



# First Resources Limited

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**Second Quarter 2019  
Results Presentation  
14 August 2019**

*Delivering Growth and Returns*



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# Executive Summary – 6M2019

- **Financial Performance impacted by weak palm oil prices**
  - Net profit came in at US\$29.3 million, a decrease of 54.0%
  - EBITDA came in at US\$81.5 million, a decrease of 39.1%
  - Overall results impacted by weakness in market palm oil prices, with average CPO prices (FOB Indonesia basis) US\$140 per tonne lower as compared to a year ago
  
- **Production moderated against strong performance last year**
  - Fresh fruit bunches (FFB) harvested decreased by 8.1%
  - Correspondingly, CPO production volumes declined by 10.3%
  - Production came in lower relative to the strong production in 6M2018
  
- **Dividend**
  - Declared interim dividend of 0.625 Singapore cents per share
  - Equivalent to 25% of interim net profit

# Financial Performance

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# Income Statement Highlights

US\$' million	6M2019	6M2018	Change	2Q2019	2Q2018	Change
Sales	293.0	316.6	(7.4%)	143.4	181.0	(20.8%)
Cost of sales	(208.4)	(174.6)	19.3%	(97.0)	(102.4)	(5.3%)
Gross profit	84.7	141.9	(40.4%)	46.4	78.6	(41.0%)
EBITDA <sup>(1)</sup>	81.5	133.9	(39.1%)	42.8	73.9	(42.2%)
Net profit <sup>(2)</sup>	29.3	63.7	(54.0%)	17.0	35.9	(52.8%)
Gross profit margin	28.9%	44.8%	↓	32.4%	43.4%	↓
EBITDA margin	27.8%	42.3%	↓	29.8%	40.8%	↓

- Overall results reflect the effects of lower average selling prices
- Margins for 6M2019 were also impacted by increased purchases of palm oil products from third parties

(1) Profit from operations before depreciation and amortisation

(2) Profit attributable to owners of the Company

# Segmental Results

US\$' million	6M2019	6M2018	Change	2Q2019	2Q2018	Change
<b>Sales</b>						
Plantations and Palm Oil Mills	206.9	263.8	(21.6%)	103.5	128.8	(19.7%)
• Crude Palm Oil	175.3	215.2	(18.5%)	90.3	108.1	(16.5%)
• Palm Kernel	24.5	41.7	(41.4%)	9.8	17.1	(42.4%)
• Fresh Fruit Bunches	7.1	6.9	3.2%	3.3	3.6	(8.2%)
Refinery and Processing	284.8	301.2	(5.4%)	140.1	172.7	(18.9%)
Inter-segment elimination	(198.7)	(248.4)	(20.0%)	(100.1)	(120.6)	(16.9%)
	<b>293.0</b>	<b>316.6</b>	<b>(7.4%)</b>	<b>143.4</b>	<b>181.0</b>	<b>(20.8%)</b>
<b>EBITDA</b>						
Plantations and Palm Oil Mills	67.1	129.5	(48.2%)	34.9	61.0	(42.8%)
Refinery and Processing	3.0	5.9	(48.2%)	3.0	6.6	(53.7%)
Inter-segment elimination <sup>(1)</sup>	11.4	(1.4)	<i>n.m.</i>	4.8	6.4	(24.0%)
	<b>81.5</b>	<b>133.9</b>	<b>(39.1%)</b>	<b>42.8</b>	<b>73.9</b>	<b>(42.2%)</b>

(1) Inter-segment elimination of EBITDA relates to the elimination of unrealised profit on inter-segment sales

# Segmental Sales Volume

	6M2019	6M2018	Change	2Q2019	2Q2018	Change
<b>Sales Volume (tonnes)</b>						
Plantations and Palm Oil Mills <sup>(1)</sup>						
• Crude Palm Oil	368,375	373,339	(1.3%)	183,575	191,471	(4.1%)
• Palm Kernel	78,829	93,735	(15.9%)	34,307	46,767	(26.6%)
Refinery and Processing	563,288	470,271	19.8%	269,367	269,542	(0.1%)

- Sales volumes in 6M2019 boosted by a net inventory drawdown of ~48,000 tonnes (6M2018: build-up of ~21,000 tonnes) as well as increased purchases of CPO from third parties
- For 2Q2019, there was a net inventory drawdown of ~31,000 tonnes (2Q2018: ~16,000 tonnes)

