



Growth • Excellence • Integrity

Kencana Agri Limited



**FY 2016
Performance Review**

Overview of Group's Operations



Plantation and Processing



Location :
Sumatra, Kalimantan, Sulawesi



Palm Oil Mills : 5
Total Capacity : 275 MT/hour
Kernel Crushing Plants : 2
Total Capacity : 435 MT/day

Products



Main products:
CPO (Crude Palm Oil)
CPKO (Crude Palm Kernel Oil)
PKC (Palm Kernel Cake)

Renewable by-products:
Empty Fruit Bunches, Liquid
Waste, Kernel Shells, Fibre

Supporting Business



Port and Bulking Terminal
Total capacity :
120,500 MT



Logistics
Vessels : 4
Total Capacity :
7,950 MT

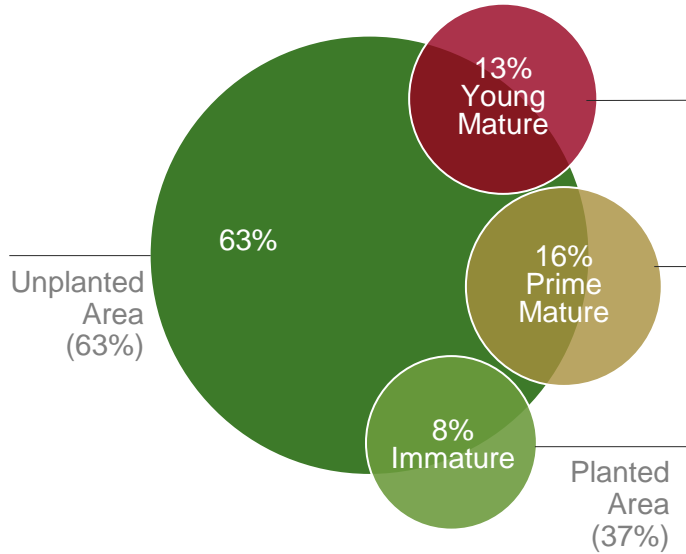


Biomass
Power Plant: 2
Total Capacity : 13.5 MW

Significant Land Bank for Future Planting



Total Land Bank 185,709 ha* (Nucleus + Plasma)



Land Bank (ha)	Planted Area (ha)	%	Unplanted Area (ha)	%	Total (ha)	%
Nucleus	54,175	33	110,330	67	164,505	89
Plasma	14,045	66	7,159	34	21,204	11
Total	68,220	37	117,489	63	185,709	100



* Subject to final measurement

Where We Are...



