

IND@FOOD AGRI RESOURCES Ltd.

COMPANY PRESENTATION 3Q 2019 RESULTS

31 OCTOBER 2019



a subsidiary of:

Indofood
THE SYMBOL OF QUALITY FOODS

PRESENTATION OUTLINE

1 Plantation Highlights

2 Financial Highlights

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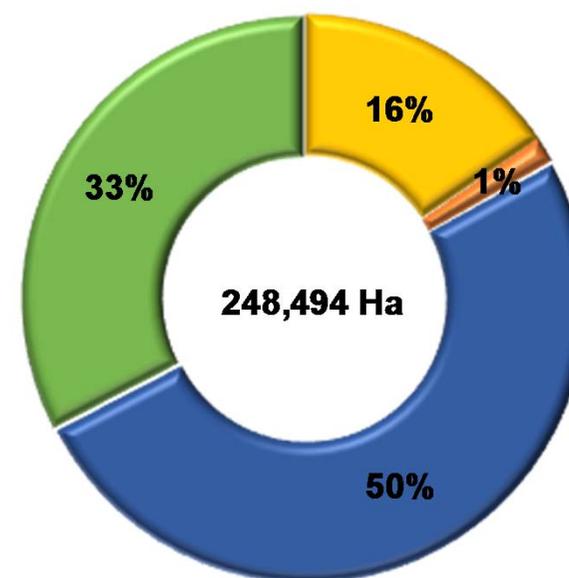
PLANTATION HIGHLIGHTS



PLANTED AREA

In Ha	30 Sep 2019	31 Dec 2018
<u>Indonesia - Inti</u>		
Planted area	298,416	301,721
Planted oil palm	248,494	251,112
- SIMP	154,469	155,073
- Lonsum	94,025	96,039
Planted other crops		
Rubber	16,747	16,678
- SIMP	851	851
- Lonsum	15,896	15,827
Sugar cane - SIMP	13,023	13,595
Others - timber, cocoa, tea	20,152	20,336
<u>Indonesia - Plasma</u>		
Oil palm	86,538	86,403
<u>Brazil</u>		
Sugar cane - CMAA	88,567	79,268
- Vale do Tijuco (UVT)	58,989	50,686
- Vale do Pontal (UVP)	29,578	28,582

Oil palm average age ≈ 16 years



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

* CMAA acquired UVP in July 2018. Of the 88,567 Ha planted sugar cane, 41% owned by CMAA and 59% contracted 3rd party farmers

