



# Financial Results Analyst Briefing 4<sup>th</sup> Quarter for the Financial Period Ended 31 December 2014

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Presented by  
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# Financial Highlights – Quarter-on-Quarter



Income Statement (RM million)	4Q14	3Q14	Changes (%)	4Q13	Changes (%)
Revenue	4,300	4,325	-0.6	3,674	17.0
Cost of sales	(3,889)	(3,824)	-1.7	(3,622)	-7.4
Gross profit	411	501	-18.0	52	>100
Operating profit	10	224	-95.5	352	-97.2
LLA liabilities (Fair value changes)	144	(99)	>100	359	-60.0
Associates & JV	11	(6)	>100	8	37.5
PBT (& zakat)	140	95	47.4	725	-80.7
NET PROFIT (PAT)	76	23	>100	514	-85.2
EBITDA (exclude LLA )	84	434	-80.6	-344	>100
PATAMI	20	(9)	>100	500	-96.0
EPS (sen)	0.6	(0.3)	>100	13.7	-95.6

1. The profits for the quarter were attributed by:
  - a. Higher OER of 21.14% vs 20.85% in 3Q14
  - b. The fair value gain of RM143.75 million in LLA liability
  - c. Reversal impairment of FISB of RM68.7m
2. Nevertheless, the increase above was partly offset by:
  - a. Lower CPO prices of RM2,154/MT (3Q14: RM2,317/MT)
  - b. Negative gross margin from downstream activities
  - c. Reversal of compensation income of RM75.50 million relating to mining land

# Financial Highlights – Year-on-year



Income Statement (RM million)	FYE Q4 2014	FYE Q4 2013	Changes (%)
Revenue	16,434	12,568	30.8
Cost of sales	(14,290)	(11,690)	-22.2
Gross profit	2,144	878	>100
Operating profit	1,034	940	10.0
LLA liabilities (Fair value changes)	(173)	494	<100
Associates & JV	34	69	-50.7
PBT (& zakat)	826	1,564	-47.2
NET PROFIT (PAT)	522	1,108	-52.9
EBITDA (exclude LLA )	1,515	1,128	34.4
PATAMI	306	982	-68.8
EPS (sen)	8.4	26.9	-68.8

1. Higher Revenue and Operating profits YoY due to:
  - a. Effect of 100% consolidation of FHB
  - b. Higher average CPO prices of RM2,410/mt vs RM2,333/mt in 2013
  - c. Higher OER of 21.01% vs 20.44% in 2013
  
2. Nevertheless, lower YoY PBT and YoY Net Profit were due to:
  - a. FV losses in LLA of RM172.84 mil vs gain of RM494.49 mil in 2013
  - b. FV gain of RM330.86 mil arisen from the acquisition of FHB in 2013's results but nil in 2014
  - c. Additional depreciation of assets due to acquisition of FHB, PUP and FGV CNL amounted to RM86.0 mil
  - d. Lower crush margin in Canadian business

# Core Profit



Core Profit Reconciliation	YTD 2014 RM million	YTD 2013 RM million
<b>PATAMI</b>	<b>306</b>	<b>982</b>
FHB FV Gain	-	(331)
LLA (credit) / charge, net of tax	130	(371)
(Reversal)/impairment FISB	(69)	43
Impairment in TRT ETGO	-	40
Realised loss on sales of FINA	18	-
Realisation of inventory	48	-
Compensation income reversed	75	-
Impairment loss in FPG and MyBio	14	-
(Reversal)/write off of biological assets	(21)	32
Tradewind gain	-	(27)
Others	(8)	-
<i>Total adjustment</i>	<i>187</i>	<i>(614)</i>
<b>PATAMI</b>	<b>493</b>	<b>368</b>
<i>Less: LLA cash paid</i>	<i>(336)</i>	<i>(326)</i>
<b>CORE PROFIT</b>	<b>157</b>	<b>42</b>

## 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 Highlights & Ratios



	UOM	30 Dec 14	31 Dec 13	Growth (%)
Total Assets	RM million	20,720	20,856	-1
Total Liabilities	RM million	11,911	11,927	-1
Share Capital	RM million	3,648	3,648	-
Retained Earnings	RM million	1,400	1,679	-17
Shareholders' Fund <sup>1</sup>	RM million	6,362	6,571	-3
Cash and Cash Equivalents	RM million	3,674	5,029	-27
Liquidity Ratio	RM	1.65	2.17	-24
Net Tangible Assets (NTA) per Share	RM	1.33	1.53	-13
Earning per Share (EPS)	sen	8.4	26.9	-69
Return on Shareholders' Fund (ROSF)	%	4.8	14.9	-68
Gearing Ratio (D:E) <sup>2</sup>		1.46:1	1.40:1	4
Gearing Ratio (excluding LLA) (D:E)		0.73:1	0.66:1	10

<sup>1</sup> Reduction in Shareholders' Fund due to payment of final dividend for 2013 on 11 July 2014 and interim dividend on 29 Sept 2014.

