

FGV



Quarterly Financial Highlights Fourth Quarter 2012 Analyst Briefing

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Conference Call Program



3.00pm	Introduction by moderator/host
3.05 pm	Opening remarks by Dr. Mohd Emir Mavani Abdullah (CEO Designate)
3:10pm	Financial Highlights by Mr Ahmad Tifli (CFO)
3:50pm	Questions & Answers
4:30pm	End of Analyst Briefing

Management Team



Dato' Sabri Ahmad
Group President and Chief Executive Officer

MsC (Agricultural Economics), BsC (Agriculture), Advance Diploma in International Studies, Advance Diploma in Management



Dr. Mohd Emir Mavani Abdullah
CEO Designate

PhD (Govt Reforms) Warnborough 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 in Harvard



Ahmad Tifli Dato' Hj Mohd Talha
Chief Financial Officer

ICAEW, MIA member



Nik Mustapha Nik Mohamed
Chief Human Resource Officer

MBA, Master of Science, Bachelor of Science



Fairuz Ismail
Head of Global Plantations

Diploma in Planting & Industry Management



Abdul Halim Ahmad
Head of Downstream Business

Diploma in Mechanical Engineering



Chua Say Sin
Head of Sugar Business

Master of Engineering Science, Bachelor in Electrical Engineering



1 KPI Achieved

- ✓ The Plantation Cluster OER achieved is 20.51%, improved from 2011 of 20.48%. The Group also had replanted 16000 ha, higher than its target of 15000 ha in 2012 and maintain its CPO production volume of 3.29million ton at an OER of 20.51% higher than 2011 of 20.48%.
- ✓ Downstream Cluster achieved a successful turnaround in 2012 with PBT of RM21 million compared to huge losses of RM512 million in 2011. The US company fatty acid sales increased by 4% while the Canadian operation crushed 8% higher seed compared to 2011.
- ✓ For Sugar cluster, although competition is more intense due to more AP were being granted to other competitors, PBT of RM312million was achieved and this was higher than its targeted PBT for 2012.
- ✓ MLO cluster also achieved a commendable PBT of RM343mil slightly down from 2011 of RM378m.

2 Result vs Consensus

- ✓ Profit after tax of RM905 million is higher than consensus of approximately RM790 million
- ✓ EBITDA (Earnings before interest, tax, depreciation and amortisation) higher than consensus : RM1.44 billion vs RM1.35 billion)

Financial Overview – FYE December 2012 vs 2011



Income Statement	FYE Dec 2012	FYE Dec 2011	% (YoY)
RM MM			+ /(-)
Revenue	12,886	7,453	72.9%
Cost of sales	(11,187)	(5,374)	-108.2%
Gross profit	1,699	2,079	-18.3%
Share of results from associates and jointly controlled entities	173	275	-37.1%
Profit before interest and tax and LLA	1,358	2,008	-32.4%
Finance income and expense (net)	(22)	(103)	79.0%
Profit before tax and LLA	1,336	1,905	-29.8%
LLA charges	(210)	-	
Profit before Tax	1,126	1,905	-40.9%
Zakat	(17)	-	
Taxation	(205)	(505)	-59.4%
Profit after tax	905	1,400	-35.4%
Net Profit Attributable to Shareholders (PATAMI)	806	1,328	-39.3%
Basic EPS (sen)	28.5	75.1	-62.1%

Revenue:

- **73% increase in revenue** than last year due to commencement of CPO business in March 2012.

