



# First Resources Limited

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**Third Quarter 2018  
Results Presentation  
9 November 2018**

*Delivering Growth and Returns*



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# Executive Summary – 9M2018

## ■ Satisfactory Financial Performance Supported by Strong Production

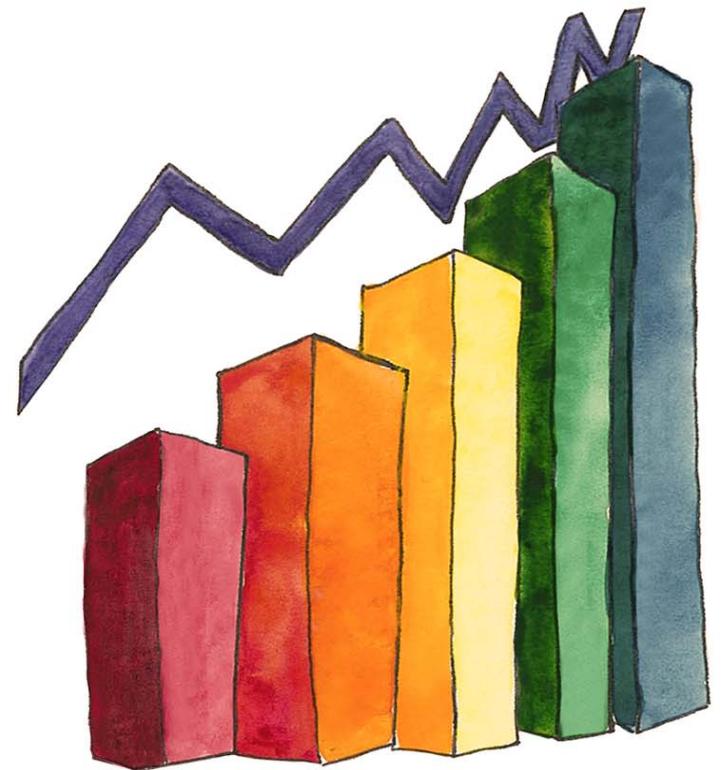
- Net profit for 3Q2018 came in at US\$39.0 million, an increase of 22.2% year-on-year and EBITDA came in at US\$76.4 million, up by 10.5%
- For 9M2018, net profit and EBITDA came in at US\$102.7 million and US\$210.3 million respectively, marginal declines of 0.8% and 1.7% against the previous year
- Results supported by production volume growth, partially offset by weaker average selling prices

## ■ Robust Operational Performance

- Overall increase in production driven by yield recovery and increase in mature hectarage
- Fresh fruit bunches (FFB) harvested increased by 19.2%
- CPO production volumes increased by 26.5%

# Financial Performance

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# Income Statement Highlights

US\$' million	9M2018	9M2017	Change	3Q2018	3Q2017	Change
Sales	488.0	466.2	4.7%	171.4	137.4	24.7%
Cost of sales	(262.6)	(245.5)	7.0%	(87.9)	(66.1)	33.0%
Gross profit	225.4	220.7	2.1%	83.5	71.3	17.1%
EBITDA <sup>(1)</sup>	210.3	213.9	(1.7%)	76.4	69.2	10.5%
Net profit <sup>(2)</sup>	102.7	103.5	(0.8%)	39.0	31.9	22.2%
Gross profit margin	46.2%	47.3%	↓	48.7%	51.9%	↓
EBITDA margin	43.1%	45.9%	↓	44.6%	50.3%	↓

- Sales were boosted by higher production volumes, partially offset by the effects of lower average selling prices which contributed to the decline in margins
- Results for 9M2018 were somewhat impacted by a net inventory build-up, which resulted in a smaller increase in overall sales volumes than the growth in production volumes

