



**Financial Results Analyst Briefing
3rd Quarter for the
Financial Period Ended 30 September 2014**

27 November 2014

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Program



- 2:00 pm **Opening Remarks & Financial Results Briefing**
by Tuan Hj Ahmad Tifli Dato' Hj Mohd Talha,
Executive Vice President & Group CFO
- 2:30 pm **Q&A Session**
- 3:30 pm *Program ends*

Financial Highlights (Quarter-to-Quarter)

Income Statement (RM million)	3Q14	2Q14	Changes %	3Q13	Changes %
Revenue	4,325	4,083	5.9%	3,220	34.3%
Cost of sales	(3,824)	(3,439)	-11.2%	(2,980)	-28.3%
Gross profit	501	644	-22.1%	241	>100%
Operating profit	224	438	-48.9%	113	>100%
LLA liabilities (Fair value changes)	(99)	(100)	1.1%	(41)	<100%
Associates & JV	(6)	(4)	-50.0%	3	<100%
PBT (& zakat)	95	323	-70.5%	86	10.5%
NET PROFIT (PAT)	23	214	-89.3%	59	-61.0%
EBITDA (exclude LLA)	434	531	-18.3%	145	>100%
PATAMI	(9)	152	<100%	23	<100%
EPS (sen)	(0.3)	4.2	<100%	0.6	<100%

- 3Q14 Revenue grew by 6% compared to 2Q14 on the back of higher volume and production recorded from kernel, canola, soybean crushing operation and biodiesel.
- The Group operating profit reduced by 48.9% due to :
 - Erosion in local refinery margin as well the margin from the US oleo chemical operation
 - Lower volume of refined sugar sales
 - Lower CPO prices of RM2,317 per MT (2Q14: RM2,648 per MT).

Financial Overview (Year-to-Year)



Income Statement (RM million)	FYE Q3 2014	FYE Q3 2013	Changes %
Revenue	12,135	8,894	36.4%
Cost of sales	(10,401)	(8,067)	-28.9%
Gross profit	1,734	826	>100%
Operating profit	1,023	588	74.0%
LLA liabilities (Fair value changes)	(317)	135	<100%
Associates & JV	24	61	-60.7%
PBT (& zakat)	686	839	-18.2%
NET PROFIT (PAT)	446	594	-25.0%
EBITDA (exclude LLA)	1,431	719	99%
PATAMI	286	482	-40.7%
EPS (sen)	7.8	13.2	-40.9%

➤ The Group performed better in terms of revenue and operating profit compared to FYQ313 due to:

- Higher average CPO prices of RM2,506/mt compared to RM2,302/mt in 2013.
- Higher OER of 20.97% compared to 20.34% recorded in the same period last year.
- Effect of 100% consolidation of FHB into the FGVH Group

➤ Nevertheless, lower YoY PBT and YoY Net Profit due to:

- FV losses in LLA of RM317 mil compared to gain of RM135 mil in 2013
- Negative margin for RBD products
- Unrealised losses from commodity contracts in Canadian crushing business

EBITDA YTD 3Q14 vs YTD 3Q13



Reconciliation	2014 RM million	2013 RM million	Var %
<u>EBITDA Reconciliation</u>			
Operating profit	1,023	588	74.0
<i>Add: Share of results</i>	24	61	-60.7
<i>Add : Depreciation</i>	319	81	>100
<i>Others-other (losses)/gains</i>	65	(11)	>100
EBITDA (exclude LLA)	1,431	719	99.0
<i>(less) Cash Paid</i>	(257)	(245)	-4.9
EBITDA (after cash LLA)	1,174	474	>100
<u>PATAMI Reconciliation</u>			
PATAMI	286	482	-40.7
Net LLA	237	(102)	>100
<i>(less) Cash Paid</i>	(257)	(245)	-4.9
Adjusted PATAMI	266	135	97.0

Note:

- The Group achieved higher EBITDA and adjusted PATAMI in both situation where FV of LLA were excluded and Cash LLA were included

Core Profit (PATAMI)



Core Profit Reconciliation	YTD Q3 2014 RM million	YTD Q3 2013 RM million
PATAMI	287	482
LLA (credit) / charge, net of tax	238	(102)
Reversal FINA Impairment	(29)	-
Realised loss on sales of FINA	18	-
Impairment of plant	5	-
Tradewind gain	-	(27)
Others	(13)	6
<i>Total adjustment</i>	<i>219</i>	<i>(123)</i>
PATAMI	506	359
<i>Less: LLA cash paid</i>	<i>(257)</i>	<i>(245)</i>
CORE PROFIT	249	114

