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# First Resources Limited

Annual General Meeting  
23 April 2014

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*Delivering Growth and Returns*





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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\$3.7 billion as at 31 Mar 2014

## Assets

- 170,596 ha of plantations
  - Nucleus: 120,978 ha
  - Plasma: 49,618 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

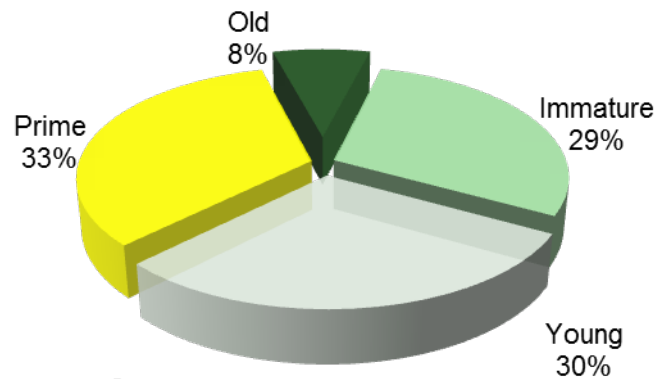


RUBBER  
PLANTATION/  
LAND BANK

# With a Strong Growth Profile

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

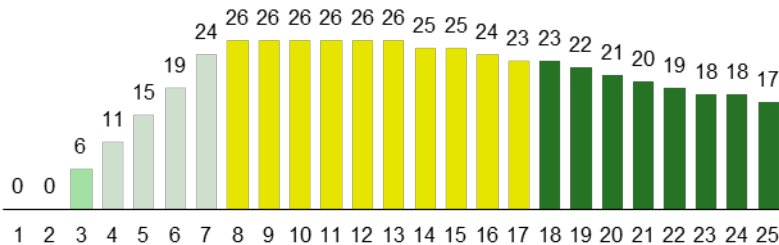
## Young Plantation Profile



Data as at 31 Dec 2013

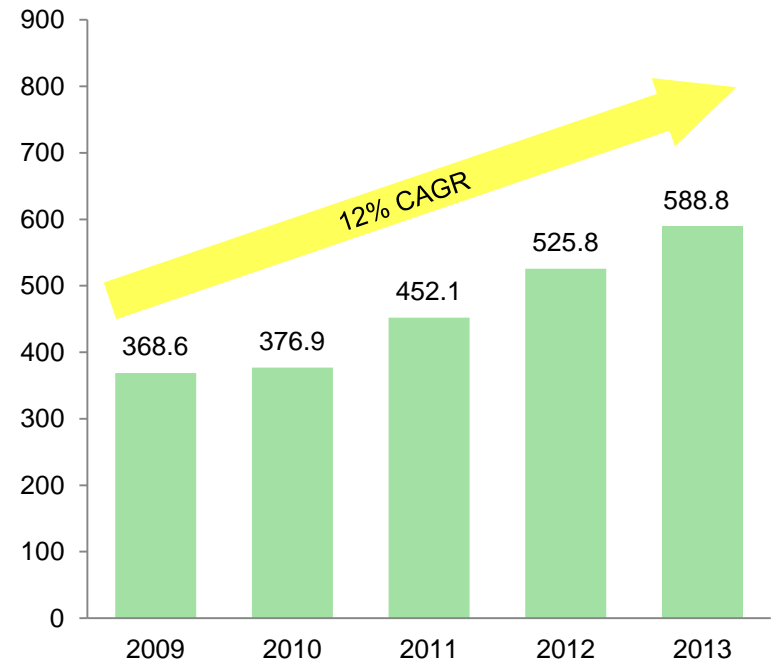
## Prime Production from 8<sup>th</sup> – 17<sup>th</sup> year

FFB Yield vs. Tree Age (tonnes/ha)



## Expected Growth from Existing Asset Base

CPO Production ('000 tonnes)



# 5-Year Strategy: Building on our Core Expertise

## Expand Plantation Footprint

- To continue a disciplined and diligent planting programme to ensure sustainable production growth
- To add milling capacity in line with the growth in FFB production
- Aim to produce 1 million tonnes of CPO annually

