



Financial Results Analyst Briefing

2nd Quarter for the Financial Period Ended 30 June 2014

25 August 2014

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- 5:30 pm **Opening Remarks**
- 5:35 pm **Financial Results Briefing**
by Ahmad Tifli Dato' Hj Mohd Talha,
Executive Vice President & Group CFO
- 6:00 pm **Q&A Session**
- 7:00 pm *Program ends.*

Financial Results

by Tuan Hj. Ahmad Tifli Mohd Talha (Group CFO)

Financial Highlights (Quarter-to-Quarter)



Income Statement (RM million)	2Q 2014	1Q 2014	Changes %
Revenue	4,083	3,726	9.6%
Cost of sales	(3,439)	(3,138)	(9.6%)
Gross profit	644	588	9.5%
EBITDA (exclude LLA)	537	429	25.1%
Operating profit	438	361	21.7%
LLA liabilities (Fair value changes)	(100)	(118)	15.2%
Operating profit after LLA	338	243	(39.0%)
Net Finance (cost)/income	(11)	(9)	(22%)
Associates & JV	(4)	34	-
PBT (& zakat)	323	268	20.5%
NET PROFIT (PAT)	214	209	2.5%
PATAMI	152	144	5.7%
EPS (sen)	4.2	3.9	7.7%

- ❖ 2Q14 Revenue grew by 10% compared to 1Q14 on the back of higher average CPO prices of RM2,648 per MT (1Q14:RM2,584 per MT).
- ❖ The Group operating profit grew by 21.7% due to :
 - higher RBDPKO margin recorded due to better pricing realised
 - lower raw sugar and refining cost in sugar cluster
 - Lower FV losses from LLA liability by 15%.
 - Gain on disposal of Voray Holding by FHB Group amounted to RM12.62 million

Financial Overview – Year-to-date



Income Statement (RM million)	YTD 30 June 2014	YTD 30 June 2013	Changes %
Revenue	7,810	5,674	37.6%
Cost of sales	(6,578)	(5,088)	29.3%
Gross profit	1,232	586	>100%
EBITDA (exclude LLA)	966	567	70.7%
Operating profit	799	475	68.2%
LLA liabilities (Fair value changes)	(218)	177	-
Operating profit after LLA	581	652	(10.1)
Net Finance (cost)/income	(19)	42	-
Associates & JV	29	58	(50.0%)
PBT (& zakat)	591	752	(21.4%)
NET PROFIT (PAT)	423	535	(21.0%)
PATAMI	295	459	(35.7%)
EPS (sen)	8.1	12.6	(35.7%)

- ❖ Higher revenue due to
 - Higher average CPO prices of RM2,619/mt compared to RM2,279/mt in 2013.
 - Offset by lower sales volume from sugar segment.
- ❖ Higher operating profit compared to YTD 30 June 2013 due to:
 - Higher OER of 21.03% compared to 20.44% recorded in the same period last year.
 - Higher GP per tonne for CPO sales as a result of full margin capture from plantation cluster due to FHB consolidation.
- ❖ Nevertheless, lower PBT and Net Profit was recorded due to FV losses in LLA of RM218 mil vis a vis a gain of RM177 mil in 2013

EBITDA



Reconciliation	2014 RM million	2013 RM million	Var %
<u>EBITDA Reconciliation</u>			
Operating profit	799	475	68.2
<i>Add: Share of results</i>	29	58	-50.0
<i>Add : Depreciation</i>	209	53	>100
<i>Others</i>	(71)	(19)	>100
EBITDA (exclude LLA)	966	567	70.4
<i>(less) Cash Paid</i>	(171)	(165)	-3.6
EBITDA (after cash LLA)	795	402	97.8
<u>PATAMI Reconciliation</u>			
PATAMI	295	459	35.7
Net LLA	163	(132)	>100
<i>(less) Cash Paid</i>	(171)	(165)	-3.6
Adjusted PATAMI	287	162	77.2

Core Profit (PATAMI)



