

PT Nusantara Sawit Sejahtera Tbk (NSSS)

Investor Newsletter Volume 7: 2Q24 Results Update

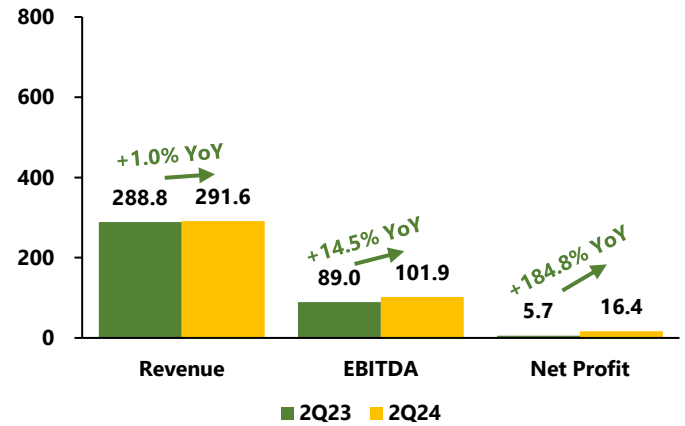
BUSINESS HIGHLIGHTS

- With CPO having accounted for 89% of total 2Q24 topline, up from 85% in 2Q23, NSSS' 2Q24 revenue of IDR291.6bn increased +4.9% QoQ and +1.0% YoY, driven by higher CPO prices, despite a decline in sales volume of 3.6% QoQ and 8.0% YoY. Due to favorable supply and demand conditions, 2Q24 average prices reached IDR12,238/kg or +6.9% QoQ and +14.6% YoY. This increased margins across the board.
- In 2Q24, net profit surged to IDR16.4bn (+184.8% QoQ, +302.3% YoY), driven by a significant reduction in selling expenses which dropped to IDR2.2bn (-77.6%YoY). This decrease was attributed to lower FFB transportation costs due to higher utilization of the second mill.
- On the production front, 2Q24 CPO volume reached 23,637tons up +6.1% QoQ but relatively flat on a YoY basis despite -10.0% YoY decline in FFB production to 104,968tons. This contributed to 6M24 CPO production of 45,920tons, up +9.7% YoY, supported by the newly constructed mill, excellent plantation management, and a young plantation age profile of 9.3 years.
- NSSS completed construction of its second special terminal in June 2024, aimed at enhancing the efficiency of its delivery system and reducing transportation costs.

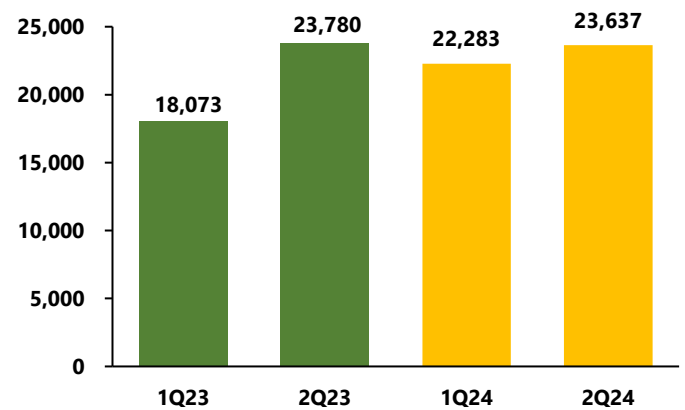


NSSS' second special terminal is in operation as of 2Q24

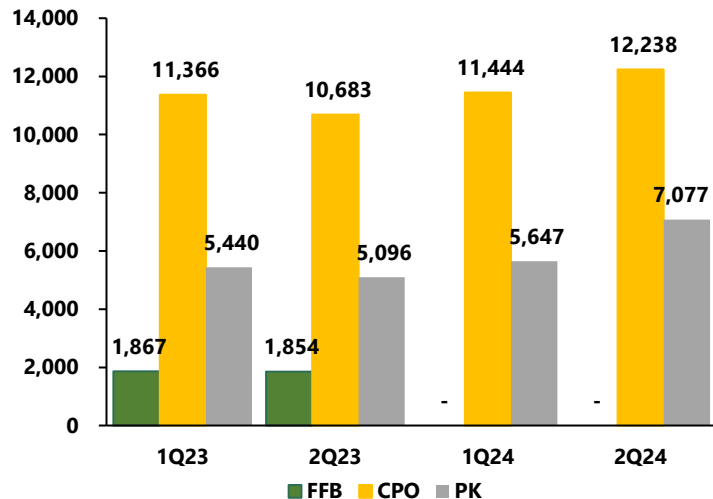
Revenues, EBITDA and Net Profit (IDRbn)



