



4Q 2013 Financial Results Analyst Briefing

27 February 2014

- 2:00 pm **Opening Presentation**
by Dr. Mohd Emir Mavani Abdullah, Group CEO
- 2:15 pm **Plantation Segment Update**
By Mr. Soh Kim Yaw - VP, Plantations
- 2:30 pm **Financial Results Briefing**
by Tuan Hj. Ahmad Tifli Mohd Talha, Group CFO
- 3:00 pm **Q&A Session**
- 4:00 pm *Program ends. Refreshments*

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Management Team



Dr. Mohd Emir Mavani Abdullah
Chief Executive Officer

PhD (Govt Reforms) Wamborough University, MA
(Engineering Mgmt) Warwick University, BA Hons
(Chemistry) UKM



Dato' Khairil Anuar Aziz
Chief Operating Officer
Head of Manufacturing Logistic & Others

BA Hons (Marketing Management)



Dr. Suzana Idayu Wati Osman
Chief Strategy Officer

PhD (Finance), MBA (Finance), BA Hons
(Business Studies), Advanced Management
Program (Harvard)



Ahmad Tifli Dato' Hj Mohd Talha
Chief Financial Officer
Acting Chief Human Resource Officer

ICAEW, member of Malaysia Institute of
Accountants



Abdul Halim Ahmad
Head of Global Plantations

Diploma in Mechanical Engineering,
Chairman of Technical Research of
Malaysia Palm Oil Association



Fairuz Ismail
*Head of Transformation Management
Office*

Diploma in Planting & Industry
Management, member of Asian Institute
Management (AIM), and Incorporated
Society of Planters (ISP)



Dato' Sheikh Awab Sheikh Abod
CEO of MSM Holdings



Palaniappan Swaminathan
Head of Research and Development

B.Sc (Hons), M.Sc. , Cert Dip. A.F.
Master of Science, Bachelor of
Science



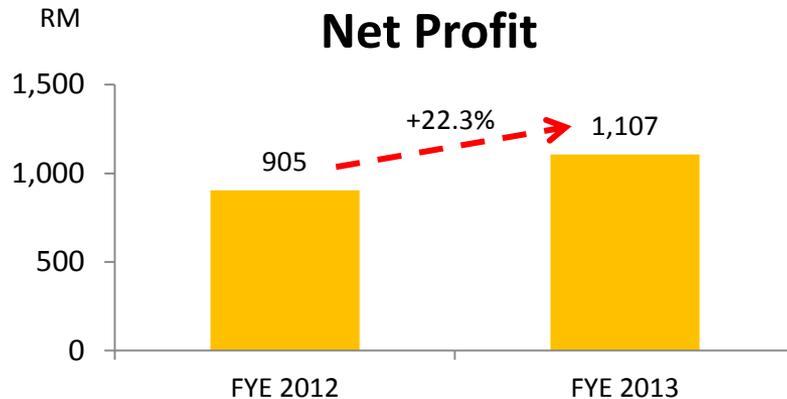
Zakaria Arshad
Head of Downstream Business

Degree of Bachelor of Social Science
(Economics), USM, 1984

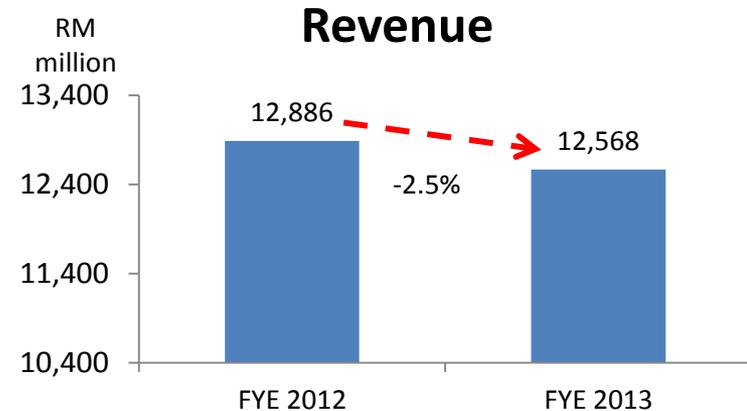
Opening Presentation

by Dr. Mohd Emir Mavani Abdullah (CEO)

