

# Golden Agri-Resources Ltd

Interim Performance Presentation  
Second quarter and half year ended 30<sup>th</sup> June 2017

14 August 2017



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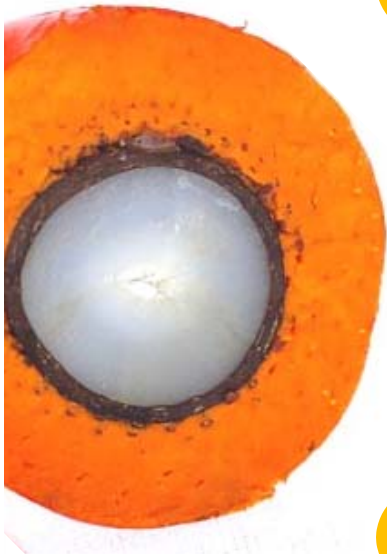


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# Executive Summary



# Executive Summary



## 1H 2017 delivers strong performance across all segments supported by recovery in plantation output and higher prices

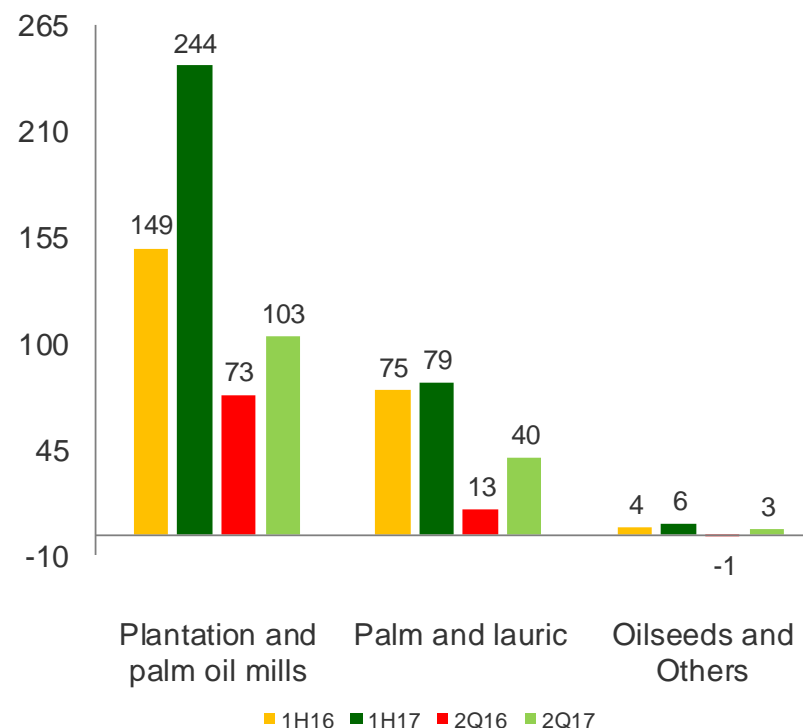
- Ytd Jun 2017 vs YTD Jun 2016

Revenue	US\$3,803 mn	↑	18%
EBITDA	US\$328 mn	↑	44%
Underlying Profit <sup>1</sup>	US\$137 mn	↑	220%
Palm product output	1.34 mn MT	↑	32%
CPO FOB price	US\$702/MT	↑	10%

- 2Q 2017 vs 2Q 2016

Revenue	US\$1,757 mn	↑	1%
EBITDA	US\$145 mn	↑	69%
Underlying Profit <sup>1</sup>	US\$53 mn	↑	n.m
Palm product output	639,000 MT	↑	41%
CPO FOB price	US\$670/MT	↓	1%

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



Note:

1. Net profit attributable to owners of the Company, excluding net effect of net gain from changes in fair value of biological assets and depreciation of bearer plants, as well as 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	1H 2017	1H 2016	YoY	2Q 2017	2Q 2016	YoY
Revenue	3,803	3,235	18%	1,757	1,742	1%
Gross Profit	547	426	28%	256	163	57%
EBITDA	328	228	44%	145	86	69%
Underlying Profit/(Loss) <sup>1</sup>	137	43	220%	53	-6	n.m
<i>Net gain from changes in fair Value of biological assets<sup>2</sup></i>	0.1	4	-99%	1	2	-68%
<i>Depreciation of bearer plants<sup>2</sup></i>	-78	-78	-	-38	-40	-6%
<i>Foreign exchange gain/(loss)<sup>2</sup></i>	4	31	-88%	5	-21	n.m
<i>Deferred tax income/(expense)<sup>2</sup></i>	-3	134	n.m	1	105	-99%
Net profit attributable to owners of the Company	59	134	-56%	22	40	-45%

Strong growth in 1H 2017 and 2Q 2017 results year-on-year supported by robust performance of Plantation and palm oil mills segment

