

**UNOFFICIAL TRANSLATION**

No. 029/ICBP/CS/V/20

Jakarta, 22 May 2020

Indonesia Financial Services Authority  
Gedung Soemitro Djojohadikusumo  
Jalan Lapangan Banteng Timur No. 2-4  
Jakarta 10710

**Attention: Mr. Hoesen, Executive Head – Capital Market Supervisor**  
**Mr. Fakhri Hilmi, Deputy Commissioner – Capital Market Supervisor II**

Indonesia Stock Exchange  
Indonesia Stock Exchange Building, Tower 1, 4<sup>th</sup> Floor  
Jalan Jendral Sudirman Kav. 52-53, Jakarta 12190

**Attention: Mr. Inarno Djajadi, President Director**  
**Mr. IGD N Yetna Setia, Director of Companies Appraisal**

Indonesia Central Securities Depository  
Indonesia Stock Exchange Building, Tower 1, 5<sup>th</sup> Floor  
Jalan Jendral Sudirman Kav. 52-53, Jakarta 12190

**Attention: Mr. Uriep Budhi Prasetyo, President Director**

**Subject: Public Disclosure of PT Indofood CBP Sukses Makmur Tbk related to the signing of the Conditional Shares Sale and Purchase Agreement**

For and on behalf of the Company, we herewith would like to announce Information or Material Facts as follow:

Company Name : PT Indofood CBP Sukses Makmur Tbk  
Business Activities : Consumer branded products industry, include among others instant noodles, food seasonings, nutrition and specialty foods, as well as capital investments in subsidiaries engaged in the dairy processing industry and other related products, snacks, beverages and packaging.  
Telephone : (021) 5795 8822  
Facsimile : (021) 5793 7373  
E-mail Address : corporate.secretary@icbp.indofood.co.id

1.	Date of Event: 22 May 2020
2.	Type of Information and Material Facts: Others
3.	Description of Information and Material Facts:

Referring to Public Disclosure of PT Indofood CBP Sukses Makmur Tbk (the “**Company**”) No. 017/ICBP/CS/II/20, dated 11 February 2020, related to the Offering of Possible Acquisition, herewith the Company wishes to announce that on 22 May 2020, the Company has entered into the Conditional Shares Sale and Purchase Agreement (the “**Agreement**”) with Pinehill Corpora Limited (“**Pinehill Corpora**”), an affiliated party of the Company and Steele Lake Limited (“**Steele Lake**”), a non-affiliated party of the Company pursuant to which Pinehill Corpora and Steele Lake (the “**Sellers**”) have conditionally agreed to sell and transfer to the Company who has conditionally agreed to purchase the entire issued shares of **PINEHILL COMPANY LIMITED**, a limited liability company duly organized and existing under the laws of the British Virgin Islands (BVI) (the “**Target Company**”), engages as the holding company which currently owns the following investment in its consolidated subsidiary companies (the “**Target Group**”):

- a. 59% (fifty nine percent) shares in **PINEHILL ARABIA FOOD LIMITED**, a limited liability company duly organized and existing under the laws of the Kingdom of Saudi Arabia, which engages primarily in the instant noodle manufacturing industry in Kingdom of Saudi Arabia;
- b. 100% (one hundred percent) shares in **PLATINUM STREAM PROFITS LIMITED**, a limited liability company duly organized and existing under the laws of the BVI, engages as the holding company which currently owns 48.99% (forty eight point ninety nine percent) shares in **DUFIL PRIMA FOODS PLC**, a public limited liability company duly organized and existing under the laws of the Federal Republic of Nigeria, together with its consolidated subsidiary companies engage primarily in the instant noodle manufacturing industry in the Federal Republic of Nigeria and the Republic of Ghana;
- c. 59% (fifty nine percent) shares in **SALIM WAZARAN GROUP LIMITED**, a limited liability company duly organized and existing under the laws of the BVI, engages as the holding company which currently owns directly and/or indirectly not less than approximately 80% (eighty percent) shares in its consolidated subsidiary companies which engage primarily in the manufacturing and distribution of the instant noodle in its jurisdiction respectively, such as the Republic of Egypt, the Republic of Kenya, the Kingdom of Morocco, and the Republic of Serbia; and
- d. 59% (fifty nine percent) shares in **SALIM WAZARAN GIDA SANAYI VE YATIRIM ANONIM SIRKETI**, a joint stock company duly organized and existing under the laws of the Republic of Turkey, engages as the holding company which currently owns 80% (eighty per cent) shares in **ADKOTURK GIDA SANAYI VE TICARET LIMITED ŞİRKETI**, a limited liability company duly organized and existing under the laws of the Republic of Turkey, engages primarily in the instant noodle manufacturing industry in Republic of Turkey.

