



First Resources Limited

**First Quarter 2019
Results Presentation
15 May 2019**

Delivering Growth and Returns



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Executive Summary – 1Q2019

- **Financial Performance impacted by weak palm oil prices**
 - Net profit came in at US\$12.3 million, a decrease of 55.7%
 - EBITDA came in at US\$38.8 million, a decrease of 35.3%
 - Overall results impacted by weakness in market palm oil prices, with average CPO prices (FOB Indonesia basis) US\$138 per tonne lower as compared to a year ago

- **Production moderated from high base in 1Q2018**
 - Fresh fruit bunches (FFB) harvested decreased by 8.8%
 - Correspondingly, CPO production volumes declined by 9.0%
 - Production came in lower relative to the strong production in 1Q2018

Financial Performance



Income Statement Highlights

US\$' million	1Q2019	1Q2018	Change
Sales	149.6	135.6	10.4%
Cost of sales	(111.4)	(72.2)	54.2%
Gross profit	38.2	63.3	(39.6%)
EBITDA ⁽¹⁾	38.8	60.0	(35.3%)
Net profit ⁽²⁾	12.3	27.7	(55.7%)
Gross profit margin	25.6%	46.7%	↓
EBITDA margin	25.9%	44.3%	↓

- Sales were boosted by higher sales volumes, partially offset by the effects of lower average selling prices which contributed to the decline in margins
- Margins were also impacted by increased purchases of palm oil products from third parties

(1) Profit from operations adjusted for depreciation and amortisation

(2) Profit attributable to owners of the Company

Segmental Results

US\$' million	1Q2019	1Q2018	Change
Sales			
Plantations and Palm Oil Mills	103.4	135.0	(23.4%)
• Crude Palm Oil	85.0	107.0	(20.6%)
• Palm Kernel	14.6	24.7	(40.7%)
• Fresh Fruit Bunches	3.8	3.3	15.6%
Refinery and Processing	144.7	128.4	12.7%
Inter-segment elimination	(98.5)	(127.9)	(22.9%)
	149.6	135.6	10.4%
EBITDA			
Plantations and Palm Oil Mills	32.2	68.5	(52.9%)
Refinery and Processing	0.0	(0.7)	(99.0%)
Inter-segment elimination ⁽¹⁾	6.6	(7.8)	<i>n.m.</i>
	38.8	60.0	(35.3%)

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

Segmental Sales Volume

	1Q2019	1Q2018	Change
Sales Volume (tonne)			
Plantations and Palm Oil Mills ⁽¹⁾			
• Crude Palm Oil	184,800	181,868	1.6%
• Palm Kernel	44,522	46,968	(5.2%)
Refinery and Processing	293,921	200,729	46.4%

- Overall increase in sales volumes were contributed by a net inventory drawdown of ~17,000 tonnes (1Q2018: build-up of ~37,000 tonnes)
- In addition, there was also an increase in purchases of CPO from third parties, which helped to mitigate the effects of lower production volumes from the Plantations and Palm Oil Mills segment.

(1) Sales volume include inter-segment sales

Balance Sheet Highlights

US\$' million	31 Mar 2019	31 Dec 2018
Total Assets	1,601.3	1,571.0
Cash and bank balances	113.7	99.9
Total Liabilities	583.0	585.0
Borrowings and debt securities ⁽¹⁾	378.4	381.0
Total Equity	1,018.3	986.0
Net Debt ⁽²⁾	264.8	281.1
Gross Debt ⁽¹⁾ /Total Equity	0.37x	0.39x
Net Debt ⁽²⁾ /Total Equity	0.26x	0.29x
Gross Debt ⁽¹⁾ /EBITDA ⁽³⁾	2.44x	1.48x
Net Debt ⁽²⁾ /EBITDA ⁽³⁾	1.71x	1.09x
EBITDA/Interest Expense ⁽⁴⁾	9.4x	14.3x

