



**JAPFA LTD**  
**Corporate Presentation 2020**

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# Group Overview



## Feeding Emerging Asia



- Established in 1971
- 5 animal protein businesses in 5 countries
- Japfa Ltd's market capitalisation: approx. US\$790 million<sup>1</sup>
- FY2019 revenue: US\$3.9 billion



<sup>1</sup> As at 31 December 2019

# Leading Pan-Asian Industrialised Agri-Food Company



## WHAT WE DO

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



## WHERE WE ARE

We employ over 40,000 people across Singapore, Indonesia, Vietnam, Myanmar, India and China



## WHY WE DO IT

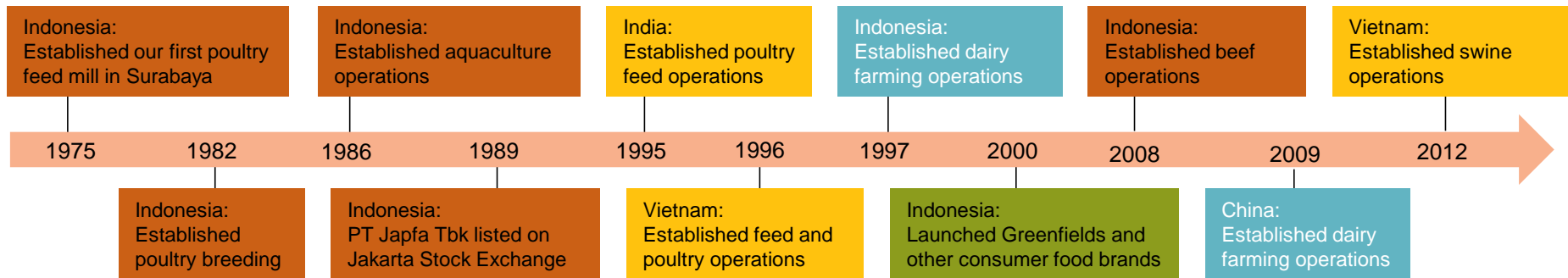
3 billion people living in our target markets  
More than 40% of the world's total population

A leading pan-Asian, industrialised agri-food company dedicated to Feeding Emerging Asia with essential proteins

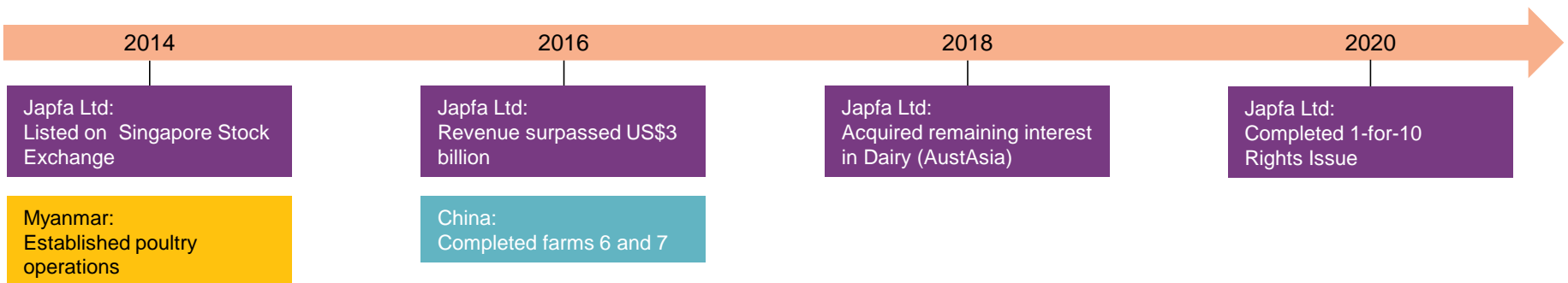
# Almost 50 Years of Growth

The Group has grown from a single poultry feed mill in Indonesia to a leading pan-Asian agri-food company operating in 5 countries. Its diversification strategy into new geographies and proteins positions the Group to be a long-term industry player.

## Track record by PT Japfa Tbk<sup>1</sup> and the Santosa family



## Businesses above are now held under Japfa Ltd



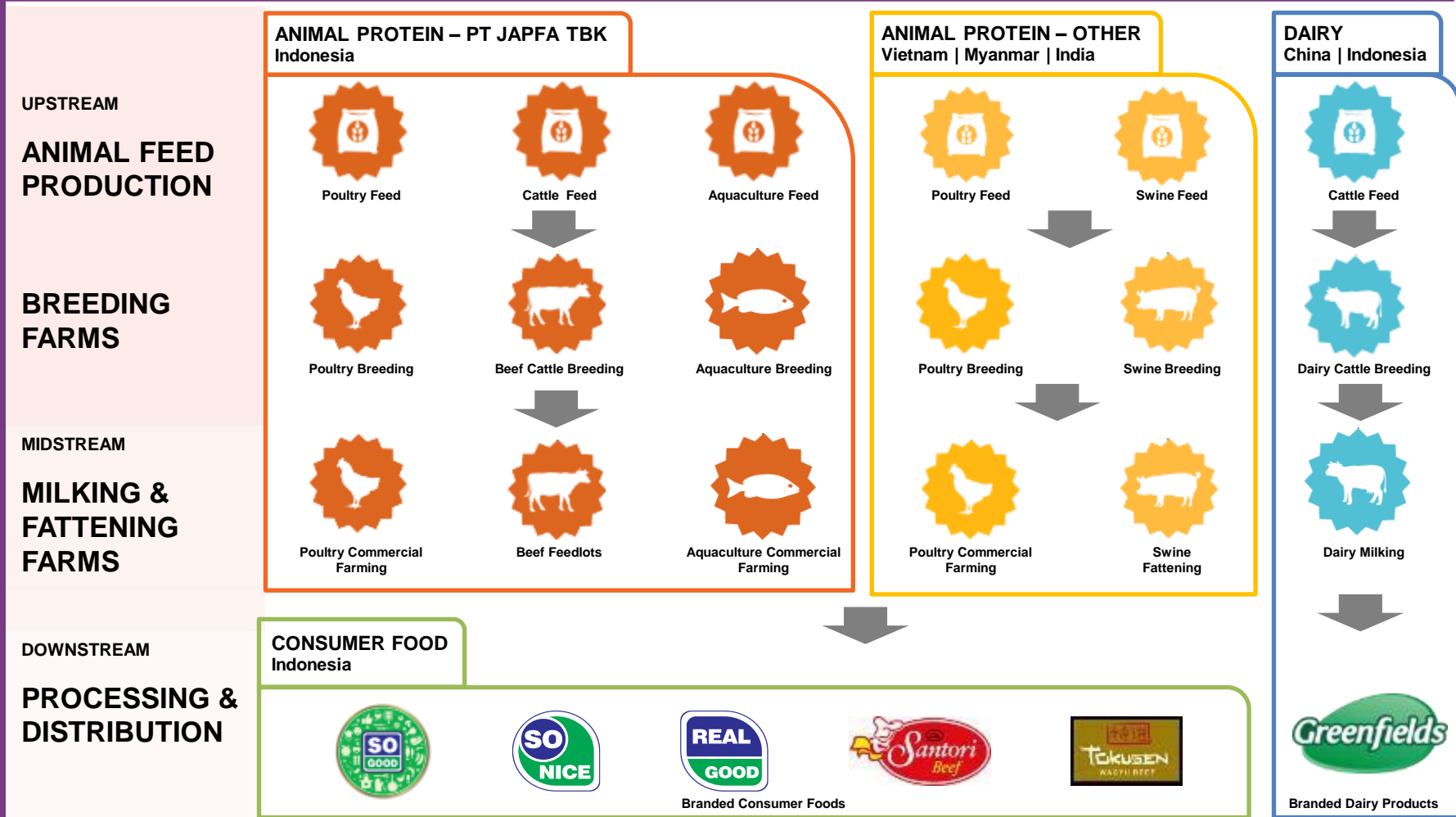
<sup>1</sup> PT Japfa Comfeed Indonesia Tbk ("PT Japfa Tbk") was established on 18 January 1971



# Vertically Integrated Business Across Entire Value Chain

## Five Proteins | Five Countries

Vertically Integrated Business Model



Notes:

- **Five Proteins** refer to Poultry, Beef, Aquaculture, Swine and Dairy.
- **Five Countries** refer to Indonesia, Vietnam, Myanmar, India and China.

# Japfa's Core Competencies

## Industrialised approach to farming and food production

Vertically Integrated Business Model



### CORE COMPETENCIES

#### LARGE SCALE

- Ability to manage mega-scale farming operations; over 40,000 employees across five countries
- Scale of the Group's animal feed business provides stability to group revenue and profitability

#### TECHNOLOGY

- JVs with leading genetics companies (Aviagen and Hypor) for superior breeds and genetics
- Advanced feed technology
- Combined with best farm management practices

#### ANIMAL HEALTH

- Best in class bio-security using stringent operating procedures
- In-house vaccine production firm PT Vaksindo

#### STANDARDISATION AND REPLICATION

- Replication of best practices and infrastructure design across five protein groups and five countries
- Replication of farm design model in dairy farms, DOC breeding farms, feedmills, etc



**JAPFA**

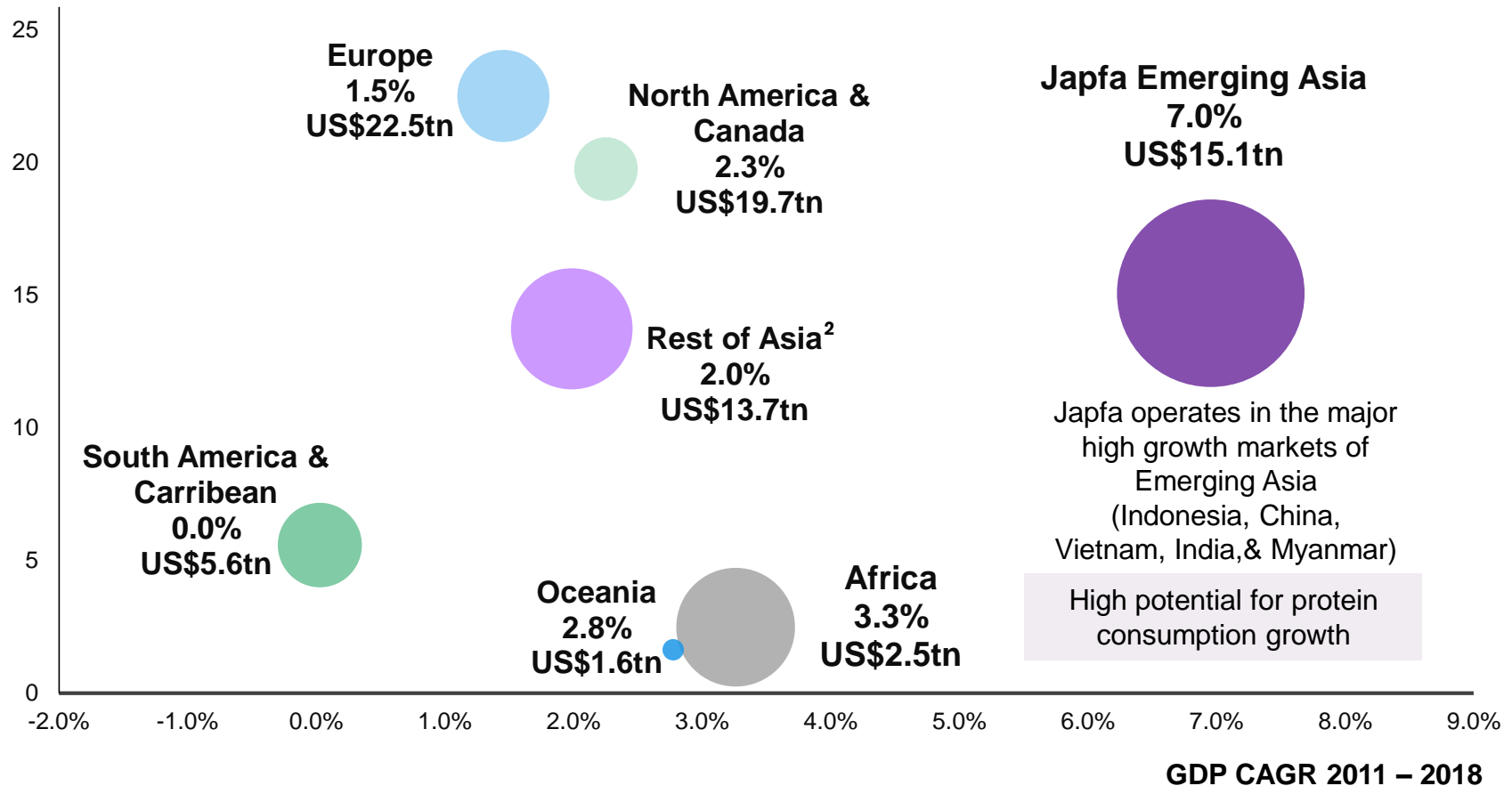
**Feeding Emerging Asia**

# **Growth Prospects**



# Japfa's Emerging Asia: Market Growth

GDP US\$ tn<sup>1</sup>



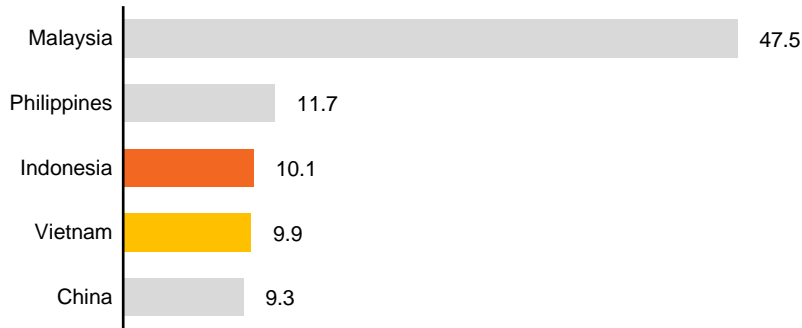
○ Circle size is a diagrammatic reflection of 2018 population

# The Right Business in the Right Markets

## Poultry

### Poultry Meat Consumption per capita in Asia

(kg per capita - 2015)