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,

Balance Sheet Highlights



	UOM	30 SEPT 14	31 DEC 13	Growth
Total Assets	RM million	20,396	20,721	(2%)
Total Liabilities	RM million	11,679	11,776	1%
Share Capital	RM million	3,648	3,648	-
Retained Earnings	RM million	1,379	1,679	(18%)
Shareholders' Fund*	RM million	6,256	6,571	(5%)
Cash and Cash Equivalents	RM million	3,845	5,029	(24%)
Liquidity Ratio	RM	1.88	2.14	(12%)
Net Tangible Assets (NTA) per Share	RM	1.47	1.56	(6%)
Earning per Share (EPS)	sen	7.8	26.9	(71%)
Return on Shareholders' Fund (ROSF)	%	4.6	14.9	(69%)
Gearing Ratio* (D:E)	Times	1.49:1	1.40:1	6%
Gearing Ratio (excluding LLA) (D:E)	Times	0.71:1	0.66:1	7%

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

- Reduction in Shareholders' Fund due to payment of final dividend for 2013 on 11 July 2014 and interim dividend on 29 Sept 2014.

Utilisation of IPO Proceeds as at 30 September 2014



	Amount (RM MM)
Total gross IPO proceeds	4,459
Utilised as at 31 December 2013	(3,233)
Balance as at 1 January 2014	1,226
<u>2014 utilisations</u>	
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 Resources	(80)
Acquisition of Asian Plantations Limited	(660)
Balance as at 30 Sept 2014	441

Note:

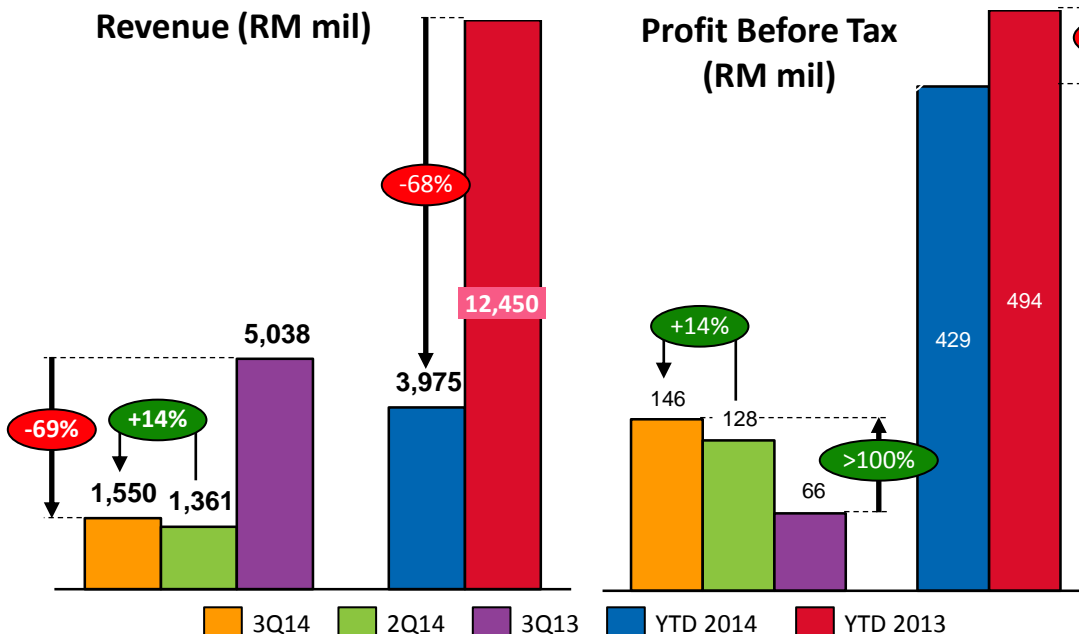
- 90% of the IPO proceeds had been utilised as at 30 Sept 2014 with 17.6% spent in 2014.

