



Analyst Briefing FGV Group Financial Results for the Financial Year Ended 31 December 2015

29 February 2016



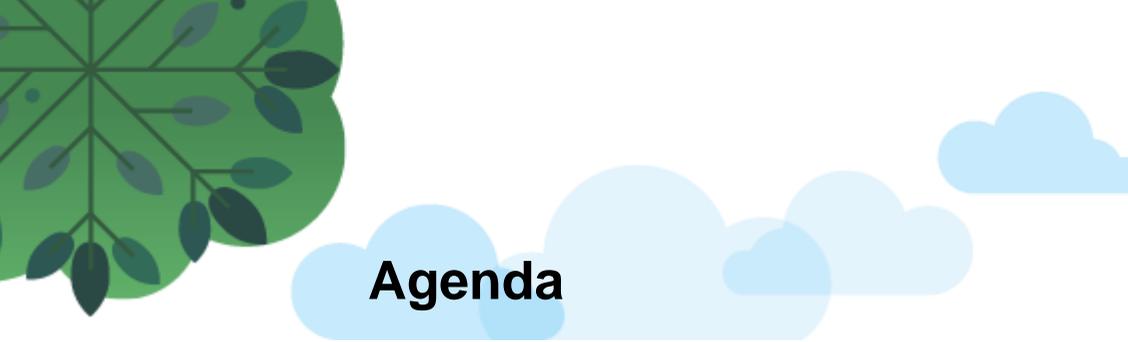
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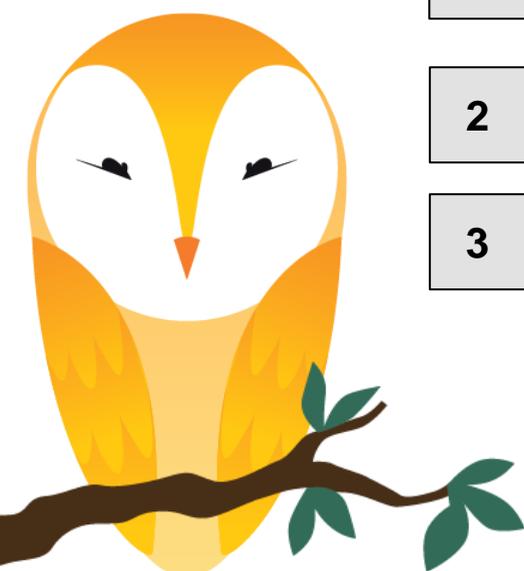
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In the top left corner, there are green leaves and a branch. In the top center, there are several light blue clouds of varying sizes.

Agenda

A stylized illustration of an owl with orange and white feathers, perched on a brown branch with green leaves. The owl has its eyes closed.

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Executive Summary

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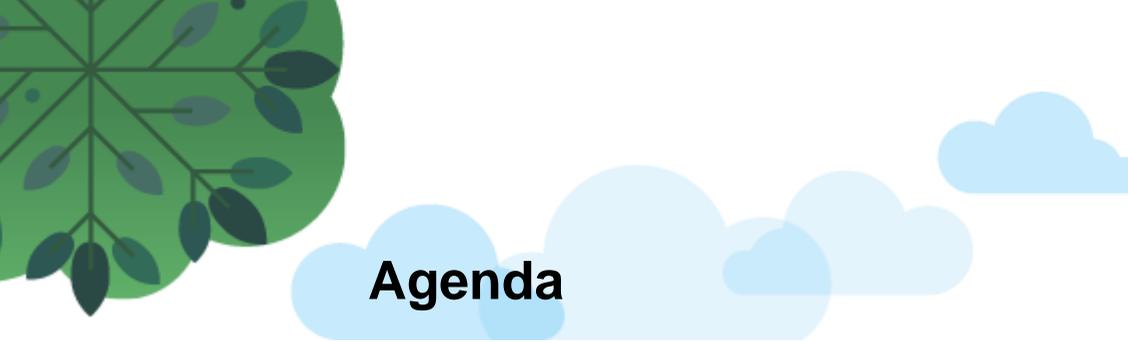
Performance by Clusters



