gar agribusiness and food

Press Release

Golden Agri-Resources delivers strong results in the first quarter of 2016 despite lower CPO prices and plantation output

- Plantation business impacted by the severe El Niño weather condition in 2015 and softer average CPO market prices
- Integrated business model delivers resilient results as palm and lauric segment posts substantial growth of EBITDA[1]

Singapore, 13 May 2016 – For the first quarter of 2016, Golden Agri-Resources Ltd and its subsidiaries ("GAR" or the "Company") recorded revenue of almost US$1.5 billion. GAR reached stronger EBITDA[1] and core net profit[2] at US$142 million and US$40 million respectively. The palm and lauric business mainly contributed to the increase, which was partly offset by lower results from the plantation and palm oil mills business.

FINANCIAL HIGHLIGHTS

US$'million	Three months ended		Change	Three months ended	Change
	31 Mar 2016 (1Q 2016)	31 Mar 2015 (1Q 2015)		31 Dec 2015 (4Q 2015)	
Revenue	1,494	1,553	**-4%**	1,552	**-4%**
Gross Profit[3]	262	204	**29%**	269	**-3%**
EBITDA[1]	**142**	**128**	**11%**	**140**	**1%**
Core Net Profit[2,3]	**40**	**24**	**65%**	**23**	**77%**
Addition:					
Net gain/(loss) from changes in fair value of biological assets, net of tax and non-controlling interests	*2*	*8*	*-78%*	*-11*	*n.m.*
Foreign exchange gain/(loss), net of non-controlling interests	*52*	*-35*	*n.m.*	*8*	*589%*
Net profit/(loss) attributable to owners of the Company[3]	94	-3	n.m.	20	381%
Core Earnings per Share[3,4] (US$ cents)	0.32	0.19	67%	0.18	77%

The performance of our plantation business was in line with the industry's declining palm product output and softer average crude palm oil ("CPO") market prices. EBITDA[1] reached US$76 million in the first three months of 2016, 24 percent lower than that achieved in the same period last year.

The palm and lauric business continued its improvement since last year as the integration of downstream assets progresses. The performance was further enhanced by CPO market price uptrend over the quarter. As a result, first quarter 2016 EBITDA[1] almost tripled over the previous year to US$62 million, while the EBITDA[1] margin increased to 4.9 percent from 1.6 percent last year.

Our oilseeds and others segments maintained their positive contribution with total EBITDA[1] growing to US$4.7 million in the first quarter of 2016 from US$4.3 million in the same period last year. The oilseeds business environment in China remained favourable.

Starting this year we have adopted the new accounting standards for our plantation assets, which impacted our financial statements. However GAR's financial position remains sound with adjusted net gearing ratio[5] of 0.49 times and total consolidated assets of US$8.0 billion as at 31 March 2016.

OPERATIONAL HIGHLIGHTS

Palm product output in the first three months of 2016 was 554,000 tonnes, 13 percent lower year-on-year and trailing the volume of harvested fresh fruit bunches. Production was impacted by the severe El Niño experienced last year.

As at 31 March 2016 GAR managed a total oil palm plantation area of 485,396 hectares, comprising 384,131 hectares of nucleus plantations and 101,265 hectares of plasma smallholder plantations. During the first quarter 2016 GAR replanted 1,300 hectares of old estates. The management is focusing on replanting old estates with higher-yielding seeds to maintain sustainable production growth in the long-term.

OUTLOOK AND STRATEGY

Chairman and Chief Executive Officer, Mr. Franky O. Widjaja commented on the results: "As expected, the industry output was severely impacted by the El Niño last year. Our expanded downstream assets have supported GAR during this difficult period resulting in a good set of results for the Company. We will stay focused on value chain optimisation across our integrated business model to enhance long term shareholder value of the Company."

On the industry outlook Mr. Widjaja added, "Notwithstanding periods of volatility, long-term fundamentals of the industry remain promising. The B20 biodiesel mixture mandate by the Government of Indonesia is progressing, providing long term support to the palm oil industry."

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About Golden Agri-Resources Ltd ("GAR")

GAR is one of the leading palm oil plantation companies with a total planted area of 485,400 hectares (including smallholders) as at 31 March 2016, 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$3.9 billion as at 31 March 2016. 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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[1] *Earnings before tax, non-controlling interests, interest on borrowings, depreciation and amortisation, net gain/loss from changes in fair value of biological assets and foreign exchange gain/loss. The comparative EBITDA for 1Q 2015 has been recalculated to include share of results of associated companies and joint ventures, net of tax to conform with current period's presentation.*

[2] *Net profit attributable to owners of the Company, excluding net effect of net gain/loss from changes in fair value of biological assets and foreign exchange gain/loss.*

[3] *The comparative results for 1Q 2015 and 4Q 2015 have been restated to account for retrospective adjustments arising from the adoption of amended IAS 16 and IAS 41.*

[4] *Core Earnings per Share is Core Net Profit divided by weighted average numbers of shares.*

[5] *Adjusted 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.*