FELDA GLOBAL VENTURES HOLDINGS BERHAD

Financial Results Briefing

1st Quarter for the Financial Period Ended 31 March 2018

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Q1 2018 RESULT SUMMARY

FINANCIAL	Q1'18	Q1'17*	YOY	Q4'17*	QOQ
Revenue (RM mil)	**3,603**	4,315	▼ 17%	4,230	▼ 15%
Profit Before Tax (RM mil)	**26**	(32)	▲ >100%	213	▼ 88%
PAT (RM mil)	**8**	(32)	▲ >100%	135	▼ 94%
PATAMI (RM mil)	**1.3**	1.7	▼ 24%	50.8	▼ 97%

*restated

FINANCIAL

Group revenue decreased by 17% YoY mainly due to:

- Lower average CPO price at RM2,472 per MT; and
- Lower sales volume and average selling price in Sugar, Rubber and Kernel business segment.

Group recorded higher PBZT YoY mainly due to:

- Improved in Sugar performance due to lower raw sugar cost,
- Higher FFB production of 990,649 MT and CPO production of 669,534 MT, a 23% and 18% YoY growth respectively,

RESULT SUMMARY BY SECTORS

PLANTATION

REVENUE
RM 2,831 mil
(Q1'17: RM 2,207 mil)

PBZT
RM 18 mil
(Q1'17: RM 47 mil)

- Declined profit due to lower average CPO price at RM2,472 per MT compared to RM3,061 per MT in Q1 2017 and lower margin in kernel crushing business

SUGAR

REVENUE
RM 540 mil
(Q1'17: RM 641 mil)

PBZT
RM 22 mil
(Q1'17: -RM 23 mil)

- Increased profit due to lower raw sugar material cost and favorable foreign exchange rate

LOGISTICS AND SUPPORT BUSINESSES

REVENUE
RM 226 mil
(Q1'17: RM 1,470 mil)

PBZT
RM 25 mil
(Q1'17: -RM 40 mil)

- Increased profit due to higher tonnage carried and throughput handled in tandem with the rise in CPO production

**The above numbers exclude other investment holding companies.*

Q1 2018 RESULT SUMMARY

OPERATIONAL	Q1'18	Q1'17	YOY		Q4'17*	QOQ	
FFB Production ('000 MT)	**991**	804	▲	23%	1,187	▼	17%
FFB Yield (MT/Ha)	**3.60**	2.91	▲	24%	4.30	▼	16%
OER (%)	**19.75**	19.82	▼	0.4%	19.92	▼	1%
CPO Production ('000 MT)	**670**	566	▲	18%	867	▼	23%
Avg. CPO Production Cost, Ex-mill (RM)	**1,728**	1,736	▼	0.5%	1,474	▲	17%

OPERATIONAL

- FFB production and yield recorded strong recovery at 23% and 24% YoY respectively due to improvement in estates operation and incoming of foreign labour as compared to the previous quarters. However production and yield for QoQ were lower, in line with the low seasonal output.
- CPO production increased by 18% YoY associated with the growth in FFB production.
- OER reduced marginally QoQ and YoY in response to lower oil-to-bunch ratio arising from the wet season in Jan. However, Feb onwards shown upward trend as the weather recovers.
- Average CPO production cost (Ex-mill) slightly decreased YoY despite higher FFB production as more agricultural input such as manuring held in Q1.

Q1 2018 PRIORITIES UPDATES

1 Operational Excellence

Achieved FFB production of 990,649 MT and CPO production of 669,534 MT

Out of 15,000 Ha replanting target, around 5,100 Ha felling have been completed

As at April, 90% of the 2018 foreign labour requirement has been met (total of 32,766 foreign workers)

Improved mechanisation of 1,800 Ha area to increase labour productivity

Supplied 250,000 seeds to oversea market such as Indonesia, Sri Lanka, and Papua New Guinea

2 Moving Down Value Chain

Developed new sales channels from FMCG domestic market (Horeca and Outltes) equivalent to 92% of Q1 target volume (Q1 target: 950 MT)

