



IH21 POSITIVE PERFORMANCE: Managed to Grow Healthy in A Positive Momentum

JAKARTA, August 26, 2021 – PT Cisadane Sawit Raya Tbk (Bloomberg Stock Code: CSRA IJ) has published Financial Statements for the period of 6 (six) months ended June 30, 2021 (hereinafter referred to as 1H21) with positive performance results.

Key Highlights:

❖ **1H21 Top-Line Increases, Consistent Productivity Amid Rising Average Selling Prices**

1H21 net sales increased by 42.3% to Rp 388.88 billion, from 273.33 billion in 1H20. The combination of the continuing bullish trend in the average selling price of palm oil and optimal productivity performance across all production lines.

❖ **Maintained Consistent Operating Efficiency, Strong Operating Profit Margin**

1H21 Gross Profit recorded an increase of 82.65% to Rp 199.96 billion from Rp 109.48 billion in 1H20. Gross Margin strengthened to 51.4% in 1H21 from 40.1%. Consistently maintained efficiency made 1H21 Operating Profit also increased 153.7% to Rp 142.91 billion, with an increase in operating margin to 38.3%.

❖ **Net Financial Expenses and Other Expenses Remains Under Control, Net Income Strengthens**

The Company's 1H21 net profit increased 93.9% to Rp 83.45 billion resulting in an expansion of net margin to a level of 21.5%.

❖ **Financial Position Remains Solid with Balanced Proportion**

As of June 30, 2021, CSRA's asset position was at IDR 1.53 trillion, higher than the position on December 31, 2020 at IDR 1.40 trillion. Meanwhile, the company's total liabilities in 1H21 were Rp 878.76 billion compared to Rp 826.29 billion at the end of 2020.

❖ **Financial Ratios Stay Healthy with Stronger Performance Indicators**

Compared to the position at the end of 2020, the 1H21 Current Ratio is in a much healthier position at the level of 2.33x with a safer Net Gearing Ratio at the level of 0.84x.

This positive result is a clear evidence of the Company's commitment in pursuing business growth that is in line with sustainable development. In the long term, the trend of production growth will remain positive due to the ideal age profile of plantations, the majority of which are at prime production age, which is under 18 years. CSRA strategy that leads to healthy long-term growth which ultimately provides a solid basis for good business sustainability.

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Consolidated Income Statement Summary

In IDR Billion	1H21	1H20	Change (%)
Sales Revenue	388.88	273.33	42.3%
Gross Profit	199.96	109.48	82.6%
<i>Gross Margin (%)</i>	51.4%	40.1%	
Operating Profit	14.91	56.33	153.7%
<i>Operating Margin (%)</i>	36.7%	20.6%	
EBITDA	179.69	93.27	92.7%
<i>EBITDA Margin (%)</i>	46.2%	34.1%	
Net Income	83.45	43.04	94.0%
<i>Net Income Margin (%)</i>	21.5%	15.7%	

1H21 Top-line grew sharply: Ideal Combination of Average Selling Price Upsurge with Consistency of Operating Productivity

The progressive top-line during the first quarter managed to continue into the first half of 2021. 1H21 sales revenue increased by 42.3% to Rp 388.88 billion from 273.33 billion in 1H20. The best semi-annual achievement even compared to the same period before the pandemic. This rapid performance is a combination of strengthening external factors, namely an increase in the bullish trend of the average selling price of oil palm commodities, coupled with the consistency of internal achievements in terms of the ability of maintaining optimal productivity performance in all operational lines.

The rally to increase the average selling price of CPO last year will continue until the first half of 2021. This upward trend has increased the potential for the Company's operating income. In addition to the price factor, consistent production line productivity also contributes to a strong top-line with FFB production yields being maintained at around 9.7ton/ha.

Until the end of first semester 2021, the total area of the Company's core planted area reached 18,605 ha. Of the planted plantation area, 15,660.4 ha is planted with mature plants. In general, the Company's plant profile is in the productive category, due to the young age of the plants. Plants aged 4-7 years occupying an area of 4,774.2 ha and plants aged 8-17 years occupying an area of 6,882.1 ha. The company sees a positive long-term production growth trend.

