

# PT Dharma Satya Nusantara, Tbk



Results  
Update

Q1 2020

[www.dsn.co.id](http://www.dsn.co.id)



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



# 2020

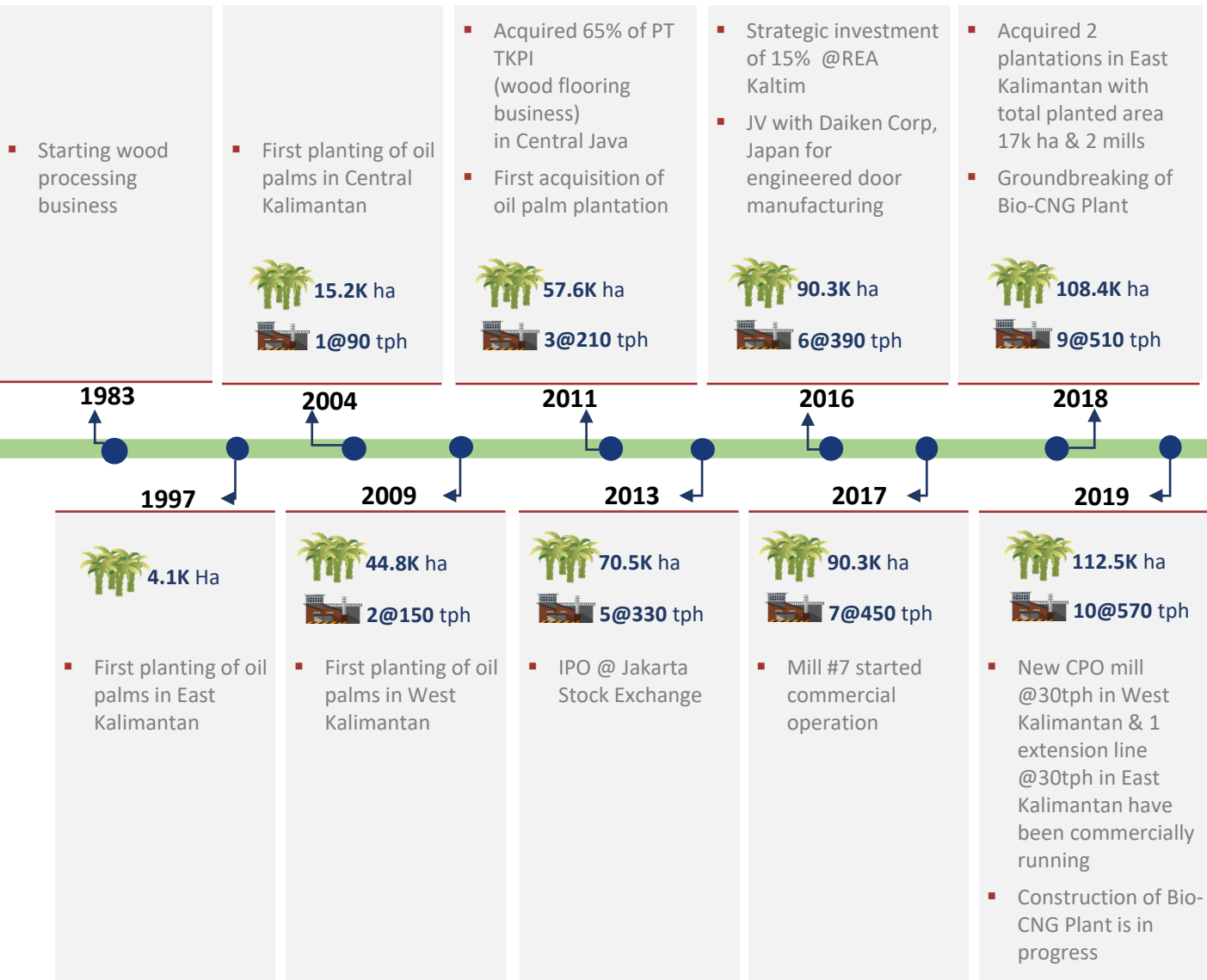


**112.5K ha**



**10@570 tph**

In April 2020, DSN has signed a USD 30.0 million 10-year loan facility from Stichting andgreen.fund (“&Green”), a globally-focused impact investment fund financing sustainable commodity production to protect tropical forests