OIL PALM PLANTATION HIGHLIGHTS

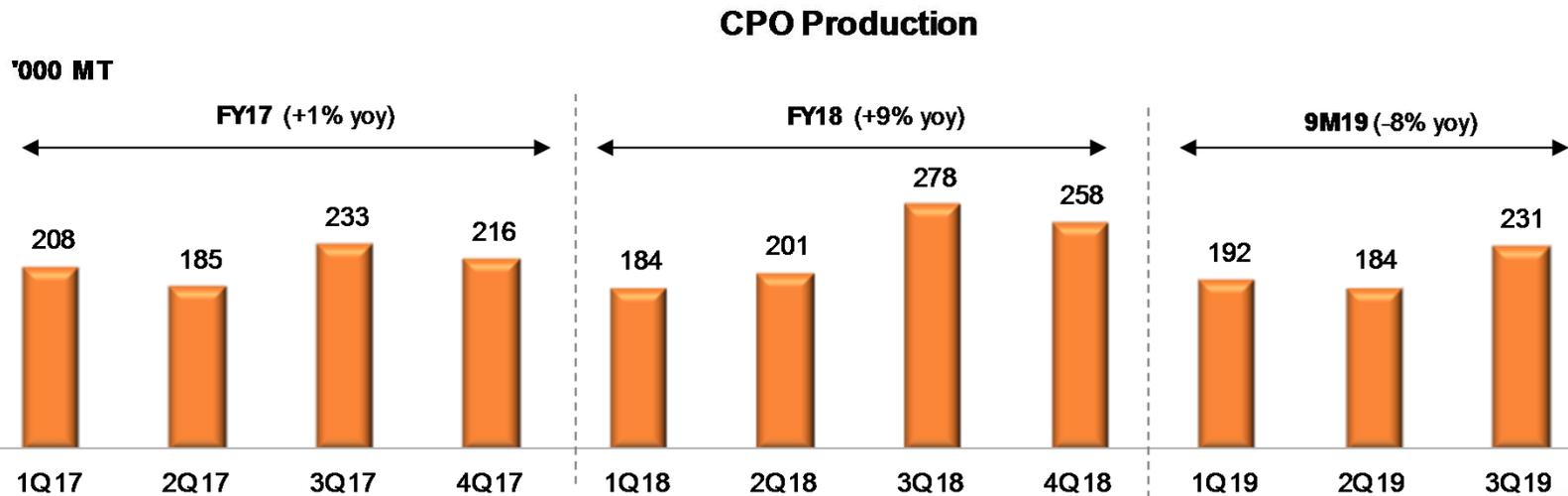
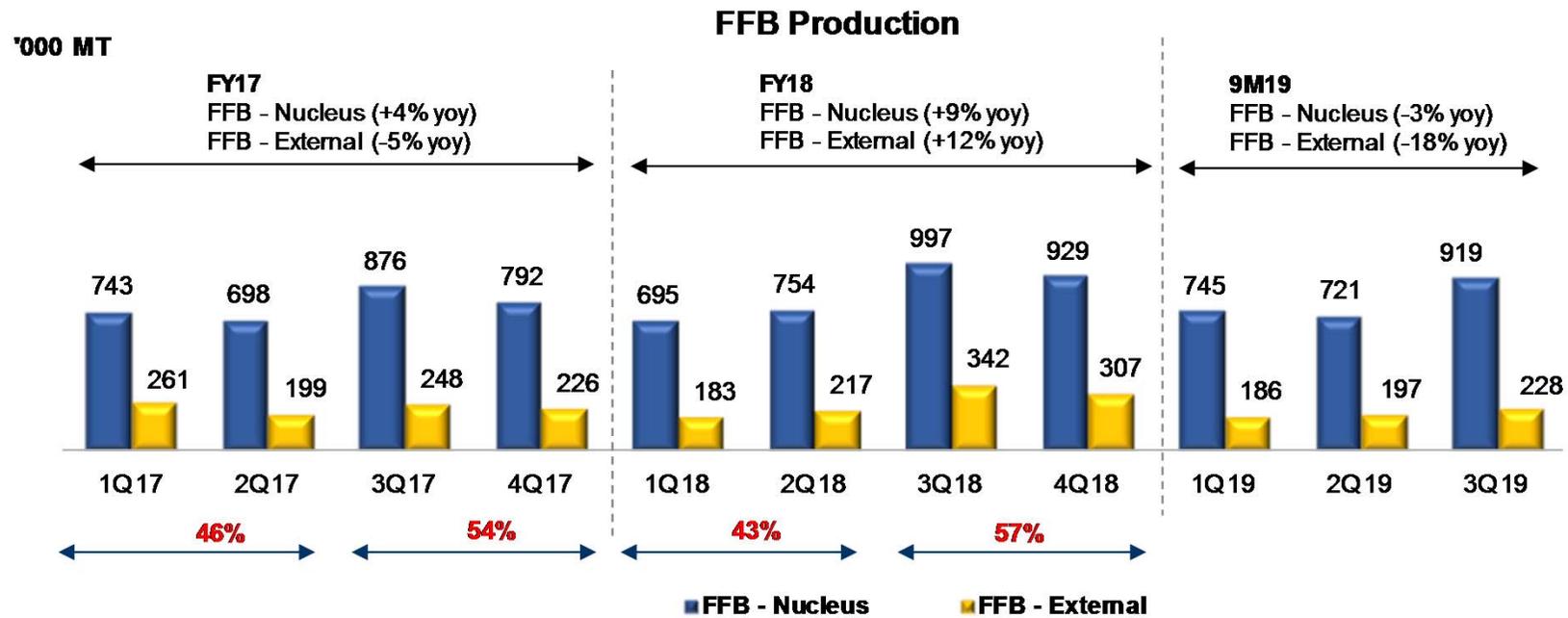
		9M19	9M18	YoY Growth	3Q19	3Q18	YoY Growth	FY18
PRODUCTION								
Mature area	(Ha)	209,869	210,825		209,869	210,825		211,707
FFB	('000 MT)	2,996	3,188	(6%)	1,146	1,340	(14%)	4,424
- Nucleus	('000 MT)	2,385	2,446	(3%)	919	997	(8%)	3,375
- External	('000 MT)	611	742	(18%)	228	342	(34%)	1,049
CPO	('000 MT)	607	663	(8%)	231	278	(17%)	921
PK	('000 MT)	149	160	(7%)	56	67	(16%)	221

