



**SunnyGold™**



# INVESTOR PRESENTATION

**April 2017**

# Agenda

Company Background

Industry Outlook

Business Lines

Company Financials

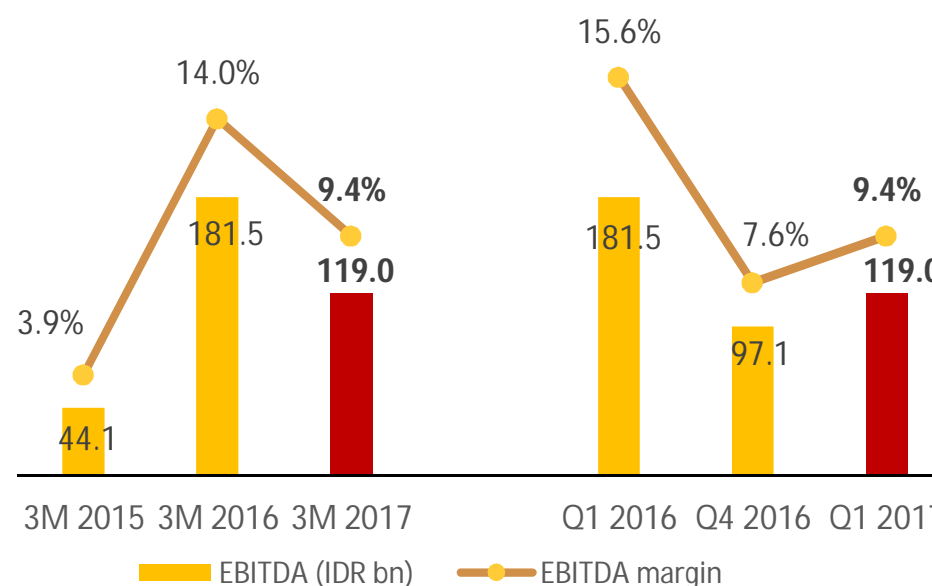
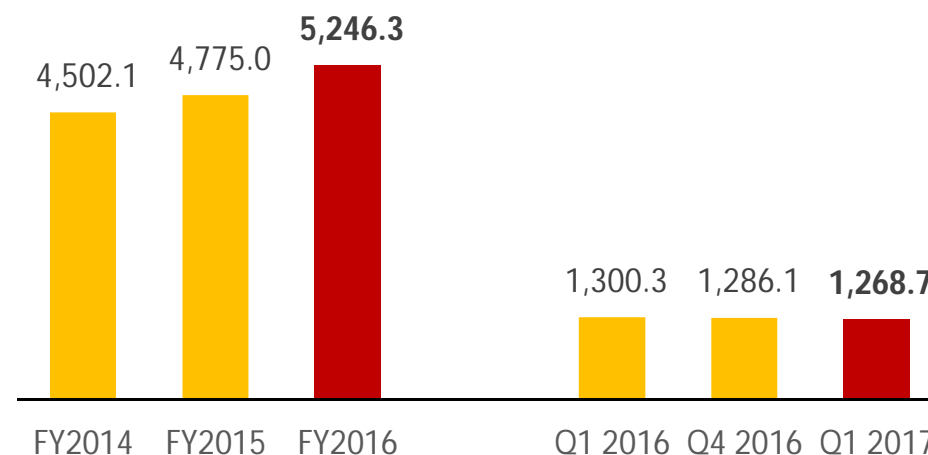


## COMPANY BACKGROUND

# 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 2.7 tn market cap<sup>(1)</sup>
- Successful management team with 40+ years of industry experience in SE Asia
- In FY2016, EBITDA grew by 84% to IDR693 bn (FY2015: IDR376 bn), with an EBITDA margin of 13.2% (FY2015: 7.8%)
- Above industry sales growth of ~15% CAGR<sup>(2)</sup> from 2011-16. Malindo's FY2016 revenue grew by 10% with FY2017 revenue growth projected at 10%-15%
- Continued growth trajectory, including branded food line – supported by projected chicken consumption CAGR of 8% - 10% until 2020
- As at 31 December, 2016, Malindo has a healthy financial position with a Gearing ratio (net) of 0.8x and USD bank borrowings of only 5.7% of total borrowings
- For FY2016, Return on Equity was 17%

Sales (IDR bn)



Notes: (1) As of 30 April 2017; (2) Poultry consumption grew by 7% CAGR from 2012 – 2016  
Source: IMF, USDA



# Key Financial Highlights

## Attractive, Fast Growing Industry

- Fast industry growth at c.15% CAGR from 2012 – 2022, driven by rising incomes<sup>(1)</sup>
- Amongst the lowest consumption in SE Asia at 11 kg vs. Malaysia at 40 kg<sup>(2)</sup>
- The preferred protein due to its cultural & religious fit and affordability
- GDP growth – 2017F: 5.1% - 5.3%; 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<sup>(3)</sup>
- Strong position in feed (c. 70% 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) IMF,FAO  
(2) USDA, Worldbank  
(3) Company research

# 3M 2017 Highlights & Outlook

## • DOC & Broiler ASP stabilisation in 2017

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

[ DOC ASP: Apr'17: Rp4,700 – Rp5,000;  
Q1'17: Rp4,400; Q4'16: Rp5,000; Q3'16:  
Rp5,000; Q2'16: Rp4,700; Q1'16: Rp4,300 ]

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

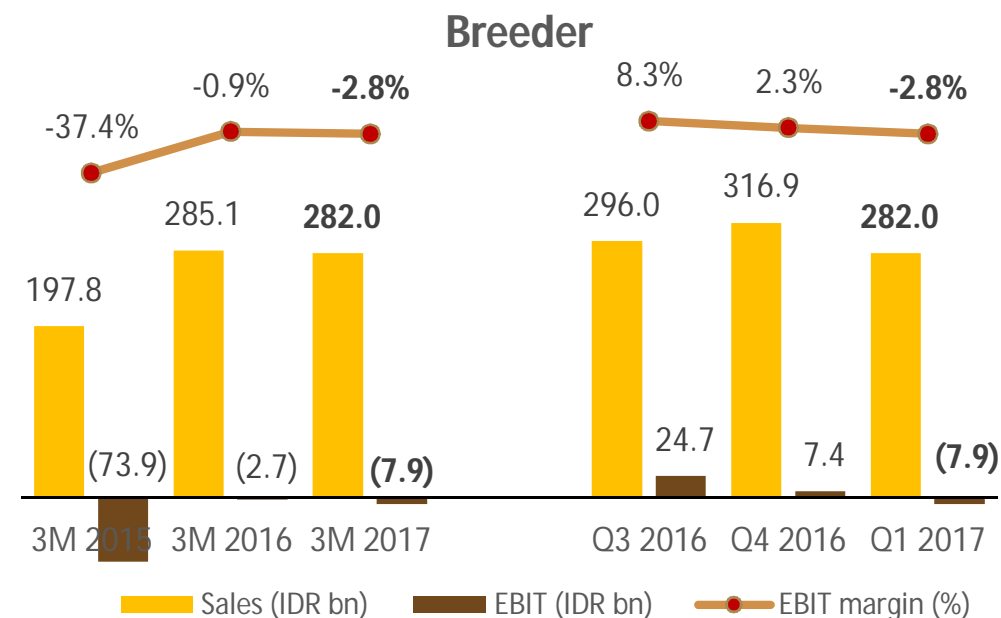
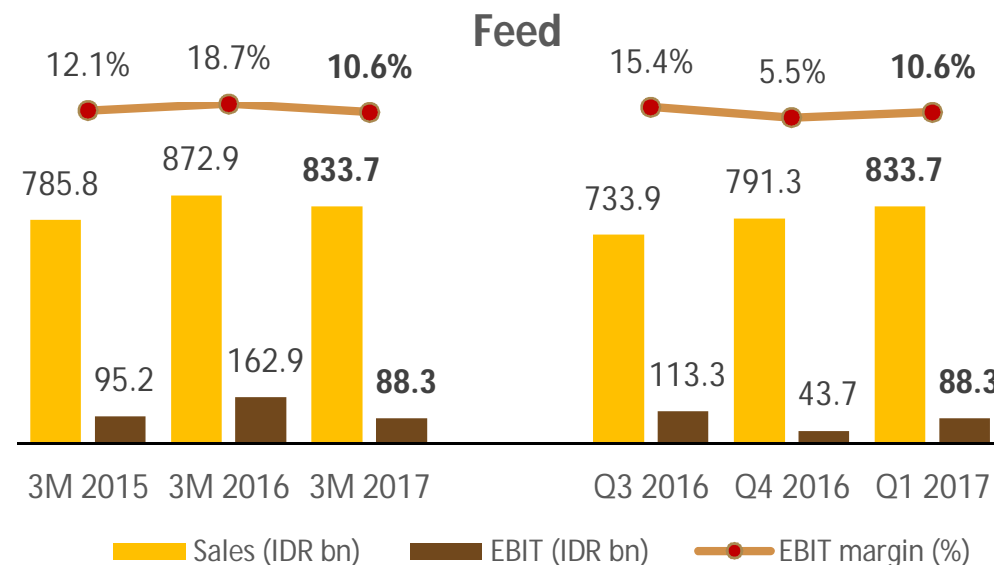
- GDP growth: 2017F 5.1% - 5.3% (2016 c. 5.0%)
- Improvement in consumer confidence and supported by government infrastructure spending (typically higher in 2H of FY)
- Minimum wages hike of 11%<sup>(1)</sup> in 2017

