



# First Resources Limited

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**Third Quarter 2017  
Results Presentation  
13 November 2017**

*Delivering Growth and Returns*



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# Executive Summary – 9M2017

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## ■ Strong Financial Performance

- Net profit came in at US\$103.5 million, an increase of 53.7%
- EBITDA came in at US\$213.9 million, an increase of 33.7%
- Results boosted by higher average selling prices and sales volumes

## ■ Continued Production Growth

- Overall increase in production due to recovery in yields from El Nino effects and increase in mature hectarage
- Fresh fruit bunches (FFB) harvested increased by 19.7%
- Correspondingly, crude palm oil (CPO) production volumes increased by 16.2%

# Financial Performance

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# Income Statement Highlights

US\$' million	9M2017	9M2016	Change	3Q2017	3Q2016	Change
Sales	466.2	400.0	16.5%	137.4	151.5	(9.3%)
Cost of sales	(245.5)	(228.3)	7.5%	(66.1)	(71.0)	(6.9%)
Gross profit	220.7	171.7	28.5%	71.3	80.5	(11.4%)
EBITDA <sup>(1)</sup>	213.9	160.0	33.7%	69.2	77.5	(10.7%)
Net profit <sup>(2)</sup>	103.5	67.3	53.7%	31.9	35.9	(11.0%)
Gross profit margin	47.3%	42.9%	↑	51.9%	53.1%	↓
EBITDA margin	45.9%	40.0%	↑	50.3%	51.1%	↓

- Increase in sales for 9M2017 was driven by a combination of higher average selling prices and sales volumes.
- Lower EBITDA and net profit for 3Q2017 included the effects from a net inventory build-up of ~33,000 tonnes and lower average selling prices.

(1) Profit from operations before depreciation and amortisation

(2) Profit attributable to owners of the Company

# Segmental Results

US\$' million	9M2017	9M2016	Change	3Q2017	3Q2016	Change
<b>Sales</b>						
Plantations and Palm Oil Mills	373.4	309.9	20.5%	129.9	126.1	3.1%
• Crude Palm Oil	305.0	254.9	19.7%	108.0	102.1	5.8%
• Palm Kernel	57.7	47.3	22.1%	18.1	20.8	(12.9%)
• Fresh Fruit Bunches	10.6	7.7	37.8%	3.8	3.2	20.9%
Refinery and Processing	430.7	341.5	26.1%	120.8	122.5	(1.3%)
Inter-segment elimination	(337.9)	(251.4)	34.4%	(113.3)	(97.0)	16.8%
	<b>466.2</b>	<b>400.0</b>	<b>16.5%</b>	<b>137.4</b>	<b>151.5</b>	<b>(9.3%)</b>
<b>EBITDA</b>						
Plantations and Palm Oil Mills	200.6	150.5	33.3%	71.4	69.4	2.8%
Refinery and Processing	14.0	6.8	106.3%	2.9	10.9	(73.7%)
Inter-segment elimination <sup>(1)</sup>	(0.7)	2.7	<i>n.m.</i>	(5.1)	(2.8)	78.6%
	<b>213.9</b>	<b>160.0</b>	<b>33.7%</b>	<b>69.2</b>	<b>77.5</b>	<b>(10.7%)</b>

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

# Segmental Sales Volume

	9M2017	9M2016	Change	3Q2017	3Q2016	Change
<b>Sales Volume (tonnes)</b>						
Plantations and Palm Oil Mills <sup>(1)</sup>						
• Crude Palm Oil	500,947	448,920	11.6%	187,511	167,188	12.2%
• Palm Kernel	117,141	101,731	15.1%	42,635	37,951	12.3%
Refinery and Processing	636,794	561,722	13.4%	193,458	186,149	3.9%

- The higher sales volumes of CPO and palm kernel were mainly driven by improved production volumes and yields from our plantations.
- For 3Q2017, the overall sales volumes were impacted by a net inventory build-up of ~33,000 tonnes (3Q2016: drawdown of 4,000 tonnes).

