



---

# Full Year Performance Presentation

FY 2012 : year ended 31<sup>st</sup> December 2012

28 February 2013

# 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. A prospective investor must make its own independent decision regarding investment in securities.

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 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 GAR since such date. This presentation may be updated from time to time and there is no undertaking by GAR 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.

© Golden Agri-Resources Ltd. All rights reserved.

# Table of Contents

<b>Section 1</b>	<b>Executive Summary</b>	<b>3</b>
<b>Section 2</b>	<b>Financial Highlights</b>	<b>5</b>
<b>Section 3</b>	<b>Plantation Highlights</b>	<b>11</b>
<b>Section 4</b>	<b>Downstream Highlights</b>	<b>16</b>
<b>Section 5</b>	<b>Strategy and Outlook</b>	<b>22</b>
<b>Section 6</b>	<b>Appendix</b>	<b>25</b>



## Section 1

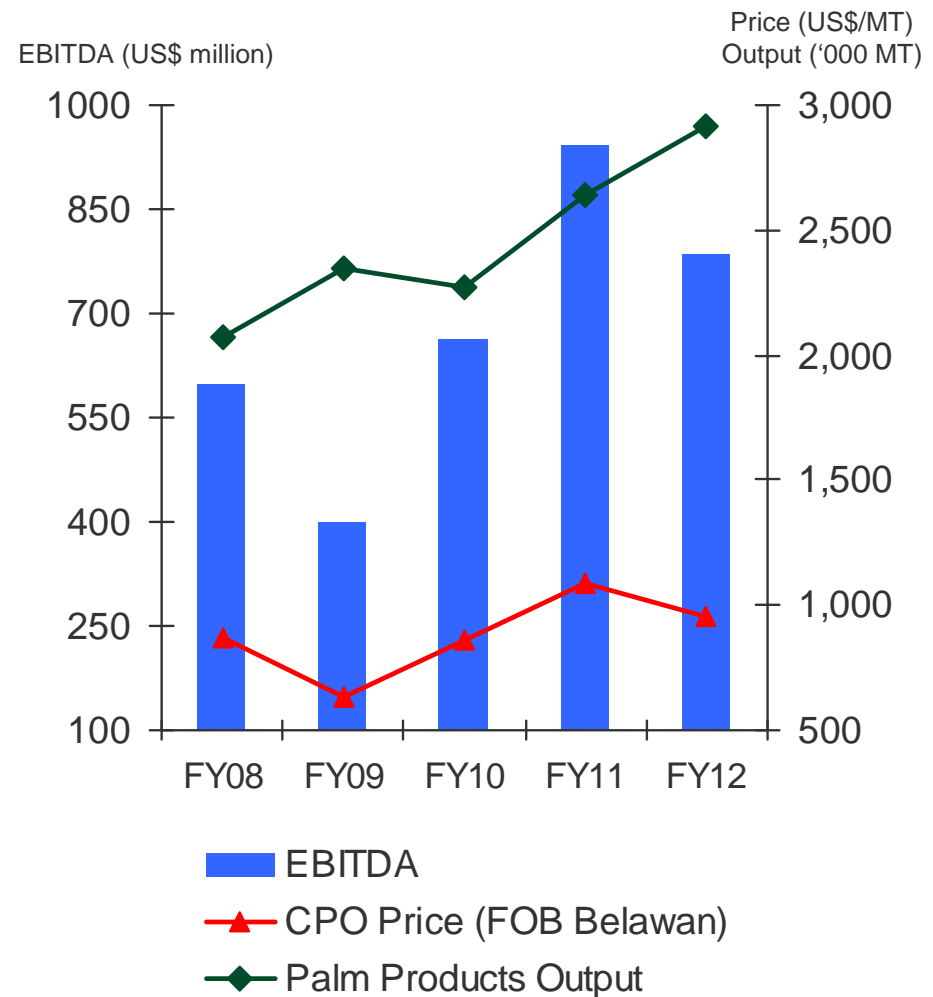
# Executive Summary

# Executive Summary



## Record palm oil production weighed down by lower CPO prices and challenging market environment in China

Revenue	\$6,052 mn	↑	2%
EBITDA	\$785 mn	↓	17%
Core Net Profit <sup>1</sup>	\$404 mn	↓	29%
Palm products output	2.91 mn MT	↑	10%
CPO FOB price (CPO FOB price FY 2011 \$1,083 / MT)	\$959 / MT	↓	11%



Note:

1. Net profit attributable to owners of the Company, excluding net effect of net gain from changes in fair value of biological assets, foreign exchange gain/loss and exceptional items



## Section 2

# Financial Highlights

## Financial Performance – FY 2012



US\$ million	FY 2012	FY 2011	Change
<b>Revenue</b>	<b>6,052</b>	<b>5,953</b>	<b>2%</b>
<b>Gross Profit</b>	<b>1,611</b>	<b>1,837</b>	<b>-12%</b>
<b>EBITDA</b>	<b>785</b>	<b>942</b>	<b>-17%</b>
<b>Core Net Profit<sup>1</sup></b>	<b>404</b>	<b>571</b>	<b>-29%</b>
<i>Addition:</i>			
▪ <i>Net gain from changes in fair value of biological assets, net of tax and non-controlling interests</i>	37	672	-95%
▪ <i>Foreign exchange gain/(loss), net of non-controlling interests</i>	-7	19	n.m.
▪ <i>Exceptional items, net of non-controlling interests</i>	-24	6	n.m.
<b>Net Profit attributable to owners of the Company</b>	<b>410</b>	<b>1,268</b>	<b>-68%</b>

Lower EBITDA performance was mainly attributable to:

- Decrease in CPO FOB prices by 11% offsetting strong production growth
- Higher soybean raw material cost for China Operations
- Higher inventory level due to strong production growth and tight logistics

Note:

1. Net profit attributable to owners of the Company, excluding net effect of net gain from changes in fair value of biological assets, foreign exchange gain/loss and exceptional items

## Financial Performance – 4Q 2012



US\$ million	4Q 2012	4Q 2011	YoY Change	3Q 2012	QoQ Change
<b>Revenue</b>	<b>1,519</b>	<b>1,328</b>	<b>14%</b>	<b>1,672</b>	<b>-9%</b>
<b>Gross Profit</b>	<b>361</b>	<b>386</b>	<b>-7%</b>	<b>398</b>	<b>-9%</b>
<b>EBITDA</b>	<b>142</b>	<b>181</b>	<b>-22%</b>	<b>190</b>	<b>-25%</b>
<b>Core Net Profit<sup>1</sup></b>	<b>36</b>	<b>91</b>	<b>-60%</b>	<b>91</b>	<b>-60%</b>
<i>Addition:</i>					
• <i>Net gain from changes in fair value of biological assets, net of tax and non-controlling interests</i>	37	672	-95%	-	<i>n.m.</i>
• <i>Foreign exchange gain/(loss), net of non-controlling interests</i>	5	-12	<i>n.m.</i>	-5	<i>n.m.</i>
• <i>Exceptional items, net of non-controlling interests</i>	-24	-3	596%	-	<i>n.m.</i>
<b>Net Profit attributable to owners of the Company</b>	<b>54</b>	<b>748</b>	<b>-93%</b>	<b>86</b>	<b>-38%</b>

4Q 2012 EBITDA was weaker mainly caused by:

- Year-on-year: lower CPO FOB prices by 22% and higher inventory level, offset by strong production growth
- Quarter-on-quarter: lower CPO FOB prices by 19% and higher inventory level, offset by higher production

Note:

1. Net profit attributable to owners of the Company, excluding net effect of net gain from changes in fair value of biological assets, foreign exchange gain/loss and exceptional items



## Segmental Results – FY 2012



<i>(in US\$ million)</i>	Indonesia Operations			China Operations		
	FY 2012	FY 2011	Change	FY 2012	FY 2011	Change
Revenue	4,762	4,813	-1%	1,290	1,140	13%
Gross Profit	1,600	1,771	-10%	10	66	-84%
<i>Gross Profit Margin</i>	<i>34%</i>	<i>37%</i>	<i>-3%</i>	<i>1%</i>	<i>6%</i>	<i>-5%</i>
EBITDA	812	914	-11%	-27	28	<i>n.m.</i>
<i>EBITDA Margin</i>	<i>17%</i>	<i>19%</i>	<i>-2%</i>	<i>-2%</i>	<i>2%</i>	<i>-4%</i>
Net Profit/(Loss) attributable to owners of the Company	458	1,253	-63%	-48	15	<i>n.m.</i>

Indonesia Operations: Performance weighed down by decreased CPO FOB prices of 11%, offsetting the 10% growth in palm products output. Higher inventory level also contributed to the lower performance.

China Operations: Challenging market environment in China with higher soybean raw material cost coupled with government's efforts to manage inflation.

