Japfa Ltd

Investors Presentation
1Q 2015



JAPFA

Agenda

1. Company Overview
2. Financial Highlights
3. Segmental & Operational Highlights
4. Growth Strategies

Company Overview



Leading Pan-Asian Industrialized Agri-Food Company



WHAT WE DO

We produce quality dairy, protein staples and packaged food that nourish millions of people



WHERE WE ARE

We employ over 28,000 people across Singapore, Indonesia, China, Vietnam, India and Myanmar



WHY WE DO IT

3 billion people living in our target markets

More than 40% of the world's total population

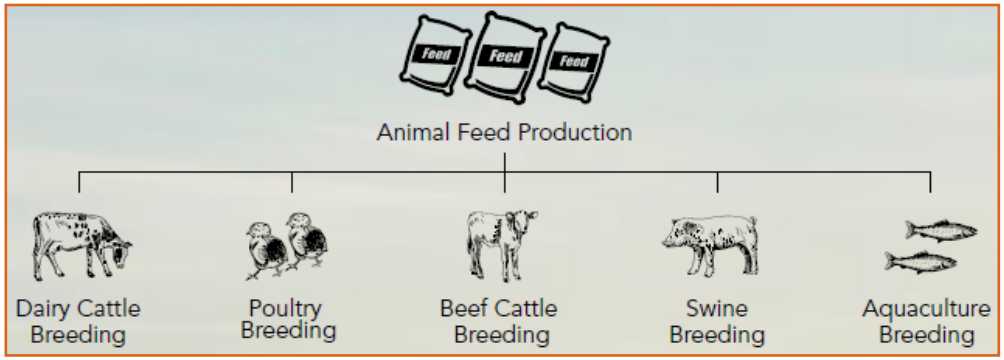
A leading pan-Asian, industrialized agri-food company dedicated to feeding emerging Asia with essential proteins

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Vertically Integrated Business Across Entire Value Chain

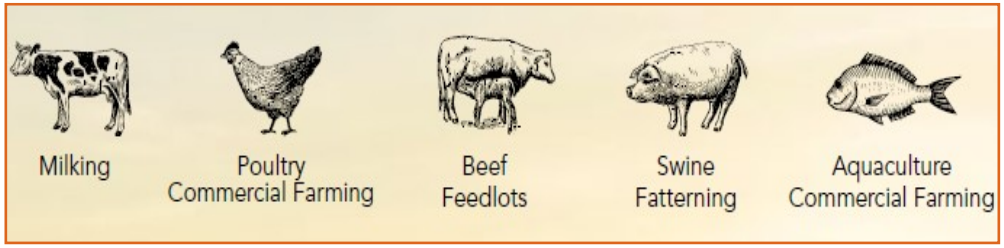
HOW WE DO IT

Vertically Integrated Business Model



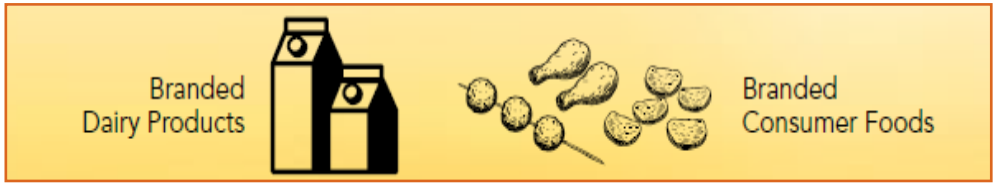
UPSTREAM: Animal Feed & Breeding

- Produce quality animal feed on an industrial scale
- Use world class genetics supported by advanced farming technology to maximize efficiency in our breeding operations in dairy cattle, poultry, beef cattle, swine and aquaculture



MIDSTREAM: Milking & Fattening

- Operate dairy milking parlours and commercial livestock fattening farms
- Achieve quality and productivity gains through a combination of superior livestock genetics, quality feed nutrition, and international bio-security standards



DOWNSTREAM: Processing & Distribution

- Produce high quality consumer dairy, meat, and aquaculture products with traceability and food safety assurance across the entire supply chain

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Core Competencies Across All Business Segments

INDUSTRIALIZED APPROACH TO FARMING AND FOOD PRODUCTION

1 Large Scale

- Ability to manage mega-scale operations:
  - > 10,000 poultry commercial farms
  - > 600 million day-old-chicks ("DOCs")
  - 10 large scale dairy farms with more than 10,000 cattle per farm
- 28,000 employees across geographies

2 Technology and Genetics

- JVs with Aviagen and Hypor for superior breeding and genetics
- Advanced feed technology
- Combined with best farm management practices

3 Bio-security

- Best in class biosecurity means using stringent operating procedures
- In-house vaccine production firm PT Vaksindo

4 Standardization / Replication

- Replication of best practices and infrastructure design
- Replication of farm design model in dairy farms, DOC breeding farms, feedmills, etc.

We are a market leader across multiple classes of protein foods, with an emphasis on milk, poultry and beef, complemented by growing businesses in swine and aquaculture.

Financial Highlights



1Q 2015 impacted by weak purchasing power and IDR

Japfa Comfeed	• Challenges in the Indonesian poultry industry, especially compression in DOC margins, continued into 1Q 2015 • Sales grew by 5% YoY in IDR terms. However, due to the depreciation of IDR against USD in 1Q 2015, sales, in terms of USD, declined by 6% YoY • The confluence of the above factors resulted in a loss for the quarter
Animal Protein Other	• 11% revenue growth due mainly to volume growth in Vietnam operations • Stable performance at Myanmar and India business units
Dairy	• 18% higher revenue YoY from capacity growth in China • Growth in sales volumes and improvement in milk yields helped mitigate the impact from reversion of raw milk prices in China
Consumer Food	• Revenue down 12% on weaker sales at Indonesian operations • In IDR terms, revenue contracted by 3% YoY

1Q 2015 Financial Overview

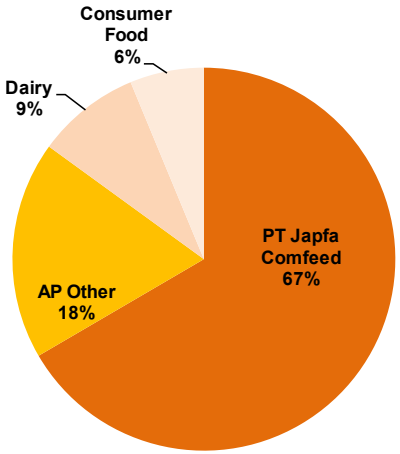
- Group Revenue fell slightly by 2.1% YoY to US$675.7 million
- Gross Profit Margin dropped 0.9ppt from 16.8% to 15.9%, primarily due to poultry breeding margin compressions in Indonesia and the exceptionally high raw milk prices in 1Q 2014
- Foreign exchange losses were US$13.9 million in 1Q 2015 as compared to foreign exchange gains of US$7.6 million in 1Q 2014, due primarily to the unrealised exchange losses on the US Dollar-denominated Senior Notes (Due 2018) caused by the 5% depreciation of IDR against the USD
- Excluding the impact of foreign exchange adjustments and biological assets, profit before foreign exchange adjustments and changes in fair value of biological assets came in at US$15.1 million, or 12% lower than the year-ago figure
- EBITDA stable at approximately US$50 million
- Core PATMI (w/o bio assets) dropped from US$12.9 million to US$1.6 million
- Challenges for the Group are expected to persist in certain markets, including weak consumer demand and oversupply of day-old chicks in Indonesia. Milk prices in China have also come off their peak of the first half of 2014. To mitigate some of these challenges, the Group will consider a further scale back on day-old chick production, while continuing to focus on improving operational efficiency and profitability

