Japfa Ltd

Annual General Meeting
15 April 2015



JAPFA

Agenda

1 **Company Overview**

2 **Financial Highlights**

3 **Outlook and Growth Strategies**

Company Overview



Leading Pan-Asian Industrialized Agri-Food Company



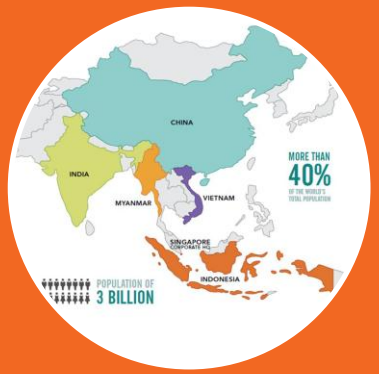
WHAT WE DO

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



WHERE WE ARE

We employ over 28,000 people across Singapore, Indonesia, China, Vietnam, India and Myanmar



WHY WE DO IT

3 billion people living in our target markets

More than 40% of the world's total population

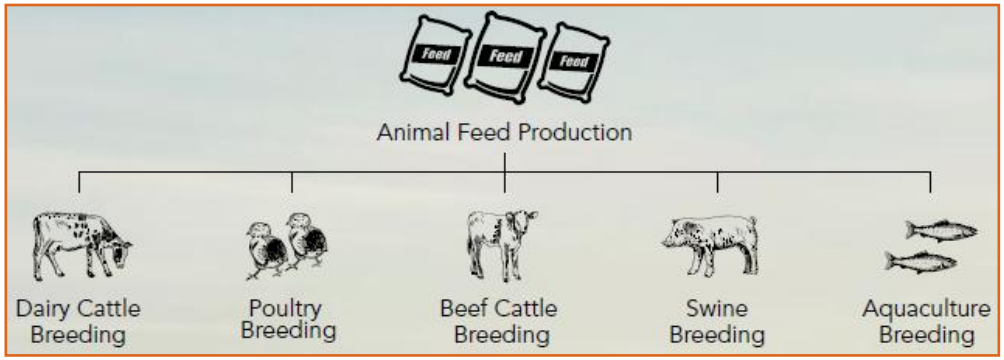
A leading pan-Asian, industrialized agri-food company dedicated to feeding emerging Asia with essential proteins

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Vertically Integrated Business Across Entire Value Chain

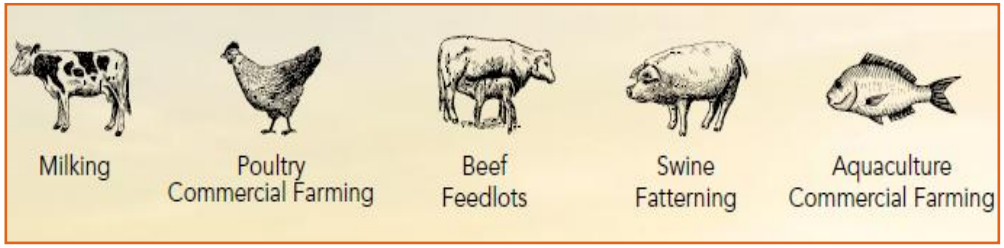
HOW WE DO IT

Vertically Integrated Business Model



UPSTREAM: Animal Feed & Breeding

- Produce quality animal feed on an industrial scale
- Use world class genetics supported by advanced farming technology to maximize efficiency in our breeding operations in dairy cattle, poultry, beef cattle, swine and aquaculture



MIDSTREAM: Milking & Fattening

- Operate dairy milking parlours and commercial livestock fattening farms
- Achieve quality and productivity gains through a combination of superior livestock genetics, quality feed nutrition, and international bio-security standards



DOWNSTREAM: Processing & Distribution

- Produce high quality consumer dairy, meat, and aquaculture products with traceability and food safety assurance across the entire supply chain

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Core Competencies Across All Business Segments

INDUSTRIALIZED APPROACH TO FARMING AND FOOD PRODUCTION

1 Large Scale

- Ability to manage mega-scale operations:
  - > 10,000 poultry commercial farms
  - > 600 million day-old-chicks ("DOCs")
  - 10 large scale dairy farms with more than 10,000 cattle per farm
- 28,000 employees across geographies

2 Technology and Genetics

- JVs with Aviagen and Hypor for superior breeding and genetics
- Advanced feed technology
- Combined with best farm management practices

3 Bio-security

- Best in class biosecurity means using stringent operating procedures
- In-house vaccine production firm PT Vaksindo

4 Standardization / Replication

- Replication of best practices and infrastructure design
- Replication of farm design model in dairy farms, DOC breeding farms, feedmills, etc.

