



FGV HOLDINGS BERHAD

FINANCIAL RESULTS BRIEFING

3Q FY2020 – 30 September 2020

Tuesday, 17 November 2020

DISCLAIMER

These materials have been prepared by FGV Holdings Berhad (“FGV” or the “Company”) solely for informational purposes, and are strictly confidential and may not be taken away, reproduced or redistributed to any other person. By attending this presentation, participants agree not to remove this document from the conference room where such documents are provided without express written consent from the Company. Participants agree further not to photograph, copy or otherwise reproduce these materials at any point of time during the presentation or while in your possession. By attending this presentation, you are agreeing to be bound by the foregoing restrictions. Any failure to comply with these restrictions may result in a violation of applicable laws and commencement of legal proceedings against you.

It is not the Company’s intention to provide, and you may not rely on these materials as providing, a complete or comprehensive analysis of the Company’s financial position or prospects. The information contained in these materials has not been independently verified and is subject to verification, completion and change without notice. The information contained in these materials is current as of the date hereof and are subject to change without notice, and its accuracy is not guaranteed. The Company is not under any obligation to update or keep current the information contained in these materials subsequent to the date hereof. Accordingly, no representation or warranty, express or implied, is made or given by or on behalf of the Company, or any of its directors and affiliates or any other person, as to, and no reliance should be placed for any purposes whatsoever on, the fairness, accuracy, completeness or correctness of, or any errors or omissions in, the information contained in these materials. Neither the Company, its directors, officers or employees nor any other person accepts any liability whatsoever for any loss howsoever arising from any use of these materials or their contents or otherwise arising in connection therewith.

These materials contain historical information of the Company which should not be regarded as an indication of future performance or results. These materials may also contain forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements reflect the Company’s current views with respect to future events and are not a guarantee of future performance or results. Actual results, performance or achievements of the Company may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company’s present and future business strategies and the environment in which the Company will operate in the future, and must be read together with such assumptions. Predictions, projections or forecasts of the economy or economic trends of the markets are not necessarily indicative of the future or likely performance of the Company, and the forecast financial performance of the Company is not guaranteed. No reliance should be placed on these forward-looking statements, if any.



TODAY'S AGENDA

- 01** Executive Summary
- 02** 3Q FY2020 Results
- 03** Business Updates



Executive Summary

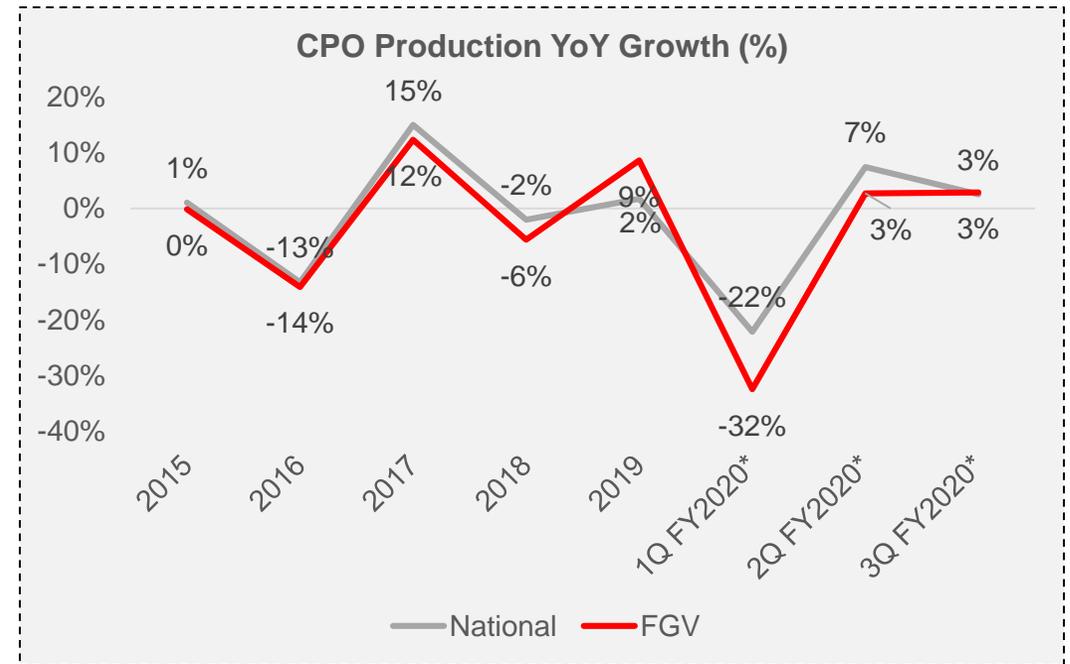
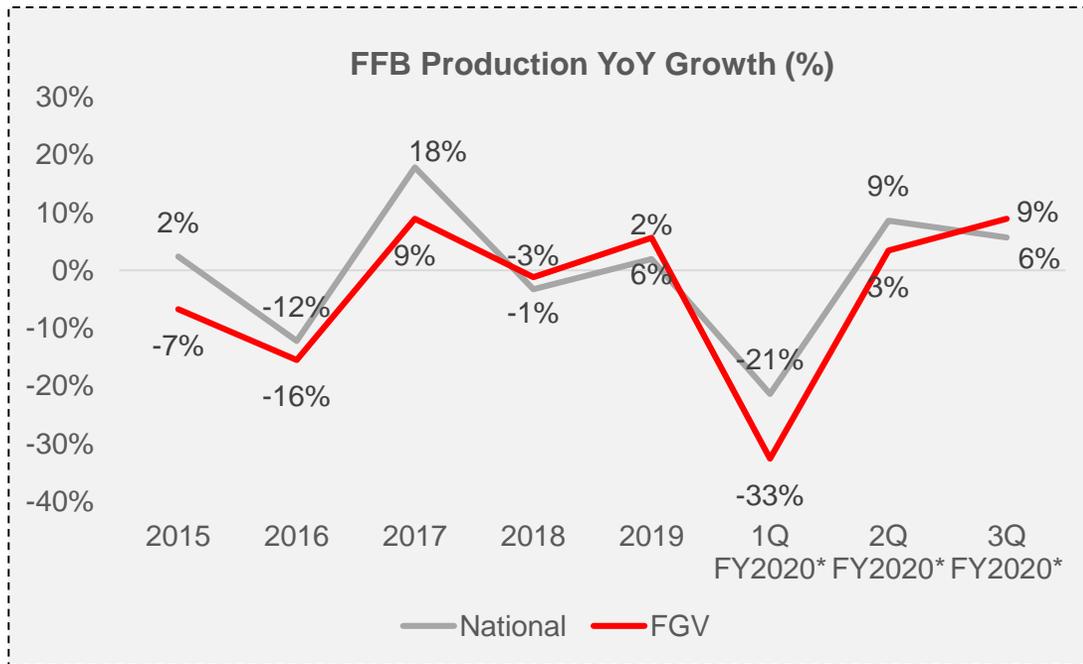


