



PT. MALINDO FEEDMILL, TBK

Q4/2018 Investor Presentation



SunnyGold



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**COMPANY
BACKGROUND**

**Q4/2018
HIGHLIGHTS**

**BUSINESS
LINES**

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**INDUSTRIAL
OUTLOOK**



Company

Backgr ound

GROWING THROUGH EXCELLENCE

20th year as a leading livestock company
in Indonesia.

Built significant milestones with
numerous achievements in the
agribusiness industry which
producing high quality of chicken
and eggs with over IDR 3,1Tri of
market cap.

Improvement in many aspects from
HR competencies to utilization of
modern technology

Healthy financial position with
gearing ratio (net) of 0,83x



Key Financial Highlights

Attractive, Fast Growing Industry

Amongst the lowest consumption in SE Asia at 11 kg vs Malaysia at 40 kg

The preferred protein due to its cultural & religious fit and affordability

GDP growth – 2018: 5.1%; 2017: 5.3%; stable political environment, improved government spending & lower bank lending rates

Top-3 Integrated Player

Vertically integrated player with 7-8% market share

Strong position in feed, breeder and broiler with growing branded consumer food products

Reputation as high quality producer, solid track record with diverse customer base



Key Financial Highlights

Secured Capex Budget

Capex plan in place to sustain 10% annual revenue 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



Q4/2018

Highlights

DOC & Broiler Average Selling Price

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

Consumer demand projected to improve with strong support by macro conditions

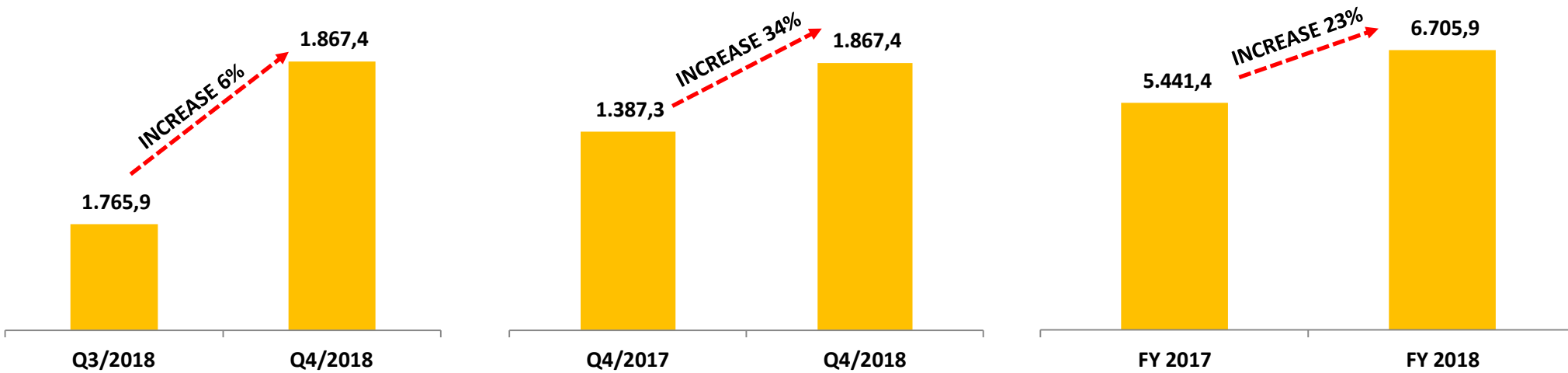
GDP growth: 2018 5.3% (2017 c. 5.1%)

Q4/2018

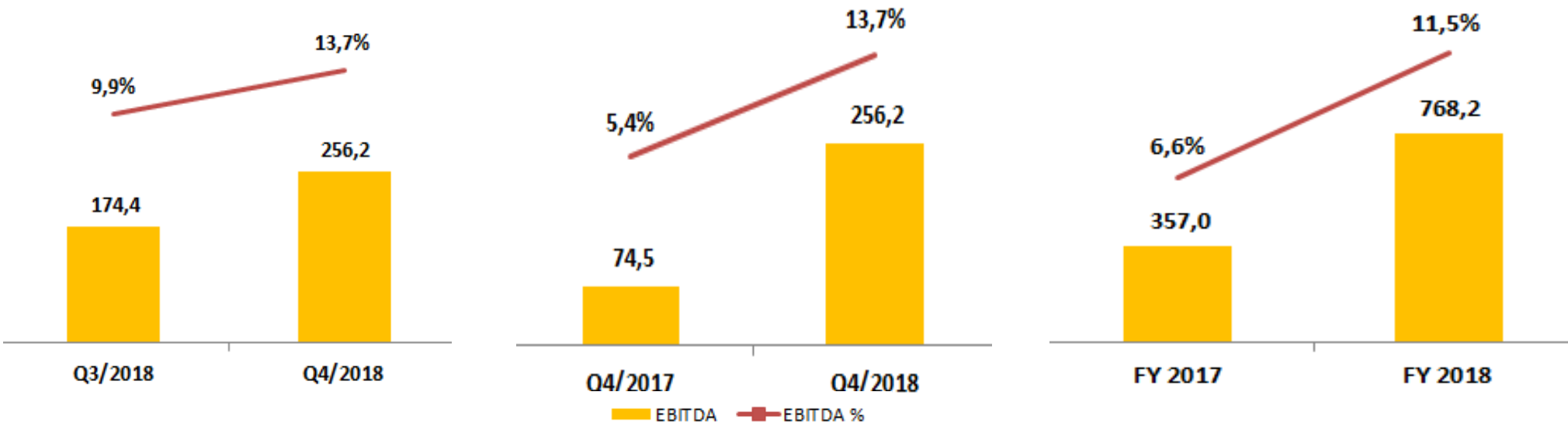
Feed margins to benefit from volume growth, particularly expanding to swine feed and duck feed

