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 delivers strong FY2018 revenue and earnings across core business pillars

- ***Group's Core PATMI without Forex rose 676.5% to US$121.9 million on record revenue of US$3.5 billion***
- ***Indonesian poultry recorded higher feed sales volume and higher ASPs***
- ***Vietnam operations registered sharp turnaround in profitability***
- ***Full ownership of Dairy segment enables Japfa to recognise 100% contribution in FY2018***
- ***Recommends final and special dividends totalling 2.0 Singapore cents per share for FY2018***

(US$'m)	FY2018	FY2017	Change (%)
Revenue	3,533.3	3,189.9	10.8
Operating Profit	341.8	188.6	81.2
Operating Profit Margin (%)	*9.7*	*5.9*	3.8 *ppt*
EBITDA[1]	457.0	290.0	57.6
Profit After Tax ("PAT")	178.2	56.2	216.9
Net Profit Attributable to Owners ("PATMI")	100.4	1.3	N.M
Core PATMI without Forex[2]	121.9	15.7	676.5

[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 and derivatives, which relate to foreign exchange hedging and foreign exchange 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 gains/losses (before tax) attributable to owners of the parent

Singapore, 28 February 2019 – Leading vertically-integrated agri-food company, Japfa Ltd ("**Japfa**", or together with its subsidiaries, the "**Group**"), announced today that it has achieved a nearly 80-fold increase in net profit attributable to owners ("**PATMI**") to US$100.4 million for the financial year ended 31 December 2018 ("**FY2018**"), compared to US$1.3 million in the previous corresponding year ("**FY2017**"). Revenue for the Group reached a new high of US$3.5 billion in FY2018, mainly attributable to the stronger performance across the Group's core business segments.

In FY2018, Japfa's Indonesian subsidiary, PT Japfa Tbk, recorded strong profitability due to higher feed sales and higher poultry ASPs, and continued to be one of the cornerstones of the Group's business. The Animal Protein Other ("**APO**") segment recorded a turnaround in profitability to an operating profit of US$33.1 million in FY2018, from an operating loss of US$26.9 million in FY2017, mainly due to the recovery of the swine market in Vietnam.

The Dairy business continued to record consistent profits, driven by higher milk yields and volumes. The acquisition of the remaining interest of the Dairy segment allows the Group to recognise a 100% contribution to its PATMI in FY2018.

Chief Executive Officer of Japfa, Mr Tan Yong Nang (陈荣南) said, "We were able to deliver strong revenue and earnings growth across our core business pillars in FY2018, against the backdrop of macroeconomic uncertainties and cyclicality of the agri-food business. This is a strong endorsement of our industrialised approach to farming and food production, and we aim to further strengthen our position as one of the most competitive and efficient producers of protein staples in emerging Asia."

FINANCIAL HIGHLIGHTS

Japfa Ltd – Overview

For FY2018, Japfa recorded a 10.8% increase in revenue to a new high of US$3.5 billion, up from US$3.2 billion in the previous corresponding year ("**FY2017**"). The Group's Core PATMI without Forex jumped eight-fold to US$121.9 million, compared to US$15.7 million in FY2017.

Japfa's balance sheet remains healthy with cash and bank balances of US$168.3 million, net debt-to-equity ratio of 0.9x with outstanding debt of US$1.2 billion as at 31 December 2018. Fully diluted earnings per share increased to 5.5 US cents per ordinary share in FY2018.

PT Japfa Tbk

The Animal Protein PT Japfa Tbk segment reinforced its position as the largest contributor to the Group's business, accounting for 67% of revenue. Revenue increased by 14.9% in Indonesian Rupiah ("**IDR**") terms, but only 8.0% in United States Dollar ("**USD**") terms due to the depreciation of the IDR. This was mainly contributed by higher sales volumes for feed and Day-Old-Chicks ("**DOC**"), coupled with higher average selling prices ("**ASPs**") across the poultry business.

