



PT JAPFA COMFEED INDONESIA Tbk



**Investor Presentation
3Q 2016**

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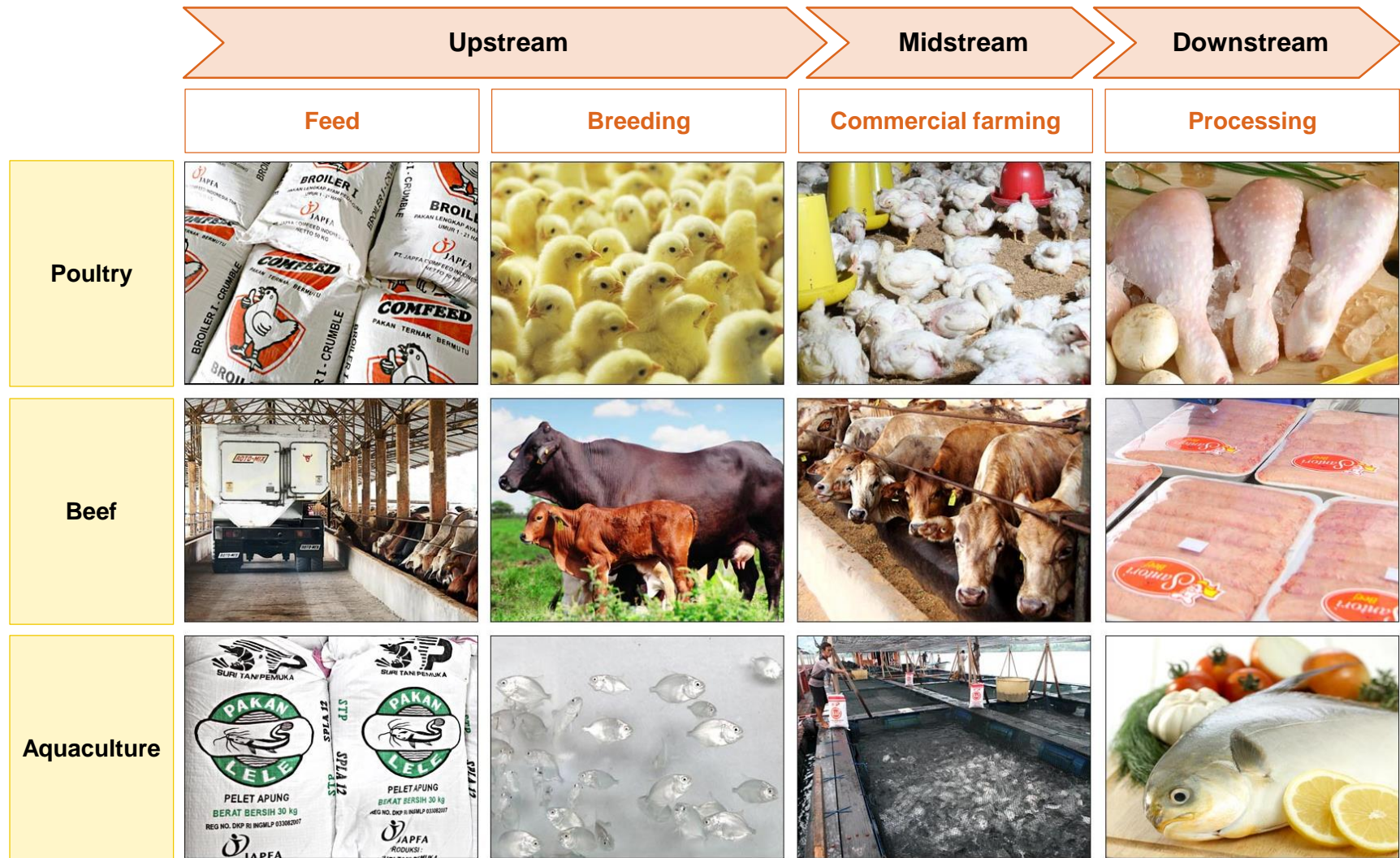
Financial and operational highlights

1. Company overview



Company overview

Core competencies across the value chain



Japfa: Well positioned for long-term growth

Poultry leader with growing presence in other proteins

Diversification efforts to position company for long-term growth



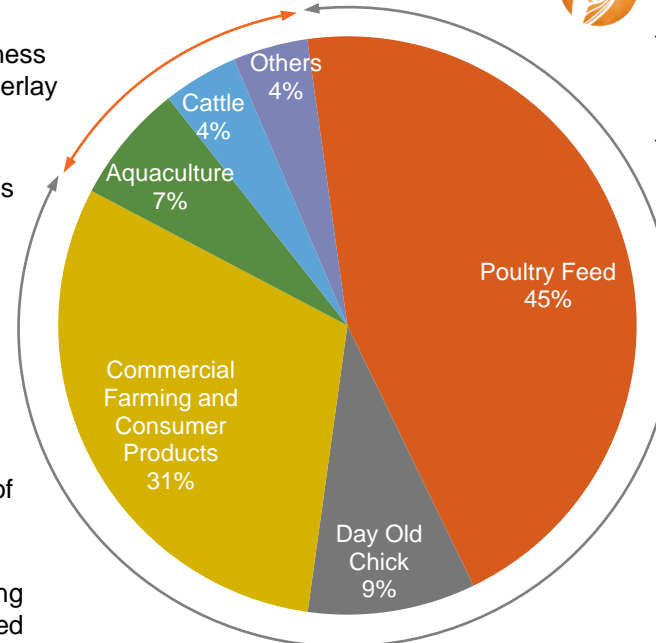
- Cattle fattening business in Indonesia



- Primarily a feed business with some farming overlay
- Protein diversification strategy for varying consumer preferences



- Comprises of both in-house and contract farms; growing proportion of in-house farms to enhance traceability
- Similar to DoC, commercial farming helps drive sales volume for feed business
- Shift downstream via investing in more slaughterhouses in order to reduce exposure to fluctuating farm gate prices



- Core business and stable segment of the value chain
- Cost plus pricing model allows the Company to pass on any adverse commodity / FX price movement
- 2nd largest player in Indonesia