(1) Profit from operations before depreciation and amortisation

(2) Profit attributable to owners of the Company

# Segmental Results

US\$' million	9M2018	9M2017	Change	3Q2018	3Q2017	Change
<b>Sales</b>						
Plantations and Palm Oil Mills	412.3	373.4	10.4%	148.4	129.9	14.2%
• Crude Palm Oil	342.2	305.0	12.2%	127.1	108.0	17.7%
• Palm Kernel	60.1	57.7	4.1%	18.3	18.1	1.2%
• Fresh Fruit Bunches	10.0	10.6	(6.3%)	3.1	3.8	(20.5%)
Refinery and Processing	465.9	430.7	8.2%	164.7	120.8	36.3%
Inter-segment elimination	(390.2)	(337.9)	15.5%	(141.8)	(113.3)	25.1%
	<b>488.0</b>	<b>466.2</b>	<b>4.7%</b>	<b>171.4</b>	<b>137.4</b>	<b>24.7%</b>
<b>EBITDA</b>						
Plantations and Palm Oil Mills	202.9	200.6	1.1%	73.4	71.4	2.9%
Refinery and Processing	10.4	14.0	(25.5%)	4.5	2.9	58.1%
Inter-segment elimination <sup>(1)</sup>	(2.9)	(0.7)	316.9%	(1.5)	(5.1)	(69.7%)
	<b>210.3</b>	<b>213.9</b>	<b>(1.7%)</b>	<b>76.4</b>	<b>69.2</b>	<b>10.5%</b>

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

# Segmental Sales Volume

	9M2018	9M2017	Change	3Q2018	3Q2017	Change
<b>Sales Volume (tonnes)</b>						
Plantations and Palm Oil Mills <sup>(1)</sup>						
• Crude Palm Oil	615,312	500,947	22.8%	241,973	187,511	29.0%
• Palm Kernel	145,546	117,141	24.2%	51,811	42,635	21.5%
Refinery and Processing	755,063	636,794	18.6%	284,792	193,458	47.2%

- The higher sales volumes were mainly driven by improved production volumes and yields from our plantations
- Sales volumes in 9M2018 were impacted by a net inventory build-up of ~38,000 tonnes as compared to a drawdown of ~14,000 tonnes in 9M2017
- For 3Q2018, there was a net inventory build-up of ~17,000 tonnes (3Q2017: ~33,000 tonnes)

(1) Sales volume includes inter-segment sales

# Balance Sheet Highlights

US\$' million	30 Sep 2018	31 Dec 2017 <sup>(5)</sup>
Total Assets	1,518.6	1,731.0
Cash and bank balances	123.6	278.9
Total Liabilities	587.1	708.8
Borrowings and debt securities <sup>(1)</sup>	386.8	496.3
Total Equity	931.5	1,022.2
Net Debt	263.2	217.4
Gross Debt <sup>(1)</sup> /Total Equity	0.42x	0.49x
Net Debt <sup>(2)</sup> /Total Equity	0.28x	0.21x
Gross Debt <sup>(1)</sup> /EBITDA <sup>(3)</sup>	1.36x	1.70x
Net Debt <sup>(2)</sup> /EBITDA <sup>(3)</sup>	0.93x	0.74x
EBITDA/Interest Expense <sup>(4)</sup>	15.4x	12.9x

