



PT AUSTINDO NUSANTARA JAYA Tbk

INVESTOR NEWSLETTER

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3Q16 RESULTS

Operational Update

The Company produced a total FFB of 471,972 mt in the first nine months of 2016, a decline of 16.4% YoY following the impact of El Nino in 2015, which resulted in a significant decline in the production cycle most notably at our Belitung Island estate. Meanwhile, our newly mature West Kalimantan estate showed a significant increase in FFB production compared to the same period last year.

In line with FFB production decline, CPO and PK production also declined by 14.1% and 18.1% to 124,836 mt and 27,539 mt respectively by the end of 3Q16 YTD, compared to

Table 1: Production and Sales

	3Q16	3Q15	Diff	%
FFB Production (mt) - Own				
Belitung Island	111,062	207,983	(96,921)	-46.60%
North Sumatra I	165,878	182,194	(16,316)	-8.96%
North Sumatra II	146,337	145,971	366	0.25%
West Kalimantan	48,695	28,676	20,019	69.81%
Total	471,972	564,825	(92,853)	-16.44%
FFB Purchased from third parties	119,557	110,891	8,666	7.81%
FFB Yield (mt/ha) - Own				
Belitung Island	8.44	15.07	(6.63)	-44.00%
North Sumatra I	16.30	18.57	(1.66)	-8.96%
North Sumatra II	18.50	18.45	0.05	0.25%
West Kalimantan	6.27	4.64	1.63	35.12%
Average*	13.70	17.01	(3.30)	-19.41%
OER - Own CPO	21.67%	21.89%	-0.21%	-0.98%
CPO Production (mt) - Mixed				
Belitung Island	26,756	47,874	(21,117)	-44.11%
North Sumatra I	44,264	46,693	(2,429)	-5.20%
North Sumatra II	41,914	43,043	(1,129)	-2.62%
West Kalimantan	11,902	7,684	4,218	54.89%
Total	124,836	145,294	(20,457)	-14.08%
PK Production (mt) - Mixed	27,539	33,604	(6,064)	-18.05%
CPO Sales (mt) - Mixed				
Belitung Island	26,500	47,450	(20,950)	-44.15%
North Sumatra I	41,950	44,648	(2,698)	-6.04%
North Sumatra II	42,950	40,250	2,700	6.71%
West Kalimantan	12,250	7,000	5,250	75.00%
Total	123,650	139,348	(15,698)	-11.27%
PK Sales (mt) - Mixed	28,167	31,785	(3,618)	-11.38%
CPO Average Price (ex-mill) - USD	578	543	35	6.41%
PK Average Selling Price (ex-mill)	486	353	133	37.54%

* The average FFB Yield for 3Q16 and 3Q15 was calculated by excluding the newly mature West Kalimantan Plantation. Including the average FFB Yield of West Kalimantan Plantation, the average yield would be 12.2 and 15.0, respectively for 3Q16 and 3Q15.

145,294 mt and 33,604 mt in 3Q15. Likewise, the Company also recorded a decrease in CPO and PK sales volumes by 11.3% and 11.4%, falling to 123,650 mt and 28,167 mt in 3Q16 compared to 139,348 mt and 31,785 mt in 3Q15. During the period, the Company also sold 3,167 mt of its FFB from our West Kalimantan Estate to a third party as the FFB production exceeded our 15 ton per hour mini mill capacity.

In 3Q16 CPO and PK market price trend continued to improve resulting in the CPO and PK average selling prices (ASP) in 3Q16 of USD 578/mt and USD 486/mt, an improvement on the 3Q15 ASPs of USD 543/mt and USD 353/mt respectively.

As a result of the above, PK sales revenue rose 21.9% to USD 13.7 million in 3Q16, compared to the 3Q15 result of USD 11.2 million. However, the lower CPO production and sales volumes reduced CPO sales revenue by 5.6% to USD 71.5 million from the USD 75.7 million recorded in the same period last year, despite the higher ASP in 3Q16. Meanwhile, FFB sales revenue contributed USD 0.4 million during the period.

New Mill Construction at West Kalimantan Estate

The completion of our CPO mill construction at the West Kalimantan estate, with a design capacity of 2 X 45 ton per hour lines, remains on schedule. The first 45 ton per hour line commissioning process is currently on going, in time to absorb the projected increase in FFB production from the estate. The official grand opening is expected to be held in December 2016. Currently, the harvest in the West Kalimantan estate is processed at our adjacent mini mill facility, which has a capacity of 15 ton per hour and is having to operate at full capacity.

Planted Area

The Company's total planted area comprising 'inti' and 'plasma' as of 30 September 2016 was 48,574 ha, of which 40,401 ha and 8,173 ha are classified as mature and immature, respectively. The immature area includes 1,066 ha at the Belitung estate, which is part of the 2015 and 2016 replanting program at this estate.

COMPANY PROFILE

PT Austindo Nusantara Jaya Tbk ("ANJT") is a food and renewable energy company. ANJT engages principally in palm oil and sago palm production and processing for food. As for renewable energy, ANJT engages in geothermal and biogas power generation.

SHARE INFORMATION

shares 3,354.2 mn
free float 253.5 mn
treasury stocks 42.7 mn
Listing date 8-5-2013
IPO Price Rp 1,200
Highest Rp 1,950
Lowest Rp 900
Close Rp 1,950

SHAREHOLDERS STRUCTURE

(as of 30 September 2016) %
PT Austindo Kencana Jaya 41.372
PT Memimpin Dengan Nurani 41.372
George Santosa Tahija 4.801
Sjakon George Tahija 4.798
Yayasan Tahija 0.000
Public 7.657

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Financial Update

Our Income

The Company reported an income of USD 95.5 million in the first nine months of 2016, a decrease of 6.2% YoY compared to the USD 101.9 million for the same period last year. Revenue from sales and service concessions contributed 95.3% to our total income. The balance was made up by our share of income from associated companies, dividend income, foreign exchange gains and other income.

