



**GOLDEN AGRI-RESOURCES LTD**  
**FULL YEAR 2017 RESULTS PRESENTATION**  
**27 FEBRUARY 2018**



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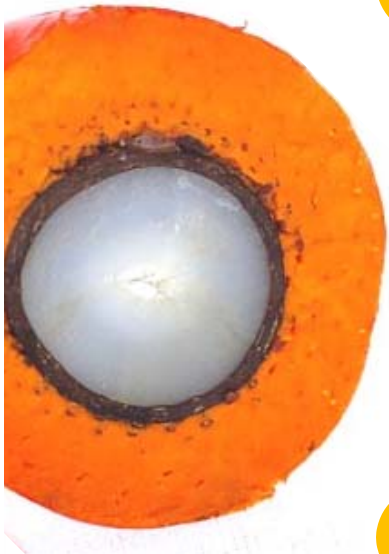


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1 Executive Summary 4

2 Financial Highlights 6

3 Segmental Performance 10

4 Strategy and Outlook 16

5 Appendix 20

# Executive Summary



## Strong full year performance with recovery in upstream production

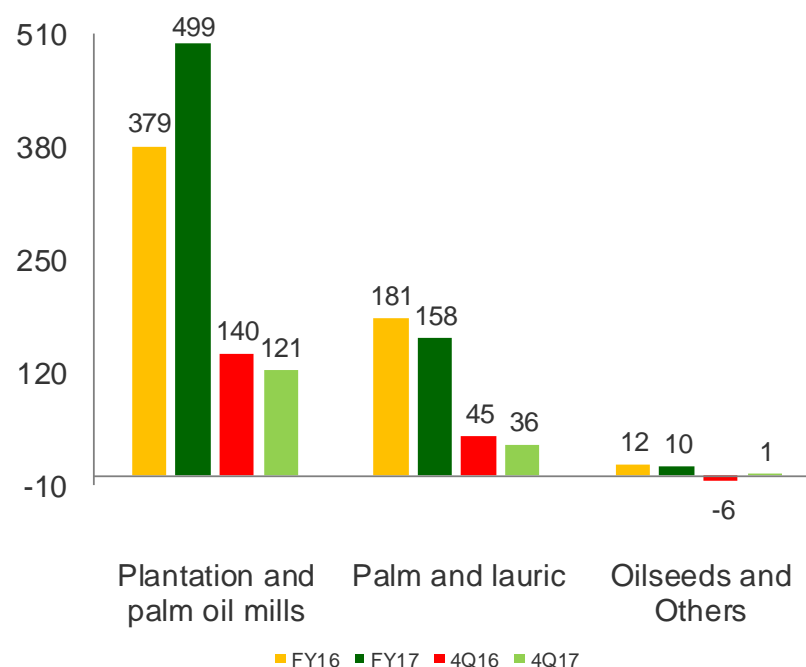
- FY 2017 vs FY 2016

Revenue	US\$7,508 mn	↑	4%
EBITDA	US\$665 mn	↑	16%
Underlying Profit <sup>1</sup>	US\$254 mn	↑	36%
Palm product output	2.72 mn MT	↑	9%
CPO FOB price	US\$682/MT	↑	3%

- 4Q 2017 vs 4Q 2016

Revenue	US\$1,923 mn	↓	10%
EBITDA	US\$156 mn	↓	12%
Underlying Profit <sup>1</sup>	US\$37 mn	↓	44%
Palm product output	650,000 MT	↓	26%
CPO FOB price	US\$662/MT	↓	6%

EBITDA<sup>1</sup> (US\$ million)



**Note:**

1. Net profit 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 and other non-operating items (foreign exchange gain or loss, net tax impact from tax-based asset revaluations, and other deferred tax income or expense).

