

## DSNG Wrapped Up 2023 with Higher FFB Productivity Levels

DSNG recorded total FFB production of 2.27 million tons in 2023, a slight increase compared to 2.21 million tons in 2022, amidst the rising concern about El Nino during the second semester of 2023. Unlike the previous El Nino in 2019, our estates experienced a moderate drought compared to the southern regions of Indonesia, such as South Sumatra, Java, Bali, Nusa Tenggara, and South Sulawesi.

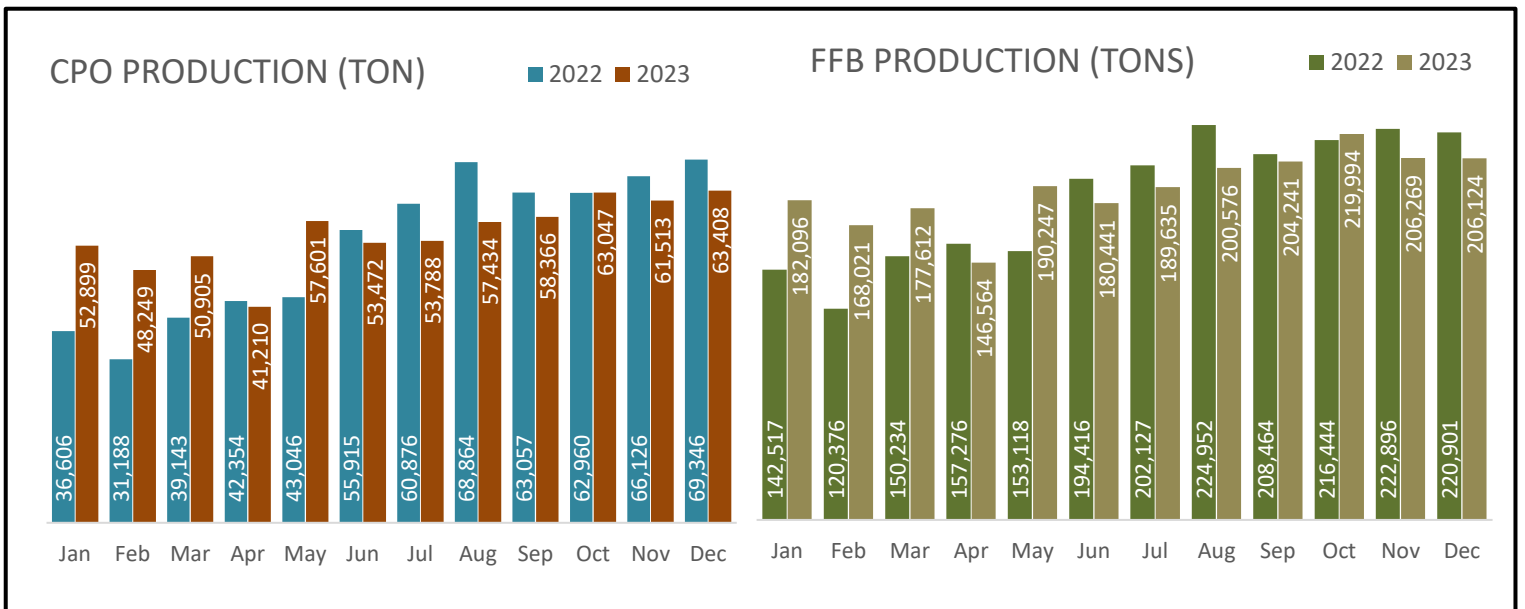
In addition, numerous preventive actions taken during this period have helped us mitigate the impact of drought. As a result, our annual production increased slightly with a production pattern of 46% : 54% for the 1st and 2nd semesters in 2023.

Similarly, CPO production in 2023 slightly increased to 662 thousand tons against 639 thousand last year due to the OER improvement from 22.76% in 2022 to 23.19% in 2023, on top of increasing processed FFB volumes.

