



First Resources Limited

Full Year and Fourth Quarter 2015
Results Presentation
25 February 2016 | Singapore

Delivering Growth and Returns





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Executive Summary – FY2015

Moderated Performance in a Challenging Operating Environment

■ Weaker Financial Performance

- EBITDA came in at US\$219.1m, a decrease of 26.9%
- Underlying net profit came in at US\$109.3m, a decrease of 36.3%
- Decline mainly due to lower average selling prices and lower sales volumes

■ Stronger Operational Performance

- Fresh fruit bunches (FFB) harvested increased by 13.6%
- CPO production increased by 8.9%
- Overall increase in production due to increase in mature hectarage and yield improvements
- Cash cost of production for nucleus CPO lowered to US\$204 per tonne (FY2014: US\$228)

Executive Summary

Dividend

- **Proposing final dividend of 1.25 Singapore cents per share**

- Interim dividend of 1.25 Singapore Cents per share paid in September 2015, bringing total FY2015 dividend to 2.50 Singapore Cents per share

Dividend History		FY2015	FY2014	FY2013	FY2012	FY2011
Interim Dividend Per Share	(Singapore cents)	1.25	1.25	1.25	1.25	1.00
Final Dividend Per Share	(Singapore cents)	1.25	2.30	3.25	2.75	2.50
Total Dividend Per Share	(Singapore cents)	2.50	3.55	4.50	4.00	3.50
% Growth		(30%)	(21%)	13%	14%	21%
% of Underlying Net Profit		26%	25%	26%	24%	25%

Committed to dividend payout in line with Company's performance



Financial Performance



Income Statement Highlights

US\$' million	FY2015	FY2014	Change	4Q2015	4Q2014	Change
Sales	453.7	615.5	(26.3%)	130.9	176.7	(25.9%)
Cost of sales	(202.4)	(292.1)	(30.7%)	(68.1)	(74.7)	(8.8%)
Gross profit	251.2	323.4	(22.3%)	62.7	102.0	(38.5%)
(Losses)/gains arising from changes in fair value of biological assets	(2.5)	1.9	<i>n.m.</i>	(2.5)	1.9	<i>n.m.</i>
EBITDA ⁽¹⁾	219.1	299.7	(26.9%)	49.4	94.6	(47.8%)
Net profit ⁽²⁾	107.9	173.4	(37.8%)	19.8	59.2	(66.5%)
Underlying net profit ⁽³⁾	109.3	171.6	(36.3%)	21.3	57.4	(63.0%)
Gross profit margin	55.4%	52.5%	↑	47.9%	57.7%	↓
EBITDA margin	48.3%	48.7%	↓	37.7%	53.6%	↓

(1) Profit from operations before depreciation, amortisation and gains/losses 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/losses arising from changes in fair value of biological assets

