

## Strong Q4-2020 & High CPO Price Boosted DSNG's Profit

DSNG posted a net profit of Rp 478 billion in 2020, rose significantly by 168% against 2019, following higher CPO average selling price (ASP), strong Q4-2020 FFB production and lower financing costs in 2020. Palm oil segment still dominated DSNG's total revenue by contributing around 85%, while the performance of wood product segment was affected by a weaker demand from the Japan market for our panel products following the economic slowdown due to Covid-19 pandemic.

Despite CPO sales volume was lower by 4% against 2019, 2020 EBITDA was booked higher at Rp 1.65 trillion, rose by Rp 338 billion or 26% yoy.

DSNG posted earning per share of Rp 44.97 for 2020, rose by 165% against 2019.

As of 31 December 2020, our net debt level was 5.63 trillion Rupiah, 9% lower than our net debt position in 2019 of 6.14 trillion Rupiah.

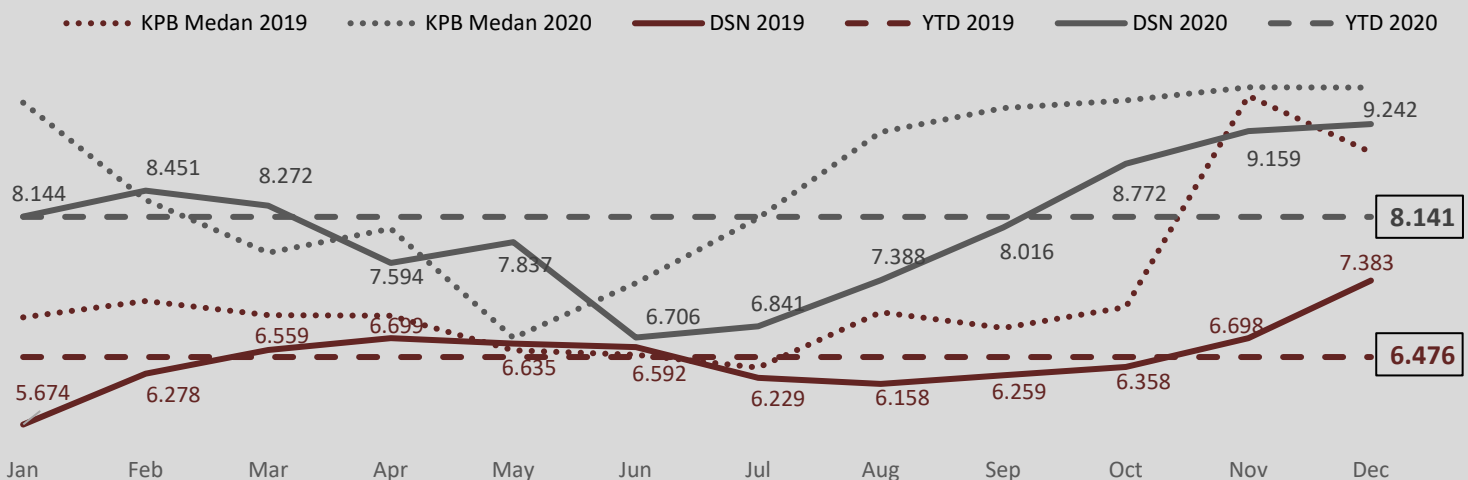
The conversion of ±25% of our IDR-denominated loans into USD-denominated loans in April and May 2020 has benefited us from a lower interest rate as well as lower loan balance whenever IDR strengthens against USD below our conversion rates. And combined with a strong financial performance in 2020, cash generation was high and consequently driving down our leverage level to a moderate level by the end of 2020.

DESCRIPTION	2020	2019	%
Revenue	6,698,918	5,736,684	16.8
- Palm Oil	5,703,114	4,735,574	20.4
- Wood Product	995,804	1,001,110	(0.5)
Cost of Revenue	(4,947,242)	(4,275,989)	15.7
Gross Profit	1,751,676	1,460,695	19.9
- Margin	26,1%	25,5%	
Operating Profit	995,056	756,554	31.5
- Margin	14.9%	13,2%	
Profit Before Tax	695,296	280,084	148.2
EBITDA	1,650,410	1,312,656	25.7
- Margin	24,6%	22,9%	
Profit	478,171	178.164	168.4
- Margin	7,1%	3,1%	
Total Asset	14,151,383	11,620,821	21.8
Total Liability	7,920,634	7,889,229	0.4
Total Equity	6,230,749	3,731,592	67.0

