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# Golden Agri-Resources Ltd

## Full Year 2013 Results Performance

28 February 2014

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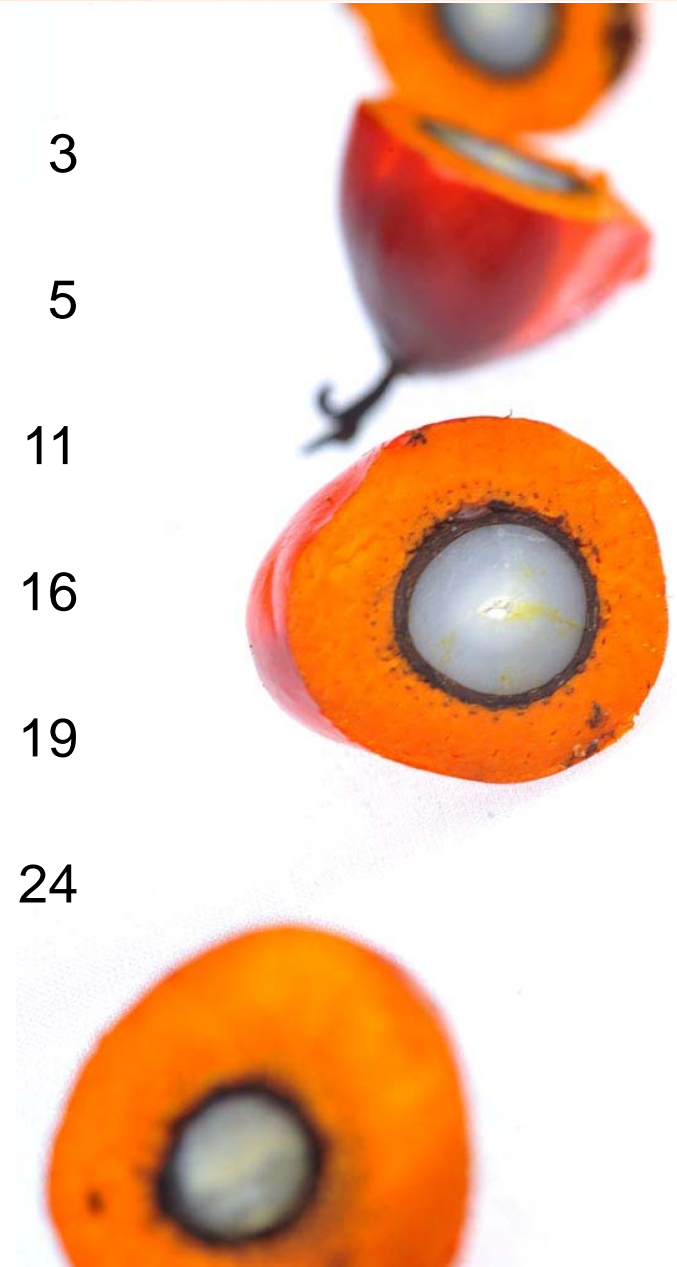
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# Executive Summary



# Executive Summary



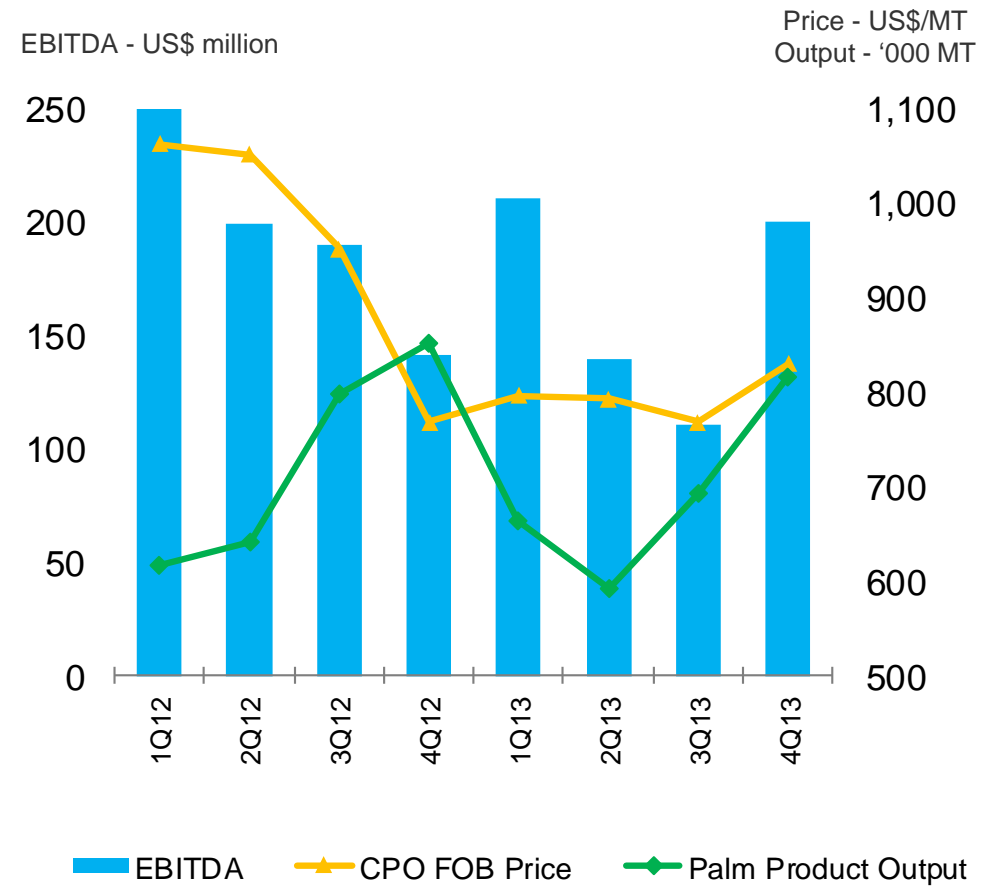
**Strong recovery in 4Q 2013 quarter-on-quarter performance. Full year results affected by weaker production and CPO prices in previous quarters.**

