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# Golden Agri-Resources Ltd

## Full Year 2015 Results Presentation

**1 March 2016**



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# Executive Summary



## Stronger downstream results drive GAR to higher quarterly earnings despite lower CPO prices

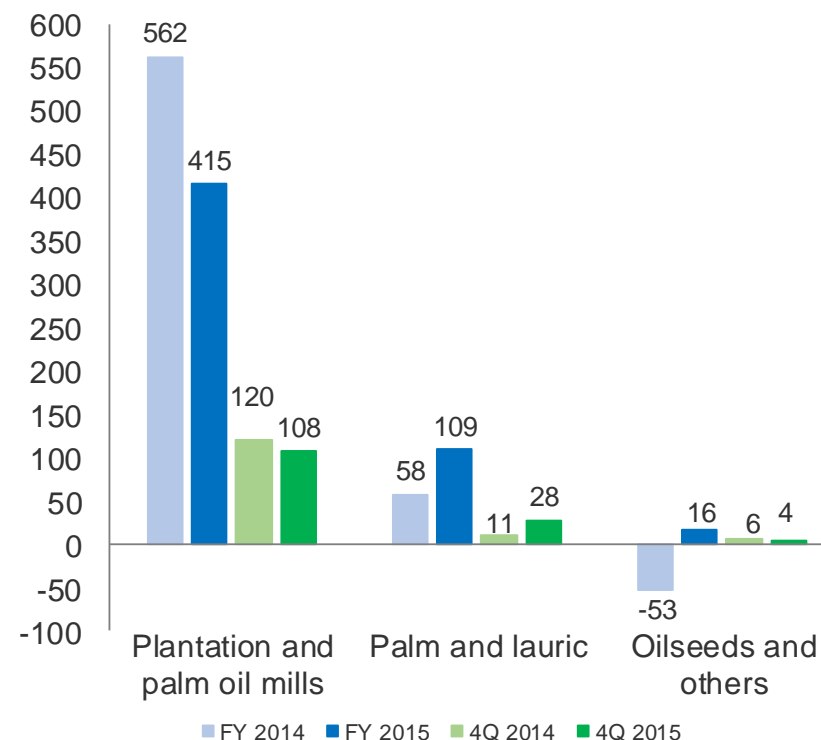
- 4Q 2015 vs 4Q 2014 results

Revenue	\$1,552 mn	↓	15%
EBITDA <sup>1</sup>	\$140 mn	↑	4%
Core Net Profit <sup>2</sup>	\$51 mn	↑	10%
Palm product output	817,000 MT	↑	13%
CPO FOB price	\$517/MT	↓	22%

- FY 2015 vs FY 2014 results

Revenue	\$6,510 mn	↓	15%
EBITDA <sup>1</sup>	\$542 mn	↓	4%
Core Net Profit <sup>2</sup>	\$221 mn		-
Palm product output	2.97 mn MT	↑	0.5%
CPO FOB price	\$574/MT	↓	25%

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



Notes:

1. Earnings before tax, non-controlling interests, net loss from changes in fair value of biological assets, interest on borrowings, depreciation and amortisation, as well as foreign exchange loss. The comparative EBITDA for FY and 4Q 2014 have been recalculated to include share of results of associated companies and joint ventures, net of tax to conform with current year's presentation.

2. Net profit attributable to owners of the Company, excluding net effect of net loss from changes in fair value of biological assets, foreign exchange loss and exceptional items

# Financial Highlights



# Consolidated Financial Performance



US\$ million	FY 2015	FY 2014	YoY	4Q 2015	4Q 2014	YoY
Revenue	6,510	7,619	-15%	1,552	1,822	-15%
Gross Profit	1,140	1,311	-13%	303	298	2%
EBITDA <sup>1</sup>	542	566	-4%	140	135	4%
Core Net Profit <sup>2</sup>	221	221	-	51	46	10%
<i>Addition:</i>						
▪ Net loss from changes in fair value of biological assets, net of tax and non-controlling interests	-147	-101	44%	-147	-101	44%
▪ Foreign exchange gain/(loss), net of non-controlling interests	-91	-13	572%	8	33	-78%
▪ Exceptional items, net of non-controlling interests	-	7	-100%	-	-	-
Net Profit/(Loss) attributable to owners of the Company	-17	114	n.m	-88	-22	303%

- Full year EBITDA slightly lower amidst softer CPO market prices, mitigated by better performance of downstream operations
- 4Q 2015 EBITDA and Core Net Profit saw year-on-year growth resulting from improved palm and lauric segment performance

Notes:

1. The comparative EBITDA for FY and 4Q 2014 have been recalculated to include share of results of associated companies and joint ventures, net of tax to conform with current year's presentation.

