

IND@FOOD AGRI RESOURCES Ltd.

COMPANY PRESENTATION 4Q 2019 RESULTS

28 FEBRUARY 2020



a subsidiary of:

Indofood
THE SYMBOL OF QUALITY FOODS

PRESENTATION OUTLINE

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3 **Appendix**

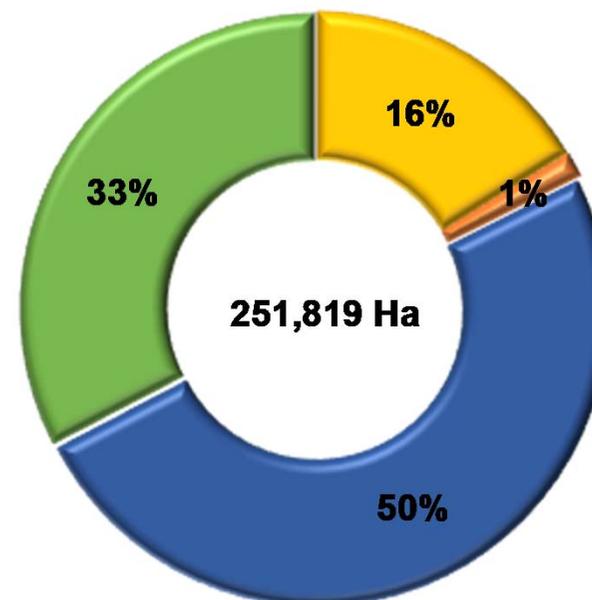
PLANTATION HIGHLIGHTS



PLANTED AREA

In Ha	31 Dec 2019	31 Dec 2018
<u>Indonesia - Inti</u>		
Planted area	302,372	301,721
Planted oil palm	251,819	251,112
- SIMP	156,182	155,073
- Lonsum	95,637	96,039
Planted other crops		
Rubber	16,796	16,678
- SIMP	851	851
- Lonsum	15,945	15,827
Sugar cane - SIMP	13,543	13,595
Others - timber, cocoa, tea	20,214	20,336
<u>Indonesia - Plasma</u>		
Oil palm	86,671	86,403
<u>Brazil</u>		
Sugar cane - CMAA	85,968	79,268

Oil palm average age ≈ 16 years



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

* For the planted sugar cane areas, 41% of owned by CMAA and 59% contracted 3rd party farmers

