



PT JAPFA COMFEED INDONESIA Tbk



**INVESTOR PRESENTATION
FY 2016**

Agenda

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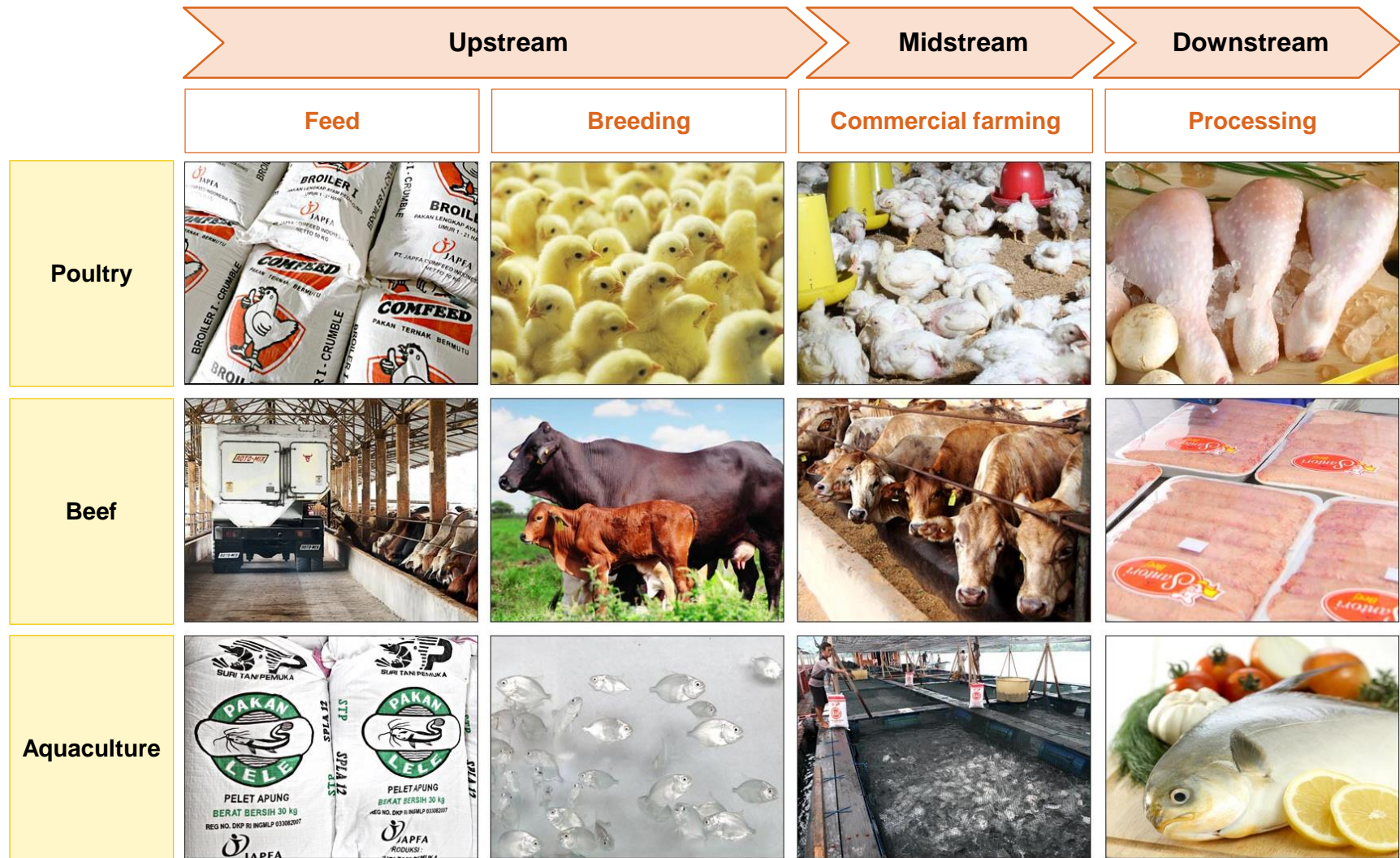
Other Financial Highlights

1. 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, 66 breeding farms and 24 hatcheries across Indonesia
 - ✓ Over 100 company farms and over 9,000 contract farms
- 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

