



# First Resources Limited

---

**First Quarter 2018  
Results Presentation  
14 May 2018**

*Delivering Growth and Returns*



# Table of Contents

---

Executive Summary	3
Financial Performance	4
Operational Performance	9
Group Updates	14

# Executive Summary – 1Q2018

---

## ■ Softer Financial Performance

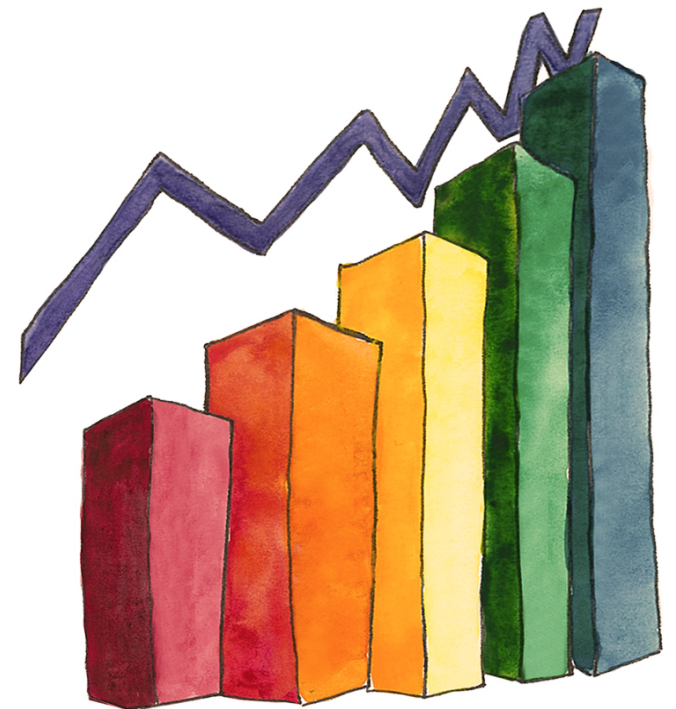
- Net profit came in at US\$27.7 million, a decrease of 42.8%
- EBITDA came in at US\$60.0 million, a decrease of 31.5%
- Overall results impacted by the effects of a net inventory build-up of ~37,000 tonnes (1Q2017: drawdown of ~46,000 tonnes) and weaker palm oil prices

## ■ Robust Production Growth

- Overall increase in production driven by yield recovery and increase in mature hectarage
- Fresh fruit bunches (FFB) harvested increased by 12.4%
- Correspondingly, CPO production volumes increased by 19.2%

# Financial Performance

---



# Income Statement Highlights

US\$' million	1Q2018	1Q2017	Change
Sales	135.6	194.1	(30.2%)
Cost of sales	(72.2)	(102.1)	(29.3%)
Gross profit	63.3	92.0	(31.2%)
EBITDA <sup>(1)</sup>	60.0	87.6	(31.5%)
Net profit <sup>(2)</sup>	27.7	48.5	(42.8%)
Gross profit margin	46.7%	47.4%	↓
EBITDA margin	44.3%	45.1%	↓

- EBITDA and net profit were impacted by a net inventory build-up of ~37,000 tonnes in 1Q2018 vs drawdown of ~46,000 tonnes in 1Q2017, which resulted in a reduction in sales in spite of the robust growth in production
- Lower average selling prices also contributed to the decline in margins

(1) Profit from operations adjusted for depreciation and amortisation

(2) Profit attributable to owners of the Company

# Segmental Results

US\$' million	1Q2018	1Q2017	Change
<b>Sales</b>			
Plantations and Palm Oil Mills	135.0	134.5	0.4%
• Crude Palm Oil	107.0	104.8	2.1%
• Palm Kernel	24.7	25.5	(3.2%)
• Fresh Fruit Bunches	3.3	4.2	(22.1%)
Refinery and Processing	128.4	181.8	(29.4%)
Inter-segment elimination	(127.9)	(122.2)	4.6%
	<b>135.6</b>	<b>194.1</b>	<b>(30.2%)</b>
<b>EBITDA</b>			
Plantations and Palm Oil Mills	68.5	75.4	(9.2%)
Refinery and Processing	(0.7)	7.3	n.m.
Inter-segment elimination <sup>(1)</sup>	(7.8)	4.8	n.m.
	<b>60.0</b>	<b>87.6</b>	<b>(31.5%)</b>

