FELDA GLOBAL VENTURES HOLDINGS BERHAD

Financial Results Briefing

3rd Quarter for the Financial Period Ended 30 Sep 2017

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Q3 2017 RESULT SUMMARY - FINANCIAL

FGV

*restated

FINANCIAL (RM mil)	Q3'17	Q2'17	QoQ	Q3'16*	YoY	YTD 9M17	YTD 9M16*	YoY
Revenue	**4,149**	4,224	▼ 2%	4,192	▼ 1%	12,696	12,087	▲ 5%
Operating Profit	**243**	135	▲ 81%	189	▲ 29%	467	396	▲ 18%
Profit Before Zakat & Tax	**114**	87	▲ 31%	2	▲ >100%	170	44	▲ >100%
P/(LATAMI)	**39**	26	▲ 50%	(74)	▲ >100%	67	(81)	▲ >100%

QoQ / YoY

Group Revenue: Decreased marginally by 2% QoQ and 1% YoY

Group PBZT: Increased by 31% QoQ and >100% YoY

- Higher CPO production by 18% against Q2'17
- Lower raw sugar cost by 11% against Q2'17
- Improved results by LO Sector

However, this was partially offset by higher fair value charge for LLA

Group PATAMI: Increased by 50% QoQ and more than 100% YoY.

YTD Q3 2017

Group Revenue: Increased by 5% against 2016

Group PBZT: Increased >100%

- Improved CPO margin due to better price & higher crops processed
- Share of profits from JV
- Higher margin in RBDPKO, CPKO & fertiliser
- Lower finance cost by 16%.

Group PATAMI: Increased by more than 100%. However partially offset by:

- 32% increase in raw sugar cost
- Increase in fair value charge of LLA
- Impairments and provisions of RM115 mil

Q3 2017 RESULT SUMMARY - OPERATION

OPERATIONAL	Q3'17	Q2'17	QOQ		Q3'16	YOY		YTD 9M17	YTD 9M16	YOY	
FFB Production ('000 MT)	**1,226**	1,043	▲	18%	1,118	▲	10%	3,073	2,976	▲	3%
OER (%)	**19.78**	19.77	▲	0.1%	20.96	▼	6%	19.79	20.66	▼	4%
CPO Production ('000 MT)	**845**	716	▲	18%	783	▲	8%	2,126	1,928	▲	10%
Avg. CPO Production Cost, Ex-mill (RM)	**1,541**	1,649	▼	7%	1,445	▲	7%	1,631	1,624	▲	0.4%

OPERATIONAL

FFB Production: Increased by 18% QoQ and 10% YoY.

OER: Increased marginally however decreased by 6% YoY due to higher rainfall affecting fruits quality and oil synthesis at the ripening stage.

CPO Production: Increased by 18% QoQ and 8% YoY in tandem with higher FFB production in Q3 2017.

Average CPO Production Cost (ex-mill): Improved by 7% QoQ due to the increase in FFB production.

2017 BUSINESS UPDATES

PLANTATION SECTOR

PALM UPSTREAM

- Lower PBZT for the plantation sector by 28% against Q2'17 (Q3: RM107 mil, Q2: RM149 mil). However, the YTD PBZT recorded significant improvement against 2016 (Sep'17: RM255 mil, Sep'16: -RM30 mil)
- Produced 1.23 mil MT of FFB in Q3 (QoQ:18%, YoY: 10%) making YTD FFB of 3.1mil MT.
- Produced 845,000 MT of CPO (QoQ: 18%, YoY: 8%) at an average CPO production cost (ex-mill) of RM1,541/MT.
- Replanted 4,833 Ha of plantation and total felling of around 12,000 Ha. RM180 mil spent for replanting as of Sep 2017.
- Received 6,108 visa approval for foreign workers with incoming of 3,616 workers by Q3'17. (Visa approved to-date: 8,400, Incoming Oct'17: 5,347)

PALM DOWNSTREAM

- Started value added process of 3,000 MT palm olein for Sinograin and will continue to expand the opportunity of distributing FGV's palm oil products in China.
- Supplied 455MT PME/biodiesel to Petron in Pasir Gudang and Port Dickson terminals. Expected to supply 300MT per month to the terminals.

