



First Resources Limited

**Second Quarter 2018
Results Presentation
13 August 2018**

Delivering Growth and Returns



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Executive Summary – 6M2018

■ Softer Financial Performance Supported by a Strong 2Q2018

- Boosted by higher production volumes, net profit for 2Q2018 came in at US\$35.9 million, an increase of 55.2% year-on-year and EBITDA came in at US\$73.9 million, up by 29.4%
- For 6M2018, net profit came in at US\$63.7 million, a decrease of 11.1%, and EBITDA was at US\$133.9 million, a decline of 7.5%
- Overall results for 6M2018 were impacted by weaker palm oil prices and the effects of a net inventory build-up of ~21,000 tonnes (6M2017: drawdown of ~47,000 tonnes)

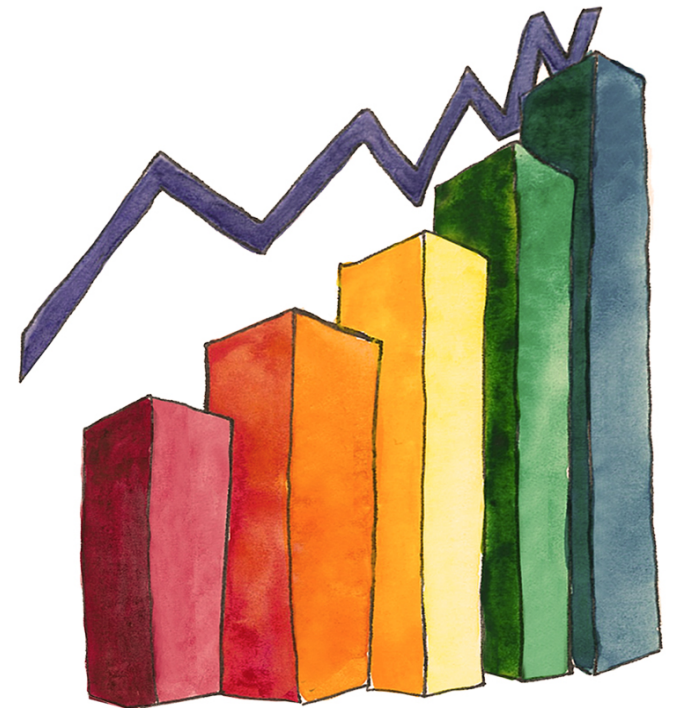
■ Strong Production Growth

- Overall increase in production driven by yield recovery and increase in mature hectarage
- Fresh fruit bunches (FFB) harvested increased by 20.0%
- Correspondingly, CPO production volumes increased by 27.2%

■ Dividend

- Declared interim dividend of 1.25 Singapore cents per share
- Equivalent to 23% of interim net profit

Financial Performance



Income Statement Highlights

| US\$' million | 6M2018 | 6M2017 | Change | 2Q2018 | 2Q2017 | Change |
|---------------------------|---------|---------|---------|---------|--------|--------|
| Sales | 316.6 | 328.8 | (3.7%) | 181.0 | 134.6 | 34.5% |
| Cost of sales | (174.6) | (179.4) | (2.6%) | (102.4) | (77.2) | 32.6% |
| Gross profit | 141.9 | 149.4 | (5.0%) | 78.6 | 57.4 | 37.0% |
| EBITDA ⁽¹⁾ | 133.9 | 144.7 | (7.5%) | 73.9 | 57.2 | 29.4% |
| Net profit ⁽²⁾ | 63.7 | 71.6 | (11.1%) | 35.9 | 23.2 | 55.2% |
| Gross profit margin | 44.8% | 45.4% | ↓ | 43.4% | 42.6% | ↑ |
| EBITDA margin | 42.3% | 44.0% | ↓ | 40.8% | 42.5% | ↓ |

- Sales and EBITDA for 2Q2018 boosted by higher production volumes, partially offset by the effects of lower average selling prices
- Results for 6M2018 impacted by lower average selling prices and a net inventory build-up, which resulted in a smaller increase in sales volumes than the growth in production volumes

