

INVESTOR
PRESENTATION
Malindo Feedmill





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Company

Background

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 2Tri of market cap.

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

Healthy financial position with gearing ratio (net) of 0,93x



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

Q2/2018

Highlights

DOC & Broiler Average Selling Price

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

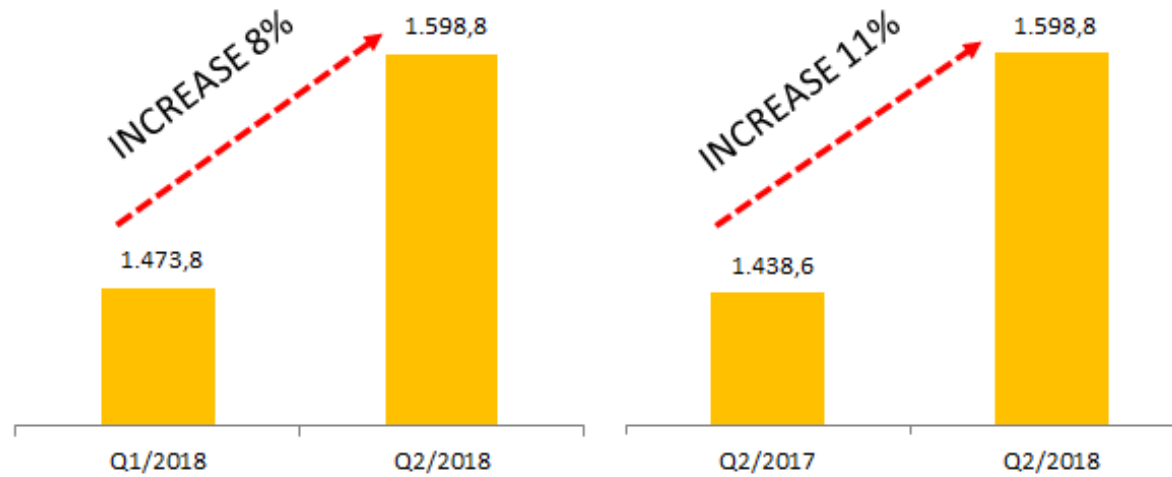
Consumer demand projected to improve with strong support by macro conditions
GDP growth: 2018 5.3% (2017 c. 5.1%)

Q2/2018

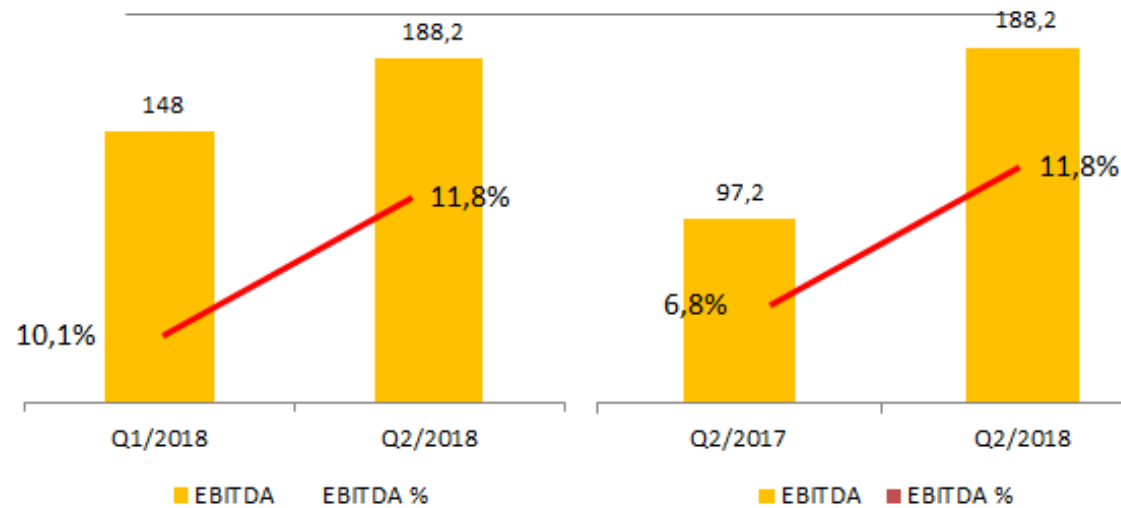
Feed margins to benefit from volume growth, particularly expanding to swine feed and duck feed

