

INVESTOR PRESENTATION

December 2017

Agenda

Company Background

Industry Outlook

Business Lines

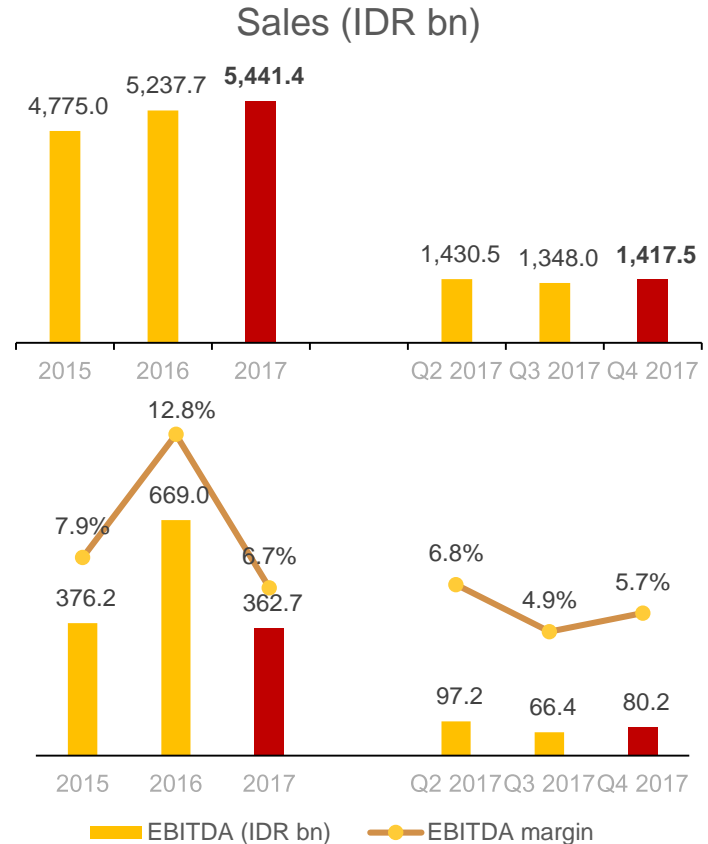
Company Financials



COMPANY BACKGROUND

Introduction to Malindo

- Established in 1997, Malindo is a fully integrated poultry producer with 4 main divisions – Feed, Breeder, Broiler & Processed Food. Malindo was listed on the Indonesia Stock Exchange in 2006 and has a IDR 1.7 tn market cap⁽¹⁾
- Successful management team with 40+ years of industry experience in SE Asia
- In FY2017, EBITDA decrease by 45.9% to IDR363 bn (FY2016: IDR669 bn), with an EBITDA margin of 6.8% (FY2016: 12.8%)
- Continued growth trajectory, including branded food line – supported by projected chicken consumption CAGR of 8% - 10% until 2020
- As at 31 December, 2017, Malindo has a healthy financial position with a Gearing ratio (net) of 0.98x and USD bank borrowings of only 5.5% of total borrowings



Key Financial Highlights

Attractive, Fast Growing Industry

- Amongst the lowest consumption in SE Asia at 11 kg vs. Malaysia at 40 kg⁽¹⁾
- The preferred protein due to its cultural & religious fit and affordability
- GDP growth – 2017: 5.1%; 2016: 5.0%; stable political environment, improved government spending & lower bank lending rates

Top-3 Integrated Player

- Vertically integrated player with 7-8% market share⁽²⁾
- Strong position in feed (c. 65% of total revenues) with growing branded consumer food products (brand names : “SunnyGold” & “Ciki Wiki”)
- Reputation as high quality producer, solid track record with diverse customer base

Secured Capex Budget, Expanding Footprint

- Capex plan in place to sustain a 10% - 15% annual revenue growth in the medium term
- Increased footprint with new facilities throughout Indonesia projected over the next 2-3 years to fully capitalize on economic growth
- Further scale anticipated to improve EBITDA margins

Quality Management & Governance

- The founding shareholder has 40+ years of industry experience in SE Asia
- Professional managers, independent board, best-in-class policies
- Historical dividend payout ratio in the range of 15-30% of net income

Notes:

- (1) USDA, Worldbank
- (2) Company research

FY 2017 Highlights & Outlook

• DOC & Broiler ASP stabilisation in 2017

Government initiatives ensuring stable DOC & chicken prices and supply-demand dynamics

DOC ASP FY: FY17: Rp4,400; FY16: Rp4,600;
FY15: Rp3,800;

DOC ASP Q4-Q2: Q4'17: Rp4,400; Q3'17:
Rp4,300; Q2'17: Rp4,600

• Consumer demand projected to improve with strong support by macro conditions:

- GDP growth: 2017 5.1% (2016 c. 5.0%)
- Improvement in consumer confidence and supported by government infrastructure spending (typically higher in 2H of FY)
- Minimum wages hike of 11%⁽¹⁾ in 2017

