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# First Resources Limited

Full Year and Fourth Quarter 2011

Results Presentation

27 February 2012 | Singapore

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*Delivering Growth and Returns*





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# Executive Summary

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## Record-Breaking Year

### ■ Record Financial Performance

- Record-high EBITDA of US\$294.7 million in FY2011, an increase of 44.7%
- Record-high underlying net profit of US\$168.4 million, an increase of 54.6%
- Driven by higher sales volume and average selling prices of CPO and PK

### ■ Outstanding Operational Performance

- Record-high FFB and CPO production volumes, an increase of 19.8% and 19.9% respectively
- Maintained excellent CPO extraction rate of 23.6%; CPO yield reached a high of 5.2 tonnes/ha
- Cash cost of production maintained at US\$221/tonne for nucleus CPO despite inflationary pressures from wages, fertilisers and appreciating Rupiah

### ■ Positive Contributions by Refinery and Processing Investments

- Diversification of Group's income stream in progress
- Refinery and Processing segment contributed to 28.5% and 9.1% of Group's revenue and EBITDA respectively

# Executive Summary

## Dividend

- **Proposed final dividend of 2.50 Singapore cents per share**

- Interim dividend of 1.00 Singapore cents per share paid in September 2011, bringing total FY2011 dividend to 3.50 Singapore cents per share

Dividend Payout	FY2011	FY2010	FY2009	FY2008
Interim Dividend Per Share (Singapore cents)	1.00	1.00	1.00	1.40
Final Dividend Per Share (Singapore cents)	2.50	1.90	1.18	-
Total Dividend Per Share (Singapore cents)	3.50	2.90	2.18	1.40
% Growth	21%	33%	56%	n.a.
% of Underlying Net Profit	25%	30%	30%	17%

n.a. : not applicable

**Committed to dividend payout in line with Company's performance**



# Financial Performance

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# Income Statement Highlights

US\$ million	FY2011	FY2010	Change	4Q2011	4Q2010	Change
Sales	494.6	329.9	49.9%	158.2	117.7	34.5%
Gross profit	345.9	212.2	63.0%	111.9	76.5	46.2%
Gains arising from changes in fair value of biological assets	39.2	49.5	(20.8%)	39.2	49.5	(20.8%)
Profit from operations	310.4	237.0	31.0%	127.8	113.2	12.9%
EBITDA <sup>(1)</sup>	294.7	203.7	44.7%	95.1	68.6	38.6%
Net profit <sup>(2)</sup>	196.4	143.1	37.3%	77.8	70.5	10.4%
Underlying net profit <sup>(3)</sup>	168.4	108.9	54.6%	49.8	36.3	37.2%
Gross margin	69.9%	64.3%	↑	70.7%	65.0%	↑
EBITDA margin	59.6%	61.8%	↓	60.1%	58.3%	↑

(1) Profit from operations adjusted for depreciation, amortisation and gains arising from changes in fair value of biological assets

(2) Profit attributable to owners of the Company

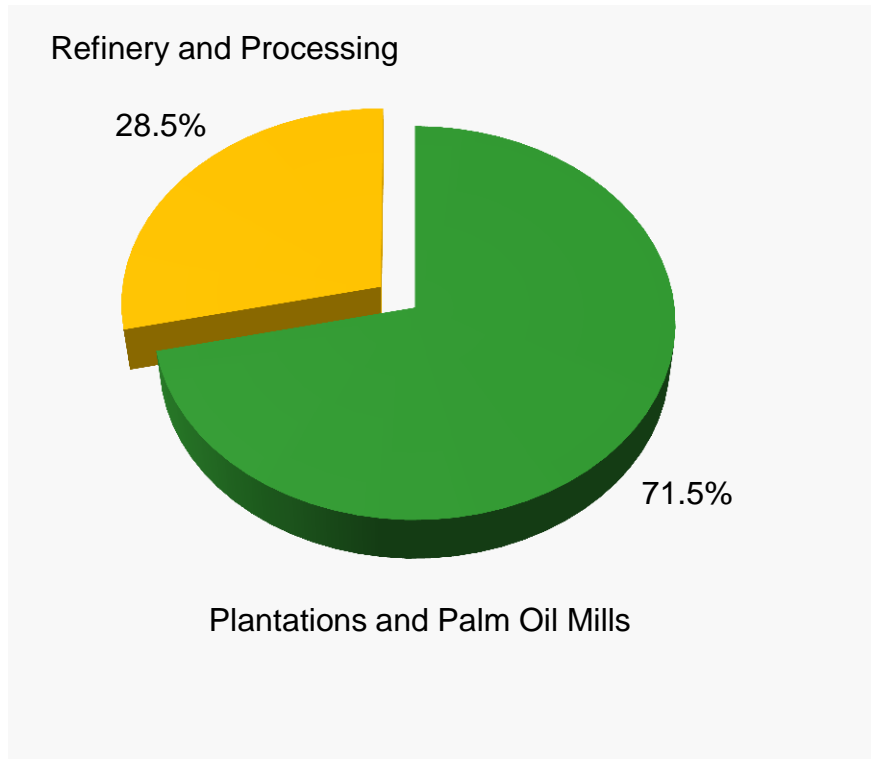
(3) Adjusted to exclude net gains arising from changes in fair value of biological assets