R & D

- Started shipment of 73,000 seeds to Indonesia in August with total order of 300,000 seeds to be delivered by December.

2017 BUSINESS UPDATES

LOGISTICS & OTHERS SECTOR

- Recorded PBZT of RM20 mil compared to a loss of RM4 mil in Q2'17
- Completed 95% additional storage in Pakistan and 89% in Johor.
- Sold around 41,000 MT of Palm Kernel Shell (PKS) with shipment to Japan as at Sep 17.
- 2 cargo trucks (out of 10) have undergone inspection for approval by Petronas Chemical Group.

SUGAR SECTOR

- Recorded an improved performance with a PBZT of RM16 mil in the current quarter as compared to a loss of RM18 mil in Q2'17.
- Completed 71% sugar refinery in Tanjung Langsat, Johor.

FINANCE

- Manpower Optimisation Exercise: VSS to management workforce with 15% expected acceptance and 15% allowance cutting on managers & above to improve financial performance.
- Administrative expenses increased to RM689 mil due to impairment of receivables amounting of RM82 mil.
- Interim dividend payment of 5sen per share, to be paid by end 2017.

GOVERNANCE & SUSTAINABILITY

- Strengthened Board composition by new board members.
- Signed MACC's Corruption-Free Pledge to inculcate good corporate governance and eradicate potential bribery.
- RSPO certification for a few of FGV mills to be completed by end 2017.

BUSINESS FOCUS AND PROSPECTS

01

CORE BUSINESS

- Target to achieve 4.3 mil MT of FFB production by end 2017. In October, we produced 416,568 MT of FFB, 8% increased MoM.
- Expect to achieve replanting of 13,000 Ha in 2017.
- Optimal number of workers by early 2018 from the aggressive recruitment.
- Increase supervision in harvesting, replanting activities, and enhancing the FFB purchasing strategy that lead to greater savings and improved operational efficiency.
- Build new housing for 5,000 workers as part of FGV’s initiative to attract and retain workers.

02

CPO AND SUGAR PRICE

- Favourable CPO price expected in the range of RM2,600 – 2,800 /MT in Q4 2017.
- Maintain estimation of raw sugar price in the range of USD0.14 – 0.15/lb in Q4 2017.
- Result of sugar sector expected to improve in the near term with the replacement of the stocks of raw sugar material at the current lower raw sugar market price.

03

FINANCIAL IMPROVEMENT

- Claims on Felda Iffco Gida Senayi - Expected to be finalized by 2018.
- Received principle approval on the disposal of shares in AXA Affin and expected to complete by end 2017.

Q3 2017 VS Q2 2017 FINANCIAL HIGHLIGHTS

Higher profit in Q32017 due to higher CPO production, lower raw sugar cost and improved results in Others Sector but offset by higher fair value charge in LLA.

Income Statement *(RM million)*	**Q3 2017**	**Q2 2017**	**Changes %**
Revenue	4,149	4,224	-2%
Cost of sales	(3,552)	(3,825)	7%
Gross profit	597	399	50%
Operating profit	243	134	>100%
LLA liabilities (Fair value changes)	(104)	(23)	<100%
Share of results - Associates & JV	5	10	-50
PBT (& zakat)	**114**	**87**	**31%**
NET PROFIT	**51**	**28**	**82%**
PATAMI	**39**	**26**	**50%**
EPS (sen)	1.1	0.7	57%

- The Group **revenue declined marginally by 2%** compared to Q217.

- **The Group recorded higher profit** before tax mainly due to:
  - **Higher CPO production by 18%** in tandem with increase in FFB production (Q317: 1.23m mt, Q217: 1.04m mt);
  - **Lower raw sugar cost by 11%** compared to Q217); and
  - **Improved results by LO Sector** due to higher throughput and tonnage carried.

