



# First Resources Limited

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**Third Quarter 2016 Results Presentation**  
**9 November 2016**

*Delivering Growth and Returns*



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# Executive Summary – 9M2016

## ■ Recorded a Strong Financial Performance for 3Q2016

- Net profit for 3Q2016 came in at US\$35.9 million, an increase of 26.2% as compared to 3Q2015, while EBITDA was at US\$77.5 million, up by 25.7%.
- Results for 3Q2016 boosted by improvement in average selling prices and higher sales volumes.
- For 9M2016, net profit of US\$67.3 million and EBITDA of US\$160.0 million were recorded.
- Overall financial performance continued to be impacted by lower production volumes.

## ■ Abating Pressure on Production in 3Q2016

- Production volumes in 3Q2016 saw less pronounced declines as compared to 1H2016 as the El Nino impact gradually tapers off.
- Fresh fruit bunches (FFB) harvested decreased by 8.9% in 3Q2016.
- Crude palm oil (CPO) production decreased by 13.3% in 3Q2016.

# Financial Performance

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# Income Statement Highlights

US\$' million	9M2016	9M2015 <sup>(2)</sup>	Change	3Q2016	3Q2015 <sup>(2)</sup>	Change
Sales	400.0	322.8	23.9%	151.5	107.8	40.6%
Cost of sales	(228.3)	(148.6)	53.7%	(71.0)	(41.9)	69.5%
Gross profit	171.7	174.3	(1.5%)	80.5	65.8	22.3%
EBITDA <sup>(1)</sup>	160.0	169.7	(5.8%)	77.5	61.6	25.7%
Net profit attributable to owners of the Company	67.3	77.7	(13.4%)	35.9	28.4	26.2%
Gross profit margin	42.9%	54.0%	↓	53.1%	61.1%	↓
EBITDA margin	40.0%	52.6%	↓	51.1%	57.2%	↓

- Increase in sales mainly due to higher sales volumes from the Refinery and Processing segment.
- Higher cost of sales mainly due to the effects from inventory drawdown and increased purchases of palm oil products from third parties.
- EBITDA and net profit grew by 26% in 3Q2016, boosted by the improvement in average selling prices and higher sales volumes.
- General decline in margins contributed by the increased purchases from third parties.

(1) Profit from operations adjusted for depreciation and amortisation.

(2) Restated to take into account the effects from the adoption of the amendments to FRS16 and FRS41.

# Segmental Results

US\$' million	9M2016	9M2015	Change	3Q2016	3Q2015	Change
<b>Sales</b>						
Plantations and Palm Oil Mills	309.9	319.6	(3.0%)	126.1	93.3	35.1%
• Crude Palm Oil	254.9	275.1	(7.3%)	102.1	81.1	25.8%
• Palm Kernel	47.3	39.7	19.2%	20.8	11.0	89.6%
• Fresh Fruit Bunches	7.7	4.9	57.2%	3.2	1.2	161.4%
Refinery and Processing	341.5	184.1	85.5%	122.5	84.0	45.8%
Inter-segment elimination	(251.4)	(180.9)	38.9%	(97.0)	(69.6)	39.4%
	400.0	322.8	23.9%	151.5	107.8	40.6%
<b>EBITDA</b>						
Plantations and Palm Oil Mills	150.5	163.2	(7.8%)	69.4	51.3	35.2%
Refinery and Processing	6.8	16.6	(59.3%)	10.9	14.4	(24.1%)
Inter-segment elimination <sup>(1)</sup>	2.7	(10.1)	<i>n.m.</i>	(2.8)	(4.1)	(30.2%)
	<b>160.0</b>	<b>169.7</b>	<b>(5.8%)</b>	<b>77.5</b>	<b>61.6</b>	<b>25.7%</b>

(1) Inter-segment elimination of EBITDA relates to the elimination of unrealised profit on inter-segment sales.

# Segmental Sales Volume

	9M2016	9M2015	Change	3Q2016	3Q2015	Change
<b>Sales Volume (tonnes)</b>						
Plantations and Palm Oil Mills <sup>(1)</sup>						
• Crude Palm Oil	448,920	481,149	(6.7%)	167,188	163,278	2.4%
• Palm Kernel	101,731	111,578	(8.8%)	37,951	38,057	(0.3%)
Refinery and Processing	561,722	302,725	85.6%	186,149	137,196	35.7%

- Sales volumes of CPO and palm kernel in 9M2016 were impacted by the decline in production.
- Higher sales volumes of processed palm based products reflects higher utilisation of the Group's processing plants.
- For 9M2016, the higher sales volumes was also contributed by an increase in purchases from third parties of ~69,000 tonnes as compared to 9M2015, which helped mitigate the effects of lower production.
- In addition, there was a net inventory drawdown of ~33,000 tonnes in 9M2016 as compared to a net inventory build-up of ~92,000 tonnes in 9M2015.

(1) Sales volumes include inter-segment sales.

