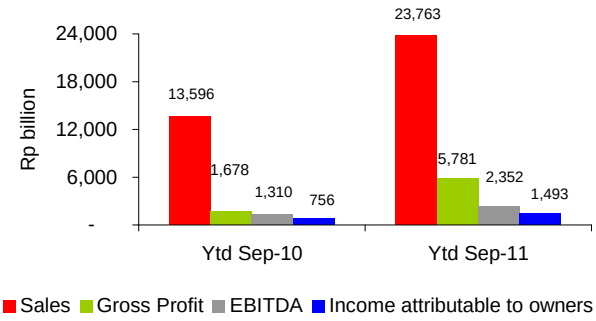
Smartnews

September 2011

smart agribusiness and food

Performance Summary



The nine-month period ended September 2011 saw a continuation of robust performance from the first and second quarters, supported by stronger CPO market prices and increased production volume. Sales value almost doubled to Rp 23.76 trillion compared to Rp 13.60 trillion in the corresponding period last year, while gross profit more than tripled to Rp 5.78 trillion. EBITDA came in at Rp 2.35 trillion, an 80% increase from Rp 1.31 trillion in 2010. Net income attributable to owners of the Company also almost doubled to Rp 1.49 trillion compared to Rp 756 billion last year.

As of 30 September 2011, the Company's palm plantation hectarage stood at 138,106 hectares, comprising of 125,293 hectares mature and 12,813 hectares immature estates. Nucleus and plasma estates were 108,098 and 30,008 hectares, respectively.

Production

Description	Sep 2010	Sep 2011	Growth
FFB produced - tonnes	1,700,548	2,023,228	19.0%
CPO produced - tonnes	436,056	524,578	20.3%
PK produced - tonnes	96,532	115,468	19.6%
Oil extraction rate - %	23.03	23.23	0.20%
Kernel extraction rate - %	5.10	5.11	0.01%

FFB production during the nine-month period of 2011 improved by 19% compared to the same period last year. Hence, CPO and PK production also increased to 524,578 tonnes and 115,468 tonnes, respectively. Oil and kernel extraction rates also continued their recovery from the lower performance in second half 2010, reaching at 23.23% and 5.11%, respectively.

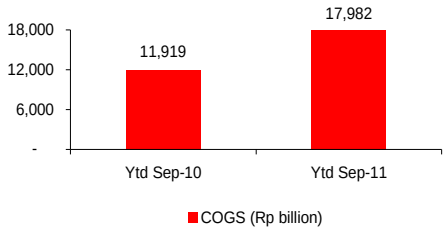
Net Sales

Products	Rp bn		% to Total	Growth
	Sep 2010	Sep 2011		
Cooking Oil	804	1,325	5.6%	64.8%
Margarine	585	987	4.1%	68.7%
Total Branded	1,389	2,312	9.7%	66.5%
Refined Product	4,179	6,149	25.9%	47.1%
CPO and non-refined product	7,445	14,476	60.9%	94.4%
Total Unbranded	11,624	20,625	86.8%	77.4%
Others	583	826	3.5%	41.7%
Total Sales	13,596	23,763	100.0%	74.8%

During the period of January to September 2011, sales from branded cooking oil and margarine increased notably by 65% and 69%, respectively, attributable to increases in sales volume and selling prices. In total, sales of branded products came in at Rp 2.31 trillion from Rp 1.39 trillion previously. Sales of unbranded products grew significantly to Rp 20.63 trillion from Rp 11.62 trillion during the corresponding period in 2010, also supported by increases in both volume and average selling prices.

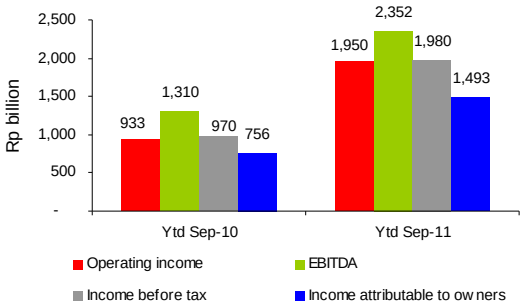
Cost of goods sold

Cost of goods sold for the nine-month period ended September 2011 increased by 51% to Rp 17.98 trillion from Rp 11.9 trillion for the same period last year. The increase was mainly due to higher purchase prices and quantity of raw materials used, in line with the growing sales.



Operating income

During year-to-date September 2011, the Company's gross profit more than tripled to Rp 5.78 trillion, while operating income more than doubled to Rp 1.95 trillion from Rp 933 billion in the previous year's period, after accounting for the hike in export tax rates ranging between 15%-25% in the 2011 period, as compared to 3%-6% in the 2010 period.



EBITDA

EBITDA for January to September 2011 increased by 80% to Rp 2.35 trillion from Rp 1.31 trillion achieved for the same period in 2010, in line with higher operating income.

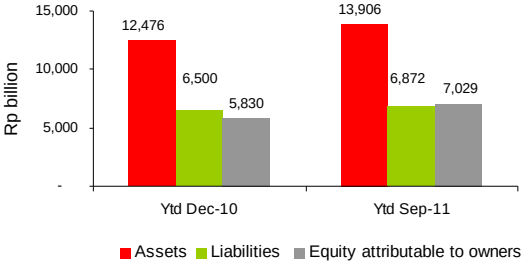
Income attributable to owners

Income attributable to owners of the Company for the nine-month period ended September 2011 almost doubled to Rp 1.49 trillion from Rp 756 billion previously, in line with the EBITDA strengthening. This resulted in earnings per share of Rp 520.

Assets

As of 30 September 2011, the Company's total assets grew by 11% to Rp 13.91 trillion from Rp 12.48 trillion at the end of December 2010.

Higher total assets was mostly attributable to increases in current assets, such as accounts receivable, inventories, as well as increase in cash and cash equivalents due to bank loan drawdown for capital expenditure. There was also notable increase in property, plant and equipment as a result of our downstream facility expansion in Marunda, West Java.



Liabilities

Total liabilities as at 30 September 2011 increased to Rp 6.87 trillion from Rp 6.50 trillion as at 31 December 2010, mostly due to the increase in shareholder's loan, which was mainly used to finance working capital requirement and capital expenditure. Of this amount, total bank debt was Rp 3.15 trillion.

As of 30 September 2011, our net gearing (net debt to equity) further strengthened to 0.57 compared to 0.69 as at end of last year.

Equity attributable to owners

Total equity attributable to owners of the Company as at end of September 2011 reached Rp 7.03 trillion from Rp 5.83 trillion as at end of 2010. The Company's retained earnings totaled Rp 4.60 trillion as at end of September 2011 compared to Rp 3.40 trillion as at end of 2010, resulting from the current period's income and after distribution of dividend of Rp 431 billion from 2010's earnings.