

FELDA GLOBAL VENTURES HOLDINGS BERHAD

Financial Results Briefing

3rd Quarter for the Financial Period Ended 30 Sept 2016



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22/11/2016

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EXECUTIVE SUMMARY

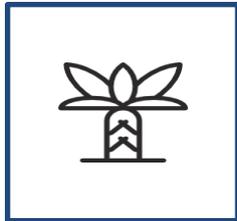


		3Q '16	QoQ Growth 2Q'16	YoY Growth 3Q'15
FINANCIAL	1 Revenue	RM 4,192 mil	RM 4,140 mil ▲ 1%	RM 4,510 mil ▼ 7%
	2 Operating. Profit	RM 163 mil	RM 212 mil ▼ 23%	RM 110 mil ▲ 48%
	3 PBT	RM -23 mil	RM 108 mil ▼ <100%	RM -45 mil ▲ 49%
	4 (L)/PATAMI	RM -95 mil	RM 62 mil ▼ <100%	RM -34 mil ▼ <100%
	5 Core Profit	RM -31 mil	RM 13 mil ▼ <100%	RM -165 mil ▲ 81%
OPERATIONAL	1 FFB Yield	4.14 MT/Ha	3.97 MT/Ha ▲ 4%	5.06 MT/Ha ▼ 18%
	2 OER	20.96%	20.40% ▲ 3%	21.04% ▼ 0.4%
	3 CPO Production	783,000 MT	659,000 MT ▲ 19%	940,000 MT ▼ 17%
	4 Avg. CPO Production Cost (Ex-mill)	RM 1,445	RM 1,669 ▼ 13%	RM 1,212 ▲ 19%

TRANSITION PLAN UPDATES



FOCUS



Focus on Core Business



Strengthen Financial Position

PROGRESS

- ✓ Completed the restructuring of plantation into smaller zones (from 2 to 7) and rationalization of bigger estates into smaller units for better supervision.
- ✓ Replanting of 16,000 Ha and achieving average production cost of RM 1,550/MT are on track.
- ✓ Completed our long term plan to improve our FFB yield from approximately 4 million MT to close to 6 million MT by 2020.
- ✓ Received approval from Indonesian government to export planting materials to Indonesia with projected volume of 1 million germinated seeds annually.

- ✓ 3Q 16 administration cost reported lower by 4% QoQ and 32% as compared to 3Q 15.
- ✓ The RM 100 million cost saving is on track.

Admin Cost (Quarterly)



TRANSITION PLAN UPDATES



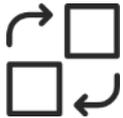
FOCUS

PROGRESS



No Merger & Acquisition

- ✓ M&A is not a priority for time being.



Disposal of Non-Core / Non-performing Assets

- ✓ Working towards completing one disposal of non-core assets by end of 2016 or in 1Q 2017.
- ✓ Few dormant companies are in the process of being liquidated.



Environmental Sustainability

- ✓ 16 FGV mills and its supply base completed RSPO internal audit and are ready for main RSPO assessment.
- ✓ Request for split membership with FELDA is in final stage of approval.

BUSINESS OUTLOOK



1

FFB Production

- In 2016, yield trend is expected to be similar to the year 1998 (post El-nino) which was depressed as much as 16%.
- FFB production is expected to maintain at 4.1 mil MT.

2

CPO Price

- CPO price expected to be traded in the range of RM 2,600 to RM 2,800 per MT in Dec 2016 with average of RM 2,500/MT in 2016.

3

Sugar

- Raw sugar price: US\$ 0.24- 0.26 /lb.
- Selling price revision for AP sugar quota by KPDNKK to RM 2,780/MT for 8,000 MT/monthly effective Nov 2016.

4

Trading

- Focus on internal oils to mitigate price volatility.

5

Change of Accounting Policy

- Assessing the possibility of changing the accounting policy on replanting and plantation development cost for this fiscal year.

3Q 2016 EARNINGS HIGHLIGHTS



<i>RM mil</i>	3Q 16	2Q 16	QoQ %	3Q 15	YoY %	YTD		YoY %
						9M FY16	9M FY15	
Revenue	4,192	4,140	1%	4,510	- 7%	12,087	11,411	6%
PBT	-23	108	<100%	-45	49%	15	219	- 93%
(L)/PATAMI	-95	62	<100%	-34	<100%	-98	16	<100%
EPS (<i>sen</i>)	-2.6	1.7	<100%	-0.9	<100%	- 2.7	0.4	<100%

REVENUE

Slightly higher revenue compared to 2Q 16 due to:

- Higher volume of CPO sold by 12% however, offset with lower average price realised of RM2,479 per MT (2Q 16: RM 2,570/MT); and
- Higher revenue from kernel crushing business as better price recorded in RBDPKO.