(1) Sales volume includes inter-segment sales

# Balance Sheet Highlights

US\$' million	30 Jun 2019	31 Dec 2018
Total Assets	1,620.6	1,571.0
Cash and bank balances	90.1	99.9
Total Liabilities	600.4	585.0
Borrowings and debt securities <sup>(1)</sup>	406.4	381.0
Total Equity	1,020.2	986.0
Net Debt	316.4	281.1
Gross Debt <sup>(1)</sup> /Total Equity	0.40x	0.39x
Net Debt <sup>(2)</sup> /Total Equity	0.31x	0.29x
Gross Debt <sup>(1)</sup> /EBITDA <sup>(3)</sup>	2.49x	1.48x
Net Debt <sup>(2)</sup> /EBITDA <sup>(3)</sup>	1.94x	1.09x
EBITDA/Interest Expense <sup>(4)</sup>	9.8x	14.3x

(1) Sum of Islamic MTNs and borrowings from financial institutions

(2) Borrowings and debt securities less cash and bank balances

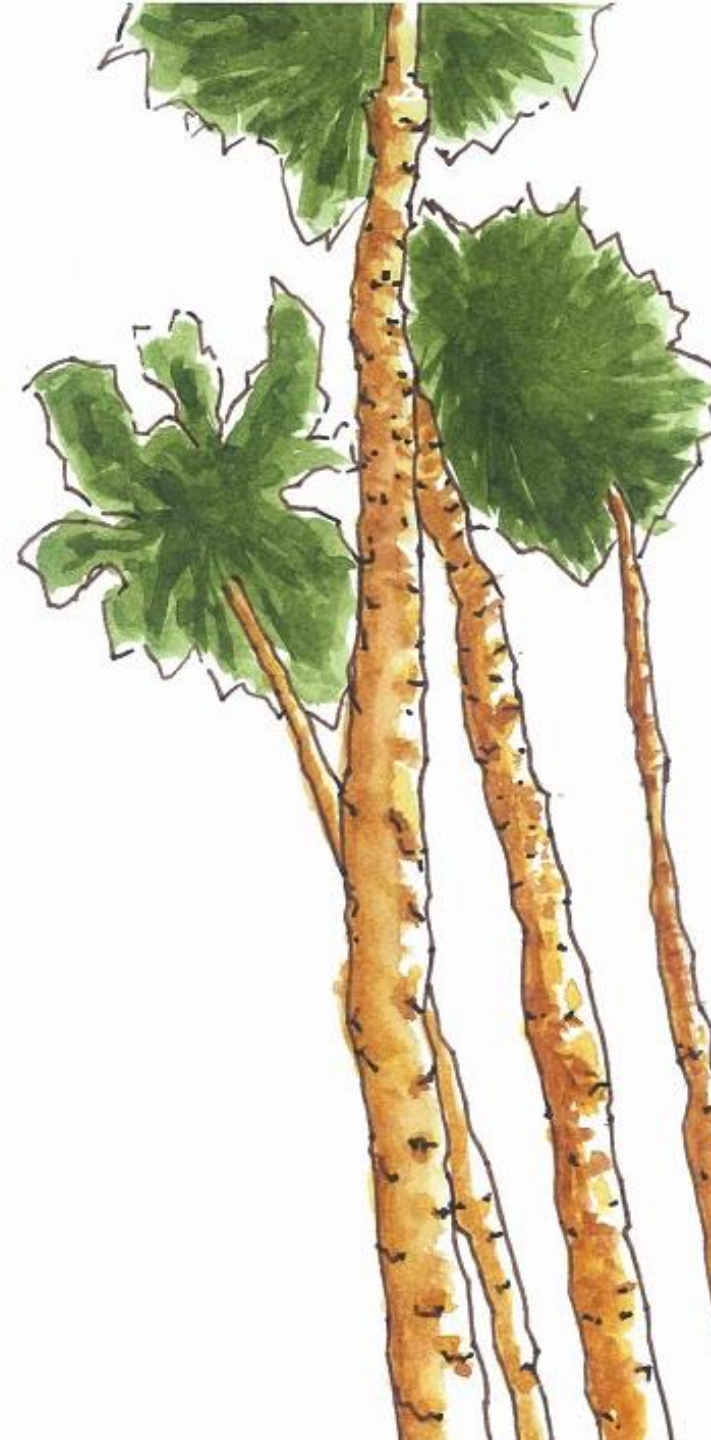
(3) Annualised

(4) Total interest/profit distribution paid/payable on borrowings and debt securities



