

PT JAPFA COMFEED INDONESIA Tbk



# INVESTOR PRESENTATION

## 1H2024



Akselerasi Sinergi dan Kolaborasi  
Untuk Pertumbuhan Yang Berkelanjutan  
Accelerating Synergy and Collaboration  
Towards Sustainable Growth

# 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

- 2<sup>nd</sup> largest feed and DOC producer in Indonesia with significant scale across the value chain:
  - ✓ 16 feed mills, 78 breeding farms and 30 hatcheries across Indonesia.
  - ✓ Over 120 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



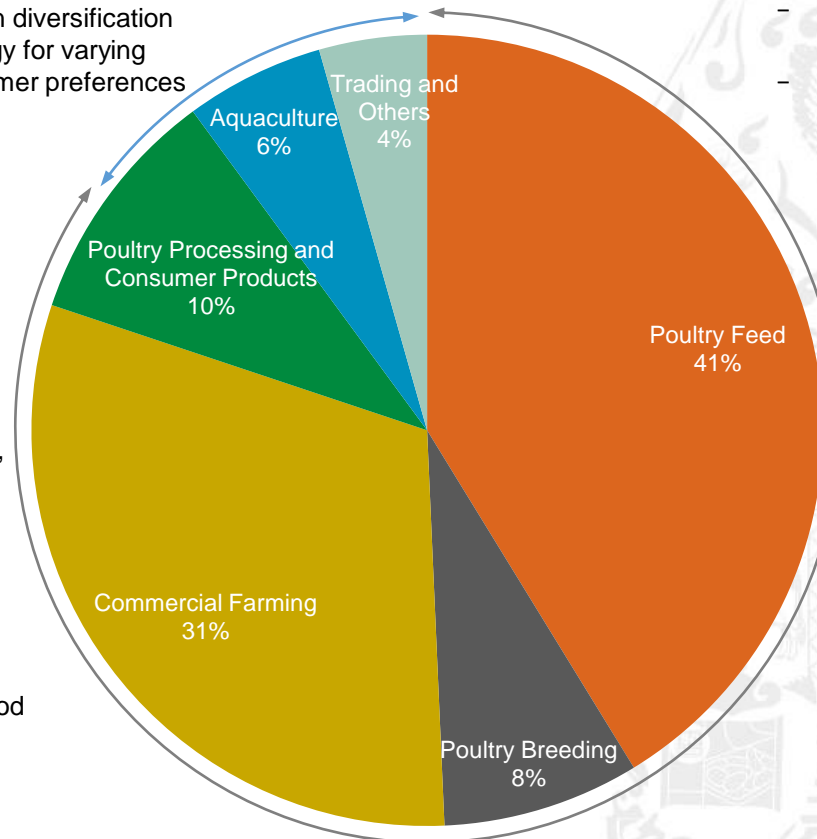
- DOC and Commercial Farming help drive sales volume for feed business
- Shift downstream via investment in slaughterhouses in order to reduce exposure to fluctuating farm gate prices.
- Acquisition of PT So Good Food, (SGF), providing vertical integration to overall operation, as SGF is known for among 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



- 2<sup>nd</sup> 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:**  
90% of total revenue

**Stable and growing core business**

**FY 2023 revenue: IDR 80.7 Trillion**

**Diversification efforts to position company for long-term growth**



- 2<sup>nd</sup> 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

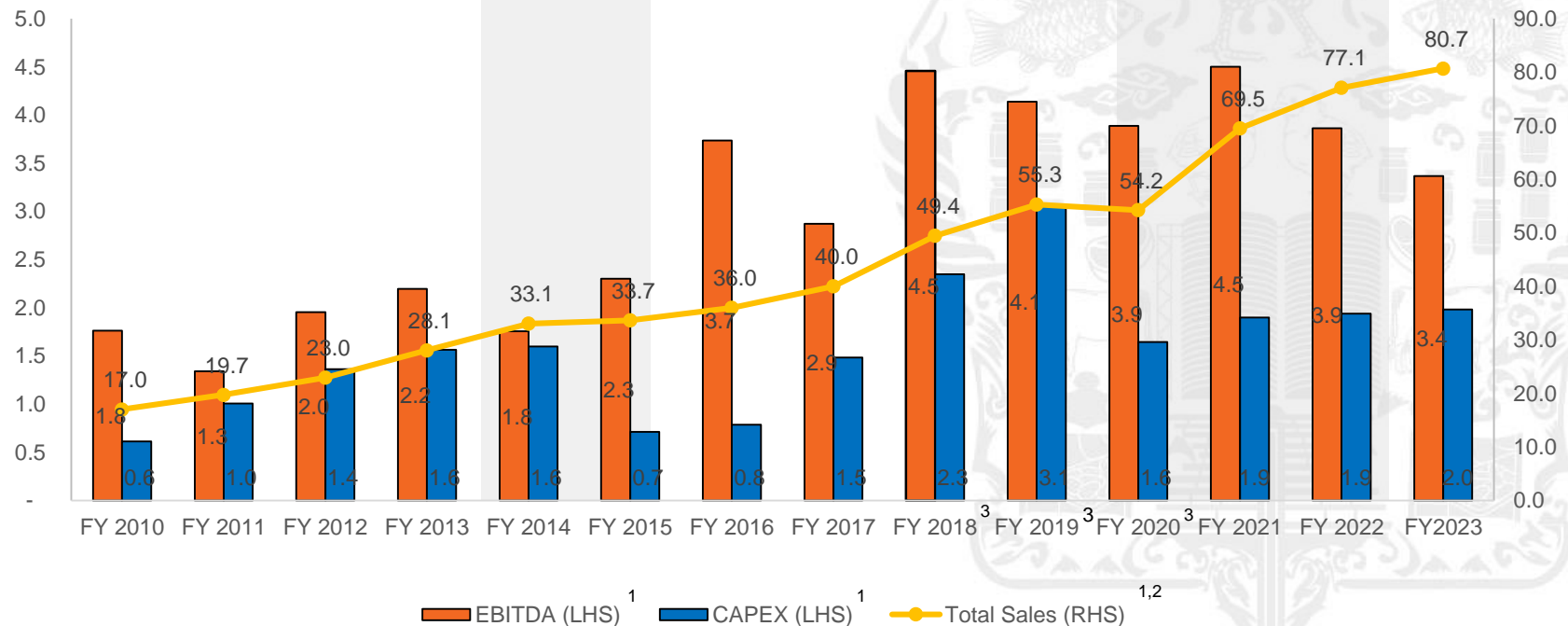
Demand Adjusted

IDR trillion

Poultry Indonesia  
Down-cycle Sept  
2014 to June 2015

Covid 19 Impact  
in Indonesia

IDR trillion



Notes:

<sup>1</sup> EBITDA, CAPEX, and Total Sales refer to PT Japfa Tbk consolidated financial statements

<sup>2</sup> Total Sales includes inter-segment sales within PT Japfa Tbk

<sup>3</sup> 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





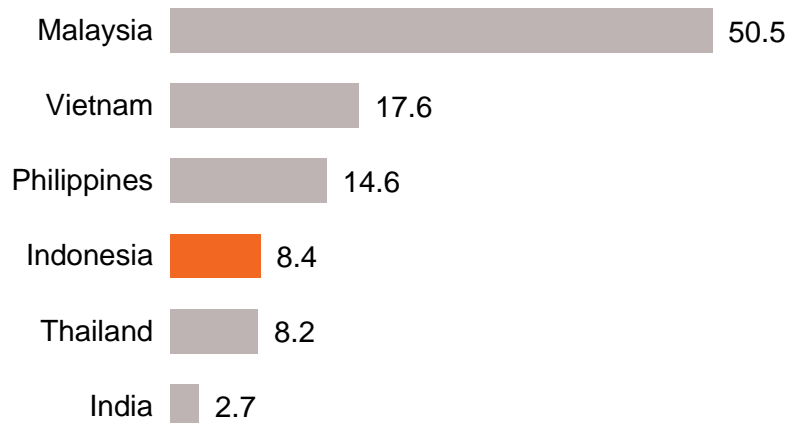
# Investment highlights



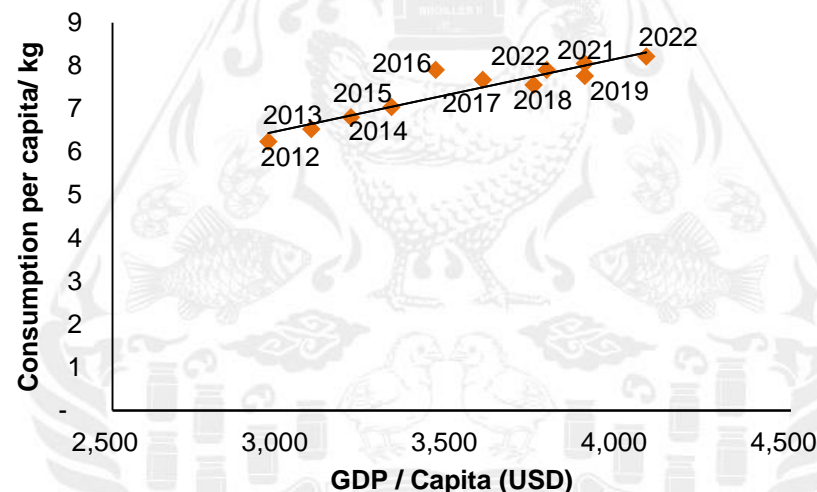
- 1 **Attractive industry dynamics driven by strong structural growth in protein consumption**
- 2 **Leading integrated poultry national champion with nationwide footprint**
- 3 **Core feed business offers stable profitability**
- 4 **Industrialised Business Model: Leading Market Positions**
- 5 **Experienced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

## Poultry Meat Consumption per capita in Asia

(kg per capita – 2023)



## 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 2012 to 2022, the poultry meat consumption per capita growth in Indonesia outpaced Indonesia’s GDP per capita, recording a 3.3% CAGR growth and 2.8% CAGR growth over the period respectively.

2

## Well-established market leader in the Indonesian animal protein sector

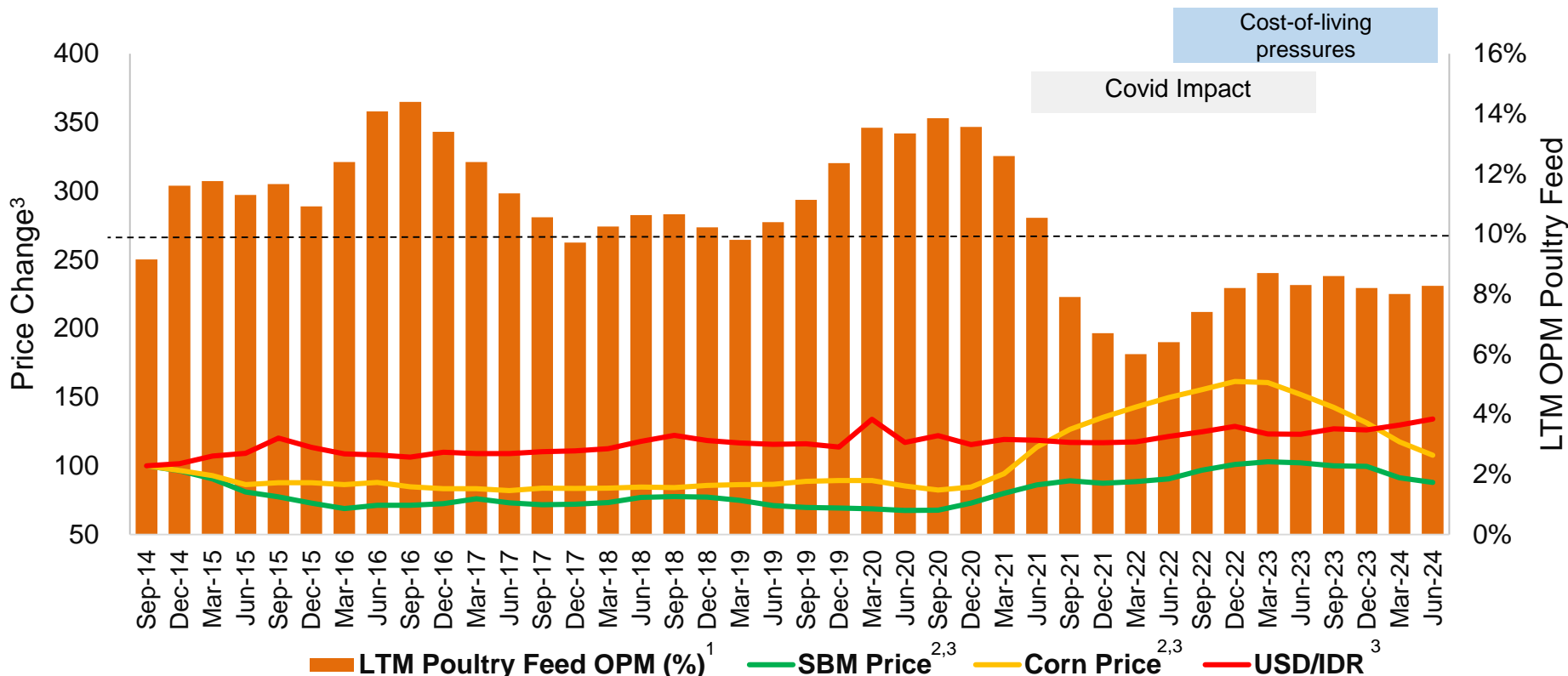
Nationwide footprint with presence in all major islands



