DSNG
INVESTOR NEWSLETTER

DSNGROUP

Volume: 55 – October 2024

Profit Jumped by 72% YoY

In Million Rupiah

Profit and Loss	9M-2024	9M-2023	%	FY 2023
Revenue	7,171,925	6,564,144	9.3	9,498,749
- Palm Oil	6,140,984	5,771,429	6.4	8,354,365
- Wood Product	868,548	792,715	9.6	1,074,024
- Renewable Energy	162,393	-	-	70,360
Cost of Revenue	(5,031,187)	(4,923,284)	2.2	(6,971,281)
Gross Profit	2,140,738	1,640,860	30.5	2,527,468
-Margin %	*29.8%*	*25.0%*	-	*26.6%*
Profit Before Tax	1,177,699	671,969	75.3	1,140,643
-Margin %	*16.4%*	*10.2%*	-	*12.0%*
EBITDA	2,139,570	1,597,733	33.9	2,421,068
-Margin %	*29.8%*	*24.3%*	-	*25.5%*
Profit	868,330	504,338	72.2	841,665
-Margin %	*12.1%*	*7.7%*	-	*8.9%*
Core Profit	859,842	485,895	77.0	814,874
-Margin %	*12.0%*	*7.4%*	-	*8.6%*

Financial Position	30-Sep-24	FY 2023	%
Total Asset	17,438,527	16,178,278	7.8
Total Liabilities	7,875,809	7,288,850	8.1
Equity	9,562,718	8,889,428	7.6

DSNG recorded consolidated profit in 9M-24 amounting to Rp 868 billion, which jumped by 72% YoY, mainly contributed by high CPO price and cost efficiency across all business segments.

Consolidated revenue of Rp 7.2 trillion, increased by 9% YoY, of which 86% was contributed by the Palm Oil segment, which enjoyed a revenue increase of 6% YoY due to higher CPO Price. The Wood segment contributed around 12% of total revenue, whereas thanks to its ability to seize the market abandoned by other players, it recorded a 10% increase in revenue. The Renewable Energy (RE) segment, contributed the remaining with higher volume and ASP than the original target.

The CPO's ASP increased by nearly 8% YoY was beyond expectation. We noted several factors contributing to the continuing high CPO Price throughout 2024. The poor production of palm oil with marginally lower YoY yield recovery of the industry due to the previous draught and the prospect of tightening sunflower and rapeseed oil supplies have become a concern for consumers. In addition, the geopolitical tensions in the Middle East have driven the surge in oil prices. Similarly, PKO prices also rose following the concern over the EUDR disrupting the availability of PKO, leading to stocks accumulating in the EU. DSNG booked a 22% YoY increase in PKO's ASP over the last nine months of 2024.

Regarding operating costs, a lower and stable fertilizer price against last year, amid the volatility of the Rupiah exchange rate against the US dollar, also significantly improved profitability for the Palm segment. As a result, the consolidated EBITDA and Profit increased by 34% YoY and 72% YoY, respectively.

The total assets grew by 7.8% over the last nine months since the end of December 2023, while liabilities and equity rose by 8.1% and 7.6%, respectively.

PALM OIL

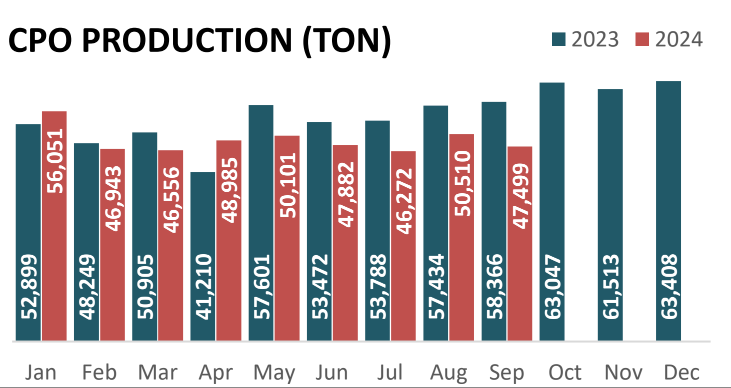
	9M-2024	9M-2023	%YoY	Q1-2024	Q2-2024	Q3-2024	%QoQ	FY 2023
Plantation Performance								
FFB Production (tons)	1,555,088	1,639,434	(5.1)	524,592	521,484	509,012	(2.4)	2,271,821
Nucleus (tons)	1,227,934	1,298,669	(5.4)	414,574	411,932	401,428	(2.5)	1,796,532
Plasma (tons)	327,153	340,765	(4.0)	110,018	109,552	107,584	(1.8)	475,289
Mill Performance								
FFB Processed (tons)	1,833,327	2,067,002	(11.3)	619,102	613,990	600,234	(2.2)	2,854,559
CPO Production (tons)	440,800	473,923	(7.0)	149,550	146,968	144,282	(1.8)	661,892
PK Production (tons)	83,906	86,990	(3.5)	28,311	27,893	27,702	(0.7)	122,732
PKO Production (tons)	28,281	28,359	(0.3)	9,738	9,203	9,340	1.5	40,356
CPO OER (%)	24.04	22.93	4.9	24.16	23.94	24.04	0.4	23.19
FFA (%)	2.84	3.00	(5.6)	2.87	2.85	2.79	(2.2)	2.96
Sales Performance								
CPO (tons)	436,416	456,479	(4.4)	145,800	146,232	144,384	(1.3)	665,041
PK (tons)	16,647	19,125	(13.0)	5,581	5,545	5,521	(0.4)	26,915
PKO (tons)	27,507	26,975	2.0	9,003	11,003	7,501	(31.8)	39,379
CPO ASP (Rp 'million/ton)	12.42	11.50	8.0	11.74	12.69	12.83	1.1	11.39
PKO ASP (Rp 'million/ton)	16.01	13.10	22.2	13.16	15.64	19.99	27.8	12.97