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

# Segmental Sales Volume

	1Q2018	1Q2017	Change
<b>Sales Volume (tonnes)</b>			
Plantations and Palm Oil Mills <sup>(1)</sup>			
• Crude Palm Oil	181,868	164,924	10.3%
• Palm Kernel	46,968	40,706	15.4%
Refinery and Processing	200,729	252,164	(20.4%)

- The higher sales volumes of CPO and palm kernel were mainly driven by improved production volumes from our plantations
- However, overall sales volumes were impacted by a net inventory build-up of ~37,000 tonnes in 1Q2018 (1Q2017: drawdown of ~46,000 tonnes)

(1) Sales volume include inter-segment sales

# Balance Sheet Highlights

US\$' million	31 Mar 2018	31 Dec 2017 <sup>(5)</sup>
Total Assets	1,744.6	1,730.6
Cash and bank balances	308.6	278.9
Total Liabilities	710.1	708.8
Borrowings and debt securities <sup>(1)</sup>	507.3	496.3
Total Equity	1,034.5	1,021.8
Net Debt <sup>(2)</sup>	198.7	217.4
Gross Debt <sup>(1)</sup> /Total Equity	0.49x	0.49x
Net Debt <sup>(2)</sup> /Total Equity	0.19x	0.21x
Gross Debt <sup>(1)</sup> /EBITDA <sup>(3)</sup>	2.11x	1.70x
Net Debt <sup>(2)</sup> /EBITDA <sup>(3)</sup>	0.83x	0.74x
EBITDA/Interest Expense <sup>(4)</sup>	12.1x	12.9x

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

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

(3) Annualised

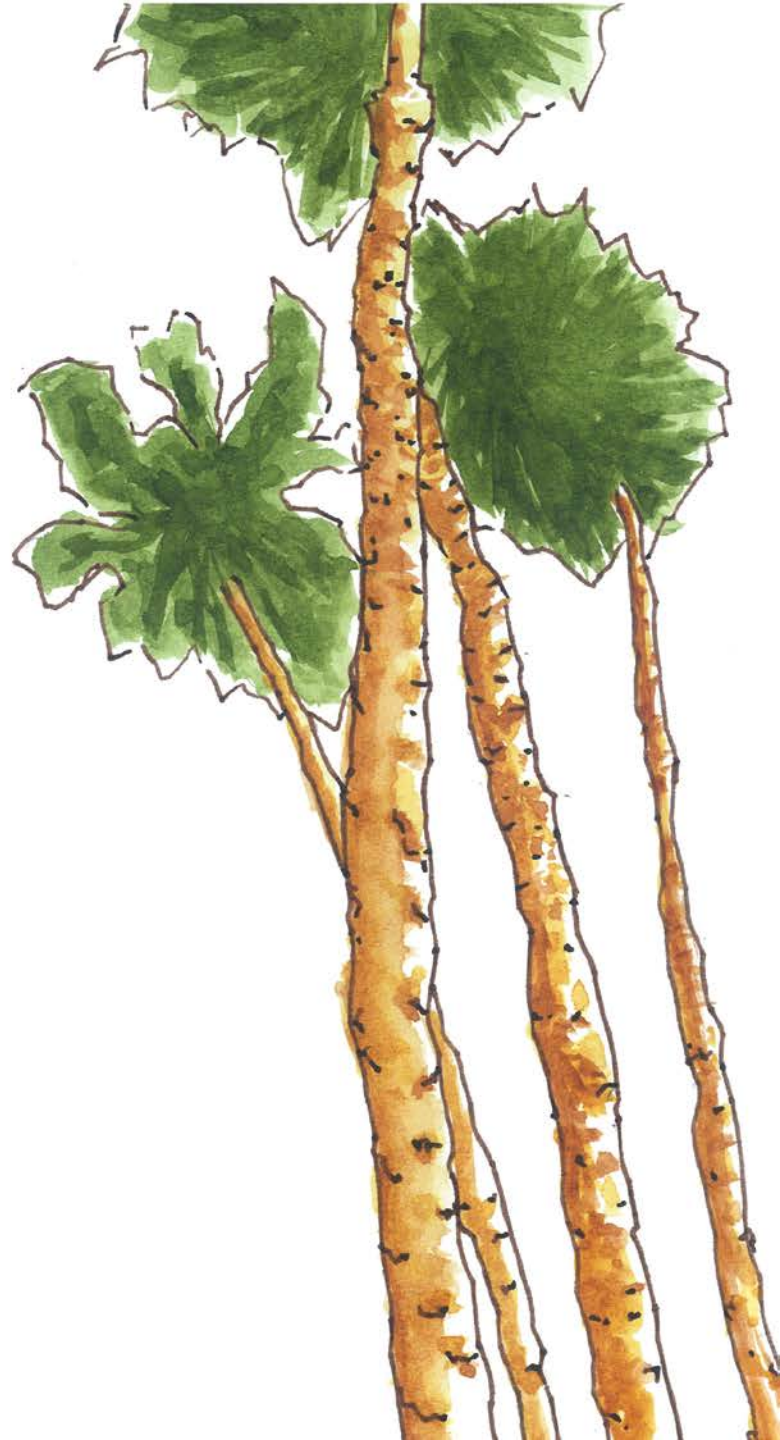
(4) Total interest/profit distribution paid/payable on borrowings and debt securities