PROFIT BEFORE TAX

Loss before tax was recorded compared to profit in 2Q 16 due to:

- Higher Fair Value (FV) charge in LLA of RM 105 mil compared to RM 12 mil in 2Q 16;
- Loss in share of associated results due to stock loss of RM 57 mil.
- Loss on derivatives incurred from trading activities; and
- Weak margins from kernel crushing business.

3Q 2016 EARNINGS HIGHLIGHTS : CLUSTER RESULTS



**Palm
Upstream**



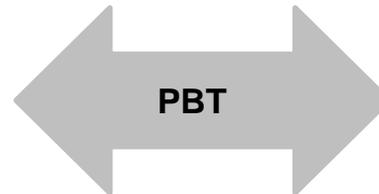
**Palm
Downstream**

RM 520 mil, -8% QoQ
2Q 16: RM 568 mil



RM 823 mil, -14% QoQ
2Q 16: RM 955 mil

RM 90 mil, -40% QoQ
2Q 16: RM 149 mil



RM -18 mil, <100% QoQ
2Q 16: RM 5 mil

Lower revenue and profit before tax in 3Q 16 due to:

- a) **Lower CPO price realised** of RM 2,479;
 - b) **Higher FV charge in LLA** of RM 105 mil;
- However, the **lower profit was compensated** by:
- a) **Higher volume of FFB processed** by 15%, which led to **higher CPO production** by 18%;
 - b) **Higher estate yield** of 4.14 MT/Ha; and
 - c) **Lower CPO production cost** .

Loss before tax was recorded in 3Q 16 due to:

- a) **Erosion in RBDPKO and CPKO margin** from kernel crushing business; and
- b) **Lower margin** in US fatty acid business.

3Q 2016 EARNINGS HIGHLIGHTS : CLUSTER RESULTS



Sugar



Trading, Marketing,
Logistic & Others

RM 636 mil, no changes QoQ
2Q 16: RM 634 mil

REVENUE

RM 1,944 mil, 15% QoQ
2Q 16: RM 1,694 mil

RM 38 mil, -2% QoQ
2Q 16: RM 39 mil

PBT

RM -23 mil, <100% QoQ
2Q 16: RM 35 mil

Lower profit before tax in 3Q 16 due to:
a) Higher average of raw sugar cost.

Higher revenue in 3Q 16 due to:

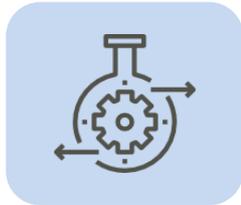
a) **Increase in CPO sales volume.**

Loss before tax in 3Q 16 were mainly attributable to:

a) **Unfavorable margin** from trading activities;
and

b) **Lower income** in IT services.

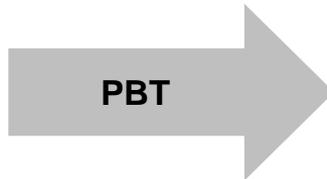
3Q 2016 EARNINGS HIGHLIGHTS : CLUSTER RESULTS



Other Cluster



RM 268 mil, -7% QoQ
2Q 16: RM 288 mil



RM 19 mil, -21% QoQ
2Q 16: RM 24 mil

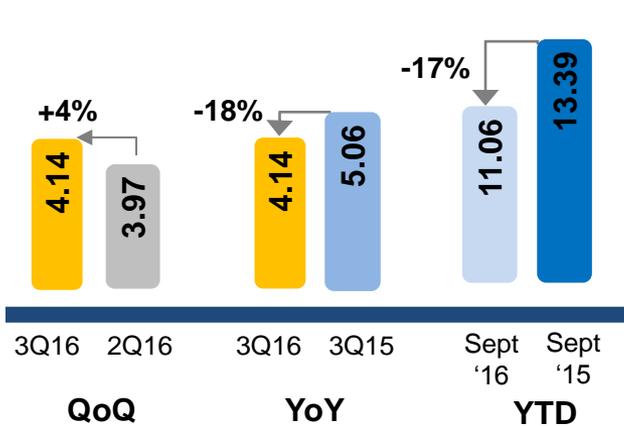
Weak results in 3Q 16 due to:

- a) **Lower sales volume and sales price** by 38% and 3% respectively posted in fertilizer business; and
- b) **However, the loss was mitigated by higher margin** in R&D business.

