

FOR IMMEDIATE RELEASE

IndoAgri posts a strong FY16 result with a profit of Rp792 billion (S\$82 million)

HIGHLIGHTS:

- Despite weaker production from the effects of El-Nino in 2015, 4Q16 revenue grew 13% yoy in 4Q16 on strong recovery of commodity prices and higher edible oil sales
- Group achieved improved profit in 4Q16 on stronger contribution from Plantation Division
- 4Q16 attributable profit grew 14% to Rp223 billion (S\$23 million) on strong selling prices of palm products, but partly offset by foreign currency losses

SINGAPORE – 28 February 2017 – 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 revenue growth of 13% and 5% yoy in 4Q16 and FY16 respectively mainly due to recovery of commodity prices and higher sales contribution from the Edible Oils & Fats (EOF) Division.

Plantation Division reported a 9% revenue growth in 4Q16 on significantly higher selling prices of crude palm oil (CPO) and palm kernel (PK) related products which more than offset weaker palm output. On a year-to-date basis, revenue came in close to FY15 on higher average selling prices of palm products and higher sugar sales, but this was offset by lower sales volume of palm products and rubber.

EOF Division continued to perform well with revenue growing 15% in 4Q16 and 14% in FY16 mainly attributable to strong sales volume and higher selling prices of edible oil products.

	Rp' billion						S\$' million ¹			
	4Q16	4Q15 * (Restated)	▲%	FY16	FY15 * (Restated)	▲%	4Q16	4Q15 * (Restated)	FY16	FY15 * (Restated)
Revenue	4,263	3,775	12.9	14,531	13,835	5.0	442	391	1,507	1,434
Gross profit	1,420	885	60.4	3,489	2,969	17.5	147	92	362	308
Gross margin (%)	33.3%	23.4%		24.0%	21.5%		33.3%	23.4%	24.0%	21.5%
EBITDA ²	1,499	707	112.0	3,352	2,498	34.2	155	73	348	259
EBITDA margin (%)	35.2%	18.7%		23.1%	18.1%		35.2%	18.7%	23.1%	18.1%
Profit from operations	1,166	635	83.5	2,263	901	151.0	121	66	235	93
Profit before taxation	1,032	495	108.5	1,690	348	385.2	107	51	175	36
Net profit after tax	492	284	73.1	792	37	n/m	51	29	82	4
Attributable profit	223	195	14.4	507	(48)	n/m	23	20	53	(5)
EPS (fully diluted) - Rp/S\$ cents	159	138	15.2	363	(34)	n/m	1.6	1.4	3.8	(0.4)

n.m. denotes “Not Meaningful”

* 2015 figures are restated due to the amendments FRS 16 and FRS 41 Agriculture – Bearer Plants

¹ Income Statement and Balance Sheet items are converted at exchange rates of Rp9,645/S\$1 and Rp9,299/S\$1, respectively

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

The Group's gross profit grew 60% and 18% in 4Q16 and FY16. The improved profit was mainly attributable to higher average selling prices of palm products and sugar, which partly offset by lower sales volume.

The Group reported attributable profit of Rp223 billion (S\$23 million) in 4Q16, up 14% yoy mainly on higher gross profit and other operating income, but partly offset by foreign exchange loss. FY16 attributable profit was Rp507 billion (S\$53 million), reversing from net loss positions in FY15. The improved result was mainly attributable to higher gross profit, lower loss from CMAA, higher biological assets gains and foreign currency gains.

“The effects of the El-Nino in 2015 have impacted our FY16 FFB nucleus and CPO production, reducing by 13% and 17% to 2,981,000 tonnes and 833,000 tonnes respectively. Despite the lower production, the Group delivered a 34% growth in EBITDA to Rp 3,352 billion and net profit after tax of Rp 792 billion compared to Rp 37 billion last year. The improved result was mainly attributable to the recovery of commodity prices, higher biological asset gains and foreign currency gains. In addition, we increased our mature oil palm area by over 18,000 hectares, with 44,000 hectares still remaining immature, ensuring future growth in our palm oil production. We also registered a profit in our Brazilian sugar operation in 4Q16.

In line with the growth in palm oil production, we are in the process of building 3 new palm oil mills, two of which will be completed in 2017, and the third in 2018. Our edible oils business experienced strong volume growth in 2016, and we are expanding our refinery in Surabaya by 300,000 mt per annum to meet the increased demand, which will be completed on Q4 2017 .” commented Mr Mark Wakeford, CEO and Executive Director.

INDUSTRY OUTLOOK AND FUTURE PLANS

Whilst we are upbeat about 2017, agricultural commodity prices remain volatile on a soft global economy particularly China and fluctuations of Indonesian Rupiah and US Dollar. These circumstances will continue to aggravate the complex mix peculiar to any agribusiness such as the weather, export restrictions, the higher co-relationship between the prices of crude oil and various commodities, and the performance of competing crops such as soybean oil.

As a diversified and vertically integrated agribusiness with a dominant presence in Indonesia, our operations continue to be supported by positive economic outlook for Indonesia, with the ongoing fiscal reforms and strong domestic consumption.

We are cautiously managing our activities during this challenging period to mitigate risks and exposures. We will place a stronger emphasis on extracting the optimal from our value chain, and proactively improve operations, increase yields, raise productivity and control costs.

--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 December 2016, IndoAgri has 300,536 hectares planted with oil palm, rubber, sugar cane, cocoa and tea.

For more information please visit our website at: www.indofoodagri.com.