(1) Profit from operations before depreciation and amortisation

(2) Profit attributable to owners of the Company

Segmental Results

| US\$' million | 6M2018 | 6M2017 | Change | 2Q2018 | 2Q2017 | Change |
|--|--------------|--------------|---------------|--------------|--------------|--------------|
| Sales | | | | | | |
| Plantations and Palm Oil Mills | 263.8 | 243.5 | 8.4% | 128.8 | 109.0 | 18.2% |
| • Crude Palm Oil | 215.2 | 197.1 | 9.2% | 108.1 | 92.3 | 17.2% |
| • Palm Kernel | 41.7 | 39.6 | 5.4% | 17.1 | 14.1 | 20.9% |
| • Fresh Fruit Bunches | 6.9 | 6.8 | 1.8% | 3.6 | 2.6 | 41.5% |
| Refinery and Processing | 301.2 | 309.9 | (2.8%) | 172.7 | 128.0 | 34.9% |
| Inter-segment elimination | (248.4) | (224.6) | 10.6% | (120.6) | (102.4) | 17.7% |
| | 316.6 | 328.8 | (3.7%) | 181.0 | 134.6 | 34.5% |
| EBITDA | | | | | | |
| Plantations and Palm Oil Mills | 129.5 | 129.3 | 0.2% | 61.0 | 53.8 | 13.3% |
| Refinery and Processing | 5.9 | 11.1 | (47.1%) | 6.6 | 3.8 | 73.4% |
| Inter-segment elimination ⁽¹⁾ | (1.4) | 4.4 | <i>n.m.</i> | 6.4 | (0.5) | <i>n.m.</i> |
| | 133.9 | 144.7 | (7.5%) | 73.9 | 57.2 | 29.4% |

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

Segmental Sales Volume

| | 6M2018 | 6M2017 | Change | 2Q2018 | 2Q2017 | Change |
|---|---------|---------|--------|---------|---------|--------|
| Sales Volume (tonnes) | | | | | | |
| Plantations and Palm Oil Mills ⁽¹⁾ | | | | | | |
| • Crude Palm Oil | 373,339 | 313,436 | 19.1% | 191,471 | 148,512 | 28.9% |
| • Palm Kernel | 93,735 | 74,506 | 25.8% | 46,767 | 33,800 | 38.4% |
| Refinery and Processing | 470,271 | 443,336 | 6.1% | 269,542 | 191,172 | 41.0% |

- The higher sales volumes were mainly driven by improved production volumes and yields from our plantations
- Sales volumes in 6M2018 were impacted by a net inventory build-up of ~21,000 tonnes (6M2017: drawdown of ~47,000 tonnes)
- For 2Q2018, there was a net inventory drawdown of ~16,000 tonnes (2Q2017: ~1,000 tonnes)

(1) Sales volume includes inter-segment sales

Balance Sheet Highlights

| US\$' million | 30 Jun 2018 | 31 Dec 2017 ⁽⁵⁾ |
|--|-------------|----------------------------|
| Total Assets | 1,541.1 | 1,730.6 |
| Cash and bank balances | 131.2 | 278.9 |
| Total Liabilities | 592.9 | 708.8 |
| Borrowings and debt securities ⁽¹⁾ | 399.7 | 496.3 |
| Total Equity | 948.2 | 1,021.8 |
| Net Debt | 268.5 | 217.4 |
| Gross Debt ⁽¹⁾ /Total Equity | 0.42x | 0.49x |
| Net Debt ⁽²⁾ /Total Equity | 0.28x | 0.21x |
| Gross Debt ⁽¹⁾ /EBITDA ⁽³⁾ | 1.49x | 1.70x |
| Net Debt ⁽²⁾ /EBITDA ⁽³⁾ | 1.00x | 0.74x |
| EBITDA/Interest Expense ⁽⁴⁾ | 14.1x | 12.9x |

