



PT JAPFA COMFEED INDONESIA Tbk



**Investor Presentation
1Q2016**

Company Overview

Key Investment Highlights

Financial Highlights

Appendix



Company Overview

Introduction to PT Japfa Tbk



Established vertically integrated agriculture business with dominant focus in Indonesia

- One of the largest poultry players in Indonesia with FY15 net sales of around Rp25.0 trillion and EBITDA of Rp2.3 trillion.
- Strategically involved in aquaculture and beef offering diversification of revenues
- Listed on IDX for over 20 years with market cap of around Rp6.8 trillion.
- Mostly focused in Indonesia, an attractive high growth animal protein market

Leading market share and strong growth

- PT Japfa Tbk 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 15.5% CAGR from 2007-2015
- As of May 2014, PT Japfa Tbk 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

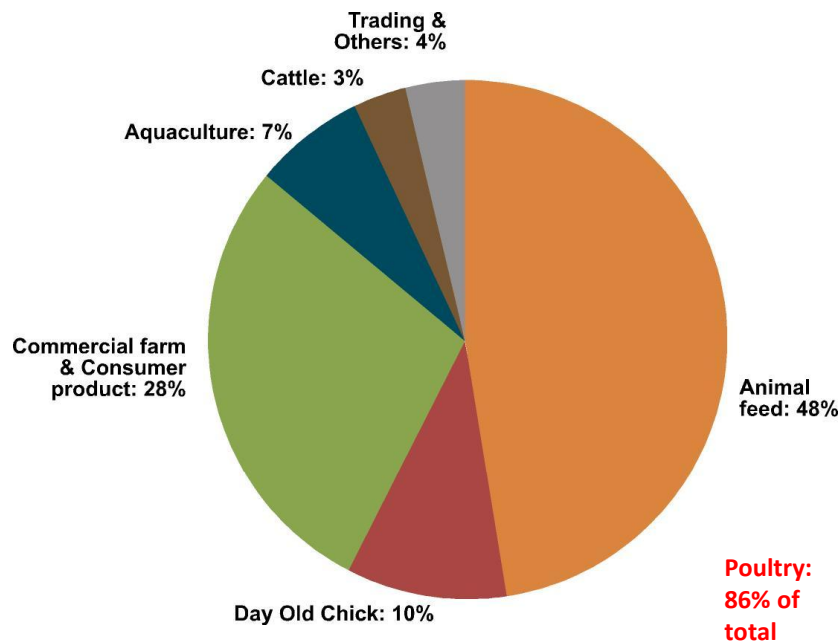
Note: PT Japfa Tbk refers to PT Japfa Comfeed Indonesia Tbk

Core Competencies Across The Value Chain



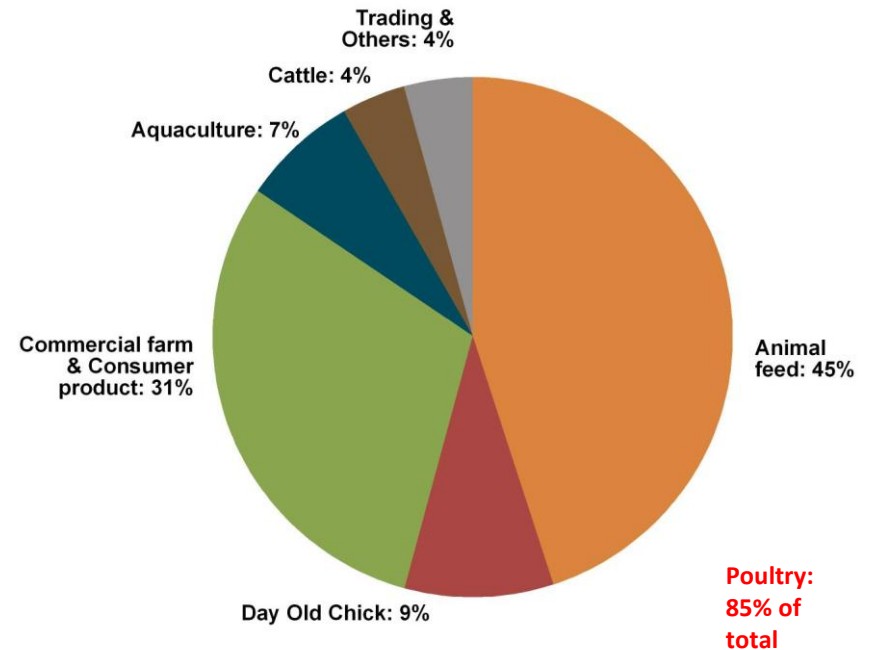
Poultry Contributes Bulk of Revenue and is our Core Business Focus

1Q16 Sales Contribution Per Segment



Total 1Q16 Revenue : Rp. 6.4 Trillion

FY15 Sales Contribution Per Segment



Total FY15 Revenue : Rp. 25.0 Trillion

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

Note: The % sales contributions from operational segments shown above are based on gross sales, which exclude elimination adjustments between segments.



Key Investment Highlights



1

Established market leader in poultry

2

Synergy and efficiency achieved through vertically integrated large scale businesses

3

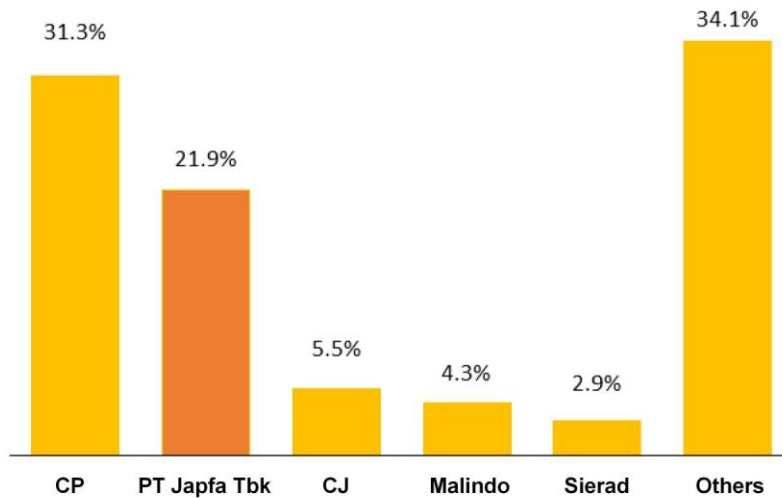
Quality operations supported by state-of-the-art bio security measures

