



First Resources Limited

**Annual General Meeting
1 June 2020**

Delivering Growth and Returns



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Group Overview



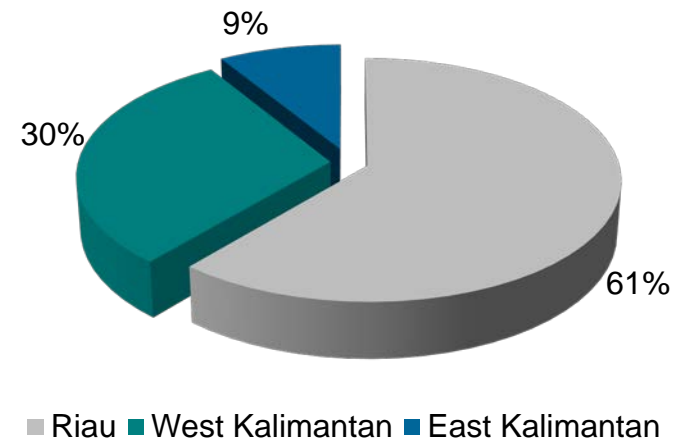
About First Resources

Locations



Assets

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



212,073 ha
of Oil Palm Plantations

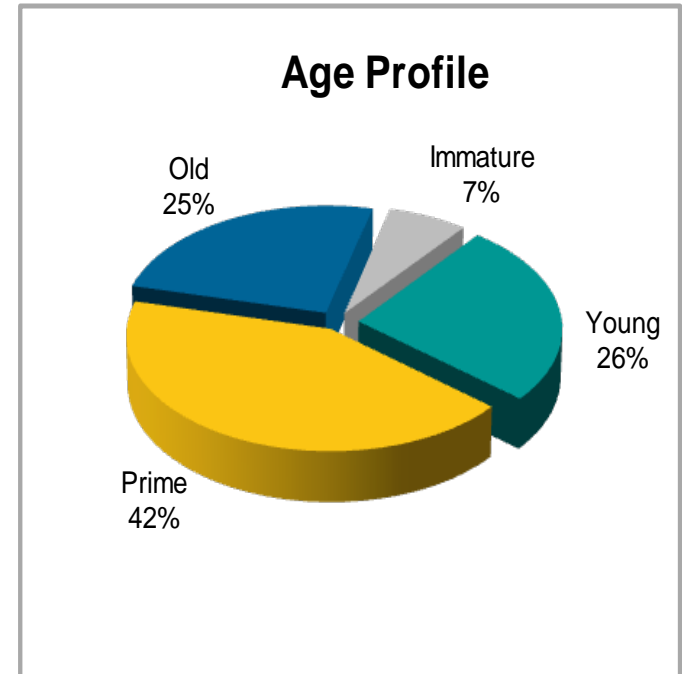
17
Palm Oil Mills

850,000
tonnes per annum
of Processing Capacity

Data as at 31 Dec 2019

Plantation Age Profile

Age	As at 31 Dec 2019	
	Area (ha)	% of Total
0-3 years (Immature)	14,689	7%
4-7 years (Young)	54,459	26%
8-17 years (Prime)	90,297	42%
≥ 18 years (Old)	52,628	25%
Total	212,073	100%



Weighted average age of ~ 12 years

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 of 1.725 Singapore cents per share

- Interim dividend of 0.625 Singapore cents per share paid in September 2019, bringing full-year ordinary dividend to 2.350 Singapore cents per share

Dividend History	FY2019	FY2018	FY2017	FY2016	FY2015
Interim (SGD cents per share)	0.625	1.25	1.25	0.625	1.25
Final (SGD cents per share)	1.725	2.00	2.15	2.375	1.25
Special (SGD cents per share)	-	-	3.40	-	-
Total (SGD cents per share)	2.350	3.25	6.80	3.000	2.50

% of Underlying Net Profit

- Ordinary dividend	31%	31%	29%	29%	30%
- Special dividend	-	-	29%	-	-

2019 Financial and Operational Highlights



Executive Summary – FY2019

Resilient Performance amidst Challenging Market Conditions

■ Financial Performance

- EBITDA came in at US\$218.8 million, a decrease of 15.2%
- Underlying net profit came in at US\$89.1 million, a decrease of 27.3%
- Impact of weakness in palm oil prices partially mitigated by higher sales volumes

■ Operational Performance

- Production declined marginally against the strong output in 2018
- Fresh fruit bunches (FFB) harvested decreased by 2.1%
- Correspondingly, crude palm oil (CPO) production volumes decreased by 1.4%
- Cash cost of production for nucleus CPO remained low at US\$230 per tonne (FY2018: US\$237 per tonne)