(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

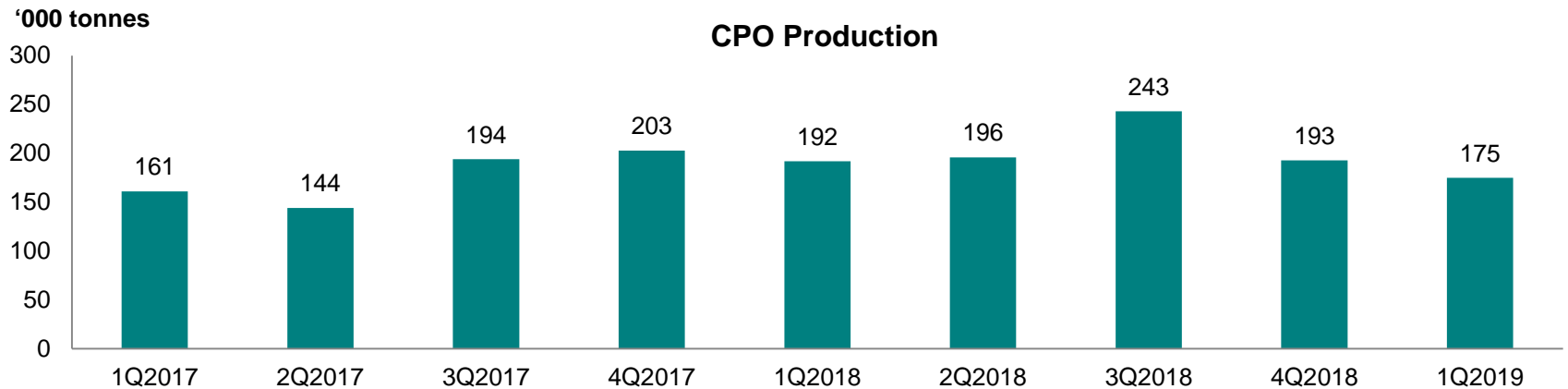
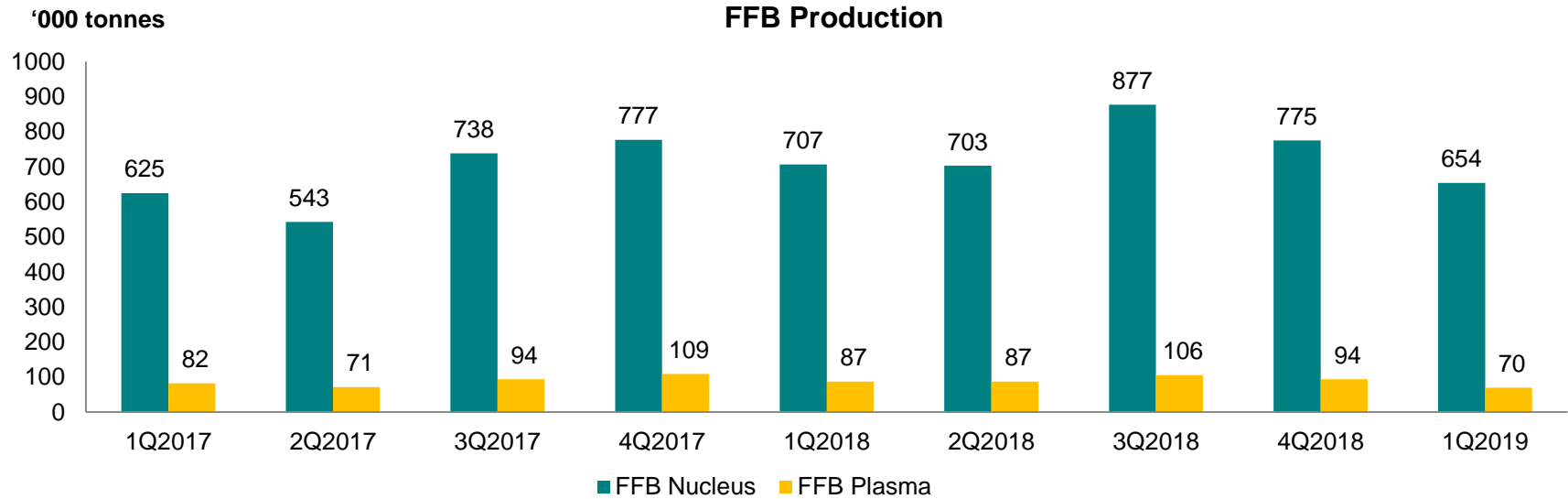


