



FGV HOLDINGS BERHAD

FINANCIAL RESULTS BRIEFING

2nd Quarter for the Financial Period Ended 30th June 2020

Monday, 24 August 2020

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TODAY'S AGENDA

- 01** Executive Summary
- 02** 2nd Quarter 2020 Results
- 03** Business Updates



Executive Summary



- Despite a challenging business environment due to the COVID-19 pandemic, the Group registered a Profit Before Zakat and Taxes (PBZT) of RM18 million in 2Q20.
- FFB and CPO production have normalised to 4.69MT/Ha (yield) and OER of 20.02% for the same period, after a slow start this year.
- The Sugar Sector remains focused on delivering its growth plans which includes product diversification, higher export sales and improvement in Utilisation Factor (UF) for the Johor plant.
- The Logistics Sector has recorded a slightly lower performance resulting from lower throughput due to strict lockdowns. However, it was partly compensated by reduced diesel cost and higher storage handling rate by 3%.
- The operating environment remains uncertain and volatile. The Group is mindful that the nascent signs of recovery may not be sustainable due to global market volatility.
- The Group is committed to its strategy in diversifying its revenue stream by maximising the potential of its existing landbank and strengthening its footprint in consumer products.

TODAY'S AGENDA



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FGV Group recorded PBZT of RM18 million and PATAMI of RM21 million in 2nd Quarter 2020



2Q20

REVENUE (RM)

3,294 mil

1% YoY

Higher CPO price realised of RM 2,309/MT

Operating Profit* (RM)

129 mil

50% YoY

Improved margin in palm products and higher gross margin in Sugar business

PBZT (RM)

18 mil

>100% YoY

Impairments, Fair Value changes in LLA and share of profit from JV.

PATAMI (RM)

21 mil

>100% YoY

1H20

REVENUE (RM)

6,077 mil

-7% YoY

Lower palm products sales volume

Operating Profit* (RM)

67 mil

-69% YoY

Lower FFB production and losses in rubber division

LBZT (RM)

(145) mil

<-100% YoY

Impairments and Fair Value changes in LLA

LATAMI (RM)

(122) mil

<-100% YoY

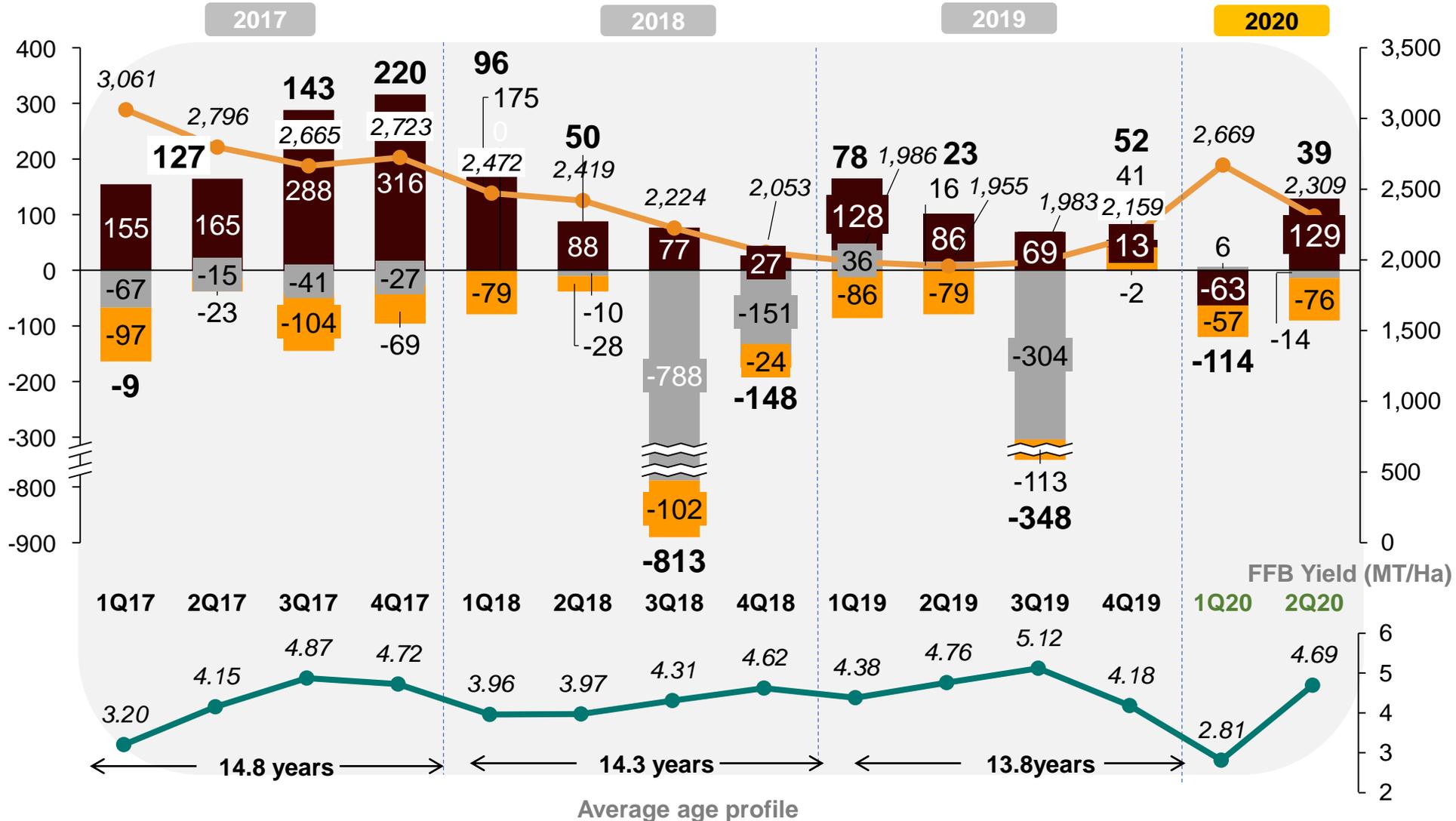
* before LLA & Impairment

Quarterly EBIT vs CPO Price vs FFB Yield



EBIT (RM mil)

