



Growth • Excellence • Integrity

**Kencana Agri Limited**



**FY 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

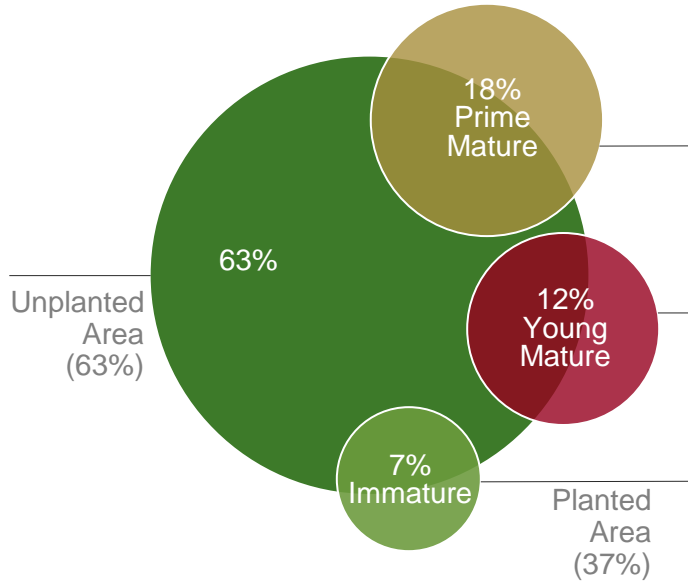


**Biomass Power Plant - 2**  
Total Capacity : 13.5 MW

# 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	54,188	33	111,649	67	165,837	89
Plasma	14,295	67	7,159	33	21,454	11
Total	68,483	37	118,808	63	187,291	100



\* Subject to final measurement

# Where We Are...



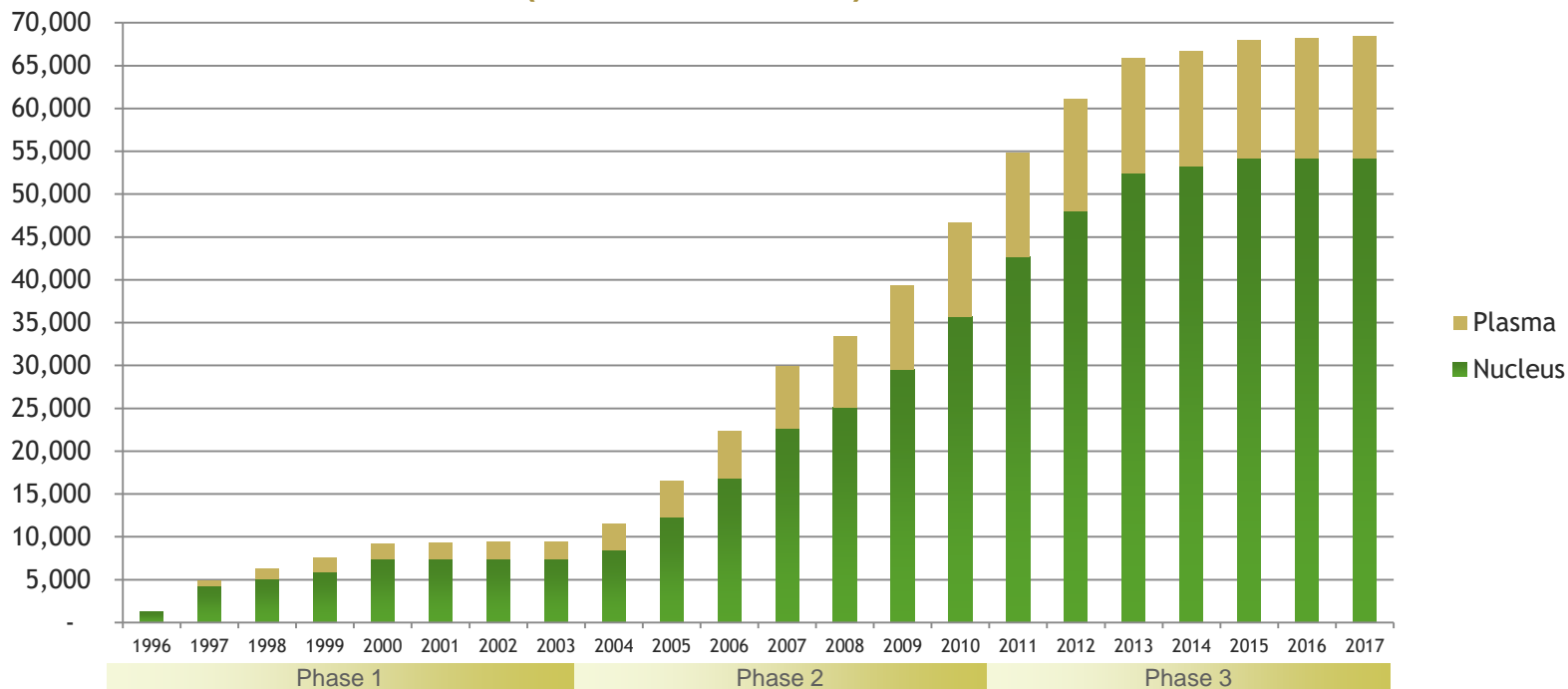
<sup>1</sup> Joint venture with ENCO Sdn. Bhd. in Bangka & Belitung

