

FGV HOLDINGS BERHAD

(Formerly known as Felda Global Ventures Holdings Berhad)

FINANCIAL RESULTS BRIEFING

1st Quarter for the Financial Period Ended 31 March 2019

Wednesday, 29 May 2019



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Q1 2019 Results Summary



Q1 2019 Business Updates



Business Outlook



Q1 2019 RESULTS SUMMARY

Q1 2019 FINANCIAL RESULTS SUMMARY



**FINANCIAL
(RM mil)**

Q1'19

Q1'18

YOY

Q4'18

QOQ

	Q1'19	Q1'18	YOY		Q4'18	QOQ
Revenue	3,276	3,603	▼ 9%		3,231	▲ 1%
Profit/(Loss) BIT	78	96	▼ 19%		(147)	▲ >100%
Profit/(Loss) BZT	23	26	▼ 12%		(139)	▲ >100%
Profit/(Loss) ATAMI	(3)	1	▼ <100%		(209)	▲ 98%

OVERALL GROUP FINANCIAL RESULT PERFORMANCE FOR Q1'19

Revenue decreased by 9% YoY affected by lower CPO price of RM1,986/MT (Q1'18: RM2,472/MT), mitigated by higher CPO production and sales volume at 0.58 mil MT (Q1'18: 0.52 mil MT) on the back of improved operational performances.

PBIT declined 19% YoY mainly due to:

- Lower average CPO price RM1,986/MT (Q1'18: RM2,472/MT).
- Lower average selling price of sugar at RM2,157/MT (Q1'18: RM2,443/MT) and higher refining cost.
- MSS provisions of RM27 mil.
- Provision for closure of KS Jerangau Baru of RM12 mil.

Performance was mitigated by improved operational performance:

- Higher FFB production at 1.06 mil MT (Q1'18: 0.99 mil MT).
- Higher OER achieved during Q1'19 at 20.76% (Q1'18: 19.75%).
- Lower CPO cost ex-mill of RM1,379/MT (Q1'18: RM1,728/MT).
- Net reversal of impairments of receivables of RM48 mil.
- Higher margin contributions and sales volume in Palm Kernel and related products.

Q1 2019 RESULTS SUMMARY BY SECTORS

PLANTATION



REVENUE (RM mil)

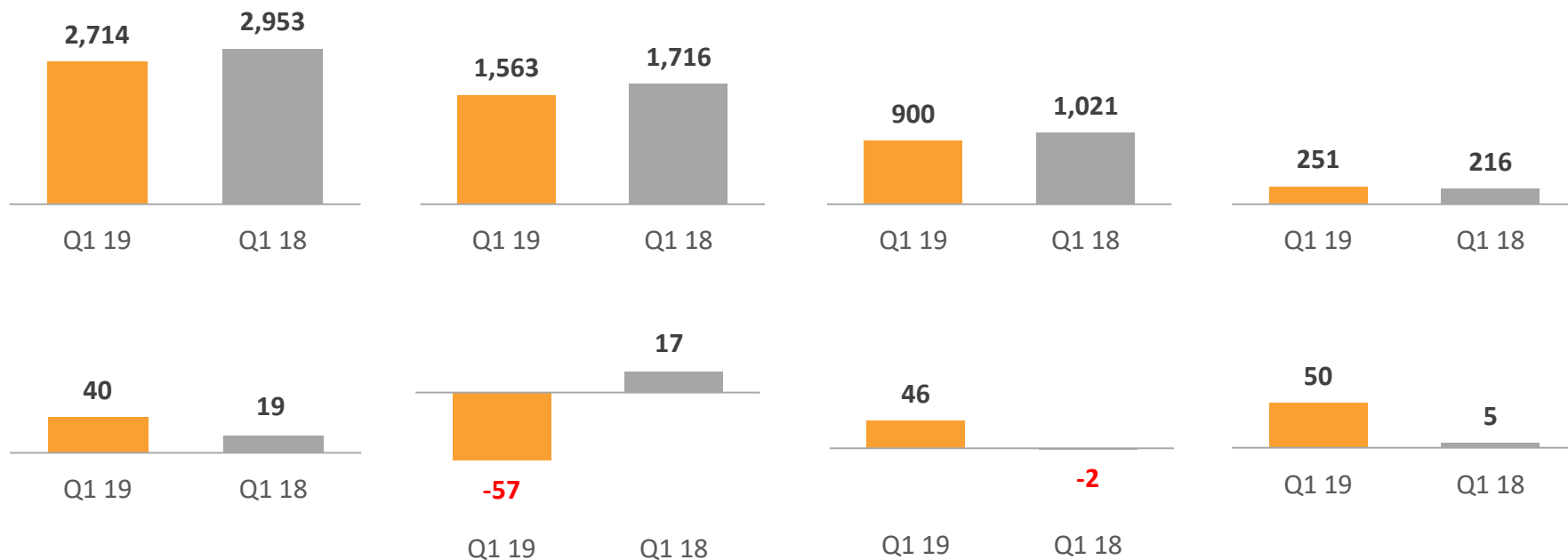
PBZT (RM mil)

