



CSRA PERFORMANCE REMAIN SOLID Despite a significant rate of CPO decline in 2023

JAKARTA, May 2, 2023 – PT Cisadane Sawit Raya Tbk (*Bloomberg Stock Code: CSRA JJ*) today announced the following result (unaudited) for the quarter ended March 31, 2023 (1Q23) as compared to the corresponding period last year unaudited financial reports.

Business Highlights

- Increase the mature planted area by up to 8% from 1Q22
- CSRA Palm Oil Mill (PKS) at Tapanuli Selatan regency will be commissioning soon and will produce crude palm oil (CPO) and palm kernel (PK). The PKS is constructed in sophisticated fashion with capacity of 45 tons per hour.
- Harvest mechanization and digitalization in all CSRA estates to achieve the optimum production.
- Accelerating ISPO certification in South Sumatera region

In this first quarter, CSRA has once again delivered a solid performance underpinned by solid profitability, improved margins and the confirmation that the Company is on track to achieve our 2023 targets in spite the particularly uncertain environment. These results demonstrate the Company's ability to grow in a tough environment and also represent a strong foundation not only for the rest of 2023, but also for the longer term. Up to the end of March 2023, all regions contributed to growth, although momentum was occasionally weaker in the beginning of year due to the weather and lower average selling price (ASP).

Performance Highlights

- Revenue was Rp184.15 and 27.7% lower than last year same period, mainly driven by lower ASP.
- Net Earnings closed at Rp23.56 billion a decrease of 77.2% compared to the same period last year, which was Rp103.41 billion.
- CSRA balance sheets remain robust, underpinned by solid profitability. As of March 31, 2023, CSRA's asset position was at Rp1.84 trillion, slightly higher than the position of 31 December 2022 at Rp1.83 trillion. Meanwhile, the company's total liabilities in 3M23 amounted to Rp855.33 billion compared to Rp872.13 billion recorded on December 31, 2022.
- Net Debt / Equity at 1Q23 stands at 0.67x, higher than 2022 level at 0.63x.

This considered remarkable performance stemmed from the significant contribution from CSRA's excellent cost control strategy.

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Summary of Consolidated Statement of Income

In IDR Billion	1Q 2023	1Q 2022	Change (%)
Net Sales	184.15	254.9	-27.7%
Gross Profit	88.3	172.5	-48.8%
<i>Gross Profit Margin (%)</i>	47.9%	67.7%	
Operating Profit	46.70	143.2	-67.4%
<i>Operating Profit Margin (%)</i>	25.4%	56.2%	
EBITDA	61.97	160.9	-61.6%
<i>EBITDA Margin (%)</i>	33.7%	63.2%	
Net Profit	23.56	103.4	-77.2%
<i>Net Profit Margin (%)</i>	12.8%	40.6%	

Driving Revenue Growth

CSRA reported consolidated sales of Rp184.15 billion in 1Q23, representing a decrease of 27.7% compared to 1Q22. Sales decreased taking into account from the FFB sales effect of Rp101.48 and as well as the sales of CPO around Rp73.49 billion and Kernel of around Rp9.18 billion.

Operating income amounted to Rp46.7 billion, resulting in an operating margin before non-recurring items of 25.4%, a decrease of 31 basis points. This performance was achieved through productivity gains and the successful execute plans which helped offset the lower average selling price compared to the same period last year.

The company witnessed its long-term strategy to maintain a sustainable business through best-in-class operational efficiency which has proven to be fruitful. Thanks mainly to a positive volume effect. Although price movements were limited in 2023, the positive effects of the productivity and well executed plans helped to offset the lower ASP and deliver improved performance results. Looking ahead, the company's long-term production is expected to rise in light of its favorable estate age profile, with more than 70% of its matured estate's age is below 18 years, which is their prime production age.

For the first three months of 2023, FFB yield stood at 3.9 ton/ha, which was lower from 1Q22's level of 4.2 ton/ha. Moreover, its 1Q23 OER also decrease from 20.4% in 1Q22 to 20.3% in 1Q23 and KER raised from 5.1% in 1Q22 to 5.2% in 1Q23. Production is expected to see significant improvements in 3Q23, which could offset the production decline observed in 1Q23.

The management believe that once CSRA has a strong alignment and deep integration of purpose at full throttle, it can confidently drive awareness to create a clear path to success.

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**Table 1. Production Highlights**

	Mar'23	Mar'22	Change
Planted Areas	20,096	18,921	6.2%
FFB Nucleus (in MT)	67,750	68,644	-1.3%
<i>FFB Yield (tonnes/ha)</i>	<i>3.9%</i>	<i>4.2%</i>	
CPO Production (in MT)	6,057	7,178	-15.6%
<i>OER</i>	<i>20.3%</i>	<i>20.4%</i>	
Kernel Production (in MT)	1,545	1,809	-14.6%
<i>KER</i>	<i>5.2%</i>	<i>5.1%</i>	

The past year has once again reaffirmed the importance of production strategy, which is a key factor not only in the Company's business operations, but also in the respective markets, where the Company holds systemically important positions. CSRA firmly believe that further strategy on the operational side will bring additional opportunities to leverage the performance and further strengthen our position. Lower production figures on the above table are due to measurable excesses from CSRA existing strategic projects as well as the weather. However, the Company focused on delivering profitable growth in a responsible way.

