



**STANDING STRONG
ON OUR COMMITMENT:
FEEDING EMERGING ASIA**



Japfa Ltd Annual General Meeting

18 April 2024

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KEY FINANCIAL HIGHLIGHTS



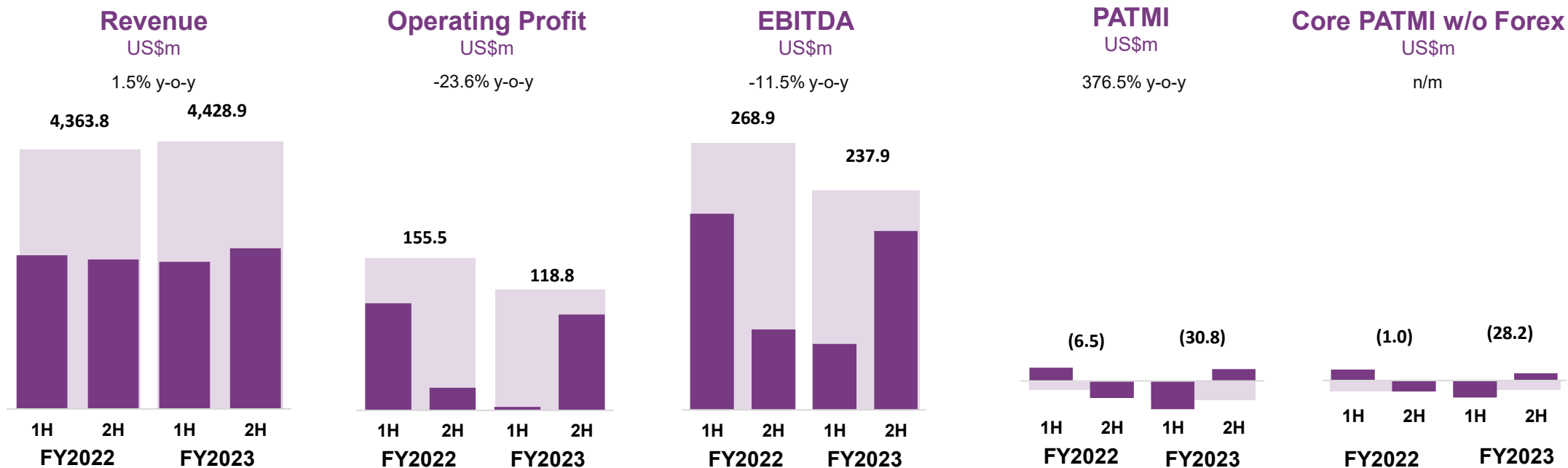
Key Highlights for FY2023

Revenue US\$4,428.9m 1.5% y-o-y	Operating Profit US\$118.8m -23.6% y-o-y	Operating Profit Margin 2.7% -0.9pts y-o-y
EBITDA US\$237.9m -11.5% y-o-y	PATMI US\$(30.8)m 376.5% y-o-y	Core PATMI w/o Forex US\$(28.2)m n/m

- **FY2023 was a challenging year. Profitability was affected by inflation, reducing consumer purchasing power and our ability to increase selling prices across all our markets.**
- **We adopted a conservative approach by recalibrating growth and streamlining operations to lower costs.**
- **FY2023 was a year of two contrasting halves:**
 - In 2H2023 alone, the Operating Profit was US\$115.1m
 - The Group recorded a positive Core PATMI w/o Forex of US\$21.2m in 2H2023, after a negative US\$49.3m in 1H2023
 - Despite the improvement in the 2H2023, the weak 1H2023 dampened the full-year results

Note: For comparative purposes, the above year-on-year percentage changes do not include AAG in FY2022

