



# PT DHARMA SATYA NUSANTARA TBK (DSNG) INVESTOR NEWSLETTER

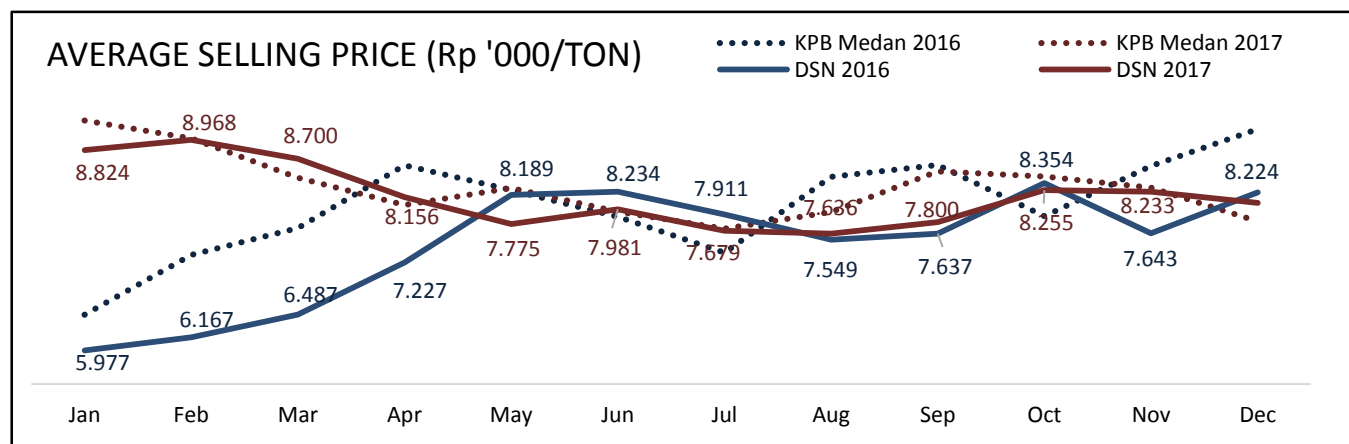
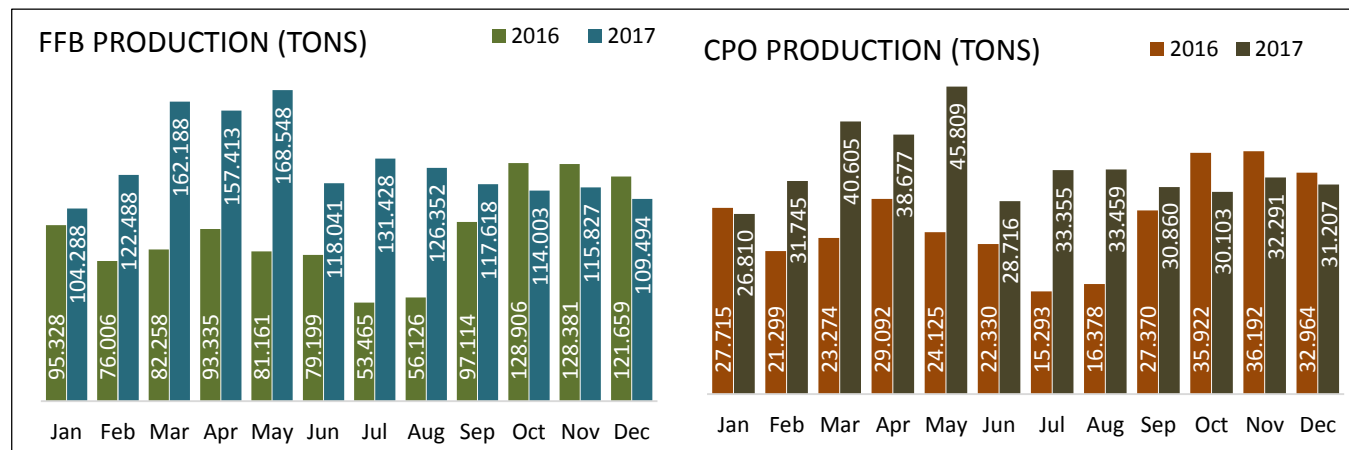
DSN's operating performance in 2017 has shown a significant improvement as FFB production has partially recovered from the El-Nino impact in 2015. Through December 2017, our FFB production reached 1.55 million tons, or 41.6% higher compared to full year 2016.

Mill productivity rose as well, with FFB processed reaching 1.75 million tons, for an increase of 34.3% compared to the previous

year, while CPO production also rose by 29.4% to 403.6 thousand tons.

