

IND@FOOD AGRI RESOURCES Ltd.

Company Presentation 2Q 2017 Results

28 July 2017



a subsidiary of:

Indofood
THE SYMBOL OF QUALITY FOODS

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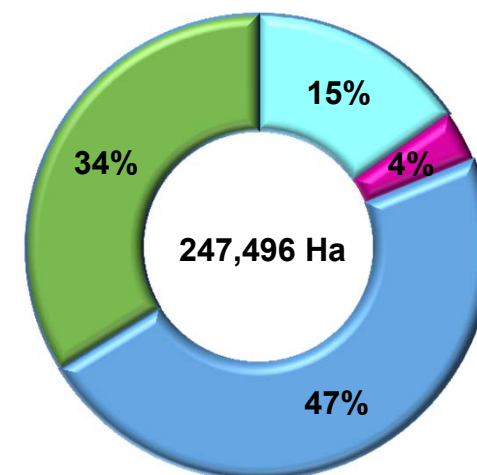
Plantation Highlights



Planted Area

In Ha	30 Jun 2017	31 Dec 2016	Change
Indonesia			
Planted Area	300,109	300,536	(427)
Planted Oil Palm⁽¹⁾	247,496	247,430	66 ⁽²⁾
- SIMP	152,667	152,799	(132)
- Lonsum	94,829	94,631	198
Planted Other crops	52,613	53,106	(493)
Rubber	19,825	20,115	(290) ⁽³⁾
- SIMP	3,634	3,634	-
- Lonsum	16,191	16,481	(290)
Sugar cane - SIMP	12,718	13,249	(531) ⁽³⁾
Others - timber, cocoa, tea	20,070	19,742	328
Brazil			
Sugar cane - CMAA	54,503	53,826	677
- Company-owned	25,814	26,477	(663)
- Third party	28,689	27,349	1,340

Oil Palm Average Age ≈ 15 years



■ Immature ■ 4-6 years
■ 7-20 years ■ > 20 years

(1) As at 30 Jun 2017, the Group has ≈ 86,049 Ha of planted oil palm plasma area. Where 62 Ha were new planting in 1H17.

(2) 1H17 oil palm new plantings were 311 Ha vs. 332 Ha in 1H16. Mature area increased by 6,539 Ha in 1H17.

(3) Reduction was mainly due to replanting in progress.

