

# Golden Era for Golden Agri

---

Financial Results Presentation

Year ended 31 December 2007 (FY 2007)

25 February 2008

# Disclaimer



This presentation has been prepared by Golden Agri-Resources Ltd. (“GAR” or “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. Actual results may differ materially from those projected.

Opinions expressed herein reflect the judgement of the Company as of the date of this presentation and may be subject to change without notice if the Company becomes aware of any information, whether specific to the Company, its business, or in general, which may have a material impact on any such opinions.

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.

© Golden Agri-Resources Ltd. All rights reserved.

# Table of Contents



|                  |  |           |
|------------------|--|-----------|
| <b>Section 1</b> | <b>Introduction</b>                                  | <b>3</b>  |
| <b>Section 2</b> | <b>Financial Highlights of FY 2007 and Q4 2007</b>   | <b>9</b>  |
| <b>Section 3</b> | <b>Operational Highlights of FY 2007 and Q4 2007</b> | <b>18</b> |
| <b>Section 4</b> | <b>Growth Strategy</b>                               | <b>22</b> |
| <b>Section 5</b> | <b>FY 2007 Performance Summary</b>                   | <b>25</b> |



## Section 1

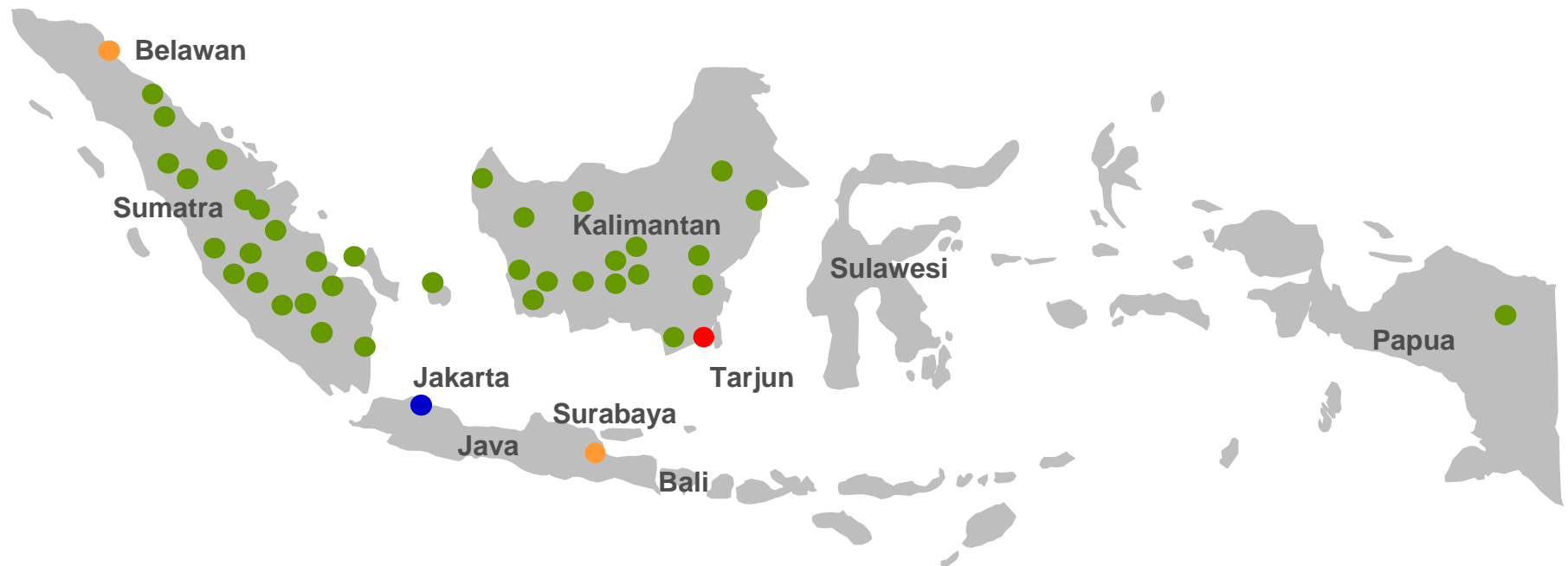
# Introduction

# Overview of GAR



- Indonesia's largest palm oil plantation company and second largest in the world
- Well-placed to enjoy uptrend in Crude Palm Oil ("CPO") prices
- Operations in Indonesia and China
  - ◆ Vertically integrated operation in Indonesia captures returns from all levels of palm oil value chain
