens up new opportunities to provide not only fresh chicken but also other staple protein foods to Singapore, and Japfa is committed to continue to invest in the Bintan project to support Singapore's food security strategy.



Covid-19 Impact

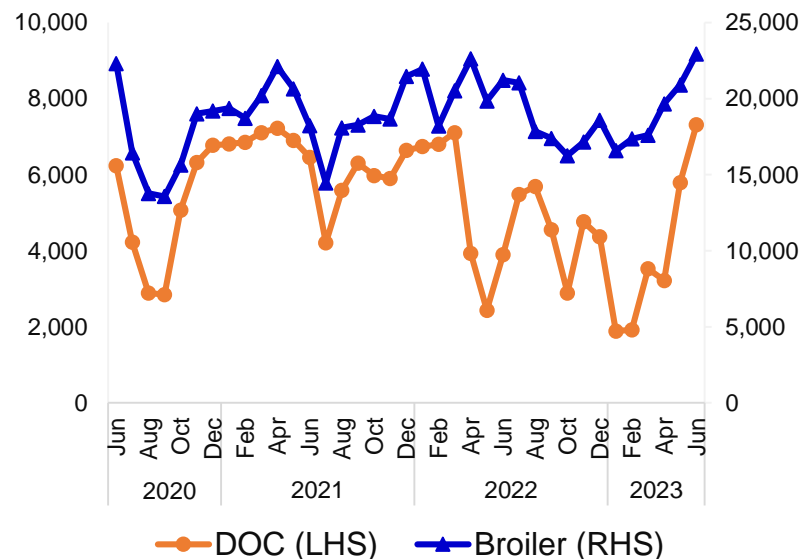
Supply and Operations

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

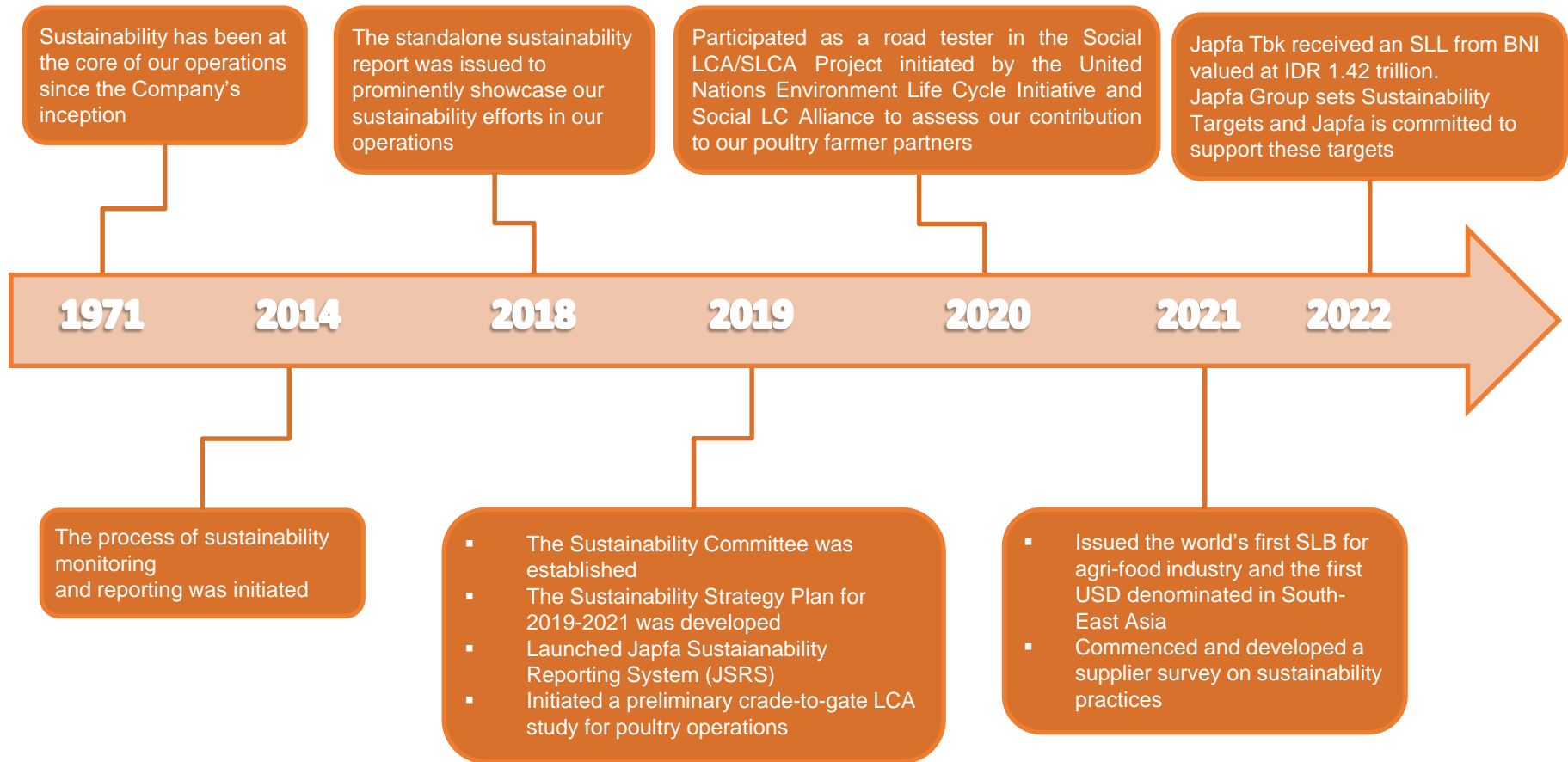


1. Average monthly prices of West Java, based on market data collected by the Company

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



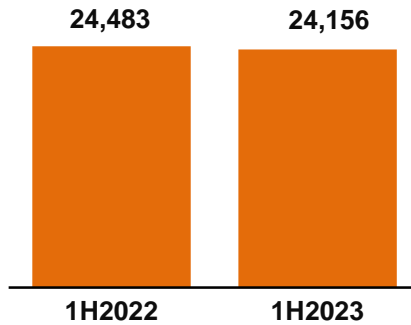
