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PRESS RELEASE

Japfa kick starts the new year with 1Q 2016 Core PATMI excluding foreign exchange[1] doubling to US$19.8 million

- ***Diversification strategy, together with enhancements in operational efficiencies, continue to bear fruit***
- ***Profitability growth was driven by the turning around of PT Japfa Tbk's poultry business***
- ***The Group's other two pillars – Animal Protein Other and Dairy – also maintained their growth momentum***

Singapore, 28 April 2016 – Leading agri-food company, **Japfa Ltd** ("Japfa", or together with its subsidiaries, the "Group") today reported a firm start to the new financial year with its Core PATMI without foreign exchange ("Core PATMI w/o Forex")[1] for the first three months ended 31 March 2016 ("1Q 2016") more than doubling from US$9.5 million in 1Q 2015 to US$19.8 million in 1Q 2016.

With year-on-year improvements across all of the Group's three core business pillars, Japfa recorded a 75.3% increase in operating profit to US$55.1 million, while EBITDA rose by 53.1% to US$77.1 million in 1Q 2016.

Overall, the Group's PATMI, which includes foreign exchange and biological asset valuation losses, more than tripled from US$7.0 million in 1Q 2015 to US$23.4 million in 1Q 2016. Core PATMI, which excludes biological asset valuation and extraordinary items, leaped from US$1.6 million in 1Q 2015 to US$24.4 million in 1Q 2016.

Commenting on the Group's performance in the first quarter, Mr Tan Yong Nang, Chief Executive Officer of Japfa, said, **"We are starting the new year on a firm footing, with broad-based improvements in profitability and balanced contribution from our main business pillars. Our ability to sustain our growth momentum stems from our diversified and vertically integrated business model across five geographies and five proteins, which is further supported by our stable animal feed operations. Economic and industry gyrations are expected in our business, but we are in a recession-proof industry. We are confident that our fundamentals would enable us to weather storms and keep us anchored for long-term growth."**

[1] We derived **Core PATMI** from "Profit Attributable to Owners of the Parent, Net of Tax" by excluding changes in fair value of biological assets attributable to owners of the parent (net of tax), and excluded extraordinary items (attributable to owners of the parent, net of tax) namely a gain from the buyback of USD bonds in PT Japfa Tbk.
"**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. As the majority of the foreign exchange gains/losses are unrealised and arises from the translation of USD bonds in PT Japfa Tbk, which has no tax implication, we have not made an estimate of the tax impact on foreign exchange gains/losses.

FINANCIAL RESULTS REVIEW

Key Financial Highlights (US$m)	1Q 2016	1Q 2015	% change
Revenue	717.7	675.7	+6.2%
Operating profit	55.1	31.5	+75.3%
Operating profit margin	*7.7%*	*4.7%*	*+3.0ppt*
EBITDA	77.1	50.3	+53.1%
Profit After Tax	37.1	5.0	+646.1%
PATMI	23.4	7.0	+234.3%
Core PATMI	24.4	1.6	n/m
Core PATMI w/o Forex	**19.8**	**9.5**	**+107.0%**

In 1Q 2016, the Group's consolidated sales increased by 6.2% to US$717.7 million, on the back of revenue growth from all its business segments. Operationally, the Group delivered a healthy performance, which is testament of its diversified business strategy across three business pillars – PT Japfa Comfeed Indonesia Tbk ("PT Japfa Tbk"), Animal Protein Other and Dairy.

The significant improvement in the Group's 1Q 2016 profitability was driven by its 58.7%-owned subsidiary PT Japfa Tbk's poultry business turning around this quarter, compared to a loss situation in the same period last year. At the same time, the Group's Animal Protein Other businesses in Vietnam and Myanmar performed up to expectations, and its Dairy operations in China generated higher milk volumes and milk yields which mitigated the low raw milk prices.

In the quarter under review, there was a foreign exchange gain of US$8.7 million and biological asset valuation losses of US$1.6 million, compared to a foreign exchange loss of US$13.9 million and biological asset valuation gains of US$7.4 million in 1Q 2015.

As at 31 March 2016, the Group had total assets amounting to US$2.3 billion, with cash and cash equivalents of US$142.7 million.

SEGMENTAL REVIEW

PT Japfa Tbk

Against the backdrop of a more balanced supply and demand of day-old chicks ("DOCs") and broiler chickens in Indonesia in 1Q 2016, compared to an industry oversupply situation in 1Q 2015, selling prices of PT Japfa Tbk's poultry feed, DOC and broilers improved year-on-year during the reporting quarter.

Combined with its ability to pass on raw material costs increases in its feed selling prices, PT Japfa Tbk's feed business continued to provide a strong base of profits. With the better market environment, its breeding operations similarly turned profitable in 1Q 2016 compared to the year-ago quarter. The commercial farming business, however, recorded a loss due to higher costs of goods sold.