We are a market leader across multiple classes of protein foods, with an emphasis on milk, poultry and beef, complemented by growing businesses in swine and aquaculture.

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FY2014 Performance

Industrialization + Diversification = Winning Formula

Diversification Delivers Results

Broad-based growth across Dairy, Animal Protein and Consumer Food segments

Highest revenue of US$2.9 billion in the Group's history

35% YoY growth in Core PATMI to US$57.7 million

Mitigating Market Challenges

Enhance efficiency and profitability of our Indonesian operations to counter near-term price pressure on DOCs

Improve milk yields and productivity to mitigate lower average selling prices of raw milk in China

Maximising Returns from Our Assets

Long term fundamentals for the Group remain favorable

Large-scale business enables us to tap on growth opportunities

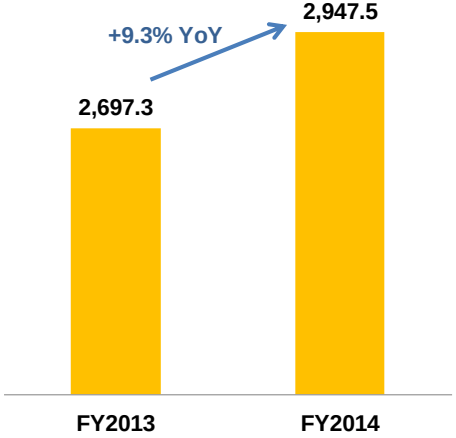
Strategic investments in selected markets to capture rise in consumer demand

