DSNG
INVESTOR NEWSLETTER
DSNGROUP
Volume: 56 – Februari 2025

Building Momentum: DSNG's Revenue and Profits See Meaningful Growth

In 2024, DSNG reported a 6.5% year-on-year (YoY) revenue growth, reaching a record-high IDR 10.1 trillion. The Palm Oil segment was the primary contributor, accounting for nearly 87% of the total consolidated revenue, which saw a more than 5% YoY increase. This growth was primarily driven by a significant rise in the CPO average selling price (ASP) following lower-than-expected FFB production throughout the year. As a result, the contribution from the Wood Product segment declined to approximately 11% despite a revenue increase of over 7%. The Renewable Energy segment generated the remaining revenue, showing consistent growth in both ASP and sales volume.

The cost of revenue was effectively controlled, rising by only 2%, which helped boost profit by 35.6% YoY to IDR 1.1 trillion. Key drivers of this increase included lower fertilizer costs, despite concerns over Rupiah depreciation, higher plantation productivity, and more efficient mill operations. These factors led to improved OER and lower FFA levels.

Profit and Loss	FY 2024	FY 2023	%
Revenue	10,119,220	9,498,749	6.5
- Palm Oil	8,784,344	8,354,365	5.1
- Wood Product	1,152,074	1,074,024	7.3
- Renewable Energy	182,802	70,360	159.8
Cost of Revenue	(7,115,019)	(6,971,281)	2.1
Gross Profit	3,004,201	2,527,468	18.9
-Margin %	*29.7%*	*26.6%*	-
Profit Before Tax	1,640,016	1,140,643	43.8
-Margin %	*16.2%*	*12.0%*	-
EBITDA	3,096,491	2,421,068	27.9
-Margin %	*30.6%*	*25.5%*	-
Profit	1,141,375	841,665	35.6
-Margin %	*11.3%*	*8.9%*	-
Core Profit	1,181,098	814,874	44.9
-Margin %	*11.7%*	*8.6%*	-

Financial Position	FY 2024	FY 2023	%
Total Asset	17,412,416	16,178,278	7.6
Total Liabilities	7,515,101	7,288,850	3.1
Equity	9,897,315	8,889,428	11.3

Total assets grew by 7.6% YoY, largely due to an increase in strategic equity investment in PT REA Kaltim Plantations, from 15% to 35%. REA Kaltim Group manages approximately 35,000 hectares of planted area in East Kalimantan. This investment will strengthen the partnership between the two companies, fostering collaboration in agronomy practices, palm oil processing, plantation replanting, and sustainability initiatives.

Meanwhile, total liabilities saw a modest 3% YoY increase, indicating that the growth in assets was primarily financed through the Company's robust internal financial resources. As of December 31, 2024, the Group's outstanding USD-denominated debt accounted for only 17% of total debt, corresponding to 79% of annual USD-denominated revenue generated by the Wood Products and Renewable Energy segments in 2024. This prudent approach to foreign currency financing minimizes the Company's real exposure to potential Rupiah depreciation against the USD.