## Sustain Cost Leadership

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

## Expand Processing Capabilities

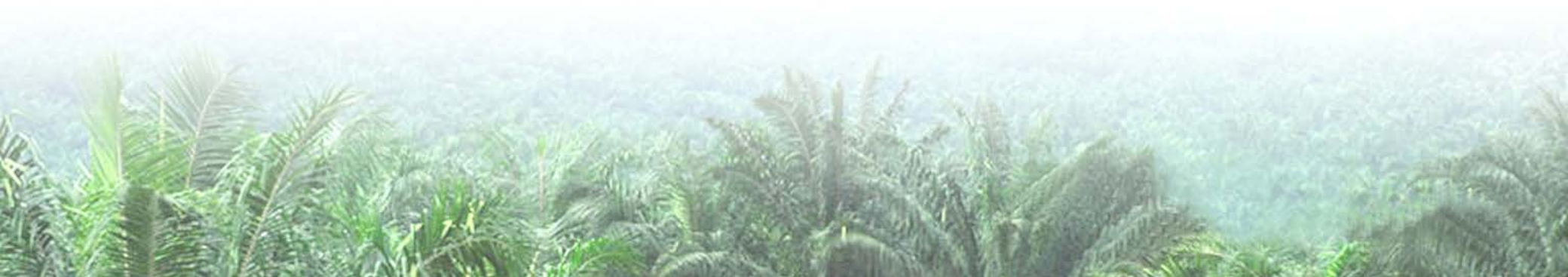
- To expand our processing capacity to accommodate the growing production from our plantations
- Integrated operations through the palm oil value chain allows Group to fully leverage and maximise the value of our plantation assets





# 2013 Financial and Operational Highlights

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# Summary Performance

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## Resilient Performance in a Challenging Operating Environment

### ■ Stable Financial Performance



- EBITDA increased by 5.0% to US\$338.9 million
- Underlying net profit increased 2.7% to US\$217.0 million
- Net profit increased marginally by 0.5% to US\$238.2 million
- Driven mainly by higher sales volumes

### ■ Satisfactory Operational Performance

- Nucleus fresh fruit bunches (FFB) production increased by 6.5%
- Lower FFB yields due biological tree stress and dilutive effect from newly mature and acquired plantations
- Cash cost of production for nucleus CPO kept low at US\$255 per tonne (FY2012: US\$240)



# Income Statement Highlights

US\$' million	FY2013	FY2012	Change
Sales	626.5	603.4	3.8%
Gross profit	381.7	382.2	(0.1%)
Gains arising from changes in fair value of biological assets	29.6	35.8	(17.4%)
EBITDA <sup>(1)</sup>	338.9	322.8	5.0%
Net profit <sup>(2)</sup>	238.2	237.1	0.5%
Underlying net profit <sup>(3)</sup>	217.0	211.3	2.7%
Gross profit margin	60.9%	63.3%	
EBITDA margin	54.1%	53.5%	

(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 2013	31 Dec 2012
Total Assets	1,780.3	1,930.9
Cash and bank balances	272.2	404.7
Total Liabilities	740.1	773.3
Borrowings and debt securities <sup>(1)</sup>	489.7	538.2
Total Equity	1,040.1	1,157.6
Net Debt	217.6	133.4
Net Debt <sup>(2)</sup> /Total Equity	0.21x	0.12x
Net Debt <sup>(2)</sup> /EBITDA	0.64x	0.41x
EBITDA/Interest Expense <sup>(3)</sup>	16.5x	12.5x

