



Growth • Excellence • Integrity

Kencana Agri Limited



**1H 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



Logistics
Vessels : 4
Total Capacity :
7,950 MT

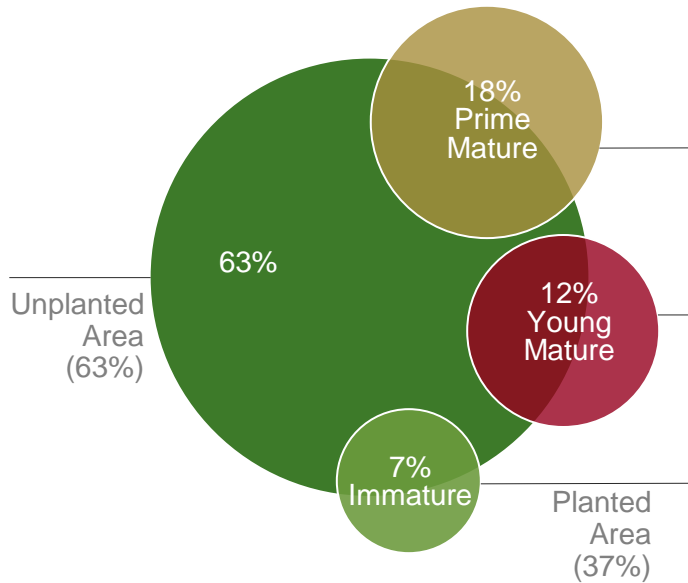


Biomass Power Plant - 2
Total Capacity : 13.5 MW

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...



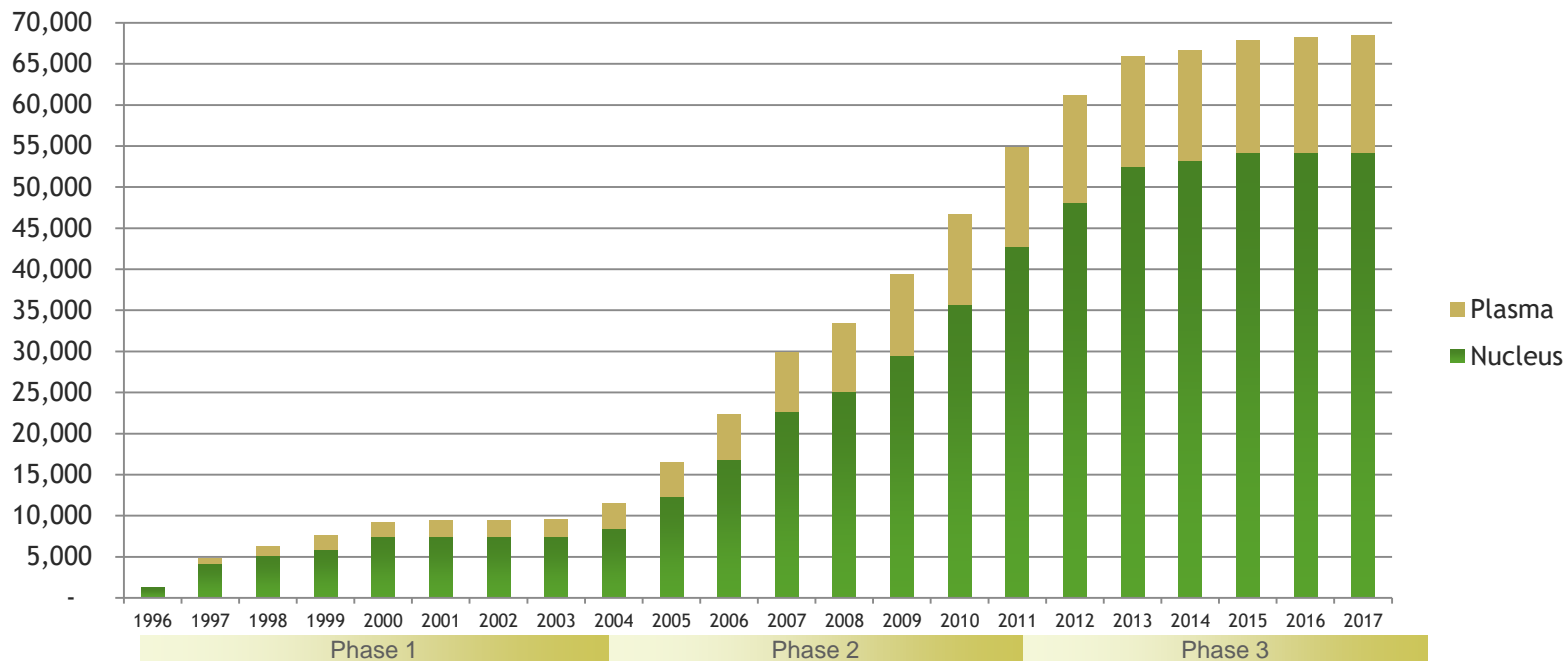
¹ Joint venture with ENCO Sdn. Bhd. in Bangka & Belitung

