



**Sawit  
Sumbermas  
Sarana**

*Karya Nyata untuk Negeri*

# Management Presentation

*Performance Update, Strategy and Outlook*

*Jakarta, November 2015*

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# Vision Mission Commitments

## Vision

*“Becoming A World-class Plantation Company”*

## Mission

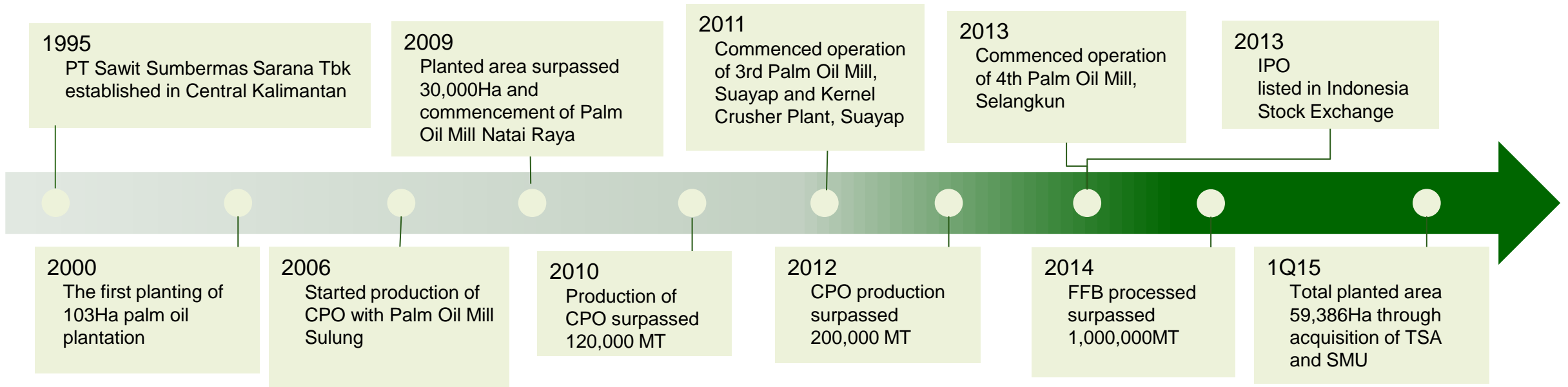
- Building a professional plantation business
- Increasing added values for all stakeholders
- Implementing perfect principles of corporate governance
- Utilizing environmentally friendly and advance technology
- Developing its human resources and the local potentials in the spirit of partnership

## Commitments

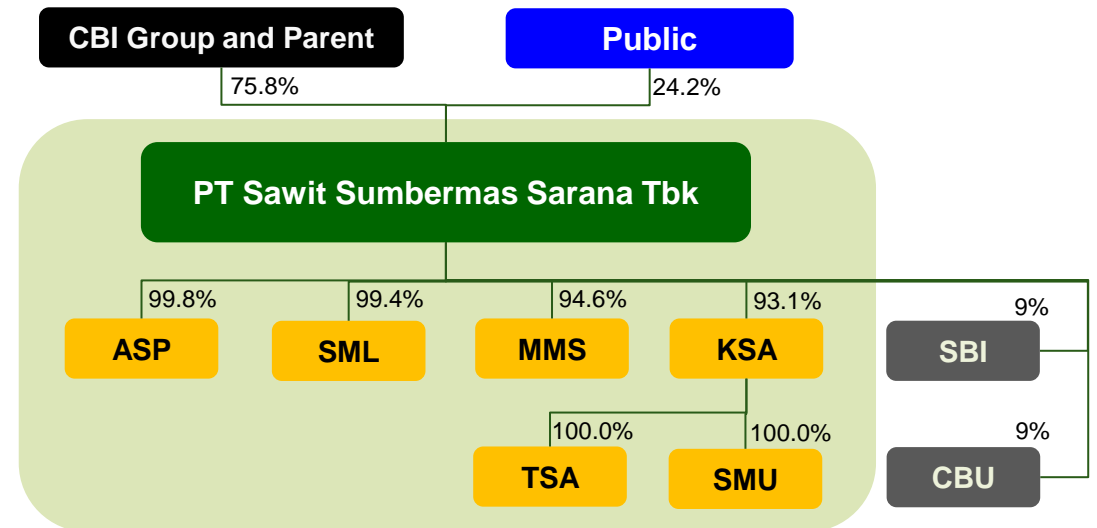
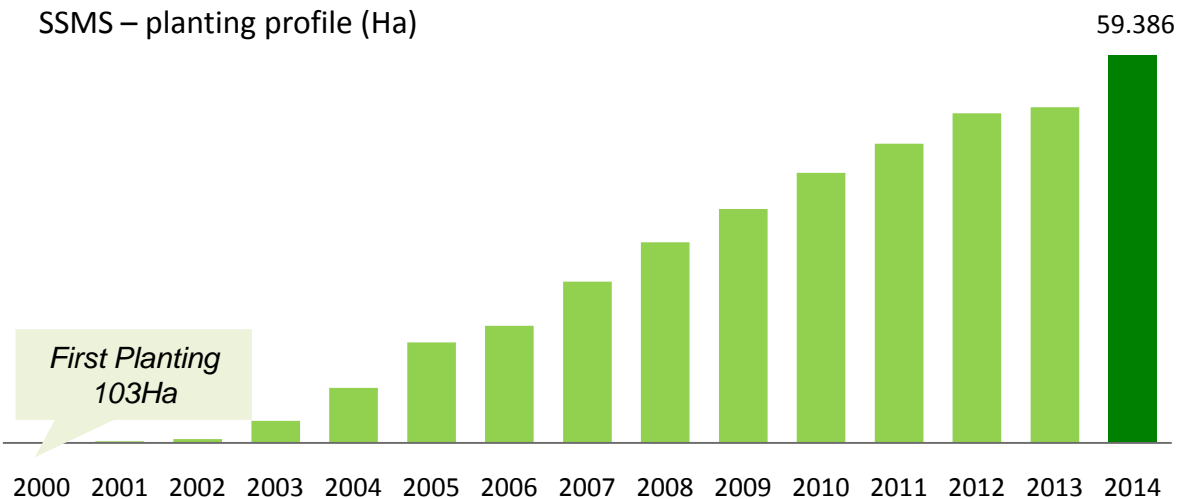
- No burning
- No planting on HCV
- Zero waste policy
- Zero loose fruit policy
- HCV assessments
- Develop conserved area
- Strengthen R&D program



