



**Sawit  
Sumbermas  
Sarana**

*Karya Nyata untuk Negeri*

# Management Presentation

*Performance Update, Strategy and Outlook*

***IDX Investor Day 2016***

***Jakarta, 4 August 2016***

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# Vision Mission Commitments

## Vision

*“Becoming A World-class Plantation Company”*

## Mission

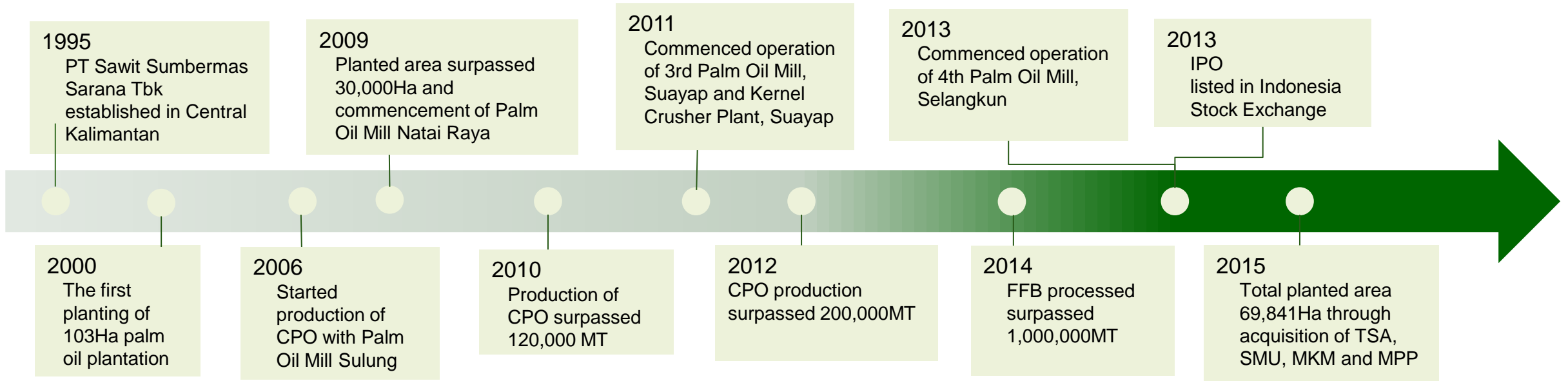
- Building a professional plantation business
- Increasing added values for all stakeholders
- Implementing perfect principles of corporate governance
- Utilizing environmentally friendly and advance technology
- Developing its human resources and the local potentials in the spirit of partnership

## Commitments

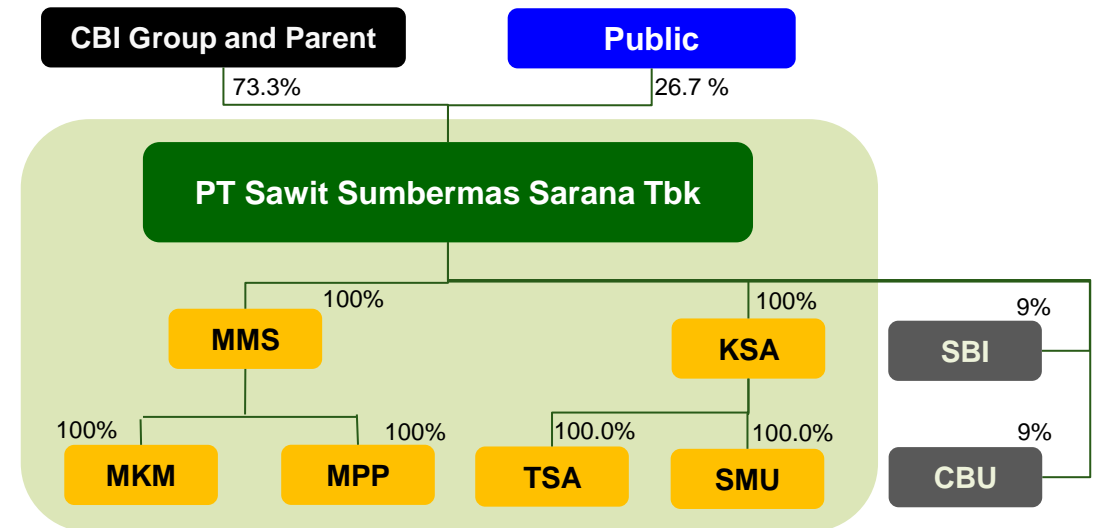
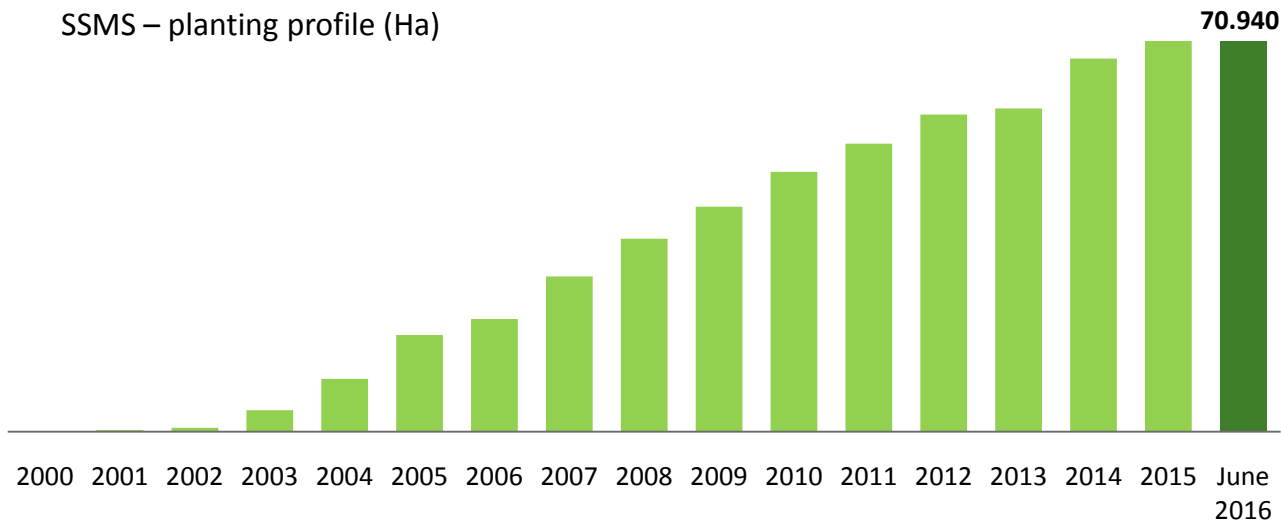
- No burning
- No planting on HCV
- Zero waste policy
- Zero loose fruit policy
- HCV assessments
- Develop conserved area
- Strengthen R&D program