OIL PALM PLANTATION HIGHLIGHTS

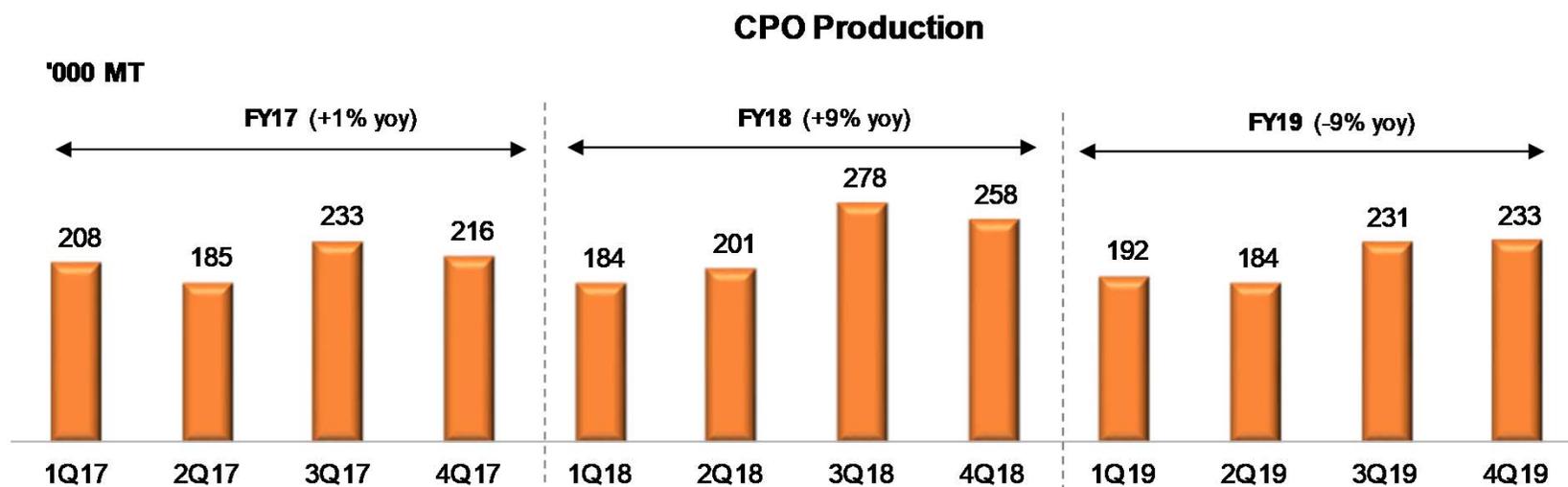
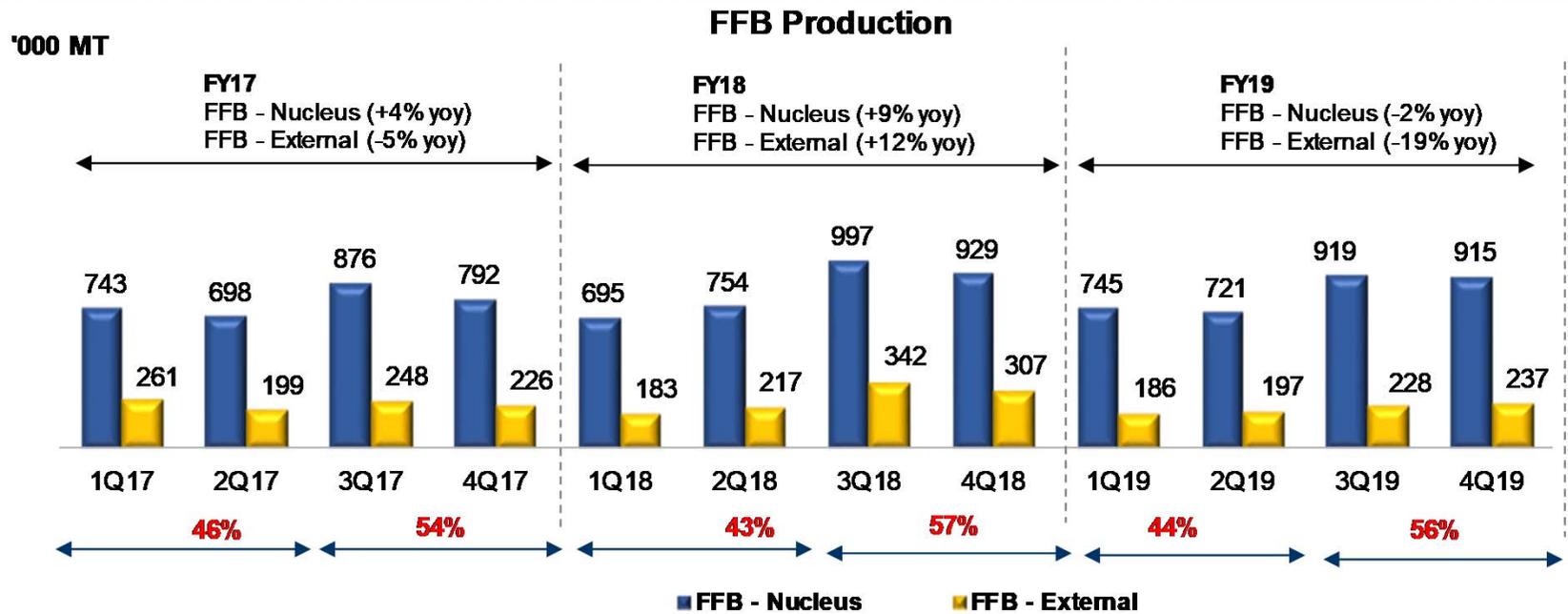
		FY19	FY18	YoY Growth	4Q19	4Q18	YoY Growth
PRODUCTION							
Mature area	(Ha)	210,548	211,707		210,548	211,707	
FFB	('000 MT)	4,148	4,424	(6%)	1,152	1,236	(7%)
- Nucleus	('000 MT)	3,300	3,375	(2%)	915	929	(2%)
- External	('000 MT)	848	1,049	(19%)	237	307	(23%)
CPO	('000 MT)	840	921	(9%)	233	258	(10%)
PK	('000 MT)	206	221	(7%)	58	62	(7%)