- The higher profit was partially **offset** by **higher fair value charge in LLA** of RM104m compared to RM23m in Q217.

YTD Q3 2017 FINANCIAL HIGHLIGHTS

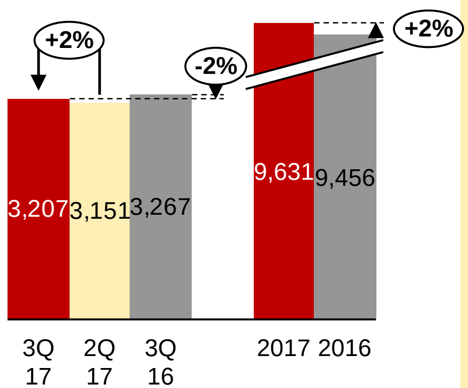
Better performance due to increase in revenue, higher margin and improved in share of results, but impacted by higher raw sugar cost, impairment of receivables and provision for litigation loss.

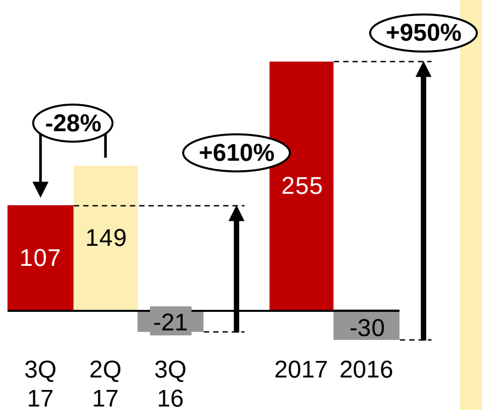
Income Statement *(RM million)*	**YTD 2017**	**YTD 2016 (Restated)**	**Changes %**
Revenue	12,696	12,087	5%
Cost of sales	(11,324)	(10,913)	-4%
Gross profit	1,372	1,174	17%
Operating profit	467	396	18%
LLA liabilities (Fair value changes)	(224)	(207)	-8%
Share of results - Associates & JV	25	(20)	>100%
PBT (& zakat)	**170**	**44**	**>100%**
NET PROFIT / (LOSS)	**48**	**(26)**	**>100%**
P/(LATAMI)	**67**	**(81)**	>100%
EPS (sen)	1.8	(2.2)	**>100%**

- The **Group revenue increased by 5%** mainly due to:
  - **Higher average selling price** by 53% and 16% per mt in **Rubber** and **Sugar** respectively;
  - **Higher price** and **overall sales volume** for **kernel crushing** and **US fatty acid** business in Downstream segment;
  - The higher revenue was affected by lower CPO sales volume by 18% to 1.25m but partially compensated by higher CPO price realised of RM2,820 per mt (2016: RM2,458 per mt).
- The **Group recorded higher PBT** mainly due to:
  - **Increase margin in CPO** due to higher CPO prices;
  - **Share of profits from JV** compared with share of loss in previous year mainly due to fraud losses recognised in JV's subsidiary in Q3 2016;
  - **Higher RBDPKO** and **CPKO margin** in kernel crushing business;
  - **Higher margin** in compound **fertiliser** business; and
  - **Lower finance costs** by 16% or RM23m.
- The improvement in the result was offset by:
  - **Increase in raw sugar cost** and weaker Ringgit;
  - **Increase in fair value charge** for LLA to RM224m (2016: RM207m); and
  - **Impairment of receivables** of RM82m and **provision for litigation loss** of RM33m.

PLANTATION SECTOR

Increase in YoY PBT due to higher CPO margin, share of profits from JV but offset by impairment of receivables and provision for litigation loss.