# Solid Company Milestones

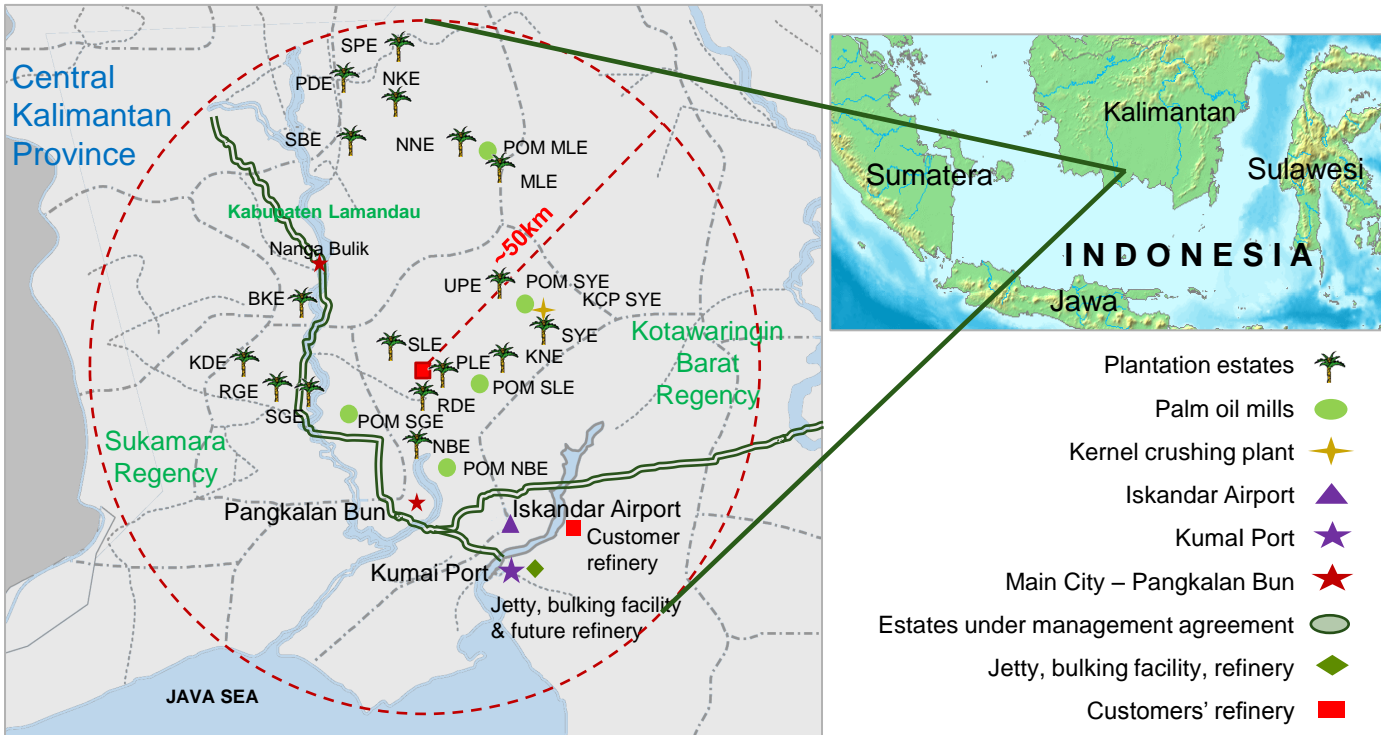


SSMS – planting profile (Ha)



Note: CBI – Citra Borneo Indah, MMS – Mitra Mendawai Sejati, KSA – Kalimantan Sawit Abadi, TSA - PT Tanjung Sawit Abadi, SMU - PT Sawit Multi Utama, MKM – PT Menteng Kencan Mas, MPP – PT Mirza Pratama Putra  
 SSMS effectively owns 9% of CBU and 9% of SBI each through itself and subsidiaries KSA and MMS

