



PT AUSTINDO NUSANTARA JAYA Tbk

INVESTOR NEWSLETTER

Bloomberg: ANJT:IJ

31 October 2017



Photo: Corporate Communications

9M17 OPERATIONAL UPDATE

PT Austindo Nusantara Jaya Tbk (“ANJT” or “the Company”) announced its operational performance for the first nine months of 2017 (9M17).

The Company ended 9M17 with Fresh Fruit Bunches (FFB) production amounting to 515,263 mt, an increase of 9.2% over last year’s result of 471,972 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 estate following the impact of El Nino in 2015 which caused a decline in the production cycle in 2016. However, our North Sumatra I Estate showed a marked decrease in its FFB production because of the continuing negative effects of the long drought in mid-2016.

In line with the increase in FFB production, Crude Palm Oil (CPO) and Palm Kernel (PK) production also increased by 19.9% and 10.5% to 149,665 mt and 30,421 mt respectively by the end of 9M17. The Company also recorded an increase in CPO sales volumes by 16.5%, an increase to 144,100 mt in 9M17 compared to 123,650 mt in the same period last year. Meanwhile, PK sales slightly increased by 2.5% to 28,883 mt in 9M17 compared to 28,167 mt PK sales volume of 9M16.

During 9M17, the Company was able to sell its CPO at an Average Selling Price (ASP) of USD 617/mt, higher than the ASP for 9M16 of USD 578/mt. Meanwhile the ASP for PK in 9M17 was USD 478/mt, slightly lower than the ASP for the 9M16 of USD 486/mt. As a result, CPO and PK sales revenue rose by 20% to USD 102.7 million from USD 85.6 million in the same period last year, in line with the overall increase in production and sales as well as the higher CPO ASP.

Table 1 : Production and Sales

	9M17	9M16	Chg
FFB Production (tonnes)			
FFB from our estates	515,263	471,972	9.2%
<i>Belitung Island</i>	174,207	111,062	56.9%
<i>North Sumatra I</i>	94,659	165,878	-42.9%
<i>North Sumatra II</i>	161,394	146,337	10.3%
<i>West Kalimantan</i>	85,003	48,695	74.6%
FFB bought from third parties	171,719	119,557	43.6%
Total FFB processed	686,982	591,529	16.1%
FFB YIELD (tonnes per hectare)			
Average yield	13.40	13.70	-2.2%
<i>Belitung Island</i>	13.90	8.44	64.7%
<i>North Sumatra I</i>	9.70	16.30	-40.5%
<i>North Sumatra II</i>	20.40	18.50	10.3%
<i>West Kalimantan</i>	10.40	6.27	65.9%
CPO Production (tonnes)			
Total production	149,665	124,836	19.9%
<i>Belitung Island</i>	46,197	26,756	72.7%
<i>North Sumatra I</i>	31,633	44,264	-28.5%
<i>North Sumatra II</i>	46,681	41,914	11.4%
<i>West Kalimantan</i>	25,154	11,902	111.3%
Palm Kernel production	30,421	27,539	10.5%
Sales (tonnes)			
CPO Sales	144,100	123,650	16.5%
<i>Belitung Island</i>	42,500	26,500	60.4%
<i>North Sumatra I</i>	30,000	41,950	-28.5%
<i>North Sumatra II</i>	45,600	42,950	6.2%
<i>West Kalimantan</i>	26,000	12,250	112.2%
Palm Kernel sales	28,883	28,167	2.5%
PRODUCTIVITY			
Extraction Rate - CPO (Mixed)	21.80%	21.67%	0.6%
CPO Average Selling Price (ex-mill) - USD	617	578	6.7%
PK Average Selling Price (ex-mill) - USD	478	486	-1.6%

COMPANY PROFILE

PT Austindo Nusantara Jaya Tbk (“ANJT”) is an Indonesian agribusiness based food company committed to responsible development. The company is primarily engaged in the production of crude palm oil at its established and developing estates. ANJT also engages in the production of sago starch and edamame.