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

TOTAL SALES



EBITDA



FEED

9,1% 8,1%

1.767,3

160,1

6M 2017

1.786,1

145,5

6M 2018

BREEDER

-4,8% 7,5%

588,9

(28,5)

6M 2017

608,0

45,7

6M 2018

BROILER

0,7% 9,0%

285,8

2,0

6M 2017

608,2

54,8

6M 2018

FOOD

-44,0% -35,8%

58,2

(25,6)

6M 2017

70,3

(25,2)

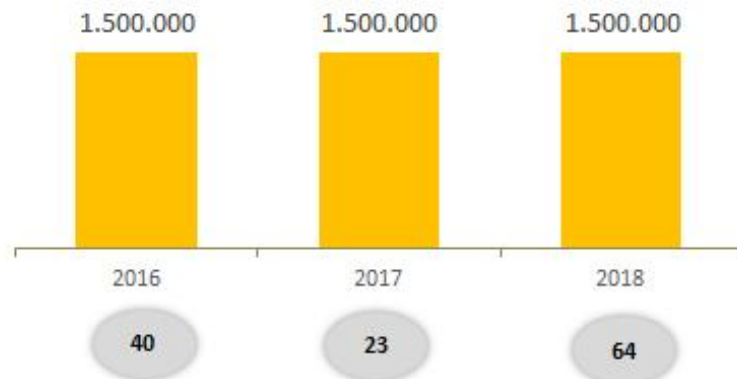
6M 2018

Sales (IDR bn) EBIT (IDR bn) EBIT margin (%)

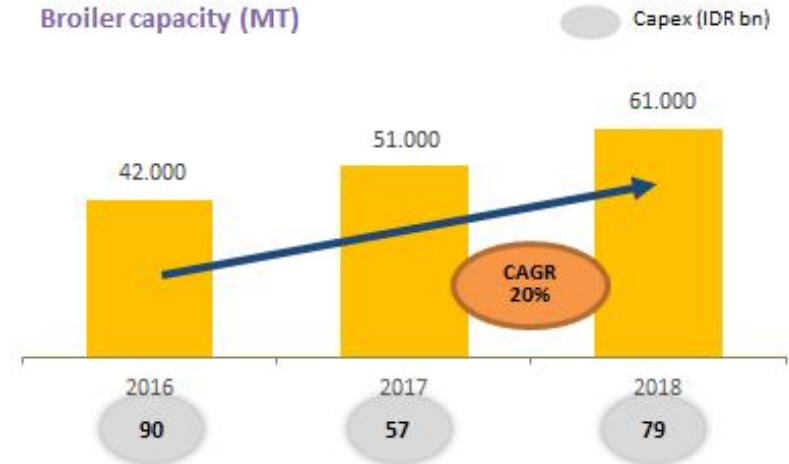


CAPEX PLANS 2018

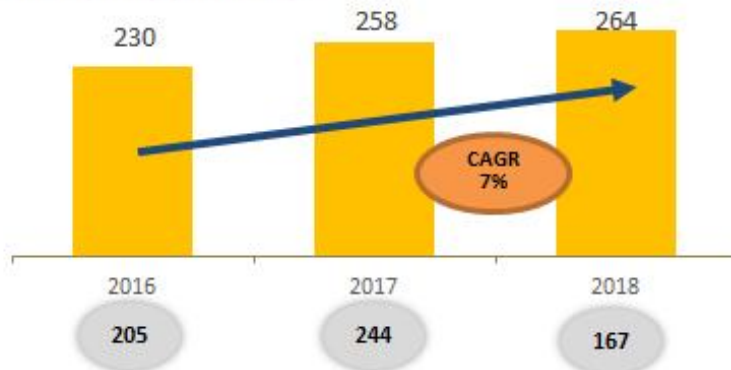
Feed capacity (MT)