Total planted



Mill capacity

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

**112,450** Ha  
PLANTED

**15** ESTATES  
Oil Palm

**570** Tons/hr  
FFB

**10** CPO  
Mills

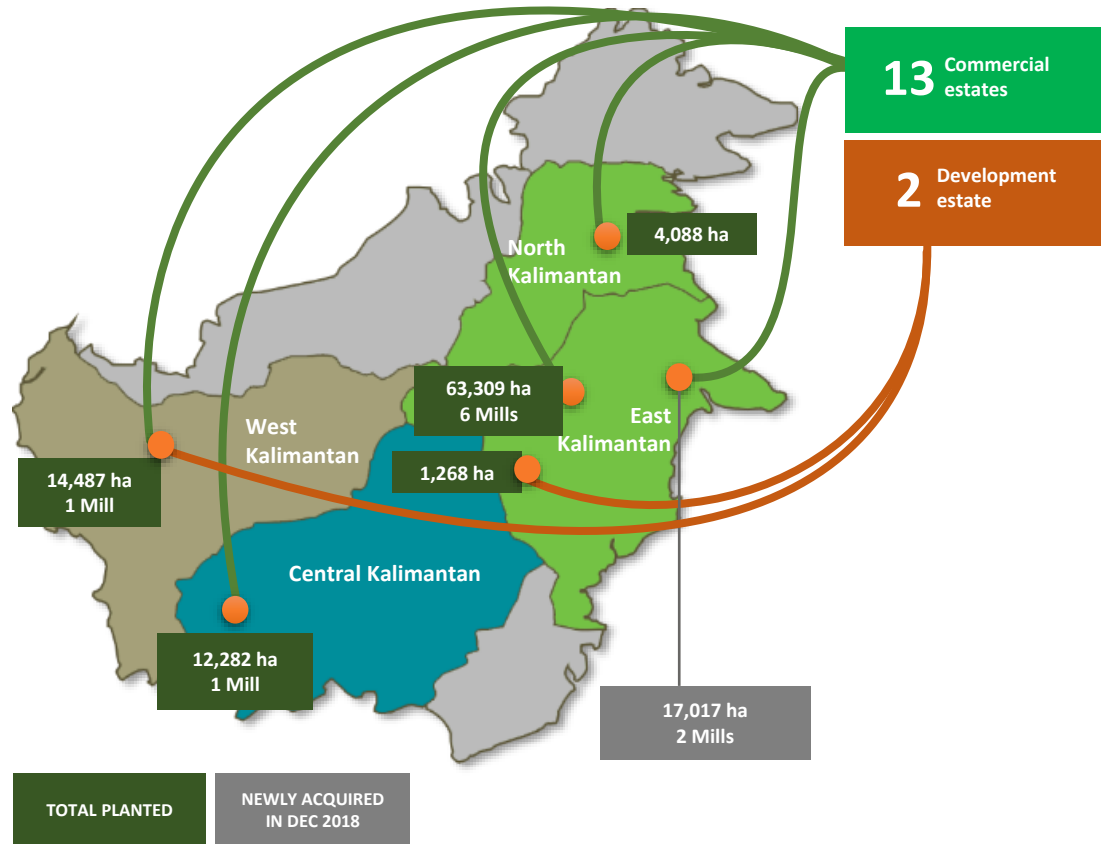
**300** Tons/Day  
PK

**1** MILL  
Kernel Crushing Plant

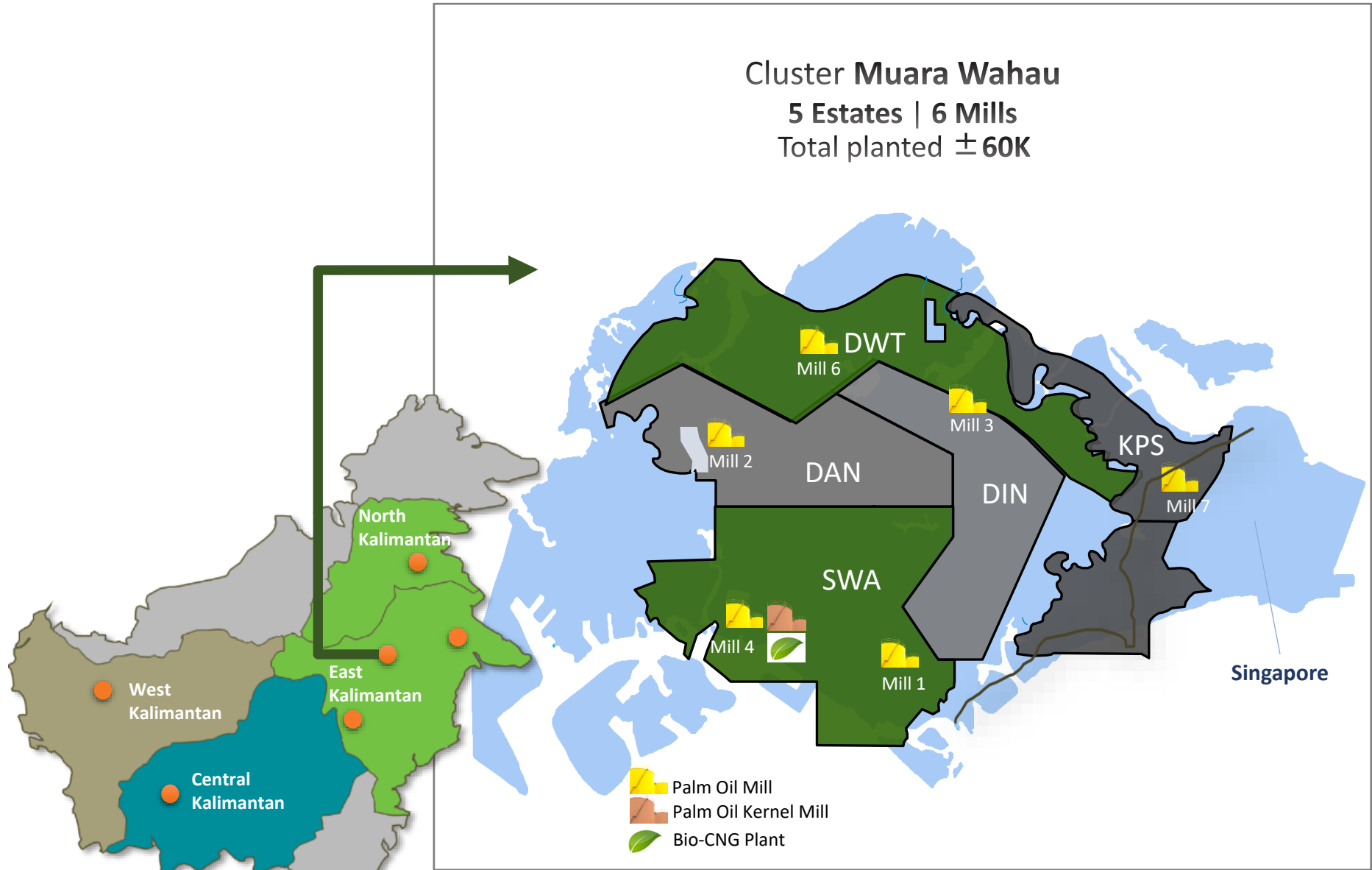
**90,000** Ton  
CAPACITY

**45** Storage Tanks    **3** Bulking Location

Planted area ('000 ha)	Nucleus	Plasma	Total
<b>Total Planted</b>	84.6	27.9	112.5
<b>Total Immature</b>	5.7	5.0	10.7

