Japfa Ltd.

Business Overview

DBS Vickers Pulse of Asia Conference, Singapore
5 January 2015



JAPFA

Agenda

1. Overview
2. Business
3. Dairy Segment
4. Animal Protein Segment
5. Consumer Food Segment
6. Growth Strategies
7. Financial Performance

1. 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

Japfa: Agri food company feeding emerging Asia

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

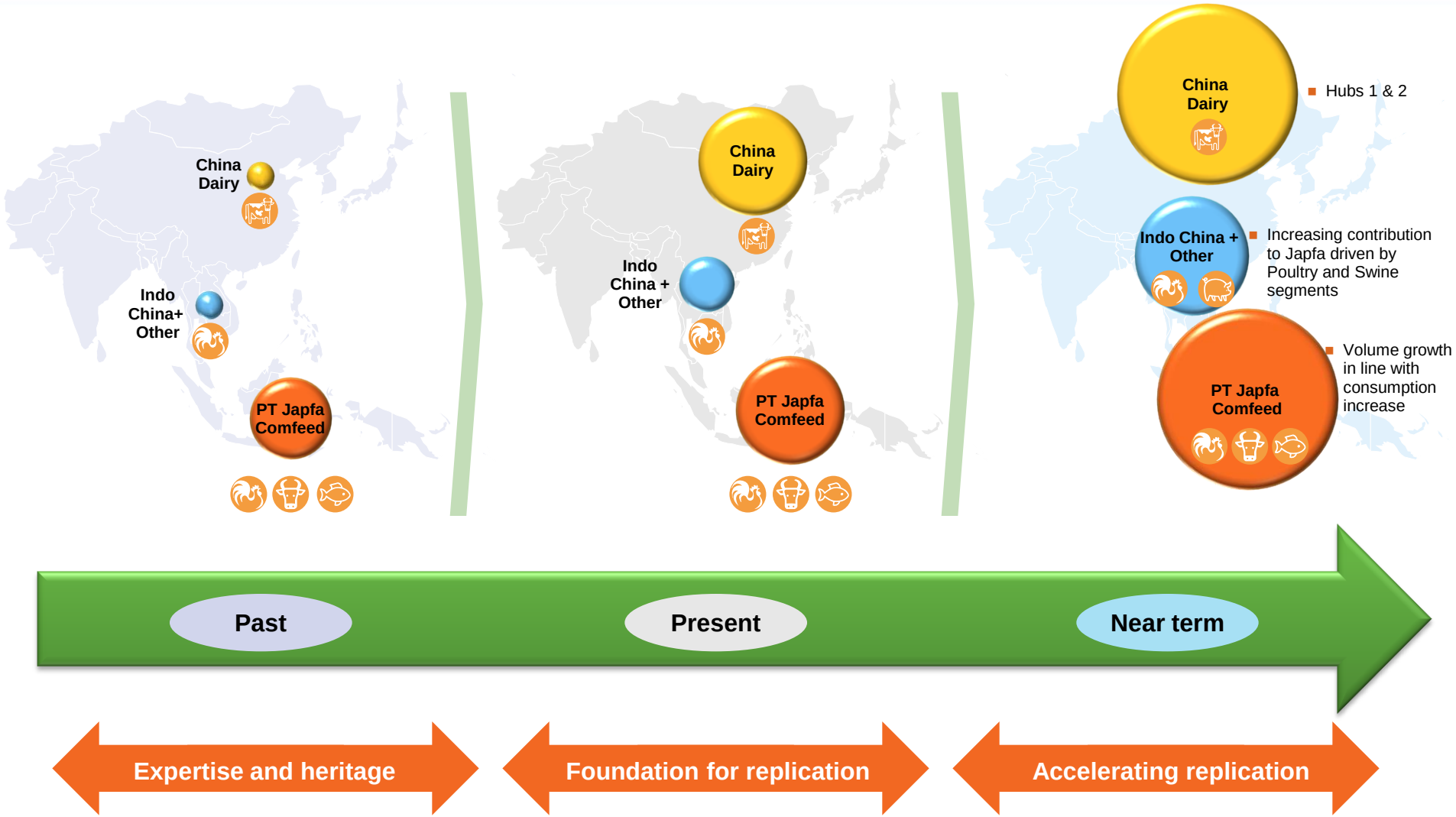
- Best in class biosecurity means using stringent operating procedures
- In-house vaccine production firm PT Vaksindo

