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# First Resources Limited

First Quarter 2015 Results Presentation  
11 May 2015 | Singapore

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*Delivering Growth and Returns*





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# Executive Summary – 1Q2015

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## ■ **Weaker Financial Performance**

- Net profit came in at US\$27.7 million, a decrease of 38.5%
- EBITDA came in at US\$53.4 million, a decrease of 20.7%
- Overall results impacted by lower palm oil prices and sales volumes

## ■ **Continued Production Growth**

- Fresh fruit bunches (FFB) harvested increased by 15.8%
- Crude palm oil (CPO) production grew by 10.5%
- Increase in production volumes due to yield recovery and increase in mature hectarage

## ■ **Lower Contribution by the Refinery and Processing Business**

- Significant decrease in sales volumes due to slowing down of processing activities in view of unfavourable refining margins



# Financial Performance

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# Income Statement Highlights

US\$' million	1Q2015	1Q2014	Change
Sales	96.3	177.9	(45.9%)
Cost of sales	(38.2)	(103.1)	(62.9%)
Gross profit	58.0	74.8	(22.4%)
EBITDA <sup>(1)</sup>	53.4	67.4	(20.7%)
Net profit attributable to owners of the Company	27.7	45.0	(38.5%)
Gross profit margin	60.3%	42.0%	
EBITDA margin	55.5%	37.9%	

- Decline in sales reflects the combined effects of lower average selling prices and sales volumes
- Lower cost of sales mainly due to the lower sales volumes, decrease in purchases of FFB and palm oil products from third parties, as well as lower processing costs
- Improvement in margins in spite of lower average selling prices was partly contributed by lower purchases from third parties

(1) Profit from operations adjusted for depreciation and amortisation

# Segmental Results

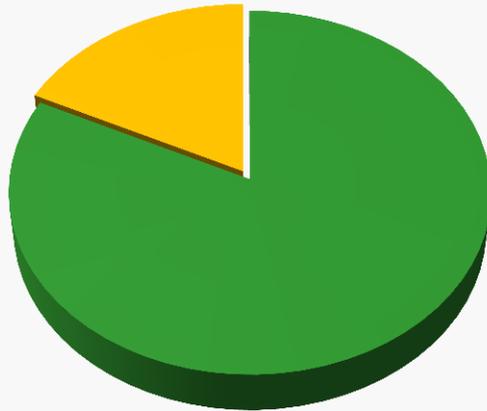
US\$' million	1Q2015	1Q2014	Change
<b>Sales</b>			
Plantations and Palm Oil Mills	107.8	135.7	(20.6%)
• Crude Palm Oil	92.9	122.1	(23.9%)
• Palm Kernel	12.9	13.6	(4.9%)
• Fresh Fruit Bunches	1.9	-	<i>n.m.</i>
Refinery and Processing	23.3	100.2	(76.8%)
Inter-segment elimination	(34.8)	(58.0)	(40.1%)
	<b>96.3</b>	<b>177.9</b>	<b>(45.9%)</b>
<b>EBITDA</b>			
Plantations and Palm Oil Mills	52.9	64.4	(17.9%)
Refinery and Processing	1.5	2.9	(48.9%)
Inter-segment elimination <sup>(1)</sup>	(0.9)	0.1	<i>n.m.</i>
	<b>53.4</b>	<b>67.4</b>	<b>(20.7%)</b>

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

# Segmental Sales and EBITDA – 1Q2015

## Sales

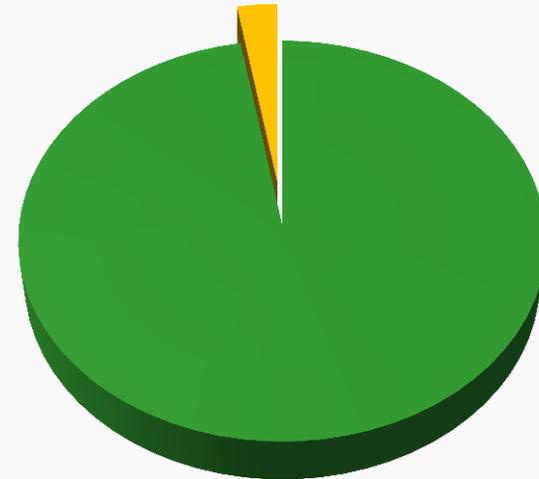
Refinery and Processing – 17.8%



Plantations and Palm Oil Mills – 82.2%

## EBITDA

Refinery and Processing – 2.7%



Plantations and Palm Oil Mills – 97.3%

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

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

# Segmental Sales Volume

	1Q2015	1Q2014	Change
<b>Sales Volume (tonnes)</b>			
Plantations and Palm Oil Mills <sup>(1)</sup>			
• Crude Palm Oil	147,567	164,871	(10.5%)
• Palm Kernel	33,592	33,831	(0.7%)
Refinery and Processing	41,848	128,370	(67.4%)

