



INVESTOR PRESENTATION  
FY 2015

**PT Japfa Comfeed Indonesia Tbk**

**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 FY15 net sales of around US\$ 1.8billion<sup>(1)</sup> and EBITDA of US\$ 166million<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\$ 490million<sup>(2)</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 15.5% CAGR from 2007-2015
- 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**

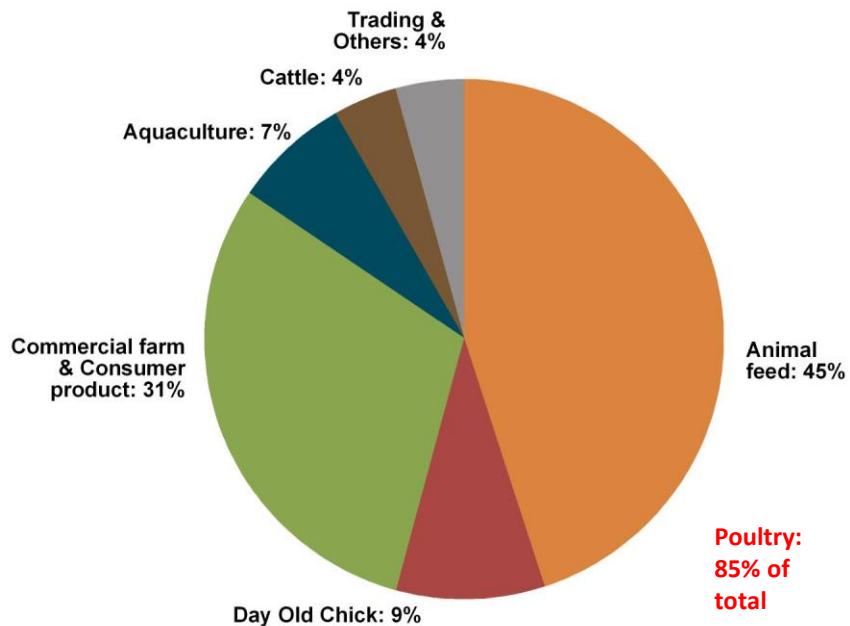
Note: (1) Exchange rate as of 31 December 2015 : IDR. 13,795/US\$  
(2) Based on 31 December 2015, share price Rp635/share and exchange rate: IDR. 13,795/US\$

# Core Competencies Across The Value Chain



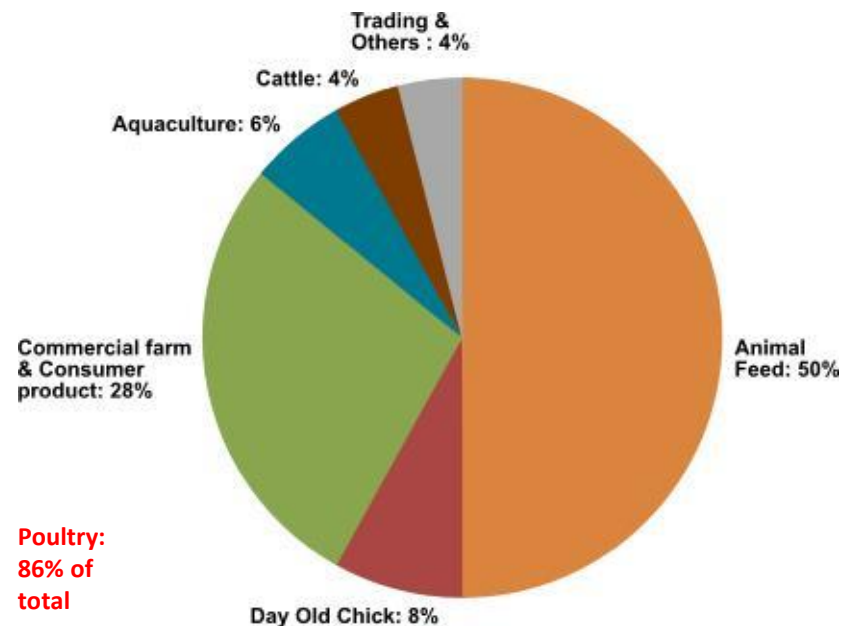
# Poultry Contributes Bulk of Revenue and is our Core Business Focus

FY15 Sales Contribution Per Segment



**Total FY15 Revenue : Rp. 25.0 Trillion**

FY14 Sales Contribution Per Segment



**Total FY14 Revenue : Rp. 24.5 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 poultry

2

Synergy and efficiency achieved through vertically integrated large scale businesses