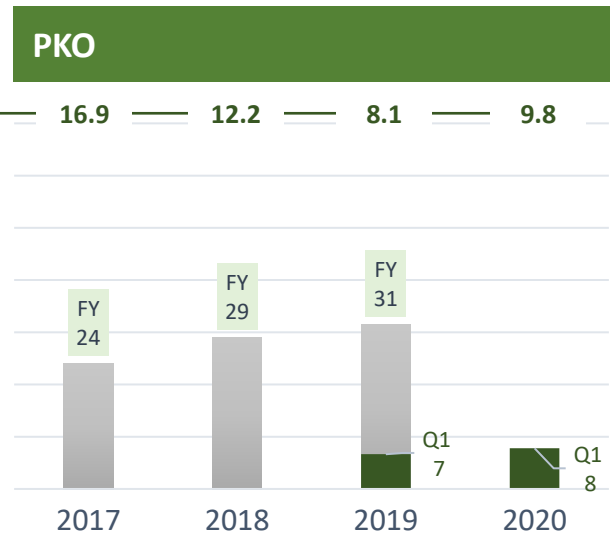
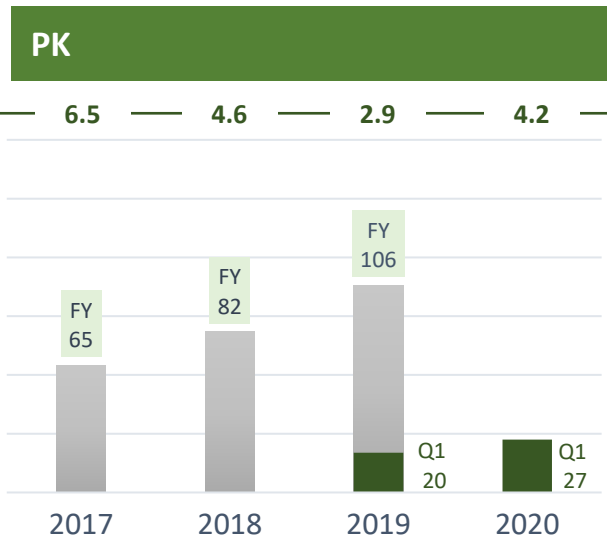
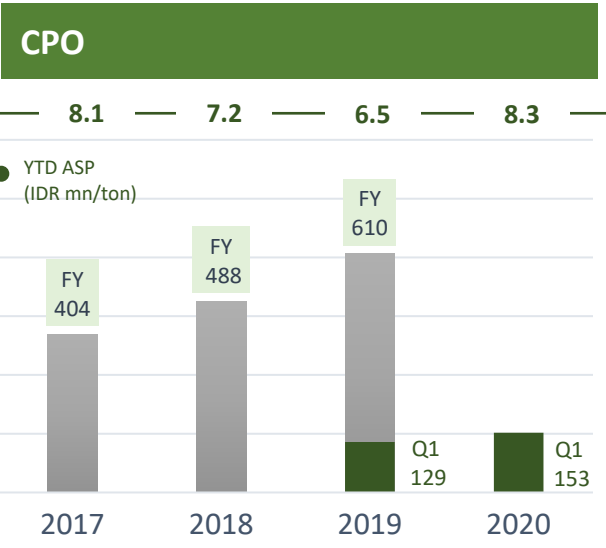
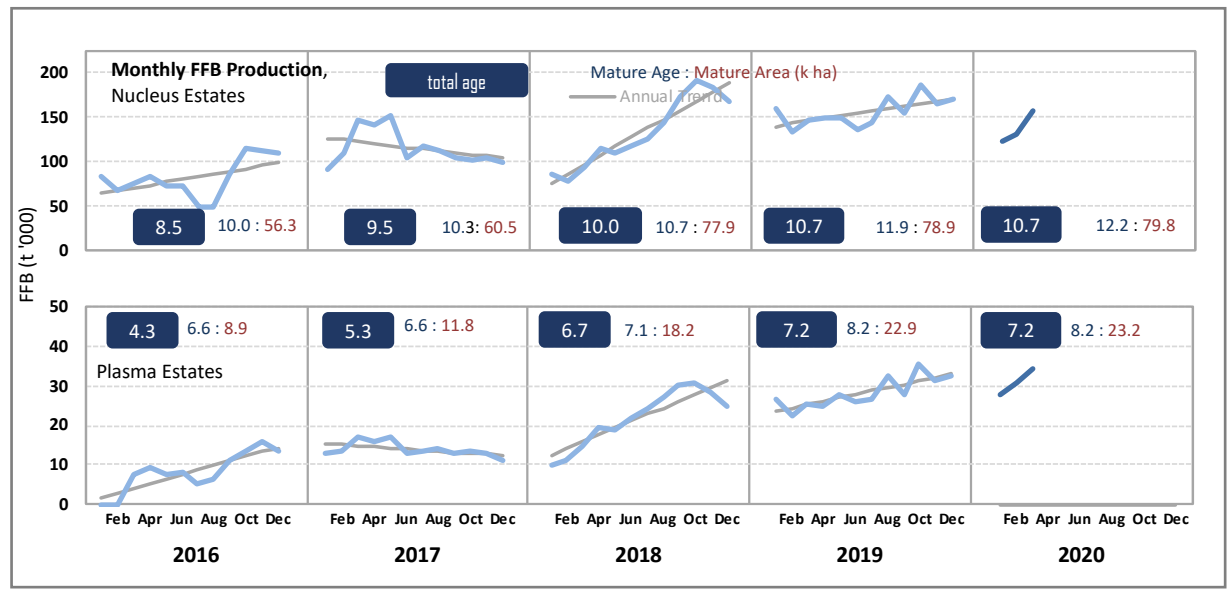
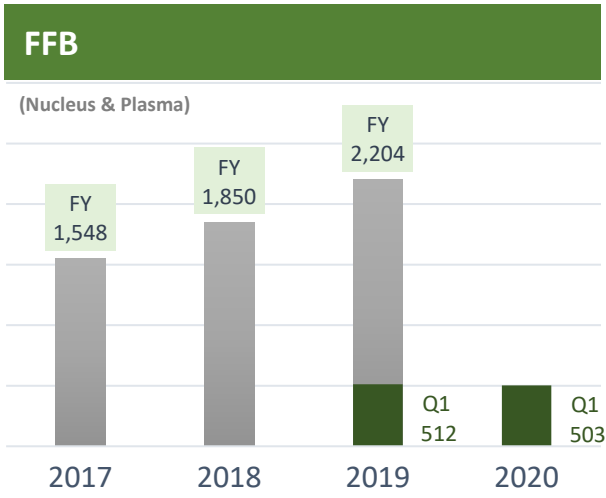


# Our most developed cluster in East Kalimantan is nearly the size of Singapore



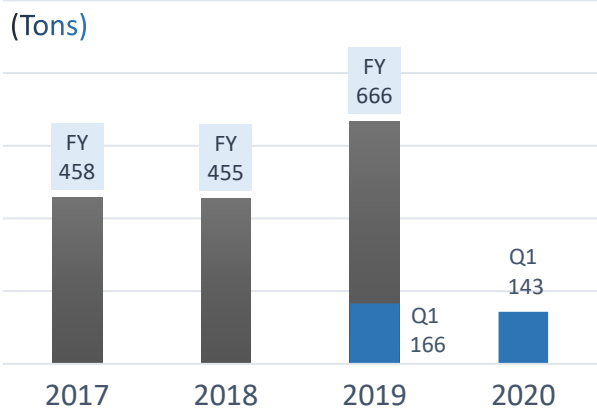
Our CPO production rose by 18% to 153 thousand tons following higher OER of 24.20% against 23.03% last year

