

PT JAPFA COMFEED INDONESIA Tbk



# PUBLIC EXPOSE

6 APRIL 2022



**Memperkokoh Sinergi Untuk Masa Depan yang Berkelanjutan**  
*Strengthening Synergies for a Sustainable Future*

# Daftar Isi

Company Overview

Operational Performance

Financial Highlights

Challenges & Strategies

Appendix

## Company Overview





# An Introduction to Japfa Tbk

Vertically  
integrated  
poultry  
company,  
focused on  
Indonesia

- One of the largest poultry players in Indonesia with net sales of Rp44.88 trillion and EBITDA of Rp4.54 trillion in 2021
- Listed on Indonesia Stock Exchange (IDX) for over 30 years with market cap of Rp20.17 trillion as of 31 December 2021.
- Focus on Indonesia, an attractive animal protein market with high growth potential.

Market leader  
with high  
growth rate

- Japfa has maintained a solid market 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 10.8% from 2012-2021.
- Japfa has the second largest market share for poultry feed and DOC in Indonesia.\*

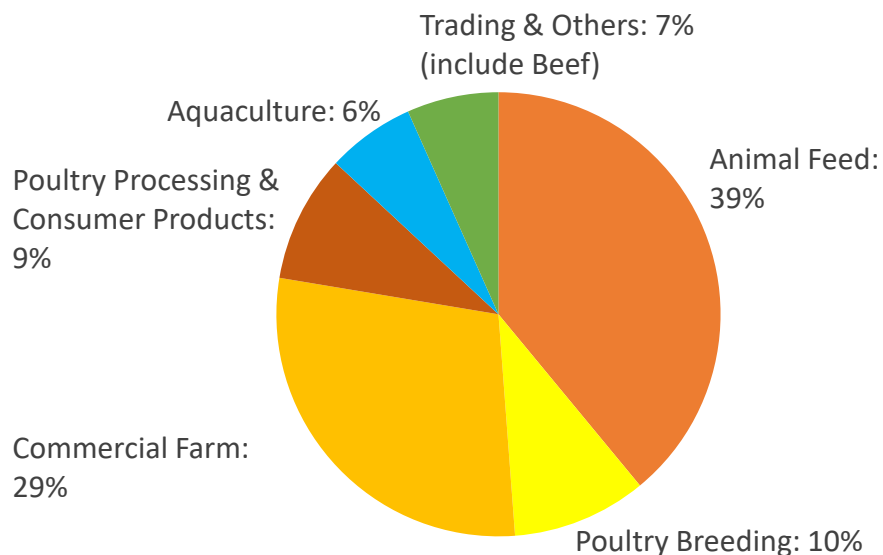
\* Frost & Sullivan analysis, Data 2021

# Core Competencies Across the Value Chain



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

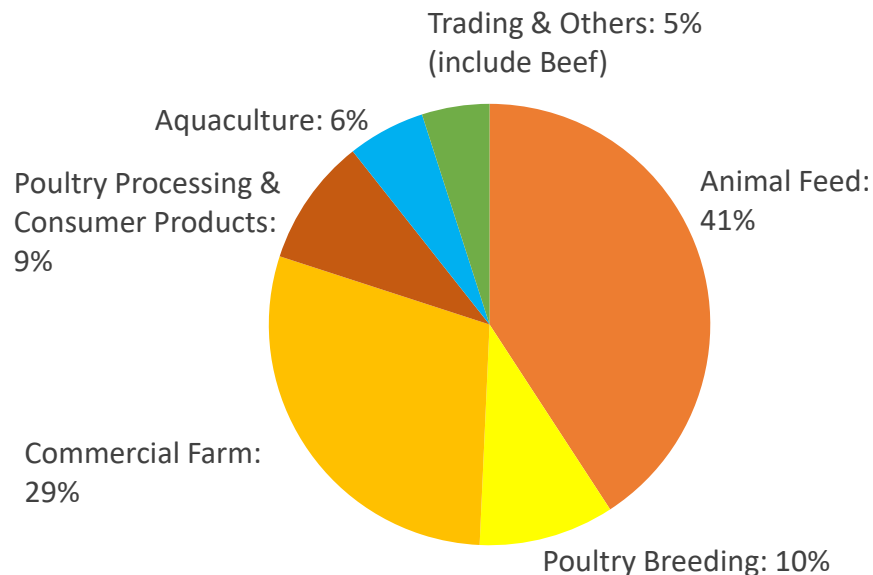
**FY20 Sales Contribution Per Business Segment**