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

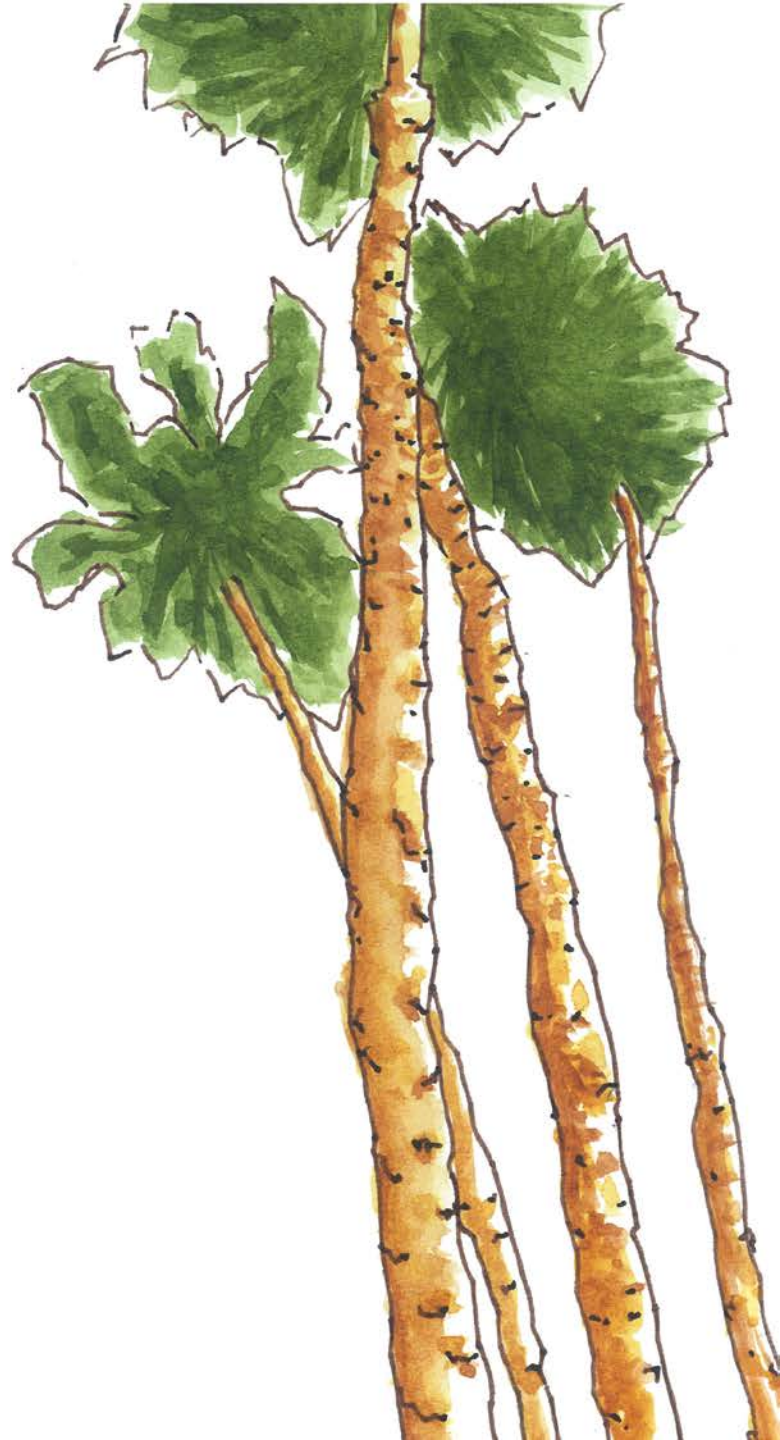
(2) Borrowings and debt securities less cash and bank balances

(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 SFRS(I)

