



# First Resources Limited

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**Annual General Meeting**  
**28 April 2017**

*Delivering Growth and Returns*



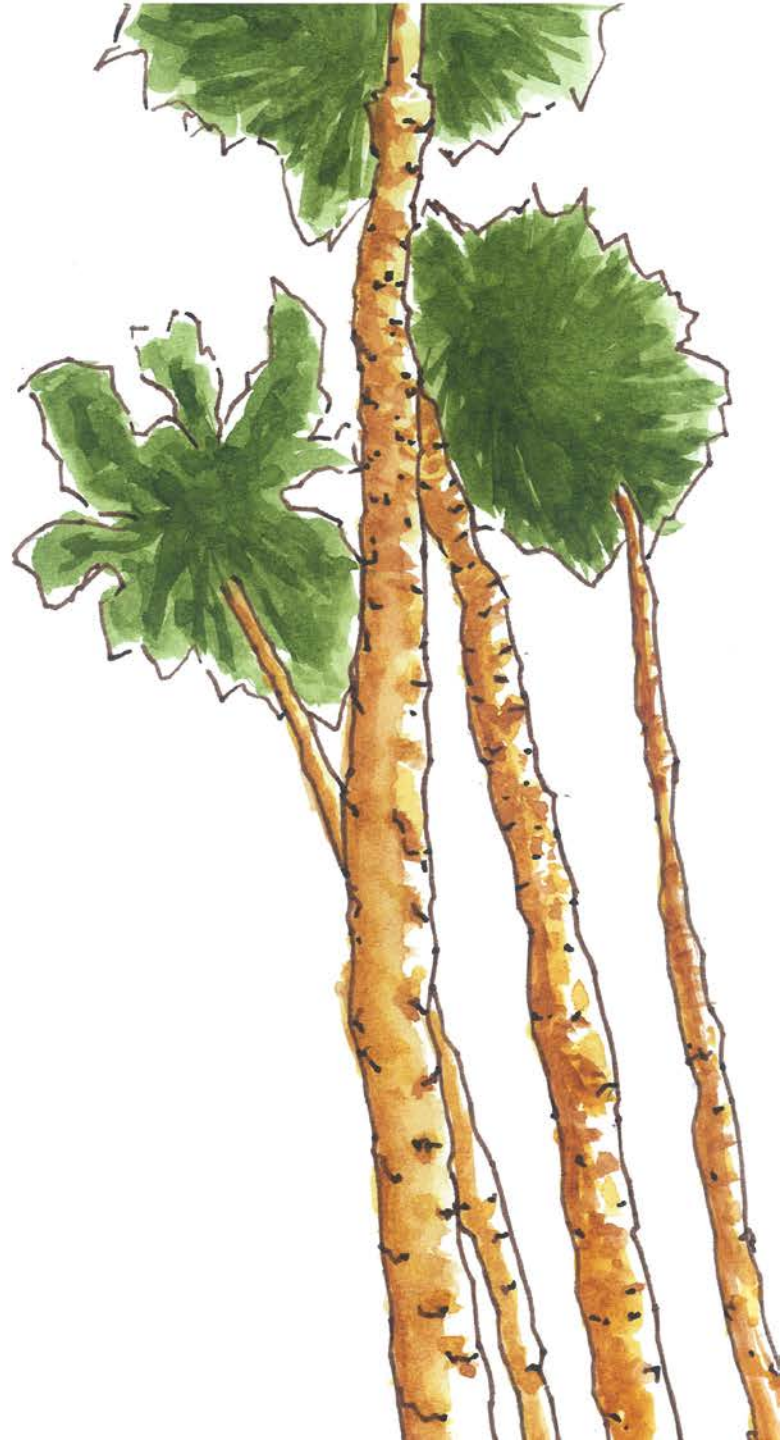
# Table of Contents

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Group Overview	3
2016 Financial and Operational Highlights	7
Group Updates	12
Appendix – Supplemental Information	14

# Group Overview

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# A Fast-Growing Plantation Group...