2. Net profit attributable to owners of the Company, excluding net effect of net loss from changes in fair value of biological assets, foreign exchange gain/loss and exceptional items

# Financial Position

## Healthy balance sheet with ample liquidity and prudent gearing

(in US\$ million)	31-Dec-15	31-Dec-14	Change
Total Assets	14,596	14,667	-0.5%
<i>Cash and short-term investments</i>	502	591	-14.9%
<i>Fixed Assets<sup>1</sup></i>	10,682	10,455	2.2%
Total Liabilities	5,847	5,848	-0.02%
Adjusted Net Debt <sup>2</sup>	1,908	1,626	17.4%
<i>Net Debt<sup>3</sup></i>	2,543	2,478	2.6%
<i>Liquid Working Capital<sup>4</sup></i>	635	852	-25.5%
Total Equity Attributable to Owners of the Company	8,660	8,729	-0.8%
Adjusted Net Debt <sup>2</sup> /Equity <sup>5</sup> Ratio	0.22x	0.19x	
Adjusted Net Debt <sup>2</sup> /Total Assets	0.13x	0.11x	
Adjusted Net Debt <sup>2</sup> /EBITDA <sup>6</sup>	3.52x	2.87x	
EBITDA <sup>6</sup> /Interest	4.21x	4.75x	

**Notes:**

1. Includes Biological Assets, 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
6. The comparative EBITDA for FY 2014 has been recalculated to include share of results of associated companies and joint ventures, net of tax to conform with current year's presentation.



**The Board proposes final dividend distribution of 0.502 Singapore cents per share, subject to approval from shareholders. It represents 25% of our underlying profit for FY2015.**

Cash Dividend	2012	2013	2014	2015
Dividend per share (in S\$ cents)	1.190	1.100	0.585	0.502
Total Dividend (in S\$ million)	152.77	141.21	75.10	63.93
% to underlying profit	30%	35%	30%	25%