# Financial Highlights



# Consolidated Financial Performance



US\$ million	FY 2017	FY 2016	YoY	4Q 2017	4Q 2016	YoY
Revenue	7,508	7,209	4%	1,923	2,138	-10%
Gross Profit	1,097	1,014	8%	261	308	-15%
EBITDA	665	572	16%	156	179	-12%
Underlying Profit <sup>1</sup>	254	186	36%	37	66	-44%
<i>Net gain/(loss) from changes in fair value of biological assets<sup>2</sup></i>	-1	25	<i>n.m</i>	-6	-12	-54%
<i>Depreciation of bearer plants<sup>2</sup></i>	-149	-157	-5%	-36	-40	-12%
<i>Foreign exchange gain/(loss)<sup>2</sup></i>	-20	47	<i>n.m</i>	-16	-3	411%
<i>Deferred tax income<sup>2</sup></i>	30	325	-91%	30	62	-52%
<i>Exceptional items<sup>2</sup></i>	-39	-26	49%	-39	-26	49%
Net profit/(loss) attributable to owners of the Company	74	400	-81%	-29	46	n.m

- FY 2017 EBITDA grew by 16% and 4Q 2017 EBITDA weakened by 12% year-on-year driven by the performance of Plantations and Palm Oil Mills segment
- Net profit was lower with the absence of deferred tax income on revaluation recorded in 2016 and impairment loss on China assets

Notes:

1. Net profit 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 and other non-operating items (foreign exchange gain or loss, net tax impact from tax-based asset revaluations, and other deferred tax income or expense).

2. Net of tax and/or non-controlling interests.

# Financial Position



## Prudent balance sheet with improving gearing ratios

US\$ million	31-Dec-17	31-Dec-16	Change
Total Assets	8,138	8,306	-2%
<i>Cash and short-term investments</i>	394	355	11%
<i>Fixed Assets<sup>1</sup></i>	3,692	3,891	-5%
Total Liabilities	4,029	4,210	-4%
Adjusted Net Debt <sup>2</sup>	1,684	1,745	-3%
<i>Net Debt<sup>3</sup></i>	2,598	2,711	-4%
<i>Liquid Working Capital<sup>4</sup></i>	914	967	-5%
Total Equity Attributable to Owners of the Company	4,007	4,054	-1%
Adjusted Net Debt <sup>2</sup> /Equity <sup>5</sup> Ratio	0.42x	0.43x	
Adjusted Net Debt <sup>2</sup> /Total Assets	0.21x	0.21x	
Adjusted Net Debt <sup>2</sup> /EBITDA	2.53x	3.05x	
EBITDA/Interest	4.84x	4.44x	

**Notes:**

1. Includes Bearer Plants, Property, Plant and Equipment, and Investment Properties
2. Interest bearing debt less cash, short-term investments and liquid working capital
3. Interest bearing debt less cash and short-term investments

4. Trade receivables, inventories (excluding consumables), deposits and advances to suppliers less trade payables and advances from customers
5. Equity attributable to owners of the Company



# Interim Dividend

**The Board proposes final dividend distribution of 0.116 Singapore cents per share, subject to approval from shareholders. Combined with the interim dividend, it represents 30% of our underlying profit for FY 2017**

Cash Dividend	2014	2015	2016	2017		
				Interim	Final	Total
Dividend per share (in S\$ cents)	0.585	0.502	0.635	0.693	0.116	0.809
Total Dividend (in S\$ million)	75.10	63.93	80.86	88.25	14.77	103.02
Underlying Profit <sup>1</sup> (in US\$ million)	189.68	180.91	186.28			253.84
% to underlying profit	30%	26%	31%			30%

- The proposed dividend includes the following considerations:
  - results of operations, cash flows and financial condition;
  - working capital requirements;
  - the dividend payment from subsidiaries; and
  - other factors deemed relevant by shareholders, including controlling shareholders.
- The proposed dividend is in line with the Company's dividend policy, which is to distribute up to 30% of underlying profit

Note:

1. Net profit attributable to owners of the Company excluding net effect of net gain/loss from changes in fair value of biological assets and depreciation of bearer plants, exceptional items, and other non-operating items (foreign exchange gain/loss, net tax impact from tax-based asset revaluations, and other deferred tax income/expense)

# Segmental Performance



# Segmental Results

## Plantations and Palm Oil Mills



### Substantial growth in FY 2017 EBITDA as palm production recovers from El Niño

	FY 2017	FY 2016	YoY	4Q 2017	4Q 2016	YoY
Revenue (US\$ million)	1,673	1,557	7%	421	579	-27%
EBITDA (US\$ million)	499	379	32%	121	140	-14%
<i>EBITDA margin</i>	30%	24%	6%	29%	24%	5%
FFB Production ('000 tonnes)	9,607	8,880	8%	2,292	3,136	-27%
Nucleus	7,498	6,905	9%	1,724	2,374	-27%
Plasma	2,109	1,975	7%	568	762	-25%
FFB Yield (tonnes/ha)	20.5	19.0	7%	4.9	6.7	-28%
Palm Product Output ('000 tonnes)	2,724	2,510	9%	650	877	-26%
CPO	2,179	2,016	8%	517	702	-26%
PK	545	494	10%	133	175	-24%
Oil Extraction Rate	22.2%	22.2%	-	21.9%	22.0%	-0.1%
Kernel Extraction Rate	5.6%	5.4%	0.2%	5.7%	5.5%	0.2%
Palm Product Yield (tonnes/ha)	5.7	5.3	8%	1.3	1.8	-27%

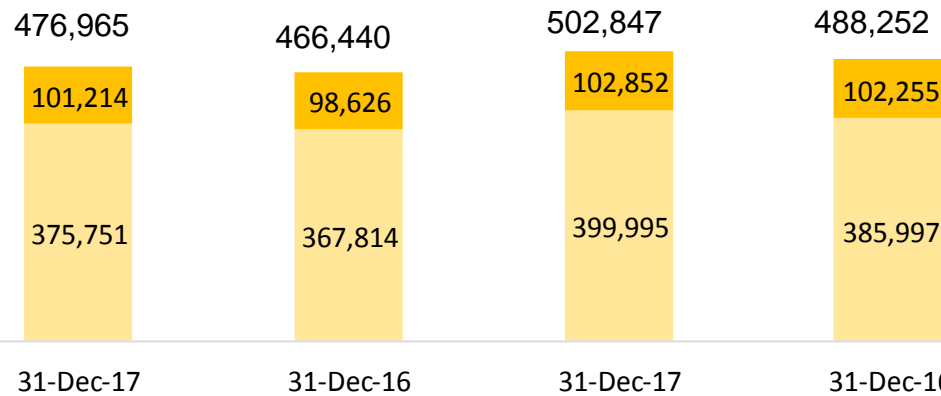
4Q 2017 EBITDA was lower year-on-year as production in 4Q 2016 spiked up after the impact of 2015 El Niño

