PT DHARMA SATYA NUSANTARA TBK (DSNG)

INVESTOR NEWSLETTER

DSNGROUP

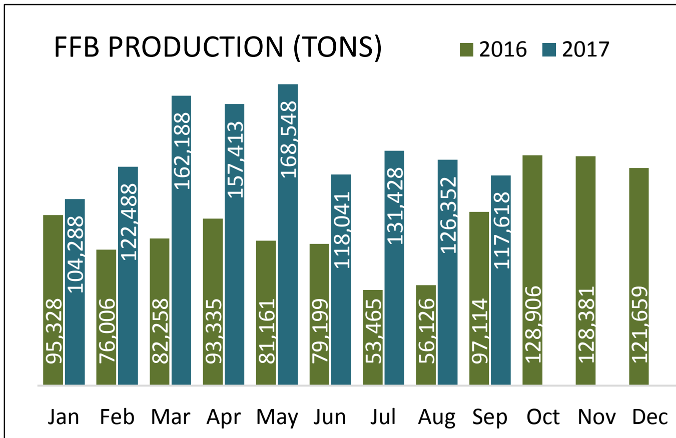
Number 23 | October 2017

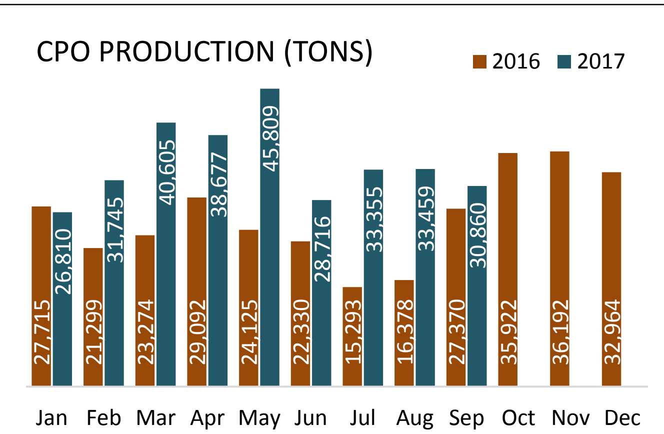
In the first nine months of 2017, our FFB and CPO production has shown a significant improvement. Through September 2017, our FFB production reached 1.2 million tons, or 69.2% higher compared to the same period of 2016, as production has been recovering from the El-Nino impact in 2015.

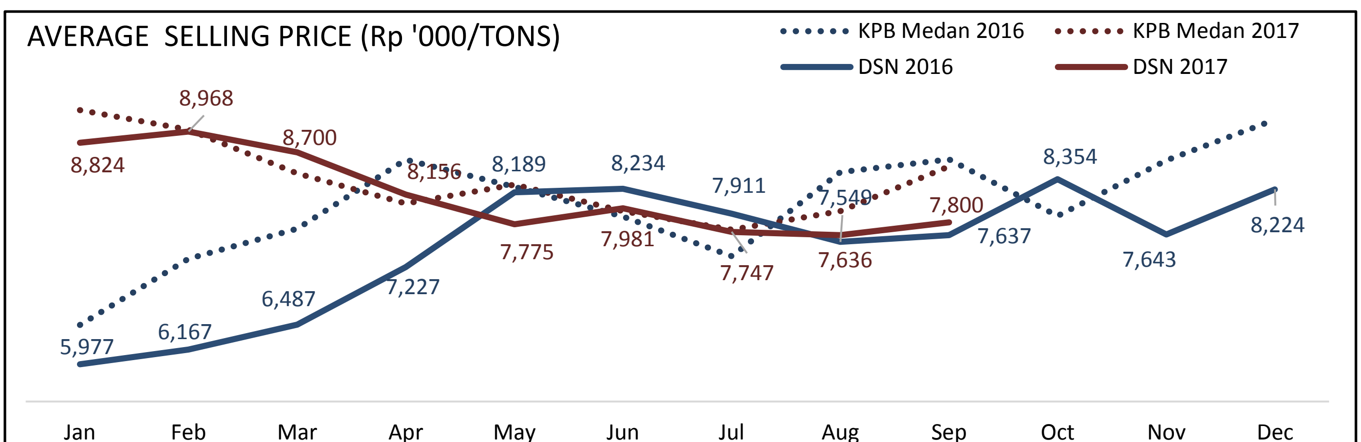
At the same time, mill productivity rose as well, with FFB processed reaching 1.4 million tons, for an increase of 58.4% compared to same period last year, while CPO production also rose by 49.9% to 310.0 thousand tons.

