

IND@FOOD AGRI RESOURCES Ltd.

Company Presentation

4Q and FY 2016 Results

28 Feb 2017



a subsidiary of:

Presentation Outline

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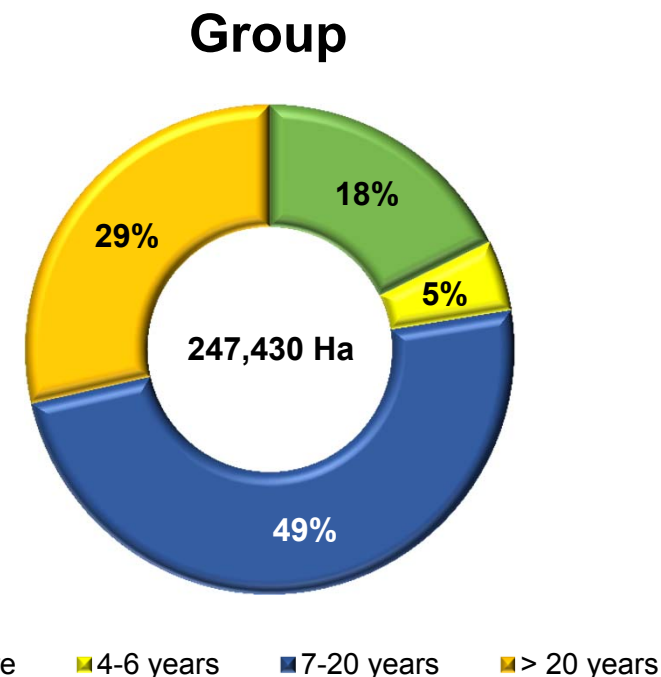
Plantation Highlights



Planted Area

In Ha	31 Dec 2016	31 Dec 2015	Change
Indonesia			
Planted Area	300,536	300,633	(97)
Planted Oil Palm⁽¹⁾	247,430	246,359	1,071⁽²⁾
- SIMP	152,799	152,340	459
- Lonsum	94,631	94,019	612
Planted Other crops	53,106	54,274	(1,168)
Rubber	20,115	21,338	(1,223) ⁽³⁾
- SIMP	3,634	4,409	(775)
- Lonsum	16,481	16,929	(448)
Sugar cane - SIMP	13,249	13,358	(109) ⁽⁴⁾
Others - timber, cocoa, tea	19,742	19,578	164
Brazil			
Sugar cane - CMAA	53,826	52,843	983
- Company-owned	26,477	25,567	910
- Third party	27,349	27,276	73

Oil Palm Average Age ≈ 14 years



(1) As at 31 Dec 2016, the Group has ≈ 87,204 Ha of planted oil palm plasma area. Where 245 Ha were new planting in FY16.

(2) FY16 oil palm new plantings were 1,025 Ha vs. 1,641 Ha in FY15. Mature area increased by 18,414 Ha in FY16.

(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.

