



PT. MALINDO FEEDMILL, TBK

1Q 2019 RESULT PRESENTATION





COMPANY BACKGROUND

GROWING THROUGH EXCELLENCE

More than 20 years 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 IDR 3Tri of market cap.

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

Healthy financial position with gearing ratio (net) of 0,72x

KEY FINANCIAL HIGHLIGHTS



Attractive, Fast Growing Industry

Amongst the lowest poultry consumption in SE Asia at 7 kg vs Malaysia at 46 kg

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

GDP growth – 2018: 5.17%;
2017: 5.07% on higher
Government spending of
4.56% YoY



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 32% 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

1Q/2019 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 5.2% (2017 c. 5.1%)

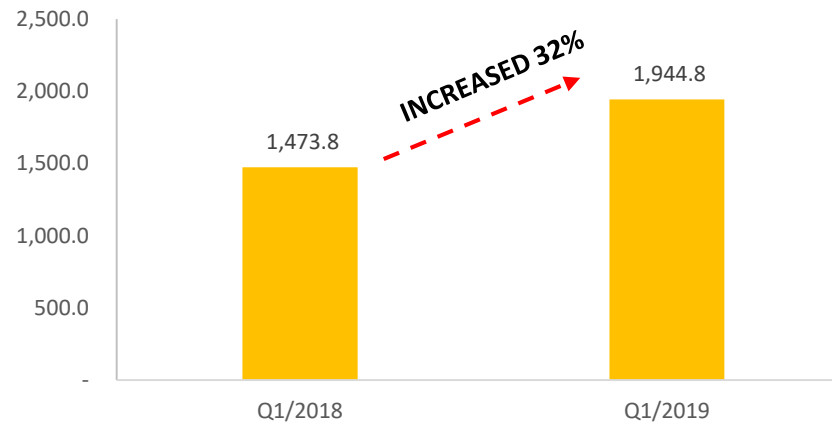


**Feed margins to benefit from volume
growth, particularly expanding to swine
feed and duck feed**

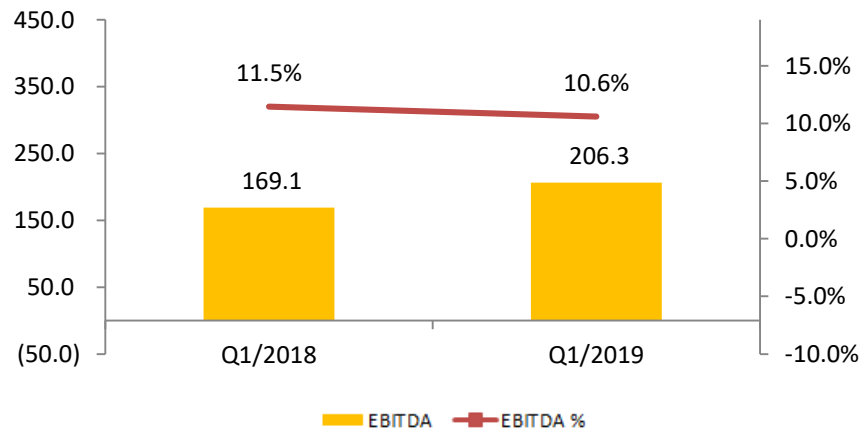
**Consumer food volume continues increasing
by boosting the sales through social media**