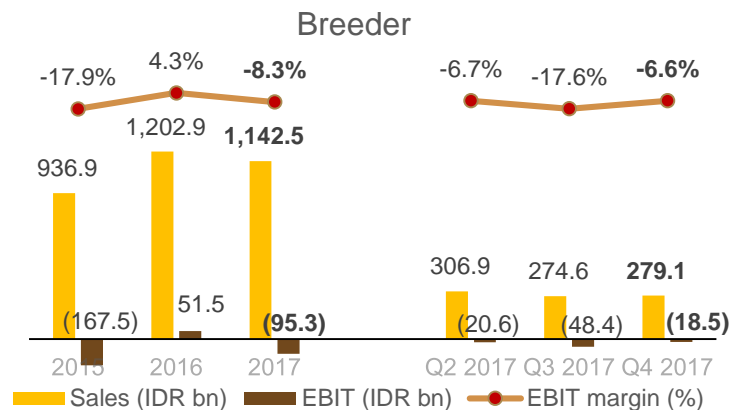
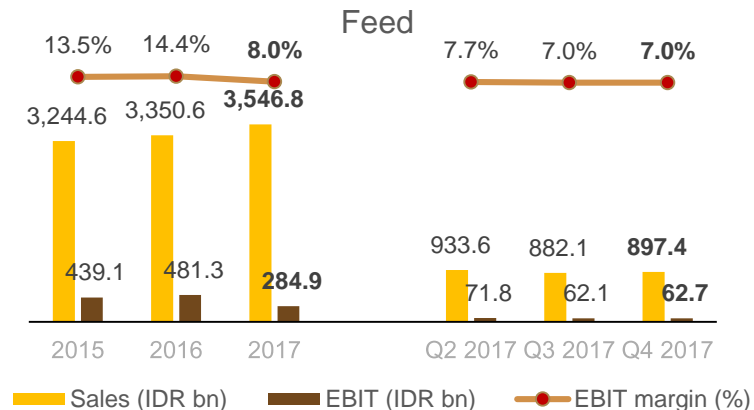
• Feed margins to benefit from volume growth, particularly from Semarang & Makassar plants, and stability in USD-IDR exchange rates

Feed prices FY : FY17: Rp6,200; FY2016:
Rp6,300; FY2015: Rp6,200;

Feed Price Q4-Q2: Q4 & Q3'17: Rp6,200; Q2'17:
Rp6,000

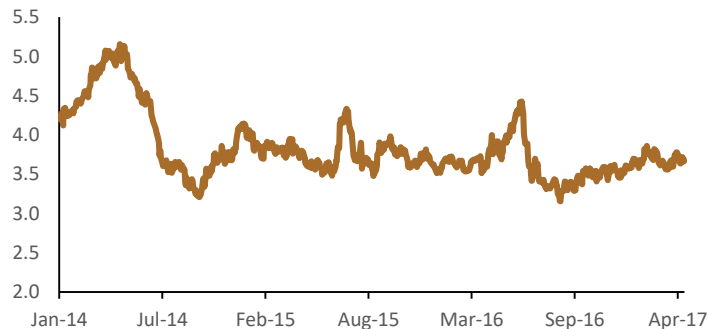
• Consumer food volume increase continues

- Sales growth of 55% YoY.
- Continued focus on marketing (e.g. nationwide TV commercial in April 2017) & distribution network in 2017

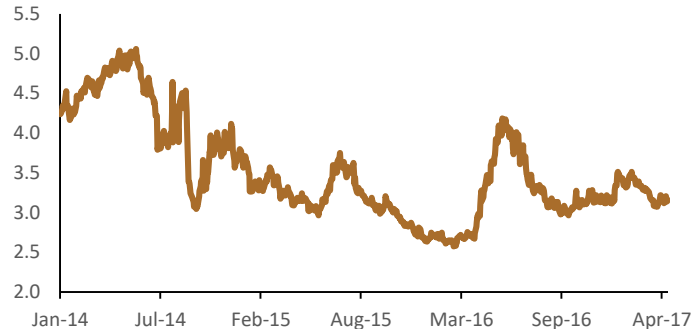


Impact of volatility in FX & Prices of Raw Materials

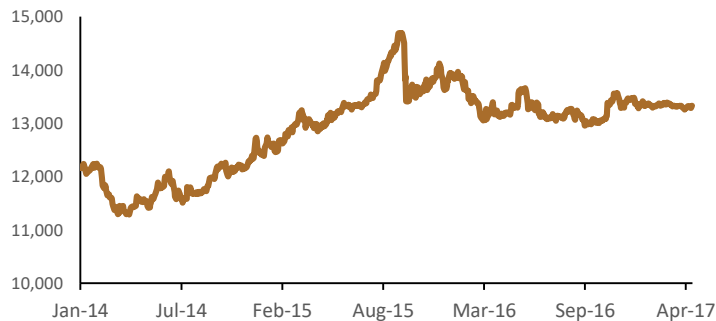
Corn Price (USD\$ per bu)



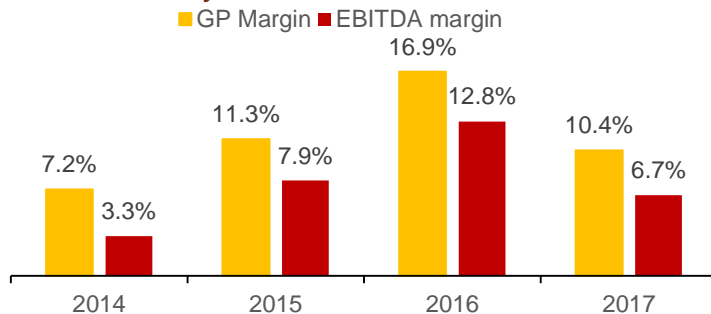
Soybean Meal Price (USD\$ per kg)