# Financial Position



## Strong balance sheet position with low gearing

(in US\$ million)	31-Dec-12	31-Dec-11	Change
Total Assets	13,286	11,837	12%
Cash and Short-Term Investments	685	370	85%
Trade Receivables and Inventories	1,240	985	26%
Fixed Assets <sup>1</sup>	9,907	9,565	4%
Total Liabilities	4,668	3,725	25%
Interest Bearing Debts	1,855	1,086	71%
Total Equity Attributable to Owners of the Company	8,527	8,025	6%
Net Debt <sup>2</sup> /Equity <sup>3</sup> Ratio	0.14x	0.09x	
Net Debt <sup>2</sup> /Total Assets	0.09x	0.06x	
Net Debt <sup>2</sup> /EBITDA	1.49x	0.76x	
EBITDA/Interest	10.40x	14.70x	

Notes:

1. Includes Biological Assets, Property, Plant and Equipment, and Investment Properties
2. Interest bearing debts less cash and short-term investments
3. Equity attributable to owners of the Company

## Dividend



**The Board proposes final dividend distribution of 0.59 Singapore cents per share to be approved by shareholders. Combined with interim dividend, it represents 30% of our underlying profit for FY2012.**

Cash Dividend	2009	2010	2011	Interim	2012 Final	Total
Dividend per share (in S\$ cents)	0.495	0.770	1.840	0.600	0.590	1.190
Total Dividend (in S\$ million)	60.09	93.47	223.35	77.03	75.74	152.77
% to underlying profit	22%	18%	30%			30%

**The proposed dividend is in line with our dividend policy and takes into consideration our strategic expansion as well as potential value-creating acquisitions**

**The Company's dividend policy is to distribute up to 30% of underlying profit**

Note:

1. The figure has been adjusted for the bonus issue in April 2009



### Section 3

## Plantation Highlights

## Plantation Area



**GAR is the largest Indonesian plantation company with integrated operations**

hectares	31 Dec 2012	31 Dec 2011	Change
<b>Planted Area</b>	<b>463,426</b>	<b>455,660</b>	<b>1.7%</b>
Nucleus	366,914	361,060	1.6%
Plasma	96,512	94,600	2.0%
<b>Mature Area</b>	<b>416,309</b>	<b>390,759</b>	<b>6.5%</b>
Nucleus	328,423	306,827	7.0%
Plasma	87,886	83,932	4.7%

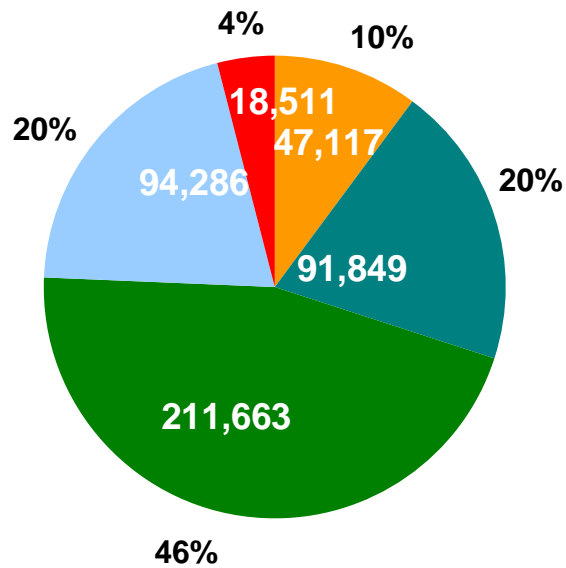
Total planting was 13,600 hectares, comprising of 9,700 hectares of new planting and 3,900 hectares of replanting. Meanwhile 5,800 hectares of existing old estates were cleared for replanting purpose.

In last Dec 2012, we announced the acquisition of approximately 16,000 hectares of mature oil palm plantations in Indonesia, which is expected to complete in the first half of 2013.

