Financial Results Analyst Briefing
1st Quarter for the
Financial Period Ended 31 March 2015

26 May 2015

Presented by

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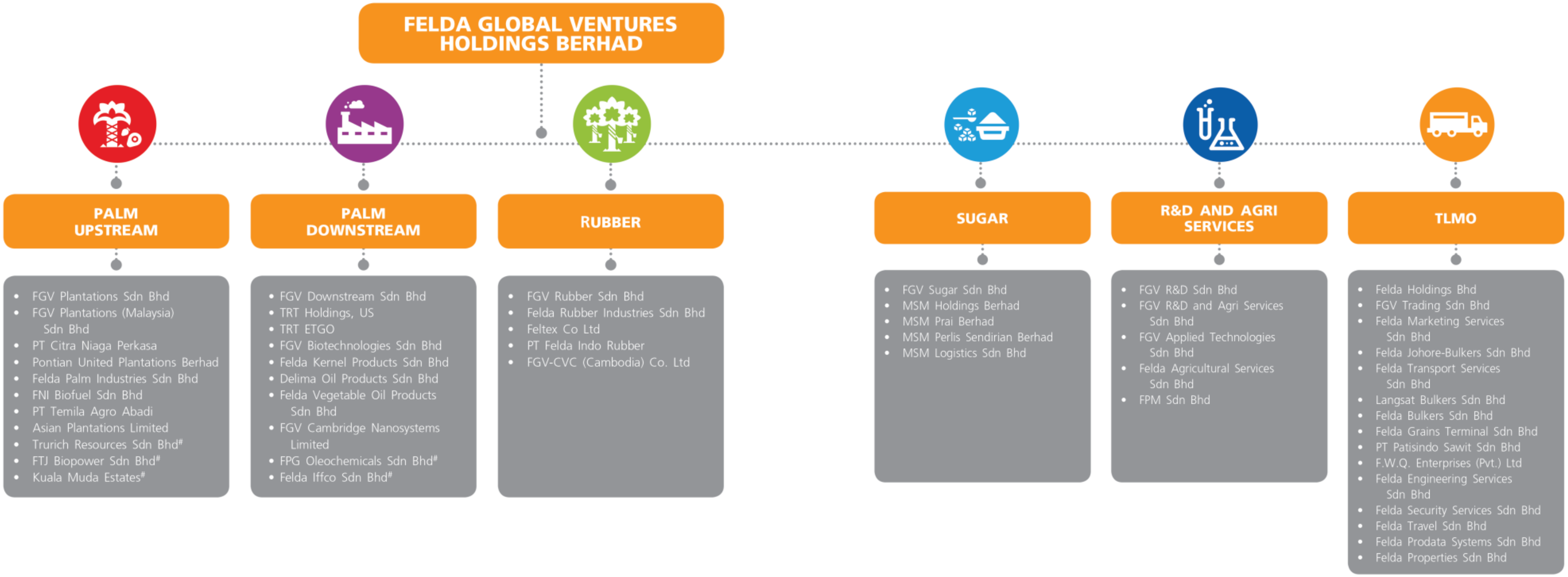
Summary of Q1 results

- Low CPO prices and weak global demand has contributed to fall in FGV profits in Q1 2015
- Challenging market conditions and testing weather has prevailed, and the plantation industry has suffered as a result
- Our plantation business has been impacted particularly by flooding in the East Coast of Malaysia, which led to reduced FFB and lower CPO production
- In order to remain resilient during this period and to actively offset volatile CPO prices in the future, the Group is focused on delivering its transformation plans
- Through the combined efforts of business and operational efficiency, cost optimisation and aggressive replanting, we are enhancing and future-proofing our business and expect the rest of 2015 to be in line with industry

Six Operational Clusters in the Group



The operational businesses have been organized into these clusters to allow **greater convergence of core capabilities** and to create **more opportunities for collaboration and innovation**

We believe that this is an organizational model that is **nimble, scalable and in line with our strategic priorities** - it will advance us in accomplishing our ultimate vision of becoming a globally diversified agro-commodity player

Note: For Financial Reporting, the segments are Palm Upstream, Palm Downstream, Sugar, Trading, Logistics, Marketing & Others (TLMO) and Others (Rubber and R&D and Agri Services)

FGV is focused on delivering on its Transformation Plan

	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
- 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