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

[ Feed prices : Apr'17: Rp6,200 - Rp6,300;  
Q4'16: Rp6,300; Q1'16: Rp6,400; FY2016:  
Rp6,300; FY2015: Rp6,200 ]

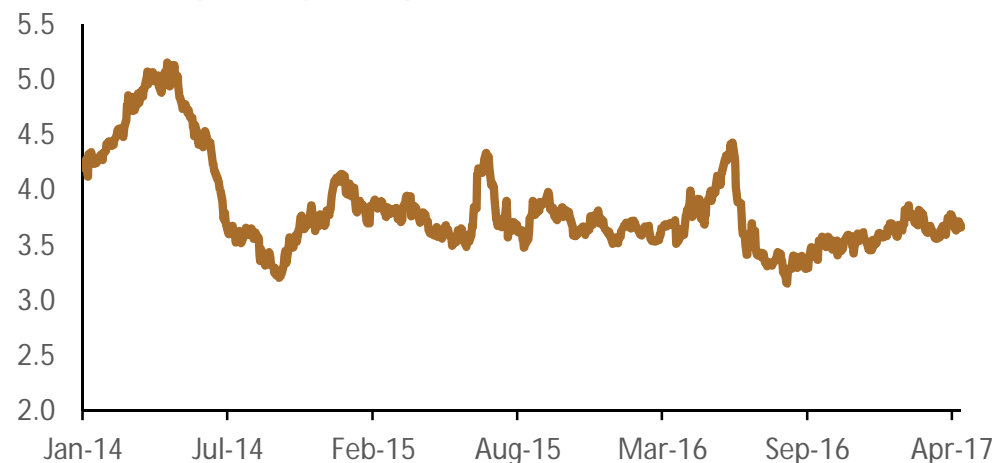
## • Consumer food volume increase continues

- Supported by projected economic recovery & improved consumer spending
- Continued focus on marketing (e.g. nationwide TV commercial in April 2017) & distribution network in 2017

