

1H22, DSNG's PROFIT JUMPED BY 119%

DSNG booked revenue of Rp 3.8 trillion for the first semester of 2022, an increase of 15% against the first half of 2021, driven mainly by the rise in both CPO and PKO average selling prices and increasing profit of the wood product segment.

The revenue of the palm oil segment rose by 11% to Rp 3.0 trillion due to higher CPO price, despite CPO sales volume being 24% lower to 212 thousand tons. CPO sales volume in 2Q22, however, has started to show a 18% improvement against the previous period. YTD ASP for CPO and PKO reached Rp 11.8 million and Rp 25.6 million per ton, an increase of 40% and 68%, respectively, compared to prices in the first semester of 2021.

During the first six months of 2022, our wood product segment also demonstrated a positive performance with an increase in revenue of 33%, due to the higher sales volume and average selling price against last year.

Profitability-wise, DSNG generated a profit of Rp 467 billion, which soared by 119% than the same period last year, with a profit margin of 12%, almost doubling the previous year's margin.

Regarding operational performance, 1H22 FFB production remained lower than 1H21 production because, during 1Q22, our East Kalimantan plantations still suffered from the end tail 24-month lagging impact of El Nino on top of several flood incidents. However, we witnessed an upward trend improvement in production from 2Q22, whereas the 2Q22 FFB production was 22% higher than production in 1Q22. Moreover, FFB production in June 2022 exceeded the June 2021 production achievement.

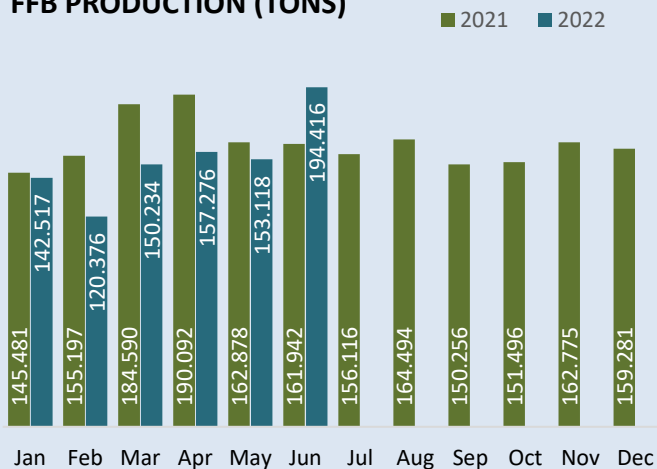
Profit and Loss	1H-2022	1H-2021	%	FY2021
Revenue	3,787,173	3,297,276	14.9	7,124,495
- Palm Oil	3,005,411	2,708,469	11.0	5,792,180
- Wood Product	781,762	588,807	32.8	1,332,315
Cost of Revenue	(2,600,503)	(2,501,869)	3.9	(5,099,969)
Gross Profit	1,186,670	795,407	49.2	2,024,526
- Margin (%)	31.3	24.1	29.9	28.4
Operating Profit	876,532	546,586	60.4	1,392,616
- Margin (%)	23.1	16.6	39.6	19.5
Profit Before Tax	638,157	284,519	124.3	965,884
EBITDA	1,188,310	808,589	47.0	1,940,721
- Margin (%)	31.4	24.5	28.2	27.2
Profit	467,031	213,160	119.1	739,649
- Margin (%)	12.3	6.5	89.2	10.4
Core Profit	511,566	259,621	97.0	761,820

Financial Position	30 June 2022	31 Dec 2021	%
Total Assets	14,482,908	13,712,160	5.6
Total Liabilities	7,202,411	6,686,697	7.7
Equity	7,280,497	7,025,463	3.6