Plantation Cluster

Plantation Cluster



Revenue (RM mil)



QoQ Results Overview

- Revenue increased by 14% for 3Q14 compared to 2Q14 on the back of higher volume of CPO sold of 794k mt and rubber sold offset in part by the lower CPO price realised of RM2,317 /MT (Q214: RM2,648/MT) and lower OER of 20.85% (Q214 : 21.08%).
- In addition to the above, lower CPO production cost of RM1,261 as estates expenses decrease in 3Q14 (2Q14:RM1,489/mt) increased the cluster's PBT by 14% compared to Q214.

YoY Results Overview

- Lower revenue recorded in 2014 following the acquisition of FHB whereby more transactions are now deemed as internal transaction and eliminated.
- Nevertheless, the revenue was elevated by:
 - a) Higher average CPO price realised of RM2,506/MT against RM2,302/MT in 2013.
 - b) Higher OER of 20.96% compared to 20.34%.
- The above is offset in part by the lower yield of 14.48MT/ha from 14.58MT/ha due to prolonged dry weather in the early part of the year.
- Plantation Segment PBT decreased by 13% YoY due to:
 - a) Fair value losses on LLA liability of RM316.59 million compared to fair value gain of RM135.46 million in 2013

Plantation Indicators



Plantation Statistics	2013				2014 ¹			Q to Q 2013 vs 2014 (change)	YoY (YTD change)
	Q1	Q2	Q3	Q4	1Q	2Q	3Q		
FFB Production ('000 MT)	1,225	1,233	1,301	1,294	1,159	1,213	1,340	3%	-1%
FFB yield (tonne/mature ha)	4.78	4.78	5.05	5.02	4.26	4.46	5.23	4%	-1%
CPO Production ('000 tonne) ²	703	741	925	845	647	759	909	-2%	-2%
PK Production ('000 tonne)	188	193	238	222	175	191	235	-1%	-3%
OER (%)	20.51	20.39	20.18	20.72	20.98	21.08	20.85	3%	3%
KER (%)	5.49	5.31	5.19	5.44	5.67	5.31	5.40	4%	2%
Average CPO price (RM/mt)	2,264	2,292	2,341	2,425	2,584	2,648	2,317	-1%	9%

*Note:

1. 2013 data refers to total CPO produced by FGV group. Data reported to Bursa Malaysia in 2013 refers to CPO purchased from associate company.

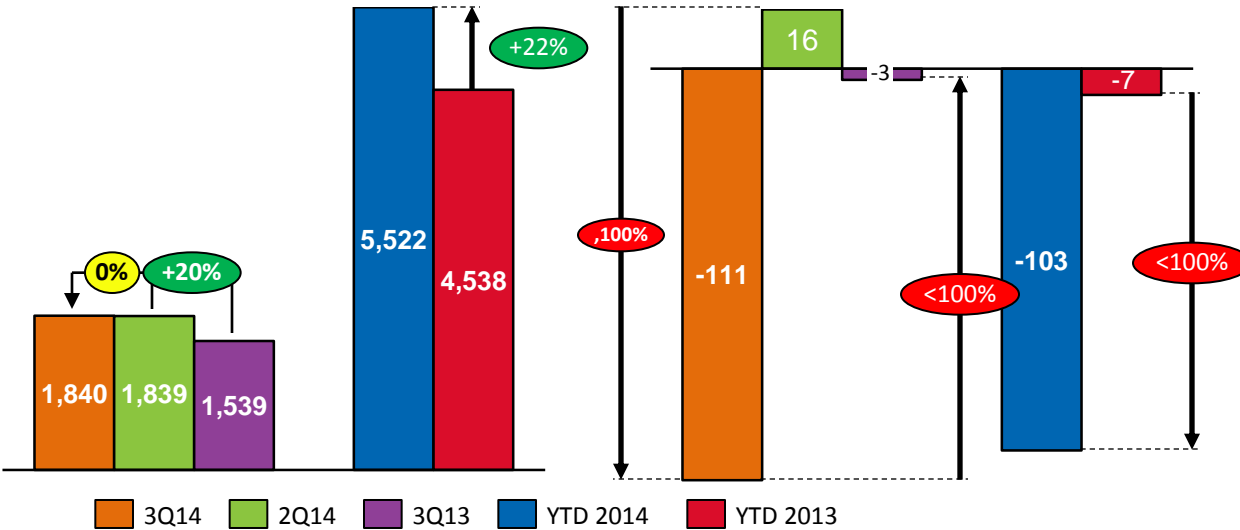
Downstream Cluster

Downstream Cluster



Revenue (RM mil)

PBT (RM mil)



