



FGV HOLDINGS BERHAD

FINANCIAL RESULTS BRIEFING

1st Quarter for the Financial Period Ended 31st March 2020

Thursday, 28 May 2020

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TODAY'S AGENDA

- 01** Executive Summary
- 02** 1st Quarter 2020 Results
- 03** Business Updates



Executive Summary



- Year started on a positive note with CPO prices averaging RM2,669/MT for 1Q2020, compared to RM1,986/MT in 1Q2019.
- FFB Production was down 33% to 711,745 MT in 1Q2020 compared to the previous corresponding quarter, due to droughts in 1Q and 3Q of 2019, which was particularly severe in Sabah, and the reduced application of fertiliser.
- The impact of lower fertiliser application on production is expected to ease in the next month or so.
- The Sugar Sector recorded a loss of RM28 million due to smaller margins, despite higher sales volume.
- The Logistics Sector recorded lower profits as a result of lower transport and bulking volume in 1Q2020.
- We expect production and overall performance to improve in the second half of 2020.

TODAY'S AGENDA



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FGV Group recorded LBZT of RM163 million and LATAMI of RM142 million in 1st Quarter 2020



1Q20

REVENUE (RM)

2,783 mil
-15% YoY

Lower CPO and PPO sales volume, kernel related products and fertiliser sales volume. Partially compensated by the increase in sugar sales volume.

Operating Loss* (RM)

63 mil
<100% YoY

Lower palm products margin due to higher CPO cost ex-mill. Lower gross margin in sugar and rubber businesses

LBZT (RM)

163 mil
<100% YoY

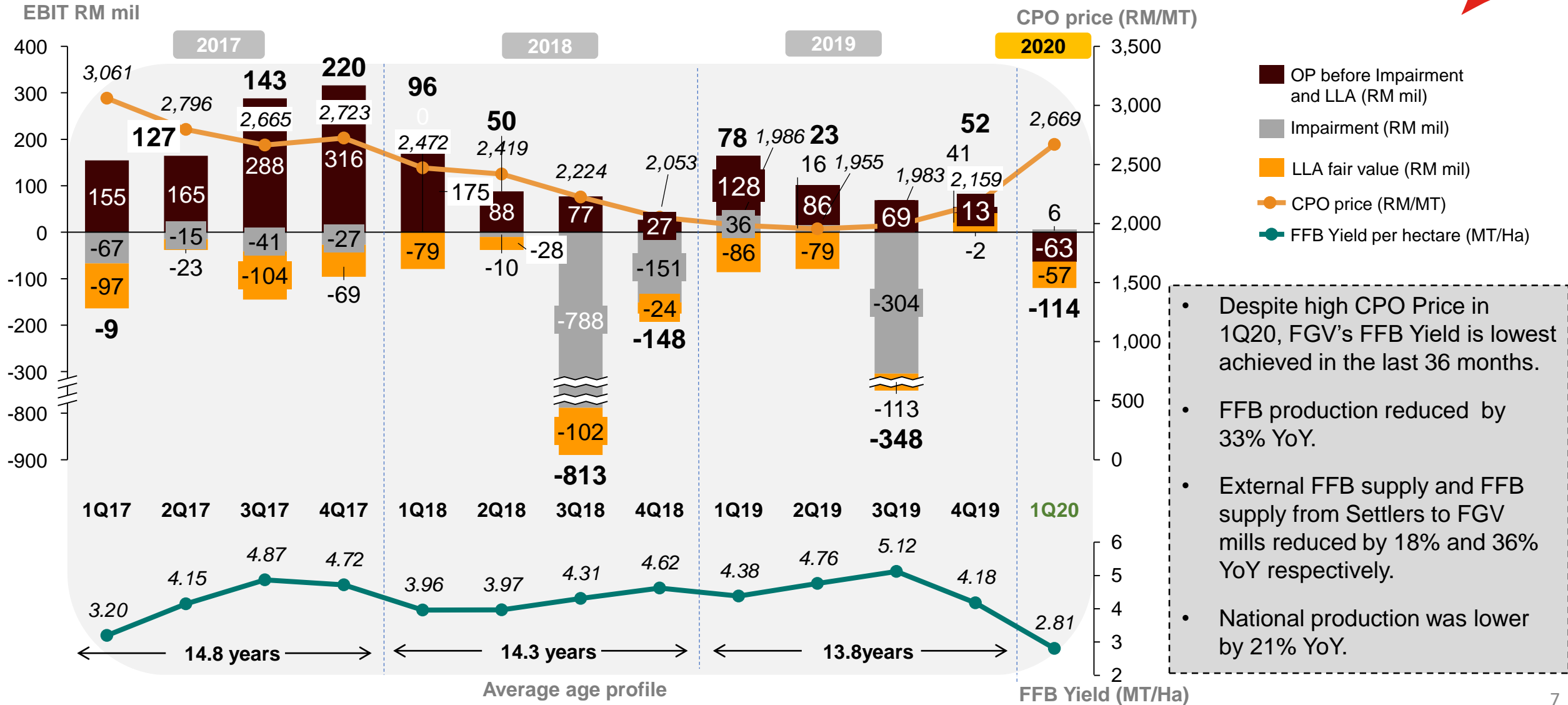
Fair Value charge in LLA, share of loss from joint ventures and higher finance cost.