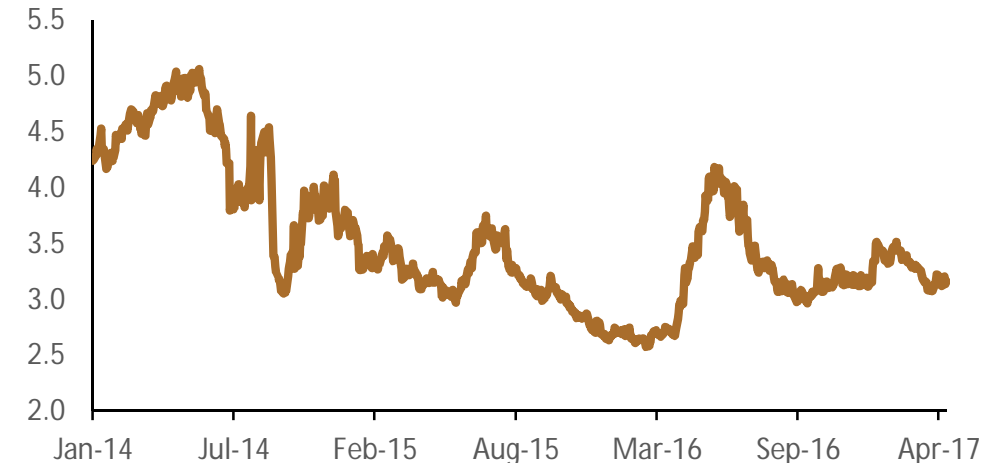


# Impact of volatility in FX & Prices of Raw Materials

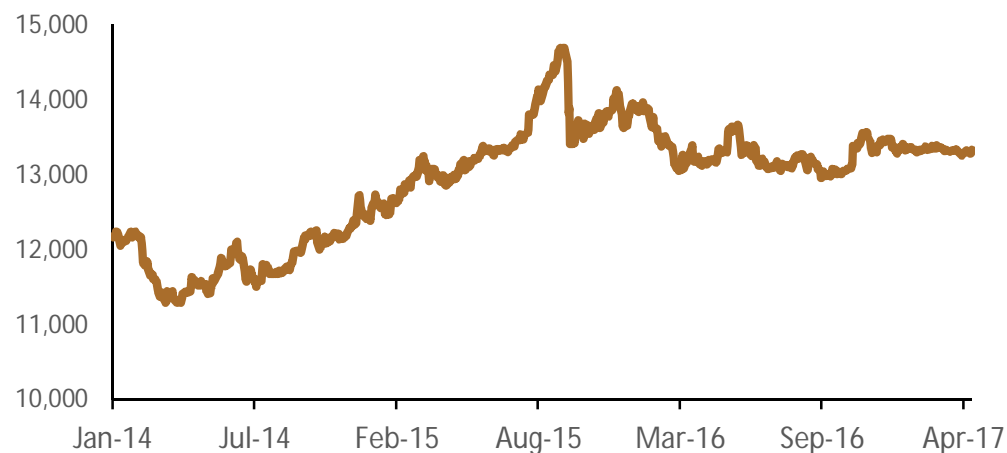
**Corn Price (USD\$ per bu)**



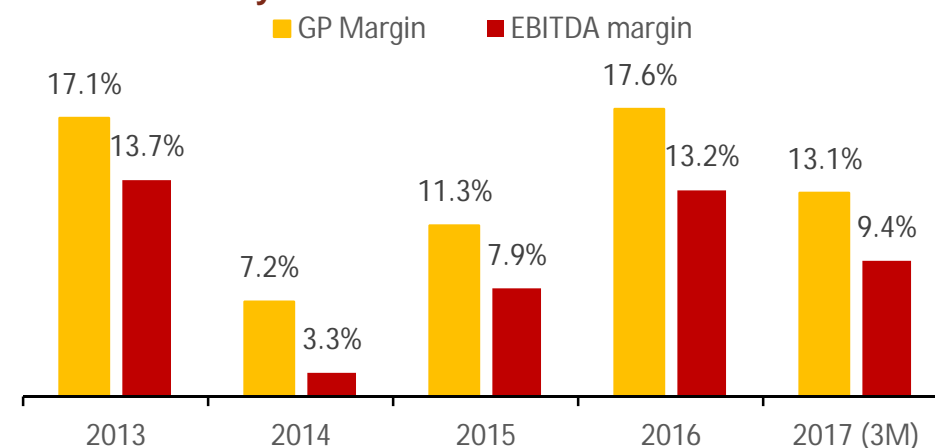
**Soybean Meal Price (USD\$ per kg)**



**USD/IDR**



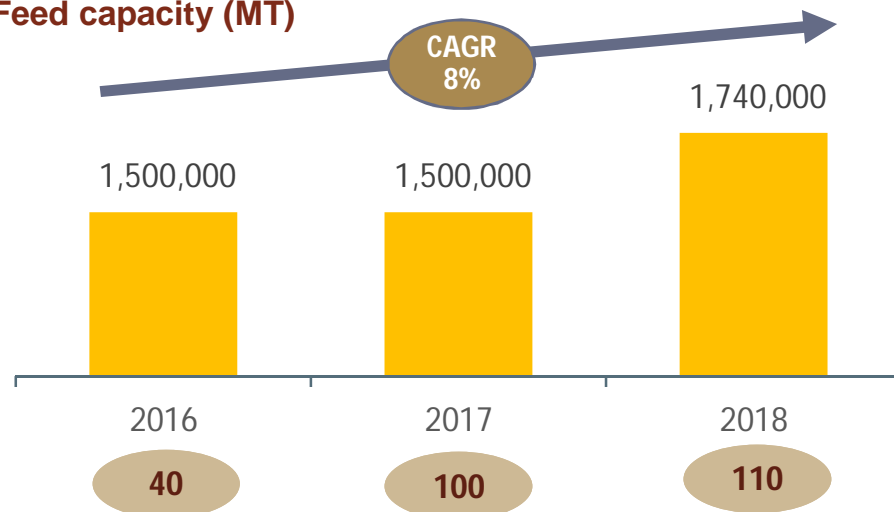
**MAIN Profitability**



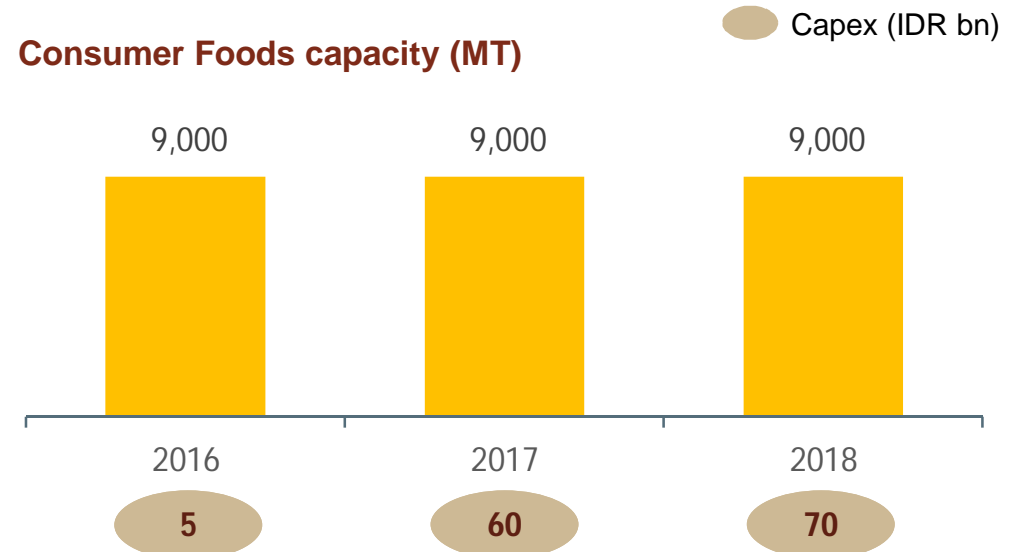
**2014 & 2015 margins were affected by the high volatility in USD/IDR and low DOC prices.  
Margin recovery in 2016 with stable exchange rates and higher Feed & DOC prices.**

# Capex plans 2017 – 2018 : Expanding our footprint

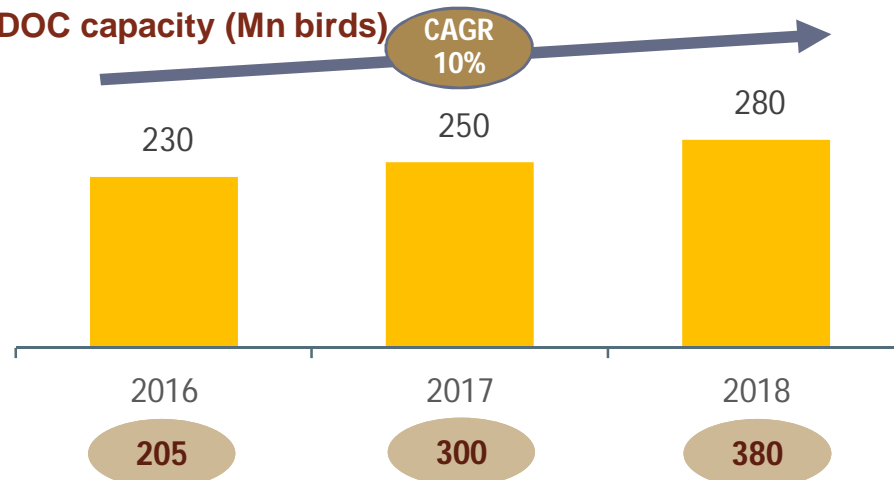
Feed capacity (MT)



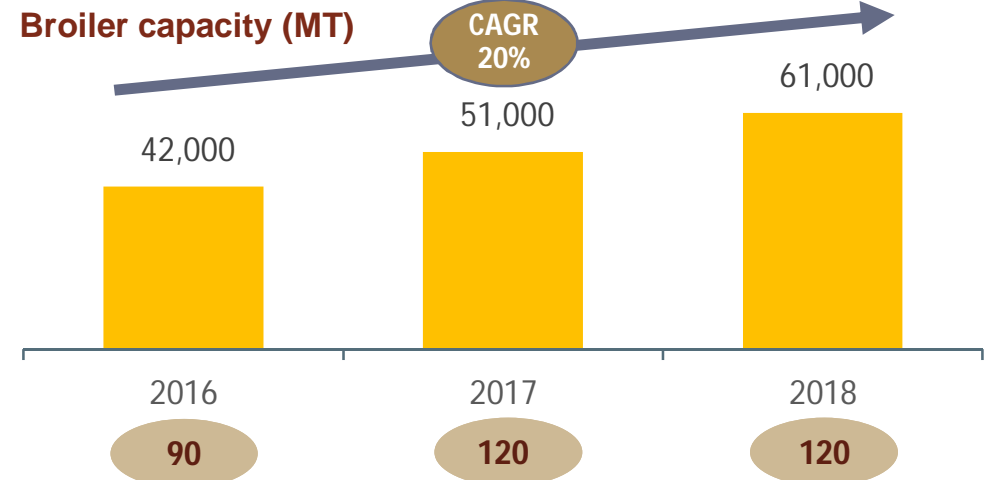
Consumer Foods capacity (MT)



DOC capacity (Mn birds)



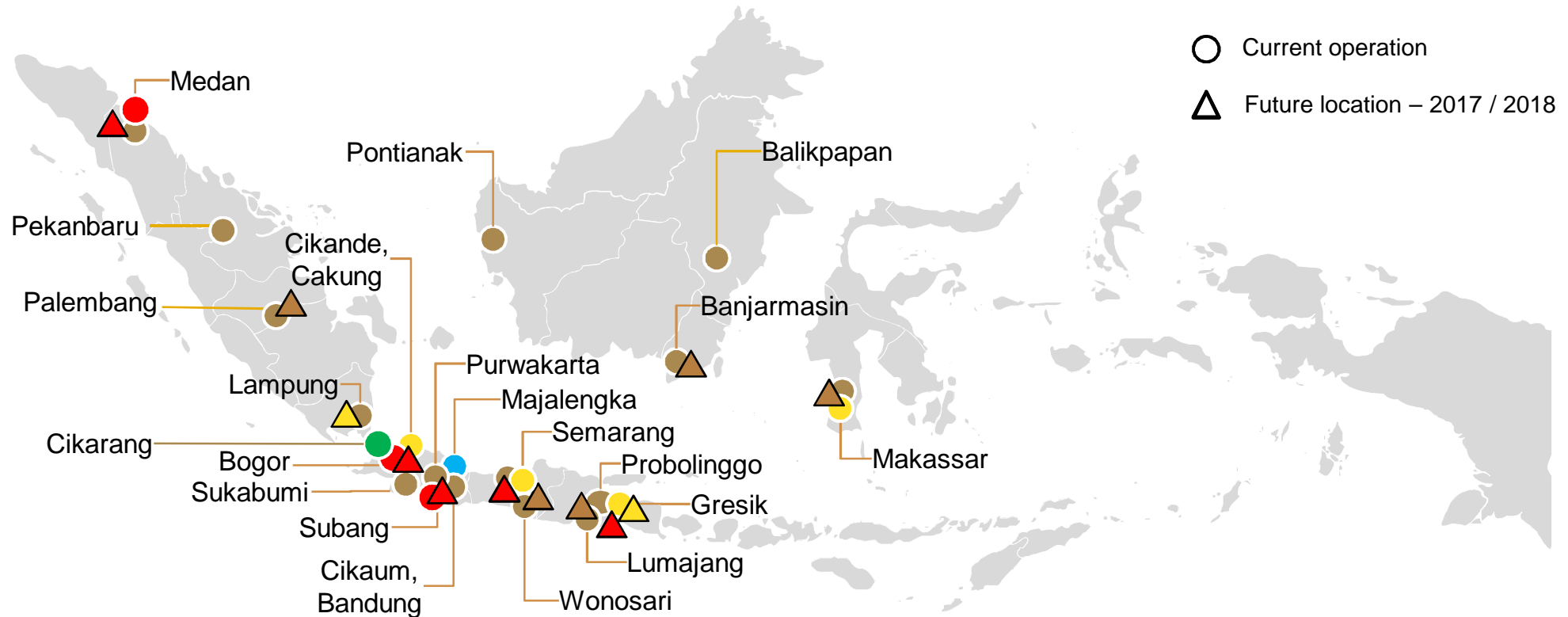
Broiler capacity (MT)