PBT decreased by 37% compared to last year due to:

- Lower CPO prices from RM3,218 per MT in 2011 to RM2,843 per MT this year
- Drop in FFB production by 251,074 MT
- Higher harvesting, manuring and replanting costs
- **Decrease** in contribution from associates, **Tradewinds and FHB** by 54% & 32% respectively
- **FV changes in LLA liability** of RM210 million
- **IPO charges** of RM61.1 million



Analysis at FGVH Consolidated Group Level

FGVH Group	FYE Dec 2012 RM MM
Revenue	12,886
Cost of Sales	(11,187)
Gross Profit	1,699
Expenses	(777)
Share of Result from Associates and JV	
- FHB	155
- Others	18
Profit Before Tax (PBT)	1,126

	Plantation:	Sugar	Downstream	Others	Reconciliation
Revenue	- FFB : 2,830 - CPO : 6,824	2,301	800	131	-
Gross Profit	1,215	375	31	78	-
PBT	1,357	313	21	-	(565)

Financial Overview – Quarterly Results



Income Statement						
RM MM	Q4 2012	Q3 2012	Q2 2012	Q1 2012	FYE Dec 2012	FYE Dec 2011
Revenue	3,859	3,771	3,536	1,720	12,886	7,453
Cost of sales	(3,428)	(3,357)	(3,072)	(1,330)	(11,187)	(5,374)
Gross profit	431	414	464	390	1,699	2,079
- Margin	11.2%	11.0%	13.1%	22.8%	13.2%	27.9%
Share of results from associates & JV	47	33	51	42	173	275
Profit before LLA and tax	200	414	395	328	1,336	1,905
EBITDA ⁽¹⁾	236	389	441	371	1,437	2,081
- Margin	6.1%	10.3%	12.5%	21.6%	11.2%	27.9%
Expense in respect of fair value changes in LLA liabilities	25	(95)	(93)	(48)	(210)	-
Profit before Zakat & Tax	225	318	302	281	1,126	1,905
- Margin	5.8%	8.4%	8.3%	22.7%	8.7%	25.6%
Profit after zakat & taxation	237	224	220	223	905	1,400
- Margin	6.1%	5.9%	6.2%	13.0%	7.0%	18.8%

Financial Highlights



Statement of Financial Position	31.12.201	31.12.2011	Change	%
Share Capital	3,648	1,768	1,880.0	106%
Retained Earnings / (Accumulated losses) (RM'Mil)	1,193	602	591.0	98%
Shareholders' fund (RM'Mil)	6,102	5,615	487.0	9%
Net Tangible Assets (NTA) per Share (RM)	1.7	3.2	(1.5)	-47%
Earning per Share (EPS) (Sen) (1)	28.5	75.1	(46.6)	-62%
Return on Shareholders' Fund (ROSF) (%) (1)	14.8	24.9	(10.1)	-41%
Liquidity Ratio	3.04	2.13	0.9	42%
Gearing Ratio (2)	1.328	0.471	0.9	182%
Gearing Ratio (excluding LLA)	0.400	0.471	(0.1)	-15%
Cash and Cash Equivalents	5,688	1,778	3,910.0	220%

