



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

Q1 2019 OPERATIONAL UPDATE

PT Austindo Nusantara Jaya Tbk (“ANJT” or “the Company”) announced its operational performance and financial results for first quarter of 2019.

The Company started 2019 by producing a total 148,796 mt of Fresh Fruit Bunches (FFB), similar to the 149,404 mt of FFB production in Q1 2018. Our Belitung Island and newly mature West Kalimantan estate continued their positive FFB production trend. The FFB production increase in those two estates helped to neutralize the impact of the replanting program in our North Sumatera I, which experienced a decrease in FFB production in Q1 2019 of 35.5%.

In Q1 2019 we increased our FFB purchases from third parties to optimize mill utilization. Our FFB purchases from third parties for Q1 2019 was 25.6% higher than those made in Q1 2018.

In line with the increase in FFB production and FFB purchases from third parties, Crude Palm Oil (CPO) and Palm Kernel (PK) production also increased by 3.9% and 6.4% to 52,225 mt and 11,308 mt respectively in Q1 2019. Meanwhile, the Company also reported an increase in CPO sales volumes by 18.4% to 50,700 mt in Q1 2019 compared to 42,833 mt in Q1 2018.

Table 1 : Production and Sales

	Q1 2019	Q1 2018	Change
FFB Production (tonnes)			
FFB from our estates	148,796	149,404	-0.4%
<i>Belitung Island</i>	47,866	39,643	20.7%
<i>North Sumatra I</i>	27,407	42,509	-35.5%
<i>North Sumatra II</i>	38,215	39,239	-2.6%
<i>West Kalimantan</i>	35,308	28,013	26.0%
FFB bought from third parties	97,872	77,906	25.6%
Total FFB processed	246,668	227,310	8.5%
FFB YIELD (tonnes per hectare)			
Average yield	4.20	4.00	5.0%
<i>Belitung Island</i>	4.60	3.50	31.4%
<i>North Sumatra I</i>	3.10	4.30	-27.9%
<i>North Sumatra II</i>	4.90	5.00	-2.0%
<i>West Kalimantan</i>	4.10	3.50	17.1%
CPO Production (tonnes)			
Total production	52,225	50,246	3.9%
<i>Belitung Island</i>	15,241	14,015	8.7%
<i>North Sumatra I</i>	12,295	13,569	-9.4%
<i>North Sumatra II</i>	12,964	13,475	-3.8%
<i>West Kalimantan</i>	11,725	9,187	27.6%
Palm Kernel production	11,308	10,626	6.4%
Sales (tonnes)			
CPO Sales	50,700	42,833	18.4%
<i>Belitung Island</i>	13,850	11,500	20.4%
<i>North Sumatra I</i>	11,150	11,800	-5.5%
<i>North Sumatra II</i>	13,900	11,900	16.8%
<i>West Kalimantan</i>	11,800	7,633	54.6%
Palm Kernel sales	11,265	11,450	-1.6%
PRODUCTIVITY			
Extraction Rate - CPO (Mixed)	21.25%	22.10%	-3.8%
CPO Average Selling Price (ex-mill) - USD	468	581	-19.4%
PK Average Selling Price (ex-mill) - USD	303	499	-39.3%

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 1,190
Lowest	Rp 940
Close	Rp 1,010

SHAREHOLDERS STRUCTURE

(as of 31 March 2019)	%
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	

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During Q1 2019 the CPO price trend continued to decline resulting in an Average Selling Price (ASP) for CPO in Q1 2019 of USD 468/mt, 19.4% lower than the Q1 2018 ASP of USD 581/mt. Meanwhile the ASP for PK in Q1 2019 was USD 303/mt, 39.3% lower than the ASP in Q1 2018 of USD 499/mt.

FINANCIAL HIGHLIGHTS

Our Financial Performance Results

Table 2: Consolidated Statements of Comprehensive Income

	Q1 2019		Q1 2018 ⁽²⁾		Change
	"USD Thousands"	"Rp. Millions ⁽¹⁾ "	"USD Thousands"	"Rp. Millions ⁽¹⁾ "	
Revenue	27,556	389,621	30,956	420,167	-11.0%
Cost of revenue	(28,195)	(398,654)	(25,225)	(342,379)	11.8%
Gross (loss) profit	(639)	(9,034)	5,731	77,788	-111.1%
Total operating (expenses) income, net	(4,788)	(67,691)	(6,537)	(88,729)	-26.8%
Operating loss	(5,426)	(76,725)	(806)	(10,941)	573.2%
Interest income	340	4,811	222	3,013	53.3%
Finance charges	(698)	(9,872)	(273)	(3,702)	156.0%
Share of profit of equity-accounted investees	278	3,925	314	4,255	-11.5%
Loss before tax	(5,507)	(77,861)	(543)	(7,375)	913.5%
Income tax expense	(353)	(4,994)	(1,195)	(139,798)	-70.4%
Loss for the period	(5,860)	(82,855)	(1,738)	(147,173)	237.2%
Other comprehensive income	2,475	34,988	(1,581)	(41,455)	-256.5%
Total comprehensive loss	(3,385)	(47,866)	(3,319)	(188,628)	2.0%
EBITDA	(1,146)	(16,203)	5,222	80,556	-119.3%
EBITDA margin (%)	-4.2%	-4.2%	16.9%	19.2%	-121.7%

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 14,139 to USD 1 for Q1 2019 and and Rp 13,573 to USD 1 for Q1 2018.

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

Revenue from Sales and Service Concessions

In Q1 2019 ANJT posted total revenue of USD 27.6 million, a decline of 11.0% compared to Q1 2018 mainly due to the lower ASP of CPO and PK and lower PK sales volumes. Although CPO sales volumes increased by 18.4%, the increases were not enough to offset the decline in the ASPs of CPO and PK.