Production Highlights

		1Q2019	1Q2018	Change
Production				
FFB harvested	(tonnes)	724,306	793,977	(8.8%)
• Nucleus		654,202	706,637	(7.4%)
• Plasma		70,104	87,340	(19.7%)
CPO	(tonnes)	174,957	192,193	(9.0%)
PK	(tonnes)	40,620	44,739	(9.2%)
Efficiency				
FFB Yield	(tonnes/ha)	3.6	4.1	↓
CPO Yield	(tonnes/ha)	0.9	0.9	—
CPO Extraction Rate	(%)	23.4	22.9	↑
PK Extraction Rate	(%)	5.4	5.3	↑

- Production came in lower relative to the strong production in 1Q2018 due to high base effect

Production Trends

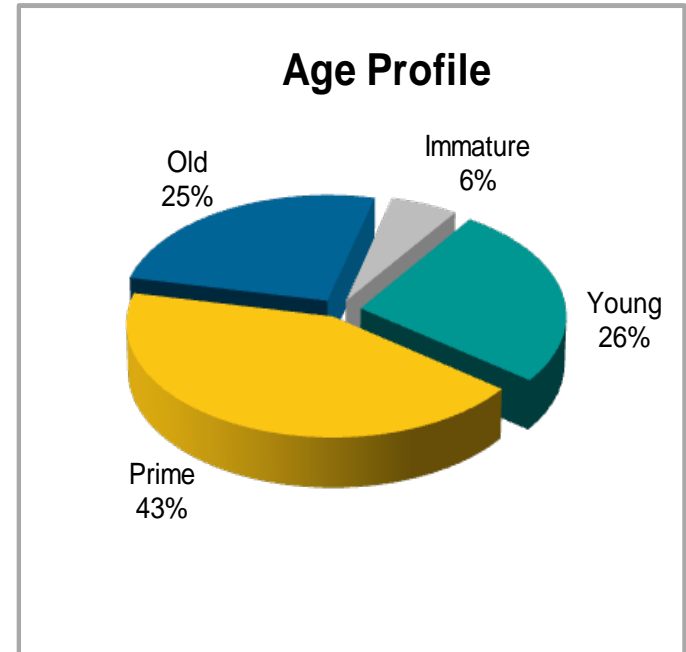


Oil Palm Plantation Area

	As at 31 Mar 2019		As at 31 Mar 2018		As at 31 Dec 2018
	Area (ha)	% of Total	Area (ha)	% of Total	Area (ha)
Planted Nucleus	180,263	85%	179,110	85%	180,172
- Mature	169,052	80%	162,349	77%	161,759
- Immature	11,211	5%	16,761	8%	18,413
Planted Plasma	30,823	15%	30,719	15%	30,713
- Mature	30,184	14%	29,248	14%	29,061
- Immature	639	1%	1,471	1%	1,652
Total Planted	211,086	100%	209,829	100%	210,885
- Mature	199,236	94%	191,597	91%	190,820
- Immature	11,850	6%	18,232	9%	20,065

Plantation Age Profile

Age	As at 31 Mar 2019	
	Area (ha)	% of Total
0-3 years (Immature)	11,850	6%
4-7 years (Young)	54,910	26%
8-17 years (Prime)	90,383	43%
≥ 18 years (Old)	53,943	25%
Total	211,086	100%



Weighted average age of ~ 12 years

Group Updates



Updates

■ Outlook

- Palm oil prices have been impacted by weakness in prices of competing vegetable oils, stemming from the US-China trade tensions and concerns of over-supply in soybeans. However, the fundamentals of the palm oil industry remain intact, propped by the implementation of Indonesia's B20 biodiesel mandate, as well as impending plans for the roll-out of the B30 mandate.
- On the production front, the Group expects output for 1H2019 to be lower than 1H2018. However, production for 2H2019 is expected to recover due to seasonality.

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