

# PT DSN Tbk 9-Month 2014 Results Update



DSN GROUP



The DSN Group was originally established as a wood products manufacturer. We identified an opportunity to expand into the plantation sector in 1997, building upon our established relationships within the local communities. Both of these business segments are showing growth, but the palm oil business is growing, and will continue to grow, at a higher rate.

Palm oil accounted for 64% of total revenue in 2013, up from 59% in 2012, and 73% of 9-month 2014 revenue driven by recently higher CPO average selling prices.

Revenue	9Mo '14	2013	2012	2011	2010
Palm Oil	73%	64%	59%	55%	55%
Wood Products	27%	36%	41%	45%	45%

## Crude Palm Oil

## Palm Kernel

## Palm Kernel Oil

## Block Board

## Engineered Doors

## Engineered Floors

Our history of expansion has accelerated in recent years, with the acquisition of eight new oil palm estates since 2010.

We also took a controlling interest in Tanjung Kreasi Parquet Industry, a manufacturer of globally branded engineered flooring in 2012.

These subsidiaries provide long-term opportunities for expansion in both of our core businesses.

# Our estates are clustered across East, West and Central Kalimantan, with planting to date concentrated in the East

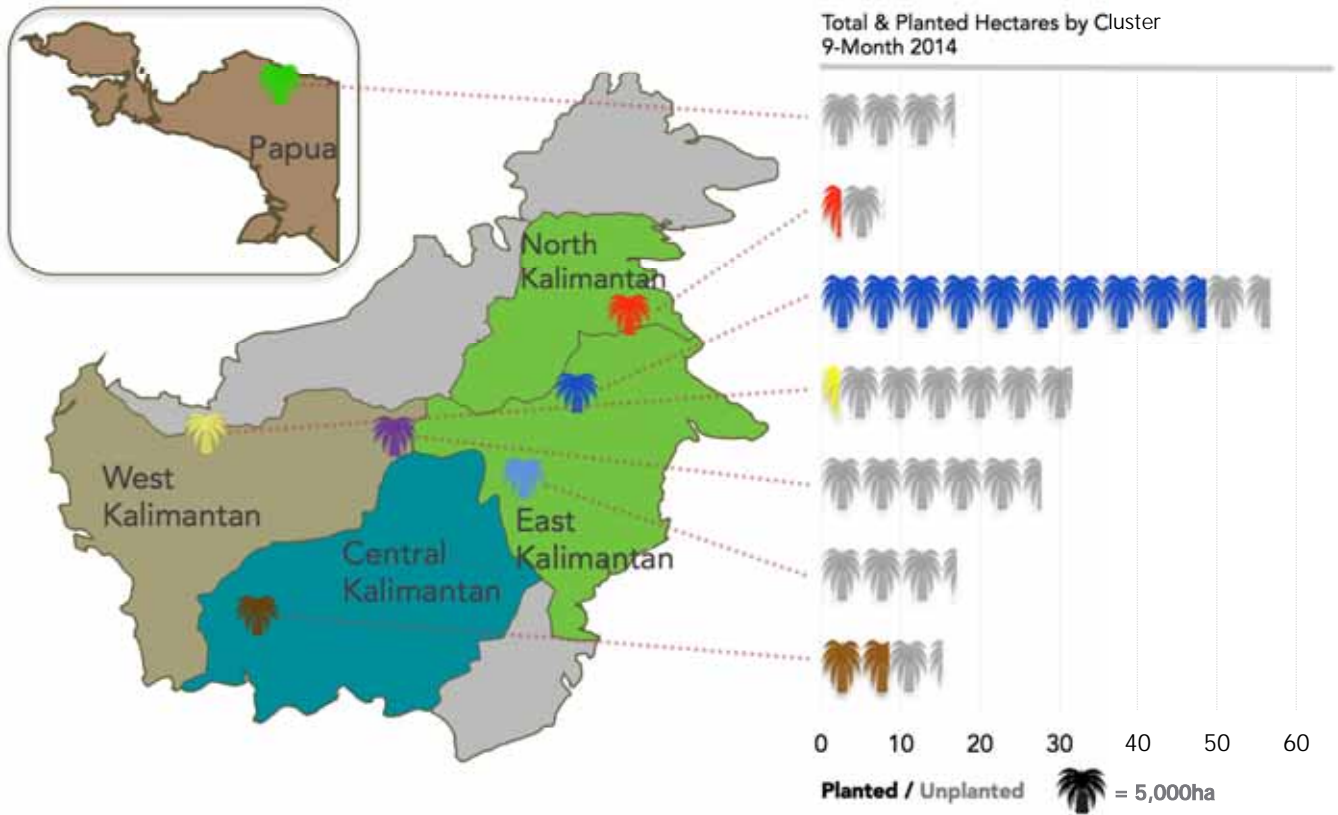


Table 1: One East Kalimantan cluster encompasses 88% of our mature area

Estate	Year Acquired	Province	Land Area ('000 Ha)				Land Rights Status			Average Age (Yrs)		Yield 2013 (t/ha)
			Total	Planted	Mature	Available	HGU	Panitia B	Ijin Lokasi	Total Area	Mature Area*	
DBL	2013	Papua	16.7	-	-	16.7			✓	-	-	-
DIL	2009	N. Kal.	8.0	2.4	-	5.5		✓		1.2	-	-
SWA	2001	E. Kal.	16.9	15.3	15.3	1.6	✓			13.7	13.7	30.4
DAN	1997	E. Kal.	10.0	9.0	8.9	1.0	✓			7.9	7.9	25.9
DIN	1997	E. Kal.	9.8	8.7	8.7	1.0	✓			7.9	7.9	28.2
DWT	2007	E. Kal.	13.6	10.1	7.3	3.5	✓			4.3	5.2	22.4
KPS	2011	E. Kal.	6.2	5.2	2.1	1.0		✓		2.9	5.4	12.7
MAL	2012	W. Kal.	15.0	-	-	15.0			✓	-	-	-
RUT	2012	W. Kal.	12.7	-	-	12.7			✓	-	-	-
KAP	2010	W. Kal.	14.9	1.2	-	13.7			✓	1.2	-	-
PSA	2010	W. Kal.	10.6	0.4	-	10.2			✓	1.0	-	-
DPS	2010	W. Kal.	6.1	0.7	-	5.4			✓	0.1	-	-
PUL	2012	E. Kal.	17.0	-	-	17.0			✓	-	-	-
PWP	2004	C. Kal.	15.2	8.4	5.7	6.7	✓			4.4	5.2	19.7
Total			172.5	61.5	48.0	111.1	38%	8%	54%	7.3	8.9	26.4

\* As of year-end 2014

# Our most developed cluster - with 5 estates, 4 CPO Mills and 56,000 ha - is nearly the size of Singapore

In total, our nucleus estates incorporate 61,468 planted hectares, of which 48,038 are already mature. Our three oldest estates, SWA, DAN and DIN are fully comprised of mature trees, with limited additional area available for new planting.

80% of our planted area, in five estates, is located in a single contiguous area in East Kalimantan. These 48,346 planted hectares encompass an area nearly the size of Singapore.

Four out of our five existing palm oil mills are located within these estates, and we expect to complete the construction of one additional palm oil mill in 2015.

Our mill capacity is designed to accommodate annual peak output from the associated estates. As a result, mills servicing rapidly developing estates (such as Mill 5 in PWP) will appear to be underutilized, and may rely on significant external FFB purchases.

