

# BREAKING OUR LIMITS

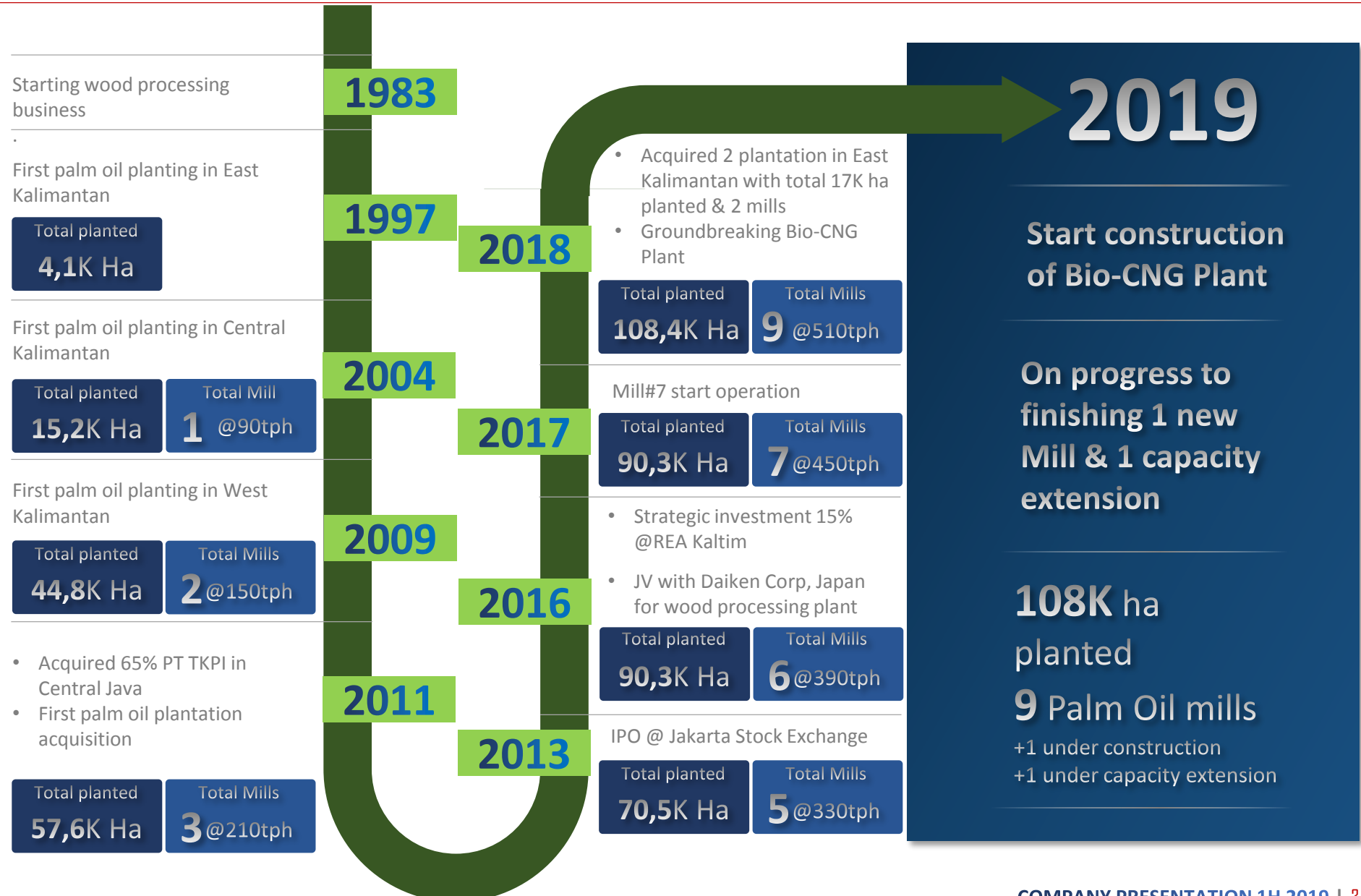


## 1H-2019

COMPANY  
PRESENTATION  
PT DHARMA SATYA  
NUSANTARA Tbk



# Established in 1980, DSN is a growing, green producer of palm oil & wood products for global market





# Our estates are clustered across East, West, and Central Kalimantan, with the largest in East

**108.400** Ha Planted

**15** ESTATE  
Palm Oil

**510** ton/hr  
TBS

+ 1 @30tph under construction

**9** MILLS  
Palm Oil

+ 1 @30tph in capacity extension

**300** ton/hr  
KERNEL

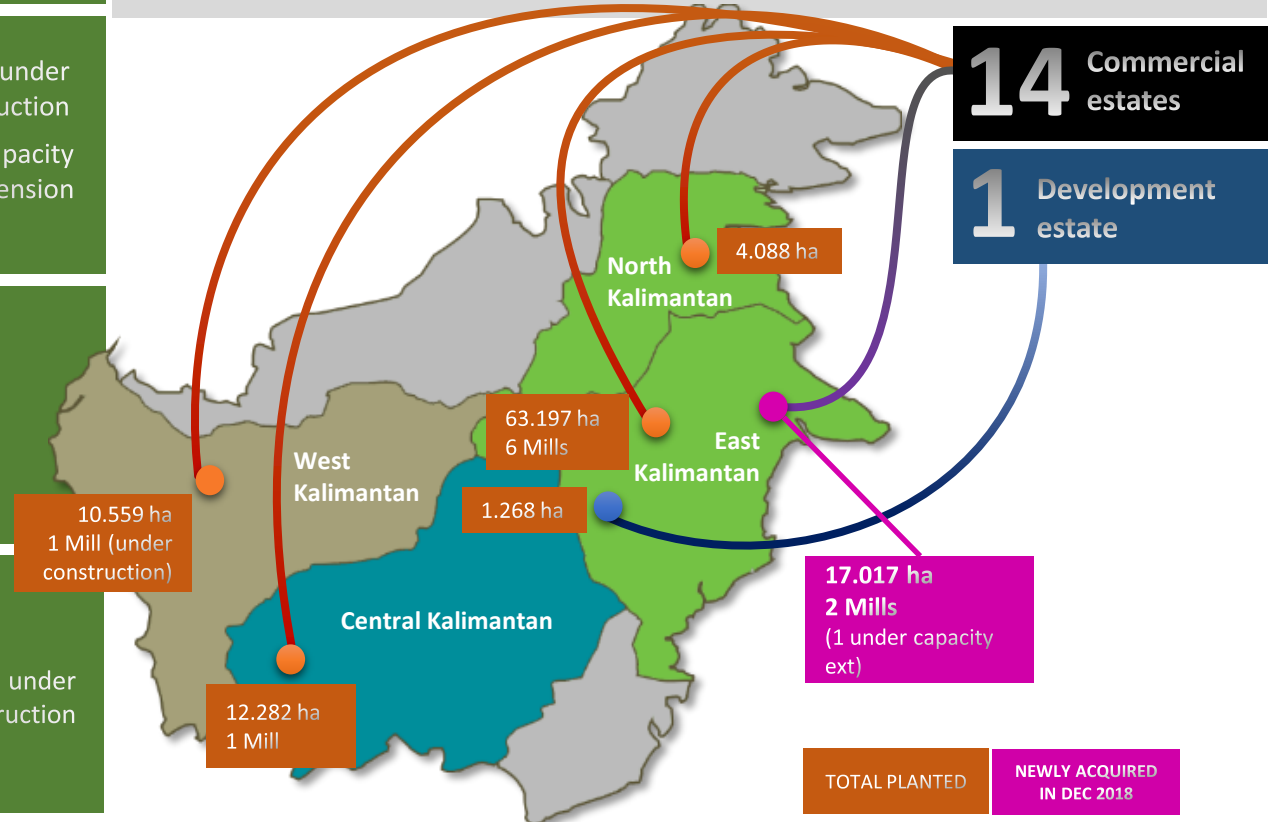
