



ANJ

INVESTOR NEWSLETTER

Bloomberg: ANJT: IJ

31 July 2018



Replanting Process in SMM, Belitung.
Photo: Corporate Communication

1H 2018 OPERATIONAL UPDATE

PT Austindo Nusantara Jaya Tbk (“ANJT” or “the Company”) announced its operational performance for the first semester of 2018.

The Company ended the first semester of 2018 by producing a total 329,603 mt of Fresh Fruit Bunches (FFB), an increase of 11.6% over last year’s result of 295,234 mt of FFB. Our North Sumatra I estate and our newly mature West Kalimantan estate continued their positive trend in FFB production, especially the marked increase from the North Sumatra I estate, which is recovering from the long drought in mid-2016.

In line with our strategy to manage our productivity, the FFB production increase in those two estates helped to compensate the impact of the replanting program in our Belitung Island estate, which contributed to a decrease in FFB production from that estate in 1H2018 of 6.9%. The replanting program will have a positive impact on the productivity and the estate cost in the long term.

Table 1 : Production and Sales

	1H 2018	1H 2017	Change
FFB Production (tonnes)			
FFB from our estates	329,603	295,234	11.6%
Belitung Island	97,929	105,210	-6.9%
North Sumatra I	82,285	42,305	94.5%
North Sumatra II	88,394	97,218	-9.1%
West Kalimantan	60,995	50,501	20.8%
FFB bought from third parties	191,885	102,489	87.2%
Total FFB processed	521,488	397,723	31.1%
FFB YIELD (tonnes per hectare)			
Average yield	8.90	7.70	15.6%
Belitung Island	8.90	8.16	9.1%
North Sumatra I	8.50	4.32	96.8%
North Sumatra II	11.20	12.29	-8.9%
West Kalimantan	7.30	6.50	12.3%
CPO Production (tonnes)			
Total production	111,949	87,360	28.1%
Belitung Island	32,317	27,293	18.4%
North Sumatra I	29,996	17,377	72.6%
North Sumatra II	28,820	27,788	3.7%
West Kalimantan	20,816	14,902	39.7%
Palm Kernel production	23,763	17,234	37.9%
Sales (tonnes)			
CPO Sales	102,179	86,500	18.1%
Belitung Island	30,079	25,500	18.0%
North Sumatra I	28,000	16,050	74.5%
North Sumatra II	25,200	27,950	-9.8%
West Kalimantan	18,900	17,000	11.2%
Palm Kernel sales	23,799	16,449	44.7%
PRODUCTIVITY			
Extraction Rate - CPO (Mixed)	21.53%	22.00%	-2.1%
CPO Average Selling Price (ex-mill) - USD	570	634	-10.1%
PK Average Selling Price (ex-mill) - USD	451	505	-10.7%

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 1,175
Lowest	Rp 1,130
Close	Rp 1,135

SHAREHOLDERS STRUCTURE

(as of 30 June 2018)	%
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	

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 line with the increase in FFB bought from third parties which contributed to an increase in total FFB processed, Crude Palm Oil (CPO) and Palm Kernel (PK) production also increased by 28.1% and 37.9% to 111,949 mt and 23,763 mt respectively in 1H2018. Meanwhile, the Company also reported an increase in CPO and PK sales volumes by 18.1% and 44.7% to 102,179 mt and 23,799 mt in 1H2018 compared to 86,500 mt and 16,449 mt respectively in 1H2017.

During the first semester of 2018 the CPO price trend continued to decline resulting in an Average Selling Price (ASP) for CPO of USD 570/mt, 10.1% lower than the first semester of 2017 ASP of USD 634/mt. Meanwhile the ASP for PK in 1H2018 was USD 451/mt, lower than the ASP in 1H2017 of USD 505/mt.