Operating profit increased 63.0% year-on-year ("**y-o-y**") due to strong prevailing poultry ASPs in Indonesia that was mainly driven by low DOC supply in Indonesia. The higher productivity of the breeding farms and quality of DOC breed were key factors supporting the volume growth of PT Japfa Tbk's breeding operations, resulting in exceptionally strong profits.

PT Japfa Tbk's feed business continues to be the stable pillar of its profitability, a testament to the Group's ability to generally pass on raw material cost increases in its feed selling prices. This is reflected in the stable feed operating margins, even during the periods of IDR volatility and poultry market downturn.

Animal Protein Other

APO, which refers to the Group's animal protein operations in Vietnam, Myanmar and India, recorded a 22.7% y-o-y revenue growth to US$583.1 million, and a turnaround of operating profit to US$33.1 million, from a loss of US$26.9 million in the previous year.

The improved profitability was driven mainly by turnaround in Vietnam's operations, on the back of higher sales volume for poultry feed as well as higher ASP for swine fattening. The recovery of swine prices above cost in 2Q2018 reflects a re-balancing of Vietnam's domestic swine market demand-supply levels, following China's swine import restrictions imposed in November 2016.

India operations recorded a solid growth of approximately 17% in feed sales volume, resulting in an operating profit of US$3.7 million. India is another key growth market in the longer term, and the Group's current focus is to grow the feed business.

Dairy

The Group's Dairy segment continues to generate consistent profits, driven by higher milk yields and volumes. Revenue rose 17.7% y-o-y to US$408.7 million and operating profit increased 7.3% y-o-y to US$71.8 million.

In its downstream business, sales volumes of extended shelf life ("**ESL**")[3] products in Southeast Asia increased alongside higher advertising and promotions ("**A&P**") investments in consumer products to increase brand visibility and capture greater market share.

In the year under review, the Group continued to invest in brand building and widening the range of Greenfields dairy products to capture a larger target segment, which includes the launching of a new dairy category "drinking yogurt" and the widening of its UHT milk range. Japfa's Greenfields milk is currently the Number 1 brand of fresh pasteurised milk in Indonesia, and it garnered the 2018 Superbrands award, voted as a Singapore Favourite Brand within the Milk Category.

The segment is poised to be a strong pillar for the Group. With the acquisition of the remaining interest of the Dairy segment, the Group is now able to benefit from the recognition of 100% of full year contribution from its wholly-owned Dairy segment.

[3] ESL refers to extended shelf life of milk

Consumer Food

The Group's dominant leadership position in the ambient food sector in Indonesia, continues to be contested, resulting in an operating loss of US$16.6 million in FY2018. The enhanced competition kept ambient food product ASPs low while higher chicken raw material prices increased production cost. Notwithstanding the competitive operating landscape, Japfa recorded an increase in sales volumes for frozen and ambient food products by approximately 8% and 29% respectively.

To sharpen its competitive edge in ambient food, the Group has embarked on various strategic initiatives which include brand rejuvenation and the widening of its product lines to reach out to more consumer groups.

DIVIDENDS

In appreciation of the shareholder's support, in relation to the financial year ended 31 December 2018, the Board of Directors has proposed the following one-tier tax-exempt final dividends for approval at the upcoming Annual General Meeting:

i. a final ordinary dividend of 1.0 Singapore cent per ordinary share payable on or about 21 May 2019; and
ii. a final special dividend of 1.0 Singapore cent per ordinary share payable in two instalments, 0.5 Singapore cents on or about 21 May 2019; and the remaining 0.5 Singapore cents on or about 31 October 2019.

BUSINESS STRATEGIES

"I believe that our strategic priorities of being in the right markets and the right business segments position us well for the years ahead. We are also operating in a period of high growth across the five emerging Asian economies that we operate in, putting Japfa in a sweet spot in terms of the right timing. The increasing affluence of our target middle- and lower-income consumer groups in these markets also augur well for sustainable growth for the Group" Mr. Tan added.

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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/.

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/Aaron Ng at telephone
DURING OFFICE HOURS	:	(65) 6534 5122
EMAIL	:	huikheng.chia@citigatedewerogerson.com / winston.choo@citigatedewerogerson.com / aaron.ng@citigatedewerogerson.com

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