

PT JAPFA COMFEED INDONESIA Tbk



**INVESTOR
PRESENTATION
1H 2020**

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:
 - ✓ 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

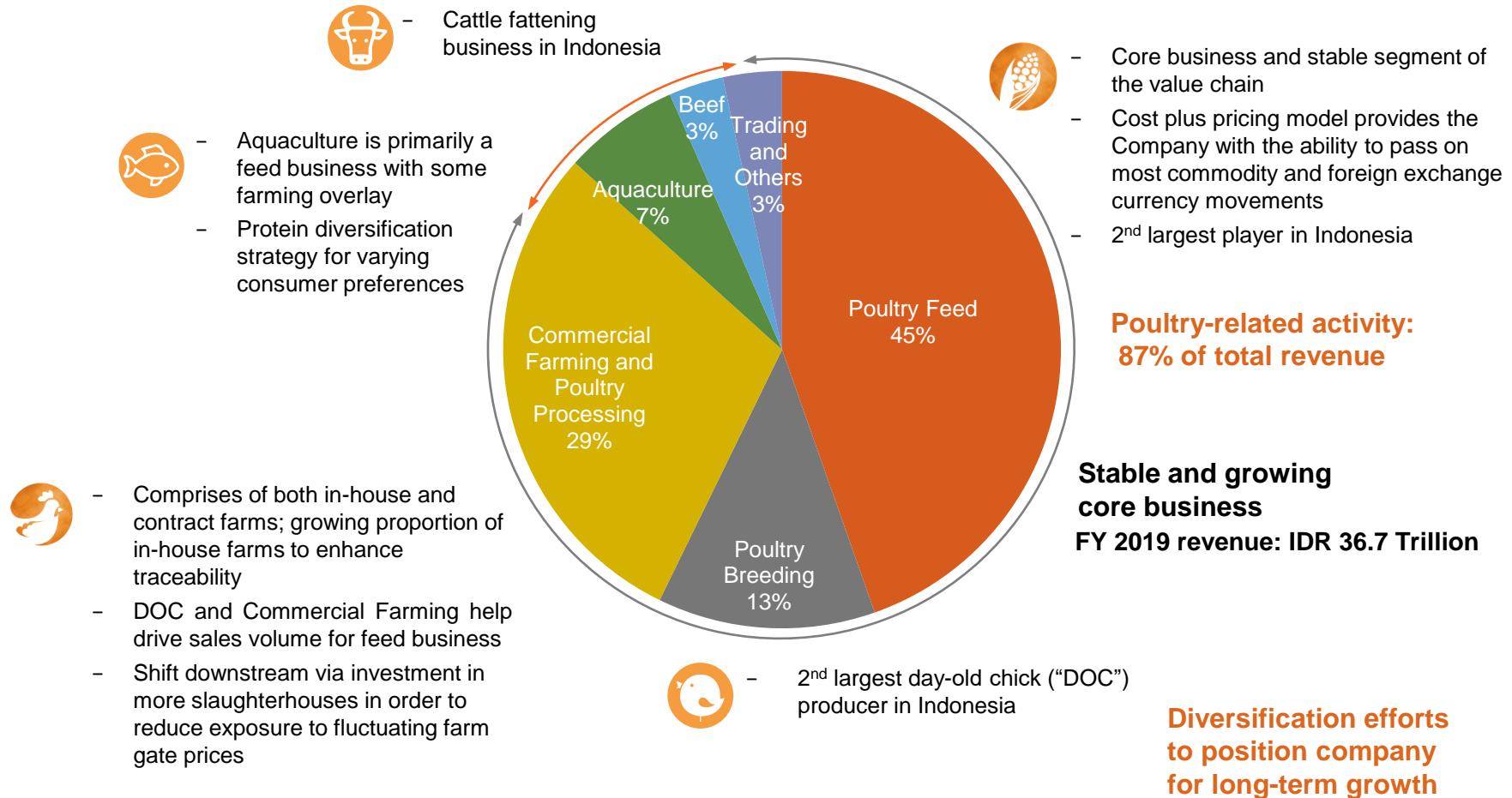
- Exclusive relationship with Aviagen for the sourcing of grandparent stock with superior genetics which is tailored for the Indonesian climate
- Advanced feed technology for quality control and optimal feed conversion ratios
- Modern farming techniques and industry best practices to further drive efficiency

