

DSNG Recorded Higher Revenue Amid Pressure on the CPO Selling Price

Amid pressures on the CPO selling price and wood products demand, PT Dharma Satya Nusantara Tbk (DSNG) still generated revenue of Rp 4.4 trillion for the first half of 2023, which increased by 15% YoY.

The palm oil segment recorded revenue of Rp 3.9 trillion which contributed to 88% of total consolidated revenue. Palm oil revenue increased by 28% compared to last year's period, mainly driven by the rise in production and sales volume rather than the selling price.

Meanwhile, the sales volume of wood products, both panel and engineered floorings, was lower than last year and posted revenue of Rp 505 billion or decreased by 36% YoY due to a market slowdown after an extraordinarily bullish market in the previous year. The Japanese market experienced an over-inventory situation, while the USA, Canada, and the European Union markets were still affected by relatively high inflation.

Despite the increase in revenue, the Company only recorded a net profit of Rp 360 billion with EBITDA of Rp 1.04 trillion, decreased by 23% and 13%, respectively, YoY. Although wood products contributed to the decline in profitability, the largest came from the palm oil segment, mainly from a significantly higher fertilizer cost and an 83% more external FFB purchase to boost revenue.

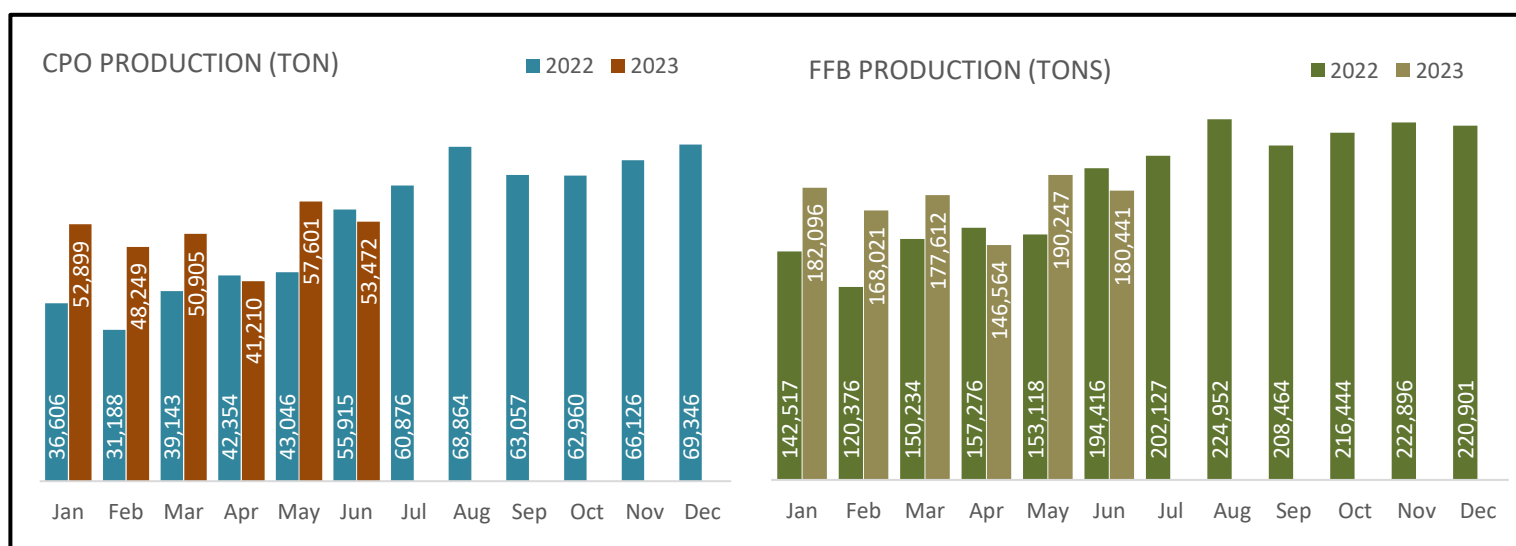
In 1H-2023, fertilizer costs increased by almost 100% due to global fertilizer scarcity since 2022 following geo-politic tension between Ukraine and Russia. The Company secured the 2023 fertilizer requirement last year at a high price.