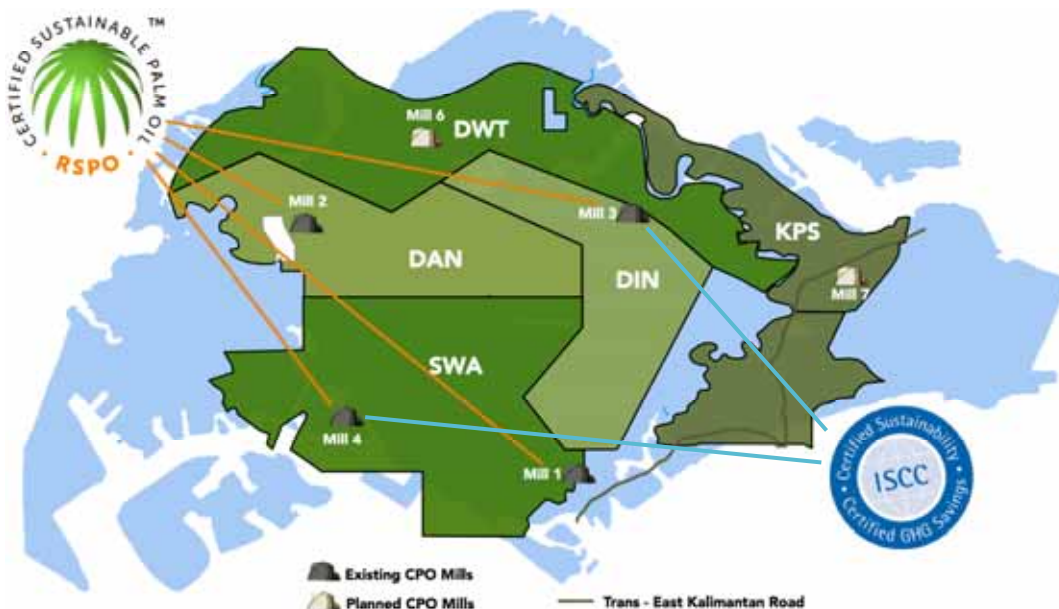
The proximity of the palm oil mills to the fruit allows us to establish an 8-hour standard for harvest-to-mill, resulting in minimal spoilage of FFB and lower FFA. Our redundant capacity also minimizes disruption due to maintenance.

The cluster approach allows us to achieve efficiencies in lower transportation costs; centralization of logistics, such as housing, schools, clinics and security; and maximizing use of infrastructure (mills, roads, jetties and ports).

**Table 2: CPO mill capacity designed for peak production months**

	Year	Location	Estate	Capacity (Tons/Hr)	Monthly Max Util.*	RSPO	ISCC
Mill 1	2002	E. Kal.	SWA	90	67%	Cert.	Aud.
Mill 2	2009	E. Kal.	DAN	60	101%	Cert.	Aud.
Mill 3	2010	E. Kal.	DIN	60	112%	Cert.	Cert.
Mill 4	2011	E. Kal.	SWA	60	110%	Cert.	Cert.
Mill 5	2011	C. Kal.	PWP	60	96%	Aud.	
Mill 6	2015	E. Kal.	DWT	60			
Mill 7	2016	E. Kal.	KPS	60			
In Progress	Total Capacity			450			

\*2013



**111,065 ha available land bank**

**61,468 ha planted nucleus area**

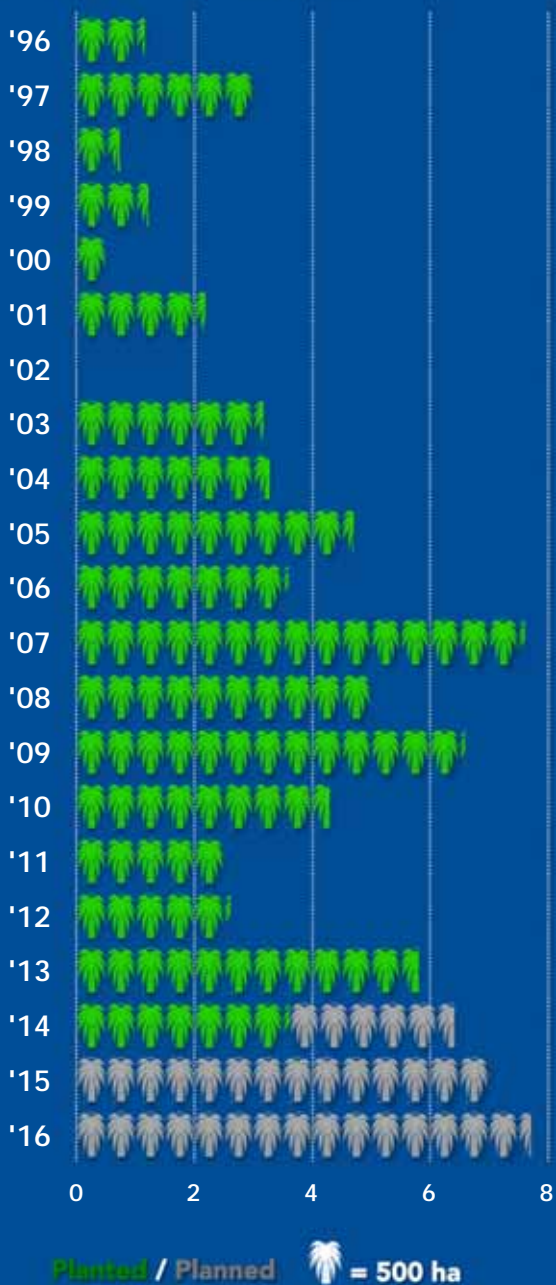
**48,038 ha mature area**

**2 million tons/year CPO mill capacity**

**RSPO & ISCC certified**

# Our plantations have a young age profile and will deliver productivity growth in coming years

DSN Nucleus Planting History ('000 ha)



## Mid-Year vs. Year-End Standard

In 2011, the Company adopted a Mid-Year Standard (MYS) approach to determining the age of our plantations for accounting purposes.

Using the MYS, trees planted in H2 of the previous year and H1 of the current year will be considered 1-year old at the close of the year – a reasonable estimate of the average amount of time these trees have been in the ground.

We have presented our planting history with an H1/H2 breakdown, should you care to apply Year-End Standard approach instead.

All of the data presented within our financial reports and this presentation make use of the MYS from 2011 to the present.

We added 5,800 hectares of nucleus in 2013, out of a total of 9,170 hectares planted during the year. Through Q3 2014, we have planted an additional 3,606 hectares of nucleus and 2,488 hectares of plasma.

We intend to maintain the current pace of expansion through 2016, with roughly 10,000 hectares planted each year, including nucleus and plasma.

In total, our 61,468 hectares of planted nucleus were an average age of 7.3 years at the end of Q3 2014. This will drop to 7.0 years by year-end based upon our proposed planting schedule.

By 2016, our average age is expected to increase to 7.5 years.



Our strong commitment to our plasma holders is one critical element in the success of DSN's palm oil activities, generally fostering easier acquisition of land, facilitating title conversion, and minimizing the prospect of local disturbances or social unrest.

Our BoT model, encompassing 75% of our plasma areas, has resulted in higher FFB yields and, therefore, higher revenues for our plasma cooperatives. DSN still benefits from the milling margin and gains assurance that the loans to plasma holders can be repaid.

