



ANJ

INVESTOR NEWSLETTER

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Palm Oil Estate at PT SMM, East Belitung, Belitung Island
Photo: Corporate Communications

2018 OPERATIONAL UPDATE

PT Austindo Nusantara Jaya Tbk (“ANJT” or “the Company”) announced its operational performance and financial results for the year ending 31 December 2018.

The Company ended 2018 by producing a total 786,104 mt of Fresh Fruit Bunches (FFB), an increase of 7.6% over last year’s result of 730,356 mt of FFB. The increase in FFB production was largely contributed by the increases in FFB production from our North Sumatra I estate and Belitung Island estate combined with the continued positive FFB production trend from our newly mature West Kalimantan estate.

Despite the replanting program in Belitung Island and North Sumatera I estates, the production in these two estates was higher than 2017 due to the more conducive weather conditions over the last eighteen months or so.

Although the FFB production was higher than 2017, we also increased our FFB purchases from third parties to optimize mill utilization. Our FFB purchases from third parties for 2018 was 60.0% higher than those made in 2017.

In line with the increase in FFB production and FFB bought from third parties, Crude Palm Oil (CPO) and Palm Kernel (PK) production also increased by 18.3% and 22.7% to 248,694 mt and 54,033 mt respectively in 2018. Meanwhile, the Company

Table 1 : Production and Sales

	2018	2017	Change
FFB Production (tonnes)			
FFB from our estates	786,104	730,356	7.6%
<i>Belitung Island</i>	253,263	233,847	8.3%
<i>North Sumatra I</i>	211,788	179,207	18.2%
<i>North Sumatra II</i>	188,209	202,750	-7.2%
<i>West Kalimantan</i>	132,844	114,552	16.0%
FFB bought from third parties	375,181	234,452	60.0%
Total FFB processed	1,161,285	964,808	20.4%
FFB YIELD (tonnes per hectare)			
Average yield	22.20	19.20	15.6%
<i>Belitung Island</i>	24.60	19.40	26.8%
<i>North Sumatra I</i>	23.40	18.30	27.9%
<i>North Sumatra II</i>	24.30	25.60	-5.1%
<i>West Kalimantan</i>	15.80	14.00	12.9%
CPO Production (tonnes)			
Total production	248,694	210,248	18.3%
<i>Belitung Island</i>	76,975	63,000	22.2%
<i>North Sumatra I</i>	68,733	52,325	31.4%
<i>North Sumatra II</i>	58,186	60,103	-3.2%
<i>West Kalimantan</i>	44,800	34,820	28.7%
Palm Kernel production	54,033	44,037	22.7%
Sales (tonnes)			
CPO Sales	246,138	209,000	17.8%
<i>Belitung Island</i>	75,250	62,000	21.4%
<i>North Sumatra I</i>	70,238	49,600	41.6%
<i>North Sumatra II</i>	58,000	59,600	-2.7%
<i>West Kalimantan</i>	42,650	37,800	12.8%
Palm Kernel sales	54,285	42,797	26.8%
PRODUCTIVITY			
Extraction Rate - CPO (Mixed)	21.37%	21.80%	-2.0%
CPO Average Selling Price (ex-mill) - USD	504	613	-17.8%
PK Average Selling Price (ex-mill) - USD	381	507	-24.9%

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 1,440
Lowest	Rp 830
Close	Rp 1,150

SHAREHOLDERS STRUCTURE

(as of 31 December 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.
Menara BTPN Lantai 40
Jalan Dr. Ide Anak Agung Gde Agung
Kav 5.5 – 5.6, Kawasan Mega Kuningan
Jakarta 12950
T: +62 21 29651777 | F: +62 21 29651788
E: investor.relations@anj-group.com
www.anj-group.com

also reported an increase in CPO and PK sales volumes by 17.8% and 26.8% to 246,138 mt and 54,285 mt in 2018 compared to 209,000 mt and 42,797 mt respectively in 2017.

During 2018 the CPO price trend continued to decline resulting in an Average Selling Price (ASP) for CPO in 2018 of USD 504/mt, 17.8% lower than 2017 ASP of USD 613/mt. Meanwhile the ASP for PK in 2018 was USD 381/mt, lower than the ASP in 2017 of USD 507/mt.