CPO quality also demonstrated significant achievement, as reflected in the FFA of 2.96% in 2023 against 3.78% YoY, following the implementation of operational excellence.

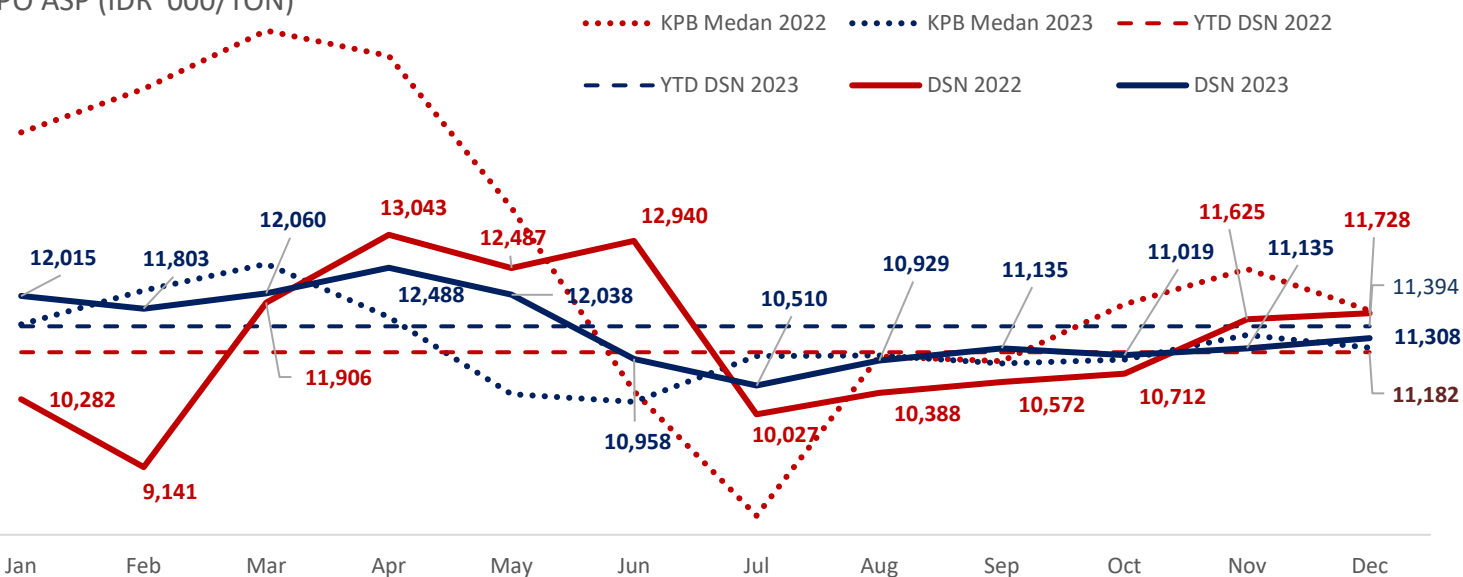
As a result, DSN booked a CPO sales volume of 665 thousand tons in 2023, followed by 27 thousand tons PK and 39 thousand tons PKO, with a CPO ASP of Rp 11.39 million per ton, slightly increased from Rp 11.18 million in the previous year.

In contrast, the PKO ASP declined significantly to Rp 12.97 million per ton from Rp 17.48 million in 2022, following elevated outputs from Malaysia and combined with weaker demand from the market.



