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## Golden Agri-Resources Ltd

### Interim Performance Presentation

1H 2014 : first-half period ended 30<sup>th</sup> June 2014

14 August 2014

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# Executive Summary



# Executive Summary

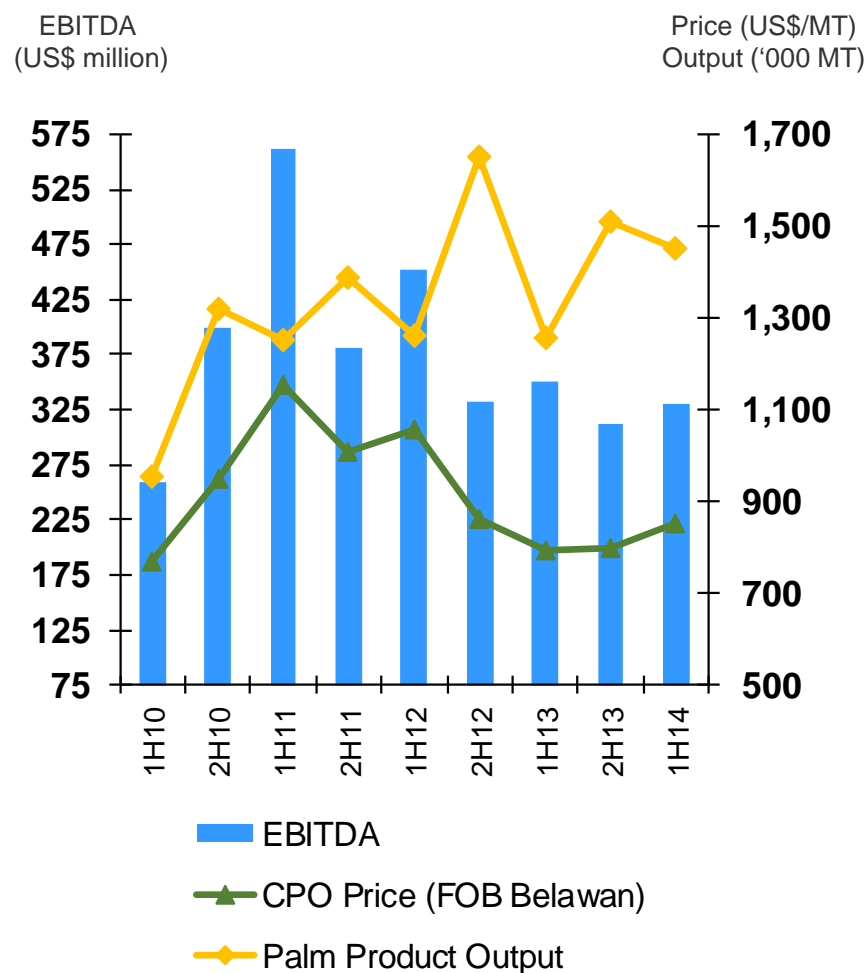
## Revenue grows while higher raw material costs impact performance of downstream operations

- 1H 2014 vs 1H 2013 results

Revenue	\$3,953 mn	↑	27%
EBITDA	\$331 mn	↓	6%
Net Profit <sup>1</sup>	\$131 mn	↓	17%
Palm product output	1.45 mn MT	↑	15%
CPO FOB price	\$853/MT	↑	7%

- 2Q 2014 vs 2Q 2013 results

Revenue	\$2,039 mn	↑	21%
EBITDA	\$131 mn	↓	7%
Net Profit <sup>1</sup>	\$27 mn	↓	40%
Palm product output	761,000 MT	↑	28%
CPO FOB price	\$840/MT	↑	6%