# Production ('000 Tons)

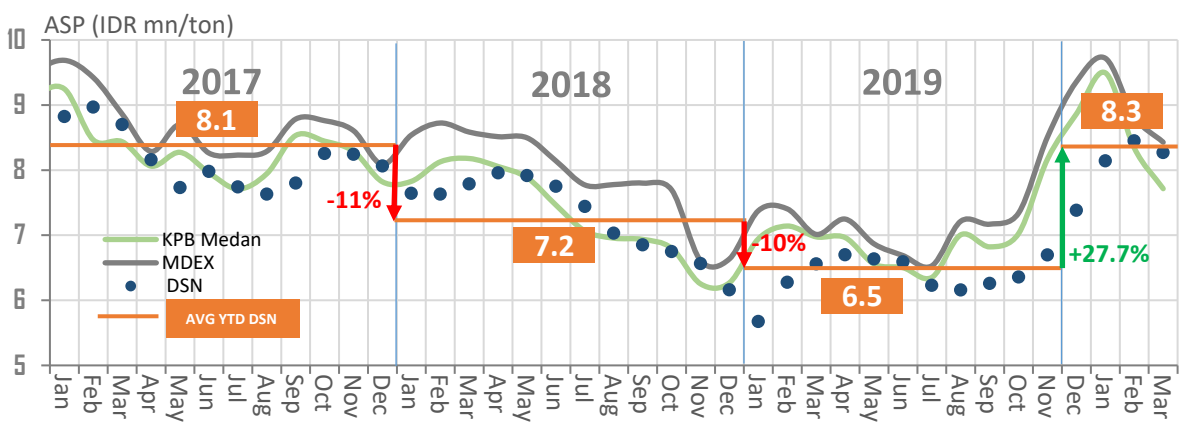


# Significantly higher CPO ASP in Q1-2020 has been contributing to a better performance against last year

## CPO Sales volume



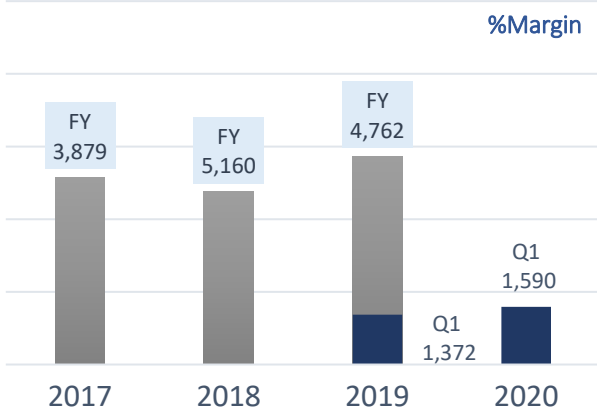
## CPO price from 2017



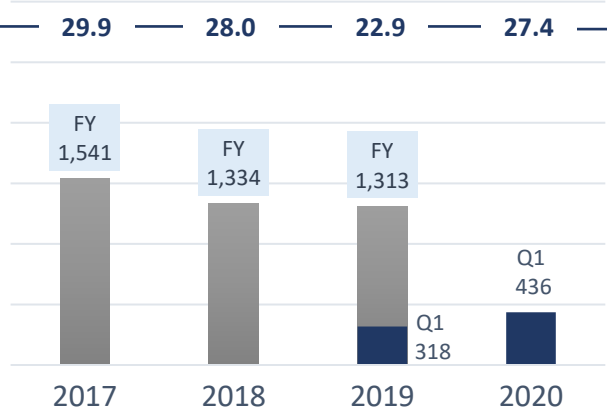
## Financial Performance

(IDR bn)