¹ Joint venture with ENCO Sdn. Bhd. in Bangka & Belitung

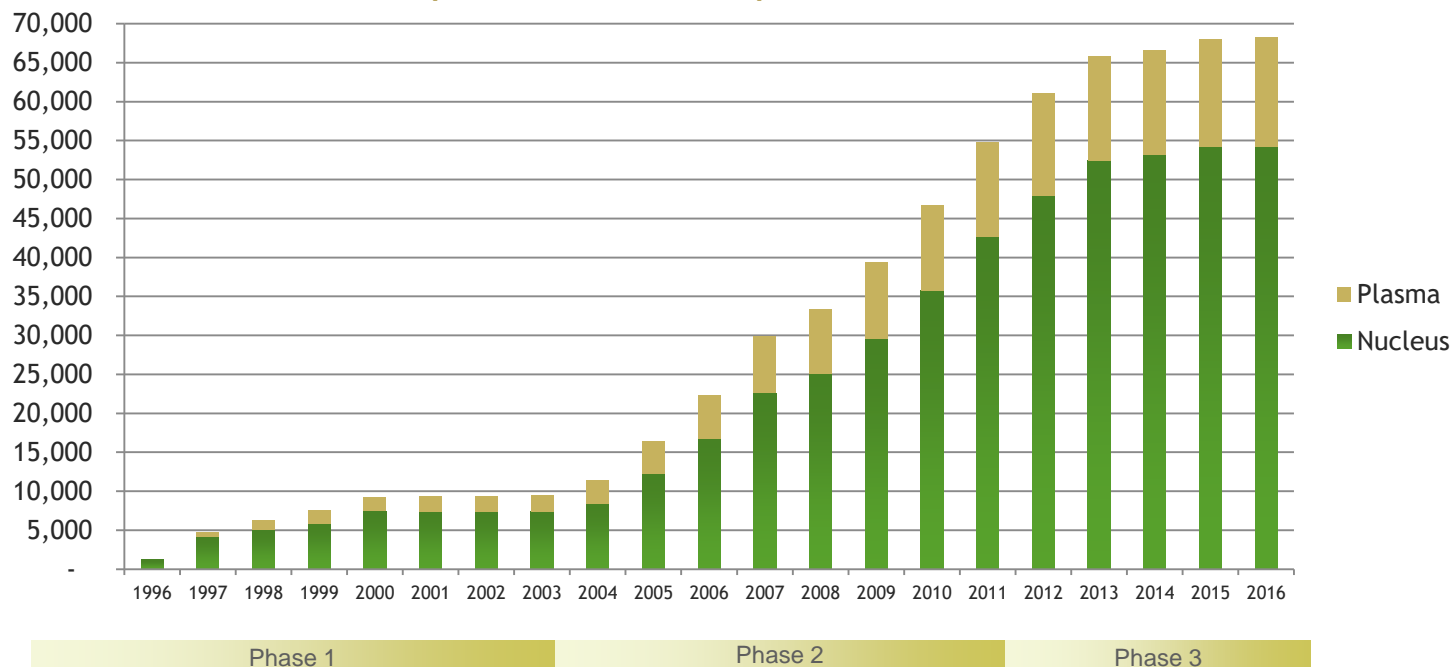
² Joint venture with Louis Dreyfus Company in Balikpapan

Operational Performance



Production Highlights	FY 2016	FY 2015	Change
FFB Production (MT)	637,314	761,052	-16.3%
- Nucleus	502,933	595,969	-15.6%
- Plasma	134,381	165,083	-18.6%
FFB Processed (MT)	622,476	772,964	-19.5%
- Nucleus	487,523	583,330	-16.4%
- Plasma	131,886	163,604	-19.4%
- External Parties	3,067	26,030	-88.2%
Oil Extraction rates (%)			
- CPO	20.9%	20.7%	+1.0%
- CPKO	43.3%	43.3%	+0%
Oil Production (MT)			
- CPO (MT)	130,003	160,043	-18.8%
- CPKO (MT)	3,349	5,512	-39.2%
FFB Yield (MT/ha) – Nucleus	12.3	16.2	-24.1%
Oil Yield (MT/ha)	2.4	3.3	-27.3%

