



**IND@FOOD AGRI RESOURCES Ltd.**

**Company Presentation – 2Q and 1H 2015 Results**

31 July 2015

# Presentation Outline

---

**1** **Plantation Highlights**

**2** **Financial Highlights**

**3** **Strategies and Expansion**

**4** **Appendix**

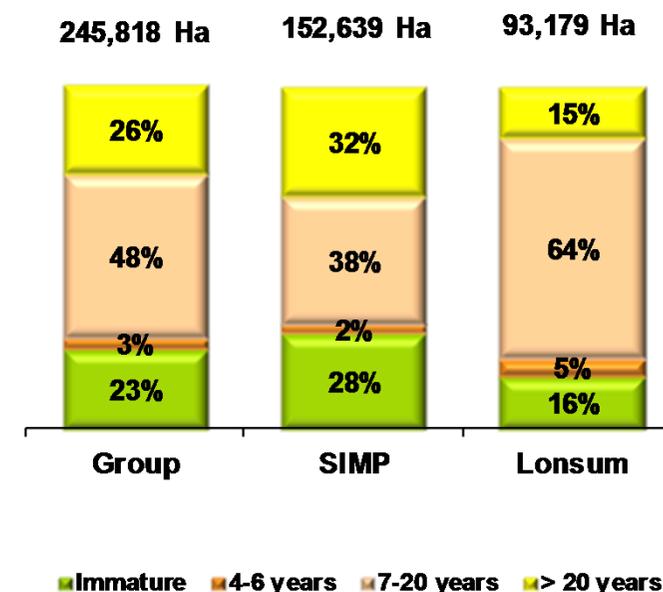


## Section 1 Plantation Highlights

# Planted Area

In Ha	30 Jun 2015	31 Dec 2014	Change
<b>Indonesia</b>			
Planted Area	299,072	300,050	(978)
Planted Oil Palm <sup>(1)</sup>	245,818	246,055	(237) <sup>(2)</sup>
- SIMP	152,639	153,921	(1,282)
- Lonsum	93,179	92,135	1,044
Planted Other crops	53,254	53,995	(742)
Rubber	21,240	21,697	(457)
- SIMP	4,409	4,409	-
- Lonsum	16,831	17,288	(457)
Sugar cane - SIMP	12,616	13,062	(446) <sup>(3)</sup>
Cocoa & tea - Lonsum	3,072	3,067	5
Industrial timber - SIMP	16,326	16,169	157
<b>Brazil</b>			
Sugar cane - CMAA	50,131	47,554	2,577
- Company-owned	25,453	24,292	1,161
- Third party	24,678	23,262	1,416

## Oil Palm Average Age ≈ 14 years



(1) As at 30 Jun 2015, the Group has ≈ 86,158 Ha of planted oil palm plasma area. Where 563 Ha were new planting in 1H15.

(2) 1H15 oil palm new plantings were 973 Ha vs. 2,670 Ha in 1H14.

Mature area increased by 5,722 Ha in 1H15.

(3) Land under preparation for planting 974 Ha.

# Oil Palm Plantation Highlights

		1H15	1H14	YoY Growth	2Q15	2Q14	YoY Growth	1Q15	QoQ Growth	FY14
<b>PRODUCTION</b>										
Mature Area	(Ha)	188,448	183,088	3%	188,448	183,088	3%	187,960	0%	185,181
FFB	('000 MT)	2,077	2,014	3%	1,188	1,056	13%	889	34%	4,372
- Nucleus	('000 MT)	1,509	1,488	1%	859	782	10%	650	32%	3,259
- External	('000 MT)	568	526	8%	329	274	20%	239	37%	1,112
CPO	('000 MT)	444	444	0%	254	234	9%	190	33%	956
PK, PKO, PKE	('000 MT)	123	107	14%	71	57	24%	52	37%	241

