



FELDA GLOBAL VENTURES HOLDINGS BERHAD  
Financial Results Briefing  
2nd Quarter for the Financial Period Ended 30 June 2016

Date: 29 August 2016

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**Executive Summary:**  
In The Black, Building Momentum



**Building Momentum**



**Business Outlook**






















**Earnings Highlights**



**Operational Highlights**



# EXECUTIVE SUMMARY : In The Black, Building Momentum

		 Current Quarter <b>2Q 16</b>	 QoQ Growth <b>1Q 16</b>	 YoY Growth <b>2Q 15</b>
FINANCIAL	1 Revenue	RM 4,140 mil	RM 3,755 mil  10%	RM 4,190 mil  -1%
	2 PBT	RM 108 mil	RM -70 mil  >100%	RM 191 mil  -43%
	3 PATAMI	RM 62 mil	RM -66 mil  >100%	RM 46 mil  35%
	4 Core Profit	RM 13 mil	RM -61 mil  >100%	RM 16 mil  -19%
OPERATIONAL	1 FFB Yield	3.97 MT/Ha	2.94 MT/Ha  35%	4.73 MT/Ha  -16%
	2 OER	20.40%	20.56%  -1%	20.56%  -1%
	3 CPO Production	659,500 MT	485,400 MT  36%	838,500 MT  -21%
	4 Avg CPO Production Cost (Ex-mill)	RM 1,669	RM 1,824  -9%	RM 1,390  20%



# BUILDING MOMENTUM

## FOCUS

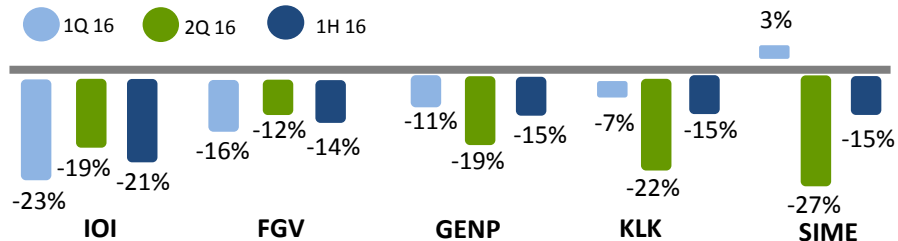


Focus on Core Business

## PROGRESS

- ✓ Re-deployment of personnel
- ✓ Moisture conservation measures
- ✓ Replanting is on the track
- ✓ Evacuation infrastructure
- ✓ Mill and land rationalisation

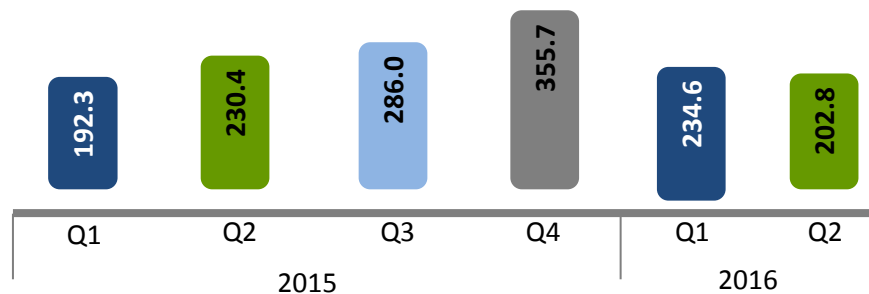
**El Nino Impact on FFB production growth (YoY)\***



\* Source: The Edge Malaysia 18 July 2016

- ✓ Q2 2016 admin cost reported lower by 14% QoQ and 12% as compare to Q2 15.
- ✓ Further admin cost saving in Q3 and Q4 to achieve the RM 100 mil target.

