gar agribusiness and food

Press Release

Golden Agri-Resources delivers strong third quarter 2016 results supported by its integrated business model

- Third quarter 2016 EBITDA[1] saw a year-on-year increase to US$165 million despite much lower plantation output
- Palm and lauric segment contributed US$61 million to total third quarter 2016 EBITDA, more than double compared to last year

FINANCIAL HIGHLIGHTS

US$'million	Nine-month period ended 30 Sep		Change	Quarter ended		Change
	2016 (9M 2016)	2015 (9M 2015)		30 Sep 2016 (3Q 2016)	30 Sep 2015 (3Q 2015)	
Revenue	5,071	4,958	**2%**	1,836	1,574	**17%**
Gross Profit[2]	707	736	**-4%**	281	277	**1%**
EBITDA[1]	**393**	**401**	**-2%**	**165**	**128**	**29%**
Net Profit[2,3]	**353**	**-9**	**n.m.**	**220**	**-16**	**n.m.**
Earnings per Share[2,4] (US$ cents)	2.77	-0.07	n.m.	1.73	-0.13	n.m.

Singapore, 14 November 2016 – For the nine-month period of 2016, revenue of Golden Agri-Resources Ltd. and its subsidiaries ("GAR" or the "Company") increased to US$5.1 billion. EBITDA[1] and net profit[3] registered at US$393 million and US$353 million, respectively.

Third quarter EBITDA[1] and net profit[3] recovered to US$165 million and US$220 million, respectively. Amidst weaker palm product output, GAR managed to deliver better results as compared to the same period last year supported by its integrated business model and the appreciation of crude palm oil (CPO) market prices.

Net profit[3] was also lifted by the deferred tax income arising from the increase in tax depreciable value of its plantation assets. For future tax benefit, GAR revalued some of its plantation assets in Indonesia resulting in substantial deferred tax income contributing to its current bottom line. The net tax impact recorded from this revaluation was US$242 million in the nine-month period of 2016 including US$111 million in the third quarter.

GAR's financial position strengthened with an adjusted net gearing ratio[5] of 0.45 times as at 30 September 2016, while total consolidated assets grew to US$8.4 billion. GAR restated the 2015 financial statements in compliance with the amended IAS 16 and IAS 41. The plantation assets (bearer plants) are measured at historical costs.

SEGMENTAL PERFORMANCE

Plantations and palm oil mills

In the first nine months of 2016, the upstream business produced 1.6 million tonnes of palm products, 24 percent lower than in the same period last year. Palm product output in the third quarter 2016 declined by 22 percent year-on-year and improved by 37 percent quarter-on-quarter to 624,000 tonnes. However, the recovery in fruit production has not been significant yet in certain regions impacted by the severe El Niño conditions in 2015.

The weaker output affected the financial performance of our upstream business. EBITDA[1] was recorded at US$239 million during the first nine months of 2016, 22 percent lower than in the same period last year. For the third quarter, GAR reached an EBITDA[1] of US$90 million, a six percent decrease over the third quarter 2015.

As at end of September 2016, GAR's total managed planted area was 482,228 hectares, comprising 380,987 hectares of nucleus plantations and 101,241 hectares of plasma smallholder plantations. With GAR's concentration on replanting activity this year, total area has slightly declined during 2016 as some older estates have been prepared for replanting. The replanting uses newer-generation planting materials that are higher-yielding to support sustainable production growth in the long term.

Palm and laurics

EBITDA[1] contribution in nine-month period of 2016 increased by 64 percent to US$135 million as GAR focuses on the efficiency in each sector of the downstream value chain. The improving operations and market conditions in third quarter resulted in US$61 million of EBITDA[1], enhancing the margin to 3.7% from 1.9% last year.

Oilseeds and Others

The oilseeds and other segments maintained their positive contributions to total EBITDA[1] by US$18 million for the first nine months of 2016. As we continue our efforts in exploring long term strategic alternatives for the oilseeds business, we prudently manage our risks to minimise the impact of any unexpected market volatility.

OUTLOOK AND STRATEGY

Mr Franky Widjaja, GAR Chairman and Chief Executive Officer explained: "In the second half of 2016, we have seen the CPO market price maintain its current level amidst the recovering palm production. For the 2016 results, we have achieved higher downstream margins so far resulting from our profit optimisation across the value chain. We continue to perfect our destination sales capability and integrated business model to achieve greater efficiency. GAR is also working to maintain its leading sustainable upstream player position through best agronomic practices including higher yielding seeds and precision agriculture. Our ability to closely monitor plantation performance in detail, breaking each concession into to 30ha block levels, is unparalleled in the sector. It is this combination that will ensure that GAR is well positioned to benefit from the improvement in market conditions both at the upstream and downstream businesses."

~ end ~

About Golden Agri-Resources Ltd (GAR)

GAR is one of the leading palm oil plantation companies with a total planted area of 482,228 hectares (including smallholders) as at 30 September 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$3.3 billion as at 30 September 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.

For media enquiries, please contact:

Ayesha Khan / Archana Shah
Mobile: +65 9783 1944 / +65 9182 4004
Email: CW-SG-GAR@cohnwolfe.com

[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.*
[2] *The comparative figures for 9M 2015 and 3Q 2015 have been restated to account for retrospective adjustments arising from the adoption of amended IAS 16 and IAS 41.*
[3] *Net profit attributable to owners of the Company.*
[4] *Earnings per share is net profit attributable to owners of the Company divided by weighted average number of shares.*
[5] *Adjusted net debt (interest bearing debts less cash and short-term investments as well as liquid working capital) divided by equity attributable to owners of the Company.*