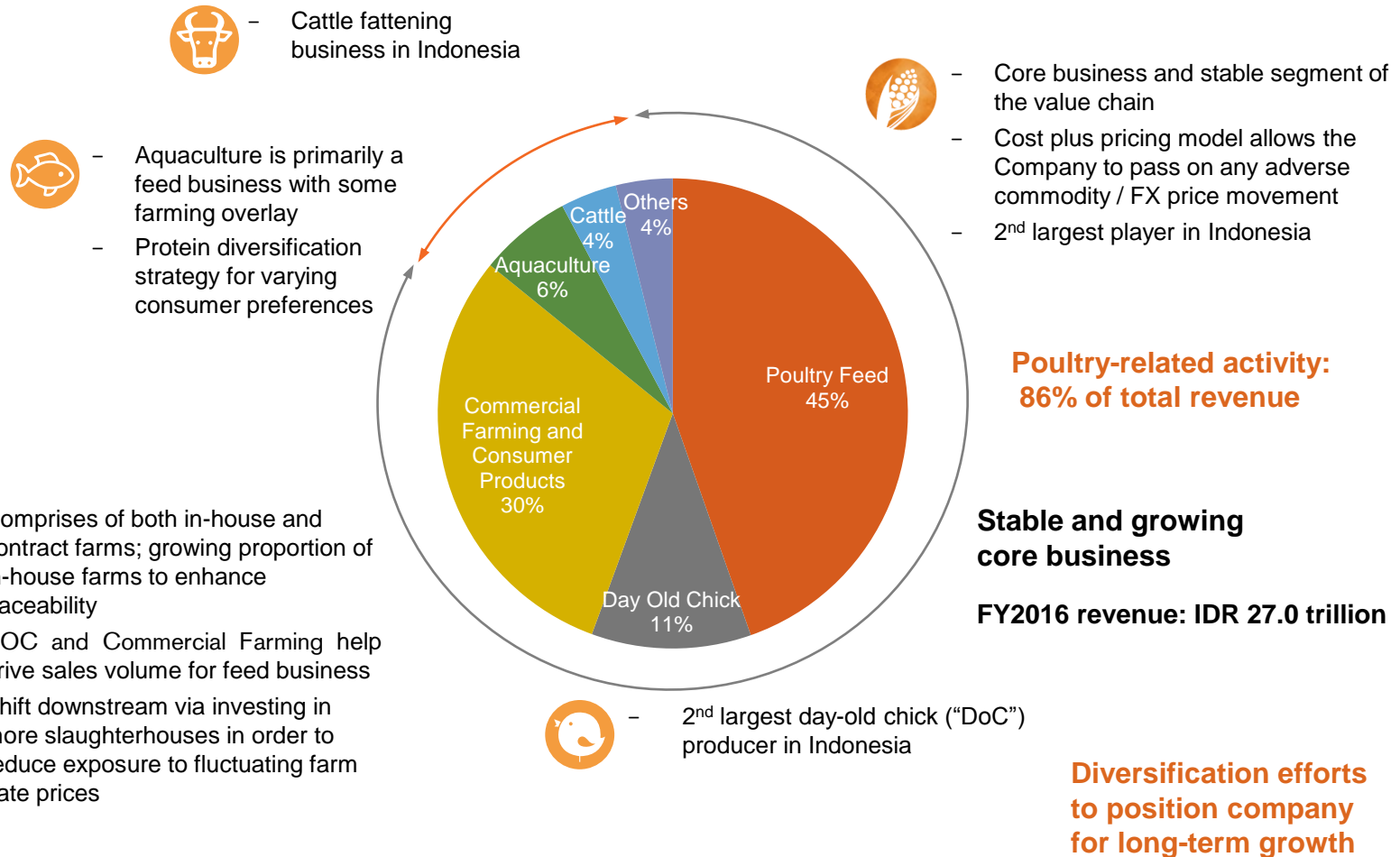


D Standardization

- 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

Japfa: Well positioned for long-term growth

Poultry leader with growing presence in other proteins



2. 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 Japfa Ltd: A Leading Pan-Asian Industrialized Agri-Food Company

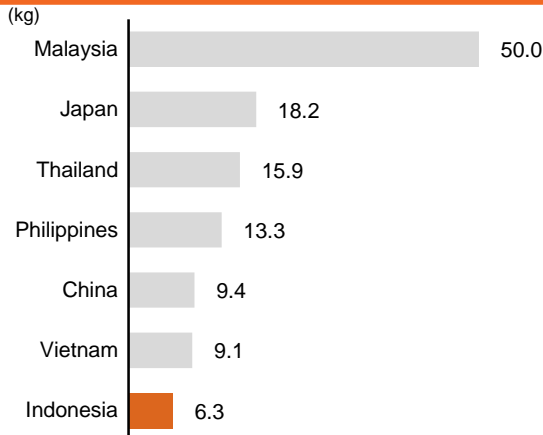
5 Experienced and tenured management team

1

Attractive industry dynamics driven by strong structural growth in protein consumption

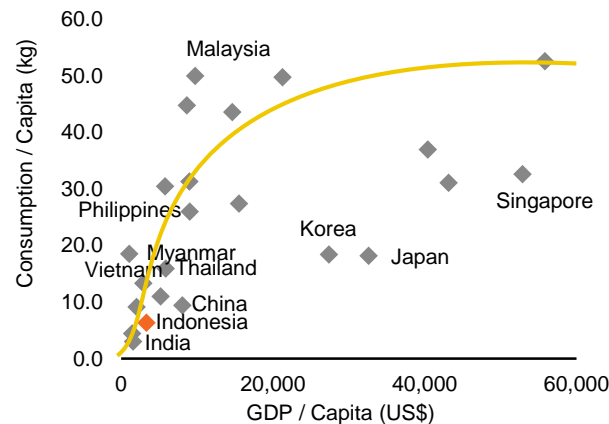
- ✓ Ample room for sustained growth in business locations with one of the lowest poultry consumption per capita rates in Asia.
- ✓ Strong projected growth in GDP per capita to underpin growing protein consumption
- ✓ “Meat-of-choice” given poultry’s relative affordability, religious neutrality, consumer 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

One of the lowest poultry consumption per capita in Asia (2015)



Source: BMI, Euromonitor

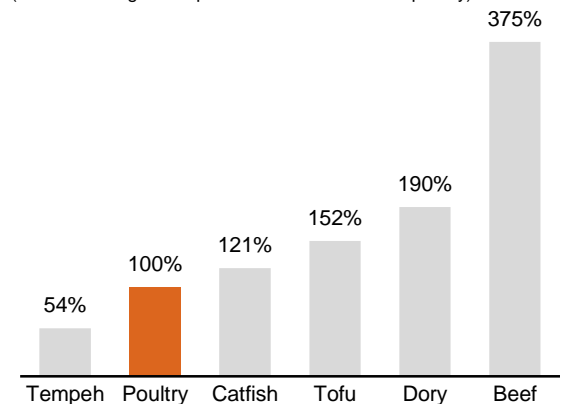
Positive correlation between income levels and meat consumption (2015)



Source: BMI, Euromonitor, EIU

Affordable form of meat protein (2016)

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

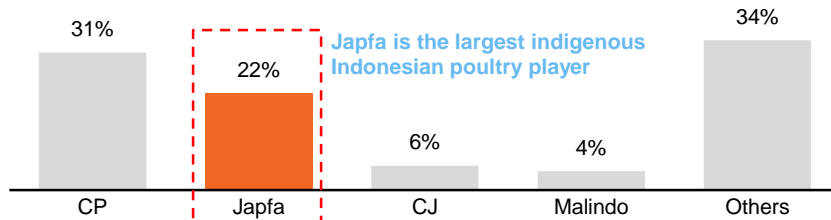


Source: Trimegah Securities Research

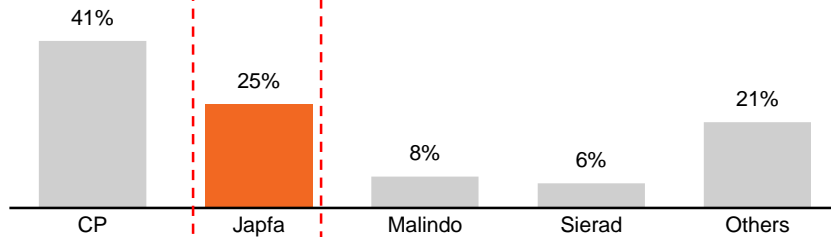
Leading integrated poultry national champion with nationwide footprint

