



# PT DHARMA SATYA NUSANTARA TBK (DSNG.IJ) INVESTOR NEWSLETTER

Our FFB production in the first half of 2019 reached 1.02 million tons, a significant increase of 47% against the same period last year following the increasing mature area of the Company's estates and topped up with the additional FFB contribution from the newly acquired estates at the end of last year.

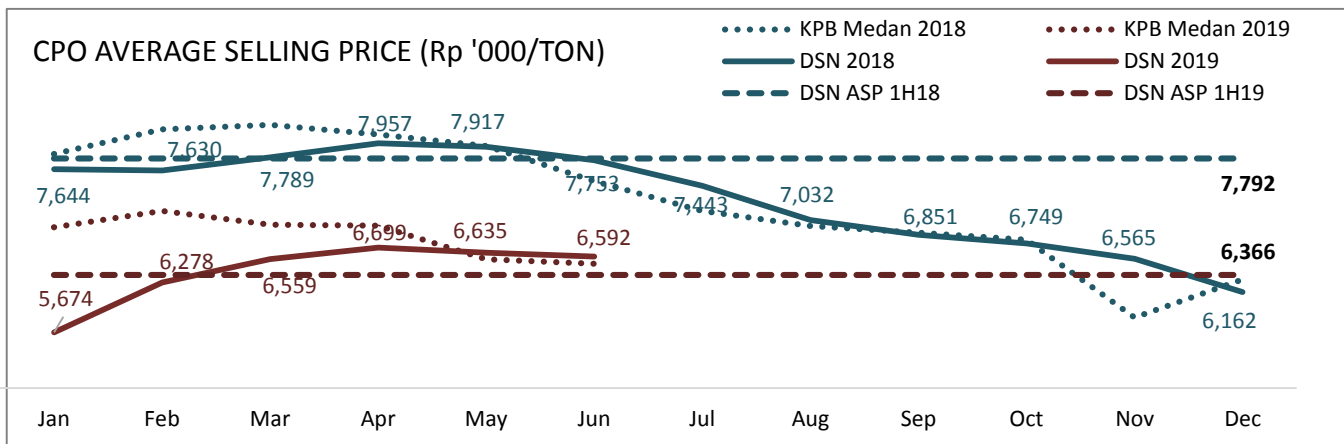
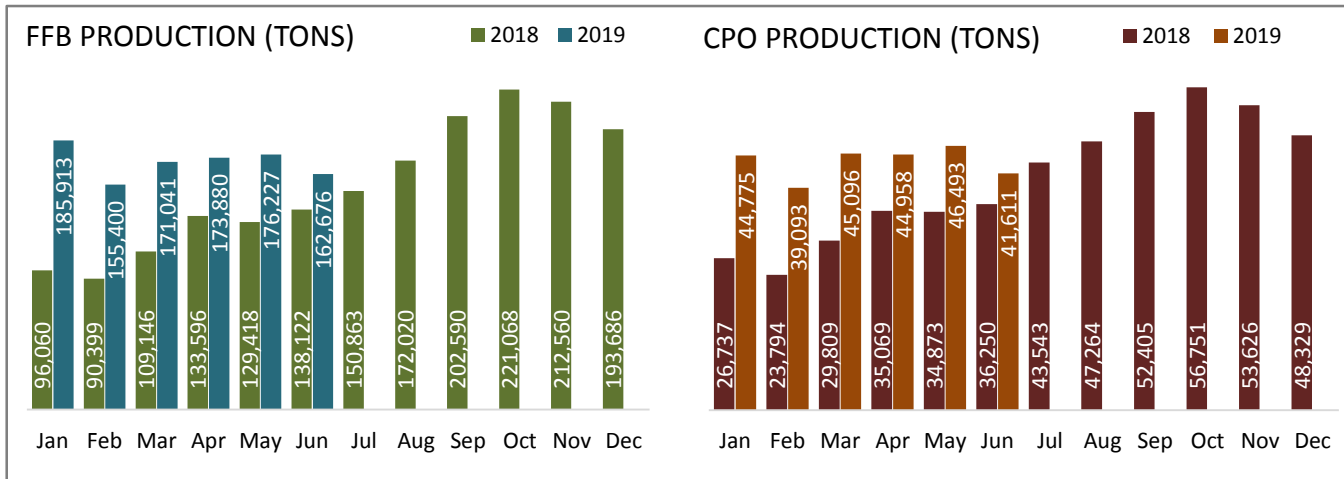
Our mill's productivity also demonstrated a significant improvement throughout this six month period with CPO production increased by 40% compared to the same period last year. CPO Oil Extraction Rate (OER) was maintained at a level of

22.99% while the average blended FFA level improved to 2.58%.

During the first semester of 2019, we sold 301 thousand tons CPO, an increase of 61% against the same period last year, but with a lower sales volume in the second quarter due to shorter working days following 2019 Eid Mubarak holiday.