**Admin Cost (Quarterly)**



Strengthen Financial Position



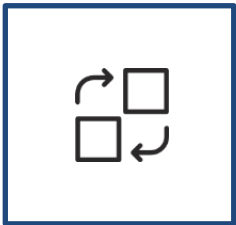
# BUILDING MOMENTUM

## FOCUS

## PROGRESS



No Merger & Acquisition



Disposal of Non-Core / Non-performing Assets



Environmental Sustainability

### Business News Home > Business > Business News

Tuesday, 26 July 2016

## FGV up for re-rating after calling off purchase of Indonesia's Eagle High

BY HANIM ADNAN

### FGV unit scraps plan to buy 55% stake in China's Zhong Ling

- ✓ Few non-core assets have been identified to divest and expected to conclude in Q3 or Q4, which will improve our balance sheet.
- ✓ Uneconomical land

- ✓ Recertification plan is on track and we aim to have 16 mill complexes re-certified this year
- ✓ Passport boxes for foreign workers





# BUSINESS OUTLOOK

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1

CPO Production

- Industry estimated Malaysia CPO production at 19 mil MT for 2016.
- Now, projection has reduced to 18.5 mil MT.
- FGV in a good position for 2H 2016 to take advantage of the tightness in supply.
- Healthy recovery of our plantations from El-Nino

2

CPO Price

- Market tightness for palm oil supply will keep prices firm.
- Limited supply of Lauric oils in the market, will keep the PK pricing firm.

3

New Market Penetration

- Current plan is to exports RBD Olein, shortening and vegetable ghee to potential markets such as Middle East and Key Asean countries.
- Recently started exporting shortening to China market in June.

4

Sustainability

- Re-certify mills
- Concerned on the smallholders ability to meet stringent sustainability compliance requirements

5

Labour Concerns

- FGV will work with industry representative to request for a solution on the labour issues.
- We will work towards diversifying our source of labor, improve our labour facilities and engagement.



## 2Q 2016 EARNINGS HIGHLIGHTS

<i>RM mil</i>	2Q 16	1Q 16	QoQ %	2Q 15	YoY %	YTD		YoY %
						6M FY16	6M FY15	
<b>Revenue</b>	<b>4,140</b>	3,755	10%	4,190	-1%	7,895	6,900	14%
<b>PBT</b>	<b>108</b>	-70	>100%	191	-43%	38	264	-86%
<b>PATAMI</b>	<b>62</b>	-66	>100%	46	35%	-3	50	<100%
<b>EPS (<i>sen</i>)</b>	<b>1.7</b>	-1.8	>100%	1.3	31%	-0.1	1.4	<100%

### REVENUE

**Higher revenue** compared to 1Q 16 due to:

- **Higher volume of CPO sold** by 13% (2Q 16: 0.51 mil MT) and **higher average CPO price** realised of RM2,570 per MT.;
- **Higher revenue from kernel crushing** business as better price recorded; and
- **Higher domestic sales volume** for Sugar business

### PROFIT BEFORE TAX

**Profit before tax** was recorded compared to loss in 1Q 16 due to:

- **Higher volume of FFB processed** of 3.23 mil MT which led to higher CPO production by 36% (0.66 mil MT) and raised UF to 60%.
- **Lower CPO production cost (ex-mill) per MT** by 9% (RM1,669 /MT).
- **Lower FV charge in LLA** of RM12.24 mil.
- Better margin in fatty acid and glycerine sales.





## 2Q 2016 EARNINGS HIGHLIGHTS : CLUSTER RESULTS

### Palm Upstream



**RM 568 mil, +63% QoQ**  
1Q 16: RM 349 mil

**RM 149 mil, >100% QoQ**  
1Q 16: RM -103 mil

REVENUE

PBT

### Palm Downstream



**RM 955 mil, +4% QoQ**  
1Q 16: RM 916 mil

**RM 5 mil, +100% QoQ**  
1Q 16: RM 2 mil

- **Higher revenue and profit before tax** in 2Q 16 compared to 1Q 16 was due to:
  - Higher volume of FFB processed** by 37% (3.2 mil MT) which led to **higher CPO production** by 36% (0.66 mil MT);
  - Higher estate yield** of 3.97 MT per hectare against 2.94 MT per hectare in 1Q 16;
  - Lower FV charge in LLA** of RM12.24 mil compared to RM89.72 mil in 1Q 16; and
  - Lower CPO production cost** of RM1,669 per MT compared to RM1,824 per MT.

- **Profit before tax was higher** in 2Q 16 compared to 1Q 16 due to higher profit in TRT US attributable to higher selling price and lower operating cost for Quincy plant.
- **The profit was partly offset by the lower margin** in RBDPKO from kernel crushing business.



