



PT AUSTINDO NUSANTARA JAYA Tbk

INVESTOR NEWSLETTER

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31 July 2017

1H17 Operational Update

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

The Company ended the first half of 2017 by producing a total 295,234 mt of Fresh Fruit Bunches (FFB), an increase of 4.2% over last year’s result of 283,426 mt in FFB production. Our newly mature West Kalimantan estate contributed the most significant improvement, but there was also a strong recovery in production at Belitung from the impact of El Nino in 2015 which caused a decline in the production cycle in 2016. However, our North Sumatra I Estate showed marked decrease in its FFB production of 54.2% because of the continuing negative effects of the long drought in mid-2016.

Table 1 : Production and Sales

	1H17	1H16	Chg
FFB Production (tonnes)			
FFB from our estates	295,234	283,426	4.2%
<i>Belitung Island</i>	105,210	70,789	48.6%
<i>North Sumatra I</i>	42,305	92,523	-54.3%
<i>North Sumatra II</i>	97,218	93,131	4.4%
<i>West Kalimantan</i>	50,501	26,983	87.2%
FFB bought from third parties	102,489	69,695	47.1%
Total FFB processed	397,723	353,121	12.6%
FFB YIELD (tonnes per hectare)			
Average yield	7.70	7.32	5.1%
<i>Belitung Island</i>	8.16	5.35	52.5%
<i>North Sumatra I</i>	4.32	9.43	-54.2%
<i>North Sumatra II</i>	12.29	11.77	4.4%
<i>West Kalimantan</i>	6.50	3.47	87.2%
CPO Production (tonnes)			
Total production	87,360	75,506	15.7%
<i>Belitung Island</i>	27,293	16,358	66.8%
<i>North Sumatra I</i>	17,377	25,437	-31.7%
<i>North Sumatra II</i>	27,788	26,494	4.9%
<i>West Kalimantan</i>	14,902	7,217	106.5%
Palm Kernel production	17,234	16,719	3.1%
CPO Sales (tonnes)			
Total Sales	86,500	72,700	19.0%
<i>Belitung Island</i>	25,500	17,500	45.7%
<i>North Sumatra I</i>	16,050	23,600	-32.0%
<i>North Sumatra II</i>	27,950	24,600	13.6%
<i>West Kalimantan</i>	17,000	7,000	142.9%
Palm Kernel sales	16,449	17,788	-7.5%
PRODUCTIVITY			
Extraction Rate - CPO (mixed)	22.0%	21.4%	2.7%
CPO Average Selling Price (ex-mill) - USD	634	561	12.9%
PK Average Selling Price (ex-mill) - USD	505	443	14.0%

In line with the increase in FFB production, Crude Palm Oil (CPO) and Palm Kernel (PK) production also increased by 15.7% and 3.1% to 87,360 mt and 17,234 mt respectively by the end of 1H17. Likewise, the Company also recorded an increase in CPO and PK sales volumes by 19.0%, an increase to 86,500 mt in 1H17 compared to 72,700 mt in the same period last year.

Meanwhile, PK sales dropped slightly by 7.5% to 16,449 mt in 1H17, as compared to the 17,788 mt PK sales volume of 1H17.

During the first half of 2017, the Company was able to sell CPO and PK at an Average Selling Price (ASP) of USD 634/mt and USD 505/mt respectively, both are higher than the ASPs for 1H16 of USD 561/mt and USD 443/mt, respectively. As a result, CPO and PK sales revenue rose by 29.6% to USD 63.1 million from USD 48.7 million in the same period last year, in line with the overall increase in production and sales as well as the higher ASPs.

Financial Highlights

Table 2: Consolidated Statements of Comprehensive Income

	1H17		1H16		Change
	"USD Thousands"	"Rp. Millions (1)"	"USD Thousands"	"Rp. Millions (1)"	
Revenue	67,685	902,314	52,219	700,784	29.6%
Cost of Revenue	(58,581)	(780,942)	(40,412)	(542,325)	45.0%
Gross Profit	9,104	121,372	11,807	158,459	-22.9%
Total Operating Income (expenses), net	21,110	281,417	(11,794)	(158,280)	279.0%
Operating Profit	30,214	402,789	13	179	226056.2%
Financial Charges, net	(1,904)	(25,388)	(42)	(568)	4395.8%
Share in Net Income of Associates	1,582	21,093	1,326	17,800	19.3%
Income Before Tax	29,892	398,494	1,297	17,411	2204.0%
Tax Expense	(10,487)	(139,798)	(2,187)	(29,353)	379.4%
Net Income (Loss) for the period	19,405	258,696	(890)	(11,942)	2280.7%
Other Comprehensive (loss) Income	(3,110)	(41,455)	2,911	39,064	-206.8%
Total Comprehensive Income	16,295	217,227	2,021	27,122	706.3%
EBITDA	40,852	544,598	8,605	115,477	374.8%
EBITDA Margin (%)	60.4%	60.4%	16.5%	16.5%	266.3%

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 13,331 to USD 1 for 1H17 and Rp 13,420 to USD 1 for 1H16.