CPO price (RM/MT)



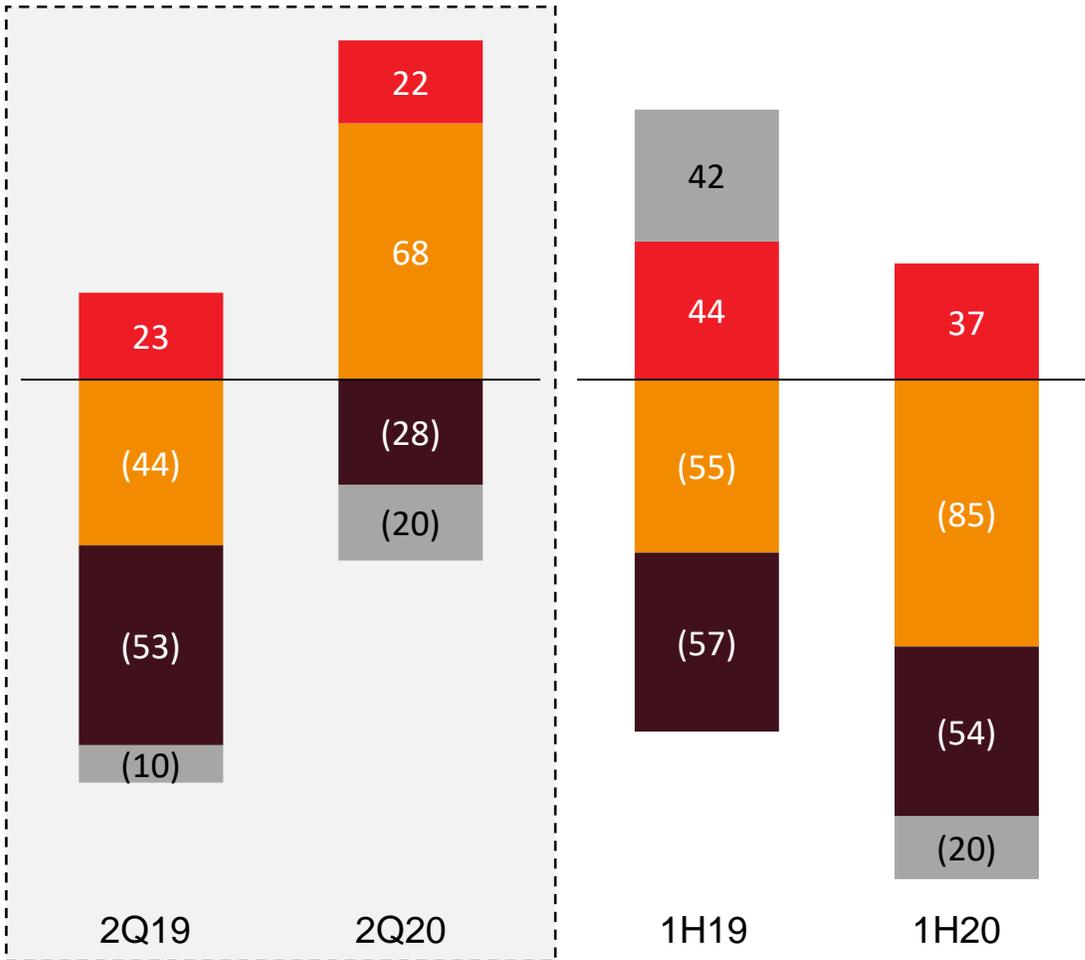
In 2Q20, FGV recorded RM39 million EBIT on the back of RM129 million Operating Profit, significantly affected by LLA fair value changes and impairment adjustments.

- Operating Profit before Impairment and LLA (RM mil)
- Impairment (RM mil)
- LLA fair value (RM mil)
- CPO price (RM/MT)
- FFB Yield per hectare (MT/Ha)

Sector P/(L)BZT



P/(L)BZT* (RM mil)



Variance	Plantation	Sugar	Logistics
2Q20 vs 2Q19	▲ >100%	▲ 47%	▼ 4%
1H20 vs 1H19	▼ 54%	▼ 5%	▼ 16%

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

2Q20 vs 2Q19

- **Plantation** Sector recorded PBZT due to higher CPO price realised of RM2,309/MT (2Q19: RM1,955/MT) and lower CPO cost ex-mill of RM1,410/MT (2Q19: RM1,455/MT).
- **Sugar** Sector recorded lower LBZT due to improved production costs and better selling price.
- **Logistics** Sector recorded a slightly lower PBZT due to decreased bulking throughput offsetted by higher volume transported for FMCG goods.

The Group recorded an impairment of RM20 million in 2Q20 in relation to a rubber factory in Cambodia.