CPO Production (tons)



Average Selling Price (IDR/kg)





FINANCIAL OVERVIEW

- Driven by higher CPO prices, 2Q24 gross margin improved to 26.5% from 23.5% in 1Q24 and 23.2% in 2Q23, resulting in 2Q24 gross profit expansion to IDR 77.4bn, up 18.3% QoQ and 15.3% YoY.
- NSSS' 2Q24 revenue boosted EBITDA to IDR101.9bn (+14.3% QoQ, +14.5% YoY), resulting in improved EBITDA margin of 34.9% (1Q24: 32.1%, 2Q23: 30.8%), supported by decreased selling expenses from IDR9.8bn to IDR2.2bn (-77.6% QoQ).
- 2Q24 EBIT rose to IDR60.8bn (+17.5% QoQ, +49.2% YoY), significantly increasing NSSS' net profit to IDR16.4bn, up from IDR5.7bn in 1Q24 and IDR 4.1bn in 2Q23, resulting in higher net margins of 5.6% in 2Q24, more than threefold increase from 1.4% in 2Q23.
- On the balance sheet, 1H24 net gearing improved to 159.6% vs.175.5% in FY23 on the back of lower debt to IDR2,017bn from IDR2,104bn at FY23.

Profit & Loss (IDRbn)	2Q24	1Q24	2Q23	QoQ (%)	YoY (%)	6M24	6M23	YoY (%)
Revenues	291.6	278.0	288.8	4.9	1.0	569.6	532.1	7.0
Gross Profit	77.4	65.4	67.1	18.3	15.3	142.8	98.3	45.3
% margin	26.5	23.5	23.2	-	-	25.1	18.5	-
EBITDA	101.9	89.1	89.0	14.3	14.5	191.0	105.5	80.9
% margin	34.9	32.1	30.8	-	-	33.5	19.8	-
EBIT	60.8	51.8	40.8	17.5	49.2	112.6	37.4	201.1
% margin	20.9	18.6	14.1	-	-	19.8	7.0	-
Net Profit	16.4	5.7	4.1	184.8	302.3	22.1	(56.8)	-
% margin	5.6	2.1	1.4	-	-	3.9	-	-

Balance Sheet (IDRbn)	Jun'24	Dec'23	YTD (%)
Total Assets	3,699	3,672	0.7
Total Liabilities	2,614	2,611	0.1
Total Equity	1,085	1,061	2.2

Cash Flow (IDRbn)	Jun'24	Jun'23
Operation	124	(35)
Investing	(93)	(126)
Financing	13	416
Net Change in Cash	44	256

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OPERATIONAL OVERVIEW

- 2Q24 processed FFB rose to 109,787tons (+6.4% QoQ, +1.4% YoY) translating to higher CPO production of 23,637tons (+6.1% QoQ) following the operation of NSSS' second CPO mill.
- Total planted area rose from 27,586ha to 28,368ha (+2.8% YoY) in 2Q24, consisting of 26,907ha Nucleus area (+1.6% YoY) and 1,461ha Plasma area (+31.3% YoY) due to strong operational management.

FFB Production (tons)	2Q24	1Q24	2Q23	QoQ (%)	YoY (%)	6M24	6M23	YoY (%)
Nucleus	104,968	101,483	116,666	3.4	(10.0)	206,451	206,781	(0.2)
Plasma	1,518	1,598	1,614	(5.0)	(6.0)	3,116	2,648	17.6
FFB Yield (tons/ha)	4.0	3.9	4.6	-	-	7.9	8.1	-

Mill Performance (tons)								
Processed FFB	109,787	103,168	108,320	6.4	1.4	212,955	192,283	10.8
CPO Production	23,637	22,283	23,780	6.1	(0.6)	45,920	41,853	9.7
CPO OER (%)	21.5	21.6	22.0	-	-	21.6	21.8	-
PK Production	4,459	4,832	4,996	(7.7)	(10.8)	9,291	8,694	6.9
KER (%)	4.1	4.7	4.6	-	-	4.4	4.5	-

Sales Volumes (tons)								
CPO	21,203	22,005	23,036	(3.6)	(8.0)	43,208	41,538	4.0
PK	4,537	4,630	4,861	(2.0)	(6.7)	9,168	8,544	7.3
FFB	-	-	9,661	-	-	-	16,632	-

Avg Selling Price (IDR/kg)								
CPO	12,238	11,444	10,683	6.9	14.6	11,834	10,987	7.7
PK	7,077	5,647	5,096	25.3	38.9	6,355	5,244	21.2
FFB	-	-	1,854	-	-	-	1,860	-

OUTLOOK

- We expect continued positive support coming from CPO prices in 2H24 helped by the La Nina occurrence.
- In terms of volumes, we also expect higher yields stemming from maturing plantations boosting FFB output.
- Finally, the second mill is projected to increase CPO and PK production, resulting in higher future earnings for NSSS.