- 4Q 2013 vs 3Q 2013 results

Revenue	\$1,902 mn	↑	21%
EBITDA	\$201 mn	↑	81%
Core Net Profit <sup>1</sup>	\$113 mn	↑	199%
Palm product output	816,400 MT	↑	18%
CPO FOB price	\$831/MT	↑	8%

- FY 2013 vs FY 2012 results

Revenue	\$6,585 mn	↑	9%
EBITDA	\$662 mn	↓	16%
Core Net Profit <sup>1</sup>	\$318 mn	↓	21%
Palm product output	2.77 mn MT	↓	5%
CPO FOB price	\$797/MT	↓	17%

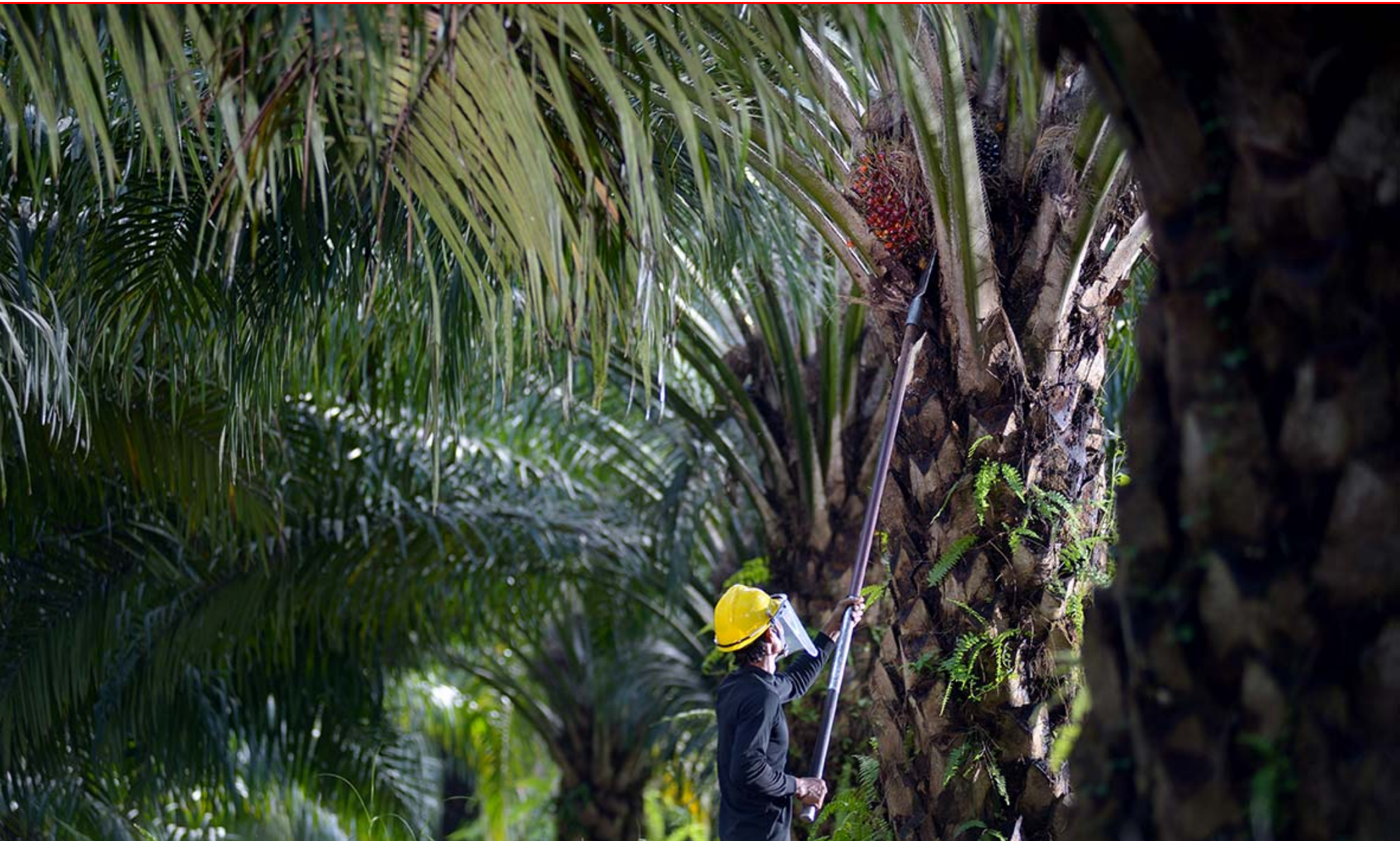


**Note:**

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

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## Financial Highlights



# Financial Performance – 4Q 2013



US\$ million	4Q 2013	4Q 2012	YoY Change	3Q 2013	QoQ Change
<b>Revenue</b>	<b>1,902</b>	<b>1,519</b>	<b>25%</b>	<b>1,571</b>	<b>21%</b>
<b>Gross Profit</b>	<b>425</b>	<b>361</b>	<b>18%</b>	<b>277</b>	<b>53%</b>
<b>EBITDA</b>	<b>201</b>	<b>142</b>	<b>41%</b>	<b>111</b>	<b>81%</b>
<b>Core Net Profit<sup>1</sup></b>	<b>113</b>	<b>36</b>	<b>212%</b>	<b>38</b>	<b>199%</b>
<i>Addition:</i>					
• <i>Net gain from changes in fair value of biological assets, net of tax and non-controlling interests</i>	27	37	-27%	-	n.m.
• <i>Foreign exchange gain/(loss), net of non-controlling interests</i>	-17	5	n.m.	-8	128%
• <i>Exceptional items, net of non-controlling interests</i>	-	-24	-100%	-	-
<b>Net Profit attributable to owners of the Company</b>	<b>123</b>	<b>54</b>	<b>129%</b>	<b>30</b>	<b>307%</b>

