



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

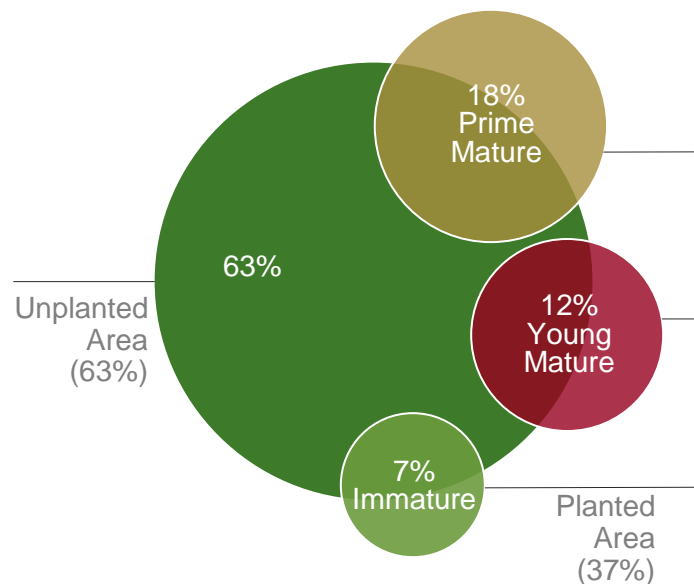


Biomass Power Plant - 2
Total Capacity : 13.5 MW

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...