Core Profit Reconciliation	2Q 2014 RM million	1Q 2014 RM million	YTD Q2 2014 RM million	YTD Q2 2013 RM million
PATAMI	152	144	295	460
LLA (credit) / charge, net of tax	75	89	164	(133)
Reversal FINA Impairment	-	(27)	(27)	-
Realised loss on sales of FINA	18	-	18	
Tradewinds gain	-	-	-	(27)
Others	(13)	(21)	(34)	6
<i>Total adjustment</i>	<i>80</i>	<i>41</i>	<i>121</i>	<i>(154)</i>
PATAMI	232	185	416	306
<i>Less: LLA cash paid</i>	<i>(92)</i>	<i>(79)</i>	<i>(171)</i>	<i>(165)</i>
CORE PROFIT	140	106	245	141

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



		30 June 2014	31 December 2013	Change
Total Assets	RM million	20,672	20,721	-
Total Liabilities	RM million	11,676	11,776	(1%)
Share Capital	RM million	3,648	3,648	-
Retained Earnings	RM million	1,610	1,679	(4%)
Shareholders' Fund	RM million	6,493	6,571	(1%)
Cash and Cash Equivalents	RM million	5,099	5,029	1%
Liquidity Ratio	Times	2.13	2.14	(1%)
Net Tangible Assets (NTA) per Share	RM	1.54	1.56	(1%)
Earning per Share (EPS)	sen	8.1	26.9	NA
Return on Shareholders' Fund (ROSF)	%	4.6	14.9	NA
Gearing Ratio*	Times	1.40	1.40	-
Gearing Ratio (excluding LLA)	Times	0.65	0.66	(2%)

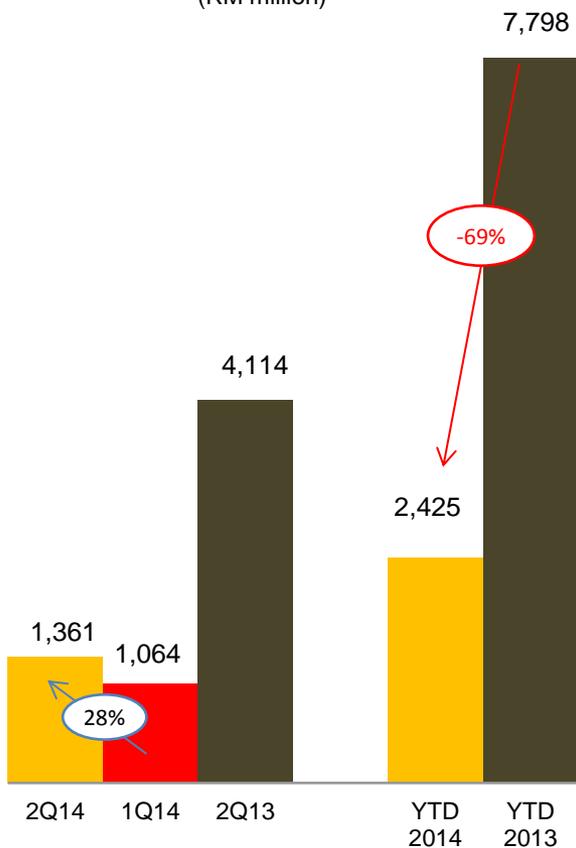
* Gearing ratio equals to borrowings, loan due to a significant shareholder, LLA liability divided by Shareholders' Fund.