- Sales volumes decreased due to lower purchases of palm oil products from third parties and a net inventory build-up of ~ 20,000 tonnes in 1Q2015 (1Q2014: net inventory drawdown of ~ 20,000 tonnes)
- Significant decrease in sales volumes of processed palm based products also due to slowing down of processing activities at the Group's refinery, fractionation and biodiesel plants in view of unfavourable refining margins

(1) Sales volume include inter-segment sales

# Balance Sheet Highlights

US\$' million	31 Mar 2015	31 Dec 2014
Total Assets	1,957.1	1,997.9
Cash and bank balances	356.6	350.9
Total Liabilities	880.3	882.1
Borrowings and debt securities <sup>(1)</sup>	540.3	583.1
Total Equity	1,076.9	1,115.8
Net Debt	183.7	232.2
Net Debt <sup>(2)</sup> /Total Equity	0.17x	0.21x
Net Debt <sup>(2)</sup> /EBITDA <sup>(3)</sup>	0.86x	0.77x
EBITDA/Interest Expense <sup>(4)</sup>	9.3x	15.5x

(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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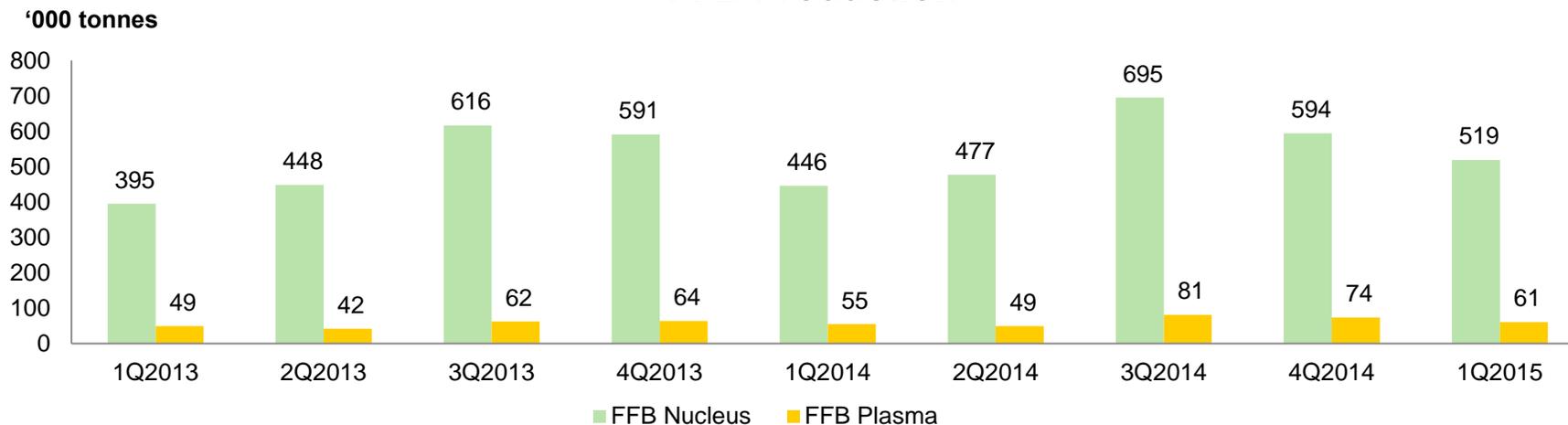
# Production Highlights

		1Q2015	1Q2014	Change
<b>Production</b>				
FFB harvested	(tonnes)	580,563	501,074	15.8%
• Nucleus		519,250	446,451	16.3%
• Plasma		61,313	54,623	12.2%
FFB purchased	(tonnes)	68,974	76,317	(9.6%)
CPO	(tonnes)	145,220	131,474	10.5%
PK	(tonnes)	33,440	31,153	7.3%
<b>Efficiency</b>				
FFB Yield	(tonnes/ha)	4.0	3.8	
CPO Yield	(tonnes/ha)	0.9	0.9	
CPO Extraction Rate	(%)	23.0	23.1	
PK Extraction Rate	(%)	5.3	5.5	

