

FOR IMMEDIATE RELEASE

IndoAgri posted a net loss in 3Q19 on weak commodity prices

HIGHLIGHTS:

- Revenue down 3% in 3Q19 mainly due to lower selling prices with CPO and palm kernel declined 7% and 32% respectively
- EOF Division performed well with higher sales volume and lower raw material cost
- Reported a net loss of Rp190 billion (S\$18 million) in 3Q19 on weak plantation results

SINGAPORE – 31 October 2019 – 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, continued affected negatively by weak commodity prices.

Despite higher sales volume of palm products, sugar and edible oils and fats products, the Group’s revenue declined 3% and 2% in 3Q19 and 9M19 respectively on lower selling prices.

	Rp' billion						S\$' million ¹			
	3Q19	3Q18	▲%	9M19	9M18	▲%	3Q19	3Q18	9M19	9M18
Revenue	3,593	3,706	(3)	10,095	10,262	(2)	346	357	972	988
Gross profit	596	612	(3)	1,227	1,765	(30)	57	59	118	170
Gross margin (%)	16.6%	16.5%		12.2%	17.2%		16.6%	16.5%	12.2%	17.2%
EBITDA	587	723	(19)	1,169	1,892	(38)	57	70	113	182
EBITDA margin (%)	16.3%	19.5%		11.6%	18.4%		16.3%	19.5%	11.6%	18.4%
Net loss after tax	(190)	(18)	n/m	(713)	(65)	n/m	(18)	(2)	(69)	(6)
Core (loss)/ profit after tax ²	(133)	23	n/m	(676)	96	n/m	(13)	2	(65)	9
Attributable (loss)/ profit	(126)	9	n/m	(400)	(10)	n/m	(12)	1	(39)	(1)
EPS (fully diluted) - Rp/S\$ cents	(90)	6	n/m	(287)	(7)	n/m	(0.9)	0.1	(2.8)	(0.1)

n.m. denotes “Not Meaningful”

¹ Income Statement and Balance Sheet items are converted at exchange rates of Rp10,382/S\$1 and Rp10,258 /S\$1, respectively

² Earnings before the accounting for the effects of foreign exchange, fair value gain on biological assets and changes in amortised cost of plasma receivables

Plantation division's revenue came in flat in 3Q19 and decreased 7% in 9M19 mainly due to lower selling prices of palm products despite higher sales volume of palm products and sugar.

EOF division's revenue declined 6% in 3Q19 and came in flat in 9M19. This division performed well with higher profit contribution on higher sales volume of edible oils and fats products and lower raw material costs.

Gross profit declined 3% and 31% in 3Q19 and 9M19 respectively mainly due to effects of lower palm product prices. This was partially offset by higher profit contribution from the EOF division on higher sales volume and lower raw material costs.

The Group reported higher net losses after tax of Rp190 billion in 3Q19 and Rp713 billion in 9M19 compared to the comparative periods in last year. This was mainly due to weak operating profit and higher financial expenses, partially offset by lower foreign exchange loss and gain arising from changes in fair value of biological assets.

“Our 9M19 FFB nucleus declined 3% to 2,385,000 tonnes. In line with lower FFB nucleus and purchases from external, our CPO production declined 8% to 607,000 tonnes. We expanded our milling capacity with one new 45 MT FFB/hour palm oil mill which completed in September 2019. Our Surabaya refinery capacity expanded by 300,000 MT per annum in 2018 resulting in increased cooking oil and margarine sales volume in 2019. Despite higher sales volume of palm products, sugar and edible oils and fats products, our results were lower mainly due to lower selling prices with CPO and palm kernel declined 13% and 40% respectively in 9M19.” commented Mr Mark Wakeford, CEO and Executive Director.

INDUSTRY OUTLOOK AND FUTURE PLANS

The ongoing US-China trade tensions continue to affect the global trade flows and economic growth. These uncertain global developments have negatively impacted the prices of agricultural commodities. Rotterdam CIF CPO prices decreased 11% to an average of US\$535 per tonne in 9M2019 from US\$601 per tonne in FY2018. CPO prices will remain volatile with demand projected from key import markets like China and India, together with the relative price of palm oil to crude oil which affects discretionary biodiesel demand.

Against this backdrop of a volatile commodity price environment, we prioritise our capital expenditure investment in growth area and focus on cost control measures and other innovations to increase productivity.

--The End ---

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 September 2019, IndoAgri has 298,416 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.