LATAMI (RM)

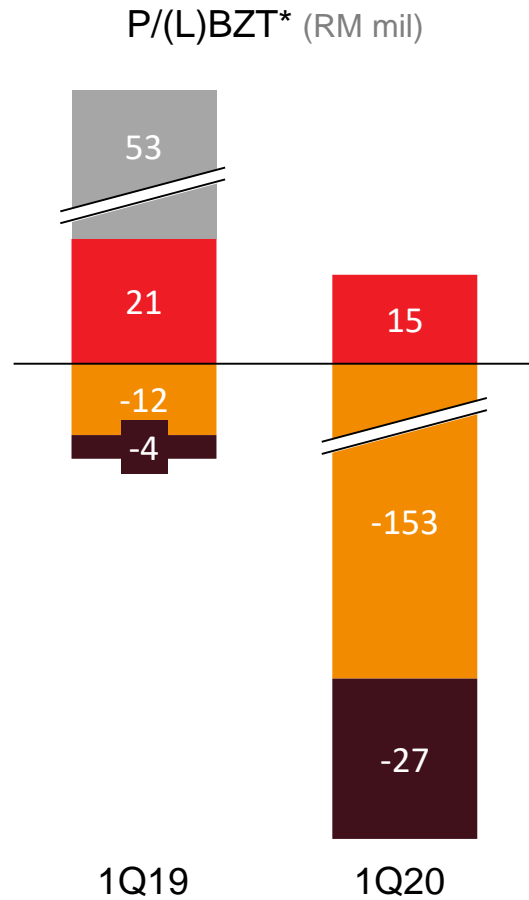
142 mil
<100% YoY

* before Impairment & LLA

Quarterly EBIT vs CPO Price vs FFB Yield



P/(L)BZT by Sector



■ Reversal of Impairment

Variance	Plantation	Sugar	Logistics
1Q20 vs 1Q19	▼ <100%	▼ <100%	▼ 29%

* P/(L)BZT by Sector is excluding Others, Corporate HQ and elimination.

1Q20 vs 1Q19

- **Plantation** Sector recorded LBZT due to decrease in FFB production by 33%, lower OER and higher CPO cost ex-mill of RM2,177/MT (1Q19: RM1,375/MT). The loss was partially compensated by higher CPO average selling price of RM2,669/MT (1Q19: RM1,986/MT).
- **Sugar** Sector recorded LBZT due to lower gross margin, higher finance cost and higher depreciation in MSM Johor Refinery.
- **Logistics** Sector recorded a slightly lower PBZT due to decrease in tonnage carried and rental income from bulking activities.

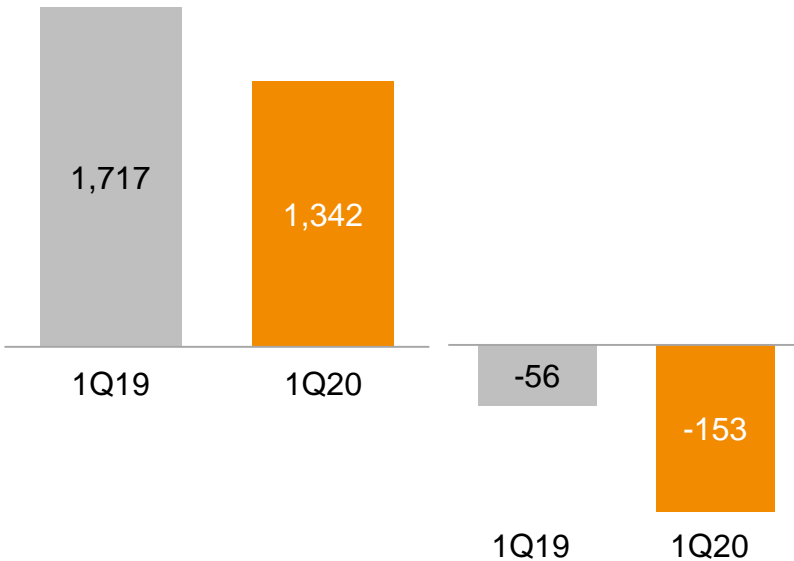
Plantation Sector: Results



Upstream & Trading

Revenue (RM mil)

LBZT (RM mil)