Strong performance in 4Q 2013 mainly attributable to:

- Year-on-year: Better performance from China Operations and higher CPO FOB prices by 8%, despite lower palm product output and higher operating expenses
- Quarter-on-quarter: Appreciation of CPO FOB prices by 8% and 18% increase in palm product output

Note:

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

# Financial Performance – FY 2013



US\$ million	FY 2013	FY 2012	Change
<b>Revenue</b>	<b>6,585</b>	<b>6,052</b>	<b>9%</b>
<b>Gross Profit</b>	<b>1,363</b>	<b>1,611</b>	<b>-15%</b>
<b>EBITDA</b>	<b>662</b>	<b>785</b>	<b>-16%</b>
<b>Core Net Profit<sup>1</sup></b>	<b>318</b>	<b>404</b>	<b>-21%</b>
<i>Addition:</i>			
▪ <i>Net gain from changes in fair value of biological assets, net of tax and non-controlling interests</i>	27	37	-27%
▪ <i>Foreign exchange loss, net of non-controlling interests</i>	-34	-7	362%
▪ <i>Exceptional items, net of non-controlling interests</i>	-	-24	-100%
<b>Net Profit attributable to owners of the Company</b>	<b>311</b>	<b>410</b>	<b>-24%</b>

Revenue increased by 9% mainly driven by the expansion of downstream business in Indonesia.

Lower performance mainly caused by the decrease in average CPO FOB prices by 17% to US\$797 per tonne from US\$959 per tonne in the previous year.

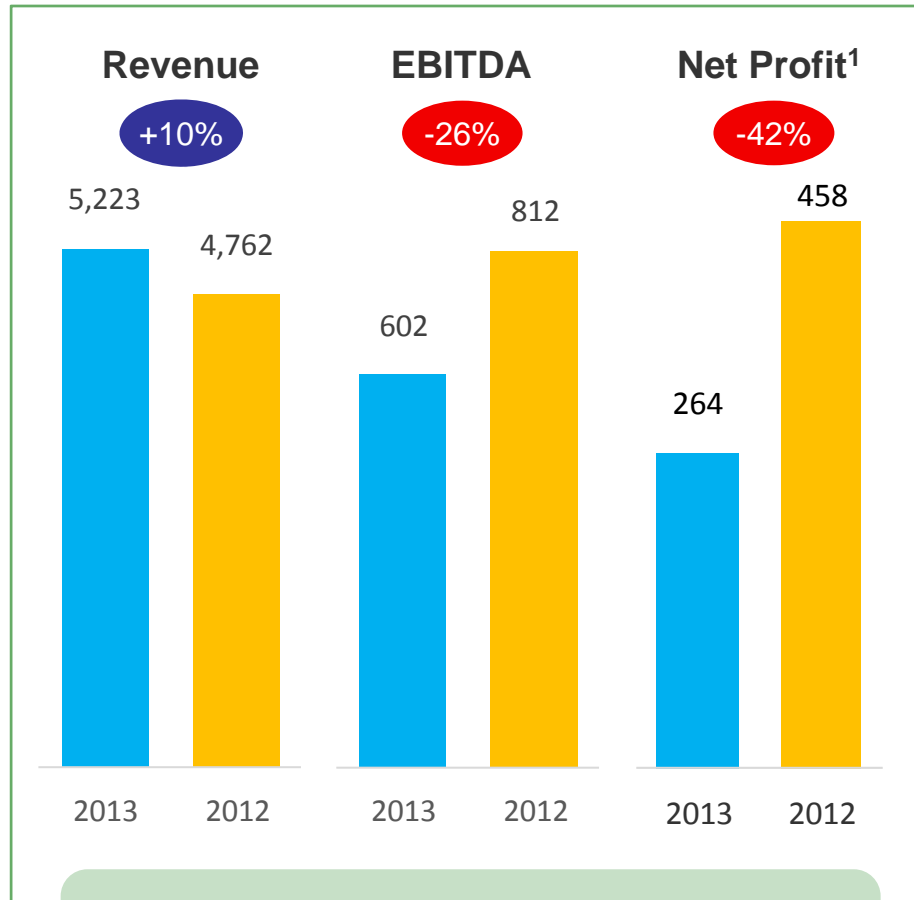
Note:

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



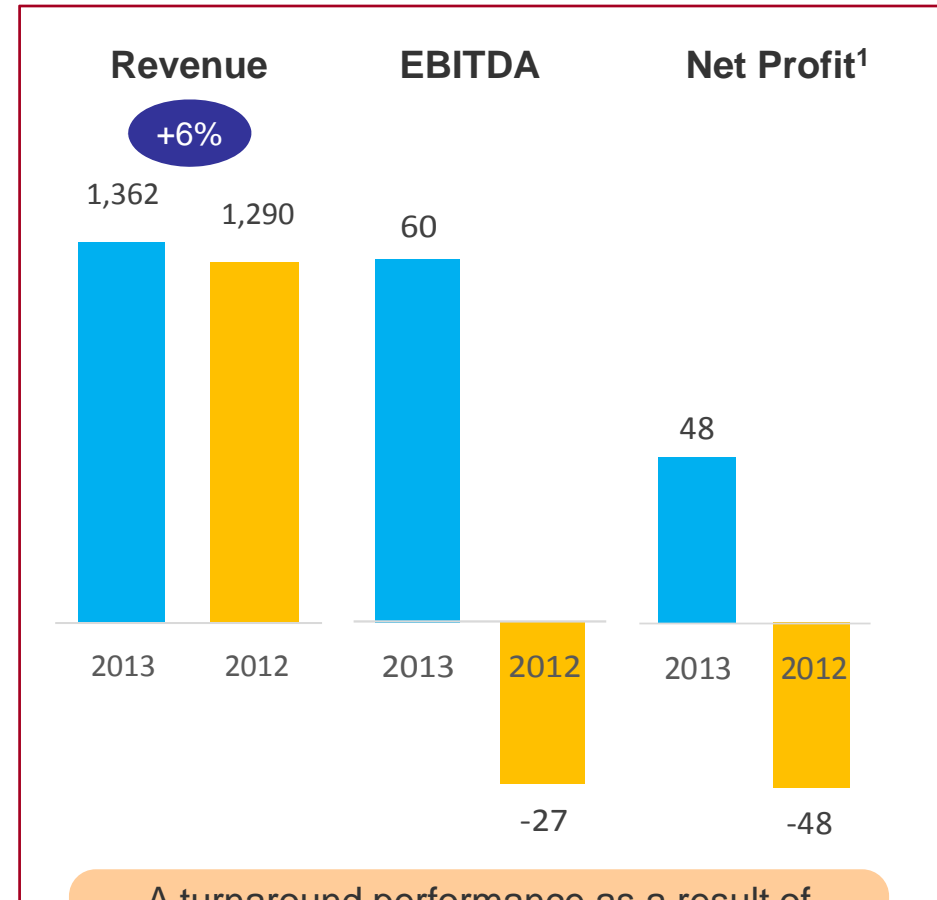
# Segmental Results

## Indonesia Operations – US\$ million



Weaker results due to decrease in both CPO FOB prices and palm product output

## China Operations – US\$ million



A turnaround performance as a result of business strategy enhancement and more favourable business environment

Note:

1. Attributable to owners of the Company

# Financial Position



## Balance sheet fundamentals remain strong with ample liquidity and prudent gearing

(in US\$ million)	31-Dec-13	31-Dec-12	Change
Total Assets	14,148	13,286	6.5%
Cash and Short-Term Investments	587	685	-14.4%
Trade Receivables and Inventories	1,246	1,240	0.5%
Fixed Assets <sup>1</sup>	10,340	9,907	4.4%
Total Liabilities	5,345	4,668	14.5%
Interest Bearing Debts	2,581	1,855	39.2%
Total Equity Attributable to Owners of the Company	8,721	8,527	2.3%
Net Debt <sup>2</sup> /Equity <sup>3</sup> Ratio	0.23x	0.14x	
Net Debt <sup>2</sup> /Total Assets	0.14x	0.09x	
Net Debt <sup>2</sup> /EBITDA	3.01x	1.49x	
EBITDA/Interest	6.51x	10.40x	

Notes:

1. Includes Biological Assets, Property, Plant and Equipment, and Investment Properties
2. Interest bearing debts less cash and short-term investments
3. Equity attributable to owners of the Company

# Final Dividend



**The Board proposes final dividend distribution of 0.515 Singapore cents per share to be approved by shareholders. Combined with interim dividend, it represents 35% of our underlying profit for FY2013.**

Cash Dividend	2010	2011	2012	Interim	2013	
					Final	Total
Dividend per share (in S\$ cents)	0.770	1.840	1.190	0.585	0.515	1.100
Total Dividend (in S\$ million)	93.47	223.35	152.77	75.10	66.11	141.21
% to underlying profit	18%	30%	30%			35%

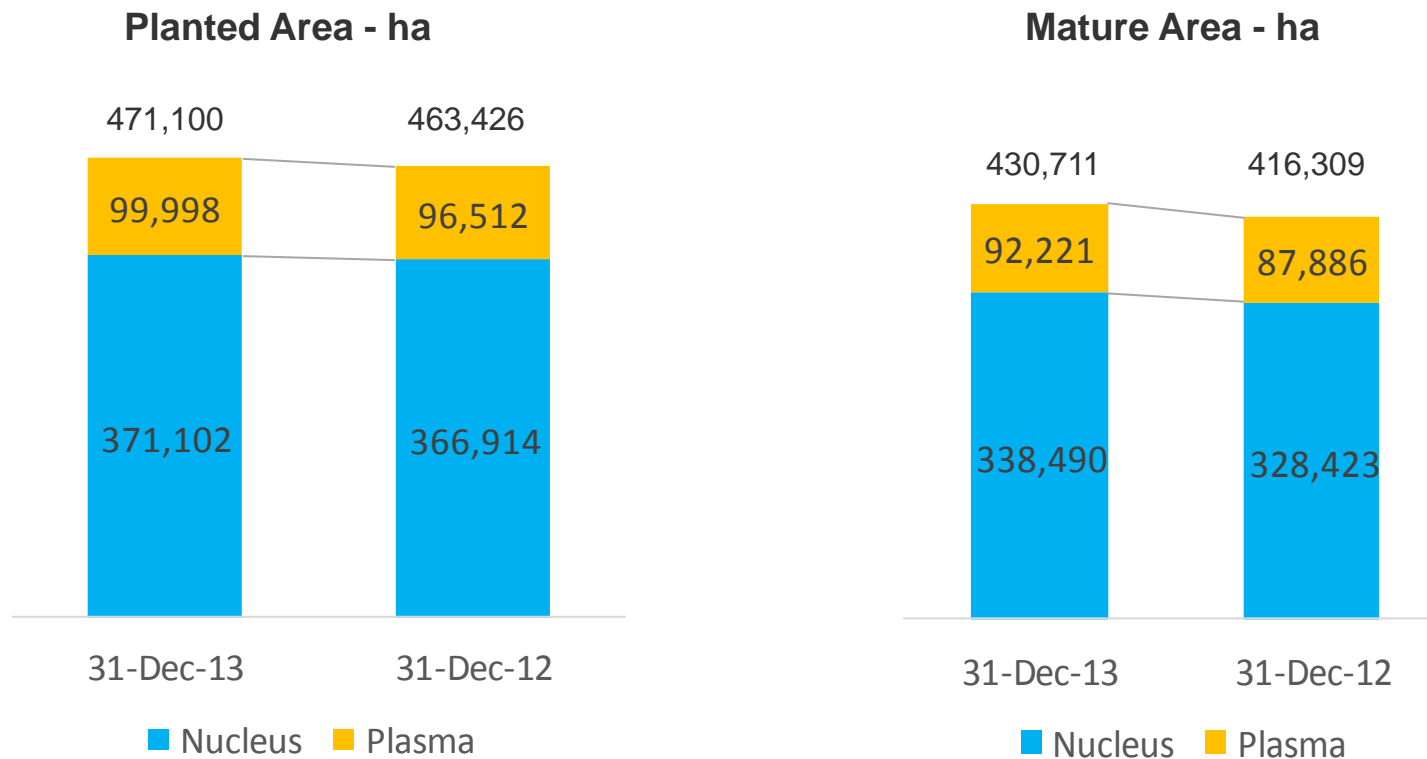
**This is a special dividend that exceeds our dividend policy of distributing up to 30% of underlying profit. The proposed distribution takes into consideration our strong balance sheet as well as our commitment to consistently reward our shareholders.**

