



P&L (IDR Millions) – YoY	9M2019	9M2018	Change (%)
Revenue	6,344,579	6,290,429	0.9%
Gross Profit	1,670,161	1,674,343	-0.2%
Operating Profit	1,236,618	1,249,809	-1.1%
NPAT	503,261	541,203	-7.0%
EBITDA	1,688,003	1,644,634	2.8%
Unrealized forex gain/(loss)	22,855	(78,431)	-

BS (IDR Millions)	30 Sept 2019	30 Sept 2018	Change (%)
Asset	16,593,130	15,927,583	4.2%
Liability	11,439,805	11,546,851	-0.9%
Equity	5,153,325	4,380,732	17.6%
Interest Bearing Debt	7,799,630	7,485,907	4.2%
Cash & cash equivalent*	231,667	325,701	-28.9%

\*included in cash & cash equivalent, restricted cash under "other current asset"

Financial Ratios	9M2019	9M2018
Gross margin	26.3%	26.6%
Operating margin	19.5%	19.9%
Net margin	7.9%	8.6%
EBITDA margin	26.6%	26.1%
Net Debt to Equity	1.47	1.63
ROA	4.0%	4.5%
ROE	13.0%	16.5%

Sales Volume	9M2019	9M2018	Change (%)
Palm Cooking Oil	154,631	169,368	-8.7%
PKO	32,131	25,333	26.8%
Sugar	202,414	190,606	6.2%
Biodiesel (FAME)	218,386	76,926	183.9%

Sales Price (IDR/Kg) ex VAT	9M2019	9M2018	Change (%)
Palm Cooking Oil	8,903	9,474	-6.0%
PKO	8,487	13,091	-35.2%
Sugar	9,996	9,104	9.8%
Biodiesel	7,648	8,042	-4.9%

### FINANCIAL HIGHLIGHT

9M2019 Revenue, operating profit and EBITDA remain stable amidst prolonged downtrend in CPO price. This is possible with higher contribution from refined oil palm products, especially Fatty Acid Methyl Ester (FAME), which is the key mixture for biodiesel, and also sugar related sales.

With the effective rolling out of the B20 biodiesel mandate this year, FAME sales volume went up by **132%** compared to last year. In recent months, Pertamina allocated additional order to TBLA of **40k ton** (on top of the initial **220k ton**) as overall demand for nationwide B20 blending is higher than initially expected. This growth trend will continue over the coming quarters with the rolling out of B30 mandate in 2020, increasing industry demand for FAME by roughly 45% from **6.6 million ton** this year to **9.6 million ton**. B30 tender was allocated in October 2019, in which the Company's received **340k ton** for next year's delivery. Additionally, biodiesel export to China is expected to continue next year, with total delivery for 2019 already at **40k ton**.

In response to B30 expansion and in anticipation of further increment in biodiesel blending mandate over the coming years, TBLA is currently building its second biodiesel plant with **450k ton p.a** capacity. The plant is scheduled for commissioning in early 3Q2020. The Company's existing biodiesel plant of **300k ton p.a** is already running at full capacity.

Over the years, TBLA business structure has been gradually shifting from upstream to downstream focus. Since most of the Company's revenue is currently being derived from refined products, the Indonesian Stock Exchange recently changed TBLA's industry segmentation from plantation to consumer sector.

Sugar sales up **6.2%** on annual basis with improved sugar mill production, whilst constrained export quota allocation this year has driven sugar price up by **9.8%**. Sugar mill production is well on track to meet its production target of **70k ton** this harvest season, up from **55k ton** last year. Though much later than anticipated, TBLA received its first quota allocation of **70k ton** in late October 2019. Transport and processing of this raw sugar will be expedited to support 4Q2019 sugar sales.

The Company's margins are largely shielded from distressed CPO price since pricing for refined products are relatively more resilient compared to CPO itself, and that TBLA now is a net buyer of CPO. This combination of weaker CPO price and stable downstream products pricing has steered the Company out of margin erosion which plagued most upstream industry players. Biodiesel mandate has driven the Company's need for downstream CPO feedstock at an unforeseen pace. In order to meet this demand, TBLA has been increasing external CPO purchase, and strategically shifted more feedstock from cooking oil production to FAME, which generates better margin.