1Q20 vs 1Q19

LBZT in 1Q20 due to

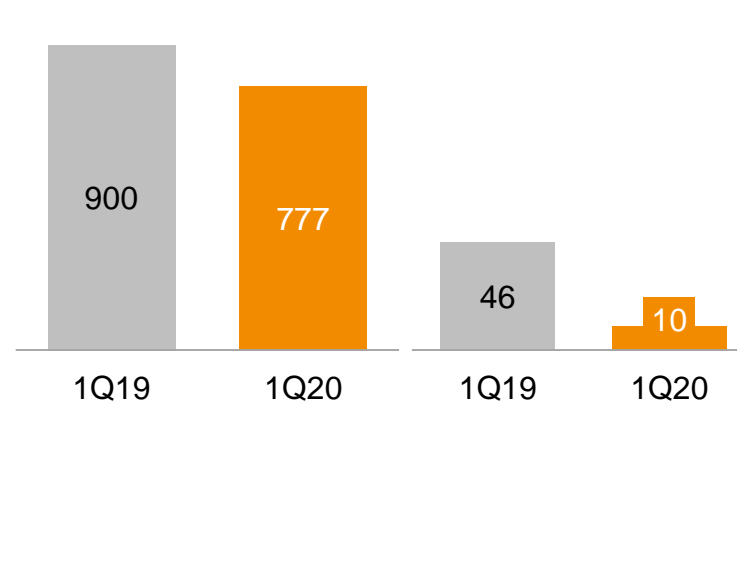
- Lower CPO margin due to higher CPO cost ex-mill.
- Lower FFB Production, FFB Yield and OER.

Partially cushioned by higher unrealised futures trading profit of RM57 million.

Downstream

Revenue (RM mil)

PBZT (RM mil)



1Q20 vs 1Q19

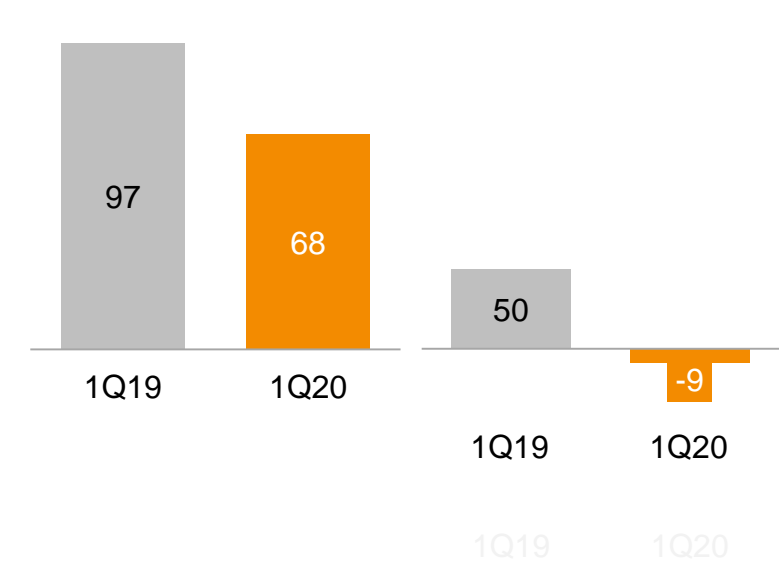
Lower PBZT in 1Q20 due to

- Lower margin for FMCG products and lower sales volume by 9%.

R&D and Fertiliser

Revenue (RM mil)

P/(L)BZT (RM mil)



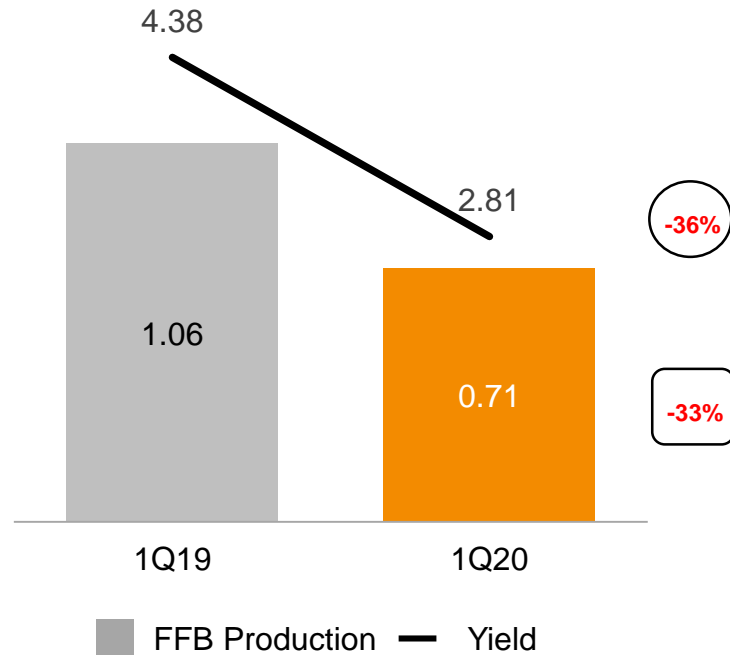
1Q20 vs 1Q19

LBZT in 1Q20 due to

- Drop in overall sales volume and selling price for fertiliser business.
- Lower margin for seed products.
- Included in 1Q19 was a reversal of impairment of receivables of RM63 million.