4

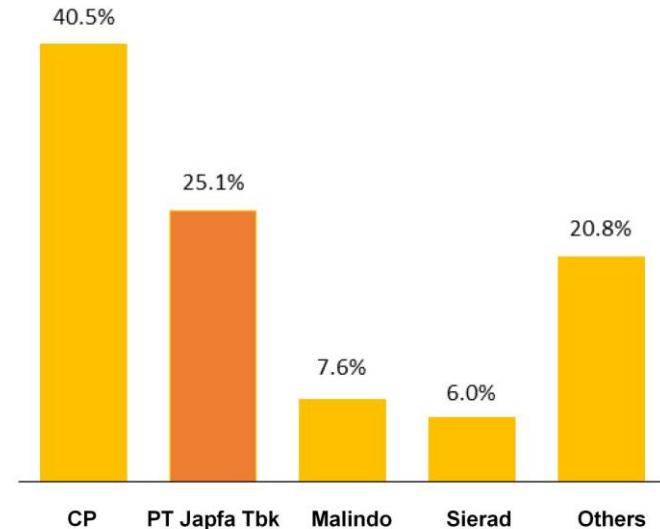
Experienced and professional leadership team

1 Established Market Leader in Poultry

Indonesia animal feed production capacity share ⁽¹⁾



Indonesia DOC production capacity share



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

Note: ⁽¹⁾ Market share calculation in the above table excludes aqua feed

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

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

Note: PT Japfa Tbk refers to PT Japfa Comfeed Indonesia Tbk

2 Synergy and efficiency achieved through vertically integrated large scale business

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

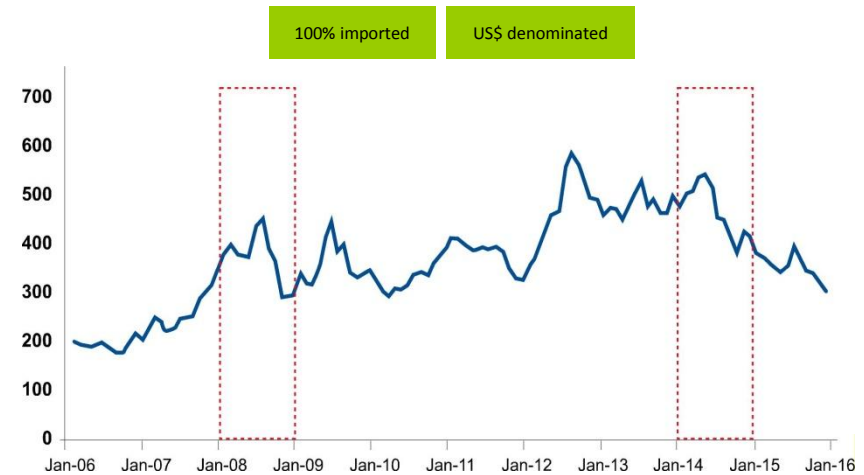


2 Synergy and efficiency achieved through vertically integrated large scale business

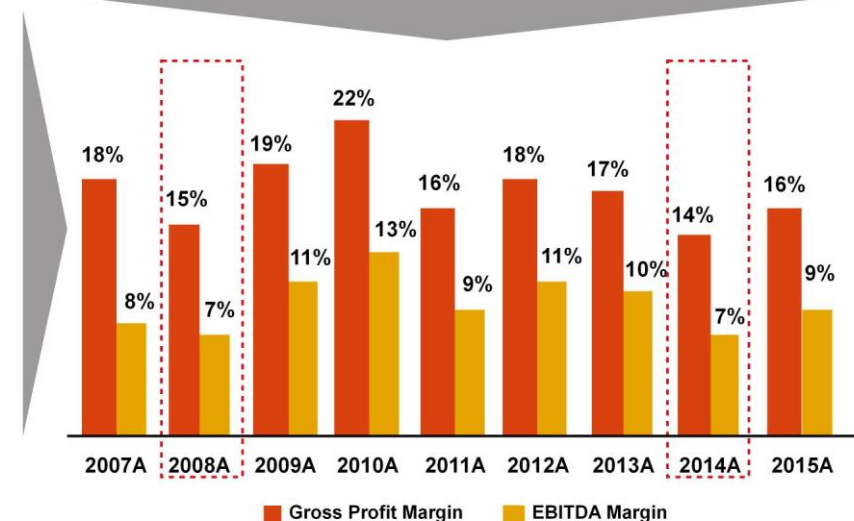
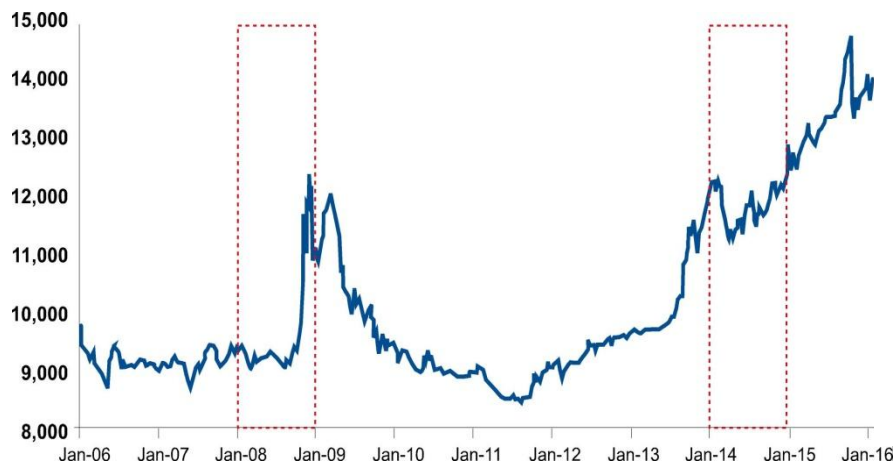
Corn prices (US\$/Bushel)