5% of total FFB revenues are retained by DSN as a management fee. Of the remainder, 30% is paid to the plasma holder, while 70% services bank loans and funds extended by DSN for upkeep and maintenance of the estate prior to breaking even.

DSN typically funds the development of plasma estates through bank loans with repayment schedules comprising a 4-year grace period and 6-year repayment.

We had planted 15,153 hectares of plasma by the end of Q3 2014. In total, 6,371 hectares had reached maturity and produced 84,817 tons of FFB in the first nine months of 2014.

# Our cost to maturity is roughly \$5,000 per hectare, with an additional \$2,000 per hectare for mill construction

As our plantations age, we intend to implement a planting schedule sufficient to maintain a favorable long-term maturity profile. In general, our cost to maturity for new planting is roughly \$5,000 to \$5,500 per hectare.

We also plan to match the increased FFB production over time with appropriate increases in CPO processing capacity. A new mill is required for every 10,000 additional mature hectares. At a cost of roughly \$18 - \$20 million per mill, this adds another \$1,800 to \$2,000 to development costs per hectare.

We expect to complete construction of two new palm oil mills, each with a capacity of 60 tons/hour, for a total incremental capacity of 720,000 tons/annum by 2016.

Capital Expenditures	2013	2012	2011	2010
Immature Plantations	335	294	353	224
Construction in Progress	182	482	282	128
Others	146	131	308	133
<b>Total</b>	<b>663</b>	<b>907</b>	<b>942</b>	<b>485</b>



**7.0 years**  
average  
age by  
year-end

**3,606 ha**  
nucleus  
planted  
YTD 2014

**15,153 ha**  
total plasma  
planted by  
Q3 2014

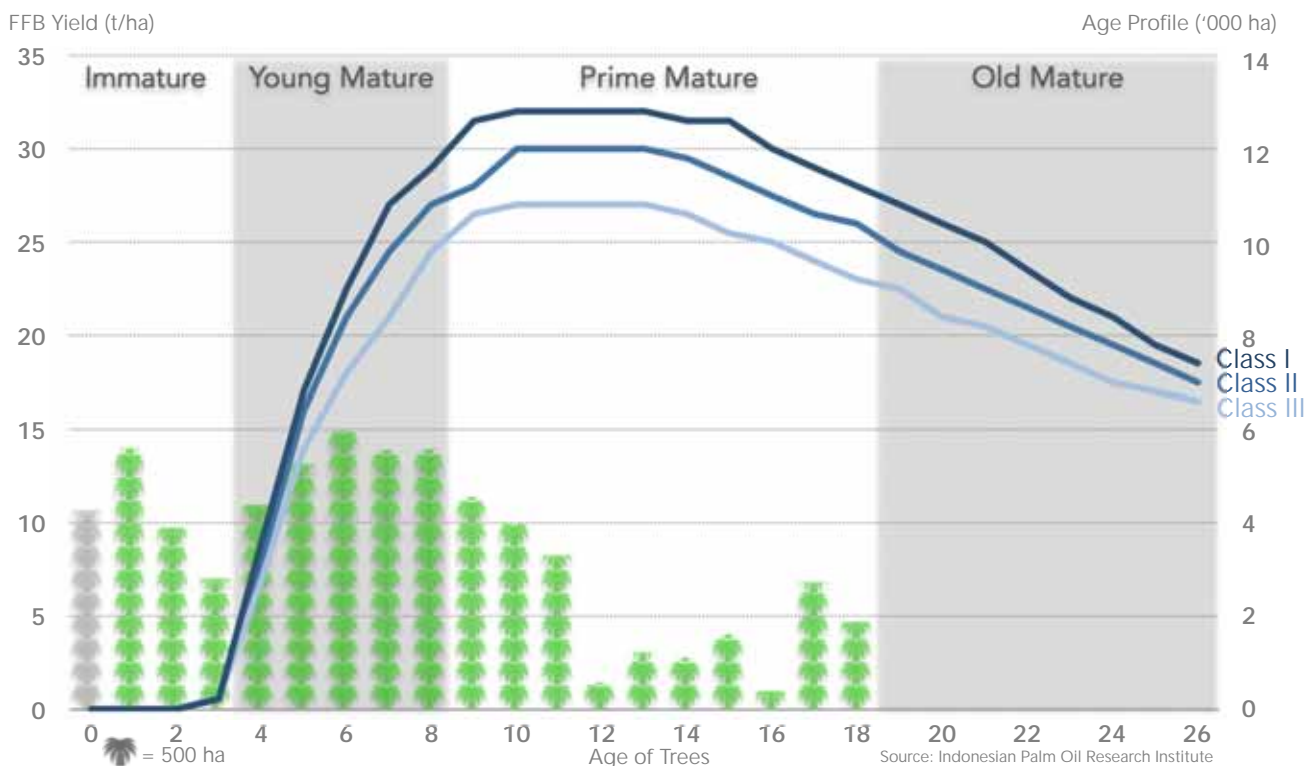
**26%**  
Plasma to  
Nucleus by  
end-'14

**\$5 -**  
**\$5.5k**  
per ha  
cost to  
maturity

## DSN Group Planting History

Year	Nucleus Estates							Plasma Areas		
	Annual Planting Performance			Aggregate Area		Average Age		Annual Planting	Total Area	% of Nucleus
	H1	H2	FY	Planted	Mature	All	Mature			
1996	-	1.2	1.2	1.2	-	-	-			
1997	0.7	2.3	3.0	4.1	-	0.4	-			
1998	0.4	0.3	0.7	4.9	-	1.3	-			
1999	0.1	1.1	1.2	6.1	-	1.9	-			
2000	0.4	0.1	0.5	6.6	1.9	2.7	4.0			
2001	1.0	1.2	2.2	8.8	4.6	2.9	4.4			
2002	-	-	-	8.8	4.9	3.9	5.3			
2003	0.5	2.6	3.2	11.9	6.5	3.6	5.7			
2004	0.7	2.6	3.3	15.2	7.6	3.7	6.4			
2005	1.4	3.3	4.7	19.9	8.8	3.7	6.9			
2006	1.2	2.4	3.6	23.5	9.3	4.0	7.7			
2007	3.2	4.3	7.6	31.1	12.6	3.9	7.5			
2008	1.2	3.7	5.0	36.1	16.6	4.2	7.4	2.0	2.0	5.6%
2009	2.3	4.3	6.6	42.6	21.1	4.5	7.4	0.7	2.7	6.3%
2010	1.0	3.3	4.3	46.9	26.7	5.0	7.5	0.9	3.6	7.7%
2011	1.1	1.4	2.5	49.5	32.3	5.7	7.7	1.0	4.6	9.3%
2012	1.4	1.2	2.6	52.1	38.4	6.4	8.0	2.2	8.8	16.8%
2013	2.7	3.1	5.8	57.9	43.6	6.7	8.4	3.4	12.7	21.9%
2014^	2.1	4.3	6.4	64.3	48.0	7.0	8.9	4.2	16.9	26.3%
2015^	2.8	4.2	7.0	71.3	50.8	7.2	9.6	3.7	20.6	28.9%
2016^	3.1	4.6	7.7	79.0	54.7	7.5	10.1	2.3	22.9	29.0%