**1** MILLS  
Kernel Crushing Plant

**84.000** Ton

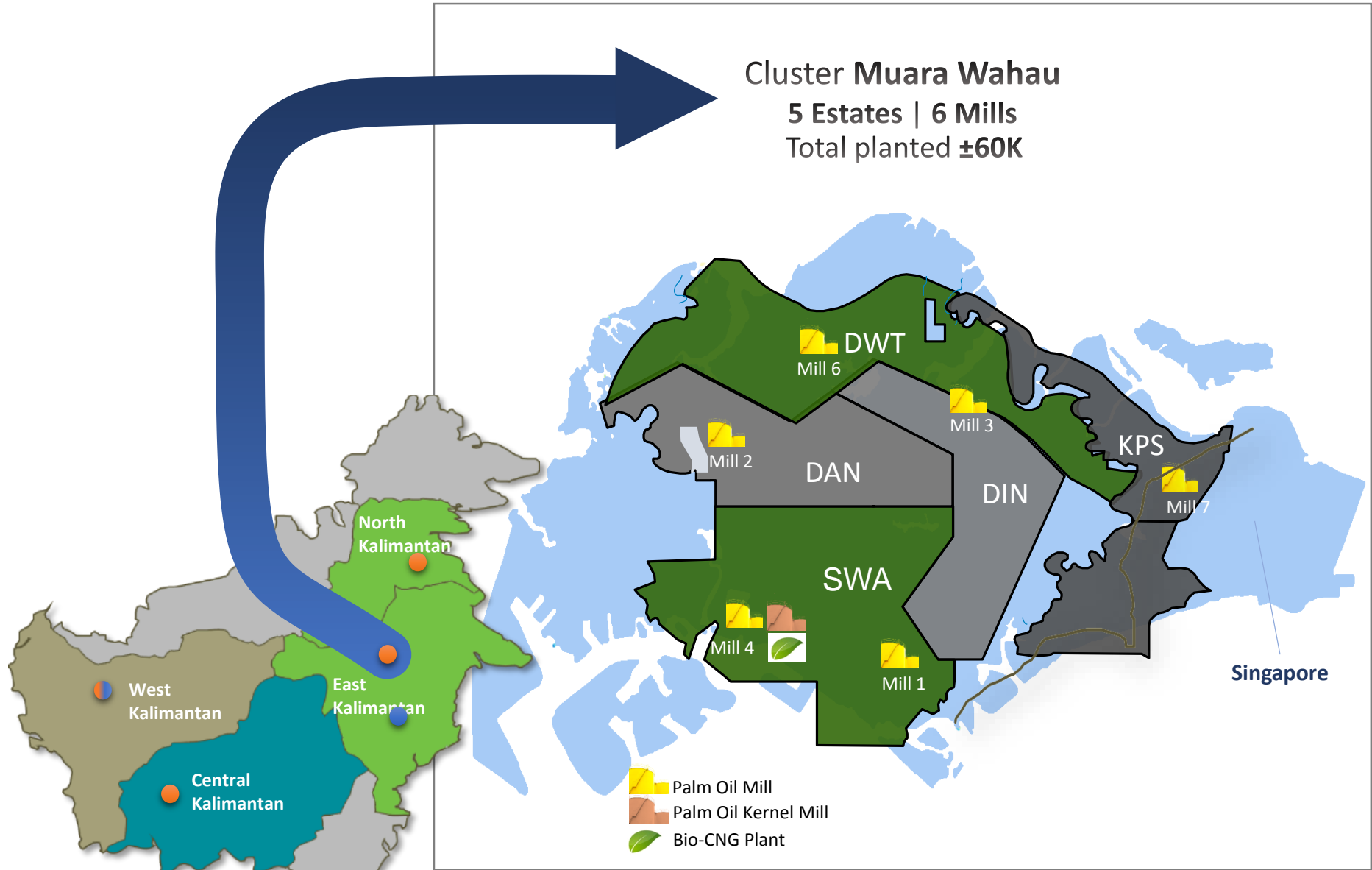
**16** Storage  
Tank

+ 1 @6.000 ton under construction

Planted area ('000ha)	Nucleus	Plasma	Total
Total Planted	84,4	24,0	108,4
Total Mature	81,4	20,4	101,8
Total Immature	3,0	0,6	3,6



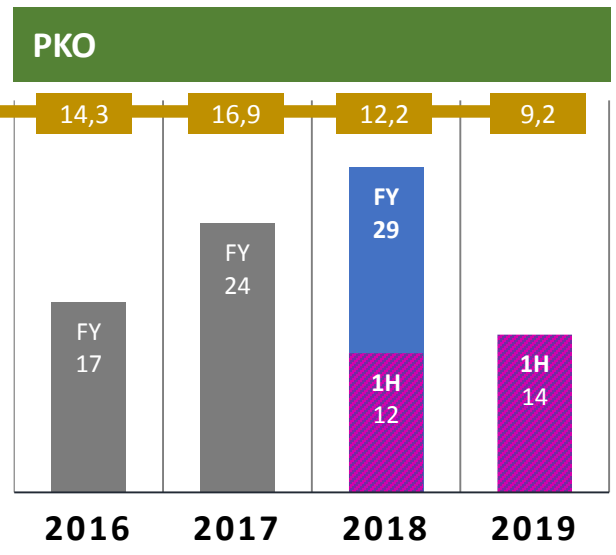
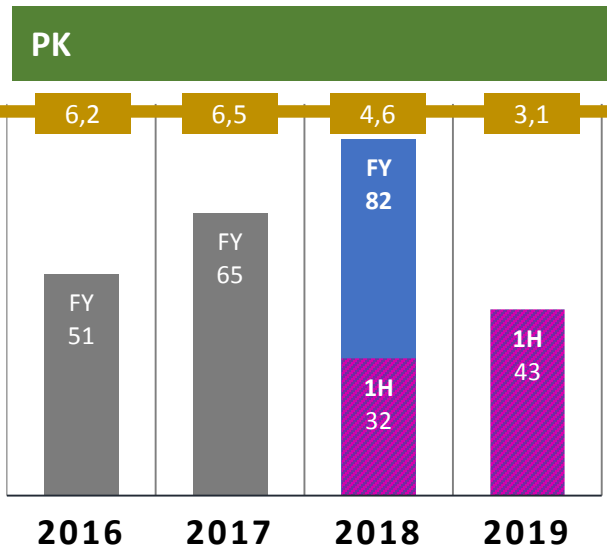
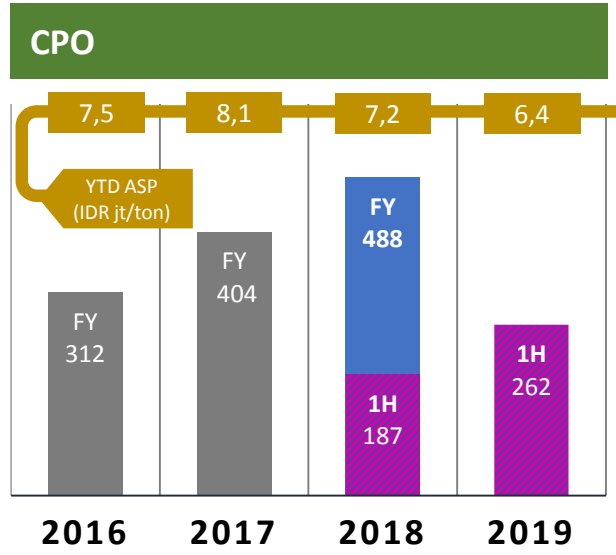
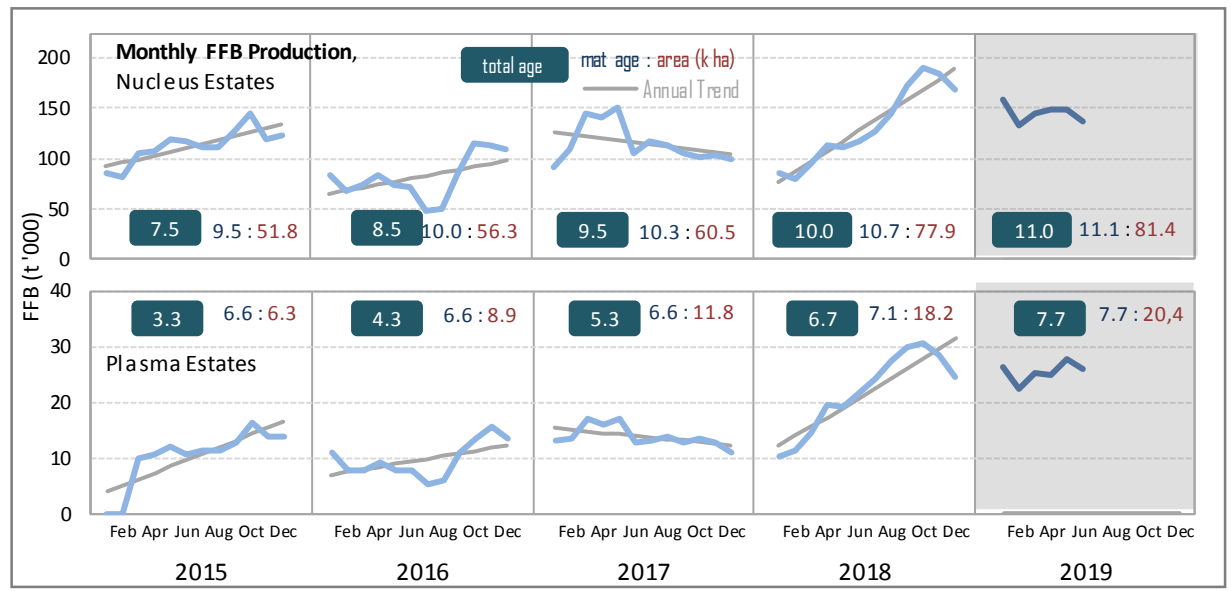
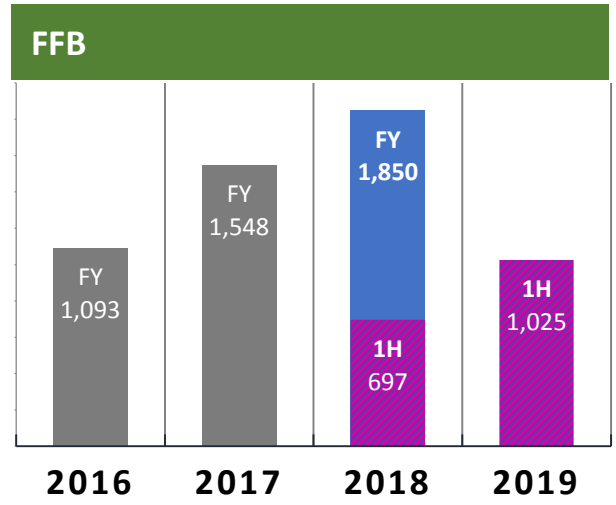
In the East Kalimantan, our most developed cluster is nearly the size of Singapore