<sup>2</sup> Gearing ratio equals to Borrowings, Loan due to a significant shareholder, LLA liability (in Current Liabilities and Non-Current Liabilities) divided by Shareholders' Fund.

# Utilisation of IPO Proceeds as at 30 December 2014

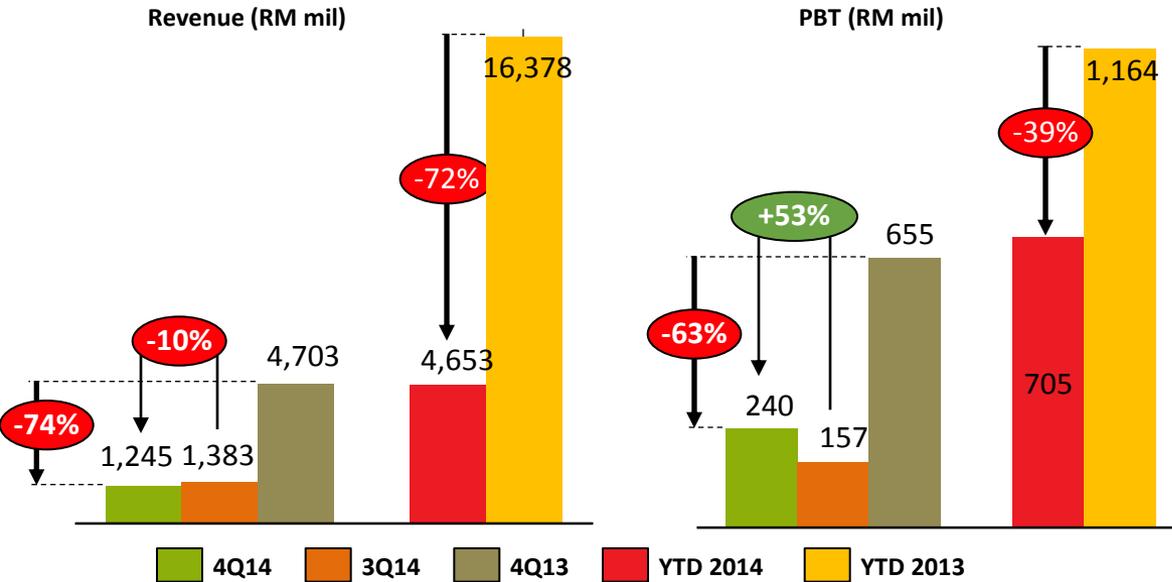


	Amount (RM mil)
Total gross IPO proceeds	4,459
Utilised as at 31 December 2013	(3,233)
<b>Balance as at 1 January 2014</b>	<b>1,226</b>
<b><u>2014 utilisations</u></b>	
Payment for Indonesian plantation companies-PT Temila Agro Abadi, PT Landak Bhakti Palma and PT Citra Niaga	(23)
Increase in share capital of FGV Capital and FGV Investment	(22)
Additional paid up capital for Trurich Resouces	(80)
Acquisition of Asian Plantations Limited	(568)
Deposit for acquisition of FISC	(87)
<b>Balance as at 31 Dec 2014</b>	<b>446</b>

Note: 90% of the IPO proceeds had been utilised as at 31 Dec 2014 with 17.5% spent in 2014.

