

**IND@FOOD AGRI RESOURCES Ltd.**

**Company Presentation  
3Q 2017 Results**

27 Oct 2017



a subsidiary of:  
**Indofood**  
THE SYMBOL OF QUALITY FOODS

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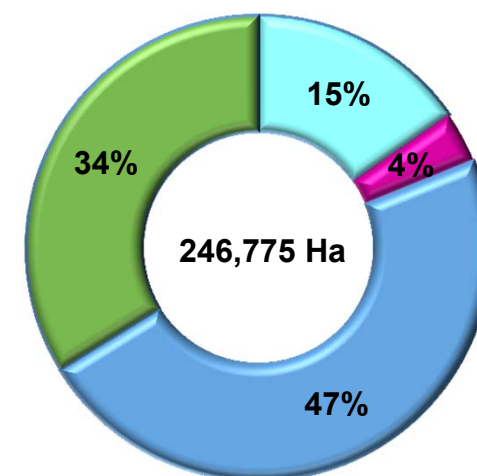
# Plantation Highlights



# Planted Area

In Ha	31 Dec 2016	30 Sep 2017	New planting 9M17	Replanting in progress
<b>Indonesia - Inti</b>				
<b>Planted Area</b>	<b>300,536</b>	<b>298,415</b>	<b>847</b>	<b>2,700</b>
<b>Planted Oil Palm</b>	<b>247,430</b>	<b>246,775</b>	<b>533</b>	<b>1,800</b>
- SIMP	152,799	152,104	455	1,100
- Lonsum	94,631	94,671	78	700
<b>Planted Other crops</b>	<b>53,106</b>	<b>51,640</b>	<b>314</b>	<b>900</b>
Rubber	20,115	19,735	-	100
- SIMP	3,634	3,634	-	-
- Lonsum	16,481	16,101	-	100
Sugar cane - SIMP	13,249	11,751	-	800
Others - timber, cocoa, tea	19,742	20,154	314	-
<b>Indonesia - Plasma</b>				
Oil Palm	87,204	86,088	62	-
<b>Brazil</b>				
<b>Sugar cane - CMAA</b>	<b>53,826</b>	<b>53,635</b>		
- Company-owned	26,477	24,267		
- Third party	27,349	29,368		