# Operational Performance

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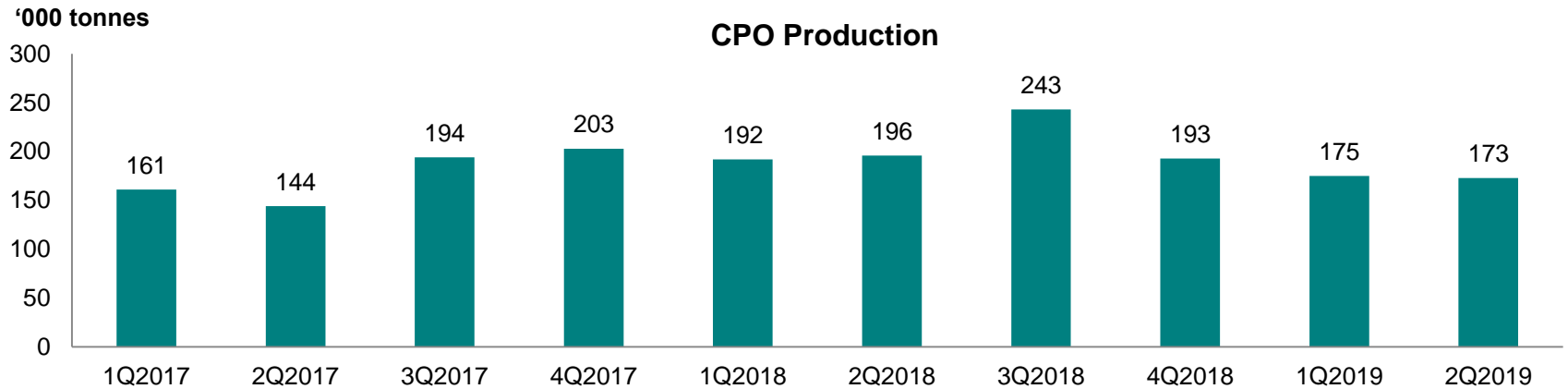
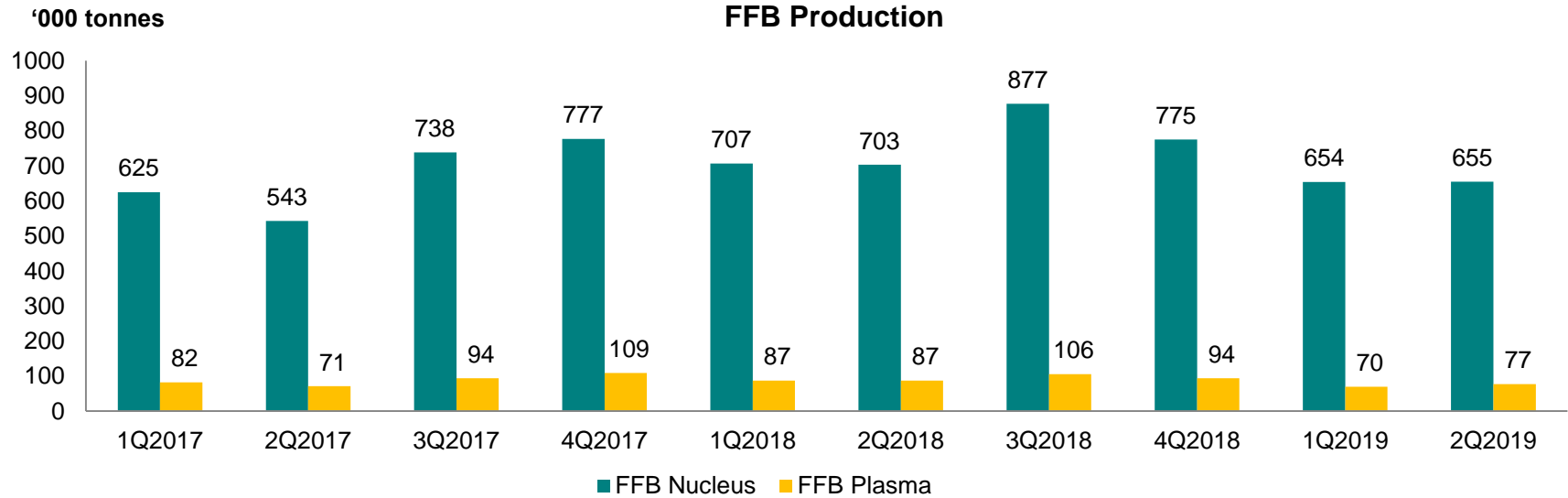


