



**IND@FOOD AGRI RESOURCES Ltd.**

**Company Presentation**

**2Q 2016 Results**

**12 Aug 2016**



a subsidiary of:

**Indofood**  
THE SYMBOL OF QUALITY FOODS

# Presentation Outline

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**1** Plantation Highlights

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**3** Strategies and Expansion

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# Plantation Highlights

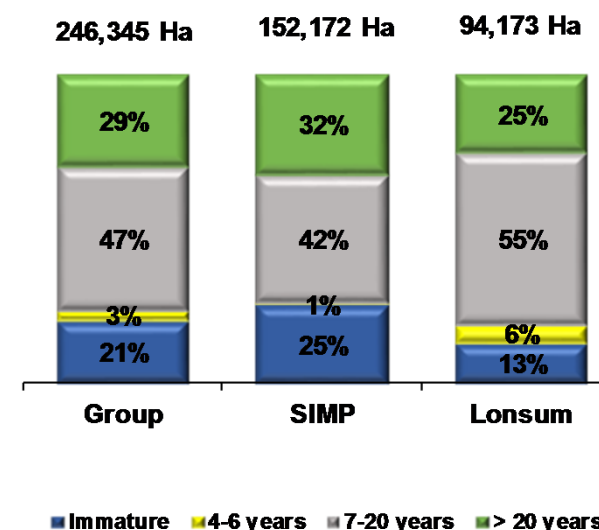
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# Planted Area

In Ha	30 Jun 2016	31 Dec 2015	Change
<b>Indonesia</b>			
<b>Planted Area</b>	<b>299,497</b>	<b>300,633</b>	<b>(1,136)</b>
<b>Planted Oil Palm<sup>(1)</sup></b>	<b>246,345</b>	<b>246,359</b>	<b>(14)</b> <sup>(2)</sup>
- SIMP	152,172	152,340	(168)
- Lonsum	94,173	94,019	154
<b>Planted Other crops</b>	<b>53,152</b>	<b>54,274</b>	<b>(1,122)</b>
Rubber	20,467	21,338	(871) <sup>(3)</sup>
- SIMP	3,634	4,409	(775)
- Lonsum	16,833	16,929	(96)
Sugar cane - SIMP	12,835	13,358	(523) <sup>(4)</sup>
Others - timber, cocoa, tea	19,850	19,578	272
<b>Brazil</b>			
<b>Sugar cane - CMAA</b>	<b>52,640</b>	<b>52,843</b>	<b>(203)</b>
- Company-owned	26,430	25,567	863
- Third party	26,210	27,276	(1,066)