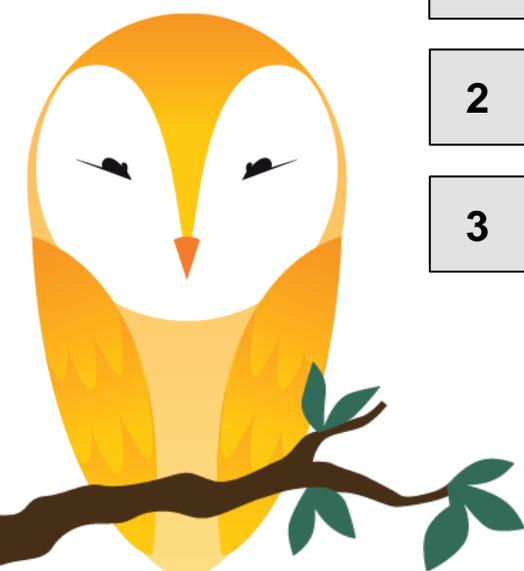
Executive Summary : FGV Reports RM310 Million Profit for FY2015



1. The Group posted revenue of RM15.67 billion for 2015 compared to RM15.25 billion in the previous year, a rise of 3% due to higher volume of crude palm oil (CPO).
2. FGV recorded positive growth on profit after taxation and zakat for fourth quarter to RM157 million compared to RM20 million.
3. The reduced profit was mainly due to lower CPO prices and volatility in the RM : US\$ exchange rate. The CPO price dropped by 8% from RM2,410 per tonne last year compared to RM2, 210 per tonne in 2014 and the volatility of US dollar which strengthened against the ringgit by 20%.
4. FGV has been aggressively implementing the following initiatives:
 - i. replanting exercise has shown positive results
 - ii. executing Group wide cost optimisation initiative since 2014; and
 - iii. expanding downstream business to minimise reliance on Upstream business.

In the top left corner, there is a large green leaf with a detailed vein pattern. To its right, several light blue, fluffy clouds are scattered across the top of the slide.

Agenda

A stylized illustration of an owl with orange and white feathers, perched on a dark brown branch with a few green leaves. The owl is looking forward with a neutral expression.

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Performance by Clusters



2015 Financial Highlights : PBT reduced by 60% primarily due to lower CPO price, effect of foreign exchange and higher fair value charge in LLA.



Income Statement (RM million)	YTD 2015	YTD 2014* (restated)	Changes %	
Revenue	15,670	15,258	3%	●
Cost of sales	(13,763)	(13,054)	-5%	●
Gross profit	1,907	2,204	-13	●
Operating profit	682	1,111	-39%	●
LLA liabilities (Fair value changes)	(225)	(115)	-95%	●
Associates & JV	69	31	>100%	●
PBT (& zakat)	384	971	-60%	●
Profit from continuing operations	235	680	-65%	●
Profit/(loss) from discontinued operations*	75	(141)	>100%	●
NET PROFIT (PAT)	310	539	-42%	●
PATAMI	117	325	-64%	●
EPS (sen)	3.2	8.9	-64%	●

- The Group revenue increased by 3% due to **higher external CPO sales volume** by 17% despite lower average CPO price realised.
- The Group recorded lower PBT mainly due to:
 - **Lower average CPO price** of **RM2,210** per mt compared to **RM2,410** per mt in 2014;
 - **Lower OER** of **20.91%** compared to **21.01%** achieved in 2014;
 - **Realised foreign exchange loss** amounted to **RM62.96** million resulting from trading and financing activities.
 - **Decrease in finance income** by 76%; and
 - **Increase in fair value charges of LLA** to **RM225** million in 2015 compared to **RM115** million in 2014.
- Profit from discontinued operations inclusive of **reversal of impairment** of PPE amounting of **RM133.39** million following the disposal of TRT ETGO.

*Note: TRT ETGO's result has been reclassified to discontinued operations due to its disposal. All comparative figures have been restated due to this effect.

Q415 VS Q315 Financial Highlights : Better performance in 4Q15 due to strengthening of Ringgit, fair value gain in LLA and higher sugar revenue.