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## Plantation Highlights



## GAR's Indonesian plantation is leading in scale and operational excellence

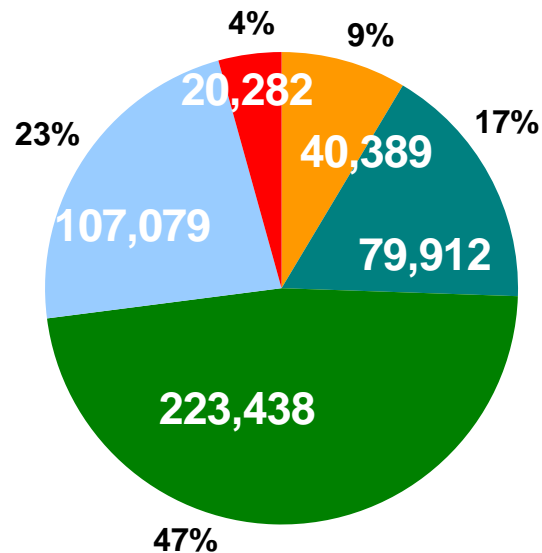


- Total 13,700 hectares of new planting and replanting
- Increase in mature area by 14,400 hectares
- Completion to acquire 16,000 hectares of oil palm plantations in Indonesia is in progress

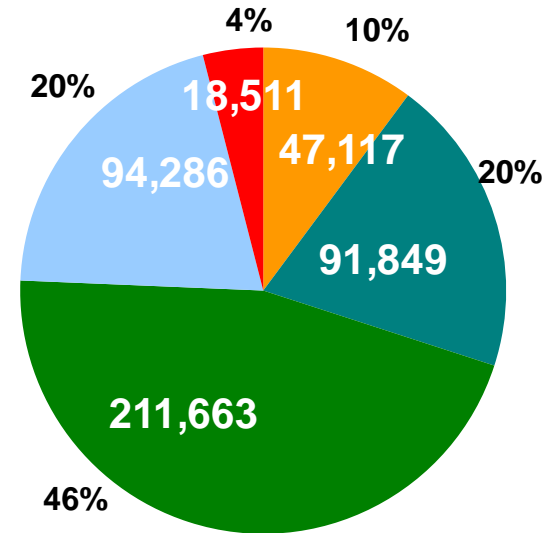
# Planted Area Age Profile

**GAR's long-term growth is supported by favourable age profile of planted area underpinned by large immature and young plantations**

Hectarage as of 31 Dec 2013



Hectarage as of 31 Dec 2012



■ Immature (0-3 years) 
 ■ Young (4-6 years) 
 ■ Prime (7-18 years) 
 ■ Old 1 (19-25 years) 
 ■ Old 2 (>25 years)

Notes:

1. Total planted area, including plasma
2. As of 31 Dec 2013, average age of plantations, including plasma, is 13 years

# Production Performance



## Strong quarter-on-quarter recovery in production

	4Q 2013	3Q 2013	Change	FY 2013	FY 2012	Change
<b>FFB Production ('000 tonnes)</b>	<b>2,631</b>	<b>2,293</b>	<b>15%</b>	<b>9,041</b>	<b>9,686</b>	<b>-7%</b>
<i>Nucleus</i>	2,006	1,768	13%	6,997	7,390	-5%
<i>Plasma</i>	625	525	19%	2,044	2,296	-11%
FFB Yield (tonne/ha)	6.1	5.3	15%	21.0	23.3	-10%
<b>Palm Product Output ('000 tonnes)</b>						
	<b>816</b>	<b>694</b>	<b>18%</b>	<b>2,768</b>	<b>2,911</b>	<b>-5%</b>
<i>CPO</i>	660	560	18%	2,241	2,357	-5%
<i>PK</i>	156	134	17%	527	554	-5%
Oil Extraction Rate	22.82%	22.19%	0.63%	22.68%	22.60%	0.08%
Kernel Extraction Rate	5.41%	5.31%	0.10%	5.34%	5.31%	0.03%
Palm Product Yield (tonnes/ha)	1.7	1.5	18%	5.9	6.5	-9%