FINANCIAL PERFORMANCE

TOTAL SALES



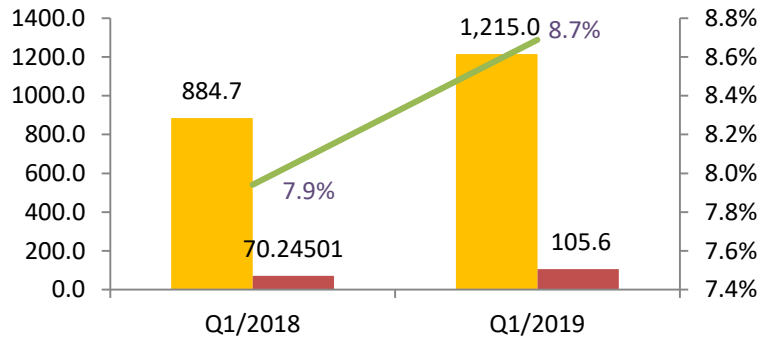
EBITDA



SEGMENT PERFORMANCE

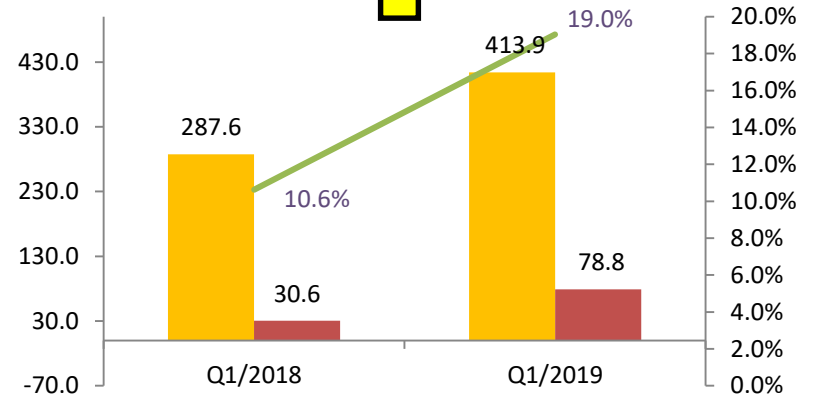
FEED

SALES  37 %



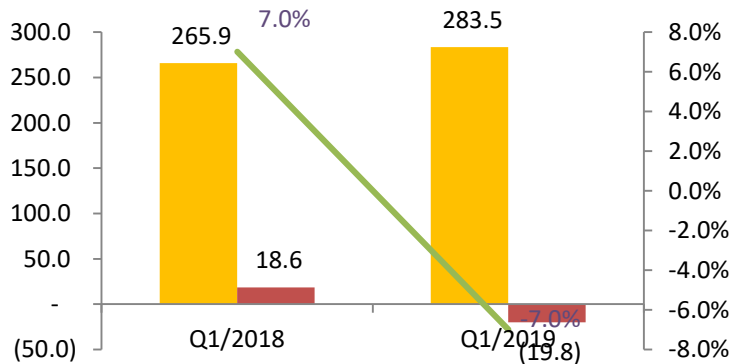
BREEDER

SALES  44%



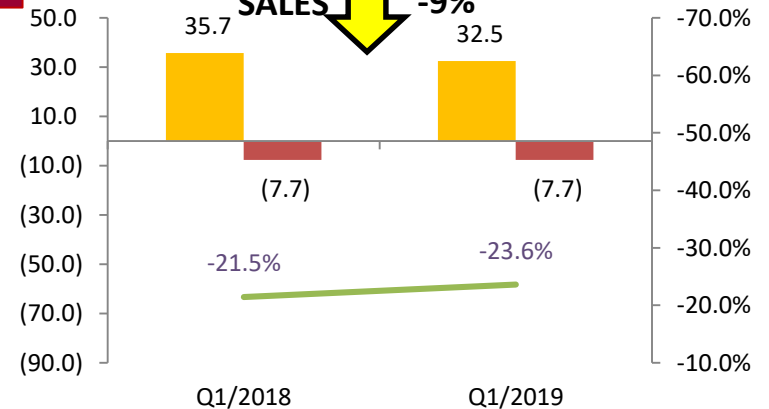
BROILER