Operational Performance



Production Highlights	2Q 2017	2Q 2016	Change	1H 2017	1H 2016	Change
FFB Production (MT)	170,201	114,411	+48.8%	333,314	253,469	+31.5%
- Nucleus	134,139	92,655	+44.8%	262,451	202,569	+29.6%
- Plasma	36,062	21,756	+65.8%	70,863	50,900	+39.2%
FFB Processed (MT)	159,244	109,825	+45.0%	312,605	246,262	+26.9%
- Nucleus	124,410	88,426	+40.7%	243,840	193,836	+25.8%
- Plasma	34,437	21,174	+62.6%	68,095	49,953	+36.3%
- External Parties	397	226	+75.7%	670	2,473	-72.9%
Oil Extraction rates (%)						
- CPO	20.4%	22.3%	-1.9pp	20.4%	22.3%	-1.9pp
- CPKO	43.4%	43.1%	+0.3pp	43.5%	43.2%	+0.3pp
Oil Production (MT)						
- CPO (MT)	32,512	24,533	+32.5%	63,890	54,842	+16.5%
- CPKO (MT)	1,012	747	+35.5%	1,877	1,293	+45.2%
FFB Yield (MT/ha) - Nucleus	3.1	2.3	+34.8%	6.1	4.9	+24.5%

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



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

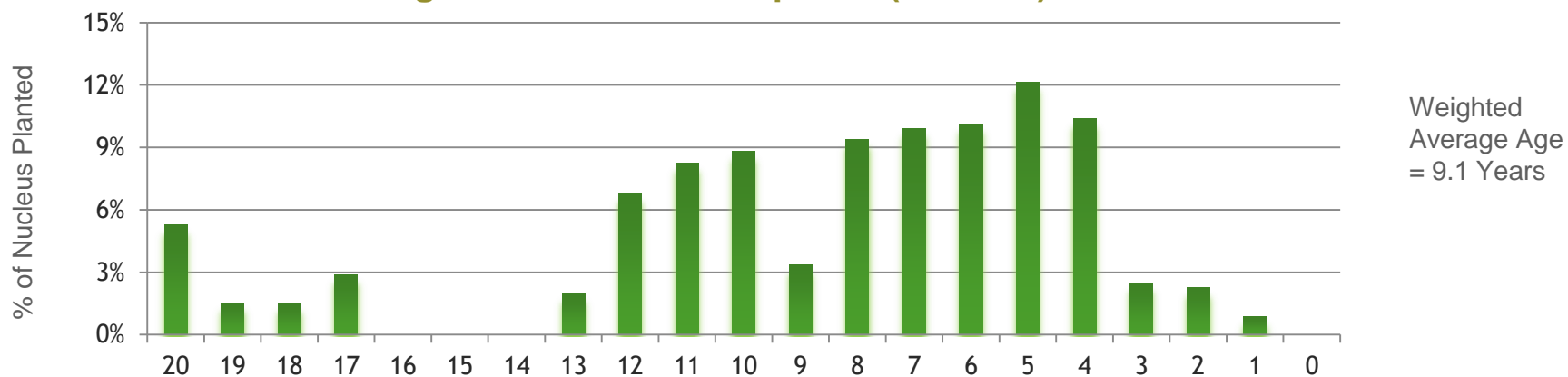
Started in 2011 in Sulawesi.

