

DSNG Continued to Deliver Strong Results in Q1 2023



DSNG has kicked off the first quarter of 2023 with increased financial and operational numbers, building on its previous success last year. The Company generated sales of Rp 2.1 trillion, an increase of 26% compared to the same period last year. In addition, the production results during Q1-2023 indicated a typical production pattern of our plantations, as against deteriorated production level last year due to the continuing lagging impact of El Nino. As a result, DSNG's nucleus FFB production in this quarter demonstrated a significant rise of 29% compared to last year.

The palm oil segment significantly contributed to DSNG's financial performance, representing around 88% of the Company's total sales. The better sales volume and higher average selling price of CPO in Q1-2023 have also driven the overall increase in revenue.

Meanwhile, the performance of the wood products segment is contrary to palm oil. During Q1-2023, the markets for wood products in the USA, Europe, and Japan started to slow down, resulting in a significant drop in the sales volume of panels and engineered flooring.

Amid a notable increase of 26% in revenue this quarter, its profit grew modestly at 3.1%. Three major factors are responsible for this outcome. Firstly, the jump in fertilizer costs by 173% following the application of higher quantity and a higher fertilizer price by 80% from last year. In 2023, our fertilizer cost will reflect a full market price, as opposed to the previous year's cost, which as a blended cost between the low cost from 2021 and the higher cost from 2022.

In million of Rupiah

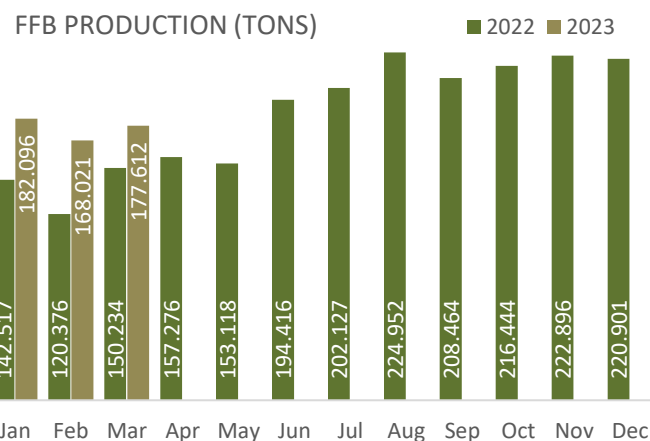
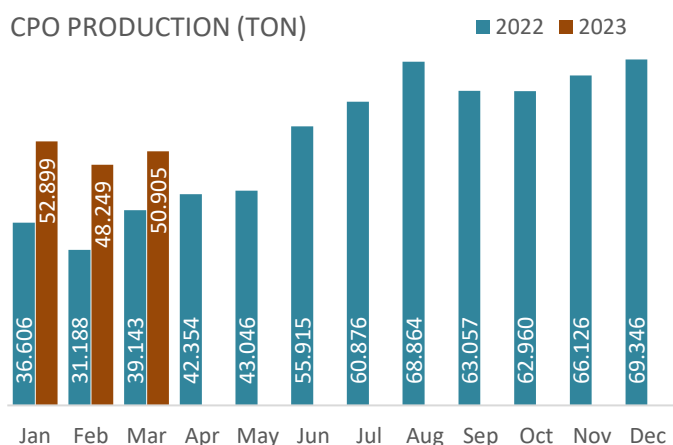
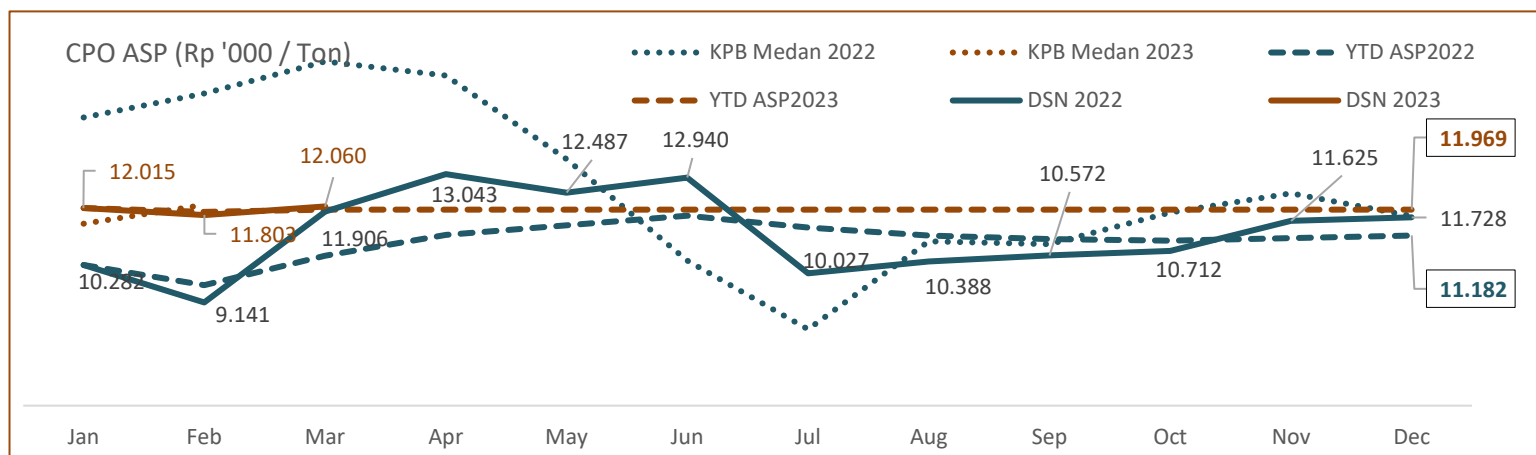
Profit and Loss	3M-2023	3M-2022	%	FY 2022
Revenue	2,066,374	1,644,637	25.6	9,633,671
- Palm Oil	1,811,851	1,239,526	46.2	8,117,134
- Wood Product	254,523	405,111	(37.2)	1,516,537
Cost of Revenue	(1,543,155)	(1,183,197)	30.4	(6,516,096)
Gross Profit	523,219	461,440	13.4	3,117,575
- Margin (%)	25.3	28.1		32.4
Operating Profit	329,730	374,036	(11.8)	2,172,475
- Margin (%)	16.0	22.7		22.6
Profit Before Tax	287,109	274,713	4.5	1,610,228
- Margin (%)	13.9	16.7		22.6
EBITDA	522,209	476,957	9.5	3,018,363
- Margin (%)	25.3	29.0		31.3
Profit	215,040	208,562	3.1	1,206,587
- Margin (%)	10.4	12.7		12.5
Core Profit	169,548	215,044	(21.2)	1,318,548

