



First Resources Limited

**Full Year and Second Half 2023
Results Presentation
29 February 2024**

Delivering Growth and Returns



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Executive Summary – FY2023

Healthy Performance with Record Production

■ Financial Performance

- EBITDA of US\$282.0 million, a decrease of 44.6%
- Underlying net profit of US\$146.6 million, a decrease of 56.1%
- Overall results reflect the effects of a moderation in palm oil prices against the historical highs in 2022

■ Operational Performance

- Fruit bunches (FFB) harvested increased by 0.5%
- CPO production volumes increased by 8.0%
- Cash cost of production for nucleus CPO came in at US\$327 per tonne (FY2022: US\$276)

Dividend Proposal

- **Proposing final dividend of 3.70 Singapore cents per share**

- Interim dividend of 2.50 Singapore cent per share paid in September 2023, bringing full-year ordinary dividends to 6.20 Singapore cents per share

	FY2023	FY2022	FY2021	FY2020	FY2019
Interim (SGD cents per share)	2.50	2.50	1.25	1.00	0.625
Final (SGD cents per share)	3.70	12.00	5.10	2.00	1.725
Total (SGD cents per share)	6.20	14.50	6.35	3.00	2.350
% of Underlying Net Profit	50%	50%	50%	37%	31%

Financial Performance



Income Statement Highlights

US\$' million	FY2023	FY2022	Change	2H2023	2H2022	Change
Sales	980.6	1,225.4	(20.0%)	531.8	690.2	(23.0%)
Cost of sales	(617.5)	(596.1)	3.6%	(325.8)	(356.0)	(8.5%)
Gross profit	363.0	629.3	(42.3%)	206.0	334.3	(38.4%)
(Loss)/gain arising from changes in fair value of biological assets	(1.1)	(11.5)	(90.1%)	(5.9)	0.9	n.m.
EBITDA ⁽¹⁾	282.0	508.8	(44.6%)	149.2	278.4	(46.4%)
Net profit ⁽²⁾	145.4	325.2	(55.3%)	73.9	197.2	(62.5%)
Underlying net profit ⁽³⁾	146.6	334.2	(56.1%)	78.8	196.6	(59.9%)
Gross profit margin	37.0%	51.4%	↓	38.7%	48.4%	↓
EBITDA margin	28.8%	41.5%	↓	28.1%	40.3%	↓

- Sales and profitability affected by softer palm oil prices, partially mitigated by an increase in overall sales volume for the year
- Full-year earnings impacted by US\$13.0 million of assets write-down relating to the conversion of rubber to oil palm plantations and US\$5.7 million of foreign exchange loss
- Fair value loss from biological assets in 2H2023 was attributable to the lower projected harvest quantities used in the valuation as at year-end compared to that as at mid-year

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

Segmental Results

US\$' million	FY2023	FY2022	Change	2H2023	2H2022	Change
Sales						
Plantations and Palm Oil Mills	850.6	845.8	0.6%	474.4	482.6	(1.7%)
• Crude Palm Oil	767.0	725.3	5.7%	428.2	437.4	(2.1%)
• Palm Kernel	76.1	112.3	(32.2%)	41.8	41.3	1.2%
• Fresh Fruit Bunches	7.4	8.2	(8.8%)	4.3	3.9	9.5%
Refinery and Processing	681.4	1,071.7	(36.4%)	342.2	556.9	(38.5%)
Inter-segment elimination	(551.4)	(692.0)	(20.3%)	(284.8)	(349.3)	(18.5%)
	980.6	1,225.4	(20.0%)	531.8	690.2	(23.0%)
EBITDA						
Plantations and Palm Oil Mills	324.0	451.1	(28.2%)	172.5	253.3	(31.9%)
Refinery and Processing	(40.6)	55.7	n.m.	(16.6)	(2.5)	571.0%
Inter-segment elimination ⁽¹⁾	(1.3)	2.0	n.m.	(6.7)	27.6	n.m.
	282.0	508.8	(44.6%)	149.2	278.4	(46.4%)