PRODUCTIVITY

FFB yield – Nucleus	(MT/Ha)	11.4	11.6	↓	4.4	4.7	↓	15.9
CPO yield – Nucleus	(MT/Ha)	2.5	2.6	↓	0.9	1.0	↓	3.5
CPO extraction rate	(%)	21.7	22.0	↓	21.6	21.9	↓	22.0
PK extraction rate	(%)	5.3	5.3	↔	5.2	5.3	↓	5.3

* The listed figures in the tables are rounded to the nearest thousands, but the growth % are calculated based on the exact figures

OIL PALM PRODUCTION TRENDS



SUGAR PLANTATION HIGHLIGHTS

INDONESIA	9M19	9M18	YoY Growth	3Q19	3Q18	YoY Growth	FY18
Planted area (Ha)	13,023	13,146		13,023	13,146		13,595
Sugar cane harvested ('000 MT) ⁽¹⁾	748	606	23%	514	417	23%	649
Sugar production ('000 MT)	61	52	19%	45	36	27%	56
- South Sumatra Plantation	54	42	29%	40	31	28%	46
- Java (LPI's share)	7	10	(26%)	5	4	20%	10

BRAZIL	Apr - Sep 19	Apr - Sep 18	YoY Growth
Planted area (Ha) ⁽²⁾	88,567	83,710	
Sugar cane harvested ('000 MT)	5,237	4,854	8%
Raw sugar production ('000 MT)	247	247	0%
Ethanol ('000 M ³)	276	253	9%

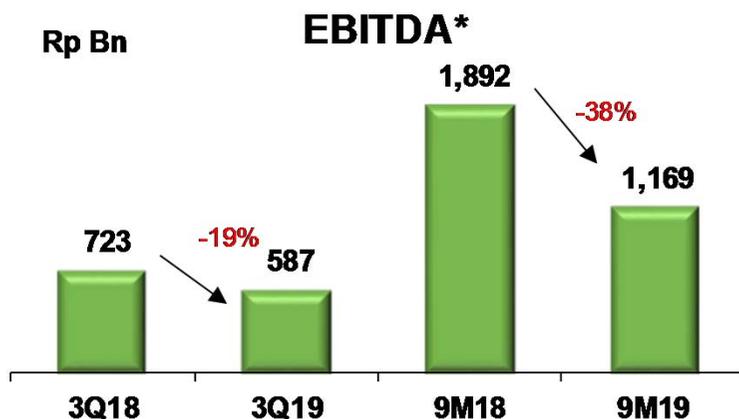
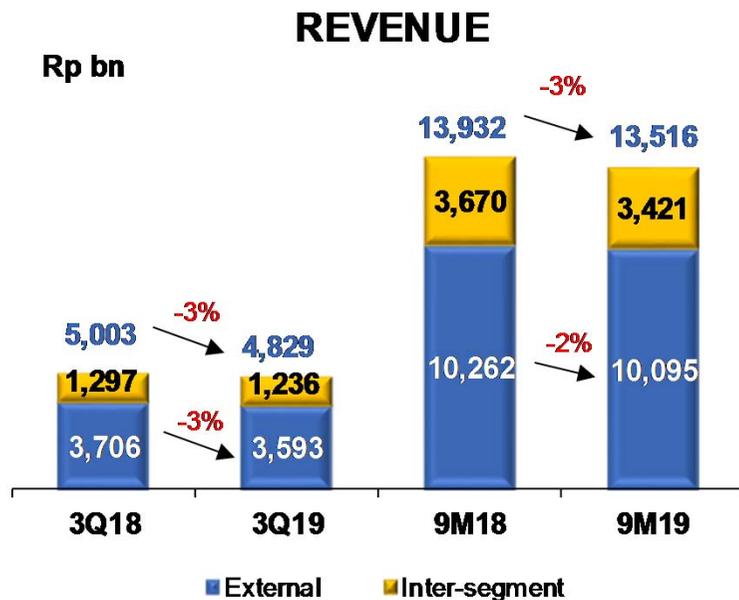
(1) Harvested cane related to Komering sugar cane plantation

(2) CMAA acquired UVP in July 2018. Of the 88,567 Ha planted sugar cane, 41% owned by CMAA and 59% contracted 3rd party farmer

A large industrial facility, likely a sugar mill, with multiple thresher machines. A worker in a white hard hat and orange shirt is in the foreground, looking at a device. The machines are labeled 'THRESHER 2', 'THRESHER 3', and 'THRESHER 4'. The facility has a high ceiling with skylights and blue railings.

