

# IND@FOOD AGRI RESOURCES Ltd.

## Company Presentation 1Q 2018 Results

30 April 2018



a subsidiary of:

**Indofood**  
THE SYMBOL OF QUALITY FOODS

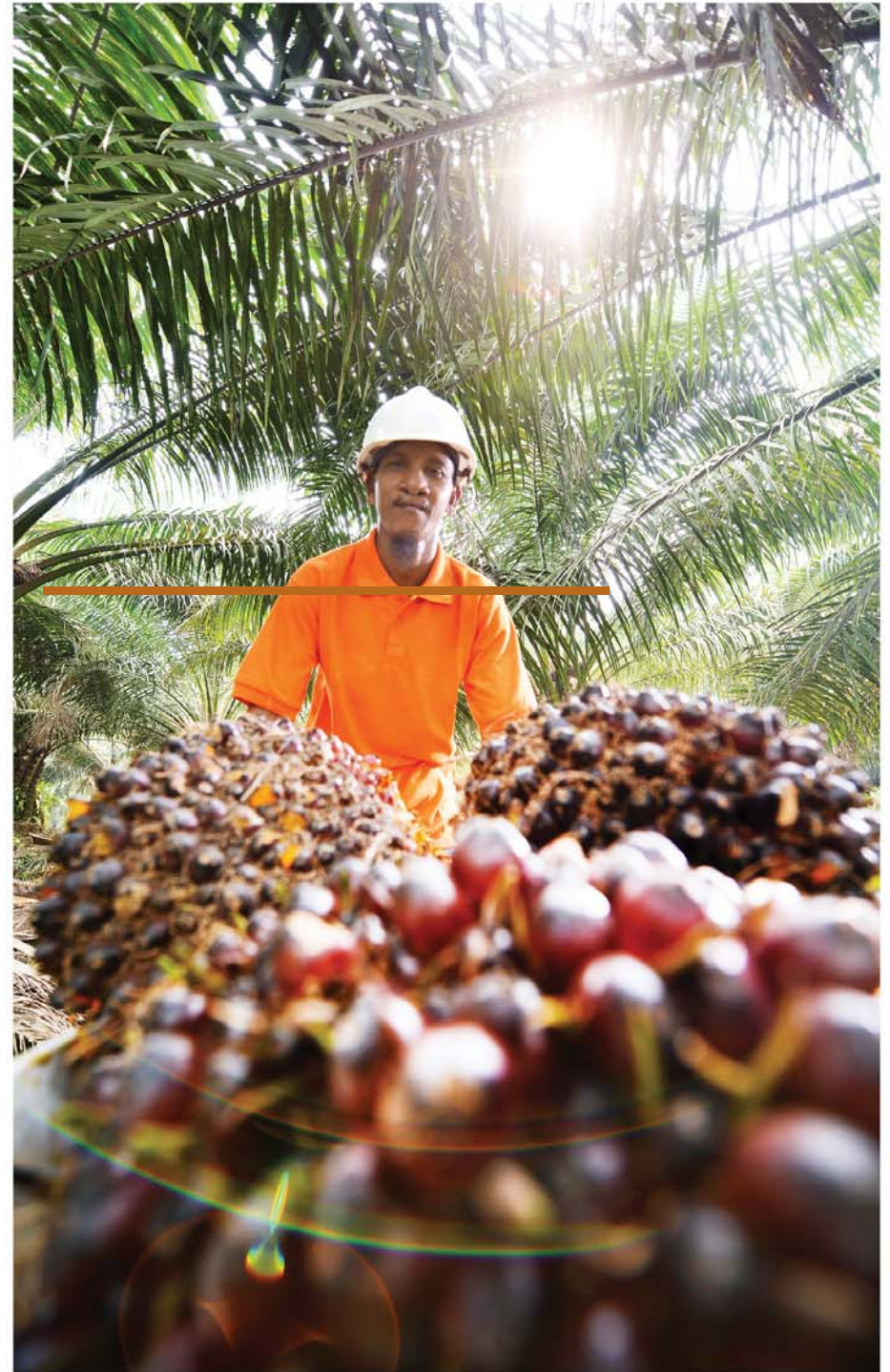
# Presentation Outline

- 1 Plantation Highlights**
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- 3 Strategies and Expansion**
- 4 Appendix**