  - ◆ Integrated operations in China including a deep sea port, soybean crushing plants, and production of refined edible oil products
- Key product lines include:
  - ◆ CPO
  - ◆ Palm Kernel ("PK") products
  - ◆ Branded and unbranded refined palm products (e.g. cooking oil, margarine etc.)
  - ◆ Soybean products (e.g. soybean meal (for animal feed), soybean oil etc.)

# Operations in Indonesia



- Plantations and Mills
- Refineries
- Tarjun Refinery (under construction)
- Jakarta Refinery (plan)

# Operations in China



# Competitive Strengths



- 360,000 hectares of plantation under management
  - ◆ Highly efficient operations due to economies of scale
- 1.3 million hectares land bank<sup>1</sup> available for expansion
  - ◆ Equivalent to 18.5 times of Singapore<sup>2</sup>
- Vertically-integrated operations (see page 8)
  - ◆ Maximize profit margins, direct management of production and distribution process, better control of quality of supply and products
- Self supply of quality seeds
  - ◆ Shortage of good quality seeds in the current market
  - ◆ Strategic partnership with DAMI Australia Pty Ltd provides GAR with a secured supply of good quality seeds that supports GAR's plantation expansion plan
- Effective use of Information Technology to support plantation management
- Experienced and capable management team
- Extensive research and development

## Characteristics of good quality seeds

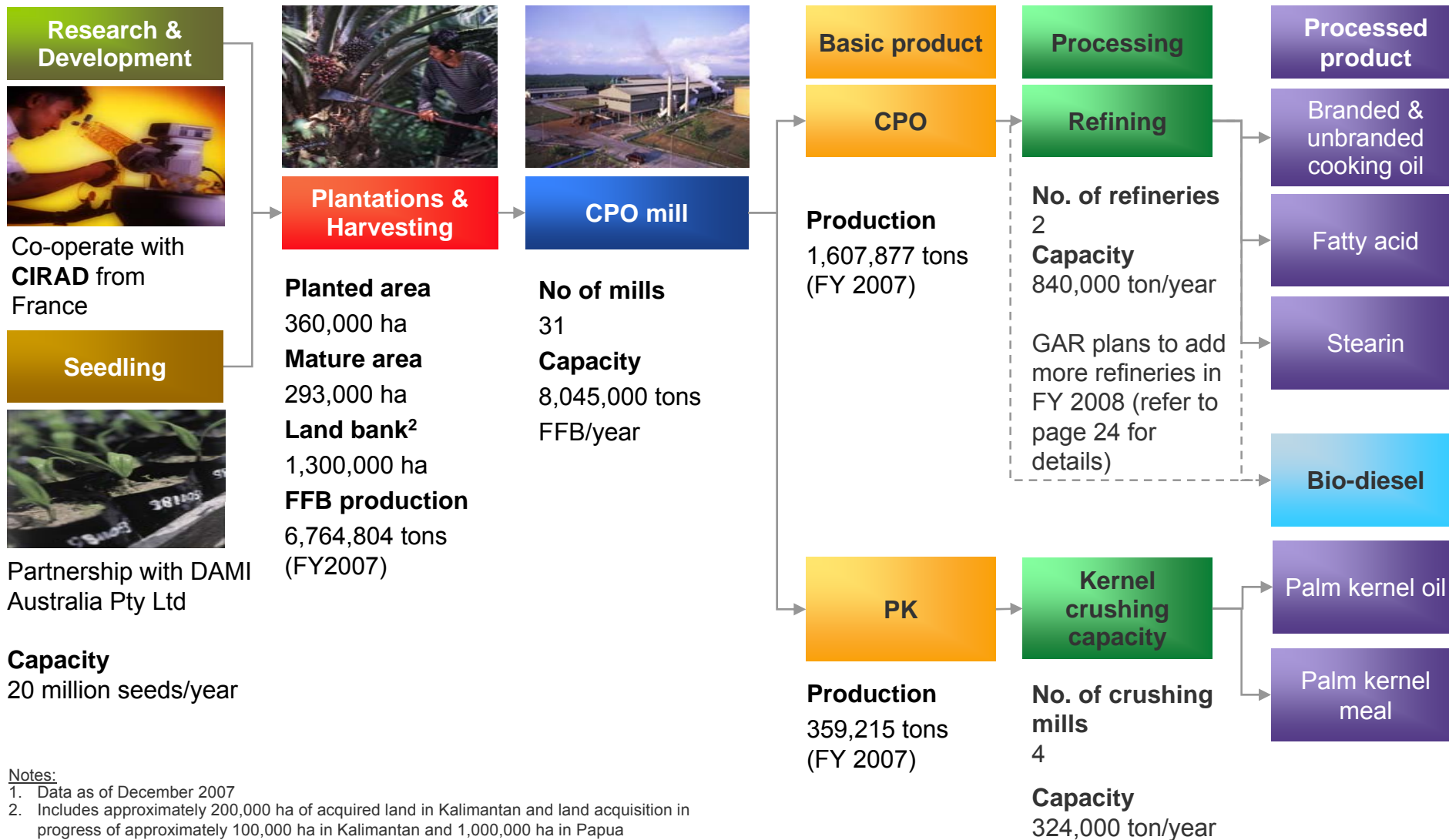
|  | Industry Average | Dami Seeds           |
|--|------------------|----------------------|
| CPO yield (tons/ha)  | 3.5 – 5.0        | <b>7.5 – 8.5</b>     |
| Productive stage (i.e. age that oil palm start to produce FFB) | after 3 years    | <b>after 2 years</b> |

