



First Resources Limited

Second Quarter 2015 Results Presentation
13 August 2015 | Singapore

Delivering Growth and Returns





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Executive Summary – 6M2015

■ Modest Financial Performance

- Net profit came in at US\$56.3 million, a decrease of 20.8%
- EBITDA came in at US\$108.1 million, a decrease of 14.0%
- Overall results were impacted by weak selling prices of palm oil products

■ Continued Production Growth

- Fresh fruit bunches (FFB) harvested increased by 18.2%
- Crude palm oil (CPO) production grew by 14.2%
- Increase in production due to contribution from newly mature hectarage and yield recovery

■ Dividend

- Declared interim dividend of 1.25 Singapore cents per share
- Equivalent to 26% of interim net profit



Financial Performance



Income Statement Highlights

US\$' million	6M2015	6M2014	Change	2Q2015	2Q2014	Change
Sales	215.1	290.1	(25.9%)	118.8	112.2	5.9%
Cost of sales	(97.0)	(154.4)	(37.2%)	(58.8)	(51.2)	14.7%
Gross profit	118.1	135.7	(13.0%)	60.0	60.9	(1.5%)
EBITDA ⁽¹⁾	108.1	125.7	(14.0%)	54.7	58.3	(6.2%)
Net profit attributable to owners of the Company	56.3	71.1	(20.8%)	28.6	26.1	9.8%
Gross profit margin	54.9%	46.8%	↑	50.5%	54.3%	↓
EBITDA margin	50.3%	43.3%	↑	46.0%	51.9%	↓

- The increase in sales in 2Q2015 was mainly due to higher sales volumes of palm based products. However, the persistent weakness in palm oil prices continued to impact sales in 2Q2015 and 6M2015.
- Cost of sales increased in 2Q2015 in line with the higher sales volumes, while margins were impacted by lower average selling prices.
- For 6M2015, the lower cost of sales and margins improvement were due to reduction in purchases of FFB and palm oil products from third parties.

(1) Profit from operations adjusted for depreciation and amortisation

Segmental Results

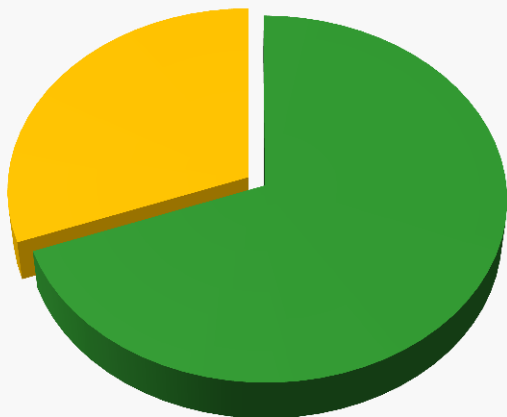
US\$' million	6M2015	6M2014	Change	2Q2015	2Q2014	Change
Sales						
Plantations and Palm Oil Mills	226.3	244.5	(7.4%)	118.6	108.8	9.0%
• Crude Palm Oil	193.9	215.0	(9.8%)	101.0	92.9	8.7%
• Palm Kernel	28.7	27.3	5.2%	15.8	13.7	15.2%
• Fresh Fruit Bunches	3.7	2.2	68.5%	1.8	2.2	(18.9%)
Refinery and Processing	100.1	174.4	(42.6%)	76.8	74.2	3.5%
Inter-segment elimination	(111.3)	(128.8)	(13.6%)	(76.6)	(70.8)	8.2%
	215.1	290.1	(25.9%)	118.8	112.2	5.9%
EBITDA						
Plantations and Palm Oil Mills	111.9	108.8	2.9%	59.0	44.4	32.9%
Refinery and Processing	2.3	18.4	(87.6%)	0.8	15.5	(94.8%)
Inter-segment elimination ⁽¹⁾	(6.1)	(1.5)	296.9%	(5.2)	(1.7)	209.5%
	108.1	125.7	(14.0%)	54.7	58.3	(6.2%)

