



INVESTOR PRESENTATION  
FY 2014

**PT Japfa Comfeed Indonesia Tbk**

# Agenda

**Company Overview**

**Key Investment Highlights**

**Financial Highlights**

**Appendix**



# **Company Overview**



# Introduction to Japfa Tbk



Established vertically integrated agriculture business with dominant focus in Indonesia

- One of the largest poultry players in Indonesia with FY14 net sales of around US\$ 2billion<sup>(1)</sup> and EBITDA of US\$ 140million<sup>(1)</sup>
- Strategically involved in aquaculture and beef offering diversification of revenues
- Listed on IDX for over 20 years with market cap of around US\$ 813million<sup>(1)</sup>
- Mostly focused in Indonesia, an attractive high growth animal protein market

Leading market share and strong growth

- Japfa has maintained high market share over the past 30 years of operations
- Economies of scale providing advantages in terms of raw material purchases and cost efficiencies  
Deep geographical reach to be closer to customer base and raw material suppliers
- Strong historical net sales growth of 14% CAGR from 2007-2014
- As of May 2014, Japfa had market share of 22% for animal feed and 25% for DOC and top 2 market position across key business segments

**Focused on producing affordable animal protein in Indonesia**

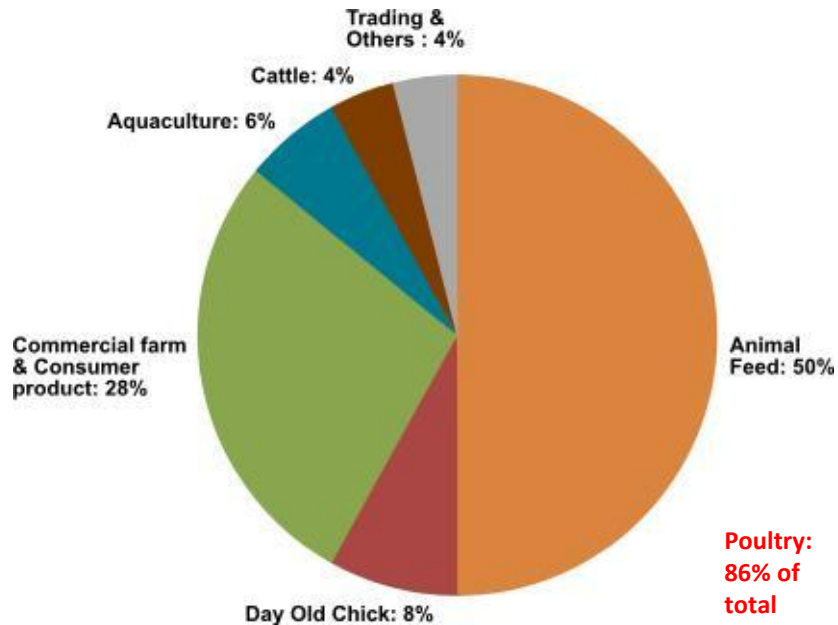
Note: (1) Based on 30 December 2014, share price : IDR 950/share and exchange rate : IDR.12,440/US\$

# Core Competencies Across The Value Chain



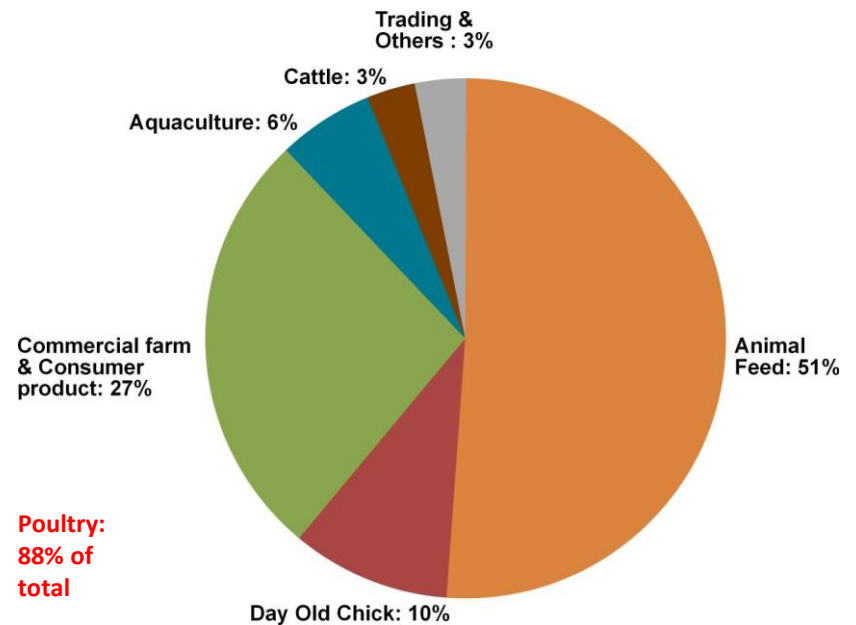
# Poultry Contributes Bulk of Revenue and is the Focus of Future Growth

