



Growth • Excellence • Integrity

Kencana Agri Limited



**9M2018
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



Logistics
Vessels : 1
Total Capacity :
3,000 MT

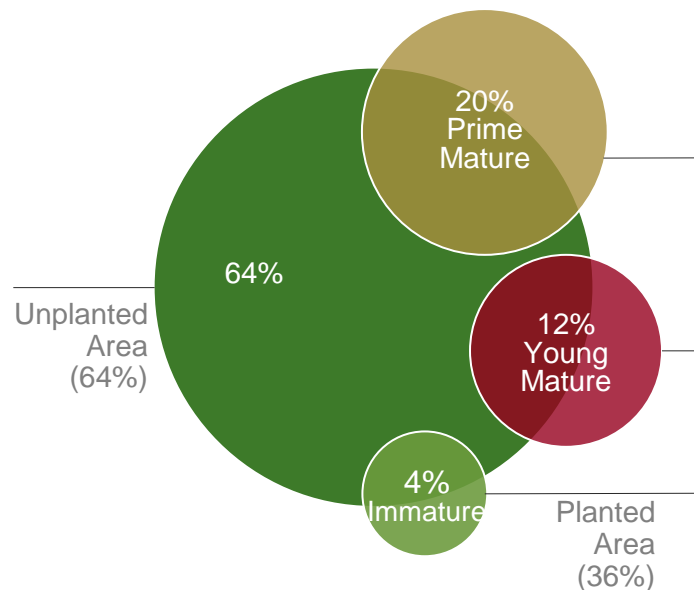


Biomass Power Plant - 2
Total Capacity : 13.5 MW

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	53,104	32	112,375	68	165,479	100
Plasma	14,075	66	7,159	34	21,234	100
Total	67,179	36	119,534	64	186,713	100



* Subject to final measurement

Where We Are...



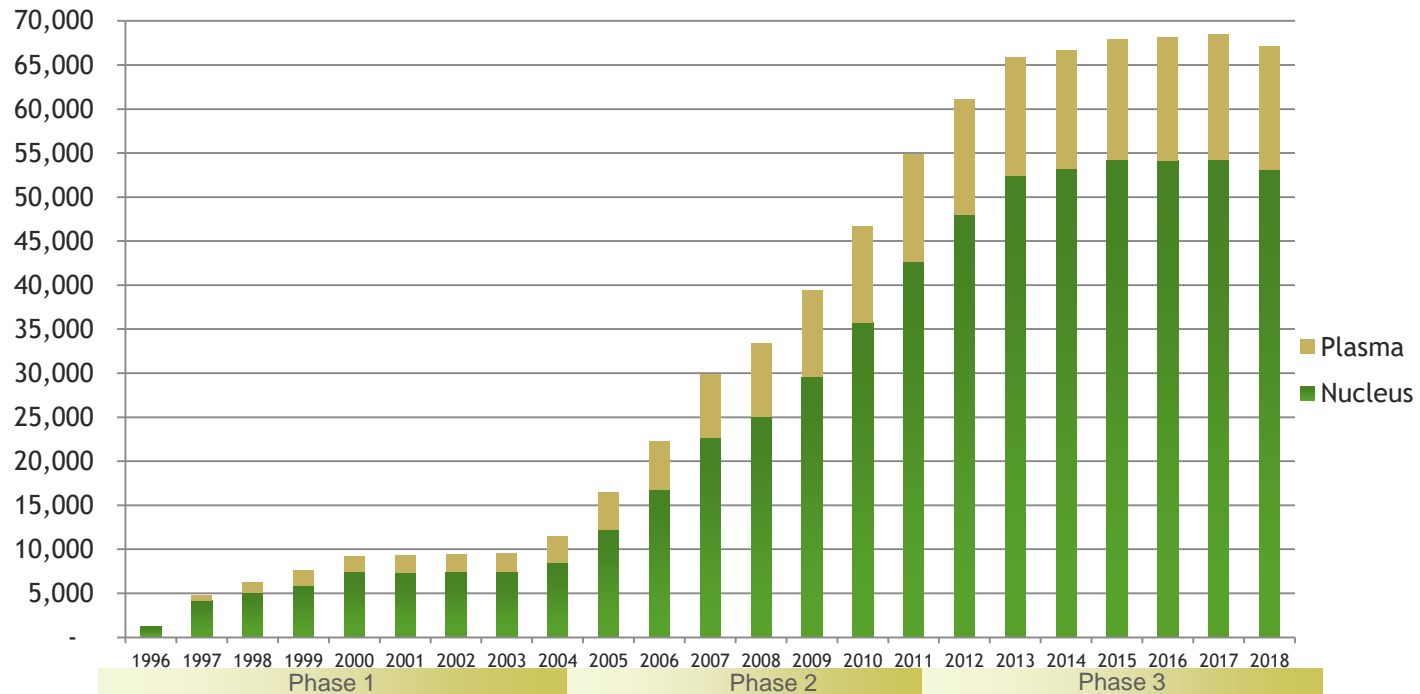
¹ Joint venture with ENCO Sdn. Bhd. in Bangka & Belitung