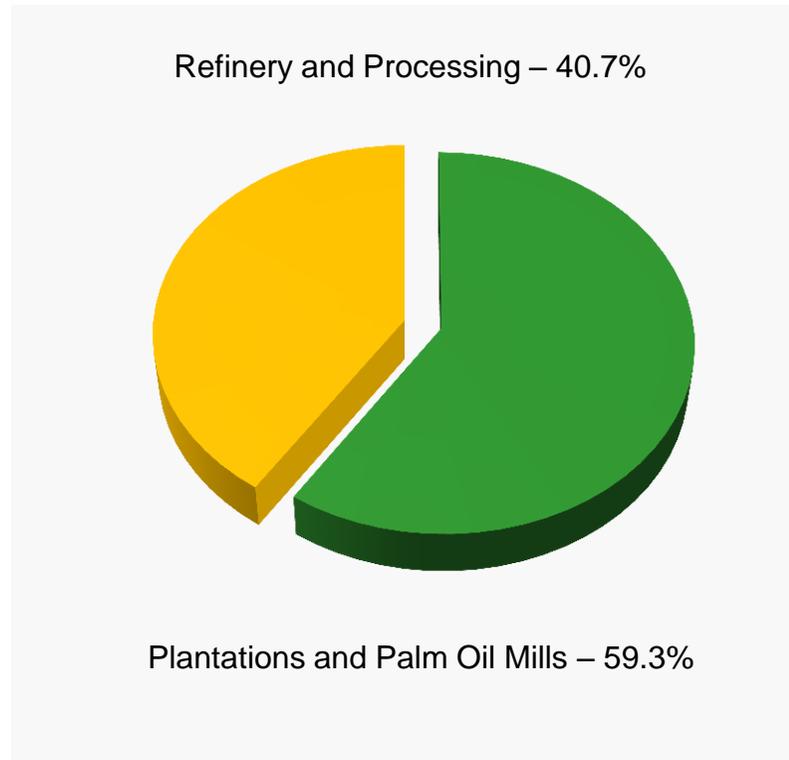
Segmental Results

US\$' million	FY2015	FY2014	Change	4Q2015	4Q2014	Change
Sales						
Plantations and Palm Oil Mills	421.5	515.9	(18.3%)	101.9	130.8	(22.1%)
• Crude Palm Oil	362.4	450.9	(19.6%)	87.3	114.1	(23.4%)
• Palm Kernel	52.8	59.6	(11.4%)	13.1	15.2	(13.8%)
• Fresh Fruit Bunches	6.4	5.4	17.5%	1.4	1.5	(3.4%)
Refinery and Processing	289.2	406.2	(28.8%)	105.1	100.5	4.6%
Inter-segment elimination	(257.0)	(306.6)	(16.2%)	(76.1)	(54.5)	39.5%
	453.7	615.5	(26.3%)	130.9	176.7	(25.9%)
EBITDA						
Plantations and Palm Oil Mills	206.3	266.5	(22.6%)	43.1	77.7	(44.6%)
Refinery and Processing	14.6	32.7	(55.3%)	(2.0)	5.2	n.m.
Inter-segment elimination ⁽¹⁾	(1.8)	0.6	n.m.	8.3	11.7	(28.7%)
	219.1	299.7	(26.9%)	49.4	94.6	(47.8%)

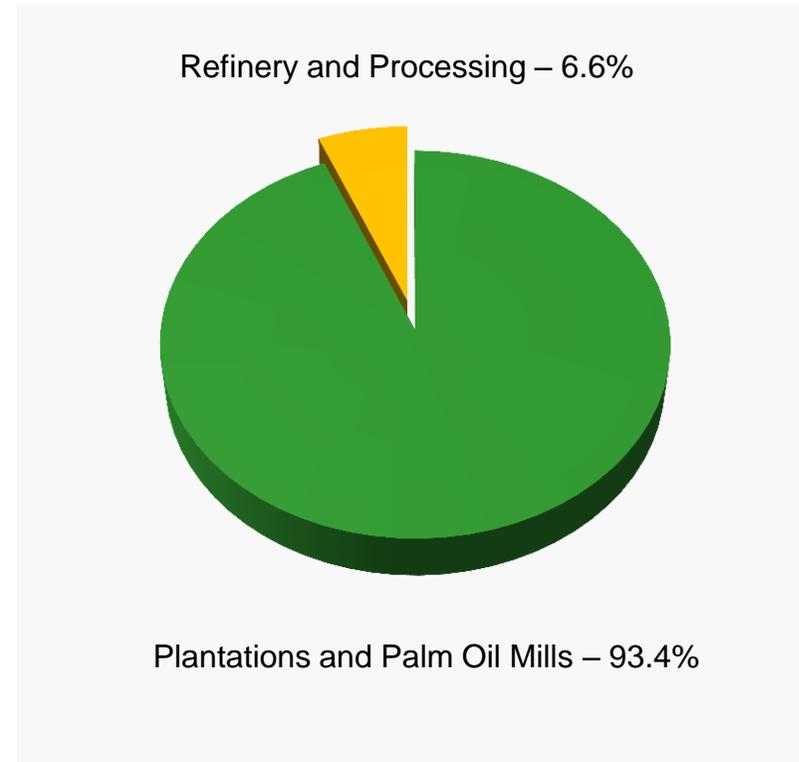
(1) Inter-segment elimination of EBITDA relates to the elimination of unrealised profit on inter-segment sales