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

Operational Excellence

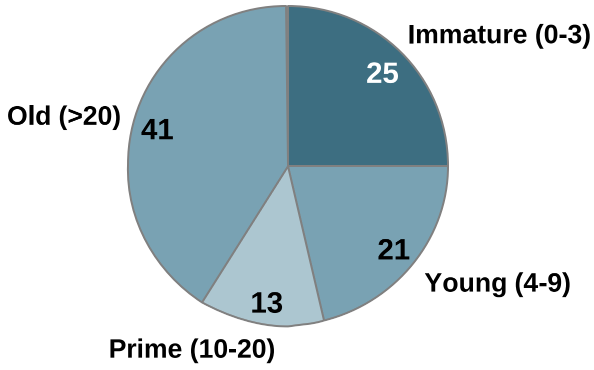
- Innovative use of technology to improve productivity and efficiency in the field e.g. Harvesting tools and methods and increased mechanization P A
- Replanting programme to achieve optimum crop-age (60% prime, 20% young, 20% old) P

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

A Our Replanting program is on track

Our Crop Age Profile[1] is Improving

Age Group	Area (Ha)	%
Immature (0-3)	86,045	25%
Young (4-9)	74,391	21%
Prime (10-20)	45,153	13%
Old (>20)	143,239	41%
Total	**348,827**	**100%**

