

PT DHARMA SATYA NUSANTARA TBK (DSNG) INVESTOR NEWSLETTER



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DSN's FFB output in Q1 2015 totaled 298,953 tons, a decline of 1.4% compared to 2014 as the year-end slowdown continued into February. Output in March, however, showed a month-on-month increase of 29.2%, as well as year-on-year growth of 12.1%. Our total FFB processed followed the same trends, falling to 351,237 tons for the quarter or 6.0% lower compared to 2014.

Our CPO production of 78,285 tons in the quarter showed a decline of 11.5% compared to 2014, with mill productivity subdued by a CPO Oil Extraction Rate of 22.28%. Our blended average FFA levels showed a marked improvement in the quarter, declining to 2.81% from 3.12% in the previous quarter. Our realized ASP for CPO was stable through February, but strengthened somewhat in March.

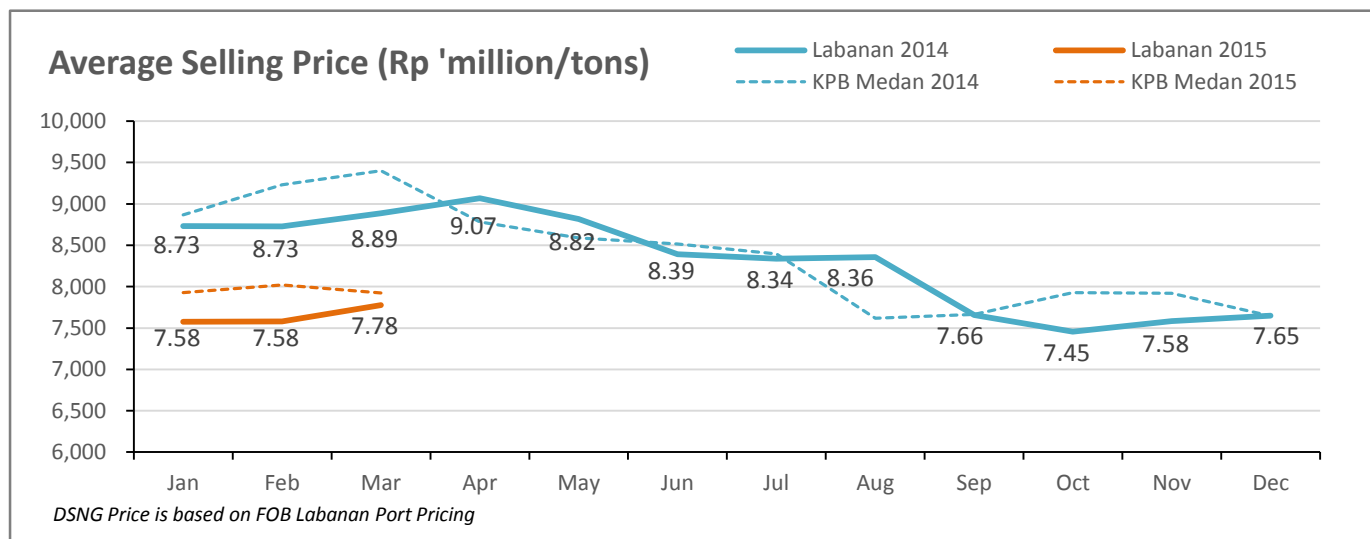
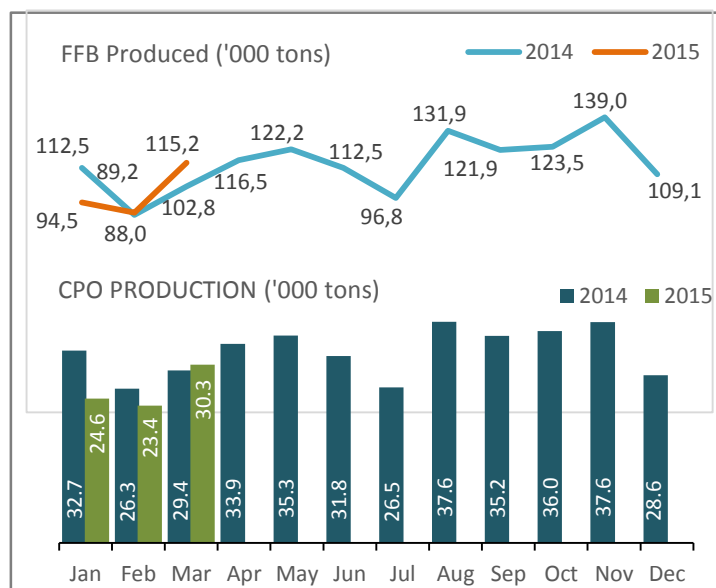
The company's total planted area, including nucleus and plasma, reached 81,142 hectares, with new planting of 1,078 hectares during the first 3 months.