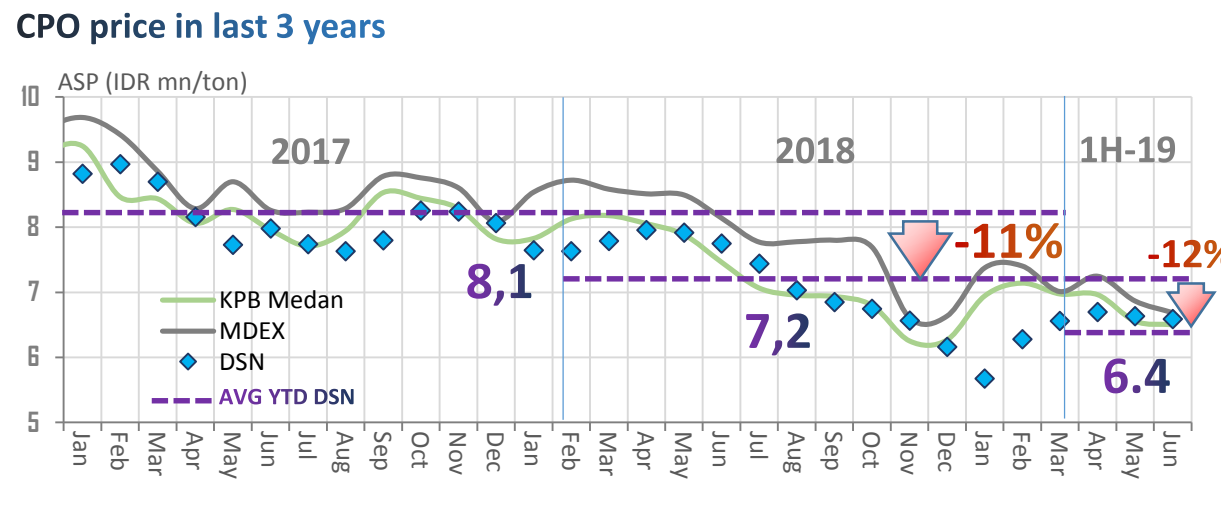
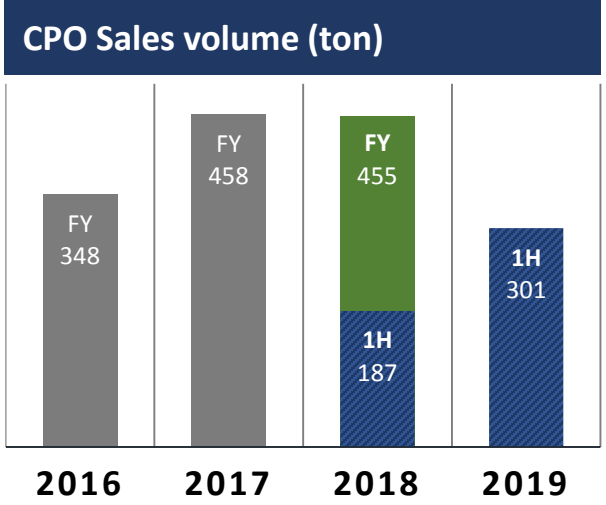
# 1H-2019 production significant increase by 47% against the same period last year



## Production ('000 Ton)

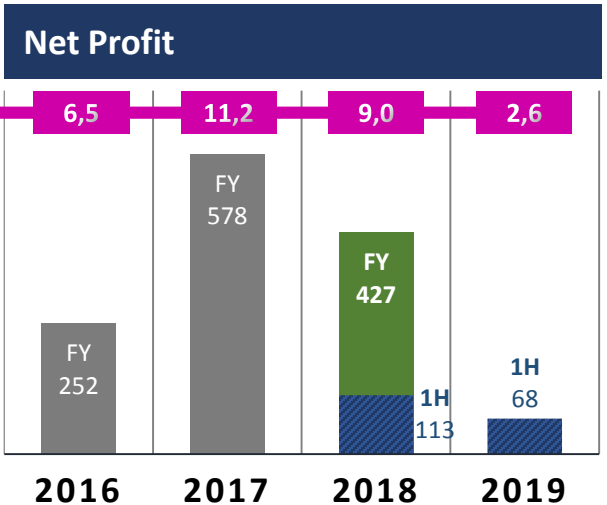
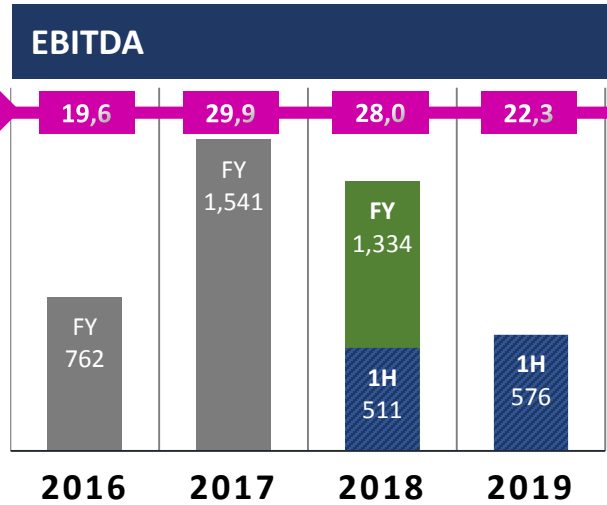
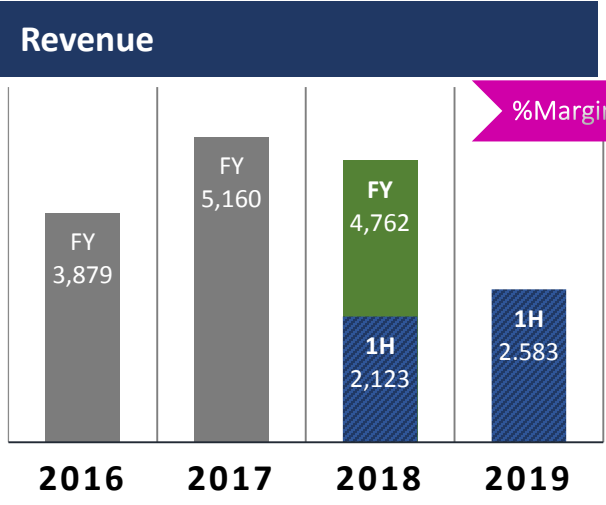