Developed and finalised 3 high value palm based downstream products namely industrial margarine, blended oil and premium quality oil for commercialisation

Achieved 60% of the milestone for the Palm Kernel Protein (PKP) product development

Q1 2018 PRIORITY UPDATES

FGV

3 Growth Through Portfolio Balancing	4 Optimise Financial and Human Capital	5 Sustainability and CSR
Secured contracts with Tesco, Nestle (Singapore) and Valu$.	FGV Academy has started its operation as a training provider for internal and external clients	4 mills have received RSPO certification in Q1 (total of 12 mills out of 69 mills)
94% completion of Johor Sugar refinery and on track to commence in mid-2018. Utilisation of 79% of the total loan.	Participate in Procter & Gamble's Smallholder Livelihood Programme that will cover 20,000 smallholders by end 2018 (Q1: 1,000 smallholders joined)	25% completion on the enhancement of NDPE policy
Secured 2 new customers for storage (Ladang Petri and Wintercorn) and a CPO transportation (RISDA) for a year tenure		Embarking on the traceability programmes to identify and mitigate associated risks

BUSINESS OUTLOOK

1

- CPO price is expected to be traded in the range of RM2,500 – 2,700 per MT
- Raw sugar price is estimated in the range of US$0.14 – 0.15 per lb

2

- Divestment of Taiko Clay Chemicals is expected to complete in 2H 2018 with one-off disposal gain of RM16.1 million

3

- Mutual Separation Scheme (MSS) is targeted to take place in 2H 2018 to achieve manpower optimisation

4

- 16 mills is expected to received RSPO certification in Q2

Q1 2018 FINANCIAL OVERVIEW

Profit due to improvement in Sugar performance, lower fair value charge in LLA and absence of provision of litigation loss and impairment of receivables

Income Statement *(RM million)*	**2018**	**2017**	**Changes %**	
Revenue	3,603	4,315	-17%	●
Cost of sales	(3,187)	(3,953)	19%	●
Gross profit	416	362	15%	●
Operating profit	169	88	92%	●
LLA liabilities (Fair value changes)	(79)	(98)	19%	●
Share of results - Associates & JV	(16)	10	<100%	●
P/(LBT) (& zakat)	26	(32)	**>100%**	●
NET PROFIT/ (LOSS)	8	(32)	**>100%**	●
PATAMI	1	2	-50%	●
EPS (sen)	0.04	0.05	**-20%**	●

- The **Group revenue decreased by 17%** mainly due to:
  - Lower average CPO price realised of RM2,472 per mt (2017: RM3,061 per mt) despite increase in CPO sales volume.
  - Overall, lower sales volume and average selling price in Sugar, Rubber and Kernel business segment.

- The **Group recorded higher PBT** mainly due to:
  - Included in last year's results was **provision of litigation loss** (2017: RM33m) **and impairment of receivables** (2017: RM30m);
  - **Improvement in Sugar performance** mainly due to lower raw sugar cost; and
  - **Lower fair value charge in LLA** of RM79m (2017: RM98m.

- The improvement in the result was partially offset by:
  - **Losses in kernel business** due to negative NRV of RM13m as a result of significant downtrend market price;
  - **Loss in share of results** from joint ventures and associates; and

Q1 2018 VS Q4 2017 FINANCIAL OVERVIEW

FGV

Decrease profit in Q12018 due to lower contribution mainly from Plantation Sector. Included in preceding quarter's result was a one-off gain on disposal of AXA Affin amounted to RM73m.