Income Statement (RM million)	Q4 2015	Q3 2015	Changes %	
Revenue	4,259	4,510	-6%	●
Cost of sales	(3,793)	(4,007)	5%	●
Gross profit	466	503	-7%	●
Operating profit	152	110	38%	●
LLA liabilities (Fair value changes)	7	(108)	>100%	●
Associates & JV	33	(6)	>100%	●
P/(L)BT (& zakat)	165	(45)	>100%	●
(Loss)/profit from continuing operations*	143	(86)	>100%	●
Profit /(loss) from discontinued operations*	14	106	-86%	●
NET PROFIT (PAT)	157	20	>100%	●
(L)/PATAMI	101	(34)	>100%	●
EPS (sen)	2.8	(0.9)	>100%	●

- The Group recorded **lower revenue** compared to Q315 due to:
 - **Lower average CPO price realised** of RM2,153 per mt (Q315: RM2,191 per mt) despite higher external CPO sales volume (0.71 million mt, Q315: 0.58 million mt); and
 - **Lower RBDPKO and CPKO** produced and sold by local PK crushing plant.
- **Higher profit before tax** was due to :
 - **FV gain in LLA** of RM7 million compared to fair value charge of RM108 million in Q315;
 - **Lower loss in trading** attributed to **foreign exchange gain** of RM11 million compared to RM75 million losses in previous quarter;
 - Higher contribution from Sugar cluster following the lower raw sugar costs and gain from sugar commodity and foreign exchange contracts; and
 - Higher sales volume and lower cost recorded for rubber business in Q415.

EBITDA 2015 vs 2014 : The Group achieved lower EBITDA of RM913m VS RM1,157m in 2014 and Adjusted PATAMI of RM7 million VS RM75 million recorded in 2014.



Reconciliation	2015 RM million	2014 RM million	Changes %
<u>EBITDA Reconciliation</u>			
Operating profit before LLA	682	1,111	-39%
<i>add: Share of results</i>	69	31	>100%
<i>add : Depreciation</i>	500	448	12%
<i>Others - other (losses)/gains</i>	(2)	10	<100%
<i>less: EBITDA for Discontinued operation</i>	(57)	(107)	47%
EBITDA (exclude LLA)	1,192	1,493	-20%
<i>less: LLA Cash Paid</i>	(279)	(336)	17%
EBITDA (after cash LLA)	913	1,157	-21%
<u>PATAMI Reconciliation</u>			
PATAMI	117	325	-64%
Net LLA	169	86	97%
<i>less: Cash Paid</i>	(279)	(336)	17%
Adjusted PATAMI	7	75	<91%

Core Profit 2015 Vs 2014: The Group's Core Profit decreased to a loss of RM180m compared to RM121m profit in 2014 due to lower PATAMI recorded in 2015.



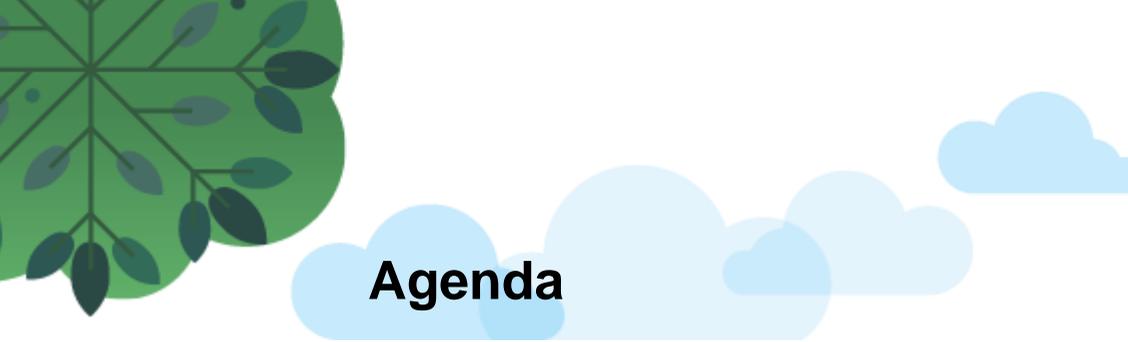
Core Profit Reconciliation	Q4 2015 RM million	Q3 2015 RM million	Q2 2015 RM million	Q1 2015 RM million	FYE 2015 RM million	FYE 2014 RM million
(L)/PATAMI	101	-34	46	4	117	325
LLA (credit) / charge, net of tax	-5	81	38	55	169	86
Gain on disposal of AACo	-	-	-	-29	-29	-
Share of gain on disposal of FGV China Oil	-	-	-	-12	-12	-
Reversal of impairment of TRT ETGO	-	-133	-	-	-133	-
Gain on disposal of TRT Etgo	-13	-	-	-	-13	-
Reversal of impairment of FISB	-	-	-	-	-	-69
Realised loss on sales of FINA	-	-	-	-	-	18
Reversal of FINA impairment	-	-	-	-	-	-27
Realisation of fair value uplift of inventory	-	-	-	-	-	48
Compensation income reversed	-	-	-	-	-	75
Impairment loss in FPG and MyBio	-	-	-	-	-	14
Gain on disposal of Voray	-	-	-	-	-	-13
<i>Total adjustment</i>	-18	-52	38	14	-18	132
Adjusted (L)/PATAMI	83	-86	84	18	99	457
<i>less: LLA cash paid</i>	-70	-79	-68	-62	-279	-336
CORE PROFIT	13	-165	16	-44	(180)	121

