

IND@FOOD AGRI RESOURCES Ltd.

Company Presentation 4Q 2017 Results

28 Feb 2018



a subsidiary of:

Indofood
THE SYMBOL OF QUALITY FOODS

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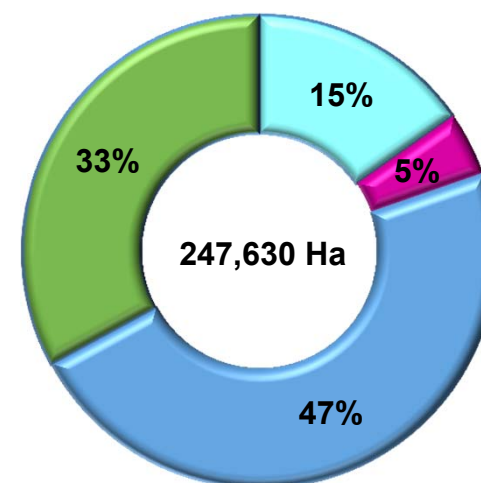
Plantation Highlights



Planted Area

In Ha	31 Dec 2017	31 Dec 2016
<u>Indonesia - Inti</u>		
Planted Area	300,387	300,536
Planted Oil Palm	247,630	247,430
- SIMP	152,008	152,799
- Lonsum	95,622	94,631
Planted Other crops	52,757	53,106
Rubber	19,869	20,115
- SIMP	3,634	3,634
- Lonsum	16,235	16,481
Sugar cane - SIMP	12,618	13,249
Others - timber, cocoa, tea	20,270	19,742
<u>Indonesia - Plasma</u>		
Oil Palm	86,182	87,204
<u>Brazil</u>		
Sugar cane - CMAA	49,204	53,826
- Company-owned	22,070	26,477
- Third party	27,134	27,349