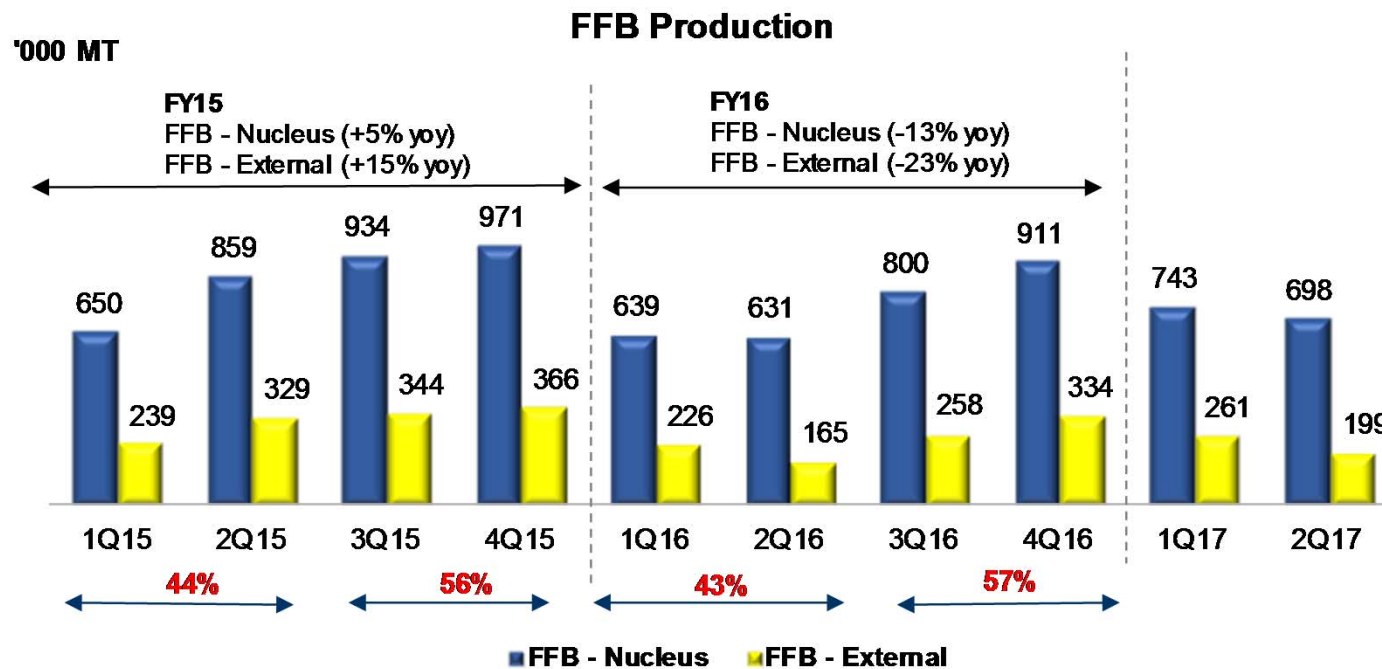
Oil Palm Plantation Highlights

		1H17	1H16	YoY Growth	2Q17	2Q16	YoY Growth	FY16
PRODUCTION								
Mature Area	(Ha)	209,623	195,324	7%	209,623	195,324	7%	203,501
FFB	('000 MT)	1,901	1,661	14%	898	797	13%	3,964
- Nucleus	('000 MT)	1,441	1,270	13%	698	631	11%	2,981
- External	('000 MT)	460	391	18%	199	165	21%	983
CPO	('000 MT)	393	353	11%	185	167	11%	833
PK	('000 MT)	94	84	13%	44	40	9%	201

PRODUCTIVITY

FFB Yield – Nucleus	(MT/Ha)	6.9	6.5	↑	3.3	3.2	↑	14.6
CPO Yield – Nucleus	(MT/Ha)	1.5	1.4	↑	0.7	0.7	↔	3.2
CPO Extraction Rate	(%)	21.9	22.1	↓	21.9	21.7	↑	21.8
PK Extraction Rate	(%)	5.3	5.3	↔	5.2	5.2	↔	5.2

Oil Palm Production Trends



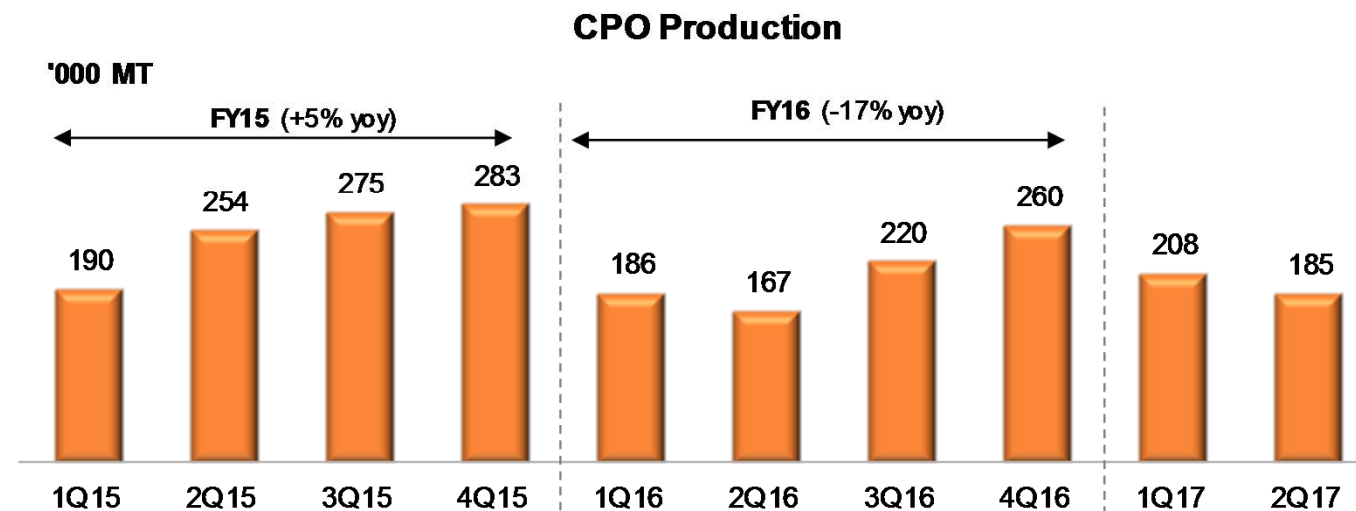
Growth

FFB - Nucleus

1H17 YoY : 13%
2Q17 YoY : 11%
2Q17 QoQ : (6%)