Oil Palm Average Age ≈ 14 years

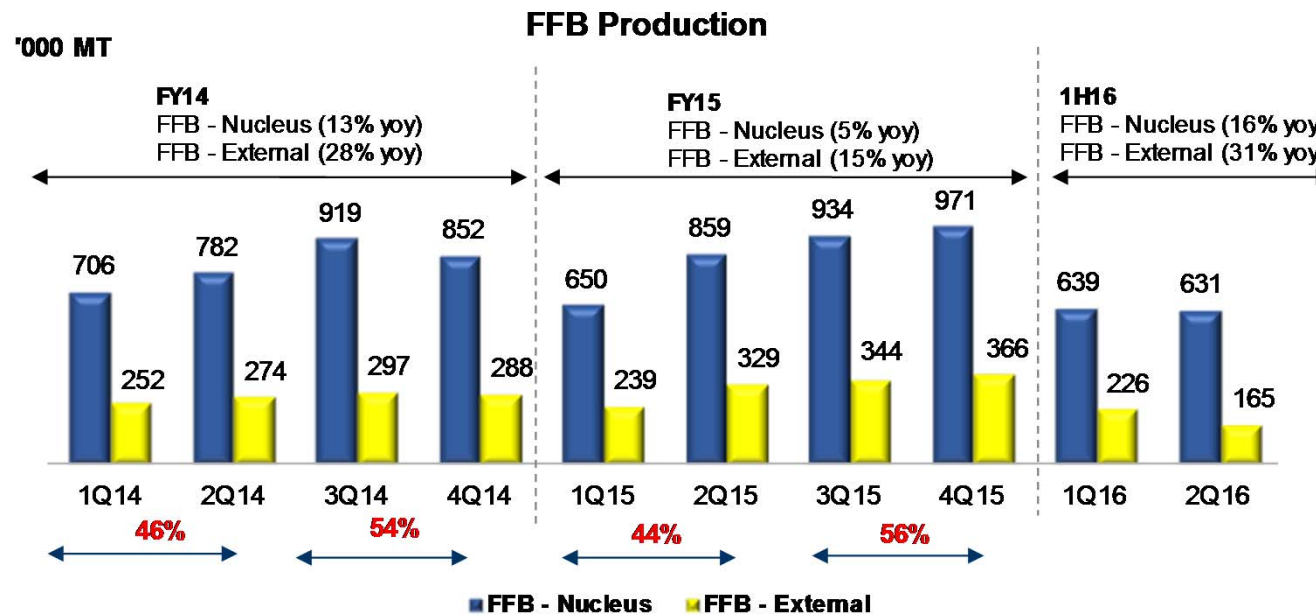


- (1) As at 30 Jun 2016, the Group has ≈ 87,107 Ha of planted oil palm plasma area. Where 133 Ha were new planting in 1H16.
- (2) 1H16 oil palm new plantings were 332 Ha vs. 973 Ha in 1H15. Mature area increased by 8,319 Ha in 1H16.
- (3) Reduction was mainly due to some conversion of rubber estates to oil palm and replanting in progress.
- (4) Reduction was mainly due to replanting in progress.

# Oil Palm Plantation Highlights

		1H16	1H15	YoY Growth	2Q16	2Q15	YoY Growth	1Q16	QoQ Growth	FY15
<b>PRODUCTION</b>										
Mature Area	(Ha)	195,324	188,448	4%	195,324	188,448	4%	193,496	1%	187,400
FFB	('000 MT)	1,661	2,077	(20%)	797	1,188	(33%)	865	(8%)	4,693
- Nucleus	('000 MT)	1,270	1,509	(16%)	631	859	(26%)	639	(1%)	3,414
- External	('000 MT)	391	568	(31%)	165	329	(50%)	226	(27%)	1,279
CPO	('000 MT)	353	444	(21%)	167	254	(34%)	186	(11%)	1,002
PK	('000 MT)	84	103	(19%)	40	59	(32%)	44	(8%)	235
PKO, PKE	('000 MT)	20	20	4%	9	12	(22%)	11	(16%)	43
<b>PRODUCTIVITY</b>										
FFB Yield – Nucleus	(MT/Ha)	6.5	8.0	↓	3.2	4.6	↓	3.3	↓	18.2
CPO Yield – Nucleus	(MT/Ha)	1.4	1.8	↓	0.7	1.0	↓	0.7	↔	4.0
CPO Extraction Rate	(%)	22.1	22.2	↓	21.7	22.2	↓	22.5	↓	22.2
PK Extraction Rate	(%)	5.3	5.2	↑	5.2	5.2	↔	5.3	↓	5.2

# Oil Palm Production Trends



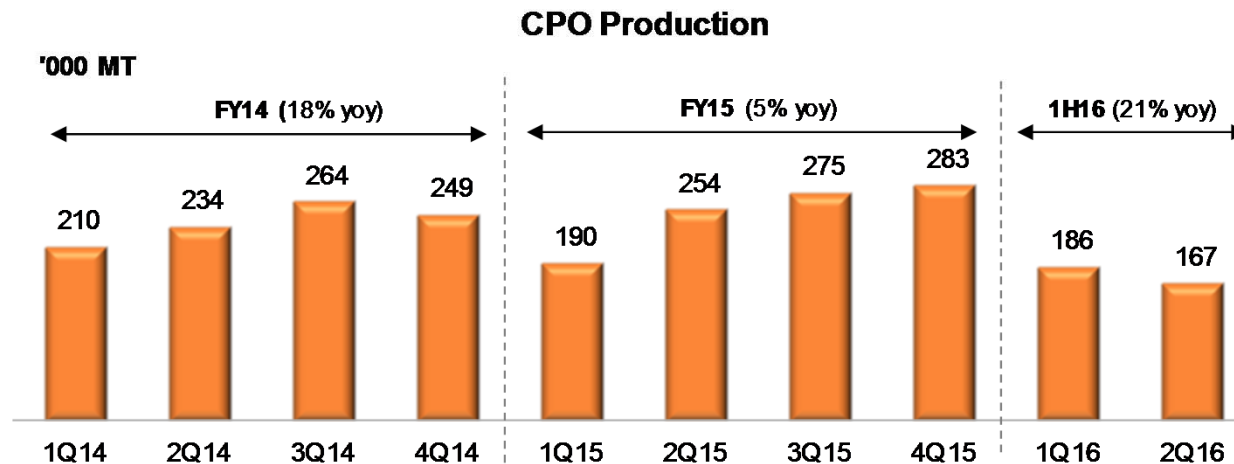
## Growth

### FFB - Nucleus

1H16 YoY : (16%)  
2Q16 YoY : (26%)  
2Q16 QoQ : (1%)

