



First Resources Limited

Half Year ended 30 June 2021
Results Presentation
13 August 2021

Delivering Growth and Returns



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Executive Summary – 1H2021

■ Financial Performance

- EBITDA came in at US\$95.5 million, a decrease of 10.7%
- Underlying net profit came in at US\$30.1 million, a decline of 28.4%
- Earnings dampened by higher export taxes, despite stronger production volumes and palm oil prices

■ Operational Performance

- Fresh fruit bunches (FFB) harvested increased by 11.3%
- Crude palm oil (CPO) production volumes increased by 15.4%

■ Dividend

- Declared interim dividend of 1.25 Singapore cents per share
- Equivalent to 49% of interim underlying net profit

Financial Performance



Income Statement Highlights

US\$' million	1H2021	1H2020 ⁽⁴⁾	Change
Sales	412.9	278.2	48.4%
Cost of sales	(239.6)	(164.1)	46.0%
Gross profit	173.3	114.1	51.9%
Gain/(loss) arising from changes in fair value of biological assets	3.1	(3.9)	<i>n.m.</i>
EBITDA ⁽¹⁾	95.5	106.9	(10.7%)
Net profit ⁽²⁾	32.6	39.1	(16.7%)
Underlying net profit ⁽³⁾	30.1	42.1	(28.4%)
Gross profit margin	42.0%	41.0%	↑
EBITDA margin	23.1%	38.4%	↓

- Increase in sales was driven by a combination of higher average selling prices and sales volumes
- EBITDA and net profit reflects the impact of higher export taxes from the progressive export levy structure implemented in Indonesia since December 2020

(1) Profit from operations before depreciation, amortisation 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 gain/(loss) arising from changes in fair value of biological assets

(4) Restated to take into account the fair valuation of biological assets and amortisation of land use rights so as to be comparable with 1H2021

Segmental Results

US\$' million	1H2021	1H2020	Change
Sales			
Plantations and Palm Oil Mills	264.0	254.4	3.7%
• Crude Palm Oil	210.3	221.4	(5.0%)
• Palm Kernel	50.7	27.9	81.8%
• Fresh Fruit Bunches	2.9	5.2	(44.2%)
Refinery and Processing	373.0	272.4	36.9%
Inter-segment elimination	(224.0)	(248.6)	(9.9%)
	412.9	278.2	48.4%
EBITDA			
Plantations and Palm Oil Mills	84.0	104.5	(19.6%)
Refinery and Processing	25.8	9.9	159.8%
Inter-segment elimination ⁽¹⁾	(14.2)	(7.5)	90.7%
	95.5	106.9	(10.7%)

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

Segmental Sales Volume

	1H2021	1H2020	Change
Sales Volume (tonnes)			
Plantations and Palm Oil Mills ⁽¹⁾			
• Crude Palm Oil	457,848	401,827	13.9%
• Palm Kernel	102,637	90,599	13.3%
Refinery and Processing	541,017	475,650	13.7%

- The higher sales volumes were mainly driven by recovery in production volumes and yields, as well as an increase in purchases of CPO from third parties
- However, sales volumes in 1H2021 were partially impacted by a net inventory build-up of ~20,000 tonnes (1H2020: ~19,000 tonnes)

(1) Sales volumes include inter-segment sales

Balance Sheet Highlights

US\$' million	30 Jun 2021	31 Dec 2020
Total Assets	1,701.4	1,785.9
Cash and bank balances	205.3	195.1
Total Liabilities	598.7	659.8
Borrowings and debt securities ⁽¹⁾	411.0	441.6
Total Equity	1,102.7	1,126.1
Net Debt	205.6	246.5
Gross Debt ⁽¹⁾ /Total Equity	0.37x	0.39x
Net Debt ⁽²⁾ /Total Equity	0.19x	0.22x
Gross Debt ⁽¹⁾ /EBITDA ⁽³⁾	2.15x	1.70x
Net Debt ⁽²⁾ /EBITDA ⁽³⁾	1.08x	0.95x
EBITDA/Interest Expense ⁽⁴⁾	12.9x	15.6x