Executive Summary: FGV Financial Performance and Outlook



Group registered a PAT from continuing operations of RM1.1 billion, a 22.3% increase from FYE 2012

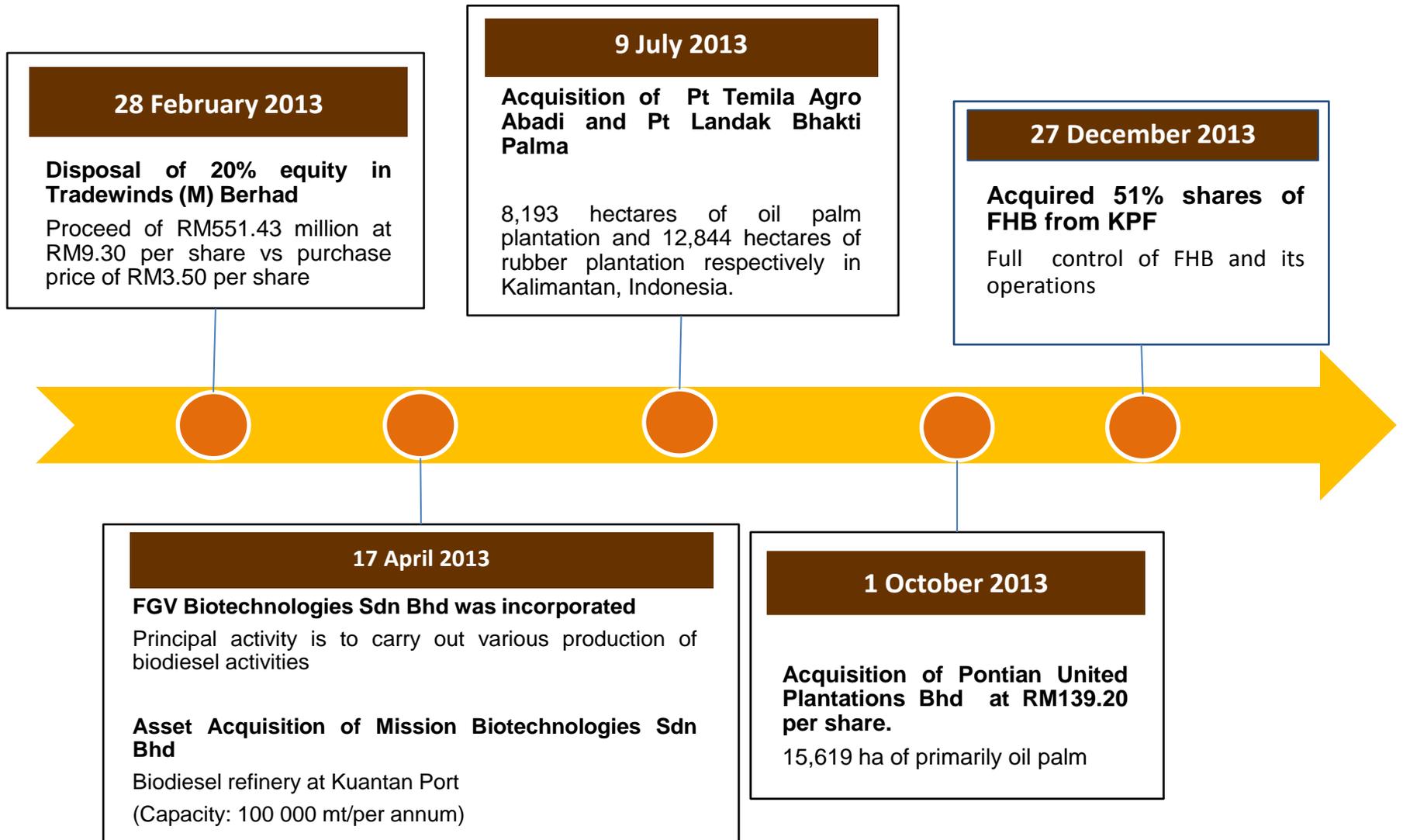


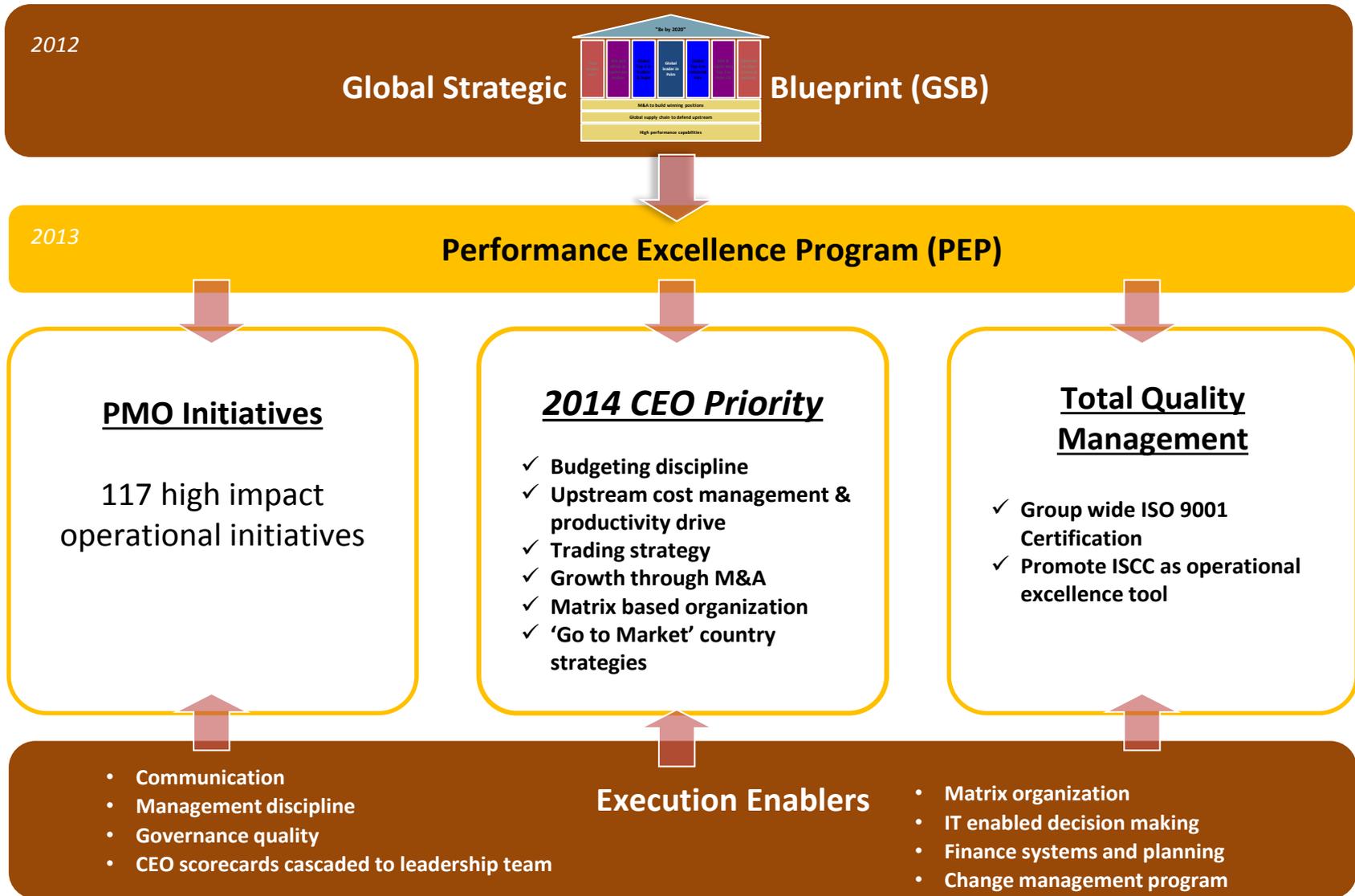
Lower revenue compared to FYE2012 in line with industry performance

Palm Oil Industry Outlook

- **Expected CPO price of between RM2,500/mt and RM2,700/mt**
 - + Supply concerns due to weather conditions in Indonesia and Malaysia
 - + Dry spell in South America may affect soy production
- **Positive outlook for industry profitability**
 - + Strong biodiesel demand from mandates and green agendas
 - + Lower CPO stock resulting from demand growth in key markets.
 - + Lower fertiliser cost