# Operational Performance



<b>Production Highlights</b>	<b>FY 2017</b>	<b>FY 2016</b>	<b>Change</b>
<b>FFB Production (MT)</b>	<b>758,893</b>	<b>637,314</b>	<b>+19.1%</b>
- Nucleus	591,471	502,933	+17.6%
- Plasma	167,422	134,381	+24.6%
<b>FFB Processed (MT)</b>	<b>723,966</b>	<b>622,476</b>	<b>+16.3%</b>
- Nucleus	560,057	487,523	+14.9%
- Plasma	162,531	131,886	+23.2%
- External Parties	1,378	3,067	-55.1%
<b>Oil Extraction rates (%)</b>			
- CPO	20.4%	20.9%	-0.5pp
- CPKO	43.3%	43.3%	+0.0pp
<b>Oil Production (MT)</b>			
- CPO (MT)	147,716	130,003	+13.6%
- CPKO (MT)	3,721	3,349	+11.1%
<b>FFB Yield (MT/ha) – Nucleus</b>	<b>13.8</b>	<b>12.3</b>	<b>+12.2%</b>

## 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 2<sup>nd</sup> 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

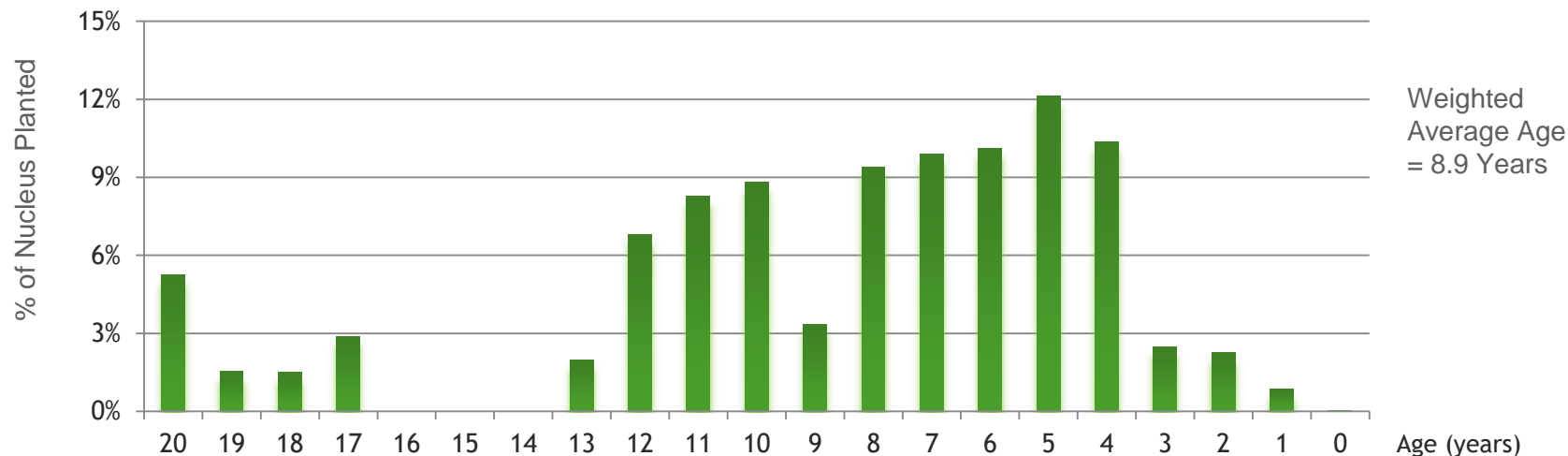
Started in 2011 in Sulawesi.