Plantation Sector: Upstream Operational Report

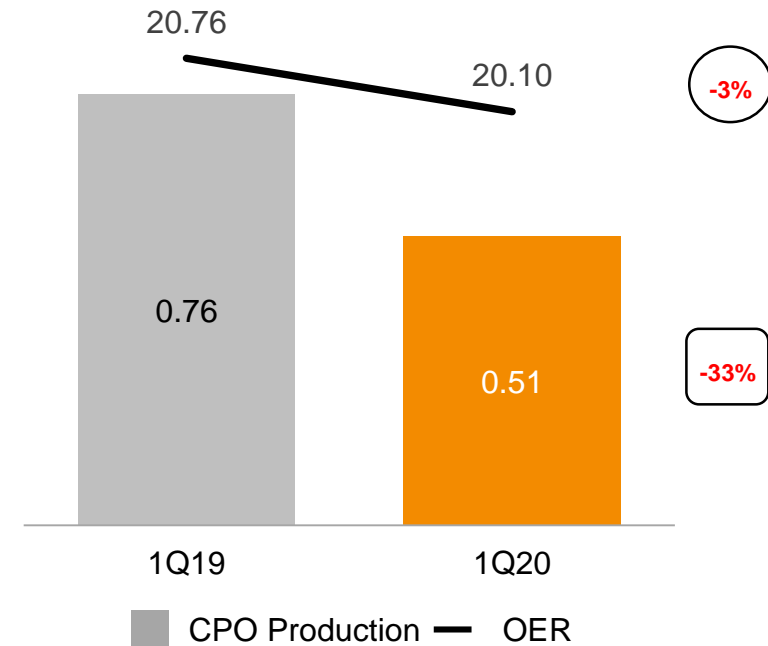
FFB Production (mil MT) & FFB Yield (MT/Ha)



1Q20 vs 1Q19

- FFB production decrease by 33% YoY due to dry weather in Sabah and lower fertiliser application in 2019. It is also further impacted by the Movement Control Order imposed by the government in March 2020.

CPO Production (mil MT) & OER (%)

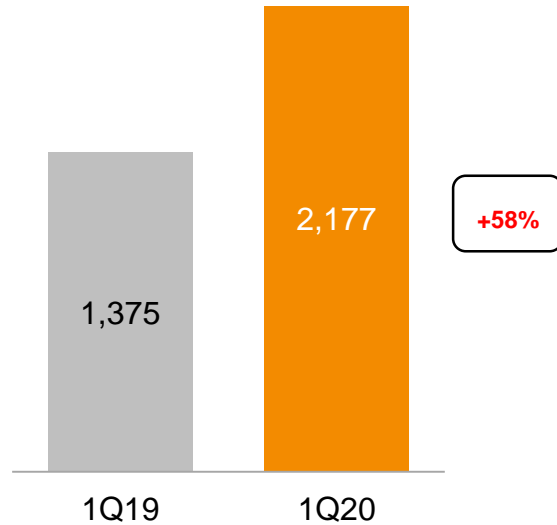


1Q20 vs 1Q19

- CPO Production decrease by 33% YoY due to low FFB received from internal and external supplier.
- OER decrease to 20.10% due to lower FFB quality received.

Plantation Sector: Upstream Operational Report

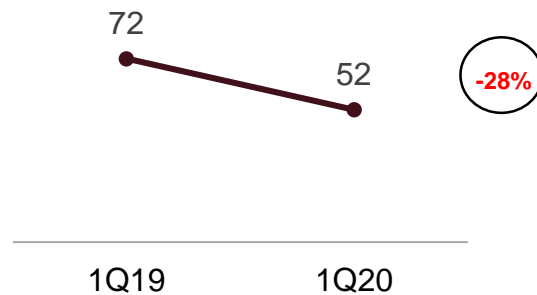
CPO Cost Ex-Mill (RM/MT)



1Q20 vs 1Q19

- CPO Cost Ex-Mill increased by 58% due to low production and mill utilisation factor.

