PRESS RELEASE

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Japfa posted higher revenues in 2Q2019. Profitability impacted by low-price environment for poultry in Indonesia and swine in Vietnam

- **Group's revenues increased to US$975.0 million (+8.2% vs 2Q2018) driven by a higher animal feed sales volumes in main geographies.**
- **Operating profit amounted to US$77.2 million compared to US$108.1 million in 2Q2018. Group's profitability was mainly impacted by low average selling prices ("ASP") for both broiler in Indonesia and swine in Vietnam.**
- **As a result of its diversified and vertically integrated business model, Japfa was able to deliver a healthy EBITDA[1] of US$110.5 million.**

Singapore, 30 July 2019 – Leading industrialised agri-food company Japfa Ltd ("Japfa" or, together with its subsidiaries, the "Group") today posted revenue of US$975.0 million, or an 8.2% growth compared to US$901.0 million of the same period last year. The revenue growth was driven by higher feed sales volumes in Indonesia, Vietnam and India, as well as higher Dairy sales volumes in South-East Asia ("SEA").

In the quarter ended 30 June 2019 (2Q2019), the Group's operating profit was US$77.2 million, dropping from US$108.1 million year-on-year. This was due to the lower operating profit of PT Japfa Tbk and Animal Protein Other ("APO")[2]. PT Japfa Tbk profitability was affected by low broiler ASP caused by an imbalance in broiler demand and supply in Indonesia. APO profitability was impacted by low swine ASP due to African Swine Fever ("ASF") in Vietnam.

The animal feed business remained a steady pillar of profitability across all geographies and the Dairy segment generated a consistent operating profit. As a consequence, Japfa delivered a strong EBITDA of US$110.5 million for the quarter.

Tan Yong Nang, Chief Executive Officer of Japfa, said: "The agri-food business is subject to cyclicality and other external factors that are beyond our control. This is exactly what happened in this quarter, with our profitability affected by low ASP in two of our core business pillars. Despite that, our diversified business model allows us to navigate agri-business cycles and deliver a healthy EBITDA. Looking ahead, we will continue to leverage on our core competencies and industrialised approach to further strengthen our position as a leading animal protein producer in emerging Asian economies".

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[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] *The Animal Protein Other segment (APO) includes poultry and swine operations in Vietnam, as well as poultry operations in Myanmar and India.*

Financial Highlights

(US$ million)	*2Q 2019*	*2Q 2018*	*Change*	*1H 2019*	*1H 2018*	*Change*
Revenue	975.0	901.0	8%	1,886.2	1,746.6	8%
Operating Profit	77.2	108.1	(29)%	136.3	182.0	(25)%
Operating Profit Margin (%)	*7.9*	*12.0*	*(4.1)pts*	*7.2*	*10.4*	*(3.2)pts*
EBITDA[1]	*110.5*	139.5	*(21)%*	*202.5*	243.9	*(17)%*
Profit After Tax ("PAT")	27.8	55.0	(49)%	46.6	91.1	(49)%
PATMI	5.0	29.6	(83)%	12.8	46.2	(72)%
Core PATMI without Forex[3]	16.9	38.4	(56)%	35.8	66.7	(46)%

Segment Results

PT Japfa Tbk

In the quarter under review, PT Japfa Tbk recorded a revenue increase of 8% y-o-y to US$679.2 million driven by higher sales volumes in poultry and aqua feed, as well as higher ASP for Day-Old-Chick (DOC).

Poultry feed and breeding operations continued to deliver strong operating profit in 2Q2019. This helped offset the operating loss of US$8.8 million in commercial farm operations due to low broiler ASP, resulting from a lower-than-expected poultry demand coupled with broiler oversupply. This has muted the typical effect of Ramadan on broiler prices in particular when compared to a strong 2018.

After two consecutive quarters of low broiler ASP environment which have affected poultry farmers throughout Indonesia, the government has implemented strong measures (including a culling program) to stabilize broiler price.

APO

The APO segment delivered a 11.4% y-o-y increase in revenues to US$155.1 million from US$139.3 million driven by feed volumes in Vietnam and India.

The segment recorded an operating loss of US$0.1 million in 2Q2019 from an operating profit of US$10.1 million in 2Q2018, as a consequence of lower swine fattening ASP in Vietnam due to the ASF. A bio-asset fair value loss of US$4.0 million was recorded for the quarter due to lower swine price environment.

The first cases of ASF, which affects swine but is harmless to humans, were reported in Vietnam in February 2019. There is currently no vaccination or treatment for ASF, so biosecurity remains the only available means to protect our swine livestock. Isolation, traffic

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[3] *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 gains/losses (before tax) attributable to owners of the parent.*

control and sanitation are the main components of the Group's biosecurity measures. Japfa has recently heightened its already strict biosecurity protocols by pioneering a more stringent procedure over transportation. This includes a fleet of trucks exclusive to Japfa operations, washing bays with disinfectant and a new quarantine system before the trucks can access Japfa farms.

Dairy

Dairy remains a core pillar to the Group's performance.

In 2Q2019, revenue grew 14.6% y-o-y to US$109.0 million, driven by a 40% increase in sales volumes in South-East Asia.

Operating profit stays stable at US$16.2 million for the quarter. Increase in raw milk prices in China was offset by higher feed cost of corn and imported alfalfa. In Indonesia, we invested in advertising and promotion for the wider dairy product range.

Dairy recorded a bio-asset fair value loss of US$7.0 million in 2Q2019 compared to 2Q2018 when the bio-asset fair value change was negligible.

Consumer Food

In the Consumer Food segment, the Group continued to face tight competition in the ambient food sector. Revenue decreased by 12.8% to US$43.9 million from US$50.3 million last year. The Group narrowed its operating loss to US$2.6 million from US$6.0 million in 2Q2018.

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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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