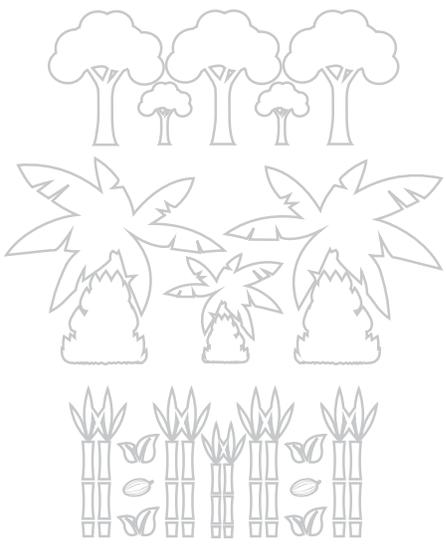


# BUSINESS OVERVIEW



Collection of FFB

IndoAgri is a leading diversified and vertically integrated agribusiness.



300,633

hectares  
Nucleus planted area in Indonesia, covering all crops

90,316

hectares  
Plasma planted oil palm and rubber in Indonesia

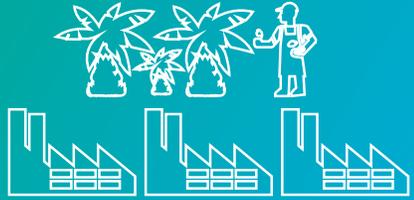
OUR PRODUCTION FACILITIES AND CAPACITIES IN INDONESIA



We own and operate

24

palm oil mills  
FFB – 6.4M tonnes



5

Refineries  
CPO – 1.4M tonnes

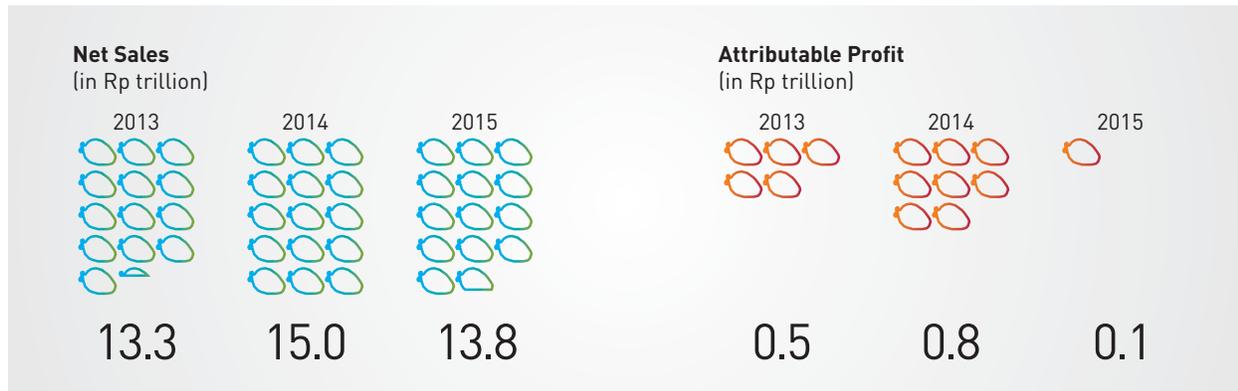


2

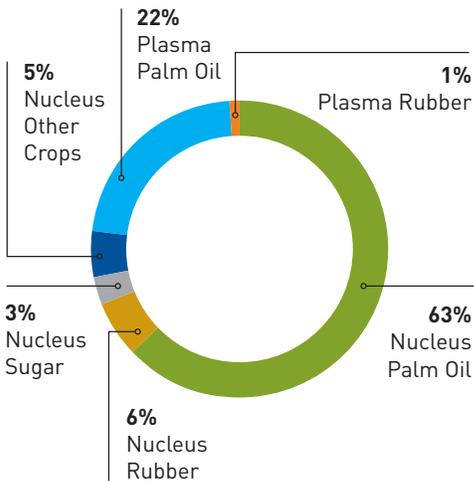
Sugar Mills/Refineries  
Cane crushing – 2.2M tonnes