Soybean meal prices (US\$/ST)



IDR/US\$ exchange rate






PT Japfa Tbk 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 <ul style="list-style-type: none"> ▪ Remote location ▪ Geographical spread 	Sanitation and Disinfection	Full body immersion 	Spray and fumigation 	Traffic Control	Monorail 	Conveyor system 
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B Optimizing flock resistance from diseases

Farm Management <ul style="list-style-type: none"> ▪ Sophisticated animal husbandry practice 	Constant Monitoring <ul style="list-style-type: none"> ▪ 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  
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4 Experienced and professional leadership team

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

Board of Directors



Handojo Santosa
President
Director

Year of agri
experience: 29



**Bambang
Budi Hendarto**
Vice President
Director

Year of agri
experience: 37



**Koesbyanto
Setyadharma**
Director

Year of agri
experience: 27



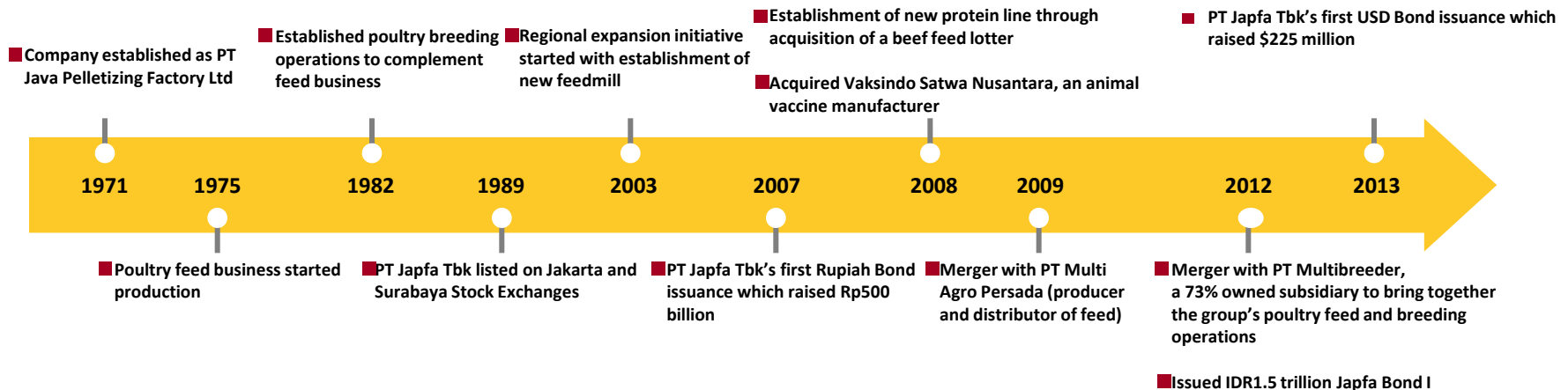
Tan Yong Nang
Director

Year of agri
experience: 8



Rachmat Indrajaya
Independent
Director

Year of agri
experience: 8



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

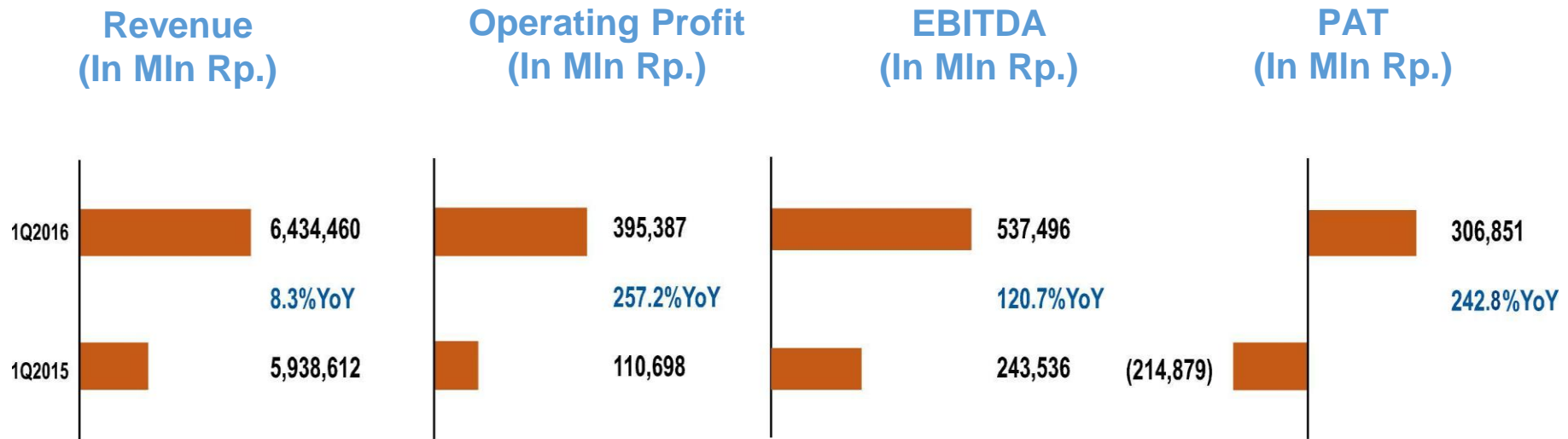


Financial Highlights

Performance Overview

(In Mln. Rp.)	1Q 2016	1Q 2015	% change	
PT Japfa Tbk				
Revenue	6,434,460	5,938,612	+8.3%	▲
Operating profit	395,387	110,698	+257.2%	▲
<i>Operating profit margin</i>	6.1%	1.9%	+4.2ppt	▲
EBITDA	537,496	243,536	+120.7%	▲
<i>EBITDA margin</i>	8.4%	4.1%	+4.3ppt	▲
PAT	306,851	-214,879	+242.8%	▲
<i>PAT margin</i>	4.8%	-3.6%	+8.4ppt	▲