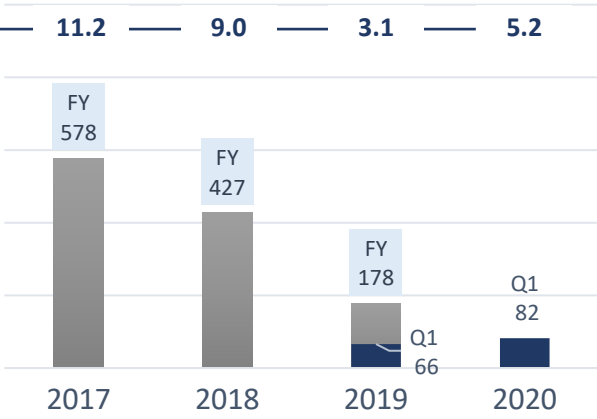
### Revenue



### EBITDA

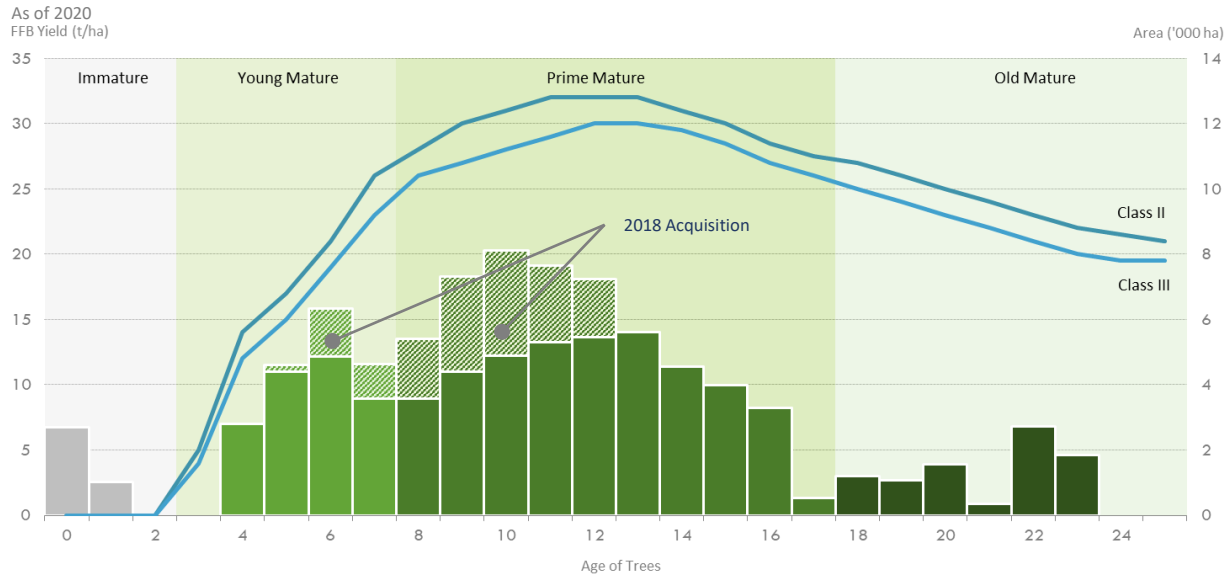


### Net Profit



%Margin ● 29.9 — 28.0 — 22.9 — 27.4 — 11.2 — 9.0 — 3.1 — 5.2

# Our plantation whose profile are largely young and prime mature suggested a continuing yield growth potential

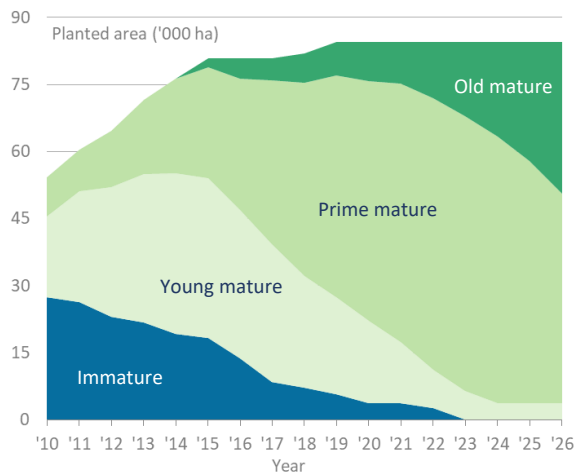


## Yield Trend throughout Age Profile

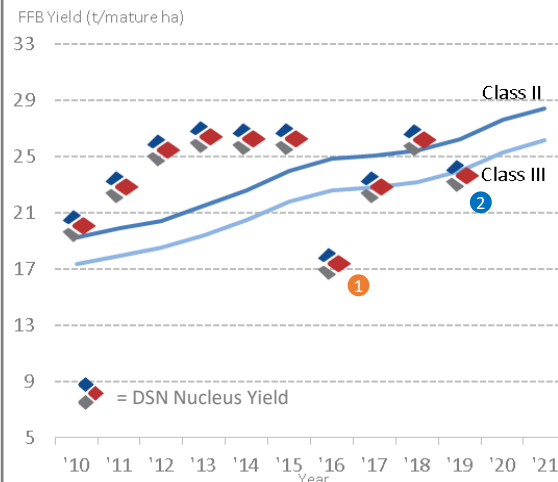
### Historical FFB Yield/Mature Ha

Yr	Planted '000 ha	Mature Area		Actual FFB Yield	FFB Yield by Soil Type		
		'000 ha	% Δ		Class II	Class III	% Δ
'10	47.0	26.7	7.5	20.0	19.2	17.3	
'11	50.1	32.3	21%	22.8	19.9	17.9	3%
'12	53.4	38.4	19%	25.5	20.4	18.5	3%
'13	57.9	43.7	14%	26.4	21.5	19.4	5%
'14	62.8	48.0	10%	26.2	22.6	20.5	5%
'15	69.3	51.8	8%	26.2	24.0	21.8	6%
'16	69.4	56.3	9%	17.4 <sup>1</sup>	24.9	22.6	5%
'17	69.4	60.6	8%	22.8	25.0	22.8	1%
'18	84.4	77.9	29%	26.2	25.4	23.2	2%
'19	84.6	78.9	1%	23.6 <sup>2</sup>	26.3	24.0	3%

## Plantation Age Profile through 2026



## DSN's yield against standard throughout the years



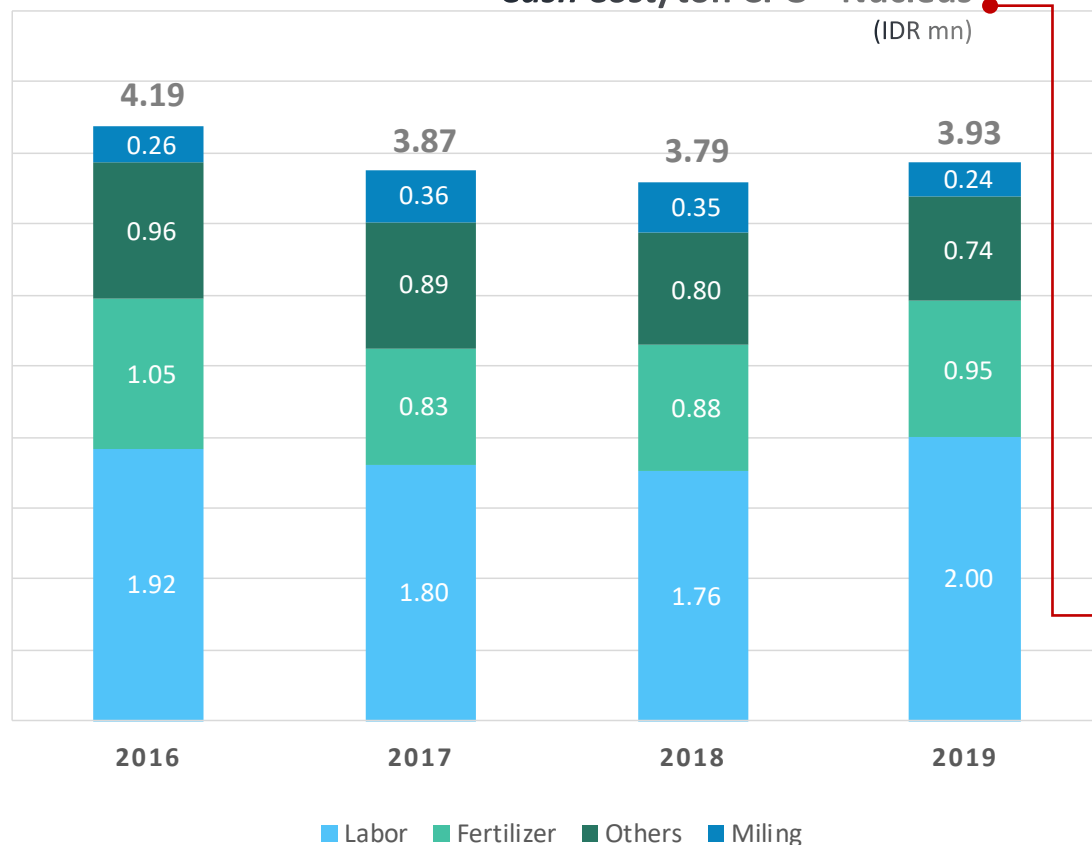
### Projected FFB Yield for 2020-21 (Standard)

Yr	Planted '000 ha	Mature Area		Class II	Class III	% Δ
		'000 ha	% Δ			
'20	84.4	83.4	6%	27.6	25.3	5%
'21	84.4	83.4	0%	28.4	26.2	3%

- <sup>1</sup> In2H-15, we experienced extreme & long drought (El Nino) resulting below standard yield in 2016
- <sup>2</sup> Low performance from 2 estates ex 2018 acquisition has temporarily dragged down the group existing average yield from 25.3 (exclude acquisition) to 23.6 tons/ha.

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

**Cash Cost/ton CPO - Nucleus**  
(IDR mn)



Cost of Sales (IDR bn)	2016	2017	2018	2019
Fertilizer	246.4	265.8	304.6	445.6
Labor	450.5	580.3	605.8	939.2
Others	225.7	285.9	275.1	345.2
FFB Purchased	515.8	714.1	654.6	1,045.6
CPO Purchased	257.2	378.5	112.7	23.9
Milling	81.2	145.8	155.2	159.6
<b>Total cash cost</b>	<b>1,776.9</b>	<b>2,370.4</b>	<b>2,108.0</b>	<b>2,959.2</b>

Cost as a % of total	2016	2017	2018	2019
Fertilizer	13.9%	11.2%	14.4%	15.1%
Labor	25.4%	24.5%	28.7%	31.7%
Others	12.7%	12.1%	13.1%	11.7%
FFB Purchased	29.0%	30.1%	31.1%	35.3%
CPO Purchased	14.5%	16.0%	5.3%	0.8%
Milling	4.6%	6.2%	7.4%	5.4%

**Unit Cash Costs (UCC) (IDR mn & USD)**

	2016	2017	2018	2019
IDR/ton CPO - Total	5.10	5.18	4.63	4.44
USD/ton CPO - Total	380	382	320	320

**UCC excld CPO Trading (IDR mn & USD)**

	2016	2017	2018	2019
IDR/ton CPO	4.83	4.87	4.52	4.43
USD/ton CPO	360	360	312	318

**UCC excld CPO Trading & 3rd Party FFB (IDR mn & USD)**

	2016	2017	2018	2019
IDR/ton CPO	4.19	3.87	3.79	3.93
USD/ton CPO	312	286	262	283

**UCC CPO only excld FFB, PK & PKO revenues (IDR mn & USD)**

	2016	2017	2018	2019
IDR/ton CPO - net	3.08	2.44	2.70	3.12
USD/ton CPO - net	230	180	186	225