**BUSINESS  
OVERVIEW**

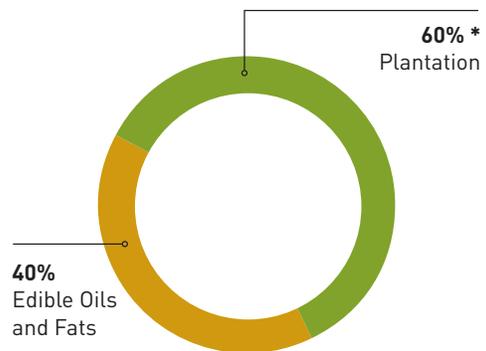
**KEY HIGHLIGHTS**



**Planted Area 2015**  
(390,949 Hectares including plasma)

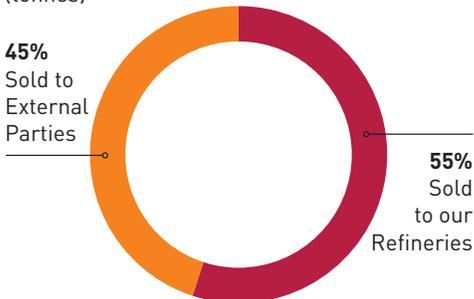


**Revenue by Division 2015**

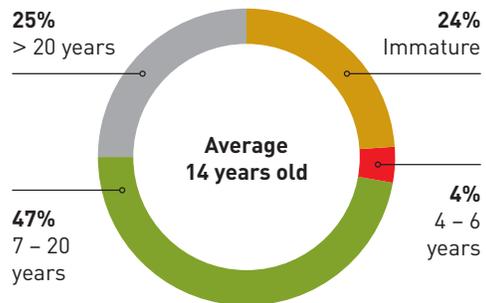


\* Comprises mainly internal CPO sales to the Group's own refineries

**CPO Sales Volume 2015**  
(tonnes)



**Age of Our Oil Palm Trees**



### VERTICALLY INTEGRATED BUSINESS MODEL

What does it mean to be vertically integrated? For generations, our branded cooking oils and margarine have dominated Indonesia's consumer market. In the domestic market, nearly 90% of our branded products in 2015 are sold direct and through local and national distributors, serving approximately 370,000 retail outlets across Indonesia. The rest is exported to 25 countries. We operate in an integrated way across the entire supply chain, from production of planting material and development of plantations, to the harvesting, milling, refining and processing of CPO into cooking oil, margarine and shortening. This means we can provide consistent, high quality and reliable pricing for our customers. Also, vertical integration means we have greater control over how we create and protect commercial value through the management of wider sustainability related risks and opportunities.

We continue to work with suppliers to strengthen our supply chain. In 2015, our Plantation Division supplied approximately 64% of the CPO used at our refineries; the remaining 36% came from external suppliers.

### Employment highlights

Human resource management is now supported by better information systems and – new in 2015 – stronger appraisal processes. We run appraisals both at management level and in the field. Turnover is steady and employee satisfaction is maintained. Since the majority of our workers work in the field in Indonesia, we continue to invest in safety. Every estate, mill and refinery has a Health and Safety Committee attended by management and operatives. Health and wellbeing are promoted through formal programmes on site. All employees, including casual labourers, have employment contracts and 59% of operational employees are unionised. Our Policies commit to respect the labour and human rights of employees, business partners and communities. Detail is provided on page 52.

### Commercial highlights

As we look back on the highlights of 2015 we also keep a keen eye on the future. We are prioritising capex for organic growth and expansion of plantations and mills across all crop operations in Indonesia, Philippines and Brazil. We are expanding the capacity of palm oil mills in Kalimantan and we completed the 200 tonnes per day margarine plant at Tanjung Priok in 2015. Around 90% of revenue is from Indonesia, the remainder is from other parts of Asia, Africa, Middle East, Oceania and Europe. Further detail on financials and commercial developments can be found in our Annual Report 2015 and in investor presentations in our website.

## WHAT WE MAKE

### Palm oil: our main plantation crop

FFB arrives at the mill to be processed into CPO, for use in edible oils and fats. Approximately half of our trees are between seven and 20 years old; this is a key factor affecting the volume of CPO we can produce. In 2015, our total FFB production was 4,693,000 (nucleus and external purchases) and we produced 1,002,000 tonnes of CPO. Around 38% of this is RSPO-certified.