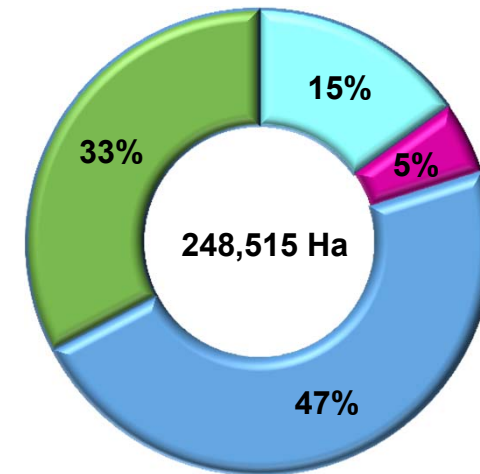
# Plantation Highlights



# Planted Area

In Ha	31 Mar 2018	31 Dec 2017
<b><u>Indonesia - Inti</u></b>		
<b>Planted Area</b>	<b>301,926</b>	<b>300,387</b>
<b>Planted Oil Palm</b>	<b>248,515</b>	<b>247,630</b>
- SIMP	153,211	152,008
- Lonsum	95,304	95,622
<b>Planted Other crops</b>	<b>53,411</b>	<b>52,757</b>
Rubber	19,746	19,869
- SIMP	3,634	3,634
- Lonsum	16,112	16,235
Sugar cane - SIMP	13,476	12,618
Others - timber, cocoa, tea	20,189	20,270
<b><u>Indonesia - Plasma</u></b>		
Oil Palm	86,280	86,182
<b><u>Brazil</u></b>		
<b>Sugar cane - CMAA</b>	<b>51,681</b>	<b>49,204</b>
- Company-owned	24,902	22,070
- Third party	26,779	27,134