FY2023 Group Financials



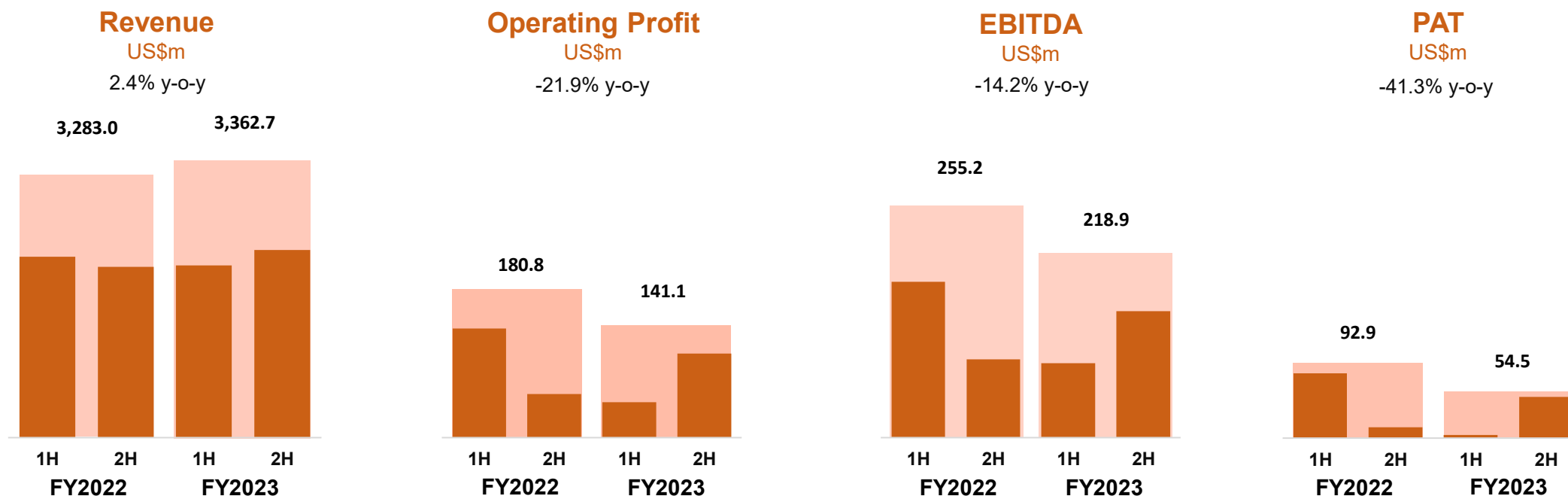
Group 2H2023 performance was driven by:

- stronger feed margins in most of our markets;
- lower production cost in swine operations in Vietnam arising from management efforts to streamline operations; and
- higher selling prices of color birds in Vietnam.

PT Japfa Tbk reported a decrease in Operating Profit of US\$39.7m y-o-y mainly due to weaker poultry prices in FY2023.

Animal Protein Other performance was affected by weak consumer purchasing power. EBITDA remains positive.

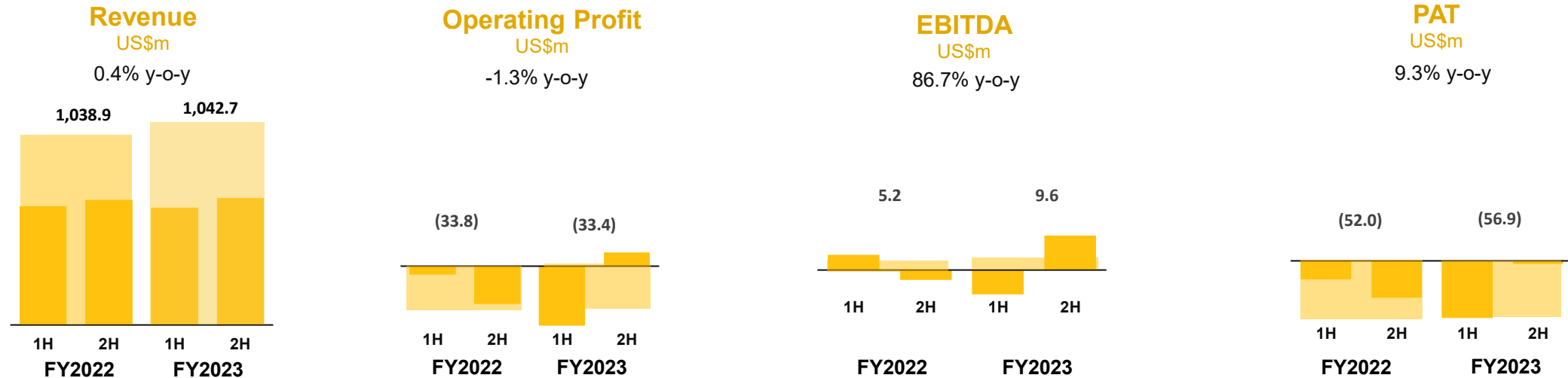
PT Japfa Tbk – Financial Performance



Despite substantial improvements in 2H2023, a weak 1H2023 dragged down the full-year results

- Revenue increased mainly due to higher feed volume and ASPs.
- Feed remains a pillar of profitability and we continue to pass on raw material price increases in our selling prices. Feed margins remain stable y-o-y.
- The prolonged demand and supply imbalance in DOCs and broilers since 2022 resulted in weak poultry prices.
- Breeding operations reported a lower profit y-o-y mainly due to lower DOC selling prices in 1H2023.
- Commercial farming recorded a loss in FY2023.
- The streamlining initiatives of Downstream were reflected by an improved performance in 2H2023.