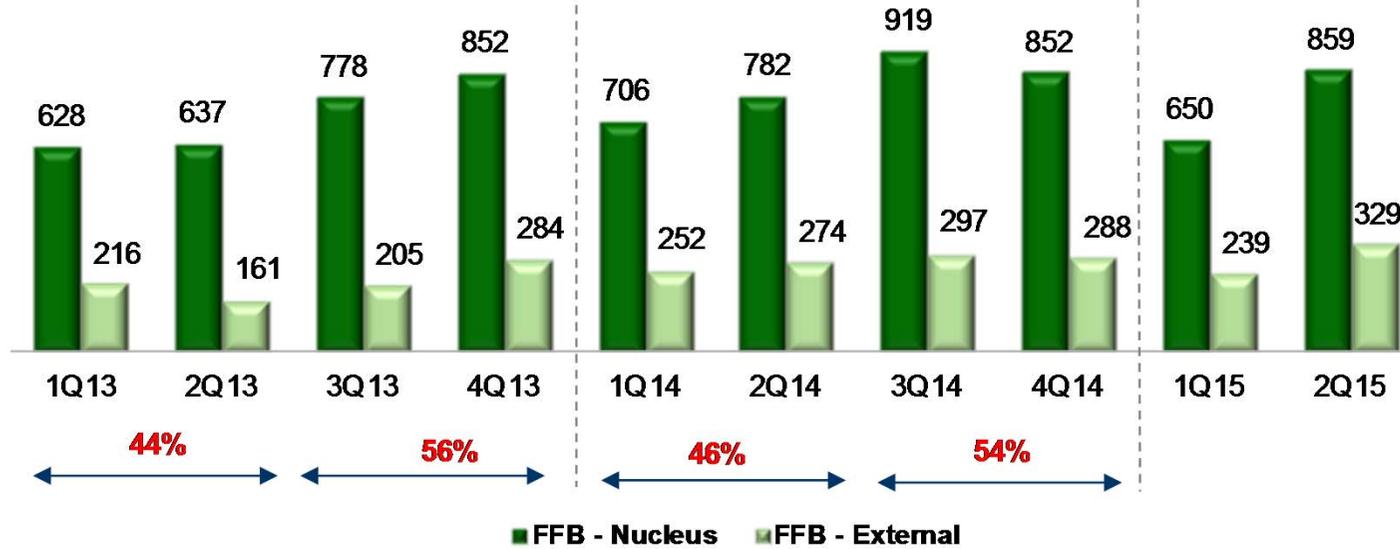
## PRODUCTIVITY

FFB Yield – Nucleus	(MT/Ha)	8.0	8.1	↓	4.6	4.3	↑	3.5	↑	17.6
CPO Yield – Nucleus	(MT/Ha)	1.8	1.8	↔	1.0	1.0	↔	0.8	↑	3.9
CPO Extraction Rate	(%)	22.2	22.5	↓	22.2	22.5	↓	22.3	↓	22.4
PK Extraction Rate	(%)	5.2	5.0	↑	5.2	5.0	↑	5.2	↔	5.1

# Oil Palm Production Trends

## FFB Production

'000 MT



## Growth

### FFB - Nucleus

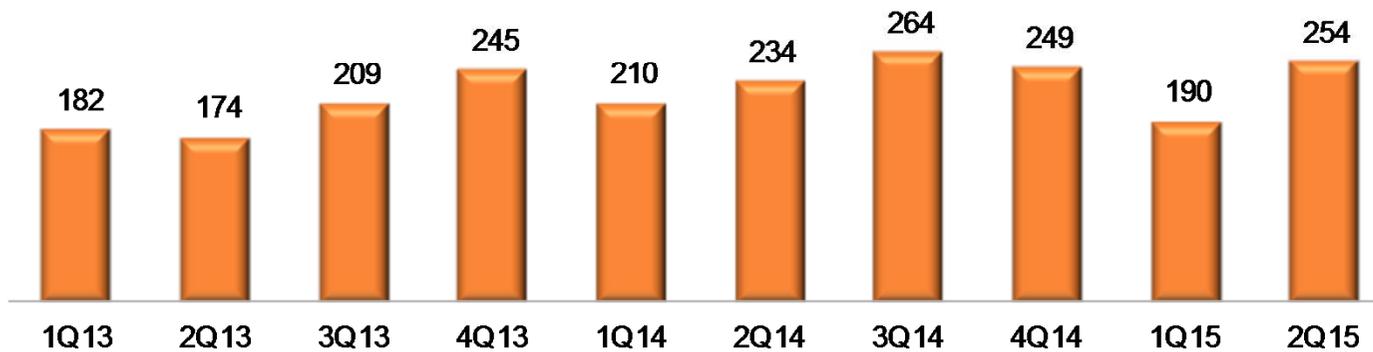
1H15 YoY : 1%  
 2Q15 YoY : 10%  
 2Q15 QoQ : 32%