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

Japfa: Growth strategy and pillars



Dairy
Poultry
Swine
Beef
Aquaculture

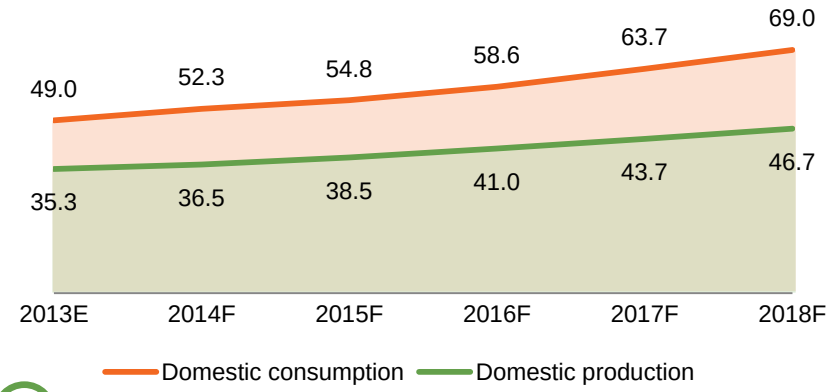
2. Business



The right business in the right markets

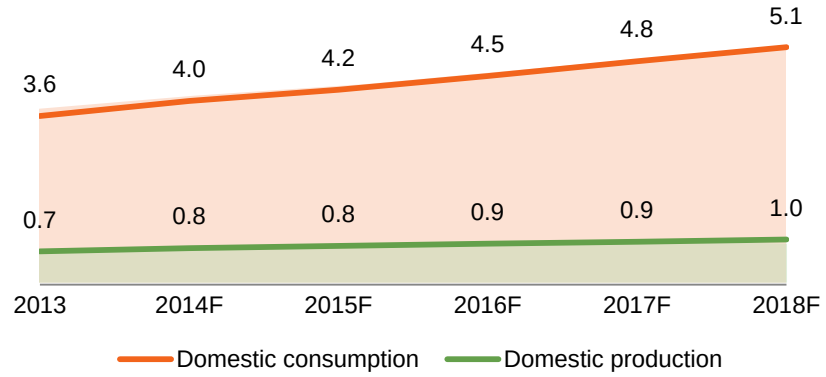
A Large and growing shortfall in China

(raw milk in million tons)



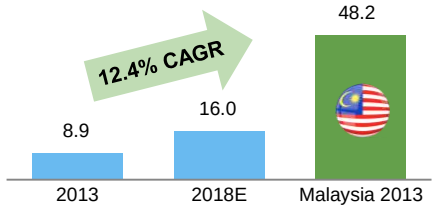
B Similar trend in Indonesia(1)

(dairy products in million tons)

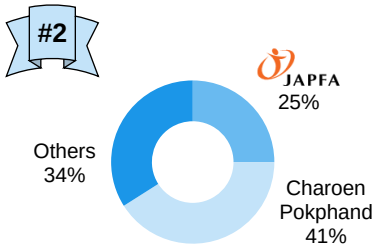


Indonesian poultry

Per capita consumption

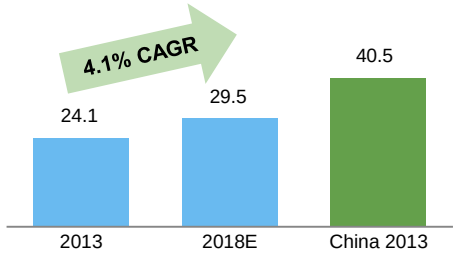


Market share

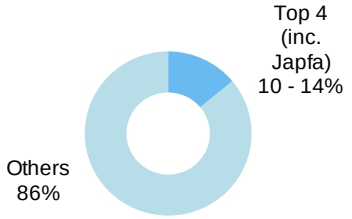


Vietnam swine

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.

