



First Resources Limited

**Full Year and Fourth Quarter 2016
Results Presentation
27 February 2017**

Delivering Growth and Returns



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Executive Summary – FY2016

Reported a Satisfactory Set of Results

■ Strong Financial Performance

- EBITDA came in at US\$251.3 million, an increase of 14.7%
- Underlying net profit came in at US\$115.5 million, an increase of 21.4%
- Increase mainly due to higher average selling prices

■ Modest Operational Performance

- Despite having undergone one of the most severe El Nino conditions, the Group posted a marginal decline in fresh fruit bunches (FFB) harvested of 5.1%
- Correspondingly, crude palm oil (CPO) production volumes decreased by 7.6%
- Overall production volumes and yields were impacted by the severe El Nino experienced in 2015
- Cash cost of production for nucleus CPO remained low at US\$215 per tonne (FY2015: US\$204)

Executive Summary

Dividend

- **Proposing final dividend of 2.375 Singapore cents per share**
 - Interim dividend of 0.625 Singapore cents per share paid in September 2016, bringing total FY2016 dividend to 3.000 Singapore cents per share

Dividend Payout		FY2016	FY2015	FY2014	FY2013	FY2012
Interim Dividend Per Share	(Singapore cents)	0.625	1.25	1.25	1.25	1.25
Final Dividend Per Share	(Singapore cents)	2.375	1.25	2.30	3.25	2.75
Total Dividend Per Share	(Singapore cents)	3.000	2.50	3.55	4.50	4.00
% Growth		20%	(30%)	(21%)	13%	14%
% of Underlying Net Profit		29%	30% ⁽¹⁾	25%	26%	24%

Committed to dividend payout in line with Company's performance

(1) Restated to take into account the effects from the adoption of the amendments to FRS 16 and FRS 41

Financial Performance



Income Statement Highlights

US\$' million	FY2016	FY2015 ⁽⁴⁾	Change	4Q2016	4Q2015 ⁽⁴⁾	Change
Sales	575.2	453.7	26.8%	175.2	130.9	33.9%
Cost of sales	(308.0)	(222.0)	38.8%	(79.7)	(73.4)	8.5%
Gross profit	267.3	231.7	15.3%	95.5	57.4	66.3%
Gains arising from changes in fair value of biological assets	13.2	0.7	1,813.5%	13.2	0.7	1,813.5%
EBITDA ⁽¹⁾	251.3	219.1	14.7%	91.4	49.4	85.1%
Net profit ⁽²⁾	125.4	95.7	31.1%	58.0	17.9	223.7%
Underlying net profit ⁽³⁾	115.5	95.1	21.4%	48.1	17.4	176.5%
Gross profit margin	46.5%	51.1%	↓	54.5%	43.9%	↑
EBITDA margin	43.7%	48.3%	↓	52.2%	37.7%	↑

(1) Profit from operations before depreciation, amortisation and gains arising from changes in fair value of biological assets

(2) Profit attributable to owners of the Company

(3) Profit attributable to owners of the Company excluding net gains arising from changes in fair value of biological assets

(4) Restated to take into account the effects from the adoption of the amendments to FRS 16 and FRS 41

Segmental Results

US\$' million	FY2016	FY2015	Change	4Q2016	4Q2015	Change
Sales						
Plantations and Palm Oil Mills	473.9	421.5	12.4%	164.0	101.9	61.0%
• Crude Palm Oil	388.3	362.4	7.2%	133.4	87.3	52.8%
• Palm Kernel	74.6	52.8	41.3%	27.3	13.1	108.2%
• Fresh Fruit Bunches	11.0	6.4	73.2%	3.3	1.4	127.5%
Refinery and Processing	498.4	289.2	72.4%	156.9	105.1	49.4%
Inter-segment elimination	(397.1)	(257.0)	54.5%	(145.7)	(76.1)	91.6%
	<u>575.2</u>	<u>453.7</u>	<u>26.8%</u>	<u>175.2</u>	<u>130.9</u>	<u>33.9%</u>
EBITDA						
Plantations and Palm Oil Mills	256.9	206.3	24.5%	106.4	43.1	146.8%
Refinery and Processing	(1.3)	14.6	n.m.	(8.1)	(2.0)	296.2%
Inter-segment elimination ⁽¹⁾	(4.2)	(1.8)	127.7%	(6.9)	8.3	n.m.
	<u>251.3</u>	<u>219.1</u>	<u>14.7%</u>	<u>91.4</u>	<u>49.4</u>	<u>85.1%</u>

