



Retaining Healthy Profits

Throughout 2023, DSNG successfully reported a total revenue of Rp 9.5 trillion, slightly lower than the Rp 9.6 trillion recorded in FY2022. By segment contribution, the palm oil segment contributed Rp 8.4 trillion or 88% of Total Revenue or a 3% YoY increase, driven predominantly by the increase in CPO sales volume by 4%, from 640 thousand tons to 665 thousand tons with ASP of Rp 11.39 million per ton, slightly increased from Rp 11.18 million in the previous year.

Meanwhile, PK and PKO sales also increased by 27 thousand tons and 39 thousand tons, respectively, although the PKO experienced a significant price correction from 17.48 million to Rp 12.97 million following elevated outputs from Malaysia and combined with weaker demand from the market.

In contrast, the revenue contribution from the wood segment declined by almost 30% to Rp 1.1 trillion due to a weak demand from the global market. The Company experienced a significant drop in sales volumes of both Panel and Engineering Flooring products combined with lower ASP. Nevertheless, the wood segment still generated a positive profit due to our defensive strategy of reducing production costs and inventory.

Regarding the increase in revenue costs of 7% YoY, DSNG reported the fertilizer cost as the most significant contributor to the rise following the soaring fertilizer prices due to geopolitical tensions between Russia and Ukraine as the major global fertilizer producers.

Despite the increase in revenue costs combined with the weak performance of the wood product segment, the Company still maintained the FY2023 EBITDA margin of 25%, even though it was lower by 20% YoY than 2022, whose performance was primarily driven by the all-time high palm oil prices. Moreover, the FY2023 profit margin was slightly below 10% compared to last year's profit margin of 12.5%.

In Million Rupiah

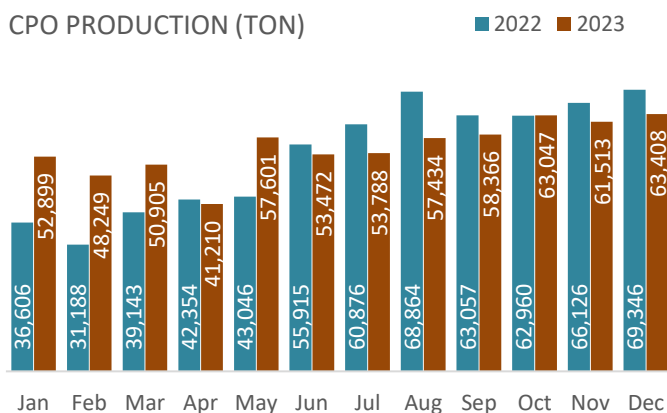
| Profit and Loss | FY 2023 | FY 2022 | % |
|--------------------|-------------|-------------|--------|
| Revenue | 9,498,749 | 9,633,671 | (1.4) |
| - Palm Oil | 8,354,365 | 8,117,134 | 2.9 |
| - Wood Product | 1,074,024 | 1,516,537 | (29.2) |
| - Renewable Energy | 70,360 | - | - |
| Cost of Revenue | (6,971,281) | (6,516,096) | 7.0 |
| Gross Profit | 2,527,468 | 3,117,575 | (18.9) |
| -Margin % | 26.6% | 32.4% | - |
| Profit Before Tax | 1,140,643 | 1,610,228 | (29.2) |
| -Margin % | 12.0% | 16.7% | - |
| EBITDA | 2,421,068 | 3,018,363 | (19.8) |
| -Margin % | 25.5% | 31.3% | - |
| Profit | 841,665 | 1,206,587 | (30.2) |
| -Margin % | 8.9% | 12.5% | - |
| Core Profit | 814,874 | 1,318,548 | (38.2) |

| Financial Position | FY 2023 | FY 2022 | % |
|--------------------|------------|------------|-----|
| Total Asset | 16,178,278 | 15,357,229 | 5.3 |
| Total Liabilities | 7,288,850 | 7,197,089 | 1.3 |
| Equity | 8,889,428 | 8,160,140 | 8.9 |

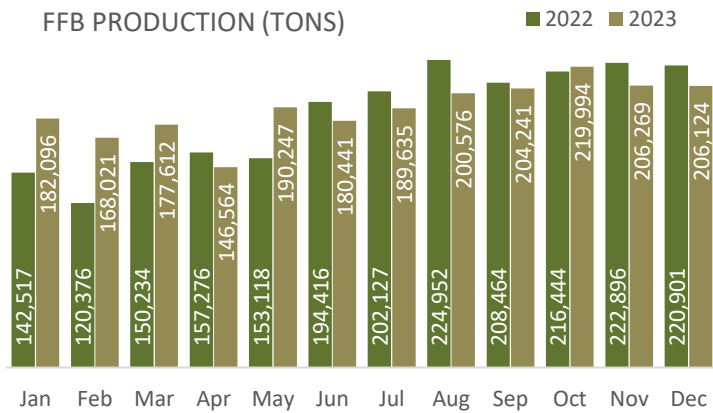
Total Assets grew moderately by 5% following the completion of several projects, such as Bio-CNG #2 and 10 additional storage tanks with a total capacity of 29K tons. On the other hand, total Liabilities only grew by 1.3%, indicating that the growth in assets was still primarily financed by the Company's strong financial position.

