Financial Results Analyst Briefing
3rd Quarter for the
Financial Period Ended 30 September 2015

26 November 2015

Presented by

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Summary of 3Q15 Results

1. *Felda Global Ventures Holdings Berhad (FGV) has recorded a quarterly revenue of RM4.5 billion for the third quarter ended 30 September 2015 (3Q 2015), an increase of 13.8% compared to 3Q FY2014.*

2. *The double-digit increase in revenue was mainly fueled by higher external crude palm oil (CPO) sales (despite lower CPO prices), and higher Oil Extraction Rate (OER) in 3Q15 of 21.04%, compared to OER in the preceding quarter of 20.56%.*

3. *However, due to lower CPO prices, higher fair value charges in LLA and higher foreign exchange loss (due to the weakening ringgit), the Group has recorded a slightly lower profit after tax of RM20.19 million 3Q15 compared to RM22.99 million 3Q14.*

4. *To remain resilient and to actively offset volatile CPO prices, FGV remains committed to its ongoing diversification activities and the implementation of our 5-year transformation plan, especially strict measures to reduce capital expenditure, optimize cost and increase operational efficiency.*

Overview of Results

YoY Financial Highlights

PBT was reduced by 72% primarily due to lower CPO price and foreign exchange effect.

Income Statement *(RM million)*	YTD 2015	YTD 2014* (restated)	Changes %	
Revenue	11,411	11,345	1%	●
Cost of sales	(9,970)	(9,550)	-4%	●
Gross profit	1,441	1,795	-20%	●
Operating profit	530	1,127	-53%	●
LLA liabilities (Fair value changes)	(232)	(317)	27%	●
Associates & JV	37	24	54%	●
PBT (& zakat)	**219**	**791**	**-72%**	●
Profit from continuing operations	93	569	-84%	●
Profit/(loss) from discontinued operations*	60	(123)	>100%	●
NET PROFIT (PAT)	**153**	**446**	**-66%**	●
PATAMI	**16**	**286**	**-95%**	●
EPS (sen)	0.4	7.8	-95%	●

**Note: TRT ETGO's result has been reclassified to discontinued operations due to its proposed disposal. All comparative figures have been restated due to this effect.*

- The Group revenue increased slightly due to higher external CPO sales volume by 15% compared to last year.
- The Group recorded lower PBT mainly due to:
  - **Lower average CPO prices** of **RM2,235/mt** compared to RM2,506/mt in 2014;
  - **Lower OER** of **20.74%** compared to **20.96%** achieved in 2014; and
  - **Foreign exchange loss** recorded by FGVT amounted to RM73.64 million.
- There was a **reversal of impairment** of PPE amounting of RM133.30 million under **discontinued operations**, following the disposal of TRT ETGO.

QoQ Financial Highlights

Lower profit attributable to higher FV charge in LLA and foreign exchange loss due to weakening of ringgit despite higher CPO production recorded in current quarter compared to preceding quarter.

Income Statement *(RM million)*	**Q3 2015**	**Q2 2015**	**Changes %**	
Revenue	4,510	4,190	8%	●
Cost of sales	(4,007)	(3,635)	-10%	●
Gross profit	503	555	-9%	●
Operating profit	110	270	-59%	●
LLA liabilities (Fair value changes)	(108)	(50)	<100%	●
Associates & JV	(6)	(0.2)	<100%	●
(L)/PBT (& zakat)	**(45)**	**191**	**<100%**	●
(Loss)/profit from continuing operations*	(86)	125	<100%	●
Profit /(loss) from discontinued operations*	106	(22)	>100%	●
NET PROFIT (PAT)	**20**	**103**	**-80%**	●
(L)/PATAMI	**(34)**	**46**	**<100%**	●
EPS (sen)	(0.9)	1.3	<100%	●

**Note: TRT ETGO's result has been reclassified to discontinued operations due to its proposed disposal. All comparative figures have been restated due to this effect.*

- The Group recorded **higher revenue** compared to 2Q15 due to:
  - Higher external CPO sales volume despite lower selling price of RM2,191/mt (2Q15: RM2,251/mt);
  - Higher OER achieved at 21.04% (2Q15: 20.56%).
- **Loss before tax** was recorded due to :
  - **Higher FV charge in LLA** of RM107.91 mil compared to RM50.31 mil in 2Q15;
  - **Losses in FGVT Trading** attributed to realised and unrealised **foreign exchange loss** of RM43.12 million and RM31.50 million respectively;
  - Unrealised foreign exchange losses registered in rubber and fertiliser business of RM4.1 million.
- The losses was **partly offset** with a **reversal of impairment** of PPE in TRT ETGO amounting of RM133.30 million recorded in Q315, under discontinued operations.

EBITDA YTD Q3 2015 vs YTD Q3 2014

The Group achieved lower EBITDA of RM690m vs RM1,175m in 2014 and lower Adjusted LATAMI of RM19 million vs RM266 million PATAMI recorded in 2014.

Reconciliation	YTD Q3 2015 RM million	YTD Q3 2014 RM million	Var %
EBITDA Reconciliation			
Operating profit	530	1,127	(53)
add: Share of results	37	24	54
add : Depreciation	355	319	11
Others - other (losses)/gains	35	26	35
add: EBITDA for Discontinued operation	(58)	(64)	9
EBITDA (exclude LLA)	**899**	**1,432**	(37)
less: LLA Cash Paid	(209)	(257)	19
EBITDA (after cash LLA)	**690**	**1,175**	**(41)**
PATAMI Reconciliation			
PATAMI	16	286	94
Net LLA	174	237	(26)
less: Cash Paid	(209)	(257)	19
Adjusted PATAMI	**(19)**	**266**	**<100**

Core Profit

In Q3 2015, the Group's Core Profit decreased to a loss of RM165m compared to Q2 2015 of RM16m profit whilst YTDs' Core Profit reduced significantly to negative RM193m from RM247m profit in 2014.

