



Growth • Excellence • Integrity

Kencana Agri Limited



**3Q 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 : 3
Total Capacity :
6,700 MT

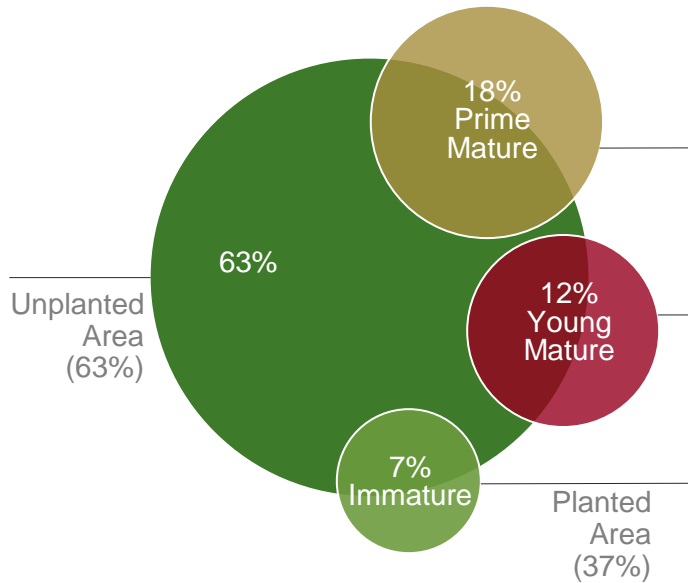


Biomass Power Plant - 2
Total Capacity : 13.5 MW

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...



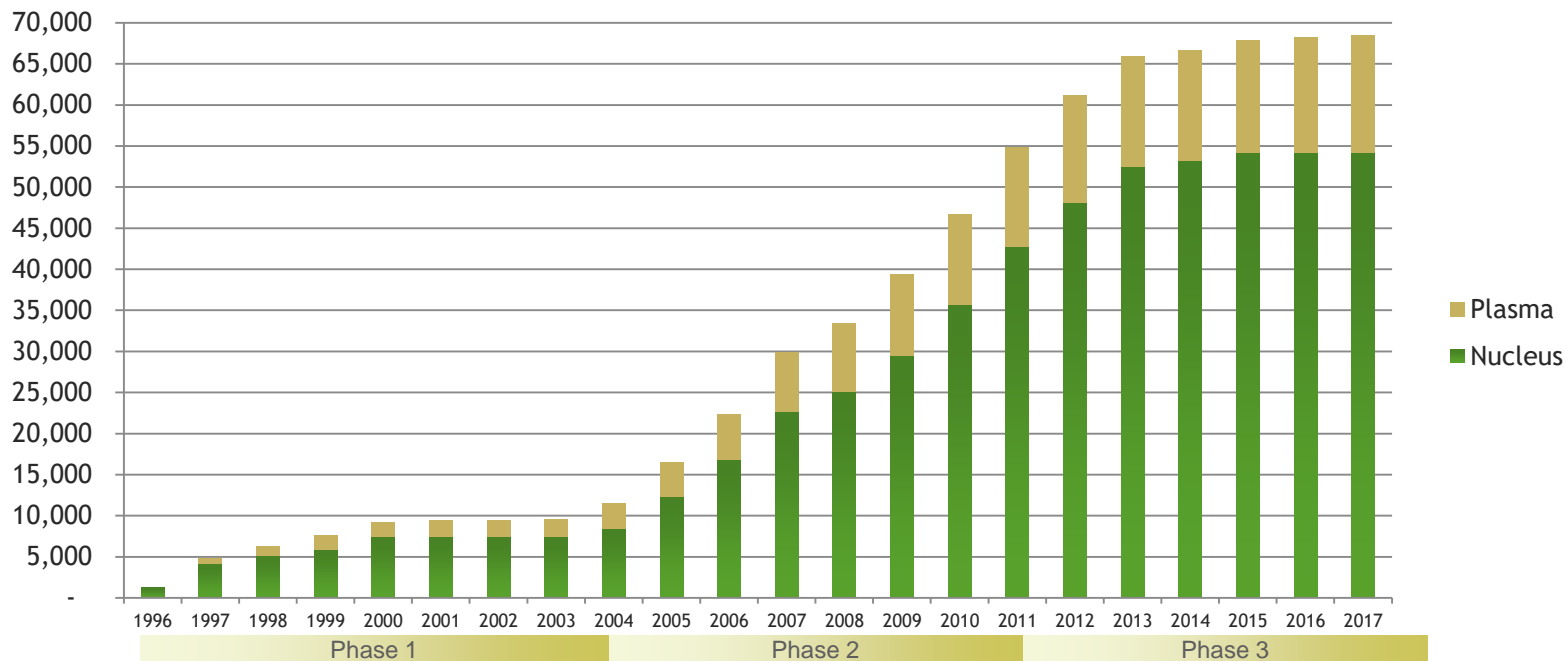
¹ Joint venture with ENCO Sdn. Bhd. in Bangka & Belitung