Nursery at PT SMM
Photo: Corporate Communications

FINANCIAL HIGHLIGHTS

Our Financial Performance Results

Table 2: Consolidated Statements of Comprehensive Income

	2018		2017 ⁽²⁾		Change
	"USD Thousands"	"Rp. Millions ⁽¹⁾ "	"USD Thousands"	"Rp. Millions ⁽¹⁾ "	
Revenue	151,701	2,161,744	161,797	2,165,333	-6.2%
Cost of revenue	(110,786)	(1,578,702)	(112,797)	(1,509,562)	-1.8%
Gross Profit	40,915	583,043	49,000	655,771	-16.5%
Total operating (expenses) income, net	(35,923)	(511,906)	21,247	284,351	-269.1%
Operating Profit	4,992	71,136	70,248	940,123	-92.9%
Interest income	1,628	23,197	1,166	15,609	39.6%
Finance charges	(1,983)	(28,253)	(3,598)	(48,150)	-44.9%
Share of profit of equity-accounted investees	2,001	28,521	4,198	56,178	-52.3%
Profit Before Tax	6,639	94,602	72,014	963,761	-90.8%
Income tax expense	(7,130)	(101,607)	(25,474)	(139,798)	-72.0%
Net (loss)/profit for the period	(492)	(7,005)	46,540	823,963	-101.1%
Other comprehensive income	(6,640)	(94,620)	(5,705)	(41,455)	16.4%
Total Comprehensive (Loss) Income	(7,132)	(101,625)	40,835	782,508	-117.5%
EBITDA	25,055	357,034	100,153	1,340,348	-75.0%
EBITDA margin (%)	16.5%	16.5%	61.9%	61.9%	-73.3%

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 14,250 to USD 1 for 2018 and and Rp 13,383 to USD 1 for 2017.

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

Revenue from Sales and Service Concessions

In 2018 ANJT posted total revenue of USD 151.7 million, a decline of 6.2% compared to 2017 mainly due to the lower ASP of CPO and PK. Although CPO and PK sales volumes increased by 17.8% and 26.8% respectively, the increases were not enough to offset the decline in the ASPs of CPO and PK.

CPO and PK sales contributed 98.8% of our total revenue or USD 150.0 million, compared to USD 154.7 million or 95.6% of our total revenue in 2017. Our sago segment contributed USD 744.7 thousand to our total revenue in 2018, an increase from USD 220.4 thousand in 2017 due to increases in both sales volume and sales price. Our renewable energy segment contributed USD 555.5 thousand in 2018, lower than the USD 4.8 million in 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 445.7 thousand, an increase of 24.6% from USD 357.6 thousand in 2017.

Operating Income (Expenses) and Financial Charges

Our cost of revenue fell by 1.8% to USD 110.8 million, mainly due to the inclusion in the 2017 Cost of Revenues of USD 5.1 million in impairment costs on certain under-utilized CPO and Sago Mill equipment as well as the impact on service concession costs as a result of the sale of PT Darajat Geothermal Indonesia.

The Company recorded an operating expense (net of operating income) of USD 35.9 million, a significant decrease from an operating income of USD 21.3 million in 2017, which was primarily due to the recognition of a gain from the sales of our investment in PT Agro Muko in March 2017 and PT Darajat Geothermal Indonesia (DGI) in September 2017. Included in operating expense in 2018 is a foreign exchange loss of USD 2.1 million, an increase from the foreign exchange loss of USD 0.7 million in 2017, due to foreign exchange losses on our USD borrowings as



Mechanical Harvesting at ANJA Binanga
Photo: Corporate Communications

a result of the depreciation of the Rupiah against the US Dollar, which declined from Rp 13,548/USD 1 at the end of 2017 to Rp 14,481/USD 1 at the end of 2018. The Company utilized some USD borrowings for the West Papua palm plantation project, whose bookkeeping records are maintained in Rupiah.

Our financial charges, which represent interest expenses on our loans, decreased to USD 2.0 million in 2018 from interest expenses of USD 3.6 million in 2017, due to the partial repayment of the short-term and long-term loans utilized for our West Kalimantan estate and North Sumatera I estate. Financial charges on borrowings utilized for the West Papua project can be capitalized until the project starts commercial operation.

Net (Loss) Income

The Company recorded a net loss of USD 492 thousand, compared to net income of USD 46.5 million in 2017, due to the lower ASP for CPO and PK in 2018 combined with the gains from the sale of certain investments in 2017. These two factors also contributed to decreases in EBITDA from USD 100.2 million in 2017 to USD 25.1 million in 2018 and an EBITDA margin of 61.9% in 2017 compared to 16.5% in 2018.

In 2018, the Company adopted Indonesian Financial Accounting Standard ("PSAK") No. 69, "Agriculture," which requires the Company to recognize FFB on its palm trees at fair value. For the year ended 31 December 2018, the Company recognized a fair value loss of USD 1.5 million net of tax as a result of the adoption of PSAK No. 69, mainly because of the decline in the price of FFB as of 31 December 2018 compared to the price of FFB as of 31 December 2017. Had the Company not adopted PSAK No. 69, the Company would have reported a net profit of USD 1.0 million for the year ended 31 December 2018.

