PRESS RELEASE

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1Q2020 Financial Results

Japfa recorded solid financial performance in 1Q2020 amid uncertainty of Covid-19

- **Japfa continues to safely produce and supply staple protein foods during Covid-19 outbreak. Group's day-to-day operations have not thus far been materially impacted by lockdown measures.**
- **In 1Q2020, revenue grew to US$949.9 million (+4.2% vs 1Q2019) contributed by all business segments.**
- **Operating profit increased to US$87.1 million (+47.1% vs 1Q2019) as a result of higher feed margins in Indonesia as well as strong fattening prices in Vietnam and strong raw milk prices in China.**
- **Group's EBITDA[1] was US$120.4 million (+31.0% vs 1Q2019), Core PATMI without Forex[2] stood at US$49.9 million (US$18.9 in 1Q2019).**
- **Group's diversification across proteins and markets is proving effective. Business fundamentals and long-term prospects for the Group remain robust.**

Singapore, 14 May 2020 – Leading industrialised agri-food company Japfa Ltd ("Japfa" or, together with its subsidiaries, the "Group") today posted robust results for the quarter ended 31 March 2020 (1Q2020), in a context of uncertainty caused by the Covid-19 outbreak, which is having an unprecedented impact on people's lives and the world's economy.

Group's revenue stood at US$949.9 million, with a 4.2% increase compared to 1Q2019, driven by all business segments. Operating profit grew +47.1% year-on-year ("y-on-y") to US$87.1 million, as a result of higher feed margins in Indonesia as well as strong swine fattening prices in Vietnam and strong raw milk prices in China.

During the quarter, Group's day-to-day operations have not been materially impacted by the Covid-19 lockdown measures, as Japfa provides an essential service by supplying staple protein foods largely to the domestic markets in which they are produced. Group's

[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] We derived "Core PATMI" from "Profit Attributable to Owners of the Parent, Net of Tax" by excluding changes in fair value of biological assets (net of tax) and derivatives, and by excluding extraordinary items attributable to owners of the parent. "Core PATMI w/o Forex" is an estimate derived from Core PATMI by excluding foreign exchange gains/losses (before tax) attributable to the owners of the parent.

diversification across proteins and markets is proving effective as Japfa has built a portfolio of uncorrelated revenue and profit streams.

Tan Yong Nang, Chief Executive Officer of Japfa, said: "The Covid-19 pandemic is impacting our lives and the global economy. In this extraordinary time, we are committed to continue to safely produce and supply staple protein foods in line with our purpose of feeding emerging Asia and our people have shown great dedication in keeping operations up and running. During the quarter, the Group remained resilient, reflecting our industrialised business model as well as our diversification across proteins and countries, and I am satisfied with our performance. As this pandemic is an unprecedented event, the ultimate impact cannot be estimated with any certainty, particularly with regard to demand. Against this backdrop, we focus on keeping costs down and remaining efficient, as well as adjusting our investments and deploying our resources appropriately in each market. As we successfully managed down-cycles and other issues, such as the African Swine Fever ("ASF"), in the past, we are confident we will also successfully overcome this situation. Our fundamentals and long-term perspectives remain strong and we prepare for future growth."

Financial Highlights

US$ million	1Q2019	1Q2020	Change
Revenue	911.2	949.9	4.2%
Operating profit	59.2	87.1	47.1%
Operating Profit Margin (%)	6.5%	9.2%	2.7 ppt
EBITDA	92.0	120.4	31.0%
Profit After Tax ("PAT")	18.7	47.5	153.7%
Net Profit Attributable to Owners ("PATMI")	7.8	35.5	353.9%
Core PATMI without Forex	18.9	49.9	164.2%

Segments' Results

PT Japfa Tbk

Revenue and profitability of the segment remained stable on the back of strong feed margins.

Revenue grew to US$614.6 million (+1.5% vs 1Q2019), corresponding to a 6% growth in IDR terms due to the depreciation of the Indonesian Rupiah. Growth was mainly driven by higher sales volumes in both poultry feed and aquaculture feed. Commercial farming was impacted by low broiler Average Selling Prices ("ASPs") resulting from an oversupply in the market.

Operating profit increased to US$37.7 million (+5.7% y-o-y) as a result of strong feed margins, due to our ability to manage cost of key raw materials.

Since the Covid-19 outbreak, PT Japfa Tbk has taken action to freeze and defer non-essential new capital expenditures ("Capex") in line with the financial discipline of the Group, which has the scale and capacity to adjust investments and deploy resources as appropriate.

APO

The APO segment delivered strong growth in revenue and profits mainly driven by swine operations in Vietnam.

Revenue increased 12.4% y-o-y to US$176.7 million from US$157.1 in 1Q2019 as a result of increased swine fattening price, which remained strong due to supply shortage following the ASF, as well as poultry feed sales volumes.

The operating profit grew by 76.4% y-o-y to US$18.6 million in 1Q2020 from US$10.5 million in 1Q2019 on the back of increased swine fattening prices. Higher swine fattening prices more than compensated for the drop in sale volumes of swine fattening and feed.