FY14 Sales Contribution Per Segment



**Total FY14 Revenue : Rp. 24.5 Trillion**

FY13 Sales Contribution Per Segment



**Total FY13 Revenue : Rp. 21.4 Trillion**

Diversified business with a clear focus on the poultry sector given our expertise and favorable industry dynamics





## **Key Investment Highlights**



1

Established market leader in agribusiness

2

Synergy and efficiency achieved through vertically integrated large scale businesses

3

Quality operations supported by state-of-the-art bio security measures

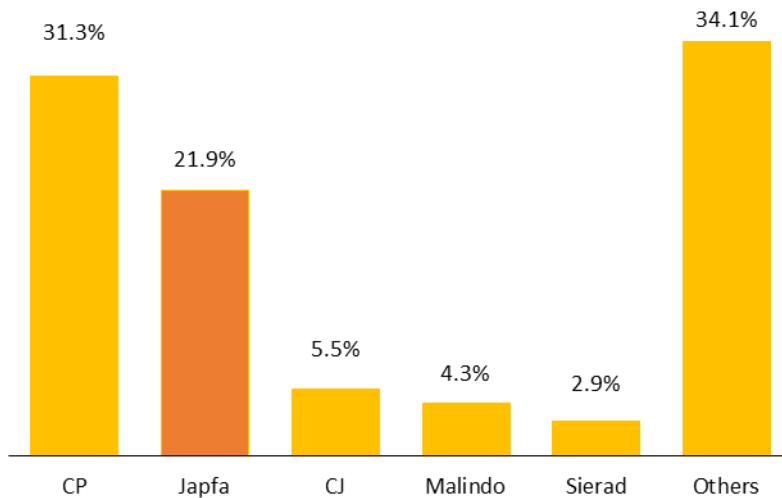
4

Experienced and professional leadership team

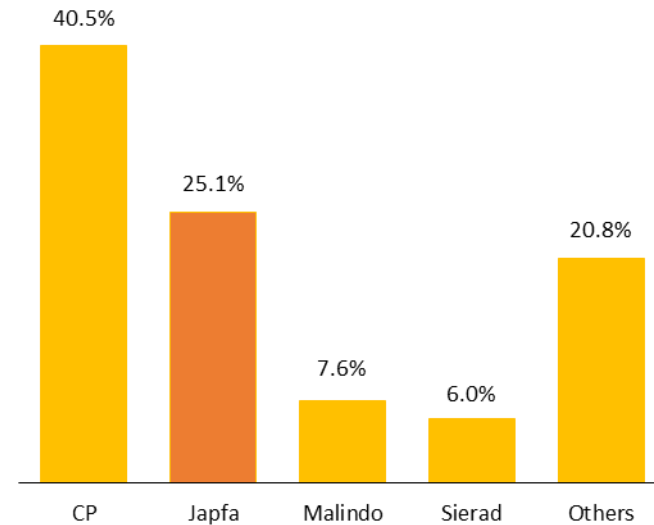


# 1 Established Market Leader in Poultry

Indonesia animal feed production capacity share <sup>(1)</sup>



Indonesia DOC production capacity share



Source: Company Annual Reports, Frost & Sullivan (May 2014)

Note: <sup>(1)</sup> Market share calculation in the above table excludes aqua feed

- Stable and attractive industry dynamics with top 2 players, Charoen Pokphand (“CP”) and Japfa, controlling more than 50% of the animal feed and DOC breeding market
- Presence of smaller players limited to specific regions compared to Japfa’s national coverage
- Limited poultry imports due to halal considerations in Indonesia and consumers’ preference for live chicken

Japfa commands a strong market position in the animal feed and DOC breeding markets

## Animal Feed

- ✓ Ability to control feed formulation to suit type of breed which Japfa produces
- ✓ Ability to control timing of delivery and availability of feed for breeding purposes



## Day Old Chicks

- ✓ Exclusive rights to superior strain of DOC which is suited to Indonesian climate and consumer tastes
- ✓ Effective control over complete poultry breeding process, commencing from operation of great grandparent farms



## Commercial Farming

- ✓ Right feed, superior breed and commercial farming techniques, resulting in robust performance



## End Products

- ✓ Proximity to end customer market ensures supply of fresh chicken products
- ✓ Integrated chain enhances food safety, hygiene and traceability

