



Growth • Excellence • Integrity

**Kencana Agri Limited**



**FY 2018  
Performance Review**

# Overview of Group's Operations



## Plantation and Processing



Location :  
Sumatra, Kalimantan, Sulawesi



|                                  |               |
|----------------------------------|---------------|
| Palm Oil Mills                   | : 5           |
| Total Capacity                   | : 275 MT/hour |
| Palm Oil Mill under construction | : 1           |
| Total Capacity                   | : 30 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)  
PK (Palm Kernel)

Renewable by-products:  
Empty Fruit Bunches, Liquid  
Waste, Kernel Shells, Fibre

## Supporting Business

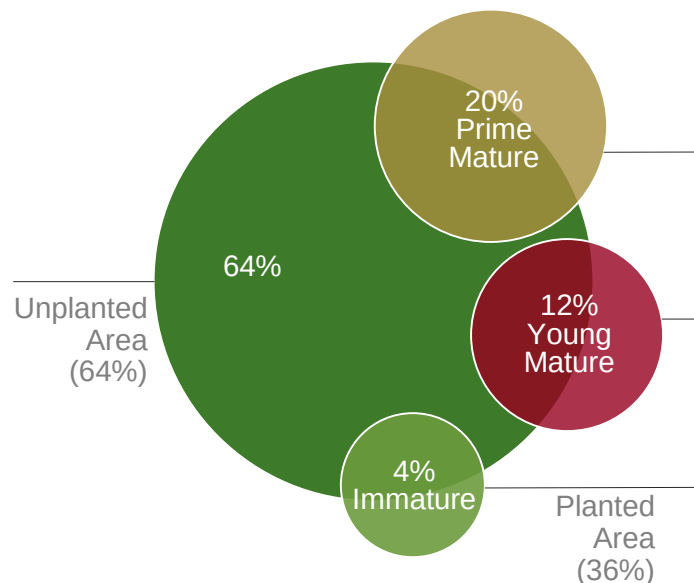


Biomass Power Plant - 3  
Total Capacity : 19.5 MW

# Significant Land Bank for Future Planting



Total Land Bank 186,713 ha\* (Nucleus + Plasma)



| Land Bank (ha) | Planted Area (ha) | %  | Unplanted Area (ha) | %  | Total (ha) | %   |
|----------------|-------------------|----|---------------------|----|------------|-----|
| Nucleus        | 53,301            | 32 | 112,178             | 68 | 165,479    | 100 |
| Plasma         | 14,311            | 68 | 6,923               | 32 | 21,234     | 100 |
| Total          | 67,612            | 36 | 119,101             | 64 | 186,713    | 100 |