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Table 1. Production Highlights

	1H21	1H20
Planted Area	18.605	18.452
FFB Nucleus (in MT)	152.150	140.144
<i>Yield TBS (ton/ha)</i>	<i>9.7</i>	<i>8.9</i>
CPO Production (in MT)	19.091	19.605
<i>OER</i>	<i>19.9%</i>	<i>20.0%</i>
Kernel Production (in MT)	4.501	4.382
<i>KER</i>	<i>4.7%</i>	<i>4.5%</i>

In terms of profitability, the Company's entire Profit Margin also managed to strengthen, a strong signal that the combination of efficiency and productivity is optimally maintained. The Company's 1H21 Gross Margin rose 82.6% to Rp 199.96 billion from Rp 109.48 billion in 1H20 with 1H21 gross profit margin standing at 51.4% from 40.1% in 1H20. All operating expenses items, such as Human Resources Expenses, Operations & Maintenance Expenses, and other Operating Expenses during 1H21 were maintained efficiently so that the Company's Operating Profit increased sharply, 1.5 times to Rp 142.91 billion from Rp 56.33 billion in 1H20. At the bottom-line level, financial interest expense and other non-operating net expenses were well maintained. This resulted in the Company's 1H21 net profit closing positively at Rp 83.45 billion, an increase of almost double or 93.9% from Rp 43.04 billion in 1H20.

Overall, this improvement in operational performance proves that the Company's long-term oriented business strategy which referring to sustainable growth, has a positive impact on a healthy productivity climate in the Company amidst all the current rapid changes.

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Table 2. Highlights of Consolidated Statement of Income
In IDR billion

	1H21	1H20	%
Sales Revenue	388.88	273.33	42.3%
Cost of Goods Sold	-188.93	-163.86	15.3%
Gross Profit	199.96	109.48	82.6%
<i>Gross Profit Margin</i>	<i>51.4%</i>	<i>40.1%</i>	
Operating Expense	-57.05	-53.15	7.3%
Operating Profit	142.91	56.33	153.7%
<i>Operating Profit Margin</i>	<i>36.7%</i>	<i>20.6%</i>	
Gain Arising from Changes in Fair Value of Biological Assets	6.36	26.58	-76.1%
Gain (Loss) on Foreign Exchanges – Net	0.03	0.09	-68.0%
Tax Penalties and Expenses	-0.05	-0.01	835.5%
Others – Net	-0.40	0.10	-493.0%
EBIT	138.44	83.61	65.6%
<i>EBIT Margin</i>	<i>35.6%</i>	<i>30.6%</i>	
Finance Income	0.31	0.51	-38.5%
Finance Costs	-45.49	-31.81	43.0%
Income Before Tax	103.67	51.80	100.1%
Income Tax	-20.22	-8.76	130.8%
Income for the period	83.45	43.04	93.9%
<i>Net Income Margin</i>	<i>21.5%</i>	<i>15.7%</i>	
Non-Controlling Interest	0.00	0.00	0.0%
Income for The Year Attributable To Owners of the Parent Entity	83.45	43.04	93.9%
EBITDA	184.45	109.07	69.1%
	<i>47.4%</i>	<i>39.9%</i>	

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Solid Performance is Reflected in Good Financial Position

Total assets as of June 30, 2021 were IDR 1.53 trillion, an increase of 9.7% from the end of FY20 position of IDR 1.40 trillion. Of the total assets recorded at the end of 1H21, 21% were classified as current assets or Rp 326.2 billion, a sharp increase, 61.6% compared to the position at the end of 2020. The large increase occurred in cash and cash equivalents, in line with cash receipts from sales and proceeds from funding activities after the disbursement of the Company's banking facilities. In addition, inventory also increased by 45.2% from the position at the end of 2020, in line with the trend of increasing sales which needs to be anticipated. In view of non-current assets in 1H21, it increased slightly compared to FY20 in line with the increase in the proportion of productive plants that produce.

Total 1H21 liabilities closed at Rp 878.77 billion, an increase of 6.4% compared to the end of 2020 due to an increase in long-term interest debt. As of the end of 1H21, long-term banking debt was recorded at Rp 623.71 billion, an increase of 39.1% compared to the position at the end of 2021 after the disbursement of new banking facilities. On the other hand, short-term liabilities actually decreased by 46.9% after the payment of long-term bank loans that had matured.

For information, at the end of May 2021, the Company obtained a credit facility from Bank Mandiri worth Rp 345 billion which was used for refinancing of outstanding loans. This explains the decrease in short-term liabilities after the repayment of the old banking facilities and the increase in long-term liabilities after the new facilities were posted. This credit facility has a lower interest rate and a longer repayment period than the previous Bank Credit Facility. The Company benefits greatly because it has the flexibility of working capital in carrying out its business activities. The bank's trust in the Company proves that professional and transparent management, good business strategies and mature risk management have been assessed as good by the Bank.

