



**GOLDEN AGRI-RESOURCES LTD**  
**Full Year 2018 Results Presentation**

27 February 2019



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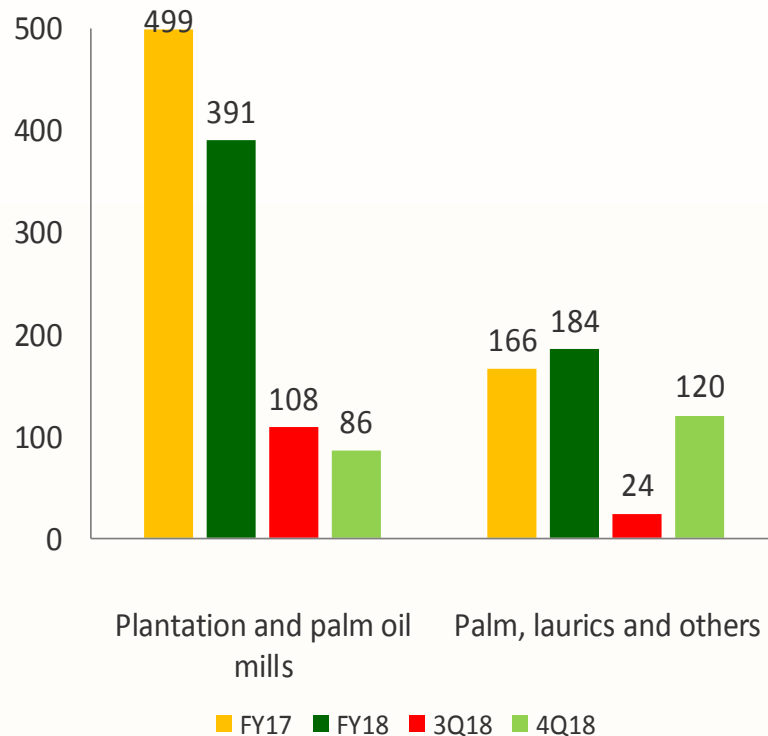


# EXECUTIVE SUMMARY



## Downstream segment drives stronger 4Q 2018 EBITDA despite lower CPO prices

EBITDA (US\$ million)



- 4Q 2018 vs 3Q 2018

Revenue	US\$1,653 mn	↓	10%
EBITDA	US\$203 mn	↑	53%
Underlying Profit <sup>1</sup>	US\$101 mn	↑	166%
Palm product output	813,000 MT	↓	11%
CPO FOB price	US\$468/MT	↓	13%

- FY 2018 vs FY 2017

Revenue	US\$7,167 mn	↓	5%
EBITDA	US\$573 mn	↓	14%
Underlying Profit <sup>1</sup>	US\$181 mn	↓	29%
Palm product output	3.05 mn MT	↑	12%
CPO FOB price	US\$565/MT	↓	17%

Note:

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



# FINANCIAL HIGHLIGHTS



# CONSOLIDATED FINANCIAL PERFORMANCE



US\$ million	FY 2018	FY 2017	YoY	4Q 2018	3Q 2018	QoQ
Revenue	7,167	7,508	-5%	1,653	1,839	-10%
Gross Profit	1,007	1,097	-8%	262	277	-6%
EBITDA	573	665	-14%	203	132	53%
Underlying Profit <sup>1</sup>	181	254	-29%	101	38	166%
<i>Net loss from changes in fair value of biological assets<sup>2</sup></i>	-15	-1	<i>n.m</i>	-2	-1	200%
<i>Depreciation of bearer plants<sup>2</sup></i>	-98	-149	-34%	-25	-26	-5%
<i>Foreign exchange gain/loss<sup>2</sup></i>	-19	-20	-7%	25	-27	<i>n.m</i>
<i>Deferred tax income/expense<sup>2</sup></i>	-50	30	<i>n.m</i>	-19	-38	-51%
<i>Exceptional items<sup>2</sup></i>	-1	-39	-97%	-1	-	<i>n.m</i>
Net profit/loss attributable to owners of the Company	-2	74	<i>n.m</i>	79	-54	<i>n.m</i>

- Stronger quarter-on-quarter results mainly contributed by the palm and lauric business and fair value gain on financial assets following the adoption of IFRS 9
- FY 2018 results weighed down by weaker CPO prices throughout the year

Notes:

1. Net profit/loss attributable to owners of the Company, excluding net effect of net 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 and deferred tax income/expense).
2. Net of tax and/or non-controlling interests.

