PRESS RELEASE

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FY2020 Financial Results

Japfa continues to deliver strong growth in profits with Core PATMI w/o Forex up 63.3% to US$195.4 million during Covid-19

- **The Group's diversification strategy across proteins and markets is effective. Robust results of Swine-Vietnam[1] and Dairy-China[1] more than offset the weaker performance of Poultry-Indonesia[1].**
- **Two major transactions in the Dairy segment resulted in cash inflow of almost US$500 million. On the basis of these transactions, the combined implied equity value of the Dairy segment is over US$1.3 billion. This demonstrates Japfa's ability to build scalable market leading businesses.**
- **From the sale of Dairy-SEA, an extraordinary net gain of US$140.2 million was recorded. The Company recommends a special interim dividend of 10 Singapore cents per share.**
- **Even excluding the extraordinary net gain, EBITDA exceeded the US$500 million mark on the back of strong results from operations.**
- **Additionally, the Company recommends a final dividend of 1 Singapore cent per share for FY2020.**
- **Equity attributable to the Owners of the Parent increased by US$539.1 million. NAV per share increased to 93 Singapore cents as of 31 December 2020 from 64 Singapore cents a year before.**

Singapore, 28 February 2021 – Leading industrialised agri-food company Japfa Ltd ("Japfa" or, together with its subsidiaries, the "Group") today posted a solid bottom-line for the full year ended 31 December 2020 ("FY2020") proving resilience amid persistent challenging market conditions caused by the Covid-19 pandemic.

Core PATMI without Forex increased to US$195.4 million compared to US$119.7 million in FY2019 (+63.3% year-on-year ("y-o-y")), driven by a strong performance from operations. It should be noted that Core PATMI without Forex does not include an extraordinary net gain of US$140.2 million from the sale of Dairy-SEA. The robust results of Swine-Vietnam and Dairy-China have more than offset the weaker performance of Poultry-Indonesia, thus proving that Japfa's diversification strategy is effective. By diversifying its business across proteins and markets, Japfa has built a portfolio of uncorrelated revenue and profit streams that allows the Group to mitigate major down-cycles in particular markets.

The two major transactions undertaken in the Dairy segment, namely the sale of 25% of Dairy-China to Meiji and the effective sale of 80% of Dairy-SEA to TPG and Northstar Group, resulted in cash inflow of

[1] We define Poultry-Indonesia, Swine-Vietnam and Dairy-China as our three key profit pillars. In terms of business segments, Poultry-Indonesia is part of the PT Japfa Tbk segment, Swine-Vietnam is part of Animal Protein Others ("APO") segment and Dairy-China is part of Dairy segment.

almost US$500 million. On the basis of these transactions, the combined implied equity value of the Dairy segment is over US$1.3 billion.

In FY2020 EBITDA grew 42.7% y-o-y to US$683.1 million, which included an extraordinary net gain of US$140.2 million from the sale of Dairy-SEA. Even excluding this extraordinary item, EBITDA exceeded the US$500 million mark for the first time since IPO in 2014.

Equity attributable to the Owners of the Parent increased by US$539.1 million (+61.2% y-o-y) mainly from the rights issue of US$66.7 million; a gain of US$121.6 million from the sale of 25% stake in Dairy-China to Meiji recorded in equity; an extraordinary net gain of US$140.2m from the sale of Dairy-SEA recorded in P&L; and PATMI of US$181.8 million without the extraordinary net gain.

As a result of the increase in equity, NAV per share grew significantly to S$0.93 (US$ 0.70) as of 31 December 2020 from S$0.64 (US$0.47) in the previous year.

