



PT DHARMA SATYA NUSANTARA TBK (DSNG.IJ) INVESTOR NEWSLETTER

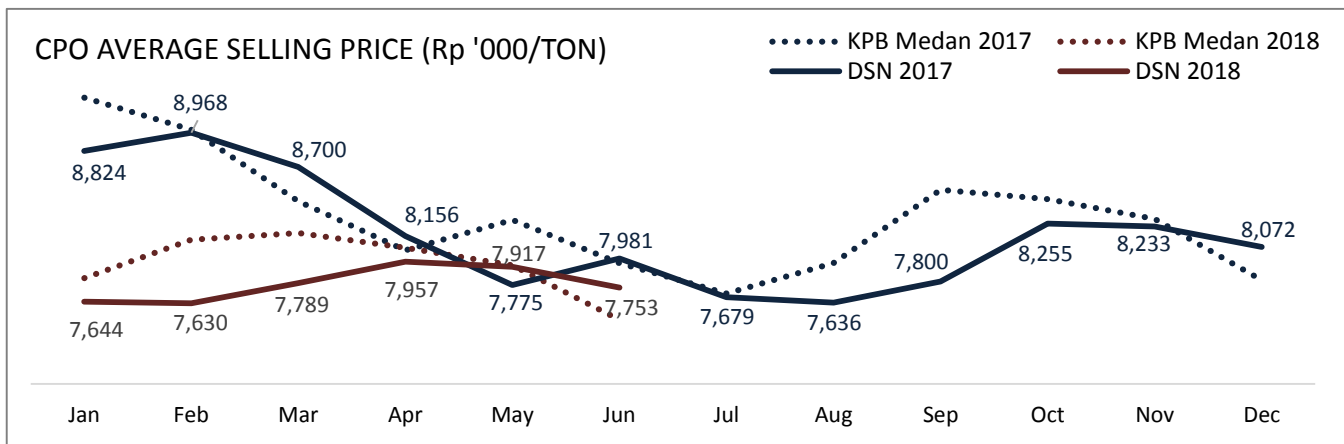
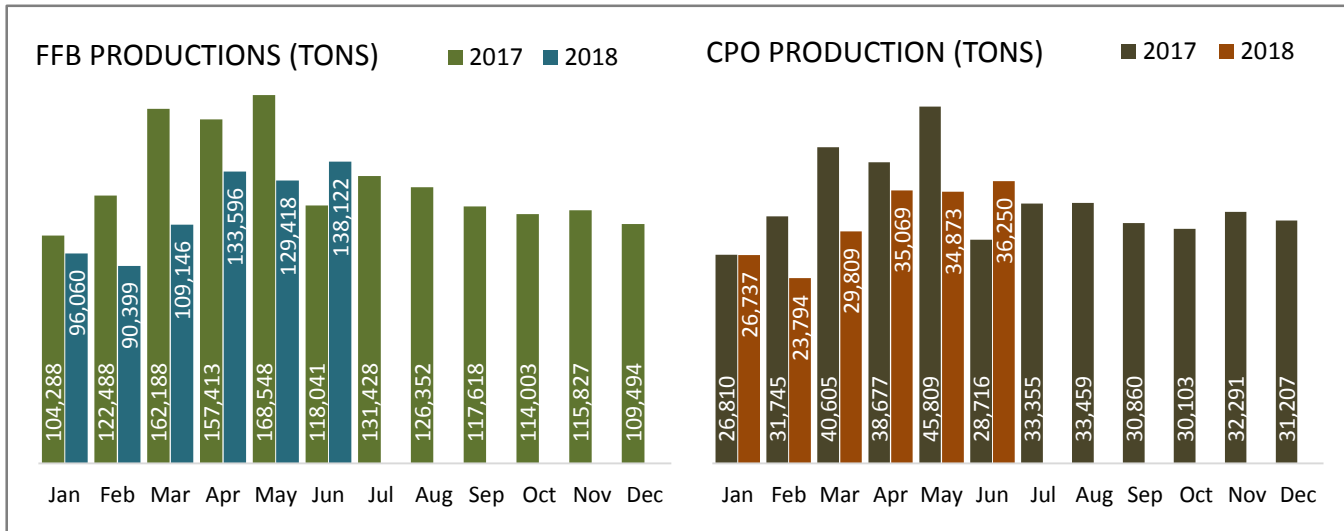
Our FFB production in the first half of 2018 reached 697 thousand tons, a decrease of 16% compared to the same period last year. In the second quarter of 2018, however, our performance has shown an improvement due to the post El-Nino yield recovery with FFB production increase of 36% compared to the first quarter.