(5) Restated to take into account the effects from the adoption of Singapore Financial Reporting Standards (International)



# Operational Performance

---

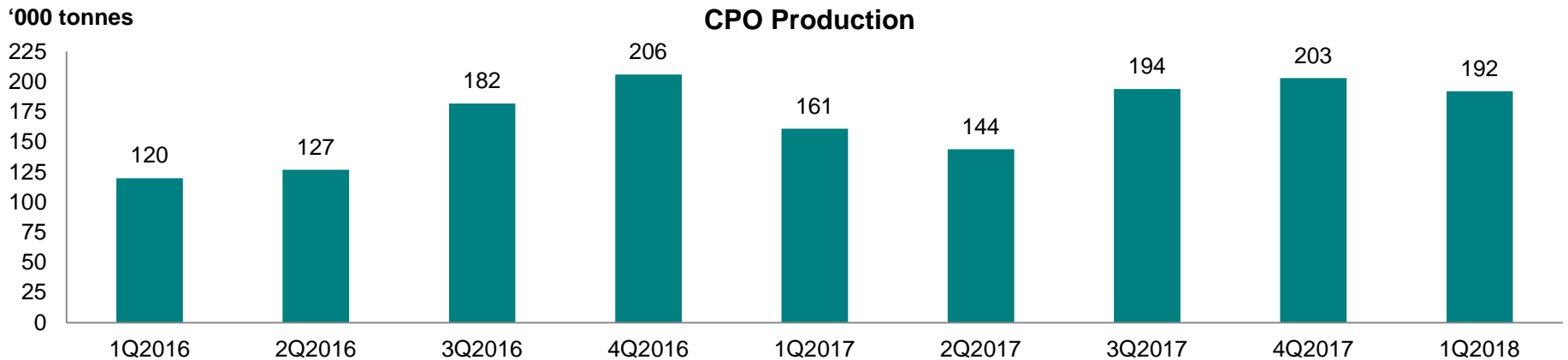
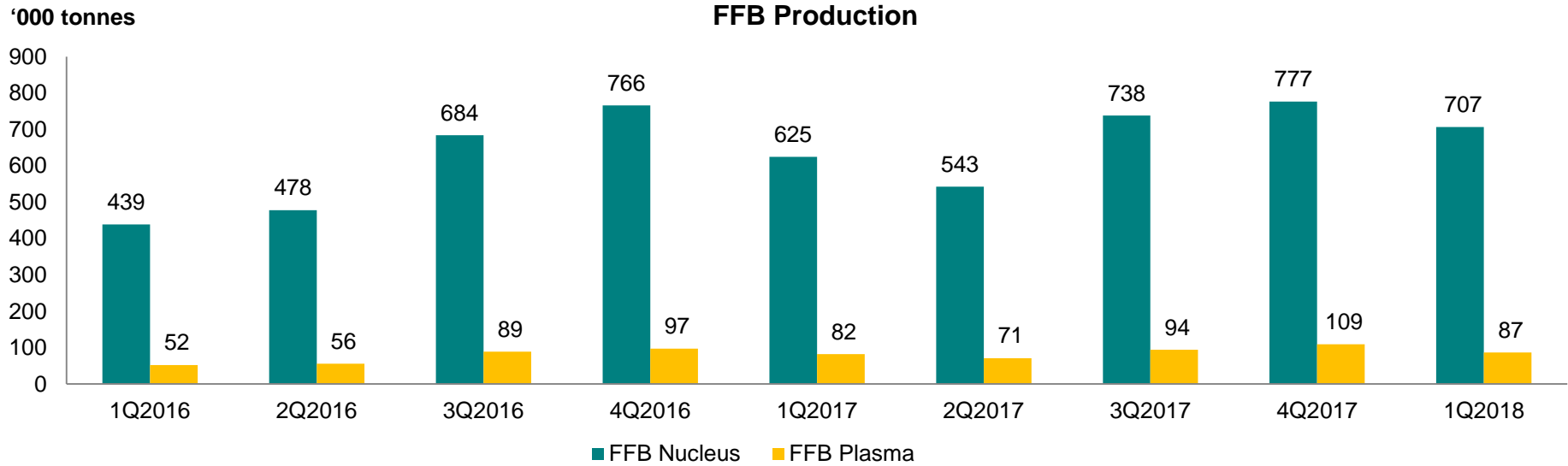