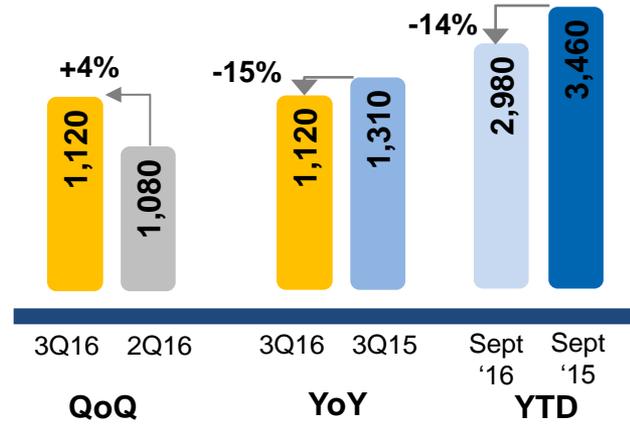
OPERATIONAL HIGHLIGHTS : Plantation



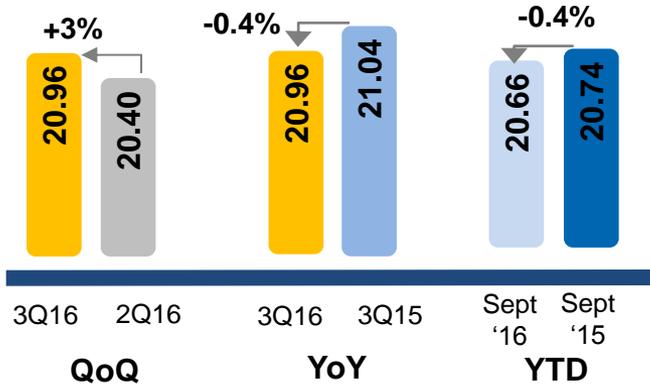
FFB Yield (MT/Ha)



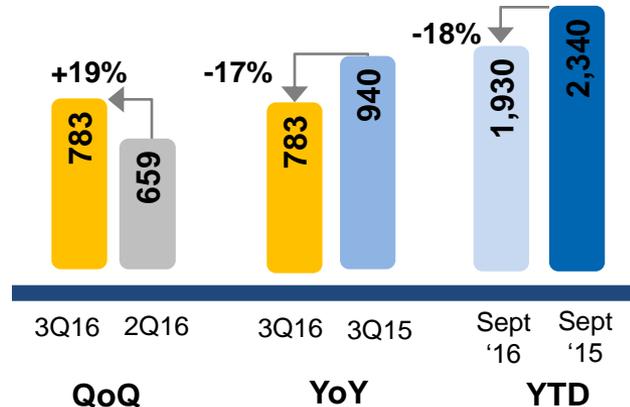
FFB Production ('000 MT)



OER (%)



CPO Production ('000 MT)