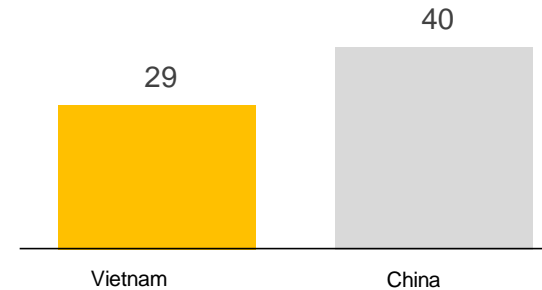


Frost & Sullivan Estimates, 2017

## Swine

### Per capita consumption

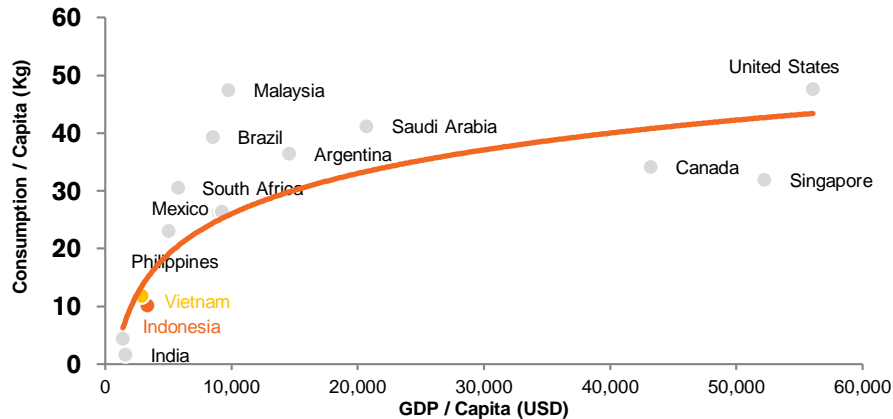
(kg per capita - 2018)



Pork.org, World per capita pork consumption, 2018<sup>1</sup>

## Rising consumption in emerging Asian markets

### Positive correlation between GDP per capita and Poultry Meat Consumption (2015)



OECD, UN, Frost & Sullivan Estimates, 2017

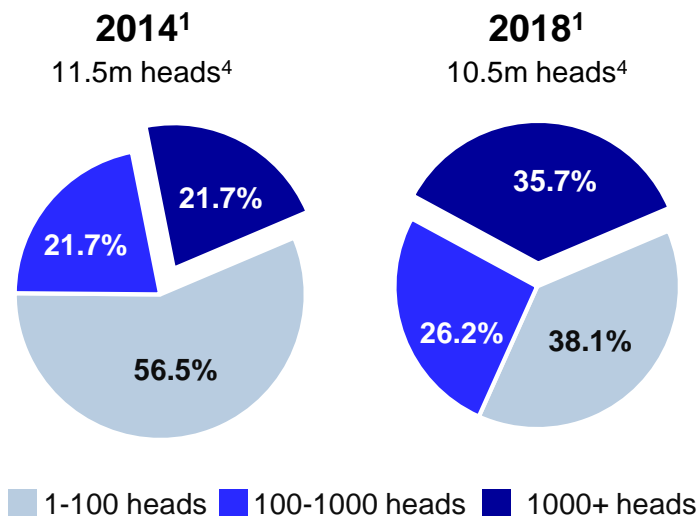
- Ample room for sustained growth in business locations with some of the lowest meat protein consumption per capita in Asia
- “Meat-of-choice” given poultry’s relative affordability, religious neutrality, consumer preference, increasing penetration and popularity of quick service restaurants
- Vietnam is one of the world’s top pork consumption countries and stands second in Asia, only after China<sup>2</sup>
- Strong projected growth in GDP per capita to underpin growing protein consumption
- Potential upside as diets evolve to include more meat-based protein from the currently carbohydrate-heavy diets

<sup>1</sup> USDA Foreign Agricultural Service, World per Capita Pork Consumption, 2019

<sup>2</sup> USDA Foreign Agricultural Service, Vietnam, Grain and Feed Annual, 2017

# Market Share Shift to Industrialised Producers

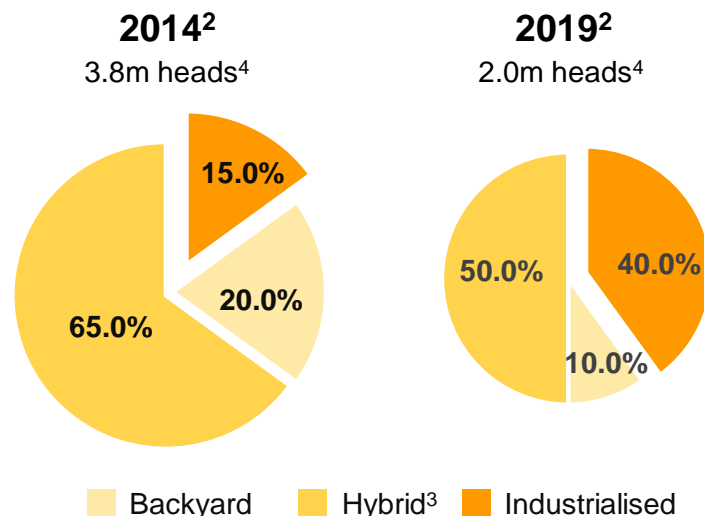
## China Dairy Cattle Population



In China, industrialised dairy producers (1000+ heads) achieve better productivity (higher milk yields) and better milk quality (commanding higher selling prices).

As a result, the raw milk supply market share is shifting towards industrialised producers (1000+ heads).

## Vietnam PS Sow Population



Similarly in Vietnam, industrialised swine producers achieve better productivity (breed more piglets) and better quality piglets, with a lower production cost.

The shift to industrialised producers was accelerated in 2017 due to the extraordinary reduction in demand after China closed its borders to the import of pigs from Vietnam.

The African Swine Fever (“ASF”) outbreak in 2019 shrunk the total swine population further but industrialised farmers with stronger biosecurity, emerged with a larger market share.

<sup>1</sup> PwC's The Ongoing Modernisation of China's Dairy Sector report, 2019

<sup>2</sup> Market share above based on the Company's own estimates, 2019 data

<sup>3</sup> Industrialised breeders use strict breeding methodology and systems, in comparison to Hybrid breeders that allow uncontrolled crossbreeding

<sup>4</sup> The number of heads represents total population in each respective country



**JAPFA**

**Feeding Emerging Asia**

# **Strategy Action Results**

# Strategy: Industrialised Business Model

Five years after our IPO in August 2014, we have succeeded in transforming our growth strategy into concrete actions and tangible results. By championing our diversification strategy and our integrated industrialised business model with financial discipline, we have been able to translate our ideas into reality and create good foundation for now and the future

## Industrialised Business Model

We drive expansion by replicating our integrated industrialised business model, which covers the value chain of protein production: from animal feed and breeding to fattening and consumer products.

We leverage our strength in feed, which is the backbone of our business, as well as our core competencies in large scale operations, technology, animal health, standardization and replication. We build solid breeding pyramids through a scientific approach and leverage our strong farming mentality, strict biosecurity protocols and operational expertise to consistently produce high-quality proteins.

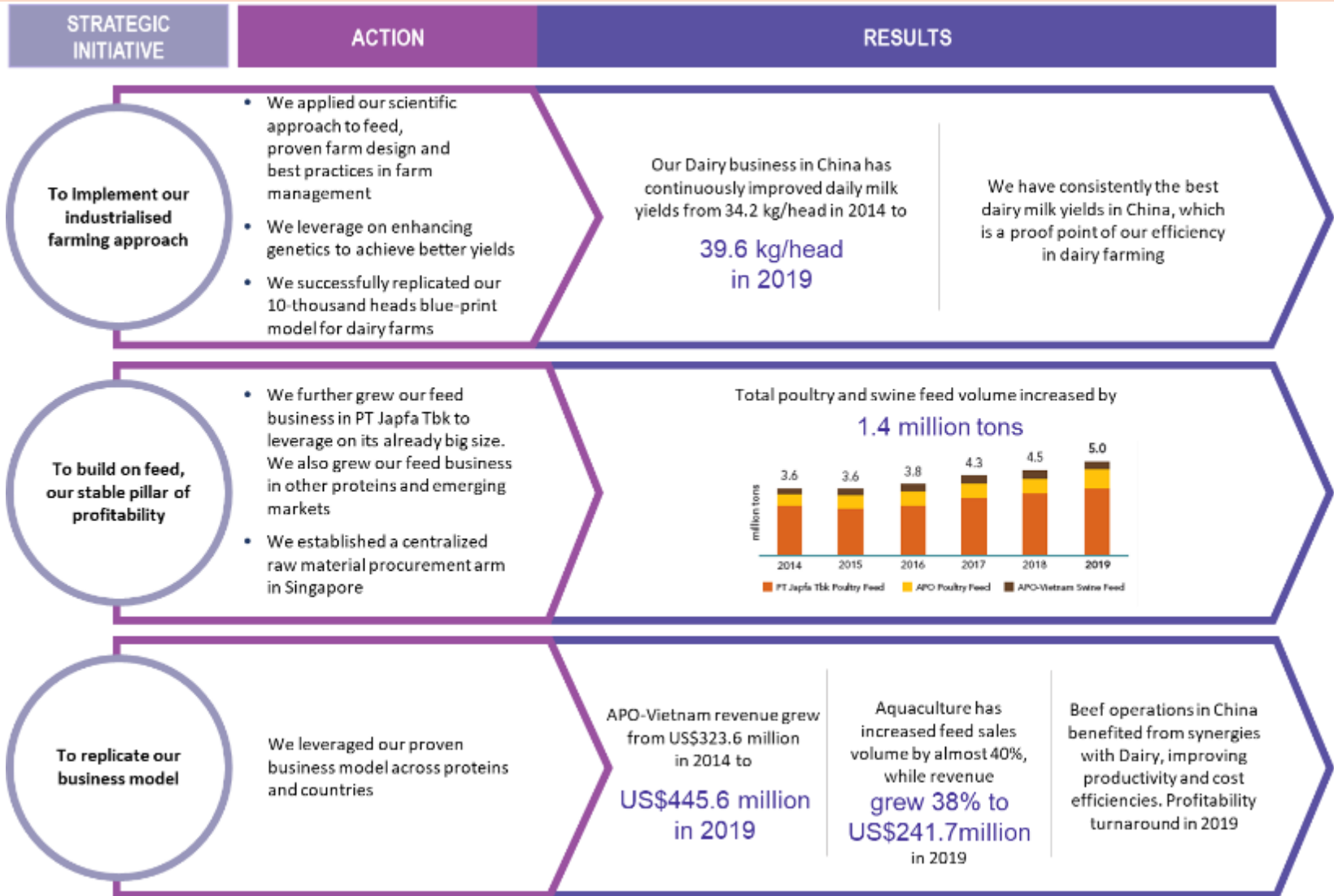
## Diversification Across 5 Proteins, 5 Countries

In line with our purpose of *Feeding Emerging Asia*, Japfa's growth strategy is to diversify and expand across multiple protein segments in multiple emerging markets in Asia, building a portfolio of uncorrelated revenue and profit streams. We focus on staple animal proteins: poultry, swine, beef, aquaculture and dairy. Our strategy is based on capturing the high growth potential for protein consumption in five key markets, namely Indonesia, Vietnam, Myanmar, India and China, which together account for more than 40% of the world's total population.

## Prudent Growth

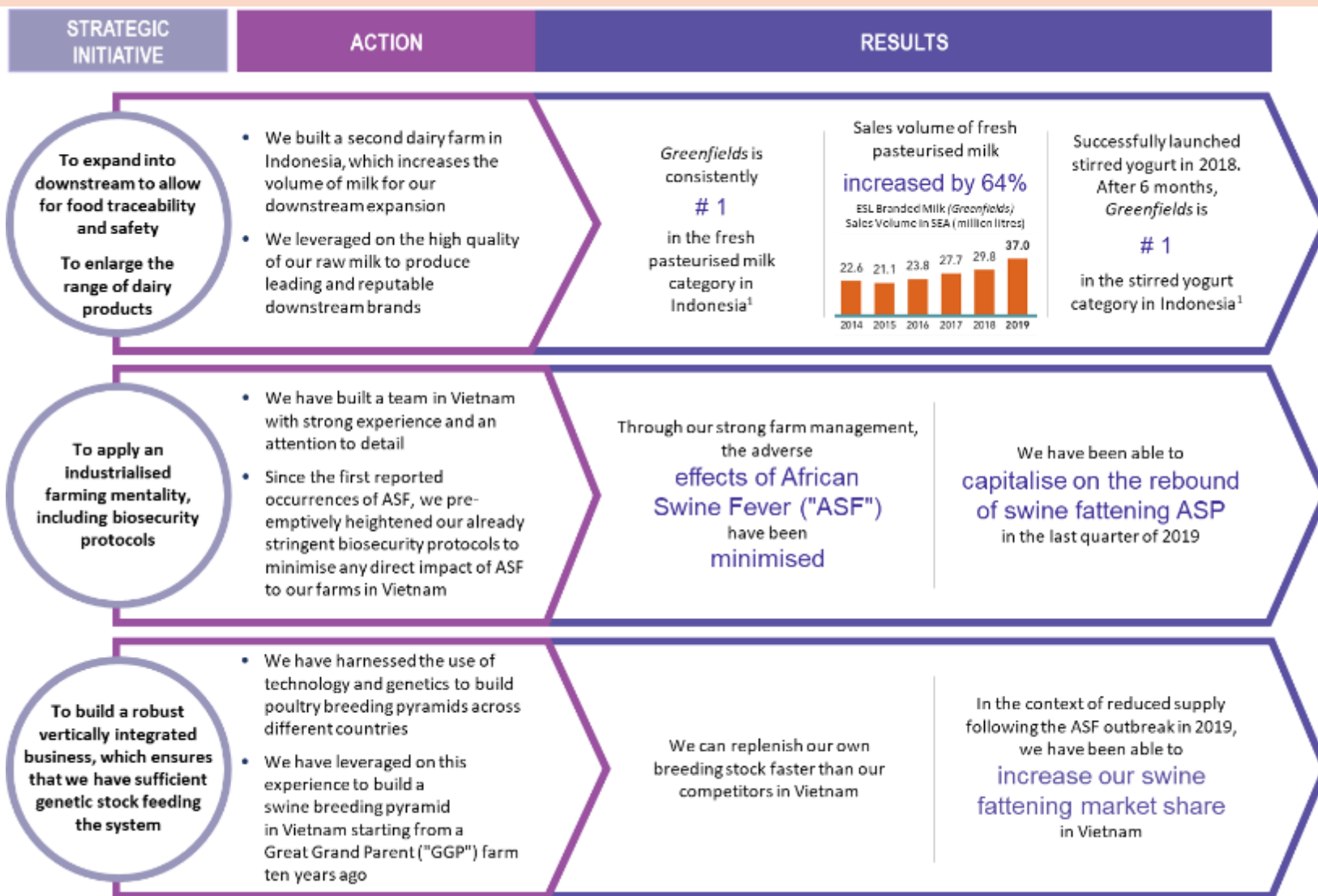
We execute our strategy with financial discipline to grow in a sustainable way.