Consumer food volume continues increasing by boosting the sales through social media

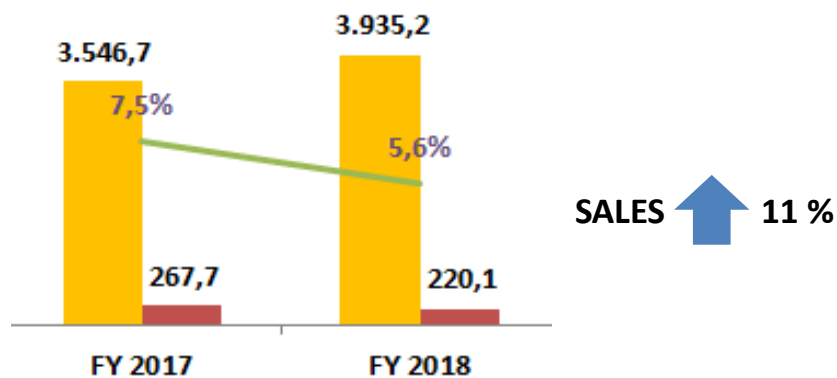
TOTAL SALES



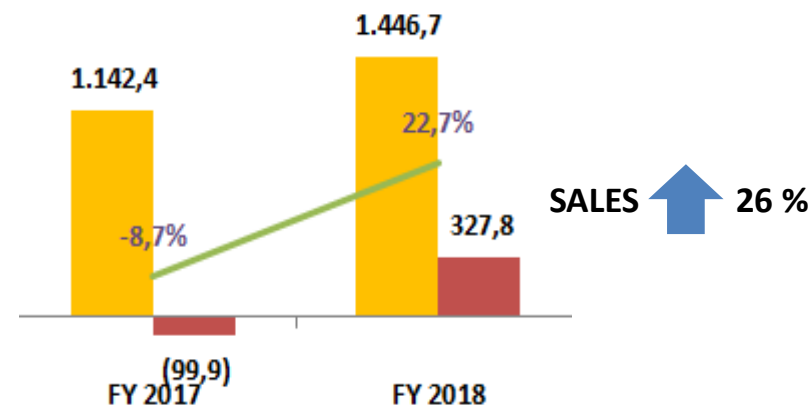
EBITDA



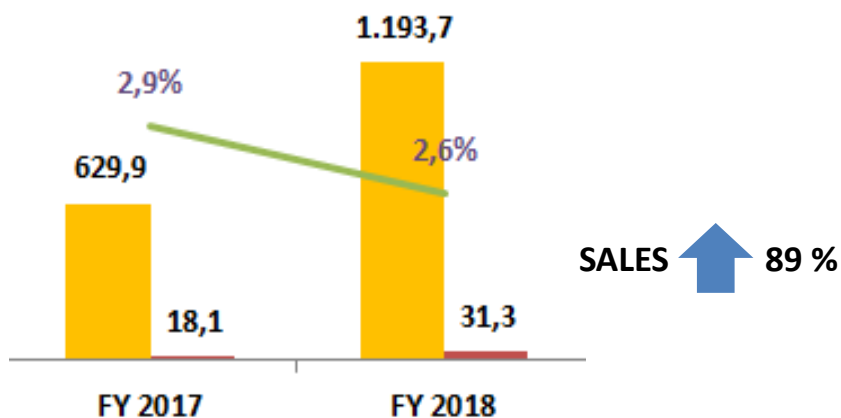
FEED



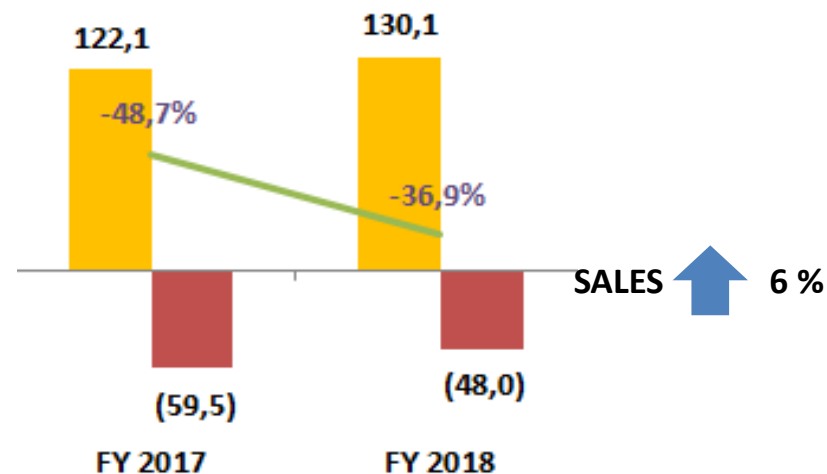
BREEDER



BROILER



FOOD