SALES  7 %



FOOD

SALES  -9%

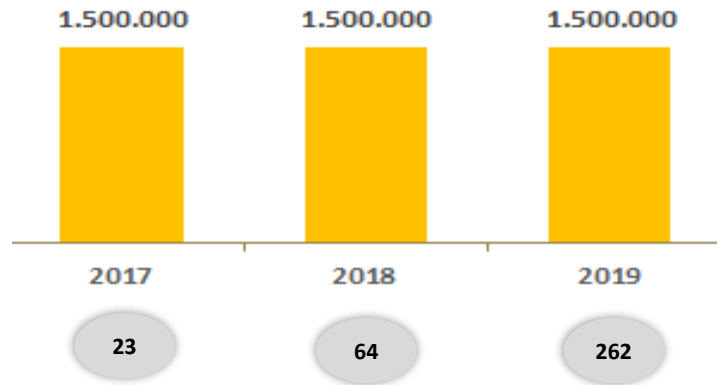


 Sales  EBIT  EBIT %

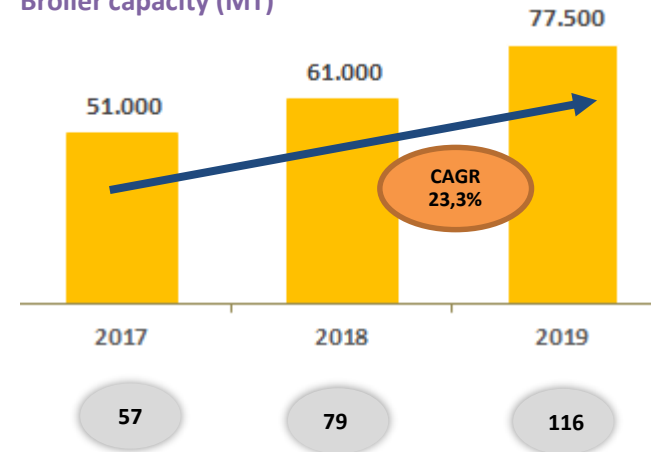
CAPEX PLANS

Capex (IDR bn)

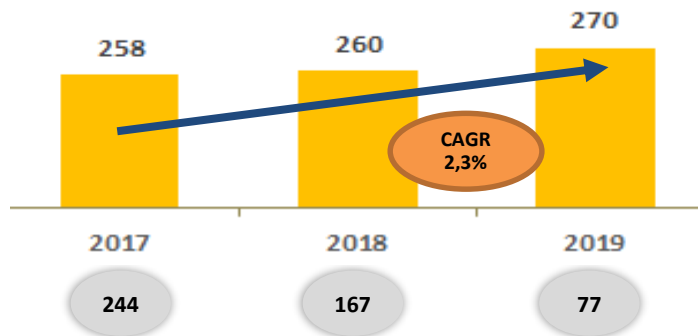
Feed capacity (MT)



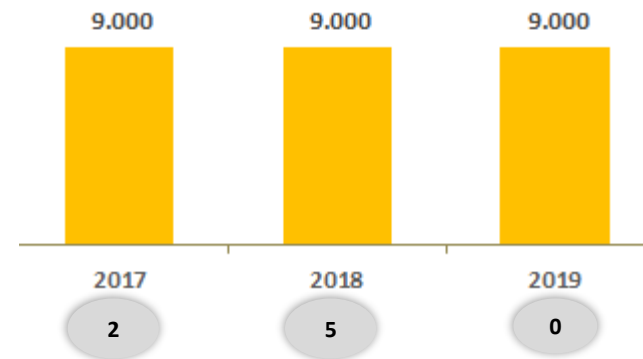
Broiler capacity (MT)



