



ANJ

INVESTOR NEWSLETTER

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6M2023 OPERATIONAL UPDATE

PT Austindo Nusantara Jaya Tbk (“ANJT” or “the Company”) announced its operational performance and financial results for the sixth-month period ended 30 June 2023 (6M2023).

The Company ended 30 June 2023 by producing a total of 414,919 mt of Fresh Fruit Bunches (FFB), an increase of 8.6% compared to 382,100 mt of FFB production in 6M2022.

In 6M2023, the 589 ha newly mature area in our South Sumatra estate contributed 4,291 mt of FFB production, which is an increase of 56.0% compared to 2,750 mt in 6M2022, resulting in an FFB yield of 6.6 mt/ha. Meanwhile, our Belitung Island estate recorded a total production of 113,949 mt, an increase of 25.4% compared to 90,855 mt in 6M2022 notwithstanding the major ongoing replanting program at this estate. The FFB production increase in the Belitung Island estate is largely contributed by higher productivity from the young mature palm trees from the replanting area. Furthermore, our North Sumatera I estate, which has been engaged in its own replanting program since 2018, produced a total FFB of 59,399 mt, a slight increase of 0.7% compared to the total FFB production in 6M2022 of 58,971 mt.

Table 1 : Production and Sales

	6M2023	6M2022	Change
FFB Production (tonnes)			
FFB from our estates	414,919	382,100	8.6%
<i>Belitung Island</i>	113,949	90,855	25.4%
<i>North Sumatra I</i>	59,399	58,971	0.7%
<i>North Sumatra II</i>	78,031	83,006	-6.0%
<i>West Kalimantan</i>	94,330	92,494	2.0%
<i>Southwest Papua*</i>	64,919	54,024	20.2%
<i>South Sumatra**</i>	4,291	2,750	56.0%
FFB bought from third parties	240,986	269,351	-10.5%
Total FFB processed	651,615	648,701	0.4%
FFB YIELD (tonnes per hectare)			
Average yield	9.3	8.7	6.7%
<i>Belitung Island</i>	9.2	7.3	25.9%
<i>North Sumatra I</i>	8.5	8.0	6.5%
<i>North Sumatra II</i>	10.1	10.7	-6.0%
<i>West Kalimantan</i>	10.6	10.4	2.0%
<i>Southwest Papua*</i>	8.0	7.7	3.8%
<i>South Sumatra**</i>	6.6	4.5	45.8%
CPO Production (tonnes)			
Total production	134,749	130,722	3.1%
<i>Belitung Island</i>	39,454	32,312	22.1%
<i>North Sumatra I</i>	23,962	26,818	-10.7%
<i>North Sumatra II</i>	24,944	27,941	-10.7%
<i>West Kalimantan</i>	31,801	31,910	-0.3%
<i>Southwest Papua*</i>	14,588	11,741	24.2%
Palm Kernel production	24,641	25,658	-4.0%
PKO production*	669	513	30.4%
Sales (tonnes)			
CPO Sales	135,147	116,247	16.3%
<i>Belitung Island</i>	39,359	29,400	33.9%
<i>North Sumatra I</i>	25,814	26,800	-3.7%
<i>North Sumatra II</i>	26,481	24,344	8.8%
<i>West Kalimantan</i>	31,500	26,100	20.7%
<i>Southwest Papua</i>	11,993	9,603	24.9%
PK sales	25,242	25,916	-2.6%
PKO Sales	549	428	28.3%
PRODUCTIVITY			
Extraction Rate - CPO (Mixed)	20.7%	20.2%	2.6%
CPO Average Selling Price - USD	759	1,043	-27.2%
PK Average Selling Price - USD	378	777	-51.4%
PKO Average Selling Price - USD	749	1,535	-51.2%

Notes:

*Southwest Papua estate production for the year 2022 includes the scout harvesting production.

** South Sumatra estate production includes the scout harvesting production.

COMPANY PROFILE

PT Austindo Nusantara Jaya Tbk (“ANJT”) is an Indonesian agribusiness based food company committed to responsible development. The company is primarily engaged in the production of crude palm oil at its established and developing estates. ANJT also engages in the production of sago starch and edamame.