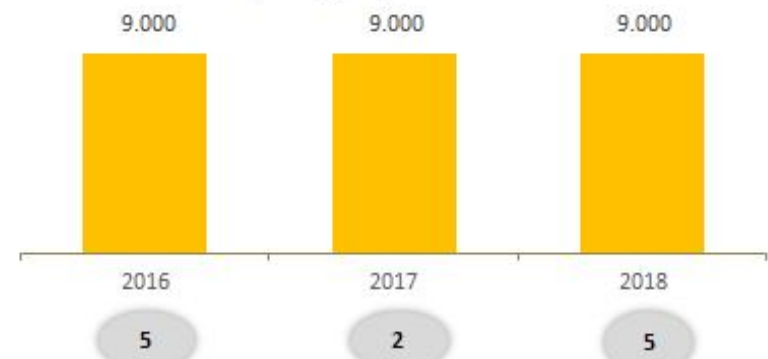
Broiler capacity (MT)



DOC capacity (Mn birds)



Consumer Foods capacity (MT)



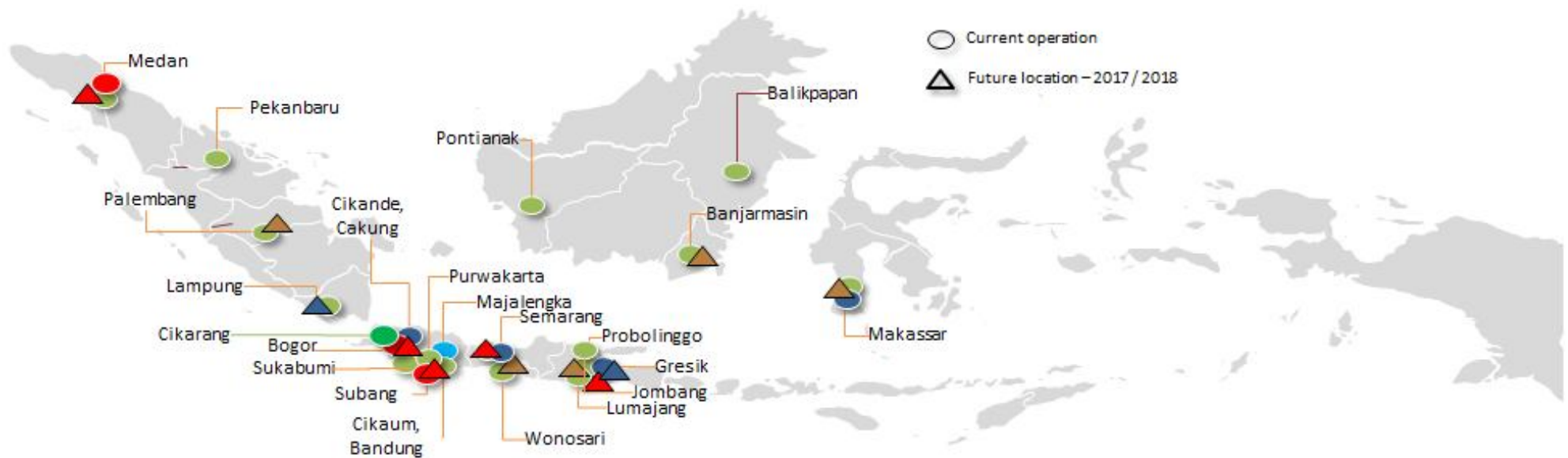
Projected Capex of IDR 315 bn in 2018 will enable Malindo to capture increased demand as the general economy & market grows