Key Financial Highlights (US$m)

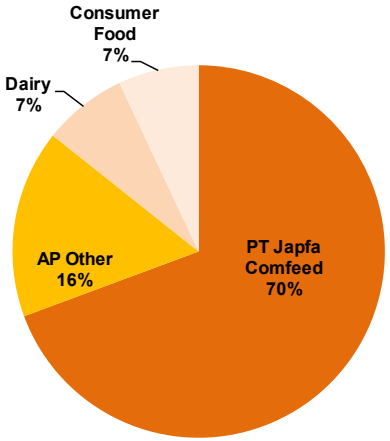
Income Statement	1Q 2015	1Q 2014	% change
Revenue	675.7	690.1	-2.1%
Gross profit	107.2	116.0	-7.6%
Gross profit margin	*15.9%*	*16.8%*	*-0.9ppt*
Operating profit	31.5	34.7	-9.4%
Profit Before Foreign Exchange Adjustments and Changes in Fair Value of Biological Assets	**15.1**	**17.2**	**-12.2%**
EBITDA	50.3	50.5	-0.4%
Net profit	5.0	22.0	-77.3%
PATMI	7.0	13.6	-48.5%
Core PATMI w/o Bio Assets	**1.6**	**12.9**	**-87.2%**

1Q 2015 Revenue and Earnings Profile

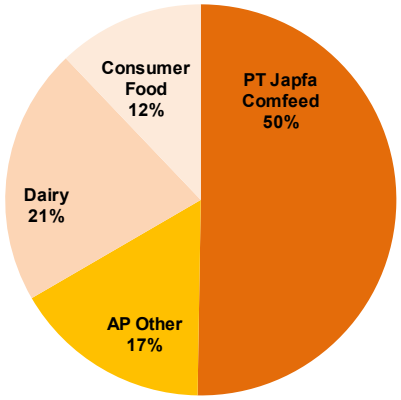
1Q2015 Revenue Composition



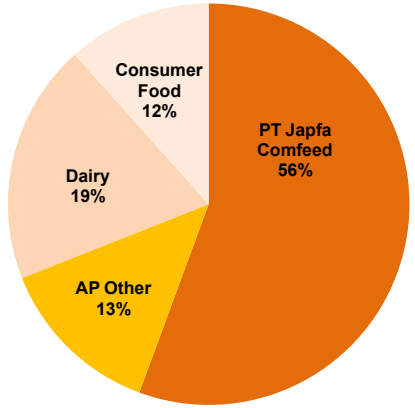
1Q2014 Revenue Composition



1Q2015 Gross Profit Composition



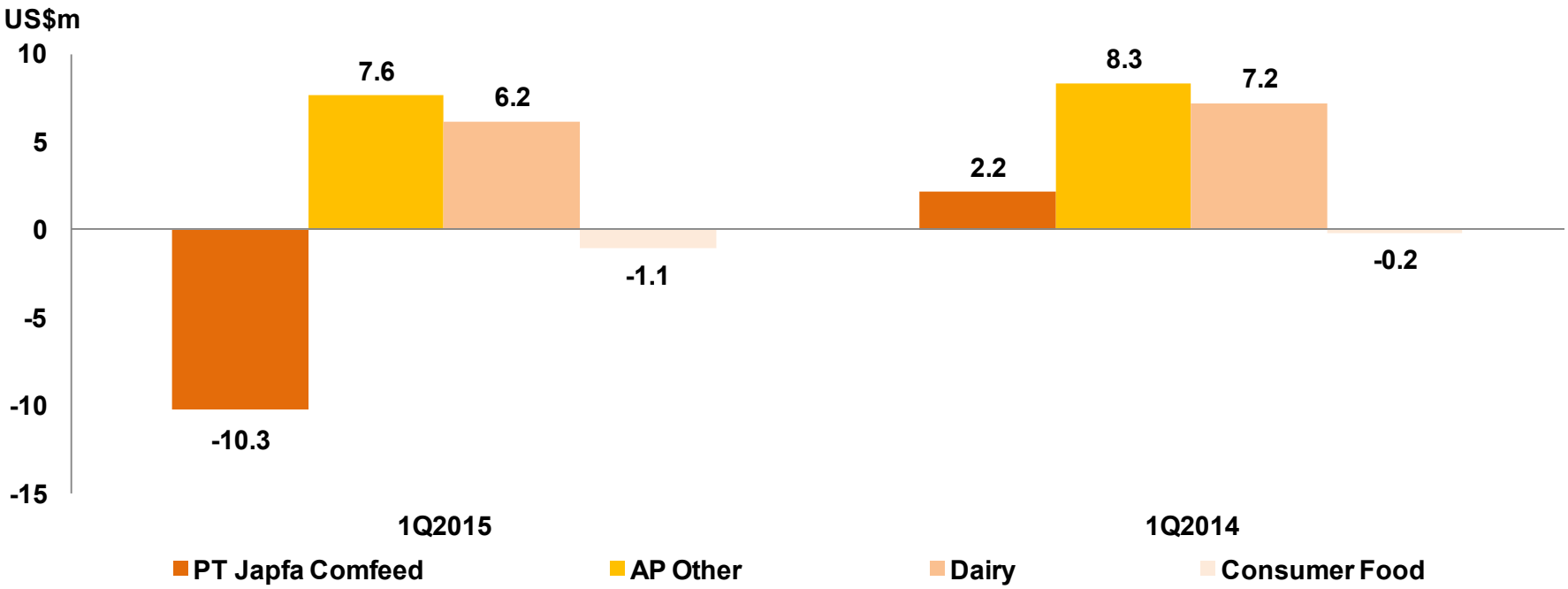
1Q2014 Gross Profit Composition



Note: Operational segments shown excludes central purchasing subsidiary, headquarter costs and elimination of inter-segment sales.
Animal Protein Other (AP Other) refers to the animal protein operations in Vietnam, India, Myanmar and China.

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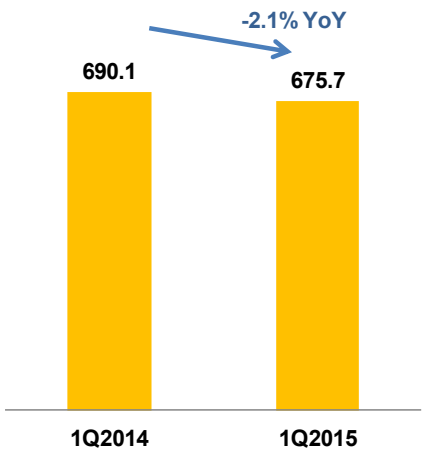
Core PATMI (w/o Bio Assets) Breakdown



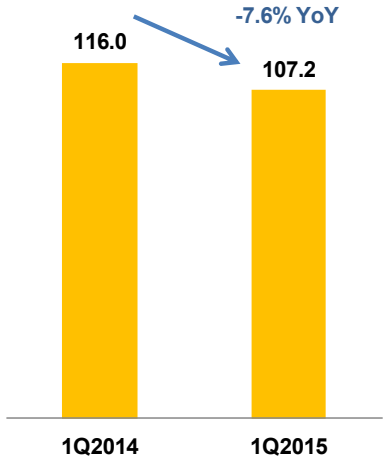
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Japfa Ltd 1Q 2015 Review