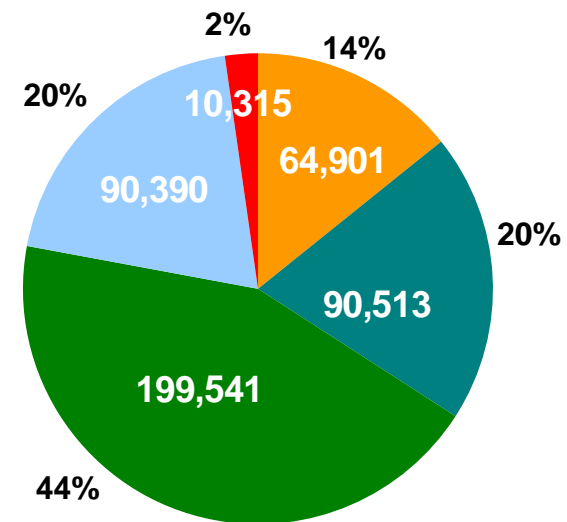
# Total Planted Area by Age Profile

**GAR's long-term growth is supported by favourable age profile of planted area underpinned by large immature and young plantations**

**31 Dec 2012**



**31 Dec 2011**



■ Immature (0-3 years) 
 ■ Young (4-6 years) 
 ■ Prime (7-18 years) 
 ■ Old 1 (19-25 years) 
 ■ Old 2 (>25 years)

Notes:

1. Total planted area, including plasma
2. As of 31 Dec 2012, average age of plantations, including plasma, is 13 years

# Production Performance



## FY 2012 production volume achieved record level

	FY 2012	FY 2011	Change	4Q 2012	3Q 2012	Change
<b>FFB Production ('000 tonnes)</b>	<b>9,686</b>	<b>8,509</b>	<b>14%</b>	<b>2,817</b>	<b>2,670</b>	<b>6%</b>
<i>Nucleus</i>	7,390	6,398	16%	2,152	2,048	5%
<i>Plasma</i>	2,296	2,111	9%	665	622	7%
FFB Yield (tonnes/ha)	23.3	21.8	7%	6.8	6.4	6%
<b>Palm Products Output ('000 tonnes)</b>	<b>2,911</b>	<b>2,640</b>	<b>10%</b>	<b>853</b>	<b>798</b>	<b>7%</b>
<i>CPO</i>	2,357	2,153	9%	689	647	7%
<i>PK</i>	554	487	14%	164	151	8%
Oil Extraction Rate	22.6%	23.0%	-0.4%	22.7%	22.3%	0.4%
Kernel Extraction Rate	5.3%	5.2%	0.1%	5.4%	5.2%	0.2%
Palm Products Yield (tonnes/ha)	6.5	6.1	6%	1.9	1.8	8%

- 4Q 2012 production and yield reached its peak season supported by favourable weather conditions, bringing FY 2012 production to another record level
- Palm products output growth was not as high as the growth of FFB production resulting from fewer FFB purchased from third parties
- Oil extraction rate was lower than prior year but continued to improve quarter-on-quarter

# Holistic Approach to Sustainability



## Certification Updates

- Roundtable on Sustainable Palm Oil (RSPO)
  - In November 2012, GAR received its first smallholder RSPO certification for 3,260 ha of plasma plantation in South Kalimantan
  - To date, 119,192 ha of plantations including smallholder plantations of 21,418 ha and 11 mills have received RSPO certification, bringing GAR closer to our overall target of obtaining RSPO certification for all our palm oil operations (as at June 2010) by December 2015
- International Sustainability and Carbon Certification (ISCC)
  - To date, 171,586 ha of plantations including smallholder plantations of 32,873 ha, fourteen mills and eight bulking stations have received ISCC certification

## Engaging Multi-Stakeholders

- Our Chairman and CEO, Mr Franky Widjaja was awarded “The Gold Standard Award for Communicator of the Year” in recognition of the Company’s multi-stakeholder collaboration by PublicAffairsAsia in Hong Kong on 6 Dec 2012
- GAR was invited to present at the Ethical Corporation’s 7th Annual Sustainable Supply Chain Summit in London in October 2012 and the RSPO’s 10th Annual Roundtable Meeting on Sustainable Palm Oil in Singapore in Nov 2012

## Next steps on High Carbon Stock Forest Study

- The Team (GAR, SMART, The Forest Trust and Greenpeace) has been holding wider discussions with various stakeholders to gather feedback on the study and the outcomes
- GAR intends to announce its action plans for how it will proceed further with this methodology in Mar 2013



