PT DHARMA SATYA NUSANTARA TBK (DSNG)

INVESTOR NEWSLETTER

DSN GROUP

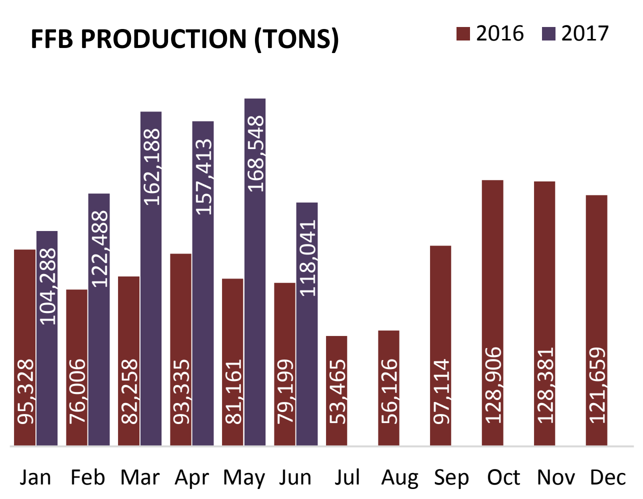
Number 22| July 2017

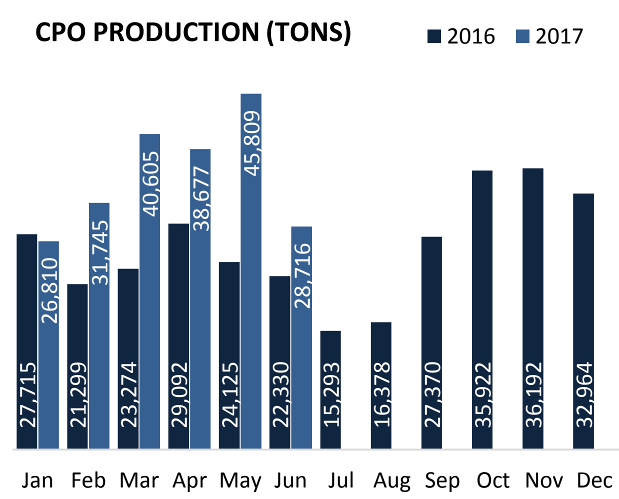
In the first half of 2017, DSN Group's performance was strong with CPO production reached 212 thousand tons, an increase of 43.6% compared to first half of 2016. At the same time, our total FFB harvested also rose by 64.2% to 833 thousand tons in the first half.

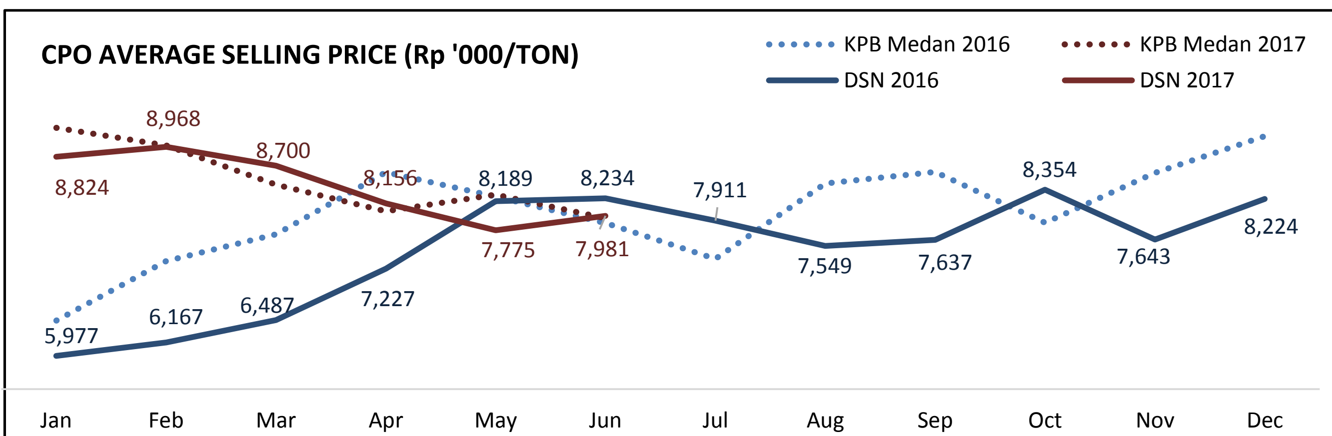
Our total FFB processed reached 954 thousand tons, an increase of 56.3% compared to same period in 2016. Our CPO Oil Extraction Rate slightly declined by 8.1% to 22.3% and our blended average FFA level was 3.17% in the current year. The company's CPO sales volume was 241 thousand tons, an increase of 45.5% from 166 thousand tons last year.