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

Segmental Sales and EBITDA – 6M2015

Sales

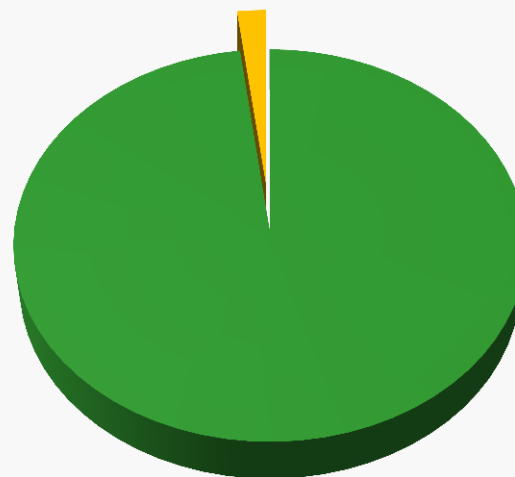
Refinery and Processing – 30.7%



Plantations and Palm Oil Mills – 69.3%

EBITDA

Refinery and Processing – 2.0%



Plantations and Palm Oil Mills – 98.0%

- 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

	6M2015	6M2014	Change	2Q2015	2Q2014	Change
Sales Volume (tonnes)						
Plantations and Palm Oil Mills ⁽¹⁾						
• Crude Palm Oil	317,871	297,288	6.9%	170,304	132,417	28.6%
• Palm Kernel	73,521	61,494	19.6%	39,929	27,663	44.3%
Refinery and Processing	165,529	226,814	(27.0%)	123,681	98,444	25.6%

- Overall increase in sales volumes of CPO and PK was driven by higher production volumes.
- Higher sales volumes of processed palm based products in 2Q2015 was due to increased utilisation at the Group's processing plants.
- Sales volumes for 6M2015 was also impacted by a net inventory buildup of ~ 22,000 tonnes (6M2014: net drawdown of ~ 4,000 tonnes).

(1) Sales volume include inter-segment sales

Balance Sheet Highlights

US\$' million	30 June 2015	31 Dec 2014
Total Assets	1,913.1	1,997.9
Cash and bank balances	291.2	350.9
Total Liabilities	856.2	882.1
Borrowings and debt securities ⁽¹⁾	530.6	583.1
Total Equity	1,056.9	1,115.8
Net Debt	239.4	232.2
Net Debt ⁽²⁾ /Total Equity	0.23x	0.21x
Net Debt ⁽²⁾ /EBITDA ⁽³⁾	1.11x	0.77x
EBITDA/Interest Expense ⁽⁴⁾	9.4x	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



