



Growth • Excellence • Integrity

Kencana Agri Limited



**1Q 2017
Performance Review**

Overview of Group's Operations



Plantation and Processing



Location :
Sumatra, Kalimantan, Sulawesi



Palm Oil Mills : 5
Total Capacity : 275 MT/hour
Kernel Crushing Plants : 2
Total Capacity : 435 MT/day

Products



Main products:
CPO (Crude Palm Oil)
CPKO (Crude Palm Kernel Oil)
PKC (Palm Kernel Cake)

Renewable by-products:
Empty Fruit Bunches, Liquid
Waste, Kernel Shells, Fibre

Supporting Business



Port and Bulking Terminal
Total capacity :
120,500 MT



Logistics
Vessels : 4
Total Capacity :
7,950 MT

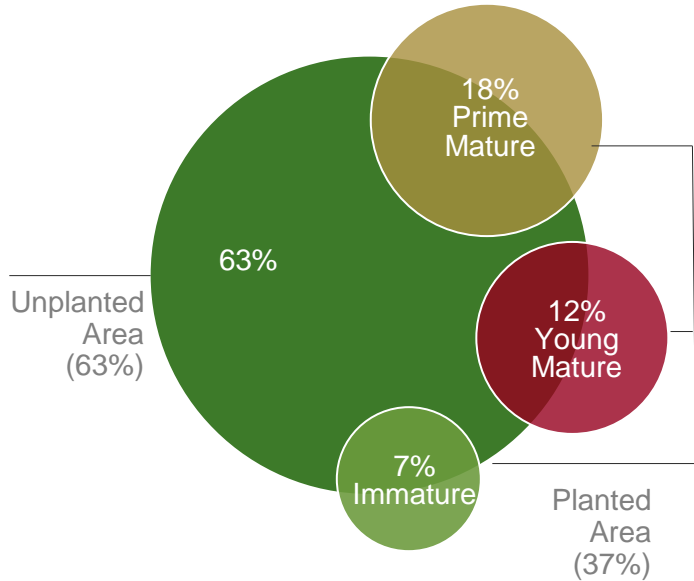


Biomass Power Plant - 2
Total Capacity : 13.5 MW

Significant Land Bank for Future Planting



Total Land Bank 187,291 ha* (Nucleus + Plasma)



Land Bank (ha)	Planted Area (ha)	%	Unplanted Area (ha)	%	Total (ha)	%
Nucleus	54,175	33	111,662	67	165,837	89
Plasma	14,295	67	7,159	33	21,454	11
Total	68,470	37	118,821	63	187,291	100



* Subject to final measurement

Where We Are...



