



**Sawit
Sumbermas
Sarana**

Karya Nyata untuk Negeri

Management Presentation

Performance Update, Strategy and Outlook



Maybank
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Vision Mission Commitments

Vision

“Becoming A World-class Plantation Company”

Mission

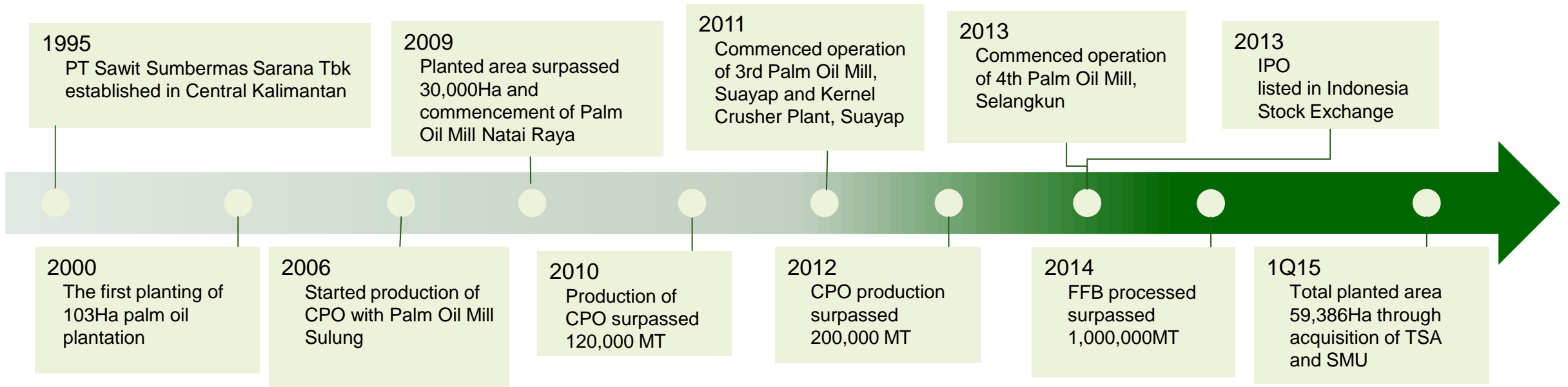
- Building a professional plantation business
- Increasing added values for all stakeholders
- Implementing perfect principles of corporate governance
- Utilizing environmentally friendly and advance technology
- Developing its human resources and the local potentials in the spirit of partnership

