

# PT DHARMA SATYA NUSANTARA TBK (DSNG) INVESTOR NEWSLETTER

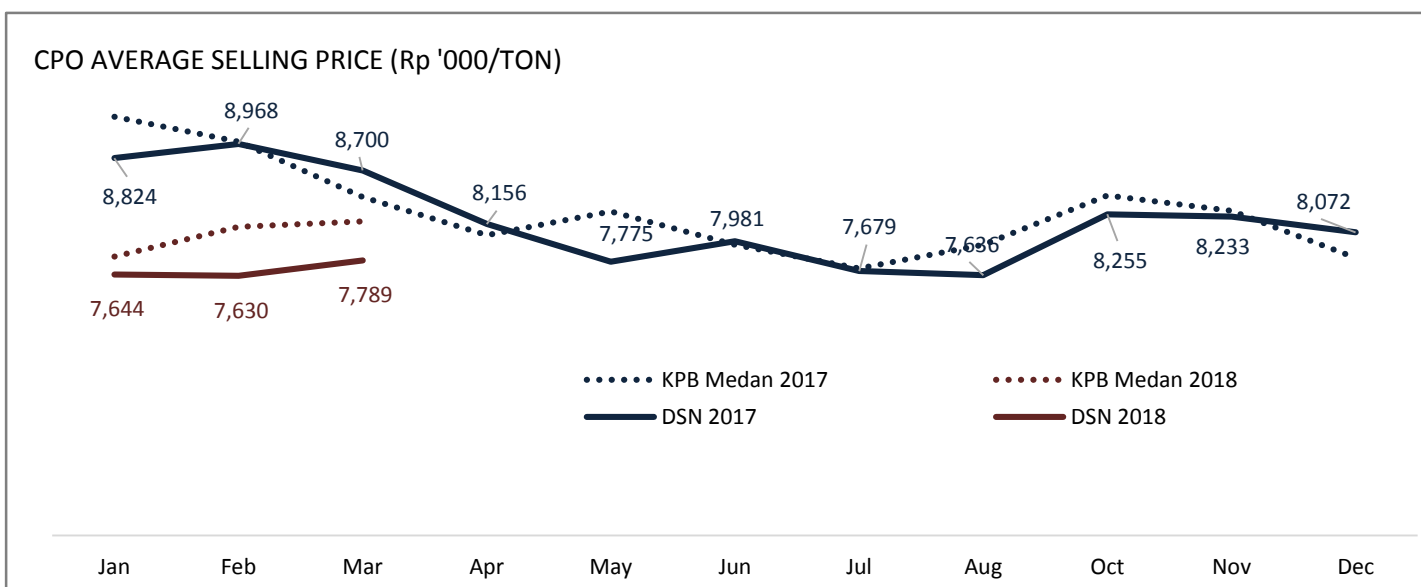
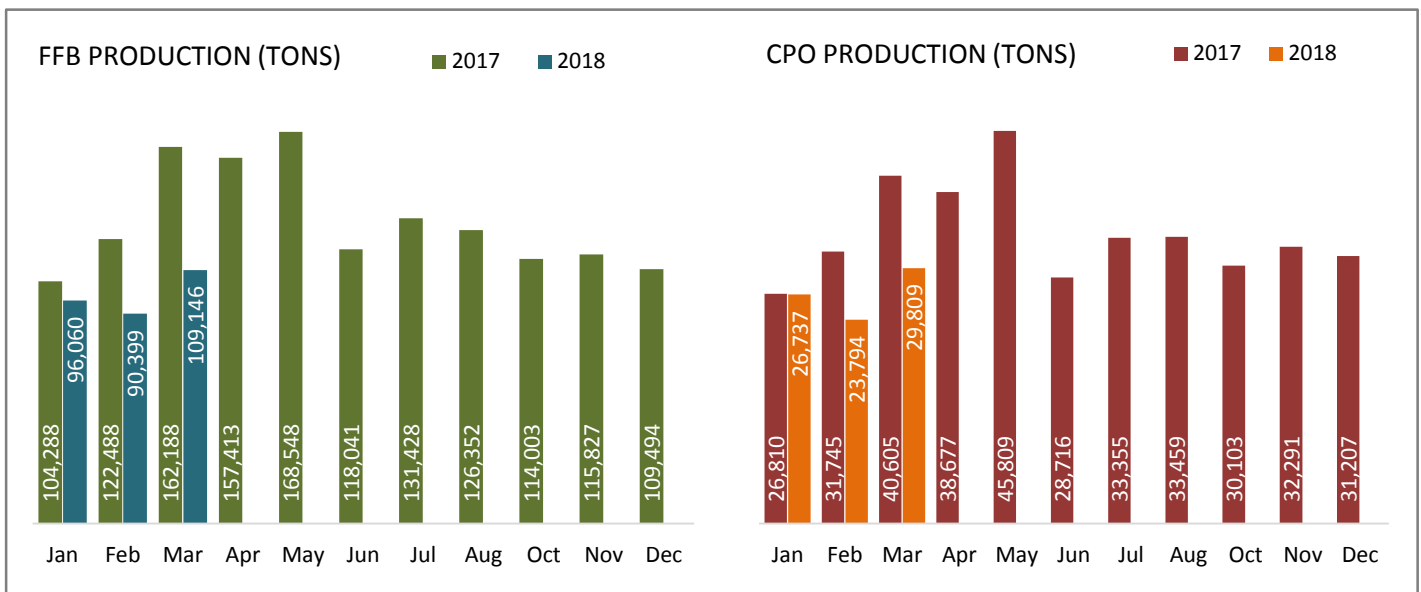