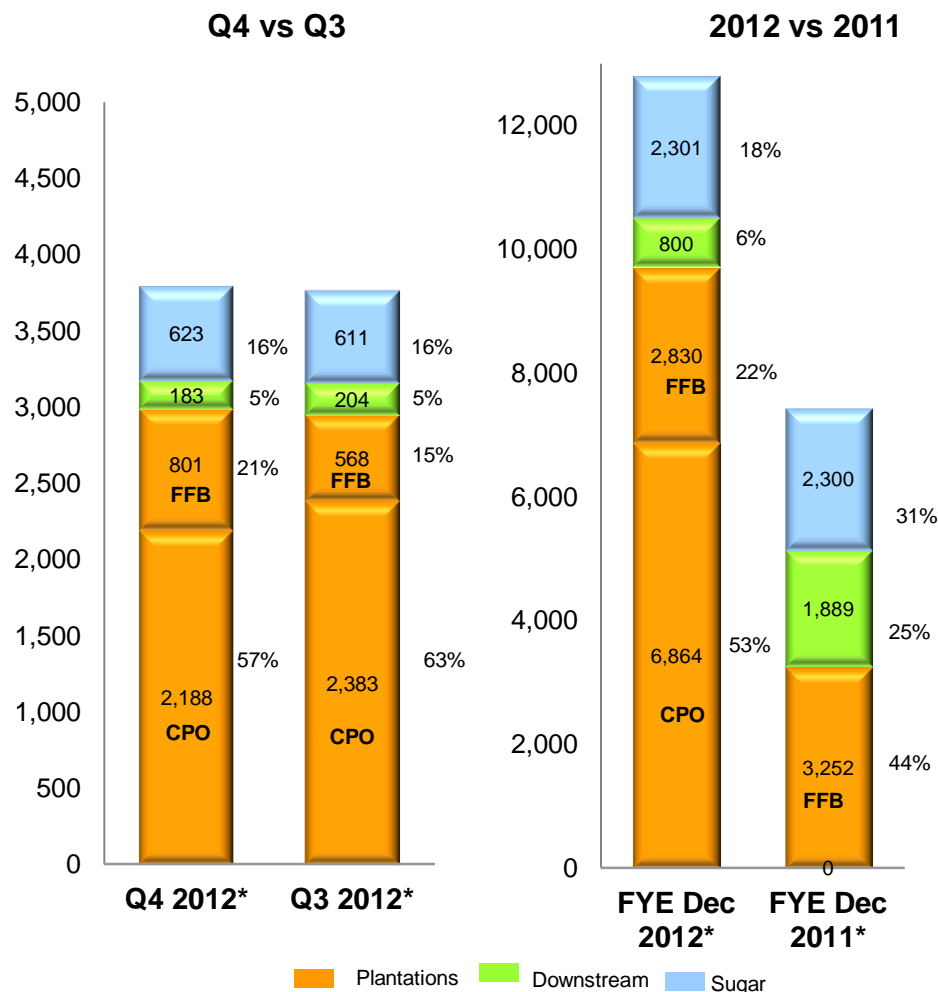
(1) Profit after tax and minority interests as at 31/12/2011 used for these calculation is RM1,327.76 million and is based on predecessor method of accounting and without LLA liability

(2) Gearing ratio equals to Borrowings, Loan due to ultimate holding body, LLA liability (in Current Liabilities and Non-Current Liabilities) divided by Shareholders' Fund

Revenue Breakdown: FYE Dec 2012 vs FYE Dec 2011



Revenue by Segment (RM MM)



Overall, total YTD revenue **increased by 73%**

- CPO sales contributed **53% of total revenue** FYE Dec 2012 whilst no CPO sales recorded in 2011.

However, the increase in revenue were partly offset by:

- **YTD FFB revenue** fell by **13%** compared to last year due to drop in FFB production by **6%**;
- Revenue contributed from **downstream** segment lower by 58% following the tolling agreement between TRT ETGO and Bunge ETGO.