### FFB - External

1H15 YoY : 8%  
 2Q15 YoY : 20%  
 2Q15 QoQ : 37%

## CPO Production

'000 MT



## CPO

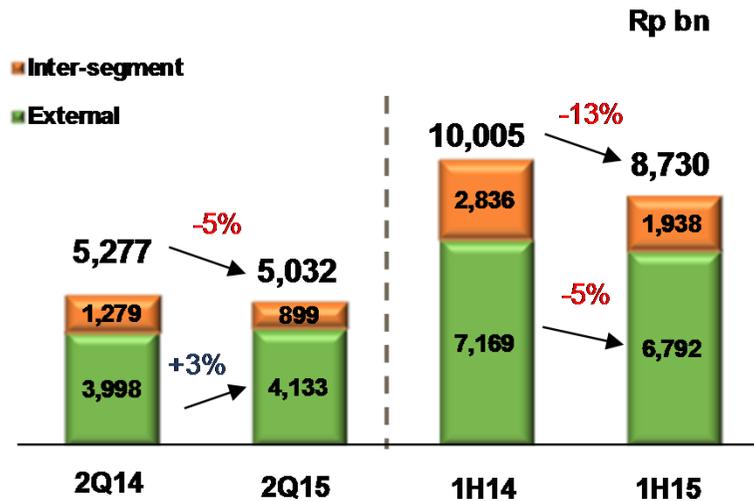
1H15 YoY : 0%  
 2Q15 YoY : 9%  
 2Q15 QoQ : 33%



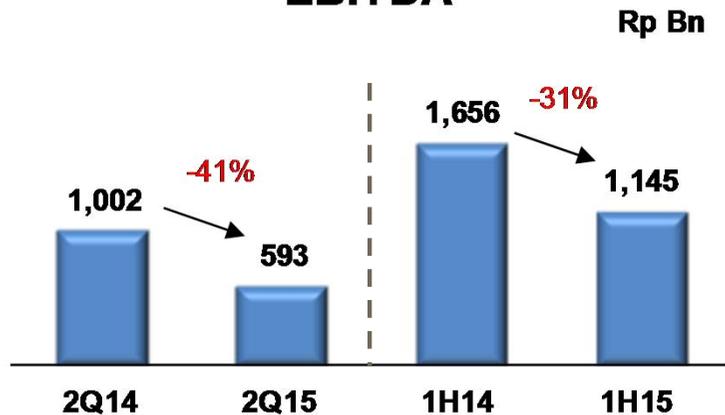
## Section 2 Financial Highlights

# Results Summary

## Revenue



## EBITDA\*



\* EBITDA excluding biological asset gains/(losses) and forex gains/(losses)

## Financial Highlights

- Our results were affected by soft commodity prices
- Despite lower selling prices, 2Q15 revenue up 3% yoy on higher sales volume of palm products. 1H15 revenue down 5% yoy due to lower sales of edible oil and fats products
- EBITDA down 41% and 31% yoy in 2Q15 and 1H15 on lower gross profit and higher share of losses of our sugar operation in Brazil
- Our 1H15 results also hit by forex losses arising from a weakened Indonesian Rupiah. Excluding the forex impacts, 1H15 net profit would have been down 64% yoy

