



# First Resources Limited

---

**Full Year and Second Half 2020  
Results Presentation  
26 February 2021**

*Delivering Growth and Returns*



# Table of Contents

---

Executive Summary	3
Financial Performance	5
Operational Performance	13
Group Updates	18

# Executive Summary – FY2020

---

## Delivers profitability growth on stronger palm oil prices

### ■ Financial Performance

- EBITDA came in at US\$259.2 million, an increase of 18.5%
- Underlying net profit came in at US\$97.1 million, an increase of 9.0%
- Better financial performance attributed to higher average selling prices

### ■ Operational Performance

- Fresh fruit bunches (FFB) harvested decreased by 2.6%
- CPO production volumes increased by 5.4%
- Cash cost of production for nucleus CPO remained low at US\$221 per tonne (FY2019: US\$230)

# Dividend Proposal

- **Proposing final dividend of 2.00 Singapore cents per share**

- Interim dividend of 1.00 Singapore cent per share paid in September 2020, bringing full-year ordinary dividends to 3.00 Singapore cents per share

- **Revised dividend policy going forward**

- To distribute up to 50% of underlying net profit annually, an increase from 30%

	FY2020	FY2019	FY2018	FY2017	FY2016
Interim (SGD cents per share)	1.00	0.625	1.25	1.25	0.625
Final (SGD cents per share)	2.00	1.725	2.00	2.15	2.375
Special (SGD cents per share)	-	-	-	3.40	-
<b>Total (SGD cents per share)</b>	<b>3.00</b>	<b>2.350</b>	<b>3.25</b>	<b>6.80</b>	<b>3.000</b>

## % of Underlying Net Profit

- Ordinary dividend	37%	31%	31%	29%	29%
- Special dividend	-	-	-	29%	-

# Financial Performance

---



# Income Statement Highlights

US\$' million	FY2020	FY2019	Change	2H2020	2H2019	Change
Sales	660.4	614.9	7.4%	382.2	321.9	18.8%
Cost of sales	(368.0)	(387.7)	(5.1%)	(203.9)	(179.4)	13.7%
Gross profit	292.4	227.2	28.7%	178.3	142.5	25.1%
Gains arising from changes in fair value of biological assets	3.9	7.9	(51.1%)	3.9	7.9	(51.1%)
EBITDA <sup>(1)</sup>	259.2	218.8	18.5%	152.2	137.3	10.9%
Net profit <sup>(2)</sup>	99.7	89.1	11.8%	56.4	59.9	(5.8%)
Underlying net profit <sup>(3)</sup>	97.1	89.1	9.0%	53.8	59.8	(10.1%)
Gross profit margin	44.3%	36.9%	↑	46.7%	44.3%	↑
EBITDA margin	39.2%	35.6%	↑	39.8%	42.6%	↓

- Overall sales boosted by the stronger palm oil prices in spite of a slight dip in production volumes
- 2H2020 margins somewhat impacted by increases in export levies and purchase of palm oil products from third parties

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

# Segmental Results

US\$' million	FY2020	FY2019	Change	2H2020	2H2019	Change
<b>Sales</b>						
Plantations and Palm Oil Mills	544.6	463.2	17.6%	290.2	256.3	13.2%
• Crude Palm Oil	471.2	395.2	19.2%	249.8	219.9	13.6%
• Palm Kernel	63.3	53.7	17.8%	35.4	29.3	20.9%
• Fresh Fruit Bunches	10.2	14.3	(29.0%)	5.0	7.2	(30.5%)
Refinery and Processing	640.0	592.7	8.0%	367.6	307.8	19.4%
Inter-segment elimination	(524.2)	(441.0)	18.9%	(275.6)	(242.3)	13.8%
	<b>660.4</b>	<b>614.9</b>	<b>7.4%</b>	<b>382.2</b>	<b>321.9</b>	<b>18.8%</b>
<b>EBITDA</b>						
Plantations and Palm Oil Mills	235.8	177.1	33.2%	131.4	110.0	19.4%
Refinery and Processing	31.5	28.9	8.7%	21.5	25.9	(16.9%)
Inter-segment elimination <sup>(1)</sup>	(8.1)	12.8	<i>n.m.</i>	(0.6)	1.4	<i>n.m.</i>
	<b>259.2</b>	<b>218.8</b>	<b>18.5%</b>	<b>152.2</b>	<b>137.3</b>	<b>10.9%</b>