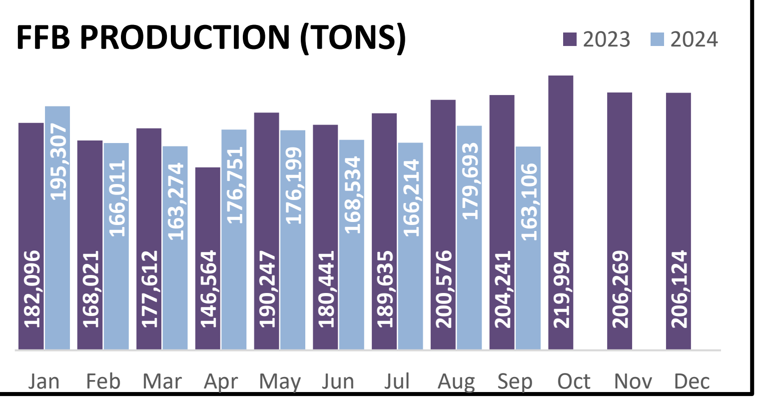
The El Nino from 2H-2023 to early 2024 has been predicted to cause dryer weather in Indonesia throughout 2024, resulting in FFB production remaining low with the yield recovery stalled since May 2024. This is similar to Gapki's projection over lower FFB production in 2024 YoY.

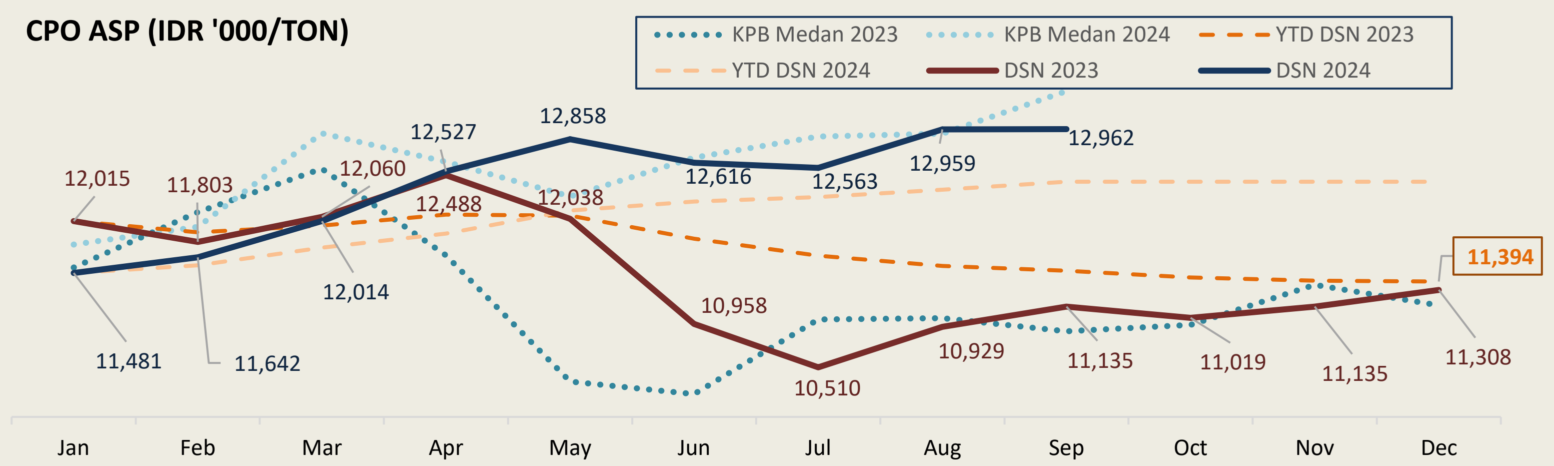
Both our Nucleus and Plasma also experienced lower FFB production in 2024. After the marginal and flat growth in the 1st and 2nd quarters of 2024, FFB production in the 3rd quarter declined against the 1Q-24 and 2Q-24 and YoY by 5.1%. Total FFB production in 3Q-24 and cumulatively in 9M-24 were 509K tons and 1.56 million tons, compared to 594K tons and 1.64 million tons in 2023.