Operational Performance

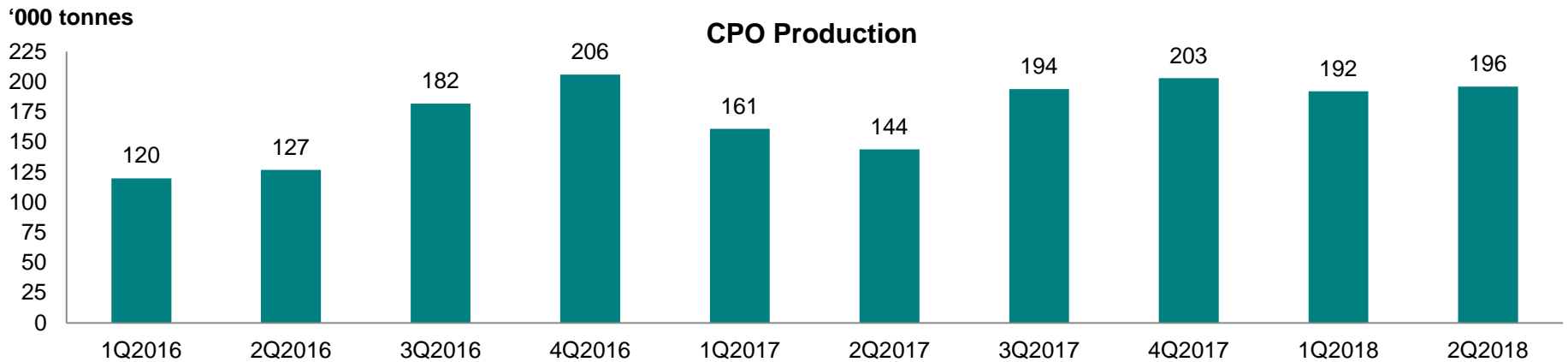
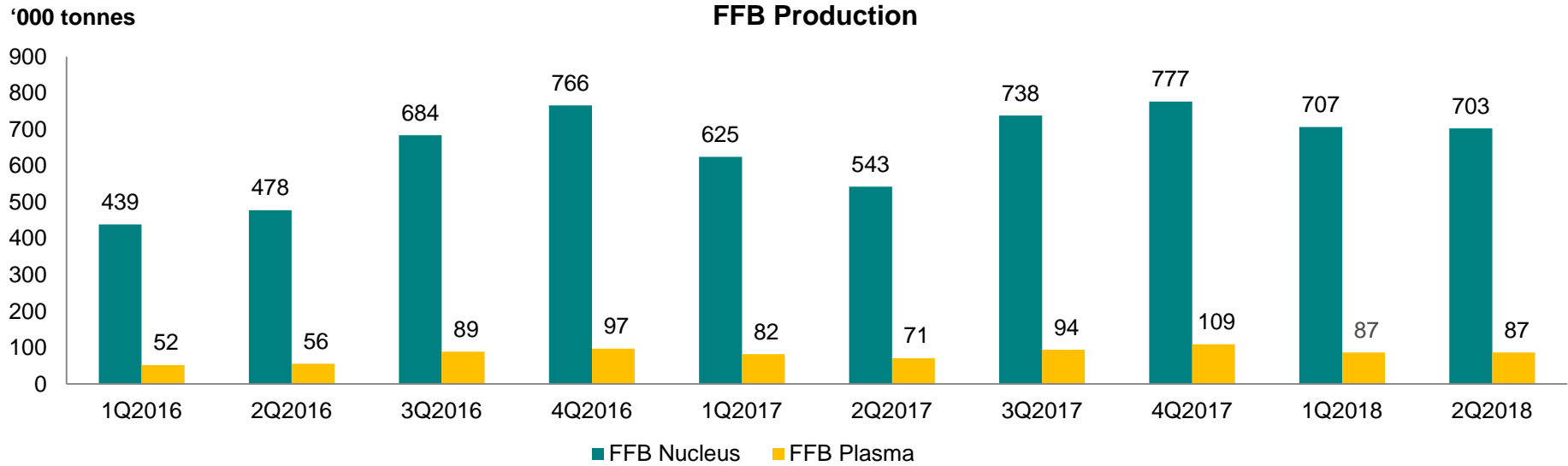


Production Highlights

| | | 6M2018 | 6M2017 | Change | 2Q2018 | 2Q2017 | Change |
|---------------------|-------------|-----------|-----------|--------|---------|---------|--------|
| Production | | | | | | | |
| FFB harvested | (tonnes) | 1,583,565 | 1,319,861 | 20.0% | 789,588 | 613,597 | 28.7% |
| • Nucleus | | 1,409,432 | 1,167,670 | 20.7% | 702,795 | 542,982 | 29.4% |
| • Plasma | | 174,133 | 152,191 | 14.4% | 86,793 | 70,615 | 22.9% |
| FFB purchased | (tonnes) | 167,558 | 97,665 | 71.6% | 94,457 | 52,723 | 79.2% |
| CPO | (tonnes) | 388,058 | 304,971 | 27.2% | 195,865 | 143,777 | 36.2% |
| PK | (tonnes) | 88,082 | 73,141 | 20.4% | 43,343 | 33,145 | 30.8% |
| Efficiency | | | | | | | |
| FFB Yield | (tonnes/ha) | 8.3 | 7.5 | ↑ | 4.1 | 3.5 | ↑ |
| CPO Yield | (tonnes/ha) | 1.9 | 1.7 | ↑ | 1.0 | 0.8 | ↑ |
| CPO Extraction Rate | (%) | 23.0 | 22.3 | ↑ | 23.0 | 22.2 | ↑ |
| PK Extraction Rate | (%) | 5.2 | 5.4 | ↓ | 5.1 | 5.1 | — |