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

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

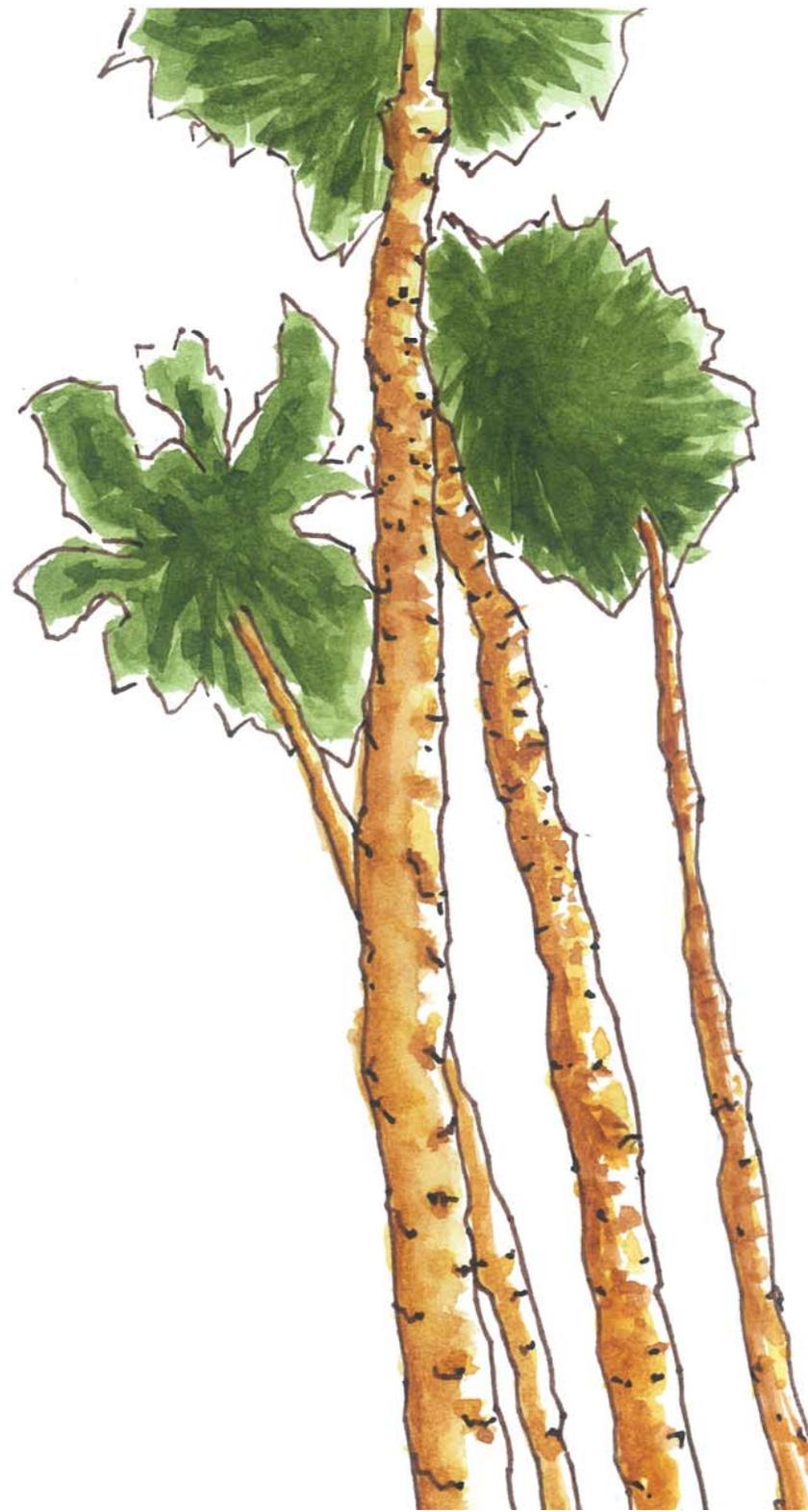
(3) Annualised

(4) Total interest/profit distribution paid/payable on borrowings and debt securities

(5) Restated to take into account the effects from the adoption of SFRS(I)

