JAPFA

Japfa Ltd

INVESTORS' PRESENTATION
3Q & 9M 2014








www.japfa.com

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Company Overview



Japfa: Agri food company feeding emerging Asia

Core competencies across the value chain

Upstream: Feed and Breeding



Animal feed



Poultry breeding



Dairy breeding



Swine breeding

Midstream : Milking and Fattening



Milking



Poultry



Beef

Downstream : Processing and distribution



Dairy products



Processed meats



Industrialized approach to farming and food production

1 Large Scale

- Ability to manage mega-scale operations:
  - > 10,000 poultry commercial farms
  - > 600 million DOCs
  - 10 large scale dairy farms with more than 10,000 cattle per farm
- 25,000 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 Biosecurity

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

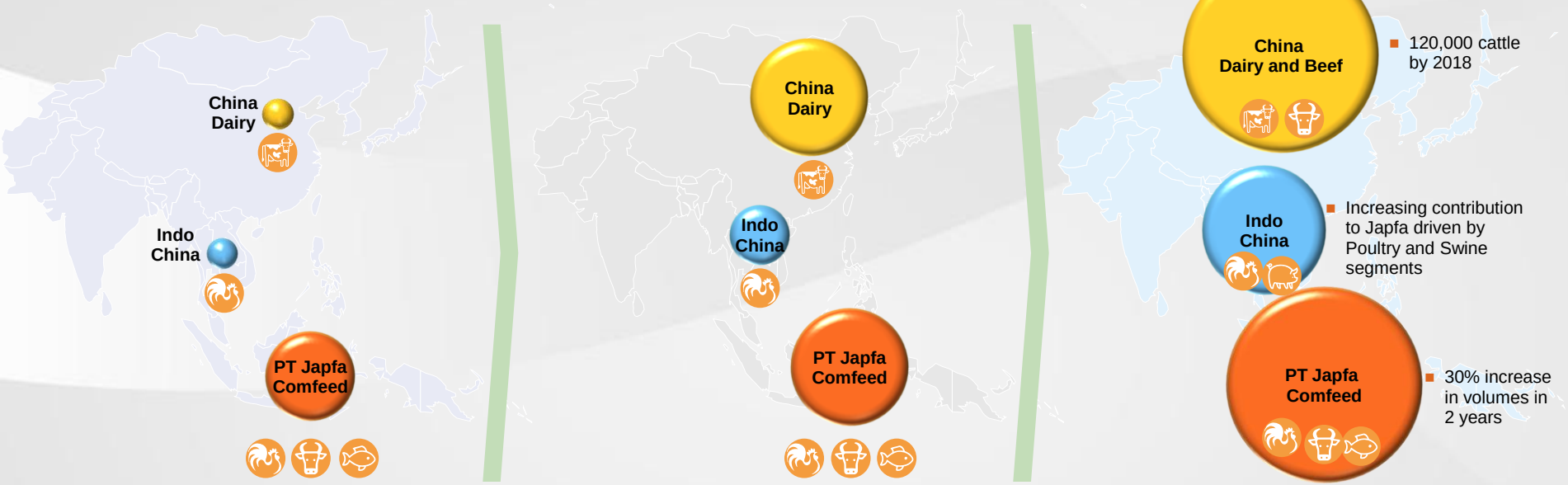
4 Standardization / Replication

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

These are our core competencies that cut across all business segments and have led to our leading market positions



Growth Strategy and Pillars



Past → **Present** → **Near term**

Expertise and heritage | **Foundation for replication** | **Accelerating replication**

Dairy · Poultry · Swine · Beef · Aquaculture



Financial Highlights



3Q / 9M2014 Key Highlights

- **9M2014 Group revenue +9.0% YoY to US$2,242.1 m**
- **Core profit (PATMI w/o bio assets) +6.8% YoY to US$47.3 m**
- **Diversified business strategy helps sustain the Group's overall performance, despite temporary down-cycle of Indonesia's animal protein business**
- **Dairy business continues to grow, driven by higher milk volumes and yields**
- **Long-term prospects for the Group remain positive**

3Q/9M2014 Key Financial Highlights (US$m)						
Income Statement	**3Q2014**	**3Q2013**	**% change**	**9M2014**	**9M2013**	**% change**
Revenue	784.7	679.8	+15.4%	2,242.1	2,057.7	+9.0%
Gross profit	123.5	144.3	-14.4%	380.5	406.2	-6.3%
Profit before tax	17.1	36.1	-52.7%	89.0	116.4	-23.6%
Group PATMI	10.8	12.0	-10.2%	45.1	45.4	-0.6%
Group PATMI w/o Bio Assets	**12.0**	**12.4**	**-3.2%**	**47.3**	**44.3**	**+6.8%**
Gross profit margin	15.7%	21.2%	-5.5ppt	17.0%	19.7%	-2.7ppt
PBT margin	2.2%	5.3%	-3.1ppt	4.0%	5.7%	-1.7ppt



Balance Sheet (US$m)	9M2014	9M2013	% change
TOTAL ASSETS	2,408.0	1,817.7	+32.5%
Cash	335.5	222.5	+50.8%
Inventory	633.4	471.6	+34.3%
TOTAL LIABILITIES	1,408.3	1,095.3	+28.6%
Interest-bearing debt	1,058.6	826.9	+28.0%
TOTAL EQUITY	999.7	722.5	+38.4%
Net Debt / Equity Ratio (X)	0.7	0.8	
Inventory Turnover	92.0	77.0	



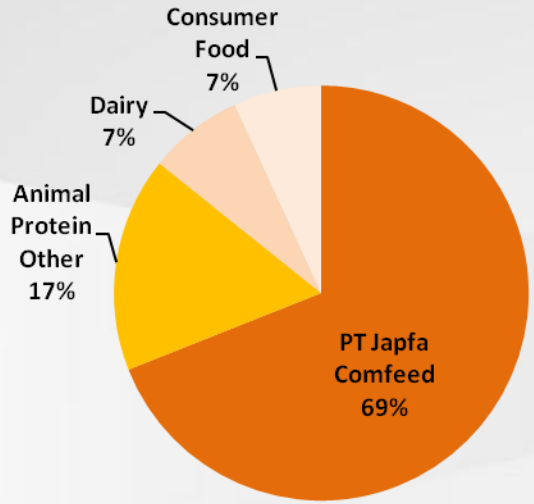
3Q / 9M2014 Segmental performance (US$m)

