



Feeding Emerging Asia

Japfa Ltd

Annual General Meeting

25 June 2020



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Group Overview



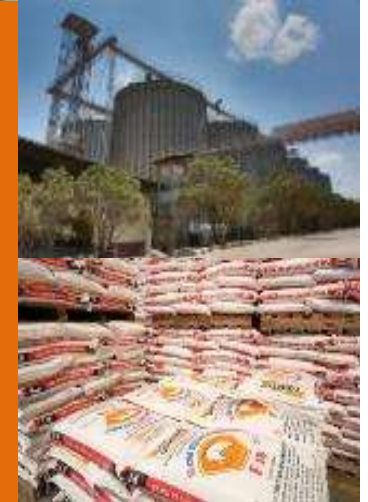
Group Overview



Feeding Emerging Asia



- Established in 1975
- 5 animal protein businesses in 5 countries
- Japfa Ltd's market capitalisation: approx US\$790 million¹
- FY2019 revenue: US\$3.9 billion



¹ 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

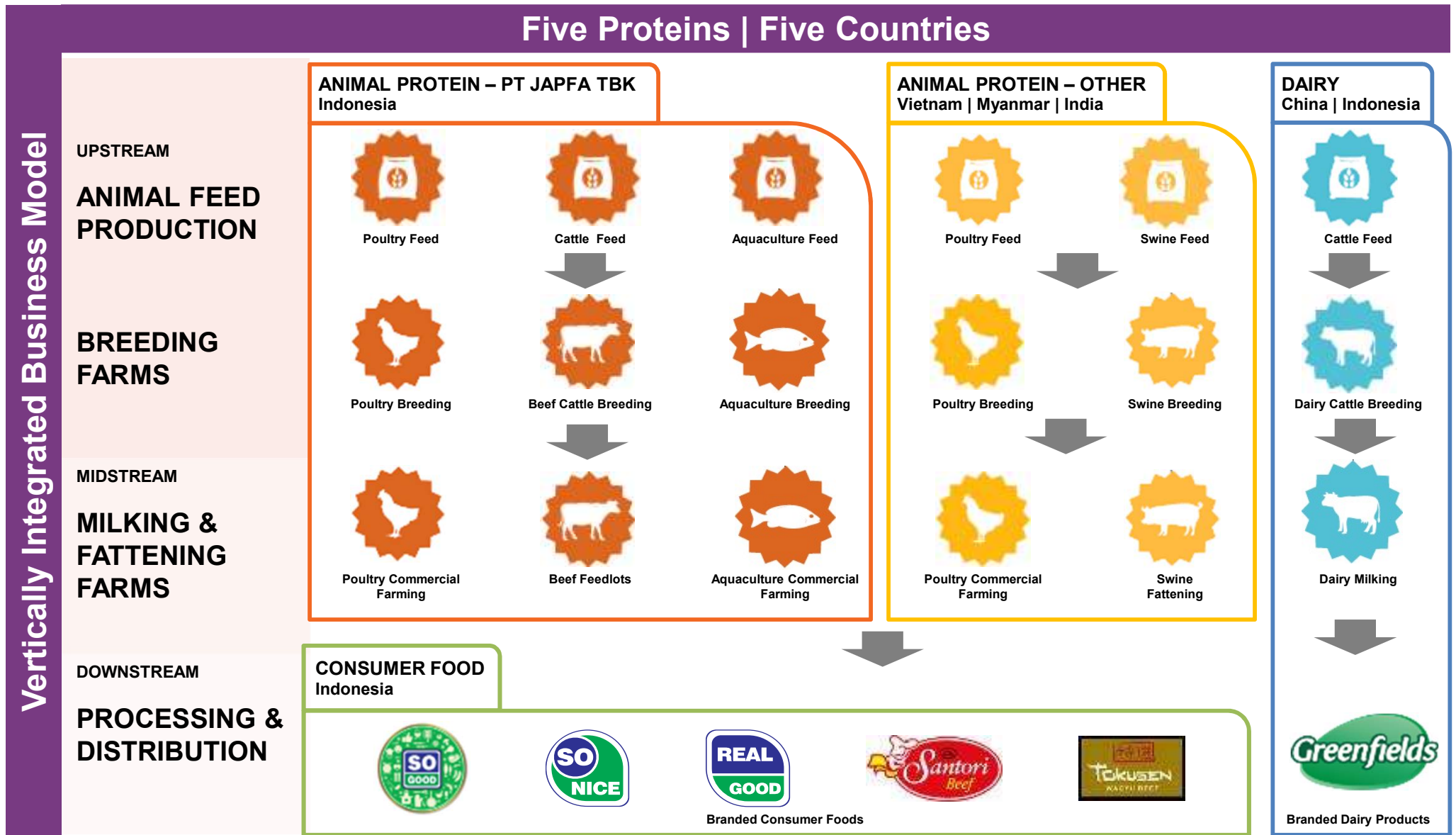


WHY WE DO IT

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

Vertically Integrated Business Across Entire Value Chain



Notes:

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

Japfa's Core Competencies

Industrialized approach to farming and food production

Vertically Integrated Business Model

UPSTREAM

ANIMAL FEED PRODUCTION

FEED
Enjoys economies of scale and an established network

BREEDING FARMS

LIVESTOCK FARMING
Strong livestock farming experience and expertise

MIDSTREAM

MILKING & FATTENING FARMS

DOWNSTREAM

PROCESSING & DISTRIBUTION

BRANDED CONSUMER FOODS

Future growth driver

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

Financial Highlights



Key Highlights for FY2019

- Revenue grew mainly driven by higher feed volumes across the Group
- Profits remained steady, backed by a record performance in 4Q2019, despite challenging conditions for most of 2019
- This was the result of our long-term strategy and industrialised business model:
 - In Vietnam, through our strict biosecurity protocols we have weathered the ASF outbreak and capitalised on the swine fattening ASP rebound in 4Q2019
 - In China, we have continuously improved milk yields through our effective farm management and can benefit from higher raw milk prices

<p>Revenue</p> <p>US\$3.9 billion</p> <p>+10.1% y-o-y</p>	<p>Operating Profit</p> <p>US\$339.0 million</p> <p>-0.8% y-o-y</p>	<p>Operating Profit Margin</p> <p>8.7%</p> <p>-1.0ppt y-o-y</p>
<p>EBITDA</p> <p>US\$478.6 million</p> <p>+4.7% y-o-y</p>	<p>PATMI</p> <p>US\$120.0 million</p> <p>+19.5% y-o-y</p>	<p>Core PATMI w/o Forex</p> <p>US\$119.7 million</p> <p>-1.8% y-o-y</p>



Animal feed business remains a stable pillar of profitability



In Indonesia, the oversupply of broiler resulted in low broiler ASP for the first 3 quarters of 2019



Long-term strategy of swine breeding, starting from Great Grand Parent level, allows us to quickly replenish our own breeding stock



In China, raw milk prices rose in 2H2019 after several sluggish years. In SEA, we recorded higher sales volumes

Covid-19 update



Covid-19 Impact on Operations and Supply Chain

- With the Covid-19 outbreak, continuity of food supply has been a major concern of most people. As Japfa supplies about 20-25% of animal protein foods¹ in many countries where we operate, we are playing an essential role in maintaining supply of staple food in these unprecedented times
- In providing an essential service which is supported by respective governments, our supply chains and logistics have not been significantly disrupted by movement restrictions
- As a result, our day-to-day operations and supply chains have not been materially impacted by Covid-19

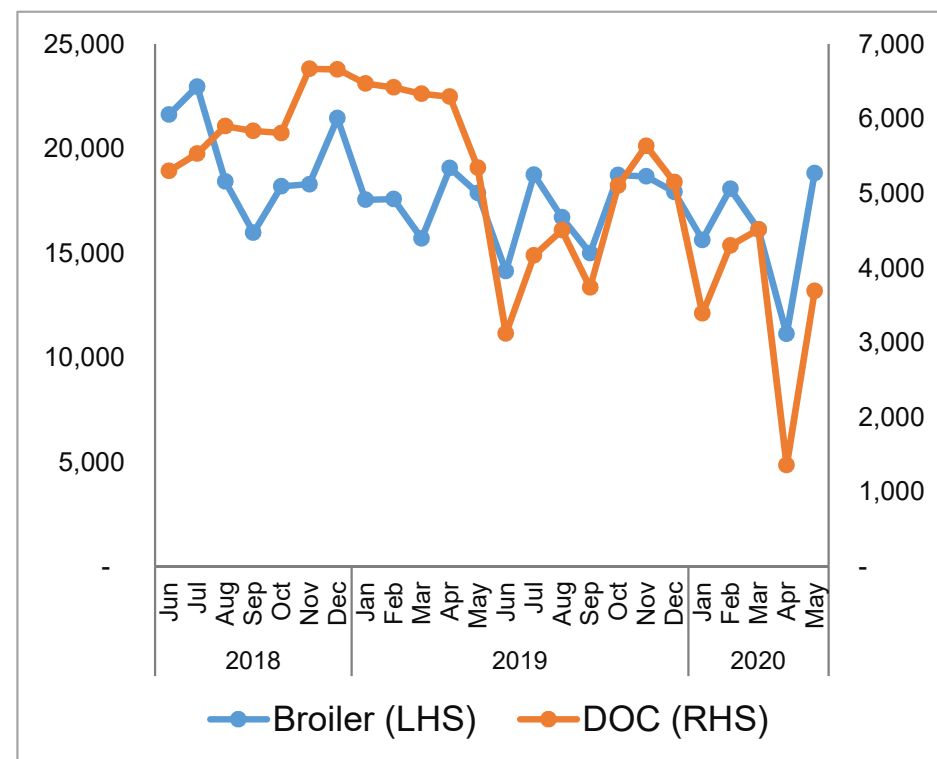
Covid-19 Impact on Demand

While our operations and supply chain have not thus far been materially impacted, the demand could be affected as a consequence of the weakened economy and reduced purchasing power.

