gar agribusiness and food

Press Release

Golden Agri-Resources' first half results strengthen across all segments as plantation output and CPO price increase

- EBITDA[1] for the second quarter 2017 reported at US$145 million leading to first half EBITDA[1] of US$328 million, 69 percent and 44 percent higher year-on-year, respectively
- Palm product output in the first half of 2017 recovered strongly by 32 percent year-on-year

FINANCIAL HIGHLIGHTS

US$'million	First half ended		Change	Quarter ended		Change
	30 Jun 2017 (1H 2017)	30 Jun 2016 (1H 2016)		30 Jun 2017 (2Q 2017)	30 Jun 2016 (2Q 2016)	
Revenue	3,803	3,235	**18%**	1,757	1,742	**1%**
Gross Profit	547	426	**28%**	256	163	**57%**
EBITDA[1]	**328**	**228**	**44%**	**145**	**86**	**69%**
Underlying Profit[2]	**137**	**43**	**220%**	**53**	**-6**	**n.m**
Net Profit[3]	**59**	**134**	**-56%**	**22**	**40**	**-45%**
Earnings per Share[4] (US$ cents)	0.47	1.05	-56%	0.17	0.31	-45%

Singapore, 14 Aug 2017 – In the first half of 2017 Golden Agri-Resources Ltd and its subsidiaries ("GAR" or the "Company") achieved revenue of US$3.8 billion and a 44% increase in EBITDA[1] to US$328 million. Net profit[3] came in lower at US$59 million mainly due to the recognition of deferred tax income of US$131 million in the previous period. Underlying profit[2], however, tripled to US$137 million.

The strong performance was supported by the appreciation of crude palm oil (CPO) market prices coupled with the recovery in palm production as the impact of the 2015 El Niño subsided.

GAR's financial position continued to be robust with an adjusted net gearing ratio[5] of 0.39 times as at 30 June 2017 despite a slight decrease in total consolidated assets to US$8.2 billion primarily due to a decline in trade receivables.

SEGMENTAL PERFORMANCE

Plantations and palm oil mills

As at 30 June 2017, GAR's total planted area stood at 486,299 hectares as the Company continues replanting its older estates. The total plantation area comprised of 79 percent nucleus plantations and 21 percent plasma smallholder plantations. GAR is focusing on replanting to support production growth through intensification, by using next-generation, higher-yielding planting materials.

Total mature area increased by 7,300 hectares to 473,698 hectares with fruit yield of 9.9 tonnes per hectare in the first half 2017, higher by 33% from the last period's yield. Palm product output in the second quarter of 2017 recovered by 41 percent year-on-year, contributing to first half 2017 palm product of more than 1.3 million tonnes. The strong year-on-year increase was due to the weakening of the El Niño impact.

Higher plantation output was one of the major factors that boosted the financial performance of our upstream business. EBITDA[1] grew by 64 percent year-on-year to US$244 million during the first six months, whilst for second quarter 2017 GAR reached a 42 percent year-on-year growth in EBITDA[1] to US$103 million.

Palm and laurics

The palm and laurics continued its contribution to GAR's consolidated EBITDA[1] although the higher CPO market prices in the first half 2017 resulted in margin compression. Second quarter 2017 recorded palm and laurics EBITDA[1] of US$40 million, resulting in the first six months achieving US$79 million with a margin of 2.3%. GAR will maintain its strategy of enhancing integration and operational excellence to improve margins in the long term.

Oilseeds and Others

The oilseeds and other segments mainly represent our business in China. These segments provided total EBITDA[1] of US$6 million during the first half of 2017, a 43 percent increase compared to the same period last year. GAR continues to explore long term strategic alternatives for the oilseeds business and prudently manages risk to minimise the impact of any unexpected market volatility.

OUTLOOK AND STRATEGY

Mr Franky Widjaja, GAR Chairman and Chief Executive Officer commented: "We are pleased to see GAR's robust performance across all segments in the first six months of 2017. CPO market prices have remained stable despite the increasing production output of the industry. GAR continues to have a positive outlook for full year 2017 supported by our increasing production volume. At the same time, our business transformation initiatives across the value chain are progressing well with a view towards enhancing our competitive strengths."

~ end ~

About Golden Agri-Resources Ltd (GAR)

GAR is one of the leading palm oil plantation companies with a total planted area of 486,299 hectares (including plasma smallholders) as at 30 June 2017, located in Indonesia. It has integrated operations focused on the production of palm-based edible oil and fat.

Founded in 1996, GAR was listed on the Singapore Exchange in 1999 and has a market capitalisation of US$3.4 billion as at 30 June 2017. Flambo International Limited, an investment company, is currently GAR's largest shareholder, with a 50.35 percent stake. GAR has several subsidiaries, including PT SMART Tbk which was listed on the Indonesia Stock Exchange in 1992.

GAR is focused on sustainable palm oil production. In Indonesia, its primary activities include cultivating and harvesting of oil palm trees; processing of fresh fruit bunch into crude palm oil (CPO) and palm kernel; refining CPO into value-added products such as cooking oil, margarine, shortening and biodiesel; as well as merchandising palm products throughout the world. It also has operations in China and India including a deep-sea port, oilseeds crushing plants, production capabilities for refined edible oil products as well as other food products such as noodles.

<u>For media enquiries, please contact:</u>

Ayesha Khan
Mobile: +65 9783 1944
Email: CW-SG-GAR@cohnwolfe.com

[1] *Earnings before tax, non-controlling interests, interest on borrowings, depreciation and amortisation, net gain from changes in fair value of biological assets, and foreign exchange gain/loss.*
[2] *Net profit attributable to owners of the Company, excluding net effect of net gain from changes in fair value of biological assets and depreciation of bearer plants, as well as other non-operating items (foreign exchange gain or loss, deferred tax income or expense).*
[3] *Net profit attributable to owners of the Company.*
[4] *Earnings per share is net profit attributable to owners of the Company divided by weighted average number of shares.*
[5] *Adjusted net debt (interest bearing debts less cash and short-term investments as well as liquid working capital) divided by equity attributable to owners of the Company.*