	3Q2014	3Q2013	% change		9M2014	9M2013	% change	
PT Japfa Comfeed								
Revenue	547.6	510.8	+7.2%	▲	1,586.8	1,569.0	+1.1%	▲
Gross profit	66.3	108.6	-39.0%	▼	222.2	297.5	-25.3%	▼
Gross profit margin	*12.1%*	*21.3%*	*-9.2ppt*	▼	*14.0%*	*19.0%*	*-5.0ppt*	▼
PATMI w/o Bio Assets	0.1	14.3	-99.3%	▼	15.1	43.0	-64.9%	▼
Core profit margin	*0.0%*	*2.8%*	*-2.8ppt*	▼	*1.0%*	*2.7%*	*-1.8ppt*	▼
Animal Protein Other								
Revenue	132.4	93.7	+41.3%	▲	376.0	267.9	+40.4%	▲
Gross profit	20.4	7.3	+179.5%	▲	47.0	18.3	+156.8%	▲
Gross profit margin	*15.4%*	*7.8%*	*+7.6ppt*	▲	*12.5%*	*6.8%*	*+5.7ppt*	▲
PATMI w/o Bio Assets	10.8	-2.7	N.M.	▲	18.8	-5.5	N.M.	▲
Core profit margin	*8.2%*	*-2.9%*	*+11.0ppt*	▲	*5.0%*	*-2.1%*	*+7.1ppt*	▲
Dairy								
Revenue	60.1	34.9	+72.2%	▲	167.3	106.0	+57.8%	▲
Gross profit	20.7	12.0	+72.5%	▲	67.8	36.3	+86.8%	▲
Gross profit margin	*34.4%*	*34.4%*	*+0.1ppt*	▲	*40.5%*	*34.2%*	*+6.3ppt*	▲
PATMI w/o Bio Assets	5.8	2.9	+100.0%	▲	28.6	9.5	+201.1%	▲
Core profit margin	*9.7%*	*8.3%*	*+1.3ppt*	▲	*17.1%*	*9.0%*	*+8.1ppt*	▲
Consumer Food								
Revenue	58.0	62.6	-7.3%	▼	160.6	184.8	-13.1%	▼
Gross profit	16.1	16.5	-2.4%	▼	43.5	54.1	-19.6%	▼
Gross profit margin	*27.8%*	*26.4%*	*+1.4ppt*	▲	*27.1%*	*29.3%*	*-2.2ppt*	▼
PATMI w/o Bio Assets	1.5	0.0	N.M.	▲	0.4	3.8	-89.5%	▼
Core profit margin	*2.6%*	*0.0%*	*+2.6ppt*	▲	*0.2%*	*2.1%*	*-1.8ppt*	▼

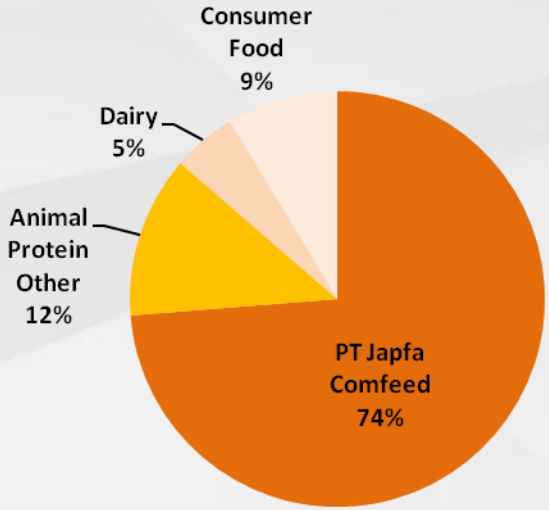
NOTES

- 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, as well as Annona (the central purchasing subsidiary in Singapore)
- Dairy - includes the operations in China, Indonesia and South East Asia.
- Consumer Food - includes the operations in Indonesia and Vietnam.

