



PT. TUNAS BARU LAMPUNG, Tbk. (TBLA)

Wisma Budi, 8th – 9th Floor
Jl. H.R Rasuna Said Lot C-6, Jakarta
Telp: (021) 5213383 , Fax: (021) 5213332

FY2018 NEWSLETTER

P&L (IDR Millions) – YoY	FY2018	FY2017	Change (%)
Revenue	8,614,889	8,974,708	-4.0%
Gross Profit	2,302,760	2,347,543	-1.9%
Operating Profit	1,694,186	1,752,629	-3.3%
NPAT	764,380	978,696	-21.9%
EBITDA	2,367,323	2,217,297	6.8%
Unrealized forex (loss)/gain	(52,859)	(24,591)	

BS (IDR Millions)	FY2018	FY2017	Change (%)
Asset	16,339,916	14,354,225	13.8%
Liability	11,556,300	10,097,571	14.4%
Equity	4,783,616	4,256,654	12.4%
Interest Bearing Debt	7,568,996	5,801,470	30.5%
Cash & cash equivalent*	325,701	125,993	78.1%

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

Financial Ratios	FY2018	FY2017
Gross margin	26.7%	26.2%
Operating margin	19.7%	19.5%
Net margin	8.9%	10.9%
EBITDA margin	26.5%	25.5%
Net Debt to Equity	1.54	1.33
ROA	4.7%	6.8%
ROE	16.0%	23.0%

Sales Volume	FY2018	FY2017	Change (%)
CPO	61,902	56,717	9.1%
Palm Cooking Oil	286,201	268,225	6.7%
PKO	37,084	35,279	5.1%
Sugar	268,356	310,811	-13.7%
Biodiesel	145,847	96,791	50.7%

Sales Price (IDR/Kg) ex VAT	FY2018	FY2017	Change (%)
CPO	7,620	8,223	-7.3%
Palm Cooking Oil	9,317	9,872	-5.6%
PKO	12,134	17,117	-29.1%
Sugar	9,151	9,719	-5.8%
Biodiesel	8,148	9,052	-10.0%

1Q2018	2Q2018	3Q2018	4Q2018
2,140,720	1,861,535	2,288,174	2,324,460
534,620	548,586	591,137	628,417
398,185	410,076	441,548	444,377
203,463	148,344	189,396	223,177
527,650	533,524	524,070	600,254

FINANCIAL HIGHLIGHT

Annual revenue slightly lower by 4% compared to FY2017, mainly due to weaker selling price for all TBLA's products across the board. Higher sales volume of the Company's core oil palm products: cooking oil and especially biodiesel, helped maintain revenue level. Both products made up **63%** of palm oil related sales in FY2018.

TBLA sold **146k ton** of biodiesel in both domestic and export market in FY2018, **50.7%** up from FY2017. With the successful implementation of nationwide B20 policy, Pertamina's allocated FY2019 biodiesel order of **217k ton** already doubled their current year's uptake. Strong domestic demand plus expected repeat order from export market could push TBLA biodiesel plant to run at full capacity next year. Annual cooking oil sales volume continues to grow at a steady pace of **6.7%**.

Annual sugar sales volume dropped by **13.7%** as late allocation of import quota in FY2018 hindered sales for the first half of the year. On the flip side, it also means TBLA could carry forward significant inventory volume to FY2019 and potentially received more favorable pricing during off-harvest period in the first quarter where nationwide inventory is depleting.

Operating profit and EBITDA were relatively stable on annual basis, with slight improvement margin-wise. Despite lower pricing, better margin contributions due to lower cost from TBLA's sugar business helped in sustaining profitability. This year's refined sugar production cost was benefited from significant drop in global sugar price.

Y-o-Y NPAT went down by **21.9%** mostly due to higher interest expense, especially from sugar mill related loan where it was capitalized up until 3Q2017; and also bond coupons. Higher unrealized forex loss also impacted NPAT.

Gearing level was up this year, mainly from new bonds issuance. TBLA successfully launched its primary USD global bond issuance of **\$200mn** at **7% p.a** coupon this year. Additionally, the Company also issued **Rp1tn** of domestic bond at **9.5% p.a** coupon. With no major investment plan in the horizon, which translates to lower capex, TBLA will utilize incoming cashflow to deleverage.