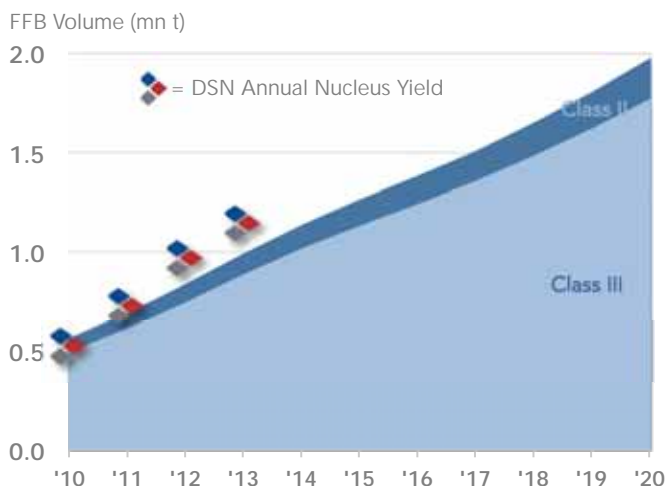
# Our planting schedule through 2016 implies an average 10% annual growth in FFB to 2 million tons in 2020



Summary Maturity Profile (Mid-Year Standard) and Yield Projection

Year-End	Immature Area (%)	Mature Area (%)				Total	Mature Area			Standard FFB/ha		
		Young	Prime	Old	'000 ha		% Δ	Avg Age	Class II	Class III	% Δ	
2010	43.0	38.3	18.7	-	57.0	26.7		7.5	20.9	18.5		
2011	34.6	46.6	18.8	-	65.4	32.3	21	7.7	21.5	19.0	3	
2012	26.3	49.5	24.2	-	73.7	38.4	19	8.0	21.9	19.5	3	
2013	24.6	46.8	28.7	-	75.4	43.6	14	8.4	22.8	20.3	4	
2014	25.2	41.9	32.9	-	74.8	48.0	10	8.9	23.7	21.2	4	
2015	28.7	33.8	34.9	2.6	71.3	50.8	6	9.6	24.9	22.3	5	
2016	30.7	28.3	35.2	5.8	69.3	54.7	8	10.1	25.3	22.7	2	
2017	23.5	27.9	42.3	6.2	76.5	60.4	10	10.4	25.0	22.5	-1	
2018	15.1	29.7	47.0	8.2	84.9	67.1	11	10.7	24.6	22.2	-1	
2019	5.9	33.3	51.2	9.6	94.1	74.3	11	10.9	24.3	21.8	-2	
2020	-	35.6	53.3	11.1	100.0	82.2	11	11.2	24.1	21.6	-1	

Assuming no planting after 2016

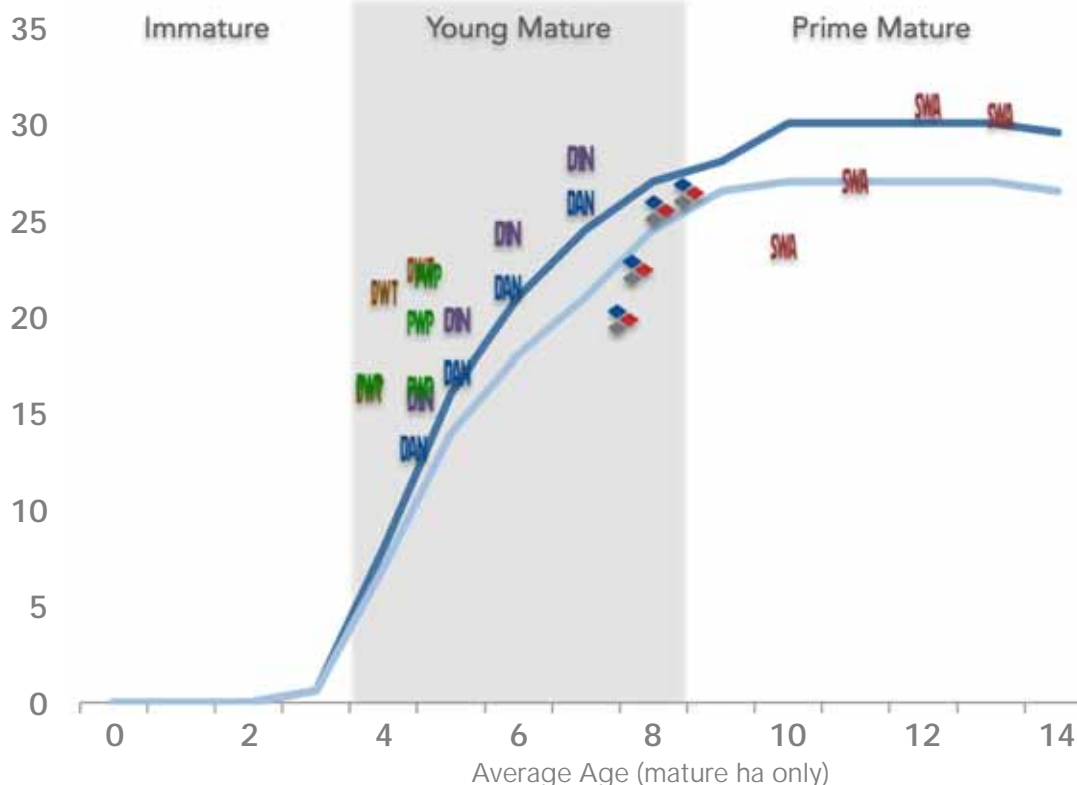


A standard yield curve derived from our plantation age profile, rather than simply our average age, helps to establish realistic medium-term yield expectations.

These standards suggest average yields could continue to increase through 2016, barring external environmental factors. At the same time, our mature plantation area will increase from 48,038 hectares in 2014 to 54,721 hectares in 2016 (25.4%), with subsequent annual growth rates of 10% or better through 2020, with over 82,000 mature hectares at that time.

# Our target is to achieve lab standard FFB yields on a commercial scale within each of our estates

FFB Yield (t/ha, 2010-2013)



Our five largest estates (DAN, DIN, SWA, PWP and DWT) have performed better than the standard expected yields over the past few years. DSN's estates are generally a combination of Class II and Class III type soils. We have neither Class I soil (largely found in volcanic areas such as Sumatera) nor Class IV soil. As a matter of policy, we do not plant in peat soil.

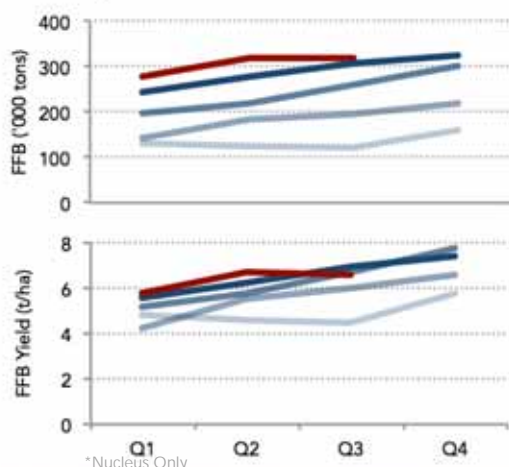
Our performance is driven by a disciplined approach to standard agronomic practices, ranging from selecting the best seeds, to formulating multiple unique fertilizer blends, to the use of cover crops to retain soil and natural predators to control mice and caterpillars, thereby allowing us to minimize the use of harmful pesticides.