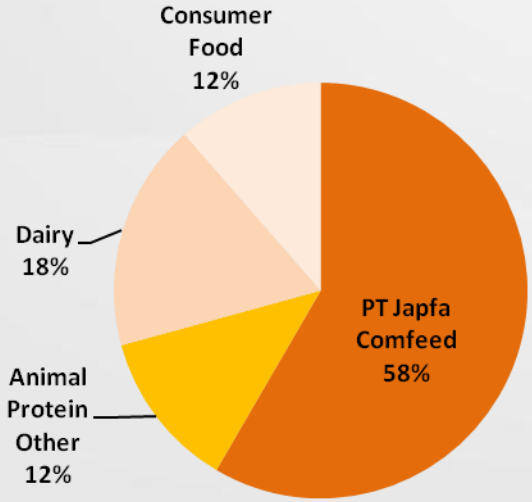




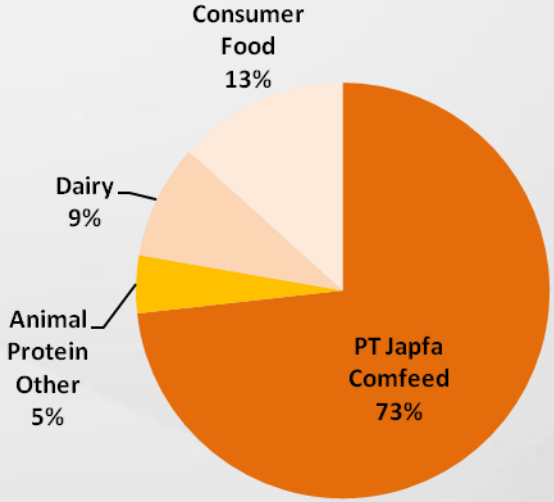
9M2014 Revenue Composition



9M2013 Revenue Composition

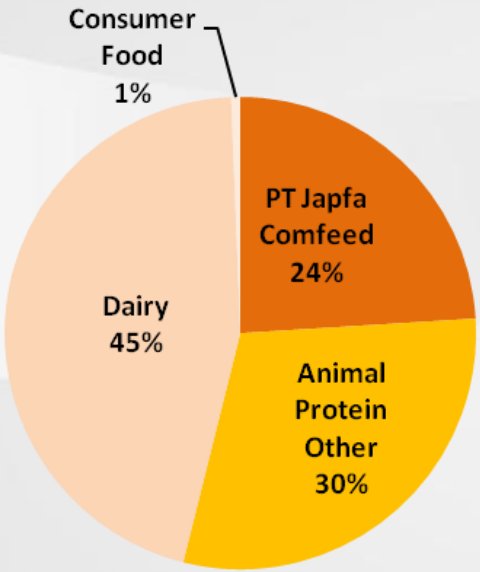


9M2014 Gross profit composition



9M2013 Gross profit composition





9M2014 Core PATMI Composition

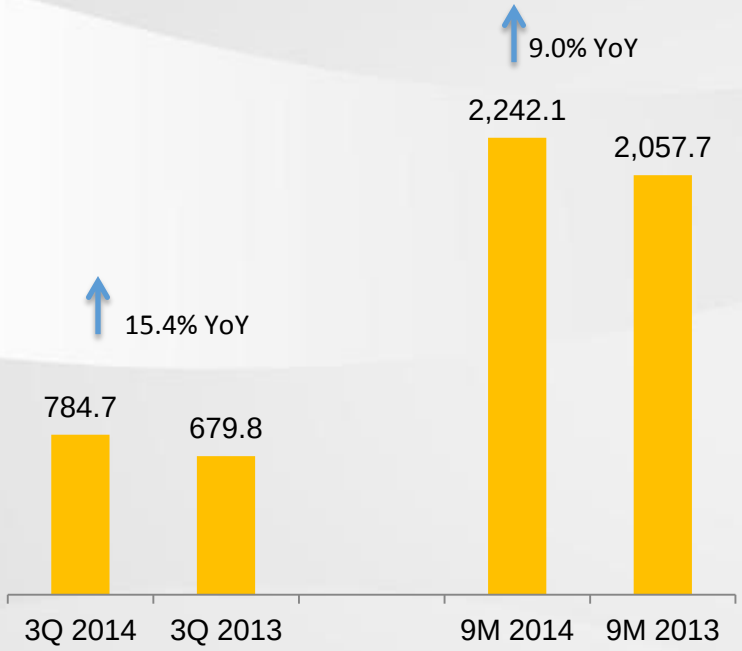
- Dairy segment contributes 7% to Group revenue and 45% to core PATMI (PATMI w/o biological assets)
- 9M2013 Core PATMI chart omitted due to losses for *Animal Protein Other* segment (not meaningful)
- Despite an extended down-cycle in the Indonesian animal protein business, our diversification strategy across different protein and geographical segments has enabled us to mitigate this cyclical anomaly

JAPFA Ltd



Revenue

(US$ million)



Japfa Ltd Key Highlights

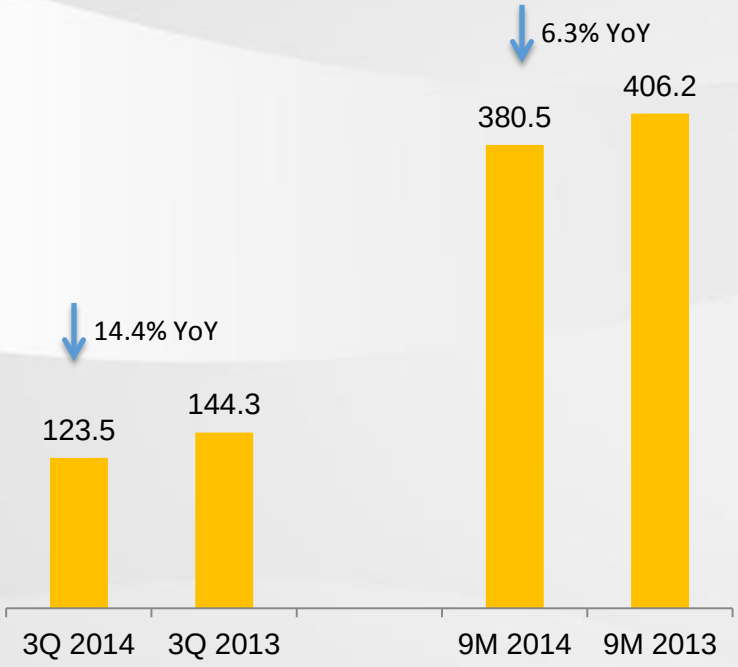
- **3Q 2014 vs 3Q 2013**
  - Group revenue up 15.4% YoY due to broad-based growth in all segments

- **9M 2014 vs 9M 2013**
  - Group revenue up by 9.0% YoY due to:
    - Sales volume growth in Indonesia, Vietnam and India for animal proteins
    - New animal protein operations in Myanmar also helped boost revenue
    - Improvements from the animal protein and dairy segments partially offset by a decrease of US$30.9 m from consumer food segment as a result of unfavorable movements of the Rupiah against the USD



Gross Profit

(US$ million)



Japfa Ltd Key Highlights

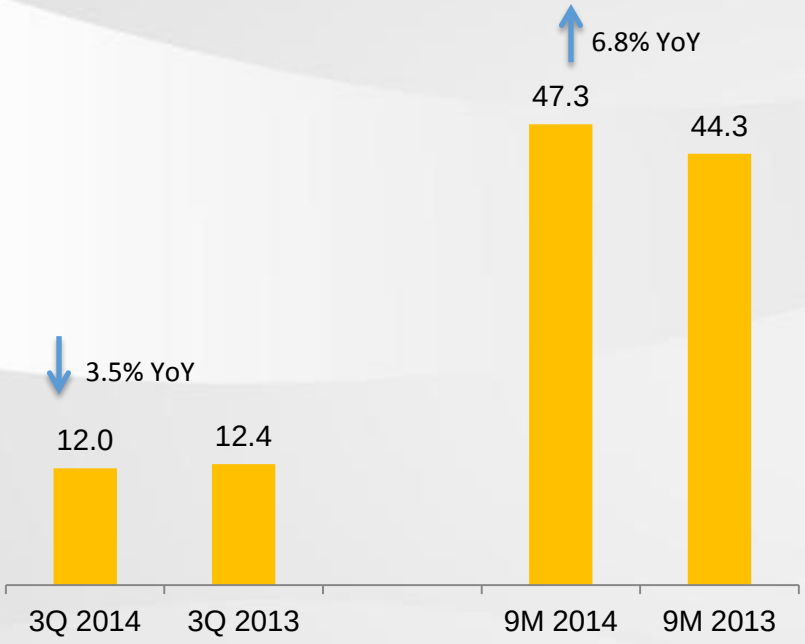
- **3Q 2014 vs 3Q 2013**
  - Gross profit decreased by 14.4% YoY due to:
    - Price pressure on DOC and broiler chickens in Indonesia in spite of greater volume sold; extended DOC down-cycle in 2014
    - Rupiah depreciation of approx 20% vs USD without an increase in general wages has caused a weakening in the purchasing power of the low income consumer across Indonesia
    - Oversupply of DOC arising from an increase in production volumes across the breeding industry placed further pressure on prices
    - Increase in feed cost for the production of broilers without a corresponding increase in sales price due to lower purchasing power