Utilisation of IPO Proceeds as at 30 June 2014

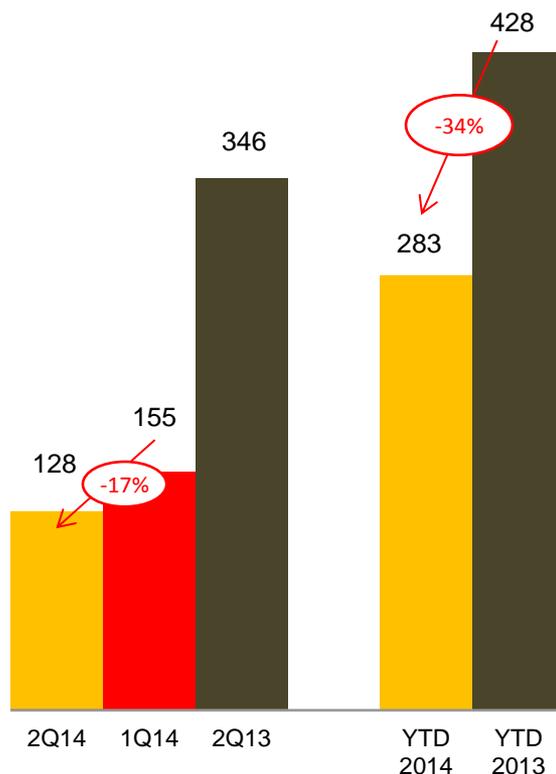
Details of Use of Proceeds	Estimated Timeframe for Utilisation Upon Listing	RM '000	%	Amount utilised as at 30 June 2014 RM'000	Balance of IPO proceed as at 30 June 2014 RM'000
Acquisition of plantation assets	within 3 years	2,190,000	49.1%	(1,438,986)	751,014
Selective acquisitions of oil and fats, manufacturing and logistics businesses	within 3 years	840,000	18.8%	(840,000)	
Construction or acquisitions of mills and refineries	within 3 years	780,000	17.5%	(450,832)	329,168
Loan repayment for our overseas operation	within 6 months	260,000	5.8%	(260,000)	-
Capital expenditures for increases in efficiency, as well as extension of capabilities	within 2 years	100,000	2.2%	(79,330)	20,670
Working capital requirements, general corporate purposes	within 6 months	129,000	2.9%	(129,000)	-
Estimated listing expenses	within 6 months	160,000	3.6%	(160,000)	-
Total gross proceeds		4,459,000	100.0%	(3,358,148)	1,100,852

Plantation Segment

REVENUE (RM million)



PBT (RM million)



YoY Results Overview

- ❖ Lower revenue recorded in 2014 as internal transaction are eliminated following the consolidation of FHB.
- ❖ Plantation Segment PBT decreased by 34% yoy to RM283 million from RM428 million mainly due to fair value losses on LLA liability of RM217.70 million compared to fair value gain of RM176.52 million in 2013.

QtoQ Results Overview

- ❖ Revenue increased by 28% for 2Q14 compared to 1Q14 due to:
 - Higher CPO price of RM2,648 /MT against RM2,584/MT
 - Increase in CPO sales volume
- ❖ PBT decreased by 17.0% for 2Q14 compared to 1Q14 due to:
 - Higher CPO production cost of RM1,473 as estates expenses rise in 2Q14 (1Q:RM1,424/mt).
 - Negative margin by rubber processing business recorded.

Plantation Indicators



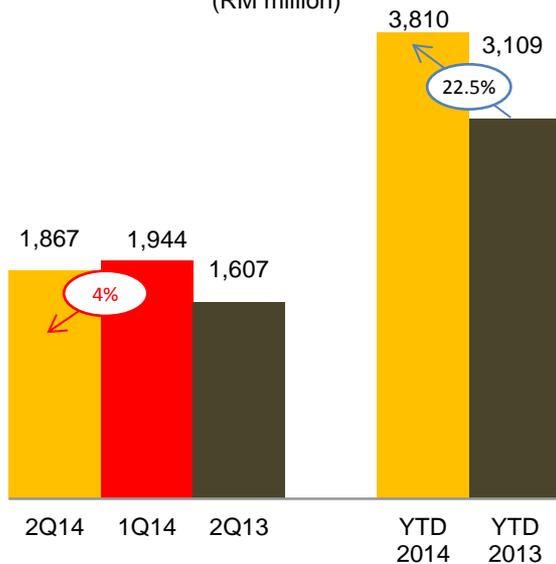
Plantation Statistics	2013				2014 ¹		Q to Q 2013 vs 2014 (change)	YoY (YTD change)
	Q1	Q2	Q3	Q4	1Q	2Q		
FFB Production ('000 MT)	1,225	1,233	1,301	1,294	1,159	1,213	5%	-3%
FFB yield (tonne/mature ha)	4.78	4.78	5.05	5.02	4.26	4.46	5%	-9%
CPO Production ('000 tonne) ²	703	741	925	845	647	759	17%	-3%
PK Production ('000 tonne)	188	193	238	222	175	191	10%	-4%
OER (%)	20.51	20.39	20.18	20.72	20.98	21.08	0%	3%
KER (%)	5.49	5.31	5.19	5.44	5.67	5.31	-6%	0%
Average CPO price (RM/mt)	2,264	2,292	2,341	2,425	2,584	2,648	2%	15%