Financial Highlights

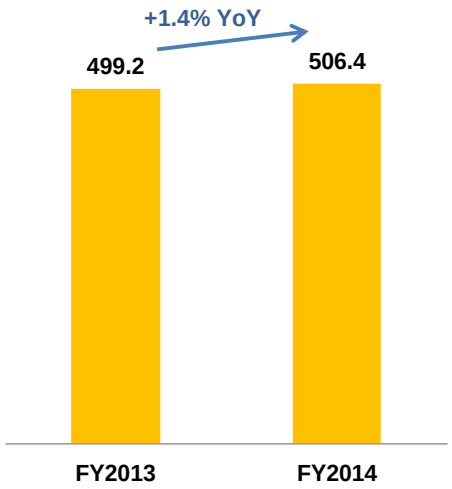


Key Financial Highlights

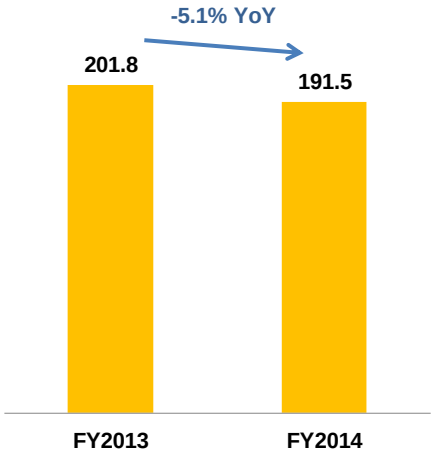
Revenue
US$ million



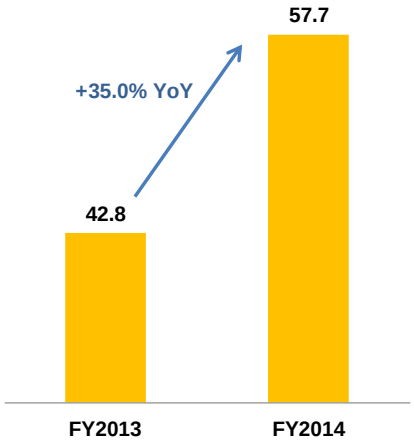
Gross Profit
US$ million



Operating Profit
US$ million



Core PATMI
w/o Bio Assets[1]
US$ million



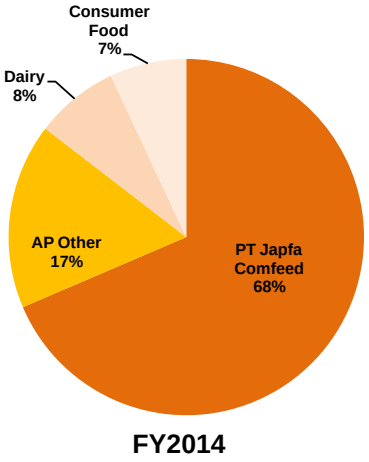
- The stronger revenue in FY2014 was due to broad-based growth from the Animal Protein and Dairy segments
- Weaker Group gross profit margin arising from margin compression at PT Japfa Comfeed Indonesia Tbk
- With the Group's ongoing focus on diversification, FY2014 saw a shift in profit contribution amongst its business segments and geographies
- The Animal Protein segment contributed strongly to the Group's Core PATMI, with earnings mainly from operations in Indonesia, Vietnam and Myanmar, while contributions from Dairy segment to the Group's Core PATMI more than doubled year-on-year
- Long-term fundamentals for the Group remain favorable across all geographies. However, near-term challenges to operations persist, including the low purchasing power and DOC oversupply situation in Indonesia, together with the lower raw milk pricing environment in China

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).

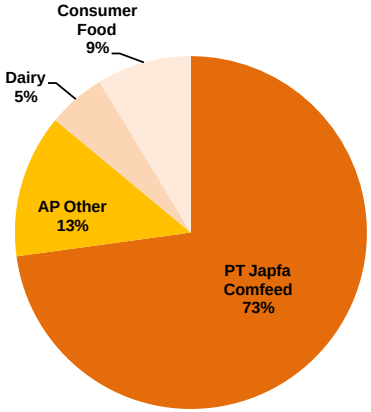
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Diversified Revenue and Earnings Profile