# Solid Company Milestones

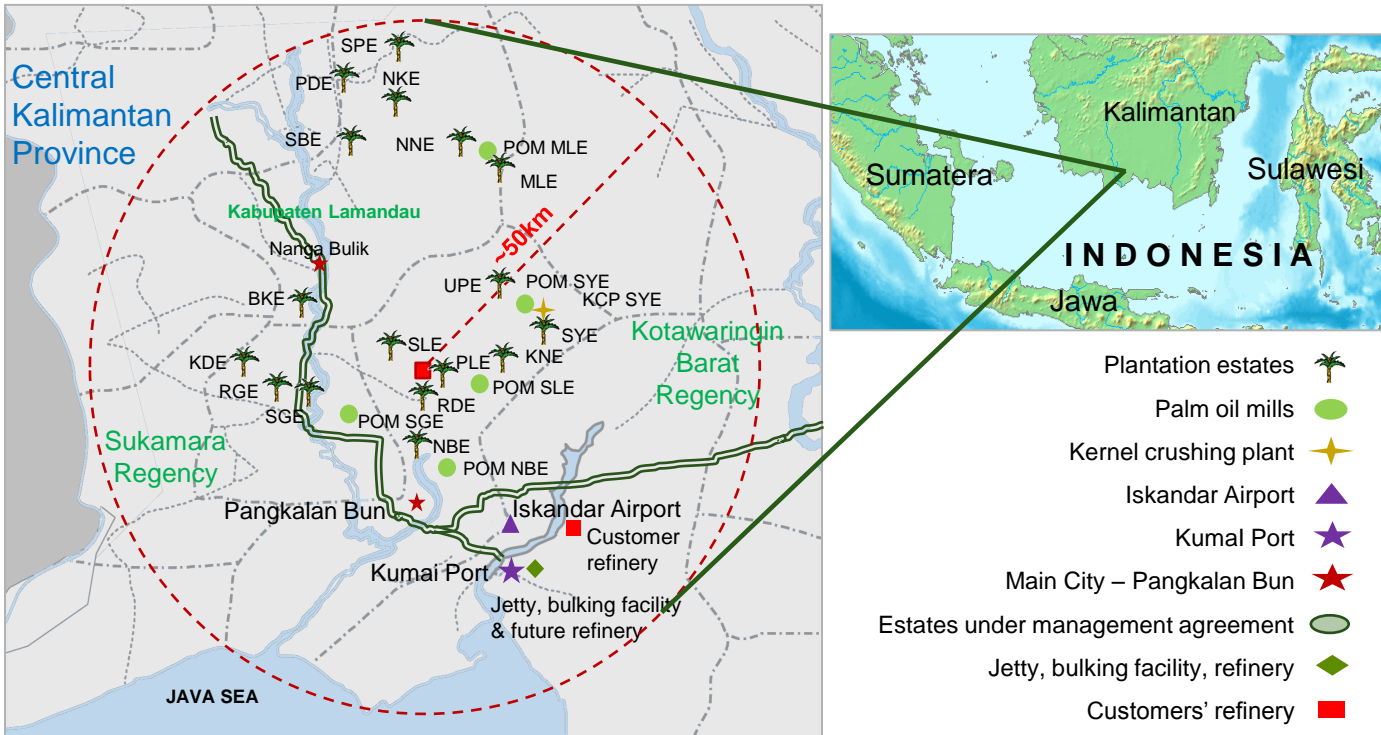


SSMS – planting profile (Ha)



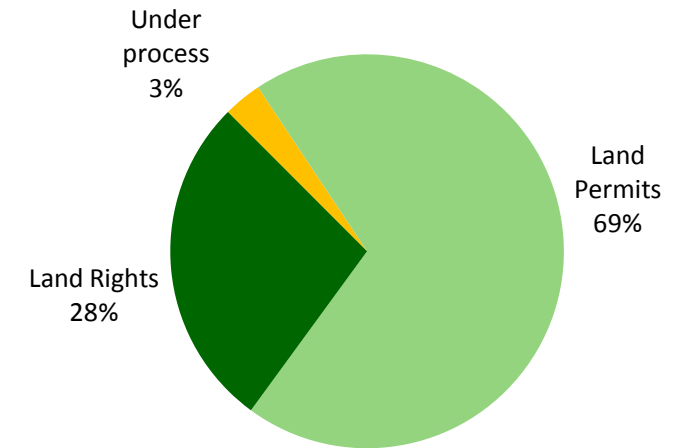
Note: CBI – Citra Borneo Indah, MMS – Mitra Mendawai Sejati, KSA – Kalimantan Sawit Abadi, ASP – Ahmad Saleh Perkasa, SML – Sawit Mandiri Lestari, TSA - PT Tanjung Sawit Abadi, SMU - PT Sawit Multi Utama  
SSMS effectively owns 9% of CBU and SBI each through itself and subsidiaries KSA and MMS

