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# First Resources Limited

**Nine Months and Third Quarter 2013  
Results Presentation  
13 November 2013 | Singapore**

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***Delivering Growth and Returns***





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# Executive Summary – 9M2013

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## ■ Stable Financial Performance

- EBITDA decreased by 1.5% to US\$242.6 million
- Net profit decreased by 6.9% to US\$152.7 million
- Overall performance affected by lower average selling prices and foreign exchange (FX) losses

## ■ Recovery in Nucleus Production

- Nucleus fresh fruit bunches (FFB) production increased by 3.7%
- Increase in purchases of third party FFB contributed to CPO production growth of 9.2%
- Lower FFB yields due to dilutive effect from newly mature and newly acquired plantations



# Financial Performance

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# Income Statement Highlights

US\$' million	9M2013	9M2012	Change	3Q2013	3Q2012	Change
Sales	447.4	469.3	(4.7%)	153.0	151.8	0.8%
Cost of sales	(173.8)	(179.3)	(3.0%)	(56.2)	(43.5)	29.0%
Gross profit	273.5	290.0	(5.7%)	96.9	108.2	(10.5%)
EBITDA <sup>(1)</sup>	242.6	246.3	(1.5%)	85.8	94.8	(9.5%)
Net profit attributable to owners of the Company	152.7	164.0	(6.9%)	51.4	64.3	(20.0%)
Gross profit margin	61.1%	61.8%	↓	63.3%	71.3%	↓
EBITDA margin	54.2%	52.5%	↑	56.0%	62.5%	↓

- Overall performance affected by lower average selling prices of palm oil products and FX losses of US\$7.4m in 9M2013
- FX losses were primarily unrealised, arising from translation of the USD denominated intercompany liabilities of the subsidiaries; IDR depreciated against USD by 15% in 3Q2013

(1) Profit from operations adjusted for depreciation and amortisation

# Segmental Results

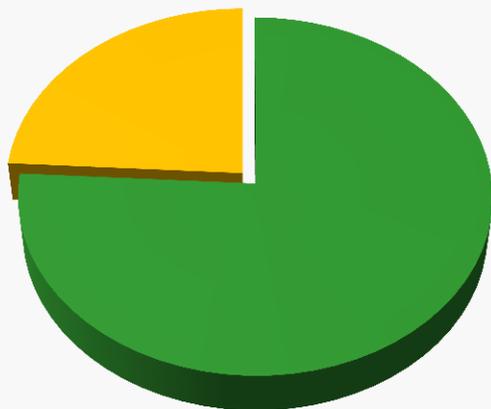
US\$' million	9M2013	9M2012	Change	3Q2013	3Q2012	Change
<b>Sales</b>						
<b>Plantations and Palm Oil Mills</b>	<b>414.5</b>	<b>374.5</b>	<b>10.7%</b>	<b>148.8</b>	<b>124.2</b>	<b>19.8%</b>
• Crude Palm Oil	384.3	334.8	14.8%	136.5	111.9	22.0%
• Palm Kernel	30.2	39.8	(24.2%)	12.3	12.3	0.2%
<b>Refinery and Processing</b>	<b>123.2</b>	<b>206.4</b>	<b>(40.3%)</b>	<b>38.8</b>	<b>68.5</b>	<b>(43.4%)</b>
Inter-segment elimination	(90.3)	(111.6)	(19.1%)	(34.5)	(40.9)	(15.5%)
	<b>447.4</b>	<b>469.3</b>	<b>(4.7%)</b>	<b>153.0</b>	<b>151.8</b>	<b>0.8%</b>
<b>EBITDA</b>						
Plantations and Palm Oil Mills	224.7	219.4	2.4%	85.8	76.9	11.5%
Refinery and Processing	14.3	26.5	(46.2%)	3.1	16.2	(80.9%)
Inter-segment elimination <sup>(1)</sup>	3.6	0.3	963.8%	(3.1)	1.7	n.m.
	<b>242.6</b>	<b>246.3</b>	<b>(1.5%)</b>	<b>85.8</b>	<b>94.8</b>	<b>(9.5%)</b>