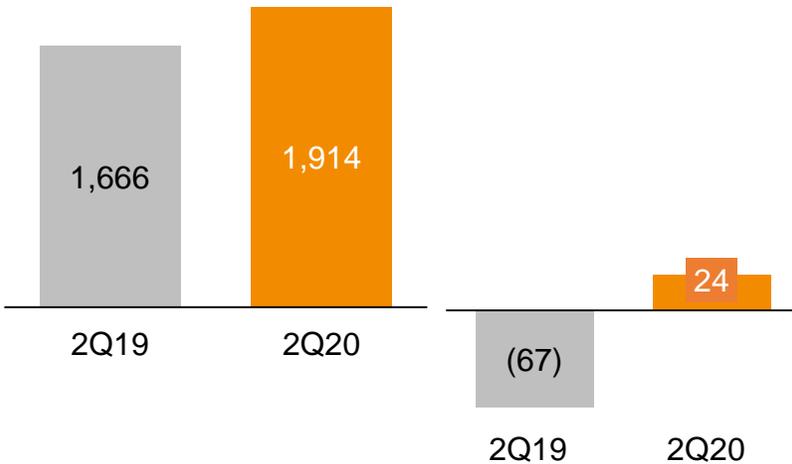
Plantation Sector: Results



Upstream & Trading

Revenue (RM mil)

P/(L)BZT (RM mil)



2Q20 vs 2Q19

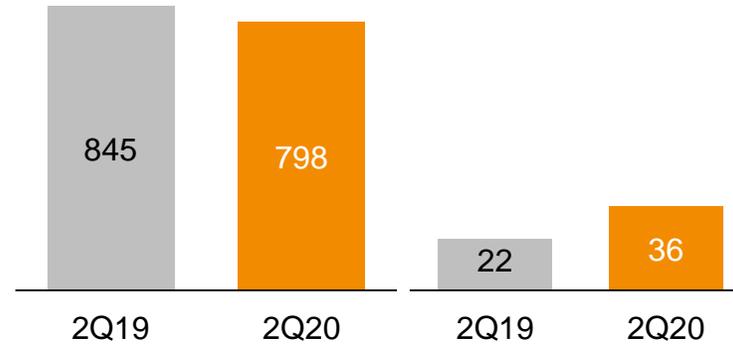
- PBZT of RM24 million in 2Q20 contributed by
- Improved CPO margin in tandem with higher CPO price; and
 - Higher FFB production.

Partially affected by lower margin and impairment of a rubber factory in Cambodia.

Downstream

Revenue (RM mil)

PBZT (RM mil)



2Q20 vs 2Q19

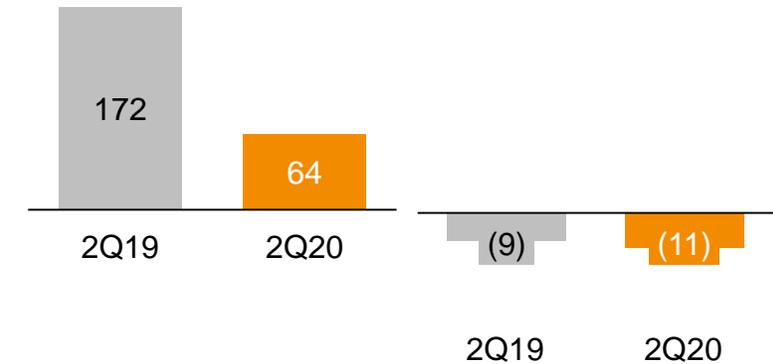
- Higher PBZT of RM36 million in 2Q20 due to
- Higher margin for FMCG products supported by reduced processing cost.

Partially impacted by low demand of biodiesel due to the pandemic's effects.

R&D and Fertiliser

Revenue (RM mil)

LBZT (RM mil)



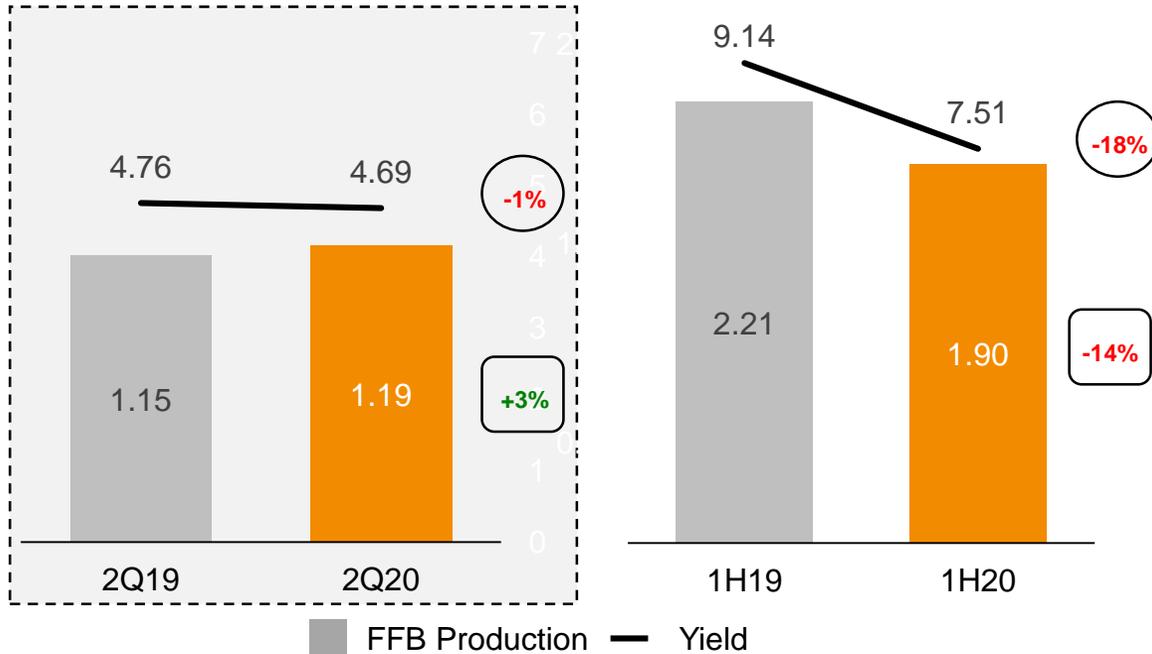
2Q20 vs 2Q19

- Higher LBZT of RM11 million in 2Q20 due to
- Lower seeds volume sold due to reduced replanting activities during MCO; and
 - Drop in overall sales volume as a result of the continuous MCO and decreased selling prices of fertiliser.