FFB - External

1H17 YoY : 18%
2Q17 YoY : 21%
2Q17 QoQ : (24%)



CPO

1H17 YoY : 11%
2Q17 YoY : 11%
2Q17 QoQ : (11%)

Sugar Plantation Highlights

INDONESIA	1H17	1H16	YoY Growth	2Q17	2Q16	YoY Growth	FY16
Planted Area (Ha)	12,718	12,835	(1%)	12,718	12,835	(1%)	13,249
Sugar Cane Harvested ('000 MT) ⁽¹⁾	244	209	17%	244	209	17%	861
Sugar Production ('000 MT)	20	14	45%	20	14	45%	65
- South Sumatra Plantation	16	13	18%	16	13	18%	58
- Java (LPI's share)	4	1	600%	4	1	600%	7
BRAZIL	Apr 17- Jun 17	Apr 16- Jun 16	YoY Growth				
Planted Area (Ha) ⁽²⁾	54,503	52,640	4%				
Sugar Cane Harvested ('000 MT)	1,659	1,544	7%				
Raw Sugar Production ('000 MT)	118	93	27%				
Ethanol ('000 M ³)	53	56	(5%)				

(1) Harvested cane related to Komering sugar cane plantation

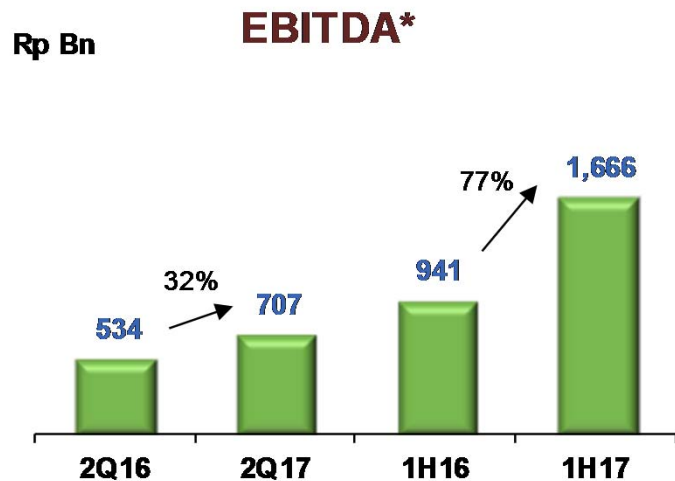
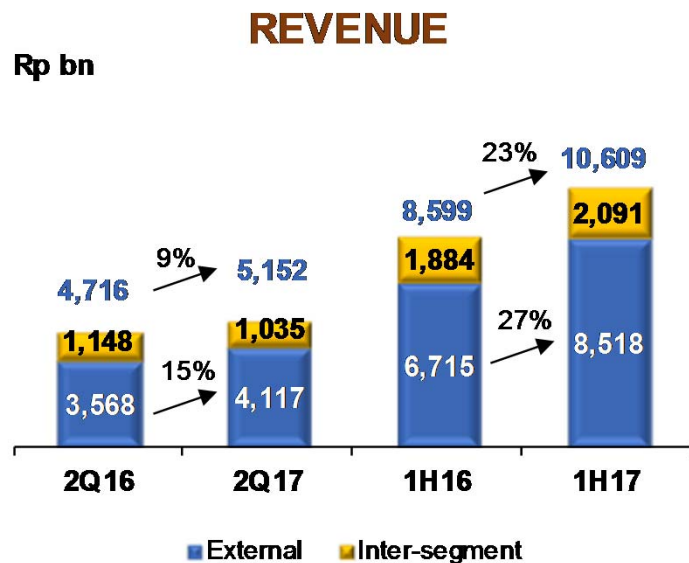
(2) Of the 54,503 Ha planted sugar cane, 47% owned by CMAA and 53% contracted 3rd party farmers



Financial Highlights



Results Summary



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

Financial Highlights

- Revenue grew 15% in 2Q17 and 27% in 1H17 on higher sales contribution from both Plantation and Edible Oils & Fats (EOF) Divisions.
- EBITDA up 32% in 2Q17 and 77% in 1H17 on higher palm production and improved results from a joint venture, CMAA.
- In line with this, attributable profit grew strongly by 232% in 2Q17 and 116% in 1H17. This was partly offset by biological assets losses and foreign currency fluctuations.