## Operational Highlights

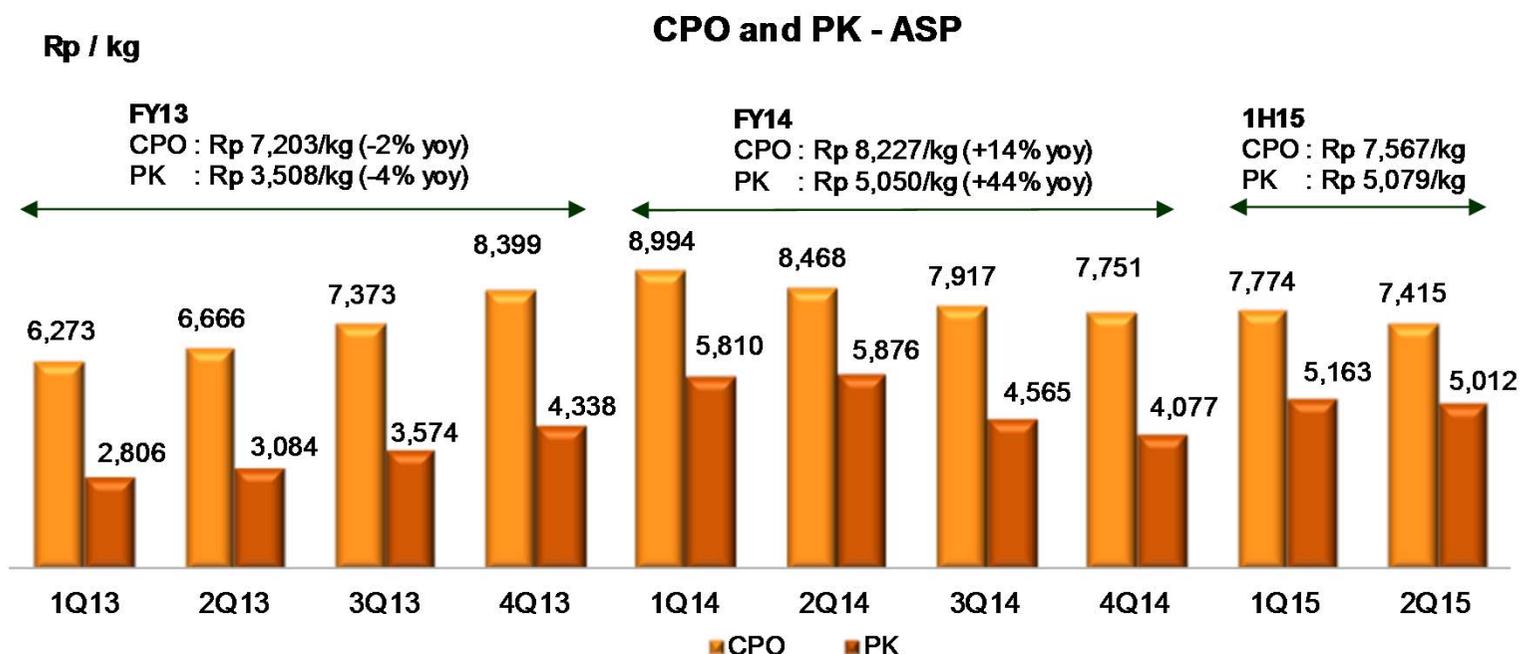
- A strong quarter for production
- 1H15 FFB nucleus production of 1,509,000 tonnes, up 1% yoy. 2Q15 production up 32% qoq, reversing the lower production in 1Q15
- In line with this, CPO production came in flat at 444,000 tonnes

# Sales Volume

In '000 MT	1H15	1H14	YoY Growth	2Q15	2Q14	YoY Growth	1Q15	QoQ Growth	FY14
<b>Plantation</b>									
CPO	433	423	3%	249	210	19%	184	35%	957
PK, PKO, PKE	102	98	5%	58	52	12%	44	33%	215
Sugar	16	24	(35%)	11	13	(19%)	5	129%	73
Rubber	8.5	7.9	8%	4.3	3.8	12%	4.2	3%	16.0
Oil Palm Seeds ('million)	4.6	3.4	36%	2.5	1.7	52%	2.0	24%	9.2

- In line with strong production in 2Q15, CPO and palm kernel related products grew 19% and 12% yoy
- Our harvesting season started in late April this year