Oil Palm Average Age ≈ 15 years



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

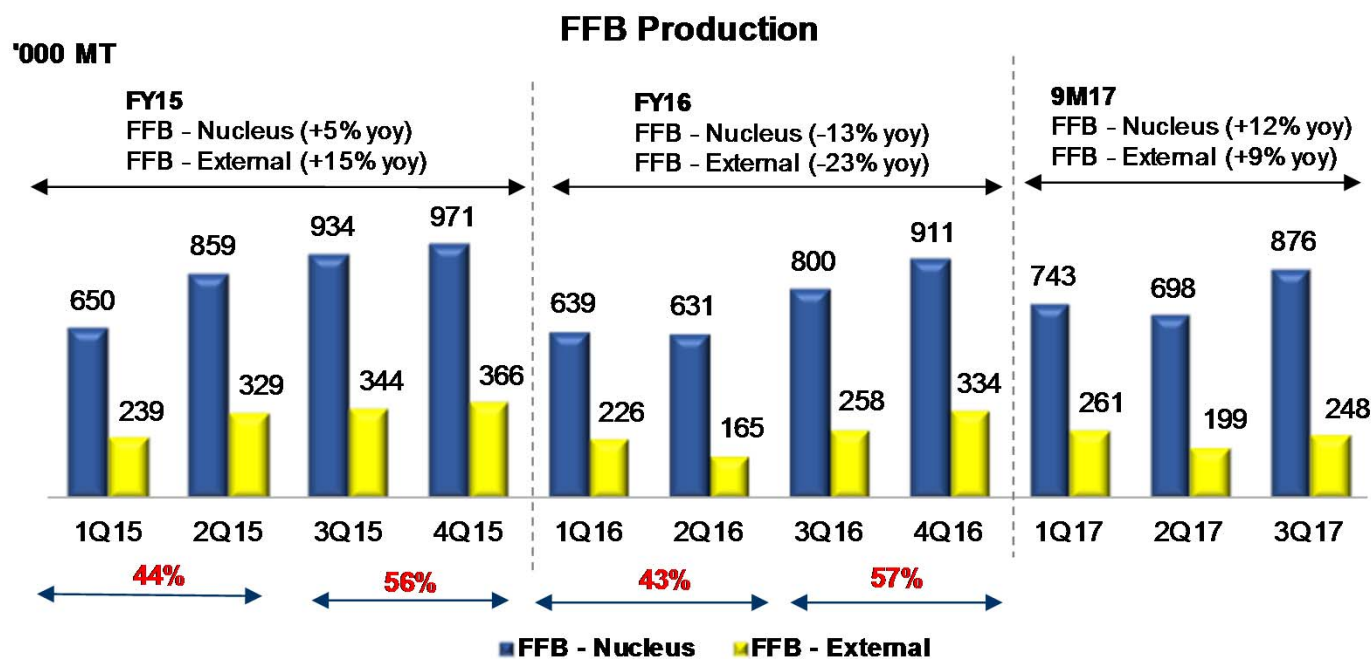
# Oil Palm Plantation Highlights

		9M17	9M16	YoY Growth	3Q17	3Q16	YoY Growth	FY16
<b>PRODUCTION</b>								
Mature Area	(Ha)	209,211	198,934	5%	209,211	198,934	5%	203,501
FFB	('000 MT)	3,025	2,719	11%	1,124	1,058	6%	3,964
- Nucleus	('000 MT)	2,317	2,070	12%	876	800	10%	2,981
- External	('000 MT)	708	649	9%	248	258	(4%)	983
CPO	('000 MT)	626	573	9%	233	220	6%	833
PK	('000 MT)	151	137	10%	57	53	6%	201

## PRODUCTIVITY

FFB Yield – Nucleus	(MT/Ha)	11.1	10.4	↑	4.2	4.0	↑	14.6
CPO Yield – Nucleus	(MT/Ha)	2.4	2.3	↑	0.9	0.9	↔	3.2
CPO Extraction Rate	(%)	21.8	21.8	↔	21.7	21.3	↑	21.8
PK Extraction Rate	(%)	5.3	5.2	↑	5.3	5.2	↑	5.2

