



Established in 2008 and listed on the IDX in 2023, **PT Nusantara Sawit Sejahtera Tbk (NSSS)** is comprised of five upstream integrated plantation companies with total planted and unplanted nucleus area of 46,000ha located in Central Kalimantan, Indonesia. Led by a solid and experienced management team, NSSS produces high quality palm oil products complying with best practices in the cultivation of palm oil.

Flat Sales on Weather Disruptions

Due to higher Crude Palm Oil ASP of IDR11,301/kg (+17.6% QoQ), 4Q22 revenue rose by 0.4% QoQ, allowing for FY22 top line to reach IDR1.1tn (-1.1% YoY). CPO contributed 86.2% of total sales, followed by Palm Kernels at 10.3% and FFB at 3.5%. Due to heavy rainfalls, 4Q22 sales volumes decreased by 14.5% QoQ and 14.6% YoY to 20,503 tons, bringing FY22 CPO sales to 80,466 tons or down 9.1% YoY. In 4Q22, production volumes decreased by 7.7% QoQ and 5.5% YoY to 21,207 tons, resulting in total CPO production of 82,862 tons or down 5.9% YoY. In terms of pricing, 4Q22 CPO ASP rose 17.6% QoQ but declined 17.1% YoY, resulting in FY22 ASP reaching IDR 12,146/kg (+6.6% YoY).

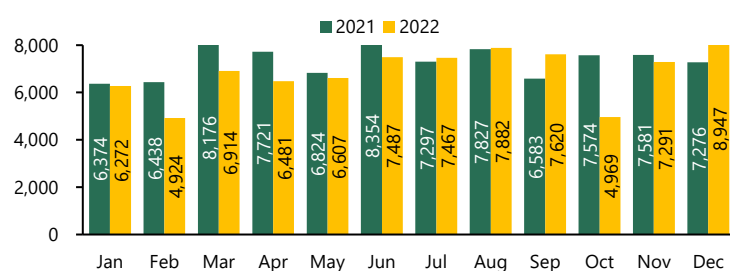
Higher Fertilizer Cost

In 4Q22, gross profit declined by 1.6% QoQ and 69.4% YoY, resulting in FY22 gross profit to decrease by 28.9% YoY to IDR406bn. This was on the back of higher fertilizer and raw materials costs as well as distribution disruptions stemming from geopolitical tensions in Russia and Ukraine.

Operating Margin Improvement

In 4Q22 EBIT jumped to IDR91bn (+37.9% QoQ) due to one-off professional expenses in 3Q22. Operating margin came in at 16.9%, up from 12.3% in 3Q22, bringing FY22 EBIT margin to 28.7%. This resulted in 4Q22 net profit reaching IDR8bn vs IDR26bn loss in 3Q22. Hence, 4Q22 net margin came in at 3% resulting in FY22 net profit margin of 6.2%.

CPO Production (Tons)

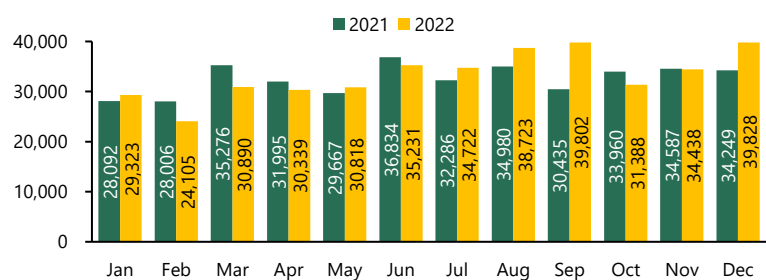


| Profit and Loss | 4Q21 (IDRbn) | 3Q22 (IDRbn) | 4Q22 (IDRbn) | QoQ (%) | YoY (%) | 2021 (IDRbn) | 2022 (IDRbn) | YoY (%) |
|---------------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|---------------|
| Revenue | 383 | 269 | 270 | 0.4 | (29.5) | 1,147 | 1,134 | (1.1) |
| COGS | 187 | 208 | 209 | 0.7 | 12.1 | 576 | 728 | 26.4 |
| Gross Profit | 196 | 61 | 60 | (1.6) | (69.4) | 571 | 406 | (28.9) |
| GPM (%) | 51.3 | 22.7 | 22.2 | - | - | 49.8 | 35.8 | - |
| EBITDA | 218 | 56 | 91 | 62.5 | (58.3) | 655 | 437 | (33.3) |
| EBITDA Margin (%) | 56.9 | 20.7 | 33.9 | - | - | 57.1 | 38.5 | - |
| EBIT | 178 | 33 | 46 | 37.9 | (74.4) | 505 | 326 | (35.4) |
| EBIT Margin (%) | 46.5 | 12.3 | 16.9 | - | - | 44.0 | 28.7 | - |
| Pre-tax Profit | 140 | (19) | 20 | n.a. | (85.9) | 334 | 124 | (62.9) |
| Net Profit | 98 | (26) | 8 | n.a. | (91.8) | 245 | 70 | (71.4) |
| NPM (%) | 25.6 | n.a. | 3.0 | - | - | 21.4 | 6.2 | - |

| Plantation Performance | 4Q21 | 3Q22 | 4Q22 | QoQ (%) | YoY (%) | 2021 | 2022 | YoY (%) |
|------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|
| FFB Production (tons) | | | | | | | | |
| Nucleus (tons) | 102,796 | 113,247 | 105,654 | (6.7) | 2.8 | 390,367 | 399,606 | 2.4 |
| Plasma (tons) | 1,150 | 1,521 | 1,316 | (13.5) | 14.4 | 3,981 | 4,596 | 15.4 |
| FFB Yield (%) | 4.3 | 4.5 | 4.2 | - | - | 16.3 | 15.9 | - |