Poultry-related activity: 85% of total revenue

Stable and growing core business

FY2015 revenue: IDR 25.0 trillion



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

Industrialized approach drives operational and financial benefits

A Scale

- 2nd largest feed and DoC producer in Indonesia with significant scale across the value chain:
 - ✓ ~10,000 poultry commercial farmers
- 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

2. Key investment highlights

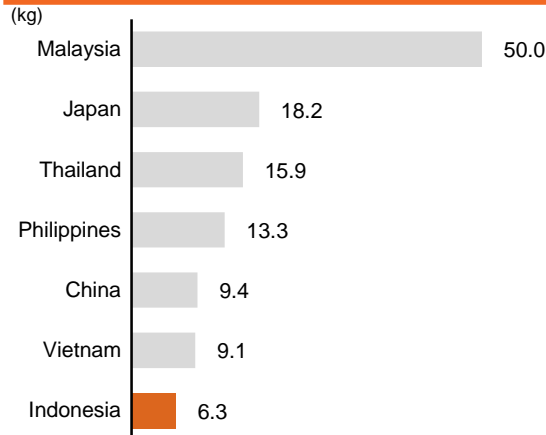


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Attractive industry dynamics driven by strong structural growth in protein consumption

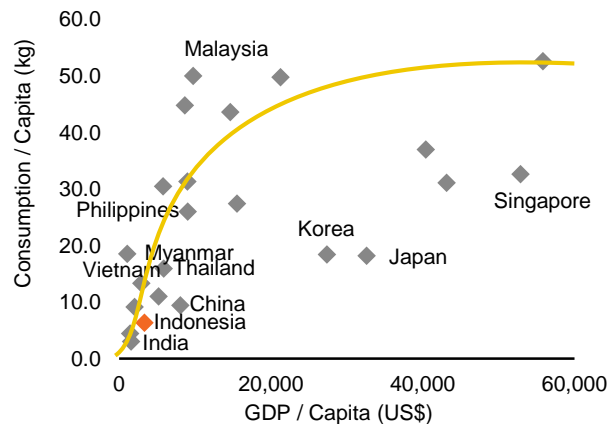
- ✓ Ample room for sustained growth with amongst the lowest poultry consumption per capita in Asia
- ✓ Strong projected growth in GDP per capita to underpin growing protein consumption
- ✓ “Meat-of-choice” given poultry’s relative affordability, religious neutrality, consumer preference and increasing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

One of the lowest poultry consumption per capita in Asia



Source: BMI, Euromonitor

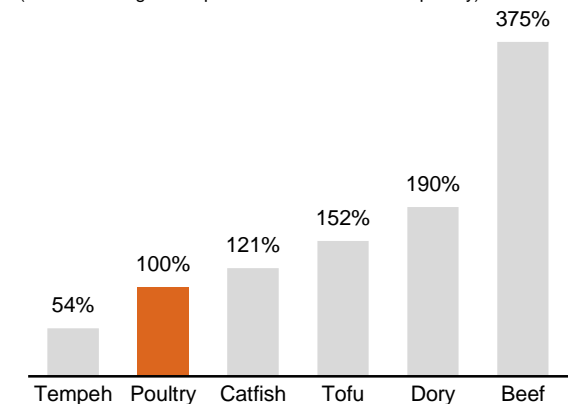
Positive correlation between income levels and meat consumption (2015)



Source: BMI, Euromonitor, EIU

Affordable form of meat protein

(Cost of each gram of protein content relative to poultry)



Source: Trimegah Securities Research

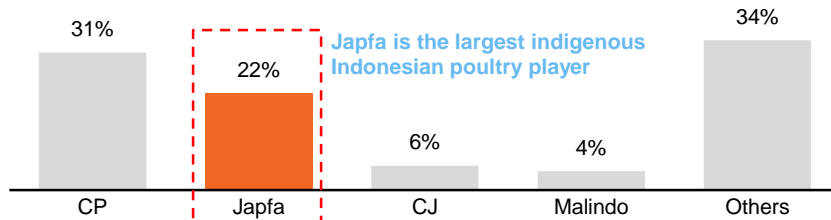
Investment highlights



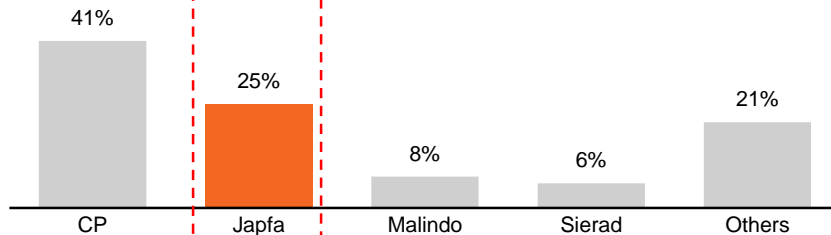
Leading integrated poultry national champion with nationwide footprint

2nd largest Indonesian poultry feed and DoC producer

Poultry feed production capacity market share (%)

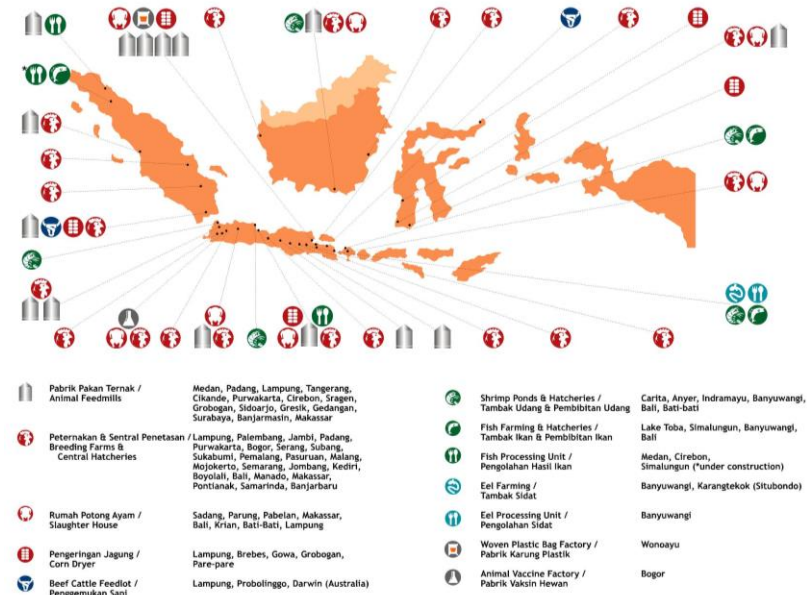


DoC production capacity share (%)



