



First Resources Limited

First Quarter 2016 Results Presentation
13 May 2016 | Singapore

Delivering Growth and Returns





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Executive Summary – 1Q2016

■ Weaker Financial Performance

- Net profit came in at US\$5.3 million, a decrease of 77.9%
- EBITDA came in at US\$29.8 million, a decrease of 44.3%
- Overall results were impacted by lower average selling prices despite higher sales volumes
- Crude palm oil (CPO) average selling prices (ex-mill basis) fell by ~US\$150 per tonne, mainly due to the lower market prices as compared to 1Q2015 and the imposition of the palm oil export levy since July 2015.
- Margins were also lower due to higher purchases of palm oil products from third parties

■ Lower Production

- Fresh fruit bunches (FFB) harvested decreased by 15.3%
- CPO production decreased by 17.1%
- Lagged effects from the dry weather in 2015 continue to impact Group's production and yields

■ The Group will continue to focus on strengthening its operational efficiencies and keeping costs low



Financial Performance



Income Statement Highlights

US\$' million	1Q2016	1Q2015 ⁽²⁾	Change
Sales	113.1	96.3	17.5%
Cost of sales	(78.3)	(43.0)	82.2%
Gross profit	34.8	53.3	(34.7%)
EBITDA ⁽¹⁾	29.8	53.4	(44.3%)
Net profit attributable to owners of the Company	5.3	24.2	(77.9%)
Gross profit margin	30.8%	55.3%	↓
EBITDA margin	26.3%	55.5%	↓

- Increase in sales mainly driven by higher sales volumes from the Refinery and Processing segment.
- Higher cost of sales mainly due to increased purchases of palm oil products from third parties.
- Lower EBITDA and net profit mainly due to the effects from the lower average selling prices of palm based products.
- Margins were similarly impacted by the lower average selling prices and increase in purchases from third parties.

(1) Profit from operations adjusted for depreciation and amortisation

(2) Restated to take into account the effects from the adoption of the amendments to FRS 16 and FRS 41

Segmental Results

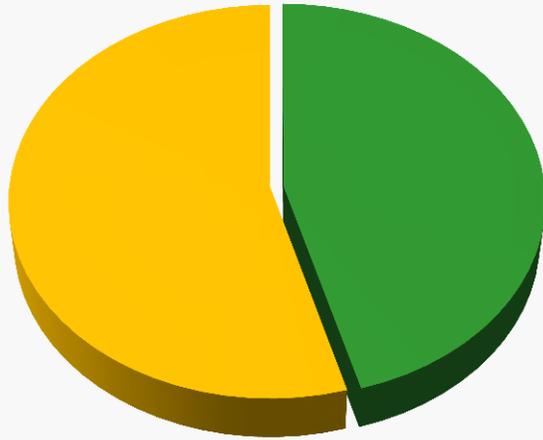
US\$' million	1Q2016	1Q2015	Change
Sales			
Plantations and Palm Oil Mills	86.2	107.8	(20.0%)
• Crude Palm Oil	72.3	92.9	(22.2%)
• Palm Kernel	12.3	12.9	(4.9%)
• Fresh Fruit Bunches	1.7	1.9	(13.8%)
Refinery and Processing	103.0	23.3	342.3%
Inter-segment elimination	(76.1)	(34.8)	118.9%
	113.1	96.3	17.5%
EBITDA			
Plantations and Palm Oil Mills	22.3	52.9	(57.9%)
Refinery and Processing	3.1	1.5	108.0%
Inter-segment elimination ⁽¹⁾	4.4	(0.9)	n.m.
	29.8	53.4	(44.3%)

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

Segmental Sales and EBITDA – 1Q2016

Sales

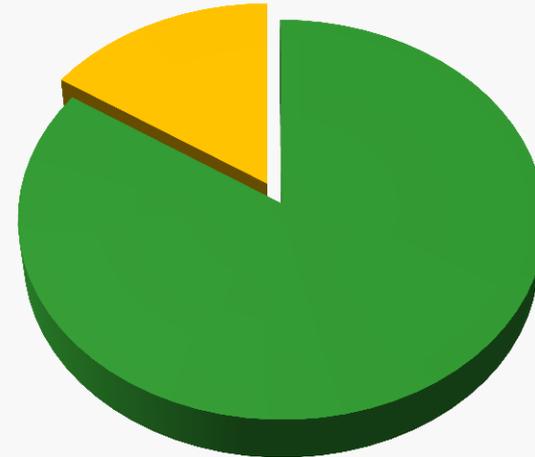
Refinery and Processing – 54.4%



Plantations and Palm Oil Mills – 45.6%

EBITDA

Refinery and Processing – 12.1%



Plantations and Palm Oil Mills – 87.9%

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

Segmental Sales Volume

	1Q2016	1Q2015	Change
Sales Volume (tonnes)			
Plantations and Palm Oil Mills ⁽¹⁾			
• Crude Palm Oil	152,005	147,567	3.0%
• Palm Kernel	34,759	33,592	3.5%
Refinery and Processing	195,897	41,848	368.1%

- Higher sales volumes of processed palm based products reflects higher utilisation of the Group's processing plants.
- Overall increase in sales volumes was also contributed by an increase in purchases from third parties of ~45,000 tonnes, which helped to mitigate the effects of lower production volumes from the Plantations and Palm Oil Mills segment.
- In addition, there was also a net inventory drawdown of ~9,000 tonnes in 1Q2016 as compared to a net inventory build-up of ~20,000 tonnes in 1Q2015.