2013 Milestones





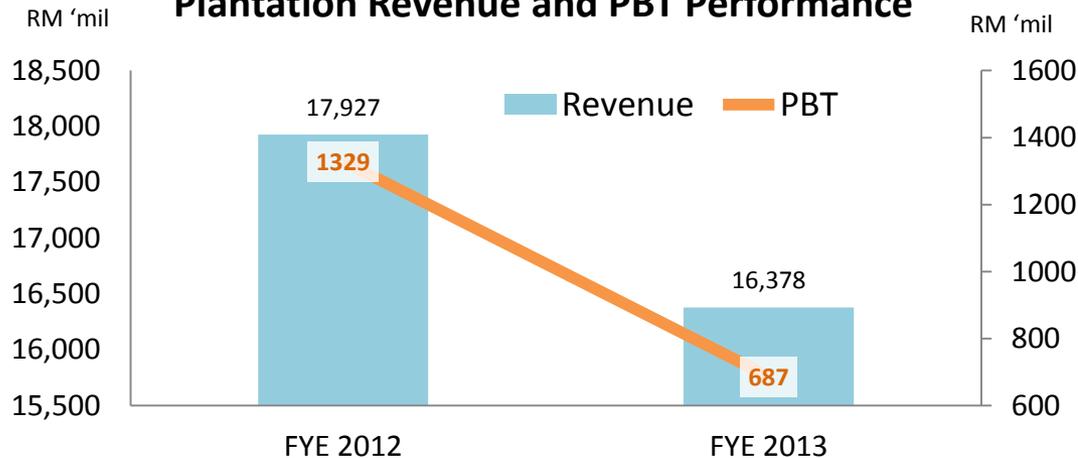
Plantation Segment Review

by Mr Soh Kim Yaw (VP, Plantations)

Plantation Segment



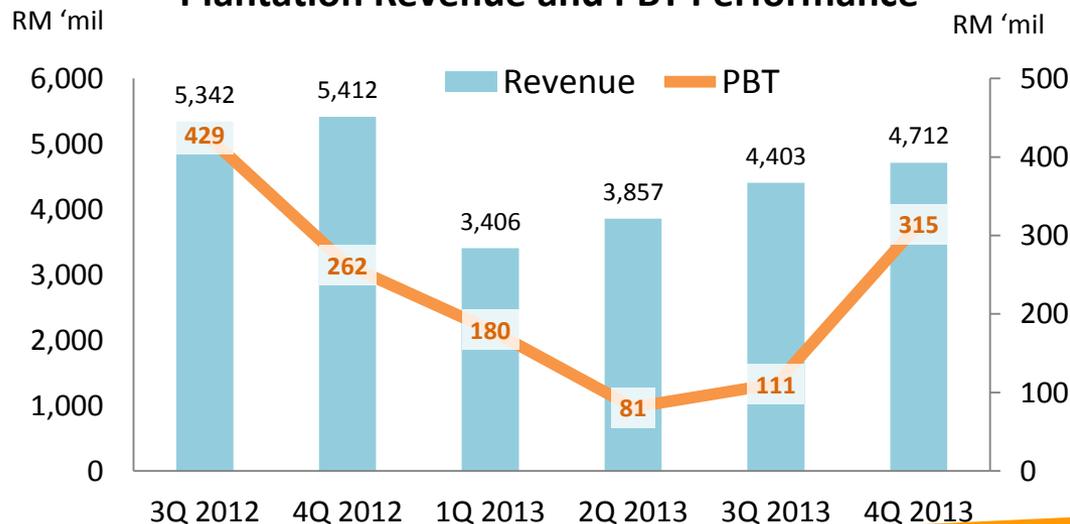
Plantation Revenue and PBT Performance



YoY Results Overview

- Plantation Segment PBT decreased 48.3% YoY to RM687 million from RM1,329 million mainly due to:
 - lower average CPO price realised of RM2,333/MT against RM2,843/MT in 2012.
 - Lower average FFB price of RM448/MT compared to RM541/MT in 2012 although the FFB's production increased to 5.05 million (2012: 4.91 million MT).
- The improved yield of 19.59MT/ha from 19.12MT/ha was attributed to positive weather for harvesting in 2013.