Core Profit Reconciliation	Q3 2015 RM million	Q2 2015 RM million	Q1 2015 RM million	YTD Q3 2015 RM million	YTD Q3 2014 RM million
(L)/PATAMI	**(34)**	**46**	**4**	**16**	**286**
LLA (credit) / charge, net of tax	81	38	55	174	237
Gain on disposal of AACo	-	-	(29)	(29)	-
Gain on disposal of FISC	-	-	(12)	(12)	-
Reversal FINA impairment	-	-	-	-	(29)
Realised loss on sales of FINA	-	-	-	-	18
Reversal of impairment of TRT ETGO	(133)	-	-	(133)	-
Others	-	-	-	-	(8)
Total adjustment	*(52)*	*38*	*14*	-	*218*
Adjusted (L)/PATAMI	**(86)**	**84**	**18**	**16**	**504**
less: LLA cash paid	*(79)*	*(68)*	*(62)*	*(209)*	*(257)*
CORE PROFIT	**(165)**	**16**	**(44)**	**(193)**	**247**

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

Overall the key financial ratios for 2015 weakened against 2014 except for total assets due to challenging economic environment.

	UOM	30 Sept 15	31 Dec 14	Changes
Total Assets	RM million	21,786	20,723	5%
Total Liabilities	RM million	12,825	11,900	-8%
Cash and Cash Equivalents	RM million	2,100	3,673	-43%
Net Tangible Assets (NTA) per Share	RM	1.33	1.33	-
Earning per Share (EPS)	sen	0.4	8.9	-95%
Return on Shareholders' Fund (ROSF)	%	0.2	5.1	-95%
Liquidity Ratio	%	1.49	1.66	-10%
Gearing Ratio *	%	1.52	1.47	-4%
Gearing Ratio (excluding LLA)	%	0.79	0.74	-7%

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

FGV is focused on delivering on its Transformation Plan

FGV

	Short Term (2015)	Medium Term (2016 - 2017)	Long Term (2018 - 2020)

Enhancing revenue

- Establish successful tolling business model and fully- fledged, asset-backed trading arm T
- Expansion of palm oil plantation (non-LLA) – increase FFB volumes P
- Commercialisation of high-value and innovative products R D
- A Execution of Best Management Practices in the estates to improve yield P
- Improve sales volume by increasing channels, capability and customer D S T
- Diversify and develop new revenue streams in downstream in new market and products D

Cost Optimization

- C Divestment of non-core assets G
- Efficiency & energy optimisation D S
- LLA renegotiation and restructuring G
- Supply Chain: Logistics Centre of Excellence T
- D Procurement Transformation G

Operational Excellence

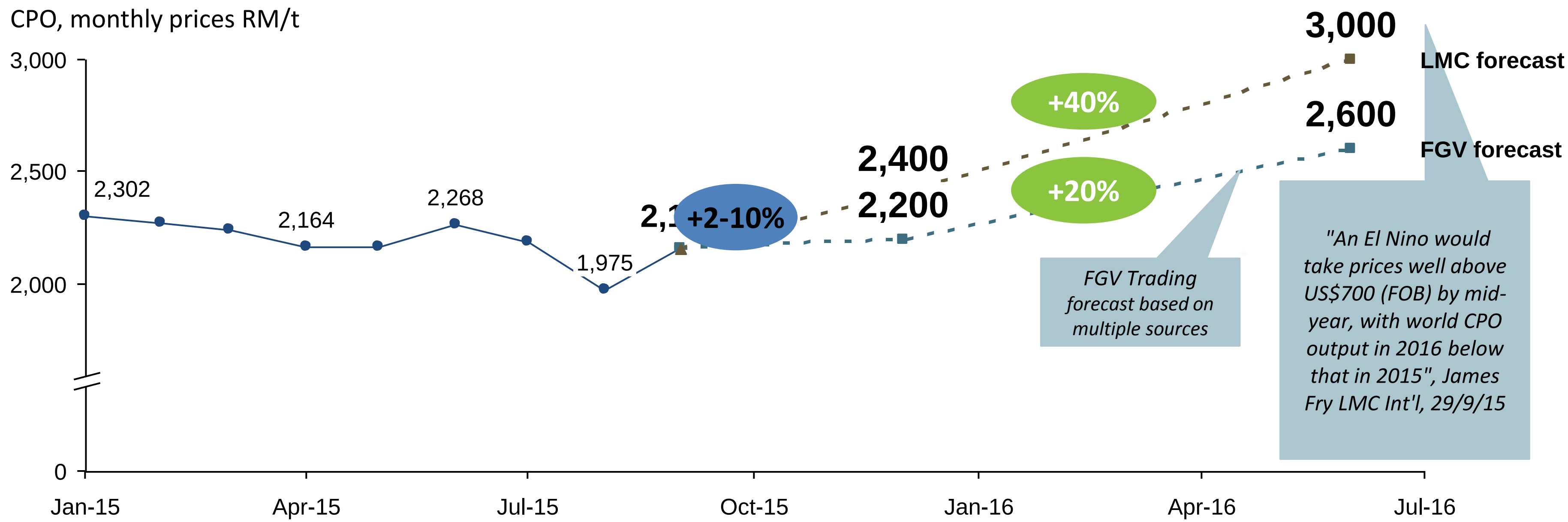
- Innovative use of technology to improve productivity and efficiency in the field e.g. Harvesting tools and methods and increased mechanization P A
- B Replanting programme to achieve optimum crop-age (60% prime, 20% young, 20% old) P

