



# First Resources Limited

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**Annual General Meeting**  
**29 April 2019**

*Delivering Growth and Returns*



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# Group Overview

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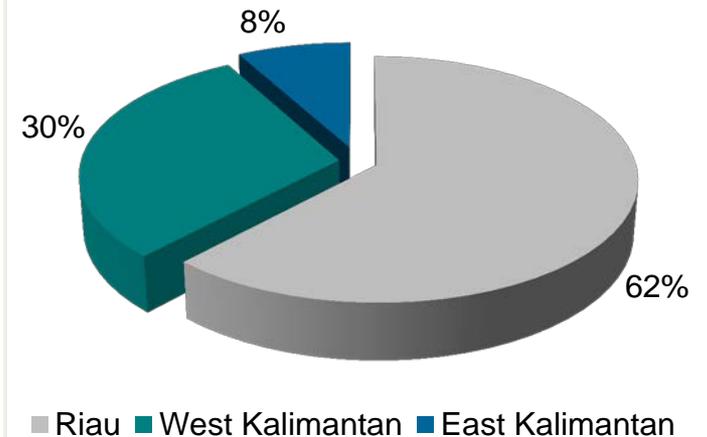
# About First Resources

## Locations



## Assets

Oil palm plantations are located in the Riau, East Kalimantan and West Kalimantan provinces of Indonesia



**210,885 ha**  
of Oil Palm  
Plantations

**15**  
Palm Oil Mills

**850,000**  
tonnes per annum  
of Processing  
Capacity

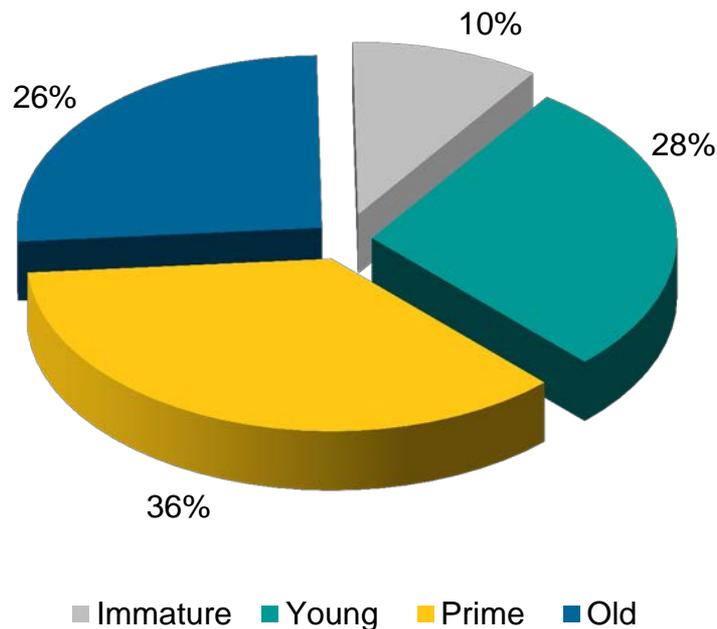
**US\$2b**  
Market  
Capitalisation

Data as at 31 Dec 2018

# Strong Growth Profile

*Strong growth expected from existing plantation assets due to young age profile*

## Young Plantation Profile

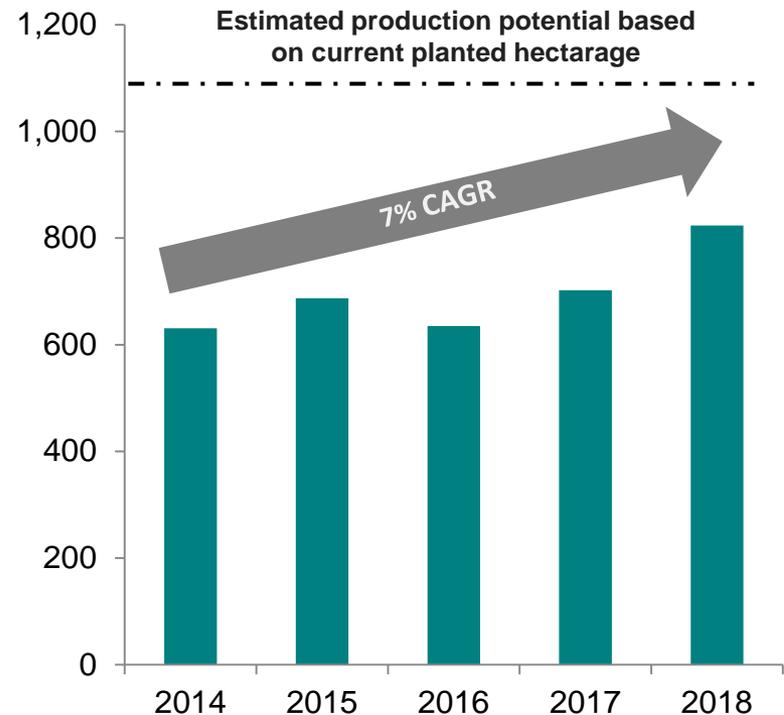


**Weighted average age of ~ 11 years**

Data as at 31 Dec 2018

## Expected Growth from Existing Asset Base

CPO Production  
(‘000 tonnes)