- In the face of challenges in many aspects, the Group recorded a Profit before Zakat and Taxation of RM173 mn, its best quarterly result after 4Q FY2017.
- While CPO production is in line with national production, FFB production continues to outpace national production attributed by improving crop recovery and increased mature areas.
- Despite an improved sales volume and gross margin, our sugar business was partially offset by impairment and write-off.
- Meanwhile, the logistic business reported a lower profit due to lower bulking throughput and transportation rate.
- FGV's strategic plans are on track to further grow and strengthen its high value-add business activities focusing on food and branded consumer products and potentially expedited to provide higher expected returns.

FGV's Production vs. National Production Growth



- After a slow start in 1Q FY2020 which was mainly due to the impact of dry weather, FGV's FFB production is back on track to outpace the national production growth, while CPO production is in line.
- Both FFB and CPO production in 4Q FY2020 will be impacted by weather uncertainties and partial lockdown in Sabah with CPO price remaining strong until the end of the year.



Sources: MPOB, Company internal data
 * Against previous corresponding quarter in 2019.

TODAY'S AGENDA



01 Executive Summary

02 3Q FY2020 Results

03 Business Updates

FGV recorded PBZT of RM173 mn & PATAMI of RM137 mn in 3Q FY2020

**3Q
FY2020**

Revenue (RM)

3,989 mn
12% YoY

Higher CPO price realised
of RM 2,645/MT

Operating Profit*(RM)

364 mn
>100% YoY

Higher palm products
margin & higher gross
profit margin in Sugar
business

PBZT (RM)

173 mn
>100% YoY

Lower Impairments

PATAMI (RM)

137 mn
>100% YoY

**9M
FY2020**

Revenue (RM)

10,067 mn
-1% YoY

Lower palm products sales
volume

Operating Profit*(RM)

430 mn
51% YoY

Improved margin in palm
product & higher gross
margin in Sugar business

PBZT (RM)

27 mn
>100% YoY

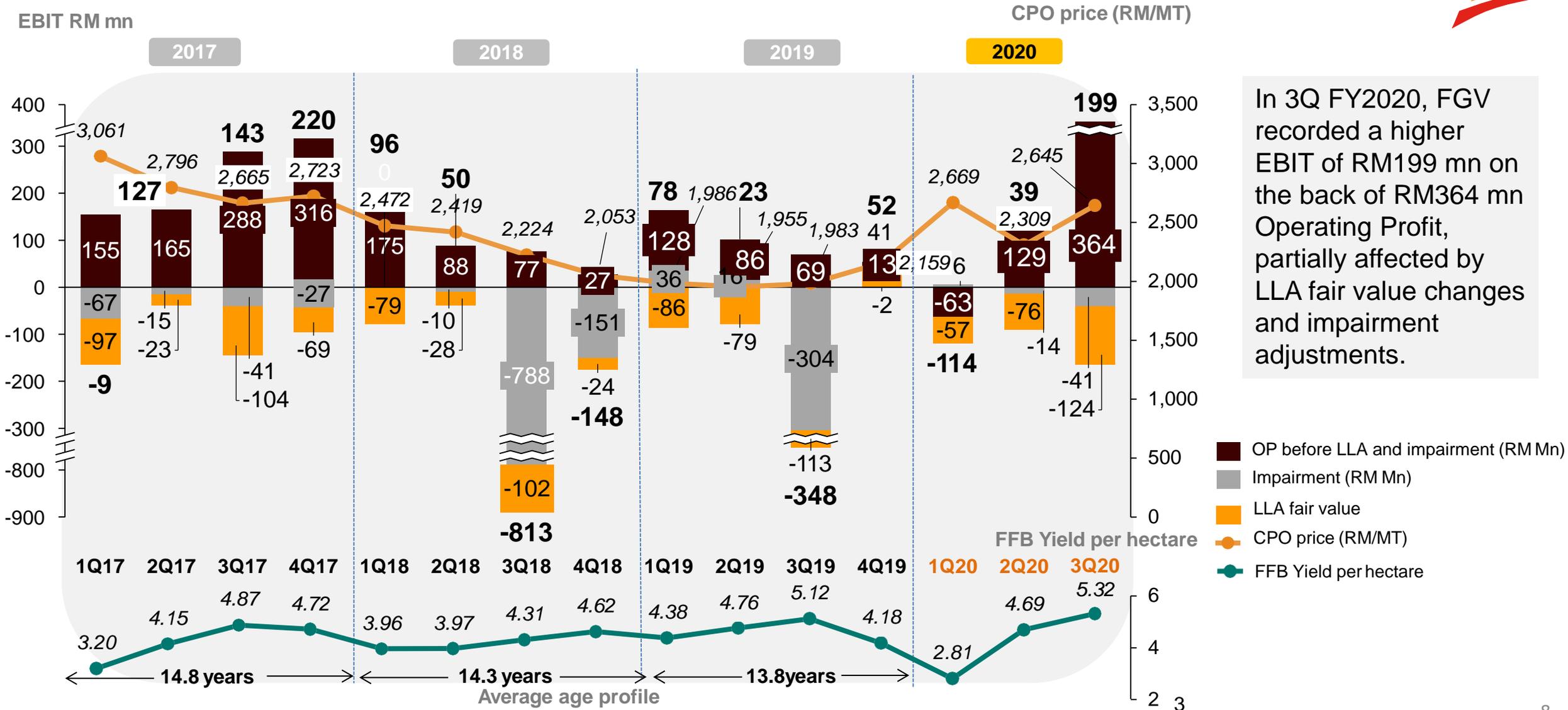
Lower Impairments, LLA Fair
Value and Finance Cost.