Utilisation Factor (%)



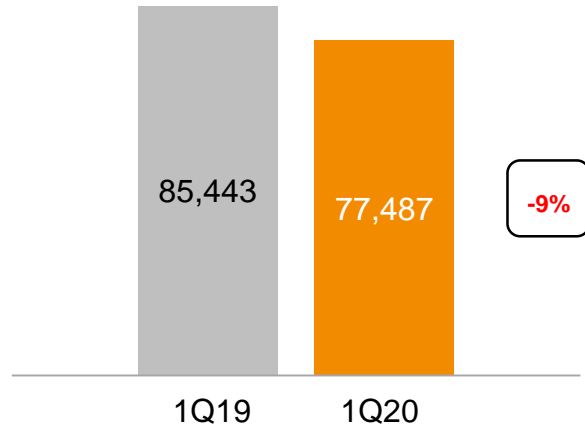
1Q20 vs 1Q19

- Utilisation factor decrease by 28% due to lower FFB processed by 30% to 2.56 million MT (1Q19: 3.68 million MT)

Plantation Sector: Downstream Operational Report



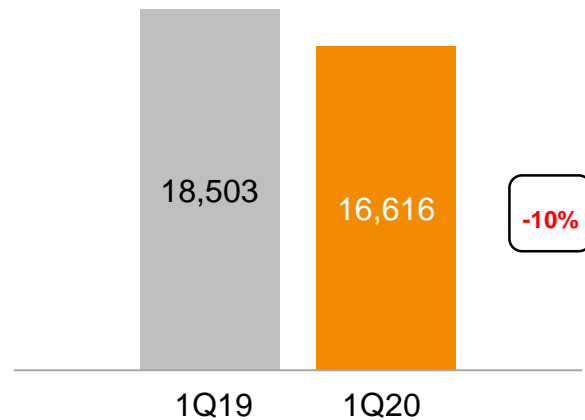
FMCG Sales Volume (MT)



1Q20 vs 1Q19

- FMCG sales volume decrease by 9% YoY driven by increased competition early in the quarter.

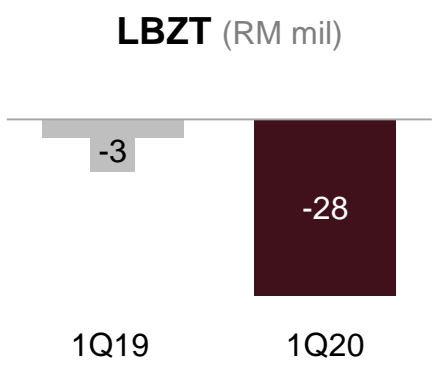
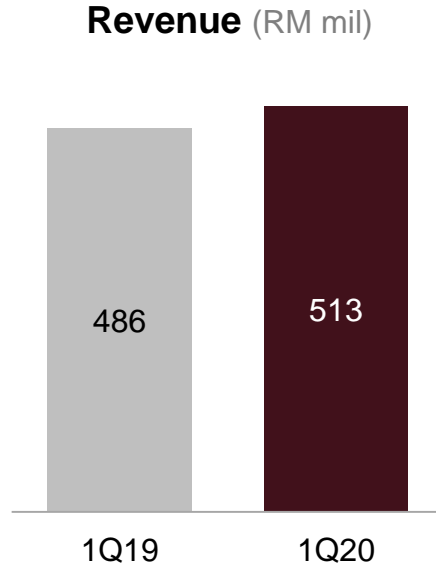
Biodiesel Sales Volume (MT)



1Q20 vs 1Q19

- PME sales volume decrease by 10% due to no export sales recorded in 1Q20.

Sugar Sector: Results and Operational Report



Operational Highlights

	1Q19	1Q20	YoY
Sales Volume (MT)	224,233	235,927	+5%
Utilisation Factor (%)	39	42	+8%
Avg. Selling Price (RM/MT)	2,155	2,157	+1%

1Q20 vs 1Q19

Sugar sector recorded higher LBZT in 1Q20 due to

- Lower gross margin resulting from higher refining cost due to increase in fuel cost and depreciation in MSM Johor Refinery.
- Higher finance cost as finance cost in 2019 was capitalised for construction of refinery in MSM Johor.

Operationally,

- Sales volume increased 5% partially due to new export of liquid sugar, premix sugar and fine syrup of approximately 9,000 MT.