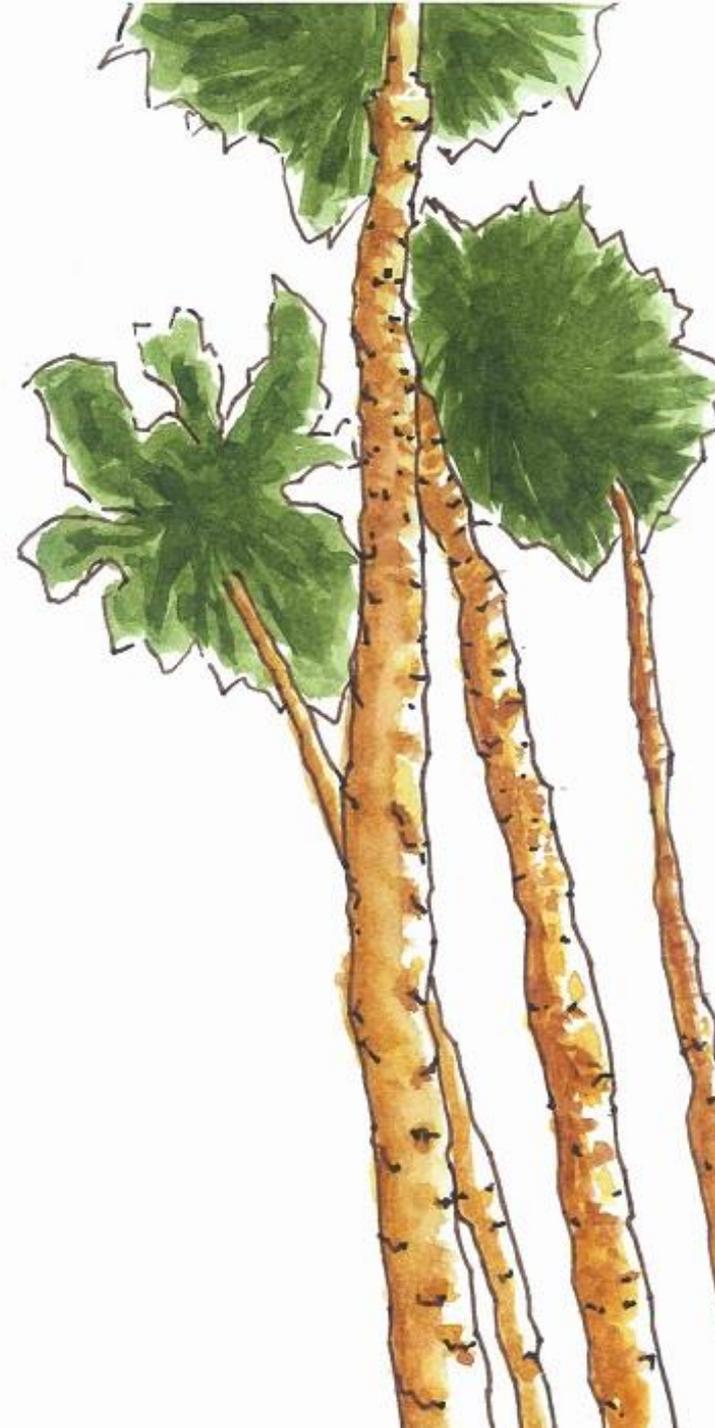
(1) Sum of Islamic MTNs and borrowings from financial institutions