**UCC for internal FFB production per Mature Hectare (IDR mn & USD)**

	2016	2017	2018	2019
IDR/Mature Ha	14.91	17.44	13.79	20.70
USD/Mature Ha	1,110	1,287	952	1,489

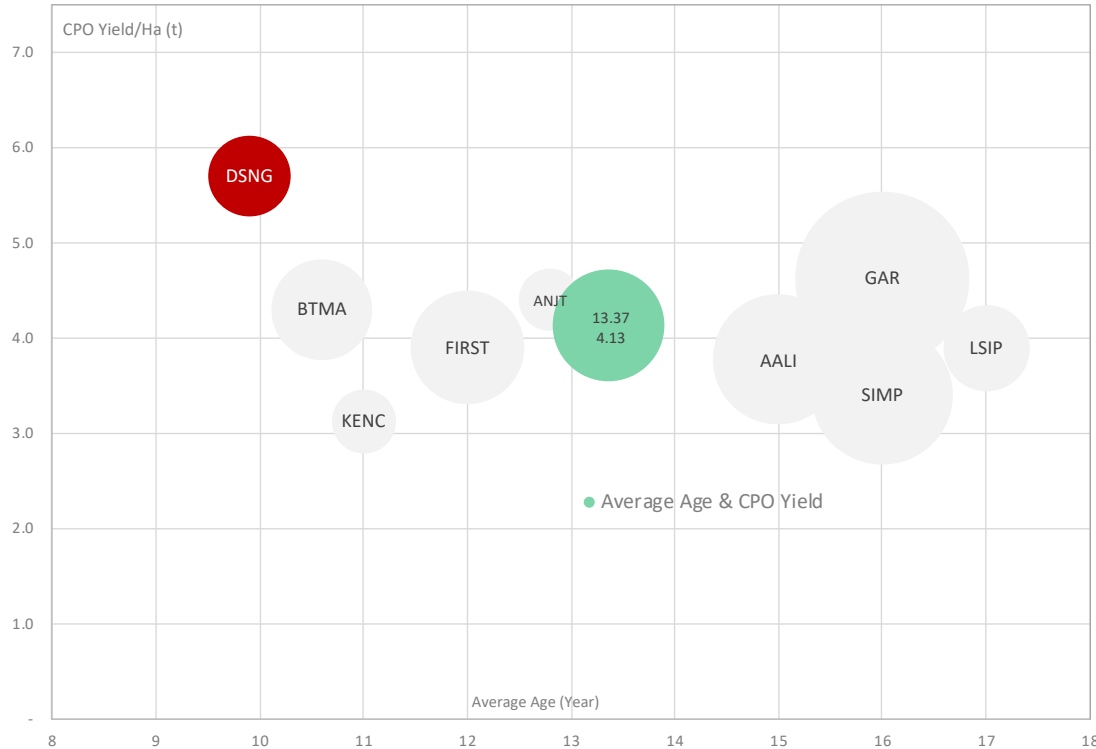
Avg IDR/USD Rate	2016	2017	2018	2019
	13,436	13,548	14,481	13,901



# DSN is still ahead against Peers in the region



Peer CPO Yield by Average Age of Plantations in 2019\*

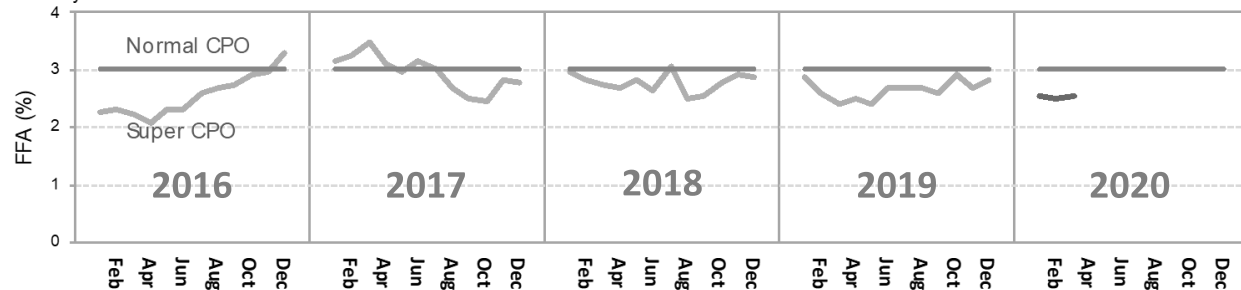


	2016 DSNG	2017 DSNG	2018 DSNG	2019 DSNG	2019 Regional Peers*
Tons FFB/ha	17.4	22.8	25.2	23.6	19.0
%OER	23.9	23.0	23.6	23.5	22.0
Tons CPO/ha	4.3	5.6	6.3	5.5	4.1

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

**FFA < 3% = Super CPO**  
Consistently produced premium quality CPO within the last 5 years.

Monthly FFA Levels



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



## Social Empowerment



**27,000** Ha Plasma Plantation

**55** Cooperation Partners

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

**13,000** Smallholders  
Involved in empowerment programs (transportations, contractors, infrastructure, etc)

more than **200** Local Partners

**Education**

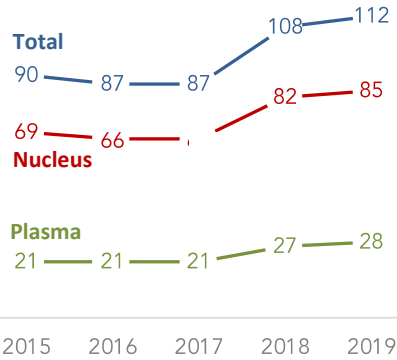
- 1 Kindergarten
- 1 Elementary school
- 1 Junior high school
- 5 Learning center

**Health facilities**

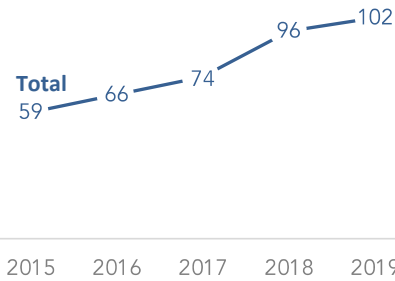
- 1 Main clinic with 16 Supporting Clinics

# DSN's key numbers in last 5 years

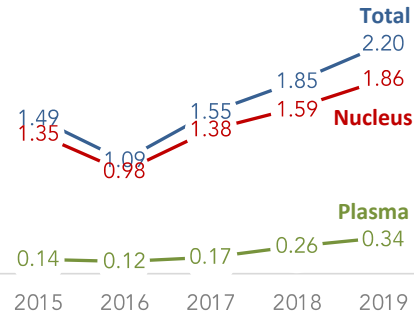
### Planted Area ('000 ha)