**Development of Kencana's planted area
(Nucleus + Plasma)**



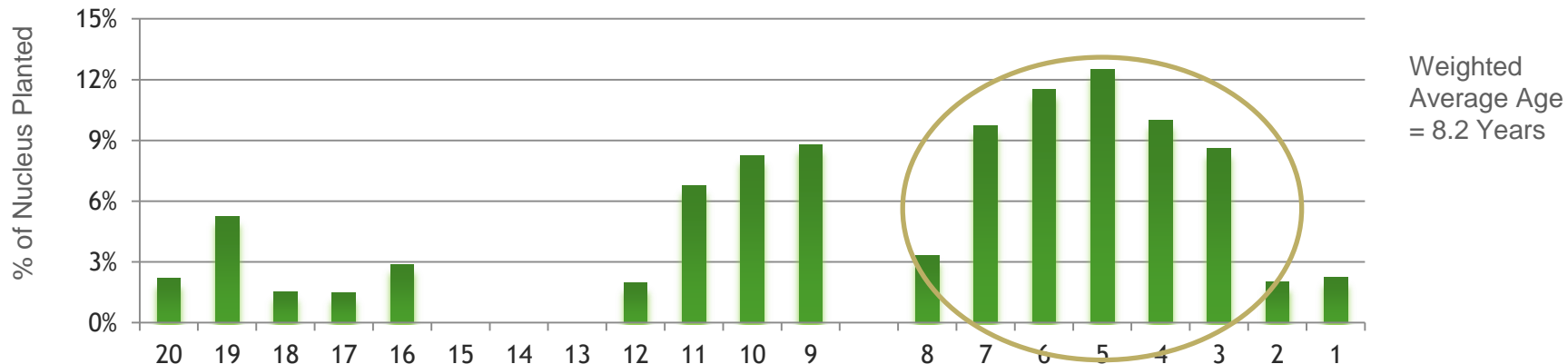
Phase 1	Phase 2	Phase 3
<p>Phase 1</p> <p>Oil Palm cultivation started in 1996 in Bangka island, Sumatra (1,215 ha). This was followed by the 2nd planting in 1998 in South Kalimantan.</p>	<p>Phase 2</p> <p>Started in 2004 in South and East Kalimantan with rapid planting programme. Total planted area increased by about 5 times from phase 1</p>	<p>Phase 3</p> <p>Started in 2011 in Sulawesi.</p>

AGE PROFILE

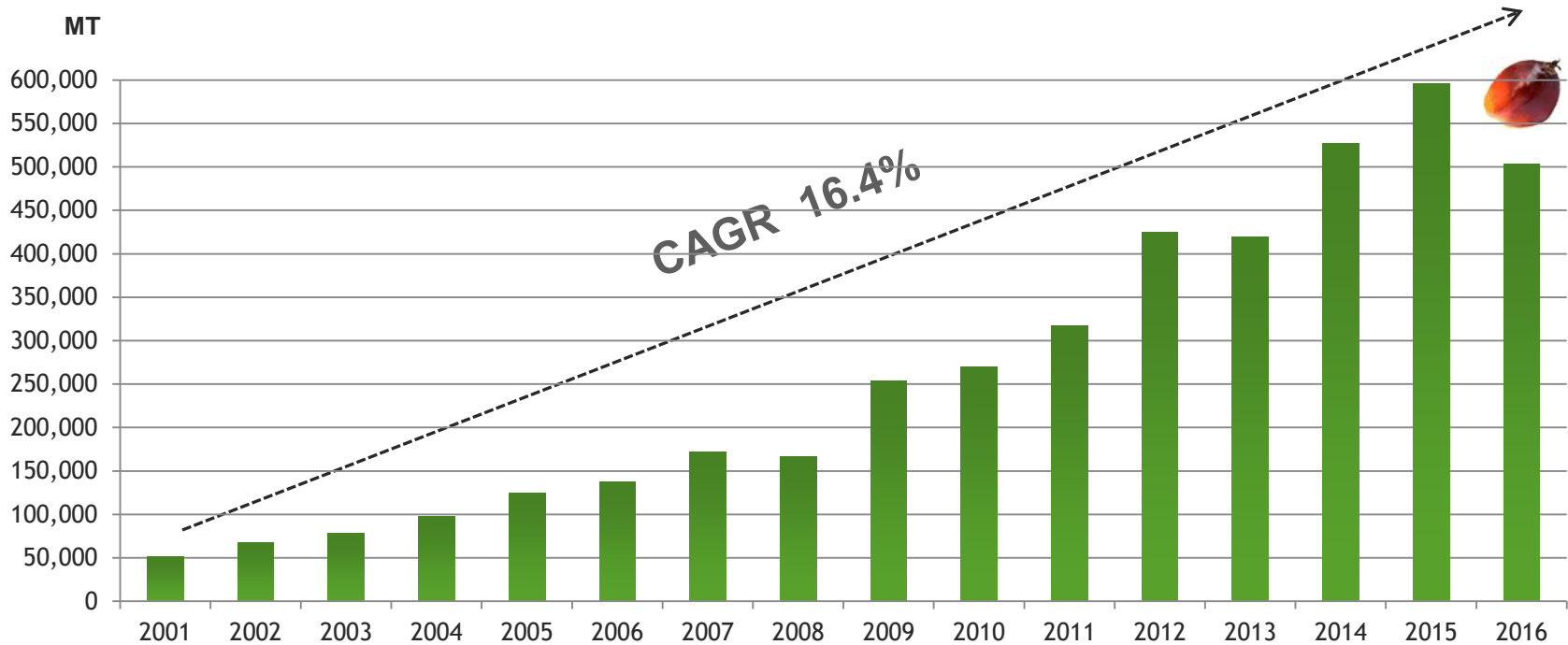
	Immature	%	Young Mature	%	Prime Mature	%	Total
Nucleus	13,236	25	18,638	34	22,301	41	54,175
Plasma	1,789	13	4,557	32	7,699	55	14,045
Total	15,025	22	23,194	34	30,000	44	68,220

