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

PRESS RELEASE

Japfa Reports Year-on-Year Turnaround with Core PATMI Without Forex of US$38.7 million on Turnover of US$901.0 million for 2Q 2018

- ***Strong contributions from PT Japfa Tbk arising from higher sales volume and margins across all poultry businesses***
- ***Animal Protein Other ("APO") returns to profitability as a result of the re-balancing of the demand-supply dynamics in the Vietnam swine market***

(US$'m)	2Q 2018	2Q 2017	Change (%)	1H 2018	1H 2017	Change (%)
Revenue	901.0	790.2	*14.0*	1,746.6	1,526.4	*14.4*
Operating Profit	108.1	52.1	*107.6*	182.0	88.5	*105.6*
Operating Profit Margin (%)	*12.0*	*6.6*	*5.4 ppt*	*10.4*	*5.8*	*4.6 ppt*
EBITDA[1]	139.2	73.9	*88.3*	243.6	138.8	*75.4*
Profit After Tax ("PAT")	55.0	15.4	*257.7*	91.1	25.4	*258.3*
Net Profit Attributable to Owners ("PATMI")	29.6	(3.4)	*967.7*	46.2	(1.3)	*3,582.5*
Core PATMI without Forex[2]	38.7	3.4	*1,050.1*	67.0	10.7	*528.3*

[1] EBITDA is defined as profit before tax from continuing operations, excluding interest income, finance costs, depreciation of property, plant and equipment, depreciation of investment properties and amortisation of intangible assets, and also excluding changes in fair value of biological assets; derivative relates to Forex hedging and Forex adjustment gains/(losses)

*[2] Core PATMI without Forex is an estimate referring to "Profit Attributable to Owners of the Parent, Net of Tax" excluding changes in fair value of biological assets (net of tax) and derivatives, extraordinary items attributable to owners of the parent and foreign exchange ("**Forex**") gains/losses (before tax) attributable to owners of the parent*

Singapore, 30 July 2018 – Leading vertically-integrated agri-food company, Japfa Ltd ("**Japfa**" or together with its subsidiaries, the "**Group**"), announced today a net profit attributable to owners ("**PATMI**") of US$29.6 million and Profit After Tax ("**PAT**") of US$55.0 million on revenue of US$901.0 million for the financial quarter ended 30 June 2018 ("**2Q 2018**"). These were driven mainly by higher sales volume and improved margins for PT Japfa Tbk and a recovery in the Vietnam market under the Animal Protein Other ("**APO**") segment.

The Group's stronger financial performance is in comparison to a negative PATMI of US$3.4 million, PAT of US$15.1 million and revenue of US$790.2 million recorded in the corresponding period a year ago ("**2Q 2017**"). Core PATMI without Forex[1] rose 11.5 times to US$38.7 million in 2Q 2018 while EBITDA[1] almost doubled to S$139.2 million during the period.

Chief Executive Officer of Japfa, Mr Tan Yong Nang (陈荣南) said, "While we recognise the cyclicality of the industry, we have always been focused on strengthening our fundamentals to enhance our operational efficiencies and riding on demand driven by macroeconomic and consumption trends in emerging Asian economies. This is evident in the higher sales volumes achieved across all business segments and enhanced cost efficiency. Our latest set of financials validates the Group's ability to weather industry cyclicality and solidifies our position as one of Asia's most efficient and lowest cost animal protein producers."

FINANCIAL HIGHLIGHTS

PT Japfa Tbk

The Animal Protein Indonesia segment, or PT Japfa Tbk, continues to be the largest revenue and operating profit driver for the Group. It recorded a 11.7% growth in revenue to US$628.7 million and a 69.4% rise in operating profit to US$89.5 million in 2Q 2018. Its improved performance was mainly driven by higher sales volumes on risen margins across its feed, Day-Old-Chick ("**DOC**") and broiler businesses.

PT Japfa Tbk's higher bottomline was in spite of forex adjustment losses amounting to US$15.8 million in 2Q 2018 compared to US$0.2 million in 2Q 2017. The business segment's forex losses recorded in 2Q 2018 were primarily due to unrealised forex translation losses on its USD bonds due to the weaker Indonesian Rupiah.

Animal Protein Other

APO, which refers to the Group's animal protein operations in Vietnam, Myanmar, India and China, returned to the black in 2Q2018. The business segment registered revenue of US$139.3 million with an operating profit of US$10.1 million in the quarter under review compared to an operating loss of US$12.8 million a year ago. This was due mainly to higher sales volume for poultry feed and increased average selling prices ("ASP") for its broiler and swine fattening businesses in Vietnam.

Following five quarters of decline, swine fattening prices in Vietnam recovered to above cost and also above 4Q2016 price levels when China imposed an import ban on Vietnamese swine in November 2016. The current recovery in prices reflects the demand-supply rebalancing of the domestic swine market in Vietnam, without any exports to China

Meanwhile, India continues to contribute positively to the APO segment, recording increased feed sales volumes following five consecutive stagnant quarters. While Myanmar's profitability was impacted by lower feed margin and broiler ASP, sales volumes for feed, however, grew by approximately 9% despite tight competition.

Dairy

The Dairy segment continues to generate consistent profits despite pressure on raw milk prices, driven by higher milk yields and volumes. Revenue grew 19.6% to US$95.2 million and 14.7% growth in operating profit to US$16.8 million during the quarter under review. The Group's seventh farm in China was fully milking in March 2018, contributing to a 9.4% increase in milkable cows in China and improved milk yields in 2Q 2018. With effect from 1 January 2018, the Group started recognising 100% contribution from its Dairy business.

Consumer Food

The Consumer Food segment recorded revenue of US$50.1 million in 2Q 2018. As the Group's dominant position in the ambient products sector in Indonesia continues to be keenly contested, Japfa was unable to pass on the increased production costs arising from higher poultry prices. In the near term, the managements will monitor the situation closely.

Meanwhile, Japfa's balance sheet remains healthy with cash and bank balances of US$160.8 million as at 30 June 2018, net debt-to-equity ratio of 1.0x with outstanding debt of US$1.2 billion. Fully diluted earnings per share rose to 1.63 US cents per ordinary share in 2Q 2018 while net asset value per share grew to US$0.40 as at 30 June 2018.

BUSINESS STRATEGY

"With over 40% of the world's total population living in our operating markets within the fast-growing emerging markets of Asia, we believe our clear direction towards a vertically-integrated and industrialised model will allow us to capitalise on the vast opportunities to be tapped. We'll continue to strengthen our four business pillars – Poultry, Dairy, Swine and Consumer Food – to ensure long-term sustainable growth going forward," added Mr Tan.

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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 1975, the Group has over the last four decades 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, and Indo-China.

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/.

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ISSUED ON BEHALF OF	:	Japfa Ltd
BY	:	Citigate Dewe Rogerson Singapore Pte Ltd 55 Market Street #02-01 Singapore 048941
CONTACT	:	Chia Hui Kheng/Winston Choo/Amelia Lee
DURING OFFICE HOURS	:	at telephone (65) 6534 5122
EMAIL	:	huikheng.chia@citigatedewerogerson.com / winston.choo@citigatedewerogerson.com / amelia.lee@citigatedewerogerson.com

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