- **9M 2014 vs 9M 2013**
  - Group gross profit in the 9M 2014 period fell by 6.3% YoY, due largely to challenging industry conditions experienced in 3Q2014
  - Weakness in the animal protein segment was helped by stronger contributions from the dairy segment due to capacity growth in Shandong, China
  - Consumer food segment was also hit by weakening of purchasing power



Core PATMI (w/o Bio Assets)

(US$ million)



Japfa Ltd Key Highlights

- **3Q 2014 vs 3Q 2013**
  - Core PATMI w/o Bio Assets fell marginally by 3.5% YoY in 3Q 2014 due largely to weaker contributions from PT Japfa Comfeed
  - Weakness largely mitigated by improvements to core PATMI from the Animal Protein Other and Dairy segments
- **9M 2014 vs 9M 2013**
  - Core PATMI w/o Bio Assets up 6.8% YoY



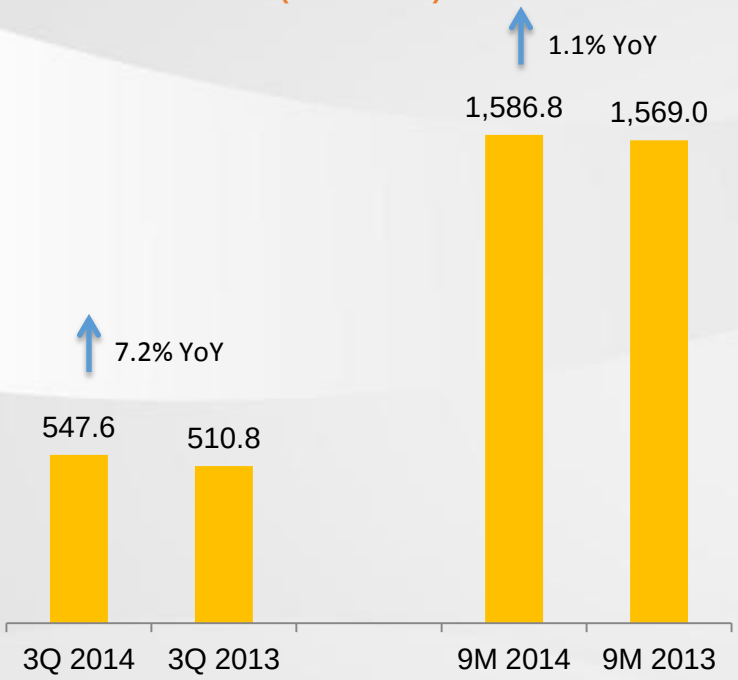
Segmental Review

PT JAPFA Comfeed



Revenue

(US$ million)



PT Japfa Comfeed Key Highlights

3Q 2014 vs 3Q 2013

- Revenue is consistent with last year

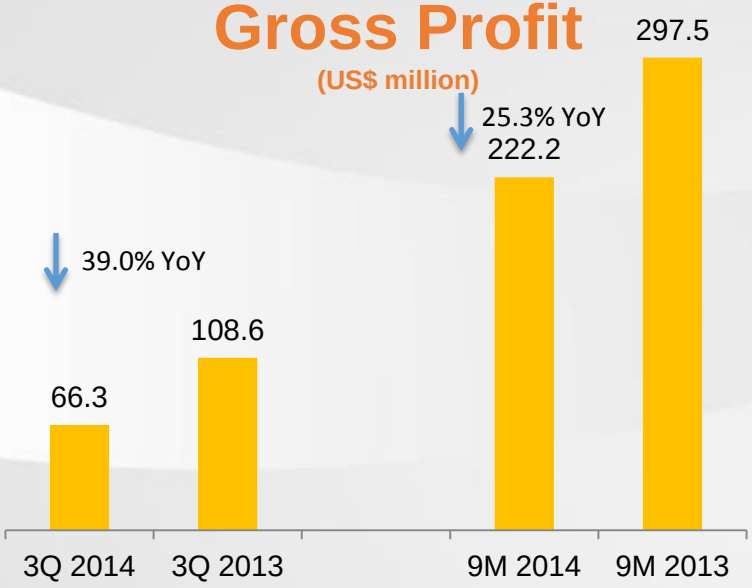
9M 2014 vs 9M 2013

- 9M 2014 revenue in Rupiah terms increased by 17% compared to 9M 2013
- Revenue growth appears flat in USD terms because the Rupiah depreciated by 20% in 2H2013



Gross Profit

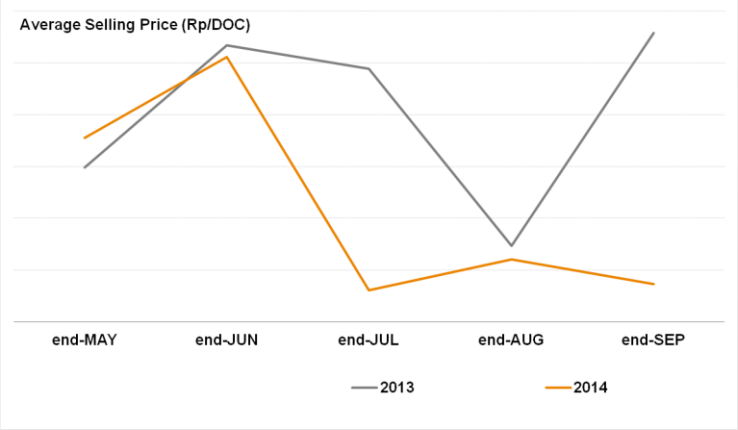
(US$ million)



PT Japfa Comfeed Key Highlights

- **3Q 2014 vs 3Q 2013**
- Gross profit margin declined from 21.3% to 12.1%, due to the shrinkage in profit margin of day-old chicks ("DOCs") and broilers
- Weaker results of 3Q14 were not expected during the IPO process and roadshow
- Poultry consumption typically highest during Ramadan and lowest during the period immediately following Ramadan; poultry consumption usually reverts to normal levels thereafter
- Weaker Rupiah affected purchasing power of low-income consumers, resulting in downward pressure on the selling prices of DOCs and broiler chickens
- This year's DOC prices unexpectedly remained in a down-cycle since September and continued to trend downwards

Extended down-cycle for DOC prices



Cyclicality in poultry consumption:

Typically, poultry consumption is highest during Ramadan and lowest during the period immediately following Ramadan and during the beginning of the school year. Thereafter, poultry consumption usually reverts to normal levels. With an increase in production volumes of DOCs across the breeding industry, there is currently an oversupply of DOCs in Indonesia. Although DOC prices are generally cyclical in nature, this year's prices have unexpectedly remained in a down-cycle since September and continued to trend downwards, affecting the entire poultry industry in Indonesia.



