



First Resources Limited

First Quarter 2014 Results Presentation

14 May 2014 | Singapore

Delivering Growth and Returns





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Executive Summary – 1Q2014

■ Good Financial Performance

- Net profit came in at US\$45.0 million, a decrease of 29.2%
- EBITDA came in at US\$67.4 million, a decrease of 28.1%
- Declined compared to same period last year due to exceptionally strong 1Q2013 performance which was boosted by higher average selling prices from realisation of forward sales and a higher inventory drawdown

■ Continued Production Growth

- Fresh fruit bunches (FFB) harvested increased by 12.9%
- Crude palm oil (CPO) production grew by 14.4%
- Increase in production due to yield recovery and increase in mature hectarage

■ Higher Volumes Processed by the Refinery and Processing Business



- Significant increase in sales volumes driven by the expansion in processing capacity
- Earnings contribution was however dampened by the weaker refining margins experienced in Indonesia



Financial Performance



Income Statement Highlights

US\$' million	1Q2014	1Q2013	Change
Sales	177.9	174.6	1.9%
Cost of sales	(103.1)	(69.5)	48.3%
Gross profit	74.8	105.1	(28.9%)
EBITDA ⁽¹⁾	67.4	93.7	(28.1%)
Net profit attributable to owners of the Company	45.0	63.6	(29.2%)
Gross profit margin	42.0%	60.2%	
EBITDA margin	37.9%	53.7%	

- Increase in sales mainly due to higher sales volumes from the Refinery and Processing segment
- Cost of sales increased largely due to increase in purchases of palm oil products from third parties, as well as higher costs from ramping up of operations at the Group's processing facilities
- Margins declined due to lower average selling prices as well as increased third party purchases of palm oil products

(1) Profit from operations adjusted for depreciation and amortisation

Segmental Results

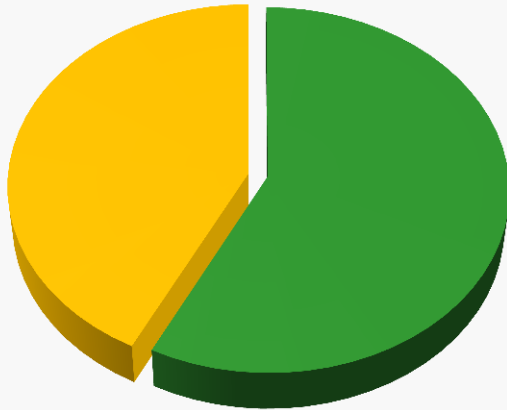
US\$' million	1Q2014	1Q2013	Change
Sales			
Plantations and Palm Oil Mills	135.7	143.6	(5.5%)
• Crude Palm Oil	122.1	134.7	(9.3%)
• Palm Kernel	13.6	8.9	52.0%
Refinery and Processing	100.2	51.3	95.1%
Inter-segment elimination	(58.0)	(20.3)	185.6%
	177.9	174.6	1.9%
EBITDA			
Plantations and Palm Oil Mills	64.4	76.1	(15.4%)
Refinery and Processing	2.9	9.1	(68.1%)
Inter-segment elimination ⁽¹⁾	0.1	8.6	(98.4%)
	67.4	93.7	(28.1%)

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

Segmental Sales and EBITDA – 1Q2014

Sales

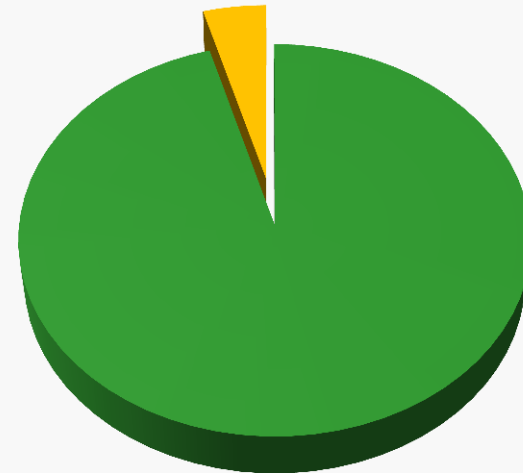
Refinery and Processing – 42.5%



Plantations and Palm Oil Mills – 57.5%

EBITDA

Refinery and Processing – 4.3%



Plantations and Palm Oil Mills – 95.7%

- The Group's Plantations and Palm Oil Mills segment remains the main contributor to EBITDA

Note : Sales and EBITDA by business segment is stated before inter-segment elimination