# 1H-2019 performance better than last year due to increase in production volume

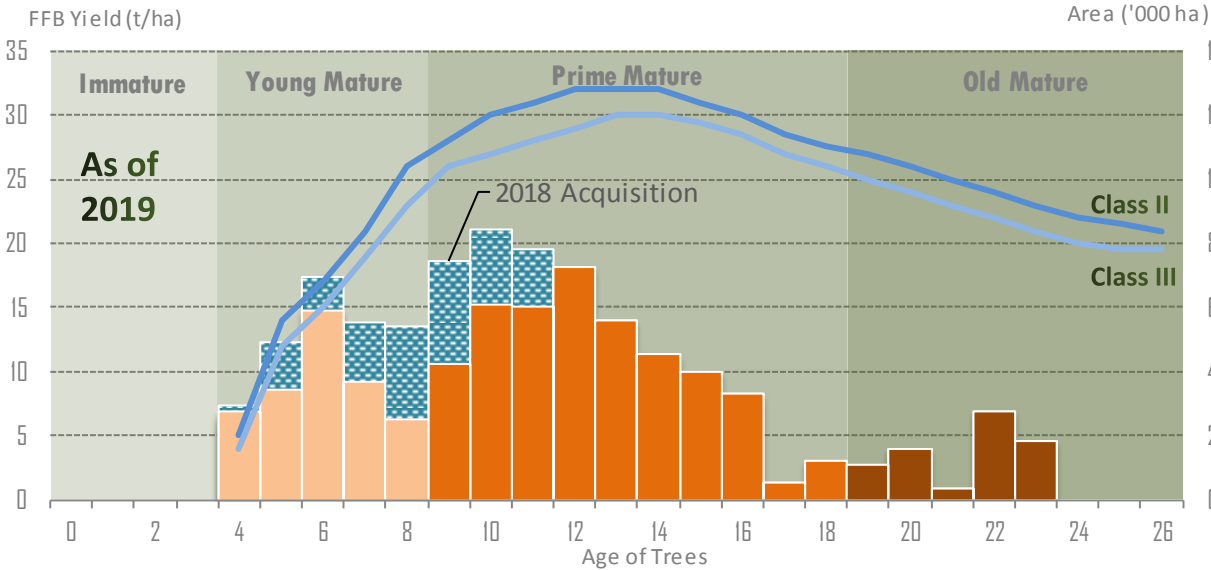


## Financial Performance

(IDR mn)



# Our planting and age profile to date suggest continuing FFB yield expansion from 2019 onwards



### Projected Yield through 2021

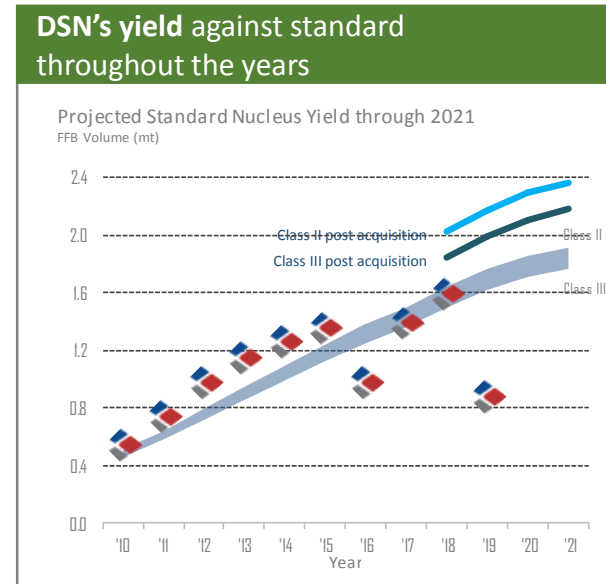
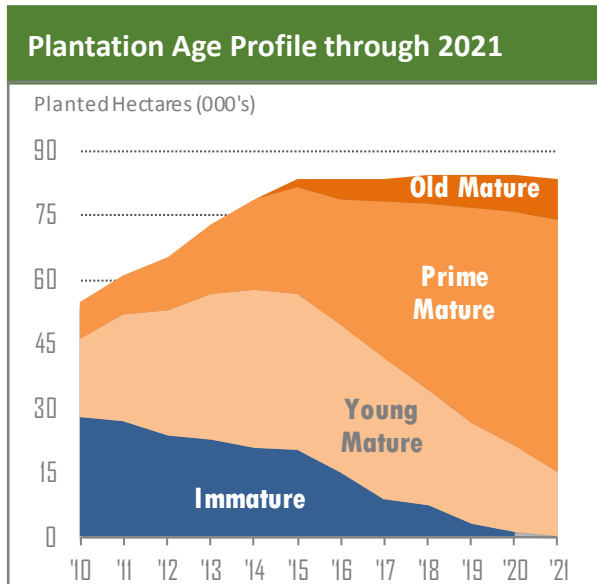
Year	Planted '000 ha	Mature Area		Actual YTD FFB/ha	FFB/ha by Soil Type		
		'000 ha	% Δ		Class II	Class III	% Δ
'10	47.0	26.7		7.5	19.2	17.3	
'11	50.1	32.3	21%	7.7	19.9	17.9	3%
'12	53.4	38.4	19%	8.0	20.4	18.5	3%
'13	57.9	43.7	14%	8.4	21.5	19.4	5%
'14	62.8	48.0	10%	8.9	22.6	20.5	5%
'15	69.3	51.8	8%	9.5	23.9	21.7	6%
'16	69.4	56.3	9%	10.0	24.5	22.3	3%
'17	69.4	60.6	8%	10.3	24.7	22.5	1%

Exclude acquisition								
Year	Planted '000 ha	Mature Area '000 ha	% Δ	Avg Age	Actual YTD FFB/ha	Class II	Class III	% Δ
'18	69.6	63.9	5%	11.1	25.2	25.9	23.5	5%
'19	69.6	68.5	7%	11.8	11.6	25.9	23.7	0%
'20	69.6	68.5	0%	12.5	-	27.2	25.0	5%
'21	69.6	68.5	0%	13.5	-	28.0	25.8	3%

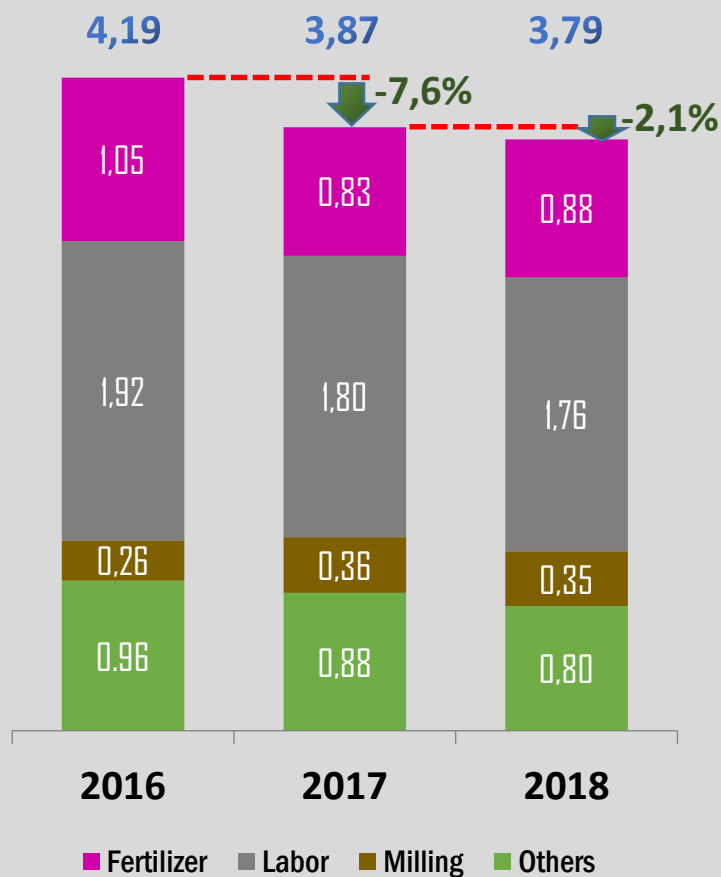
Include acquisition								
Year	Planted '000 ha	Mature Area '000 ha	% Δ	Avg Age	Actual YTD FFB/ha	Class II	Class III	% Δ
'18	84.4	77.9	29%	10.7	25.2	26.0	23.7	5%
'19	84.4	83.4	7%	11.4	10.7	26.1	23.8	1%
'20	84.4	83.4	0%	12.1	-	27.5	25.2	6%
'21	84.4	83.4	0%	13.1	-	28.4	26.1	3%