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

WILAYAH OPERASIONAL PERUSAHAAN
WORK AREAS AND OPERATIONAL MAP

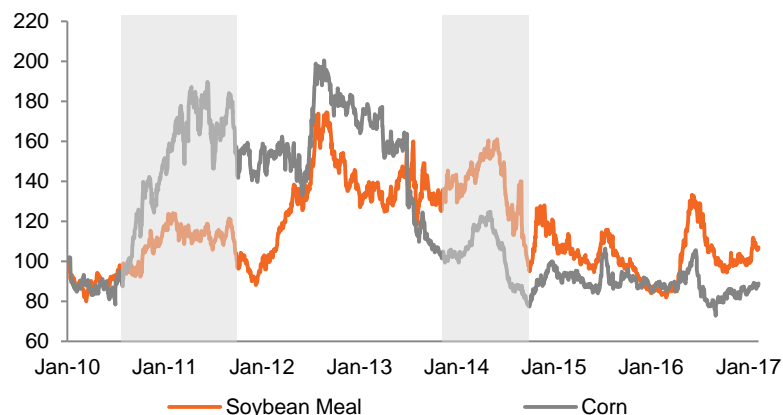


- ✓ Logistical feat given that Indonesia is an archipelago; serves as a barrier to entry and helps defend the Company's market position
- ✓ Wide geographical reach offers unparalleled access to both poultry farmers and domestic corn producers
- ✓ Key to tapping pockets of demand across the country given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

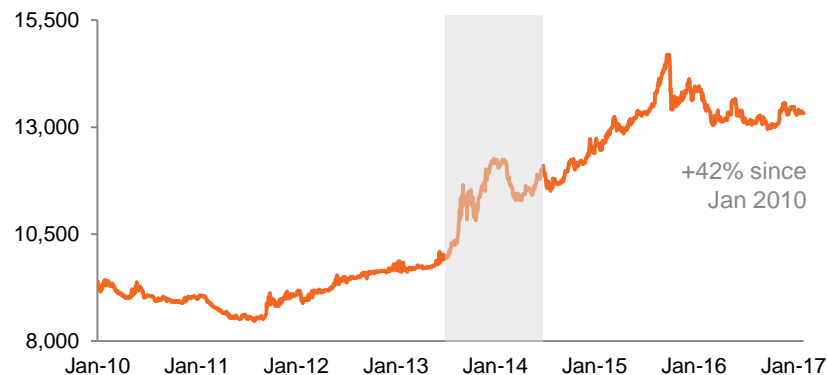
Core feed business offers stable profitability

Constitutes >50% of Group's operating profit

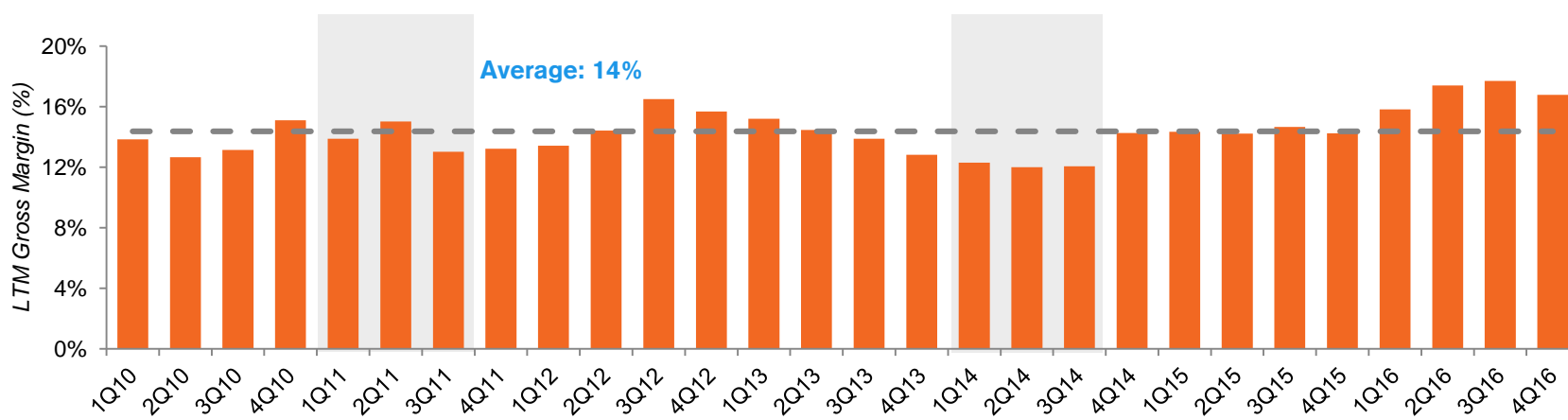
Despite volatile commodity prices...



...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

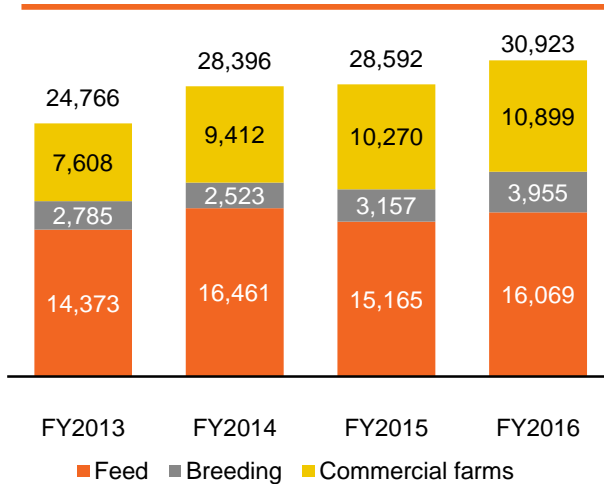


Source: Bloomberg, Company information

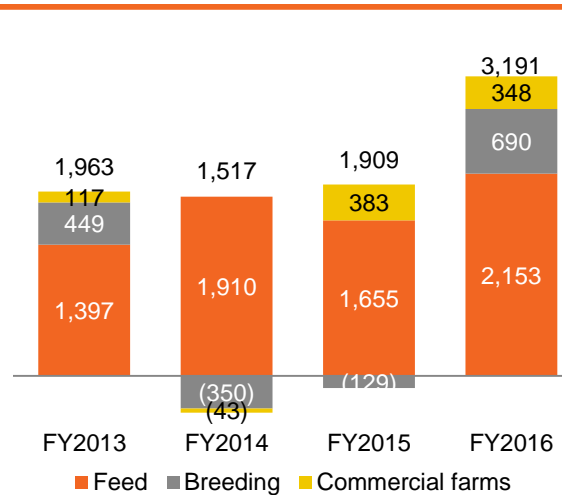
Core feed business offers stable profitability