FY 2013 lower production resulted from palm tree's biological cycle following the bumper crop experienced in 2012

## Certification as at 31 January 2014

- RSPO: 162,625 ha of plantations including smallholder plantations of 28,221 ha, 14 mills, one kernel crushing plant and two refineries
- ISCC: 217,988 ha of plantations including smallholder plantations of 37,678 ha, 23 mills, three kernel crushing plants, three refineries and 11 bulking stations
- ISPO: 9,721 ha of plantations and one mill in Riau

## Forest Conservation Policy

- We are implementing processes to ensure that the palm oil for our downstream operations are in line with GAR's Forest Conservation Policy (FCP). We will continue to provide regular updates of our FCP implementation in upstream and downstream operations.
- To implement the FCP, we need the buy-in from multi-stakeholders – communities to value and protect High Carbon Stock (HCS) land; governments to implement policies to enable HCS forest conservation and the industry players to adopt a similar forest conservation policy.



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# Downstream Highlights



# Leverage Downstream Assets to Optimise Value Chain



## PROCESSING CAPACITY

### Indonesia Operations Annual Capacity

Refinery: 2.3 million MT  
Crushing: 1.1 million MT  
Oleochemical: 88,000 MT

### China Operations Annual Capacity

Refinery: 776,000 MT  
Crushing: 2.3 million MT  
Noodle manufacturing: 5 billion packets

## PRODUCTS

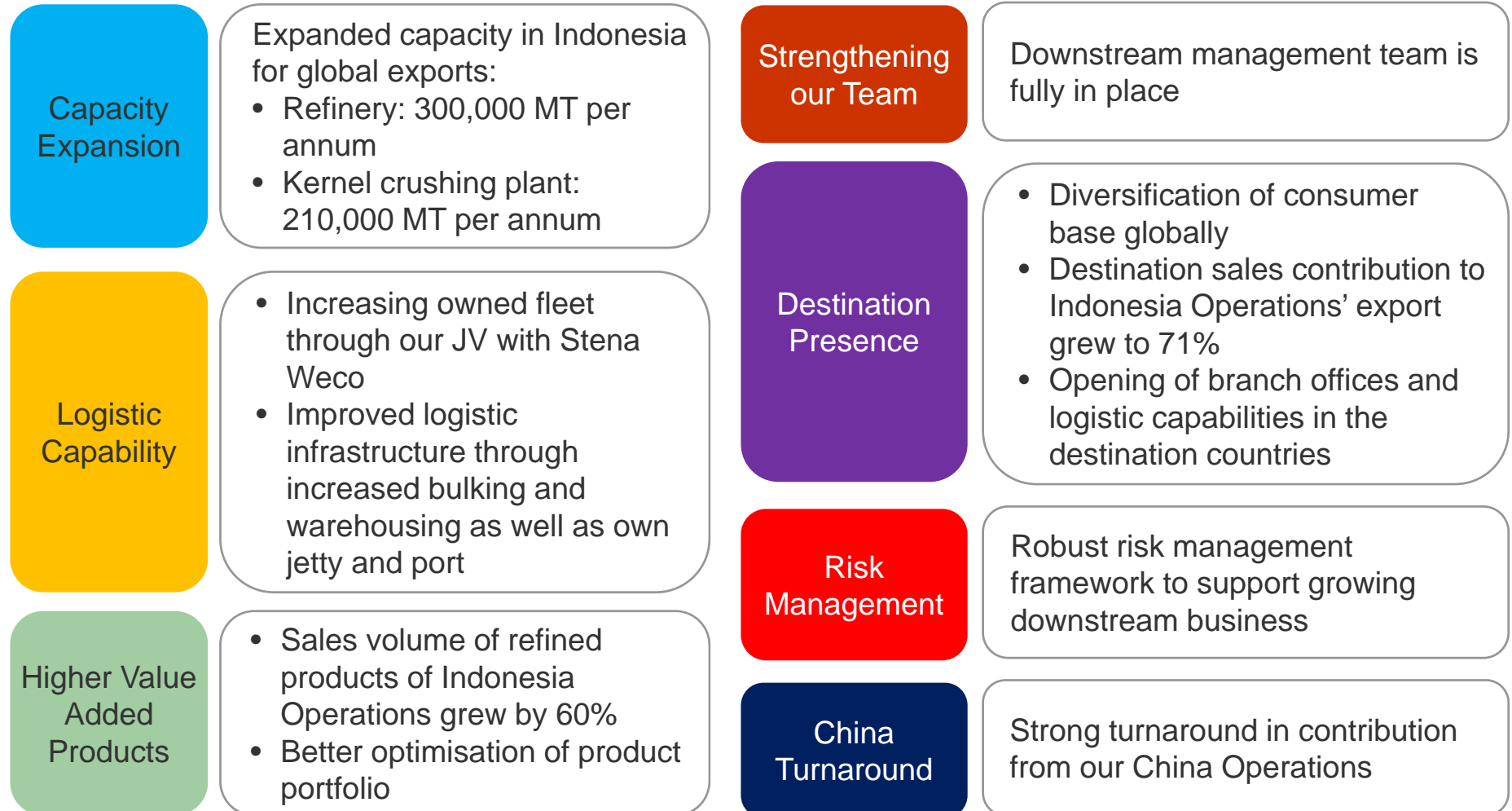
- Extensive portfolio of refined products in terms of specifications, quality and sustainability certification
- Prominent cooking oil and margarine brands in Indonesia
- Cooking oil and food products and brands in China