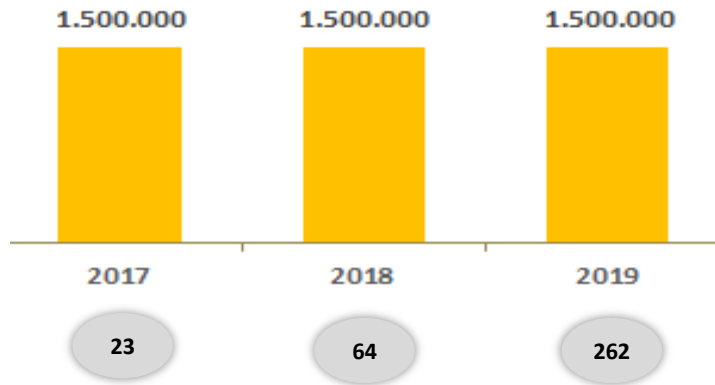
■ Sales
 ■ EBIT
 ▲ EBIT %



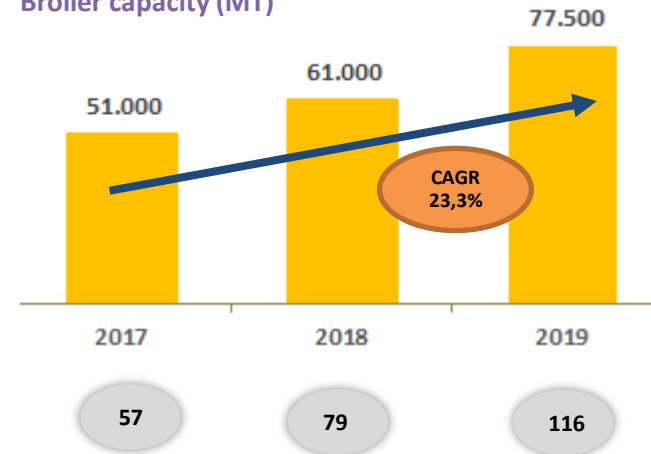
CAPEX PLANS 2019

Capex (IDR bn)

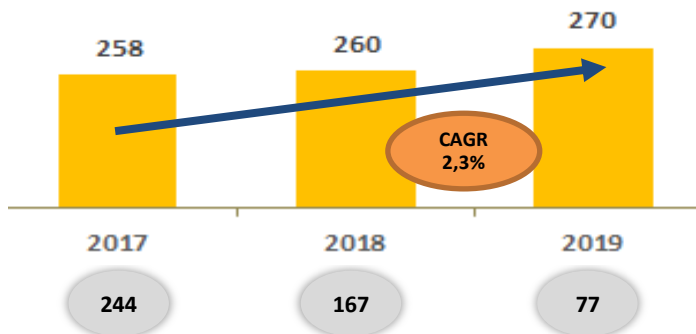
Feed capacity (MT)



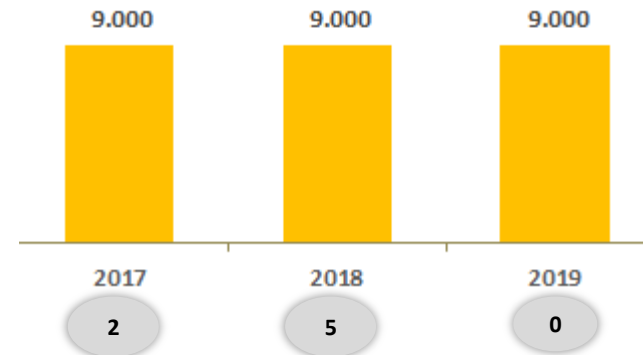
Broiler capacity (MT)



DOC capacity (Mn birds)



Consumer Foods capacity (MT)



