



First Resources Limited

**Nine Months and Third Quarter 2014
Results Presentation
13 November 2014 | Singapore**

Delivering Growth and Returns





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Executive Summary – 9M2014

■ Modest Financial Performance

- Net profit came in at US\$114.2 million, a decrease of 25.2%
- EBITDA came in at US\$205.1 million, a decrease of 15.4%
- Weaker performance as compared last year. 9M2013's strong results was boosted by higher average selling prices achieved from realisation of forward sales

■ Continued Production Growth

- Fresh fruit bunches (FFB) harvested increased by 11.8%, driven by yields improvement in Sumatra
- Crude Palm Oil (CPO) production grew by 10.9%
- Overall yields continue to be influenced by dilutive effect from low yielding plantations that were acquired



Financial Performance



Income Statement Highlights

US\$' million	9M2014	9M2013	Change	3Q2014	3Q2013	Change
Sales	438.9	447.4	(1.9%)	148.8	153.0	(2.8%)
Cost of sales	(217.4)	(173.8)	25.1%	(63.1)	(56.2)	12.3%
Gross profit	221.4	273.5	(19.1%)	85.7	96.9	(11.5%)
EBITDA ⁽¹⁾	205.1	242.6	(15.4%)	79.4	85.8	(7.4%)
Net profit attributable to owners of the Company	114.2	152.7	(25.2%)	43.1	51.4	(16.1%)
Gross profit margin	50.5%	61.1%	↓	57.6%	63.3%	↓
EBITDA margin	46.7%	54.2%	↓	53.4%	56.0%	↓

- Decline in sales mainly due to lower average selling prices, partially offset by higher sales volumes of refined products
- For 9M2014, the increase in cost of sales was also due to the increase in purchases of palm oil products from third parties
- Net profit impacted by higher taxes, mainly due to increased income contributions from Indonesian subsidiaries, under provision of tax for prior years and withholding tax on dividends from Indonesian subsidiaries

(1) Profit from operations adjusted for depreciation and amortisation

Segmental Results

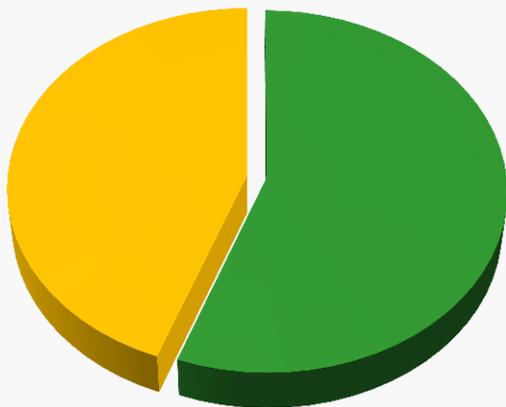
US\$' million	9M2014	9M2013	Change	3Q2014	3Q2013	Change
Sales						
Plantations and Palm Oil Mills	385.1	414.5	(7.1%)	140.6	148.8	(5.5%)
• Crude Palm Oil	336.8	384.3	(12.4%)	121.8	136.5	(10.8%)
• Palm Kernel	44.4	30.2	47.1%	17.1	12.3	39.1%
• Fresh Fruit Bunches	3.9	-	<i>n.m.</i>	1.7	-	<i>n.m.</i>
Refinery and Processing	305.8	123.2	148.1%	131.4	38.8	238.8%
Inter-segment elimination	(252.0)	(90.3)	179.0%	(123.2)	(34.5)	256.7%
	438.9	447.4	(1.9%)	148.8	153.0	(2.8%)
EBITDA						
Plantations and Palm Oil Mills	188.7	224.7	(16.0%)	79.9	85.8	(6.8%)
Refinery and Processing	27.5	14.3	92.3%	9.1	3.1	191.8%
Inter-segment elimination ⁽¹⁾	(11.1)	3.6	<i>n.m.</i>	(9.6)	(3.1)	207.7%
	205.1	242.6	(15.4%)	79.4	85.8	(7.4%)

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

Segmental Sales and EBITDA – 9M2014

Sales

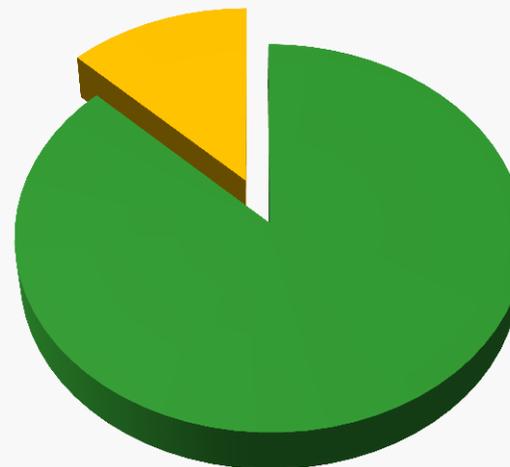
Refinery and Processing – 44.3%



Plantations and Palm Oil Mills – 55.7%

EBITDA

Refinery and Processing – 12.7%



Plantations and Palm Oil Mills – 87.3%

- 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

	9M2014	9M2013	Change	3Q2014	3Q2013	Change
Sales Volume (tonnes)						
Plantations and Palm Oil Mills ⁽¹⁾						
• Crude Palm Oil	481,956	430,945	11.8%	184,668	161,812	14.1%
• Palm Kernel	98,414	93,818	4.9%	36,920	36,778	0.4%
Refinery and Processing	410,108	141,580	189.7%	183,294	48,565	277.4%

