

# Golden Agri-Resources Ltd

Full Year 2016 Results Performance  
24 February 2017



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# Executive Summary



## Integrated business model delivers strong 2016 results amidst softer palm product output

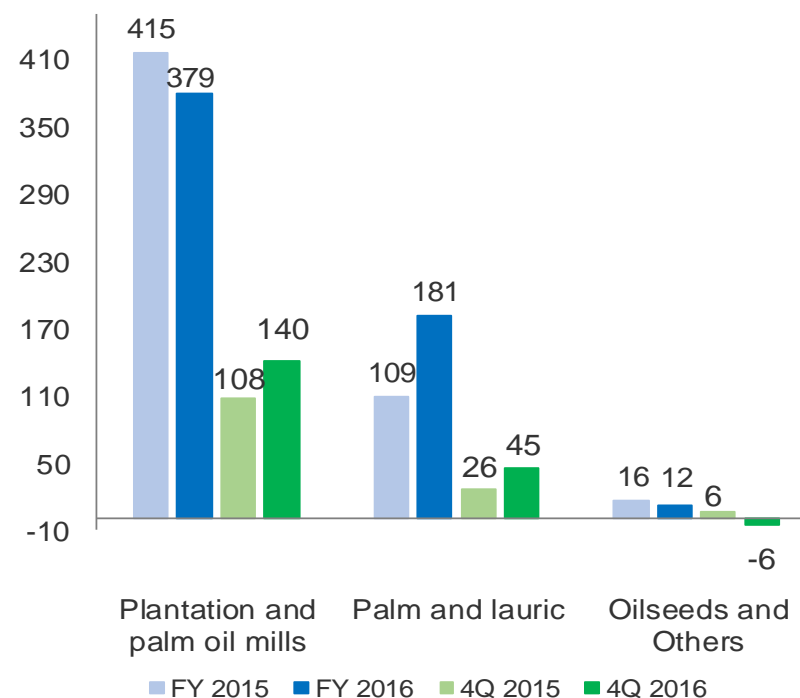
- 4Q 2016 vs 4Q 2015

Revenue	US\$2,138 mn	↑	38%
EBITDA	US\$179 mn	↑	27%
Net Profit <sup>1</sup>	US\$46 mn	↑	137%
Palm product output	877,077 MT	↑	7%
CPO FOB price	US\$706/MT	↑	37%

- FY 2016 vs FY 2015

Revenue	US\$7,209 mn	↑	11%
EBITDA	US\$572 mn	↑	6%
Net Profit <sup>1</sup>	US\$400 mn	↑	n.m
Palm product output	2.51 mn MT	↓	15%
CPO FOB price	US\$664/MT	↑	16%

EBITDA (US\$ million)



Note:

1. Attributable to owners of the Company. The comparative figures for FY 2015 and 4Q 2015 have been restated to account for retrospective adjustments arising from the adoption of amended IAS 16 and IAS 41

# Financial Highlights



# Consolidated Financial Performance



US\$ million	FY 2016	FY 2015	YoY	4Q 2016	4Q 2015	YoY
Revenue	7,209	6,510	11%	2,138	1,552	38%
Gross Profit <sup>1</sup>	1,014	1,005	1%	308	269	14%
EBITDA	572	542	6%	178	140	27%
<i>Interest on borrowings</i>	-129	-129	-	-34	-31	10%
<i>Depreciation and amortisation<sup>1</sup></i>	-349	-311	12%	-93	-85	10%
<i>Foreign exchange gain/(loss)</i>	47	-92	<i>n.m</i>	-3	7	<i>n.m</i>
<i>Other non-operating items<sup>2</sup></i>	270	-	<i>n.m</i>	28	-	<i>n.m</i>
Net profit attributable to owners of the Company <sup>1</sup>	400	10	<i>n.m</i>	46	20	137%

- Strong 4Q 2016 EBITDA with higher palm product output and prices as well as enhanced downstream margin
- Net profit in 2016 includes deferred tax income arising from tax-based asset revaluations

Notes:

1. The comparative figures for FY 2015 and 4Q 2015 have been restated to account for retrospective adjustments arising from the adoption of amended IAS 16 and IAS 41, which resulted in higher depreciation expenses by US\$135 million and US\$34 million, respectively
2. Consists of net tax impact from tax-based asset revaluations and allowance impairment loss on property, plant and equipment of US\$304 million and US\$34 million for FY 2016, respectively and US\$62 million and US\$34 million for 4Q 2016, respectively

# Financial Position

## Prudent balance sheet with improved gearing ratios

(in US\$ million)	31-Dec-16	31-Dec-15 <sup>1</sup>	Change
Total Assets	8,306	8,036	3%
<i>Cash and short-term investments</i>	355	502	-29%
<i>Fixed Assets<sup>2</sup></i>	3,891	4,071	-4%
Total Liabilities	4,210	4,286	-2%
Adjusted Net Debt <sup>3</sup>	1,745	1,908	-9%
<i>Net Debt<sup>4</sup></i>	2,711	2,543	7%
<i>Liquid Working Capital<sup>5</sup></i>	967	635	52%
Total Equity Attributable to Owners of the Company	4,054	3,710	9%
Adjusted Net Debt <sup>3</sup> /Equity <sup>6</sup> Ratio	0.43x	0.51x	
Adjusted Net Debt <sup>3</sup> /Total Assets	0.21x	0.24x	
Adjusted Net Debt <sup>3</sup> /EBITDA	3.05x	3.52x	
EBITDA/Interest	4.44x	4.21x	

Notes:

1. The comparative figures for 31 Dec 2015 have been restated to account for retrospective adjustments arising from the adoption of amended IAS 16 and IAS 41
2. Includes Bearer Plants, Property, Plant and Equipment, and Investment Properties
3. Interest bearing debt less cash, short-term investments and liquid working capital
4. Interest bearing debt less cash and short-term investments

5. Trade receivables, inventories (excluding consumables), deposits and advances to suppliers less trade payables and advances from customers
6. Equity attributable to owners of the Company



**The Board proposes final dividend distribution of 0.635 Singapore cents per share, subject to approval from shareholders, representing 30% of our underlying profit for FY2016.**

Cash Dividend	2013	2014	2015	2016
Dividend per share (in S\$ cents)	1.100	0.585	0.502	0.635
Total Dividend (in S\$ million)	141.21	75.10	63.93	80.86
Underlying Profit <sup>1</sup> (in US\$ million)	320.34	189.68	180.91	186.28
% to underlying profit	35%	30%	26%	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 shareholders, including controlling 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 and depreciation of bearer plants, exceptional items, and other non-operating items (foreign exchange gain/loss, net tax impact from tax-based asset revaluations, and other deferred tax income/expense)

# Segmental Performance



# Segmental Results

## Plantations and Palm Oil Mills



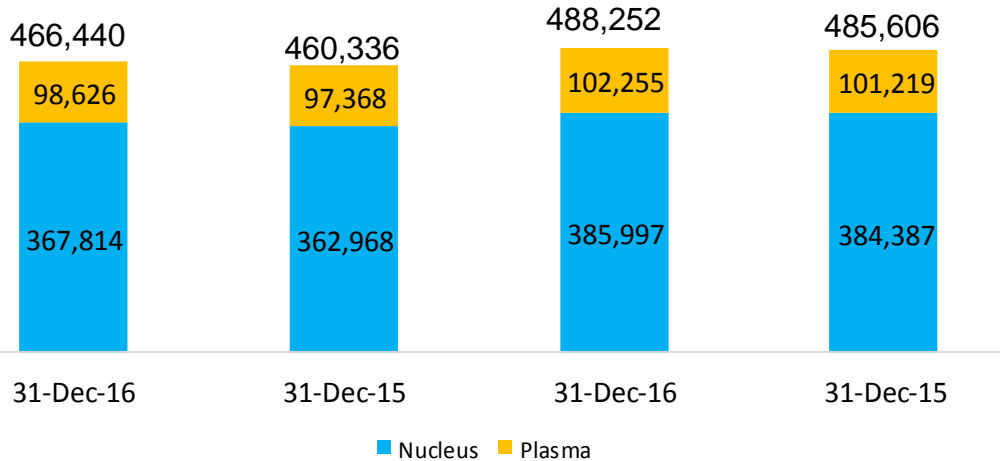
**Strong recovery in 4Q 2016 with EBITDA expanding by 30% year-on-year and 46% quarter-on-quarter**