The equity position is at the level of Rp. 655.73 billion as of June 30, 2021, an increase of 14.6% compared to the position at the end of 2020 due to a sharp increase in retained earnings on net profit for the period. With sound planning and a good liquidity base, the Company believes that long-term business expansion can be fulfilled. Above all, the principle of prudence and good risk management will play a very important role in this very rapid change.

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Table 3. Consolidated Statement of Financial Position
In IDR Billion

	1H21	FY20
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	146.11	41.85
Trade Receivables from Third Parties - Net	6.66	5.82
Other Receivables from Third Parties	4.38	2,41
Inventories - net	28.74	19,79
Biological Assets	108.39	102.03
Prepaid Taxes	11.75	12.85
Advanced and Prepaid Expenses	20.15	17.06
TOTAL CURRENT ASSETS	326.18	201.81
NON-CURRENT ASSETS		
Due from Related Parties	38.36	25.52
Plasma Receivables	31.81	28.47
Investment Properties	0.68	0.68
Bearer Plants:		
- Mature Plantation - Net of Accumulated Depreciation	563.39	572.39
- Immature Plantations	131.10	123.83
- Nurseries	6.77	5.62
Fixed Assets - Net of Accumulated Depreciation	419.80	420.25
Tax Amnesty Assets - Net of Accumulated	0.60	0.69
Deferred tax asset	-	2.87
Other Assets	1.14	1.76
Cultivation Rights (HGU)	-	-
Goodwill	14.67	14.67
TOTAL NON-CURRENT ASSETS	1,208.32	1,196.76
TOTAL ASSETS	1,534.50	1,398.57
LIABILITIES		
Trade payables	21.79	32.80
Other Payables	18.25	18.41
Taxes Payables	12.07	15.53
Accrued Expenses	14.78	10.66
Advances from customers	0.02	0.01
Long-term Liabilities - Current Maturities:		
- Bank Loans	71.74	184.92
- Consumer Financing Loans	1.41	1.66
TOTAL CURRENT LIABILITIES	140.06	263.99

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	1H21	FY20
Due to Related Party	33.23	33.23
Long-term Employee Benefits Liability	59.11	59.74
Deferred Tax Liabilities	21.83	19.68
Long-term Liabilities - Net of Current Maturities:	-	
- Bank Loans	623.71	448.43
- Consumer Financing Loans	0.84	1.21
TOTAL NON-CURRENT LIABILITIES	738.70	562.29
TOTAL LIABILITIES	878.77	826.29
EQUITY		
Equity attributable to owners of the Parent Entity	655.72	572.25
Non-controlling interests	0.02	0.015
TOTAL EQUITY	655.73	572.28
TOTAL LIABILITY AND EQUITY	1,534.50	1,398.57

Key Financial Ratios

Profitability ratio is very prominent on all sides. Starting from the Company's 1H21 gross margin of 51.4% which increased significantly from 40.1% in 1H20 due to an increase in sales revenue with a stable margin. At middle line, operating margin expansion also increased sharply to 36.7% compared to 20.6% in 1H20. This is due to efficiency at all operational levels so that operating expenses can be controlled very well. From the bottom line, the Company also managed to increase its net margin to 21.5% in 1H21, from 15.7% in 1H20. All of these things are clear evidence of the success of good end-to-end strategic management from strategy formulation to strategy implementation, strategy evaluation and control so that performance can be optimal.

On the leverage side, the Company continues to show a solid balance sheet profile. 1H21 Current Ratio is in a much healthier position at 2.33x level compared to FY20. The company's assets/equity was 2.34x in 1H21 level, slightly lower than 2.44x in FY20, indicating more productive assets resulting in accumulated profits in equity side. Another favorable aspect, on the interest-bearing debts side, the disbursement of the new facility, made the Net Gearing Ratio safer, at the level of 0.84x. Again, it can be seen that management has maintained a prudent principle.