# PERFORMANCE BY CLUSTERS

# Plantation Cluster



## QoQ Results Overview

- Revenue decreased by 10% QoQ due to:
  - Lower CPO price of RM2,154/MT vs RM2,317/MT in Q32014 although CPO sales volume remain of 0.80 mil MT
  - Lower PK production volume by 12%
- PBT increased due to gain on LLA Liability of RM144 mil vs fair value loss of RM99 mil in Q32014. However, lower operational profit recorded due to:
  - Lower FFB processed by 14% which led to lower CPO production by 13% and lower factory utilisation factor
  - Higher CPO production cost (ex-mill) of RM1,432/ MT vs RM1,261/MT in Q32014
  - Higher estates cost of RM254/MT of FFB vs RM223/MT of FFB produced

## YoY Results Overview

- Lower revenue YoY as more transactions from FHB are now deemed as internal
- The revenue was elevated by:
  - Higher average CPO price of RM2,410/MT vs RM2,333/MT in 2013
  - Higher OER of 21.01% vs 20.44% in 2013
- However, lower yield of 18.94 MT/ha vs 19.59 MT/ha due to aggressive replanting effort, long drought early part of year and flood impact at the end of 2014
- PBT decreased by 39% YoY due to:
  - Fair value losses on LLA liability of RM172.84 million vs gain of RM494.5 million in 2013
  - Higher mill cost of CPO produced (RM230/MT, 2013: RM212/MT) due to lower FFB processed
- Notwithstanding the above, CPO production cost (ex-mill) was RM1,397/MT vs RM1,457/MT in 2013

# Plantation Indicators



Plantation Statistics	2013					2014					QoQ 2013 vs 2014 (change)	YoY (YTD change)
	Q1	Q2	Q3	Q4	YTD	1Q	2Q	3Q	4Q	YTD		
FFB Production ('000 MT)	1,225	1,233	1,301	1,294	5,053	1,159	1,213	1,340	1,254	4,966	-3%	-2%
FFB yield (tonne/mature ha)	4.78	4.78	5.05	5.02	19.59	4.26	4.46	5.23	4.78	18.94	-5%	-3%
CPO Production ('000 tonne)*	703	741	925	845	3,214	647	759	909	791	3,106	-6%	-3%
PK Production ('000 tonne)	188	193	238	222	841	175	191	235	207	808	-7%	-4%
OER (%)	20.51	20.39	20.18	20.72	20.44	20.98	21.08	20.85	21.14	21.01	2%	3%
KER (%)	5.49	5.31	5.19	5.44	5.28	5.67	5.31	5.40	5.51	5.46	1%	3%
Average CPO price (RM/mt)	2,264	2,292	2,341	2,425	2,333	2,584	2,648	2,317	2,154	2,410	-11%	3%

\*Note: 2013 data refers to total CPO produced by FGV group. Data reported to Bursa Malaysia in 2013 refers to CPO purchased from associate company.

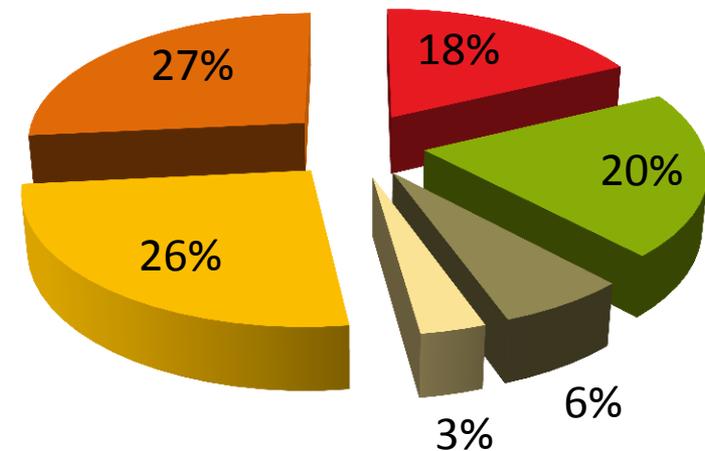
# Age Profile for Oil Palm Plantation



Years	2014 (Ha)	2013 (Ha)	Var (Ha)
0-3	55,161	54,859	302
4-9	64,363	62,567	1,796
10-14	16,973	19,905	-2,932
15-20	14,194	10,050	4,144
21-25	52,461	78,953	-26,492
>25	86,712	81,943	4,769
Total	289,864	30,8277	-18,413*

