

# PUBLIC EXPOSE

## PT JAPFA COMFEED INDONESIA Tbk



**Menuju Perkembangan Yang Berkelanjutan**  
**Heading Towards Sustainable Growth**

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# COMPANY OVERVIEW



PT JAPFA COMFEED INDONESIA Tbk



# An Introduction To Japfa Tbk



Vertically integrated agriculture company, which focused in Indonesia

- One of the largest poultry players in Indonesia with net sales of Rp36.7trillion and EBITDA of Rp4.0trillion in 2019.
- Strategically involved in aquaculture and beef offering diversification of revenues.
- Listed on Indonesia Stock Exchange (IDX) for over 30 years with market cap of Rp18.0trillion as of 31 Desember 2019.
- Focus in Indonesia, an attractive animal protein market with high growth potential.

Leading market share and growth

- Japfa has maintained solid market share over the past 50 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 CAGR growth of 11.4% from 2010-2019.
- Japfa has the second largest market share for poultry feed and DOC.

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

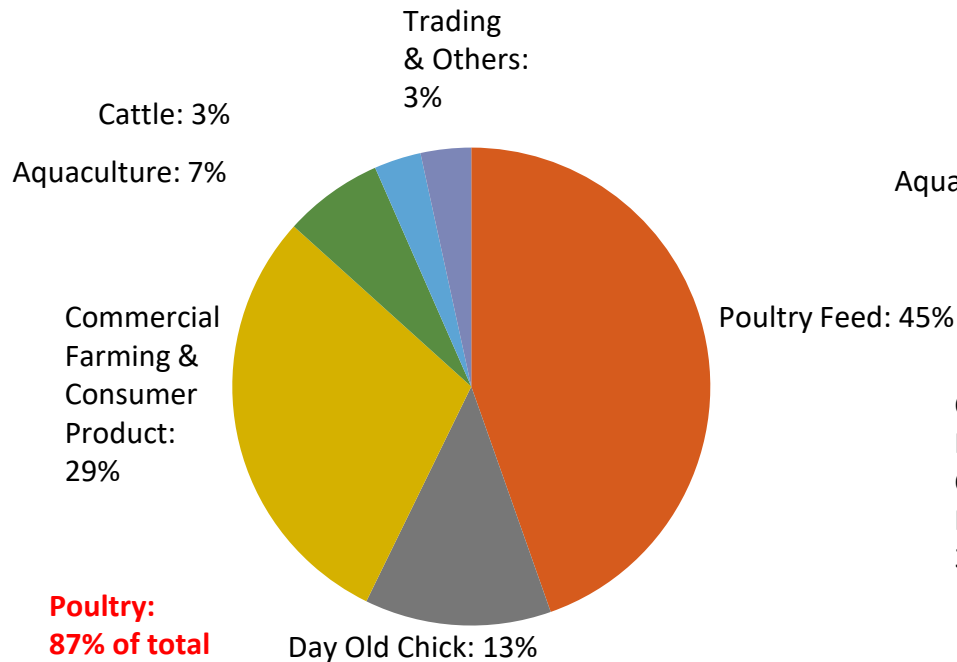


# Core Competencies Across The Value Chain



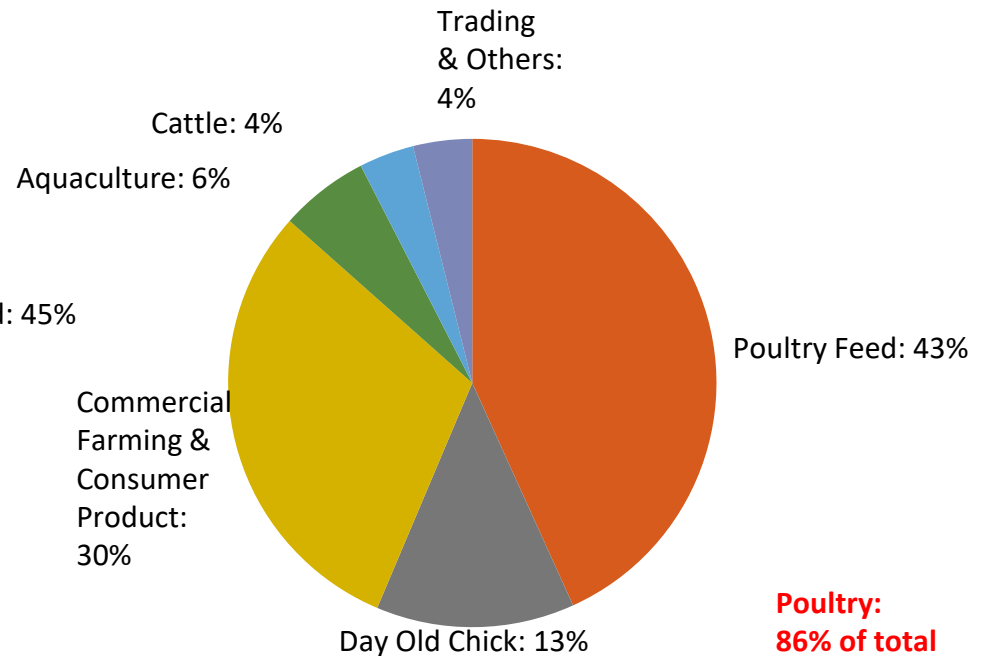
# Poultry Contributes Bulk of Revenue and Feed is Core Pillar of Profitability