Notes:

1. Includes approximately 200,000 ha of acquired land in Kalimantan and land acquisition in progress of approximately 100,000 ha in Kalimantan and 1,000,000 ha in Papua
2. The size of Singapore is about 70.4 ha (Source: Statistics Singapore).



# Integrated Operations in Indonesia





## Section 2

# Financial Highlights of FY 2007 and Q4 2007

# Financial Summary – FY2007



| US\$'million   | FY 2007      | FY 2006    | % Change    |
|--|--------------|------------|-------------|
| Revenue  | 1,873        | 1,130      | 66%         |
| <b>Gross Profit Margin</b>   | <b>35%</b>   | <b>24%</b> | <b>46%</b>  |
| EBITDA   | 535          | 215        | 149%        |
| <b>EBITDA Margin</b>   | <b>29%</b>   | <b>19%</b> | <b>53%</b>  |
| <b>Net Profit attributable to equity holders</b>   | <b>1,165</b> | <b>471</b> | <b>148%</b> |
| <i>Comprising:</i>   |              |            |             |
| ▪ <i>Net gain from changes in fair value of biological assets (Net of tax &amp; Minority Interest)<sup>1</sup></i> | 812          | 373        | 118%        |
| ▪ <i>Profit excluding gain from changes in fair value of biological assets<sup>1</sup></i>                         | 353          | 98         | 261%        |

Notes:

1. In accordance to International Accounting Standards ("IAS") No. 41, biological assets (plantations) are stated at fair value less estimated point-of-sale costs. The fair value of plantations is determined based on the present value of their expected net cash inflows. Any resultant gains or losses arising from changes in fair value are recognized in the income statement.

# FY 2007 Financial Highlights



- Record revenue of USD 1.9 billion, 66% increase from FY 2006
- Record net profit attributable to equity holders of USD 1.2 billion, 148% increase from FY 2006
- Strong growth in gross profit margin from 24% in FY 2006 to 35% in FY 2007
- Strong growth in EBITDA margin from 19% in FY 2006 to 29% in FY 2007
- Outstanding FY 2007 results driven by
  - ◆ Palm product production hitting the 2 million tons milestone. This is led by increase in planted areas particularly oil palms in prime producing years<sup>1</sup> (FY 2007: 247,226 ha; FY 2006: 227,998 ha (refer to page 19 for details))
  - ◆ Surge in CPO market prices (average CPO price FOB Belawan was US\$716 per ton for FY2007, 72% higher than FY2006)
- Doubling of dividends for FY 2007