Revenue Composition

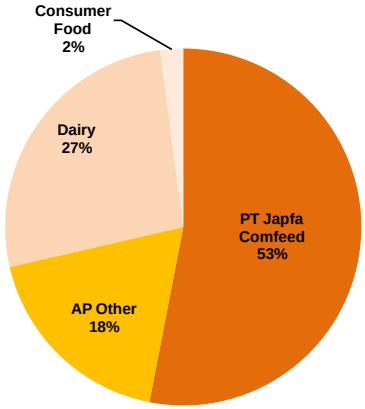


FY2014

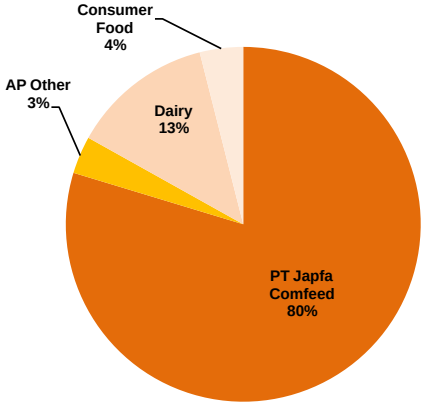


FY2013

Operating Profit Composition

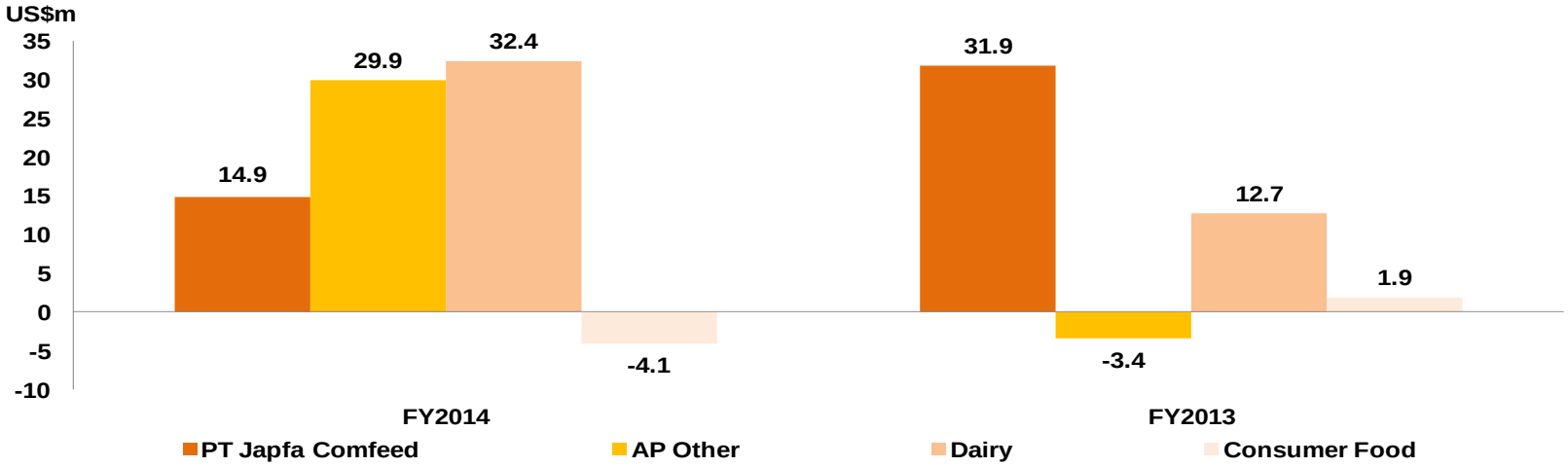


FY2014



FY2013

Breakdown of Core PATMI (w/o Bio Assets)



Note: Operational segments shown excludes central purchasing subsidiary, headquarter costs and elimination of inter-segment sales.
Animal Protein Other (AP Other) refers to the animal protein operations in Vietnam, India, Myanmar and China.

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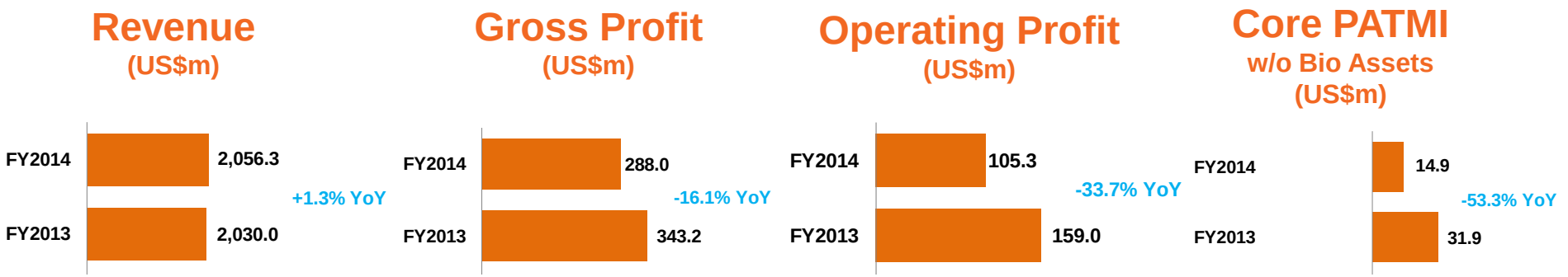
FY2014 Segmental Overview

SEGMENTAL OVERVIEW (US$M)	FY2014	FY2013	CHANGE	
PT Japfa Comfeed[1]				
Revenue[2]	2,056.3	2,030.0	+1.3%	▲
Gross Profit	288.0	343.2	-16.1%	▼
Gross profit margin	*14.0%*	*16.9%*	*-2.9ppt*	▼
Operating profit	105.3	159.0	-33.7%	▼
Core PATMI w/o Bio Assets	14.9	31.9	-53.3%	▼
Core PATMI w/o Bio Assets margin	*0.7%*	*1.6%*	*-0.9ppt*	▼
Animal Protein Other[1]				
Revenue[2]	506.7	367.3	+37.9%	▲
Gross Profit	62.5	27.4	+128.3%	▲
Gross profit margin	*12.3%*	*7.5%*	*+4.8ppt*	▲
Operating profit	36.4	6.8	+433.7%	▲
Core PATMI w/o Bio Assets	29.9	-3.4	n.m.	▲
Core PATMI w/o Bio Assets margin	*5.9%*	*-0.9%*	*+6.8ppt*	▲
Dairy[3]				
Revenue[4]	227.7	148.1	+53.7%	▲
Gross Profit	88.8	51.7	+71.8%	▲
Gross profit margin	*39.0%*	*34.9%*	*+4.1ppt*	▲
Operating profit	52.7	25.8	+104.2%	▲
Core PATMI w/o Bio Assets	32.4	12.7	+154.9%	▲
Core PATMI w/o Bio Assets margin	*14.2%*	*8.6%*	*+5.6ppt*	▲
Consumer Food[5]				
Revenue[6]	209.0	241.6	-13.5%	▼
Gross Profit	58.5	67.0	-12.7%	▼
Gross profit margin	*28.0%*	*27.7%*	*+0.3ppt*	▲
Operating profit	4.1	7.9	-48.1%	▼
Core PATMI w/o Bio Assets	-4.1	1.9	-315.8%	▼
Core PATMI w/o Bio Assets margin	*-2.0%*	*0.8%*	*-2.8ppt*	▼