Commitments

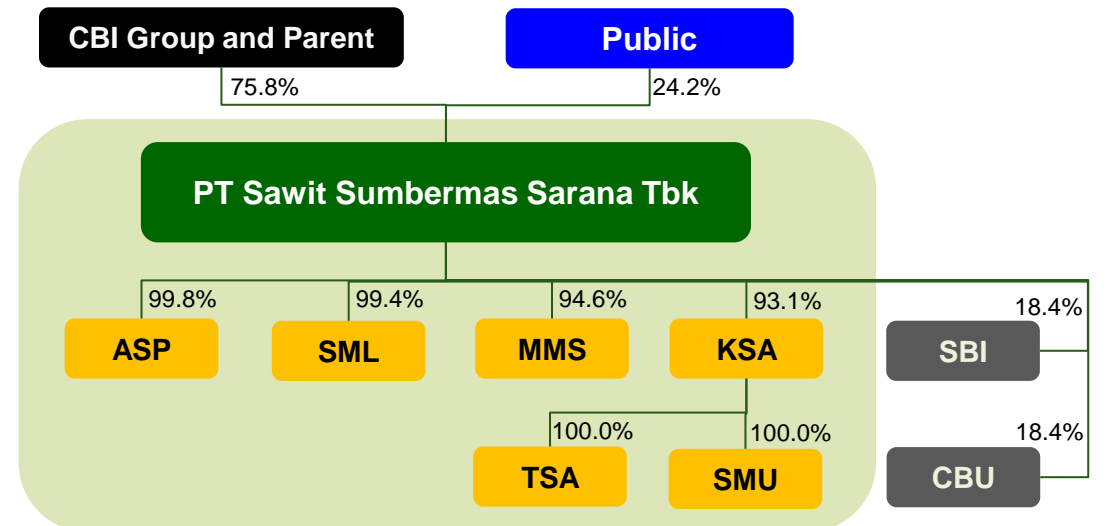
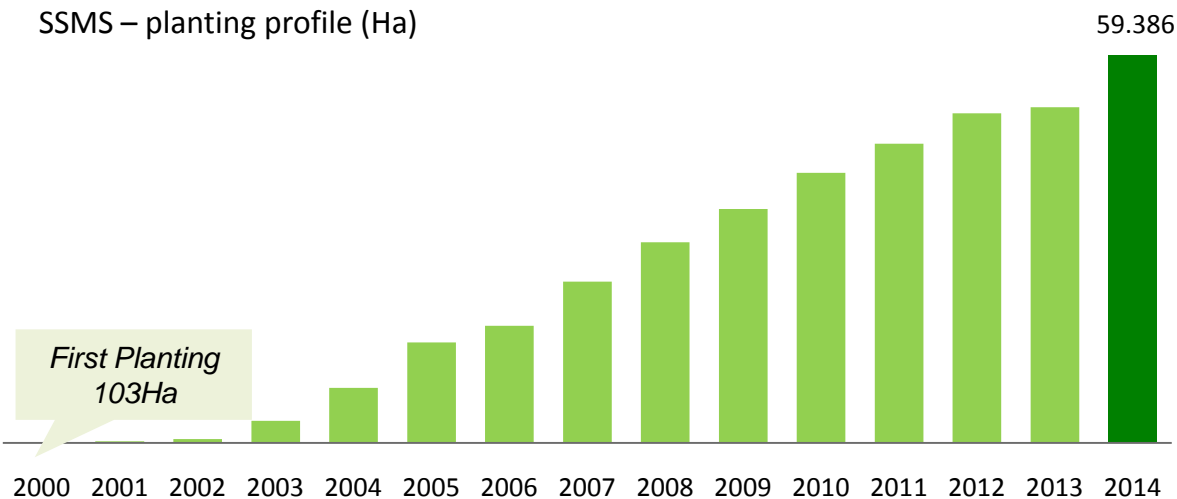
- No burning
- No planting on HCV
- Zero waste policy
- Zero loose fruit policy
- HCV assessments
- Develop conserved area
- Strengthen R&D program