Our realized ASP for CPO in January to June 2017 was Rp 8.30 million per ton, 17.0% higher compared to the same period last year of Rp 7.10 million per ton.

	6M-2017	6M-2016	YoY%	Q1-2017	Q2-2017	QoQ%	FY2016
Plantation Performance							
FFB Production (ton)	832,966	507,287	64.2	388,964	444,002	14.1	1,092,937
- FFB Nucleus (ton)	744,005	456,237	63.1	345,690	398,315	15.2	977,629
- FFB Plasma (ton)	88,961	51,050	74.3	43,274	45,687	5.6	115,308
Mill Performance							
FFB Processed (ton)	953,527	609,937	56.3	452,794	500,732	10.6	1,306,365
CPO Production(ton)	212,362	147,834	43.6	99,160	113,202	14.2	311,952
PK Production (ton)	33,127	24,359	36.2	15,280	17,892	17.1	51,127
PKO Production (ton)	12,392	8,131	52.4	4,816	7,576	57.3	17,259
CPO OER (%)	22.27	24.24	(8.1)	21.90	22.61	3.2	23.88
FFA (%)	3.17	2.25	40.7	3.30	3.06	(7.3)	2.60
Sales Performance							
CPO (ton)	241,086	165,641	45.5	97,750	143,336	46.6	348,391
PK (ton)	5,140	4,930	4.3	2,858	2,282	(20.2)	11,067
PKO (ton)	12,002	9,650	24.4	7,001	5,001	(28.6)	17,451







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PLANTED AREA

As of June 2017, the company's total planted area, including nucleus and plasma, reached 90,288 hectares, with average age of 8.6 years. As of June 2017, we have not proceeded with any organic expansion, as we continue to review our available land bank in light of our sustainability policy.

Planted (as of June 2017) (ha)	Average Age (yr)	Planted Hectarage	
		Mature (ha)	Total Planted (ha)
Nucleus	9.5	60,527	69,369
Plasma	5.3	11,818	20,920
Total	**8.6**	**72,345**	**90,288**

WOOD PRODUCTS BUSINESS

In the first half of 2017, the Company's wood panel sales volume declined by 42.2% and door sales volume declined by 23.5% due to business restructuring. The average selling price for panels and engineered doors, however, rose by 8% and 9% respectively, while engineered flooring declined slightly by 1.6% compared to fist half of 2016.

In the second quarter of 2017, the ASP for our panel, engineered door and engineered flooring rose by 2.8%, 6.6% and 3.4% respectively.

	6M-2017	6M-2016	% YoY	Q1-2017	Q2-2017	QoQ%	FY2016
Sales Volume							
Panel (m3)	32,575	56,379	(42.2)	17,490	15,085	(13.8)	92,235
Engineered doors (Pcs)	22,002	28,758	(23.5)	8,991	13,011	44.7	59,447
Engineered flooring (M2)	592,001	620,996	(4.7)	334,232	257,769	(22.9)	1,254,642
Average Selling Price (ASP)							
Panel (Rp million /m3)	5.10	4.72	8.0	5.04	5.18	2.8	4.86
Engineered doors (Rp 'million /pcs)	1.11	1.02	9.0	1.06	1.14	6.6	1.06
Engineered flooring (Rp 'million /m2)	0.38	0.39	(1.6)	0.37	0.39	3.4	0.37

FINANCIAL SUMMARY

In the first semester of 2017, the Company generated net sales of Rp 2.7 trillion, a significant increase of 44.3 % compared to the same period last year primarily due to the higher FFB production and the increase of CPO price. Palm oil segment contributes 84.4% to our revenue in the first semester. Gross profit rose by 110.4% to Rp 808.8 billion and operating profit also rose by 191.5% to Rp 501.5 billion. The Company posted six months EBITDA of Rp 674.8 billion, or 102.5 % higher compared to the same period last year. Our EBITDA margin increased from 17.9% in 2016 to 25.1% in 2017.

The Company's net income for this semester reached Rp 255.2 billion, compared to Rp 22.7 billion last year.

In Million Rupiah

	30 June 2017	30 June 2016
Net Sales	2,684,187	1,859,559
Cost of Sales	(1,875,413)	(1,455,983)
Gross Profit	808,774	403,576
% margin	*30.1*	*21.7%*
Operating Profit	501,512	172,036
% margin	*18.7*	*9.3%*
EBITDA	674,862	333,325
% margin	*25.1*	*17.9%*
Net Income	255,182	22,655
% margin	*9.5*	*1.2%*