Income Statement *(RM million)*	**Q1 2018**	**Q4 2017**	**Changes %**	
Revenue	3,603	4,230	-15%	●
Cost of sales	(3,187)	(3,661)	13%	●
Gross profit	416	568	-27%	●
Operating profit	169	292	-42%	●
LLA liabilities (Fair value changes)	(79)	(69)	-14%	●
Share of results - Associates & JV	(16)	2	<100%	●
PBT (& zakat)	26	213	**-88%**	●
NET PROFIT	8	135	**<100%**	●
PATAMI	1	51	**<100%**	●
EPS (sen)	0.04	1.39	<100%	●

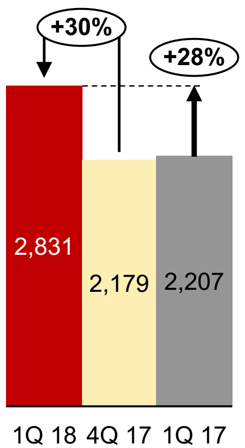
- The Group **revenue decreased by 15%** due to:
  - Lower average CPO price of RM2,472 per mt (Q417: RM2,723 per mt) despite increase in CPO sales volume by 5%; and
  - Decrease in sales volume and lower average selling price for Sugar business.

- **The Group recorded lower profit** before tax mainly due to:
  - **Lower revenue** as mentioned above;
  - **Gain on disposal** of AXA Affin of RM73m recognised in preceding quarter;
  - **Lower RBDPKO and CPKO margin** in kernel crushing business; and
  - Lower share of results from associates and JVs.

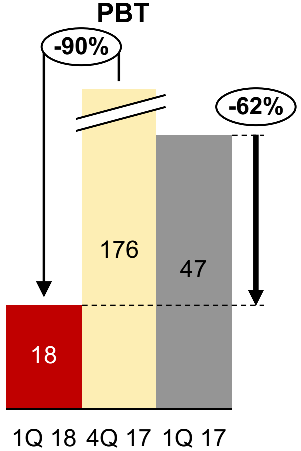
PLANTATION SECTOR

Affected by drop in CPO prices, lower margin in kernel crushing and share of results

Revenue



PBT



<u>QoQ Results Overview</u>

- Decline in profit due to:
  - **Lower average CPO price realised** of RM2,472 per mt (Q417: RM2,723 per mt) although CPO sales volume increased by 5%;
  - **Lower RBDPKO** and **CPKO margin** from kernel crushing business as a result of significant downtrend market price;
  - **Lower share of results** from joint ventures; and
  - **Higher FV charge** in LLA of RM79m (Q417: RM69m);
- **Operationally:**
  - **Lower CPO production** by 23% in tandem with lower **FFB production** of 0.99m mt (Q417: 1.19m mt).

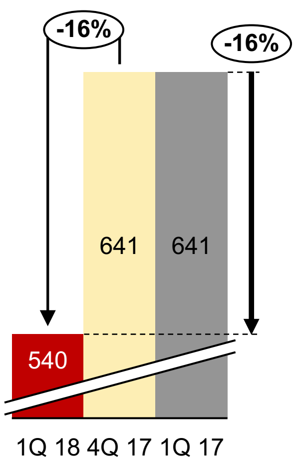
<u>YoY Results Overview</u>

- **Lower profit** YoY mainly due to:
  - **Lower average CPO price realised** of RM2,472/MT (2017: RM3,061/MT);
  - **Losses incurred** in **kernel crushing business** due to significant decline in RBDPKO and CPKO prices;
  - **Decrease in sales of seeds and seedlings** by 42% and 53% respectively in R&D business; and
  - **Lower share of results** from joint ventures (2018: loss RM11m, 2017: profit RM4m).
- The lower profit was partly cushioned by:
  - **Improved margin achieved in Rubber business;** and
  - **Decrease in FV charge in LLA** of RM79m (2017: RM98m).
  - Included in previous year Sector's result was impairment of receivables under Downstream segment amounting to RM30m.
- **Operationally:**
  - CPO production increased by18% in tandem with growth in FFB production from 0.80m mt to 0.99m mt in 2018.