Solid Company Milestones

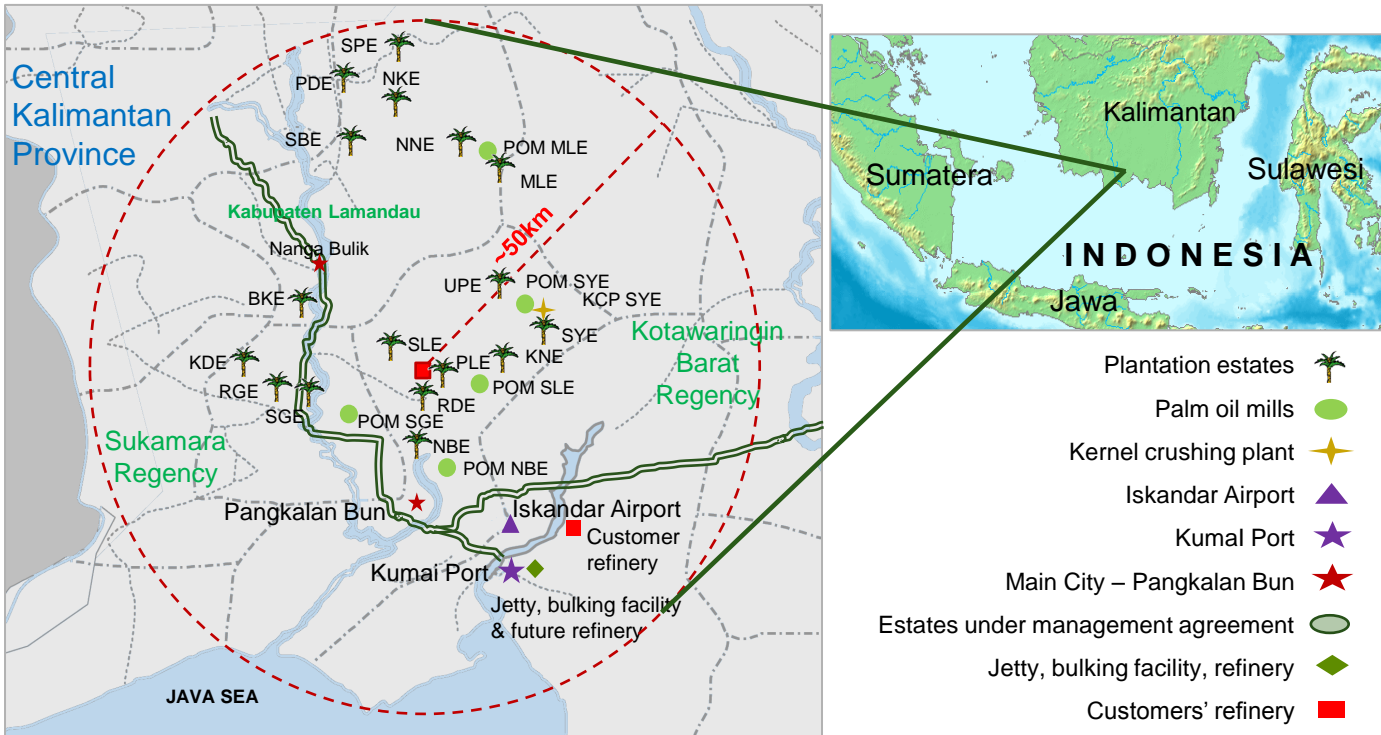


SSMS – planting profile (Ha)



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 18.4% of CBU and SBI each through itself and subsidiaries KSA and MMS

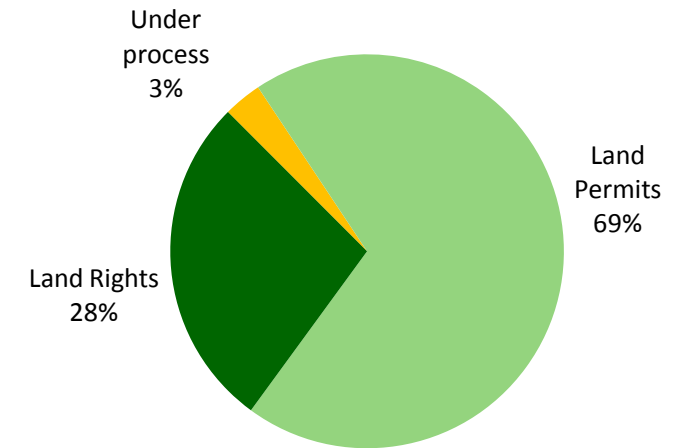
Prime land in strategic location



- 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.

	Planted	Unplanted	Infrastructure	Total
Managed Area (Ha)	59,386	43,782	7,349	110,517
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

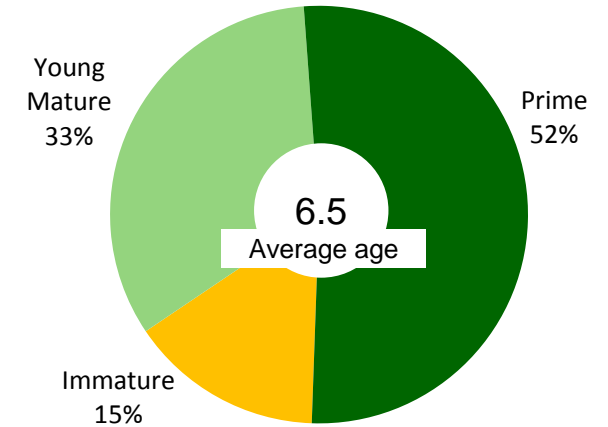
SSMS – Managed Area Breakdown 1H15



Young and high-yielding plantations

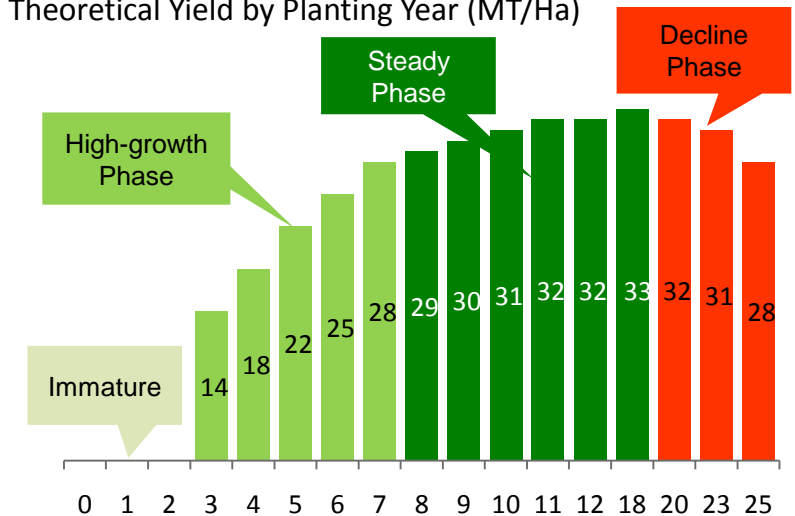
- FFB productivity is back in the high-growth phase; post-acquisition average age is adjusted to 6.5 years old due to TSA-SMU younger profile
- Using the high-yielding 2nd generation seeds namely from major providers; Lonsum, Socfin, Damimas and Topas AsianAgri.
- Application of best practices in plantation management; RSPO and ISPO certified
- FY14 FFB production 807,654MT or increased by 13.6% YoY despite draught in second half 2014.
- 1H15 FFB production 478,321MT or 16.1% increased from 1H14 as direct impact from TSA-SMU acquisition since 18 February 2015.