## Locations

- Plantations are located in the Riau, East Kalimantan and West Kalimantan provinces of Indonesia



Data as at 31 Dec 2016

## Profile

- Established in 1992; listed on Singapore Exchange in Dec 2007
- Market Capitalisation of ~S\$3.0 billion as at 6 April 2017

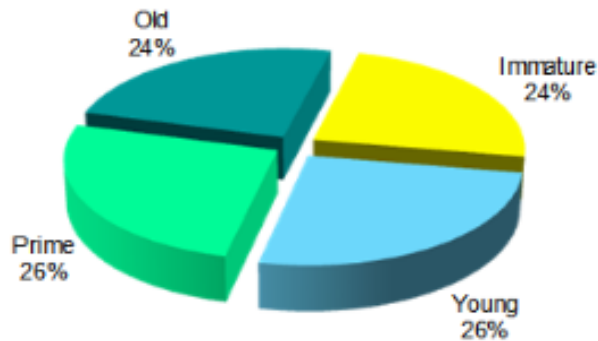
## Assets

- 208,691 ha of plantations
  - Nucleus: 179,398 ha
  - Plasma: 29,293 ha
- 14 palm oil mills
- Processing facilities
  - Refinery, fractionation & biodiesel plants
  - Kernel crushing plant

# With a Strong Growth Profile

**Strong growth expected from existing plantation assets due to young age profile**

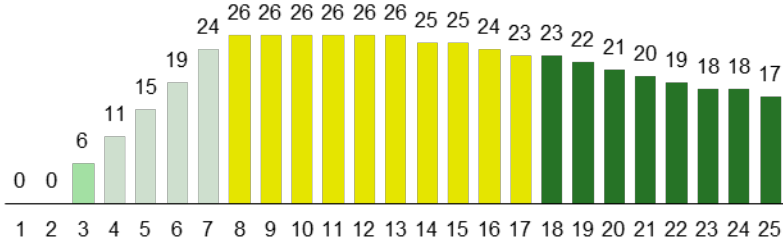
## Young Plantation Profile



Data as at 31 Dec 2016

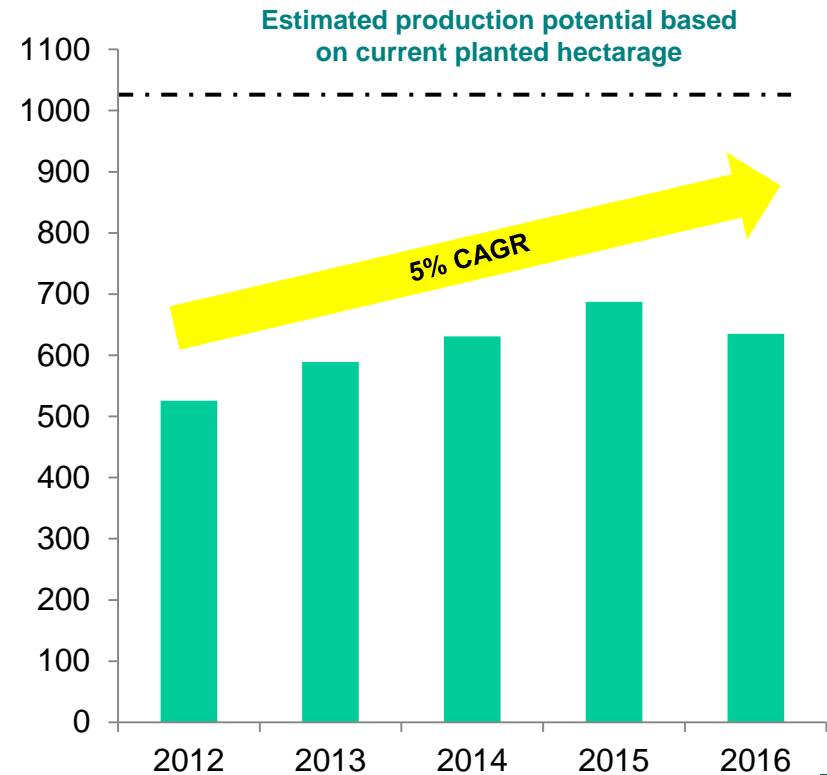
## Prime Production from 8<sup>th</sup> – 17<sup>th</sup> year

FFB Yield vs. Tree Age (tonnes/ha)