# 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 policy across the Group's entire operations
- To maximise market access through sustainable palm oil production

# Dividend

## ■ Proposing final dividend 2.00 Singapore cents per share

- Interim dividend of 1.25 Singapore cents per share paid in September 2018, bringing full-year ordinary dividend to 3.25 Singapore cents per share

Dividend History	FY2018	FY2017	FY2016	FY2015	FY2014
Interim (SGD cents per share)	1.25	1.25	0.625	1.25	1.25
Final (SGD cents per share)	2.00	2.15	2.375	1.25	2.30
Special (SGD cents per share)	-	3.40	-	-	-
<b>Total (SGD cents per share)</b>	<b>3.25</b>	<b>6.80</b>	<b>3.000</b>	<b>2.50</b>	<b>3.55</b>

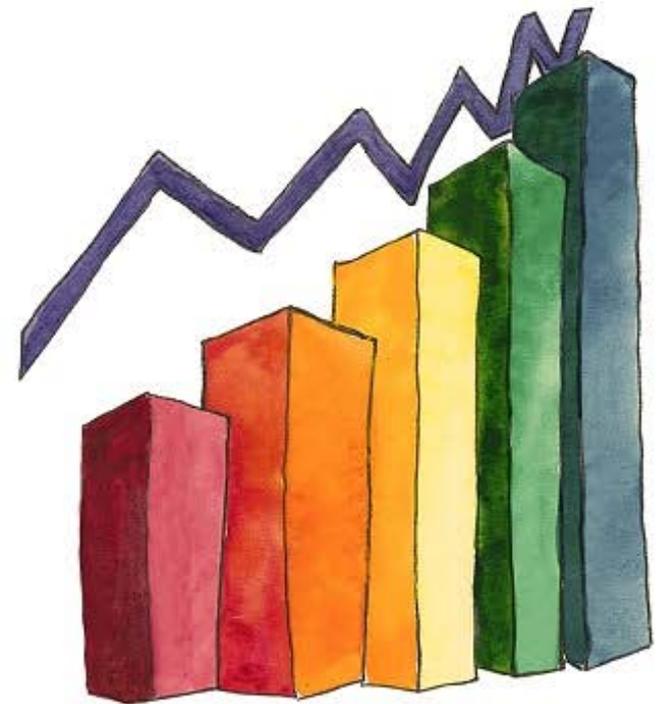
### % of Underlying Net Profit

- Ordinary dividend	31%	29%	29%	30%	25% <sup>(1)</sup>
- Special dividend	-	29%	-	-	-

(1) Figure has not been adjusted to take into account the effects from the adoption of the amendments to SFRS(I) 1-16 *Property, Plant and Equipment* and SFRS(I) 1-41 *Agriculture – Bearer Plants*.

# 2018 Financial and Operational Highlights

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# Executive Summary – FY2018

## Healthy Performance in a Challenging Market Environment

### ■ Robust Operational Performance

- Overall increase in production from yield recovery and contribution from newly mature estates
- Fresh fruit bunches (FFB) harvested increased by 13.1%
- Correspondingly, CPO production volumes increased by 17.3%

### ■ Moderated Financial Performance

- EBITDA came in at US\$257.9 million, a decrease of 11.7%
- Underlying net profit came in at US\$122.6 million, a decrease of 12.1%
- Overall results impacted by the effects of a net inventory build-up of ~69,000 tonnes (FY2017: drawdown of ~28,000 tonnes) and weaker palm oil prices

# Income Statement Highlights

US\$' million	FY2018	FY2017	Change
Sales	633.5	647.0	(2.1%)
Cost of sales	(354.7)	(340.3)	4.2%
Gross profit	278.8	306.7	(9.1%)
Losses arising from changes in fair value of biological assets	(3.5)	(2.4)	45.1%
EBITDA <sup>(1)</sup>	257.9	292.1	(11.7%)
Net profit <sup>(2)</sup>	120.0	137.7	(12.9%)
Underlying net profit <sup>(3)</sup>	122.6	139.5	(12.1%)
Gross profit margin	44.0%	47.4%	↓
EBITDA margin	40.7%	45.2%	↓

(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

# Balance Sheet Highlights

US\$' million	31 Dec 2018	31 Dec 2017 <sup>(4)</sup>
Total Assets	1,571.0	1,731.0
Cash and bank balances	99.9	278.9
Total Liabilities	585.0	708.8
Borrowings and debt securities <sup>(1)</sup>	381.0	496.3
Total Equity	986.0	1,022.2
Net Debt	281.1	217.4
Gross Debt <sup>(1)</sup> /Total Equity	0.39x	0.49x
Net Debt <sup>(2)</sup> /Total Equity	0.29x	0.21x
Gross Debt <sup>(1)</sup> /EBITDA	1.48x	1.70x
Net Debt <sup>(2)</sup> /EBITDA	1.09x	0.74x
EBITDA/Interest Expense <sup>(3)</sup>	14.3x	12.9x