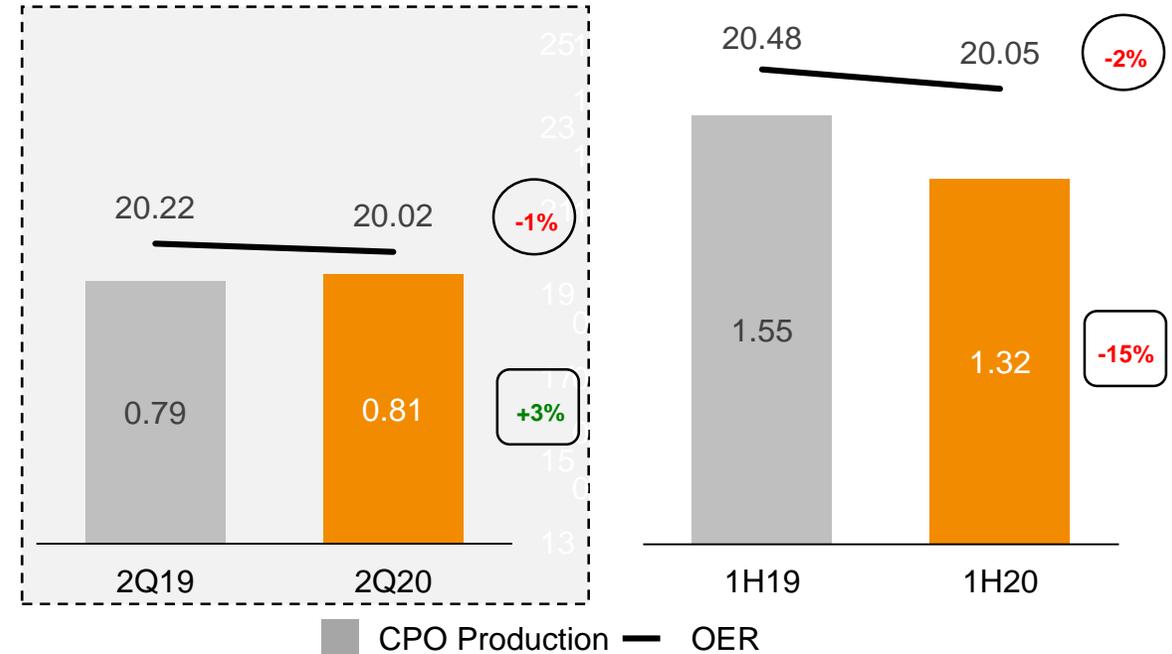
Plantation Sector: Upstream Operational Report



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



CPO Production (mil MT) & OER (%)



2Q20 vs 2Q19

- FFB production increased by 3% YoY due to improved crop recovery and higher mature hectarage.
- In 2Q20, we lost approximately 79,000 MT of FFB due to MCO.

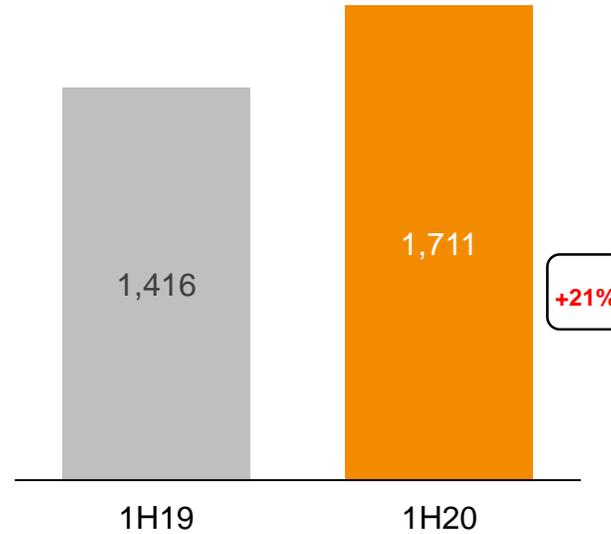
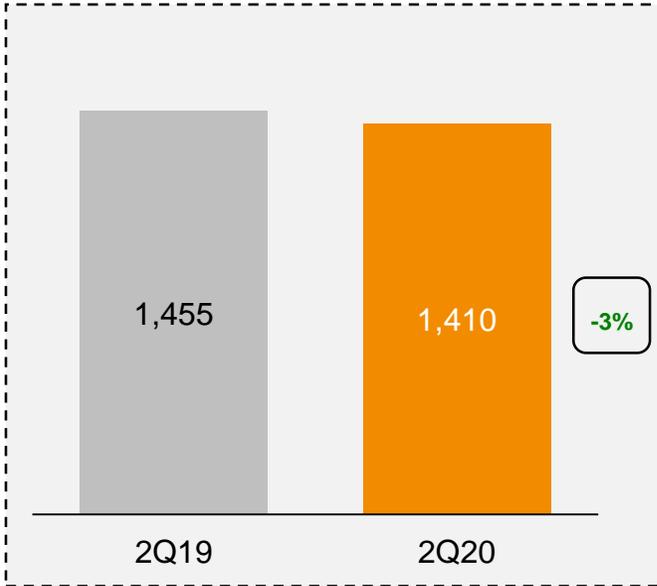
2Q20 vs 2Q19

- CPO production increased by 3% YoY due to increased FFB processed.
- OER decreased to 20.02% YoY due to lower FFB quality affected by MCO restrictions.

