PT DHARMA SATYA NUSANTARA TBK (DSNG)

INVESTOR NEWSLETTER

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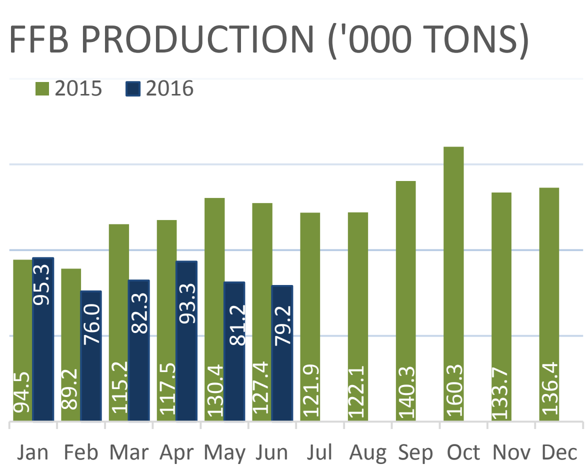
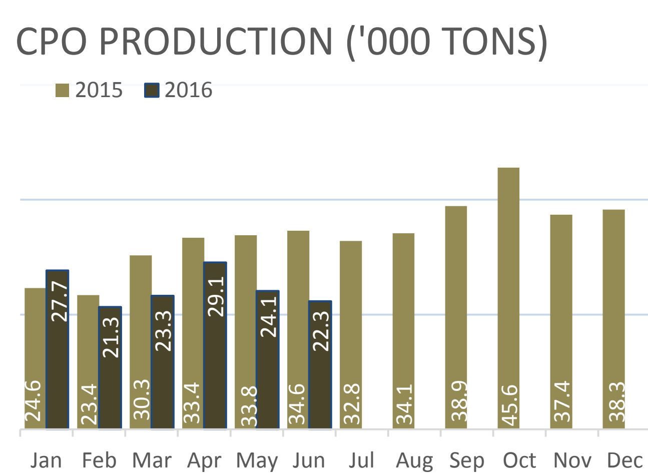
In H1 2016, DSN Group's CPO production reached 148 thousand tons, for a decrease of 17.9% compared to 2015. At the same time, our total FFB harvested also declined by 24.8% to 507 thousand tons in the first half.

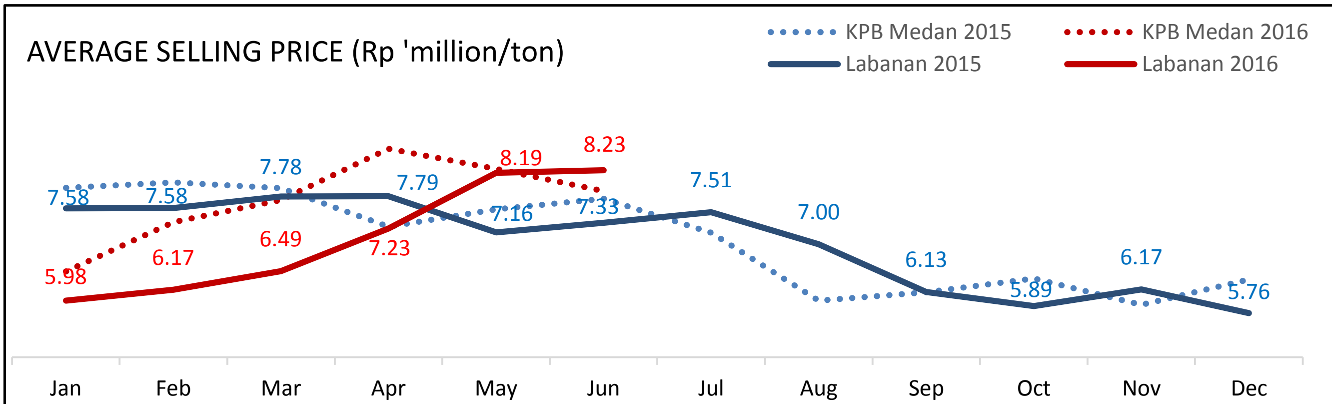
Our total FFB processed reached 610 thousand tons, a drop of 22.7% compared to 2015, with mill productivity improving to a CPO Oil Extraction Rate of 24.24%. Our blended average FFA levels showed a marked improvement in the first six months of 2016, from 2.61% in 2015 to 2.25% in the current year. The company's CPO sales volume was 166 thousand tons, a decrease of 10.4% from 185 thousand tons last year.

Our realized ASP for CPO in January to June 2016 was Rp 7.10 million per ton, 5.5% lower compare to the same period last year of Rp 7.51 million per ton.