**Poultry: 87% of total**

**Total FY20 Net Sales: Rp36.96 Trillion**

**FY21 Sales Contribution Per Business Segment**



**Poultry: 89% of total**

**Total FY21 Net Sales: Rp44.88 Trillion**

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

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



## OPERATIONAL PERFORMANCE



# Flashback 2021

- ❑ The implementation of Large-Scale Social Restriction (PSBB) due to Covid-19 pandemic has hampered economic growth, which impacted consumer purchasing power.
- ❑ In 2021, Indonesia economy grew 3.69%.
- ❑ DOC oversupply due to the lower consumer purchasing power and Public Activity Restrictions (PPKM) were the main challenges faced by the Poultry Breeding segment in 2021. Through the Ministry of Agriculture c.q. the Directorate General of Livestock Farming and Animal Health (Ditjen PKH), the Indonesian Government decided on culling in stages throughout 2021 to stabilise supply and demand.
- ❑ Despite live bird prices being stable in the first and second quarter of the year, the mid-year surge in COVID-19 cases led to a plunge in the demand for chicken in the third quarter and a slump in live bird prices. However, prices recovered in the fourth quarter of 2021.
- ❑ Moreover, the Company also faced issues with availability and price increases in most of raw materials, especially soybean and corn. The significant increase in raw materials prices could not be fully covered by increasing the feed price due to losses experienced by the poultry farmers and lower consumer purchasing power. To mitigate the situation, the Company optimised the use of its corn dryers and silos in its corn procurement.



# Flashback 2021 (continued)

- ❑ The Company took some strategic steps, including among others :

## **Business and Operational**

- Imposed mobility restrictions affected the purchasing power of consumers in low-income groups, resulting in a drop in demand. Since the start of the pandemic, production activities were adjusted to the changing level of demand.
- Strengthening operations through distribution channels both offline and online retail outlets. We have collaborated with marketplaces and e-commerce to make our products available for purchase (GrabMart, GoShop, Tokopedia, Shopee, Blibli)
- Actively promoting consumer products through social media

## **Finance**

- Postponing capital expenditures to maintain liquidity
- Management of working capital and costs through regular monitoring
- Consistently perform prudent financial management and cash control

# Flashback 2021 (continued)

## **Social and Technology**

- In many areas, Japfa has participated in spraying disinfectant and providing assistance in the form of supplies of chicken meat and eggs for those affected by the Covid-19 pandemic.
  - The welfare of our employees is our priority: vaccination programmes, daily screening and swab tests at regular intervals.
  - Improved technology through “mobile”, “data integration”, “data science”, “data science platform”, internet continues to dominate digitalization projects.
- 
- ❑ The Covid-19 pandemic was still a major issue for Company in 2021. However, since its business is to produce a staple food, the Company was able to continue operations and grow through this difficult period.
  - ❑ On 23 March 2021, the Company issued a US\$350 million bond to repay its Senior Notes due in 2022. This senior notes is the first US dollar denominated Sustainability-Linked Bond (SLB) in South-East Asia and also the first of its kind in global agri-food industry.

## Summary of Sustainability-Linked Bond (SLB)

<b>Issuer</b>	PT Japfa Comfeed Indonesia Tbk
<b>Issue Size</b>	USD 350,000,000
<b>Tenor</b>	5 years
<b>Trade Date/Closing Date</b>	16 March 2021/ 23 March 2021
<b>Maturity Date</b>	23 March 2026
<b>Interest Rate</b>	5.375% per annum (Payable semi-annually)*
<b>Interest Payment Dates</b>	March 23 and September 23 of each year, commencing on September 23, 2021.
<b>Issue Price</b>	99.460%
<b>Yield</b>	5.50%
<b>Ratings (S&amp;P / Fitch)</b>	BB- / BB-
<b>SLB Ratings (Vigeo Eiris)</b>	“Robust” rating for KPI’s relevance/ ‘Robust’ rating for SPT’s Ambition
<b>Use of Proceeds</b>	Repayment of the existing US\$250m Notes due 2022 and for general corporate purposes, including but not limited to capex, working capital and debt refinancing
<b>Listing</b>	Singapore Exchange Securities Trading Limited (SGX-ST)

\* Provided that for any interest period commencing on or after the Notes Interest Payment Date immediately following the Step-Up event, if any, the rate of interest shall be increased by 25 bps to 5.625% per annum, in case the Step-Up event has occurred. An increase in the rate of interest may occur no more than once in respect of the Relevant Notes.