QoQ Results Overview

- **Decrease in profit** due to **increase in fair value charge in LLA** of RM104m compared to RM23m in Q2 2017;
- **Excluding FV charge in LLA**, the results was 23% **higher** compared to Q2 due to:
  - **Higher CPO sales volume** by 14% despite lower average CPO price of RM2,665 per mt (Q2: RM2,796 per mt);
  - **Operationally, higher CPO production** by 18% in tandem with **higher FFB production** of 1.23m mt (Q217: 1.04m mt);
  - **OER** achieved was at 19.78% compared to 19.77% in Q2 2017;

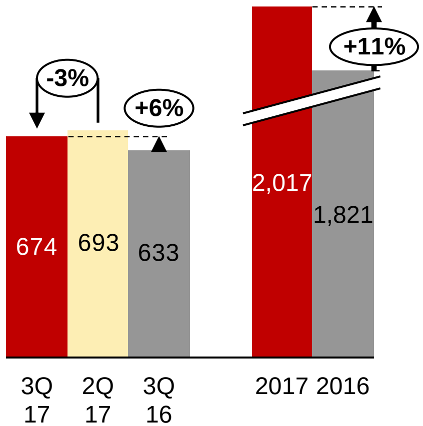
YoY Results Overview

- **Higher profit** mainly due to:
  - **Better CPO margin** achieved due to higher average CPO price realised of RM2,820 per mt compared to RM2,458 per mt last year;
  - **Higher margin in fertiliser business** supported by increase in sales volume coupled with gain in foreign exchange of RM7m compared to loss of RM11m in 2016;
  - **Share of profits from JV** of RM7m compared to share of loss RM50m. The loss in 2016 was mainly due to fraud losses discovered in Q3 last year.
- The profits were partly offset by:
  - **Impairment of receivables** of RM77m and **provision for litigation loss** of RM33m;
  - **Increase in fair value charge for LLA** to RM224m in 2017 compared to RM207m in 2016.
- Operationally:
  - **Yield** per hectare increased to 11.13mt against 11.06 mt in 2016;
  - **Higher CPO production** by 10% to 2.13m;
  - **OER** achieved was **lower** at 19.79% compared to 2016 at 20.66%; and
  - **CPO production cost** increased slightly to RM1,631 per mt (2016: RM1,624 per mt).

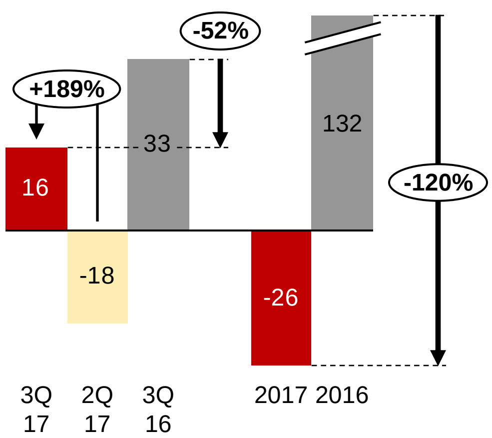
SUGAR SECTOR

Loss incurred due to increase in raw sugar material cost and weakening Ringgit

Revenue



PBT



<u>QoQ Results Overview</u>

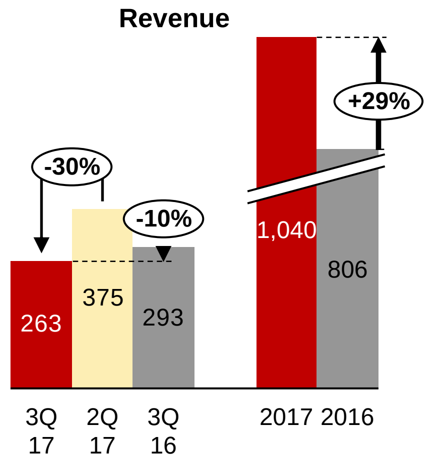
- **Revenue was slightly lower QoQ** due to lower industries sales volume by 7% and lower average sugar price by 3%**;**
- **Profit recorded** for current quarter mainly due to **lower raw sugar material cost** by 11% in tandem with the decline in the raw sugar market price.