(1) Sales volume include inter-segment sales

Balance Sheet Highlights

US\$' million	31 Mar 2016	31 Dec 2015 ⁽⁵⁾
Total Assets	1,601.9	1,568.2
Cash and bank balances	190.4	205.4
Total Liabilities	778.6	793.8
Borrowings and debt securities ⁽¹⁾	513.0	495.0
Total Equity	823.3	774.4
Net Debt	322.6	289.6
Gross Debt ⁽¹⁾ /Total Equity	0.62x	0.64x
Net Debt ⁽²⁾ /Total Equity	0.39x	0.37x
Gross Debt ⁽¹⁾ /EBITDA ⁽³⁾	4.31x	2.26x
Net Debt ⁽²⁾ /EBITDA ⁽³⁾	2.71x	1.32x
EBITDA/Interest Expense ⁽⁴⁾	4.7x	9.0x

(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

(5) Restated to take into account the effects from the adoption of the amendments to FRS 16 and FRS 41



Operational Performance



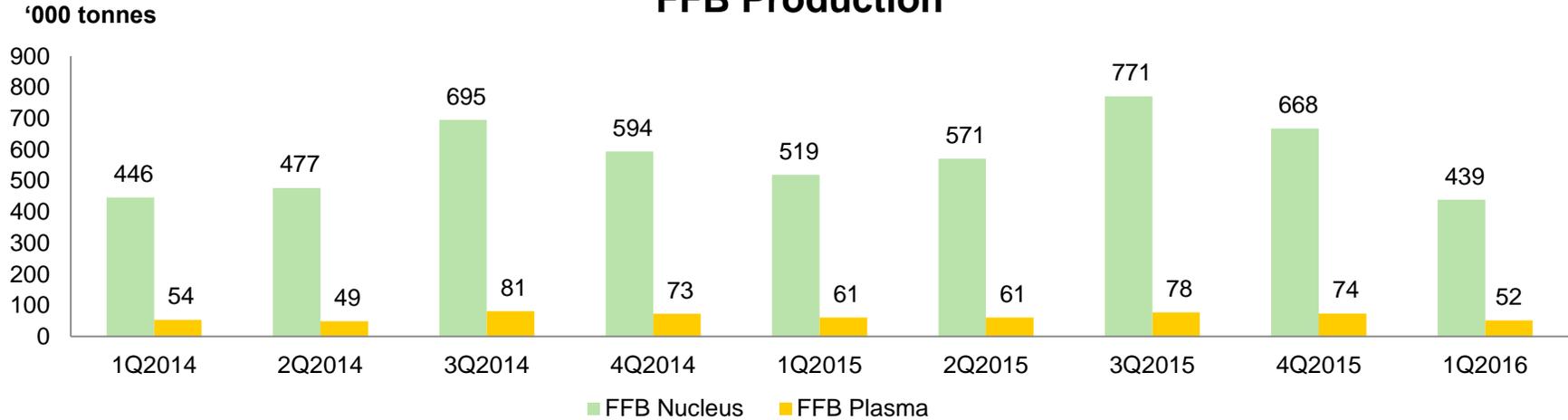
Production Highlights

		1Q2016	1Q2015	Change
Production				
FFB harvested	(tonnes)	491,478	580,563	(15.3%)
• Nucleus		439,311	519,250	(15.4%)
• Plasma		52,167	61,313	(14.9%)
FFB purchased	(tonnes)	47,869	68,974	(30.6%)
CPO	(tonnes)	120,411	145,220	(17.1%)
PK	(tonnes)	29,077	33,440	(13.1%)
Efficiency				
FFB Yield	(tonnes/ha)	3.1	4.0	↓
CPO Yield	(tonnes/ha)	0.7	0.9	↓
CPO Extraction Rate	(%)	23.0	23.0	▬
PK Extraction Rate	(%)	5.5	5.3	↑

