JAPFA

BUILDING A LASTING LEGACY

FEEDING EMERGING ASIA



Japfa Ltd

Annual General Meeting

17 April 2023

Agenda

1. Key Financial Highlights
2. Major Global External Factors
3. Resolutions

KEY FINANCIAL HIGHLIGHTS



Key Highlights for FY2022

- **FY2022 results reflect a global challenging environment. High raw material costs impacted our production costs. At the same time, ASP increases were constrained by lower consumer purchasing power, due to rising inflation globally**
- **The combined impact resulted in overall margin shrinkage. In addition, ASF in Vietnam affected swine fattening ASPs and increased costs in our operations**
- **As a result of this challenging environment, PT Japfa Tbk delivered a lower profit and Animal Protein Other ("APO") recorded a loss**
- **Global external factors are uncertain in the near term, but we are optimistic that growth prospects in protein consumption remain solid in the long term**
- **Distribution in specie of AAG shares in connection with the listing of AAG on HKSE on 30 December 2022**
- **A final dividend of 1.0 Singapore cent per share for FY2022 is proposed**

Revenue*	Operating Profit*	Operating Profit Margin*
US$4,363.8m	**US$155.5m**	**3.6%**
6.6% y-o-y	-28.9% y-o-y	-1.8 pts y-o-y

EBITDA*	PATMI	Core PATMI w/o Forex
US$268.9m	**US$8.2m**	**US$34.6m**
-28.1% y-o-y	-93.1% y-o-y	-73.9% y-o-y

Note: * The consolidated Revenue, Operating Profit and EBITDA do not include AAG

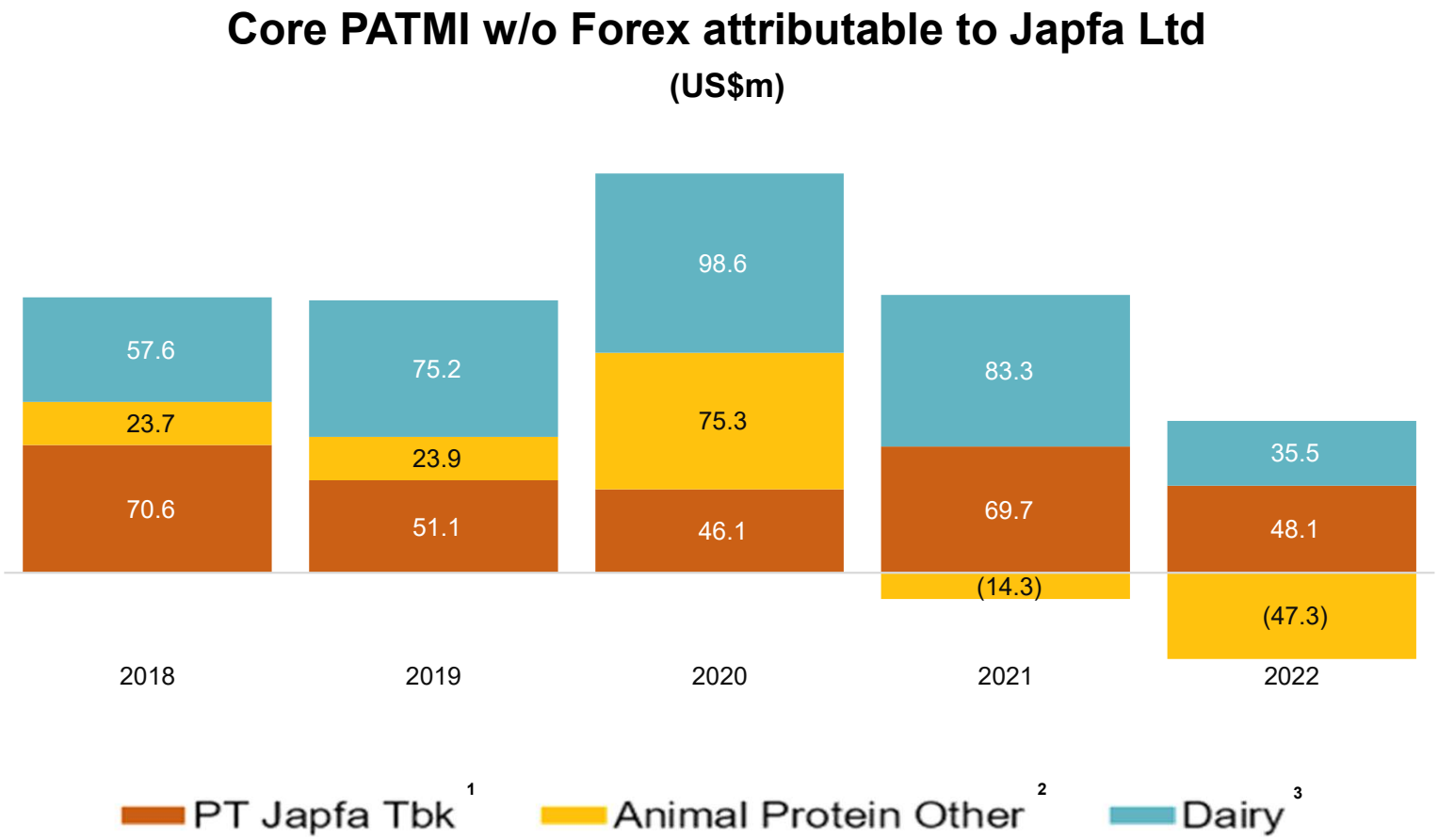
PT Japfa Tbk feed margins improved even though raw material costs remain high