Projected Capex of IDR 580 bn in 2017 and IDR 680 bn in 2018 (2016: IDR 340 bn) will enable Malindo to capture increased demand as the general economy & market grows



# Strategic and Diverse locations



Legends	Division	2016 Annual Capacity	Additional Capacity	Locations
	Feedmill	1,500,000 MT *	240,000 MT*	Cakung, Cikande, Gresik, Semarang, Makassar, Lampung
	GPS Breeding	3.2 mn DOCs	-	Majalengka
	PS Breeding	230 mn DOCs	50 mn DOCs	Medan, Lampung, Subang, Bogor, Sukabumi, Cikaum, Bandung, Purwakarta, Wonosari, Probolinggo, Lumajang, Pontianak, Banjarmasin, Makassar
	Broiler	42 mn kg	19 mn kg	Medan, Subang, Bogor
	Food Processing	9,000 MT	-	Cikarang

\* based on mixed capacity

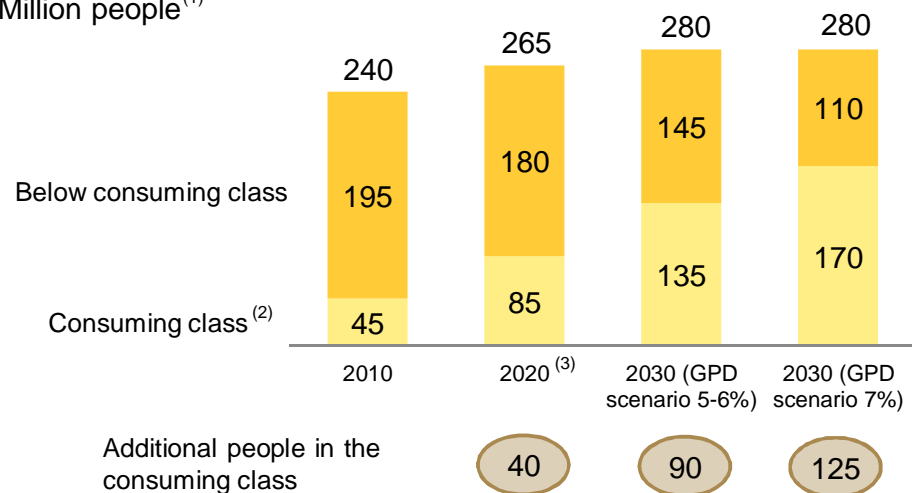


## INDUSTRY OUTLOOK

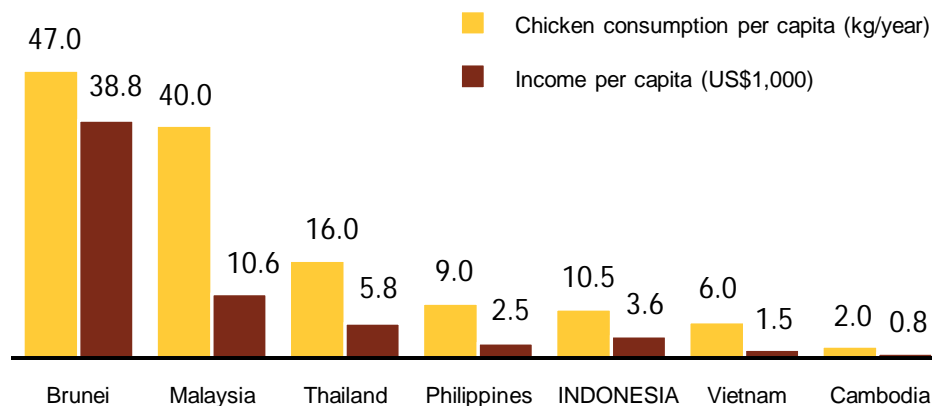
# Fast-growing industry driven by rising incomes

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

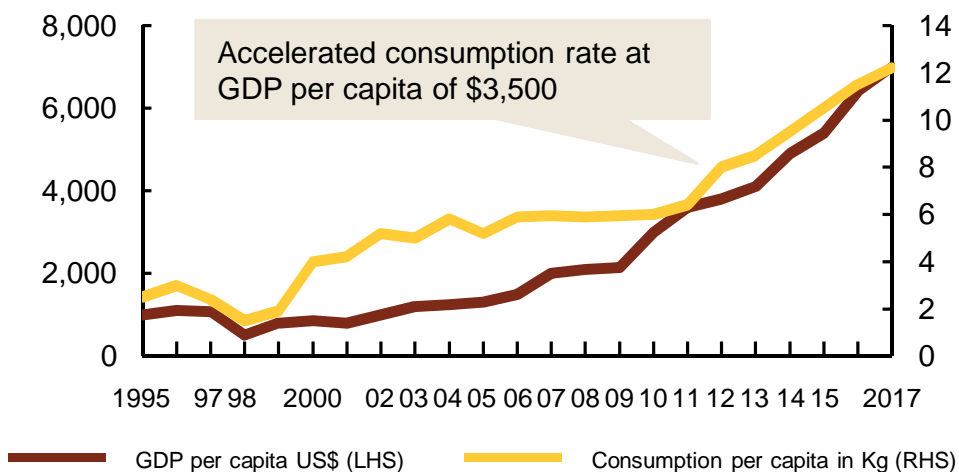
Million people<sup>(1)</sup>



## 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%

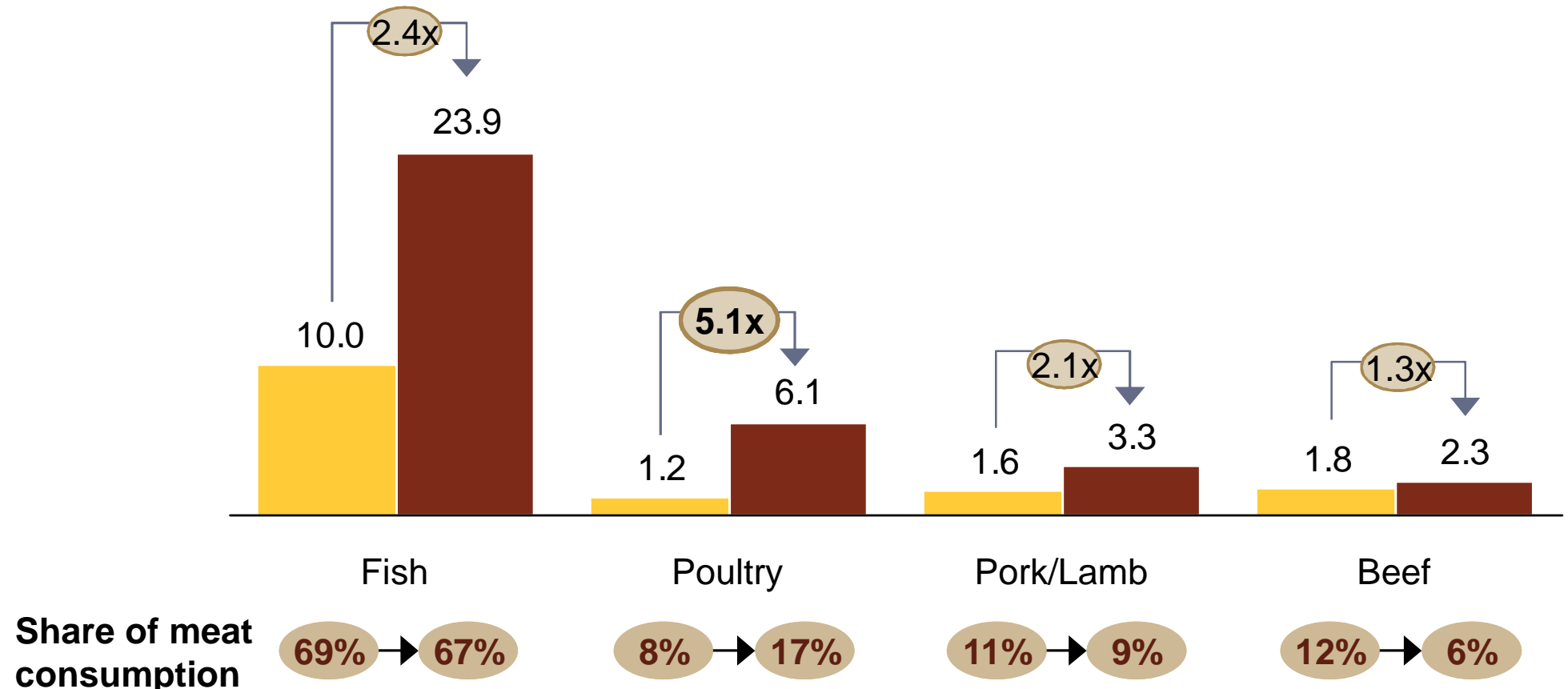
Source: FAOStats, BPS, IMF, USDA, World Bank, Kompas daily, LEK Consulting, McKinsey, Company