\* Subject to final measurement

# Where We Are...



<sup>1</sup> Joint venture with ENCO Sdn. Bhd. in Bangka & Belitung

# Operational Performance

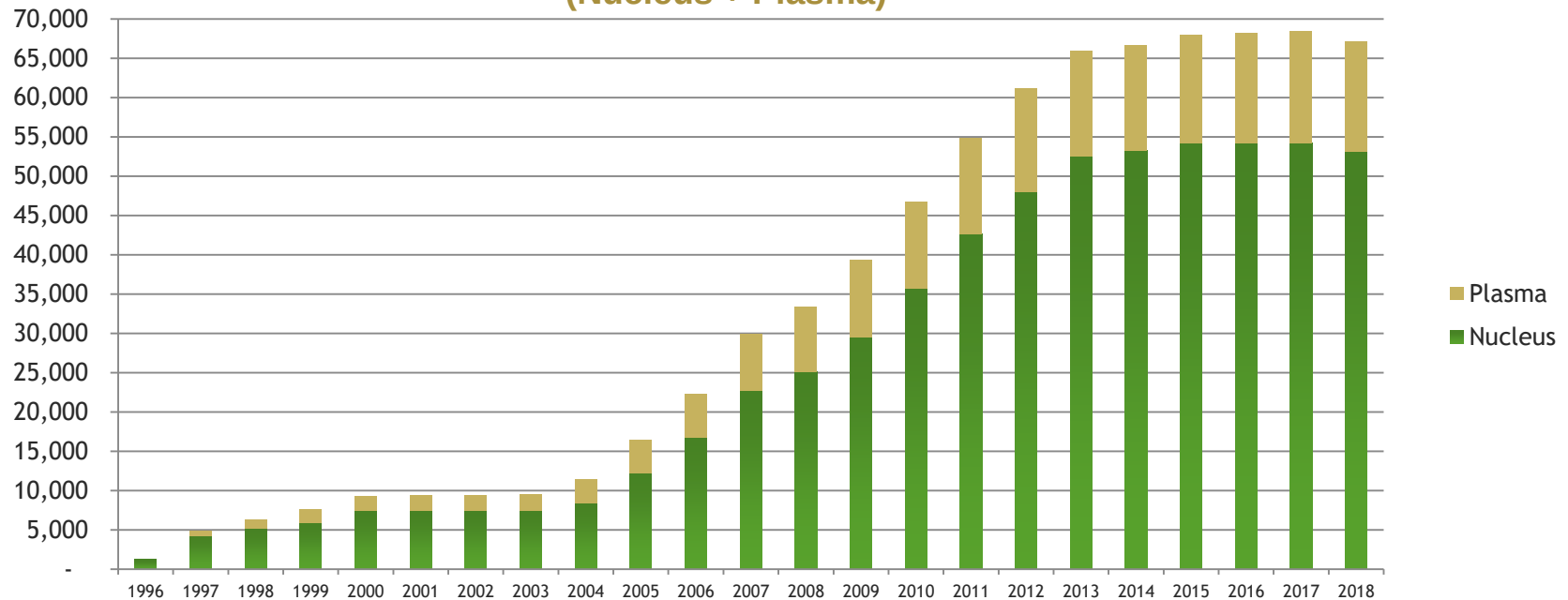


| <b>Production Highlights</b>       | <b>FY 2018</b> | <b>FY 2017</b> | <b>Change</b> |
|------------------------------------|----------------|----------------|---------------|
| <b>FFB Production (MT)</b>         | <b>992,722</b> | <b>758,893</b> | <b>+30.8%</b> |
| - Nucleus                          | 782,758        | 591,471        | +32.3%        |
| - Plasma                           | 209,964        | 167,422        | +25.4%        |
| <b>FFB Processed (MT)</b>          | <b>979,115</b> | <b>723,966</b> | <b>+35.2%</b> |
| - Nucleus                          | 723,792        | 560,057        | +29.2%        |
| - Plasma                           | 204,107        | 162,531        | +25.6%        |
| - External Parties                 | 51,216         | 1,378          | n/m           |
| <b>Oil Extraction rates (%)</b>    |                |                |               |
| - CPO                              | 20.1%          | 20.4%          | -0.3pp        |
| - CPKO                             | -              | 43.3%          | n/m           |
| <b>Oil Production (MT)</b>         |                |                |               |
| - CPO (MT)                         | 197,149        | 147,716        | +33.5%        |
| - CPKO (MT)                        | -              | 3,721          | n/m           |
| <b>FFB Yield (MT/ha) – Nucleus</b> | <b>16.7</b>    | <b>13.8</b>    | <b>+21.0%</b> |