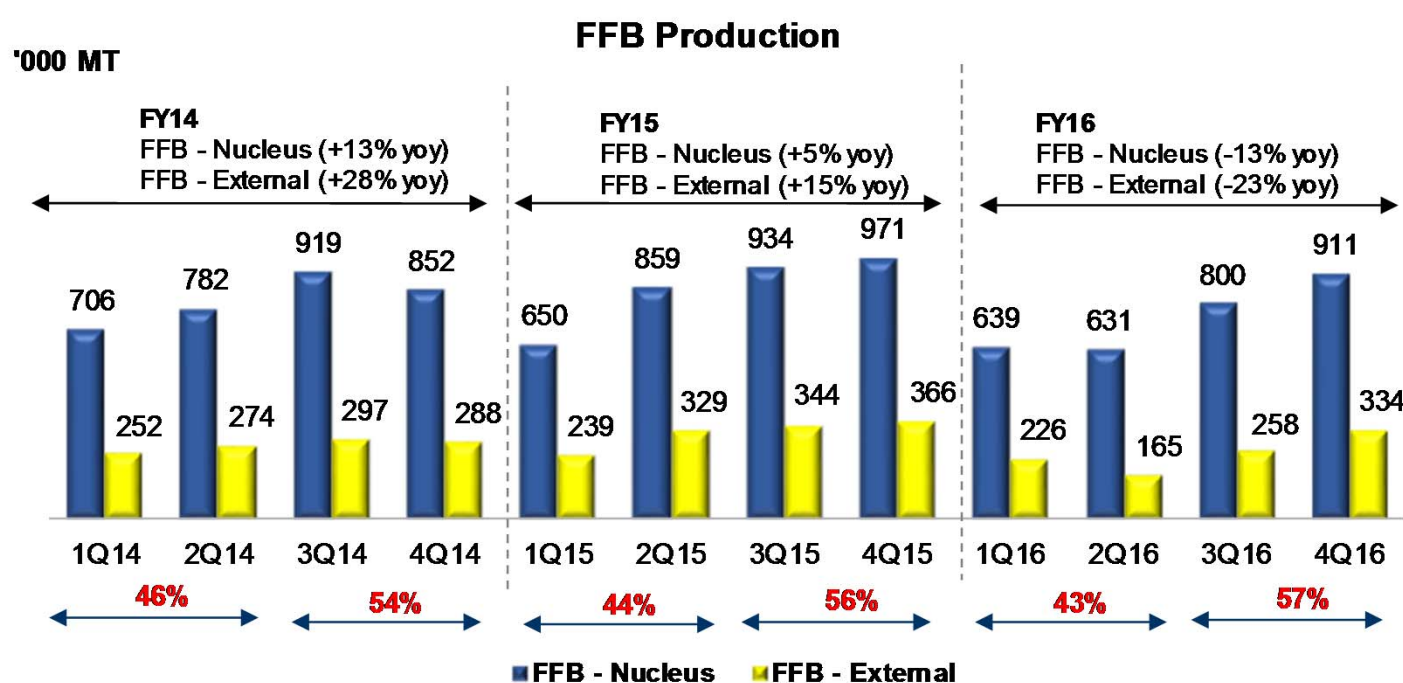
Oil Palm Plantation Highlights

		FY16	FY15	YoY Growth	4Q16	4Q15	YoY Growth	3Q16	QoQ Growth
PRODUCTION									
Mature Area	(Ha)	203,501	187,400	9%	203,501	187,400	9%	198,934	2%
FFB	('000 MT)	3,964	4,693	(16%)	1,245	1,337	(7%)	1,057	18%
- Nucleus	('000 MT)	2,981	3,414	(13%)	911	971	(6%)	800	14%
- External	('000 MT)	983	1,279	(23%)	334	366	(9%)	258	29%
CPO	('000 MT)	833	1,002	(17%)	260	283	(8%)	220	18%
PK	('000 MT)	201	235	(15%)	63	69	(7%)	53	19%
PKO, PKE	('000 MT)	40	43	(7%)	11	13	(13%)	9	25%

PRODUCTIVITY

FFB Yield – Nucleus	(MT/Ha)	14.6	18.2	↓	4.5	5.2	↓	4.0	↑
CPO Yield – Nucleus	(MT/Ha)	3.2	4.0	↓	1.0	1.1	↓	0.9	↑
CPO Extraction Rate	(%)	21.8	22.2	↓	21.7	22.1	↓	21.3	↑
PK Extraction Rate	(%)	5.2	5.2	↔	5.3	5.3	↔	5.2	↑