G Group | P Plantation (Big Bang) | D Downstream | S Sugar | T TML | R Rubber | A R&D and agri services

CPO price expected to increase by ~20-40% by mid 2016

This will provide some respite to the industry

Q1 – Q3 2015	Q4 2015	Q1/Q2 2016

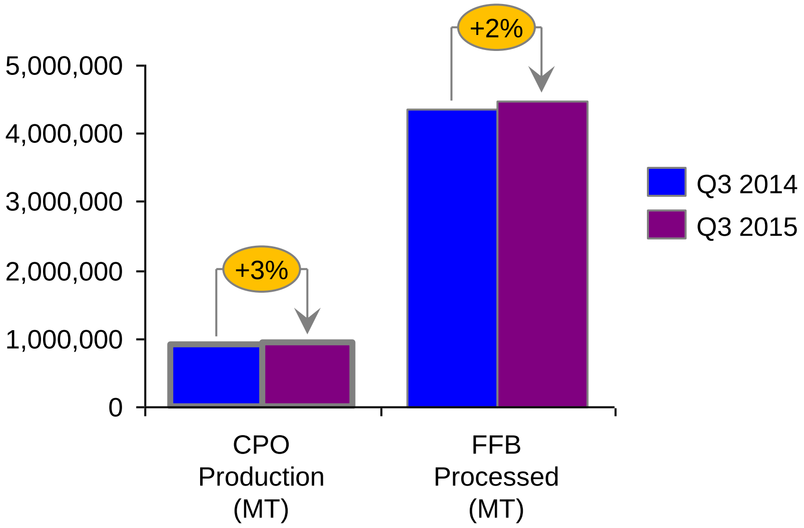


		Q4 2015	Q1/Q2 2016
Key drivers	**CPO Stocks**	*~2.5MMT stocks*	*No more impact as stock reduce*
	El Niño	*Effect starting in October*	*Effect to reinforce*
	Indonesia biofuels	*No impact, still low demand*	*Demand to pick up with implementation of B15//20*
	Weak ringgit	*Potential to boost exports*	*Potential to boost exports*

Source: Bursa Malaysia, FGV Trading, Oil World, LMC, GODREJ International

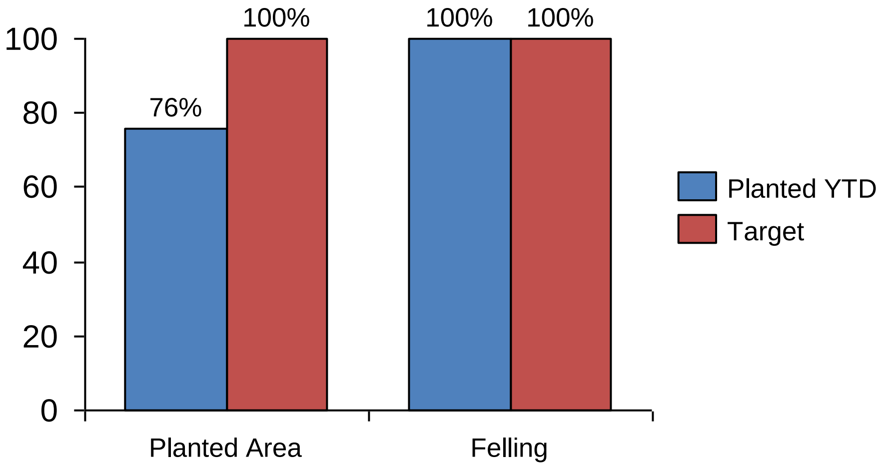
The implementation of BMP has started to increase OER & replanting to achieve optimum crop age

A Overall 2% growth in FFB Processed ~ OER 21.04%



- We are on track to implement improved practices across all our estates with the goal of **improved OER**
- The initial focus have shown considerable **improvement in FFB Processed**
- Our Best Management Practices affect all stages from harvest interval **optimization to nutrition** and **resource management**
- Not only will this significantly reduce our production costs and offer better margins, it will enable us to remain the largest CPO producer in the world

B Replanting Program as of YTD 2015



- We have **replanted a total of 64,163 Ha as YTD, since 2011**.
- Our aim is to improve crop-age from an average of **15.6 years currently to 11.8 years in 2020**
- **As we grow our FFB volumes**, we are focused on **expanding the non-LLA portion**, which stands at **15%** currently. We expect that by 2016, we will be able to achieve non-LLA FFB volumes of 1 million MT
- In support of this, we are **also investing in brownfields** to accelerate the improvement in our crop age profile