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

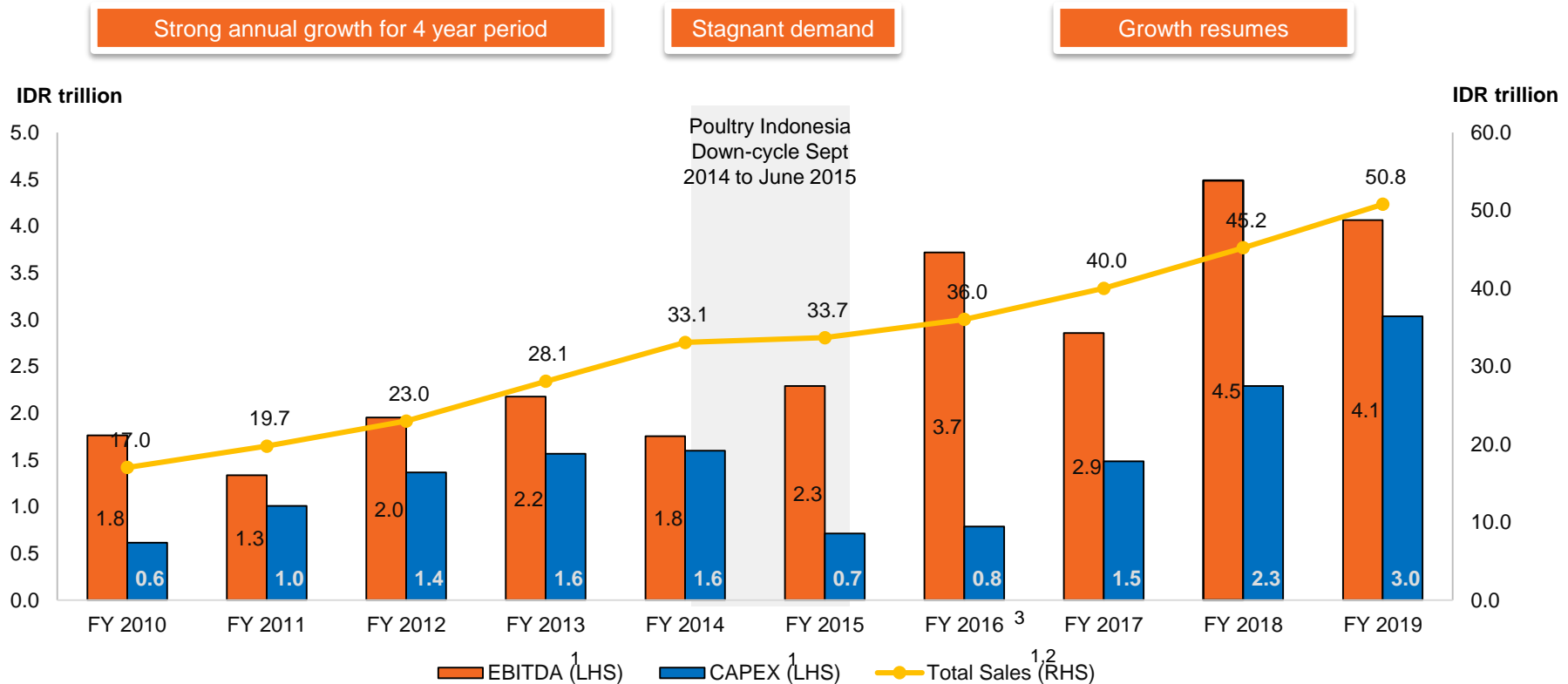


Note:

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



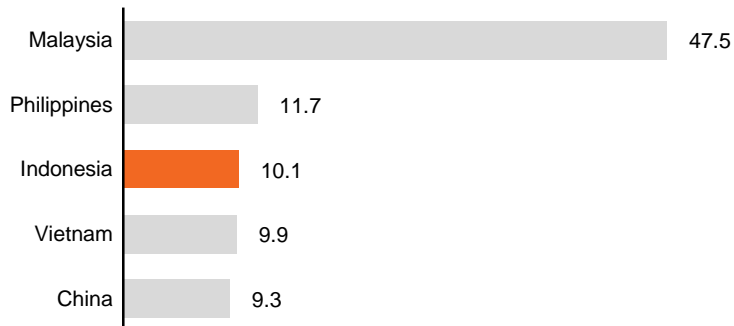
- 1 Attractive industry dynamics driven by strong structural growth in protein consumption
- 2 Leading integrated poultry national champion with nationwide footprint
- 3 Core feed business offers stable profitability
- 4 Industrialised Business Model: Leading Market Positions
- 5 Experienced and tenured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

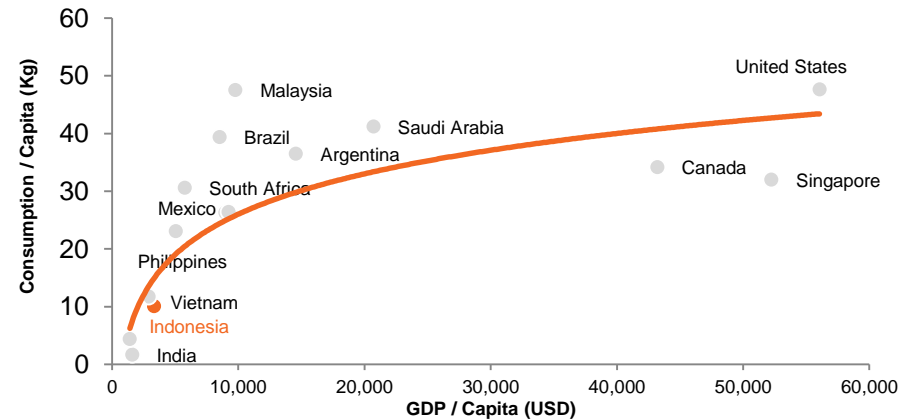
(kg per capita - 2015)