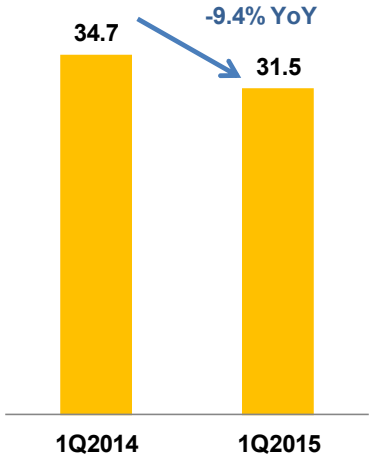
Revenue
US$ million



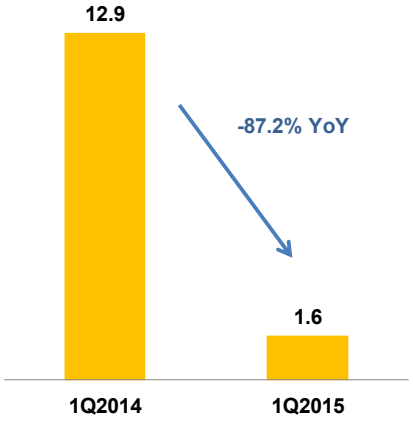
Gross Profit
US$ million



Operating Profit
US$ million



Core PATMI
w/o Bio Assets
US$ million



- Revenue declined slightly by 2.1% YoY while Gross Profit dropped 7.6% YoY.
- Operating Profit dropped 9.4%. However, even with the weaker performance of Tbk, the Group is still generating an operating profit of US$31.5 million.
- Profit after tax in 1Q 2015 fell because of foreign exchange losses of US$13.9 million compared to foreign exchange gain of US$7.6 million in 1Q 2014. As a result, Core PATMI has also dropped from US$12.9 million to US$1.6 million.

Other Financial Highlights

Balance Sheet (US$m)	1Q 2015	FY 2014	% change
Total Assets	2,256.1	2,327.0	-3.0%
Cash	231.0	286.7	-19.4%
Inventory	574.8	598.1	-3.9%
Total Liabilities	1,284.2	1,332.7	-3.6%
Financial liabilities	945.7	992.6	-4.7%
Total Equity	971.9	994.3	-2.3%
Net Debt / Equity Ratio (x)	0.7	0.7	
Inventory Turnover Days	91.0	88.2	

Cash Flows (US$m)	1Q 2015	1Q 2014
Net Cash Flows from / (used in) Operating Activities	55.1	-37.6
Net Cash Flows from / (used in) Investing Activities	-50.5	-50.6
Net Cash Flows from / (used in) Financing Activities	-55.9	83.5
Net Decrease in Cash and Cash Equivalents	**-51.3**	**-4.7**

Segmental & Operational Highlights



1Q 2015 Segmental Overview

(US$m)	1Q 2015	1Q 2014	% change	
PT Japfa Comfeed				
Revenue[1]	458.2	485.1	-5.5%	▼
Gross Profit	52.4	63.8	-17.8%	▼
Gross profit margin	*11.4%*	*13.2%*	*-1.8ppt*	▼
Operating profit	7.8	12.0	-34.4%	▼
Core PATMI	-10.3	2.2	-573.7%	▼
Core PATMI margin	*-2.2%*	*0.4%*	*-2.6ppt*	▼
Animal Protein Other				
Revenue[1]	126.8	114.3	+10.9%	▲
Gross Profit	17.1	15.4	+11.1%	▲
Gross profit margin	*13.5%*	*13.4%*	*+0.1ppt*	▲
Operating profit	9.0	10.0	-9.9%	▼
Core PATMI	7.6	8.3	-8.7%	▼
Core PATMI margin	*6.0%*	*7.3%*	*-1.3ppt*	▼
Dairy				
Revenue[2]	60.2	51.1	+17.7%	▲
Gross Profit	22.2	22.2	-0.2%	▼
Gross profit margin	*36.8%*	*43.4%*	*-6.6ppt*	▼
Operating profit	13.2	14.4	-7.9%	▼
Core PATMI	6.2	7.2	-14.1%	▼
Core PATMI margin	*10.3%*	*14.1%*	*-3.8ppt*	▼
Consumer Food				
Revenue[3]	43.0	48.9	-12.1%	▼
Gross Profit	12.6	13.3	-5.2%	▼
Gross profit margin	*29.4%*	*27.3%*	*+2.1ppt*	▲
Operating profit	0.7	0.6	+25.4%	▲
Core PATMI	-1.1	-0.2	-386.9%	▼
Core PATMI margin	*-2.5%*	*-0.5%*	*-2.0ppt*	▼

Notes:

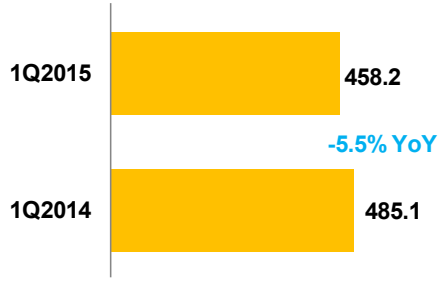
- *Animal Protein – where PT Japfa Comfeed Indonesia Tbk (PT Japfa Comfeed) is shown separately from Animal Protein Other (AP Other). AP Other refers to the animal protein operations in Vietnam, India, Myanmar and China*
- *Dairy – includes the operations in China, Indonesia and South East Asia*
- *Consumer Food – includes the operations in Indonesia and Vietnam*
- *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).*

1 The combined revenue for PT Japfa Comfeed and AP Other includes inter-segment revenue of US$10.1 million in 1Q 2015 (1Q 2014: US$14.2 million).
2 The Dairy segment revenue includes inter-segment revenue of US$0.4 million in 1Q 2015 (1Q 2014: US$0.6 million).
3 The Consumer Food segment revenue includes inter-segment revenue of US$2.0 million in 1Q 2015 (1Q 2014: US$2.3 million).

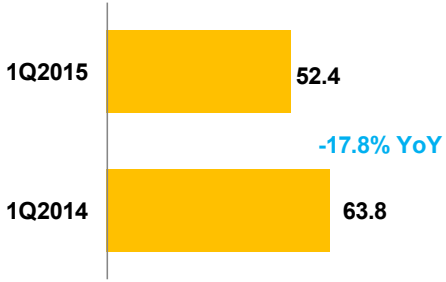
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Japfa Comfeed – Financial performance