## Robust balance sheet amidst challenging environment

US\$ million	31-Dec-18	31-Dec-17	Change
Total Assets	8,546	8,138	5%
<i>Cash and short-term investments</i>	545	394	38%
<i>Fixed assets<sup>1</sup></i>	3,716	3,692	1%
Total Liabilities	4,236	4,029	5%
Net Debt <sup>2</sup>	1,734	1,684	3%
<i>Total debt<sup>3</sup></i>	3,010	2,992	1%
<i>Cash, short-term investments and liquid working capital<sup>4</sup></i>	1,276	1,308	-2%
Total Equity Attributable to Owners of the Company	4,169	4,007	4%
Net Debt <sup>2</sup> /Equity <sup>5</sup>	0.42x	0.42x	
Net Debt <sup>2</sup> /Total Assets	0.20x	0.21x	
Net Debt <sup>2</sup> /EBITDA	3.03x	2.53x	
EBITDA/Interest	3.55x	4.84x	

**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
4. Liquid working capital is 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



**The Board proposes final dividend distribution of 0.58 Singapore cents per share, subject to approval from shareholders, representing 30% of our underlying profit for FY 2018**

Cash Dividend	2015	2016	2017	2018
Dividend per share (in S\$ cents)	0.502	0.635	0.809	0.580
Total Dividend (in S\$ million)	63.93	80.86	103.02	73.86
Underlying Profit <sup>1</sup> (in US\$ million)	180.91	186.28	253.84	180.72
% to underlying profit	26%	31%	30%	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 the Board of Directors and 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, depreciation of bearer plants, exceptional items, and other non-operating items (foreign exchange gain/loss and deferred tax income/expense)

# SEGMENTAL PERFORMANCE



## SEGMENTAL RESULTS

Plantations and Palm Oil Mills



### FY 2018 plantation production reached a historic record high

	FY 2018	FY 2017	YoY	4Q 2018	3Q 2018	QoQ
Revenue (US\$ million)	1,451	1,673	-13%	351	416	-16%
EBITDA (US\$ million)	391	499	-22%	86	108	-21%
<i>EBITDA margin</i>	27%	30%	-3%	24%	26%	-2%
CPO FOB Price (US\$/MT)	565	682	-17%	468	536	-13%
FFB Production ('000 tonnes)	10,525	9,607	10%	2,795	3,133	-11%
Nucleus	8,112	7,498	8%	2,090	2,384	-12%
Plasma	2,413	2,109	14%	705	749	-6%
FFB Yield (tonnes/ha)	22.5	20.5	10%	5.9	6.6	-11%
Palm Product Output ('000 tonnes)	3,049	2,724	12%	813	917	-11%
CPO	2,436	2,179	12%	650	729	-11%
PK	613	545	13%	163	188	-13%
Oil Extraction Rate	21.9%	22.2%	-0.3%	21.7%	21.8%	-0.1%
Kernel Extraction Rate	5.5%	5.6%	-0.1%	5.4%	5.6%	-0.2%
Palm Product Yield (tonnes/ha)	6.2	5.7	8%	1.6	1.8	-12%

- 4Q 2018 fruit production slowed down quarter-on-quarter due to seasonality
- FY 2018 revenue and EBITDA impacted by weaker prices, partly offset by the production growth