Operational Performance



Production Highlights	3Q 2017	3Q 2016	Change	9M 2017	9M 2016	Change
FFB Production (MT)	230,624	115,008	+100.5%	563,938	368,476	+53.0%
- Nucleus	177,167	90,614	+95.5%	439,618	293,182	+49.9%
- Plasma	53,457	24,394	+119.1%	124,320	75,294	+65.1%
FFB Processed (MT)	221,039	111,417	+98.4%	533,644	357,679	+49.2%
- Nucleus	168,480	87,394	+92.8%	412,321	281,230	+46.6%
- Plasma	52,194	23,858	+118.8%	120,288	73,811	+63.0%
- External Parties	365	165	+121.2%	1,035	2,638	-60.8%
Oil Extraction rates (%)						
- CPO	20.2%	20.1%	+0.1pp	20.3%	21.6%	-1.3pp
- CPKO	42.9%	43.2%	-0.3pp	43.3%	43.2%	+0.1pp
Oil Production (MT)						
- CPO (MT)	44,657	22,418	+99.2%	108,547	77,260	+40.5%
- CPKO (MT)	1,086	674	+61.1%	2,963	1,967	+50.6%
FFB Yield (MT/ha) - Nucleus	4.1	2.2	+86.4%	10.3	7.2	+43.1%

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

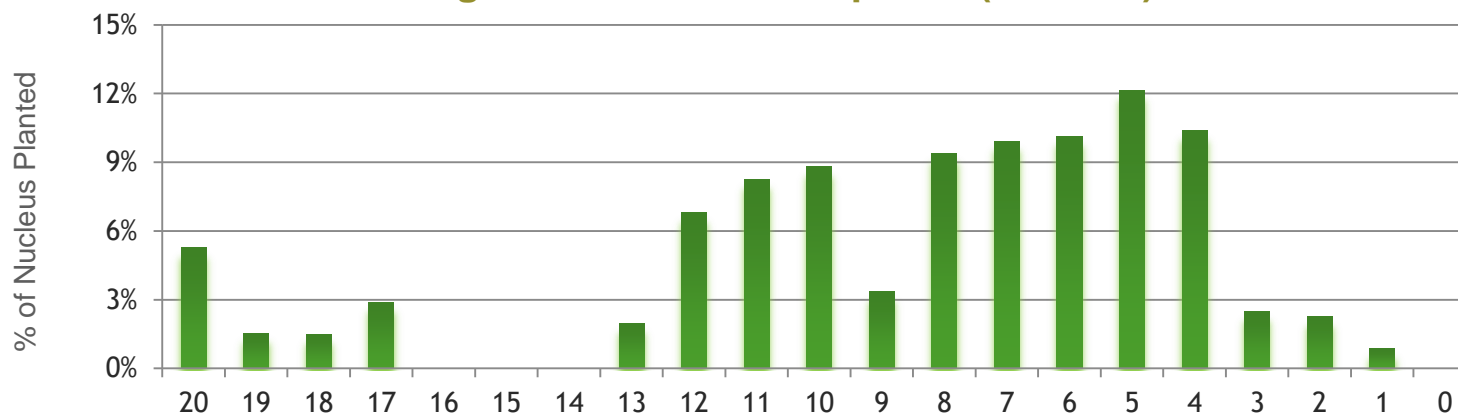
Started in 2011 in Sulawesi.

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

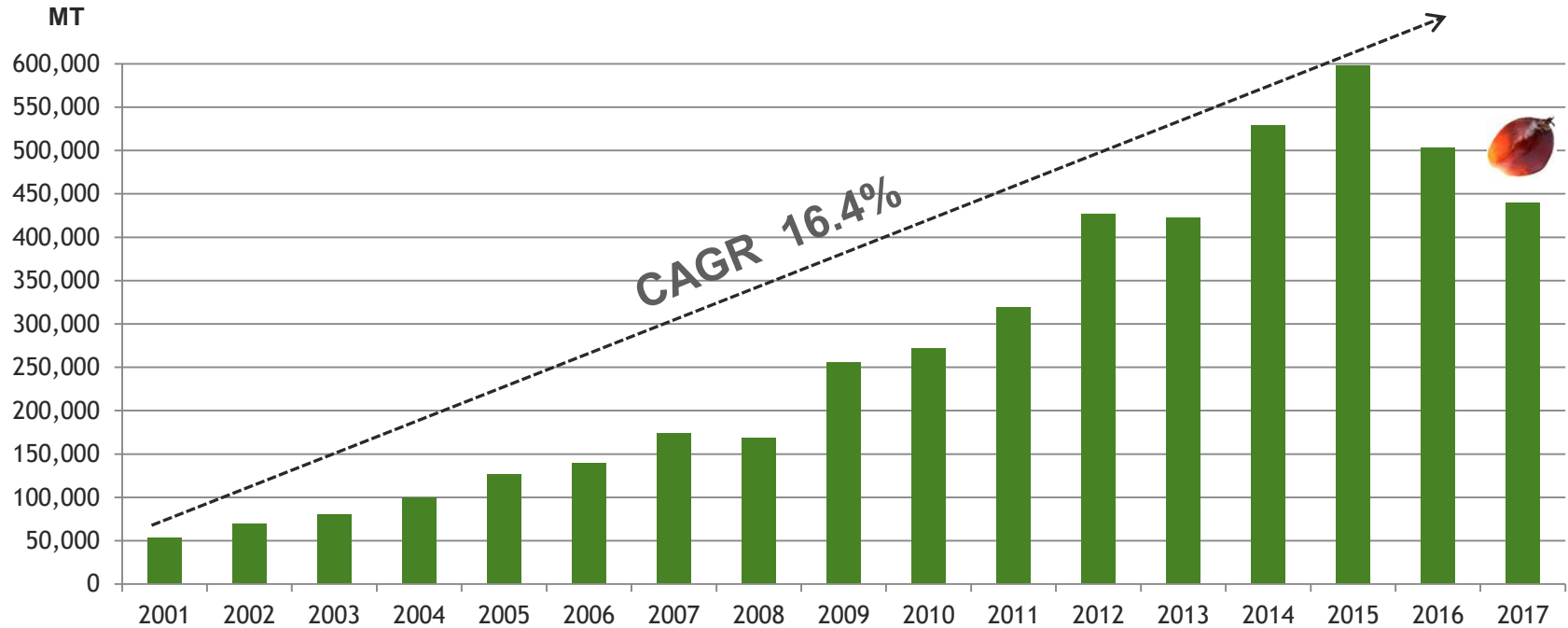
53% OF IMMATURE AND YOUNG MATURE PALMS (NUCLEUS) WILL ENTER THE PRIME MATURE PHASE, AND WILL DRIVE THE POTENTIAL OF STRONG PRODUCTION GROWTH IN THE NEAR FUTURE.

