

## Golden Agri-Resources' third quarter 2018 performance saw quarter-on-quarter improvement despite decline in CPO prices

- Strong palm product output recovery in third quarter 2018 with quarterly growth of 30 percent to 917,000 tonnes
- EBITDA<sup>1</sup> for third quarter 2018 grew by 13 percent to US\$132 million to a nine-month figure of US\$370 million

### FINANCIAL HIGHLIGHTS

US\$'million	Nine-month period ended		Change	Quarter ended		Change
	30 Sep 2018 (9M 2018)	30 Sep 2017 (9M 2017)		30 Sep 2018 (3Q 2018)	30 Jun 2018 (2Q 2018)	
Revenue	5,515	5,584	-1%	1,839	1,860	-1%
Gross Profit	745	836	-11%	277	220	26%
<b>EBITDA<sup>1</sup></b>	<b>370</b>	<b>508</b>	<b>-27%</b>	<b>132</b>	<b>117</b>	<b>13%</b>
<b>Underlying Profit<sup>2</sup></b>	<b>79</b>	<b>217</b>	<b>-63%</b>	<b>38</b>	<b>17</b>	<b>129%</b>
Net Profit/(Loss) <sup>3</sup>	(81)	103	n.m	(54)	(39)	38%
Earnings/(Loss) per Share <sup>4</sup> (US\$ cents)	(0.64)	0.81	n.m	(0.42)	(0.31)	38%

**Singapore, 13 November 2018** – During nine-month period of 2018, Golden Agri-Resources Ltd and its subsidiaries ("GAR" or the "Company") maintained its revenue at US\$5.5 billion. Third quarter EBITDA<sup>1</sup> and underlying profit<sup>2</sup> increased to US\$132 million and US\$38 million, respectively, compared to the previous quarter. However, weaker palm oil prices continued to affect year-to-date 2018 performance with EBITDA of US\$370 million and underlying profit<sup>2</sup> of US\$79 million.

GAR's financial position as at 30 September 2018 remained healthy amidst the challenging business environment. Total consolidated assets recorded at US\$8.11 billion whilst adjusted net gearing ratio<sup>5</sup> stood at 0.49 times.

### SEGMENTAL PERFORMANCE

#### Plantations and palm oil mills

Third quarter fruit yield continued to recover in 2018 to 6.6 tonnes per hectare, 27 percent higher than in the second quarter, resulting in a nine-month period fruit yield of 16.3 tonnes per hectare. Palm product output reached over 2.2 million tonnes during the nine-month period of 2018, eight percent higher than the previous year's production.

Conversely, CPO market prices weakened during nine-month period of 2018. As a result, GAR's upstream EBITDA<sup>1</sup> margin reduced slightly to 28 percent, reaching US\$305 million.

As per 30 September 2018, GAR's planted area maintained at approximately 500 thousand hectares, of which 21 percent is owned by plasma smallholders. To sustain production growth, GAR focuses on replanting older plantations with next-generation, higher yielding seeds as well as continual improvement in operational excellence. Our target for 2018 replanting is approximately 10,000 hectares.

#### Palm and Laurics

Despite a continued challenging market environment, we were able to maintain palm and laurics EBITDA margin at 1.2 percent for the third quarter 2018. The industry's resilience showed as increased demand absorbed the strong seasonal supply growth during the quarter. Third quarter EBITDA<sup>1</sup> contributed US\$20 million to the nine-month period figure of US\$65 million. We will continue to focus on enhancing integration and pushing higher value-added products in the downstream business to increase margins.

#### Oilseeds

This segment recorded a positive turnaround of US\$5.0 million EBITDA<sup>1</sup> during the third quarter of 2018 subsequent to the impact from the 25 percent import tax on US soybeans in the previous quarter. We expect the commodity market in China to remain challenging in the near term.

### **OUTLOOK AND STRATEGY**

Mr. Franky O. Widjaja, GAR Chairman and Chief Executive Officer commented: "GAR saw quarter-on-quarter performance improvements in almost all segments. The Indonesian Government has implemented an expanded B20 programme to the non-PSO segment since September 2018. We support the government's biodiesel initiative and we believe that this could create additional demand to absorb any industry inventory. We are confident that the long-term demand fundamentals for palm oil remain robust as it is the most efficient and widely used vegetable oil."

Mr. Widjaja added: "As a leading palm oil player, GAR's operations have contributed to the economic development in the region. One of our business focuses is to drive a larger portfolio of value-added products and services to the global market. As we built our merchandising centre and representative offices in the region, GAR is well positioned to ride the growing demand in the ASEAN markets and globally. Last night, GAR was honoured to receive the 2018 ASEAN Business Awards for the Agri-business Priority Integration Sector (PIS) recognising our distinct integrated operations in the palm oil business."

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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 499,047 hectares (including plasma smallholders) as at 30 September 2018, 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 and has a market capitalisation of US\$2.3 billion as at 30 September 2018. 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 responsible 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, shortening, biodiesel and oleo-chemicals; as well as merchandising palm products throughout the world. It also has operations in China and India including a deep-sea port, oilseeds crushing plant, production capabilities for refined edible oil products as well as other food products such as noodles.

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

<sup>2</sup> Net profit or loss attributable to owners of the Company, excluding net effect of net gain or loss from changes in fair value of biological assets and depreciation of bearer plants, as well as other non-operating items (foreign exchange gain or loss, deferred tax income or expense).

<sup>3</sup> Net profit or loss attributable to owners of the Company.

<sup>4</sup> Earnings or loss per share is net profit or loss attributable to owners of the Company divided by weighted average number of shares.

<sup>5</sup> 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.