Leading market positions in multiple protein staples

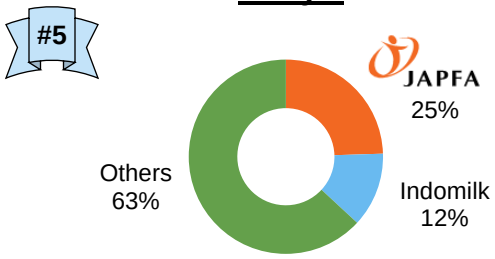
Leading market positions

	Market Share	Rank
Animal feed volume	22%	#2
DOC production	25%(2)	#2
DOC production	23%	#2
Live beef cattle import volume	11%(3)	#1(4)
Dairy (Fresh milk)	25%	#1
Frozen consumer food	31%	#2
Ambient temperature consumer food	13%	#3

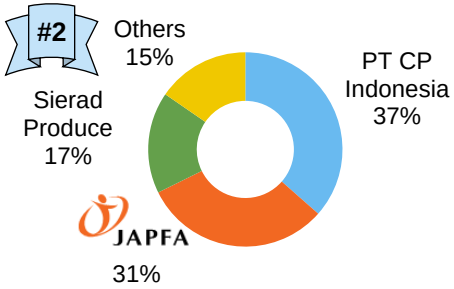
Leading downstream consumer brands that are a key driver for future growth

Leading downstream consumer brands

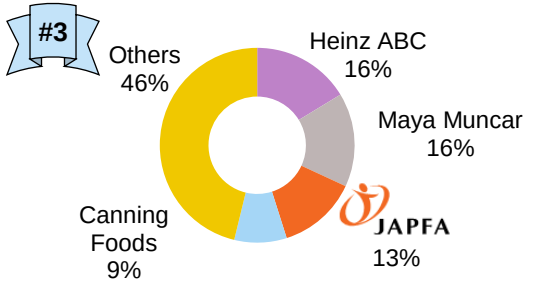
Dairy(6)



Frozen consumer food



Ambient temperature consumer food



Source: Company, Frost & Sullivan.
(1) In terms of volume except for Frozen consumer food and Ambient temperature food which are in terms of value.
(2) In terms of production capacity.
(3) Based on number of heads.
(4) Largest importer based on number of import permits.
(5) Market shares shown for Japfa brands in particular markets within Indonesia.
(6) Based on total volume of fresh milk sold in 2013.

Japfa's business segments

Dairy

- ✓ Scaled and growing producer of premium fresh milk
- ✓ Leveraging into premium downstream branded dairy products
- ✓ China and Indonesia dairy farms
- ✓ 2011-2013 Revenue CAGR: 79%

Animal Protein



- ✓ 40 years experience
- ✓ Industrialized and vertically integrated
- ✓ Four proteins across five countries
- ✓ 2011-2013 Revenue CAGR: 15%

Consumer Food

- ✓ High growth downstream branded processed meats, seafood and dairy
- ✓ Leveraging quality and traceability of in-house raw materials
- ✓ Indonesia and Vietnam

3. Dairy Segment



Dairy Farm in Shandong: Breeding Hutches





Dairy Farm in Shandong



JAPFA

Dairy Farm in Shandong: Feeding Barn



JAPFA

Dairy Farm in Shandong: Rotary Milking Parlor



JAPFA

Key milestones

1997

Indonesia - Farm

- Commenced operations at dairy farm in Malang, East Java, Indonesia



2000

Indonesia - Downstream

- Launched our *Greenfields* brand of milk

2004

China – Joint Venture

- Approached by Mengniu to establish and manage a joint venture 10,000-head dairy farm in Inner Mongolia
  - Subsequently sold to joint venture partner

2009

China – 5 farm Hub in Shandong

- Produces superior quality raw milk with a per kg price premium of c. 25% to the industry average(1)
- Best-in-class dairy farm management with average yield of 12.4 tons per cow per year

2014

China – 5 farm Hub in Chifeng

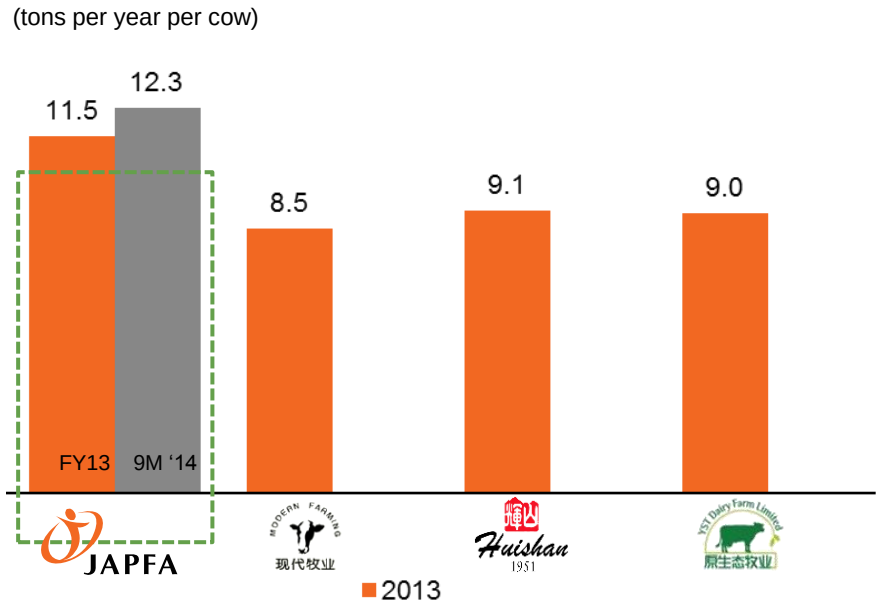
- MOUs signed for two sites
- Construction of first farm commenced in 2014
- Target completion of hub by 2018
- Capacity for 120,000 heads of cattle in 2018 across both hubs