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

# Segmental Sales Volume

	FY2020	FY2019	Change	2H2020	2H2019	Change
<b>Sales Volume (tonnes)</b>						
Plantations and Palm Oil Mills <sup>(1)</sup>						
• Crude Palm Oil	870,433	844,626	3.1%	468,606	476,251	(1.6%)
• Palm Kernel	195,634	191,096	2.4%	105,035	112,267	(6.4%)
Refinery and Processing	1,078,105	1,167,641	(7.7%)	602,455	604,353	(0.3%)

- Sales volumes in FY2020 were impacted by a net inventory build-up of ~44,000 tonnes (FY2019: drawdown of ~53,000 tonnes)
- For 2H2020, there was a net inventory build-up of ~25,000 tonnes (2H2019: drawdown of ~5,000 tonnes)

(1) Sales volumes include inter-segment sales



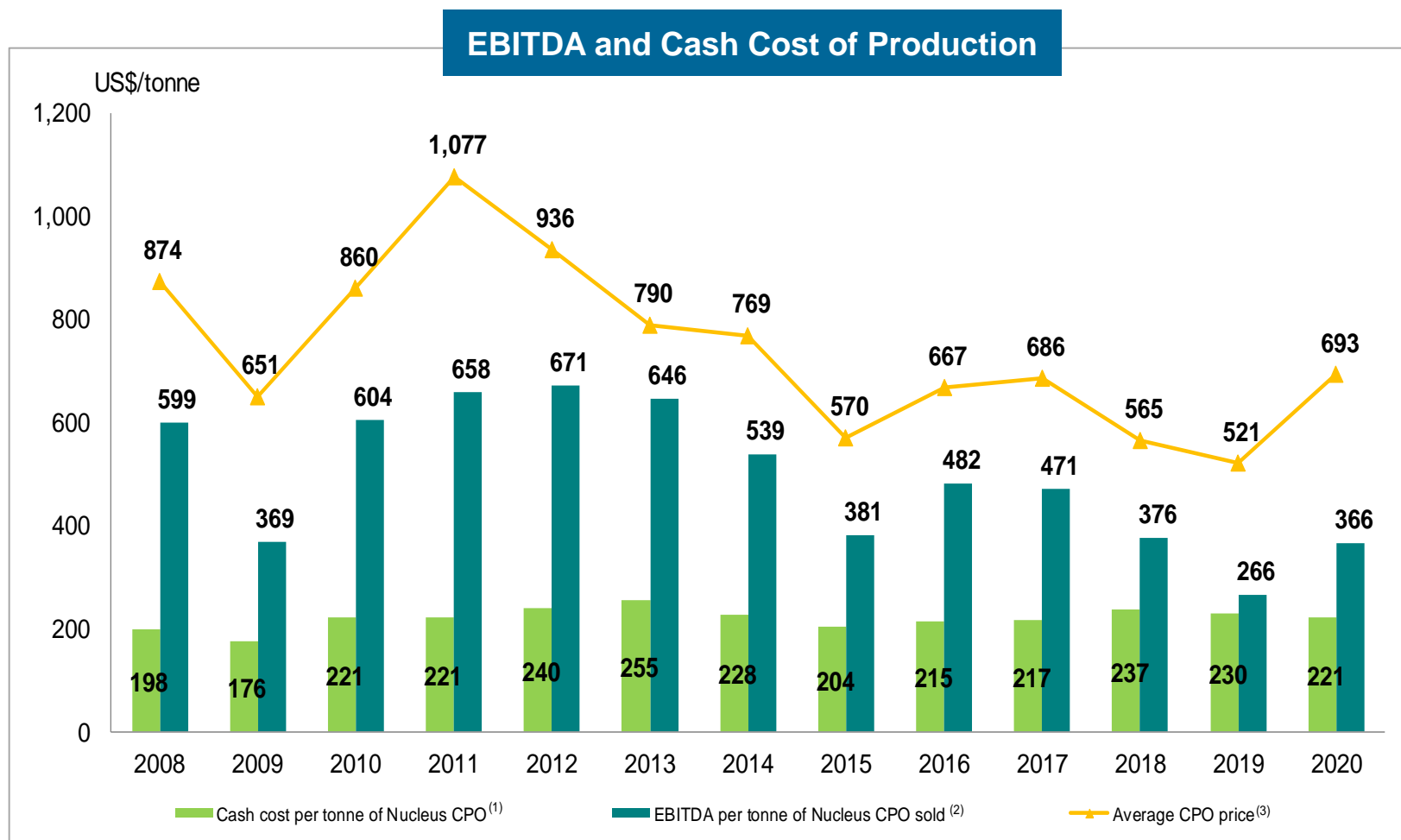
# Review of Key Performance Metrics

Performance Metrics	FY2020	FY2019	Change
Unit Cash Cost of Production, Ex-Mill <sup>(1)</sup> - Per tonne of Nucleus CPO produced	US\$221	US\$230	↓
Unit EBITDA <sup>(2)</sup> - Per tonne of Nucleus CPO sold	US\$366	US\$266	↑
Unit EBITDA <sup>(2)</sup> - Per mature Nucleus Hectare	US\$1,395	US\$1,059	↑