- 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

# Segmental Performance



# Segmental Results – Plantations and Palm Oil Mills



## 4Q 2015 EBITDA margin improved with recovery in output and lower costs compensating for weaker CPO prices

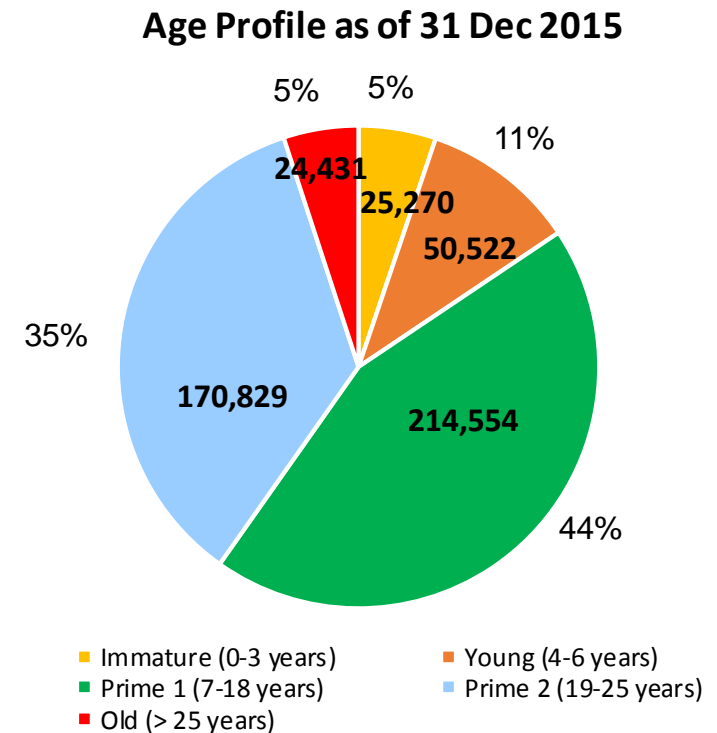
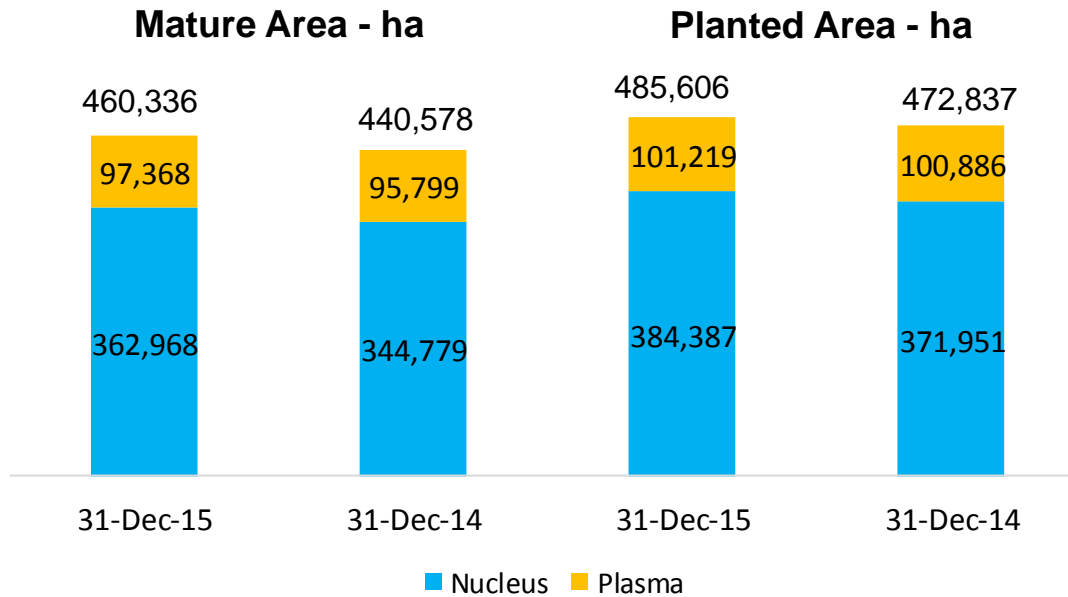
	FY 2015	FY 2014	YoY	4Q 2015	4Q 2014	YoY
Revenue (US\$ million)	1,503	1,927	-22%	371	458	-19%
EBITDA <sup>1</sup> (US\$ million)	415	561	-26%	108	120	-10%
<i>EBITDA<sup>1</sup> margin</i>	28%	29%	-1%	29%	26%	3%
FFB Production ('000 tonnes)	10,051	9,729	3%	2,768	2,402	15%
<i>Nucleus</i>	7,750	7,570	2%	2,158	1,887	14%
<i>Plasma</i>	2,301	2,159	7%	610	515	19%
FFB Yield (tonnes/ha)	21.8	22.1	-1%	6.01	5.45	10%
Oil Extraction Rate	22.6%	22.8%	-0.2%	22.4%	22.9%	-0.4%
Kernel Extraction Rate	5.6%	5.4%	0.2%	5.8%	5.5%	0.3%
Palm Product Yield (tonnes/ha)	6.15	6.25	-1%	1.69	1.55	9%
Palm Product Output ('000 tonnes)	2,967	2,953	0.5%	817	723	13%
<i>CPO</i>	2,380	2,387	-0.3%	650	582	12%
<i>PK</i>	587	566	4%	167	141	19%

- Dry conditions in certain regions in 2014 impacted plantation output in early 2015, resulting in flat output for the full year 2015
- Reduced costs mainly due to lower fertiliser price and depreciation of IDR against USD

Note:

1. The comparative EBITDA for FY and 4Q 2014 have been recalculated to include share of results of associated companies and joint ventures, net of tax to conform with current year's presentation

## GAR's oil palm plantations continue to be leading in scale and operational excellence



- Increase in mature area by 19,800 hectares
- Net increase in planted area by 12,800 hectares mainly due to consolidation of plantation acquired in end 2012

**Notes:**

1. Total planted area, including plasma
2. Average age of plantations, including plasma, is 15 years

# Segmental Results – Palm and Lauric



## Improved palm downstream margins provided substantial growth in EBITDA

	FY 2015	FY 2014	YoY	4Q 2015	4Q 2014	YoY
Revenue (US\$ million)	5,614	6,465	-13%	1,169	1,562	-25%
Sales Volume ('000 tonnes)	8,764	8,092	8%	2,300	2,144	7%
EBITDA <sup>1</sup> (US\$ million)	109	58	89%	28	11	160%
EBITDA <sup>1</sup> margin	1.9%	0.9%	1.0%	2.4%	0.7%	1.7%

- Completion of our downstream expansion is on track
- Performance continued to improve as downstream integration progresses

Notes:

1. The comparative EBITDA for FY and 4Q 2014 have been recalculated to include share of results of associated companies and joint ventures, net of tax to conform with current year's presentation
2. Palm and lauric segment includes processing and merchandising of palm based products, i.e. bulk and branded products as well as oleochemicals

# Strong Position Across the Downstream Value Chain

## Sourcing of raw materials



**8.8 million** tonnes of palm based products were sold during FY 2015

## Processing



On-target completion of additional downstream facilities:

- A new kernel crushing plant is in operation with capacity of **360k tpa**
- Final addition of refining capacity by **1.2 million tpa** to a total of **4.7 million tpa**