59% OF IMMATURE AND YOUNG MATURE PALMS (NUCLEUS) WILL ENTER THE PRIME MATURE PHASE, AND WILL DRIVE THE POTENTIAL OF STRONG PRODUCTION GROWTH IN THE NEAR FUTURE.

Age distribution of oil palms (nucleus)



FFB Production Trend (Nucleus)



- 2001 – 2016 CAGR = 16.4%
- 2017 onward – expect steady increase in production

Financial Performance



Financial Highlights	FY 2016	FY 2015	Change
Sales Volume (MT)			
- CPO	211,508	226,915	-6.8%
- CPKO	2,800	5,850	-52.1%
Sales Revenue (US\$'000)			
- CPO	123,807	115,954	+6.8%
- CPKO	2,901	4,504	-35.6%
- OTHERS*	11,873	11,386	+4.3%
Average Selling Price (US\$)			
- CPO	585	511	+14.5%
- CPKO	1,036	770	+34.5%

*) Others include sales of Kernel, Cake, FFB, and income from logistics

Financial Performance



Income Statement Highlights (US\$'000)

	FY 2016	FY 2015 (Restated)	Change
Revenue	138,581	131,844	+5.1%
Gross profit	19,619	18,010	+8.9%
Operating profit	10,804	264	+3,992.4%
Loss before tax	(5,908)	(34,261)	-82.8%
Loss for the year	(8,910)	(30,283)	-70.6%
EBITDA	21,198	(2,429)	n/m
Gross margin (%)	14.2	13.7	+0.5pp
Net Profit margin (%)	- 6.4	- 23.0	+16.6pp
EBITDA margin (%)	15.3	- 1.8	n/m

n/m: not meaningful

Financial Performance



Balance Sheet Highlights (US\$'000)

	As at 31 Dec 2016	As at 31 Dec 2015 (Restated)	Change
Current Assets	68,673	56,629	+21.3%
Non-current Assets	323,512	319,761	+1.2%
Total Assets	392,185	376,390	+4.2%
Current Liabilities	94,881	104,993	-9.6%
Non-current Liabilities	253,697	221,474	+14.5%
Total Liabilities	348,578	326,467	+6.8%
Shareholders' Equity	43,607	49,923	-12.7%
Net Debt/Equity Ratio (%)	625.4	496.6	+128.7pp
Net Debt/Total Assets (%)	69.5	65.7	+3.6pp
Net Debt/EBITDA (x)	12.9	(102.1)	n/m
EBITDA/Interest Expense (x)	1.1	-0.1	n/m

n/m: not meaningful

Cash Flow (US\$'000)

	FY 2016	FY 2015	Change
Cash at beginning of year	8,196	13,735	-40.3%
Net cash from/(used in) operating activities	13,241	(1,537)	n/m
Net cash used in investing activities	(8,567)	(18,990)	-54.9%
Net cash (used in)/from financing activities	(713)	14,988	n/m
Net increase/(decrease) in cash	3,961	(5,539)	n/m
Cash at end of year	12,157	8,196	+48.3%

n/m: not meaningful



Thank You

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