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Table 4. Key Financial Ratios

	1H21	1H20
Profitability ratios		
Gross Margin	51.4%	40.1%
Operating Margin	36.7%	20.6%
EBITDA Margin	47.4%	39.9%
Net Margin	21.5%	15.7%
Leverage		
Current Ratio	2.33 x	0.76 x
Asset/equity	2.34 x	2.44 x
Interest Bearing Debts/Equities	1.11 x	1.06 x
Net Debts/Equities	0.84 x	1.04 x

2021 Outlook

The year 2021 remains identical with the Covid-19 pandemic whose impact will continue until the first half of 2021. The entire value chain of the palm oil plantation business sector can still run quite optimally while still implementing strict health protocols and has the opportunity to continue to grow.

As commodities, crude palm oil (CPO) prices are very dependent on supply and demand conditions around the world. Since last year, the average selling price has shown a bullish trend, heading to the highest increase in the last 8 years. From January to May 2021, the CPO price trend continued to strengthen. This resulted in the national oil palm plantation sector getting an overweight rating (up compared to other sectors) from capital market analysts. As of June 2021, the CPO reference price was slightly decreased, although in the following month it returned to a historical high level. The price of CPO contracts that are actively traded on the Bursa Malaysia Derivative Exchange is approaching the level of 3,000 ringgit per ton, while the price of FOB Indonesia's CPO is Rp 9,863 per kilogram, down from the previous month's price of Rp 11,486 per kilogram. This turmoil was due to the weakening of palm oil prices amid rising production and a sharp decline in soybean oil prices in the United States. The Company views that the prudent principle and risk management need to be strengthened, although the current CPO price is still in the economy and strengthened again at the beginning of second half, the fluctuating conditions need to be watched out for.

Over the last year or so, the palm oil industry has benefited quite a bit from the supporting external factors, namely an increase in the average selling price. On the other hand, price fluctuations will continue

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to overshadow the sentiment of CPO price movements going forward. Therefore, external momentum that may be profitable must still be accompanied by good internal business management so that it can bear fruit. This is where the success of management in implementing business strategies and with well-organized controls has an important role and ultimately makes optimal productivity. The Company believes that the future business prospects are still quite good in line with the improving condition of the oil palm plantation sector which also has bright prospects. The development of a vaccine for the COVID-19 virus has also begun to find a bright spot. Likewise, the global and national economy should be in better condition than in 2020, although the pandemic is not predicted to subside until the end of 2021.

The Company continues to maintain its strategic policies that are focused on maintaining smooth cash flow, cost efficiency in all business lines and monitoring production activities. The construction project for the PKS II factory and planting in the landbank in South Sumatra is still being carried out optimally and is expected to be completed next year. In addition, another strategic policy is a sustainability policy that is continuously being refined, which in the initial stage is to obtain Indonesia Sustainability Palm Oil ("ISPO") certification for all of the Company's plantations. The plantations that have obtained ISPO certification are those located in Sei Siarti village and Sei Tampang village in Labuhan Batu district, as well as gardens located in Muara Ampolu village, South Tapanuli district. The ISPO certification process is currently underway for PT SSG and PT ABI plantations located in South Sumatra, which are targeted to obtain ISPO certification in early 2022.

As conclusion, CSRA's Director of Finance & Strategic Development, Mr. Seman Sendjaja said "We are very grateful for our achievement which is the best achievement even compared to before the pandemic. Well-arranged planning, prudent principles and competent execution are the fundamental strengths of our business amidst the various challenges the company has experienced directly or indirectly throughout the year, especially due to the Covid-19 pandemic. Going forward, Sustainability Palm Oil is our strategic goal. This is very important in the palm oil industry, especially when the world is changing due to the pandemic, business success is not measured only by increasing profits, but also from sustainable business that is environmentally friendly and supports the empowerment of the surrounding economy towards a better Indonesia post-pandemic."

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About PT Cisadane Sawit Raya



PT Cisadane Sawit Raya Tbk. and its subsidiary entities are national players that develops palm oil plantations in North Sumatra Province and South Sumatra Province. The Company always prioritizes effectiveness and efficiency in utilizing resources to become reputable and integrated agribusiness companies. The company has a Palm Oil Mill (PKS) in the plantation area which began operating in 2007 with a capacity of 60 tons per hour to process fresh fruit bunches (FFB) into crude palm oil (CPO). The Company has a total area of 29,000 hectares with embedded area around 18,000 hectares. As of end of 2020, its FFB production reached 295,125 tons per year that are well-maintained during the current year.

CSRA publicly listed on the Indonesian Stock Exchange (IDX) on 9th January 2020.

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