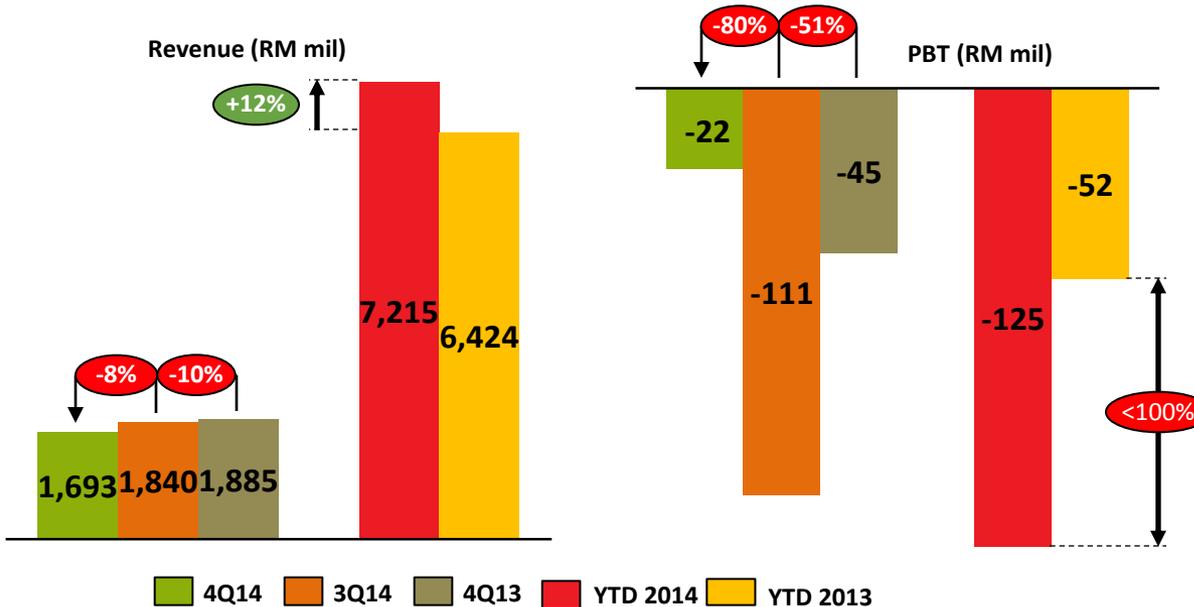
## 2014 Oil Palm Plantation Age Profile

■ 0-3 yr ■ 4-9 yr ■ 10-14 yr ■ 15-20 yr ■ 21-25 yr ■ >25 yr



\* Decrease in planted area in 2014 due to exclusion of unplanted area comprising of road and infrastructures area.

# Downstream Cluster



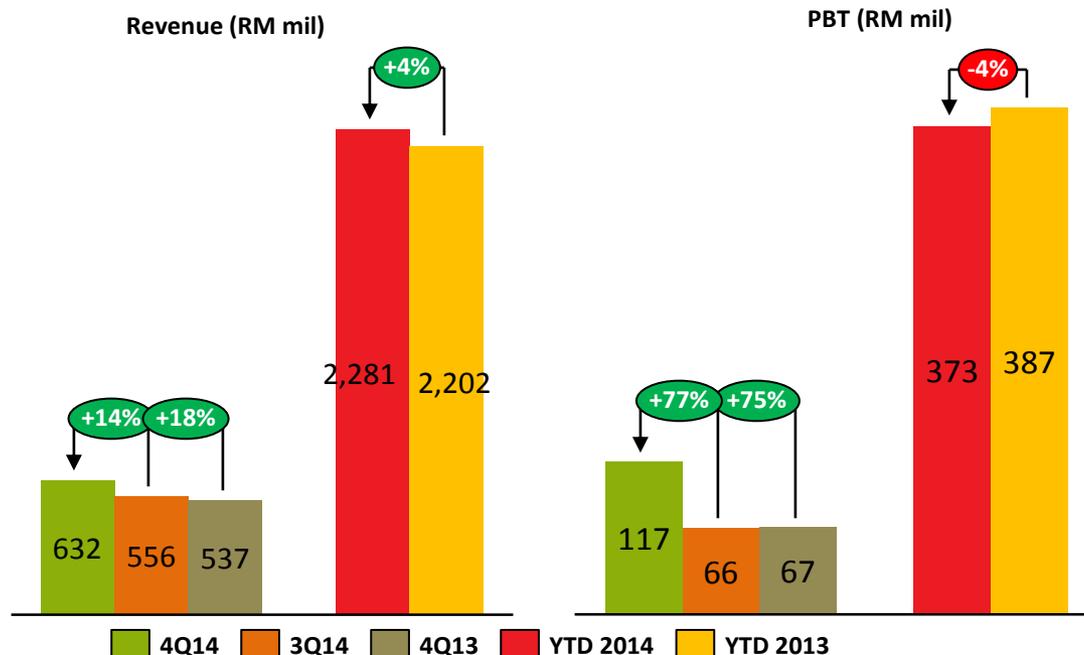
## YoY Results Overview

1. Negative average gross margin for RBD product RM50/MT (2013: -ve RM20/MT) due to lower volume being refined
2. Losses in Canadian crushing business as lower gross crush margin of CAD10/MT vs CAD29/MT in 2013
3. Lower sales volume and sales margin from consumer products