## Summary of Sustainability-Linked Bond (SLB)

<b>Key Performance Indicator (KPI)</b>	Water recycling facilities for sustainable water and wastewater management at poultry operations
<b>Sustainability Performance Target (SPT)</b>	Construction of eight water recycling facilities at any of the Company's or the Restricted Subsidiaries' slaughterhouses and one water recycling facility at any of the Company's or Restricted Subsidiaries' hatcheries within the poultry breeding unit, in each case with certification of completion or handover from the facility contractor or facility engineer
<b>Coupon Mechanism</b>	One-time 25bps coupon step-up for any interest period immediately following a Step Up Event
<b>Step-Up Event</b>	Failure by the Company to satisfy the SPT on the Target Observation Date as determined by the External Verifier <sup>1</sup> and confirmed in the SPT Verification Assurance <sup>2</sup> Certificate or (2) the failure or inability of the Company to deliver the Satisfaction Certificate to the Trustee
<b>First Coupon Step-up Date</b>	Year 4
<b>Target Observation Date</b>	3 months prior to Year 4
<b>Joint Global Coordinators and Joint Sustainability-Linked Bond Structuring Adv</b>	Credit Suisse and DBS Bank Ltd.

1. External Verifier means any independent accounting or appraisal firm or other independent expert of internationally recognized standing appointed by the Company, in each case with the expertise necessary to perform the functions required to be performed by the External Verifier under this Description of Notes, as determined in good faith by the Company, and notified to the Trustee and the Holders
2. On or prior to the Step-Up Event Notification Deadline, the Company shall publish on its website a verification assurance certificate in relation to the Notes by the External Verifier (such report, the "SPT Verification Assurance Certificate"), which shall confirm whether the Company has satisfied the Sustainability Performance Target as of the Target Observation Date