# DSN always strive for the best performance by conducting efficient operation

**Cash Cost/ton CPO inti**  
(IDR juta)

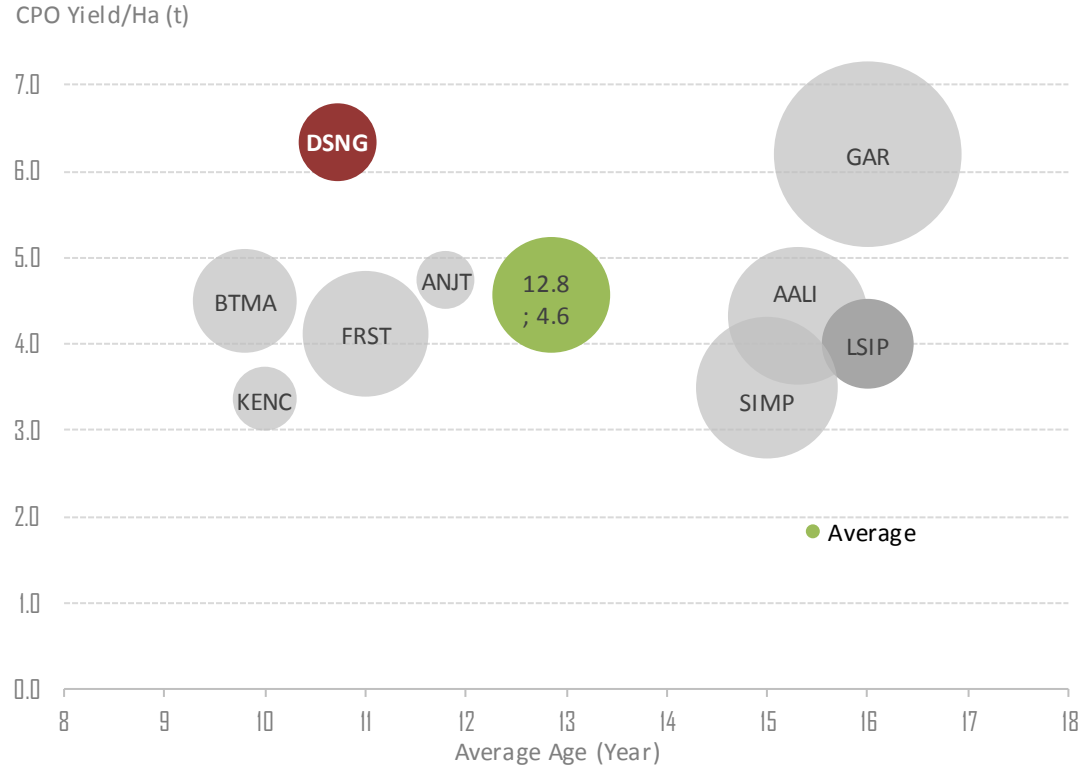


Cost of Sales (IDR t)	2018	2017	2016	2015	2014	2013	2012
Fertilizer	304.6	265.8	246.4	337.3	331.9	282.1	326.7
Labor	605.8	580.3	450.5	479.6	409.5	330.5	274.3
Others	275.1	285.9	225.7	262.8	302.2	265.7	224.3
FFB Purchased	654.6	714.1	515.8	517.3	671.0	290.5	179.1
CPO Purchased	112.7	378.5	257.2				
Milling	155.2	145.8	81.2	109.6	104.2	94.5	65.1
<b>Total cash cost</b>	<b>2,108.0</b>	<b>2,370.4</b>	<b>1,776.9</b>	<b>1,706.5</b>	<b>1,818.7</b>	<b>1,263.0</b>	<b>1,069.5</b>
<b>Cost as a % of total</b>							
Fertilizer	14.4%	11.2%	13.9%	19.8%	18.2%	22.3%	30.5%
Labor	28.7%	24.5%	25.4%	28.1%	22.5%	26.2%	25.6%
Others	13.1%	12.1%	12.7%	15.4%	16.6%	21.0%	21.0%
FFB Purchased	31.1%	30.1%	29.0%	30.3%	36.9%	23.0%	16.7%
CPO Purchased	5.3%	16.0%	14.5%				
Milling	7.4%	6.2%	4.6%	6.4%	5.7%	7.5%	6.1%
<b>Unit Cash Costs (UCC) (IDR mn &amp; USD)</b>							
IDR/ton CPO - Total	4.63	5.18	5.10				
USD/ton CPO - Total	320	385	382				
<b>UCC excld CPO Trading (IDR mn &amp; USD)</b>							
IDR/ton CPO	4.52	4.87	4.83	4.16	4.61	3.76	4.23
USD/ton CPO	312	363	362	351	441	400	482
<b>UCC excld CPO Trading &amp; 3rd Party FFB (IDR mn &amp; USD)</b>							
IDR/ton CPO	3.79	3.87	4.19	3.64	3.70	3.39	3.90
USD/ton CPO	262	286	312	272	311	325	416
<b>UCC CPO only excld FFB, PK &amp; PKO revenues (IDR mn &amp; USD)</b>							
IDR/ton CPO - net	2.70	2.44	3.08	2.99	2.97	3.06	3.90
USD/ton CPO - net	186	180	230	224	250	293	416
<b>UCC for internal FFB production per Mature Hectare (IDR mn &amp; USD)</b>							
IDR/Mature Ha	13.79	17.44	14.91	19.16	20.14	17.78	21.51
USD/Mature Ha	952	1,310	1,110	1,434	1,696	1,701	2,293
Avg IDR/USD Rate	14,481	13,548	13,436	13,360	11,878	10,451	9,380

# DSN is still competitive against Peers in the region



## Peer CPO Yield by Average Age of Estates in 2018\*

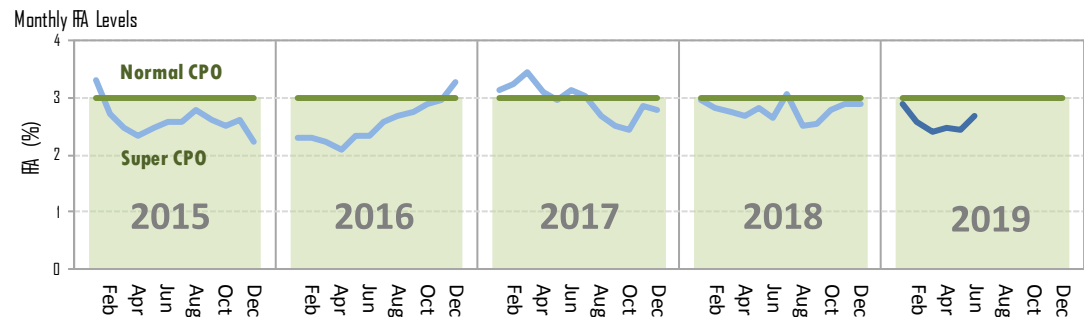


DSNGROUP	2016	2017	2018	2018 Regional Peers*
<b>Ton FFB/ha</b>	17,4	22,8	25,2	19,8
<b>%OER</b>	23,9	23,0	23,6	21,9
<b>Ton CPO/ha</b>	4,3	5,6	6,3	4,4

\*Based on public information  
Source : Company reporting and analyst research

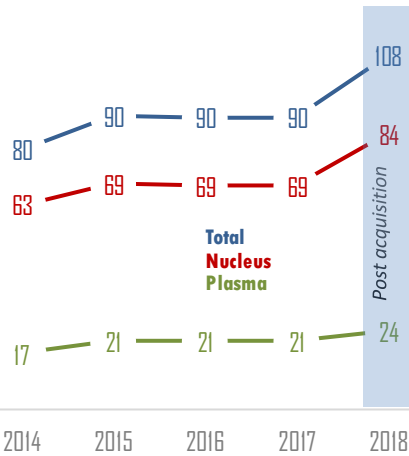
## FFA < 3% = Super CPO

Consistently produced premium quality CPO within the last 5 years.