Financial Position	31 Mar 2023	31 Dec 2022	%
Total Assets	15,476,271	15,357,229	0.8
Total Liabilities	7,101,092	7,197,089	(1.3)
Equity	8,375,179	8,160,140	2.6

Operational Performance	3M-2023	3M-2022	%	FY 2022
Plantation Performance				
FFB Production (tons)	527,730	413,127	27.7	2,213,698
- FFB Nucleus (tons)	421,494	326,146	29.2	1,758,257
- FFB Plasma (tons)	106,236	86,981	22.1	455,442
Mill Performance				
FFB Processed (tons)	678,640	452,813	49.9	2,809,177
CPO Production(tons)	152,053	106,937	42.2	639,480
PK Production (tons)	27,748	19,546	42.0	177,622
PKO Production (tons)	9,101	6,279	44.9	37,97
CPO OER (%)	22.41	23.62	(5.1)	22.76
FFA (%)	3.30	3.84	(14.2)	3.78
Sales Volume				
CPO (tons)	140,646	97,461	44.3%	639,518
PK (tons)	5,477	4,494	21.9%	27,262
PKO (tons)	6,205	5,001	24.1%	38,907
CPO ASP (Rp 'mio/Ton)	11,97	10,56	13.3%	11.18
PKO ASP (Rp 'mio/Ton)	13,77	24,84	(44.6%)	17.48

Secondly, we purchased more FFB from third parties whose margin is lower than the margin from nucleus FFB. And thirdly, the OER level of below 23% has been our challenge recently due to the wetter weather.

Despite these challenges, DSNG's EBITDA grew by 9.5% from last year to over Rp 522 billion, reflecting a meaningful increase



Concerning productivity, the FFB production from both nucleus and plasma plantations showed a remarkable increase of 28%, equivalent to 528 thousand tons against 413 thousand tons in the same period last year. On the other hand, CPO production grew by 42% following more purchases of external FFB but with a lower OER of 22.41% as opposed to 23.62% last year. Nevertheless, the FFA level in Q1-2023 has improved from 3.84% last year to 3.30%.

Because the global CPO price during Q1-2023 tended to be less volatile than in 2022, DSNG's CPO ASP was also in line with the market price.

In 2023, DSNG will continue its replanting journey to replace old and unproductive trees with new and high-performing progeny to deliver higher growth in the future.

PLANTED AREA

As of end of March 2023, the company's total planted area, including nucleus and plasma, were 112.5 thousand hectares, with mature areas of 106 thousand hectares and average age of 13.8 years.

Planted ('000 ha)	Average Age (yrs)	Planted Hectarage	
		Mature ('000 ha)	Total Planted ('000 ha)
Nucleus	14.54	81.8	84.6
Plasma	11.16	24.2	27.9
Total	13.77	106.0	112.5

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WOOD PRODUCTS

	Q1-2023	Q1-2022	%	FY 2022
Sales Volume				
Panel ('000 m3)	21.3	29.0	(26.3%)	115.7
Engineered Flooring ('000 m2)	165.7	332.7	(50.2%)	1.117.0
Average Selling Price (AVP)				
Panel (Rp mio /m3)	6.70	7.16	(6.4%)	7.37
Engineered Flooring (Rp mio /m2)	0.48	0.44	8.5%	0.44

Wood Products Industry's Resilience in a Challenging Quarter

The first quarter of 2023 has posed challenges for DSNG's wood products business. The consumer purchasing power in the property sector declined due to the high inflation in our export destination countries, such as the United States, Europe, and Japan, resulting in decreased demand for wood products.

As of the end of March 2023, the wood segment contributed around Rp 255 billion to the Company's sales. The average selling price of engineering floor products increased by 8.5%, but panel product prices decreased by 6.4%. As a result of declining sales volumes of both wood products, the revenue contribution from this segment declined by 37.2% compared to last year.



DSNG UPDATE

DSNG Maintained idA Ranking from Pefindo



On March 6, 2023, PT Pefindo (PT Pemeringkat Efek Indonesia) announced and affirmed that DSNG has maintained an idA rating for its Shelf-Registered Bond I Year 2020. This corporate rating reflects the strong capability of the Company to meet long-term payment obligations due to a favorable plantation profile, robust capital structure and cash flow protection measures, and stable demand for palm oil. This rating will be effective until March 1, 2024.

DSNG has successfully maintained this achievement for two consecutive years, following the same result in 2022. The rating is determined based on total revenue, EBITDA, and an integrated business model. By obtaining this acknowledgment, DSNG has demonstrated its financial performance strength, establishing itself as Indonesia's leading palm oil company.

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