- ✓ 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

# PT Japfa Tbk Poultry Feed: Stable Base Margin



Source: Bloomberg, Company information

**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**

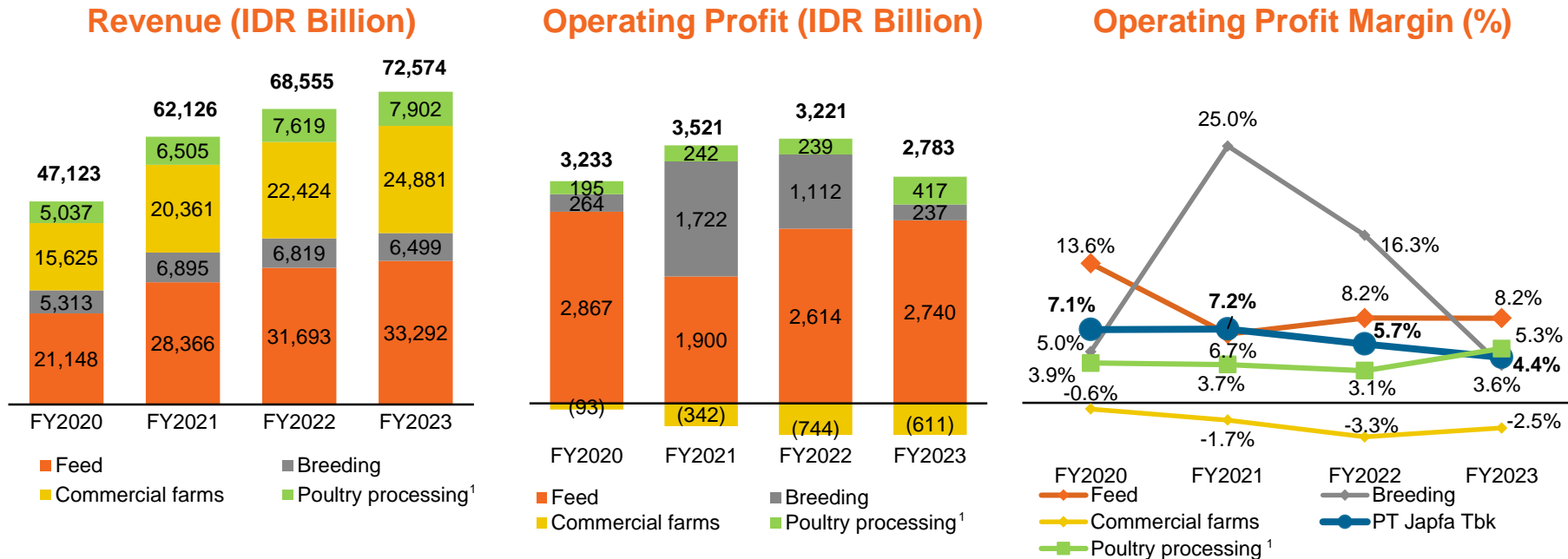
\* The level of Poultry Feed OPM adjusted to around 8% due to global disruptions (Covid, cost-of living pressures).

## Notes:

1. LTM = Last Twelve Months.
2. Raw Material price sourced from Bloomberg – global market price.  
Since 2017, corn is sourced locally as mandated by the government, therefore the global market corn reference price is 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 a fixed starting point.



# Segmental Trends: PT Japfa Tbk (Poultry)



## 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 global challenges, the average Operating Profit over the last 4 years remains steady around IDR 3,000 billion, with weak results from commercial farming over the last few years. Through 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 and 2023, feed margin showed signs of recovery which partially cushioned the impact of a high-cost environment and weaker poultry prices.

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

# 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 37,000 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

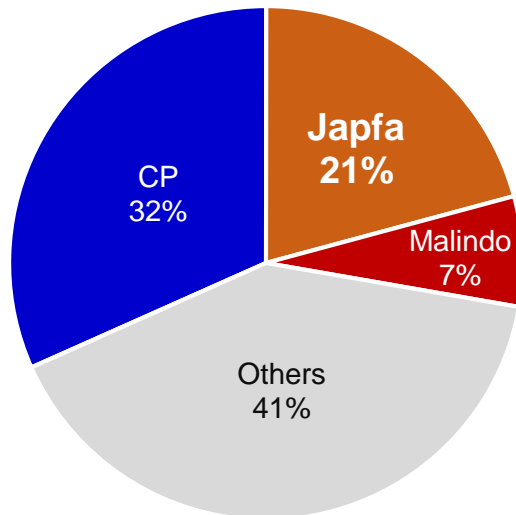
## Leading upstream regional market positions

DOC Production <sup>1</sup>	Vietnam	11%	#2
Poultry Feed Production <sup>1</sup>	Myanmar	31%	#1
DOC Production <sup>1</sup>	Myanmar	22%	#2

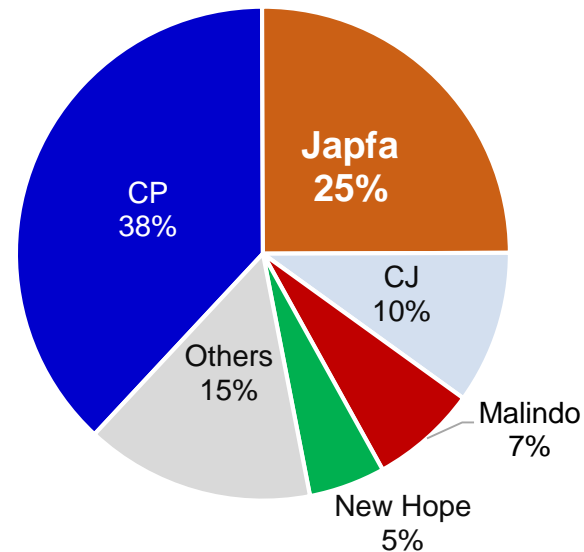


## 2nd largest Indonesian poultry feed and DOC producer<sup>2</sup>

Poultry feed production capacity market share (%)