## AGE PROFILE

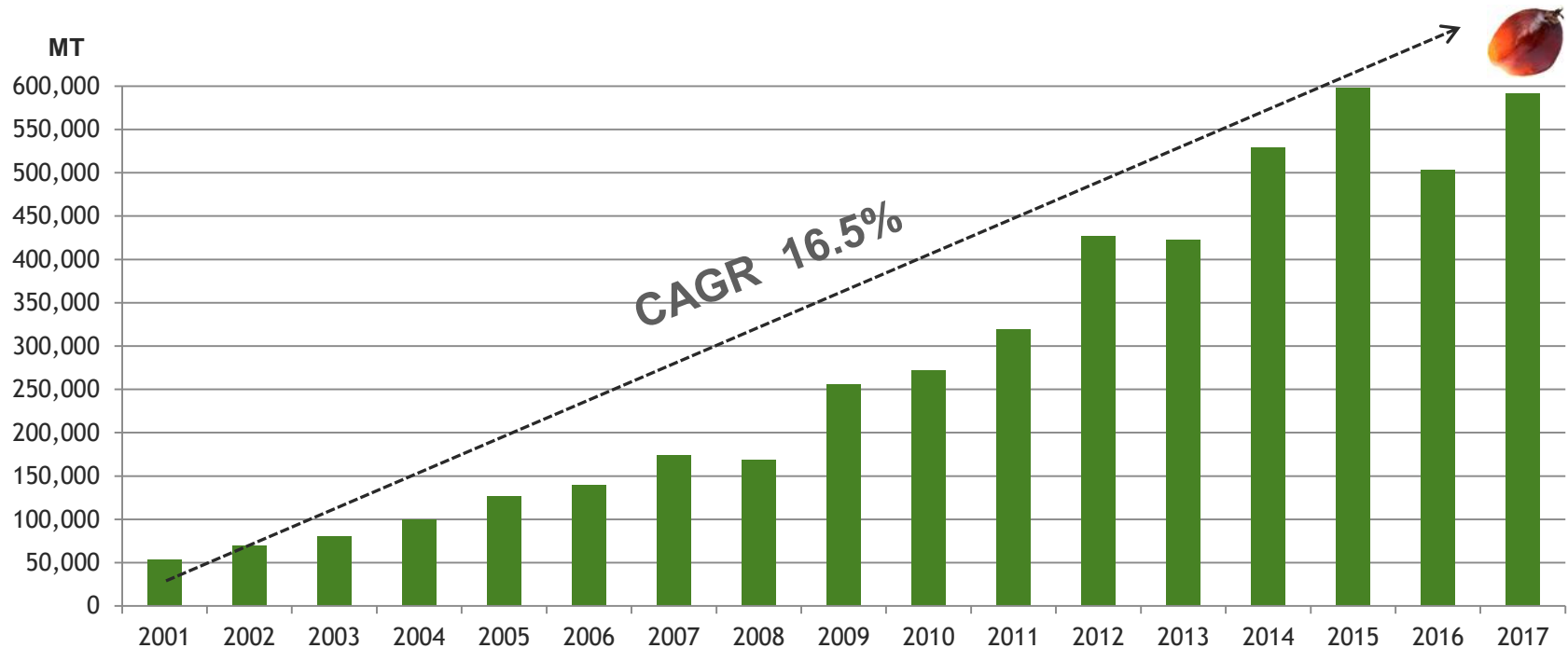
	Immature	%	Young Mature	%	Prime Mature	%	Total
Nucleus	11,465	21	17,045	32	25,678	47	54,188
Plasma	1,398	10	5,043	35	7,854	55	14,295
Total	12,863	19	22,088	32	33,532	49	68,483