PROFIT FORECAST



Strategic & Diverse Locations

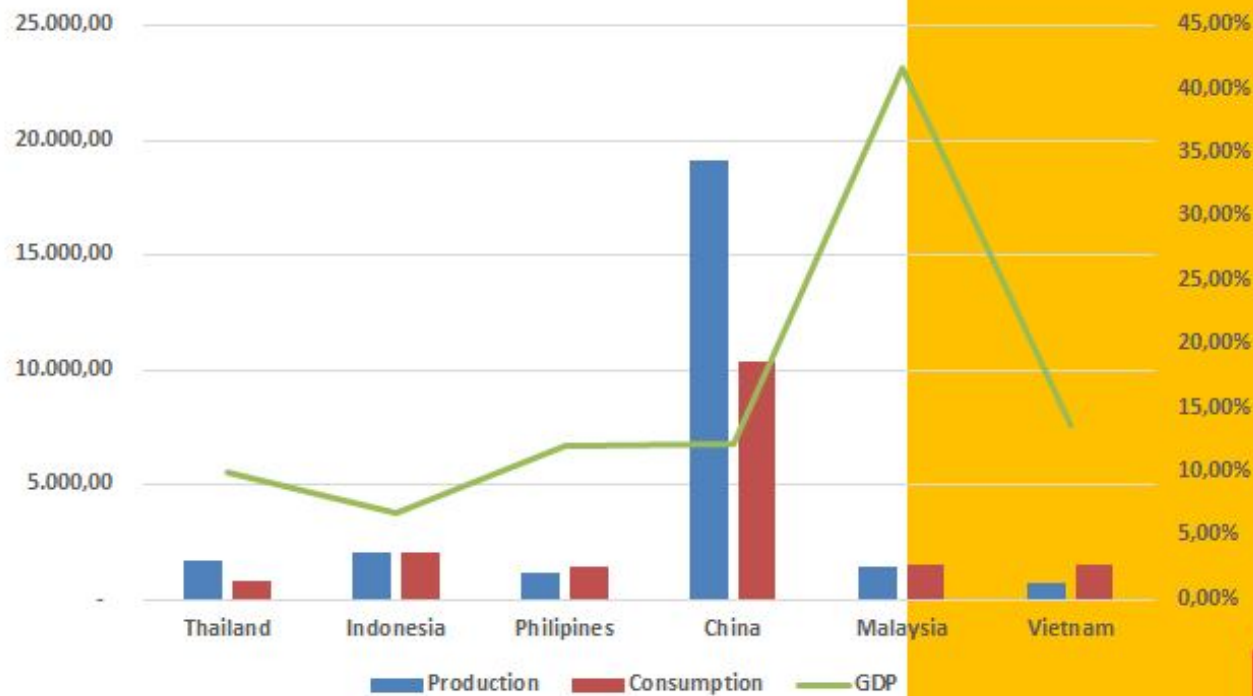


Legends	Division	2018 Annual Capacity	Additional Capacity	Locations
	Feedmill	1,500,000 MT *	-	Cakung, Cikande, Gresik, Semarang, Makassar, Lampung
	GPS Breeding	3.2 mn DOCs	-	Majalengka
	PS Breeding	258 mn DOCs	6 mn DOCs	Medan, Lampung, Subang, Cikaum, Purwakarta, Wonosari, Probolinggo, Lumajang, Pontianak,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