DOC production capacity share (%)



<sup>1</sup>Company's own estimate, 2023 data

<sup>2</sup>Frost & 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: 18



**Bambang Budi Hendarto**  
Vice President  
Commissioner

Year of agri  
experience: 44



**Hendrick Kolonas**  
Commissioner

Year of agri  
experience: 27



**Ito Sumardi  
Djuni Sanyoto**  
Independent  
Commissioner

Year of Agri  
experience: 10

### Board of Directors\*



**Renaldo Santosa**  
President  
Director

Year of agri  
experience: 13



**Tan Yong Nang**  
Vice President  
Director

Year of agri  
experience: 15



**Antonius Harwanto  
Suryo Sembodo**  
Director

Year of agri  
experience: 44



**Leo Handoko  
Laksono**  
Director

Year of agri  
experience: 34

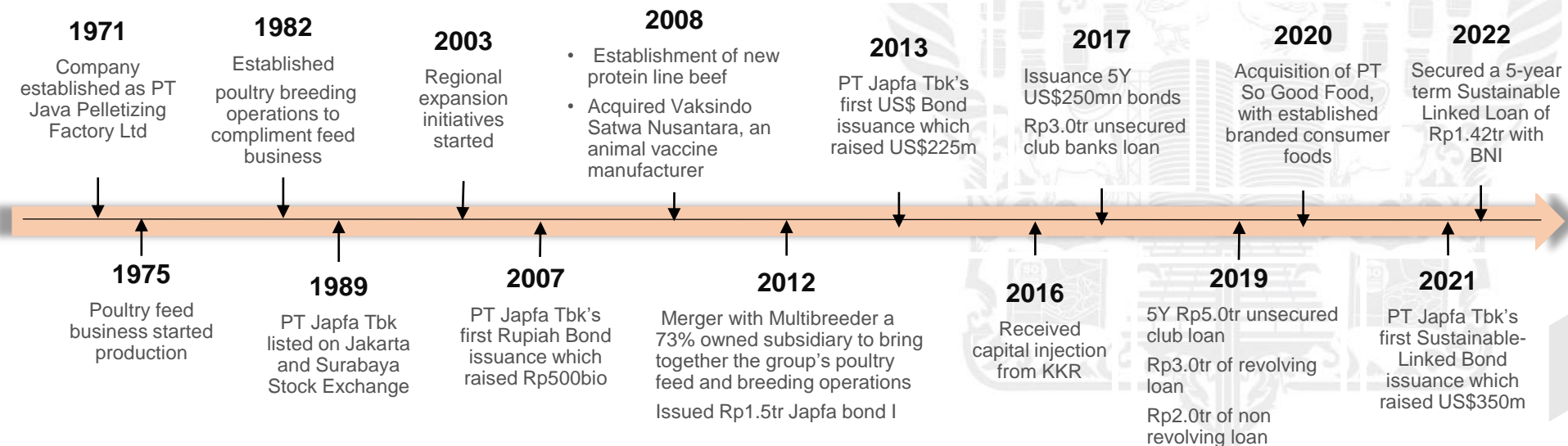


**Rachmat Indrajaya**  
Director

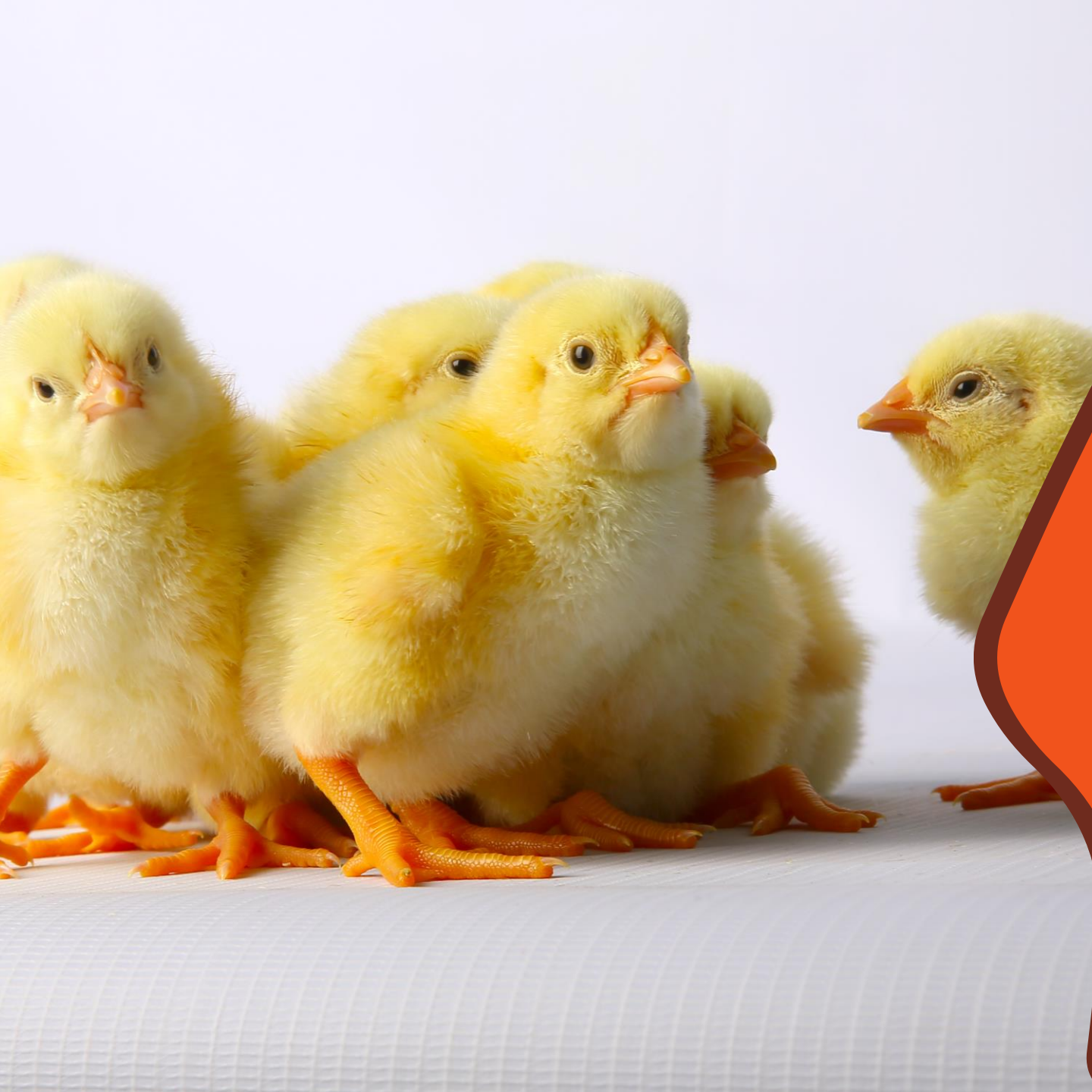
Year of agri  
experience: 15

