

FOR IMMEDIATE RELEASE

IndoAgri posts a 5% sales growth and attributable profit of Rp101 billion (S\$10 million) in 3Q17

HIGHLIGHTS:

- Achieved revenue growth of 5% and 19% yoy in 3Q17 and 9M17
- 9M17 attributable profit up 30% yoy on higher volume and prices of palm
- Improved result from the sugar operation in Brazil, CMAA
- 9M17 FFB nucleus and CPO production remained strong, up 12% and 9% yoy

SINGAPORE – 27 October 2017 – 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 revenue growth of 5% in 3Q17. But 3Q17 attributable profit declined 37% on lower gross profit arising from higher fertiliser application, higher operating expenses and foreign currency fluctuations, this was partly offset by improved results from CMAA. Our 9M17 result remained positive with revenue and attributable profit grew 19% and 30% yoy, respectively.

Revenue increased 5% yoy in 3Q17 on higher sales contribution from the Plantation Division. 9M17 revenue growth of 19% was attributable to higher sales from both divisions.

	Rp' billion						S\$' million ¹			
	3Q17	3Q16	▲%	9M17	9M16	▲%	3Q17	3Q16	9M17	9M16
Revenue	3,715	3,552	4.6	12,233	10,268	19.1	386	369	1,271	1,067
Gross profit	748	837	(10.6)	2,466	2,069	19.2	78	87	256	215
Gross margin (%)	20.1%	23.6%		20.2%	20.1%		20.1%	23.6%	20.2%	20.1%
EBITDA ²	788	912	(13.7)	2,454	1,853	32.4	82	95	255	193
EBITDA margin (%)	21.2%	25.7%		20.1%	18.1%		21.2%	25.7%	20.1%	18.1%
Profit from operations	395	558	(29.2)	1,304	1,097	18.9	41	58	135	114
Profit before taxation	258	407	(36.5)	895	658	36.0	27	42	93	68
Net profit after tax	114	182	(37.4)	522	300	73.8	12	19	54	31
Attributable profit	101	159	(36.8)	370	284	30.4	10	17	38	30
EPS (fully diluted) - Rp/S\$ cents	72	114	(36.8)	265	203	30.5	0.7	1.2	2.8	2.1

n.m. denotes “Not Meaningful”

Plantation Division achieved a 3% revenue growth in 3Q17 on higher sales volume of palm products, but partly offset by lower selling prices of palm products and lower sugar sales. 9M17 revenue grew 21% yoy reflecting the effects of higher sales volume and average selling prices of palm products, but

¹ Income Statement and Balance Sheet items are converted at exchange rates of Rp9,626/S\$1 and Rp9,926 /S\$1, respectively

² Earnings before interests and tax expense, depreciation and amortisation, and gain/loss from changes in fair value of biological assets and foreign exchange gain.

this was partly offset by lower sugar sales. EOF Division's revenue declined slightly by 2% in 3Q17, but 9M17 revenue grew 10% on higher sales of edible oil and stearin products.

Gross profit declined 11% yoy in 3Q17 due to the effects of lower selling prices of palm products, higher palm production costs arising from higher fertilizer application, and lower sugar sales. 9M17 gross profit increased 19% yoy on higher sales volume and selling prices of palm products, but partly offset by lower contribution from EOF Division and the sugar operation in Indonesia.

Profit from operations declined 29% yoy in 3Q17 on lower gross profit, higher operating expenses and foreign currency fluctuations. The decline was partly offset by improved results from CMAA. 9M17 profit from operations grew 19% on higher contribution from Plantation Division and improved results from associates and CMAA. This was partly offset by negative effects from foreign currency fluctuations and changes in fair values of biological assets.

Net profit after tax (NPAT) declined 37% yoy in 3Q17 on lower profit from operations. But 9M17 NPAT remained strong, increasing 74% over 9M16.

“The Group reported a strong recovery in palm production. Our 9M17 FFB nucleus and CPO production increased 12% and 9% yoy to 2,317,000 tonnes and 626,000 tonnes, respectively. The Group reported a positive 9M17 result with sales and attributable profit grew 19% and 30% yoy. In addition, our mature oil palm area increased by around 7,000 hectares, with 37,600 hectares still remaining immature, ensuring future growth in our palm oil production.

In line with the growth in palm oil production, we are building 3 new mills, of which one has been completed in May 2017, the second one by end 2017 and the third one in 2018. We are also expanding our refinery in Surabaya by 300,000 tonnes per annum to meet the increased demand, which will be completed in 1Q18.

Our sugar operation in Brazil has turned around from a loss position to profitability this year attributable to higher sugar crushing and higher selling prices.” commented Mr Mark Wakeford, CEO and Executive Director.

INDUSTRY OUTLOOK AND FUTURE PLANS

Agricultural commodity prices remain volatile driven by mixed fundamentals and global developments. Among others, the recovery of palm output from the El-Nino drought, higher supply forecasts for other competing vegetable oil, slower demand growth from key markets such as China and geopolitical uncertainties. In addition, the EU, the third largest palm import market, has recently voted to apply stricter regulations over certified and sustainable vegetable oil and to phase-out the use of vegetable oils such as palm oil, soy and rapeseed for biofuels by 2020. Nonetheless, longer term palm prices are expected to be supported by slower production growth arising from slowing down of new plantings.

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, the ongoing fiscal reforms in the areas of infrastructure and social security, and large domestic consumption. Notably, Indonesia has overtaken India as the largest palm consumer since 2016, consuming around 15% of global palm supplies. We continue to enhance our operational capacities to capture the growth opportunities, as well as proactively improve operations, increase yields, raise productivity and control costs.

--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 September 2017, IndoAgri has 298,415 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.