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IndoAgri posts a positive 2Q17 result with revenue and attributable profit up 15% and 232% yoy

HIGHLIGHTS:

- **Achieved 15% revenue growth on higher sales contribution from Plantation and Edible Oils & Fats (EOF) Divisions**
- **Improved result contributed by higher palm production and improved contribution from the sugar operation in Brazil, CMAA**
- **2Q17 attributable profit up 232% yoy to Rp99 billion (S$10 million)**
- **1H17 FFB nucleus and CPO production up 13% and 11% yoy to 1,441,000 tonnes and 393,000 tonnes**

SINGAPORE – 28 July 2017 – 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, posted a positive 2Q17 result with revenue and attributable profit grew 15% and 232% yoy. The improved performance was attributed a strong recovery in palm production and improved contribution from CMAA. Our strong 1H17 results likewise contributed by similar factors, in addition to higher average selling prices of agriculture crops.

The Group reported consolidated revenue of Rp4.1 trillion (S$433 million) in 2Q17 and Rp8.5 trillion (S$895 million) in 1H17, increasing 15% and 27% yoy. The revenue growth was attributable to higher sales from Plantation and Edible Oils & Fats (EOF) Divisions.

	Rp' billion						S$' million [1]			
	2Q17	2Q16	▲%	1H17	1H16	▲%	2Q17	2Q16	1H17	1H16
Revenue	4,117	3,568	15.4	8,518	6,715	26.8	433	375	895	706
Gross profit	661	705	(6.2)	1,718	1,232	39.4	69	74	180	129
Gross margin (%)	*16.1%*	*19.8%*		*20.2%*	*18.3%*		*16.1%*	*19.8%*	*20.2%*	*18.3%*
EBITDA [2]	707	534	32.3	1,666	941	77.1	74	56	175	99
EBITDA margin (%)	*17.2%*	*15.0%*		*19.6%*	*14.0%*		*17.2%*	*15.0%*	*19.6%*	*14.0%*
Profit from operations	291	230	26.4	909	539	68.6	31	24	95	57
Profit before taxation	154	84	83.1	636	251	153.9	16	9	67	26
Net profit after tax	79	23	250.7	408	118	244.6	8	2	43	12
Attributable profit	99	30	232.4	270	125	116.2	10	3	28	13
EPS (fully diluted) - Rp/S$ cents	71	21	238.1	193	89	116.2	0.7	0.2	2.0	0.9

n.m. denotes "Not Meaningful"

[1] Income Statement and Balance Sheet items are converted at exchange rates of Rp9,517/S$1 and Rp9,591 /S$1, respectively
[2] Earnings before interests and tax expense, depreciation and amortisation, and gain/loss from changes in fair value of biological assets and foreign exchange gain.

Plantation Division achieved a 15% revenue growth in 2Q17 on higher sales volume of palm products, and rubber sales. 1H17 revenue grew 33% yoy, reflecting mainly the effects of higher sales volume and average selling prices of palm products and rubber. EOF Division continued to perform well with revenue growing 5% in 2Q17 and 16% in 1H17 mainly attributable to higher sales of edible oil and stearin products.

Gross profit declined 6% to Rp661 billion in 2Q16 due to the effect of higher CPO input costs in EOF Division and higher palm production costs arising from timing in fertiliser application. 1H17 gross profit increased 39% to Rp1.7 trillion on higher sales volume and selling prices of palm products.

EBITDA up 77% yoy in 1H17 on higher contribution from Plantation Division and improved results from associates and a joint venture, CMAA.

In line with this, attributable profit grew strongly by 232% in 2Q17 and 116% in 1H17. This was partly offset by biological assets losses and foreign currency fluctuations.

"The Group reported another strong quarter following a strong recovery in palm production. Our 1H17 FFB nucleus and CPO production increased 13% and 11% yoy to 1,441,000 tonnes and 393,000 tonnes, respectively. The Group delivered positive sales and attributable profit growth of 27% and 116% in 1H17. In addition, we increased our mature oil palm area by 6,500 hectares, with 38,000 hectares still remaining immature, ensuring future growth in our palm oil production.

In line with the growth in palm oil production, we are building 3 new mills, of which one has been completed in May 2017, the second one by end 2017 and the third one in 2018. We are also expanding our refinery in Surabaya by 300,000 tonnes per annum to meet the increased demand, which will be competed in 1Q18." *commented Mr Mark Wakeford, CEO and Executive Director.*

INDUSTRY OUTLOOK AND FUTURE PLANS

Agricultural commodity prices remain volatile on expected recovery in palm and other competing vegetable oil production, and lower growth in key markets like China. The volatility is further aggravated by the EU's proposed legislation changes in April 2017 to ban the use of vegetable oils such as palm oil, soy and rapeseed for biofuels by 2020, and stricter regulations over certified and sustainable vegetable oil throughout EU.

In Indonesia, our operations continue to be supported by a positive domestic economic outlook, the ongoing fiscal reforms in the areas of infrastructure and social security, and healthy domestic consumption. We continue to enhance our operational capacities to capture the growth opportunities, as well as proactively improve operations, increase yields, raise productivity and control costs.

--The End ---

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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 June 2017, IndoAgri has 300,109 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.