The company's CPO sales volume in 2017 was 458.0 thousand tons, an increase of 31.5% compared to 2016, with an average selling price through December of Rp 8.1 million per ton, 8.0% higher compared to the previous year of Rp 7.5 million per ton.

	FY-2017	FY-2016	YoY%	Q1-2017	Q2-2017	Q3-2017	Q4-2017	QoQ%
<b>Plantation Performance</b>								
FFB Production (ton)	1,547,686	1,092,937	41.6	388,964	444,002	375,397	339,324	(9.6)
- FFB Nucleus (ton)	1,381,803	977,629	41.3	345,690	398,315	335,417	302,381	(9.8)
- FFB Plasma (ton)	165,884	115,308	43.9	43,274	45,687	39,980	36,943	(7.6)
<b>Mill Performance</b>								
FFB Processed (ton)	1,753,986	1,306,365	34.3	452,794	500,732	404,425	396,035	(2.1)
CPO Production (ton)	403,638	311,952	29.4	99,160	113,202	97,675	93,602	(4.2)
PK Production (ton)	65,092	51,127	27.3	15,280	17,892	15,817	16,103	1.8
PKO Production (ton)	24,284	17,259	40.7	4,816	7,576	6,198	5,694	(8.1)
CPO OER (%)	23.01	23.88	(3.6)	21.90	22.61	24.15	23.63	(2.1)
FFA (%)	2.96	2.60	13.6	3.30	3.06	2.75	2.69	(2.2)
<b>Sales Performance</b>								
CPO (ton)	457,973	348,391	31.5	97,750	143,336	106,029	110,858	4.6
PK (ton)	10,067	11,067	(9.0)	2,858	2,282	2,186	2,740	25.3
PKO (ton)	27,003	17,451	54.7	7,001	5,001	7,000	8,001	14.3



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## PLANTED AREA

As of December 2017, the company's total planted area, including nucleus and plasma, reached 90,288 hectares, with the average age of 8.6 years. We continue to review our available land bank for future planting.

	Planted (as of December 2017) (ha)	Average Age (yr)	Planted Hectarage	
			Matured (ha)	Total Planted (ha)
Nucleus		9.5	60,527	69,369
Plasma		5.3	11,818	20,920
<b>Total</b>		<b>8.6</b>	<b>72,345</b>	<b>90,288</b>

## WOOD PRODUCTS BUSINESS

In 2017, our panel and engineered flooring recorded a decline in sales volume, while engineered doors increased slightly by 10.8%. Sales volume of our panel products in the final three months, however, showed an increase compared to the previous quarter due to higher demand.

Average selling prices of panels and engineered flooring rose by 8.4% and 4.5% respectively, while engineered doors fell slightly by 7.2%.

	FY-2017	FY-2016	% YoY	Q1-2017	Q2-2017	Q3-2017	Q4-2017	QoQ%
<b>Sales Volume</b>								
Panel (m3)	70,679	92,235	(23.4)	17,489	15,085	18,265	19,840	8.6
Engineered doors (Pcs)	65,877	59,447	10.8	8,991	13,011	23,064	20,811	(9.8)
Engineered flooring (m2)	1,249,734	1,254,642	(0.4)	334,232	257,769	360,603	297,130	(17.6)
<b>Average Selling Price</b>								
Panel (Rp 'million /m3)	5.27	4.86	8.4	5.04	5.17	5.42	5.40	(1.6)
Engineered doors (Rp 'million /pcs)	0.99	1.06	(7.2)	1.06	1.14	0.93	0.92	(0.6)
Engineered flooring (Rp 'million /m2)	0.39	0.37	4.5	0.37	0.39	0.39	0.40	2.8

## FINANCIAL SUMMARY

In 2017, the Company generated revenue of Rp 5.16 trillion, an increase of 33.0% compared to last year primarily due to higher FFB production and the increase in CPO prices. The palm oil segment contributed 83.1% to our revenue. Gross profit rose by 80.6% to Rp 1.72 trillion and operating profit also rose by 172.8% to Rp 1.19 trillion. The Company posted EBITDA of Rp 1.54 trillion, or 102.2% higher compared to last year. Our EBITDA margin increased from 19.6% in 2016 to 29.9% in 2017.

The Company's netprofit for the year reached Rp 585.15 billion, compared to Rp 250.71 billion last year.

	In Million Rupiah	
	31 Dec 2017	31 Dec 2016*
Revenue	5,159,911	3,878,808
Cost of Revenue	(3,436,965)	(2,924,831)
Gross Profit	1,722,946	953,977
% margin	33.4	24.6%
Operating Profit	1,190,037	436,186
% margin	23.1	11.2%
EBITDA	1,540,275	761,925
% margin	29.9	19.6%
Net Profit	585,153	250,707
% margin	11.3	6.5%

\* Data as restated

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