Plantation Revenue and PBT Performance



QoQ Results Overview

- Plantation Segment PBT increased by 20.2% for 4Q13 compared to 4Q12 and increased by RM204 million from preceding quarter.
- Higher CPO price of RM2,425 in 4Q13 compared to RM2,341 in 3Q13.
- Average price of FFB increased from RM442/MT in 3Q2013 to RM482/MT in 4Q2013.

Plantation Segment



Total Land Bank

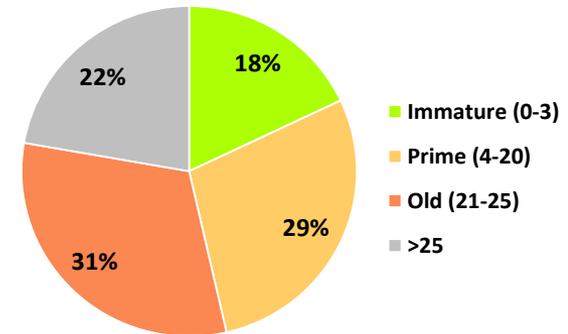
Malaysia	Oil Palm	Rubber	Others	
Planted	333,368	12,372	2,538 ¹	
Unplanted	1,968	2,115	37,873 ²	
Total	335,336	14,487	40,411	390,234
Indonesia				
Planted	27,635	-	-	
Unplanted	25,757	12,844	11,186	
Total	53,392	12,844	11,186	77,422
				467,656

Note: Inclusive of JV and associates

1. Timber
2. Unplantable areas including river, river, road, offices

Palm Plantation Age profile

2013 FGV Age Profile

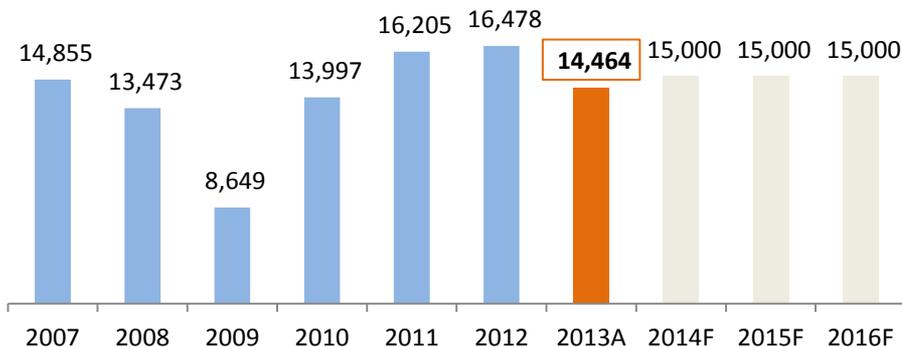


Note

1. Inclusive of Pontian United Plantation
2. Prime improved by 2%

Oil Palm Replanting (Ha)

Oil Palm Replanting (Ha)



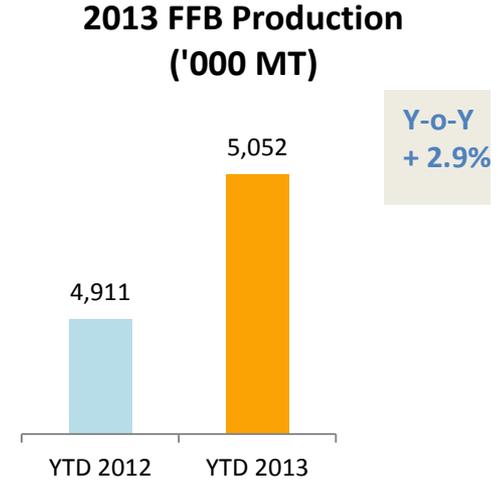
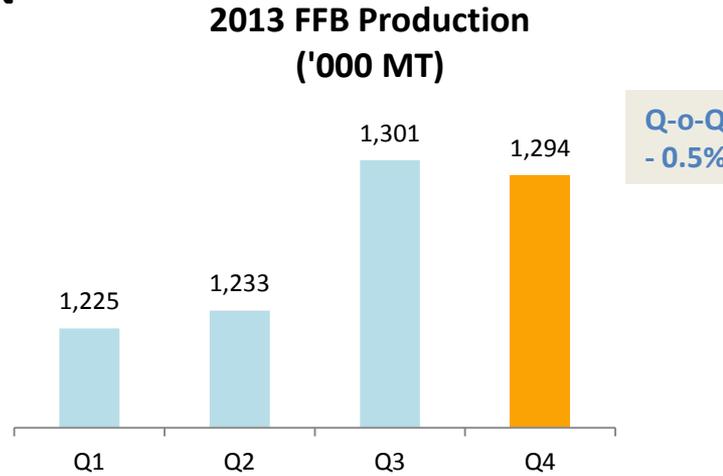
2-PRONG STRATEGY