Oil Palm Average Age ≈ 15 years



■ Immature ■ 4-6 years ■ 7-20 years ■ > 20 years

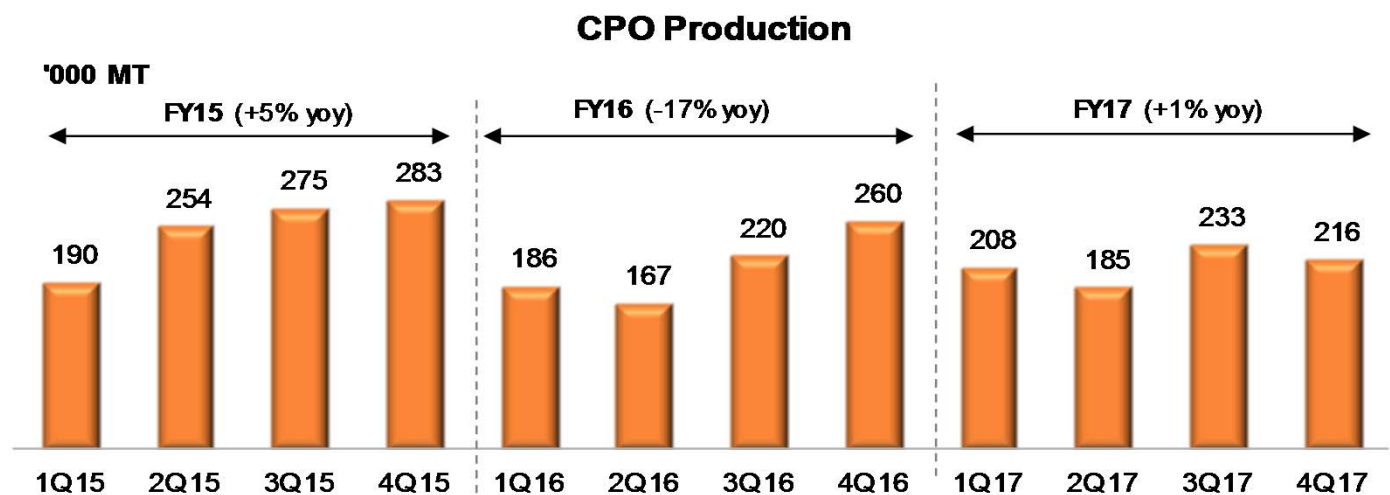
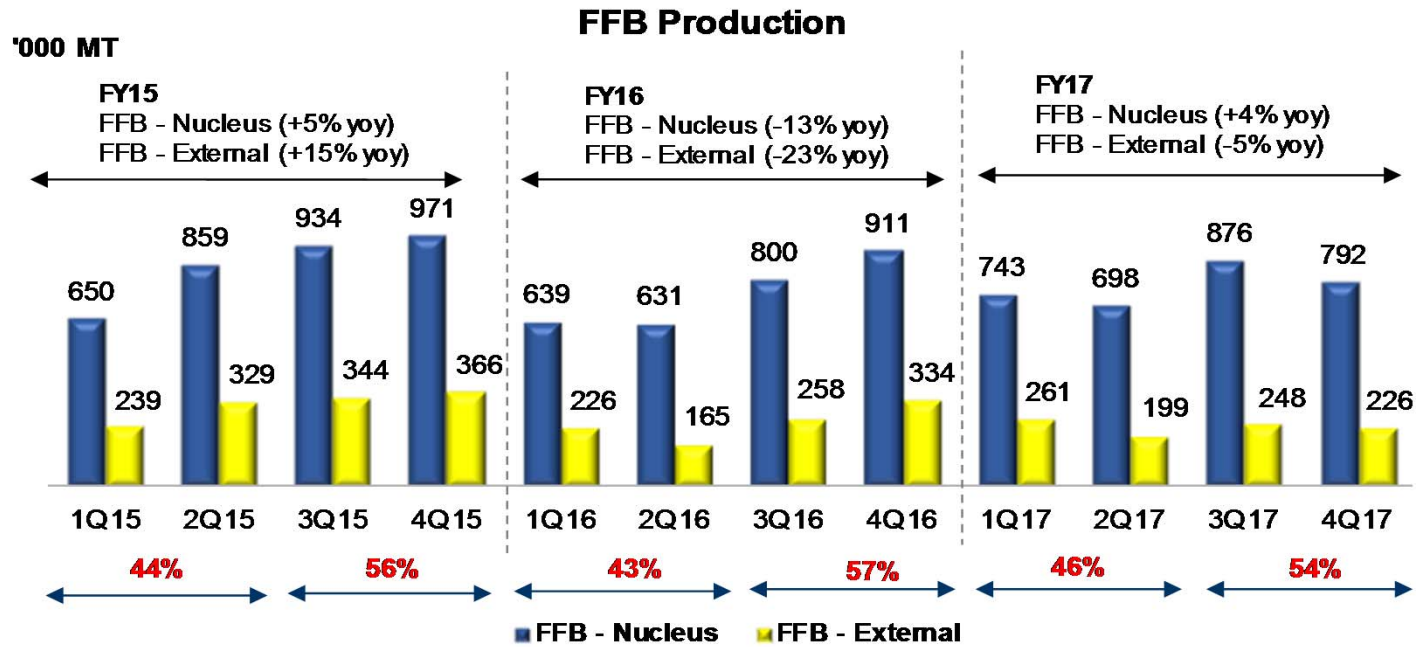
Oil Palm Plantation Highlights

		FY17	FY16	YoY Growth	4Q17	4Q16	YoY Growth
PRODUCTION							
Mature Area	(Ha)	209,817	203,501	3%	209,817	203,501	3%
FFB	('000 MT)	4,043	3,964	2%	1,018	1,245	(18%)
- Nucleus	('000 MT)	3,109	2,981	4%	792	911	(13%)
- External	('000 MT)	934	983	(5%)	226	334	(32%)
CPO	('000 MT)	842	833	1%	216	260	(17%)
PK	('000 MT)	205	201	2%	54	63	(15%)

PRODUCTIVITY

FFB Yield – Nucleus	(MT/Ha)	14.8	14.6	↑	3.8	4.5	↓
CPO Yield – Nucleus	(MT/Ha)	3.2	3.2	↔	0.8	1.0	↓
CPO Extraction Rate	(%)	21.9	21.8	↑	22.0	21.7	↑
PK Extraction Rate	(%)	5.3	5.2	↑	5.5	5.3	↑

Oil Palm Production Trends



Sugar Plantation Highlights

INDONESIA	FY17	FY16	YoY Growth
Planted Area (Ha)	12,618	13,249	(5%)
Sugar Cane Harvested ('000 MT)⁽¹⁾	639	861	(26%)
Sugar Production ('000 MT)	54	65	(16%)
- South Sumatra Plantation	44	58	(25%)
- Java (LPI's share)	10	7	45%