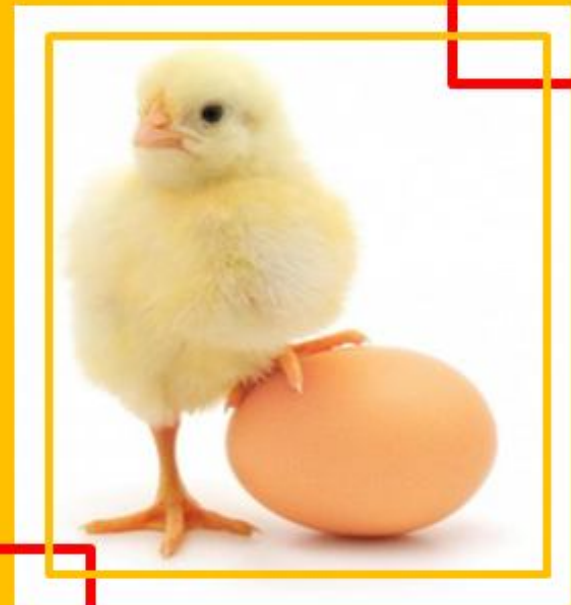
* based on mixed capacity

Industry Outlook

Poultry Consumption



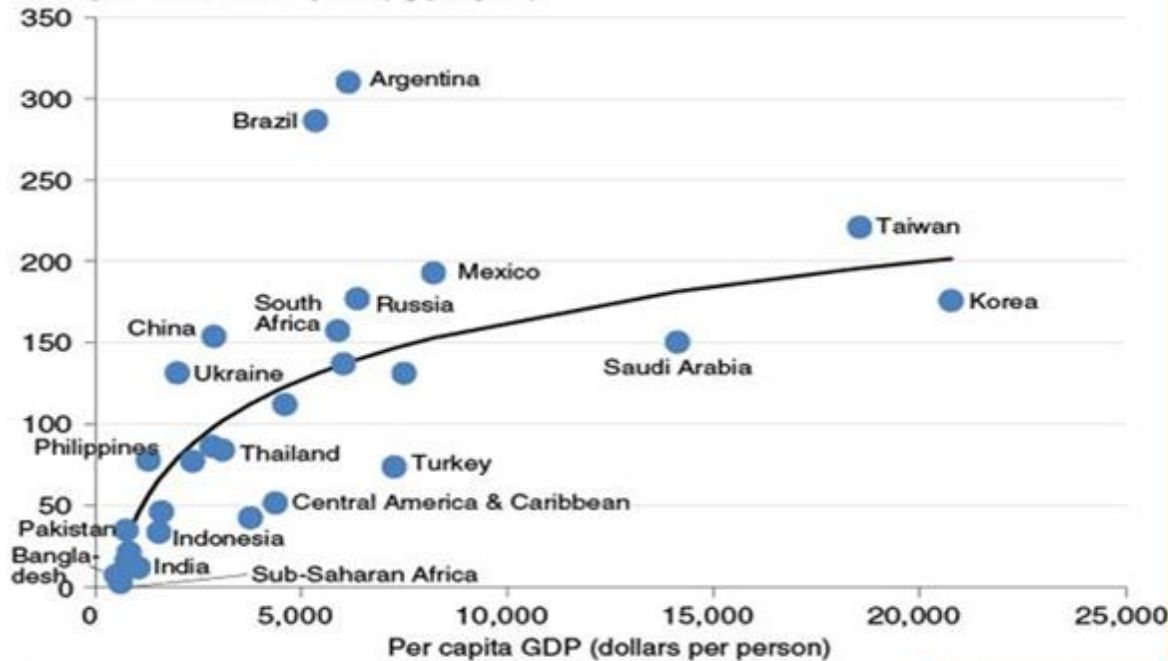
Source: FAOStat (2018)



Industry Outlook

Meat consumption generally increases with higher income

Per capita meat consumption (kg per year)

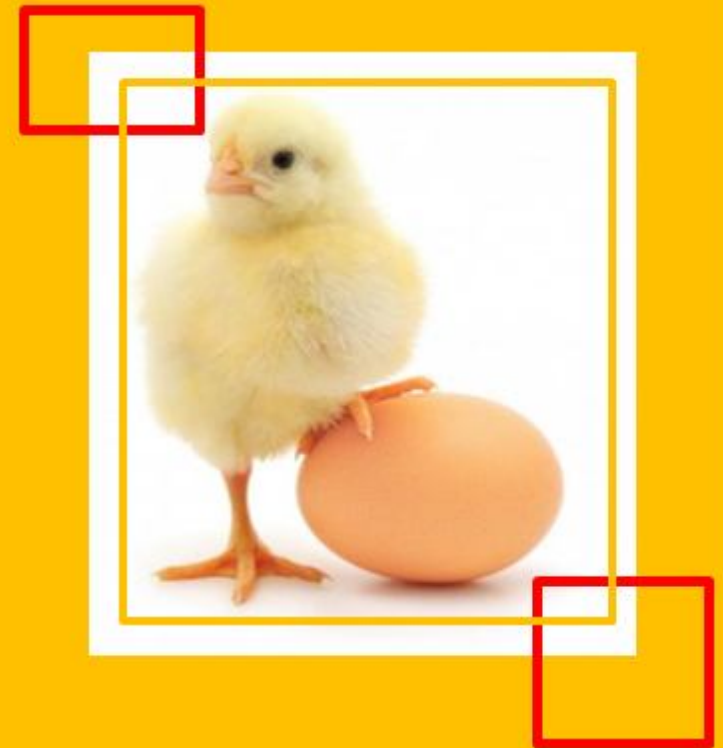


Notes :

Data are 2009 – 2011 averages for selected developing countries.