FINANCIAL HIGHLIGHTS

Our Financial Performance Results

Table 2: Consolidated Statements of Comprehensive Income

	1H 2018		1H 2017 ⁽²⁾		Change
	"USD Thousands"	"Rp. Millions (1)**	"USD Thousands"	"Rp. Millions (1)**	
Revenue	69,775	959,619	67,685	902,314	3.1%
Cost of revenue	(48,245)	(663,519)	(53,102)	(707,901)	-9.1%
Gross Profit	21,530	296,100	14,583	194,413	47.6%
Total operating (expenses) income, net	(17,481)	(240,415)	21,110	281,417	182.8%
Operating Profit	4,049	55,685	35,692	475,830	-88.7%
Share of profit of equity-accounted investees	958	13,171	1,582	21,093	-39.5%
Finance costs, net	(213)	(2,925)	(1,904)	(25,388)	-88.8%
Profit Before Tax	4,794	65,931	35,370	471,534	-86.4%
Income tax expense	(4,651)	(63,967)	(11,857)	(139,798)	-60.8%
Profit for the period	143	1,965	23,513	331,736	99.4%
Other comprehensive income	(6,929)	(95,298)	(3,110)	(41,455)	122.8%
Total Comprehensive (Loss) Income	(6,786)	(93,333)	20,403	290,281	-133.3%
EBITDA	17,715	243,634	46,331	617,639	-61.8%
EBITDA margin (%)	25.4%	25.4%	68.5%	68.5%	-62.9%

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 13,753 to USD 1 for 1H2018 and Rp 13,331 to USD 1 for 1H2017.

2) After restatement for implementation of Indonesian Financial Accounting Standard (PSAK) No. 69, "Agriculture".

Revenue from Sales and Service Concessions

98.9% of our total revenue or USD 69.0 million was derived from our sales of CPO and PK, an increase from USD 63.1 million or 93.2% of our total revenue in 1H2017, mainly due to the increase in the CPO and PK sales volume. Our sago segment which started commercial operation in 2017 contributed USD 263.8 thousand to our total revenue. Our renewable energy segment contributed USD 252.7 thousand in 1H 2018, lower than the USD 3.2 million in 1H 2017 due to the sale of PT Darajat Geothermal Indonesia (DGI), our subsidiary in the geothermal energy business, in September 2017. Meanwhile, our edamame sales revenue was USD 224.6 thousand, an increase of 28.9% from USD 174.2 thousand in 1H2017.

Operating Income (Expenses) and Finance Cost

Our cost of revenue decreased by 9.1% to USD 48.2 million, mainly due to a decrease in palm oil production costs and a decrease in the provision for a decline in the value of our sago inventories.

The Company recorded an operating expense (net of operating income) of USD 17.5 million, a significant decrease from an operating income of USD 21.1 million in 1H2017, which was primarily due to the recognition of a gain from the sale of our investment in PT Agro Muko in March 2017.

Our finance costs, which represent interest expenses on our borrowing, decreased to USD 213 thousand in 1H2018 from interest expense of USD 1.9 million in 1H2017, in line with the lower borrowings utilized by our subsidiaries which have started commercial operation. A substantial portion of our borrowings is utilized to finance our project costs, where the interest expenses can be capitalized as an asset until commercial operations commence.

Net Income

The Company recorded a net income of USD 143 thousand, compared to net income of USD 23.5 million in 1H2017, due to the lower ASP for CPO and PK in 1H2018 combined with the gains from the sale of certain investments in 1H2017. These two factors also contributed to decreases in EBITDA from USD 46.3 million in 1H2017 to USD 17.7 million in 1H2018 and an EBITDA margin of 68.5% in 1H2017 compared to 25.4% in 1H2018.

Total Comprehensive Income (Loss)

The depreciation of the Rupiah against the US Dollar from Rp 13,548 by end of 2017 to Rp 14,404 by the end of 1H2018 has reduced the net assets of some of the Company's subsidiaries which maintain their bookkeeping records in Rupiah by USD

6.9 million when their financial statements are translated from Rupiah to US Dollar. As a result, the Company reported a total comprehensive loss of USD 6.8 million compared to comprehensive income of USD 20.4 million in 1H2017.

Our Assets and Liabilities Position

As of 30 June 2018, total assets increased by 1.0% to USD 579.5 million, mainly due to the Company's continued investment in palm plantation development and a higher CPO inventory balance.

