

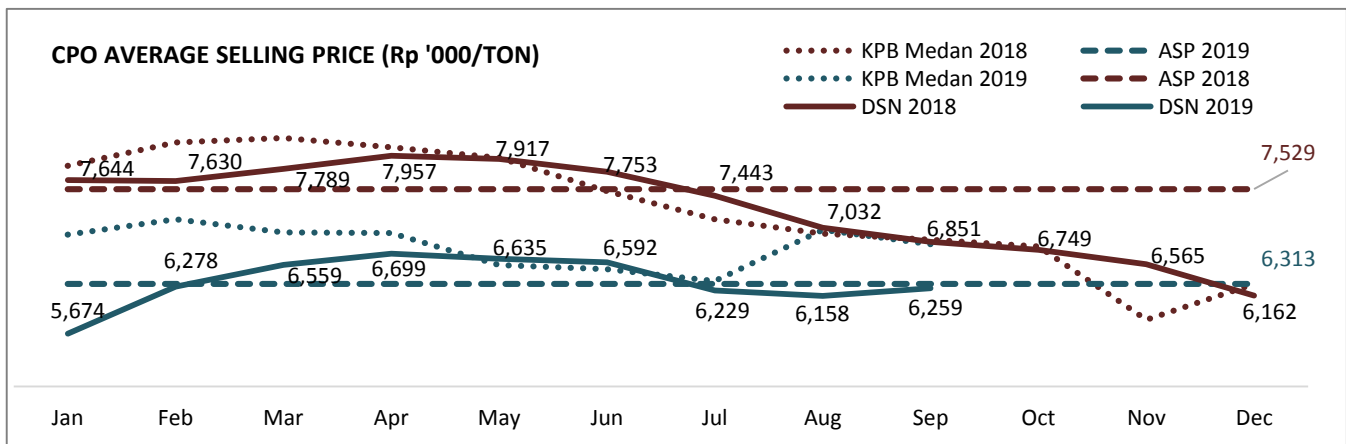
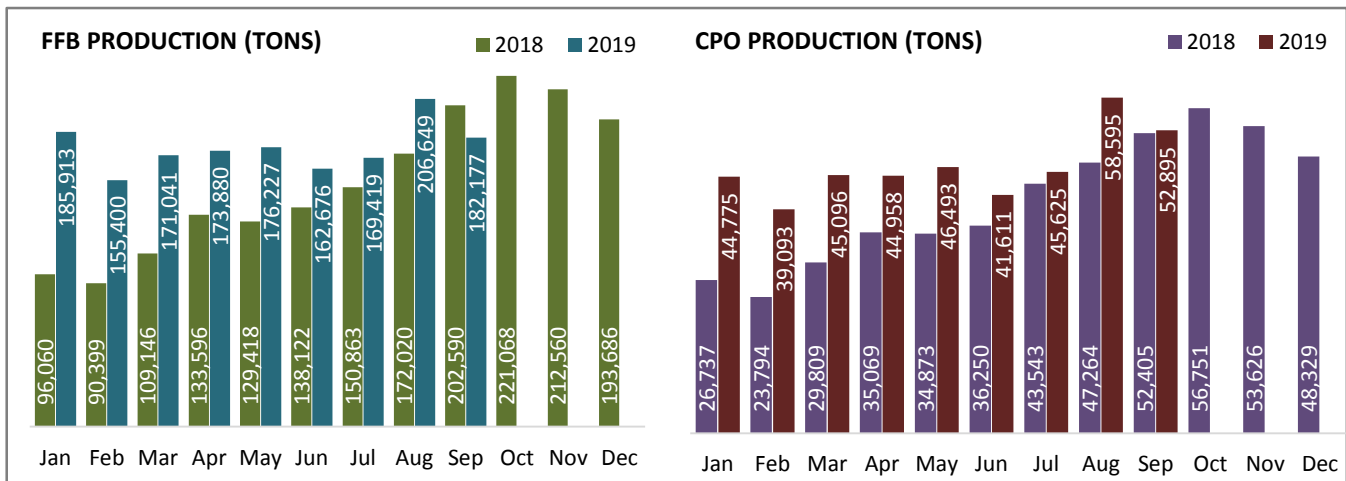


# PT DHARMA SATYA NUSANTARA TBK (DSNG.IJ) INVESTOR NEWSLETTER

In the first nine months of 2019, our FFB production reached 1.58 million tons, an increase of 30% against the same period last year following more mature area. Two newly acquired estates at the end of last year have contributed around 12% of FFB production. Our mill's productivity also demonstrated an improvement in the third quarter this year with CPO production increased by 27% compared to the same period last year. Our blended FFA level also improved to 2.61%, a 4.5% higher than last period.