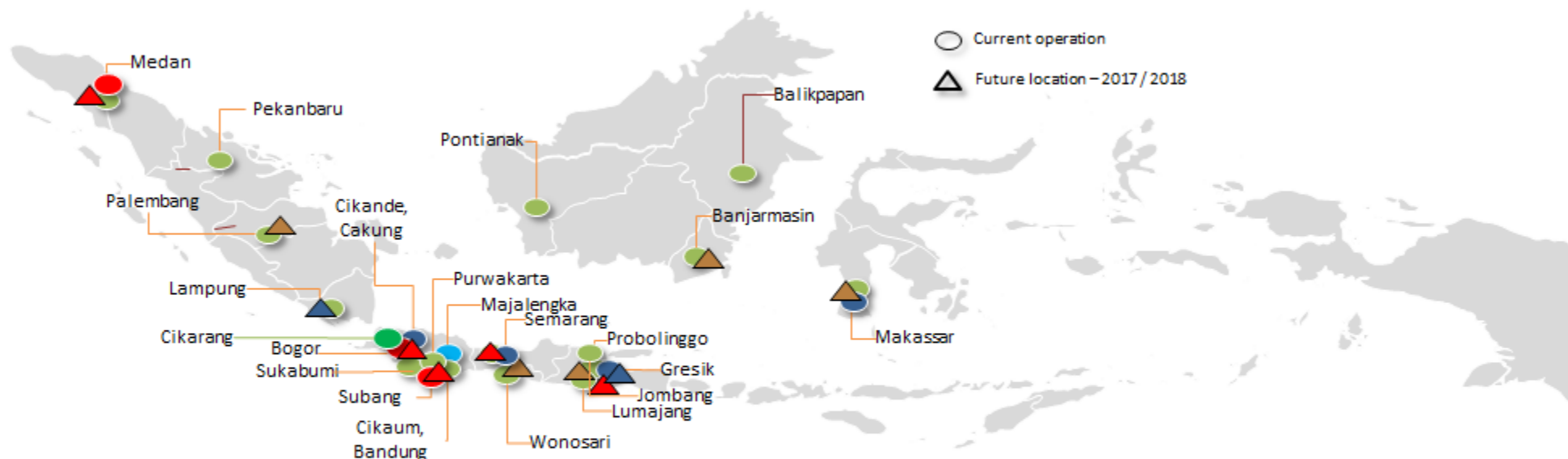
Projected Capex of IDR 455 bn in 2019 will enable Malindo to capture increased demand as the general economy & market grows



PROFIT FORECAST



Strategic & Diverse Locations

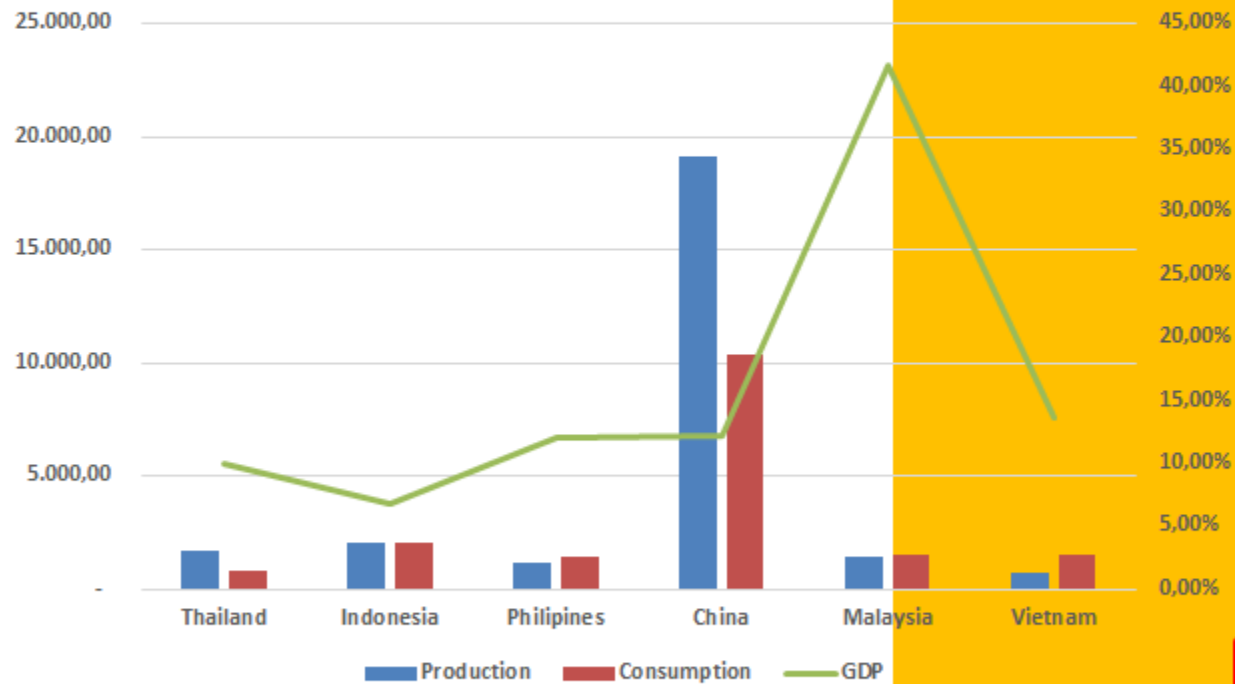


Legends	Division	2018 Annual Capacity	Additional Capacity	Locations
	Feedmill	1,500,000 MT *	-	Cakung, Cikande, Gresik, Semarang, Makassar, Lampung
	GPS Breeding	3.2 mn DOCs	-	Majalengka
	PS Breeding	258 mn DOCs	6 mn DOCs	Medan, Lampung, Subang, Cikaum, Purwakarta, Wonosari, Probolinggo, Lumajang, Pontianak, Banjarmasin, Makassar, Pekanbaru, Palembang, Rembang, Jombang
	Broiler	51 mn kg	10 mn kg	Medan, Subang, Bogor
	Food Processing	9,000 MT	-	Cikarang