¹ Joint venture with ENCO Sdn. Bhd. in Bangka & Belitung

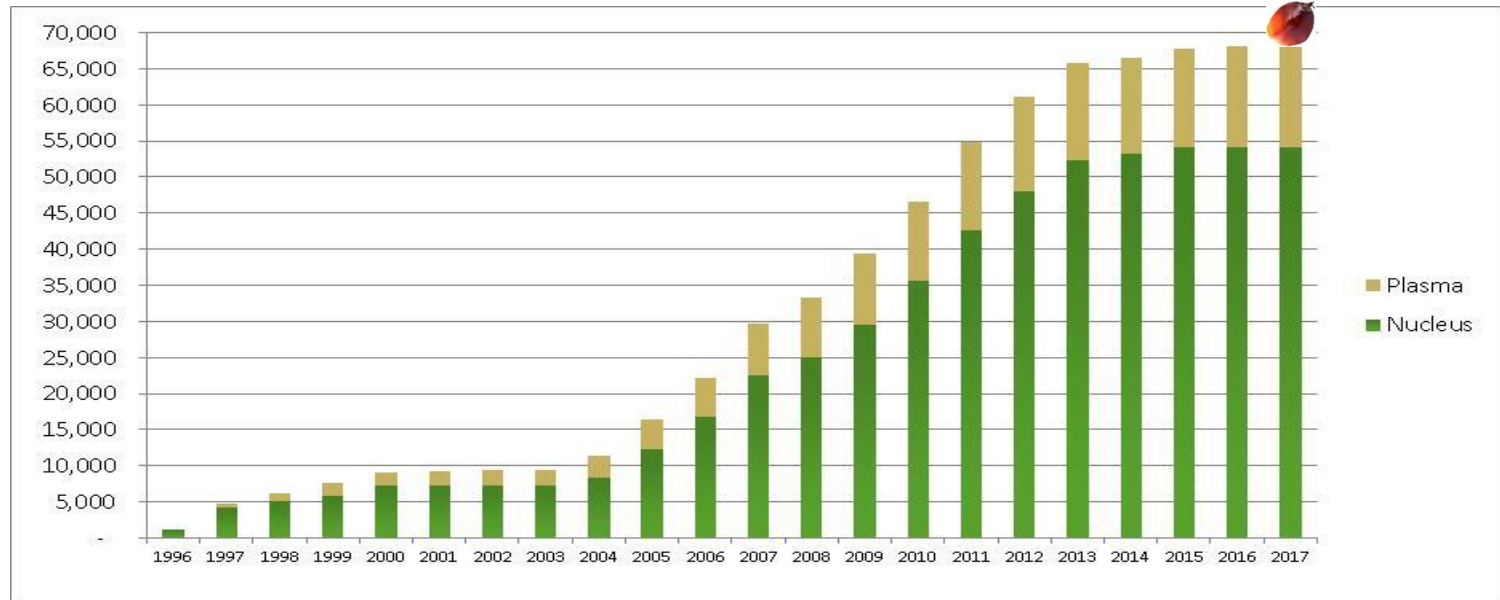
² Joint venture with Louis Dreyfus Company in Balikpapan

Operational Performance



Production Highlights	1Q 2017	1Q 2016	Change
FFB Production (MT)	163,112	139,058	+17.3%
- Nucleus	128,311	109,914	+16.7%
- Plasma	34,801	29,144	+19.4%
FFB Processed (MT)	153,361	136,436	+12.4%
- Nucleus	119,430	105,410	+13.3%
- Plasma	33,658	28,779	+17.0%
- External Parties	273	2,247	-87.9%
Oil Extraction rates (%)			
- CPO	20.5%	22.2%	-1.7pp
- CPKO	43.6%	43.3%	+0.3pp
Oil Production (MT)			
- CPO (MT)	31,378	30,309	+3.5%
- CPKO (MT)	865	546	+58.4%
FFB Yield (MT/ha) – Nucleus	3.0	2.7	+11.1%
Oil Yield (MT/ha)	0.6	0.6	+0.0%

Development of Kencana's planted area (Nucleus + Plasma)



Phase 1

Phase 2

Phase 3

Phase 1

Oil Palm cultivation started in 1996 in Bangka island, Sumatra (1,215 ha). This was followed by the 2nd planting in 1998 in South Kalimantan.

Phase 2

Started in 2004 in South and East Kalimantan with rapid planting programme. Total planted area increased by about 5 times from phase 1