RATIO (times)	2020	2019
Net Debt/EBITDA	3.41	4.68
Net Debt/Equity	0.90	1.65
DSCR	1.40	1.06

Our Debt Service Coverage Ratio in 2020 has increased to 1.4 times from a ratio of 1.1 times in 2019. The Net Debt to EBITDA ratio has come down to 3.4 times from 4.7 times last year. And the Net Debt to Equity ratio has now fallen to below 1 time as opposed to 1.7 times in 2019 following the surplus from the asset revaluation conducted at the end of the year

## CPO AVERAGE SELLING PRICE (Rp '000/TON)

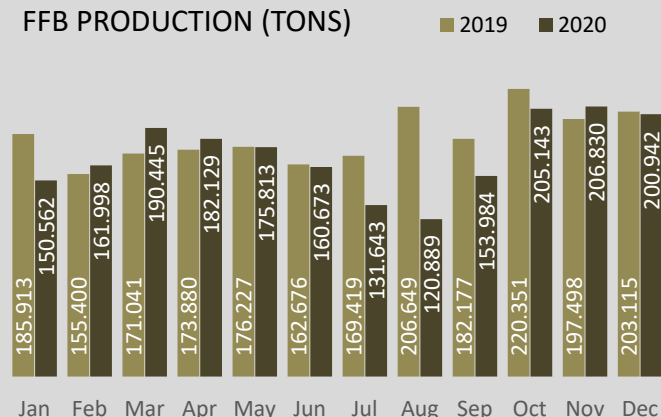


## Strong Production in Q4

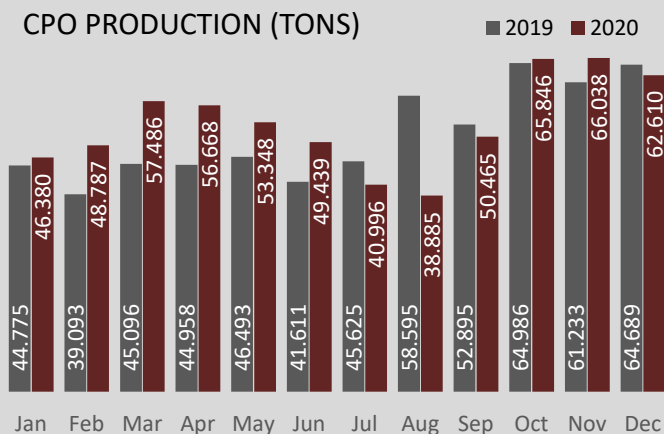
Our FFB production in 2020 reached 2.04 million tons, a decline of 7% against last year due to a weak production in Q3-2020 following the lagging effect of El-Nino in 2019. The FFB production in Q4-2020, however, has strongly recovered close to the level in Q4-2019 and was 51% higher in comparison to the production in Q3-2020.

Despite lower FFB production, our CPO production in 2020 still increased by 4% due to utilization of more external FFB, in line with the increasing processing capacity from our newly-added mill in West Kalimantan and the extension line in East Kalimantan since Q4-2019. Consequently, our PK and PKO production also increased, by 8% respectively.

FFB PRODUCTION (TONS)



CPO PRODUCTION (TONS)



Our OER and FFA remained consistently superior for more than 5 consecutive years. OER in 2020 was similar to 2019 of 23.49%, with a FFA level of 2.76% from 2.67% last year.

During 2020, we sold 640 thousand tons CPO, lower by 4% against 2019 of 666 thousand tons. However, included in 2019 sales volume was the carried over 2018 year-end stock of ± 50 thousand tons. Excluding this, the real growth of CPO sales volume became 4% instead of -4%.

The shortage of global CPO supply in 2020 has driven CPO price to reach its highest in the last 8.5 years. As a result, our 2020 CPO ASP of Rp 8.1 million per ton was 26% higher than 2019 ASP of Rp 6.5 million per ton.