## Focus on productivity growth through replanting and operational excellence

Mature Area - ha

467,261  
101,436  
365,825

31-Dec-18

Planted Area - ha

476,965  
101,214  
375,751

31-Dec-17

498,395  
103,480  
394,915

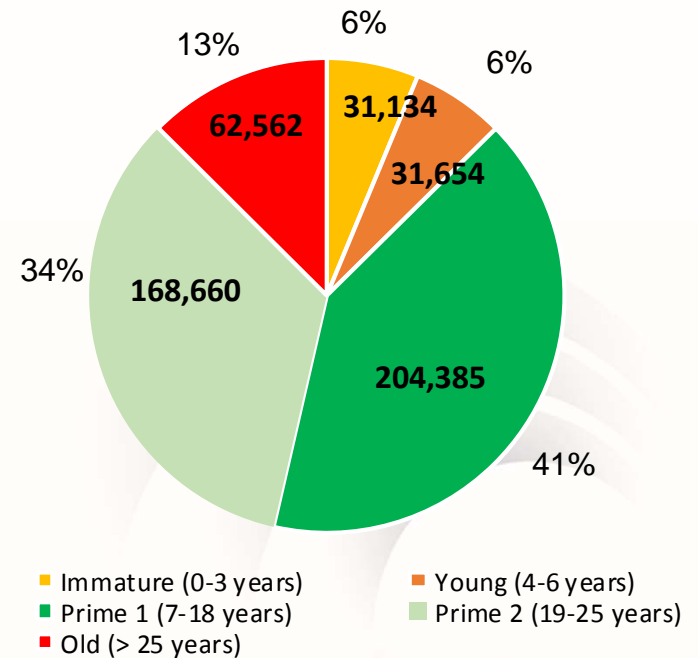
31-Dec-18

502,847  
102,852  
399,995

31-Dec-17

■ Nucleus ■ Plasma

Age Profile as of 31 Dec 2018



- Immature and younger estates use newer-generation higher-yielding seeds to sustain long-term production growth
- Completed replanting of 10,500 ha for FY 2018

Notes:

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

## SEGMENTAL RESULTS

Palm, Laurics and Others



### Increasing benefits from integrated business model and enhanced customer relationships in destination markets

	FY 2018	FY 2017	YoY	4Q 2018	3Q 2018	QoQ
Revenue (US\$ million)	7,102	7,433	-5%	1,633	1,820	-10%
Sales Volume ('000 tonnes)	10,210	10,214	-	2,588	2,724	-5%
EBITDA (US\$ million)	184	166	11%	120	24	406%
<i>EBITDA margin</i>	<i>2.6%</i>	<i>2.2%</i>	<i>0.4%</i>	<i>7.4%</i>	<i>1.3%</i>	<i>6.1%</i>

- Despite declining CPO prices, EBITDA margin was increased at 2.6% through additional contribution from biodiesel and destination sales, the removal of export levy in Indonesia, and fair value gain on financial assets following adoption of IFRS 9
- Oilseeds business continued to be impacted by the challenging business environment

Note:

1. This segment refers to processing and merchandising of palm and oilseed based products i.e. bulk, branded, oleo-chemicals and other vegetable oils, as well as production and distribution of other consumer products in China and Indonesia mainly food and beverages

# STRATEGY AND OUTLOOK





### Driving holistic transformation across the value chain for long-term shareholders return



Focus	TECHNOLOGY	CUSTOMER	SUSTAINABILITY
Goals	Digital leapfrog to achieve leadership in productivity and cost efficiency	Sustainable profit growth from high margin products	Responsible palm oil production
How to achieve	<ul style="list-style-type: none"> <li>• Digitalisation and science driven solutions</li> <li>• Mechanisation and automation</li> <li>• Replanting with next generation seeds</li> <li>• R&amp;D in new technology</li> <li>• Analytics driven planning and operations</li> </ul>	<ul style="list-style-type: none"> <li>• Global merchandiser with best-in-class supply chain management</li> <li>• Broad portfolio of quality value added products</li> <li>• Customer services and solutions</li> </ul>	<ul style="list-style-type: none"> <li>• Stringent sustainability standard</li> <li>• End-to-end traceability</li> <li>• Comprehensive community programmes</li> <li>• Stakeholders engagement</li> </ul>

## 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 2019 capex US\$150 million



### Downstream

- Extending product portfolio, global market reach and logistic facilities to enhance our integrated operations
- Evaluating strategic options and business model restructuring
- Projected 2019 capex US\$100 million