- ✓ 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

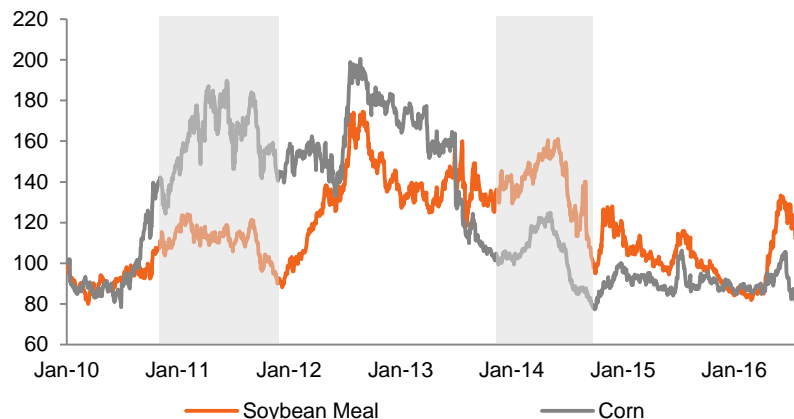


- ✓ Logistical feat given that Indonesia is an archipelago; serves as a barrier to entry and helps defend the Company's market position
- ✓ Wide geographical reach offers unparalleled access to both poultry farmers and domestic corn producers
- ✓ Key to tapping pockets of demand across the country given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

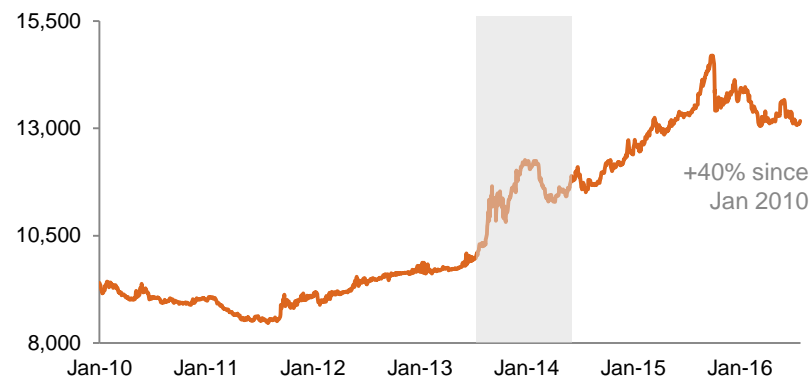
Core feed business offers stable profitability

Constitutes >50% of Group's operating profit

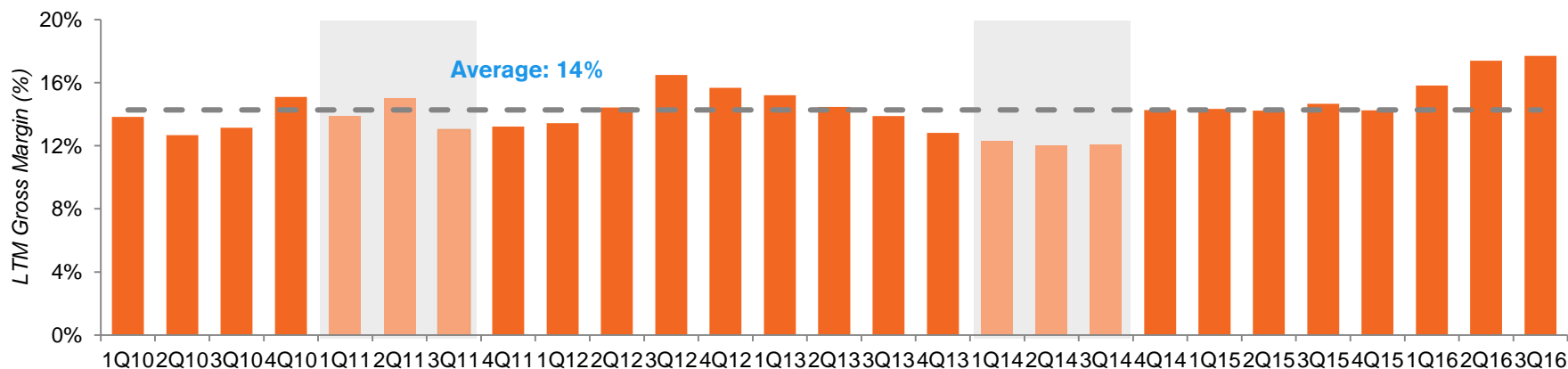
Despite volatile commodity prices...



...and weakening IDR



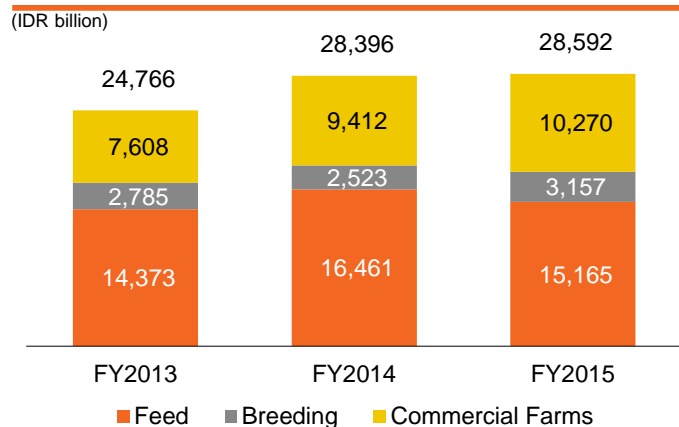
...the Group's feed business has been able to consistently deliver stable gross margins, underscoring the ability to effectively pass on adverse currency and commodity price movements



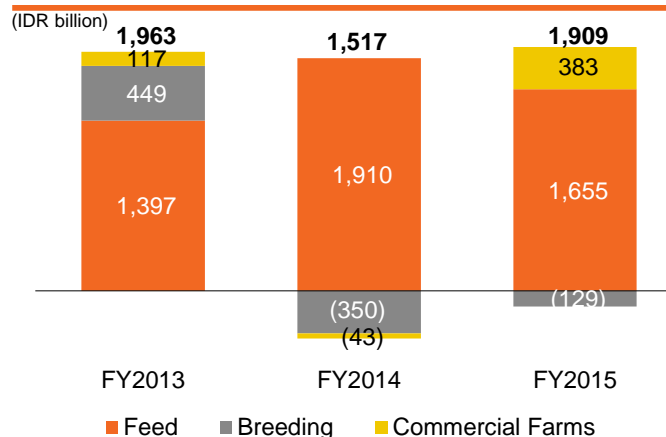
Core feed business offers stable profitability