FINANCIAL HIGHLIGHTS

RESULTS SUMMARY



* Earnings before interests and tax expense, depreciation and amortisation, the effects of forex and fair value gain on biological assets.

Financial Highlights

- Weak agricultural commodity prices continued to affect negatively our plantation.
- Revenue down 3% yoy in 3Q19 and 2% in 9M19 on weak selling prices of palm products, partially offset by higher sales volume of palm products, sugar and edible oil products,
- EBITDA down 19% in 3Q19 and 38% in 9M19 mainly due to lower contribution from Plantation Division, partially offset by higher contribution from EOF Division.
- Incurred higher net losses of Rp190 billion in 3Q19 and Rp713 billion in 9M19 compared to the same periods in 2018.

Operational Highlights

- 9M19 FFB nucleus declined 3% yoy to 2,385,000 tonnes.
- CPO production declined 8% yoy to 607,000 tonnes on lower FFB nucleus and purchases from external.

SALES VOLUME PLANTATION

In '000 MT	9M19	9M18	YoY Growth	3Q19	3Q18	YoY Growth	FY18
CPO	617	578	7%	227	224	2%	881
PK products - PK, PKO, PKE	152	137	11%	54	59	(9%)	194
Sugar	48	34	40%	29	14	109%	57
Rubber	6.4	7.4	(13%)	2.8	3.1	(9%)	9.7
Oil palm seeds ('million)	3.9	8.0	(51%)	1.2	2.7	(53%)	11.3

- In 9M19, higher CPO and PK products were helped by realisation of last year end stock.
- Rubber sales volume declined in 3Q19 and 9M19 due to conversion to oil palm.
- Low oil palm seeds sales due to soft demand, leading to 51% decline in 9M19.

Note: Sales volume before elimination of inter-segment sales

* The listed figures in the tables are rounded to the nearest thousands, but the growth % are calculated based on the exact figures

AVERAGE SELLING PRICE (ASP) TREND



FINANCIAL SUMMARY

	9M19	9M18	YoY Growth	3Q19	3Q18	YoY Growth	FY18
Sales	10,095	10,262	(2%)	3,593	3,706	(3%)	14,059
Gross profit	1,227	1,765	(30%)	596	612	(3%)	2,198
EBITDA ⁽¹⁾	1,169	1,892	(38%)	587	723	(19%)	2,295
Net loss after tax	(713)	(65)	n/m	(190)	(18)	943%	(427)
Core (loss)/profit ⁽²⁾	(676)	96	n/m	(133)	23	n/m	(186)
Attributable (loss)/profit	(400)	(10)	n/m	(126)	9	n/m	(222)
EPS (fully diluted) - Rp	(287)	(7)	n/m	(90)	6	n/m	(159)
Gross profit margin	12%	17%	↓	17%	17%	↔	16%
EBITDA margin	12%	18%	↓	16%	20%	↓	16%
Net loss margin	(7%)	(1%)	↓	(5%)	(0%)	↓	(3%)
Attributable loss margin	(4%)	(0%)	↓	(3%)	0%	↓	(2%)

- Weak agricultural commodity prices continued to affect negatively the Group's plantation operations. This was partially offset higher profit contribution from EOF Division.
- Incurred higher net losses due to weak operating profit and higher financial expenses, partially offset by lower forex losses and higher gains on biological assets.

⁽¹⁾ Earnings before interests and tax expense, depreciation and amortisation, the effects of forex and fair value gain/(loss) on biological assets

⁽²⁾ Earnings before the effects of forex, fair value gain on biological assets and EIR amortisation of financial assets

SEGMENTAL RESULTS

In Rp Bn	9M19	9M18	YoY Growth	3Q19	3Q18	YoY Growth	FY18
<u>Sales</u>							
Plantations	5,710	6,106	(6%)	2,258	2,268	(0%)	8,585
Edible oils & fats	7,806	7,826	(0%)	2,549	2,679	(5%)	10,609
Elimination & adjustments	(3,421)	(3,670)	(7%)	(1,215)	(1,241)	(2%)	(5,134)
Total	10,095	10,262	(2%)	3,592	3,706	(3%)	14,059
<u>EBITDA</u>							
Plantations	765	1,451	(47%)	471	507	(7%)	1,562
<i>EBITDA %</i>	13%	24%		21%	22%		18%
Edible oils & fats	512	273	87%	138	145	(4%)	528
<i>EBITDA %</i>	7%	3%		5%	5%		5%
Share of results of associate companies & JV	(58)	64	n/m	6	42	(87%)	21
Elimination & adjustments ⁽¹⁾	(51)	103	n/m	(28)	29	n/m	184
Total	1,169	1,892	(38%)	587	723	(19%)	2,295