# Industrialised Business Model





# Industrialised Business Model



<sup>1</sup> As per sales volume, based on Company's own estimates

# Industrialised Business Model: Leading Market Positions

## Leading upstream regional market positions

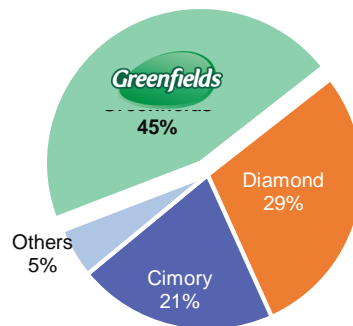
Average Daily Milk Yield (ADM) <sup>1</sup>	China	39.6 kg/head	#1
Poultry Feed Production <sup>2</sup>	Indonesia	24%	#2
DOC Production <sup>1</sup>	Indonesia	29%	#2
DOC Production <sup>1</sup>	Vietnam	20%	#2
Poultry Feed Production <sup>1</sup>	Myanmar	27%	#1
DOC Production <sup>1</sup>	Myanmar	26%	#2



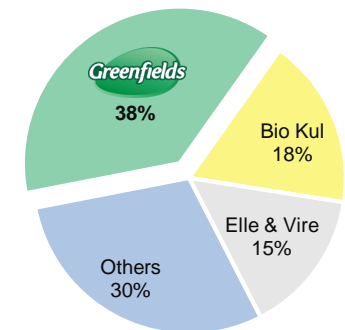
## Leading downstream brands that are drivers for future growth



### Greenfields Fresh Pasteurized Milk<sup>3</sup>

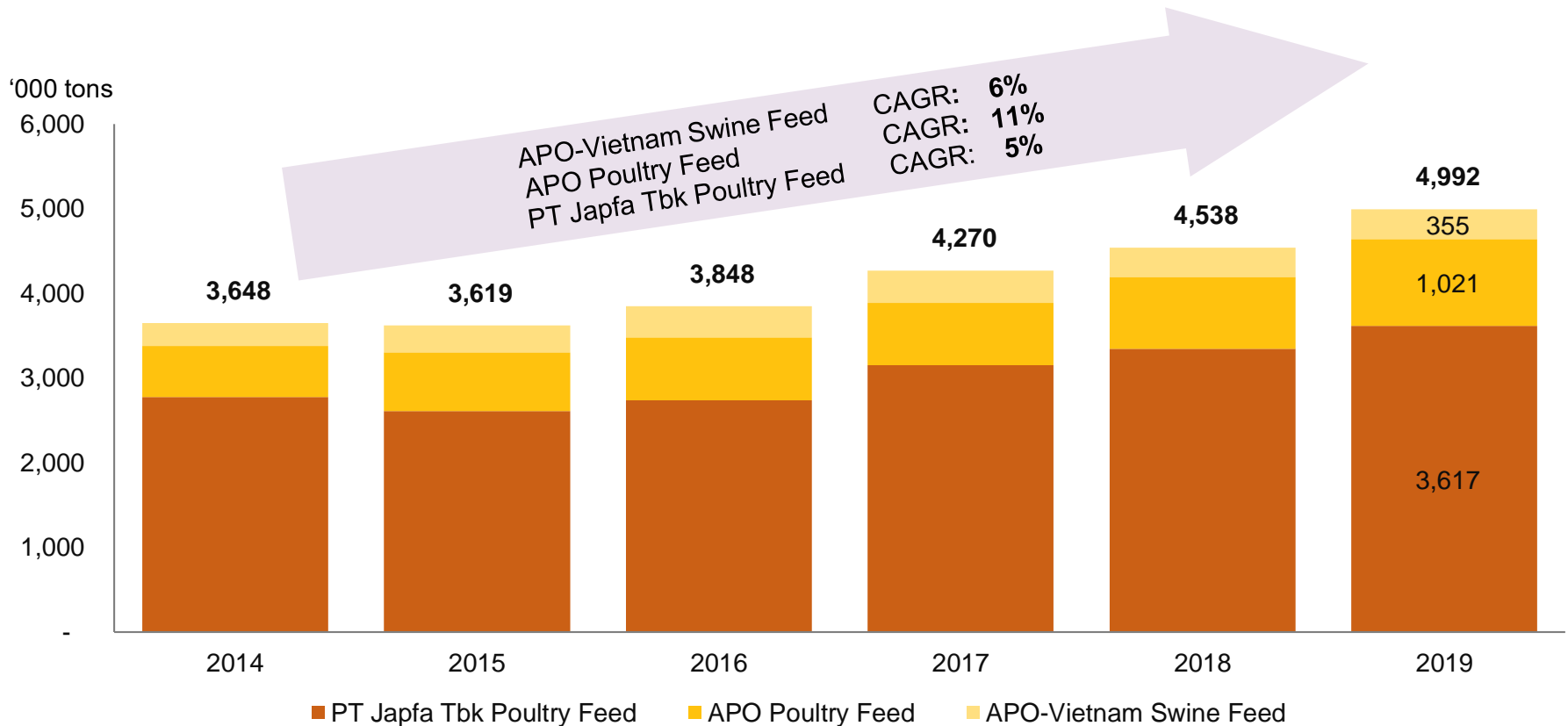


### Greenfields Stirred Yogurt<sup>3</sup>



# Industrialised Business Model: Feed Volume Growth

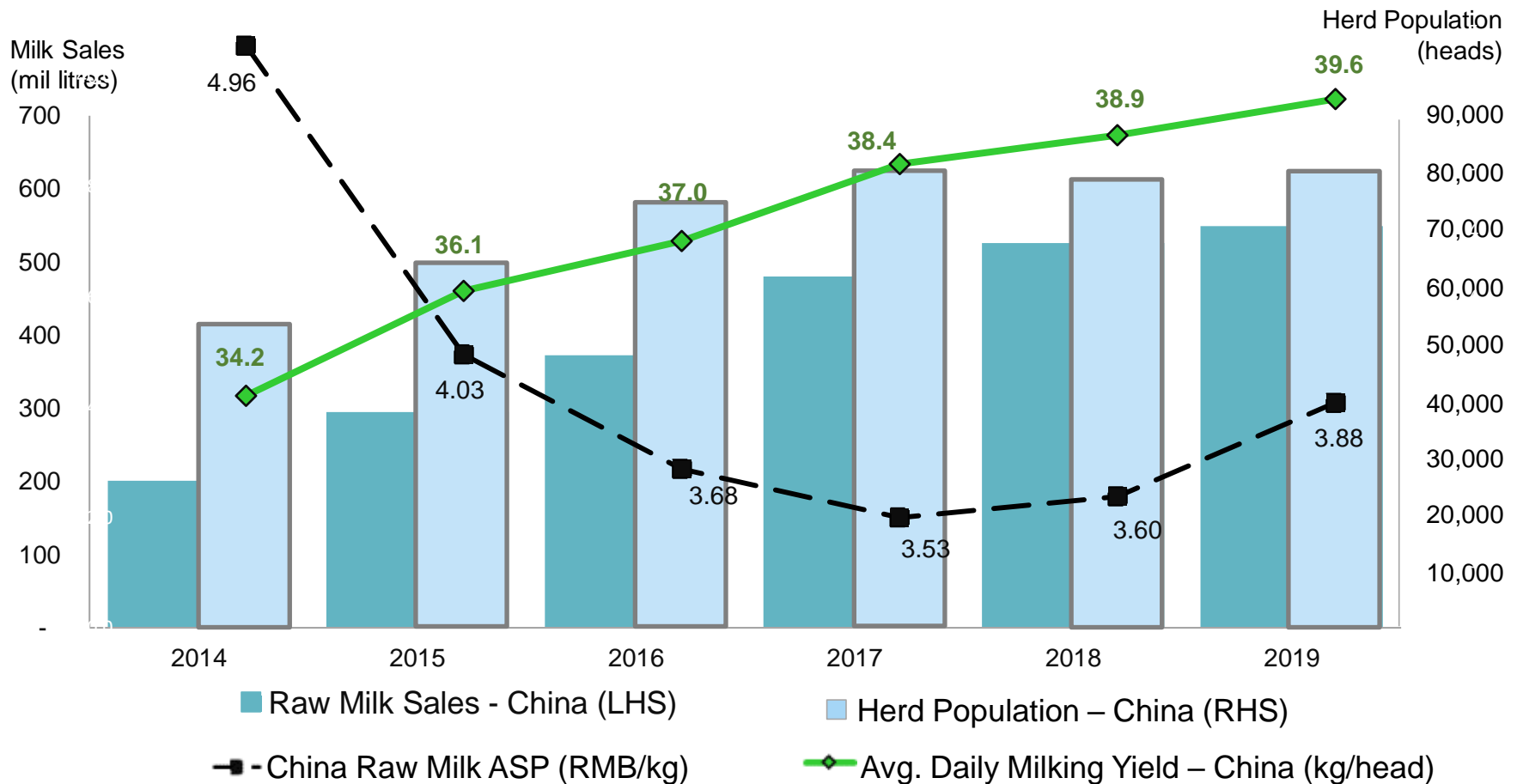
To build on feed, our stable pillar of profitability



Poultry and Swine Feed Volume increased by 1.4 million tons since IPO

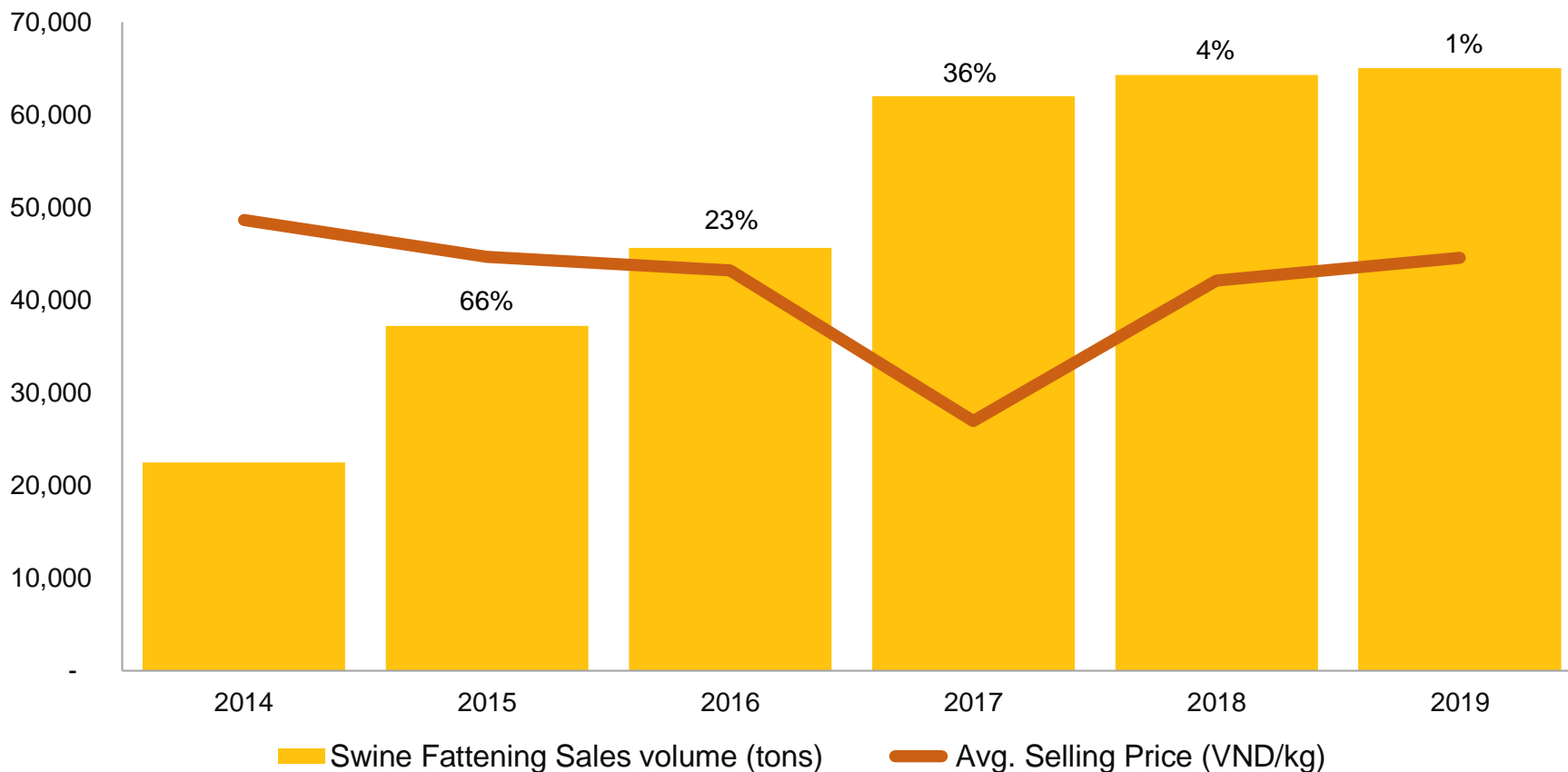
# Industrialised Business Model: Dairy Volume Growth

Our Dairy business in China has continuously improved daily milk yields from 34.2 kg/head in 2014 to 39.6 kg/head in 2019



# Industrialised Business Model: APO-Vietnam Swine Fattening Growth

Through our strong farm management, the adverse effects of ASF have been minimized in 2019. We have been able to capitalise on the rebound of swine fattening ASPs in the last quarter of 2019



# Strategy: Diversification Across 5 Proteins, 5 Countries

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## Diversification Across 5 Proteins, 5 Countries

