

IND@FOOD AGRI RESOURCES Ltd.

Company Presentation 1Q 2017 Results

28 April 2017



a subsidiary of:

Indofood
THE SYMBOL OF QUALITY FOODS

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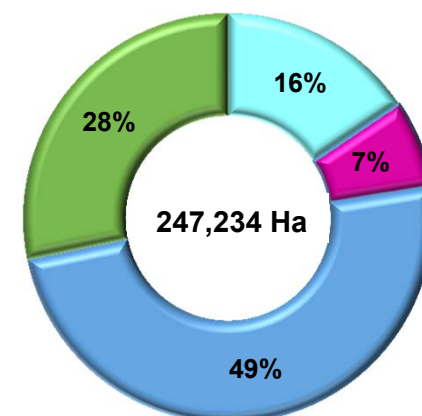
Plantation Highlights



Planted Area

In Ha	31 Mar 2017	31 Dec 2016	Change
INDONESIA			
Planted Area	300,646	300,536	110
Planted Oil Palm⁽¹⁾	247,234	247,430	(196) ⁽²⁾
- SIMP	152,443	152,799	(356)
- Lonsum	94,791	94,631	160
Planted Other crops	53,412	53,106	306
Rubber	19,968	20,115	(147) ⁽³⁾
- SIMP	3,634	3,634	-
- Lonsum	16,334	16,481	(147)
Sugar cane - SIMP	13,587	13,249	338
Others - timber, cocoa, tea	19,857	19,742	115
BRAZIL			
Sugar cane - CMAA	48,443	53,826	(5,383) ⁽⁴⁾
- Company-owned	26,364	26,477	(113)
- Third party	22,079	27,349	(5,270)

Oil Palm Average Age ≈ 14 years



■ Immature ■ 4-6 years
■ 7-20 years ■ > 20 years

(1) As at 31 Mar 2017, the Group has ≈ 86,412 Ha of planted oil palm plasma area. Where 28 Ha were new planting in 1Q17.

(2) 1Q17 oil palm new plantings were 85 Ha vs. 135 Ha in 1Q16. Mature area increased by 5,625 Ha in 1Q17.

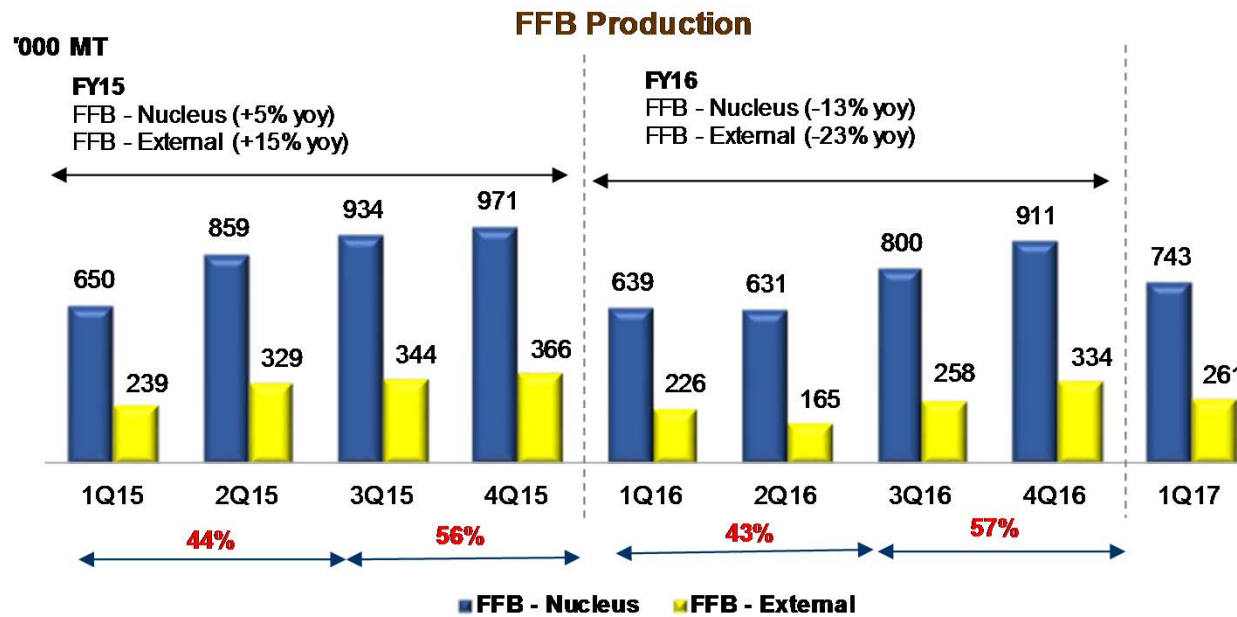
(3) Reduction was mainly due to some conversion of rubber estates to oil palm and replanting in progress.