USD/IDR



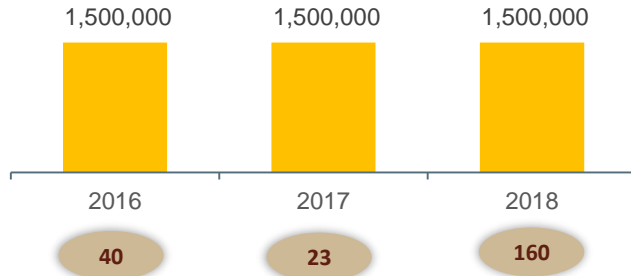
MAIN Profitability



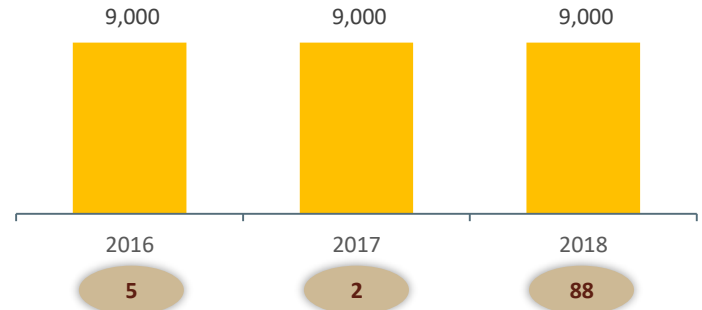
2014 & 2015 margins were affected by the high volatility in USD/IDR and low DOC prices.
Margin recovery in 2016 with stable exchange rates and higher Feed & DOC prices.

Capex plans 2017 – 2018 : Expanding our footprint

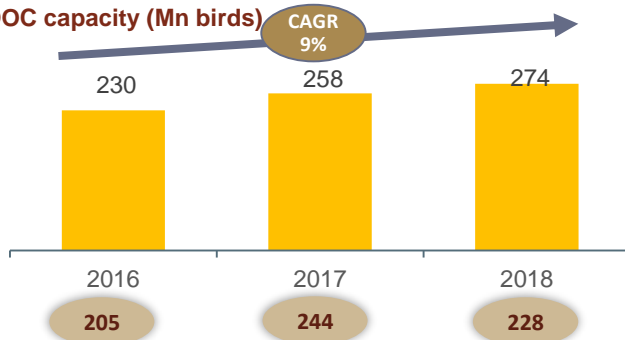
Feed capacity (MT)



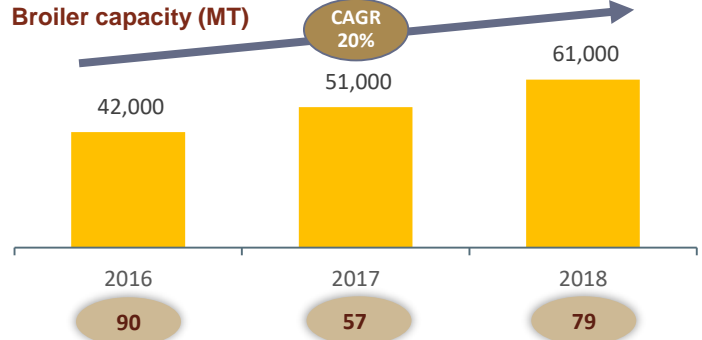
Consumer Foods capacity (MT)



DOC capacity (Mn birds)

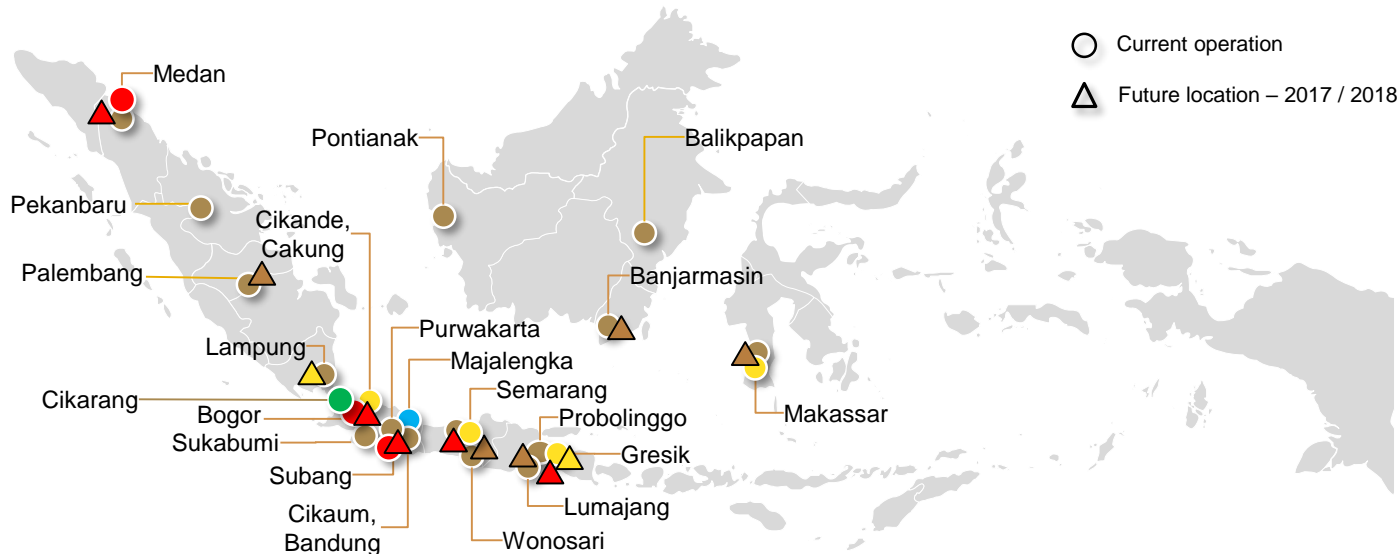


Broiler capacity (MT)



Projected Capex of IDR 555 bn in 2018 will enable Malindo to capture increased demand as the general economy & market grows

