

Performance Update - Third Quarter 2022

14 November 2022

1. FINANCIAL PERFORMANCE

US\$'million	Nine-month period ended		Change	Quarter ended		Change
	30 Sep 2022 (9M 2022)	30 Sep 2021 (9M 2021)		30 Sep 2022 (3Q 2022)	30 Sep 2021 (3Q 2021)	
Revenue	8,570	7,282	18%	3,080	2,828	9%
Gross Profit	2,180	1,690	29%	811	629	29%
EBITDA¹	1,340	828	62%	532	305	75%
Underlying Profit²	726	386	88%	319	140	127%
Foreign Exchange Gain ³	55	8	600%	14	15	-12%
Deferred Tax Expense ³	-15	-40	-63%	-16	-13	20%
Net Profit ⁴	675	268	151%	285	115	148%

1 Earnings before tax, non-controlling interests, interest on borrowings, depreciation and amortisation, net gain or loss from changes in fair value of biological assets, foreign exchange gain, and exceptional items

2 Net profit attributable to owners of the Company, excluding net effect of net gain or loss from changes in fair value of biological assets, depreciation of bearer plants, exceptional items, foreign exchange gain, and deferred tax expense

3 Net of tax and/or non-controlling interests

4 Attributable to owners of the Company

Golden Agri-Resources Ltd ("GAR" or the "Company") achieved a new record performance for the nine-month period to end September 2022. EBITDA reached over US\$1.3 billion, a 62 percent increase year-on-year. Underlying profit grew to US\$726 million and net profit more than doubled to US\$675 million.

Revenue reached US\$8.6 billion, an increase by 18 percent year-on-year. This was primarily due to higher palm oil prices partly offset by lower sales volume. CPO market prices (FOB Belawan) for the nine months increased by 23 percent from the same period last year, averaging US\$1,368 per tonne.

Both upstream and downstream businesses performed splendidly during the nine months of 2022 with our downstream business achieving the largest EBITDA growth. Amidst a volatile industry environment, we have been able to leverage our sustainability efforts, food safety initiatives, traceability to the plantation, and integrated business model and successfully extract value throughout the value chain, including optimising the usage of our facilities, logistic capabilities, product portfolio, and geographical presence.

2. OPERATIONAL PERFORMANCE

'000 MT	Nine-month period ended		Change	Quarter ended		Change
	30 Sep 2022 (9M 2022)	30 Sep 2021 (9M 2021)		30 Sep 2022 (3Q 2022)	30 Sep 2021 (3Q 2021)	
Upstream palm product	2,294	2,295	-	842	697	21%
Downstream sales volume	6,863	7,560	-9%	2,670	2,782	-4%

As of 30 September 2022, GAR's planted area stood at approximately 535 thousand hectares, of which 503 thousand hectares was mature and the remaining immature. Nucleus and plasma estates amounted to 419 thousand and 116 thousand hectares, respectively.

Third-quarter palm product output saw a strong recovery with a 21 percent year-on-year growth, delivering a 5.6 tonnes per hectare fruit yield. This brought the nine-month yield to 15.1 tonnes per hectare, catching up to last year's level. Accordingly, total output of palm products during nine months of 2022 remained constant at 2.3 million tonnes.

The sales volume of our downstream business was lower for the nine-month period due to the temporary export ban policy, but recovered strongly in the third quarter after the export ban was lifted, with a quarterly increase of 34 percent.

3. FINANCIAL POSITION

Supported by the strong performance, GAR's financial position continued to strengthen with gearing ratio reaching a low of 0.50 times and net debt to EBITDA of 0.21 times.

US\$ million	30 Sep 2022	31 Dec 2021	Change
Total Assets	9,806	9,608	2%
<i>Cash and short-term investments</i>	687	666	3%
<i>Fixed assets¹</i>	3,841	3,999	-4%
Total Liabilities	4,378	4,716	-7%
Net Debt ²	355	970	-63%
<i>Interest bearing debts</i>	2,729	2,998	-9%
<i>Cash, short-term investments and liquid working capital³</i>	2,374	2,028	17%
Total Equity	5,429	4,892	11%
Current ratio	1.40x	1.17x	
Debt/Total Equity	0.50x	0.61x	
Net Debt ² /EBITDA ⁴	0.21x	0.80x	
EBITDA/Interest ⁴	10.21x	7.54x	

Notes:

- 1 Includes property, plant and equipment, bearer plants, right-of-use assets and investment properties
- 2 Interest bearing debt less cash, short-term investments and liquid working capital
- 3 Liquid working capital is trade receivables, inventories (excluding consumables), deposits and advances to suppliers less trade payables and advances from customers
- 4 Calculated based on the last four quarter figures

4. STRENGTHENING OUR SUSTAINABILITY EFFORTS

We continue to progress towards a fully traceable palm supply chain. We have achieved more than 96 percent Traceability to the Plantation (TTP).

We are also registering smallholders under the [Ksatria Sawit programme](#) which aims to accelerate TTP. This initiative reaches out to areas where many of our supplier mills buy from smallholders and traces their agents and farmers. More than 125,000 farmers have been registered under the programme.

Traceability helps us raise sustainability standards throughout our supply chain. We are better able to monitor our suppliers to ensure their compliance with our sustainability commitments. At the same time, we are actively engaging with them and helping them to strengthen their responsible production practices.

5. INDUSTRY OUTLOOK

The palm oil industry outlook is expected to remain favourable. Global vegetable oil supply experiences slower-than-expected growth as La Nina conditions persist, resulting in drought impacting oilseeds production in South America. In Southeast Asia high rainfalls hindered the oil palm harvesting process in certain regions, which in Malaysia was exacerbated by the continuing labour shortage. The lingering geopolitical tensions also impacted supply. Global vegetable oil demand, on the other hand, continues to be strong. Palm oil price discount to other vegetable oils has become larger, while crude oil prices remain elevated. These conditions provide strong support to palm oil prices. Palm oil as the most productive and cheapest vegetable oil will continue to be an attractive alternative both for food and energy consumption.

Notwithstanding the more conducive market environment, we remain cautious of any uncertainties affecting the market – among other things, changes in trade policies both in consumer and producing countries, potential global recession, weather conditions, increasing interest rate, and developments in vegetable oil and crude oil prices.

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