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

\*BOC and BOD as at 30 June 2024

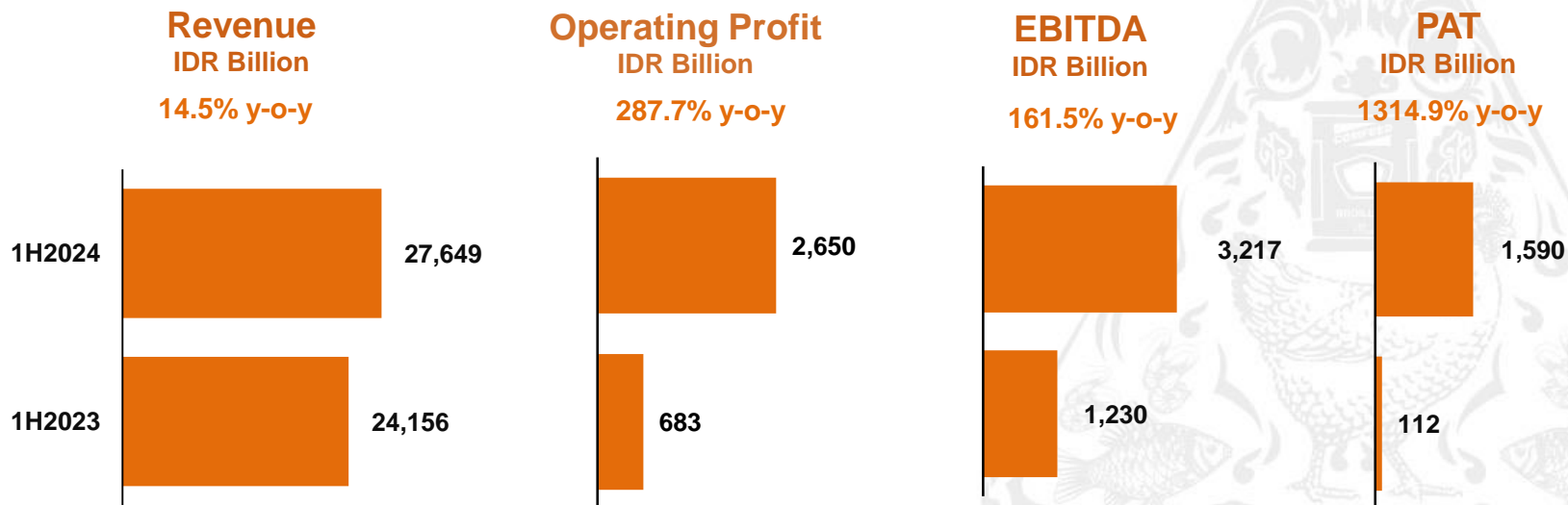






**FINANCIAL AND  
OPERATIONAL  
HIGHLIGHTS**

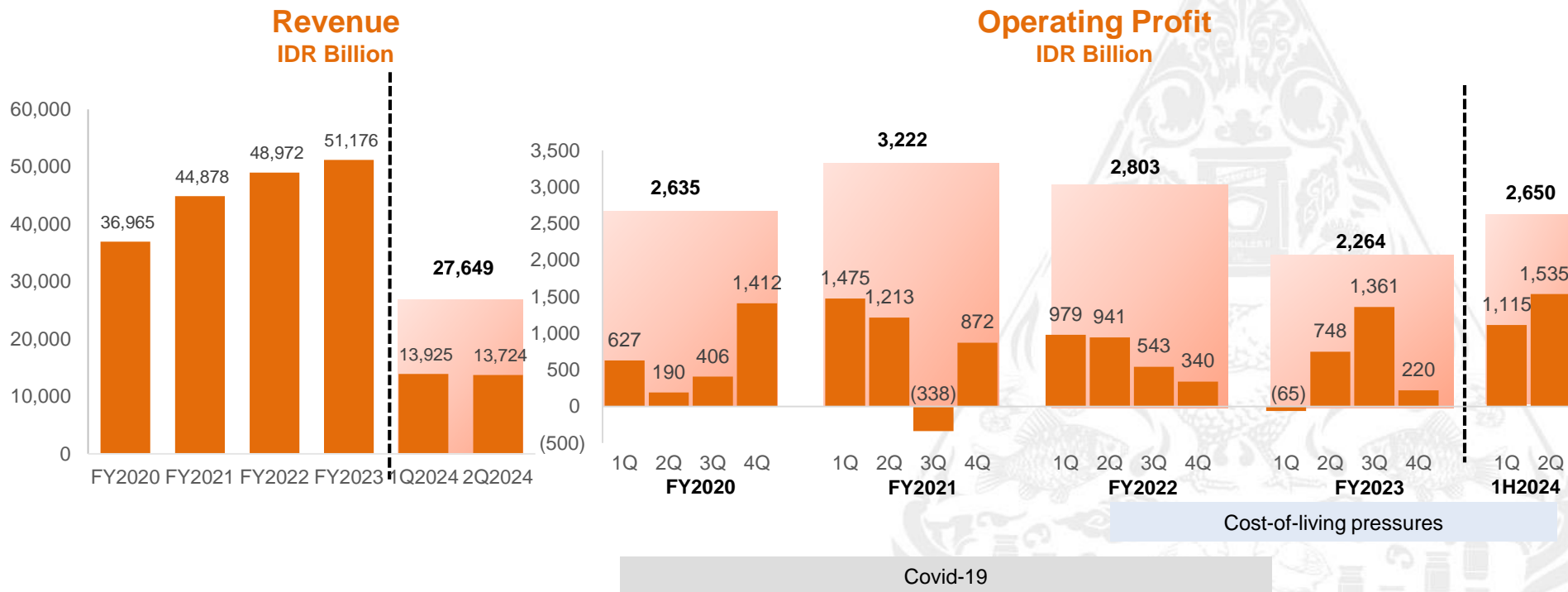
# PT Japfa Tbk – Financial Performance



## Substantial improvement due to higher feed margins, poultry prices and sales volumes

- Feed remains a pillar of profitability, with feed margins improving y-o-y due to lower raw material costs.
- Breeding and commercial farming operations reported profits in 1H2024 driven by higher prices and sales volumes for both DOC and broiler. Poultry prices continued to remain strong post Lebaran. Commercial farming has returned to profit after recording losses over the last 3 years.
- In 1H2023, the combination of high raw material costs, weak consumer purchasing power and prolonged supply and demand imbalance in Day-Old-Chicks (“DOCs”) and broilers, resulted in a lower profit.