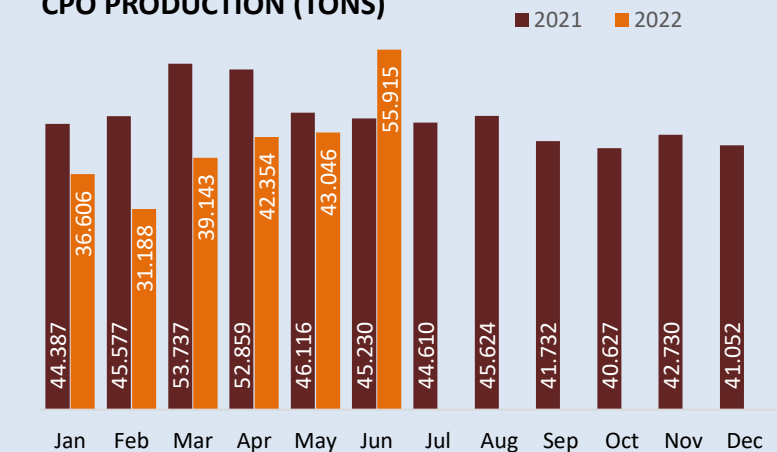
Meanwhile, our CPO production in 2Q22 also increased by 32% against 1Q22 due to increasing FFB production. However, CPO sales volume only increased by 17.8% QoQ following market dynamics throughout 1H22 since the introduction of several regulations such as Domestic Market Obligation (DMO) and a temporary ban on the export of CPO.

During 1H22, the Company grew its assets by Rp 771 billion, mainly due to the addition of CPO inventory as the sales volume growth was lower than the production growth. On the other side, the liabilities grew by Rp 516 billion, driven mainly by the increase in short-term bank loans to finance the inventory increase.

FFB PRODUCTION (TONS)



CPO PRODUCTION (TONS)