DOC and broiler ASPs did not keep pace with the high production costs arising from higher feed input costs

Subdued swine ASPs in Vietnam due to ASF. In addition, production costs increased due to high feed input costs and ASF

- We define "**EBITDA**" as profit before tax, excluding interest income, finance costs, depreciation and amortisation expenses. We also exclude (a) foreign exchange adjustments gains/(losses), (b) changes in fair value of derivatives relating to foreign exchange hedging, and (c) fair value of biological assets.
- We derived **"Core PATMI"** from "Profit Attributable to Owners of the Parent, Net of Tax" by excluding (a) changes in fair value of biological assets (net of tax), other than gains/(losses) from the sale of beef in China, (b) changes in fair value of derivatives, and (c) extraordinary items, attributable to the 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. We have not made an estimate of the tax impact on foreign exchange gains/losses.

Core PATMI w/o Forex by Business Segments

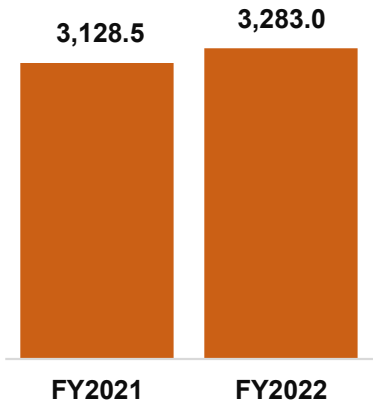


1. Japfa Ltd owns 55.4% of PT Japfa Tbk
2. Japfa Ltd owns 100% of APO
3. AAG ceased to be a subsidiary of Japfa Ltd following the DIS of AAG as of 30 December 2022. As AAG PAT for FY2022 was included in the Group Core PATMI w/o Forex for FY2022, it is included in the illustration above.

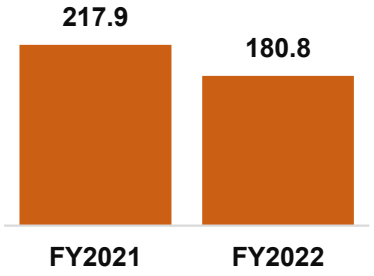
The bar chart shown above focuses on the business segments only and excludes the Group's central purchasing subsidiary, headquarter costs and elimination adjustments between segments.