3

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

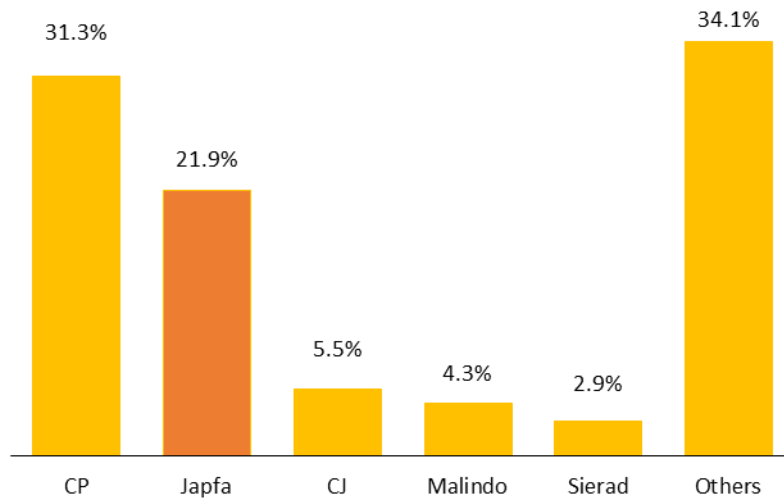
4

Experienced and professional leadership team

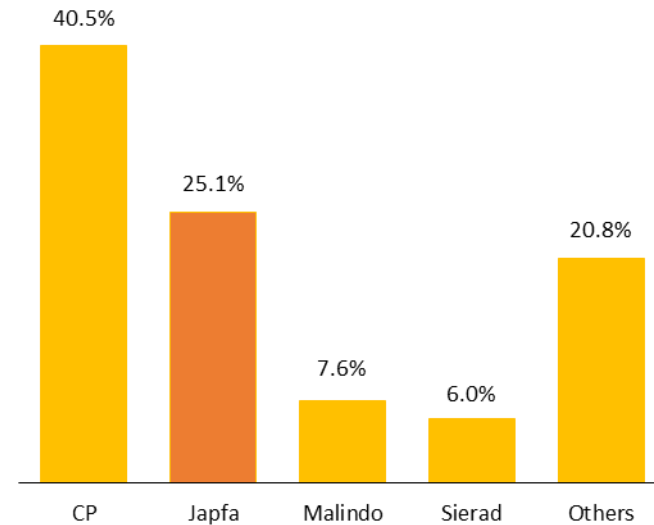


# 1 Established Market Leader in Poultry

Indonesia animal feed production capacity share <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

## 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



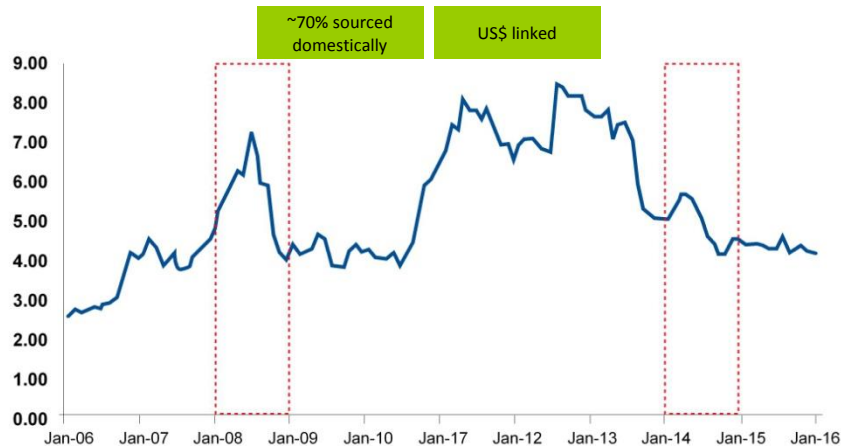
### End Products

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

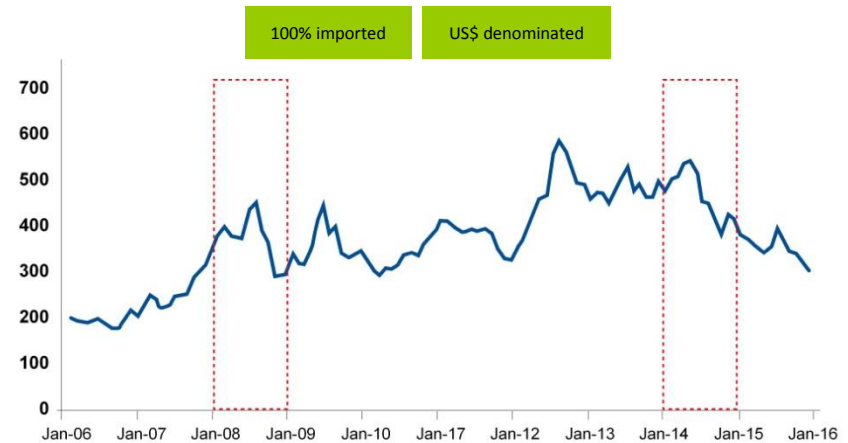


## 2 Synergy and efficiency achieved through vertically integrated large scale business

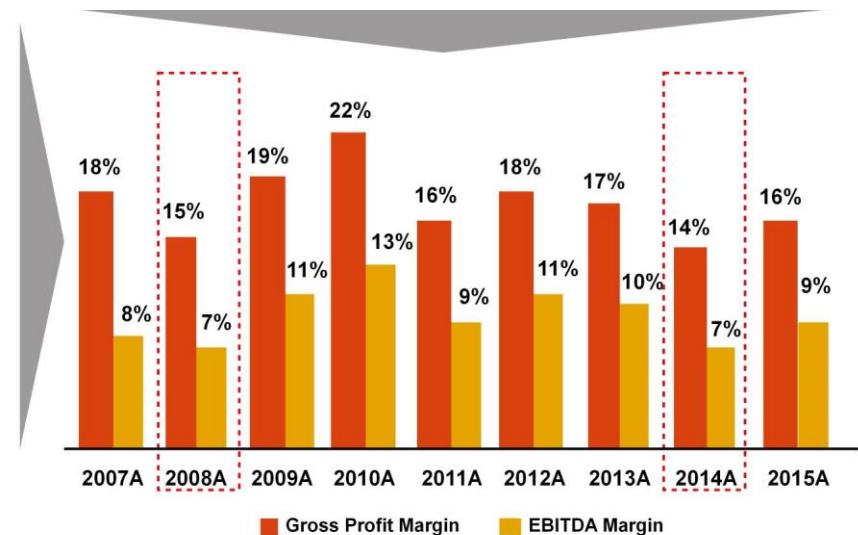
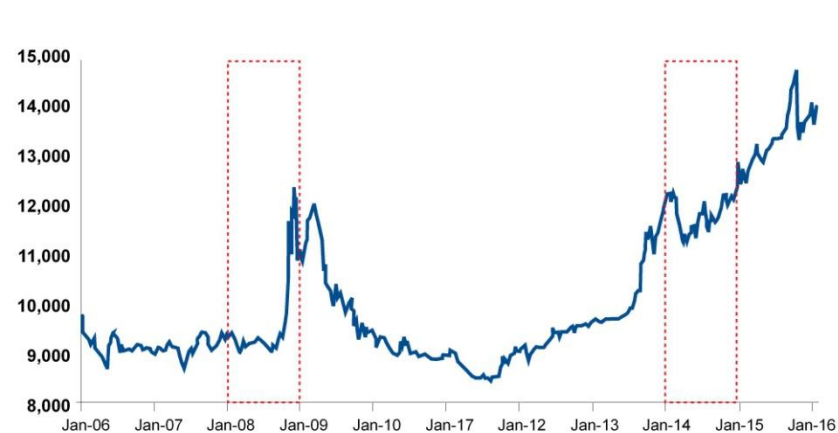
Corn prices (US\$/Bushel)