## 2Q 2016 EARNINGS HIGHLIGHTS : CLUSTER RESULTS

Sugar



**RM 634 mil, +14% QoQ**  
1Q 16: RM555 mil

**RM 39 mil, -41% QoQ**  
1Q 16: RM66 mil

REVENUE

PBT

Trading, Marketing,  
Logistic & Others



**RM 1,694 mil, +5% QoQ**  
1Q 16: RM1,618 mil

**RM 35 mil, +75% QoQ**  
1Q 16: RM20 mil

- **Revenue increase** compared to previous quarter due to:
  - Increase in sugar sales volume** in tandem with festive season in Q2; and
  - Contribution from MSM Trading** which begun trading in 2016.
- **Lower PBT** due to lower profit from MSM Trading compared to previous quarter.

- **Higher revenue and PBT** compared to previous quarter due to:
  - Increased trading revenue**, in tandem with increase in commodity price; and
  - Better performance by Transport** as more throughput handled in 2Q 16



## 2Q 2016 EARNINGS HIGHLIGHTS : CLUSTER RESULTS



### Other Cluster

REVENUE

**RM 288 mil, -9% QoQ**

1Q 16: RM 318 mil

PBT

**RM 24 mil, >100% QoQ**

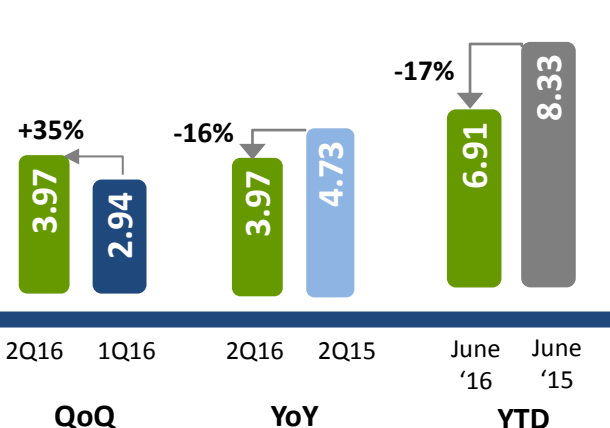
1Q 16: RM -16 mil

- **Better results** in 2Q 16 compared to 1Q 16 due to:
  - a) Higher margin in R&D business.
  - b) **Higher fertilizer sales** volume in 2Q 16.

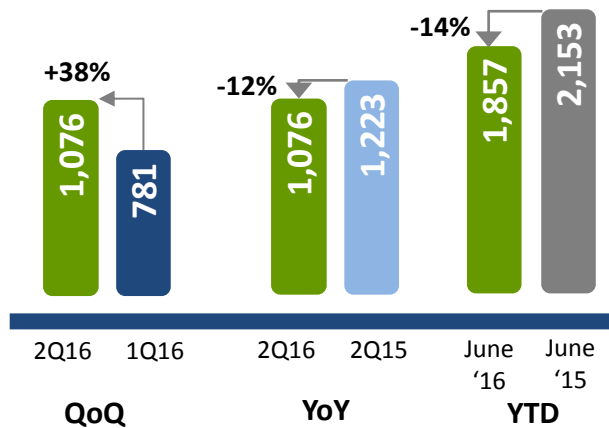


# OPERATIONAL HIGHLIGHTS : Plantation

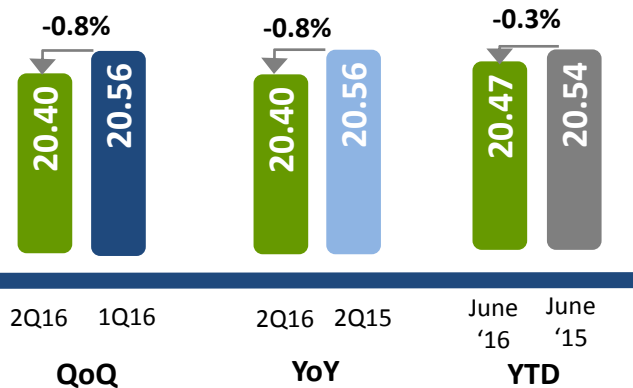
FFB Yield (MT/Ha)