Poultry: 3-year segmental trends

Revenue

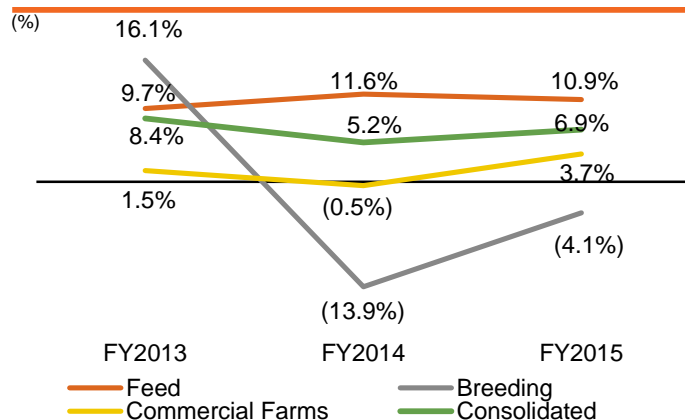


Operating Profit

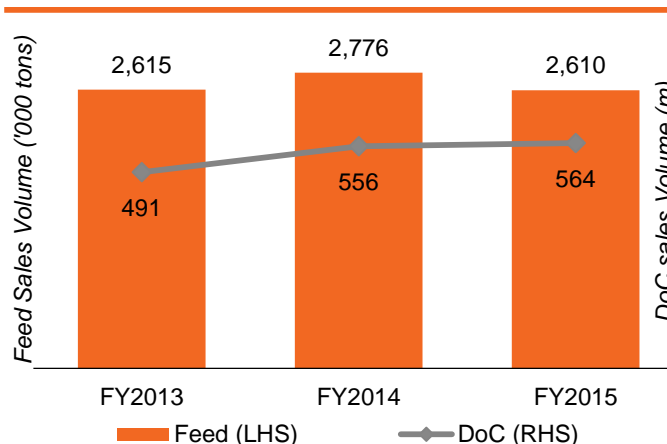


- Revenue trend was mainly impacted by the weakening of IDR and lower volumes
- Profitability in the past two years was affected by the issues in the poultry industry
- Nonetheless, our feed business continues to be the stable pillar of our profitability, even during market downturn

Operating profit margin



Poultry Feed and DoC Sales Volume



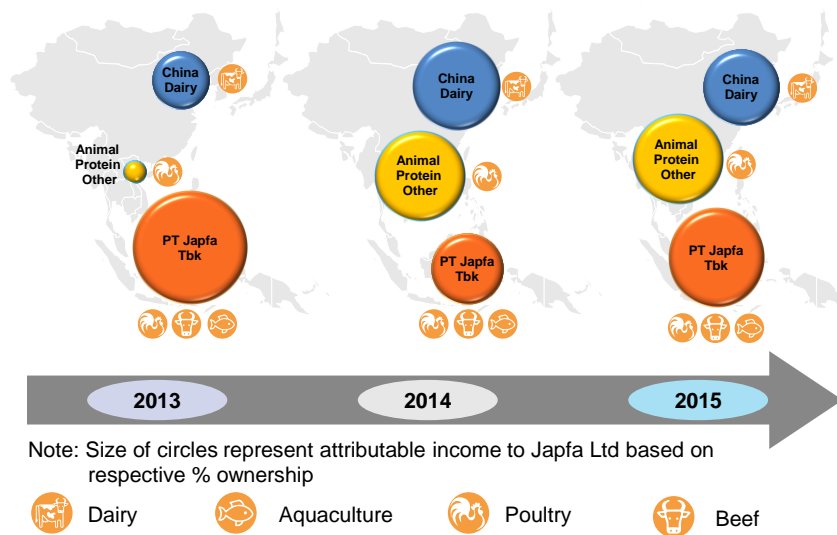
- Our ability to pass on raw material costs increases in our feed selling prices is reflected in our stable feed operating margins, during a period of IDR and commodity price volatility

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

Strong Sponsor with leading pan-Asian agriculture franchise

- ✓ Pan-Asian footprint with a focus on emerging economies i.e. Indonesia, China, Vietnam, Myanmar and India
- ✓ Multiple protein player leveraged to growing protein consumption in Asia underpinned by rising income levels
- ✓ Long and proven track record of replicating farming capabilities across geographies
- ✓ “Partner-of-choice” with several successful ongoing joint ventures and exclusive arrangements with leading MNCs including Aviagen and Hypor

Evolution of the Group: Growing Presence in Emerging Asia...



...with proven ability to establish leading position across geographies

Protein	Country	Market Position
Poultry feed	Indonesia	2
DoC	Indonesia	2
Frozen consumer food	Indonesia	2
Ambient temp food	Indonesia	3
Dairy (fresh milk)	Indonesia	1
Poultry	Vietnam	2
Dairy	China	Niche player with market leading efficiency metrics

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: 11



Hendrick Kolonas
Vice President
Commissioner

Year of agri
experience: 20



**Retno Astuti
Wibisono**
Independent
Commissioner

Year of agri
experience: 15



**Ignatius Herry
Wibowo**
Independent
Commissioner

Year of agri
experience: 17



Jaka Prasetya
Commissioner
(KKR's Nominee)