Strategic and Diverse locations



Legends	Division	2017 Annual Capacity	Additional Capacity	Locations
	Feedmill	1,500,000 MT *	-	Cakung, Cikande, Gresik, Semarang, Makassar, Lampung
	GPS Breeding	3.2 mn DOCs	-	Majalengka
	PS Breeding	258 mn DOCs	16 mn DOCs	Medan, Lampung, Subang, Cikaum, Purwakarta, Wonosari, Probolinggo, Lumajang, Pontianak, Banjarmasin, Makassar, Pekanbaru, Palembang, Rembang
	Broiler	51 mn kg	10 mn kg	Medan, Subang, Bogor
	Food Processing	9,000 MT	-	Cikarang

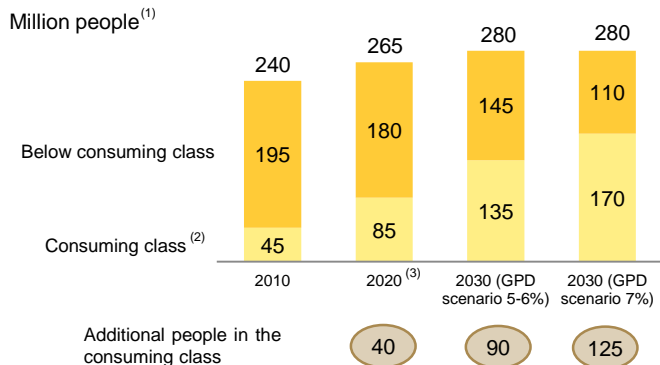
* based on mixed capacity



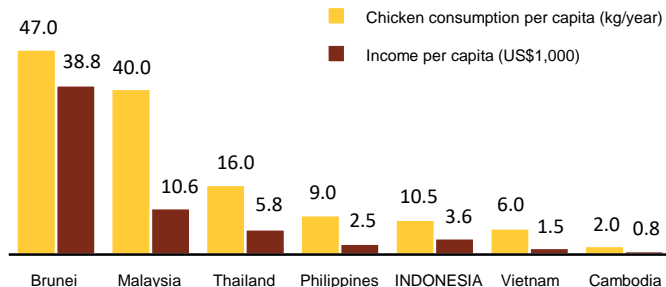
INDUSTRY OUTLOOK

Fast-growing industry driven by rising incomes

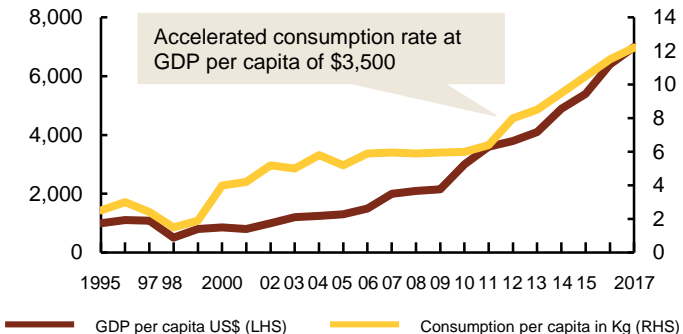
Indonesia's consuming class is growing, adding 90 million people in the consuming class by 2030



Indonesia has one of the lowest chicken consumption in SE Asia



Consumption per capita is projected to grow to 12 kg by 2017



Chicken is the most affordable animal protein after eggs

Protein source	Price/kg (IDR)	Protein content	Protein Price/g (IDR)
Egg	23,500	12.5%	188
Chicken (broiler)	35,000	18.5%	189
Fresh milk	25,000	3.5%	714
Beef	190,000	20.0%	950
Fish	167,500	17.5%	957

Notes: (1) Rounded to the nearest five million; (2) Consuming class defined as individuals with an annual net income of above \$ 3,600 at 2005 purchasing power parity (PPP); (3) Based on annual GDP growth of between 5-6%

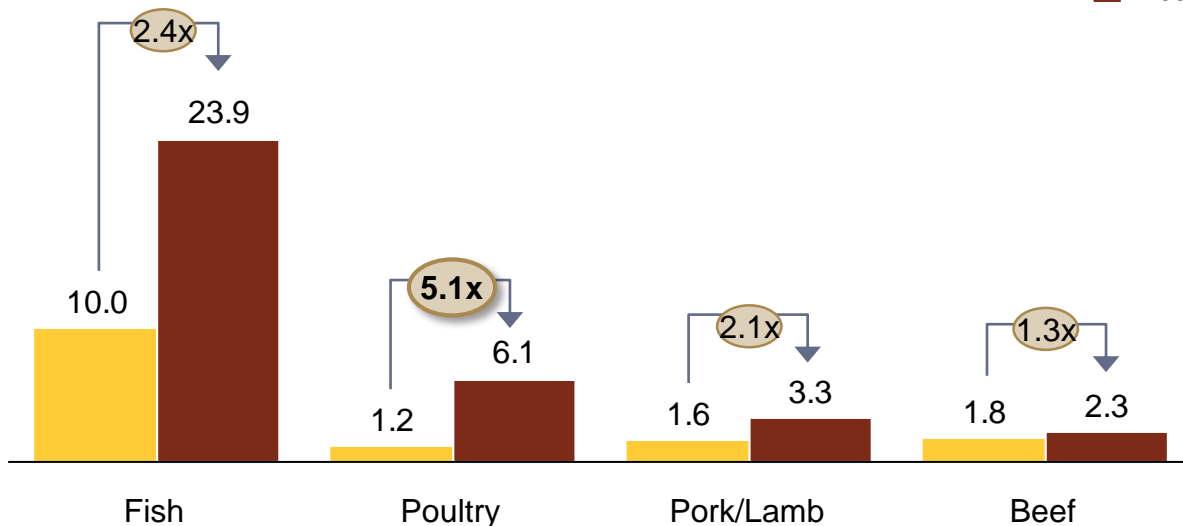
Source: FAOStats, BPS, IMF, USDA, World Bank, Kompas daily, LEK Consulting, McKinsey, Company

