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# First Resources Limited

Third Quarter 2015 Results Presentation  
13 November 2015 | Singapore

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*Delivering Growth and Returns*





# Table of Contents

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**Executive Summary** **3**

---

**Financial Performance** **4**

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**Operational Performance** **10**

---

**Group Updates** **15**

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# Executive Summary – 9M2015

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## ■ Modest Financial Performance

- Net profit came in at US\$88.1 million, a decrease of 22.9%
- EBITDA came in at US\$169.7 million, a decrease of 17.2%
- Overall results were impacted by weak selling prices of palm oil products and net build-up in inventory

## ■ Continued Production Growth

- Fresh fruit bunches (FFB) harvested increased by 14.4%
- Crude palm oil (CPO) production grew by 11.6%
- Overall increase in production due to contribution from newly mature hectarage as well as yield recovery



# Financial Performance

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# Income Statement Highlights

US\$' million	9M2015	9M2014	Change	3Q2015	3Q2014	Change
Sales	322.8	438.9	(26.4%)	107.8	148.8	(27.6%)
Cost of sales	(134.3)	(217.4)	(38.2%)	(37.3)	(63.1)	(40.8%)
Gross profit	188.5	221.4	(14.9%)	70.4	85.7	(17.8%)
EBITDA <sup>(1)</sup>	169.7	205.1	(17.2%)	61.6	79.4	(22.4%)
Net profit attributable to owners of the Company	88.1	114.2	(22.9%)	31.7	43.1	(26.4%)
Gross profit margin	58.4%	50.5%	↑	65.4%	57.6%	↑
EBITDA margin	52.6%	46.7%	↑	57.2%	53.4%	↑

- Decline in sales mainly due to the lower average selling prices as well as lower sales volumes of processed palm based products.
- Cost of sales decreased mainly due to reduction in purchases of FFB and palm oil products from third parties.
- For 9M2015, margins improved in spite of the lower selling prices mainly due to the lower purchases of palm oil products from third parties. For 3Q2015, the improvement in margins was mainly driven by increased contribution from the Refinery and Processing segment.

(1) Profit from operations adjusted for depreciation and amortisation

# Segmental Results

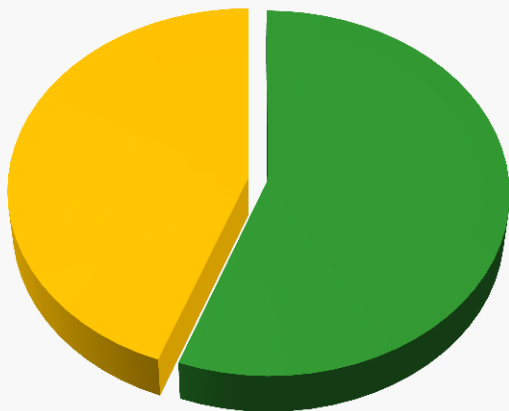
US\$' million	9M2015	9M2014	Change	3Q2015	3Q2014	Change
<b>Sales</b>						
<b>Plantations and Palm Oil Mills</b>	<b>319.6</b>	<b>385.1</b>	<b>(17.0%)</b>	<b>93.3</b>	<b>140.6</b>	<b>(33.6%)</b>
• Crude Palm Oil	275.1	336.8	(18.3%)	81.1	121.8	(33.4%)
• Palm Kernel	39.7	44.4	(10.6%)	11.0	17.1	(35.8%)
• Fresh Fruit Bunches	4.9	3.9	25.5%	1.2	1.7	(29.2%)
<b>Refinery and Processing</b>	<b>184.1</b>	<b>305.8</b>	<b>(39.8%)</b>	<b>84.0</b>	<b>131.4</b>	<b>(36.1%)</b>
Inter-segment elimination	(180.9)	(252.0)	(28.2%)	(69.6)	(123.2)	(43.5%)
	<b>322.8</b>	<b>438.9</b>	<b>(26.4%)</b>	<b>107.8</b>	<b>148.8</b>	<b>(27.6%)</b>
<b>EBITDA</b>						
Plantations and Palm Oil Mills	163.2	188.7	(13.5%)	51.3	79.9	(35.8%)
Refinery and Processing	16.6	27.5	(39.4%)	14.4	9.1	58.6%
Inter-segment elimination <sup>(1)</sup>	(10.1)	(11.1)	(8.5%)	(4.1)	(9.6)	(57.5%)
	<b>169.7</b>	<b>205.1</b>	<b>(17.2%)</b>	<b>61.6</b>	<b>79.4</b>	<b>(22.4%)</b>

