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agribusiness and food

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**Golden Agri-Resources Ltd (GAR)  
Full Year 2020 Results Presentation**

**25 February 2021**

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## GAR concluded a challenging 2020 with a strong quarter

- FY2020 Financial Performance

Revenue	EBITDA	Underlying Profit <sup>1</sup>	Proposed Dividend
<b>US\$7.08 bn</b> <b>+10%</b>	<b>US\$669 mn</b> <b>-4%</b>	<b>US\$230 mn</b> <b>-15%</b>	<b>S\$0.48 cents</b> <b>per share</b>

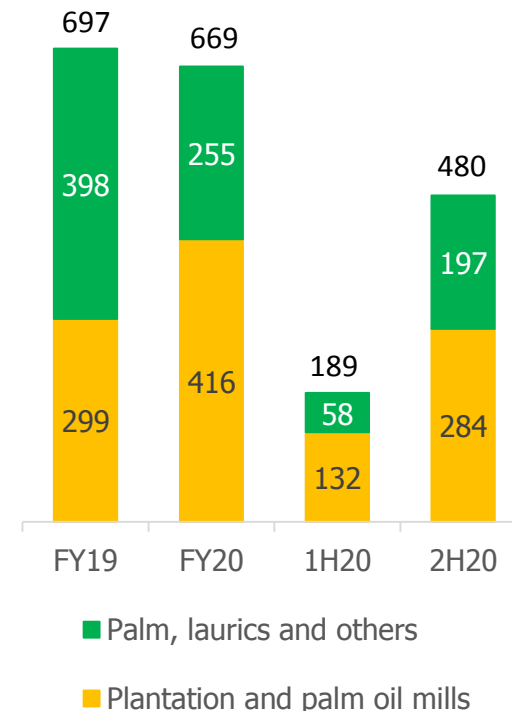
- Contributing factors

- CPO FOB prices appreciated by 32% to US\$691/MT on average, offsetting weaker palm product output of 5%
- Strong recovery in downstream performance after severe impact from pandemic in early 2020

- Managing COVID-19

- All operational facilities run normally with extra health and safety measures
- Prioritising liquidity resulted in healthy financial position

**EBITDA** (in US\$ million)



Note:

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

## Financial Highlights



US\$ million	FY 2020	FY 2019	YoY	2H 2020	1H 2020	HoH
Revenue	7,078	6,432	10%	3,687	3,391	9%
Gross Profit	1,150	831	38%	762	389	96%
EBITDA <sup>1</sup>	669	697	-4%	480	189	154%
Underlying Profit/(Loss) <sup>2</sup>	230	272	-15%	242	-11	n.m
<i>Net gain/(loss) from changes in fair value of biological assets<sup>3</sup></i>	15	0.3	n.m	20	-4	n.m
<i>Depreciation of bearer plants<sup>3</sup></i>	-111	-99	11%	-51	-59	-13%
<i>Foreign exchange gain/(loss)<sup>3</sup></i>	-30	38	n.m	15	-45	n.m
<i>Deferred tax expense<sup>3</sup></i>	-67	-19	250%	-36	-31	14%
<i>Exceptional items<sup>3</sup></i>	-6	2	n.m	-1	-5	-88%
Net profit/(loss) attributable to owners of the Company	32	194	-84%	189	-157	n.m

- Strong second half performance with CPO price appreciation and recovery of downstream business from supply chain disruption in early 2020
- Lower FY 2020 net profit impacted by foreign exchange loss and deferred tax expense, which are mainly non cash

**Notes:**

1. EBITDA includes net fair value gain/(loss) on financial assets in accordance with IFRS 9 of US\$-8 million and US\$213 million in 2020 and 2019, respectively
2. Net profit/(loss) attributable to owners of the Company, excluding net effect of net gain/loss from changes in fair value of biological assets, depreciation of bearer plants, exceptional items, foreign exchange gain/loss, and deferred tax income/expense
3. Net of tax and/or non-controlling interests

## Our focus is on strong liquidity position amidst the COVID-19 pandemic

US\$ million	31-Dec-20	31-Dec-19	Change
Total Assets	9,126	8,779	4%
<i>Cash and short-term investments</i>	1,097	784	40%
<i>Fixed assets<sup>1</sup></i>	4,127	3,720	11%
Total Liabilities	4,695	4,274	10%
Net Debt <sup>2</sup>	1,109	1,573	-29%
<i>Interest bearing debt</i>	3,146	3,144	0.1%
<i>Cash, short-term investments and liquid working capital<sup>3</sup></i>	2,037	1,571	30%
Total Equity	4,432	4,505	-2%
Net Debt <sup>2</sup> /Total Equity	0.25x	0.35x	
Net Debt <sup>2</sup> /Total Assets	0.12x	0.18x	
Net Debt <sup>2</sup> /EBITDA	1.66x	2.26x	
EBITDA/Interest	4.83x	4.23x	

Notes:

1. Includes Property, Plant and Equipment, Bearer Plants, Right-of-use Assets and Investment Properties
2. Interest bearing debt less cash, short-term investments and liquid working capital
3. Liquid working capital is trade receivables, inventories (excluding consumables), deposits and advances to suppliers less trade payables and advances from customers