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

Operational Performance

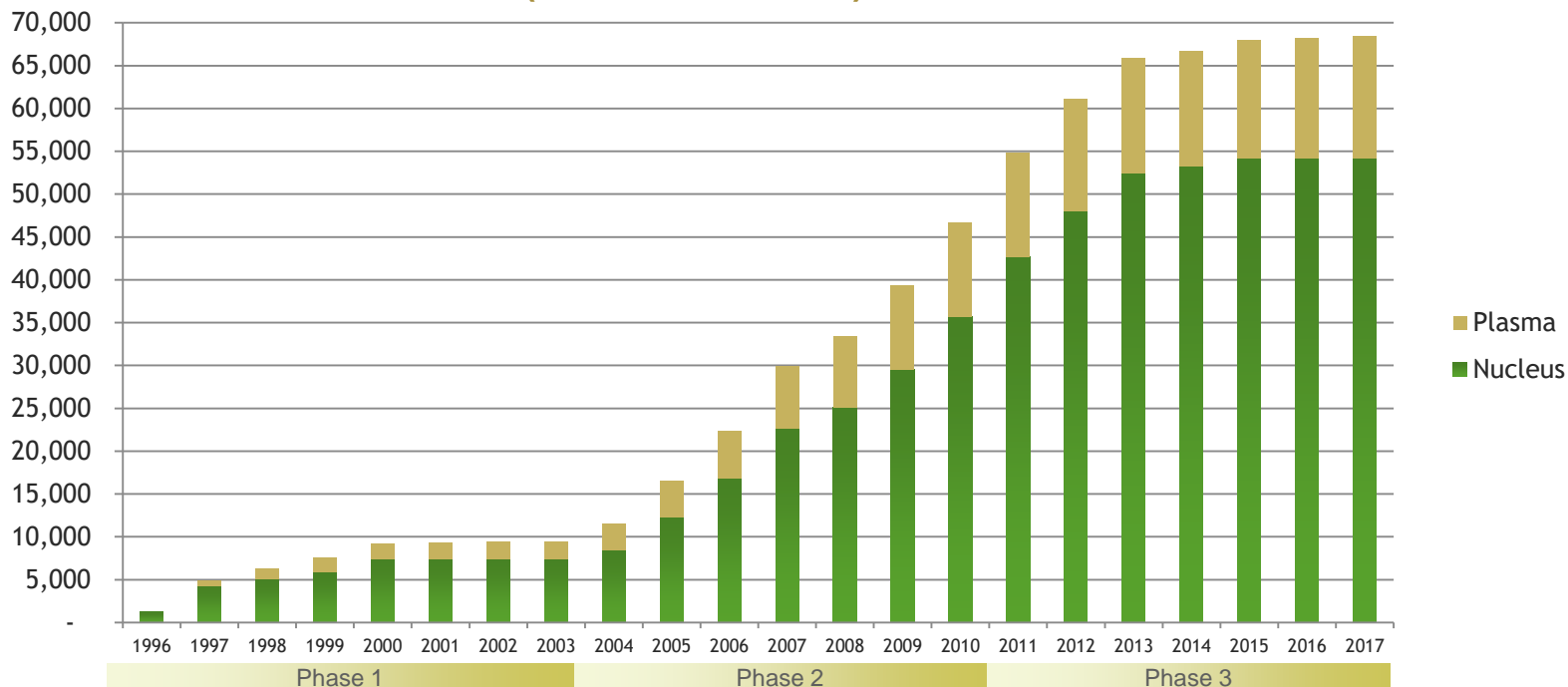


Production Highlights	FY 2017	FY 2016	Change
FFB Production (MT)	758,893	637,314	+19.1%
- Nucleus	591,471	502,933	+17.6%
- Plasma	167,422	134,381	+24.6%
FFB Processed (MT)	723,966	622,476	+16.3%
- Nucleus	560,057	487,523	+14.9%
- Plasma	162,531	131,886	+23.2%
- External Parties	1,378	3,067	-55.1%
Oil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

Operational Performance



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

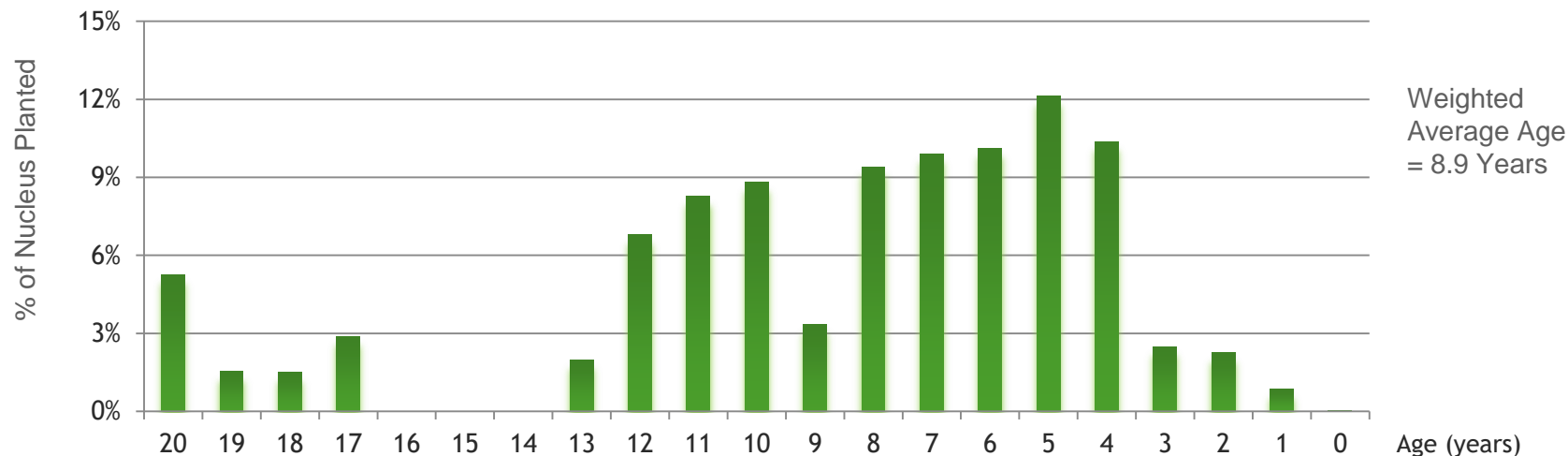
Started in 2011 in Sulawesi.