Oil Palm Production Trends



Growth

FFB - Nucleus

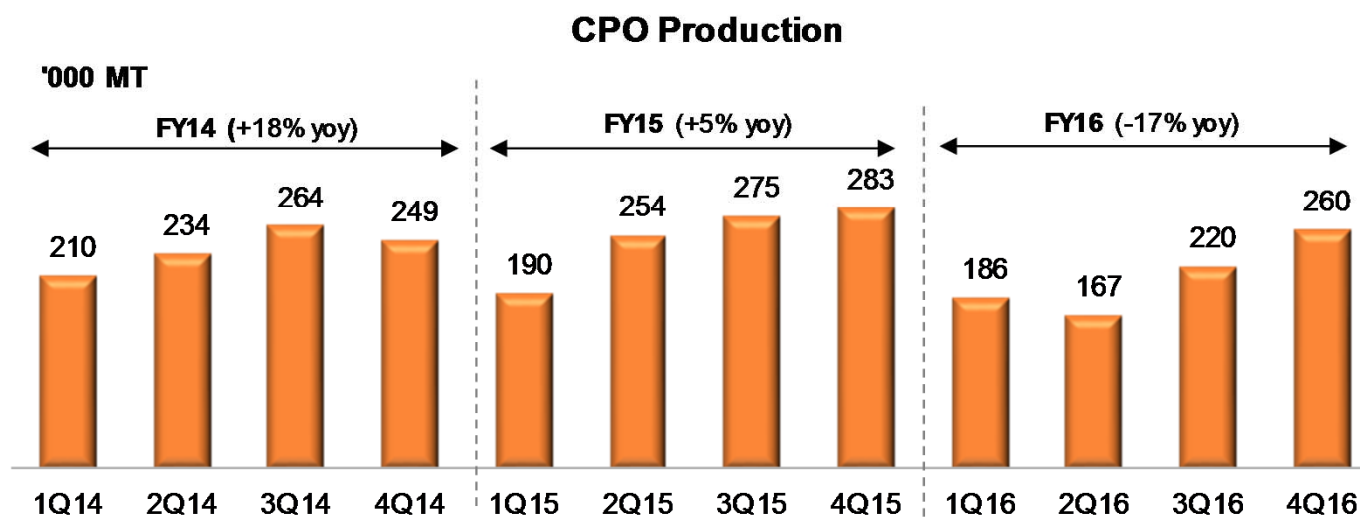
FY16 YoY : (13%)
 4Q16 YoY : (6%)
 4Q16 QoQ : 14%

FFB - External

FY16 YoY : (23%)
 4Q16 YoY : (9%)
 4Q16 QoQ : 29%

CPO

FY16 YoY : (17%)
 4Q16 YoY : (8%)
 4Q16 QoQ : 18%



Sugar Plantation Highlights

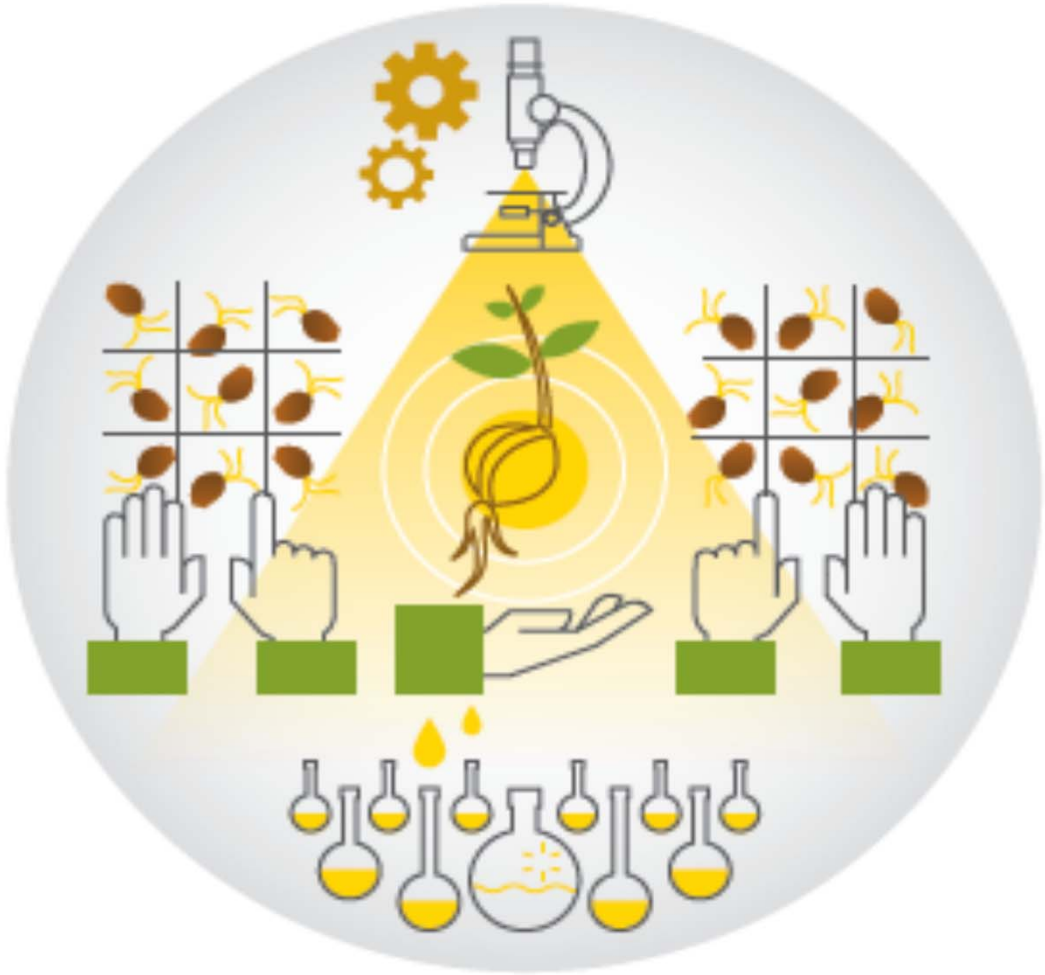
INDONESIA	FY16	FY15	YoY Growth	4Q16	4Q15	YoY Growth
Planted Area (Ha)	13,249	13,358	(1%)	13,249	13,358	(1%)
Sugar Cane Harvested ('000 MT) ⁽¹⁾	861	746	15%	217	32	n/m
Sugar Production ('000 MT)	64.6	68.0	(5%)	14.4	3.6	301%
- South Sumatra Plantation	58.0	58.2	(0%)	13.5	3.1	336%
- Java (LPI's share)	6.6	9.8	(32%)	0.9	0.5	82%