Key Financial Ratios: Overall the key financial ratios for 2015 weakened against 2014 except for total assets due to challenging economic environment.

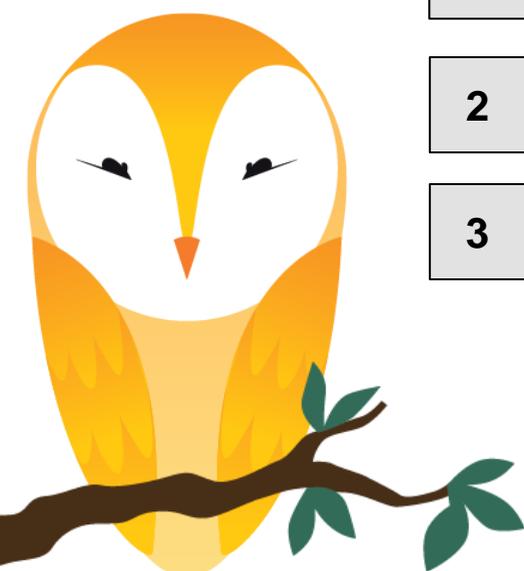


	UOM	31-Dec-15	31-Dec-14	Changes	Changes
Total Assets	RM million	21,415	20,713	3%	●
Total Liabilities	RM million	12,426	11,889	-5%	●
Cash and Cash Equivalents	RM million	2,503	3,673	-32%	●
Net Tangible Assets (NTA) per Share	RM	1.33	1.32	0%	●
Earning per Share (EPS)	sen	3.2	8.9	-64%	●
Return on Shareholders' Fund (ROSF)	%	1.8	5.1	-64%	●
Liquidity Ratio	%	1.39	1.66	-16%	●
Gearing Ratio *	%	1.56	1.47	6%	●
Gearing Ratio (excluding LLA)	%	0.84	0.74	14%	●

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

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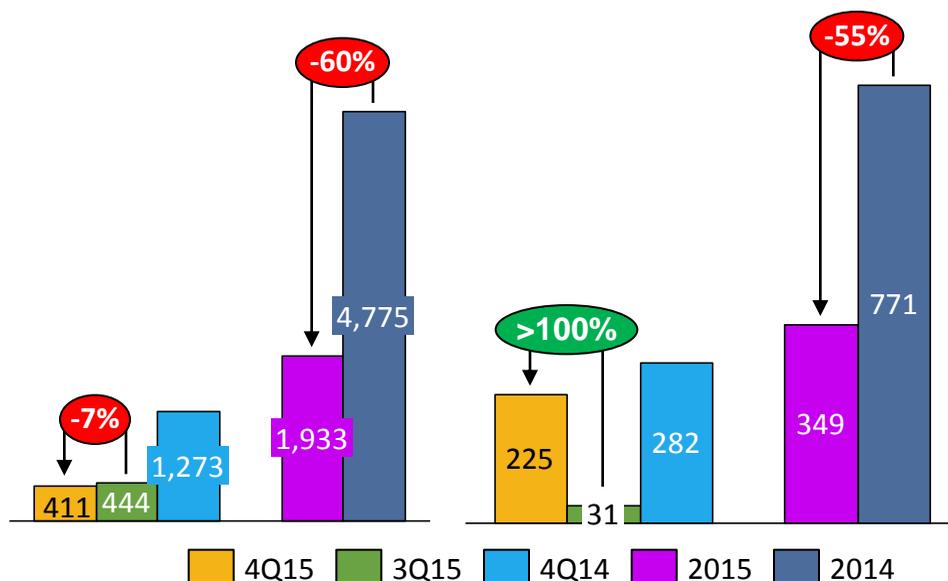


Segment Reporting by Clusters : Lower contributions recorded in 2015 mainly from Palm Upstream and TML segment.