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

Segmental Sales Volume

	FY2016	FY2015	Change	4Q2016	4Q2015	Change
Sales Volume (tonnes)						
Plantations and Palm Oil Mills ⁽¹⁾						
• Crude Palm Oil	660,994	669,435	(1.3%)	212,074	188,286	12.6%
• Palm Kernel	151,300	159,610	(5.2%)	49,569	48,032	3.2%
Refinery and Processing ⁽²⁾	792,415	509,229	55.6%	230,693	206,504	11.7%

- Sales volumes of CPO and Palm Kernel (PK) increased in 4Q2016 in line with improved production from plantations. However, for FY2016, sales volumes of CPO and PK continued to be impacted by the decline in production volumes and yields.
- Higher sales volumes of processed palm based products in FY2016 reflects higher utilisation of the Group's processing plants as well as an increase in purchases from third parties of ~84,000 tonnes as compared to FY2015.
- For FY2016, there was a net inventory drawdown of ~5,000 tonnes as compared to a net inventory build-up of ~60,000 tonnes in FY2015.

(1) Sales volume includes inter-segment sales

(2) Sales from the Refinery and Processing segment includes RBD Palm Oil, Palm Fatty Acid Distillate, RBD Palm Olein, RBD Palm Stearin, Palm Methyl Ester (biodiesel), Crude Glycerine, Palm Kernel Oil and Palm Kernel Expeller

Review of Key Performance Metrics

Performance Metrics	FY2016	FY2015	Change
Unit Cash Cost of Production, Ex-Mill ⁽¹⁾ - Per tonne of Nucleus CPO produced	US\$215	US\$204	↑
Unit EBITDA ⁽²⁾ - Per tonne of Nucleus CPO sold	US\$527	US\$371	↑
Unit EBITDA ⁽²⁾ - Per mature Nucleus Hectare	US\$1,878	US\$1,612	↑

(1) Cash cost of production is derived using total cash costs of producing nucleus CPO and PK (before selling and distribution expenses and general and administrative expenses), divided by the production volume of nucleus CPO

(2) EBITDA refers to EBITDA contribution from Plantations and Palm Oil Mills segment and not Group EBITDA

Balance Sheet Highlights

US\$' million	31 Dec 2016	31 Dec 2015 ⁽⁴⁾
Total Assets	1,669.6	1,568.2
Cash and bank balances	258.2	205.4
Total Liabilities	773.4	793.8
Borrowings and debt securities ⁽¹⁾	447.9	495.0
Total Equity	926.2	774.4
Net Debt ⁽²⁾	189.6	289.6
Gross Debt ⁽¹⁾ /Total Equity	0.48x	0.64x
Net Debt ⁽²⁾ /Total Equity	0.20x	0.37x
Gross Debt ⁽¹⁾ /EBITDA	1.78x	2.26x
Net Debt ⁽²⁾ /EBITDA	0.75x	1.32x
EBITDA/Interest Expense ⁽³⁾	10.1x	9.0x