PATAMI (RM)

15 mn
>100% YoY

* before LLA & Impairment

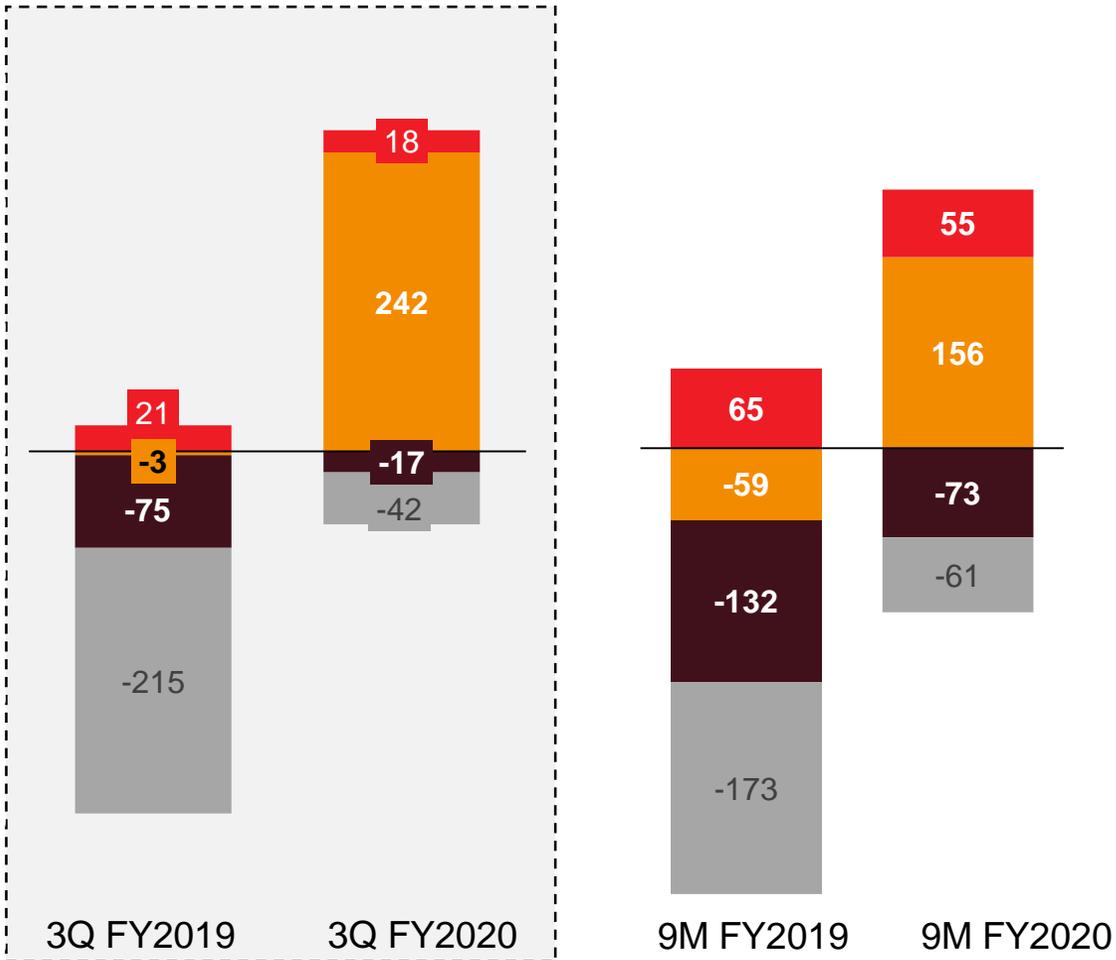
Quarterly EBIT vs CPO Price vs FFB Yield



In 3Q FY2020, FGV recorded a higher EBIT of RM199 mn on the back of RM364 mn Operating Profit, partially affected by LLA fair value changes and impairment adjustments.

Sector P/(L)BZT

P/(L)BZT* (RM mn)



Variance	Plantation	Sugar	Logistics
3Q FY2020 vs. 3Q FY2019	▲ >100%	▲ 77%	▼ 12%
9M FY2020 vs. 9M FY2019	▲ >100%	▲ 45%	▼ 15%

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

3Q FY2020 vs. 3Q FY2019

- **Plantation** Sector recorded PBZT due to improvement in CPO margin in tandem with higher CPO price and lower CPO cost ex-mill.
- **Sugar** Sector recorded lower LBZT due to better sales volume, increased production yield, and lower refining cost.
- **Logistics** Sector recorded a lower PBZT due to decreased bulking throughput offset by higher volume transported for FMCG goods.

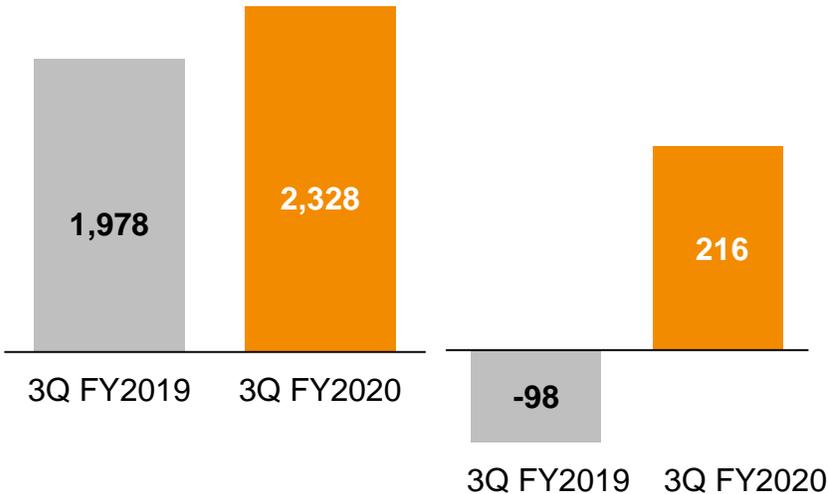
Plantation Sector: Results



Upstream & Trading

Revenue (RM mn)