SECTOR

Upstream

Downstream

R&D, Fertiliser & Others



YoY (Q1'19 vs Q1'18)

Higher Plantation Sector profit in Q1'19 due to:

Upstream

- FFB production increased by 6%.
- OER increased by 5%.
- Lower production cost at RM1,379/MT.
- Losses from JV companies recorded at RM32 mil.

Downstream

- Improved RBDPKO margin of RM224/MT vs Q1'18 negative margin of RM51/MT.
- Higher PME sales of 16,616 MT vs 10,511 MT in Q1'18.

Q1 2019 RESULTS SUMMARY BY SECTORS



OPERATIONAL

Q1'19

Q1'18

YOY

Q4'18

QOQ

PLANTATION

UPSTREAM

FFB Production ('000 MT)	1,056	991	▲	6%	1,150	▼	8%
FFB Yield (MT/Ha)*	4.38	3.96	▲	11%	4.62	▼	5%
OER (%)	20.76	19.75	▲	5%	20.70	■	0%
CPO Production ('000 MT)	762	669	▲	14%	815	▼	7%
Avg. CPO Cost ex-mill (RM/MT)	1,379	1,728	▼	20%	1,572	▼	12%
Avg. CPO Price (RM/MT)	1,986	2,472	▼	20%	2,053	▼	3%
Utilisation Factor (%)	72	66	▲	9%	78	▼	8%

DOWNSTREAM

DOP sales volume (MT)	85,443	88,430	▼	3%	77,158	▲	11%
RBDPKO sales volume (MT)	68,630	67,095	▲	2%	61,649	▲	11%
PME sales volume (MT)	16,616	10,511	▲	58%	19,586	▼	15%
Fatty Acids sales volume ('000 lbs)	75,274	66,188	▲	14%	68,160	▲	10%

*yield based on normalised mature area

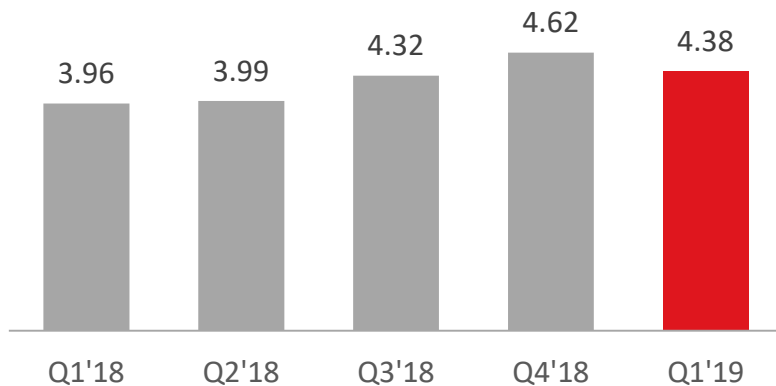
YoY (Q1'19 vs Q1'18)

- **FFB production and yield increased by 6% and 11% respectively** attributable to improved plantation management, completion of estate rehabilitation and better crop evacuation methods.
- **OER increased by 5%** due to reduced oil losses and improved FFB quality due to better weather conditions.
- **20% lower average CPO cost ex-mill** due to increased FFB production and processed volume, and improved mill utilisation factor at 72%.
- **Lower sales volume for Oils and Fats segment by 3%** attributed to competitive export markets and lower quota for repackers.
- **Higher PME sales volume by 58%** due to the implementation of B10 biodiesel mandate effective Feb 2019.