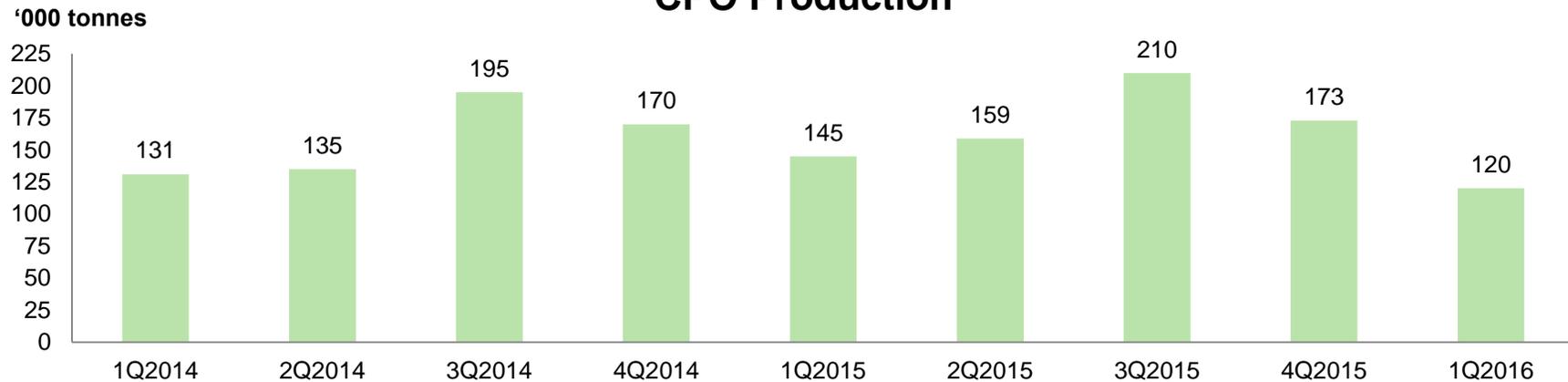
- Decline in production volumes as well as yields were due to the lagged impact from dry weather in 2015.
- CPO production declined by a greater magnitude partly due to lower FFB purchases from third parties.

Production Trends

FFB Production



CPO Production

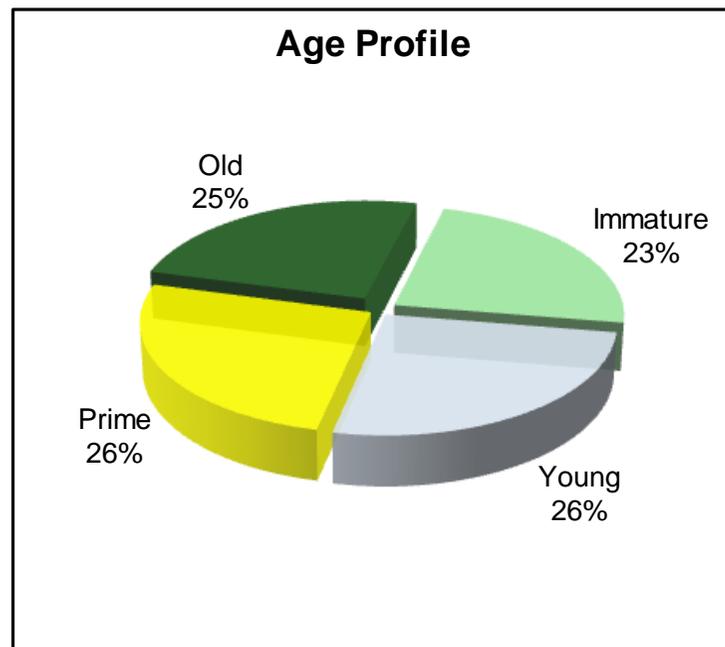


Oil Palm Plantation Area

	As at 31 Mar 2016		As at 31 Mar 2015		As at 31 Dec 2015
	Area (ha)	% of Total	Area (ha)	% of Total	Area (ha)
Planted Nucleus	178,592	86%	167,710	85%	178,338
- Mature	136,797	66%	125,062	64%	128,042
- Immature	41,795	20%	42,648	21%	50,296
Planted Plasma	29,207	14%	28,841	15%	29,237
- Mature	21,799	10%	19,802	10%	19,863
- Immature	7,408	4%	9,039	5%	9,374
Total Planted	207,799	100%	196,551	100%	207,575
- Mature	158,596	76%	144,864	74%	147,905
- Immature	49,203	24%	51,687	26%	59,670

Oil Palm Plantation Age Profile

Age	As at 31 Mar 2016	
	Area (ha)	% of Total
0-3 years (Immature)	49,203	23%
4-7 years (Young)	53,665	26%
8-17 years (Prime)	53,545	26%
≥ 18 years (Old)	51,386	25%
Total	207,799	100%



Weighted average age of ~ 10 years



Group Updates



■ Outlook

- The recovery in palm oil prices has been largely driven by concerns over the impact from prolonged dry weather last year, which is suppressing industry-wide production.
- The recent higher prices is expected to improve our financial performance as compared to 1Q2016.
- While palm oil prices continue to be influenced by prices of other competing oils and the low crude oil price, the Group expects the Indonesian biodiesel mandate and demand from the emerging economies to support palm oil prices.
- On the production front, the Group expects its production to continue to be impacted by the lagged effects of the dry weather in 2015, such that overall production in 2016 is expected to be lower than the preceding year.

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