# Plantation Area

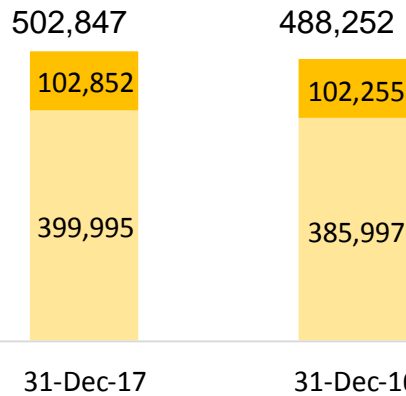


**GAR's oil palm plantations expanded to over 500,000 ha and continue to be lead in scale and operational excellence**

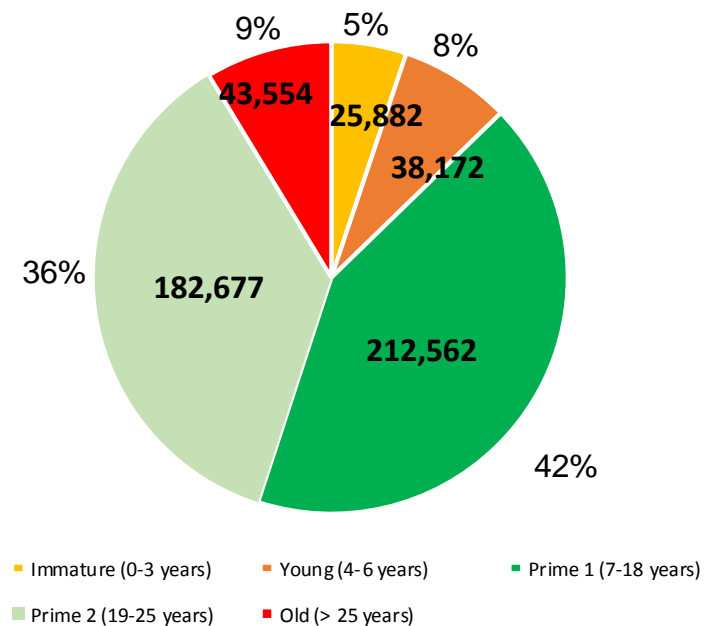
**Mature Area - ha**



**Planted Area - ha**



**Age Profile as of 31 Dec 2017**



- Increase in mature area by 10,500 ha
- Focus on replanting with newer generation seeds to enhance long term productivity (9,900 ha in 2017)
- Net increase in planted area by 14,600 ha mainly due to consolidation of Indonesian plantation assets from the investment in The Verdant Fund LP

**Notes:**

1. Total planted area, including plasma
2. Average age of plantations, including plasma, is 16 years

# Segmental Results

## Palm and Lauric



### Healthy EBITDA margin despite declining trend in prices and competitive market environment

	FY 2017	FY 2016	YoY	4Q 2017	4Q 2016	YoY
Revenue (US\$ million)	6,579	6,262	5%	1,666	1,837	-9%
Sales Volume ('000 tonnes)	8,878	8,974	-1%	2,222	2,475	-10%
EBITDA (US\$ million)	158	181	-13%	36	45	-20%
<i>EBITDA margin</i>	<i>2.4%</i>	<i>2.9%</i>	<i>-0.5%</i>	<i>2.2%</i>	<i>2.5%</i>	<i>-0.3%</i>

Downstream business will continue to focus on enhancing integration and pushing higher added value products to improve long-term margins

# Strong Position Across the Downstream Value Chain

## Origination of Raw Materials



Sourcing with increasing traceability:

- Owned estates
- Third parties

## Processing & Product Customisation



- Completion of second biodiesel plant and expansion of kernel crushing capacity
- Broad range of products including Food, Industrial products and Biodiesel
- Increasing sales of palm based refined products

## Logistic Excellence



- Golden Stena is the largest palm oil based charter
- Broad global coverage including Middle East and India

## Destination Market Expertise



- Increasing presence in destination markets
- On shore refining in China and India, and ex-tank operations in many countries

# Segmental Results

## Oilseeds and Others



### Oilseed business maintains its positive contribution supported by prudent management

	FY 2017	FY 2016	YoY	4Q 2017	4Q 2016	YoY
<u>Oilseeds</u>						
Revenue (US\$ million)	661	753	-12%	190	263	-28%
Sales Volume ('000 tonnes)	1,322	1,424	-7%	382	471	-19%
EBITDA (US\$ million)	8	10	-21%	0.5	-6	n.m
<i>EBITDA margin</i>	1.2%	1.3%	-0.1%	0.2%	-2.4%	2.6%
<u>Others</u>						
Revenue (US\$ million)	193	187	3%	46	44	4%
EBITDA (US\$ million)	2.2	1.8	20%	0.2	0.3	-22%
<i>EBITDA margin</i>	1.1%	1.0%	0.1%	0.5%	0.6%	0.1%

Divestment of Tianjin assets as part of our refocused China strategy.