Segmental Sales Volume

	1Q2014	1Q2013	Change
Sales Volume (tonnes)			
Plantations and Palm Oil Mills ⁽¹⁾			
• Crude Palm Oil	164,871	145,024	13.7%
• Palm Kernel	33,831	29,569	14.4%
Refinery and Processing	128,370	54,832	134.1%

- Sales volumes increased, mainly driven by higher production volumes as well as increase in purchases of palm oil products from third parties
- The higher sales volumes as compared to production volumes was further contributed by inventory drawdown of approximately 20,000 tonnes (1Q2013: 45,000 tonnes)
- Significant increase in sales volumes of processed palm based products due to ramping up of processing activities at the Group's biodiesel, refinery and kernel crushing plants

(1) Sales volume include inter-segment sales

Balance Sheet Highlights

US\$' million	31 Mar 2014	31 Dec 2013
Total Assets	1,940.7	1,780.3
Cash and bank balances	311.2	272.2
Total Liabilities	768.2	740.1
Borrowings and debt securities ⁽¹⁾	492.5	489.7
Total Equity	1,172.5	1,040.1
Net Debt	181.3	217.6
Net Debt ⁽²⁾ /Total Equity	0.15x	0.21x
Net Debt ⁽²⁾ /EBITDA ⁽³⁾	0.67x	0.64x
EBITDA/Interest Expense ⁽⁴⁾	14.9x	16.5x

(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



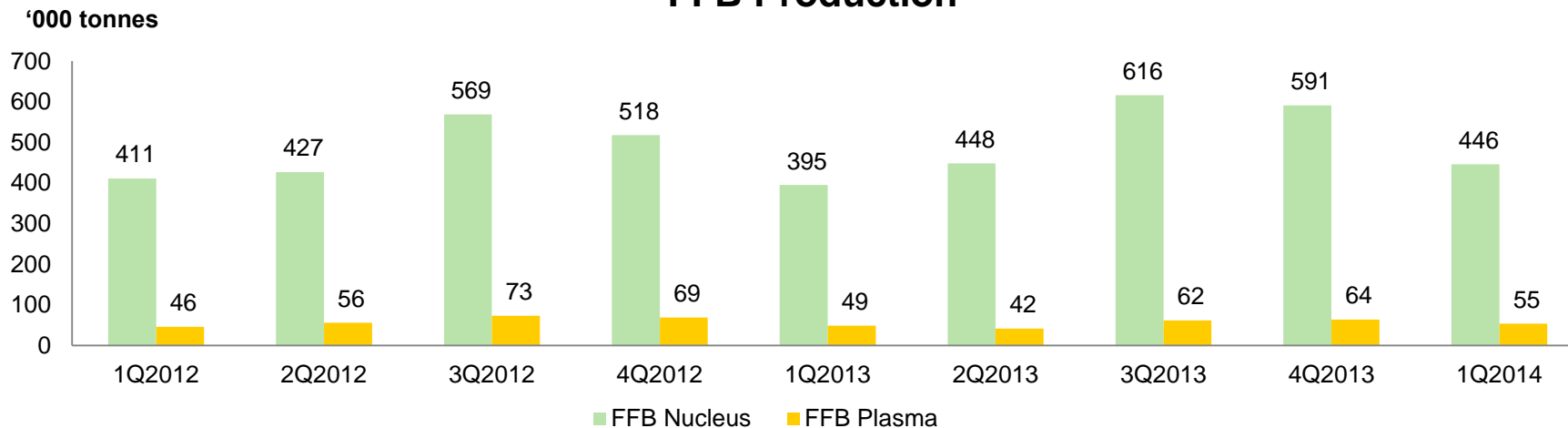
Production Highlights

		1Q2014	1Q2013	Change
Production				
FFB harvested	(tonnes)	501,074	443,843	12.9%
• Nucleus		446,451	394,757	13.1%
• Plasma		54,623	49,086	11.3%
FFB purchased	(tonnes)	76,317	52,163	46.3%
CPO	(tonnes)	131,474	114,898	14.4%
PK	(tonnes)	31,153	26,617	17.0%
Efficiency				
FFB Yield	(tonnes/ha)	3.8	3.7	
CPO Yield	(tonnes/ha)	0.9	0.9	
CPO Extraction Rate	(%)	23.1	23.3	
PK Extraction Rate	(%)	5.5	5.4	