### FFB - External

1H16 YoY : (31%)  
2Q16 YoY : (50%)  
2Q16 QoQ : (27%)



### CPO

1H16 YoY : (21%)  
2Q16 YoY : (34%)  
2Q16 QoQ : (11%)

# Sugar Plantation Highlights

INDONESIA	1H16	1H15	YoY Growth	2Q16	2Q15	YoY Growth	FY15
Planted Area (Ha)	12,835	12,616	2%	12,835	12,616	2%	13,358
Sugar Cane Harvested ('000 MT) <sup>(1)</sup>	209	296	(29%)	209	296	(29%)	746
Sugar Production ('000 MT)	14	19	(28%)	14	19	(28%)	68
- South Sumatra Plantation	13	17	(23%)	13	17	(23%)	58
- Java (LPI's share)	1	2	(71%)	1	2	(71%)	10

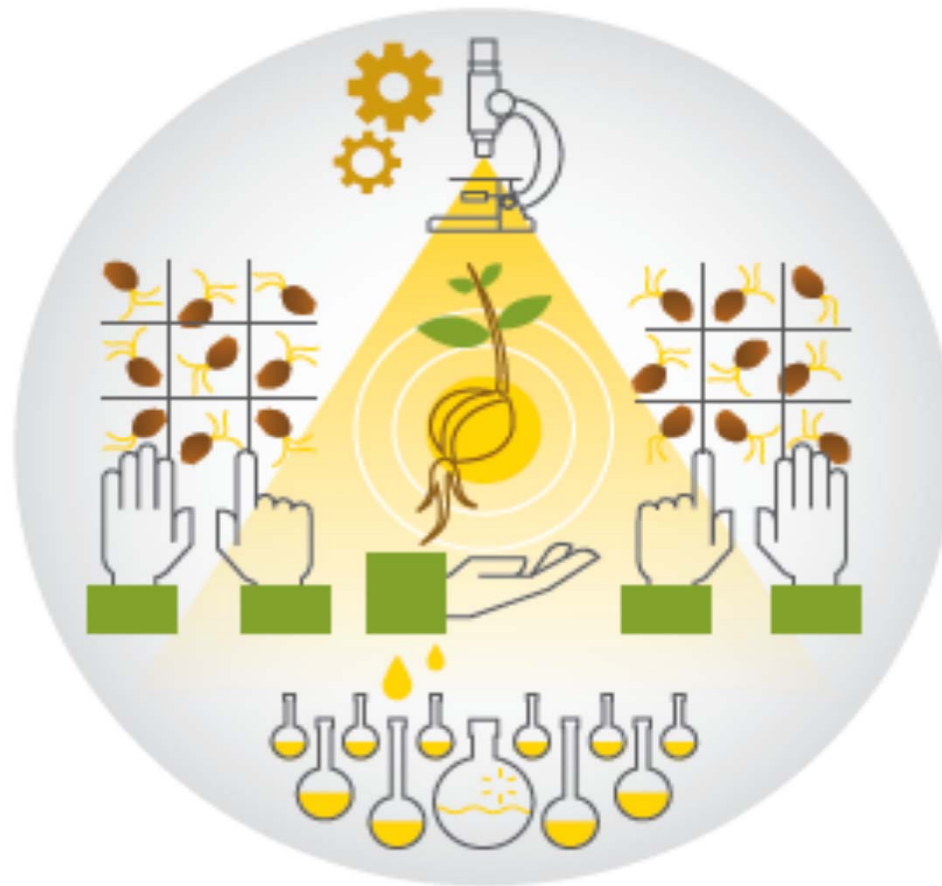
BRAZIL	Apr 16- Jun 16	Apr 15- Jun 15	YoY Growth	Apr 15- Mar16
Planted Area (Ha) <sup>(2)</sup>	52,640	50,131	5%	52,843
Sugar Cane Harvested ('000 MT)	1,544	1,317	17%	3,703
Raw Sugar Production ('000 MT)	93	70	33%	237
Ethanol ('000 M <sup>3</sup> )	56	45	25%	149

(1) Harvested cane related to Komering sugar cane plantation

(2) Of the 52,640 Ha planted sugar cane, 50% owned by CMAA and 50% contracted 3rd party farmers