APO – Financial Performance



Despite substantial improvements in 2H2023, a weak 1H2023 dragged down the full-year results

Albeit APO recorded a PAT loss, FY2023 EBITDA was positive on the back of a substantial improvement in 2H2023.

APO-Vietnam

- Feed remains a steady contributor to profitability.
- Management’s efforts to streamline operations successfully lowered production costs, especially in 2H2023. Although swine ASPs dropped y-o-y, the swine operations (excluding streamlining costs and ASF) recorded an operating profit of US\$6.5m in FY2023 mainly due to the lower production costs.
- Both broiler and colour birds recorded losses in FY2023, with low ASPs due to weak consumer purchasing power arising from sluggish general economic conditions. While broiler prices remained subdued throughout 2023, colour bird prices showed signs of recovery in 2H2023. Color bird recorded an operating loss in FY2023 despite a recovery of ASPs in 2H2023.
- As part of recalibrating our growth plans in Vietnam, we have incurred streamlining costs of US\$14.3m for FY2023.

APO-India, Myanmar, Bangladesh

Feed remains the major business activity. Collectively these countries recorded a negative EBITDA of US\$0.7m in FY2023 mainly due to weaker poultry prices.

APO-Vietnam: Streamlining Initiatives

Streamline operations in Vietnam

- In the light of the cost-of-living pressures in Vietnam, our original aggressive growth plan for 2023 was recalibrated. The management took decisive actions, including streamlining and efficiency measures.
- Sow breeding farms that cannot meet our production and biosecurity standards are being progressively depopulated and closed down. The operational team continues to tweak the existing production procedures, including a focus on implementation of biosecurity and control procedures to minimize risk from disease.
- Colour bird operations has been streamlined to improve efficiency and control costs.
- Operational management decision making has been tightened to facilitate faster and effective execution at farm level.

Streamlining initiatives delivered positive results, especially in 2H2023

- Management's efforts successfully reduced swine and colour bird production costs in 2H2023.
- As a result, APO-Vietnam performance improved significantly in 2H2023 as both operating profit and EBITDA moved back into positive territory compared to 1H2023.
- We are encouraged by the progress made in streamlining our operations and will continue with these initiatives.

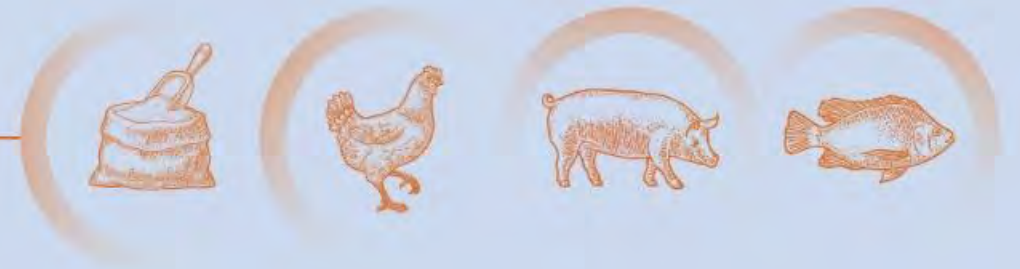
APO–Vietnam : Platform for growth

We believe the current issues of margin shrinkage and ASF are temporary setbacks and the longer term prospects of economic growth in Vietnam to be sound. This should lead to higher demand for staple proteins in future.

Japfa has made strategic investments to set a strong base to grow in line with expected protein consumption growth, including:

- Feed – Capacity at 1.9 million tons p.a.
- Swine – Over the last few years, we have established a robust industrialised value chain through a swine breeding pyramid starting from our own Great Grand Parent (GGP) farms, with superior genetics; and modern breeding and fattening farms equipped with the latest technologies.
- Color bird - In terms of chicken, color bird is the preferred choice by Vietnamese consumers over broiler. Color bird is served in high-end restaurants and households, which is a different market from broiler that is mainly consumed in factory and school canteens. Five years ago, we strategically started color bird as a new product line to tap this market segment. Sales revenue of color bird exceeded US\$160m in FY2023.
- Slaughterhouse – In 2022, we built a new poultry slaughterhouse as part of our long-term downstream strategy.
- Vaccines - Leveraging on the strong track record in vaccine research and production by Vaksindo in Indonesia, we are completing the construction of a vaccine factory in Vietnam. This modern factory will support our Vietnam operations by producing a variety of vital vaccines for avian, cattle and swine livestock for the domestic market.