# Prime land in strategic location



- Total 110,517Ha of prime land under management with most area have mineral soil characteristic and flat terrain.
- 59,386Ha planted as of June 2015.
- 97% of the land under management already obtained Land Rights or Land Permits.
- Geographically concentrated where plantations and mills are well-spread within 50km radius.
- Strategically located along the Trans-Borneo Highway in proximity with customer's refineries, Kumai port and Iskandar airport.
- 43,782 Ha unplanted as base for organic growth.

SSMS – Managed Area Breakdown 1H15



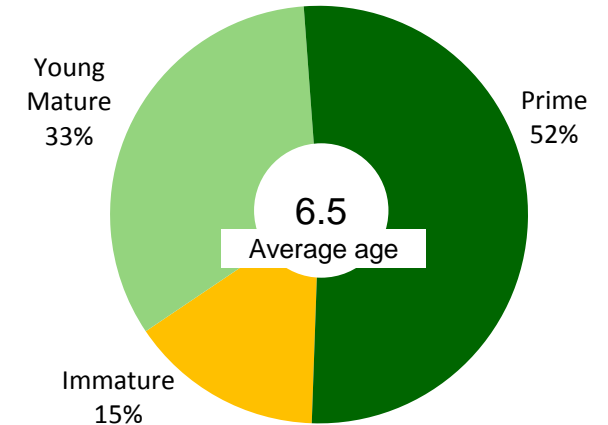
	Planted	Unplanted	Infrastructure	Total
<b>Managed Area (Ha)</b>	<b>59,386</b>	<b>43,782</b>	<b>7,349</b>	<b>110,517</b>
SSS	20,047	15	2,686	22,748
MMS	8,388	50	1,909	10,347
KSA	5,628	1,292	355	7,276
SMU	14,861	1,732	892	17,485
TSA	10,462	2,968	1,532	14,962
SML	-	26,995	-	26,995
ASP	-	10,705	-	10,705

# Young and high-yielding plantations

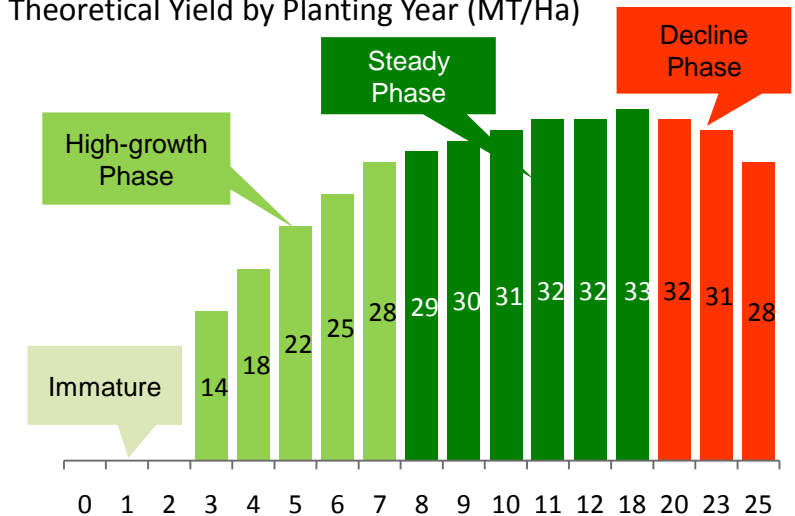
- FFB productivity is back in the high-growth phase; post-acquisition average age is adjusted to 6.5 years old due to TSA-SMU younger profile
- Using the high-yielding 2nd generation seeds namely from major providers; Lonsum, Socfin, Damimas and Topas AsianAgri.
- Application of best practices in plantation management; RSPO and ISPO certified
- 9m15 FFB production 733.247MT or 25.0% increased from 9m14 as direct impact from TSA-SMU acquisition since 18 February 2015.

Field Operation	FY13	FY14	FY14/13	9m14	9m15	9m15/14
<b>Planted Area (Ha)</b>	<b>33,240</b>	<b>34,064</b>	<b>2.5%</b>	<b>33,300</b>	<b>59,386</b>	<b>78.3%</b>
Immature	678	1,157	70.6%	393	8,917	2169.0%
Young mature	14,611	9,129	37.5%	9,129	19,752	116.4%
Prime	17,951	23,778	32.5%	23,778	30,717	29.2%
<b>FFB Productivity</b>	<b>FY13</b>	<b>FY14</b>	<b>FY14/13</b>	<b>9m14</b>	<b>9m15</b>	<b>9m15/14</b>
<b>FFB production (mt)</b>	<b>711,098</b>	<b>807,654</b>	<b>13.6%</b>	<b>586,730</b>	<b>733,247</b>	<b>25.0%</b>
<i>TSA-SMU 48 days pre-acquisition adjustment (mt)</i>					27,587	
<i>Production for the period (mt)</i>					760,834	
<b>Yield (MT/ha/Period)</b>	<b>21.8</b>	<b>24.5</b>		<b>17.8</b>	<b>15.1</b>	
Average age (years)	6.9	7.7		7.7	6.5	