BRAZIL	Apr 16- Dec 16	Apr 15- Dec 15	YoY Growth
Planted Area (Ha) ⁽²⁾	53,826	52,843	2%
Sugar Cane Harvested ('000 MT)	3,690	3,703	(0%)
Raw Sugar Production ('000 MT)	266	237	12%
Ethanol ('000 M ³)	136	149	(9%)

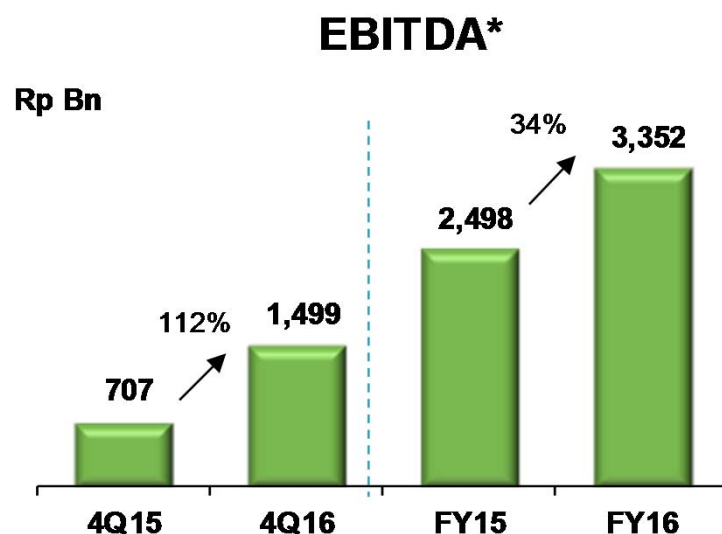
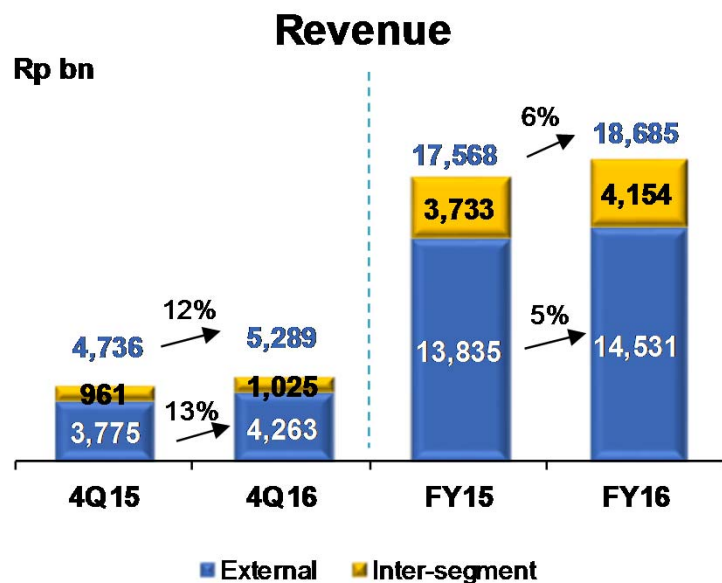
(1) Harvested cane related to Komering sugar cane plantation. This year harvesting season ended in Dec 2016