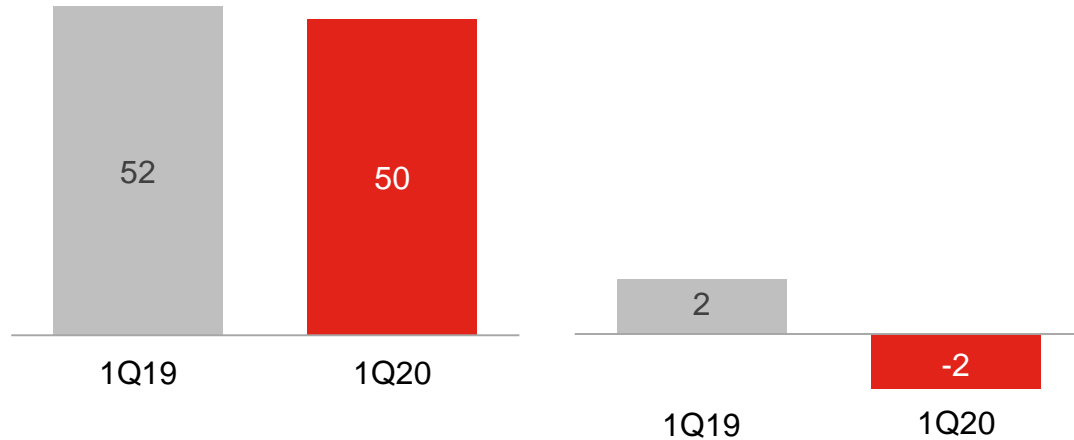
Logistics Sector: Results



Transport

Revenue (RM mil)

P/(L)BZT (RM mil)



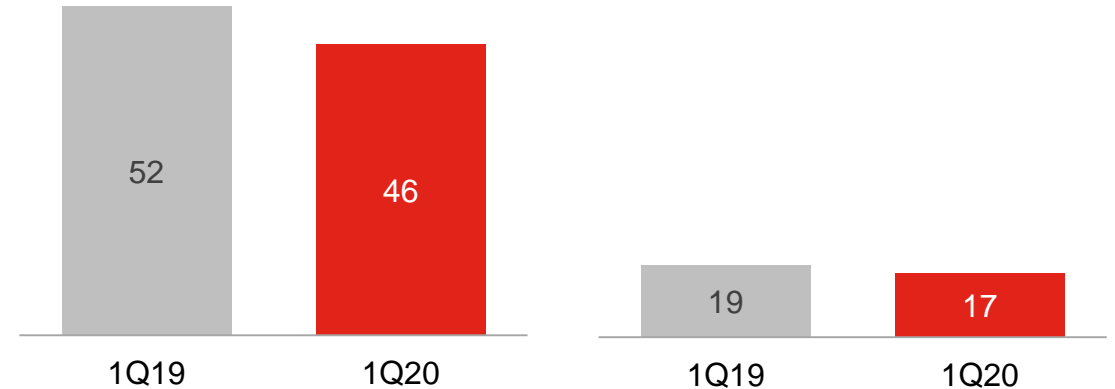
1Q20 vs 1Q19

- LBZT in 1Q20 due to lower tonnage carried and lower transport rate in tandem with lower CPO production.

Bulking

Revenue (RM mil)

PBZT (RM mil)

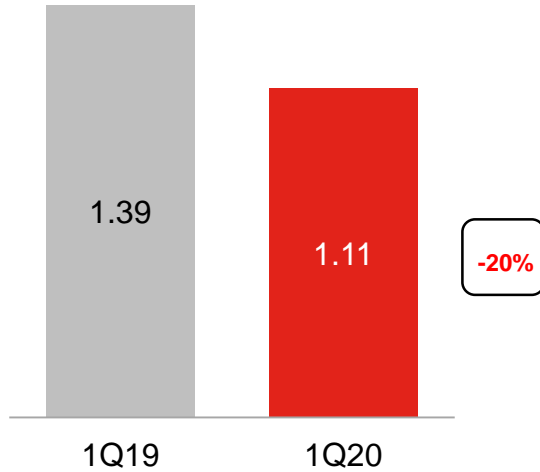


1Q20 vs 1Q19

- Lower PBZT in 1Q20 due to lower throughput handled and lower handling rate.

Logistics Sector: Operational Report

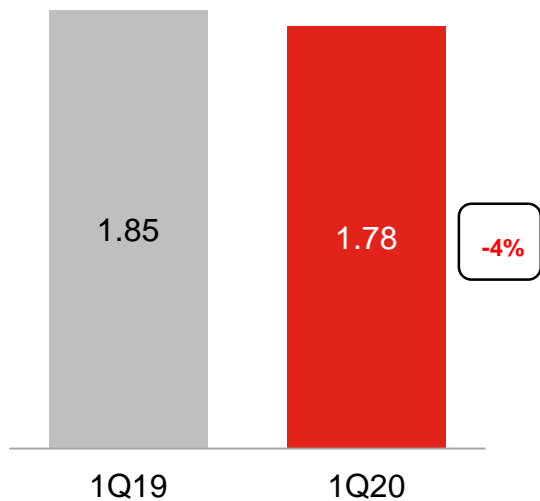
Transport Volume (mil MT)



1Q20 vs 1Q19

- Transport volume decrease by 20% YoY due to lower tonnage carried for palm related products.

Bulking Volume (mil MT)



1Q20 vs 1Q19

- Bulking volume decrease by 4% in line with the decrease in Malaysia CPO production and palm oil products in 1Q20.