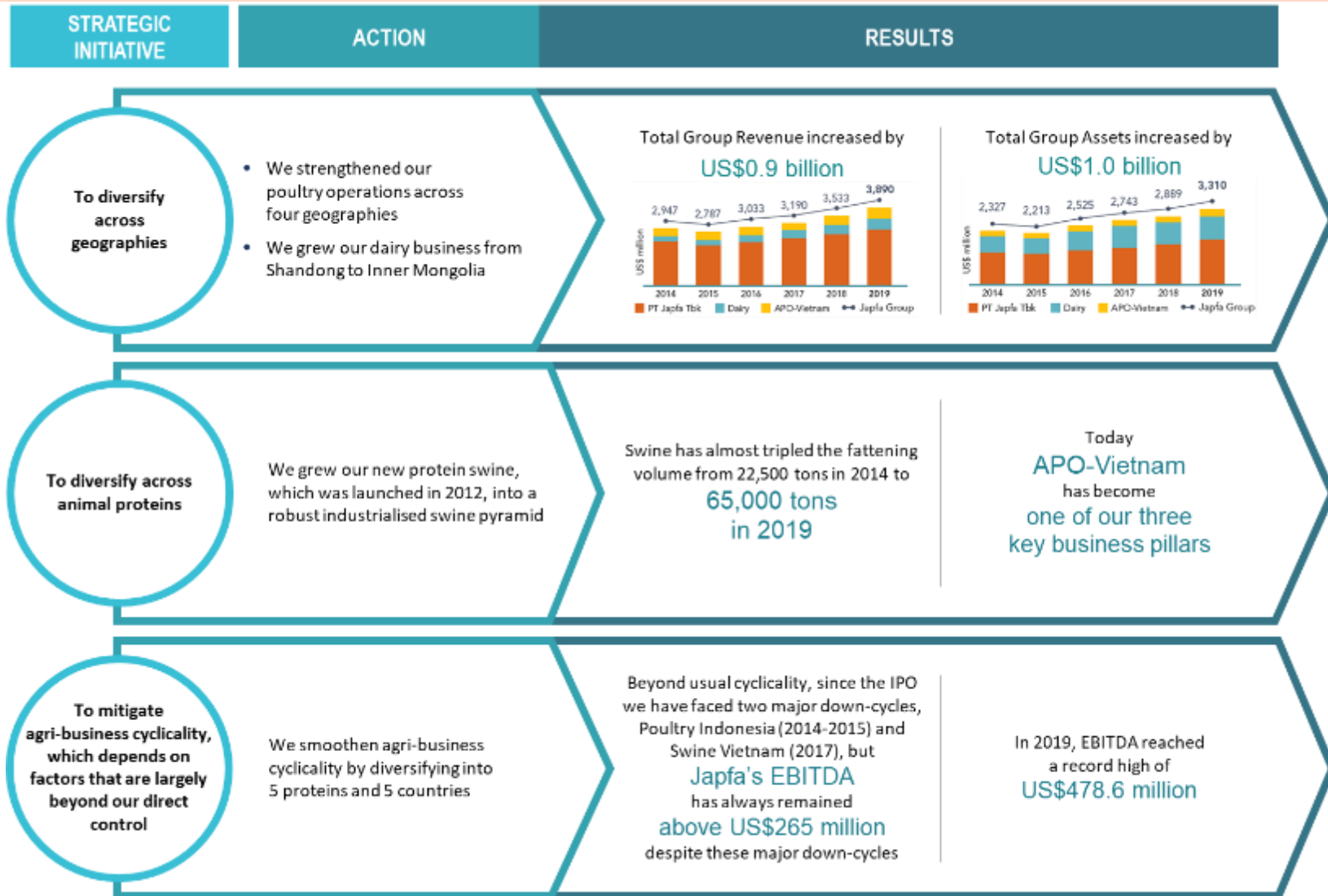
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## Prudent Growth

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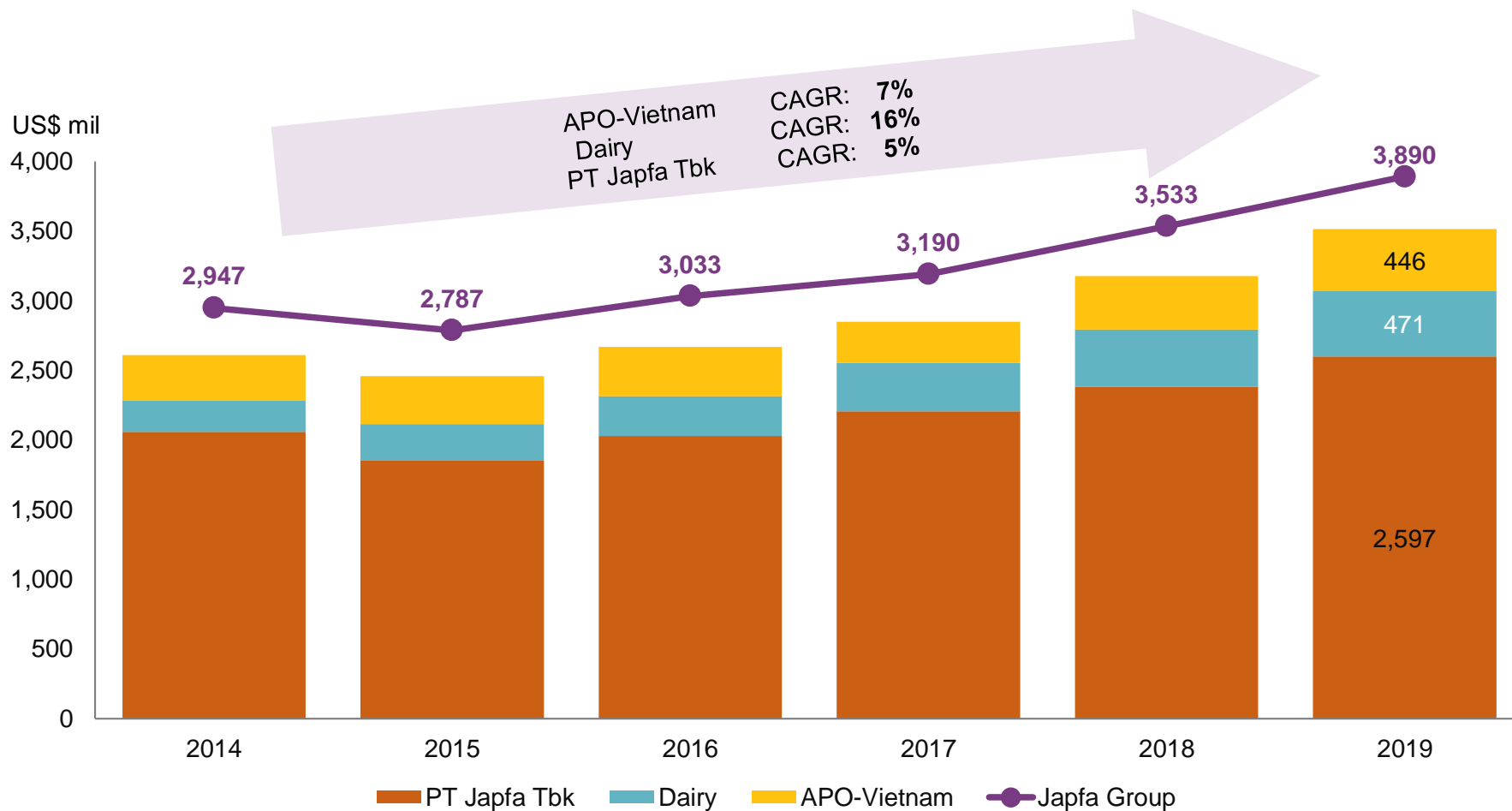


# Diversification Across 5 Proteins, 5 Countries



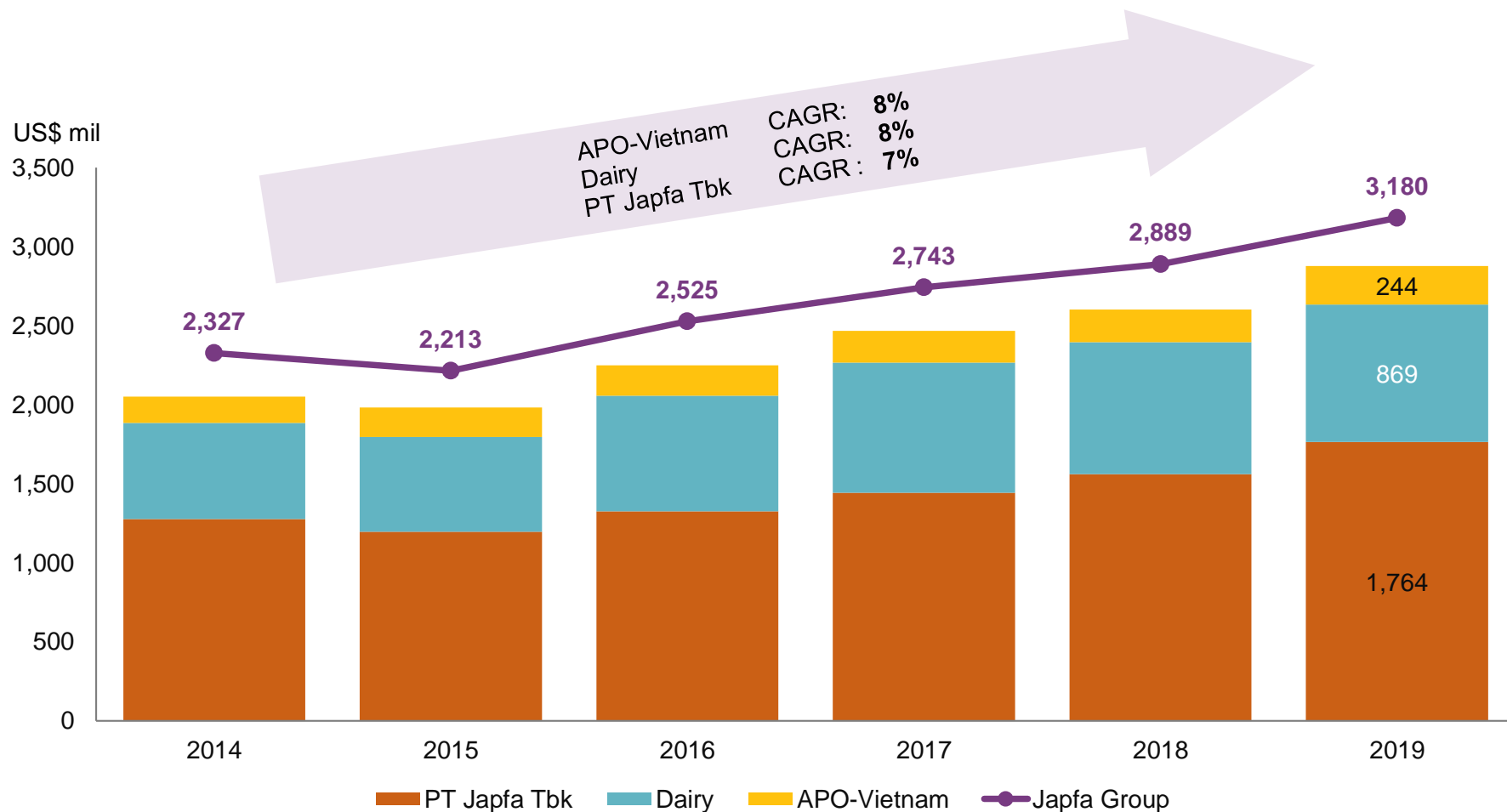
# Diversification: Revenue Growth

Total Japfa Group Revenue increased by US\$0.9 billion since IPO



# Diversification: Assets Growth

Total Japfa Group Assets increased by US\$0.9 billion since IPO



The Group has adopted the new Singapore Financial Accounting Standard "SFRS(I)" 16 Leases in 2019. It requires the Group to recognise the right-of-use assets with a corresponding lease liability in the Balance Sheet under this new accounting standard (2019): PT Japfa Tbk US\$9 mil; Dairy US\$43 mil; APO-Vietnam US\$60 mil)

# Diversification: Agri-food Business Cyclicity

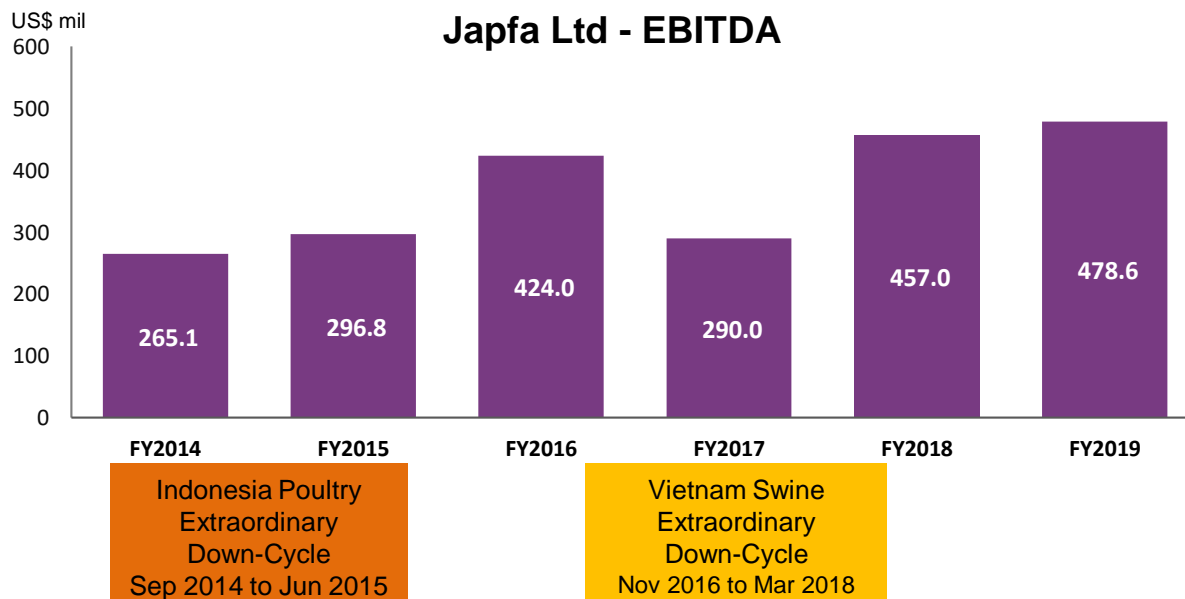
- The agri-food business is inevitably subject to cyclicity which impacts revenue and profitability. Cyclicity is depended on a variety of external factors which are beyond the Group's control including the seasonality of harvests and festivals, as well as macroeconomic factors that affect purchasing power, and government policies
- Japfa focuses on being one of the most efficient animal protein producers in each of the countries in which it operates
- Efficiency is achieved from Japfa's large-scale operations, use of technology to raise productivity, and being one of the lowest cost producers in the region
- Diversification across 5 proteins and 5 countries cushions the Group against cyclicity in any one market or protein group

**By being one of the most efficient and lowest cost producers, Japfa is able to ride through agri-business cyclicity**

Japfa Ltd has gone through 2 recent major down-cycles:

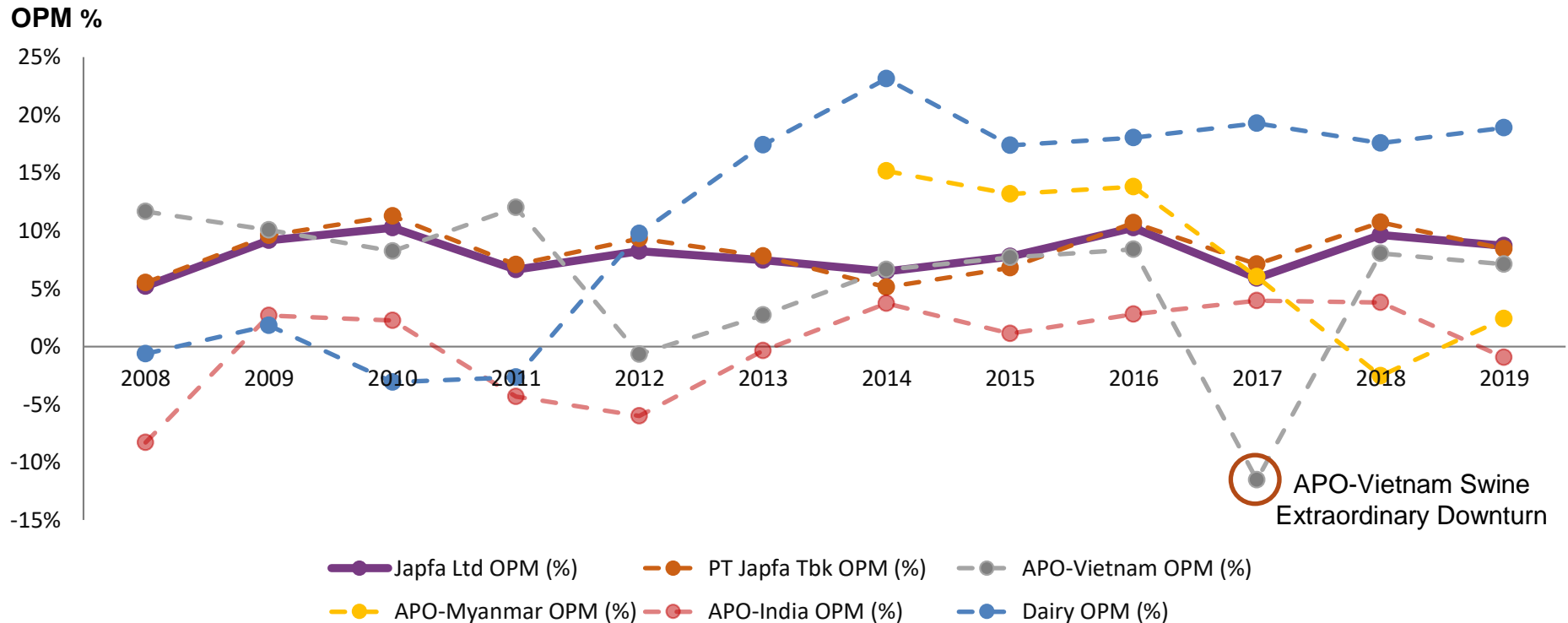
1. Indonesia Poultry
2. Vietnam Swine

Despite these major down-cycles, Japfa Ltd managed to deliver healthy EBITDA each year



# Diversification Smoothens Agri-business Cyclicity

## Operating Profit Margin FY2008-FY2019



- Agri-food business is subject to cyclicity which impacts revenue and profitability. Cyclicity is dependent on a variety of external factors which are beyond the Group's control (seasonality of harvest and festivals, macroeconomic factors that affect purchasing power and government policies)
- Diversification evens out the impact of cyclicity in any one market or protein group

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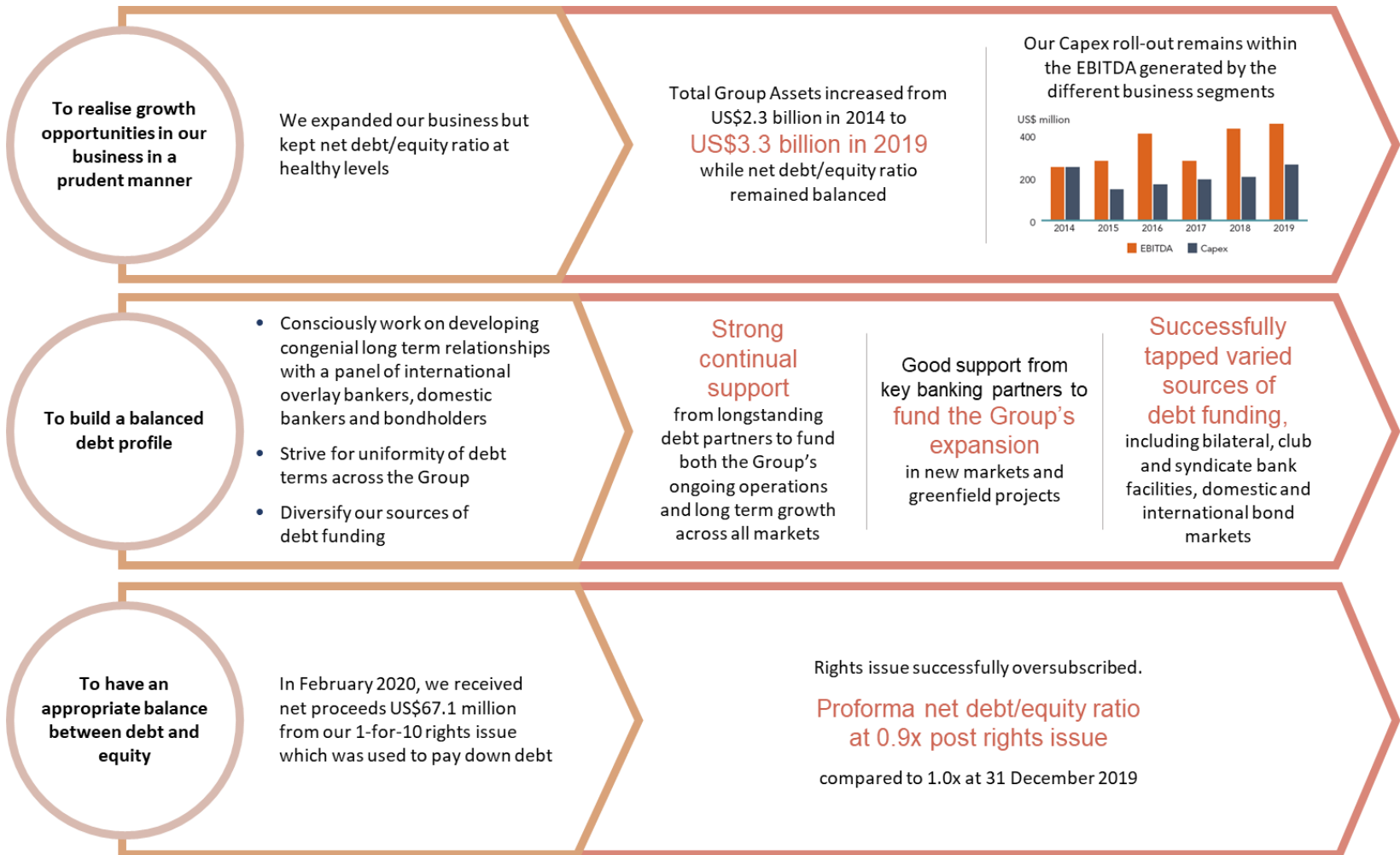
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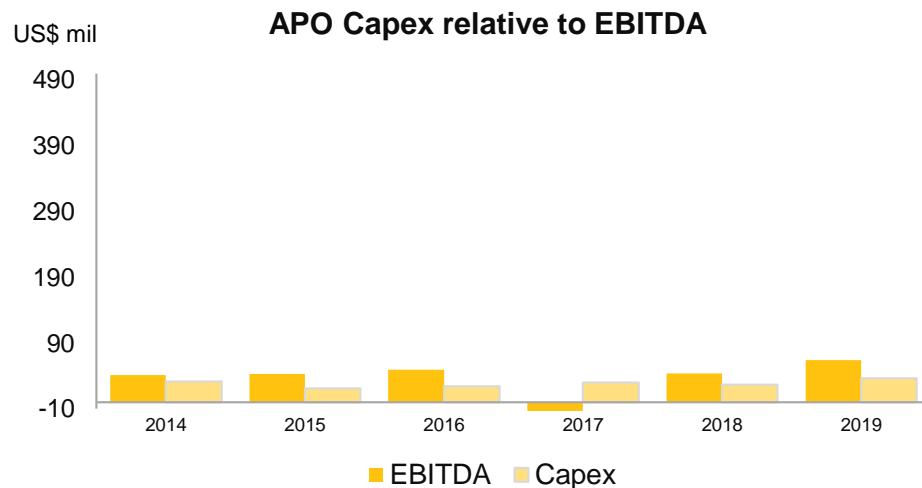
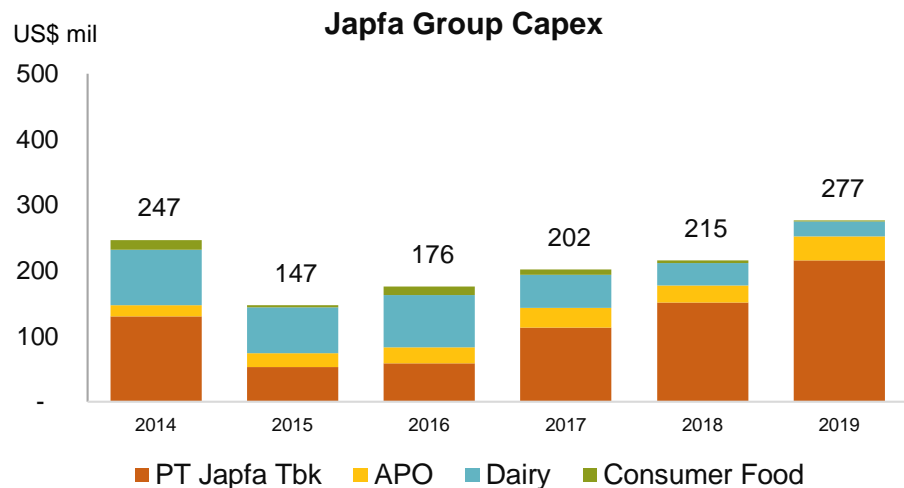
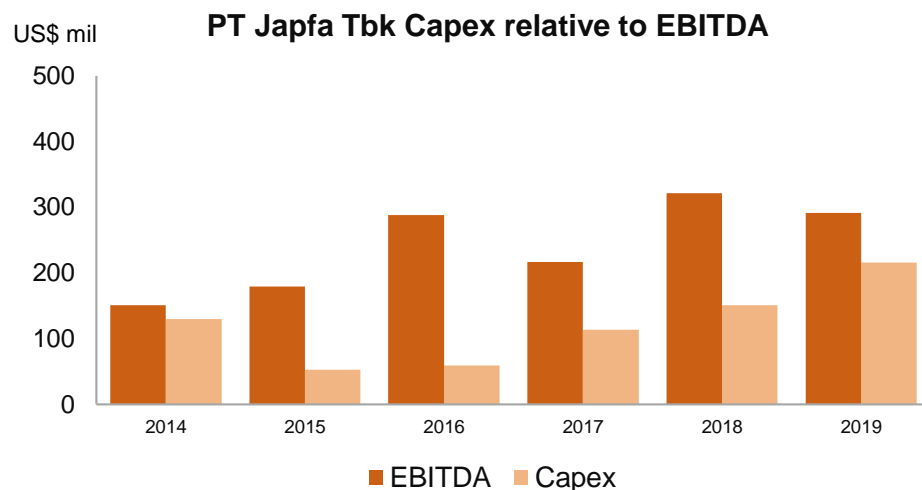
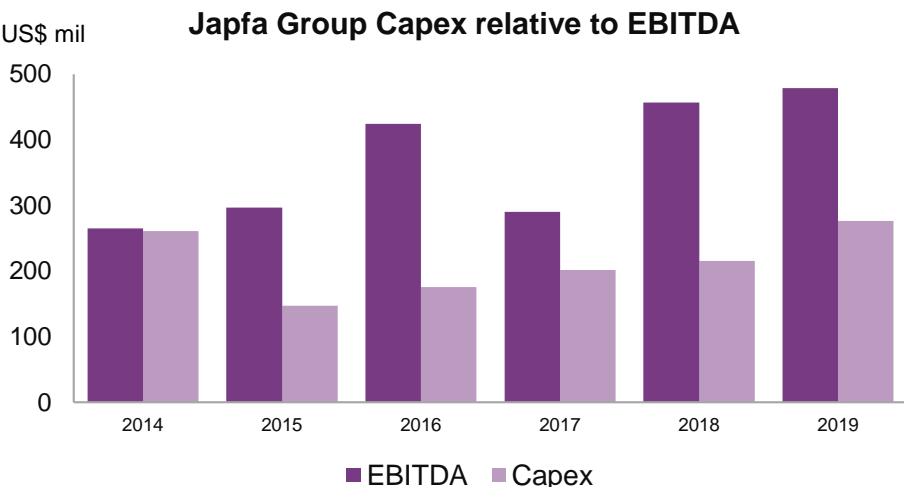


# Prudent Growth

STRATEGIC INITIATIVE	ACTION	RESULTS
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# Prudent Growth: Responsible Capex Rollout



Note: Capex refers to new capital investment in property, plant and equipment



**JAPFA**

**Feeding Emerging Asia**

# **Our Business Segments**

# Our Business Segments: PT Japfa Tbk

*Poultry Breeding Farm*



**PT Japfa Tbk**

*Ownership: 52% Japfa Ltd*

- Vertically integrated animal protein operations, covering the entire value chain of high quality animal protein production (poultry, beef and aquaculture)
- Partner world-leading genetics companies to breed high performance parent livestock in modern farm facilities using advanced management systems