Clusters	REVENUE			PBT		
	2015	2014		2015	2014	
	RM'000	RM'000	%	RM'000	RM'000	%
Palm Upstream	1,932,818	4,774,963	-60%	349,241	770,668	-55%
Palm Downstream	3,438,824	6,103,424	-44%	9,117	-14,318	>100%
Sugar	2,307,263	2,281,493	1%	399,801	372,964	7%
TML	6,622,347	723,916	>100%	-93,558	92,193	<100%
Others (Rubber, R&D and Services)	1,368,489	1,374,366	-0.4%	94,234	99,026	-5%
*Others	-	-	0%	-375,001	-349,709	-7%
TOTAL	15,669,741	15,258,162	3%	383,834	970,824	-60%

Palm Plantation Cluster : 60% drop in YoY Revenue as TML cluster become the main arm for external sales from February 2015



YoY Results Overview

- **Lower revenue and profit** recorded in 2015 as new business model embark in February.

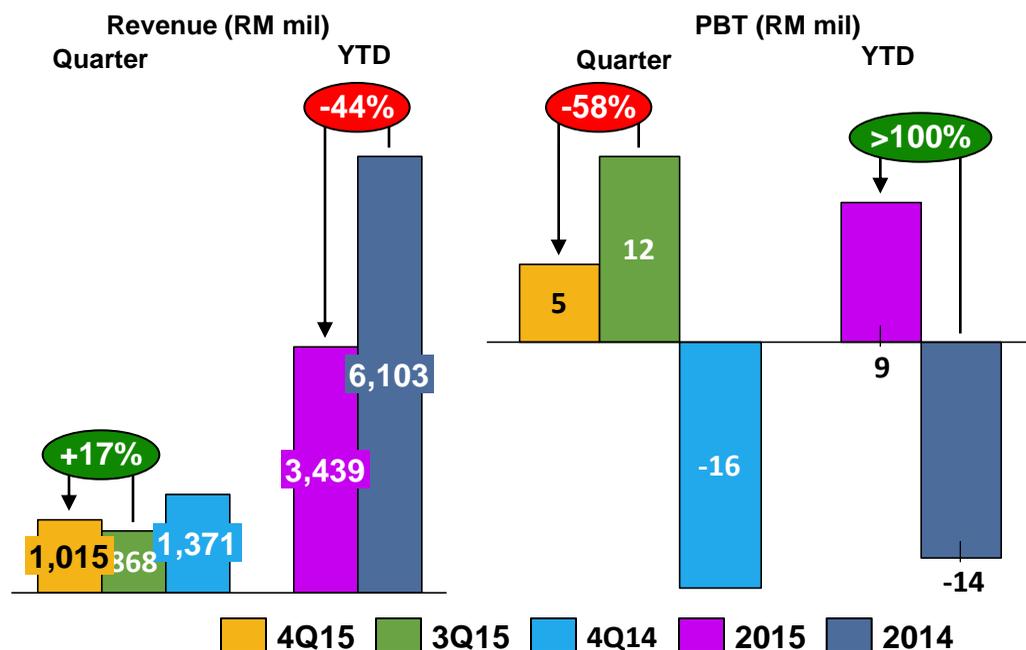
FGVPM sells the CPO to TML cluster which deemed as internal sales whereby the external sales revenue will be recorded in TML cluster. Other KPIs are as follows:

- Lower average CPO price realised of RM2,210 per mt against RM2,410 per mt in 2014;
- Lower OER of 20.91% compared to 21.01% achieved in 2014;
- Lower estate yield of 17.93 mt per hectare from 18.94 mt per hectare in 2014 ; and
- Higher fair value charge in LLA to RM225 million compared to RM115 million in 2014;

QoQ Results Overview

- **Revenue decreased** in Q415 compared to Q315 was due to:
 - Lower volume of FFB processed by 21% (3.53 mil mt, Q315: 4.47 mil mt) which led to lower CPO production by 19% (0.76 mil mt, Q315: 0.94 mil mt);
 - Lower PK production volume by 20% (0.19 mil mt, Q315: 0.24 mil mt).
- **Higher profit before tax** in Q42015 compared to Q32015 was due to:
 - Fair value gain of RM6.85 million compared to RM107.91 million charged in Q32015;
 - Higher OER achieved of 21.46% (Q315: 21.04%);

Palm Downstream Cluster : Improved due to new business model and better packed product margin



YoY Results Overview

Lower Revenue by 44% compared to previous year due to:

- Local refinery records only tolling fee as revenue instead of RBD sales in 2014;
- 5% lower on overall sales volume of fatty acid business as production was disrupted by bad weather in early part of the year; and
- Lower volume of RBDPKO and lower average selling prices for kernel crushing business.

