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# First Resources Limited

Annual General Meeting  
28 April 2015

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*Delivering Growth and Returns*





# Table of Contents

---

**Group Overview** **3**

---

**2014 Financial and Operational Highlights** **7**

---

**Group Updates** **12**

---

**Appendix - Supplemental Information** **14**

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# Group Overview

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# A Fast-Growing Plantation Group...

## Profile

- Established in 1992; listed on Singapore Exchange in Dec 2007
- Market Capitalization of ~S\$3.0 billion as at 31 Mar 2015

## Assets

- 194,567 ha of plantations
  - Nucleus: 165,936 ha
  - Plasma: 28,631 ha
- 12 palm oil mills
  - Capacity of 4.05 million tonnes of FFB p.a.
- Processing facilities
  - Refinery, fractionation & biodiesel plants (combined capacity of 850,000 tonnes p.a.)
  - Kernel crushing plant (capacity of 105,000 tonnes p.a.)

## Locations

*Plantations are located in the Riau, East Kalimantan and West Kalimantan provinces of Indonesia*



OFFICE



OIL PALM  
PLANTATION/  
LAND BANK



OIL PALM  
PLANTATION  
WITH MILL



PROCESSING  
PLANTS

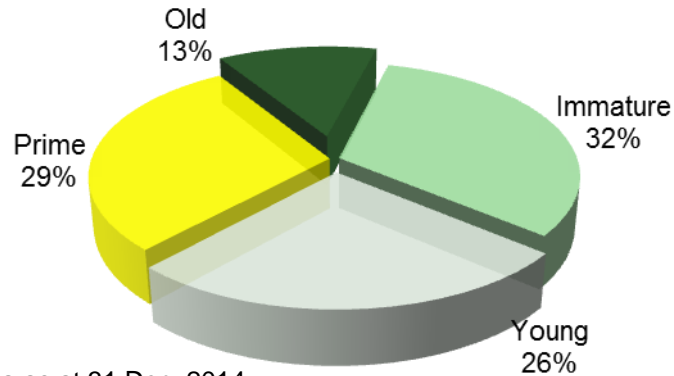


RUBBER  
PLANTATION/  
LAND BANK

# With a Strong Growth Profile

*Strong growth expected from existing plantation assets due to young age profile*

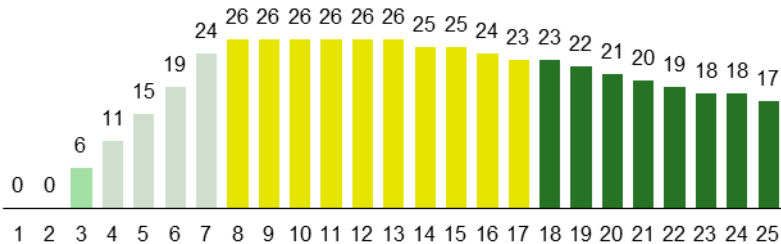
## Young Plantation Profile



Data as at 31 Dec 2014

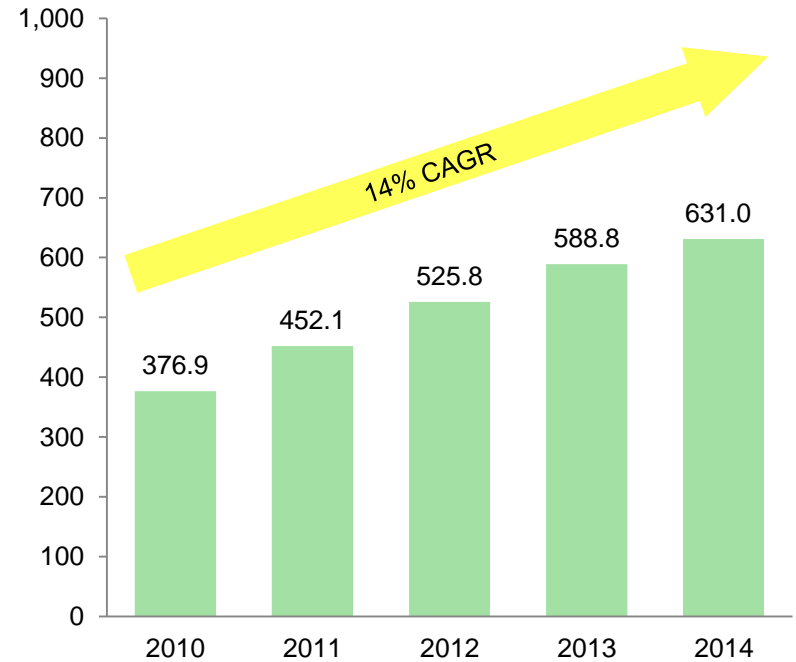
## Prime Production from 8<sup>th</sup> – 17<sup>th</sup> year