(2) Of the 53,826 Ha planted sugar cane, 49% owned by CMAA and 51% belonged to 3rd party farmers

Financial Highlights



Results Summary



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

Financial Highlights

- Despite weaker production from the effects of El-Nino in 2015, revenue grew 13% in 4Q16 and 5% in FY16 mainly due to recovery of commodity prices and higher edible oil sales
- EBITDA grew 112% in 4Q16 and 34% in FY16 on higher gross profit, higher other operating income and lower losses from a joint venture, CMAA.
- 4Q16 attributable profit was Rp223 billion, up 14% yoy mainly on higher gross profit and other operating income, but partly offset by foreign exchange losses. FY16 attributable profit improved from a net loss position to Rp507 billion on higher gross profit, lower loss from CMAA, higher biological assets gains and foreign currency gains.

Operational Highlights

- Lower production in FY16 mainly due to the effects of the El-Nino in the second half of 2015.
- FY16 FFB nucleus and CPO production decreasing 13% and 17% yoy to 2,981,000 tonnes and 833,000 tonnes respectively.

Sales Volume

In '000 MT	FY16	FY15	YoY Growth	4Q16	4Q15	YoY Growth	3Q16	QoQ Growth
Plantation*								
CPO	826	982	(16%)	239	309	(23%)	198	21%
PK, PKO, PKE	194	230	(16%)	59	69	(15%)	46	27%
Sugar	66	67	(2%)	17	24	(32%)	31	(47%)
Rubber	12.8	16.1	(20%)	3.3	3.8	(14%)	3.4	(3%)
Oil Palm Seeds ('million)	9.7	10.4	(7%)	2.3	3.2	(29%)	1.1	108%

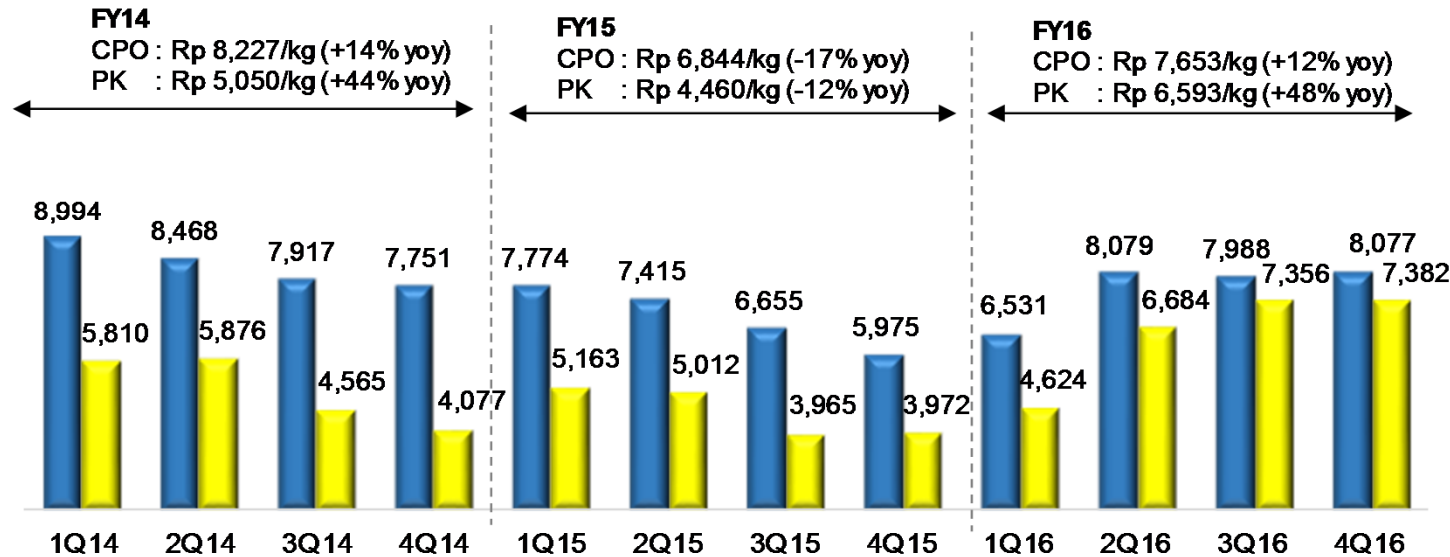
- Group reported lower sales volume of CPO and PK related products, which affected by weaker production.
- FY16 sugar sales volume came in close to a year ago.
- Lower rubber sales volume was in line with lower production due to replanting in progress.
- Group reported weak demand for oil palm seeds in 4Q16, down 29% yoy. FY16 ended at 9.7 million, a 7% decline over FY15.