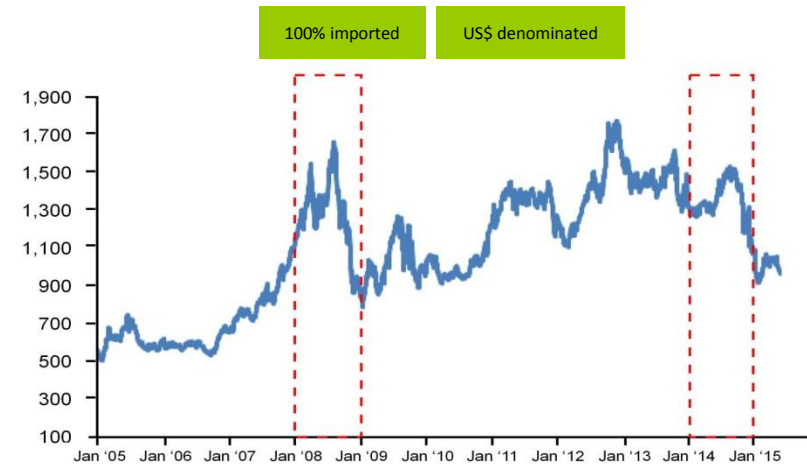


## 2 Synergy and efficiency achieved through vertically integrated large scale business

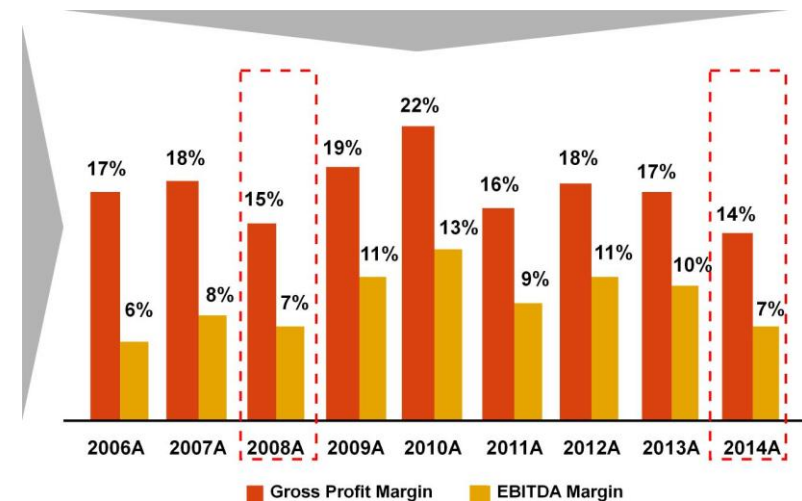
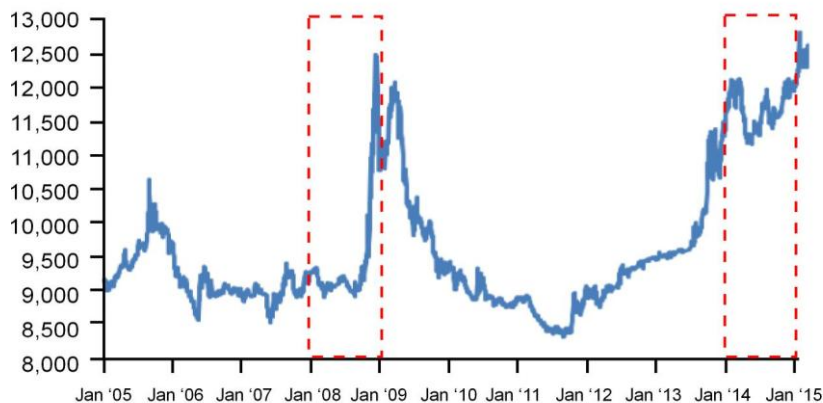
Corn prices (US\$/Bushel)



Soybean meal prices (US\$/MT)



IDR/US\$ exchange rate



Japfa is able to effectively pass on increases in raw material prices for feed to end consumers



### 3 Quality Operations Supported by State-Of-The-Art Bio Security Measures

#### A Minimize exposure from the elements

##### Isolation

- Remote location
- Geographical spread

##### Sanitation and Disinfection

###### Full body immersion



###### Spray and fumigation

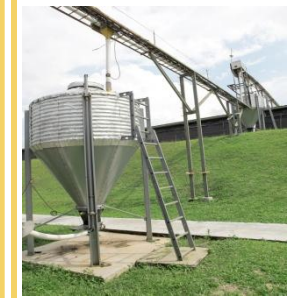


##### Traffic Control

###### Monorail



###### Conveyor system



#### B Optimizing flock resistance from diseases

##### Farm Management

- Sophisticated animal husbandry practice



##### Constant Monitoring

- Vaksindo
- Animal vaccine research and production company
- The only poultry company in Indonesia with the ability and facilities to research viruses (including AI) and produce autogenous vaccines
- Constructed a new BSL 3 Animal Trial Facility