	FY-2020	FY-2019	YoY%	Q1-2020	Q2-2020	Q3-2020	Q4-2020	%QoQ
<b>Plantation Performance</b>								
FFB Production (tons)	2,041,052	2,204,345	(7.4)	503,005	518,615	406,517	612,915	50.8
- FFB Nucleus (tons)	1,675,893	1,864,850	(10.1)	410,470	422,907	335,785	506,731	50.9
- FFB Plasma (tons)	365,159	339,495	7.6	92,535	95,708	70,732	106,184	50.1
<b>Mill Performance</b>								
FFB Processed (tons)	2,711,357	2,597,096	4.4	630,842	664,913	558,474	857,128	53.5
CPO Production (tons)	636,947	610,050	4.4	152,653	159,455	130,346	194,493	49.2
PK Production (tons)	114,290	105,808	8.0	26,993	27,755	23,780	35,763	50.4
PKO Production (tons)	34,049	31,462	8.2	7,790	8,652	6,764	10,843	60.3
CPO OER (%)	23.49	23.49	0.0	24.2	23.98	23.34	22.69	(2.8)
FFA (%)	2.76	2.67	3.4	2.54	2.63	2.77	3.05	9.9
<b>Sales Performance</b>								
CPO (tons)	640,416	665,993	(3.8)	142,947	167,492	123,016	206,962	68.2
PK (tons)	30,917	31,172	(0.8)	9,018	6,795	7,122	7,982	12.1
PKO (tons)	33,013	32,011	3.1	8,003	7,004	8,001	10,005	25.1
CPO ASP (Rp '000/Ton)	8,141	6,476	25.7	8,292	7,388	7,438	9,064	21.9

## PLANTED AREA

As of December 2020, the company's total planted area, including nucleus and plasma, reached 112.6 thousand hectares, with mature areas of 103.0 thousand hectares and average age of 10.9 years.

Planted ('000 ha)	Average Age (yrs)	Planted Hectareage	
		Mature ('000 ha)	Total Planted ('000 ha)
Nucleus	11.7	79.5	84.5
Plasma	8.1	23.2	28.0
<b>Total</b>	<b>10.9</b>	<b>102.7</b>	<b>112.6</b>

## WOOD PRODUCTS

### Recovery seen in Q4-2020

The demand for our Panel product has been adversely hit by the impact of Covid-19 pandemic, particularly in Q2 and Q3 2020, as evidenced by weak demand from Japan market. However, as Japan restarts its economy, higher demand and better selling price have been evidenced in Q4-2020, by 36% and 4%, respectively, against Q3-2020.

The engineered flooring products, on the other hand, enjoyed the increase in both sales volume and selling price by 6% and 1%, respectively as a result of a higher demand from the US market



	FY-2020	FY-2019	% YoY	Q1-2020	Q2-2020	Q3-2020	Q4-2020	%QoQ
<b>Sales Volume</b>								
Panel ( '000 m3)	86.2	96.6	(10.8)	25.9	21.9	16.3	22.2	36.4
Engineered flooring ( ' 000 m2)	986.6	931.7	5.9	239.0	163.2	258.3	326.1	26.2
<b>Average Selling Price (ASP)</b>								
Panel (Rp mio /m3)	5.81	5.92	(1.8)	5.75	6.25	5.47	5.69	3.9
Engineered flooring (Rp mio /m2)	0.39	0.39	1.0	0.38	0.41	0.39	0.39	2.3

## ESG UPDATES

### Coming Soon: The 2<sup>nd</sup> Bio-CNG Plant

Successful with its 1<sup>st</sup> Bio-CNG Plant, DSGN affirms its commitment to implement the circular economy concept by constructing the 2<sup>nd</sup> Bio-CNG Plant in Muara Wahau, East Kalimantan this year. The targets of circular economy concept are minimizing palm oil mill waste and pollution, utilizing sustainable resources and regeneration of natural systems.

The 2<sup>nd</sup> Bio-CNG Plant will process POME from 2 POMs with a capacity of 2x60 tons FFB/hour. The plant is expected to be up and commercially running in 2022 and can reduce the consumption of diesel fuel usage up to 4 million liter per year.

The 1<sup>st</sup> Bio-CNG Plant in Muara Wahau was commissioned in September 2020, utilizing POME from a POM with a capacity of 60 tons FFB/hour and will generate electricity of 1.2 MW and bio-compressed natural gas of 280 m3/hour.



The first Bio-CNG plant can reduce the GHG emission of more than 50,000 tons of CO2 which is equivalent to planting of more than 800,000 trees or removing around 11,000 cars off the road or recycling about 17,000 tons of landfill waste.

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