Segmental Sales and EBITDA – FY2015

SALES



EBITDA



- The Group's Plantations and Palm Oil Mills segment remains the main contributor to EBITDA

Note : Sales and EBITDA by business segments are stated before inter-segment elimination

Segmental Sales Volume

	FY2015	FY2014	Change	4Q2015	4Q2014	Change
Sales Volume (tonne)						
Plantations and Palm Oil Mills ⁽¹⁾						
• Crude Palm Oil	669,435	658,803	1.6%	188,286	176,847	6.5%
• Palm Kernel	159,610	142,594	11.9%	48,032	44,180	8.7%
Refinery and Processing ⁽²⁾	509,229	564,435	(9.8%)	206,504	154,327	33.8%

- Increases in sales volumes of CPO and PK in FY2015 were primarily driven by higher production volumes
- Decrease in sales volumes of processed palm based products for FY2015 was mainly due to weak refining margins
- Overall sales volumes in FY2015 were also impacted by a net inventory build-up of ~ 60,000 tonnes (FY2014: net inventory drawdown of ~ 29,000 tonnes)

(1) Sales volume include inter-segment sales

(2) Sales from the Refinery and Processing segment includes RBD Palm Oil, Palm Fatty Acid Distillate, RBD Palm Olein, RBD Palm Stearin, Palm Methyl Ester (biodiesel), Crude Glycerine, Palm Kernel Oil and Palm Kernel Expeller

Review of Key Performance Metrics

Performance Metrics	FY2015	FY2014	Change
Unit Cash Cost of Production, Ex-Mill ⁽¹⁾ - Per tonne of Nucleus CPO produced	US\$204	US\$228	↓
Unit EBITDA ⁽²⁾ - Per tonne of Nucleus CPO sold	US\$371	US\$539	↓
Unit EBITDA ⁽²⁾ - Per mature Nucleus Hectare	US\$1,612	US\$2,330	↓

(1) Cash cost of production is derived using total cash costs of producing nucleus CPO and PK (before selling and distribution expenses and general and administrative expenses), divided by the production volume of nucleus CPO

(2) EBITDA refers to EBITDA contribution from Plantations and Palm Oil Mills segment and not Group EBITDA

Balance Sheet Highlights

US\$' million	31 Dec 2015	31 Dec 2014
Total Assets	1,926.9	1,997.9
Cash and bank balances	205.4	350.9
Total Liabilities	881.5	882.1
Borrowings and debt securities ⁽¹⁾	495.0	583.1
Total Equity	1,045.4	1,115.8
Net Debt ⁽²⁾	289.6	232.2
Gross Debt ⁽¹⁾ /Total Equity	0.47x	0.52x
Net Debt ⁽²⁾ /Total Equity	0.28x	0.21x
Gross Debt ⁽¹⁾ /EBITDA	2.26x	1.95x
Net Debt ⁽²⁾ /EBITDA	1.32x	0.77x
EBITDA/Interest Expense ⁽³⁾	9.0x	15.5x

(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

Amendments to FRS 16 and FRS 41

Agriculture – Bearer Plants

Current requirements	New requirements (effective 1 Jan 2016)
<ul style="list-style-type: none"> ➤ All biological assets are measured at fair value less costs to sell, with changes recognised in profit or loss. ➤ No depreciation is charged on the biological assets. 	<ul style="list-style-type: none"> ➤ Bearer plants (i.e. palm trees) are to be accounted for as property, plant & equipment (FRS 16), where depreciation will be charged based on its useful life. <p>Options for the measurement of bearer plants are:-</p> <ul style="list-style-type: none"> (1) back to historical cost; or (2) fair value used as deemed cost. <ul style="list-style-type: none"> ➤ Agricultural produce (i.e. palm fruits) growing on the bearer plants are biological assets measured at fair value less costs to sell (FRS 41) and are to be accounted for as current assets.