	FY 2016	FY 2015	YoY	4Q 2016	4Q 2015	YoY
Revenue (US\$ million)	1,557	1,503	4%	579	371	56%
EBITDA (US\$ million)	379	415	-9%	140	108	30%
<i>EBITDA margin</i>	<i>24%</i>	<i>28%</i>	<i>-4%</i>	<i>24%</i>	<i>29%</i>	<i>-5%</i>
FFB Production ('000 tonnes)	8,880	10,051	-12%	3,136	2,768	13%
Nucleus	6,905	7,750	-11%	2,374	2,158	10%
Plasma	1,975	2,301	-14%	762	610	25%
FFB Yield (tonnes/ha)	19.0	21.8	-13%	6.7	6.0	12%
Palm Product Output ('000 tonnes)	2,510	2,967	-15%	877	817	7%
CPO	2,016	2,380	-15%	702	650	8%
PK	494	587	-16%	175	167	5%
Oil Extraction Rate	22.2%	22.6%	-0.4%	22.0%	22.4%	-0.4%
Kernel Extraction Rate	5.4%	5.6%	-0.2%	5.5%	5.8%	-0.3%
Palm Product Yield (tonnes/ha)	5.3	6.1	-14%	1.8	1.7	9%

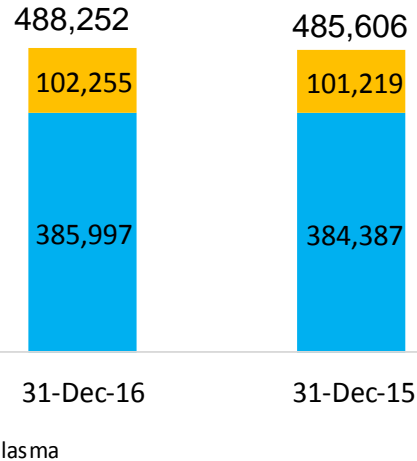
4Q 2016 production recovered year-on-year and quarter-on-quarter as El Niño impact eased.

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

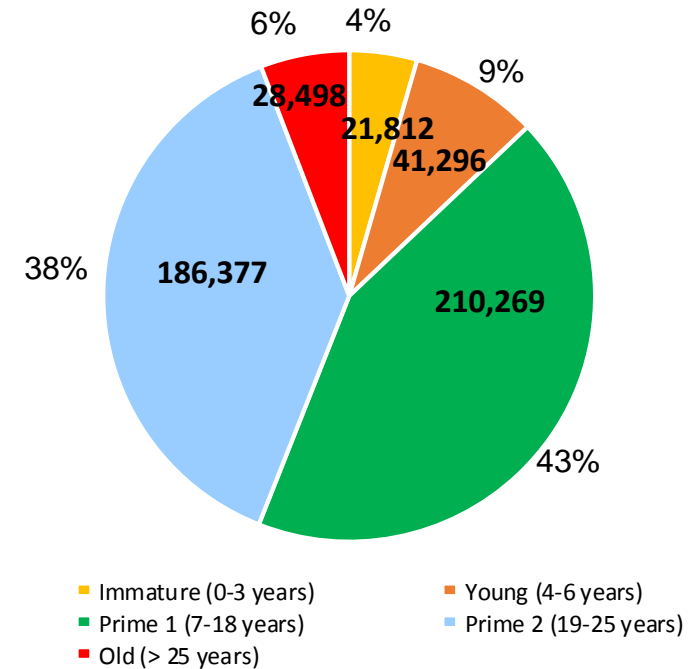
**Mature Area - ha**



**Planted Area - ha**



**Age Profile as of 31 Dec 2016**



- Increase in mature area by 6,100 hectares
- Net increase in planted area by 2,600 hectares mainly due to consolidation of acquired plantations
- Replanted approximately 7,300 hectares of old estates