## The Board proposes final dividend distribution of 0.48 Singapore cents per share, subject to approval from shareholders

Cash Dividend	2016	2017	2018	2019	2020
Dividend per share (in S\$ cents)	0.635	0.809	0.580	0.580	0.480
Total Dividend (in S\$ million)	80.86	103.02	73.86	73.86	60.92
Underlying Profit <sup>1</sup> (in US\$ million)	186.28	253.84	180.72	271.82	230.19
% to underlying profit	31%	30%	30%	20%	20%

- The proposed dividend is in line with the Company's dividend policy, which is to distribute up to 30% of underlying profit
- The proposed dividend includes the following considerations:
  - results of operations, cash flows and financial condition;
  - working capital requirements;
  - the dividend payment from subsidiaries; and
  - other factors deemed relevant by the Board of Directors and shareholders.

Note:

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

## Segmental Performance



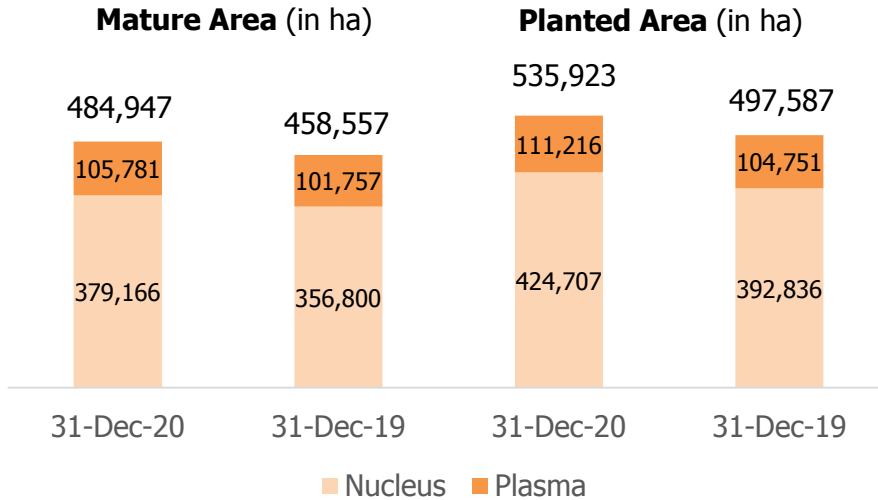
**Strong performance supported by the rebound in CPO prices offsetting the lower plantation output as affected by the drought in 2019**

	<b>FY 2020</b>	<b>FY 2019</b>	<b>YoY</b>	<b>2H 2020</b>	<b>1H 2020</b>	<b>HoH</b>
Revenue (US\$ million)	1,482	1,324	12%	857	625	37%
EBITDA (US\$ million)	416	299	39%	284	132	116%
<i>EBITDA margin</i>	<i>28%</i>	<i>23%</i>	<i>5%</i>	<i>33%</i>	<i>21%</i>	<i>12%</i>
CPO FOB Price (US\$/MT)	691	523	32%	763	616	24%
FFB Production ('000 tonnes)	9,297	9,871	-6%	5,213	4,084	28%
Nucleus	7,302	7,617	-4%	4,087	3,215	27%
Plasma	1,995	2,254	-11%	1,126	870	29%
FFB Yield (tonnes/ha)	20.4	21.5	-5%	10.8	8.8	22%
Palm Product Output ('000 tonnes)	2,775	2,913	-5%	1,556	1,219	28%
CPO	2,205	2,306	-4%	1,232	973	27%
PK	570	607	-6%	324	246	31%
Oil Extraction Rate	21.4%	21.5%	-0.1%	21.1%	21.6%	-0.5%
Kernel Extraction Rate	5.5%	5.6%	-0.1%	5.6%	5.5%	0.1%
Palm Product Yield (tonnes/ha)	5.5	5.8	-6%	2.9	2.4	20%

Note: EBITDA includes allocated net fair value gain/(loss) on financial assets (IFRS 9) of US\$-3 million and US\$47 million in 2020 and 2019, respectively

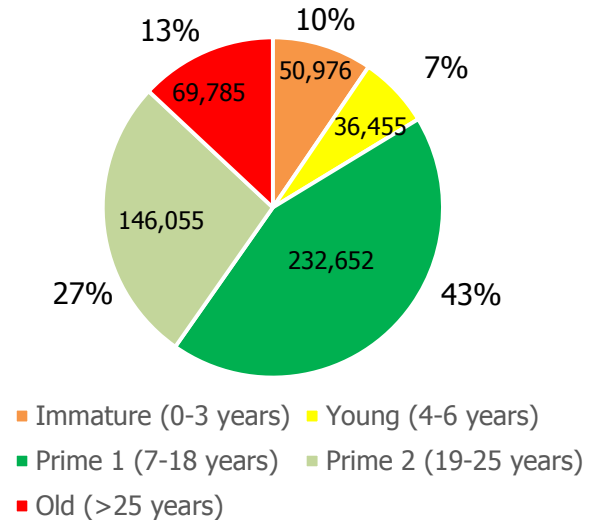


## Continued long-term productivity growth through replanting and technological innovation



- Immature and young estates use next-generation, higher-yielding seeds for continued long-term production growth
- Increase in mature and planted area mainly from the consolidation of acquired companies at the end of 2020
- Accelerated replanting to around 18,400 ha in FY 2020