# Production Highlights

		1Q2018	1Q2017	Change
<b>Production</b>				
FFB harvested	(tonnes)	793,977	706,264	12.4%
• Nucleus		706,637	624,688	13.1%
• Plasma		87,340	81,576	7.1%
FFB purchased	(tonnes)	73,101	44,942	62.7%
CPO	(tonnes)	192,193	161,194	19.2%
PK	(tonnes)	44,739	39,996	11.9%
<b>Efficiency</b>				
FFB Yield	(tonnes/ha)	4.1	4.0	↑
CPO Yield	(tonnes/ha)	0.9	0.9	—
CPO Extraction Rate	(%)	22.9	22.4	↑
PK Extraction Rate	(%)	5.3	5.6	↓

- Production increased due to recovery in yields and increase in mature hectarage

# Production Trends

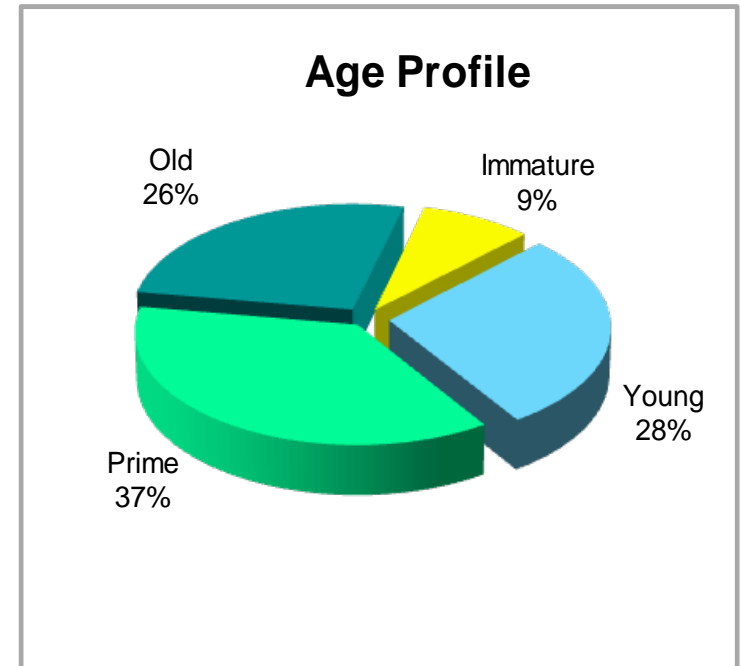


# Oil Palm Plantation Area

	As at 31 Mar 2018		As at 31 Mar 2017		As at 31 Dec 2017
	Area (ha)	% of Total	Area (ha)	% of Total	Area (ha)
<b>Planted Nucleus</b>	<b>179,110</b>	<b>85%</b>	<b>179,040</b>	<b>86%</b>	<b>179,521</b>
- Mature	162,349	77%	149,858	72%	147,377
- Immature	16,761	8%	29,182	14%	32,144
<b>Planted Plasma</b>	<b>30,719</b>	<b>15%</b>	<b>29,883</b>	<b>14%</b>	<b>30,480</b>
- Mature	29,248	14%	25,434	12%	26,032
- Immature	1,471	1%	4,449	2%	4,448
<b>Total Planted</b>	<b>209,829</b>	<b>100%</b>	<b>208,923</b>	<b>100%</b>	<b>210,001</b>
- Mature	191,597	91%	175,292	84%	173,409
- Immature	18,232	9%	33,631	16%	36,592

# Plantation Age Profile

Age	As at 31 Mar 2018	
	Area (ha)	% of Total
0-3 years (Immature)	18,232	9%
4-7 years (Young)	59,831	28%
8-17 years (Prime)	76,890	37%
≥ 18 years (Old)	54,876	26%
<b>Total</b>	<b>209,829</b>	<b>100%</b>



**Weighted average age of ~ 11 years**

# Group Updates

---



# Updates

## ■ Outlook

- Driven by yield recovery and an increase in mature hectareage, production volume continued to grow in 1Q2018, with a seasonal upswing in production expected in 2H2018.
- While the overall improvement in industry production volumes this year is expected to impact palm oil prices, the recent rally in crude oil prices and China's proposed import tariff on US soybeans may present some support to palm oil demand and prices.
- With the removal of EU anti-dumping duties on several Indonesian biodiesel producers, including First Resources, and the supportive domestic biodiesel blending mandate in Indonesia, biodiesel demand is expected to stay healthy.