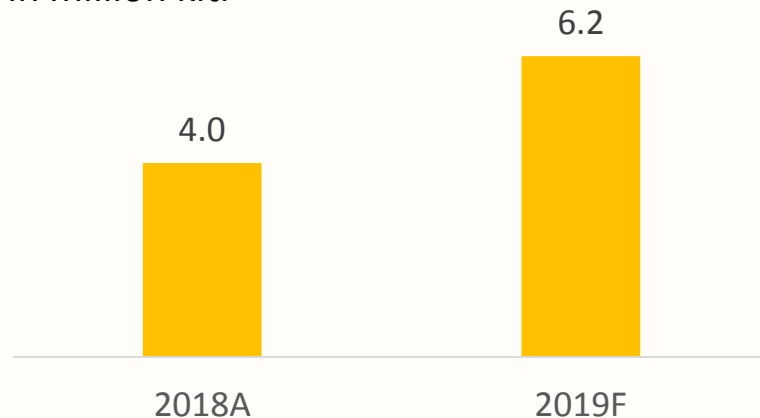
### Outlook

- 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

## Indonesia growing biodiesel mixture mandate is a major catalyst to the industry

- Global feedstock for biodiesel is estimated to have grown by 10% to approx. 40 million MT in 2018, accounting for 21% of vegetable oil consumption
- Palm oil is the largest feedstock use for biodiesel with 35% contribution
- Indonesian biodiesel production outperformed at 6.0 million kltr in 2018 versus 3.4 million kltr a year earlier
- Indonesia implemented a subsidised B20 programme in 2016 with full implementation since Sep 2018. B30 programme will be implemented in 2020.

### Indonesia Biodiesel Consumption in million kltr



- In 2018 Indonesia domestic biodiesel totalled 4.0 million kltr while 2019 volume is budgeted at 6.2 million kltr (55% increase)
- Indonesia biodiesel export reached 1.6 million MT in 2018 driven by large exports to China and the EU with price competitiveness of CPO for energy



## Full traceability

to the Plantation:



**100% TTP**

for GAR-owned mills achieved

**62%** of

GAR palm supply chain fully traceable in 2018



Target **100% TTP** 3rd-party mills by 2020



**100**

wild-born orangutans rehabilitated & released since 2011



## Progress on Traceability to the Plantation

- Full TTP for 62% of the palm supply chain
- 54 third-party mills have reported full TTP with over 150 taking part in the TTP exercise

## Supporting Smallholders

- To date, GAR has helped some 1,400 independent smallholders in Riau and Jambi secure loans of about IDR 240 billion
- Farmers can use loans to replant with higher yielding seed and support their livelihood while waiting for palm trees to mature

## Fire prevention

- Virtually zero fires in GAR areas in 2018
- Long-term fire prevention programme extended to another 15 villages; total 32 villages

## Partnership to rehabilitate orangutans

- GAR renewed partnership with Orangutan Foundation International (OFI)
- Aim to release another 60 orangutans by 2020



## **GAR received several awards in 2018 in the area of corporate, sustainability and governance**

- Winner: ASEAN Business Awards in the Priority Integration Sector - Agribusiness
- Winner: Singapore APEX Corporate Sustainability Award
- Asia's Best Supply Chain Reporting at 2017 Asia Sustainability Reporting Award
- Runner-up: Most Transparent Company Award in Agribusiness at the SIAS 19<sup>th</sup> Investors' Choice Awards

## **Being reviewed by many ratings for its sustainability performance, GAR is encouraged to make continuous improvement in this area**

- Debuted on FTSE4Good ASEAN 5 and Developed Indexes since mid 2018
- Member of SGX Sustainability Index
- Ranked 6<sup>th</sup> by NUS-CGIO for best practices in sustainability reporting in Singapore





# APPENDIX





## Immature and younger estates use newer-generation higher-yielding planting materials that will further boost production growth in the future

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 2018</u>						
Nucleus	29,090	27,744	175,676	117,866	44,539	394,915
Plasma	2,044	3,910	28,709	50,794	18,023	103,480
Total Area	31,134	31,654	204,385	168,660	62,562	498,395
% of total planted area	6%	6%	41%	34%	13%	100%
<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%

### 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)