



PT AUSTINDO NUSANTARA JAYA Tbk

# INVESTOR NEWSLETTER

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## 1Q17 Operational Update

PT Austindo Nusantara Jaya Tbk ("ANJT" or "the Company") announced its operational performance for the first quarter of 2017.

The Company started 2017 with an increase of 12.0% in total Fresh Fruit Bunch (FFB) production of 150,495 mt as at 31 March 2017, compared to 134,329 mt FFB production in 1Q16, indicating a recovery from the impact of El Nino in the 2015 production cycle. Our newly mature West Kalimantan estate contributed the most significant improvement. However, our North Sumatra I Estate showed a decrease in its FFB production because of the negative impact from long drought that it experienced in mid-2016.

**Table 1 : Production and Sales**

	1Q17	1Q16	Chg
<b>FFB Production (tonnes)</b>			
<b>FFB from our estates</b>	<b>150,495</b>	<b>134,329</b>	<b>12.0%</b>
Belitung Island	55,909	42,807	30.6%
North Sumatra I	23,183	37,143	-37.6%
North Sumatra II	46,417	40,168	15.6%
West Kalimantan	24,986	14,210	75.8%
<b>FFB bought from third parties</b>	<b>49,921</b>	<b>28,279</b>	<b>76.5%</b>
<b>Total FFB processed</b>	<b>200,416</b>	<b>162,608</b>	<b>23.3%</b>
<b>FFB YIELD (tonnes per hectare)</b>			
<b>Average yield</b>	<b>3.74</b>	<b>3.45</b>	<b>8.3%</b>
Belitung Island	4.28	3.19	34.4%
North Sumatra I	2.37	3.79	-37.5%
North Sumatra II	5.87	5.08	15.6%
West Kalimantan	3.22	1.83	75.8%
<b>CPO Production (tonnes)</b>			
<b>Total production</b>	<b>43,992</b>	<b>35,194</b>	<b>25.0%</b>
Belitung Island	13,921	9,665	44.0%
North Sumatra I	9,387	10,591	-11.4%
North Sumatra II	13,315	11,180	19.1%
West Kalimantan	7,369	3,758	96.1%
<b>Palm Kernel production</b>	<b>8,811</b>	<b>7,760</b>	<b>13.5%</b>
<b>CPO Sales (tonnes)</b>			
<b>Total Sales</b>	<b>42,300</b>	<b>34,400</b>	<b>23.0%</b>
Belitung Island	14,000	11,500	21.7%
North Sumatra I	7,950	9,200	-13.6%
North Sumatra II	11,350	10,200	11.3%
West Kalimantan	9,000	3,500	157.1%
<b>Palm Kernel sales</b>	<b>7,935</b>	<b>9,131</b>	<b>-13.1%</b>
<b>PRODUCTIVITY</b>			
Extraction Rate - CPO (mixed)	22.0%	21.6%	1.4%
CPO Average Selling Price (ex-mill) - USD	662	501	32.1%
PK Average Selling Price (ex-mill) - USD	617	370	66.9%

In line with the increase in FFB production, Crude Palm Oil (CPO) and Palm Kernel (PK) production also increased by 25.0% and 13.5% to 43,992 mt and 8,811 mt respectively by the end of 1Q17. Likewise, the Company also recorded an increase in CPO sales volumes by 23.0%, an increase to 42,300 mt in 1Q17 compared to 34,400 mt in the same period last year. Meanwhile, PK sales decreased by 13.1% to 7,935 mt in 1Q17 from 9,131 mt in 1Q16.

During the first quarter of 2017, the Company was able to sell CPO and PK at an Average Selling Price (ASP) of USD 662/mt and USD 617/mt, both are higher than the ASPs for 1Q16 of USD 501/mt and USD 370/mt, respectively. As a result, CPO and PK sales revenue rose by 59.6% to USD 32.9 million from USD 20.6 million in the same period last year, in line with the overall increase in production and sales as well as higher ASPs.