Tan Yong Nang, Chief Executive Officer of Japfa, said: "In this unprecedented year marked by the Covid-19 pandemic, we delivered significant growth in profits, making the most of the strong momentum of our two key pillars Dairy-China and Swine-Vietnam. This robust performance demonstrates that our diversification strategy across proteins and countries is a true strength in cushioning cyclicality and market's challenges. Our FY2020 performance is also proof of our disciplined execution and resilient business model. Additionally, the two major transactions in the Dairy segment demonstrate our ability to build scalable market leading businesses. As a result of the successful divestment of Dairy-SEA, we are pleased to recommend a special interim dividend of 10 Singapore cents per share. Through our diversification strategy and relentless dedication, we continue to deliver value to our shareholders as well as safe and affordable protein foods to millions of people in Asia".

Financial Highlights

US$ million	FY2019	FY2020	Change
Revenue	3,890.5	3,868.3	-0.6%
Operating profit	339.0	363.8	7.3%
Operating Profit Margin (%)	8.7%	9.4%	0.7 ppt
EBITDA[2]	478.6	683.1	42.7%
Profit After Tax ("PAT")	184.6	371.6	101.3%
Net Profit Attributable to Owners ("PATMI")	120.0	322.0	168.4%
Core PATMI without Forex[3]	119.7	195.4	63.3%

Group revenue remained stable at US$3.9 billion (-0.6% compared FY2019), despite Covid-19 impact on demand for poultry in Indonesia.

PATMI grew to US$322.0 million in FY2020. Even excluding the extraordinary net gain of US$140.2 million from the sale of Dairy-SEA, the PATMI of US$181.8 million is more than 50% higher than US$120.0 million in FY2019.

[2] 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, other than gains/(losses) from the sale of beef in China.

[3] 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. This is because the majority of the gains/losses are unrealised and arise from the translation of USD bonds in PT Japfa Tbk and USD loans in Dairy, which have no tax implication.

Segmental Results

PT Japfa Tbk

PT Japfa Tbk delivered solid results in a challenging year marked by the negative impact of Covid-19 pandemic on consumer demand and, consequently, on poultry prices in Indonesia.

Revenue decreased to US$2,527.5 million (vs US$2,750.9 million in FY2019) and operating profit declined to US$173.9 million (vs US$215.3 million in FY2019) mainly due to lower demand for poultry following Covid-19 related disruptions in Indonesia. Covid-19 measures have reduced the purchasing power of middle- and low-income households and, consequently, the demand for consumer staples, including poultry. This has resulted in a drop in sales volumes of feed and DOCs as well as in lower poultry prices. In April 2020, broiler and DOC prices dropped to one of the lowest levels since Japfa Ltd IPO in 2014. In August 2020 the government introduced initiatives to balance the demand and supply dynamics in the poultry industry. As a result of the strict enforcement of these initiatives, poultry prices stabilised in 4Q2020.

A successful procurement during the corn harvest season, coupled with the ability to manage raw materials costs, have boosted the poultry feed operating profit margins. As a vertically integrated business, a strong profit from feed operation helped buffer the weaker performance from DOC and broiler.

The Aquaculture division delivered robust results on the back of higher sales volumes and feed margins.

As part of an intragroup reorganisation implemented in 2020 to leverage synergies within Indonesia, the Consumer Food segment was transferred and consolidated into PT Japfa Tbk segment, with the objective of fully integrating the downstream branded consumer food business with upstream (poultry feed and breeding) and midstream (commercial poultry farming) businesses. To allow comparison with FY2020 segmental results, FY2019 results of the two segments Consumer Food and PT Japfa Tbk have been combined.

Sales volumes in frozen products under So Good brand in FY2020 have increased compared to last year, as movement restrictions linked to the pandemic are changing consumer patterns towards processed foods.

In a tough Covid-19 environment, PT Japfa Tbk delivered a solid EBITDA of US$257.5 million.

Animal Protein Other ("APO")

APO revenue increased 15.0% y-o-y to US$796.0 million from US$692.0 million in FY2019. Operating profit rocketed to US$98.0 million (vs US$39.6 million in FY2019).