# Segmental Results

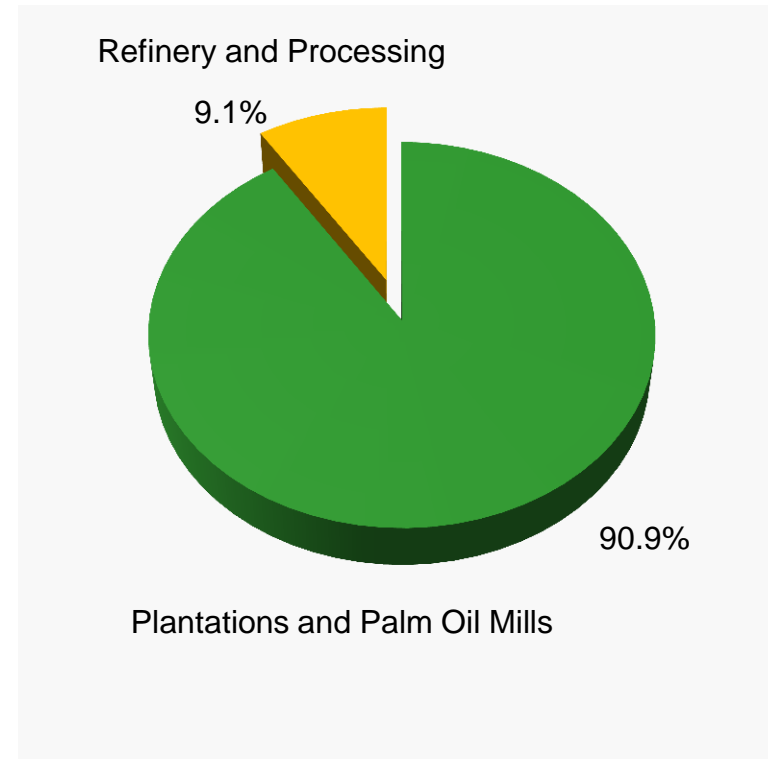
US\$ million	FY2011	FY2010	Change	4Q2011	4Q2010	Change
<b>Sales</b>						
Plantations and Palm Oil Mills	441.1	331.3	33.1%	129.0	114.1	13.1%
• Crude Palm Oil	388.6	288.1	34.9%	118.8	96.1	23.7%
• Palm Kernel	52.5	43.2	21.6%	10.2	18.0	(43.5%)
Refinery and Processing	175.5	15.9	1001.5%	66.4	7.0	851.0%
Inter-segment elimination	(122.0)	(17.4)	602.9%	(37.1)	(3.4)	999.2%
	<b>494.6</b>	<b>329.9</b>	<b>49.9%</b>	<b>158.2</b>	<b>117.7</b>	<b>34.5%</b>
<b>EBITDA</b>						
Plantations and Palm Oil Mills	267.9	206.0	30.0%	83.3	71.2	17.0%
Refinery and Processing	26.8	(2.3)	<i>n.m.</i>	11.8	(2.6)	<i>n.m.</i>
	<b>294.7</b>	<b>203.7</b>	<b>44.7%</b>	<b>95.1</b>	<b>68.6</b>	<b>38.6%</b>