# Balance Sheet Highlights

US\$' million	30 Sep 2016	31 Dec 2015 <sup>(5)</sup>
Total Assets	1,691.8	1,568.2
Cash and bank balances	217.6	205.4
Total Liabilities	792.7	793.8
Borrowings and debt securities <sup>(1)</sup>	484.5	495.0
Total Equity	899.1	774.4
Net Debt	266.9	289.6
Gross Debt <sup>(1)</sup> /Total Equity	0.54x	0.64x
Net Debt <sup>(2)</sup> /Total Equity	0.30x	0.37x
Gross Debt <sup>(1)</sup> /EBITDA <sup>(3)</sup>	2.27x	2.26x
Net Debt <sup>(2)</sup> /EBITDA <sup>(3)</sup>	1.25x	1.32x
EBITDA/Interest Expense <sup>(4)</sup>	8.4x	9.0x

(1) Sum of Islamic MTNs and borrowings from financial institutions.

(2) Borrowings and debt securities less cash and bank balances.

(3) Annualised.

(4) Total interest/profit distribution paid/payable on borrowings and debt securities.

(5) Restated to take into account the effects from the adoption of the amendments to FRS 16 and FRS 41.



# Operational Performance

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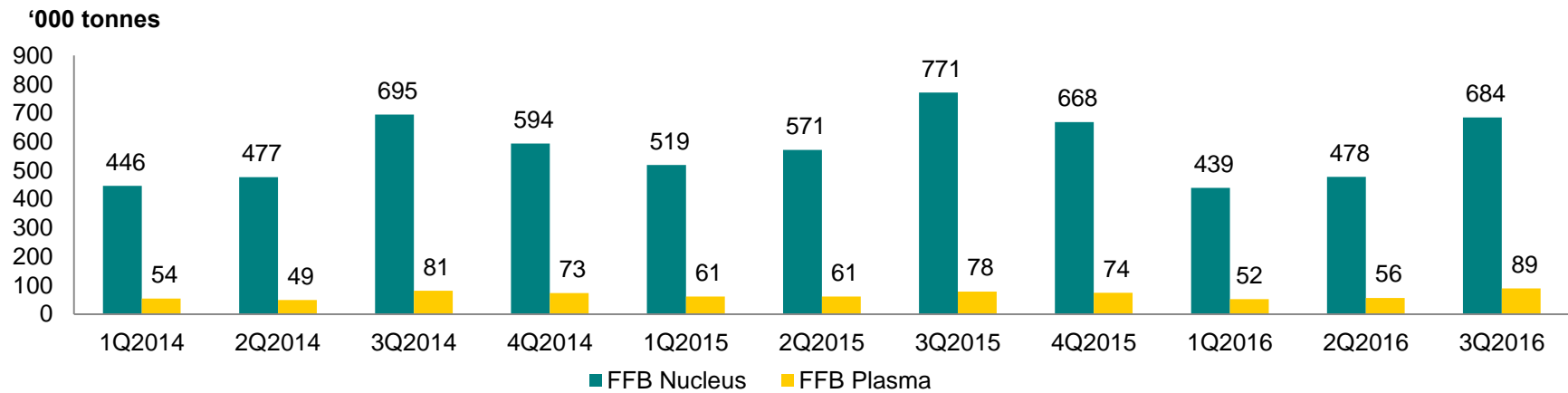
# Production Highlights

		9M2016	9M2015	Change	3Q2016	3Q2015	Change
<b>Production</b>							
FFB harvested	(tonnes)	1,798,411	2,061,920	(12.8%)	773,357	849,087	(8.9%)
• Nucleus		1,601,469	1,861,975	(14.0%)	684,431	771,344	(11.3%)
• Plasma		196,942	199,945	(1.5%)	88,926	77,743	14.4%
FFB purchased	(tonnes)	176,652	243,439	(27.4%)	78,616	86,645	(9.3%)
CPO	(tonnes)	429,407	514,499	(16.5%)	182,446	210,488	(13.3%)
PK	(tonnes)	99,034	119,158	(16.9%)	41,250	47,944	(14.0%)
<b>Efficiency</b>							
FFB Yield	(tonnes/ha)	11.3	13.9	↓	4.9	5.7	↓
CPO Yield	(tonnes/ha)	2.6	3.2	↓	1.1	1.3	↓
CPO Extraction Rate	(%)	22.5	22.8	↓	22.2	23.0	↓
PK Extraction Rate	(%)	5.2	5.3	↓	5.0	5.2	↓