Note:
(1) For 2013 based on China Dairy Association and Frost & Sullivan estimates.

Key drivers for profitability

Milk yield X **Milk price** = **Profitability**

In 2013, Japfa's yield surpassed its listed China competitors



Raw milk price in China



Source: Frost & Sullivan, publicly available company filings, and China Ministry of Agriculture.
Note: Average prices reflect those reported for the most recent full fiscal year.

Key success factors for our high milk yields

Forage

- Understanding and developing localized forage supply in an Asian context
- Scientific development of feed formulation for optimal nutrition for cow health and milk output
- Results in highest quality milk output



Farm design

- Proven Asian 10,000-head dairy farm blue-print
- Infrastructure and standardized systems
  - Designed to maximize cattle welfare, operational efficiency and milk quality
- Farms located in targeted areas within optimal environmental parameters



Farm management

- Retention of experienced management over last twenty years
- Continuous recruitment and training of employees to industry best-practices
- Key focus on genetic improvements
- Bio-security
- Best practices in farm management



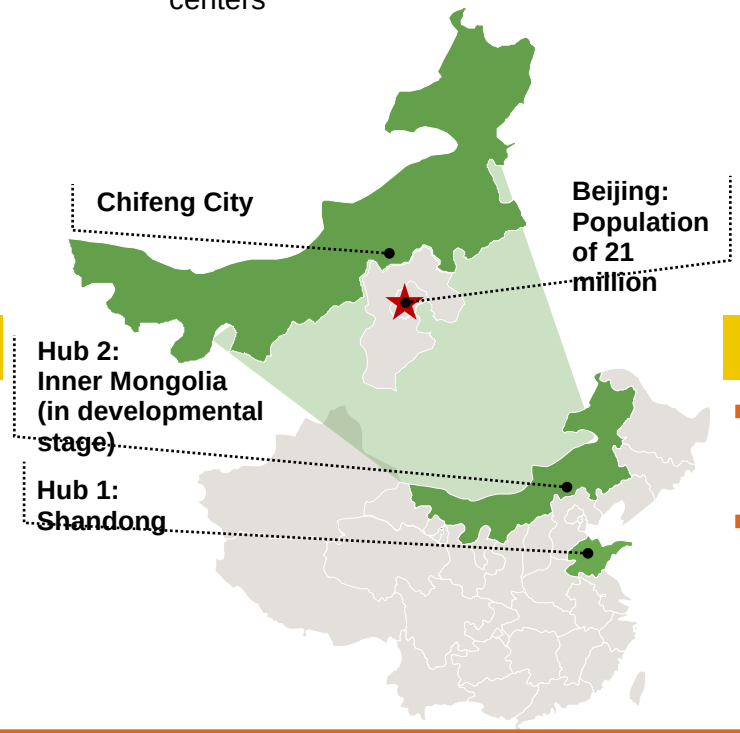
Key success factors for our premium milk pricing

Key customers

- **Maximum price discovery**

Proximity to consumers

- Five-farm hub in Shandong with each farm in close proximity to customers in Shandong, Greater Shanghai and Greater Beijing centers



Volume

- Large volumes provide the Company with leverage to negotiate with key customers