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1 Animal Protein – where PT Japfa Comfeed Indonesia Tbk (PT Japfa Comfeed) is shown separately from Animal Protein Other (AP Other), AP Other refers to the animal protein operations in Vietnam, India, Myanmar and China.
2 The combined revenue for PT Japfa Comfeed and AP Other includes inter-segment revenue of US$50.3 million in FY2014 (FY2013: US$63.4 million).
3 Dairy – includes the operations in China, Indonesia and South East Asia.
4 The Dairy segment revenue includes inter-segment revenue of US$2.2 million in FY2014 (FY2013: US$25.6 million).
5 Consumer Food – includes the operations in Indonesia and Vietnam.
6 The Consumer Food segment revenue includes inter-segment revenue of US$8.8 million in FY2014 (FY2013: US$14.0 million).

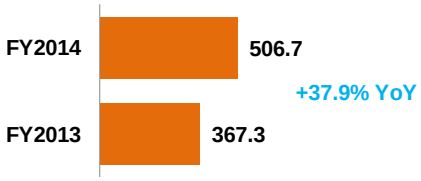
Animal Protein – PT Japfa Comfeed Indonesia Tbk



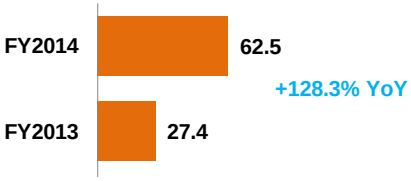
- **PT Japfa Comfeed Indonesia Tbk**
  - The Group operates in Indonesia through its 57.5% stake in IDX-listed PT Japfa Comfeed Indonesia Tbk (“PT Japfa Comfeed”)
  - In FY2014, PT Japfa Comfeed’s performance was impacted by a weaker purchasing power caused by the significant depreciation of the Rupiah against the US dollar and an oversupply of DOCs which led to a downward pressure on selling prices of DOCs and broiler chickens across the industry
  - In response, PT Japfa Comfeed has reduced its production of DOCs and scaled back capital expenditure
  - Overall, PT Japfa Comfeed’s integrated poultry operations in Indonesia were profitable in FY2014, as the animal feed business generated stable operating profits, mitigating the impact of operating losses in DOCs and broiler chickens

Animal Protein – Other (Vietnam, India, Myanmar and China)

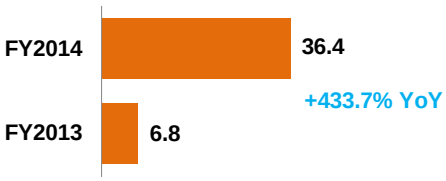
Revenue
(US$m)



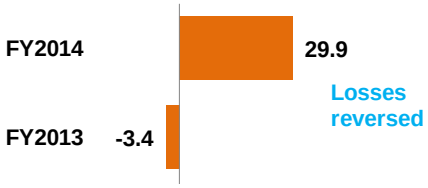
Gross Profit
(US$m)



Operating Profit
(US$m)



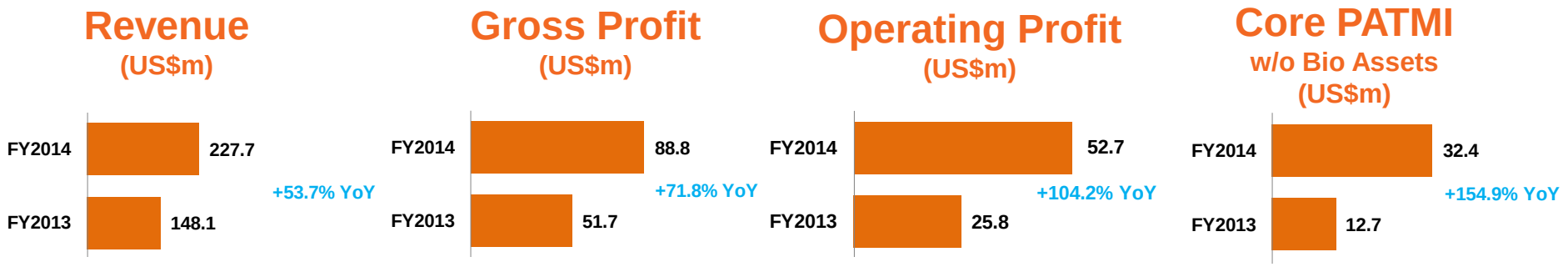
Core PATMI
w/o Bio Assets
(US$m)