- Aggressive Replanting of 15K Ha per year
- Brown Field Acquisition

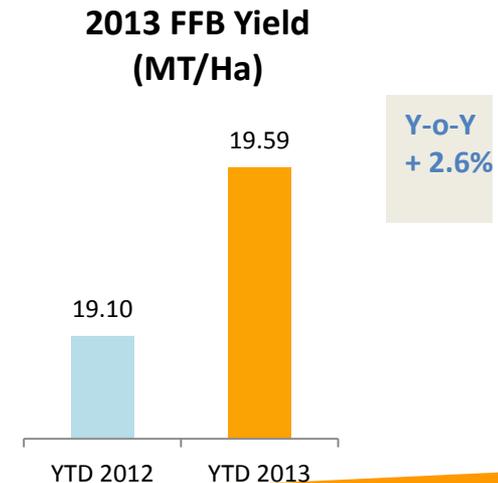
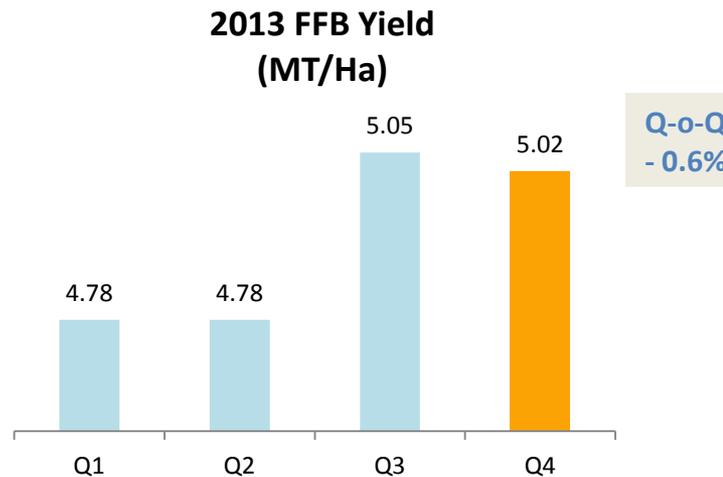
Plantation Indicators



FFB PRODUCTION



FFB YIELD PER HA



Financial Results

by Tuan Hj. Ahmad Tifli Mohd Talha (CFO)

Balance Sheet Highlights



Statement of Financial Position		31 DEC 13	31 DEC 12	Growth
Total Assets	RM million	20,734	16,499	26%
Share Capital	RM million	3,648	3,648	-
Retained Earnings	RM million	1,644	1,192	38%
Shareholders' Fund	RM million	6,570	6,102	8%
Cash and Cash Equivalents #	RM million	5,021	5,688	-12%
Net Asset (NA) per share	RM	1.80	1.67	8%
Net Tangible Assets (NTA) per Share	RM	1.56	1.48	5%
Earning per Share (EPS) @	sen	26.9	28.5	n/a
Return on Shareholders' Fund (ROSF)	%	14.9	13.2	13%
Gearing Ratio *	%	1.40	1.33	n/a
Gearing Ratio (excluding LLA)	%	0.66	0.4	n/a

Cash includes FHB's and also outflows due to M&As

@ EPS in 2012 were higher due to effect of weighting

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

Financial Highlights (YTD)



Income Statement (RM million)	YTD 2013	YTD 2012	Changes %
Revenue	12,568	12,886	-2.5
Cost of sales	(11,690)	(11,319)	-3.3
Gross profit	878	1,567	-44.0
Associates & JV	11	140	-92.1
PBT (exclude LLA)	1,041	1,304	-20.2
EBITDA (exclude LLA)	783	1,444	-45.8
Fair value gain from FHB acquisition	328	-	100%
LLA liabilities (Fair value changes)	494	(210)	>100
PBT (& zakat)	1,535	1,094	40.4
PBT from continuing operations	1,136	873	30.2
Discontinued operation	(29)	33	<100
NET PROFIT (PAT)	1,107	905	22.3
PATAMI	981	806	21.7
EPS (sen)	26.9	28.5	-5.6