# Production Highlights

		6M2019	6M2018	Change	2Q2019	2Q2018	Change
<b>Production</b>							
FFB harvested	(tonnes)	1,455,796	1,583,565	(8.1%)	731,490	789,588	(7.4%)
• Nucleus		1,309,188	1,409,432	(7.1%)	654,986	702,795	(6.8%)
• Plasma		146,608	174,133	(15.8%)	76,504	86,793	(11.9%)
CPO	(tonnes)	348,102	388,058	(10.3%)	173,145	195,865	(11.6%)
PK	(tonnes)	80,034	88,082	(9.1%)	39,414	43,343	(9.1%)
<b>Efficiency</b>							
FFB Yield	(tonnes/ha)	7.3	8.3	↓	3.7	4.1	↓
CPO Yield	(tonnes/ha)	1.7	1.9	↓	0.8	1.0	↓
CPO Extraction Rate	(%)	23.1	23.0	↑	22.8	23.0	↓
PK Extraction Rate	(%)	5.3	5.2	↑	5.2	5.1	↑

- Production came in lower relative to the strong production in 6M2018

# Production Trends

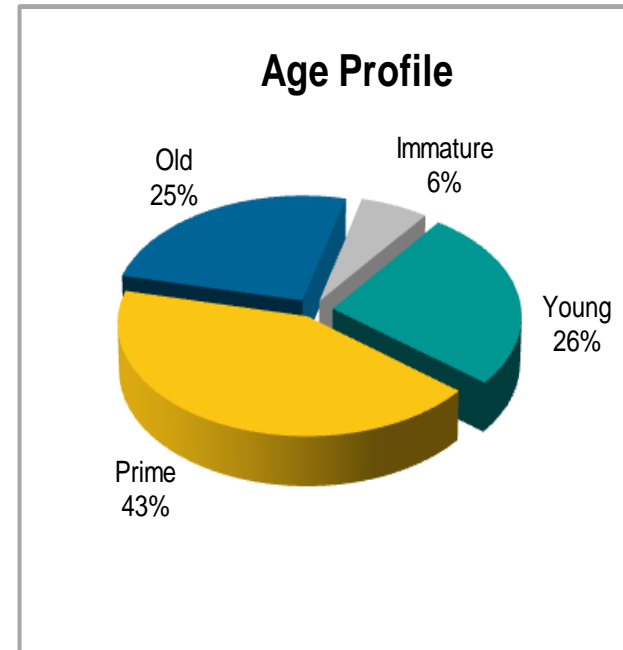


# Oil Palm Plantation Area

	As at 30 Jun 2019		As at 30 Jun 2018		As at 31 Dec 2018
	Area (ha)	% of Total	Area (ha)	% of Total	Area (ha)
<b>Planted Nucleus</b>	<b>180,737</b>	<b>86%</b>	<b>179,219</b>	<b>85%</b>	<b>180,172</b>
- Mature	168,329	80%	161,924	77%	161,759
- Immature	12,408	6%	17,295	8%	18,413
<b>Planted Plasma</b>	<b>30,873</b>	<b>14%</b>	<b>30,644</b>	<b>15%</b>	<b>30,713</b>
- Mature	30,144	14%	29,152	14%	29,061
- Immature	729	0%	1,492	1%	1,652
<b>Total Planted</b>	<b>211,610</b>	<b>100%</b>	<b>209,863</b>	<b>100%</b>	<b>210,885</b>
- Mature	198,473	94%	191,076	91%	190,820
- Immature	13,137	6%	18,787	9%	20,065

# Plantation Age Profile

Age	As at 30 Jun 2019	
	Area (ha)	% of Total
0-3 years (Immature)	13,137	6%
4-7 years (Young)	54,765	26%
8-17 years (Prime)	90,297	43%
≥ 18 years (Old)	53,411	25%
<b>Total</b>	<b>211,610</b>	<b>100%</b>



**Weighted average age of ~ 12 years**

# Group Updates

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# Updates

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## ■ Outlook

- Palm oil prices continued to be weighed down by uncertainties in the macro environment brought on by the ongoing US-China trade tensions as well as pressures from other competing vegetable oils. However, CPO price affordability and Indonesia's biodiesel mandate is expected to be supportive of demand.
- Looking ahead, the Group expects production to pick up seasonally in the second half of the year.

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# Contact Information

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**If you need further information, please contact:**

Investor Relations

[investor@first-resources.com](mailto:investor@first-resources.com)

## **First Resources Limited**

8 Temasek Boulevard

#36-02 Suntec Tower Three

Singapore 038988

Tel: +65 6602 0200

Fax: +65 6333 6711

Website: [www.first-resources.com](http://www.first-resources.com)