SSMS Proforma – Age Tree Profile 9m15



Theoretical Yield by Planting Year (MT/Ha)



# Efficient mills operations with growth potential

Mills operations	FY13	FY14	FY14/13	9m14	9m15	9m15/14
<b>Capacity for the period (MT)</b>	<b>1,530,000</b>	<b>1,530,000</b>	<b>0%</b>	<b>1,012,500</b>	<b>1,346,000</b>	<b>32.9%</b>
Capacity per hour	255	255		255	315	23.5%
Utilization rate	65%	68%		68%	70%	

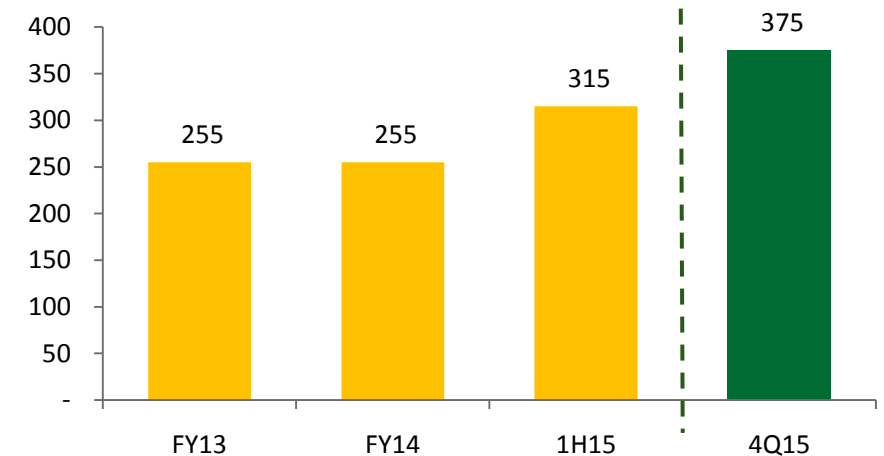
<b>FFB processed (MT)</b>	<b>995,033</b>	<b>1,038,983</b>	<b>4.4%</b>	<b>743,221</b>	<b>944,403</b>	<b>27.1%</b>
FFB production	711,098	807,512	13.6%	586,730	760,834	29.7%
FFB purchases	283,935	230,676	-18.8%	156,491	183,569	17.3%

Production (MT)						
Crude Palm Oil	230,622	242,214	5%	173,012	225,093	30.1%
Palm Kernel	44,231	44,859	1.4%	31,225	42,658	36.6%
Crude Palm Kernel Oil	4,058	6,227	53.4%	4,007	4,716	17.7%

Extraction Rate (%)						
Crude Palm Oil	23.2%	23.3%		23.40%	23.83%	
Palm Kernel	4.5%	4.3%		4.11%	4.52%	
Crude Palm Kernel Oil	40.0%	39.4%		40.0%	39.6%	

*“Mills current utilization indicating sufficient capacity to support the expected growth in FFB production”*

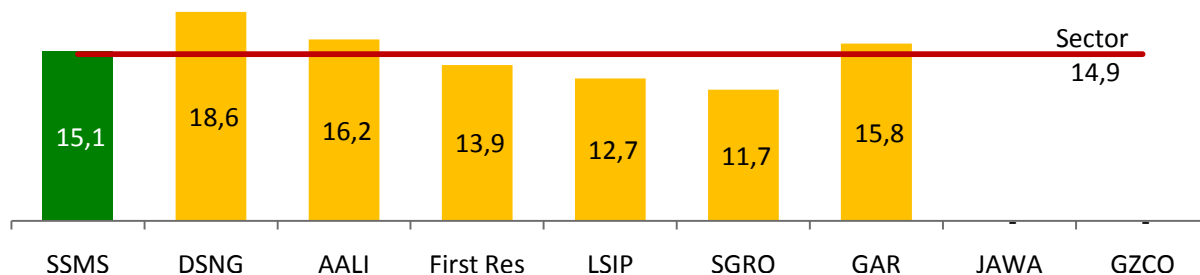
SSMS – CPO Mill Capacity and utilization



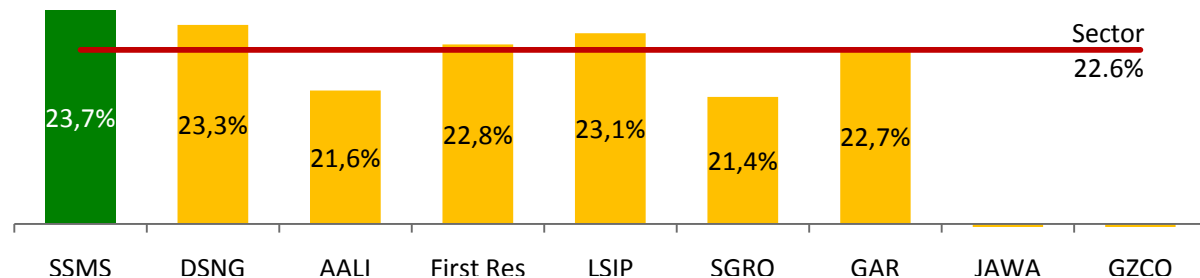
- Operating 5 (five) CPO Mills; Sulung, Natai Raya, Suayap, Selangkun and Malata with combined milling capacity 315MT FFB /hr
- Blended oil extraction rate at 23.7% - which consist of nucleus fruits OER at 25.0% and purchased fruits at 19.8%
- CPO Mills utilization rate at 69% shows production growth potential
- Capability to optimize profit from sales of Palm Kernel or further processing to Crude Palm Kernel Oil (Mill Suayap)
- Additional 1 (one) CPO Mill located in SMU currently under construction with 60MT/hr FFB capacity ready by 4Q15