**FY19 Sales Contribution Per Business Segment**



**Total FY19 Net Revenue: Rp. 36.7 Triliun**

**FY18 Sales Contribution Per Business Segment**



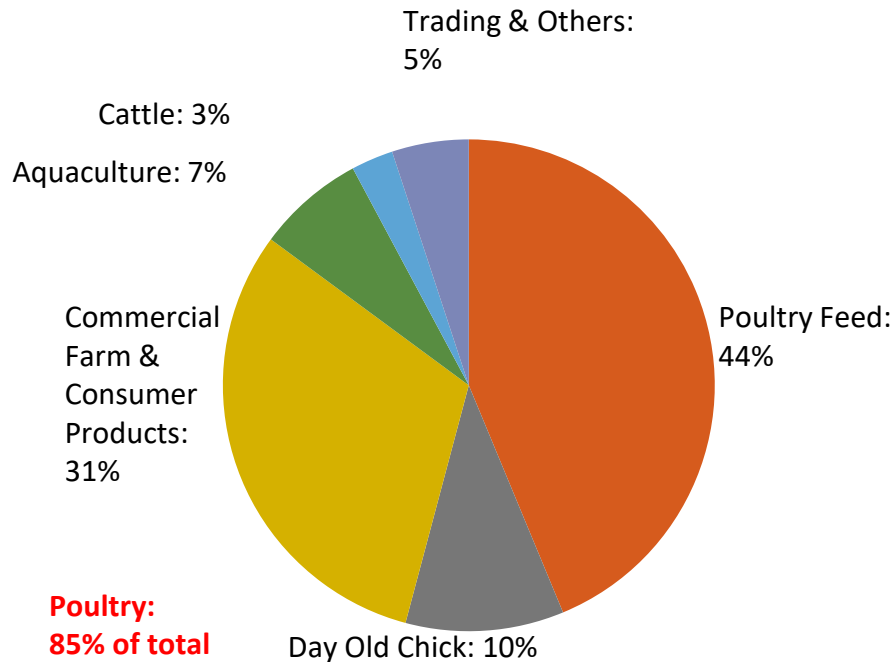
**Total FY18 Net Revenue: Rp. 34.0 Triliun**

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

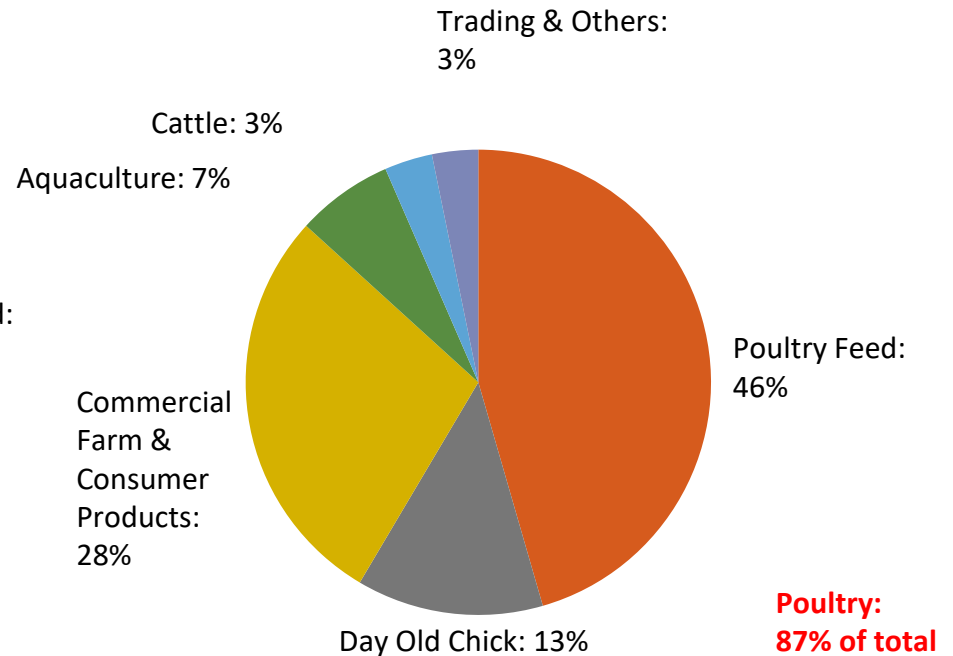
Note: The % sales contributions from operational segments shown above are based on gross sales, which exclude elimination adjustment between segments.