## 4 Experienced and professional leadership team

### Board of Commissioners



**Syamsir Siregar**  
President  
Commissioner

Year of agri  
experience: 10



**Hendrick Kolonas**  
Vice President  
Commissioner

Year of agri  
experience: 19



**Retno Astuti Wibisono**  
Independent  
Commissioner

Year of agri  
experience: 14

### Board of Directors



**Handojo Santosa**  
President  
Director

Year of agri  
experience: 28



**Bambang  
Budi Hendarto**  
Vice President  
Director

Year of agri  
experience: 36



**Koesbyanto  
Setyadharma**  
Director

Year of agri  
experience: 26



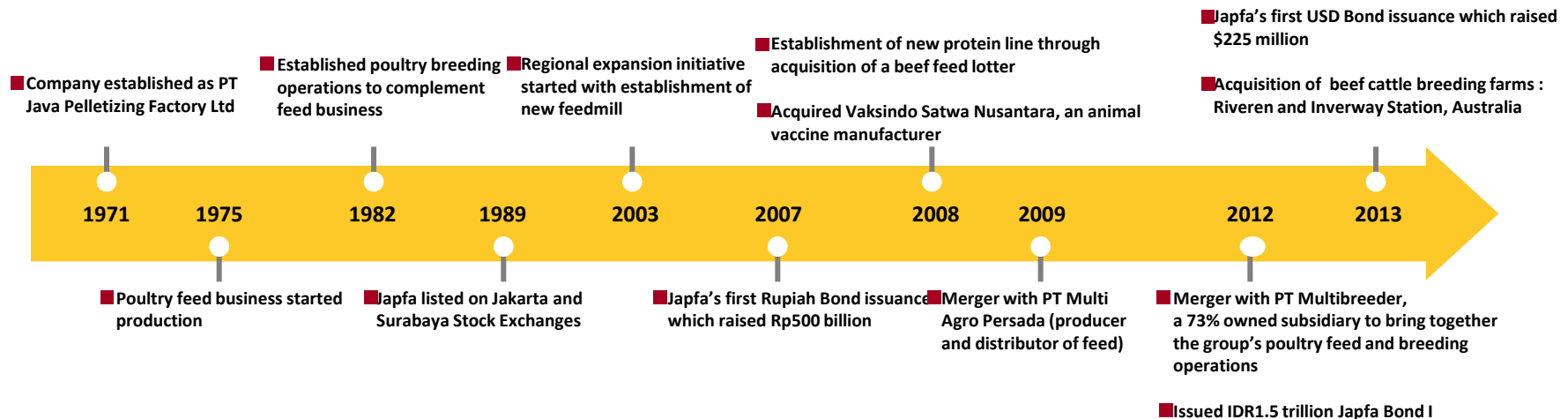
**Tan Yong Nang**  
Director

Year of agri  
experience: 7



**Rachmat Indrajaya**  
Independent  
Director

Year of agri  
experience: 7



Japfa's management team has significant industry experience and has successfully led the Company through various cycles



## Financial Highlights

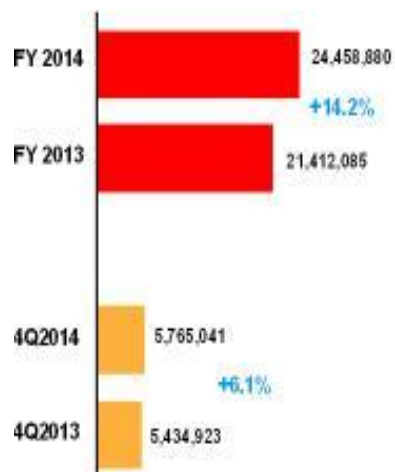


(In Mln. Rp.)	4Q2014	4Q2013	%change		FY2014	FY2013	%change	
<b>PT Japfa Comfeed</b>								
Revenue	5,765,041	5,434,923	+6.1%	▲	24,458,880	21,412,085	+14.2%	▲
Gross Profit	807,783	588,083	+37.4%	▲	3,425,574	3,617,845	-5.3%	▼
Gross profit margin	14.0%	10.8%	+3.2ppt	▲	14.0%	16.9%	-2.9ppt	▼
Operating profit	273,637	134,319	+103.7%	▲	1,275,765	1,802,636	-29.2%	▼
PAT	4,938	-178,287	+102.8%	▲	384,846	640,637	-39.9%	▼
PAT margin	0.1%	-3.3%	+3.4ppt	▲	1.6%	3.0%	-1.4ppt	▼

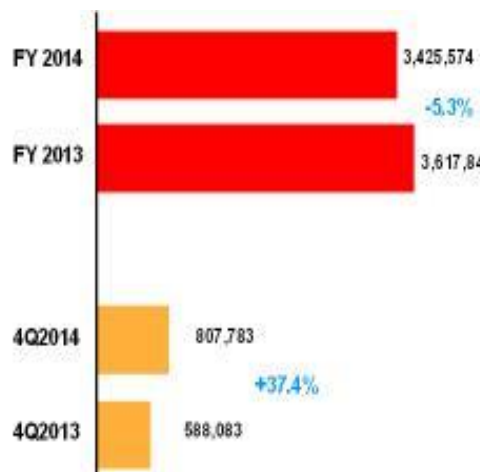
# Financial Performance



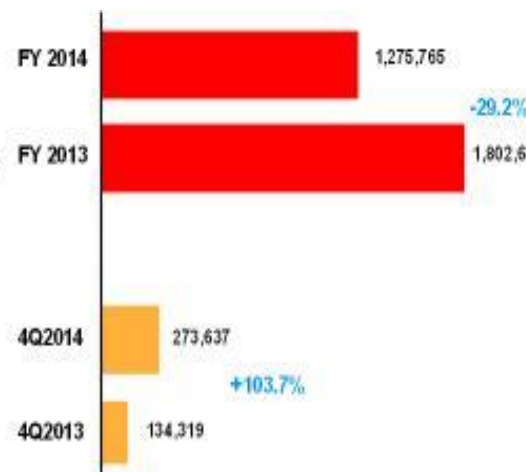
## Revenue (In Mln Rp.)