# Oil Palm Production Trends



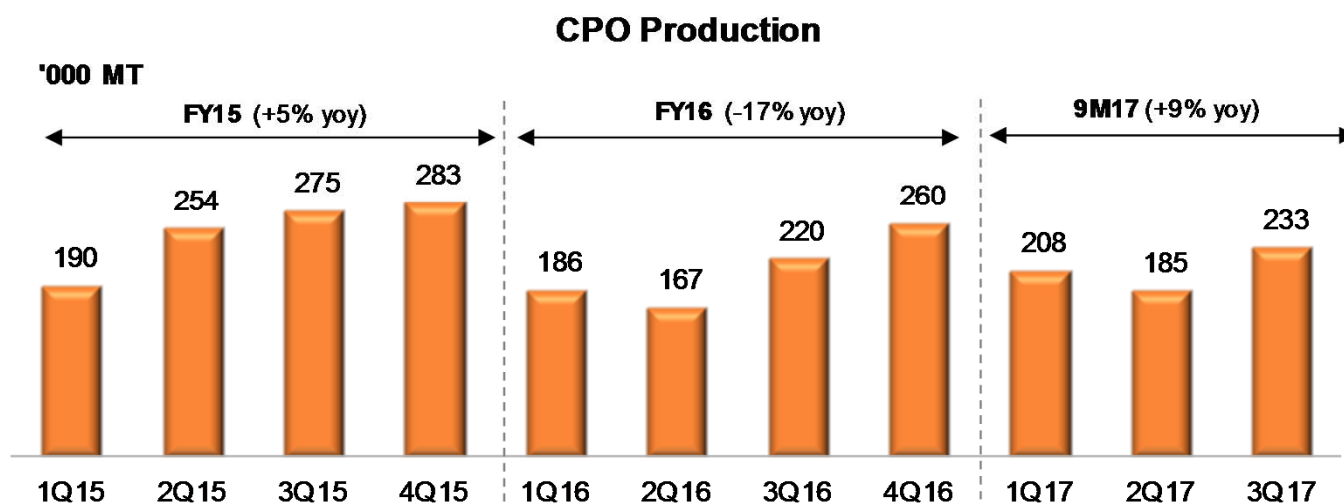
## Growth

### FFB - Nucleus

9M17 YoY : 12%  
 3Q17 YoY : 10%  
 3Q17 QoQ : 25%

### FFB - External

9M17 YoY : 9%  
 3Q17 YoY : (4%)  
 3Q17 QoQ : 25%



### CPO

9M17 YoY : 9%  
 3Q17 YoY : 6%  
 3Q17 QoQ : 26%

# Sugar Plantation Highlights

INDONESIA	9M17	9M16	YoY Growth	3Q17	3Q16	YoY Growth	FY16
Planted Area (Ha)	11,751	13,263	(11%)	11,751	13,263	(11%)	13,249
Sugar Cane Harvested ('000 MT) <sup>(1)</sup>	618	643	(4%)	374	434	(14%)	861
Sugar Production ('000 MT)	53	50	4%	32	36	(11%)	65
- South Sumatra Plantation	43	44	(4%)	27	31	(13%)	58
- Java (LPI's share)	10	6	68%	5	5	2%	7

BRAZIL	Apr 17- Sep 17	Apr 16- Sep 16	YoY Growth	FY16/17
Planted Area (Ha) <sup>(2)</sup>	53,635	53,631	0%	53,826
Sugar Cane Harvested ('000 MT)	3,443	3,171	9%	3,690
Raw Sugar Production ('000 MT)	270	226	19%	266
Ethanol ('000 M <sup>3</sup> )	120	117	3%	136

(1) Harvested cane related to Komering sugar cane plantation

(2) Of the 53,635 Ha planted sugar cane, 45% owned by CMAA and 55% contracted 3rd party farmers

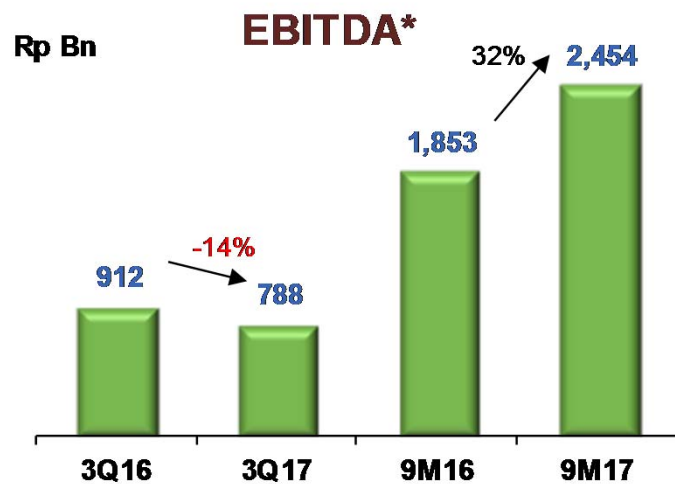
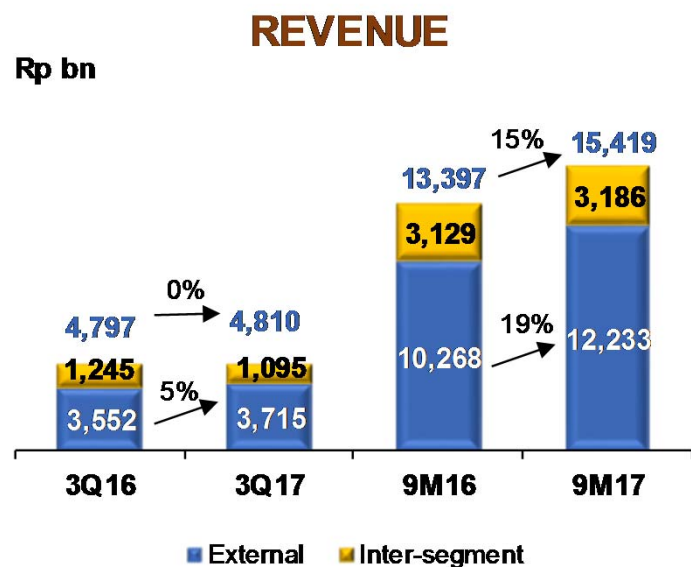