(4) Reduction was mainly due to replanting in progress.

Oil Palm Plantation Highlights

		1Q17	1Q16	YoY Growth	FY16
PRODUCTION					
Mature Area	(Ha)	208,722	193,496	8%	203,501
FFB	('000 MT)	1,004	865	16%	3,964
- Nucleus	('000 MT)	743	639	16%	2,981
- External	('000 MT)	261	226	15%	983
CPO	('000 MT)	208	186	12%	833
PK	('000 MT)	51	44	16%	201
PKO, PKE	('000 MT)	5	11	(52%)	40
PRODUCTIVITY					
FFB Yield – Nucleus	(MT/Ha)	3.6	3.3	↑	14.6
CPO Yield – Nucleus	(MT/Ha)	0.8	0.7	↑	3.2
CPO Extraction Rate	(%)	21.9	22.5	↓	21.8
PK Extraction Rate	(%)	5.3	5.3	↔	5.2

Oil Palm Production Trends

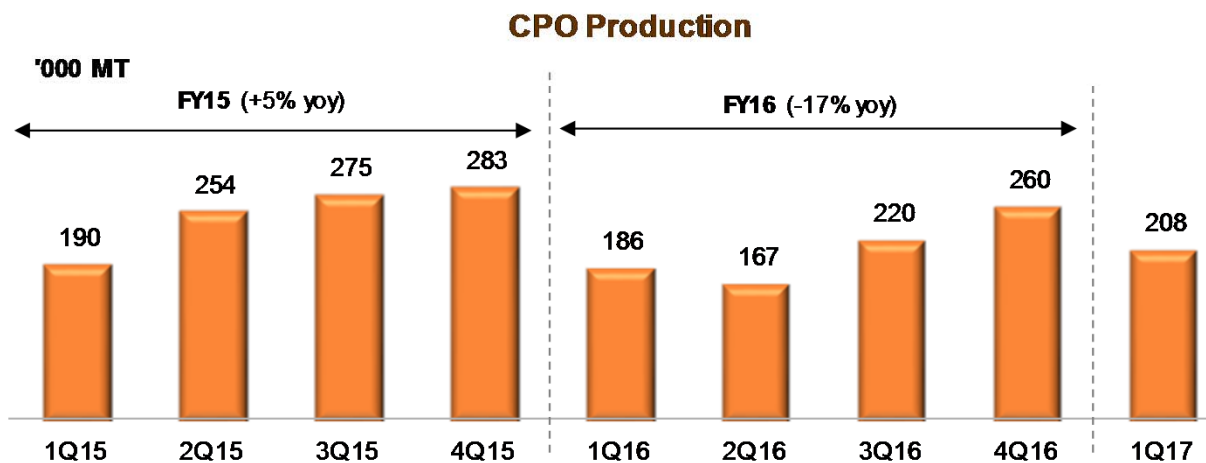


FFB - Nucleus

1Q17 YoY : 16%
1Q17 QoQ : (18%)

FFB - External

1Q17 YoY : 15%
1Q17 QoQ : (22%)