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

(3) Annualised

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

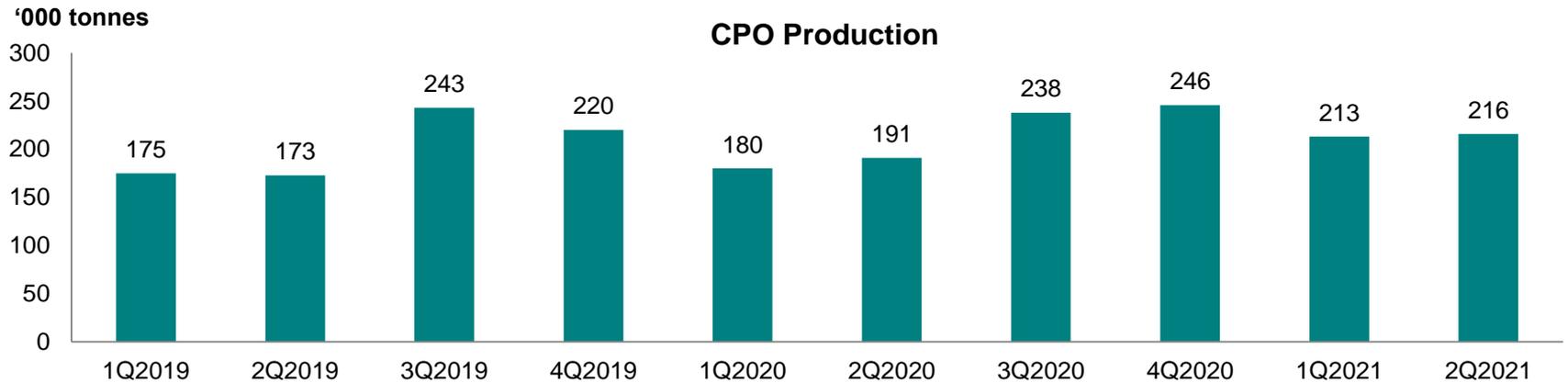
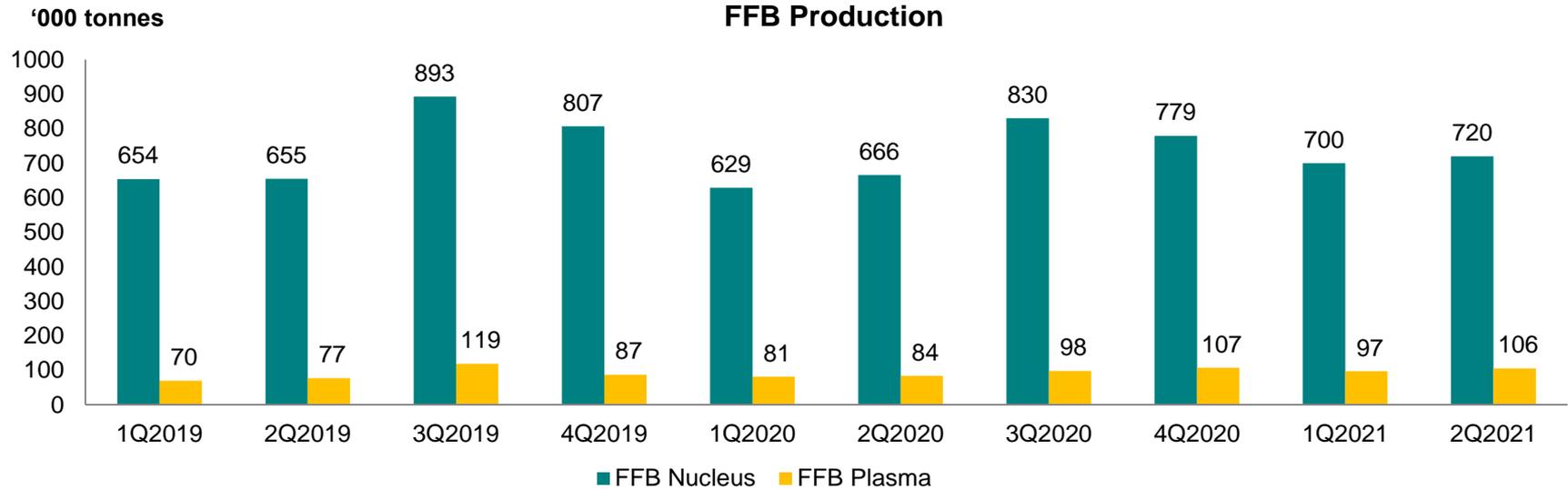
Operational Performance