Oil Palm Average Age ≈ 15 years



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



# Oil Palm Plantation Highlights

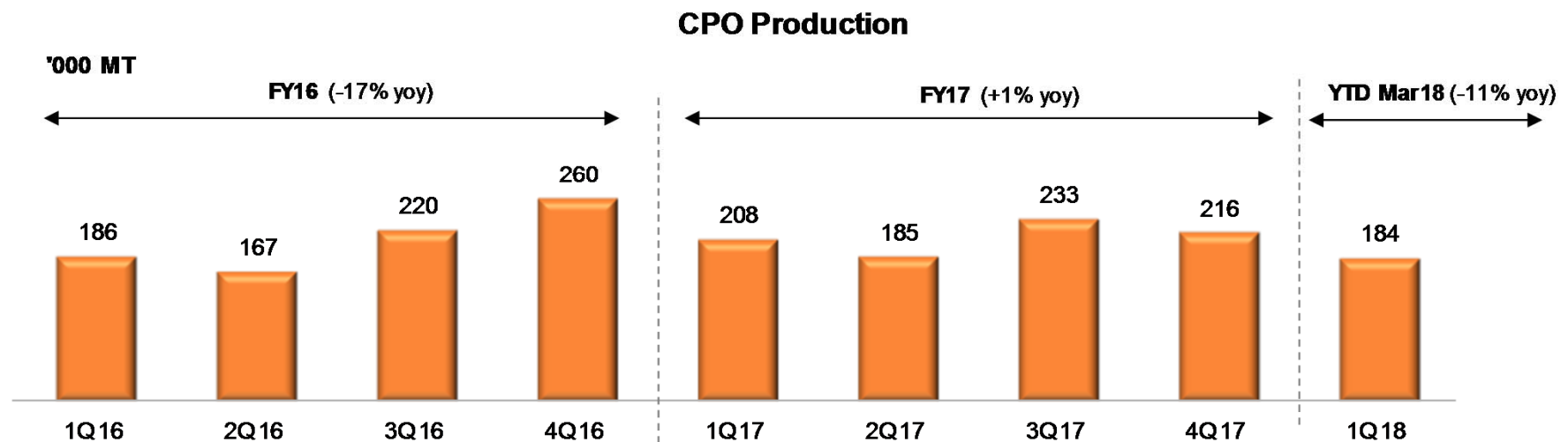
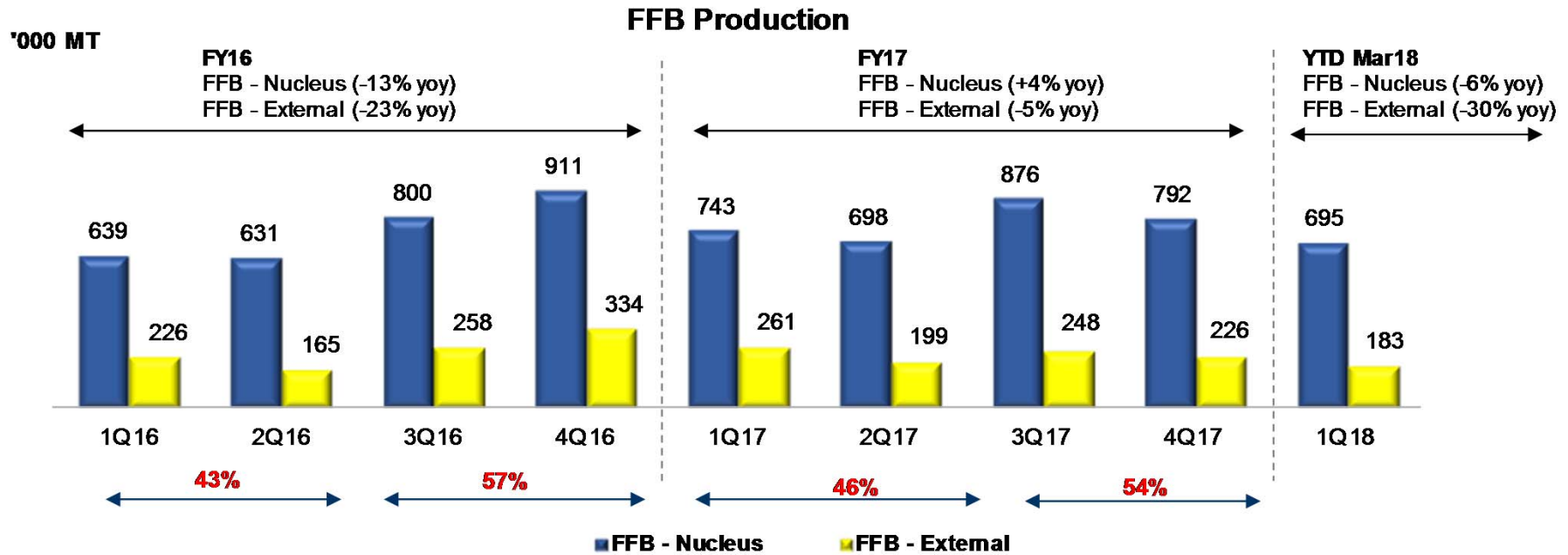
		1Q18	1Q17	YoY Growth	FY17
<b>PRODUCTION</b>					
Mature Area	(Ha)	211,050	208,722	1%	209,817
FFB	('000 MT)	878	1,004	(13%)	4,043
- Nucleus	('000 MT)	695	743	(6%)	3,109
- External	('000 MT)	183	261	(30%)	934
CPO	('000 MT)	184	208	(11%)	842
PK	('000 MT)	44	51	(12%)	205

## PRODUCTIVITY

FFB Yield – Nucleus	(MT/Ha)	3.3	3.6	↓	14.8
CPO Yield – Nucleus	(MT/Ha)	0.7	0.8	↓	3.2
CPO Extraction Rate	(%)	22.3	21.9	↑	21.9
PK Extraction Rate	(%)	5.4	5.3	↑	5.3

- Production decrease mainly due to lower purchases of FFB from external.

