



PT. TUNAS BARU LAMPUNG, Tbk. (TBLA)

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6M2018 NEWSLETTER

P&L (IDR Millions) Unaudited	6M2018	6M2017	Change (%)
Revenue	4,002,255	4,243,635	-5.7%
Gross Profit	1,083,206	1,043,565	3.8%
Operating Profit	808,261	774,483	4.4%
NPAT	351,807	505,001	-30.3%
EBITDA	1,061,174	1,002,319	5.9%
Unrealized forex (loss)/gain	(60,117)	15,183	-

BS (IDR Millions) Unaudited	30 June 2018	31 Dec 2017	Change (%)
Asset	14,913,847	14,024,486	6.3%
Liability	10,801,944	10,024,540	7.8%
Equity	4,111,903	3,999,946	2.8%
Interest Bearing Debt	7,215,926	5,772,459	25.0%
Cash & cash equivalent	322,758	125,992	156.2%

Ratios	6M2018	6M2017
Gross margin	27.1%	24.6%
Operating margin	20.2%	18.3%
NPAT margin	8.8%	11.9%
EBITDA margin	26.5%	23.6%
Net debt to Equity	1.7	1.4
ROA	4.7%	7.5%
ROE	17.1%	25.7%

Sales Volume	6M2018	6M2017	Change (%)
CPO	26,196	26,795	-2.2%
Palm Cooking Oil	148,951	113,440	31.3%
PKO	16,333	21,759	-24.9%
Sugar	118,862	143,954	-17.4%
Biodiesel	40,385	61,669	-34.5%

Sales Price (IDR/Kg) ex VAT	6M2018	6M2017	Change (%)
CPO	8,009	8,624	-7.1%
Palm Cooking Oil	9,511	9,952	-4.4%
PKO	14,024	18,190	-22.9%
Sugar	9,282	9,974	-6.9%
Biodiesel	8,360	8,747	-4.4%

FINANCIAL HIGHLIGHTS

Revenue went down by **5.7%** compared to 6M2017 mainly due to lower average selling prices for all oil palm and sugar products.

Volume wise, strong cooking oil demand leading to the annual festive season helps maintain revenue level despite lower pricing. Cooking oil, which is the biggest revenue contributor within the oil palm segment booked strong sales volume growth of **31.1%** compared to 6M2017.

On the sugar side, 6M2018 sales volume went lower by **17.4%** versus same period last year. The Company almost exhausted last year's carry forward inventory, while late allocation of import quota this year means that new batch of imported raw sugar could not come in fast enough to support 2Q2018 sales. The Company's raw sugar import quota was only allocated in April 2018, hence taking into account shipping and refining, output from this batch could only enter the market in mid June 2018.

Fresh sugar inventory from the 2 quota allocations so far (totaling 150,000 ton) plus sugar mill production during the cane harvest season (May – October) could improve sugar sales volume in the coming quarters.

Despite lower revenue, Operating profit and EBITDA are still booking annual growth. Strong FFB harvests enabling higher utilization of internal cpo for cooking oil production in 6M2018. Additionally, lower cpo market price also helps reduced downstream production cost.

NPAT went down by **30.3%** compared to 6M2017 mostly due to 1) higher interest expense and 2) unrealized forex loss. Interest expense almost doubled from **Rp158bn** to **Rp297bn** in 6M2018 as the Company started accruing its bond coupons in 2Q2018. Moreover, impact from the sugar mill interest expense was not realized until 3rd quarter last year since it was still capitalized in 6M2017. With stronger USD, TBLA booked unrealized forex loss of **Rp60bn** versus gain of **Rp15bn** last year.

Even during this period of lower pricing and lower sugar sales volume, the Company was still booking margin expansions at operating line (with the exception of NPAT). Return profile, however, is being negatively affected by the lower NPAT, as annualized ROA and ROE compressed to **4.7%** and **17.1%** respectively.