Phase 3

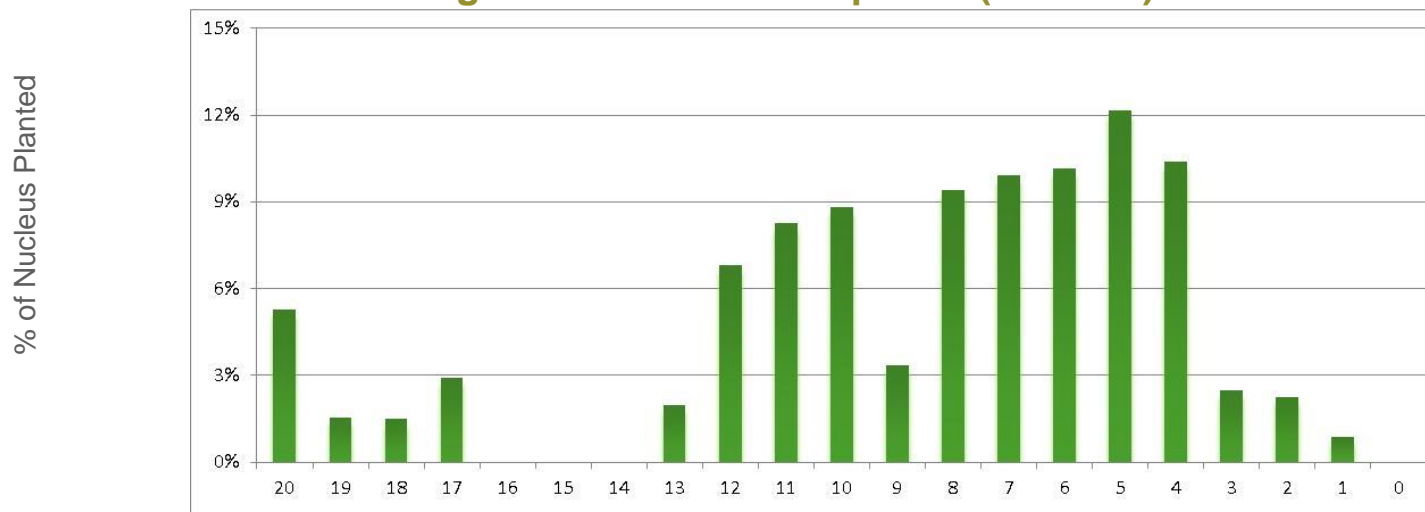
Started in 2011 in Sulawesi.

AGE PROFILE

	Immature	%	Young Mature	%	Prime Mature	%	Total
Nucleus	11,451	21	17,045	32	25,679	47	54,175
Plasma	1,398	10	5,043	35	7,854	55	14,295
Total	12,849	19	22,088	32	33,533	49	68,470

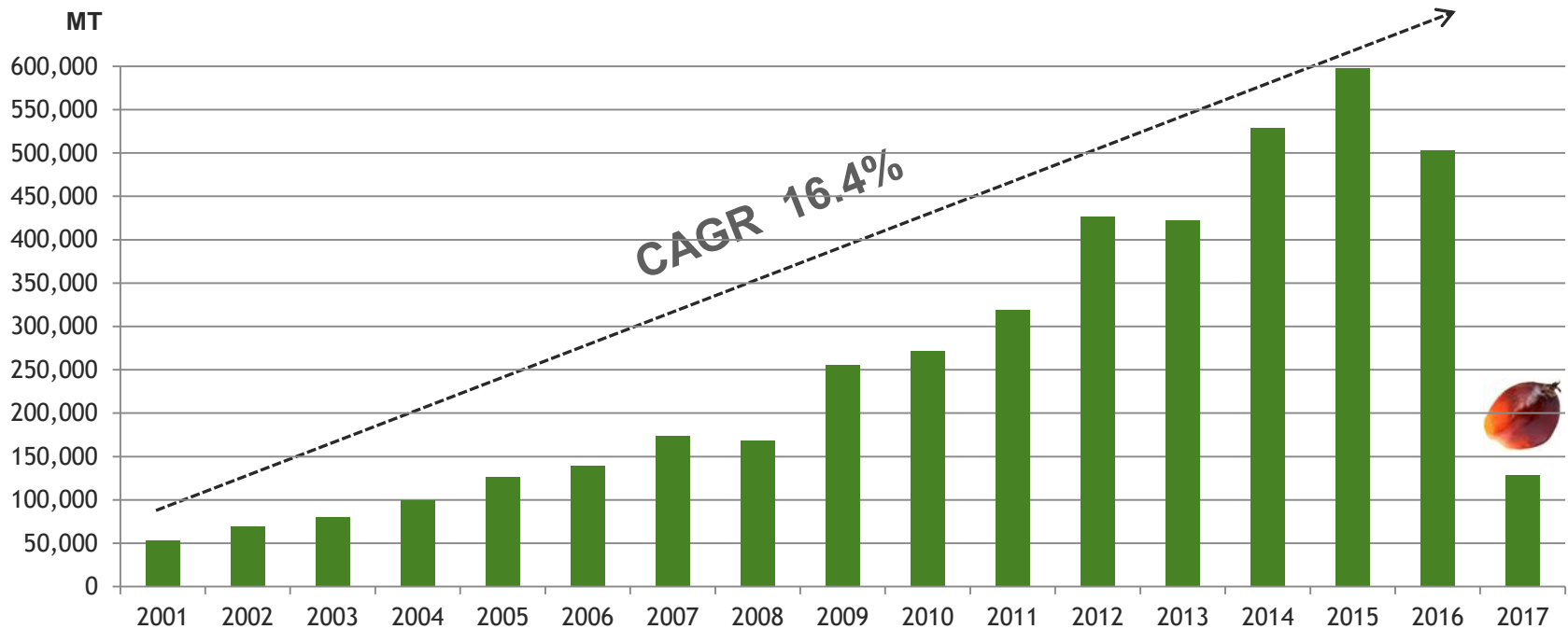
59% OF IMMATURE AND YOUNG MATURE PALMS (NUCLEUS) WILL ENTER THE PRIME MATURE PHASE, AND WILL DRIVE THE POTENTIAL OF STRONG PRODUCTION GROWTH IN THE NEAR FUTURE.