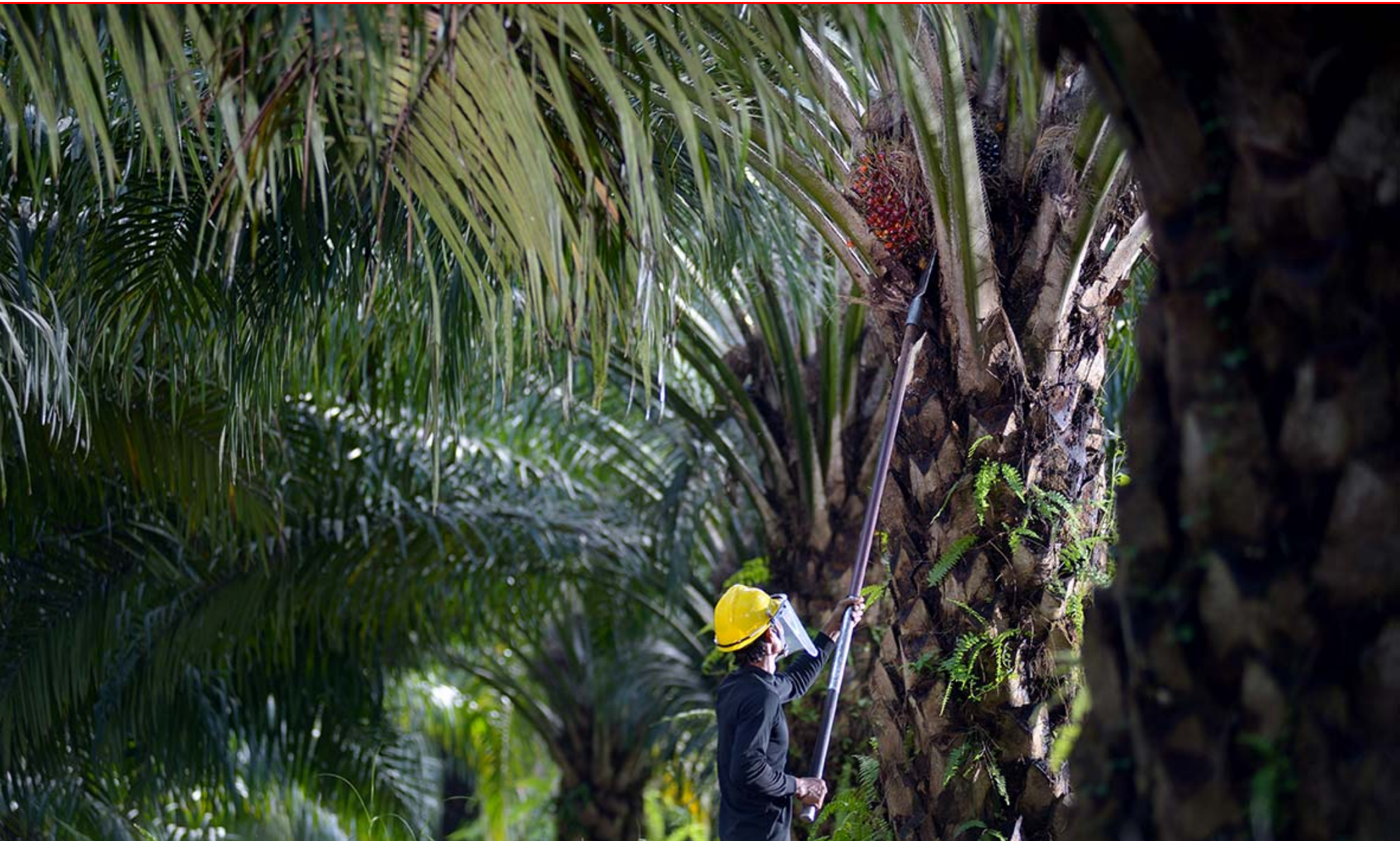


Note:

1. Net profit attributable to owners of the Company

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## Financial Highlights



# Consolidated Financial Performance



US\$ million	1H 2014	1H 2013	YoY	2Q 2014	2Q 2013	YoY
<b>Revenue</b>	<b>3,953</b>	<b>3,112</b>	<b>27%</b>	<b>2,039</b>	<b>1,682</b>	<b>21%</b>
<b>Gross Profit</b>	<b>730</b>	<b>661</b>	<b>10%</b>	<b>340</b>	<b>304</b>	<b>12%</b>
<b>EBITDA</b>	<b>331</b>	<b>351</b>	<b>-6%</b>	<b>131</b>	<b>140</b>	<b>-7%</b>
<i>Interest on borrowings</i>	<i>-58</i>	<i>-47</i>	<i>23%</i>	<i>-30</i>	<i>-24</i>	<i>28%</i>
<i>Depreciation and amortisation</i>	<i>-72</i>	<i>-64</i>	<i>13%</i>	<i>-37</i>	<i>-33</i>	<i>12%</i>
<i>Foreign exchange loss, net</i>	<i>-19</i>	<i>-9</i>	<i>110%</i>	<i>-22</i>	<i>-14</i>	<i>55%</i>
<b>Net Profit attributable to owners of the Company</b>	<b>131</b>	<b>158</b>	<b>-17%</b>	<b>27</b>	<b>45</b>	<b>-40%</b>