In July 2023, the Company fully repaid the series A Bond amounting to Rp 275 billion.

CPO PRODUCTION (TON)



FFB PRODUCTION (TONS)

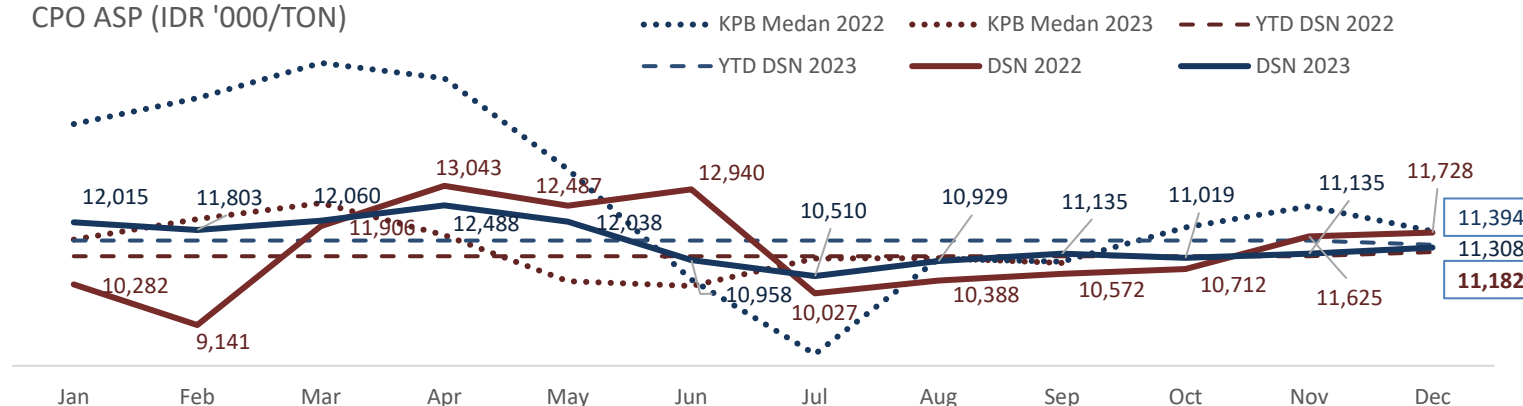


| | FY 23 | FY 22 | %YoY | Q1-2023 | Q2-2023 | Q3-2023 | Q4-2023 | %QoQ |
|-------------------------------|-----------|-----------|--------|---------|---------|---------|---------|-------|
| Plantation Performance | | | | | | | | |
| FFB Production (tons) | 2,271,821 | 2,213,698 | 2.6 | 527,730 | 517,251 | 594,453 | 632,387 | 6.4 |
| Nucleus (tons) | 1,796,532 | 1,758,257 | 2.2 | 421,494 | 408,862 | 468,313 | 497,863 | 6.3 |
| Plasma (tons) | 475,289 | 455,442 | 4.4 | 106,236 | 108,389 | 126,140 | 134,524 | 6.6 |
| Mill Performance | | | | | | | | |
| FFB Processed (tons) | 2,854,559 | 2,809,177 | 1.6 | 678,640 | 666,777 | 721,585 | 787,557 | 9.1 |
| CPO Production (tons) | 661,892 | 639,480 | 3.5 | 152,053 | 152,282 | 169,588 | 187,969 | 10.8 |
| PK Production (tons) | 122,732 | 117,622 | 4.3 | 27,748 | 27,776 | 31,467 | 35,742 | 13.6 |
| PKO Production (tons) | 40,356 | 37,970 | 6.3 | 9,101 | 9,149 | 10,109 | 11,997 | 18.7 |
| CPO OER (%) | 23.19 | 22.76 | 1.9 | 22.41 | 22.84 | 23.50 | 23.87 | 1.6 |
| FFA (%) | 2.96 | 3.78 | (21.6) | 3.30 | 2.85 | 2.88 | 2.86 | (0.7) |
| Sales Performance | | | | | | | | |
| CPO (tons) | 665,041 | 639,518 | 4.0 | 140,646 | 157,917 | 157,916 | 208,562 | 32.1 |
| PK (tons) | 26,915 | 27,262 | (1.3) | 5,477 | 5,974 | 7,674 | 7,790 | 1.5 |
| PKO (tons) | 39,379 | 38,907 | 1.2 | 6,205 | 10,815 | 9,955 | 12,404 | 24.6 |
| CPO ASP (Rp 'million/ton) | 11.39 | 11.18 | 1.9 | 11.97 | 11.71 | 10.88 | 11.15 | 2.5 |
| PKO ASP (Rp 'million/ton) | 12.97 | 17.48 | (25.8) | 13.77 | 13.15 | 12.64 | 12.72 | 0.6 |

Amidst the rising concerns of strong El Nino in 2023, our estates only experienced a moderate drought compared to the southern regions of Indonesia, such as South Sumatra, Java, Bali, Nusa Tenggara, and South Sulawesi. Nevertheless, with numerous preventive actions taken during this period to mitigate the impact of drought, DSNG recorded total FFB production of 2.27 million in 2023, a slight increase compared to 2.21 million in 2022. FFB production from both the nucleus and plasma increased moderately against 2022.

