

A Solid Start to The Year

PT Dharma Satya Nusantara Tbk (DSNG) kicked off 2024 with a total revenue of Rp 2.2 trillion for the 1st quarter, an increase of 8% YoY from the contribution of three business segments.

The palm oil segment, which was still the most significant contributor of 85% of Total Revenue, generated a revenue increase of 5% YoY following higher sales volume but partially offset by a slightly lower CPO ASP against the same period last year. Meanwhile, the revenue contribution from the wood segment remained at 12% of total revenue following a weak market. The remaining contribution came from its newest segment, renewable energy.

The improvement in OER, normalized fertilizer prices, and fewer external FFB purchases from third parties have resulted in the EBITDA increasing by 22% YoY to Rp 635 billion with the EBITDA margin of 28.5%.

Nevertheless, our Profit grew modestly by 7% to Rp 229 Bn with a profit margin of 10.3% due to higher finance costs and unrealized forex losses from the accounting translation of the outstanding liabilities denominated in USD. Excluding unrealized forex loss, the Core Profit margin in 1Q-2024 was 11% or a 47% increase YoY.

The combination of higher outstanding loans and the depreciation of IDR against USD is the primary factor in increasing the finance costs by 6% YoY. The loan balance at the end of 1Q24 was higher by 17% due to additional loans in IDR for our recent strategic investment in REA Kaltim in March 2024.

Despite the Company incurring substantial unrealized forex losses in 1Q24 following the accounting standard requirement for forex translation, the Company is generally naturally hedged.

In Million Rupiah

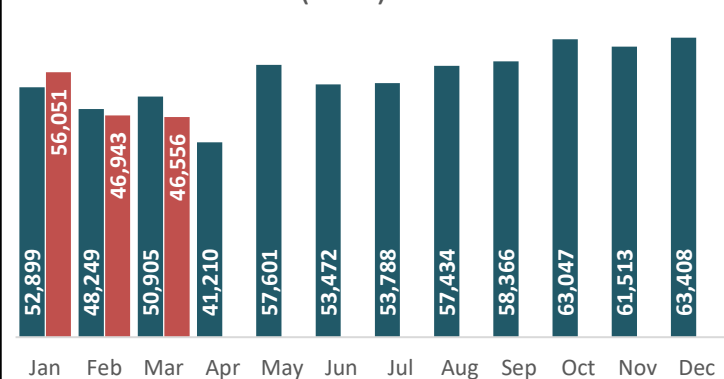
Profit and Loss	3M-2024	3M-2023	%	FY 2023
Revenue	2,230,464	2,066,374	7.9	9,498,749
- Palm Oil	1,904,800	1,811,851	5.1	8,354,365
- Wood Product	268,937	254,523	5.7	1,074,024
- Renewable Energy	56,727	-	-	70,360
Cost of Revenue	(1,617,434)	(1,543,155)	4.8	(6,971,281)
Gross Profit	613,030	523,219	17.2	2,527,468
-Margin %	27.5%	25.3%	-	26.6%
Profit Before Tax	307,930	287,108	7.3	1,140,643
-Margin %	13.8%	13.9%	-	12.0%
EBITDA	634,917	522,209	21.6	2,421,068
-Margin %	28.5%	25.3%	-	25.5%
Profit	229,293	215,039	6.6	841,665
-Margin %	10.3%	10.4%	-	8.9%
Core Profit	249,432	169,548	47.1	814,874
-Margin %	11.2%	8.2%	-	8.6%

Financial Position	31-Mar-24	31-Dec-23	%	FY 2023
Total Asset	17,025,829	16,178,278	5.2	16,178,278
Total Liabilities	7,868,951	7,288,850	8.0	7,288,850
Equity	9,156,878	8,889,428	3.0	8,889,428