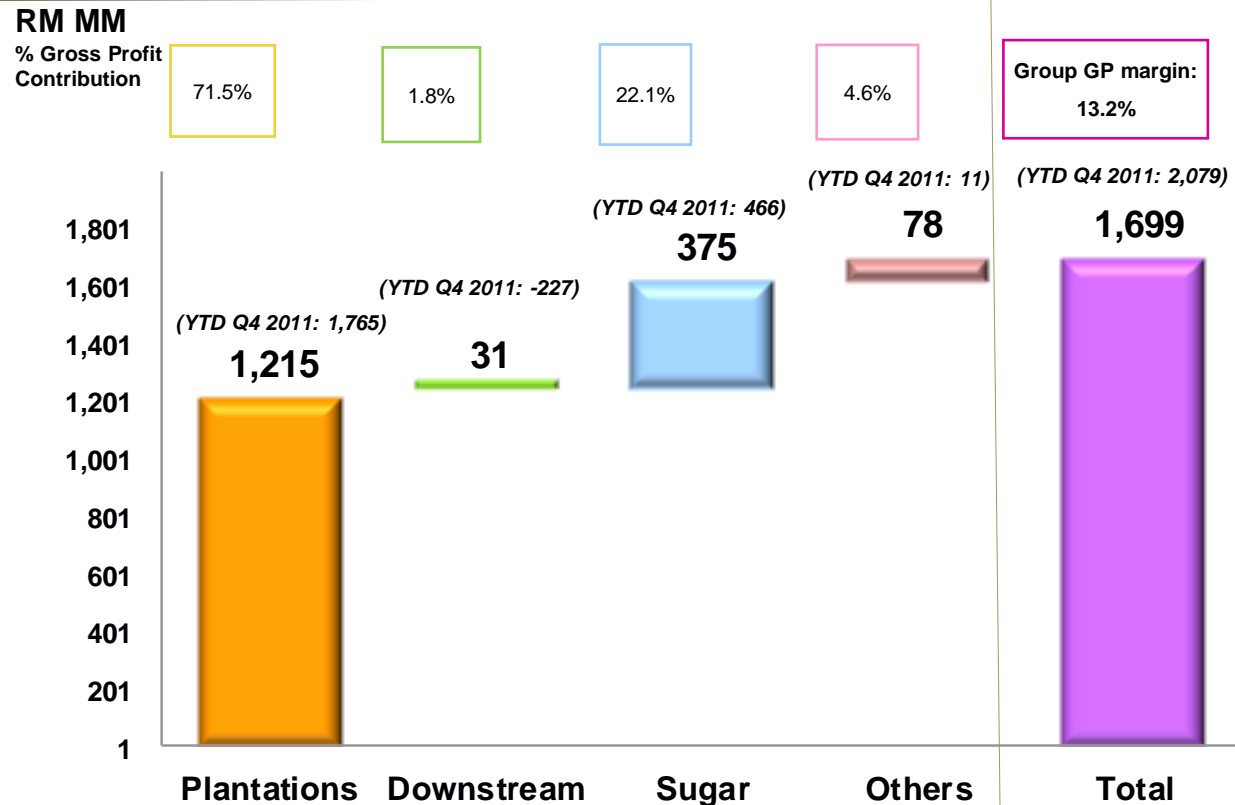
Q4's total revenue increased by 2% compared to preceding quarter due to increase in FFB, PK & rubber revenue by 39%

*Inclusive are other revenue of:
 RM64 MM and RM5 MM for Q4 and Q3 respectively
 RM91 MM and RM13 MM for 2012 and 2011 respectively

Gross Profit by Cluster: FYE Dec 2012



FYE 31 Dec 2012













Gross profit margin for the Group was **13.2%** FYE Dec 2012, lower than last year of 27% mainly due to change in business model of selling CPO and FFB