On the strength of its industrialised business model, which encompasses strict bio-security protocols and strong farm management, Japfa was able to contain and minimise the adverse effect of ASF on its swine population as well as replenish its swine breeding stock faster than most competitors. In addition, in 1Q2020, APO-Vietnam has started to import highly selected pure line breeders from its partner Hypor, one of the world's leading suppliers of pig genetics, as part of a 3-year plan to further improve performance and swine genetics.

On the other hand, broiler prices decreased in 1Q2020 as the early precautionary measures introduced in Vietnam to cope with Covid-19 impacted the demand for poultry.

In Myanmar, the demand for poultry was impacted by the Covid-19 measures introduced in the country, thus lowering poultry prices in 1Q2020. In India, feed operations, which represent more than 80% of the market's revenue, helped buffer the impact of Covid-19 measures.

Dairy

The Dairy segment posted strong growth in revenue and profit driven by higher raw milk price and sales volumes growth in China.

Revenue stood at US$120.5 million (+7.8% y-on-y) and operating profit grew by 52.4% to US$26.9 million in 1Q2020 from US$17.7 million in 1Q2019 on the back of higher raw milk price in China, which increased on a y-o-y basis, albeit to a lesser extent than in 2H2020, due to a supply shortage.

We believe the supply shortage and the strong raw milk price environment will continue over the medium terms as it takes time for the industry to build new dairy farms and reach the "full milking" stage. To date, the Covid-19 measures had a minimal impact on day-to-day operations and raw milk demand in China.

In Southeast Asia ("SEA"), sales volume of our Greenfields branded milk increased by 28.4% in 1Q2020. Measures implemented in Indonesia to cope with the Covid-19 outbreak starting from April are expected to impact on our sales volumes from food service customers, such as coffee chains, in the near term. Since Covid-19 outbreak, we have taken action to postpone Capex in SEA as necessary in line with our financial discipline.

Consumer Food

The operating landscape in the Consumer Food segment remain competitive, especially in the ambient food sector, where the Group's dominant position continues to be challenged.

Revenue stood at US$49.0 million in 1Q2020 (+0.1% vs 1Q2019), corresponding to a 5.7% increase in IDR terms because of the depreciation of the Indonesian Rupiah. The increase was driven by higher sales volumes and average selling prices ("ASPs").

In 1Q2020, the Consumer Food segment turned around with an operating profit of US$3.3 million as the measures introduced to restrict people's movement in Greater Jakarta following Covid-19 increased the demand for frozen and ambient food products.

Impact of Covid-19 and outlook

As a leading industrialised agri-food company, Japfa has responded promptly to the Covid-19 situation and taken action to continue operations safely and ensure sufficient production and supply across its markets in Southeast Asia ("SEA"). As Japfa provides an essential service by supplying staple protein foods largely to the domestic markets in which they are produced, the day-to-day operations of the Group have not thus far been materially impacted by the lockdown measures.

However, the impact on demand may vary according to how the pandemic affects each country/protein. We assess the impact on demand in our key business pillars as follows:

- **Dairy-China**: We see a recovery in the demand for raw milk and we believe that there should not be a major impact over the medium and long-term. With the general shortage of raw milk in China, as an independent raw milk producer, we are poised to benefit in future. The fact that Meiji will acquire a stake in our subsidiary in China even during this pandemic is a strong indication of the market's potential as well as our strong position in the market.
- **Swine-Vietnam**: The Covid-19 situation appears to be relatively under control. Demand for pork is relatively stable as a consequence of the substantial drop in pork supply due to ASF and swine prices remain strong. We have minimised the adverse effect of ASF through strict biosecurity and set a strong base for future growth.
- **Poultry-Indonesia**: The situation in Indonesia is fluid. Ramadan is typically expected to drive demand for poultry, but this year as a result of the Covid-19 situation the typical boost in demand and broiler prices during the Ramadan season is unlikely to materialise. The restrictions over people movement in Indonesia due to Covid-19 have reduced purchasing power and hence demand for poultry, which is reflected by the continuing low broiler ASP environment post 1Q2020. As we mainly supply chicken, which is a staple and affordable protein food, hopefully the impact will not be drawn-out. In addition, our experience, scale and industrialised approach will better enable us to ride out the demand drop due to Covid-19.

As this outbreak is an unprecedented event, the impact going forward cannot be reliably estimated with certainty. The Group continues to keep a close watch on the evolving situation. We are confident of weathering this situation in the same way as we successfully managed down-cycles and other issues, such as the ASF, in the past, and we are confident in our long-term perspectives. In the meantime, we continue to keep a close watch on the still-evolving situation and remain focused on being one of the most efficient and lowest cost protein producers, as well as adjusting our investments and deploy our resources appropriately in each market.

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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 1971, the Group has 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, Myanmar and Vietnam. 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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For the Company's Income Statement, Statement of Comprehensive Income and Statement of Financial Position for 1Q2020 please refer to Japfa Ltd's Unaudited Financial Update. A limited discussion of these results can be found in the Company's Investor Presentation 1Q2020 Financial Results. All aforementioned documents can be found on the SGXnet and on the Company's website www.japfa.com.

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