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

Segmental Sales Volume

	FY2023	FY2022	Change	2H2023	2H2022	Change
Sales Volume (tonnes)						
Plantations and Palm Oil Mills ⁽¹⁾						
• Crude Palm Oil	1,004,361	863,019	16.4%	568,285	518,932	9.5%
• Palm Kernel	208,915	199,614	4.7%	120,278	111,243	8.1%
Refinery and Processing	926,914	1,058,830	(12.5%)	481,894	601,025	(19.8%)

- Sales volumes were impacted by a net inventory build-up of ~11,000 tonnes for FY2023 (FY2022: ~40,000 tonnes)
- For 2H2023, sales volumes included the effect of a net inventory build-up of ~14,000 tonnes, as compared to a drawdown of ~91,000 tonnes in 2H2022

(1) Sales volumes include inter-segment sales

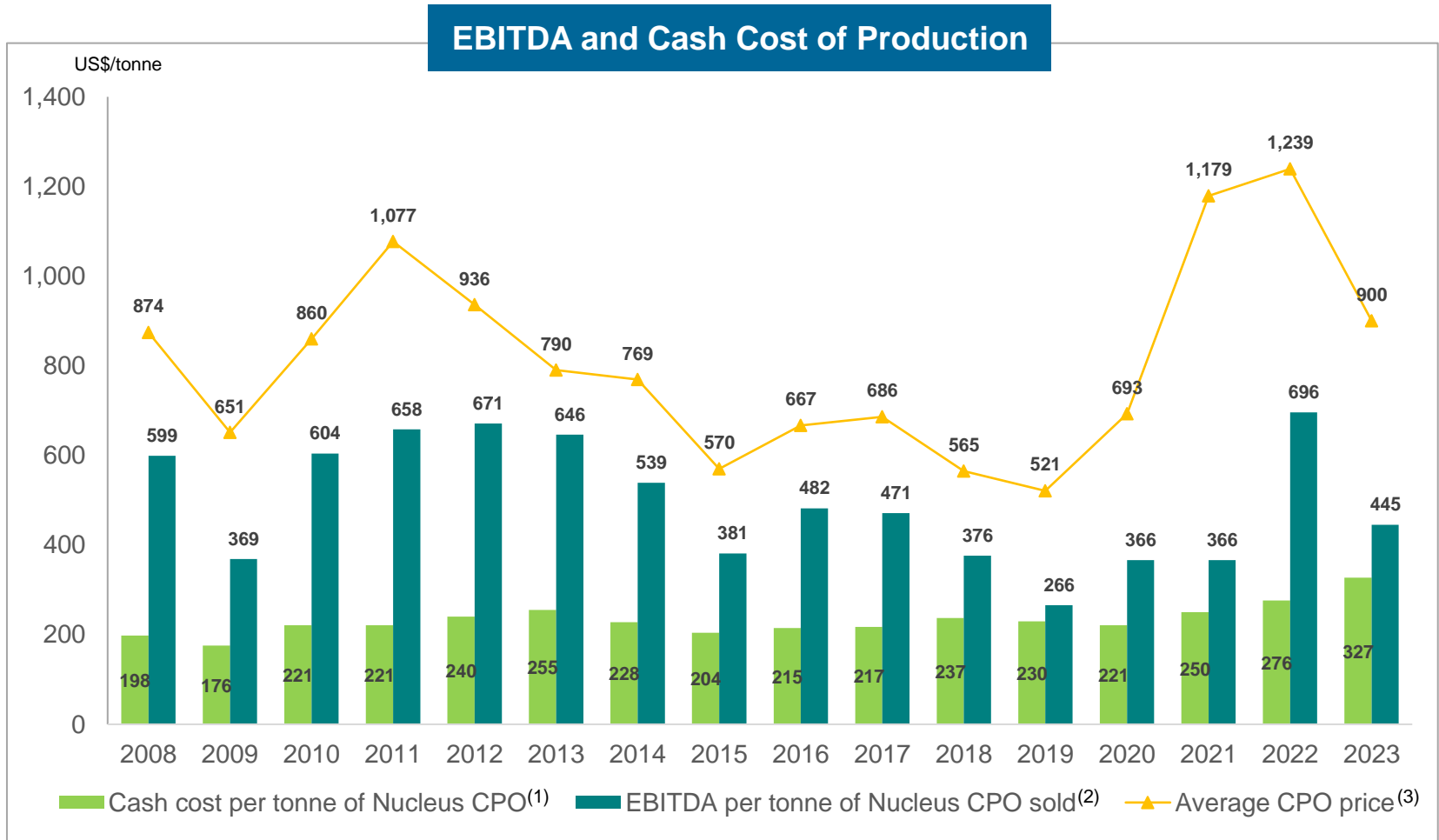
Review of Key Performance Metrics

Performance Metrics	FY2023	FY2022	Change
Unit Cash Cost of Production, Ex-Mill ⁽¹⁾ - Per tonne of Nucleus CPO produced	US\$327	US\$276	↑
Unit EBITDA ⁽²⁾ - Per tonne of Nucleus CPO sold	US\$445	US\$696	↓
Unit EBITDA ⁽²⁾ - Per mature Nucleus Hectare	US\$2,030	US\$2,818	↓

(1) Derived using total cash cost of producing nucleus CPO and PK (before selling & distribution expenses and general & 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