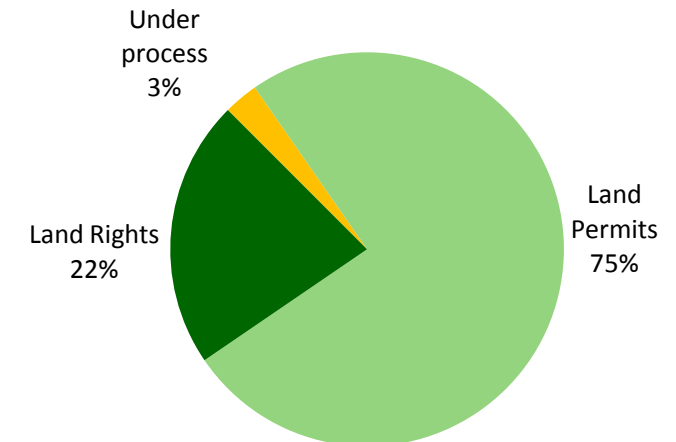
# Prime land in strategic location



- Total 99,951Ha of prime land under management with most area have mineral soil characteristic and flat terrain.
- 70,940 Ha planted as of June 2015.
- 97% of the land under management already obtained Land Rights or Land Permits.
- Geographically concentrated in Central Kalimantan area.
- Strategically located along the Trans-Borneo Highway in proximity with customer's refineries, Kumai port and Iskandar airport.
- 13,989 Ha unplanted as base for organic growth.

SSMS – Managed Area Breakdown FY15

	Planted	Unplanted	Infrastructure	Total
<b>Managed Area (Ha)</b>	<b>70,940</b>	<b>13,989</b>	<b>15,023</b>	<b>99,951</b>
SSS	20,124	14	2,611	22,749
MMS	8,389	50	1,909	10,348
KSA	5,982	929	361	7,272
SMU	15,571	1,014	863	17,448
TSA	10,833	2,544	1,532	14,909
MKM	7,258	7,674	5,868	20,800
MPP	2,782	1,764	1,879	6,425



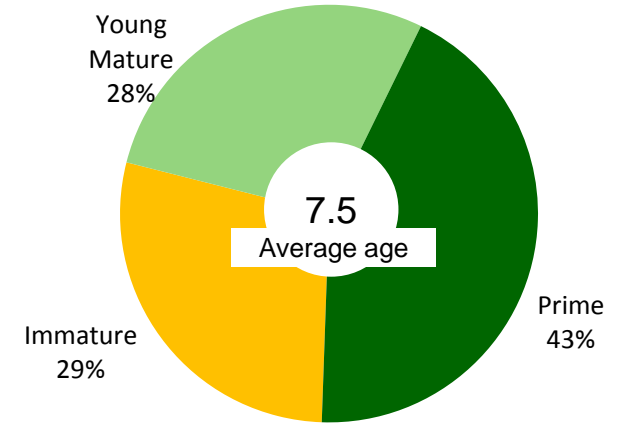
# Young and high-yielding plantations

- FFB productivity is back in the high-growth phase; post-acquisition average age is adjusted to 7 years old due to TSA,SMU,MKM and MPP 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

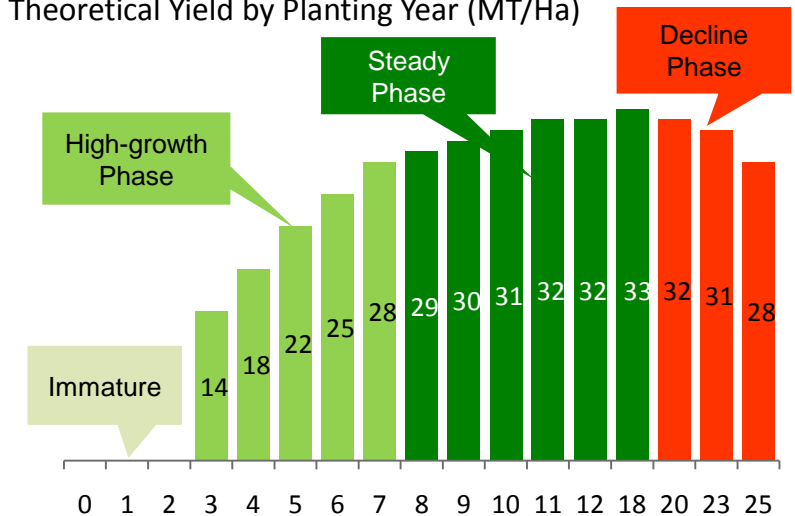
Field Operation	FY14	FY15	FY15/14	1H15	1H16	3m15/16
<b>Planted Area (Ha)</b>	<b>34,064</b>	<b>69,841</b>	<b>105%</b>	<b>59,386</b>	<b>70,940</b>	19.5%
Immature	1,157	19,043	1546%	8,917	20,141	125.8%
Young mature	9,129	20,082	120%	19,752	20,082	1.7%
Prime	23,778	30,717	29%	30,717	30,717	-

Production Summary	FY14	FY15	FY15/14	1H15	1H16	1H15/16
FFB Production (Mt)	<b>808,307</b>	<b>1,094,462</b>	<b>35.4%</b>	<b>648,251</b>	<b>499,893</b>	<b>-22.8%</b>
Yield for the period (Mt/Ha)	<b>24.5</b>	<b>21.54</b>		<b>12.8</b>	<b>9.8</b>	
Average age (Years)	<b>7.7</b>	<b>7</b>		<b>6.5</b>	<b>7.5</b>	

SSMS Proforma – Age Tree Profile FY15



Theoretical Yield by Planting Year (MT/Ha)