# Oil Palm Production Trends





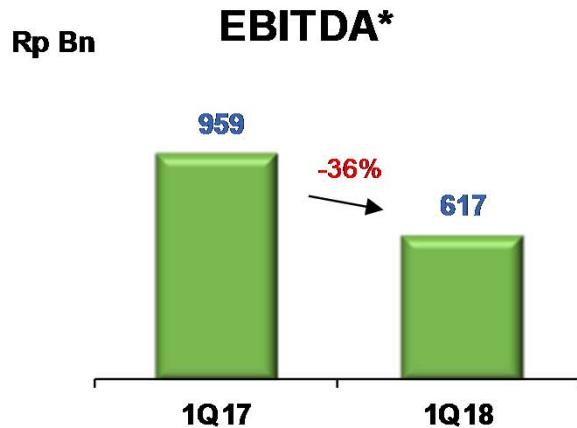
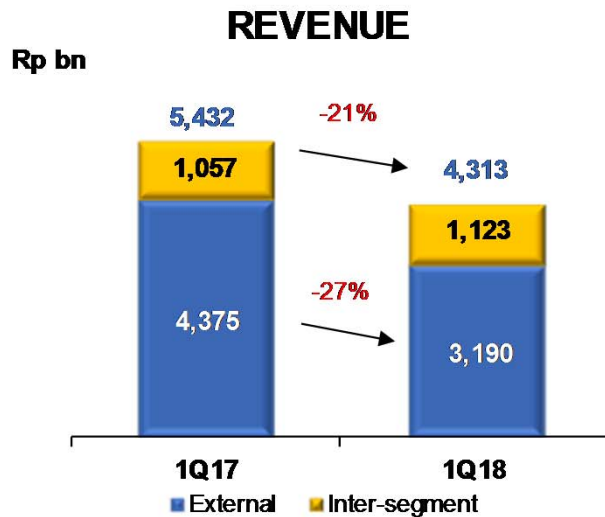


# Financial Highlights





# Results Summary



\* Earnings before interests and tax expense, depreciation and amortisation, the effects of forex and changes in FV of biological assets

## Financial Highlights

- Lower revenue and profit in 1Q18 amid lower sales volume of palm products and selling prices.
- Lower sales contribution from the Plantation and Edible Oils & Fats (EOF) Divisions.
- EBITDA down 36% reflecting mainly lower contribution from Plantation Division.
- Expanding sugar operation in Brazil with 50% investment in Canapolis Mill.

## Operational Highlights

- FFB nucleus and CPO production declined in 1Q18, down 6% and 11% yoy to 695,000 tonnes and 184,000 tonnes, respectively.



# Sales Volume Plantation

In '000 MT	1Q18	1Q17	YoY Growth	FY17
CPO	171	227	(25%)	880
PK, PKO, PKE	43	57	(24%)	211
Sugar	1.6	2.5	(37%)	49.9
Rubber	2.6	3.2	(17%)	12.4
Oil Palm Seeds ('million)	2.6	2.3	12%	11.3