SSMS Proforma – Age Tree Profile 1H15



Field Operation	FY13	FY14	FY14/13	1H14	1H15	1H15/14
Planted Area (Ha)	33,240	34,064	2.5%	33,300	59,386	78.3%
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%
FFB Productivity	FY13	FY14	FY14/13	1H14	1H15	1H15/14
FFB production (mt)	711,098	807,654	13.6%	411,956	478,321	16.1%
					<i>TSA-SMU 48 days pre-acquisition adjustment (mt)</i>	
					27,681	
					<i>Production for the period (mt)</i>	
					506,002	
Yield (MT/ha/Period)	21.8	24.5		12.5	10.0	
Average age (years)	6.9	7.7		7.7	6.5	

Theoretical Yield by Planting Year (MT/Ha)



Efficient mills operations with growth potential

Mills operations	FY13	FY14	FY14/13	1H14	1H15	1H15/14
Capacity for the period (MT)	1,530,000	1,530,000	0%	765,000	898,500	17.5%
Capacity per hour	255	255		255	315	23.5%
Utilization rate	65%	68%		68%	69%	

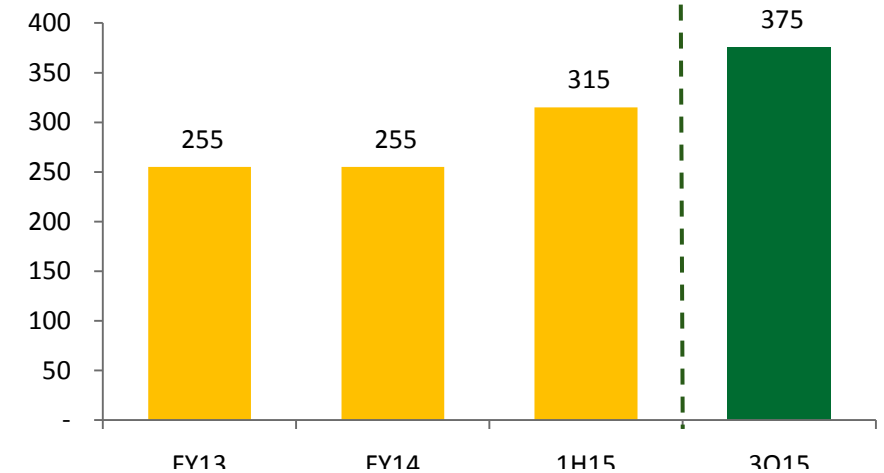
FFB processed (MT)	995,033	1,038,983	4.4%	530,625	617,739	16.4%
FFB production	711,098	807,512	13.6%	411,956	478,321	16.1%
FFB purchases	283,935	230,676	-18.8%	118,668	139,418	17.5%

Production (MT)						
Crude Palm Oil	230,622	242,214	5%	122,375	146,269	19.5%
Palm Kernel	44,231	44,859	1.4%	21,450	38,988	81.8%
Crude Palm Kernel Oil	4,058	6,227	53.4%	2,508	2,389	-4.7%

Extraction Rate (%)						
Crude Palm Oil	23.2%	23.3%		23.3%	23.7%	
Palm Kernel	4.5%	4.3%		4.1%	4.5%	
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”