- **Animal Protein Other[1]**
  - In Myanmar, the Group continues to reap the benefits of being an early mover in the newly opened fast-growing economy. Its animal protein operations delivered a strong performance and Core PATMI of US$11 million
  - The Vietnam operations made a healthy contribution to Core PATMI, which increased from US$2 million in FY2013 to US$15 million in FY2014, due to substantial improvement in the Group's swine business. In particular, the sales volume of its swine fattening business has tripled year-on-year

1 Animal Protein Other (AP Other) refers to the animal protein operations in Vietnam, India, Myanmar and China.

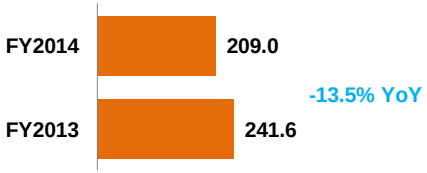
Dairy – Increase in Capacity and Improvements in Yield



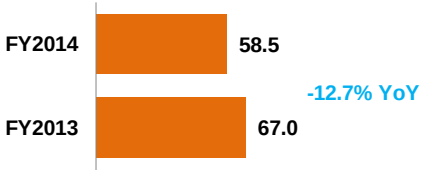
- The Group is one of a small group of leading industrialized producers of premium raw milk in Indonesia and China
- Revenue grew by 53.7% in FY2014 to reach US$227.7 million, due to the increase in milk production from the Group's new farms in China. At the Group's Hub 1 in Shandong province, Farm 4 started milking in the middle of 2014. The Group's raw milk sales in China increased from 124.4 million kilograms in FY2013 to 201.0 million kilograms in FY2014
- In addition, improvements in farm management methodologies, complemented by a good summer, brought about an 8% increase in milk yields year-on-year
- In FY2014, gross profit grew by 71.8% to US$88.8 million, and the improvement was largely due to the exceptionally high raw milk selling prices in China in the first half of 2014
- While the Dairy segment accounted for only 8% of the Group's revenue, it contributed 17.5% to the Group's gross profit
- The Group completed the construction of Farm 5 in Hub 1 at the end of 2014, and milk production commenced in early 2015. The Group also started construction of its Farm 6 in Inner Mongolia

Consumer Food – Small but key driver in mid- to long-term

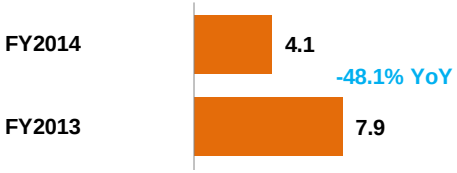
Revenue
(US$m)



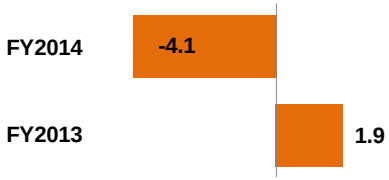
Gross Profit
(US$m)



Operating Profit
(US$m)



Core PATMI
w/o Bio Assets
(US$m)



- The Group uses some of the animal protein products that it produces in-house as raw materials for its own downstream consumer food segment, including ambient-temperature and chilled/frozen food products
- Overall, the Group's Indonesian operations for consumer food was still profitable, but insufficient to cover start-up losses of US$5.1 million in Vietnam
- The Consumer Food segment remains small but is expected to be a key driver of the Group's medium- to long-term future growth, as it is an important extension of the Group's vertically-integrated business model

Healthy Balance Sheet and Cash Flow

BALANCE SHEET (US$M)	FY2014	FY2013	% CHANGE
Total Assets	2,327.0	1,963.6	+18.5%
Total Liabilities	1,332.7	1,266.7	+5.2%
Total Equity	994.3	696.9	+42.7%
Net Debt / Equity Ratio (times)	0.7	1.1	
Cash and cash equivalents, ending balance	281.2	221.4	+27.0%