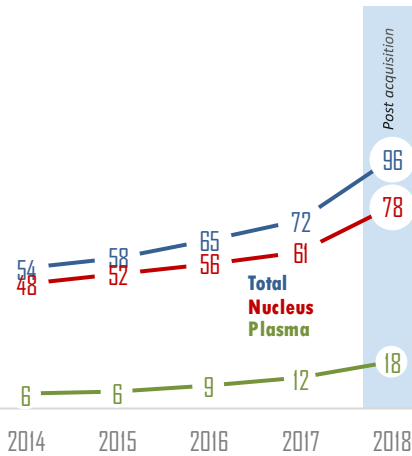


# DSN's key numbers in last 5 years

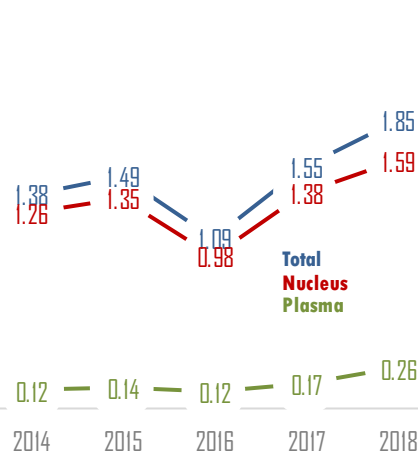
### Planted Area ('000 ha)



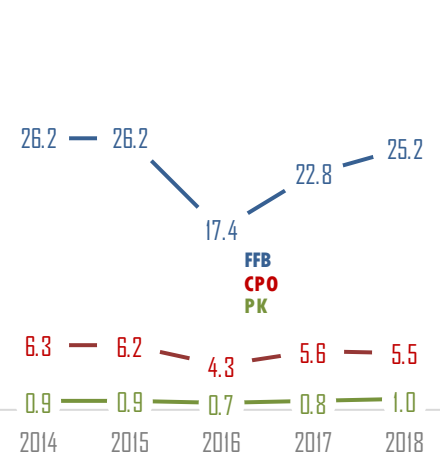
### Mature Area ('000 ha)



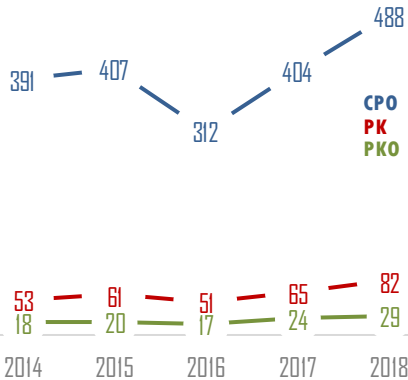
### FFB Harvested (million ton)



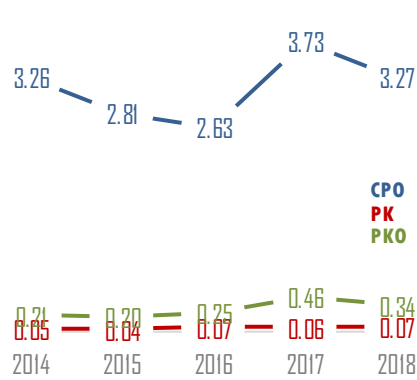
### Yield per Ha Nucleus (ton)



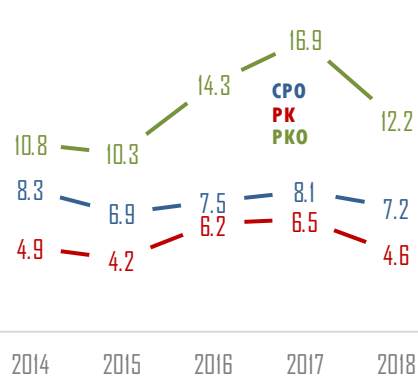
### Mill Production ('000 ton)



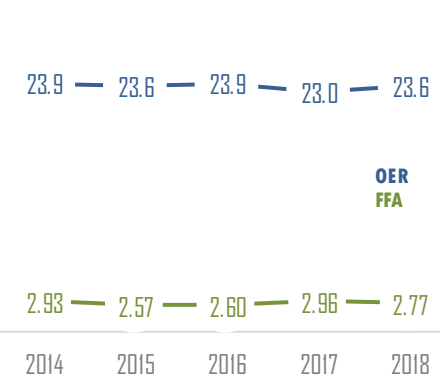
### Revenue (Rp trillions)



### Avg Selling Price (Rp millions)



### Mill Effici. & Effectiveness (%)



# DSN commits to environment and sustainable palm oil industry

## Green Certified

- 4 RSPO certificates
- 8 ISPO certificates



## Bio-Compressed Natural Gas (Bio-CNG) Plant project

DSN initiated a CBG Plant project in Wahau, East Kalimantan with the groundbreaking ceremony held in Dec 2018. This project demonstrated DSN's commitment to green environment to enhance sustainable palm oil practice

## Sustainable Practices for Existing Plantations

- Zero waste policy by recycling the mill's wastes
- Precise dosage in fertilizer application planning to minimize risk of pollution
- Integrated pest management by deploying biological controls to minimize and mitigate the impact of chemical pesticides

## Enhanced Planting Procedures

- No deforestation footprint in our palm oil operations by not developing on :
  - High carbon stock (HCS) forests
  - High conservation value (HCV) forests
  - Peat lands of any depth
- Continuous yield improvement in nucleus and plasma plantations managed by Company
- Zero burning policy in new planting procedures
- Ensure free, prior and informed consent for indigenous and local communities
- Comply with all relevant laws and National Interpretation of RSPO Principles and Criteria

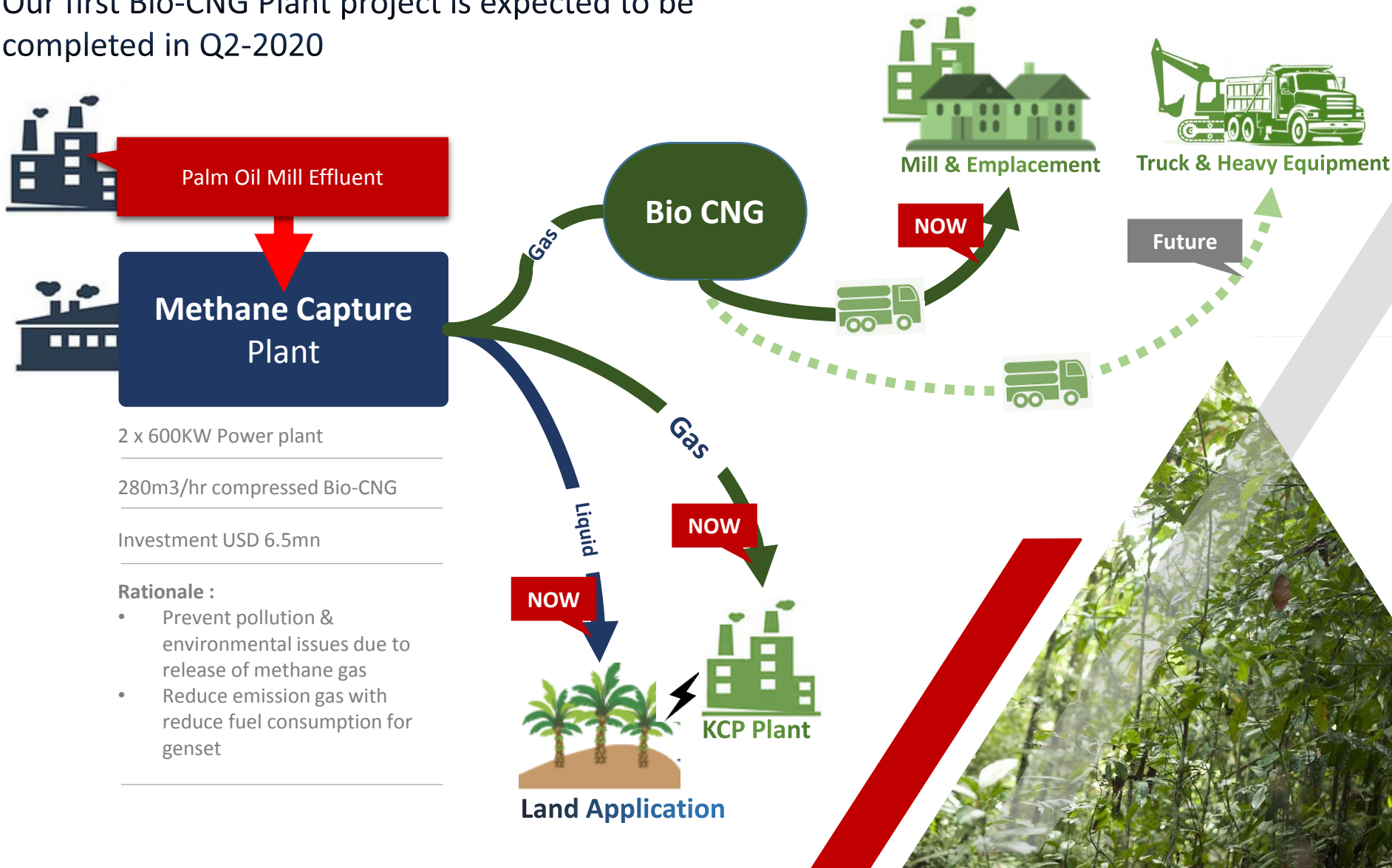
## Mill Profile

Mil	Year	Loc.	Est.	TPH	RSPO	ISPO
Mill 1	2002	E. Kal.	SWA	90	Cert.	Cert.
Mill 2	2010	E. Kal.	DAN	60	Cert.	Cert.
Mill 3	2011	E. Kal.	DIN	60	Cert.	Cert.
Mill 4	2012	E. Kal.	SWA	60	Cert.	Cert.
Mill 5	2012	C. Kal.	PWP	60		Cert.
Mill 6	2015	E. Kal.	DWT	60		Cert.
Mill 7	2017	E. Kal.	KPS	60		
Mill 8*	2011	E. Kal.	BPN	30		Cert.
Mill 9*	2014	E. Kal.	BAS	30		Cert.
				Total Capacity	510	

