



Growth • Excellence • Integrity

Kencana Agri Limited



**1Q2018
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 : 2
Total Capacity :
5,750 MT

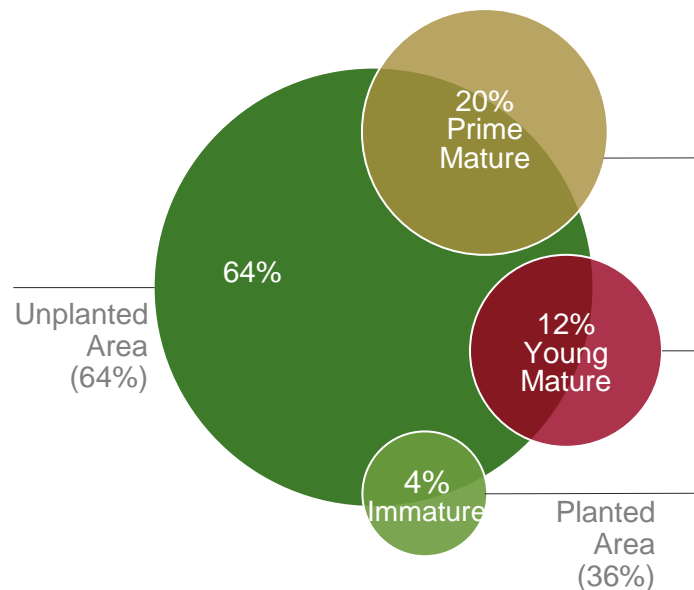


Biomass Power Plant - 2
Total Capacity : 13.5 MW

Significant Land Bank for Future Planting



Total Land Bank 187,460 ha* (Nucleus + Plasma)



Land Bank (ha)	Planted Area (ha)	%	Unplanted Area (ha)	%	Total (ha)	%
Nucleus	53,638	32	112,368	68	166,006	100
Plasma	14,295	67	7,159	33	21,454	100
Total	67,933	36	119,527	64	187,460	100



* Subject to final measurement

Where We Are...