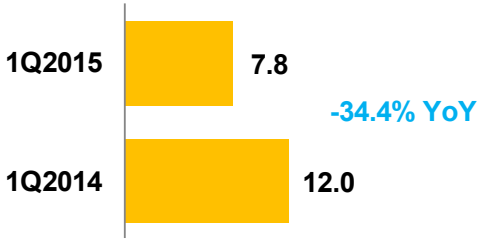
Revenue
US$ million



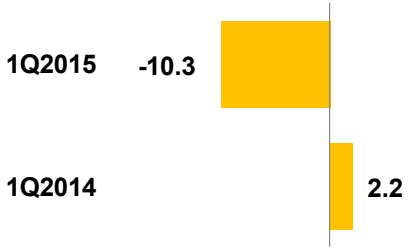
Gross Profit
US$ million



Operating Profit
US$ million

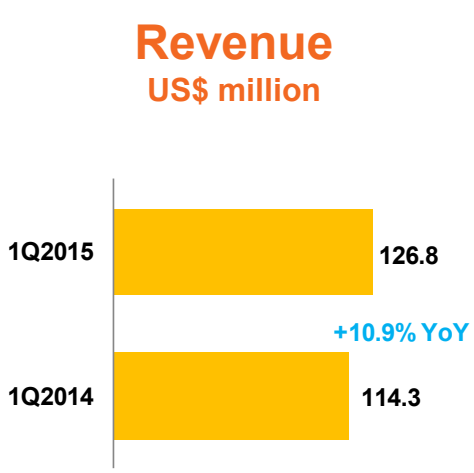


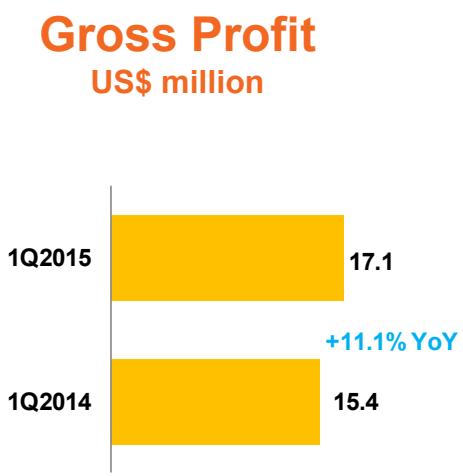
Core PATMI
w/o Bio Assets
US$ million

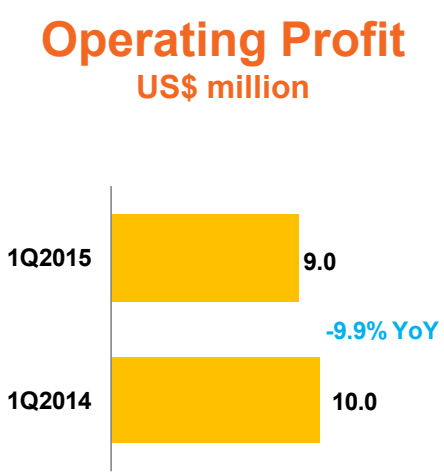


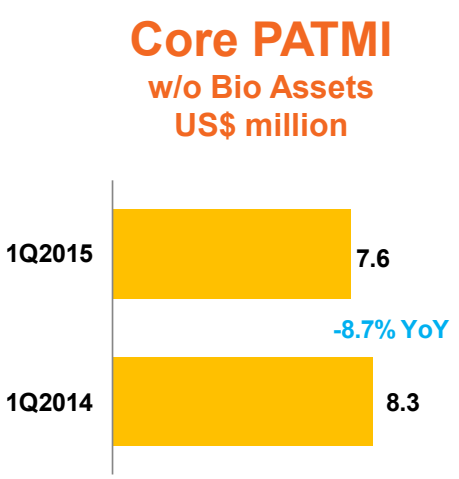
- Revenue dropped by 5.5%, while gross profit fell by 17.8%
- Gross Profit Margin shrank by 2% mainly due to Breeding business
- Feed Operating Profit was able to cover the operating losses from DOC and Commercial Farming. Hence, Japfa Comfeed was still able to deliver an Operating Profit of US$7.8 million in 1Q 2015
- Operating Profit Margin dropped 8ppt to 1.7%
- Foreign exchange losses were US$13.7 million in 1Q 2015 as compared to foreign exchange gains of US$9.0 million in 1Q 2014, due primarily to the unrealised exchange losses on the US Dollar-denominated Senior Notes (Due 2018) caused by the 5% depreciation of IDR against the USD
- Core PATMI affected by margin shrinkage in Breeding business and foreign exchange losses

Animal Protein Other – Financial performance





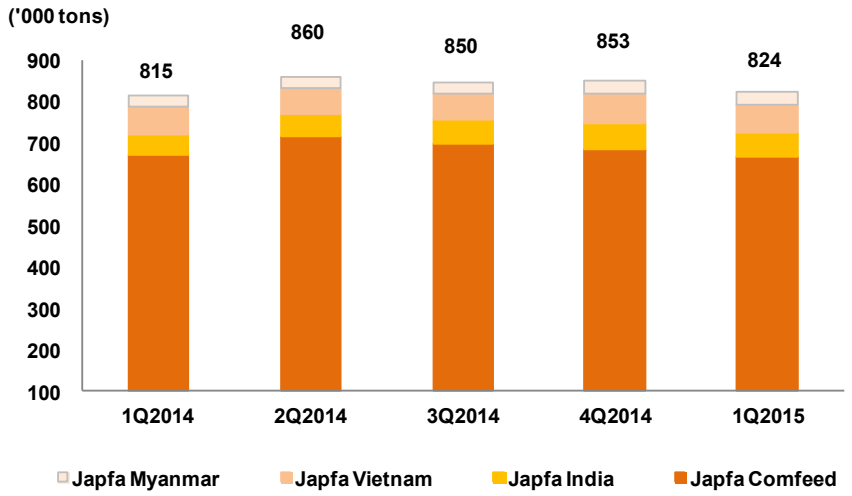




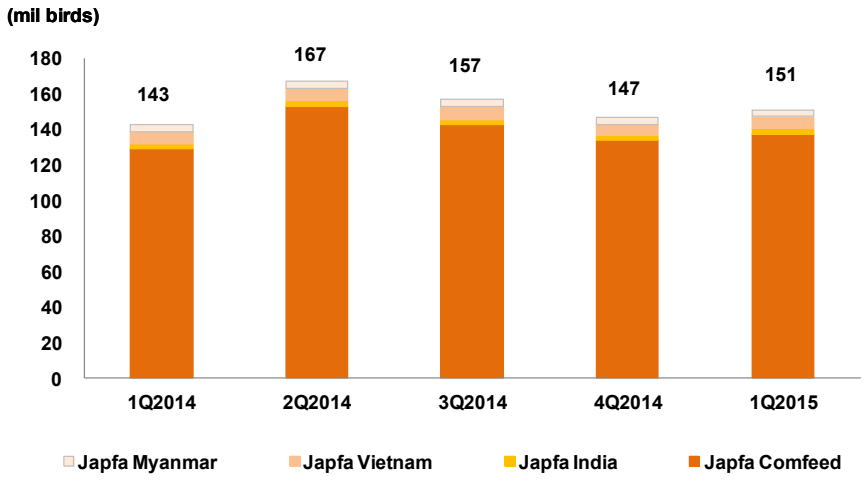
- Revenue up US$12 million (11%), while Gross Profit increased by 11% as well
- Increase in Revenue primarily contributed by volume increases in Vietnam operations
- Gross Profit Margin stable at 13%
- Operating Profit dipped slightly from US$10 million in 1Q 2014 to US$9 million in 1Q 2015
- Core PATMI generally flat at approximately US$8 million

Animal Protein – Operational Performance

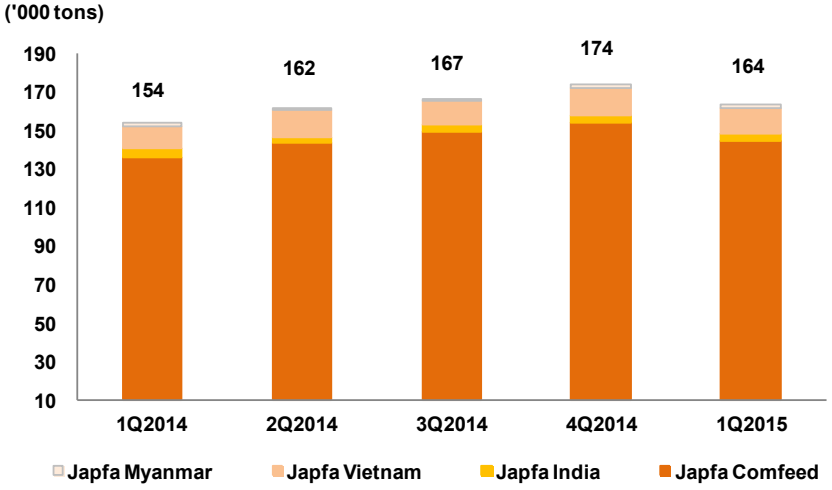
Animal Feed – Poultry: Sales Volume (‘000 tons)



DOC - Broiler: Sales Volume (mil birds)