(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

		FY2013	FY2012	Change
<b>Production</b>				
FFB harvested	(tonnes)	<b>2,266,866</b>	<b>2,168,983</b>	4.5%
• Nucleus		2,049,095	1,924,743	6.5%
• Plasma		217,771	244,240	(10.8%)
FFB purchased	(tonnes)	<b>287,698</b>	<b>89,466</b>	221.6%
CPO	(tonnes)	<b>588,792</b>	<b>525,831</b>	12.0%
PK	(tonnes)	<b>135,462</b>	<b>123,129</b>	10.0%
<b>Efficiency</b>				
FFB Yield	(tonnes/ha)	<b>18.7</b>	<b>23.0</b>	↓
CPO Yield	(tonnes/ha)	<b>4.3</b>	<b>5.4</b>	↓
CPO Extraction Rate	(%)	<b>23.1</b>	<b>23.3</b>	↓
PK Extraction Rate	(%)	<b>5.3</b>	<b>5.5</b>	↓

- Decline in FFB yields due to biological tree stress and dilutive effect from newly mature and acquired plantations
- Lower FFB yields offset by contribution from newly mature and acquired plantations, giving rise to modest growth in FFB production



# Group Updates

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# Capital Investments in 2014

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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

- Construction of two new mills (13th and 14th), one in Riau and one in West Kalimantan
- Upgrading and maintenance of CPO mills

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

**Expected capital expenditure ~ US\$170 million**



# Appendix – Supplemental Information

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# Oil Palm Plantation Area

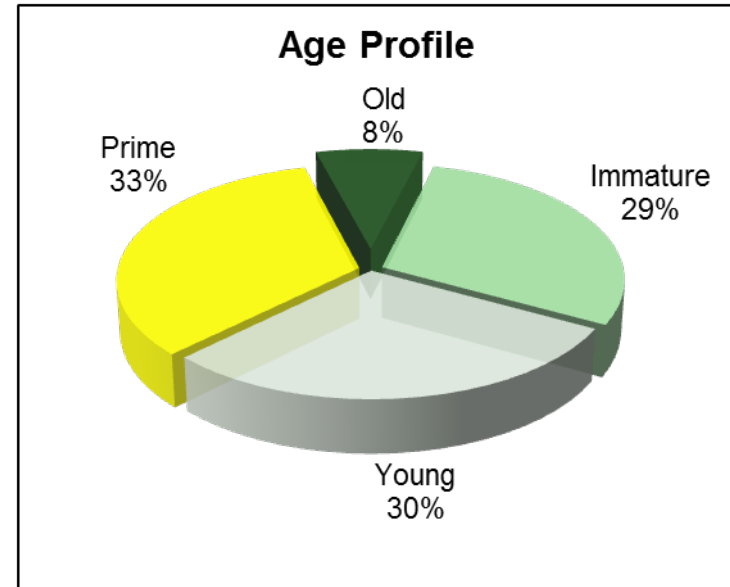
**Investing for growth – added 24,193 ha in FY2013**

	As at 31 Dec 2013		As at 31 Dec 2012		Change
	Area (ha)	% of Total	Area (ha)	Area (ha)	
<b>Planted Nucleus</b>	<b>148,727</b>	<b>87%</b>	<b>125,805</b>	<b>22,922</b>	
- Mature	104,493	61%	85,888	18,605	
- Immature	44,234	26%	39,917	4,317	
<b>Planted Plasma</b>	<b>21,869</b>	<b>13%</b>	<b>20,598</b>	<b>1,271</b>	
- Mature	16,485	10%	12,293	4,192	
- Immature	5,384	3%	8,305	(2,921)	
<b>Total Planted</b>	<b>170,596</b>	<b>100%</b>	<b>146,403</b>	<b>24,193</b>	
- Mature	120,978	71%	98,181	22,797	
- Immature	49,618	29%	48,222	1,396	

- Out of the 24,193 hectares added to the Group's planted area:-
  - 15,559 hectares were new plantings
  - 8,634 hectares were acquired

# Oil Palm Plantation Age Profile

Age	As at 31 Dec 2013	
	Area (ha)	% of Total
0-3 years (Immature)	49,618	29%
4-7 years (Young)	50,680	30%
8-17 years (Prime)	56,678	33%
≥18 years (Old)	13,620	8%
<b>Total</b>	<b>170,596</b>	<b>100%</b>



**Weighted average age of ~ 8 years**

# Disclaimer

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