Year of finance
experience: 14

Board of Directors



Handojo Santosa
President
Director

Year of agri
experience: 29



**Bambang
Budi Hendaro**
Vice President
Director

Year of agri
experience: 37



**Koesbyanto
Setyadharma**
Director

Year of agri
experience: 27



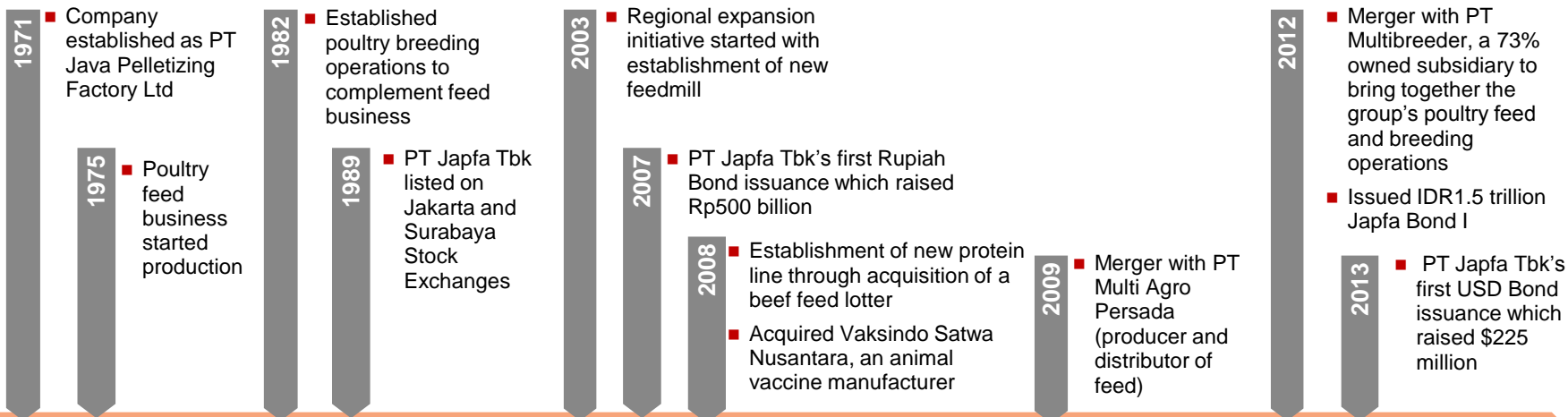
Tan Yong Nang
Director

Year of agri
experience: 8



Rachmat Indrajaya
Independent
Director

Year of agri
experience: 8



Timeline of Japfa Comfeed: Over 40 years of 'best-in-class' poultry production

3. KKR's investment in the Company



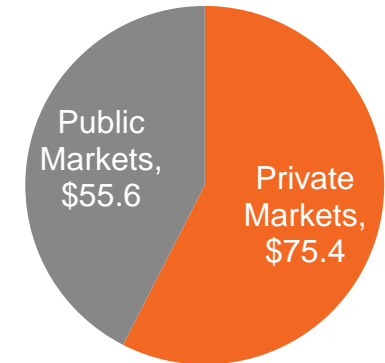
KKR's Investment in the Company

KKR overview

- ✓ Leading global investment firm with US\$131bn of assets under management across a wide range of asset classes including private equity, special situations etc.
- ✓ Global presence with offices in 22 cities across 16 countries to provide **localized, tailored solutions** to our partners
- ✓ Mature Asian franchise with proven track record; ~US\$11bn invested / committed across 60 transactions in 9 countries since 2005
- ✓ Established track record of successfully partnering with successful entrepreneurs and companies across Asia
- ✓ **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:

Assets Under Management (USD billions)

As of 30 June 2016



Total AuM: US\$131.0bn



KKR's Investment in the Company

Transaction overview & rationale

- ✓ 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 will be 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 at the EGM on 18 July, in conjunction with shareholders' approval for the share issuance

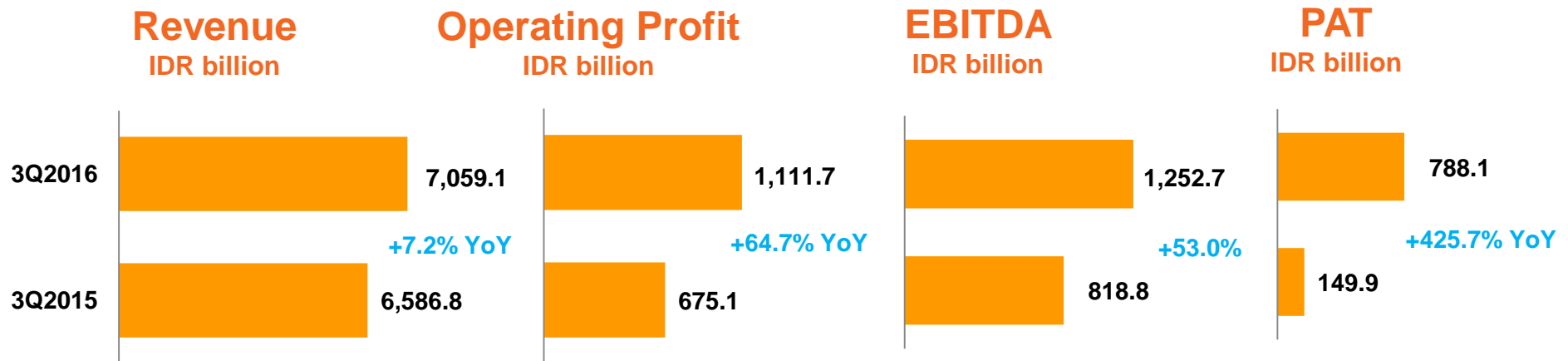
Transaction Rationale and KKR's Value Add

- 1 **Balance Sheet Optimization:** Leverage on KKR's in-house capital markets expertise to determine the optimal capital solution for the Company; **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 with the research and investor community
- 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 prior poultry investment in China, Fujian Sunner

4. Financial and operational highlights



PT Japfa Tbk – Financial Performance



3Q 2016 was the most profitable quarter for PT Japfa Tbk since 1Q 2013, partly boosted by Rp261 billion gain from the sale of the beef cattle operations in Australia

- Revenue increased by 7.2% in IDR terms and by 16.0% in USD terms due to the appreciation of Rupiah. The increase was due to (1) the improvement in ASP of DOCs and broiler chickens since the beginning of 2016, and (2) the sale of beef cattle from Riveren and Inverway Stations in Australia.
- Feed operations continued to contribute to the bulk of operating profit. Profitability improved in 3Q 2016 due to the lower cost of raw materials.
- Breeding operations achieved strong profits in 3Q 2016 due to higher ASP of DOCs and lower feed costs.
- Profits from commercial farming were equally strong due to higher ASP of broiler chickens, which rose in tandem to accommodate the increase in ASP of DOCs.