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 September 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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Construction of New CPO and PKO Mills and Edamame Processing Facility

In September 2017, we started the construction of a CPO and Palm Kernel Oil (PKO) mill at our West Papua estate. The CPO mill comprises 2 lines with each line having a capacity of 45 ton per hour. The first 45 ton per hour line of the CPO mill and the PKO mill are expected to be ready for commissioning in Q3 2019, in time to process our first FFB production at our West Papua estates.

In addition, we have also started the construction of our edamame processing facility in East Java to process fresh edamame into frozen edamame for the export market. The facility is expected to be ready for commissioning in Q3 2018 and the first export shipment is expected to be in the first semester of 2019 upon obtaining food safety certifications.

Sales of Investments

In March 2017, the Company sold its 10.87% ownership in PT Agro Muko for USD 44.3 million and 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.

In September 2017, the Company sold its entire 99.99% ownership in PT. Darajat Geothermal Indonesia (DGI) to Star Energy Geothermal (Salak - Darajat) BV and PT. Barito Pacific Tbk for USD 30.1 million and its entire 5% ownership in PT. Star Energy Geothermal Suoh Sekincau (SGSS) to PT. Barito Pacific Tbk for USD 325 thousand. The Company recognized a gain on the sale of these investments amounting to USD 22.5 million.

FINANCIAL HIGHLIGHTS

Our Financial Performance Results

Table 2: Consolidated Statements of Comprehensive Income

	9M17		9M16		Change
	"USD Thousands"	"Rp. Millions (1)"	"USD Thousands"	"Rp. Millions (1)"	
Revenue	109,013	1,453,252	90,976	1,212,348	19.8%
Cost of Revenue	(84,940)	(1,132,336)	(63,526)	(846,553)	33.7%
Gross Profit	24,073	320,917	27,449	365,795	-12.3%
Total Operating Income (expenses), net	38,378	511,619	(16,758)	(223,311)	329.0%
Operating Profit	62,451	832,536	10,691	142,484	484.1%
Financial Charges, net	(2,614)	(34,848)	(173)	(2,311)	1407.2%
Share in Net Income of Associates	2,453	32,700	2,282	30,408	7.5%
Income Before Tax	62,290	830,388	12,799	170,581	386.7%
Tax Expense	(22,384)	(298,396)	(6,420)	(85,547)	248.7%
Net Income for the period	39,906	531,994	6,380	85,034	-525.5%
Other Comprehensive (loss) Income	(4,145)	(55,255)	3,870	51,571	-207.1%
Total Comprehensive Income	35,761	476,724	10,250	136,591	248.9%
EBITDA	79,076	1,054,162	23,786	316,972	232.4%
EBITDA Margin (%)	72.5%	72.5%	26.1%	26.1%	177.4%

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 3Q17 and Rp 13,326 to USD 1 for 3Q16

Revenue from Sales and Service Concessions

94.2% of our total revenue or USD 102.7 million was derived from our sales of CPO and PK, an increase from USD 85.6 million or 94.1% of our total revenue in 9M16. Our renewable energy segment contributed USD 4.6 million in 9M17, slightly lower than in 9M16 of USD 4.7 million. Meanwhile, we



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continue our strategy of exiting from the tobacco business and switching to higher value agricultural products, including edamame. Our tobacco sales revenue rose to USD 1.3 million from USD 0.5 million in the same period last year which resulted in a significant reduction of the Company's tobacco inventories as we have ceased to purchase tobacco since 2015. We expect to have sold our entire tobacco inventory by the end of 2017.

Operating Income (Expenses) and Financial Charges

Our cost of revenue increased by 33.7% to USD 84.9 million, in line with the increases in FFB volume and the higher purchase price from external parties.