In 2013, DSN produced 1.15 million tons FFB from nucleus estates, with an additional 88 thousand tons from plasma operations. In aggregate, FFB output increased by 22% during the year, with a nucleus yield of 26.4 tons per hectare versus 25.5 tons in the preceding year.

Through Q3 2014, our nucleus estates produced 920 thousand tons FFB. This aggregate increase of 11% comes from higher yields (up 1.1%) and a larger mature area (up 10.1%).

Plasma yields rose by 13.2% from the same period in 2013, with mature areas growing by 26.2% and total output up by 42.9%.

## Quarterly Total Production\*



\*Nucleus Only

## Production Performance - Estates

	Period	Volume	%Δ	Yield (%)
FFB, Nucleus ('000 t, t/ha)	9-Mo '14	920	11	19.2
	9-Mo '13	826	-	18.9
	2013	1,153	18	26.4
	2012	977	32	25.5
	2011	738	38	22.4
	2010	536	-	19.8
FFB, Plasma ('000 t, t/ha)	9-Mo '14	85	43	13.3
	9-Mo '13	59	-	11.8
	2013	88	104	17.5
	2012	43	1,184	10.9
	2011	3	-	4.4
	2010	0	-	-

**26.4 tons per hectare for nucleus in 2013**

**8.9 years average age of nucleus mature area**

**5.7 years average age of plasma mature area**

**1.005 million tons FFB produced in 9 months**

**11% growth YTD in nucleus FFB**

# Our 5 mills achieved an aggregate OER of 24.3% last year, resulting in a CPO yield of 6.4 tons per mature hectare

We processed a total of 1,381 thousand tons of FFB in 2013, 90% of which was sourced from our own nucleus or plasma estates.

External purchases increased by nearly 182% in order to better utilize capacity at our newest Mill 5, servicing the PWP estate.

By Q3 2014, we had processed 1,206 thousand tons of FFB, up 26.1% from Q3 2013. Of that total, 83% was sourced from our nucleus and plasma operations.

## Production Performance - Estates

Year	Fresh Fruit Bunches (FFB) ('000 tons)			
	Produced	Plasma	Purchased	Processed
9-Mo '14	920	85	200	1,206
9-Mo '13	826	59	71	956
2013	1,153	88	143	1,381
2012	977	43	65	1,052
2011	738	3	40	767
2010	536	0	26	542

In total, FFB processed and CPO produced each increased by 31% in 2013, yielding a stable Oil Extraction Rate (OER) of 24.3%.

Palm Kernel production rose 21% to 43,277 tons in 2013. Sales declined, however, to 15,623 tons as our newly commissioned Palm Kernel Oil mill began to utilize this output directly.

In our first year of operation, our PKO mill produced 13,500 tons, and generated sales of 9,400 tons of PKO.

For 9-months 2014, we achieved an OER of 23.9%, slightly below the previous year's 9-month performance. Palm kernel production rose 28% to 39 thousand tons, while PKO output reached 12.8 thousand tons, up from 8.6 thousand tons in 9-month 2013.



Nearly 65% of our CPO production in 2014 has sold with FFA below 3%. This "Super CPO" can receive a premium of 1-4% to standard CPO.



Year	FFA (%)
9-Mo '14	2.86%
9-Mo '13	2.63%
2013	2.65%
2012	2.67%
2011	2.55%
2010	2.62%

## Production Performance - Mills

	Period	Volume	%Δ	Yield (%)
CPO ( <sup>'000t</sup> , OER)	9-Mo '14	289	24	23.9
	9-Mo '13	233	-	24.3
	2013	336	37	24.3
	2012	257	36	24.4
	2011	189	47	24.6
	2010	134	-	24.7
PK ( <sup>'000 t</sup> , KER)	9-Mo '14	39	28	3.2
	9-Mo '13	30	-	3.2
	2013	43	27	3.1
	2012	36	50	3.4
	2011	24	50	3.1
	2010	16	-	2.9
PKO ( <sup>'000 t</sup> , PKOER)	9-Mo '14	12.8	49	41.9
	9-Mo '13	8.6	-	-
	2013	13.5	-	42.4

\*Nucleus Only

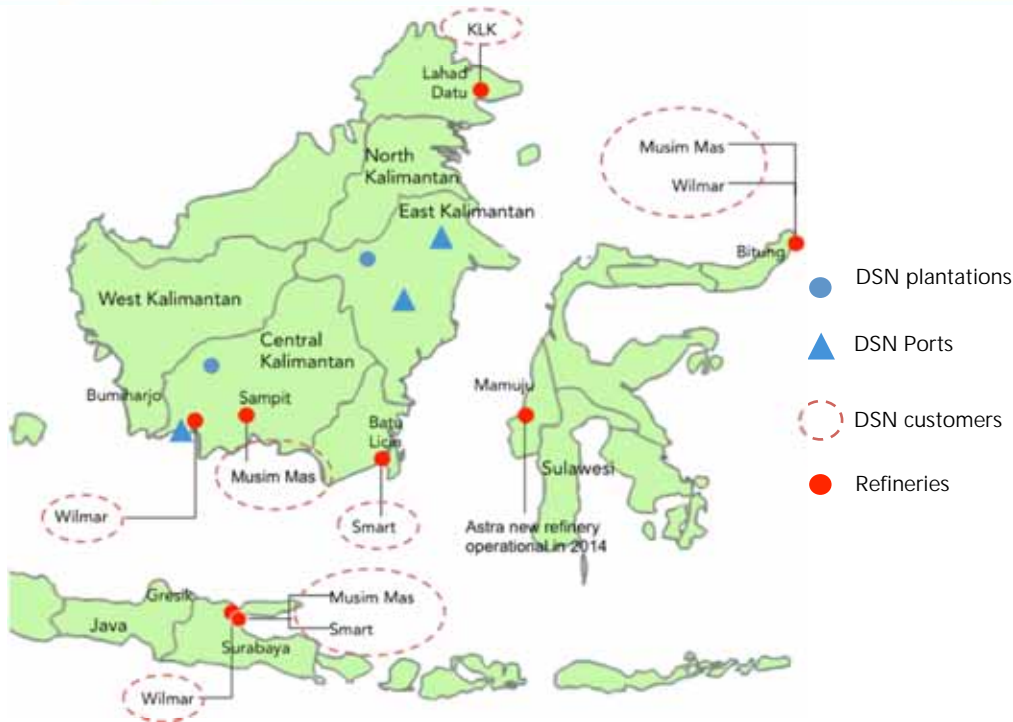
Our CPO production quality remained exceptional over the course of 2013, with aggregate Free Fatty Acid (FFA) levels of just 2.65%.

Through 9-months 2014, over 65% of our production was sold as Super CPO, with FFA levels below 3%. This output services refiners' higher-quality products, and as such we receive a minimum of a 1.0% premium over spot prices for these sales.

In aggregate, we achieved FFA levels of 2.86% for the period, with the maximum monthly FFA level from mills primarily processing our own production of just 3.84%.