Our FFB production in the first quarter of 2018 reached 296 thousand tons, or 24% lower compared to the same period last year, in line with the resumption of normal annual production pattern in East Kalimantan. High yields in Q1 2017 marked the recovery of the post-El Nino production, as well as the change in 2017 production cycle which higher in the first half of the year.

With total FFB declined by 25%, the Company's CPO production only 19% lower to 80 thousand tons as a result of substantial jump in OER to 23.79% from 21.90% in Q1 2017, while blended average FFA level dropped to 2.84%, an improvement of 14% compared to the same period last year.

Over the same period, our CPO ASP declined by 13% to Rp 7.7 million per ton, compared to Rp 8.8 million per ton in the same period last year.

	3M-18	3M-17	% Δ	FY2017
<b>Plantation Performance</b>				
FFB Production (ton)	295,605	388,964	(24.0)	1,547,686
- FFB Nucleus (ton)	259,588	345,690	(24.9)	1,381,803
- FFB Plasma (ton)	36,017	43,274	(16.8)	165,884
<b>Mill Performance</b>				
FFB Processed (ton)	337,692	452,794	(25.4)	1,753,986
CPO Production(ton)	80,340	99,160	(19.0)	403,638
PK Production (ton)	13,598	15,280	(11.0)	65,092
PKO Production (ton)	5,365	4,816	11.4	24,284
CPO OER (%)	23.79	21.90	8.6	23.01
FFA (%)	2.84	3.30	(13.9)	2.96
<b>Sales Performance</b>				
CPO (ton)	81,899	97,750	(16.2)	457,973
PK (ton)	2,711	2,858	(5.2)	10,067
PKO (ton)	5,001	7,001	(28.6)	27,002



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## PLANTED AREA

As of the end of March 2018, our mature area has reached 79,101 hectares, with an average age of 9.6 years. As of March 2018, we have not yet resumed any organic expansion, as we continue to review our available land bank in light of our sustainability policy.

Planted (as of March 2017) (ha)	Average Age (yr)	Planted Hectareage	
		Mature Area (ha)	Total Planted (ha)
Nucleus	10.5	63,903	69,369
Plasma	6.3	15,198	20,920
<b>Total</b>	<b>9.6</b>	<b>79,101</b>	<b>90,288</b>

## WOOD PRODUCTS BUSINESS

	3M-18	3M-17	% Δ	FY2017
<b>Sales Volume</b>				
Engineered Flooring (m2)	269,693	334,232	(19.3)	1,249,734
Panel (m3)	19,181	17,490	9.7	70,985
<b>Average Selling Price (Rp 'million)</b>				
Engineered Flooring (per m2)	0.41	0.37	9.0	0.39
Panel (per m3) (per pcs)	5.64	5.04	12.0	5.25

In the first three months of 2018, our engineered flooring sales declined by 19.3%, however the ASP increase of 9.0% remains in line with our strategy to focus on higher added value products.

Our panel production in the first quarter of 2018 increased by 9.7% to 19.2 thousand m3, along with the higher ASP due to the increase in demand from importing countries.

## FINANCIAL SUMMARY

In the first quarter of 2018 the Company generated revenue of Rp 963 billion, 23% lower compared to the same period last year due to the decrease in CPO production as well as lower ASPs.

Trough 31 March 2018, palm oil segment contributed 77% of the Company's revenue.

Gross profit and operating profit also declined by 45%. The Company posted EBITDA for the period of Rp 242 billion, 32% lower compared to the same period last year. However, we succeed to maintain EBITDA margin on the level of 25%, in the first quarter of 2018, compared to same period last year of 28%.

	In Million Rupiah	
	March 31, 2018	March 31, 2017 *
Revenue	962,935	1,251,341
Gross Profit	227,566	414,973
<i>% margin</i>	23.0	33.2
Operating Profit	150,010	272,123
<i>% margin</i>	15.6	21.7
Profit Before Income Tax	78,318	213,088
<i>% margin</i>	8.1	17.0
EBITDA	242,173	355,212
<i>% margin</i>	25.4	28.4
Total Comprehensive Income	51,675	121,126
<i>% margin</i>	5.4	9.7

\* As restated

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