### Age Profile as of 31 Dec 2020



#### Notes:

1. Including plasma
2. Average age of plantations, including plasma, is 16 years

## Strong earnings recovery in the second half after impact from the COVID-19 outbreak in early 2020

	FY 2020	FY 2019	YoY	2H 2020	1H 2020	HoH
Revenue (US\$ million)	7,058	6,391	10%	3,676	3,382	9%
Sales Volume ('000 tonnes)	10,140	10,843	-7%	5,170	4,971	4%
EBITDA (US\$ million)	255	398	-36%	197	58	239%
<i>EBITDA margin</i>	<i>3.6%</i>	<i>6.2%</i>	<i>-2.6%</i>	<i>5.4%</i>	<i>1.7%</i>	<i>3.7%</i>

- Sales volume affected by lower availability of the palm oil feedstock in the industry and logistics issues during the initial implementation of COVID-19 lockdowns globally
- Normalisation of EBITDA margin in the second half with gradual volume recovery as economies started to open up
- Indonesia biodiesel is a major catalyst to the industry with realisation of B30 programme with strong supports from the Government and industry players

Notes:

1. This segment refers to processing and merchandising of palm and oilseed based products i.e. bulk, branded, oleo-chemicals and other vegetable oils, as well as production and distribution of other consumer products mainly food and beverages
2. EBITDA includes allocated net fair value gain/(loss) on financial assets (IFRS 9) of US\$-5 million and US\$166 million in 2020 and 2019, respectively

# Strategy for Sustainable Growth



## **GAR is a leading soil-to-table agribusiness, producing an extensive portfolio of palm-based products with efficient end-to-end supply chain from sustainable sourcing to global delivery**

Our strategy is built on palm oil competitiveness as an essential ingredient for everyday needs based on evolving global consumer preferences towards health-friendly and sustainably-produced products.

### **We meet our customers' needs**

- Industry-leading portfolio of palm-based value-added products serving the needs of emerging and developed markets
- Positioned to capture growth as the world's nutrition and health needs evolve



### **We control the physical flow of our products**

- Quality raw materials from largest owned plantation base and widest network of third party suppliers with traceability
- Domestic and international logistic capabilities and presence in major consuming countries provide an efficient end-to-end supply chain, delivering our products to over 70 countries



## We embrace science and technological innovation

- Science-based solutions for high-productivity and sustainability-focused precision agriculture
- High-yielding, drought-and-disease-resistant planting materials
- New end product development providing palm-based solutions to our customers
- Combining automation, digitalisation, artificial intelligence with operational excellence to transform our way of working



## Sustainability is in our DNA

- Leader in sustainability with strong commitment in responsible palm oil production
- Pioneering initiatives including traceability to the plantation, driving sustainability from the source
- Commanding wider market acceptance and premium pricing of our products
- Intensively engaging farmers and other suppliers in adopting responsible practices





## GAR stayed committed despite global pandemic

### Managing COVID-19

- Employee and community safety remain top priority
- Complying with all government regulations wherever we operate
- Palm oil sector is strategic sector – all our facilities continued to operate
- Helped to protect employees and community – mask-making project to produce 30,000 masks
- Supporting 40 Alternative Livelihood programmes to help boost and maintain community resilience

### On track towards 100% TTP for palm supply chain

- Full TTP for 90% of palm supply chain at end 2020
- Suppliers unable to complete TTP due to COVID-19 will be given time to complete in next few months

### Managing fire and haze

- Launched the Rumbun and Jungle Friends storybook to educate children about dangers of forest fires
- Part of long-term efforts under the Desa Makmur Peduli Api programme to stem forest fires and haze
- 700 participants were trained through online workshops and podcasts
- In 2020, 99.99% of GAR area not affected by fire

# Appendix



## Immature and younger estates use newer-generation higher-yielding planting materials that will further boost production growth in the future

hectares	Immature (0-3 years)	Young (4-6 years)	Prime 1 (7-18 years)	Prime 2 (19-25 years)	Old (>25 years)	Total
<u>31 December 2020</u>						
Nucleus	45,541	34,386	204,735	100,165	39,880	424,707
Plasma	5,435	2,069	27,917	45,890	29,905	111,216
Total Planted Area	50,976	36,455	232,652	146,055	69,785	535,923
% of total	10%	7%	43%	27%	13%	100%
<u>31 December 2019</u>						
Nucleus	36,036	29,130	181,134	108,266	38,270	392,836
Plasma	2,994	2,059	24,527	54,005	21,166	104,751
Total Planted Area	39,030	31,189	205,661	162,271	59,436	497,587
% of total	8%	6%	41%	33%	12%	100%



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