# Efficient mills operations with growth potential

Mills operations	FY14	FY15	1H15	1H16	1Q15/1Q16
<b>Capacity for the period (MT)</b>	<b>1,890,000</b>	<b>2,250,000</b>	<b>898,500</b>	<b>1,125,000</b>	
Capacity per hour	255	375	315	375	
Utilization rate	55%	60%	88%	52%	

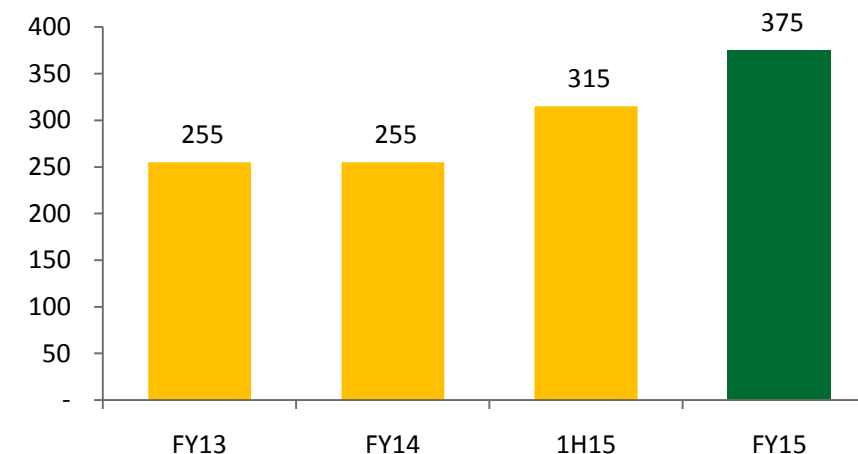
<b>FFB processed (MT)</b>	<b>1,038,983</b>	<b>1,355,207</b>	<b>789,789</b>	<b>589,153</b>	<b>-25.4%</b>
FFB production	808,307	1,094,462	648,251	499,893	-22.8%
FFB purchases	230,676	260,745	141,538	89,260	-36.9%

<b>Production (MT)</b>					
Crude Palm Oil	242,214	321,238	153,138	118,575	-22.6%
Palm Kernel	44,859	60,861	29,530	24,153	-18.2%
Crude Palm Kernel Oil	6,227	6,715	3,008	3,084	-2.5%

<b>Extraction Rate (%)</b>					
Crude Palm Oil	23.5%	23.7%	23.7%	23.8%	0.4%
Palm Kernel	4.3%	4.5%	4.6%	4.8%	4.3%
Crude Palm Kernel Oil	39.4%	38.9%	38.9%	40.3%	3.6%

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

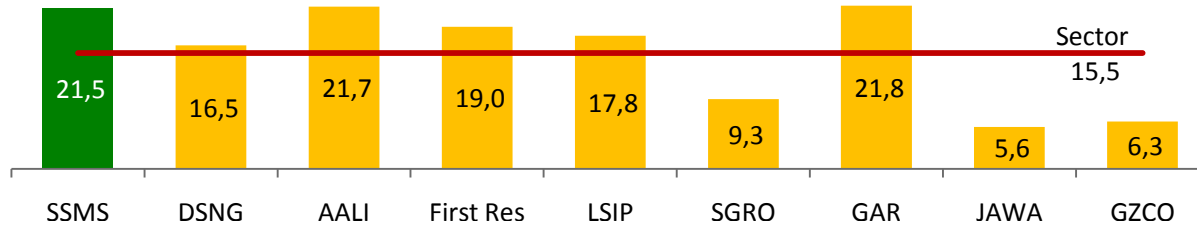
SSMS – CPO Mill Capacity and utilization



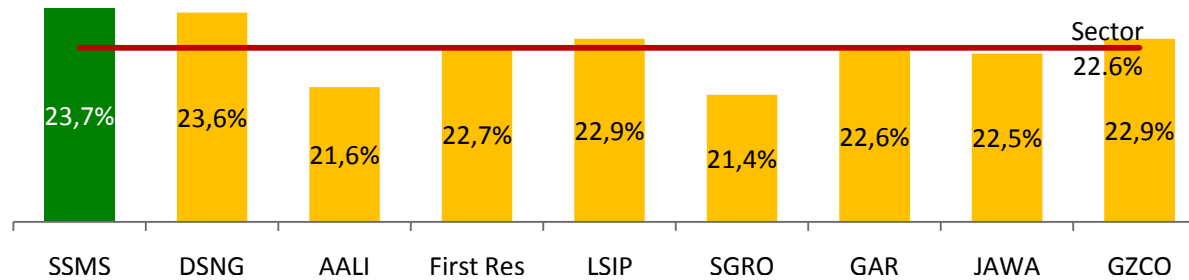
- Operating 6 (six) CPO Mills; Sulung, Natai Raya, Suayap, Selangkun, Malata and Nanga Kiu with combined milling capacity 375MT FFB /hr
- Blended oil extraction rate at 23.8%
- CPO Mills utilization rate at 52% shows production growth potential
- Capability to optimize profit from sales of Palm Kernel or further processing to Crude Palm Kernel Oil (Mill Suayap)