## Gross Profit (In Mln Rp.)



## Operating Profit (In Mln Rp.)



## PAT (In Mln Rp.)



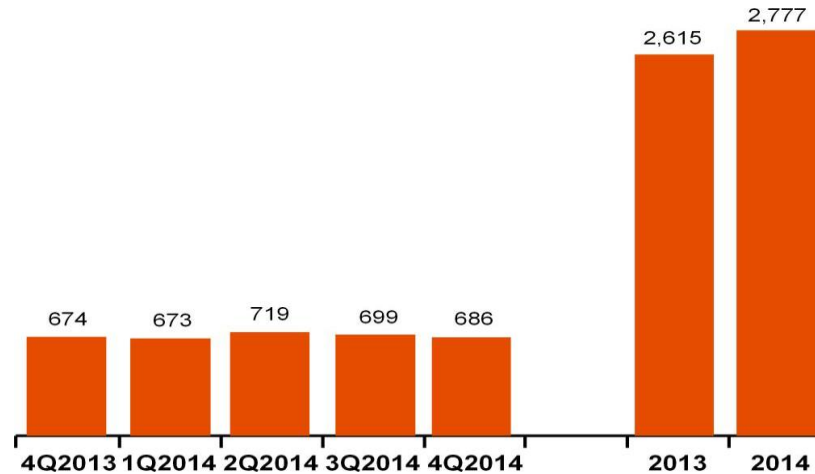
### 4Q2014

- Improvements in Feed margin due to lower raw material cost, i.e., corn and soybean meal
- Day-Old Chick (DOC) prices remained under pressure due to a fall in purchasing power and DOC oversupply; production cut was implemented in 4Q14
- Broiler prices also came under pressure. However, as low DOC prices translated into lower costs, the broiler business broke even
- 4Q 2013 PAT hurt by losses incurred from the depreciation of Indonesian Rupiah by 20% in 2H 2013

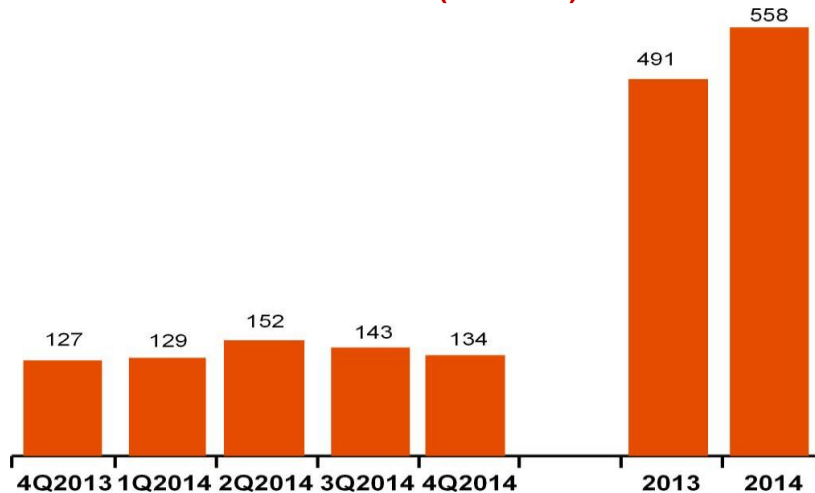
### FY2014

- Revenue stayed firm due to broad-based sales volume growth across all product segments
- YoY improvements to Feed margin offset by weaker margins attributable to Breeding and Commercial Farming businesses; overall margin shrinkage led to fall in gross profit by 5.3% YoY and decline in PAT by 39.9% YoY
- Foreign exchange adjustments losses narrowed from Rp 316.5 billion in FY2013 to Rp 77.6 billion in FY2014

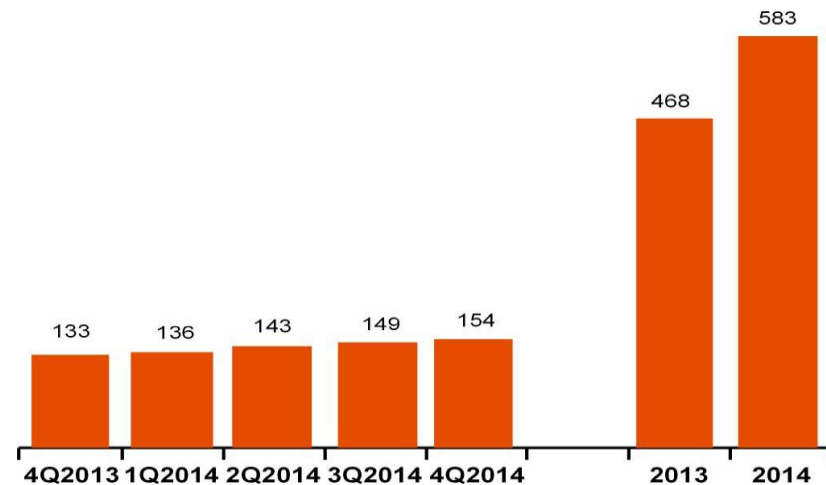
**Animal Feed – Poultry: Sales Volume ('000 tons)**