Source: Frost & Sullivan Estimates, 2017

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

Rising Consumption in Emerging Asian Markets

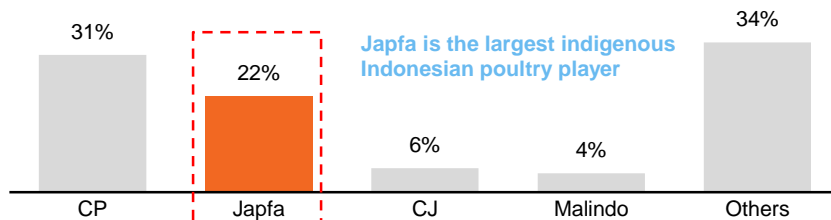


Source: OECD, UN, Frost & Sullivan Estimates, 2017

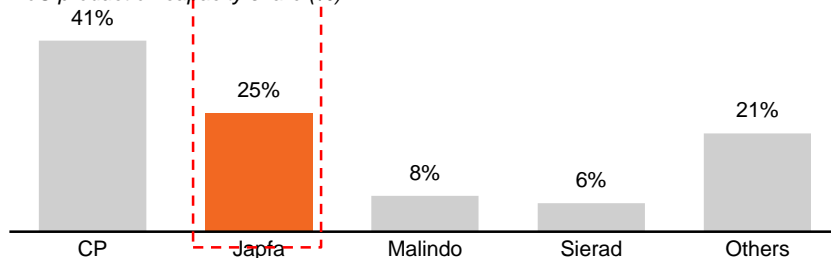
Leading integrated poultry national champion with nationwide footprint

2nd largest Indonesian poultry feed and DOC producer

Poultry feed production capacity market share (%)



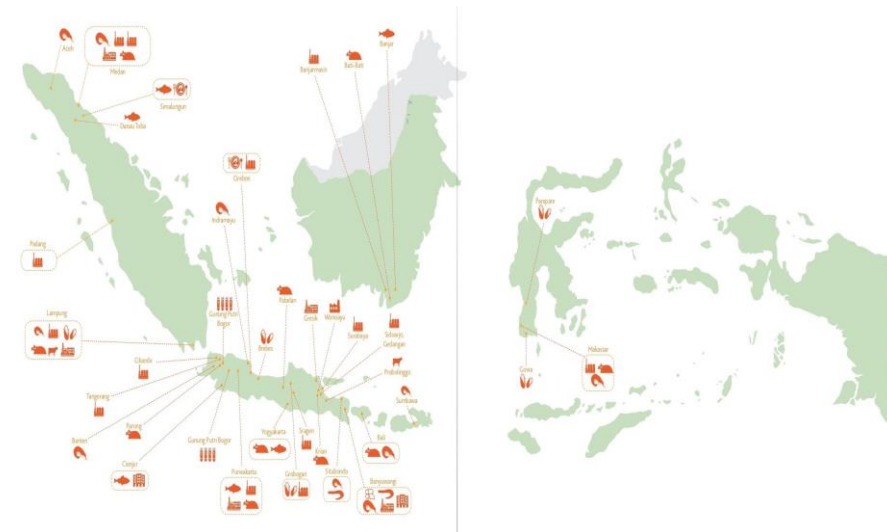
DoC production capacity share (%)