PT Japfa Tbk – Financial Performance

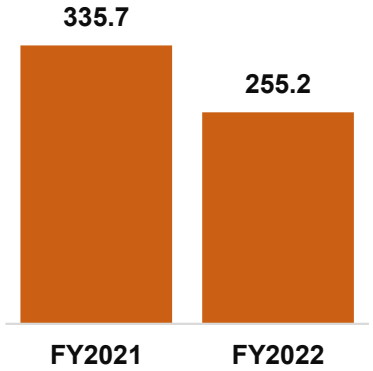
Revenue
US$m
4.9% y-o-y



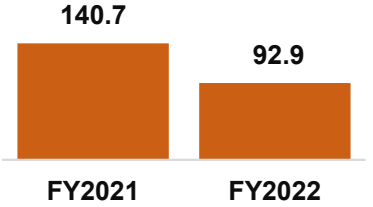
Operating Profit
US$m
-17.0% y-o-y



EBITDA
US$m
-24.0% y-o-y



PAT
US$m
-34.0% y-o-y



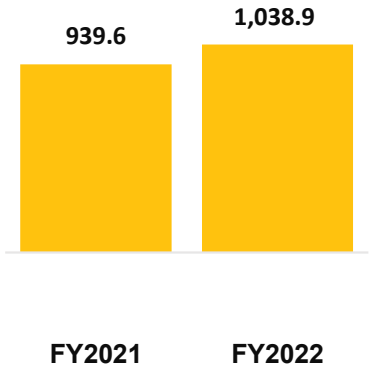
Feed margin recovery partially cushioned impact of high-cost environment

- Revenue growth driven mainly by higher feed ASPs, supported by steady volumes across all operations
- Feed margins in 2022 are on the road to recovery from the historical lows in 2021 due to Covid
- Overall profitability however has reduced as ASPs of both DOC and broiler did not keep pace with the higher global feed raw material costs
- In FY2022, PAT reduced by US$47.8 million. It should be noted that in FY2021 EBITDA and PAT included a one-off Other Income of US$25.6m due to a reduction in pension liability following a change in law
- Despite a high-cost environment and persistent global uncertainties, PT Japfa Tbk delivered a respectable FY2022 EBITDA of US$255.2m reflecting its strong position in feed, economies of scale and a resilient business model

APO – Financial Performance

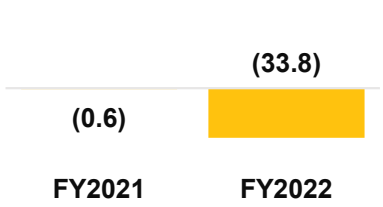
Revenue
US$m

10.6% y-o-y



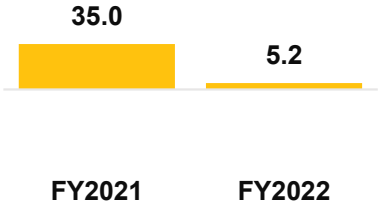
Operating Profit
US$m

n.m.



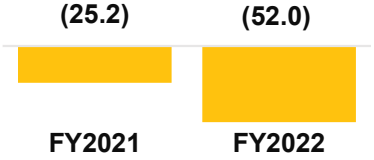
EBITDA
US$m

-85.3% y-o-y



PAT
US$m

-106.6% y-o-y



Results impacted by low ASPs, high production costs and ASF in Vietnam-Swine.

EBITDA remains positive

APO recorded a PAT loss of US$52.0m, of which approximately US$20m is from the ASF impact on our Vietnam-Swine operations and the remaining from margin contraction across countries and proteins

Vietnam-Swine

Swine recorded a significant operating loss in FY2022 due to i) low swine ASPs, ii) high production costs and iii) ASF.