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



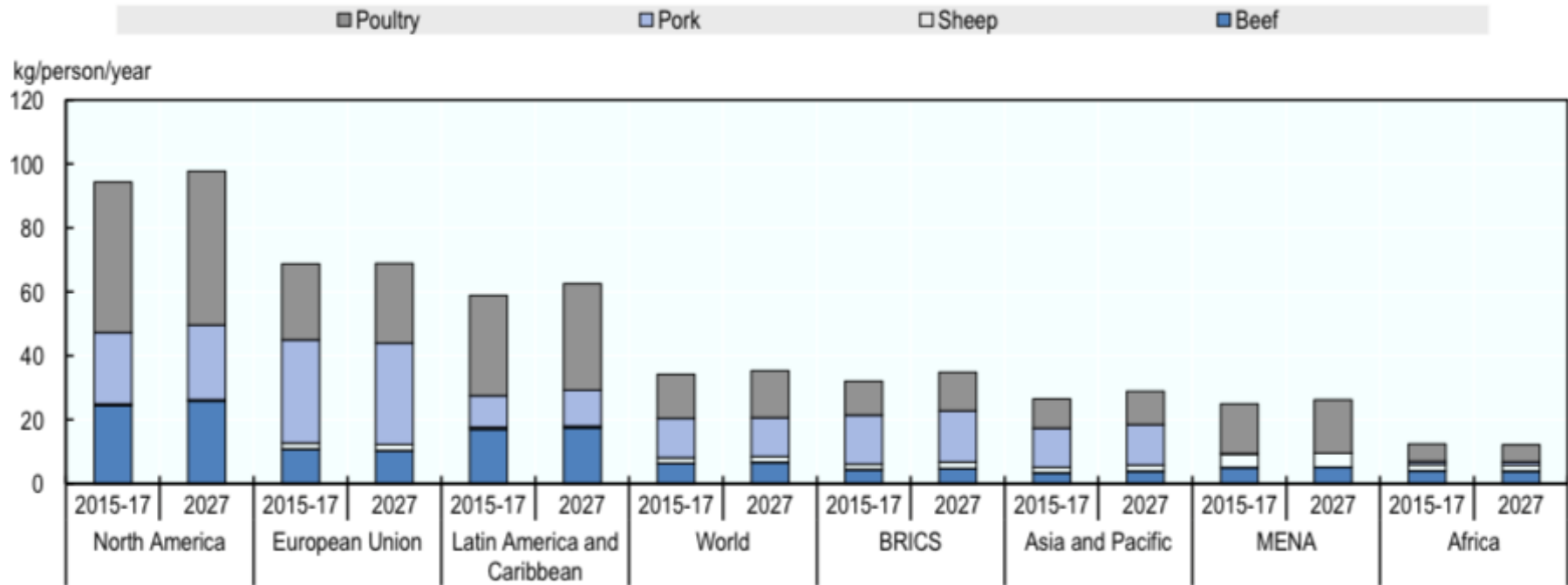
STRATEGIC LOCATIONS



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	16 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



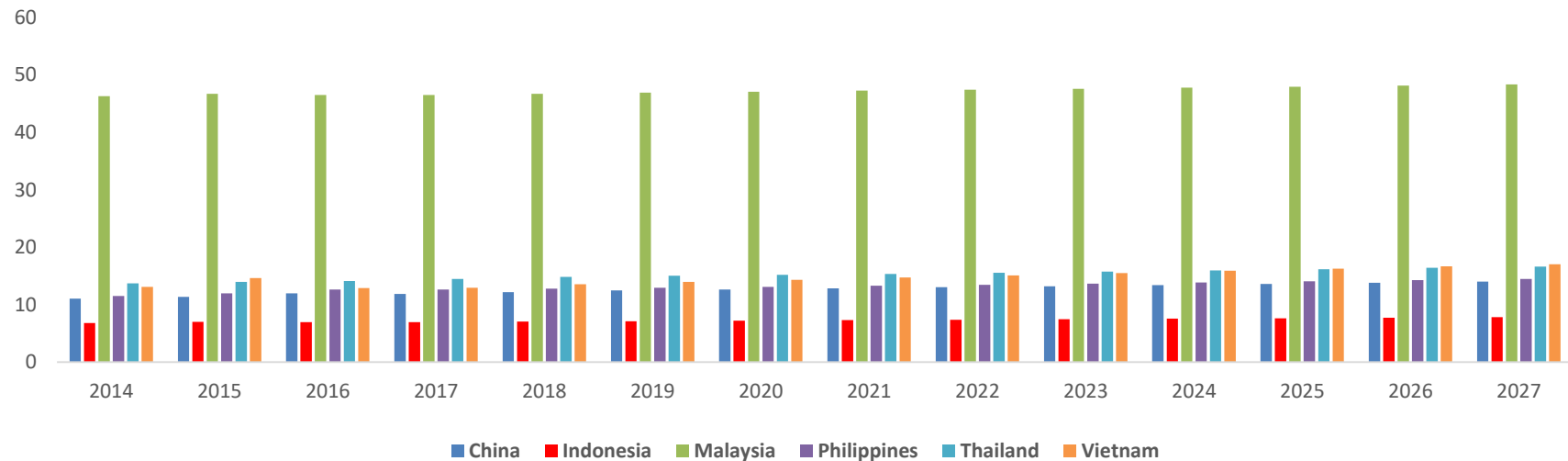
Source: OECD/FAO, 2018

Consumption of poultry increases in all region and income level.
Consumption per capital will grow, but growth rates will remain higher for developing regions.

INDUSTRY OUTLOOK

SE ASIA POULTRY CONSUMPTION

(KG/ CAPITA IN MILLIONS)

