PRESS RELEASE

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Japfa 3Q2019 Financial Results

Revenue up 8.5% with a healthy EBITDA of US$85.1 million, despite profitability impacted by low prices for poultry in Indonesia and swine in Vietnam

- **Japfa's revenue increased to US$952.2 million (+8.5% vs 3Q2018) driven by higher feed sales volumes in main geographies, and higher dairy sales volumes in China and South-East Asia ("SEA").**

- **Operating profit amounted to US$48.1 million compared to US$82.4 million in 3Q2018. Group's profitability continued to be impacted by low Average Selling Prices ("ASPs") for both poultry in Indonesia and swine in Vietnam, partially offset by higher raw milk prices in China.**

- **Despite persistent challenging market conditions in two of its core pillars, Japfa delivered a healthy EBITDA[1] of US$87.8 million as a result of its diversified and vertically integrated business model.**

Singapore, 30 October 2019 – Leading industrialised agri-food company Japfa Ltd (together with its subsidiaries, "Japfa" or the "Group") today posted revenue of US$952.2 million, with an 8.5% growth compared to US$877.4 million of the same period last year. The revenue growth was driven by higher feed sales volumes in Indonesia, Vietnam, Myanmar and India, as well as higher dairy sales volumes in both China and South-East Asia ("SEA").

In the quarter ended 30 September 2019 (3Q2019), the Group's operating profit was US$48.1 million, dropping from US$82.4 million year-on-year. This was due to the lower operating profit of both PT Japfa Tbk and Animal Protein Other ("APO")[2] as the challenging market conditions persist. PT Japfa Tbk's profitability continued to be affected by low broiler ASPs caused by the imbalance in broiler demand and supply in Indonesia. APO's profitability was impacted by low swine ASPs due to African Swine Fever ("ASF") in Vietnam. These results were partially offset by the good performance of dairy in China and animal feed across geographies.

In the quarter under review, the Dairy segment generated a higher operating profit driven by China operations, while the animal feed continues to be a steady pillar of profitability. As a result, despite the lower profitability, the Group's EBITDA stood at US$87.8 million.

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[1] *We define "EBITDA" as profit before tax from continuing operations, excluding interest income, finance costs, depreciation and amortisation expenses, 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] *The Animal Protein Other segment (APO) includes poultry and swine operations in Vietnam, as well as poultry operations in Myanmar and India.*

Tan Yong Nang, Chief Executive Officer of Japfa, said: "Third quarter results confirmed the strength of our industrialised and vertically-integrated business model across multiple proteins and geographies. As a diversified agri-food company, we have proven to be effective in seizing the opportunities arising from the increasing protein consumption in Asia as well as in cushioning challenging market conditions such as those we have been experiencing in two of our key pillars since the beginning of the year. Looking ahead, we remain confident that by building on our strengths and improving our operational efficiency we will continue to deliver results to our shareholders".

Financial Highlights

(US$ million)	*3Q 2019*	*3Q 2018*	*Change*	*9M 2019*	*9M 2018*	*Change*
Revenue	952.2	877.4	8.5%	2,838.4	2,624.0	8.2%
Operating Profit	48.1	82.4	(41.7)%	184.4	264.5	(30.3)%
Operating Profit Margin (%)	*5.1*	*9.4*	*(4.3)pts*	*6.5*	*10.1*	*(3.6)pts*
EBITDA[1]	*87.8*	112.6	*(23.0)%*	*290.3*	356.4	*(18.9)%*
Profit After Tax ("PAT")	16.7	33.7	(50.4)%	63.3	124.8	(49.3)%
PATMI	9.6	14.3	(32.5)%	22.4	60.5	(62.9)%
Core PATMI without Forex[3]	11.8	28.6	(58.8)%	47.5	95.3	(50.1)%

Segment Results

PT Japfa Tbk

In the third quarter 2019, PT Japfa Tbk recorded a revenue increase of 7.4% y-o-y to US$630.8 million driven by higher sales volumes and ASP in poultry feed.

The operating profit amounted to US$29.8 million from US$62.3 million y-o-y mainly contributed by strong poultry feed operations, which benefitted from lower raw material cost due to a good corn harvest. On the other hand, breeding and commercial farms operations were impacted by low DOC and broiler ASPs resulting from a continued oversupply in the market. As a consequence, breeding operations only broke even, while commercial farm operations recorded an operating loss of US$14.5 million.

The government has implemented additional culling in Indonesia to reduce DOC supply and stabilise both DOC and broiler prices.

APO

The APO segment delivered a 10% y-o-y increase in revenue to US$169.3 million from US$153.8 million driven by feed volumes in Vietnam, Myanmar and India.

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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.*

The segment recorded an operating loss of US$3.6 million in 3Q2019 due to low swine fattening ASPs in Vietnam resulting from pre-emptive sales of swine located in high-risk ASF areas, as well as low poultry ASPs caused by an oversupply in the market.

While there is currently no vaccine or treatment for ASF, effective prevention and biosecurity remain the only available means to protect the swine livestock. As an industrialised farmer, Japfa has strict biosecurity measures, including isolation, traffic control and sanitation. Since the outbreak of ASF in the region, we have heightened our strict biosecurity protocols in our farms and production facilities in Vietnam to minimise the incidence of such threats in our operations.

It should be noted that, despite the ASF, the operating profit of APO Vietnam for the 9 months of 2019 remains positive.

Dairy

The Dairy segment recorded a higher performance year-on-year. In 3Q2019, revenue grew 20.5% y-o-y to US$122.7 million, driven by an increase in sales volume in both China and South-East Asia.

Operating profit grew 44% to US$22.1 million y-o-y, driven by higher raw milk prices in China (+13%) following low milk supply especially during summer. In Indonesia, we continued to invest in advertising and promotion for the wider dairy product range.

Consumer Food

The Consumer Food segment continued to face tight competition in the ambient food sector. The segment saw an operating profit of US$1.3 million in 3Q2019 from an operating loss of US$5.6 million. Profitability improved in frozen products range mainly driven by a lower chicken input costs.

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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