



# PT DHARMA SATYA NUSANTARA TBK (DSNG) INVESTOR NEWSLETTER

DSN Group's operating performance for 2016 was severely impacted by recent El-Nino. Total FFB production in 2016 decreased by 27% to 1.09 million tons. In the 4<sup>th</sup> quarter of 2016, however, FFB harvested showed an improvement to 379 thousand tons, for an increase of 83.3% compared to the 3<sup>rd</sup> quarter.

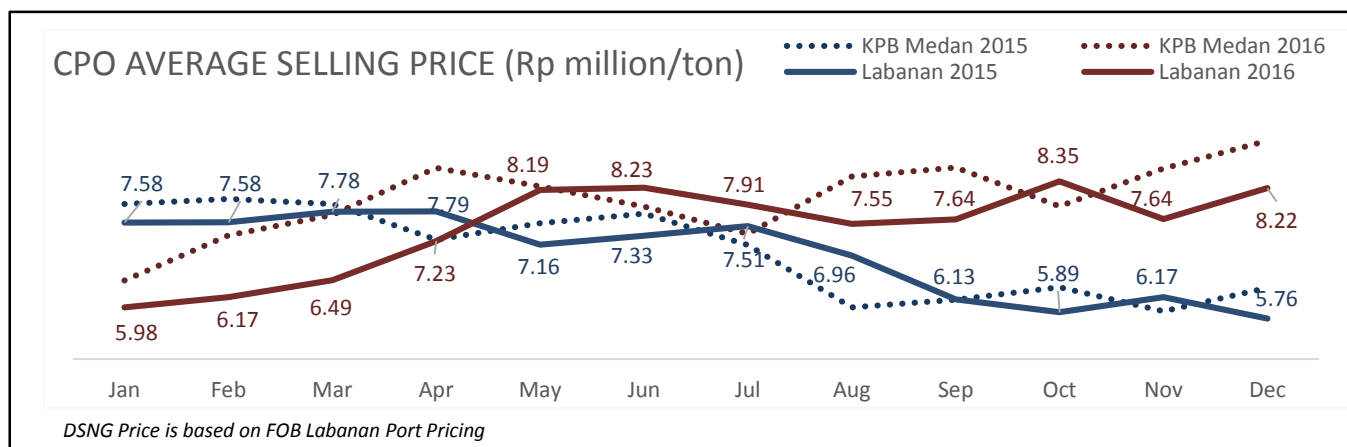
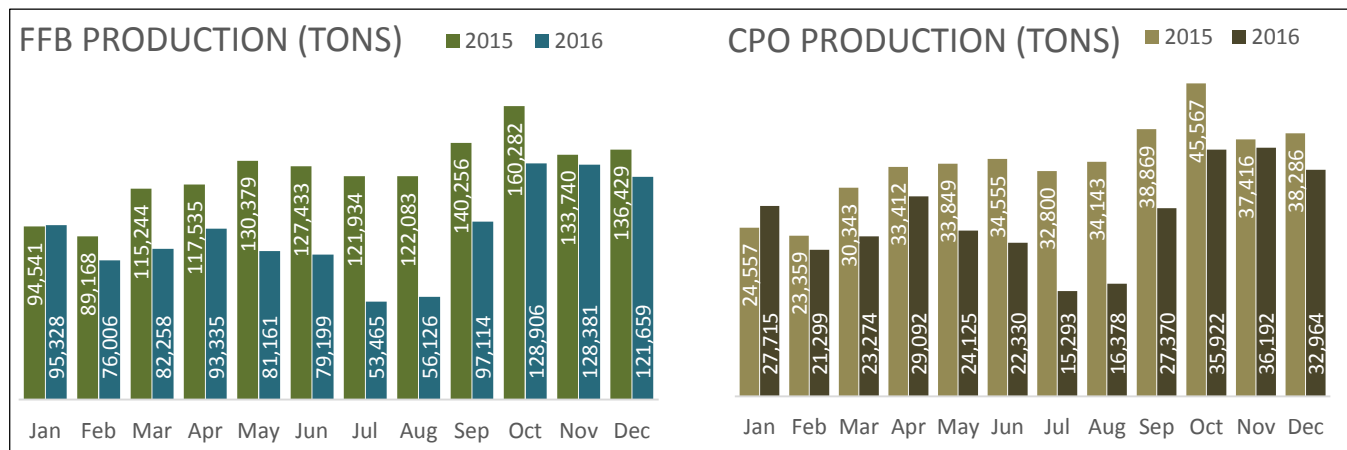
Total CPO production in 2016 dropped by 23.4 compared to 2015, but 4<sup>th</sup> quarter CPO production rose by 78% compared to 3<sup>rd</sup> quarter.

