



PT AUSTINDO NUSANTARA JAYA Tbk

INVESTOR NEWSLETTER

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Photo: Corporate Communications

FY2017 OPERATIONAL UPDATE

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

The Company ended 2017 with Fresh Fruit Bunches (FFB) production amounting to 730,356 metric tons (mt), an increase of 10.1% over last year’s result of 663,399 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 the 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 18.6% and 15% to 210,248 mt and 44,037 mt respectively in 2017. Meanwhile, the Company also reported an increase in CPO and PK sales volumes by 17.5% and 8.5% to 209,000 mt and 42,797 mt in 2017 compared to 177,850 mt and 39,434 mt in 2016.

Table 1 : Production and Sales

	2017	2016	Change
FFB Production (tonnes)			
FFB from our estates	730,356	663,399	10.1%
Belitung Island	233,847	190,779	22.6%
North Sumatra I	179,207	207,293	-13.5%
North Sumatra II	202,750	185,739	9.2%
West Kalimantan	114,552	79,588	43.9%
FFB bought from third parties	234,452	177,883	31.8%
Total FFB processed	964,808	841,282	14.7%
FFB YIELD (tonnes per hectare)			
Average yield	19.20	18.89	1.6%
Belitung Island	19.40	14.49	33.9%
North Sumatra I	18.30	21.12	-13.4%
North Sumatra II	25.60	23.48	9.0%
West Kalimantan	14.00	10.24	36.7%
CPO Production (tonnes)			
Total production	210,248	177,273	18.6%
Belitung Island	63,000	45,947	37.1%
North Sumatra I	52,325	57,196	-8.5%
North Sumatra II	60,103	53,751	11.8%
West Kalimantan	34,820	20,379	70.9%
Palm Kernel production	44,037	38,283	15.0%
Sales (tonnes)			
CPO Sales	209,000	177,850	17.5%
Belitung Island	62,000	47,500	30.5%
North Sumatra I	49,600	58,150	-14.7%
North Sumatra II	59,600	53,950	10.5%
West Kalimantan	37,800	18,250	107.1%
Palm Kernel sales	42,797	39,434	8.5%
PRODUCTIVITY			
Extraction Rate - CPO (Mixed)	21.80%	21.20%	2.8%
CPO Average Selling Price (ex-mill) - USD	613	591	3.7%
PK Average Selling Price (ex-mill) - USD	507	512	-1.0%

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 1,990
Lowest	Rp 1,060
Close	Rp 1,200

SHAREHOLDERS STRUCTURE

(as of 31 December 2017)	%
PT Austindo Kencana Jaya	41.372
PT Memimpin Dengan Nurani	41.372
George Santosa Tahija	4.801
Sjaton George Tahija	4.798
Yayasan Tahija	0.000
Public	7.657
*exclude treasury stocks	

CONTACT US

PT Austindo Nusantara Jaya Tbk
Atrium Mulia, 3A Floor, Suite 3A-02
Jl. H.R. Rasuna Said Kav. B10-11
Jakarta 12910 - Indonesia
T: +62 21 29651777
F: +62 21 29651788
E: investor.relations@anj-group.com
www.anj-group.com

In 2017 the CPO market price trend continued to improve resulting in an ASP (Average Selling Price) for CPO of USD 613/mt, an improvement on the 2016 ASP of USD 591. Meanwhile the ASP for PK in 2017 was USD 507/mt, slightly lower than the ASP for the 2016 of USD 512/mt.

Construction of New CPO and PKO Mills and Edamame Processing Facility

In September 2017, the Company started the construction of a CPO and Palm Kernel Oil (PKO) mill at our West Papua estate. The CPO mill will comprise of 2 lines with each line having a capacity of 45mt per hour. The first 45mt 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 the 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 take place 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.

Strategic Partnership with Asia Foods Group

In December 2017, the Company announced a strategic partnership with Asia Foods Group who will assist PT Gading Mas Indonesia Teguh (GMIT), our subsidiary which will operate the edamame processing facility in East Java, in securing access to the primary frozen edamame export market in Japan and US while providing technical expertise on the development of our frozen line factory. As part of the agreement, GMIT issued new shares amounting to 20% of the enlarged equity, which the Asia Foods Group through its subsidiary AJI HK Ltd (AJI) subscribed and paid for. As a result, the Company's ownership of GMIT is now 80%.



Photo: Corporate Communications

FINANCIAL HIGHLIGHTS

Our Financial Performance Results

Table 2: Consolidated Statements of Comprehensive Income

	2017		2016		Change
	"USD Thousands"	"Rp. Millions (1)"	"USD Thousands"	"Rp. Millions (1)"	
Revenue	161,797	2,165,329	134,443	1,789,037	20.3%
Cost of revenue	(111,650)	(1,494,212)	(89,157)	(1,186,413)	25.2%
Gross Profit	50,147	671,117	45,286	602,624	10.7%
Total operating income (expenses), net	21,247	284,349	(29,424)	(391,545)	172.2%
Operating Profit	71,394	955,466	15,862	211,079	350.1%
Share of profit of equity-accounted investees	4,198	56,178	3,431	45,659	22.3%
Finance (costs) income, net	(2,431)	(32,540)	73	972	-3429.3%
Profit Before Tax	73,160	979,104	19,366	257,709	277.8%
Income tax expense	(25,761)	(344,757)	(10,167)	(135,297)	153.4%
Net Income for the year	47,399	634,347	9,199	122,412	-415.3%
Other comprehensive (loss) income	(5,705)	(76,346)	2,673	35,566	-313.4%
Total Comprehensive Income	41,695	558,001	11,872	157,978	251.2%
EBITDA	101,300	1,355,698	35,296	469,684	187.0%
EBITDA margin (%)	62.6%	62.6%	26.3%	26.3%	138.5%

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 13,383 to USD 1 for 2017 and Rp 13,307 to USD 1 for 2016.