The Group will opt for Option 1, where plantation assets will be adjusted back to historical cost less accumulated depreciation.

Proforma Financial Statements on adoption of Amendments to FRS 16 and FRS 41

Balance Sheet (US\$' million)	Actual 31 Dec 2015	Proforma Impact ⁽¹⁾	Proforma 31 Dec 2015
Total Assets	1,926.9	(370.0)	1,557.0
Biological assets	969.2	(370.0)	599.2
Total Liabilities	881.5	(89.3)	792.2
Deferred tax liabilities	110.2	(89.3)	20.9
Total Equity	1,045.4	(280.6)	764.8

Income Statement (US\$' million)	Actual 31 Dec 2015	Proforma Impact ⁽¹⁾	Proforma 31 Dec 2015
Depreciation and amortisation	(30.5)	(19.5)	(50.0)
Underlying net profit	109.3	(14.2)	95.1

Gross Debt ⁽²⁾ /Total Equity	0.47x	0.65x
Net Debt ⁽³⁾ /Total Equity	0.28x	0.38x

Notes:

(1) Excludes fair valuation of agricultural produce as the measurement methodology has not been finalised

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

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



Operational Performance



Production Highlights

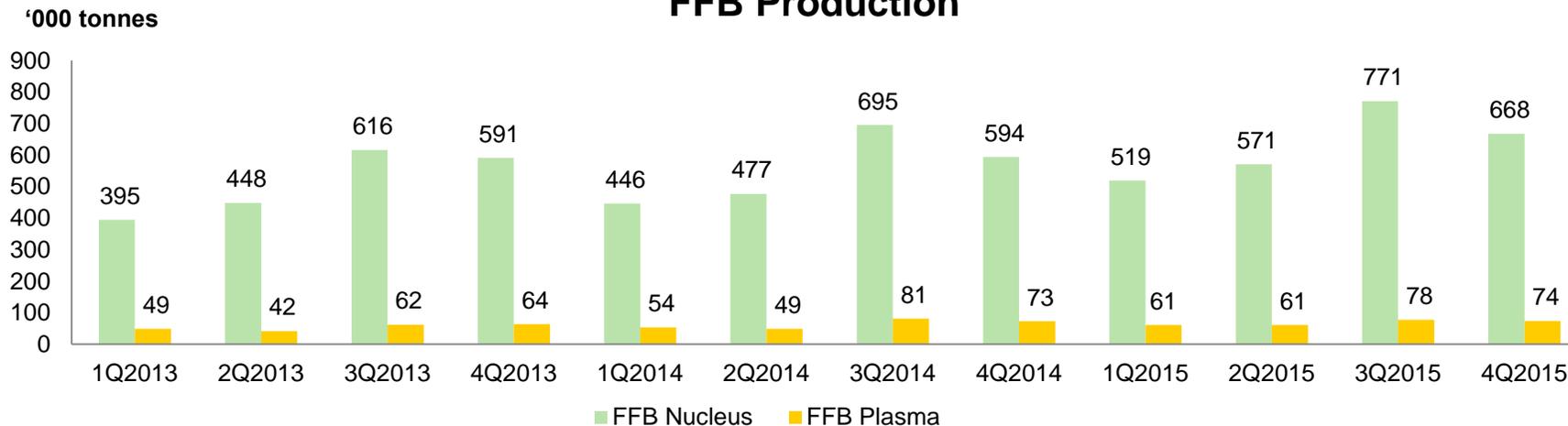
		FY2015	FY2014	Change	4Q2015	4Q2014	Change
Production							
FFB harvested	(tonnes)	2,804,606	2,469,884	13.6%	742,686	667,203	11.3%
• Nucleus		2,530,357	2,212,006	14.4%	668,382	593,807	12.6%
• Plasma		274,249	257,878	6.3%	74,304	73,396	1.2%
FFB purchased	(tonnes)	291,093	345,479	(15.7%)	47,654	78,214	(39.1%)
CPO	(tonnes)	687,248	630,988	8.9%	172,749	170,133	1.5%
PK	(tonnes)	160,021	145,811	9.7%	40,863	38,718	5.5%
Efficiency							
FFB Yield	(tonnes/ha)	19.0	18.7	↑	5.0	5.0	▬
CPO Yield	(tonnes/ha)	4.3	4.3	▬	1.1	1.2	↓
CPO Extraction Rate	(%)	22.7	22.8	↓	22.3	23.1	↓
PK Extraction Rate	(%)	5.3	5.3	▬	5.3	5.3	▬