* based on mixed capacity

Industry Outlook

Poultry Consumption



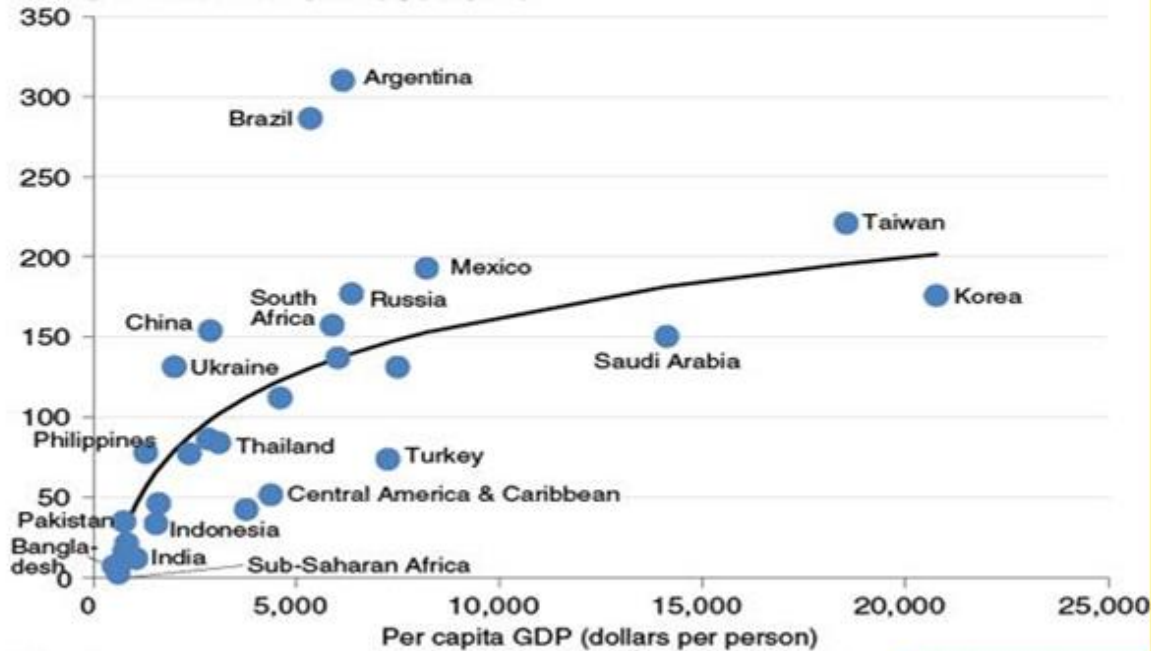
Source: FAOStat (2018)



Industry Outlook

Meat consumption generally increases with higher income

Per capita meat consumption (kg per year)



Notes :

Data are 2009–2011 averages for selected developing countries.

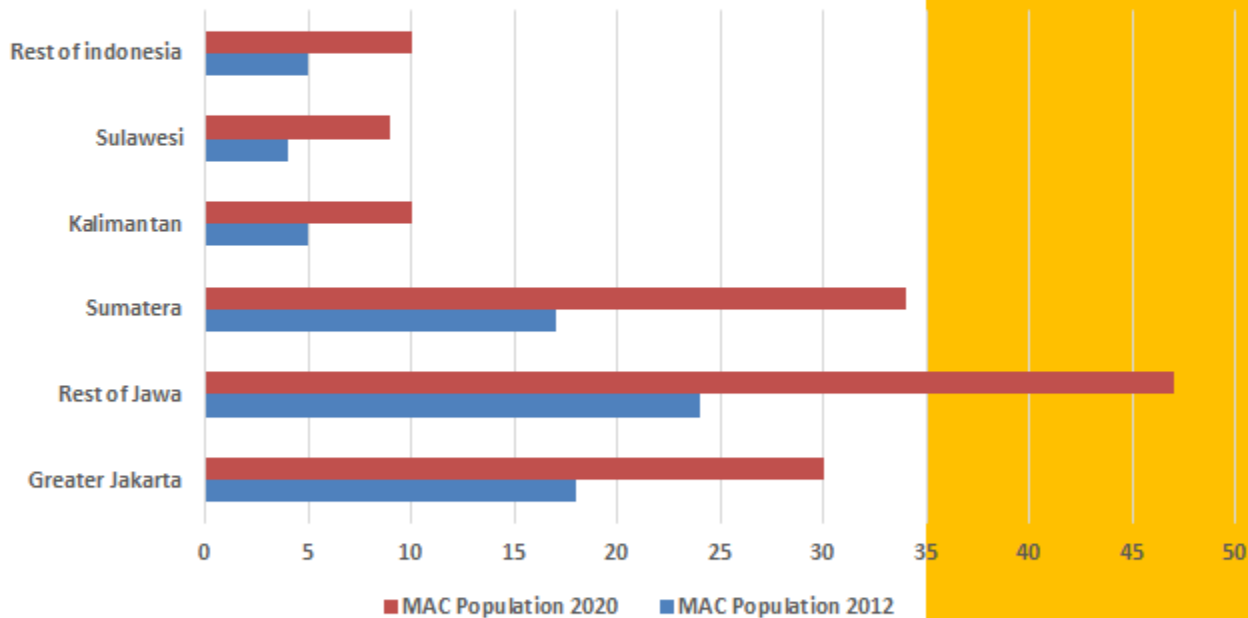
Logarithmic growth curve based on both developing and developed countries.