Revenue from Sales and Service Concessions

95.6% of our total revenue or USD 154.7 million was derived from our sales of CPO and PK, an increase from USD 126.8 million or 94.3% of our total revenue in 2016. Our tobacco and edamame sales revenue was USD 2.1 million, an increase of 63.3% from USD 1.3 million in 2016, mainly due to higher tobacco sales volume at our subsidiary GMIT. We have completely sold out our tobacco stocks by the end of 2017; thereby completing the process of exiting from the tobacco business and focusing on higher-value agricultural products, such as edamame.

Our renewable energy segment contributed USD 4.8 million in 2017, lower than the USD 6.4 million in 2016 due to the sale of DGI in September 2017. Meanwhile, our sago segment which started commercial operation in 2017 contributed USD 0.2 million to our revenue from sales.

Operating Income (Expenses) and Financial Charges

Our cost of revenue increased by 25.2% to USD 111.7 million, in line with the increases in FFB volume and the higher purchase price from external parties. Included in our cost of revenue in 2017 is USD 5.1 million in impairment losses on certain CPO and sago mill equipment due to lower utilization rates than anticipated.

The Company recorded an operating income (net of operating expenses) of USD 71.4 million, an increase from USD 15.9 million in 2016, 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. In 2017, we recognized an impairment loss on a service concession receivable of USD 1.1 million due to PLN's refusal to adjust its electricity tariff to a more sustainable level under the offtake agreement with our Belitung biogas plant.

Our finance costs, which represent interest expenses on our borrowing increased to USD 2.4 million in 2017, from finance income of USD 73 thousand in 2016, in line with the commencement of the commercial operation of our West Kalimantan palm oil mill and our sago mill in Papua. As both mills are 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 for CPO and the 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 47.4 million, as compared to USD 9.2 million in 2016. In addition, EBITDA also surged to USD 101.3 million in 2017 from USD 35.3 million in 2016, and the EBITDA margin expanded from 26.3% to 62.6% in 2017.

Total Comprehensive Income

The depreciation of the Rupiah against the US Dollar from Rp 13,436 in 2016 to Rp 13,548 at the end of 2017 has reduced 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, the sale of our available-for-sale investments in PT Agro Muko offset by the fair value recalculation of our available-for-sale investments reduced the cumulative changes in fair value of our available-for-sale investments by USD 3.9 million, which is recognized in other comprehensive income. As a result, the Company reported total comprehensive income of USD 41.7 million compared to USD 11.9 million in 2016.

Our Assets and Liabilities Position

As of 31 December 2017, the total assets increased by 7.9% YoY to USD 566.5 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 2.2% from USD 170.5 million to USD 174.1 million, primarily driven by significant increase in taxes payable in line with the increase in the Company's profit before tax and accrued expenses for employee benefits. The Company was still able to maintain prudent debt to equity and debt to asset ratios amounting to 0.44 and 0.29 respectively in FY2017.



Photo: Corporate Communications

Table 3: Consolidated Statements of Financial Position

	31-Dec-17		31-Dec-16		Change
	"USD Thousands"	"Rp. Millions (2)"	"USD Thousands"	"Rp. Millions (2)"	
Current assets	80,797	1,094,638	64,410	865,406	25.4%
Non-current assets	485,727	6,580,629	460,698	6,189,940	5.4%
Total Assets	566,524	7,675,266	525,108	7,055,347	7.9%
Current liabilities	55,603	753,309	45,041	605,169	23.5%
Non-current liabilities	118,539	1,605,966	125,419	1,685,128	-5.5%
Total Liabilities	174,142	2,359,276	170,460	2,290,298	2.2%
Equity attributable to the owners of the Company	391,899	5,309,448	354,491	4,762,942	10.6%
Total Equity	392,382	5,315,991	354,648	4,765,049	10.6%

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 December 2017 of Rp 13,548 to USD 1 and as of 31 December 2016 of Rp 13,436 to USD 1.

Financing Facilities

As of 31 December 2017, ANJT and its subsidiaries collectively maintained bank loan facilities amounting to the equivalent of USD 223.2 million, comprising short-term loan facilities of USD 50.5 million and long-term loan facilities of USD 172.7 million. The long-term loan facilities are intended for our West Papua projects, our CPO mill at West Kalimantan and our edamame processing equipment in East Java. The outstanding balance of the bank loans by the end of 2017 was USD 113.3 million.

OTHER CORPORATE UPDATES

Best CEO Award 2017

In December 2017, our President Director, Mrs. Istini Tatiek Siddhartha, was chosen as one of the winners of the Best CEO 2017 Awards, organized by SWA Magazine in conjunction with IPSOS Indonesia and Dunamis Intermaster.

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 of the various ways the Company communicates with its stakeholders its commitment to responsible development. The Company will issue its sustainability report on an annual basis from now on. In February 2018, the Company received a Commendation from the National Centre for Sustainability Reporting (NCSR) in the First Year Sustainability Reporting Award category in the NCSR's 2017 Sustainability Reporting Awards.