

Performance Update - First Quarter 2023

12 May 2023

1. FINANCIAL PERFORMANCE

US\$'million	Three months ended		Change
	31 Mar 2023 (1Q 2023)	31 Mar 2022 (1Q 2022)	
Revenue	2,539	2,700	-6%
Gross Profit	487	673	-28%
EBITDA¹	247	372	-34%
Underlying Profit²	112	173	-35%
Foreign Exchange Gain ³	11	26	-59%
Deferred Tax Income/(Expense) ³	-3	3	n.m
Net Profit ⁴	92	188	-51%

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

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

3 Net of tax and/or non-controlling interests

4 Attributable to owners of the Company

Financial performance for Golden Agri-Resources Ltd ("GAR" or the "Company") moderated in the first quarter of 2023 following a record year in 2022, as CPO prices normalised. CPO market price (FOB Belawan) for the quarter dropped by 37 percent year-on-year, averaging US\$990 per tonne compared to US\$1,579 per tonne during the same period last year. Revenue decreased by six percent year-on-year to US\$2.54 billion, with expanded sales volume partly offsetting lower average selling prices.

EBITDA stood at US\$247 million, maintaining a resilient margin of 9.7 percent, while underlying profit and net profit came in lower at US\$112 million and US\$92 million, respectively.

Overall, first quarter performance demonstrated the Company's resilience amidst lower CPO prices. The plantation business experienced a decrease in output and higher fertiliser costs, which was partly compensated by the higher merchandising volume of the downstream business, another testament to the ability of GAR's integrated business model to mitigate the impact of volatile markets.

2. OPERATIONAL PERFORMANCE

'000 MT	Three months ended		Change
	31 Mar 2023 (1Q 2023)	31 Mar 2022 (1Q 2022)	
Upstream palm product output (CPO and PK)	617	668	-8%
Downstream sales volume	2,633	2,203	20%

As of 31 March 2023, GAR's planted area stood at approximately 536 thousand hectares, of which 502 thousand hectares were mature. Nucleus and plasma estates made up 421 thousand and 115 thousand hectares of this area, respectively. Fruit yield for the first quarter of 2023 decreased slightly year-on-year from 4.22 tonnes to 4.16 tonnes per hectare. Palm product output for the quarter was 617 thousand tonnes compared to 668 thousand tonnes for the same period last year. The decrease was primarily due to the preparation of old estates for replanting, smaller purchase volumes of third-party fruits, and high rainfall in the Kalimantan area.

The downstream business recorded a substantial increase in sales volume in the first quarter of 2023, in line with more conducive market conditions compared to the same period last year.

3. FINANCIAL POSITION

GAR's financial position remained strong. The Company maintained a gearing ratio of 0.54 times and a low net debt to EBITDA of 0.08 times.

US\$ million	31 Mar 2023	31 Dec 2022	Change
Total Assets	9,652	9,902	-3%
<i>Cash and short-term investments</i>	1,147	1,145	0.2%
<i>Fixed assets¹</i>	3,790	3,820	-1%
Total Liabilities	4,289	4,648	-8%
Net Debt ²	136	142	-4%
<i>Interest bearing debts</i>	2,893	2,984	-3%
<i>Cash, short-term investments and liquid working capital³</i>	2,757	2,841	-3%
Total Equity	5,363	5,254	2%
Current ratio	1.43x	1.30x	
Debt/Total Equity	0.54x	0.57x	
Net Debt ² /EBITDA ⁴	0.08x	0.08x	
EBITDA/Interest ⁴	8.95x	10.01x	

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 continued to move closer towards 100 percent Traceability to the Plantation (TTP) for our palm supply chain in Indonesia. We have achieved around 98 percent TTP. Having built close relationships with our suppliers through this process, we continue to assess their compliance with No Deforestation, No Peat, and No Exploitation (NDPE) requirements using the [NDPE Implementation Reporting Framework \(NDPE IRF\)](#). Under the [Agriculture Sector Roadmap to 1.5°C](#) issued at COP 27, GAR aims to have all palm volumes in the “Delivering” category of the NDPE IRF by 2025.

GAR is also preparing for a challenging dry season, anticipating the return of El Niño weather pattern later this year. We have stepped up our fire monitoring efforts using our proprietary [GeoSMART Fire-Hotspot Monitoring Site \(GSF\)](#) app, which can detect fires three times faster than previous methods. Over 100 villages are also enrolled in our community fire prevention programme, Desa Makmur Peduli Api and we will continue to work closely with local communities to minimise fire risk.

5. INDUSTRY OUTLOOK

Global vegetable oil supply and demand dynamics remain tight. There are various factors that may slow down production recovery such as continuing geopolitical tensions and uncertain weather conditions. As for palm, production growth will be curbed by the industry’s ageing trees, replanting activities, and the increasing chance of El Niño that is predicted to start in the second semester of the year. Global palm oil demand is sustained by a robust consumption of food, industrial, and bio-energy products. It is further supported by the increasing biodiesel mixture mandates in various countries, including the Indonesian B35 mandate being on-track.

We remain cautious about the dynamic market developments including the uncertain global economic situation. Through continued investment in supply chain traceability and supplier transformation, the Company aims to capture growing demand for sustainable products while navigating any regulatory changes, further strengthening the long-term viability of our integrated palm business.

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