## **AGREEMENT**

Below are the important terms and conditions of the Agreement:

1. **Parties to the transaction**
  - a. Purchaser: the Company;
  - b. Sellers:

	<ul style="list-style-type: none"> <li>- Pinehill Corpora is a consortium indirectly owned as to approximately 49% (forty nine percent) by Mr. Anthoni Salim. As a result of the indirect beneficial ownership of Mr. Salim in Pinehill Corpora, Pinehill Corpora is an affiliated party of the Company. A relative of Mr. Salim indirectly beneficially owns approximately 8.3% (eight point three percent) of Pinehill Corpora. The remaining 42.7% (forty two point seven percent) of Pinehill Corpora is held by independent third parties; and</li> <li>- Steele Lake is beneficially owned by ASM Telok Ayer Fund, a discretionary investment fund managed and ultimately controlled by Argyle Street Management Limited (“<b>ASM</b>”). ASM is an asset manager, licensed by the Securities and Futures Commission of Hong Kong, that operates in Southeast Asia and Greater China. It was founded in 2002 and is based in Hong Kong. Other funds managed by ASM are co-investors in two other unrelated investments with entities controlled by Mr. Salim and Mr. Salim is the sole shareholder of an entity which is a limited partner in one of the other unrelated funds managed by ASM. Subject to the foregoing, to the best of the knowledge, information and belief of the board of directors having made all reasonable enquiry, Steele Lake and its ultimate beneficial owners are third parties independent of the Company and independent from Mr. Salim.</li> </ul> <p>2. <b>Object transaction</b></p> <ul style="list-style-type: none"> <li>a. the entire shares of the Target Company which own by Pinehill Corpora corresponding to 70,828,180 (seventy million eight hundred twenty eight thousand one hundred and eighty) shares representing 51% (fifty one percent) of the total issued shares of the Target Company (“<b>Pinehill Corpora Sale Shares</b>”); and</li> <li>b. the entire shares of the Target Company which own by Steele Lake corresponding to 68,050,408 (sixty eight million fifty thousand four hundred and eight) shares representing 49% (fourty nine percent) of the total issued shares of the Target Company (“<b>Steele Lake Sale Shares</b>”).</li> </ul> <p>3. <b>Conditions</b></p> <ul style="list-style-type: none"> <li>a. Pre-Conditions: <ul style="list-style-type: none"> <li>- The Company has announced the proposed transaction as required under the Regulation Number IX.E.2 Attachment to the Decree of the Chairman of Capital Market Supervisory Board and Financial Institution (Bapepam&amp;LK) No. Kep-614/BL/2011, dated 28 November 2011 regarding the Transaction Material and Changes of the Major Line of Business (the “<b>Rule IX.E.2</b>”);</li> <li>- The Company has obtained the approval from its general meeting of shareholders in EGMS as required in accordance with the Rules IX.E.2; and</li> <li>- First Pacific Company Limited (FPCL), its parent company has obtained the approval from the independent shareholders of FPCL in EGMS as required in accordance with the HKSE listing rules.</li> </ul> <p>The EGMS of the Company and/or EGMS of FPCL to be held no later than 28 August 2020.</p> </li> <li>b. Post-Conditions: <ul style="list-style-type: none"> <li>- Delivery by the Sellers copy of all corporate approvals as may be required under their respective memorandum and articles of association in connection with the proposed transaction;</li> <li>- Delivery by the Sellers copy of all prior written consents or waivers as may be required from creditors of the Sellers in connection with the proposed transaction;</li> </ul> </li> </ul>
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- Delivery by the Company copy of all prior written consents or waivers as may be required from the respective creditors of the Company and/or its immediate parent company PT Indofood Sukses Makmur Tbk.,(as the case may be) in connection with the proposed transaction; and
- Delivery by the Company a written confirmation that a facility agreement in relation to the financing of the proposed transaction having been entered into by the Company and all conditions to drawdown under such facility agreement having been satisfied.