*Note:

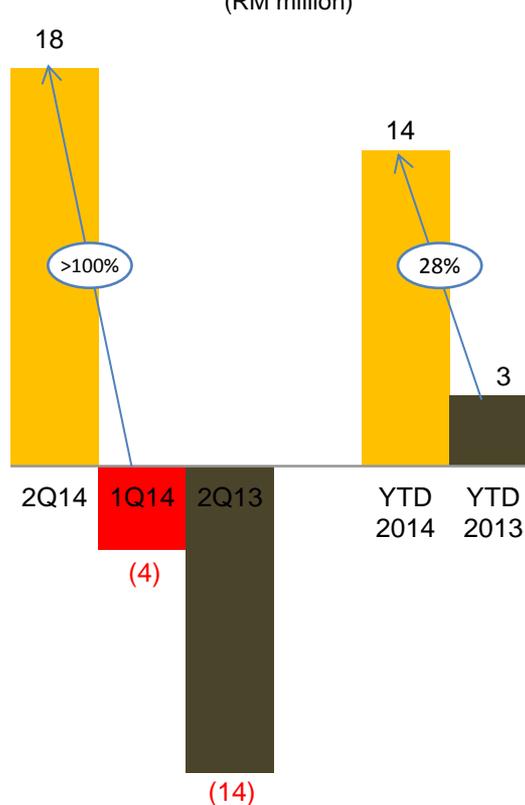
1. Group performance inclusive of FGVPM, PUP and FAS
2. 2013 data refers to total CPO produced by FGV group. Data reported to Bursa Malaysia in 2013 refers to CPO purchased from associate company.

Downstream Segment

Revenue (RM million)



PBT (RM million)



YoY Results Overview

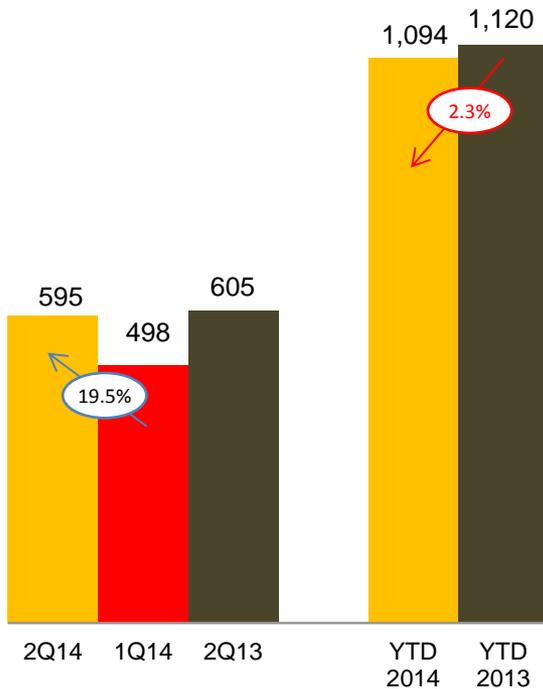
- ❖ Positive contribution from TRTUS due to higher fatty acid sales volume and glycerin sales price.
- ❖ Better RBDPKO margin achieved and contribution from biodiesel products.