## The Asset Triple A Sustainable Capital Markets Country & Regional Awards 2021

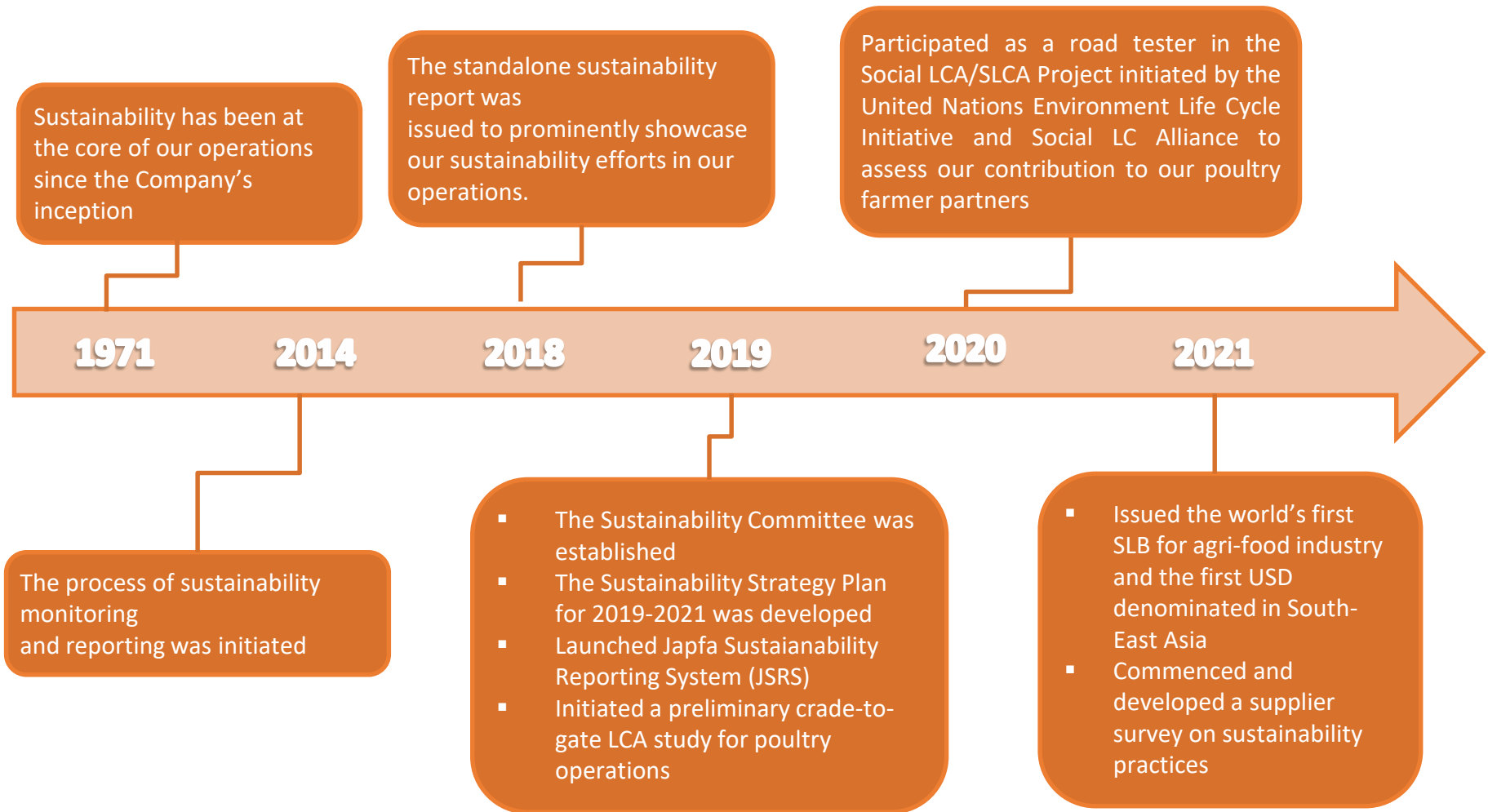


On Tuesday, 22 March 2022, PT Japfa Comfeed Indonesia Tbk has been honoured with the following awards at The Asset Triple A Sustainable Capital Markets Country & Regional Awards 2021:

1. Best Issuer for Sustainable Finance and
2. Best Sustainability-linked Bond

The Asset Triple A Sustainable Capital Markets Awards represent the industry's most prestigious awards for the primary market for best issuers, best deals, and best advisers in equity, debt, loans, M&A, and structured finance

## Japfa Sustainability Journey



Our mission to be a leading dependable provider of affordable protein foods is aligned to **the United Nations Sustainable Development Goal (SDG) No.2: Zero Hunger**



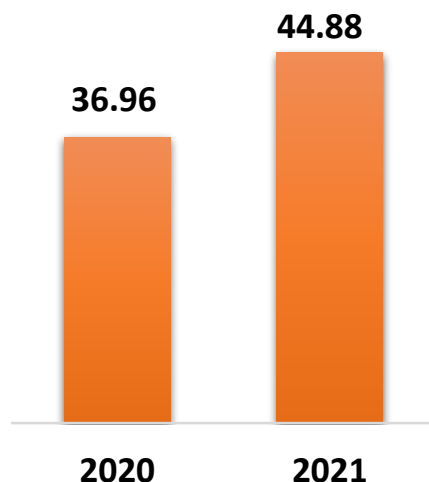
## FINANCIAL HIGHLIGHTS



# Financial Highlights

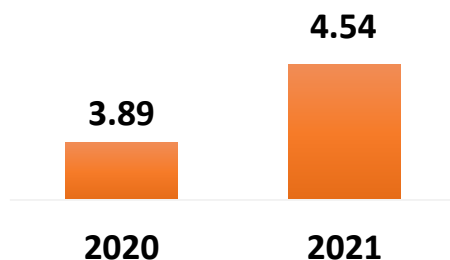
## NET SALES

(in IDR Trillion)