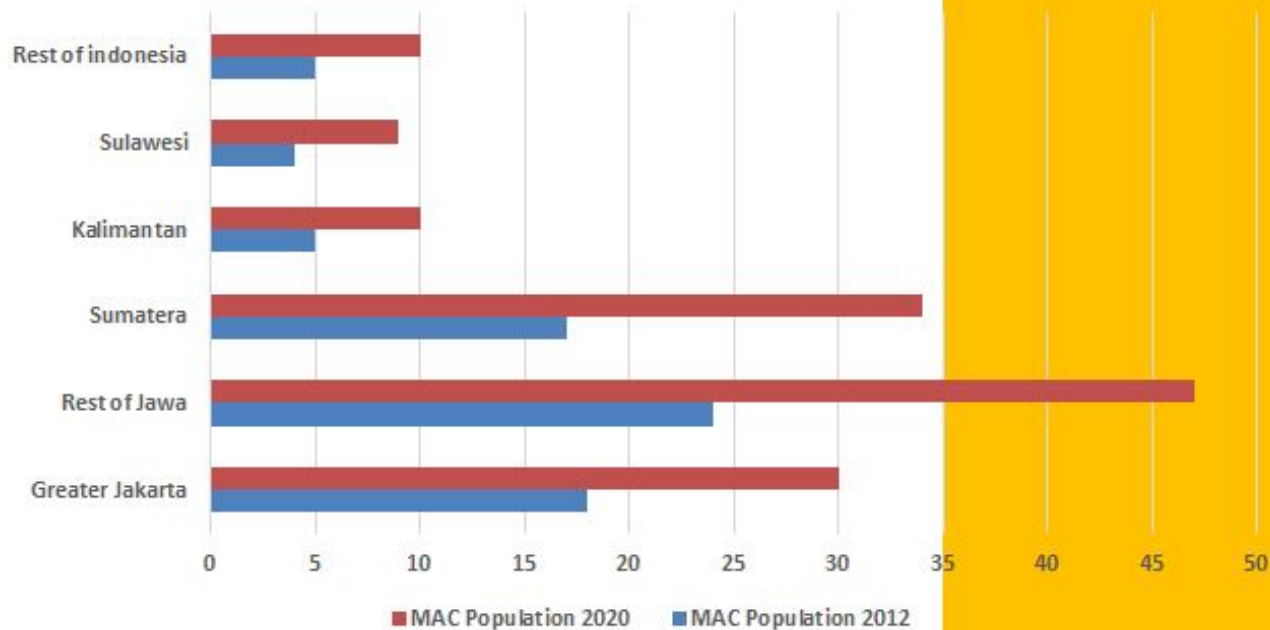
Logarithmic growth curve based on both developing and developed countries.