**51% 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 – 2017 CAGR = 16.5%
- 2017 onward – expect steady increase in production



# Financial Performance



<b>Financial Highlights</b>	<b>FY 2017</b>	<b>FY 2016</b>	<b>Change</b>
<b>Sales Volume (MT)</b>			
- CPO	198,585	211,508	-6.1%
- CPKO	5,185	2,800	+85.2%
<b>Sales Revenue (US\$'000)</b>			
- CPO	122,659	123,807	-0.9%
- CPKO	5,990	2,901	+106.5%
- OTHERS*	19,447	11,873	+63.8%
<b>Average Selling Price (US\$)</b>			
- CPO	618	585	+5.6%
- CPKO	1,155	1,036	+11.5%

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

# Financial Performance



## Income Statement Highlights (US\$'000)

	FY 2017	FY 2016	Change
Revenue	148,096	138,581	+6.9%
Gross profit	29,528	19,619	+50.5%
Operating profit	23,160	10,804	+114.4%
Profit/(loss) before tax	10,983	(5,908)	n/m
Profit/(loss) for the year	4,988	(8,910)	n/m
EBITDA	38,686	21,198	+82.5%
Gross margin (%)	19.9	14.2	+5.7pp
Net profit margin (%)	3.4	-6.4	+9.8pp
EBITDA margin (%)	26.1	15.3	+10.8pp

n/m: not meaningful

# Financial Performance



## Balance Sheet Highlights (US\$'000)

	As at 31 Dec 2017	As at 31 Dec 2016	Change
<b>Current Assets</b>	78,310	68,673	+14.0%
<b>Non-current Assets</b>	312,955	323,512	-3.3%
<b>Total Assets</b>	391,265	392,185	-0.2%
<b>Current Liabilities</b>	97,413	94,881	+2.7%
<b>Non-current Liabilities</b>	245,282	253,697	-3.3%
<b>Total Liabilities</b>	342,695	348,578	-1.7%
<b>Shareholders' Equity</b>	48,570	43,607	+11.4%
<b>Net Debt/Equity Ratio (%)</b>	563.1	625.4	-62.3pp
<b>Net Debt/Total Assets (%)</b>	69.9	69.5	+0.4pp
<b>Net Debt/EBITDA (x)</b>	7.1	12.9	-45.0%
<b>EBITDA/Interest Expense (x)</b>	2.0	1.1	+81.8%

n/m: not meaningful

# Financial Performance



## Cash Flow (US\$'000)

	FY 2017	FY 2016	Change
Cash at beginning of year	12,157	8,196	+48.3%
Net cash from operating activities	12,959	13,241	-2.1%
Net cash from/(used in) investing activities	10,868	(8,567)	n/m
Net cash used in financing activities	(19,292)	(713)	n/m
Net increase in cash	4,535	3,961	+14.5%
Cash at end of year	16,692	12,157	+37.3%

n/m: not meaningful



# Thank You

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