CSRA's 1Q23 gross profit stood Rp88.28 billion, a decrease of 48.8% on annual comparison. This has led the company to earn a substantial operating profit of approximately Rp46.7 billion, or 67.4% lower compared to same period last year. On the bottom line, CSRA's net profit has dropped by over 77.2% YoY to Rp23.56 billion in 1Q23, resulting in 12.8% net margin. Although experiencing lower financial performance, lean operation increases CSRA's ability to respond to external changes, such as economic factors, technological advances, and political and cultural shifts — all factors a nimble organization can address.

Table 2. Highlight of Consolidated Statement of Income (Unaudited)
In Billion IDR

	1Q 2023	1Q 2022	%
Sales	184.15	254.89	-27.7%
COGS	-95.87	-82.40	16.3%
Gross Profit	88.28	172.49	-48.8%
<i>Gross Margin</i>	<i>47.9%</i>	<i>67.7%</i>	

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	1Q 2023	1Q 2022	%
Operating Expenses	46.7	-29.30	-67.4%
Operating Profit	25.4%	143.19	
<i>Operating Margin</i>		56.2%	
Gain Arising from Changes in Fair Value of Biological Assets	-3.37	2.24	-250.5%
Gain from Foreign exchanges – Net	0.01	0.01	-50.0%
Tax Penalties and Expenses	0.00	0.00	0.0%
Other Expenses - Net	-0.03	0.2	-85.0%
<i>EBIT</i>	44.07	146.3	69.8%
<i>EBIT Margin</i>	23.9%	57.4%	
Financial Income	0.8	0.14	-29.8%
Finance Expenses	-11.55	-12.99	-11.1%
Profit Before Tax	32.51	113.33	-100.8%
Tax Income	-8.94	-29.92	-70.1%
Profit For the Period	23.56	103.41	-77.2%
<i>Net Margin</i>	12.8%	40.6%	
Non-Controlling Interest Profit for the Period Attributable of Owner and Parent Entity	0.00	0.00	0.0%
Profit for the Period Attributable of Owner and Parent Entity	23.56	103.41	-77.2%
<i>EBITDA</i>	61.97	160.99	-61.6%
<i>EBITDA Margin</i>	33.7%	63.2%	

Simplifying the business with a focus on disciplined capital allocation and capturing internal synergies

As of the end of March 2023, the total assets stood at Rp1.84 trillion an increase of 0.4% compared to Rp1.83 trillion on December 31, 2022. Non-current assets increased by 3.9% to Rp1.38 trillion compared to the position at the end of 2022 of Rp1.33 trillion, with the largest increase coming from fixed assets and plasma receivables. Meanwhile the current assets of March 2023 decreased by 9.0% compared to FY22 as a result of sales decline. The largest decline in current assets came from the decrease in liquid assets, which are cash and cash equivalents, inventory, as well as biological assets

Whereas the total liabilities hovered around Rp855.33 billion or an 1.9% decrease compared to the end of 2022. The Company's equity position stood at Rp986.68 billion as of March 31st, 2023, an increase of 2.5% compared to the position at the end of 2022. The Company will keep on maintaining a well-balanced capital position to support its long-term stability and planned business growth.

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Tabel 3. Consolidated Balance Sheet
In IDR Billion

	1Q 2023	FY2022
Assets		
<u>Current Assets</u>		
Cash and cash equivalents	189.73	263.73
Trade Receivables from Third Parties - Net	14.15	13.97
Other Receivables from Third Parties	3.84	3.98
Inventories - net	69.05	36.77
Biological Assets	92.95	96.32
Prepaid Taxes	13.44	4.15
Advanced and Prepaid Expenses	73.98	83.59
Total Current Assets	457.16	502.53
<u>Non-Current Assets</u>		
Due from Related Parties	13.11	11.67
Plasma Receivables	47.06	44.22
Investment Properties	0.68	0.68
Bearer Plants:		
- Mature Plantation - Net of Accumulated Depreciation		
- Immature Plantations	547.28	535.23
- Nurseries	161.74	172.85
Fixed Assets - Net of Accumulated Depreciation	11.86	10.50
Tax Amnesty Assets - Net of Accumulated	588.13	542.53
Deferred tax asset	0.31	0.35
Other Assets	-	-
Goodwill	14.67	14.67
Total Non-Current Assets	1,384.85	1,332.73
TOTAL ASSETS	1,842.01	1,835.25
Liabilities		
Bank Loan	-	50.00
Trade payables	95.79	47.23
Other Payables	20.49	12.77
Taxes Payables	36.52	37.64
Accrued Expenses	11.67	12.53
Advances from customers	0.01	-
Long term Liabilities – Current Maturities:		
- Bank Loans	85.87	85.85
- Consumer Financing Loans	3.08	3.34
Total Current Liabilities	256.72	251.25
Due to Related Party	33.23	33.23
Long-term Employee Benefits Liability	49.94	50.27
Deferred Tax Liabilities	33.61	33.78
Long term Liabilities – Net of Current Maturities		