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Production Summary	6M2018	6M2017	Change (%)
FFB Harvested			
FFB Nucleus (MT)	351,293	159,498	120.2%
FFB Plasma (MT)	67,325	61,507	9.5%
FFB 3 rd Party (MT)	480,466	390,361	23.1%
FFB Yield – Nucleus (MT/Ha)	11.0	5.3	107.5%
Crude Palm Oil (CPO)			
CPO Production (MT)	162,892	119,470	36.3%
CPO Extraction Rate (OER)	20.6%	21.0%	-
Palm Kernel Oil (PKO)			
PKO Production (MT)	10,033	19,942	-49.7%
Kernel Extraction Rate (KER)	41.9%	41.9%	-

Planted Area (Ha)	30 Jun 2018	30 Jun 2017
Oil Palm		
Mature	43,400	41,766
Immature	12,620	11,771
Total Oil Palm	56,020	53,537
Sugar Cane	10,078	10,762

PRODUCTION & SALES SUMMARY

First half of 2018 witnessed a period of strong oil palm harvest as FFB nucleus production more than doubled from **160k ton** last year to **351k ton** in 6M2018. TBLA's Palembang estate provide significant boost to overall harvest volume and pushed semi-annual average FFB yield to **11.0 ton/ha** compared to just **5.3 ton/ha** in 6M2017. In order to further support strong **ROSE BRAND** cooking oil demand, external FFB was boosted by **23.1%**.

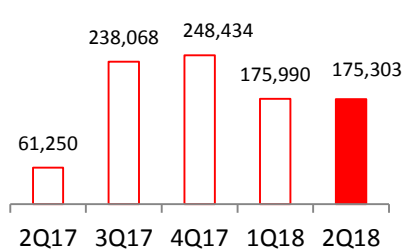
The Company obtained its 2nd raw sugar import quota allocation for the year of **75,000 ton** in July 2018. Prior to this, TBLA already received quota allocation of the same volume in April 2018. More quota allocations are expected in the 2nd half of the year.

TBLA is targeting around **60% - 65%** of utilization rate from the sugar mill this year, compared to **40%** in FY2017. This year's projected harvest area of around 9,000 ha coupled with improved plantation infrastructures such as the deployment of mechanized harvesters would help the Company to achieve targeted harvest volume.

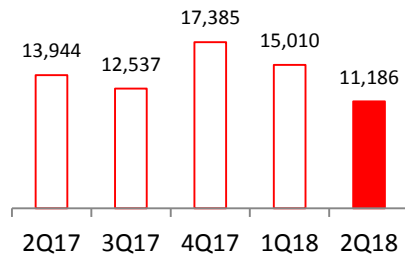
Oil palm plantation area grew by around **2,500 ha** compared to 6M2017. This is in line with TBLA's new planting target of around **3,000 ha** per annum. Cane plantation area stays flat as the Company has to replant around **1,500 ha** of cane that has passed their productive age. TBLA expects to add around **1,500 ha - 2,000 ha** of new cane plantation area in FY2018 planting period.

QUARTERLY TREND (all figures in metric ton except for CPO ASP)

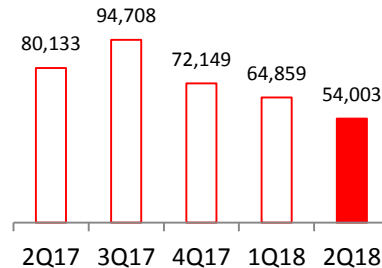
FFB NUCLEUS HARVEST VOL



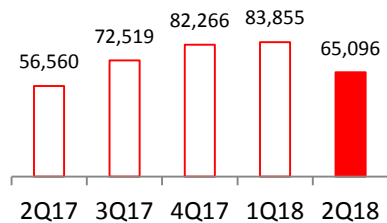
CPO SALES VOL



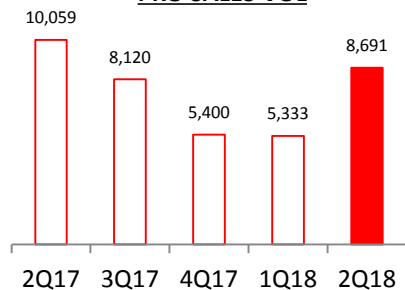
SUGAR SALES VOL



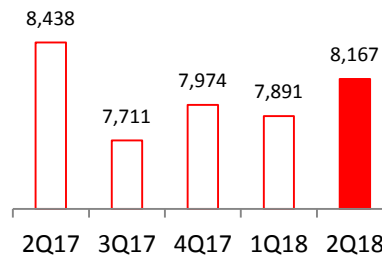
PALM COOKING OIL SALES VOL



PKO SALES VOL



CPO ASP (IDR/KG)



For more information, please contact Head of Investor Relations:

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