C

Successful execution of divestment of non-core assets

Divestment Strategy

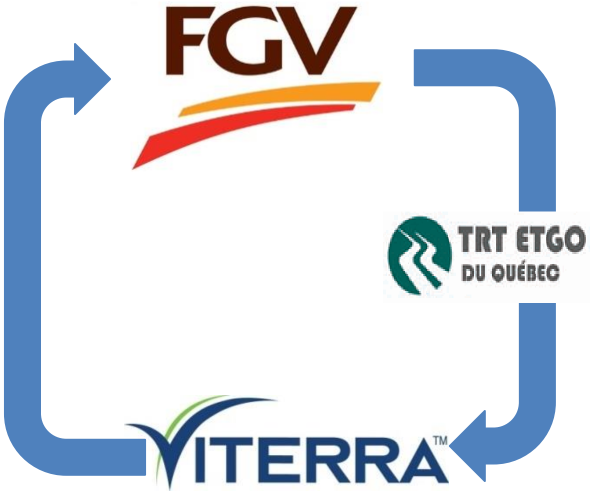
- Part of the transformation strategy, is to ensure that FGV is very focused on executing all its **divestment of non-core assets.**

- The FGV management will continue to execute this aggressively as it will further creates greater returns to FGV's shareholders.

- The management currently has earmarked a few companies that will be divested fully by 2016.

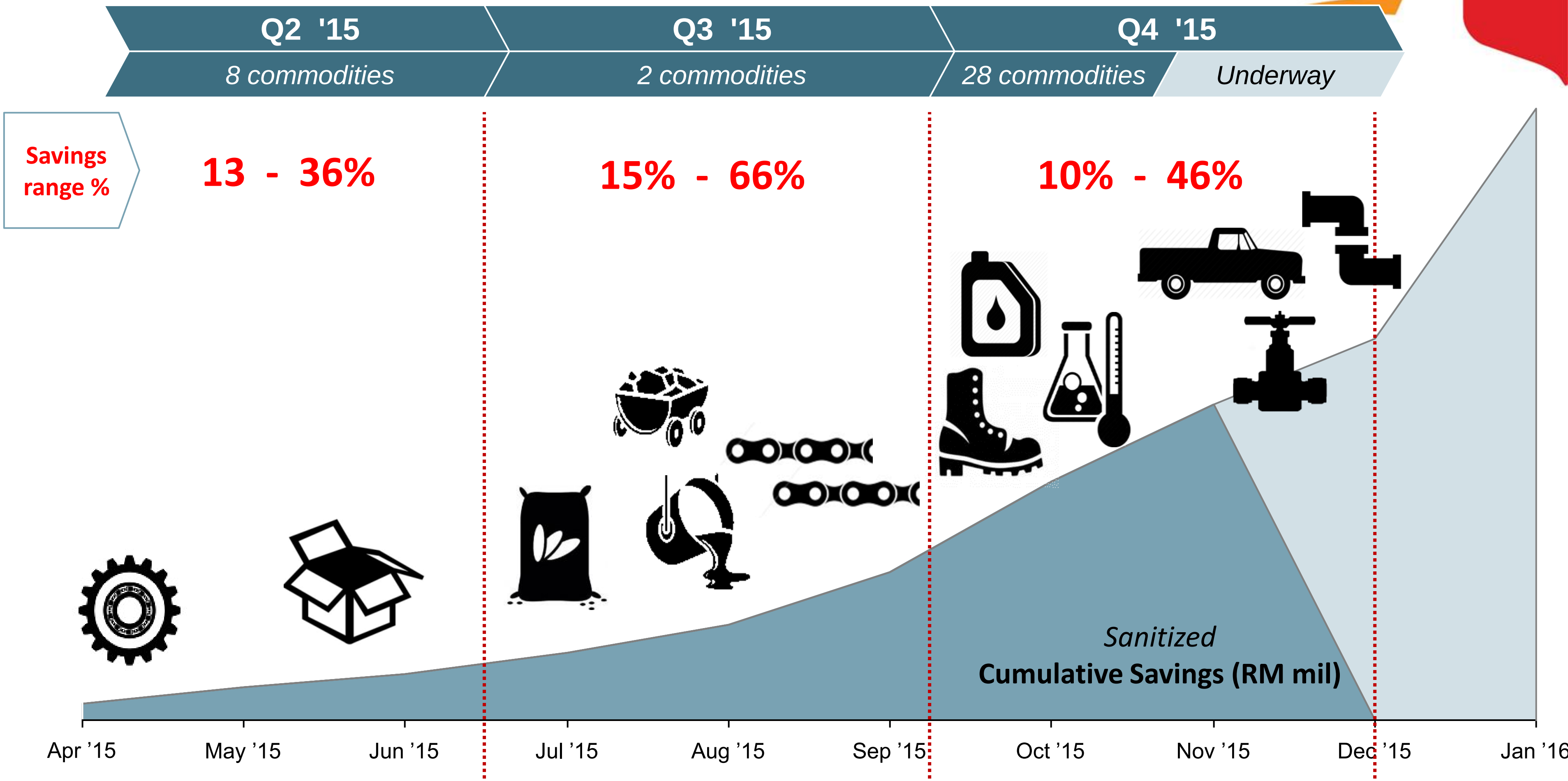
Divestment of TRT ETGO

- On 3rd Nov 2015 FGV announced the completion of the TRT-ETGO divestment to Viterra



D

Overall 20% savings achieved in renegotiated contracts so far in 38 commodities



Procurement initiative gaining momentum & we expect a monetary realization in phases by 2nd QTR 2016