The Pre-Conditions can not be waived. If any of the Pre-Conditions is not fulfilled, the parties shall not be obligated to fulfil the Post-Conditions and the Agreement shall terminate and cease to be binding on the parties.

Upon satisfaction of the Pre-Conditions, each of the parties shall use all reasonable endeavours to fulfill the Post-Conditions; however if any of the Post-Conditions is not fulfilled or waived in accordance with the Agreement on or before 31 December 2020 (the “**Long Stop Date**”), the parties shall not be obliged to proceed to the completion of proposed transaction and the Agreement shall thereafter terminate and cease to be binding on the parties.

4. **Profit Guarantee**

Under the Agreement, the Sellers have agreed the average annual audited consolidated net profit after tax attributable to parent companies of the Target Group (NPAT) for the two financial years ending 31 December 2020 and 31 December 2021 (the “**Guaranteed Period**”) shall not be less than US\$128,500,000.- (one hundred twenty eight million and five hundred thousand US Dollars) per annum (the “**Guaranteed Profit**”). The Guaranteed Profit shall be tested by reference to the actual profit of the Target Group as stated in the audited consolidated financial report of the Target Group for the year ended 31 December 2021 (comparable with the financial report for the year ended 31 December 2020) which will be released no later than 21 April 2022.

In the event that the Guaranteed Profit is not achieved by the Target Group then the purchase consideration shall be adjusted in accordance with the following formula:

$$\text{Adjustment value} = (\text{Guaranteed Profit} - \text{Actual Profit}) \times \text{PE Target Group}$$

For the purpose of the above formula:

- The Guaranteed Profit : US\$128,500,000.- (one hundred twenty eight million and five hundred thousand US Dollars);
- The Actual Profit : the actual average audited consolidated NPAT of the Target Group for the Guaranteed Period as derived from the audited consolidated financial statements of the Target Group for the year ended 31 December 2021 (comparable with the financial report for the year ended 31 December 2020);
- PE Target Group : 23 times being the PE Target Group as agreed between the Parties;

The terms of the profit guarantee allow a 5% (five percent) deviation before an adjustment is triggered. However, once an adjustment is triggered, the amount to be

deducted from the purchase consideration is based on the whole shortfall, multiplied by the PE Target Group.

No upward adjustment will be made to the purchase consideration in the event that the Actual Profit of the Target Group exceeds the Guaranteed Profit.

To secure the payment of the adjustment value, the Sellers have agreed for the Company to retain its payment for part of the purchase consideration proportionally, in aggregate amount of US\$ 650,000,000.- (six hundred and fifty million US Dollars) (the "**Retention Amount**"), and shall be paid by the Company to the Sellers on 30 April 2022 or such later date as any adjustment to the purchase consideration is definitively determined. As a result of any adjustment to the purchase consideration, the Retention Amount would be reduced by an amount equal to the amount of the adjustment value, following which the remaining balance of the retention amount (if any) together with one time compensation of 2.63% of such remaining balance of the Retention Amount should be paid by the Company to the Sellers proportionally on 30 April 2022 or such later date as any adjustment to the purchase consideration is definitively determined. However if the adjustment value is exceeding the Retention Amount then the payment of compensation shall not be applied and the Sellers proportionally shall be obligated to pay in full the shortfall amount to the Company on 30 April 2022 or such later date as any adjustment to the Purchase Consideration is definitively determined.

Within 1 (one) month before the payment date of the Retention Amount, the parties may by mutual agreement extend the payment period as well as the terms governing such extension.

5. **Transaction value**

The consideration in respect of the entire shares of the Target Company has been agreed in the amount of US\$ 2,998,000,000.- (two billion nine hundred and ninety eight million US Dollars) which shall be paid by the Company proportionally to the Sellers in the following manner:

a. Pinehill Corpora Sale Shares:

- the payment of US\$ 1,197,480,000.- (one billion one hundred ninety seven million four hundred and eighty thousand US Dollars) shall be made by the Company to Pinehill Corpora on the completion date;
- the payment of US\$ 331,500,000.- (three hundred thirty one million and five hundred thousand US Dollars) shall be retained by the Company and only be paid by the Company to Pinehill Corpora; subject to the adjustment, on 30 April 2022 or such later date as any adjustment to the Purchase Consideration is definitively determined;

b. Steele Lake Sale Shares:

- the payment of US\$ 1,150,520,000.- (one billion one hundred fifty million five hundred and twenty thousand US Dollars) shall be made by the Company to Steele Lake on the Completion Date;
- the payment of US\$ 318,500,000.- (three hundred eighteen million and five hundred thousand US Dollars) shall be retained by the Company and only be

paid by the Company to Steele Lake; subject to the adjustment, on 30 April 2022 or such later date as any adjustment to the Purchase Consideration is definitively determined.