Plantation Sector: Upstream Operational Report



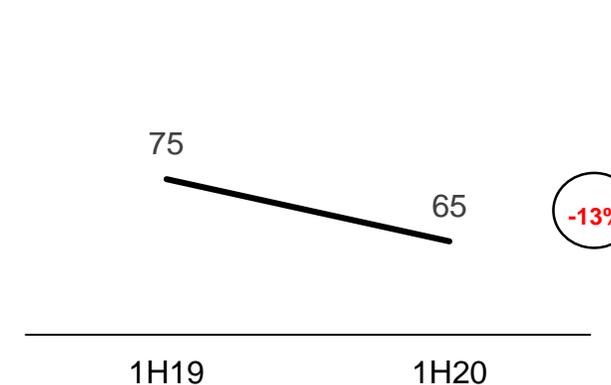
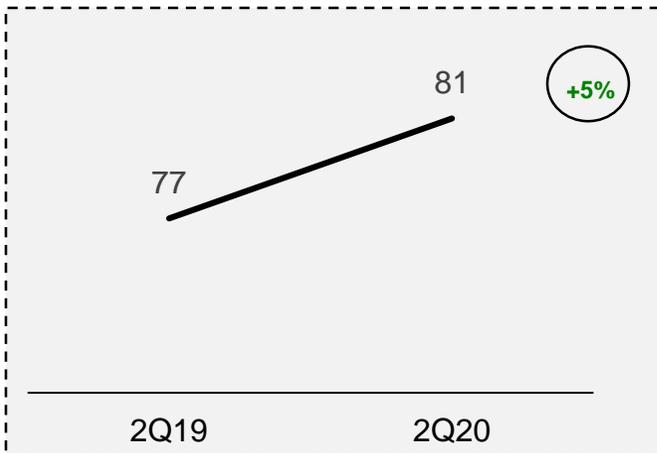
CPO Cost Ex-Mill (RM/MT)



2Q20 vs 2Q19

- CPO Cost Ex-Mill decreased by 3% YoY due to higher FFB processed and close monitoring of operational costs.

Utilisation Factor (%)



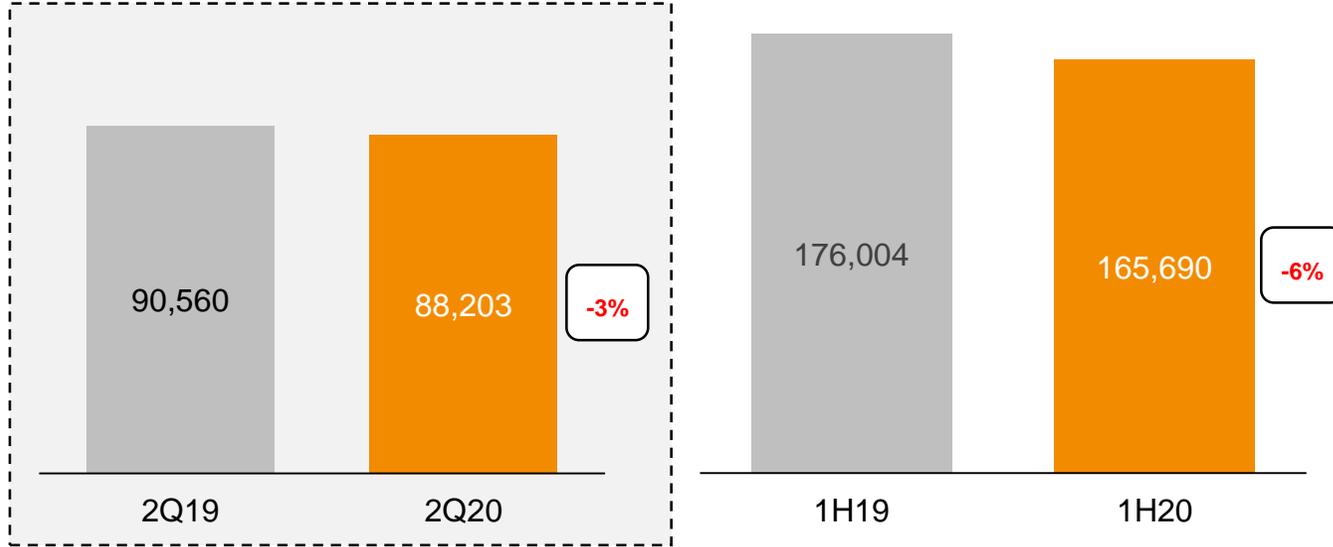
2Q20 vs 2Q19

- Utilisation factor increased to 81% YoY due to higher FFB volume processed.