# Financial Highlights





# Results Summary



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

## Financial Highlights

- 3Q17 sales up 5% on higher sales volume of palm products, but partly offset by lower sugar sales. 9M17 sales up 19% on higher sales from both divisions.
- EBITDA down 14% in 3Q17 on lower gross profit arising from higher fertiliser application and higher operating expenses, but partly offset by improved results from CMAA. 9M17 EBITDA up 32% on higher contribution from Plantation Division and improved results from associates and CMAA.
- Net profit after tax (NPAT) declined 37% yoy in 3Q17. 9M17 NPAT remained strong, increasing 74% over 9M16.

## Operational Highlights

- Achieved a strong recovery in palm production from El-Nino event and higher newly mature area of 7,000 hectares.
- FFB nucleus and CPO production recovered strongly in 9M17, increasing 12% and 9% yoy to 2,317,000 tonnes and 626,000 tonnes, respectively.

# Sales Volume - Plantation

In '000 MT	9M17	9M16	YoY Growth	3Q17	3Q16	YoY Growth	FY16
CPO	654	587	11%	224	198	13%	826
PK, PKO, PKE	160	135	18%	58	46	26%	194
Sugar	44	49	(11%)	24	31	(25%)	66
Rubber	9.1	9.5	(4%)	2.7	3.4	(21%)	12.8
Oil Palm Seeds ('million)	7.6	7.4	3%	3.3	1.1	203%	9.7

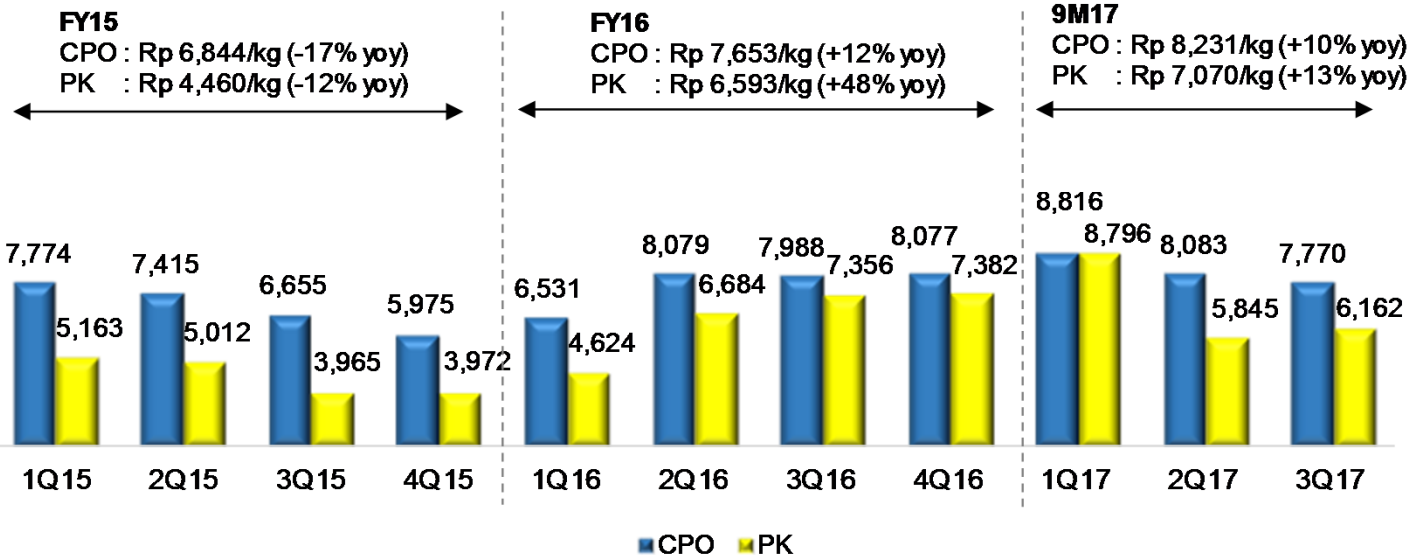
- Sales volume of CPO and PK related products grew 11% and 18% yoy in 9M17 on higher production and also partly helped by realisation of last year end stock.