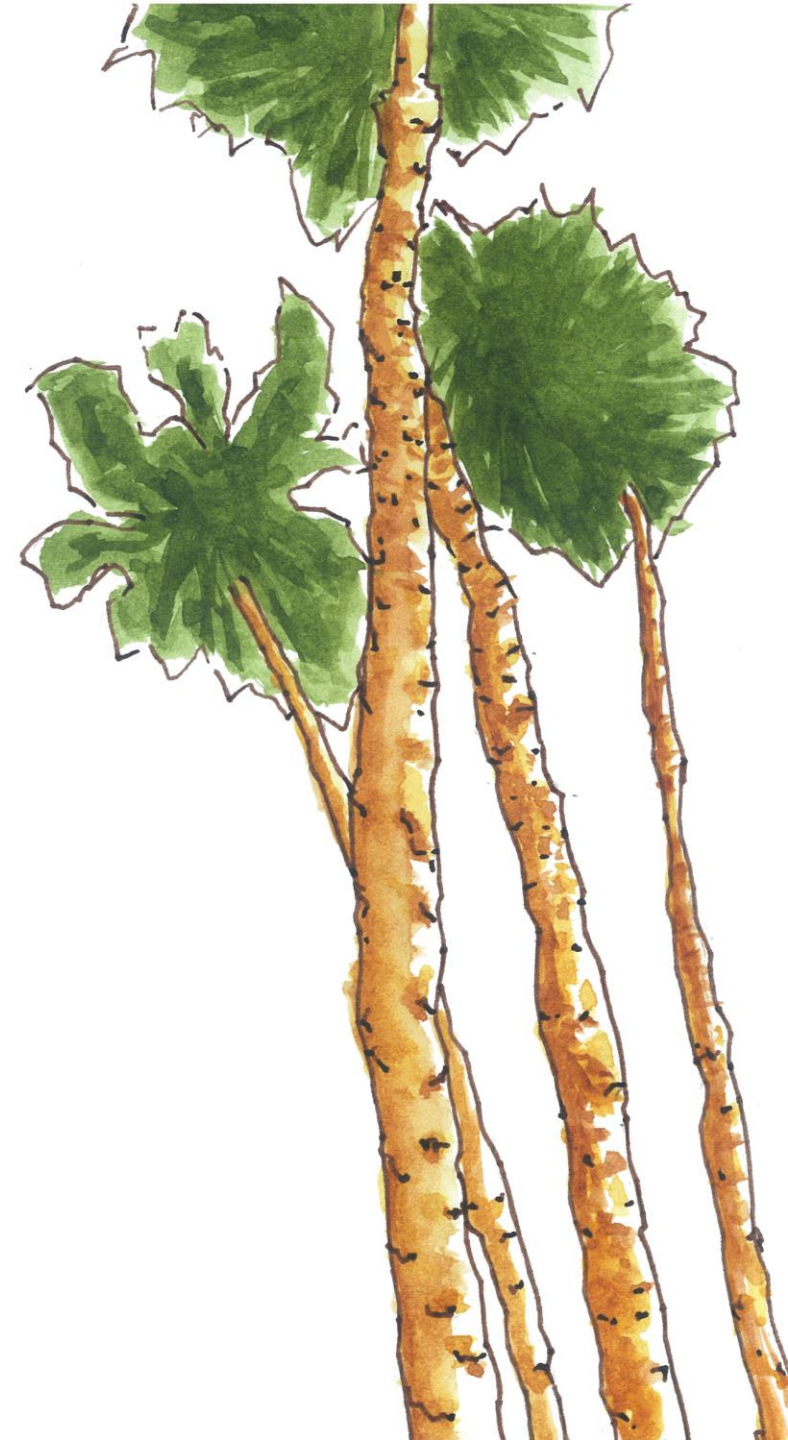
(1) Sum of Islamic MTNs and borrowings from financial institutions

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

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

(4) Restated to take into account the effects from the adoption of the amendments to FRS 16 and FRS 41