*Hatchery*



*Day-old chicks*

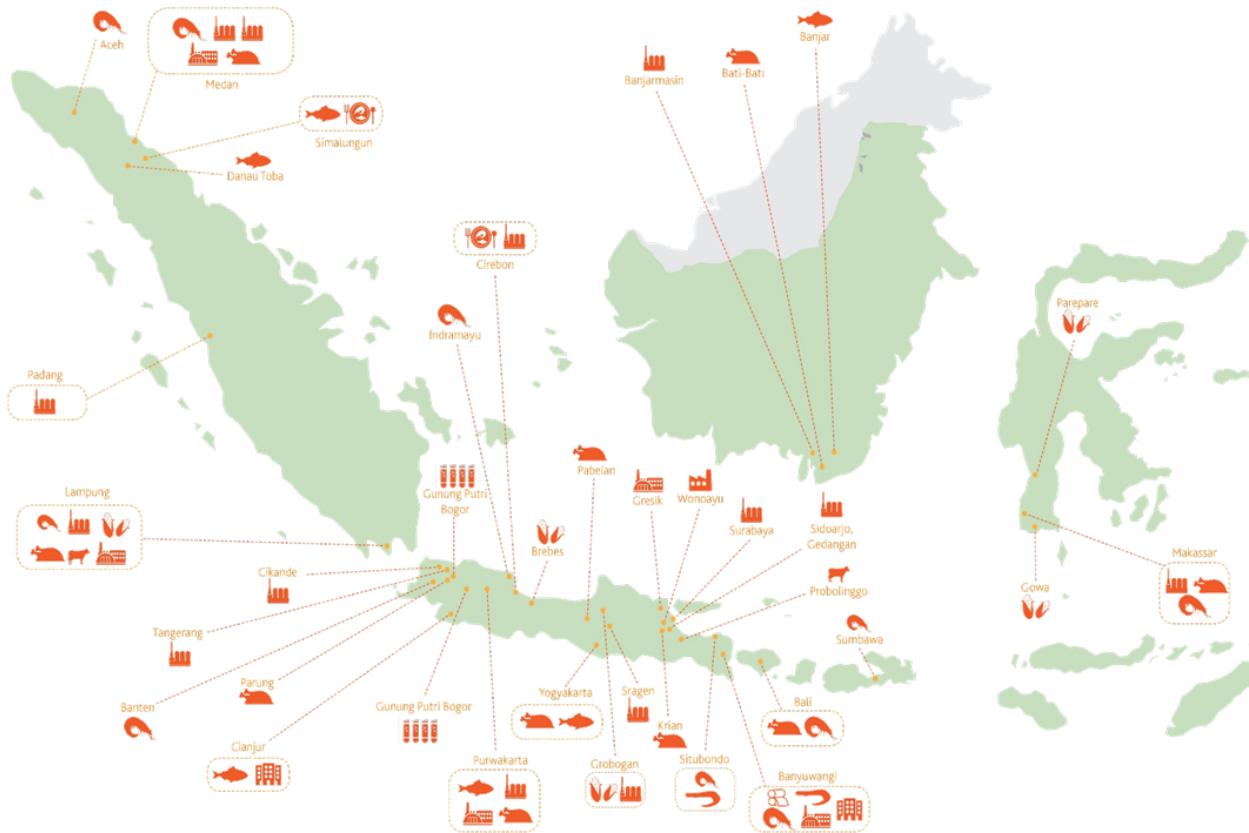


*Hatchery*



# PT Japfa Tbk Nationwide Footprint

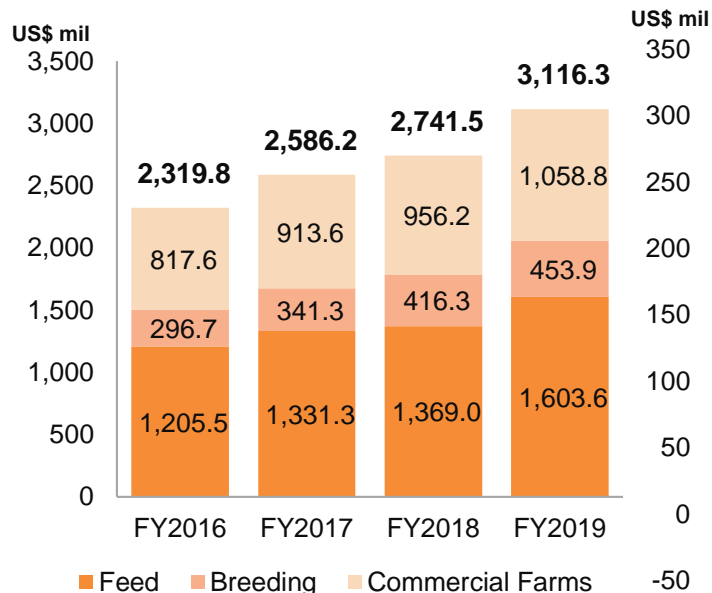
Poultry business contributes 87% of PT Japfa Tbk's total revenue in FY2019



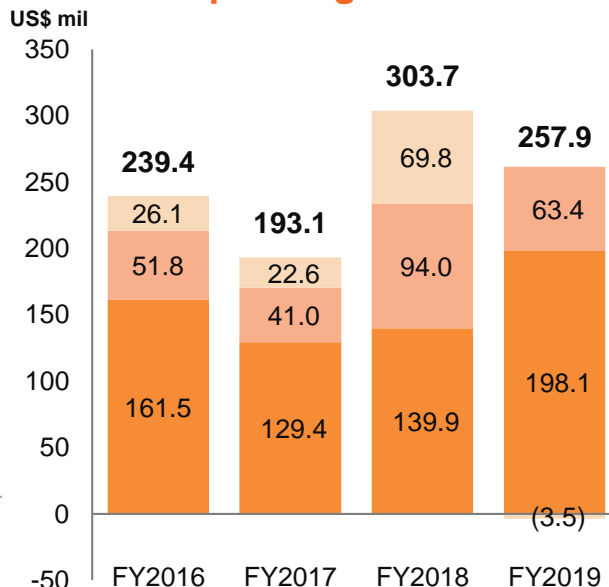
	<b>Pabrik Pakan Ternak</b> <i>Poultry Feedmills</i>	Medan (2), Padang, Lampung, Cikande, Tangerang, Purwakarta, Cirebon, Sragen, Grobogan, Sidoarjo, Gedangan, Surabaya, Banjarnasin, Makassar.
	<b>Rumah Potong Ayam</b> <i>Slaughterhouse</i>	Medan, Lampung, Parung (Bogor), Sadang (Purwakarta), Pabelan (Salatiga), Bali, Makassar, Yogyakarta, Krian (Sidoarjo), Bati-Bati (Banjarnasin), Magelang.
	<b>Pengeringan Jagung</b> <i>Corn Dryer</i>	Lampung, Brebes, Grobogan, Cowa, Parepare.
	<b>Penggemakan 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.

# Segmental Trends: PT Japfa Tbk (Poultry)

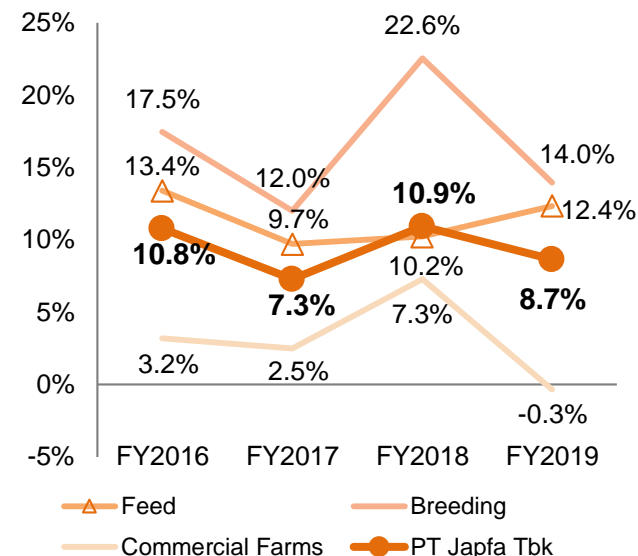
## Revenue



## Operating Profit



## Operating Profit Margin



### Feed business continues to be a stable pillar of profitability in PT Japfa Tbk

- The poultry business (feed, breeding and commercial farms) represents the bulk of PT Japfa Tbk's revenue
- The high operating profit in FY2016 was mainly driven by the exceptionally high poultry feed operating margin of 13.4% arising from a lower COGS
- The high operating profit in FY2018 was mainly due to high ASPs for DOC and broiler driven by lack of DOC supply
- Operating profit in FY2019 weakened due to low broiler prices in the first three quarters of 2019. This was compensated by feed volume growth and feed operating profit
- Our ability to generally 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



# Our Business Segments: Animal Protein Other

Japfa Vietnam - Feedmill at Long An



## Animal Protein Other

Ownership: 100% Japfa Ltd

- Successfully replicated our large-scale and industrialised animal protein operations across emerging Asia markets
- Poultry operations in Vietnam, Myanmar and India
- Swine operations in Vietnam



Japfa India - Breeding Pune

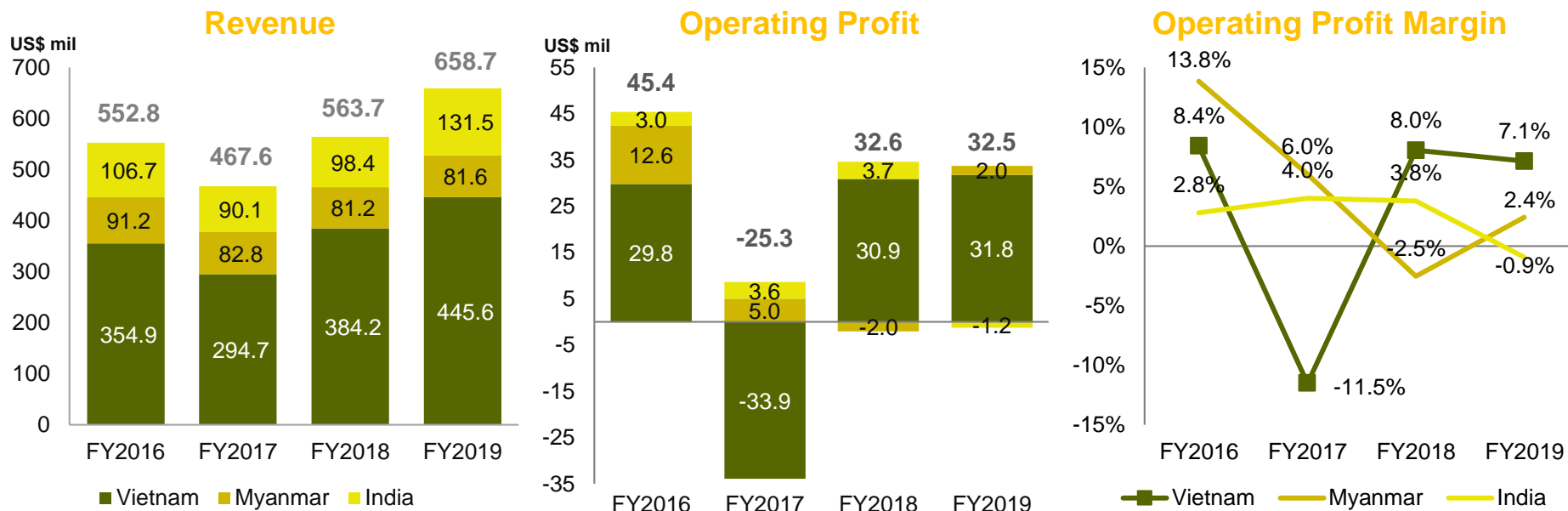


Japfa Vietnam - Feedmill



Japfa Vietnam - GP Swine Binh Phuoc

# Segmental Trends: Animal Protein Other



## Our ability to replicate our industrialised business model, across proteins and geographies, is showing tangible results

- FY2017 was affected by an extraordinary event in the Vietnam market, when China imposed import restrictions on swine causing a significant oversupply in Vietnam. As a result, APO-Vietnam recorded a significant loss
- APO-Vietnam turned around to an operating profit in FY2018 after the recovery of Vietnam swine prices in 2Q2018, which reflected the re-balancing of demand-supply in Vietnam's domestic swine market
- Vietnam was hit by ASF<sup>2</sup> in 2019, which significantly reduced the total domestic swine population. With its stringent biosecurity, APO-Vietnam managed to minimise the negative effect of the ASF. A rebound of swine fattening ASP in 4Q2019 led to the strong revenue and profit in 2019. Our strategy to build a swine breeding pyramid, starting from our own Great Grand Parent (GGP) farms, allows us to quickly replenish our swine breeding stock. APO-Vietnam has emerged stronger from ASF with a larger swine fattening market share in a context of reduced supply in Vietnam
- APO-Myanmar has returned to profitability in 2019 in a competitive poultry market
- APO-India is seen as another key growth market in the longer term, and our current focus is on growing the feed business

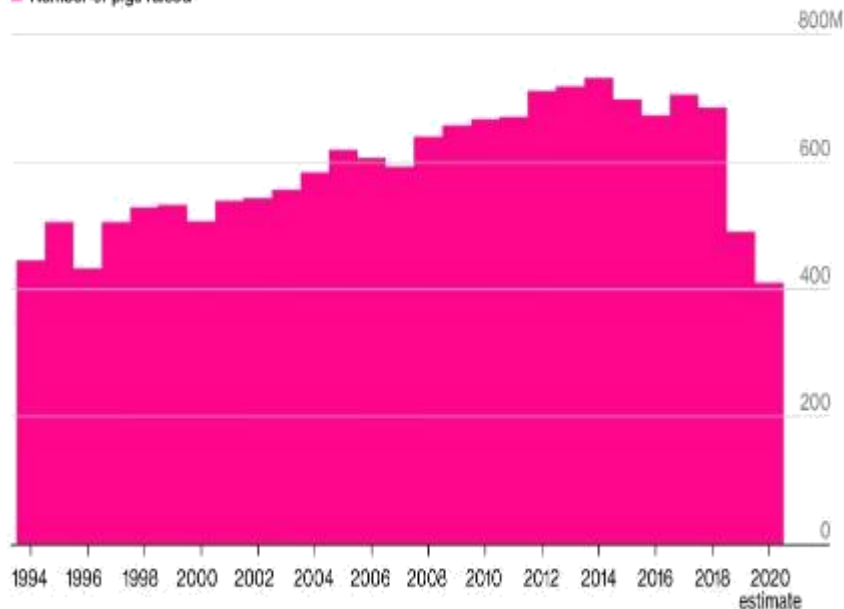
# Swine Supply Shortage and Recovery

In a Bloomberg report, the number of pigs raised in 2020 is estimated to drop > 40% from before ASF

## Leaner Meat <sup>1</sup>

China's 2020 pig supply is projected to slump to a 27-year low

■ Number of pigs raised



A Rabobank report on China's Recovery from ASF noted that "It will likely take around five years of restocking for the whole farming sector to recover."<sup>2</sup>

## Japfa Vietnam Swine Operation

ASF has significantly reduced the total domestic swine population in Vietnam and the lack of supply has increased swine fattening ASPs

Through our strong farm management and stringent biosecurity, the adverse effect of ASF on our swine population has been minimized

Our strategy to build a swine breeding pyramid, starting from our own Great Grand Parent (GGP) farms, allows us to replenish our swine breeding stock faster than the competition

In 2020, APO-Vietnam has started to import highly selected pure line breeders from its partner Hypor as part of a 3-year plan to further improve performance and swine genetics

With these strategic initiatives, APO-Vietnam has set a strong base for growth

<sup>1</sup> Chart extracted from Bloomberg, 6 June 2019 citing USDA

<sup>2</sup> China's Recovery From African Swine Fever: Rebuilding, Relocating, and Restructuring – Rabobank, November 2019



# Our Business Segments: Dairy

*Rotary Milking Parlour*



## Dairy (AustAsia)

*Ownership: 100% Japfa Ltd*

- Pioneered the first “grass-to-glass” vertically integrated modern dairy in Indonesia in 1997
- 9 world-class dairy farms and one processing plant that are designed, equipped and managed to meet and exceed international standards in productivity and bio-security



*Breeding Hutches*



*Feeding Farms*



*Hay Barns*

# Overview of AustAsia

## China



**548.9**

Raw Milk Sales Volume (mil kg)<sup>1</sup>

**79,464**

Total Cattle Population (heads)<sup>2</sup>

**45,286**

Milkable cows  
(heads)<sup>2</sup>

**39.6**

Average Daily Milking  
(kg/head/day)<sup>1</sup>

## Southeast Asia



**60.4**

SE Asia Branded Milk Sales Volume (mil litres)<sup>1</sup>

**15,627**

Total Cattle Population (heads)<sup>2</sup>

**8,939**

Milkable cows  
(heads)<sup>2</sup>

**31.1**

Average Daily Milking  
(kg/head/day)<sup>1</sup>

# AustAsia's Achievements

## Indonesia – Downstream

- Launched **Greenfields** branded milk in 2000
- Successful brand-building



*Greenfields, #1 brand for Fresh Pasteurized Milk and Stirred Yoghurt in Indonesia<sup>1</sup>*