The company's CPO sales volume was 347.1 thousand tons, an increase of 50.0%, with the average selling price in first nine months of 2017 of Rp 8.1 million per ton, 11.8% higher compare to the same period last year of Rp 7.3 million per ton.

	9M-2017	9M-2016	YoY%	Q1-2017	Q2-2017	Q3-2017	QoQ%	FY2016
Plantation Performance								
FFB Production (ton)	**1,208,363**	**713,992**	**69.2**	388,964	444,002	375,397	(15.5)	1,092,937
- FFB Nucleus (ton)	1,079,422	640,878	68.4	345,690	398,315	335,417	(15.8)	977,629
- FFB Plasma (ton)	128,941	73,114	76.4	43,274	45,687	39,980	(12.5)	115,308
Mill Performance								
FFB Processed (ton)	1,357,951	857,094	58.4	452,794	500,732	404,425	(19.2)	1,306,365
CPO Production(ton)	310,037	206,875	49.9	99,160	113,202	97,675	(13.7)	311,952
PK Production (ton)	48,989	34,689	41.2	15,280	17,892	15,817	(11.6)	51,127
PKO Production (ton)	18,589	11,527	61.3	4,816	7,576	6,198	(18.2)	17,259
CPO OER (%)	22.83	24.14	(5.4)	21.90	22.61	24.15	6.8	23.88
FFA (%)	3.04	2.38	27.7	3.30	3.06	2.75	(10.0)	2.60
Sales Performance								
CPO (ton)	347,115	231,391	50.0	97,750	143,336	106,029	(26.0)	348,391
PK (ton)	7,326	7,678	(4.6)	2,858	2,282	2,186	(4.2)	11,067
PKO (ton)	19,002	12,051	57.7	7,001	5,001	7,000	40.0	17,451







DSNG Price is based on FOB Labanan Port Pricing

INVESTOR NEWSLETTER

DSNGROUP

PLANTED AREA

As of September 2017, the company's total planted area, including nucleus and plasma, reached 90,288 hectares, with the average age of 8.6 years. We continue to review our available land bank for future planting.

Planted (as of September 2017) (ha)	Average Age (yr)	Planted Hectarage	
		Matured (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 nine months of 2017, our panel and engineered door recorded a decreased in sales volume, while engineered flooring increase slightly by 2.2%. Sales volume of our wood product in the last three months, however, showed a significant increase compared to the previous quarter due to the higher demand.

Average selling price of panel and engineered flooring rose by 8.3% and 1.4% respectively, while engineered door decreased slightly of 0.8%.

	9M-2017	9M-2016	% YoY	Q1-2017	Q2-2017	Q3-2017	QoQ%	FY2016
Sales Volume								
Panel (m3)	50,839	73,357	(30.7)	17,490	15,085	18,265	21.1	92,235
Engineered doors (Pcs)	45,066	47,102	(4.3)	8,991	13,011	23,064	77.3	59,447
Engineered flooring (M2)	952,604	932,130	2.2	334,232	257,769	360,603	39.9	1,254,642
Average Selling Price (ASP)								
Panel (Rp million /m3)	5.21	4.81	8.3	5.04	5.18	5.44	4.7	4.86
Engineered doors (Rp 'million /pcs)	1.02	1.02	(0.8)	1.06	1.14	0.93	(18.2)	1.06
Engineered flooring (Rp 'million /m2)	0.38	0.38	1.4	0.37	0.39	0.39	1.8	0.37

FINANCIAL SUMMARY

In the third quarter of 2017, the Company generated net sales of Rp 3.9 trillion, an increased of 47.1% compared to the same period last year, primarily due to the higher of CPO production and an increase of CPO pricing.

Gross profit and operating profit rose significantly by 118.8.2% and 265.3% respectively. The Company posted nine-month EBITDA of Rp 1.1 trillion , 132.1% higher compared to the same period last year. Our EBITDA margin also increased from 17.4% in nine months of 2016 to 27.5% in 2017.

The Company booked net income attributable to owners of the Company of Rp 412.4 billion in the third quarter of 2017, up from Rp 17.3 billion in the same period last year, as a result of stronger operating performance.

In Million Rupiah

	30 Sept 2017	30 Sept 2016
Net Sales	3,891,545	2,644,906
Cost of Sales	(2,639,270)	(2,072,545)
Gross Profit	1,252,275	572,361
% margin	*32.2%*	*21.6%*
Operating Profit	806,076	220,671
% margin	*20.75*	*8.3%*
Profit Before Income Tax	604,572	49,399
% margin	*15.5%*	*1.9%*
EBITDA	1,070,852	461,442
% margin	*27.5%*	*17.5%*
Net Income attributable to owners of the Company	412,447	17,282