# Operational Performance

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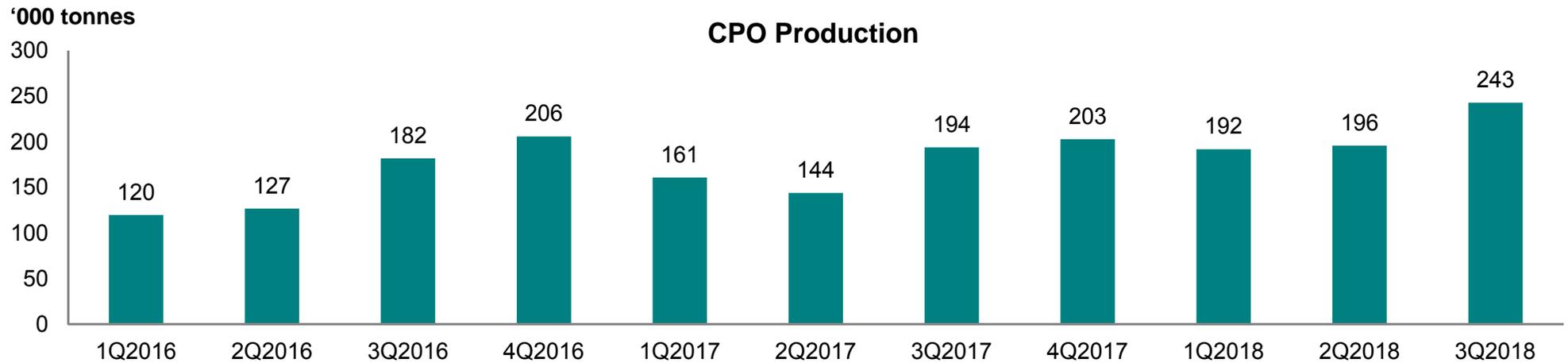
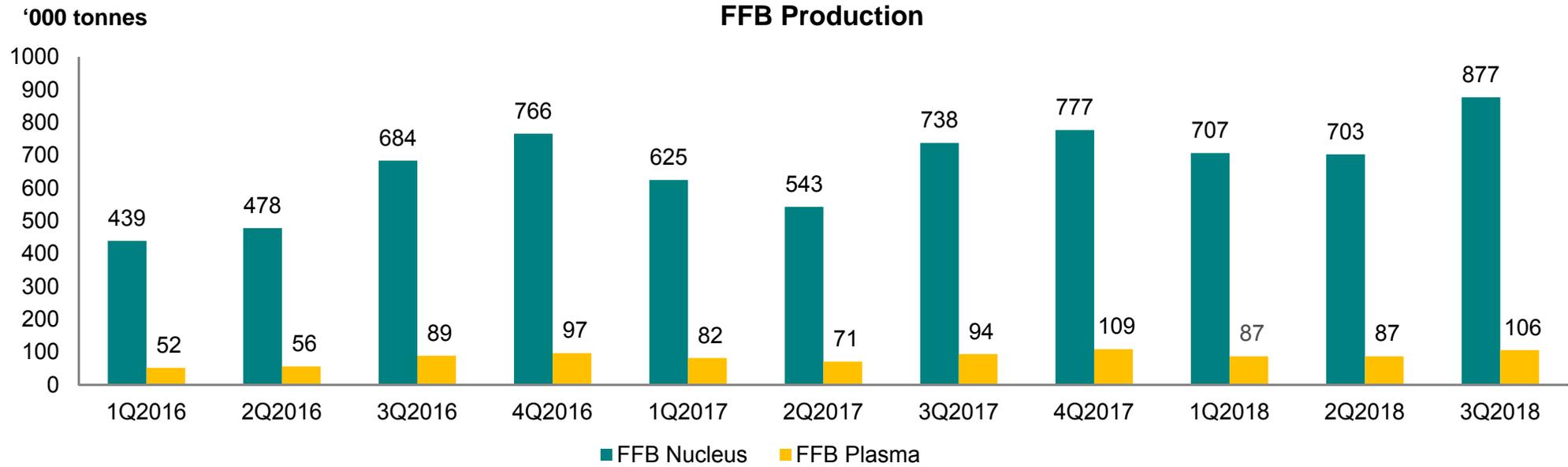


# Production Highlights

		9M2018	9M2017	Change	3Q2018	3Q2017	Change
<b>Production</b>							
FFB harvested	(tonnes)	2,566,218	2,152,225	19.2%	982,653	832,364	18.1%
• Nucleus		2,286,553	1,906,068	20.0%	877,121	738,398	18.8%
• Plasma		279,665	246,157	13.6%	105,532	93,966	12.3%
FFB purchased	(tonnes)	273,099	174,450	56.5%	105,541	76,785	37.5%
CPO	(tonnes)	630,982	498,985	26.5%	242,924	194,014	25.2%
PK	(tonnes)	143,173	119,461	19.8%	55,091	46,320	18.9%
<b>Efficiency</b>							
FFB Yield	(tonnes/ha)	13.4	12.3	↑	5.1	4.8	↑
CPO Yield	(tonnes/ha)	3.1	2.7	↑	1.2	1.0	↑
CPO Extraction Rate	(%)	23.0	22.2	↑	23.0	22.0	↑
PK Extraction Rate	(%)	5.2	5.3	↓	5.2	5.3	↓