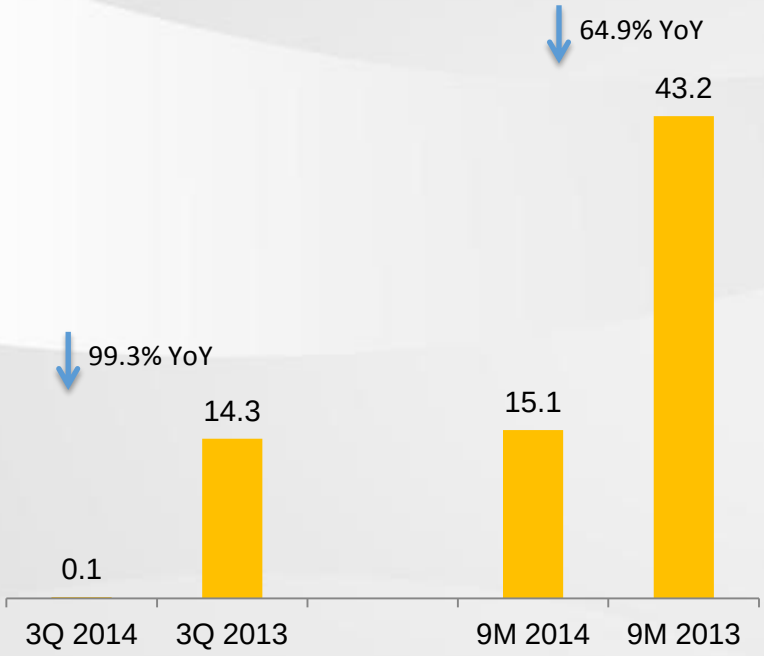
PT Japfa Comfeed Key Highlights

- **9M 2014 vs 9M 2013**
- Consolidated gross profit margin declined from 16.9% in FY 2013 to 14.0% in 9M 2014 due to the smaller gross profit margins in both DOC and commercial farming
- For feed business, Rupiah depreciation caused raw material costs for feed to increase because purchase costs of corn and SBM are US$ linked
- Able to pass on costs by increasing our feed selling prices; successfully maintained a stable feed margin
- For commercial farming, increase in feed selling prices increased the import cost in production of broilers
- Inability to increase selling price of broilers due to consumers' lower purchasing power, which caused profit margin to shrink for commercial farming
- For DOC operations, there was an over supply of DOC arising from an increase in production volumes across the breeding industry. This was especially evident in the period after Hari Raya festivities, which led to a decline in DOC prices
- DOC Gross Profit Margin for 9M 2014 was approximately 15% compared to 35% for the same period last year
- Average DOC prices decreased by approximately 10% while average feed cost increased by 9% compared to FY 2013. Although DOC volumes are up from last year, revenue is lower due to low DOC selling prices
- DOC and broiler prices are generally cyclical in nature but this down-cycle in 2014 is longer than normal.



Core PATMI (w/o Bio Assets)

(US$ million)



PT Japfa Comfeed Key Highlights

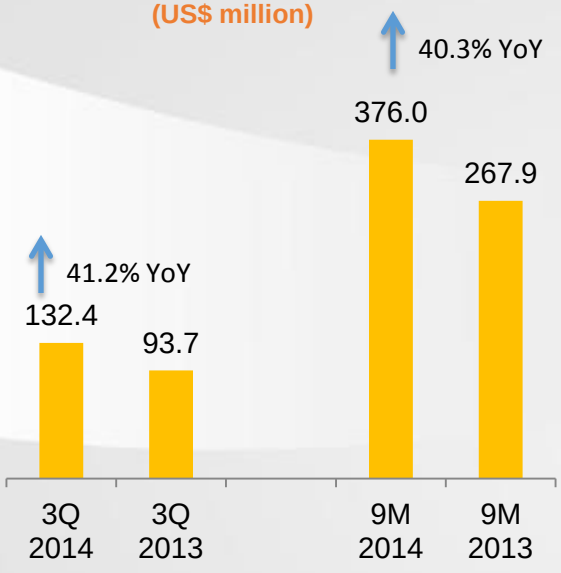
9M 2014 vs 9M 2013

- SG & A expenses increased 19%, in line with Rupiah depreciation during 2014, which resulted in cost increases across the board
- Interest expenses increased due to rise in overall Indonesian bank loan interest rates from an average of 8.5% in 2013 to 11.25% in 9M 2014
- Overall net profit margin declined from 3.0% in FY2013 to 1.7% in 9M 2014

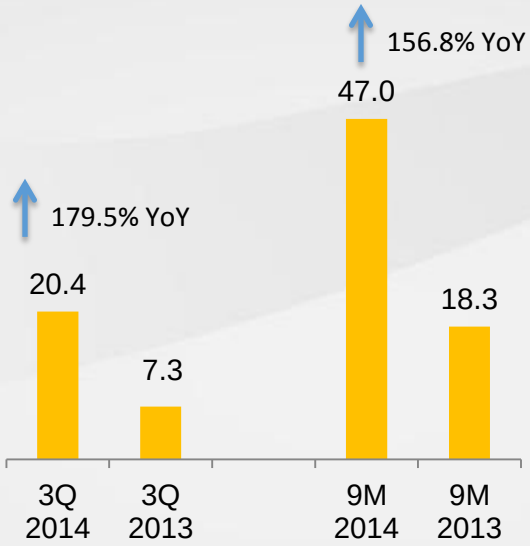
ANIMAL PROTEIN OTHER



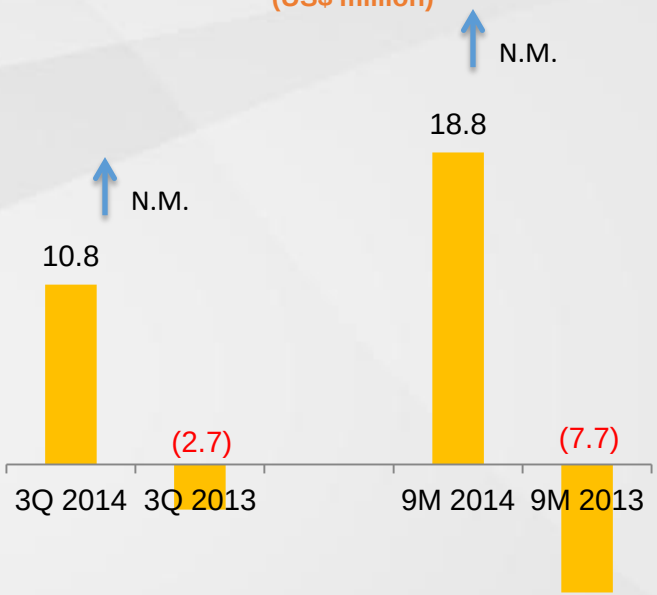
Revenue
(US$ million)