Production Highlights

		1H2021	1H2020	Change
Production				
FFB harvested	(tonnes)	1,623,915	1,459,549	11.3%
• Nucleus		1,420,368	1,294,875	9.7%
• Plasma		203,547	164,674	23.6%
CPO	(tonnes)	428,408	371,182	15.4%
PK	(tonnes)	95,002	82,632	15.0%
Efficiency				
FFB Yield	(tonnes/ha)	8.2	7.3	↑
CPO Yield	(tonnes/ha)	1.9	1.7	↑
CPO Extraction Rate	(%)	23.0	23.4	↓
PK Extraction Rate	(%)	5.1	5.2	↓

Production Trends

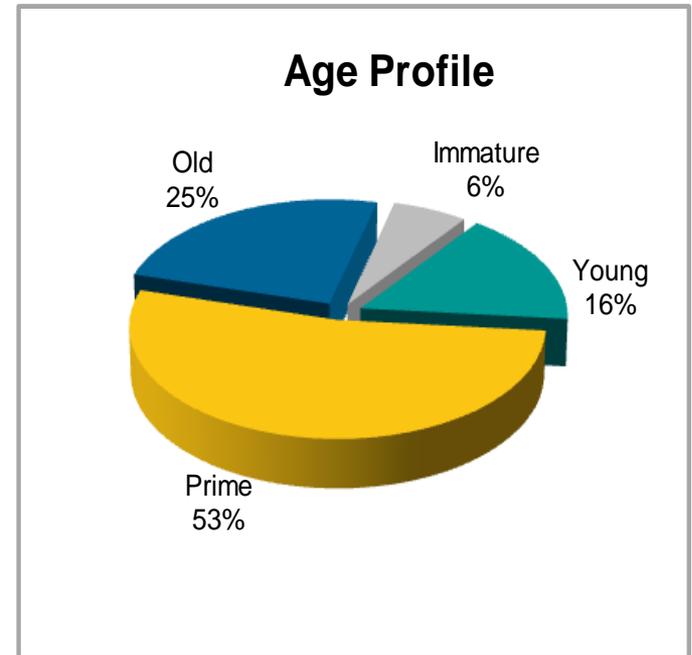


Oil Palm Plantation Area

	As at 30 Jun 2021		As at 30 Jun 2020		As at 31 Dec 2020
	Area (ha)	% of Total	Area (ha)	% of Total	Area (ha)
Planted Nucleus	179,416	85%	181,366	85%	182,029
- Mature	166,711	79%	170,385	80%	169,106
- Immature	12,705	6%	10,981	5%	12,923
Planted Plasma	31,511	15%	31,336	15%	31,432
- Mature	31,123	15%	30,798	15%	30,818
- Immature	388	0%	538	0%	614
Total Planted	210,927	100%	212,702	100%	213,461
- Mature	197,834	94%	201,183	95%	199,924
- Immature	13,093	6%	11,519	5%	13,537

Plantation Age Profile

Age	As at 30 Jun 2021	
	Area (ha)	% of Total
0-3 years (Immature)	13,093	6%
4-7 years (Young)	34,616	16%
8-17 years (Prime)	111,442	53%
≥ 18 years (Old)	51,776	25%
Total	210,927	100%



Weighted average age of ~ 13 years

Group Updates



Updates

■ Outlook

- Palm oil prices had been volatile during the first half of the year, driven by price movements in the rest of the vegetable oil complex and expectations of impending changes to the export levy structure in Indonesia. Since then, prices have rallied on supply concerns for palm and other edible oils and in anticipation of improved demand from the lowering of import taxes by India.
- Looking ahead, palm's attractive relative pricing against competing edible oils is expected to lend support to prices whilst the lower export levy in Indonesia will help to reduce the export tax burden for exporters in the second half of the year.
- On the production front, the Group expects its output growth to continue for the rest of the year as we enter the production up-cycle that typically takes place in the third and fourth quarters.

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