- Overall increase in sales volumes due to higher production of CPO, PK and refined products
- For 9M2014, the higher sales volumes as compared to production volumes was mainly due to purchases from third parties, partially offset by a net inventory build-up of ~ 22,000 tonnes during the period
- For 3Q2014, the lower sales volumes as compared to production volumes was mainly due to a net inventory build-up of ~ 26,000 tonnes during the quarter

(1) Sales volume include inter-segment sales

Balance Sheet Highlights

US\$' million	30 Sept 2014	31 Dec 2013
Total Assets	1,838.3	1,780.3
Cash and bank balances	202.8	272.2
Total Liabilities	749.4	740.1
Borrowings and debt securities ⁽¹⁾	492.4	489.7
Total Equity	1,089.0	1,040.1
Net Debt	289.6	217.6
Net Debt ⁽²⁾ /Total Equity	0.27x	0.21x
Net Debt ⁽²⁾ /EBITDA ⁽³⁾	1.06x	0.64x
EBITDA/Interest Expense ⁽⁴⁾	14.9x	16.5x

- (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



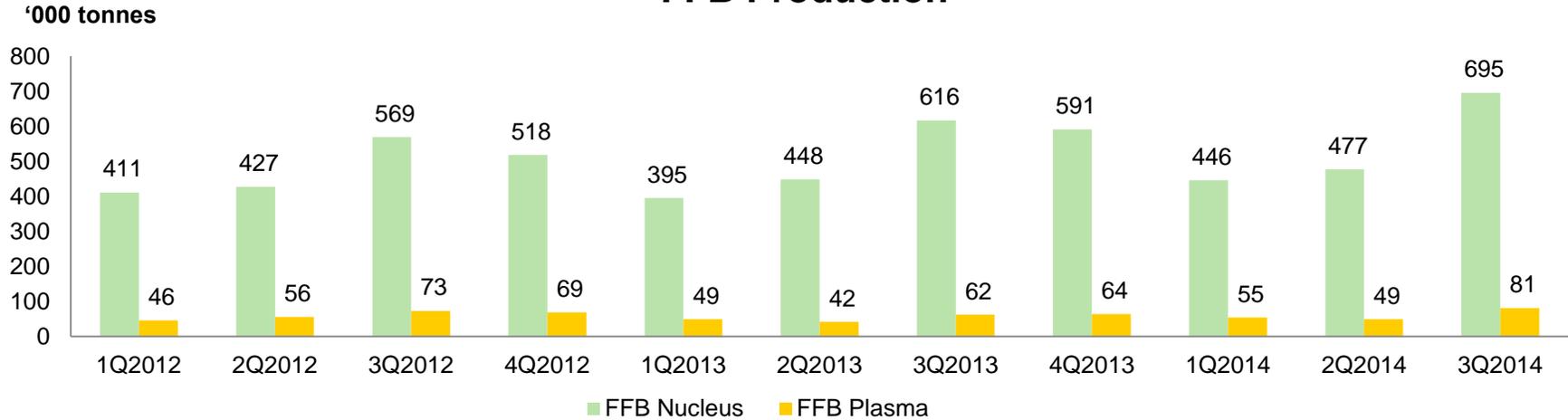
Production Highlights

		9M2014	9M2013	Change	3Q2014	3Q2013	Change
Production							
FFB harvested	(tonnes)	1,802,681	1,612,016	11.8%	776,394	677,516	14.6%
• Nucleus		1,618,199	1,458,592	10.9%	695,089	615,603	12.9%
• Plasma		184,482	153,424	20.2%	81,305	61,913	31.3%
FFB purchased	(tonnes)	267,265	196,514	36.0%	103,638	84,758	22.3%
CPO	(tonnes)	460,855	415,574	10.9%	194,643	173,879	11.9%
PK	(tonnes)	107,093	95,612	12.0%	44,977	40,288	11.6%
Efficiency							
FFB Yield	(tonnes/ha)	13.7	13.3	↑	5.9	5.6	↑
CPO Yield	(tonnes/ha)	3.1	3.1	→	1.3	1.3	→
CPO Extraction Rate	(%)	22.6	23.0	↓	22.5	22.9	↓
PK Extraction Rate	(%)	5.3	5.3	→	5.2	5.3	↓