Sources : USDA, Economic Research Service using USDA Agricultural Projections to 2022 and supporting data



Industry Outlook

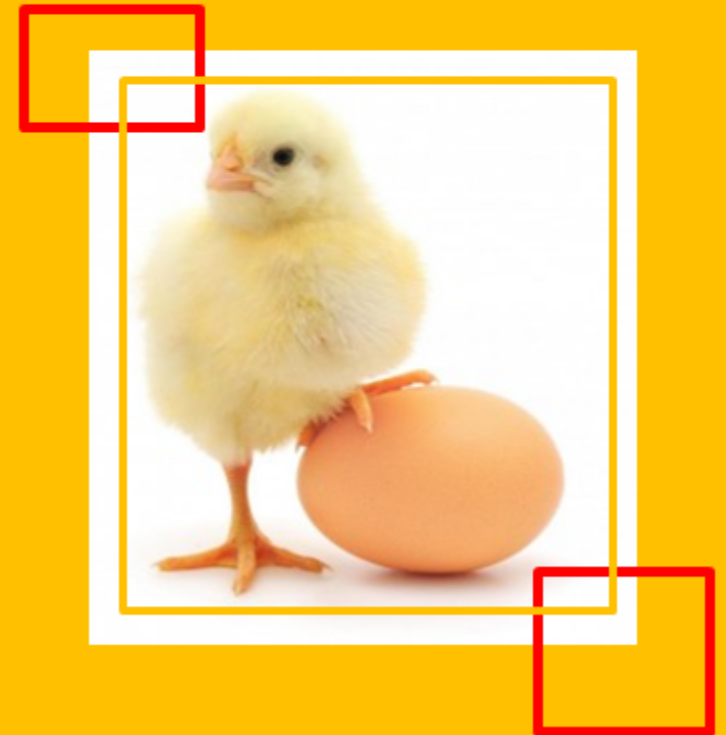
Consuming Class
(Middle and Affluent)



Notes:

In line with McKinsey research in defining Indonesian consuming class, BCG reported Middle and Affluent Class is growing, which Jawa and Sumatera dominate and will continue so.