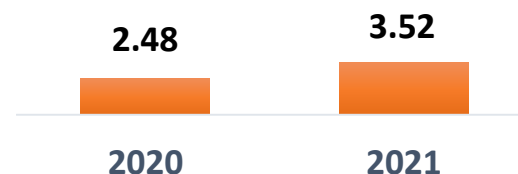
## EBITDA

(in IDR Trillion)



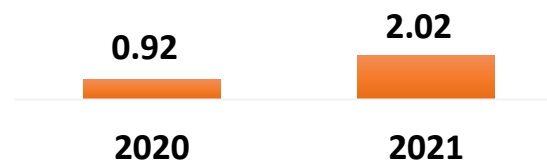
## PROFIT FROM OPERATIONS

(in IDR Trillion)



## PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT

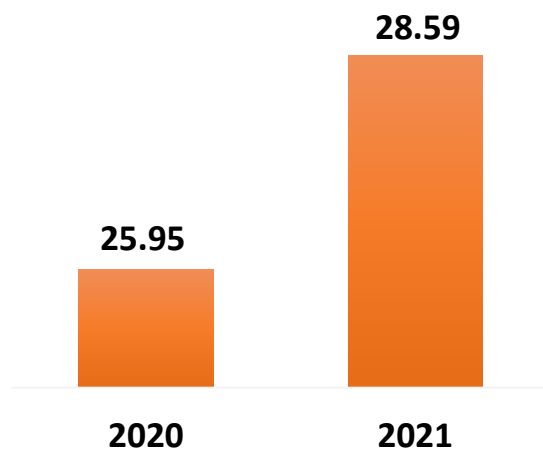
(in IDR Trillion)



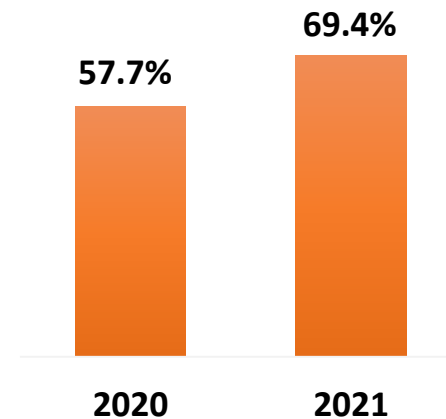
Note: Based on the Company's Financial Statement as of 31 December 2021

## TOTAL ASSETS

(In IDR Trillion)

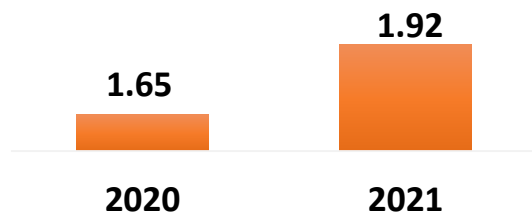


## NET DEBT/EQUITY



## CAPITAL EXPENDITURE (CAPEX)

(In IDR Trillion)



Note: Based on the Company's Financial Statement as of 31 December 2021



## CHALLENGES AND STRATEGIES



# Challenges and Strategies

## Challenges

1. Major global factors we are facing at the start of 2022:
  - Geopolitical tensions, especially the recent developments between Russia and Ukraine, may disrupt global economies, supply chains and commodities prices. This may impact the cost of raw materials and consumer purchasing power
  - Global inflationary pressures arising from expectations of interest rate hikes by central banks, supply chain bottle necks and soaring production costs, are threatening to put upward pressure on prices, fuel and ultimately affecting consumer purchasing power
  - The Covid-19 pandemic continued in to its third year, and recovery appears unpredictable and uneven among countries
2. The global factors above will also affect the national economy and Indonesian poultry industry.
3. The changing in consumer's consumption pattern due to Covid-19 Pandemic
4. The level of animal protein consumption per capita in Indonesia is still low compared to other Southeast Asian countries.

# Challenges and Strategies

## Strategies

1. Focus on employee welfare: vaccination program, daily screening and regular swab tests.
2. Encouraging employees to take training for self-development.
3. Technological improvement through “mobile”, “data integration”, “data science platform”, internet continues to dominate digitalization projects.
4. The Company will remain prudent in reviewing its capital investment (capex), whereby the capex will be prioritized for investments that are short-medium term and routine, with adjustment possibility, taking into account the country’s economic recovery.
5. Consistency in applying prudent financial management and cash control.