# Poultry has been gaining share of consumption

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

Kilograms per capita

1980  
2009

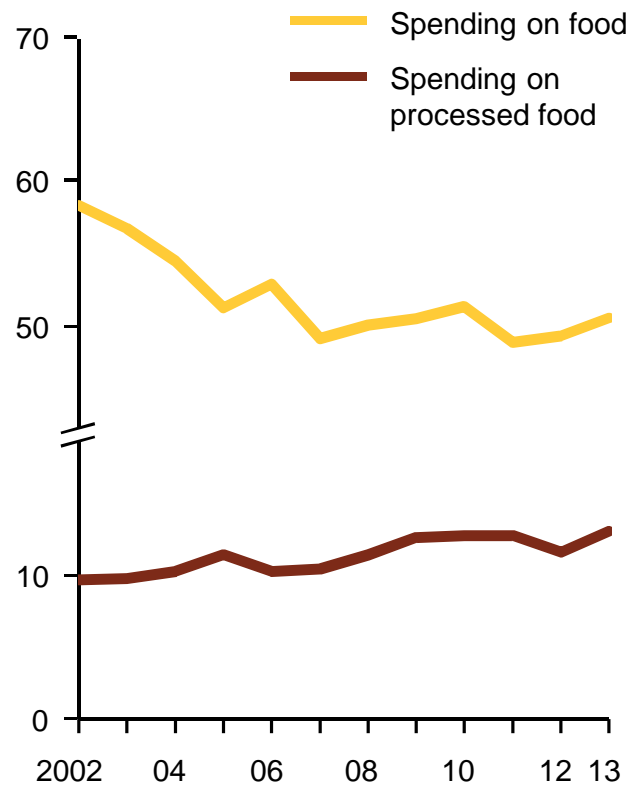


**Poultry is well-positioned to remain the dominant protein due to taste preference, affordability and compliance with religious dietary rules**

# Future opportunities in processed food

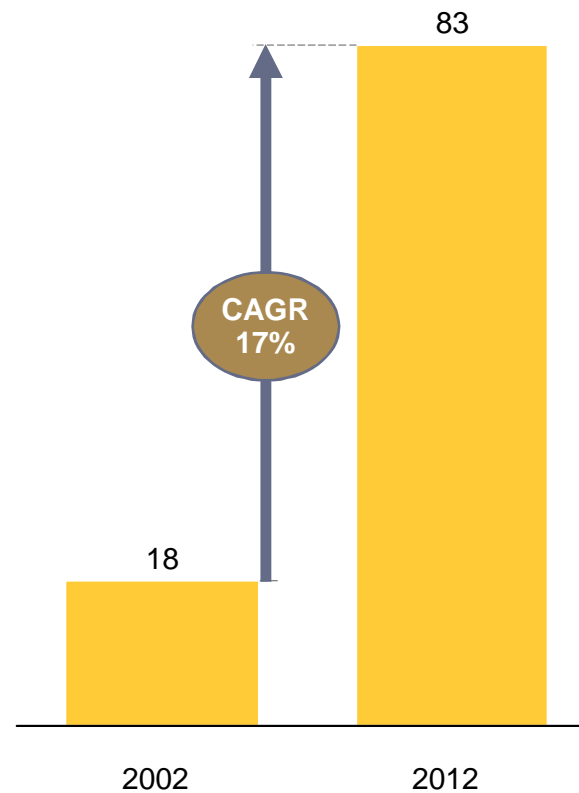
**Food spending as portion of total income (2002-2013)**

Percent of total income<sup>(1)</sup>



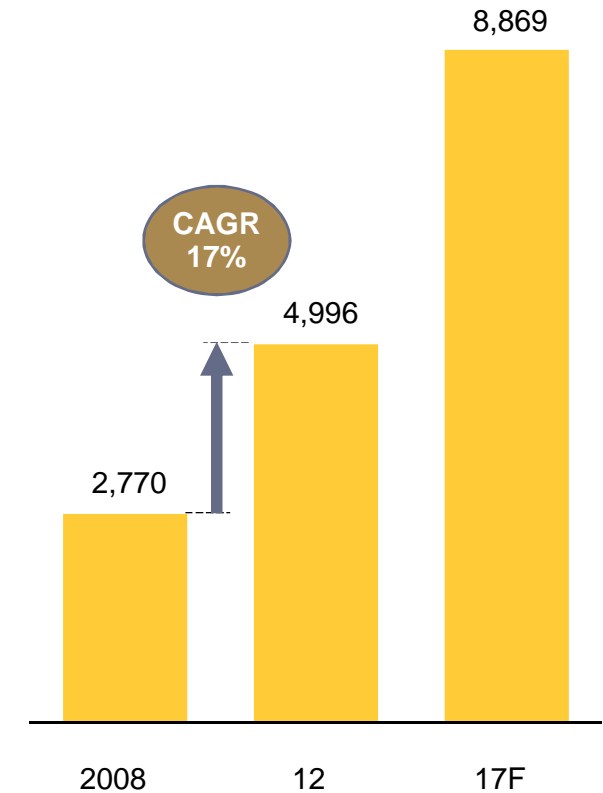
**Processed food spend in Indonesia (2002-2012)<sup>(2)</sup>**

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



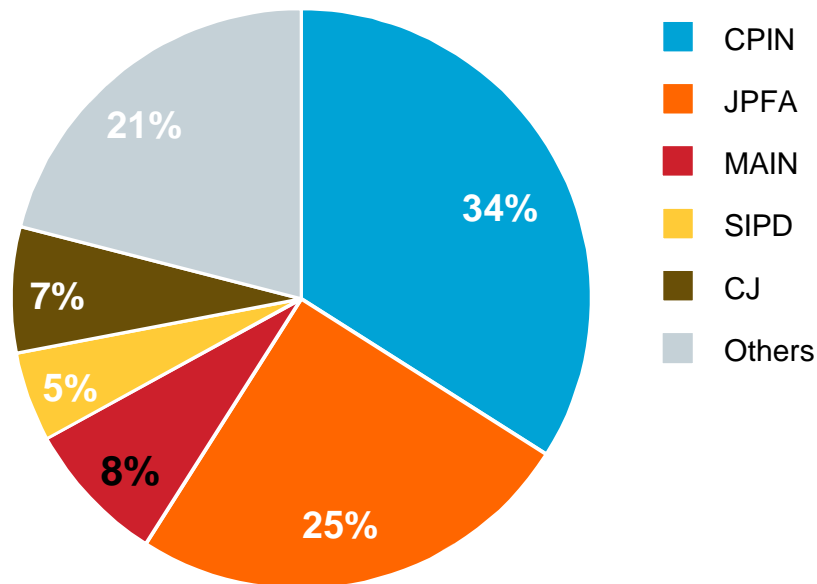


## BUSINESS LINES

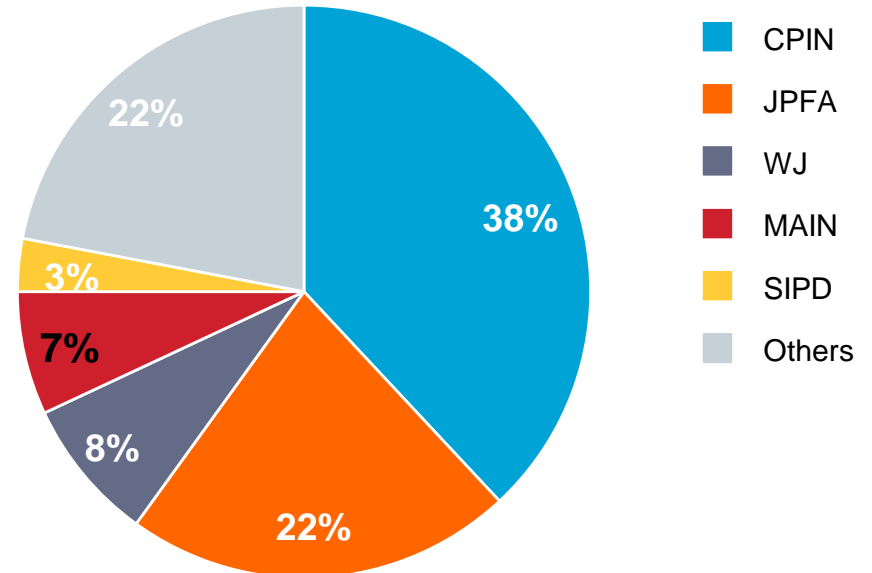
# Emerging market leader in poultry

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 (2015)