Age distribution of oil palms (nucleus)



Weighted
Average Age
= 8.9 Years

FFB Production Trend (Nucleus)



- 2001 – 2016 CAGR = 16.4%

Financial Performance



Financial Highlights

	3Q 2017	3Q 2016	Change	9M 2017	9M 2016	Change
Sales Volume (MT)						
- CPO	63,794	39,412	+61.9%	147,255	137,782	+6.9%
- CPKO	1,555	1,150	+35.2%	3,805	2,450	+55.3%
Sales Revenue (US\$'000)						
- CPO	37,497	23,985	+56.3%	91,648	78,733	+16.4%
- CPKO	1,494	1,378	+8.4%	4,203	2,508	+67.6%
- OTHERS*	4,537	2,193	+106.9%	14,294	8,121	+76.0%
Average Selling Price (US\$)						
- CPO	588	609	-3.4%	622	571	+8.9%
- CPKO	961	1,198	-19.8%	1,105	1,024	+7.9%

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

Financial Performance



Income Statement Highlights (US\$'000)

	3Q 2017	3Q 2016	Change	9M 2017	9M 2016	Change
Revenue	43,528	27,556	+58.0%	110,145	89,362	+23.3%
Gross profit	9,022	855	+955.2%	21,909	3,718	+489.3%
Operating profit/(loss)	6,358	(1,559)	n/m	20,309	(5,761)	n/m
Profit/(loss) before tax	(708)	(6,745)	-89.5%	15,075	(14,260)	n/m
Net profit/(loss) for the period	(1,384)	(5,912)	-76.6%	9,989	(11,877)	n/m
EBITDA	7,523	1,401	+437.0%	31,547	10,161	+210.5%
Gross margin (%)	20.7%	3.1%	+17.6pp	19.9%	4.2%	+15.7pp
Net profit margin (%)	-3.2%	-21.5%	+18.3PP	9.1%	-13.3%	n/m
EBITDA margin (%)	17.3%	5.1%	+12.2pp	28.6%	11.4%	+17.2pp

n/m: not meaningful

Financial Performance



Balance Sheet Highlights (US\$'000)

	As at 30 Sep 2017	As at 31 Dec 2016	Change
Current Assets	84,507	68,673	+23.1%
Non-current Assets	319,305	323,512	-1.3%
Total Assets	403,812	392,185	+3.0 %
Current Liabilities	97,352	94,881	+2.6%
Non-current Liabilities	253,049	253,697	-0.3%
Total Liabilities	350,401	348,578	+0.5%
Shareholders' Equity	53,411	43,607	+22.5%
Net Debt/Equity Ratio (%)	507.5	625.4	-117.9pp
Net Debt/Total Assets (%)	67.1	69.5	-2.4pp
Net Debt/EBITDA (x)	8.6	26.8	-67.9%
EBITDA/Interest Expense (x)	2.2	0.7	+214.3%

n/m: not meaningful

Cash Flow (US\$'000)

	9M 2017	9M 2016	Change
Cash at beginning of period	12,157	8,196	+48.3 %
Net cash from operating activities	3,562	9,010	-60.5%
Net cash from/(used in) investing activities	13,858	(13,070)	n/m
Net cash (used in)/from financing activities	(2,429)	1,283	n/m
Net increase/(decrease) in cash	14,991	(2,777)	n/m
Cash at end of period	27,148	5,419	+401.0%

n/m: not meaningful



Thank You

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