

**FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::FIRST QUARTER RESULTS**

## Issuer &amp; Securities

## Issuer/ Manager

GOLDEN AGRI-RESOURCES LTD

## Securities

GOLDEN AGRI-RESOURCES LTD - MU0117U00026 - E5H

## Stapled Security

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## Announcement Details

## Announcement Title

Financial Statements and Related Announcement

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## Submitted By (Co./ Ind. Name)

Kimberley Lye Chor Mei

## Designation

Director, Corporate Secretarial

## Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)

Golden Agri-Resources Ltd has released an update on the Group's performance for the first quarter ended 31 March 2020. Please refer to the following attachments in relation thereto:

- (1) Performance Update - First Quarter 2020; and
- (2) Media Release.

## Additional Details

## For Financial Period Ended

31/03/2020

## Attachments

[GAR26-14-05-2020-Abridged%20key%20performance%20and%20financials.pdf](#)

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[GAR26-14-05-2020-Media%20Release.pdf](#)

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## Performance Update - First Quarter 2020

### 14 May 2020

### 1. FINANCIAL PERFORMANCE

US\$'million	Three months ended		Change	Three months ended	Change
	31 Mar 2020 (1Q 2020)	31 Mar 2019 (1Q 2019)		31 Dec 2019 (4Q 2019)	
Revenue	<b>1,657</b>	1,617	2%	1,702	-3%
Gross Profit	<b>198</b>	193	3%	299	-34%
EBITDA <sup>1</sup>	<b>84</b>	121	-30%	392	-78%
Underlying Profit/(Loss) <sup>2</sup>	<b>-25</b>	12	n.m	284	n.m
Foreign Exchange Gain/(Loss)	<b>-35</b>	18	n.m	13	n.m
Net Profit/(Loss) <sup>3</sup>	<b>-95</b>	18	n.m	240	n.m

Notes:

- Earnings before tax, non-controlling interests, interest on borrowings, depreciation and amortisation, net gain or loss from changes in fair value of biological assets, foreign exchange gain or loss, and exceptional items. EBITDA includes net fair value gain on financial assets in accordance with IFRS 9 of US\$208 million in 4Q 2019.
- Net profit attributable to owners of the Company, excluding net effect of net gain or loss from changes in fair value of biological assets, depreciation of bearer plants, exceptional items, foreign exchange gain or loss, and deferred tax expense or income
- Attributable to owners of the Company

Golden Agri-Resources Ltd ("GAR" or the "Company") recorded a slight year-on-year increase in its first quarter 2020 revenue at US\$1.66 billion, primarily corresponding to higher average selling prices. However, higher costs including the newly imposed CPO export tax and levy resulted in EBITDA decreasing to US\$84 million, while underlying profit recorded a loss position of US\$25 million. Net loss was affected mostly by foreign exchange translation loss.

Benefitting from higher CPO market prices in the current quarter, our plantations and palm oil mills segment contributed most of our consolidated EBITDA despite lower plantation output. CPO market prices (FOB Belawan) averaged US\$672 per tonne in the first quarter 2020, a 31 percent increase compared to the same period last year. On the other hand, our downstream business was impacted by higher input prices due to severe supply chain disruption.

### 2. OPERATIONAL PERFORMANCE

'000 MT	Three months ended		Change	Three months ended	Change
	31 Mar 2020 (1Q 2020)	31 Mar 2019 (1Q 2019)		31 Dec 2019 (4Q 2019)	
Upstream palm product	<b>615</b>	629	-2%	787	-22%
Downstream sales volume	<b>2,339</b>	2,720	-14%	2,776	-16%

As at 31 March 2020, GAR's planted area stood at 499 thousand hectares, comprising 464 thousand hectares of mature estates and 35 thousand hectares of immature estates. Nucleus and plasma estates amounted to 395 thousand and 104 thousand hectares, respectively.

Fruit yield for first quarter 2020 stood at 4.4 tonnes per hectare, a four percent decline from last year's period impacted by the dry weather conditions in 2019 as well as the accelerated replanting programme. Yield was 24 percent lower compared to the previous quarter mainly due to seasonality.

Downstream sales volume was severely affected by temporary logistics issues following the lockdown implementation during the COVID-19 outbreak. Earnings were impacted by higher input prices in January and the subsequent significant CPO price reduction in February.