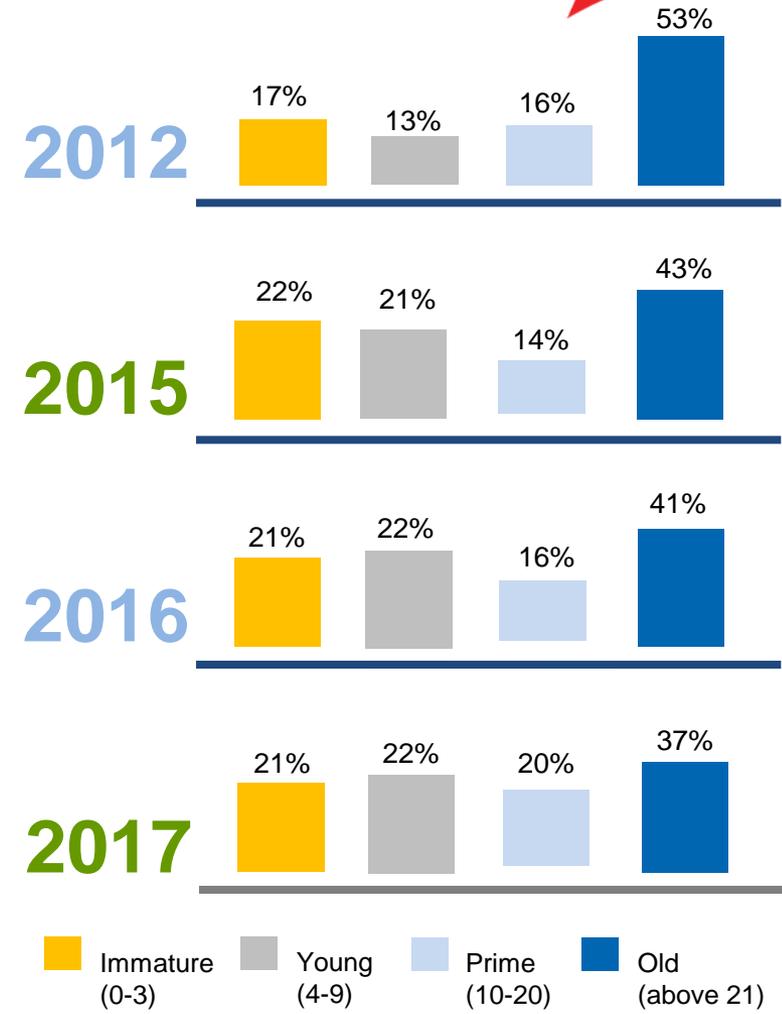
- The YoY reduction on FFB yield and FFB production were impacted by El-Nino, which is in line with industry performance.

REPLANTING AND AGE PROFILE



TARGET		16,000 Ha 2016 replanting target
COST		3Q – RM 77 mil YTD – RM 196 mil 2016(B) - RM 301 mil
AREA		Felling – 16,237 Ha Planting – 7,631 Ha (as at 9M FY16)
TOTAL MATURE		270,743 Ha Total Mature Area in 2016

AGE PROFILE



MOVEMENT OF LAND LEASE LIABILITY IN FGVP



RM mil	Q1 2016	Q2 2016	Q3 2016	2016	Q1 2015	Q2 2015	Q3 2015	Q4 2015	2015
At the start of the period	4,627.2	4,654.2	4,608.1	4,627.2	4,680.8	4,692.2	4,674.4	4,703.1	4,680.8
Total payments made during the period	(62.7)	(58.4)	(74.3)	(195.4)	(62.1)	(68.1)	(79.2)	(69.1)	(278.5)
Recurring income statement charges/(credits)	91.0	107.1	103.7	301.8	89.5	85.2	95.7	90.3	360.7
Total income statement charges/(credits) from revisions in projections	(1.3)	(94.9)	1.7	(94.5)	(16.0)	(34.9)	12.2	(97.1)	(135.8)
Total charge/(credit) to the income statement	89.7	12.2	105.4	207.3	73.5	50.3	107.9	(6.8)	224.9
Closing LLA liability balance	4,654.2	4,608.1	4,639.1	4,639.1	4,692.2	4,674.4	4,703.1	4,627.2	4,627.2

Total (credit)/charge to Income Statement

RM million	YTD Q3 2016	FYE 2015
Fixed lease consideration	183.3	248.4
Discounting effect	118.5	112.3
Revisions in projections and other adjustments	(94.5)	(135.8)
Total (credit)/charge to the Income Statement	207.3	224.9

CORE PROFIT

The Group's Core Profit decreased to a loss of RM 31 mil in 3Q 16 compared to RM 13 mil profit in 2Q 16, YTD core loss reduced to RM 79 mil compared to loss of RM193m in 2015.



Core Profit Reconciliation	Q3 2016 RM mil	Q2 2016 RM mil	Q1 2016 RM mil	YTD Q3 2016 RM mil	YTD Q3 2015 RM mil
P/(LATAMI)	-94	62	-66	-98	16
LLA (credit) / charge, net of tax	80	9	68	157	174
Stock losses in FISB	57	-	-	57	-
Gain on disposal of AACo	-	-	-	-	-29
Share of gain on disposal of FGV China Oil	-	-	-	-	-12
Reversal of impairment of TRT Etgo	-	-	-	-	-133
<i>Total adjustment</i>	137	9	68	214	0
Adjusted (L)/PATAMI	43	71	2	116	16
<i>less: LLA cash paid</i>	-74	-58	-63	-195	-209
CORE (LOSS)/PROFIT	-31	13	-61	-79	-193

