



First Resources Limited

**Third Quarter 2019
Results Presentation
12 November 2019**

Delivering Growth and Returns



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Executive Summary – 9M2019

- **Financial Performance impacted by weak palm oil prices**
 - Net profit came in at US\$57.1 million, a decrease of 44.4%
 - EBITDA came in at US\$143.3 million, a decrease of 31.9%
 - Overall results impacted by weakness in market palm oil prices, with average CPO prices (FOB Indonesia basis) US\$108 per tonne lower as compared to a year ago

- **Production moderated against strong performance last year**
 - Fresh fruit bunches (FFB) harvested decreased by 3.8%
 - Correspondingly, CPO production volumes declined by 6.3%
 - Production came in lower relative to the strong production in 2018

Financial Performance



Income Statement Highlights

US\$' million	9M2019	9M2018	Change	3Q2019	3Q2018	Change
Sales	430.6	488.0	(11.8%)	137.6	171.4	(19.7%)
Cost of sales	(282.4)	(262.6)	7.6%	(74.1)	(87.9)	(15.8%)
Gross profit	148.2	225.4	(34.3%)	63.5	83.5	(23.9%)
EBITDA ⁽¹⁾	143.3	210.3	(31.9%)	61.8	76.4	(19.2%)
Net profit ⁽²⁾	57.1	102.7	(44.4%)	27.9	39.0	(28.5%)
Gross profit margin	34.4%	46.2%	↓	46.2%	48.7%	↓
EBITDA margin	33.3%	43.1%	↓	44.9%	44.6%	↑

- Overall results reflect the effects of lower average selling prices
- Margins for 9M2019 were also impacted by increased purchases of palm oil products from third parties

(1) Profit from operations before depreciation and amortisation

(2) Profit attributable to owners of the Company

Segmental Results

US\$' million	9M2019	9M2018	Change	3Q2019	3Q2018	Change
Sales						
Plantations and Palm Oil Mills	327.9	412.3	(20.5%)	121.0	148.4	(18.5%)
• Crude Palm Oil	278.7	342.2	(18.6%)	103.4	127.1	(18.6%)
• Palm Kernel	38.2	60.1	(36.4%)	13.7	18.3	(25.1%)
• Fresh Fruit Bunches	11.0	10.0	10.5%	3.9	3.1	27.0%
Refinery and Processing	414.2	465.9	(11.1%)	129.4	164.7	(21.5%)
Inter-segment elimination	(311.5)	(390.2)	(20.2%)	(112.8)	(141.8)	(20.4%)
	430.6	488.0	(11.8%)	137.6	171.4	(19.7%)
EBITDA						
Plantations and Palm Oil Mills	125.8	202.9	(38.0%)	58.7	73.4	(20.0%)
Refinery and Processing	8.7	10.4	(16.7%)	5.6	4.5	24.1%
Inter-segment elimination ⁽¹⁾	8.8	(2.9)	<i>n.m.</i>	(2.6)	(1.5)	69.8%
	143.3	210.3	(31.9%)	61.8	76.4	(19.2%)

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

Segmental Sales Volume

	9M2019	9M2018	Change	3Q2019	3Q2018	Change
Sales Volume (tonnes)						
Plantations and Palm Oil Mills ⁽¹⁾						
• Crude Palm Oil	596,218	615,312	(3.1%)	227,843	241,973	(5.8%)
• Palm Kernel	130,891	145,546	(10.1%)	52,062	51,811	0.5%
Refinery and Processing	834,864	755,063	10.6%	271,576	284,792	(4.6%)

- Sales volumes in 9M2019 boosted by a net inventory drawdown of ~16,000 tonnes (9M2018: build-up of ~38,000 tonnes) as well as increased purchases of CPO from third parties
- For 3Q2019, there was a net inventory build-up of ~32,000 tonnes (3Q2018: ~17,000 tonnes)

(1) Sales volume includes inter-segment sales

Balance Sheet Highlights

US\$' million	30 Sep 2019	31 Dec 2018
Total Assets	1,670.2	1,571.0
Cash and bank balances	125.5	99.9
Total Liabilities	631.3	585.0
Borrowings and debt securities ⁽¹⁾	438.5	381.0
Total Equity	1,038.9	986.0
Net Debt	313.0	281.1
Gross Debt ⁽¹⁾ /Total Equity	0.42x	0.39x
Net Debt ⁽²⁾ /Total Equity	0.30x	0.29x
Gross Debt ⁽¹⁾ /EBITDA ⁽³⁾	2.29x	1.48x
Net Debt ⁽²⁾ /EBITDA ⁽³⁾	1.64x	1.09x
EBITDA/Interest Expense ⁽⁴⁾	11.2x	14.3x