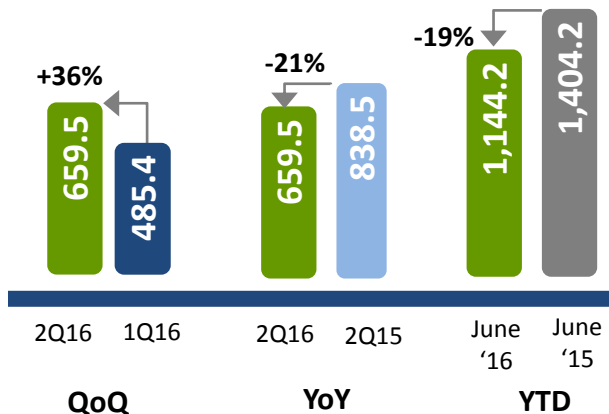
FFB Production ('000 MT)



OER (%)



CPO Production ('000 MT)



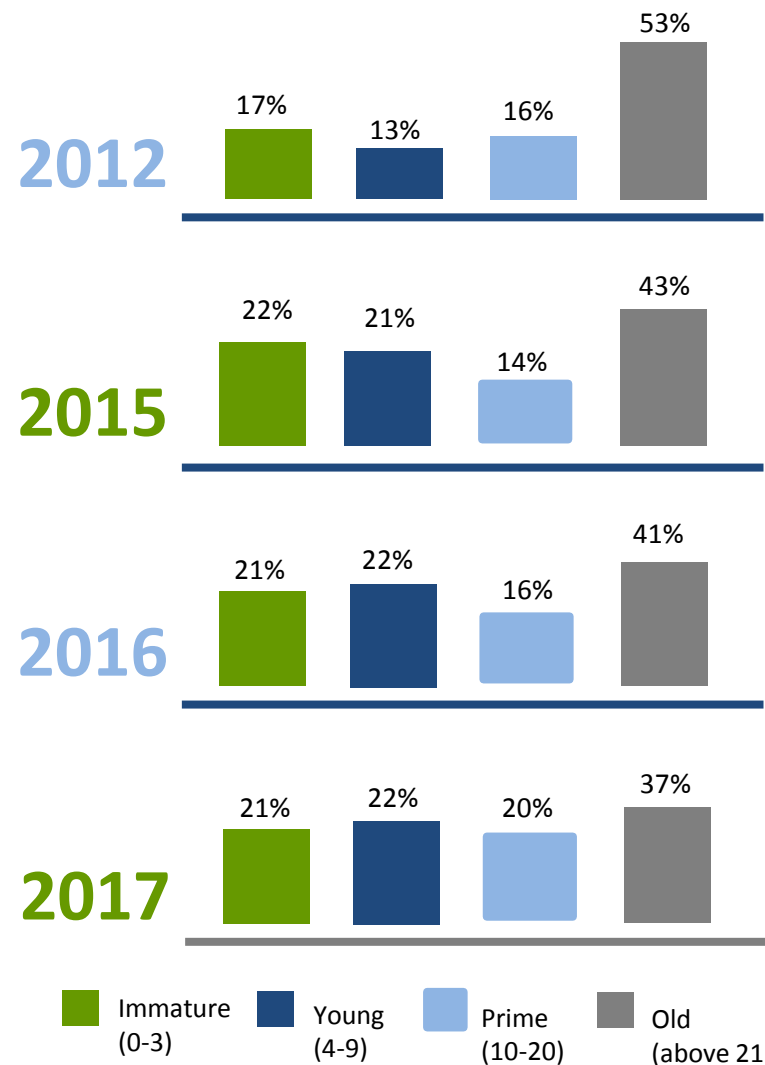
- Higher FFB yield at 3.97 MT/Ha (35% QoQ increase) has resulted in higher FFB production of 1.08 Mil MT (38% increase QoQ).
- Higher CPO production improved by 36% QoQ, however OER% declined by 0.8% due to El-Nino effect.