Soybean meal prices (US\$/ST)



IDR/US\$ exchange rate



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

<b>Isolation</b> <ul style="list-style-type: none"> <li>▪ Remote location</li> <li>▪ Geographical spread</li> </ul>	<b>Sanitation and Disinfection</b>	<b>Full body immersion</b> 	<b>Spray and fumigation</b> 	<b>Traffic Control</b>	<b>Monorail</b> 	<b>Conveyor system</b> 
---	------------------------------------	---	---	------------------------	--	---

#### B Optimizing flock resistance from diseases

<b>Farm Management</b> <ul style="list-style-type: none"> <li>▪ Sophisticated animal husbandry practice</li> </ul> 	<b>Constant Monitoring</b> <ul style="list-style-type: none"> <li>▪ Vaksindo</li> <li>- Animal vaccine research and production company</li> <li>- The only poultry company in Indonesia with the ability and facilities to research viruses (including AI) and produce autogenous vaccines</li> <li>- Constructed a new BSL 3 Animal Trial Facility</li> </ul>	 
---	--	---

## 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



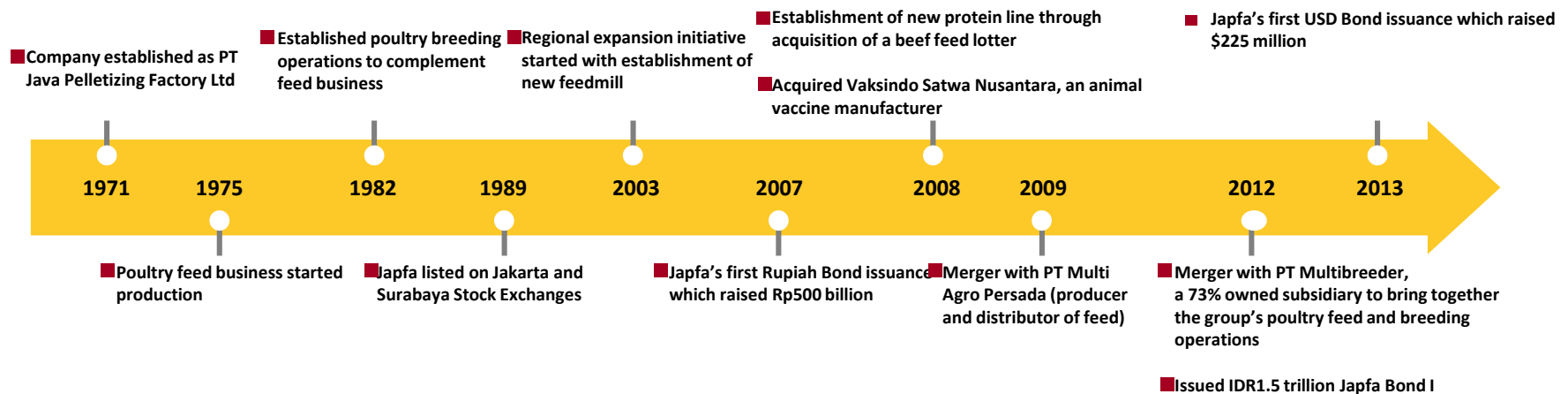
**Tan Yong Nang**  
Director

Year of agri  
experience: 8



**Rachmat Indrajaya**  
Independent  
Director

Year of agri  
experience: 8



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



## Financial Highlights

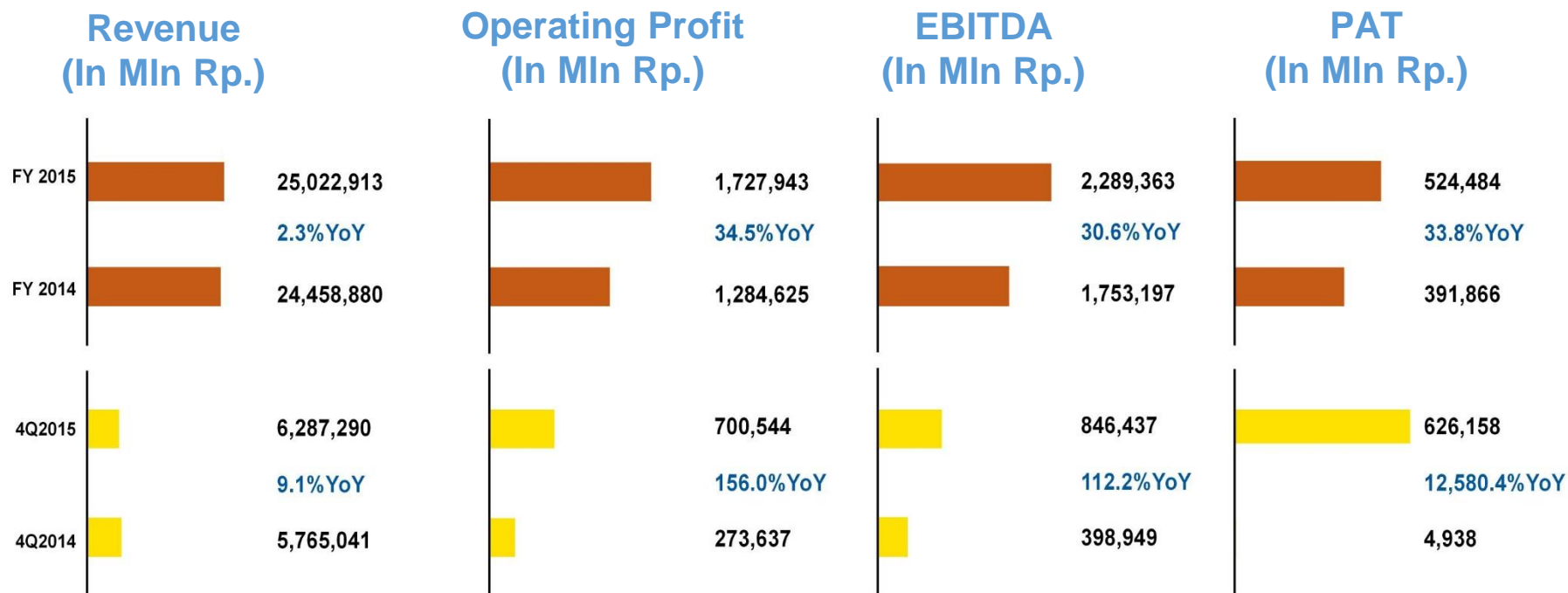


# Performance Overview

(In Mln. Rp.)	4Q 2015	4Q 2014	% change		FY 2015	FY 2014	% change	
<b>PT Japfa Comfeed</b>								
Revenue	6,287,290	5,765,041	+9.1%	▲	25,022,913	24,458,880	+2.3%	▲
Operating profit	700,544	273,637	+156.0%	▲	1,727,943	1,284,625	+34.5%	▲
<i>Operating profit margin</i>	<i>11.1%</i>	<i>4.7%</i>	<i>6.4ppt</i>	▲	<i>6.9%</i>	<i>5.3%</i>	<i>+1.7ppt</i>	▲
EBITDA	846,437	398,949	+112.2%	▲	2,289,363	1,753,197	+30.6%	▲