Note:

1. Others segment includes other consumer products in China and Indonesia mainly in food and beverage

# Strategy and Outlook





**Build on core competitive strengths and leverage scale to maximise long-term shareholder returns**

## Breakthrough competitive edge with cutting edge technology

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**To strengthen our position as the world's leading palm oil plantation company**

**Operational Excellence** – best-in-class plantation management

**Yield Improvement** – research and development

**Cost Efficiency** – mechanisation and automation

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**Accelerate presence and optimise margins in every sector of the value chain**

Leading global merchandiser for Indonesia palm oil products while focusing on higher margin customers

World class producer of diversified value added, quality and sustainable products

Deliver value added services and solutions to customers

**Continued strong commitment to be leading in sustainability**

**Be the best, fully-integrated, global agribusiness and consumer product company – the **Partner of Choice****

**Capitalising on the robust fundamentals of the industry, GAR continues to enhance its integrated operation capabilities to optimise profit opportunities across the value chain**



## Upstream

- Focus on replanting with higher-yielding seeds to sustain production growth
- Continued efforts in yield improvement, cost efficiency and sustainability initiatives
- Projected 2018 capex US\$110 million



## Downstream

- Extending product portfolio, global market reach and logistic facilities to enhance our integrated operations
- Reduce exposure in China Oilseed business
- Projected 2018 capex US\$110 million



## Outlook

- GAR remains confident in the robust demand growth for palm oil in the long term
- We expect CPO price to remain supported by global demand growth including from biodiesel

# Towards Responsible Palm Oil Production

## Progress on fully traceable palm oil

- 100% Traceability to the Plantation (TTP) achieved for GAR-owned mills - 39% of our total supply chain fully traceable
- Engagement with suppliers: with full TTP, GAR can now reach 72 dealers buying from 11,000 smallholders who manage 40,000 ha
- 40 independent mills visited in 2017 to enable GAR to assess what help they need to adopt responsible practices

## GAR launches new non-GMO super high-yielding planting materials

- Eka 1 and Eka 2 can yield more than 10 tonnes/ha/year
- Developed by SMART Research Institute (SMARTRI) and SMART Biotechnology Centre
- GAR will be able to achieve highest yield in industry without cultivating new land

## Inclusion in global sustainability indices

- GAR debuted on Dow Jones Sustainability Index (Asia-Pacific) – longest-established global sustainability index
- GAR also a member of SGX Sustainability Index, including Sustainability Leaders Index



**100%**

Traceability to  
Plantation for GAR-owned  
mills by end-2017

**100%**

Traceability to  
Plantation for independent  
mills by 2020

MEMBER OF

**Dow Jones  
Sustainability Indices**

In Collaboration with RobecoSAM 

# Appendix



The average age of GAR's plantations is 16 years, securing the long-term growth of its production

hectares	Immature (0-3 years)	Young (4-6 years)	Prime 1 (7-18 years)	Prime 2 (19-25 years)	Old (>25 years)	Total
<u>31 December 2017</u>						
Nucleus	24,244	33,134	180,682	130,807	31,128	399,995
Plasma	1,638	5,038	31,880	51,870	12,426	102,852
Total Area	25,882	38,172	212,562	182,677	43,554	502,847
% of total planted area	5%	8%	42%	36%	9%	100%
<hr/>						
<u>31 December 2016</u>						
Nucleus	18,183	35,478	179,704	130,725	21,907	385,997
Plasma	3,629	5,818	30,565	55,652	6,591	102,255
Total Area	21,812	41,296	210,269	186,377	28,498	488,252
% of total planted area	4%	9%	43%	38%	6%	100%

# Contact Us



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