CPO

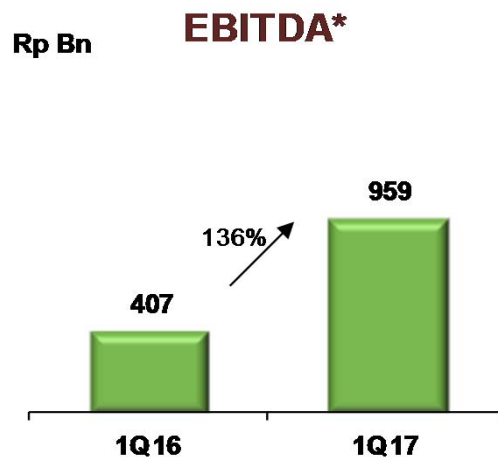
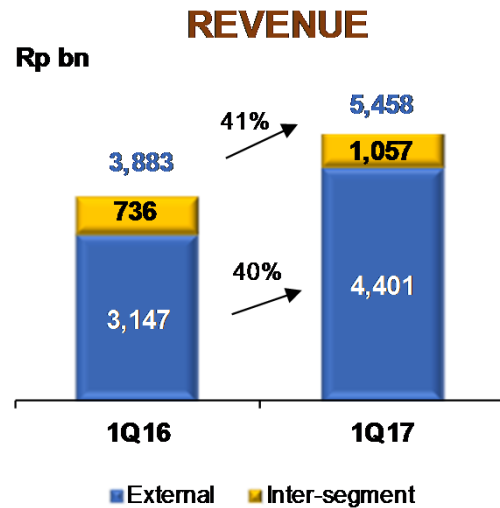
1Q17 YoY : 12%
1Q17 QoQ : (20%)



Financial Highlights



Results Summary



* Earnings before accounting for the effects of foreign exchange and changes in the fair value of biological assets

Financial Highlights

- Achieved a 40% revenue growth in 1Q17 on higher sales contribution from Plantation and Edible Oils & Fats (EOF) Divisions.
- EBITDA grew 136% in 1Q17 mainly on higher gross profit arising from higher sales volume and selling prices of palm products.
- Attributable profit up 80% in 1Q17 to Rp171 billion on strong contribution from Plantation Division, but partly offset by biological assets loss and lower foreign currency gain.

Operational Highlights

- A strong quarter for palm production.
- FFB nucleus and CPO production recovered strongly in 1Q17, increasing 16% and 12% yoy to 743,000 tonnes 208,000 tonnes, respectively.

Sales Volume - Plantation

In '000 MT	1Q17	1Q16	YoY Growth	FY16
CPO	227	215	6%	826
PK, PKO, PKE	57	46	23%	194
Sugar	2	5	(48%)	66
Rubber	3.2	3.0	6%	12.8
Oil Palm Seeds ('million)	2.3	2.4	(5%)	9.7

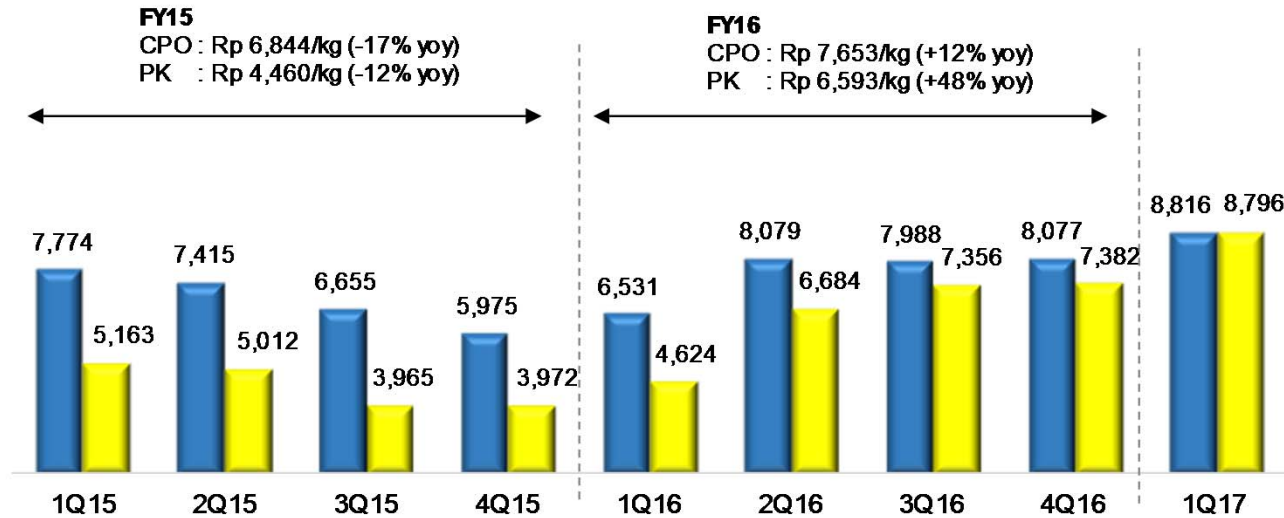
- In line with strong production in 1Q17, CPO and PK related products grew 6% and 23% yoy