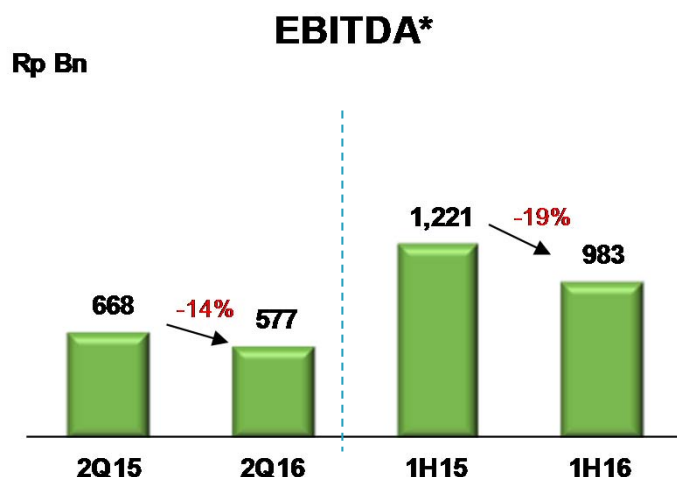
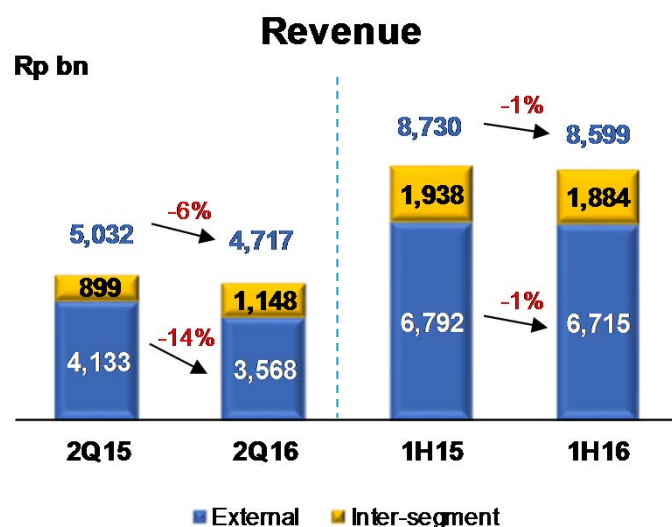
# Financial Highlights

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# Results Summary



\* Earnings before accounting for the effects of foreign exchange and changes in the fair value of biological assets

## Financial Highlights

- Revenue down 14% in 2Q16 on lower sales from Plantation Division, which mainly due to weaker palm production from the impact of El-Nino in 2015. This was partly offset by stronger sales reported by the EOF Division.
- EBITDA declined 14% and 19% yoy in 2Q16 and 1H16 mainly due to lower gross profit and higher operating expenses.
- Attributable profit was Rp30 billion in 2Q16 and Rp125 billion in 1H16, reversing from a net loss position in 2015. This was mainly due to stronger contribution from the EOF Division, biological assets gains and foreign currency gains.

## Operational Highlights

- Achieved lower production in 1H16 mainly due to the effects of the El-Nino in the second half of 2015.
- 1H16 FFB nucleus and CPO production decreasing 16% yoy and 21% yoy to 1,270,000 tonnes and 353,000 tonnes respectively.

# Sales Volume

In '000 MT	1H16	1H15	YoY Growth	2Q16	2Q15	YoY Growth	1Q16	QoQ Growth	FY15
<b>Plantation</b>									
CPO*	388	433	(10%)	173	249	(31%)	215	(20%)	982
PK, PKO, PKE	89	102	(13%)	43	58	(27%)	46	(7%)	230
Sugar	18	16	16%	13	11	22%	5	180%	67
Rubber	6.1	8.5	(28%)	3.1	4.3	(28%)	3.0	4%	16.1
Oil Palm Seeds ('million)	6.4	4.6	38%	3.9	2.3	67%	2.4	60%	10.4