Operational Performance



Production Highlights	3Q 2018	3Q 2017	Change	9M 2018	9M 2017	Change
FFB Production (MT)	317,138	230,624	+37.5%	716,098	563,938	+27.0%
- Nucleus	253,165	177,167	+42.9%	565,756	439,618	+28.7%
- Plasma	63,973	53,457	+19.7%	150,342	124,320	+20.9%
FFB Processed (MT)	318,868	221,039	+44.3%	712,099	533,644	+33.4%
- Nucleus	239,536	168,480	+42.2%	518,094	412,321	+25.7%
- Plasma	63,085	52,194	+20.9%	145,354	120,288	+20.8%
- External Parties	16,247	365	n/m	48,651	1,035	n/m
Oil Extraction rates (%)						
- CPO	19.7%	20.2%	-0.5pp	20.1%	20.3%	-0.2pp
- CPKO	-	42.9%	n/m	-	43.5%	n/m
Oil Production (MT)						
- CPO (MT)	62,926	44,657	+40.9%	142,995	108,547	+31.7%
- CPKO (MT)	-	1,086	n/m	-	2,963	n/m
FFB Yield (MT/ha) - Nucleus	5.4	4.1	+31.7%	12.1	10.3	+17.5%

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

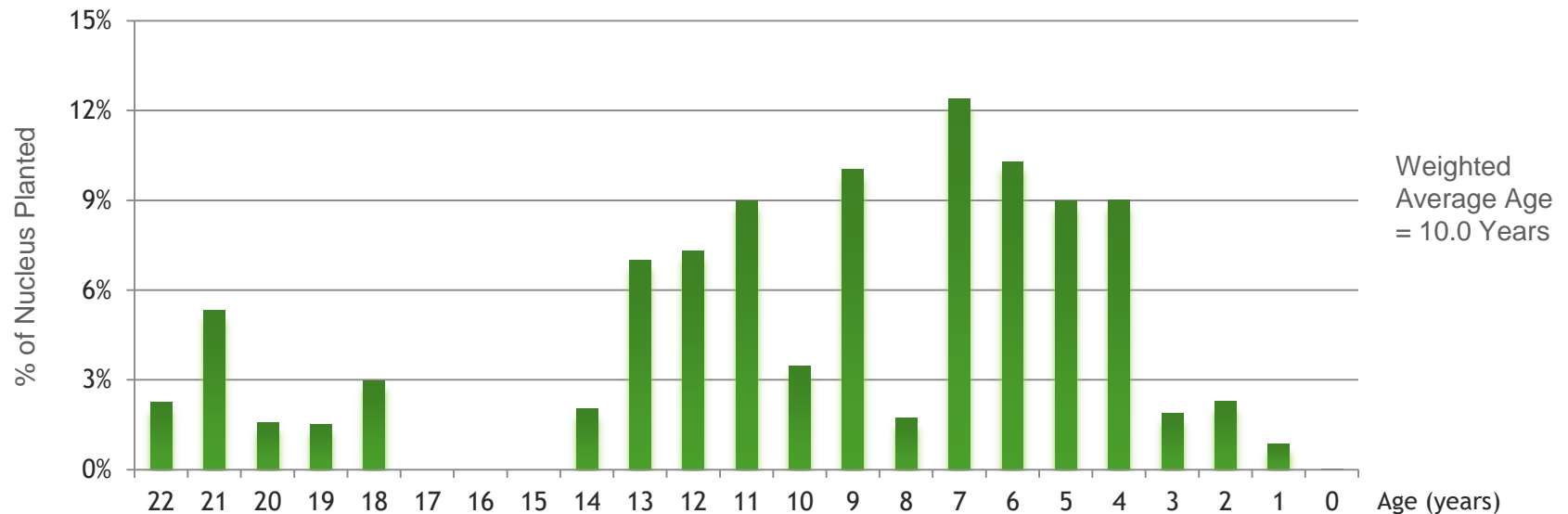
Phase 3

Started in 2011 in Sulawesi.