- FFB production grew due to increase in mature hectareage as well as yield improvements
- FFB yield increased due to recovery of nucleus plantations in Riau as well as better maturity profile
- Moderate CPO production growth due to lower purchases of FFB from third parties

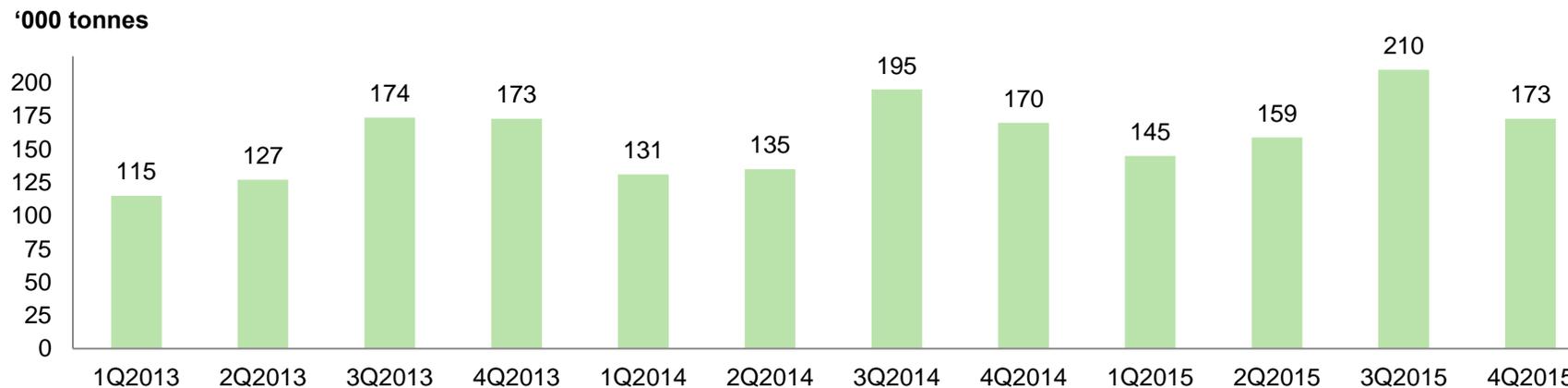
Note: Data includes production contribution and mature hectareage from plantations that were acquired in 2015

Production Trends

FFB Production



CPO Production



Note: Data includes production contribution and mature hectareage from plantations that were acquired in 2015