BRAZIL	Apr 17- Dec 17	Apr 16- Dec 16	YoY Growth
Planted Area (Ha)⁽²⁾	49,204	53,826	(9%)
Sugar Cane Harvested ('000 MT)	4,092	3,690	11%
Raw Sugar Production ('000 MT)	316	266	19%
Ethanol ('000 M³)	154	136	13%

(1) Harvested cane related to Komering sugar cane plantation

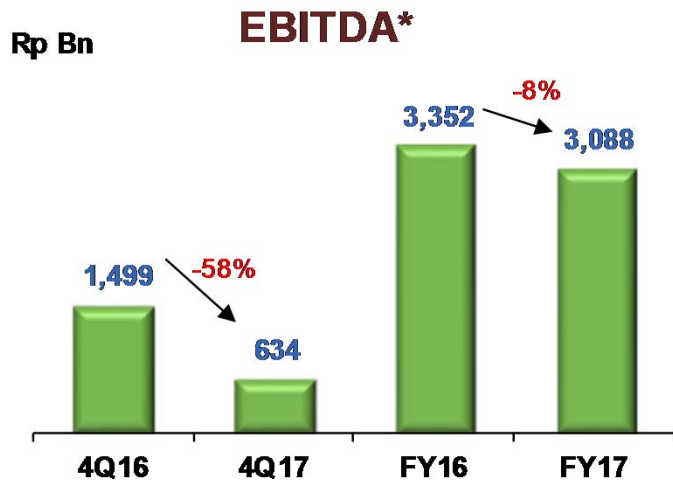
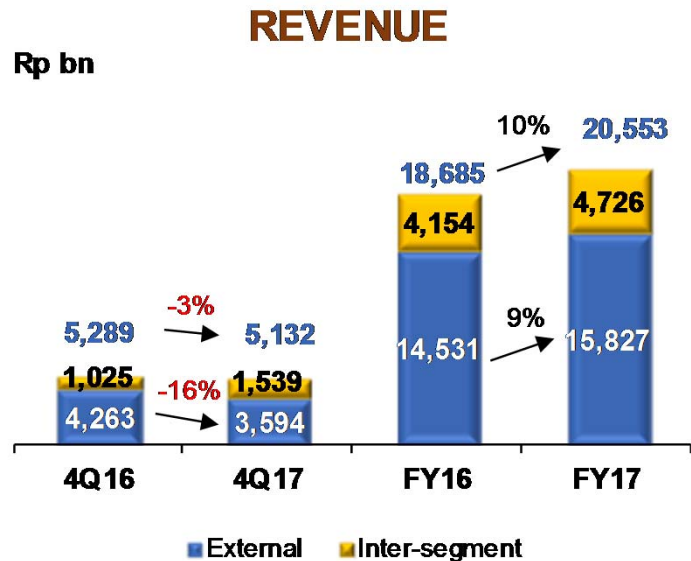
(2) Of the 49,204 Ha planted sugar cane, 45% owned by CMAA and 55% contracted 3rd party farmers



Financial Highlights



Results Summary



* Earnings before interests and tax expense, depreciation and amortisation, the effects of forex and changes in FV of biological assets

Financial Highlights

- Lower revenue and profit in 4Q17 due to lower contribution from the Plantation Division. In addition, 4Q16 included a one-off gain of Rp107bn.
- FY17 revenue grew 9% on higher sales from both divisions
- FY17 profit declined on higher production costs, forex impacts, lower biological assets gain and the absence of a one-off gain
- Improved result from the sugar operation in Brazil, CMAA

Operational Highlights

- Achieved higher palm production from higher newly mature area of 9,000 hectares.
- FFB nucleus and CPO production recovered in FY17, increasing 4% and 1% yoy to 3,109,000 tonnes and 842,000 tonnes, respectively.