# High Yield, Efficient, and Competitive Cost Plantation

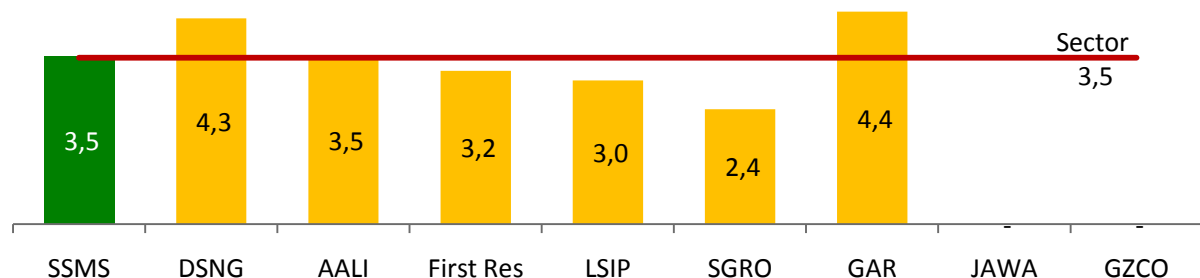
1H15 Peers Comparison - FFB Yield (MT/Ha)



1H15 Peers Comparison – Oil Extraction Rate



1H14 Peers Comparison – CPO Yield (MT/Ha)



SSMS - Cash Cost Breakdown	Units	9m15
Fertilizer and maintenance	Rp bn	156.4
Labor	Rp bn	145.4
Harvesting	Rp bn	26.9
Overhead	Rp bn	101.9
<b>Total field cost</b>	<b>Rp bn</b>	<b>430.8</b>
<b>Field cost/FFB</b>	<b>Rp /kg</b>	<b>566.3</b>
<b>Field cost/CPO</b>	<b>Rp /kg</b>	<b>2,376.3</b>
Milling cost	Rp bn	51.9
<b>Milling cost/CPO</b>	<b>Rp /kg</b>	<b>230.7</b>
<b>Total Cash Cost per CPO</b>	<b>Rp /kg</b>	<b>2,606.9</b>
FX rate	Rp/USD	13,548
	<b>USD/mt</b>	<b>192.4</b>

Cash cost / MT CPO

**USD 192.4**

Additional cost benefits:

- Operational synergies
- Lower transportation costs
- Optimal logistics and shared resources



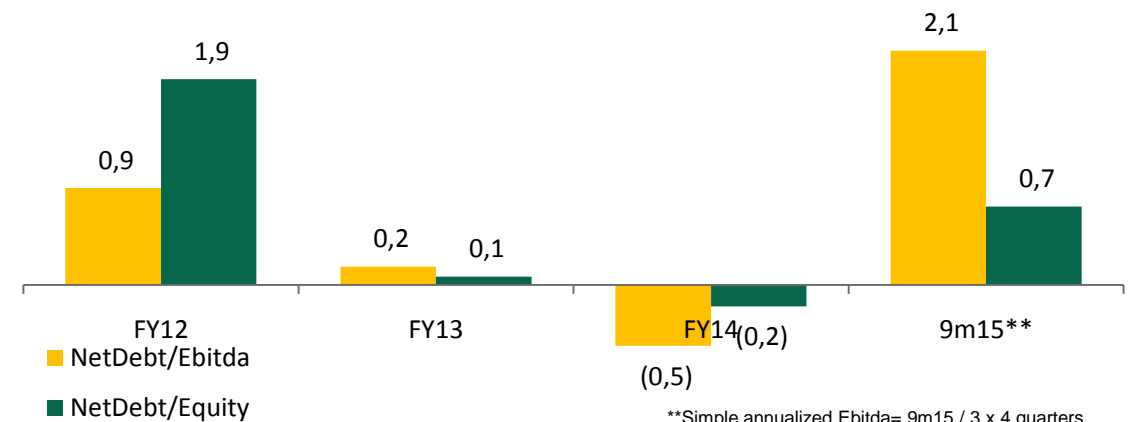
# A sound financial performance

Comp. Income (Rp bn)	FY14	9m14 R	9m15	1H15/14
<b>Sales</b>	<b>2,180.7</b>	<b>1,868.6</b>	<b>1,761.1</b>	<b>-5.8%</b>
Cost of Goods Sold	-1,027.8	-962.2	-855.9	-11.0%
<b>Gross income</b>	<b>1,152.8</b>	<b>906.5</b>	<b>905.2</b>	<b>-0.1%</b>
G&A expenses	-34.2	-226.6	-207.6	-8.4%
<b>Operating income</b>	<b>933.1</b>	<b>631.4</b>	<b>640.9</b>	<b>1.5%</b>
Finance income (costs)	53.8	--54.5	-156.3	186.8%
<b>Income for the year/period</b>	<b>737.8</b>	<b>460.3</b>	<b>373.9</b>	<b>-18.8%</b>
Proforma adjustment		16.2	56.1	246.3%
<b>Income after proforma adjust</b>		<b>476.5</b>	<b>430.1</b>	<b>-9.7%</b>
Profitability (%)	FY14	9m14 R	9m15	
Gross margin	52.9%	48.5%	51.4%	
Operating margin	42.8%	33.8%	36.4%	
Net margin	33.8%	24.6%	21.2%	
Financial Position (Rp bn)	FY14 R		9m15	9m15/14
<b>Assets</b>	<b>6,771.1</b>		<b>6,071.9</b>	<b>-10.3%</b>
Current assets	2,736.7		2,131.2	-22.1%
Non-current assets	4,034.4		3,940.8	-2.3%
Current liability	2,611.9		301.5	-88.5%
Non-current liability	1,352.7		2,880.2	112.9%
Minority interest	48.7		34.6	-29.0%
<b>Equity</b>	<b>2,757.9</b>		<b>2,855.6</b>	<b>3.5%</b>