# PT Japfa Tbk : Managing Cyclicalty



## Quarterly cyclicalty tends to even out – long-term prospects of protein consumption remain solid

- DOC and broiler prices are prone to fluctuation according market demand/supply dynamics. This affects ASPs and profitability, as reflected in the fluctuation of operating profit between quarters.
- Global macro-economic factors add to market dynamics:
  - High raw material costs in FY2022 and FY2023.
  - In FY2022, inflationary pressures started affecting consumer purchasing power, causing a cost-of-living pressures which affected 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 inflation has reduced consumer purchasing power and demand for chicken. This resulted in a prolonged demand and supply imbalance in DOCs and broilers in FY2022 and FY2023.
- Substantial improvement in 1H2024 profitability was driven by higher feed margins, poultry prices and sales volumes.

# PT Japfa Tbk: Growth plans

## **An established platform with more than 50 years experience**

- Leading market position: second largest poultry company
- Economies of scale: cost advantage
- Feed: a pillar of profitability

Proven ability to navigate agri-business cyclicalities

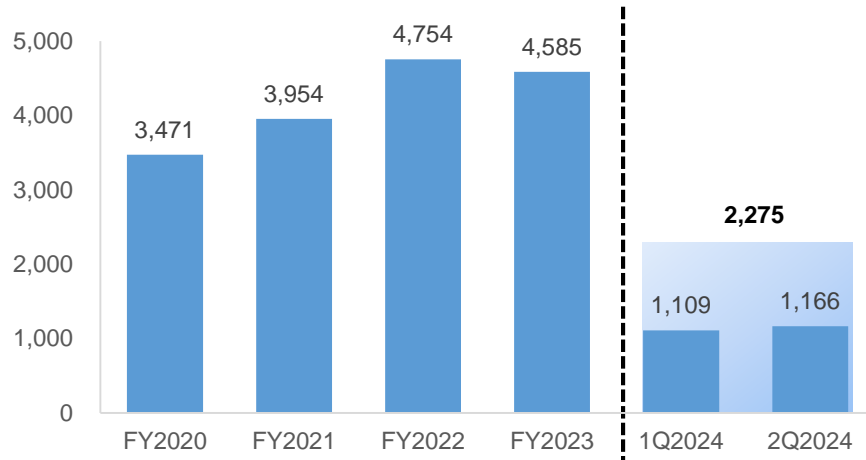
## **Future growth drivers:**

- 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 separate page
- Vaksindo: refer to separate page