Sales Volume - Plantation

In '000 MT	FY17	FY16	YoY Growth	4Q17	4Q16	YoY Growth
CPO	880	826	7%	226	239	(6%)
PK, PKO, PKE	211	194	9%	51	59	(13%)
Sugar	50	66	(24%)	6	17	(64%)
Rubber	12.4	12.8	(4%)	3.3	3.3	(1%)
Oil Palm Seeds ('million)	11.3	9.7	17%	3.7	2.3	65%

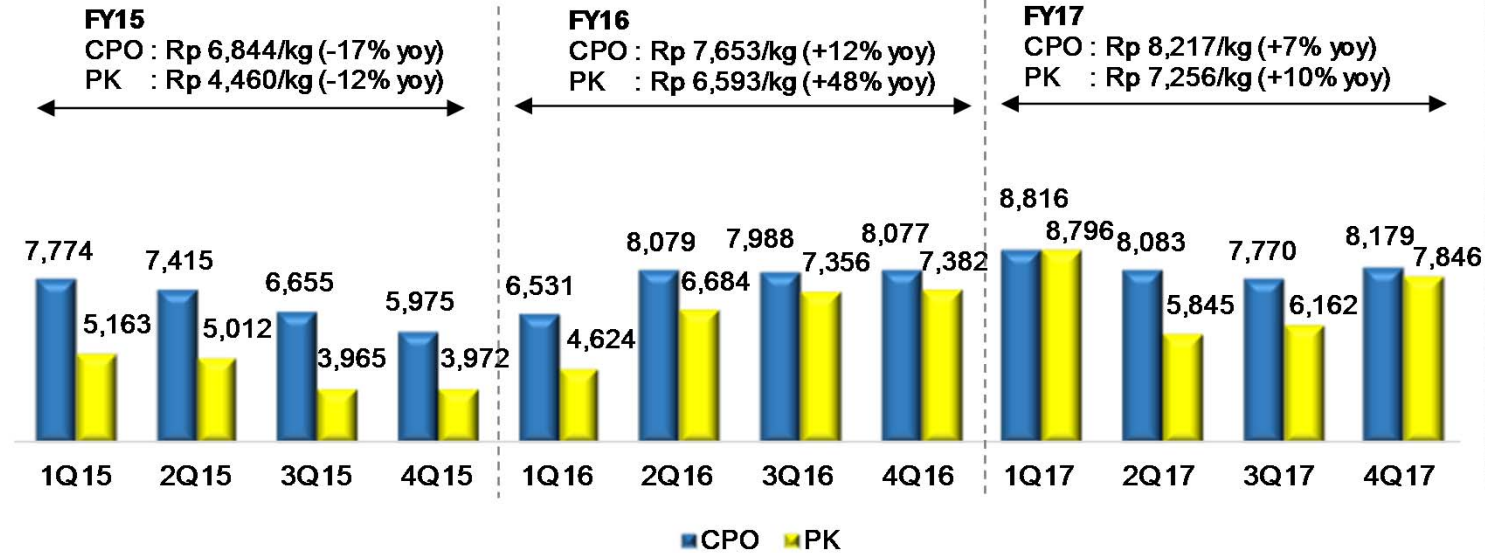
- Lower sales volume of CPO and PK related products in 4Q17 due to lower production. But FY17 grew 7% and 9% yoy on higher CPO & PK production and also partly helped by realisation of last year end stock.
- FY17 sugar sales volume declined on lower production.
- Lower rubber sales affected by replanting in progress.
- Group reported strong seeds sales in 4Q17, ending FY17 with 11.3m seeds.