(1) Sales volume includes inter-segment sales

# Balance Sheet Highlights

US\$' million	30 Sep 2017	31 Dec 2016
Total Assets	1,717.2	1,699.6
Cash and bank balances	281.5	258.2
Total Liabilities	728.1	773.4
Borrowings and debt securities <sup>(1)</sup>	482.1	447.9
Total Equity	989.1	926.2
Net Debt	200.6	189.6
Gross Debt <sup>(1)</sup> /Total Equity	0.49x	0.48x
Net Debt <sup>(2)</sup> /Total Equity	0.20x	0.20x
Gross Debt <sup>(1)</sup> /EBITDA <sup>(3)</sup>	1.69x	1.78x
Net Debt <sup>(2)</sup> /EBITDA <sup>(3)</sup>	0.70x	0.75x
EBITDA/Interest Expense <sup>(4)</sup>	12.3x	10.1x

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

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

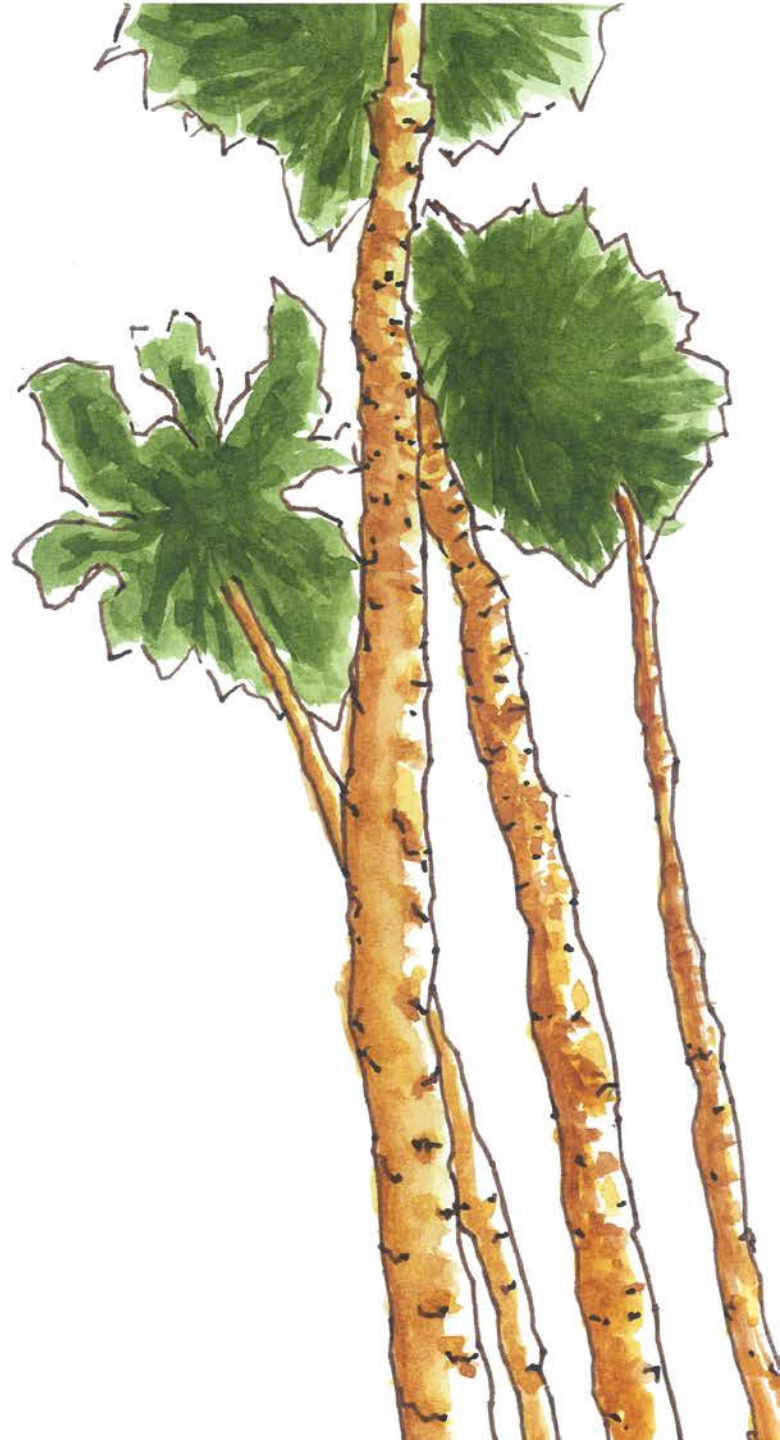
(3) Annualised

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



# Operational Performance

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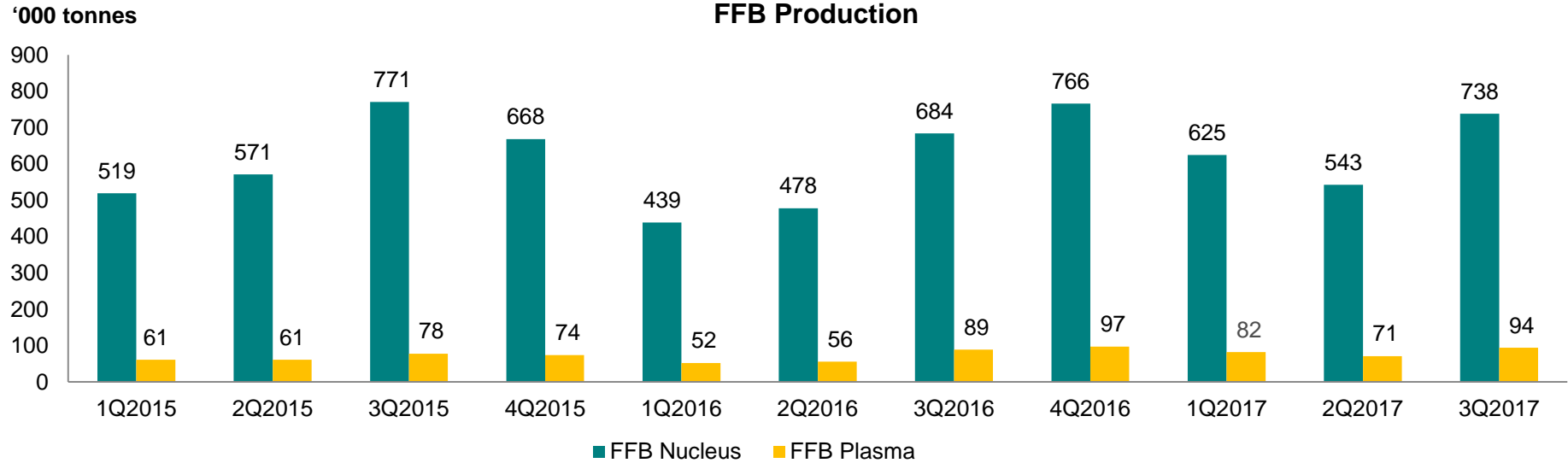