(L)/PBZT (RM mn)



3Q FY2020 vs. 3Q FY2019

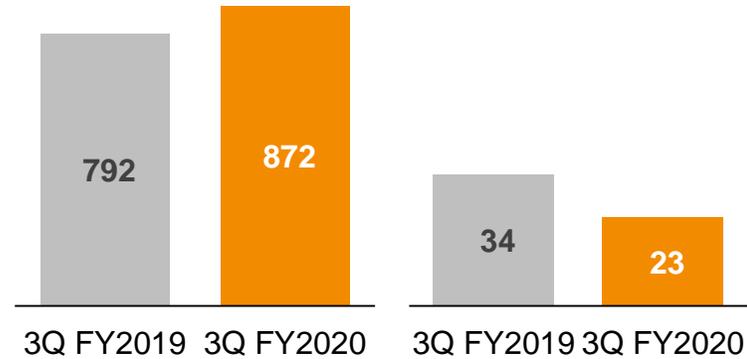
PBZT of RM216 mn in 3Q FY2020 contributed by:

- Improved CPO margin in tandem with higher CPO price.
- Higher FFB production and higher yield.
- Lower Impairment.

Downstream

Revenue (RM mn)

PBZT (RM mn)



3Q FY2020 vs. 3Q FY2019

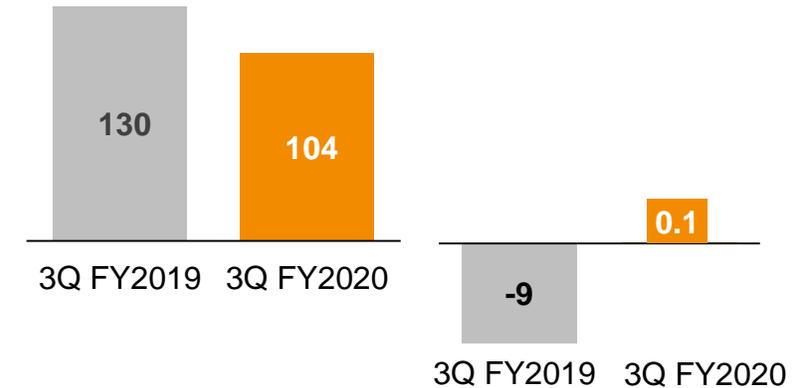
Lower PBZT of RM23 mn in 3Q FY2020 due to:

- Lower share of results from JVs.
- Partially impacted by the low demand for biodiesel.

R&D and Fertiliser

Revenue (RM mn)

(L)/PBZT (RM mn)



3Q FY2020 vs. 3Q FY2019

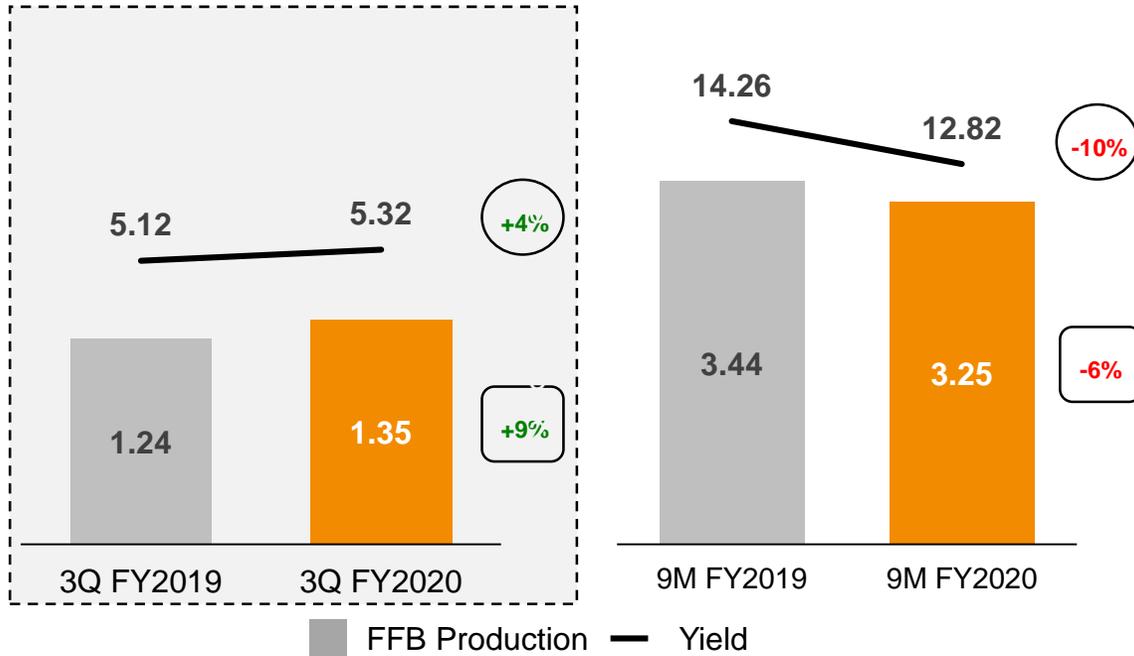
Improved LBZT of RM0.1 mn in 3Q FY2020 due to:

- Higher seeds volume and selling price.
- Offset with lower fertiliser volume due to lack of new tenders.

