



P&L (IDR Millions) – YoY	9M2018	9M2017	Change (%)
Revenue	6,290,429	6,609,403	-4.8%
Gross Profit	1,674,343	1,639,798	2.1%
Operating Profit	1,249,809	1,230,650	1.6%
NPAT	541,203	725,153	-25.4%
EBITDA	1,585,244	1,466,361	8.1%
Unrealized forex gain/(loss)	(78,431)	(12,398)	-

BS (IDR Millions)	30 Sept 2018	31 Dec 2017	Change (%)
Asset	15,927,583	14,024,486	13.6%
Liability	11,546,851	10,024,540	15.2%
Equity	4,380,732	3,999,946	9.5%
Interest Bearing Debt	7,533,154	5,772,459	30.5%
Cash & cash equivalent	251,860	125,992	99.9%

Ratios	9M2018	9M2017
Gross margin	26.6%	24.8%
Operating margin	19.9%	18.6%
NPAT margin	8.6%	11.0%
EBITDA margin	25.2%	22.2%
Net Debt to Equity	1.66	1.38
ROA*	4.5%	6.9%
ROE*	16.5%	23.7%

*Annualized

Sales Volume (ton)	9M2018	9M2017	Change (%)
CPO	55,878	39,332	42.1%
Palm Cooking Oil	223,369	185,959	20.1%
PKO	25,333	29,879	-15.2%
Sugar	190,606	238,662	-20.1%
Biodiesel	86,926	76,597	13.5%

Sales Price (IDR/Kg) ex VAT	9M2018	9M2017	Change (%)
CPO	7,649	8,333	-8.2%
Palm Cooking Oil	9,383	9,939	-5.6%
PKO	13,091	16,956	-22.8%
Sugar	9,104	9,866	-7.7%
Biodiesel	8,223	9,116	-9.8%

FINANCIAL HIGHLIGHTS

Revenue was slightly weaker by **4.8%** mainly due to lower pricing for all products across the board, compared to same period last year. Cooking oil, biodiesel and sugar average selling price (ASP) went down by **8.2%**, **9.8%** and **7.7%** respectively. On the positive note, higher sales volume for cooking oil, biodiesel and sugar provides strong revenue support for the period. Year-on-Year cooking oil and biodiesel sales volume went up **20.1%** and **13.5%** respectively, and though sugar sales volume still lower on annual basis; it went up by **32.9%** from previous quarter.

Despite the lower revenue, operational profitability was still booking growth with Gross profit, Operating profit and EBITDA went up by **2.1%**, **1.6%** and **8.1%** respectively. Given that TBLA main business focus is on the downstream domestic market, weaker cpo price actually benefited the Company in terms of margin as around 30% - 35% of its cpo still has to be sourced externally to keep up with the growing demand for cooking oil and biodiesel. The Company purchased **145,157 ton** of cpo in 9M2018 or **89,279 ton** net (minus cpo sold). Although domestic sugar price has been quite low so far this year, the decline of International sugar price was even more severe. Even with the weaker IDR, raw sugar importing cost was still lower compared to last year. With Year-on-Year total refining cost went down by about 10%, refiners are still able preserve their margin for the period.

NPAT went down by **25.4%** compared to same period last year with significant impact from interest expense, which went up from **Rp287bn** to **Rp479bn** in 9M2018. Interest expense has been gradually on the rise since the Company began expensing sugar mill related interest expense in 3Q2017 and also accruing its bond coupons since 2Q2018. Moreover, unrealized foreign exchange loss of **Rp78bn** from stronger USD also impacted net earnings.

Even in this period of weak pricing, TBLA is still booking margin expansions at operating line. Return profile, however, is being negatively affected by the lower NPAT, as annualized ROA and ROE compressed to **4.5%** and **16.5%** respectively.

Gearing level went up with the issuance of 2 bonds (USD200mn and Rp1tn) at the beginning of this year. With no major capital expenditure in the agenda, the Company could utilize incoming cash flow to gradually reduce gearing level over the coming years.