# Segmental Contribution – FY2011

## Sales



## EBITDA



Note: Sales by business segment is stated before inter-segment elimination



# Segmental Sales Volume

Tonnes	FY2011	FY2010	Change	4Q2011	4Q2010	Change
<b>Sales Volume</b>						
Plantations and Palm Oil Mills						
▪ Crude Palm Oil	422,598	386,125	9.5%	129,463	122,244	5.9%
▪ Palm Kernel	96,177	86,281	11.5%	26,989	28,155	(4.1%)
Refinery and Processing	141,690	17,728	699.2%	53,128	6,728	689.7%

- Increase in sales volume of CPO and PK in tandem with increase in production volumes
- Significant increase in sales of refined palm products due to the ramping up of the Group's activities at its biodiesel, refinery and fractionation plants
- However, overall sales volume was lower than production volumes due to increase in inventory

Note: Sales volume include inter-segment sales

# Review of Key Performance Metrics

Performance Metrics	FY2011	FY2010	Change
Unit Cash Cost of Production, Ex-Mill <sup>(1)</sup> - Per tonne of nucleus CPO produced	US\$221	US\$221	
Unit Plantation EBITDA <sup>(2)</sup> - Per tonne of nucleus CPO produced	US\$658	US\$604	
Unit Plantation EBITDA <sup>(2)</sup> - Per hectare of mature nucleus plantation	US\$3,586	US\$2,969	

(1) Derived using total cash costs of producing nucleus CPO and PK (before selling and distribution expenses and general and administrative expenses), divided by the production volume of nucleus CPO

(2) Refers to EBITDA of Plantations and Palm Oil Mills segment

# Balance Sheet Highlights

US\$ million	31 Dec 2011	31 Dec 2010
Total Assets	1,500.1	1,235.1
Cash and bank balances	210.4	209.0
Total Liabilities	571.7	490.2
Interest bearing debts <sup>(1)</sup>	349.6	305.7
Total Equity	928.4	744.9
Net Debt <sup>(2)</sup> / Total Equity	0.15x	0.13x
Net Debt <sup>(2)</sup> / EBITDA	0.47x	0.47x
EBITDA / Interest Expense <sup>(3)</sup>	9.9x	6.9x

(1) Sum of bonds payable, liability component of convertible bonds and loans and borrowings from financial institutions

(2) Interest-bearing debts less cash and bank balances

(3) Total interest expense (including capitalised interest) on interest-bearing debts, excluding amortisation of issuance costs



# Operational Performance

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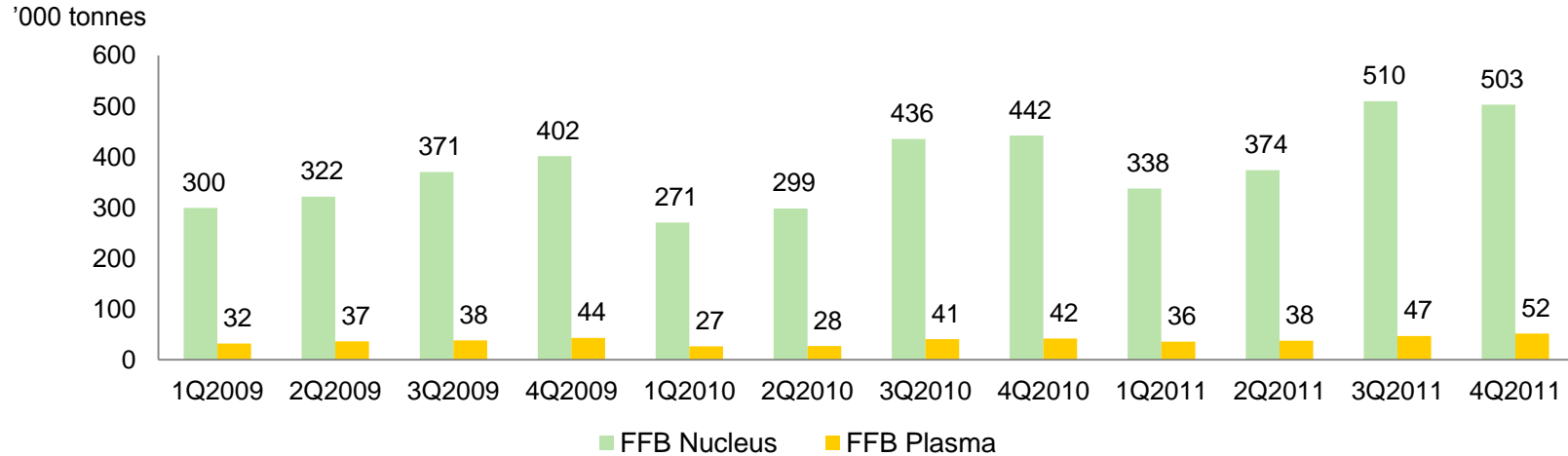
# Operational Highlights