# REPLANTING AND AGE PROFILE

<b>TARGET</b>		<b>16,000 Ha</b> 2016 replanting target
<b>COST</b>		Q2 - <b>RM 68 mil</b> YTD - <b>RM 116 mil</b> 2016(B) - <b>RM 301 mil</b>
<b>AREA</b>		Felling – <b>13,916 Ha</b> Planting – <b>2,307 Ha</b> (as at 6M FY16)
<b>TOTAL MATURE</b>		<b>270,743 Ha</b> Total Mature Area in 2016

## AGE PROFILE





## NON-PLANTATION OPERATIONAL HIGHLIGHTS

1

Sugar

- Group sales revenue for the second quarter slightly increased by 3.7% due to higher volume in Domestic and Export segments of 19.1% and 21.6% respectively.
- Total sales tonnage QoQ was 279,249 mt compared to 261,352 mt at average price of RM 2,153/mt compared to RM 2,237/mt

2

Trading

- CPO and PPO delivered YTD June was 1.27 mil MT, which approximately 0.6 mil MT (47%) were external oil.
- For export market, FGVT has CPO and PPO shipments performed to countries like China, India, Pakistan and Europe.

3

Fast Moving  
Consumer Good

- Total sales volume for Q2 has increased by 17% to 90,058 mil MT as compared to the preceding quarter contributed by launch of new products in Q2 and festive-season driven sale.
- Recently started exporting shortening to China market in June. Total export in Q2 increased by 61% to 17,050MT.

4

Bulking and Storage

- Throughput for Q2 had increased by 16% to 1,620,738 MT as compare to Q1 of 1,391,580 MT (Total of 1H FY16 : 3,012,317 MT ).
- Expected the throughput for 2H FY16 to be better by 30% - 35%.

5

Oleo chemical

- Focus on operational saving initiatives and higher premium products.
- Fatty Acid/Refined Glycerin volume shipment YTD = 80,286 MT. vs. 2015 volume of 79,832 MT.
- Securing new customer accounts to reduce dependence on P&G and Unilever.



**THANK YOU**



# PLANTATION HIGHLIGHTS

	2Q 16	1Q 16	QoQ %	2Q 15	YoY %	YTD		YoY %
						June 16	June 15	
FFB Prod ('000 MT)	1,076	781	38%	1,223	-12%	1,857	2,153	-14%
FFB Yield (MT/Ha)	3.97	2.94	35%	4.73	-16%	6.91	8.33	-17%
CPO Production ('000 MT)	659.5	485.4	36%	838.5	-21%	1,144.9	1,404.2	-19%
PK Production ('000 MT)	168.9	125.4	35%	214.5	-21%	296.2	365.6	-19%
OER	20.40%	20.56%	-1%	20.56%	-1%	20.47%	20.54%	0%
KER	5.2%	5.4%	-4%	5.3%	-2%	5.3%	5.4%	-2%
Avg. PK Price (RM/MT)	2,367	2,025	17%	1,510	57%	2,221	1,600	39%
Avg. CPO Price (RM/MT)	2,570	2,303	12%	2,251	14%	2,446	2,263	8%
Avg CPO Prod. Cost Ex-mill (RM/MT)	1,669	1,824	-9%	1,390	20%	1,736	1,471	18%



## EBITDA 2016 VS 2015



*The Group achieved lower EBITDA of RM 334 mil vs RM 524 mil in 2015*

Reconciliation	YTD Q2 2016 RM mil	YTD Q2 2015 RM mil	Changes %
<u>EBITDA Reconciliation</u>			
Operating (loss)/profit before LLA	202	420	-52%
<i>add: Share of results</i>	38	43	-12%
<i>add : Depreciation</i>	257	222	16%
<i>Others - other (losses)/gains</i>	(42)	(5)	<100%
<i>add: EBITDA for Discontinued operation</i>	-	(26)	<100%
<b>EBITDA (exclude LLA)</b>	<b>455</b>	<b>654</b>	<b>-30%</b>
<i>less: LLA Cash Paid</i>	(121)	(130)	-7%
<b>EBITDA (after cash LLA)</b>	<b>334</b>	<b>524</b>	<b>-36%</b>