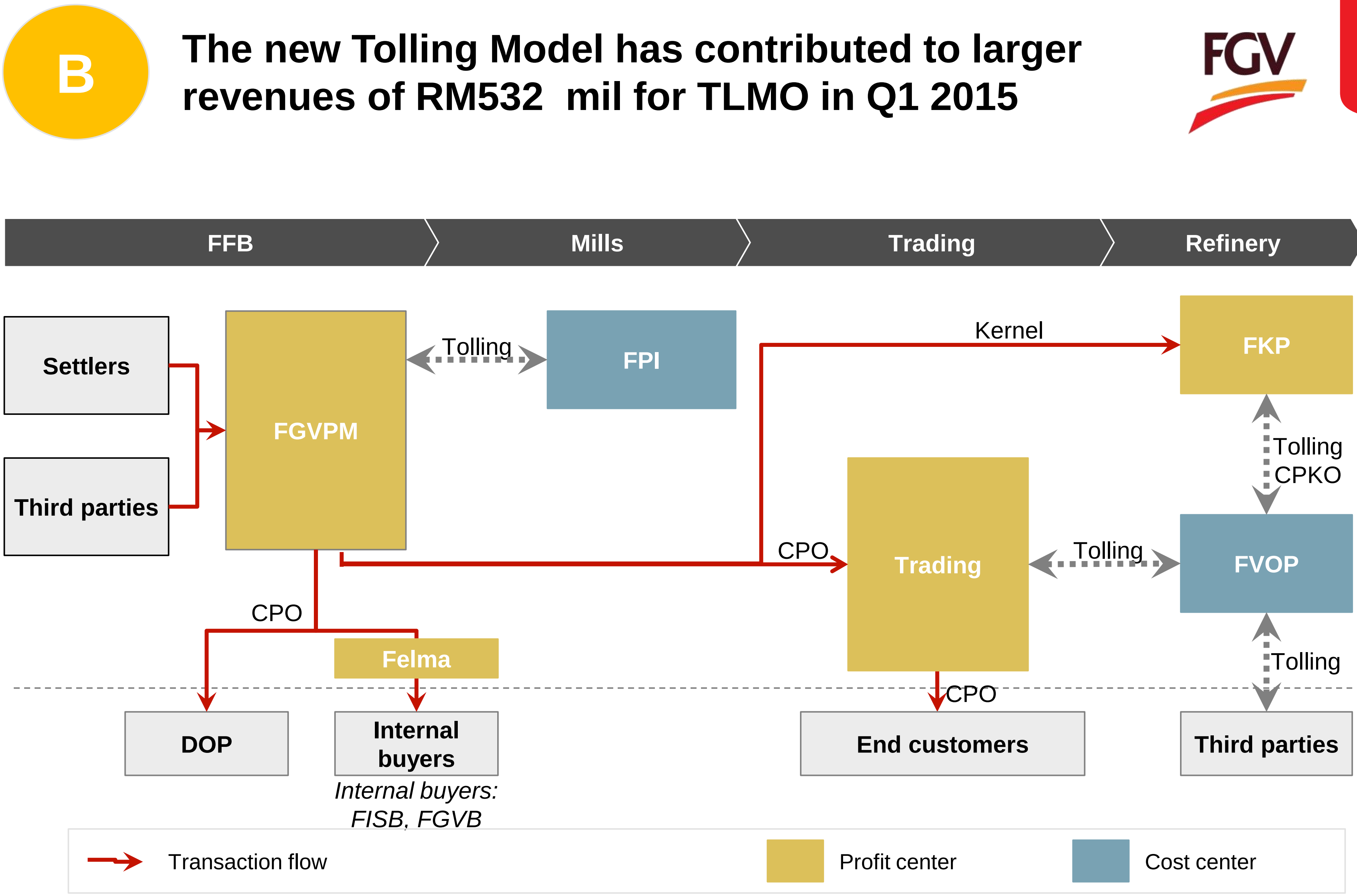


Growing FFB, particularly non-LLA

- Our aim is to improve crop-age from an average of **15 years currently to 11.8 years in 2020**
- We have **replanted a total of 119,000 Ha so far, since 2007.** The group's tree age profile of 20 years and above now represents about 41% of the total planted area compared with 57% when FGV was listed in 2012
- In support of this, we are **also investing in brownfields** to accelerate the improvement in our crop age profile
- **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
- 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

1. Refers to Profile in 2014
Note: FFB: Fresh Fruit Bunches, LLA: Land Lease Agreement;

The new Tolling Model has contributed to larger revenues of RM532 mil for TLMO in Q1 2015



Note: Q1 2014 revenues for TLMO was RM 200M

C

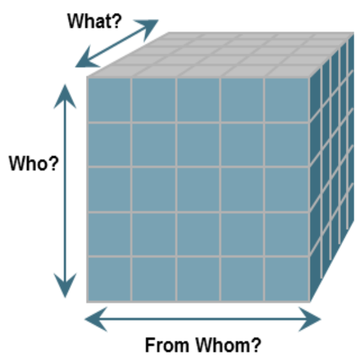
Executing and implementing stricter Procurement Practice

FGV

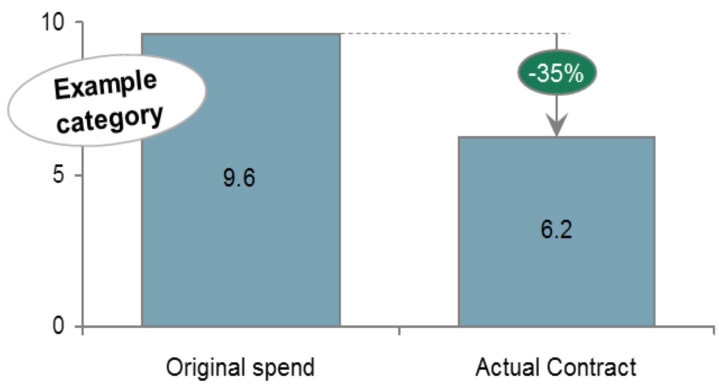
Leveraging *Group Volumes, power of Coding and Spend Analysis* → Re-negotiating contracts with Vendors, backed by data, market benchmarking → Excellence in Procurement

Material Classification Coding

Customized UNSPSC



Bearings category spend (RM M)



Impact

Transparent, Simple, Standardized and Consistent,

- All Group companies to follow common UNSPSC coding
- Significant simplification
  – 44% reduction in categories

Significant savings potential in Group procurement spend of > RM 2 B p.a.

- Example "Bearings Category" : RM 3.4 M (> 35%) savings with new vendor contracts in Bearings
- Multiple new categories' negotiations underway

Enhanced IT platform

Procurement Org. Structure

Improved tender process

E-procurement

Overview of results

Financial Highlights: Year on Year

Income Statement *(RM million)*	**FYE Q1 2015**	**FYE Q1 2014**	**Changes** *(%)*
Revenue	2,964	3,726	-20%
Cost of sales	(2,601)	(3,138)	17%
Gross profit	363	588	-38%
Operating profit	128	360	-65%
LLA liabilities (Fair value changes)	(74)	(118)	38%
Associates & JV	43	34	26%
PBT (& zakat)	51	268	-81%
NET PROFIT (PAT)	30	209	-86%
EBITDA (exclude LLA)	267	466	-43%
PATAMI	4	144	-97%
EPS (sen)	0.1	3.9	-97%