Downstream Cluster recorded profit of RM9.12 million in 2015 compared to loss of RM14.32 million in 2014 due to:

- Local refinery recorded better results under the new business model, eliminating the risk of negative refining margin recorded in 2014; and
- Better margin from packed product segment in FMCG business.

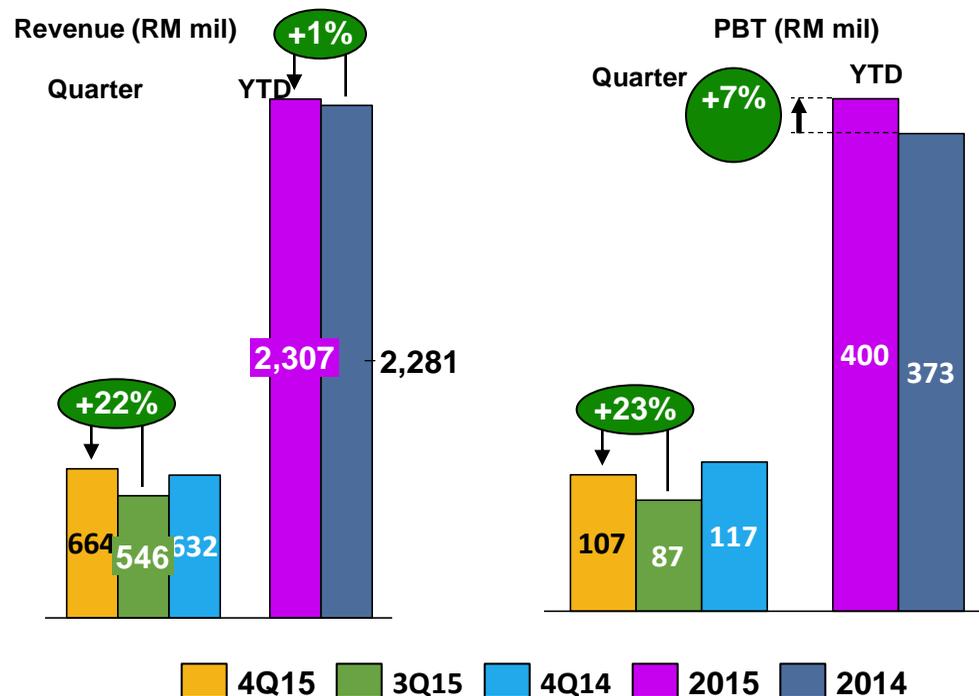
The profit was partly offset with the negative margin achieved from China's bulk palm oil trading.

QoQ Results Overview

Profit was lower in 4Q15 compared to 3Q15 due to:

- Lower volume and margin achieved in RBDPKO and CPKO from kernel crushing activities;
- Lower margin recorded by fatty acid business.

Sugar Cluster : Higher performance due to lower raw sugar costs and gain from sugar commodity and foreign exchange contract



QoQ Results Overview

Revenue and PBT both increased due to:

- Higher demand for refined sugar especially in domestic and export segment for Q415 compared to Q315.