	6M-2015	6M-2016	YoY%	Q1-2016	Q2-2016	QoQ%	FY2015
Plantation Performance							
FFB Production (ton)	674,300	507,287	(24.8)	253,592	253,695	0.0	1,489,022
- FFB Nucleus (ton)	615,805	456,237	(25.9)	227,161	229,076	0.8	1,351,424
- FFB Plasma (ton)	58,496	51,050	(12.7)	26,431	24,619	(6.9)	137,598
Mill Performance							
FFB Processed (ton)	788,620	609,937	(22.7)	300,678	309,259	2.9	1,725,560
CPO Production(ton)	180,074	147,834	(17.9)	72,287	75,547	4.5	407,155
PK Production (ton)	25,846	24,359	(5.8)	11,939	12,420	4.0	60,598
PKO Production (ton)	8,037	8,131	1.2	4,372	3,759	(14.0)	20,489
CPO OER (%)	22.83	24.24	6.1	24.04	24.43	1.6	23.60
FFA (%)	2.61	2.25	(13.7)	2.27	2.23	(1.5)	2.57
Sales Performance							
CPO (ton)	184,900	165,641	(10.4)	74,641	91,000	21.9	409,815
PK (ton)	4,525	4,930	8.9	2,628	2,302	(12.4)	9,523
PKO (ton)	9,000	9,650	7.2	3,500	6,150	75.7	19,501







DSNG Price is based on FOB Labanan Port Pricing

PLANTED AREA

As of June 2016, the company's total planted area, including nucleus and plasma, reached 90,288 hectares, with average age of 7.6 years.

Planted (as of June 2016) (ha)	Average Age (yr)	Planted Hectarage		
		Mature (ha)	Immature (ha)	Total Planted (ha)
Nucleus	8.5	56,279	13,089	69,368
Plasma	4.3	8,901	12,018	20,920
Total	**7.6**	**65,181**	**25,107**	**90,288**

WOOD PRODUCTS BUSINESS

In the first half of 2016, wood panel sales volume declined by 47.0% to 56.4 thousand m3 compared to the same period in 2015, while the volume of engineered doors and flooring increased by 7.0% and 20.1% respectively.

The ASP for the Company's wood products in the first six months of this year continued to improve with panels higher by 3.5%. Meanwhile, engineered doors and engineered flooring ASPs declined by 30.6% and 4.3% respectively from the previous year.

	6M-2015	6M-2016	% YoY	Q1-2016	Q2-2016	QoQ%	FY2015
Sales Volume							
Panel (m3)	106,400	56,379	(47.0)	28,395	27,984	(1.4)	179,567
Engineered doors (Pcs)	26,869	28,758	7.0	15,271	13,487	(11.7)	61,948
Engineered flooring (M2)	517,079	620,996	20.1	303,877	317,119	4.4	1,098,252
Average Selling Price (ASP)*							
Panel (Rp million /m3)	4.57	4.72	3.5	4.79	4.65	(2.9)	4.68
Engineered doors (Rp 'million /pcs)	1.46	1.02	(30.6)	1.02	1.01	(1.3)	1.25
Engineered flooring (Rp 'million /m2)	0.40	0.39	(4.3)	0.39	0.38	(3.7)	0.41

FINANCIAL SUMMARY

In the first semester of 2016, the Company generated net sales of Rp 1.86 trillion, 17.3% lower compared to the same period last year due to the decline in CPO production from the continuing impact of the recent El Nino, as well as lower ASPs.

Gross profit fell by 34.7% to Rp 403.8 billion and operating profit also declined by 54.6% to Rp 172 billion. The Company posted six months EBITDA of Rp 333.3 billion, or 37.5% lower compared to the same period last year. Our EBITDA margin decreased from 23.7% in 2015 to 17.9% in 2016.

The company's total comprehensive income for this semester fell to Rp 28.5 billion from Rp 174.4 billion last year, as a result of declining of net sales.

In Million Rupiah

	30 June 2016	30 June 2015
Net Sales	1,859,559	2,247,565
Cost of Sales	(1,455,983)	(1,629,835)
Gross Profit	403,576	617,730
% margin	*21.7%*	*27.5%*
Operating Profit	172,036	379,241
% margin	*9.3%*	*16.9%*
Profit Before Income Tax	49,293	219,616
% margin	*2.7%*	*9.8%*
EBITDA	333,325	533,188
% margin	*17.9%*	*23.7%*
Total Comprehensive Income for The Year	28,467	174,403
% margin	1.5%	7.7%