Operational Highlights

- Achieved a strong recovery in palm production from El-Nino event in 2H16 and higher mature area of 6,500 hectares.
- FFB nucleus and CPO production recovered strongly in 1H17, increasing 13% and 11% yoy to 1,441,000 tonnes and 393,000 tonnes, respectively.

Sales Volume - Plantation

In '000 MT	1H17	1H16	YoY Growth	2Q17	2Q16	YoY Growth	FY16
CPO	431	388	11%	203	173	17%	826
PK, PKO, PKE	102	89	15%	45	43	5%	194
Sugar	20	18	13%	18	13	35%	66
Rubber	6.4	6.1	5%	3.2	3.1	3%	12.8
Oil Palm Seeds ('million)	4.3	6.4	(32%)	2.0	3.9	(49%)	9.7

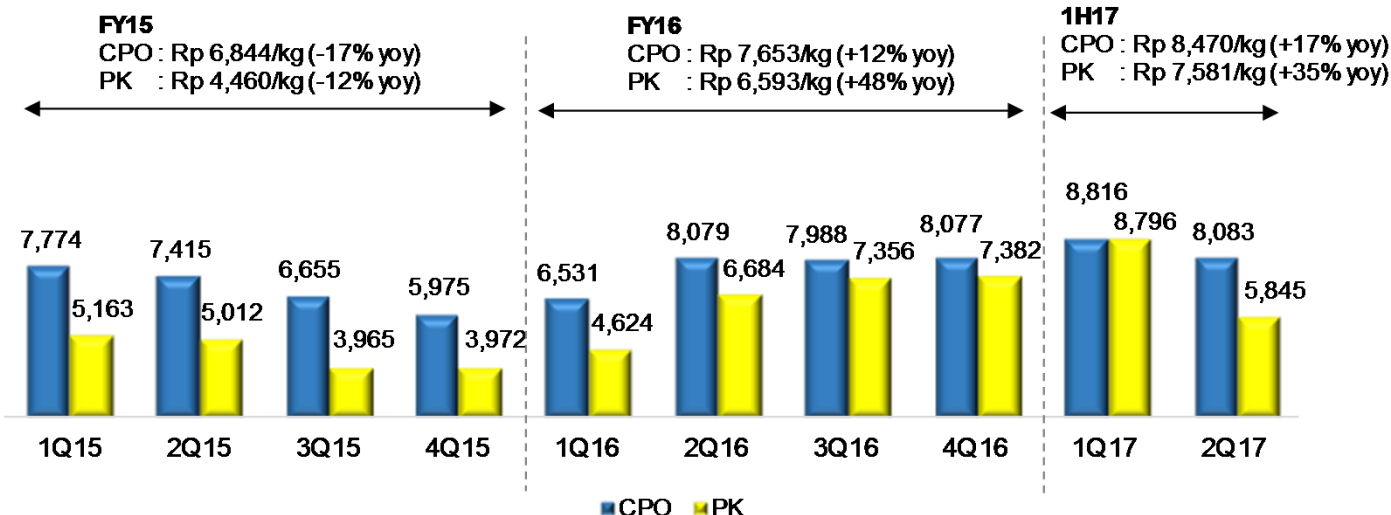
- Sales volume of CPO and PK related products grew 11% and 15% yoy in 1H17 respectively, broadly in line with the higher production.

Note: Sales volume before elimination of inter-segment sales

Average Selling Price (ASP) Trend

Rp/kg

CPO and PK - ASP



Growth

CPO

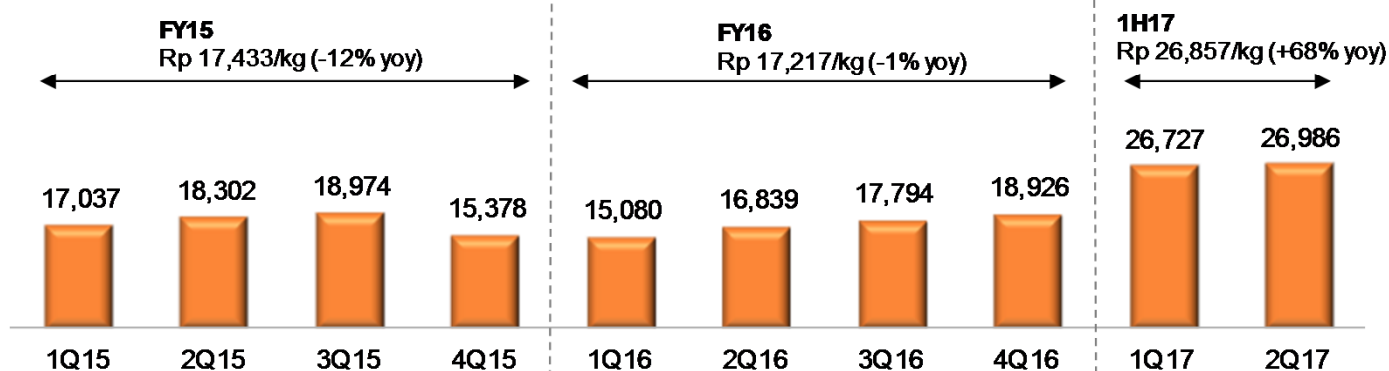
1H17 YoY : 17%
 2Q17 YoY : 0%
 2Q17 QoQ : (8%)