## China – Enjoys Highest Milk Yield

Milk yield

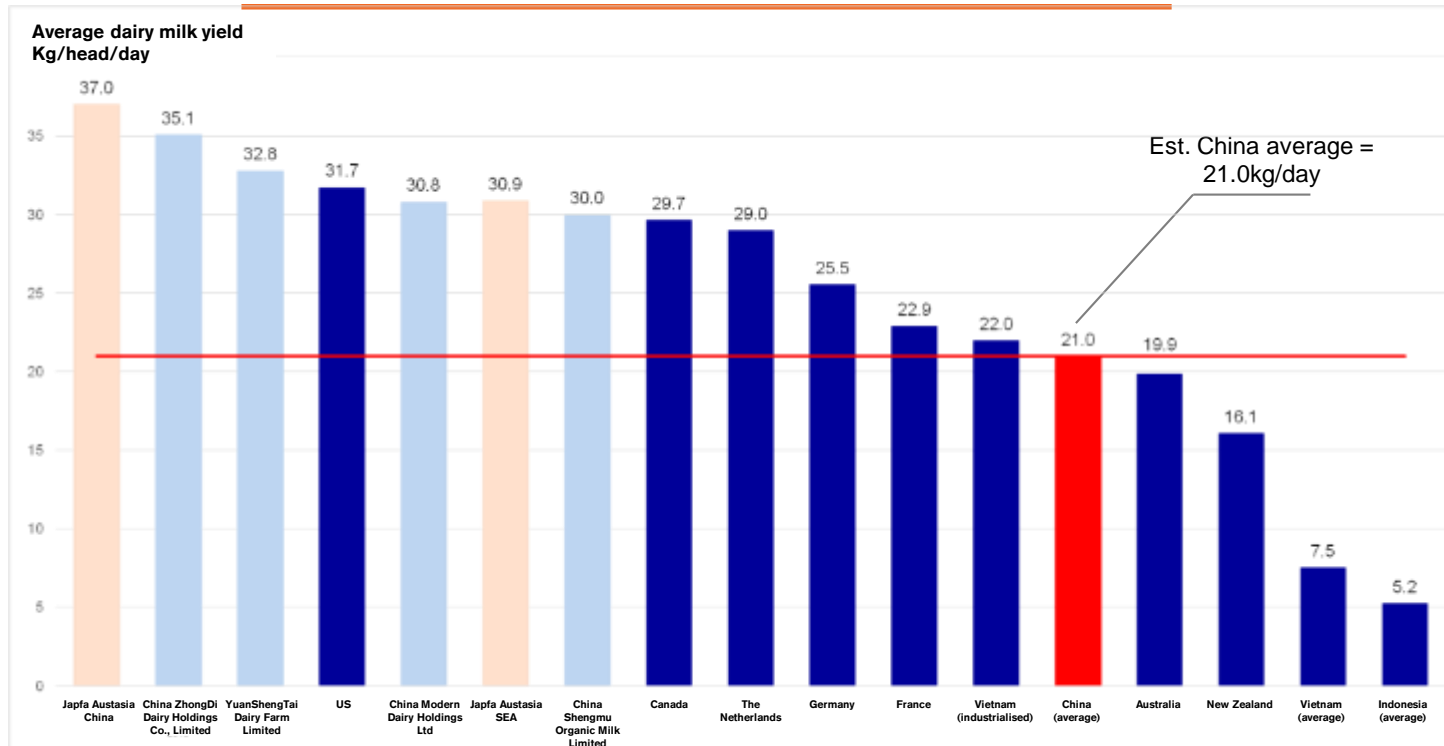
X

Milk price

=

Profitability

### Japfa's yield continues to surpass listed China competitors<sup>2</sup>



<sup>1</sup> As per sales volume, based on Company's own estimates

<sup>2</sup> Rabobank, IFCN, annual reports 2016 by respective listed corporates

# Key Milestones

1997

## Indonesia – Farm

- Commenced dairy farm operations in Malang, East Java, Indonesia



2009

## China – 5 Farm Hub in Shandong

- 10,000 heads in each dairy farm
- Produces superior quality raw milk with a per kg price premium to the industry average
- Best-in-class dairy farm management with higher average yield to the industry

2000

## Indonesia – Downstream

- Launched our **Greenfields** brand of milk



Since 2015

## Expansion in China and SE Asia

- Expansion into Inner Mongolia, China with 2 additional 10,000-heads farms
- Construction of milk processing plant in joint venture with Food Union completed in June 2018
- Dairy processing facility in East Java completed in May 2017
- Completed construction of the second dairy farm in Indonesia

2004

## China – Joint Venture

- Approached by Mengniu to establish and manage a joint venture 10,000-head dairy farm in Inner Mongolia
- Subsequently sold to joint venture partner

# Key Success Factors for our High Milk Yields

## Forage

- Understanding and developing localised forage supply in an Asian context
- Scientific development of feed formulation for optimal nutrition for cow health and milk output
- Results in highest quality milk output



## Farm design

- Proven Asian 10,000-head dairy farm blue-print
- Infrastructure and standardised systems, which are designed to maximise cattle welfare, operational efficiency and milk quality
- Farms located in targeted areas within optimal environmental parameters



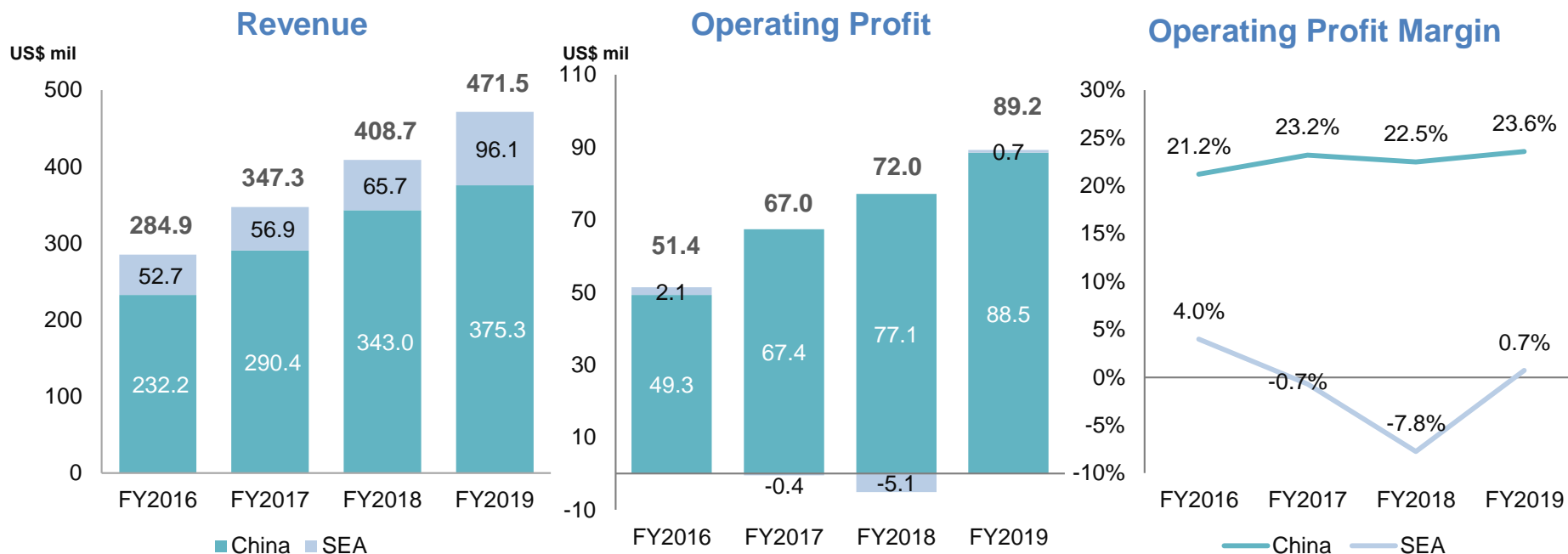
## Farm management

- Retention of experienced management over 20 years
- Continuous recruitment and training of employees to industry best practices
- Key focus on genetic improvements
- Biosecurity
- Best practices in farm management





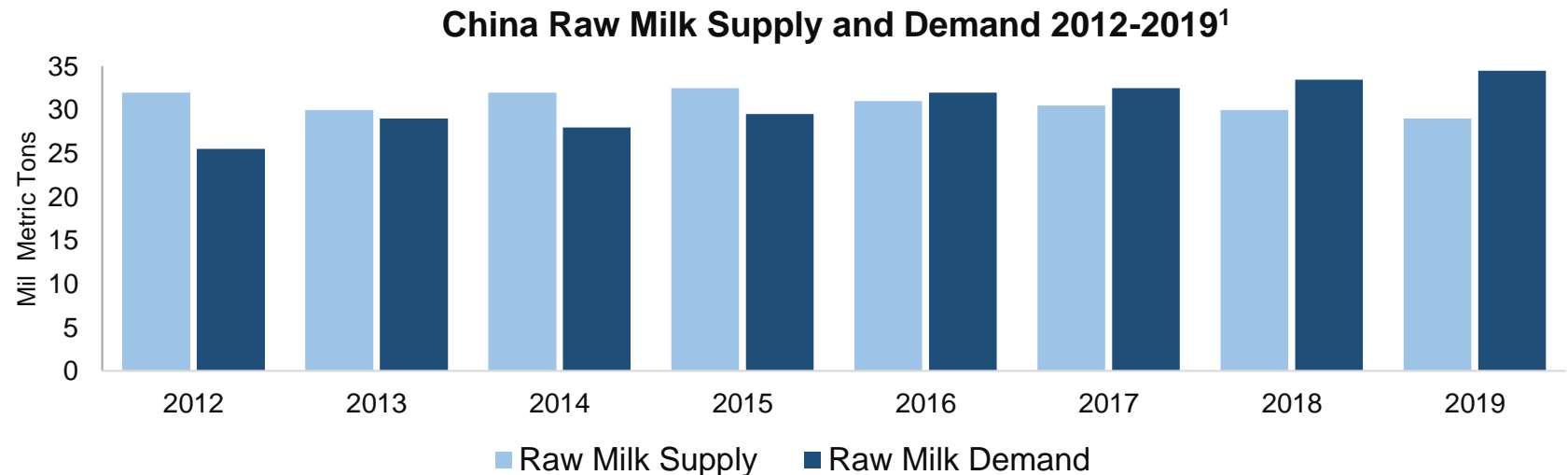
# Segmental Trends: Dairy



## Raw milk price increase in China bodes well for the growth of our Dairy segment

- In the past few years, we grew our Dairy segment in China by increasing our raw milk production with new farms as well continuous improvements in our milk yields, on the back of our industrialised business model. This now put us in a strong position to take advantage of a higher raw milk price environment
- China raw milk prices started to gain upward momentum in 2H2019 due to a shortage in milk supply in China. This led to higher profitability in 2019. The strong raw milk price environment in China is expected to continue over the medium term as it takes time for the industry to build new dairy farms and reach the “fully milking” stage, except for any unforeseen fallout that could arise from the coronavirus outbreak
- Our SEA business has moved beyond dairy farming to downstream processing, with a continued investment into A&P to improve brand visibility. Overall sales volumes have increased following the second dairy farm in Indonesia and the expansion of the dairy product range

# China's Raw Milk Supply Remain in Shortage as Demand Continues to Grow



Extracted from Moody's<sup>2</sup>:

**Domestic demand for raw milk is growing, while supply continues to decline, due to:**

- Rising feed costs
- Stricter environmental requirements implemented by the Chinese government

Thus, despite the increasing demand for dairy products, the domestic production of dairy products sees a rather anemic growth.

**China's per-capita milk consumption is low compared with other countries, indicating there is room to grow**

- Rising awareness on personal health in China and health benefits of milk
- Elimination of “one-child” policy boosts consumption

As indicated by UOB KayHian: “According to China Modern Dairy (CMD) management, the raw milk shortage may last for another 2-3 years as more and more independent dairy farmers give up cow-raising.”<sup>3</sup>

# Dairy Business in SE Asia



- Largest dairy farm operations by volume of premium fresh milk produced in Indonesia
- Our Greenfields dairy product range includes fresh milk, UHT milk, yogurts and premium cheeses
- Our milk and dairy products are exported to Southeast Asian countries such as Singapore, Malaysia, Brunei, Hong Kong, and Myanmar where they can be found at major retailers, leading hotels, restaurants and more
- Greenfields #1 brand in the fresh pasteurized milk and the stirred yogurt categories in Indonesia based on sales volume
- In Indonesia, we successfully launched our Greenfields stirred yogurt, “drinking yogurt” and UHT milk
- Strategy of branded consumer goods business for next 5 years is to focus on Liquid Milk, Yogurt and Fresh Cheeses and capitalise on Greenfields Premium Brand positioning

# Our Business Segments: Consumer Food



## Consumer Food

Ownership: 100% Japfa Ltd

### Leading “So Good” and “So Nice” Brands in Indonesia

- Stronger position in frozen ready to cook and shelf-stable product categories by gaining market share
- Continuous innovation with new product launches
- Increase customer coverage through direct and indirect distribution



# Scaled Consumer Food Production and Distribution Platform in Indonesia



**4** poultry slaughterhouses



**3** meat processing plants



**1** UHT milk processing plant



Distribution network of **7** regional sales branches, **44** sales offices

## Regional Sales Branches PT So Good Food

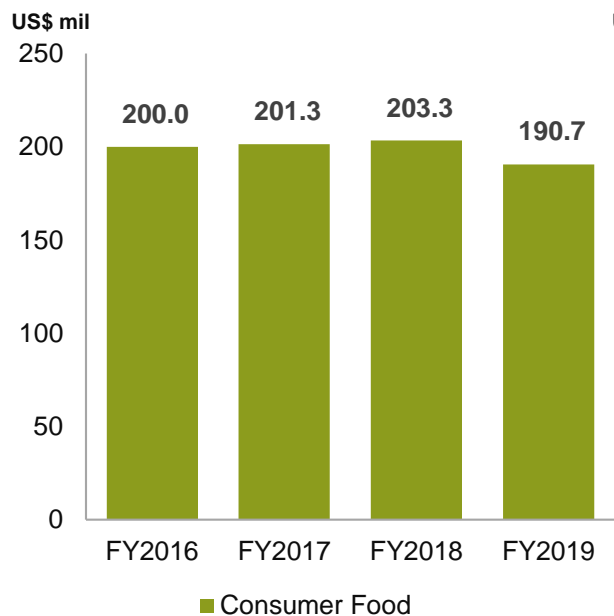


- PT So Good Food produced more than 50,000 tons of processed poultry and meat products in 2019
- Production volume of approximately 47 million litres of UHT milk under Real Good brand in 2019
- Brands include So Nice shelf-stable sausages as well as So Good and So Nice frozen ready-to-cook processed food
- PT Cahaya Gunung Foods, a joint venture company between PT So Good Food and Cargill, has started supplying to McDonald's Indonesia with chicken products (e.g. Chicken McNuggets, McChicken, McSpicy etc.)