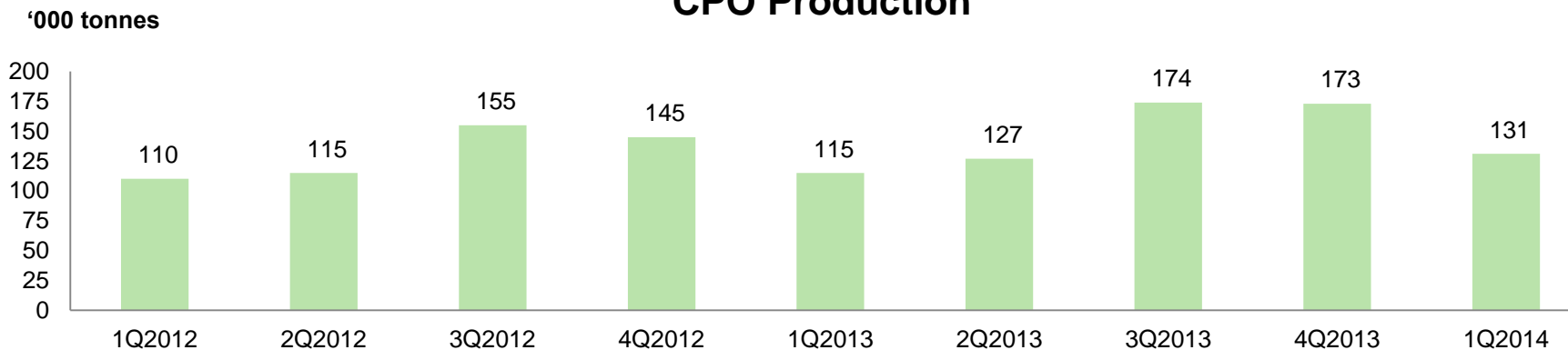
- Higher FFB production volumes due to yield recovery and increase in mature hectarage
- Overall yields impacted by dilutive effect from newly mature plantations and the lower yielding plantations that were acquired
- Decline in CPO extraction rate due to higher purchases of FFB from third parties

Production Trends

FFB Production



CPO Production



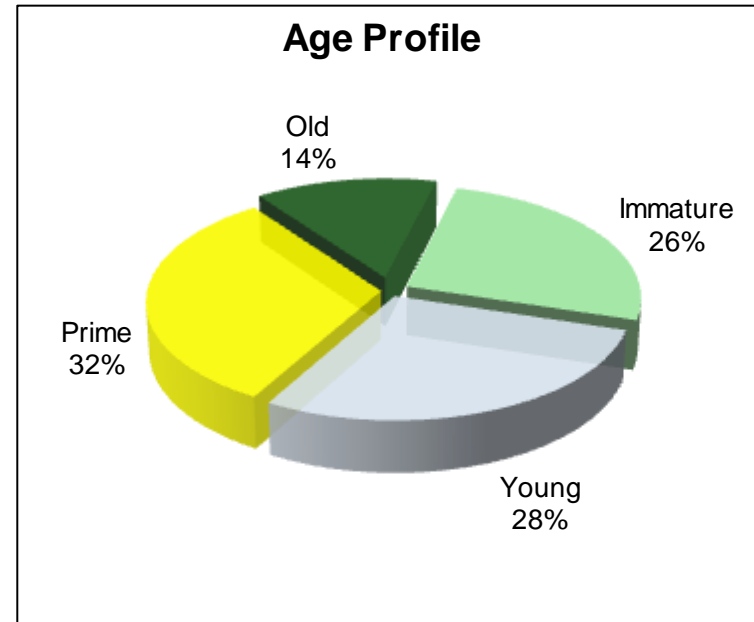
Oil Palm Plantation Area

Investing for growth – added 7,622 ha in 1Q2014

	As at 31 Mar 2014		As at 31 Mar 2013		As at 31 Dec 2013
	Area (ha)	% of Total	Area (ha)	% of Total	Area (ha)
Planted Nucleus	152,498	86%	137,476	87%	148,727
- Mature	114,143	64%	104,415	66%	104,493
- Immature	38,355	22%	33,061	21%	44,234
Planted Plasma	25,720	14%	21,261	13%	21,869
- Mature	17,893	10%	16,485	10%	16,485
- Immature	7,827	4%	4,776	3%	5,384
Total Planted	178,218	100%	158,737	100%	170,596
- Mature	132,036	74%	120,900	76%	120,978
- Immature	46,182	26%	37,837	24%	49,618

Plantation Age Profile

Age	As at 31 Mar 2014	
	Area (ha)	% of Total
0-3 years (Immature)	46,182	26%
4-7 years (Young)	50,624	28%
8-17 years (Prime)	56,618	32%
≥ 18 years (Old)	24,794	14%
Total	178,218	100%



Weighted average age of ~ 8 years

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