(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

# Key Performance Metrics

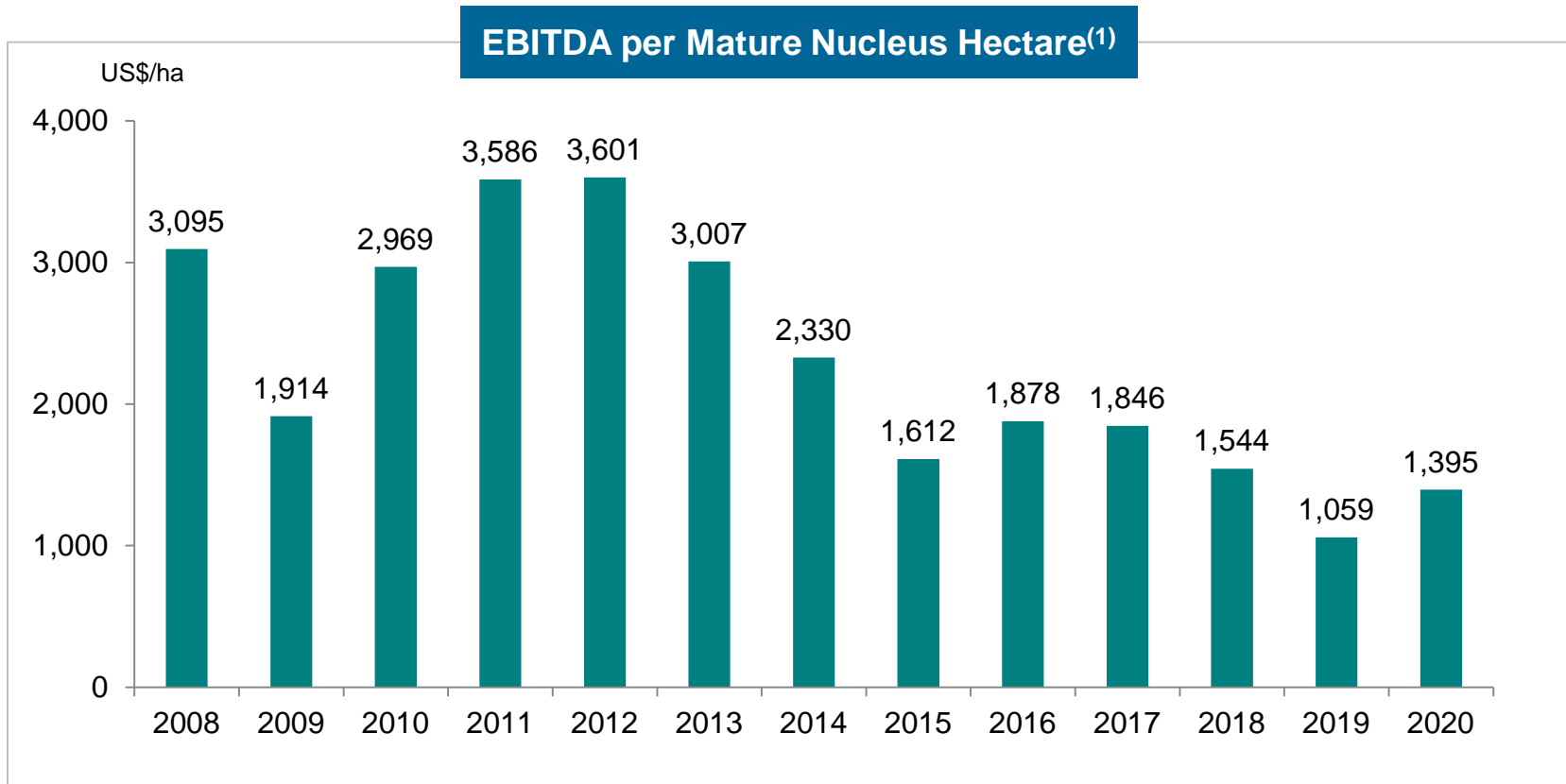


(1) Derived using total cash cost of producing nucleus CPO and PK (before selling and distribution expenses and general and administrative expenses), divided by the production volume of nucleus CPO

(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



**Improved unit EBITDA on stronger CPO prices in FY2020**

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

# Balance Sheet Highlights

US\$' million	31 Dec 2020	31 Dec 2019
Total Assets	1,785.9	1,708.9
Cash and bank balances	195.1	102.0
Total Liabilities	659.8	607.0
Borrowings and debt securities <sup>(1)</sup>	441.6	411.3
Total Equity	1,126.1	1,101.9
Net Debt	246.5	309.3
Gross Debt <sup>(1)</sup> /Total Equity	0.39x	0.37x
Net Debt <sup>(2)</sup> /Total Equity	0.22x	0.28x
Gross Debt <sup>(1)</sup> /EBITDA	1.70x	1.88x
Net Debt <sup>(2)</sup> /EBITDA	0.95x	1.41x
EBITDA/Interest Expense <sup>(3)</sup>	15.6x	12.8x