**DOC – Broiler: Sales Volume (mil birds)**



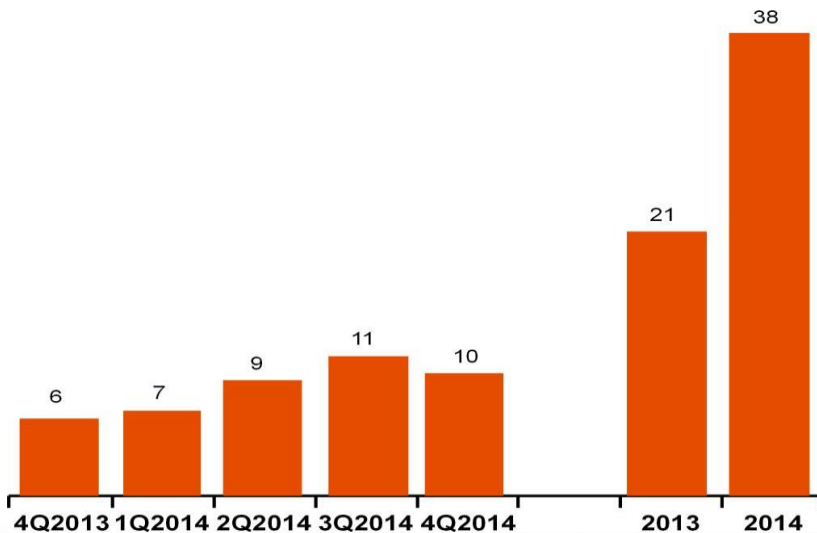
**Commercial Farm- Live Birds : Sales Volume ('000 tons)**



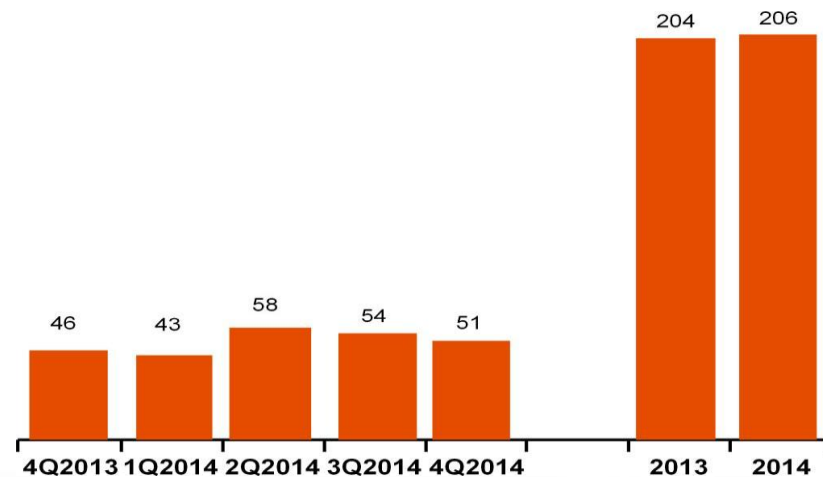


# Operational Performance

Beef – Live Cattle: Sales Volume ('000 tons)



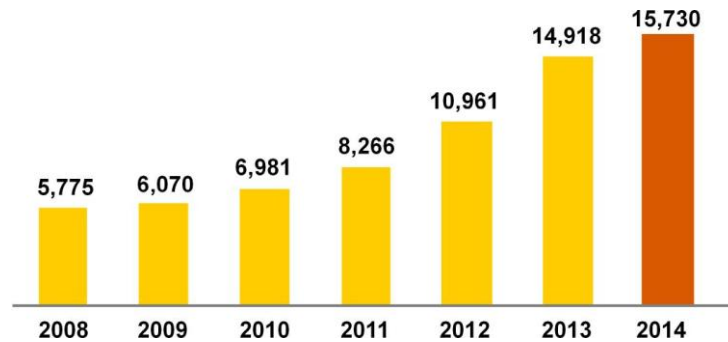
Aquaculture – Aqua-feed: Sales Volume ('000 tons)



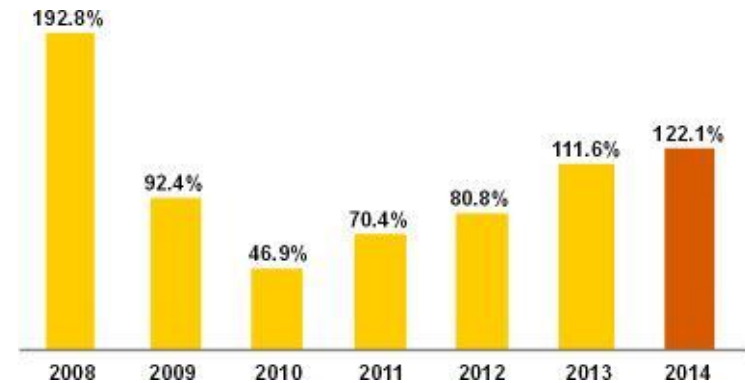
# Proven financial track record

## Total Assets

(In IDR billion)

