

The Story Behind the Numbers

ARE WE THERE YET?

Singapore, 11 August 2023 – Mainboard-listed Bumitama Agri Ltd. (“Bumitama” or “The Group”), one of the leading oil palm plantations in Indonesia with crude palm oil (“CPO”) and palm kernel (“PK”) as its key products, has released its financial performance results for the six months ending in June 2023.

Accelerated performance was the silver lining for Bumitama in the most recent quarter (“2Q23”). It was an inflection point for the Group as key performance metrics showed significant improvement across the board, over the previous quarter figures.

Revenue, net profit, and EBITDA in 2Q23 have progressed by 9%, 77%, and 99% respectively, versus the first quarter 2023 (“1Q23”). Primary drivers are attributable to higher quarterly volumes, as harvesting activities gather pace within Bumitama estates – amid the mini peak cycle period – while average selling price of CPO strengthens by 1% QoQ, to reach IDR 11,756 per kg in 2Q23, despite the 10% drop in market price of palm oil in MDEX which averaged MYR 3,585 per ton in 2Q23.

Production volume of CPO soars 34% QoQ to reach 314,759 tons in 2Q23. It is supported by 29% rise in FFB yield and 0.5 percentage point increase in oil extraction rates, improving from 22.1% in 1Q23 to 22.6% in 2Q23, and averaged 22.4% in the first semester of 2023 (“1H23”).

“Are we there yet?” is a typical question asked by children during family road trips. It is usually associated with the feeling of eagerness when expecting something wonderful to happen soon. In more ways than one, it is similar to the anticipation of when the Fed will end their rate hikes and start cutting rates. Although there is currently a split of view, more and more economists seem convinced that the recent 25-basis points hike by the Fed in late July should be the final one in this cycle as inflation plunged to 3% annual rate last June, versus the high of 9% in the same month last year.

The same goes with the price outlook of palm oil commodity among industry experts. While it had been a solid agreement early this year that average price in 2023 would decline from last year’s record of around MYR 5,000 per ton, there is currently a split view between sliding further and a rebound in 2024. The later is due to increasingly tight industry supply dynamics.

For Bumitama, we are increasingly confident that the low cycle is behind us and production proportion in the second half of 2023 will be the bigger share of the year. Hence, the robust performance in the 2Q23 period could serve as the transition towards a more supportive environment, after having gone through soft performance in the previous two quarters which were dominated by subdued output, falling palm oil price, and elevated cost pressure from fertilizer.

Meanwhile, the world is burning up under extreme heat waves as record temperatures continue to be recorded across cities like Tokyo, Rome, and Phoenix. June was already the hottest on record, and more than two handful of the hottest days of the year were in July. The likelihood of El Niño arriving later this year could provide further upside surprise on commodity prices, clouding the already tight supply dynamics.

** Net profit stated above is attributable to Owners of the Company and QoQ refers to comparison between 2Q23 and 1Q23 periods*



INVESTOR CIRCULAR

The Numbers

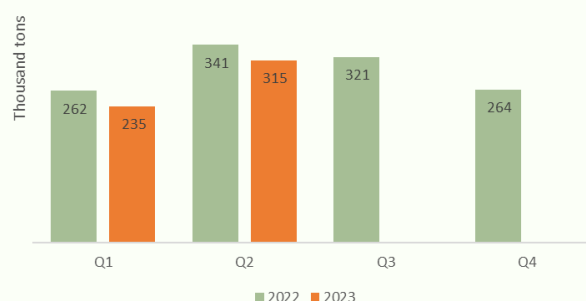
Production Highlight

	Unit	2Q23	2Q22	YoY	1H23	1H22	YoY
FFB Nucleus	ton	679,217	769,319	-11.7%	1,197,594	1,365,628	-12.3%
FFB Plasma	ton	296,063	339,286	-12.7%	523,271	595,418	-12.1%
FFB Yield	ton/ha	5.3	6.1	↓	9.4	10.8	↓
FFB External	ton	417,437	425,782	-2.0%	739,811	743,049	-0.4%
CPO Production	ton	314,759	341,304	-7.8%	549,643	603,034	-8.9%
OER	%	22.6%	22.3%	↑	22.4%	22.4%	↔
PK Production	ton	63,866	71,936	-11.2%	111,563	127,955	-12.8%

FFB - Internal Production



CPO Production

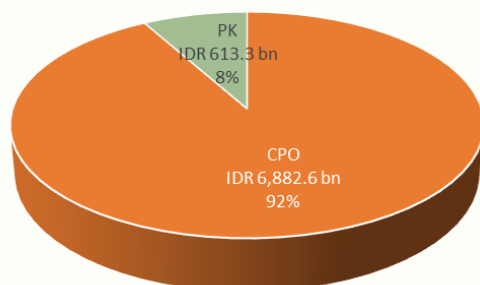


Financial Highlight

	Unit	2Q23	2Q22	YoY	1H23	1H22	YoY
Revenue	IDR million	3,900,763	5,068,797	-23.0%	7,495,925	8,968,347	-16.4%
Gross profit	IDR million	1,342,413	2,271,619	-40.9%	2,153,667	3,772,241	-42.9%
Gross margin	%	34.4%	44.8%	↓	28.7%	42.1%	↓
Net profit*	IDR million	759,769	1,305,716	-41.8%	1,188,885	2,178,739	-45.4%
Net margin	%	19.5%	25.8%	↓	15.9%	24.3%	↓
EBITDA	IDR million	1,369,286	2,298,051	-40.4%	2,056,659	3,772,868	-45.5%
EBITDA margin	%	35.1%	45.3%	↓	27.4%	42.1%	↓

*Net profit attributable to Owners of the Company

Revenue



Sales Volume