* Before elimination of inter-segment sales

Average Selling Price (ASP) Trend

Rp/kg

CPO and PK - ASP



Growth

CPO

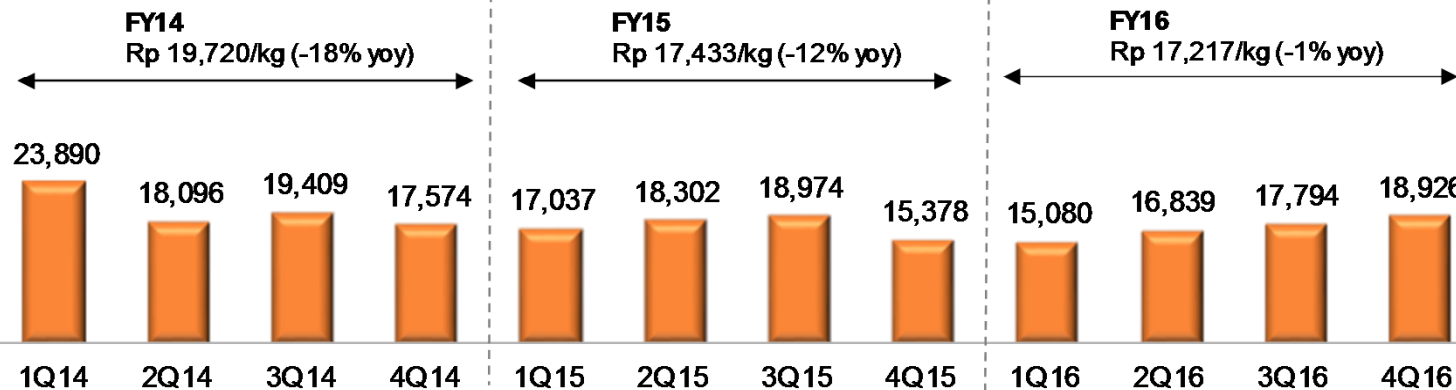
FY16 YoY : 12%
 4Q16 YoY : 35%
 4Q16 QoQ : 1%

PK

FY16 YoY : 48%
 4Q16 YoY : 86%
 4Q16 QoQ : 0%

Rp / kg

Rubber - ASP



Rubber

FY16 YoY : (1%)
 4Q16 YoY : 23%
 4Q16 QoQ : 6%

Financial Summary

In Rp Bn	FY16	FY15 (Restated)	YoY Growth	4Q16	4Q15 (Restated)	YoY Growth	3Q16	QoQ Growth
	Sales	14,531	13,835	5%	4,263	3,775	13%	3,552
Operating profit ⁽¹⁾	2,263	901	151%	1,166	635	84%	558	109%
Gain /(loss) arising from changes in FV of biological assets	219	9	n/m	99	41	143%	25	295%
EBITDA ⁽²⁾	3,352	2,498	34%	1,499	707	112%	912	64%
Net profit /(loss) after tax	792	37	n/m	492	284	73%	182	171%
Core net profit /(loss) ⁽³⁾	468	271	73%	417	97	331%	130	221%
Attributable profit /(loss)	507	(48)	n/m	223	195	14%	159	40%
EPS (fully diluted) - Rp	363	(34)	n/m	159	138	15%	114	39%
Operating profit margin	16%	7%	↑	27%	17%	↑	16%	↑
EBITDA margin	23%	18%	↑	35%	19%	↑	28%	↑
Net profit margin	5%	0%	↑	12%	(7%)	↑	5%	↑
Attributable profit margin	3%	(0%)	↑	5%	5%	↔	4%	↑

- Achieved a strong 4Q16 result on strong recovery of commodity prices with core profit up 331% over 4Q15. Likewise FY16 core profit also up strongly by 73% on higher operating profit and improved result from CMAA.