APO – Financial Performance

Vietnam-Swine (continued)

i) Low swine ASPs

- ASPs were volatile because of pre-emptive sales due to a resurgence of ASF.
- Pork prices were low in 4Q2022 due to a weaker than expected demand towards Tet. Typically, consumer spending rises towards Tet, however pork consumption this year did not increase significantly. A key reason is that many export-oriented companies in Vietnam were affected by slowdowns in their target markets such as U.S. and Europe. These businesses witnessed a reduction in orders, leading to factory layoffs and causing workers to tighten spending.
- As a result, the price level of pork dropped to low levels. This contrasts with FY2021, when ASPs were exceptionally high due to the supply shortage in the market.

ii) High production costs:

- Costs have increased mainly as a result of high feed raw material costs globally. Due to the long days on feed for swine, feed is a significant component of swine production costs.
- In addition, we are investing in new modern state-of-art swine breeding and fattening farms, which has increased production costs.

iii) ASF:

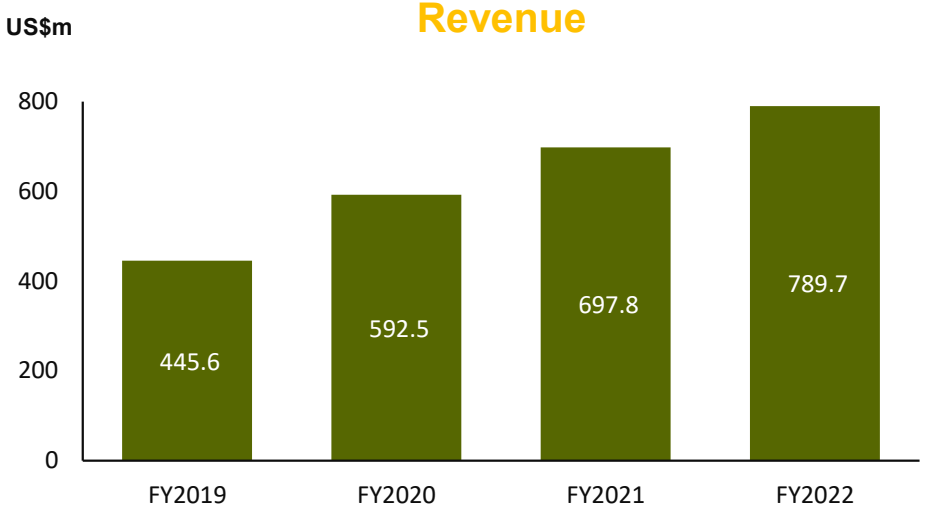
- A significant number of our swine fattening livestock in Vietnam were hit by ASF causing losses of approximately US$20m for the year, with the biggest impact in 4Q2022

Vietnam-Poultry

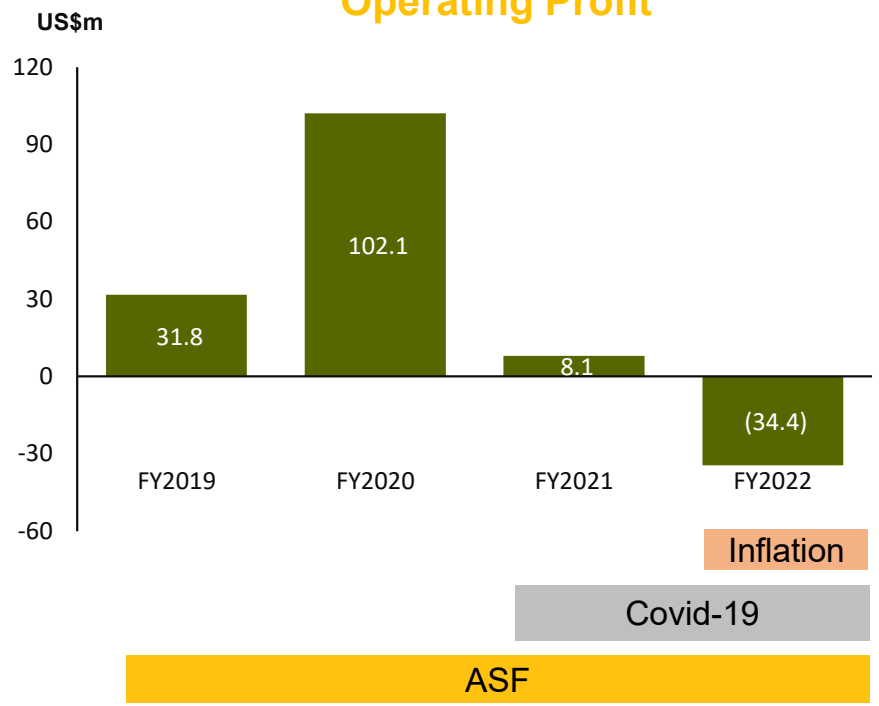
ASPs of both broiler and color birds did not keep pace with the higher global feed raw material costs resulting in margin contraction