## QoQ Results Overview

1. Revenue decreased by 8% QoQ due to:
  - a. lower sales volume for fatty acid
  - b. lower average selling price for CPKO and RBDPKO
2. Decrease in losses QoQ due to:
  - a. positive margin from RBD products
  - b. Lesser unrealised losses from derivatives contracts as price of soy and canola stabilised

# Sugar Cluster



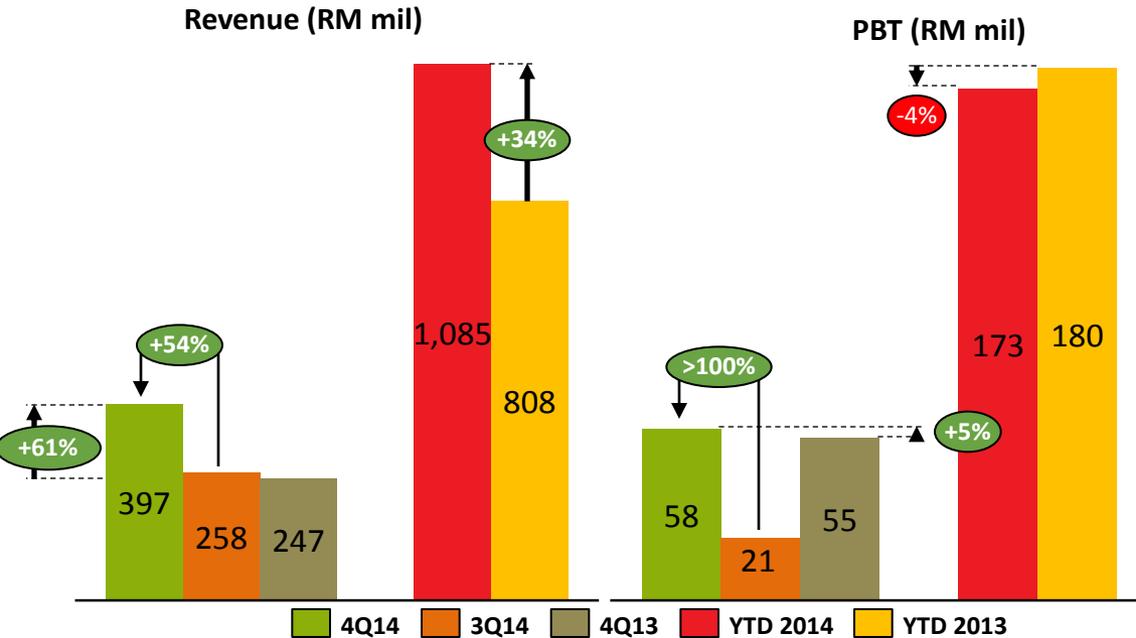
## YoY Results Overview

1. Revenue slightly increased by 4% due to higher sales volume from the industrial segment.
2. However, PBT decreased by 4% YoY mainly due to:
  - a. Lower domestic sales quantity due to competition from cheaper Thai's sugar
  - b. Lower average selling price as discounts were given to stay competitive in the market
  - c. Reduced export quantity due to competition in international market

## QoQ Results Overview

1. Revenue and PBT increased by 14% and 77% respectively QoQ due to:
  - a. Higher sugar sales volume
  - b. Higher selling price recorded by industrial and export segment
  - c. Higher sugar margin achieved as a result of lower sugar production costs per tonne