The exceptional growth in profitability for the APO segment was primarily driven by Vietnam operations, reaping the benefits of Japfa's long-term strategy in industrialised farming.

Revenue and profits in APO-Vietnam increased mainly as a result of: (i) high swine fattening price, which remained strong in 2020 due to the supply shortage arising from the African Swine Fever ("ASF") outbreak; and (ii) increase in feed sales volume, which surpassed the 1 million ton milestone in FY2020. Feed remains a stable pillar of profitability.

Japfa was able to contain and minimise the adverse effect of ASF on its swine population in consequence of its industrialised business model, which encompasses strict bio-security protocols and strong farm management. The strategy to build a swine breeding pyramid, starting from its own Great Grand Parent (GGP) farms, allows Japfa to replenish its swine breeding stock faster than most competitors.

In APO-Myanmar, represents less than 3% of Group revenue, DOC and broiler prices remained low due to the impact of Covid-19 on demand for poultry.

With feed as a major contributor to revenue and profitability, APO-India turned in a profit despite Covid-19 challenges.

Dairy

The Dairy segment proved to be a strong pillar for revenue and profitability in FY2020.

Revenue grew 16.1% y-o-y to US$547.5 million (vs US$471.5 million in FY2019) and operating profit increased to US$114.3 million (+28.2% vs US$89.2 million in FY2019) driven by strong milk yields, which exceeded 40kg/head/day in FY2020, and higher raw milk prices (+8% y-o-y) in a supply shortage environment in China. The expansion of dairy operations in China is going ahead with the construction of a new dairy farm in Chifeng, Inner Mongolia (Farm 8).

Beef operations in China also boosted revenue by US$60.0 million and PAT by US$17.8 million in FY2020.

While Covid-19 measures have had a minimal impact on our day-to-day operations and raw milk demand in China, we believe the supply shortage and the strong raw milk price environment will continue over the medium term as it takes time for the industry to build new dairy farms and reach the "full milking" stage.

In SEA, dairy products sales volumes increased y-o-y improving profitability. Due to the sale of Dairy-SEA, from 1 January 2021 equity accounting will be applied for the 20% stake retained.

Major developments in 2020

Dairy-China: with the sale of 25% of China dairy operations to Meiji, Japfa has forged a strategic and synergistic partnership, where Japfa will supply quality raw milk to Meiji downstream operations in support to their expansions plans in China. Japfa remains the single largest shareholder of Dairy-China with a 75% shareholding and continues to control and manage its farming operations in China. The partnership with Meiji will strengthen Japfa's position as a raw milk producer in the growing Chinese dairy industry.

Dairy-SEA: In December, Japfa entered into a Share Purchase Agreement for the sale of its vertically integrated branded dairy business in SEA to TPG and Northstar. Post-transaction, Japfa retains 20% interest in Greenfields Dairy and continues to benefit from the upside potential from this strategic partnership, as TPG and Northstar bring funding and management expertise to Greenfields Dairy.

Aquaculture: the aquaculture division of PT Japfa Tbk entered into a joint venture agreement with the aquaculture breeding division of Hendrix Genetics to establish a Broodstock Multiplication Centre ("BMC") in Indonesia which will supply high-quality broodstock to the Indonesian shrimp industry.

Swine-Vietnam: the 3-year plan to enhance performance and swine genetics in collaboration with Hypor, the swine breeding division of Hendrix Genetics, is going ahead.

Looking ahead

With many countries still affected by Covid-19, we expect FY2021 to remain challenging for the global economy. Although Japfa was able to manage the situation so far, the sentiments surrounding the macro-environment might have an indirect impact on consumer demand. We continue to monitor the fluid situation in Indonesia, while we forge ahead with growth initiatives in Swine-Vietnam and Dairy-China. Based on the prospects for protein consumption in our markets, we remain confident in our long-term outlook as we have set a solid base for future growth.

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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 1971, the Group has 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, Myanmar and Vietnam. 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 *www.japfa.com*

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