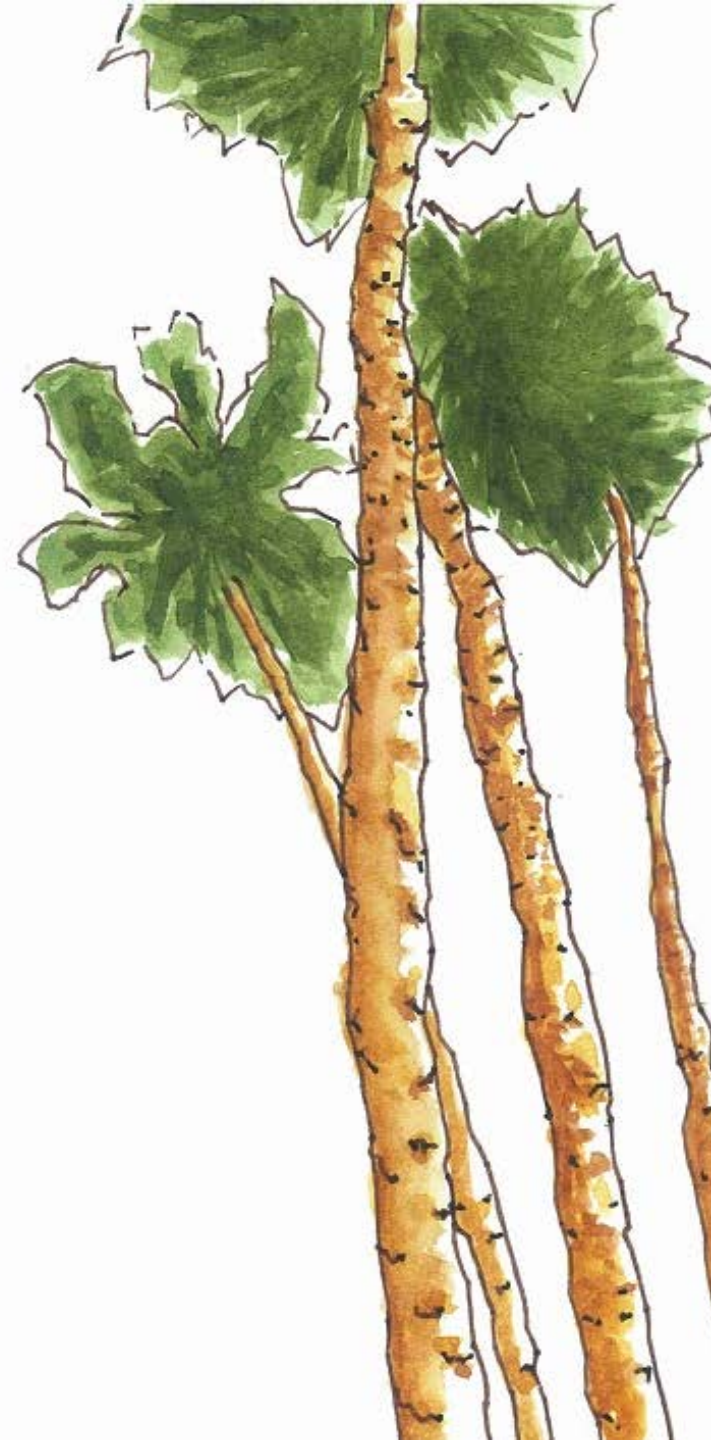
(1) Sum of Islamic MTNs and borrowings from financial institutions

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