All in all, PT Japfa Tbk generated stronger operating profits of US$28.0 million in 1Q 2016, up from US$7.8 million last year. EBITDA doubled from US$20.3 million in 1Q 2015 to US$43.5 million in 1Q 2016.

In 1Q 2016, there was a foreign exchange gain of US$9.4 million versus a foreign exchange loss of US$13.7 million in 1Q 2015.

Removing the effects of foreign exchange and biological asset valuation gains, PT Japfa Tbk's Core PATMI w/o Forex turned around from a loss of US$2.4 million in 1Q 2015 to US$5.4 million in 1Q 2016, contributing close to 30% of the Group's Core PATMI w/o Forex in the quarter.

Animal Protein Other[2]

The Group's Animal Protein Other operations in Vietnam, India and Myanmar continued to grow steadily. This segment achieved a 7.9% increase in revenue to US$136.7 million, with improved sales across all three geographies.

The overall performance of this business pillar was boosted by the commendable improvement in Vietnam and Myanmar's operations. In Vietnam, poultry and swine feed volume grew by approximately 10% , while swine fattening volume grew significantly by close to 60%. In Myanmar, poultry feed, DOC and broiler volumes increased by more 20%. Similar to PT Japfa Tbk, the feed business contributed stable profits in Vietnam, Myanmar and India.

Profitability grew year-on-year in all the three markets, with Myanmar excelling in this quarter. On the whole, the consolidated Animal Protein Other businesses posted a 14.3% rise in Core PATMI w/o Forex to US$8.8 million, accounting for over 40% of the Group's Core PATMI w/o Forex in 1Q 2016.

Dairy

In spite of the low raw milk price environment in China, the Group's Dairy segment achieved higher profitability due to its focus on enhancing milk yields and volumes.

In 1Q 2016, revenue for this segment increased 15.8% attributed to higher raw milk volumes in China. The number of milkable cows in China rose 20% to 30,475 heads as at 31 March 2016. Milk yields in China further improved from 36.6 kg/head/day to 37.6 kg/head/day. The enhancement of milk yields and volumes helped to offset the softer average selling price of raw milk in China, which declined by almost 10% in 1Q 2016 compared to 1Q 2015.

As a result, EBITDA remained strong, increasing from US$16.4 million in 1Q 2015 to US$18.1 million in 1Q 2016, recording a robust EBITDA margin of 25.9%. Excluding biological asset fair value losses of US$4.9 million and a foreign exchange gain of US$0.5 million in 1Q 2016, the Dairy business registered a Core PATMI w/o Forex of US$6.7 million, which was more than 30% of the Group's Core PATMI w/o Forex.

The Group's newest Farm 6, located in Inner Mongolia, has started milking and is expected to be fully milking by the end of this year.

Consumer Food

The Group's Consumer Food business contributed a revenue of US$46.0 million in 1Q 2016, an improvement of 6.9% brought about by increased sales volumes of frozen products, ambient foods and Real Good milk in Indonesia.

Operating profit and EBITDA remained fairly stable at US$0.4 million and US$2.1 million, respectively, as the Consumer Food operations in Indonesia continued to compensate for the start-up losses in Vietnam's Consumer Food operations. The overall Consumer Food business segment managed to reduce its losses to a negative Core PATMI w/o Forex of US$1.1 million in 1Q 2016.

[2] Animal Protein Other refers to the animal protein operations in Vietnam, India, Myanmar and China

OUTLOOK

In general, the Group's performance is impacted by the macroeconomic environment and currency fluctuations of the countries it operates in, as well as the market environment of the various protein industries.

In the Indonesian poultry market, fluctuations in DOC and broiler prices are expected as part and parcel of the Group's business, due to the seasonality and cyclical nature of the poultry industry. While the Indonesian Rupiah has strengthened in 1Q 2016, the Group expects the Indonesian Rupiah to remain volatile in the near term.

In view of the slowdown of the China economy, raw milk prices in China are expected to remain sluggish in the near term. On the other hand, feed raw material costs are expected to soften. The rest of the Asian markets could also continue to see fluctuations in raw material costs and selling prices, which are determined by supply and demand.

The Group will keep a close watch on the competitive and regulatory landscape, to anticipate and mitigate any challenges. It remains focused on building upon its fundamentals and executing its diversified growth strategy to sustain its long-term growth momentum. With a population of three billion and low protein consumption in the emerging markets it operates in, Japfa is well-poised to tap on the potential increase in protein demand in the long run.

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ABOUT JAPFA LTD

Japfa Ltd is a leading agri-food producer focused on feeding emerging Asian markets. The Group produces protein staples such as chicken, beef and milk, as well as protein-based consumer food products. From its headquarters in Singapore, Japfa operates its businesses in the fast growing economies of Indonesia, China, India and Indo-China. Backed by two generations of farming experience, it operates industrial-scale farms which are vertically integrated with its downstream food processing operations.

This press release is issued on behalf of Japfa Ltd by Kreab Singapore. For media queries, please contact:
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