Performance by Clusters

PERFORMANCE BY CLUSTERS

Segment Reporting by Clusters

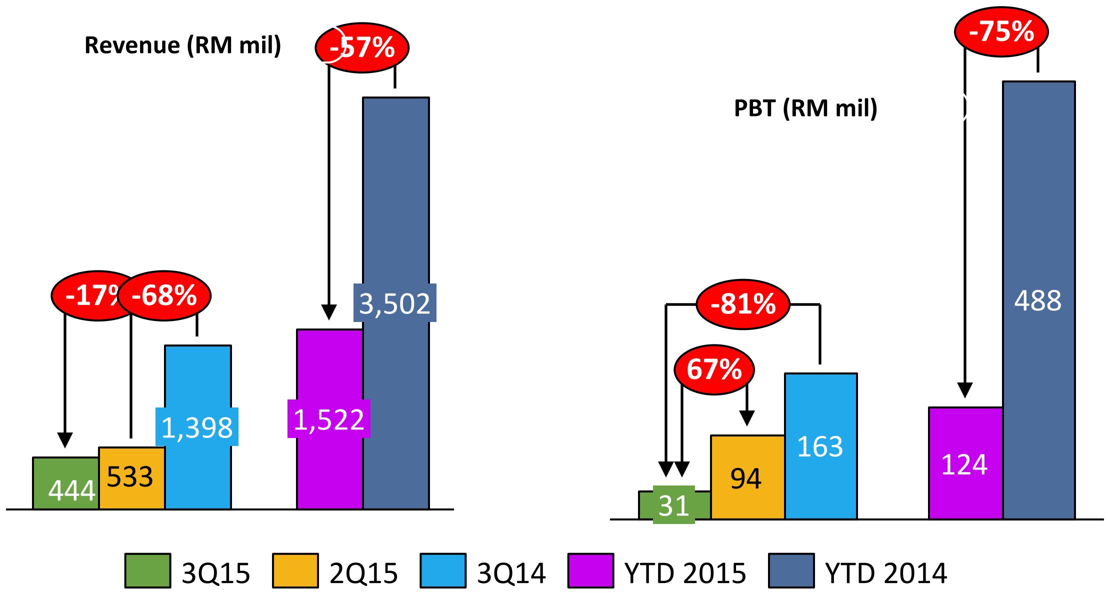
Lower contributions recorded in 2015 mainly from Palm Upstream and TML segment.

	REVENUE			PBT		
Clusters	**2015**	**2014**		**2015**	**2014**	
	RM'000	**RM'000**	**%**	**RM'000**	**RM'000**	**%**
Palm upstream	**1,521,857**	**3,501,590**	**-57**	**123,926**	**488,182**	**-75**
Palm downstream	**2,423,345**	**4,732,440**	**-49**	**4,429**	**1,770**	**>100**
Sugar	**1,643,296**	**1,649,762**	**-0.4**	**292,398**	**256,408**	**14**
TML	**4,762,921**	**316,807**	**>100**	**(79,845)**	**50,864**	**<100**
Others *(Rubber, R&D and Services)*	**1,046,694**	**1,134,953**	**-8**	**50,581**	**81,331**	**-38**
****Others***	***12,546***	***9,405***	***33***	***(172,376)***	***(87,941)***	***-96***
TOTAL	**11,410,659**	**11,344,957**	**1**	**219,113**	**790,614**	**-72**

** Others consists of investment holding companies and consolidation adjustments*

Palm Plantation Cluster

57% drop in YoY Revenue as FGVPM started selling CPO to FGVT in February 2015.



QoQ Results Overview

- **Revenue decreased** in Q315 compared to Q215 due to lower CPO price realised at RM2,191 per mt compared to RM2,251 per mt in Q215.
- **Lower profit before tax** recorded compared to preceding quarter mainly due to higher fair value charge in LLA of RM107.91 million versus RM50.31 million in Q215. Excluding the LLA effect, the profit decrease slightly by 4%.
- The lower profit partly offset with:

  a) Higher volume of FFB processed by 10% and higher OER of 21.04% (Q215: 20.56%) which led to higher CPO production by 12% .

  b) Higher PK production volume by 14%.

  c) Lower estates cost and mill cost per mt CPO produced.

YoY Results Overview

- **Lower revenue and profit** recorded in 2015 as new business model embarked in February.

  FGVPM sells the CPO to FGVT which deemed as internal sales whereby the external sales revenue will be recorded in TML cluster. Other KPIs are as follows :

  a) Lower average CPO price realised of RM2,235 per mt against RM2,506 per mt in 2014;

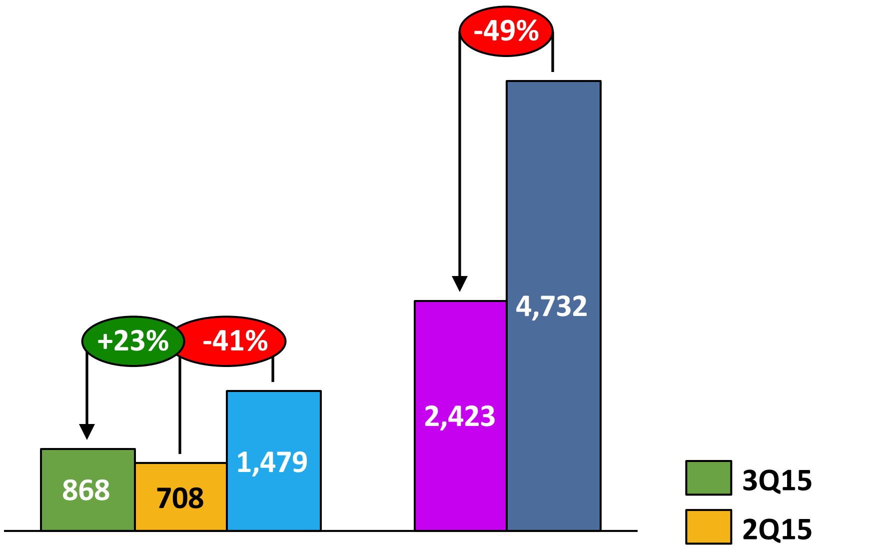
  b) Lower OER of 20.74% compared to 20.97% achieved in 2014;

  c) Lower estate yield of 13.39 mt per ha from 14.48 mt per ha in 2014 due to replanting and post flood impact .