(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

Operational Performance

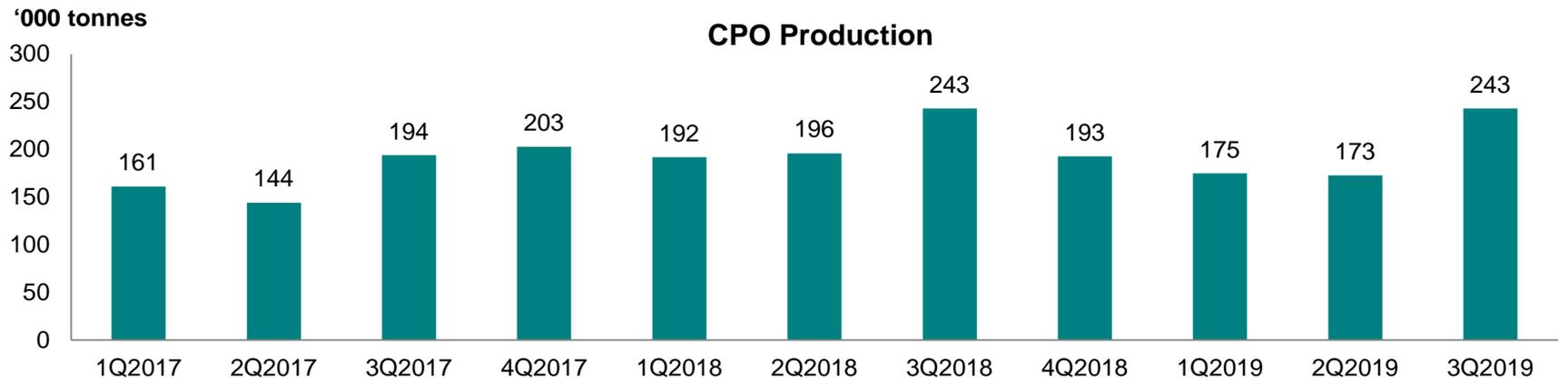
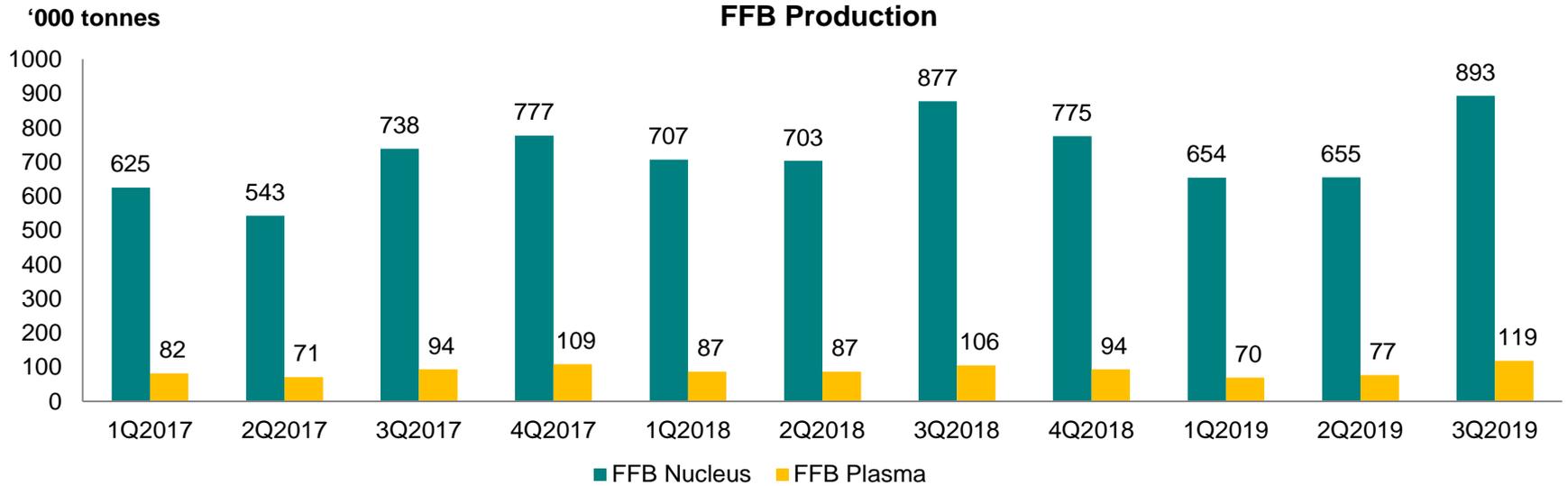