PK

1H17 YoY : 35%
 2Q17 YoY : (13%)
 2Q17 QoQ : (34%)

Rp / kg

Rubber - ASP



Rubber

1H17 YoY : 68%
 2Q17 YoY : 60%
 2Q17 QoQ : 1%

Financial Summary

In Rp Bn	YoY			YoY			FY16
	1H17	1H16	Growth	2Q17	2Q16	Growth	
Sales	8,518	6,715	27%	4,117	3,568	15%	14,531
Operating profit	909	539	69%	291	230	26%	2,263
EBITDA ⁽¹⁾	1,666	941	77%	707	534	32%	3,352
Net profit after tax	408	118	245%	79	23	251%	792
Core net profit /(loss) ⁽¹⁾	456	(80)	n/m	111	(12)	n/m	468
Attributable profit	270	125	116%	99	30	232%	507
EPS (fully diluted) - Rp	193	89	116%	71	21	240%	363
Operating profit margin	11%	8%	↑	7%	6%	↑	16%
EBITDA margin	20%	14%	↑	17%	15%	↑	23%
Net profit margin	5%	2%	↑	2%	1%	↑	5%
Attributable profit margin	3%	2%	↑	2%	1%	↑	3%

- Revenue growth contributed by both Plantation and EOF Divisions.
- Improved result by higher palm production and improved contribution from associates and a joint venture, CMAA.
- In line with this, attributable profit grew strongly by 232% in 2Q17 and 116% in 1H17. This was partly offset by biological assets losses and foreign currency fluctuations.

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

Segmental Results

In Rp Bn	1H17	1H16	YoY Growth	2Q17	2Q16	YoY Growth	FY16
<u>Sales</u>							
Plantations	5,089	3,825	33%	2,315	2,022	14%	9,076
Edible Oil & Fats	5,520	4,775	16%	2,838	2,695	5%	9,609
Elimination & Adjustments	(2,091)	(1,884)	11%	(1,035)	(1,148)	(10%)	(4,154)
Total	8,518	6,715	27%	4,117	3,568	15%	14,531
<u>EBITDA</u>							
Plantations	1,512	904	67%	543	563	(4%)	3,215
<i>EBITDA %</i>	30%	24%		23%	28%		35%
Edible Oil & Fats	147	251	(41%)	66	96	(31%)	378
<i>EBITDA %</i>	3%	5%		2%	4%		4%
Share of results of associate companies & JV	34	(138)	(124%)	77	(85)	(190%)	(101)
Elimination & Adjustments ⁽¹⁾	(26)	(76)	(65%)	20	(40)	(151%)	(140)
Sub-total	1,666	941	77%	707	534	32%	3,352
Net Forex Gains/(Losses)	20	151	(87%)	(4)	30	(112%)	94
Total	1,686	1,092	54%	703	564	25%	3,446

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

Financial Position

Balance Sheet (In Rp Bn)	30-Jun-17	31-Dec-16
TOTAL ASSETS	37,073	36,504
Cash	2,521	2,405
TOTAL LIABILITIES	16,048	15,625
Interest Bearing Debt	10,464	10,027
TOTAL EQUITY*	21,026	20,878
Net Debt / EBITDA Ratio (Annualised)	2.38x	2.27x
Net Debt / Total Equity Ratio	0.38x	0.37x
Net Assets Value per Share (in Rupiah)	8,589	8,478
Net Assets Value per Share (in SGD) **	0.90	0.88

