

## Golden Agri-Resources' third quarter 2019 performance saw quarterly improvement with higher plantation output

- Third quarter 2019 palm product output grew by 25 percent to 832,000 tonnes
- Downstream business mitigated impact of lower CPO prices and production during the first nine months of 2019

### FINANCIAL HIGHLIGHTS

US\$ million	Nine-month period ended		Change	Quarter ended		Change
	30 Sep 2019 (9M 2019)	30 Sep 2018 (9M 2018)		30 Sep 2019 (3Q 2019)	30 Jun 2019 (2Q 2019)	
Revenue	4,730	5,515	-14%	<b>1,563</b>	1,549	1%
Gross Profit	532	745	-29%	<b>188</b>	152	24%
EBITDA <sup>1</sup>	305	370	-18%	<b>107</b>	77	38%
Underlying (Loss)/Profit <sup>2</sup>	(12)	79	n.m	<b>3</b>	(27)	n.m
Net (Loss)/Profit <sup>3</sup>	(46)	(81)	-44%	<b>0.8</b>	(65)	n.m
(Loss)/Earnings per Share <sup>4</sup> (US\$ cents)	(0.36)	(0.64)	-44%	<b>0.01</b>	(0.51)	n.m

**Singapore, 14 November 2019** – During the third quarter 2019, Golden Agri-Resources Ltd and its subsidiaries (“GAR” or the “Company”) recorded revenue of US\$1.56 billion, a slight increase from last quarter. The current quarter EBITDA<sup>1</sup> increased to US\$107 million compared to the previous quarter due to higher plantation output. During this period of lower prices, the downstream business managed to increase its contribution to the consolidated EBITDA. On the bottom line GAR recorded a profit of US\$3 million in the third quarter, a turnaround from a loss of US\$27 million in the second quarter 2019.

Nevertheless, the better third quarter results were not able to compensate for the lower performance in the first half of the year. During the nine-month period of 2019, GAR still showed weaker performance with EBITDA<sup>1</sup> of US\$305 million, 18 percent lower compared to the same period in 2018. Key impacting factors were weaker average CPO market prices and plantation output.

### SEGMENTAL PERFORMANCE

#### Plantations and palm oil mills

As at 30 September 2019, GAR’s planted area stood at 495 thousand hectares, of which 21 percent owned by plasma smallholders. We replanted 6,400 hectares of old estates in the

current period, more than double than was achieved last year. The newer estates use next-generation, higher yielding planting materials, and are designed to accommodate future mechanisation to improve efficiency and reduce cost.

Third quarter fruit yield recovered seasonally to 5.9 tonnes per hectare, 22 percent higher than the previous quarter, resulting in a nine-month yield of 15.5 tonnes per hectare. The fruits were extracted into 2.13 million tonnes of palm product for the nine-month period of 2019, five percent lower year-on-year after experiencing a bumper crop in 2018.

Upstream quarterly EBITDA<sup>1</sup> almost doubled to US\$70 million, contributing to total nine-month EBITDA<sup>1</sup> of US\$167 million, with average margin of 18 percent.

#### Palm, laurics and others

Our downstream segment mostly consists of the processing and merchandising of palm and oilseed based products comprising bulk and branded products, oleo-chemicals and other vegetable oils, as well as production and distribution of other consumer products in China and Indonesia.

Revenue of the palm, laurics and others segment during the nine-month period 2019 reached US\$4.7 billion, 14 percent lower than last year period due to weaker selling prices that were partly compensated by higher sales volume. However, segmental EBITDA<sup>1</sup> reached US\$138 million, more than double compared to last year, resulting in a higher margin of almost three percent. This performance contributed as much as 45 percent to total consolidated EBITDA.

### **OUTLOOK AND STRATEGY**

Mr. Franky O. Widjaja, GAR Chairman and Chief Executive Officer commented: "Third quarter 2019 saw positive turnaround both in production and prices, resulting in an increased contribution from our upstream business to GAR's overall performance. We expect the positive trend in CPO prices to continue in the fourth quarter 2019 and onwards. On the supply side, production growth will still be slow in 2020 as impacted by the very dry conditions in 2019. On the demand side, GAR welcomes the B30 biodiesel programme that will be implemented starting January 2020. We also see demand from large consuming countries, such as China and India, continue to be strong. We expect that additional demand combined with the slowing down of CPO production growth will create strong support for CPO prices. We remain positive on the long-term industry prospects on the back of the resilient supply and demand fundamentals of palm oil."

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### **About Golden Agri-Resources Ltd (GAR)**

GAR is one of the leading palm oil plantation companies with a total planted area of 495,247 hectares (including plasma smallholders) as at 30 September 2019, located in Indonesia. It has integrated operations focused on the production of palm-based edible oil and fat.

Founded in 1996, GAR was listed on the Singapore Exchange in 1999 and has a market capitalisation of US\$2.1 billion as at 30 September 2019. Flambo International Limited, an investment company, is currently GAR's largest shareholder, with a 50.35 percent stake. GAR has several subsidiaries, including PT SMART Tbk which was listed on the Indonesia Stock Exchange in 1992.

GAR is focused on responsible palm oil production. In Indonesia, its primary activities include cultivating and harvesting of oil palm trees; processing of fresh fruit bunch into crude palm oil (CPO) and palm kernel; refining CPO into value-added products such as cooking oil, margarine, shortening, biodiesel and oleo-chemicals; as well as merchandising palm products throughout the world. It also has operations in China and India including a deep-sea port, oilseed crushing plant, production capabilities for refined edible oil products as well as other food products such as noodles.

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<sup>1</sup> Earnings before tax, non-controlling interests, interest on borrowings, depreciation and amortisation, net gain or loss from changes in fair value of biological assets, foreign exchange gain or loss, and exceptional items.

<sup>2</sup> Net profit/loss attributable to owners of the Company, excluding net effect of net gain or loss from changes in fair value of biological assets and depreciation of bearer plants, exceptional items and other non-operating items (foreign exchange gain or loss and deferred tax income or expense).

<sup>3</sup> Net profit/loss attributable to owners of the Company.

<sup>4</sup> Earnings/loss per share is net profit or loss attributable to owners of the Company divided by weighted average number of shares.