

## Press Release

### Stronger downstream business drives Golden Agri's EBITDA higher in the last quarter of 2015 despite weaker CPO prices

- Fourth quarter 2015 EBITDA<sup>1</sup> and core net profit<sup>2</sup> experienced year-on-year growth of four and ten percent, respectively
- Full year palm product output reached record high of 2.97 million tonnes
- Palm and lauric business posted margin improvement throughout the year

**Singapore, 29 February 2016** – Golden Agri-Resources Ltd and its subsidiaries (“GAR” or the “Company”) recorded revenue of over US\$6.5 billion for the year 2015. For the fourth quarter of 2015, GAR reached higher EBITDA<sup>1</sup> and core net profit<sup>2</sup> at US\$140 million and US\$51 million, respectively. The increase was mainly generated by the downstream business. Full year EBITDA<sup>1</sup> declined marginally to US\$542 million, while core net profit<sup>2</sup> remained at US\$221 million.

#### FINANCIAL HIGHLIGHTS

US\$'million	Quarter ended 31 Dec		Change	Year ended 31 Dec		Change
	2015 (4Q 2015)	2014 (4Q 2014)		2015 (FY 2015)	2014 (FY 2014)	
Revenue	1,552	1,822	-15%	6,510	7,619	-15%
Gross Profit	303	298	2%	1,140	1,311	-13%
<b>EBITDA<sup>1</sup></b>	<b>140</b>	<b>135</b>	<b>4%</b>	<b>542</b>	<b>566</b>	<b>-4%</b>
<b>Core Net Profit<sup>2</sup></b>	<b>51</b>	<b>46</b>	<b>10%</b>	<b>221</b>	<b>221</b>	<b>-</b>
<i>Addition:</i>						
<i>Net loss from changes in fair value of biological assets, net of tax and non-controlling interests<sup>3</sup></i>	-147	-101	44%	-147	-101	44%
<i>Foreign exchange gain/(loss), net of non-controlling interests</i>	8	33	-78%	-91	-13	572%
<i>Exceptional items, net of non-controlling interests</i>	-	-	-	-	7	-100%
Net Profit/(Loss) attributable to owners of the Company	-88	-22	303%	-17	114	n.m
Core Earnings per Share <sup>4</sup> (US\$ cents)	0.40	0.36	11%	1.74	1.72	1%

For full year 2015, GAR recorded a net loss attributable to owners of the Company at US\$17 million primarily due to the fair value loss on its biological assets of US\$198 million, accounted for in accordance with the International Accounting Standard ("IAS") No. 41, Biological Assets<sup>3</sup>. This fair value loss reflects the decline in CPO prices compared to previous years. The accounting treatments of IAS 41 have been amended with effect from 2016. Accordingly, there will be no annual changes in fair value recognised in the income statement starting next year as GAR will carry its biological assets at historical cost less accumulated depreciation.

With EBITDA<sup>1</sup> of US\$108 million achieved in the last quarter of 2015, our upstream business recorded stronger EBITDA<sup>1</sup> margin at 29 percent, three percent higher than last year, as production recovery and lower costs compensated for weaker CPO prices. However, full year EBITDA<sup>1</sup> from upstream business slipped to US\$415 million, 26 percent lower than previous year, in line with lower CPO market prices.

The palm and lauric business has shown notable improvement since last year as the integration of new downstream assets progresses. Fourth quarter 2015 saw EBITDA<sup>1</sup> more than double to US\$28 million with a margin of 2.4 percent, stronger than the 0.7 percent last year. This resulted in full year EBITDA<sup>1</sup> of US\$109 million, 89 percent higher than 2014, with a margin of 1.9 percent.

Our oilseed and others segments contributed positively, achieving full year EBITDA<sup>1</sup> of US\$16 million, a turnaround from a negative position of US\$52 million last year. Total fourth quarter EBITDA<sup>1</sup> for these two segments was slightly lower at US\$4 million.

GAR's financial position continued to be sound. As at end 2015, the adjusted gearing ratio<sup>5</sup> was prudently maintained at 0.22 times with total assets of US\$14.6 billion.

## **OPERATIONAL HIGHLIGHTS**

As at 31 December 2015, GAR managed a total oil palm plantation area of 485,606 hectares, comprising 384,387 hectares of nucleus plantations and 101,219 hectares of plasma smallholder plantations. The average age of the trees remains favourable at 15 years, delivering a high yield of 21.8 tonnes per hectare in 2015. The management is focusing on replanting old estates with high-yielding seeds to maintain sustainable production growth in the long term.

Despite dry conditions experienced in certain regions in 2014, GAR set a new record in palm product output at around 2.97 million tonnes from 2.95 million tonnes the year before. This record was achieved on the back of strong recovery in palm product output during fourth quarter 2015, which grew 13 percent year-on-year.

## OUTLOOK AND STRATEGY

On the outlook for the future, GAR's Chairman and Chief Executive Officer, Mr. Franky O. Widjaja, elaborated:

"2015 was a tough year both for the palm oil industry and GAR. Thanks to our integrated business model, we have been able to weather the challenges. We have completed our multi-year downstream expansion programme and will continue our efforts in perfecting our integrated operations. We are now moving towards optimising margin creation across our vertically integrated operations."

Mr. Widjaja added, "Long term palm oil industry prospects remain promising. As the most widely-consumed and best-value vegetable oil, demand fundamentals of palm oil continue to be robust. Meanwhile, we expect CPO price to rebound in the short term, mainly stimulated by estimated production decline resulting from severe El Niño in 2015 and the realisation of B20 biodiesel mixture mandate by the Government of Indonesia."

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<sup>1</sup> Earnings before tax, non-controlling interests, net loss from changes in fair value of biological assets, interest on borrowings, depreciation and amortisation, foreign exchange gain/loss and exceptional item.

<sup>2</sup> Net profit attributable to owners of the Company, excluding net effect of net loss from changes in fair value of biological assets, foreign exchange gain/loss and exceptional item.

<sup>3</sup> In accordance with International Accounting Standards ("IAS") No. 41, biological assets (plantations) are stated at fair value less estimated point-of-sale costs. The fair value of plantations is determined based on the present value of their expected future net cash inflows. Any resultant gains or losses arising from changes in fair value are recognised in the income statement.

<sup>4</sup> Core Earnings per Share is Core Net Profit divided by weighted average numbers of shares.

<sup>5</sup> Net gearing ratio is adjusted net debt (interest bearing debts less cash and short-term investments as well as liquid working capital) to equity attributable to owners of the Company.

## **About Golden Agri-Resources Ltd (GAR)**

GAR is one of the leading palm oil plantation companies with a total planted area of 485,600 hectares (including smallholders) as at 31 December 2015, located in Indonesia. It has integrated operations focused on the production of palm-based edible oil and fat.

Founded in 1996 GAR was listed on the Singapore Exchange in 1999 with a market capitalisation of US\$3.1 billion as at 31 December 2015. Flambo International Limited, an investment company, is currently GAR's largest shareholder with a 50.35 percent stake. GAR has several subsidiaries, including PT SMART Tbk which was listed on the Indonesia Stock Exchange in 1992.

GAR is focused on sustainable palm oil production. In Indonesia its primary activities include cultivating and harvesting of oil palm trees; processing of fresh fruit bunch into crude palm oil ("CPO") and palm kernel; refining CPO into value-added products such as cooking oil, margarine and shortening; as well as merchandising palm products throughout the world. It also has operations in China and India including a deep-sea port, oilseeds crushing plants, production capabilities for refined edible oil products as well as other food products such as noodles.

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