# TLMO Cluster



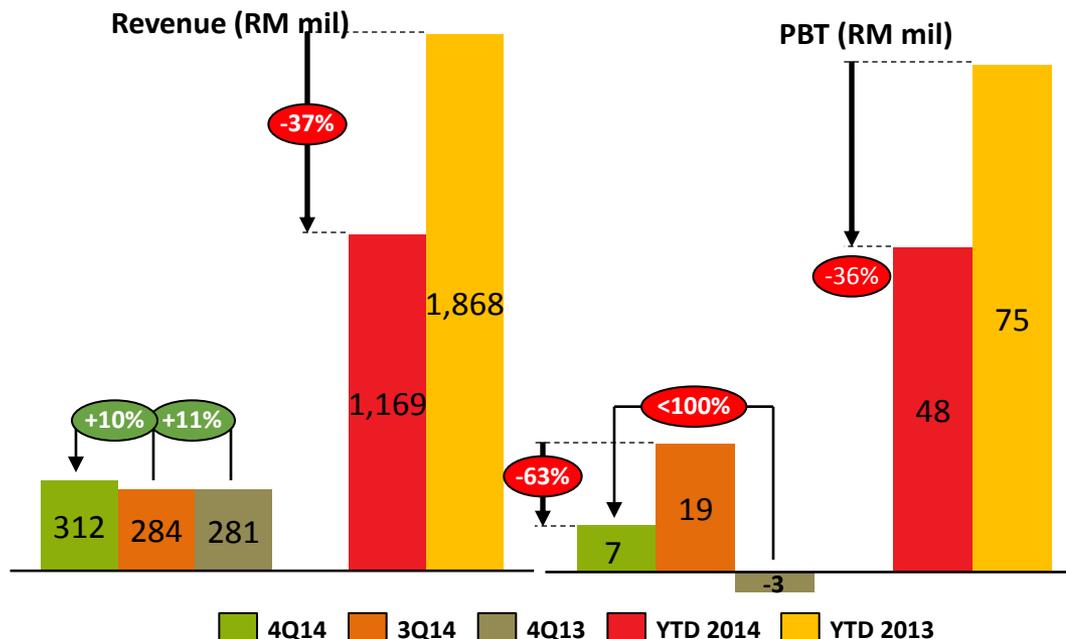
## YoY Results Overview

1. TLMO cluster revenue was 34% higher YoY as higher income from physical trading, transportation, engineering and security services
2. PBT decreased slightly by 4% due to lower throughput handled

## QoQ Results Overview

1. Revenue increased by 54% QoQ due to:
  - a. Higher revenue from physical trading activities
2. PBT increased by more than 100% due to:
  - a. Higher throughput handled and higher charged per MT compared to Q32014
  - b. Higher profits from logistics business

# Others Cluster



## YoY Results Overview

- Revenue and PBT was 37% and 36% lower YoY respectively due to:
  - lower sales generated from fertiliser business due to lower selling price and sales volume
  - lower R&D income
  - lower sales volume from rubber processing business and reduction in average rubber selling price to RM6,417/MT (2013: RM8,480/MT)

## QoQ Results Overview

- Higher revenue QoQ due to:
  - higher sales volume by 10% from rubber processing business
  - higher average selling price of RM5,925/MT (3Q14: RM5,784/MT)
- Others segment recorded lower profit by 63% due to:
  - Lower selling price of fertiliser
  - Lower FFB yield and seedling sales from R&D activities

\* Others cluster comprised of R&D, Agri Services and rubber cluster

# *Appendix*

# Movement of LLA



RM million	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Total YTD 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Total YTD 2013
<b>At the start of the period</b>	4,903.5	4,890.6	4,882.7	4,844.4	4,844.4	5,284.0	5,322.5	5,688.4	5,664.8	5,664.8
<i>Payments made during the period:</i>										
i. Profit sharing	(16.8)	(23.9)	(30.0)	(17.3)	(88.0)	(18.5)	(17.5)	(25.1)	(16.4)	(77.5)
ii. Lease rental	(62.1)	(62.1)	(62.1)	(62.1)	(248.4)	(62.1)	(62.1)	(62.1)	(62.1)	(248.4)
<b>Total payment (cash outflow)</b>	<b>(78.9)</b>	<b>(86.0)</b>	<b>(92.1)</b>	<b>(79.4)</b>	<b>(336.4)</b>	<b>(80.6)</b>	<b>(79.6)</b>	<b>(87.2)</b>	<b>(78.5)</b>	<b>(325.9)</b>
<b>Total charge/ (credit) to the income statement (FV changes)</b>	<b>(143.8)</b>	<b>98.9</b>	<b>100.0</b>	<b>117.7</b>	<b>172.8</b>	<b>(359.0)</b>	<b>41.1</b>	<b>(278.7)</b>	<b>102.1</b>	<b>(494.5)</b>
<b>Closing LLA liability balance</b>	<b>4,680.8</b>	<b>4,903.5</b>	<b>4,890.6</b>	<b>4,882.7</b>	<b>4,680.8</b>	<b>4,844.4</b>	<b>5,284.0</b>	<b>5,322.5</b>	<b>5,688.4</b>	<b>4,844.4</b>

Thank You