- Revenue increased with higher production and sales volumes, as well as CPO market prices
- Lower performance mainly caused by higher raw material costs in the downstream operations

# Segmental Revenue



US\$ million	1H 2014	1H 2013	YoY	2Q 2014	2Q 2013	YoY
Plantations and palm oil mills <sup>1</sup>	1,019	802	27%	518	375	38%
<i>Volume ('000 tonnes)</i>	1,426	1,231	16%	735	563	31%
Palm and lauric <sup>2</sup>	3,380	2,398	41%	1,744	1,273	37%
<i>Volume ('000 tonnes)</i>	4,020	3,104	30%	2,049	1,653	24%
Oilseeds <sup>3</sup>	425	580	-27%	214	341	-37%
<i>Volume ('000 tonnes)</i>	637	858	-26%	325	520	-37%
Others <sup>4</sup>	95	99	-4%	49	48	2%
Elimination and adjustments	-965	-767	-26%	-485	-355	-37%
<b>Consolidated Revenue</b>	<b>3,953</b>	<b>3,112</b>	<b>27%</b>	<b>2,039</b>	<b>1,682</b>	<b>21%</b>

- Plantation and palm oil mills: revenue expanded with stronger production and higher CPO market prices
- Palm and lauric: strong growth attributable to increased capacity and higher prices
- Oilseeds: lower volume resulting from reduced utilisation of China facilities to manage costs

Notes:

1. Products from upstream
2. Processing and merchandising of palm based products, i.e. bulk and branded products as well as oleochemicals
3. Processing and merchandising of oilseed based products, i.e. bulk and branded products
4. Food products in China such as noodles



# Segmental EBITDA



US\$ million	1H 2014	1H 2013	YoY	2Q 2014	2Q 2013	YoY
Plantations and palm oil mills <sup>1</sup>	331	233	42%	160	100	59%
<i>Margin</i>	33%	29%	4%	31%	27%	4%
Palm and lauric <sup>2</sup>	40	104	-62%	10	30	-66%
<i>Margin</i>	1%	4%	-3%	1%	2%	-1%
Oilseeds <sup>3</sup>	-43	7	n.m	-40	5	n.m
<i>Margin</i>	-10%	1%	-11%	-19%	1%	-20%
Others <sup>4</sup>	2	5	-56%	-0.4	3	n.m
<i>Margin</i>	2%	5%	-3%	-1%	6%	-7%
Elimination and adjustments	1	2	-57%	1	1	-
<b>Consolidated EBITDA</b>	<b>331</b>	<b>351</b>	<b>-6%</b>	<b>130</b>	<b>140</b>	<b>-7%</b>

- Plantation and palm oil mills: strong performance resulting from higher CPO market prices, growing production and lower production cost supported by yield increase
- Palm and lauric: positive margin but lower compared to last year as affected by higher raw material costs
- Oilseeds: lower results due to challenging industry environment in China

Notes:

1. Products from upstream

2. Processing and merchandising of palm based products, i.e. bulk and branded products as well as oleochemicals

3. Processing and merchandising of oilseed based products, i.e. bulk and branded products

4. Food products in China such as noodles

# Financial Position



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

(in US\$ million)	30-Jun-14	31-Dec-13	Change
Total Assets	14,629	14,148	3.4%
Cash and Short-Term Investments	583	587	-0.7%
Trade Receivables and Inventories	1,437	1,246	15.3%
Fixed Assets <sup>1</sup>	10,471	10,340	1.3%
Total Liabilities	5,748	5,345	7.5%
Interest Bearing Debts	2,854	2,581	10.6%
Total Equity Attributable to Owners of the Company	8,796	8,721	0.9%
Net Debt <sup>2</sup> /Equity <sup>3</sup> Ratio	0.26x	0.23x	
Adjusted Net Debt <sup>4</sup> /Equity <sup>3</sup> Ratio	0.22x	0.19x	
Net Debt <sup>2</sup> /Total Assets	0.16x	0.14x	
Net Debt <sup>2</sup> /EBITDA <sup>5</sup>	3.43x	3.01x	
EBITDA/Interest	5.73x	6.51x	