Note: Sales volume before elimination of inter-segment sales

Average Selling Price (ASP) Trend

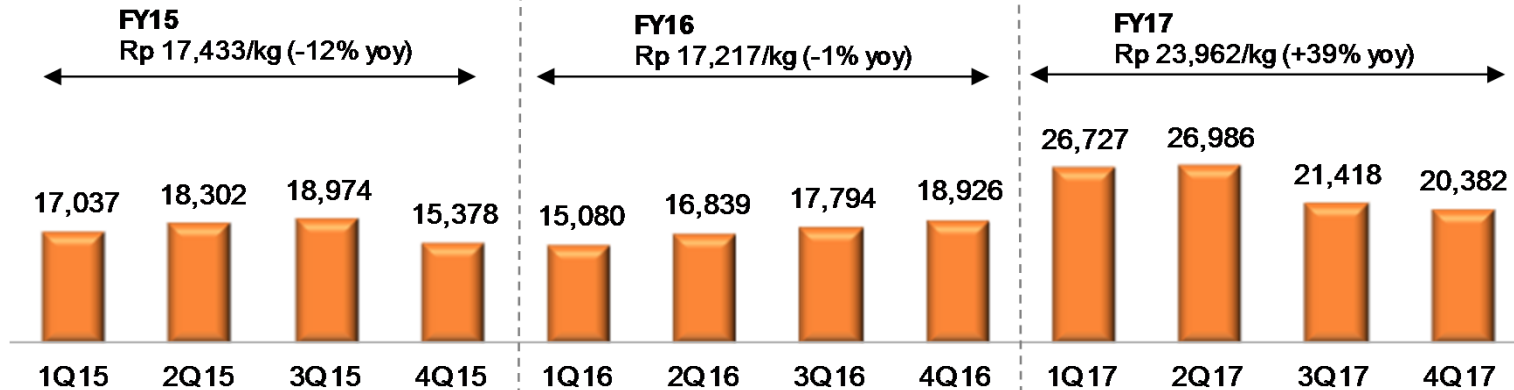
Rp/kg

CPO and PK - ASP



Rp / kg

Rubber - ASP



Financial Summary

In Rp Bn	FY17	FY16	YoY Growth	4Q17	4Q16	YoY Growth
Sales	15,827	14,531	9%	3,593	4,263	(16%)
Gross Profit	3,195	3,489	(8%)	729	1,420	(49%)
EBITDA ⁽¹⁾	3,088	3,352	(8%)	634	1,499	(58%)
Net profit after tax (NPAT)	653	792	(18%)	131	492	(73%)
Core NPAT ⁽²⁾	640	468	37%	87	417	(79%)
Attributable profit	447	507	(12%)	77	223	(65%)
EPS (fully diluted) - Rp	320	363	(12%)	55	159	(65%)
Gross profit margin	20%	24%	↓	20%	33%	↓
EBITDA margin	20%	23%	↓	18%	35%	↓
Net profit margin	4%	5%	↓	4%	12%	↓
Attributable profit margin	3%	3%	↔	2%	5%	↓

- Core profit excluding the effects of forex, FV of biological assets and a one-off gain was Rp640 billion in FY17, up 37% yoy
- The improved core profit was mainly attributable to higher contribution from CMAA (Rp139 billion profit vs. Rp33 billion loss) and associates (Rp18bn loss vs. Rp67bn loss)

(1) Earnings before interests and tax expense, depreciation and amortisation, the effects of forex and changes in FV of biological assets.

(2) Earnings before the effects of forex, changes in FV of biological assets and one-off gain.

Segmental Results

In Rp Bn	FY17	FY16	YoY Growth	4Q17	4Q16	YoY Growth
<u>Sales</u>						
Plantations	10,138	9,076	12%	2,527	2,796	(10%)
Edible Oil & Fats	10,415	9,609	8%	2,606	2,492	5%
Elimination & Adjustments	(4,726)	(4,154)	14%	(1,539)	(1,025)	50%
Total	15,827	14,531	9%	3,594	4,263	(16%)
<u>EBITDA</u>						
Plantations	2,859	3,215	(11%)	635	1,410	(55%)
<i>EBITDA %</i>	28%	35%		25%	50%	
Edible Oil & Fats	238	378	(37%)	78	89	(12%)
<i>EBITDA %</i>	2%	4%		3%	4%	
Share of results of associate companies & JV	121	(101)	n/m	20	10	103%
Elimination & Adjustments ⁽¹⁾	(131)	(140)	(7%)	(101)	(11)	n/m
Sub-total	3,087	3,352	(8%)	633	1,499	(58%)
Net Forex (Losses)/ Gains	(14)	94	n/m	(12)	(97)	(87%)
Total	3,073	3,446	(11%)	621	1,402	(56%)

(1) Net effects arising from elimination of unrealised profit of inter-division inventories, SFRS adjustment and regional office costs.

Financial Position

Balance Sheet (In Rp Bn)	31-Dec-17	31-Dec-16
TOTAL ASSETS	37,415	36,504
Cash	2,930	2,405
TOTAL LIABILITIES	15,992	15,625
Interest Bearing Debt	10,530	10,027
TOTAL EQUITY*	21,423	20,878
Net Debt / EBITDA Ratio	2.46x	2.27x
Net Debt / Total Equity Ratio	0.35x	0.37x
Net Assets Value per Share (in Rupiah)	8,671	8,478
Net Assets Value per Share (in SGD) **	0.89	0.87

Cash Flow (In Rp Bn)	FY17	FY16	Change
Net Cash Flow generated from Operating Activities	1,949	2,036	(87)
Net Cash Flow used in Investing Activities	(1,726)	(1,591)	(135)
Net Cash Flow generated from Financing Activities	295	2	293
Net Increase in Cash & Cash Equivalents	518	447	71
Net Effect of Changes in Forex	7	(11)	18
Sub-total	525	436	89
Cash & Cash Equivalent - Beginning	2,405	1,969	436
Cash & Cash Equivalent - Ending	2,930	2,405	525