Notes:

1. Prime age for oil palm is between 7 to 18 years.

# Financial Summary – Q4 2007



| US\$'million   | Q4 2007    | Q4 2006    | % Change      |
|--|------------|------------|---------------|
| Revenue  | 658        | 303        | 117%          |
| <b>Gross Profit Margin</b>   | <b>36%</b> | <b>20%</b> | <b>80%</b>    |
| EBITDA   | 171        | 44         | 290%          |
| <b>EBITDA Margin</b>   | <b>26%</b> | <b>14%</b> | <b>86%</b>    |
| <b>Net Profit attributable to equity holders</b>   | <b>574</b> | <b>37</b>  | <b>1,432%</b> |
| <i>Comprising:</i>   |            |            |               |
| ▪ <i>Net gain from changes in fair value of biological assets (Net of tax &amp; Minority Interest)<sup>1</sup></i> | 486        | 21         | 2,214%        |
| ▪ <i>Profit excluding gain from changes in fair value of biological assets<sup>1</sup></i>                         | 88         | 16         | 462%          |

Notes:

1. In accordance to International Accounting Standards ("IAS") No. 41, biological assets (plantations) are stated at fair value less estimated point-of-sale costs. The fair value of plantations is determined based on the present value of their expected net cash inflows. Any resultant gains or losses arising from changes in fair value are recognized in the income statement.

## Q4 2007 Financial Highlights



- Record quarterly revenue of USD 658 million
- Record quarterly net profit attributable to equity holders of USD 574 million
- Outstanding Q4 2007 results driven by
  - ◆ Higher production of CPO led by
    - Improved weather conditions after 1H 2007 CPO production affected by the effects of El Nino
    - Increase in planted areas particularly oil palms in prime producing years<sup>1</sup> (FY 2007: 247,226 ha; FY 2006: 227,998 ha (refer to page 19 for details))
  - ◆ Surge in CPO market prices (average CPO price FOB Belawan was US\$863 per ton for Q4 2007, 79% higher than Q4 2006 (Q3 2007: US\$756))

Notes:

1. Prime age for oil palm is between 7 to 18 years.

# Segmental Results – FY 2007



## Results of operations in Indonesia and China

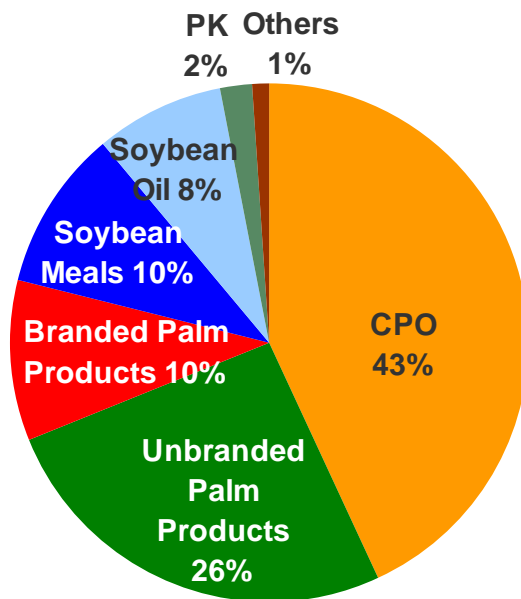
| <i>(in US\$ million)</i>                         | Indonesia Operations |            |            | China Operations |           |            |
|--|----------------------|------------|------------|------------------|-----------|------------|
|  | FY 2007              | FY 2006    | % Change   | FY 2007          | FY 2006   | % Change   |
| Revenue  | 1,395                | 797        | 75%        | 478              | 333       | 44%        |
| <b>Gross Profit Margin</b>                       | <b>44%</b>           | <b>30%</b> | <b>47%</b> | <b>10%</b>       | <b>9%</b> | <b>11%</b> |
| EBITDA   | 494                  | 191        | 159%       | 41               | 24        | 71%        |
| <b>EBITDA Margin</b>                             | <b>35%</b>           | <b>24%</b> | <b>46%</b> | <b>9%</b>        | <b>7%</b> | <b>29%</b> |
| Net Profit (Loss) attributable to equity holders | 1,133                | 471        | 140%       | 32               | (1)       | n.m.       |