QoQ Results Overview

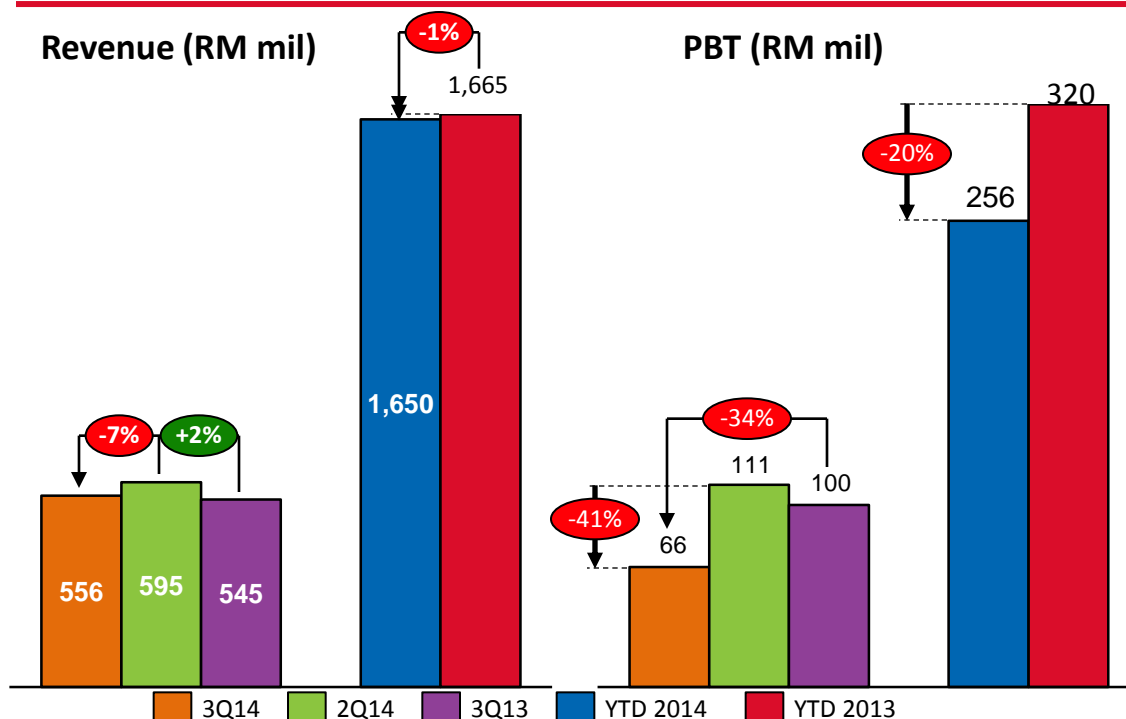
- Revenue slightly increased due to higher volume and production recorded from kernel, canola, soybean crushing operation and biodiesel.
- Nevertheless, the cluster recorded losses of RM110.97 million in 3Q14 compared to profit of RM16.23 million in 2Q14.
- Lower RBD product margin due to lower sales quantity and higher processing cost.
- Further losses was due to unrealised loss on commodity contracts of RM52.04 million and lower gross crush margin recorded.

YoY Results Overview

- Downstream Segment suffered loss of RM102.71 million in 2014 compared to loss of RM7.41 million in the same period last year despite higher revenue of 22%.
- Negative margin of RBD products due to lower quantity of CPO processed.
- Losses in Canadian crushing business as only 84% of budgeted crush was met on top of RM39.25 million unrealised loss from commodity contracts. Nevertheless, the volume crushed of 447,156mt was higher than 2013 figure of 225,549mt.
- Lower margin from packed product sales despite growth in sales volume.

Sugar Cluster

Sugar Cluster



QoQ Results Overview

- Revenue decreased by 7% as result from 22% lower in sales volume.
- PBT decreased by 41% in 3Q14 compared to 2Q14 as higher average raw sugar cost and refining cost per tonne recorded.

YoY Results Overview

- The revenue of sugar cluster reduced slightly by 1% due to lower total sales volume for domestic and export segment. PBT from Sugar Cluster had also decreased by 20% mainly due to:
 - Lower domestic sales quantity due to competition from cheaper Thai's sugar.
 - Lower average selling price for Industries segment as discounts were given in order to stay competitive in the market,
 - Reduced export quantity due to competition in international market despite discounted price to penetrate foreign market.