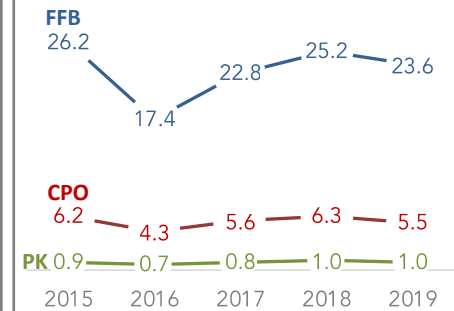
### Mature Area ('000 ha)



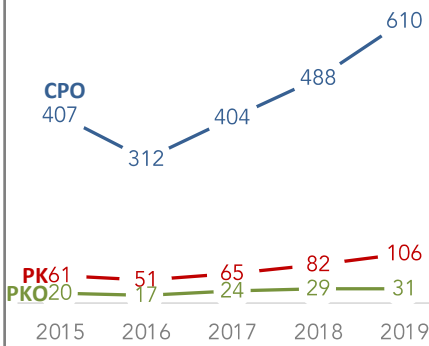
### FFB Harvested (million tons)



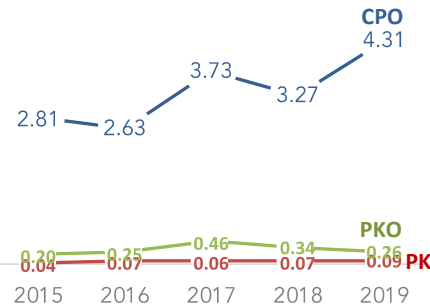
### Yield per Ha Nucleus (tons)



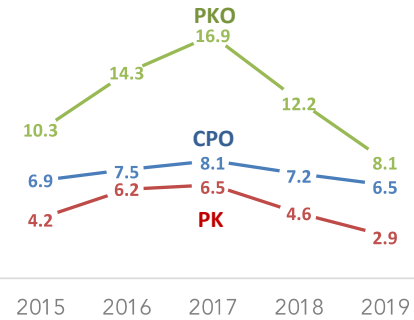
### Mill Production ('000 tons)



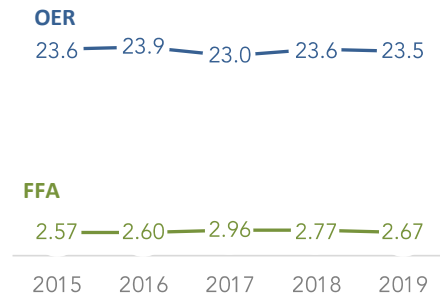
### Revenue (IDR bn)



### Avg Selling Price (IDR mn)



### Mill Effici. & Effectiveness (%)



# DSN commits to environmentally friendly and sustainable palm oil practices



## 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 and expected to be completed in 2<sup>nd</sup> semester 2020. This project demonstrated DSN's commitment to a 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 oil palm 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

## Green Loan



Following the signing of the green loan facility with &Green in April 2020, DSN affirms its commitment to transparency and accountability via the strict loan conditions agreed with &Green, such as:

- Landscape Protection Plan to define DSN's various concessions;
- Environmental and Social Action Plan to manage the concessions sustainably within dynamic social and economic settings
- Full implementation of the NDPE throughout the group and its supply chains, including smallholder farmers, by 2025

## Sustainability Certification

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.	Cert.
Mill 7	2017	E. Kal.	KPS	60		
Mill 8 <sup>1</sup>	2019	W. Kal.	AAN	30		
Mill 9 <sup>2,3</sup>	2011	E. Kal.	BPN	60		Cert.
Mill 10 <sup>3</sup>	2014	E. Kal.	BAS	30		Cert.
				<b>Total Capacity</b>	<b>570</b>	

- ✓ 5 RSPO certificates
- ✓ 8 ISPO certificates
- ✓ 2 ISCC certificates



<sup>1</sup> New mill @30tph has been commercially running in Q3

<sup>2</sup> Extension line @30tph has been commercially running in Q3

<sup>3</sup> Mills from acquisition in Dec 2018

A man in a white shirt and light-colored trousers is measuring a large stack of logs with a yellow tape measure. The logs are stacked in a dense, organized manner, and many of them have handwritten numbers or markings on their ends. The scene is set outdoors, and the lighting is bright, highlighting the natural texture and color of the wood.

# WOOD PRODUCTS: RENEWABLE RESOURCES

# DSN also produces panel and engineered floor products 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

## Wood Products Operating Summary

	Q1-20	Q1-19	YoY Δ%	Q4-20	QoQ Δ%	2019	2018	2017
Sales Volume ('000)								
Panel (m3)	25.9	22.4	15.7	25.8	0.2	96.6	83.8	71.0
Engineered floors (m2)	239.0	231.0	3.5	258.3	(7.5)	931.7	1,093.8	1,249.7
ASP (IDR mn)								
Panel (m3)	5.7	6.1	(5.9)	5.7	0.0	5.9	6.1	5.2
Engineered floors (m2)	0.4	0.4	(2.5)	0.4	0.7	0.4	0.4	0.4

## Wood Products Financial Summary (IDR bn)

	Q1-20	Q1-19	YoY Δ%	Q4-20	QoQ Δ%	2019	2018	2017
Revenue	272	242	12.4	268	1.5	1,001	990	869
Gross Profit	51	51	(0.6)	44	16.0	173	207	103
% margin	18.8	21.3		16.4		17.3	20.9	11.8
Operating Profit	42	27	55.6	10	323.6	64	100	28
% margin	15.5	11.2		3.7		6.4	10.1	3.2
EBITDA	61	36	68.6	26	136.1	107	134	68
% margin	22.3	14.9		9.6		10.7	13.5	7.8
Profit Before Tax	(24)	22	(208.4)	(13)	87.3	52	49	(75)
% margin	(8.9)	9.2		(4.8)		5.2	5.0	(8.6)



# Q1-2020 Financial Results

## Consolidated Financial Summary (IDR bn)

	Q1-20	Q1-19	YoY Δ%	Q4-19	QoQ Δ%	2019	2018	2017
<b>Profit &amp; Loss</b>								
Revenue	1,590	1,372	15.9	1,769	(10.1)	5,737	4,762	5,160
Gross Profit	412	360	14.3	494	(16.7)	1,461	1,543	1,724
% margin	25.9	26.3		27.9		25.5	32.4	33.4
Operat. Profit	295	206	43.0	297	(0.8)	757	932	1,179
% margin	18.5	15.0		16.8		13.2	19.6	22.8
EBITDA	436	318	37.0	468	(6.9)	1,313	1,334	1,541
% margin	27.4	23.2		26.5		22.9	28.0	29.9
Net Profit	82	66	24.7	116	(29.3)	178	427	578
% margin	5.2	4.8		6.6		3.1	9.0	11.2