# Average Selling Price (ASP) Trend



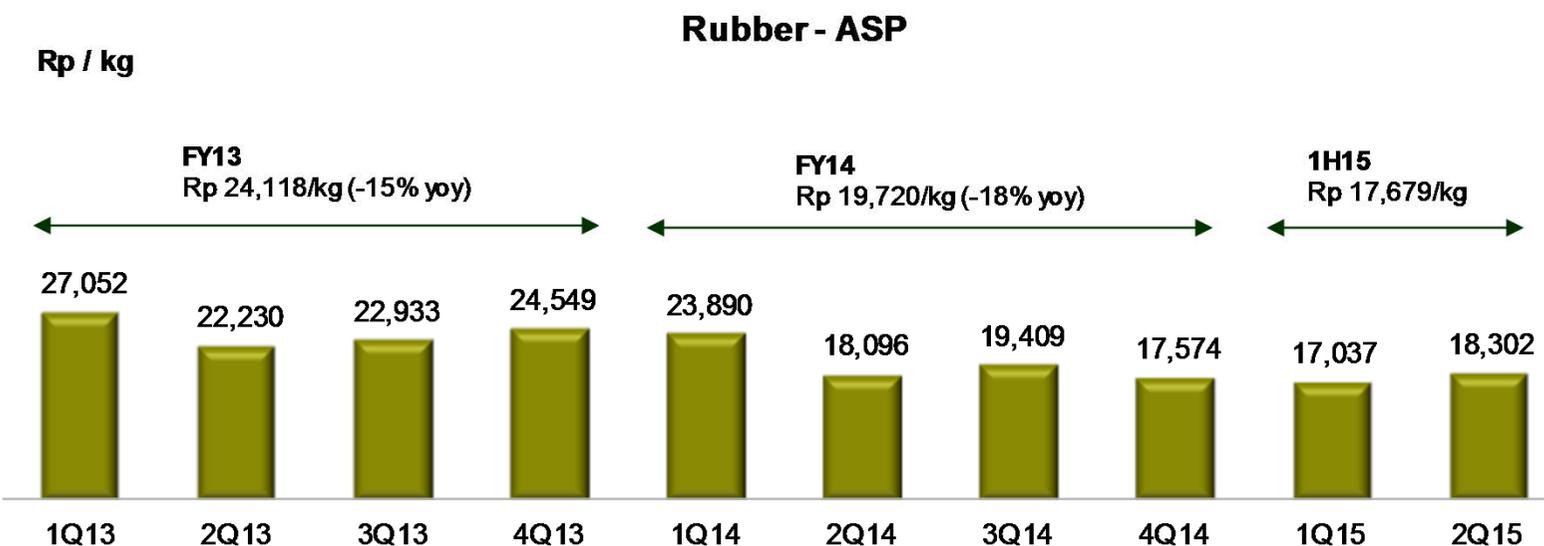
## Growth

### CPO

1H15	YoY	: (13%)
2Q15	YoY	: (12%)
2Q15	QoQ	: (5%)

### PK

1H15	YoY	: (13%)
2Q15	YoY	: (15%)
2Q15	QoQ	: (3%)



## Rubber

1H15	YoY	: (16%)
2Q15	YoY	: 1%
2Q15	QoQ	: 7%

# Financial Summary

In Rp Bn	1H15	1H14	YoY Growth	2Q15	2Q14	YoY Growth	1Q15	QoQ Growth	FY14
Sales	6,792	7,169	(5%)	4,133	3,998	3%	2,659	55%	14,963
EBITDA*	1,145	1,656	(31%)	593	1,002	(41%)	552	7%	3,401
Operating profit**	544	1,272	(57%)	292	698	(58%)	253	15%	2,536
Net profit	127	717	(82%)	59	375	(84%)	68	(13%)	1,328
Core profit (excl. forex)***	258	719	(64%)	95	448	(79%)	163	(42%)	1,418
Attributable profit	37	406	(91%)	2	224	(99%)	35	(94%)	759
EPS (fully diluted) - Rp	26	286	(91%)	1	158	(99%)	28	(96%)	535
EBITDA margin	17%	23%	↓	14%	25%	↓	21%	↓	23%
Operating profit margin	8%	18%	↓	7%	17%	↓	10%	↓	17%
Net profit margin	2%	10%	↓	1%	9%	↓	3%	↓	9%
Attributable profit margin	1%	6%	↓	0%	6%	↓	1%	↓	5%

- Our 1H15 results affected negatively by soft commodity prices and a weakened Indonesian Rupiah
- Net profit down 84% yoy in 2Q15. Our 1H15 results also hit by foreign currency losses arising from a weakened Indonesian Rupiah. Excluding the foreign currency impacts, 1H15 net profit would have been down 64% yoy

\* EBITDA excluding biological asset gains/(losses) and forex gains/(losses)

\*\* Operating profit excluding biological asset gains/(losses)