Plantation Sector: Downstream Operational Report



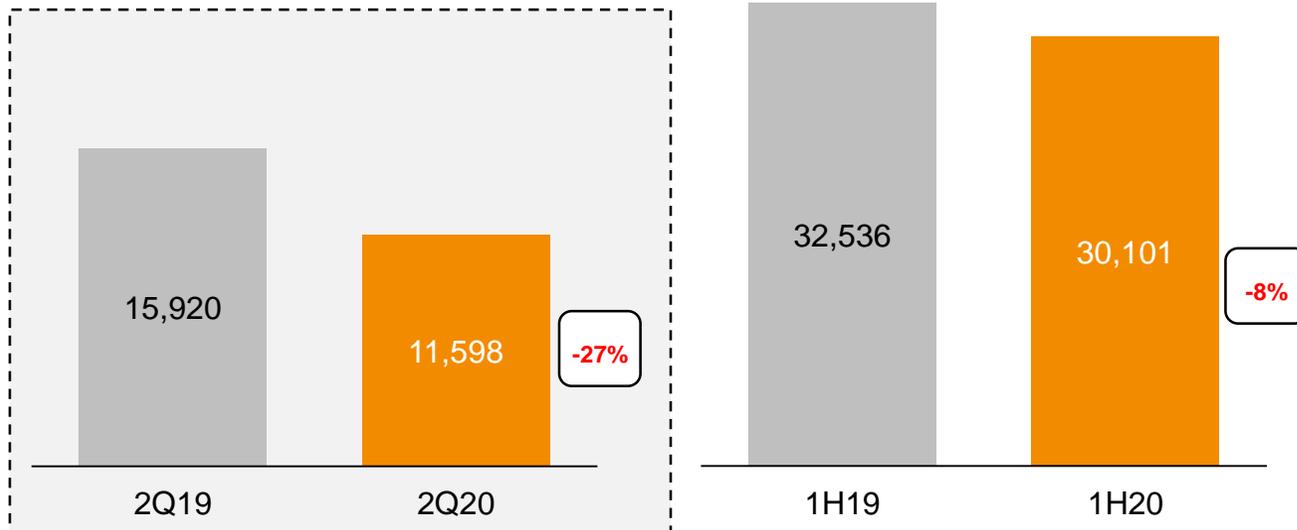
FMCG Sales Volume (MT)



2Q20 vs 2Q19

- FMCG sales volume dropped by 3% YoY due to lower demand from the HORECA sector and a slowdown in market due to the MCO.

Biodiesel Sales Volume (MT)



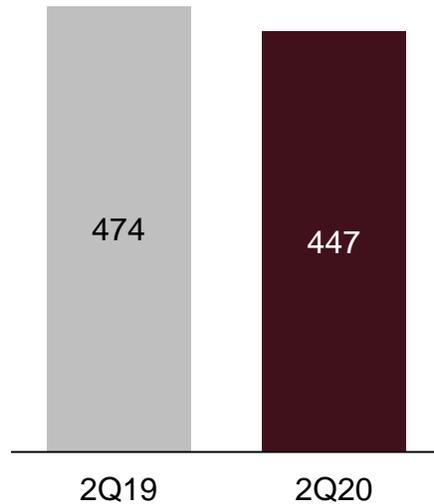
2Q20 vs 2Q19

- PME sales volume decreased by 27% due to lower demand from petroleum companies during the MCO.

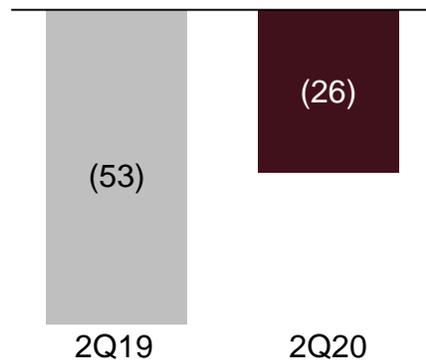
Sugar Sector: Results and Operational Report



Revenue (RM mil)



LBZT (RM mil)



Operational Report

	2Q19	2Q20	%	1H19	1H20	%
Sales Volume (MT)	221,799	210,045	-5%	446,031	445,096	-0.2%
Utilisation Factor (%)	48	38	-21%	47	40	-15%
Avg. Selling Price (RM/MT)	2,128	2,131	+0.1%	2,141	2,149	+0.4%

2Q20 vs 2Q19

Sugar Sector recorded lower LBZT of RM26 million in 2Q20 due to

- Better industry average selling price and reduced production costs.
- Lower finance cost as no loan modification incurred (2Q19: RM25 million).
- Partially offsetted by RM6.1 million for staff separation cost in MSM Perlis.

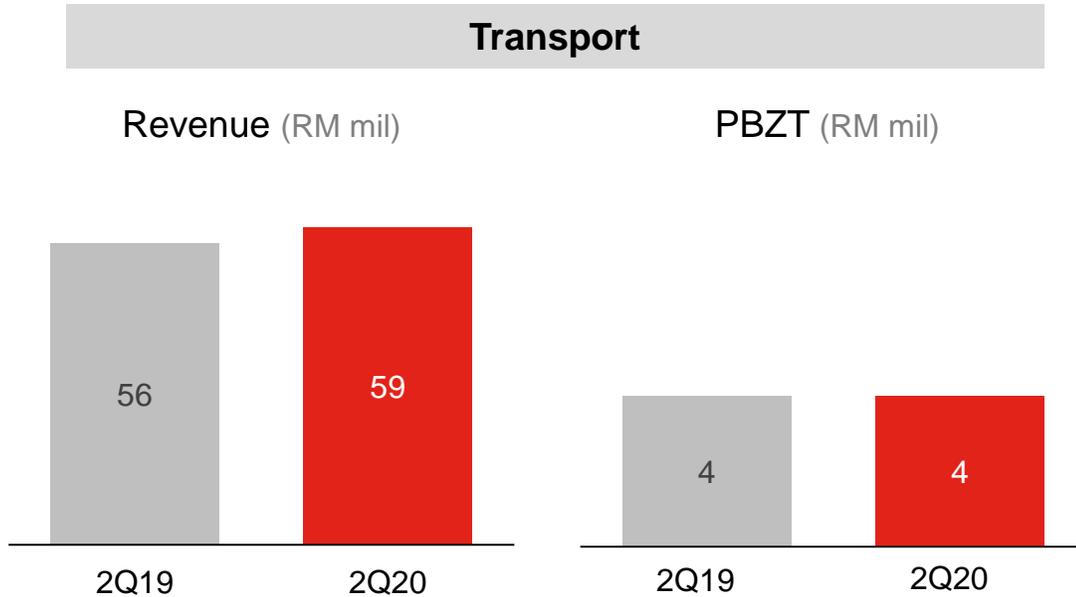
Operationally,

- Sales volume decreased by 5% mainly due to reduction in wholesale demand.