## Expected Growth from Existing Asset Base

CPO Production ('000 tonnes)



# 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

# 2016 Financial and Operational Highlights

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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)



# Income Statement Highlights

US\$' million	FY2016	FY2015 <sup>(4)</sup>	Change
Sales	575.2	453.7	26.8%
Cost of sales	(308.0)	(222.0)	38.8%
Gross profit	267.3	231.7	15.3%
Gains arising from changes in fair value of biological assets	13.2	0.7	1,813.5%
EBITDA <sup>(1)</sup>	251.3	219.1	14.7%
Net profit <sup>(2)</sup>	125.4	95.7	31.1%
Underlying net profit <sup>(3)</sup>	115.5	95.1	21.4%
Gross profit margin	46.5%	51.1%	↓
EBITDA margin	43.7%	48.3%	↓

(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

# Balance Sheet Highlights

US\$' million	31 Dec 2016	31 Dec 2015 <sup>(4)</sup>
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 <sup>(1)</sup>	447.9	495.0
Total Equity	926.2	774.4
Net Debt <sup>(2)</sup>	189.6	289.6
Gross Debt <sup>(1)</sup> /Total Equity	0.48x	0.64x
Net Debt <sup>(2)</sup> /Total Equity	0.20x	0.37x
Gross Debt <sup>(1)</sup> /EBITDA	1.78x	2.26x
Net Debt <sup>(2)</sup> /EBITDA	0.75x	1.32x
EBITDA/Interest Expense <sup>(3)</sup>	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 Highlights

		FY2016	FY2015	Change
<b>Production</b>				
FFB harvested	(tonnes)	2,661,554	2,804,606	(5.1%)
• Nucleus		2,367,767	2,530,357	(6.4%)
• Plasma		293,787	274,249	7.1%
FFB purchased	(tonnes)	253,148	291,093	(13.0%)
CPO	(tonnes)	634,941	687,248	(7.6%)
PK	(tonnes)	148,270	160,021	(7.3%)
<b>Efficiency</b>				
FFB Yield	(tonnes/ha)	16.8	19.0	↓
CPO Yield	(tonnes/ha)	3.8	4.3	↓
CPO Extraction Rate	(%)	22.5	22.7	↓
PK Extraction Rate	(%)	5.3	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

# Group Updates

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# 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 15<sup>th</sup> mill in East Kalimantan
  - Commenced construction of the 16<sup>th</sup> mill in West Kalimantan (45 tph)
  - Upgrading and maintenance of CPO mills
  
- **Others (Downstream, IT, Seed Garden)**

**Expected capital expenditure ~ US\$80 million**

# Appendix – Supplemental Information

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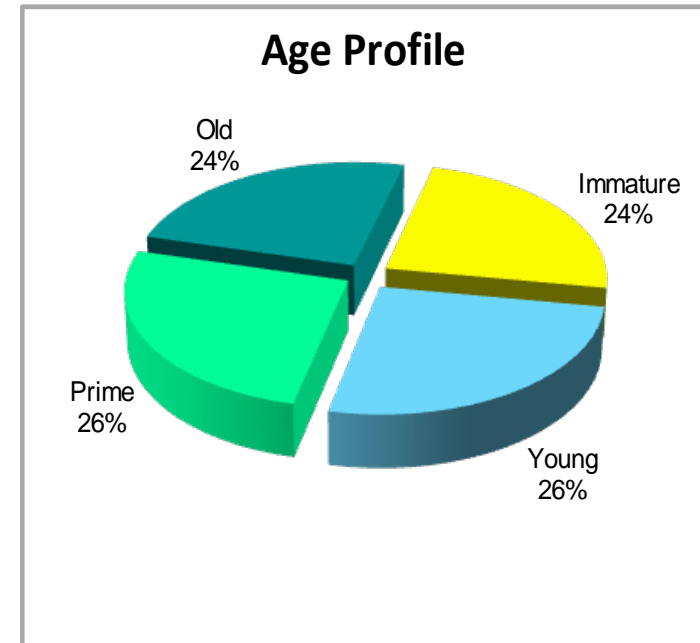


# Oil Palm Plantation Area

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



**Weighted average age of ~ 10 years**



# Contact Information

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