\*\*\* Net profit after tax less forex exchange losses net of tax effect

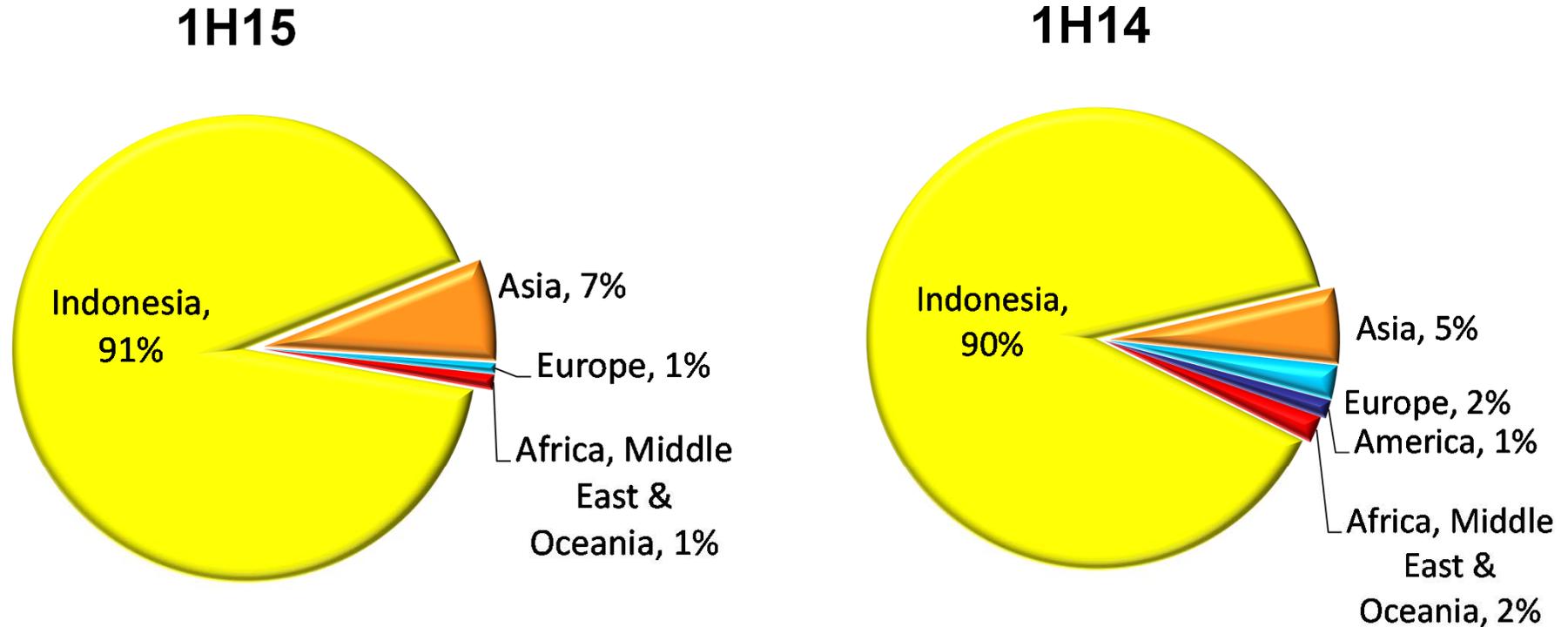
# Segmental Results

In Rp Bn	1H15	1H14	YoY Growth	2Q15	2Q14	YoY Growth	1Q15	QoQ Growth	FY14
<b>Sales</b>									
Plantations	4,298	4,765	(10%)	2,452	2,332	5%	1,846	33%	10,278
Edible Oil & Fats	4,431	5,240	(15%)	2,579	2,945	(12%)	1,852	39%	9,835
Elimination & Adjustments	(1,938)	(2,836)	(32%)	(899)	(1,279)	(30%)	(1,038)	(13%)	(5,149)
<b>Total</b>	<b>6,792</b>	<b>7,169</b>	<b>(5%)</b>	<b>4,133</b>	<b>3,998</b>	<b>3%</b>	<b>2,659</b>	<b>55%</b>	<b>14,963</b>
<b>EBITDA</b>									
Plantations	1,069	1,571	(32%)	584	725	(19%)	484	21%	3,212
<i>EBITDA %</i>	<i>25%</i>	<i>33%</i>		<i>24%</i>	<i>31%</i>		<i>26%</i>		<i>31%</i>
Edible Oil & Fats	203	89	128%	110	96	14%	93	18%	200
<i>EBITDA %</i>	<i>5%</i>	<i>2%</i>		<i>4%</i>	<i>3%</i>		<i>5%</i>		<i>2%</i>
Share of results of associate companies & JV	(131)	(66)	n/m	(106)	(23)	n/m	(25)	n/m	(121)
Elimination & Adjustments <sup>(1)</sup>	4	62	n/m	5	204	(98%)	(0)	n/m	110
<b>Sub-total</b>	<b>1,145</b>	<b>1,656</b>	<b>(31%)</b>	<b>593</b>	<b>1,002</b>	<b>(41%)</b>	<b>552</b>	<b>7%</b>	<b>3,401</b>
Net Forex Gains/(Losses)	(160)	(6)	n/m	(44)	(92)	n/m	(116)	n/m	(111)
<b>Total</b>	<b>985</b>	<b>1,650</b>	<b>(40%)</b>	<b>550</b>	<b>910</b>	<b>(40%)</b>	<b>436</b>	<b>26%</b>	<b>3,290</b>

(1) Net effects arising from elimination of unrealised profit of inter-division inventories, SFRS adjustment and regional office costs.