Logistics Sector: Results



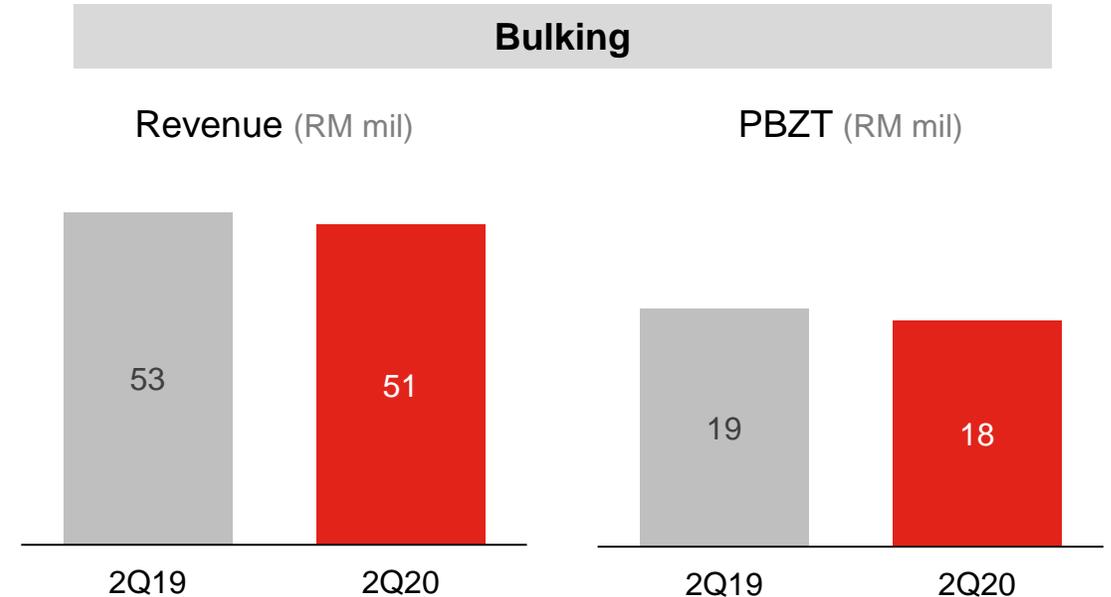
Transport



2Q20 vs 2Q19

- PBZT of RM4 million in 2Q20 due to contribution from 3PL business and reduction in diesel cost, partially offset by lower tonnage carried by 1%.

Bulking



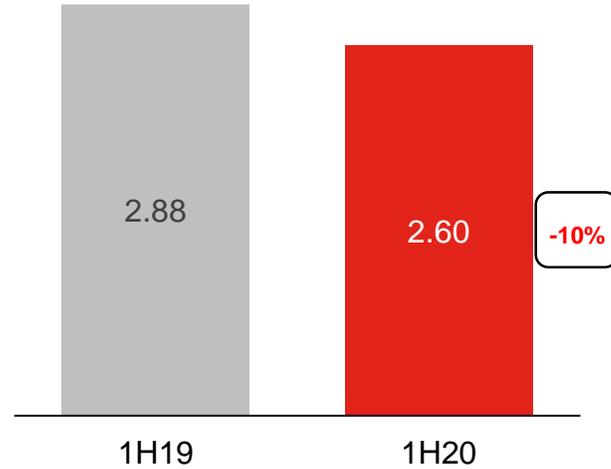
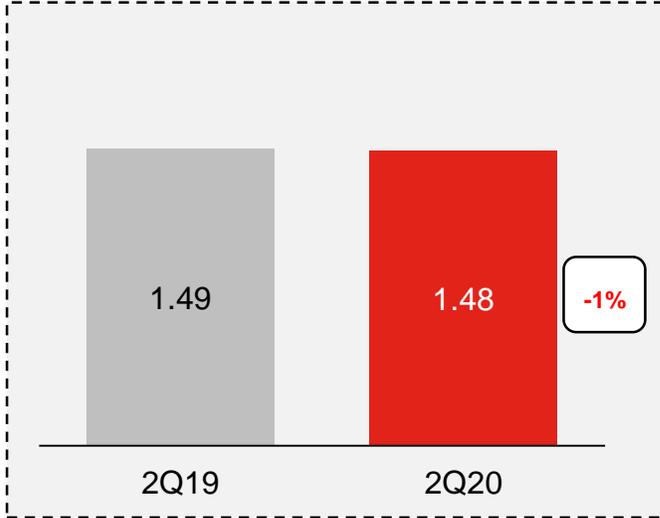
2Q20 vs 2Q19

- Lower PBZT of RM18 million in 2Q20 due to 7% reduction in bulking volume.