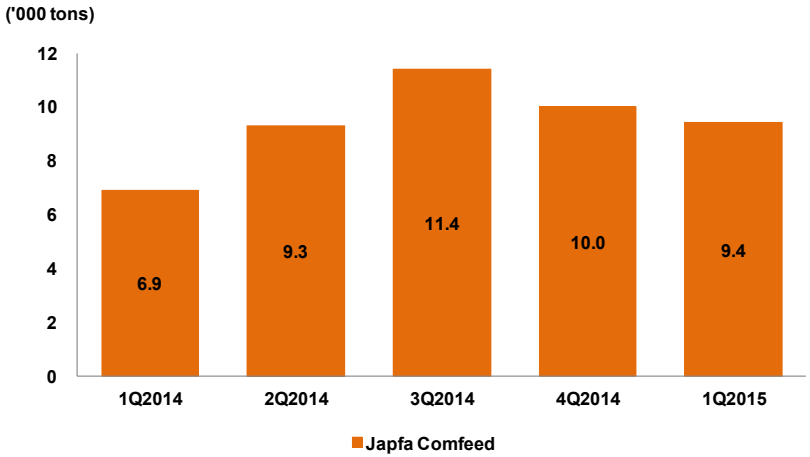
Commercial Farm – Live Birds: Sales Volume (‘000 tons)



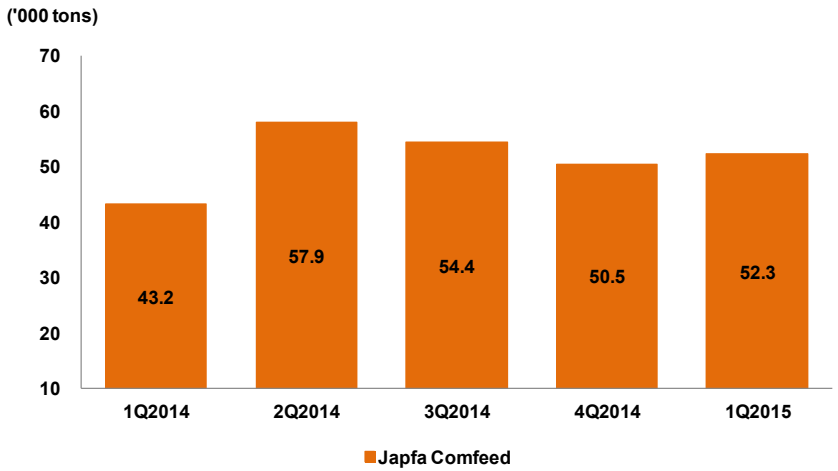
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Animal Protein – Operational Performance

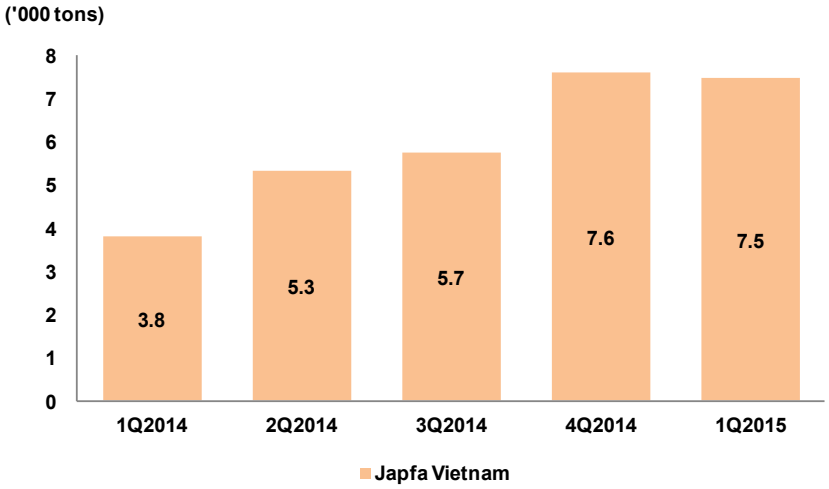
Beef – Live Cattle: Sales Volume ('000 tons)



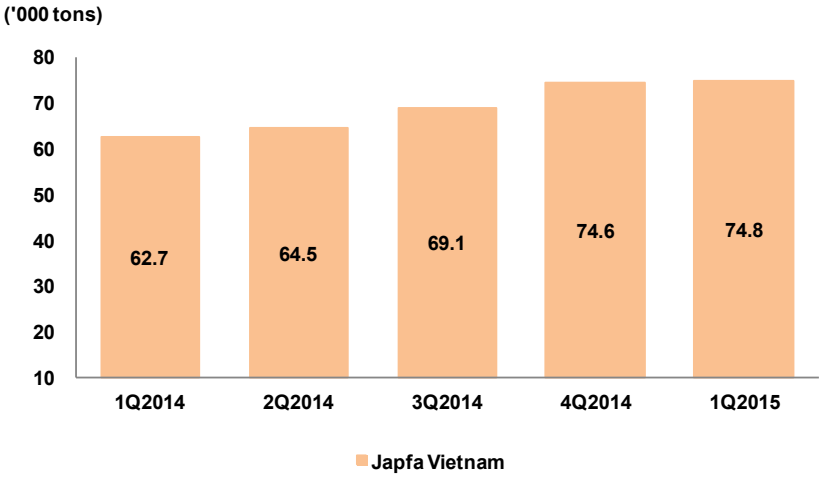
Aquaculture – Aqua-feed: Sales Volume ('000 tons)



Swine Fattening: Sales Volume ('000 tons)

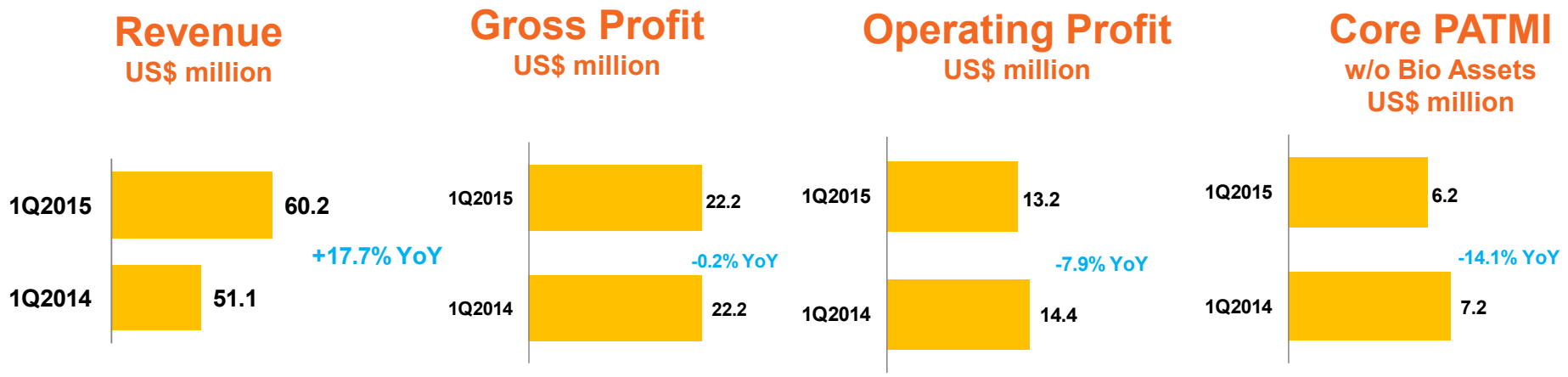


Animal Feed – Swine: Sales Volume ('000 tons)