# Expanding domestic refining capacity, coupled with our high-quality product, ensures robust demand for our CPO



Sales Performance	Period	Volume		Revenue		ASP	
		'000 tons	%Δ	Rp Bn	%Δ	Rp mn/ton	%Δ
CPO	9-Mo '14	294	23	2,501	56	8.52	28
	9-Mo '13	239	-	1,598	-	6.67	-
	2013	336	33	2,369	29	7.05	-3
	2012	253	33	1,840	30	7.29	-2
	2011	190	40	1,411	57	7.44	12
2010	135	-	901	-	6.66	-	
PK	9-Mo '14	8	-45	39	16	5.15	109
	9-Mo '13	14	-	34	-	2.46	-
	2013	16	-55	42	-63	2.70	-19
	2012	35	61	115	24	3.33	-23
	2011	21	24	93	63	4.32	31
2010	17	-	57	-	3.29	-	
PKO	9-Mo '14	16	391	171	756	10.88	74
	9-Mo '13	3	-	20	-	6.24	-
	2013	9	-	66	-	7.07	-

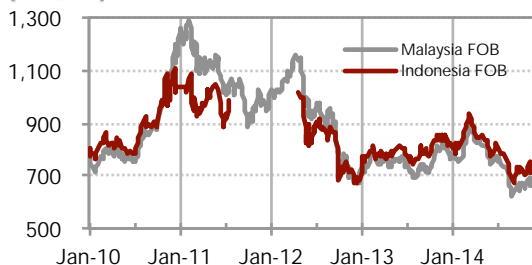
Our customers are primarily Indonesian CPO refineries located in Kalimantan and Java, close to DSN's operations.

Regular customers include Smart, Wilmar, Kuala Lumpur Kepong, Musim Mas and Dermaga Kencana Indonesia. We expect Astra's new refinery on Sulawesi Island to become a customer in the near future as well.

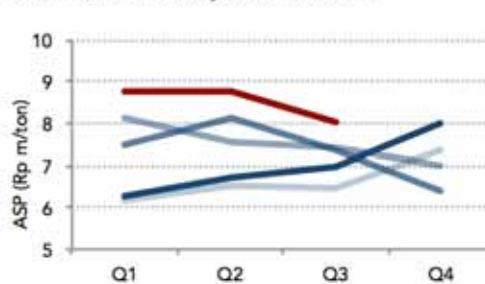
Our contracts are open tender, with SMART and Wilmar typically offering better pricing - due to refinery location - and terms than other buyers.

For 9-months 2014, we sold 294 thousand tons of CPO, 23% higher than the same period in 2013. Our average selling price of Rp8.5 million per ton was 28% above 9-month 2013 and 20.9% higher than the average for the full year.

Indonesian CPO at a premium to Malaysia since 2013 (USD/Ton)



DSNG CPO Quarterly ASP, 2010-2014



24.3% OER in 2013

6.4 tons CPO per hectare in 2013

2.86% blended average FFA YTD 2014

64% CPO sales are Super CPO

Rp8.52m per ton CPO YTD 2014

## Our cash cost of sales for CPO declined 11% in 2013, partially offsetting the broadly lower ASPs

Our cash cost in 2013 declined to Rp3.76 million per ton of CPO sold, a drop of 11.3% from 2012.

Absolute fertilizer costs fell by nearly 12%, despite an increase in planted and mature hectares, and account for roughly 23% of total cash costs.

We purchase compound fertilizer – comprised of potash, nitrogen, and phosphate – under annual contracts with four-monthly delivery. Our unit costs per ton ranged from \$525 to \$570 in 2013. New contracts covering our entire 2014 supply have already been concluded at prices between \$320 and \$425 per ton.

Purchases of external FFB – both plasma and unrelated estates – were up 64%. This was due to the rapid increase in plasma productivity with increasing maturity of the estates, as well as higher external purchases in support of Mill 5 operations.

Labor costs were up 22.5% for the year on the back of an expanded workforce as well as modest adjustments in wages.

Labor accounts for nearly 27% of the total cash cost of sales.

Cost of Sales	2013	2012	2011	2010
CPO Sales ('000 t)	336.2	252.5	189.7	135.3
Cash Cost of Sales (IDR bn)				
Fertilizer	288.7	326.7	193.7	161.1
Labor	336.0	274.3	166.1	107.2
Others	244.7	224.3	227.4	210.8
FFB Purchased	294.1	179.1	69.0	30.1
Milling	99.5	65.1	33.6	39.4
Total cash cost	1,263.0	1,069.5	689.7	548.6
Cash Cost/Ton	3.76	4.23	3.64	4.05
% of total				
Fertilizer	22.9%	30.5%	28.1%	29.4%
Labor	26.6%	25.6%	24.1%	19.5%
Others	19.4%	21.0%	33.0%	38.4%
FFB Purchased	23.3%	16.7%	10.0%	5.5%
Milling	7.9%	6.1%	4.9%	7.2%

# 3.8

## million rp/t

in 2013



# DSN is also a leading wood products manufacturer with reputable brand names & long-standing client relationships

DSN is the fourth largest wood products manufacturer in Indonesia, producing panels, engineered floors and doors.

We have initiated a move into higher value, higher margin products through the recent acquisition of TKPI, which specializes in engineered flooring.

We continue to leverage on our long standing relationships with customers to across the world to leverage this new business initiative.

	9M-2014	9M-2013	YoYΔ%	2013
<b>Sales Volume</b>				
Panel (m3)	149,873	195,105	-23.2	244,642
Engineered doors (pcs)	37,777	40,525	-6.8	51,989
Engineered floors (m2)	878,967	792,209	11.0	1,073,412
<b>Average Selling Price (IDR mn)</b>				
Panel (m3)	4.32	3.85	12.3	3.97
Engineered doors (pcs)	1.19	1.02	17.1	1.06
Engineered floors (m2)	0.36	0.30	20.7	0.31

## Top 10 Industrial and Commercial Customers

Customer Name	Type	Products	Relationship	Geography
S.A. Shahab & Company Pte Ltd	Trader	Panels	11 years	Middle East
Sumitomo Forestry Company Ltd.	Trader	Panels	8 years	Japan
Vintage Hardwood Flooring	Distributor	Engineered Flooring	9 years	Canada
Jiangsu Skyrun Arser Co., Ltd	Trader	Panels	3 years	China
Asia Trading, Inc	Trader	Panels	7 years	Japan
Associated Lumber & Trading, Ltd	Trader	Panels	5 Years	Japan
PKF Global	Trader	Engineered Doors	15 years	UK
Plyquet Holzimport	Distributor	Engineered Flooring	17 years	Europe
Teka Korea Co., Ltd	Distributor	Engineered Flooring	12 years	South Korea
Beijing Teka Holy Eagle Corporation	Distributor	Engineered Flooring	11 years	China

Our diverse exposure to customers in different segments and geographies has protected us to from adverse economic impacts as we maintain and grow our wood products business.

For wood products, we have sufficient capacity to meet our current growth plans. We intend to more than double production volume in engineered flooring from 1.1 million m2 in 2012 to 2.6 million m2 by 2015, while our plant currently has capacity to produce up to 4 million m2.

We will be optimizing our wood products efficiency by relocating and consolidating our operations in Surabaya and Gresik to a new panel products processing plant in Lumajang by 2015. This is closer to our satellite plants and will reduce our transportations costs.