	3M-2015	3M-2014	% Δ	FY2014
Plantation Performance				
FFB Production (ton)	298,953	303,231	-1.4	1,376,498
- FFB Nucleus (ton)	273,556	278,719	-1.9	1,257,635
- FFB Plasma (ton)	25,397	24,512	3.6	118,864
Mill Performance				
FFB Processed (ton)	351,237	373,813	-6.0	1,635,341
CPO Production (ton)	78,258	88,385	-11.5	390,857
PK Production (ton)	10,923	10,988	-0.6	53,324
PKO Production (ton)	3,455	3,760	-8.1	18,197
CPO OER (%)	22.28	23.64	-5.8	23.90
FFA (%)	2.81	2.87	-2.2	2.93
Sales Performance				
CPO (ton)	82,550	89,554	-7.8	394,344
PK (ton)	2,364	2,533	-6.7	10,127
PKO (ton)	3,000	6,701	-55.2	19,704

PLANTING PROGRAM

New Planting	3M-2015	3M-2014	%Δ
Nucleus (ha)	707	893	-20.8
Plasma (ha)	371	588	-37.0
Total (ha)	1,078	1,482	-27.2

Planted (as of March 2015) (ha)	Average Age (yr)	Planted Hectare		
		Mature (ha)	Immature (ha)	Total Planted (ha)
Nucleus	8.1	50,732	12,754	63,486
Plasma	3.8	5,686	11,971	17,657
Total	7.3	56,418	24,724	81,142



WOOD PRODUCTS BUSINESS

	3M-2015	3M-2014	% Δ	FY2014
Sales Volume				
Panel (m3)	48,235	58,019	-16.9	201,696
Engineered doors (Pcs)	14,576	10,273	41.9	51,469
Engineered flooring (M2)	256,965	304,252	-15.5	1,145,956
Average Selling Price				
Panel (Rp million /m3)	4.60	4.32	6.5	4.37
Engineered doors (Rp 'million /pcs)	1.49	1.28	16.0	1.24
Engineered flooring (Rp 'million /m2)	0.39	0.35	12.4	0.37

The average selling prices for the Company's wood products continued to improve in Q1 2015, with engineered floors and doors higher by 11.5% and 16.0% respectively. Panel products brought in 6.5% high unit prices as well.

At the same time, the volume outlook was more mixed. While wood panel sales volume declined by 16.9% to 48,235 m3, the volume of Engineered Flooring declined by 15.5% compared to the same period in 2014. Sales of Engineered Doors, however, increased by 41.9% in the period.

FINANCIAL SUMMARY

In the first quarter of 2015, the Company generated net sales of Rp 1,024 trillion, 17.3% lower than the same period last year as both the CPO volume and ASP declined. Gross profit fell by 20.2% to Rp 272 billion while operating profit was off 17.8% to Rp 169 billion. Despite the absolute decline in our gross and operating profit, the Company 's gross profit margin only slightly declined to 26.6% in the first three months of 2015, while operating profit margins was maintained at 16.5%.

The Company posted first quarter EBITDA of Rp 245 billion, a 9.1% decline from 2014, while the EBITDA margin increased from 21.8% to 23.9%.

	<i>In Billion Rupiah</i>		
	31 March 2015	31 March 2014	YoY (%)
Net Sales	1,024	1,238	(17.3)
Cost of Sales	752	898	(16.2)
Gross Profit	272	341	(20.2)
<i>% margin</i>	26.6	27.5	
Operating Profit	169	205	(17.8)
<i>% margin</i>	16.5	16.6	
EBITDA	245	270	(9.1)
<i>% margin</i>	23.9	21.8	
Net profit	58	151	(61.6)
<i>% margin</i>	5.7	12.2	
Adjusted net profit	85	110	(22.5)
<i>% margin</i>	8.3	8.9	

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