# High Yield, Efficient, and Competitive Cost Plantation

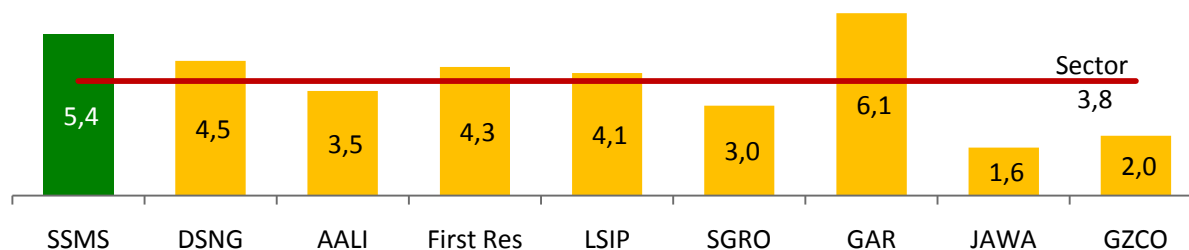
FY15 Peers Comparison - FFB Yield (MT/Ha)



FY15 Peers Comparison – Oil Extraction Rate



FY15 Peers Comparison – CPO Yield (MT/Ha)



SSMS - Cash Cost Breakdown	Units	2Q16
Fertilizer and maintenance	Rp bn	142.2
Labor	Rp bn	105.2
Harvesting	Rp bn	15.9
Overhead	Rp bn	82.6
Total field cost	Rp bn	346.0
<b>Field cost/FFB</b>	<b>Rp /kg</b>	<b>831.6</b>
<b>Field cost/CPO</b>	<b>Rp /kg</b>	<b>3,506.2</b>
Milling cost	Rp bn	33.6
<b>Milling cost/CPO</b>	<b>Rp /kg</b>	<b>283.9</b>
<b>Total Cash Cost per CPO</b>	<b>Rp /kg</b>	<b>3,790.2</b>
FX rate	Rp/USD	13,488
	<b>USD/mt</b>	<b>281.0</b>

Cash cost / MT CPO

**USD 281**

Additional cost benefits:

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

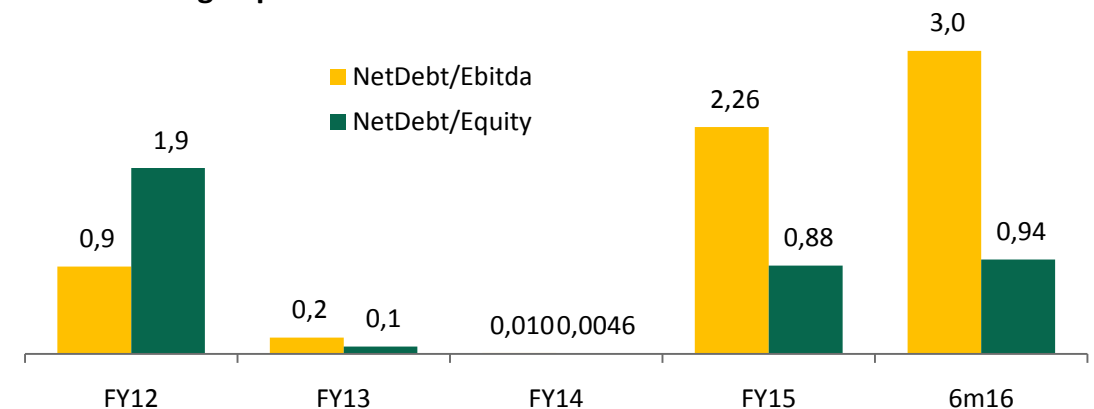


# Financial performance

Comp. Income (Rp bn)	FY15	1H15	1H16	1H15/16
<b>Sales</b>	<b>2,371.9</b>	<b>1,302.8</b>	<b>1,150.2</b>	<b>-11.7%</b>
Cost of Goods Sold	-1,124.0	-634.4	-639.8	0.88%
<b>Gross income</b>	<b>1,247.9</b>	<b>668.4</b>	<b>510.3</b>	<b>-23.6%</b>
G&A expenses	-287.9	-121.5	-157.2	29.4%
<b>Operating income</b>	<b>885.5</b>	<b>544.2</b>	<b>378.0</b>	<b>-30.5%</b>
Finance income (costs)	-110.1	-96.4	-80.9	16.0%
<b>Income for the year/period</b>	<b>587.1</b>	<b>351.3</b>	<b>194.8</b>	<b>-44.5%</b>
Proforma adjustment	12.5	-	-	-
<b>Income after proforma adjust</b>	<b>560.9</b>	<b>351.3</b>	<b>194.8</b>	<b>-44.5%</b>
Profitability (%)	FY15	1H15	1H16	1H15/16
Gross margin	52.6%	51.3%	44.4%	-6.9%
Operating margin	37.3%	41.8%	32.9%	-8.9%
Net margin	23.6%	27.0%	16.9%	-10.0%
Financial Position (Rp bn)	1H15	1H16	1H15/16	
<b>Assets</b>	<b>6,203.2</b>	<b>6,649.4</b>	<b>6.7%</b>	
Current assets	2,182.6	1,350.3	-61.6%	
Non-current assets	4,020.6	5,299.0	24.1%	
Current liability	764.0	636.1	-20.1%	
Non-current liability	2,626.6	2,952.7	11.0%	
<b>Equity</b>	<b>2,812.5</b>	<b>3,060.6</b>	<b>8.1%</b>	