**4,000,000**  
m2/annum  
flooring  
capacity

**11.0%**  
growth in  
flooring  
sales volume

**20.7%**  
increase in  
flooring  
ASP

**450,000**  
m3/annum  
panel  
capacity

# DSN's 9-month revenue of Rp3,726 billion is 39% than 2013, with EBITDA growing by 87% as margins expand



Total (IDR bn)	9-Mo '14	9-Mo '13	2013	2012	2011	2010
Revenue	3,726	2,681	3,842	3,411	2,778	1,751
EBITDA	1,026	549	888	666	665	297
EBITDA Margin	27.5%	20.5%	23.1%	19.5%	24.0%	17.0%
Net Profit	522	123	216	252	374	162
Net Margin	14.0%	4.6%	5.6%	7.4%	13.5%	9.3%
<b>Palm Oil</b>						
Revenue	2,711	1,651	2,478	1,997	1,524	971
EBITDA	1,023	505	885	614	652	307
EBITDA Margin	37.7%	30.6%	35.7%	30.8%	42.8%	31.7%
Profit Before Tax	795	259	517	416	547	260
PBT Margin	29.3%	15.7%	20.9%	20.9%	35.9%	26.8%
<b>Wood Products</b>						
Revenue	1,016	1,030	1,364	1,414	1,254	780
EBITDA	69	83	73	123	63	26
EBITDA Margin	6.8%	8.1%	5.4%	8.7%	5.0%	3.3%
Profit Before Tax	(5)	(16)	(80)	33	12	(5)
PBT Margin	-0.5%	-1.6%	-5.9%	2.3%	0.9%	-0.6%

Loans Outstanding	IDR Bn	US\$ MM
Revolving Loan	289	28
Current Portion of LT Debt	305	11
Long Term Debt	1,896	22
Finance Leases	2	1
<b>Total</b>	<b>2,202</b>	<b>34</b>

Q3 2014 Debt Position	IDR Bn
Total Debt	3,253
Net Debt	2,392
Equity	2,161
EBITDA	1,026

Financial Ratios:	
Debt/Equity	1.5
Net Debt/Equity	1.1
Net Debt/EBITDA	1.8

The decline in Net Profit in 2013, despite significant increases in revenue and EBITDA, is largely due to the impact of year-end depreciation of the rupiah against the dollar. The mark-to-market of our \$70 million FX loans outstanding resulted in an unrealized FX loss of Rp172 billion.

Note: Annual Financial Statements are audited by Siddharta & Wijaya, Registered Public Accountants, and a Member Firm of KPMG International.

# Our commitment to social and environmental responsibility is integral to the sustainability of our operations



## Corporate Social Responsibility

DSN is committed to a wide range of CSR programs, and we continuously engage and support the communities within which we operate.

We maintain active partnerships with more than 20 cooperatives of smallholders near our plantations to manage a total of 12,666 ha of planted area under our Plasma Program. This program helps increase the productivity of our plasma by leveraging on DSN's expertise in plantation operations.

We exclusively employ local contractors and cooperatives for all of our transportation, construction, and other non-core services. We have been instrumental in fostering the development of these small businesses and rely on them to the extent that we do not own any trucks for the transport of FFB to our mills.

We continue to promote literacy by making education accessible through the establishment of schools in our plantation areas as well as community learning centers in the surrounding villages with the help of the University of Sanata Dharma.

We have also provided free medical services to all our employees and our local communities since we started operations, with a network of clinics across our estates.

Our successful implementation of these and other CSR programs has resulted in no demonstrations or operational disturbances over the last 3 years by the local population or NGOs.

## Environmental Responsibility

We and our subsidiaries involved in the palm oil business are members of the Roundtable on Sustainable Palm Oil (RSPO), and strive to comply with global RSPO and the Indonesian Sustainable Palm Oil ("ISPO") principles.

We have received RSPO certification for our SWA, DAN and DIN palm oil plantations along with their respective mills, and have completed the RSPO and ISPO audit process in December 2013 for all our mills and their respective estates. We have also completed the ISCC audit, facilitating sales of our CPO for biofuels.

We are also committed to protecting our environment. We have set aside 6,600 hectares of land, or an area roughly equivalent to 10% of our total planted area, for conservation purposes.

We comply with various domestic and international environmental standards in our wood products manufacturing processes, and seek to ensure that all the logs and sawn timber purchased for our operations are produced from sustainable forest resources.

We were awarded the Certification of Legal Wood certifying our use of legally sourced logs and have also obtained the Forest Stewardship Council (FSC) Chain-of-Custody and Program for the Endorsement of Forest Certification (PEFC) certifications.

We meet the Conformité Européenne (CE) labeling standards for products exported to Europe and have received certifications from the California Air Resources Board (CARB) and the Japanese Agricultural Standard (JAS).



# 9-Month 2014 Summary Financials

Total Consolidated (IDR bn)	9M-2014	9M-2013	YoY Δ%	Q3-2014	Q2-2014	QoQ Δ%	2013	2012	YoY Δ%
Revenue	3,726	2,681	39.0	1,162	1,326	(12.4)	3,842	3,411	12.6
Gross Profit	1,256	739	70.0	410	505	(18.9)	1,190	961	23.8
% margin	33.7	27.6		35.3	38.1		31.0	28.2	
Operating Profit	829	391	111.9	261	363	(28.2)	657	494	32.9
% margin	22.3	14.6		22.4	27.4		17.1	14.5	
EBITDA	1,026	549	86.9	327	430	(23.9)	888	666	33.2
% margin	27.5	20.5		32.4	32.4		23.1	19.5	
Net Profit	522	123	323.0	154	216	(28.7)	216	252	(14.6)
% margin	14.0	4.6		16.3	16.3		5.6	7.4	
Adjusted Profit*	520	199	161.0	164	247	(33.7)	354	278	27.2
% margin	14.0	7.4		14.1	18.6		9.2	8.2	
Cash flow from operations	743	69	978.1	256	299	(14.2)	595	149	298.4
Cash flow from investments	(612)	(478)	28.0	(184)	(233)	(21.3)	(745)	(826)	(9.8)
Cash flow from financing	394	407	na	(113)	522	na	96	487	na
Total Palm Oil (IDR bn)	9M-2014	9M-2013	YoY Δ%	Q3-2014	Q2-2014	QoQ Δ%	2013	2012	YoY Δ%
Revenue	2,711	1,651	64.1	883	958	(7.8)	2,478	1,997	24.1
Gross Profit	1,144	613	86.6	395	459	(14.0)	1,046	820	27.6
% margin	42.2	37.1		44.7	47.9		42.2	41.1	
Operating Profit	878	387	126.6	310	358	(13.5)	707	496	42.6
% margin	32.4	23.5		35.1	37.4		28.5	24.8	
EBITDA	1,023	505	102.8	351	413	(14.9)	885	614	44.0
% margin	37.7	30.6		39.8	43.1		35.7	30.8	
Profit Before Tax	795	259	206.4	276	312	(11.5)	517	416	24.1
% margin	29.3	15.7		31.2	32.5		20.9	20.9	
Total Wood Products (IDR bn)	9M-2014	9M-2013	YoY Δ%	Q3-2014	Q2-2014	QoQ Δ%	2013	2012	YoY Δ%
Revenue	1,016	1,030	(1.4)	279	368	(24.2)	1,364	1,414	(3.5)
% growth	(904)	(904)		(264)	(321)		-3.5%	12.7%	
Gross Profit	112	126	(11.0)	15	46	(68.1)	144	141	2.0
% margin	11.0	12.2		5.3	12.6		10.5	10.0	
Operating Profit	28	43	(35.6)	(21)	32	(165.2)	20	70	(71.1)
% margin	2.7	4.2		(7.6)	8.8		1.5	4.9	
EBITDA	69	83	(17.6)	(7)	45	(115.0)	73	123	(40.4)
% margin	6.8	8.1		(2.4)	12.2		5.4	8.7	
Profit Before Tax	(5)	(16)	(69.4)	(37)	4	(956.5)	-80	33	(345.9)
% margin	(0.5)	(1.6)		(13.4)	1.2		(5.9)	2.3	
Financial Position	9M-2014	9M-2013	YoY Δ%	Q3-2014	Q2-2014	QoQ Δ%	2013	2012	YoY Δ%
Total debt				3,253	3,321	(2.1)	2,961	2,733	8.4
Net debt				2,392	2,409	(0.7)	2,474	2,195	12.7
Total Asset				6,777	6,665	1.7	5,921	5,141	15.2
Total Equity				2,161	2,004	7.9	1,679	1,406	19.4
Total debt / equity				1.5x	1.7x		1.8x	1.9x	
Net debt / equity				1.1x	1.2x		1.5x	1.6x	
Net debt / EBITDA				1.8x	2.0x		2.8x	3.3x	