Key Financial Highlights



	<u>Note</u>	31.3.2020	31.12.2019	Changes (%)
Cash and Cash Equivalents (RM mil)	(i)	1,379	1,618	-15%
Total Borrowings without LLA (RM mil)		4,669	4,907	-5%
Liquidity Ratio (times)	(ii)	0.98	1.00	-2%
Gearing Ratio* without LLA (times)		0.79	0.80	-2%

*Gearing ratio equals to Borrowings, Loan due to a significant shareholder divided by Total Equity.

Note

- (i) Lower cash and cash equivalent is in tandem with lower borrowings.
- (ii) Reduction in Liquidity Ratio due to increase in payables and overall lower sales in 1Q 2020.

TODAY'S AGENDA



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Business Updates

CPO Price

- Average CPO price is expected to be in the range of RM2,200-RM2,400 per MT in FY2020.

Investment & Divestment

- Signed an Agreement to form a company based in India to participate in India food products market.
- Potential M&As in Downstream Food FMCG and Logistics businesses.
- Planned divestment of non-core non-performing businesses with estimated value of RM150 million in FY2020.

Renewable Energy

- Export of Palm Kernel Shell (PKS) to Japan as biofuel in FY2020.

Environmental, Social and Governance (ESG)

- Developed FGV Action Plan 2020 which underlines FGV's commitment to enhancing labour practices.

Integrated Farming

The Group expects its Integrated Farming business to be able to generate an EBITDA margin of 15% by 2023



Dairy

- Premium branded dairy products with assured quality and provenance.
- Current dairy milk processing capacity is 6,000 litres/day to be increased to 10,000 litres/day (single shift) by September 2020.
- Received 120-heads of pregnant crossbred and purebred heifers in April 2020. to increase capacity to 250-heads by December 2020.
- Farm upgrading in Linggi, Negeri Sembilan including a 2,000 litre/hr fresh milk factory is on-going and expected to be completed in 3Q2020.
- B40 contract farming programme to develop supply chain and increase revenue.

Fresh Produce

- Variety of premium fresh fruits and vegetables.
- Quality, safety and sustainability assured.
- Intercropping with oil palm.
- 212.71 ha identified for year 2020 and 10-ha planted as MD2 Pineapple Seeds Garden in Johor.
- B40 contract farming programme to develop supply chain and increase revenue.

Animal Feed

- Premium branded product. High quality formulation with optimum nutritional value.
- Current production capacity: 2 MT per hour. To be increased to 4 MT per hour by September 2020.
- Growth in cattle feed market share over last 4-months: 10%
- Target domestic and regional markets.
- In active discussions with large customers to supply animal feed.
- Expected to launch 5 new animal feed products in year 2020.

Grains

- Certified Fragrant Rice seed producer (MRQ76).
- Identified 10,000 ha for large scale mechanized paddy farming by year 2025, with optimum production capacity of 120,000 MT.
- Rice milling, midstream and downstream processing.
- Rice based products eg, flour, noodles etc.
- B40 contract farming programme to develop supply chain and increase revenue.
- Expected to launch 'Beras SAJI' in 3Q2020.