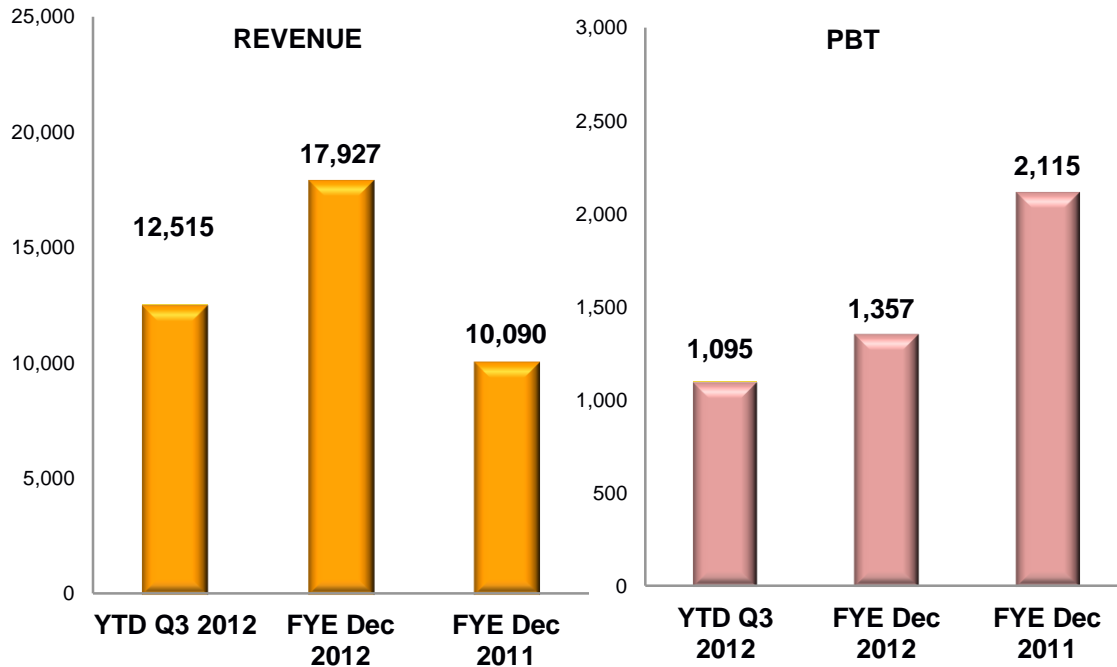
- 72% of the gross profit was contributed by plantation division
- Downstream division had a successful turnaround with RM31 million gross profit as a result of tolling business and JV with Bunge ETGO and strong demand of fatty acid in TRT US
- Sugar division recorded lower gross profit compared to last year due to the increase in costs of raw sugar had outpaced the increase in refined sugar products sales price.

Overview of Cluster FYE Dec 2012 Performance (Amalgamated Segment PBT)



Cluster	Revenue (RM m)	% (YoY)	PBT (RM m)	% (YoY)
Plantation	17,927	78 	1,357	36 
Sugar	2,301	0.1 	313	34 
Downstream	7,662	27 	21	>100 
MLO	2,925	16 	343	9 
Others	177	>100 	1,056 *	68 

* Include dividend income of RM727 MM

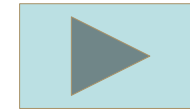


Plantation Division's PBT decrease in FYE Dec 2012 due to:

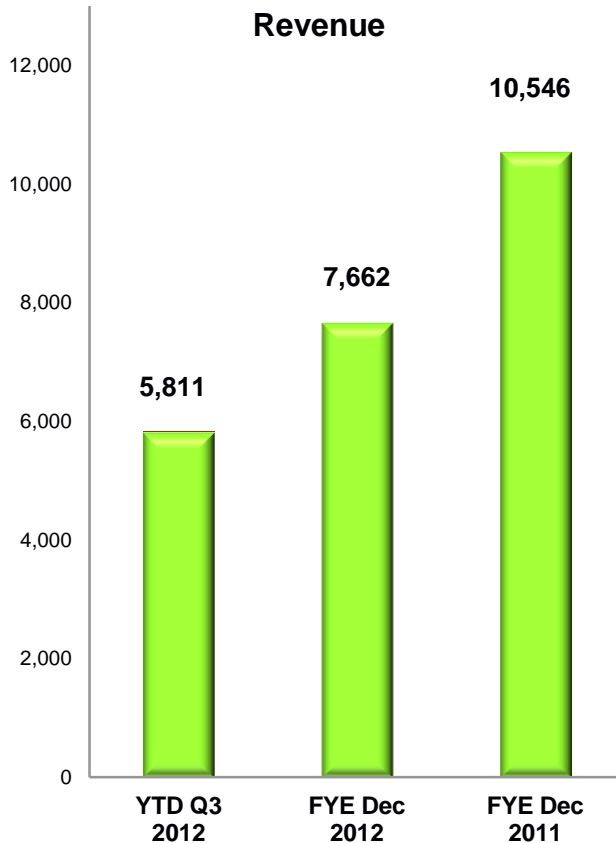
- Drop in CPO margin as CPO average selling price (asp) is lower than last year
- Due to cyclical factors, group FFB production was lower by 4.8%, resulting in yield of 19.16mt/hectare (2011: 19.92mt/hectare)
- OER achieved was higher at 20.51% in FYE Dec 2012 compared to 20.48% in FYE Dec 2011