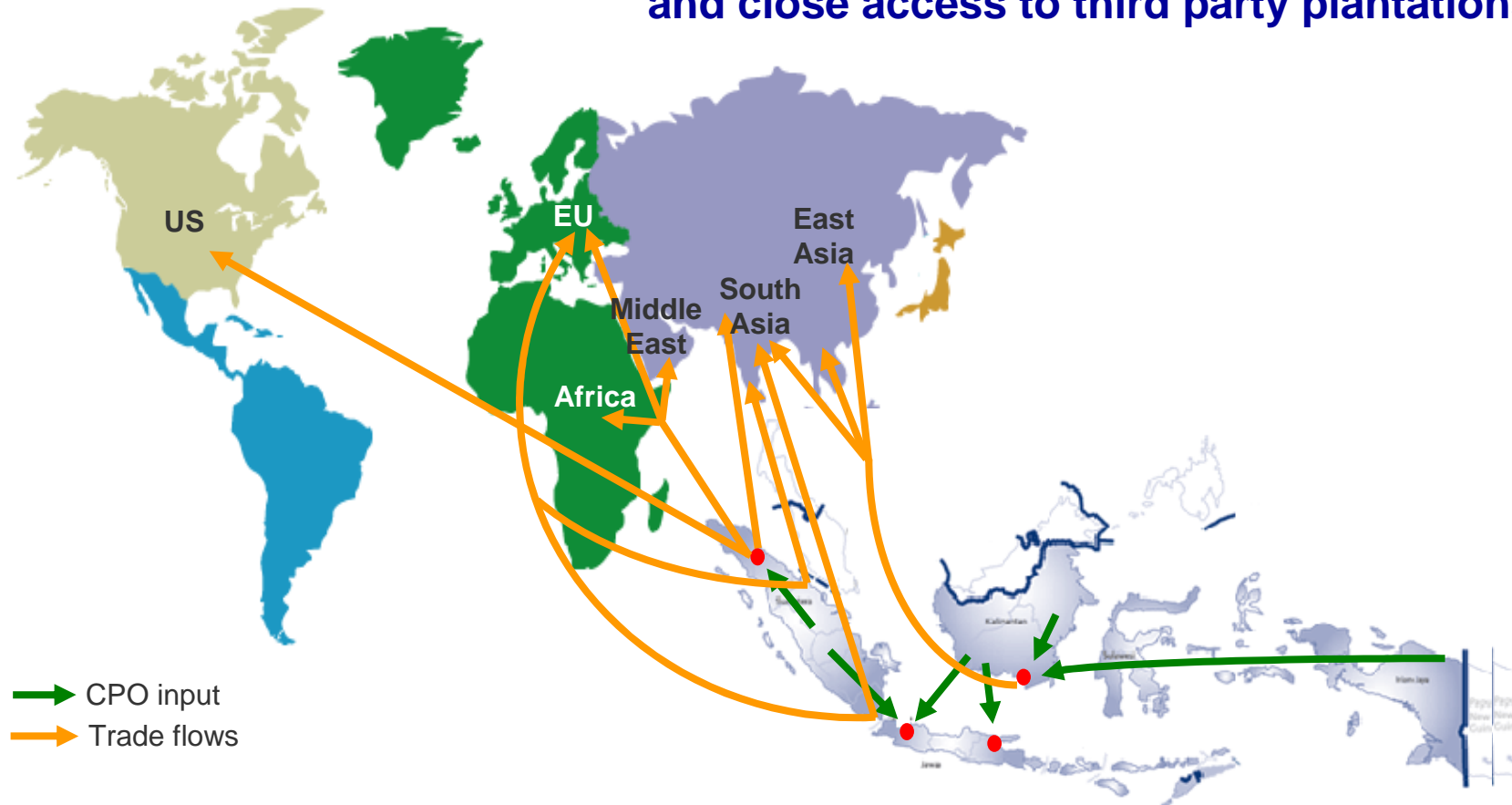


## Section 4

# Downstream Highlights

# Downstream Value Chain Optimisation

**Capitalise on our unique advantage of having own large CPO production and close access to third party plantations ...**



**... to grow our globally diversified customer base via distribution, branding, merchandising, destination processing and shipping**

# Downstream Value Chain Optimisation

**Commercially manage our plantation output and downstream assets to capitalise on value chain optimisation opportunities**

## Sourcing of raw materials



Efficient logistics

- Own large CPO output base
- Close access to 3<sup>rd</sup> party plantations

## Processing



- Strategic locations provide logistics advantage
- Refining, shortenings, specialty fats, and oleochemicals facilities

## Product customisation



Margin optimisation through large product portfolio - specifications, quality and sustainability certification