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

# Segmental Sales and EBITDA – 9M2015

## Sales

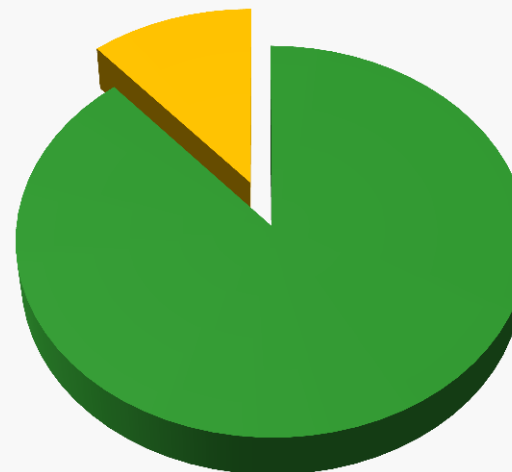
Refinery and Processing – 36.5%



Plantations and Palm Oil Mills – 63.5%

## EBITDA

Refinery and Processing – 9.3%



Plantations and Palm Oil Mills – 90.7%

- 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

	9M2015	9M2014	Change	3Q2015	3Q2014	Change
<b>Sales Volume (tonnes)</b>						
Plantations and Palm Oil Mills <sup>(1)</sup>						
• Crude Palm Oil	481,149	481,956	(0.2%)	163,278	184,668	(11.6%)
• Palm Kernel	111,578	98,414	13.4%	38,057	36,920	3.1%
Refinery and Processing	302,725	410,108	(26.2%)	137,196	183,294	(25.1%)

- Overall production growth has helped to drive the increase in sales volumes of PK, while the sales volumes of CPO and processed palm based products were impacted by inventory build-up.
- For 9M2015, the lower sales volumes was mainly due to a net inventory build-up of ~ 92,000 tonnes (9M2014: 22,000 tonnes), as well as a decrease in purchases from third parties.
- For 3Q2015, the decrease in sales volumes in spite of the growth in production was mainly due to a net inventory build-up of ~ 70,000 tonnes (3Q2014: 26,000 tonnes).

(1) Sales volume include inter-segment sales



# Balance Sheet Highlights

US\$' million	30 Sept 2015	31 Dec 2014
Total Assets	1,837.5	1,997.9
Cash and bank balances	245.2	350.9
Total Liabilities	896.1	882.1
Borrowings and debt securities <sup>(1)</sup>	489.5	583.1
Total Equity	941.4	1,115.8
Net Debt	244.3	232.2
Net Debt <sup>(2)</sup> /Total Equity	0.26x	0.21x
Net Debt <sup>(2)</sup> /EBITDA <sup>(3)</sup>	1.08x	0.77x
EBITDA/Interest Expense <sup>(4)</sup>	9.6x	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