# Revenue By Product and Geographical Location

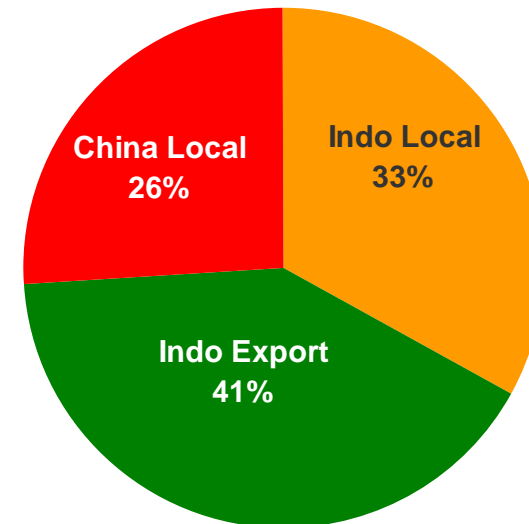


Record revenues of USD 1.9 billion mainly from CPO and refined palm oil based products

Revenue - By Product



Revenue – By Country





# Financial Position



- **Strong balance sheet**
- **Low debt to equity ratio with capacity to gear up for expansion**

| (in US\$ million)                           | 31-Dec-07 | 31-Dec-06 | % Change |
|---|-----------|-----------|----------|
| Total Assets                                | 5,020     | 2,985     | 68%      |
| Cash and Short-Term Investments             | 147       | 134       | 9%       |
| Total Liabilities                           | 1,639     | 1,064     | 54%      |
| Interest Bearing Debts                      | 492       | 477       | 3%       |
| Total Equity Attributable to Equity Holders | 3,303     | 1,705     | 94%      |
| Net Debt <sup>1</sup> /Equity Ratio         | 0.10x     | 0.20x     |          |
| Net Debt <sup>1</sup> /Total Assets         | 0.07x     | 0.12x     |          |
| Debt <sup>2</sup> /EBITDA                   | 0.92x     | 2.22x     |          |
| EBITDA/Interest                             | 15.27x    | 6.47x     |          |

**Notes:**

1. Interest bearing debts less cash and short term investments
2. Interest bearing debts

# Dividend Policy and Payment



| Description                       | 2005              | 2006                | 2007              |                   | Total             |
|-----------------------------------|-------------------|---------------------|-------------------|-------------------|-------------------|
|                                   |                   |                     | Interim           | Proposed          |                   |
| Dividend per share (in S\$ cents) | 0.25 <sup>1</sup> | 0.54 <sup>1,2</sup> | 0.50 <sup>1</sup> | 0.50 <sup>1</sup> | 1.00 <sup>1</sup> |
| Total Dividend (in S\$ million)   | 21.69             | 53.42               | 49.88             | 49.88             | 99.76             |

## Dividend Policy

The Company's dividend policy is to distribute up to 30% of underlying profit as dividends.

Note:

1. The figures has been adjusted for the sub-division of shares in September 2007 and February 2008
2. Translated at US\$ 1 = S\$ 1.53



### Section 3

## Operational Highlights of FY 2007 and Q4 2007

# Plantation Area



- Age profile of trees favorably positions GAR to capture the surge in CPO prices
  - ♦ More than 247,000 hectares of planted area are in their prime<sup>1</sup> producing years
- Expanded planted area by about 53,000 hectares in FY 2007
  - ♦ 25,000 hectares relates to new planting; and
  - ♦ 28,000 hectares are acquired planted areas
- GAR has the largest land bank in the world for new plantations
  - ♦ 1.3 million<sup>2</sup> hectares available for plantation use (equivalent to 18.5 times of Singapore<sup>3</sup>)

| FY 2007<br>(in ha)      | Immature<br>(0-3 years) | Young<br>(4-6 years) | Prime<br>(7-18 years) | Old<br>(>18 Years) | Total          | Land Bank        |
|-------------------------|-------------------------|----------------------|-----------------------|--------------------|----------------|------------------|
| Nucleus                 | 63,831                  | 6,907                | 171,071               | 35,820             | 277,629        |                  |
| Plasma                  | 3,323                   | 2,625                | 76,155                | -                  | 82,103         |                  |
| <b>Total Area</b>       | <b>67,154</b>           | <b>9,532</b>         | <b>247,226</b>        | <b>35,820</b>      | <b>359,732</b> | <b>1,300,000</b> |
| % of total planted area | 19%                     | 2%                   | 69%                   | 10%                | 100%           |                  |