(1) Operating profit including biological asset gains/(losses)

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

(3) Earnings before accounting for the effects of foreign exchange, changes in the fair value of biological assets and one-off gain.

* The restated figures were related to the amendments FRS 16 and FRS 41 Agriculture- Bearer Plants.

Segmental Results

In Rp Bn	FY16 (Restated)	FY15	YoY Growth	4Q16 (Restated)	4Q15	YoY Growth	3Q16	QoQ Growth
Sales								
Plantations	9,076	9,149	(1%)	2,796	2,560	9%	2,455	14%
Edible Oil & Fats	9,609	8,419	14%	2,492	2,176	15%	2,342	6%
Elimination & Adjustments	(4,154)	(3,733)	11%	(1,025)	(961)	7%	(1,245)	(18%)
Total	14,531	13,835	5%	4,263	3,775	13%	3,552	20%

EBITDA

Plantations	3,215	2,428	32%	1,410	659	114%	901	57%
<i>EBITDA %</i>	35%	27%		50%	26%		37%	
Edible Oil & Fats	378	347	9%	89	93	(4%)	37	140%
<i>EBITDA %</i>	4%	4%		4%	4%		2%	
Share of results of associate companies & JV	(101)	(232)	(57%)	10	(36)	(127%)	28	(65%)
Elimination & Adjustments ⁽¹⁾	(140)	(45)	n/m	(11)	(8)	n/m	(53)	n/m
Sub-total	3,352	2,498	34%	1,499	707	112%	912	64%
Net Forex Gains/(Losses)	94	(290)	n/m	(97)	192	n/m	40	(340%)
Total	3,446	2,208	56%	1,402	899	56%	953	47%

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

* The restated figures were related to the amendments FRS 16 and FRS 41 Agriculture - Bearer Plants.

Financial Position

Balance Sheet (In Rp Bn)	31-Dec-16	31-Dec-15 (Restated)	31-Dec-15 (As Stated)
TOTAL ASSETS	36,504	35,287	40,720
Cash	2,405	1,969	1,969
TOTAL LIABILITIES	15,625	15,107	16,474
Interest Bearing Debt	10,027	10,141	10,141
TOTAL EQUITY*	20,878	20,180	24,246
Net Debt / EBITDA Ratio	2.27x	3.27x	3.27x
Net Debt / Total Equity Ratio	0.37x	0.40x	0.34x
Net Assets Value per Share (in Rupiah)	8,484	8,081	10,309
Net Assets Value per Share (in SGD) **	0.91	0.87	1.06

Cash Flow (In Rp Bn)	FY16	FY15	Change
Net Cash Flow generated from Operating Activities	2,069	1,546	523
Net Cash Flow used in Investing Activities	(1,624)	(3,170)	1,546
Net Cash Flow generated from Financing Activities	2	(40)	42
Net Decrease in Cash & Cash Equivalents	447	(1,664)	2,111
Net Effect of Changes in Forex	(11)	47	(58)
Sub-total	436	(1,617)	2,052
Cash & Cash Equivalent - Beginning	1,969	3,586	(1,617)
Cash & Cash Equivalent - Ending	2,405	1,969	436

* Total equity includes shareholders funds and minority interests

** Converted at Rp9,299/S\$1

Strategies and Expansion



Achievement in 2016

Plantation

- Achieved oil palm new planting of 1,025 ha, and replanted 1,970 ha older palm in North Sumatra and Riau
- Started the construction works for 2 new mills - 30MT FFB/ hour in South Sumatra and 45MT FFB/ hour in Kalimantan, target for completion in 2017
- Diversification and expansion of business operations
 - Acquired a tea plantation, PT Pasir Luhur which owns around 900 ha of tea plantation in West Java
 - Entered into a joint venture with Daitocacao Co., Ltd. In Japan to manufacture and market chocolate products in Indonesia.