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
4. Interest bearing debts less cash and short-term investments as well as liquid working capital
5. 30 Jun 2014 figure is based on annualized EBITDA

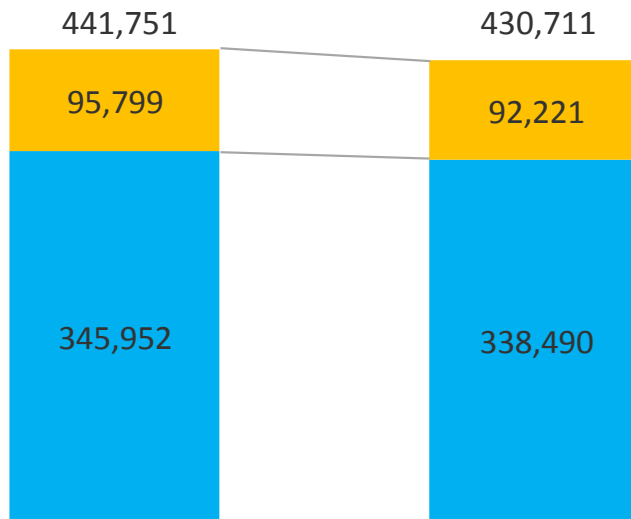
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## Plantation Highlights



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

Mature Area - ha

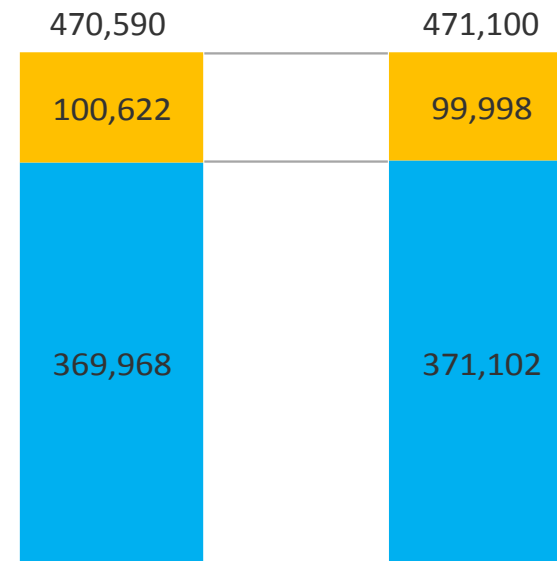


30-Jun-14

31-Dec-13

■ Nucleus ■ Plasma

Planted Area - ha



30-Jun-14

31-Dec-13

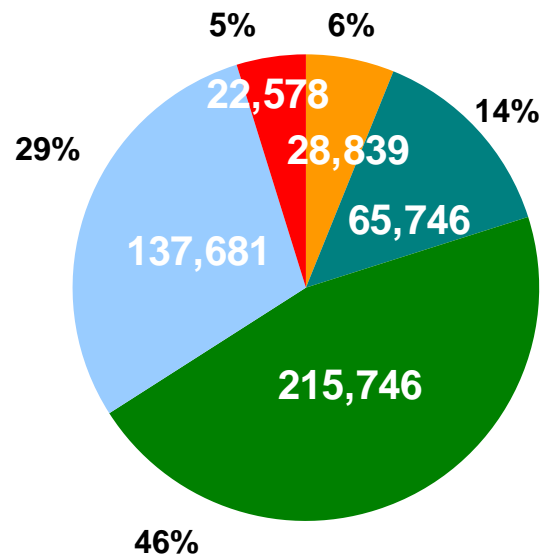
■ Nucleus ■ Plasma

- Increase in mature area by 11,000 hectares
- 4,900 hectares of new planting and replanting
- 5,400 hectares of old estates prepared for replanting