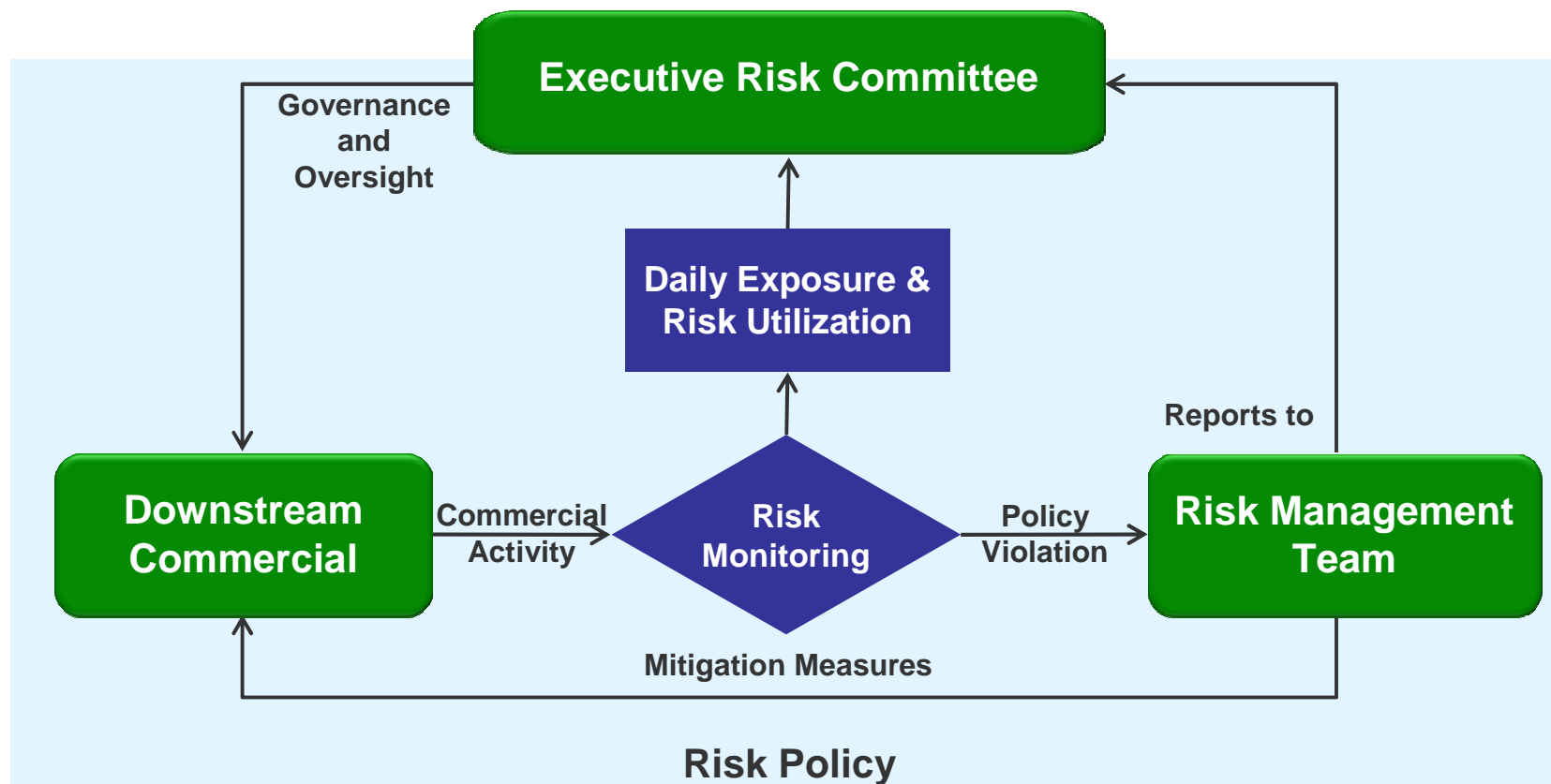
## Sales and distribution



Broad geographic footprint - distribution, branding, merchandising, destination processing, shipping and logistics

# Downstream Risk Management

Prudent downstream business with centralised and independent market risk management supporting clear governance