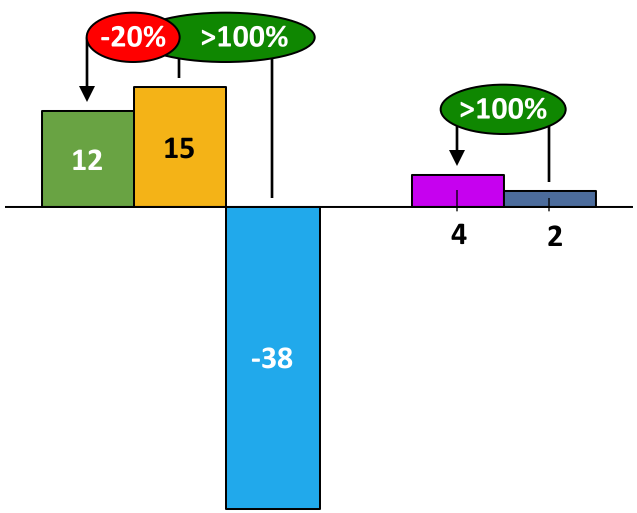
- However, fair value charge in LLA decreased to RM231.73 million compared to RM316.59 million in 2014.

Palm Downstream Cluster – *Improved due to new business model*

Revenue (RM mil)



PBT (RM mil)



YoY Results Overview

Lower Revenue by 49% compared to previous year due to:

- Tolling fee is recorded as revenue instead of RBD sales in 2014 due to change in business model;
- 9% lower on overall sales volume of US fatty acid business as production was disrupted by bad weather in early part of the year;
- Lower volume of RBDPKO.

Downstream Cluster recorded profit of RM4.43 million in 2015 compared to RM1.77 million in 2014 due to:

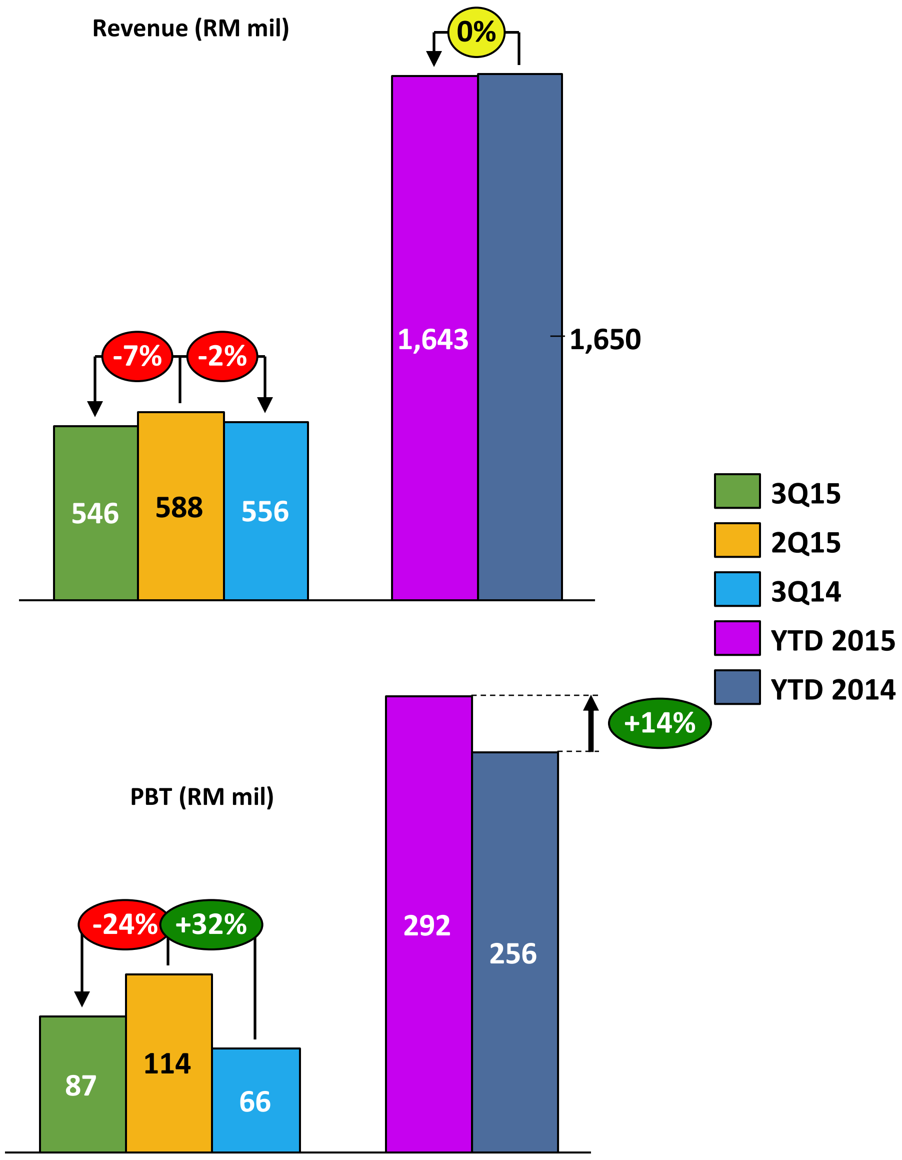
- Under the new business model, the risk of negative refining margin recorded in 2014 has been eliminated.