Poultry Indonesia

- Ramadan is typically expected to drive demand for poultry, but this year the Covid-19 situation has negatively impacted demand
- In April 2020, broiler and DOC² prices dropped to one of the lowest levels since Japfa Ltd IPO in 2014. This is likely due to an industry oversupply in anticipation of Ramadan coupled with a lower demand due to Covid-19. This widened the demand-supply gap causing prices to drop dramatically in April
- Broiler and DOC prices have rebounded since May 2020. However, this price recovery is unlikely to offset the negative financial performance of Poultry Indonesia for 2Q2020 caused by the exceptionally low prices in April
- As the effects of Covid-19 are still unfolding in Indonesia, it is likely that purchasing power and hence demand for poultry will reduce over the next few months
- However, as we mainly supply chicken, which is a staple and affordable protein food, hopefully the impact will be short-lived. We believe that we are well placed to manage the situation due to our experience, scale and industrialised approach

Average Monthly Prices of Broiler & DOC¹



Covid-19 Impact on Demand

- **Dairy China:** We see a recovery in the demand for raw milk and we believe that there should not be a major impact over the medium and long-term. With the general shortage of raw milk in China, as an independent raw milk producer, we are poised to benefit in future.
- **Swine Vietnam:** The Covid-19 situation appears to be relatively under control. Demand for pork is relatively stable as a consequence of the substantial drop in pork supply due to African Swine Fever (“ASF”) and pork prices remain strong. We have minimised the adverse effect of ASF through strict biosecurity protocols, and replenished our swine breeding stock faster than most competitors, thus setting a strong base for the future growth.

The performance of Japfa is mainly driven by the above mentioned key three pillars: Poultry Indonesia, Dairy China and Swine Vietnam.

We believe our two key pillars Swine Vietnam and Dairy China will deliver results that are likely to more than offset the performance of Poultry Indonesia in 2Q2020. However, as this outbreak is an unprecedented event, the impact going forward cannot be reliably estimated with certainty. The Group continues to keep a close watch on the evolving situation

Key Strategies

We have been able to continue to produce safe and affordable proteins even during Covid-19 on the strength of our three key strategies:

Industrialised Business Model

Diversification Across 5 Proteins, 5 Countries

Prudent Growth

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.

In these unprecedented times, our priority is to continue to operate our farms and feed mills safely.

Our industrialised farms are naturally set up to protect our staff with strict biosecurity protocols and geographical isolation.

We implemented Business Continuity Plans early and took measures to make our workplace safe (e.g. temperature checks, personal protection equipment, distancing) and for office workers to work from home as far as possible.

Industrialised Business Model (continued)

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Our vertical integration allow us to:

- provide greater food traceability and security;
- have sufficient breeding genetic stock in the pipeline to continue to restock our operations;
- have good quality offspring and feed for our commercial fattening operations; and
- capture value at different points of the value chain.

In this way, our integrated industrialised business model helps to minimise the impact of Covid-19 on our business operations.

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.

As Japfa supplies staple protein foods largely to the domestic markets in which they are produced, the day-to-day operations of the Group have not thus far been materially impacted by the lockdown as governments in our markets have been supportive of the supply/logistics chains for food staples.

Disruption of the international supply chain due to Covid-19 has emphasized the importance of domestic food production and security. The Japfa business model of "produce locally and consume locally" allows us to capitalise on this global trend towards food self-sufficiency.

Diversification Across 5 Proteins, 5 Countries (continued)

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Looking at our 3 major business pillars, the major impact of Covid-19 movement restrictions in China and Vietnam began in 1Q2020, while in Indonesia, it began in 2Q2020 and the situation is evolving.

As Covid-19 has spread to different countries at different times, our diversification strategy across 5 countries has helped us to cope with the effects of the outbreak and smoothen the financial and operational impact.

Prudent Growth

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

We adjust our investments and deploy resources appropriately in each market to match industry cyclicality and demand fluctuations. Deployment of Capex as needed because “we build small boats and not big ships” in our animal protein segment.

Since IPO total Group revenue grew by US\$0.9 billion to US\$3.9 billion.

We have strengthened our balance sheet in 2020 through the rights issue in January and the upcoming proposed Meiji transaction. These corporate actions help to deleverage and enhance financial flexibility in these uncertain Covid-19 times, as well as allow us to capitalise on potential growth opportunities.

THANK YOU

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