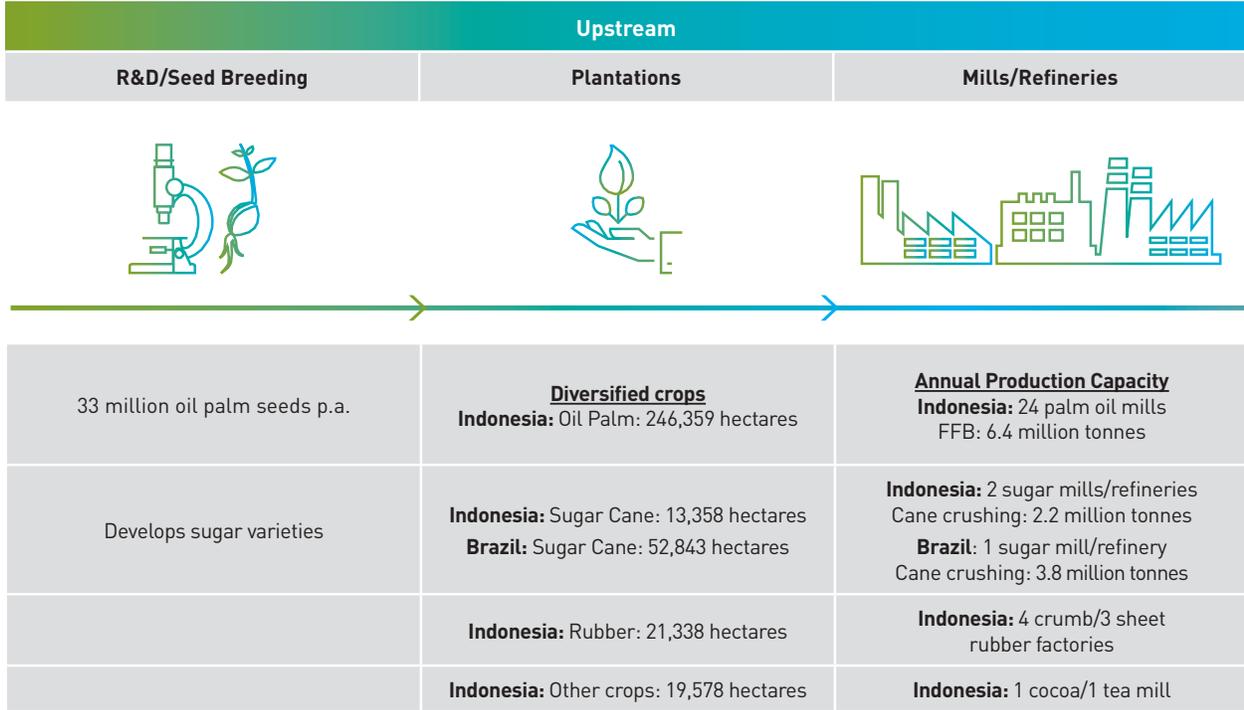


*An oil palm plantation in North Sumatra*

# BUSINESS OVERVIEW

## INTEGRATED AND DIVERSIFIED AGRIBUSINESS GROUP

### Capturing Value Across The Entire Supply Chain



#### Oil palm seeds

Our seeds are produced using parent palm materials from world-renowned breeding populations and breeding centres of Southeast Asia and Africa. We are among 11 recognised oil palm seed producers in Indonesia with the certification and laboratories for the production of high quality planting materials suited to our local climates. Free of Genetically Modified Organisms (GMO), our seeds are highly valued and sold on the open market.

#### Non-palm oil production [G4-17]

We produce other crops that are strategically important to the business but still outside the scope of our sustainability report.

The Group’s rubber estates are distributed across North and South Sumatra, East Kalimantan and Sulawesi. We produce sheet rubber, crumb rubber and cup lump. In 2015, we produced approximately 17,000 tonnes of rubber, of which 51% was exported to countries such as Singapore, the US and UK.

Our sugar operations are located in Indonesia, Brazil and the Philippines. Globally, we crushed 7.5 million tonnes of sugar cane in 2015, producing 722,000 tonnes of sugar

and 199,000m<sup>3</sup> of ethanol for the export and domestic consumer markets. IndoAgri has similar arrangements in place with smallholders to support their purchase of inputs such as seed cane and fertiliser. Notable is our investment in two companies, Companhia Mineira de Açúcar e Alcool Participações (CMAA) in Brazil and Roxas Holdings Inc (RHI) in the Philippines, and the Bonsucro certification being put in place at CMAA. CMAA achieved Bonsucro certification for 373,000 tonnes of sustainable sugar cane production, representing 10% of their total sugar cane production. Like RSPO, Bonsucro is a globally recognised standard, and a multi-stakeholder non-profit organisation.

#### Our brands

Our branded edible oils and fats mainly comprise of cooking oils, margarine, shortening and refinery by-products. In Indonesia, our cooking oils are sold under the leading brands Bimoli, Bimoli Especial, Delima and Happy. Our consumer margarine and shortening are marketed under the Palmia and Amanda brands, while their industrial equivalents are branded Palmia, Simas, Amanda, Malinda and Delima.

Downstream

Finished products

Distribution



Leading market share in branded cooking oil and margarine markets in Indonesia

Strong sales and marketing expertise and extensive distribution network, serving ~370,000 retail outlets in Indonesia

Leverage on PT Indofood Sukses Makmur Tbk's (PT ISM) 1,100 stock points

5 refineries with annual capacity of 1.4 million tonnes



Our finished products – cooking oil and margarine