- Production increased due to yield recovery and contribution from newly mature hectarage

Production Trends

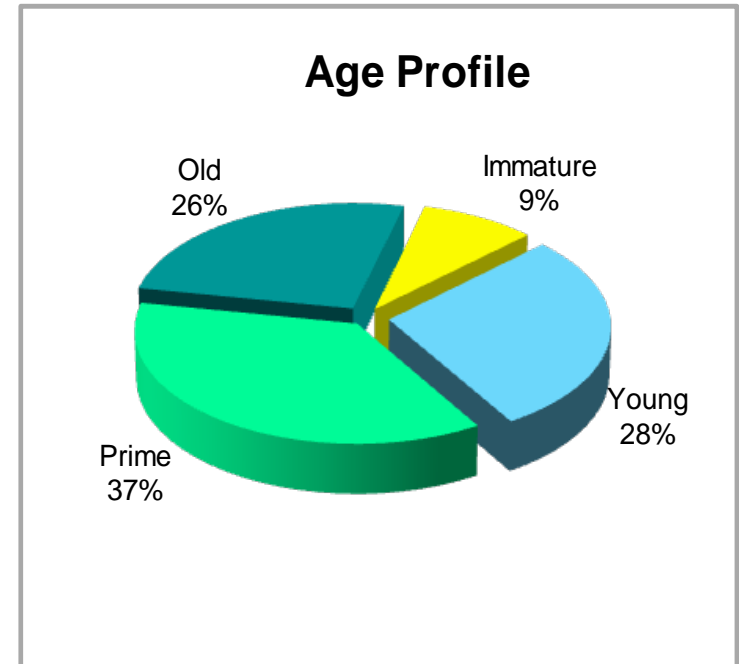


Oil Palm Plantation Area

| | As at 30 Jun 2018 | | As at 30 Jun 2017 | | As at 31 Dec 2017 |
|------------------------|-------------------|-------------|-------------------|-------------|-------------------|
| | Area (ha) | % of Total | Area (ha) | % of Total | Area (ha) |
| Planted Nucleus | 179,219 | 85% | 178,693 | 85% | 179,521 |
| - Mature | 161,924 | 77% | 148,899 | 71% | 147,377 |
| - Immature | 17,295 | 8% | 29,794 | 14% | 32,144 |
| Planted Plasma | 30,644 | 15% | 30,481 | 15% | 30,480 |
| - Mature | 29,152 | 14% | 26,393 | 13% | 26,032 |
| - Immature | 1,492 | 1% | 4,088 | 2% | 4,448 |
| Total Planted | 209,863 | 100% | 209,174 | 100% | 210,001 |
| - Mature | 191,076 | 91% | 175,292 | 84% | 173,409 |
| - Immature | 18,787 | 9% | 33,882 | 16% | 36,592 |

Plantation Age Profile

| Age | As at 30 Jun 2018 | |
|----------------------|-------------------|-------------|
| | Area (ha) | % of Total |
| 0-3 years (Immature) | 18,787 | 9% |
| 4-7 years (Young) | 59,831 | 28% |
| 8-17 years (Prime) | 76,839 | 37% |
| ≥ 18 years (Old) | 54,406 | 26% |
| Total | 209,863 | 100% |



Weighted average age of ~ 11 years

Group Updates



Updates

■ RSPO Certification

- In May 2018, the Group received its first RSPO (Roundtable on Sustainable Palm Oil) certification for one of its subsidiaries, covering 8,162 hectares of plantations and a mill in the Riau Province.

■ Outlook

- Output growth is expected to extend into the second half of the year from continued improvements in FFB yield and contribution from newly mature hectarage, alongside the seasonal production upswing.
- Several recent macro developments are expected to continue their influence on palm oil prices, amongst which are India's import duty hikes on palm oil and other edible oils as well as China's imposition of import tariff on US soybeans.
- The positive spread between gasoil and palm oil prices together with the push for higher biodiesel blending by the Indonesia government is envisaged to be supportive of biodiesel demand.

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