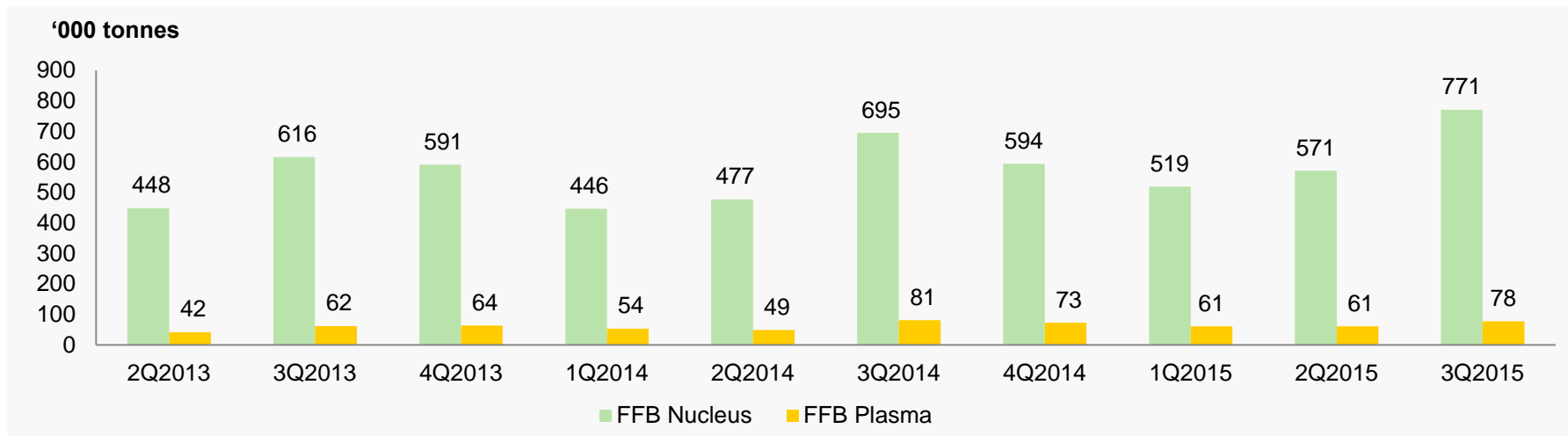
		9M2015	9M2014	Change	3Q2015	3Q2014	Change
<b>Production</b>							
FFB harvested	(tonnes)	2,061,920	1,802,681	14.4%	849,087	776,394	9.4%
• Nucleus		1,861,975	1,618,199	15.1%	771,344	695,089	11.0%
• Plasma		199,945	184,482	8.4%	77,743	81,305	(4.4%)
FFB purchased	(tonnes)	243,439	267,265	(8.9%)	86,645	103,638	(16.4%)
CPO	(tonnes)	514,499	460,855	11.6%	210,488	194,643	8.1%
PK	(tonnes)	119,158	107,093	11.3%	47,944	44,977	6.6%
<b>Efficiency</b>							
FFB Yield	(tonnes/ha)	13.9	13.7	↑	5.7	5.9	↓
CPO Yield	(tonnes/ha)	3.2	3.1	↑	1.3	1.3	▬
CPO Extraction Rate	(%)	22.8	22.6	↑	23.0	22.5	↑
PK Extraction Rate	(%)	5.3	5.3	▬	5.2	5.2	▬

- Overall increase in production due to contribution from newly mature hectareage and yield recovery in plantations.
- Overall yields improvement experienced in Riau estates during 2015.

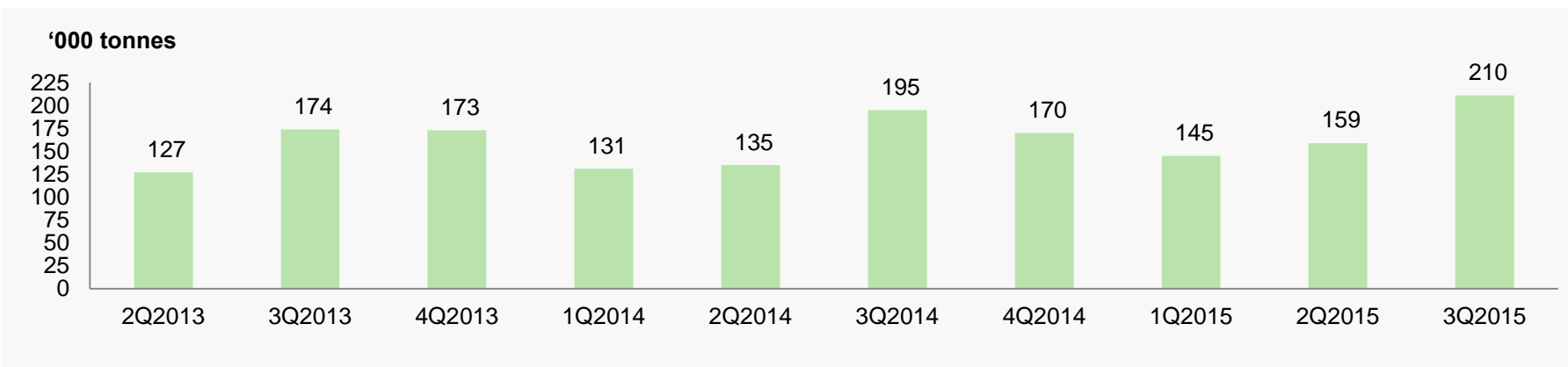
Note: Data includes two months production contribution and mature hectareage from Pacific Agri Resources, which was acquired in July 2015

# Production Trends

## FFB Production



## CPO Production



Note: Data includes two months production contribution from Pacific Agri Resources, which was acquired in July 2015.