Plantation Statistics	FYE Dec 2012	FYE Dec 2011	% +/-
FFB Production (million MT)	4.91	5.16	-4.8
FFB yield per mature ha (MT)	19.16	19.92	-3.8
CPO Production (million MT)	3.285	3.293	-0.2
PK Production (million MT)	0.850	0.841	+1
CPO Extraction Rate	20.51	20.48	+0.1
CPO Price (RM per MT)	2,843	3,218	-11.7

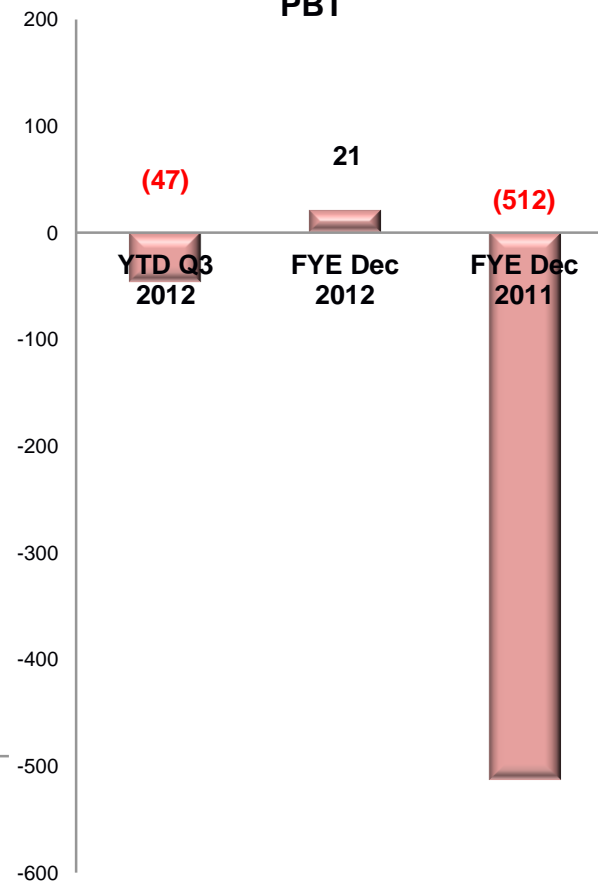
Downstream Cluster (RM MM)



Revenue



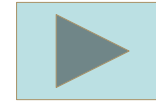
PBT



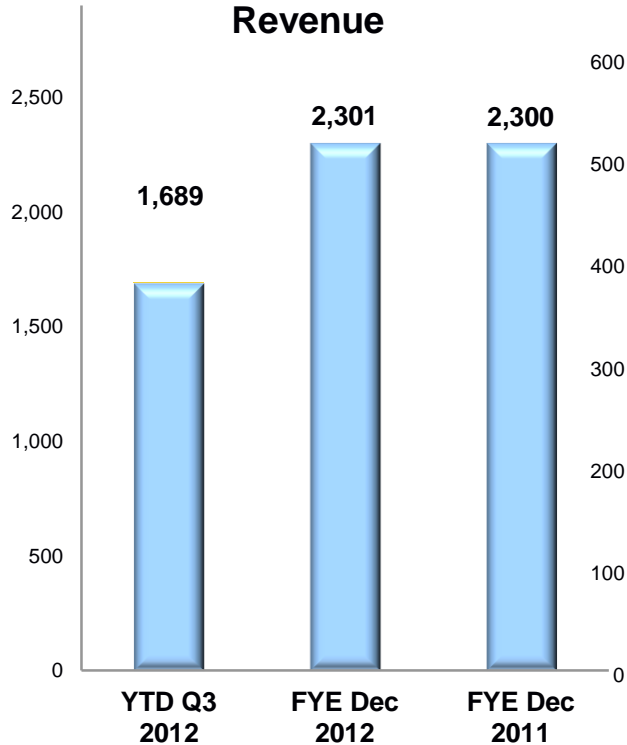
Downstream Division's performed better in FYE Dec 2012 compared to FYE Dec 2011 due to:

- YTD share of profit in JV Co, Bunge ETGO of RM32.6 million.
- Higher fatty acid sales by 4% following higher demand of CNO and tallow by Unilever and Merchant Market in the US.
- The impairment charges relating to Canadian business was RM32.3 million compared to RM203.6 million in 2011.
- RM23.9 million of intangible asset impairment had been reversed in 2012 as TRTH generated commendable profit in 2012
- This segment was however effected by disparity in CPO tax duty structure between Indonesia and Malaysia which made the Indonesian refined oil cheaper and become more competitive compared to Malaysian refined oil

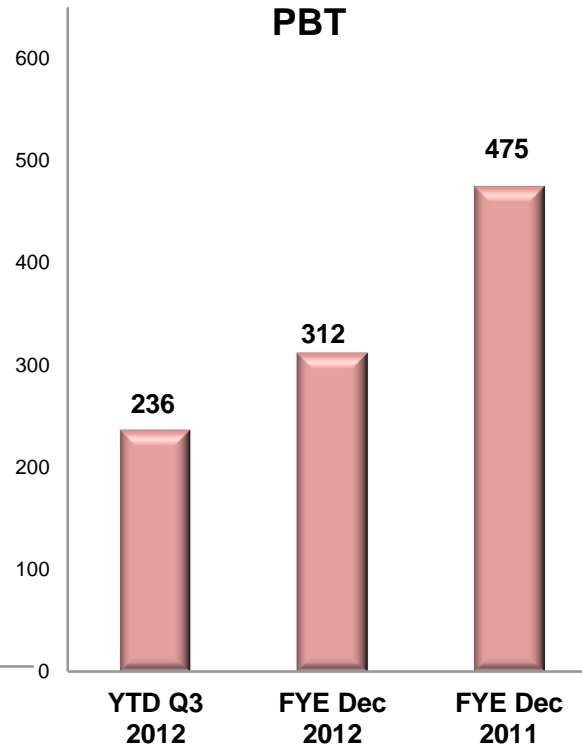
Sugar Cluster (RM MM)