The Company recorded an operating income (net of operating expenses) of USD 62.5 million, an increase from USD 10.7 million in 9M16, boosted significantly by the recognition of the gain from the sale of our investment in PT Agro Muko in March 2017 and the sale of our investments in DGI and SGSS in September 2017. Our financial charges, which represent interest expenses on our borrowings increased to USD 2.6 million in 9M17, from USD 173 thousand in 9M16, in line with the commencement of the commercial operation of our West Kalimantan palm oil mill and our sago mill in West Papua. As the mill is now in operation the interest expenses on the borrowings to finance the construction of these assets can no longer be capitalized.

Net Income

Due to the increase in our revenue resulting from the higher ASP of CPO and higher sales volumes of CPO and PK, combined with a favorable gain from the sale of our investment in PT Agro Muko, DGI and SGSS, the Company recorded a net income of USD 39.9 million, as compared to USD 6.4 million in 9M16. In addition, EBITDA also surged to USD 79.1 million in 9M17 from USD 23.8 million in 9M16, and the EBITDA margin expanded from 26.1% to 72.5% in 9M17.

Total Comprehensive Income

The depreciation of the Rupiah against US Dollar from Rp 13,436 to USD 1 at the beginning of 2017 to Rp 13,492 to USD 1 at the end of 9M17 has decreased the net assets of some of the Company's subsidiaries which maintain their bookkeeping records in Rupiah by USD 530 thousand 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 4.1 million. Overall though, the Company reported a total comprehensive income of USD 35.8 million, as compared to USD 10.2 million in 9M16.

Our Assets and Liabilities Position

As of 30 September 2017, the total assets increased by 11.9% to USD 587.7 million, mainly due to the cash proceeds from the sale of our investments in PT Agro Muko, DGI and SGSS and additions in palm plantation and fixed assets.

Total liabilities increased by 18.4% from USD 170.5 million to USD 201.8 million, primarily driven by an increase in taxes payable in line with the increase in the Company's income before tax and accrued expenses for employee benefits. The Company was still able to maintain prudent debt to equity and debt to asset ratios of 0.52 and 0.34 respectively in 9M17.

Table 3: Consolidated Statements of Financial Position

	30-Sep-17		31-Dec-16		Change
	"USD Thousands"	"Rp. Millions (2)"	"USD Thousands"	"Rp. Millions (2)"	
Current Assets	111,205	1,500,377	64,410	865,406	72.7%
Non-current Assets	476,497	6,428,893	460,698	6,189,940	3.4%
Total Assets	587,702	7,929,269	525,108	7,055,347	11.9%
Current Liabilities	70,846	955,858	45,041	605,169	57.3%
Non-current Liabilities	130,925	1,766,443	125,419	1,685,128	4.4%
Total Liabilities	201,772	2,722,301	170,460	2,290,298	18.4%
Equity Attributable to The Owner of The Company	385,773	5,204,854	354,491	4,762,942	8.8%
Total Equity	385,930	5,206,969	354,648	4,765,049	8.8%

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 September 2017 of Rp 13,492 to USD 1 and as of 31 December 2016 of Rp 13,436 to USD 1



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Financing Facilities

As of 30 September 2017, ANJT and its subsidiaries collectively maintained bank loan facilities amounting to the equivalent of USD 223.8 million, comprising short-term loan facilities of USD 50.5 million and long-term loan facilities of USD 173.3 million. The long-term loan facilities are 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 9M17 was USD 134.7 million.

OTHER CORPORATE UPDATES

ERP Project

The Company has successfully completed the implementation of its Enterprise Resource Planning (ERP) project to integrate the business processes and information systems within the Company using SAP S/4HANA for all palm oil plantations and sago operations. The next rollout which is the final implementation will be for the edamame processing operation. The implementation is expected to be completed in the first quarter of 2018.

Sustainability Report

In October 2017, the Company issued its first sustainability report covering the social and environmental performance of its palm oil plantations for 2016. The report also serves as one among the various means of communicating the Company's commitment to responsible development with its stakeholders. The Company will issue its sustainability report on an annual basis in the future.



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