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

Operational Performance

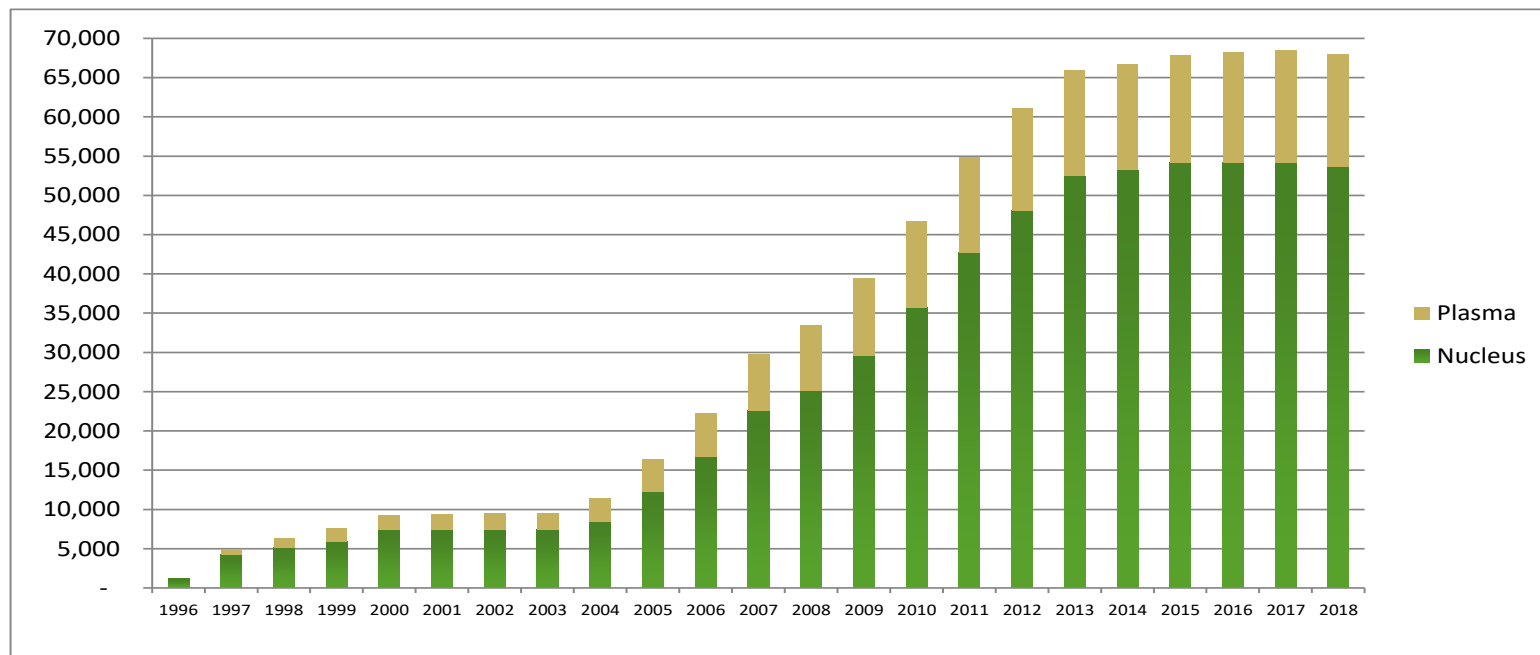


Production Highlights	1Q 2018	1Q 2017	Change
FFB Production (MT)	142,027	163,112	-12.9%
- Nucleus	109,271	128,311	-14.8%
- Plasma	32,756	34,801	-5.9%
FFB Processed (MT)	136,519	153,361	-11.0%
- Nucleus	98,210	119,430	-17.8%
- Plasma	31,166	33,658	-7.4%
- External Parties	7,143	273	n.m.
Oil Extraction rates (%)			
- CPO	20.7%	20.5%	+0.2pp
- CPKO	-	43.6%	n.m.
Oil Production (MT)			
- CPO (MT)	28,236	31,378	-10.0%
- CPKO (MT)	-	865	n.m.
FFB Yield (MT/ha) – Nucleus	2.3	3.0	-23.3%

Operational Performance



Development of Kencana's planted area (Nucleus + Plasma)