Our realized ASP for CPO from January to June 2019 was Rp 6.4 million per ton, 18% lower against Rp 7.8 million per ton for the same period last year.

	6M-2019	6M-2018	YoY%	Q1-2019	Q2-2019	%QoQ	FY2018
<b>Plantation Performance</b>							
FFB Production (tons)	1,025,136	696,741	47.1	512,354	512,782	0.1	1,849,528
- FFB Nucleus (tons)	872,064	600,500	45.2	438,178	433,886	(1.0)	1,587,667
- FFB Plasma (tons)	153,073	96,242	59.1	74,177	78,896	6.4	261,861
<b>Mill Performance</b>							
FFB Processed (tons)	1,139,895	786,760	44.9	559,880	580,015	3.6	2,070,609
CPO Production(tons)	262,026	186,532	40.5	128,964	133,062	3.2	488,449
PK Production (tons)	42,786	31,531	35.7	20,287	22,499	10.9	82,061
PKO Production (tons)	14,090	12,417	13.5	6,658	7,431	11.6	29,370
CPO OER (%)	22.99	23.71	(3.0)	23.03	22.94	(0.4)	23.59
FFA (%)	2.58	2.77	(6.8)	2.63	2.53	(3.7)	2.77
<b>Sales Performance</b>							
CPO (tons)	301,182	187,179	60.9	165,908	135,274	(18.5)	454,889
PK (tons)	11,558	5,131	125.3	5,796	5,762	(0.6)	16,373
PKO (tons)	12,005	10,001	20.0	7,001	5,004	(28.5)	28,004
CPO ASP (Rp '000/Ton)	6,366	7,792	(18.3)	6,137	6,646	8.3	7,178



## PLANTED AREA

As of June 2019, the company's total planted area, including nucleus and plasma, reached 108,411 hectares, with an average age of 10.3 years.

	Planted (ha) (as of June 2019)	Average Age (yrs)	Planted Hectareage	
			Mature (ha)	Total Planted (ha)
Nucleus		11.0	81,392	84,393
Plasma		7.7	20,407	24,018
<b>Total</b>		<b>10.3</b>	<b>101,799</b>	<b>108,411</b>

## WOOD PRODUCTS BUSINESS

Our wood product business continued to contribute higher than last year, driven mainly by wood panel. During six months to June 2019, panel product showed an improvement performance with both sales volume and average selling price increased by 14% and 5%, respectively. Meanwhile our engineered flooring sales volume decreased by 18% with the average selling price also down by 4% compared to the same period last year.

	6M-2019	6M-2018	% YoY	Q1-2019	Q2-2019	%QoQ	FY2018
<b>Sales Volume</b>							
Panel (m3)	44,901	39,251	14.4	22,354	22,547	0.9	83,751
Engineered flooring (m2)	431,711	523,963	(17.6)	230,964	200,747	(13.1)	1,093,848
<b>Average Selling Price (ASP)</b>							
Panel (Rp million /m3)	6.12	5.81	5.3	6.11	6.13	0.4	6.06
Engineered flooring (Rp 'million /m2)	0.39	0.41	(3.7)	0.39	0.39	1.0	0.42

## FINANCIAL SUMMARY

In the first half of 2019 the Company generated revenue of Rp 2.6 trillion, increased by 22% than the same period last year, driven mainly by a higher CPO sales volume by 61% since the CPO ASP was lower by 18%. Until June 30, 2019, palm oil segment contributed around 82% of the Company's total revenue.

The posted Gross profit of Rp 656 billion was 15% higher than the first half of 2018, even though the Gross Profit Margin (GPM) and Operating Profit Margin (OPM) were less because the newly acquired palm oil estates in December last year were still in the revitalization program and therefore have not yet generated an optimum contribution. Excluding this, our existing business still generated GPM of 27% (in line with last year) and OPM of 14% (lower than last year due to a higher selling expense from a much higher sales volume).

Further, the NPBT was also significantly affected by the increasing interest expense from the new bank loan withdrawn in the last quarter last year. Nevertheless, EBITDA-wise was relatively stable at a margin of 22% for EBITDA amount of Rp 576 billion, 13% than the same period last year.

*In Million Rupiah*

	June 30, 2019	June 30, 2018*
Revenue	2,582,893	2,122,993
- Palm Oil	2,108,847	1,671,400
- Wood Product	474,046	451,593
Gross Profit	655,957	570,117
<i>% margin</i>	25.4	26.9
Operating Profit	329,588	341,826
<i>% margin</i>	12.8	16.1
Profit Before Income Tax	94,189	173,678
<i>% margin</i>	3.6	8.2
EBITDA	575,712	511,053
<i>% margin</i>	22.3	24.1
Total Comprehensive Income	68,220	113,344
<i>% margin</i>	2.6	5.3

\* As restated

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