## Financial Highlights

**Table 2: Consolidated Statements of Comprehensive Income**

	1Q17		1Q16		Change
	"USD Thousands"	"Rp. Millions (1)"	"USD Thousands"	"Rp. Millions (1)"	
Revenue	34,800	464,552	22,318	301,890	55.9%
Cost of Revenue	(30,648)	(409,118)	(18,466)	(249,789)	66.0%
<b>Gross Profit</b>	<b>4,153</b>	<b>55,434</b>	<b>3,852</b>	<b>52,102</b>	<b>7.8%</b>
Total Operating Income (expenses), net	29,585	394,931	(5,392)	(72,940)	648.7%
<b>Operating Profit</b>	<b>33,738</b>	<b>450,365</b>	<b>(1,540)</b>	<b>(20,838)</b>	<b>2290.1%</b>
Financial Charges, net	(1,011)	(13,494)	(113)	(1,535)	791.1%
Share in Net Income of Associates	702	9,369	455	6,161	54.1%
<b>Income Before Tax</b>	<b>33,429</b>	<b>446,240</b>	<b>(1,198)</b>	<b>(16,211)</b>	<b>2889.3%</b>
Tax Expense	(9,527)	(127,176)	(627)	(8,479)	1419.9%
<b>Net Income (Loss)</b>	<b>23,902</b>	<b>319,064</b>	<b>(1,825)</b>	<b>(24,690)</b>	<b>1409.5%</b>
Other Comprehensive Income	(3,351)	(44,732)	2,440	33,000	-237.4%
<b>Total Comprehensive Income (loss)</b>	<b>20,551</b>	<b>274,332</b>	<b>614</b>	<b>8,310</b>	<b>3245.1%</b>
<b>EBITDA</b>	<b>38,896</b>	<b>519,227</b>	<b>2,360</b>	<b>31,928</b>	<b>1547.9%</b>
<b>EBITDA Margin (%)</b>	<b>111.8%</b>	<b>111.8%</b>	<b>10.6%</b>	<b>10.6%</b>	<b>956.8%</b>

1) The translation of US Dollar amounts into the Indonesian Rupiah amounts are included solely for the convenience of the readers and has been made using the average of the exchange rates of Rp 13,349 to USD 1 for 1Q17 and Rp 13,527 to USD 1 for 1Q16

### Revenue from Sales and Service Concessions

94.6% of our total revenue or USD 32.9 million was derived from our sales of CPO and PK, an increase from USD 20.6 million or 92.4% of our total revenue in 1Q16. Our renewable energy segment contributed USD 1.8 million in 1Q17, a slight increase from USD 1.6 million in 1Q16. Meanwhile, the contribution from our tobacco sales to total revenue was 0.1%, in line with our strategy to gradually exit from the tobacco business and switch to higher value agricultural products, including edamame.

### Operating Income (expenses) and Financial Changes

Our cost of revenue increased by 66.0% to USD 30.6 million, in line with the increases in FFB purchase from external parties and the related purchase price.

On 6 December 2016, the Company entered into a conditional sale and purchase agreement (CSPA) with Sipef NV to sell the Company's 10.87% ownership in PT Agro Muko for USD 44.3 million. In March 2017, all conditions precedent in the CSPA were fulfilled and the Company recognized a gain on the sale of this investment amounting to USD 39.4 million. Following the completion of the sale, the Company retains a 5% ownership in PT Agro Muko. Because of the recognition of the gain on the sale of this investment, the Company reported operating income of USD 29.6 million, as opposed to the operating expense of USD 5.4 million in 1Q16. Furthermore, our financial charges which represent

### 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 ..... 3,311.5 mn  
 # treasury stocks ..... 42.7 mn  
 Listing date ..... 8-5-2013  
 IPO Price ..... Rp 1,200  
 Highest ..... Rp 2,000  
 Lowest ..... Rp 980  
 Close ..... Rp 1,840

### SHAREHOLDERS STRUCTURE

(as of 31 March 2017) %  
 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  
 \*exclude treasury stocks

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interest expense on our borrowings increased to USD 1.0 million in 1Q17, from USD 0.1 million in 1Q16, in line with the commencement of the commercial operation of our West Kalimantan palm oil mill and our sago mill in Papua. Therefore, the interest expense on the borrowings to finance the construction of these assets can no longer be capitalized.