	FY2023	FY2022	%	Q1-2023	Q2-2023	Q3-2023	Q4-2023	QoQ (%)
<b>Plantation Performance</b>								
FFB Production (tons)	2,271,821	2,213,698	2.6	527,730	517,251	594,453	632,387	6.4
FFB Nucleus (tons)	1,796,532	1,758,257	2.2	421,494	408,862	468,313	497,863	6.3
FFB Plasma (tons)	475,289	455,442	4.4	106,236	108,389	126,140	134,524	6.6
<b>Mill Performance</b>								
FFB Processed (tons)	2,854,559	2,809,177	1.6	678,640	666,777	721,585	787,557	9.1
CPO Production (tons)	661,892	639,480	3.5	152,053	152,282	169,588	187,969	10.8
PK Production (tons)	122,732	117,622	4.3	27,748	27,776	31,467	35,742	13.6
PKO Production (tons)	40,356	37,970	6.3	9,101	9,149	10,109	11,997	18.7
CPO OER (%)	23.19	22.76	1.9	22.41	22.84	23.50	23.87	1.6
FFA (%)	2.96	3.78	(21.6)	3.30	2.85	2.88	2.86	(1.0)
<b>Sales Performance</b>								
CPO (tons)	665,041	639,518	4.0	140,646	157,917	157,916	208,562	32.1
PK (tons)	26,915	27,262	(1.3)	5,477	5,974	7,674	7,790	1.5
PKO (tons)	39,379	38,907	1.2	6,205	10,815	9,955	12,404	24.6
CPO ASP (Rp 'mio/Ton)	11,39	11,18	1.9	11.97	11.71	10.88	11.15	2.5
PKO ASP (Rp 'mio/Ton)	12,97	17,48	(25.8)	13.77	13.15	12.64	12.69	0.4

## CPO ASP (IDR '000/TON)



## PLANTED AREA

Since 2022, DSNG has felled 673 ha and replanted 500 ha cumulatively. As a result, the total planted area by the end of 2023 was 112.7 thousand ha, with 105.7 thousand ha of matured area, as shown in the table on the right.

Planted ('000 ha)	Average Age (yrs)	Planted Hectarage	
		Mature ('000 ha)	Total Planted ('000 ha)
Nucleus	14.0	81.5	84.8
Plasma	10.8	24.2	27.9
<b>Total</b>	<b>13.3</b>	<b>105.7</b>	<b>112.7</b>

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## WOOD PRODUCTS

	FY2023	FY2022	%	Q1-2023	Q2-2023	Q3-2023	Q4-2023	QoQ (%)
<b>Sales Volume</b>								
Panel ('000 m3)	99.5	115.7	(14)	21,3	23,0	27,2	28,0	2.8
Engineered Flooring ('000 m2)	738.5	1,117.0	(33.9)	165,7	188,8	200,0	184.0	(8.0)
<b>Average Selling Price (ASP)</b>								
Panel ( USD /m3)	400.97	485.74	(17.5)	432.49	395.31	393.76	388.58	(1.3)
Engineered Flooring ( USD/m2)	29.97	29.60	1.3	30.28	29.04	30.09	30.51	1.4



2023 marked a challenging year for our wood products. Despite the logistics costs gradually declining throughout 2023 toward a normalized level by the end of the year, the sales volumes of both panel and engineering flooring experienced a significant drop due to weak demand from our export destination countries, such as the United States, Canada, Europe, and Japan following a prolonged higher-for-longer interest rates environment which adversely affecting the property market.

In addition, a high inventory level in Japan has driven down the selling price of panel products, as reflected in the ASP decline of 17.5% YoY. Nevertheless, due to our cost leadership strategy, we've witnessed improving sales volume on a QoQ basis for our panel product coming from the deserted market by some struggling producers following prolonged unfavorable market conditions.

## LATEST UPDATE



### DSNG's Second Bio-CNG

We have completed the construction of our second Bio-CNG plant in Muara Wahau with a capacity generating 1.7MW electricity and 570m3/hour bio-cng. This second bio-CNG plant aims to utilize POME (Palm Oil Mill Effluent) to replace fossil fuel with renewable energy. Utilizing renewable energy will ultimately strengthen our cost structure against energy price fluctuations as part of our continuous innovation to achieve energy independence by 2028, relying on in-situ renewable energy.

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