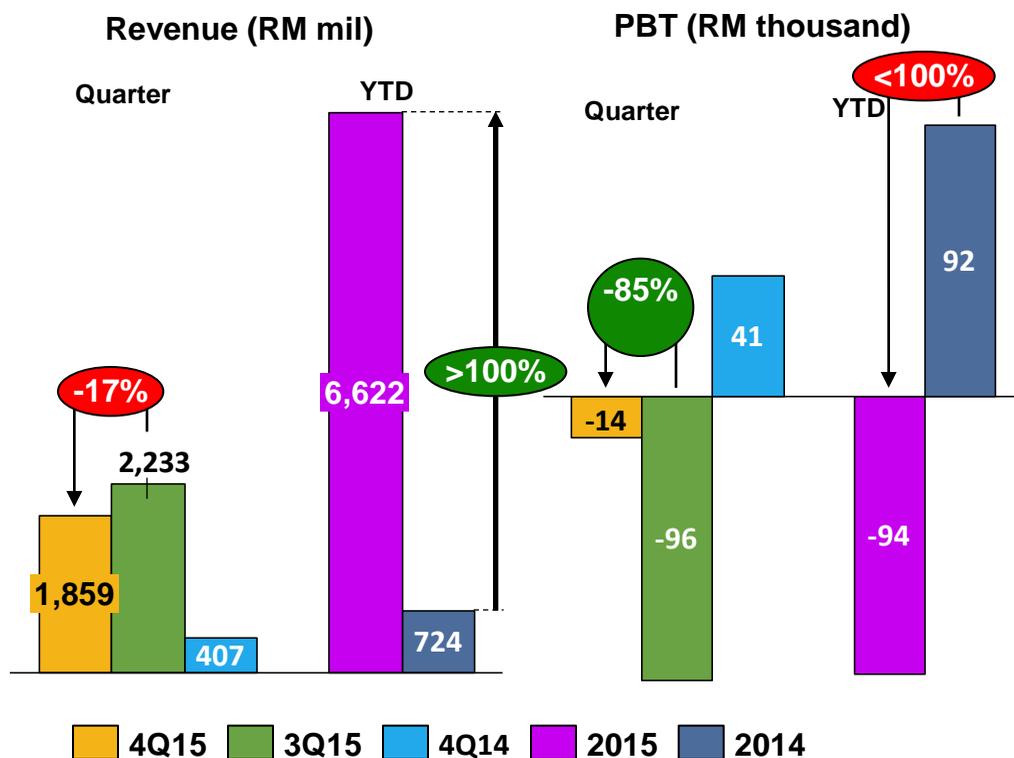
In total, 303,630 mt of sugar sales recorded in Q415 compared to 247,610 mt in Q315.

- Gain from sugar futures of RM20.22 mil compared to only RM1.64 mil in Q315.

YoY Results Overview

- The **revenue** of sugar cluster was 1% higher compared to last year attributable to higher industrial sales of 34% despite a reduction of sales volume in domestic and export market by 12% and 8% respectively;
- Higher PBT by 7% mainly due to:
 - Lower raw sugar cost by 11% in 2015;
 - Gain from sugar futures amounted to RM24 million compared to loss of RM2 million in 2014; and
 - Gain from foreign exchange of RM1.5 million compared to loss of RM2.6 million in 2014.

TML Cluster : Higher revenue as trading activities are in full force but loss before tax due to forex effect.



