

Performance Update - Third Quarter 2020

13 November 2020

1. FINANCIAL PERFORMANCE

US\$'million	Nine-month period ended		Change	Quarter ended		Change
	30 Sep 2020 (9M 2020)	30 Sep 2019 (9M 2019)		30 Sep 2020 (3Q 2020)	30 Jun 2020 (2Q 2020)	
Revenue	4,995	4,730	6%	1,605	1,734	-7%
Gross Profit	628	532	18%	240	190	26%
EBITDA¹	314	305	3%	124	105	19%
Underlying Profit/ (Loss)²	9	-12	n.m	21	14	49%
Foreign Exchange Gain/(Loss) ³	-60	24	n.m	-14	-15	-8%
Deferred Tax Income/ (Expense) ³	-31	2	n.m	1	-28	n.m
Net Loss ⁴	-162	-46	255%	-5	-61	-92%

Notes:

- Earnings before tax, non-controlling interests, interest on borrowings, depreciation and amortisation, net gain or loss from changes in fair value of biological assets, foreign exchange gain or loss, and exceptional items.
- Net profit/loss attributable to owners of the Company, excluding net effect of net gain or loss from changes in fair value of biological assets, depreciation of bearer plants, exceptional items, foreign exchange gain or loss, and deferred tax expense or income.
- Net of tax and/or non-controlling interests.
- Attributable to owners of the Company.

Golden Agri-Resources Ltd ("GAR" or the "Company") grew its revenue by six percent during the nine-month period of 2020, reaching almost US\$5 billion, primarily attributable to higher average selling prices. However, third-quarter revenue saw a quarter-on-quarter decrease by seven percent due to lower sales volume.

Increasing CPO market prices resulted in continued recovery of EBITDA in the third quarter to US\$124 million, contributing to year-to-date EBITDA of US\$314 million. Underlying profit followed the same trend, reaching US\$21 million in the third quarter. However, foreign exchange translation loss and deferred tax expense, which are mostly non-cash, led to a net loss of US\$162 million recorded during the nine-month period of 2020.

Our plantations and palm oil mills segment benefitted from the uptrend in CPO market prices in the third quarter, making a larger contribution to our consolidated EBITDA. In the nine-month period of 2020, CPO market prices (FOB Belawan) averaged at US\$636 per tonne, an increase of 29 percent from the same period last year. However, the palm, laurics and others segment experienced a volatile market environment impacted by the COVID-19 pandemic, especially during the first quarter 2020.

2. OPERATIONAL PERFORMANCE

'000 MT	Nine-month period ended		Change	Quarter ended		Change
	30 Sep 2020 (9M 2020)	30 Sep 2019 (9M 2019)		30 Sep 2020 (3Q 2020)	30 Jun 2020 (2Q 2020)	
Upstream palm product	1,885	2,125	-11%	666	604	10%
Downstream sales volume	7,448	8,067	-8%	2,478	2,632	-6%

As at 30 September 2020, GAR's planted area stood at almost 500 thousand hectares, comprising 458 thousand hectares of mature estates and 41 thousand hectares of immature estates. Nucleus and plasma estates amounted to 394 thousand and 105 thousand hectares, respectively.

Third quarter fruit yield recovered seasonally, reaching close to 5.0 tonnes per hectare, 12 percent higher than in the previous quarter, resulting in a nine-month yield of 13.9 tonnes per hectare. The fruits were extracted into 1.89 million tonnes of palm product for the nine-month period of 2020, 11 percent lower year-on-year mainly impacted by the dry weather conditions in 2019. We expect peak harvest to shift to the fourth quarter this year, from the third quarter normally.

Sales volume of our downstream business in the third quarter 2020 was lower compared to the previous quarter, which saw a surge following the easing of lockdown measures in some countries. Nonetheless, the decrease in year-to-date volume was in line with tight supply availability in the industry.

3. FINANCIAL POSITION

US\$ million	30 Sep 2020	31 Dec 2019	Change
Total Assets	8,385	8,779	-4%
<i>Cash and short-term investments</i>	916	784	17%
<i>Fixed assets¹</i>	3,606	3,720	-3%
Total Liabilities	4,141	4,274	-3%
Net Debt ²	1,483	1,573	-6%
<i>Total Debt³</i>	2,972	3,144	-5%
<i>Cash, short-term investments and liquid working capital⁴</i>	1,489	1,571	-5%
Total Equity	4,245	4,505	-6%

Ratios	30 Sep 2020	31 Dec 2019
Net Debt ² /Equity	0.35x	0.35x
Net Debt ² /Total Assets	0.18x	0.18x
Net Debt ² /EBITDA ⁵	2.10x	2.26x
EBITDA ⁵ /Interest ⁵	4.95x	4.23x

Notes:

- 1 Includes property, plant and equipment, bearer plants, right-of-use assets and investment properties.
- 2 Interest bearing debt less cash, short-term investments and liquid working capital.
- 3 Interest bearing debt.
- 4 Liquid working capital is trade receivables, inventories (excluding consumables), deposits and advances to suppliers less trade payables and advances from customers.
- 5 Calculated based on the last four quarter figures.

4. PROGRESS ON SUSTAINABILITY

We continued with our sustainability programmes and initiatives despite the challenging situation due to the global pandemic. As of third quarter 2020, we have achieved over 88 percent Traceability to the Plantation (TTP) for our entire palm supply chain. We maintained engagement with our third-party suppliers during the pandemic through remote and virtual channels. Nevertheless, the pandemic has impacted some of our suppliers' ability to conduct on-the-ground surveys due to compliance with health and social distancing regulations. Due to this, we may make allowances for those suppliers who are unable to complete TTP by end-2020 due to COVID-19. However, companies that have not shown any progress or interest in carrying out TTP will not be granted similar leeway.

We also continued to work with communities on long-term fire prevention. Earlier this year, we launched an educational initiative targeting school children in fire-prone villages. We are using a children's book that we created, entitled Rumbun and Jungle Friends, to help teachers educate elementary school students on the importance of preventing forest and land fires. To date, we have carried out dedicated remote training workshops for nearly 400 teachers and reached around 700 participants through online podcasts. This initiative demonstrates our firm commitment to long-term fire prevention.

5. OUTLOOK

Although the industry is in its peak production season, global palm oil supply and demand positions remain tight. The water deficits experienced last year combined with less fertiliser applied by small farmers have resulted in current year palm oil output lagging behind expectation. The ongoing La Niña is another risk factor that can impact supply. Extremely high rainfall in South East Asia hinders the oil palm harvesting process, whilst the drought in South America can reduce soybean production. Together these factors result in to an extremely tight supply situation for vegetable oils. Demand remains strong as key consuming countries have continued to replenish their stocks whilst Indonesia biodiesel consumption further strengthened demand fundamentals. These factors provide short-term support to CPO prices amidst low crude oil prices. However, price volatility can be expected, especially with the uncertainties coming from COVID-19. Long-term fundamentals of the industry remain in place as palm oil is the most consumed vegetable oil with its high versatility and lowest cost of production.

For investor enquiries, please contact:

Richard Fung, Director – Investor Relations
richard@goldenagri.com.sg

This material has been prepared by Golden Agri-Resources Ltd. (“GAR” or “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. Actual results may differ materially from those projected. A prospective investor must make its own independent decision regarding investment in securities.

Opinions expressed herein reflect the judgement of the Company as of the date of this material and may be subject to change without notice if the Company becomes aware of any information, whether specific to the Company, its business, or in general, which may have a material impact on any such opinions.

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 GAR since such date. This material may be updated from time to time and there is no undertaking by GAR to post any such amendments or supplements on this material.

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