Financial Performance



Profitability has improved across the board in 1Q 2016, with a turnaround in the Indonesia poultry business in 2H 2015

- Revenue increased slightly by 8.3%, because the selling prices of feed, DOC and broilers in 1Q 2016 have improved as compared to 1Q 2015.
- Feed operations continued to provide a stable base of profits, contributing the bulk of operating profit.
- Breeding operations were operating at a loss in 1Q 2015, but with the improved market environment in 2H 2015, breeding operations turned profitable in 1Q 2016.
- Commercial farming margins dropped due to the higher cost of goods sold, recording a loss of Rp67.3bn in 1Q 2016.
- Although there was an increase in administrative expenses (due to an increase in staff costs), operating profit still improved from Rp110.7billion to Rp395.4billion.
- PAT improved from a loss of Rp214.9bn in 1Q 2015 to a profit of Rp306.9bn in 1Q 2016. However, this included a forex turnaround of Rp305bn. Forex gain was Rp127.5bn in 1Q 2016 as compared to forex loss of Rp177.5bn in 1Q 2015.

Poultry: 3-Year Segmental Trends

Revenue
(In Rp. Billion)



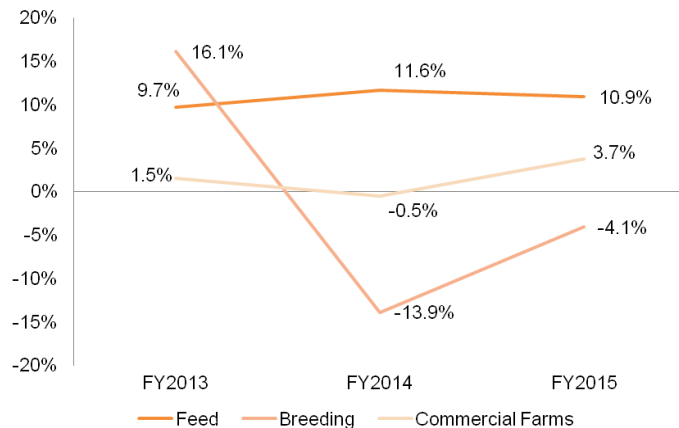
Operating Profit
(In Rp. Billion)



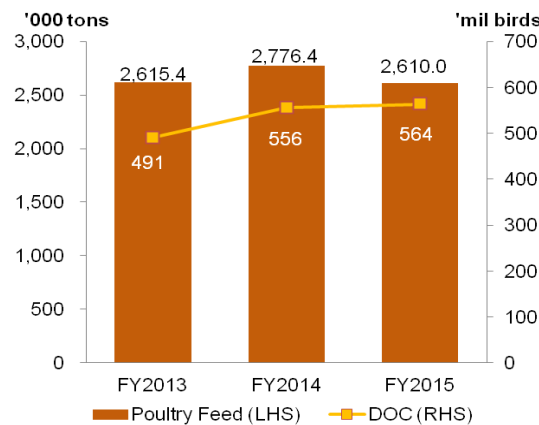
PT Japfa Tbk is one of the core pillars of the Group's business

- Revenue trend was mainly impacted by the weakening of Rupiah 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
- 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 Rupiah volatility

Operating Profit Margin



Poultry Feed and DOC Sales Volume



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

PT Japfa Tbk – USD Debt Exposure

As at 31 March 2016 USD millions	PT Japfa Tbk IDR book
Loans in USD	227
Loans in Local Currency (US\$ equivalent)	316
Total Loans	543
% USD Loans to Total Loans	42%

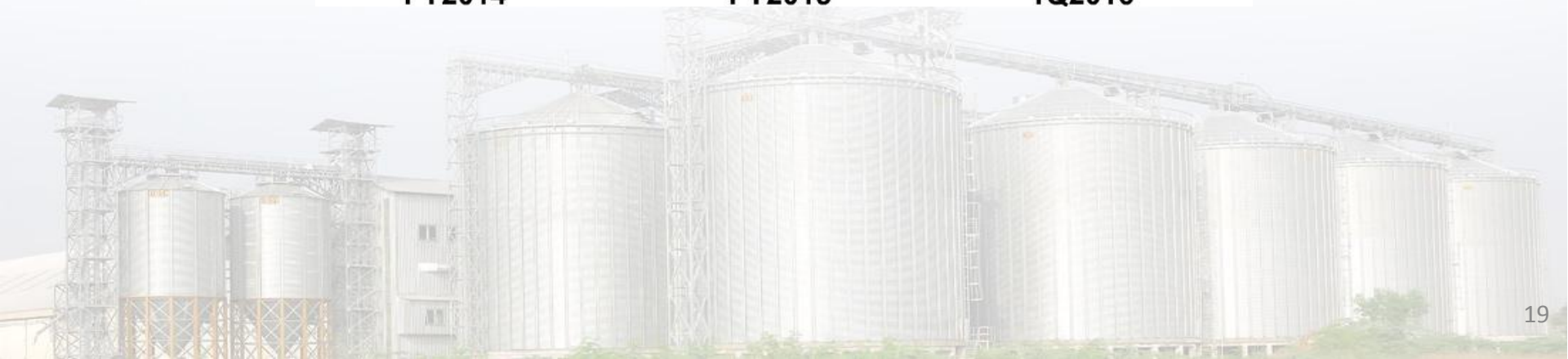
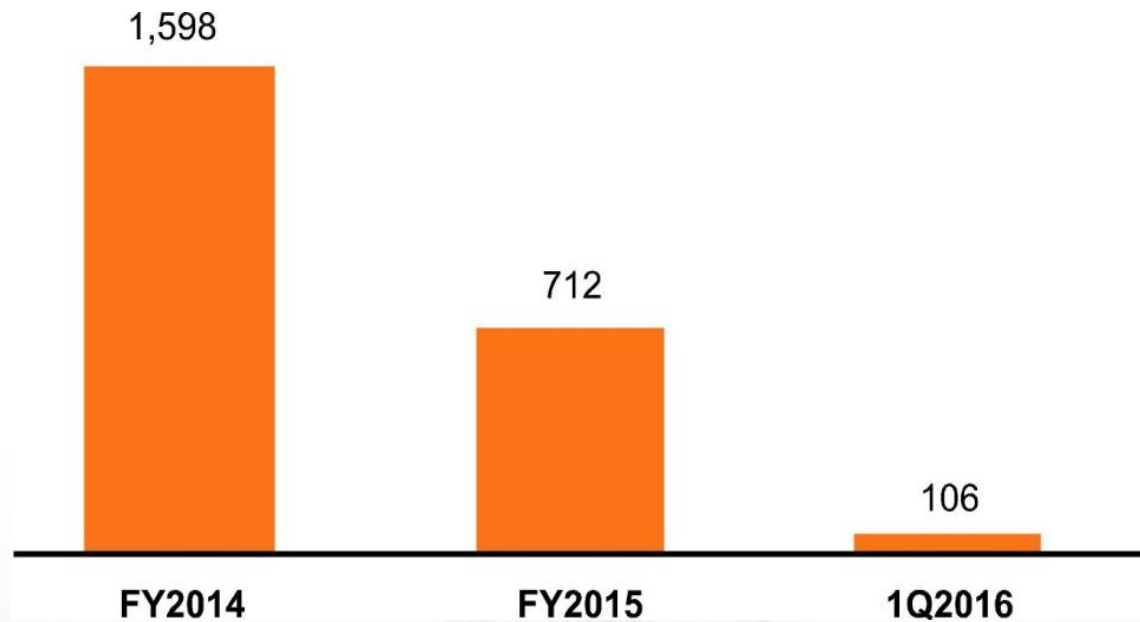
As at 31 March 2016 USD millions	PT Japfa Tbk
USD Debt (gross)	227
USD Bond Buybacks (face value)	(26)
USD Debt (net)	201
Currency Hedging - Operational	67
Currency Hedging - Principal and/or Interest	8
USD Cash	27
Total Hedging + Cash	102