Revenue

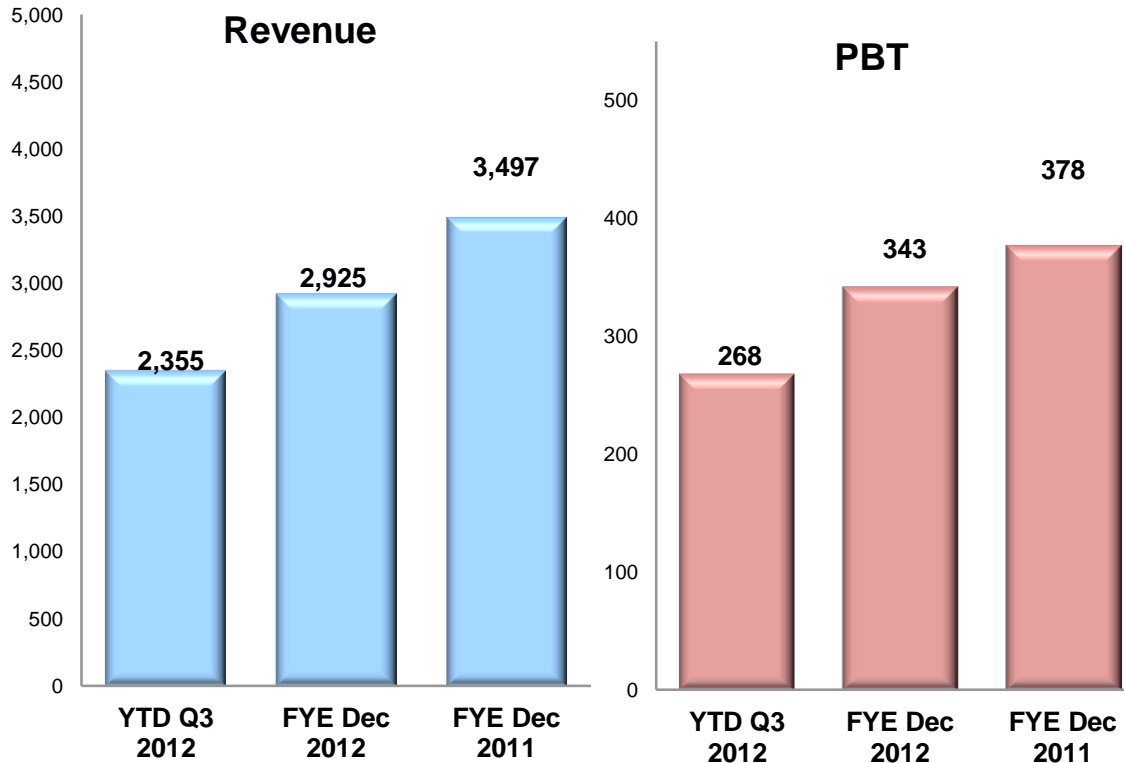


PBT



- **Sugar cluster's PBT FYE Dec 2012** performance was lower than last year mainly due to lower gross margin as a result of increase in costs of raw sugar outpacing the increase in sales prices of refined sugar products.
- YTD revenue almost equals compared to last year due to decrease in Government subsidy.
- However, the sales volume decreased resulted from an increased competition from imported sugar as local industry players were granted import permit.





MLO's recorded a decrease in PBT by 9.3% explained by the following key companies:

- Felda Agriculture Services (FAS) recorded a lower FFB sales margin as a result of lower FFB selling price in 2012
- FPM, the fertilizer company recorded high profit due to increase in sales volume of fertiliser by 17% and increase in selling price by 22% in 2012 which contributed to higher margins compared to last year.
- Logistics and transportations services recorded higher revenue as throughput charges per mt increased in 2012. Higher cargo and MTO services provided raised revenue of Felda Transport by 30% .

Utilisation of IPO Proceeds as at 31 December 2012



Details of Use of Proceeds	Estimated Timeframe for Utilisation Upon Listing	RM '000	Amount utilised as at 31 December 2012	Balance of IPO proceed as at 31 December 2012
			RM'000	RM'000
Acquisition of plantation assets	within 3 years	2,190,000	-	2,190,000
Selective acquisitions of oil and fats, manufacturing and logistics businesses	within 3 years	840,000	-	840,000
Construction or acquisitions of mills and refineries	within 3 years	780,000	-	780,000
Loan repayment for our overseas operation	within 6 months	260,000	(260,000)	-
Capital expenditures for increases in efficiency, as well as extension of capabilities	within 2 years	100,000	(59,330)	40,670
Working capital requirements, general corporate purposes	within 6 months	129,000	(129,000)	-
Estimated listing expenses	within 6 months	160,000	(160,000)	-
Total gross proceeds		4,459,000	(608,330)	3,850,670

Dividend (Interim Paid and Proposed Final)



FGVH Group	FYE Dec2012 RM MM	FYE Dec2011 RM MM
PBT (RM mil)	1,126	1,905
PATAMI (RM mil)	806	1,328
EPS (sen)	22.1	75
Dividend (RM mil)		
- Interim (Paid)	211	25
- Final (Proposed)	310	-
Total Dividend	511	25



- **Continuous productivity and efficiency in plantation eg reduction of estates from 151 to 139 estates and tightening cost management in plantation and downstream business**
- **Implementing the Global Strategic Blueprint initiatives with various expansion potential being studied**
- **Restructuring of non-performing asset and divestment of non-core business**
- **Secure value added M&A deals**



QUESTIONS & ANSWERS

Contact Us



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