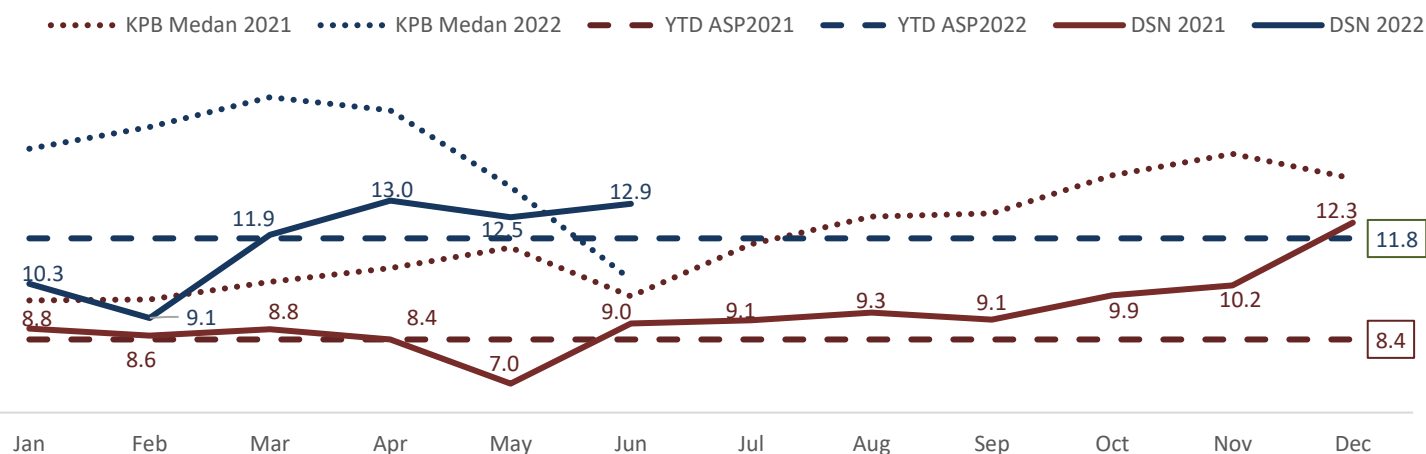


	1H-2022	1H-2021	%	Q1-2022	Q2-2022	QoQ%	FY2021
Plantation Performance							
FFB Production (tons)	917,937	1,000,180	(8.2)	413,127	504,810	22.2	1,944,598
- FFB Nucleus (tons)	722,189	806,258	(10.4)	326,146	396,043	21.4	1,568,439
- FFB Plasma (tons)	195,748	193,922	0.9	86,981	108,767	25.0	376,159
Mill Performance							
FFB Processed (tons)	1,068,126	1,271,084	(16.0)	452,813	615,313	35.9	2,362,086
CPO Production(tons)	248,251	287,905	(13.8)	106,937	141,314	32.1	544,280
PK Production (tons)	45,996	50,617	(9.1)	19,546	26,450	35.3	96,732
PKO Production (tons)	14,220	15,621	(9.0)	6,279	7,941	26.5	30,103
CPO OER (%)	23.24	22.65	2.6	23.62	22.97	(2.8)	23.04
FFA (%)	3.87	3.19	21.3	3.84	3.89	1.3	3.26
Sales Performance							
CPO (tons)	212,305	278,756	(23.8)	97,461	114,844	17.8	544,815
PK (tons)	9,909	13,058	(24.1)	4,494	5,415	20.5	24,395
PKO (tons)	13,002	16,003	(18.8)	5,001	8,001	60.0	31,005
CPO ASP (Rp 'Mio/Ton)	11.8	8.4	39.8	10.6	12.8	21.4	9.2
PKO ASP (Rp 'Mio/Ton)	25.6	15.3	67.9	24.8	26.2	5.3	16.5

Throughout the first semester of 2022, DSNG improved its Oil Extraction Rate (OER) from 22.65% last year to 23.24%. However, the current FFA level of 3.87% was still above our usual quality level of under 3% due to several operational disruptions, such as flood incidents and current market dynamics, which interrupted our CPO shipments.

Our CPO dan PKO sales volumes in 1H22 were 212 thousand tons and 13 thousand tons, respectively, lower by 24% and 19% YoY. However, we expect higher production and sales volumes in the second semester of 2022 based on a significant improvement in the second quarter of 2022.

CPO AVERAGE SELLING PRICE (Rp 'Million/Ton)



PLANTED AREA

As of the first half of 2022, the company's total planted area, including nucleus and plasma, reached 112.8 thousand hectares, with mature areas of 104.4 thousand hectares and average age of 12.8 years.

Planted ('000 ha)	Average Age (yrs)	Planted Hectrage	
		Mature ('000 ha)	Total Planted ('000 ha)
Nucleus	13.7	80.5	84.5
Plasma	10.0	23.9	28.3
Total	12.8	104.4	112.8

WOOD PRODUCTS

Performance of Wood Products Segment Remained Robust

For the last 12 months, the demand for our wood products, for both panels and engineered flooring, remained strong, and this segment continued to record significant improving profitability.

The wood products segment recorded revenue of Rp 782 billion in the first semester of 2022, an increase of 33% compared to the first semester last year. The sales volume of panel products increased by 7% to 55.8 thousand m³, with the average selling

price significantly rising by 22% from last year, following the improving economy of Japan market as our primary market.

Similarly, our engineered flooring also enjoyed a more robust demand from the United States and Canada, with sales volume rising significantly by 22% and ASP increasing by 9% more than last year.

	1H-2022	1H-2021	%	Q1-2022	Q2-2022	%QoQ	FY2021
Sales Volume							
Panel ('000 m ³)	55.8	52.0	7.4	29.0	26.8	(7.4)	109.4
Engineered flooring ('000 m ²)	637.5	524.2	21.6	332.7	304.8	(8.4)	1,137.2
Average Selling Price (ASP)							
Panel (Rp mio /m ³)	7.33	5.88	24.7	7.16	7.53	5.2	6.11
Engineered flooring (Rp mio /m ²)	0.43	0.40	9.2	0.44	0.43	(2.9)	0.42

DSNG UPDATES

DSNG Launched Its Inaugural Export of Palm Kernel Shells (PKS) to Japan

On 28 June 2022, PT Dharma Sumber Energi (DSE), a joint venture company between DSNG and eREX Singapore Pte Ltd, launched its inaugural export shipment of 10,500 tons of Palm Kernel Shell to Japan. This export shipment kicked off the delivery of the 15-year contract signed by DSE and eREX Singapore in September 2020, in which DSE is bound to deliver a minimum of 70,000 tons of Palm Kernel Shells every year to eREX Japan. In 2022, the total shipment of PKS is expected to be 21,000 tons.



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