**6. Completion**

Completion of the transaction shall take place on the date falling 5 (five) business days after all of the Conditions Precedent are fulfilled or (if applicable) waived.

**BASIS OF DETERMINATION OF THE CONSIDERATION**

The Target Group is engaged in the manufacture and sale of instant noodles, principally in 8 (eight) countries under the “Indomie” brand. In order of importance, its key markets are Saudi Arabia, Nigeria, Egypt, Turkey, Serbia, Ghana, Morocco and Kenya, with a total population of approximately 550 million. The Target Group has 12 (twelve) factories with a production capacity of 10 billion packs. Target Group’s markets are at an early stage of growth in terms of both volumes and profitability.

The Target Group’s sales in 2019 were approximately US\$533.5 million and its profits before tax were approximately US\$125.0 million. As at 31 December 2019, it had consolidated total equity of approximately US\$246.3 million, cash of about US\$67.5 million and no bank debt.

The Consideration of US\$2,998,000,000.- (two billion nine hundred and ninety eight million US Dollars) was determined after arm’s length negotiations between the Company and the Sellers on normal commercial terms with reference to:

- (i) the historical growth rate and projected future growth of the Target Group, including as a result of the specific features of the Target Group’s footprint described in (iii) and (iv) below;
- (ii) the Target Group’s exceptional strength and dominant market position in the markets in which it operates;
- (iii) the substantial future growth opportunities arising from the demographics of the Target Group’s existing footprint, with its core markets of Saudi Arabia, Nigeria, Egypt, Turkey, Serbia, Ghana, Morocco and Kenya, having a total population of approximately 550 million, rising to over 885 million after taking into account the surrounding countries into which the Target Group is currently selling;
- (iv) the substantial future growth opportunities arising from the emerging status of the Target Group’s main markets, with average consumption per head at less than a quarter of that for the Company’s products in Indonesia and significant potential for increasing profit margins as demand for additional flavours and more sophisticated packaging increase;
- (v) the strategic fit and potential synergies available to the Company, as the Company believes Target Group is a unique fit with its present core expertise and presents a golden opportunity to expand into fast growing and profitable new markets. The Company believes the proposed transaction can be a transformative step for the Company to join an elite group of international food companies and become one of the largest producer of instant noodles in the world;

- (vi) the Profit Guarantee described above in respect of the Guarantee Period, representing a price earnings multiple of 23 times; and
- (vii) the price earnings multiples of 11 comparable public companies (6 in Africa and the Middle East and 5 in Southeast Asia) engaged in food manufacturing and processing in their respective regions and otherwise having similar characteristics to the Target Group. Based on the data quoted from Bloomberg L.P., as at 31 December 2019, the overall mean price earnings multiple of the group of 11 comparable companies was 23.5 times and their overall median price earnings multiple was 23 times.

Set forth below, the financial information of the Target Group extracted from its audited consolidated financial statements prepared in accordance with IFRS for the two financial years ended 31 December 2019 and 31 December 2018:

- (1) For the financial year ended 31 December 2019, Target Company's audited consolidated profit before taxation was US\$125.0 million and Target Company's audited consolidated profit after taxation attributable to its shareholders was US\$43.2 million;
- (2) For the financial year ended 31 December 2018, Target Company's audited consolidated profit before taxation was US\$87.2 million and the Target Company's audited consolidated profit after taxation attributable to its shareholders was US\$41.8 million;
- (3) The Target Company's core profit (being the profit attributable to the owners of the Target Group after excluding the effects of foreign exchange and interest expenses in head office) was US\$77.6 million for the financial year ended 31 December 2019 and US\$55.1 million for the financial year ended 31 December 2018;
- (4) As at 31 December 2019, The Target Company's audited consolidated total equity was approximately US\$246.3 million and its net asset value attributable to its shareholders was US\$174.3 million.