■ PT Japfa Tbk

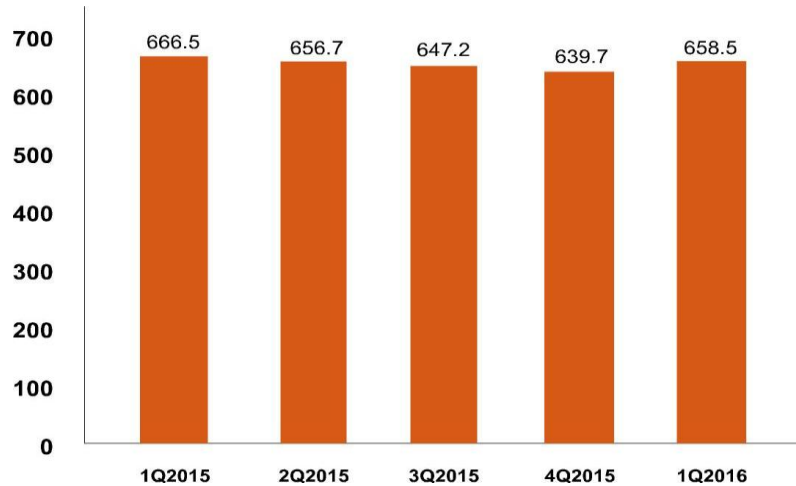
1. Minimal operational currency exposure as able to pass on Rupiah changes by adjusting feed selling prices
2. Operational hedges are applied in effect to cover the USD bond exposure
3. We have a natural hedge as we typically hold more than US\$150m of USD-linked raw material inventory
4. Buyback of USD bonds from secondary market also reduces USD debt exposure

Capex FY2014 - 1Q2016

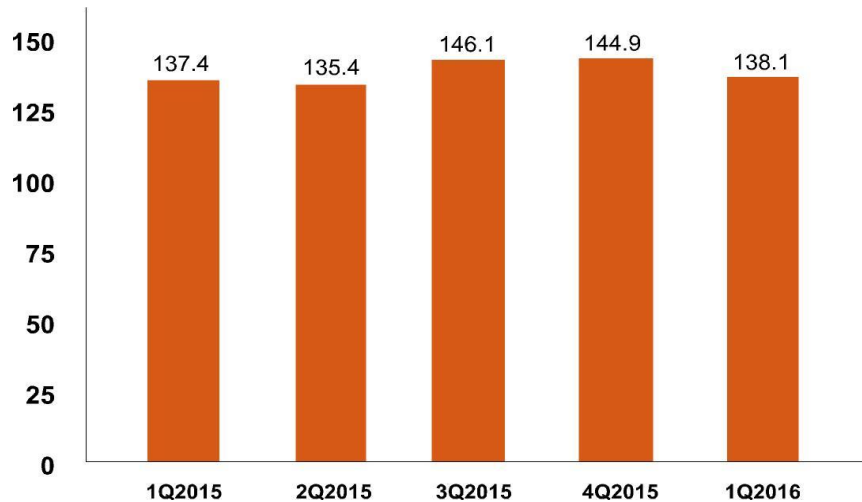
(In IDR billion)



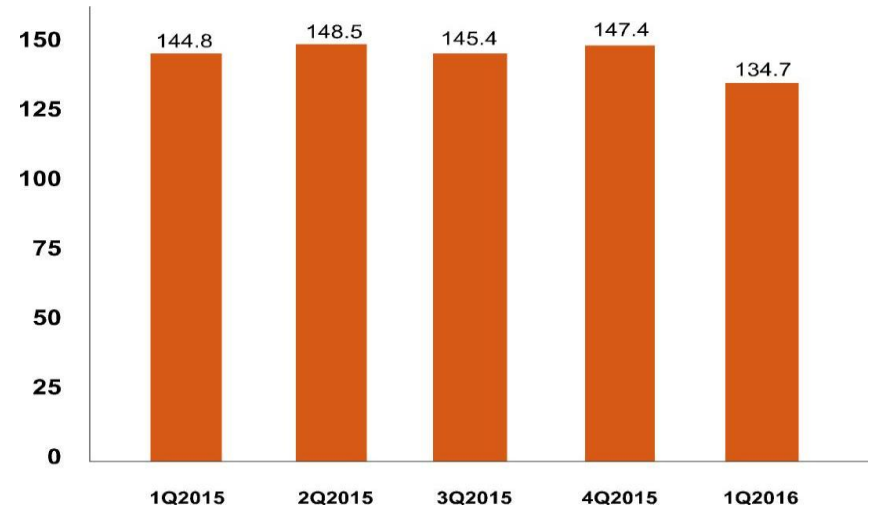
Animal Feed – Poultry: Sales Volume ('000 tons)