Sources : BCG Analysis 2012

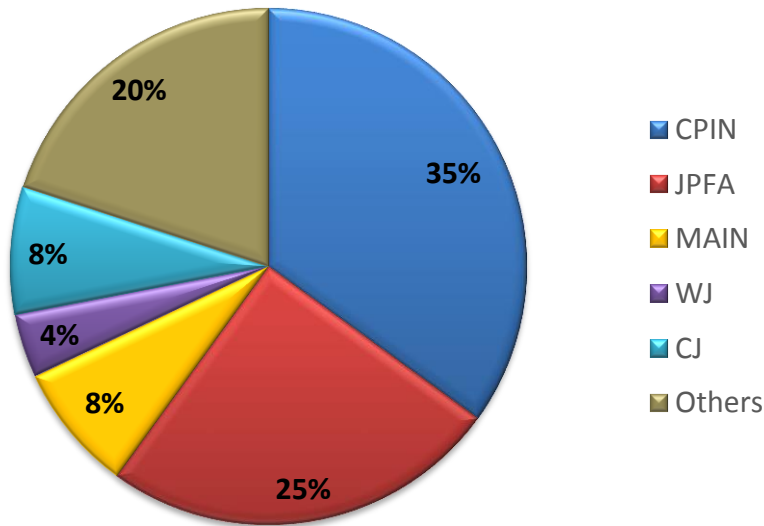




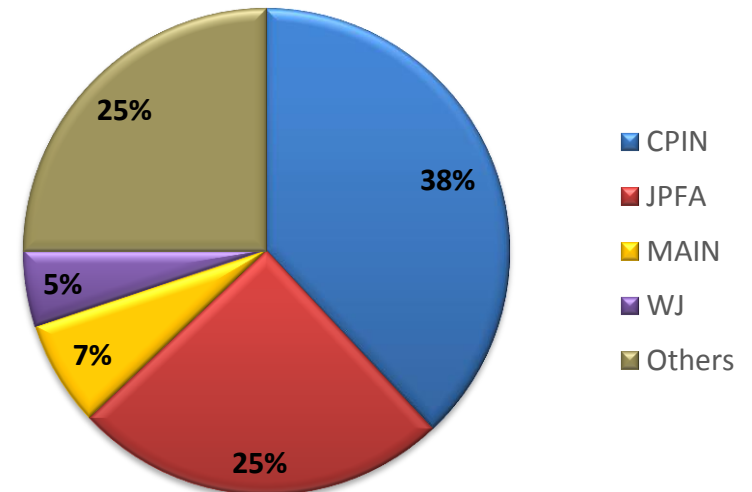
Business Lines

Emerging Market Leader in Poultry

Indonesia feed production capacity share (2018)



Indonesia DOC production capacity share (2018)



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

Source: Company (2018)

Feed Updates

Installation of additional corn dryers & silos in 2018 to increased utilization 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

Maximize the production utilization is expected to **improve EBIT margin** through economies of scale

(target utilization in FY2018 : 60%-70% of optimal capacity)





Breeder Updates



High Quality DOC 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 on 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

- 20 years of experience on the ground, dedicated customer support team
- Offer a full range of products and services
- Provide technical assistance and support to farmers



Breeder Updates

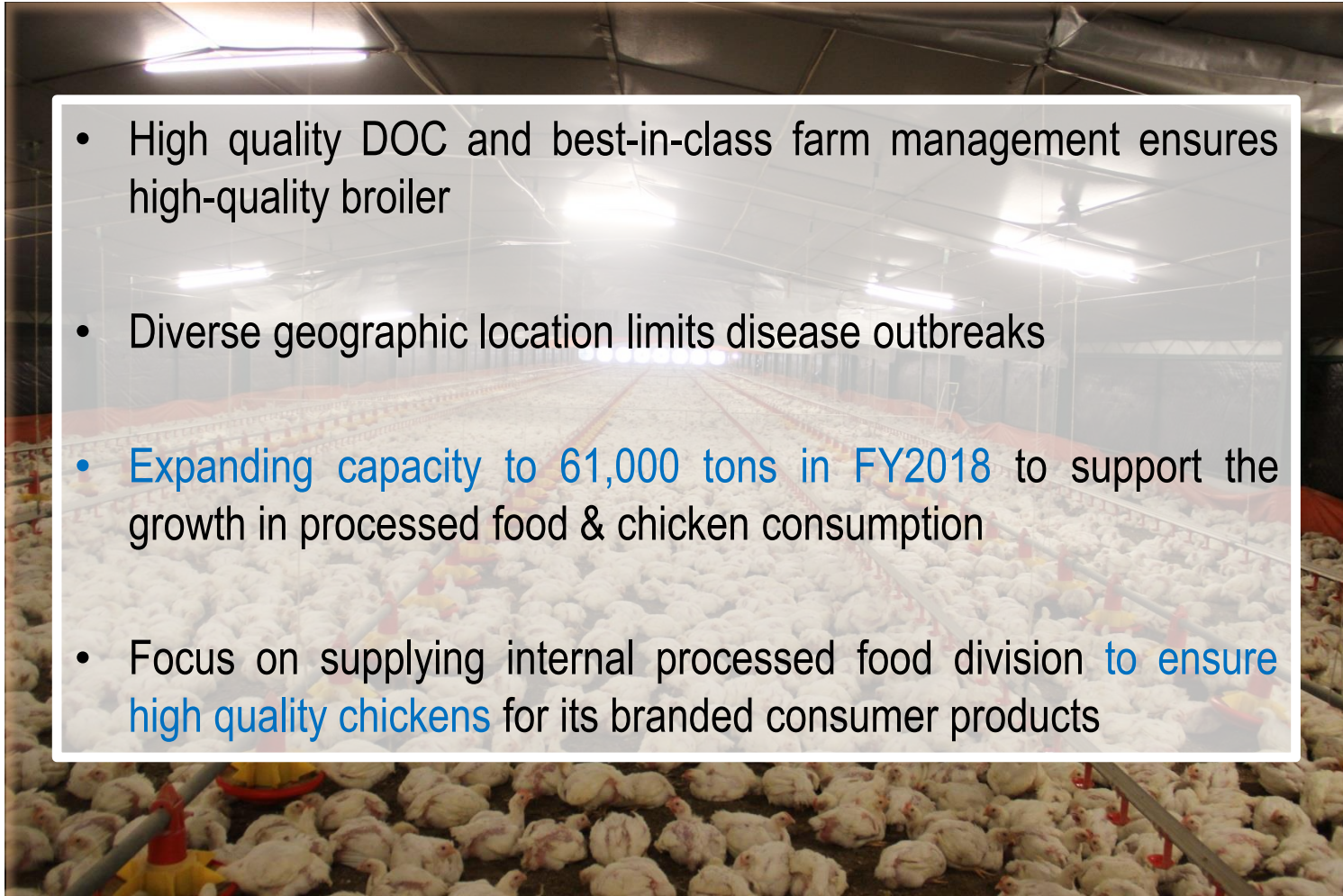


Expanding production capacity with a target of 260Mio chicks in FY2018

- Malindo expects to **add 8% - 10% production volume** per annum beyond 2018 to support projected market recovery.