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



Industry Outlook

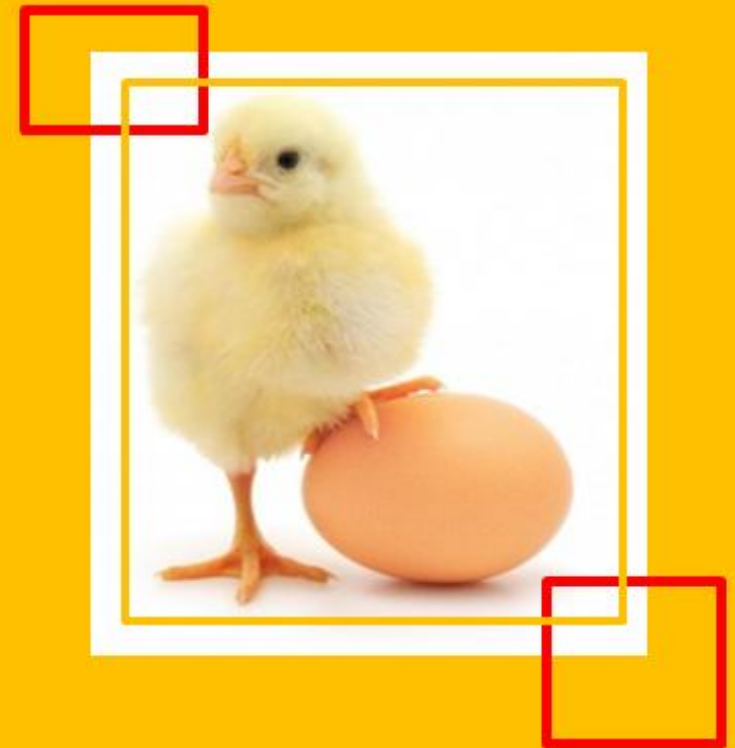
Consuming Class
(Middle and Affluent)



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.

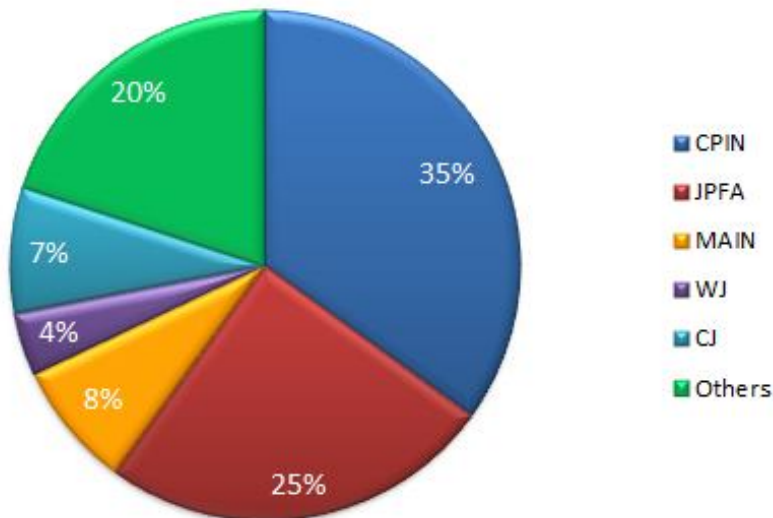
Sources : BCG Analysis 2012



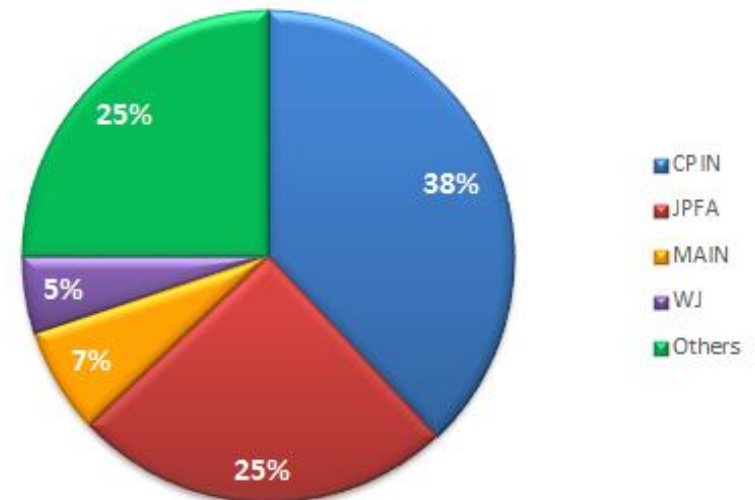
Business Lines

Emerging Market Leader in Poultry

Indonesia feed production capacity share (2017)



Indonesia DOC production capacity share (2017)



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

Production plant with installed production capacity of 9,000 tons per annum

- With market recovery & improved sales from 2017, additional capacity will be added in 2019

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

Promotion and Advertisement

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



THANK YOU



www.malindofeedmill.com



Sunny Gold



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