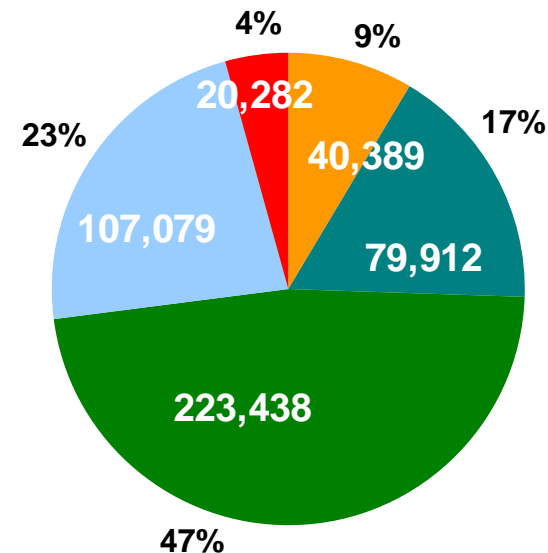
# Planted Area Age Profile

**GAR's long-term growth is supported by favourable age profile of its plantations**

**Hectarage as of 30 Jun 2014**



**Hectarage as of 31 Dec 2013**



■ 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 30 Jun 2014, average age of plantations, including plasma, is 14 years

## Production continued to show significant growth year-on-year

	1H 2014	1H 2013	Change	2Q 2014	2Q 2013	Change
<b>FFB Production ('000 tonnes)</b>	<b>4,734</b>	<b>4,116</b>	<b>15%</b>	<b>2,491</b>	<b>1,967</b>	<b>27%</b>
<i>Nucleus</i>	3,714	3,222	15%	1,931	1,536	26%
<i>Plasma</i>	1,020	894	14%	560	431	30%
FFB Yield (tonnes/ha)	10.7	9.5	13%	5.6	4.6	24%
<b>Palm Product Output ('000 tonnes)</b>	<b>1,451</b>	<b>1,257</b>	<b>15%</b>	<b>761</b>	<b>593</b>	<b>28%</b>
<i>CPO</i>	1,178	1,020	15%	617	481	28%
<i>PK</i>	273	237	15%	144	112	29%
Oil Extraction Rate	22.9%	22.9%	-	22.6%	22.5%	0.1%
Kernel Extraction Rate	5.3%	5.3%	-	5.3%	5.2%	0.1%
Palm Product Yield (tonnes/ha)	3.02	2.68	13%	1.57	1.26	25%

- 1H 2014 FFB and palm product yields grew strongly by 13% year-on-year
- 2Q 2014 FFB and palm product output experienced strong recovery at 27% and 28%, respectively
- Oil extraction rate remained high at approximately 23%

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# Downstream Highlights



# Downstream Highlights – 1H 2014

## Sourcing of raw materials



- Over 4 million tonnes of palm based products were sold during the semester, a year-on-year increase of 30%
- Ongoing exploration of strategic sourcing opportunities to be more competitive in China

## Processing



- Full utilisation of all our refineries in Indonesia
- Construction of new facilities is progressing on target
- Managing utilisation of facilities in China to reduce cost

## Product customisation



- Sales of palm based refined products increased by 57% year-on-year
- JV with CEPSA in expanding oleochemical business