R = Restated

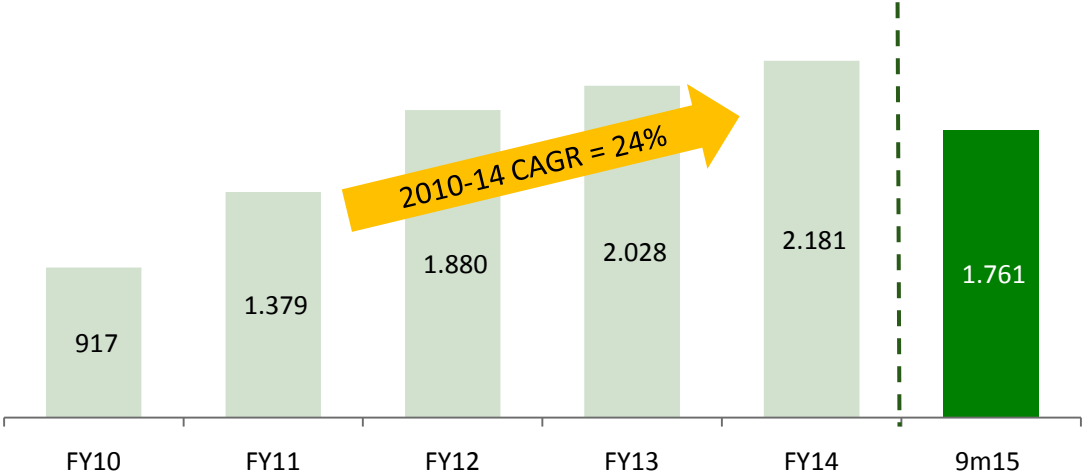
- 9m15 Income for the period booked Rp373.9bn and Income after proforma adjustment reached Rp430.1bn
- Proforma adjustment in 1H15 also restated 1H14 and FY14 Financial Statements due to TSA-SMU acquisition which was done on February 18th, 2015.
- 9m15 Sales Rp1,761.1bn, supported by 10.8% higher in CPO Sales Volume despite 12.0% decreased in ASP.
- Gross Income, Operating Income and Net Income margins maintained at healthy level of 51.4%, 36.4% and 21.2%.
- 9m15 Equity were Rp2,890,2 bn or slight increment compared to restated FY14.
- 9m15 Cash and equivalent Rp 943.4 bn reserved for future Capex and Working Capital.