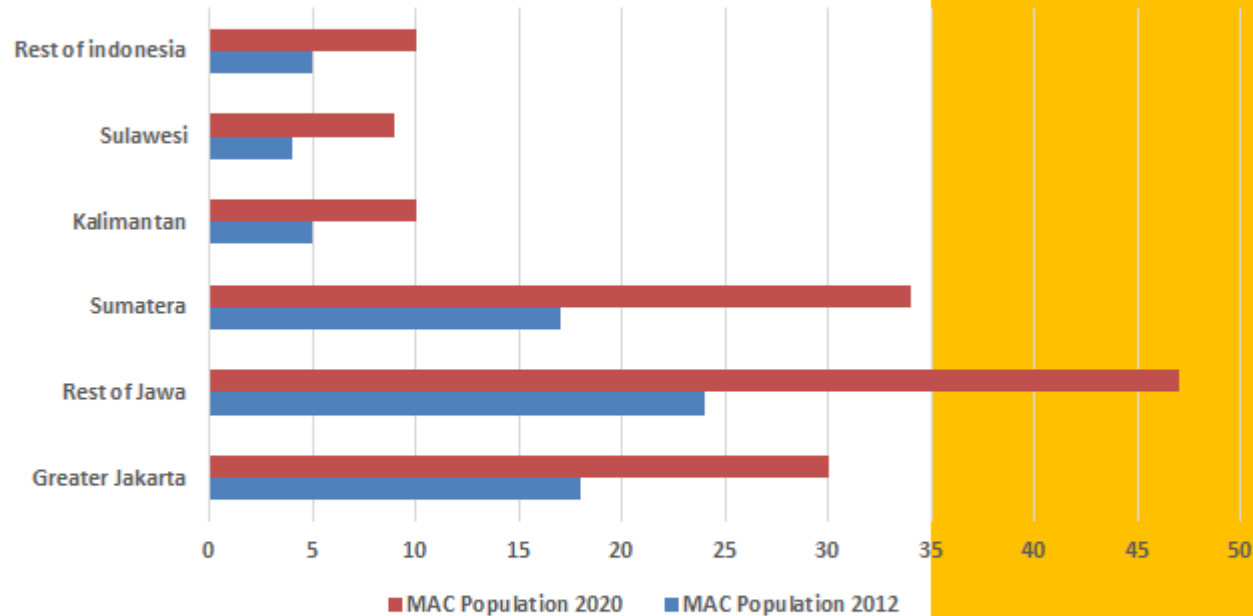


Source: OECD, 2019

Indonesia has the **lowest poultry consumption** among the other South East Asia countries, which this means there is a **large growth opportunity** for Indonesia poultry business.

INDUSTRY OUTLOOK

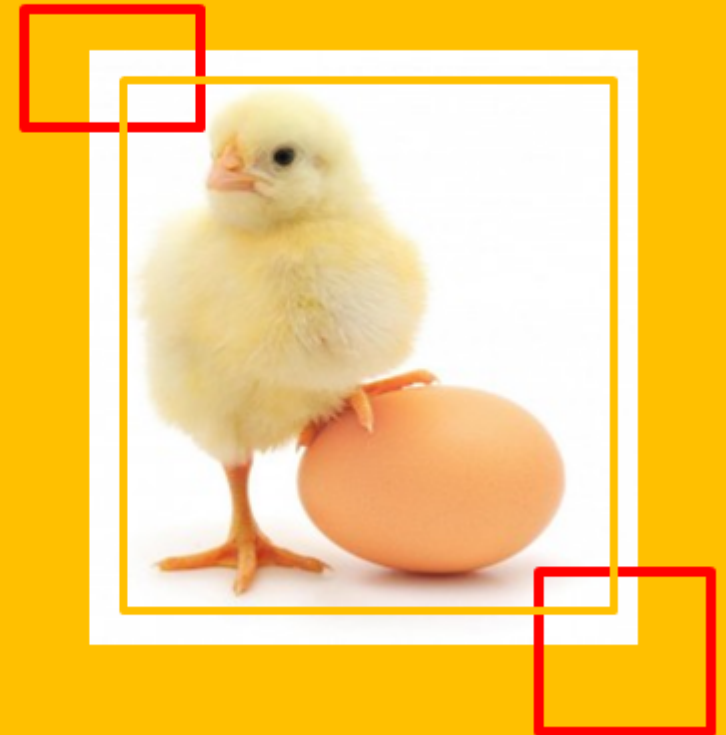
Consuming Class
(Middle and Affluent)