SHARE INFORMATION

# shares	3,354.2 mn
# free float	3,354.2mn
Listing date	8-5-2013
IPO Price	Rp 1,200
Highest	Rp 785
Lowest	Rp 630
Close	Rp 710

SHAREHOLDERS STRUCTURE

(as of 30 June 2023)	%
PT Austindo Kencana Jaya	40.85
PT Memimpin Dengan Nurani	40.85
George Santosa Tahija	4.74
Sjaton George Tahija	4.74
Yayasan Tahija	0.00
Public	8.83

CONTACT US

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Our West Kalimantan estate recorded an increase in FFB production of 2.0% to 94,330 mt compared to 92,494 mt in 6M2022. In addition, our Southwest Papua estate recorded a total 64,919 mt in FFB production, an increase of 20.2% compared to 54,024 mt in 6M2022. The FFB production increase in our Southwest Papua estate is in line with the production increase trend from young mature palm trees and improved road access and other infrastructure to transport the FFB to the mill. Meanwhile, our North Sumatra II estate experienced a drop in FFB production of 6.0% due to the impact of floods that disrupted FFB supplies to the mill and affected harvesting in the plantation at the beginning of 2023.

We expect that the positive trend in our 6M2023 FFB production will continue in the second half of 2023. Looking ahead, we anticipate this positive trend to continue and expect a new milestone in FFB production to be reached in 2025, supported by the completion of the road lateralization project in the Southwest Papua estate and higher productivity from replanting at the North Sumatra I and Belitung Island estates.

In line with the FFB production, our CPO production in 6M2023 increased by 3.1% to 134,749 mt compared to 130,722 mt in 6M2022. Meanwhile, our Palm Kernel (PK) production decreased by 4.0% to 24,641 mt in 6M2023 compared to 25,658 mt in 6M2022.

The Company reported an increase in CPO sales volume of 16.3% to 135,147 mt in 6M2023 compared to 116,247 mt in 6M2022 as a result of the higher CPO production. In addition, we also succeeded in selling 549 mt of Palm Kernel Oil (PKO) in 6M2023, an increase of 28.3% compared to the 428 mt in the same period last year. Meanwhile, our sales volume from PK in 6M2023 dropped by 2.6%, in line with a lower PK production in 6M2023.

The CPO price slumped in Q2 2023 to its lowest point since November 2020 due to higher output and a decline in the prices of rival vegetable oils amid concerns over the possibility of a global economic recession and an expected production increase in rival vegetable oils, such as soybean oil. As a result, the Company recorded an Average Selling Price (ASP) for its CPO of USD 759 per ton in 6M2023, which was 27.2% lower than the 6M2022 ASP of USD 1,043 per ton. Meanwhile, the ASP for PK in 6M2023 was USD 378/mt, 51.4% lower than the ASP in 6M2022 of USD 777/mt; the ASP for PKO was USD 749/mt, 51.2% lower than its ASP in 6M2022 of USD 1,535/mt.



FINANCIAL HIGHLIGHTS

Our Financial Performance Results

Table 2: Consolidated Statements of Comprehensive Income

	6M2023		6M2022		Change
	"USD Thousands"	"Rp. Millions ⁽¹⁾ "	"USD Thousands"	"Rp. Millions ⁽¹⁾ "	
Revenue	114,798	1,730,127	144,148	2,082,224	-20.4%
Cost of revenue	(106,081)	(1,598,752)	(106,567)	(1,539,358)	-0.5%
Gross profit	8,717	131,375	37,582	542,866	-76.8%
Total operating expenses, net	(5,159)	(77,747)	(7,272)	(105,050)	-29.1%
Operating (loss) profit	3,558	53,628	30,309	437,816	-88.3%
Finance income	145	2,187	292	4,218	-50.3%
Finance charges	(4,910)	(74,003)	(2,494)	(36,026)	-96.9%
(Loss) Profit before tax	(1,207)	(18,188)	28,107	406,008	-104.3%
Income tax expense	(3,787)	(57,069)	(8,855)	(127,904)	-57.2%
(Loss) Profit for the period	(4,993)	(75,257)	19,253	278,104	-125.9%
Other comprehensive (loss) income	9,314	140,374	(7,823)	(112,997)	219.1%
Total comprehensive income	4,321	65,117	11,430	165,108	-62.2%
EBITDA	17,995	271,206	45,141	652,062	-60.1%
EBITDA margin [%]	15.7%	15.7%	31.3%	31.3%	-49.9%

¹⁾ The translation of US Dollar amounts into the Indonesian Rupiah amounts are included solely for the convenience of the readers and has been made using the average of the exchange rates of Rp 15,071 to USD 1 for 6M2023 and Rp 14,445 to USD 1 for 6M2022.