\*Mill from acquisition in Dec 2018

# Our real commitment to green & sustainability practice

Our first Bio-CNG Plant project is expected to be completed in Q2-2020



2 x 600KW Power plant

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280m3/hr compressed Bio-CNG

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Investment USD 6.5mn

- Rationale :**
- Prevent pollution & environmental issues due to release of methane gas
  - Reduce emission gas with reduce fuel consumption for genset





# DSN respects society, environment and social responsibilities to all stakeholders



**24.000** Ha  
Plasma Plantation

**55** Cooperation  
Partners

**4** Credit Union  
3,162 Total MEMBERS

**13.000** Smallholders  
In empowerment programs  
(transportations, contractors, infrastructurs, etc)

more than **200** Local  
Partners

**Educations**

- 1 Kindergarten
- 1 Elementary school
- 1 Junior high school
- 5 Learning center

**Healty facilities**

- 1 Main clinic with 16 Supporting Clinic



## Social Empowerment

# DSN also produces panel, engineered floors for export markets around the world

## JV with Daiken

We continue to shift our product mix into higher margin engineered flooring and doors through our JV with Daiken Corporation and the growth of our Teka portfolio

## Comply with International Environmental Standards

We comply with numerous international environmental standards, and seek to ensure that all logs and sawn timber purchased for our operations are sourced from sustainable forest resources



## Operation Summary

	H1-19	H1-18	YoY Δ%	Q2-19	Q1-19	oQ Δ%	2018	2017	'oY Δ%
<b>Sales Volume (k)</b>									
Panel (m3)	44.9	39.3	14.4	22.5	22.4	0.9	83.8	71.0	18.0
Engineered doors (pcs)								65.9	n.a.
Engineered floors (m2)	431.7	524.0	(17.6)	200.7	231.0	(13.1)	1,093.8	1,249.7	(12.5)
<b>ASP (IDR mn)</b>									
Panel (m3)	6.1	5.8	5.3	6.1	6.1	0.4	6.1	5.2	15.4
Engineered doors (pcs)								1.0	n.a.
Engineered floors (m2)	0.4	0.4	(3.7)	0.4	0.4	1.0	0.4	0.4	7.2

## Financial Summary (IDR bn)

	H1-19	H1-18 <sup>1</sup>	YoY Δ%	Q2-19	Q1-19	oQ Δ%	2018	2017	YoY Δ%
Revenue	474	452	5.0	232	242	(3.9)	990	869	13.8
Gross Profit	90	90	0.3	39	51	(24.6)	207	103	101.8
<i>% margin</i>	19.0	19.9		16.7	21.2		20.9	11.8	
Operating Profit	38	43	(13.1)	11	27	(60.4)	100	28	263.4
<i>% margin</i>	8.0	9.6		4.6	11.2		10.1	3.2	
EBITDA	56	60	(7.0)	20	36	(44.6)	134	68	97.0
<i>% margin</i>	11.8	13.3		8.6	14.9		13.5	7.8	
Profit Before Tax	31	26	20.3	9	22	(59.2)	49	(75)	165.8
<i>% margin</i>	6.6	5.8		3.9	9.2		5.0	(8.6)	

<sup>1</sup>Restated

# 1H 2019 Financial Summary



## Consolidated Financial Summary (Rp bn)

Consolidated	H1-19	H1-18 <sup>1</sup>	YoY Δ%	Q2-19	Q1-19	QoQ Δ%	2018	2017	QoQ Δ%
Revenue	2,583	2,123	21.7	1,211	1,372	(11.7)	4,762	5,160	(7.7)
Gross Profit	656	570	15.1	295	360	(18.0)	1,543	1,724	(10.5)
% margin	25.4	26.9		24.4	26.3		32.4	33.4	
Operat. Profit	330	342	(3.6)	124	206	(40.1)	932	1,179	(20.9)
% margin	12.8	16.1		10.2	15.0		19.6	22.8	
EBITDA	576	511	12.7	258	318	(19.0)	1,334	1,541	(13.5)
% margin	22.3	24.1		21.3	23.2		28.0	29.9	
Net Profit	68	113	(39.8)	2	66	(96.6)	427	578	(26.1)
% margin	2.6	5.3		0.2	4.8		9.0	11.2	
FX gain(loss) from financing	18	(46)		9	10		(47)	5	
Exceptional item <sup>2</sup>	25	11		1	24		(32)	(100)	
Adj. Profit <sup>3</sup>	36	140	(74.3)	(5)	41	(11.7)	494	675	(26.8)
% margin	1.4	6.6		(0.4)	3.0		10.4	13.1	
Cash from operation	247	39	539.7	247	265	(6.8)	298	1,095	(72.8)
Cash from Investing	(317)	(318)	(0.2)	(317)	(170)	(86.3)	(1,385)	(709)	(95.4)
Cash from Financing	(246)	275	(189.2)	(246)	(231)	(6.1)	1,261	(261)	582.9
<b>Financial Position</b>	<b>H1-19</b>	<b>H1-18<sup>1</sup></b>	<b>YoY Δ%</b>	<b>Q2-19</b>	<b>Q1-19</b>	<b>YoY Δ%</b>	<b>2018</b>	<b>2017</b>	<b>YoY Δ%</b>
Total debt <sup>4</sup>	6,305	4,462	41.3	6,305	6,217	1.4	6,444	4,038	59.6
Net debt	6,076	4,087	48.7	6,076	5,816	4.5	5,920	3,657	61.9
Total Asset	11,296	9,030	25.1	11,296	11,485	(1.6)	11,739	8,452	38.9
Total Equity	3,623	3,478	4.2	3,623	3,725	(2.7)	3,659	3,314	10.4
Debt/equity	1.7x	1.3x		1.7x	1.7x		1.8x	1.2x	
Net debt/equity	1.7x	1.2x		1.7x	1.6x		1.6x	1.1x	
Net debt/EBITDA	4.3x	3.0x		4.3x	4.1x		4.4x	2.4x	

## Palm Oil Financial Summary (Rp bn)

Palm Oil	H1-19	H1-18 <sup>1</sup>	YoY Δ%	Q2-19	Q1-19	YoY Δ%	2018	2017	YoY Δ%
Revenue	2,109	1,671	26.2	979	1,130	(13.3)	3,772	4,290	(12.1)
Gross Profit	566	480	17.8	257	309	(16.9)	1,336	1,621	(17.6)
% margin	26.8	28.7		26.2	27.4		35.4	37.8	
Operating Profit	333	342	(2.7)	135	198	(31.8)	943	1,241	(24.0)
% margin	15.8	20.5		13.8	17.5		25.0	28.9	
EBITDA	561	495	13.4	260	301	(13.7)	1,310	1,563	(16.2)
% margin	26.6	29.6		26.5	26.6		34.7	36.4	
Profit Before Tax	103	195	(47.1)	16	87	(81.2)	666	1,017	(34.5)
% margin	4.9	11.7		1.7	7.7		17.7	23.7	