# Operational Performance

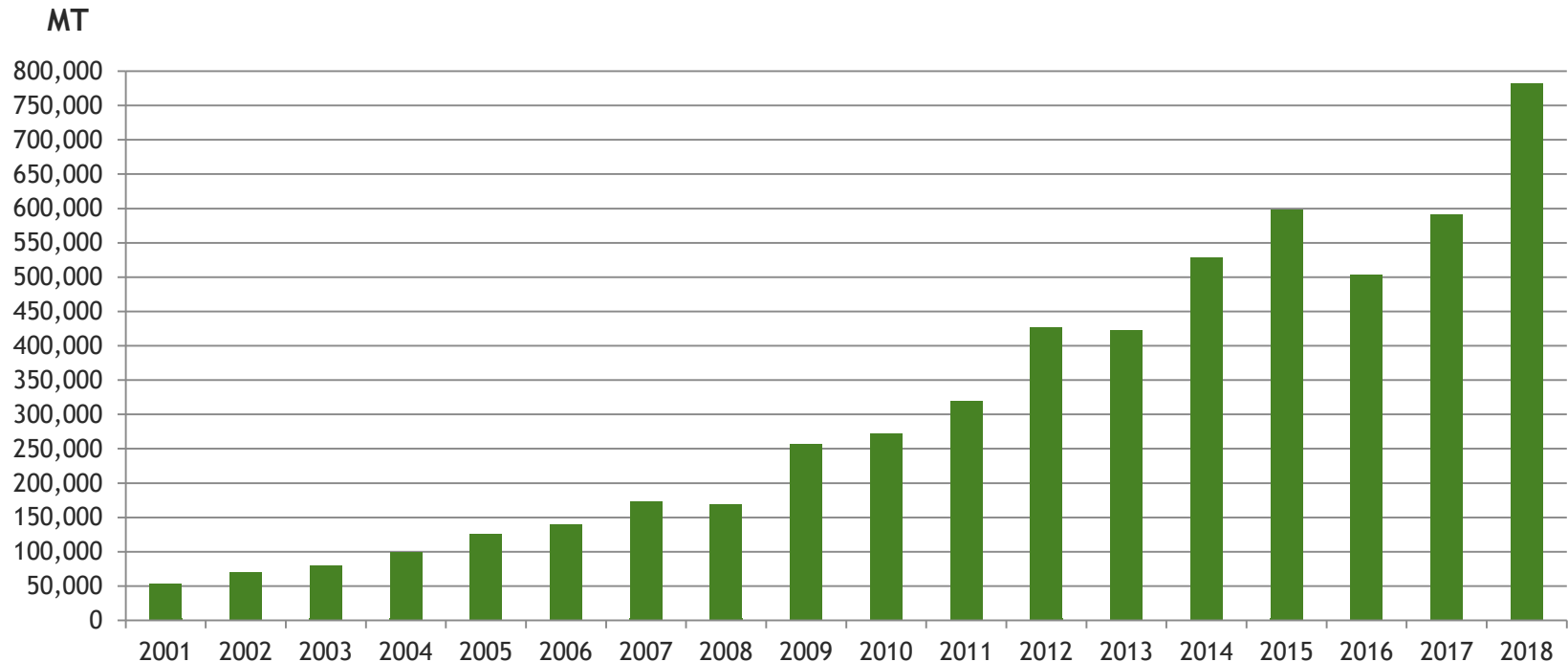


Development of Kencana's planted area  
(Nucleus + Plasma)



| Phase 1                                                                                                                                                                     | Phase 2                                                                                                                                                  | Phase 3                                        |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|
| <b>Phase 1</b><br>Oil Palm cultivation started in 1996 in Bangka island, Sumatra (1,215 ha). This was followed by the 2 <sup>nd</sup> planting in 1998 in South Kalimantan. | <b>Phase 2</b><br>Started in 2004 in South and East Kalimantan with rapid planting programme. Total planted area increased by about 5 times from phase 1 | <b>Phase 3</b><br>Started in 2011 in Sulawesi. |

## FFB Production Trend (Nucleus)



## Past 5 Years FFB Production Trend (Nucleus)

| 2014    | 2015    | 2016    | 2017    | 2018    |
|---------|---------|---------|---------|---------|
| 527,118 | 595,696 | 502,933 | 591,471 | 782,758 |

# Financial Performance



| Financial Highlights                | FY 2018 | FY 2017 | Change |
|-------------------------------------|---------|---------|--------|
| <b>Sales Volume (MT)</b>            |         |         |        |
| - CPO                               | 208,386 | 198,565 | 4.9%   |
| - CPKO                              | -       | 5,185   | n/m    |
| <b>Sales Revenue (US\$'000)</b>     |         |         |        |
| - CPO                               | 103,840 | 123,623 | -16.0% |
| - CPKO                              | -       | 5,990   | n/m    |
| - OTHERS*                           | 21,141  | 19,447  | +8.7%  |
| <b>Average Selling Price (US\$)</b> |         |         |        |
| - CPO                               | 498     | 623     | -20.1% |
| - CPKO                              | -       | 1,155   | n/m    |