Gross Profit
(US$ million)



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



Animal Protein Other Key Highlights

3Q 2014 vs 3Q 2013

- Revenue increased due to rise in sales volume

9M 2014 vs 9M 2013

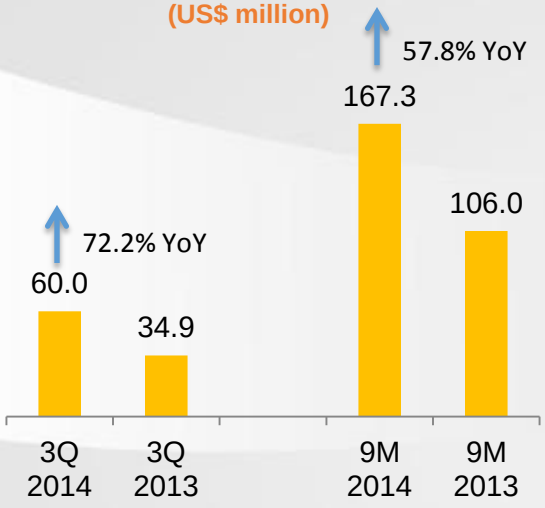
- 9M 2014 revenue, margins and profitability improved YoY
- GPM for Animal Protein Other business (excluding Annona) increased from 4% in 2013 to 6% in 9M 2014
- Core PATMI w/o Bio Assets for 9M 2014 is US$19m vs US$(8m); Myanmar operations contributed US$8m; Vietnam operations contributed US$8m
- Annona was behind but compensated by Vietnam operations

DAIRY



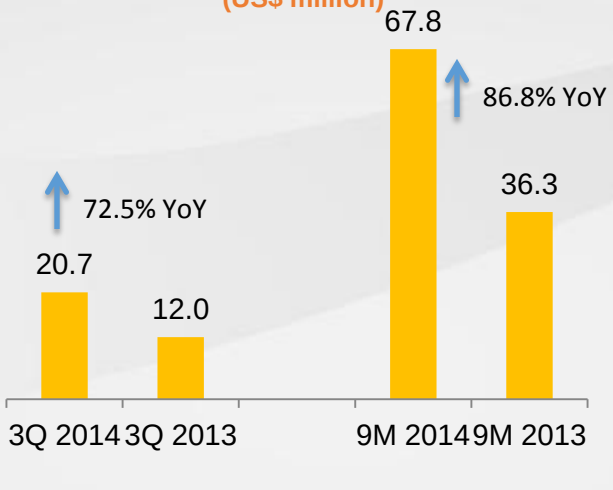
Revenue

(US$ million)



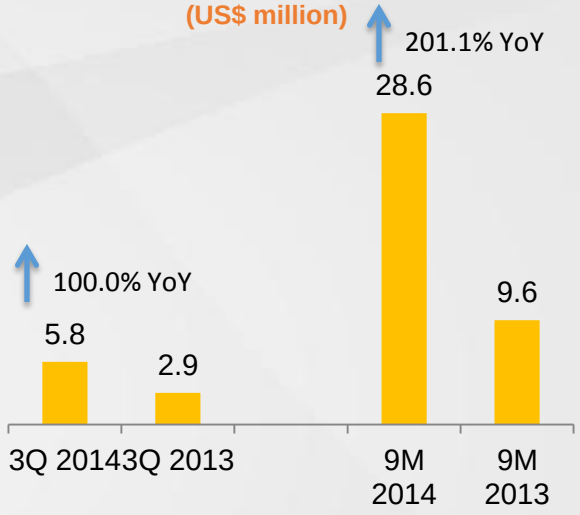
Gross Profit

(US$ million)



Core PATMI (w/o Bio Assets)

(US$ million)



Dairy Key Highlights

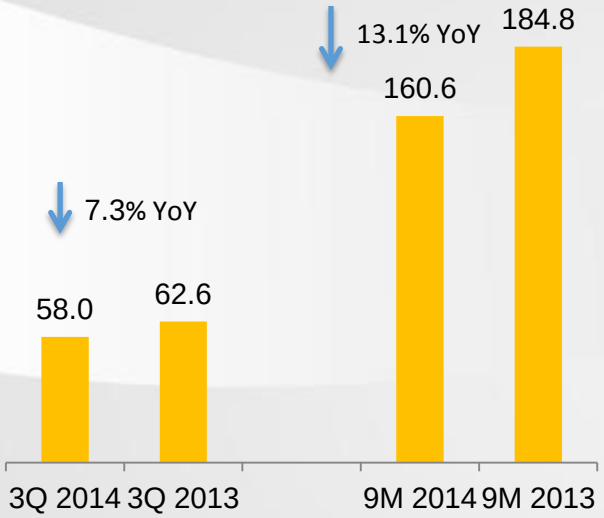
- **3Q 2014 vs 3Q 2013**
  - Overall improved performance driven by higher milk volumes from the new China farms and increases in milk yields
- **9M 2014 vs 9M 2013**
  - GPM for Dairy increased from 35% in 2013 to 41% in 9M 2014
  - Net profit in 9M 2014 includes a one-off profit of approximately US$9.6 m from the sale of the Kallang property
  - Disruption to milk distribution in Hong Kong will set us back approximately US$2 million

In China, the Group is currently in negotiations on the selling prices of its raw milk. With an overall decline in milk prices, the Group expects average selling prices of its raw milk prices to be lower (in the range between RMB 4.60-4.90). Nonetheless, this is expected to be offset by the expected increase in milk yields, as the Group focuses on enhancing its advanced and industrialized farm management practices and high yielding livestock.