| FY 2006<br>(in ha)      | Immature<br>(0-3 years) | Young<br>(4-6 years) | Prime<br>(7-18 years) | Old<br>(>18 Years) | Total          | Land Bank      |
|-------------------------|-------------------------|----------------------|-----------------------|--------------------|----------------|----------------|
| Nucleus                 | 33,281                  | 4,903                | 158,438               | 29,562             | 226,184        |                |
| Plasma                  | 2,429                   | 8,677                | 69,560                | -                  | 80,666         |                |
| <b>Total Area</b>       | <b>35,710</b>           | <b>13,580</b>        | <b>227,998</b>        | <b>29,562</b>      | <b>306,850</b> | <b>200,000</b> |
| % of total planted area | 12%                     | 4%                   | 74%                   | 10%                | 100%           |                |

Notes:

1. Prime age for oil palm is between 7 to 18 years.
2. Includes approximately 200,000 ha of acquired land in Kalimantan and land acquisition in progress of approximately 100,000 ha in Kalimantan and 1,000,000 ha in Papua
3. The size of Singapore is about 70.4 ha (Source: Statistics Singapore)

# Production Highlights



- Record Palm Product Production of 2 million tons
- Consistent FFB yield across all estates

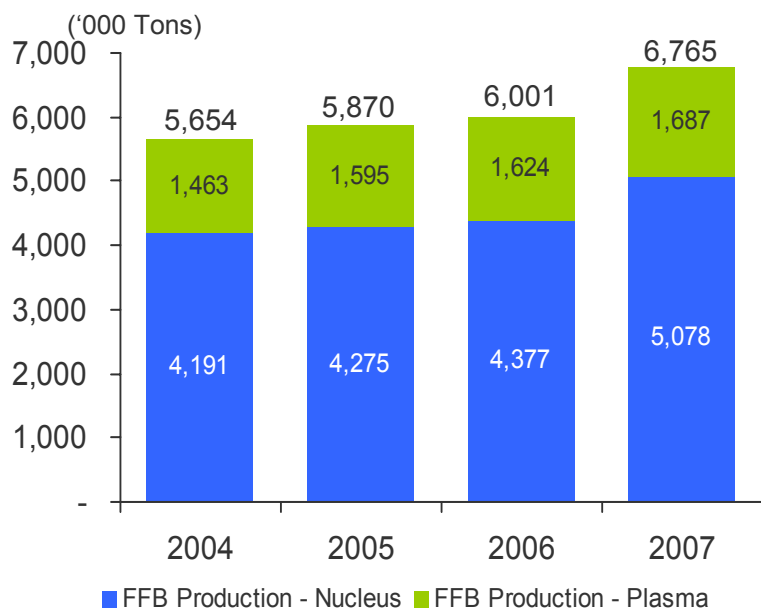
|                                       | FY 2007          | FY 2006          | Q4 2007          | Q4 2006          |
|---------------------------------------|------------------|------------------|------------------|------------------|
| <b>FFB Production (tons)</b>          | <b>6,764,804</b> | <b>6,001,008</b> | <b>2,141,361</b> | <b>1,348,126</b> |
| <i>Nucleus</i>                        | 5,077,782        | 4,376,687        | 1,593,866        | 971,083          |
| <i>Plasma</i>                         | 1,687,022        | 1,624,321        | 547,495          | 377,043          |
| <b>FFB Yield (ton/ha)</b>             | <b>23.1</b>      | <b>22.1</b>      | <b>7.3</b>       | <b>5.0</b>       |
| <b>Extraction Rate (%)</b>            |                  |                  |                  |                  |
| CPO                                   | 22.97%           | 23.24%           | 22.80%           | 23.31%           |
| PK                                    | 5.13%            | 5.04%            | 5.18%            | 5.17%            |
| <b>Palm Product Production (tons)</b> | <b>1,967,092</b> | <b>1,889,938</b> | <b>620,834</b>   | <b>423,182</b>   |
| <i>CPO</i>                            | 1,607,877        | 1,553,281        | 505,861          | 346,358          |
| <i>PK</i>                             | 359,215          | 336,657          | 114,973          | 76,824           |