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## 9M2019 NEWSLETTER

Production Summary	9M2019	9M2018	Change (%)
<b>FFB Harvested</b>			
<i>FFB Nucleus (MT)</i>	485,865	491,800	<b>-1.2%</b>
<i>FFB Plasma (MT)</i>	125,245	150,879	<b>-17.0%</b>
<i>FFB 3<sup>rd</sup> Party (MT)</i>	517,442	879,533	<b>-41.2%</b>
<i>FFB Yield – Nucleus (MT/Ha)</i>	14.3	14.0	<b>1.9%</b>
<b>Crude Palm Oil Production (MT)</b>	220,371	277,880	<b>-20.7%</b>
<i>CPO Extraction Rate (OER)</i>	20.7%	19.8%	<b>4.3%</b>
<b>Cooking Oil (MT)</b>	156,614	220,553	<b>-29.0%</b>
<b>FAME (Biodiesel)</b>	202,456	83,485	<b>142.5%</b>

Planted Area (Ha)		30 Sept 2018
Oil Palm		
<i>Mature</i>	45,614	44,414
<i>Immature</i>	11,453	10,680
<b>Total Oil Palm</b>	<b>57,067</b>	<b>55,094</b>
<b>Sugar Cane</b>	<b>11,362</b>	<b>11,578</b>

### PRODUCTION HIGHLIGHT

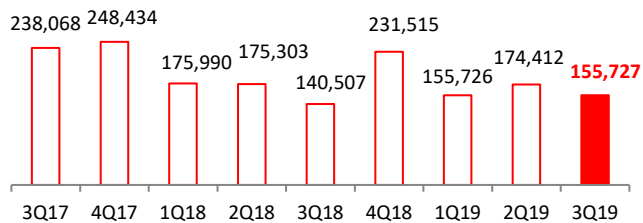
9M2019 FFB nucleus harvest remains stable compared to same period last year. 3<sup>rd</sup> party FFB purchase dropped by **41.2%** following poor harvest in Lampung. Drought and Prolonged pressure on CPO price might have some effect on smaller farmers plantation management, which resulted in poorer yield. Lower total FFB processed reduced CPO production by **20.7%** compared to 1H2018.

In order to make up for lower CPO production and meeting downstream production demand, TBLA had to increase external CPO purchase. The Company produced **220,553 ton** and purchased **206,396 ton** of CPO in 9M2019. Purchase of external CPO up considerably from same period last year of **145,157 ton**.

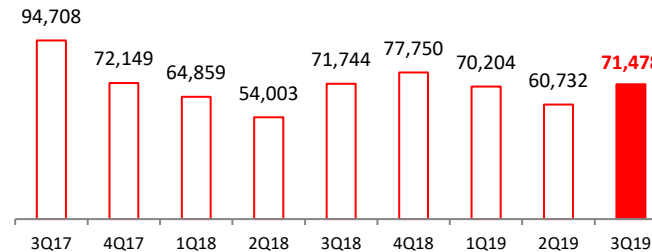
Cooking oil production dropped by **29.0%** on annual basis, as higher portion of CPO feedstock was diverted to support FAME production.

Quarterly biodiesel shipment resumes at stronger pace in 3Q2019 after a short 2<sup>nd</sup> quarter due to holiday season. FAME shipment booked an all-time high volume of **84,054 ton** in 3Q2019.

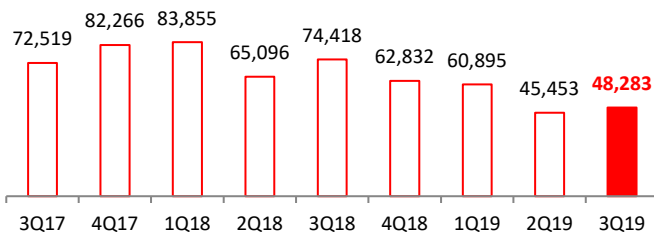
**FFB NUCLEUS HARVEST VOL**



**SUGAR SALES VOL**



**PALM COOKING OIL SALES VOL**



**BIODIESEL SALES VOL**