Similarly, CPO production in 2023 slightly increased by 3.5% YoY to 662 thousand tons against 639 thousand last year due to the OER improvement from 22.76% in 2022 to 23.19% in 2023, on top of increasing processed FFB volumes. In addition, PK and PKO production also increased by 4.3% and 6.3% respectively. CPO quality also demonstrated significant achievement, as reflected in the FFA of 2.96% in 2023 against 3.78% YoY, following the implementation of operational excellence.

CPO ASP (IDR '000/TON)



PLANTED AREA

Since the replanting program in 2022, DSNG has felled 673 ha and replanted 500 ha cumulatively. As a result, the total planted area by the end of 2023 was 112.7 thousand ha, with 105.7 thousand ha of matured area. The Company maintained an average age of 13.3 years for combined nucleus and plasma.

| Planted ('000 ha) | Average Age (years) | Planted Hectare | |
|-------------------|---------------------|------------------|-------------------------|
| | | Mature ('000 ha) | Total Planted ('000 ha) |
| Nucleus | 14.0 | 81.5 | 84.8 |
| Plasma | 10.8 | 24.2 | 27.9 |
| Total | 13.3 | 105.7 | 112.7 |

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WOOD PRODUCTS

| | FY 23 | FY 22 | %YoY | Q1-2023 | Q2-2023 | Q3-2023 | Q4-2023 | %QoQ |
|------------------------------------|--------|---------|--------|---------|---------|---------|---------|-------|
| Sales Volume | | | | | | | | |
| Panel ('000 m3) | 99.5 | 115.7 | (14.0) | 21.3 | 23.0 | 27.2 | 28.0 | 2.8 |
| Engineered Flooring ('000 m2) | 738.5 | 1,117.0 | (33.9) | 165.7 | 188.8 | 200.0 | 184.0 | (8.0) |
| Average Selling Price (ASP) | | | | | | | | |
| Panel (USD/m3) | 400.97 | 485.74 | (17.5) | 432.49 | 395.31 | 393.76 | 388.58 | (1.3) |
| Engineered Flooring (USD/m2) | 29.97 | 29.60 | 1.3 | 30.28 | 29.04 | 30.09 | 30.51 | 1.4 |



2023 marked a challenging year for our wood products. Despite the logistics costs gradually declining throughout 2023 toward a normalized level by the end of the year, the sales volumes of both panel and engineering flooring experienced a significant drop due to weak demand from our export destination countries, such as the United States, Canada, Europe, and Japan following a prolonged higher-for-longer interest rates environment which adversely affecting the property market.

In addition, a high inventory level in Japan has driven down the selling price of panel products, as reflected in the ASP decline of 17.5% YoY. Nevertheless, due to our cost leadership strategy, we've witnessed improving sales volume on a QoQ basis for our panel product coming from the deserted market by some struggling producers following prolonged unfavorable market conditions.

RENEWABLE ENERGY

| | FY 23 |
|-------------------------------------|--------|
| Sales Volume | |
| Palm Kernel Shell (ton) | 40,397 |
| Average Selling Price (ASP) | |
| Palm Kernel Shell (Rp 'million/ton) | 1.74 |

In 2023, the Company officially launched its new segment, i.e., Renewable Energy - which contributed Rp 70.4 billion to Total Revenue. Though the contribution is still marginal, this segment represents the Company's commitment to a profitable sustainability business. Currently, the Renewable Energy segment kicked off its Revenue and profit contribution by exporting Palm Kernel Shells ("PKS") through a joint venture with Erex Singapore Pte Ltd. The JV with Erex owns a long-term contract to supply the certified PKS as a biomass feedstock to power plants in Japan to promote more power plants in Japan, achieving low to zero carbon emissions.

LATEST UPDATE



DSNG Won the Best Stock Award

On 25 January 2024, DSNG won the Best Stock Award nomination under the Mid Cap Non-Primer Consumer Sector category from Investortrust and Infovesta. The Awards were presented to 77 publicly-listed companies whose stock performances during 2023 were considered the best under numerous categories. This award ceremony symbolized the appreciation of Investortrust and Infovesta as the stakeholders for the performances of 77 publicly listed companies, which continued growing amid the tough economic challenges throughout 2023 and served as a credible reference for investors seeking quality stocks for investment.

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