

Press Release

Golden Agri-Resource's integrated business model delivers strong 2016 results amidst softer palm product output

- Full year 2016 EBITDA¹ saw a six-percent increase to US\$572 million despite 15 percent decrease in plantation output
- Palm and laurics segment contributed EBITDA¹ of US\$181 million, 66 percent rise from the previous year
- Proposed a final dividend of 0.635 Singapore cents per share

FINANCIAL HIGHLIGHTS

US\$'million	Year ended 31 Dec		Change	Quarter ended 31 Dec		Change
	2016 (FY 2016)	2015 (FY 2015)		2016 (4Q 2016)	2015 (4Q 2015)	
Revenue	7,209	6,510	11%	2,138	1,552	38%
Gross Profit ²	1,014	1,005	1%	308	269	14%
EBITDA¹	572	542	6%	179	140	27%
Net Profit^{2,3}	400	10	n.m.	46	20	137%
Earnings per Share ^{2,4} (US\$ cents)	3.14	0.08	n.m.	0.36	0.15	137%

Singapore, 24 February 2017 – Golden Agri-Resources Ltd and its subsidiaries (“GAR” or the “Company”) recorded revenue of over US\$7.2 billion for the year 2016. EBITDA¹ and net profit³ registered higher at US\$572 million and US\$400 million, respectively. Fourth quarter EBITDA¹ and net profit³ climbed to US\$179 million and US\$46 million, respectively.

GAR was able to deliver stronger EBITDA¹ bolstered by its integrated business model and the appreciation of crude palm oil (CPO) market prices, more than offsetting weaker palm product output.

Net profit³ was further enhanced by deferred tax income arising from the increase in tax depreciable value of plantation assets. For future tax benefit, GAR revalued some of its plantation assets in Indonesia resulting in substantial deferred tax income contributing to its current bottom line. The net tax impact recorded from this revaluation was US\$304 million for full year 2016 including US\$62 million in the fourth quarter.

GAR's financial position strengthened with an adjusted net gearing ratio⁵ of 0.43 times as at 31 December 2016, while total consolidated assets grew to US\$8.3 billion. 2016 financial statements adopted the amended IAS 16 and IAS 41 in which GAR measures its plantation assets (bearer plants) at historical costs less accumulated depreciation. GAR restated its 2015 financial statements for comparison purpose.

In light of the continued strong balance sheet and our commitment to consistently reward our shareholders, the Board is pleased to propose a final dividend of 0.635 Singapore cents per share, or 30 percent of GAR's underlying profit. This is in line with GAR's dividend policy. The proposed final dividend will be distributed in May 2017, after obtaining approval from shareholders.

SEGMENTAL PERFORMANCE

Plantations and palm oil mills

Palm product output in the fourth quarter of 2016 improved by seven percent year-on-year and 40 percent quarter-on-quarter to 877,077 tonnes. However, the recovery in quarterly fruit production since mid-2016 did not compensate for the impact of the severe El Niño conditions in 2015 on full year production. During 2016, upstream business production was still 15 percent lower than last year at 2.5 million tonnes of palm products.

Weaker plantation output was the main factor affecting the financial performance of our upstream business. EBITDA¹ recorded at US\$379 million during 2016, nine percent lower than the previous year. Nonetheless, fourth quarter EBITDA¹ saw a recovery, experiencing a 30 percent year-on-year growth to US\$140 million.

As at end of 2016, GAR's total managed planted area was 488,252 hectares, a slight increase from 485,606 hectares last year. This increase was mainly due to the consolidation of acquired plantations. GAR has been focusing on replanting activities for the past few years. This is part of our strategy to grow through intensification by using next-generation, higher-yielding planting materials to support sustainable production growth.

Palm and laurics

The palm and laurics segment has been growing its contribution to GAR's EBITDA¹ as a result of our focus on enhancing margins across the value chain. With US\$181 million of EBITDA¹ in 2016, it contributed 32 percent to total consolidated EBITDA¹ while margin improved to 2.9 percent from 1.9 percent last year. Fourth quarter EBITDA¹ recorded at US\$45 million, significantly higher than the same period last year.

Oilseeds and Others

The oilseeds and other segments mainly represent our business in China. These segments have maintained their positive contribution with total EBITDA¹ of US\$12 million during 2016, slightly lower than last year's US\$16 million. GAR will continue to explore long term strategic alternatives for the oilseeds business and prudently manage our risks to minimise the impact of any unexpected market volatility.

OUTLOOK AND STRATEGY

Mr Franky Widjaja, GAR Chairman and Chief Executive Officer elaborated: "I am delighted that GAR concluded 2016 well despite the drop in plantation output. As an integrated player, GAR's performance has been protected by the value coming from our expanded and strengthened downstream business. As we continue our business transformation efforts, we will focus on extracting greater efficiencies throughout our vertically integrated value chain, leveraging science and technology-driven solutions for our upstream operations and perfecting our downstream integration and capability to optimise our profitability. All of these efforts are built on the principle of sustainable palm oil production."

On the industry outlook, Mr. Widjaja further explained: "The palm oil market will remain volatile but we are confident that the longer-term outlook continues to be promising as palm oil's productivity leads the vegetable oil industry."

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About Golden Agri-Resources Ltd (GAR)

GAR is one of the leading palm oil plantation companies with a total planted area of 488,252 hectares (including smallholders) as at 31 December 2016, located in Indonesia. It has integrated operations focused on the production of palm-based edible oil and fat.

Founded in 1996 GAR was listed on the Singapore Exchange in 1999 with a market capitalisation of US\$3.8 billion as at 31 December 2016. Flambo International Limited, an investment company, is currently GAR's largest shareholder, with a 50.35 percent stake. GAR has several subsidiaries, including PT SMART Tbk which was listed on the Indonesia Stock Exchange in 1992.

GAR is focused on sustainable palm oil production. In Indonesia, its primary activities include cultivating and harvesting of oil palm trees; processing of fresh fruit bunch into crude palm oil (CPO) and palm kernel; refining CPO into value-added products such as cooking oil, margarine and shortening; as well as merchandising palm products

throughout the world. It also has operations in China and India including a deep-sea port, oilseeds crushing plants, production capabilities for refined edible oil products as well as other food products such as noodles.

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¹ Earnings before tax, non-controlling interests, interest on borrowings, depreciation and amortisation, net gain/loss from changes in fair value of biological assets, foreign exchange gain/loss and exceptional item.

² The comparative figures for FY 2015 and 4Q 2015 have been restated to account for retrospective adjustments arising from the adoption of amended IAS 16 and IAS 41.

³ Net profit attributable to owners of the Company.

⁴ Earnings per share is net profit attributable to owners of the Company divided by weighted average number of shares.

⁵ Adjusted net debt (interest bearing debts less cash and short-term investments as well as liquid working capital) divided by equity attributable to owners of the Company.