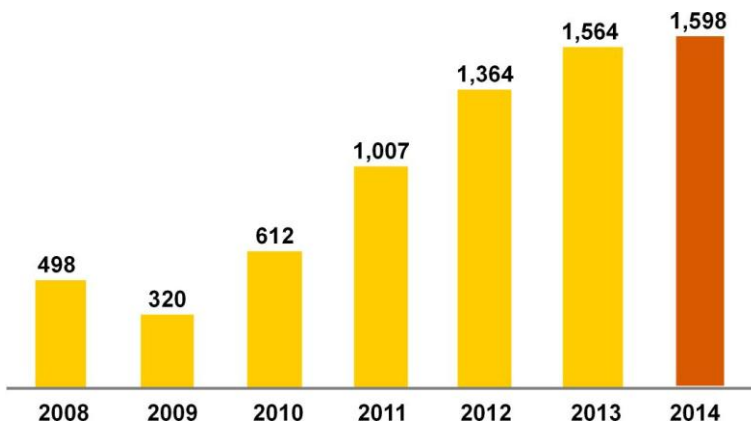


## Net Debt / Equity



## CAPEX

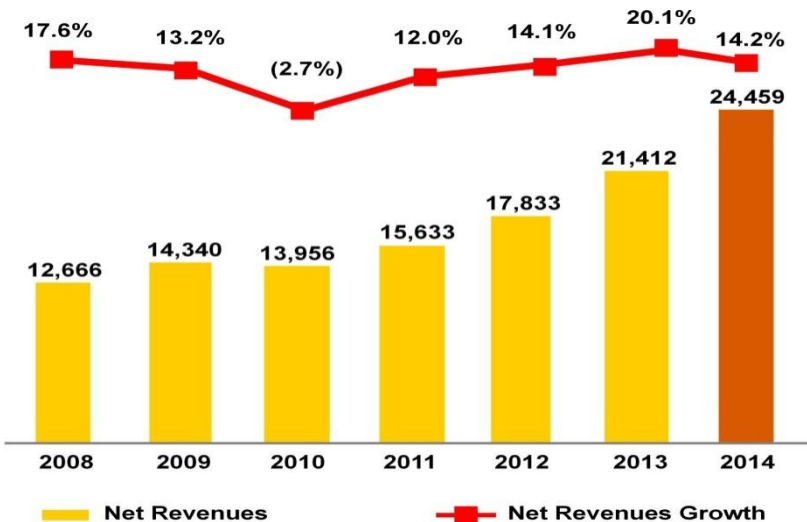
(In IDR billion)



# Proven Financial Track Record

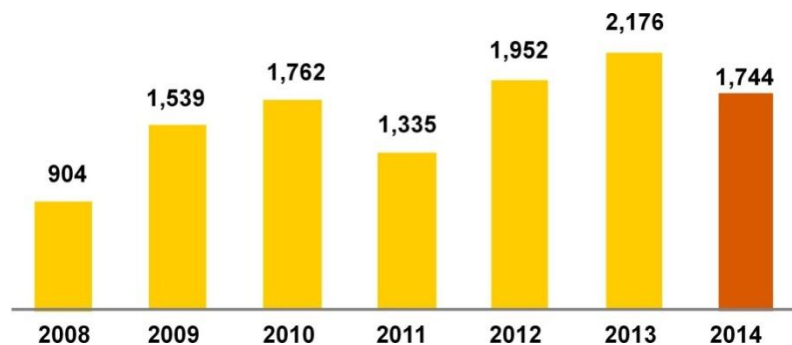
## Net Revenues

(In IDR billion)



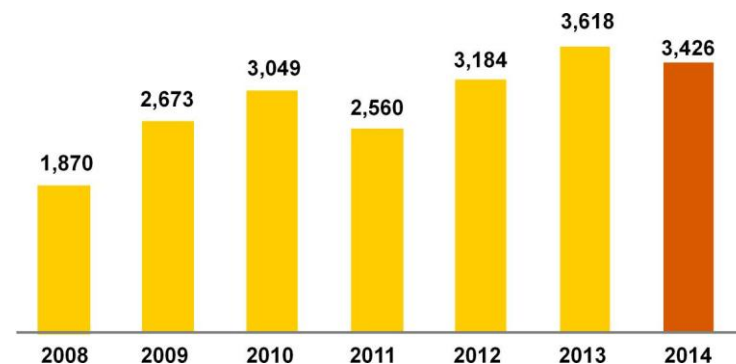
## EBITDA

(In IDR billion)



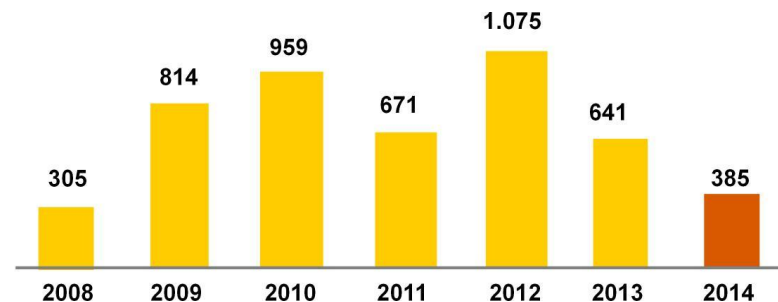
## Gross Profit

(In IDR billion)