THANK YOU

Investor Relations

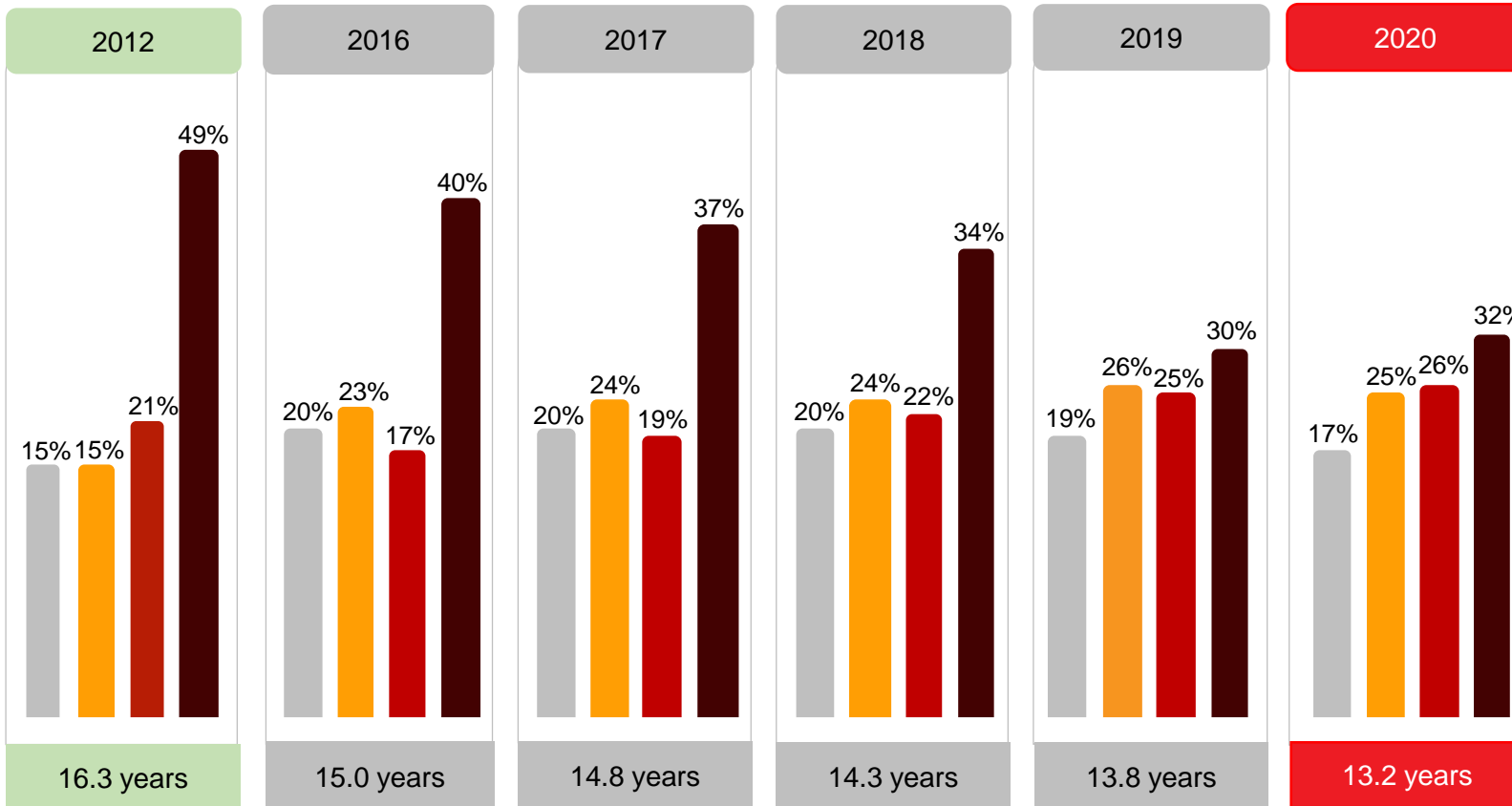
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Age Profile



*Age profile distribution without M&A

■ Immature (0 -3) ■ Young (4 -9) ■ Prime (10 - 20) ■ Old (> 21)

During IPO, 49% of the planted area had trees aged 21 years old and above.

Our disciplined replanting plan has increased our prime age hectarage leading to increased FFB production.

Operational Highlights



	Q1'20	Q1'19	YOY	Q4'19	QOQ
FFB Prod ('000 MT)	712	1,055	-33%	1,007	-29%
FFB Yield (MT/Ha)	2.81	4.38	-36%	4.18	-33%
CPO Production ('000 MT)	514	762	-33%	688	-25%
PK Production ('000 MT)	135	198	-32%	173	-22%
OER (%)	20.10	20.76	-3%	20.53	-2%
KER (%)	5.27	5.39	-2%	5.17	2%
Avg. PK Price (RM/MT)	1,595	1,245	28%	1,340	19%
Avg. CPO Price (RM/MT)	2,669	1,986	34%	2,159	24%
CPO Cost Ex-mill (RM/MT)	2,177	1,375	58%	1,691	29%
Lauric Sales Vol. (MT)	55,255	68,630	-19%	72,128	-23%
Oleochemical Sales Vol. ('000 lbs)	75,870	75,274	1%	68,370	11%

Movement in Land Lease Liability in FGVPM

RM million	Q1 2020	Q1 2019	Q2 2019	Q3 2019	Q4 2019	2019
At the start of the period	4,316.1	4,328.0	4,353.4	4,370.3	4,418.7	4,328.0
Total payments made during the period	(60.9)	(61.0)	(62.0)	(64.8)	(61.0)	(248.8)
Recurring income statement charges/(credits)	84.3	94.6	103.5	109.0	99.1	406.2
Total income statement charges/(credits) from revisions in projections	(27.0)	(8.2)	(24.6)	4.2	(140.7)	(169.3)
Total charge/(credit) to the income statement	57.3	86.4	78.9	113.2	(41.6)	236.9
Closing LLA liability balance	4,312.5	4,353.4	4,370.3	4,418.7	4,316.1	4,316.1

Total (credit)/charge to Income Statement

RM million	YTD 2020	YTD 2019
Unwinding of discounts	101.5	102.4
Reversal of over accrual for current quarter	(17.2)	(7.8)
Revisions in projections and other adjustments	(27.0)	(8.2)
Total (credit)/charge to the Income Statement	57.3	86.4