PRODUCTIVITY

FFB yield – Nucleus	(MT/Ha)	15.7	15.9	↓	4.3	4.4	↓
CPO yield – Nucleus	(MT/Ha)	3.4	3.5	↓	0.9	1.0	↓
CPO extraction rate	(%)	21.6	22.0	↓	21.3	21.9	↓
PK extraction rate	(%)	5.3	5.3	↔	5.3	5.2	↑

* The listed figures in the tables are rounded to the nearest thousands, but the growth % are calculated based on the exact figures

OIL PALM PRODUCTION TRENDS



SUGAR PLANTATION HIGHLIGHTS

INDONESIA	FY19	FY18	YoY Growth	4Q19	4Q18	YoY Growth
Planted area (Ha)	13,543	13,595		13,543	13,595	
Sugar cane harvested ('000 MT) ⁽¹⁾	804	649	24%	57	43	32%
Sugar production ('000 MT)	67	56	21%	6	4	46%
- South Sumatra Plantation	60	46	31%	6	4	46%
- Java (LPI's share)	7	10	(26%)	-	-	0%

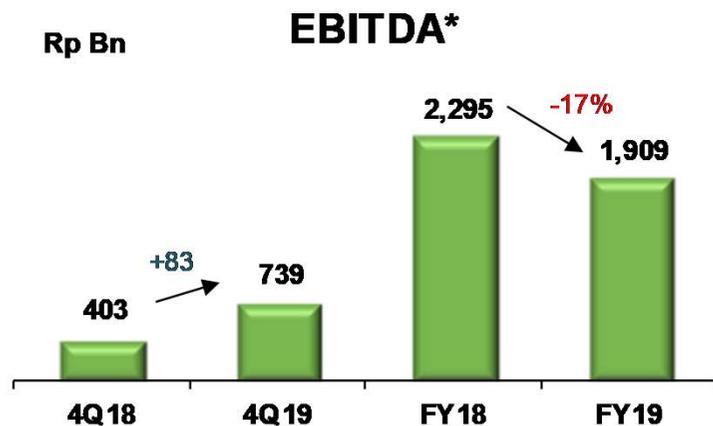
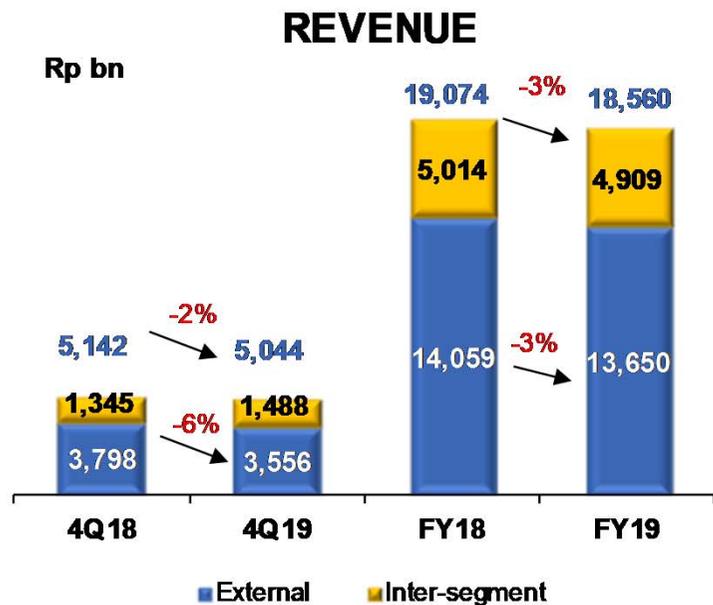
BRAZIL	Apr - Dec 19	Apr - Dec 18	YoY Growth
Planted area (Ha)	85,968	79,268	
Sugar cane harvested ('000 MT)	6,095	5,618	8%
Raw sugar production ('000 MT)	298	291	2%
Ethanol ('000 M ³)	321	290	11%