# External Revenue Breakdown

## By Geographical Location



- Indonesia remained our dominant market with 91% of sales derived from the domestic market, mainly comprised of edible oil product, palm product, palm seeds and sugar

# Financial Position

Balance Sheet (In Rp Bn)	30-Jun-15	31-Dec-14
<b>TOTAL ASSETS</b>	<b>41,385</b>	<b>40,155</b>
Cash	2,044	3,586
<b>TOTAL LIABILITIES</b>	<b>17,315</b>	<b>16,437</b>
Interest Bearing Debt	10,259	9,817
<b>TOTAL EQUITY*</b>	<b>24,070</b>	<b>23,717</b>
<b>Net Debt / EBITDA Ratio (Annualised)</b>	<b>3.59x</b>	<b>1.83x</b>
<b>Net Debt / Total Equity Ratio</b>	<b>0.34x</b>	<b>0.26x</b>
<b>Net Assets Value per Share (in Rupiah)</b>	<b>10,330</b>	<b>10,322</b>
<b>Net Assets Value per Share (in SGD) **</b>	<b>1.07</b>	<b>1.10</b>

Cash Flow (In Rp Bn)	1H15	1H14
Net Cash Flow generated from Operating Activities	361	727
Net Cash Flow used in Investing Activities	(2,053)	(1,878)
Net Cash Flow generated from Financing Activities	117	1,313
Net (Decrease)/Increase in Cash & Cash Equivalents	(1,575)	162
Net Effect of Changes in Forex	33	(15)
<b>Sub-total</b>	<b>(1,542)</b>	<b>147</b>
Cash & Cash Equivalent - Beginning	3,586	3,803
<b>Cash &amp; Cash Equivalent - Ending</b>	<b>2,044</b>	<b>3,950</b>

\* Total equity includes shareholders funds and minority interests

\*\* Converted at Rp9,637/S\$1



## Section 3 Strategies and Expansion

# 2015 – Strategies and Expansion

---

Prioritise capex on organic growth and expansion of production facilities.

- Focus organic expansion on new plantings of oil palm in Indonesia and sugar plantations in Indonesia and Brazil
- Expansion of plantation production facilities
  - ❑ Constructing one 45MT/hour new mill and expanding one mill from 60MT to 80MT/hour in Kalimantan due for completion in 2015
  - ❑ Five new mills ranging from 30MT to 45MT/hour, of which two new mills in South Sumatra and three mills Kalimantan. Three of these mills are expected to be completed in 2016
- Expansion of downstream facilities
  - ❑ Commences the expansion of Surabaya refinery by 1,000MT/day.
  - ❑ Construction of a 200MT/day margarine plant at Tanjung Priok in 3Q 2015



