

Palm and lauric business drives Golden Agri-Resources stronger fourth quarter 2018 EBITDA despite weaker CPO prices

- Full year palm product output reached historic record high exceeding three million tonnes
- Fourth quarter 2018 EBITDA¹ of US\$203 million contributed to the full year figure of US\$573 million
- Proposed final dividend of 0.58 Singapore cents per share for full year 2018 performance

FINANCIAL HIGHLIGHTS

US\$million	Year ended 31 Dec		Change	Quarter ended		Change
	2018 (FY 2018)	2017 (FY 2017)		31 Dec 2018 (4Q 2018)	30 Sep 2018 (3Q 2018)	
Revenue	7,167	7,508	-5%	1,653	1,839	-10%
Gross Profit	1,007	1,097	-8%	262	277	-6%
EBITDA¹	573	665	-14%	203	132	53%
Underlying Profit²	181	254	-29%	101	38	166%
Net Profit/Loss ³	-2	74	n.m	79	-54	n.m
Earnings/Loss per Share ⁴ (US\$ cents)	-0.01	0.58	n.m	0.62	-0.42	n.m

Singapore, 27 February 2019 – Golden Agri-Resources Ltd and its subsidiaries (“GAR” or the “Company”) recorded revenue of US\$7.2 billion in 2018, a slight decrease compared to the previous year as affected by weaker palm oil prices. Fourth quarter EBITDA¹ and underlying profit² achieved US\$203 million and US\$101 million, respectively, contributing to full year 2018 EBITDA of US\$573 million and underlying profit² of US\$181 million. The fourth quarter results included the fair value gain on financial assets following the adoption of IFRS 9. On the bottom line, GAR recorded a full year net loss of US\$2 million primarily because of foreign exchange loss, loss from changes in fair value of biological assets and deferred tax expense.

Declining palm oil prices continued to be the main factor in weaker performance in 2018, especially from the plantations and palm oil segment. The industry as a whole saw very strong plantation output in 2018, resulting in high inventory levels and lower prices.

However, GAR proved resilient in the challenging business environment, with a robust financial position as at 31 December 2018. Total consolidated assets grew to US\$8.55 billion whilst net gearing ratio⁵ was maintained at 0.42 times. For the 2018 performance, the Board proposes a final dividend of 0.58 Singapore cents per share or approximately US\$54 million in total. This is in line with GAR’s dividend policy of distributing up to 30 percent of underlying profit to shareholders. The proposed final dividend will be distributed in 10 May 2019 subject to approval from GAR’s shareholders at the Annual Meeting.

SEGMENTAL PERFORMANCE

Plantations and palm oil mills

As at 31 December 2018, GAR's planted area totalled 498 thousand hectares, of which 21 percent is owned by plasma smallholders. Mature area declined slightly to 467 thousand hectares resulting from our replanting activities over the past few years.

Fourth quarter 2018 fruit yield reached 5.9 tonnes per hectare, 11 percent lower quarter-on-quarter due to seasonality. Despite the reduced mature area, harvested fruits expanded to 10.5 million tonnes with a fruit yield of 22.5 tonnes per hectare, at the top of the industry range. Palm product output reached a new record of slightly over three million tonnes in 2018, 12 percent higher than last year.

The bumper crop contributed to higher inventories and weakening CPO market prices during 2018. As a result, GAR's upstream EBITDA¹ reached US\$391 million with a margin of 27 percent.

To sustain production growth, GAR is focusing on replanting older plantations with next-generation, higher yielding seeds as well as continual improvement in operational excellence. Our target for 2019 replanting is 15,000 hectares.

Palm, laurics and others

This segment refers to the processing and merchandising of palm and oilseed based products comprises of bulk and branded products, oleo-chemicals and other vegetable oils, as well as production and distribution of other consumer products in China and Indonesia.

Revenue of the palm, laurics and others segment reached US\$7.1 billion, slightly lower than last year due to lower selling prices. Sales volume was maintained at 10.2 million tonnes although the volume at China oilseeds business contracted after the divestment of the Tianjin plant.

With expanded 4Q 2018 EBITDA of US\$120 million, full year EBITDA was US\$184 million, 11 percent higher compared to the previous year. Despite the volatile market environment due to governments' intervention in the commodity markets, the segmental EBITDA margin reached 2.6 percent in 2018. This was a result of higher contribution from biodiesel and destination sales, the export levy removal in Indonesia, and fair value gain recorded during the year. GAR has benefitted from its integrated value chain and increasing customer confidence especially in the destination markets. We will continue to focus on enhancing integration and pushing higher value-added products in the downstream business to increase margins.

OUTLOOK AND STRATEGY

Mr. Franky O. Widjaja, GAR Chairman and Chief Executive Officer commented: "2018 was a challenging year for operators in the palm oil industry. I am pleased that GAR once again proved resilient in unfavourable circumstances, based on our long-term investment in a vertically integrated operation. Our focus remains on building GAR's core competitive edge, delivering sustainably produced palm oil and palm-based products in an efficient and innovative way."

Mr. Widjaja added: “We see demand from the energy sector as an important industry catalyst. Underpinned by strong support from the Indonesian government in implementing a larger biodiesel mixture mandate, we are optimistic that this will promote tighter supply and demand for palm oil and will eventually have a positive impact on CPO prices.”

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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 498,395 hectares (including plasma smallholders) as at 31 December 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 31 December 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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¹ 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.

² 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, exceptional items and other non-operating items (foreign exchange gain or loss, deferred tax income or expense).

³ Net profit or loss attributable to owners of the Company.

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

⁵ Net debt (interest bearing debts less cash, short-term investments and liquid working capital) divided by equity attributable to owners of the Company.