## Cashflow Statement

Cash from operation	269	265	1.5	587	(54.2)	587	298	1,095
Cash from Investing	(217)	(170)	(27.4)	(740)	(70.7)	(740)	(1,385)	(709)
Cash from Financing	147	(231)	(163.6)	(201)	(173.3)	(201)	1,261	(261)

## Financial Position

Total debt <sup>4</sup>	6,550	6,217	5.4	6,415	2.3	6,415	6,444	4,038
Net debt	6,184	5,816	6.3	6,144	2.0	6,144	5,920	3,657
Total Asset	12,007	11,485	4.5	11,621	2.7	11,621	11,739	8,452
Total Equity	3,811	3,725	2.3	3,732	3.2	3,732	3,659	3,314
Debt/equity	1.7x	1.7x		1.7x		1.7x	1.8x	1.2x
Net debt/equity	1.6x	1.6x		1.6x		1.6x	1.6x	1.1x
Net debt/EBITDA	4.3x	4.1x		4.7x		4.7x	4.4x	2.4x

\* Restated for discontinued operations

\*\*Total debt excludes debt backed by restricted cash

## Palm Oil Financial Summary (IDR bn)

	Q1-20	Q1-19	YoY Δ%	Q4-19	YoY Δ%	2019	2018	2017
<b>Palm Oil</b>								
Revenue	1,318	1,130	16.7	1,501	(12.2)	4,736	3,772	4,290
Gross Profit	361	309	16.7	450	(19.9)	1,287	1,336	1,621
% margin	27.4	27.4		30.0		27.2	35.4	37.8
Operating Profit	270	198	36.2	312	(13.5)	783	943	1,241
% margin	20.5	17.5		20.8		16.5	25.0	28.9
EBITDA	392	301	30.3	467	(16.0)	1,294	1,310	1,563
% margin	29.7	26.6		31.1		27.3	34.7	36.4
Profit Before Tax	151	87	73.2	203	(25.9)	317	666	1,017
% margin	11.4	7.7		13.5		6.7	17.7	23.7

## Wood Financial Summary (IDR bn)

	Q1-20	Q1-19	YoY Δ%	Q4-19	YoY Δ%	2019	2018	2017
<b>Wood</b>								
Revenue	272	242	12.4	268	1.5	1,001	990	869
Gross Profit	51	51	(0.6)	44	16.0	173	207	103
% margin	18.8	21.3		16.4		17.3	20.9	11.8
Operating Profit	42	27	55.6	10	323.6	64	100	28
% margin	15.5	11.2		3.7		6.4	10.1	3.2
EBITDA	61	36	68.6	26	136.1	107	134	68
% margin	22.3	14.9		9.6		10.7	13.5	7.8
Profit Before Tax	(24)	22	(208.4)	(13)	87.3	52	49	(75)
% margin	(8.9)	9.2		(4.8)		5.2	5.0	(8.6)

<sup>1</sup>Restated

<sup>2</sup>Exceptional items 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

# Q1-2020 Operation Results



## Palm Oil Results



## Wood Results

	Q1-20	Q1-19	YoY Δ%	Q4-20	QoQ Δ%	2019	2018	2017
<b>Palm Estates</b>								
<b>Planted Land ('000 ha)</b>	112.4	108.4	3.7	112.4	0.0	112.4	108.4	90.3
Nucleus	84.6	84.4	0.2	84.6	0.0	84.6	84.4	69.4
Plasma	27.9	24.0	16.2	27.9	0.0	27.9	24.0	20.9
<b>FFB Production ('000 t)</b>	503.0	512.4	(1.8)	621.0	(19.0)	2,204.3	1,849.5	1,547.7
Nucleus	410.5	438.2	(6.3)	521.8	(21.3)	1,864.9	1,587.7	1,381.8
Plasma	92.5	74.2	24.7	99.2	(6.7)	339.5	261.9	165.9
<b>FFB Yield (t/ha)</b>								
Nucleus	5.1	5.6	(7.4)	23.6	(78.2)	23.6	25.2	22.8
Plasma	4.0	4.1	(2.8)	14.8	(73.1)	14.8	16.3	14.0
<b>Mills</b>								
<b>Production ('000 t)</b>								
FFB Processed	630.8	559.9	12.7	805.2	(21.6)	2,597.1	2,070.6	1,754.0
Crude Palm Oil (CPO)	152.7	129.0	18.4	190.9	(20.0)	610.0	488.4	403.6
Palm Kernel (PK)	27.0	20.3	33.1	34.4	(21.4)	105.8	82.1	65.1
Palm Kernel Oil (PKO)	7.8	6.7	17.0	9.5	(18.3)	31.5	29.4	24.3
<b>Yields (%)</b>								
Palm Oil (OER)	24.2	23.0	5.1	23.7	2.1	23.5	23.6	23.0
Palm Kernel (KER)	4.3	3.6	18.1	4.3	0.3	4.1	4.0	3.7
Free Fatty Acid (FFA)	2.54	2.63	(3.6)	2.81	(9.6)	2.67	2.77	2.96
<b>Sales</b>								
<b>Volume ('000 t)</b>								
Crude Palm Oil (CPO)	142.9	165.9	(13.8)	201.8	(29.2)	666.0	454.9	458.0
Palm Kernel (PK)	9.0	5.8	55.6	10.5	(14.3)	31.2	16.4	10.1
Palm Kernel Oil (PKO)	8.0	7.0	14.3	10.0	(20.0)	32.0	28.0	27.0
<b>ASP (IDR mn/ton)</b>								
Crude Palm Oil (CPO)	8.29	6.14	35.1	6.85	21.0	6.48	7.18	8.14
Palm Kernel (PK)	4.20	3.24	29.9	2.89	45.4	2.93	4.55	6.45
Palm Kernel Oil (PKO)	9.82	9.80	0.1	7.54	30.3	8.10	12.20	16.86
	Q1-20	Q1-19	YoY Δ%	Q4-20	QoQ Δ%	2019	2018	2017
<b>Sales Volume ('000)</b>								
Panel (m3)	25.9	22.4	15.7	25.8	0.2	96.6	83.8	71.0
Engineered doors (pcs)			n.a		n.a	-	-	65.9
Engineered floors (m2)	239.0	231.0	3.5	258.3	(7.5)	931.7	1,093.8	1,249.7
<b>ASP (IDR mn)</b>								
Panel (m3)	5.75	6.11	(5.9)	5.75	0.0	5.92	6.06	5.25
Engineered doors (pcs)			n.a		n.a			0.99
Engineered floors (m2)	0.38	0.39	(2.5)	0.38	0.7	0.39	0.42	0.39





## DSNG Shareholders (%)

Oetomo family	28.9
Rachmat family	31.0
Salim Lim family	6.3
Subianto family	8.4
Public & Others	25.4

as of 31 December 2019





Behind every floor there is a story  
and legend, original design can not  
be separated from the history and  
culture of the heritage, numerous  
classic reproduction in TEKA

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Let's join the Government's efforts  
in combating the Covid-19 Pandemic  
**KEEP SAFE & STAY WELL**





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