Income Statement Highlights

US\$' million	FY2019	FY2018	Change	4Q2019	4Q2018	Change
Sales	614.9	633.5	(2.9%)	184.2	145.5	26.6%
Cost of sales	(387.7)	(354.7)	9.3%	(105.3)	(92.1)	14.3%
Gross profit	227.2	278.8	(18.5%)	79.0	53.4	47.9%
Gain/(loss) arising from changes in fair value of biological assets	7.9	(3.5)	<i>n.m.</i>	7.9	(3.5)	<i>n.m.</i>
EBITDA ⁽¹⁾	218.8	257.9	(15.2%)	75.5	47.5	58.8%
Net profit ⁽²⁾	89.1	120.0	(25.7%)	32.0	17.3	84.6%
Underlying net profit ⁽³⁾	89.1	122.6	(27.3%)	32.0	19.9	60.3%
Gross profit margin	36.9%	44.0%	↓	42.9%	36.7%	↑
EBITDA margin	35.6%	40.7%	↓	41.0%	32.7%	↑

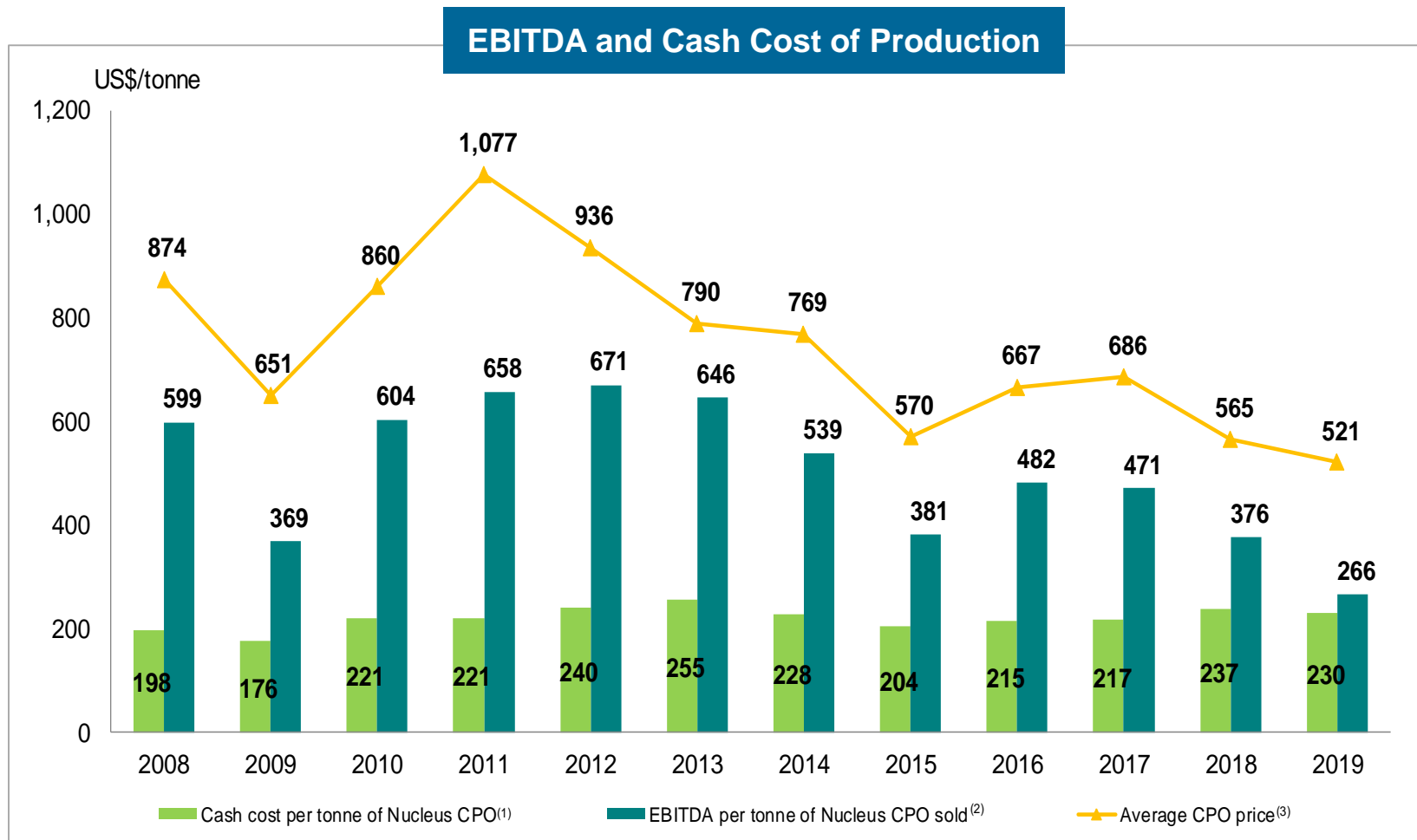
- Higher production and sales volumes in the last quarter boosted 4Q2019 financial performance
- Overall results for FY2019 continued to reflect the effects of lower average selling prices for the year, partially mitigated by higher sales volumes