Note: LLA: Land Lease Agreement

HIGHLIGHTS

Lower revenue YoY due to:

- Lower average CPO prices of RM2,279/mt compared to RM2,584/mt
- Decrease in CPO production by 12.6% and lower OER of 20.50% compared to 20.98%
- Lower throughput handled by the Group bulking operation

Lower PBT YoY due to:

- Higher CPO production costs of RM1,534 per MT of CPO compared to RM1,424 per MT
- Lower crush margin of CAD30/mt (2014: CAD45/mt) recorded in Canadian business
- Fatty acid business recorded lower material margin

Higher contribution from JV Co, FISB due to gain on disposal of AACO and FISC amounting to RM40.84 mill.

Financial Highlights: Quarter on Quarter

Income Statement *(RM million)*	**1Q15**	**4Q14 ***	**Changes** *(%)*
Revenue	2,964	4,235	-30%
Cost of sales	(2,601)	(3,848)	32%
Gross profit	363	387	-6%
Operating profit	128	(23)	>100%
LLA liabilities (Fair value changes)	(74)	201	<100%
Associates & JV	43	7	>100%
PBT (& zakat)	51	172	-70%
NET PROFIT (PAT)	30	93	-68%
EBITDA (exclude LLA)	267	63	>100%
PATAMI	4	39	-90%
EPS (sen)	0.1	1.1	-91%

HIGHLIGHTS

Lower revenue QoQ due to:

- Lower CPO sales volume (0.39 mil MT, 4Q14: 0.80 mil MT) despite higher selling price of RM2,279/mt (4Q14: RM2,154/mt);
- Sugar sales volume was lower by 19%; and lower selling price

Lower profit QoQ was recorded due to:

- FV losses in LLA of RM73.51 mil compared to gain of RM201.35 mil
- Lower CPO margin as OER% reduced to 20.50% (4Q14: 21.14%)
- Lower crush recorded and significantly lower canola oil yield
- Lower throughput handled by FJB Group

** As per audited financial statements*

Core Profit

Core Profit Reconciliation	FYE Q1 15 *RM million*	FYE Q1 14 *RM million*
PATAMI	**4**	**144**
LLA (credit) / charge, net of tax	55	89
Reversal FINA Impairment	-	(27)
Gain on disposal of AACo	(29)	-
Gain on disposal of FISC	(12)	-
Others	-	(19)
Total adjustment	*14*	*43*
Adjusted PATAMI	**18**	**187**
Less: LLA cash paid	*(62)*	*(79)*
CORE PROFIT	**(44)**	**108**

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 Performance Highlights and Ratios

	UOM	31 Dec 14	31 Dec 13	Growth *(%)*
Total Assets	RM million	20,287	20,723	-2%
Total Liabilities	RM million	11,437	11,900	-4%
Cash and Cash Equivalents	RM million	2,867	3,673	-22%
Net Tangible Assets (NTA) per Share	RM	1.33	1.33	-
Earning per Share (EPS)	sen	0.1	8.9	-99%
Return on Shareholders' Fund (ROSF)	%	0.1	5.1	-98%
Liquidity Ratio	%	1.67	1.66	-
Gearing Ratio *	%	1.45	1.47	-
Gearing Ratio (excluding LLA)	%	0.72	0.74	-