Traceability

- Ability to reliably trace source of raw milk



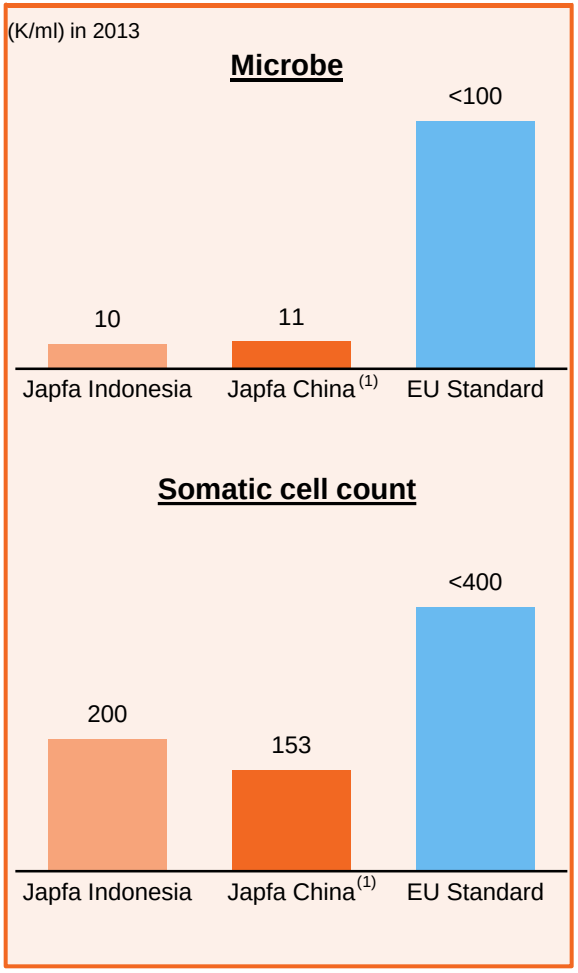
Quality consistency

- Cow health management that leads to consistent results
- Low microbe and somatic cell count relative to EU standards

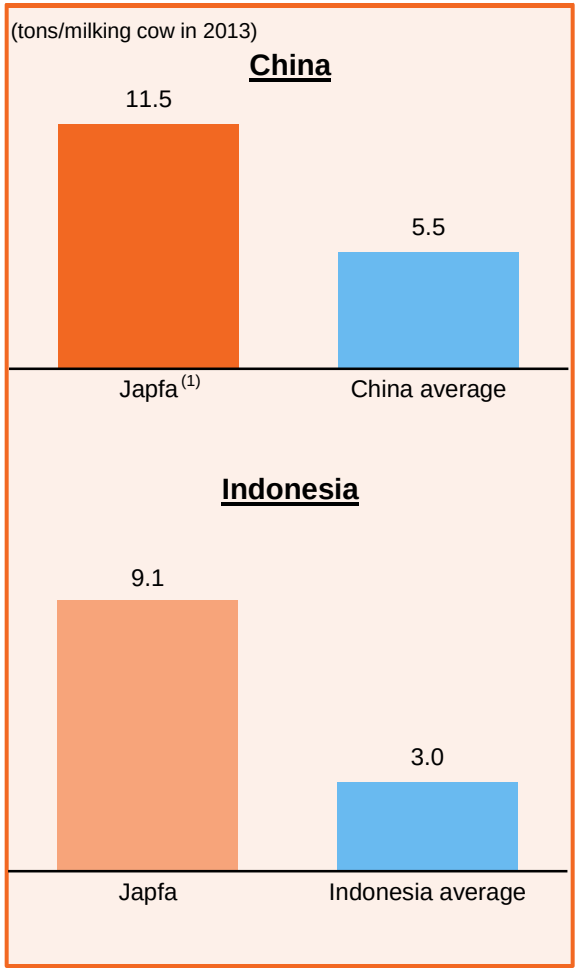
Long-term structural deficit drives sustainability of milk prices

Industrialized farm management practices and high-yielding livestock underpin the success of our dairy business