<i>EBITDA margin</i>	<i>13.5%</i>	<i>6.9%</i>	<i>6.6ppt</i>	▲	<i>9.1%</i>	<i>7.2%</i>	<i>+1.9ppt</i>	▲
PAT	626,158	4,938	+12580.4%	▲	524,484	391,866	+33.8%	▲
<i>PAT margin</i>	<i>10.0%</i>	<i>0.1%</i>	<i>9.9ppt</i>	▲	<i>2.1%</i>	<i>1.6%</i>	<i>+0.5ppt</i>	▲



# Financial Performance

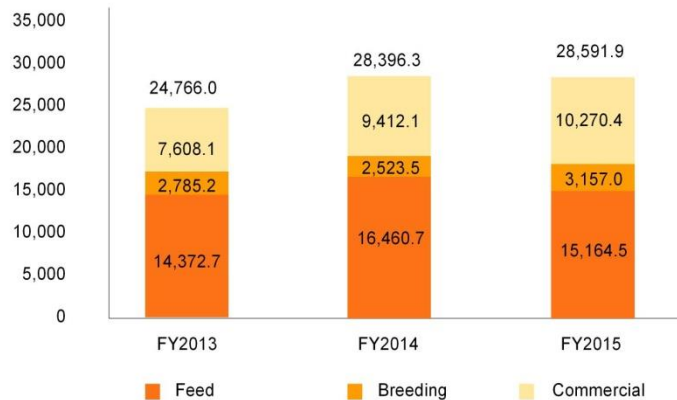


## FY2015 was a significant improvement from FY2014 , with a turnaround in the Indonesia poultry business in 2H 2015

- Revenue increased slightly by around 2%
- The poultry oversupply situation improved in 2H 2015. The Indonesian government coordinated an industry-wide culling program of an initial 4 million parent stock, which resulted in lower DOC production across the industry. This has led to an improvement and stability in the average selling prices of DOC and broilers in 2H 2015
- Feed continues to provide stable contribution to profitability and operating cash flow in FY2015
- Operating profit for breeding improved from a loss of Rp350.1bn in FY2014 to a loss of Rp129.4bn in FY2015, while commercial farming improved from a loss of Rp43.0bn in FY2014 to a profit of Rp383.2bn in FY2015. Overall, feed and commercial farming operations were more than able to cover the operating loss of breeding operations, resulting in a 34.5% growth in operating profit to Rp1,727.9bn in FY2015.
- EBITDA grew from Rp1,753.2bn in FY2014 to Rp2,289.4bn in FY2015
- The 12% depreciation of the Rupiah in FY2015 resulted in forex loss of US\$35.5m (note: there is an unrealised forex loss of US\$24m from the translation of the US\$203m bond outstanding (US\$225m minus US\$22m bond buyback)
- Despite the forex loss of US\$35.5m, PT Japfa Tbk still recorded a 33.8% growth in PAT to Rp524.5bn in FY2015
- Notwithstanding the challenging and volatile conditions in Indonesia, PT Japfa Tbk has generated positive operating cash flow and EBITDA in FY2015