Table 2:
Consolidated Statements of Comprehensive Income

In USD (thousands)	3Q16	3Q15	Diff	%
Total Income	95,502	101,861	(6,358)	-6.2%
Total Expenses	82,703	102,145	(19,442)	-19.0%
Income (Loss) Before Tax	12,799	(284)	13,084	-4604.4%
Net Income (Loss) for The Period	6,380	(7,854)	14,234	-181.2%
Non-Controlling Interests	0	(162)	162	-100.1%
Net Income (Loss) Attributable to the Company's Owner	6,380	(7,692)	14,072	-182.9%
Total Comprehensive Income (Loss)	10,250	(20,525)	30,775	149.9%
EBITDA	23,786	18,223	5,563	30.5%
EBITDA Margin	26.1%	18.9%	7.3%	38.5%

Revenue from Sales and Service Concessions

The declines in CPO and PK sales volumes in 3Q16 offset the favorable impact from the higher selling prices and sales of FFB, resulting in a slight decline in sales revenue by 1.6% to USD 85.6 million in 3Q16, compared to the 3Q15 result of USD 86.9 million. The sales of palm oil represent 94.1% and 90.1% of total revenue from sales and service concessions in 3Q16 and 3Q15 respectively.

Our renewable energy segment contributed USD 4.7 million from total revenue from sales and service concessions as of the 30th September 2016, which was an increase of 4.1% compared to the 3Q15 result.

Meanwhile, sales revenue from tobacco and others decreased to USD 0.7 million from the USD 5.0 million recorded in 3Q15 due to the lower sales volume of tobacco. In 3Q16, we did not carry out tobacco purchases, in line with our strategy to gradually exit from the tobacco business and switch to higher value agricultural products, including edamame.

Our Expenses

Meanwhile, the Company booked lower total expenses by 19.0% amounting to USD 82.7 million in 3Q16, mainly from a lower cost of sales compared to 3Q15 due to lower FFB purchases and estate costs (palm oil) as well as lower sales volume (tobacco and others) and the absence of any termination charges, a non-recurring expense which occurred in the same period last year.

Net Income (Loss)

Due to the higher selling prices and lower expenses, the Company recorded a net gain of USD 6.4 million, as compared to a net loss of USD 7.9 million in 3Q15. As a result, the EBITDA margin showed an increase from 18.9% in 3Q15 to 26.1% in 3Q16.

Total Comprehensive Income (Loss)

Some of the Company's subsidiaries maintain their bookkeeping records in Rupiah. The appreciation of the Rupiah against the US Dollar in 3Q16 has increased the net assets of those subsidiaries by USD 3.9 million when their financial statements are translated from Rupiah to the US Dollar. The foreign exchange effect due to translation of subsidiaries' financial statements was reported as other comprehensive income. As a result, the Company reported total comprehensive income of USD 10.3 million, as compared to a total comprehensive loss of USD 20.5 million in 3Q15.

Our Assets and Liabilities Position

By the end of 3Q16, total assets had increased by 12.4% to USD 528.9 million, mainly due to additions in palm plantation and fixed assets in line with the Company's investments in West Kalimantan, newly developed estates in West Papua and the sago starch mill in West Papua.

Total liabilities increased by 35.3% from USD 130.0 million to USD 175.9 million, primarily driven by an increase in bank loan balances to support the Company's expansion and development. The total equity balance attributable to the owners of the Company as at 30 September 2016 was USD 352.9 million.

Even though the bank loan balance has increased significantly, the Company has managed to maintain prudent debt to equity and debt to asset ratios of 0.39 and 0.26, respectively in 3Q16.

Financing Facilities

As of 30 September 2016, ANJT and its subsidiaries collectively have bank loan facilities amounting to the equivalent of USD

245.3 million, comprising short-term loan facilities of USD 75.8 million and a long-term loan facility of USD 169.5 million. The long-term loan facility is intended for our West Papua projects, our CPO mill at West Kalimantan and our planned investment in edamame processing equipment. The outstanding balance of these bank loans by the end of 3Q16 was USD 140.6 million.

Table 3: Consolidated Statements of Financial Position

In USD (thousands)	3Q16	3Q15	Diff	%
Current Assets	64,033	51,690	12,343	23.9%
Non Current Assets	464,873	418,754	46,120	11.0%
Total Assets	528,907	470,444	58,463	12.4%
Current Liabilities	62,733	55,893	6,840	12.2%
Non Current Liabilities	113,148	74,121	39,027	52.7%
Total Liabilities	175,881	130,014	45,867	35.3%
Equity Attributable to the Company's Owner	352,861	340,275	12,587	3.7%
Total Equity	353,026	340,430	12,596	3.7%

Other Corporate Updates

ISPO Certification

Our plantation companies operate under the sustainability standards for palm oil production within the framework of Indonesian Ministry of Agriculture regulations, known as Indonesian Sustainable Palm Oil ("ISPO") as well as the sustainability standards under the Roundtable on Sustainable Palm Oil (RSPO). In July 2016, our North Sumatra I Plantation obtained its ISPO certification, joining the other two producing plantations, Belitung and North Sumatra II that received the certifications earlier on in 2014 and 2015. All these three plantations have also obtained RSPO certifications. Meanwhile, the West

Kalimantan Plantation has been audited by an accredited certification body and is in the final stages of fulfilling all the requirements for full compliance.

Our Sago Mill

Full commercial operation is now expected to commence in the first quarter of 2017, upon the completion of the on-going production trials. The sago plant has a capacity of 1,250 tons per month, which can be expanded to 2,500 tons per month in the future.



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