# Production Performance

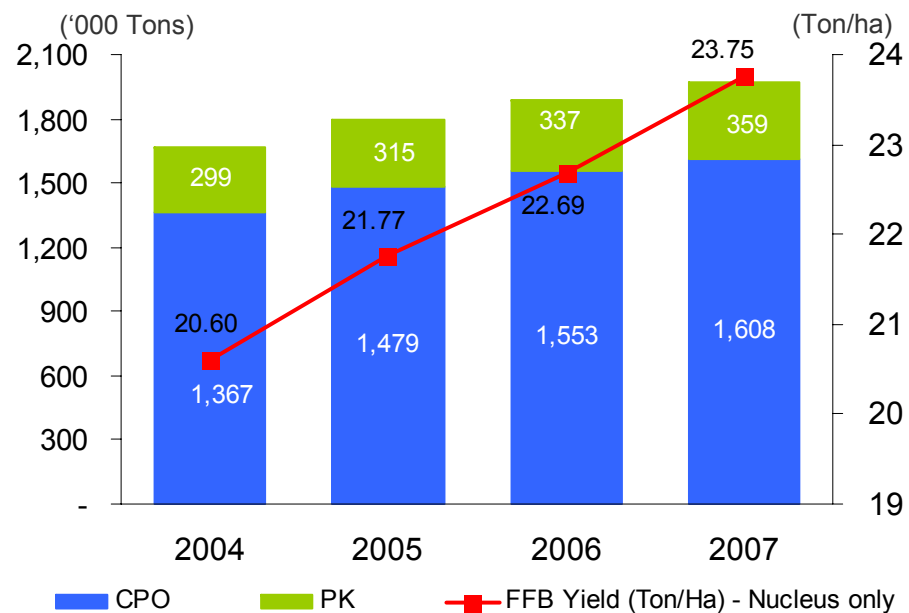


- Record Palm Product Production of 2 million tons in FY 2007
- Continued growth in FFB yield

