For Immediate Release

FY2024 Revenue Growth Boosted by Higher CPO and PK Prices, Driving Strong Profit Recovery

Singapore, 28 February 2025 – **Kencana Agri Limited** ("Kencana" or the "Group") announced its financial results for the year ended 31 December 2024 ("FY2024"). The Group reported a net profit of US$11.9 million for the year, representing a significant turnaround from the net loss of US$0.3 million incurred in the previous year. The summary of our performance is as follows:

Summary of Results

US$ '000	2024	2023	% Change
Revenue	153,734	136,366	12.7%
Gross profit	43,337	26,418	64.0%
EBITDA (*)	47,539	34,446	38.0%
Operating profit	38,391	10,628	261.2%
Profit (loss) before tax	22,725	(810)	n/m
Profit (loss) after tax	11,942	(283)	n/m

(*) Earnings before interest, tax, depreciation and amortization (EBITDA) is calculated as follows: Profit before tax + interest expense – interest income + depreciation and amortisation expenses +/- fair value changes in biological assets and other receivables

Group’s Financial Performance

Revenue

During FY2024, the Group's revenue increased by 13%, primarily driven by higher selling prices for Crude Palm Oil (“CPO”) and Palm Kernel (“PK”). The average selling price (“ASP”) of CPO in FY2024 rose to US$785/MT, representing a 12% increase from the previous year's ASP of US$698/MT. Similarly, the ASP of PK climbed to US$491/MT in FY2024, up from US$345/MT in FY2023. While the prices increases had a positive impact, they were partially offset by a decline in the sales volume for both CPO and PK. Specifically, CPO sales volume decreased slightly by 0.7% from 174,598MT in FY2023 to 173,323MT in FY2024, while PK sales volume dropped by 4%, from 35,209MT in FY2023 to 33,833MT in FY2024.

Cost of Sales

The cost of sales primarily includes manuring, plantation upkeep and maintenance, harvesting, overhead, and processing costs. Compared to the previous year, our cost of sales remained relatively stable. As a result, our gross profit margin improved significantly, rising from 19% to 28%, largely driven by the increase in ASP.

Net Profit

For FY2024, the Group reported a profit before tax of US$22.7 million and a net profit after tax of US$11.9 million, marking a recovery from the previous year's net loss of US$0.3 million. This improvement was mainly driven by (i) higher revenue, as detailed above, and (ii) a gain of US$5.9 million from the revaluation of biological assets and other receivables (as opposed to a fair value loss of US$5.7 million in FY2023), all fuelled by the strong upward trend in CPO prices throughout FY2024.

Group’s Financial Position

As of 31 December 2024, the Group's total current assets increased by US$8.9 million to US$91.3 million, up from US$82.4 million as of 31 December 2023. This growth was primarily driven by a US$3.9 million increase in the value of biological assets and a US$9.3 million rise in cash balances, reflecting the Group’s improved financial performance in FY2024.

Total non-current assets decreased by US$13.8 million to US$197.0 million as of 31 December 2024, down from US$210.8 million as of 31 December 2023. This decline was mainly due to (i) a US$9.1 million forex translation loss for the land use rights, property, plant and equipment as well as bearer plants, and (ii) US$6.8 million depreciation of mature bearer plants. The decreases were partially offset by a US$4.0 million addition resulting from the replanting program at the Bangka plantation and new planting at the Sulawesi plantation. The foreign exchange translation loss was a direct result of the depreciation of the IDR against the USD. During FY2024, the IDR weakened by 746 points, or 5%, against the USD, falling from IDR15,416 per USD to IDR16,162 per USD.

The Group’s total liabilities decreased by US$15.3 million from US$262.7 million as of 31 December 2023 to US$247.4 million as of 31 December 2024. This decrease was mainly due to (i) a US$9.3 million foreign exchange translation gain from IDR-denominated trade payables and bank borrowings, and (ii) the settlement of trade payable to suppliers and long-term advances from customers amounting to US$17.0 million. These factors were partially offset by net additional bank borrowings of US$12.5 million.

Group’s Cash Flows

Building on its positive performance in FY2024, the Group generated operating cash flow before changes in working capital of US$48.5 million, reflecting a US$15.3 million increase from the previous year. After accounting for trade payables and other working capital adjustments, net cash flow from operating activities amounted to US$28.8 million. In terms of investing activities, the Group reported a net cash outflow of US$14.2 million, primarily attributed to capital expenditures for plantation infrastructure improvements, labour housing, heavy equipment, boiler machinery overhauls, and the ongoing replanting program. Additionally, net cash used in financing activities resulted in a net cash outflow of US$8.5 million, primarily due to interest payments.

Group’s Operational Performance

The Group’s total planted area, including plasma, expanded by a net area of 1,039 hectares, from 66,846 hectares in FY2023 to 67,885 hectares in FY2024. The net increase was attributed to new plantings at the Sulawesi plantation and ongoing replanting efforts at the Bangka plantation as offset by the area lost due to felling of mature trees. However, yield performance declined, decreasing from 13.1 MT/ha in FY2023 to 11.5 MT/ha in FY2024. Consequently, our FFB production also decreased, falling from 775,280 MT in FY2023 to 680,478 MT in FY2024.

Weather conditions significantly impacted the Group’s oil palm production in FY2024. Unseasonal rainfall and temperature fluctuations disrupted the growth cycle of oil palm trees, particularly during the critical flowering and fruiting periods. Excessive rainfall resulted in waterlogged soils, affecting palm productivity and causing delays in harvesting. Conversely, periods of extreme heat contributed to stress on the trees, impacting fruit yields and quality. While the Group’s ongoing efforts in plantation management partially mitigated the weather challenges, these factors ultimately led to a reduction in both the yield and production of CPO and PK compared to the previous year.

Outlook

Mr Henry Maknawi, Chairman of Kencana, said, “After 2024 El Nino phenomenon, palm oil production in Indonesia is expected to experience a modest increase in 2025, driven by normalised weather conditions that may enhance yields. Additionally, domestic consumption is anticipated to rise, following the implementation of the mandatory B40 biodiesel program, as announced by the Minister of Energy and Mineral Resources, effective January 1, 2025. This policy paves the way for the introduction of B50 biodiesel in 2026. Overall, palm oil prices are anticipated to remain positive in 2025, supported by robust demand for biodiesel.

However, geopolitical uncertainties in the Middle East and global trade tension may persist, potentially disrupting supply chains, increasing logistics costs, and heightening commodity price volatility. To capitalise on the positive price momentum, the Group will focus on effective cost management, optimizing maintenance and harvesting practices, and enhancing production yields.”

About Kencana Agri Limited

Listed on the Main Board of the Singapore Stock Exchange on 25 July 2008, Kencana Agri Limited ("Kencana" or the "Group") is a fast-growing producer of Crude Palm Oil ("CPO") with oil palm plantations strategically located in the Sumatra, Kalimantan and Sulawesi regions. As at 31 December 2024, Kencana's total planted area (including Plasma Programme) was 67,885 ha. As part of its growth strategy and in line with its goal to be a leading palm oil producer and supplier of choice for both local and international markets, Kencana has streamlined its integrated plantation operations, which include palm plantations, palm oil mills, kernel crushing plants, as well as bulking facilities, to support its operations. In addition, Kencana strives to pursue sustainable palm oil production whilst remaining committed to being a good corporate citizen for the benefit of all stakeholders.

For more information about Kencana, please visit www.kencanaagri.com

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