| Mill Performance | 4Q21 | 3Q22 | 4Q22 | QoQ (%) | YoY (%) | 2021 | 2022 | YoY (%) |
|-----------------------|---------|---------|--------|---------|---------|---------|---------|---------|
| FFB Processed (tons) | 103,430 | 105,773 | 95,584 | (9.6) | (7.6) | 402,004 | 380,549 | (5.3) |
| CPO Production (tons) | 22,432 | 22,969 | 21,207 | (7.7) | (5.5) | 88,025 | 82,862 | (5.9) |
| PK Production (tons) | 5,170 | 4,601 | 3,918 | (14.8) | (24.2) | 18,083 | 15,617 | (13.6) |
| CPO OER (%) | 21.7 | 21.7 | 22.2 | - | - | 21.9 | 21.8 | - |
| KER (%) | 5.0 | 4.4 | 4.1 | - | - | 4.5 | 4.1 | - |

FFB Production (Tons)

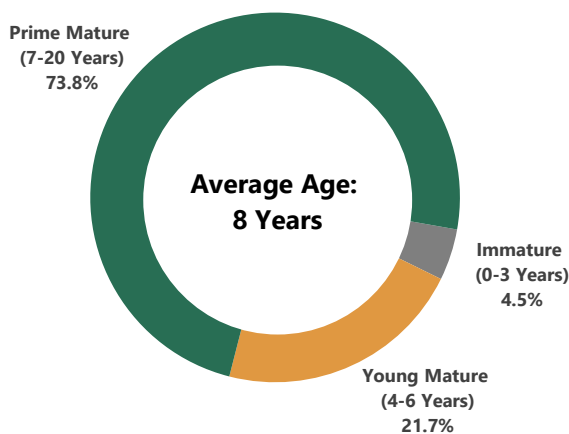


Higher CPO Production Expected in 2023

Total FFB production in FY22 reached 404,202 tons (nucleus and plasma), an increase of 2.5% from FY21. However, due to 2H22 higher rainfalls, which resulted in FFB harvest disruptions, the Company recorded lower FY22 processed FFB at 380,549 tons, down 5.3% YoY. This resulted in lower CPO production of 82,862 tons (-5.9% YoY) and Palm Kernel production of 15,617 tons or (-13.6% YoY) in FY22.

On the production side, NSSS recorded FY22 nucleus FFB yield of 15.9 tons per Ha with CPO extraction rate of 21.8% and PK extraction rate of 4.1%. CPO mill utilization rate came in at 105.7% in FY22 vs 111.7% in FY21. Management expects higher production in FY23 upon completion of its second CPO mill in 4Q23.

Age Profile (as of December 2022)



Plantation Areas & Young Plant Profile

In FY22, NSSS increased its new planted area by 175ha on its ready-to-use landbank bringing the total planted area (including plasma) to 27,265ha. In FY23, the Company expects to reclassify 1,227ha of immature planted area to mature area bringing its average age profile to 8 years.

Stronger Balance Sheet Ahead on IPO Proceeds

Total FY22 assets increased by 2.0% YoY to IDR3tn, resulting from ongoing construction of the Company's second CPO Mill with capacity of 60 tons per hour under its subsidiary company, PT Borneo Sawit Perdana (BSP).

The Company recorded a slight reduction in its total liabilities by 0.4% in FY22 to IDR2.4tn due to IDR51bn repayment in bank loans. Meanwhile, total equity increased 12.7% YoY to IDR630bn in FY22. As a result, net gearing in FY22 improved to 327.6% from 351.3% in FY21. With expected IDR453bn IPO proceeds upon its listing in 1Q23, management expects net gearing to further improve to 154.4% in FY23 and 56.1% in FY24.

| Total Planted Area | 2019 | 2020 | 2021 | 2022 | YoY (%) |
|---------------------------|---------------|---------------|---------------|---------------|------------|
| New Planting (Ha) | 396 | 463 | 154 | 175 | 13.6 |
| Total Area (Ha) | 26,189 | 26,738 | 27,033 | 27,265 | 0.9 |
| Mature Area (Ha) | | | | | |
| Nucleus (Ha) | 19,489 | 22,513 | 23,982 | 25,197 | 5.1 |
| Plasma (Ha) | 399 | 450 | 450 | 529 | 17.6 |
| Immature Area (Ha) | | | | | |
| Nucleus (Ha) | 6,125 | 3,564 | 2,239 | 1,187 | (47.0) |
| Plasma (Ha) | 175 | 210 | 362 | 351 | (3.0) |

| Balance Sheet | 2021 (IDRbn) | 2022 (IDRbn) | YoY (%) |
|------------------------------|-----------------|-----------------|--------------|
| Cash and equivalents | 191 | 40 | (78.8) |
| Trade receivables | 22 | 30 | 40.4 |
| Inventories | 90 | 160 | 78.3 |
| Fixed assets | 542 | 623 | 15.1 |
| Biological assets | 1,725 | 1,778 | 3.1 |
| Other assets | 406 | 404 | (0.6) |
| Total Assets | 2,975 | 3,035 | 2.0 |
| <i>Return on assets (%)</i> | 8.2 | 2.3 | - |
| Interest bearing liabilities | 2,156 | 2,105 | (2.4) |
| Trade payables | 105 | 124 | 18.3 |
| Other liabilities | 155 | 176 | 13.8 |
| Total Liabilities | 2,416 | 2,405 | (0.4) |
| <i>Net gearing (%)</i> | 351.3 | 327.6 | - |
| Minority interest | 0 | 0 | (4.2) |
| Total Equity | 559 | 630 | 12.7 |
| <i>Return on equity (%)</i> | 43.9 | 11.1 | - |

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