FFB processed in 9M-24 was 1,833K tons, lowered by roughly 11% YoY, following FFB shortage from the smallholders and external providers.

However, due to a high OER of 24%, our CPO production only lowered by 7% YoY to 441K tons in 9M-2024, even though the FFB volume being processed was less by 11%. We continued to maintain the super premium quality of our CPO by producing CPO with an FFA level below 3%.







OIL PALMS – PLANTED AREA

DSNG has 112.2 ha total combined Nucleus and Plasma plantation areas, where 95% are mature plants with an average age of less than 15 years.

As a member of the RSPO, DSNG is committed to the NDPE (No Deforestation, No Peat, No Exploitation) and the Group's Sustainability Policy with a focus on Forest-Climate-Community to become the responsible choice for Planet, People and Prosperity.

Planted ('000 ha)	Average Age (yrs)	Planted Hectarage	
		Mature ('000 ha)	Total Planted ('000 ha)
Nucleus	15.0	82.2	84.2
Plasma	12.1	24.6	27.9
Total	**14.7**	**106.8**	**112.2**

WOOD PRODUCTS

In 3Q-24, the Panel recorded a significant increase in sales volume by 12% QoQ, resulting cumulative 9M-24 by 21% YoY. We did not see any improvement in the market, as reflected in the stagnant ASP, but the increase in sales volume came from DSNG's ability to seize the market shares left by other players. The cost leadership strategy has become a critical success following the implementation of autonomous processes in factory assembly lines and combined with low and short inventory cycles due to an integrated supply chain system down to the farmer level.

The Engineering Flooring also recorded volume increase by nearly 8% QoQ, though cumulatively in 9M-24, it was still lowered by 13% YoY. The ASP was also stagnant, mirroring the market condition in the USA, Canada, and Europe.

	9M-2024	9M-2023	%YoY	Q1-2024	Q2-2024	Q3-2024	%QoQ	FY 2023
Sales Volume								
Panel ('000 m3)	86.7	71.6	21.1	27.8	27.7	31.2	12.4	99.5
Engineered Flooring ('000 m2)	482.4	554.6	(13.0)	147.1	161.4	173.9	7.7	738.5
Average Selling Price (ASP)								
Panel (USD/m3)	362.06	405.81	(10.8)	367.54	358.95	359.96	0.3	400.97
Engineered Flooring (USD/m2)	31.17	29.79	4.6	28.92	32.23	32.50	0.8	29.97

RENEWABLE ENERGY

	9M-2024	9M-2023	%YoY	Q1-2024	Q2-2024	Q3-2024	%QoQ	FY 2023
Sales Volume								
Palm Kernel Shell (ton)	84,073	29,397	186.0	30,019	32,050	22,003	(31.3)	40,397
Average Selling Price (ASP)								
Palm Kernel Shell (USD/ton)	122.05	112.73	8.3	121.00	121.00	125.00	3.3	113.35

For 9M-24, the RE segment recorded a sales volume of 84K tons, much higher than last year's because this segment only started in the second half of 2023.

Currently, the RE segment only represents the sales of Palm Kernel Shell (PKS) to Japan. Soon, in 2025, our RE segment will also include the sales of wood pellets from our recently added joint venture with Sumitomo Forestry, Japan, whose factory was commissioned in September 2024.

LATEST UPDATES

Commissioning of Wood Pellet Plant

On September 20, 2024, DSNG held the commissioning ceremony of its Wood Pellet factory in Boyolali, Central Java. The factory is a joint-venture business between DSNG and Sumitomo Forestry, Japan, to exploit the opportunity to supply green feedstock for the power plants market in Japan.

The factory will adopt the circular economy concept, utilizing raw materials from surrounding neighborhoods and taking all forms of wood waste, including twigs, branches, and other poor-quality wood, which generally do not have economic value.

DSNG Marked its 44th Anniversary

On September 29, 2024, DSNG celebrated its 44th Anniversary. Throughout its 44-year journey, DSNG has grown remarkably and is successfully navigating through many challenges.

DSNG's vision and commitment are to continue exploring the opportunities innovatively and sustainably to create added value for all stakeholders and secure its businesses' long-term viability. One obvious strategy is to implement the practice of sustainability as the breath of every business activity of the Company.