Operational Performance



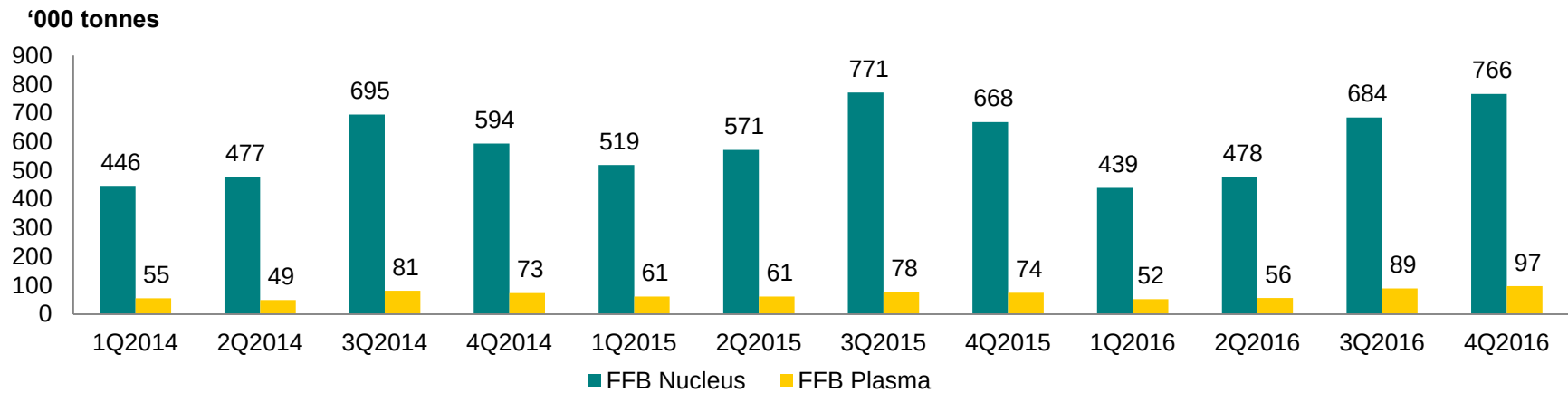
Production Highlights

		FY2016	FY2015	Change	4Q2016	4Q2015	Change
Production							
FFB harvested	(tonnes)	2,661,554	2,804,606	(5.1%)	863,143	742,686	16.2%
• Nucleus		2,367,767	2,530,357	(6.4%)	766,298	668,382	14.6%
• Plasma		293,787	274,249	7.1%	96,845	74,304	30.3%
FFB purchased	(tonnes)	253,148	291,093	(13.0%)	76,496	47,654	60.5%
CPO	(tonnes)	634,941	687,248	(7.6%)	205,534	172,749	19.0%
PK	(tonnes)	148,270	160,021	(7.3%)	49,236	40,863	20.5%
Efficiency							
FFB Yield	(tonnes/ha)	16.8	19.0	↓	5.4	5.0	↑
CPO Yield	(tonnes/ha)	3.8	4.3	↓	1.2	1.1	↑
CPO Extraction Rate	(%)	22.5	22.7	↓	22.4	22.3	↑
PK Extraction Rate	(%)	5.3	5.3	—	5.4	5.3	↑

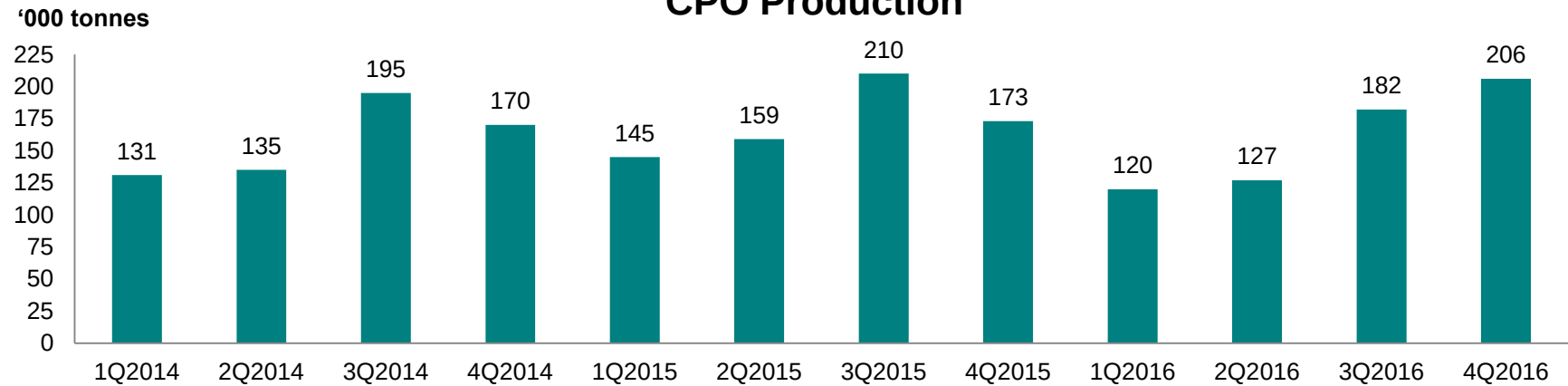
- Production volumes in 2016 peaked in 4Q as the El Nino impact tapers off, FFB harvested grew by 16.2% while CPO production grew by 19.0%
- Overall production and yields continued to be impacted by the adverse El Nino conditions in 2015