Poultry: 4-year segmental trends

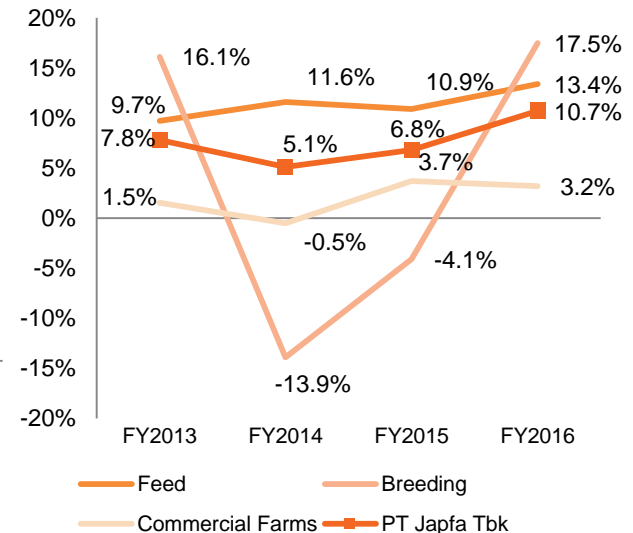
Revenues (IDR Billion)



Operating Profit (IDR Billion)



Operating Profit Margin (%)



- The poultry business (Feed, Breeding and Commercial Farms) represents the majority of the Company's revenue and profits
- Revenue trend was mainly impacted by the weakening of Rupiah and lower volumes in FY2015
- Profitability in FY2014 to FY2015 was affected by the poultry market downturn from 3Q2014 to 2Q2015
- Nonetheless, our Feed business continues to be the stable pillar of our profitability
- Our ability to pass on raw material costs increases in our Feed selling prices is reflected in our stable Feed operating margins, even during the periods of Rupiah volatility and the poultry market downturn



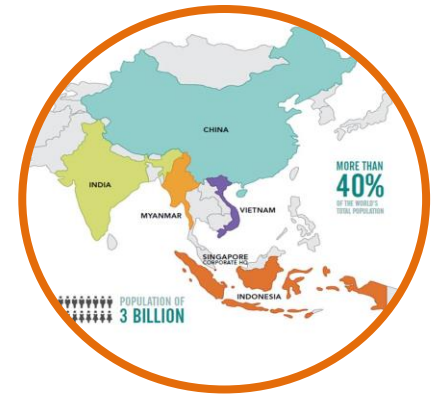
WHAT WE DO

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



WHERE WE ARE

We employ over 32,000 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



Poultry market leading positions

Poultry Feed Production Volume¹

DOC Production¹

DOC Production²

Poultry Feed Capacity²

DOC Capacity²

Indonesia	22%	#2
Indonesia	25%	#2
Vietnam	20%	#3
Myanmar	31%	#2
Myanmar	21%	#2



Leading downstream consumers brands that are key drivers for future growth

Dairy

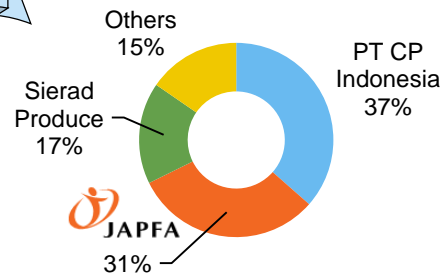
Frozen Consumer Food¹

Ambient Temperature Consumer Food¹

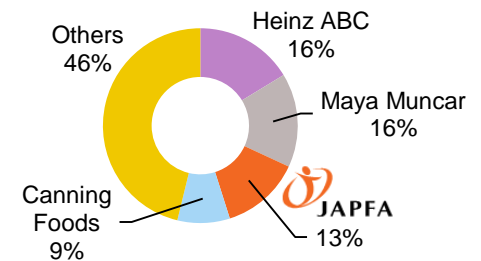
#1



#2



#3



Greenfields, #1 brand of Fresh Pasteurized Milk in Indonesia³

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: 12



Hendrick Kolonas
Vice President
Commissioner

Year of agri
experience: 21



**Retno Astuti
Wibisono**
Independent
Commissioner

Year of agri
experience: 16



**Ignatius Herry
Wibowo**
Independent
Commissioner

Year of agri
experience: 18



Jaka Prasetya
Commissioner
(KKR's Nominee)