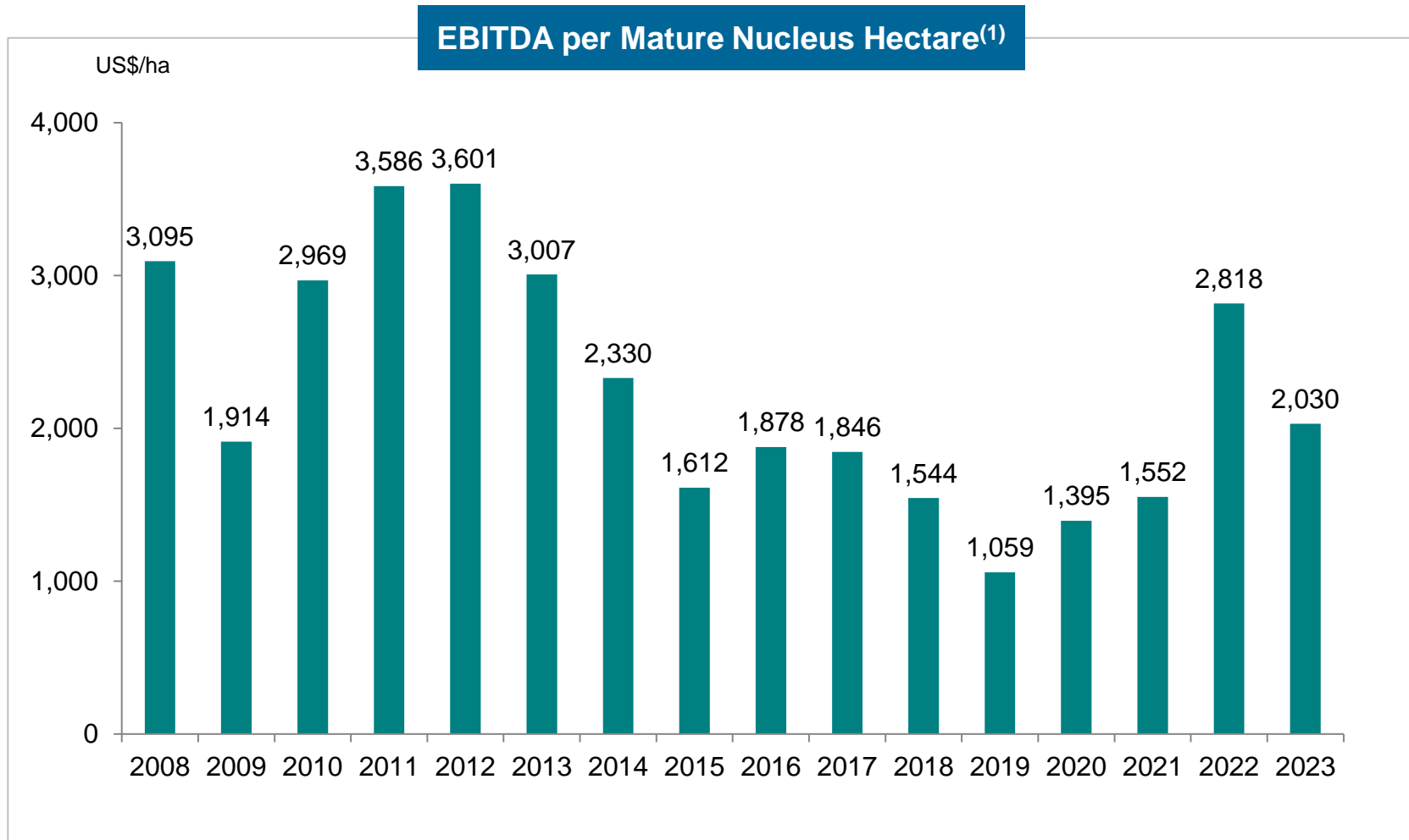


(1) Derived using total cash cost of producing nucleus CPO and PK (before selling and distribution expenses and general and administrative expenses), divided by the production volume of nucleus CPO

(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 published by Refinitive Eikon

Key Performance Metrics



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

Balance Sheet Highlights

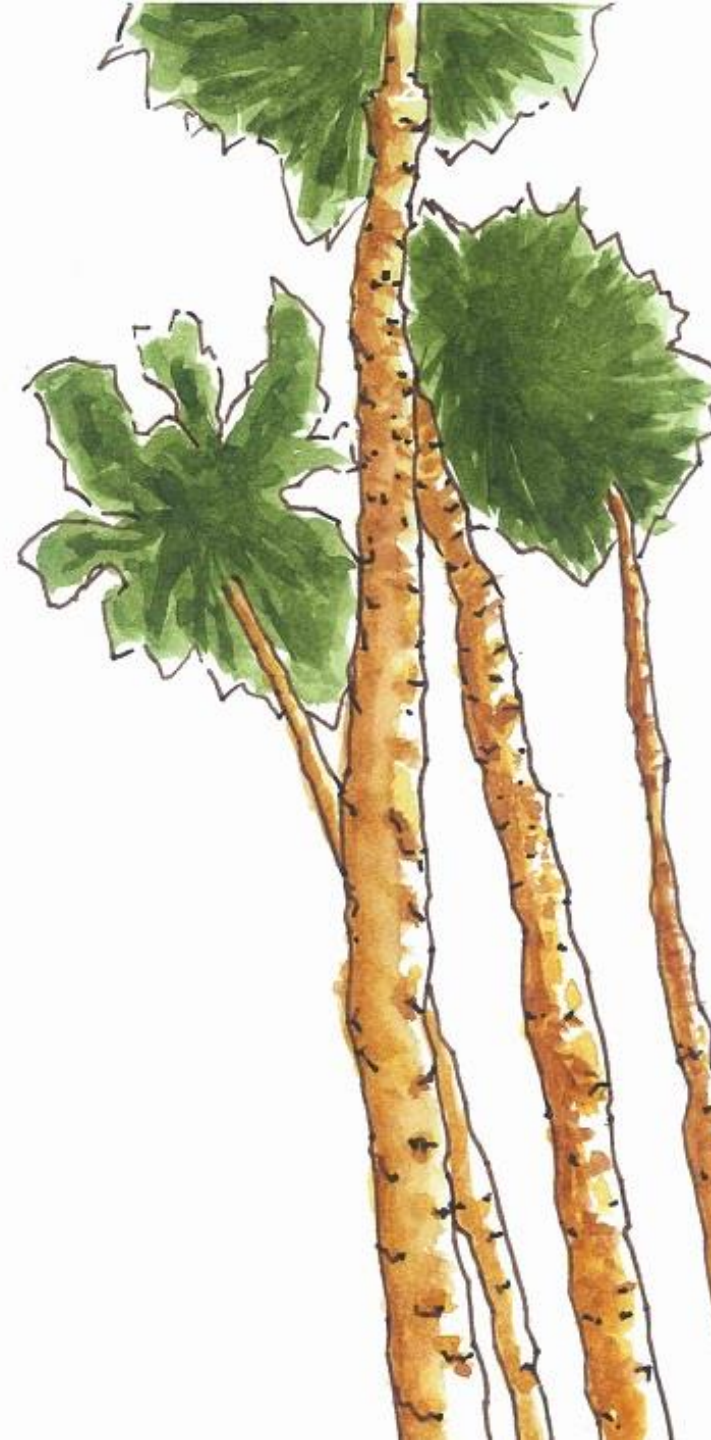
US\$' million	31 Dec 2023	31 Dec 2022
Total Assets	1,774.8	1,832.7
Cash and bank balances	162.9	440.3
Total Liabilities	373.1	433.8
Borrowings and debt securities ⁽¹⁾	237.7	295.7
Total Equity	1,401.8	1,398.9
Net Debt/(Cash) ⁽²⁾	74.9	(144.6)
Gross gearing ratio	0.17x	0.21x
Net gearing ratio	0.05x	(0.10x)
Gross debt ⁽¹⁾ to EBITDA ratio	0.84x	0.58x
Net debt/(cash) ⁽²⁾ to EBITDA ratio	0.27x	(0.28x)
EBITDA to interest ⁽³⁾ coverage	39.3x	54.6x