### FFB Production



### Palm Product Production

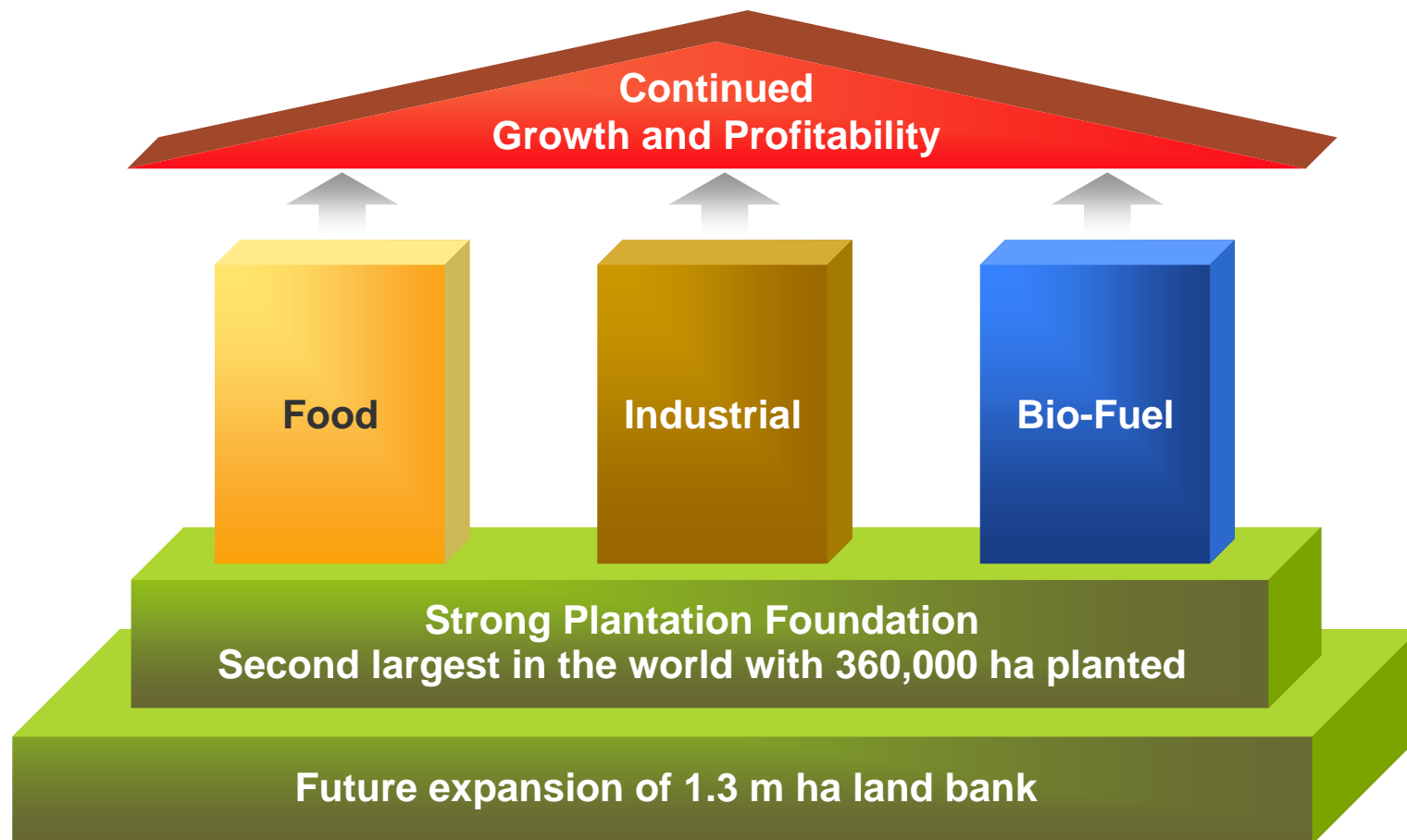




## Section 4

# Growth Strategy

**Commitment to sound business strategies and continuous operational excellence will enable GAR to sustain growth and profitability**





## **Expanding Oil Palm Plantations (via planting & acquisition)**

- Target additional planted area of 60,000 ha
- Two new mills in Kalimantan with total capacity of 125 ton per hour targeted for completion in 2H 2008

## **Adding Downstream Processing/Refining Capacity**

- New refinery in Tarjun, South Kalimantan with capacity of 300,000 ton/year and a kernel crushing plant with capacity of 90,000 ton/year targeted for completion in 1H 2008
- New kernel crushing plant in Central Kalimantan with capacity of 45,000 ton/year expected to complete in 2H 2008
- New refinery in Jakarta with capacity of 240,000 ton/year expected to complete in 2009. Currently, it is in design stage and will start the ground breaking in Q1 2008

**Projected capex for FY 2008 growth strategy: approx US\$ 350 – 500 million**



## Section 5

# FY 2007 Performance Summary

### Golden Era for Golden Agri

- **Record Net Profit<sup>1</sup> of close to USD 1.2 billion, increase by about 150% from last year**
  - Revenue increased by 66% to USD 1.9 billion
  - EBITDA increased by 150% to USD 535 million
- **Record Palm Product Production at close to 2.0 million tons**
- **Record expansion by 53,000 hectares in plantations**
  - No. 1 in Indonesia with total planted area of 360,000 hectares
- **Well-positioned to add 60,000 hectares of plantations in 2008**

Notes:

1. Attributable to the equity holders

## Contact Us



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

**Golden Agri-Resources Ltd**

c/o 3 Shenton Way

#17-03 Shenton House

Singapore 068805

Website : [www.goldenagri.com.sg](http://www.goldenagri.com.sg)

Telephone : +65 62207720

Facsimile : +65 62207020

Contact Person : Rafael B. Concepcion, Jr. ([rafaelc@goldenagri.com.sg](mailto:rafaelc@goldenagri.com.sg))  
Suwandy Chen ([swd@goldenagri.com.sg](mailto:swd@goldenagri.com.sg))  
Richard Fung ([richard@goldenagri.com.sg](mailto:richard@goldenagri.com.sg))