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

# Financial Performance



## Income Statement Highlights (US\$'000)

|                            | FY 2018  | FY 2017 | Change  |
|----------------------------|----------|---------|---------|
| Revenue                    | 124,981  | 149,060 | -16.2%  |
| Gross profit               | 24,345   | 30,492  | -20.2%  |
| Operating profit           | 6,922    | 24,379  | -71.6%  |
| (Loss)/profit before tax   | (27,074) | 10,983  | n/m     |
| (Loss)/profit for the year | (23,848) | 4,988   | n/m     |
| EBITDA                     | 11,964   | 39,905  | -70.0%  |
| Gross margin (%)           | 19.5     | 20.5    | -1pp    |
| Net profit margin (%)      | -19.1    | 3.3     | n/m     |
| EBITDA margin (%)          | 9.6      | 26.8    | -17.2pp |

n/m: not meaningful

# Financial Performance



| <b>Balance Sheet Highlights<br/>(US\$'000)</b> | <b>As at<br/>31 Dec 2018</b> | <b>As at<br/>31 Dec 2017</b> | <b>Change</b> |
|------------------------------------------------|------------------------------|------------------------------|---------------|
| <b>Current Assets</b>                          | 69,215                       | 78,310                       | -11.6%        |
| <b>Non-current Assets</b>                      | 288,114                      | 312,955                      | -7.9%         |
| <b>Total Assets</b>                            | 357,329                      | 391,265                      | -8.7%         |
| <b>Current Liabilities</b>                     | 132,337                      | 97,413                       | +35.9%        |
| <b>Non-current Liabilities</b>                 | 202,848                      | 245,282                      | -17.3%        |
| <b>Total Liabilities</b>                       | 335,185                      | 342,695                      | -2.2%         |
| <b>Shareholders' Equity</b>                    | 22,144                       | 48,570                       | -54.4%        |
| <b>Net Debt/Equity Ratio (%)</b>               | 1,148.0                      | 563.1                        | +584.9pp      |
| <b>Net Debt/Total Assets (%)</b>               | 71.1                         | 69.9                         | +1.2pp        |
| <b>Net Debt/EBITDA (x)</b>                     | 21.2                         | 7.1                          | n/m           |
| <b>EBITDA/Interest Expense (x)</b>             | 0.6                          | 2.0                          | -70%          |

n/m: not meaningful

# Financial Performance



| <b>Cash Flow (US\$'000)</b>                                      | <b>FY 2018</b> | <b>FY 2017</b> | <b>Change</b> |
|------------------------------------------------------------------|----------------|----------------|---------------|
| Cash at beginning of year                                        | 16,692         | 12,157         | +37.3%        |
| Net cash from operating activities                               | 36,484         | 13,069         | +179.2%       |
| Net cash (used in)/from investing activities                     | (10,026)       | 10,868         | n/m           |
| Net cash used in financing activities                            | (25,241)       | (19,292)       | +30.8%        |
| Net increase in cash                                             | 1,217          | 4,645          | -73.8%        |
| Net effect of exchange rate changes on cash and cash equivalents | (1,120)        | (110)          | +918.2%       |
| Cash at end of year                                              | 16,789         | 16,692         | +0.6%         |

n/m: not meaningful



# Thank You

## Disclaimer

This document has not been independently verified and has been prepared for informational purposes only. No representation or warranty express or imply is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained herein.

It is not the intention to provide, and you may not rely on this document as providing, a complete or comprehensive analysis of the company's financial or trading position or prospects. The information and opinions contained in these materials are provided as at the date of this presentation and are subject to change without notice.

None of Kencana Agri Limited or any of its affiliates, advisers or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss whatsoever arising from any use of this document or its contents.