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	1Q 2023	FY2022
- Bank Loans	478.54	500.03
- Consumer Financing Loans	3.28	3.58
Total Non-Current Liabilities	598.61	620.89
TOTAL LIABILITIES	855.33	872.14
EQUITY		
Equity attributable to owners of the Parent Entity	986.66	963.09
Non-controlling interests	0.015	0.015
TOTAL EQUITY	986.68	963.11
TOTAL LIABILITIES AND EQUITY	1,842.01	1,835.25

Key Financial Ratios

CSRA's gross profit margin for 1Q23 stood at 47.9%, significantly lower than the figure for 1Q22. In addition, its operating margin also decrease to 25.4%, which is lower than 1Q22 figure of 56.2%. On the bottom-line, the Company has also managed to keep its net margin at 12.8% in 1Q23, down from 40.6% in 1Q22. This performance reflects lower palm oil price on annual comparison that been recorded very high in history.

Furthermore, the Company has maintained to demonstrate a healthier balance sheet profile, with a current ratio of 1.78x in 1Q23 up from 2.00x in FY22. Its net debt to equity ratio stood at 0.67x in 1Q23, slightly higher than 0.63x posted in 2022. The Assets/Equities ratio also improved to 1.87x as of the end of March 2022 against 1.91x in FY22. Moving forward, the Company will continue to strengthen its capital to preserve long term business stability.

Table 5. Financial Ratio Highlights

	UOM	3M23	3M22
<u>Profitability ratios</u>			
Gross Margin		47.9%	67.7%
Operating Margin		25.4%	56.2%
EBITDA Margin		33.7%	63.2%
Net Margin		12.8%	40.6%
	UOM	3M23	FY2022
<u>Leverage</u>			
Current Ratio	x	1.78	2.00
Asset/Equity	x	1.87	1.91
Interest Bearing Debts/Equity	x	0.70	0.68
Net Debts/Equity	x	0.67	0.63

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2023 Outlook

The economy is still on course to expand in the first half of 2023, and the second half is expected to bring another year of above-potential recovery growth. CSRA's management has been closely monitoring the trend of CPO prices, as they are some key factors in the Company's growth. Despite challenges such as seasonality, inflation, supply-chain disruption, an unpredictable recession, and CPO prices, CSRA's fundamentals are strong and should sustain above potential growth. The Company's has built up excess savings, and company strategic development is underway. However, there has been a delay in the commissioning of the Tapanuli Selatan palm oil mill (PKS) from March 2023 to June 2023 due to technical constraints, and experts in the different operational elements of palm oil mills have been sent to the site to solve the issue.

Seman Sendjaja Director of Finance and Strategic Development expressed satisfaction with the Company's strong performance in the first quarter, stating that it is challenging to consistently perform well in such a difficult environment, but the committed CSRA team has managed to overcome the difficulties admirably. He also attributed the success of ongoing mechanization – driven improvement initiatives that focus on quality and cost efficiency, enabling the Company to meet operational requirements efficiently and effectively.

CSRA will prioritize strengthening its organic growth by accelerate the progress of palm oil mill development in Tapanuli Selatan regency, and planting on South Sumatera region landbank in accordance to the planned schedule. The palm oil mill development in Tapanuli Selatan regency has already reached more than 85% completion and the commissioning target is set on second semester of 2023. The Company is continuously improving the yield of the plans to secure its internal production rate. The yield improvement process aims to exceed the current condition by enhancing the yield and adopting pricing strategies to ensure future sustainability. At the same time, the Company will continue to focus on technology by implementing harvesting mechanization.

“We will remain vigilant toward the economic situation as well as the weather and remain confident in our future prospects, allowing us to unveil our medium-term strategy today. Furthermore, we aim to harness buoyant sustainable business development by implementing the best agronomy practices in all of our operational area.” Seman closing remark.

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PT CISADANE SAWIT RAYA TBK – CSRA at glance



PT Cisadane Sawit Raya Tbk. and its subsidiary entities are national players that develop 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 45 tons per hour (tph) and currently developing another PKS with a capacity of 45 tph. The Company has a total area of 29,000 hectares with embedded area around 20,000 hectares. Its FFB production reached 345,000 tons per year. CSRA publicly listed on the Indonesian Stock Exchange (IDX) on 9th January 2020.

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