## Section 4 Appendix

# Production Breakdown

		1H15	1H14	YoY Growth	2Q15	2Q14	YoY Growth	1Q15	QoQ Growth	FY14
<b>PRODUCTION</b>										
<b>Mature Area</b>		<b>188,448</b>	<b>183,088</b>	<b>3%</b>	<b>188,448</b>	<b>183,088</b>	<b>3%</b>	<b>187,960</b>	<b>0%</b>	<b>185,181</b>
- SIMP	(Ha)	109,758	107,459	2%	109,758	107,459	2%	109,083	1%	108,529
- Lonsum	(Ha)	78,691	75,629	4%	78,691	75,629	4%	78,877	0%	76,652
<b>FFB</b>		<b>2,077</b>	<b>2,014</b>	<b>3%</b>	<b>1,188</b>	<b>1,056</b>	<b>13%</b>	<b>889</b>	<b>34%</b>	<b>4,372</b>
- <b>Nucleus</b>		<b>1,509</b>	<b>1,488</b>	<b>1%</b>	<b>859</b>	<b>782</b>	<b>10%</b>	<b>650</b>	<b>32%</b>	<b>3,259</b>
- SIMP	('000 MT)	892	837	7%	503	440	14%	389	29%	1,918
- Lonsum	('000 MT)	617	651	(5%)	356	343	4%	261	37%	1,341
- <b>External</b>		<b>568</b>	<b>526</b>	<b>8%</b>	<b>329</b>	<b>274</b>	<b>20%</b>	<b>239</b>	<b>37%</b>	<b>1,112</b>
- SIMP	('000 MT)	284	270	5%	159	134	18%	125	28%	567
- Lonsum	('000 MT)	324	264	23%	190	139	36%	134	42%	567
<b>CPO</b>		<b>444</b>	<b>444</b>	<b>0%</b>	<b>254</b>	<b>234</b>	<b>9%</b>	<b>190</b>	<b>33%</b>	<b>956</b>
- SIMP	('000 MT)	227	231	(2%)	128	122	5%	99	29%	513
- Lonsum	('000 MT)	217	212	3%	126	112	13%	91	38%	443
<b>PK, PKO, PKE*</b>		<b>123</b>	<b>107</b>	<b>14%</b>	<b>71</b>	<b>57</b>	<b>24%</b>	<b>52</b>	<b>37%</b>	<b>241</b>
- SIMP	('000 MT)	68	56	23%	39	30	32%	29	35%	131
- Lonsum	('000 MT)	54	52	5%	32	27	16%	23	39%	109
<b>PRODUCTIVITY</b>										
<b>FFB Yield – Nucleus</b>	(MT/Ha)	<b>8.0</b>	<b>8.1</b>	↓	<b>4.6</b>	<b>4.3</b>	↑	<b>3.5</b>	↑	<b>17.6</b>
- SIMP	(MT/Ha)	8.1	7.8	↑	4.6	4.1	↑	3.6	↑	17.7
- Lonsum	(MT/Ha)	7.8	8.6	↓	4.5	4.5	↔	3.3	↑	17.5
<b>CPO Yield – Nucleus</b>	(MT/Ha)	<b>1.8</b>	<b>1.8</b>	↔	<b>1.0</b>	<b>1.0</b>	↔	<b>0.8</b>	↑	<b>3.9</b>
- SIMP	(MT/Ha)	1.7	1.7	↔	1.0	0.9	↑	0.8	↑	3.8
- Lonsum	(MT/Ha)	1.8	2.0	↓	1.1	1.1	↔	0.8	↑	4.1
<b>CPO Extraction Rate</b>	(%)	<b>22.2</b>	<b>22.5</b>	↓	<b>22.2</b>	<b>22.5</b>	↓	<b>22.3</b>	↓	<b>22.4</b>
- SIMP	(%)	21.4	21.9	↓	21.3	21.9	↓	21.5	↓	21.7
- Lonsum	(%)	23.2	23.2	↔	23.1	23.2	↓	23.2	↓	23.2
<b>PK Extraction Rate</b>	(%)	<b>5.2</b>	<b>5.0</b>	↑	<b>5.2</b>	<b>5.0</b>	↑	<b>5.2</b>	↔	<b>5.1</b>
- SIMP	(%)	4.6	4.5	↑	4.6	4.5	↑	4.6	↔	4.6
- Lonsum	(%)	5.8	5.6	↑	5.8	5.7	↑	5.8	↔	5.7

**Indofood Agri Resources Ltd.  
8 Eu Tong Sen Street  
#16-96/97 The Central  
Singapore 059818  
Tel: +65 6557 2389  
Fax: +65 6557 2387**

**[www.indofoodagri.com](http://www.indofoodagri.com)**

This presentation was prepared solely and exclusively for the parties presently being invited for the purpose of discussion. Neither this presentation nor any of its content may be reproduced, disclosed or used without the prior written consent of Indofood Agri Resources Ltd.

This presentation may contain statements that convey future oriented expectations which represent the Company's present views on the probable future events and financial plans. Such views are presented on the basis of current assumptions, are exposed to various risks, and are subject to considerable changes at any time. Presented assumptions are presumed correct at the, and based on the data available on the, date at which this presentation is assembled. The Company warrants no assurance that such outlook will, in part or as a whole, eventually be materialized. Actual results may diverge significantly from those projected.

© *Indofood Agri Resources Ltd. All rights reserved.*