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

Performance by Clusters

Quarterly results by segment compared to previous corresponding quarter

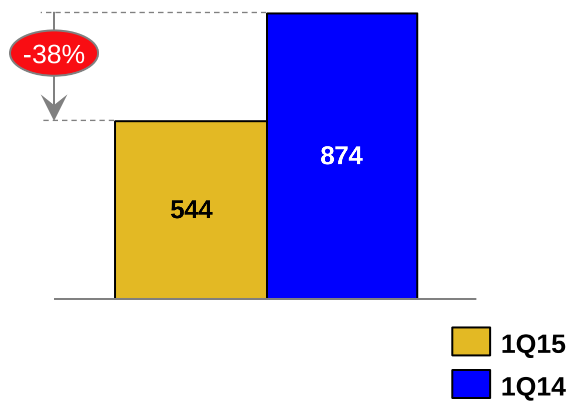
	Quarter ended 31 March		
	2015	**2014**	**% +/(-)**
Total Segment Revenue *(RM million)*			
Palm Plantation	2,248	4,181	(46)
Palm Downstream	1,213	1,882	(36)
Sugar	522	506	3
Trading, Logistics, Marketing & Others	641	309	108
Others	436	418	4
Reconciliation due to intersegment revenue	(2,096)	(3,570)	41
Total Revenue	2,964	3,726	(20)
Revenue from external customers[1] *(RM million)*			
Palm Plantation	544	874	(38)
Palm Downstream	1,101	1,843	(40)
Sugar	509	498	2
Trading, Logistics, Marketing & Others	532	200	166
Others	278	311	(11)
Total Revenue from external customers	2,964	3,726	(20)
PBT *(RM ‘000)*			
Palm Plantation	(1,573)	167,554	(101)
Palm Downstream	(44,007)	(7,967)	(452)
Sugar	92,137	78,627	17
Trading, Logistics, Marketing & Others	31,916	35,384	(10)
Others	10,970	11,653	(6)
Reconciliation	(38,274)	(17,240)	(122)
Total PBT	51,169	268,011	(81)

1.Revenue from external customers is equivalent to segment revenue after reconciliation

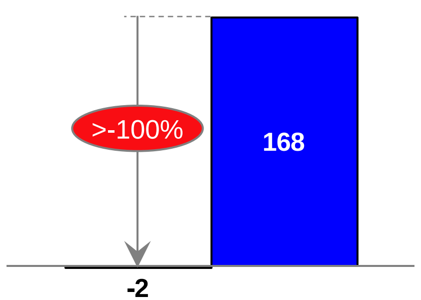
Plantation Cluster (1 of 2)

Performance summary

Revenue (RM mil)



PBT (RM mil)



Highlights – Year on Year

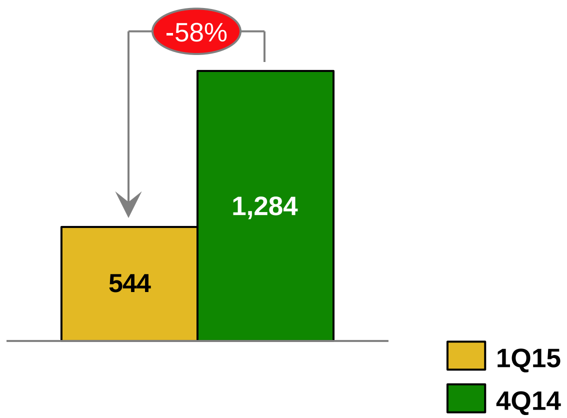
YoY Results Overview

1. **Lower revenue** recorded as new tolling and trading model began in February this year. FGVPM CPO sales were recorded as internal to FGV Trading which belongs to the TLMO. Other KPIs are as follows :
   a) Lower average CPO price realised of RM2,279MT against RM2,584/MT in 2014
   b) Lower yield of 3.60 MT/ha from 4.25 MT/ha due to floods and subsequent wet weather conditions, which lasted into January this year. This disrupted harvesting and transportation, which in turn led to lower FFB production by 20% to 930,000 MT and lower CPO production of 566,000 MT (13% drop YoY).
   c) Lower OER of 20.50% compared to 20.98%. This is due to higher water content of FFB following the floods and wet weather
2. Plantation Segment recorded a **loss of RM2 million** from a profit of RM168 million, mainly due to higher CPO production cost (ex-mill) of RM1,534 per MT compared to RM1,424 per MT. This is due to lower volumes of CPO volumes produced (lower FFB processed) and higher operational costs because of recovery costs incurred during January
3. Notwithstanding with that, **the following costs decreased** during the year:
   a) Fair value losses on LLA liability of RM73.51 million compared to fair value loss of RM117.66 million in 2014
   b) Lower mill cost for per MT of CPO produced (RM237 per MT, 2014: RM261 per MT) due to lower FFB purchase price.