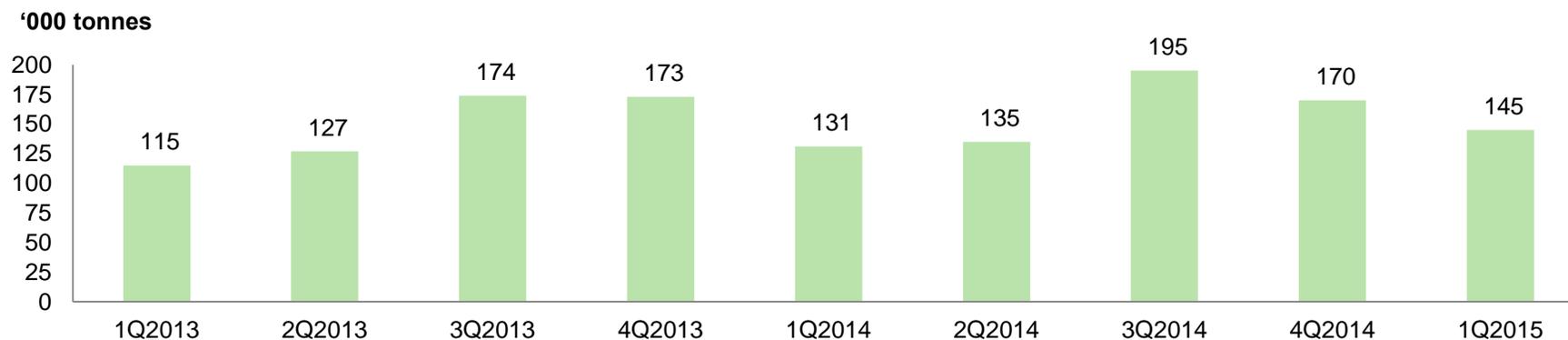
- Overall increase in production volumes due to yield recovery and contribution from newly mature hectareage
- Improvement in FFB yields due to yield recovery of nucleus plantations in Riau

# Production Trends

## FFB Production



## CPO Production

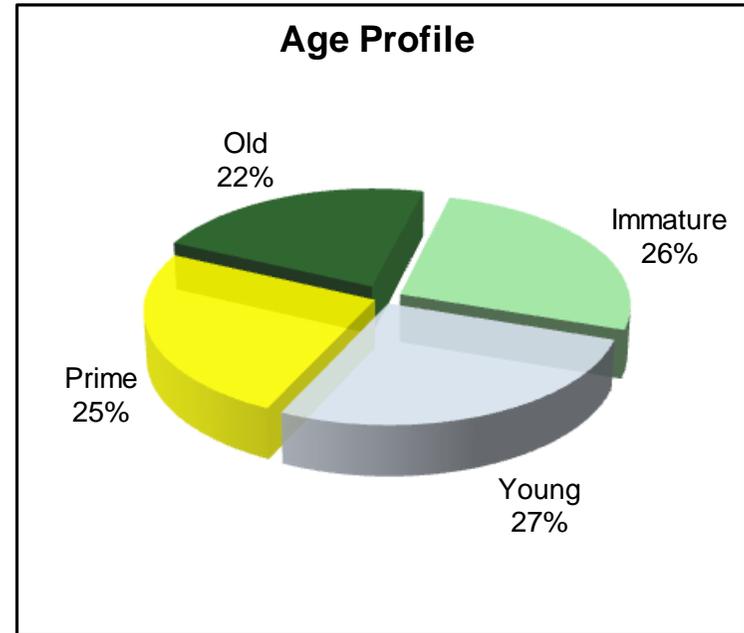


# Oil Palm Plantation Area

	As at 31 Mar 2015		As at 31 Mar 2014		As at 31 Dec 2014
	Area (ha)	% of Total	Area (ha)	% of Total	Area (ha)
<b>Planted Nucleus</b>	<b>167,710</b>	<b>85%</b>	<b>152,498</b>	<b>86%</b>	<b>165,936</b>
- Mature	125,062	64%	114,143	64%	114,377
- Immature	42,648	21%	38,355	22%	51,559
<b>Planted Plasma</b>	<b>28,841</b>	<b>15%</b>	<b>25,720</b>	<b>14%</b>	<b>28,631</b>
- Mature	19,802	10%	17,893	10%	17,843
- Immature	9,039	5%	7,827	4%	10,788
<b>Total Planted</b>	<b>196,551</b>	<b>100%</b>	<b>178,218</b>	<b>100%</b>	<b>194,567</b>
- Mature	144,864	74%	132,036	74%	132,220
- Immature	51,687	26%	46,182	26%	62,347

# Oil Palm Plantation Age Profile

Age	As at 31 Mar 2015	
	Area (ha)	% of Total
0-3 years (Immature)	51,687	26%
4-7 years (Young)	52,690	27%
8-17 years (Prime)	49,090	25%
≥ 18 years (Old)	43,084	22%
<b>Total</b>	<b>196,551</b>	<b>100%</b>



**Weighted average age of ~ 9 years**



# Group Updates

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## ■ Increasing CPO milling capacity

- 13<sup>th</sup> CPO mill in Riau was commissioned in 1Q2015
- 14<sup>th</sup> CPO mill is under construction in West Kalimantan; expected to be ready in 2H2016

## ■ Outlook

- Weakness in crude oil and soybean oil prices, coupled with slowing demand in China, continued to exert pressure on palm oil prices. Prices are expected to remain weak in the near term as the industry enters into the seasonally higher production period
- Long-term fundamentals of the palm oil industry remains favorable with higher biodiesel blending mandate in Indonesia and underlying demand growth from emerging markets
- Production growth of fresh fruit bunches to continue due to yield recovery and contribution from newly mature plantations

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