PRESS RELEASE

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Japfa reports a strong finish to FY2015 with Core PATMI excluding foreign exchange[1] up 56.0% to US$88.6 million

- ***PATMI, which takes into account foreign exchange and biological assets fair value losses, more than doubled to US$64.7 million***

- ***Significant improvement in profitability was due to PT Japfa Tbk's poultry business turning around in the second half of 2015, on the back of a better pricing environment for day-old chicks and broilers***

- ***Diversification strategy across multiple geographies and proteins, together with enhancements in operational efficiencies, continue to help the Group navigate seasonal and cyclical fluctuations***

- ***Recommends dividend of half a Singapore cent per share for FY2015***

Singapore, 29 February 2016 – Leading agri-food company, **Japfa Ltd** ("Japfa", or together with its subsidiaries, the "Group") today reported a strong finish to its financial year ended 31 December 2015 ("FY2015"). The Group's Core PATMI without foreign exchange ("Core PATMI w/o Forex")[1] grew at a robust pace of 56.0% from US$56.8 million in FY2014 to US$88.6 million in FY2015.

The Group's PATMI, which includes foreign exchange and biological asset valuation losses, registered a significant 107.1% increase from US$31.2 million in FY2014 to US$64.7 million in FY2015. The increase was mainly due to broad-based improvements across most of the business segments as well as a much lower biological asset valuation loss in FY2015 compared to FY2014.

Operationally, the Group continued to execute its business strategies and delivered a healthy 13.2% growth in operating profit to US$216.6 million and 12.7% growth in EBITDA to US$297.5 million in FY2015.

The significant improvement in the Group's profitability was mainly due to its 58.0%-owned subsidiary, PT Japfa Comfeed Indonesia Tbk ("PT Japfa Tbk")'s poultry business turning around in the second half of 2015 ("2H 2015"). The turnaround was on the back of a more balanced supply and demand of day-old chicks ("DOCs") and broiler chickens in Indonesia, which led to better selling prices in the poultry market.

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[1] We derived **Core PATMI** from "Profit Attributable to Owners of the Parent, Net of Tax" by excluding changes in fair value of biological assets attributable to owners of the parent (net of tax), and excluded extraordinary items (attributable to owners of the parent, net of tax) namely, a one-off gain from the disposal of asset held for sale in 2Q 2014 and a gain from the buyback of USD bonds in PT Japfa Tbk in FY2015.
"**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. As the majority of the foreign exchange gains/losses are unrealised and arises from the translation of USD bonds in PT Japfa Tbk, which has no tax implication, we have not made an estimate of the tax impact on foreign exchange gains/losses.

The Group's commendable operating performance in FY2015 was also a result of its diversified business strategy, with balanced contribution from its three main business pillars – PT Japfa Tbk, Animal Protein Other, and Dairy.

"The Group's diversification strategy across multiple geographies and proteins, together with our enhancements in operational efficiencies, have helped us to navigate seasonal and cyclical fluctuations in the various markets. We continue to see balanced contribution from our three main business pillars, which are further bolstered by our strong and stable animal feed operations in Indonesia. We are confident that our strategy of replicating our industrialised farming business across the region will sustain our long-term growth momentum," said Mr Tan Yong Nang, Chief Executive Officer of Japfa.

In view of the improved results and in appreciation of shareholders' support, the Board is recommending a final dividend of half a Singapore cent per share for FY2015.

FINANCIAL RESULTS REVIEW

Key Financial Highlights (US$m)	**FY2015**	**FY2014**	**% change**
Revenue	2,787.1	2,947.5	-5.4%
Operating profit	216.6	191.5	+13.2%
Operating profit margin	*7.8%*	*6.5%*	*+1.3ppt*
EBITDA	297.5	263.9	+12.7%
Profit After Tax	91.8	59.2	+55.0%
Core PATMI	64.0	51.8	+23.5%
Core PATMI w/o Forex	**88.6**	**56.8**	**+56.0%**

In FY2015, the Group's consolidated sales decreased marginally by 5.4% year-on-year to US$2.8 billion, mainly due to a 10% decline in sales at PT Japfa Tbk in USD terms. In Rupiah terms, however, sales at PT Japfa Tbk had increased by 2%. The decline in revenue from PT Japfa Tbk was compensated by a growth in sales in the Group's Animal Protein Other and Dairy businesses.

With the turnaround in PT Japfa Tbk's poultry business in 2H 2015, coupled with the Group's focus on growing its Animal Protein Other and Dairy businesses, the Group's profitability improved across the board in FY2015.

Even with a foreign exchange loss of US$42.0 million (of which US$24 million was an unrealised foreign exchange loss from the translation of PT Japfa Tbk's outstanding US$203 million USD bond), as well as biological asset valuation losses of US$5.6 million, the Group still generated a significant 55.0% improvement in profit after tax to US$91.8 million for FY2015. After removing the effects of foreign exchange, the Group's Core PATMI w/o Forex grew by 56.0% from US$56.8 million in FY2014 to US$88.6 million in FY2015.

As at 31 December 2015, the Group's total assets stood at US$2.2 billion, with cash and cash equivalents of US$147.9 million. The Group also generated a positive cash flow of US$254.4 million from its operating activities.

SEGMENTAL REVIEW

PT Japfa Tbk

In 2H 2015, the Indonesian government coordinated an industry-wide culling of an initial 4 million parent stock that resulted in lower DOC production across the industry. This has led to an

improvement and stability in the average selling prices of DOC and broilers in 2H 2015, which in turn helped to boost the performance of PT Japfa Tbk.