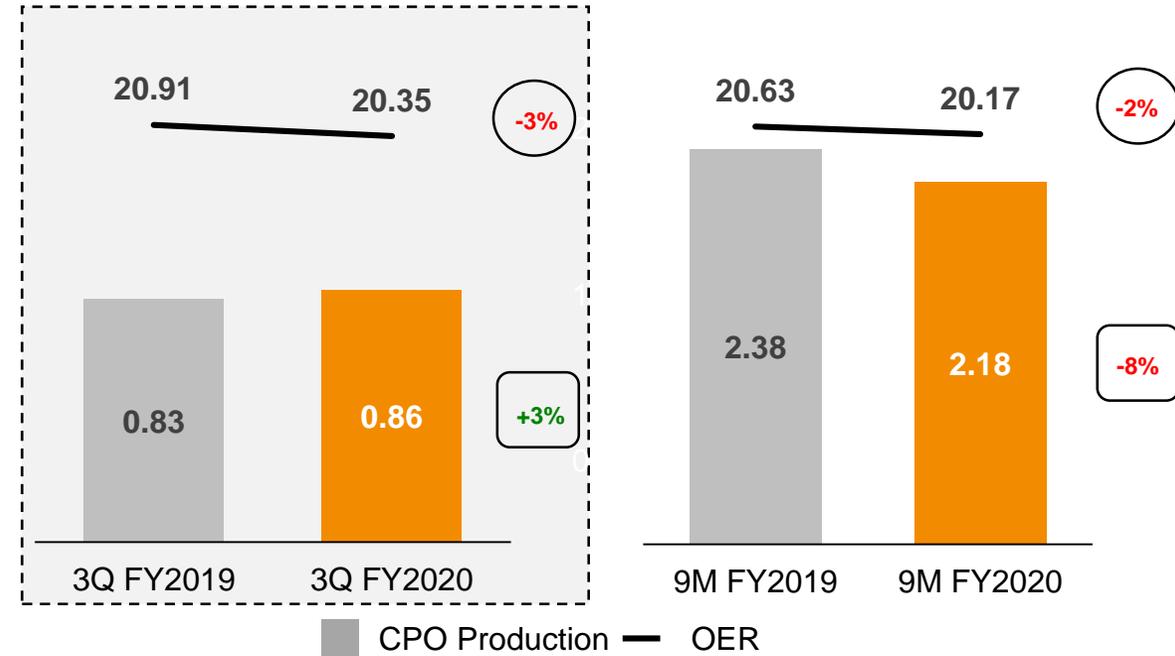
Plantation Sector: Upstream Operational Report



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



CPO Production (mn MT) & OER (%)



3Q FY2020 vs. 3Q FY2019

- FFB production increased by 9% YoY due to improved crop recovery and higher mature hectarege.

3Q FY2020 vs. 3Q FY2019

- CPO production increased by 3% YoY due to increased FFB processed.
- OER decreased to 20.35% caused by unfavorable weather conditions in East Coast, Southern Peninsular and Sabah.

Plantation Sector: Upstream Operational Report



CPO Cost Ex-Mill (RM/MT) & Utilisation Factor (%)



3Q FY2020 vs. 3Q FY2019

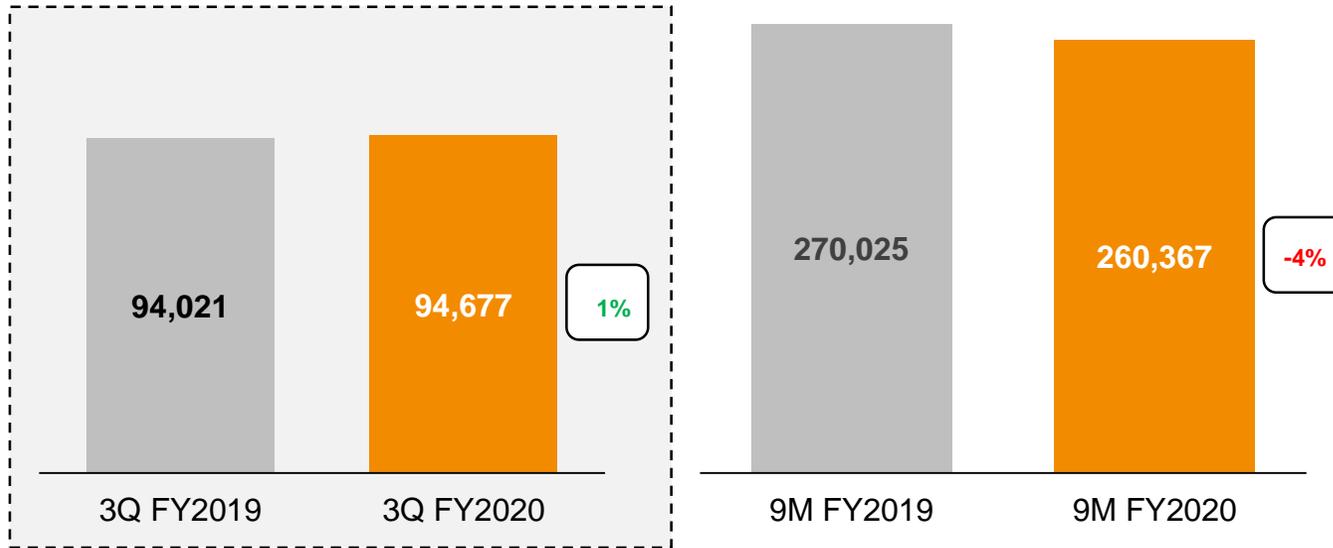
- CPO Cost Ex-Mill decreased by 5% YoY due to higher FFB processed and close monitoring of plantation cost.
- Utilisation factor increased to 83% due to higher FFB volume processed.