(1) Sum of borrowings from financial institutions

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

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

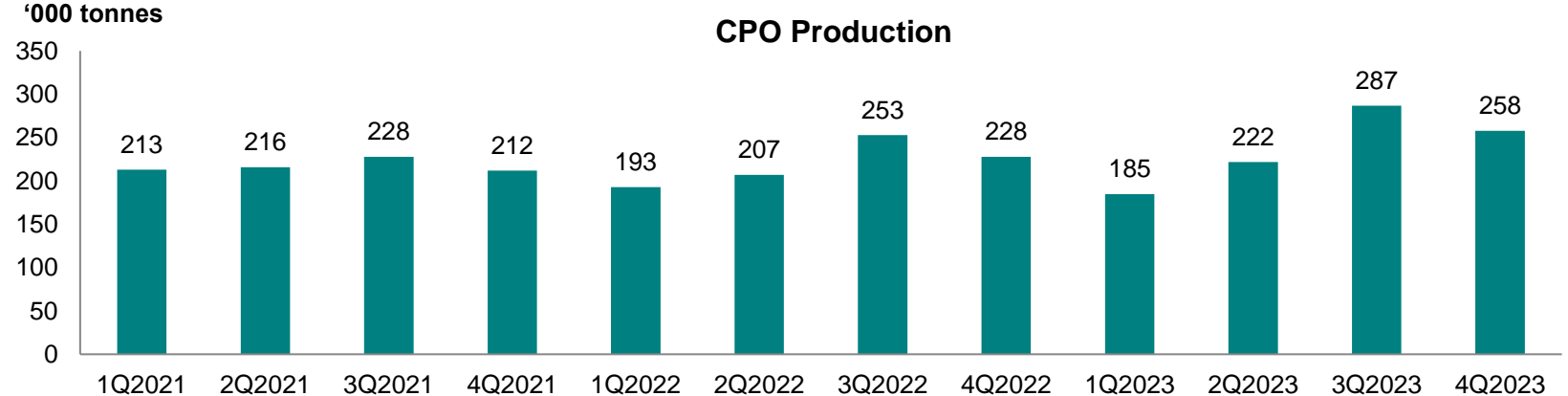
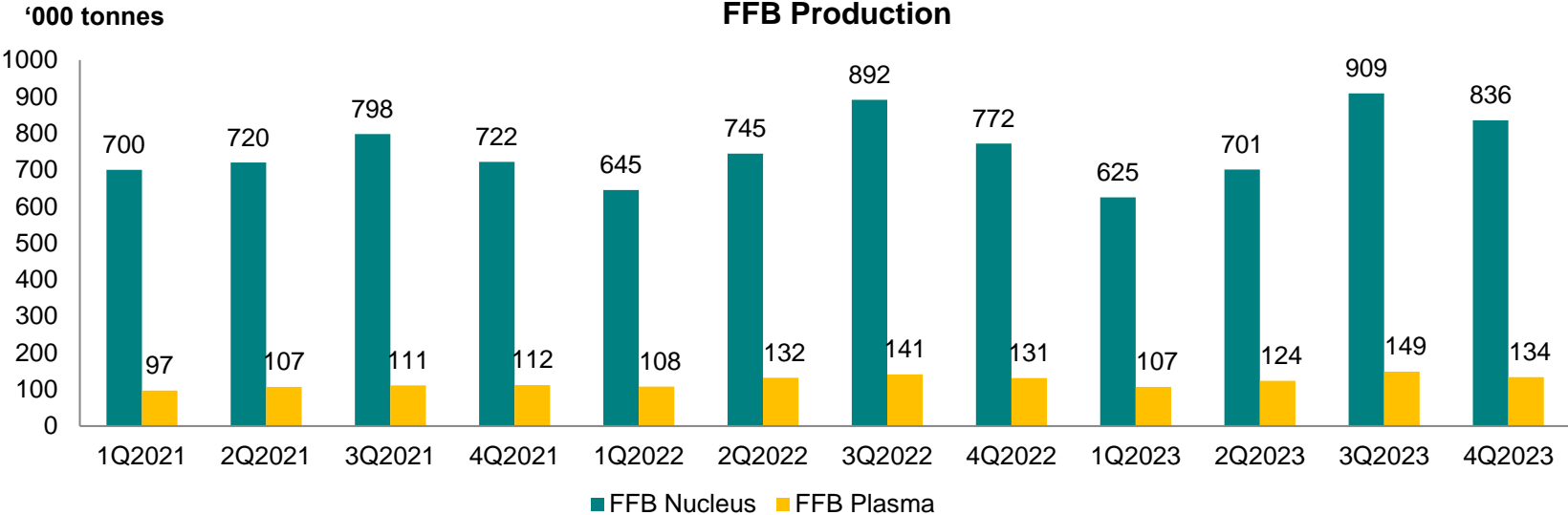
Operational Performance



Production Highlights

		FY2023	FY2022	Change	2H2023	2H2022	Change
Production							
FFB harvested	(tonnes)	3,584,486	3,566,191	0.5%	2,027,711	1,935,863	4.7%
• Nucleus		3,070,683	3,055,203	0.5%	1,744,522	1,664,636	4.8%
• Plasma		513,803	510,988	0.6%	283,189	271,227	4.4%
CPO	(tonnes)	951,425	881,062	8.0%	544,777	480,903	13.3%
PK	(tonnes)	207,436	197,620	5.0%	119,202	108,559	9.8%
Efficiency							
FFB Yield	(tonnes/ha)	18.4	18.2	↑	10.4	9.9	↑
CPO Yield	(tonnes/ha)	4.2	4.1	↑	2.4	2.2	↑
CPO Extraction Rate	(%)	22.7	22.3	↑	22.7	22.3	↑
PK Extraction Rate	(%)	4.9	5.0	↓	5.0	5.0	—