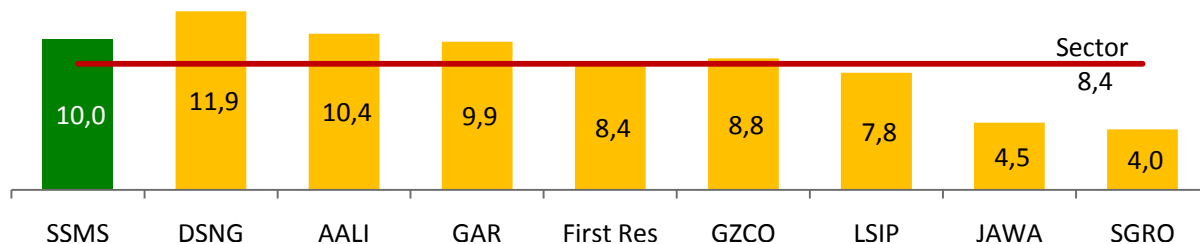
SSMS – CPO Mill Capacity and utilization



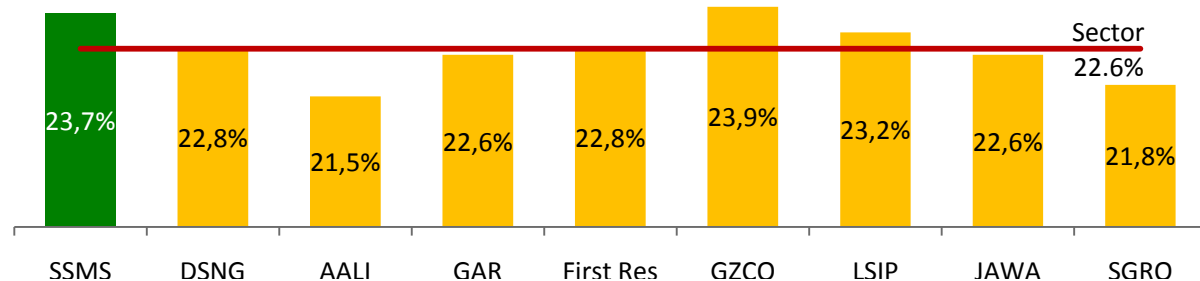
- Operating 5 (five) CPO Mills; Sulung, Natai Raya, Suayap, Selangkun and Malata with combined milling capacity 315MT FFB /hr
- Blended oil extraction rate at 23.7% - which consist of nucleus fruits OER at 25.0% and purchased fruits at 19.8%
- CPO Mills utilization rate at 69% shows production growth 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 3Q15

High Yield, Efficient, and Competitive Cost Plantation

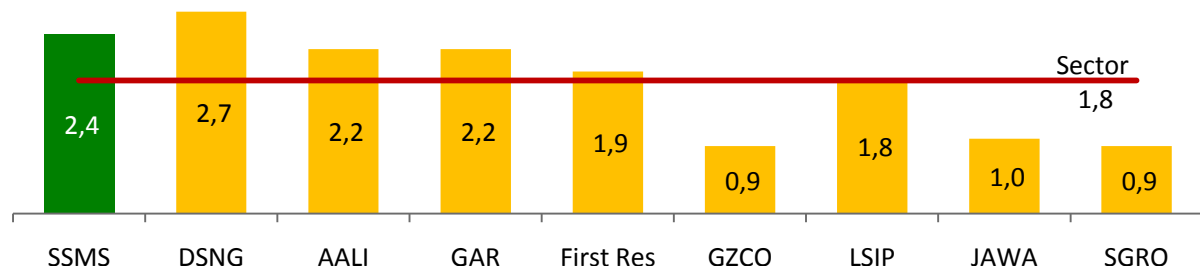
1H15 Peers Comparison - FFB Yield (MT/Ha)



1H15 Peers Comparison – Oil Extraction Rate



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



SSMS - Cash Cost Breakdown	Units	1H15
Fertilizer and maintenance	Rp bn	132.9
Labor	Rp bn	110.9
Harvesting	Rp bn	33.5
Overhead	Rp bn	66.3
Total field cost	Rp bn	343.6
Field cost/FFB	Rp /kg	718.3
Field cost/CPO	Rp /kg	3,031.0
Milling cost	Rp bn	33.1
Milling cost/CPO	Rp /kg	226.3
Total Cash Cost per CPO	Rp /kg	3,257.3
FX rate	Rp/USD	13,332
	USD/mt	244.3

Cash cost / MT CPO

USD 244.3

Additional cost benefits:

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

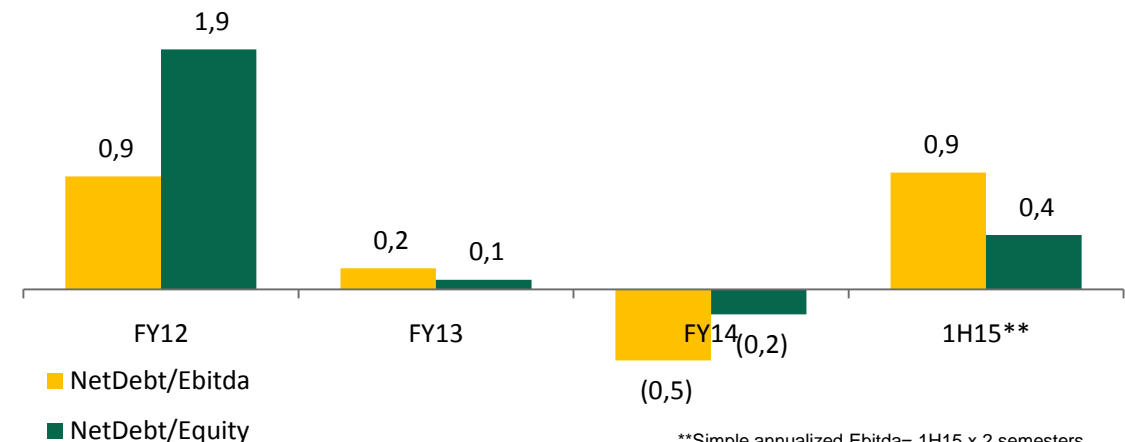
A sound financial performance

Comp. Income (Rp bn)	FY14	1H14 R	1H15	1H15/14
Sales	2,180.7	1,312.9	1,302.8	-0.8%
Cost of Goods Sold	-1,027.8	-625.0	-634.3	1.5%
Gross income	1,152.8	688.0	668.5	-2.8%
SG&A expenses	-34.2	-149.1	-124.3	-10.7%
Operating income	933.1	548.8	544.2	-5.4%
Finance income (costs)	53.8	-37.7	-96.4	155.8%
Income for the year	737.8	374.8	351.3	-6.3%
Proforma adjustment		22.0	56.1	154.8%
Income after proforma adjust		396.8	407.4	2.7%
Profitability (%)	FY14	1H14 R	1H15	
Gross margin	52.9%	52.4%	51.3%	
Operating margin	42.8%	41.8%	41.8%	
Net margin	33.8%	28.5%	27.0%	
Financial Position (Rp bn)	FY14 R		1H15	1H15/14
Assets	6,771.1		6,203.3	-8.4%
Current assets	2,736.7		2,182.6	-20.2%
Non-current assets	4,034.4		4,020.6	-0.3%
Current liability	2,611.9		764.0	-70.7%
Non-current liability	1,352.7		2,626.7	94.2%
Minority interest	48.7		45.6	-6.4%
Equity	2,757.9		2,767.0	0.3%

R = Restated

- 1H15 Income for the period booked Rp351.3bn and Income after proforma adjustment reached Rp407.4bn
- Proforma adjustment in 1H15 also restated 1H14 and FY14 Financial Statements due to TSA-SMU acquisition which was done on February 18th, 2015.
- 1H15 Sales Rp1302.8bn, 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 51.3%, 41.8% and 27.0%.
- 1H15 Equity were Rp2,767.0bn or slight increment compared to restated FY14.
- 1H15 Cash and equivalent Rp 1,601.0bn reserved for future Capex and Working Capital.