FFB Yield vs. Tree Age (tonnes/ha)



## Expected Growth from Existing Asset Base

CPO Production ('000 tonnes)



# Growth Strategy: Building on our Core Expertise

## Upstream Agri-Business Focus

- Develop and maintain high-quality plantation assets, and ensure optimal milling capacity in line with FFB production growth
- To achieve sustainable production growth

## Active Cost Containment

- Maintain our low-cost structure through best-in-class operational efficiency and stringent cost management
- To achieve superior margins and greater resilience to price cycles by being at the low end of the industry cost curve

## Responsible Cultivation

- Continuously strengthen our multi-faceted sustainability framework across the Group's entire operations
- To maximise market access through sustainable palm oil production



# 2014 Financial and Operational Highlights

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# Summary Performance

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## A Challenging Operating Environment in 2014

### ■ Weaker Financial Performance

- EBITDA came in at US\$299.7m, a decrease of 11.6%
- Underlying net profit came in at US\$171.6m, a decrease of 20.9%
- Mainly due to lower average selling prices

### ■ Moderate Operational Performance



- Fresh fruit bunches (FFB) harvested increased by 9.0%
- CPO production increased by 7.2%
- Overall increase in production was due to increase in mature hectarage and yield improvements from acquired plantations
- Cash cost of production for nucleus CPO kept low at US\$228 per tonne (FY2013: US\$255)

### ■ Increased Contributions by Refinery and Processing Business

- Refinery and Processing segment contributed 44.1% and 10.9% to the Group's Sales and EBITDA respectively (FY2013: 25.8% and 7.9%)



# Income Statement Highlights

US\$' million	FY2014	FY2013	Change
Sales	615.5	626.5	(1.8%)
Gross profit	323.4	381.7	(15.3%)
Gains arising from changes in fair value of biological assets	1.9	29.6	(93.4%)
EBITDA <sup>(1)</sup>	299.7	338.9	(11.6%)
Net profit <sup>(2)</sup>	173.4	238.2	(27.2%)
Underlying net profit <sup>(3)</sup>	171.6	217.0	(20.9%)
Gross profit margin	52.5%	60.9%	
EBITDA margin	48.7%	54.1%	

(1) Profit from operations adjusted for depreciation, amortisation and gains arising from changes in fair value of biological assets

(2) Profit attributable to owners of the Company

(3) Profit attributable to owners of the Company excluding net gains arising from changes in fair value of biological assets

# Balance Sheet Highlights





US\$' million	31 Dec 2014	31 Dec 2013
Total Assets	1,997.9	1,780.3
Cash and bank balances	350.9	272.2
Total Liabilities	882.1	740.1
Borrowings and debt securities <sup>(1)</sup>	583.1	489.7
Total Equity	1,115.8	1,040.1
Net Debt	232.2	217.6
Net Debt <sup>(2)</sup> /Total Equity	0.21x	0.21x
Net Debt <sup>(2)</sup> /EBITDA	0.77x	0.64x
EBITDA/Interest Expense <sup>(3)</sup>	15.5x	16.5x

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

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

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

# Operational Highlights

		FY2014	FY2013	Change
<b>Production</b>				
FFB harvested	(tonnes)	<b>2,469,884</b>	<b>2,266,866</b>	9.0%
• Nucleus		2,212,006	2,049,095	8.0%
• Plasma		257,878	217,771	18.4%
FFB purchased	(tonnes)	<b>345,479</b>	<b>287,698</b>	20.1%
CPO	(tonnes)	<b>630,988</b>	<b>588,792</b>	7.2%
PK	(tonnes)	<b>145,811</b>	<b>135,462</b>	7.6%
<b>Efficiency</b>				
FFB Yield	(tonnes/ha)	<b>18.7</b>	<b>18.7</b>	
CPO Yield	(tonnes/ha)	<b>4.3</b>	<b>4.3</b>	
CPO Extraction Rate	(%)	<b>22.8</b>	<b>23.1</b>	
PK Extraction Rate	(%)	<b>5.3</b>	<b>5.3</b>	

