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IndoAgri posted a net loss in 2Q19 on weak commodity prices

HIGHLIGHTS:

- **Weak commodity prices continued to affect negatively the performance of the Group's plantation operations**
- **Revenue down 7% in 2Q19 mainly due to lower selling prices**
- **EOF Division performed well with higher sales volume and lower CPO purchase cost**
- **Reported a net loss of Rp393 billion (S$38 million) in 2Q19 on weak plantation results**

SINGAPORE –31 July 2019 – SGX Mainboard-listed IndoAgri (the "**Group**"), a diversified and integrated from agribusiness group and manufacturer of leading brands of edible oils and fats products in Indonesia, reported lower revenue of 7% in 2Q19 and came in close to 1H19 compared to the same periods in 2018. This was mainly due to lower contribution from Plantation Division on lower selling prices of palm products. This was partly offset by higher sales contribution from EOF division.

Weak commodity prices continued to affect negatively the performance of the Group's plantation operations, which resulted in net losses of Rp393 billion in 2Q19 compared to Rp23 billion in 2Q18. On year-to-date basis, net losses widened to Rp523 billion compared to Rp46 billion in 1H18.

	Rp' billion						S$' million [1]			
	2Q19	**2Q18**	**▲%**	**1H19**	**1H18**	**▲%**	**2Q19**	**2Q18**	**1H19**	**1H18**
Revenue	**3,143**	**3,366**	**(7)**	**6,502**	**6,556**	**(1)**	**301**	**322**	**623**	**628**
Gross profit	170	506	(66)	631	1,152	(45)	16	48	60	110
Gross margin (%)	*5.4%*	*15.0%*		*9.7%*	*17.6%*		*5.4%*	*15.0%*	*9.7%*	*17.6%*
EBITDA [2]	**164**	**551**	**(70)**	**583**	**1,168**	**(50)**	**16**	**53**	**56**	**112**
EBITDA margin (%)	*5.2%*	*16.4%*		*9.0%*	*17.8%*		*5.2%*	*16.4%*	*9.0%*	*17.8%*
Net loss after tax	(393)	(99)	297	(523)	(46)	n/m	(38)	(9)	(50)	(4)
Core (loss)/ profit after tax[3]	**(393)**	**(23)**	**n/m**	**(543)**	**72**	**n/m**	**(38)**	**(2)**	**(52)**	**(7)**
Attributable loss	**(217)**	**(69)**	**216**	**(274)**	**(19)**	**n/m**	**(21)**	**(7)**	**(26)**	**(2)**
EPS (fully diluted) - Rp/S$ cents	(155)	(49)	216	(197)	(14)	n/m	(1.5)	(0.5)	(1.9)	(0.1)

n.m. denotes "Not Meaningful"

[1] Income Statement and Balance Sheet items are converted at exchange rates of Rp10,443/S$1 and Rp10,446 /S$1, respectively
[2] Earnings before interests and tax expense, depreciation and amortisation, the effects of foreign exchange, and fair value gain/(loss) of biological assets
[3] Earnings before the accounting for the effects of foreign exchange, fair value gain/ (loss) on biological assets and changes in amortised cost of plasma receivables

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Plantation Division's revenue declined 19% in 2Q19 mainly attributable to lower selling prices of palm products and lower sales volume of CPO. Despite higher sales volume of palm products in 1H19, plantation sales declined 10% reflecting mainly lower average selling prices of palm products.

On a positive note, EOF Division performed well with higher sales volume of edible oils and fats products and higher profitability in 2Q19 and 1H19.

Gross profit declined 66% and 45% in 2Q19 and 1H19 respectively mainly due to the effects of lower palm product prices. This was partly offset by higher profit contribution from the EOF Division on lower raw material costs i.e. CPO, and higher sales volume.

The Group reported higher net losses after tax of Rp393 billion in 2Q19 and Rp523 billion in 1H19 compared to the same periods in 2018. This was mainly due to weak operating profit and higher financial expenses. This was partly offset by positive foreign exchange impact.

"Our 1H19 FFB nucleus was 1% higher at 1,466,000 tonnes. But CPO production declined 2% to 376,000 tonnes on lower purchases from smallholders. We are expanding our milling capacity with one new 45 MT FFB/hour palm oil mill due for completion in 2019. We expanded our Surabaya refinery capacity by 300,000 MT per annum in 2018 resulting in increased sales volume in sales volume in 2019. Despite this increase in production and strong performance from our EOF division, our results were lower mainly due to very low CPO and sugar prices in 1H19." *commented Mr Mark Wakeford, CEO and Executive Director.*

INDUSTRY OUTLOOK AND FUTURE PLANS

The ongoing US-China trade tensions continue to affect the global trade flows and economic growth. These uncertain global developments have negatively impacted the prices of agricultural commodities. Rotterdam CIF CPO prices decreased 11% to an average of US$533 per tonne in 1H2019 from US$601 per tonne in FY2018. CPO prices will remain volatile with demand projected from key import markets like China and India, together with the relative price of crude oil which affects biodiesel demand.

Against this backdrop of a volatile commodity price environment, we prioritise our capital expenditure investment in growth area and focus on cost control measures and other innovations to increase productivity.

--The End ---

ABOUT INDOAGRI

Indofood Agri Resources Ltd. ("IndoAgri") is a diversified and integrated agribusiness group with principal business operations that range from research and development, breeding and cultivation of oil palms, to the milling and refining of crude palm oil, and the marketing and distribution of cooking oil, margarine, shortening and other derivative products. The Group also engages in the cultivation of other crops such as rubber, sugar cane, cocoa and tea.

As of end June 2019, IndoAgri has 300,481 hectares planted with oil palm, rubber, sugar cane, timber, cocoa and tea in Indonesia.

For more information please visit our website at: www.indofoodagri.com.

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