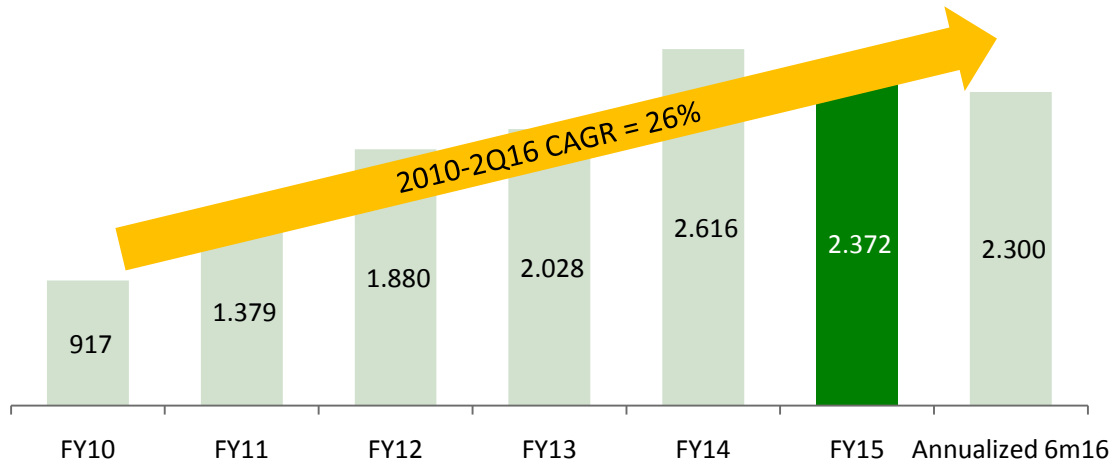
- 1H16 Income for the period booked Rp194.8bn or down by 44.5% this is caused mainly because lower level of production and decrease in average selling price.
- Sales booked at Rp.1,150.2bn or down 11.7% since the sales volume is also down around 10%
- Gross Margin, Operating Margin and Net Margin maintained at healthy level of 44.4%, 32.8% and 16.9%
- 1H16 Equity were Rp3,060.6bn or up 8.1% from the same period last year.

## SSMS Strong Capital Structure

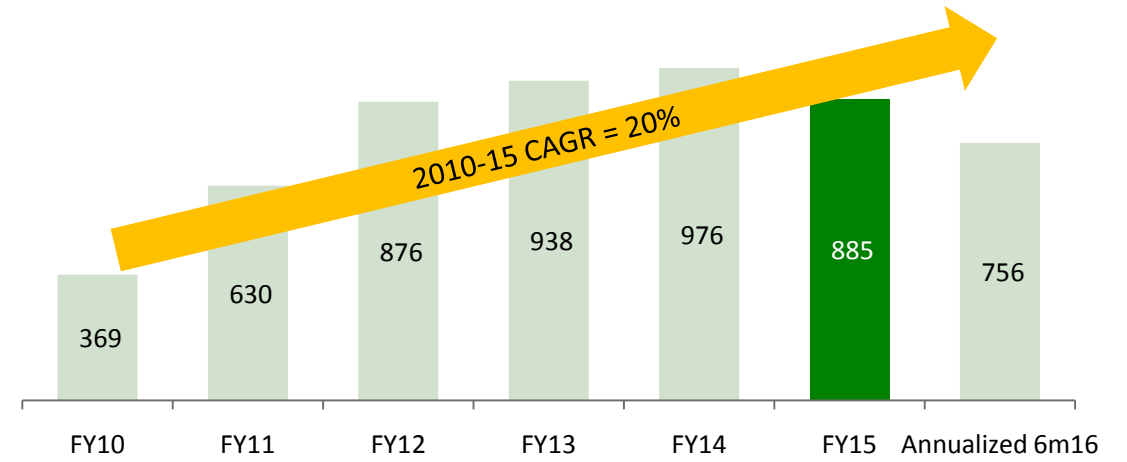


# Financial Summary

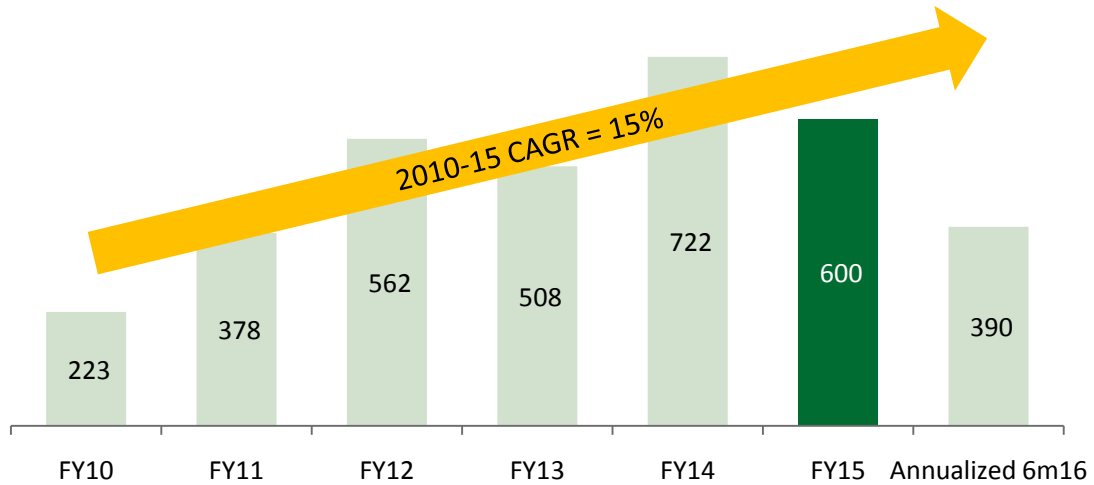
### Sales (Rp bn)