Year of finance
experience: 15

Board of Directors



Handojo Santosa
President
Director

Year of agri
experience: 30



**Bambang
Budi Hendaro**
Vice President
Director

Year of agri
experience: 38



**Koesbyanto
Setyadharma**
Director

Year of agri
experience: 28



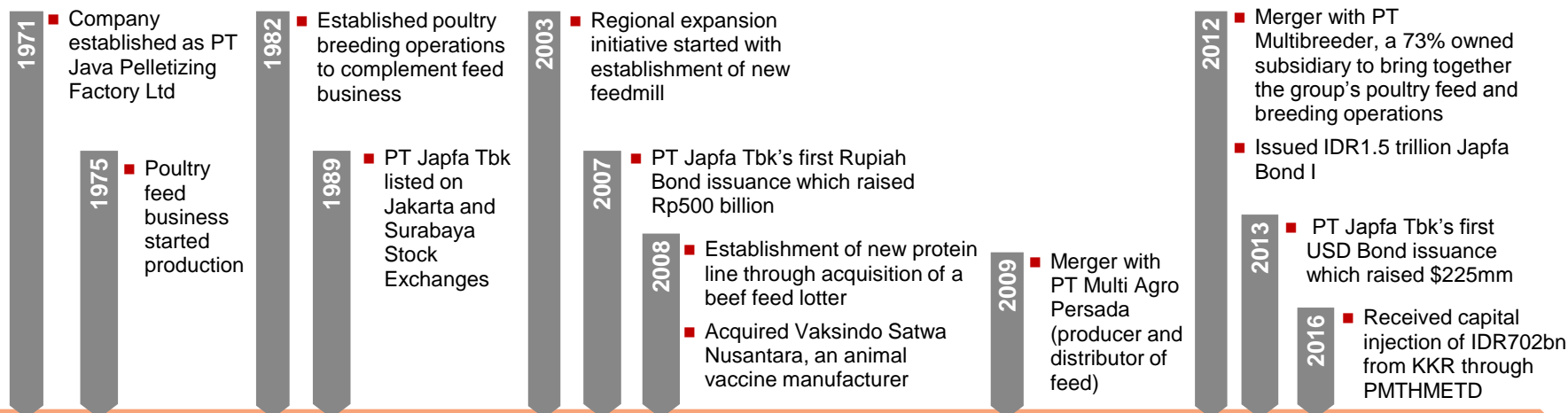
Tan Yong Nang
Director

Year of agri
experience: 9



Rachmat Indrajaya
Independent
Director

Year of agri
experience: 9



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

3. KKR's Investment in the Company



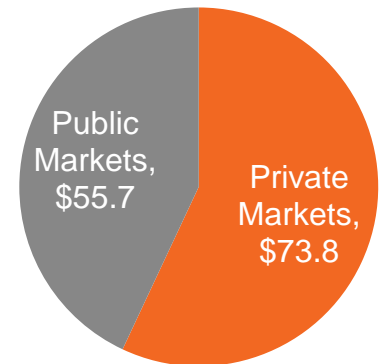
KKR's Investment in the Company

KKR overview

- ✓ Leading global investment firm with US\$130bn of assets under management across a wide range of asset classes including private equity, special situations etc.
- ✓ Global presence with offices in 20 cities across 16 countries to provide **localized, tailored solutions** to our partners
- ✓ Mature Asian franchise with proven track record; over \$11bn invested / committed across 50 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 31 December 2016



Total AuM: US\$129.6bn



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

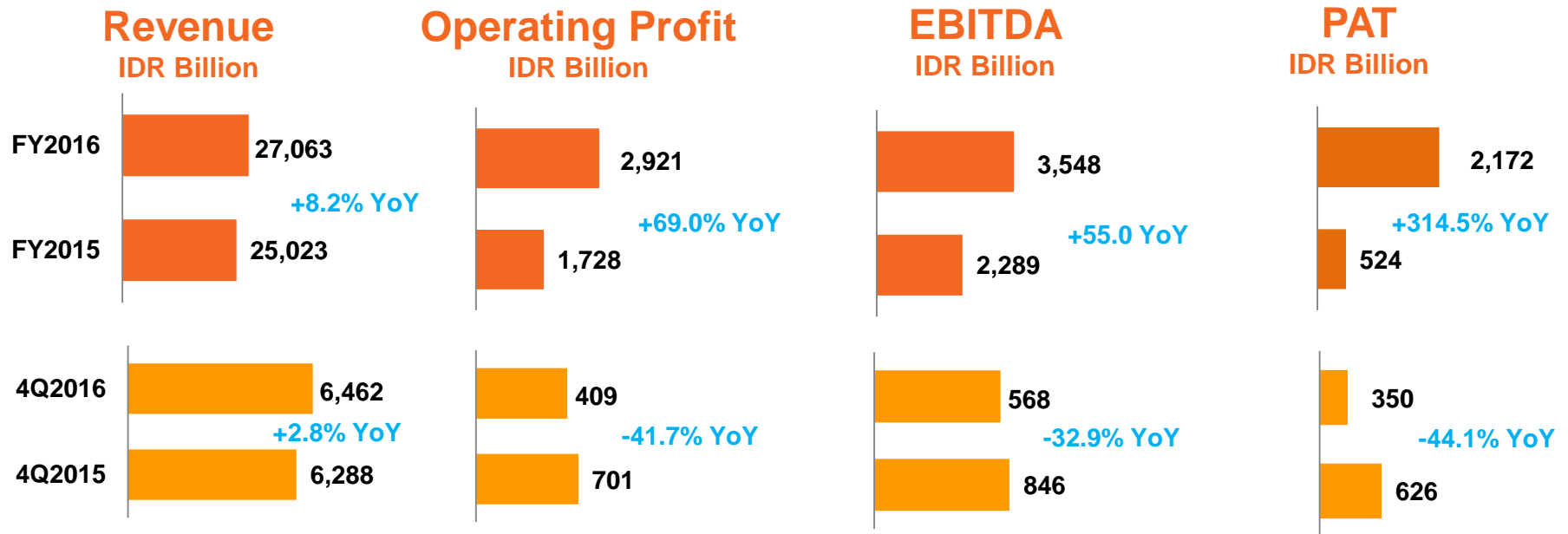
KKR's Value Add and Progress to Date

- 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
- ✓ Improved engagement with credit rating agencies, research analysts and institutional investors
 - ✓ Increased institutional interest in the Company following KKR's investment
 - ✓ Successful refinancing of IDR bond with ongoing discussions on other initiatives to optimize balance sheet and improve debt maturity profile

4. Financial and Operational Highlights



PT Japfa Tbk – Financial Performance



FY2016 revenue and profitability show significant improvement across the board

- Revenue increase driven by higher Feed and DOC sales volumes
- Feed remained the stable pillar of profitability, and Feed margins improved due to lower raw material costs
- Poultry prices were stable throughout FY2016 which led to improved breeding margins, whereas in FY2015, poultry prices only recovered in the second half of 2015
- Commercial Farming sales volume remained stable, and recorded stable margins of 3.2%
- EBITDA and PAT include:
 - an extraordinary gain of Rp46 billion which arises from the sale of the Riveren and Inverway cattle station properties in Australia in August 2016 and an extraordinary gain of US\$0.6 million from the buyback of USD bonds; and
 - other income of Rp224 billion which arises from the sale of the cattle herd at the Riveren and Inverway cattle stations