Notes:

1. Net profit attributable to owners of the Company, excluding net effect of net gain from changes in fair value of biological assets and depreciation of bearer plants, as well as 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	30-Jun-17	31-Dec-16	Change
Total Assets	8,195	8,306	-1%
<i>Cash and short-term investments</i>	412	355	16%
<i>Fixed Assets<sup>1</sup></i>	3,806	3,891	-2%
Total Liabilities	4,062	4,210	-4%
Adjusted Net Debt <sup>2</sup>	1,571	1,745	-10%
<i>Net Debt<sup>3</sup></i>	2,553	2,711	-6%
<i>Liquid Working Capital<sup>4</sup></i>	982	967	2%
Total Equity Attributable to Owners of the Company	4,036	4,054	-0.4%
Adjusted Net Debt <sup>2</sup> /Equity <sup>5</sup> Ratio	0.39x	0.43x	
Adjusted Net Debt <sup>2</sup> /Total Assets	0.19x	0.21x	
Adjusted Net Debt <sup>2</sup> /EBITDA <sup>6</sup>	2.39x	3.05x	
EBITDA/Interest	4.65x	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
6. 30 June 2017 figure is based on annualised EBITDA



# Segmental Performance



# Segmental Results

## Plantations and Palm Oil Mills



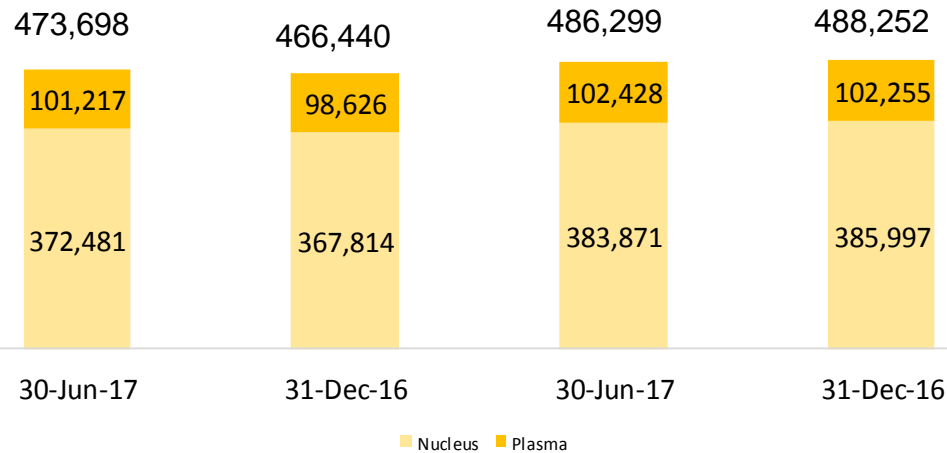
**Expanding 1H 2017 and 2Q 2017 EBITDA margins as palm production recovers and CPO price increases**

	1H 2017	1H 2016	YoY	2Q 2017	2Q 2016	YoY
Revenue (US\$ million)	843	599	41%	368	296	25%
EBITDA (US\$ million)	244	149	64%	103	73	42%
<i>EBITDA margin</i>	29%	25%	4%	28%	25%	3%
FFB Production ('000 tonnes)	4,695	3,484	35%	2,246	1,614	39%
Nucleus	3,705	2,745	35%	1,805	1,277	41%
Plasma	990	739	34%	441	337	31%
FFB Yield (tonnes/ha)	9.9	7.5	33%	4.7	3.5	37%
Palm Product Output ('000 tonnes)	1,335	1,009	32%	639	455	41%
CPO	1,072	813	32%	513	367	40%
PK	263	196	34%	126	88	44%
Oil Extraction Rate	22.5%	22.6%	-0.1%	22.4%	22.1%	0.3%
Kernel Extraction Rate	5.5%	5.5%	-	5.5%	5.3%	0.2%
Palm Product Yield (tonnes/ha)	2.8	2.1	33%	1.3	0.9	40%