*Note: Sales volume before elimination of inter-segment sales*

# Average Selling Price (ASP) Trend

Rp/kg

## CPO and PK - ASP



### Growth

#### CPO

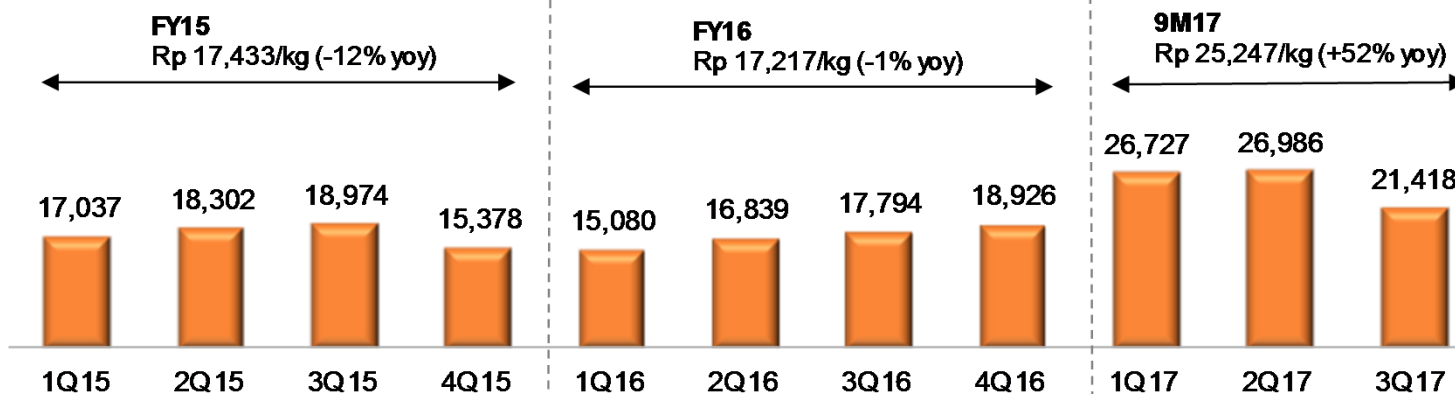
9M17 YoY : 10%  
3Q17 YoY : (3%)  
3Q17 QoQ : (4%)

#### PK

9M17 YoY : 13%  
3Q17 YoY : (16%)  
3Q17 QoQ : 5%

Rp / kg

## Rubber - ASP



### Rubber

9M17 YoY : 52%  
3Q17 YoY : 20%  
3Q17 QoQ : (21%)

# Financial Summary

In Rp Bn	YoY			YoY			FY16
	9M17	9M16	Growth	3Q17	3Q16	Growth	
Sales	12,233	10,268	19%	3,715	3,552	5%	14,531
Operating profit	1,304	1,097	19%	395	558	(29%)	2,263
EBITDA <sup>(1)</sup>	2,454	1,853	32%	788	912	(14%)	3,352
Net profit after tax (NPAT)	522	300	74%	114	182	(37%)	792
Core NPAT <sup>(1)</sup>	553	50	n/m	97	130	n/m	468
Attributable profit	370	284	30%	101	159	(37%)	507
EPS (fully diluted) - Rp	265	203	31%	72	114	(37%)	363
Operating profit margin	11%	11%	↔	11%	16%	↓	16%
EBITDA margin	20%	18%	↑	21%	26%	↓	23%
Net profit margin	4%	3%	↑	3%	5%	↓	5%
Attributable profit margin	3%	3%	↔	3%	4%	↓	3%

- 3Q17 result affected by lower gross profit arising from higher fertiliser application, higher operating expenses and forex. This was partly offset by improved results from CMAA.
- 9M17 result remained positive on higher contribution from Plantation Division and improved results from associates and CMAA. This was partly offset by negative effects from forex and FV of biological assets
- Core profit excluding the effects of forex and FV of biological assets was Rp553 billion in 9M2017 compared to Rp50 billion in 9M2016.