4Q2016 recorded a lower PAT year-on-year

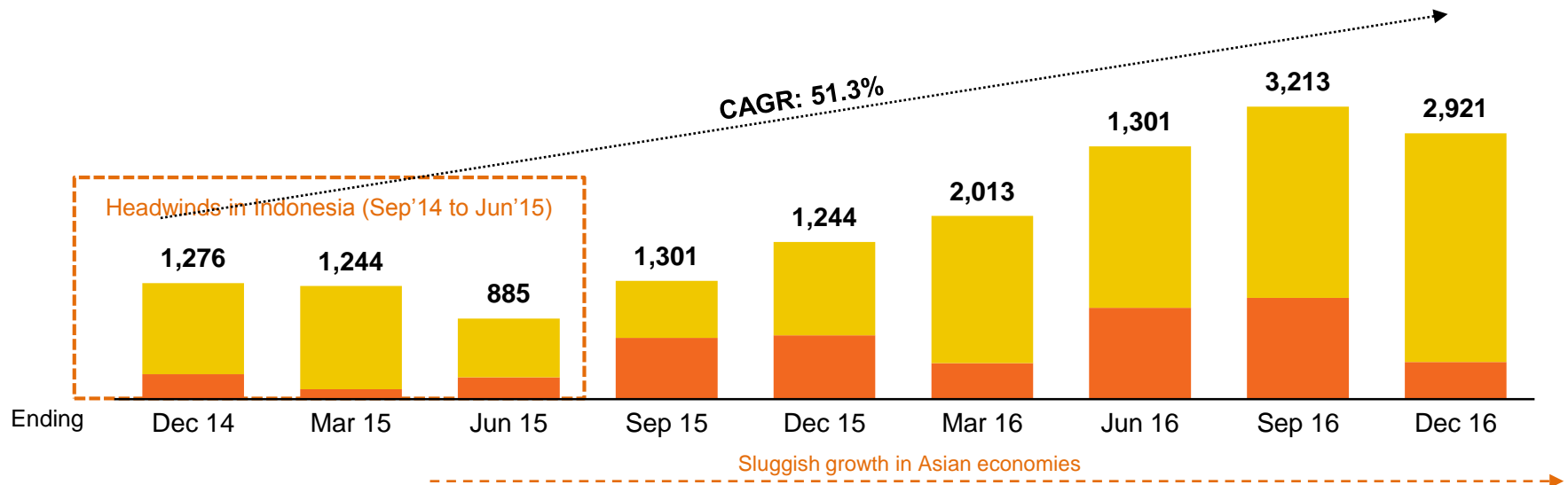
- PBT before forex was Rp570 billion in 4Q2016, compared to Rp562 billion in 4Q2015. PAT, however, dropped because of a Rp151 billion forex loss in 4Q2016, compared to a Rp135 billion forex gain in 4Q2015

PT Japfa Tbk – Stable Performance After Industry Headwinds



- Comparing Rolling 12 months ended December 2015 and December 2016, operating margins increased from 6.8% to 10.7%, due to healthy poultry prices over 12-month period in 2016
- Poultry prices were stable throughout FY2016, whereas in FY2015, poultry prices only recovered in the second half of 2015
- Feed remains as a stable pillar of profitability, with poultry feed volume increasing by 5% over last year

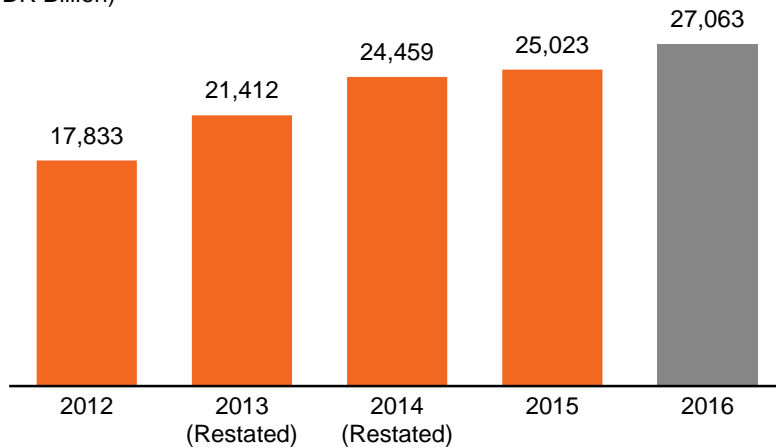
Operating profit (IDR Billion)



Proven financial track record

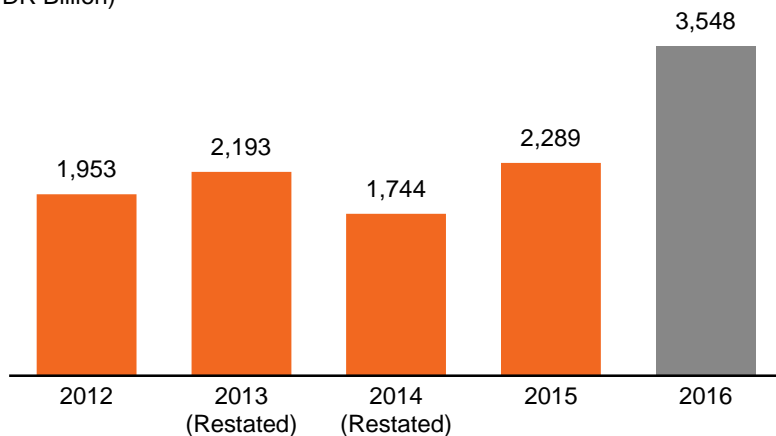
Net Revenues

(IDR Billion)



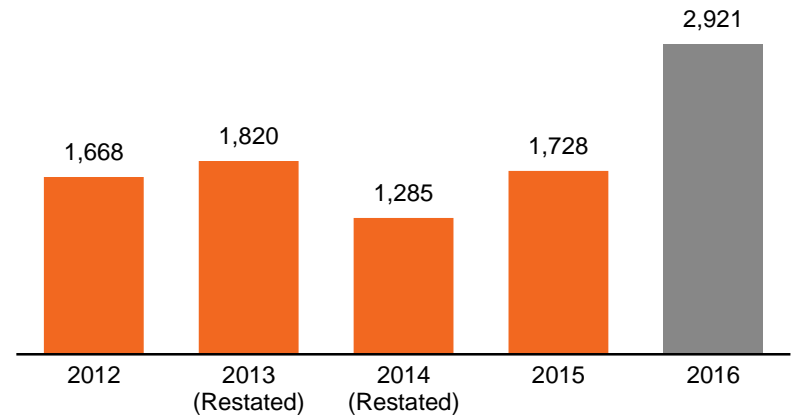
EBITDA

(IDR Billion)