Revenue from Sales and Service Concessions

The Company posted total revenue of USD 114.8 million in 6M2023, a decrease of 20.4% compared to 6M2022 mainly due to lower average selling prices of CPO, PK and PKO.

The palm oil segment contributed 98.8% of our total revenue or USD 113.4 million, a decrease of 20.3% compared to USD 142.3 million achieved in 6M2022 due to the fall in our ASP for CPO. Our edamame sales revenue was USD 684.0 thousand, an increase of 4.1% from the USD 657.1 thousand in 6M2022 mainly due to the higher ASP. Our sago segment contributed USD 433.5 thousand to our total revenue in 6M2023, a drop of 48.8% from the USD 845.9 thousand in 6M2022 due to the unfavorable sales volume variance in line with a lower sago starch production volume compared to 6M2022. Meanwhile, our renewable energy segment contributed USD 272.5 thousand in 6M2023, slightly lower than the USD 284.5 thousand achieved in 6M2022 due to major maintenance in the beginning of 2023.

On a quarterly basis, the Company posted an increase in consolidated revenue of 25.6% to USD 63.9 million during April-June 2023 period (Q2 2023), compared to USD 50.9 million in the January-March 2023 period (Q1 2023). This increase was mainly due to higher CPO, PK and PKO sales volumes in Q2 2023 compared to Q1 2023.

Operating (Expenses) Income and Financial Charges

The Company recorded an operating expense (net of operating income) of USD 5.2 million, a decrease of 29.1% from USD 7.3 million in 6M2022 mainly due to a foreign exchange gain of USD 831.3 thousand compared to a net loss of USD 987.4 thousand in 6M2022 as a result of the appreciation of the Rupiah against the US Dollar in 6M2023.

Our financial charges, which represent interest expenses on our loans, increased by 96.9% to USD 4.9 million in 6M2023 from interest expenses of USD 2.5 million in 6M2022 mainly due to additional interest expense recognition from our Southwest Papua estate and increases in interest rates for both USD and IDR loans. All our planted area in the Southwest Papua estate was classified as mature plantation at the beginning of 2023 and therefore, we can no longer capitalize the interest expense from this estate.

Net Profit (Loss)

In 6M2023, the Company recorded a net loss of USD 5.0 million, a negative variance from a net profit of USD 19.2 million in the same period last year. This resulted in a negative net profit margin (NPM) ratio in 6M2023 of -4.3%, a decrease from 13.4% in 6M2022. This decrease was mainly due to a lower revenue in 6M2023 resulting from lower ASPs, combined with higher depreciation and interest expenses as well as estate operating costs from our newly mature area in the Southwest Papua estate and from the replanting areas in the North Sumatra I and Belitung Island estates. Our production from this newly mature area will only reach optimum levels over the next two to three years. With the increase in our production from the newly mature area, our cash cost per ton is expected to decrease because most of our production costs and overhead costs are fixed costs.

On a quarter-to-quarter comparison (Q on Q), we recorded a lower net loss of USD 1.1 million in Q2 2023, a decrease of 72.4% from a net loss of USD 3.9 million in Q1 2023, primarily due to a better production and sales performance in Q2 2023. We expect this positive trend in Q2 2023 will continue in the second half of 2023, as we enter the peak crop period in Q3 2023. Our net profit margin (NPM) in Q2 2023 is -1.7%, an improvement from -7.7% in Q1 2023.

The Company also booked a lower EBITDA of USD 18.0 million in 6M2023 compared to USD 45.1 million in 6M2022 and a decrease in EBITDA margin from 31.3% in 6M2022 to 15.7% in 6M2023.

Total Comprehensive Income

The appreciation of the Rupiah against the US Dollar from Rp 15,731 at the end of 2022 to Rp 15,026 by the end of June 2023 has appreciated the net assets of some of the Company's subsidiaries (those which maintain their bookkeeping records in Rupiah) by USD 9.3 million when their financial statements are translated from Rupiah to US Dollar, compared to a net loss of USD 7.8 million in 6M2022. As a result, the Company reported a total comprehensive income of USD 4.3 million in 6M2023 compared to a comprehensive income of USD 11.4 million in 6M2022.