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

# Segmental Sales and EBITDA – 9M2013

## Sales

Refinery and Processing – 22.9%



Plantations and Palm Oil Mills – 77.1%

## EBITDA

Refinery and Processing – 6.0%



Plantations and Palm Oil Mills – 94.0%

- The Group's Plantations and Palm Oil Mills segment remains the main contributor to EBITDA

Note : Sales and EBITDA by business segments are stated before inter-segment elimination

# Segmental Sales Volume

	9M2013	9M2012	Change	3Q2013	3Q2012	Change
<b>Sales Volume (tonnes)</b>						
Plantations and Palm Oil Mills <sup>(1)</sup>						
• Crude Palm Oil	430,945	373,151	15.5%	161,812	128,717	25.7%
• Palm Kernel	93,818	91,305	2.8%	36,778	32,237	14.1%
Refinery and Processing	141,580	186,406	(24.0%)	48,565	59,950	(19.0%)

- Overall, the increase in sales volumes for the Plantations and Palm Oil Mills segment was mainly driven by the higher production during 2013
- For 9M2013, the higher production was offset by decrease in purchases of palm oil products from third parties
- For 3Q2013, sales volume of palm oil products was lower than production volume as there was an inventory build-up of approximately 27,000 tonnes during the quarter

(1) Sales volume include inter-segment sales

# Balance Sheet Highlights

US\$' million	30 Sept 2013	31 Dec 2012
Total Assets	1,757.5	1,930.9
Cash and bank balances	242.5	404.7
Total Liabilities	734.4	773.3
Borrowings and debt securities <sup>(1)</sup>	492.8	538.2
Total Equity	1,023.1	1,157.6
Net Debt	250.3	133.4
Net Debt <sup>(2)</sup> /Total Equity	0.24x	0.12x
Net Debt <sup>(2)</sup> /EBITDA <sup>(3)</sup>	0.77x	0.41x
EBITDA/Interest Expense <sup>(4)</sup>	15.0x	12.5x

(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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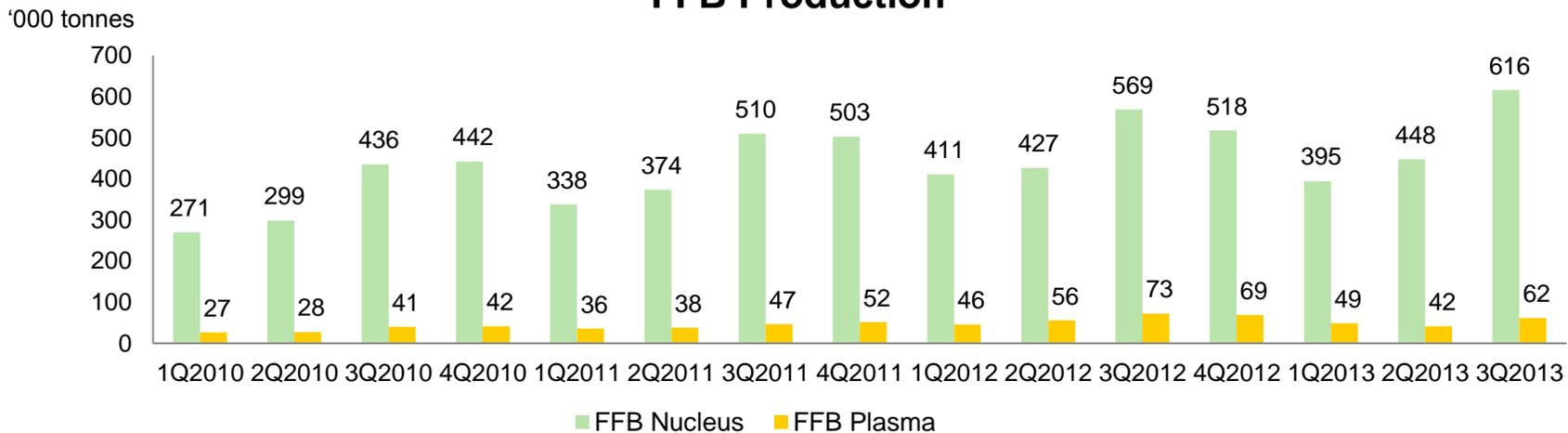
# Production Highlights