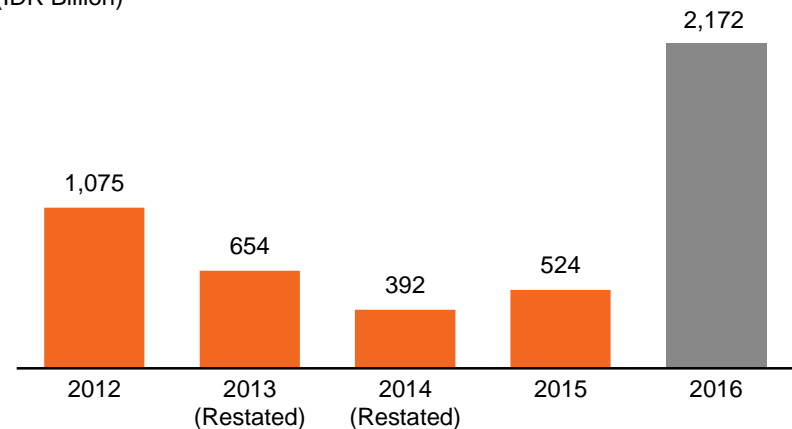
Operating Profit

(IDR Billion)



Net Profit

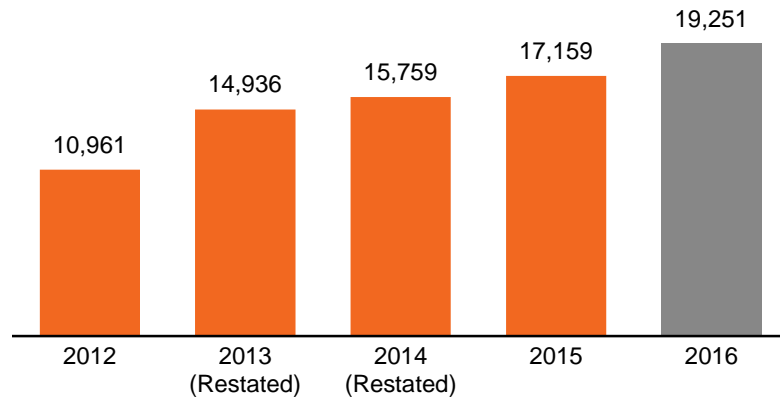
(IDR Billion)



Proven financial track record (Cont'd)

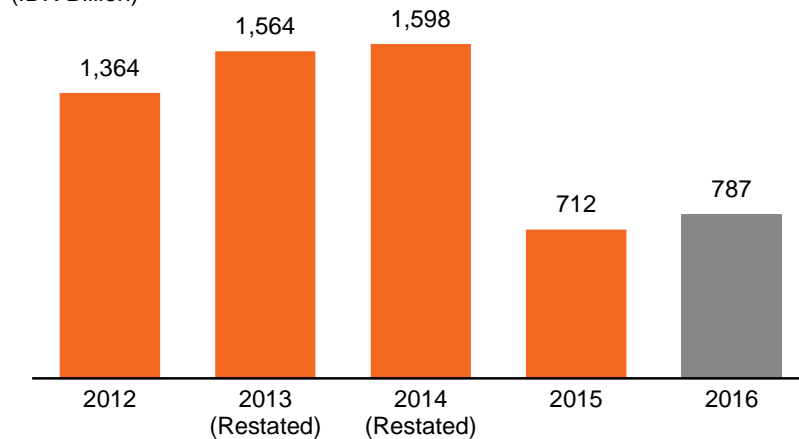
Total Assets

(IDR Billion)

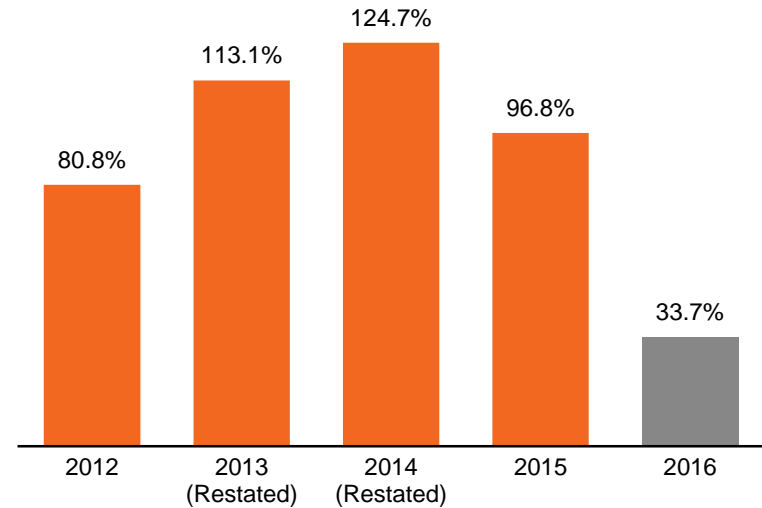


CAPEX

(IDR Billion)