LOOKING AHEAD



Concluding remarks

2023 Recap

- 2023 was a year of **two contrasting halves** for Japfa. Despite the significant improvements in 2H2023, a weak 1H2023 took its toll on the full-year results.
- The Group's performance was affected by the **cost-of-living pressures**, as inflation rose and disposable income, particularly in the low-income segment, were squeezed. These macroeconomic factors are largely outside our control.
- Against this backdrop, we adopted a conservative approach and launched plans to mitigate risks, increase efficiency and streamline operations in both PT Japfa Tbk and APO-Vietnam.
- This approach has yielded positive results as evidenced by our stronger performance in 2H2023.

Looking Ahead

- We believe that cost-of-living pressures and geopolitical issues will continue into the near future.
- We will continue to adopt a **prudent approach** which translates into further streamlining initiatives, continuing to focus on efficiency and holding back our capex growth plan until we see economic recovery in any of our markets.
- Looking forward, we remain confident in our ability to **ride through cycles** as we are one of the most efficient and lowest cost producers of staple protein in Emerging Asia.
- We are optimistic about our mid- and long-term growth opportunities, as the level of animal protein consumption in the markets in which we operate, especially Indonesia and Vietnam, is set to increase, driven by population and economic growth.

APPENDIX



Segmental results

GROUP								
	(US\$m)	FULL YEAR			HALF YEAR			
		FY2022*	FY2022**	FY2023	1H2023	2H2023		
		(with Dairy)	(without Dairy)					
Japfa Ltd	Revenue	4,363.8	4,363.8	4,428.9	▲	2,118.9	2,310.1	▲
	Operating Profit	155.5	155.5	118.8	▼	3.8	115.1	▲
	Operating Profit Margin	3.6%	3.6%	2.7%	▼	0.2%	5.0%	▲
	EBITDA	268.9	268.9	237.9	▼	64.0	173.9	▲
	PAT	61.6	38.3	(6.0)	▼	(50.8)	44.8	▲
	PATMI	8.2	(6.5)	(30.8)	▼	(53.6)	22.8	▲
	Core PATMI w/o Forex	34.6	(1.0)	(28.2)	▼	(49.3)	21.2	▲
BUSINESS SEGMENTS								
PT Japfa Tbk	Revenue	3,283.0	3,283.0	3,362.7	▲	1,609.3	1,753.4	▲
	Operating Profit	180.8	180.8	141.1	▼	41.8	99.3	▲
	Operating Profit Margin	5.5%	5.5%	4.2%	▼	2.6%	5.7%	▲
	EBITDA	255.2	255.2	218.9	▼	81.1	137.9	▲
	PAT	92.9	92.9	54.5	▼	3.7	50.8	▲
	PATMI	48.7	48.7	29.6	▼	1.0	28.7	▲
	Core PATMI w/o Forex	48.1	48.1	30.4	▼	1.5	28.9	▲
Animal Protein Other	Revenue	1,038.9	1,038.9	1,042.7	▲	500.6	542.1	▲
	Operating Profit	(33.8)	(33.8)	(33.4)	▼	(43.7)	10.4	▲
	Operating Profit Margin	-3.3%	-3.3%	-3.2%	▼	-8.7%	1.9%	▲
	EBITDA	5.2	5.2	9.6	▲	(22.5)	32.1	▲
	PAT	(52)	(52)	(56.9)	▼	(53.6)	(3.3)	▲
	PATMI	(52.8)	(52.6)	(56.8)	▼	(53.6)	(3.2)	▲
	Core PATMI w/o Forex	(47.3)	(47.3)	(54.9)	▼	(49.9)	(5.1)	▲

* Following the Distribution in specie ("DIS") of AAG, the Dairy segment in China, on 30 December 2022, AAG ceased to be a subsidiary of Japfa Ltd. Accordingly, the "discontinued operations" accounting principle has been applied as at 31 December 2022, where AAG profit after tax ("PAT") for FY2022 was recorded as a separate line item "profit after tax from Discontinued Operations", which is included in the Group's PAT, PATMI and Core PATMI w/o Forex as shown in the left hand column, FY2022 (with Dairy) above.

** For comparative purposes, the Group PAT, PATMI and Core PATMI w/o Forex for FY2022 (without Dairy) have been adjusted to exclude AAG

THANK YOU

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