Phase 1

Phase 2

Phase 3

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

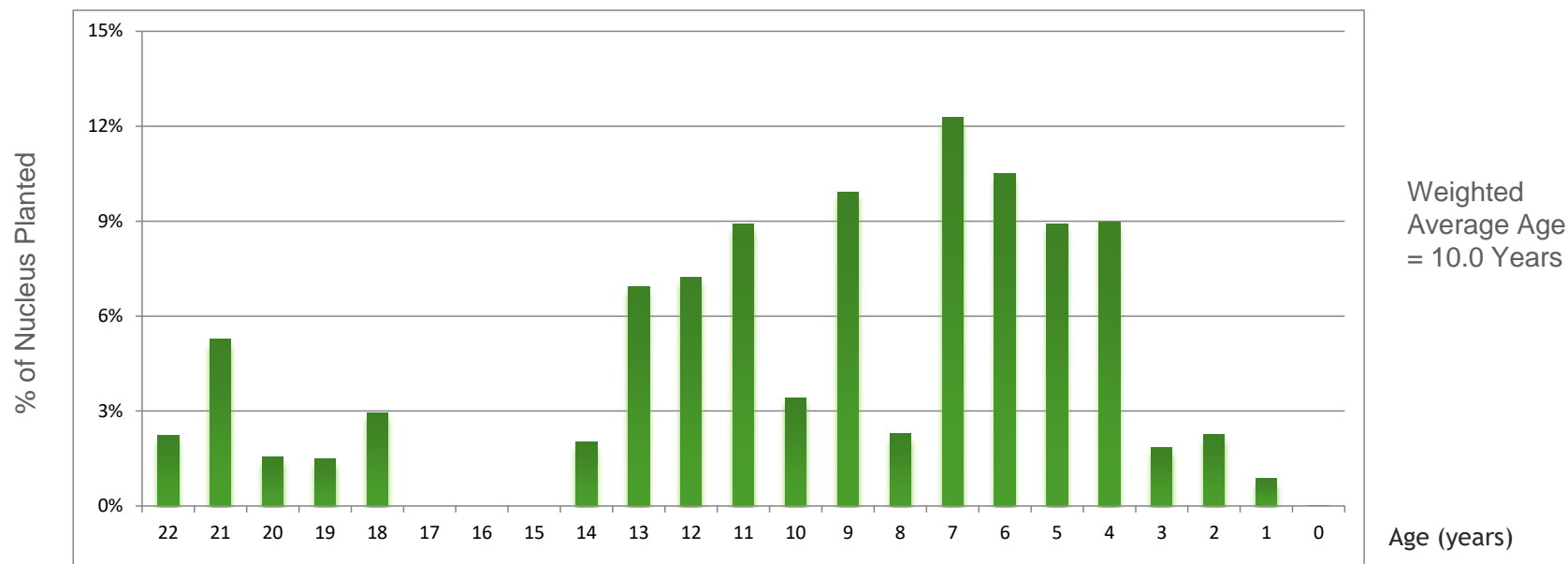
Phase 3

Started in 2011 in Sulawesi.