Profit and Loss (in million)	1H-2023	1H-2022	%	FY 2022
Revenue	4,357,554	3,787,173	15.1	9,633,671
- Palm Oil	3,852,953	3,005,411	28.2	8,117,134
- Wood Product	504,601	781,762	(35.5)	1,516,537
Cost of Revenue	(3,301,638)	(2,600,503)	27.0	(6,516,096)
Gross Profit	1,055,916	1,186,670	(11.0)	3,117,575
- Margin (%)	24.2	31.3		32.4
Operating Profit	632,708	876,532	(27.8)	2,172,475
- Margin (%)	14.5	23.1		22.6
Profit Before Tax	479,847	638,157	(24.8)	1,610,228
- Margin (%)	11.0	16.8		22.6
EBITDA	1,035,603	1,188,310	(12.9)	3,018,363
- Margin (%)	23.8	31.4		31.3
Profit	360,015	467,031	(22.9)	1,206,587
- Margin (%)	8.3	12.3		12.5
Core Profit	312,011	511,566	(39.0)	1,318,548

Financial Position (in million)	30 June 2023	31 Dec 2022	%
Total Assets	15,978,245	15,357,229	4.0
Total Liabilities	7,778,935	7,197,089	8.0
Equity	8,199,310	8,160,140	0.5

However, following the recent decline in fertilizer prices, the Company was renegotiating the remaining requirement for this year's and next year's needs. Based on the current fertilizer price trend, the Company expects the fertilizer costs will come down next year to a normal range and thus improving the Company's margin.

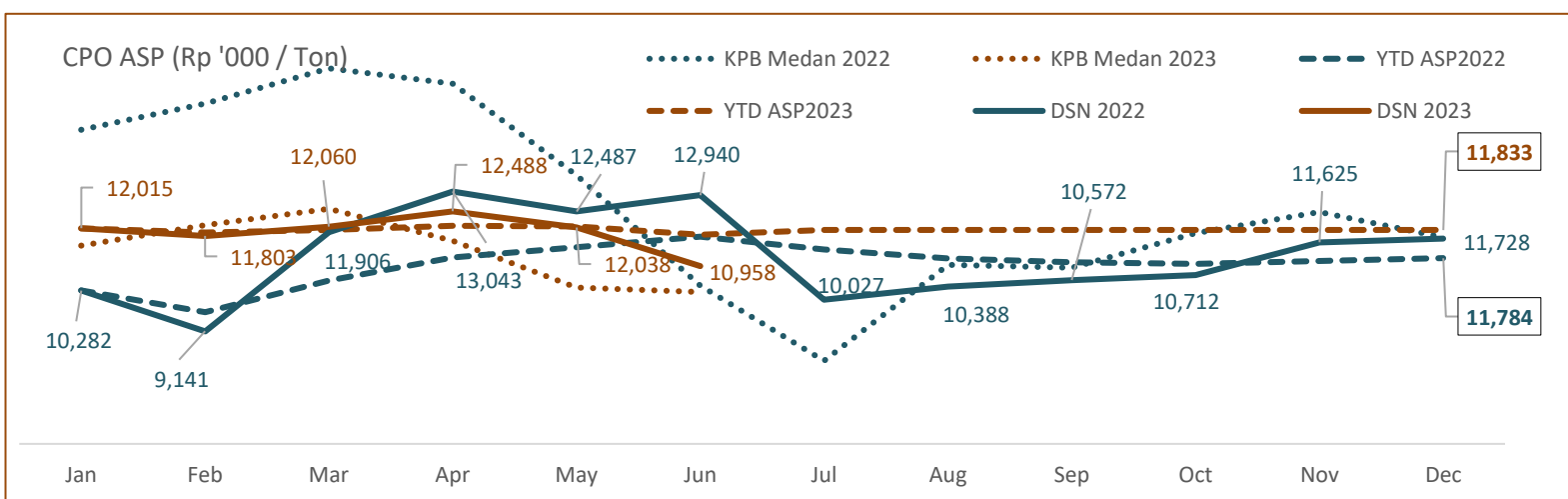
Nevertheless, total assets in 1H 2023 grew 4% to Rp 16 trillion, mainly contributed by additional fixed assets and increased inventory level. On the other hand, total liabilities increased by 8% to Rp 7.8 trillion, while equity increased by 0.5% to Rp 8.2 trillion.