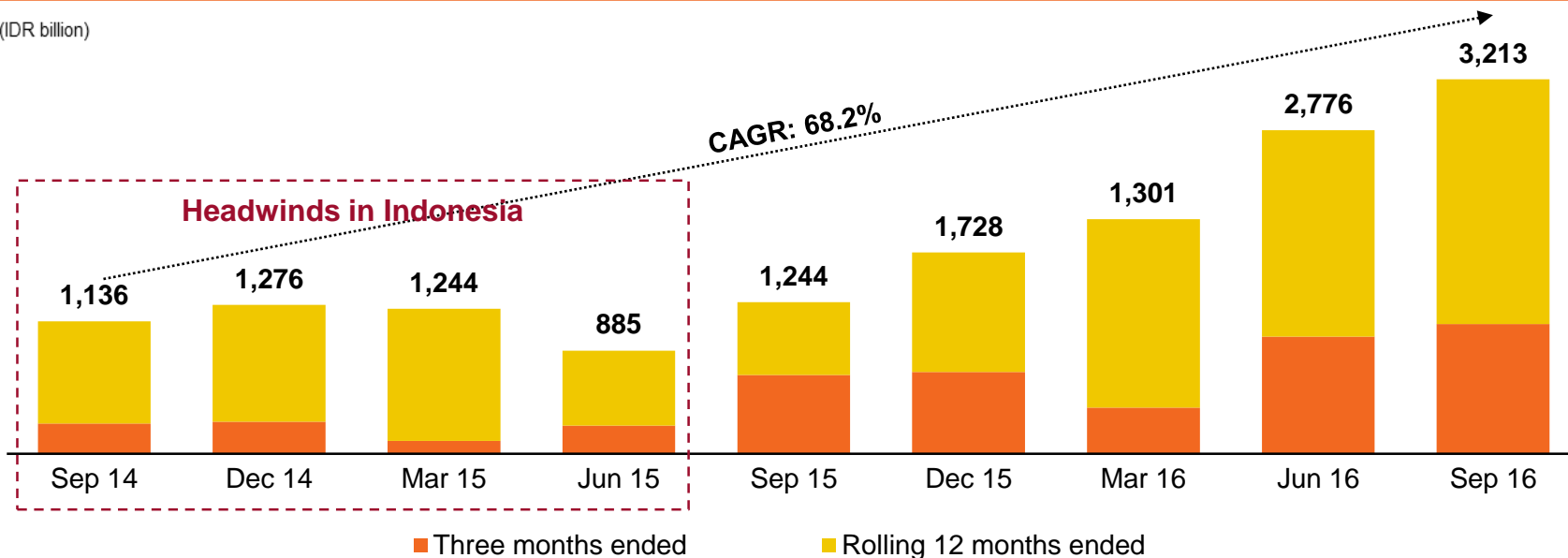
PT Japfa Tbk – Growth Despite Headwinds



- Poultry industry faced oversupply of day-old chicks (“DOCs”) since 3Q 2014, and turned around in the second half of 2015.
- Comparing Rolling 12 months ended September 2015 and September 2016, operating margins increased from 5.2% to 11.7%, contributed mainly by very healthy margins in 3Q 2016.
- Better margins in 3Q 2016 due to lower costs of feed and better DOC average selling prices (“ASPs”).

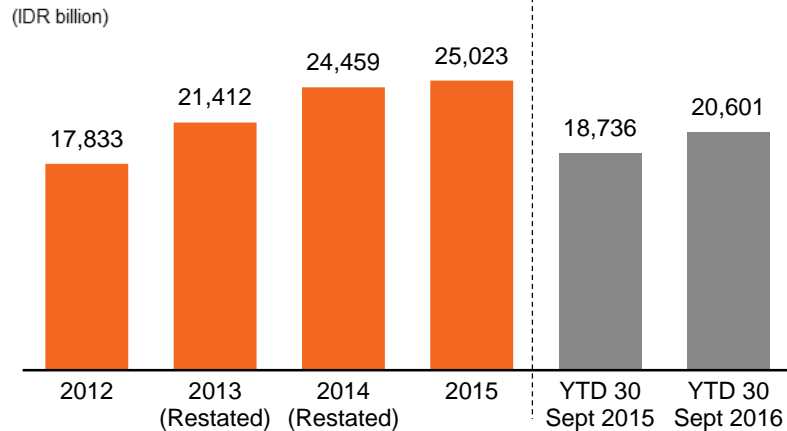
Operating profit

(IDR billion)