- Lower Revenue compared to FYE 2012 due to lower average realised CPO and FFB realised price.
- Group performance were affected by :
 - Lower average CPO prices and FFB processed in 2013 compared 2012
 - Lower contribution from associates and JV
 - Negative contribution from Bunge ETGO
- Higher net profit (up by 22.3%) compared to FYE 2012 due to fair value gain from FHB's acquisition and gain in fair value changes in LLA.

Financial Highlights (QoQ)



Income Statement <i>(RM million)</i>	4Q13	4Q12	Changes %
Revenue	3,674	3,859	-4.8
Cost of sales	(3,622)	(3,495)	-3.6
Gross profit	52	364	-85.7
Share of results from associates & JV	(47)	19	<100
PBT (exclude LLA)	354	172	>100
EBITDA (exclude LLA)	80	257	-68.9
LLA liabilities (Fair value changes)	359	25	>100
PBT (& zakat)	713	198	>100
PBT from continuing operations	511	210	>100
PBT including discontinued operation	2	28	-93.0
NET PROFIT	513	237	>100

- Revenue was 4.8% lower compared to 4Q 2012 due to lower CPO and FFB average price realised
- Gross profit declined by 85.7% in 4Q 2013 due to
 - Lower average CPO prices of RM2,425 per MT in 4Q 2013 compared to RM2,445 per MT in 4Q 2012.
 - Lower contribution from associates (milling and manufacturing operations)
 - a) Lower milling margin and manufacturing operations
 - b) effect of the disposal of Tradewinds in Feb 2013.
 - Lower gain from discontinuing operations', Bunge ETGO of RM2 million compared to RM27 million in 2012.
- 4Q 2013's Net Profit rose 225% compared to 4Q 2012 due to:
 - Gain of RM328.33 million arising from the acquisition of FHB
 - Gain from FV changes in LLA liability of RM359.02 million

IPO Utilization: A total of 70% of our IPO proceed have been spent, mostly on M&As related activities



Date	Breakdown of IPO proceed expenses	RM MM	RM MM (Quarterly)	% Utilised
June 2012	IPO expenses	144	144	3%
Sept 2012	Additional IPO expenses	16	276	6%
	Part repayment of loan	260		
Dec 2012	TRT Etgo capital expenditure funding	59	188	4%
	Working capital and general corporate expenses	129		
June 2013	FGV R&D	10	79	2%
	TRT ETGO additional capex and working capital	69		
Sept 2013	Purchase of Mission Biotech by FGV Biotechnologies	21	641	14%
	Acquisition of PT Temila Agro & PT Landak Bhakti	13		
	Acquisition of PUP – Batch 1	607		
Dec 2013	Acquisition of PUP - Batch 2	600	1,802	41%
	Increase in paid up capital of FGV Biotechnologies	50		
	Remaining 50% of purchase assets of Mission Biotech	18		
	Acquisition of FHB	1,133		
Total utilised (including expected utilisation for FHB)		3,129	3,129	70%
IPO Proceed			4,459	100%
Balance available for 2014			1,330	30%

LLA Liability

by Tuan Hj. Ahmad Tifli Mohd Talha (CFO)

Fair Value Changes in LLA Liability



RM'mil	FYE 31 Dec 12	Q1 31 Mar 13	Q2 30 June 13	Q3 30 Sept 13	Q4 31 Dec 13	FYE 31 Dec 13
LLA Liability						
At 1 January,	5,844	5,665	5,688	5,322	5,337	5,666
Total payments made	(388)	(79)	(87)	(80)	(82)	(328)
Subtotal	5,456	5,586	5,601	5,242	5,255	5,338
Recurring income statement charges ^	381	102	86	110	113	411
Income statement ^ charges/(credits) from revisions in projections	(171)	-	(365)	(15)	(525)	(905)
Charge/(credit) to the income statement	210	102	(279)	95	(412)	(494)
LLA Liability						
At 31 December	5,666	5,688	5,322	5,337	4,844	4,844