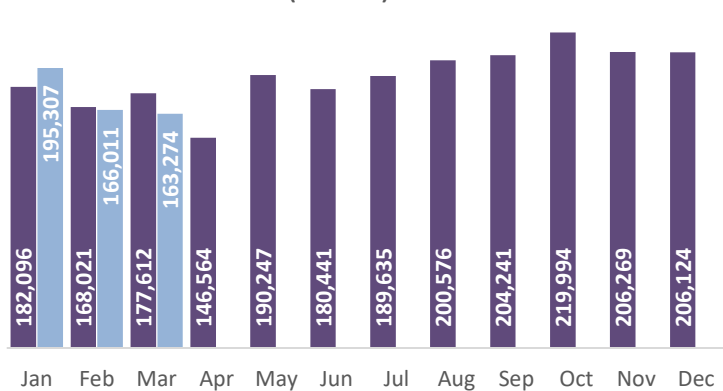
The requirement for USD amount to meet interest and principal repayment throughout 2024 is less than 50% of the annual USD revenue generated by the group, ensuring that the Company can meet its future USD obligations. At the end of this quarter, the outstanding USD-denominated loan represents only 20% of the Company's total loan.

Total Assets increased by 5% following the recent additional strategic investment in REA Kaltim and the realization of some capex. Similarly, total liabilities increased by around 8%, driven mainly by additional investment loans.

CPO PRODUCTION (TON)



FFB PRODUCTION (TONS)



	3M-2024	3M-2023	%YoY	FY 2023
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Plantation Performance

FFB Production (tons)	524,592	527,730	(0.6)	2,271,821
Nucleus (tons)	414,574	421,494	(1.6)	1,796,532
Plasma (tons)	110,018	106,236	3.6	475,289

Mill Performance

FFB Processed (tons)	619,102	678,640	(8.8)	2,854,559
CPO Production (tons)	149,550	152,053	(1.6)	661,892
PK Production (tons)	28,311	27,748	2.0	122,732
PKO Production (tons)	9,738	9,101	7.0	40,356
CPO OER (%)	24.16	22.41	7.8	23.19
FFA (%)	2.87	3.30	(12.9)	2.96

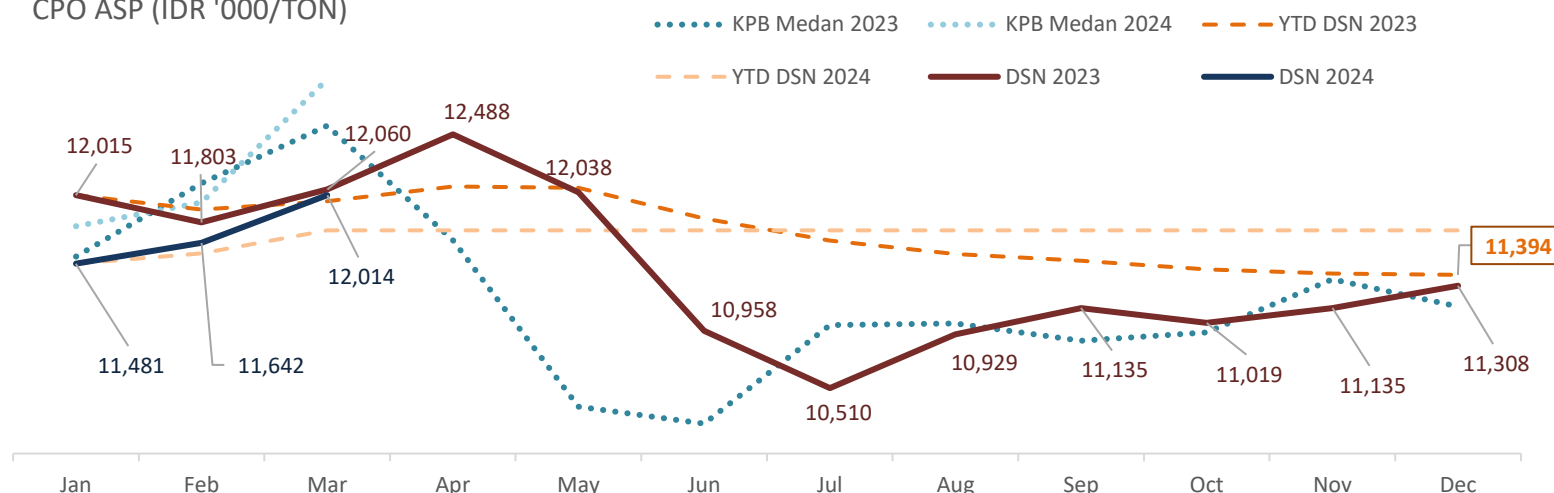
Sales Performance

CPO (tons)	145,800	140,646	3.7	665,041
PK (tons)	5,581	5,477	1.9	26,915
PKO (tons)	9,003	6,205	45.1	39,379
CPO ASP (Rp 'million/ton)	11.74	11.97	(1.9)	11.39
PKO ASP (Rp 'million/ton)	13.16	13.77	(4.4)	12.97