PT Japfa Tbk's animal feed operations continued to provide stable contributions to its profitability and operating cash flow in FY2015. Against an improved poultry market environment, its breeding operations managed to reduce its loss from US$29.4 million last year to a loss of US$9.6 million, while its commercial farming improved considerably from a loss of US$3.6 million to a profit of US$28.4 million. Overall, PT Japfa Tbk's feed and commercial farming operations were more than able to cover the operating loss of its breeding operations, resulting in a 20.0% growth in operating profit to US$126.4 million.

During the year in review, the Rupiah depreciated 12% against USD from Rp12,410 as at 31 December 2014 to Rp13,858 as at 31 December 2015. In spite of a foreign exchange loss of US$35.5 million, PT Japfa Tbk still recorded a 32.5% growth in profit after tax to US$36.0 million. Notwithstanding the challenging and volatile conditions in Indonesia, PT Japfa Tbk contributed close to 40% to the Group's Core PATMI w/o Forex in FY2015.

Animal Protein Other[2]

Beyond Indonesia, the Group's Animal Protein Other operations in Vietnam, India and Myanmar are a key part of its diversification strategy to ensure long-term sustainable earnings. In the last two years, the Animal Protein Other business has performed well, supported by the operations in Vietnam and Myanmar.

In FY2015, the Group's Animal Protein Other business achieved a 5% increase in sales to US$534.1 million, mainly attributable to Vietnam's business where its poultry feed and swine feed sales volume grew by 18%. Replicating the success model of the poultry business, Vietnam entered into the swine market in FY2013. Since then, the swine business has gained traction and turned profitable in FY2015, with swine fattening volume growing even more significantly by 62% in FY2015.

This marked improvement in Vietnam's operations was, however, offset by a weaker performance in India mainly due to lower selling prices of poultry in 2015, as well as continuing start-up losses for China's beef operations. Vietnam's poultry market is also experiencing a softening in selling prices for DOCs and broilers, which weighed down this segment's operating profit in the fourth quarter of 2015. To gain greater market share, the Group had also strategically lowered its feed selling prices.

On the whole, the consolidated Animal Protein Other businesses contributed a Core PATMI w/o Forex of US$30.1 million in FY2015.

Dairy

In FY2015, contribution from the Group's Dairy operations slowed due to the ongoing downward pressure on raw milk prices in China. Subdued by the low raw milk price environment in China, Core PATMI w/o Forex for the Dairy business amounted to US$22.4 million in FY2015.

With Farm 4 fully milking and Farm 5 generating sales since March 2015, revenue from the dairy segment increased by 14% to US$259.4 million. The total milkable cows in China and Indonesia farms increased from 28,557 in FY2014 to 34,459 in FY2015. In addition, the Group successfully improved its milk yield at 34.2 Kg/head/day to 36.1 Kg/head/day for China farms and 27.0 Kg/head/day to 30.1 Kg/head/day for Indonesia farms.

[2] Animal Protein Other refers to the animal protein operations in Vietnam, India, Myanmar and China

The significant improvement in milk yields, together with the growth in sales volumes, managed to mitigate the full impact of lower raw milk prices in China, resulting in the Group's Dairy business achieving a strong EBITDA of US$60.7 million with an EBITDA margin of 23%.

The Group's newest Farm 6, located in Inner Mongolia, has started milking recently and is expected to be fully milking by the end of this year.

Consumer Food

The Group's Consumer Food business contributed a revenue of US$186.3 million in FY2015, which dipped 10.9% year-on-year in US dollar terms mainly due to the depreciation of the Indonesian Rupiah. Sales volume of Real Good milk in Indonesia posted a healthy 30% improvement, which compensated the decline in sales volume for frozen food products.

While the Consumer Food operations in Indonesia continued to be profitable, the overall Consumer Food business segment recorded a negative Core PATMI w/o Forex of US$3.7 million in FY2015 due to the start-up losses of Consumer Food operations in Vietnam.

OUTLOOK

In the near term, the Group expects the volatility of the Indonesian Rupiah to persist, which may potentially affect consumer consumption. Due to the seasonality and cyclical nature of the poultry industry, fluctuations in DOC and broiler prices are expected as part of the Group's business. The Group will remain vigilant and ready to respond to any changes in the competitive and regulatory landscape, which can potentially impact the way the Group operates. It is confident that PT Japfa Tbk's 40-year track record in the poultry business positions it well to alleviate market challenges, and to tap on the eventual recovery of growth in consumption in Indonesia.

In view of the slowdown of the China economy, raw milk prices in China are expected to remain sluggish in the near term. The rest of the Asian markets could continue to see seasonal fluctuations in raw material costs and selling prices, which are determined by supply and demand. The Group will continue to keep a close watch on the macro-economic performance and currency fluctuations of the countries it operates in, as well as the market environment of the various protein industries, to anticipate and mitigate any challenges.

Notwithstanding market volatilities, the Group believes in the long-term growth prospects of the emerging markets it operates in, which have a large population base but a low protein consumption. The Group remains confident that its diversified strategy across multiple proteins and geographies, together with its track record in replicating its industrialized and scalable business across the region, will sustain its long-term growth momentum.

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ABOUT JAPFA LTD

Japfa Ltd is a leading agri-food producer focused on feeding emerging Asian markets. The Group produces protein staples such as chicken, beef and milk, as well as protein-based consumer food products. From its headquarters in Singapore, Japfa operates its businesses in the fast growing economies of Indonesia, China, India and Indo-China. Backed by two generations of farming experience, it operates industrial-scale farms which are vertically integrated with its downstream food processing operations.

This press release is issued on behalf of Japfa Ltd by Kreab Singapore. For media queries, please contact:

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