Note: Sales volume before elimination of inter-segment sales

Average Selling Price (ASP) Trend

Rp/kg

CPO and PK - ASP



CPO

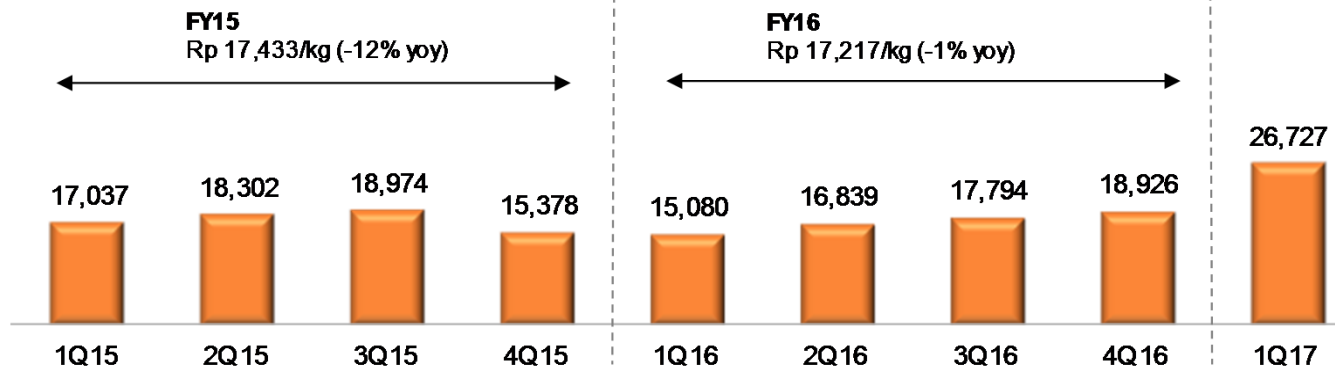
1Q17 YoY : 35%
1Q17 QoQ : 9%

PK

1Q17 YoY : 90%
1Q17 QoQ : 19%

Rp/kg

Rubber - ASP



Rubber

1Q17 YoY : 77%
1Q17 QoQ : 41%

Financial Summary

In Rp Bn	1Q17	1Q16	YoY Growth	FY16
Sales	4,401	3,147	40%	14,531
Operating profit ⁽¹⁾	618	309	100%	2,263
Gain /(loss) arising from changes in FV of biological assets	(47)	84	n/m	219
Forex gain	23	121	(81%)	94
EBITDA ⁽²⁾	959	407	136%	3,352
Net profit after tax	329	96	243%	792
Core net profit /(loss) ⁽¹⁾	345	(68)	n/m	468
Attributable profit	171	95	80%	507
EPS (fully diluted) - Rp	122	68	79%	363
Operating profit margin	14%	10%	↑	16%
EBITDA margin	22%	13%	↑	23%
Net profit margin	7%	3%	↑	5%

- Achieved a strong set of 1Q17 result on higher average selling prices of agriculture crops and higher palm production.

⁽¹⁾ Operating profit including biological asset gain/(loss)

⁽²⁾ Earnings before accounting for the effects of foreign exchange and changes in the fair value of biological asset

Segmental Results

In Rp Bn	1Q17	1Q16	YoY Growth	FY16
SALES				
Plantations	2,775	1,803	54%	9,076
Edible Oil & Fats	2,683	2,080	29%	9,609
Elimination & adjustments	(1,057)	(736)	44%	(4,154)
Total	4,401	3,147	40%	14,531
EBITDA				
Plantations	968	341	184%	3,215
<i>EBITDA %</i>	35%	19%		35%
Edible Oil & Fats	81	155	(48%)	378
<i>EBITDA %</i>	3%	7%		4%
Share of results of associate companies & JV	(43)	(53)	(18%)	(101)
Elimination & adjustments ⁽¹⁾	(47)	(36)	30%	(140)
Sub-total	959	407	136%	3,352
Net forex gain	23	121	(81%)	94
Total	983	528	86%	3,446

