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## IndoAgri's posts a soft 3Q15 result

### HIGHLIGHTS:

- **3Q15 results affected by soft commodity prices and a weakened Indonesian Rupiah**
- **Revenue down 9% yoy in 3Q15 on lower sales contribution from the edible oil business**
- **Core profit (excluding forex) was Rp129 billion (S\$13 million) in 3Q15, down 49% yoy**
- **Fresh Fruit Bunches (FFB) production grew 2% yoy to 2,443,000 tonnes in 3Q15**

**SINGAPORE – 29 October 2015** – SGX Mainboard-listed IndoAgri (the “Group”), a diversified and integrated agribusiness group and manufacturer of leading brands of edible oils and fats products in Indonesia, posted 3Q15 revenue of Rp3.3 trillion (S\$335 million), down 9% yoy on lower revenue contribution from the Edible Oils & Fats (EOF) Division, partially offset by higher external sales from the Plantation Division. On year-to-date basis, revenue declined 7% to Rp10.1 trillion (S\$1,030 million) for similar reasons.

The Plantation Division’s revenue declined 15% yoy in 3Q15, reflecting mainly lower average selling prices of palm products and partially offset by higher sales volume of crude palm oil (CPO). On year-to-date basis, total revenue declined 11% mainly due to lower average selling prices of palm products.

Revenue from the EOF Division for 3Q15 and 9M2015 were 22% and 18% lower than the comparative periods in 2014. The decline was mainly attributable to lower sales volume and average selling prices of edible oil and fats products.

	Rp' billion						S\$' million <sup>1</sup>			
	3Q15	3Q14	▲ %	9M15	9M14	▲ %	3Q15	3Q14	9M15	9M14
<b>Revenue</b>	3,268	3,602	(9.3)	10,060	10,770	(6.6)	335	369	1,030	1,103
Gross profit	821	916	(10.4)	2,460	3,041	(19.1)	84	94	252	311
Gross margin (%)	25.1%	25.4%		24.5%	28.2%		25.1%	25.4%	24.5%	28.2%
<b>EBITDA <sup>2</sup></b>	646	737	(12.4)	1,791	2,393	(25.2)	66	75	183	245
EBITDA margin (%)	19.8%	20.5%		17.8%	22.2%		19.8%	20.5%	17.8%	22.2%
Net profit after tax	(138)	207	n/m	(12)	924	n/m	(14)	21	(1)	95
Core profit <sup>3</sup>	129	253	(49.2)	387	972	(60.2)	13	26	40	100
<b>Attributable profit</b>	(154)	125	n/m	(117)	533	n/m	(15.8)	13	(12)	55
EPS (fully diluted) - Rp/S\$ cents	(110)	88	n/m	(83)	376	n/m	(1.13)	0.9	(0.8)	3.8

<sup>1</sup> Income Statement and Balance Sheet items are converted at exchange rates of Rp9,768/S\$1 and Rp10,274/S\$1, respectively

<sup>2</sup> Earnings before interests and tax expense, depreciation and amortisation, and gain/loss from changes in fair value of biological assets and foreign exchange gains.

<sup>3</sup> Net profit after tax excluding the net effect of foreign currency losses  
*n.m. denotes “Not Meaningful”*

The Group incurred net loss in 3Q15 and 9M15 on lower commodity prices, higher losses from CMAA and unrealised foreign currency losses. Excluding the net effect of foreign currency losses, the Group achieved Core profit of Rp129 billion (S\$13 million) in 3Q15 and Rp387 billion (S\$40 million) in 9M15, declining 49% and 60% yoy over the comparative period in 2014.

***“Our FFB nucleus and CPO production grew 2% yoy to 2,443,000 tonnes and 719,000 tonnes, respectively. Despite this, the Group posted a soft 3Q15, affected negatively by weakening commodity prices in all 3 of our main crops – palm oil, rubber and sugar. However the Edible Oils and Fats Division achieved higher EBITDA earnings in 9M15 on lower raw material costs which primarily comprised of CPO.*”**

***As of September 2015, we have 58,000 hectares of immature oil palm plantation, ensuring future volume growth.”***, commented Mr Mark Wakeford, CEO and Executive Director.

## **INDUSTRY OUTLOOK AND FUTURE PLANS**

CPO prices (Rotterdam CIF) remained soft at an average of US\$632 per tonne in 9M2015, against an average of US\$816 per tonne in 2014. The key contributing factors were the slowdown of global demand in major markets such as China and Europe, coupled with weak crude oil prices which has virtually eliminated discretionary biodiesel demand, and higher soybean supplies from the US and South America.

Looking ahead, the slowdown in plantings in Indonesia in the last 5 years and coupled with El-Nino event in 2015 will reduce incremental supply of CPO. We also expect the higher biodiesel blending mandate of 15%, announced by Indonesia's government in March 2015, to sustain domestic demand growth for palm oil products, albeit over time as the mandate of 15% will not be achieved immediately.

Rubber prices (RSS3 SICOM) have been on a downward trend since 2012, declining more than 50% to end at an average of US\$1,660 per tonne in 9M2015. This was due to higher rubber production in Thailand and Indonesia, as well as weaker demand from major rubber consuming markets, particularly China, the US and Europe, and more recently lower crude oil prices. In the medium term prices will remain under pressure until global demand recovers.

The domestic sugar prices in Indonesia were lower in 2014 due to excessive imports in 2013, but have recovered in 2015 following the Government raising the sugar floor price from Rp8,500 to Rp8,900 per kilogram on 21 May 2015, and lower imports of sugar in the first half of 2015. The country remains a net importer of sugar, intervention efforts from the government are aimed at increasing the production capacity of local sugar factories, enhancing the productivity and yield of sugar cane, and encouraging the expansion of sugar cane plantations. This will take some time to deliver results. Global sugar prices (CSCE No. 11) have been falling to as low as 11c/lb US\$ in 9M2015, reaching multi year lows on the back of high global sugar stocks, and a weakening Brazilian Real. The rising global demand and the adverse weather across the main sugar producing countries, Brazil and India, are key to a reversal of the high global stocks, leading to a price recovery.

--The End ---

## **ABOUT INDOAGRI**

**Indofood Agri Resources Ltd. (“IndoAgri”)** is a diversified and integrated agribusiness group with principal business operations that range from research and development, breeding and cultivation of oil palms, to the milling and refining of crude palm oil, and the marketing and distribution of cooking oil, margarine, shortening and other derivative products. The Group also engages in the cultivation of other crops such as rubber, sugar cane, cocoa and tea.

As of end September 2015, IndoAgri has 299,459 hectares planted with oil palm, rubber, sugar cane, cocoa and tea.

*For more information please visit our website at: [www.indofoodagri.com](http://www.indofoodagri.com).*