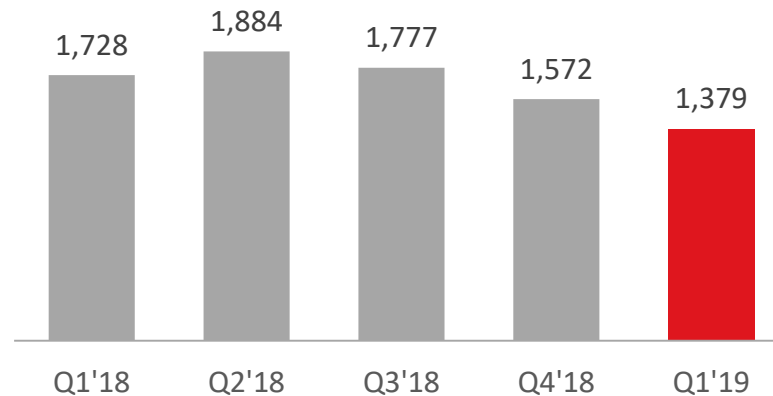
QUARTERLY UPSTREAM OPERATIONAL TRENDS



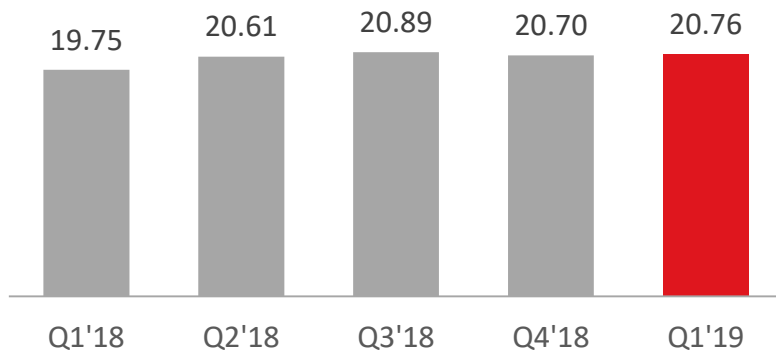
FFB Yield (MT/Ha)



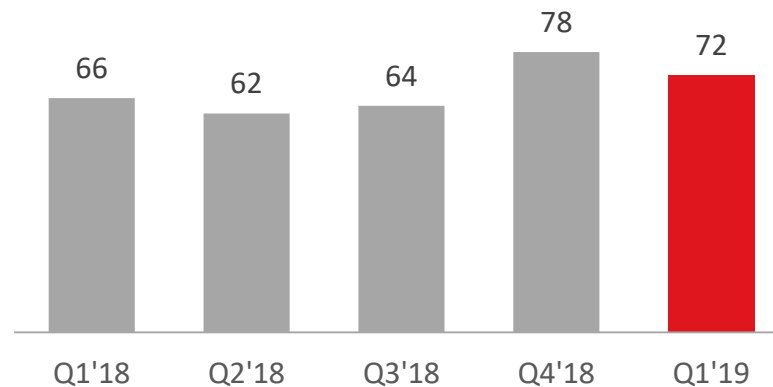
CPO Cost ex-mill (RM/MT)



OER (%)



UF (%)



Q1 2019 RESULTS SUMMARY BY SECTORS



SUGAR

Q1'19

Q1'18

YOY

Q4'18

QOQ

FINANCIAL (RM Mil)

Revenue	486	540	▼	10%	526	▼	8%
Profit/(Loss) BZT	(3)	22	▼	<100%	(13)	▲	77%

OPERATIONAL

Sales Volume (MT)	224,000	223,000	■	0%	241,489	▼	7%
Average Selling Price (RM/MT)	2,157	2,443	▼	12%	2,137	■	0%
Average Refining Cost (RM/MT)	362	324	▲	12%	412	▼	12%
Price of Raw Sugar (sen/lb)	14	15	▼	7%	13	▲	8%

YoY (Q1'19 vs Q1'18)

LBZT in Q1'19 is affected by:

- Lower average selling price of RM2,157/MT due to intense competition to protect market share.
- Higher refining costs of RM362/MT, an increase of 12% YoY (Q1'18: RM324/MT) due to scheduled maintenance works, higher packing materials cost and higher gas tariff.
- Heightened competition in export market and issuance of new APs by the government.

Operationally

- Sugar sales volume increased marginally due to higher domestic sales volume despite lower sales volume for industries and exports.

Q1 2019 RESULTS SUMMARY BY SECTORS



LSB

Q1'19

Q1'18

YOY

Q4'18

QOQ

FINANCIAL (RM Mil)

Revenue	82	104	▼	21%	147	▼	44%
Profit/(Loss) BZT	(17)	24	▼	<100%	8	▼	<100%

OPERATIONAL

Tonnage Carried (Mil MT)	1.39	1.30	▲	7%	1.35	▲	3%
Bulking Throughput Volume (Mil MT)	1.85	1.89	▼	2%	1.80	▲	3%
Storage Tank Utilisation Rate (Times)	1.93	1.98	▼	3%	1.89	▲	2%

YoY (Q1'19 vs Q1'18)

LBZT in Q1'19 is affected by:

- Provisions for MSS of RM25 mil in support businesses.
- Impairment of receivables of RM16 mil in line with MFRS 9.