- ✓ 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

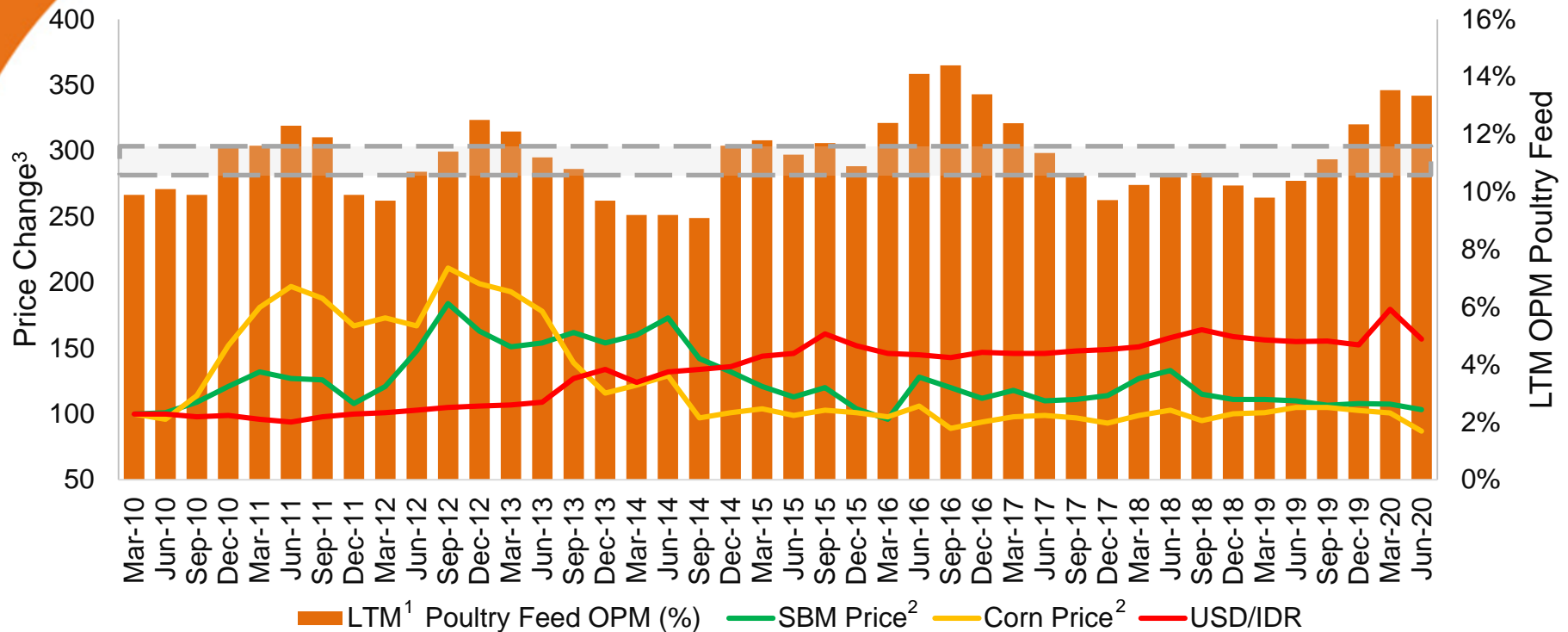
Nationwide footprint with presence in all major islands

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.

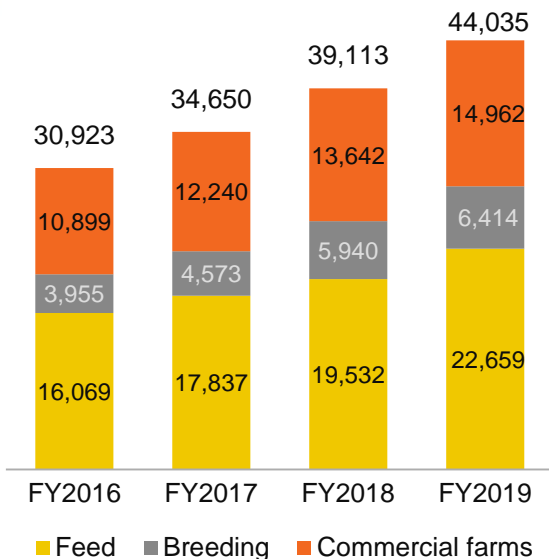
Since 2017, by government regulatory corn has been sourced locally, therefore the global market corn reference price no longer applicable.

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.

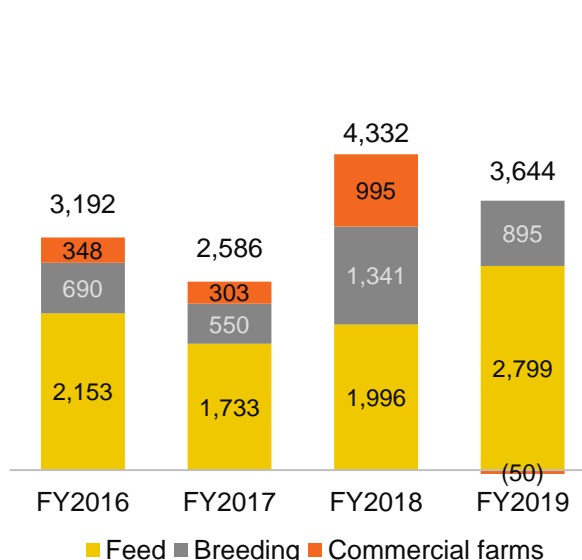
Segmental Trends: PT Japfa Tbk (Poultry)