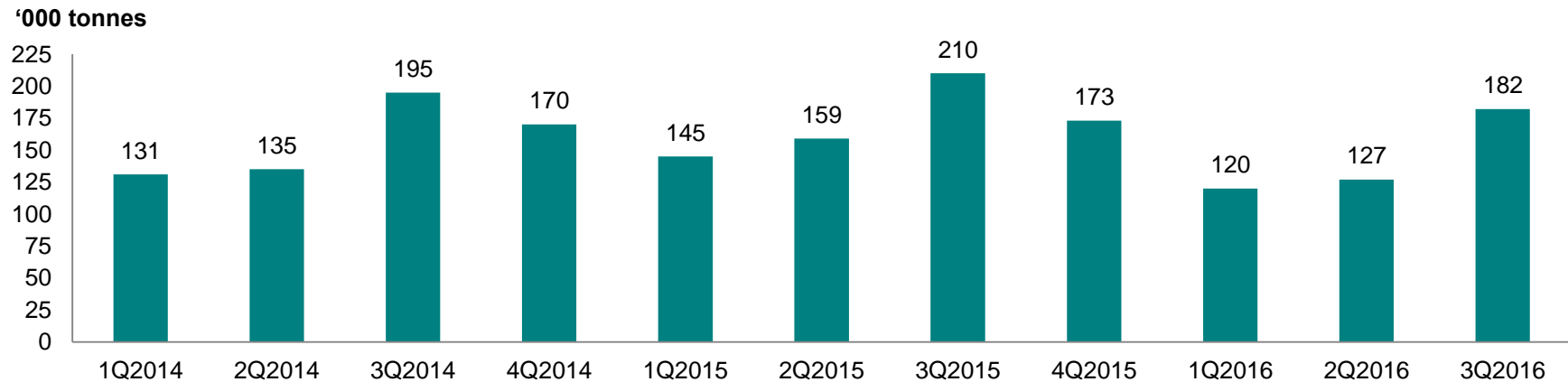
- Production volumes in 3Q2016 saw less pronounced declines as compared to 1H2016 as the El Nino impact gradually tapers off.
- Production and yields continued to be impacted due to adverse impact from severe El Nino conditions in 2015.

# Production Trends

## FFB Production



## CPO Production

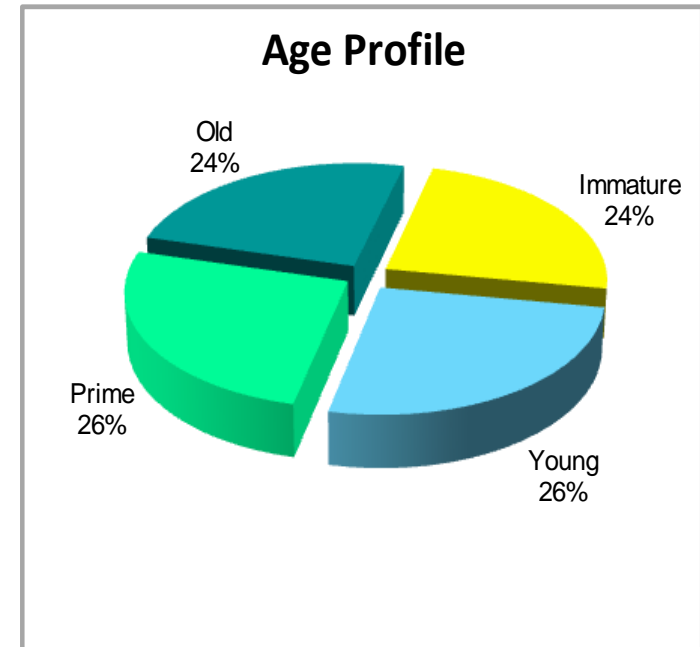


# Oil Palm Plantation Area

	As at 30 Sep 2016		As at 30 Sep 2015		As at 31 Dec 2015
	Area (ha)	% of Total	Area (ha)	% of Total	Area (ha)
<b>Planted Nucleus</b>	<b>178,970</b>	<b>86%</b>	<b>176,592</b>	<b>86%</b>	<b>178,338</b>
- Mature	136,798	66%	128,034	62%	128,042
- Immature	42,172	20%	48,558	24%	50,296
<b>Planted Plasma</b>	<b>29,261</b>	<b>14%</b>	<b>29,039</b>	<b>14%</b>	<b>29,237</b>
- Mature	21,799	10%	19,802	10%	19,863
- Immature	7,462	4%	9,237	4%	9,374
<b>Total Planted</b>	<b>208,231</b>	<b>100%</b>	<b>205,631</b>	<b>100%</b>	<b>207,575</b>
- Mature	158,597	76%	147,836	72%	147,905
- Immature	49,634	24%	57,795	28%	59,670

# Plantation Age Profile

Age	As at 30 Sep 2016	
	Area (ha)	% of Total
0-3 years (Immature)	49,634	24%
4-7 years (Young)	53,665	26%
8-17 years (Prime)	53,546	26%
≥ 18 years (Old)	51,386	24%
<b>Total</b>	<b>208,231</b>	<b>100%</b>



**Weighted average age of ~ 10 years**

# Group Updates

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# Group Updates

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## ■ Outlook

- While palm oil prices continue to be influenced by prices of competing oils and the low crude oil price, the Group expects the Indonesian biodiesel mandate and the current low palm oil inventories to provide support to prices.
- On the production front, the Group saw less pronounced declines in production volumes in 3Q2016 as compared to 1H2016 as the El Nino impact gradually tapers off.
- While the Group's young plantation maturity profile continues to support production output, overall volume for 2016 is still expected to be lower than 2015 due to the adverse impact of El Nino in 2015.

# Contact Information

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