## Net Profit

(In IDR billion)



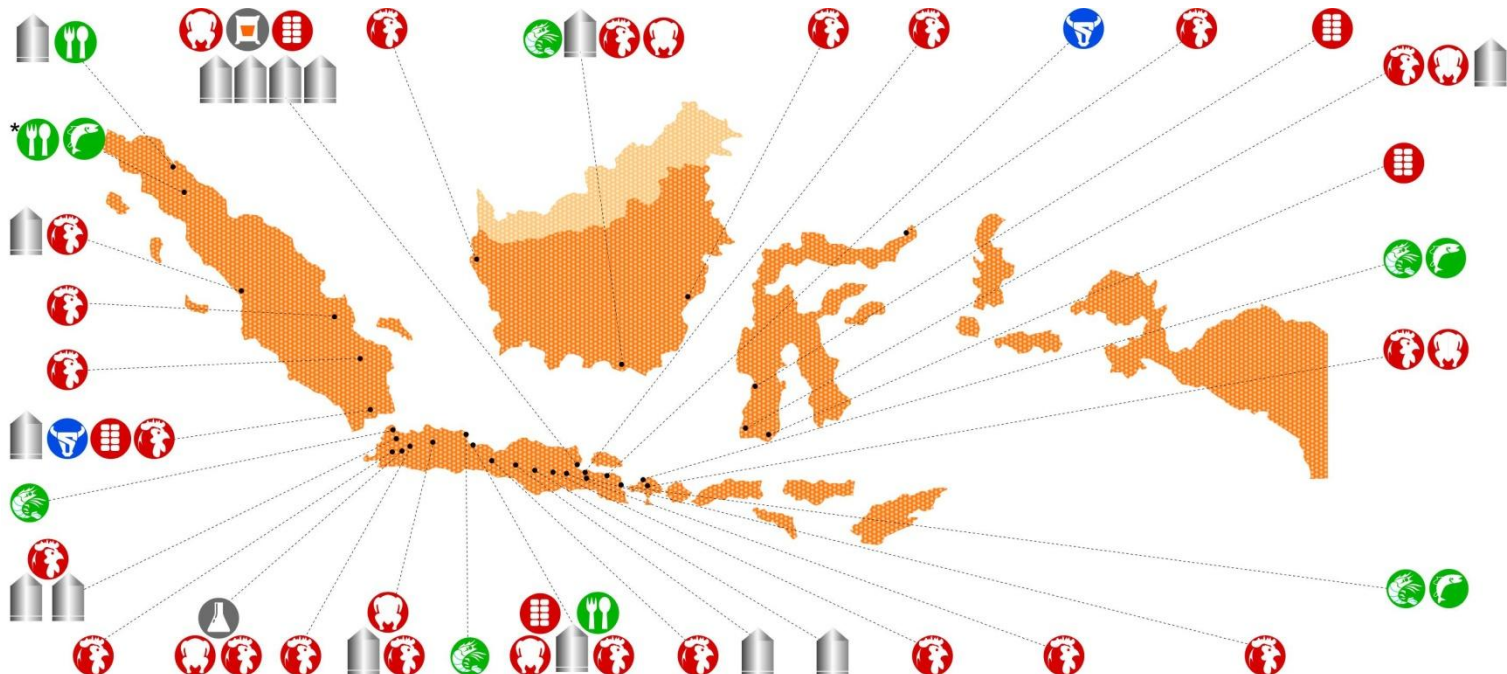






# Appendix

# Pan-national distribution platform

## Deep national coverage with strong local knowledge



 Pabrik Pakan Ternak / Animal Feedmills	Medan, Padang, Lampung, Tangerang, Cikande, Purwakarta, Cirebon, Sragen, Grobogan, Sidoarjo, Gresik, Gedangan, Surabaya, Banjarmasin, Makassar	 Beef Cattle Feedlot	Lampung, Probolinggo, Darwin (Australia)
 Peternakan & Sentral Penetasan / Breeding Farms & Central Hatcheries	Lampung, Palembang, Jambi, Padang, Purwakarta, Bogor, Serang, Subang, Sukabumi, Pemalang, Pasuruan, Malang, Mojokerto, Semarang, Jombang, Kediri, Boyolali, Bali, Manado, Makassar, Pontianak, Samarinda, Banjarbaru	 Shrimp Ponds & Hatcheries	Carita, Anyer, Indramayu, Banyuwangi, Bali, Bati-bati
 Rumah Potong Ayam / Slaughter House	Sadang, Parung, Pabelan, Makassar, Bali, Krian, Bati-Bati	 Fish Farming & Hatcheries	Lake Toba, Simalungun, Banyuwangi, Bali
 Pengeringan Jagung / Corn Dryer	Lampung, Brebes, Gowa, Grobogan, Pare-pare	 Seafood Processing Unit	Medan, Cirebon, Simalungun (*under construction)
		 Woven Plastic Bag Factory	Wonoayu
		 Pabrik Vaksin Hewan / Animal Vaccine Factory	Bogor

Note: (1) Japfa has 61 breeding farms and not all the farms are reflected on the map.

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