\* Consolidated adjusted profit excludes the impact of unrealized financing forex gains/losses

Note: Annual Financial Statements are audited by Siddharta & Wijaja, Registered Public Accountants, and a Member Firm of KPMG International.

# 9-Month 2014 Operations Summary

Palm Oil Summary	9M-2014	9M-2013	YoY Δ%	Q3-2014	Q2-2014	QoQ Δ%	2013	2012	YoY Δ%
<b>Palm Estates</b>									
<b>Mature Land (ha)</b>	54,409	48,691	11.7	54,409	54,409	na	48,691	42,333	15.0
Nucleus	48,038	43,644	10.1	48,038	48,038	na	43,644	38,361	13.8
Plasma	6,371	5,047	26.2	6,371	6,371	na	5,047	3,972	27.1
<b>Planted Land (ha)</b>	<b>76,621</b>	<b>66,792</b>	<b>14.7</b>	<b>76,621</b>	<b>74,026</b>	<b>3.5</b>	<b>70,243</b>	<b>61,052</b>	<b>15.1</b>
Nucleus	61,468	56,046	9.7	61,468	59,990	2.5	57,862	52,063	11.1
Plasma	15,153	10,746	41.0	15,153	14,036	8.0	12,381	8,989	37.7
<b>FFB Production (t)</b>	1,004,870	885,481	13.5	350,505	351,134	-0.2	1,240,818	1,019,923	21.7
Nucleus	920,053	826,139	11.4	319,660	321,674	-0.6	1,152,611	976,711	18.0
Plasma	84,817	59,342	42.9	30,845	29,460	4.7	88,207	43,212	104.1
<b>FFB Yield (t/ha)</b>									
Nucleus	19.2	18.9	1.2	6.7	6.7	-0.6	26.4	25.5	3.7
Plasma	13.3	11.8	13.2	4.8	4.6	4.7	17.5	10.9	60.6
<b>Mills</b>									
<b>Production (tons)</b>									
FFB Processed	1,205,620	956,218	26.1	409,831	421,976	-2.9	1,380,528	1,052,490	31.2
Crude Palm Oil (CPO)	288,692	232,702	24.1	99,333	100,974	-1.6	335,730	256,971	30.6
Palm Kernel (PK)	38,585	30,129	28.1	14,402	13,195	9.1	43,277	35,716	21.2
Palm Kernel Oil (PKO)	12,841	8,635	48.7	4,608	4,473	3.0	13,482	-	-
<b>Yields (%)</b>									
Oil Extraction Rate (OER)	23.9	24.3	-1.6	24.2	23.9	1.3	24.3	24.4	-0.4
Kernel Extraction Rate (KER)	3.2	3.2	1.6	3.5	3.1	12.3	3.1	3.4	-7.6
Free Fatty Acid (FFA)	2.86	2.63	8.7	3.05	2.65	15.1	2.65	2.67	-0.7
<b>Sales</b>									
<b>Volume (tons)</b>									
Crude Palm Oil (CPO)	293,605	239,481	22.6	100,784	103,267	-2.4	336,240	252,536	33.1
Palm Kernel (PK)	7,590	13,688	-44.5	2,581	2,476	4.3	15,622	34,589	-54.8
Palm Kernel Oil (PKO)	15,703	3,200	390.7	6,001	3,001	100.0	9,400	-	-
<b>Average Selling Price (IDR mn/ton)</b>									
Crude Palm Oil (CPO)	8.52	6.67	27.7	8.02	8.78	-8.6	7.05	7.29	-3.3
Palm Kernel (PK)	5.15	2.46	108.8	4.24	5.64	-24.8	2.70	3.33	-18.7
Palm Kernel Oil (PKO)	10.88	6.24	76.3	10.63	12.67	-16.1	7.07	-	-
<b>Wood Products Summary</b>									
	9M-2014	9M-2013	YoY Δ%	Q3-2014	Q2-2014	QoQ Δ%	2013	2012	QoQ Δ%
<b>Sales Volume</b>									
Panel (m3)	149,873	195,105	-23.2	35,984	55,870	-35.6	244,642	334,512	-26.9
Engineered doors (pcs)	37,777	40,525	-6.8	11,880	15,624	-24.0	51,989	91,102	-42.9
Engineered floors (m2)	878,967	792,209	11.0	279,152	295,563	-5.6	1,073,412	1,166,657	-8.0
<b>Average Selling Price (IDR mn)</b>									
Panel (m3)	4.32	3.85	12.3	4.38	4.27	2.6	3.97	3.10	28.1
Engineered doors (pcs)	1.19	1.02	17.1	1.19	1.13	5.6	1.06	0.69	53.6
Engineered floors (m2)	0.36	0.30	20.7	0.37	0.38	-2.3	0.31	0.27	14.8

**DISCLAIMER:** This presentation may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Although the Company believes that such forward-looking statements are based on reasonable assumptions, it can give no assurance that such expectations will be met. You are cautioned not to place undue reliance on these forward looking statements, which are based on the current view of the management on future events.

Unless otherwise stated, the Company is the source for all data contained in this presentation. Such data is provided as at the date of this presentation and is subject to change without notice. No reliance may be placed for any purposes whatsoever on the information contained in this presentation, or any other material discussed at the presentation, or on the completeness, accuracy or fairness thereof.

The information in this presentation has not been independently verified. No representation, warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information and opinions in this presentation. None of the Company or any of its agents or advisers, or any of their respective affiliates, advisers or representatives, undertake to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise and none of them shall have any liability (in negligence or otherwise) for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection with this presentation.

This presentation also contains certain statistical data and analyses which have been prepared by the Company and/or other sources. Numerous assumptions were used in preparing the Statistical Information, which assumptions may or may not appear herein. As such, no assurance can be given as to the Statistical Information's accuracy, appropriateness or completeness in any particular context, nor as to whether the Statistical Information and/or the assumptions upon which they are based reflect present market conditions or future market performance.



DSNG Daily Share Price (rp/share) & Trading Volume (shares)



DSNG Share Price vs. IDX & Agri Index



DSNG Shareholders	(%)
Oetomo Family	29.8
Rachmat Family	27.0
Salim Lim Family	8.9
Subianto Family	7.5
Commissioners & Directors	9.6
Others & Public	17.2

as of 30 September 2014

For additional information, please refer to our website at:

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

If you have additional questions or requests, you may contact us at:

[investor.relations@dsngroup.co.id](mailto:investor.relations@dsngroup.co.id)