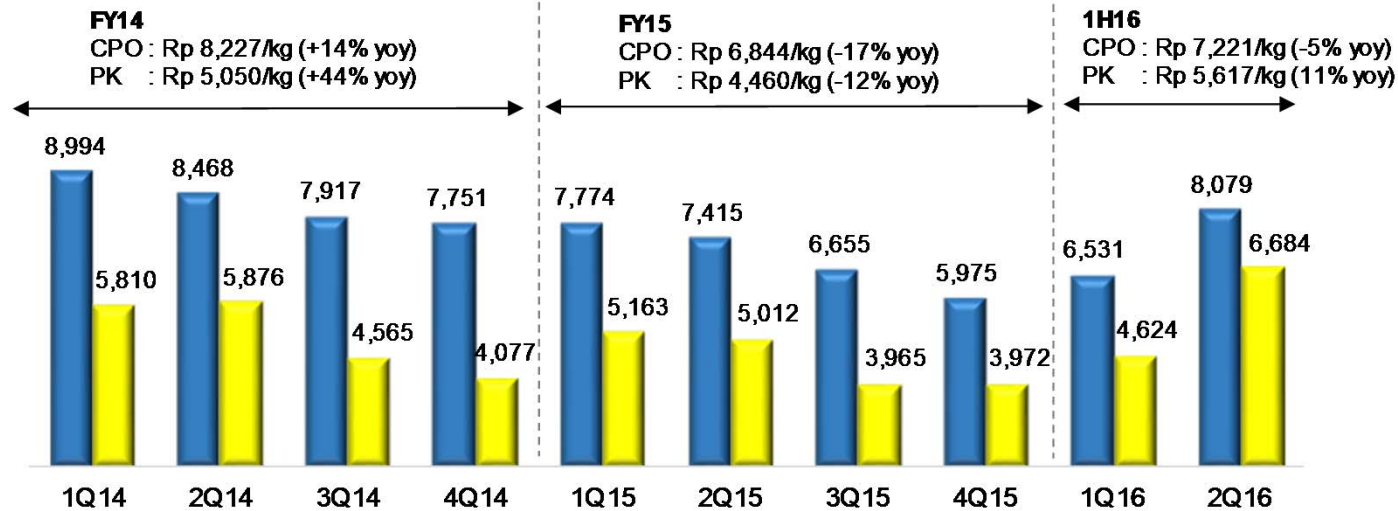
- 2Q16 sales volume for CPO and PK related products down 31% and 27% yoy, broadly in line with weaker production during the quarter due to the impact of El-Nino event in the second half of last year.
- Started the harvesting season in May 2016 with sugar sales volume grew 22% in 2Q16 and 16% in 1H16.
- Rubber sales volume declined 28% yoy due to replanting in progress.
- Oil palm seeds sales volume picked up strongly, up 67% in 2Q16 and 38% in 1H16.

\* Before elimination of inter-segment sales

# Average Selling Price (ASP) Trend

Rp/kg

## CPO and PK - ASP



### Growth

#### CPO

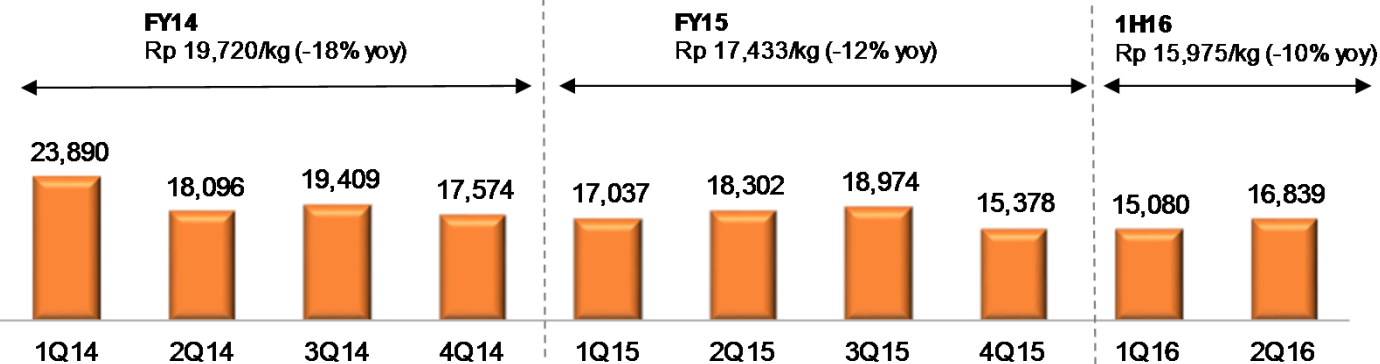
1H16 YoY : (5%)  
2Q16 YoY : 9%  
2Q16 QoQ : 24%

#### PK

1H16 YoY : 11%  
2Q16 YoY : 33%  
2Q16 QoQ : 45%

Rp / kg

## Rubber - ASP



### Rubber

1H16 YoY : (10%)  
2Q16 YoY : (8%)  
2Q16 QoQ : 12%

# Financial Summary

In Rp Bn	1H16	1H15	YoY	2Q16	2Q15	YoY	1Q16	QoQ	FY15
	(Restated)	(Restated)	Growth	(Restated)	(Restated)	Growth	(Restated)	Growth	(Restated)
Sales	6,715	6,792	(1%)	3,568	4,133	(14%)	3,147	13%	13,835
EBITDA <sup>(1)</sup>	983	1,221	(19%)	577	668	(14%)	407	42%	2,675
Operating profit <sup>(2)</sup>	444	356	25%	219	198	11%	225	(3%)	892
Gain (loss) arising from changes FV of biological assets	95	19	404%	11	4	200%	84	(86%)	9
Net profit /(loss) after tax (NPAT)	118	0	n/m	23	(9)	n/m	96	(76%)	37
Core net profit /(loss) <sup>(1)</sup>	(80)	117	(168%)	(12)	25	n/m	(68)	n/m	271
Attributable profit /(loss)	125	(29)	n/m	30	(33)	n/m	95	(68%)	(48)
EPS (fully diluted) - Rp	89	(21)	n/m	21	(24)	n/m	68	(69%)	(34)
EBITDA margin	15%	18%	↓	16%	16%	↔	13%	↑	19%
Operating profit margin	7%	5%	↑	6%	5%	↑	7%	↓	6%
Net profit margin	2%	(0%)	↑	1%	(0%)	↑	3%	↓	0%