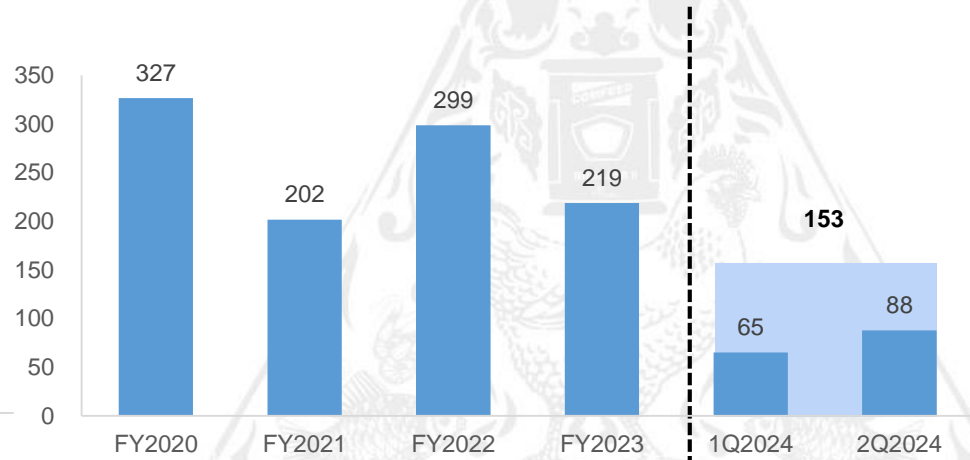


# PT Japfa Tbk: Aquaculture 4-year trend

**Revenue**  
IDR Billion



**Operating Profit**  
IDR Billion

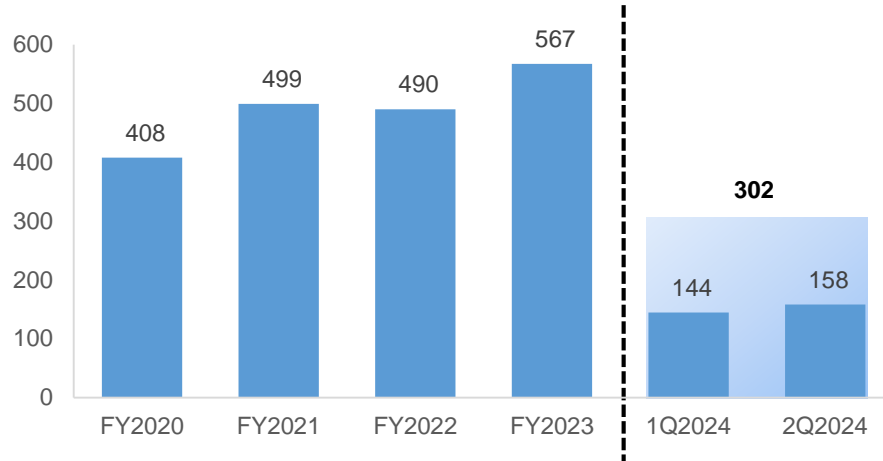


## The next platform of growth

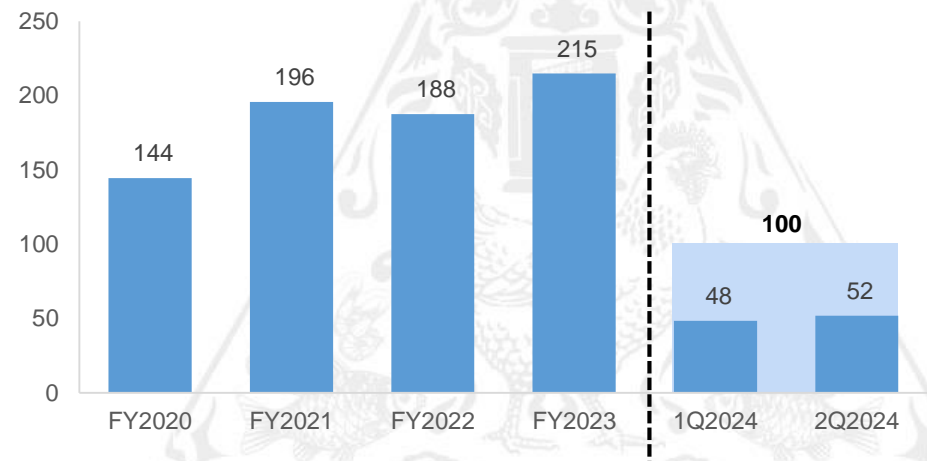
- Established in 1987, our Aquaculture division is vertically integrated and operates feed mills, shrimp and fish hatcheries, grow-out farms and seafood processing facilities.
- Aquafeed, which represents more than 3/4 of revenue, is a stable pillar of profitability. Advanced feed technology to provide 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 a 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.
- FY2023 operating profit reduced y-o-y mainly due to lower aquafeed volumes as a result of a lower demand for shrimp.

# PT Japfa Tbk: Vaksindo 4-year trend

**Revenue**  
IDR Billion



**Operating Profit**  
IDR Billion



## Vaksindo continues to deliver steady growth and profitability

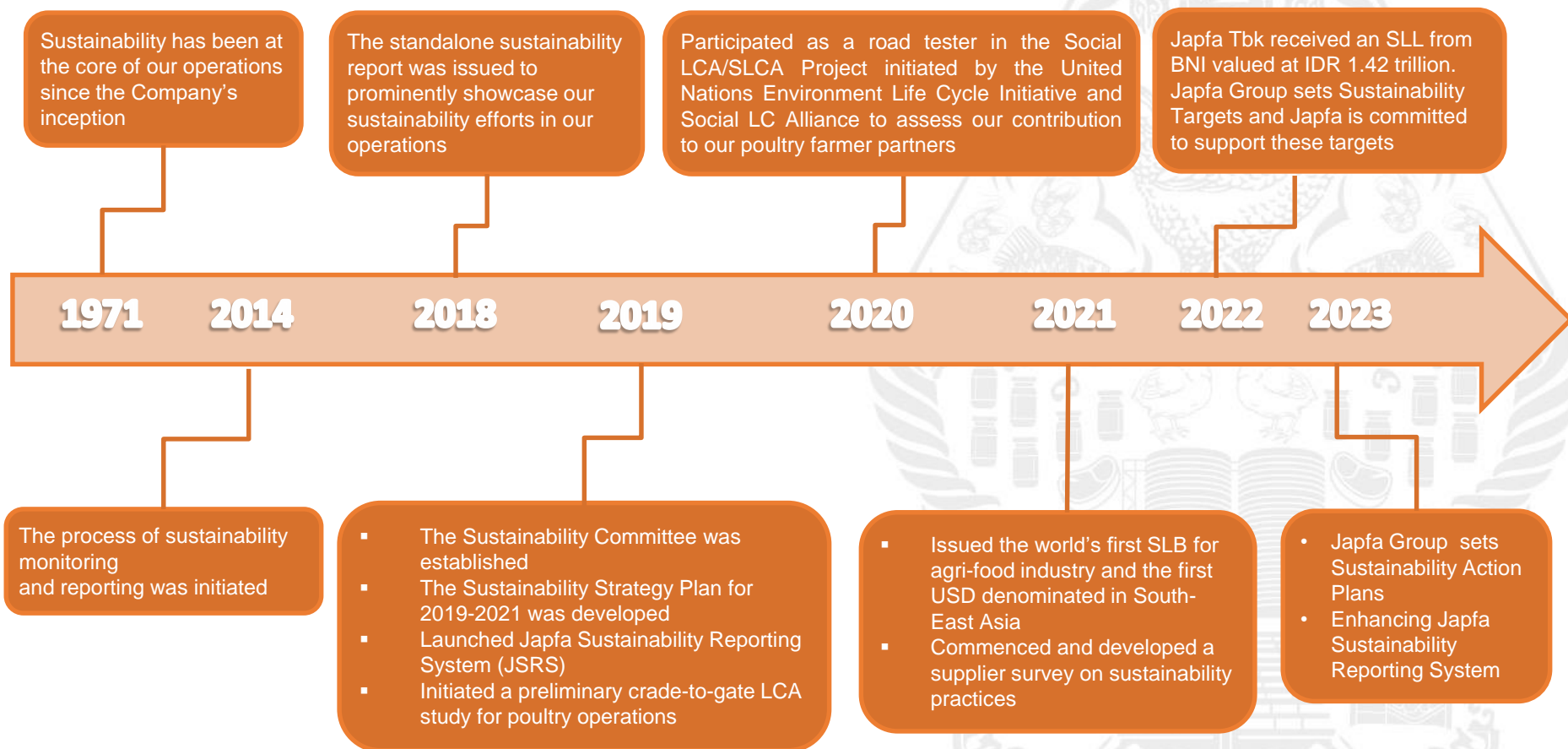
- Established in 1983, producing a range of livestock vaccines primarily for poultry.
- Japfa is the only poultry producer in Indonesia with its own in-house vaccine research and production facility provides a strategic defense against one of the key risks in livestock production.
- Vaksindo has the 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 in Europe and, more recently, in the Middle East, may cause disruptions to global economies, supply chains and commodities prices. These may impact the cost of raw materials and consumer purchasing power. We continue to monitor the situation closely.
- The world is currently facing a cost-of-living pressures. 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.
- Although we are pleased with the recent improvement in profitability, we are conscious of the potential disruptions from the recent geopolitical tensions in the Middle East, which may have an impact on the general economic conditions.