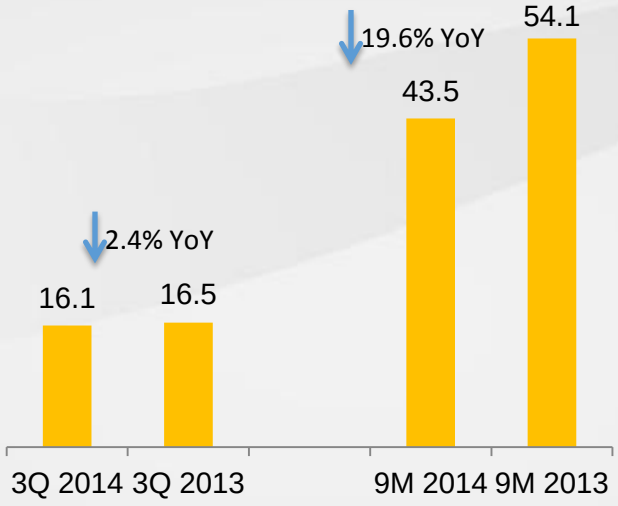
CONSUMER FOOD



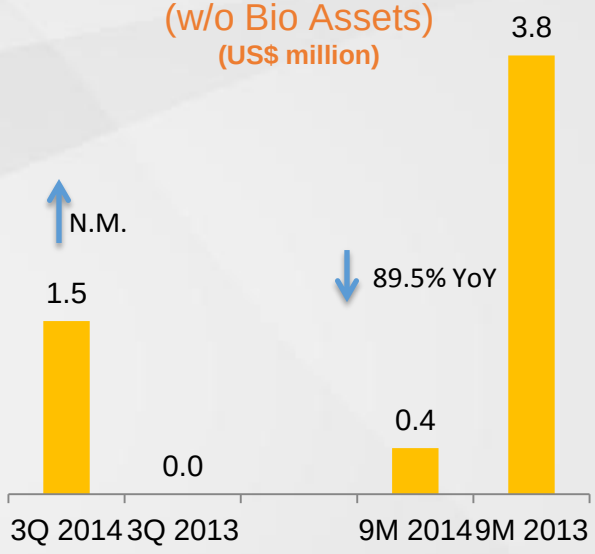
Revenue
(US$ million)



Gross Profit
(US$ million)



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



Consumer Food Key Highlights

3Q 2014 vs 3Q 2013

- Although revenue was lower by 7.3%, the segment generated core PATMI of US$1.5 million, an improvement over the last two quarters

9M 2014 vs 9M 2013

- Revenue down on translation from Rupiah to USD
- Vietnam consumer food operations still at start-up phase



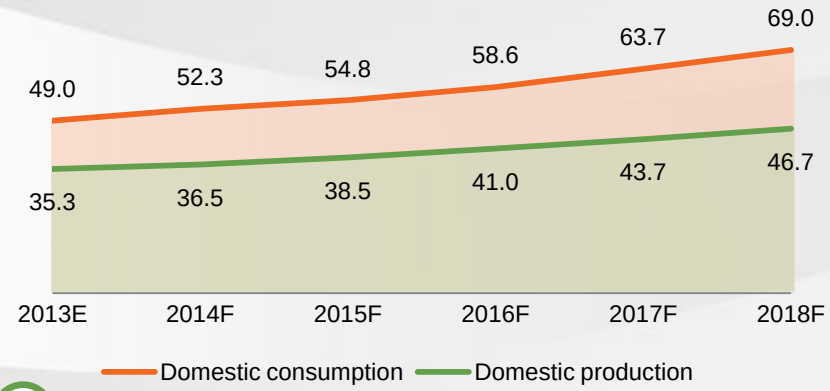
Growth Strategy & Pillars



Japfa: Ample Growth Opportunity

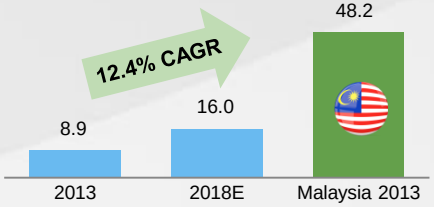
A Large and growing shortfall in China

(raw milk in million tons)

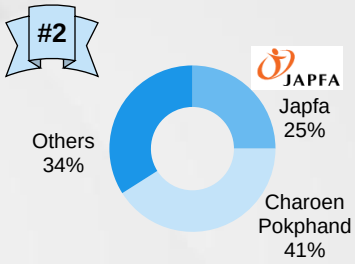


Indonesian poultry

Per capita consumption

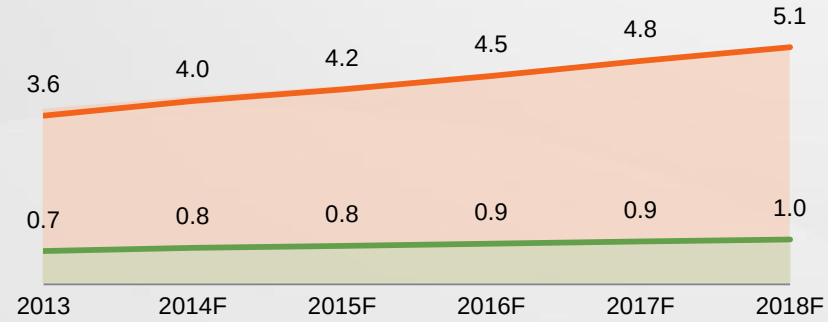


Market share



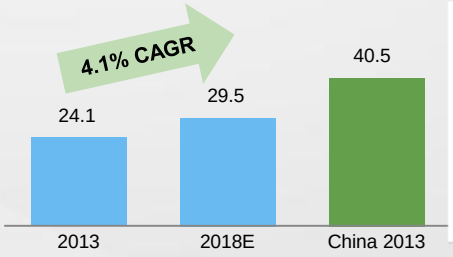
B Similar trend in Indonesia(1)

(dairy products in million tons)

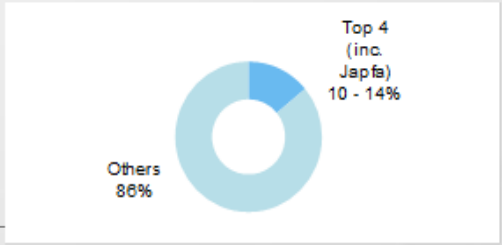


Vietnam swine

Per capita consumption



Market share



Attractive growth opportunities for premium upstream dairies and animal protein producers

Source: Frost & Sullivan.

(1) Domestic production does not include domestically produced dairy products that use imported raw materials.