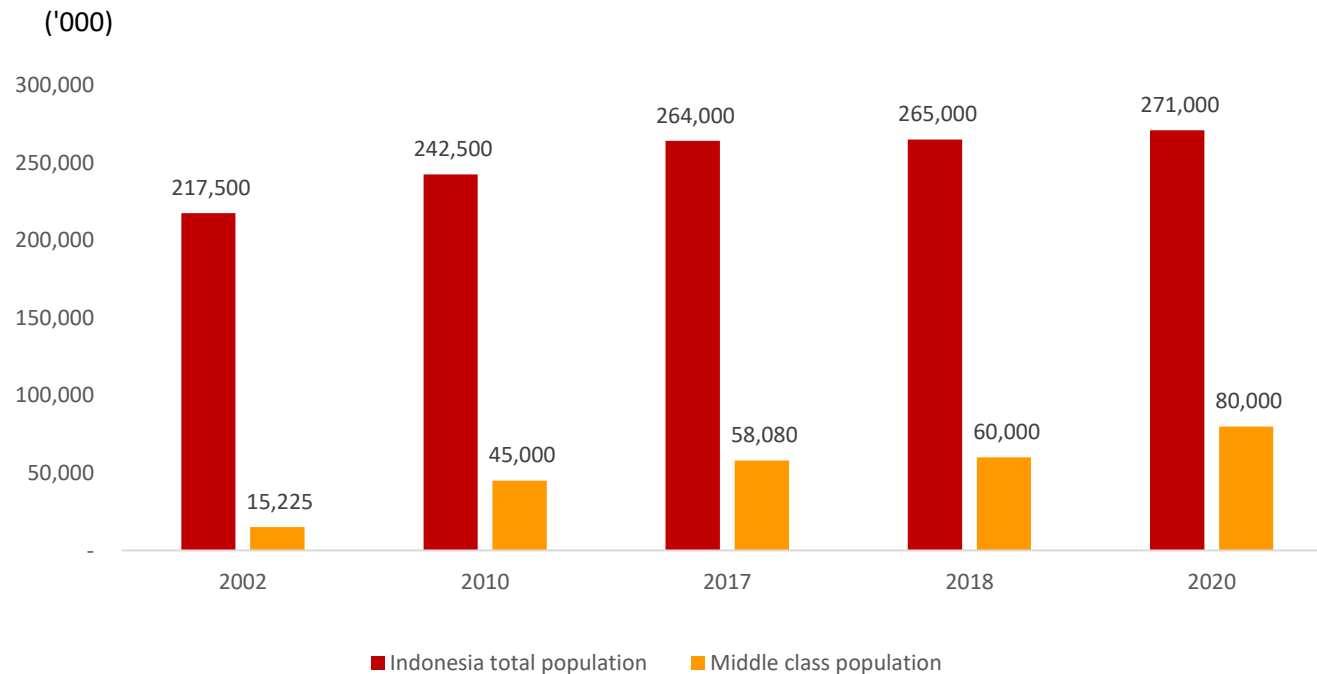
Notes :

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



INDUSTRY OUTLOOK

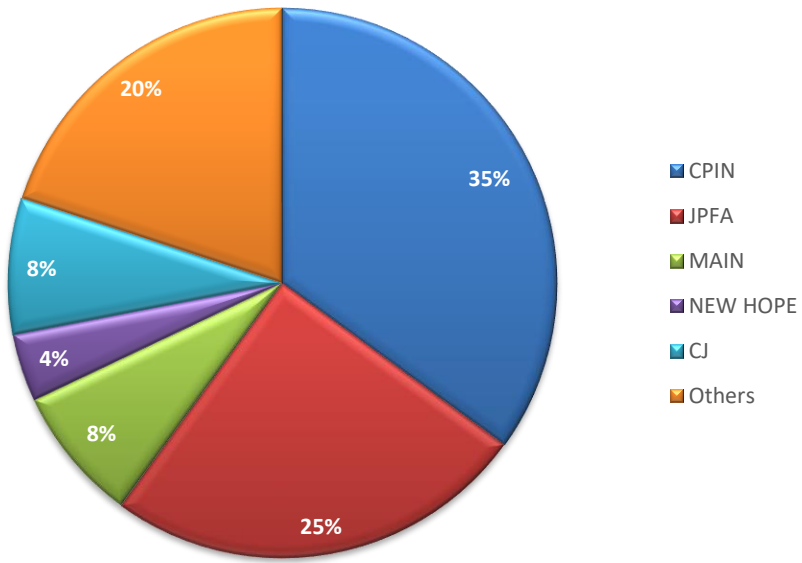


Source: Badan Pusat Statistik (2018) and Indonesia Finance Ministry (2019)