- Achieved NPAT of Rp23 billion in 2Q16 and Rp118 billion in 1H2016, comparing to net losses in 2015. This was primarily due to foreign currency gain, which more than offset lower gross profit and higher operating expenses. Excluding the effects of foreign currency and biological assets, the Group reported a core loss of Rp80 billion in 1H16 compared to profit of Rp117 billion in 1H15.
- Attributable profit was Rp30 billion in 2Q16 and Rp125 billion in 1H16, reversing from a net loss position in 2015.

<sup>(1)</sup> Earnings before accounting for the effects of foreign exchange and changes in the fair value of biological asset

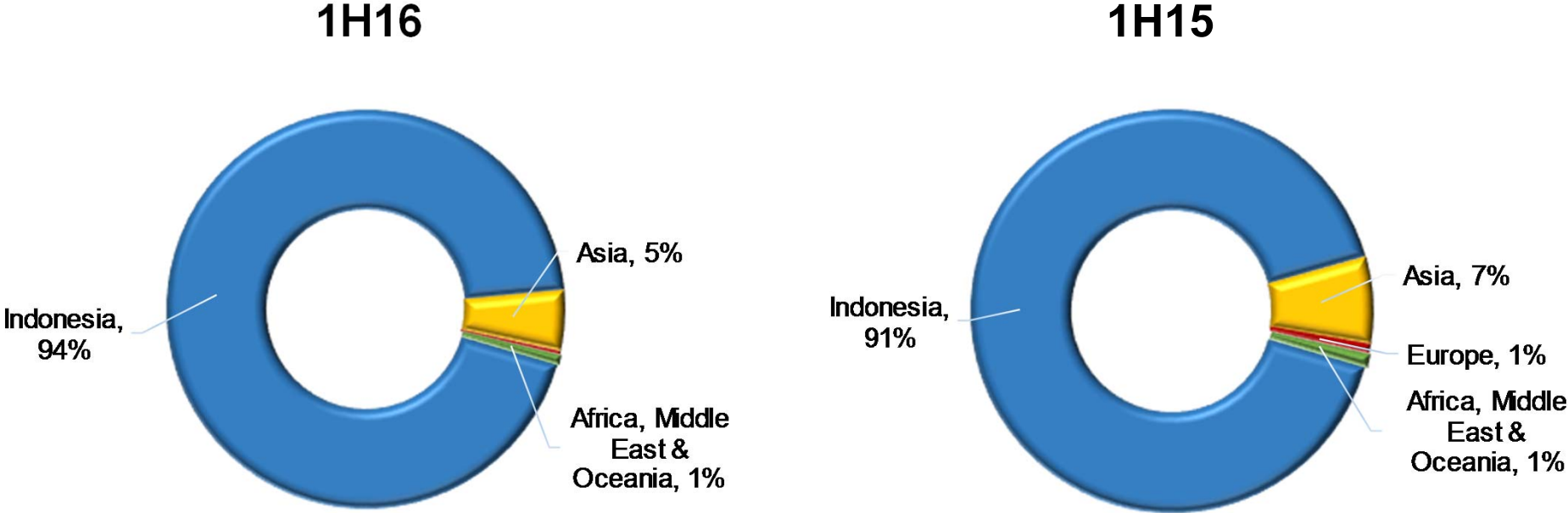
<sup>(2)</sup> Operating profit excluding biological asset gains/(losses)