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

# Operational Performance

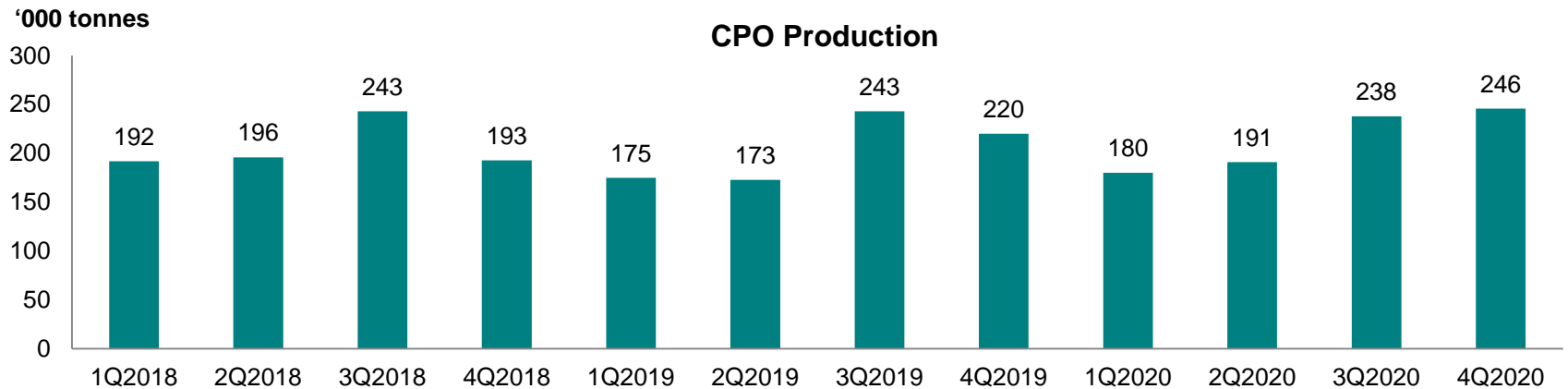
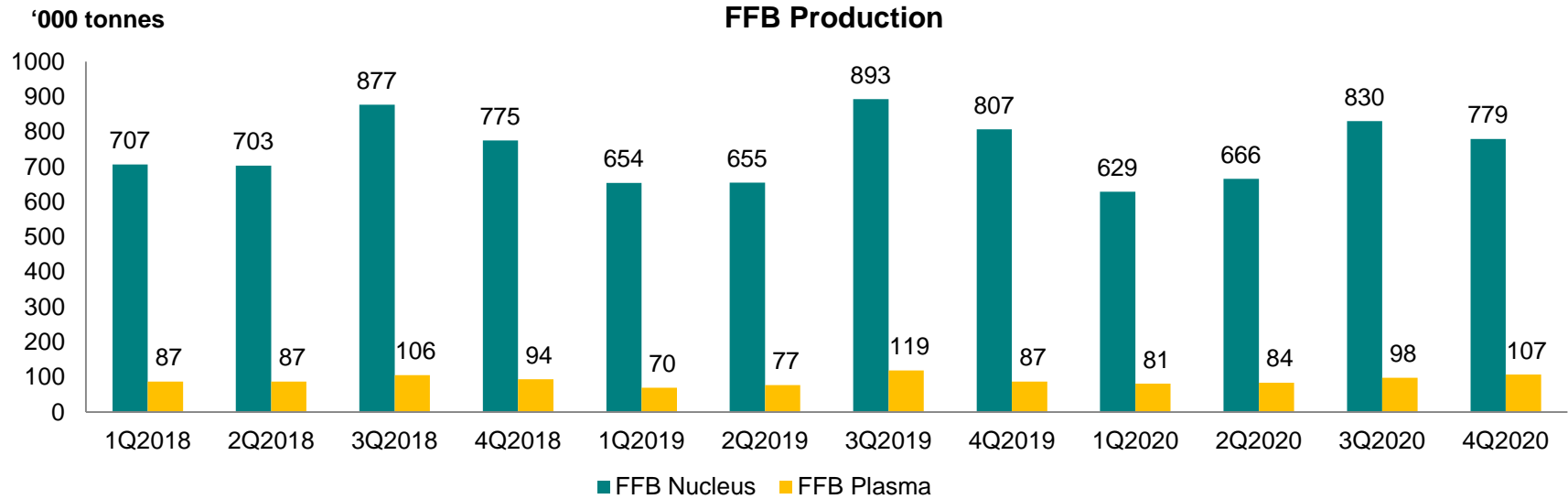
---