- Production increased due to yield recovery and contribution from newly mature hectareage

# Production Trends

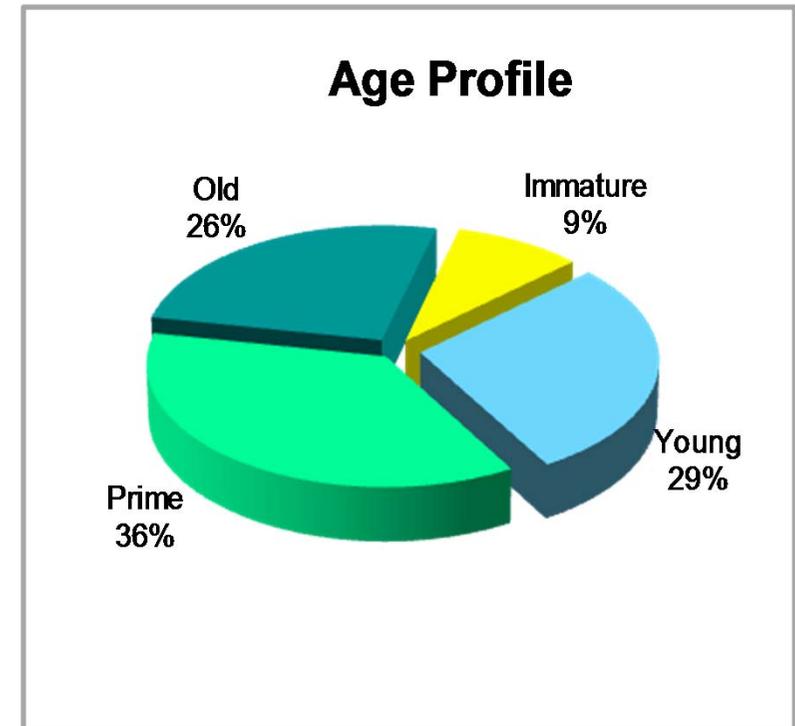


# Oil Palm Plantation Area

	As at 30 Sep 2018		As at 30 Sep 2017		As at 31 Dec 2017
	Area (ha)	% of Total	Area (ha)	% of Total	Area (ha)
<b>Planted Nucleus</b>	<b>179,630</b>	<b>85%</b>	<b>179,007</b>	<b>85%</b>	<b>179,521</b>
- Mature	161,668	77%	148,720	71%	147,377
- Immature	17,962	8%	30,287	14%	32,144
<b>Planted Plasma</b>	<b>30,674</b>	<b>15%</b>	<b>30,528</b>	<b>15%</b>	<b>30,480</b>
- Mature	29,151	14%	26,393	13%	26,032
- Immature	1,523	1%	4,135	2%	4,448
<b>Total Planted</b>	<b>210,304</b>	<b>100%</b>	<b>209,535</b>	<b>100%</b>	<b>210,001</b>
- Mature	190,819	91%	175,113	84%	173,409
- Immature	19,485	9%	34,422	16%	36,592

# Plantation Age Profile

Age	As at 30 Sep 2018	
	Area (ha)	% of Total
0-3 years (Immature)	19,485	9%
4-7 years (Young)	59,977	29%
8-17 years (Prime)	76,513	36%
≥ 18 years (Old)	54,329	26%
<b>Total</b>	<b>210,304</b>	<b>100%</b>



**Weighted average age of ~ 11 years**

# Group Updates

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# Updates

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## ■ Outlook

- Palm oil prices had been weak in 3Q2018 and are expected to remain volatile in response to macro developments such as the US-China trade tensions as well as changes to the import and export tax structures in consuming and producing countries.
- On the biofuel front, demand is expected to be supported by the extension of Indonesia's biodiesel policy together with the favourable spread between gasoil and palm oil prices, which has resulted in biodiesel becoming more economically viable.

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