# Segmental Results

In Rp Bn	1H15 1H16 (Restated)	YoY Growth	2Q15 2Q16 (Restated)	YoY Growth	1Q16 (Restated)	QoQ Growth	FY15 (Restated)
<b>Sales</b>							
Plantations	3,825	4,298 (11%)	2,022	2,452 (18%)	1,803	12%	9,149
Edible Oil & Fats	4,775	4,431 8%	2,695	2,579 4%	2,080	30%	8,419
Elimination & Adjustments	(1,884)	(1,938) (3%)	(1,148)	(899) 28%	(736)	56%	(3,733)
<b>Total</b>	<b>6,715</b>	<b>6,792 (1%)</b>	<b>3,568</b>	<b>4,133 (14%)</b>	<b>3,147</b>	<b>13%</b>	<b>13,835</b>
<b>EBITDA</b>							
Plantations	946	1,145 (17%)	591	660 (10%)	355	67%	2,605
<i>EBITDA %</i>	<i>25%</i>	<i>27%</i>	<i>29%</i>	<i>27%</i>	<i>19%</i>		<i>27%</i>
Edible Oil & Fats	251	203 24%	96	110 (13%)	155	(38%)	347
<i>EBITDA %</i>	<i>5%</i>	<i>5%</i>	<i>4%</i>	<i>4%</i>	<i>7%</i>		<i>4%</i>
Share of results of associate companies & JV	(138)	(131) 5%	(85)	(106) (20%)	(53)	61%	(232)
Elimination & Adjustments <sup>(1)</sup>	(76)	4 n/m	(25)	5 n/m	(51)	(51%)	(45)
<b>Sub-total</b>	<b>983</b>	<b>1,221 (19%)</b>	<b>577</b>	<b>668 (14%)</b>	<b>407</b>	<b>42%</b>	<b>2,675</b>
Net Forex Gains/(Losses)	151	(160) n/m	30	(44) n/m	121	(76%)	(290)
<b>Total</b>	<b>1,134</b>	<b>1,061 7%</b>	<b>606</b>	<b>625 (3%)</b>	<b>528</b>	<b>15%</b>	<b>2,385</b>

(1) Net effects arising from elimination of unrealised profit of inter-division inventories, SFRS adjustment and regional office costs.

# Revenue by Geographical Location



➤ Indonesia remained our dominant market with 94% of sales derived from the domestic market, mainly comprised of edible oil product, palm product, palm seeds and sugar

# Financial Position

Balance Sheet (In Rp Bn)	30-Jun-16	31-Dec-15 (Restated)	31-Dec-15 (As Stated)
<b>TOTAL ASSETS</b>	<b>36,222</b>	<b>35,287</b>	<b>40,720</b>
Cash	1,833	1,969	1,969
<b>TOTAL LIABILITIES</b>	<b>16,004</b>	<b>15,107</b>	<b>16,474</b>
Interest Bearing Debt	10,711	10,141	10,141
<b>TOTAL EQUITY*</b>	<b>20,218</b>	<b>20,180</b>	<b>24,246</b>
<b>Net Debt / EBITDA Ratio (Annualised)</b>	<b>4.51x</b>	<b>3.27x</b>	<b>3.27x</b>
<b>Net Debt / Total Equity Ratio</b>	<b>0.44x</b>	<b>0.40x</b>	<b>0.34x</b>
<b>Net Assets Value per Share (in Rupiah)</b>	<b>8,193</b>	<b>8,072</b>	<b>10,309</b>
<b>Net Assets Value per Share (in SGD) **</b>	<b>0.84</b>	<b>0.83</b>	<b>1.06</b>

Cash Flow (In Rp Bn)	1H16	1H15
Net Cash Flow generated from Operating Activities	63	361
Net Cash Flow used in Investing Activities	(884)	(2,053)
Net Cash Flow generated from Financing Activities	701	117
<b>Net (Decrease) in Cash &amp; Cash Equivalents</b>	<b>(120)</b>	<b>(1,575)</b>
Net Effect of Changes in Forex	(16)	33
<b>Sub-total</b>	<b>(136)</b>	<b>(1,542)</b>
Cash & Cash Equivalent - Beginning	1,969	3,586
<b>Cash &amp; Cash Equivalent - Ending</b>	<b>1,833</b>	<b>2,044</b>

\* Total equity includes shareholders funds and minority interests

\*\* Converted at Rp9,771/S\$1

# Strategies and Expansion

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# Key Strategies in 2016

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- Prioritising capex on immature plantings and the expansion of milling facilities for organic growth
- Building 3 new mills:
  - ❑ 30MT FFB/ hour in South Sumatra and 45MT FFB/ hour in Kalimantan, target for completion in 2016
  - ❑ 45MT FFB/ hour in Kalimantan completion in 2017
- Expanding 2 mills in Kalimantan
  - ❑ FFB production capacity will increase from 6.4m to 7.1m MT FFB/year by end of 2016
- Commence replanting of older palms in North Sumatra and Riau, and conversion of certain rubber estates to oil palm in East Kalimantan
- Expansion of Surabaya refinery by 1,000 MT/day, expected completion in 2017 to cater for increasing demand for cooking oil and margarine brands
- Focus on maximizing productivity, tighten control of costs and continually monitoring supply chain to improve efficiencies