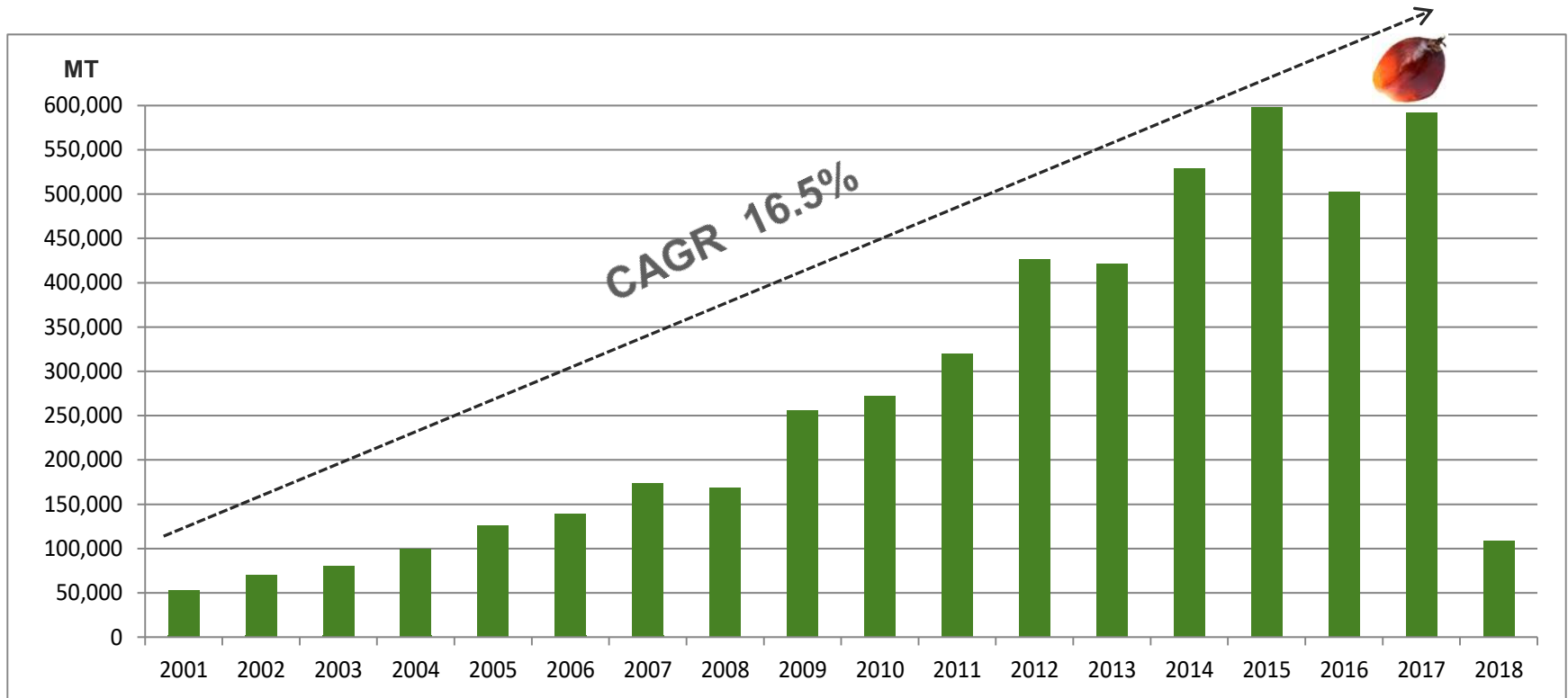
AGE PROFILE

	Immature	%	Young Mature	%	Prime Mature	%	Total	%
Nucleus	6,305	12	19,249	36	28,084	52	53,638	100
Plasma	937	6	3,836	27	9,522	67	14,295	100
Total	7,242	11	23,085	34	37,606	55	67,933	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	1Q 2018	1Q 2017	Change
Sales Volume (MT)			
- CPO	39,273	46,683	-15.9%
- CPKO	-	1,250	n.m.
Sales Revenue (US\$'000)			
- CPO	23,533	31,854	-26.1%
- CPKO	-	1,662	n.m.
- OTHERS*	4,457	6,312	-29.4%
Average Selling Price (US\$)			
- CPO	599	682	-12.2%
- CPKO	-	1,329	n.m.

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

Financial Performance



Income Statement Highlights (US\$'000)

1Q 2018 1Q 2017 Change

Revenue	27,990	39,828	-29.7%
Gross profit	112	10,783	-99.0%
Operating (loss)/profit	(3,143)	8,446	n/m
(Loss)/profit before tax	(11,895)	5,882	n/m
(Loss)/profit for the year	(9,846)	4,261	n/m
EBITDA	(2,992)	13,229	n/m
Gross margin (%)	0.4	27.1	-26.7pp
Net profit margin (%)	-35.2	10.7	n/m
EBITDA margin (%)	-10.7	33.2	n/m

n/m: not meaningful

Financial Performance



Balance Sheet Highlights (US\$'000)	As at 31 Mar 2018	As at 31 Dec 2017	Change
Current Assets	72,642	78,310	-7.2%
Non-current Assets	312,153	312,955	-0.3%
Total Assets	384,795	391,265	-1.7%
Current Liabilities	112,362	97,413	+15.4%
Non-current Liabilities	234,337	245,282	-4.5%
Total Liabilities	346,699	342,695	+1.2%
Shareholders' Equity	38,096	48,570	-21.6%
Net Debt/Equity Ratio (%)	730.9	563.1	+167.8pp
Net Debt/Total Assets (%)	72.4	69.9	+2.5pp
Net Debt/EBITDA (x)	(93.1)	20.7	n/m
EBITDA/Interest Expense (x)	(0.6)	2.6	n/m

n/m: not meaningful

Financial Performance



Cash Flow (US\$'000)	1Q 2018	1Q 2017	Change
Cash at beginning of year	16,692	12,157	+37.3%
Net cash from operating activities	1,622	6,612	-75.5%
Net cash used in investing activities	(4,132)	(1,620)	+155.1%
Net cash used in financing activities	(912)	(11,959)	-92.4%
Net decrease in cash	(3,422)	(6,967)	-50.9%
Cash at end of year	13,270	5,190	+155.7%



Thank You

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