### 3. FINANCIAL POSITION

US\$ million	31 Mar 2020	31 Dec 2019	Change
Total Assets	<b>8,562</b>	8,779	-2%
<i>Cash and short-term investments</i>	<i>756</i>	<i>784</i>	<i>-4%</i>
<i>Fixed assets<sup>1</sup></i>	<i>3,673</i>	<i>3,720</i>	<i>-1%</i>
Total Liabilities	<b>4,169</b>	4,274	-2%
Net Debt <sup>2</sup>	<b>1,673</b>	1,573	6%
<i>Total Debt<sup>3</sup></i>	<i>3,204</i>	<i>3,144</i>	<i>2%</i>
<i>Cash, short-term investments and liquid working capital<sup>4</sup></i>	<i>1,531</i>	<i>1,571</i>	<i>-3%</i>
Total Equity	<b>4,393</b>	4,505	-2%
Net Debt <sup>2</sup> /Equity	<b>0.38x</b>	0.35x	
Net Debt <sup>2</sup> /Total Assets	<b>0.20x</b>	0.18x	
Net Debt <sup>2</sup> /EBITDA <sup>5</sup>	<b>2.53x</b>	2.26x	
EBITDA/Interest <sup>5</sup>	<b>4.15x</b>	4.23x	

Notes:

1 Includes property, plant and equipment, bearer plants, right-of-use assets and investment properties

2 Interest bearing debt less cash, short-term investments and liquid working capital

3 Interest bearing debt

4 Liquid working capital is trade receivables, inventories (excluding consumables), deposits and advances to suppliers less trade payables and advances from customers

5 Calculated based on the last four quarter figures

### 4. PROGRESS ON SUSTAINABILITY

We continued to make progress on our Traceability to the Plantation (TTP) initiative. We have currently achieved 82 percent of TTP for our palm supply chain. While we continue to aim for full TTP by the end of this year, we note that the timeline may be impacted by the COVID-19 pandemic.

The current pandemic has highlighted the importance of food security and we continue working with local communities around our estates to ensure they have sufficient and varied food sources. We do this through our [Alternative Livelihoods programme](#). To date, this programme has helped more than 40 communities across Indonesia improve their agricultural practices and grow crops ranging from organic vegetables to coffee.

## 5. IMPACT OF COVID-19

GAR's strong vertically integrated business model and sustainable operations provide resilience during industry volatility and disruption, including the current COVID-19 pandemic. Moreover, GAR has proactively implemented comprehensive measures to minimise the impact on our business operations.

### Operational Impact

GAR has been progressively implementing Operational Health and Safety (OHS) measures in light of the COVID-19 pandemic and in line with government directives in countries where we operate. Business Continuity Plan (BCP) and extra health and safety measures are implemented to minimise business disruptions while protecting the health and wellbeing of our employees.

GAR's business is in the food and biodiesel industries, which are deemed essential by the government and allowed to continue to operate. GAR also continues to be a preferred supplier due to its status as one of the main global players and leading position in sustainability. We believe that GAR's remote locations of its operational facilities that are spread over a large geographical space mitigates some of the operational risks.

We are committed to [addressing the need for protective equipment](#) for our employees and local communities surrounding all our operational locations globally during the pandemic. Especially in Indonesia, we are working together with the Government of Indonesia to alleviate the pandemic in collaboration with Indonesia Chamber of Commerce and Tzu Chi Foundation Indonesia.

### Financial Impact

The COVID-19 global outbreak has created short-term disruptions, resulting to volatility in CPO prices. Despite these challenges, our financial position continues to be healthy with sufficient lines and reserves in place to draw from if needed. We are implementing initiatives to preserve liquidity such as more intensive cost reductions and to further increase efficiency in our operations.

COVID-19 has caused a sudden change in consumption patterns. The closure of hotels, restaurants and cafés (Horeca) has reduced the consumption of vegetable oils including palm oil. This reduction is partially offset by increasing household consumption. The staple food demand ensures the viability of our operations and the supply and demand balance remains healthy. On the biodiesel side, the Indonesian government remains firmly committed to the B30 mandate.

## 6. OUTLOOK

In our view the CPO price is buffered from the decline in crude oil price because of staple demand for food usage, as history has repeatedly shown. Although short-term volatility is expected with the current uncertainties of the COVID-19 outbreak, we believe the CPO price will recover once the pandemic subsides and inventories in consuming countries are replenished. The limited growth in palm oil supply this year affected by the drought conditions and lower fertiliser application by small players in 2019 will keep the supply and demand balance healthy. Long-term fundamentals of the industry remain in place as palm oil is the most consumed vegetable oil with its high versatility and lowest cost of production.

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This material has been prepared by Golden Agri-Resources Ltd. (“GAR” or “Company”) for informational purposes, and may contain projections and forward looking statements that reflect the Company’s current views with respect to future events and financial performance. These views are based on current assumptions which are subject to various risks and which may change over time. No assurance can be given that future events will occur, that projections will be achieved, or that the Company’s assumptions are correct. Actual results may differ materially from those projected. A prospective investor must make its own independent decision regarding investment in securities.

Opinions expressed herein reflect the judgement of the Company as of the date of this material and may be subject to change without notice if the Company becomes aware of any information, whether specific to the Company, its business, or in general, which may have a material impact on any such opinions.

The information is current only as of its date and shall not, under any circumstances, create any implication that the information contained therein is correct as of any time subsequent to the date thereof or that there has been no change in the financial condition or affairs of GAR since such date. This material may be updated from time to time and there is no undertaking by GAR to post any such amendments or supplements on this material.