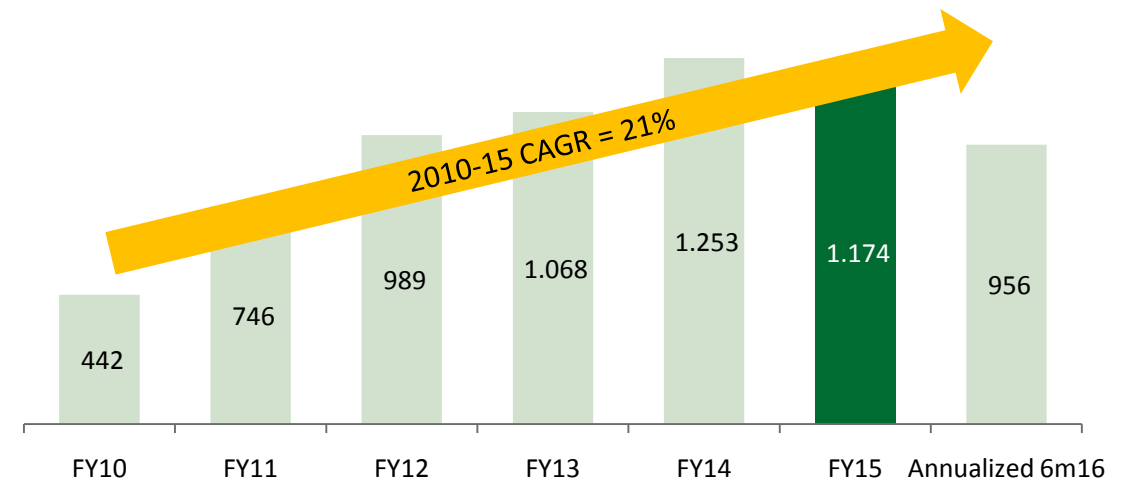
### Operating Income (Rp bn)



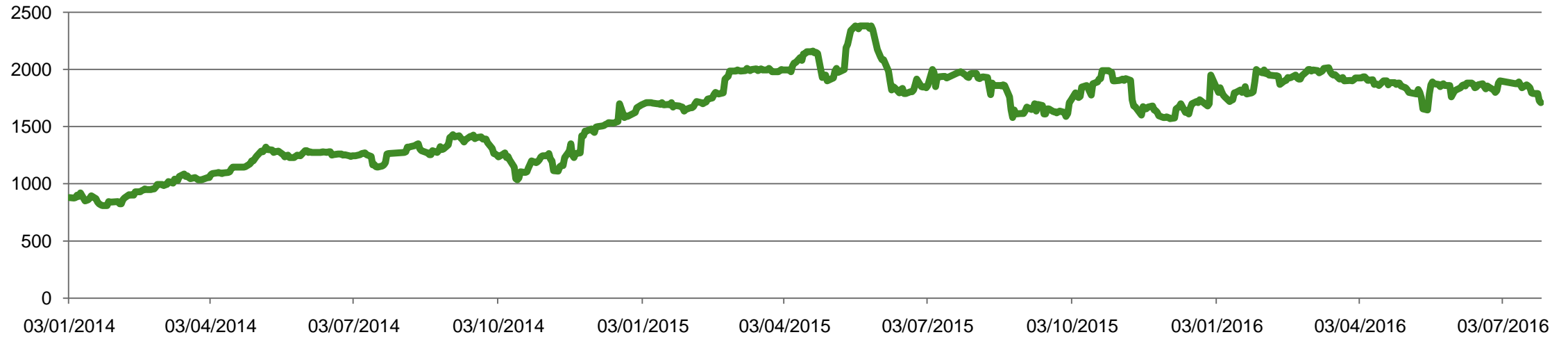
### Net Income (Rp bn)



### Ebitda (Rp bn)

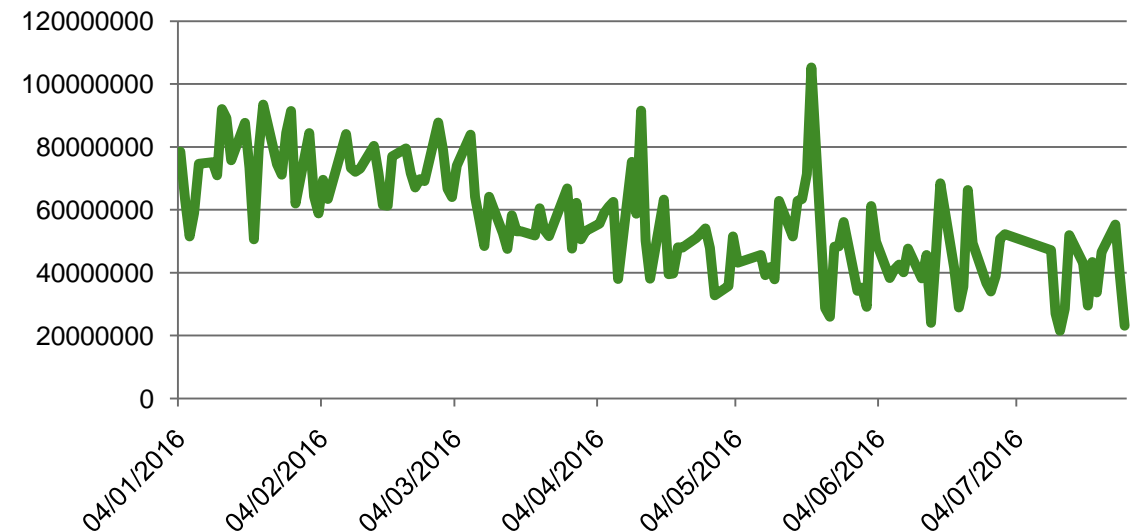


# Stock Performance



- PT Sawit Sumbermas Sarana Tbk completed the IPO process on December 12, 2013 with 15.7% ownership at offering price of Rp.670.
- Stock price grew consistently and hit the highest price at Rp.2.380 in May 2015
- Our stock is very liquid and active, now also at LQ 45 list in Indonesia Stock Exchange.
- On average, daily trading volume in 2016 is about 56 million shares.