Downstream Refinery

- Achieved strong sales volume growth on competitive pricing and tactical promotion campaign
- Refreshed the packaging design of Bimoli Klasik and introduced Palmia Garlic to improve market penetration

Others

- Sustainability
 - Included as one of 24 companies in the SGX Sustainability Leaders Index
 - Achieved higher RSPO and ISPO certified CPO of 388,000 MT and 255,000 MT, representing 47% and 31% of total production in 2016

Key Strategies in 2017

Upstream expansion

- Prioritising capex on 44,000 ha of oil palm immature plantings and the expansion of milling facilities for organic growth
- Expansion of milling facilities:
 - ❑ 30MT FFB/ hour in South Sumatra and 45MT FFB/ hour in Kalimantan, target for completion this year
 - ❑ Start a new 45MT FFB/ hour in Kalimantan target for 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 4Q 2017 to cater for increasing demand for cooking oil and margarine brands

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

Appendix



Production Breakdown

		FY16	FY15	YoY Growth	4Q16	4Q15	YoY Growth	3Q16	QoQ Growth
PRODUCTION									
Mature Area	(Ha)	203,501	187,400	9%	203,501	187,400	9%	198,934	2%
- SIMP	(Ha)	120,445	108,744	11%	120,445	108,744	11%	115,608	4%
- Lonsum	(Ha)	83,056	78,656	6%	83,056	78,656	6%	83,327	(0%)
FFB	('000 MT)	3,964	4,693	(16%)	1,245	1,337	(7%)	1,057	18%
- Nucleus	('000 MT)	2,981	3,414	(13%)	911	971	(6%)	800	14%
- SIMP	('000 MT)	1,758	2,017	(13%)	504	573	(12%)	473	7%
- Lonsum	('000 MT)	1,222	1,397	(12%)	407	398	2%	326	25%
- External	('000 MT)	983	1,279	(23%)	334	366	(9%)	258	29%
- SIMP	('000 MT)	509	657	(23%)	157	196	(20%)	133	18%
- Lonsum	('000 MT)	489	677	(28%)	179	178	1%	126	42%
CPO	('000 MT)	833	1,002	(17%)	260	283	(8%)	220	18%
- SIMP	('000 MT)	448	526	(15%)	129	153	(15%)	120	7%
- Lonsum	('000 MT)	385	476	(19%)	131	130	0%	100	31%
PK	('000 MT)	201	235	(15%)	63	69	(7%)	53	19%
- SIMP	('000 MT)	97	112	(13%)	27	33	(17%)	27	3%
- Lonsum	('000 MT)	103	123	(16%)	36	36	1%	27	35%
PRODUCTIVITY									
FFB Yield – Nucleus	(MT/Ha)	14.6	18.2	↓	4.5	5.2	↓	4.0	↑
- SIMP	(MT/Ha)	14.6	18.6	↓	4.2	5.3	↓	4.1	↑
- Lonsum	(MT/Ha)	14.7	17.8	↓	4.9	5.1	↓	3.9	↑
CPO Yield – Nucleus	(MT/Ha)	3.2	4.0	↓	1.0	1.1	↓	0.9	↑
- SIMP	(MT/Ha)	3.1	4.0	↓	0.9	1.1	↓	0.8	↑
- Lonsum	(MT/Ha)	3.4	4.1	↓	1.1	1.1	↔	0.9	↑
CPO Extraction Rate	(%)	21.8	22.2	↓	21.7	22.1	↓	21.3	↑
- SIMP	(%)	21.2	21.5	↓	21.2	21.6	↓	20.7	↑
- Lonsum	(%)	22.5	22.9	↓	22.3	22.6	↓	22.1	↑
PK Extraction Rate	(%)	5.2	5.2	↔	5.3	5.3	↔	5.2	↑
- SIMP	(%)	4.6	4.6	↔	4.5	4.6	↓	4.6	↓
- Lonsum	(%)	6.0	6.0	↔	6.1	6.2	↓	5.9	↑

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