(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

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

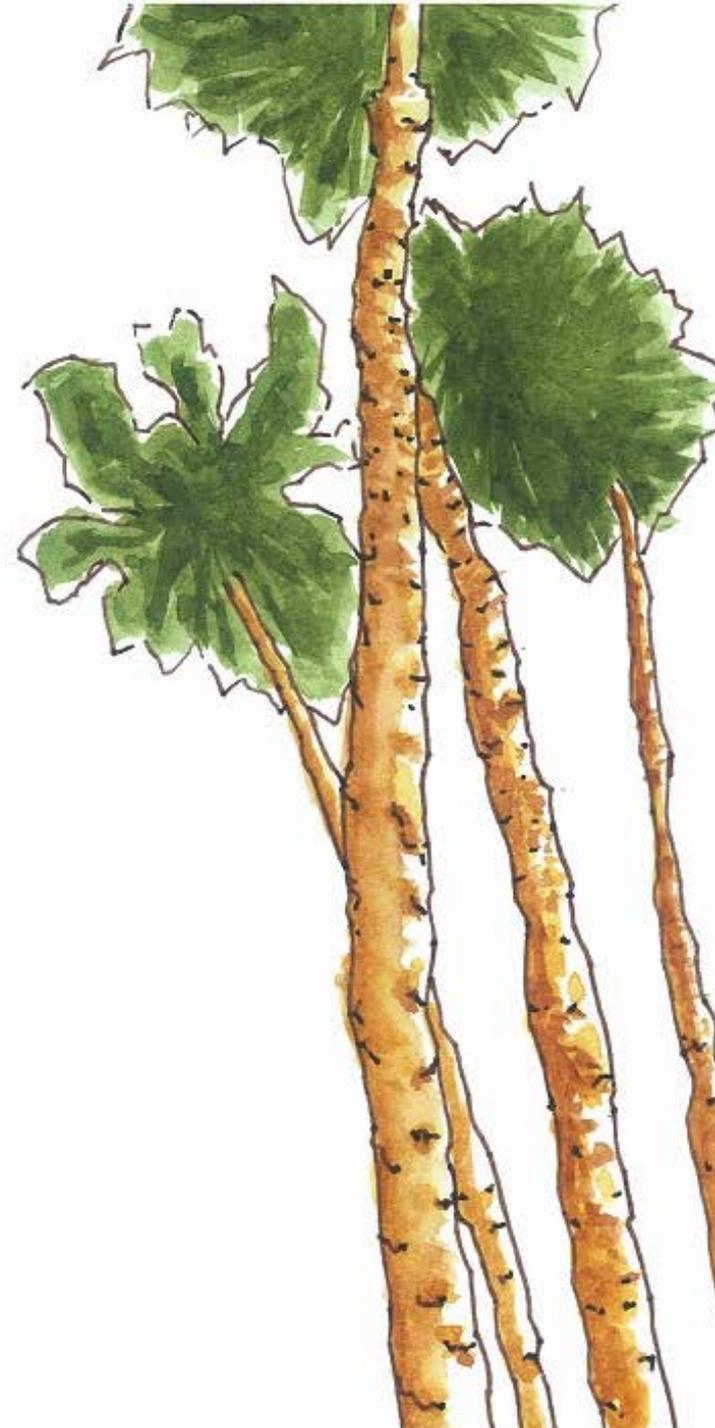
# Operational Highlights

		FY2018	FY2017	Change
<b>Production</b>				
FFB harvested	(tonnes)	3,435,159	3,037,842	13.1%
• Nucleus		3,061,819	2,682,944	14.1%
• Plasma		373,340	354,898	5.2%
CPO	(tonnes)	823,679	702,368	17.3%
PK	(tonnes)	188,471	170,664	10.4%
<b>Efficiency</b>				
FFB Yield	(tonnes/ha)	18.0	17.5	↑
CPO Yield	(tonnes/ha)	4.1	3.9	↑
CPO Extraction Rate	(%)	22.9	22.2	↑
PK Extraction Rate	(%)	5.2	5.4	↓

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

# Group Updates

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# Capital Investments in 2019

## ■ Plantation Development

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

## ■ Property, Equipment and Others

- Infrastructure for plantation management

## ■ CPO mills

- Complete construction of two mills (16<sup>th</sup> and 17<sup>th</sup>)
- Commencing construction of our 18<sup>th</sup> mill
- Upgrading and maintenance of CPO mills

## ■ Others (Downstream, IT, Seed Garden, Learning Centre)

**Expected capital expenditure ~ US\$100 million**

# Thank You

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# Contact Information

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