PRESS RELEASE

JAPFA LTD
391B Orchard Road, #18-08, Ngee Ann City Tower B, Singapore 238874
Tel: (65) 6735 0031 Fax: (65) 6735 4465
Company Registration No: 200819599W

9M2020 Financial Results

Japfa delivers a solid bottom-line in 9M2020 and strengthens its balance sheet despite Covid-19

- **The Group's diversification strategy across proteins and markets is proving effective, delivering strong profits. Robust results of Animal Protein Other ("APO") in Vietnam and Dairy in China more than offset the weaker performance of PT Japfa Tbk in Indonesia.**
- **PATMI increased more than five times to US$130.0 million (vs US$22.4 million in 9M2019) and Core PATMI without Forex tripled to US$140.8 million (vs US$47.5 million in 9M2019).**
- **An additional pre-tax gain of US$117.0 million was made from the disposal of 25% equity in the Group's China dairy farming operations. This gain is not reflected in the Group's income statement and is instead reflected as an increase in the Group's reserves.**
- **The proceeds from the 25% sale of China dairy farming operations have strengthened the Group's balance sheet and lowered gearing.**

Singapore, 29 October 2020 – Leading industrialised agri-food company Japfa Ltd ("Japfa" or, together with its subsidiaries, the "Group") today posted a solid bottom-line for the nine months ended 30 September 2020 ("9M2020") amid persistent challenging market conditions caused by the Covid-19 pandemic.

PATMI grew more than five times to US$130.0 million from US$22.4 million in 9M2019, while Core PATMI without Forex increased to US$140.8 million compared to US$47.5 million last year. The strong results of APO-Vietnam and Dairy-China have more than offset the weaker performance of PT Japfa Tbk in Indonesia. By diversifying its business across proteins and markets, Japfa has built a portfolio of uncorrelated revenue and profit streams that allows the Group to mitigate major down-cycles in particular markets. Rolling Core PATMI without Forex for the past 12 months ending 30 September 2020 hit once again an all-time high since Japfa's IPO in 2014.

Group revenue stood at US$2.8 billion, down 2.5% compared 9M2019, as Covid-19 weighted on demand for poultry in Indonesia. Despite a difficult environment in Indonesia, Group operating profit grew 28.4% year-on-year ("y-o-y") to US$236.8 million and EBITDA rose to US$362.4 million, up 24.8% compared 9M2019.

While PT Japfa Tbk has frozen non-essential new capital expenditure ("Capex") due to the Covid-19 uncertainties in Indonesia, the Group continues with its growth plans in two of its key pillars Dairy-China and Swine-Vietnam, as previously announced.

An additional US$117.0 million pre-tax gain was made from the disposal of 25% equity in the Group's China dairy farming operations to a strategic partner in July 2020. This gain is not reflected in the Group's

income statement and is instead reflected as an increase in the Group's reserves contributing to an increase in NTA per share of US$0.06 in the Group.

The 25% sale of China dairy farming operations was completed on 3 July 2020 and the US$254.4 million proceeds have strengthened the Group's balance sheet and lowered gearing.

Tan Yong Nang, Chief Executive Officer of Japfa, said: "Core PATMI without Forex for the first nine months of 2020 has already exceeded the full-year of 2019 driven by the strong momentum of our two key pillars Dairy-China and Swine-Vietnam since 2Q2020. This performance is a testament to our resilience and our ability to execute even amid persistent challenging conditions due to Covid-19. It is also clear that the initiatives taken in recent years to achieve greater diversification across proteins and countries have been crucial to build our strength, weather downturns and tackle market challenges. The pandemic has also reshaped food production, showing the importance of food security and domestic production. Our business model to "produce locally and consume locally", coupled with the ability of our teams in each market, is bringing results and has proved effective during these extraordinary times".

Financial Highlights

US$ million	9M2019	9M2020	Change
Revenue	2,838.4	2,768.8	-2.5%
Operating profit	184.4	236.8	28.4%
Operating Profit Margin (%)	6.5%	8.6%	2.1 ppt
EBITDA[1]	290.3	362.4	24.8%
Profit After Tax ("PAT")	63.3	146.9	132.1%
Net Profit Attributable to Owners ("PATMI")	22.4	130.0	479.4%
Core PATMI without Forex[2]	47.5	140.8	196.1%

Segmental Results

PT Japfa Tbk

Revenue and profitability of the segment were affected by a low-price environment for broiler and DOC caused by the reduced demand for poultry due to Covid-19 in Indonesia.

Revenue decreased to US$1,690.3 million (vs US$1,915.4 million in 9M2019) mainly due to lower poultry feed and DOC sales volumes. Covid-19 measures have reduced the purchasing power of middle- and low-income households and, consequently, the demand for consumer staples, including chicken, resulting in lower poultry prices. Against this backdrop, the poultry industry and the government's culling initiatives are attempting to reduce supply to match the new level of demand and stabilise prices.

While lower DOC and broiler prices have decreased profitability, a successful procurement during the corn harvest season, coupled with the ability to manage raw materials costs, have improved feed margins and generated stable profits. Furthermore, the Aquaculture division has delivered robust results on the back of higher sales volumes and margins of aqua feed.

[1] We define EBITDA as profit before tax, excluding interest income, finance costs, depreciation and amortisation expenses. We also exclude a) foreign exchange adjustments gains/(losses), b) changes in fair value of derivatives relating to foreign exchange hedging, and c) fair value of biological assets, other than gains/(losses) from the sale of beef in China.

[2] We derived Core PATMI from "Profit Attributable to Owners of the Parent, Net of Tax" by excluding a) changes in fair value of biological assets (net of tax), other than gains/(losses) from the sale of beef in China, b) changes in fair value of derivatives, and c) any extraordinary items, attributable to the 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 (from a subsidiary in Indonesia) and USD loans (from subsidiaries in China), which have no tax implication.