(1) Profit from operations before depreciation, amortisation, expected credit losses and gain/(loss) 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 expected credit losses and gain/(loss) arising from changes in fair value of biological assets and unquoted investment

Key Performance Metrics

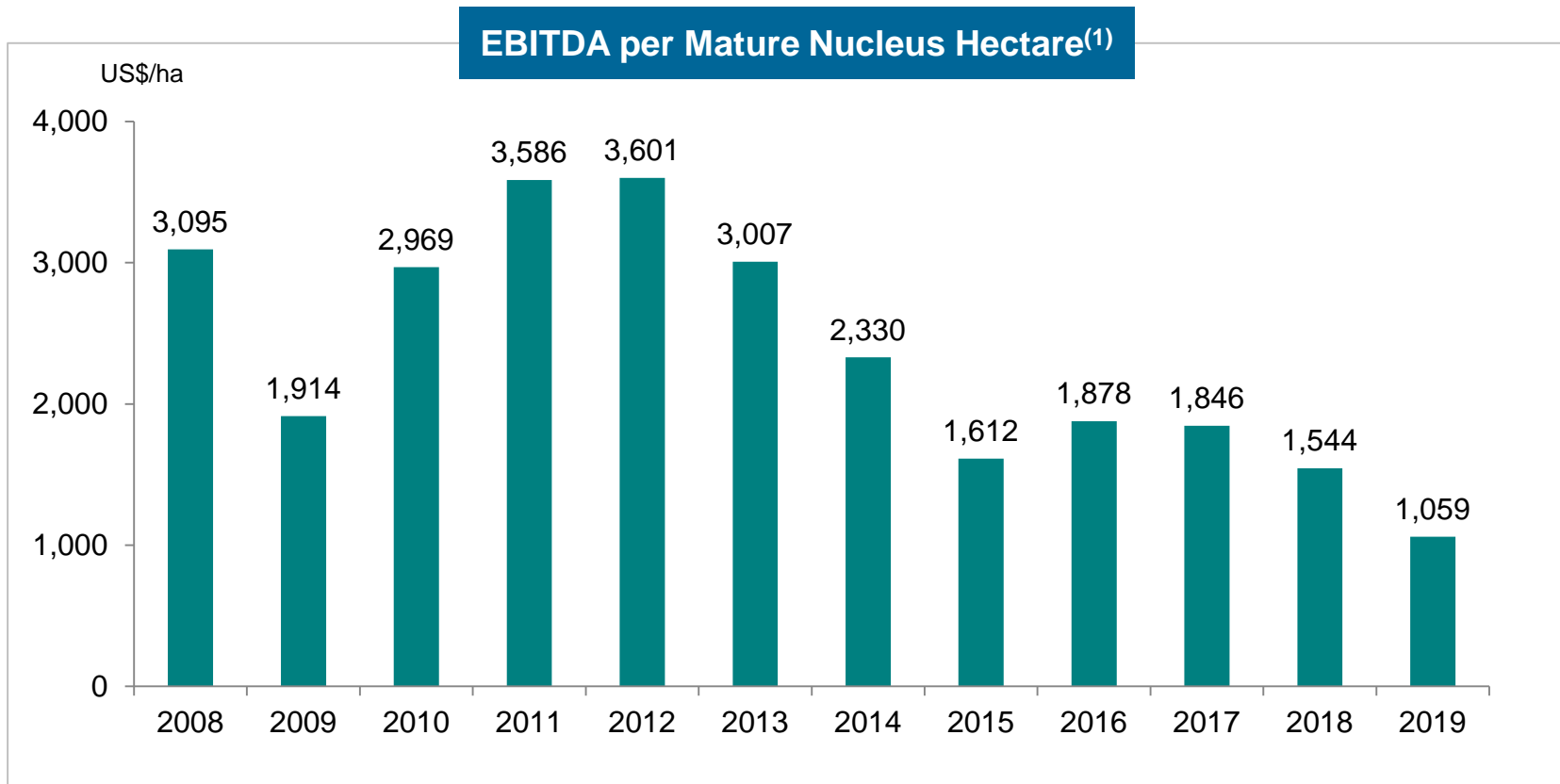


(1) Derived using total cash cost of producing nucleus CPO and PK (before selling and distribution expenses and general and administrative expenses), divided by the production volume of nucleus CPO