Until September 2019, the Company has sold 464 thousand tons CPO, an increase of 53% against the same period last year. PKO sales volume also rose by 22% as the sales volume in the third quarter almost doubled the volume from the previous quarter. Our realized ASP for CPO during nine month of 2019 was Rp 6.3 million per ton, 16% lower against Rp 7.5 million per ton for the same period last year.

	9M-2019	9M-2018	YoY (%)	Q1-2019	Q2-2019	Q3-2019	QoQ (%)	FY2018
<b>Plantation Performance</b>								
FFB Production (tons)	1,583,381	1,222,213	29.6	512,354	512,782	558,244	8.9	1,849,528
- FFB Nucleus (tons)	1,343,091	1,044,276	28.6	438,178	433,886	471,027	8.6	1,587,667
- FFB Plasma (tons)	240,290	177,937	35.0	74,177	78,896	87,217	10.5	261,861
<b>Mill Performance</b>								
FFB Processed (tons)	1,791,945	1,391,377	28.8	559,880	580,015	652,051	12.4	2,070,609
CPO Production(tons)	419,141	329,743	27.1	128,964	133,062	157,116	18.1	488,449
PK Production (tons)	71,447	55,691	28.3	20,287	22,499	28,660	27.4	82,061
PKO Production (tons)	21,923	20,965	4.6	6,658	7,431	7,834	5.4	29,37
CPO OER (%)	23.39	23.70	(1.3)	23.03	22.94	24.10	5.0	23.59
FFA (%)	2.61	2.73	(4.5)	2.63	2.53	2.66	4.9	2.77
<b>Sales Performance</b>								
CPO (tons)	464,154	303,041	53.2	165,908	135,274	162,972	20.5	454,889
PK (tons)	20,650	8,662	138.4	5,796	5,762	9,092	57.8	16,373
PKO (tons)	22,010	18,001	22.3	7,001	5,004	10,005	99.9	28,004
CPO ASP (Rp '000/Ton)	6,313	7,529	(16.2)	6,137	6,646	6,215	-6.5	7,178



## PLANTED AREA

As of September 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 Sep 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 segment continued to contribute, driven mainly by wood panel. Throughout nine months of 2019, panel product showed a significant improvement in performance with both sales volume and average selling price increased by 16% and 1%, respectively.

Meanwhile, our engineered flooring sales volume and average selling price decreased by 17% and 6%, respectively compared to the same period last year following the declining demands from the export market as consumers start switching to lower quality products with cheaper price.

	9M-2019	9M-2018	YoY (%)	Q1-2019	Q2-2019	Q3-2019	QoQ (%)	FY2018
<b>Sales Volume</b>								
Panel (m3)	70,813	61,045	16.0	22,354	22,547	25,913	14.9	83,751
Engineered flooring (m2)	673,336	806,457	(16.5)	230,964	200,747	241,625	20.4	1,093,848
<b>Average Selling Price (ASP)</b>								
Panel (Rp million /m3)	5.98	5.92	0.9	6.11	6.13	5.73	(6.7)	6.06
Engineered flooring (Rp 'million/m2)	0.39	0.41	(5.6)	0.39	0.39	0.39	(1.9)	0.42
<b>Revenue</b>								
Panel (Rp million)	423,313	361,483	17.1	136,622	138,314	148,377	7.3	507,381
Engineered flooring (Rp 'million)	262,893	333,557	(21.2)	90,225	79,190	93,478	18.0	456,506

## FINANCIAL SUMMARY

In the third quarter of 2019 the Company generated revenue of Rp 3.97 trillion, increased by 19% than the same period last year, as a much higher CPO sales volume of 53% was compensated for by a lower CPO ASP by 16%. Until September 30, 2019, palm oil segment contributed around 82% of the Company's total revenue.

All our posted profits, both in terms of amounts and margins, were lower against last year, predominantly caused by a much lower CPO ASP as mentioned earlier which offsetting the positive impact of higher sales volume. In addition, the newly acquired palm oil estates in December 2018 have not yet generated an optimum margin contribution since they are currently still undergoing the revitalization program.

Further, the NPBT was also significantly affected by the increasing interest expense from the additional bank loan withdrawn in the last quarter 2018. Nevertheless, we were still able to generate EBITDA of Rp 845 billion with margin of 21%.

	In Million Rupiah	
	Sep 30, 2019	Sep 30, 2018*
Revenue	3,968,039	3,388,063
- Palm Oil	3,234,683	2,626,511
- Wood Product	733,356	711,552
Gross Profit	966,362	1,004,094
<i>% margin</i>	24.4	30.1
Operating Profit	459,276	601,842
<i>% margin</i>	11.6	18.0
Profit Before Income Tax	87,799	338,159
<i>% margin</i>	2.2	10.1
EBITDA	844,703	908,911
<i>% margin</i>	21.3	27.2
Total Comprehensive Income	61,729	210,118
<i>% margin</i>	1.6	6.3

\* As restated

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