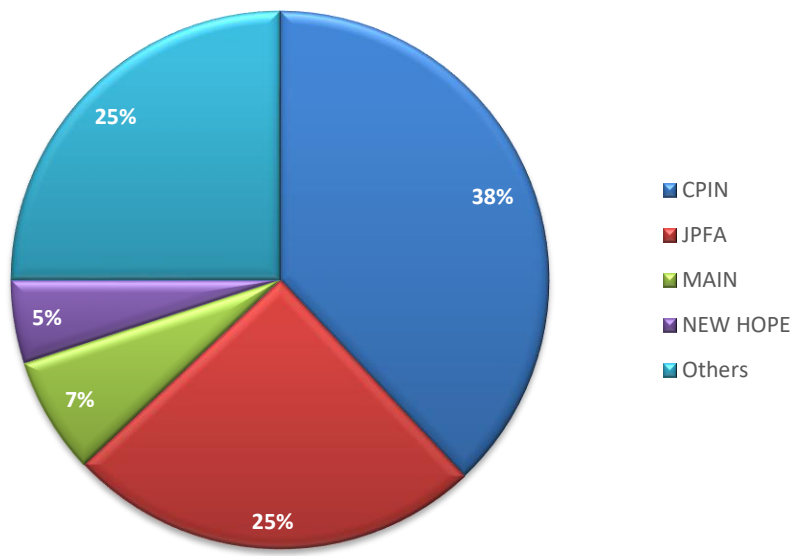
Indonesian middle class expected to reach 80 Million in 2020

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

Additional 1 line drier in Makassar of 500 tonnes/day of capacity

Malindo is able to secured more corn during the harvest period, thus the cost of corn is coming down.

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 FY2019 : 75%-80% of optimal capacity)