The Company will not be responsible for any consequences resulting from the use of this material as well as the reliance upon any opinion or statement contained herein or for any omission.

## Golden Agri-Resources' integrated business model will provide resiliency in riding through the COVID-19 challenges

- Plantation and palm oil mills segment mitigates softer downstream performance in first quarter 2020 that was affected by supply chain disruption
- With its strong vertically integrated business model, GAR is resilient and well positioned to manage through the current COVID-19 challenges

### FINANCIAL HIGHLIGHTS

US\$'million	Three months ended		Change	Three months ended	Change
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**Singapore, 14 May 2020** – Golden Agri-Resources Ltd ("GAR" or the "Company")'s strong vertically integrated business model and sustainable operations provide resilience during industry volatility and disruption, including the current COVID-19 pandemic.

GAR proactively implemented comprehensive measures to minimise the impact of the virus on our business operations, with our China operations being the first affected, and the first to return to normal operations, under government guidance.

As the palm sector is recognised as a strategic industry in Indonesia, GAR's main food and biodiesel businesses have continued operating. The Company has benefitted from its remote locations of operational facilities that are spread over a large geographical space as well as the ability to limit access to operational sites, mitigating some of the operational risks.

GAR recorded a slight year-on-year increase in its first quarter 2020 revenue at US\$1.66 billion, primarily corresponding to higher average selling prices, partly offset by lower sales volume. The volume was severely affected by temporary logistics issues following the lockdown implementation during the COVID-19 outbreak.

Higher costs including the newly imposed CPO export tax and levy resulted in first quarter 2020 EBITDA<sup>1</sup> decreasing to US\$84 million, while underlying profit<sup>2</sup> recorded a loss position of US\$25 million. Net loss was affected mostly by foreign exchange translation loss.



Benefitting from higher CPO market prices in the current quarter, our plantations and palm oil mills segment contributed most of our consolidated EBITDA despite lower plantation output. CPO market prices (FOB Belawan) averaged US\$672 per tonne in the first quarter 2020, a 31 percent increase compared to the same period last year. On the other hand, our downstream business was impacted by higher input prices due to severe supply chain disruption.

On the outlook, **Mr. Franky O. Widjaja, GAR Chairman and Chief Executive Officer** commented: "In our view the CPO price is buffered from the decline in crude oil price because of staple demand for food usage, as history has repeatedly shown. Although short-term volatility is expected with the current uncertainties of the COVID-19 outbreak, we believe the CPO price will recover once the pandemic subsides and inventories in consuming countries are replenished. The limited growth in palm oil supply this year affected by the drought conditions and lower fertiliser application by small players in 2019 will keep the supply and demand balance healthy. Long-term fundamentals of the industry remain in place as palm oil is the most consumed vegetable oil with its high versatility and lowest cost of production."

As at 31 March 2020, GAR's planted area stood at 499 thousand hectares, of which 21 percent owned by plasma smallholders. During the first quarter 2020, fruit yield recorded at 4.4 tonnes per hectare, a four percent decline from last year's period impacted by the dry weather conditions in 2019 as well as the accelerated replanting programme. Yield was 24 percent lower compared to the previous quarter mainly due to seasonality. Upstream palm product output for the current quarter was 615 thousand tonnes, slightly declined from the same period last year.

The current pandemic has highlighted the importance of food security and food supply chains. Remote rural communities, such as those where we operate, are particularly vulnerable to these disruptions.

Our [Alternative Livelihoods programme](#) is playing an important role in ensuring local communities around our estates have sufficient and varied food sources. To date, this programme has helped more than 40 communities across Indonesia improve their agricultural practices and grow crops ranging from organic vegetables to coffee.

We are committed to [addressing the need for protective equipment](#) for our employees and local communities surrounding all our operational locations globally during the pandemic. Especially in Indonesia, we are working together with the Government of Indonesia to alleviate the pandemic in collaboration with Indonesia Chamber of Commerce and Tzu Chi Foundation Indonesia.

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

<sup>2</sup> Net profit/loss attributable to owners of the Company, excluding net effect of net gain or loss from changes in fair value of biological assets, depreciation of bearer plants, exceptional items, foreign exchange gain or loss, and deferred tax expense or income.

<sup>3</sup> Net profit/loss attributable to owners of the Company.



### **About Golden Agri-Resources Ltd (GAR)**

GAR is one of the leading palm oil plantation companies with a total planted area of 499,012 hectares (including plasma smallholders) as at 31 March 2020, 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 and has a market capitalisation of US\$1.3 billion as at 31 March 2020. Flambo International Limited, an investment company, is currently GAR's largest shareholder, with a 50.52 percent stake. GAR has several subsidiaries, including PT SMART Tbk which was listed on the Indonesia Stock Exchange in 1992.

GAR is focused on responsible 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, shortening, biodiesel and oleo-chemicals; as well as merchandising palm products throughout the world. It also has operations in China and India including a deep-sea port, oilseed crushing plant, production capabilities for refined edible oil products as well as other food products such as noodles.

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