# Appendix

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# Production Breakdown

		1H16	1H15	YoY Growth	2Q16	2Q15	YoY Growth	1Q16	QoQ Growth	FY15
<b>PRODUCTION</b>										
<b>Mature Area</b>		<b>195,324</b>	<b>188,448</b>	<b>4%</b>	<b>195,324</b>	<b>188,448</b>	<b>4%</b>	<b>193,496</b>	<b>1%</b>	<b>187,400</b>
- SIMP	(Ha)	113,555	109,758	3%	113,555	109,758	3%	111,734	2%	108,744
- Lonsum	(Ha)	81,769	78,691	4%	81,769	78,691	4%	81,761	0%	78,656
<b>FFB</b>		<b>1,661</b>	<b>2,077</b>	<b>(20%)</b>	<b>796</b>	<b>1,188</b>	<b>(33%)</b>	<b>865</b>	<b>(8%)</b>	<b>4,693</b>
- <b>Nucleus</b>		<b>1,270</b>	<b>1,509</b>	<b>(16%)</b>	<b>631</b>	<b>859</b>	<b>(26%)</b>	<b>639</b>	<b>(1%)</b>	<b>3,414</b>
- SIMP	('000 MT)	781	892	(12%)	390	503	(23%)	392	(1%)	2,017
- Lonsum	('000 MT)	489	617	(21%)	242	356	(32%)	247	(2%)	1,397
- <b>External</b>		<b>391</b>	<b>568</b>	<b>(31%)</b>	<b>165</b>	<b>329</b>	<b>(50%)</b>	<b>226</b>	<b>(27%)</b>	<b>1,279</b>
- SIMP	('000 MT)	219	284	(23%)	94	159	(41%)	125	(25%)	657
- Lonsum	('000 MT)	185	324	(43%)	72	190	(62%)	113	(37%)	677
<b>CPO</b>		<b>353</b>	<b>444</b>	<b>(21%)</b>	<b>167</b>	<b>254</b>	<b>(34%)</b>	<b>186</b>	<b>(11%)</b>	<b>1,002</b>
- SIMP	('000 MT)	199	227	(12%)	96	128	(25%)	103	(7%)	526
- Lonsum	('000 MT)	154	217	(29%)	71	126	(44%)	83	(15%)	476
<b>PK</b>		<b>84</b>	<b>103</b>	<b>(19%)</b>	<b>40</b>	<b>59</b>	<b>(32%)</b>	<b>44</b>	<b>(8%)</b>	<b>235</b>
- SIMP	('000 MT)	43	49	(11%)	21	27	(23%)	22	(5%)	112
- Lonsum	('000 MT)	40	54	(25%)	19	32	(39%)	21	(9%)	123
<b>PRODUCTIVITY</b>										
<b>FFB Yield – Nucleus</b>	(MT/Ha)	<b>6.5</b>	<b>8.0</b>	↓	<b>3.2</b>	<b>4.6</b>	↓	<b>3.3</b>	↓	<b>18.2</b>
- SIMP	(MT/Ha)	6.9	8.1	↓	3.4	4.6	↓	3.5	↓	18.6
- Lonsum	(MT/Ha)	6.0	7.8	↓	3.0	4.5	↓	3.0	↔	17.8
<b>CPO Yield – Nucleus</b>	(MT/Ha)	<b>1.4</b>	<b>1.8</b>	↓	<b>0.7</b>	<b>1.0</b>	↓	<b>0.7</b>	↔	<b>4.0</b>
- SIMP	(MT/Ha)	1.5	1.7	↓	0.7	1.0	↓	0.8	↓	4.0
- Lonsum	(MT/Ha)	1.4	1.8	↓	0.7	1.1	↓	0.7	↔	4.1
<b>CPO Extraction Rate</b>	(%)	<b>22.1</b>	<b>22.2</b>	↓	<b>21.7</b>	<b>22.2</b>	↓	<b>22.5</b>	↓	<b>22.2</b>
- SIMP	(%)	21.5	21.4	↑	21.1	21.3	↓	21.9	↓	21.5
- Lonsum	(%)	22.9	23.2	↓	22.6	23.1	↓	23.2	↓	22.9
<b>PK Extraction Rate</b>	(%)	<b>5.3</b>	<b>5.2</b>	↑	<b>5.2</b>	<b>5.2</b>	↔	<b>5.3</b>	↓	<b>5.2</b>
- SIMP	(%)	4.7	4.6	↑	4.6	4.6	↔	4.8	↓	4.6
- Lonsum	(%)	6.0	5.8	↑	6.1	5.8	↑	5.9	↑	6.0

# Contact Us

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