Total liabilities increased by 8.1% from USD 174.1 million to USD 188.3 million, primarily driven by a significant increase in both short term bank loans and long-term bank loans, in line with our continued investment for the development in West Papua and the edamame processing facility in East Java. The Company was still able to maintain prudent debt to equity and debt to asset ratios amounting to 0.48 and 0.32 respectively at the end of 1H2018.

Financing Facilities

As of 30 June 2018, ANJT and its subsidiaries collectively maintained bank loan facilities amounting to the equivalent of USD 243.2 million, comprising short-term loan facilities of USD 50.0 million and long-term loan facilities of USD 193.2 million.

The long-term loan facilities are intended for our West Papua projects, our CPO mill at West Kalimantan, our replanting program in Belitung Island and our edamame processing facilities in East Java. The outstanding balance of the bank loans by the end of 1H2018 was USD 142.0 million.

Table 3: Consolidated Statements of Financial Position

	1H 2018		FY 2017 ⁽²⁾		Change
	"USD Thousands"	"Rp. Millions ⁽¹⁾ "	"USD Thousands"	"Rp. Millions ⁽¹⁾ "	
Current assets	95,156	1,370,627	90,758	1,229,592	4.8%
Non-current assets	484,389	6,977,139	483,237	6,546,891	0.2%
Total Assets	579,545	8,347,766	573,995	7,776,483	1.0%
Current liabilities	55,782	803,484	55,603	753,309	0.3%
Non-current liabilities	132,529	1,908,943	118,539	1,605,963	11.8%
Total Liabilities	188,311	2,712,427	174,142	2,359,272	8.1%
Equity attributable to the owners of the Company	389,908	5,616,231	399,370	5,410,659	-2.4%
Total Equity	391,234	5,635,332	399,853	5,417,210	-2.2%

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 Bank Indonesia middle rate as of 30 June 2018 of Rp 14,404 to USD 1 and as of 31 December 2017 of Rp 13,548 to USD 1.

2) After restatement for implementation of Indonesian Financial Accounting Standard (PSAK) No. 69, "Agriculture".

OTHER CORPORATE UPDATES

Final Dividend Distribution

The Company held its Annual General Meeting of Shareholders (AGMS) on 14 May 2018 and the shareholders approved the distribution of a cash dividend amounting to Rp 39.7 billion (equivalent to USD 2.8 million), representing a dividend per share of Rp 12/share and a payout ratio of 6.3%. As of the date of this newsletter, the dividend has been fully paid.

Change in Board of Directors

The Company's AGMS on 14 May 2018 approved the resignation of Mr. Sonny Sunjaya Sukada as the Company's Director.

Occupational Health and Safety Assessment Series ("OHSAS 18001")

The Company was awarded the globally recognized UK-based OHSAS 18001 certification for the Belitung Island and North Sumatera I plantations in April and June 2018 respectively. OHSAS 18001 is an internationally recognized British standard for occupational health and safety management systems which can be used by any industry as a framework to establish and maintain a sound occupational health and safety performance.

ISO 14001

The Company also received ISO 14001 certification for the Belitung Island and North Sumatera I plantation in April and June 2018 respectively. ISO 14001 is the International standard for environmental management systems. Certification is valid for 3 years, and each year the certified company is subject to an audit by a certification body accredited by the National Accreditation Committee.

DISCLAIMER: This document has been prepared by PT Austindo Nusantara Jaya Tbk. ("ANJ" or the "Company") for informational purposes only. Certain statements herein may constitute "forward-looking statements", including statements regarding the Company's expectations and projections for future operating performance and business prospects. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. Such forward-looking statements speak only as of the date on which they are made. Accordingly, the Company expressly disclaims any obligation to update or revise any forward-looking statements contained herein to reflect any change in the Company's expectations with regard to new information, future events or other circumstances. The Company does not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario. By reviewing this document, you acknowledge that you will be solely responsible for your own assessment of the market and the market position of the Company and that you will conduct your own analysis and be solely responsible for forming your own view of the potential future performance of the business of the Company.