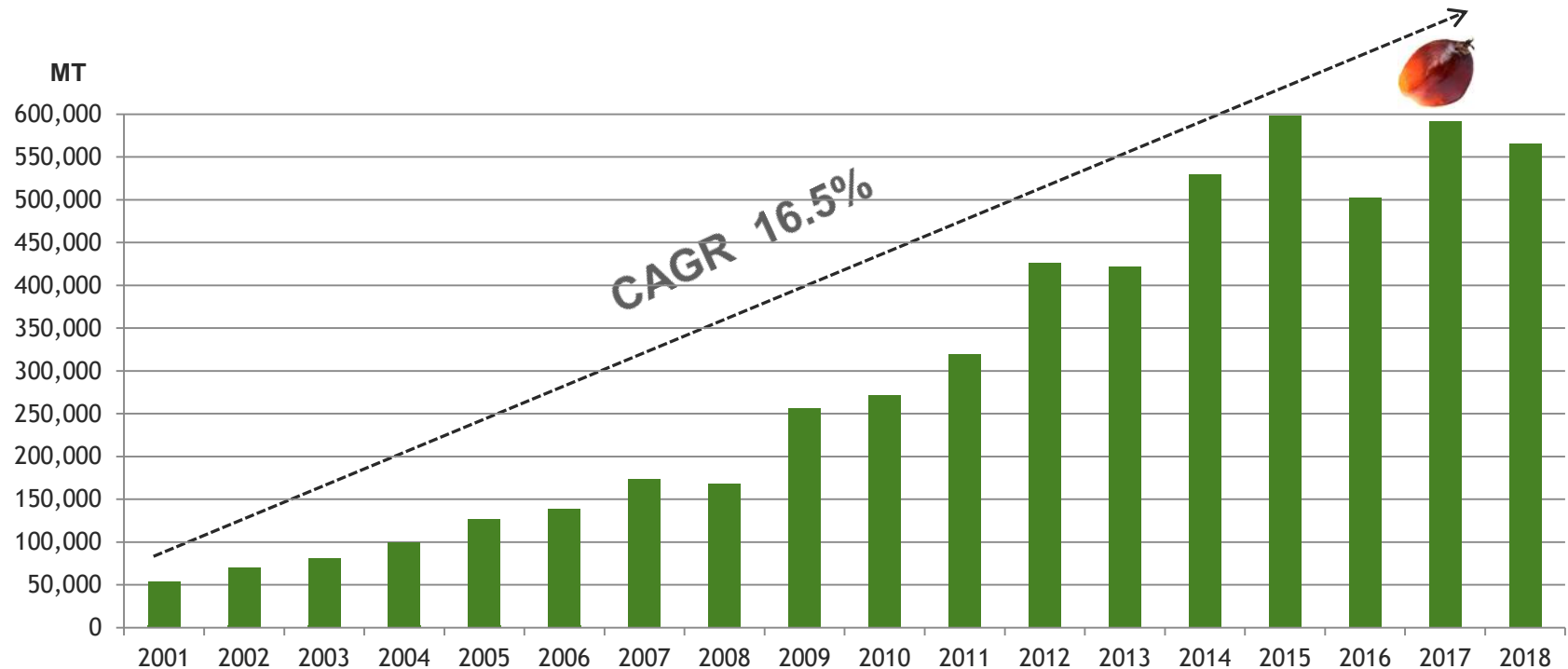
AGE PROFILE

	Immature	%	Young Mature	%	Prime Mature	%	Total	%
Nucleus	6,298	12	19,032	36	27,774	52	53,104	100
Plasma	936	7	3,616	26	9,523	67	14,075	100
Total	7,234	11	22,648	34	37,297	55	67,179	100

48% 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.



FFB Production Trend (Nucleus)



- 2001 – 2017 CAGR = 16.5%
- 2018 onward – expect steady increase in production

Financial Performance



Financial Highlights

	3Q 2018	3Q 2017	Change	9M 2018	9M 2017	Change
Sales Volume (MT)						
- CPO	57,423	63,794	-10.0%	139,034	147,255	-5.6%
- CPKO	-	1,555	n/m	-	3,805	n/m
Sales Revenue (US\$'000)						
- CPO	28,650	37,766	-24.1%	75,598	92,625	-18.4%
- CPKO	-	1,494	n/m	-	4,203	n/m
- OTHERS*	5,780	4,537	+27.4%	16,163	14,294	+13.1%
Average Selling Price (US\$)						
- CPO	499	592	-15.7%	544	629	-13.5%
- CPKO	-	961	n/m	-	1,105	n/m

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

Financial Performance



Income Statement Highlights (US\$'000)

	3Q 2018	3Q 2017	Change	9M 2018	9M 2017	Change
Revenue	34,430	43,797	-21.4%	91,761	111,122	-17.4%
Gross profit	11,295	9,291	+21.6%	18,480	22,886	-19.3%
Operating profit	4,097	6,627	-38.2%	6,622	21,286	-68.9%
(Loss)/profit before tax	(7,393)	(708)	+944.2%	(28,151)	15,075	n/m