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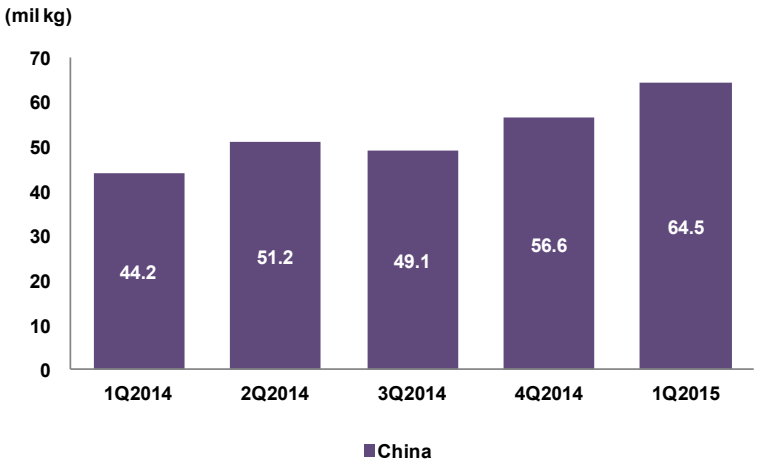
Dairy – Financial performance



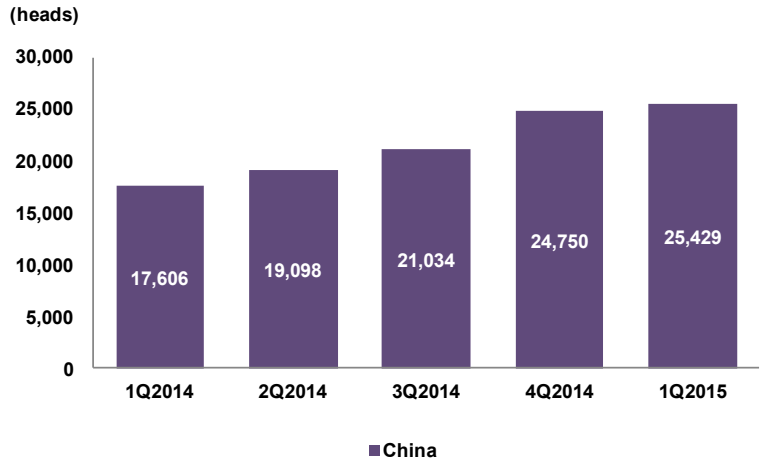
- Revenue up by US$9 million or 18% YoY
- Gross Profit stable at US$22 million despite milk prices having fallen in 1Q 2015. This is driven mainly by an increase in milk volumes and improved milk yields
- Gross Profit Margin fell to 37% in 1Q 2015, as compared to 43% in 1Q 2014, mainly due to a reversion in China raw milk prices from the exceptionally high prices in 1Q 2014
- Revenue for Dairy China increased 24% as Farm 4 is fully milking and Farm 5 started generating sales in March 2015. Sales Distribution unit in Shanghai started sales in June 2014
- Lower Core PATMI is mainly due to interest costs which went up by US$1 million as Dairy China further drew down loans in December 2014

Dairy – Operational Performance

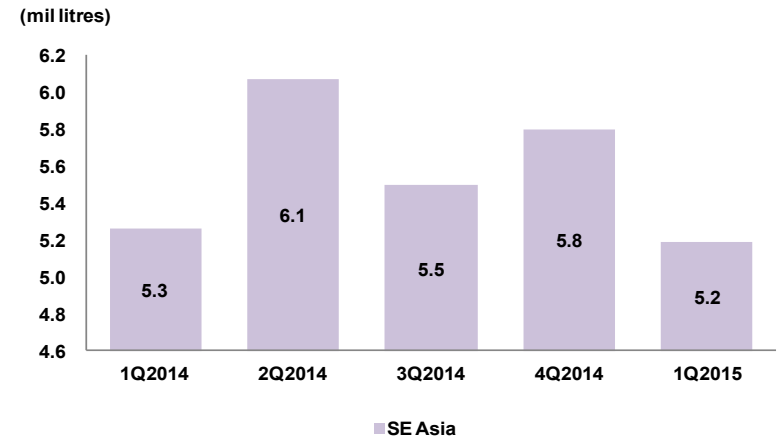
China Raw Milk: Sales Volume (mil kg)



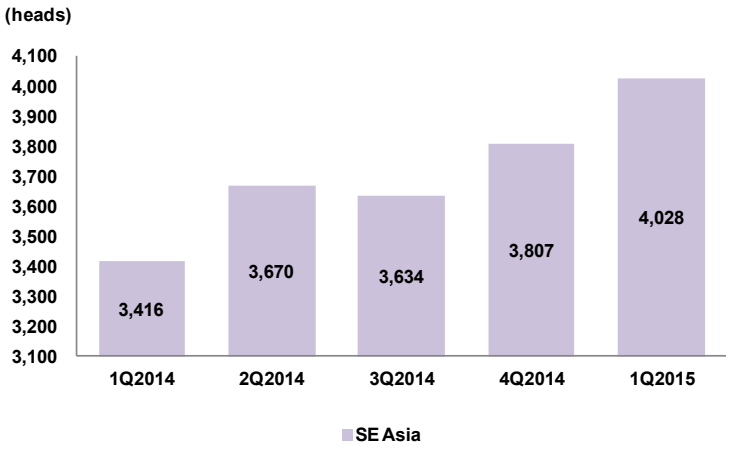
Milkable cows balance – China (heads)[1]



SE Asia Extended Shelf Life Branded Milk: Sales Volume (mil litres)



Milkable cows balance – SE Asia (heads)[1]



[1] Number of milkable cows as at end of the quarter

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Consumer Food – Financial performance