The World Meteorological Organization has indicated substantial cooling in the Pacific Ocean in early April 2024, which means the El Nino that occurred in 2H-23 will soon end. Nevertheless, 1Q-2024 FFB production of 525 thousand tons was only slightly lower by -1% than the previous year.

The mills performed significantly better in 1Q-2024 with an OER of 24.16% compared to 22.41% in 1Q-2023, resulting in CPO production falling by no more than 2%, even though FFB volume processed was lower by 9% because of a 30% drop in the external FFB volume. Moreover, FFA improved significantly to 2.87%, resulting in super premium CPO.

CPO ASP (IDR '000/TON)



PLANTED AREA

The total combined planted area of nucleus and plasma at the end of 2023 was 112.7 thousand ha, of which 93% matured plantation at an average age of 13.3 years. Due to its replanting program since 2022, where DSN has cumulatively fallen 673 ha and replanted 500 ha, there will be continuous movement on planted immature and mature areas. For simplification, we will only present the update twice a year.

Planted ('000 ha)	Average Age (yrs)	Planted Hectrage	
		Mature ('000 ha)	Total Planted ('000 ha)
Nucleus	14	81.5	84.8
Plasma	10.8	24.2	27.9
Total	13.3	105.7	112.7

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WOOD PRODUCTS



	3M-2024	3M-2023	%YoY	FY 2023
Sales Volume				
Panel ('000 m3)	27.8	21.3	30.0	99.5
Engineered Flooring ('000 m2)	147.1	165.7	(11.3)	738.5
Average Selling Price (ASP)				
Panel (USD/m3)	367.54	432.49	(15.0)	400.97
Engineered Flooring (USD/m2)	28.92	30.28	(4.5)	29.97

The global wood market is still unfavorable, resulting in a weak demand for wood products. Nevertheless, the Wood Product segment could book a 30% sales increase YoY for Panel products during 1Q-2024 by seizing the market left by other players, although it had a 15% lower ASP. On the contrary, Engineering Flooring still experienced a volume decline of 11% and a lower ASP of 5% YoY. Despite the above, the Wood Segment can still report positive Profit.

Regardless of the current global wood market condition, the Company continues to explore new market opportunities to generate more stable profitability. One innovation is creating a new product line utilizing Jabon as raw material.

RENEWABLE ENERGY

	3M-2024	3M-2023	%YoY	FY 2023
Sales Volume				
Palm Kernel Shell (ton)	30,019	10,654	181.8	40,397
Average Selling Price (ASP)				
Palm Kernel Shell (Rp 'million/ton)	1.89	1.60	18.1	1.74

The Renewable Energy segment reported the sales of 30 thousand tons of Palm Kernel Shells, tripling the volume from the same period last year, with an ASP of Rp 1.89 million per ton, 18% YoY higher. As a result, the RE segment booked a revenue of Rp 57 billion with a net profit margin of 14%.



LATEST UPDATE

DSNG ownership in PT REA Kaltim Plantation (REA Kaltim)



On 8 March 2024, DSNG increased its ownership in PT REA Kaltim Plantation (REA Kaltim) from 15% to 35%. REA Kaltim cultivates oil palms and produces CPO, PK, and PKO, with around 35 thousand planted areas in East Kalimantan. This strategic ownership will increase collaboration between both companies, encompassing but not limited to agronomy, palm oil processing, replanting, and sustainability practices. In 2023, DSNG and REA Holding were independently ranked 10th and 12th out of 100 producers, processors, and traders of various industries, including palm oil, by SPOTT (Sustainability Policy Transparency Toolkit). The ranking is determined based on transparency towards the organization, policies, and implementation of ESG (Environmental, Social, and Governance) practices.

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