		9M2013	9M2012	Change	3Q2013	3Q2012	Change
<b>Production</b>							
FFB harvested	(tonnes)	1,612,016	1,581,825	1.9%	677,516	642,187	5.5%
• Nucleus		1,458,592	1,407,066	3.7%	615,603	568,997	8.2%
• Plasma		153,424	174,759	(12.2%)	61,913	73,190	(15.4%)
FFB purchased	(tonnes)	196,514	51,214	283.7%	84,758	35,110	141.4%
CPO	(tonnes)	415,574	380,630	9.2%	173,879	155,094	12.1%
PK	(tonnes)	95,612	88,934	7.5%	40,288	36,347	10.8%
<b>Efficiency</b>							
FFB Yield	(tonnes/ha)	13.3	16.8	↓	5.6	6.8	↓
CPO Yield	(tonnes/ha)	3.1	3.9	↓	1.3	1.6	↓
CPO Extraction Rate	(%)	23.0	23.4	↓	22.9	23.0	↓
PK Extraction Rate	(%)	5.3	5.5	↓	5.3	5.4	↓

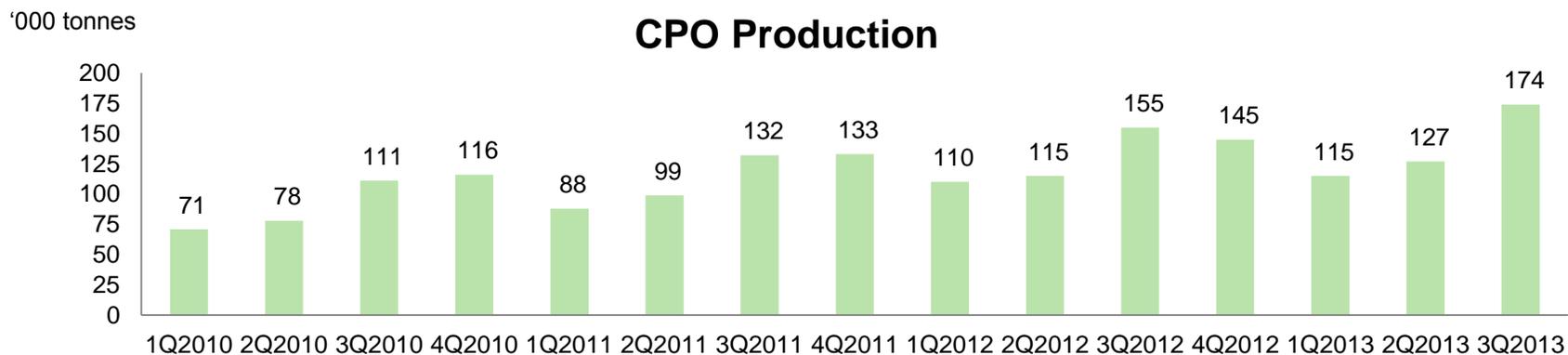
- Recovery of FFB nucleus production in 3Q2013
- Overall decline in yields due to dilutive effect from higher percentage of young trees (vs 9M2012) and the lower yielding plantations that were acquired
- Decline in CPO extraction rate due to higher purchases of third party FFB