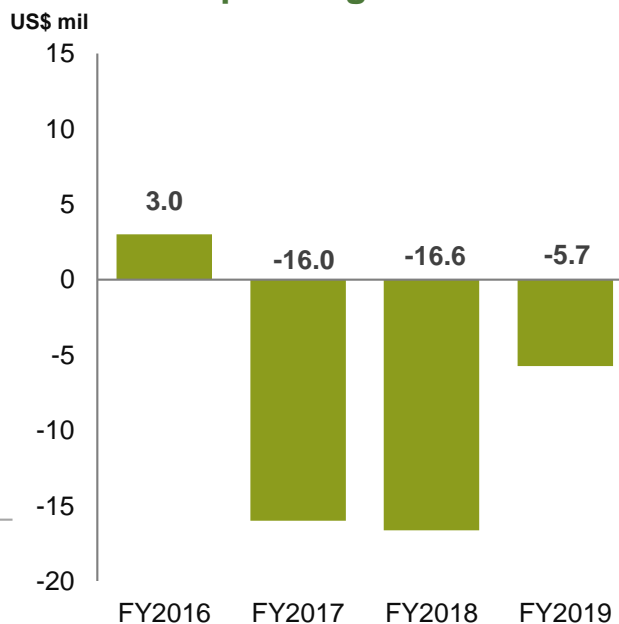


# Segmental Trends: Consumer Food

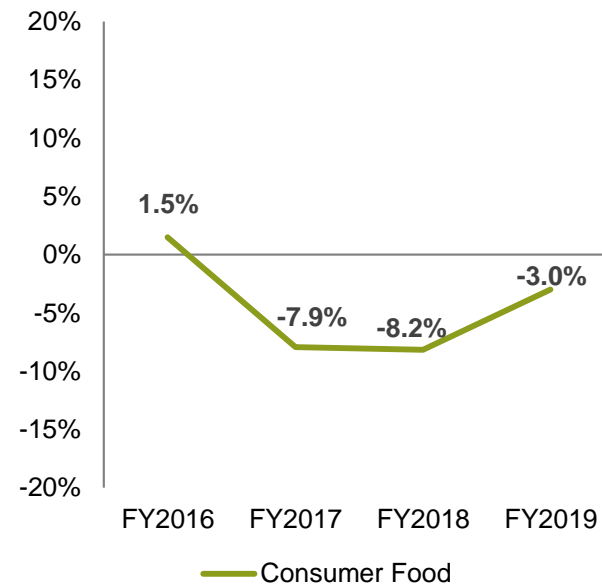
## Revenue



## Operating Profit



## Operating Profit Margin



**Tap the changing consumer dynamics for downstream consumer food products by investing strategically to build brand in Indonesia**

- The decline in profitability in 2017-2019 was primarily due to the heightened competition in Indonesia's ambient food sector where the Group's dominant position was contested
- In mid-2019, we have implemented strategies to lift the performance of Consumer Food with various initiatives from brand rejuvenation and expansion of our market position, to the implementation of cost efficiency measures in supply chain and distribution, as well as efforts to refocus advertising and promotion
- Moving forward, the changing consumption preference in emerging economies will lead to a shift from wet markets to chilled and frozen distribution channels and growing consumption of healthy and convenience food products. This augurs well for the Group's Consumer Food segment in the long term






**JAPFA**

**Feeding Emerging Asia**

# **Appendix**

# Segment Information – FY2019


	YTD DEC Y2019						
	ANIMAL PROTEIN			DAIRY	CONSUMER FOOD	OTHERS	TOTAL
	TBK	AP Other	Total				
External Revenue	2,554.9	681.4	3,236.3	459.1	190.1	5.0	3,890.5
Inter Segment Sales	42.4	10.7	53.1	12.4	0.6	(66.1)	(0.0)
<b>TOTAL REVENUE</b>	<b>2,597.4</b>	<b>692.0</b>	<b>3,289.4</b>	<b>471.5</b>	<b>190.7</b>	<b>(61.1)</b>	<b>3,890.5</b>
<b>OPERATING PROFIT</b>	<b>219.0</b>	<b>39.6</b>	<b>258.6</b>	<b>89.2</b>	<b>(5.7)</b>	<b>(3.0)</b>	<b>339.0</b>
<i>% to sales</i>	<i>8.4%</i>	<i>5.7%</i>	<i>7.9%</i>	<i>18.9%</i>	<i>-3.0%</i>	<i>4.9%</i>	<i>8.7%</i>
<b>EBITDA</b>	<b>291.4</b>	<b>63.9</b>	<b>355.3</b>	<b>123.3</b>	<b>4.7</b>	<b>(4.7)</b>	<b>478.6</b>
<i>% to sales</i>	<i>11.2%</i>	<i>9.2%</i>	<i>10.8%</i>	<i>26.2%</i>	<i>2.5%</i>	<i>7.7%</i>	<i>12.3%</i>
Depreciation & Amortization	(72.2)	(23.9)	(96.1)	(32.9)	(8.6)	(0.6)	(138.2)
Net Interest Expense	(51.9)	(10.4)	(62.4)	(17.9)	(4.6)	(19.6)	(104.4)
<b>PBT before Forex &amp; Bio-Asset &amp; Derivative related to Forex</b>	<b>167.3</b>	<b>29.5</b>	<b>196.8</b>	<b>72.6</b>	<b>(8.4)</b>	<b>(25.0)</b>	<b>236.0</b>
Forex Gain(loss)	11.7	1.0	12.7	(3.1)	(0.3)	0.1	9.4
Fair Value Gain(Loss) Derivative for forex hedging	(2.9)	0.0	(2.9)	2.5	0.0	(0.0)	(0.4)
Fair Value Gain(Loss) Bio A	(0.1)	13.2	13.0	(10.9)	0.0	0.0	2.1
<b>PBT</b>	<b>175.9</b>	<b>43.7</b>	<b>219.5</b>	<b>61.1</b>	<b>(8.7)</b>	<b>(24.9)</b>	<b>247.1</b>
Tax	(48.8)	(1.6)	(50.5)	(5.8)	(0.8)	(5.3)	(62.4)
<b>PAT</b>	<b>127.0</b>	<b>42.0</b>	<b>169.1</b>	<b>55.3</b>	<b>(9.5)</b>	<b>(30.2)</b>	<b>184.6</b>
<b>PAT w/o Bio A</b>	<b>127.2</b>	<b>30.2</b>	<b>157.4</b>	<b>67.1</b>	<b>(9.5)</b>	<b>(30.2)</b>	<b>184.7</b>
<i>% ownership</i>	<i>52.4%</i>	<i>100.0%</i>		<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	
<b>PATMI</b>	<b>62.2</b>	<b>42.2</b>	<b>104.4</b>	<b>55.3</b>	<b>(9.5)</b>	<b>(30.2)</b>	<b>120.0</b>
<b>Core PATMI</b>	<b>63.8</b>	<b>30.3</b>	<b>94.2</b>	<b>66.6</b>	<b>(9.5)</b>	<b>(27.8)</b>	<b>123.5</b>
<b>Core PATMI w/o Forex</b>	<b>57.7</b>	<b>29.3</b>	<b>87.0</b>	<b>69.7</b>	<b>(9.3)</b>	<b>(27.8)</b>	<b>119.7</b>

## Notes:

- Animal Protein – PT Japfa Tbk refers to animal protein operations through IDX-listed PT Japfa Comfeed Indonesia Tbk (“PT Japfa Tbk”).
- Animal Protein – Other (APO) refers to the animal protein operations in Vietnam, India, and Myanmar.
- Dairy refers to the dairy farming business in China and the dairy downstream business in Southeast Asia.
- Consumer Food refers to the operation in Indonesia.
- Others include corporate office, central purchasing office in Singapore and consolidation adjustments between segments, including elimination of dividends received by Japfa Ltd from subsidiaries.
- We define “EBITDA” as profit before tax from continuing operations, excluding interest income, finance costs, depreciation and amortisation expenses, and also excluding changes in fair value of biological assets and derivatives, which relate to foreign exchange hedging and foreign exchange adjustment gains/(losses).
- We derived “Core PATMI” from “Profit Attributable to Owners of the Parent, Net of Tax” by excluding changes in fair value of biological assets (net of tax) and derivatives and by excluding extraordinary items, attributable to owners of the parent.
- “Core PATMI w/o Forex” is an estimate derived from Core PATMI by excluding foreign exchange gains/losses (before tax) attributable to the owners of the parent. We have not made an estimate of the tax impact on foreign exchange gains/losses. This is because the majority of the gains/losses are unrealised and arise from the translation of USD bonds in PT Japfa Tbk and USD loans in Dairy, which have no tax implication.



# Segment Information – FY2018

	YTD DEC Y2018						
	ANIMAL PROTEIN			DAIRY	CONSUMER FOOD	OTHERS	TOTAL
	TBK	AP Other	Total				
External Revenue	2,337.7	580.4	2,918.1	397.3	202.6	15.3	3,533.3
Inter Segment Sales	44.9	2.7	47.6	11.4	0.8	(59.8)	(0.0)
<b>TOTAL REVENUE</b>	<b>2,382.6</b>	<b>583.1</b>	<b>2,965.7</b>	<b>408.7</b>	<b>203.3</b>	<b>(44.5)</b>	<b>3,533.3</b>
<b>OPERATING PROFIT</b>	<b>256.0</b>	<b>33.1</b>	<b>289.2</b>	<b>71.8</b>	<b>(16.6)</b>	<b>(2.6)</b>	<b>341.8</b>
<i>% to sales</i>	<i>10.7%</i>	<i>5.7%</i>	<i>9.7%</i>	<i>17.6%</i>	<i>-8.2%</i>	<i>5.8%</i>	<i>9.7%</i>
<b>EBITDA</b>	<b>321.1</b>	<b>43.5</b>	<b>364.6</b>	<b>102.9</b>	<b>(7.9)</b>	<b>(2.7)</b>	<b>457.0</b>
	<i>13.5%</i>	<i>7.5%</i>	<i>12.3%</i>	<i>25.2%</i>	<i>-3.9%</i>	<i>6.0%</i>	<i>12.9%</i>
Depreciation & Amortization	(60.0)	(10.5)	(70.4)	(27.9)	(7.8)	(0.1)	(106.3)
Net Interest Expense	(35.6)	(6.4)	(42.1)	(15.8)	(5.3)	(15.1)	(78.3)
<b>PBT before Forex &amp; Bio-Asset &amp; Derivative related to F</b>	<b>225.5</b>	<b>26.6</b>	<b>252.1</b>	<b>59.2</b>	<b>(21.0)</b>	<b>(17.9)</b>	<b>272.4</b>
Forex Gain(loss)	(23.4)	(3.1)	(26.5)	(7.6)	1.7	(0.3)	(32.7)
Fair Value Gain(Loss) Derivative for forex hedging	11.3	0.0	11.3	4.2	0.0	(0.0)	15.5
Fair Value Gain(Loss) Bio A	(2.8)	4.5	1.7	(13.3)	0.0	(0.0)	(11.6)
<b>PBT</b>	<b>210.6</b>	<b>27.9</b>	<b>238.5</b>	<b>42.5</b>	<b>(19.3)</b>	<b>(18.2)</b>	<b>243.6</b>
Tax	(54.6)	(4.6)	(59.2)	(0.5)	(0.1)	(5.5)	(65.4)
<b>PAT</b>	<b>156.0</b>	<b>23.3</b>	<b>179.3</b>	<b>42.1</b>	<b>(19.5)</b>	<b>(23.7)</b>	<b>178.2</b>
<b>PAT w/o Bio A</b>	<b>158.2</b>	<b>19.4</b>	<b>177.6</b>	<b>55.6</b>	<b>(19.5)</b>	<b>(23.7)</b>	<b>190.0</b>
<i>% ownership</i>	<i>52.4%</i>	<i>100.0%</i>		<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	
<b>PATMI</b>	<b>77.6</b>	<b>23.9</b>	<b>101.5</b>	<b>42.1</b>	<b>(19.5)</b>	<b>(23.7)</b>	<b>100.4</b>
<b>Core PATMI</b>	<b>72.8</b>	<b>20.0</b>	<b>92.8</b>	<b>50.6</b>	<b>(19.5)</b>	<b>(23.4)</b>	<b>100.5</b>
<b>Core PATMI w/o Forex</b>	<b>85.0</b>	<b>23.1</b>	<b>108.1</b>	<b>58.1</b>	<b>(21.1)</b>	<b>(23.1)</b>	<b>121.9</b>

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# PT Japfa Tbk

## Almost 50 Years of Growth

### Poultry

- 15 commercial poultry feed mills
- 3 breeder poultry feed mills
- 78 poultry breeding farms
- 27 central hatcheries
- 11 slaughterhouses and primary processing plants
- Over 100 company-owned commercial farms
- Over 10,000 contract commercial farms



### Aquaculture

- 5 aquaculture feed mills
- 9 shrimp hatcheries
- 3 shrimp ponds
- 2 eel farms
- 1 fish farm
- 4 freshwater fish hatcheries
- 3 cold storage & processing plants



### Beef

- 2 cattle breeding farms
- 3 cattle fattening farms
- 1 beef processing operation



**Feed contributes ~50% of revenues\* in PT Japfa Tbk**

# Animal Protein Other

## Replicating across New Markets and New Proteins

### Poultry

#### VIETNAM

- 5 poultry and swine feed mills
- 2 Grand Parent (“GP”) farms
- 15 Parent Stock (“PS”) farms
- 3 central hatcheries
- Over 400 company-managed and contract commercial farms



#### MYANMAR

- 2 poultry feed mills
- 3 poultry breeding farms
- 2 hatcheries
- 11 company-managed commercial farms

#### INDIA

- 7 poultry feed mills
- 1 poultry breeding farm
- 2 hatcheries
- Over 400 contract commercial farms

### Swine

Diversified into swine breeding and fattening operations in Vietnam

#### VIETNAM

- 5 poultry and swine feed mills
- 1 Great Grand Parent (“GGP”) farm
- 7 GP farms
- 21 PS farms
- Over 290 company-managed and contract fattening farms



**Feed contributes ~50% of revenues\* in Animal Protein Other**



Feeding Emerging Asia

**THANK YOU**

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