## LOGISTICS & DISTRIBUTION

- Ownership of deep sea ports, jetties, warehouses and bulking facilities in favourable locations in Indonesia and China
- Owned and managed international and local vessels
- Access to thousands of distributors and retailers in Indonesia and China



# Downstream Achievements in 2013

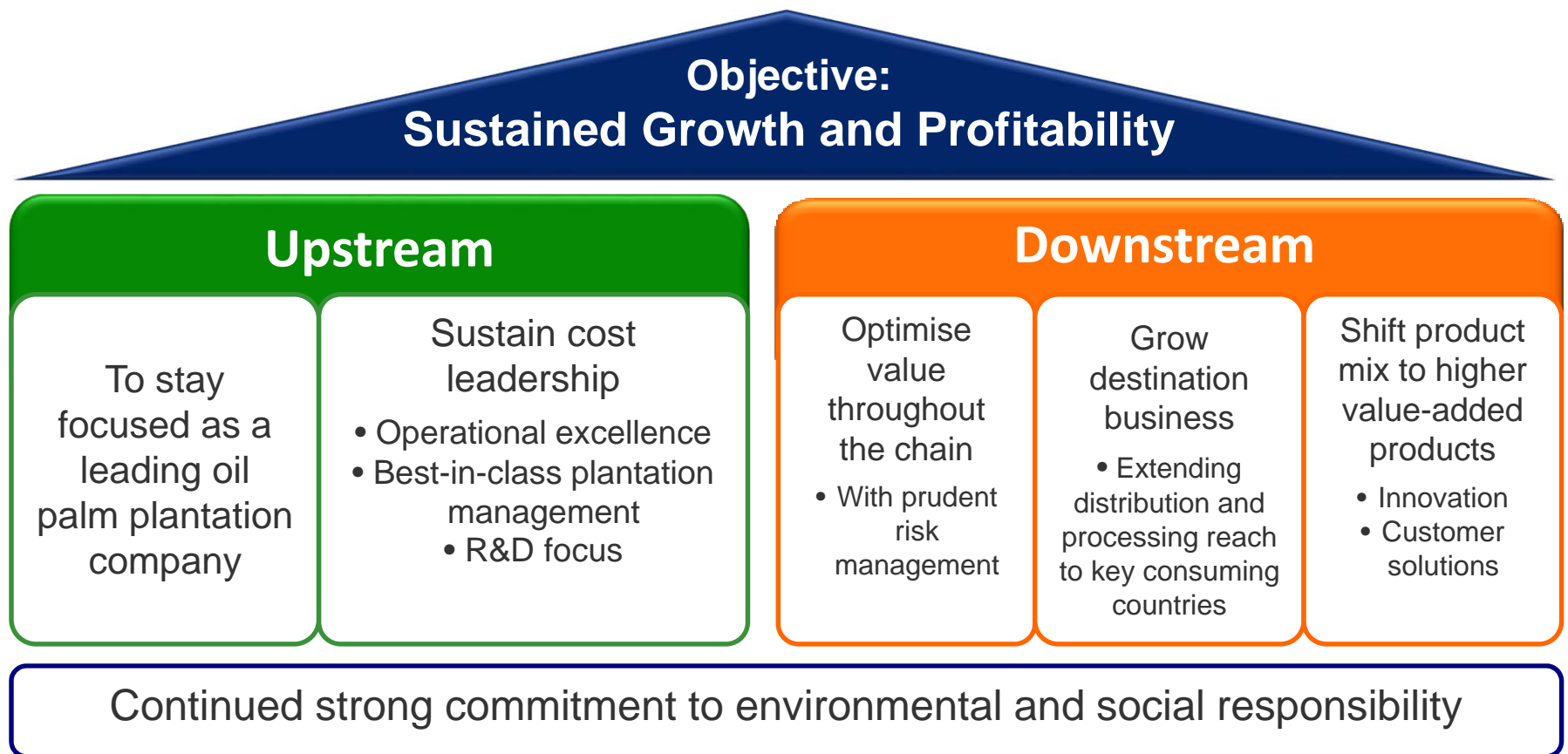


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# Strategy and Outlook



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



# Upstream Operational Excellence to Sustain Growth

## Growing Palm Product Output

- Target to sustain growth at 5%-10% per annum
- R&D support to enhance best plantation management in oil palm breeding, harvesting, estate maintenance and milling capabilities
- Use our high-yielding Dami seeds in our new planting and replanting
- Close cooperation with local farmers to increase third party FFB supply

## Sustaining Cost Efficiency

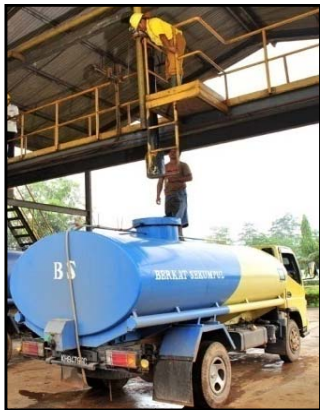
- Ensuring best-in-class field practices in agronomy in terms of fertilising and harvesting technique, transportation and operating efficiencies
- Developing practical field applications with the latest technology, such as mechanisation and use of alternative energy

## Continued Expansion

- Sustainable utilisation of our land resources
- Improve planting techniques and ensure on-time completion of supporting infrastructure and facilities
- Exploring any strategic opportunities to acquire well-positioned and high quality oil palm estates and landbank in Indonesia and abroad

# Downstream Value Chain Optimisation

**Commercially manage our plantation output and downstream assets to capitalise on value chain optimisation opportunities**