# Production Trends

## FFB Production



## CPO Production



# Oil Palm Plantation Area

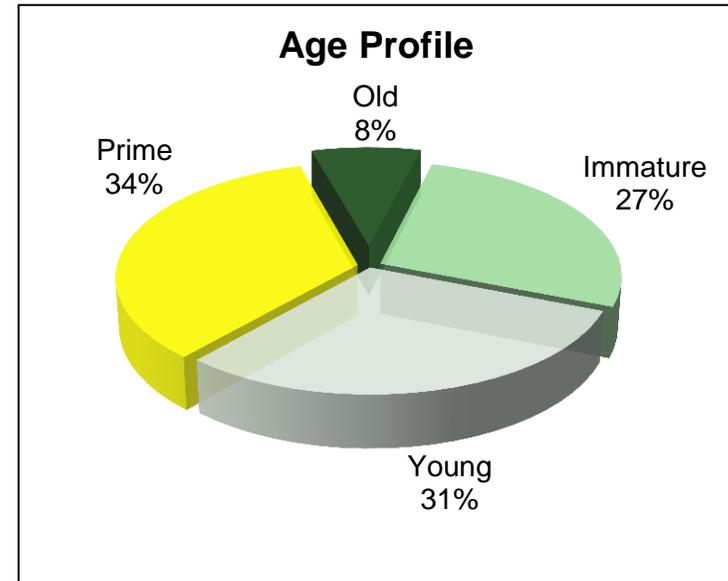
*Investing for growth – added 19,473 ha in 9M2013*

	As at 30 Sept 2013		As at 30 Sept 2012		As at 31 Dec 2012
	Area (ha)	% of Total	Area (ha)	% of Total	Area (ha)
<b>Planted Nucleus</b>	<b>144,207</b>	<b>87%</b>	<b>118,300</b>	<b>85%</b>	<b>125,805</b>
- Mature	104,415	63%	82,031	59%	85,888
- Immature	39,792	24%	36,269	26%	39,917
<b>Planted Plasma</b>	<b>21,669</b>	<b>13%</b>	<b>20,287</b>	<b>15%</b>	<b>20,598</b>
- Mature	16,485	10%	12,293	9%	12,293
- Immature	5,184	3%	7,994	6%	8,305
<b>Total Planted</b>	<b>165,876</b>	<b>100%</b>	<b>138,587</b>	<b>100%</b>	<b>146,403</b>
- Mature	120,900	73%	94,324	68%	98,181
- Immature	44,976	27%	44,263	32%	48,222

- Out of the 19,473 hectares added to the Group's planted area:-
  - 10,839 hectares are new plantings achieved in 9M2013
  - 8,634 hectares are from the completion of acquisition of Lynhurst in 1Q2013

# Oil Palm Plantation Age Profile

Age	As at 30 Sept 2013	
	Area (ha)	% of Total
0-3 years (Immature)	44,976	27%
4-7 years (Young)	50,602	31%
8-17 years (Prime)	56,678	34%
≥18 years (Old)	13,620	8%
<b>Total</b>	<b>165,876</b>	<b>100%</b>



**Weighted average age of ~ 8 years**



# Group Updates

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# Operational Updates

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## ■ Integrated Processing Complex at Bangsal Aceh, Riau

- Completion of new refinery on track, expected to be operational towards end of 4Q2013

## ■ 2013 New Plantings

- New plantings target on track
- Achieved 10,839 hectares of oil palm and 1,571 hectares of rubber
- New plantings were mostly carried out in Kalimantan

## ■ Outlook

- Expect production growth to slow in 4Q2013 due to seasonality
- Palm oil prices have gradually recovered, due to incremental energy-based demand, lower than expected production growth and more modest inventory build-up than widely anticipated
- Nonetheless, palm oil prices will continue to be influenced by its relative pricing versus crude oil and competing edible oils (such as soybean oil)

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# Contact Information

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**If you need further information, please contact:**

Investor Relations

[investor@first-resources.com](mailto:investor@first-resources.com)

## **First Resources Limited**

8 Temasek Boulevard

#36-02 Suntec Tower Three

Singapore 038988

Tel: +65 6333 0200

Fax: +65 6333 6711

Website: [www.first-resources.com](http://www.first-resources.com)