DOC – Broiler: Sales Volume (mil birds)

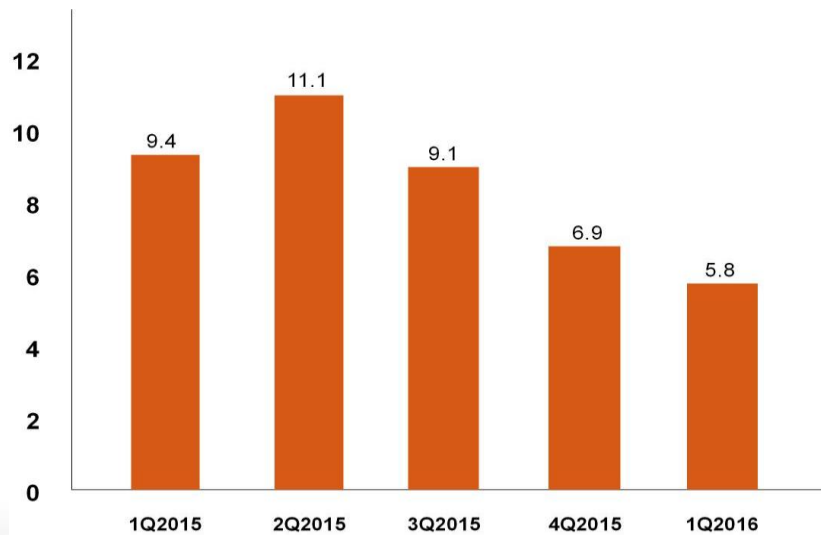


Commercial Farm- Live Birds : Sales Volume ('000 tons)

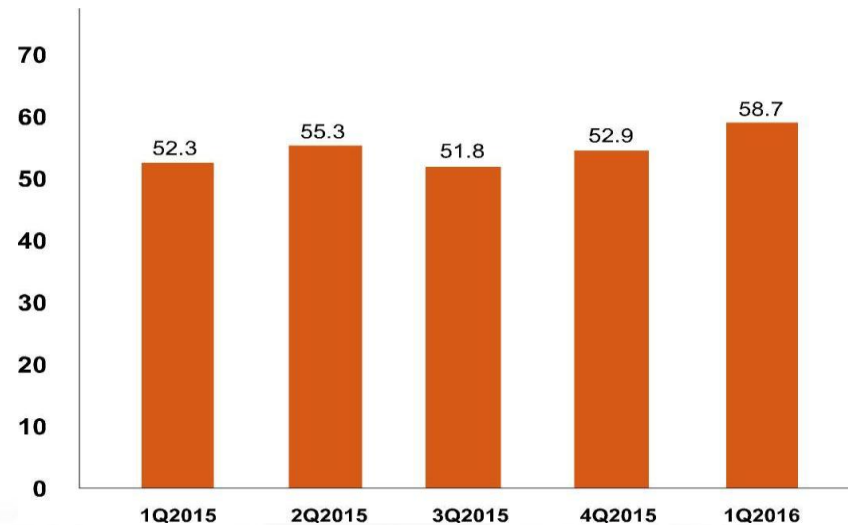


Operational Performance

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



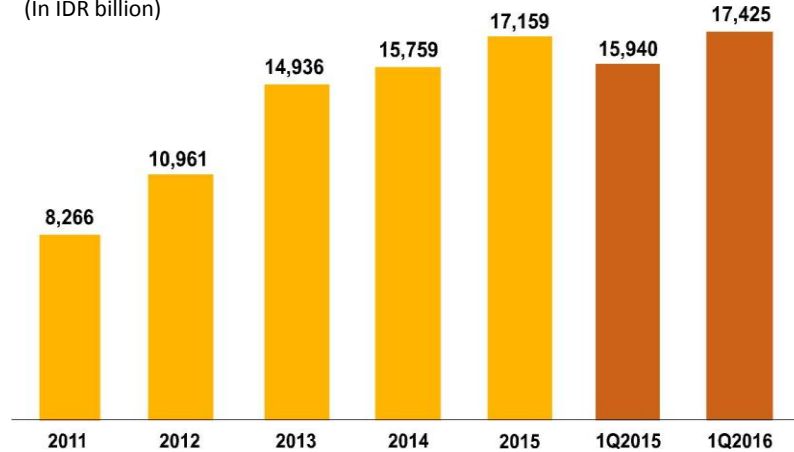
Aquaculture – Aqua-feed: Sales Volume ('000 tons)



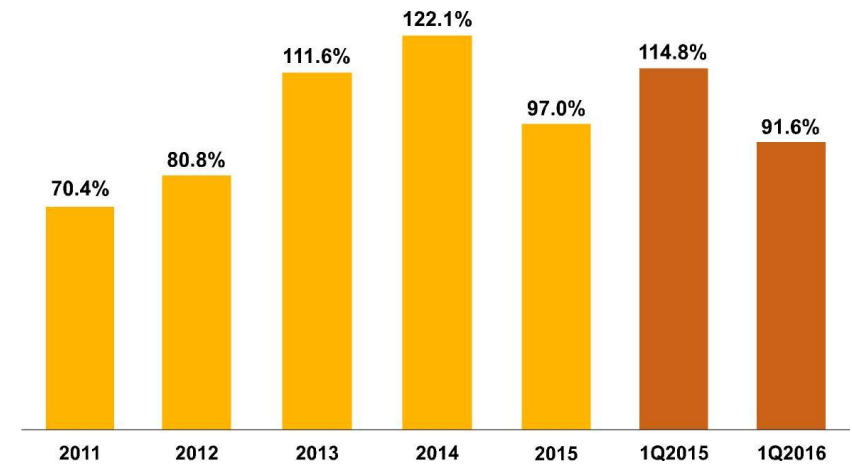
Proven financial track record

Total Assets

(In IDR billion)