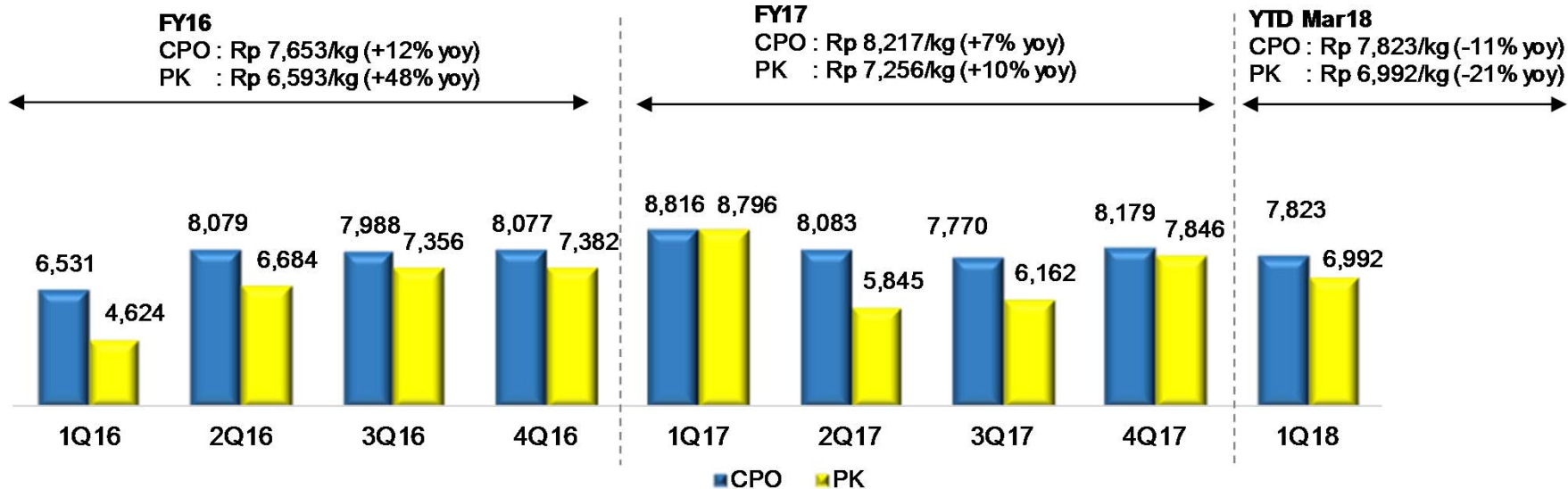
- Lower sales volume of CPO and PK related products in 1Q18 due to lower production and partly timing in sales. In 1Q17, there were 19,000 MT of sales realisation from year end CPO stock.