Our OER show modest improvement from 23.60% in 2015 to 23.88%, while the FFA levels worsened by 1.2% compare to 2015.

The company's CPO sales volume decreased to 348 thousand tons in 2016, or 15% lower than the same period last year.

Our realized ASP for CPO from January to December 2016 was Rp. 7.54 million per ton, an increased of 10% from Rp 6.86 million per ton in 2015.

	FY-2016	FY-2015	YoY%	Q1-2016	Q2-2016	Q3-2016	Q4-2016	QoQ%
<b>Plantation Performance</b>								
FFB Production (ton)	1,092,937	1,489,022	(26.6)	253,592	253,695	206,705	378,945	83.3
- FFB Nucleus (ton)	977,629	1,351,424	(27.7)	227,161	229,076	184,640	336,752	82.4
- FFB Plasma (ton)	115,308	137,598	(16.2)	26,431	24,619	22,065	42,194	91.2
<b>Mill Performance</b>								
FFB Processed (ton)	1,306,365	1,725,560	(24.3)	300,678	309,259	247,157	449,272	81.8
CPO Production(ton)	311,952	407,155	(23.4)	72,287	75,547	59,041	105,078	78.0
PK Production (ton)	51,127	60,598	(15.6)	11,939	12,420	10,331	16,437	59.1
PKO Production (ton)	17,259	20,489	(15.8)	4,372	3,759	3,396	5,731	68.8
CPO OER (%)	23.88	23.60	1.2	24.04	24.43	23.89	23.39	(2.1)
FFA (%)	2.60	2.57	1.1	2.27	2.23	2.69	3.04	13.0
<b>Sales Performance</b>								
CPO (ton)	348,391	409,815	(15.0)	74,641	91,000	65,750	117,000	77.9
PK (ton)	11,067	9,523	16.2	2,628	2,302	2,748	3,389	23.3
PKO (ton)	17,451	19,501	(10.5)	3,500	6,150	2,401	5,400	125.0



**PLANTED AREA**

As of December 2016, the company's total planted area, including nucleus and plasma, reached 90,288 hectares, with average age of 7.6 years.

	Planted (as of December 2016) (ha)	Average Age (yr)	Planted Hectareage		
			Matured (ha)	Immatured (ha)	Total Planted (ha)
Nucleus		8.5	56,279	13,089	69,368
Plasma		4.3	8,901	12,018	20,920
<b>Total</b>		<b>7.6</b>	<b>65,181</b>	<b>25,107</b>	<b>90,288</b>

**WOOD PRODUCTS BUSINESS**

The company's wood product performance in 2016 decreased significantly due to the drop of wood panel sales volume and the decrease of average selling price (ASP) of engineered door and engineered flooring product.

Wood panel sales volume dropped by 48.6% to 92 thousand m3, despite the average selling price increasing by 3.7%. Sales volume of engineered doors decreased by 4.0% in 2016, followed by the decrease of its ASP by 14.9%.

In 2016, engineered flooring sales volume rose by 14.2% compare to 2015, however its ASP drop 9.4% compare to 2015.

	FY-2016	FY-2015	% YoY	Q1-2016	Q2-2016	Q3-2016	Q4-2016	QoQ%
<b>Sales Volume</b>								
Panel (m3)	92,235	179,567	(48.6)	28,395	27,984	16,978	18,877	11.2
Engineered doors (Pcs)	59,447	61,948	(4.0)	15,271	13,487	18,344	12,345	(32.7)
Engineered flooring (m2)	1,254,642	1,098,252	14.2	303,877	317,119	311,134	322,511	3.7
<b>Average Selling Price</b>								
Panel (Rp 'million /m3)	4.86	4.68	3.7	4.79	4.65	5.11	5.03	(1.4)
Engineered doors (Rp 'million /pcs)	1.06	1.25	(14.9)	1.02	1.01	1.04	1.21	17.0
Engineered flooring (Rp 'million /m2)	0.37	0.41	(9.4)	0.39	0.38	0.37	0.35	(3.6)

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