Production Trends

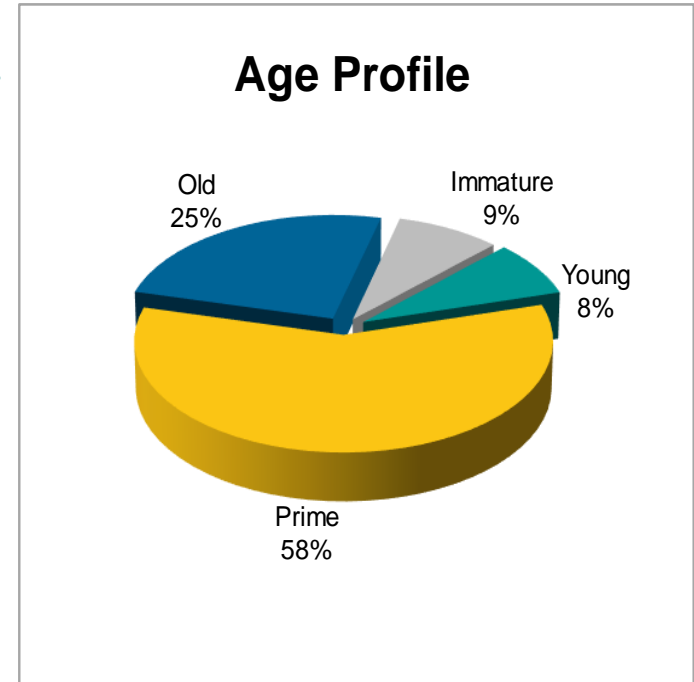


Oil Palm Plantation Area

	As at 31 Dec 2023		As at 31 Dec 2022	
	Area (ha)	% of Total	Area (ha)	% of Total
Planted Nucleus	177,930	83%	175,563	83%
- Mature	159,608	75%	160,095	76%
- Immature	18,322	9%	15,468	7%
Planted Plasma	35,491	17%	35,846	17%
- Mature	35,459	17%	35,480	17%
- Immature	32	0%	366	0%
Total Planted	213,421	100%	211,409	100%
- Mature	195,067	91%	195,575	93%
- Immature	18,354	9%	15,834	7%

Plantation Age Profile

Age	As at 31 Dec 2023	
	Area (ha)	% of Total
0-3 years (Immature)	18,354	9%
4-7 years (Young)	17,241	8%
8-17 years (Prime)	124,749	58%
≥ 18 years (Old)	53,077	25%
Total	213,421	100%



Weighted average age of ~ 14 years

Group Updates



Capital Investments in 2024

■ Plantation Development

- Replanting of oil palms
- Conversion from rubber to oil palms
- Maintenance of immature oil palm plantations

■ Property, Equipment and Others

- Infrastructure for plantation management

■ CPO Mills

- Construction of our 20th mill
- Upgrading and maintenance of existing CPO mills

■ Processing Facilities

Expected capital expenditure ~ US\$200 million

Updates

■ RSPO Certifications

- In 2023, the Group received RSPO (Roundtable on Sustainable Palm Oil) certification for one additional subsidiary, covering 3,838 hectares of plantations in East Kalimantan.
- As at December 2023, we have received RSPO certifications for nine of our subsidiaries covering six mills and more than 63,000 hectares of plantations in the provinces of Riau and East Kalimantan, representing 36% of the Group's nucleus planted area.
- We are committed to progressing in our certification process and have set ourselves a goal to achieve 100% RSPO certification by 2026.

Updates

■ Outlook

- With the easing of tightness in global vegetable oil supplies, palm oil prices averaged lower year-on-year in 2023 and have continued to be restrained by the relative pricing of competing oils. Looking ahead, global palm oil supply growth in 2024 is expected to be limited due to weather influences and the continued lack of new plantings across the industry. On the demand front, growing biodiesel mandates across the world, as well as Indonesia's own B35 biodiesel mandate, are key drivers for global vegetable oil demand and consumption.
- Amid global market uncertainties, the Group will continue to monitor developments in the regulatory and macro environment, including the geopolitical tensions in the Middle East and Eastern Europe, and their resulting impact on market prices.
- First Resources recently announced an acquisition of plantation assets comprising mills, plantations and unplanted land bank located in the Riau Province, Indonesia. The Group intends to replant the plantation assets in the ensuing years and anticipates that the integration of these assets will yield operational synergies and contribute positively to its overall performance in subsequent years.

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