FOR IMMEDIATE RELEASE

IndoAgri posts a weak 2Q18 amid inventory build-up, soft commodity prices and forex impacts

HIGHLIGHTS:

- **FFB nucleus and CPO production recovered in 2Q18, up 8% yoy**
- **Despite higher production, sales down 18% yoy in 2Q18 mainly due to timing in stock realisation, weak commodity prices and higher internal sales to downstream**
- **Incurred core loss of Rp27 billion (S$2.6 million) in 2Q18 on weak plantation performance**
- **Expanding sugar operation in Brazil with investment in 3rd mill, Vale do Pontal**

SINGAPORE – 26 July 2018 – SGX Mainboard-listed IndoAgri (the "**Group**"), a diversified and integrated from agribusiness group and manufacturer of leading brands of edible oils and fats products in Indonesia, reported a 18% revenue decline in 2Q18 on lower sales from Plantation and Edible Oils & Fats (EOF) Divisions. In particular, Plantation sales were affected by ~29,000 MT of CPO inventory build-up in 1H2018 compared to ~36,000 MT of inventory drawdown in 1H2017, and lower external sales.

	Rp' billion						S$' million [1]			
	2Q18	**2Q17**	**▲%**	**1H18**	**1H17**	**▲%**	**2Q18**	**2Q17**	**1H18**	**1H17**
Revenue	**3,366**	**4,101**	**(17.9)**	**6,556**	**8,476**	**(22.7)**	**323**	**393**	**629**	**813**
Gross profit	518	645	(19.7)	1,176	1,675	(29.8)	50	62	113	161
Gross margin (%)	*15.4%*	*15.7%*		*17.9%*	*19.8%*		*15.4%*	*15.7%*	*17.9%*	*19.8%*
EBITDA [2]	**551**	**707**	**(22.1)**	**1,168**	**1,666**	**(29.9)**	**53**	**68**	**112**	**160**
EBITDA margin (%)	*16.4%*	*17.2%*		*17.8%*	*19.7%*		*16.4%*	*17.2%*	*17.8%*	*19.7%*
Net (loss)/profit after tax	(99)	79	n/m	(46)	408	n/m	(9)	8	(4)	39
Core net (loss)/profit after tax [3]	**(27)**	**111**	**n/m**	**54**	**456**	**(88.1)**	**(3)**	**11**	**5**	**44**
Attributable (loss)/profit	**(69)**	**99**	**n/m**	**(19)**	**270**	**n/m**	**(7)**	**10**	**(2)**	**26**
EPS (fully diluted) - Rp/S$ cents	(49)	71	n/m	(13)	193	n/m	(0.5)	0.7	(0.1)	0.0

n.m. denotes "Not Meaningful"

Plantation Division reported 13% and 25% revenue decline in 2Q2018 and 1H2018 due to lower average selling prices and sales volume of CPO, palm kernel (PK) and rubber. Notably CPO sales volume were affected by the timing in CPO stock realisation.

[1] Income Statement and Balance Sheet items are converted at exchange rates of Rp10,427/S$1 and Rp10,530 /S$1, respectively
[2] Earnings before interests and tax expense, depreciation and amortisation, the effects of foreign exchange and changes in fair value of biological assets
[3] Earnings before the accounting for the effects of foreign exchange and changes in the fair value of biological assets.

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The Group's gross profit declined 20% and 30% in 2Q2018 and 1H2018 respectively mainly due to the effects of lower sales volume and selling prices of palm products (CPO -8%, PK -14%, Rubber -26%).

The group reported net losses after tax of Rp99 billion and Rp46 billion in 2Q2018 and 1H2018 compared to profit positions in the comparative periods last year. 1H2018 core net profit (excluding forex and biological assets impacts) was Rp54 billion, declining 88% against 1H2017.

"The Group's fresh fruits bunches (FFB) nucleus and CPO production recovered in 2Q2018, growing 8% over 2Q2017. On year-to-date basis, FFB nucleus increased 1% but CPO production declined 2% on lower purchase of FFB from external parties. The Group's performance in 2Q2018 and 1H2018 were affected by CPO inventory build-up, lower commodity prices and forex impacts.

We are expanding our milling capacity with one new palm oil mill due for completion in 2019. The expansion of our refinery in Surabaya is completed and in operation, increasing the refinery capacity by 300,000 tonnes per annum.

We have acquired our third mill (Vale do Pontal) in July 2018, which has a crushing capacity of 2.5m MT of cane. The acquisition will enable CMAA to expand its footprint in the sugar and ethanol industry in Brazil with a total annual cane crushing capacity increasing from 5.8 million MT (CMAA plus Canapolis mill) to 8.3 million MT. All 3 mills are located in the state of Minas Gerais, and in close proximity to each other, forming a strong cluster enabling operating and management synergies." *commented Mr Mark Wakeford, CEO and Executive Director.*

INDUSTRY OUTLOOK AND FUTURE PLANS

The recent trade war has led to some uncertainty on agricultural commodity prices. As a diversified and vertically integrated agribusiness with a dominant presence in Indonesia, our operations continue to be supported by a positive domestic economic outlook and large domestic palm consumption. The domestic palm demand is expected to be further supported by the Indonesian government's intention to accelerate the implementation of B30 biodiesel program in 2019.

The Group will continue to strengthen the fundamentals and improve margins through better yielding crops, cost efficiencies and other innovations to improve productivity.

--The End ---

ABOUT INDOAGRI

Indofood Agri Resources Ltd. ("IndoAgri") is a diversified and integrated agribusiness group with principal business operations that range from research and development, breeding and cultivation of oil palms, to the milling and refining of crude palm oil, and the marketing and distribution of cooking oil, margarine, shortening and other derivative products. The Group also engages in the cultivation of other crops such as rubber, sugar cane, cocoa and tea.

As of end June 2018, IndoAgri has 301,624 hectares planted with oil palm, rubber, sugar cane, timber, cocoa and tea in Indonesia.

For more information please visit our website at: www.indofoodagri.com.