# Poultry Contributes Bulk of Revenue and Feed is Core Pillar of Profitability

**9M20 Sales Contribution Per Business Segment**



**9M19 Sales Contribution Per Business Segment**



**Total 9M20 Net Revenue: Rp. 24.9Trillion**

**Total 9M19 Net Revenue: Rp. 27.2Trillion**

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

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



# OPERATIONAL PERFORMANCE



PT JAPFA COMFEED INDONESIA Tbk





Continued volatility in financial markets and world trade tensions as a result of the trade war between the United States (US) and China affected global economic growth in 2019. Amid the global economic turmoil, Indonesia was still able to maintain healthy economic fundamentals. This is indicated by GDP growth of 5.02% in 2019.

In the poultry sector, over supply of day old chick (DOC) has returned. This has an impact on the live bird price being depressed until it is below the cost of goods sold. To overcome this, the Government has made various policies to control the supply of DOC and Parent Stock aimed at stabilizing broiler prices. The Company has done early culling as recommended by the government. The Company has also done cutting of 19 days Hatching Eggs (HE) after being transferred from Setter to Hatcher. In addition, some eggs are also distributed to the public as part of the Company's CSR activities in order to reduce the amount of DOC final stock.

Apart from DOC, the animal feed business also faces serious challenges, mainly due to the relatively limited availability of raw materials, especially corn. The ban on imports of corn, which has been imposed by the government, requires the Company to optimize the supply of local corn. For this reason, the Company collaborates with corn farmers and increases the capacity of storage warehouses to ensure the availability of raw materials. This measure is also aimed at ensuring price stability, given that corn price fluctuations are quite high.

In the midst of the challenges and obstacles mentioned above, the Company implemented strategic policies by continuing to encourage efficiency in various fields. The Company has also increased its support for qualified information technology in line with the successful digital transformation that the Company has carried out. The Company also continued to innovate, both in terms of operational processes and products and services.

# Flashback of January 2020-September 2020

At the beginning of 2020, the poultry industry was still experiencing an oversupply. However, this is not the biggest challenge. The Covid-19 pandemic is the biggest challenge in 2020. The slow pace of the economy has caused people's purchasing power to decline very sharply. The implementation of PSBB (Large-Scale Social Restrictions) has caused many malls, restaurants, hotels, supermarkets to experience sales problems. The reduction in supply recommended by the government, such as culling Parent Stock (PS), cutting Hatching Egg (HE) and distribution of Hatching Eggs as a form of CSR is felt to have not significantly improved prices at the farmer level. This certainly has an impact on the Company's performance.

However, because the Company is a staple food business, the Company is optimistic that the Company will be able to get through this difficult time. In line with government directives where poultry companies in Indonesia are encouraged to have Chicken Slaughterhouses (RPA) equipped with cold storage, the Company has acquired PT So Good Food (SGF). This is done as part of the synergy in vertical integration in the poultry business segment.

Going forward, the Company will still focus on the core business that it is currently engaged in. The Company continues to strive to increase product penetration while continuing to make efforts to educate the importance of animal protein for health, in line with the Government's program to reduce stunting.

The low level of consumption of beef, chicken and fish in Indonesia means that the Company's business opportunities in the future are still wide open. We remain confident of the Company's long-term prospects and sustainable growth for the foreseeable future.

# Acquisition of So Good Food (SGF)

The acquisition of SGF is a strategic step for the Company in expanding its downstream business, namely by increasing the capacity of its processed meat production facilities and also increasing the direct marketing and sales of processed products to consumers. The acquisition of SGF will also support the overall goals and objectives of the Company, especially due to the following:

- SGF has a long established network of marketing channels, namely distribution, communication, and service channels which interact with traditional and modern markets;
- As a company that is experienced in the food processing industry, SGF has in-depth knowledge and leading technology in food processing and product marketing that the company needs. These advantages will provide a solid starting point for the sustainability and growth of the Company's downstream business in the short and medium term;
- SGF has leading brands for consumer-food products, some of which are pioneers in relevant segments, which are recognized in the consumer market for their quality, taste and affordable price.
- The Company and SGF have existing long-established B2B live poultry supply arrangements, which will make the integration as well as the synergy and value creation processes, easier and faster than if the Company acquired a business with no prior business dealings.