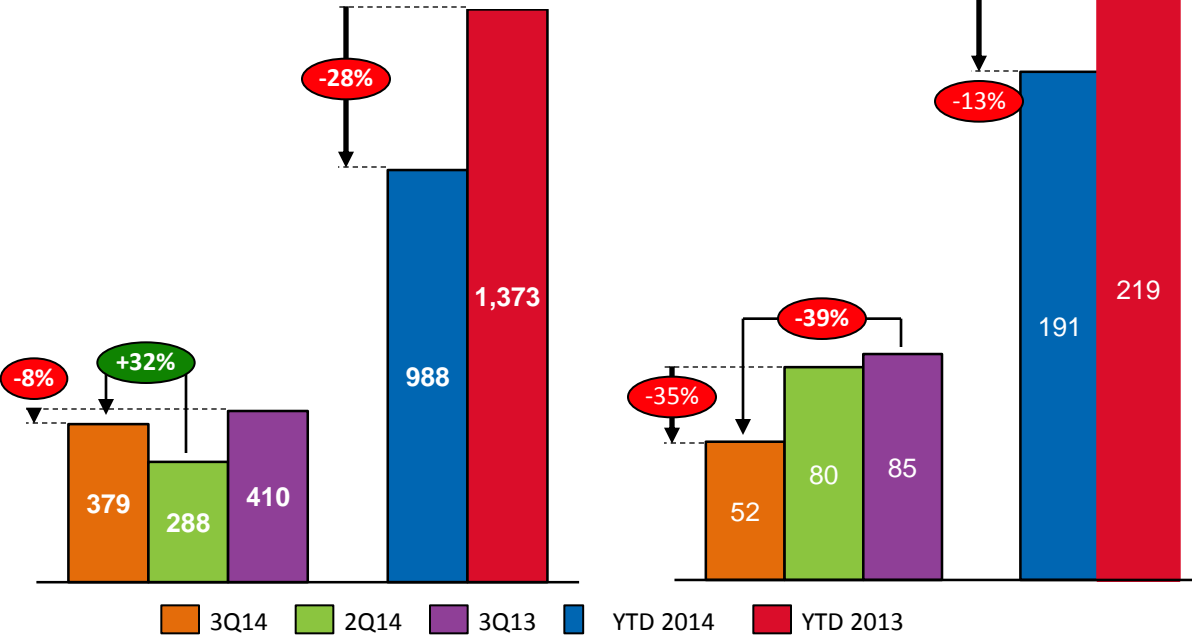
TLMO & R&D Cluster

TLMO & R&D Cluster



Revenue (RM mil)

PBT (RM mil)



YoY Results Overview

- TLMO cluster revenue was 28% lower YoY as lower income from fertiliser business due to lower prices even though volume was higher.
- Higher FFB margin achieved due to higher selling price versus last year.
- PBT decreased by 13% YoY due to :
 - Lower throughput volume of 18% from the bulking activities .
 - Lower fertiliser price margin and sales volume.

QoQ Results Overview

- Lower revenue QoQ as lower income generated from FFB and fertiliser sales.
- 3Q14 profit decreased by 35% as lower selling price of fertiliser recorded despite higher sales volume compared to 2Q14.
- Lower FFB yield and lower FFB margin from the R&D activities recorded in 3Q14.

Appendix

Movement of LLA



RM' million	Q3 2014	Q2 2014	Q1 2014	Total YTD 2Q14	Q3 2013	Q2 2013	Q1 2013	Total YTD 2013
At the start of the period	4,890.6	4,882.7	4,844.4	4,844.4	5,322.5	5,688.4	5,664.8	5,664.8
<i>Payments made during the period:</i>								
i. Profit sharing	(23.9)	(30.0)	(17.3)	(71.2)	(17.5)	(25.1)	(16.4)	(59.0)
ii. Lease rental	(62.1)	(62.1)	(62.1)	(186.3)	(62.1)	(62.1)	(62.1)	(186.3)
Total payment (cash outflow)	(86.0)	(92.1)	(79.4)	(257.5)	(79.6)	(87.2)	(78.5)	(245.3)
Total charge/ (credit) to the income statement (FV changes)	98.9	100.0	117.7	316.6	41.1	(278.7)	102.1	(135.5)
Closing LLA liability balance	4,903.5	4,890.6	4,882.7	4,930.6	5,284.0	5,322.5	5,688.4	5,284.0

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Thank You