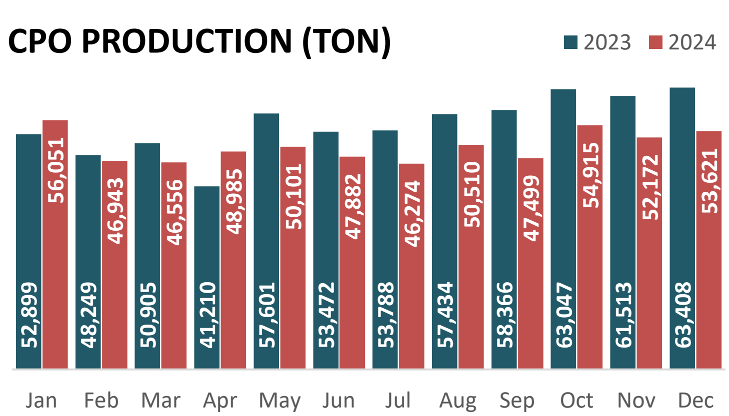
PALM OIL

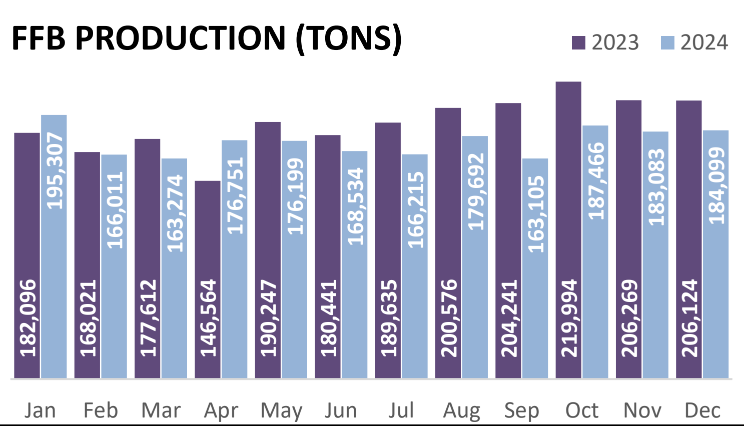
	FY-2024	FY-2023	%YoY	Q1-2024	Q2-2024	Q3-2024	Q4-2024
Plantation Performance							
FFB Production (tons)	2,109,737	2,271,821	(7.1)	524,592	521,484	509,012	554,649
Nucleus (tons)	1,661,979	1,796,532	(7.5)	414,574	411,932	401,428	434,045
Plasma (tons)	447,757	475,289	(5.8)	110,018	109,552	107,584	120,604
Mill Performance							
FFB Processed (tons)	2,515,086	2,854,559	(11.9)	619,102	613,990	600,234	681,759
CPO Production (tons)	601,508	661,892	(9.1)	149,550	146,968	144,282	160,708
PK Production (tons)	114,210	122,732	(6.9)	28,311	27,893	27,702	30,304
PKO Production (tons)	38,217	40,356	(5.3)	9,738	9,203	9,340	9,936
CPO OER (%)	23.92	23.19	3.1	24.16	23.94	24.04	23.57
FFA (%)	2.86	2.96	(3.6)	2.87	2.85	2.79	2.91
Sales Performance							
CPO (tons)	601,111	665,041	(9.6)	145,800	146,232	144,384	164,696
PK (tons)	23,665	26,915	(12.1)	5,581	5,545	5,521	7,018
PKO (tons)	38,513	39,379	(2.2)	9,003	11,003	7,501	11,005
CPO ASP (Rp 'million/ton)	12.79	11.39	12.3	11.74	12.69	12.83	13.76
PKO ASP (Rp 'million/ton)	17.81	12.97	37.3	13.16	15.64	19.99	22.31

DSNG experienced a decrease in FFB production in 2024, consistent with GAPKI's forecast regarding the impact of the El Niño phenomenon, which spanned from the second half of 2023 to April 2024. As a result, CPO production and sales volume were lower than the previous year.

From the start of 2024 through the third quarter, FFB production exhibited a downward trend, with the nine-month output totaling 1.5 million tons, a 5% YoY decline primarily due to the drier weather conditions experienced in the six to twelve months prior. Fortunately, FFB production rebounded in the fourth quarter, growing by 9% compared to the third quarter. As a result, full-year FFB production reached 2.1 million tons, reflecting a 7% YoY decrease. A similar decline was observed in the supply of external fruits from surrounding areas, leading to a 12% YoY reduction in external purchase volumes.