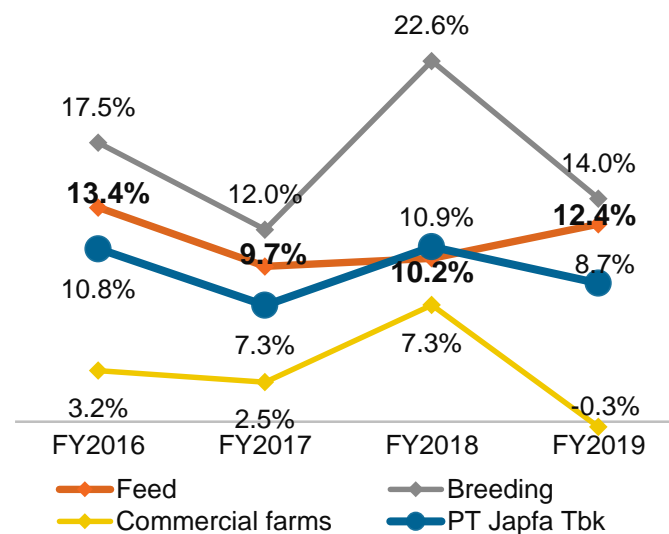
Revenue (IDR Billion)



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

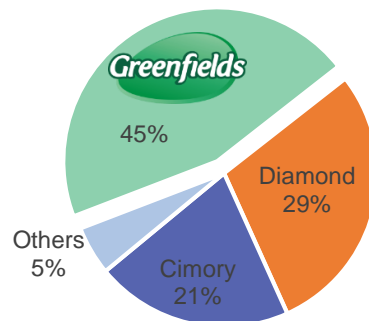
Leading upstream regional market positions