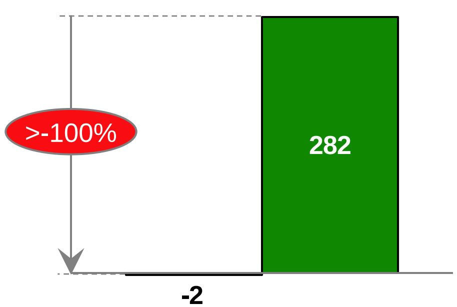
Plantation Cluster (2 of 2)

Performance summary

Revenue (RM mil)



PBT (RM mil)



Highlights – Quarter on Quarter

<u>Q on Q Results Overview</u>

1. **Revenue decreased by 58%** due to:
   a) Lower CPO sales volume despite higher price
   b) Lower PK production volume by 28% leading to lower sales
2. **Loss before tax recorded** due to:
   a) Lower volume of FFB processed which led to lower CPO production and lower OER
   b) Higher mill cost for per MT CPO produced
   c) Fair value losses on LLA Liability of RM73.51 mil vs fair value gain of RM201.35 mil in Q42014.

Plantation Indicators

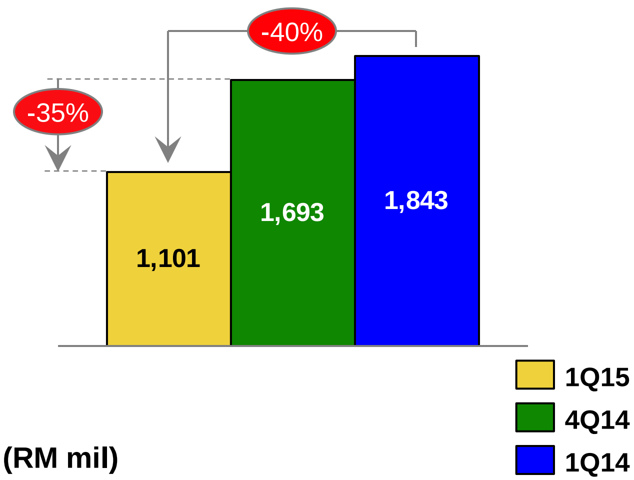
Plantation Statistics	2015	2014					QoQ Q1 2015 vs Q42014 (change)	YoY (YTD change)
	Q1	1Q	2Q	3Q	4Q[1]	YTD[1]		
FFB Production ('000 MT)	930	1,159	1,213	1,340	1,254	**4,966**	-26%	-20%
FFB yield (tonne/mature ha)	3.60	4.26	4.46	5.23	4.78	**18.94**	-25%	-15%
CPO Production ('000 tonne)	566	647	759	909	791	**3,106**	-28%	-13%
PK Production ('000 tonne)	151	175	191	235	207	**808**	-27%	-14%
OER (%)	20.50	20.98	21.08	20.85	21.14	**21.01**	-3%	-2%
KER (%)	5.47	5.67	5.31	5.40	5.51	**5.46**	-1%	-4%
Average CPO price (RM/mt)	2,279	2,584	2,648	2,317	2,154	**2,410**	6%	-12%

Note: FFB: Fresh Fruit Bunch; PK: Palm Kernel; OER: Oil Extraction Rate; KER: Kernel Extraction Rate; CPO: Crude Palm Oil

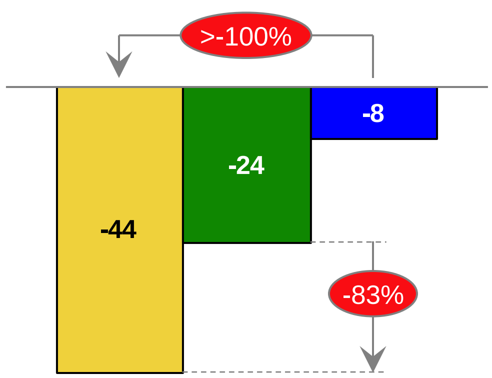
Downstream Cluster

Performance summary

Revenue (RM mil)



PBT (RM mil)



Highlights

YoY Results Overview

1.Higher losses recorded due to:

a) Lower material margin and higher operating costs due to heavy blizzard during Jan in the US fatty acid business.

b) Lower gross crush margin of CAD30 per MT recorded compared to CAD45 per MT for Canadian business

c) Lower sales volume and sales margin from consumer products

QoQ Results Overview

1. **Revenue decreased by 35%** due to lower sales volume of CPKO and lower crush volume in TRT ETGO.
2. **Higher QoQ losses** due to:

a) TRT ETGO recorded lower crush and lower canola yield.