		FY2011	FY2010	Change	4Q2011	4Q2010	Change
<b>Production</b>							
FFB Total	(tonnes)	1,898,565	1,584,910	19.8%	555,616	484,607	14.7%
• Nucleus		1,725,374	1,447,595	19.2%	503,125	442,273	13.8%
• Plasma		173,191	137,315	26.1%	52,491	42,333	24.0%
CPO	(tonnes)	452,113	376,922	19.9%	133,062	116,288	14.4%
PK	(tonnes)	103,993	85,650	21.4%	30,926	26,937	14.8%
<b>Efficiency</b>							
FFB Yield	(tonnes/ha)	22.2	20.2	↑	6.5	6.2	↑
CPO Yield	(tonnes/ha)	5.2	4.7	↑	1.5	1.5	—
CPO Extraction Rate	(%)	23.6	23.6	—	23.6	23.7	↓
PK Extraction Rate	(%)	5.4	5.4	—	5.5	5.5	—

- Strong overall increase in production due to yield recovery and increase in mature hectarage
- Maintained high oil extraction rate of 23.6% for FY2011

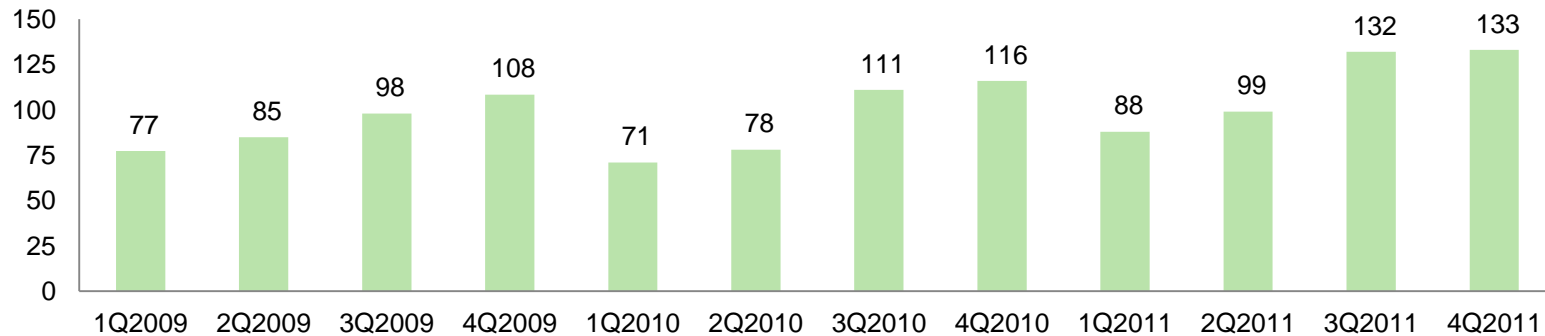
# Production Trends

## FFB Production



'000 tonnes

## CPO Production



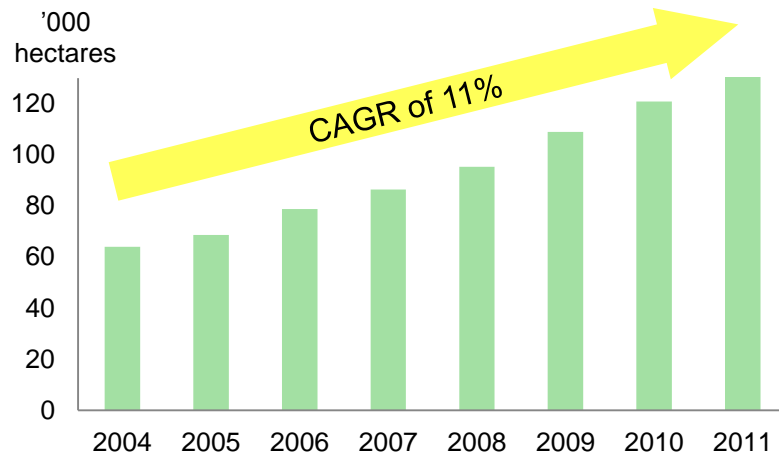
# Plantation Area

***Investing for growth – added 11,421 ha in FY2011***

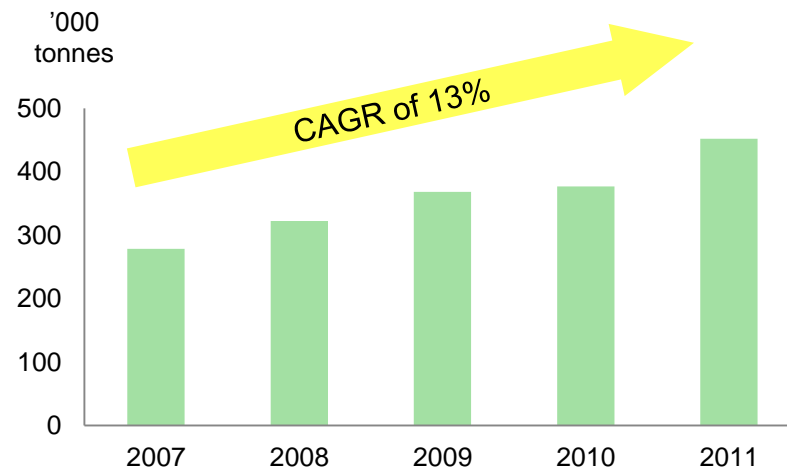