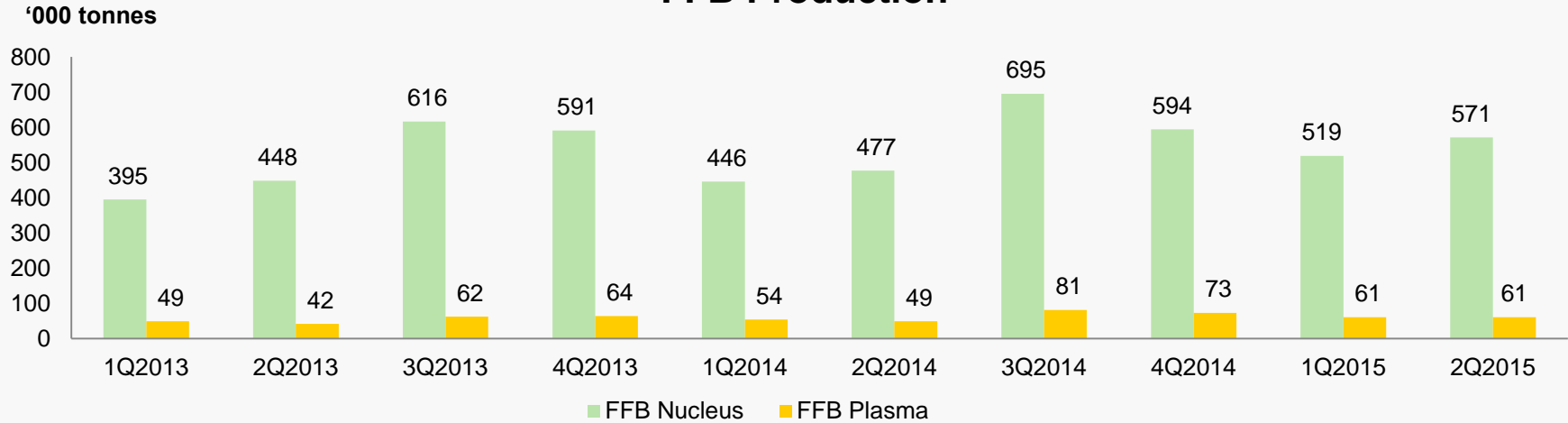
Production Highlights

		6M2015	6M2014	Change	2Q2015	2Q2014	Change
Production							
FFB harvested	(tonnes)	1,212,833	1,026,287	18.2%	632,270	525,213	20.4%
• Nucleus		1,090,631	923,110	18.1%	571,381	476,659	19.9%
• Plasma		122,202	103,177	18.4%	60,889	48,554	25.4%
FFB purchased	(tonnes)	156,794	163,627	(4.2%)	87,820	87,310	0.6%
CPO	(tonnes)	304,011	266,212	14.2%	158,791	134,738	17.9%
PK	(tonnes)	71,214	62,116	14.6%	37,774	30,963	22.0%
Efficiency							
FFB Yield	(tonnes/ha)	8.4	7.8	↑	4.4	4.0	↑
CPO Yield	(tonnes/ha)	1.9	1.8	↑	1.0	0.9	↑
CPO Extraction Rate	(%)	22.8	22.7	↑	22.5	22.3	↑
PK Extraction Rate	(%)	5.3	5.3	▬	5.4	5.1	↑

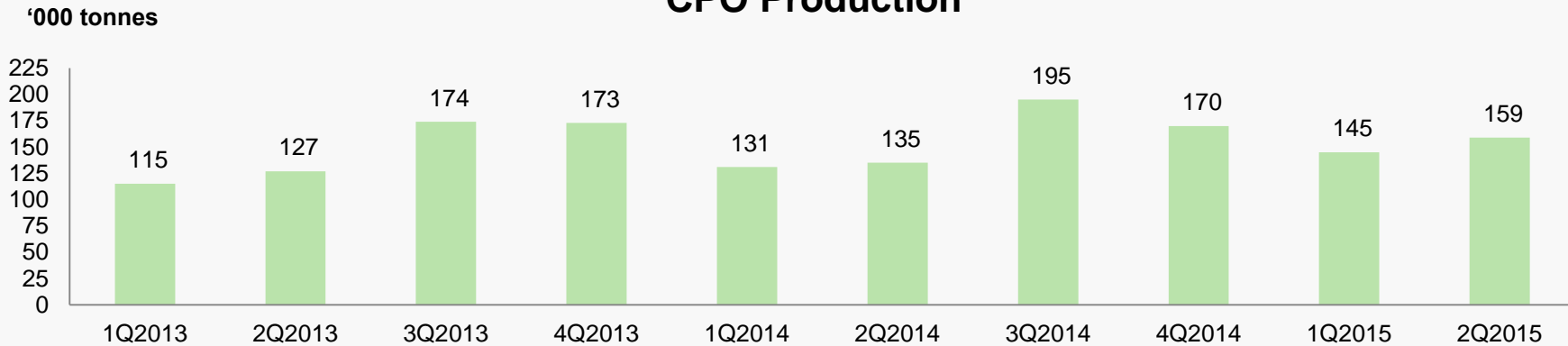
- FFB production increased due to contribution from newly mature hectareage as well as yield recovery of plantations.
- Overall yields improvement due to yield recovery experienced in Riau estates.