## CORE PROFIT



*The Group's Core Profit increased to a profit of RM 13 mil in 2Q 16 compared to RM 61 mil losses in 1Q 16 which reduced the YTD loss to RM 48 mil compared to loss of RM 28 mil in 2015.*

<b>Core Profit Reconciliation</b>	<b>Q2 2016 RM million</b>	<b>Q1 2016 RM million</b>	<b>YTD Q2 2016 RM million</b>	<b>YTD Q2 2015 RM million</b>
<b>P/(LATAMI)</b>	<b>62</b>	<b>-66</b>	<b>-4</b>	50
LLA (credit) / charge, net of tax	9	68	77	93
Gain on disposal of AACo	-	-	-	-29
Share of gain on disposal of FGV China Oil	-	-	-	-12
<i>Total adjustment</i>	<b>9</b>	<b>68</b>	<b>77</b>	52
<b>Adjusted PATAMI</b>	<b>71</b>	2	<b>73</b>	102
<i>less: LLA cash paid</i>	<b>-58</b>	<b>-63</b>	<b>-121</b>	<b>-130</b>
<b>CORE PROFIT</b>	<b>13</b>	<b>-61</b>	<b>-48</b>	<b>-28</b>

### 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,

## KEY FINANCIAL RATIOS



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

	UOM	30-June-16	31-Dec-15	Changes	Changes
Total Assets	RM mil	21,628	21,388	1%	●
Total Liabilities	RM mil	12,836	12,402	4%	●
Cash and Cash Equivalents	RM mil	2,623	2,503	5%	●
Net Tangible Assets (NTA) per Share	RM	1.27	1.34	-5%	●
Earning per Share (EPS)	sen	-0.09	2.90	<100%	●
Return on Shareholders' Fund (ROSF)	%	-0.05	1.66	<100%	●
Liquidity Ratio		1.18	1.39	-15%	●
Gearing Ratio *		1.67	1.56	-7%	●
Gearing Ratio (excluding LLA)		0.94	0.84	-11%	●

\* 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



*Higher revenue recorded as higher CPO price realised in 2Q 16.*

Clusters	REVENUE YTD JUNE			PBT YTD JUNE		
	2016	2015	%	2016	2015	%
	RM'000	RM'000		RM'000	RM'000	
Palm upstream	917,199	1,017,238	-10%	46,103	76,266	-40%
Palm downstream	1,870,982	1,555,446	20%	6,922	-7,184	>100%
Sugar	1,188,327	1,096,807	8%	105,647	205,775	-49%
TMLO	3,311,937	2,611,522	27%	55,411	48,272	15%
Others (Rubber, R&D and Services)	606,605	619,355	-2%	7,875	25,616	-69%
*Others	-	-	0%	-183,775	-84,710	<100%
<b>TOTAL</b>	<b>7,895,050</b>	<b>6,900,368</b>	<b>14%</b>	<b>38,183</b>	<b>264,035</b>	<b>-86%</b>

\* Others consists of investment holding companies and consolidation adjustments

# MOVEMENT OF LAND LEASE LIABILITY IN FGVPM



RM million	Q1 2016	Q2 2016	2016	Q1 2015	Q2 2015	Q3 2015	Q4 2015	2015
At the start of the period	4,627.2	4,654.2	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)	(121.1)	(62.1)	(68.1)	(79.2)	(69.1)	(278.5)
Recurring income statement charges/(credits)	91.0	107.1	198.1	89.5	85.2	95.7	90.3	360.7
<b>Total income statement charges/(credits) from Revisions in projections</b>	(1.3)	(94.9)	(96.2)	(16.0)	(34.9)	12.2	(97.1)	(135.8)
Total charge/(credit) to the income statement	89.7	12.2	101.9	73.5	50.3	107.9	(6.8)	224.9
<b>Closing LLA liability balance</b>	4,654.2	4,608.1	4,608.1	4,692.2	4,674.4	4,703.1	4,627.2	4,627.2

Total (credit)/charge to Income Statement

RM million	YTD 2016	FYE 2015
Fixed lease consideration	122.2	248.4
Discounting effect	75.9	112.3
Revisions in projections and other adjustments	(96.2)	(135.8)
<b>Total (credit)/charge to the Income Statement</b>	<b>101.9</b>	<b>224.9</b>