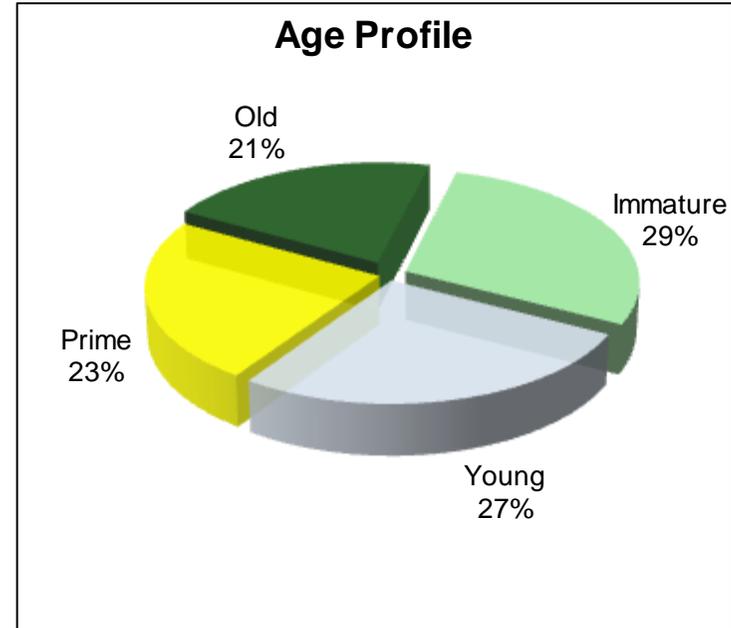
Oil Palm Plantation Area

	As at 31 Dec 2015		As at 31 Dec 2014	
	Area (ha)	% of Total	Area (ha)	% of Total
Planted Nucleus	178,338	86%	165,936	85%
- Mature	128,042	62%	114,377	59%
- Immature	50,296	24%	51,559	26%
Planted Plasma	29,237	14%	28,631	15%
- Mature	19,863	10%	17,843	9%
- Immature	9,374	4%	10,788	6%
Total Planted	207,575	100%	194,567	100%
- Mature	147,905	71%	132,220	68%
- Immature	59,670	29%	62,347	32%

Note: Data includes production contribution and mature hectareage from plantations that were acquired in 2015

Plantation Age Profile

Age	As at 31 Dec 2015	
	Area (ha)	% of Total
0-3 years (Immature)	59,670	29%
4-7 years (Young)	55,844	27%
8-17 years (Prime)	48,977	23%
≥ 18 years (Old)	43,084	21%
Total	207,575	100%



Weighted average age of ~ 9 years

Note: Data includes production contribution and mature hectareage from plantations that were acquired in 2015



Growth Strategy and Updates



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

A Leading Plantation Group with Integrated Operations Throughout the Value Chain

	Plantations	Milling	Processing
Activity			
Products	<ul style="list-style-type: none"> ▪ Fresh Fruit Bunches 	<ul style="list-style-type: none"> ▪ Crude Palm Oil ▪ Palm Kernel 	<ul style="list-style-type: none"> ▪ RBDPO ▪ PFAD ▪ RBD Olein ▪ RBD Stearin ▪ Biodiesel ▪ Crude Glycerine ▪ PKE ▪ PKO
Assets	<ul style="list-style-type: none"> ➢ 207,575 ha of plantations <ul style="list-style-type: none"> • Nucleus : 178,338 ha • Plasma : 29,237 ha 	<ul style="list-style-type: none"> ➢ 13 CPO mills ➢ Capacity of 4.32 million tonnes of FFB p.a. 	<ul style="list-style-type: none"> ➢ Refinery, fractionation & biodiesel plants (with combined capacity of 850,000 tonnes p.a.) ➢ Kernel crushing plant (capacity of 135,000 tonnes p.a.)

Note: Data as at 31 December 2015

Capital Investments in 2016

■ Plantation Development

- New planting of oil palms and rubber
- Maintenance of immature oil palm and rubber plantations

■ Property, Equipment and Others

- Infrastructure for plantation management

■ CPO mills

- Completion of the 14th mill in West Kalimantan by 3Q2016
- Commenced construction of the 15th mill in East Kalimantan
- Upgrading and maintenance of CPO mills

■ Others (Downstream, IT, Seed Garden)

Expected Capital Expenditure ~ US\$80 million

■ Outlook

- Palm oil prices have started to recover on supply disruption concerns due to prolonged dry weather in 2015
- Fundamentals of the palm oil industry remains favourable, underpinned by supportive demand from the Indonesian biodiesel mandate and continued consumption growth from emerging markets
- The Group's production in 2016 expected to be impacted by the lagged effects of the dry weather in 2015

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