SSMS Strong Capital Structure

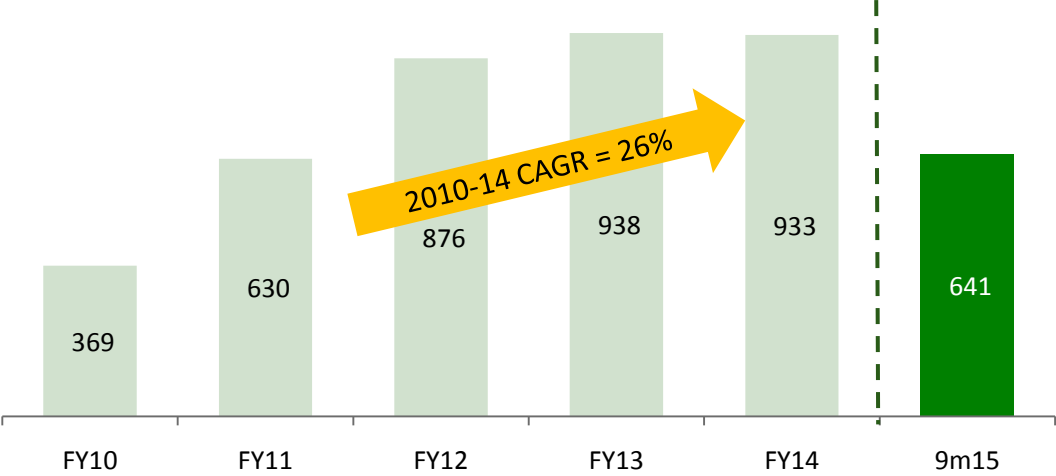


# Financial Summary

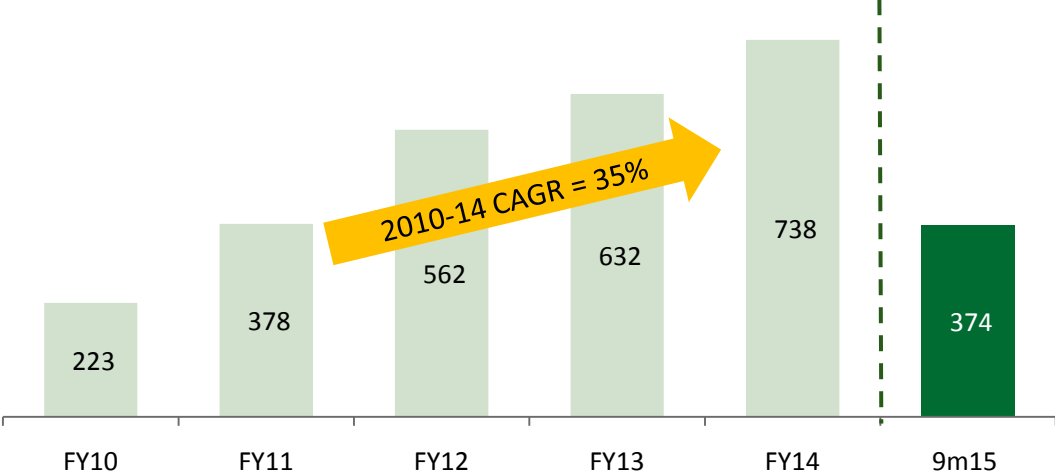
Sales (Rp bn)



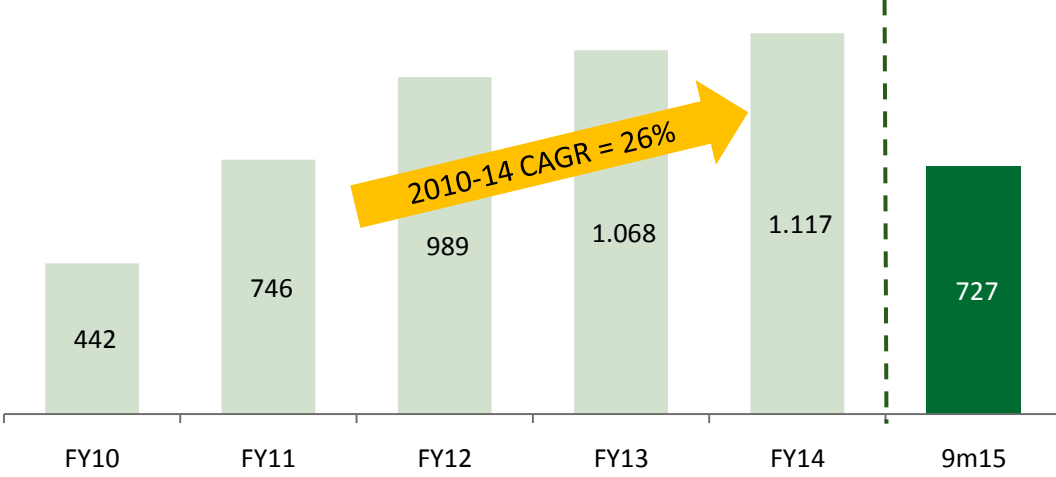
Operating Income (Rp bn)



Net Income (Rp bn)



Ebitda (Rp bn)



# Outlook for Palm Oil Continues to be Favorable

## Demand Drivers

- Growing demand for food primarily in Asia especially China and India
- Expansion of oleochemical business requirements
- Increased awareness of health benefits of palm oil
- Increased use in biodiesel
- Palm Oil is the cheapest edible oil

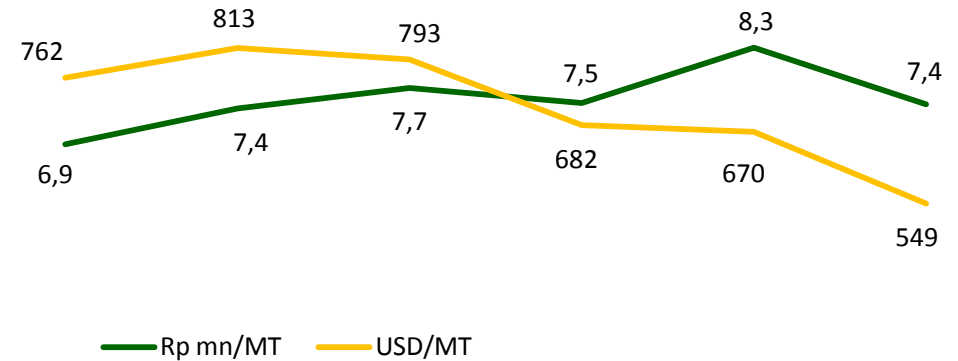
## Upside potential

- El Nino 2015, Australian Bureau of Metereology prediction
- Implementation of biodiesel from Indonesia and Malaysia
- Depreciation of Rupiah
- Weather issues that may cause supply disruptions

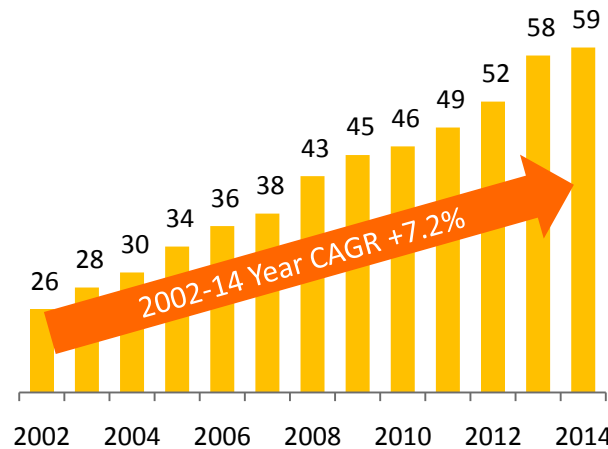
## Downside risk

- Continuing pressure on global economy
- Delays in adoption of bio diesel mandates
- Possible drag from low fossil oil prices