# Challenges and Strategies

## Strategies

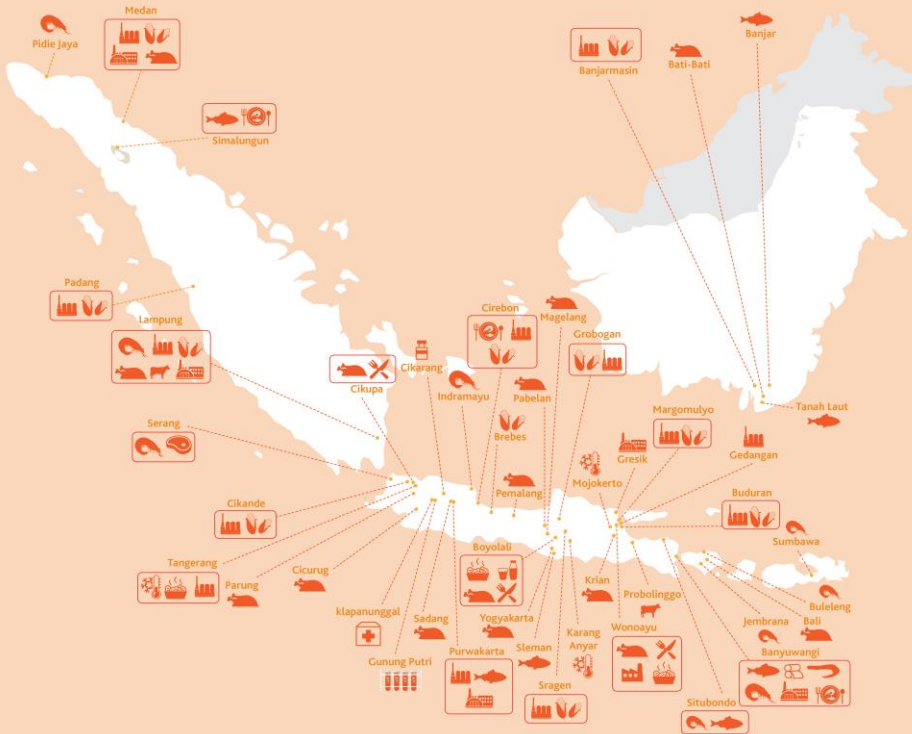
6. The Company will continue to focus in improving its efficiency and profitability.
7. The Company will continuously strengthening its downstream business through the development of its poultry processing and consumer products business, as well as encouraging retail sales growth through its retail outlets both offline and online.
8. The Company will also educate its farmers so they can produce high quality products and have strong competitiveness.
9. Moreover, the Company will still be focusing on its core business. It will keep improving its products penetration while educating the people on how important animal protein for health, along with the Government's programme in reducing malnutrition and stunting.
10. Both livestock and aquaculture industries have a big growth potential, considering Indonesia's large population. Indonesia's low animal protein consumption we believe is a business opportunity for the Company's long term and sustainable growth in the future.



## APPENDIX



# Operational Map



**Pabrik Pakan Ikan dan Pakan Udang**  
Aquafeed mills



**Pembibitan Udang dan Tambak Udang**  
Shrimp Hatcheries and Shrimp Farms



**Pembibitan Ikan Air Tawar dan Tambak Ikan**  
Freshwater Fish Hatcheries and Fish Farms



**Pabrik Pengolahan Hasil Ikan dan Udang**  
Fish and Shrimp Processing Plants



**Tambak Sidat**  
Eel Farms



**Pengolahan Sidat**  
Eel Processing

Deli Serdang, Lampung Selatan, Purwakarta, Gresik, Banyuwangi

**Pembibitan Udang/Shrimp Hatcheries:**  
Pidie Jaya, Lampung Selatan, Serang, Indramayu, Banyuwangi, Buleleng, Jembrana, Sumbawa, Barru