# Production Highlights

		FY2020	FY2019	Change	2H2020	2H2019	Change
<b>Production</b>							
FFB harvested	(tonnes)	3,273,584	3,362,364	(2.6%)	1,814,035	1,906,568	(4.9%)
• Nucleus		2,903,800	3,009,424	(3.5%)	1,608,925	1,700,236	(5.4%)
• Plasma		369,784	352,940	4.8%	205,110	206,332	(0.6%)
CPO	(tonnes)	855,668	811,947	5.4%	484,486	463,845	4.5%
PK	(tonnes)	192,840	185,599	3.9%	110,208	105,566	4.4%
<b>Efficiency</b>							
FFB Yield	(tonnes/ha)	16.4	17.0	↓	9.1	9.7	↓
CPO Yield	(tonnes/ha)	3.8	3.9	↓	2.1	2.2	↓
CPO Extraction Rate	(%)	23.2	23.1	↑	23.0	23.2	↓
PK Extraction Rate	(%)	5.2	5.3	↓	5.2	5.3	↓

# Production Trends



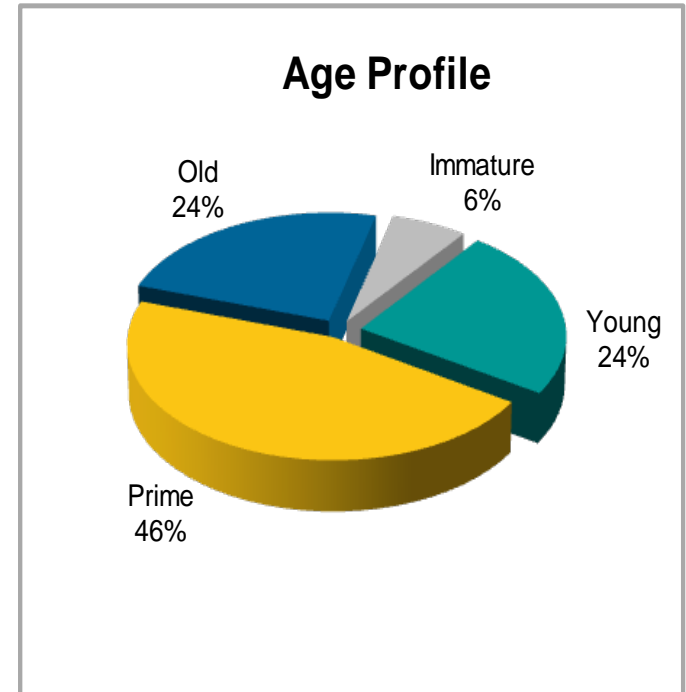
# Oil Palm Plantation Area

	As at 31 Dec 2020		As at 31 Dec 2019	
	Area (ha)	% of Total	Area (ha)	% of Total
<b>Planted Nucleus</b>	<b>182,029</b>	<b>85%</b>	<b>181,065</b>	<b>85%</b>
- Mature	169,106	79%	167,124	79%
- Immature	12,923	6%	13,941	6%
<b>Planted Plasma</b>	<b>31,432</b>	<b>15%</b>	<b>31,008</b>	<b>15%</b>
- Mature	30,818	15%	30,260	14%
- Immature	614	0%	748	1%
<b>Total Planted</b>	<b>213,461</b>	<b>100%</b>	<b>212,073</b>	<b>100%</b>
- Mature	199,924	94%	197,384	93%
- Immature	13,537	6%	14,689	7%



# Plantation Age Profile

Age	As at 31 Dec 2020	
	Area (ha)	% of Total
0-3 years (Immature)	13,537	6%
4-7 years (Young)	51,020	24%
8-17 years (Prime)	98,043	46%
≥ 18 years (Old)	50,861	24%
<b>Total</b>	<b>213,461</b>	<b>100%</b>



**Weighted average age of ~ 12 years**

# Group Updates

---



# Capital Investments in 2021

## ■ 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 19<sup>th</sup> mill
- Upgrading and maintenance of existing CPO mills

## ■ Processing Facilities

**Expected capital expenditure ~ US\$70 million**

# Updates

---

## ■ Outlook

- Lower-than-expected supply of palm and other edible oils, restocking of palm oil inventories by importing countries and Indonesia's continued commitment to its biodiesel mandate have contributed to the strong rally in palm oil prices during the second half of 2020.