QtoQ Results Overview

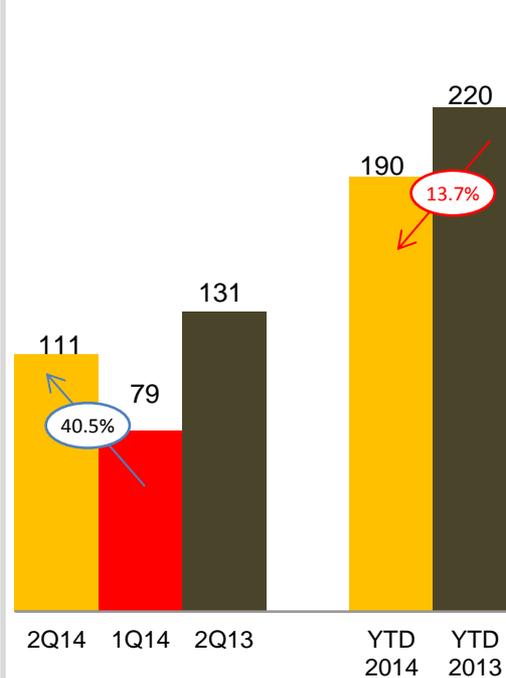
- ❖ Revenue dropped slightly due to lower volume produced from the local refineries.
- ❖ Segment turned-around with recorded profit of RM18.23 million in 2Q14 compared to loss of RM3.76 million in 1Q14.
- ❖ TRTUS performed better QtoQ resulting from higher sales price and fatty acid margin.

Sugar Segment

Revenue
(RM million)



PBT
(RM million)



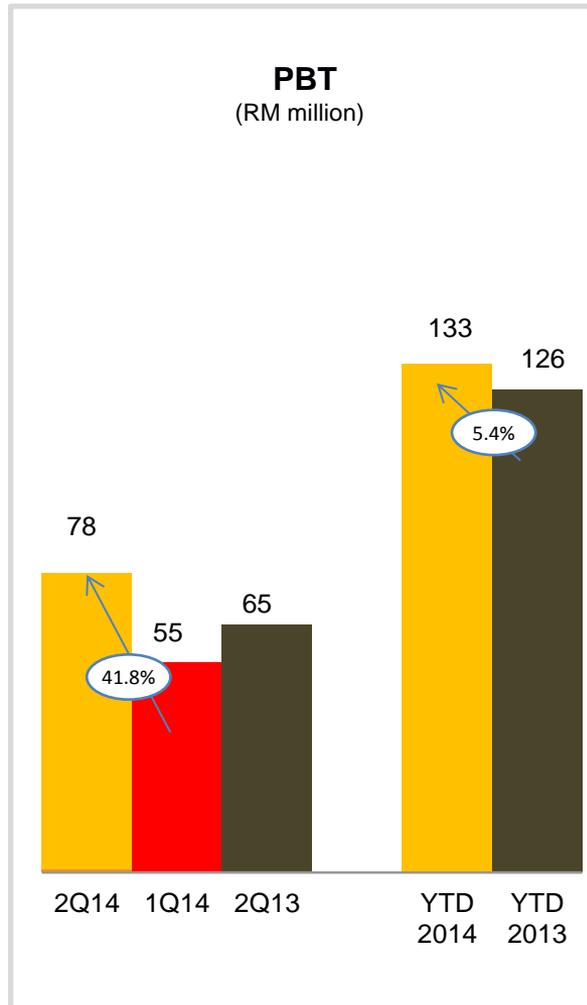
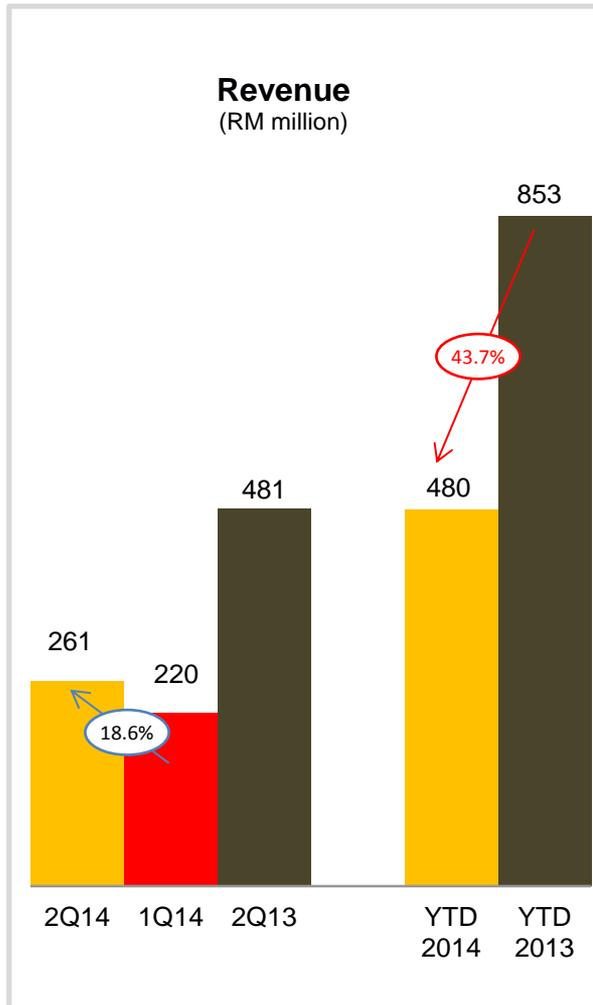
YoY Results Overview