Poultry has been gaining share of consumption

Indonesia's consumption per capita by meat type (1980-2009)

Kilograms per capita

1980
2009



Share of meat consumption

69% → 67%

8% → 17%

11% → 9%

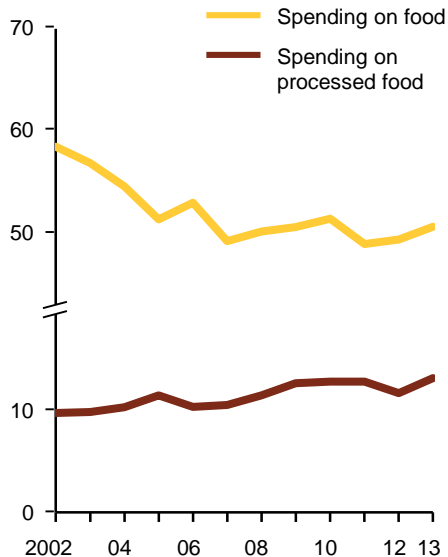
12% → 6%

Poultry is well-positioned to remain the dominant protein due to taste preference, affordability and compliance with religious dietary rules

Future opportunities in processed food

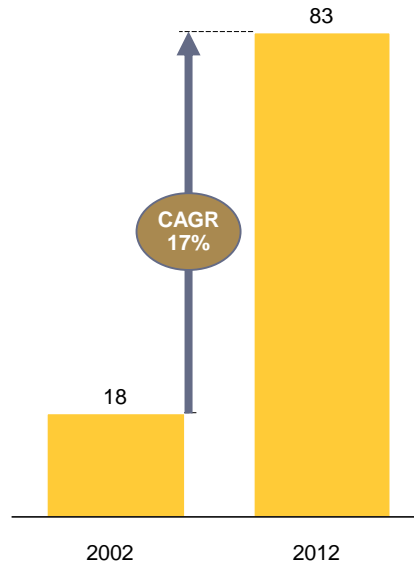
Food spending as portion of total income (2002-2013)

Percent of total income⁽¹⁾



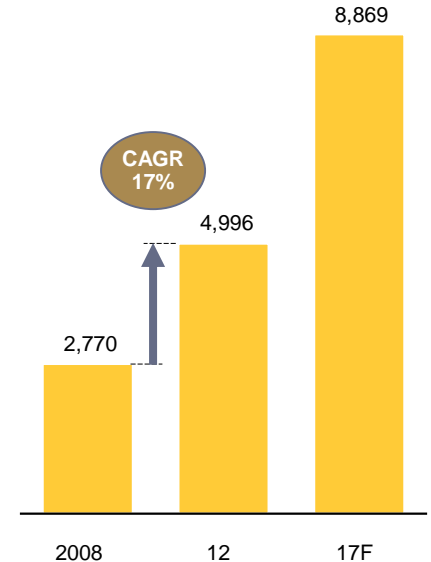
Processed food spend in Indonesia (2002-2012)⁽²⁾

Trillions of IDR



Frozen processed chicken spend in Indonesia

Billions of IDR



Indonesians are spending a smaller proportion of their income on food but spending on processed food is increasing substantially

Notes: (1) The 2011 and 2012 data is an average of March and September, the 2013 data is from March only; (2) Total of Chilled, Dried, Frozen and Other Processed Food

Source: LEK Consulting

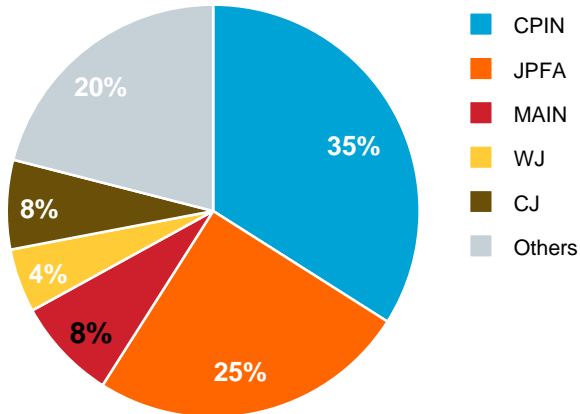


BUSINESS LINES

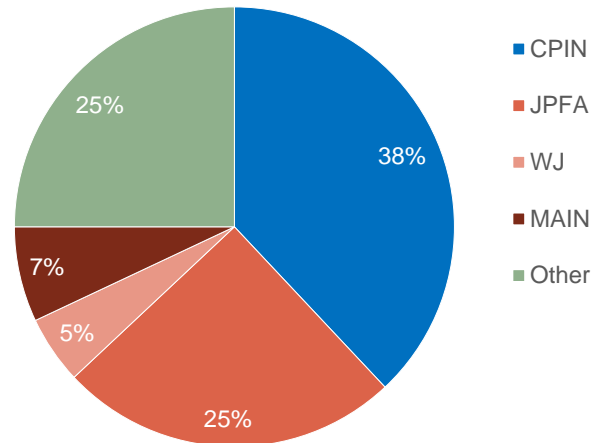
Emerging market leader in poultry

Malindo is well-positioned to capture market share from the overall growth in the poultry industry, including the growing branded processed poultry segment

Indonesia feed production capacity share (2017)



Indonesia DOC production capacity share (2017)