Net Debt / Equity



5. Other Financial Highlights



PT Japfa Tbk - IDR 3 trillion Re-tap Bond Programme

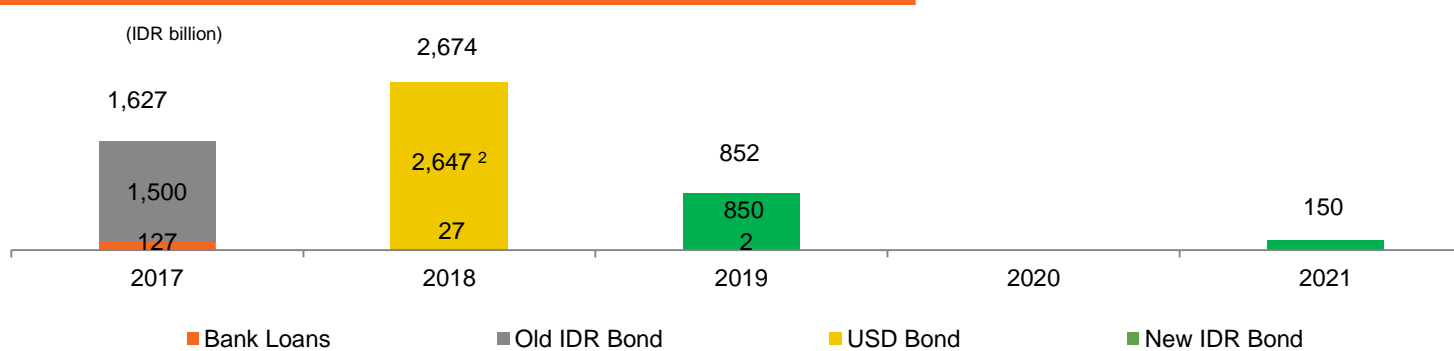
- PT Japfa Tbk established a IDR 3.0 trillion Re-tap Bond Programme, which allows the company to tap the IDR bond market over the next two years.
- Successful 1st Tap of IDR 1.0 trillion launched in Nov 2016.
 - (i) 3-Year : IDR 0.85 trillion due Dec 2019
 - (ii) 5-Year : IDR 0.15 trillion due Dec 2021
- Pricing was successfully completed in Nov 2016, despite great volatility from the U.S. presidential election results.
 - (i) 3-Year: Coupon 9.25% p.a.
 - (ii) 5-Year: Coupon 9.75% p.a.
- Rating for PT Japfa Tbk

	Current Rating	1 st Tap Rating	Notes
Pefindo	A	A	
Fitch	AA-	A+	Upgraded to AA- on 13 Dec 16

- PT Japfa Tbk achieved competitive pricing for its bond issue

PT Japfa Tbk Bond Refinancing Plans

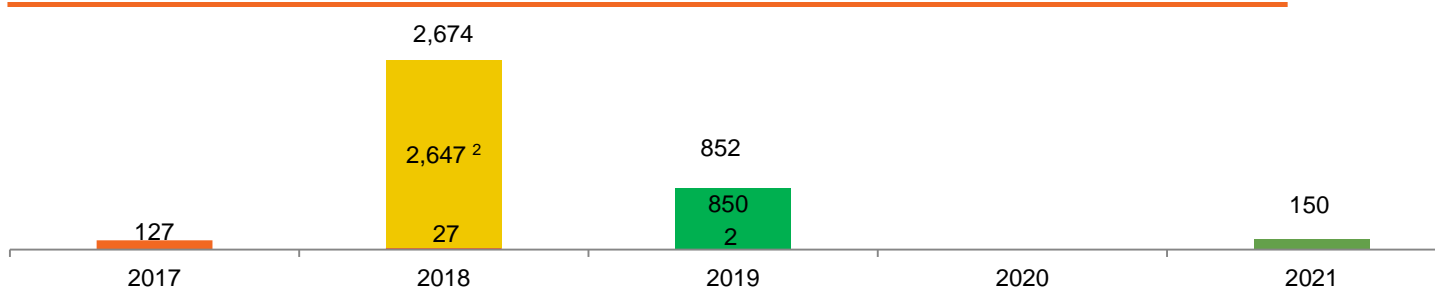
Debt Maturity Profile of Long Term Debt as at 31 Dec 2016¹



The old IDR 1.5 trillion bond was repaid in full Jan/Feb 2017 from:

- IDR 1 trillion – 1st tap of the IDR 3 trillion Re-tap Bond Programme completed in Nov 2016³; and
- IDR 0.5 trillion – Funded by internal resources.

Debt Maturity Profile of Long Term Debt after repayment of old IDR1.5 trillion bond

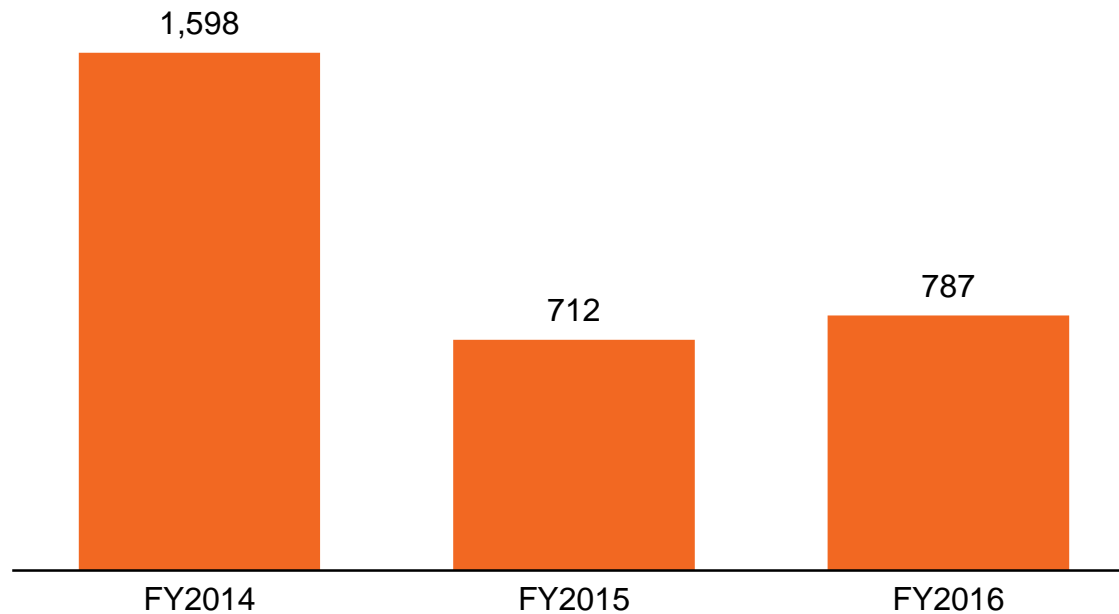


US\$225 million USD bond due in May 2018 can be refinanced as follows:

- US\$28 million has been repurchased up to end Dec 2016, leaving a net balance of US\$197 million; and
- Refinancing of the US\$197 million balance could be from a new IDR bond or USD bond and internal resources.

Capex FY2014 – FY2016

(IDR Billion)



Thank You

