



Growth • Excellence • Integrity

Kencana Agri Limited



**1H 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 : 5
Total Capacity :
12,650 MT

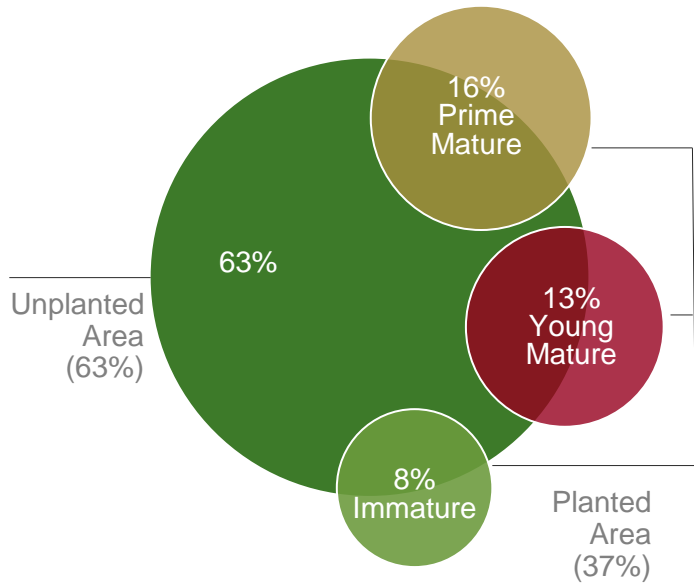


Biomass Power Plant - 2
Total Capacity : 13.5 MW

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	54,027	33	110,823	67	164,850	89
Plasma	14,035	67	6,824	33	20,859	11
Total	68,062	37	117,647	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