- ❖ Lower total sales volume from domestic and export markets.
- ❖ Losses of RM1.76 million was recorded from unrealised loss in foreign currency compared to gain of RM14.82 million in 2013.

QtoQ Results Overview

- ❖ Revenue increased by 19.5% as result from 26% growth in sales volume following aggressive marketing push and stronger demand during the fasting month in the lead to the festive season.
- ❖ The increase help limit the impact of sugar subsidy's removal done in 2013
- ❖ PBT increased by 40.5% in 2Q14 compared to 1Q14 due to lower average raw sugar cost and refining cost.

TLMO and R&D Segment



Year-on-year Results Overview

- ❖ TLMO & R&D cluster revenue was 43.7% lower due to
 - Lower income from fertiliser business
 - Lower throughput handled by the logistical arms of the Group
- ❖ PBT increased by 5.4% due to higher profit from Felda Agricultural Services (R&D), Felda Engineering as well as Felda Security.

QtoQ Results Overview

- ❖ 2Q14 profit increased by 41.8% due to higher sales volume of fertiliser recorded compared to 1Q14.
- ❖ Higher contribution from Felda Agricultural Services as more seedlings sold in 2Q14.
- ❖ Gain on disposal of investment in Voray Holding amounted to RM12.62 million.

Thank You

Appendix

Movement of LLA



RM' million	2Q 2014	1Q 2014	Total YTD 2Q14	4Q 2013	3Q 2013	2Q 2013	1Q 2013	Total YTD 2013
At the start of the period	4,882.7	4,844.4	4,844.4	5,337.3	5,322.5	5,688.4	5,664.8	5,664.8
<i>Payments made during the period:</i>								
i. Profit sharing	(30.0)	(17.3)	(47.3)	(77.5)	(17.4)	(25.1)	(16.4)	(41.5)
ii. Lease rental	(62.1)	(62.1)	(124.2)	(248.4)	(62.1)	(62.1)	(62.1)	(124.2)
Total payment (cash outflow)	(92.1)	(79.4)	(171.5)	(325.9)	(79.5)	(87.2)	(78.5)	(165.7)
Total charge/ (credit) to the income statement (FV changes)	100.0	117.7	217.70	(494.5)	94.3	(278.7)	102.1	(176.6)
Closing LLA liability balance	4,890.6	4,882.7	4,890.6	4,844.4	5,337.3	5,322.5	5,688.4	5,322.5

Contact Us



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