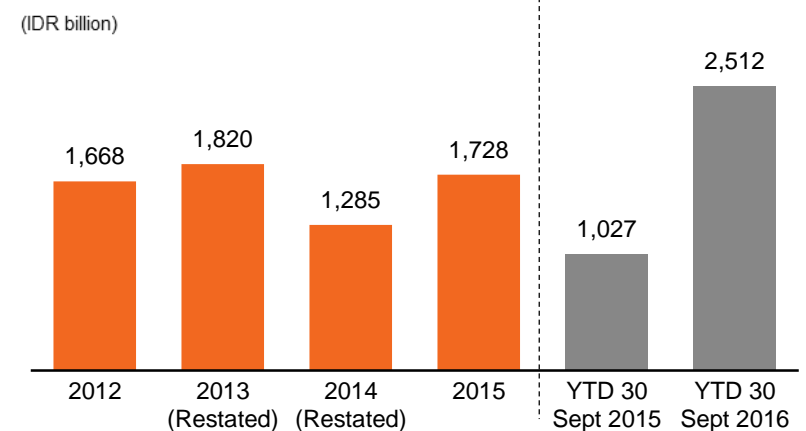


Proven financial track record

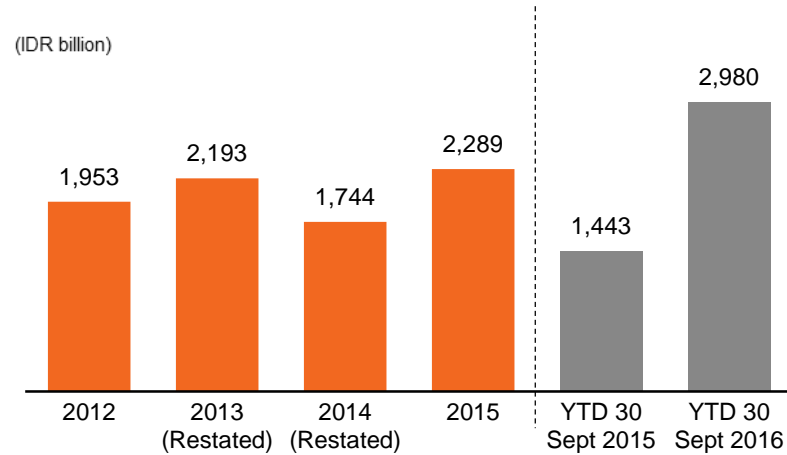
Net Revenues



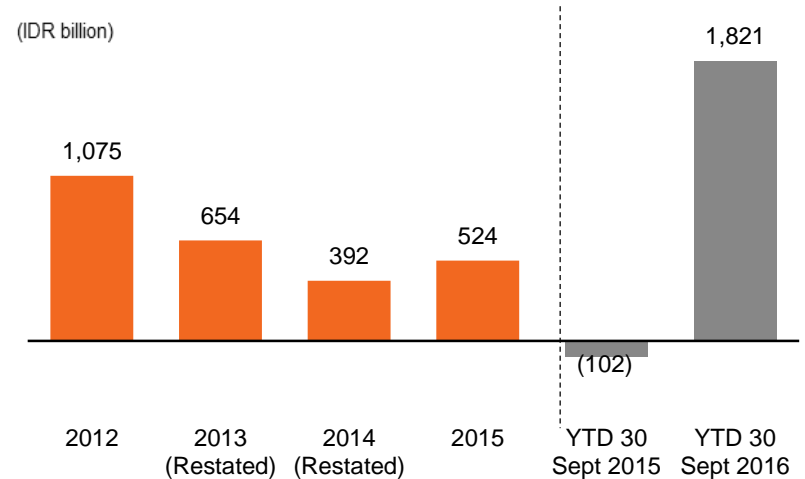
Operating Profit



EBITDA

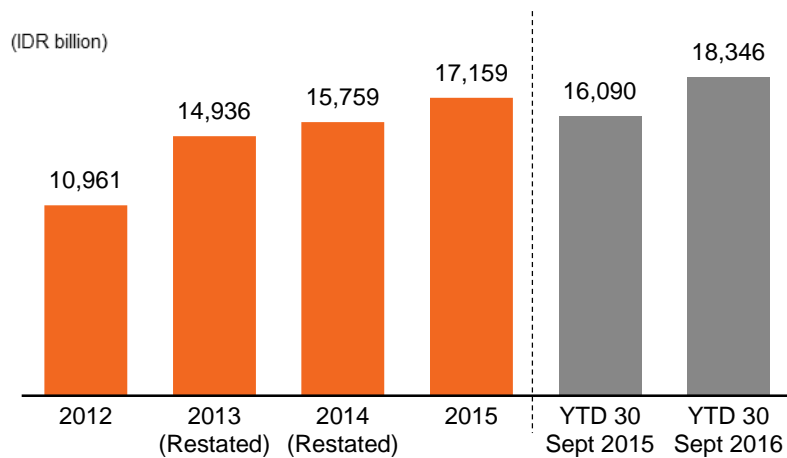


Net Profit

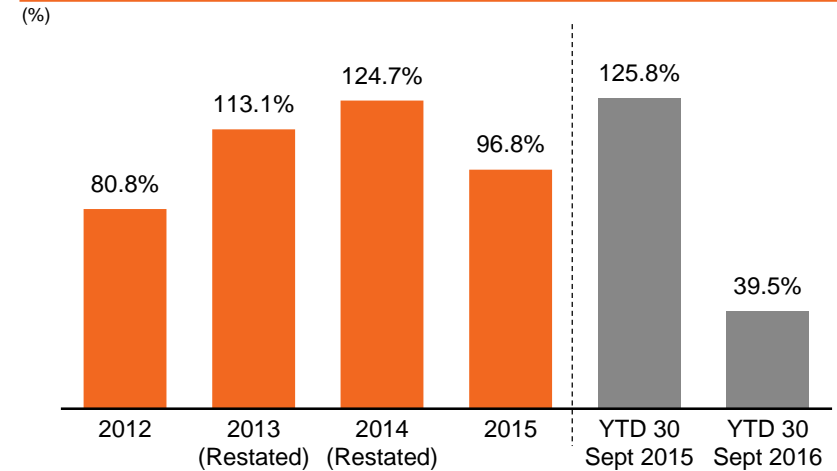


Proven financial track record (Cont'd)