	1H-2023	1H-2022	%	Q1-2023	Q2-2023	QoQ (%)	FY2022
Plantation Performance							
FFB Production (tons)	1,044,981	917,937	13.8	527,730	517,251	(2.0)	2,213,698
FFB Nucleus (tons)	830,356	722,189	15.0	421,494	408,862	(3.0)	1,758,257
FFB Plasma (tons)	214,625	195,748	9.6	106,236	108,389	2.0	455,442
Mill Performance							
FFB Processed (tons)	1,345,418	1,068,126	26.0	678,640	666,777	(1.7)	2,809,177
CPO Production (tons)	304,335	248,251	22.6	152,053	152,282	0.2	639,480
PK Production (tons)	55,524	45,996	20.7	27,748	27,776	0.1	117,622
PKO Production (tons)	18,250	14,220	28.3	9,101	9,149	0.5	37,970
CPO OER (%)	22.62	23.24	(2.7)	22.41	22.84	1.9	22.76
FFA (%)	3.07	3.87	(20.6)	3.30	2.85	(13.6)	3.78
Sales Performance							
CPO (tons)	298,563	212,305	40.6	140,646	157,917	12.3	639,518
PK (tons)	11,451	9,909	15.6	5,477	5,974	9.1	27,262
PKO (tons)	17,020	13,002	30.9	6,205	10,815	74.3	38,907
CPO ASP (Rp 'mio/Ton)	11.83	11.78	0.4	11.97	11.71	(2.1)	11.18
PKO ASP (Rp 'mio/Ton)	13.38	25.64	(47.8)	13.77	13.15	(4.5)	17.48

Regarding operational performance, our FFB production reached 1 million tons, which increased by 14%, in line with the ongoing recovery of our oil palm trees. And due to more external FFB purchases, our CPO production increased by 23% to 304 thousand tons, followed by increases in Palm Kernel (PK) and Palm Kernel Oil (PKO) production of 21%

and 28%, respectively, equivalent to 55,524 tons and 18,250 tons. In terms of sales volume, our CPO, PK, and PKO sales increased by 41%, 16%, and 31%, respectively. However, CPO ASP only grew by 0.4%, while PKO ASP experienced a significant moderation of 48%.



PLANTED AREA

As of end of June 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 Hectare	
		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

DISCLAIMER: The views expressed here contain information derived from publicly available sources that have not been independently verified. No representation or warranty is made as to the accuracy, completeness or reliability of the information. Any forward-looking information in this presentation has been prepared on the basis of a number of assumptions which may prove to be incorrect. This presentation should not be relied upon as a recommendation or forecast by PT Dharma Satya Nusantara Tbk. Nothing in this release should be construed as either an offer to buy or sell or a solicitation of an offer to buy or sell shares in any jurisdiction.

WOOD PRODUCTS

	1H 2023	1H 2022	%	Q1 2023	Q2 2023	QoQ (%)	FY 2022
Sales Volume							
Panel ('000 m3)	44,3	55,8	(20.5)	21,3	23,0	7.8	115.7
Engineered Flooring ('000 m2)	354,6	637,5	(44.4)	165,7	188,8	13.9	1.117.0
Average Selling Price (ASP)							
Panel (Rp mio /m3)	6,31	7.33	(13.9)	6.7	6.0	(11.0)	7.37
Engineered Flooring (Rp mio /m2)	0.45	0.43	4.6	0.48	0.43	(9.3)	0.44



During 1H 2023 sales volume of panel products was recorded at 44.3 thousand m3, down by 21%. At the same time, engineered flooring generated a sales volume of 345.5 thousand m2, down by 44%. However, on quarter-to-quarter basis, we saw an improvement in sales volume in Q2 as against Q1, for both panel and engineered flooring, by 7.8% and 13.9%, respectively.

Regarding selling price, engineered flooring ASP remains relatively stable. However, the panel's ASP is lower than last year due to the over-inventory situation in Japan market.

LATEST UPDATE

DSNG has been inducted into IDN Financials 52 for stocks with high dividend



On 23 June 2023, Tempo.co and Idnfinancials.com collaboratively launched the Tempo-Idnfinancials52 Index, comprising 52 issuers with the most qualified financial performance on the Indonesia Stock Exchange (IDX) under four index categories, namely Main Index 52, High Dividend Index 52, High Growth Index 52, and Big Market Cap Index. The Index's creation involved several criteria, such as considering market capitalization, a minimum free float rate of 7.5%, trading frequency, and volume, number of investors, and an initial public offering (IPO) date before 2019.

DSNG is among 52 issuers listed under the High Dividend Index 52 category. The high Dividend Index is a collection of 52 issuers with a maximum dividend yield of 24.21% and a market cap of 60% of the total market cap on the IDX. The Index considered DSNG managed to issue dividends in a continuously improving trend within the past five years. This High Dividend Index52 award was presented to DSNG's CFO during the Issuers' Appreciation Night of Indeks52.

DISCLAIMER: The views expressed here contain information derived from publicly available sources that have not been independently verified. No representation or warranty is made as to the accuracy, completeness or reliability of the information. Any forward-looking information in this presentation has been prepared on the basis of a number of assumptions which may prove to be incorrect. This presentation should not be relied upon as a recommendation or forecast by PT Dharma Satya Nusantara Tbk. Nothing in this release should be construed as either an offer to buy or sell or a solicitation of an offer to buy or sell shares in any jurisdiction.