Revenue from Sales and Service Concessions

93.2% of our total revenue or USD 63.1 million was derived from our sales of CPO and PK, an increase from USD 48.7 million or 93.2% of our total revenue in 1H16. Our renewable energy segment contributed USD 3.2 million in 1H17, a similar result as in 1H16. Meanwhile, we continue our strategy to exit from the tobacco business and switch to higher value agricultural products, including edamame. Our tobacco sales revenue rose to USD 1.2 million from USD 0.2 million in the same period last year which resulted in significant reduction of the tobacco inventories because we have ceased to purchase tobacco since 2015.

Operating Income (expenses) and Financial Changes

Our cost of revenue increased by 45.0% to USD 58.6 million, in line with the increases in FFB volume and purchase price from external parties.

The Company recorded an operating income (net of operating expenses) of USD 21.1 million, boosted significantly by the recognition in March 2017 of the proceeds of the sale of PT Agro Muko in March 2017, as opposed to the operating expenses of USD 11.8 million in 1H16. Our financial charges, which represent interest expenses on our borrowings increased to USD 1.9 million.

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 1,585

SHAREHOLDERS STRUCTURE

(as of 30 June 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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in 1H17, from USD 0.04 million in 1H16, 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 expenses on the borrowings to finance the construction of these assets can 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 gain from the sale of our investment in PT Agro Muko, the Company recorded a net income of USD 19.4 million, in contrast to the net loss of USD 0.9 million in 1H16. In addition, EBITDA also surged to USD 40.9 million in 1H17 from USD 8.6 million in 1H16, and the EBITDA margin expanded from 16.5% to 60.4% in 1H17.

Total Comprehensive Income (Loss)

The appreciation of the Rupiah against US Dollar from Rp 13,436 to USD 1 at the beginning of 2017 to Rp 13,319 to USD 1 at the end of 1H17 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 to 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 4.8 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 3.1 million. As a result, the Company reported total comprehensive income of USD 16.3 million, as compared to USD 2.0 million in 1H16.

Our Assets and Liabilities Position

As of 30 June 2017, the total assets increased by 7.3% to USD 563.3 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 15.5% from USD 170.5 million to USD 196.8 million, primarily driven by an increase in 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 0.54 and 0.35 respectively in 1H17.

Table 3: Consolidated Statements of Financial Position

	1H17		FY16		Change
	"USD Thousands"	"Rp. Millions (2)"	"USD Thousands"	"Rp. Millions (2)"	
Current Assets	85,344	1,136,702	64,410	865,406	32.5%
Non-current Assets	477,927	6,365,513	460,698	6,189,940	3.7%
Total Assets	563,271	7,502,214	525,108	7,055,347	7.3%
Current Liabilities	66,193	881,628	45,041	605,169	47.0%
Non-current Liabilities	130,614	1,739,648	125,419	1,685,128	4.1%
Total Liabilities	196,807	2,621,276	170,460	2,290,298	15.5%
Equity Attributable to The Owner of The Company	366,304	4,878,809	354,491	4,765,049	3.3%
Total Equity	366,463	4,880,926	354,648	4,765,049	3.3%

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 30 June 2017 of Rp 13,319 to USD 1 and as of 31 December 2016 of Rp 13,436 to USD 1



Photo: Corporate Communications

Financing Facilities

As of 30 June 2017, ANJT and its subsidiaries collectively maintained 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 1H17 was USD 128.6 million.

Other Corporate Updates

ERP Project

After the successful launch at the Belitung Island Estate in January 2017, the Company completed the implementation of its Enterprise Resource Planning (ERP) project for the rest of the producing palm oil plantations, namely North Sumatra I, North Sumatra II and West Kalimantan and a development plantation in South Sumatra in May 2017. The Company is continuing the project rollout for the remaining subsidiaries. The ERP system is expected to be fully implemented in all subsidiaries by the first quarter of 2018.

Final Dividend Distribution

The Company held its Annual General Meeting of Shareholders (AGMS) on 24 May 2017 and the shareholders approved the distribution of a cash dividend of Rp 18/share, amounting to Rp 59,607 million, equivalent to USD 4,479,379, representing a dividend yield and a payout ratio of 1.1% and 0.49, respectively. As of the date of this newsletter, the dividend has been fully paid.

Change in Board of Directors

The Company's AGMS on 24 May 2017 approved the appointment of Mr. Naga Waskita as the Company's Director and the resignation of Mr. Sucipto Maridjan as the Company's Director.

Sistim Manajemen Keselamatan dan Kesehatan Kerja (SMK3) Certification

The Company obtained *Sistim Manajemen Keselamatan dan Kesehatan Kerja* (SMK3) certification for its West Kalimantan Estate in July 2017, joining other producing estates, North Sumatra I, North Sumatra II, and Belitung Island that were granted this earlier, demonstrating our continuing commitment to sustainable development. SMK3 Certification is a prerequisite for ISPO certification that standardizes the occupational health and safety regulation in accordance with Indonesian law.