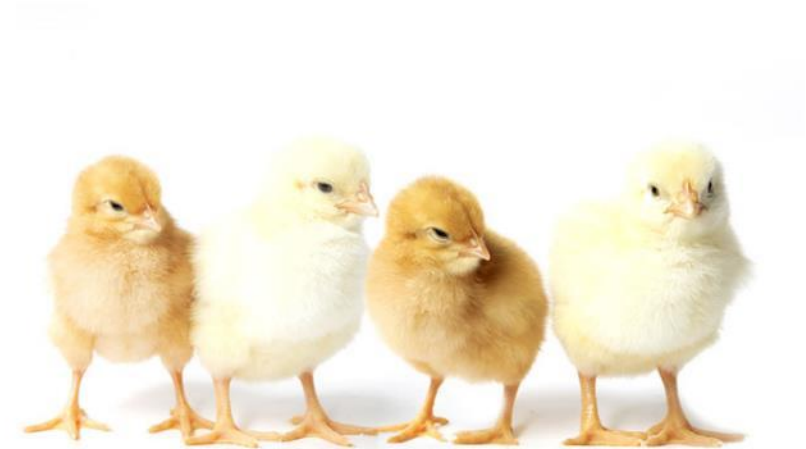
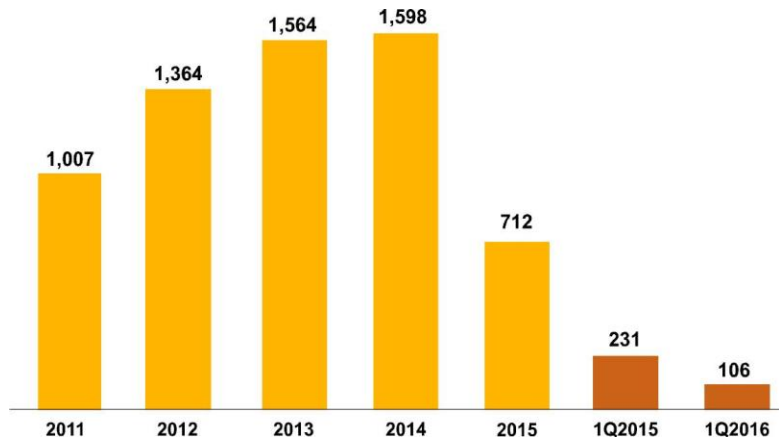


Net Debt / Equity



CAPEX

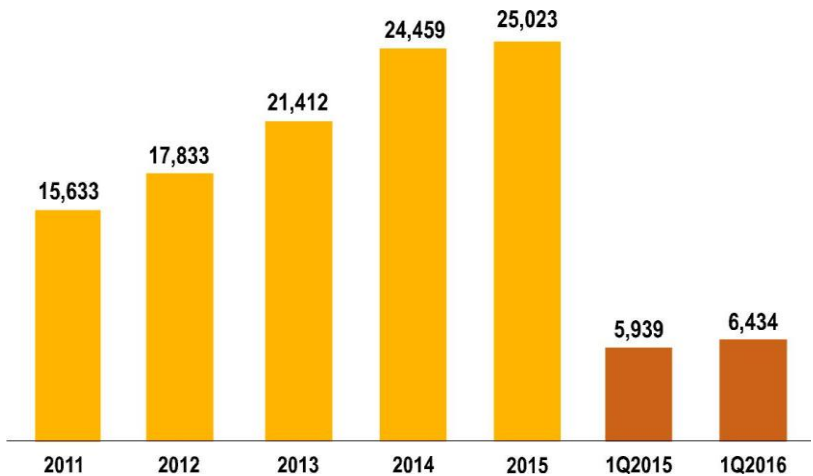
(In IDR billion)



Proven Financial Track Record

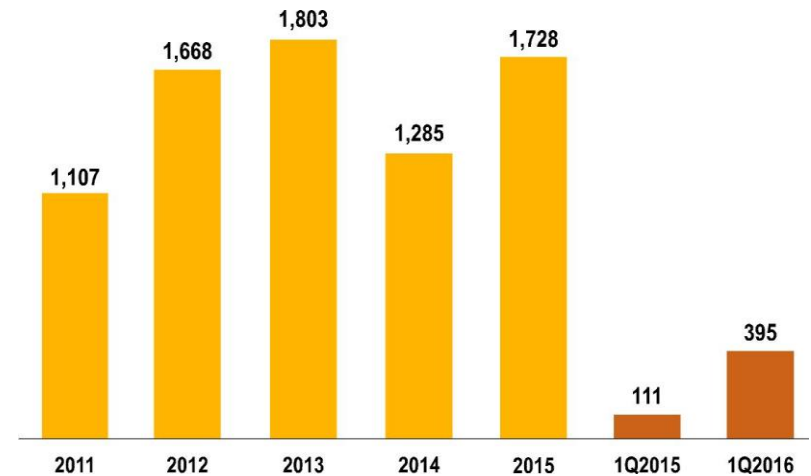
Net Revenues

(In IDR billion)