(1) Harvested cane related to Komering sugar cane plantation

A large industrial facility, likely a sugar mill, with multiple thresher machines. A worker in a white hard hat and orange shirt is in the foreground, looking at a device. The machines are labeled 'THRESHER 2', 'THRESHER 3', and 'THRESHER 4'. The facility has a high ceiling with skylights and blue railings.

FINANCIAL HIGHLIGHTS

RESULTS SUMMARY



* Earnings before interests and tax expense, depreciation and amortisation, the effects of forex and FV gain/(loss) on biological assets.

Financial Highlights

- Despite a 21% recovery in CPO prices in 4Q19, FY19 revenue declined 3% on lower selling prices for palm products and EOF products. This was partly offset by higher sales volume of PK products, sugar and EOF products.
- Group reported an improved 4Q19 result, reversing from net loss in 4Q18 to net profit of Rp4 billion on higher profit from Plantation Division.
- Reported higher net losses in FY19 on lower plantation result, but partly offset by higher profit achieved by EOF Division. FY19 also affected by higher expected credit losses for plasma receivables, impairment of assets, higher financial expenses and income tax. The decline was partly offset by biological assets gain and forex gain.

Operational Highlights

- FY19 FFB nucleus declined 2% yoy to 3,300,000 tonnes mainly due to replanting activities.
- CPO production declined 9% yoy to 840,000 tonnes on lower FFB nucleus and purchases from external.