	As at 31 Dec 2011		As at 31 Dec 2010		Change
	Area (ha)	% of Total	Area (ha)	Area (ha)	Area (ha)
<b>Planted Nucleus</b>	<b>113,143</b>	<b>86%</b>	<b>107,664</b>		<b>5,479</b>
- Mature	74,704	57%	69,404		5,300
- Immature	38,439	29%	38,260		179
<b>Planted Plasma</b>	<b>19,108</b>	<b>14%</b>	<b>13,166</b>		<b>5,942</b>
- Mature	10,995	8%	9,223		1,772
- Immature	8,113	6%	3,943		4,170
<b>Total Planted</b>	<b>132,251</b>	<b>100%</b>	<b>120,830</b>		<b>11,421</b>
- Mature	85,699	65%	78,627		7,072
- Immature	46,552	35%	42,203		4,349

# Consistent and Disciplined Expansion

Total Planted Area



CPO Production

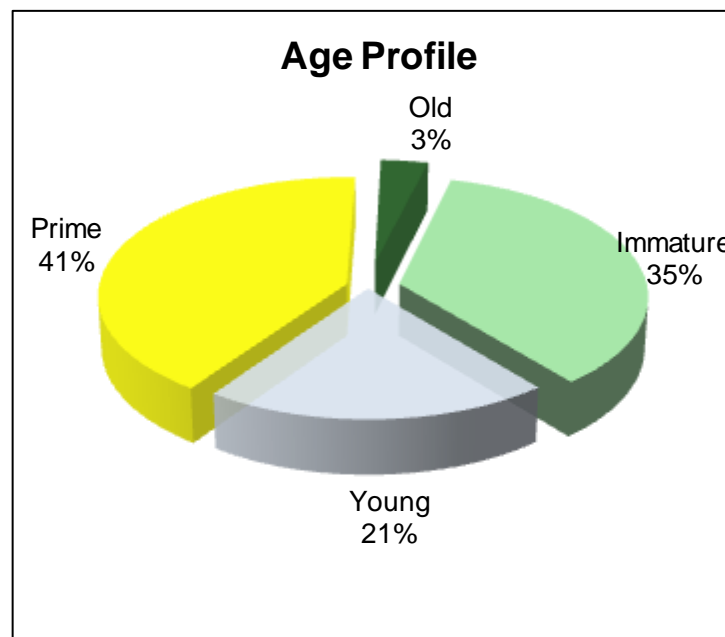


**Strategy of consistent and disciplined planting  
a key driver to sustainable production growth**



# Plantation Age Profile

Age	As at 31 Dec 2011	
	Area (ha)	% of Total
0-3 years (Immature)	46,552	35%
4-7 years (Young)	27,271	21%
8-17 years (Prime)	53,893	41%
≥ 18 years (Old)	4,535	3%
<b>Total</b>	<b>132,251</b>	<b>100%</b>