### Net Income (Loss)

Due to the increase in our revenue resulting from higher ASPs and sales volumes of CPO and PK, combined with a favorable result due to the gain on the sale of our investment in PT Agro Muko, the Company recorded a net income of USD 23.9 million, as compared to a net loss of USD 1.8 million in 1Q16. In addition, EBITDA also surged to USD 38.9 million in 1Q17 from USD 2.4 million in 1Q16, and the EBITDA margin expanded from 10.6% to 111.8% in 1Q17.

### Total Comprehensive Income (Loss)

The appreciation of the Rupiah against US Dollar from Rp 13,436 to USD 1 at the beginning of 1Q17 to Rp 13,321 to USD 1 at the end of 1Q17 has increased the net assets of some of the Company's subsidiaries which maintain their bookkeeping records in Rupiah, by USD 0.7 million when their financial statements are translated from Rupiah to US Dollar. Furthermore, in relation with the recognition of the sale of our investment in PT Agro Muko, the Company has reclassified the cumulative increase in fair value of our investment in PT Agro Muko of USD 4.3 million, which was previously recognized in other comprehensive income, to profit or loss. These two components are the significant contributors to an other comprehensive loss of USD 3.4 million. As a result, the Company reported total comprehensive income of USD 20.6 million, as compared to USD 0.6 million in 1Q16.

### Our Assets and Liabilities Position

As of 31 March 2017, the total assets increased by 7.7% to USD 565.5 million, mainly due to the cash proceeds from the sale of our investment in PT Agro Muko and additions in palm plantation and fixed assets.

Total liabilities increased by 11.7% from USD 170.5 million to USD 190.3 million, primarily driven by an increase in bank loan balances to support the Company's expansion and development, taxes payable in line with the increase in the Company's net income and accrued expenses for employee benefits. The Company was still able to maintain prudent debt to equity and debt to asset ratios of 0.51 and 0.34 respectively in 1Q17.

**Table 3: Consolidated Statements of Financial Position**

	2016		2015		Change
	"USD Thousands"	"Rp. Millions (2)"	"USD Thousands"	"Rp. Millions (2)"	
Current Assets	95,681	1,274,561	64,410	865,406	48.6%
Non-current Assets	469,844	6,258,785	460,698	6,189,940	2.0%
<b>Total Assets</b>	<b>565,525</b>	<b>7,533,360</b>	<b>525,108</b>	<b>7,055,347</b>	<b>7.7%</b>
Current Liabilities	64,005	852,609	45,041	605,169	42.1%
Non-current Liabilities	126,321	1,682,717	125,419	1,685,128	0.7%
<b>Total Liabilities</b>	<b>190,326</b>	<b>2,535,339</b>	<b>170,460</b>	<b>2,290,298</b>	<b>11.7%</b>
Equity Attributable to The Owner of The Company	375,040	4,995,904	354,491	4,765,049	5.8%
<b>Total Equity</b>	<b>375,199</b>	<b>4,998,021</b>	<b>354,648</b>	<b>4,765,049</b>	<b>5.8%</b>

2) The translation of US Dollar amounts into the Indonesian Rupiah amounts are included solely for the convenience of the readers and has been made using the Bank Indonesia middle rate as of 31 March 2017 of Rp 13,321 to USD 1 and as of 31 December 2016 of Rp 13,436 to USD 1



"Old and New (Replanting in Belitung Island Estate)"

### Financing Facilities

As of 31 March 2017, ANJT and its subsidiaries collectively have bank loan facilities amounting to the equivalent of USD 240.6 million, comprising short-term loan facilities of USD 50.6 million and a long-term loan facility of USD 190.0 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 the bank loans by the end of 1Q17 was USD 128.8 million.

## Other Corporate Updates

### International Sustainability and Carbon Certification ("ISCC")

The Company renewed the International Sustainability and Carbon Certification ("ISCC") for the Belitung Island plantation in January 2017 upon its audit completion last year. ISCC is a European sustainability standard that assesses greenhouse gas emissions, preservation of biodiversity, agricultural practices and respect for labor and land rights, approved by certification body TÜV Nord Germany. The certificate renewal demonstrates our continuing commitment to sustainable development.

### Company's Official Website Launch

On 31 March 2017, the Company officially launched its new website. We expect to be able to engage with our investors and other stakeholders more effectively through our new website.

### Public Expose

On 5 April 2017, the Company held a Public Expose to present our operational and financial results for 2016 to the public. The event was attended by analysts, media representatives and investors.