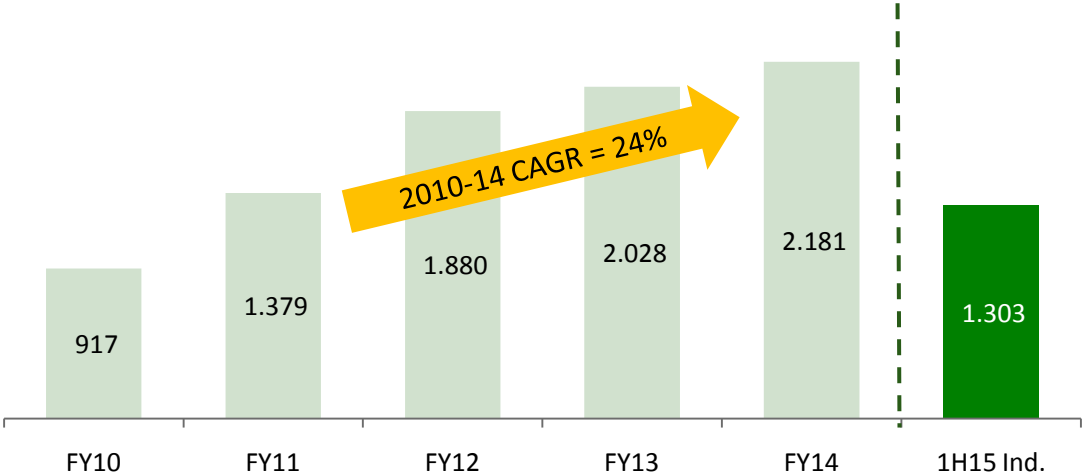
SSMS Strong Capital Structure



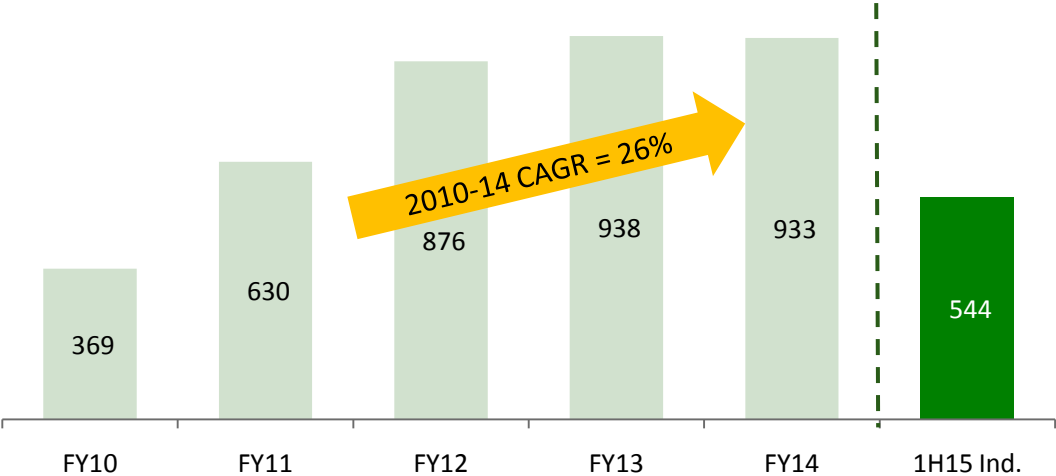
**Simple annualized Ebitda= 1H15 x 2 semesters

Financial Summary

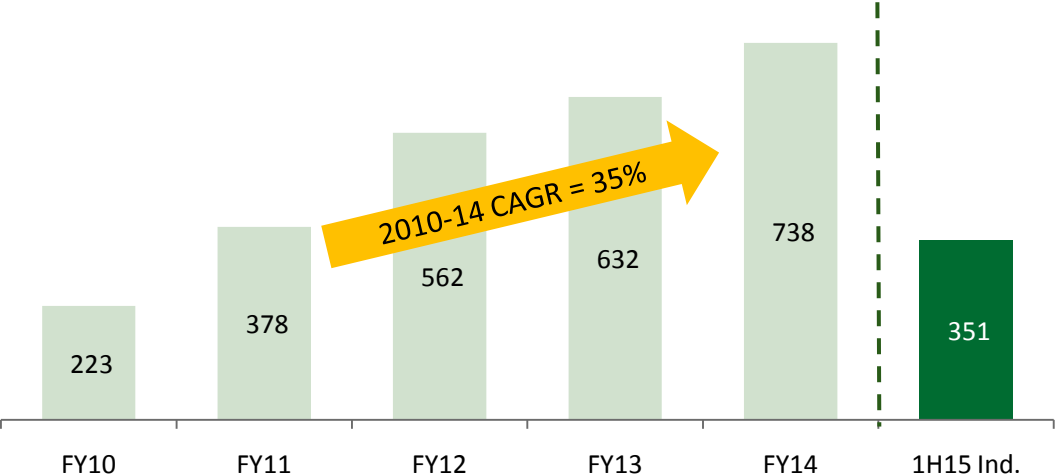
Sales (Rp bn)