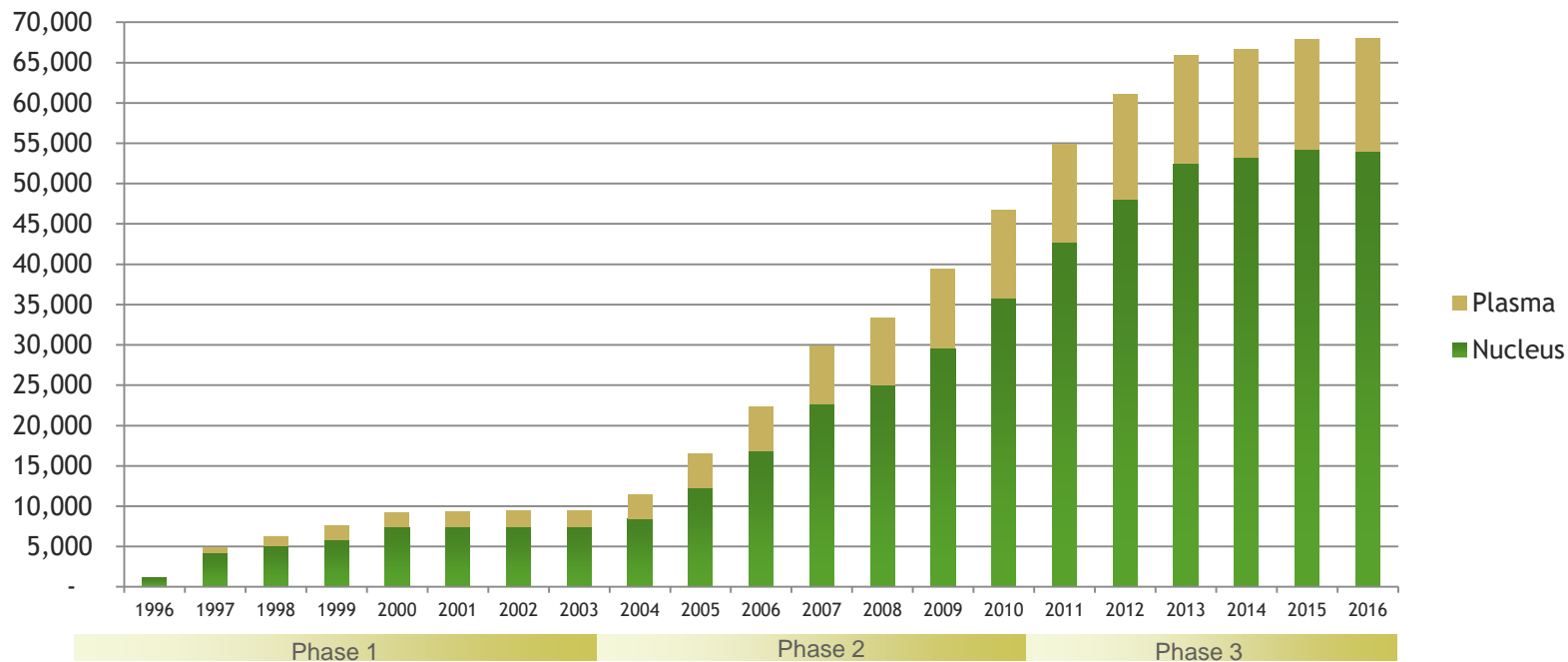
Operational Performance



Production Highlights

	2Q 2016	2Q 2015	Change	1H 2016	1H 2015	Change
FFB Production (MT)	114,411	194,787	-41.3%	253,468	337,532	-24.9%
- Nucleus	92,655	152,821	-39.4%	202,569	266,410	-24.0%
- Plasma	21,756	41,966	-48.2%	50,900	71,122	-28.4%
FFB Processed (MT)	109,825	194,501	-43.5%	246,262	339,078	-27.4%
- Nucleus	88,426	146,891	-39.8%	193,836	256,583	-24.5%
- Plasma	21,174	41,515	-49.0%	49,953	70,429	-29.1%
- External Parties	226	6,095	-96.3%	2,473	12,066	-79.5%
Oil Extraction rates (%)						
- CPO	22.3%	20.9%	+1.4pp	22.3%	20.8%	+1.5pp
- CPKO	43.1%	43.2%	-0.1pp	43.2%	43.3%	-0.1pp
Oil Production (MT)						
- CPO (MT)	24,533	40,633	-39.6%	54,842	70,558	-22.3%
- CPKO (MT)	747	1,407	-46.9%	1,293	2,665	-51.5%
FFB Yield (MT/ha) - Nucleus	2.3	4.2	-45.2%	4.9	7.2	-31.9%
Oil Yield (MT/ha)	0.5	0.8	-37.5%	1.0	1.5	-33.3%

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



Phase 1

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.

Phase 2

Started in 2004 in South and East Kalimantan with rapid planting programme. Total planted area increased by about 5 times from phase 1

Phase 3

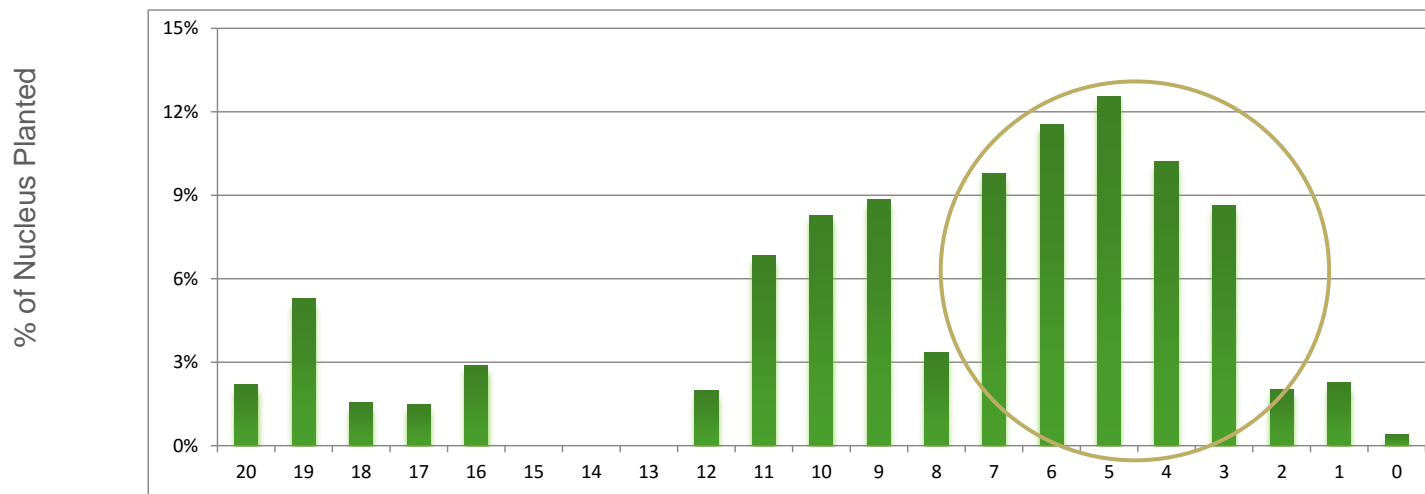
Started in 2011 in Sulawesi.