Our Assets and Liabilities Position

Table 3: Consolidated Statements of Financial Position

	30 June 2023		31 December 2022		Change
	"USD Thousands"	"Rp. Millions ⁽¹⁾ "	"USD Thousands"	"Rp. Millions ⁽¹⁾ "	
Current assets	59,097	887,996	59,148	930,457	-0.1%
Non-current assets	555,966	8,353,941	543,443	8,548,894	2.3%
Total Assets	615,063	9,241,937	602,590	9,479,351	2.1%
Current liabilities	52,958	795,744	40,470	636,635	30.9%
Non-current liabilities	138,928	2,087,525	138,009	2,171,023	0.7%
Total Liabilities	191,885	2,883,269	178,479	2,807,658	7.5%
Equity attributable to the owners of the Company	421,302	6,330,483	422,006	6,638,574	-0.2%
Total Equity	423,178	6,358,668	424,111	6,671,693	-0.2%

1) The translation of US Dollar amounts into the Indonesian Rupiah amounts are included solely for the convenience of the readers and has been made using the Bank Indonesia middle rate as of 30 June 2023 of Rp 15,026 to USD 1 and as of 31 December 2022 of Rp 15,731 to USD 1.

As of 30 June 2023, total assets increased by 2.1% to USD 615.5 million, mainly attributable to the increase in bearer plants and property, plant and equipment due to the impact of the Rupiah appreciation in 6M2023.

Total liabilities increased by 7.5% from USD 178.5 million to USD 191.9 million, primarily driven by the increase in short-term bank loans.

The Company was still able to maintain its prudent debt to equity and debt to asset ratios of 0.45 and 0.31, respectively as at 30 June 2023.

Financing Facilities

As of 30 June 2023, ANJT and its subsidiaries collectively maintained bank loan facilities amounting to the equivalent of USD 203.8 million, comprising short-term loan facilities of USD 66.6 million and long-term loan facilities of USD 137.2 million.

The outstanding balance of the Company's bank loans by the end of June 2023 was USD 146.4 million, an increase of USD 11.8 million from the USD 134.6 million as at the end of December 2022, mainly due to additional short-term bank loans of USD 11.6 million in 6M2023, a foreign exchange loss on our loans of USD 2.5 million and offset by loan repayments of USD 2.3 million.

Other Corporate Updates

Final Dividend Distribution

The Company's Annual General Meeting of Shareholders (AGMS) on 7 June 2023 approved the distribution of a cash dividend amounting to Rp 93.2 billion (equivalent to USD 6.2 million), representing a dividend per share of Rp 27.8/share and a payout ratio of 29.5%. As of the date of this newsletter, the dividend has been fully paid.

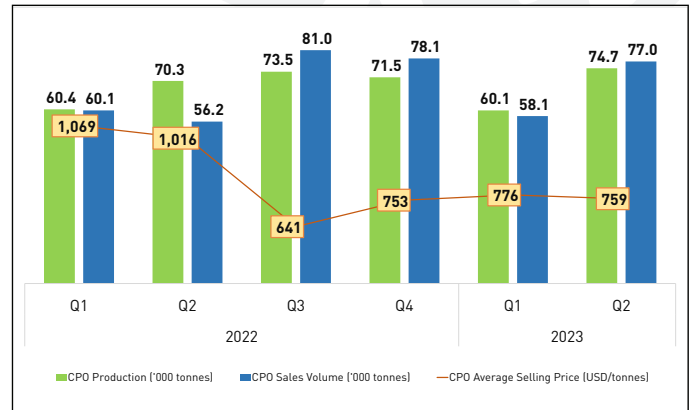
Regulatory Updates

On 5 January 2022, the Ministry of Environment and Forestry ("MOEF") issued Decree No.SK.01/MENLHK/SETJEN/KUM.1/1/2022 regarding Revocation of Forest Area Concession Permits ("SK01") which revoked a number of forestry concession licenses, including those under the Approval for Relinquishment of Forestry Area (Persetujuan Pelepasan Kawasan Hutan). SK01, however, calls for a decree to be issued by three Director Generals under the MOEF for an "official" revocation of forestry concession licenses ("Official Revocation Decree"). One of the Company's concessions in Southwest Papua held under the land cultivation right (Hak Guna Usaha, "HGU") which is legally owned directly by the Company was included in the list of concession permits which were revoked by SK01.

On 21 June 2023, the Company received a Decree from the Minister of Environment and Forestry of the Republic of Indonesia which excluded the Company from the list of concession permits which were revoked by SK01. Therefore, the HGU of the Company remains valid.

Key Performance (Quarterly)

Graph 1: CPO Sales Volume and Average Selling Price Each Quarter



Graph 2: Net Profit and EBITDA Growth