Age distribution of oil palms (nucleus)



Weighted
Average Age
= 9.1 Years

FFB Production Trend (Nucleus)



- 2001 – 2016 CAGR = 16.4%

Financial Performance



Financial Highlights	1Q 2017	1Q 2016	Change
Sales Volume (MT)			
- CPO	46,683	50,264	-7.1%
- CPKO	1,250	800	+56.3%
Sales Revenue (US\$'000)			
- CPO	31,485	25,376	+24.1%
- CPKO	1,662	601	+176.5%
- OTHERS*	6,312	2,870	+119.9%
Average Selling Price (US\$)			
- CPO	674	505	+33.5%
- CPKO	1,329	752	+76.7%

*) Others include sales of Kernel, Cake, FFB, and income from logistics

Financial Performance



Income Statement Highlights (US\$'000)

	1Q 2017	1Q 2016	Change
Revenue	39,459	28,847	+36.8%
Gross profit	10,414	2,352	+342.8%
Operating (loss)/profit	8,077	(629)	n/m
Profit/(loss) before tax	5,882	570	+931.9%
Net profit/(loss) for the year	4,261	768	+454.8%
EBITDA	12,860	8,711	+47.6%
Gross margin (%)	26.4	8.2	+18.2pp
Net Profit margin (%)	10.8	2.7	+8.1pp
EBITDA margin (%)	32.6	30.2	+2.4pp

n/m: not meaningful

Financial Performance



Balance Sheet Highlights (US\$'000)

	As at 31 Mar 2017	As at 31 Dec 2016	Change
Current Assets	65,874	68,673	-4.1%
Non-current Assets	326,320	323,512	+1.0%
Total Assets	392,194	392,185	+0.0%
Current Liabilities	96,749	94,881	+2.0%
Non-current Liabilities	247,238	253,697	-2.6%
Total Liabilities	343,987	348,578	-1.3%
Shareholders' Equity	48,207	43,607	+10.6%
Net Debt/Equity Ratio (%)	571.8	625.4	-53.6pp
Net Debt/Total Assets (%)	70.3	69.5	+0.7pp
Net Debt/EBITDA (x)	21.4	31.3	-31.5%
EBITDA/Interest Expense (x)	2.7	1.8	+53.2%

n/m: not meaningful

Financial Performance



Cash Flow (US\$'000)

	1Q 2017	1Q 2016	Change
Cash at beginning of year	12,157	8,196	+48.3 %
Net cash from operating activities	6,243	13,125	-52.4%
Net cash used in investing activities	(1,620)	(9,604)	-83.1%
Net cash used financing activities	(11,590)	(3,488)	+232.3%
Net increase in cash	(6,967)	33	n.m.
Cash at end of year	5,190	8,229	-36.9%

n/m: not meaningful



Thank You

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