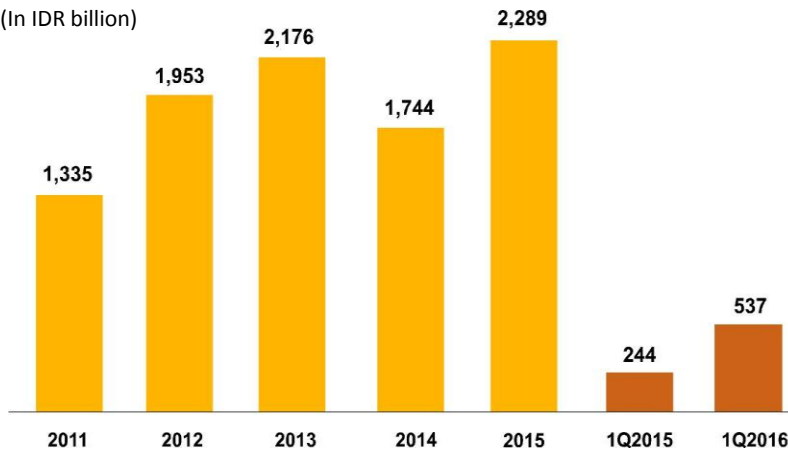
Operating Profit

(In IDR billion)



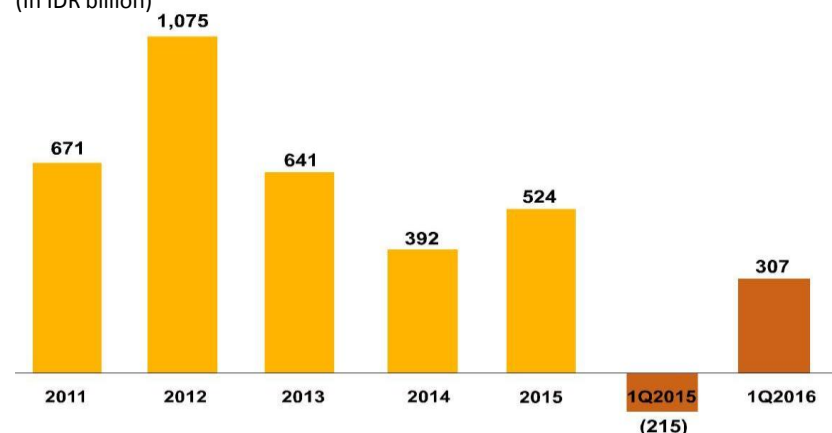
EBITDA

(In IDR billion)



Net Profit

(In IDR billion)

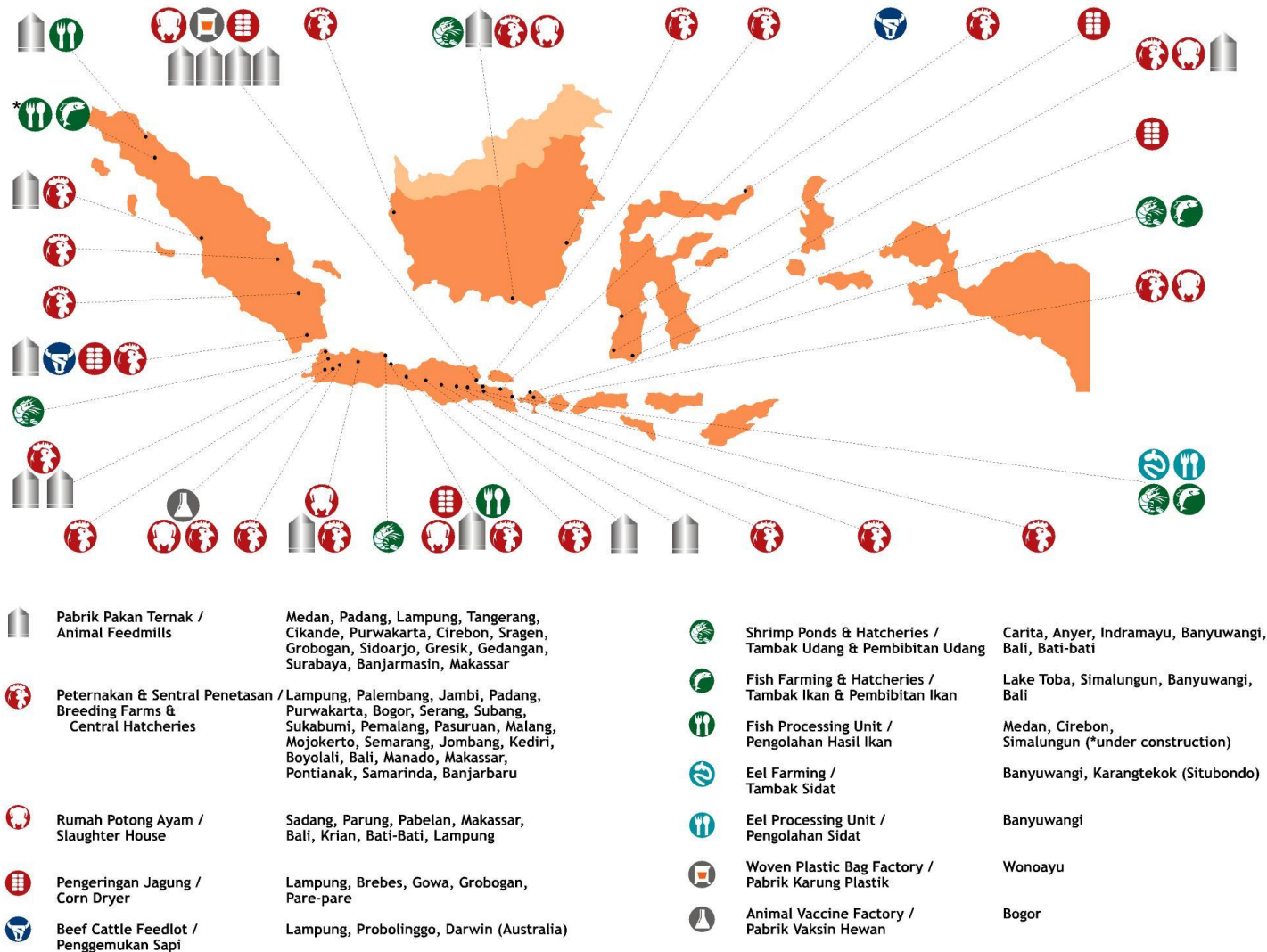




Appendix

Pan-national distribution platform

Deep national coverage with strong local knowledge



Note: Japfa has 65 breeding farms and not all the farms are reflected on the map.

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