Logistics Sector: Operational Report



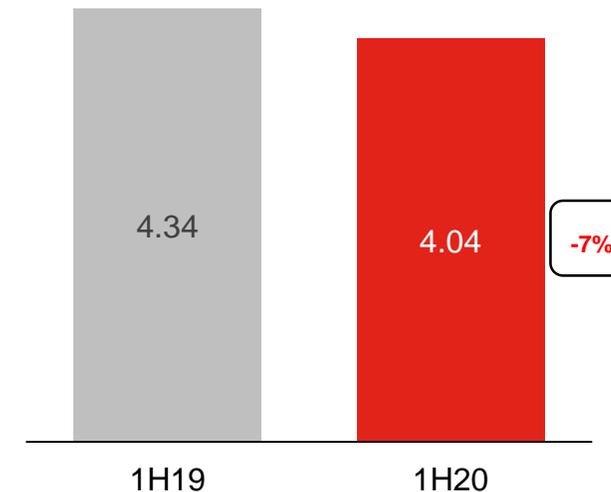
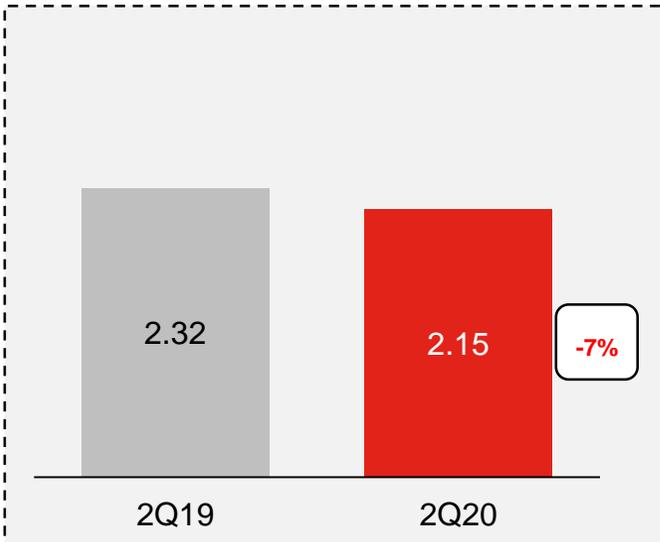
Transport Volume (mil MT)



2Q20 vs 2Q19

- Transport volume decreased by 1% YoY due to lower tonnage of palm products carried.

Bulking Volume (mil MT)



2Q20 vs 2Q19

- Bulking volume decreased by 7% YoY due to lower export volume of CPO products.

Key Financial Highlights



	<u>Note</u>	30.6.2020	31.12.2019	Changes (%)
Cash and Cash Equivalents (RM mil)		1,845	1,618	+14%
Total Borrowings without LLA (RM mil)		4,877	4,907	-1%
Liquidity Ratio (times)	(i)	0.98	1.00	-2%
Gearing Ratio* without LLA (times)		0.83	0.80	+3%

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

Note

(i) Reduction in Liquidity Ratio due to reclassification of asset held for sale of RM156 million in 2Q20.

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Business Updates



Updates

- In 2H 2020, we expect CPO prices to trade in the range of RM2,400 - RM2,600.
- As at 2Q 2020, FGV's foreign labour workforce stood at 96% of total requirement. Despite no recruitment during the MCO, we are maintaining our workers strength and minimising repatriation through 3R initiatives.
- The Integrated Farming business signed a distributorship agreement with My Agro Hub Resources to market 30 MT of animal feed every month.
- FGV Transport added
 - 15 units of 45-foot curtain side trailers to cater to the fast-moving consumer goods industry;
 - 15 units of dumper trucks for logistics in port areas; and
 - 5 units of trucks for transportation of palm methyl ester (PME).
- Divestment of non-core / non-performing business – we have completed negotiations and signed CSPAs for 3 divestments involving technology, consumer products and industrial land transactions.

THANK YOU

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Operational Highlights



	2Q20	2Q19	YOY	1H20	1H19	YOY
FFB Prod ('000 MT)	1,188	1,148	+3%	1,900	2,205	-14%
FFB Yield (MT/Ha)	4.69	4.76	-1%	7.51	9.14	-18%
CPO Production ('000 MT)	808	787	+3%	1,322	1,549	-15%
PK Production ('000 MT)	204	200	+2%	339	398	-15%
OER (%)	20.02	20.22	-1%	20.05	20.48	-2%
KER (%)	5.06	5.15	-2%	5.14	5.26	-2%
Avg. PK Price (RM/MT)	1,299	1,063	+22%	1,418	1,156	+23%
Avg. CPO Price (RM/MT)	2,309	1,955	+18%	2,453	1,972	+24%
CPO Cost Ex-mill (RM/MT)	1,410	1,455	-3%	1,711	1,416	+21%
Lauric Sales Vol. (MT)	63,124	68,630	-8%	118,379	136,702	-13%
Oleochemical Sales Vol. ('000 lbs)	73,280	71,362	3%	149,060	146,636	2%

Movement in Land Lease Liability in FGVPM



RM million	Q1 2020	Q2 2020	2020	Q1 2019	Q2 2019	Q3 2019	Q4 2019	2019
At the start of the period	4,316.1	4,312.5	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)	(60.9)	(121.8)	(61.0)	(62.0)	(64.8)	(61.0)	(248.8)
Recurring income statement charges/(credits)	84.3	103.7	188.0	94.6	103.5	109.0	99.1	406.2
Total income statement charges/(credits) from revisions in projections	(27.0)	(27.8)	(54.8)	(8.2)	(24.6)	4.2	(140.7)	(169.3)
Total charge/(credit) to the income statement	57.3	75.9	133.2	86.4	78.9	113.2	(41.6)	236.9
Closing LLA liability balance	4,312.5	4,327.5	4,327.5	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	202.6	202.5
Reversal of over accrual for current quarter	(14.6)	(4.4)
Revisions in projections and other adjustments	(54.8)	(32.8)
Total (credit)/charge to the Income Statement	133.2	165.3