AGE PROFILE

	Immature	%	Young Mature	%	Prime Mature	%	Total
Nucleus	13,088	24	18,638	35	22,301	41	54,027
Plasma	1,779	13	4,557	32	7,699	55	14,035
Total	14,867	22	23,195	34	30,000	44	68,062

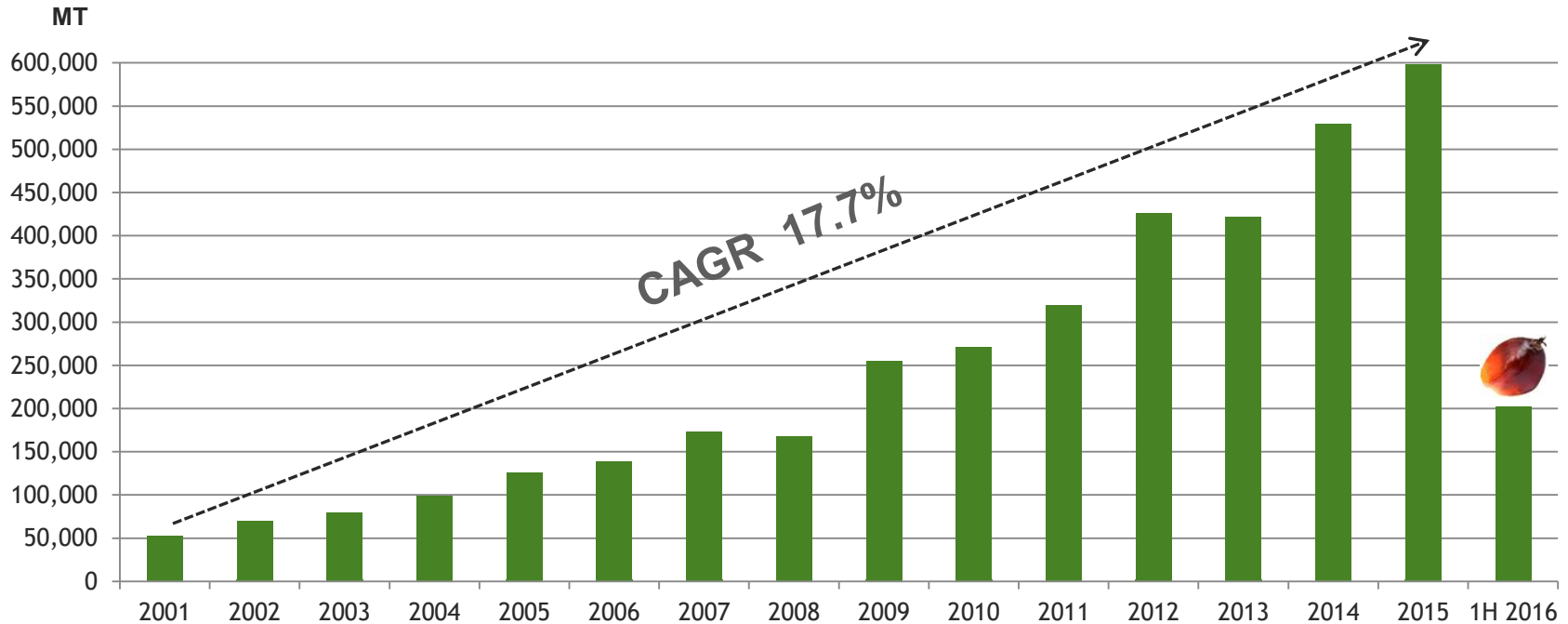
59% OF IMMATURE AND YOUNG MATURE PALMS (NUCLEUS) WILL ENTER THE PRIME MATURE PHASE, AND WILL DRIVE THE POTENTIAL OF STRONG PRODUCTION GROWTH IN THE NEAR FUTURE.