## Product customisation



- Sales of palm based refined products increased by **18%**
- Broadening consumer product portfolio in Indonesia with food and beverage products

## Sales and distribution



- Destination sales contribute **70%** to our export volume
- Continue our focus on enhancing destination sales capabilities and initiatives

Note:

1. Data as per 31 Dec 2015

# Segmental Results – Oilseeds and Others



## Positive contribution from oilseed segment with improved business environment

	FY 2015	FY 2014	YoY	4Q 2015	4Q 2014	YoY
<u>Oilseeds<sup>2</sup></u>						
Revenue (US\$ million)	644	845	-24%	176	176	-
Sales Volume ('000 tonnes)	1,257	1,354	-7%	350	323	8%
EBITDA <sup>1</sup> (US\$ million)	11	-60	n.m.	3	1	125%
<i>EBITDA<sup>1</sup> margin</i>	1.8%	-7.1%	8.9%	1.8%	0.8%	1.0%
<u>Others<sup>3</sup></u>						
Revenue (US\$ million)	193	201	-4%	43	52	-18%
EBITDA <sup>1</sup> (US\$ million)	5	8	-36%	1	5	-81%
<i>EBITDA<sup>1</sup> margin</i>	2.6%	3.8%	-1.2%	2.0%	8.6%	-6.6%

China food business results reflect the start-up cost for new product launches and marketing initiatives

Notes:

1. The comparative EBITDA for FY and 4Q 2014 have been recalculated to include share of results of associated companies and joint ventures, net of tax to conform with current year's presentation
2. Oilseeds segment includes processing and merchandising of oilseed based products, i.e. bulk and branded products
3. Others segment includes other consumer products in China and Indonesia such as food and beverages

# Strategy and Outlook





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



**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

- Focusing on replanting with higher-yielding seeds to sustain production growth
- Continued efforts in yield improvement, cost efficiency and sustainability initiatives
- Projected 2016 capex US\$70 million



## Downstream

- Extending product portfolio, distribution coverage and global market reach as well as logistic facilities to enhance our integrated operations
- Constructing new biodiesel processing capacity
- GAR is evaluating strategic alternatives and business model adjustment for China oilseed business
- Projected 2016 capex US\$110 million



## Outlook

- GAR remains confident with the robust demand growth for palm oil in the long term
- We expect the increase in CPO price trend to continue supported by lower production due to El Nino and implementation of Indonesia biodiesel mandate

## As a leading palm oil company, we continue to strengthen our sustainability implementation

### Mapping and Engaging our Suppliers

- December 2015: Completed mapping of 489 supplier mills (100 percent) to GAR downstream facilities: six refineries, four kernel crushing plants and two bulking stations
- Major milestone: mapping and engaging our supply chain enables GAR to share best practices and experience contributing to a more sustainable industry

### Focus on Fire Prevention

- Peat Ecosystem Rehabilitation Project in PT AMNL, West Kalimantan launched in November 2015 covering 2,600 ha of conservation land
- Desa SIAP – pilot programme to help local communities and villages remain fire-free by helping them prevent and suppress fires and offering CSR support

### Supporting Smallholders Productivity

- Innovative Financing Scheme: GAR supported 270 farmers in Riau to get loan of Rp48 billion
- GAR will help with high-yielding seeds and knowledge transfer of agronomy practices
- SMARTRI developed disease-resistant and high-yielding Dami Mas seeds which have been officially registered and approved for distribution in Indonesia
- Biotechnology to improve palm oil productivity in smallholdings

# Appendix



The average age of GAR's plantations is 15 years, securing the long-term growth of its production

(in 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 2015</u>						
Nucleus	21,419	41,366	179,925	120,776	20,901	384,387
Plasma	3,851	9,156	34,629	50,053	3,530	101,219
Total Area	25,270	50,522	214,554	170,829	24,431	485,606
% of total planted area	5%	11%	44%	35%	5%	100%
<u>31 December 2014</u>						
Nucleus	27,173	54,051	175,371	93,071	22,285	371,951
Plasma	5,086	11,615	40,431	43,754	-	100,886
Total Area	32,259	65,666	215,802	136,825	22,285	472,837
% of total planted area	7%	14%	45%	29%	5%	100%

# Contact Us



## If you need further information, please contact:

Golden Agri-Resources Ltd  
c/o 108 Pasir Panjang Road  
#06-00 Golden Agri Plaza  
Singapore 118535

Telephone : +65 65900800

Facsimile : +65 65900887

[www.goldenagri.com.sg](http://www.goldenagri.com.sg)

Contact Person : Richard Fung  
[richard@goldenagri.com.sg](mailto:richard@goldenagri.com.sg)