**Notes:**

1. Total planted area, including plasma
2. Average age of plantations, including plasma, is 15 years

# Segmental Results

## Palm and Lauric



### Margin improvement through enhanced integration and operational excellence

	FY 2016	FY 2015	YoY	4Q 2016	4Q 2015	YoY
Revenue (US\$ million)	6,262	5,614	12%	1,837	1,169	57%
Sales Volume ('000 tonnes)	8,974	8,764	2%	2,475	2,300	8%
EBITDA (US\$ million)	181	109	66%	45	26	75%
<i>EBITDA margin</i>	<i>2.9%</i>	<i>1.9%</i>	<i>1.0%</i>	<i>2.5%</i>	<i>2.2%</i>	<i>0.3%</i>

Improving contribution from new refineries coupled with expanded destination market presence

Note:

1. Palm and lauric segment includes processing and merchandising of palm based products, i.e. bulk and branded products as well as oleochemicals

# Strong Position Across the Downstream Value Chain

## Origination of Raw Materials



Sourcing with increasing traceability:

- Owned estates
- Third parties

Sales volume expansion of palm-based products to **almost 9 million tonnes**

## Processing & Product Customisation



- Processing facilities with new technology
- Broad range of products including Food, Industrial products and Biodiesel
- Sales of palm based refined products increased by **33%** as refinery capacity expanded

## Logistic Excellence



- Golden Stena Weco is the largest palm oil based charter
- Broad coverage across Middle East and India

## Destination Market Expertise



- Destination sales contributed **76%** to our export volume with focus on enhancing destination sales capabilities
- On shore refining and ex-tank operation in many countries

Note:

1. Data as per 31 December 2016

# Segmental Results

## Oilseeds and Others



The performance of our oilseeds and others segments affected by less favourable market environment in China during 4Q 2016

	FY 2016	FY 2015	YoY	4Q 2016	4Q 2015	YoY
<u>Oilseeds</u>						
Revenue (US\$ million)	753	644	17%	263	176	49%
Sales Volume ('000 tonnes)	1,424	1,257	13%	471	350	35%
EBITDA (US\$ million)	10	11	-10%	-6	3	n.m
<i>EBITDA margin</i>	1.3%	1.8%	-0.5%	-2.4%	1.7%	-4.1%
<u>Others</u>						
Revenue (US\$ million)	187	193	-3%	44	43	3%
EBITDA (US\$ million)	1.8	5.0	-63%	0.3	3.3	-92%
<i>EBITDA margin</i>	1.0%	2.6%	-1.6%	0.6%	7.7%	-7.1%

Notes:

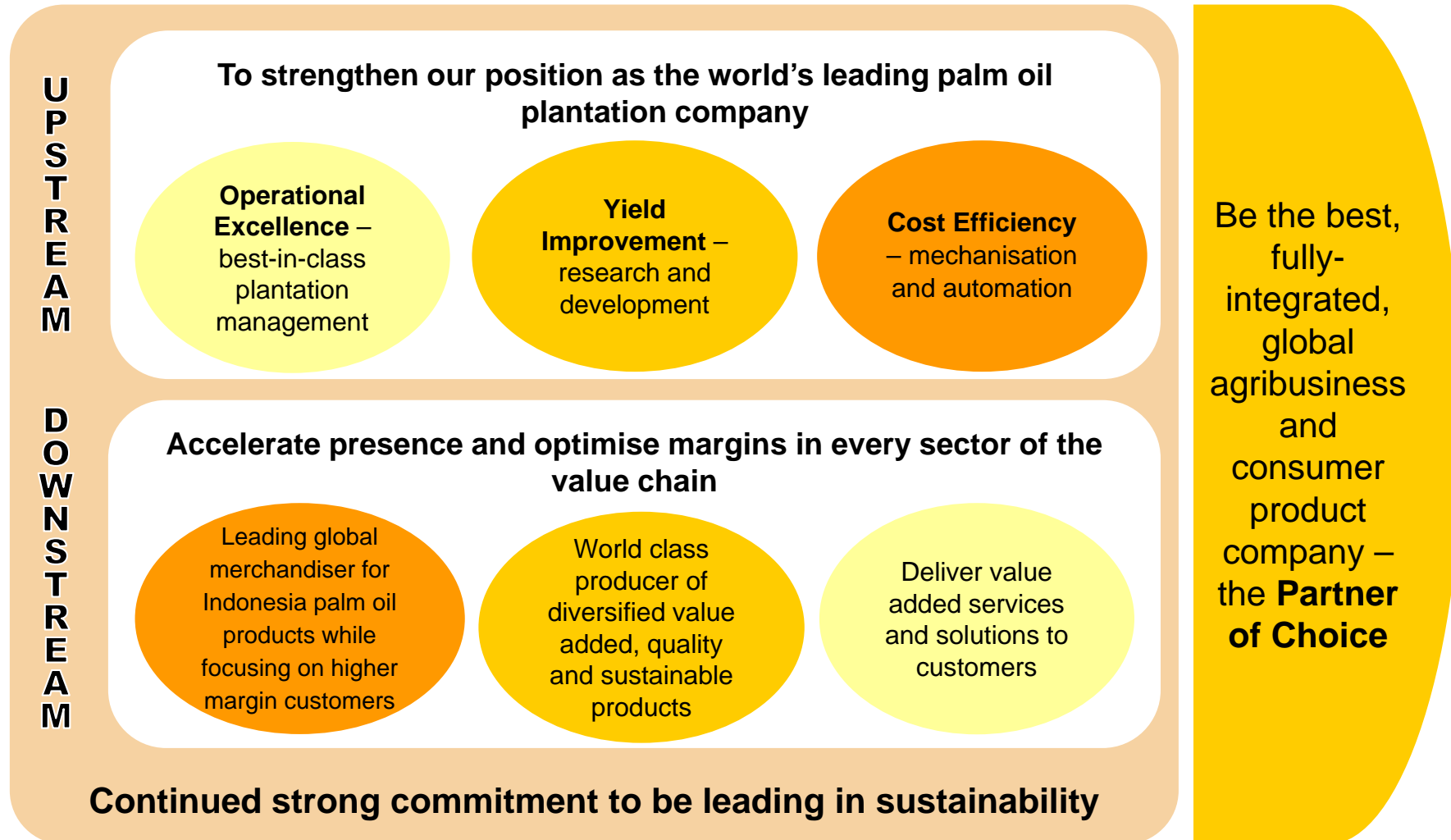
1. Oilseeds segment includes processing and merchandising of oilseed based products, i.e. bulk and branded products
2. Others segment includes other consumer products in China and Indonesia such as food and beverages

# Strategy and Outlook





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



**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, distribution coverage and global market reach as well as 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 the implementation of Indonesia biodiesel mandate as well as lower stock positions

# Towards Responsible Palm Oil Production



## 100%

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

## 100%

Traceability to  
Plantation for independent  
mills by 2020

### **Progress on fully traceable palm oil**

On track to achieve full Traceability to the Plantation (TTP) for GAR-owned mills by year end

In 2016, 15 out of 45 GAR mills achieved full TTP  
(GAR already knows the source of 90% of its FFB)

Support programme for suppliers: 36 mills visited to date to assess what help they need to adopt responsible practices

### **Fire prevention**

Almost zero fires in 2016 (less than 1% of land affected in haze & fire season of 2015)

Monthly fire incident reports on Sustainability Dashboard

All 17 villages in community-based fire prevention pilot met fire prevention targets

Programme will be expanded to focus on fire prevention, food security, forest conservation

### **Progress on practical conservation**

10 villages in West Kalimantan agreed to conserve over 7,000 ha of forests in community conservation partnerships

More consultations and partnerships planned for 2017

# Appendix



The average age of GAR's plantations is 15 years, securing the long-term growth of its production

(in 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 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%
<u>31 December 2015</u>						
Nucleus	21,419	41,366	179,925	120,776	20,901	384,387
Plasma	3,851	9,156	34,629	50,053	3,530	101,219
Total Area	25,270	50,522	214,554	170,829	24,431	485,606
% of total planted area	5%	11%	44%	35%	5%	100%

# Contact Us



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