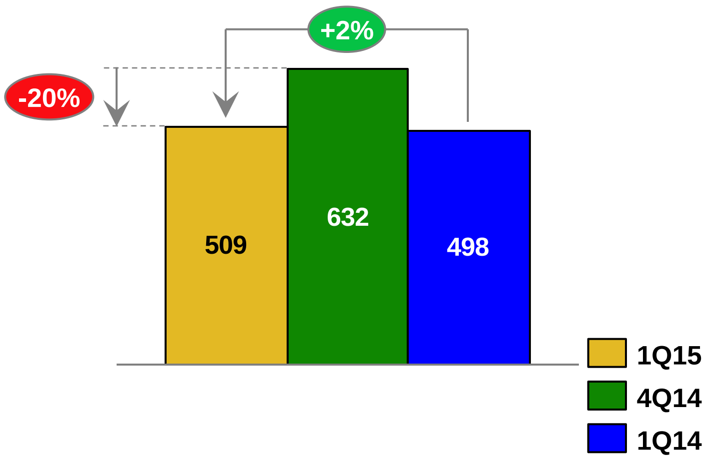
b) Lower CPKO margins achieved from local downstream activities as cost increased.

c) Smaller unrealized gain of RM2.26 million recorded compared to RM35.24 million in preceding quarter.

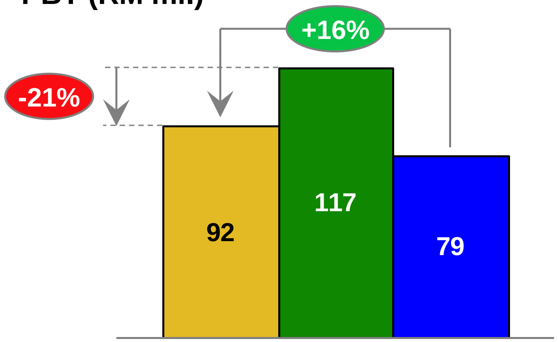
Sugar Cluster

Performance summary

Revenue (RM mil)



PBT (RM mil)



Highlights

<u>YoY Results Overview</u>

1. The **revenue increased YoY** due to higher overall sales volume despite lower average selling price
2. **PBT increased by 16%**, attributable to:
   a) Better average gross margins due to reduced raw sugar cost per MT of production
   b) Lower refining cost per MT as sugar production volume increased

<u>QoQ Results Overview</u>

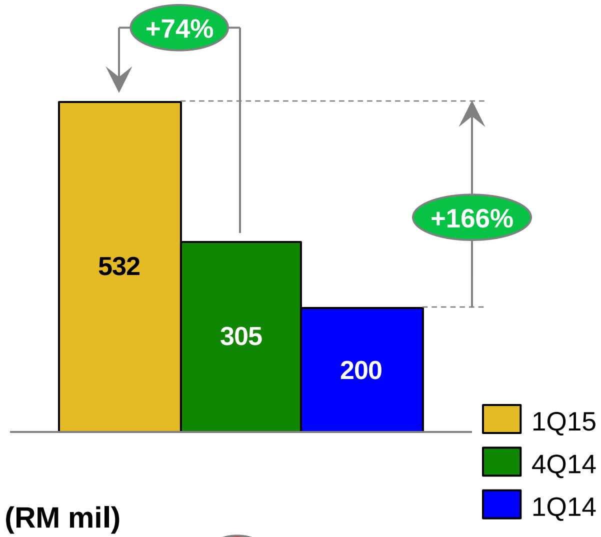
Revenue and PBT both **decreased by 20% and 21% respectively** due to:

1. Lower sugar sales volume and lower selling price recorded by industrial and domestic segment.
2. Notwithstanding with above, average sugar production cost is 9% lower

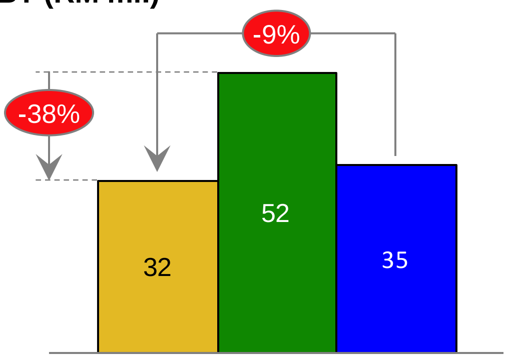
TLMO Cluster

Performance summary

Revenue (RM mil)