AGE PROFILE

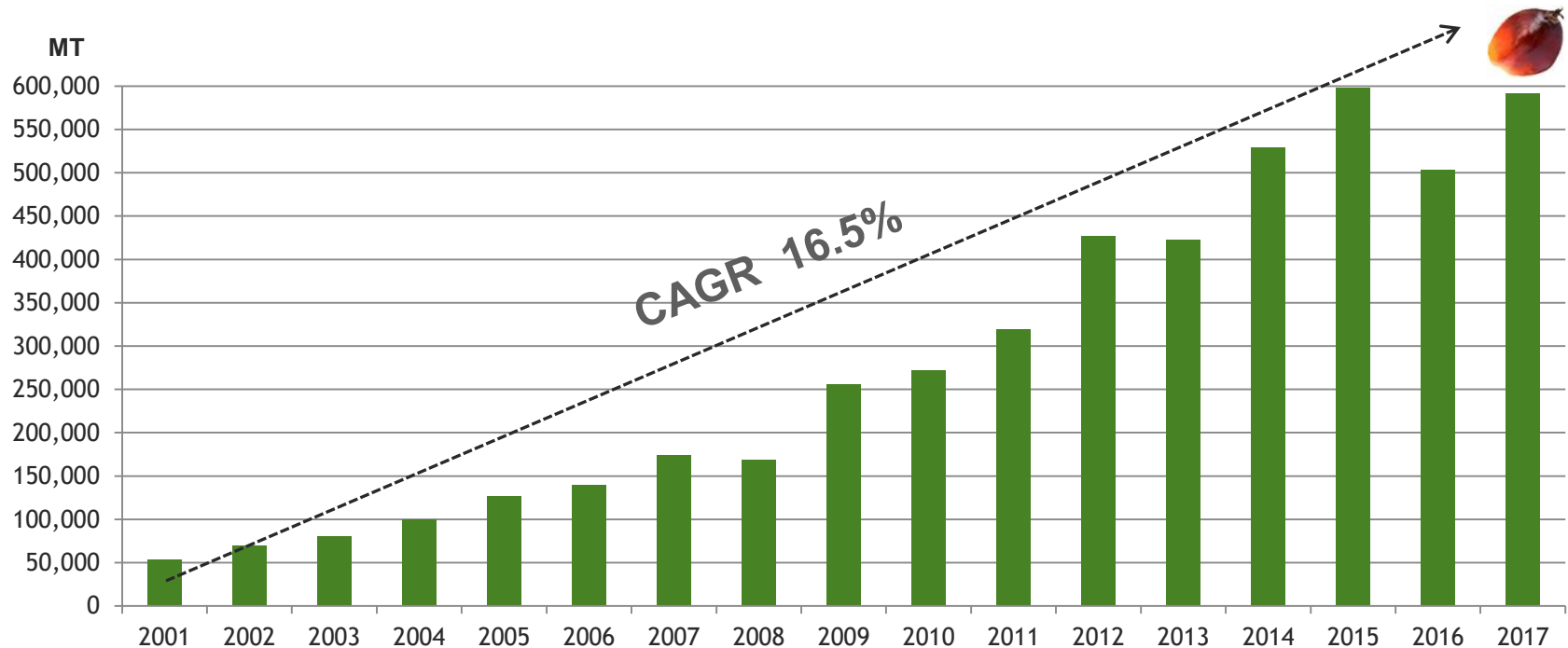
	Immature	%	Young Mature	%	Prime Mature	%	Total
Nucleus	11,465	21	17,045	32	25,678	47	54,188
Plasma	1,398	10	5,043	35	7,854	55	14,295
Total	12,863	19	22,088	32	33,532	49	68,483

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



Financial Highlights	FY 2017	FY 2016	Change
Sales Volume (MT)			
- CPO	198,585	211,508	-6.1%
- CPKO	5,185	2,800	+85.2%
Sales Revenue (US\$'000)			
- CPO	122,659	123,807	-0.9%
- CPKO	5,990	2,901	+106.5%
- OTHERS*	19,447	11,873	+63.8%
Average Selling Price (US\$)			
- 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
Current Assets	78,310	68,673	+14.0%
Non-current Assets	312,955	323,512	-3.3%
Total Assets	391,265	392,185	-0.2%
Current Liabilities	97,413	94,881	+2.7%
Non-current Liabilities	245,282	253,697	-3.3%
Total Liabilities	342,695	348,578	-1.7%
Shareholders' Equity	48,570	43,607	+11.4%
Net Debt/Equity Ratio (%)	563.1	625.4	-62.3pp
Net Debt/Total Assets (%)	69.9	69.5	+0.4pp
Net Debt/EBITDA (x)	7.1	12.9	-45.0%
EBITDA/Interest Expense (x)	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

Disclaimer

This document has not been independently verified and has been prepared for informational purposes only. No representation or warranty express or imply is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained herein.

It is not the intention to provide, and you may not rely on this document as providing, a complete or comprehensive analysis of the company's financial or trading position or prospects. The information and opinions contained in these materials are provided as at the date of this presentation and are subject to change without notice.

None of Kencana Agri Limited or any of its affiliates, advisers or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss whatsoever arising from any use of this document or its contents.