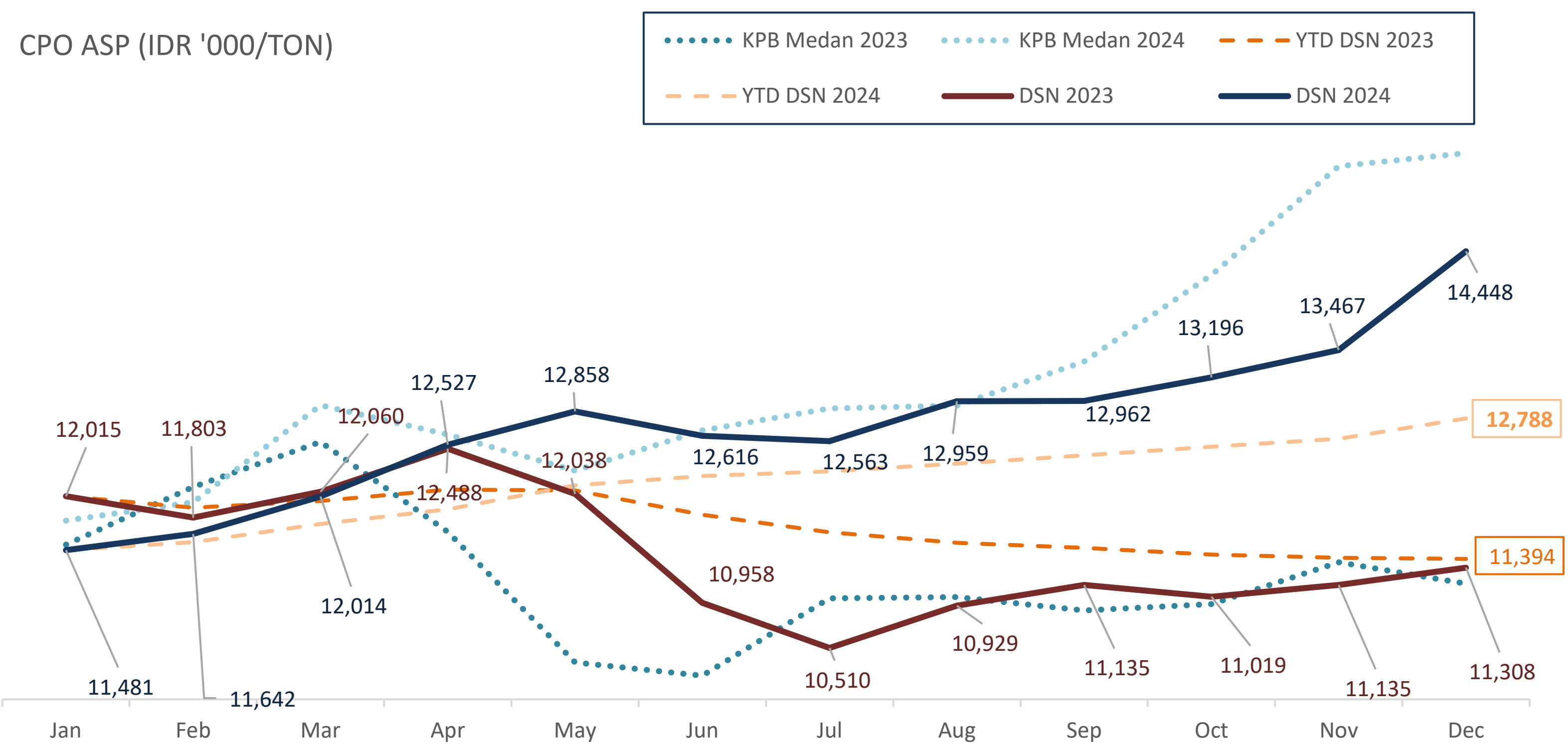
Despite the drop in processed FFB volume, the Company achieved a 3% YoY improvement in the OER, which helped limit the decline in CPO production to just 9% YoY, totaling 602,000 tons. Furthermore, the FFA level was reduced to 2.86%, compared to 2.96% in the previous year, demonstrating DSNG's continued commitment to producing premium food-grade CPO.





CPO market prices in 2024 remained elevated, reaching a peak toward the end of the year. Several factors contributed to the increase in CPO prices, particularly lower production output, slower growth in both Indonesia and Malaysia, and rising domestic consumption in Indonesia, partly due to the implementation of B35 program.

In 2024, DSNG recorded a 12% YoY increase in CPO ASP and a 37% YoY increase in PKO ASP. The price chart below demonstrates that the Company's ASP in the fourth quarter was lower than the market average, primarily due to a temporary timing discrepancy between the sales contract, delivery, and revenue recognition. These deferred prices will be accounted for in the first quarter of 2025.