# Production Highlights

		9M2017	9M2016	Change	3Q2017	3Q2016	Change
<b>Production</b>							
FFB harvested	(tonnes)	2,152,225	1,798,411	19.7%	832,364	773,357	7.6%
• Nucleus		1,906,068	1,601,469	19.0%	738,398	684,431	7.9%
• Plasma		246,157	196,942	25.0%	93,966	88,926	5.7%
FFB purchased	(tonnes)	174,450	176,652	(1.2%)	76,785	78,616	(2.3%)
CPO	(tonnes)	498,985	429,407	16.2%	194,014	182,446	6.3%
PK	(tonnes)	119,461	99,034	20.6%	46,320	41,250	12.3%
<b>Efficiency</b>							
FFB Yield	(tonnes/ha)	12.3	11.3	↑	4.8	4.9	↓
CPO Yield	(tonnes/ha)	2.7	2.6	↑	1.0	1.1	↓
CPO Extraction Rate	(%)	22.2	22.5	↓	22.0	22.2	↓
PK Extraction Rate	(%)	5.3	5.2	↑	5.3	5.0	↑

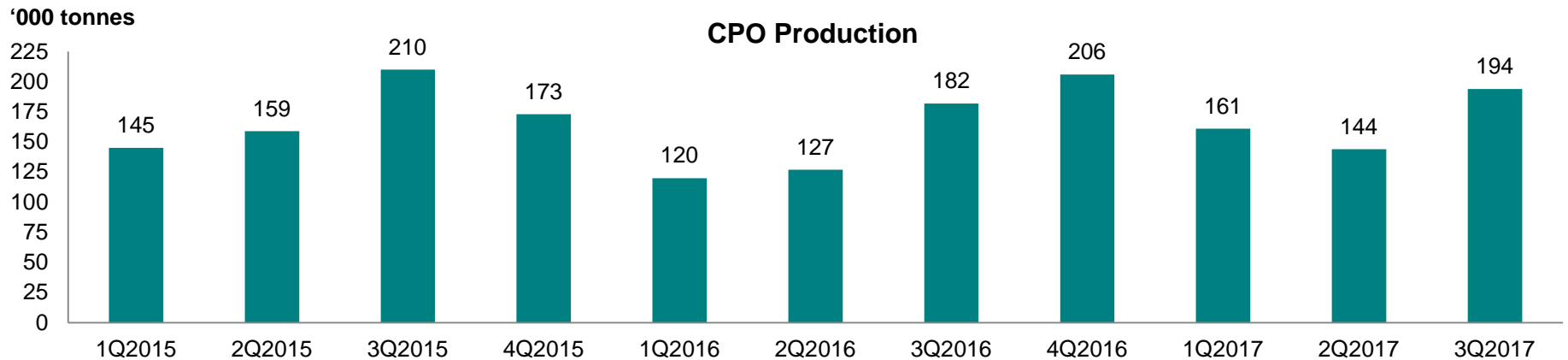
- Increase in production during 9M2017 due to recovery in yields from the effects of El Nino and increase in mature hectareage.
- Production grew at a slower pace in 3Q2017 as compared to the earlier quarters this year.