- The Group's effective tax rate in 2Q2018 is expected to be higher due to the effects of withholding tax expense payable on the increased income to be received from foreign subsidiaries, which will be used to fund the FY2017 special dividend and the partial prepayment of indebtedness.

# Disclaimer

---

This presentation has been prepared by First Resources Limited (“Company”) for informational purposes, and may contain projections and forward-looking statements that reflect the Company’s current views with respect to future events and financial performance. These views are based on current assumptions which are subject to various risks and which may change over time. No assurance can be given that future events will occur, that projections will be achieved, or that the Company’s assumptions are correct.

The information is current only as of its date and shall not, under any circumstances, create any implication that the information contained therein is correct as of any time subsequent to the date thereof or that there has been no change in the financial condition or affairs of the Company since such date. Opinions expressed herein reflect the judgement of the Company as of the date of this presentation and may be subject to change. This presentation may be updated from time to time and there is no undertaking by the Company to post any such amendments or supplements on this presentation.

The Company will not be responsible for any consequences resulting from the use of this presentation as well as the reliance upon any opinion or statement contained herein or for any omission.



# Contact Information

---

**If you need further information, please contact:**

Investor Relations

[investor@first-resources.com](mailto:investor@first-resources.com)

## **First Resources Limited**

8 Temasek Boulevard

#36-02 Suntec Tower Three

Singapore 038988

Tel: +65 6602 0200

Fax: +65 6333 6711

Website: [www.first-resources.com](http://www.first-resources.com)