Broiler Updates





Processed Food Updates



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.
- CikiWiki
mass brand targeting traditional market, estimated to generate 60% of sales

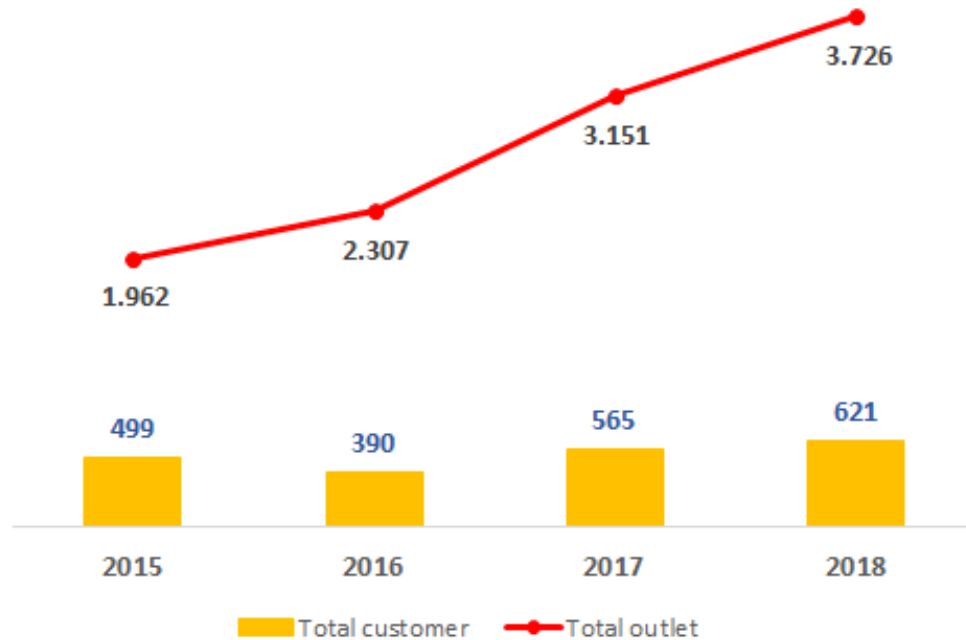
TV Commercial

- In 2018 Company invested Rp 29B in Promotion and Advertisement in order to support the sales growth,

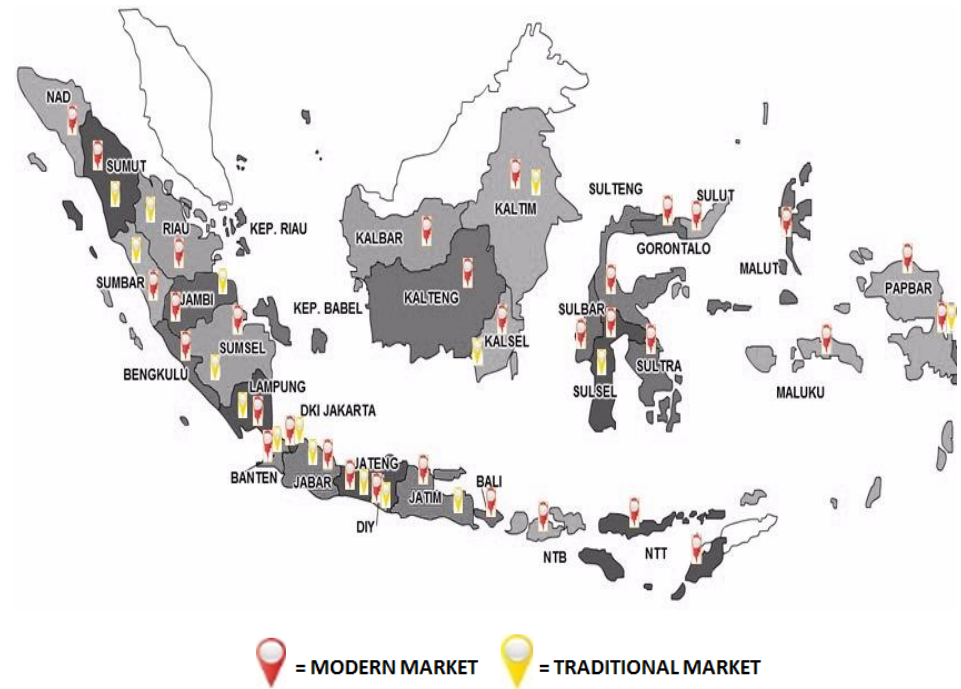


Processed Food Updates

Customer and Outlet Growth



Distribution Map



THANK YOU



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www.malindofeedmill.com



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