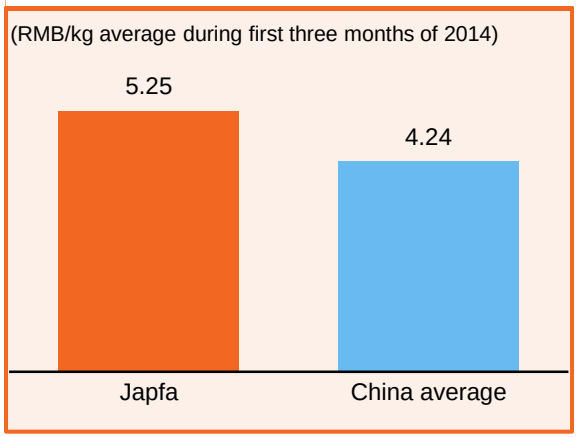
Milk quality



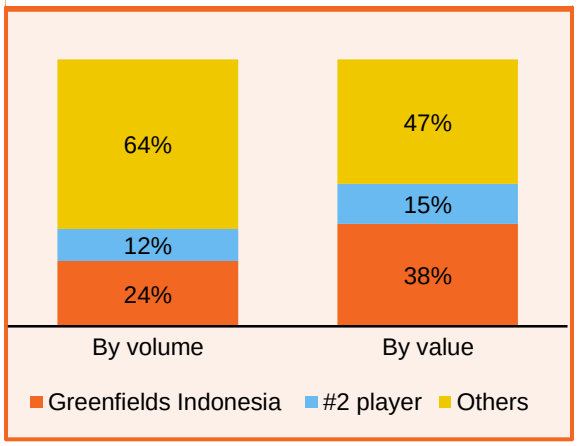
Milk yields



Premium pricing - China



Greenfields market share – Indonesia(2)



Source: Frost & Sullivan.
Note:
(1) Farms 1-3.
(2) By fresh milk sold in tons vs. Rupiah in 2013.

4. Animal Protein Segment



Poultry breeding operations



JAPFA

Poultry breeding operations









PT Japfa Comfeed Indonesia Tbk:
Pillar of Animal Protein excellence

Feed

- Economies of scale including geographical reach
- Ability to pass on raw material cost increases
- Consistent quality of feed formulation



Breeding

- Superior genetics
- Highly efficient breeding process
- Best in-class bio-security with in-house animal vaccine



Fattening

- Proven farm management and technical know-how
- Poultry commercial farming operations mostly through contract farming, and sold as live birds
- Broilers produced by own farms are mainly used in the Company's own slaughterhouses and further processing