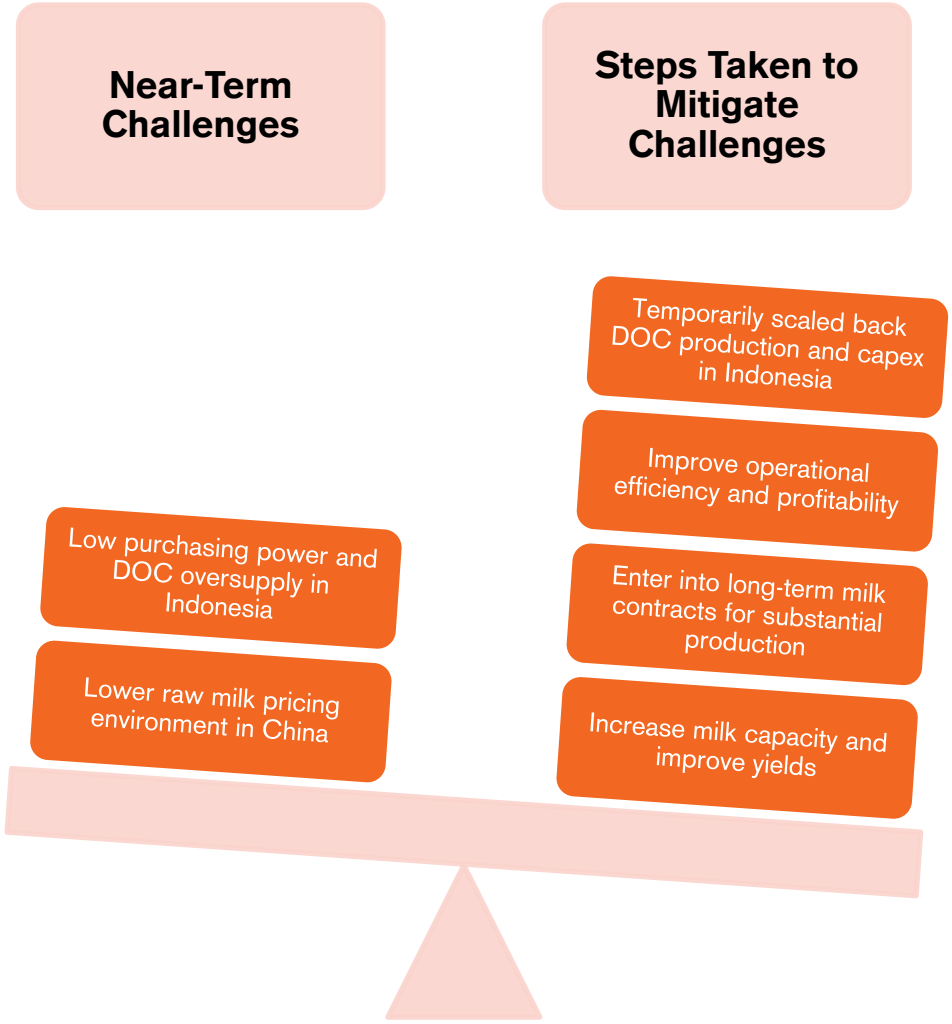
CASH FLOWS (US$M)	FY2014	FY2013	% CHANGE
Net Cash Flows from Operating Activities	126.2	117.3	+7.6%
Net Cash Flows from Investing Activities	-298.5	-245.2	+21.7%
Net Cash Flows from Financing Activities	232.5	187.8	+23.8%

JAPFA

Outlook and Growth Strategies



Long-Term Fundamentals Remain Favorable



Strategies To Tap High-Growth Emerging Asian Markets

Expansion of dairy business in China through replication of successful business model

- Farm 5 in Hub 1 in Shandong started operations in December 2014, with significant milk production expected by 2Q 2015 and full milk production by 4Q 2015

- Construction of Farm 6 in Inner Mongolia has begun

Enhance profitability of core poultry business in Indonesia

- Scale back DOC production, reduce capital expenditure and improve operational efficiency

Expand animal protein business in target markets

Further investments into consumer food brands in the region

Continue to target markets with large addressable audience



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Thank You