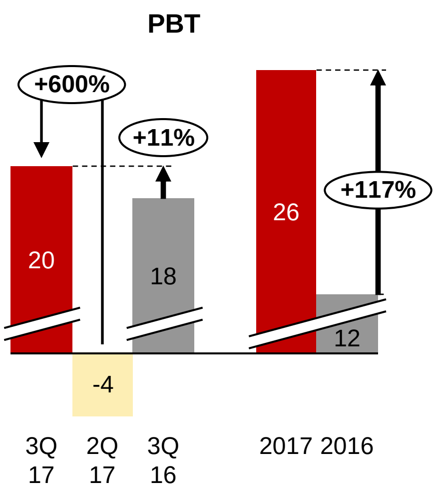
<u>YoY Results Overview</u>

- The **revenue** was 11% higher as **increase in average sugar selling price by 16%** and **higher domestic sales volume.**
- **Lower PBT** due to **continuous increase in average raw sugar cost** and **weakening Ringgit** compared to last year.

LOGISTICS AND OTHERS SECTOR

Better results due to higher tonnage carried by Group's transport but affected by lower contribution from Others Sector





QoQ Results Overview

- Profit in Q317 was mainly due to:
  - **Higher throughput** and **tonnage carried** by Logistic Sector in tandem with higher CPO production in Q3;
  - **Improved results** in Others Sector due to lower administrative expenses;
  - **Higher** contribution from **travelling business** in Q317 due to festive season.

YoY Results Overview

- 2017 results was better than 2016 due to the followings:
  - **Higher tonnage carried** and **throughput** handled by Group's transport operation in tandem with the increase in CPO production volumes; and
  - **Higher gross profit margin** for Rubber business;
- The results was **partly offset** by:
  - **Lower income received in Engineering company** due to closure of operation in Sabah and Regional Office.

MOVEMENT OF LAND LEASE LIABILITY IN FGVPM

RM million	Q1 2017	Q2 2017	Q3 2017	2017	Q1 2016	Q2 2016	Q3 2016	Q4 2016	2016
At the start of the period	4,407.6	4,429.0	4,372.6	**4,407.6**	4,627.2	4,654.2	4,608.1	4.639.01	**4,627.2**
Total payments made during the period	(76.1)	(79.5)	(71.9)	**(227.5)**	(62.7)	(58.4)	(74.3)	(92.6)	**(287.9)**
Recurring income statement charges/(credits)	94.4	85.0	103.7	**283.1**	91.0	107.1	103.7	96.0	**397.8**
Total income statement charges/(credits) from revisions in projections	3.1	(61.9)	(0.2)	**(59.0)**	(1.3)	(94.9)	1.7	(235.0)	**(329.5)**
Total charge/(credit) to the income statement	97.5	23.1	103.5	**224.2**	89.7	12.2	105.4	(139.0)	**68.3**
Closing LLA liability balance	4,429.0	4,372.6	4,404.2	**4,404.2**	**4,654.2**	**4,608.1**	**4,639.1**	**4,407.60**	**4,407.60**

Total (credit)/charge to Income Statement

RM million	2017	2016
Fixed lease consideration	301.1	183.3
Discounting effect	(17.3)	118.5
Revisions in projections and other adjustments	(59.1)	(94.5)
Total (credit)/charge to the Income Statement	**224.2**	**207.3**

Q&A SESSION

STEERING FGV FORWARD

"To be the Leading Globally Integrated Agribusiness that deliver Values to Customers & Smallholders"

STRATEGIC FOCUS

1 FOCUS ON CORE BUSINESS

"Back-to-basics"

- Aggressive foreign workers intake, optimization of existing workers.
- Strengthen FFB purchasing framework
- Replanting supervision & mechanization.

2 STRENGTHEN FINANCIAL POSITION

- Austerity drive in staff related & administrative spending
- Develop value-add culture.
- Turnaround/rationalise non-performing business

3 EMBRACE GOOD GOVERNANCE & INTEGRITY

- Strengthen board composition with SMEs.
- RSPO certification of our complexes
- Enhance reporting system and transparency

THANK YOU