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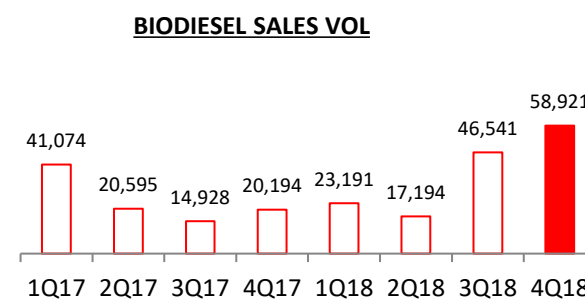
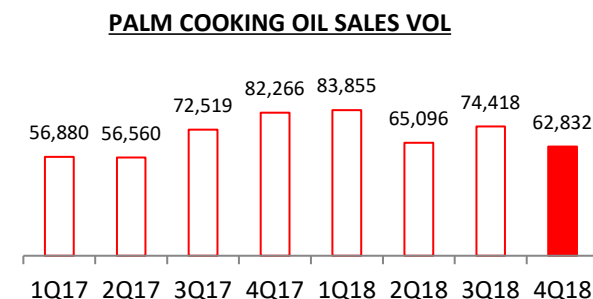
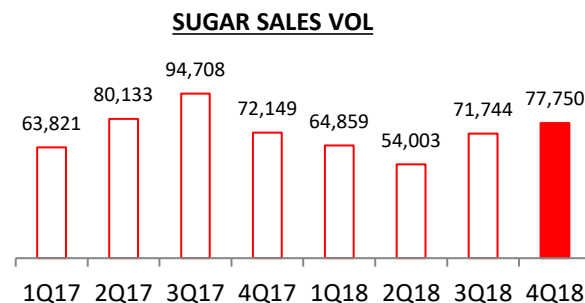
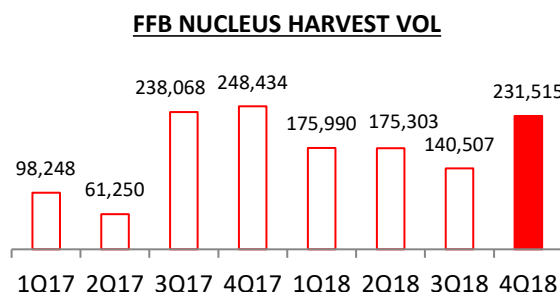
FY2018 NEWSLETTER

Production Summary	FY2018	FY2017	Change (%)
FFB Harvested			
<i>FFB Nucleus (MT)</i>	723,315	646,000	12.0%
<i>FFB Plasma (MT)</i>	218,927	172,414	27.0%
<i>FFB 3rd Party (MT)</i>	1,002,144	619,561	61.8%
<i>FFB Yield – Nucleus (MT/Ha)</i>	21.7	20.6	0.5%
Crude Palm Oil Production (MT)	374,692	281,638	33.0%
<i>CPO Extraction Rate (OER)</i>	21%	21%	-
Palm Kernel Oil Production (MT)	34,479	31,731	8.7%
<i>Kernel Extraction Rate (KER)</i>	42%	42%	-
Cooking Oil (MT)	271,255	264,180	2.7%

Planted Area (Ha)	FY2018	FY2017
Oil Palm		
<i>Mature</i>	43,908	42,900
<i>Immature</i>	12,544	12,097
Total Oil Palm	56,452	54,997
Sugar Cane	10,455	12,105

QUARTERLY TREND (all figures in metric ton)

PRODUCTION HIGHLIGHT



Strong annual and quarterly harvest growth on both nucleus and plasma estates is still insufficient to feed the fast-growing downstream domestic demand, especially from the biodiesel market. Thus, external FFB purchase was boosted by **61.8%** to increase cpo production.

With steady cooking oil sales growth and significant jump in biodiesel demand due to the B20 initiative, external cpo purchase was also increased to **223,899 ton (161,997 ton nett less cpo sold)**, from **162,247 ton (105,530 ton nett less cpo sold)** in FY2017, which is around 30% in terms of proportion.

Due to late quota allocation this year, first half sugar sales could only rely on FY2017's carried forward stock. After the first quota was obtained, sales volume could be push back up to normal level in the 3rd and 4th quarter of the year. The Company carried forward around **137k ton** of sugar inventory to FY2019.

Quarterly biodiesel sales volume began to pick up in 3Q2018 since the signing of the presidential decree pertaining to B20 initiative in August 2018. This quarterly volume growth is expected to continue in FY2019 with significant jump in Pertamina's biodiesel uptake next year. FY2019 biodiesel tender volume was already allocated by the end of FY2018.

Sugar cane plantation hectareage dropped at the end of FY2018 as around 2,000 ha of crops are being replanted. Palm oil estate expansion schedule continues to run at around 2,000 ha per annum.