BREEDER UPDATES



High Quality DOC

- 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

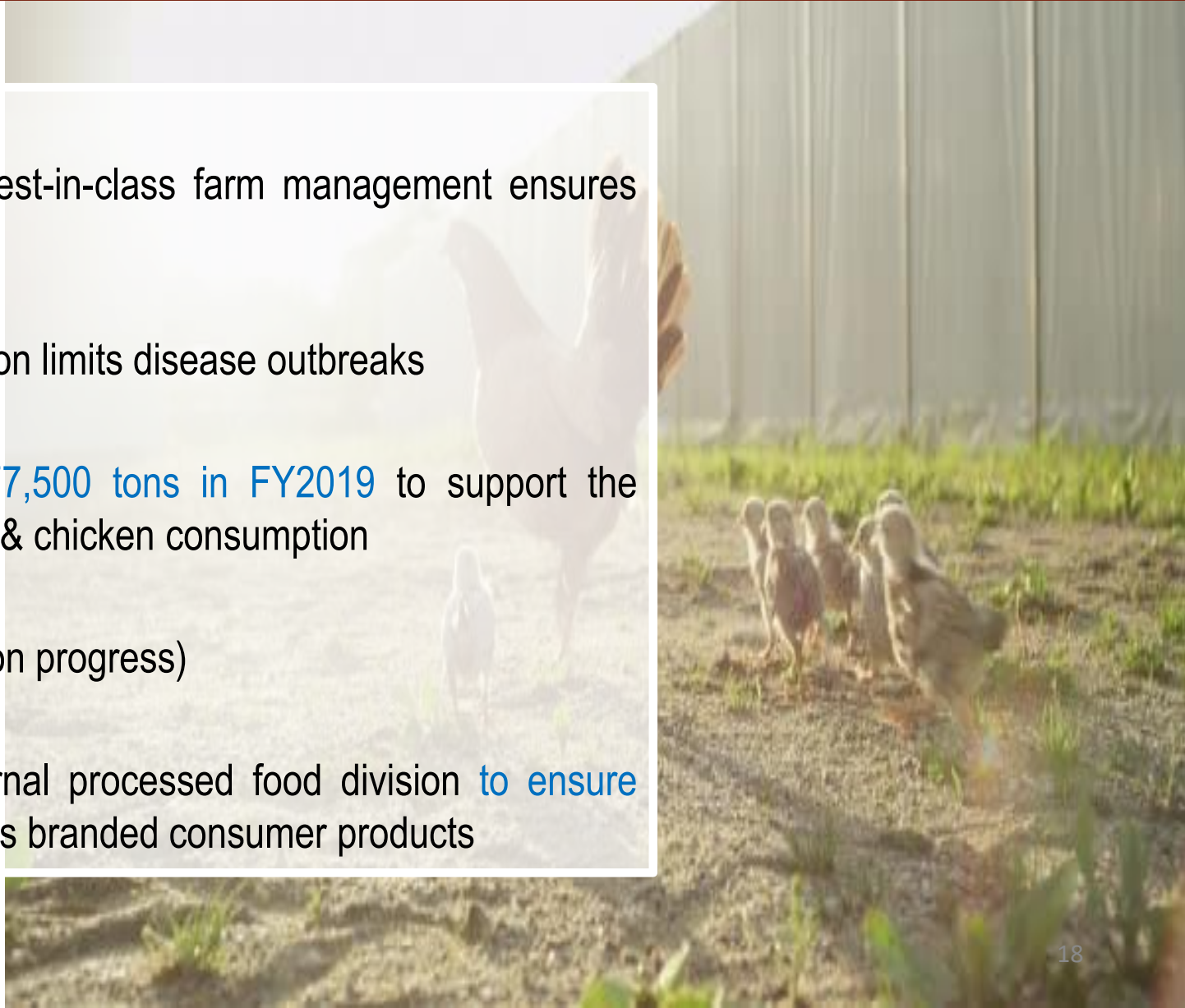


Expanding production capacity with a target of 270Mio chicks in FY2019

- Malindo expects to **add 7% - 10% production volume** per annum beyond 2018 to support projected market recovery.

BROILER UPDATES

- High quality DOC and best-in-class farm management ensures high-quality broiler
- Diverse geographic location limits disease outbreaks
- Expanding capacity to 77,500 tons in FY2019 to support the growth in processed food & chicken consumption
- Expanding to Sumatera (on progress)
- Focus on supplying internal processed food division to ensure high quality chickens for its branded consumer products



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

We are now focusing on below the line and extensification areas of Java and outside Java.

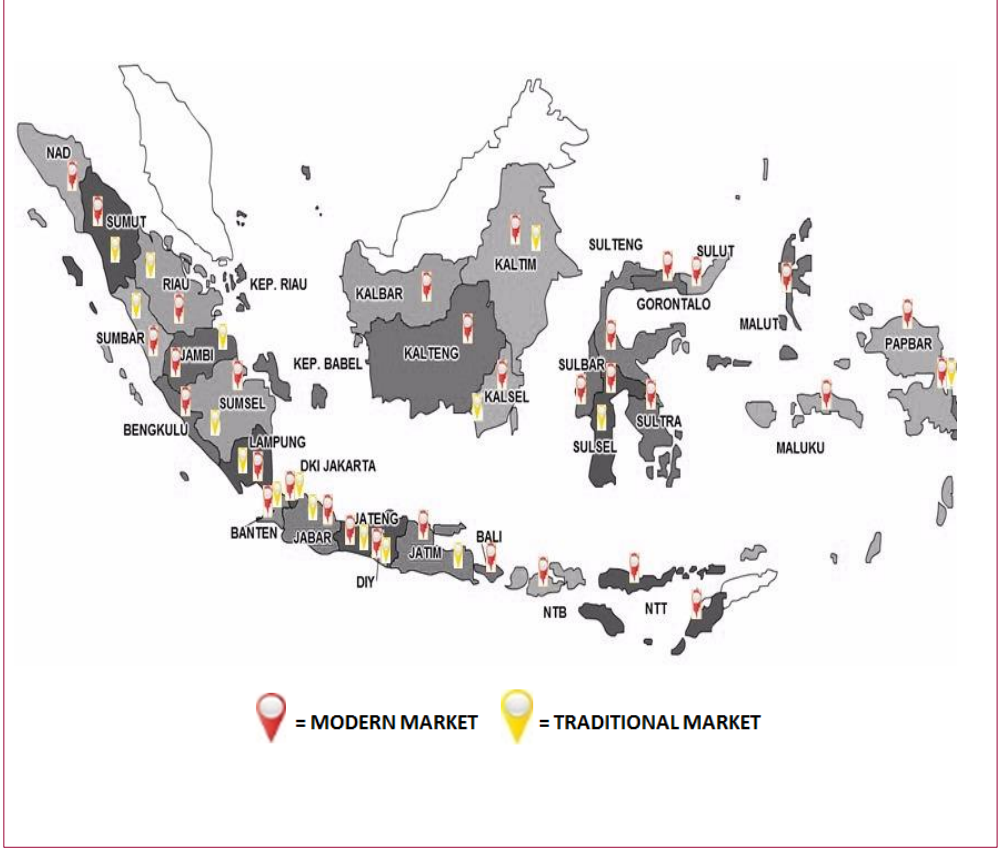


PROCESSED FOOD UPDATES

CUSTOMER AND OUTLET GROWTH



DISTRIBUTION MAP



THANK YOU



INVESTOR RELATION



www.malindofeedmill.com



Sunny Gold



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