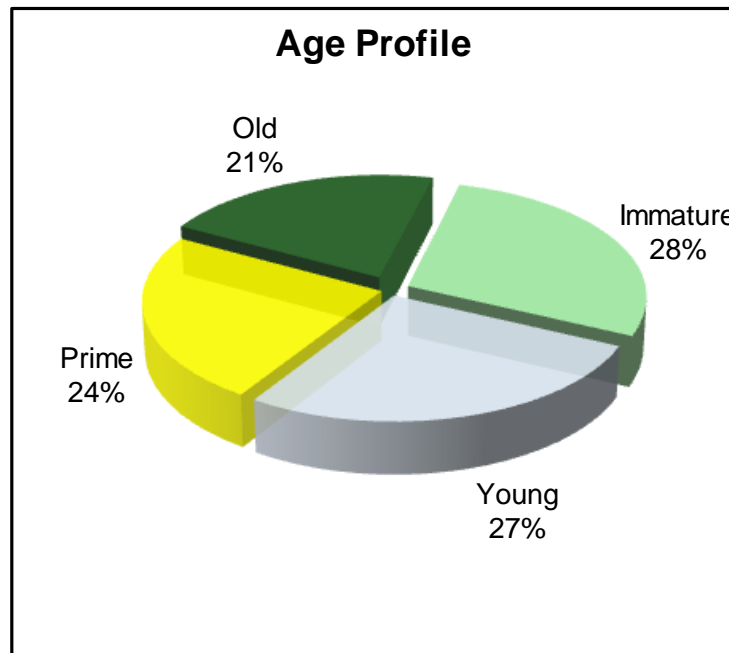
# Oil Palm Plantation Area

	As at 30 Sept 2015		As at 30 Sept 2014		As at 31 Dec 2014
	Area (ha)	% of Total	Area (ha)	% of Total	Area (ha)
<b>Planted Nucleus</b>	<b>176,592</b>	<b>86%</b>	<b>160,745</b>	<b>85%</b>	<b>165,936</b>
- Mature	128,034	62%	114,143	60%	114,377
- Immature	48,558	24%	46,602	25%	51,559
<b>Planted Plasma</b>	<b>29,039</b>	<b>14%</b>	<b>27,576</b>	<b>15%</b>	<b>28,631</b>
- Mature	19,802	10%	17,893	10%	17,843
- Immature	9,237	4%	9,683	5%	10,788
<b>Total Planted</b>	<b>205,631</b>	<b>100%</b>	<b>188,321</b>	<b>100%</b>	<b>194,567</b>
- Mature	147,836	72%	132,036	70%	132,220
- Immature	57,795	28%	56,285	30%	62,347

Note: Data includes planted hectarage from Pacific Agri Resources, which was acquired in July 2015

# Plantation Age Profile

Age	As at 30 September 2015	
	Area (ha)	% of Total
0-3 years (Immature)	57,795	28%
4-7 years (Young)	55,775	27%
8-17 years (Prime)	48,977	24%
≥ 18 years (Old)	43,084	21%
<b>Total</b>	<b>205,631</b>	<b>100%</b>



**Weighted average age of ~ 9 years**

Note: Data includes planted hectarage from Pacific Agri Resources, which was acquired in July 2015



# Group Updates

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# Group Updates

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## ■ Outlook

- Recent recovery in palm oil prices was driven mainly by concerns over the current dry weather that could potentially disrupt supply. Coupled with the implementation of Indonesia's biodiesel policy, the Group expects a moderate recovery in palm oil prices.
- On the production front, the Group expects production to decline seasonally in the fourth quarter as production has peaked in the third quarter.



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# Contact Information

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**If you need further information, please contact:**

Investor Relations

[investor@first-resources.com](mailto:investor@first-resources.com)

## **First Resources Limited**

8 Temasek Boulevard

#36-02 Suntec Tower Three

Singapore 038988

Tel: +65 6602 0200

Fax: +65 6333 6711

Website: [www.first-resources.com](http://www.first-resources.com)