Total Comprehensive (Loss) Income

The depreciation of the Rupiah against the US Dollar from Rp 13,548 by the end of 2017 to Rp 14,481 by the end of 2018 has reduced the net assets of some of the Company's subsidiaries which maintain their bookkeeping records in Rupiah by USD 8.7 million when their financial statements are translated from Rupiah to US Dollar. As a result, the Company reported a total comprehensive loss of USD 7.1 million compared to a comprehensive income of USD 40.8 million in 2017.

Our Assets and Liabilities Position

Table 3: Consolidated Statements of Financial Position

	31 Dec 18		31 Dec 2017 ⁽²⁾		Change
	"USD Thousands"	"Rp. Millions ⁽¹⁾ "	"USD Thousands"	"Rp. Millions ⁽¹⁾ "	
Current assets	93,473	1,353,579	84,760	1,148,327	10.3%
Non-current assets	508,732	7,366,951	484,736	6,567,207	5.0%
Total Assets	602,205	8,720,529	569,496	7,715,534	5.7%
Current liabilities	56,069	811,941	55,603	753,309	0.8%
Non-current liabilities	159,746	2,313,286	118,539	1,605,963	34.8%
Total Liabilities	215,816	3,125,227	174,142	2,359,272	23.9%
Equity attributable to the owners of the Company	385,405	5,581,047	394,871	5,349,710	-2.4%
Total Equity	386,389	5,595,302	395,354	5,356,262	-2.3%

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 Bank Indonesia middle rate as of 31 December 2018 of Rp 14,481 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".

As of 31 December 2018, total assets increased by 5.7% to USD 602.2 million, mainly due to the Company's continued investment in palm plantation development, a higher CPO inventory balance and an increase of property, plant and equipment.

Total liabilities increased by 23.9% from USD 174.1 million to USD 215.8 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 0.56 and 0.36 respectively as at 31 December 2018.

Financing Facilities

As of 31 December 2018, ANJT and its subsidiaries collectively maintained bank loan facilities amounting to the equivalent of USD 337.4 million comprising short-term loan facilities of USD 50.0 million and long-term loan facilities of USD 287.4 million.

The long-term loan facilities are intended for our West Papua palm plantation 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 2018 was USD 171.4 million.

OTHER CORPORATE UPDATES

Awards

In 2018, ANJT and its subsidiaries received the following awards:

1. A Gold Rank for our Sustainability Report 2017 from National Center for Sustainability Reporting & Institute of Certified Sustainability Practitioners.
2. "Good Corporate Governance – Top Ten Mid-Capitalization Public Listed Company and Top Three – Best Non Financial Sector" from the Indonesian Institute for Corporate Directorship.
3. A recognition that the Company has demonstrated a strong commitment to sustainable plantation management from the Directorate General of Agriculture, Ministry of Agriculture.

4. PROPER (Green Category) for our Belitung estate with national rating beyond compliance for the performance in environmental management from the Ministry of Environment and Forestry.
5. Gold award for PT Permata Putera Mandiri (one of our West Papua estates) from Indonesia CSR Society & Filantropi Indonesia for our community facilitators program in South Sorong.
6. Gold award for the Company from Indonesia CSR Society & Filantropi Indonesia for our responsible development platform.
7. Bronze award for our West Kalimantan estate from Indonesia CSR Society & Filantropi Indonesia for the forest fire mitigation program.
8. Tempo Country Contributor Award 2018 for the Company from Pusat Data & Analisis Tempo (Tempo Media Group) for being one of the most compliant and best corporate tax payers.
9. Sustainability Leadership Award for our CEO from World CSR, CMO Asia, World Federation CSR.

The awards are the recognition from external parties for the Company's strong commitment in practicing good corporate governance and sustainability.

International Sustainability and Carbon Certification ("ISCC")

The Company renewed the International Sustainability and Carbon Certification ("ISCC") for the North Sumatera I plantation and Belitung Island plantation in November 2018 and December 2018 respectively. ISCC is a European sustainability standard that assesses greenhouse gas emissions, preservation of biodiversity, agricultural practices and respect for labor and land rights. The certificate renewal demonstrates our continuing commitment to sustainable development.

Construction Progress of New CPO and PKO Mills.

The construction of a CPO and Palm Kernel Oil (PKO) mill at our West Papua estate reached 65.6% completion by the end of 2018. The CPO mill will comprise of 2 lines with each line having a capacity of 45 mt per hour. The first 45 mt 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.

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