## Stock Volume in 2016



# Outlook for Palm Oil Continues to be Favorable

## Demand Drivers

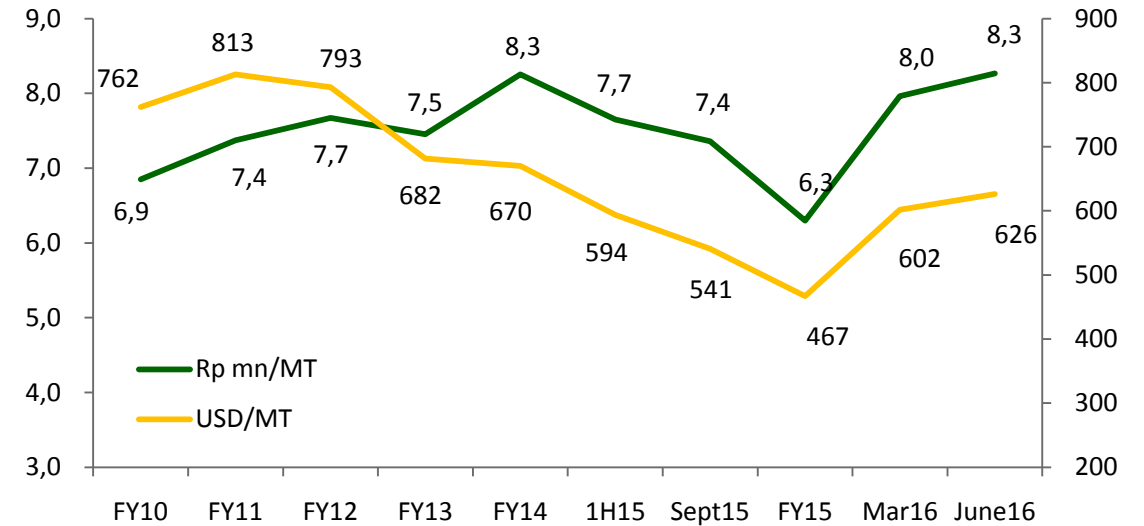
- Growing demand for food primarily in Asia especially China and India
- Expansion of oleochemical business requirements
- Increased awareness of health benefits of palm oil
- Increased use in biodiesel
- Palm Oil is the cheapest edible oil

## Upside potential

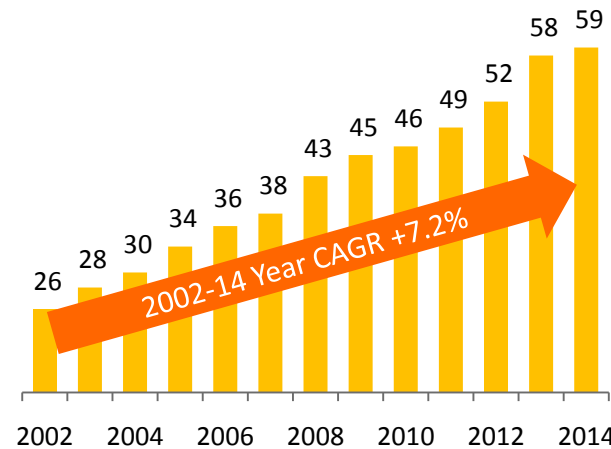
- El Nino 2015, Australian Bureau of Metereology prediction
- Implementation of biodiesel from Indonesia and Malaysia
- Depreciation of Rupiah
- Weather issues that may cause supply disruptions

## Downside risk

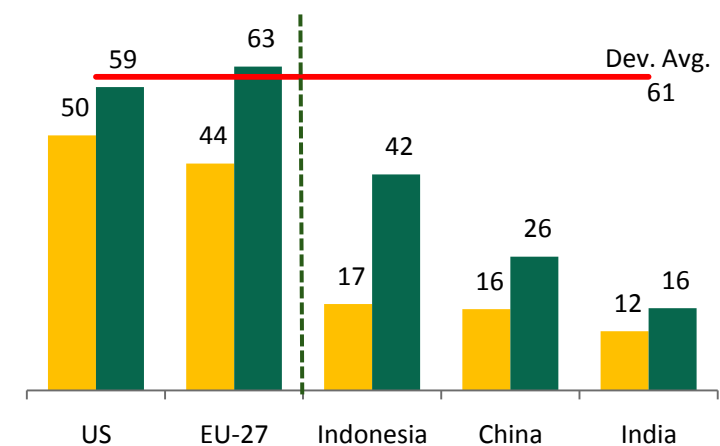
- Continuing pressure on global economy
- Delays in adoption of bio diesel mandates
- Possible drag from low fossil oil prices
- La Nina effect in Indonesia



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 per annum
5. Strategic acquisition opportunities



Thank You

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