Growth Strategy & Pillars

•Near term challenges facing the poultry industry in Indonesia include the anticipated removal of fuel subsidies, which may further impact consumer purchasing power. PT Japfa Comfeed is taking steps to scale back poultry production, enhance productivity and improve operational efficiency
•Positive on long-term growth prospects, given leading market positions in high-growth emerging Asian markets where protein consumption is low
•Target markets with large addressable market of three billion offer compelling macro-economic and industry fundamentals

Multi-pronged growth strategy includes:
• Expansion of dairy business in China through replication of successful business model; on track to complete fifth farm in Shandong by end-2014 and start construction of first farm in second five-farm hub in Inner Mongolia before end-2014
• Enhance profitability of core poultry business in Indonesia
• Expand animal protein business in target markets
• Investing further into high-growth consumer food brands, which is expected to be a key growth driver in the medium- to long-term


COMFEED
BROILER I
JAPFA
Choco Malt
WHIPPING CREAM
Full Cream Milk
Chocolate Malt

Appendix



USD Mio

SEGMENTAL REPORT	YTD SEPT 2014						
	ANIMAL PROTEIN			DAIRY	CONSUMER FOOD	Others	TOTAL
	TBK	AP Other	Total				
External Revenue	1,546.7	375.9	1,922.6	165.6	153.9		**2,242.1**
Inter Segment Sales	40.1	0.1	40.2	1.7	6.7	(48.6)	**0.0**
TOTAL REVENUE	**1,586.8**	**376.0**	**1,962.8**	**167.3**	**160.6**	**(48.6)**	2,242.1
GROSS PROFIT	**222.2** *14%*	**47.0** *13%*	**269.2** *14%*	**67.8** *41%*	**43.5** *27%*	*0%*	**380.5** *17%*
EBITDA	**116.6** *7%*	**30.2** *8%*	**146.7** *7%*	**59.4** *36%*	**7.2** *5%*	**(9.6)** *20%*	**203.8** *9%*
Depreciation & Amortization	(31.0)	(3.9)	(35.0)	(6.8)	(3.9)	(0.5)	**(46.2)**
Net Interest Expense	(42.5)	(5.9)	(48.4)	(5.0)	(3.6)	(2.7)	**(59.6)**
Forex Gain(loss)	(2.0)	1.0	(0.9)	(1.3)	0.8	(2.0)	**(3.5)**
Fair Value Gain(Loss) Bio A	(1.3)	4.2	2.8	(8.0)	0.0	0.0	**(5.2)**
Other	(0.4)	0.0	(0.4)	0.0	0.0	0.0	**(0.4)**
PBT	**39.4**	**25.5**	**64.9**	**38.4**	**0.5**	**(14.9)**	**89.0**
Tax	(9.8)	(2.3)	(12.1)	(0.0)	(0.5)	(0.7)	**(13.3)**
PAT	29.6	23.3	52.8	38.4	0.0	(15.6)	**75.7**
PAT w/o Bio A	30.9	19.1	50.0	46.4	0.0	(15.6)	**80.8**
% ownership	*57.5%*	*100.0%*		*61.9%*	*100.0%*	*100.0%*	
PATMI	14.4	22.0	36.5	23.8	0.4	(15.5)	**45.1**
PATMI w/o Bio A	15.1	18.8	33.9	28.6	0.4	(15.5)	**47.3**

NOTES

The Group's operating segments are as follows :

- Animal Protein - where PT Japfa Comfeed Indonesia Tbk (TBK) is shown separately from Animal Protein Other (AP Other). AP Other refers to the animal protein operations in Vietnam, India , Myanmar and China, as well as Annona (the central purchasing subsidiary in Singapore). The YTD Sept 2014 sales of Annona of USD 394M have been eliminated in the external revenue under AP Other.
- Dairy - includes the operations in China, Indonesia and South East Asia.
- Consumer Food - includes the operations in Indonesia and Vietnam.
- Others - includes headquarter costs and consolidation adjustments between segments.



USD Mio

	YTD SEPT 2013						
	ANIMAL PROTEIN			DAIRY	CONSUMER FOOD	Others	TOTAL
	TBK	AP Other	Total				
External Revenue	1,519.6	267.9	1,787.5	85.5	184.8		**2,057.7**
Inter Segment Sales	49.4	(0.0)	49.4	20.5	0.0	(69.9)	**0.0**
TOTAL REVENUE	**1,569.0**	**267.9**	**1,836.8**	**106.0**	**184.8**	**(69.9)**	2,057.7
GROSS PROFIT	**297.5**	**18.3**	**315.8**	**36.3**	**54.1**		**406.2**
	19%	*7%*	*17%*	*34%*	*29%*	*0%*	*20%*
EBITDA	**188.5**	**6.3**	**194.8**	**24.5**	**13.4**	**(3.8)**	228.9
	12%	*2%*	*11%*	*23%*	*7%*	*5%*	*11%*
Depreciation & Amortization	(28.6)	(3.1)	(31.7)	(4.9)	(3.7)	(0.6)	**(40.9)**
Net Interest Expense	(32.3)	(6.4)	(38.7)	(3.9)	(1.5)	(1.0)	**(45.1)**
Forex Gain(loss)	(23.5)	(0.2)	(23.7)	0.9	(0.9)	(0.1)	**(23.8)**
Fair Value Gain(Loss) Bio A	(1.7)	10.0	8.4	(9.8)	0.0	0.0	**(1.5)**
Other	0.0	(1.4)	(1.4)	0.0	0.0	0.0	**(1.4)**
PBT	**102.4**	**5.3**	**107.7**	**6.7**	**7.4**	**(5.5)**	116.4
Tax	(23.9)	(3.2)	(27.1)	(0.9)	(3.7)	(1.1)	**(32.8)**
PAT	78.5	2.1	80.7	5.9	3.8	(6.7)	**83.6**
PAT w/o Bio A	79.9	(5.7)	74.2	15.5	3.8	(6.7)	**86.8**
% ownership	*57.5%*	*100.0%*		*61.9%*	*100.0%*	*100.0%*	
PATMI	42.2	2.3	44.6	3.6	3.8	(6.5)	**45.4**
PATMI w/o Bio A	43.0	(5.5)	37.5	9.5	3.8	(6.5)	**44.3**

NOTES

The Group's operating segments are as follows :

- Animal Protein - where PT.Japfa Comfeed Indonesia Tbk (TBK) is shown separately from Animal Protein Other (AP Other). AP Other refers to the animal protein operations in Vietnam, India , Myanmar and China, as well as Annona (the central purchasing subsidiary in Singapore). The YTD Sept 2013 sales of Annona of USD 363M have been eliminated in the external revenue under AP Other.
- Dairy - includes the operations in China, Indonesia and South East Asia.
- Consumer Food - includes the operations in Indonesia and Vietnam.
- Others - includes headquarter costs and consolidation adjustments between segments.

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