(2) Refers to EBITDA contribution from Plantations and Palm Oil Mills segment and not Group EBITDA

(3) Based on Indonesia FOB Crude Palm Oil spot price

Key Performance Metrics



Expect better unit EBITDA going forward on stronger CPO prices

(1) Refers to EBITDA contribution from Plantations and Palm Oil Mills segment and not Group EBITDA

Balance Sheet Highlights

US\$' million	31 Dec 2019	31 Dec 2018
Total Assets	1,708.9	1,571.0
Cash and bank balances	102.0	99.9
Total Liabilities	607.0	585.0
Borrowings and debt securities ⁽¹⁾	411.3	381.0
Total Equity	1,101.9	986.0
Net Debt	309.3	281.1
Gross Debt ⁽¹⁾ /Total Equity	0.37x	0.39x
Net Debt ⁽²⁾ /Total Equity	0.28x	0.29x
Gross Debt ⁽¹⁾ /EBITDA	1.88x	1.48x
Net Debt ⁽²⁾ /EBITDA	1.41x	1.09x
EBITDA/Interest Expense ⁽³⁾	12.8x	14.3x

(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

Operational Highlights

		FY2019	FY2018	Change	4Q2019	4Q2018	Change
Production							
FFB harvested	(tonnes)	3,362,364	3,435,159	(2.1%)	894,048	868,941	2.9%
• Nucleus		3,009,424	3,061,819	(1.7%)	806,909	775,266	4.1%
• Plasma		352,940	373,340	(5.5%)	87,139	93,675	(7.0%)
CPO	(tonnes)	811,947	823,679	(1.4%)	220,417	192,697	14.4%
PK	(tonnes)	185,599	188,471	(1.5%)	50,018	45,298	10.4%
Efficiency							
FFB Yield	(tonnes/ha)	17.0	18.0	↓	4.5	4.6	↓
CPO Yield	(tonnes/ha)	3.9	4.1	↓	1.0	1.0	—
CPO Extraction Rate	(%)	23.1	22.9	↑	23.1	22.5	↑
PK Extraction Rate	(%)	5.3	5.2	↑	5.2	5.3	↓

- Production volumes in 4Q2019 improved yoy although full year production still showed a marginal decline against the strong output in 2018

Group Updates



RSPO Certification

- In February 2020, the Group received its third Roundtable on Sustainable Palm Oil (RSPO) certification, covering 9,271 hectares of plantations and a mill in the Riau province.
- As of May 2020, we have received RSPO certifications for three of our subsidiaries covering three mills and more than 27,000 hectares of plantations located in the province of Riau. Both of our refineries, as well as our kernel crushing plant are also RSPO-certified.

Responding to the COVID-19 Pandemic

- First Resources has implemented measures in line with advisories from the relevant government agencies whilst ensuring minimal impact to our business operations in Singapore and Indonesia.
- For the corporate and regional offices, such measures include restrictions against overseas travel, postponement of large-scale events, conducting meetings via video conferencing and activating work-from-home arrangements.
- Large-scale social restrictions (PSBB) was first imposed in Jakarta on 10 April 2020 before being expanded to other regencies, municipalities and provinces across Indonesia.
- The Group's plantations, mills and processing plants in Indonesia have remained in full operation during this period.
- Based on the guidelines under the PSBB, a set of health and safety protocols governing the Group's operations in Indonesia have been put in place. These include regular education of employees on personal hygiene practices, social distancing rules, wearing of masks, access restrictions into and out of the estates with 14 days self-isolation requirements for new arrivals, as well as quarantine facilities and procedures for managing suspect cases.
- We will continue to prioritise workplace safety and the health of our workers as we build on our strong foundation to grow our business thereafter.
- Amidst the macro-economic uncertainties caused by the pandemic, we have also adjusted our investments and ensured optimal deployment of our resources. With our strong financial position, we are confident that the Group is well placed to weather through this unprecedented event.

Capital Investments in 2020

■ Plantation Development

- Replanting of oil palms
- Maintenance of immature oil palm and rubber plantations

■ Property, Equipment and Others

- Infrastructure for plantation management

■ CPO mills

- Construction of our 18th mill
- Upgrading and maintenance of existing CPO mills

■ Others (Downstream, IT, Seed Garden & Research Centre)

Expected capital expenditure ~ US\$70 million

Thank You



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