# Poultry: 3-Year Segmental Trends

**Revenue**  
(In Rp. Billion)

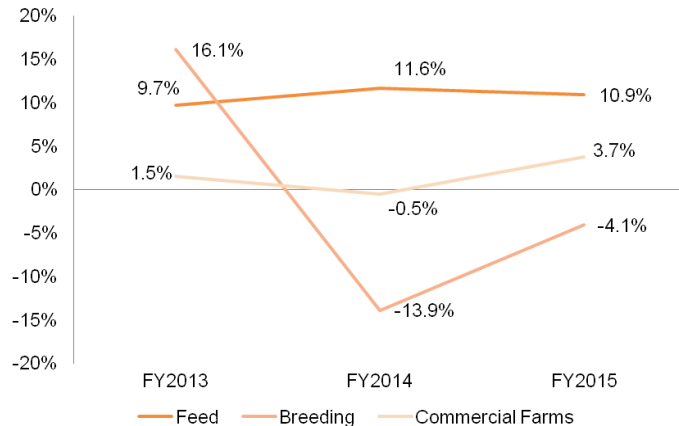


**Operating Profit**  
(In Rp. Billion)

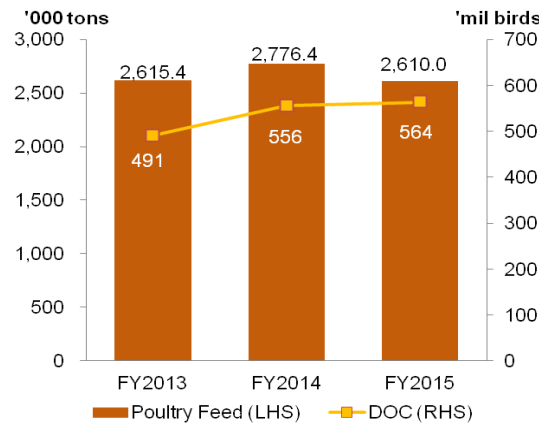


- Poultry represents 85% of PT Japfa Tbk's consolidated sales
- Revenue trend was mainly impacted by the weakening of Rupiah and lower volumes
- Profitability in the past two years was affected by the issues in the poultry industry
- Nonetheless, our feed business continues to be the stable pillar of 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
- Breeding and commercial farming was operating at a loss in FY2014, but with the improved market environment in 2H2015, breeding operations have reduced their losses while commercial farming has turned around

**Operating Profit Margin**



**Poultry Feed and DOC Sales Volume**



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



As at 31 December 2015 USD millions	PT Japfa Tbk IDR book
Loans in USD	228
Loans in Local Currency (US\$ equivalent)	287
Total Loans	515
<b>% USD Loans to Total Loans</b>	<b>44%</b>

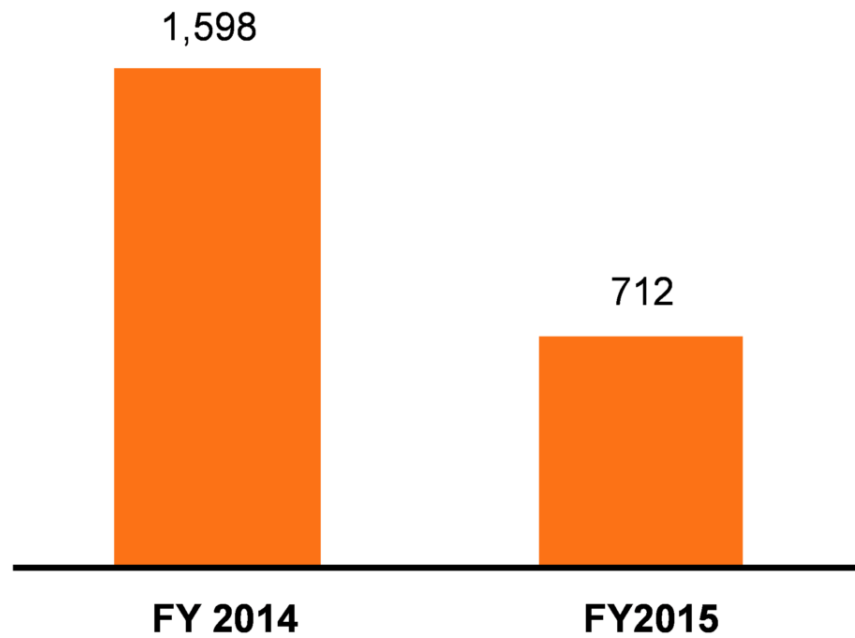
As at 31 December 2015 USD millions	PT Japfa Tbk
USD Debt (gross)	228
USD Bond Buybacks (face value)	(22)
<b>USD Debt (net)</b>	<b>206</b>
Currency Hedging - Operational	51
Currency Hedging - Principal and/or Interest	-
USD Cash	26
<b>Total Hedging + Cash</b>	<b>77</b>

## PT Japfa Tbk

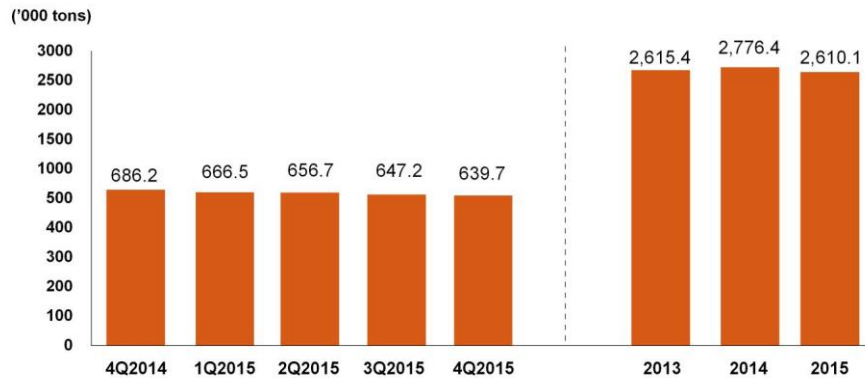
1. Minimal operational currency exposure as able to pass on Rupiah changes by adjusting feed selling prices
2. Operational hedges are applied in effect to cover the USD bond exposure
3. We have a natural hedge as we typically hold more than US\$150m of USD-linked raw material inventory
4. Buyback of USD bonds from secondary market also reduces USD debt exposure
5. Currency Hedging - Operational: Hedged 57% of committed USD supplier payments as at end Dec 15. Procurement is low in 4Q 2015, hence the lower value of operational hedges.
6. Currency Hedging - Principal &/or Interest: Fully hedged the next USD bond coupon of US\$8.4m in early 2016

# Capex 2014-2015

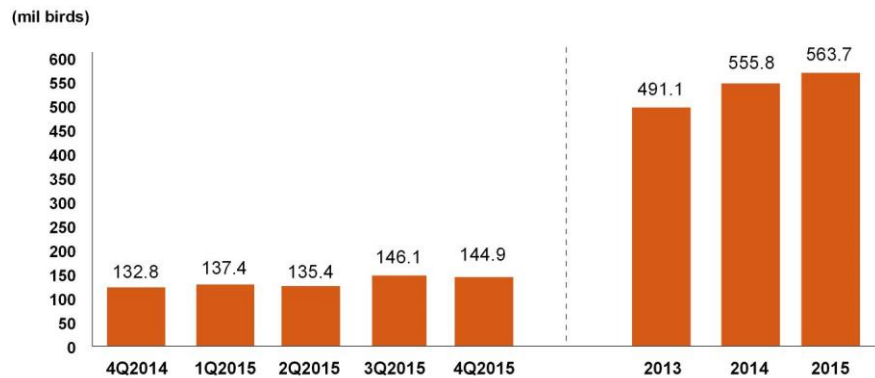
(In IDR billion)