Based on the analysis carried out by the Company, the Transaction will be beneficial for the Company.

The transfer of rights over shares from Jupiter and Annona as the Sellers to the Company and Ciomas as the Buyers will **effectively** occur on November 30, 2020 (or other date as agreed by the Seller and the Buyer in writing).



# FINANCIAL HIGHLIGHTS

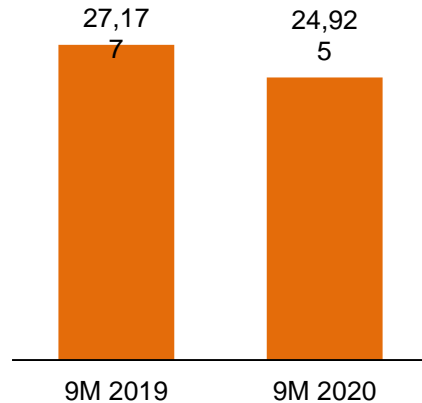
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# Financial Results Summary

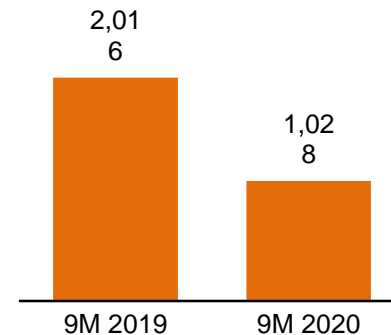
## NET REVENUE

(in IDR Billion)



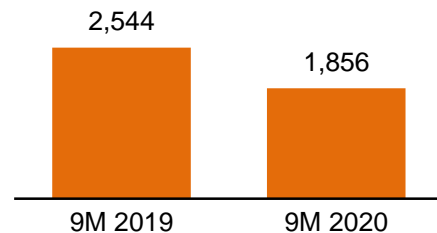
## OPERATING PROFIT

(in IDR Billion)



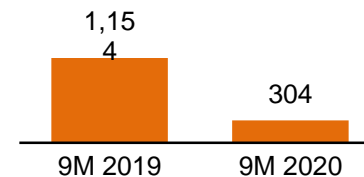
## EBITDA

(in IDR Billion)



## NET PROFIT – INCLUDING NON-CONTROLLING INTERESTS

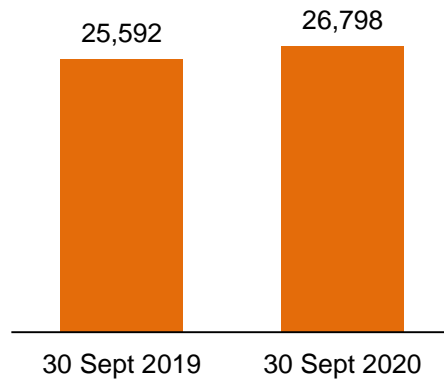
(in IDR Billion)



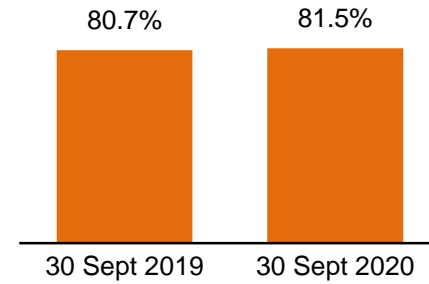
# Financial Results Summary

## TOTAL ASSETS

(in IDR Billion)

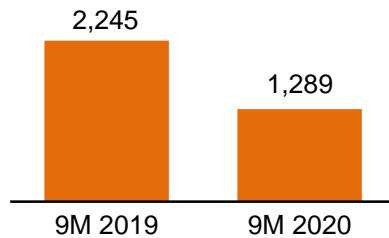


## NET DEBT/EQUITY



## CAPITAL EXPENDITURES (CAPEX)

(in IDR Billion)





# CHALLENGES & STRATEGIES

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# Challenges & Strategies

## Challenges

1. Uncertainty due to the impact of the Covid-19 Pandemic on the global, national and poultry industry
2. JAPFA Group's position as a key player in the industry of supplying staple foods in the form of animal protein.
3. The low level of consumption of animal protein in Indonesia and the government's appeal to reduce stunting

## Strategies

1. The Company will review its capital investment (capex), whereby the capex will be prioritized for investments that are short-medium term and routine.
2. Perform tighter cash management and control
3. The Company will continue to focus on improving efficiency and profitability
4. The Company will also continue to provide education to poultry farmers and aqua farmers in Indonesia so that the products produced can have strong quality and competitiveness.