■ CPO Cost Ex-Mill — UF

Plantation Sector: Downstream Operational Report



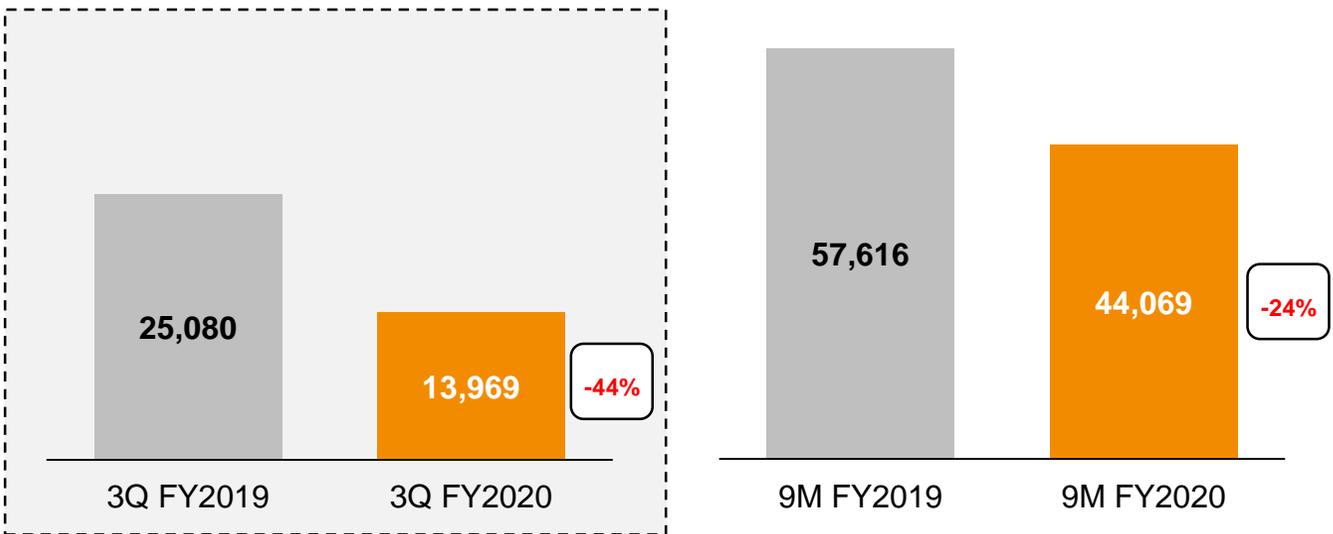
Consumer Products Sales Volume (MT)



3Q FY2020 vs. 3Q FY2019

- The volume has slightly increased due to the export demand and the successful deliveries of packed products for ongoing contracts.

Biodiesel Sales Volume (MT)



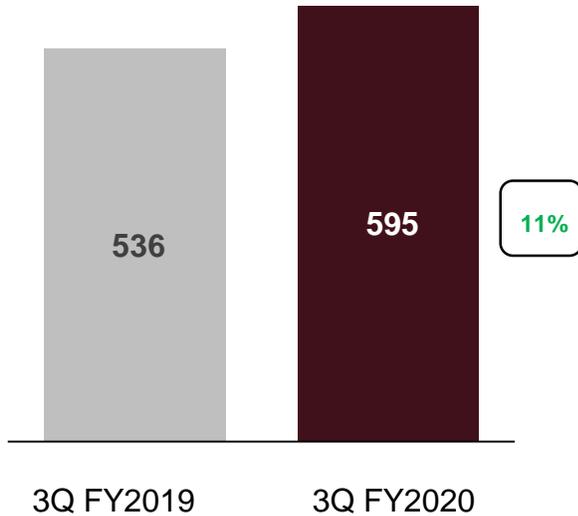
3Q FY2020 vs. 3Q FY2019

- Lower PME demand due to MCO and unplanned plant shutdown in early July.

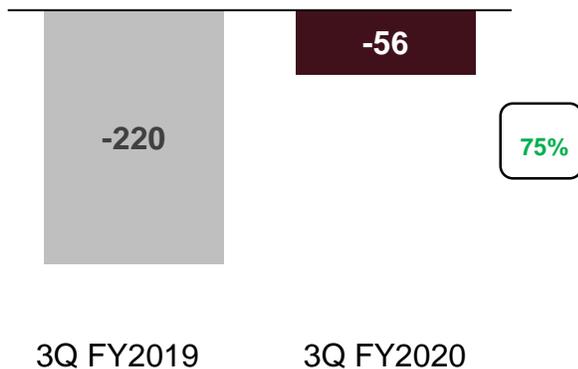
Sugar Sector: Results and Operational Report



Revenue (RM mn)



LBZT (RM mn)



Operational Report

	3Q FY2019	3Q FY2020	%	9M FY2019	9M FY2020	%
Sales Volume (MT)	252,225	286,581	+14%	698,257	731,667	+5%
Utilisation Factor (%)	50	52	+4%	47	44	-6%
Avg. Selling Price (RM/MT)	2,089	2,063	-1%	2,122	2,115	-0.3%

3Q FY2020 vs. 3Q FY2019

Sugar sector recorded lower LBZT in 3Q FY2020 due to:

- Higher sales revenue attributed by better volume in Industry and Export segments as well as higher Export premium.
- Write-off and impairment of bearer plants due to fire incident in Chuping Land, Perlis, and change of accounting treatment on the same assets due to cancellation of sales.

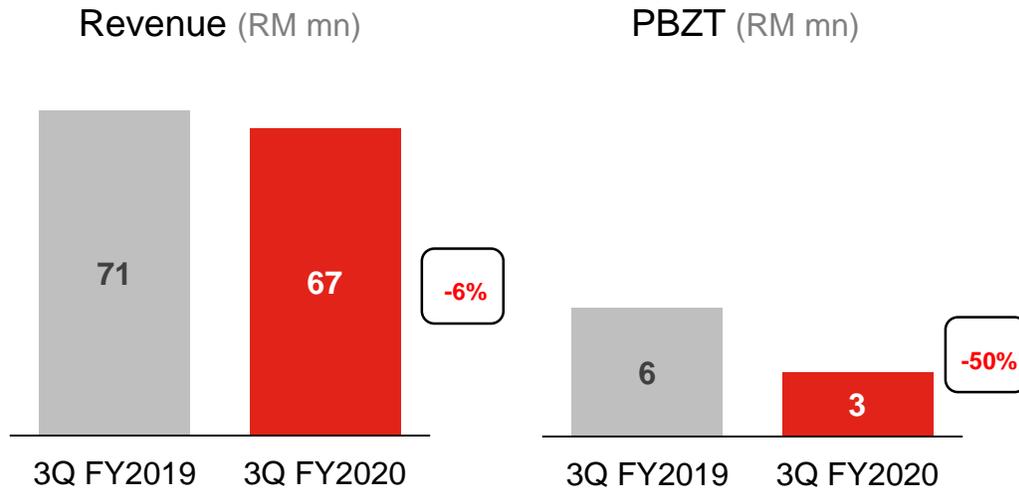
Operationally,

- Higher utilisation factor due to capacity consolidation resulting in lower refining cost.
- Better refined sugar processing yield and reduced sales and distribution cost.