Cash Flow (In Rp Bn)	1H17	1H16	Change
Net Cash Flow generated from Operating Activities	538	63	475
Net Cash Flow used in Investing Activities	(788)	(884)	96
Net Cash Flow generated from Financing Activities	372	701	(329)
Net Decrease in Cash & Cash Equivalents	122	(120)	242
Net Effect of Changes in Forex	(5)	(16)	11
Sub-total	117	(136)	253
Cash & Cash Equivalent - Beginning	2,405	1,969	436
Cash & Cash Equivalent - Ending	2,521	1,833	689

* Total equity includes shareholders funds and minority interests

** Converted at Rp9,591/S\$1



Strategies and Expansion



Key Strategies in 2017

Upstream expansion

- Prioritising capex on 37,800 ha of oil palm immature plantings and the expansion of milling facilities for organic growth
- Expansion of milling facilities:
 - A 30MT FFB/ hour mill in South Sumatra completed in May 2017
 - A 45MT FFB/ hour mill in Kalimantan, target for completion this year
 - Start a 45MT FFB/ hour mill in Kalimantan target completion in 2018
- Replanting of 3,000 ha of older palms in North Sumatra and Riau, and conversion of certain rubber estates to oil palm in East Kalimantan

Downstream expansion

























- Expansion of Surabaya refinery by 1,000 MT/day, expected completion in Q1 2018 to cater for increasing demand for cooking oil and margarine brands



Appendix



Production Breakdown

		1H17	1H16	YoY Growth	2Q17	2Q16	YoY Growth	FY16
PRODUCTION								
Mature Area	(Ha)	209,623	195,324	7%	209,623	195,324	7%	203,501
- SIMP	(Ha)	124,745	113,555	10%	124,745	113,555	10%	120,445
- Lonsum	(Ha)	84,877	81,769	4%	84,877	81,769	4%	83,056
FFB	('000 MT)	1,901	1,661	14%	898	796	13%	3,964
- Nucleus	('000 MT)	1,441	1,270	13%	698	631	11%	2,981
- SIMP	('000 MT)	855	781	9%	414	390	6%	1,758
- Lonsum	('000 MT)	586	489	20%	284	242	17%	1,222
- External	('000 MT)	460	391	18%	199	165	21%	983
- SIMP	('000 MT)	251	219	15%	109	94	16%	509
- Lonsum	('000 MT)	210	185	13%	90	72	25%	489
CPO	('000 MT)	393	353	11%	185	167	11%	833
- SIMP	('000 MT)	212	199	7%	100	96	4%	448
- Lonsum	('000 MT)	181	154	17%	85	71	21%	385
PK	('000 MT)	94	84	13%	44	40	9%	201
- SIMP	('000 MT)	45	43	3%	21	21	(2%)	97
- Lonsum	('000 MT)	50	40	23%	23	19	20%	103
PRODUCTIVITY								
FFB Yield – Nucleus	(MT/Ha)	6.9	6.5		3.3	3.2		14.6
- SIMP	(MT/Ha)	6.9	6.9		3.3	3.4		14.6
- Lonsum	(MT/Ha)	6.9	6.0		3.3	3.0		14.7
CPO Yield – Nucleus	(MT/Ha)	1.5	1.4		0.7	0.7		3.2
- SIMP	(MT/Ha)	1.5	1.5		0.7	0.7		3.1
- Lonsum	(MT/Ha)	1.6	1.4		0.8	0.7		3.4
CPO Extraction Rate	(%)	21.9	22.1		21.9	21.7		21.8
- SIMP	(%)	21.2	21.5		21.1	21.1		21.2
- Lonsum	(%)	22.7	22.9		22.9	22.6		22.5
PK Extraction Rate	(%)	5.3	5.3		5.2	5.2		5.2
- SIMP	(%)	4.5	4.7		4.3	4.6		4.6
- Lonsum	(%)	6.3	6.0		6.2	6.1		6.0

Sustainable Palm Oil Policy 2017

Our Commitments

- No deforestation and conservation of High Conservation Value and High Carbon Stock areas
- No planting on peat regardless of depth
- No burning
- Respect for Human Rights including Free Prior and Informed Consent
- Not purchasing third party palm oil that is originating from areas cleared by primary forest since 2011

Scope of Policy

- IndoAgri palm oil operations, plasma smallholders and third party CPO suppliers for our refineries, with immediate effect

Key Targets

- Achieve RSPO & ISPO certification for all our oil palm estates and plasma smallholders by the end of 2019
- All CPO suppliers to our refineries must comply with this policy, achieve ISPO certification and preference to suppliers that are also RSPO certified
- Achieve 100% sustainable and traceable palm oil sourcing by 2020

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