APO-Vietnam

Revenue



Operating Profit



APO-Vietnam FY2022 profits affected by low ASPs, high production costs and ASF[1] in Vietnam

- In 2019, Vietnam was hit by ASF, which significantly reduced the total domestic swine population.
- In 2020, our full-year fattening volumes were maintained amid a swine population declining in Vietnam. This allowed us to take advantage of high ASPs. In addition, APO-Vietnam surpassed the 1-million-ton milestone in feed sales volume.
- In 2021, consumer demand was dampened by Covid-19 which impacted prices of poultry and swine.
- In 2022, APO-Vietnam recorded a significant operating loss in FY2022 due to inflation dampening ASPs and increasing production cost, as well as ASF impacting our operations. Pork prices were low throughout 2022 due to ASF pre-emptive sales and in 4Q2022 prices dropped further with a weaker than expected demand towards Tet. In addition, higher feed raw material costs tightened margins across our vertically integrated operations in Vietnam.

[1] ASF refers to African Swine Fever

APO-Vietnam

The long term prospects of economic growth in Vietnam are expected to be sound. This should lead to higher demand for staple proteins in the future.

Japfa has made strategic investments to set a strong base to grow in line with expected protein consumption growth, including:

- Feed – In 2022, a new feedmill was built increasing capacity to 1.8 million tons p.a.
- Swine – Over the last few years, we have established a robust industrialised value chain through a swine breeding pyramid starting from our own Great Grand Parent (GGP) farms, with superior genetics; and modern breeding and fattening farms equipped with the latest technologies
- Color bird - In terms of chicken, color bird is the preferred choice by Vietnamese consumers over broiler. Color bird is served in high-end restaurants and households, which is a different market from broiler that is mainly consumed in factory and school canteens. Five years ago we strategically started color bird as a new product line to tap this market segment. Sales revenue of color bird in FY2022 amounted to US$120m exceeding broiler sales for the first time
- Slaughterhouse – In 2022, we built a new poultry slaughterhouse as part of our long term downstream strategy
- Vaksindo - In 2022, we started the construction of a vaccine factory in Vietnam. Leveraging on the strong track record in vaccine research and production by Vaksindo in Indonesia, this modern factory will produce a variety of vital vaccines for avian, cattle and swine livestock for the domestic market

MAJOR GLOBAL EXTERNAL FACTORS



Major Global External Factors

Major global factors we faced in 2022:

- Geopolitical tensions, especially the situation between Russia and Ukraine, have caused disruptions to global economies, supply chains and commodities prices. These have impacted the cost of raw materials and consumer purchasing power
- Global inflationary pressures arising from interest rate hikes by central banks, high energy costs, supply chain bottlenecks and soaring production costs have put upward pressure on prices and ultimately affected consumer purchasing power
- Covid-19 entered into its third year and has continued to disrupt economic activity. Even though Covid-19 appears to diminish, with many countries including China progressively loosening movement restrictions, the situation remains fluid. A resurgence of Covid-19 may impact the global economy, affecting logistics, distribution and demand in our markets. Movement restrictions affect consumers' purchasing power, especially in the low-income band in emerging economies, dampening demand and impacting selling prices of our products

These macroeconomic factors are largely outside our control. We will hold back on non-essential capex across the Group. We have also put our previous growth plans for Vietnam, in both swine and color bird operations, on hold until there is a clear upward trend in the recovery of consumer demand and ASPs.

As Japfa produces safe and affordable staple proteins, we remain confident in our long-term outlook; we have set a solid foundation for future growth, based on the prospects for protein consumption in emerging Asia

RESOLUTIONS





THANK YOU

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