Despite the tough environment, the 9M2020 EBITDA of US$125.7 million remains respectable, albeit lower than last year.

Since the Covid-19 outbreak, PT Japfa Tbk has taken action to freeze non-essential new Capex in line with the financial discipline of the Group. The Group continues to monitor and evaluate the fluid situation in Indonesia.

Animal Protein Other ("APO")

In 9M 2020, swine operations in Vietnam drove exceptional growth of revenue and profitability of the APO segment.

Revenue increased 18.9% y-o-y to US$572.4 million from US$481.6 million in 9M2019 mainly as a result of high swine fattening price, which remained strong in 2020 due to the supply shortage arising from the African Swine Fever ("ASF") outbreak. Operating profit soared to US$78.9 million (vs US$6.8 million in 9M2019) as APO-Vietnam was able to capitalise on the rebound of swine fattening prices since 4Q2019.

As a result of its industrialised business model, which encompasses strict bio-security protocols and strong farm management, Japfa was able to contain and minimise the adverse effect of ASF on its swine population. The strategy to build a swine breeding pyramid, starting from its own Great Grand Parent (GGP) farms, allows Japfa to replenish its swine breeding stock faster than most competitors.

In Myanmar, DOC and broiler prices remained low due to the impact of Covid-19 on demand for poultry. In India, feed operations, which are the major contributor to revenue, cushioned the impact of Covid-19 on demand.

Dairy

The Dairy segment has proved to be a strong pillar for revenue and profitability.

Revenue grew 13.8% y-o-y to US$391.0 million (vs US$343.5 million in 9M2019) and operating profit grew 44.0% y-o-y to US$80.5 million (vs US$55.9 million in 9M2019) on the back of higher raw milk prices due to a supply shortage in China.

Beef operations in China also boosted revenue and profit after taxes ("PAT") by US$40.7 million and US$12.7 million, respectively.

To date, the Covid-19 measures have had a minimal impact on our day-to-day operations and raw milk demand in China. We believe the supply shortage and the strong raw milk price environment will continue over the medium term as it takes time for the industry to build new dairy farms and reach the "full milking" stage.

In Southeast Asia, sales volumes of Extended Shelf Life ("ESL") milk increased y-o-y. Although the measures implemented to curb the Covid-19 outbreak have reduced sales volumes to food services customers (coffee chains and bubble tea stores), the increased volumes of direct sales to consumers offset such reduction.

Sales volumes of other branded products, especially UHT milk, also increased.

Consumer Food

In 9M2020, frozen and ambient consumer food products drove higher revenue and profitability.

Movement restrictions measures enforced by the Indonesian government in relation to Covid-19 influenced consumer patterns towards frozen foods. The competitive landscape in the ambient food segment remains intense and the Group's dominant position continues to be challenged.

Revenue grew 2.3% y-o-y to US$146.5 million in 9M2020 as a result of a 14% increase in sales volumes of frozen and ambient products compared to last year. Operating profit stood at US$13.4 million compared to an operating loss of US$4.2 million in 9M2019. EBITDA was US$20.9 million compared to US$3.4 million a year ago. Profitability improved as a result of higher sales volumes and lower chicken input costs.

Growth initiatives update

Aquaculture: In October, the aquaculture division of PT Japfa Tbk entered into a joint venture agreement with the aquaculture breeding division of Hendrix Genetics to establish a Broodstock Multiplication Centre ("BMC") in Indonesia which will supply high-quality broodstock to the Indonesian shrimp industry.

Consumer Food: In August, Japfa announced the reorganisation of its consumer food business in Indonesia with the objective of fully integrating the downstream branded consumer food business with PT Japfa Tbk's upstream (poultry feed and breeding) and midstream (commercial poultry farming) businesses. This will allow to leverage synergies within Indonesia, in line with Japfa's approach to "produce locally and consume locally". This reorganisation also aligns the Group with the global trend towards domestic self-sufficiency, a trend accelerated by the Covid-19 pandemic.

As the situation in China and Vietnam appears to be relatively under control, with stable demand and strong prices of milk and pork, we forge ahead with our growth plans in Swine-Vietnam and Dairy-China.

Dairy-China: growth plans previously announced are in progress, namely the construction of Farm 8 in Inner Mongolia and the strategic partnership with Meiji, where Japfa will supply quality raw milk to Meiji downstream operations in support to their expansions plans in China.

Swine-Vietnam: the 3-year plan to enhance performance and swine genetics in collaboration with Hypor, the swine breeding division of Hendrix Genetics, respectively, is going ahead.

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About Japfa Ltd

Headquartered in Singapore, Japfa Ltd is a leading vertically integrated agri-food company listed on the SGX Main Board since 2014. Established in 1971, the Group has grown into one of Asia's leading low-cost producers of protein staples including poultry, beef, dairy as well as protein-based consumer products across fast-growing emerging Asian economies such as Indonesia, China, India, Myanmar and Vietnam. Japfa embraces an integrated industrial approach to livestock and food production across the value chain. Its vertically integrated business model spans from Feed & Breeding (upstream), Milking and Fattening (mid-stream) and Processing and Distribution of consumer products (downstream).

For more information, please visit https://www.japfa.com/

Contacts
Japfa Investor Relations and Corporate Communication
Tel. +65 67350031
Email: investorcontact@japfa.com

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For the Company's Income Statement, Statement of Comprehensive Income and Statement of Financial Position for 9MQ2020 please refer to Japfa Ltd's Unaudited Financial Update. A limited discussion of these results can be found in the Company's Investor Presentation 9MQ2020 Financial Results. All aforementioned documents can be found on the SGXnet and on the Company's website www.japfa.com.

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