SALES VOLUME PLANTATION

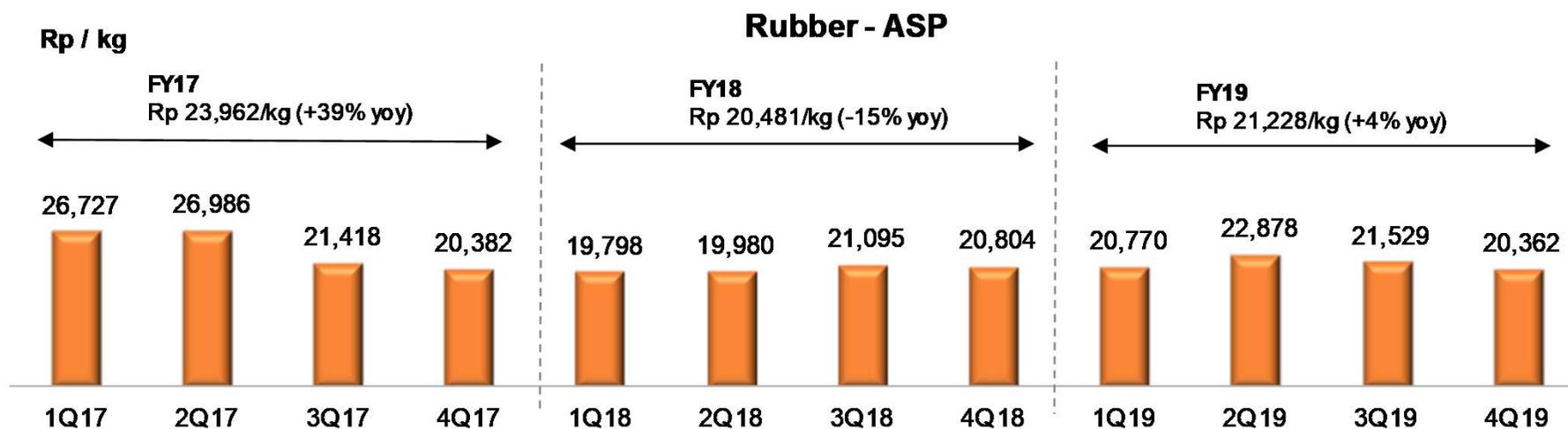
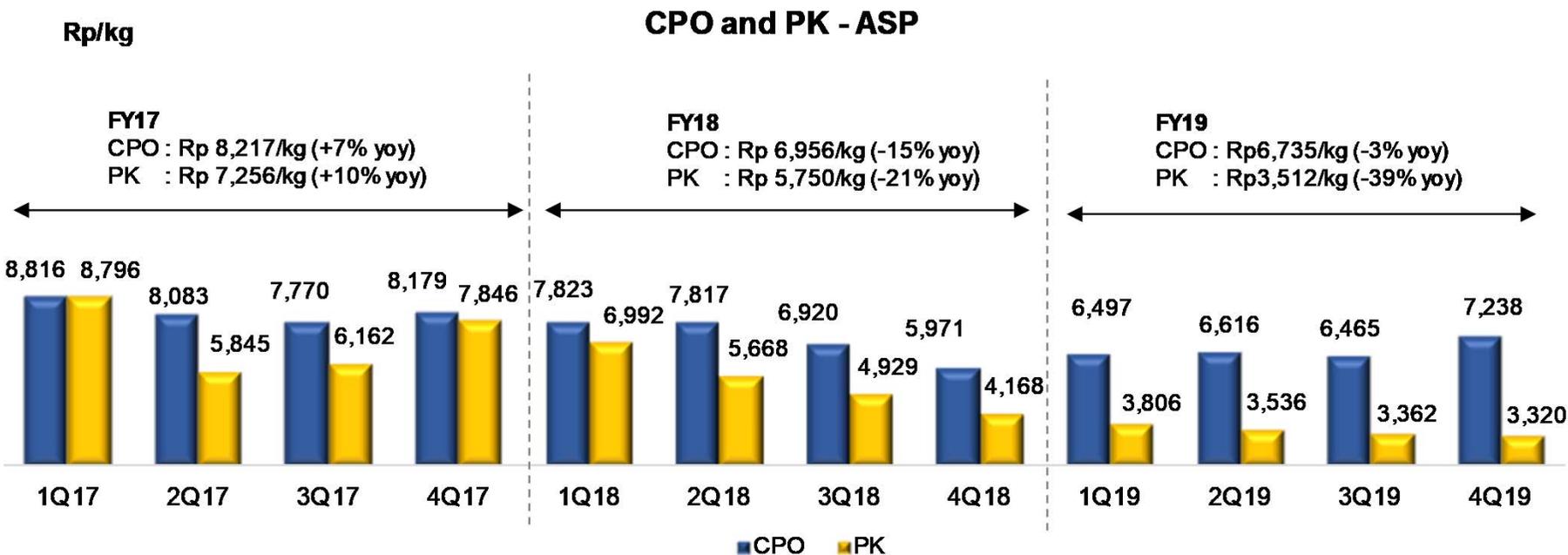
In '000 MT	FY19	FY18	YoY Growth	4Q19	4Q18	YoY Growth
CPO	882	881	0%	265	303	(13%)
PK products - PK, PKO, PKE	220	194	14%	68	56	21%
Sugar	67	57	16%	19	23	(18%)
Rubber	8.7	9.7	(11%)	2.3	2.3	(2%)
Oil palm seeds ('million)	5.5	11.3	(52%)	1.5	3.2	(52%)

- Higher CPO and PK products sales mainly due to realisation of last year end stock
- Sugar sales volume up 16% from high production
- Rubber sales volume declined in FY19 due to conversion to oil palm
- Low oil palm seeds demand was due to slowdown in new plantings, leading to 52% decline in FY19

Note: Sales volume before elimination of inter-segment sales

* The listed figures in the tables are rounded to the nearest thousands, but the growth % are calculated based on the exact figures