**Weighted average age of ~ 8 years**



# Growth Strategy

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# 5-Year Strategy: Building on our Core Expertise

## Expand Plantation Footprint

- To continue a disciplined and diligent planting programme to ensure sustainable production growth
- To add milling capacity in line with the growth in FFB production
- Aim to produce 1 million tonnes of CPO annually




## Sustain Cost Leadership

- To maintain our low-cost structure through best-in-class operational efficiency and stringent cost management
- Strategy of being at the low end of the industry cost curve provides superior margins and greater resilience to price cycles

## Expand Processing Capabilities

- To expand our processing capacity to accommodate the growing production from our plantations
- Integrated operations through the palm oil value chain allows Group to fully leverage and maximise the value of our plantation assets

# To be a Leading Plantation Group with Integrated Operations Throughout the Value Chain

	Plantations	Milling	Processing
Activity			
Products	<ul style="list-style-type: none"> <li>▪ Fresh Fruit Bunches</li> </ul>	<ul style="list-style-type: none"> <li>▪ Crude Palm Oil</li> <li>▪ Palm Kernel</li> </ul>	<ul style="list-style-type: none"> <li>▪ RBDPO</li> <li>▪ PFAD</li> <li>▪ RBD Olein</li> <li>▪ RBD Stearin</li> <li>▪ Biodiesel</li> <li>▪ Crude Glycerine</li> <li>▪ PKE</li> <li>▪ PKO</li> </ul>
Assets	<ul style="list-style-type: none"> <li>▪ <b>Current</b> <ul style="list-style-type: none"> <li>➢ 132,251 ha (including plasma)</li> </ul> </li> <li>▪ <b>Expansion Plans</b> <ul style="list-style-type: none"> <li>➢ To add 15-20,000 ha per year</li> <li>➢ Target to reach 200,000 ha</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Current</b> <ul style="list-style-type: none"> <li>➢ 9 CPO mills</li> <li>➢ Capacity of 3.24 million tonnes of FFB p.a.</li> </ul> </li> <li>▪ <b>Expansion Plans</b> <ul style="list-style-type: none"> <li>➢ 2 additional mills by 2012</li> <li>➢ To add milling capacity in line with FFB production growth</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Current</b> <ul style="list-style-type: none"> <li>➢ Refinery, fractionation &amp; biodiesel plants</li> <li>➢ Capacity of 250,000 tonnes p.a.</li> </ul> </li> <li>▪ <b>Expansion Plans</b> <ul style="list-style-type: none"> <li>➢ To add kernel crushing capability</li> <li>➢ To increase refinery &amp; fractionation capacity</li> </ul> </li> </ul>

Note: Data as at 31 December 2011

# Current Project: Integrated Processing Complex

- **A sea-front complex to cater for Group's palm products from Riau province**

- Construction started in 2010; expect complex to be fully operational by 1Q2013

- **Main features:**

- **Private Jetty with Bulking Installation**

- Able to berth ships of up to 80,000 tonnes capacity
- Storage tank capacity of ~ 100,000 tonnes

- **Refinery & Fractionation Plants**

- Processing capacity of 2,000 tonnes/day
- Will increase Group's total refining capacity to 850,000 tonnes/year

- **CPO Mill**

- Capacity of 45 tonnes/hour

- **Kernel Crushing Plant**

- Capacity of 350 tonnes/day

- **Auxiliary Infrastructure**

- Biomass power plant, waste water treatment plant, etc.



# Capital Investments in FY2012

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## ■ Plantation Development

- New planting of ~ 15,000 to 20,000 ha of oil palms and 2,000 ha of rubber
- Maintenance of existing immature oil palms

## ■ Property, Equipments and Others

- Infrastructure for plantation management

## ■ CPO mills

- Upgrade of existing mills and completion of the 10<sup>th</sup> and 11<sup>th</sup> mills

## ■ Processing Facilities

- Completion of Integrated Processing Complex

**Expected capital expenditure of ~US\$200 million**

# Disclaimer

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