(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-19	31-Dec-18	
TOTAL ASSETS	37,694	37,514	
Cash	1,892	2,229	
TOTAL LIABILITIES	17,743	16,661	
Interest bearing debt	11,659	11,190	
TOTAL EQUITY*	19,951	20,853	
Net debt / EBITDA ratio	6.26x	3.91x	
Net debt / Total equity ratio	0.49x	0.43x	
Net assets value per share (in Rupiah)	8,063	8,444	
Net assets value per share (in SGD) **	0.79	0.82	
Cash flow (In Rp Bn)	9M19	9M18	Change
Net cash flow generated from operating activities	1,258	506	753
Net cash flow used in investing activities	(1,983)	(1,606)	(377)
Net cash flow generated from financing activities	400	485	(85)
Net decrease in cash & cash equivalents	(325)	(615)	290
Net effect of changes in forex	(12)	60	(72)
Sub-total	(337)	(555)	218
Cash & cash equivalent - Beginning	2,229	2,930	(701)
Cash & cash equivalent - Ending	1,892	2,374	(483)

* Total equity includes shareholders funds and minority interests

** Converted at Rp10,258/S\$1

KEY STRATEGIES IN 2019

Plantation

- Replanting of older palms in North Sumatra and Riau with higher yielding varieties.
- Focus on yield improvements and cost efficiency.
- The construction of the chocolate factory is completed and operational in May 2019.
- Expansion of milling facilities – completed a 45MT FFB/ hour mill in Kalimantan in September 2019.

Edible oils & fats

- Maintain competitive positioning for Bimoli and expand Delima as 2nd brand to capture potential more affordable segment.
- Adding direct distribution network through e-commerce platforms

APPENDIX



PRODUCTION BREAKDOWN

		9M19	9M18	YoY Growth	3Q19	3Q18	YoY Growth	FY18
PRODUCTION								
Mature area	(Ha)	209,869	210,825		209,869	210,825		211,707
- SIMP	(Ha)	124,121	123,430		124,121	123,430		124,430
- Lonsum	(Ha)	85,748	87,395		85,748	87,395		87,277
FFB	('000)	2,996	3,188	(6%)	1,146	1,340	(14%)	4,424
- Nucleus	('000)	2,385	2,446	(3%)	919	997	(8%)	3,375
- SIMP	('000 MT)	1,337	1,361	(2%)	528	549	(4%)	1,859
- Lonsum	('000 MT)	1,048	1,085	(3%)	391	448	(13%)	1,516
- External	('000)	611	742	(18%)	228	342	(34%)	1,049
- SIMP	('000 MT)	404	414	(2%)	160	193	(17%)	584
- Lonsum	('000 MT)	207	331	(37%)	68	150	(55%)	465
CPO	('000)	607	663	(8%)	231	278	(17%)	921
- SIMP	('000 MT)	321	340	(6%)	128	142	(9%)	468
- Lonsum	('000 MT)	286	323	(11%)	103	136	(24%)	453
PK	('000)	149	160	(7%)	56	67	(16%)	221
- SIMP	('000 MT)	68	73	(7%)	27	31	(10%)	100
- Lonsum	('000 MT)	80	87	(7%)	29	37	(21%)	121
PRODUCTIVITY								
FFB yield – Nucleus	(MT/Ha)	11.4	11.6		4.4	4.7		15.9
- SIMP	(MT/Ha)	10.8	11.0		4.3	4.4		14.9
- Lonsum	(MT/Ha)	12.2	12.4		4.6	5.1		17.4
CPO yield – Nucleus	(MT/Ha)	2.5	2.6		0.9	1.0		3.5
- SIMP	(MT/Ha)	2.2	2.3		0.9	0.9		3.1
- Lonsum	(MT/Ha)	2.8	2.8		1.0	1.2		4.0
CPO extraction rate	(%)	21.7	22.0		21.6	21.9		22.0
- SIMP	(%)	20.7	21.2		20.7	21.0		21.0
- Lonsum	(%)	23.0	23.0		22.7	22.8		23.0
PK extraction rate	(%)	5.3	5.3		5.2	5.3		5.3
- SIMP	(%)	4.4	4.6		4.4	4.5		4.5
- Lonsum	(%)	6.5	6.2		6.4	6.1		6.2

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