- FFB production increased due to increase in mature hectareage and yield improvements from acquired plantations
- Overall FFB yields continued to be influenced by dilutive effect from higher percentage of young trees and slower-than-expected yield recovery of nucleus plantations in Riau
- Higher FFB purchases from third parties contributed to the decline in CPO extraction rate



# Group Updates

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# Capital Investments in 2015

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## ■ Plantation Development

- New plantings of oil palm and rubber
- Maintenance of existing immature oil palm and rubber plantations

## ■ Property, Equipment and Others

- Infrastructure for plantation management

## ■ CPO Mills

- Completion of the 13<sup>th</sup> mill in Riau by first quarter 2015
- Commence construction of the 14<sup>th</sup> mill in West Kalimantan
- Upgrading and maintenance of existing CPO mills

## ■ Others (Downstream Infrastructure, Seed Garden & Learning Centre)

**Expected capital expenditure ~ US\$130 million**



# Appendix – Supplemental Information

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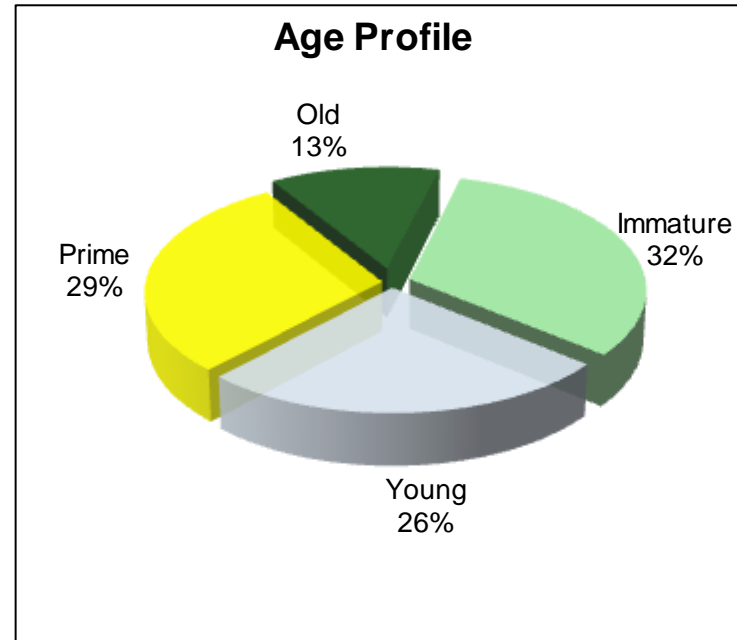


# Oil Palm Plantation Area

	As at 31 Dec 2014		As at 31 Dec 2013	
	Area (ha)	% of Total	Area (ha)	% of Total
<b>Planted Nucleus</b>	<b>165,936</b>	<b>85%</b>	<b>148,727</b>	<b>87%</b>
- Mature	114,377	59%	104,493	61%
- Immature	51,559	26%	44,234	26%
<b>Planted Plasma</b>	<b>28,631</b>	<b>15%</b>	<b>21,869</b>	<b>13%</b>
- Mature	17,843	9%	16,485	10%
- Immature	10,788	6%	5,384	3%
<b>Total Planted</b>	<b>194,567</b>	<b>100%</b>	<b>170,596</b>	<b>100%</b>
- Mature	132,220	68%	120,978	71%
- Immature	62,347	32%	49,618	29%

# Oil Palm Plantation Age Profile

Age	As at 31 Dec 2014	
	Area (ha)	% of Total
0-3 years (Immature)	62,347	32%
4-7 years (Young)	50,624	26%
8-17 years (Prime)	56,802	29%
≥ 18 years (Old)	24,794	13%
<b>Total</b>	<b>194,567</b>	<b>100%</b>



**Weighted average age of ~ 8 years**



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