# Production Trends

## FFB Production



## CPO Production



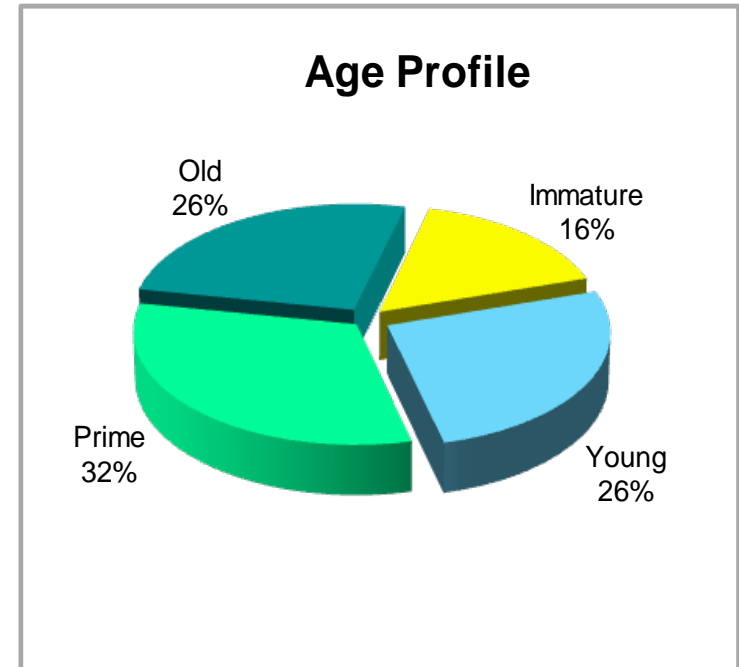
# Oil Palm Plantation Area

	As at 30 Sep 2017		As at 30 Sep 2016		As at 31 Dec 2016
	Area (ha)	% of Total	Area (ha)	% of Total	Area (ha)
<b>Planted Nucleus</b>	<b>179,007</b>	<b>85%</b>	<b>178,970</b>	<b>86%</b>	<b>179,398</b>
- Mature	148,720	71%	136,798	66%	136,798
- Immature	30,287	14%	42,172	20%	42,600
<b>Planted Plasma</b>	<b>30,528</b>	<b>15%</b>	<b>29,261</b>	<b>14%</b>	<b>29,293</b>
- Mature	26,393	13%	21,799	10%	21,799
- Immature	4,135	2%	7,462	4%	7,494
<b>Total Planted</b>	<b>209,535</b>	<b>100%</b>	<b>208,231</b>	<b>100%</b>	<b>208,691</b>
- Mature	175,113	84%	158,597	76%	158,597
- Immature	34,422	16%	49,634	24%	50,094

Approximately 17,000 hectares came into maturity in 2017

# Plantation Age Profile

Age	As at 30 Sep 2017	
	Area (ha)	% of Total
0-3 years (Immature)	34,422	16%
4-7 years (Young)	54,520	26%
8-17 years (Prime)	66,393	32%
≥ 18 years (Old)	54,200	26%
<b>Total</b>	<b>209,535</b>	<b>100%</b>



**Weighted average age of ~ 10 years**

# Group Updates

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# Updates

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## ■ Outlook

- The Group's production grew at a slower pace in 3Q2017 as compared to the earlier quarters, with nucleus FFB production growth in 4Q2017 over 4Q2016 expected to be even slower.
- The industry's weaker-than-expected output growth, restocking by importing countries and palm oil's attractive relative pricing against other edible oils are expected to remain supportive of prices in the near term.
- In the longer term, the fundamentals of the palm oil industry remains favourable, underpinned by expected consumption growth from importing countries, biofuel demand, and the eventual slow-down in supply growth from the sharply reduced pace of new plantings in recent years.

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