Golden Agri-Resources' second quarter 2020 results improved led by demand recovery

- Gradual improvement in the second quarter 2020 with the easing of lockdown measures in consuming countries
- First half 2020 EBITDA saw only a slight decline to US$189 million as upstream business mitigated softer downstream performance

FINANCIAL HIGHLIGHTS

US$'million	First half ended		Change	Quarter ended		Change
	30 Jun 2020 (1H 2020)	30 Jun 2019 (1H 2019)		30 Jun 2020 (2Q 2020)	31 Mar 2020 (1Q 2020)	
Revenue	3,391	3,167	7%	1,734	1,657	5%
Gross Profit	389	345	13%	190	198	-4%
EBITDA[1]	**189**	**198**	**-4%**	**105**	**84**	**24%**
Underlying Profit/ (Loss)[2]	**-11**	**-15**	**-26%**	**14**	**-25**	**n.m**
Foreign Exchange Gain/ (Loss)[3]	-45	3	n.m	-15	-30	-48%
Deferred Tax Income/ (Expense)[3]	-31	3	n.m	-28	-4	688%
Net Loss[4]	-157	-46	238%	-61	-95	-36%

[1] *Earnings before tax, non-controlling interests, interest on borrowings, depreciation and amortisation, net gain/loss from changes in fair value of biological assets, foreign exchange gain/loss, and exceptional items*
[2] *Net loss attributable to owners of the Company, excluding net effect of net gain/loss from changes in fair value of biological assets, depreciation of bearer plants, exceptional items, foreign exchange gain/loss, and deferred tax income/expense*
[3] *Net of tax and/or non-controlling interests*
[4] *Attributable to owners of the Company*

Singapore, 14 August 2020 – During the first half 2020, Golden Agri-Resources Ltd and its subsidiaries ("GAR" or the "Company") grew its revenue by seven percent to US$3.39 billion, primarily due to higher average selling prices. CPO market prices (FOB Belawan) averaged US$616 per tonne during first six months of 2020, a 24 percent increase compared to the same period last year. However, in response to the improved prices in 2020, the Indonesian government reinstated the CPO export levy after last year's exemption.

Whilst COVID-19 pandemic continued to spread, the Company achieved better quarter-on-quarter results in the second quarter 2020 with EBITDA grew by 24 percent to US$105 million and underlying profit reached US$14 million following to a loss recorded in the previous quarter. Although CPO market prices were weaker in second quarter, demand has gradually recovered and supply chain disruption has reduced. This brought first half EBITDA to US$189 million while underlying loss reduced to US$11 million. However, the foreign

exchange translation loss and deferred tax expense, which are mainly non cash, led to a net loss of US$157 million in the first half 2020.

Benefitting from CPO market price appreciation, our plantations and palm oil mills segment contributed most of our consolidated EBITDA despite lower plantation output. On the other hand, our downstream business was impacted by higher input prices due to supply chain disruption especially in the first quarter 2020.

SEGMENTAL PERFORMANCE

Plantations and palm oil mills

As at 30 June 2020, GAR's planted area stood at almost 500 thousand hectares, of which 21 percent is owned by plasma smallholders. The replanting of old estates has been accelerated, reaching 9,900 hectares in first half 2020. This effort aims to bring down the average age of trees and to rejuvenate the estates using next-generation, higher yielding planting materials. Replanting is also designed to accommodate future mechanisation in order to improve productivity and reduce cost per tonne.

First half 2020 fruit yield reached 8.8 tonnes per hectare with total output of 4.1 million tonnes, which was processed into over 1.2 million tonnes of palm products. The palm product output moderated by six percent during the semester, subsequent to dry weather conditions in 2019 and the ongoing replanting programme.

Despite lower plantation output, first half upstream EBITDA improved significantly to US$132 million while EBITDA margin expanded to 21 percent with the strengthening of CPO prices during the period.

Palm, laurics and others

The downstream business 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.

The palm, laurics and others segment generated revenue of US$3.4 billion during first half 2020, seven percent higher than the same period last year contributed from higher average selling prices. In line with the easing of lockdown measures in the consuming countries, sales volume improved in the second quarter after having experienced severe logistics issues in the first quarter. However, total sales volume in the first half 2020 was still lower by seven percent to almost five million tonnes.

As a result, segmental EBITDA came in lower at US$58 million, translating into a margin of 1.7 percent. Earnings were also impacted by a sudden and significant CPO price decline in February.

INDUSTRY OUTLOOK

Mr. Franky O. Widjaja, GAR Chairman and Chief Executive Officer commented on the outlook: "The global markets especially in key consuming countries have been recovering progressively as expected, while at the same time we saw strong commitment

from the Indonesia government on its B30 mandate implementation. Supply for the rest of the year is expected to remain tight even as we move into the high production season. The continuing replanting by the industry combined with drought conditions and lower fertiliser application by small players in 2019 have put pressure on supply growth this year, exacerbated by high rainfall experienced in some parts in Sumatra and Kalimantan during the first half 2020. We expect CPO price to maintain its healthy level, although there may always be periods of volatility."

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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 499,563 hectares (including plasma smallholders) as at 30 June 2020, 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$1.3 billion as at 30 June 2020. 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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