**Tambak Udang/Shrimp Farms:** Situbondo (2), Banyuwangi (2)

**Pembibitan Ikan Air Tawar/Freshwater Fish Hatcheries:** Simalungun, Purwakarta, Sleman, Situbondo, Banjar, Tanah Laut

**Tambak Ikan/Fish Farms:** Simalungun, Situbondo, Banyuwangi

Simalungun, Cirebon, Banyuwangi

Banyuwangi

Banyuwangi



**Pabrik Pakan Ternak**  
Poultry Feedmills



**Pengeringan Jagung**  
Corn Dryer



**Rumah Potong Ayam**  
Slaughterhouse



**Poultry Cold Storage**  
(Di luar RPA/Outside Slaughterhouse)



**Unit Pengolahan Daging (SGF)**  
Meat Processing Unit (SGF)



**Unit Pengolahan Susu (SGF)**  
Milk Processing Unit (SGF)



**Pabrik Ready to Eat (RTE)**  
RTE Plant

Medan (2), Padang, Lampung, Cikande-Serang, Tangerang, Purwakarta, Cirebon (2), Grobogan, Sragen, Cikande-Serang, Gedangan-Sidoarjo, Margomulyo-Surabaya, Banjarmasin, Makassar

Medan, Padang, Lampung, Cikande-Serang, Cirebon, Grobogan, Sragen, Buduran, Margomulyo-Surabaya, Banjarmasin, Makassar, Gowa, Sidrap

Medan, Lampung, Cikupa-Tangerang, Parung-Bogor, Cicurug-Sukabumi, Sadang-Purwakarta, Pemalang, Pabelan-Salatiga, Magelang, Yogyakarta, Boyolali, Krian-Sidoarjo, Wonoayu-Sidoarjo, Tabanan-Bali, Bati-Bati-Banjarmasin, Makassar

Tiga Raksa-Tangerang Selatan, Karang Anyar, Mojokerto

Cikupa-Tangerang, Boyolali, Wonoayu-Sidoarjo

Boyolali

Cikupa -Tangerang, Boyolali, Wonoayu-Sidoarjo



**Penggemukan Sapi**  
Beef Cattle Feedlot



**Unit Rumah Potong Hewan dan Pengolahan Daging Sapi**  
Abattoir and Meat Processing Unit



**Pabrik Karung Plastik**  
Plastic Bag Factory



**Pabrik Vaksin Hewan**  
Animal Vaccine Factories



**Unit Kesehatan Hewan dan Peralatan Kandang**  
Animal Health and Livestock Equipment Unit



**Pabrik Premix**  
Premix Plant

Lampung (2), Probolinggo

Serang

Wonoayu-Sidoarjo

Gunung Putri-Kab. Bogor (2)

Klapanunggal-Kab. Bogor

Cikarang



# Operational Map



**FARM PBD-JAPFA**

Kabanjahe, Talun Kenas, Bandarmasilam (1,2,3), Pekanbaru (1,2,3), Padang (1,2), Jambi, GP Palembang (1,2), Palembang (1,2,3), Gisting, Campang, GP Lampung, Serang, Citapen, Darangdan, Neglasari, Kertasari, Pawenang, GP Wanayasa (1,2,3,4), Bojong, Nagrak (1,2), Kalapanunggal (1,2), Nyalindung, Jampang Tengah, Subang (1,2,3), Cimerak-Pangandaran, Parungkuda, Pamuruyan, Tegal, Pemalang, Wonosegoro, Pati, Ngaringan Grobogan, Sale-Rembang, Purwodadi (1,2), Tutur, Purvosari (1,2), Singosari, Dampit, GP Gunung Kawi, Mojosari, Jombang (Sewa), Grati (1,2,3,4), Banyuwangi, Bali (1,2), Tohohilir/Pontianak, Loajanan-Samarinda, Sepaku-Kutai Kertanegara, Landasan Ulin-Banjarbaru, Tambangulang (1,2), Makasar (1,2,3), Manado.



**HATCHERY PBD-JAPFA**

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

PBD: Poultry Breeding Division

PT JAPFA COMFEED INDONESIA Tbk



# PUBLIC EXPOSE

6 APRIL 2022



**Memperkokoh Sinergi Untuk Masa Depan yang Berkelanjutan**  
*Strengthening Synergies for a Sustainable Future*