CORE PROFIT DEFINITION :

Core net profit relates to the net profit after minority interests excluding one-off item (that are not recurring). The purpose is to find out the recurring operating profit of the group. The non-recurring will include items like (1) non operational related forex gains; (2) one-off gain from sale of shares/assets; (3) LLA and (4) potentially any one-off provisions or gains etc,

THANK YOU

PLANTATION HIGHLIGHTS



	3Q 16	2Q 16	QoQ %	3Q 15	YoY %	YTD		YoY %
						Sept 16	Sept 15	
FFB Prod ('000 MT)	1,120	1,080	4%	1,310	-15%	2,980	3,460	-14%
FFB Yield (MT/Ha)	4.14	3.97	4%	5.06	-18%	11.06	13.39	-17%
CPO Production ('000 MT)	783	659	19%	940	-17%	1,930	2,340	-18%
PK Production ('000 MT)	189.6	168.9	12%	238.3	-20%	485.8	603.9	-20%
OER	20.96%	20.40%	3%	21.04%	-0.4%	20.66%	20.74%	-0.4%
KER	5.08%	5.23%	-3%	5.34%	-5%	5.21%	5.34%	-2%
Avg. PK Price (RM/MT)	2,640	2,367	12%	1,345	96%	2,386	1,500	59%
Avg. CPO Price (RM/MT)	2,479	2,570	-4%	2,191	13%	2,458	2,236	10%
Avg CPO Prod. Cost Ex-mill (RM/MT)	1,445	1,669	-13%	1,212	19%	1,624	1,369	19%

EBITDA 2016 VS 2015

The Group achieved lower EBITDA of RM 491 mil vs RM 690 mil in 2015



Reconciliation	YTD 3Q 2016 RM mil	YTD 3Q 2015 RM mil	Changes %
<u>EBITDA Reconciliation</u>			
Operating (loss)/profit before LLA	366	530	-31%
<i>add: Share of results</i>	(20)	37	<100%
<i>add : Depreciation</i>	380	355	7%
<i>Others - other (losses)/gains</i>	(40)	35	<100%
<i>add: EBITDA for Discontinued operation</i>	-	(58)	<100%
EBITDA (exclude LLA)	686	899	-24%
<i>less: LLA Cash Paid</i>	(195)	(209)	7%
EBITDA (after cash LLA)	491	690	-29%

KEY FINANCIAL RATIOS

Most the key financial ratios for 2016 weakened against 2015 due to challenging economic environment.



	UOM	30-Sept-16	31-Dec-15	Changes	Changes
Total Assets	RM mil	21,705	21,388	1%	●
Total Liabilities	RM mil	12,932	12,402	4%	●
Cash and Cash Equivalents	RM mil	2,514	2,503	0%	●
Net Tangible Assets (NTA) per Share	RM	1.25	1.34	-7%	●
Earning per Share (EPS)	sen	(2.69)	2.90	<100%	●
Return on Shareholders' Fund (ROSF)	%	(1.58)	1.66	<100%	●
Liquidity Ratio		1.19	1.39	-14%	●
Gearing Ratio *		1.67	1.56	7%	●
Gearing Ratio (excluding LLA)		0.93	0.84	10%	●

* Gearing ratio equals to Borrowings, Loan due to a significant shareholder, LLA liability (in Current Liabilities and Non-Current Liabilities) divided by Shareholders' Fund.

SEGMENT REPORTING BY CLUSTERS



Clusters	REVENUE YTD sept			PBT YTD SEPT		
	2016	2015	%	2016	2015	%
	RM'000	RM'000		RM'000	RM'000	
Palm upstream	1,437,486	1,438,478	0%	136,454	102,743	33%
Palm downstream	2,697,254	2,427,029	11%	-6,765	7,073	<100%
Sugar	1,823,921	1,643,296	11%	144,151	292,398	-51%
TMLO	5,253,273	4,911,256	7%	28,124	-39,262	>100%
Others (Rubber, R&D and Services)	874,956	990,600	-12%	26,474	21,220	25%
*Others	-	-	0%	-313,187	-165,059	-90%
TOTAL	12,086,890	11,410,659	6%	15,251	219,113	-93%

* Others consists of investment holding companies and consolidation adjustments