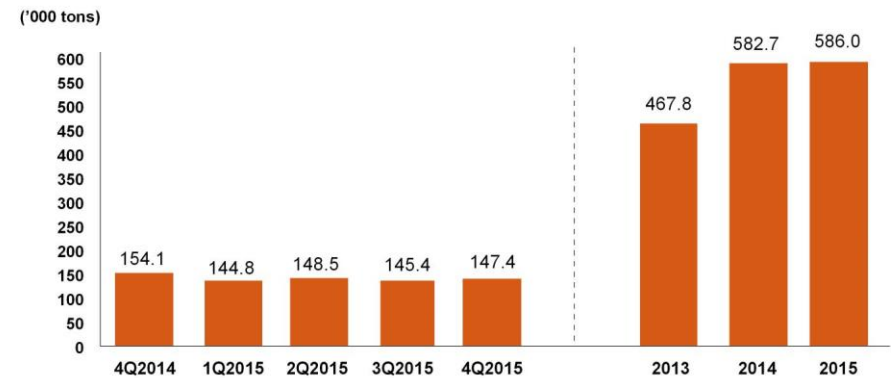
## Animal Feed – Poultry: Sales Volume ('000 tons)



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



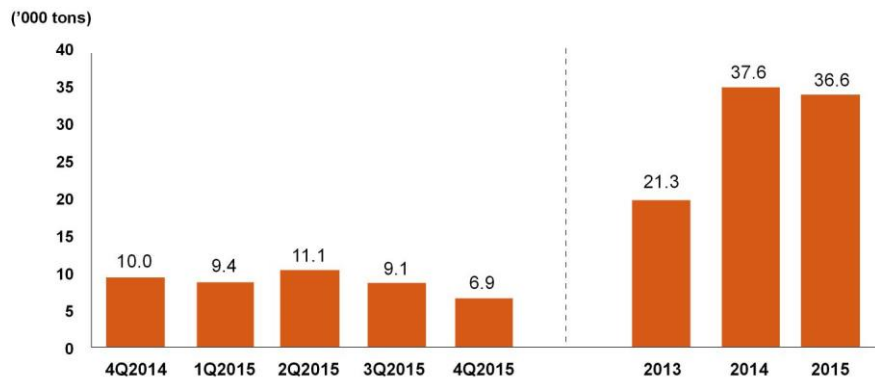
## Commercial Farm- Live Birds : Sales Volume ('000 tons)



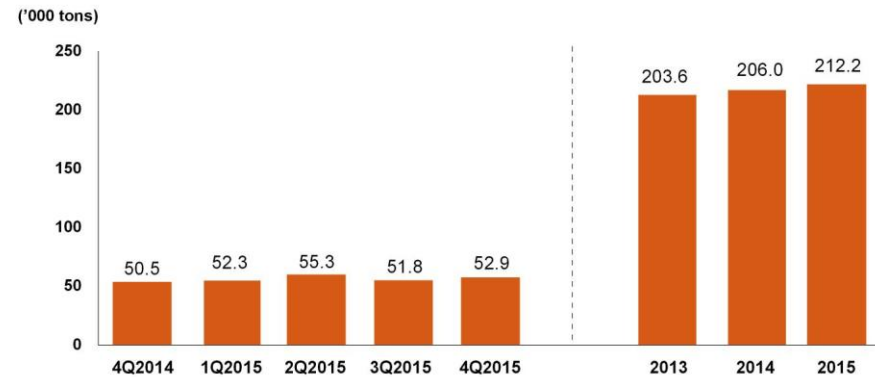


# Operational Performance

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



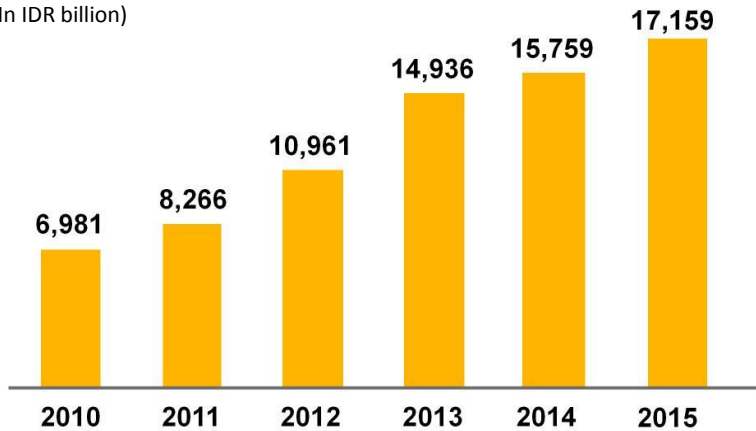
**Aquaculture – Aqua-feed: Sales Volume ('000 tons)**



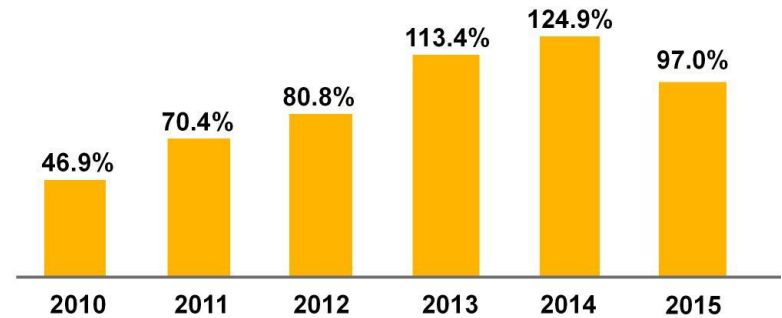
# Proven financial track record

## Total Assets

(In IDR billion)