AVERAGE SELLING PRICE (ASP) TREND



FINANCIAL SUMMARY

	FY19	FY18	YoY Growth	4Q19	4Q18	YoY Growth
Sales	13,650	14,059	(3%)	3,556	3,798	(6%)
Gross profit	2,026	2,198	(8%)	799	433	84%
EBITDA ⁽¹⁾	1,909	2,295	(17%)	739	403	83%
Net (loss)/profit after	(710)	(427)	66%	4	(362)	n/m
Core loss ⁽²⁾	(697)	(186)	276%	(21)	(281)	(92%)
Attributable loss	(411)	(222)	85%	(11)	(212)	(95%)
EPS (fully diluted) - Rp	(295)	(159)	85%	(8)	(152)	(95%)
Gross profit margin	15%	16%	↓	22%	11%	↑
EBITDA margin	14%	16%	↓	21%	11%	↑
Net loss margin	(5%)	(3%)	↓	0%	(10%)	↑
Attributable loss margin	(3%)	(2%)	↓	(0%)	(6%)	↑

- Group reported an improved set of 4Q19 result, reversing from a loss position to net profit of Rp4 billion from a strong recovery in CPO prices.
- Incurred higher net loss in FY19 was mainly due to lower commodity prices, and further affected by higher expected credit losses for plasma receivables, impairment of assets, higher financial expenses and income tax. The decline was partly offset by biological assets gain and foreign currency gain.

⁽¹⁾ Earnings before interests and tax expense, depreciation and amortisation, the effects of forex and FV gain/(loss) on biological assets

⁽²⁾ Earnings before the effects of forex, FV gain/(loss) on biological assets and expected credit losses for plasma receivables

SEGMENTAL RESULTS

In Rp Bn	FY19	FY18	YoY Growth	4Q19	4Q18	YoY Growth
<u>Sales</u>						
Plantations	8,292	8,662	(4%)	2,582	2,557	1%
Edible oils & fats	10,268	10,411	(1%)	2,462	2,585	(5%)
Elimination & adjustments	(4,909)	(5,014)	(2%)	(1,488)	(1,345)	11%
Total	13,650	14,059	(3%)	3,556	3,798	(6%)
<u>EBITDA</u>						
Plantations	1,369	1,562	(12%)	604	111	445%
<i>EBITDA %</i>	<i>17%</i>	<i>18%</i>		<i>23%</i>	<i>4%</i>	
Edible oils & fats	645	528	22%	132	254	(48%)
<i>EBITDA %</i>	<i>6%</i>	<i>5%</i>		<i>5%</i>	<i>10%</i>	
Share of results of associate companies & JV	(51)	21	n/m	6	(44)	n/m
Elimination & adjustments ⁽¹⁾	(54)	184	n/m	(3)	82	n/m
Total	1,909	2,295	(17%)	739	403	83%

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

FINANCIAL POSITION

Balance sheet (In Rp Bn)	31-Dec-19	31-Dec-18
TOTAL ASSETS	37,613	37,514
Cash	1,787	2,229
TOTAL LIABILITIES	17,449	16,661
Interest bearing debt	11,552	11,190
TOTAL EQUITY*	20,163	20,853
Net debt / EBITDA ratio	5.34x	3.91x
Net debt / Total equity ratio	0.48x	0.43x
Net assets value per share (in Rupiah)	8,174	8,444
Net assets value per share (in SGD) **	0.79	0.82

Cash flow (In Rp Bn)	FY19	FY18	Change
Net cash flow generated from operating activities	1,617	1,152	465
Net cash flow used in investing activities	(2,589)	(2,220)	(368)
Net cash flow generated from financing activities	552	338	214
Net decrease in cash & cash equivalents	(420)	(731)	311
Net effect of changes in forex	(21)	30	(51)
Sub-total	(441)	(701)	259
Cash & cash equivalent - Beginning	2,229	2,930	(701)
Cash & cash equivalent - Ending	1,787	2,229	(441)

* Total equity includes shareholders funds and minority interests

** Converted at Rp10,321/S\$1

KEY ACHIEVEMENTS IN 2019

Plantation

- Replanted around 4,000 ha of older palms in North Sumatra and Riau with higher yielding seed varieties.
- Implemented various cost controls and initiatives to improve cost efficiency.
- The construction of the chocolate factory was completed and operational in May 2019.
- Expansion of milling facilities – completed a 45MT FFB/ hour mill in Kalimantan in September 2019.