## Sourcing of raw materials

Efficient logistics

- Own large CPO output base
- Close access to 3<sup>rd</sup> party plantations



## Processing

- Strategic locations provide logistics advantage
- Refining, shortenings, specialty fats, and oleochemicals facilities



## Product customisation

Margin optimisation through large product portfolio - specifications, quality and sustainability certification



## Sales and distribution

Broad geographic footprint - distribution, branding, merchandising, destination processing, shipping and logistics

**GAR continues to expand its operation capabilities to capitalise on the robust long-term industry outlook, best-in-class plantation management and solid financial position**

## Upstream Growth



- Expanding palm oil plantations by 20,000-30,000 hectares in 2014 through organic growth and acquisition
- Exploring new initiatives for cost efficiency such as mechanisation and alternative energy
- Projected 2014 capex US\$250 million

## Downstream Growth



- Constructing additional downstream processing capacity in strategic locations
- Extending product portfolio, distribution coverage and global market reach as well as logistic facilities to enhance our integrated operations
- Projected 2014 capex US\$300 million

## Industry Outlook



- In the long term, GAR remains confident in the robust demand growth of palm oil:
- As edible oil in both emerging markets and developed countries
  - As substitute and alternative uses such as biodiesel and oleochemicals
  - Supported by limited supply growth of other vegetable oils, especially soybean

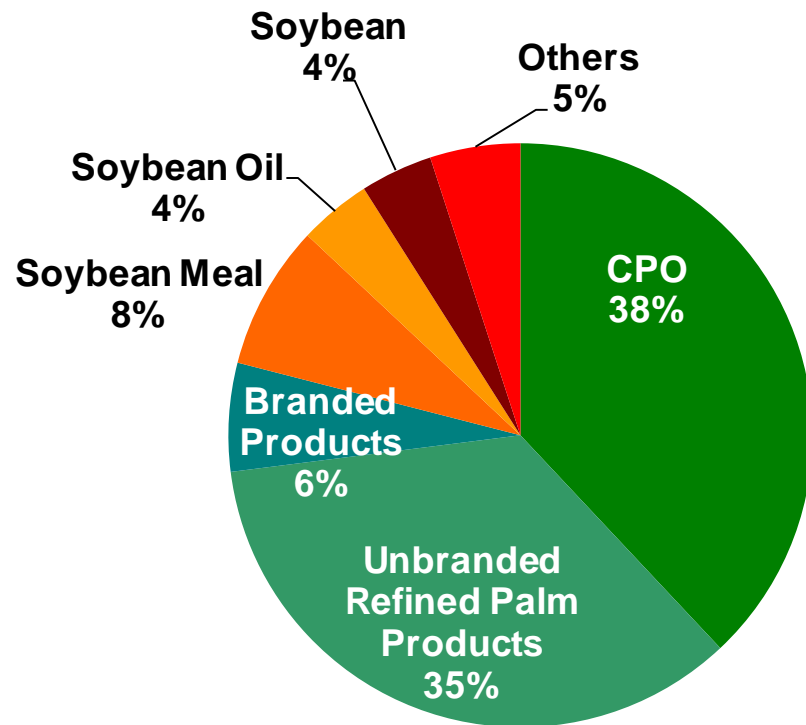




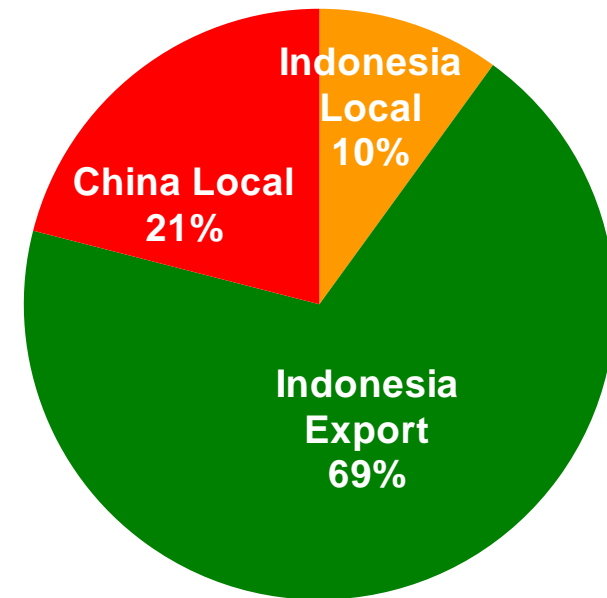
# Revenue Details

**FY 2013 revenue of US\$6.6 billion mainly from CPO and refined palm oil based products**

**By Product**



**By Country**



## GAR's long-term growth is supported by favourable age profile of planted area underpinned by large immature and young plantations

(in ha)	Immature (0-3 years)	Young (4-6 years)	Prime (7-18 years)	Old 1 (19-25 years)	Old 2 (>25 years)	Total
<b><u>31 December 2013</u></b>						
Nucleus	32,612	69,599	172,550	76,059	20,282	371,102
Plasma	7,777	10,313	50,888	31,020	-	99,998
<b>Total Area</b>	<b>40,389</b>	<b>79,912</b>	<b>223,438</b>	<b>107,080</b>	<b>20,282</b>	<b>471,100</b>
% of total planted area	9%	17%	47%	23%	4%	100%
<b><u>31 December 2012</u></b>						
Nucleus	38,491	83,880	153,570	72,462	18,511	366,914
Plasma	8,626	7,969	58,093	21,824	-	96,512
<b>Total Area</b>	<b>47,117</b>	<b>91,849</b>	<b>211,663</b>	<b>94,286</b>	<b>18,511</b>	<b>463,426</b>
% of total planted area	10%	20%	46%	20%	4%	100%

Note:

Average age of plantations as of 31 December 2013 is 13 years

# Contact Us

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