Indonesia DOC production capacity share (2015)



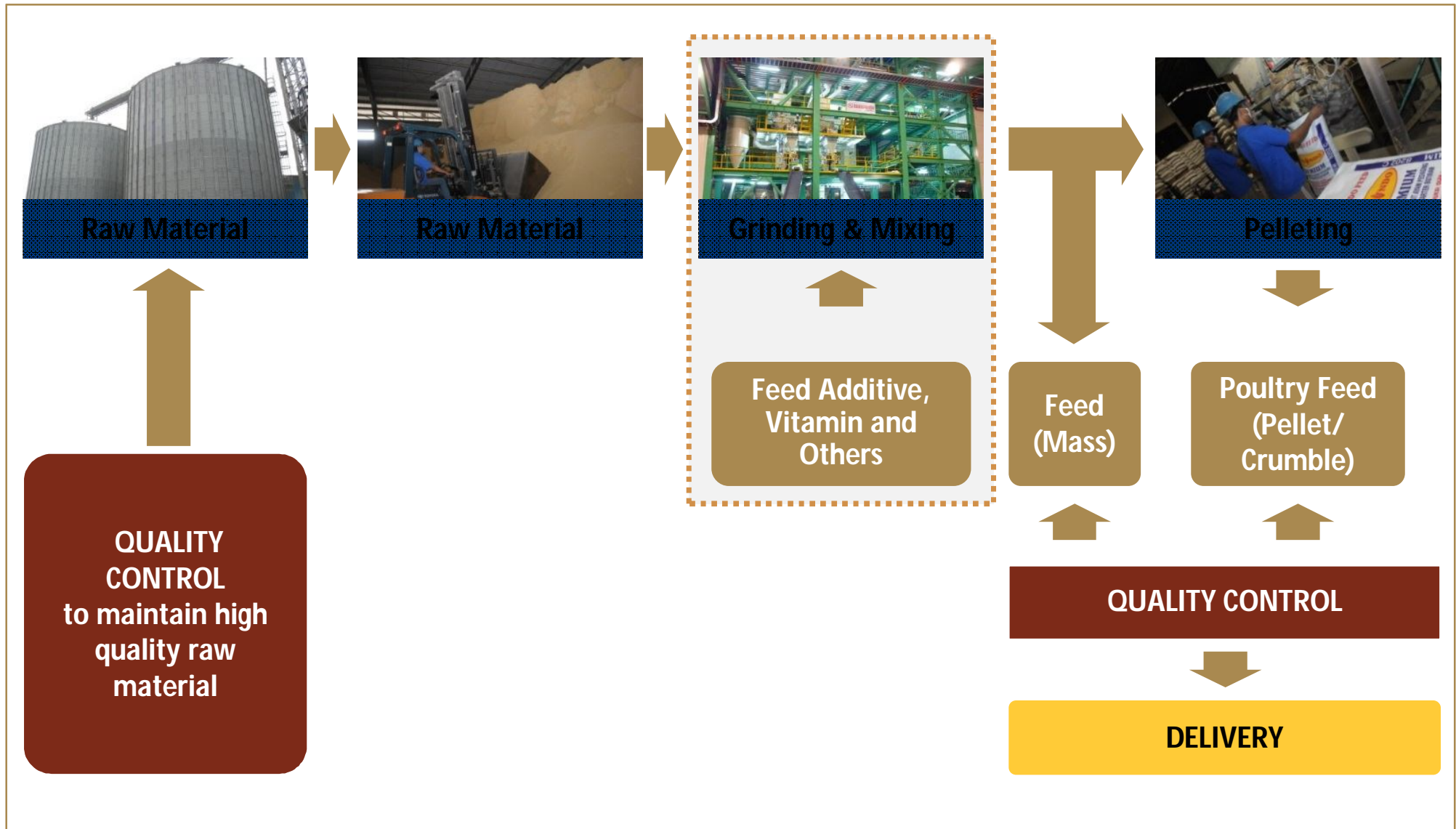
- Approximately 80% of the market is captured by the top 5 players
- The industry favors large, integrated players due to the significant capex requirements, technical capabilities and the long lead time to build trust with fragmented customer base
- Malindo has increased its market share in feed by 2-3% since 2008

# Feed

- **Highest contributor to revenues and EBIT**
  - FY2016 sales of IDR3.4 tn (FY2015: IDR3.2 tn) at 56% (FY2015 : 55%) of optimal utilization
  - 64% of FY2016 Revenue
  - 3M 2017 EBIT margin:10.6% (FY2016: 14.4%, FY2015: 13.5%); Q1'17 QoQ volume growth of 5%
- **Installed capacity in 2016 is 1.5 mn tons with expected volume growth in FY2017 from:**
  - Semarang feedmill facility (capacity: 360,000 MT), which commenced production in July 2014
  - Makassar feedmill facility (capacity: 240,000 MT), which commenced production in June 2015
  - The new capacity is sufficient to meet projected demand until 2018
- **Installation of additional corn dryers & silos in 2017 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 FY2017 : 60%-65% of optimal capacity)**



# Production Process – Poultry Feed





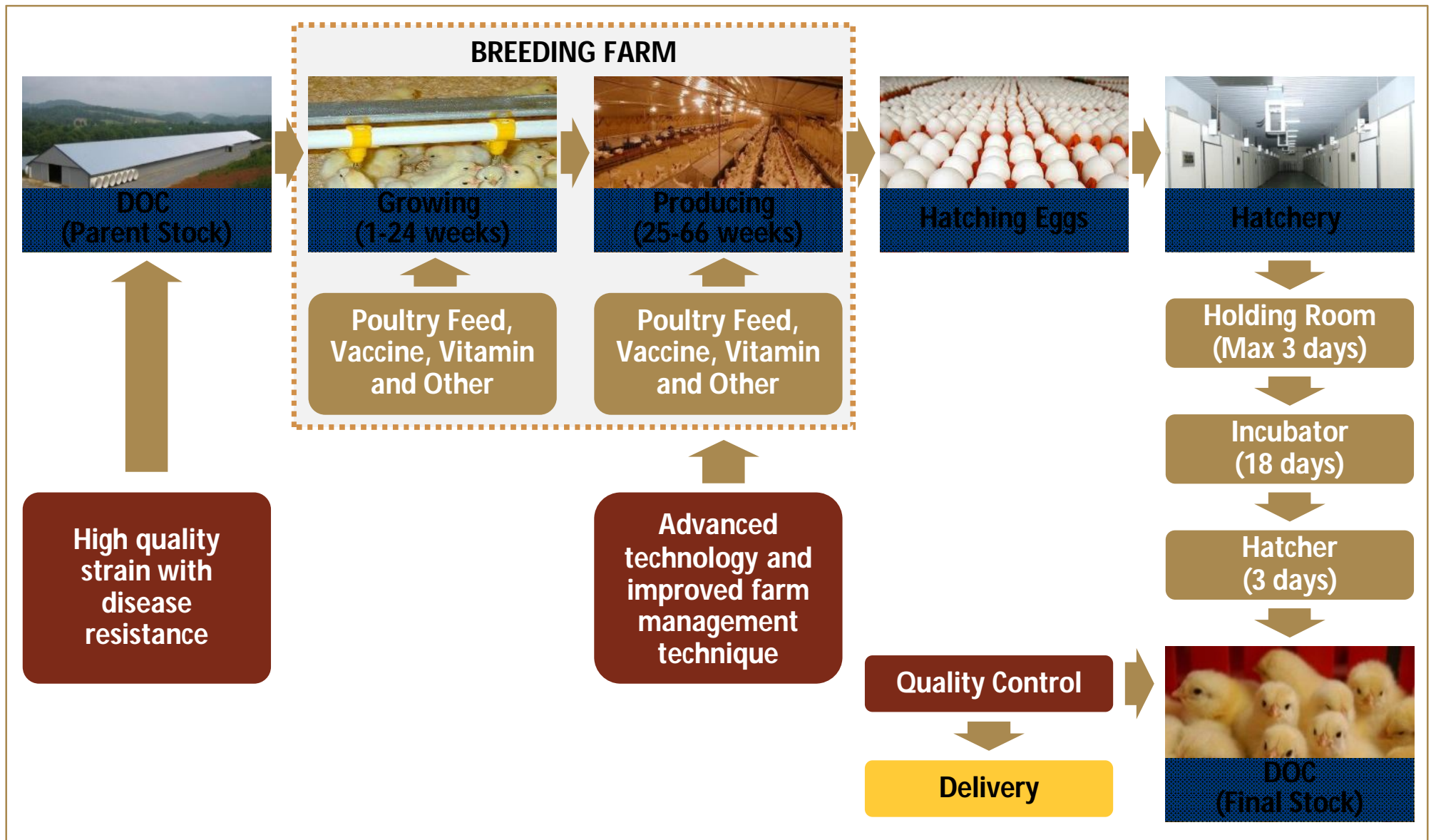
# DOC

- **FY2016 sales of IDR1,203 bn (FY2015: IDR937 bn)**
  - 23% of revenues; market improvement in 2016 due to market recovery, with expected stabilization in 2017
- **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 250 mn chicks in FY2017 (FY2016 utilization: c.95%)**
  - Malindo expects to add 8-10% production volume per annum beyond 2017 to support projected market recovery