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9M2018 NEWSLETTER

Production Summary	9M2018	9M2017	Change (%)
FFB Harvested			
FFB Nucleus (MT)	491,800	397,566	23.7%
FFB Plasma (MT)	150,879	109,814	37.4%
FFB 3 rd Party (MT)	879,533	433,871	107.3%
FFB Yield – Nucleus (MT/Ha)	14.0	12.9	8.5%
Crude Palm Oil (CPO)			
CPO Production (MT)	277,880	200,073	38.9%
CPO Extraction Rate (OER)	19.8%	23.4%	-
Palm Kernel Oil (PKO)			
PKO Production (MT)	23,049	27,039	-14.8%
Kernel Extraction Rate (KER)	41.7%	42.1%	-

Planted Area (Ha)	30 Sept 2018	30 Sept 2017
Oil Palm		
Mature	44,414	42,349
Immature	10,680	11,816
Total Oil Palm	55,094	54,165
Sugar Cane	11,578	10,160

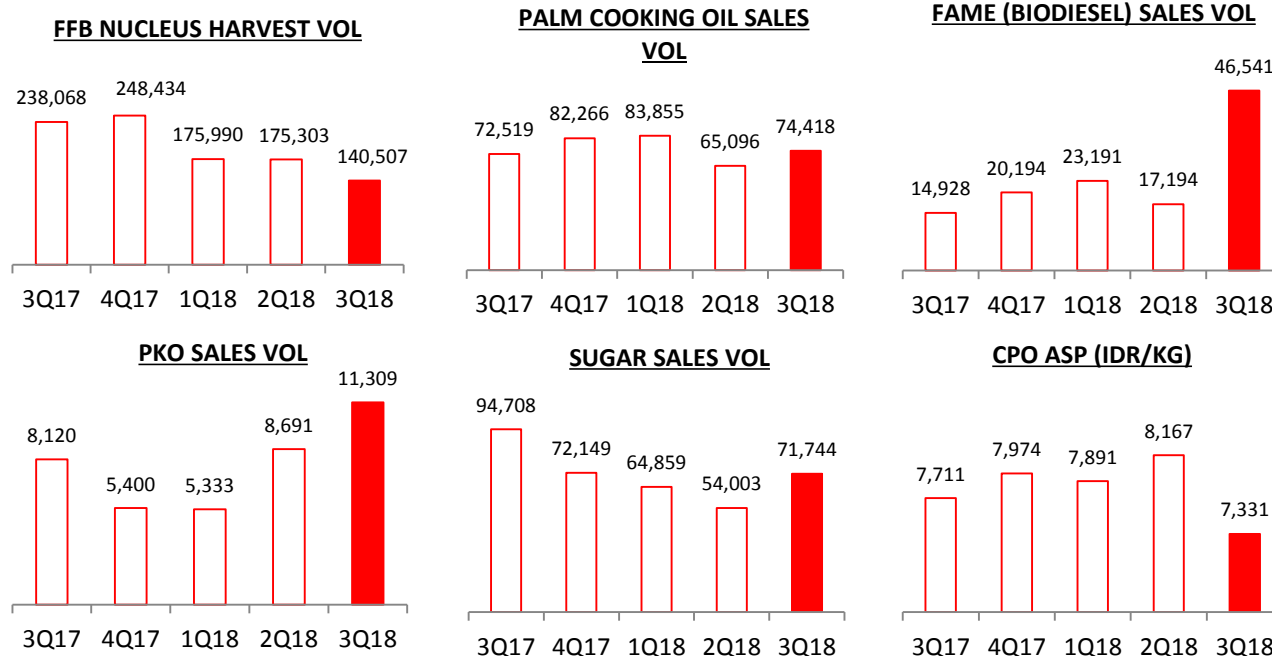
PRODUCTION & SALES SUMMARY

Annual FFB nucleus harvest went up by **23.7%**, but weaker on quarterly basis to due weather condition. FFB harvest is expected to pick up in 4Q2018. Despite higher annual harvest volume, 3rd party FFB purchase was boosted by **107.3%** to support growing cooking oil and biodiesel demand.

Both Annual and Quarterly FAME (Biodiesel) sales went up by **13.5%** and **170.7%** respectively, with strong implementation of Indonesia's B20 policy and also new demand from China. This trend is expected to continue next year.

Sugar sales volume went up on quarterly basis by **32.9%**. With the late allocation of quota this year, TBLA was solely relying on last year's carried forward inventory up until 1H2018. With fresh inventory and also production from sugar mill, we expect better sales volume over second half of this year. The Company holds ready sugar inventory of around **126,000 ton** at the end of 9M2018, with another **50,000 ton** incoming import supply. TBLA has now received **225,000 ton** of quota allocation so far this year.

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



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