## Wood Financial Summary (Rp bn)

Wood	H1-19	H1-18 <sup>1</sup>	YoY Δ%	Q2-19	Q1-19	YoY Δ%	2018	2017	YoY Δ%
Revenue	474	452	5.0	232	242	(3.9)	990	869	13.8
Gross Profit	90	90	0.3	39	51	(24.6)	207	103	101.8
% margin	19.0	19.9		16.7	21.2		20.9	11.8	
Operating Profit	38	43	(13.1)	11	27	(60.4)	100	28	263.4
% margin	8.0	9.6		4.6	11.2		10.1	3.2	
EBITDA	56	60	(7.0)	20	36	(44.6)	134	68	97.0
% margin	11.8	13.3		8.6	14.9		13.5	7.8	
Profit Before Tax	31	26	20.3	9	22	(59.2)	49	(75)	165.8
% margin	6.6	5.8		3.9	9.2		5.0	(8.6)	

<sup>1</sup>Restated

<sup>2</sup>Exceptional item include discontinued operation profit/loss from Door business, one time gain/loss & unrealized forex gain/loss

<sup>3</sup>Adjusted profit reflects profit from continuing operation adjusted for exceptional items

<sup>4</sup>Total debt excludes debt backed by restricted cash

Annual financial statements are audited by Siddharta & Widjaja, Registered Public Accountants— a Member Firm of KPMG International

# 1H 2019 Operations Summary

## Palm Oil Operation Summary



	H1-19	H1-18	YoY Δ%	Q2-19	Q1-19	QoQ Δ%	2018	2017	YoY Δ%
<b>Palm Estates</b>									
<b>Mature Land (k ha)</b>	101.8	79.1	28.7	101.8	96.1	5.9	96.1	72.3	32.9
Nucleus	81.4	63.9	27.4	81.4	77.9	4.5	77.9	60.5	28.8
Plasma	20.4	15.2	34.3	20.4	18.2	12.0	18.2	11.8	54.4
<b>Planted Land (k ha)</b>	108.4	90.3	20.1	108.4	108.4	(0.0)	108.4	90.3	20.1
Nucleus	84.4	69.4	21.6	84.4	84.4	(0.0)	84.4	69.4	21.6
Plasma	24.0	20.9	14.9	24.0	24.0	0.0	24.0	20.9	14.9
<b>FFB Production (k t)</b>	1,025.1	696.7	47.1	512.8	512.4	0.1	1,849.5	1,547.7	19.5
Nucleus	872.1	600.5	45.2	433.9	438.2	(1.0)	1,587.7	1,381.8	14.9
Plasma	153.1	96.2	59.1	78.9	74.2	6.4	261.9	165.9	57.9
<b>FFB Yield (t/ha)</b>									
Nucleus	10.7	9.4	14.0	10.7	5.6	91.3	25.2	22.8	10.4
Plasma	7.5	6.3	19.1	7.5	4.1	83.0	16.3	14.0	16.7
<b>Mills</b>									
<b>Production (k t)</b>									
FFB Processed	1,139.9	786.8	44.9	580.0	559.9	3.6	2,070.6	1,754.0	18.1
Crude Palm Oil (CPO)	262.0	186.5	40.5	133.1	129.0	3.2	488.4	403.6	21.0
Palm Kernel (PK)	42.8	31.5	35.7	22.5	20.3	10.9	82.1	65.1	26.1
Palm Kernel Oil (PKO)	14.1	12.4	13.5	7.4	6.7	11.6	29.4	24.3	20.9
<b>Yields (%)</b>									
Palm Oil (OER)	23.0	23.7	(3.0)	22.9	23.0	(0.4)	23.6	23.0	2.5
Palm Kernel (KER)	3.8	4.0	(6.3)	3.9	3.6	7.0	4.0	3.7	6.8
Free Fatty Acid (FFA)	2.58	2.77	(6.8)	2.53	2.63	(3.9)	2.77	2.96	(6.2)
<b>Sales</b>									
<b>Volume (k t)</b>									
Crude Palm Oil (CPO)	301.2	187.2	60.9	135.3	165.9	(18.5)	454.9	458.0	(0.7)
Palm Kernel (PK)	11.6	5.1	125.3	5.8	5.8	(0.6)	16.4	10.1	62.6
Palm Kernel Oil (PKO)	12.0	10.0	20.0	5.0	7.0	(28.5)	28.0	27.0	3.7
<b>ASP (IDR mn/ton)</b>									
Crude Palm Oil (CPO)	6.37	7.79	(18.3)	6.65	6.14	8.3	7.18	8.14	(11.8)
Palm Kernel (PK)	3.07	5.81	(47.3)	2.89	3.24	(10.6)	4.55	6.45	(29.4)
Palm Kernel Oil (PKO)	9.20	14.40	(36.1)	8.36	9.80	(14.7)	12.20	16.86	(27.6)

## Wood Operation Summary



	H1-19	H1-18	YoY Δ%	Q2-19	Q1-19	QoQ Δ%	2018	2017	YoY Δ%
<b>Sales Volume (k)</b>									
Panel (m3)	44.9	39.3	14.4	22.5	22.4	0.9	83.8	71.0	18.0
Engineered doors (pcs)			n.a.			n.a.		65.9	n.a.
Engineered floors (m2)	431.7	524.0	(17.6)	200.7	231.0	(13.1)	1,093.8	1,249.7	(12.5)
<b>ASP (IDR mn)</b>									
Panel (m3)	6.1	5.8	5.3	6.1	6.1	0.4	6.1	5.2	15.4
Engineered doors (pcs)			n.a.			n.a.		1.0	n.a.
Engineered floors (m2)	0.4	0.4	(3.7)	0.4	0.4	1.0	0.4	0.4	7.2





## **DSNG Shareholders** (%)

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Oetomo family	28.9
Rachmat family	31.0
Salim Lim family	6.3
Subianto family	8.4
Commissioners & directors	4.5
Treasury shares	1.3
Public	19.6

as of 31 December 2018

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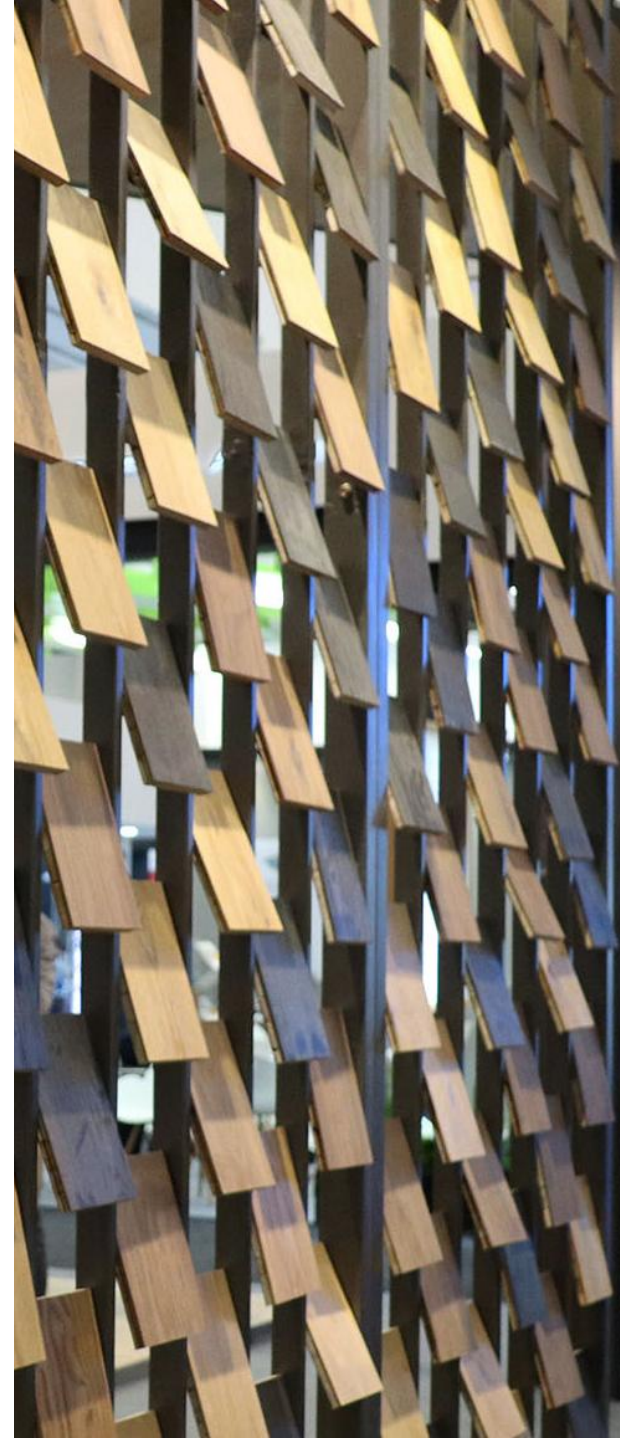


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