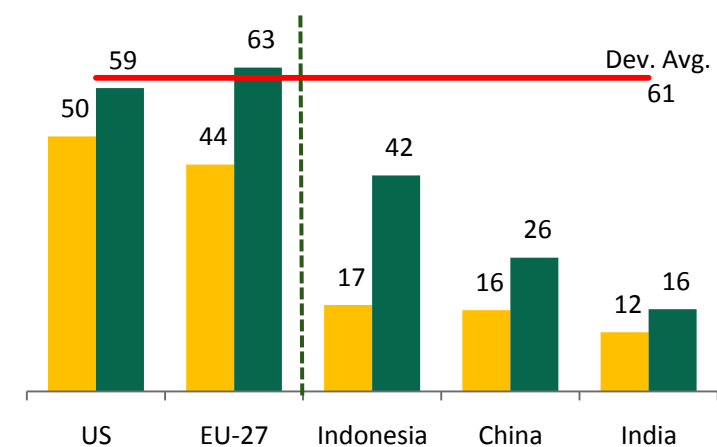
SSMS – Avg. Selling Price CPO



Global CPO Consumption 2002 - 2014



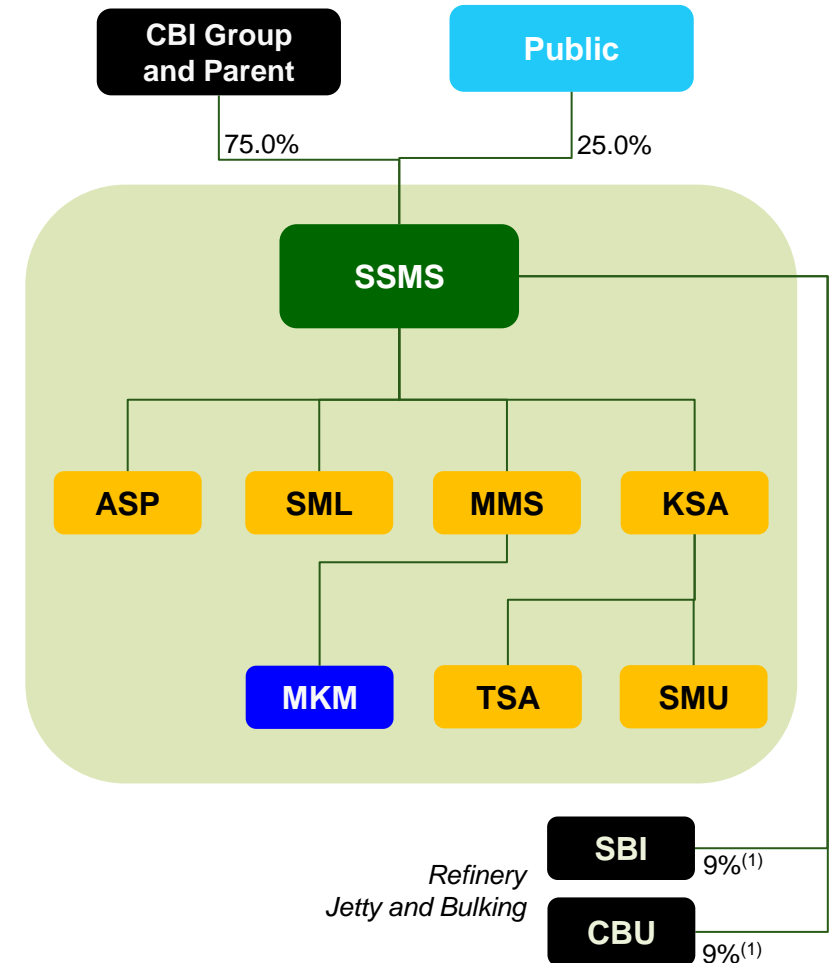
Edible Oil Consumpt./Capita 2002 vs 2014 (kg)



# MKM – An Inorganic Growth

- On 3 November 2015, **PT Mitra Mendawai Sejati (MMS)** a subsidiary has purchased 100% ownership of **PT Menteng Kencana Mas (MKM)**
- A plantation located in Pulang Pisau, Central Kalimantan which managed a total area landbank approximately 20,800 ha; 5,857 ha planted nucleus and 1,400 ha planted plasma.
- This transaction does not qualified under material nor affiliated transaction.
- The acquisition will:
  - Consolidate all upstream plantation assets of CBI under SSMS
  - TSA and SMU are adjacent plantations; enhance operational synergies
  - Strengthen SSMS position among peers

Company Structure Post Acquisition



(1) SSMS effectively owns 9% of CBU and SBI each through itself and subsidiaries KSA and MMS

# SSMS Growth Strategy

1. Engage in sustainable palm oil production by RSPO and ISPO standard
2. Focus in core competence upstream Palm Oil Plantation business
3. Continuous efficiency improvements and application of best agronomy practices
4. Target additional planted area of 5,000-6,000Ha per annum
5. Strategic acquisition opportunities



Thank You

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Mailing Address:

**PT Sawit Sumbermas Sarana Tbk**

Head Office

Jl. H. Udan Said No.47

Pangkalan Bun 74113

Kalimantan Tengah, Indonesia

Representative Office

Equity Tower, Suite 43D

Jl. Jend Sudirman Kav.52-53

Jakarta 12190, Indonesia

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