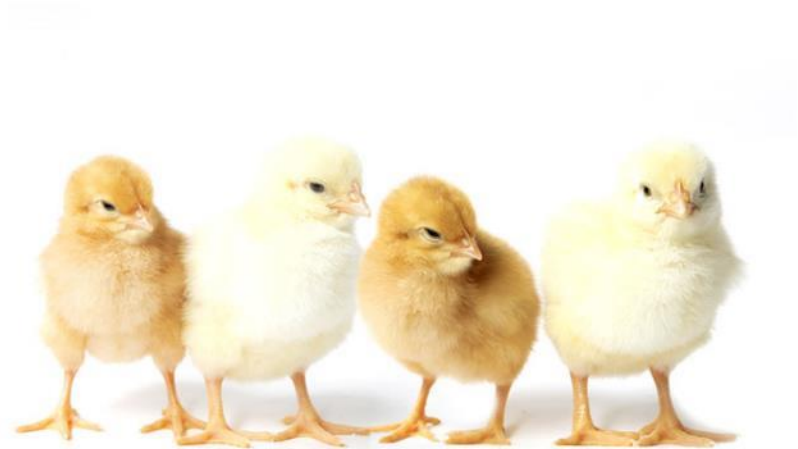
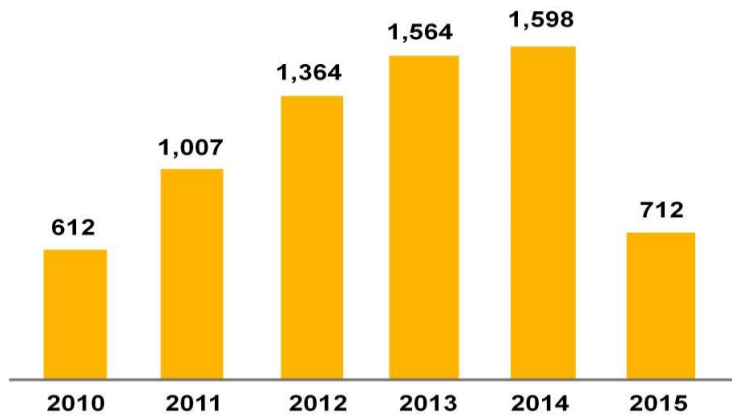


## Net Debt / Equity



## CAPEX

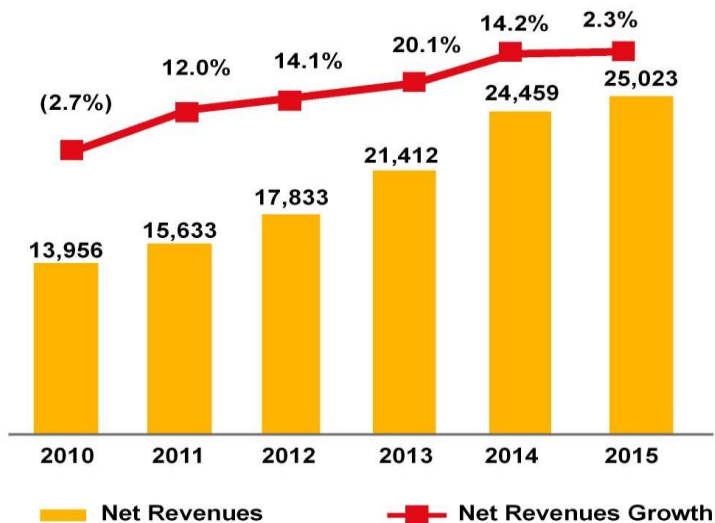
(In IDR billion)



# Proven Financial Track Record

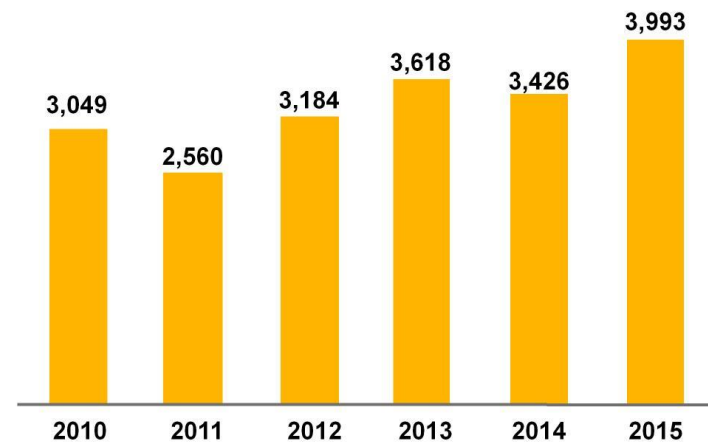
## Net Revenues

(In IDR billion)



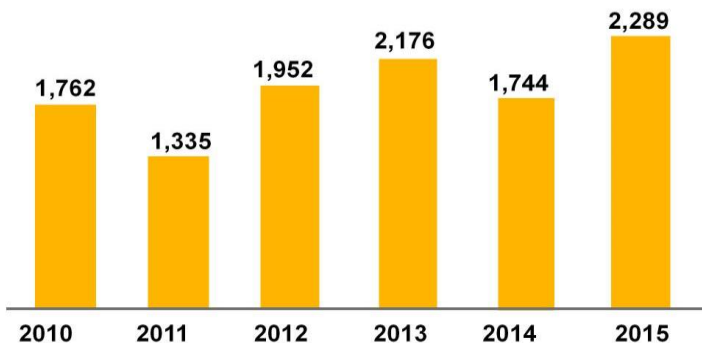
## Gross Profit

(In IDR billion)



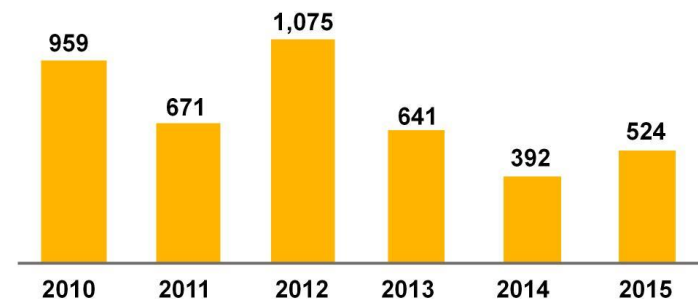
## EBITDA

(In IDR billion)