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

# Segmental Results

In Rp Bn	9M17	9M16	YoY Growth	3Q17	3Q16	YoY Growth	FY16
<b><u>Sales</u></b>							
Plantations	7,610	6,280	21%	2,521	2,455	3%	9,076
Edible Oil & Fats	7,809	7,117	10%	2,288	2,342	(2%)	9,609
Elimination & Adjustments	(3,186)	(3,129)	2%	(1,095)	(1,245)	(12%)	(4,154)
<b>Total</b>	<b>12,233</b>	<b>10,268</b>	<b>19%</b>	<b>3,715</b>	<b>3,552</b>	<b>5%</b>	<b>14,531</b>
<b><u>EBITDA</u></b>							
Plantations	2,224	1,805	23%	712	901	(21%)	3,215
<i>EBITDA %</i>	<b>29%</b>	<b>29%</b>		<b>28%</b>	<b>37%</b>		<b>35%</b>
Edible Oil & Fats	159	288	(45%)	12	37	(68%)	378
<i>EBITDA %</i>	<b>2%</b>	<b>4%</b>		<b>1%</b>	<b>2%</b>		<b>4%</b>
Share of results of associate companies & JV	101	(110)	(192%)	68	28	142%	(101)
Elimination & Adjustments <sup>(1)</sup>	(30)	(129)	(77%)	(4)	(53)	(93%)	(140)
<b>Sub-total</b>	<b>2,454</b>	<b>1,853</b>	<b>32%</b>	<b>788</b>	<b>912</b>	<b>(14%)</b>	<b>3,352</b>
Net Forex Gains/(Losses)	(2)	191	(101%)	(21)	40	(153%)	94
<b>Total</b>	<b>2,452</b>	<b>2,044</b>	<b>20%</b>	<b>766</b>	<b>953</b>	<b>(20%)</b>	<b>3,446</b>

(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-Sep-17	31-Dec-16
<b>TOTAL ASSETS</b>	<b>36,974</b>	<b>36,504</b>
Cash	2,590	2,405
<b>TOTAL LIABILITIES</b>	<b>15,802</b>	<b>15,625</b>
Interest Bearing Debt	9,995	10,027
<b>TOTAL EQUITY*</b>	<b>21,172</b>	<b>20,878</b>
<b>Net Debt / EBITDA Ratio (Annualised)</b>	<b>2.26x</b>	<b>2.27x</b>
<b>Net Debt / Total Equity Ratio</b>	<b>0.35x</b>	<b>0.37x</b>
<b>Net Assets Value per Share (in Rupiah)</b>	<b>8,688</b>	<b>8,478</b>
<b>Net Assets Value per Share (in SGD) **</b>	<b>0.88</b>	<b>0.85</b>

Cash Flow (In Rp Bn)	9M17	9M16	Change
Net Cash Flow generated from Operating Activities	1,817	811	1,006
Net Cash Flow used in Investing Activities	(1,354)	(1,204)	(150)
Net Cash Flow (used in)/ generated from Financing	(280)	242	(522)
<b>Net Increase/ (Decrease) in Cash &amp; Cash Equivalents</b>	<b>183</b>	<b>(151)</b>	<b>334</b>
Net Effect of Changes in Forex	2	(23)	26
<b>Sub-total</b>	<b>186</b>	<b>(174)</b>	<b>360</b>
Cash & Cash Equivalent - Beginning	2,405	1,969	436
<b>Cash &amp; Cash Equivalent - Ending</b>	<b>2,590</b>	<b>1,795</b>	<b>795</b>