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

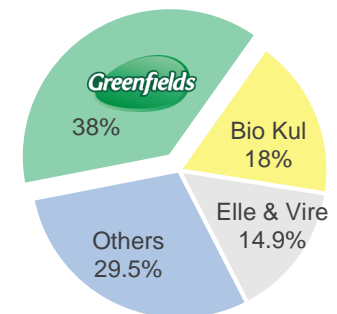


Leading downstream brands that are drivers for future growth

#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

Year of agri
experience: 15



Hendrick Kolonas
Vice President
Commissioner

Year of agri
experience: 24



**Retno Astuti
Wibisono**
Independent
Commissioner

Year of agri
experience: 19



**Ignatius Herry
Wibowo**
Independent
Commissioner

Year of agri
experience: 21



**Ito Sumardi
Djuni Sanyoto**
Independent
Commissioner

Year of Agri
experience: 7

Board of Directors*



Handojo Santosa
President
Director

Year of agri
experience: 33



**Bambang
Budi Hendarto**
Vice President
Director

Year of agri
experience: 41



Tan Yong Nang
Director

Year of agri
experience: 12



**Leo Handoko
Laksono**
Director

Year of agri
experience: 31

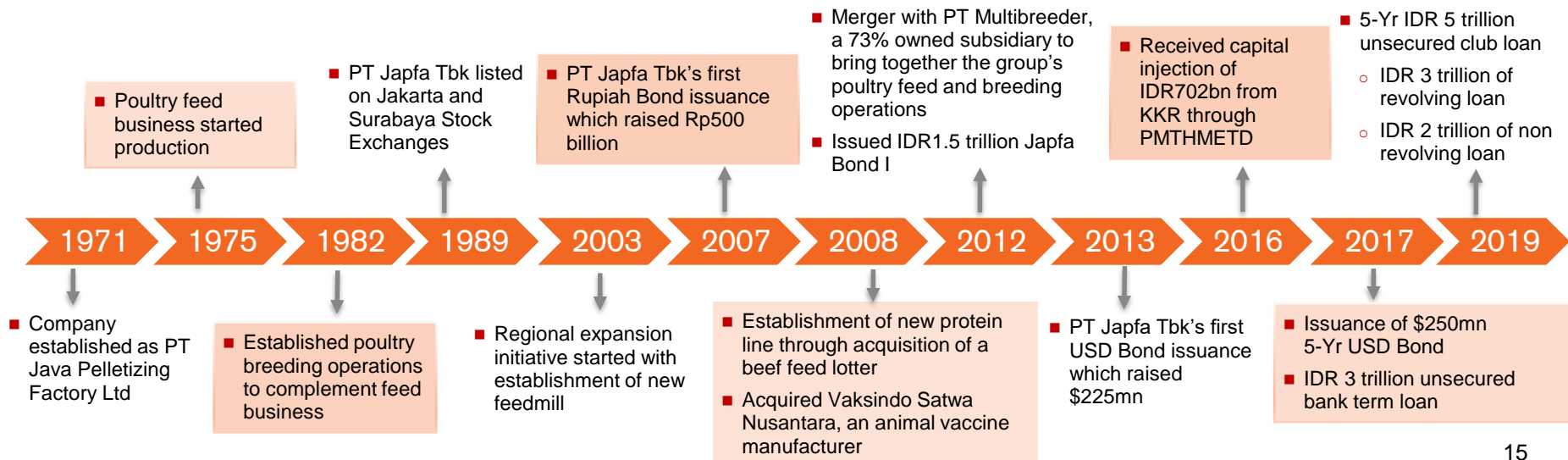


Rachmat Indrajaya
Director

Year of agri
experience: 12

**BOC and BOD as at 30 June 2020*

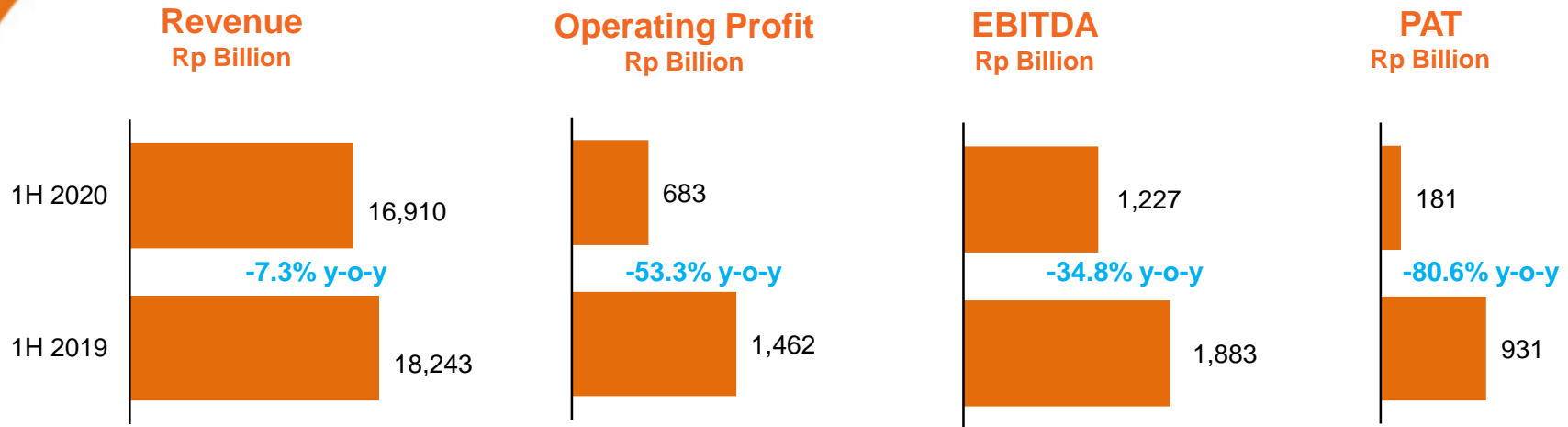
Timeline of PT Japfa Tbk: Almost 50 years of 'best-in-class' poultry production