Production Trends

FFB Production



CPO Production

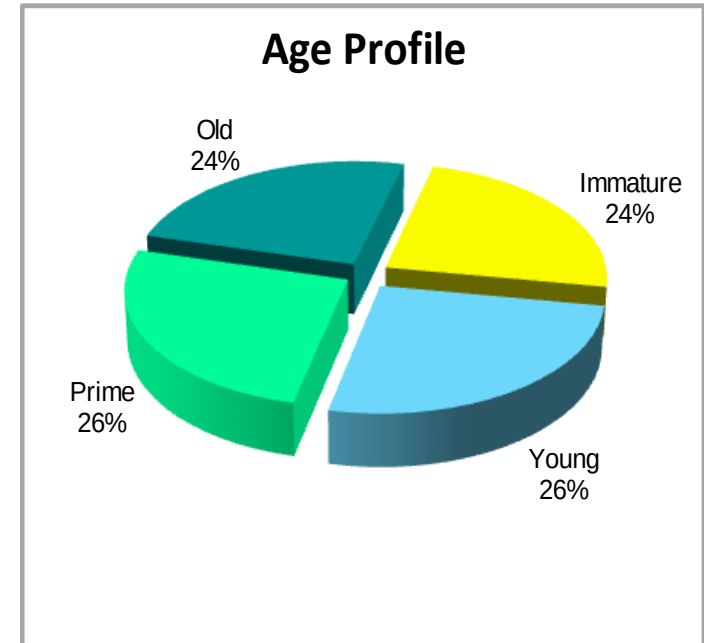


Oil Palm Plantation Area

	As at 31 Dec 2016		As at 31 Dec 2015	
	Area (ha)	% of Total	Area (ha)	% of Total
Planted Nucleus	179,398	86%	178,338	86%
- Mature	136,798	66%	128,042	62%
- Immature	42,600	20%	50,296	24%
Planted Plasma	29,293	14%	29,237	14%
- Mature	21,799	10%	19,863	10%
- Immature	7,494	4%	9,374	4%
Total Planted	208,691	100%	207,575	100%
- Mature	158,597	76%	147,905	72%
- Immature	50,094	24%	59,670	28%

Plantation Age Profile

Age	As at 31 Dec 2016	
	Area (ha)	% of Total
0-3 years (Immature)	50,094	24%
4-7 years (Young)	53,665	26%
8-17 years (Prime)	53,546	26%
≥ 18 years (Old)	51,386	24%
Total	208,691	100%



Weighted average age of ~ 10 years

Growth Strategy and Updates



Growth Strategy: Building on our Core Expertise

Upstream Agri-Business Focus

- Develop and maintain high-quality plantation assets and ensure optimal milling capacity in line with FFB production growth
- To achieve sustainable production growth

Active Cost Containment

- Maintain our low-cost structure through best-in-class operational efficiency and stringent cost management
- To achieve superior margins and greater resilience to price cycles by being at the low end of the industry cost curve

Responsible Cultivation

- Continuously strengthen our multi-faceted sustainability policy across the Group's entire operations
- To maximise market access through sustainable palm oil production

A Leading Plantation Group with Integrated Operations Throughout the Value Chain

	Plantations	Milling	Processing
Activity			
Products	■ Fresh Fruit Bunches	■ Crude Palm Oil ■ Palm Kernel	■ RBDPO ■ PFAD ■ RBD Olein ■ RBD Stearin ■ Biodiesel ■ PKE ■ PKO ■ Crude Glycerine
Assets	➤ 208,691 ha of plantations • Nucleus : 179,398 ha • Plasma : 29,293 ha	➤ 14 CPO mills	➤ Refinery, fractionation & biodiesel plants ➤ Kernel crushing plant

Note: Data as at 31 Dec 2016

Capital Investments in 2017

■ Plantation Development

- New planting of oil palms
- Maintenance of immature oil palm and rubber plantations

■ Property, Equipment and Others

- Infrastructure for plantation management

■ CPO mills

- Completion of the 15th mill in East Kalimantan
- Commenced construction of the 16th mill in West Kalimantan (45 tph)
- Upgrading and maintenance of CPO mills

■ Others (Downstream, IT, Seed Garden)

Expected capital expenditure ~ US\$80 million

Updates

■ Outlook

- Although palm oil prices have moderated in recent weeks, continued low inventories in both producing and importing countries should continue to provide some support to prices.
- In the longer-term, the Indonesian biodiesel mandate and underlying demand growth from emerging markets will continue to underpin the positive outlook of the palm oil industry.
- With yield recovery and contribution from newly mature plantations, production is expected to strengthen in 2017.

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