#### **REASONS FOR AND BENEFITS OF THE TRANSACTION**

Reasons for and benefits of the transaction for the Company are set forth below:

- (1) the proposed acquisition of the Target Group, whose main business is in the manufacturing and distribution of instant noodles in Africa, Middle East and South Eastern Europe, is directly in-line with the development and expansion of the Company's core business;
- (2) the proposed acquisition is expected to enable the Company to gain a strategic position in new growth markets in which Halal products are the primary choice, given that all the categories of the Company group's noodle products are also Halal;
- (3) the Target Group has a strong market share in eight countries in Africa, Middle East and South Eastern Europe. The Proposed Acquisition is expected to enable the Company to become a global food player and food products manufacturer with a strong global market share in the instant noodles market;
- (4) the Target Group currently has twelve instant noodles manufacturing facilities, located in eight countries with a total population of more than 550 million people, and has distribution networks in 33 (thirty three) countries/territories with a total population of more than 885 million people. The acquisition of the Target Group, which has a total capacity of producing more than ten billion packs of instant noodles and already

	<p>occupies dominant market positions in most of its markets, is expected to help establish the Company as one of the leading instant noodle manufacturers in the world;</p> <p>(5) the Target Group' extensive manufacturing facilities and distribution networks in Africa, the Middle East and South Eastern Europe offer valuable and readily available platforms for the Company to distribute and manufacture its wide ranging consumer-branded products, which are currently mainly produced and distributed in Indonesia, in the Target Group's fast-growing markets;</p> <p>(6) the Target Group's markets, which cover a total population of more than three times the population of Indonesia are growing very rapidly. With an average consumption of instant noodles per capita that is still very low, the rapid growth in these markets is expected to continue in the foreseeable future. Thus, the acquisition of the Target Group is expected to contribute to the future growth of the Company; and</p> <p>(7) In consideration of the Target Group's business synergy with the Company and the Target Group's healthy business margin, strong market position, and high growth rate, the Board of Directors believes that the acquisition of the Target Group will enhance the shareholders' value of the Company.</p> <p><b>SOURCE OF FUNDING</b></p> <p>The Company intends to satisfy the purchase consideration:</p> <p>(1) as to US\$300 million in cash from the Company's internal resources generated by its operations; and</p> <p>(2) the balance of the purchase consideration from borrowings from third party banks.</p> <p>As at the date of this announcement, the Company is in discussions with prospective lenders and no definitive terms have been agreed among the parties.</p> <p>This public disclosure is submitted in compliance with the Indonesia Financial Services Authority Regulation No. 31/POJK.04/2015 dated 16 December 2015 regarding Disclosure of Material Information or Facts by Issuers and Public Companies, and Indonesia Stock Exchange Regulation.</p>
4.	<p>The impact of event, information or material facts to the operational activities, legal, financial condition or the Company's business continuity:</p> <p>Considering the value of the transaction exceeds 50% (fifty percent) of the Company's equity as of 31 December 2019, which is in amount of Rp.25,300,838,000,000.- (twenty five trillion three hundred billion eight hundred and thirty eight million Rupiah) as described in the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2019, then the proposed transaction is a material transaction as regulated under the Regulation No. IX.E.2, therefore in accordance with the Regulation No. IX.E.2, the Company will hold the extraordinary general meeting of shareholder to obtain their approval on the proposed transaction.</p>
5.	<p>Others:</p> <p>The proposed transaction is an affiliated party transaction of the Company considering that one of the Sellers, namely Pinehill Corpora is an affiliated party of the Company. However,</p>

<p>the Board of Directors believes that the proposed transaction does not contain conflict of interest as defined in the Bapepam-LK Regulation No. IX.E.1, Attachment to the Decree of the Chairman of Bapepam-LK No. Kep-412/BL/2009 dated 25 November 2009 regarding Affiliated Party Transactions and Conflicts of Interest in Certain Transactions, therefore, to conduct the proposed transaction the Company does not require to obtain the approval of the independent shareholders of the Company.</p>
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Thank you for your kind attention.

Sincerely,  
**PT INDOFOOD CBP SUKSES MAKMUR Tbk**

**Gideon A. Putro**  
**Corporate Secretary**