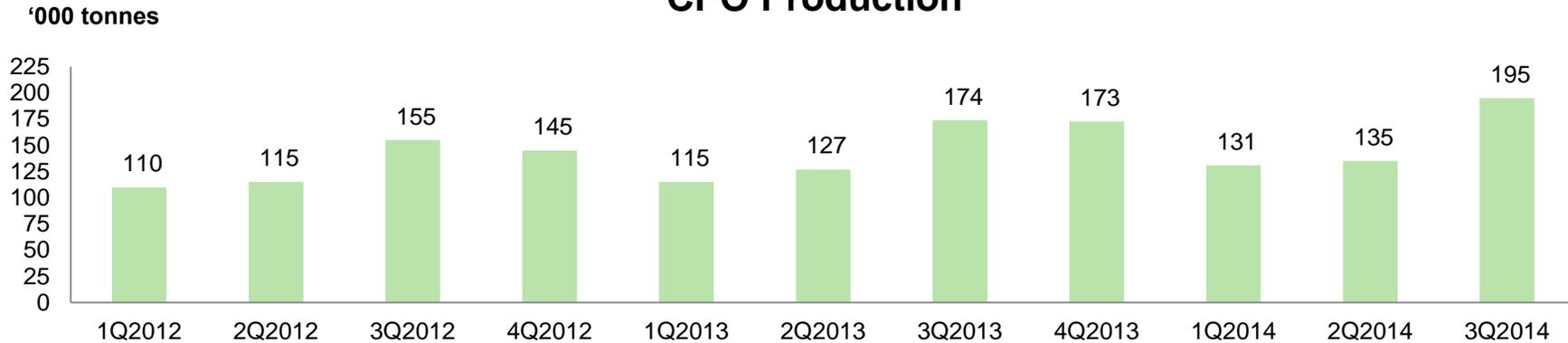
- FFB production increased due to increase in mature hectareage as well as yield recovery
 - Higher FFB nucleus production was driven by yields improvement experienced in Sumatra during 3Q2014
- Overall yields continue to be influenced by dilutive effect from lower yielding plantations that were acquired
- CPO extraction rate declined due to increase in FFB purchased from third parties

Production Trends

FFB Production



CPO Production



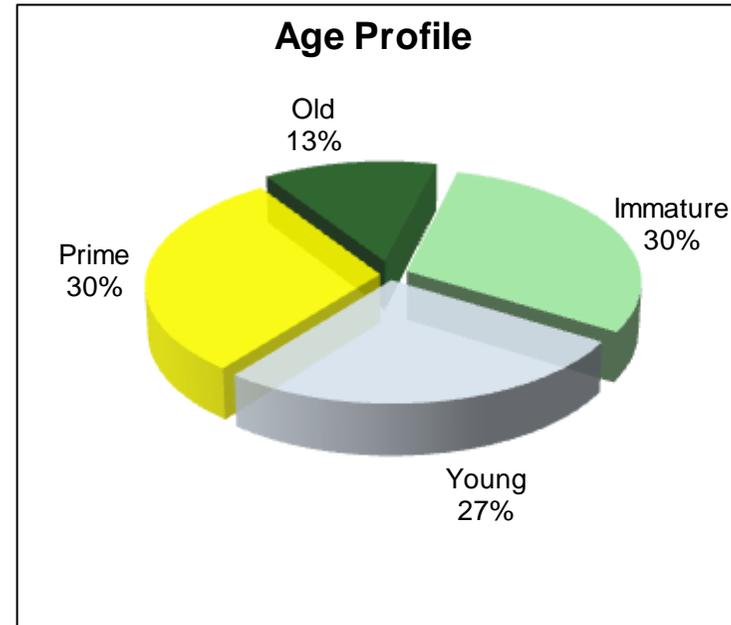
Oil Palm Plantation Area

Investing for growth – added 17,725 ha in 9M2014

	As at 30 Sept 2014		As at 30 Sept 2013		As at 31 Dec 2013
	Area (ha)	% of Total	Area (ha)	% of Total	Area (ha)
Planted Nucleus	160,745	85%	144,207	87%	148,727
- Mature	114,143	60%	104,415	63%	104,493
- Immature	46,602	25%	39,792	24%	44,234
Planted Plasma	27,576	15%	21,669	13%	21,869
- Mature	17,893	10%	16,485	10%	16,485
- Immature	9,683	5%	5,184	3%	5,384
Total Planted	188,321	100%	165,876	100%	170,596
- Mature	132,036	70%	120,900	73%	120,978
- Immature	56,285	30%	44,976	27%	49,618

Plantation Age Profile

Age	As at 30 Sept 2014	
	Area (ha)	% of Total
0-3 years (Immature)	56,285	30%
4-7 years (Young)	50,624	27%
8-17 years (Prime)	56,618	30%
≥ 18 years (Old)	24,794	13%
Total	188,321	100%



Weighted average age of ~ 8 years



Group Updates



Group Updates

■ Outlook

- Palm oil prices expected to remain soft due to weakening discretionary demand for biofuel caused by current narrow spreads between crude oil and vegetable oils as well as the sizeable on-going soybean harvest in the United States
- Expect year-on-year production volume growth to continue in 4th quarter, albeit at a lower pace as production has peaked in 3rd quarter

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