\* Total equity includes shareholders funds and minority interests

\*\* Converted at Rp9,926/S\$1



# Strategies and Expansion



# Key Strategies in 2017

## *Upstream expansion*

- Prioritising capex on 37,500 ha of oil palm immature plantings and the expansion of milling facilities for organic growth
- Expansion of milling facilities:
  - Total FFB milling capacity is at 6.5m tonnes/ year with a 30MT FFB/ hour mill in South Sumatra completed in May 2017
  - A 45MT FFB/ hour mill in Kalimantan is targeted for completion in 4Q17
  - Start a 45MT FFB/ hour mill in Kalimantan with 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

		9M17	9M16	YoY Growth	3Q17	3Q16	YoY Growth	FY16
<b>PRODUCTION</b>								
<b>Mature Area</b>	<b>(Ha)</b>	<b>209,211</b>	<b>198,934</b>	<b>5%</b>	<b>209,211</b>	<b>198,934</b>	<b>5%</b>	<b>203,501</b>
- SIMP	(Ha)	123,494	115,608	7%	123,494	115,608	7%	120,445
- Lonsum	(Ha)	85,717	83,327	3%	85,717	83,327	3%	83,056
<b>FFB</b>	<b>('000 MT)</b>	<b>3,025</b>	<b>2,719</b>	<b>11%</b>	<b>1,124</b>	<b>1,058</b>	<b>6%</b>	<b>3,964</b>
- <b>Nucleus</b>	<b>('000 MT)</b>	<b>2,317</b>	<b>2,070</b>	<b>12%</b>	<b>876</b>	<b>800</b>	<b>10%</b>	<b>2,981</b>
- SIMP	('000 MT)	1,370	1,255	9%	515	473	9%	1,758
- Lonsum	('000 MT)	946	815	16%	361	326	11%	1,222
- <b>External</b>	<b>('000 MT)</b>	<b>708</b>	<b>649</b>	<b>9%</b>	<b>248</b>	<b>258</b>	<b>(4%)</b>	<b>983</b>
- SIMP	('000 MT)	391	352	11%	140	133	5%	509
- Lonsum	('000 MT)	318	311	2%	108	126	(14%)	489
<b>CPO</b>	<b>('000 MT)</b>	<b>626</b>	<b>573</b>	<b>9%</b>	<b>233</b>	<b>220</b>	<b>6%</b>	<b>833</b>
- SIMP	('000 MT)	338	319	6%	125	120	4%	448
- Lonsum	('000 MT)	288	254	13%	108	100	8%	385
<b>PK</b>	<b>('000 MT)</b>	<b>151</b>	<b>137</b>	<b>10%</b>	<b>57</b>	<b>53</b>	<b>6%</b>	<b>201</b>
- SIMP	('000 MT)	72	70	3%	28	27	3%	97
- Lonsum	('000 MT)	79	67	17%	29	27	9%	103
<b>PRODUCTIVITY</b>								
<b>FFB Yield – Nucleus</b>	<b>(MT/Ha)</b>	<b>11.1</b>	<b>10.4</b>		<b>4.2</b>	<b>4.0</b>		<b>14.6</b>
- SIMP	(MT/Ha)	11.1	10.9		4.2	4.1		14.6
- Lonsum	(MT/Ha)	11.0	9.8		4.2	3.9		14.7
<b>CPO Yield – Nucleus</b>	<b>(MT/Ha)</b>	<b>2.4</b>	<b>2.3</b>		<b>0.9</b>	<b>0.9</b>		<b>3.2</b>
- SIMP	(MT/Ha)	2.3	2.3		0.9	0.8		3.1
- Lonsum	(MT/Ha)	2.5	2.2		1.0	0.9		3.4
<b>CPO Extraction Rate</b>	<b>(%)</b>	<b>21.8</b>	<b>21.8</b>		<b>21.7</b>	<b>21.3</b>		<b>21.8</b>
- SIMP	(%)	21.0	21.2		20.7	20.7		21.2
- Lonsum	(%)	22.8	22.6		23.0	22.1		22.5
<b>PK Extraction Rate</b>	<b>(%)</b>	<b>5.3</b>	<b>5.2</b>		<b>5.3</b>	<b>5.2</b>		<b>5.2</b>
- SIMP	(%)	4.5	4.7		4.5	4.6		4.6
- Lonsum	(%)	6.2	6.0		6.2	5.9		6.0

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