QoQ Results Overview

Revenue increased by 23% compared to Q215 due to higher sales volume in RBDPKO.

Profit was 20% lower in Q315 compared to Q215 due to lower margin recorded by fatty acid business resulted from higher operating cost of Quincy Plant.

Sugar Cluster – *Higher performance due to lower cost and forex gain*



YoY Results Overview

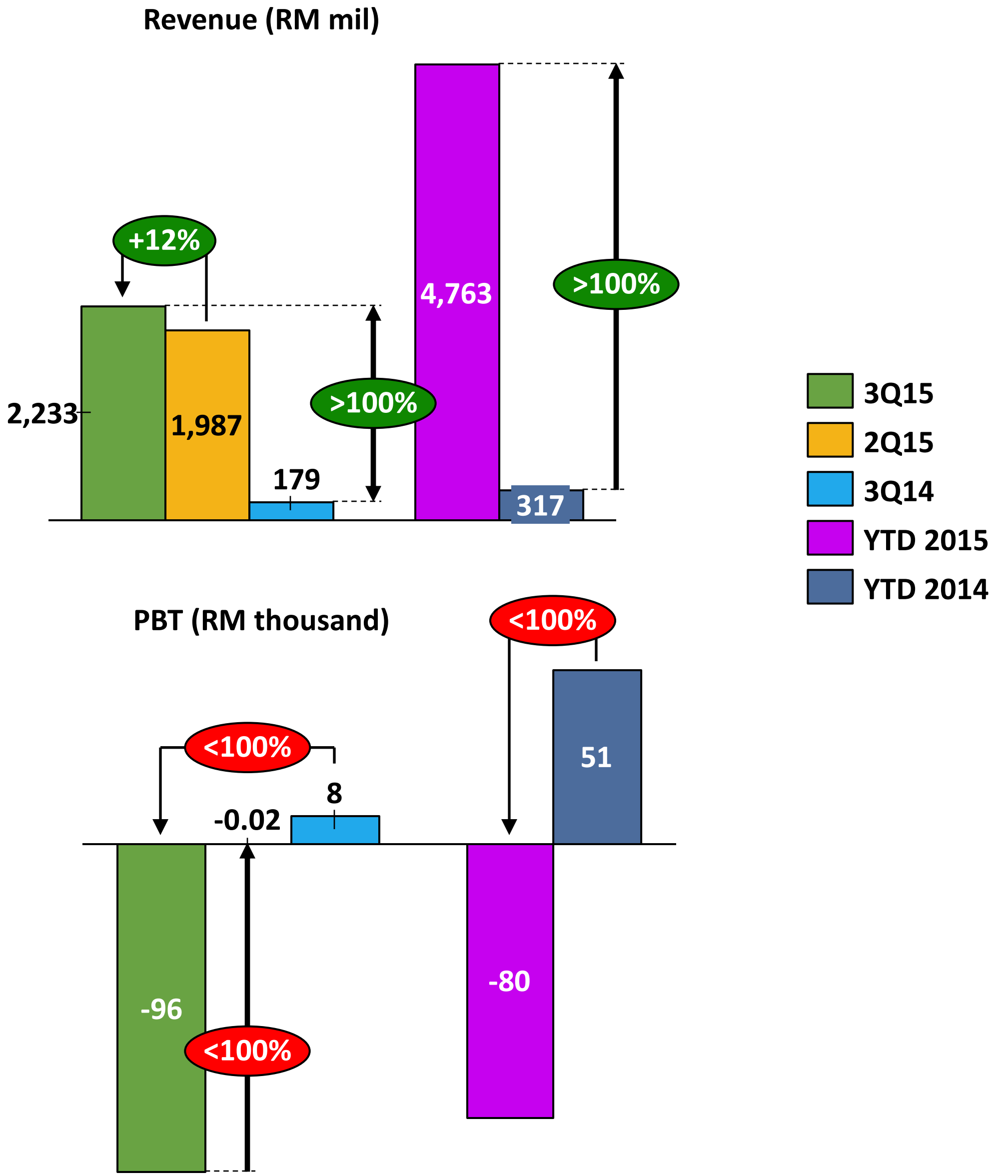
- The **revenue** of sugar cluster was at par compared to last year.
- Higher PBT by 14% mainly due to:
  - Low raw sugar cost by 12%;
  - Gain from foreign exchange of RM16.63 million;
  - Other income attributed by reversal of impairment of land amounting to RM2.96 million, scrap sale and insurance claim of RM1.04 million.

QoQ Results Overview

Revenue and PBT both decreased due to:

- Lower sugar sales volume for domestic sugar consumption in Q315 compared to higher demand due to festive season in Q215.
- Notwithstanding the above, production cost was lower due to lower raw sugar cost and foreign exchange gain of RM13.28 million was recorded in Q315.
- As at Q315, MSM Perlis had cultivated 100 ha of oil palm and 3,013 ha of rubber which costs RM42.76 million.