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

Financial Position

Balance Sheet (In Rp Bn)	31-Mar-17	31-Dec-16
TOTAL ASSETS	37,452	36,504
Cash	2,695	2,405
TOTAL LIABILITIES	16,238	15,625
Interest Bearing Debt	10,408	10,027
TOTAL EQUITY*	21,214	20,878
Net Debt / EBITDA Ratio (Annualised)	2.01x	2.27x
Net Debt / Total Equity Ratio	0.36x	0.37x
Net Assets Value per Share (in Rupiah)	8,607	8,478
Net Assets Value per Share (in SGD) **	0.90	0.89
Cash Flow (In Rp Bn)	1Q17	1Q16
Net Cash Flow generated from Operating Activities	221	262
Net Cash Flow used in Investing Activities	(334)	(531)
Net Cash Flow generated from Financing Activities	406	347
Net Decrease in Cash & Cash Equivalent	293	78
Net Effect of Changes in Forex	(3)	(19)
Cash & Cash Equivalent - Beginning	2,405	1,969
Cash & Cash Equivalent - Ending	2,695	2,028

* Total equity includes shareholders funds and minority interests

** Converted at Rp9,532/S\$1



Strategies and Expansion



Key Strategies in 2017

Upstream expansion

- Prioritising capex on 38,500 ha of oil palm immature plantings and the expansion of milling facilities for organic growth
- Expansion of milling facilities:
 - A 30MT FFB/ hour mill in South Sumatra and a 45MT FFB/ hour mill in Kalimantan, target for completion this year
 - Start a 45MT FFB/ hour mill in Kalimantan target completion in 2018
- Replanting of 3,000 ha of older palms in North Sumatra and Riau, and conversion of certain rubber estates to oil palm in East Kalimantan

Downstream expansion













- Expansion of Surabaya refinery by 1,000 MT/day, expected completion in Q4 2017 to cater for increasing demand for cooking oil and margarine brands



Appendix



Production Breakdown

		1Q17	1Q16	YoY Growth	FY16
PRODUCTION					
Mature Area	(Ha)	208,722	193,496	8%	203,501
- SIMP	(Ha)	123,840	111,734	11%	120,445
- Lonsum	(Ha)	84,882	81,761	4%	83,056
FFB	('000 MT)	1,004	865	16%	3,964
- Nucleus	('000 MT)	743	639	16%	2,981
- SIMP	('000 MT)	441	392	13%	1,758
- Lonsum	('000 MT)	302	247	22%	1,222
- External	('000 MT)	261	226	15%	983
- SIMP	('000 MT)	142	125	14%	509
- Lonsum	('000 MT)	120	113	6%	489
CPO	('000 MT)	208	186	12%	833
- SIMP	('000 MT)	113	103	10%	448
- Lonsum	('000 MT)	95	83	14%	385
PK	('000 MT)	51	44	16%	201
- SIMP	('000 MT)	24	22	8%	97
- Lonsum	('000 MT)	27	21	25%	103
PRODUCTIVITY					
FFB Yield – Nucleus	(MT/Ha)	3.6	3.3		14.6
- SIMP	(MT/Ha)	3.6	3.5		14.6
- Lonsum	(MT/Ha)	3.6	3.0		14.7
CPO Yield – Nucleus	(MT/Ha)	0.8	0.7		3.2
- SIMP	(MT/Ha)	0.8	0.8		3.1
- Lonsum	(MT/Ha)	0.8	0.7		3.4
CPO Extraction Rate	(%)	21.9	22.5		21.8
- SIMP	(%)	21.3	21.9		21.2
- Lonsum	(%)	22.7	23.2		22.5
PK Extraction Rate	(%)	5.3	5.3		5.2
- SIMP	(%)	4.6	4.8		4.6
- Lonsum	(%)	6.3	5.9		6.0

Sustainable Palm Oil Policy 2017

Our Commitments

- No deforestation and conservation of High Conservation Value and High Carbon Stock areas
- No planting on peat regardless of depth
- No burning
- Respect for Human Rights including Free Prior and Informed Consent
- Not purchasing third party palm oil that is originating from areas cleared by primary forest since 2011

Scope of Policy

- IndoAgri palm oil operations, plasma smallholders and third party CPO suppliers for our refineries, with immediate effect

Key Targets

- Achieve RSPO & ISPO certification for all our oil palm estates and plasma smallholders by the end of 2019
- All CPO suppliers to our refineries must comply with this policy, achieve ISPO certification and preference to suppliers that are also RSPO certified
- Achieve 100% sustainable and traceable palm oil sourcing by 2020

Contact Us

**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

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