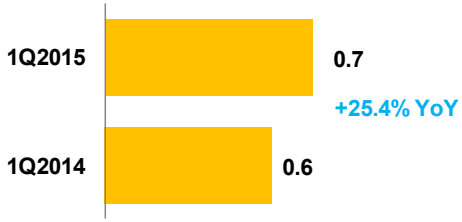
Revenue
US$ million



Gross Profit
US$ million



Operating Profit
US$ million



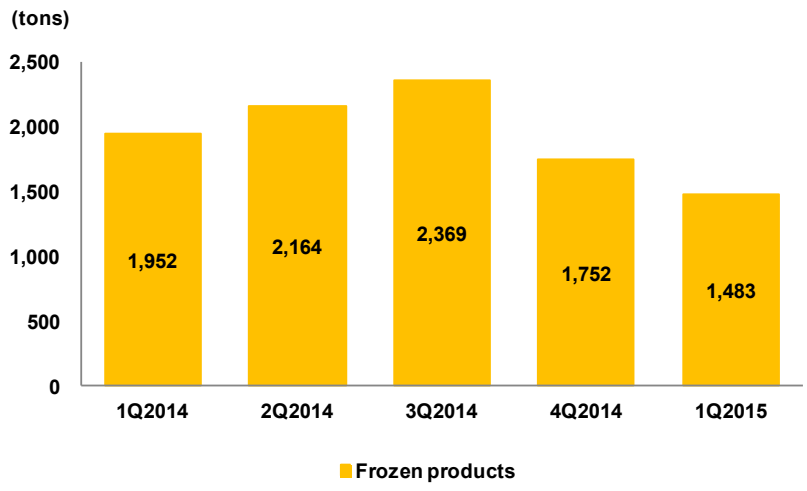
Core PATMI
w/o Bio Assets
US$ million



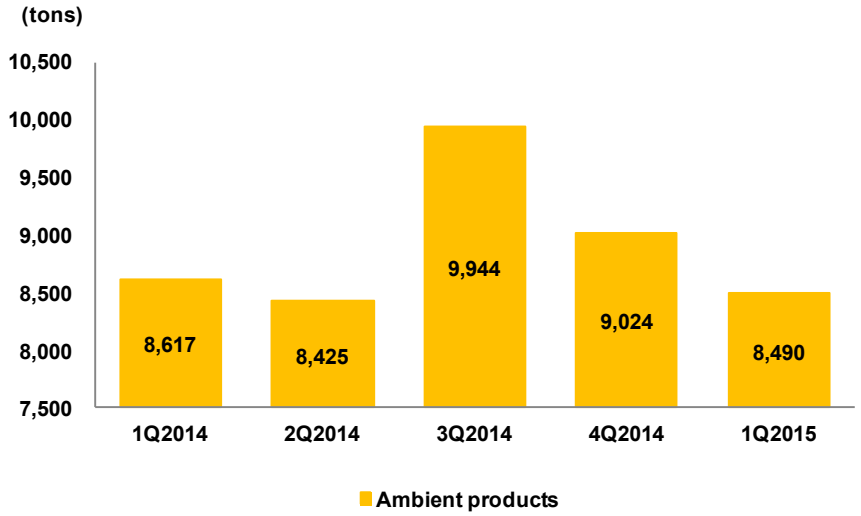
- Revenue down 12%, while Gross Profit remains stable at around US$13 million
- Drop in Revenue mainly due to sales reduction in Indonesian operations
- Gross Profit Margin up from 27% to 29%
- Operating Profit generally flat

Consumer Food – Operational Performance

Frozen products: Sales Volume (tons)



Ambient products: Sales volume (tons)



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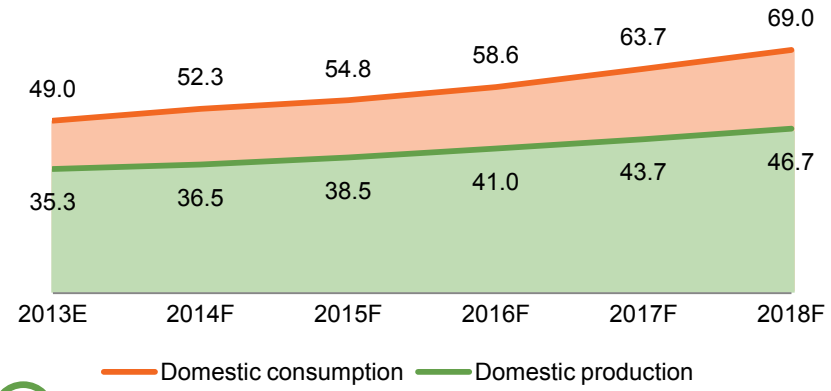
Growth Strategies



The right business in the right markets

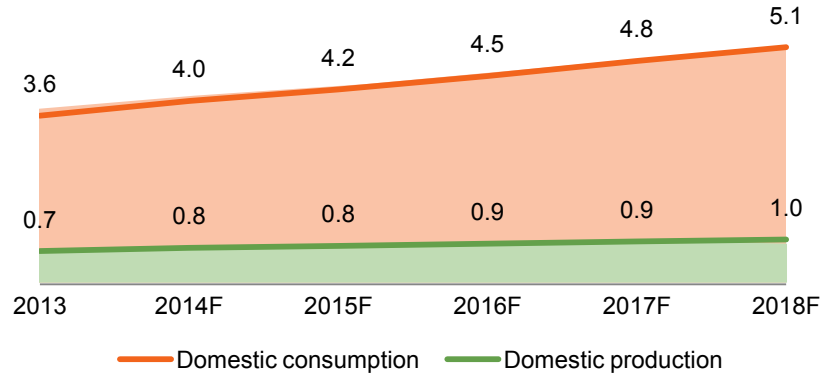
A Large and growing shortfall in China

(raw milk in million tons)



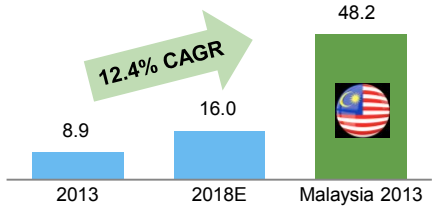
B Similar trend in Indonesia(1)

(dairy products in million tons)

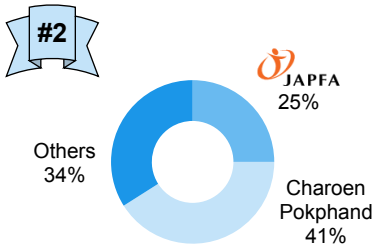


Indonesian poultry

Per capita consumption

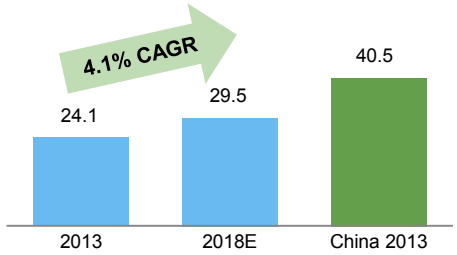


Market share

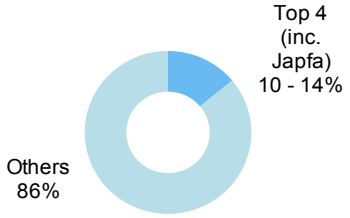


Vietnam swine

Per capita consumption



Market share



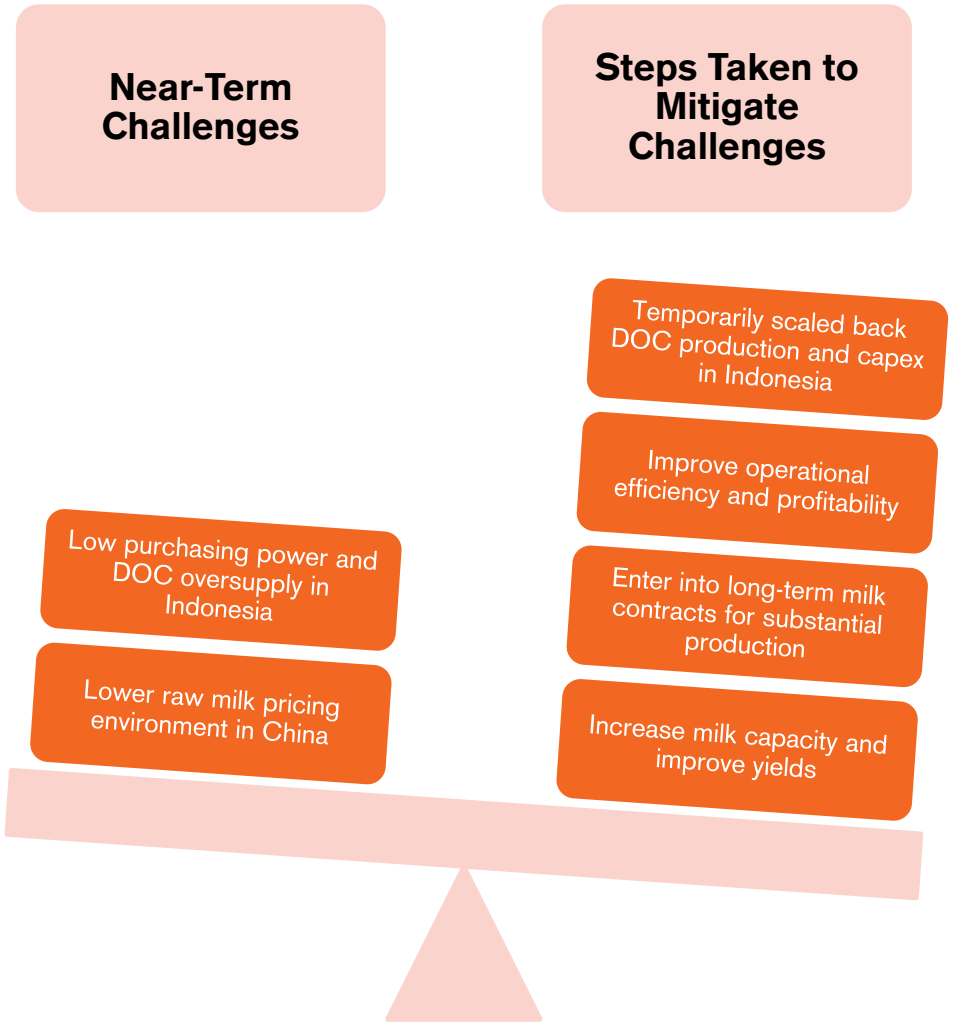
Attractive growth opportunities for premium upstream dairies and animal protein producers

Source: Frost & Sullivan.