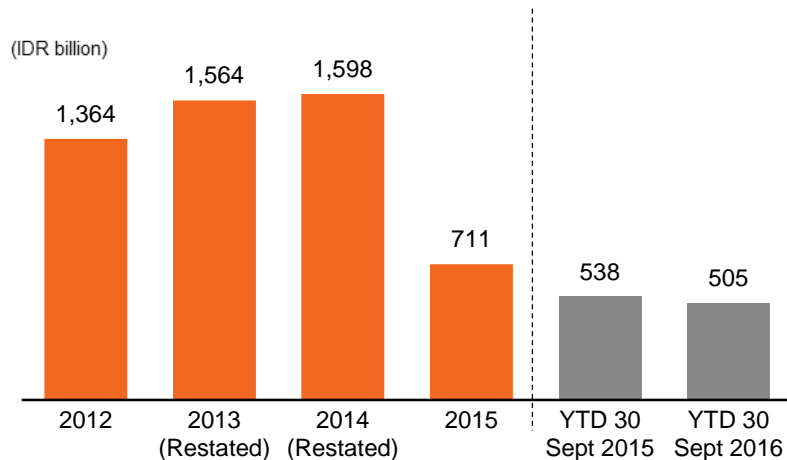
Total Assets



Net Debt / Equity

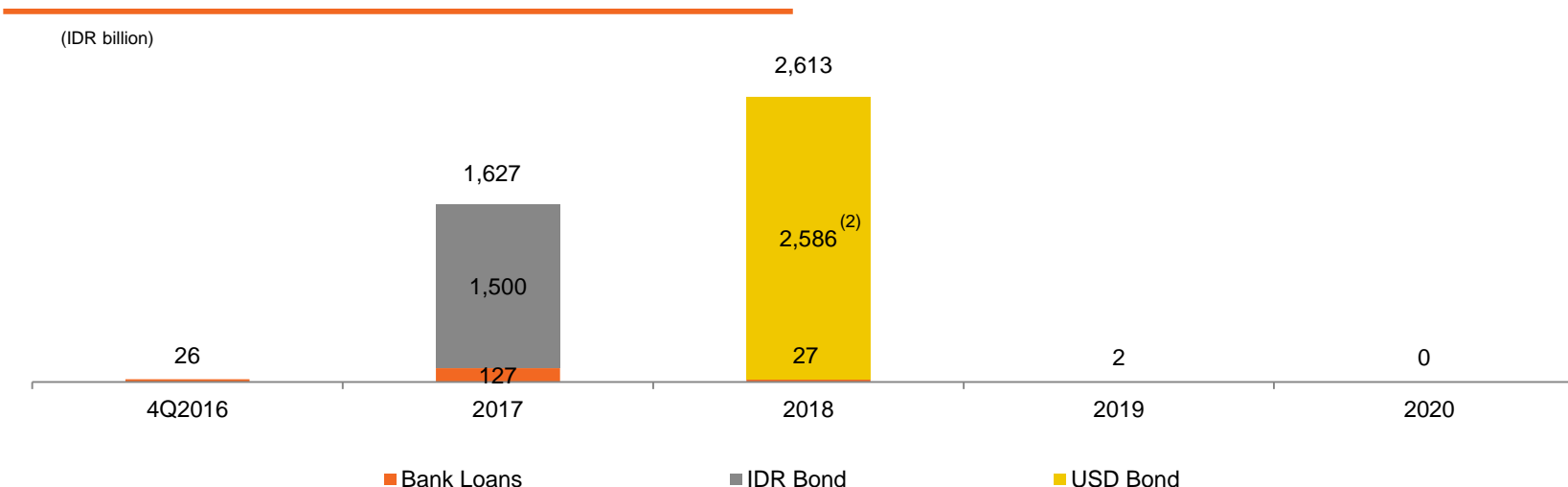


CAPEX



PT Japfa Tbk Bond Refinancing Plans

Debt Maturity Profile of Long Term Debt⁽¹⁾



Existing IDR bond of IDR 1.5 trillion due in Jan / Feb 2017 can be refinanced as follows:

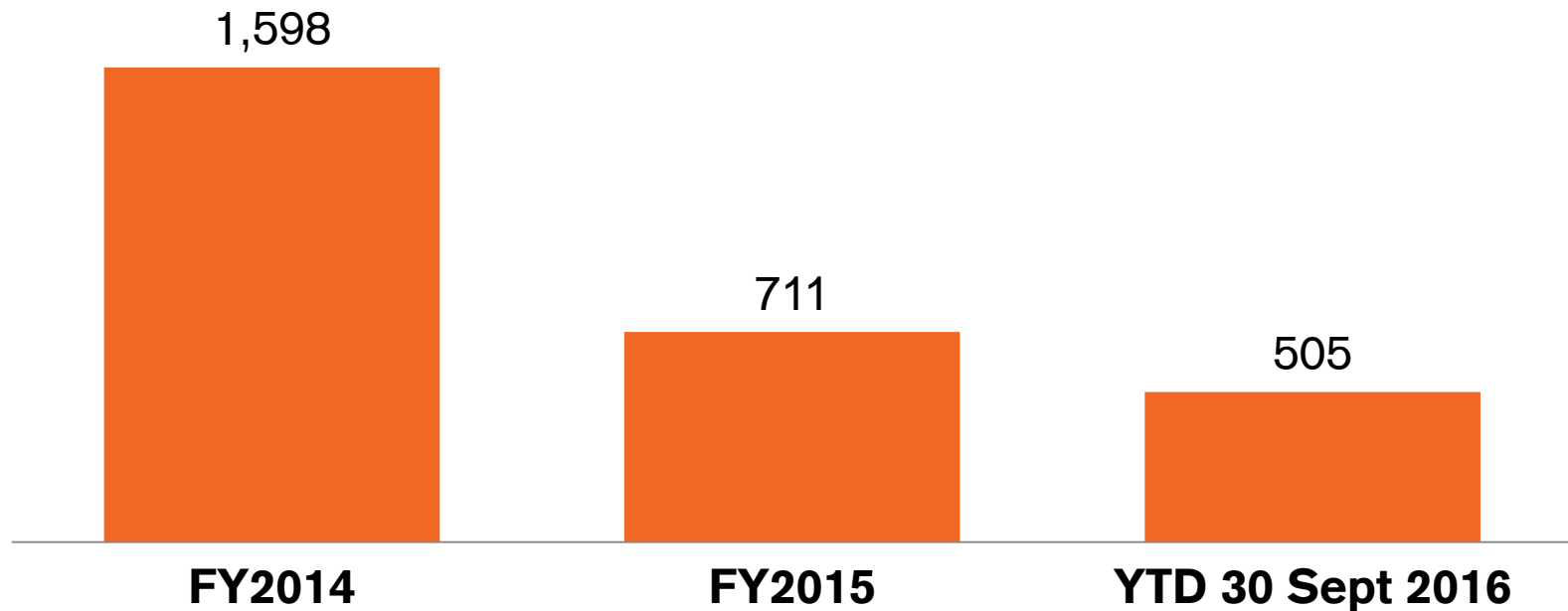
- ✓ Equity injection of IDR702 billion in August 2016 by KKR.
- ✓ PT Japfa Tbk has recently launched its proposed bond programme up to a maximum of IDR 3 trillion (approx US\$230 million). The first tap targeted by the end of 2016 is IDR 1 trillion.
- ✓ As a standby alternative, PT Japfa Tbk has signed a IDR 1 trillion facility with DBS in September 2016.

Existing USD bond of US\$225 million due in May 2018 can be refinanced as follows:

- ✓ US\$ 26 million has been repurchased to date, leaving a net balance of US\$199 million
- ✓ Refinancing of the US\$199 million balance could be from the proposed IDR 3 trillion bond programme or a new USD bond programme

Capex FY2014 – YTD 30 Sept 2016

(IDR billion)



Moderate capex outlook; primarily focused on maintaining existing operations and utilizing existing spare capacity