Our mission to be a leading dependable provider of affordable protein foods is aligned to **the United Nations Sustainable Development Goal (SDG) No.2: Zero Hunger**

Proven financial track record



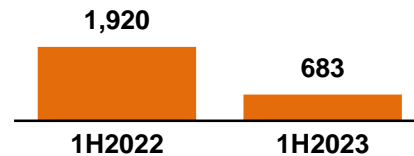
Net Revenues

(IDR Billion)



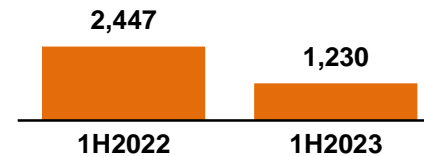
Operating Profit

(IDR Billion)



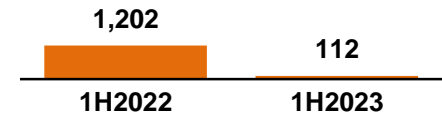
EBITDA

(IDR Billion)



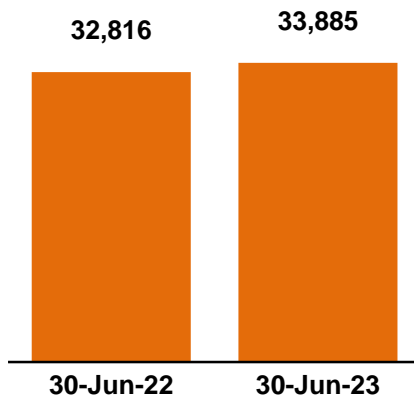
Net Profit

(IDR Billion)

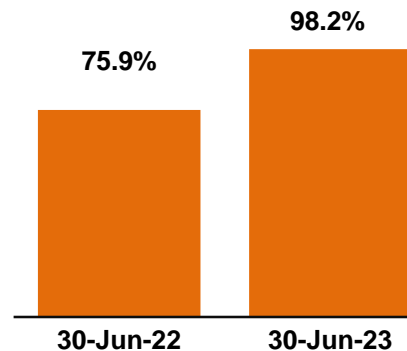


Total Assets

(IDR Billion)