These macroeconomic factors are largely outside our control. We will hold back on non-essential capex. 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 Sustainability Journey



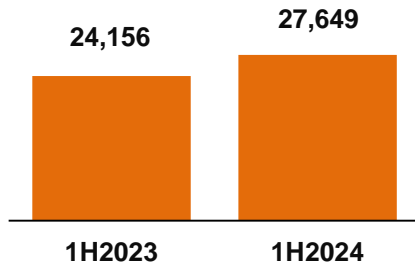
Our mission to be a leading dependable provider of affordable protein foods is aligned to **the United Nations Sustainable Development Goal (SDG) No.2: Zero Hunger**



# Proven financial track record

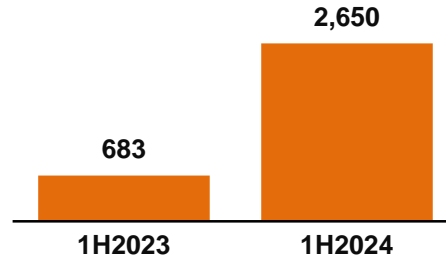
## Net Revenues

(IDR Billion)



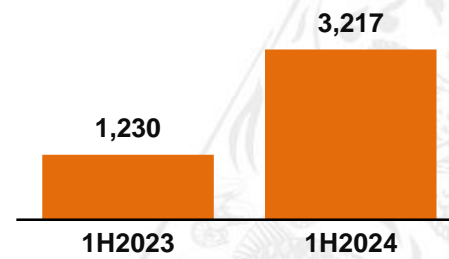
## Operating Profit

(IDR Billion)



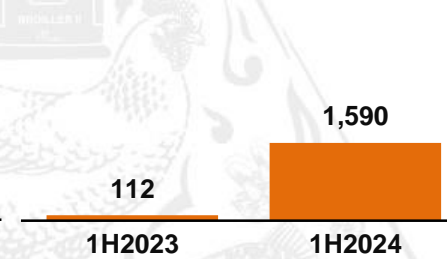
## EBITDA

(IDR Billion)



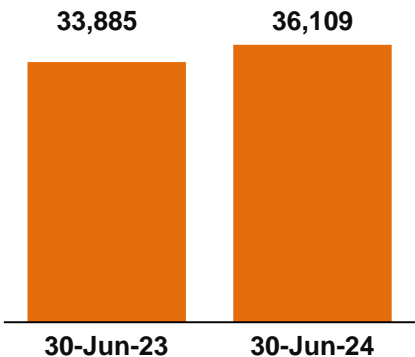
## Net Profit

(IDR Billion)

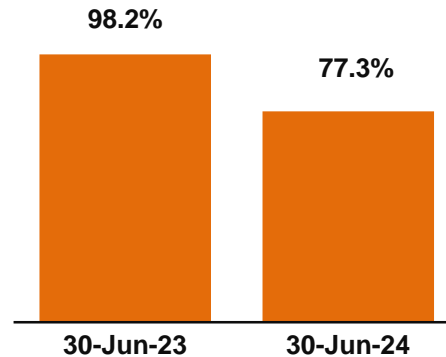


## Total Assets

(IDR Billion)

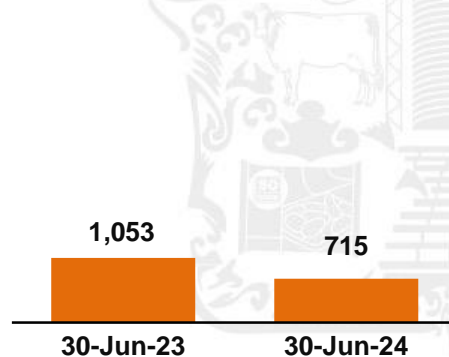


## Net Debt / Equity (%)



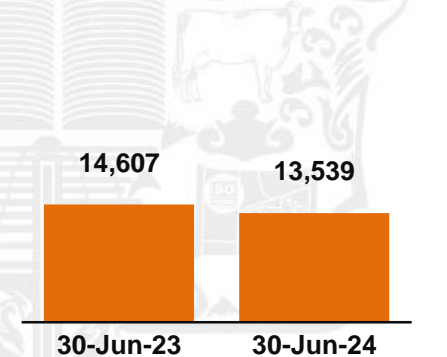
## CAPEX

(IDR Billion)



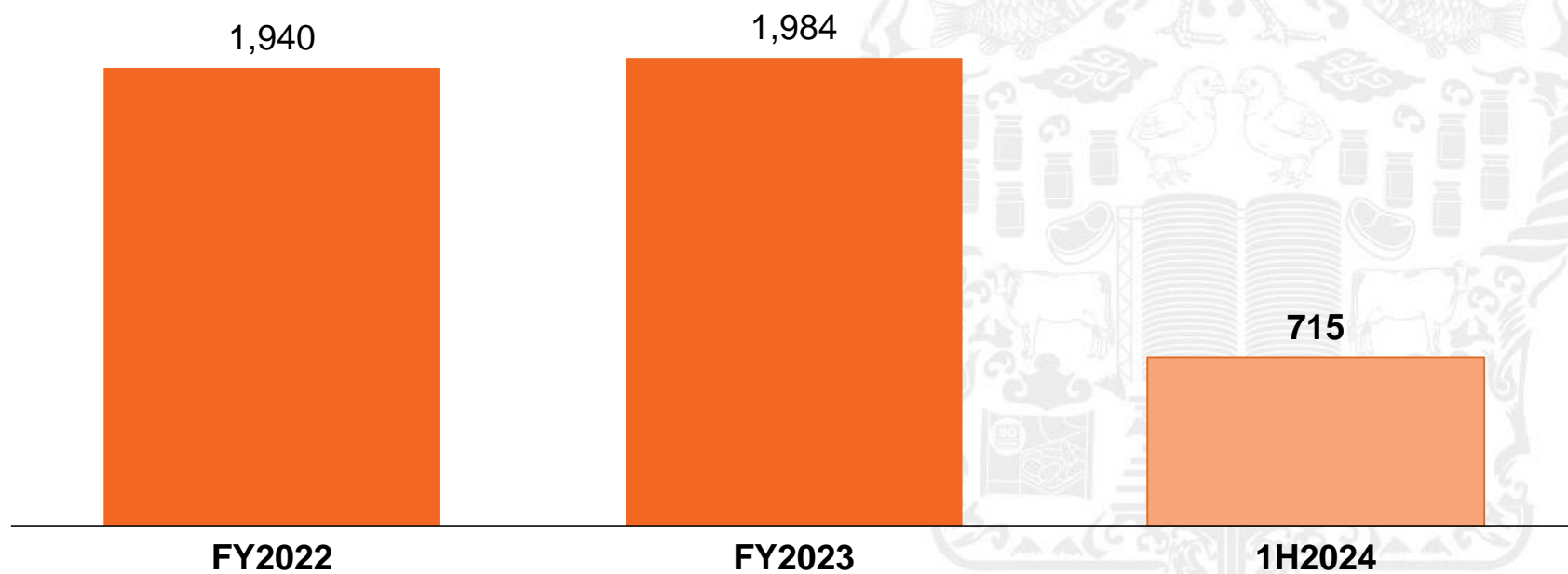
## Total Interest Bearing Debt

(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](http://www.japfa.com).