Production Highlights

		9M2019	9M2018	Change	3Q2019	3Q2018	Change
Production							
FFB harvested	(tonnes)	2,468,316	2,566,218	(3.8%)	1,012,520	982,653	3.0%
• Nucleus		2,202,515	2,286,553	(3.7%)	893,327	877,121	1.8%
• Plasma		265,801	279,665	(5.0%)	119,193	105,532	12.9%
CPO	(tonnes)	591,530	630,982	(6.3%)	243,428	242,924	0.2%
PK	(tonnes)	135,581	143,173	(5.3%)	55,547	55,091	0.8%
Efficiency							
FFB Yield	(tonnes/ha)	12.5	13.4	↓	5.1	5.1	—
CPO Yield	(tonnes/ha)	2.9	3.1	↓	1.2	1.2	—
CPO Extraction Rate	(%)	23.1	23.0	↑	23.3	23.0	↑
PK Extraction Rate	(%)	5.3	5.2	↑	5.3	5.2	↑

- 9M2019 production came in lower yoy due to high base effect from the strong production in 1H2018

Production Trends

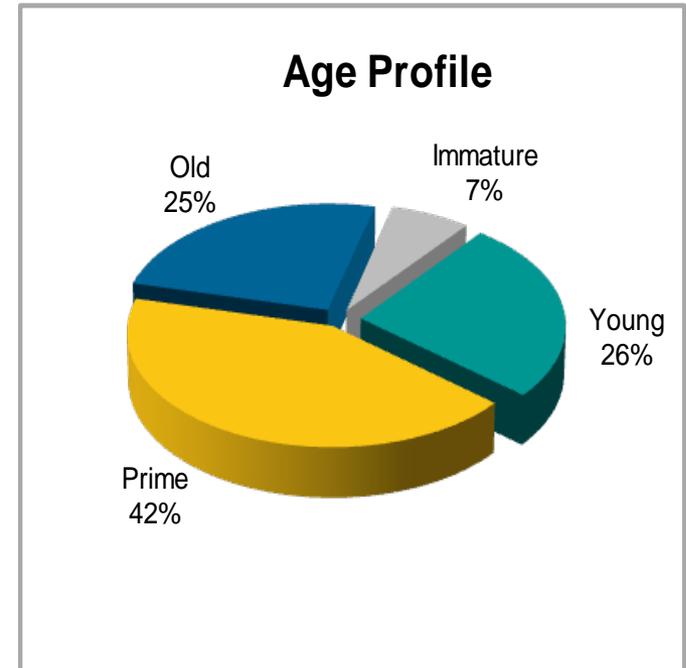


Oil Palm Plantation Area

	As at 30 Sep 2019		As at 30 Sep 2018		As at 31 Dec 2018
	Area (ha)	% of Total	Area (ha)	% of Total	Area (ha)
Planted Nucleus	181,451	86%	179,630	85%	180,172
- Mature	168,014	79%	161,668	77%	161,759
- Immature	13,437	7%	17,962	8%	18,413
Planted Plasma	30,372	14%	30,674	15%	30,713
- Mature	29,675	14%	29,151	14%	29,061
- Immature	697	0%	1,523	1%	1,652
Total Planted	211,823	100%	210,304	100%	210,885
- Mature	197,689	93%	190,819	91%	190,820
- Immature	14,134	7%	19,485	9%	20,065

Plantation Age Profile

Age	As at 30 Sep 2019	
	Area (ha)	% of Total
0-3 years (Immature)	14,134	7%
4-7 years (Young)	54,415	26%
8-17 years (Prime)	90,297	42%
≥ 18 years (Old)	52,977	25%
Total	211,823	100%



Weighted average age of ~ 12 years

Group Updates



Updates

■ Outlook

- The Group's production has picked up seasonally in 3Q2019, which is shaping up to be the peak production quarter as output for 4Q2019 is expected to taper off from the third quarter.
- Continued concerns over slower palm oil supply growth, coupled with Indonesia's B30 biodiesel mandate in 2020, may have contributed to the recovery in palm oil prices in recent weeks.
- The Group believes the long-term fundamentals of the palm oil industry remains positive on tighter global supplies amidst continued consumption growth from importing countries and strong biodiesel demand from Indonesia.

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