Without provisions/impairments the Sector would have recorded a profit of RM24 mil.

Operationally

- Tonnage carried increased by 7% due to higher CPO production and high opening stocks in Jan 2019.
- Bulking throughput volume decreased by 2% attributable to high stocks position resulting in a 3% reduction in utilisation rate.



Q1 2019 BUSINESS UPDATES

Replanting

✓ Committed to replant 15,000 ha with RM300mil set aside to improve age profile.
(Target 2019 average age: 13.6 years).

Foreign Labour

✓ Expedite recruitment of foreign labor to fill the current shortage of 18%. The worker shortages is expected to normalise in 2H'19.

Workers' Housing

✓ Achieved 90% completion for Package 2 workers housing (298 blocks) and improved existing worker accommodation.

RSPO Certification

✓ Received RSPO certification for 10 mills (YTD total: 32 / 68 mills, RSPO-certified), and MSPO certification for 6 mills (YTD total: 13 / 68 mills, MSPO-certified).

Good Agricultural Practice

✓ Implemented lean practices and solutions at 4 pilot sites - 2 model estates and 2 model mills.



Logistics

Storage penetration to new products (Caustic Soda) and expansion to new customer.



Cost Control

Identified around 50% from targeted cost savings of RM150 million from cost-control and rationalisation exercises.



Non-core and Non-performing Assets

Finalising several divestments of non-core and non-performing assets with an estimated value of RM150 mil.



BUSINESS OUTLOOK

1

- CPO price is expected to trade within the range of RM1,900 - RM2,200 in Q2.
- Raw sugar price is estimated in the range of US \$0.13 – \$0.15 per lb.

2

- Downstream business is expected to launch 4 new products starting Q2 2019; Mass Blended Oil, Industrial Margarine, Premium Blended Oil and Coconut Milk.

3

- Liquidation of Felda Engineering Services and Felda Properties by end 2019.
- On track to achieve RM350 mil proceeds from divestment of non-core and non-performing assets.

4

- 4 mills to receive RSPO certification and 5 mills to receive MSPO certification in Q2.

THANK YOU



FGV Holdings Berhad (800165-P)
(Formerly known as Felda Global Ventures Holdings Berhad)

Group Investor Relations
Level 20, Wisma FGV,
Jalan Raja Laut, 50350 Kuala Lumpur, Malaysia

+603 2789 0000

fgv.investors@fgvholdingsl.com
www.fgvholdings.com

OPERATIONAL HIGHLIGHTS



	Q1'19	Q1'18	QOQ	Q4'18	YOY
FFB Prod ('000 MT)	1,055	991	6%	1,150	- 8%
FFB Yield (MT/Ha)*	4.38	3.96	11%	4.62	- 5%
CPO Production ('000 MT)	762	670	14%	815	- 7%
PK Production ('000 MT)	198	181	9%	203	- 2%
OER (%)	20.76	19.75	5%	20.70	1%
KER (%)	5.39	5.34	1%	5.15	5%
Avg. PK Price (RM/MT)	1,245	2,298	- 46%	1,634	- 24%
Avg. CPO Price (RM/MT)	1,986	2,472	- 20%	2,053	- 3%
Avg. CPO Prod. Cost Ex-mill (RM/MT)	1,379	1,728	- 20%	1,572	- 12%

*yield based on normalised mature area

MOVEMENT OF LAND LEASE LIABILITY IN FGVP



RM million	Q1 2019	Q1 2018	Q2 2018	Q3 2018	Q4 2018	2018
At the start of the period	4,328.0	4,393.3	4,400.0	4,345.1	4,382.8	4,393.3
Total payments made during the period	(61.0)	(72.0)	(83.0)	(64.7)	(79.0)	(298.7)
Recurring income statement charges/(credits)	94.6	93.2	86.0	118.4	104.0	401.6
Total income statement charges/(credits) from revisions in projections	(8.2)	(14.5)	(57.8)	(16.1)	(79.8)	(168.2)
Total charge/(credit) to the income statement	86.4	78.7	28.2	102.3	24.2	233.4
Closing LLA liability balance	4,353.4	4,400.0	4,345.1	4,382.8	4,328.0	4,328.0

Total (credit)/charge to Income Statement

RM million	2019	2018
Fixed lease consideration	-	-
Unwinding of discounts	102.4	95.2
Reversal of over accrual for current quarter	(7.8)	-
Revisions in projections and other adjustments	(8.2)	(16.5)
Total (credit)/charge to the Income Statement	86.4	78.7