

FOR IMMEDIATE RELEASE

## IndoAgri posts a 9% revenue growth with core profit increased by 37% in FY17

### HIGHLIGHTS:

- **FY17 revenue grew 9% on higher sales from both divisions**
- **FY17 core profit up 37% yoy mainly due to improved result from the sugar operation in Brazil, CMAA**
- **Lower revenue and profit in 4Q17 due to lower contribution from the Plantation Division and 4Q16 included a one-off gain of Rp107 billion (S\$11 million)**
- **Achieved higher FFB nucleus and CPO production in FY17, up 4% and 1% yoy**

**SINGAPORE – 28 February 2018** – 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 a 16% revenue decline in 4Q17 due to lower contribution from the Plantation Division. On full year basis, the Group achieved 9% revenue growth on higher sales contribution from both Plantation and Edible Oils & Fats (EOF) Divisions.

|  | Rp' billion |            |               |            |            |             | S\$' million <sup>1</sup> |           |           |           |
|--|-------------|------------|---------------|------------|------------|-------------|---------------------------|-----------|-----------|-----------|
|  | 4Q17        | 4Q16       | ▲%            | FY17       | FY16       | ▲%          | 4Q17                      | 4Q16      | FY17      | FY16      |
| <b>Revenue</b>                               | 3,593       | 4,263      | (15.7)        | 15,827     | 14,531     | 8.9         | 369                       | 438       | 1,626     | 1,493     |
| Gross profit                                 | 729         | 1,420      | (48.7)        | 3,195      | 3,489      | (8.4)       | 75                        | 146       | 328       | 359       |
| Gross margin (%)                             | 20.3%       | 33.3%      |               | 20.2%      | 24.0%      |             | 20.3%                     | 33.3%     | 20.2%     | 24.0%     |
| <b>EBITDA <sup>2</sup></b>                   | 634         | 1,499      | (57.7)        | 3,088      | 3,352      | (7.9)       | 65                        | 154       | 317       | 344       |
| EBITDA margin (%)                            | 17.6%       | 35.2%      |               | 19.5%      | 23.1%      |             | 17.6%                     | 35.2%     | 19.5%     | 23.1%     |
| Net profit after tax                         | 131         | 492        | (73.4)        | 653        | 792        | (17.6)      | 13                        | 51        | 67        | 81        |
| <b>Core net profit after tax<sup>3</sup></b> | <b>87</b>   | <b>417</b> | <b>(79.1)</b> | <b>640</b> | <b>468</b> | <b>36.9</b> | <b>9</b>                  | <b>43</b> | <b>66</b> | <b>48</b> |
| <b>Attributable profit</b>                   | 77          | 223        | (65.4)        | 447        | 507        | (11.7)      | 8                         | 23        | 46        | 52        |
| EPS (fully diluted) - Rp/S\$ cents           | 55          | 159        | (65.4)        | 320        | 363        | (11.8)      | 0.6                       | 1.6       | 3.3       | 3.7       |

*n.m. denotes “Not Meaningful”*

Plantation Division reported a 10% revenue decline in 4Q17 on lower sales volume of palm products (i.e. crude palm oil (“CPO”) and palm kernel (“PK”) related products) and lower sugar sales, this was partly offset by higher selling prices of palm products. FY17 revenue grew 12% over the same period last year, reflecting mainly the effects of higher sales volume and average selling prices of palm products, but this was partly offset by lower sugar sales.

<sup>1</sup> Income Statement and Balance Sheet items are converted at exchange rates of Rp9,731/S\$1 and Rp10,134 /S\$1, respectively

<sup>2</sup> Earnings before interests and tax expense, depreciation and amortisation, the effects of foreign exchange and changes in fair value of biological assets

<sup>3</sup> Earnings before the accounting for the effects of foreign exchange, changes in the fair value of biological assets and one-off gain

EOF Division's revenue growth by 5% in 4Q17 and 8% in FY17. This was mainly due to higher sales of cooking oil and margarine products. The improvement was attributed to competitive pricing and heightened marketing activities such as brand campaigns and tactical promotions.

The Group's 4Q17 gross profit declined 49% due to the effects of lower sales volume of palm products and higher palm production costs arising from higher fertilizer application. On full year basis, gross profit decreased 8% on higher palm production costs and lower profit contribution from sugar operation in Indonesia.

The Group recorded a 68% decline in 4Q17 profit from operations, owing largely to lower gross profit and 4Q16 included a Rp107 billion (S\$11 million) one-off claim from a contractor. The profit decline was partly offset by lower foreign currency losses. FY17 profit from operations declined 26% on lower gross profit, negative effects from foreign currency fluctuations and the absence of a one-off gain. This was partly offset by the improved contribution from associates and CMAA.

Lower net profit after tax in 4Q17 and FY17 was mainly attributable due to lower profit from operations as explained above. FY17 core profit excluding the effects of foreign currency fluctuations, changes in fair values of biological assets and a one-off gain would have been Rp640 billion (S\$66 million), increasing 37% over last year.

***“The Group reported higher palm products output for full year FY17 despite the slowdown in the last quarter. The Group reported a 9% revenue growth with core profit growing 37% yoy in FY17. In addition, our mature oil palm area increased by 9,000 hectares.***

***In line with the growth in palm oil production, we are increasing our milling capacity with 2 new palm oil mills, completed 2017, and one more due for completion in 2019. 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 had a record crushing volume of 4.1m MT sugar cane in 2017, and is now operating a full capacity, turning around from a loss position to profitability. As this mill is now operating a full capacity, we have recently announced the acquisition of a 50% stake in our second mill, which will become operational in 2020 and has a crushing capacity of 1.8m MT of cane. This will give us operational synergies with our current mill, keeping production costs low.”*** commented Mr Mark Wakeford, CEO and Executive Director.

## **INDUSTRY OUTLOOK AND FUTURE PLANS**

Agricultural commodity prices will continue to remain volatile driven by mixed fundamentals and global developments. 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 Indonesia in the areas of infrastructure and social security, and large domestic consumption with Indonesia being the second largest consumer of palm oil globally, will continue to support our operations.

The Group will continue to strengthen the fundamentals and improve margins through better yielding crops, cost control measures and other innovations to improve productivity.

--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 December 2017, IndoAgri has 300,387 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](http://www.indofoodagri.com).*