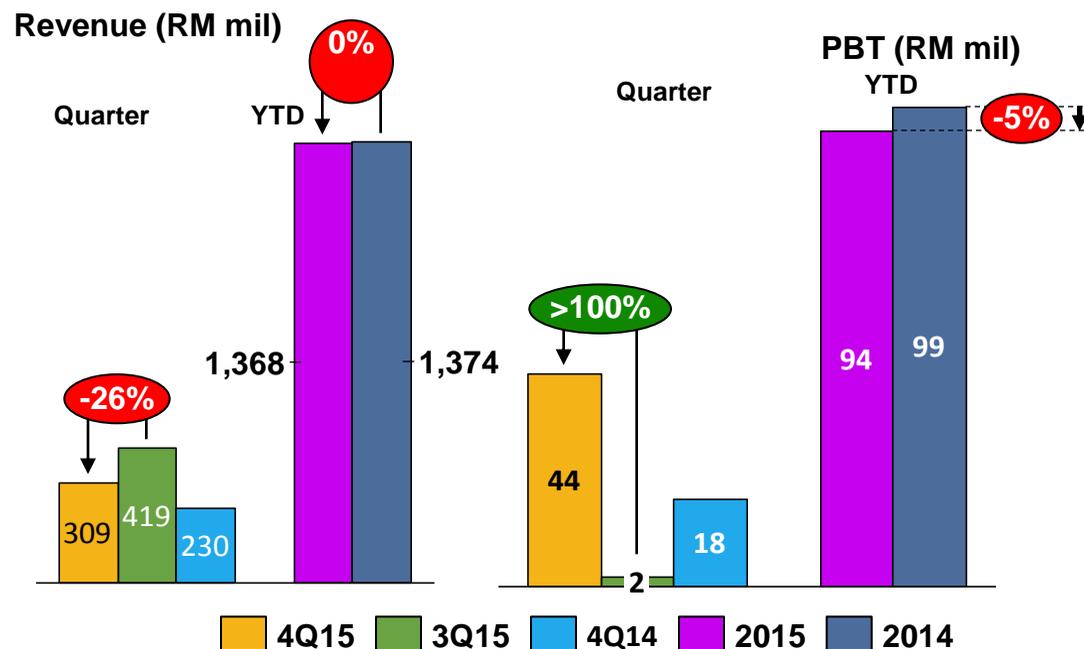
QoQ Results Overview

- Quarterly loss was recorded as FGV Trading performance was affected by foreign exchange losses as well as futures trading loss.
- However, the results improved in Q415 due to **foreign exchange gain** of RM10.67 million compared to RM74.63 million losses in previous quarter.

YoY Results Overview

- TML cluster revenue was **higher in 2015** as trading company undertook the external CPO and PPO sales in 2015.
- Additionally, bulking division had recorded higher revenue as more spot cargo handled despite lower total volume handled.
- **Loss before tax recorded YoY** due to:
 - **Realised foreign exchange loss** recorded by trading company amounted to RM66 million; and
 - Lower throughput carried by transport division for cargo and oil tanker.

Others Cluster: Lower profit due to unrealized forex exchange losses



YoY Results Overview

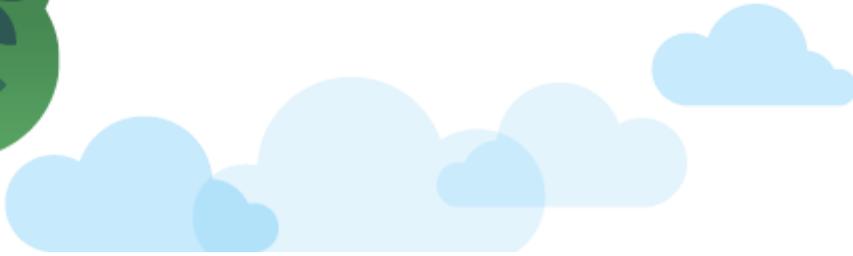
- Others cluster revenue and PBT was lower slightly due to:
 - **Lower margin achieved** from R&D activities;
 - Realised forex losses in fertiliser business as raw material was purchased in USD; and
 - Realised forex loss in rubber processing business despite higher rubber margin achieved.

QoQ Results Overview

- **Higher profit as rubber and fertiliser business had improved** compared to in Q315.
- Both rubber and fertiliser were hit by forex losses in Q315, but the impact had been minimised this quarter due to strengthening of Ringgit against USD;
- Rubber business had recorded a positive margin in Q415;
- Fertiliser business had recorded a higher selling price in Q415 which improved the profit.

THANK YOU

Q & A



MOVEMENT OF LAND LEASE LIABILITY IN FGVP



RM million	Q1 2015	Q2 2015	Q3 2015	Q4 2015	2015	Q1 2014	Q2 2014	Q3 2014	Q4 2014	2014
At the start of the period	4,680.8	4,692.2	4,674.4	4,703.1	4,680.8	4,844.4	4,882.7	4,890.6	4,903.5	4,844.4
Total payments made during the period	(62.1)	(68.1)	(79.2)	(69.1)	(278.5)	(79.4)	(92.1)	(86.0)	(78.9)	(336.4)
Recurring income statement charges/(credits)	89.5	85.2	95.7	90.1	360.5	115.8	104.9	96.2	85.5	402.4
Total income statement charges/(credits) from revisions in projections	(16.0)	(34.9)	12.2	(96.9)	(135.6)	1.9	(4.9)	2.7	(286.9)	(287.2)
Total charge/(credit) to the income statement	73.5	50.3	107.9	(6.8)	224.9	117.7	100.0	98.9	(201.4)	115.2
Additional land acquisition	-	-	-	-	-	-	-	-	57.6	57.6
Closing LLA liability balance	4,692.2	4,674.4	4,703.1	4,627.2	4,627.2	4,882.7	4,890.6	4,903.5	4,680.8	4,680.8

Total (credit)/charge to Income Statement

RM million	2015	2014
Fixed lease consideration	248.4	248.4
Discounting effect	112.1	154.0
Revisions in projections and other adjustments	(135.6)	(287.2)
Total (credit)/charge to the Income Statement	224.9	115.2