

Golden Agri-Resources' first half results resilient as downstream business mitigates low palm oil prices

- Resilient first half 2019 EBITDA¹ of US\$198 million despite continued low CPO prices
- Contribution from downstream business more than doubled with first half EBITDA¹ of US\$100 million

FINANCIAL HIGHLIGHTS

US\$/million	First half ended		Change	Quarter ended		Change
	30 Jun 2019 (1H 2019)	30 Jun 2018 (1H 2018)		30 Jun 2019 (2Q 2019)	30 Jun 2018 (2Q 2018)	
Revenue	3,167	3,676	-14%	1,549	1,860	-17%
Gross Profit	345	468	-26%	152	220	-31%
EBITDA¹	198	238	-17%	77	117	-34%
Underlying Profit/Loss²	(15)	41	n.m	(27)	17	n.m
Net Loss ³	(46)	(27)	71%	(65)	(39)	66%
Loss per Share ⁴ (US\$ cents)	(0.36)	(0.21)	71%	(0.51)	(0.31)	66%

Singapore, 15 August 2019 – Golden Agri-Resources Ltd and its subsidiaries ("GAR" or the "Company") recorded first half 2019 revenue of US\$3.17 billion. This was only 14 percent lower than the same period last year as higher sales volume helped to compensate for a 22 percent decline in CPO prices (FOB).

First half 2019 EBITDA¹ remained resilient at US\$198 million with a larger contribution from the downstream business whilst the upstream business was directly affected by the continued downward trend in CPO prices. The Company's focus on strengthening its integrated business model over the past few years has helped it mitigate the challenging business environment. At the bottom line GAR recorded net loss of US\$46 million for the current reporting period.

SEGMENTAL PERFORMANCE

Plantations and palm oil mills

As at 30 June 2019, GAR's planted area stood at almost 500 thousand hectares, of which 21 percent is owned by plasma smallholders. Compared to end 2018, mature area expanded by 6,400 hectares to 474 thousand hectares.

First half 2019 fruit yield reached 9.4 tonnes per hectare, a slight decline from last year period yield of 9.6 tonnes per hectare. Fruit production has slowed down year-on-year after experiencing a bumper crop in 2018, with palm product output decreasing by two percent to 1.3 million tonnes.

The low CPO market prices resulted in second quarter 2019 upstream EBITDA¹ of US\$36 million and total first half EBITDA¹ of US\$97 million, only half of last year period's figure, with a margin of 17 percent.

GAR remains focused on replanting older plantations with next-generation, higher yielding planting materials as well as enhancing operational excellence through technological innovation. We replanted 3,300 hectares of old estates in the first half 2019.

Palm, laurics and others

Our downstream segment refers to the processing and merchandising of palm and oilseed based products comprising bulk and branded products, oleo-chemicals and other vegetable oils, as well as production and distribution of other consumer products in China and Indonesia.

Revenue of the palm, laurics and others segment during the first half 2019 reached US\$3.15 billion, 14 percent lower than last year period due to weaker selling prices that were partly compensated by higher sales volume. However, first half 2019 segmental EBITDA¹ more than doubled to US\$100 million compared to last year period, resulting in a higher margin of 3.2 percent.

Indonesia biodiesel is an important contributor to the palm oil industry with the increasing mandatory blending.

OUTLOOK AND STRATEGY

Mr. Franky O. Widjaja, GAR Chairman and Chief Executive Officer commented on the financial results: "First half 2019 was a challenging period for the industry, however we are glad that GAR's performance has been supported by its vertically integrated business model. We are cautiously monitoring market developments and continue to focus on enhancing our competitiveness and ability to weather CPO price volatility."

Mr. Widjaja further added: "The industry has gone through many periods of low CPO prices, and has demonstrated its resilience. CPO prices will remain volatile, but we are of the view that the market prices will steadily improve in the long term. We expect production growth to slow down given the age profile of the industry and cyclicity of fruit production. On the demand side, Indonesia biodiesel remains a major catalyst to the industry supported by full realisation of the B20 mandate with a view towards implementation of the B30 programme."

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About Golden Agri-Resources Ltd (GAR)

GAR is one of the leading palm oil plantation companies with a total planted area of 499,235 hectares (including plasma smallholders) as at 30 June 2019, located in Indonesia. It has integrated operations focused on the production of palm-based edible oil and fat.

Founded in 1996, GAR was listed on the Singapore Exchange in 1999 and has a market capitalisation of US\$2.7 billion as at 30 June 2019. Flambo International Limited, an investment company, is currently GAR's largest shareholder, with a 50.35 percent stake. GAR has several subsidiaries, including PT SMART Tbk which was listed on the Indonesia Stock Exchange in 1992.

GAR is focused on responsible palm oil production. In Indonesia, its primary activities include cultivating and harvesting of oil palm trees; processing of fresh fruit bunch into crude palm oil (CPO) and palm kernel; refining CPO into value-added products such as cooking oil, margarine, shortening, biodiesel and oleo-chemicals; as well as merchandising palm products throughout the world. It also has operations in China and India including a deep-sea port, oilseeds crushing plant, production capabilities for refined edible oil products as well as other food products such as noodles.

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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 or loss, and exceptional items.

² Net profit/loss attributable to owners of the Company, excluding net effect of net gain or loss from changes in fair value of biological assets and depreciation of bearer plants, exceptional items and other non-operating items (foreign exchange gain and deferred tax income or expense).

³ Net loss attributable to owners of the Company.

⁴ Loss per share is net loss attributable to owners of the Company divided by weighted average number of shares.