AGE PROFILE

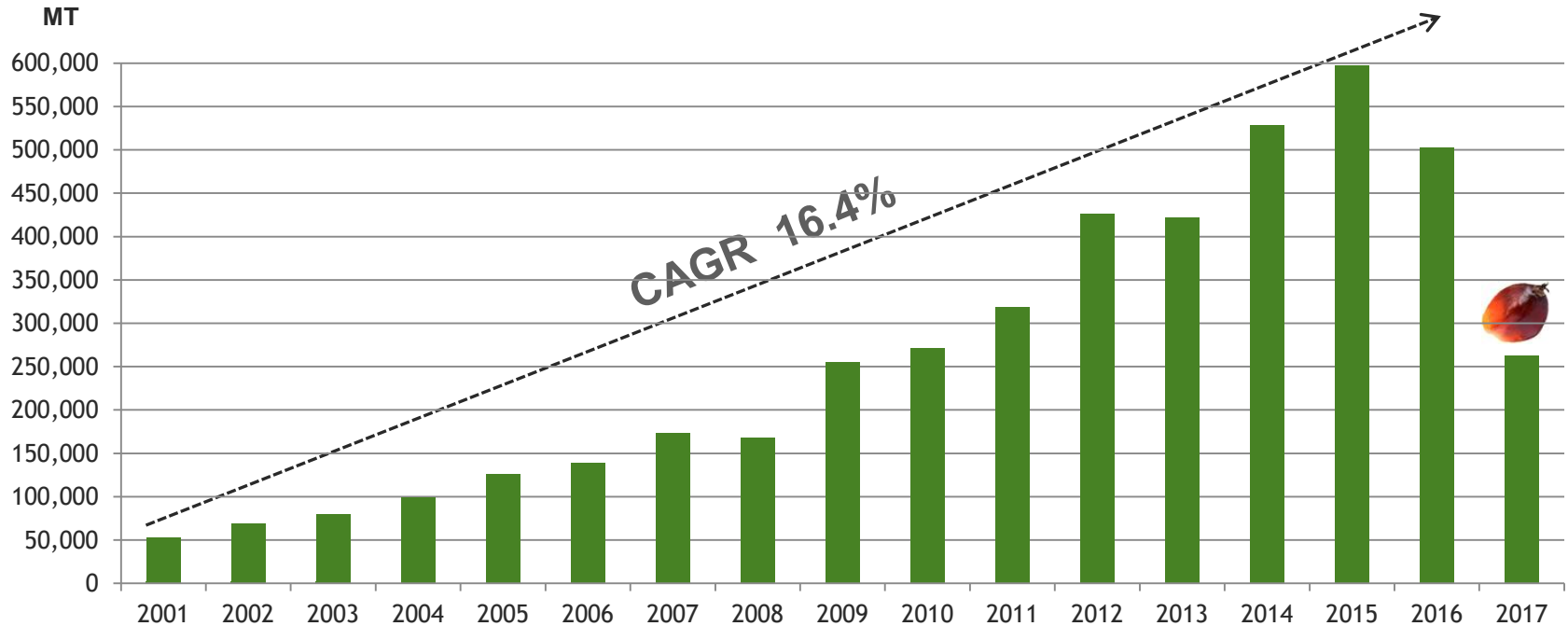
	Immature	%	Young Mature	%	Prime Mature	%	Total
Nucleus	11,451	21	17,045	32	25,679	47	54,175
Plasma	1,398	10	5,043	35	7,854	55	14,295
Total	12,849	19	22,088	32	33,533	49	68,470

53% 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)



FFB Production Trend (Nucleus)



- 2001 – 2016 CAGR = 16.4%

Financial Performance



Financial Highlights

	2Q 2017	2Q 2016	Change	1H 2017	1H 2016	Change
Sales Volume (MT)						
- CPO	36,778	48,106	-23.5%	83,461	98,370	-15.2%
- CPKO	1,000	500	+100.0%	2,250	1,300	+73.1%
Sales Revenue (US\$'000)						
- CPO	22,666	29,372	-22.8%	54,151	54,748	-1.1%
- CPKO	1,047	529	+97.9%	2,709	1,130	+139.7%
- OTHERS*	3,445	3,059	+12.6%	9,757	5,928	+64.6%
Average Selling Price (US\$)						
- CPO	616	611	+0.8%	649	557	+16.5%
- CPKO	1,047	1,057	-0.9%	1,204	869	+38.6%

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

Financial Performance



Income Statement Highlights (US\$'000)

	2Q 2017	2Q 2016	Change	1H 2017	1H 2016	Change
Revenue	27,158	32,959	-17.6%	66,617	61,806	+7.8%
Gross profit	2,473	511	+384.0%	12,887	2,863	+350.1%
Operating profit/(loss)	5,874	(3,573)	n/m	13,951	(4,202)	n/m
Profit/(loss) before tax	9,901	(8,085)	n/m	15,783	(7,515)	n/m
Net profit/(loss) for the period	7,112	(6,733)	n/m	11,373	(5,965)	n/m
EBITDA	11,164	48	n/m	24,024	8,760	+174.2
Gross margin (%)	9.1	1.6	+7.5pp	19.3	4.6	+14.7pp
Net profit margin (%)	26.2	-20.4	n/m	17.1	-9.7	n/m
EBITDA margin (%)	41.1	0.1	+41.0pp	36.1	14.2	+21.9pp

n/m: not meaningful

Financial Performance



Balance Sheet Highlights (US\$'000)

	As at 30 Jun 2017	As at 31 Dec 2016	Change
Current Assets	76,514	68,673	+11.4%
Non-current Assets	325,776	323,512	+0.7%
Total Assets	402,290	392,185	+2.6%
Current Liabilities	105,798	94,881	+11.5%
Non-current Liabilities	241,152	253,697	-4.9%
Total Liabilities	346,950	348,578	-0.5%
Shareholders' Equity	55,340	43,607	+26.9%
Net Debt/Equity Ratio (%)	488.7	625.4	-136.7pp
Net Debt/Total Assets (%)	67.2	69.5	-2.3pp
Net Debt/EBITDA (x)	11.3	31.3	-63.9%
EBITDA/Interest Expense (x)	2.5	0.9	+177.8%

n/m: not meaningful

Financial Performance



Cash Flow (US\$'000)

	1H 2017	1H 2016	Change
Cash at beginning of period	12,157	8,196	+48.3 %
Net cash from operating activities	699	21,264	-96.7%
Net cash used in investing activities	14,915	(12,748)	n/m
Net cash used in financing activities	(11,149)	(1,037)	975.1%
Net increase/(decrease) in cash	4,465	7,479	-40.3%
Cash at end of period	16,622	15,675	+6.0%

n/m: not meaningful



Thank You

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