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

# Average Selling Price (ASP) Trend

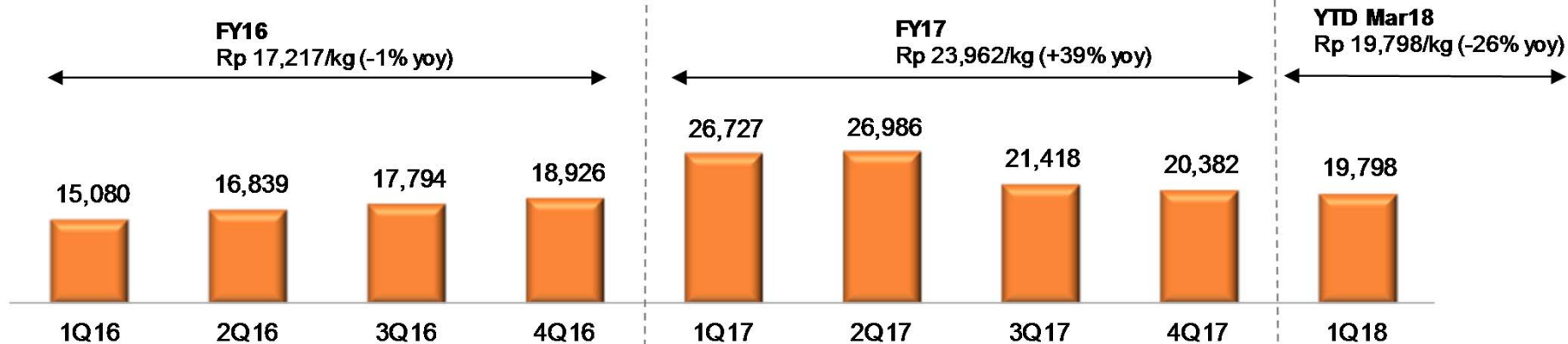
Rp/kg

## CPO and PK - ASP



Rp / kg

## Rubber - ASP





# Financial Summary

In Rp Bn	YoY			FY17
	1Q18	1Q17	Growth	
Sales	3,190	4,375	(27%)	15,717
Gross Profit	658	1,031	(36%)	3,085
EBITDA <sup>(1)</sup>	617	959	(36%)	3,088
Net profit after tax (NPAT)	53	329	(84%)	653
Core NPAT <sup>(2)</sup>	81	345	(76%)	640
Attributable profit	50	171	(71%)	447
EPS (fully diluted) - Rp	36	122	(70%)	320
Gross profit margin	21%	24%	↓	20%
EBITDA margin	19%	22%	↓	20%
Net profit margin	2%	8%	↓	4%
Attributable profit margin	2%	4%	↓	3%

- A soft 1Q18 result amid lower production and selling prices.
- 1Q18 attributable profit declined 71% reflecting largely lower gross profit and foreign currency loss. This was partly offset by improved contribution from a joint venture, CMAA and lower biological assets loss.

(1) Earnings before interests and tax expense, depreciation and amortisation, the effects of forex and changes in FV of biological assets.

(2) Earnings before the effects of forex, changes in FV of biological assets and one-off gain.

# Segmental Results

In Rp Bn	1Q18	1Q17	YoY Growth	FY17
<b><u>Sales</u></b>				
Plantations	1,825	2,775	(34%)	10,138
Edible Oil & Fats	2,488	2,657	(6%)	10,305
Elimination & Adjustments	(1,123)	(1,057)	6%	(4,726)
<b>Total</b>	<b>3,190</b>	<b>4,375</b>	<b>(27%)</b>	<b>15,717</b>

<b><u>EBITDA</u></b>				
Plantations	492	968	(49%)	2,859
<i>EBITDA %</i>	<i>27%</i>	<i>35%</i>		<i>28%</i>
Edible Oil & Fats	52	81	(35%)	238
<i>EBITDA %</i>	<i>2%</i>	<i>3%</i>		<i>2%</i>
Share of results of associate companies & JV	(9)	(43)	(80%)	121
Elimination & Adjustments <sup>(1)</sup>	82	(47)	n/m	(131)
<b>Sub-total</b>	<b>617</b>	<b>959</b>	<b>(36%)</b>	<b>3,087</b>
Foreign exchange (loss)/ gain	(22)	23	n/m	(14)
<b>Total</b>	<b>595</b>	<b>983</b>	<b>(39%)</b>	<b>3,073</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)	31-Mar-18	31-Dec-17
<b>TOTAL ASSETS</b>	<b>38,017</b>	<b>37,415</b>
Cash	2,883	2,930
<b>TOTAL LIABILITIES</b>	<b>16,558</b>	<b>15,992</b>
Interest bearing debt	10,745	10,530
<b>TOTAL EQUITY*</b>	<b>21,459</b>	<b>21,423</b>
<b>Net debt / EBITDA ratio (Annualised)</b>	<b>3.18x</b>	<b>2.46x</b>
<b>Net debt / Total equity ratio</b>	<b>0.37x</b>	<b>0.35x</b>
<b>Net assets value per share (in Rupiah)</b>	<b>8,702</b>	<b>8,671</b>
<b>Net assets value per share (in SGD) **</b>	<b>0.83</b>	<b>0.83</b>

Cash Flow (In Rp Bn)	1Q18	1Q17	Change
Net cash flow generated from operating activities	230	215	15
Net cash flow used in investing activities	(502)	(328)	(174)
Net cash flow generated from financing activities	215	406	(190)
<b>Net (decrease) / increase in cash &amp; cash</b>	<b>(56)</b>	<b>293</b>	<b>(350)</b>
Net effect of changes in forex	10	(4)	14
<b>Sub-total</b>	<b>(46)</b>	<b>290</b>	<b>(336)</b>
Cash & cash equivalent - beginning	2,930	2,405	525
<b>Cash &amp; cash equivalent - ending</b>	<b>2,883</b>	<b>2,695</b>	<b>189</b>