# APPENDIX

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# Company's Operational Map



	<b>Pabrik Pakan Ternak</b> <i>Poultry Feedmills</i>	Medan (2), Padang, Lampung, Cikande, Tangerang, Purwakarta, Cirebon, Sragen, Grobogan, Sidoarjo, Gedangan, Surabaya, Banjarmasin, Makassar.
	<b>Rumah Potong Ayam</b> <i>Slaughterhouse</i>	Medan, Lampung, Parung (Bogor), Sadang (Purwakarta), Pabelan (Salatiga), Bali, Makassar, Yogyakarta, Krian (Sidoarjo), Bati-Bati (Banjarmasin), Magelang.
	<b>Pengeringan Jagung</b> <i>Corn Dryer</i>	Lampung, Brebes, Grobogan, Gowa, Parepare.
	<b>Penggemukan Sapi</b> <i>Beef Cattle Feedlot</i>	Lampung, Probolinggo.
	<b>Pabrik Pakan Ikan dan Pakan Udang</b> <i>Aqua Feedmills</i>	Medan, Lampung, Purwakarta, Gresik, Banyuwangi.
	<b>Tambak Udang dan Pembibitan</b> <i>Shrimp Ponds and Hatcheries</i>	Bireun Pidie Jaya-Aceh, Canti-Lampung, Carita, Anyer, Indramayu, Situbondo, Banyuwangi, Singaraja-Bali, Negara-Bali, Sumbawa, dan Makassar.
	<b>Tambak Ikan dan Pembibitan</b> <i>Fish Farming and Hatcheries</i>	Tigaras dan Tambun Raya (Danau Toba-Simalungun), Tanah Jawa-Simalungun, Cianjur, Purwakarta, Sleman, Banjar dan Tanah Laut (Kalsel).
	<b>Pengolahan Hasil Ikan dan Udang</b> <i>Fish and Shrimp Processing Unit</i>	Janggir Leto-Simalungun, Cirebon.
	<b>Pusat Riset Aquaculture</b> <i>Aquaculture Research Center</i>	Cianjur, Banyuwangi.
	<b>Tambak Sidat</b> <i>Eel Farming</i>	Banyuwangi, Situbondo.
	<b>Pengolahan Sidat</b> <i>Eel Processing</i>	Banyuwangi
	<b>Pabrik Karung Plastik</b> <i>Aqua Feedmills</i>	Wonoayu-Sidoarjo.
	<b>Pabrik Vaksin Hewan</b> <i>Animal Vaccine Factory</i>	Gunung Putri Bogor

# Company's Operational Map



## FARM PBD-JAPFA

Bandar Masilam (1,2,3), Kabanjahe, Talun Kenas, Pekanbaru (1,2,3), Jambi, Padang (1,2), Palembang (1,2,3), GP Palembang, Gisting, Campang, GP Lampung, Serang, Bogor, Nagrak (1,2), Parungkuda, Pamuruyan, Klapanunggal (1,2), Nyalindung, Jampang Tengah, Citapen, Darangdan, Dawuhan Sengon, Kertasari, Pawenang, Neglasari, GP Wanayasa (1,2,3,4), GP Bojong, Cipeundeuy, Subang (1,2,3), Pengandaran, Pemalang, Wonorejo, Pati, Ngaringan, Tuntang, Rembang, Jombang, GP G.Kawi, Dampit, GP Tutur, GP Tutur Pasuruan, Sukodermo, Pucangsari, Toyomarto, Lebakrejo, Sekargadung, Grati (1,2,3,4), Wongsorejo/Banyuwangi, Bali (Pupuan 1,2), Ambawang, Toho, Banjarbaru, Samarinda Tambangulang (Bati-bati), Makassar (1,2,3), Manado.



## HATCHERY PBD-JAPFA

Htc. Aceh, Htc. Medan, Htc. Bandar Masilam, Htc. Padang, Htc. Pekanbaru, Htc. Kepri, Htc. Jambi, Htc. Palembang, Htc. Sukajawa/Lampung, Htc. Krontjo, Htc. Cicurug, Htc. Wanayasa, Htc. Subang, Htc. Garut, Htc. Tenganan, Htc. Kediri, Htc. Wonorejo, Htc. Bali (1,2), Htc. Lombok, Htc. Pangkalan Lada, Htc. Pontianak, Htc. Bati-bati/Banjarbaru, Htc. Samarinda, Htc. Makassar, Htc. Palu, Htc. Manado.

PBD: Poultry Breeding Division



THANK YOU

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