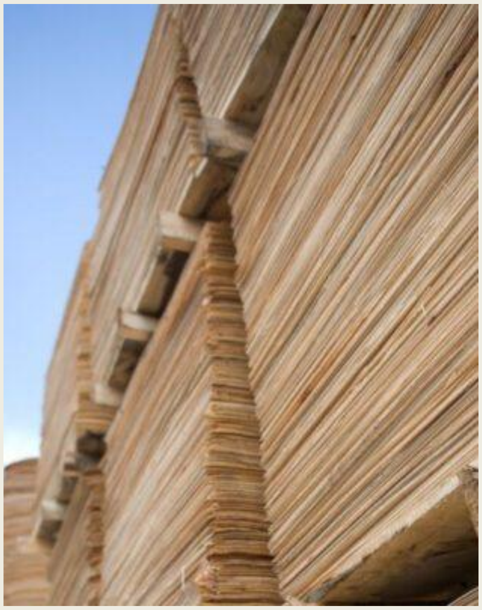
PLANTED AREA

Planted ('000 ha)	Average Age (yrs)	Planted Hectarage Imature ('000 ha)	Mature ('000 ha)	Total Planted ('000 ha)	Fallow Area ('000 ha)
Nucleus	15.0	2.9*	79.9	82.8	1.6
Plasma	11.9	3.7	24.2	27.9	-
Total	**14.3**	**6.6**	**104.1**	**110.7**	**1.6**

*include 1.4 Ha replanted area

Since the second half of 2022, DSNG has initiated a gradual replanting program for its nucleus plantation. As of December 31, 2024, the Company has felled-down nearly 3,000 hectares, with half of this area being replanted with premium progenies. As a result of this replanting initiative, the planted and mature hectarage will evolve over time and will be updated every six months.

WOOD PRODUCTS



The Wood Products segment still faced ongoing challenges in 2024, primarily due to a sluggish global property market, driven by persistently high interest rates and economic slowdowns in key export destination countries.

The Panel's cost leadership strategy played a crucial role in expanding its market share, evidenced by an increase in sales volume. However, this was offset by a decline in ASP due to unfavorable market conditions. In contrast, the Engineering Flooring saw an 8% increase in ASP, although this was accompanied by more than 15% drop in sales volume.

As a result, the Wood Products segment reported a loss for the first time in nearly a decade, with the Engineering Flooring unit being the primary contributor. Looking ahead, uncertainty persists, particularly due to political changes in DSNG's key export markets. Nonetheless, DSNG remains focused on navigating these challenges and is committed to returning the business to profitability.

	FY-2024	FY-2023	%YoY	Q1-2024	Q2-2024	Q3-2024	Q4-2024	%QoQ
Sales Volume								
Panel ('000 m3)	116.1	99.5	16.6	27.8	27.7	31.2	29.4	(5.7)
Engineered Flooring ('000 m2)	626.5	738.5	(15.2)	147.1	161.4	173.9	144.1	(17.1)
Average Selling Price (ASP)								
Panel (USD/m3)	360.27	400.97	(10.2)	367.54	358.95	359.96	354.97	(1.4)
Engineered Flooring (USD/m2)	32.33	29.97	7.9	28.92	32.23	32.50	36.22	11.5

RENEWABLE ENERGY

	FY-2024	FY-2023	%YoY	Q1-2024	Q2-2024	Q3-2024	Q4-2024	%QoQ
Sales Volume								
Palm Kernel Shell (ton)	94,933	40,397	135.0	30,019	32,050	22,003	10,860	(50.6)
Average Selling Price (ASP)								
Palm Kernel Shell (USD/ton)	121.93	113.35	7.6	121.00	121.00	125.00	121.00	(3.2)

Since its establishment in 2023, DSNG's newly launched Renewable Energy segment has experienced steady growth. Palm kernel shell (PKS) saw a 7.6% YoY increase in ASP and a remarkable 135% YoY surge in sales volume, compared to last year's sales, which only began in the second half of 2023. Despite recent shifts in the USA's commitment to certain sustainability initiatives, DSNG remains confident that this will not affect PKS sales, as the Company has secured a long-term sales agreement with its Japanese partner to supply biomass for power plants in Japan.

Furthermore, starting in 2025, the Renewable Energy segment will expand its sustainable product portfolio by producing wood pellets through a joint venture between DSNG and Sumitomo Forestry, Japan. The factory for this initiative is set to begin commercial operations soon in 2025.

LATEST UPDATES

DSN Group Achieve A+ Rating in FIHRRST Award

On December 10, 2024, DSNG received an A+ rating in the FIHRRST (Foundation for International Human Rights Reporting Standards) Award, recognizing DSN Group's commitment to integrating human rights considerations into its Sustainability Report.

FIHRRST is an international organization dedicated to developing and promoting standards that demonstrate adherence to human rights principles.

This award underscores DSNG's ongoing commitment to upholding human rights across all DSN Groups, aligning with the Company's broader sustainability policies.