Our mill productivity performed an improvement in the second quarter of 2018 with CPO production increased by 32% compared to the previous quarter while CPO Oil Extraction Rate increased to

23.7%. Our blended average FFA level improved to 2.8% in the first half of 2018.

Through June 2018, our CPO sales volume was 187 thousand tons, a decrease of 22% compared to same period last year, even though in the second quarter of this year, our sales volume 28.5% higher compared to the first semester. Our realized ASP for CPO in January to June 2018 was Rp 7.8 million per ton, 6% lower compared to the same period last year of Rp 8.1 million per ton.

	6M-2018	6M-2017	YoY%	Q1-2018	Q2-2018	QoQ%	FY2017
Plantation Performance							
FFB Production (ton)	696,741	832,966	(16.4)	295,605	401,136	35.7	1,547,686
- FFB Nucleus (ton)	600,500	744,005	(19.3)	259,588	340,912	31.3	1,381,803
- FFB Plasma (ton)	96,242	88,961	8.2	36,017	60,224	67.2	165,884
Mill Performance							
FFB Processed (ton)	786,760	953,527	(17.5)	337,692	449,068	33.0	1,753,986
CPO Production (ton)	186,532	212,362	(12.2)	80,340	106,192	32.2	403,638
PK Production (ton)	31,531	33,127	(4.9)	13,598	17,933	31.9	65,092
PKO Production (ton)	12,417	12,392	0.2	5,365	7,053	31.5	24,284
CPO OER (%)	23.71	22.27	6.5	23.84	23.65	(0.6)	23.01
FFA (%)	2.77	3.17	(12.7)	2.79	2.71	(4.7)	2.96
Sales Performance							
CPO (ton)	187,178	241,086	(22.4)	81,899	105,279	28.5	457,973
PK (ton)	5,131	5,140	(0.2)	2,711	2,420	(10.7)	10,067
PKO (ton)	10,001	12,002	(16.7)	5,001	5,000	0.0	27,002



PLANTED AREA

As of June 2018, the company's total planted area, including nucleus and plasma, reached 90,288 hectares, with average age of 9.6 years.

	Planted (as of June 2018) (ha)	Average Age (yr)	Planted Hectareage	
			Mature (ha)	Total Planted (ha)
Nucleus		10.5	63,903	69,369
Plasma		6.3	15,198	20,920
Total		9.6	79,101	90,288

WOOD PRODUCTS BUSINESS

In the first half of 2018, the Company's wood panel product performance showed an improvement. Panel sales volume and average selling price increased by 20.5% and 14.0% respectively.

Meanwhile our engineered flooring sales volume decreased by 11.5%. The average selling price, however, 7.4% higher compared to the same period last year.

	6M-2018	6M-2017	% YoY	Q1-2018	Q2-2018	QoQ%	FY2017
Sales Volume							
Panel (m3)	39,251	32,574	20.5	19,181	20,070	4.6	70,985
Engineered flooring (M2)	523,963	592,001	(11.5)	269,693	254,269	(5.7)	1,249,734
Average Selling Price (ASP)							
Panel (Rp million /m3)	5.81	5.10	14.0	5.64	5.98	6.0	5.25
Engineered flooring (Rp 'million /m2)	0.41	0.38	7.4	0.41	0.41	(0.1)	0.39

FINANCIAL SUMMARY

In the first half of 2018 the Company generated revenue of Rp 2.1 trillion, 20% lower compared to the same period last year due to the decrease in FFB production as well as lower ASPs.

Through June 30, 2018, palm oil segment contributed 79% of the Company's revenue.

Gross profit and operating profit also declined by 31% and 21% respectively. However, we succeeded in maintaining operating profit margin at the level of 17%.

The Company posted EBITDA for the period of Rp 511 billion, 27% lower compared to the same period last year, with EBITDA margin of 24%.

	In Million Rupiah	
	June 30, 2018	June 30, 2017 *
Revenue	2,122,993	2,659,844
Gross Profit	570,117	822,893
<i>% margin</i>	26.9	30.9
Operating Profit	367,120	465,600
<i>% margin</i>	17.3	17.5
Profit Before Income Tax	198,872	354,295
<i>% margin</i>	9.4	13.3
EBITDA	511,053	702,601
<i>% margin</i>	24.1	26.4
Profit	132,314	194,141
<i>% margin</i>	6.2	7.3

* As restated

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