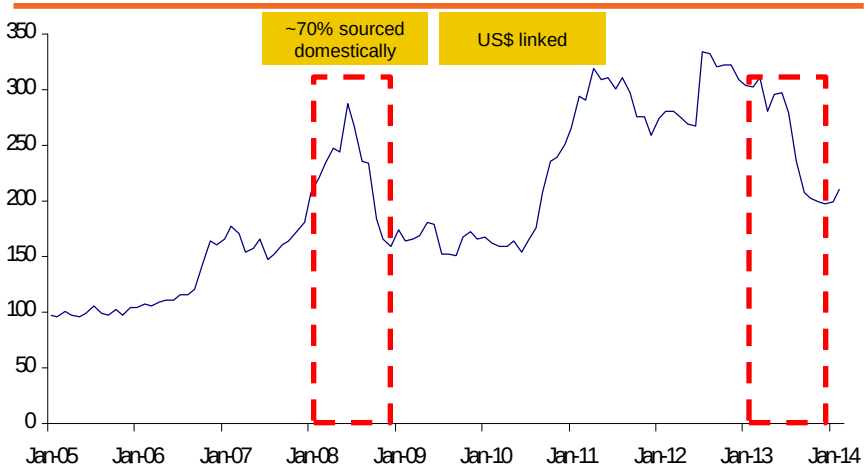


The three vertically integrated components are common across all animal proteins

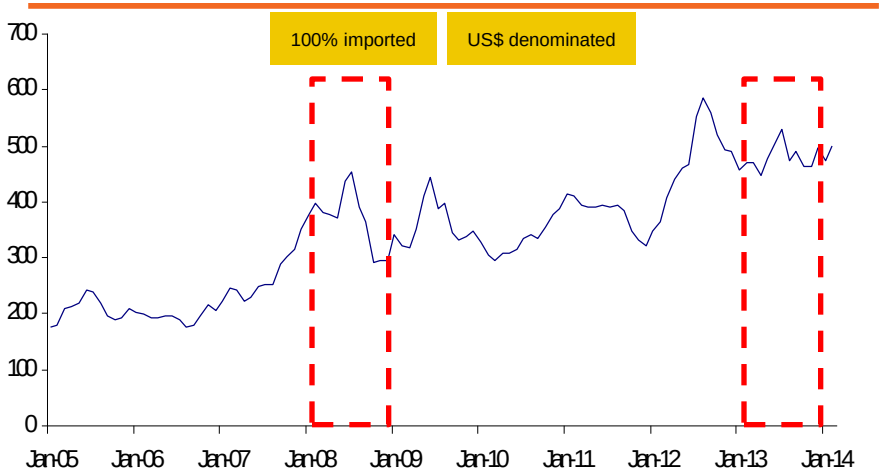
JAPFA

PT Japfa Comfeed Indonesia Tbk:
Ability to pass on cost increases

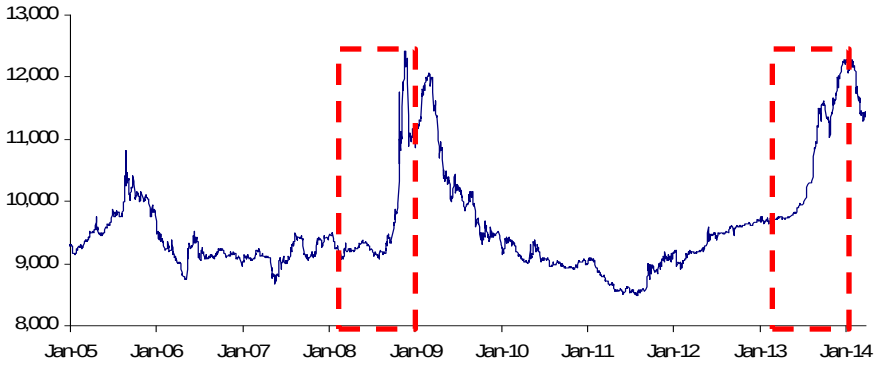
Corn prices (US$/MT)

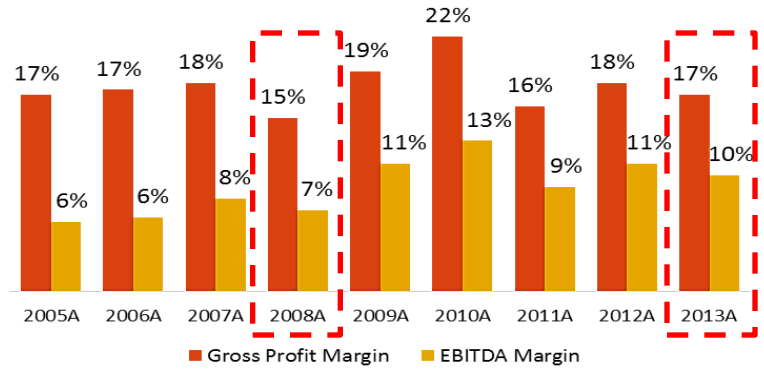


Soybean meal prices (US$/MT)



IDR/US$ exchange rate





Japfa is able to effectively pass on increases in raw material prices for feed to end consumers

Source: Index Mundi, Bank Indonesia and company filings.

Replicating Indonesian pillar in new markets and proteins

Vietnam

- Swine breeding and distribution operations in Vietnam
- Produce premium-quality animal feed



Swine

- 1 GGP farm
- 4 GP farms
- 24 parent farms
- 6 nursery farms
- 12 fattening farms
- 5 feedmills



Poultry

- 12 DOC breeding farms
- 4 hatcheries

Myanmar / India

- Leading market positions for poultry in Myanmar
- Developing poultry operations in India



Myanmar

- 1 breeding farm
- 1 hatchery
- New feedmill in 2014



India

- 2 DOC breeding farms
- 3 hatcheries
- 5 feedmills

Beef

- One of the largest beef cattle feedlot operators in Indonesia
- Largest importer of beef cattle into Indonesia
- Cattle breeding operations in Australia



Indonesia

- 4 feedlots
- 1 breedlot
- 1 slaughterhouse
- 10.8% market share in 2013



China

- 1 feedlot, partially complete

5. Consumer Food Segment



Scaled consumer food production and distribution platform in Indonesia; replicating in Vietnam

Indonesia

4 **meat processing plants**

Capacity of **6,462 tons** per month

6 **poultry slaughterhouses**

Capacity of **47.6 million** birds per year

1 **UHT milk processing plant**

Capacity of **3,500 tons** per month

Distribution network of **five** regional sales branches, **32** regional sales depots and direct distribution coverage of **57,300** customers

- All facilities are Halal compliant and one of our plants has been certified ISO 22000
- 85% of chicken ingredients used by PT So Good Food are sourced from our subsidiary farms