Net (loss)/profit for the period	(6,338)	(1,384)	357.9%	(23,787)	9,989	n/m
EBITDA	3,951	7,792	-49.3%	(1,446)	32,524	n/m
Gross margin (%)	32.8	20.7	+12.1pp	20.1	19.9	+0.2%
Net profit margin (%)	-18.4	-3.2	-15.2pp	-25.9	9.1	n/m
EBITDA margin (%)	11.5	17.8	-6.3pp	-1.6	29.3	n/m

n/m: not meaningful

Financial Performance



Balance Sheet Highlights (US\$'000)	As at 30 Sep 2018	As at 31 Dec 2017	Change
Current Assets	77,665	78,310	-0.8%
Non-current Assets	284,892	312,955	-9.0%
Total Assets	362,557	391,265	-7.3%
Current Liabilities	130,149	97,413	+33.6%
Non-current Liabilities	210,084	245,282	-14.4%
Total Liabilities	340,233	342,695	-0.7%
Shareholders' Equity	22,324	48,570	-54.0%
Net Debt/Equity Ratio (%)	1,166.4	563.1	+603.3pp
Net Debt/Total Assets (%)	71.8	69.9	+1.9pp
Net Debt/EBITDA (x)	(180.1)	8.4	n/m
EBITDA/Interest Expense (x)	(0.1)	2.1	n/m

n/m: not meaningful

Financial Performance



Cash Flow (US\$'000)	9M 2018	9M 2017	Change
Cash at beginning of period	16,692	12,157	+37.3%
Net cash from operating activities	19,076	4,539	+320.3%
Net cash (used in)/from investing activities	(6,504)	13,858	n/m
Net cash used in financing activities	(13,073)	(3,406)	+283.8%
Net increase in cash	(501)	14,991	n/m
Cash at end of period	16,191	27,148	-40.4%



Thank You

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