CPO and PK sales contributed 98.6% of our total revenue or USD 27.2 million, compared to USD 30.6 million or 98.8% of our total revenue in Q1 2018. Our sago segment contributed USD 204.7 thousand to our total revenue in Q1 2019, an increase from USD 118.2 thousand in Q1 2018 due to increases in both sales volume and sales price. Our renewable energy segment contributed USD 99.8 thousand in Q1 2019, lower than the USD 143.9 thousand in Q1 2018 due to maintenance at the biogas power plant in January 2019. Meanwhile, our edamame sales revenue was USD 93.2 thousand, a decrease of 15.7% from USD 106.8 thousand in Q1 2018.

Operating (Expenses) Income and Financial Charges

The Company recorded an operating expense (net of operating income) of USD 4.8 million, a decrease of 26.8% from USD 6.5 million in Q1 2018, which was primarily due to the recognition of a gain from the sale of our investment in PT Puncakjaya Power in March 2019 which amounted to USD 1.8 million. Included in operating expense in Q1 2019 is a foreign exchange net gain of USD 203.3 thousand, an increase from the foreign exchange loss of USD 1.3 million in Q1 2018, due to foreign exchange gains on our USD borrowings as a result of the appreciation of the Rupiah against the US Dollar from Rp 14,481/USD 1 at the end of 2018 to Rp 14,244/USD 1 at the end of Q1 2019. 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, increased to USD 0.7 million in Q1 2019 from interest expenses of USD 0.3 million in Q1 2018, due to an increase in the short-term and long-term loans utilized for our West Kalimantan estate. Financial charges on borrowings utilized for the West Papua project can be capitalized until the project starts commercial operation.

Net Loss

The Company recorded a net loss of USD 5.9 million, compared to a net loss of USD 1.7 million in Q1 2018, due to the lower ASP for CPO and PK in Q1 2019. This factor also contributed to decreases in EBITDA from USD 5.2 million in Q1 2018 to a negative USD 1.1 million in Q1 2019 and an EBITDA margin of 16.9% in Q1 2018 compared to -4.2% in Q1 2019.

Total Comprehensive (Loss) Income

The appreciation of the Rupiah against the US Dollar from Rp 14,481 by the end of 2018 to Rp 14,244 by the end of March 2019 has increased the net assets of some of the Company's subsidiaries which maintain their bookkeeping records in Rupiah by USD 2.5 million when their financial statements are translated from Rupiah to US Dollar. As a result, the Company

reported a total comprehensive loss of USD 3.4 million compared to a comprehensive loss of USD 3.3 million in Q1 2018.

As of 31 March 2019, total assets increased slightly by 1.3% to USD 610.0 million, mainly due to the Company's continued investment in palm plantation development, a higher CPO inventory balance and an increase in property, plant and equipment.

Total liabilities increased by 5.2% from USD 215.8 million to USD 227.0 million, primarily driven by a significant increase in long-term bank loans, in line with our continued investment for the development in West Papua Project. The Company was still able to maintain prudent debt to equity and debt to asset ratios amounting to 0.59 and 0.37 respectively as at 31 March 2019.

Our Assets and Liabilities Position

Table 3: Consolidated Statements of Financial Position

	31 Mar 19		31 Mar 2018 ⁽²⁾		Change
	"USD Thousands"	"Rp. Millions ⁽¹⁾ "	"USD Thousands"	"Rp. Millions ⁽¹⁾ "	
Current assets	82,353	1,173,033	93,473	1,353,579	-11.9%
Non-current assets	527,649	7,515,827	508,732	7,366,951	3.7%
Total Assets	610,001	8,688,860	602,205	8,720,529	1.3%
Current liabilities	53,150	757,062	56,069	811,941	-5.2%
Non-current liabilities	173,848	2,476,291	159,746	2,313,286	8.8%
Total Liabilities	226,998	3,233,354	215,816	3,125,227	5.2%
Equity attributable to the owners of the Company	382,047	5,441,876	385,405	5,581,047	-0.9%
Total Equity	383,004	5,455,506	386,389	5,595,302	-0.9%

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 Bank Indonesia middle rate as of 31 March 2019 of Rp 14,244 to USD 1 and as of 31 December 2018 of Rp 14,481 to USD 1.

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

Financing Facilities

As of 31 March 2019, ANJT and its subsidiaries collectively maintained bank loan facilities amounting to the equivalent of

USD 337.8 million comprising short-term loan facilities of USD 50.1 million and long-term loan facilities of USD 287.7 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 March 2019 was USD 181 million.

OTHER CORPORATE UPDATES

Awards

In Q1 2019, ANJT's subsidiary in West Papua, PT PMP received an award "Sorong Customs Award 1.0" as the biggest import tax payers in 2018 from Kantor Pengawasan dan Pelayanan Bea Cukai Tipe Madya Pabean C Kota Sorong.

RSPO Certification for Smallholders Scheme

The Company's subsidiary, PT Sahabat Mewah dan Makmur (PT SMM) which operates our Belitung Island estate, obtained the RSPO certification for its smallholder partnership scheme on January 2019 from Mutu Certification International (Certification Body). PT SMM has satisfied the requirements of Indonesian National Interpretation of RSPO Principles and Criteria (2013) and supply chain requirements for a CPO mill (2014) within the Sustainable Palm Oil scheme.

Sistim Manajemen Keselamatan dan Kesehatan Kerja (SMK3) Certification

The Company renewed the Sistim Manajemen Keselamatan dan Kesehatan Kerja (SMK3) certification for its North Sumatera I Estate in March 2019.

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 85.9% completion by the end of March 2019. 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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