- Looking ahead, overall healthy rainfall in 2020 is expected to be conducive for production recovery in 2021. Progress in the COVID-19 situation, as well as other macro developments such as changes to the import and export tax structures in consuming and producing countries and the supply-demand dynamics of competing edible oils, will continue to exert an influence over palm oil prices.

# Disclaimer

---

This presentation has been prepared by First Resources Limited (“Company”) for informational purposes, and may contain projections and forward-looking statements that reflect the Company’s current views with respect to future events and financial performance. These views are based on current assumptions which are subject to various risks and which may change over time. No assurance can be given that future events will occur, that projections will be achieved, or that the Company’s assumptions are correct.

The information is current only as of its date and shall not, under any circumstances, create any implication that the information contained therein is correct as of any time subsequent to the date thereof or that there has been no change in the financial condition or affairs of the Company since such date. Opinions expressed herein reflect the judgement of the Company as of the date of this presentation and may be subject to change. This presentation may be updated from time to time and there is no undertaking by the Company to post any such amendments or supplements on this presentation.

The Company will not be responsible for any consequences resulting from the use of this presentation as well as the reliance upon any opinion or statement contained herein or for any omission.

# Contact Information

---

**If you need further information, please contact:**

Investor Relations

[investor@first-resources.com](mailto:investor@first-resources.com)

## **First Resources Limited**

8 Temasek Boulevard

#36-02 Suntec Tower Three

Singapore 038988

Tel: +65 6602 0200

Fax: +65 6333 6711

Website: [www.first-resources.com](http://www.first-resources.com)