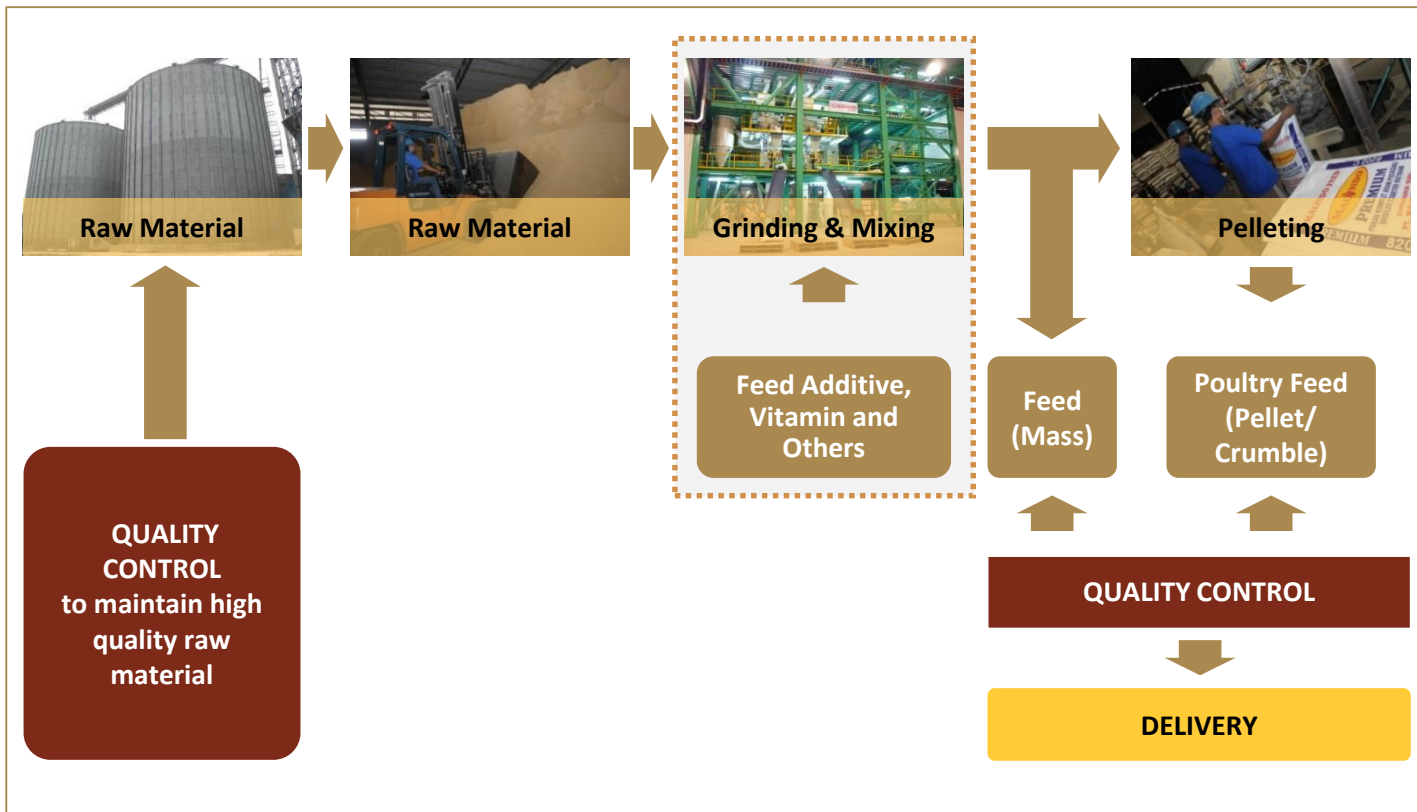
- Approximately 80% of the market is captured by the top 5 players
- The industry favors large, integrated players due to the significant capex requirements, technical capabilities and the long lead time to build trust with fragmented customer base

Feed

- **Highest contributor to revenues and EBIT**
 - FY2017 sales of IDR3.5 tn (FY2016: IDR3.4 tn) at 59% (FY2015 : 56%) of optimal utilization
 - 65% of FY2017 Revenue
 - FY 2017 EBIT margin: 8.0% (FY2016: 14.4%, FY2015: 13.5%)
- **Installation of additional corn dryers & silos in 2018 for increased utilisation of local corn**
- **Malindo is able to manage price and FX volatility of imported raw materials over time due to its scale and favorable industry dynamics**
- **Additional capacity is expected to improve EBIT margin through economies of scale (target utilization in FY2018 : 60%-65% of optimal capacity)**