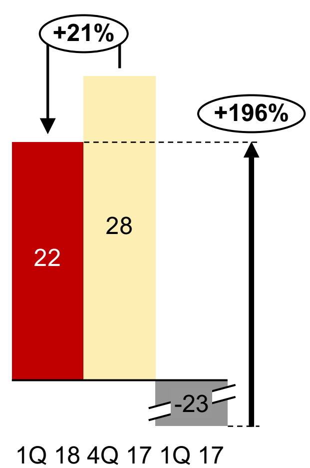
SUGAR SECTOR

Improved in profit due to lower raw sugar cost and strengthening Ringgit

Revenue



PBT



QoQ Results Overview

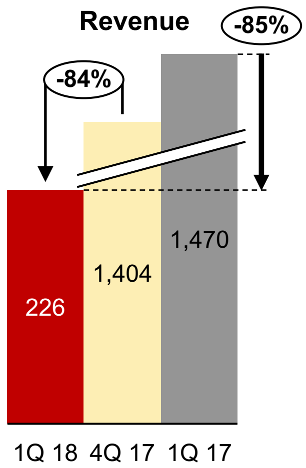
- **Lower revenue and profit** due to lower overall sales volume by 10% and lower average selling price compared to Q417**.**
- The lower profit was cushioned by 4% decrease in average raw sugar material cost (2018: RM1,734 per mt, Q417: RM1,803 per mt.

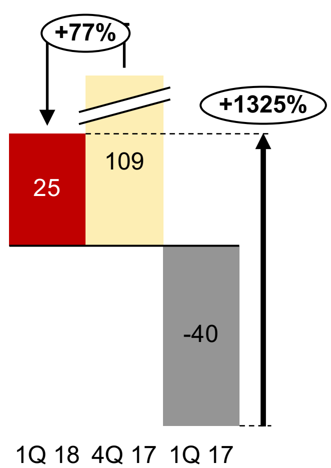
YoY Results Overview

- **Lower revenue** due to:
  - **l**ower total sales volume for domestic and export segment;
  - lower average sugar price for all segments.
- **Improved PBT** due to **decrease in average raw sugar cost** of RM1,734 per mt against RM2,255 per mt in 2017 and **strengthening Ringgit** compared to last year (2018: RM3.95 per mt, 2017: RM4.45 per mt).

LOGISTICS AND SUPPORT BUSINESS SECTOR

Better results YoY due to higher tonnage carried by Group's transport. Included in previous year was a provision for litigation loss amounted to RM33m





QoQ Results Overview

- Lower profit in Q1 2018 mainly due to:
  - **Lower contribution** from transport and bulking operation in tandem with lower FFB production;
  - Gain on disposal of long term investment amounted to RM73m was recognised in Q417.

YoY Results Overview

- 2018 results was better than 2017 due to:
  - **Provision for litigation loss was** recognised in 2017 amounted to RM33m; and
  - **Higher throughput and tonnage** carried by Group's transport operation.

MOVEMENT OF LAND LEASE LIABILITY IN FGVPM

RM million	Q1 2018	Q1 2017	Q2 2017	Q3 2017	Q4 2017	2017
At the start of the period	4,393.3	4,407.6	4,429.0	4,372.6	**4,404.2**	**4,407.6**
Total payments made during the period	(72.0)	(76.1)	(79.5)	(71.9)	**(79.6)**	**(307.1)**
Recurring income statement charges/(credits)	93.2	94.4	85.0	103.7	**87.3**	**370.4**
Total income statement charges/(credits) from revisions in projections	(14.5)	3.1	(61.9)	(0.2)	**(18.6)**	**(77.6)**
Total charge/(credit) to the income statement	78.7	97.5	23.1	103.5	**68.7**	**292.8**
Closing LLA liability balance	4,400.0	4,429.0	4,372.6	4,404.2	**4,393.3**	**4,393.3**

Total (credit)/charge to Income Statement

RM million	2018	2017
Fixed lease consideration	-	61.1
Unwinding of discounts	95.2	-
Discounting effect	-	14.9
Revisions in projections and other adjustments	(16.5)	21.5
Total (credit)/charge to the Income Statement	**78.7**	**97.5**

Q&A SESSION

SUMMARY

1

Focus on meeting our 4.85 mil MT FFB production with lower production cost target of RM1,562/MT.

2

Pursue growth strategy to generate sustainable performance and value to the shareholders.

3

Enhance governance, people development, and integrity.

THANK YOU

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