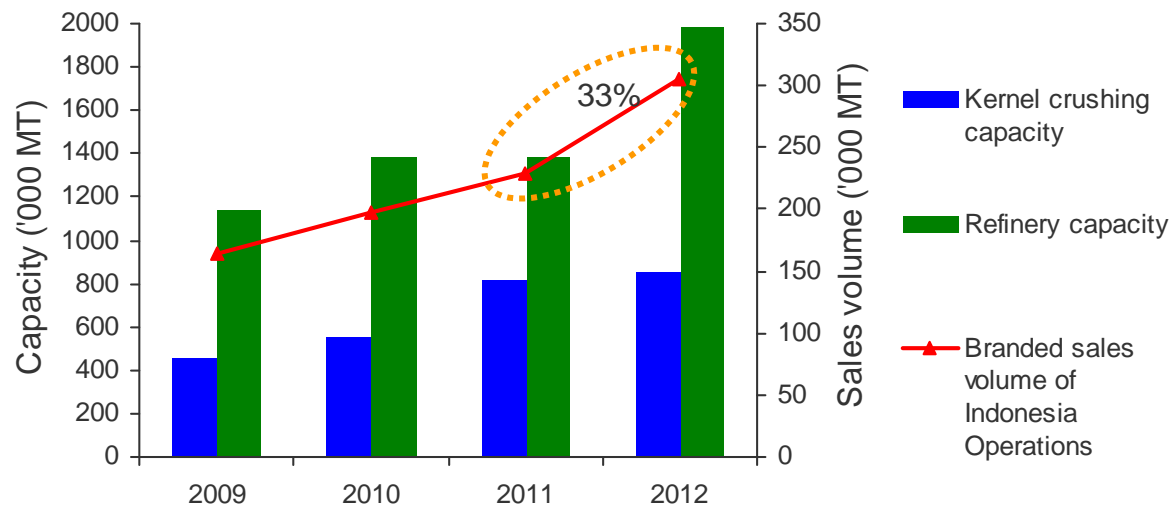


# Expanding Downstream Capacity in Indonesia



## Expanding Indonesia downstream production base for global exports

- Refining capacity expansion supported by:
  - Growing palm products output from our plantations
  - Export tax scheme favouring refined products
  - Government target to allow only packaged cooking oil in Indonesia by 2015
- Improved logistics infrastructure through increased bulking and warehousing capacity as well as owned port and jetties
- Our prominent cooking oil brands, Filma and Kunci Mas, are among the leaders in Indonesia supported by nation-wide coverage with hundreds of distributors and thousands of retailers



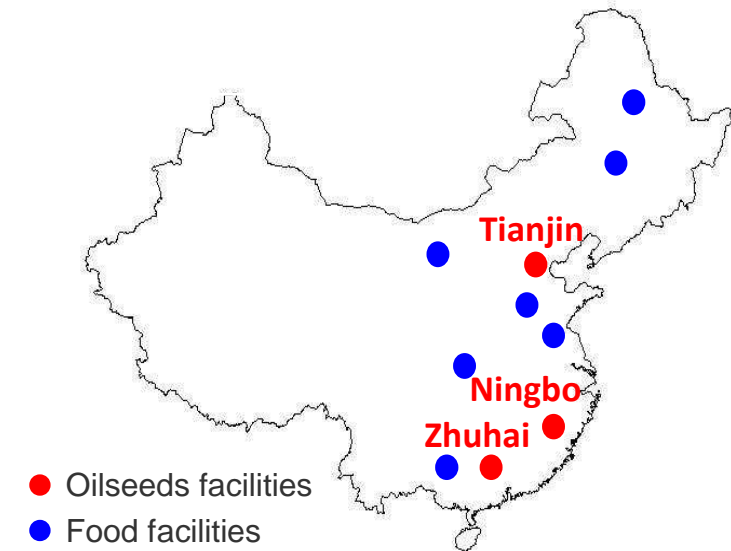
# Strengthening Downstream Business in China



**China remains one of the largest and fastest growing edible oils consumers despite current challenging environment**

GAR will strategically strengthen its presence in China by:

- Developing distribution channels to enter new areas in China
- Achieve competitive raw material cost by exploring strategic sourcing opportunities
- Enhance relationships with end customers by providing additional services
- Actively manage flexible production to optimise profits
- Pursuing value-added products such as specialty fats



Facilities	Annual Capacity
Refining	776,000 MT
Crushing	2.3 million MT
Noodle Manufacturing	5 billion packets





## Section 5

# Strategy and Outlook

**Build on core competitive strengths and leverage scale to maximize long-term shareholder returns**

**Objective:  
Sustained Growth and Profitability**

**Upstream**

- To become the world largest oil palm plantation company in terms of planted area by 2015 through green field and acquisitions
- Sustain cost leadership through operational excellence, best-in-class plantation management and highest yielding seeds