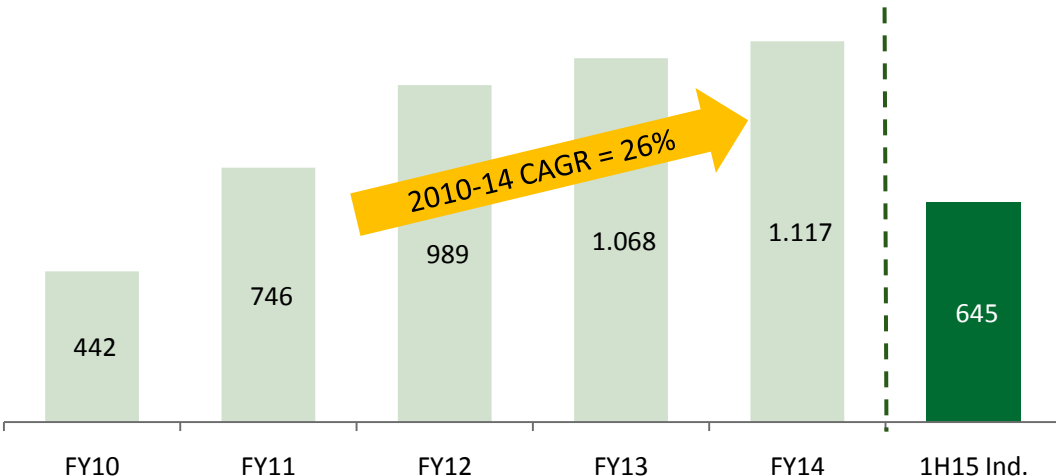
Operating Income (Rp bn)



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

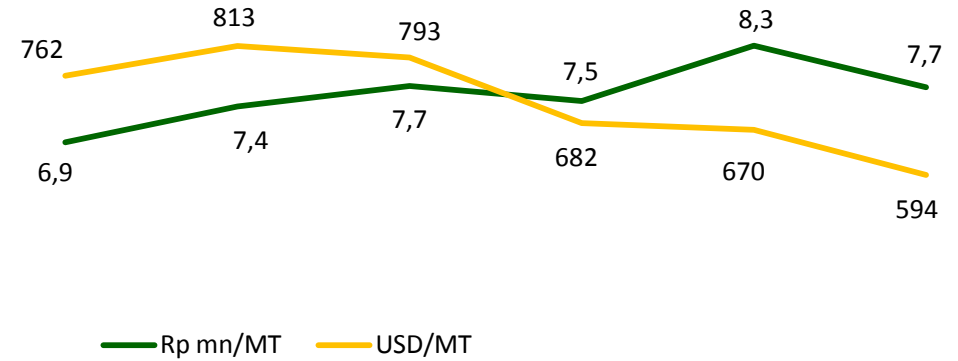
Upside potential

- 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

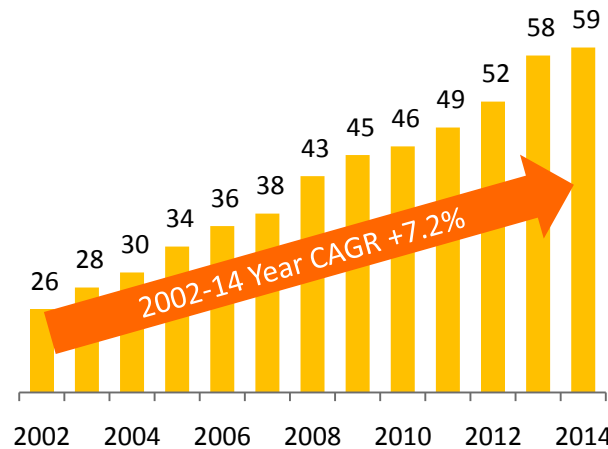
Downside risk

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

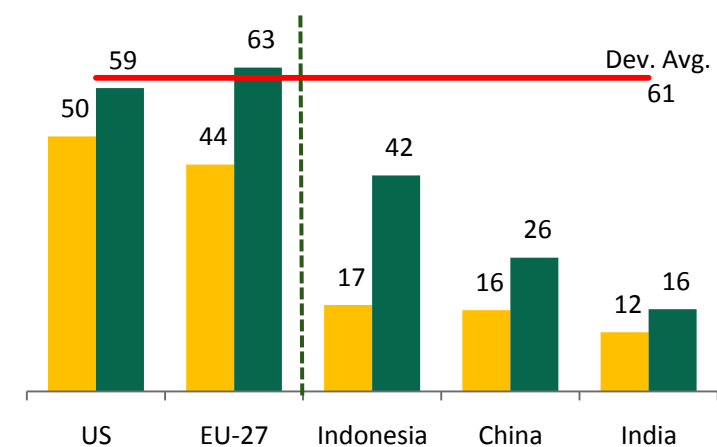
SSMS – Avg. Selling Price CPO



Global CPO Consumption 2002 - 2014



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



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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