Financial and Operational Highlights



PT Japfa Tbk – Financial Performance



Revenue and profitability affected by the demand impact of Covid-19

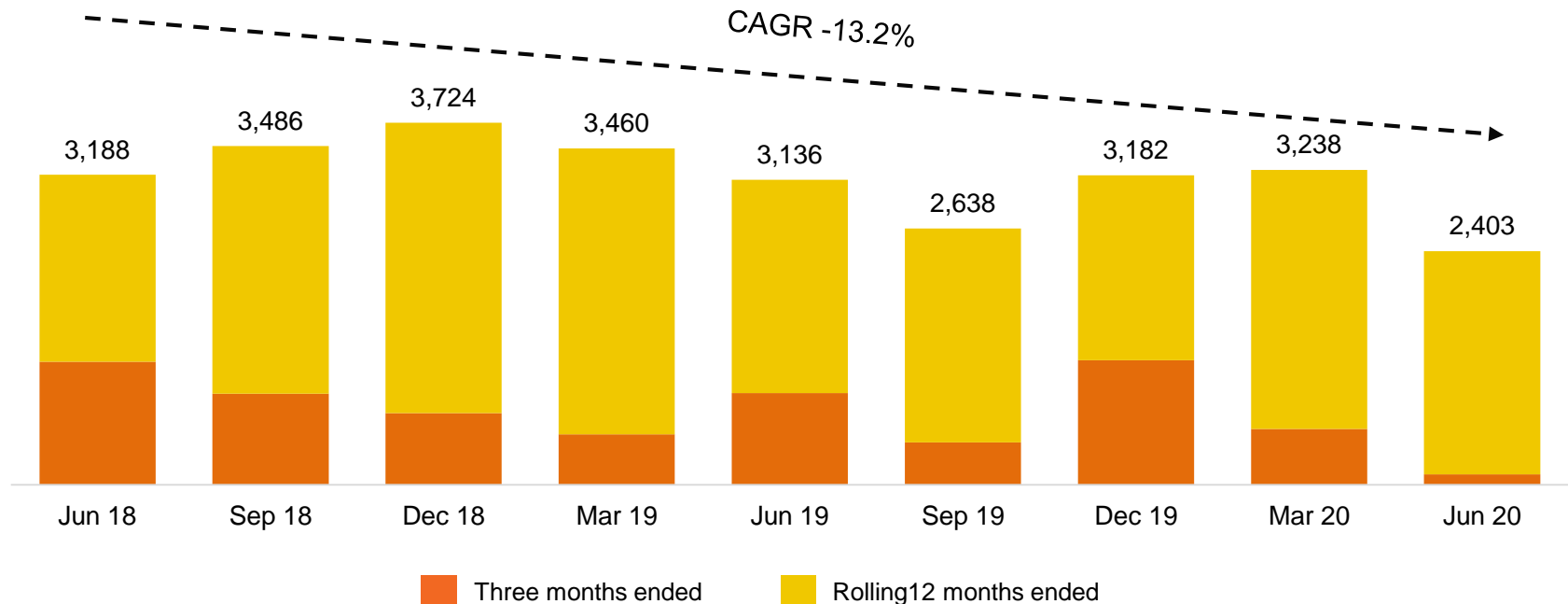
- Revenue dropped due to lower poultry feed and DOC sales volumes as a result of lower consumer spending from Covid-19
- In April 2020, broiler and DOC prices dropped to one of the lowest levels since Japfa Ltd IPO in 2014. This is likely due to a market oversupply in anticipation of Ramadan coupled with a lower demand due to Covid-19. This widened the demand-supply gap causing prices to drop dramatically in April. However, broiler and DOC prices recovered in May and June 2020
- Strong feed margins continue to generate stable profits. A successful procurement during corn harvest and the ability to manage raw material costs have boosted feed margins in 2020
- EBITDA remains respectable in a difficult environment where Covid-19 has lowered consumer demand
- Since Covid-19 outbreak, we have taken action to freeze non-essential new Capex. The Covid-19 situation in Indonesia remains fluid and we continue to monitor the situation

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.

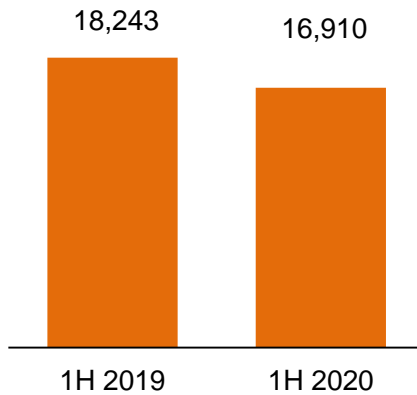
Operating profit (IDR Billion)



Proven financial track record

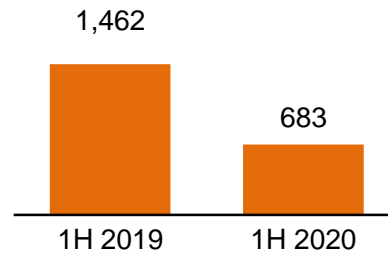
Net Revenues

(IDR Billion)



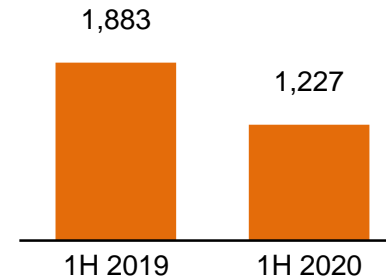
Operating Profit

(IDR Billion)



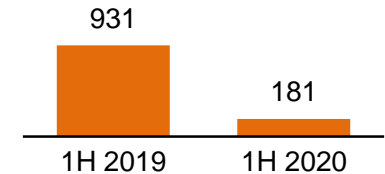
EBITDA

(IDR Billion)



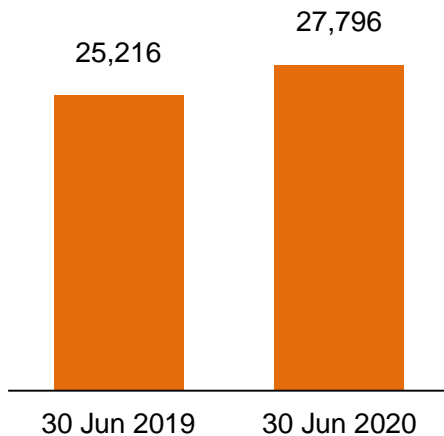
Net Profit

(IDR Billion)

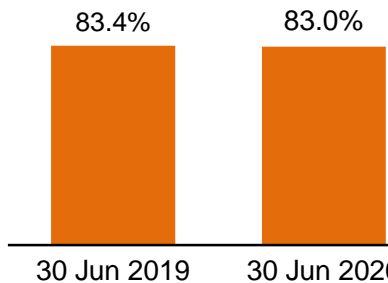


Total Assets

(IDR Billion)