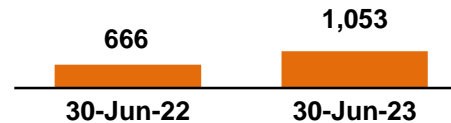


Net Debt / Equity (%)



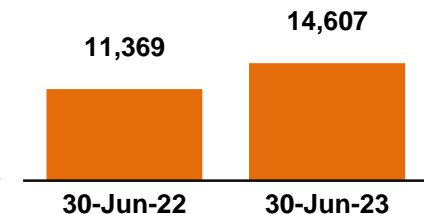
CAPEX

(IDR Billion)



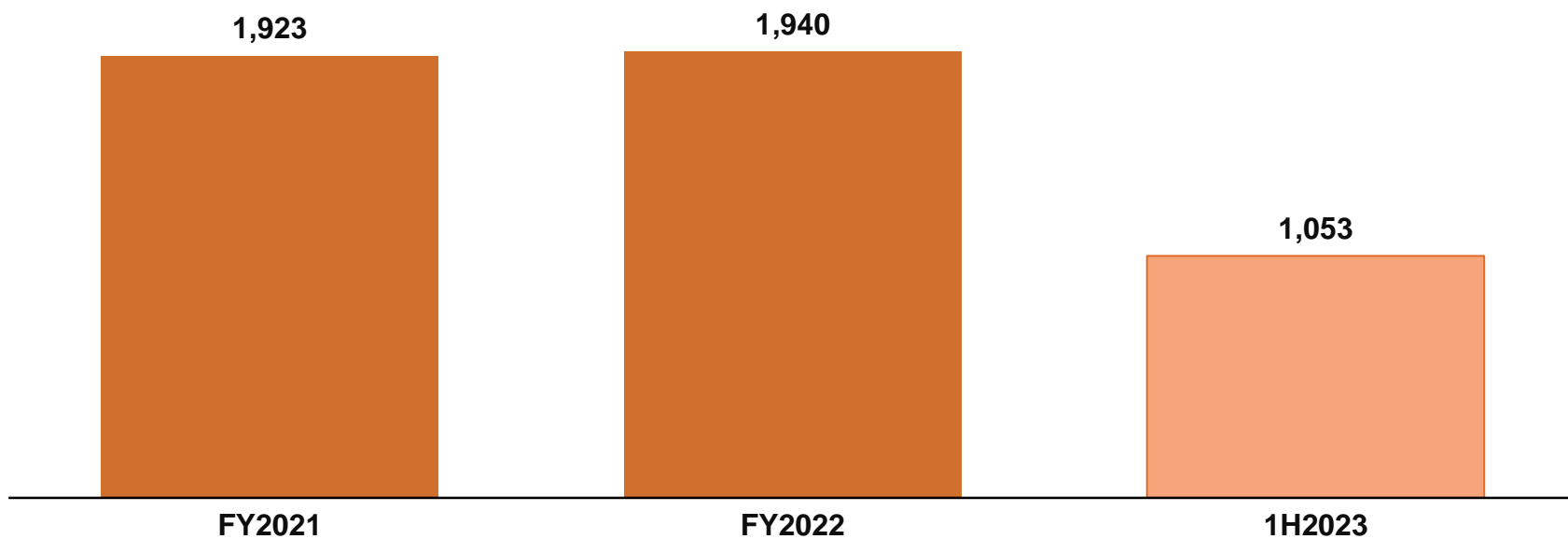
Total Interest Bearing Debt

(IDR Billion)



Capex

(IDR Billion)



Thank You



IMPORTANT NOTICE: This investor presentation is for information only and should not be relied upon to make any investment or divestment decision with respect to securities of the Japfa Group. Shareholders and potential investors are advised to seek independent advice in the making of any investment or divestment decision. Where this investor presentation includes opinions, judgements or forward-looking statements, these involve assumptions, risks and uncertainties that may or may not be realised. Any references to industry prices or price trends are Company estimates due to the absence of centralised public sources. Industry related data quoted has not been independently verified.

For further information, please refer to the Company's website www.japfa.com.