(1) Domestic production does not include domestically produced dairy products that use imported raw materials.

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Long-Term Fundamentals Remain Favourable



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Strategies To Tap High-Growth Emerging Asian Markets

Expansion of dairy business in China through replication of successful business model

- Farm 5 in Hub 1 in Shandong started operations in December 2014, with significant milk production expected by 2Q 2015 and full milk production by 4Q 2015

- Construction of Farm 6 in Inner Mongolia has begun

Enhance profitability of core poultry business in Indonesia

- Scale back DOC production, reduce capital expenditure and improve operational efficiency

Expand animal protein business in target markets

Further investments into consumer food brands in the region

Continue to target markets with large addressable audience



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Appendix



Quarterly Segmental Information – 1Q 2015

USD Mio

JAPFA	1Q 2015						
	ANIMAL PROTEIN			DAIRY	CONSUMER FOOD	Others	TOTAL
	TBK	AP Other	Total				
External Revenue	448.1	126.8	574.9	59.8	41.0	0.0	**675.7**
Inter Segment Sales	10.1	0.0	10.1	0.4	2.0	(12.5)	**0.0**
TOTAL REVENUE	**458.2**	**126.8**	**585.0**	**60.2**	**43.0**	**(12.5)**	**675.7**
GROSS PROFIT	**52.4**	**17.1**	**69.5**	**22.2**	**12.6**	**2.9**	**107.2**
	11%	*13%*	*12%*	*37%*	*29%*	*-23%*	*16%*
OPERATING PROFIT	**7.8**	**9.0**	**16.9**	**13.2**	**0.7**	**0.6**	**31.5**
	2%	*7%*	*3%*	*22%*	*2%*	*-5%*	*5%*
EBITDA	**20.3**	**10.8**	**31.1**	**16.4**	**2.0**	**0.8**	**50.3**
	4%	*9%*	*5%*	*27%*	*5%*	*-7%*	*7%*
Depreciation & Amortiz	(11.2)	(1.8)	(13.0)	(3.6)	(1.2)	(0.2)	**(18.1)**
Net Interest Expense	(12.0)	(0.6)	(12.6)	(2.4)	(1.3)	(0.6)	**(16.9)**
Forex Gain(loss)	(13.7)	(0.1)	(13.8)	(0.5)	0.8	(0.4)	**(13.9)**
Fair Value Gain(Loss) Bi	0.2	4.9	5.1	2.2	0.0	0.0	**7.4**
Other	0.0	0.0	0.0	0.0	0.0	(0.2)	**(0.2)**
PBT	**(16.4)**	**13.2**	**(3.2)**	**12.1**	**0.3**	**(0.6)**	**8.6**
Tax	(0.7)	(1.4)	(2.2)	0.2	(1.4)	(0.2)	**(3.6)**
PAT	(17.1)	11.8	(5.3)	12.2	(1.1)	(0.8)	**5.0**
PAT w/o Bio A	(17.3)	7.9	(9.4)	10.0	(1.1)	(0.8)	**(1.3)**
% ownership	*57.5%*	*100.0%*		*61.9%*	*100.0%*	*100.0%*	
PATMI	(10.2)	11.5	1.3	7.6	(1.1)	(0.8)	**7.0**
PATMI w/o Bio A	(10.3)	7.6	(2.6)	6.2	(1.1)	(0.8)	**1.6**

Notes:

- *Protein Other (AP Other) – refers to the animal protein operations in Vietnam, India, Myanmar and China*
- *Dairy – includes the operations in China, Indonesia and Southeast Asia*
- *Consumer Food – includes the operations in Indonesia and Vietnam*
- *Others – includes the results of Annona (the central purchasing subsidiary in Singapore), headquarter costs and elimination of inter-segment sales*
- *EBITDA = PBT net of interest income (expense), FV of bio assets and marketable securities, forex gain (loss), depreciation of fixed assets and amortization of intangible assets*

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Quarterly Segmental Information – 1Q 2014

USD Mio

	1Q 2014						
	ANIMAL PROTEIN			DAIRY	CONSUMER FOOD	Others	TOTAL
	TBK	AP Other	Total				
External Revenue	471.0	114.3	585.3	50.5	46.7	7.6	**690.1**
Inter Segment Sales	14.2	0.0	14.2	0.6	2.3	(17.1)	**0.0**
TOTAL REVENUE	**485.1**	**114.3**	**599.5**	**51.1**	**48.9**	**(9.5)**	**690.1**
GROSS PROFIT	**63.8**	**15.4**	**79.2**	**22.2**	**13.3**	**1.3**	**116.0**
	13%	*13%*	*13%*	*43%*	*27%*	*-14%*	*17%*
OPERATING PROFIT	**12.0**	**10.0**	**22.0**	**14.4**	**0.6**	**(2.2)**	**34.7**
	2%	*9%*	*4%*	*28%*	*1%*	*24%*	*5%*
EBITDA	**23.0**	**11.2**	**34.2**	**16.5**	**1.8**	**(2.0)**	**50.5**
	5%	*10%*	*6%*	*32%*	*4%*	*21%*	*7%*
Depreciation & Amortizat	(10.3)	(1.2)	(11.5)	(2.2)	(1.2)	(0.2)	**(15.1)**
Net Interest Expense	(13.3)	(1.5)	(14.8)	(1.4)	(0.8)	(1.3)	**(18.3)**
Forex Gain(loss)	9.0	(0.0)	8.9	(1.2)	0.5	(0.6)	**7.6**
Fair Value Gain(Loss) Bio A	(1.7)	1.5	(0.2)	2.6	0.0	0.0	**2.4**
Other	0.0	0.0	0.0	0.0	0.0	(0.0)	**(0.0)**
PBT	**6.8**	**10.0**	**16.7**	**14.4**	**0.2**	**(4.1)**	**27.2**
Tax	(3.0)	(1.9)	(4.9)	0.1	(0.5)	(0.1)	**(5.3)**
PAT	3.7	8.1	11.8	14.5	(0.2)	(4.1)	**22.0**
PAT w/o Bio A	5.1	8.2	13.3	11.8	(0.2)	(4.1)	**20.8**
% ownership	*57.5%*	*100.0%*		*61.9%*	*100.0%*	*100.0%*	
PATMI	1.4	8.2	9.6	8.8	(0.2)	(4.6)	**13.6**
PATMI w/o Bio A	2.2	8.3	10.5	7.2	(0.2)	(4.6)	**12.9**

Notes:

- *Protein Other (AP Other) – refers to the animal protein operations in Vietnam, India, Myanmar and China*
- *Dairy – includes the operations in China, Indonesia and Southeast Asia*
- *Consumer Food – includes the operations in Indonesia and Vietnam*
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Thank You