PBT (RM mil)



Highlights

YoY Results Overview

1. Revenue was **166% higher YoY** due to contribution from FGV Trading as the new business model (trading and tolling) began in February 2015.
2. **PBT decreased by 9% YoY** due to lower throughput both from internal and external customers:
   a) Lower throughput carried by F.Transport for cargo and oil tanker due to reduced CPO volumes produced
   b) Lower throughput handled by FJB Group
   c) Decrease in average charge per tonne

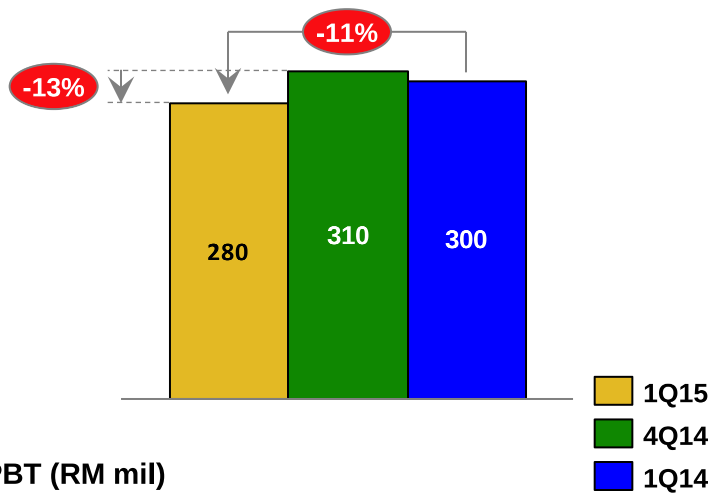
QoQ Results Overview

1. Revenue increased by 74%, attributable to physical trading activities by Felda Marketing Services and FGV Trading
2. PBT decreased QoQ due to:
   a) Throughput handled is 26% lower, and lower throughput charge per tonne

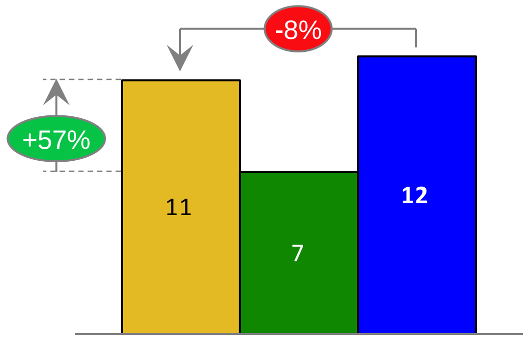
Others Cluster

Performance summary

Revenue (RM mil)



PBT (RM mil)



Highlights

YoY Results Overview

1. Revenue and PBT was **lower YoY** due to:
   a) Lower selling price and volume sold by rubber business
   b) Lower FFB selling price
2. Notwithstanding with above, the fertilizer business generated higher sales volume and a higher average selling price

QoQ Results Overview

1. **Lower revenue QoQ due to:**
   a) Lower selling price and volume sold by rubber business
   b) FFB yield reduced to 4.51 MT/HA compared to 5.86 MT/HA
   c) Lower seedling sales
2. **Higher profit by 57%** due to higher fertiliser sales quantity and higher average fertilizer price

Appendix

Movement of LLA

RM million	Q1 2015	Total YTD 2014	Q4 2014	Q3 2014	Q2 2014	Q1 2014
At the start of the period	**4,680.8**	**4,844.4**	**4,903.5**	**4,890.6**	**4,882.7**	**4,844.4**
Payments made during the period	**(62.1)**	**(336.4)**	**(78.9)**	**(86.0)**	**(92.1)**	**(79.4)**
Recurring income statement charges/ (credits)	72.4	402.4	85.5	96.2	104.9	115.8
Total income statement charges / (credit) from revisions in projections	1.1	(287.2)	(286.9)	2.7	(4.9)	1.9
Total charge/ (credit) to the income statement (FV changes)	**73.5**	**115.2**	**(201.4)**	**98.9**	**100.0**	**117.7**
Closing LLA liability balance	**4,692.2**	**4,680.8**	**4,680.8**	**4,903.5**	**4,890.6**	**4,882.7**

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26 May 2015

Presented by
Dato' Mohd Emir Mavani Abdullah and Tn. Hj Ahmad Tifli Dato' Mohd Talha
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