Age distribution of oil palms (nucleus)



Weighted
Average Age
= 8.0 Years

FFB Production Trend (Nucleus)



- 2001 – 2015 CAGR = 17.7%

Financial Performance



Financial Highlights

	2Q 2016	2Q 2015	Change	1H 2016	1H 2015	Change
Sales Volume (MT)						
- CPO	48,106	56,016	-14.1%	98,370	102,698	-4.2%
- CPKO	500	600	-16.7%	1,300	3,000	-56.7%
Sales Revenue (US\$'000)						
- CPO	29,372	31,517	-6.8%	54,748	58,761	-6.8%
- CPKO	529	517	2.2%	1,130	2,540	-55.5%
- OTHERS*	3,059	3,439	-11.0%	5,928	6,463	-8.3%
Average Selling Price (US\$)						
- CPO	611	563	8.4%	557	572	-2.7%
- CPKO	1,057	862	22.7%	869	847	2.6%

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

Financial Performance



Income Statement Highlights (US\$'000)

	2Q 2016	2Q 2015 (Restated)	Change	1H 2016	1H 2015 (Restated)	Change
Revenue	32,959	35,474	-7.1%	61,806	67,765	-8.8%
Gross profit	511	4,452	-88.5%	2,863	9,366	-69.4%
Operating (loss)/profit	(3,573)	975	n/m	(4,202)	2,517	n/m
Loss before tax	(8,085)	(3,658)	121.0%	(7,515)	(12,896)	-41.7%
Net loss for the period	(6,733)	(2,927)	130.0%	(5,962)	(10,788)	-44.7%
EBITDA	45	2,534	-98.2%	8,759	(672)	n/m
Gross margin (%)	1.6	12.6	-11.0pp	4.6	13.8	-9.2pp
Net profit margin (%)	-20.4	-8.3	-12.1pp	-9.7	-15.9	6.2pp
EBITDA margin (%)	0.1	7.1	-7.0pp	14.2	-1.0	15.2pp

n/m: not meaningful

Financial Performance



Balance Sheet Highlights (US\$'000)

	As at 30 Jun 2016	As at 31 Dec 2015 (Restated)	Change
Current Assets	62,456	52,560	+18.8%
Non-current Assets	343,185	320,779	+7.0%
Total Assets	405,641	373,339	+8.7%
Current Liabilities	114,898	104,993	+9.4%
Non-current Liabilities	245,723	221,474	+10.9%
Total Liabilities	360,621	326,467	+10.5%
Shareholders' Equity	45,020	46,872	-4.0%
Net Debt/Equity Ratio (%)	570.9	528.9	+42.0pp
Net Debt/Total Assets (%)	63.4	66.4	-3.0pp
Net Debt/EBITDA (x)	29.3	(369)	n.m.
EBITDA/Interest Expense (x)	0.9	(0.08)	n.m.

n/m: not meaningful

Financial Performance



Cash Flow (US\$'000)

	1H 2016	1H 2015	Change
Cash at beginning of period	8,196	14,124	-42.0 %
Net cash from operating activities	21,264	19,007	11.87%
Net cash used in investing activities	(12,748)	(10,909)	16.86%
Net cash used in financing activities	(1,037)	(14,069)	-92.63%
Net increase/(decrease) in cash	7,479	(5,971)	n/m
Cash at end of period	15,675	8,153	92.26%

n/m: not meaningful



Thank You

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