## Net Profit

(In IDR billion)



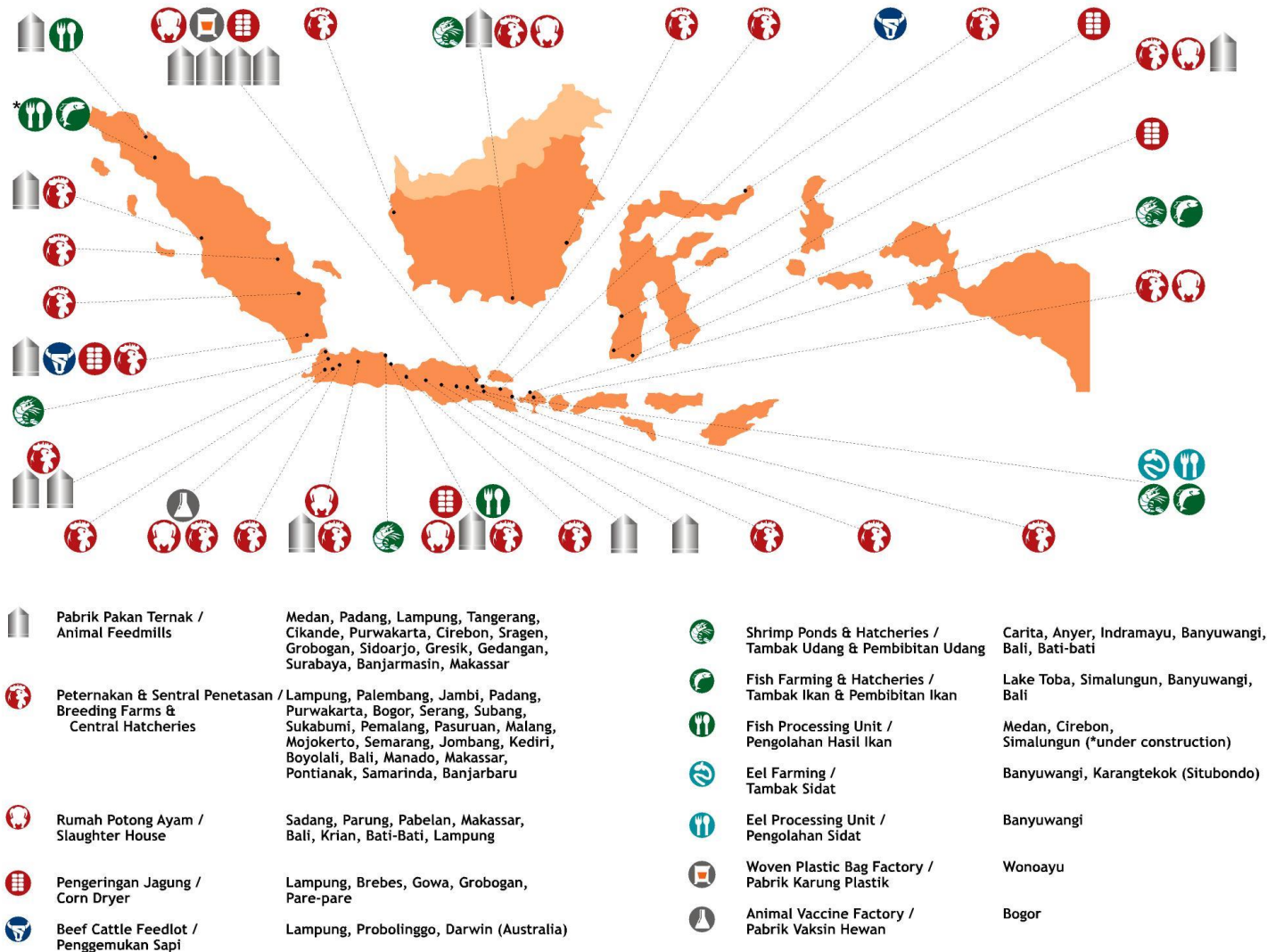




# Appendix



## Deep national coverage with strong local knowledge



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

These materials have been prepared by PT Japfa Comfeed Indonesia Tbk (the “Company”) and have not been independently verified. No representation or warranty, expressed or implied, is made and no reliance should be placed on the accuracy, fairness or completeness of the information presented or contained in these materials. Neither the Company nor any of its affiliates, advisers or representatives shall have any liability whatsoever in negligence or otherwise from any use of these materials or contained in these materials or otherwise arising in connection with these materials. The information presented or contained in these materials is subject to change without notice and its accuracy is not guaranteed.

These materials contain statements that constitute forward-looking statements. These statements include descriptions regarding the intent, belief or current expectations of the Company or its officers with respect to the consolidated results of operations and financial condition of the Company. These statements can be recognized by the use of words such as “expects,” “plan,” “will,” “estimates,” “projects,” “intends,” or words of similar meaning. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ from those in the forward-looking statements as a result of various factors and assumptions. The Company has no obligation and does not undertake to revise forward-looking statements to reflect future events or circumstances. These materials are highly confidential, are being given solely for your information only and may not be shared, copied, reproduced or redistributed to any other person in any manner. You agree to keep the contents of this presentation and these materials confidential.

These materials are for information purposes only and do not constitute or form part of an offer, solicitation or invitation to buy or subscribe for any securities of the Company in any jurisdiction, nor should these materials or any part of them form the basis of, or be relied upon in any connection with, any contract, commitment or investment decision whatsoever. The statements in these materials speak only as of the date as of which they are made, and the company expressly disclaims any obligation or undertaking to supplement, amend or disseminate any updates or revisions to any statements contained herein to reflect any change in events, conditions or circumstances on which any such statements are based.