\* Total equity includes shareholders funds and minority interests

\*\* Converted at Rp10,487/S\$1



# Strategies and Expansion





# Key Strategies in 2018

## ***Plantation***

- Expansion of milling facilities - target completion of a 45MT FFB/ hour mill in Kalimantan in 2019.
- Replanting of 3,000 ha of older palms in North Sumatra and Riau.
- Started the construction of the chocolate factory in November 2017, with commercial production scheduled for 2019.
- Expansion of sugar operations with the 50% investment in 2nd sugar and ethanol mill with 1.8m MT of cane crushing capacity in Brazil, together with 6,048 hectares of land. Target to bring the new mill into operation in 2020, after completing the necessary cane plantings.

## ***Edible Oils & Fats***

- Expansion of Surabaya refinery is now completed and in operation, increasing CPO refinery capacity by 300,000 MT per annum.















# Appendix





# Production Breakdown

		1Q18	1Q17	YoY Growth	FY17
<b>PRODUCTION</b>					
<b>Mature Area</b>	<b>(Ha)</b>	<b>211,050</b>	<b>208,722</b>	<b>1%</b>	<b>209,817</b>
- SIMP	(Ha)	124,004	123,840	0%	124,100
- Lonsum	(Ha)	87,046	84,882	3%	85,717
<b>FFB</b>	<b>('000 MT)</b>	<b>878</b>	<b>1,004</b>	<b>(13%)</b>	<b>4,043</b>
- <b>Nucleus</b>	<b>('000 MT)</b>	<b>695</b>	<b>743</b>	<b>(6%)</b>	<b>3,109</b>
- SIMP	('000 MT)	387	441	(12%)	1,830
- Lonsum	('000 MT)	308	302	2%	1,279
- <b>External</b>	<b>('000 MT)</b>	<b>183</b>	<b>261</b>	<b>(30%)</b>	<b>934</b>
- SIMP	('000 MT)	106	142	(25%)	512
- Lonsum	('000 MT)	77	120	(35%)	425
<b>CPO</b>	<b>('000 MT)</b>	<b>184</b>	<b>208</b>	<b>(11%)</b>	<b>842</b>
- SIMP	('000 MT)	95	113	(15%)	452
- Lonsum	('000 MT)	89	95	(7%)	389
<b>PK</b>	<b>('000 MT)</b>	<b>44</b>	<b>51</b>	<b>(12%)</b>	<b>205</b>
- SIMP	('000 MT)	21	24	(15%)	99
- Lonsum	('000 MT)	24	27	(11%)	106
<b>PRODUCTIVITY</b>					
<b>FFB Yield – Nucleus</b>	<b>(MT/Ha)</b>	<b>3.3</b>	<b>3.6</b>		<b>14.8</b>
- SIMP	(MT/Ha)	3.1	3.6		14.7
- Lonsum	(MT/Ha)	3.5	3.6		14.9
<b>CPO Yield – Nucleus</b>	<b>(MT/Ha)</b>	<b>0.7</b>	<b>0.8</b>		<b>3.2</b>
- SIMP	(MT/Ha)	0.7	0.8		3.1
- Lonsum	(MT/Ha)	0.8	0.8		3.4
<b>CPO Extraction Rate</b>	<b>(%)</b>	<b>22.3</b>	<b>21.9</b>		<b>21.9</b>
- SIMP	(%)	21.4	21.3		21.0
- Lonsum	(%)	23.3	22.7		22.9
<b>PK Extraction Rate</b>	<b>(%)</b>	<b>5.4</b>	<b>5.3</b>		<b>5.3</b>
- SIMP	(%)	4.6	4.6		4.6
- Lonsum	(%)	6.2	6.3		6.3



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