**Downstream**

- Optimise value throughout the chain supported by prudent risk management
- Grow destination business by extending distribution and processing reach to key consuming countries
- Shift product mix to higher value-added products, including oleochemicals, through innovation and customer solutions

**Continued strong commitment to environmental and social responsibility**



## Growth Strategy

- Expanding palm oil plantations by 35,000-45,000 hectares in 2013 through organic growth and acquisition
- Building milling capacity in line with the growth in fruits production
- Constructing additional downstream processing capacity in strategic locations
- Extending distribution coverage and global market reach as well as logistic facilities to enhance our integrated operations

**Projected capex for FY 2013 growth strategy: approximately US\$550 million**

## Industry Outlook

Remains resilient with robust demand growth of palm oil:

- As edible oil from both emerging markets and developed countries
- As substitute and alternative uses such as oleochemicals and biodiesel
- Supported by limited supply growth of other vegetable oils, especially soybean

**GAR continues to expand its integrated operation capabilities in order to benefit from the firm industry outlook, best-in-class plantation management and solid financial position**



**Section 6**

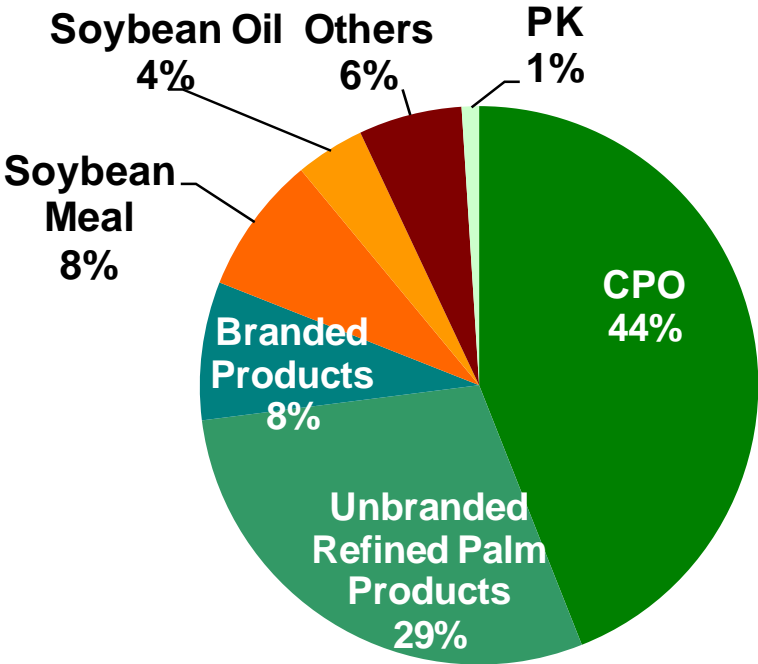
**Appendix**

# Revenue Details



**FY 2012 revenue increased to US\$6.1 billion on strong production and increase in refined palm based products**

**By Product**



**By Country**



# Age Profile



**GAR's long-term growth is supported by favourable age profile of planted area underpinned by large immature and young plantations**

(in ha)	Immature (0-3 years)	Young (4-6 years)	Prime (7-18 years)	Old 1 (19-25 years)	Old 2 (>25 years)	Total
<b><u>31 Dec 2012</u></b>						
Nucleus	38,491	83,880	153,570	72,462	18,511	366,914
Plasma	8,626	7,969	58,093	21,824	-	96,512
<b>Total Area</b>	<b>47,117</b>	<b>91,849</b>	<b>211,663</b>	<b>94,286</b>	<b>18,511</b>	<b>463,426</b>
% of total planted area	10%	20%	46%	20%	4%	100%
<hr/>						
<b><u>31 Dec 2011</u></b>						
Nucleus	54,233	85,521	138,980	72,011	10,315	361,060
Plasma	10,668	4,992	60,561	18,379	-	94,600
<b>Total Area</b>	<b>64,901</b>	<b>90,513</b>	<b>199,541</b>	<b>90,390</b>	<b>10,315</b>	<b>455,660</b>
% of total planted area	14%	20%	44%	20%	2%	100%

Note:

Average age of plantations as of 31 Dec 2012 is 13 years

## Contact Us



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

**Golden Agri-Resources Ltd**

c/o 108 Pasir Panjang Road  
#06-00 Golden Agri Plaza  
Singapore 118535

Telephone : +65 65900800

Facsimile : +65 65900887

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

Contact Person : Richard Fung ([richard@goldenagri.com.sg](mailto:richard@goldenagri.com.sg))