# Production Process – DOC



# Broiler

- **FY2016 sales of IDR605 bn (FY2015: IDR532 bn), 11% of total revenues. FY2016 volume growth of 18% and projected volume growth of between 12%-15% in FY2017**
- **High quality DOC and best-in-class farm management ensures high-quality broiler**
- **Diverse geographic location limits disease outbreaks**
- **Extensive network of distributors and wholesalers to access both traditional and modern retail channels**
- **Expanding capacity to 51,000 tons in FY2017 to support the growth in processed food & chicken consumption (FY2016 utilization: c.71%)**
  - Increased focus on supplying internal processed food division to ensure high quality chickens for its branded consumer products



# Processed Food

- **Volume growth of 44% in FY2016, with sales revenue of IDR87 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
- **Plans for 2017:**
  - TV commercial to enhance branding and increase distribution channels by further 200 - 250 outlets
- **Follow us on social media:**
  - Facebook: Sunny Gold ID <https://m.facebook.com/sunnygoldID/>
  - Twitter: @SunnyGoldID <https://twitter.com/SunnyGoldID?s=09>



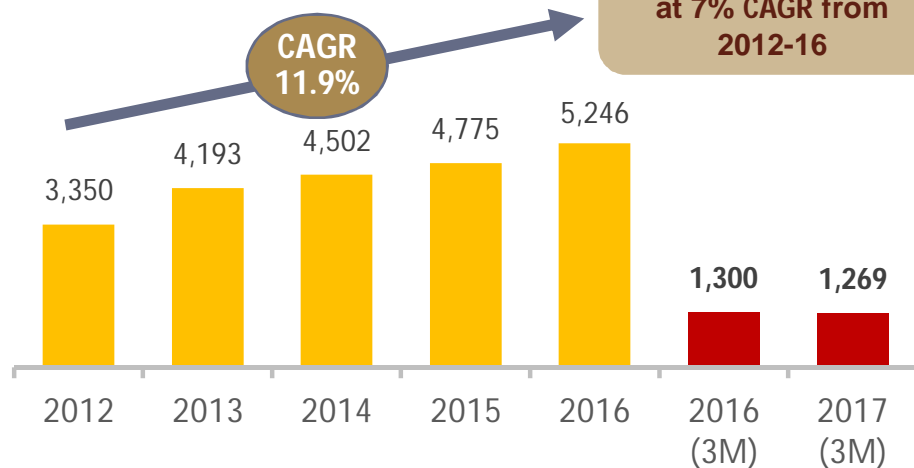


## COMPANY FINANCIALS

# Financial Performance

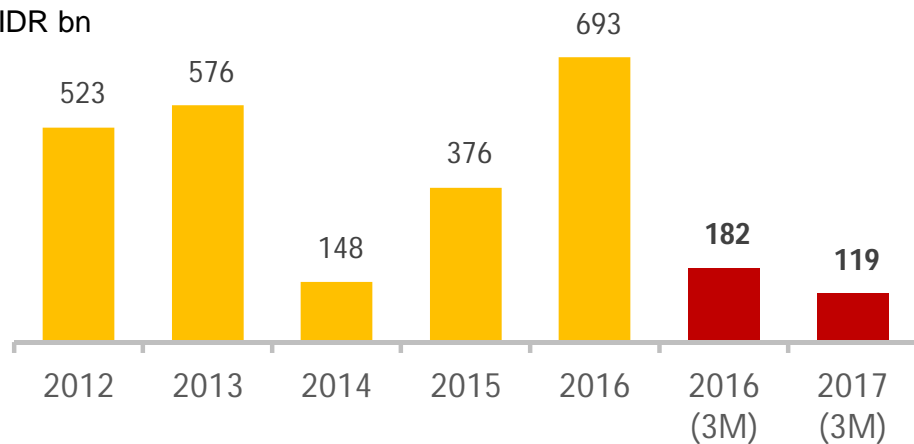
## Net Sales

IDR bn



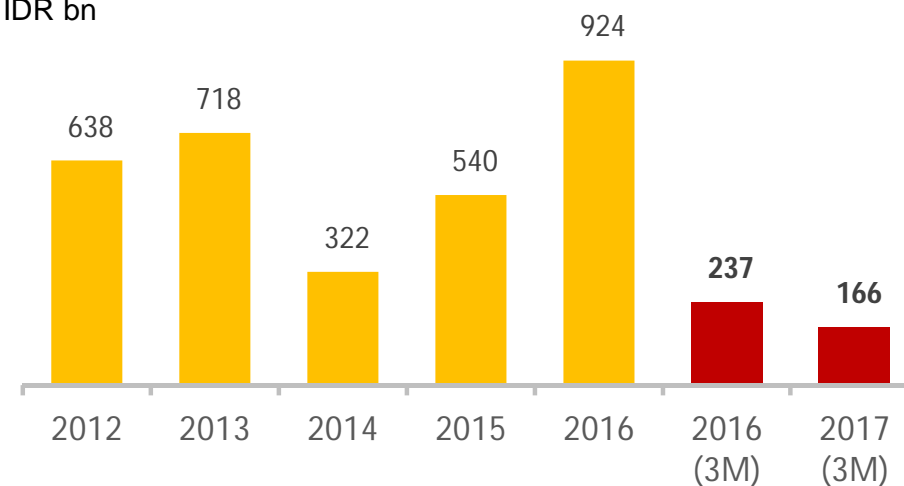
## EBITDA

IDR bn



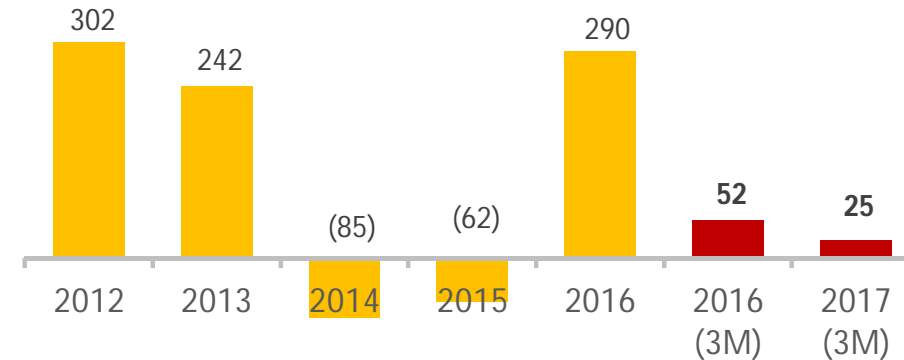
## Gross Profit

IDR bn



## Net Income

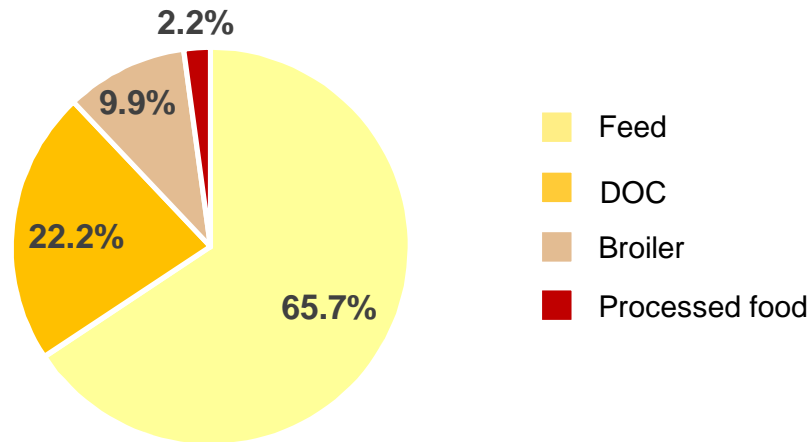
IDR bn



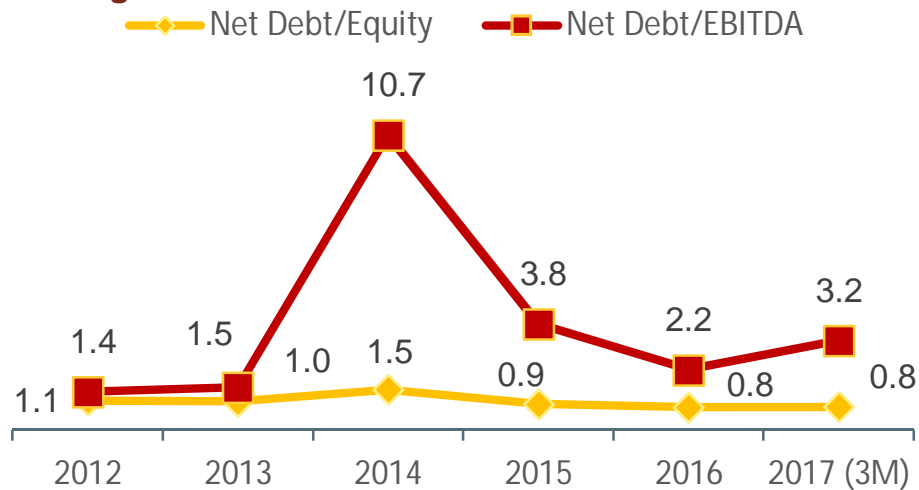


# Financial Performance

2017 (3M) Revenue Breakdown

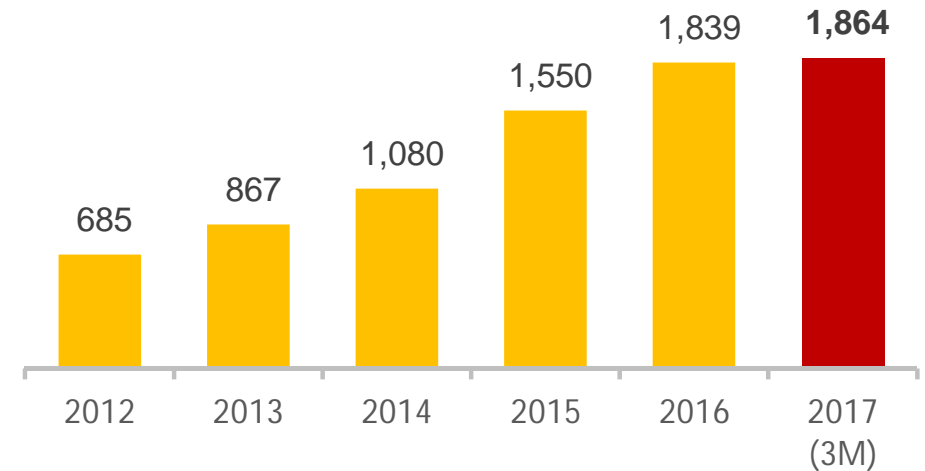


Leverage Ratio



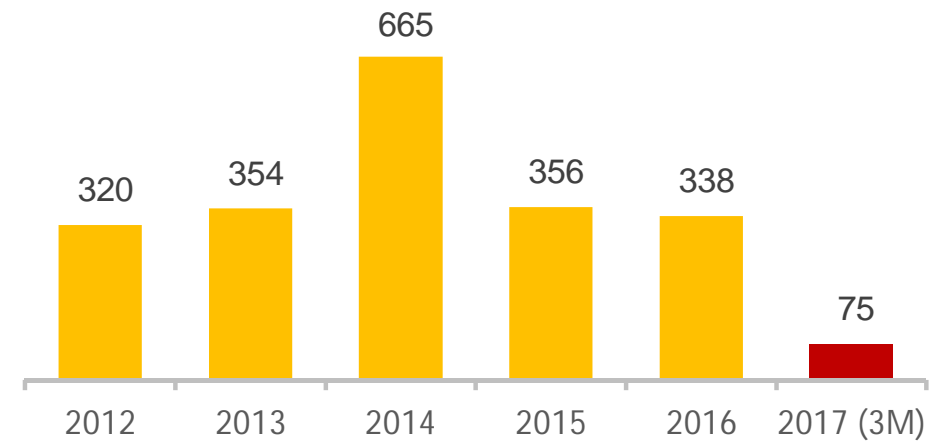
Shareholders' Equity

IDR bn



Historical Capex

IDR bn





## APPENDIX

# Experienced professional team with recognized track record



- Founding shareholders have more than 40 years of experience in the industry in South East Asia
- Senior management has 15-20 years of industry experience
- Winner of Forbes Indonesia's Top 50 Best of the Best Companies award 4 times in a row

# 19 Years of Excellence

1997-98

2000

2003

2006

2007-2008

2010

2011 - 2012

2013

2014

2015-2016

rating from BBB+ to A-



# Disclaimer

By attending the meeting where this presentation is made, or by reading the presentation slides, you agree to the following limitations and notifications and represent that you are a person who is permitted under applicable law and regulation to receive information of the kind contained in this presentation.

This presentation is strictly confidential to the recipient, may not be reproduced, retransmitted or further distributed to the press or any other person, may not be reproduced in any form, may not be published, in whole or in part, for any purpose and should not be relied on, or form the basis of, any decision or action by any person.

This presentation contained in this presentation is for information purposes only and does not constitute or form part of any advertisement of any offer or invitation to sell or issue or any solicitation of an offer or invitation to purchase or subscribe for any ordinary shares ("Shares") in PT. Malindo Feedmill Tbk ("MAIN") in Indonesia, the United State or any other jurisdiction. No part of this presentation, nor the fact of its presentation should form the basis of, or be relied upon in any connection with any contract, investment decision or commitment whatsoever and does not constitute a recommendation regarding the Shares of MAIN. This presentation is intended only for the recipients thereof and may not be retransmitted or distributed by them to any other persons.

This presentation may contain "forward-looking statements" which are based on current expectations and projections about future events that involve known and unknown risks and uncertainties. All statements other than statements of historical facts included in this presentation, including, without limitation, those regarding MAIN's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to MAIN's business and services) are forward-looking statements. Actual future performance, outcomes and results may differ materially from those expressed or implied in such forward-looking statements as result of a number of risks, uncertainties assumptions. Although MAIN believes that such forward-looking statements are based on reasonable assumptions, it can give no assurance that such expectations will be met.