Logistics Sector: Results



Transport

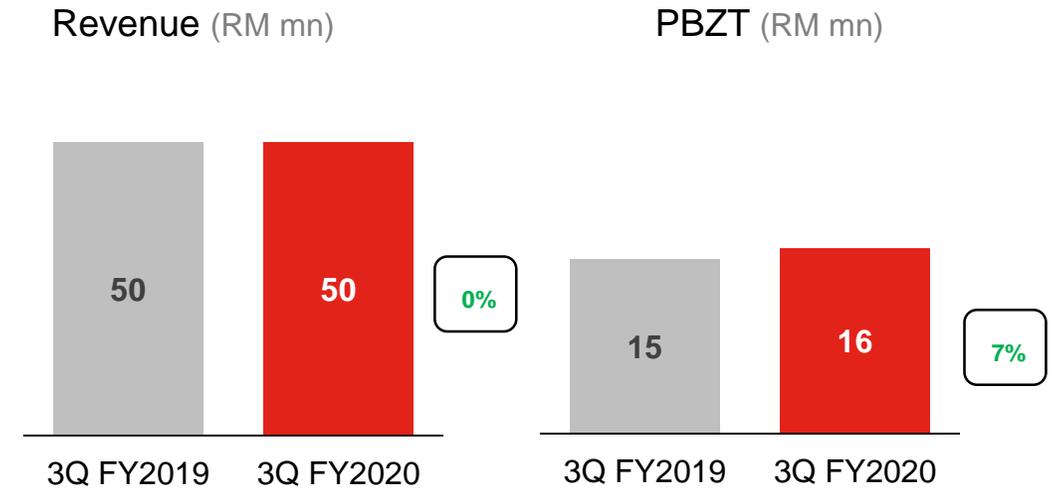


3Q FY2020 vs. 3Q FY2019

Lower PBZT of RM3 mn in 3Q FY2020 due to:

- Lower transportation rate by 9% but offset by higher tonnage carried by FGV Transport.

Bulking



3Q FY2020 vs. 3Q FY2019

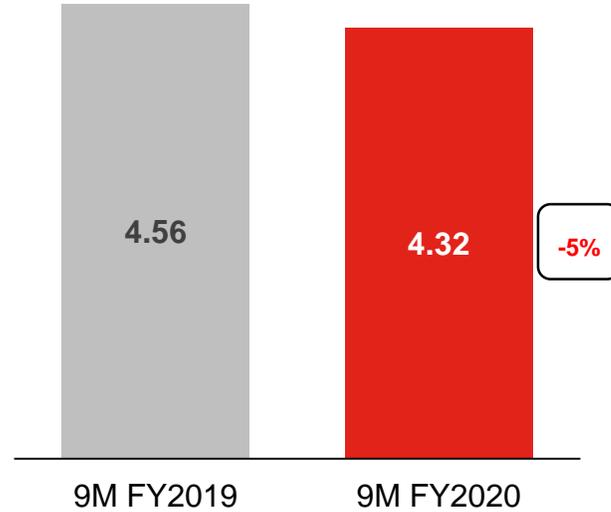
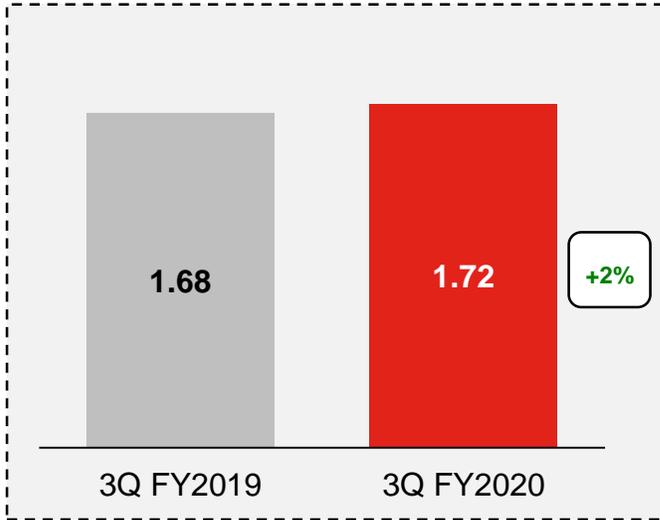
Increased PBZT of RM16 mn in 3Q FY2020 due to:

- Increase in FJB Group handling rate by 2% but offset by decrease in throughput handled by 5%.

Logistics Sector: Operational Report



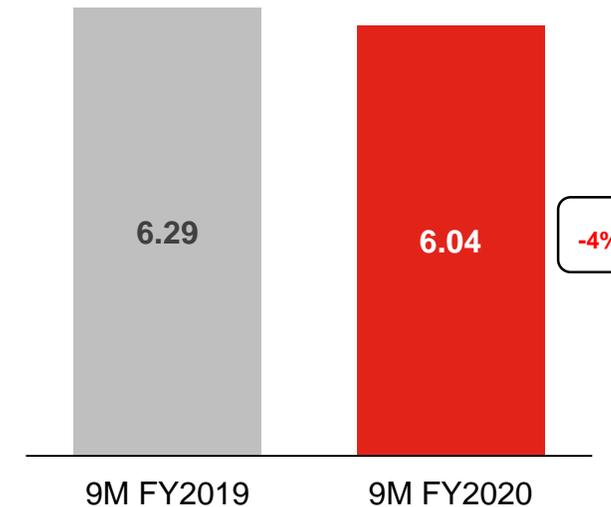
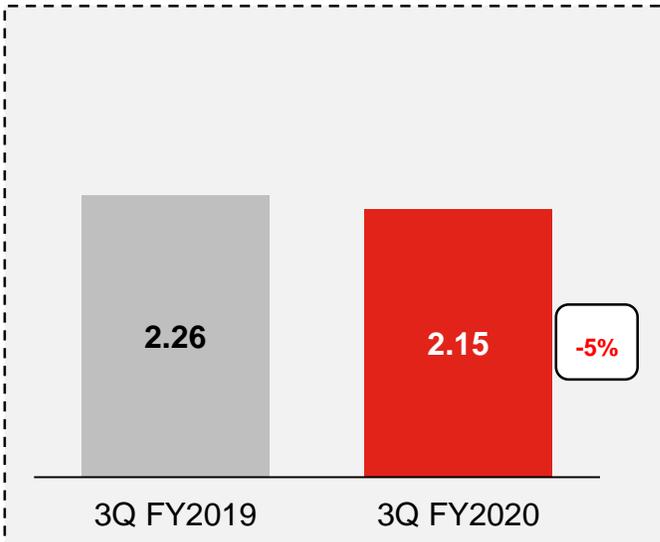
Transport Volume (mn MT)