* Total equity includes shareholders funds and minority interests

** Converted at Rp9,731/S\$1



Strategies and Expansion



Achievements in 2017

Plantation

- Expansion of milling facilities:
 - Completed a 30MT FFB/ hour mill in South Sumatra and a 40MT FFB/ hour mill in Kalimantan in 2017.
 - Started a 45MT FFB/ hour mill in Kalimantan.
- Diversification and expansion of business operations
 - Marketing of a series of premium black teas and white teas under the house brand of *Kahuripan*.
 - Formed a 51%:49% JV with Daitocacao Co., Ltd. in Japan to manufacture and market chocolate products in Indonesia. Ground breaking for the chocolate factory in November 2017.
- Sugar operation in Brazil, CMAA crushed 4.1m MT of cane, achieving over 100% of operating capacity.

Edible Oils & Fats

- Started to roll out affordably priced pillow-packed cooking oils under the Group's secondary brand of Delima.

Key Strategies in 2018

Plantation

- Expansion of milling facilities - target completion of a 45MT FFB/ hour mill in Kalimantan in 2019.
- Replanting of 3,000 ha of older palms in North Sumatra and Riau.
- Started the construction of the chocolate factory in November 2017, with commercial production scheduled for 2019.
- Expansion of sugar operations with the 50% investment in 2nd sugar and ethanol mill with 1.8m MT of cane crushing capacity in Brazil, together with 6,048 hectares of land. Target to bring the new mill into operation in 2020, after completing the necessary cane plantings.

Edible Oils & Fats

- Expansion of Surabaya refinery by 1,000 MT/day, expected completion in Q1 2018 to cater for increasing demand for cooking oil and margarine brands.



Appendix



Production Breakdown

		FY17	FY16	YoY Growth	4Q17	4Q16	YoY Growth
PRODUCTION							
Mature Area	(Ha)	209,817	203,501	3%	209,817	203,501	3%
- SIMP	(Ha)	124,100	120,445	3%	124,100	120,445	3%
- Lonsum	(Ha)	85,717	83,056	3%	85,717	83,056	3%
FFB	('000 MT)	4,043	3,964	2%	1,019	1,245	(18%)
- Nucleus	('000 MT)	3,109	2,981	4%	792	911	(13%)
- SIMP	('000 MT)	1,830	1,758	4%	460	504	(9%)
- Lonsum	('000 MT)	1,279	1,222	5%	332	407	(18%)
- External	('000 MT)	934	983	(5%)	226	334	(32%)
- SIMP	('000 MT)	512	509	1%	121	157	(23%)
- Lonsum	('000 MT)	425	489	(13%)	107	179	(40%)
CPO	('000 MT)	842	833	1%	216	260	(17%)
- SIMP	('000 MT)	452	448	1%	115	129	(11%)
- Lonsum	('000 MT)	389	385	1%	101	131	(23%)
PK	('000 MT)	205	201	2%	54	63	(15%)
- SIMP	('000 MT)	99	97	1%	26	27	(4%)
- Lonsum	('000 MT)	106	103	3%	28	36	(23%)
PRODUCTIVITY							
FFB Yield – Nucleus	(MT/Ha)	14.8	14.6	↑	3.8	4.5	↓
- SIMP	(MT/Ha)	14.7	14.6	↑	3.7	4.2	↓
- Lonsum	(MT/Ha)	14.9	14.7	↑	3.9	4.9	↓
CPO Yield – Nucleus	(MT/Ha)	3.2	3.2	↔	0.8	1.0	↓
- SIMP	(MT/Ha)	3.1	3.1	↔	0.8	0.9	↓
- Lonsum	(MT/Ha)	3.4	3.4	↔	0.8	1.1	↓
CPO Extraction Rate	(%)	21.9	21.8	↑	22.0	21.7	↑
- SIMP	(%)	21.0	21.2	↓	21.1	21.2	↓
- Lonsum	(%)	22.9	22.5	↑	23.1	22.3	↑
PK Extraction Rate	(%)	5.3	5.2	↑	5.5	5.3	↑
- SIMP	(%)	4.6	4.6	↔	4.9	4.5	↑
- Lonsum	(%)	6.3	6.0	↑	6.3	6.1	↑

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