Representative examples of these factors include (without limitation) statements relating to changes in the competitive environment in which MAIN operates, general economic and business conditions, political, economic and social developments in the Asia-Pacific region (in particular, changes in economic growth rates in Indonesia and other Asian economies), changes in fuel prices, changes in governmental regulations relating to the transportation sector, competition from other companies, liability for remedial action under environmental regulations, the cost and availability of adequate insurance coverage and financing, changes in interest rates and other factors beyond MAIN's control. You are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management on future events as at the date of this presentation and such forward-looking statements are based on numerous assumptions and estimates regarding the Company and its subsidiaries present and future business strategies and the environment in which the Company will operate in the future. Forward-looking statements are not guarantees of future performance. These forward-looking statements speak only as at the date of this presentation, and none of the Company, the selling shareholders or any of their respective agents, employees or advisors intends or has any duty or obligation to supplement, amend, update or revise any such forward-looking statements to reflect any change in the Company's expectations with regard there to or any change in events, conditions or circumstances on which any such statements are based or whether in the light of new information, future events or otherwise.

This presentation has been prepared by MAIN solely for use at a presentation to potential investors. The information in this presentation has not been independently verified. No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information and opinions in this presentation. None of MAIN or any of its subsidiaries, agents or advisers, or any of their respective affiliates, advisers or representatives, undertake to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise and none of them shall have any liability (in negligence or otherwise) for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection with this presentation.

This presentation is not directed to, or intended for distribution to or use by, any person or entity in any jurisdiction where such distribution, publication or use would be contrary to law or regulation in such jurisdiction. This presentation is not for distribution, directly or indirectly, in or into the United States (as defined in Regulation S under U.S Securities Act of 1933, as amended (the "Securities Act")), Canada, Japan or the PRC or any other jurisdiction which prohibits the same. Failure to comply with restriction may constitute a violation of applicable securities laws. This presentation is not an offer of securities for sale into the United States, Canada, Japan or the PRC. The securities have not been, and will not be registered under the Securities Act, or the securities laws of any state of the United States or any other jurisdiction and the securities may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws. By attending the meeting where this presentation is made, or by reading the presentation slides, you represent and warrant that you are located outside the United States and to the extent you purchase any Securities in the Offering you will be doing so pursuant to Regulation S under Securities Act.

The information and opinions contained in the presentation noted above are subject to change without notice, and may only be finalized at the time of the offering in an offering memorandum and any supplement published thereto in respect of the offering.