PLANTED AREAS (in hectares)

	6M24	6M23	YoY (%)
New Planting	141	89	57.5
Nucleus	26,907	26,474	1.6
Mature	26,056	25,594	1.8
Immature	851	880	(3.2)
Plasma	1,461	1,112	31.3
Mature	669	583	14.7
Immature	792	529	49.7
Total Planted	28,368	27,586	2.8

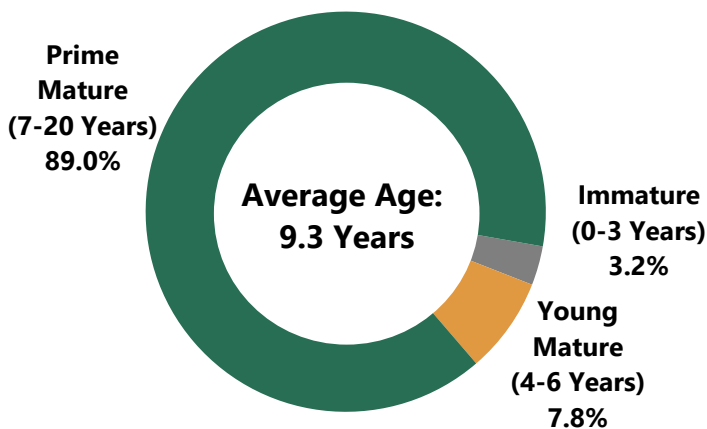
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ADDITIONAL INFORMATION

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 43,000ha located in Central Kalimantan, Indonesia. Led by a solid and experienced management team, NSSS produces the highest quality palm oil products complying with best practices in the cultivation of palm oil.

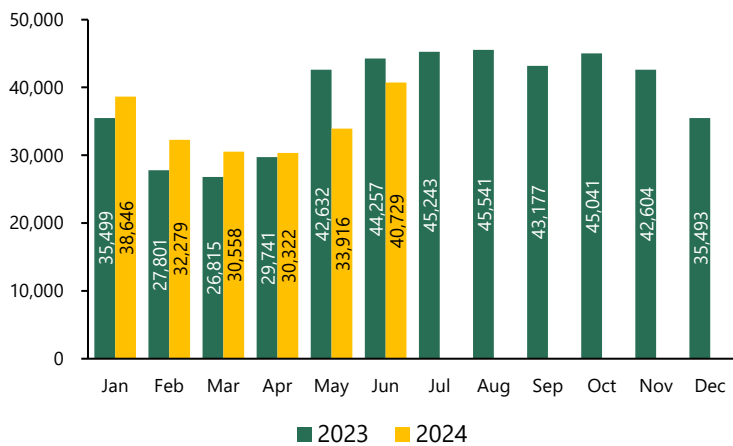
Age Profile 6M24



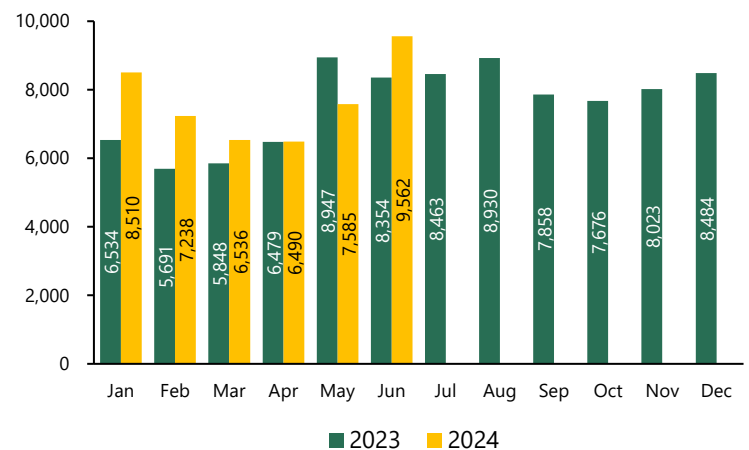
2nd CPO Mill



FFB Production (tons)



CPO Productions (tons)



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