Edible oils & fats

- Achieved positive sales volume growth
 - supported by the expanded Surabaya refinery capacity of 300,000 MT/year in Jun 2018; and
 - Competitive pricing for Bimoli and tactical promotion campaign, and capturing market share from more affordable segment through Delima as a 2nd brand.
- Reported higher profitability due to sales volume growth and lower raw material costs.

KEY STRATEGIES IN 2020

Plantation

- Replanting of older palms in North Sumatra and Riau with higher yielding seed varieties.
- Expansion of milling facilities – target completion of a 45MT FFB/ hour mill in East Kalimantan in 4Q 2020.

Edible oils & fats

- Competitive marketing strategy for Bimoli to maintain its leading brand position;
- Continue to capitalize on Delima as 2nd brand in the more affordable segment;
- Increase penetration of the premium Palmia Margarine with new and improved products; and
- Incrementally increasing capacity, to meet growing consumer demand in Indonesia.

APPENDIX



PRODUCTION BREAKDOWN

		FY19	FY18	YoY Growth	4Q19	4Q18	YoY Growth
PRODUCTION							
Mature area	(Ha)	210,548	211,707		210,548	211,707	
- SIMP	(Ha)	124,812	124,430		124,812	124,430	
- Lonsum	(Ha)	85,737	87,277		85,737	87,277	
FFB	('000)	4,148	4,424	(6%)	1,152	1,236	(7%)
- Nucleus	('000)	3,300	3,375	(2%)	915	929	(2%)
- SIMP	('000 MT)	1,834	1,859	(1%)	497	498	(0%)
- Lonsum	('000 MT)	1,466	1,516	(3%)	418	431	(3%)
- External	('000)	848	1,049	(19%)	237	307	(23%)
- SIMP	('000 MT)	562	584	(4%)	158	172	(8%)
- Lonsum	('000 MT)	286	465	(39%)	79	134	(41%)
CPO	('000)	840	921	(9%)	233	258	(10%)
- SIMP	('000 MT)	442	468	(6%)	121	128	(6%)
- Lonsum	('000 MT)	398	453	(12%)	112	130	(14%)
PK	('000)	206	221	(7%)	58	62	(7%)
- SIMP	('000 MT)	94	100	(5%)	26	27	(2%)
- Lonsum	('000 MT)	112	121	(8%)	31	35	(10%)
PRODUCTIVITY							
FFB yield – Nucleus	(MT/Ha)	15.7	15.9	↓	4.3	4.4	↓
- SIMP	(MT/Ha)	14.7	14.9	↓	4.0	4.0	↔
- Lonsum	(MT/Ha)	17.1	17.4	↓	4.9	4.9	↔
CPO yield – Nucleus	(MT/Ha)	3.4	3.5	↓	0.9	1.0	↓
- SIMP	(MT/Ha)	3.0	3.1	↓	0.8	0.8	↔
- Lonsum	(MT/Ha)	3.9	4.0	↓	1.1	1.1	↔
CPO extraction rate	(%)	21.6	22.0	↓	21.3	21.9	↓
- SIMP	(%)	20.6	21.0	↓	20.2	20.7	↓
- Lonsum	(%)	22.9	23.0	↓	22.7	23.1	↓
PK extraction rate	(%)	5.3	5.3	↔	5.3	5.2	↑
- SIMP	(%)	4.4	4.5	↓	4.4	4.4	↔
- Lonsum	(%)	6.4	6.2	↑	6.3	6.1	↑

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