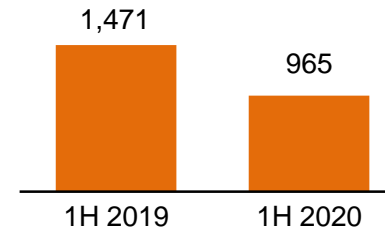


Net Debt / Equity (%)



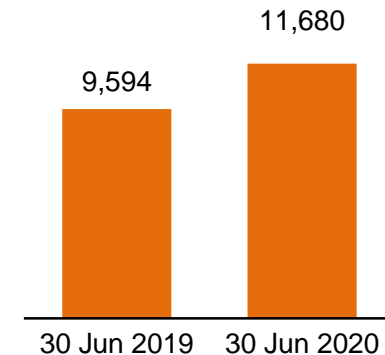
CAPEX

(IDR Billion)



Total Interest Bearing Debt

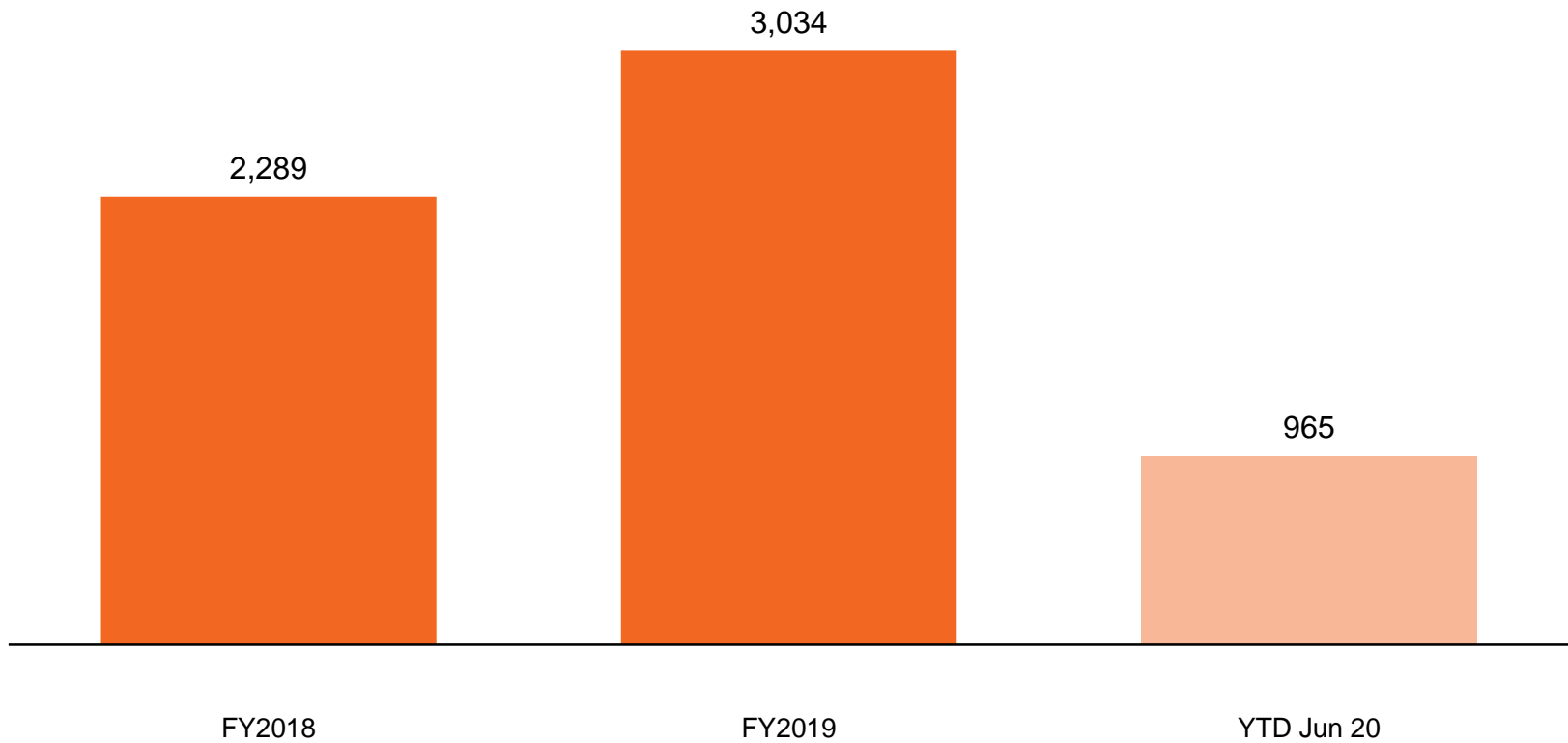
(IDR Billion)



Note: Based on Company's 30 June 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