Vietnam

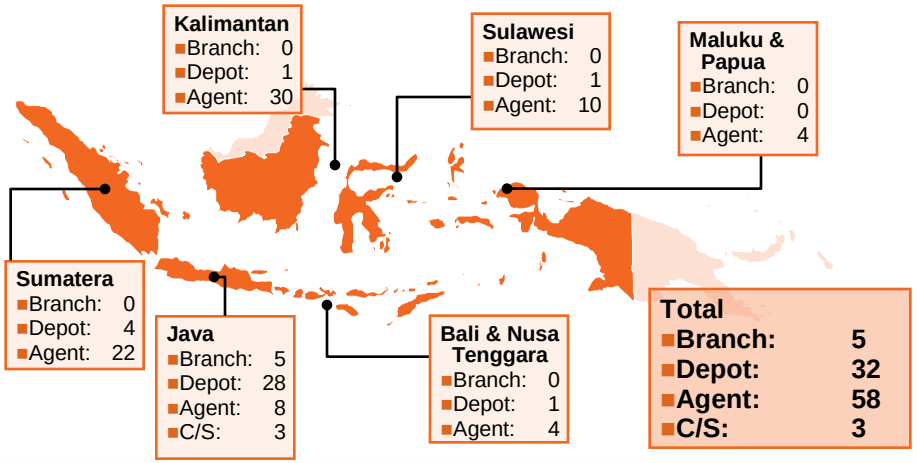
1 **meat processing plant**

producing ambient temperature sausages

Capacity of ~**500 tons** per month

Internal marketing, sales & distribution department that plans new product launches and determines pricing, sales and distribution strategy

- Production facility strategically located near Ho Chi Minh City, Vietnam's largest urban consumer market



6. Growth Strategies



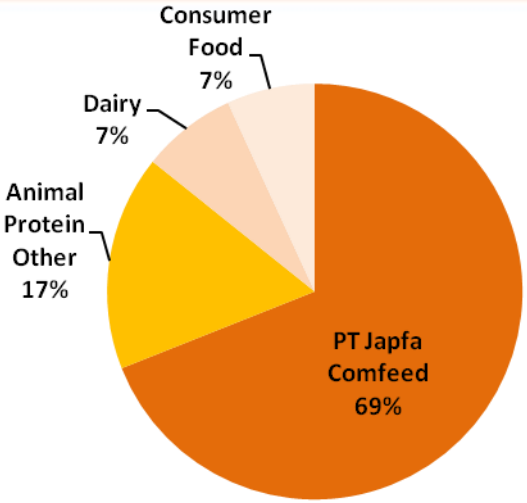
Our growth strategies

1. Replicate Dairy in China
2. Grow Poultry in Indonesia
3. Expand Animal Protein in Indo China + Other Target Markets
4. Further invest in Consumer Food

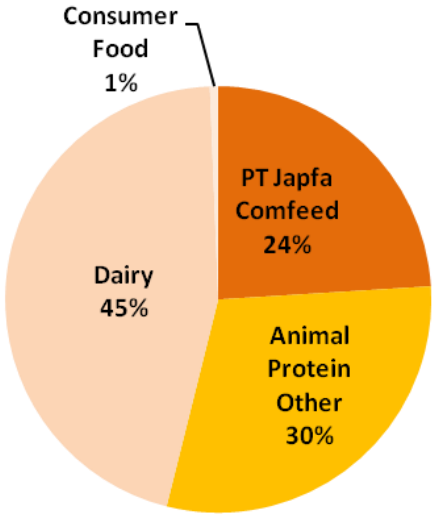
7. Financial Performance



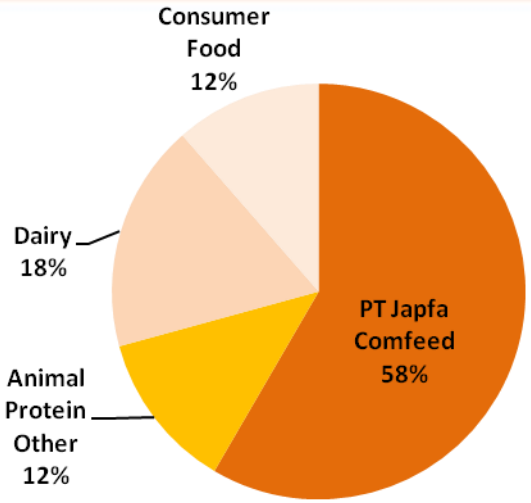
Summary financials



9M2014 Revenue Composition
Group Revenue : US$ 2,242mln



9M2014 Core PATMI Composition
Group Core PATMI : US$ 47mln



9M2014 Gross profit composition
Group Gross Profit : US$ 380mln

Notes:
1. Details on the quarterly financials are contained in a separate Investor Presentation which can be found on our website: www.japfa.com
2. Definition of "Core PATMI" is PATMI without Bio Assets

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