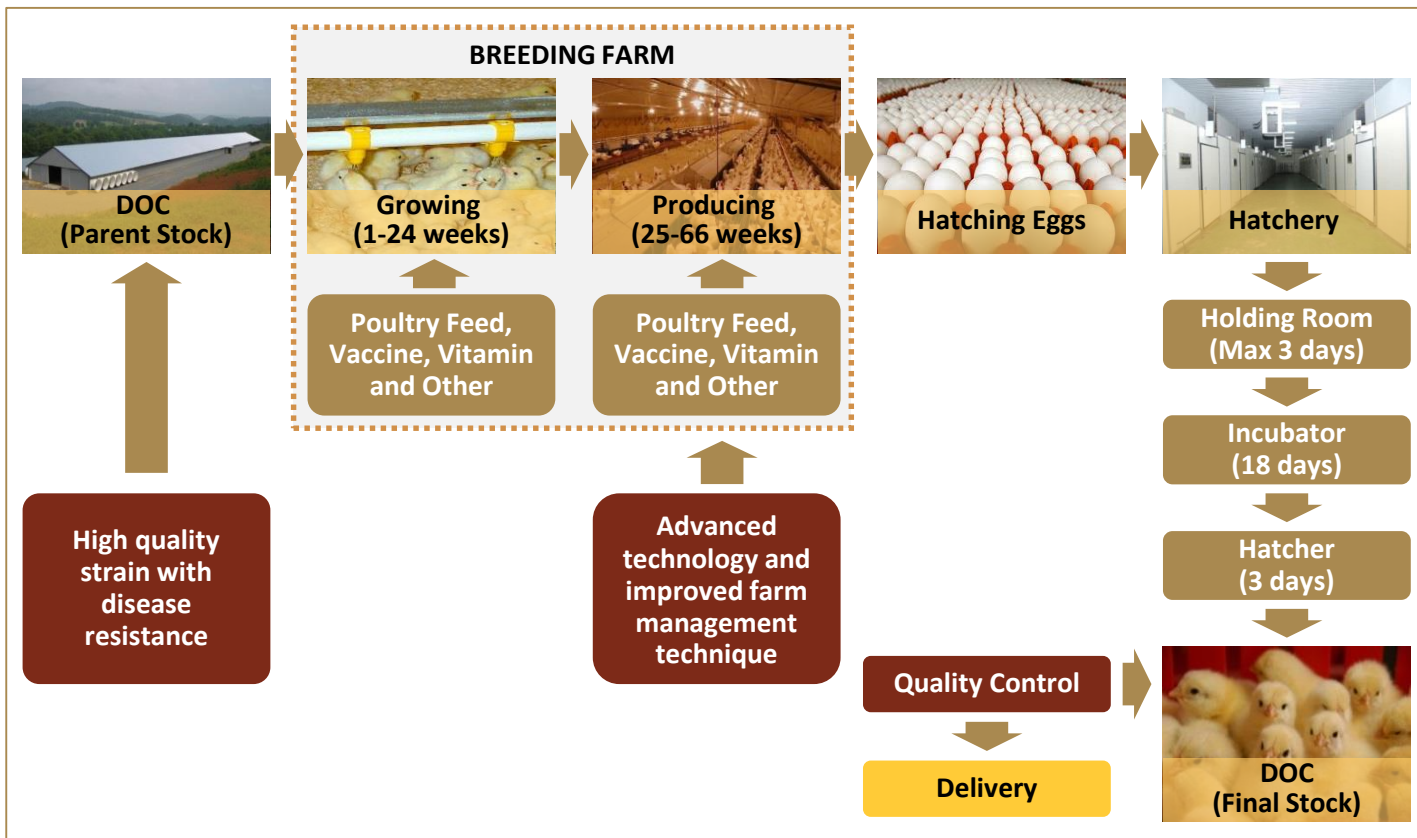
Production Process – Poultry Feed



- **FY2017 sales of IDR1,143 bn (FY2016: IDR1,203 bn)**
 - 21% of revenues; market stabilization in 2018
- **High quality, disease-resistant DOC sourced from Cobb-Vantress**
 - Efficient Feed Conversion Ratio (FCR), low mortality rates, high uniformity and fast weight gain
 - Technical expertise and strict sanitation and biosecurity standards results in low-mortality rate
 - Efficient and proven farm house management techniques
 - Strong R&D capabilities ensures continued improvements and quality control
- **Strong customer relationships and extensive distribution network**
 - 19+ years of experience on the ground, dedicated customer support team
 - Offer a full range of products and services including bundled feed and DOC, vitamins and vaccines
 - Provide technical assistance and support to farmers
- **Expanding production capacity with a target of 274 mn chicks in FY2018**
 - Malindo expects to add 8-10% production volume per annum beyond 2018 to support projected market recovery



Production Process – DOC



Broiler

- **FY2017 sales of IDR630 bn (FY2016: IDR605 bn), 12% of total revenues. FY2017 volume growth of 4% and projected volume growth of between 12%-15% in FY2018**
- **High quality DOC and best-in-class farm management ensures high-quality broiler**
- **Diverse geographic location limits disease outbreaks**
- **Expanding capacity to 61,000 tons in FY2018 to support the growth in processed food & chicken consumption**
 - Increased focus on supplying internal processed food division to ensure high quality chickens for its branded consumer products



Processed Food

- **Volume growth of 55% in FY2017, with sales revenue of IDR122 bn (2% of total revenues)**
- **State-of-the-art production plant with installed production capacity of 9,000 tons per annum**
 - Current installed capacity will be sufficient to cover projected demand for the next 2 years
 - With market recovery & improved sales from 2017, additional capacity to be added in 2019. Additional capacity can be installed modularly in the existing plant
- **2 main brands, targeting diverse customer base:**
 - Sunny Gold: premium brand targeting modern trade, estimated to generate 40% of revenues. Available at major supermarket chains (e.g. Lottemart, Hero, Giant, Superindo, Hypermart, Carrefour)
 - Ciki Wiki: mass brand targeting traditional market, estimated to generate 60% of sales
- **In 2017:**
 - TV commercial launched in April 2017 and support the growth of 55% in FY2017.
- **Follow us on social media:**
 - Facebook: Sunny Gold ID <https://m.facebook.com/sunnygoldID/>
 - Twitter: @SunnyGoldID <https://twitter.com/SunnyGoldID?s=09>
 - TVC : <https://www.youtube.com/watch?v=X7fdIK5gkZU>