3Q FY2020 vs. 3Q FY2019

- Transport volume increased by 2% due to an increase in Cargo tonnage carried.

Bulking Volume (mn MT)



3Q FY2020 vs. 3Q FY2019

- Bulking volume decreased by 5% due to lower throughput from major customers and lower biodiesel handled.

Key Financial Highlights



		30.9.2020	31.12.2019	Changes (%)
Cash and Cash Equivalents (RM mn)		1,731	1,618	+7%
Total Borrowings without LLA (RM mn)		4,525	4,907	-8%
Liquidity Ratio (times)		1.02	1.00	+2%
Gearing Ratio* without LLA (times)		0.76	0.80	-5%

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

TODAY'S AGENDA



01 Executive Summary

02 3Q FY2020 Results

03 Business Updates

Business Updates



CPO Price Outlook

- In 1H FY2021, FGV expects the CPO price to trade in a range of RM2,500-RM2,600.



Foreign Labour Updates

- For 4Q FY2020, FGV is expecting 90% of total requirement, 4% reduction from 3Q FY2020.
- For 2021, FGV will be guided by government policies on foreign labour shortage.



Sugar Business

- Capacity upgrade for value-added products on liquid sugar and fine syrup in MSM Johor is set for completion in 4Q FY2020.
- Continuation of just-in-time raw sugar procurement method for 2021.



Logistic Business

- Secured a 3-year new external contract to transport 165,000 MT CPO per annum.
- Completion of an additional 15,600 MT storage capacity in Pasir Gudang and Port Klang.



Integrated Farming & Consumer Products

- Launched three (3) essential food items under the flagship brand SAJI Rice, SAJI Coarse Sugar and SAJI Coconut Milk.
- Granted a rice wholesale licence from the Ministry of Agriculture and Food Industries.
- New fresh milk factory with a capacity of 30,000 litres per day scheduled to be completed in 1H FY2021.



Sustainability Updates

- On the RSPO Suspension of Seriting Mill and certification process of uncertified complexes, the verification audit by RSPO began on 13 November 2020. Due to CMCO, on-field verification exercises are deferred until after the CMCO.
- On addressing the US CBP WRO on FGV's palm oil and palm products, FGV is committed to taking all the necessary steps and measures towards the revocation of the WRO.



Divestment of Non-Core Business

- Completed negotiations and signed CSPAs for two (2) divestments involving Kao Malaysia and FGV Cambridge Nanosystems with approximately RM57.2 mn worth of value.

THANK YOU

Investor Relations Unit, Group Strategy Division
FGV Holdings Berhad (HQ)
Level 20, Wisma FGV, Jalan Raja Laut,
50350 Kuala Lumpur, Malaysia.
T +603 2789 0000
E fgv.investors@fgvholdings.com

Operational Highlights



	3Q FY2020	3Q FY2019	YOY	9M FY2020	9M FY2019	YOY
FFB Prod ('000 MT)	1,346	1,235	+9%	3,246	3,440	-6%
FFB Yield (MT/Ha)	5.32	5.12	+4%	12.82	14.26	-10%
CPO Production ('000 MT)	856	832	+3%	2,179	2,381	-8%
PK Production ('000 MT)	214	203	+5%	554	601	-8%
OER (%)	20.35	20.91	-3%	20.17	20.63	-2%
KER (%)	5.10	5.11	-0.2%	5.12	5.21	-2%
Avg. PK Price (RM/MT)	1,447	1,101	+31%	1,430	1,136	+26%
Avg. CPO Price (RM/MT)	2,645	1,983	+33%	2,536	1,975	+28%
CPO Cost Ex-mill (RM/MT)	1,423	1,496	-5%	1,591	1,447	+10%
Lauric Sales Vol. (MT)	52,047	67,543	-23%	170,427	204,245	-17%
Oleochemical Sales Vol. ('000 lbs)	68,800	71,867	-4%	217,950	218,503	-0.3%

Movement in Land Lease Liability in FGVPM



RM mn	Q1 FY2020	Q2 FY2020	Q3 FY2020	2020	Q1 FY2019	Q2 FY2019	Q3 FY2019	Q4 FY2019	2019
At the start of the period	4,316.1	4,312.5	4,327.5	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)	(45.9)	(167.7)	(61.0)	(62.0)	(64.8)	(61.0)	(248.8)
Recurring income statement charges/(credits)	84.3	101.7	103.7	289.7	94.6	103.5	109.0	99.1	406.2
Total income statement charges/(credits) from revisions in projections	(27.0)	(25.8)	20.0	(32.8)	(8.2)	(24.6)	4.2	(140.7)	(169.3)
Total charge/(credit) to the income statement	57.3	75.9	123.7	256.9	86.4	78.9	113.2	(41.6)	236.9
Closing LLA liability balance	4,312.5	4,327.5	4,405.3	4,405.3	4,353.4	4,370.3	4,418.7	4,316.1	4,316.1

Total (credit)/charge to Income Statement

RM million	YTD Q3 2020	YTD Q3 2019
Unwinding of discounts	301.1	307.9
Reversal of over accrual for current quarter	(11.4)	(0.8)
Revisions in projections and other adjustments	(32.8)	(28.6)
Total (credit)/charge to the Income Statement	256.9	278.5