Production Trends

FFB Production



CPO Production

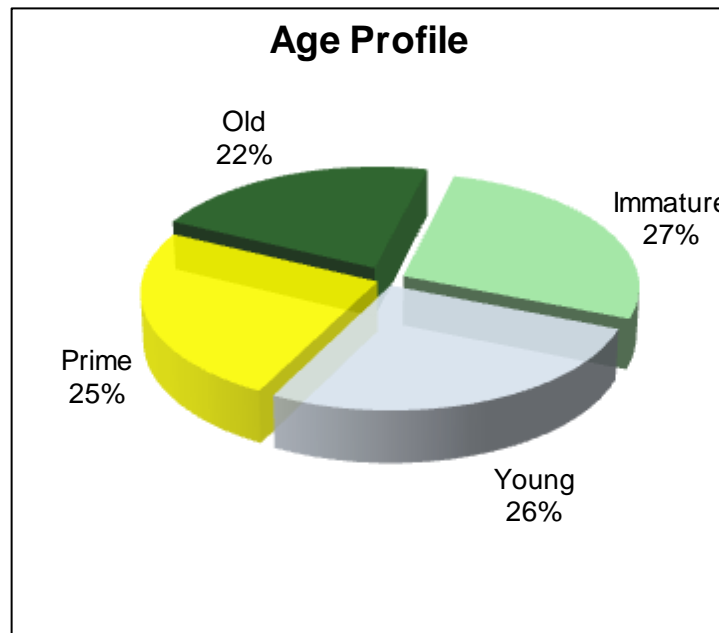


Oil Palm Plantation Area

	As at 30 June 2015		As at 30 June 2014		As at 31 Dec 2014
	Area (ha)	% of Total	Area (ha)	% of Total	Area (ha)
Planted Nucleus	169,752	85%	157,045	85%	165,936
- Mature	124,938	63%	114,143	62%	114,377
- Immature	44,814	22%	42,902	23%	51,559
Planted Plasma	28,942	15%	26,876	15%	28,631
- Mature	19,802	10%	17,893	10%	17,843
- Immature	9,140	5%	8,983	5%	10,788
Total Planted	198,694	100%	183,921	100%	194,567
- Mature	144,740	73%	132,036	72%	132,220
- Immature	53,954	27%	51,885	28%	62,347

Plantation Age Profile

Age	As at 30 June 2015	
	Area (ha)	% of Total
0-3 years (Immature)	53,954	27%
4-7 years (Young)	52,690	26%
8-17 years (Prime)	48,966	25%
≥ 18 years (Old)	43,084	22%
Total	198,694	100%



Weighted average age of 9 years



Group Updates



■ Outlook

- In the near term, palm oil prices will continue to be impacted by subdued demand as well as low prices of crude oil and other edible oils.
- Long-term outlook of the palm oil industry remains positive, supported by underlying demand growth from emerging markets and higher biodiesel mandate in Indonesia.
- Production growth to continue for rest of the year, as we enter the production up-cycle that typically takes place in the 3rd and 4th quarters.

Group remains convinced of the viability of the palm oil business

Sustainability Updates

■ On 1 July 2015 – Introduced the Sustainable Palm Oil Policy

- No development on High Carbon Stock forest and High Conservation Value areas
- No development on peat areas (regardless of depth)
- No exploitation of people and local communities
- Observe a strict zero-burning policy
- Establish a traceable and transparent supply chain
- Develop a grievance procedure to handle grievances in a fair and transparent manner

■ Certification updates and plans as at 30 June 2015

- 53,363 ha of estates (including 5,019 ha of plasma estates), refineries, jetty and bulking station are ISCC⁽¹⁾ certified
- 41,766 ha of our estates are ISPO⁽²⁾ certified, awaiting the issuance of certificate for two more estates
- Pursuing RSPO⁽³⁾ certifications for our estates

(1)ISPO – Indonesian Sustainable Palm Oil

(2)ISCC – International Sustainability and Carbon Certification

(3)RSPO – Roundtable on Sustainable Palm Oil



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