TML Cluster– *Higher revenue as trading activities are in full force but loss before tax due to foreign exchange effect*



YoY Results Overview

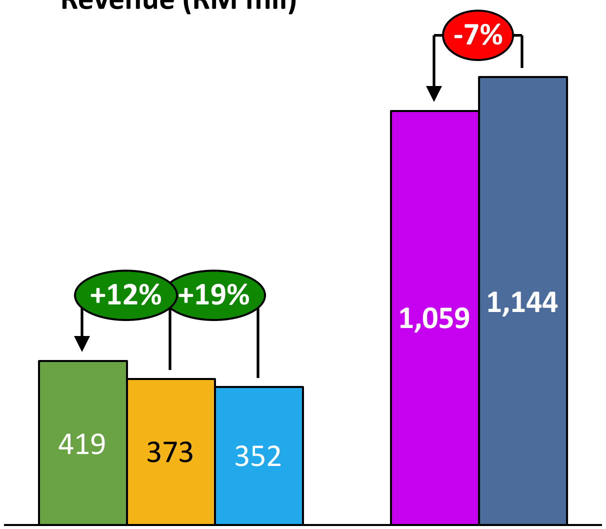
- TML cluster revenue was **higher YoY** as FGV Trading undertook the external CPO and PPO sales in 2015.
- **Loss before tax recorded YoY** due to:
  - FGV Trading recorded a loss resulted mainly from net realised and unrealised foreign exchange loss of RM73.64 million.
  - Lower throughput carried by F Transport for cargo and oil tanker by 6%.

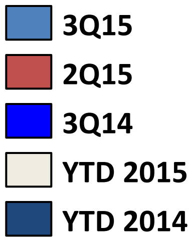
QoQ Results Overview

- Quarterly loss was recorded as FGV Trading performance was affected by realised and unrealised foreign exchange losses of RM74.63 million impacted by strengthening in USD currency in Q32015.

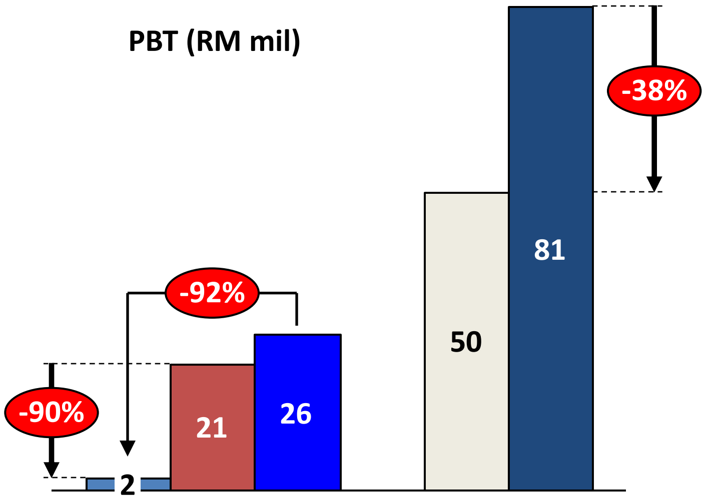
Others Cluster– *Lower profit due to unrealised forex exchange losses*

Revenue (RM mil)





PBT (RM mil)



YoY Results Overview

- Others cluster revenue and PBT was **7% and 38% decrease YoY** respectively as due to:
  - Unrealised forex losses of RM8.3 million despite higher sales volume and selling price achieved in fertiliser business;
  - Lower margins achieved from R&D activities.
- Better results generated by rubber processing business but still in loss making position due to unrealised loss of foreign exchange derivative of RM5.3 million.

QoQ Results Overview

- **Lower profit as rubber and fertiliser business recorded losses in Q315.**
- Loss in rubber segment was attributed to unrealised loss on foreign exchange contract of RM5.01 million.
- Loss in fertiliser business for Q315 was due to foreign exchange impact as raw material is bought in USD.
- However, higher profit recorded from R&D activities due to higher quantity of seedlings sold compared to Q215.

THANK YOU

MOVEMENT OF LAND LEASE LIABILITY IN FGVPM

RM million	Q3 2015	Q2 2015	Q1 2015	YTD Q3 2015	Q3 2014	Q2 2014	Q1 2014	YTD Q3 2014
At the start of the period	4,674.4	4,692.2	4,680.8	**4,680.8**	4,890.6	4,882.7	4,844.4	**4,844.4**
Total payments made during the period	(79.2)	(68.1)	(62.1)	**(209.4)**	(86.0)	(92.1)	(79.4)	**(257.5)**
Recurring income statement charges/(credits)	95.7	85.2	89.5	**270.4**	96.2	104.9	115.8	**316.9**
Total income statement charges/(credits) from revisions in projections	12.2	(34.9)	(16.0)	**(38.7)**	2.7	(4.9)	1.9	**(0.3)**
Total charge/(credit) to the income statement	107.9	50.3	73.5	**231.7**	98.9	100.0	117.7	**316.6**
Closing LLA liability balance	4,703.1	4,674.4	4,692.2	**4,703.1**	4,903.5	4,890.6	4,882.7	**4,903.5**

Total (credit)/charge to Income Statement

RM million	FY 2015	FY 2014
Fixed lease consideration	186.3	186.3
Discounting effect	84.1	130.6
Revisions in projections and other adjustments	(38.7)	(0.3)
Total (credit)/charge to the Income Statement	**231.7**	**316.6**