Charge / (credit) to the Income Statement) ^	FY 2013	FY 2012
Fixed lease consideration	248	248
Discounting effect	163	132
Revisions in projections	(905)	(171)
Total (credit)/change to the income statement	(494)	210

Fair Value Changes in LLA

RM'mil	FYE 31 Dec 12	Q1 ending 31 Mar 13	Q2 ending 30 June 13	Q3 ending 30 Sept 13	Q4 ending 31 Dec 13	FYE 31 Dec 13	Note
Change in costs (excluding manuring)	-	-	(179)	-	(422)	(601)	1
Change in land area	190	-	-	-	(273)	(273)	2
Change in CPO price	81	-	(140)	-	113	(27)	3
Change in manuring costs	-	-	(14)	-	53	39	4
Changes in other assumptions	(442)	-	(32)	(15)	4	(43)	5
Total P&L charges/ (credits) from revisions in projections	(171)	-	(365)	(15)	(525)	(905)	-

Note	Change in assumption	Brief description of the changes in accordance with LLA policy
1	Change in costs (excluding manuring costs)	Short term, mid term and long term costs assumptions have been revised upwards in line with the increase in costs recorded in FY2013, latest internal estimates and actual experience.
2	Change in land area	The total and planted land area and age profile have been revised based on a land reconciliation exercise completed in 2013 .
3	Change in FFB and CPO price	CPO price projections have been revised upwards from 2017 onwards in line with the improved market outlook.
4	Change in manuring costs	Manuring costs assumption have been revised downwards based on the latest internal estimates and actual experience. This is in line with the market expectation of cheaper fertiliser prices due to the break up of the potash cartel.
5	Changes in other assumptions	Changes are made up of revision in other variables e.g. average FFB yield, projected capital expenditure, palm kernel price, oil extraction rates ("OER").



FGV's financial results assuming FHB is a subsidiary of FGV as at 1 Jan 2013

FGV's financial results assuming FHB is a subsidiary of FGV as at 1 Jan 2013



Description	YTD 2013 RM million (FHB as a Subsidiary)	YTD 2013 RM million (FHB as an Associate)	Changes RM million	Changes %	YTD 2012 RM million
CPO Price (Per MT)	2,333	2,333	-	-	2,853
Revenue	15,144	12,568	+2,576	20%	12,886
Cost of Sales	(13,207)	(11,690)	-1,517	13%	(11,319)
Gross Profit	1,937	878	+1,059	21%	1,567
Other income	280	180	+100	+56%	41
Selling & Distribution	(362)	(208)	(154)	74%	(158)
Administrative expenses	(785)	(193)	(592)	>100%	(250)
Other operating expenses	(86)	(79)	(7)	9%	(36)
Total Expenses	(953)	(176)	-777	>100%	(444)
FV changes in LLA liability	494	494	-	-	(210)
Associates and JV					
- FHB	-	73	-	-100%	155
- Others	-	(62)	-	-	(15)
Profit Before Tax (PBT)	1,478	1,207	+271	22%	1,094
PAT	937	779	+138	17%	905
PATAMI	765	653	+92	14%	804

Comparison of Core Profit of FGV assuming FHB is a subsidiary from 1 January 2013



Core Profit Reconciliation	YTD 2013 RM million (FHB as a Subsidiary)	YTD 2013 RM million (FHB as an Associate)	Changes RM million	YTD 2012 RM million
CPO Price (Per MT)	2,333	2,333	-	2,843
PATAMI	765	981	-216	805
<i>less FHB FV Gain</i>	-	(328) *	+328	-
Adjusted PATAMI	765	653	+112	805
<i>add / (less)</i>				
Share of results from Tradewinds	-	-	-	(46)
Gain on Tradewinds' disposal	(26)	(26)	-	-
LLA (credit) / charge, net of tax	(370)	(370)	-	157
Impairment	131	104	+27	10
IPO related expenses, net of tax	-	-	-	46
<i>Total adjustment</i>	<i>(265)</i>	<i>(292)</i>		<i>167</i>
PATAMI	500	361	+139	972

* Excluding on time FV gain from FHB acquisition of RM328million

Definition of Core Profit:

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,

Contact Us



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Thank You