## Sales and distribution

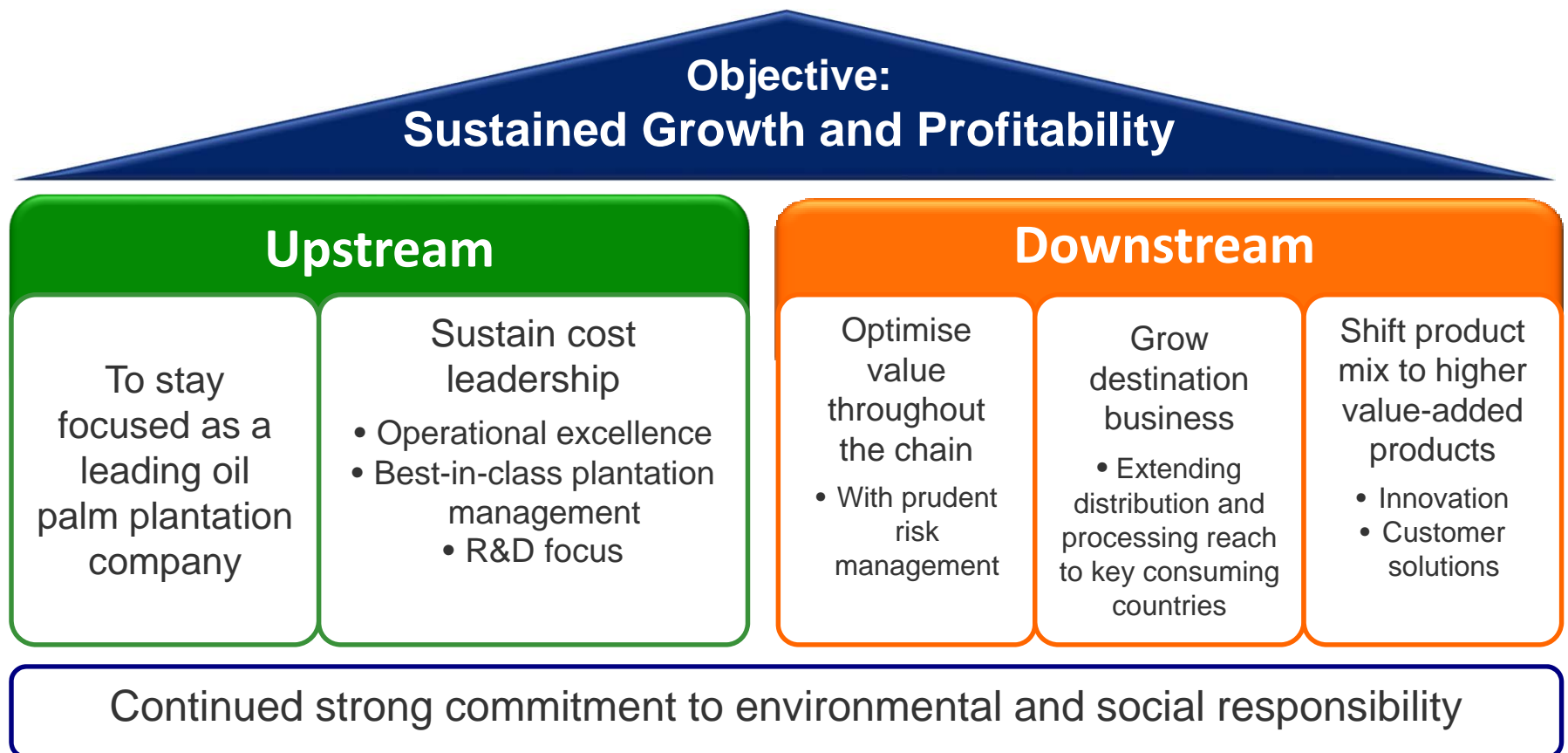


- Destination sales grew by 72% year-on-year, contributing 68% to our export volume
- JV with Louis Dreyfus in managing domestic shipping and logistic business
- Ongoing fleet acquisition and preparing for the opening of new branch offices in destination countries





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



# Holistic Approach to Sustainability

## Certification received as at 31 July 2014

- **RSPO**  
225,187 ha of plantations including smallholder plantations of 49,909 ha, 20 mills, 3 kernel crushing plants, 2 refineries and 1 bulking station
- **ISCC**  
266,843 ha of plantations including smallholder plantations of 59,628 ha, 28 mills, 3 kernel crushing plants, 3 refineries and 12 bulking stations
- **ISPO**  
35,789 ha of plantations and 3 mills

## Reports

- Published the first progress report of the Yield Improvement Policy (YIP) and Sustainability Report 2013
- Under the YIP, the Company aims to achieve by 2015 an average CPO yield of 5.8 tonnes per hectare from oil palm trees in the prime age of 7-18 years. This is a 12% increase from the 2010 level
- GAR Sustainability Report 2013 meets the requirements of the Global Reporting Initiative Application Level B



**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



- 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



- 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

## Outlook



- In the long term, GAR stays confident with the robust demand growth for palm oil
- Oilseed industry in China is expected to remain challenging, GAR will review business model and strategic alternatives for its China oilseed business



**The average age of GAR's plantations is 14 years, securing the long-term growth of its production**

(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>30 June 2014</u></b>						
Nucleus	24,017	54,131	175,315	93,927	22,578	369,968
Plasma	4,822	11,615	40,431	43,754	-	100,622
<b>Total Area</b>	<b>28,839</b>	<b>65,746</b>	<b>215,746</b>	<b>137,681</b>	<b>22,578</b>	<b>470,590</b>
% of total planted area	6%	14%	46%	29%	5%	100%
<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>107,079</b>	<b>20,282</b>	<b>471,100</b>
% of total planted area	9%	17%	47%	23%	4%	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)