- 32% increase in 1H 2017 palm product output in recovery from El Niño

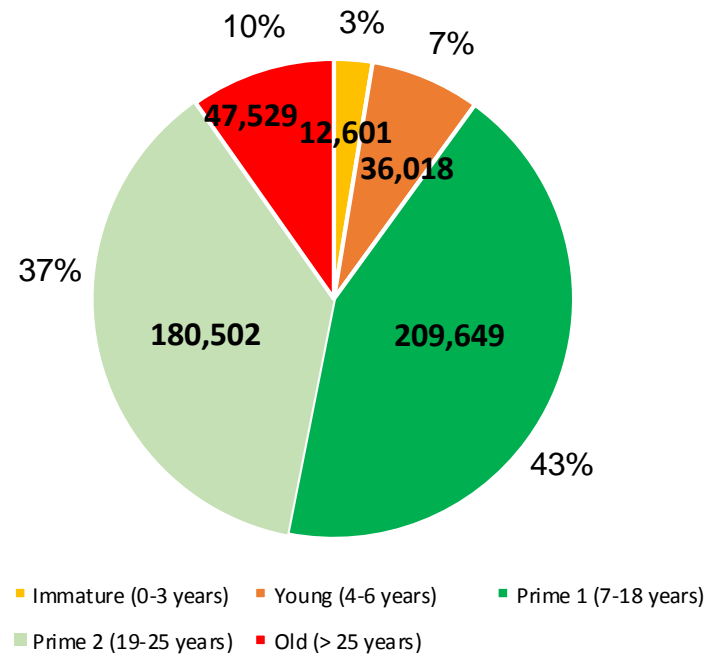
## GAR's oil palm plantations continue to be leading in scale and operational excellence

**Mature Area - ha**



**Planted Area - ha**

**Age Profile as of 30 Jun 2017**



- Increase in mature area by 7,300 hectares
- Replanted approximately 1,900 hectares of old estates

**Notes:**

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

# Segmental Results

## Palm and Lauric



### 2Q 2017 margin expanded both year-on-year and quarter-on-quarter

	1H 2017	1H 2016	YoY	2Q 2017	2Q 2016	YoY
Revenue (US\$ million)	3,386	2,799	21%	1,532	1,537	-0.3%
Sales Volume ('000 tonnes)	4,485	4,272	5%	2,031	2,179	-7%
EBITDA (US\$ million)	79	75	5%	40	13	215%
<i>EBITDA margin</i>	2.3%	2.7%	-0.4%	2.6%	0.8%	1.8%

- 1H 2017 EBITDA margin declined as input prices increased year-on-year
- We continue to focus on enhancing integration and operational excellence 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 near Jakarta and expansion of kernel crushing capacity in South Kalimantan
- Broad range of products including Food, Industrial products and Biodiesel
- Increasing sales of palm based refined products

## Logistic Excellence



- Golden Stena Weco 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



### Maintaining better performance of China oilseed business during 2017 supported by prudent management

	1H 2017	1H 2016	YoY	2Q 2017	2Q 2016	YoY
<u>Oilseeds</u>						
Revenue (US\$ million)	354	347	2%	167	172	-3%
Sales Volume ('000 tonnes)	656	697	-6%	332	331	0.3%
EBITDA (US\$ million)	4.5	2.8	59%	2.1	-1.3	n.m
<i>EBITDA margin</i>	1.3%	0.8%	0.5%	1.3%	-0.7%	2.0%
<u>Others</u>						
Revenue (US\$ million)	98	92	6%	52	46	13%
EBITDA (US\$ million)	1.15	1.12	2%	0.54	0.42	30%
<i>EBITDA margin</i>	1.2%	1.2%	-	1.0%	0.9%	0.1%

Note:

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

# Strategy and Outlook



# Strategic Priorities



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

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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 2017 capex US\$75 million



## Downstream

- Extending product portfolio, global market reach and logistic facilities to enhance our integrated operations
- Expanding biodiesel processing capacity
- Evaluating strategic alternatives and business model adjustment for China oilseed business
- Projected 2017 capex US\$75 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 tight stock position and the implementation of Indonesia biodiesel mandate

# Towards Responsible Palm Oil Production

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

- Eka 1 and Eka 2 can potentially yield more than 10 tonnes of CPO per ha per year, the highest in the industry
- Developed by SMART Research Institute (SMARTRI) and SMART Biotechnology Centre
- GAR will be able to sustain its growth in plantation output without cultivating new land
- Over next five years, GAR will develop clones to start planting in larger commercial area in 2022



## Progress on fully traceable palm oil

- On track to achieve full Traceability to the Plantation (TTP) for GAR-owned mills
- Overall, GAR-owned mills have achieved 95% TTP
- 23 GAR mills have achieved full TTP

## Sustainability Dashboard on GAR website

- As part of our effort to enhance transparency, the GAR Sustainability Dashboard is now freely accessible on the GAR Website
- Monthly fire incident reports, grievance lists and the latest traceability data can be found on dashboard



**100%**

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

**100%**

Traceability to  
Plantation for independent  
mills by 2020

# 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>30 June 2017</u>						
Nucleus	11,390	31,110	177,770	128,632	34,969	383,871
Plasma	1,211	4,908	31,879	51,870	12,560	102,428
Total Area	12,601	36,018	209,649	180,502	47,529	486,299
% of total planted area	3%	7%	43%	37%	10%	100%
<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%



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