



**FOR IMMEDIATE RELEASE**

## **First Resources achieves underlying net profit of US\$122.6 million for FY2018 amidst a challenging market environment**

- *Despite the robust output growth, results were impacted by inventory build-up and weaker palm oil prices*
- *Proposes a final dividend of 2.00 Singapore cents per share*

### **FINANCIAL HIGHLIGHTS (12 months ended 31 December)**

<b>US\$' million</b>	<b>FY2018</b>	<b>FY2017</b>	<b>Change</b>
<b>Sales</b>	633.5	647.0	(2.1%)
<b>Gross Profit</b>	278.8	306.7	(9.1%)
<b>EBITDA<sup>(1)</sup></b>	257.9	292.1	(11.7%)
<b>Net Profit<sup>(2)</sup></b>	120.0	137.7	(12.9%)
<b>Underlying net profit<sup>(3)</sup></b>	122.6	139.5	(12.1%)

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

**Singapore, 28 February 2019 – First Resources Limited (“First Resources” or the “Group”)** reported a net profit of US\$120.0 million for the 12 months ended 31 December 2018 (“FY2018”) on the back of US\$633.5 million in sales. Excluding the net losses arising from changes in fair value of biological assets, the Group’s underlying net profit came in at US\$122.6 million.

On the production front, the Group’s Fresh Fruit Bunches (“FFB”) harvested grew by 13.1% to 3.4 million tonnes in FY2018, driven by yield recovery and contribution from newly mature estates. FFB yield improved from 17.5 tonnes per hectare in FY2017 to 18.0 tonnes per hectare in FY2018. Crude palm oil (“CPO”) production also grew 17.3% year-on-year to 823,679 tonnes in FY2018, with CPO yield at 4.1 tonnes per hectare compared to 3.9 tonnes per hectare a year ago.

Despite the robust output growth, the Group's financial results for FY2018 were impacted by a net inventory build-up during the year, which resulted in a smaller increase in overall sales volumes than the growth in production volumes. In addition, the depressed palm oil prices experienced by the industry also affected the Group's average selling prices. Amidst the challenging market environment, First Resources' topline remained stable at US\$633.5 million, a marginal decline of 2.1%, with EBITDA coming in at US\$257.9 million.

As at 31 December 2018, the Group maintained its healthy balance sheet position with a low net gearing of 0.29 times and cash and bank balances of US\$99.9 million.

Looking ahead, the Group expects continued production growth in 2019 contributed by maturing plantations, albeit at a slower pace than in 2018.

The Board of Directors is proposing a final dividend of 2.00 Singapore cents per share for FY2018, which will bring the full-year ordinary dividend to 3.25 Singapore cents per share.

**Mr Ciliandra Fangiono, CEO of First Resources**, said: *"Palm oil prices have started to recover from the lows of 4Q2018 on seasonally weaker output. Demand in the year ahead is expected to be supported by the extension of Indonesia's biodiesel mandate in full force, as well as favourable changes to the import and export tax structures in consuming and producing countries. However, prices will continue to be impacted by macro developments such as the US-China trade negotiations and the supply-demand dynamics of other competing edible oils."*

In 2018, First Resources made significant progress in its sustainability efforts, having received its first Roundtable on Sustainable Palm Oil ("**RSPO**") certifications for two of its subsidiaries covering two mills and more than 18,000 hectares of plantations located in the province of Riau.

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## **About First Resources Limited**

First Resources Limited is one of the leading palm oil producers in the region, managing more than 200,000 hectares of oil palm plantations and 15 palm oil mills across the Riau, East Kalimantan and West Kalimantan provinces of Indonesia.

The Group's primary activities are cultivating oil palms, harvesting the fruits and milling them into crude palm oil ("CPO") and palm kernel ("PK") for sale to the local and export markets. With its integrated processing facilities, the Group also processes its CPO and PK into higher value palm-based products such as biodiesel, refined, bleached and deodorised ("RBD") olein, RBD stearin, palm kernel oil and palm kernel expeller.

The Group has a young plantation age profile, with close to forty percent of its plantations in their young or immature ages. This favourable age profile positions the Group well for strong production growth over the next few years as these plantations mature into prime-yielding ages.

First Resources is committed to sustainable palm oil production. As part of its business strategy, the Group will focus on growing and maintaining its high quality plantation assets in a responsible manner.

For more information, please visit [www.first-resources.com](http://www.first-resources.com).

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