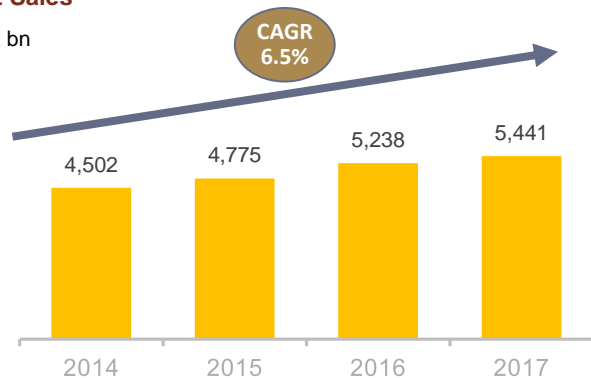


COMPANY FINANCIALS

Financial Performance

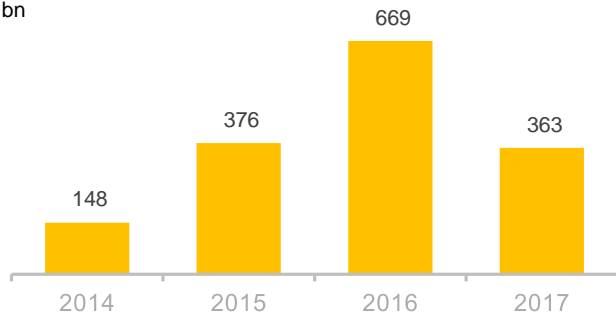
Net Sales

IDR bn



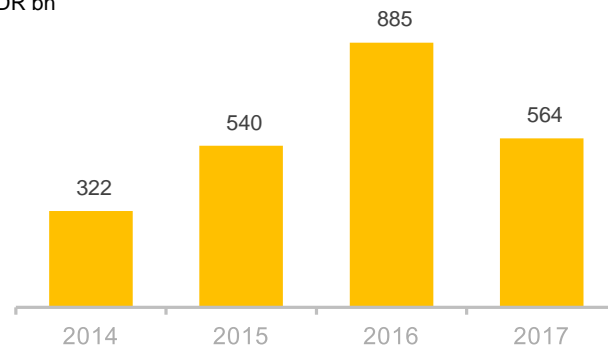
EBITDA

IDR bn



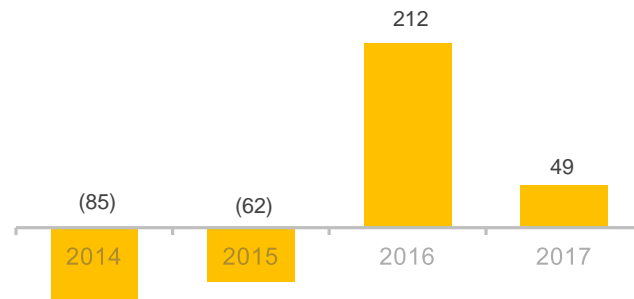
Gross Profit

IDR bn



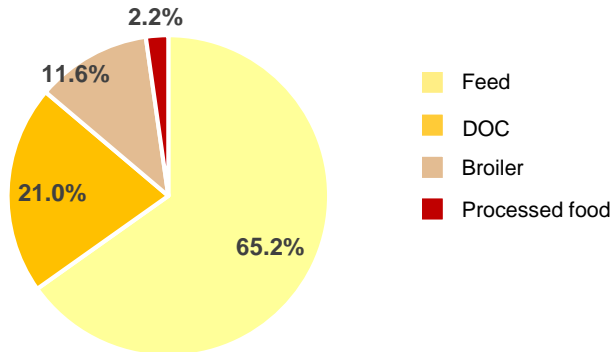
Net Income

IDR bn

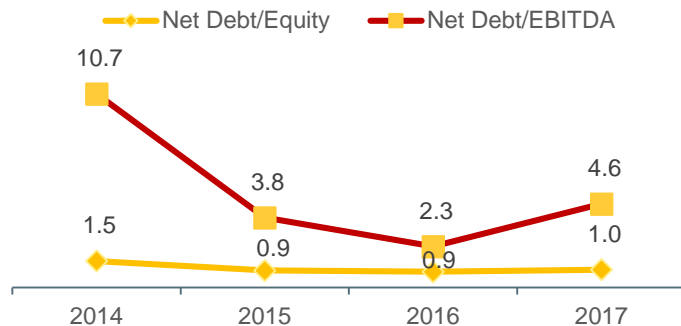


Financial Performance

2017 Revenue Breakdown

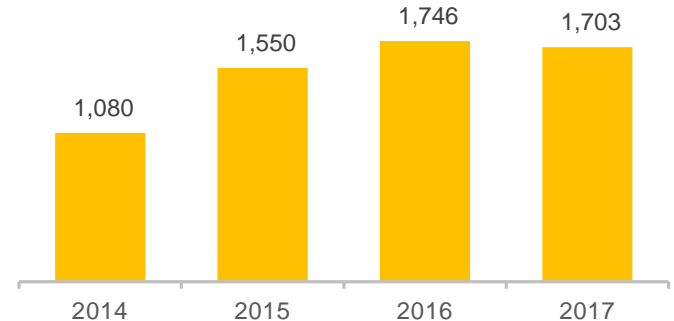


Leverage Ratio



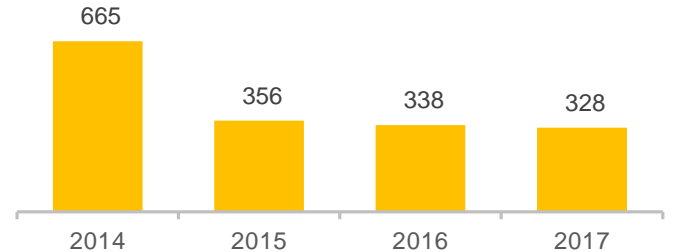
Shareholders' Equity

IDR bn



Historical Capex

IDR bn



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