MEDIA RELEASE

For Immediate Release

FGV records PBZT of RM353 million in FY2020

- *Highest positive financial performance in five years*
- *Board recommends dividend of 3 sen per share*

Kuala Lumpur, 26 February 2021: FGV Holdings Berhad (FGV) recorded a profit before zakat and tax (PBZT) of RM326 million for the fourth quarter ended 31 December 2020, a significant improvement from a PBZT of RM46 million in the previous corresponding quarter.

For the period under review, crude palm oil (CPO) price averaged RM3,059 per metric tonne (MT), which was higher than the average CPO price realised in 4Q FY2019 of RM2,159 per MT. The Group's revenue for the quarter in review increased significantly to RM4.00 billion, compared to RM3.15 billion in 4Q FY2019.

Dato' Haris Fadzilah Hassan, FGV Group Chief Executive Officer said, "I am pleased to report the highest positive financial performance in five years for FGV, despite various challenges faced by the group and the palm oil industry in 2020. The pandemic outbreak affected domestic and global demand, and was further aggravated by disruption in upstream activities such as harvesting and collecting fresh fruit bunches (FFB) due to the Movement Control Order."

For the full year ended December 2020, FGV posted a PBZT of RM353 million, compared to a loss before zakat and tax of RM338 million in FY2019. Revenue for FY2020 was RM14.08 billion, an increase by six percent from RM13.26 billion in the previous year. Average CPO price realised for FY2020 increased by 32 percent to RM2,675 per MT compared to RM2,021 per MT in FY2019.

Following FGV's positive financial performance and healthy balance sheet, the Board of Directors of FGV has declared three sen per share of final dividend for the financial year ended 31 December 2020.

For the quarter under review, the Plantation Sector recorded PBZT of RM474 million, a significant improvement from a PBZT of RM72 million in the previous corresponding quarter. The increased financial performance was due to improved CPO margin in tandem with higher CPO price realised, better CPO sales volume, improved oil extraction rate (OER) and lower ex-mill production cost.

In the upstream segment, FFB production increased by three percent to 1.04 million MT compared to 1.01 million MT in 4Q FY2019. This was primarily due to improved crop recovery and higher mature hectarage.

Despite a 1.5 percent increase in CPO production from 0.68 million MT in 4Q FY2019 to 0.69 million MT in 4Q FY2020 resulting from increased FFB processed, there was a slight improvement in the OER due to better FFB quality and process efficiency. Meanwhile, mill utilisation factor (UF) remained at 66 percent. As a result of reduction in estate cost and higher OER, CPO cost ex-mill decreased marginally by two percent to RM1,699 per MT, compared to RM1,731 per MT in 4Q FY2019.

The Group's downstream segment registered a higher PBZT of RM91 million, compared to RM3 million in 4Q FY2019. This was impacted by better margin realised from crude palm kernel oil (CPKO) / palm kernel expeller (PKE) sales in bullish market trend at lower cost on cost of goods sold and gain from the divestment of FGV-Cambridge Nanosystems Ltd (FGV CNS) at completion, of RM32 million.

The Sugar Sector under MSM Malaysia Holdings Berhad recorded PBZT of RM77 million in 4Q FY2020, compared to a loss of RM40 million in 4Q FY2019. This was primarily contributed by higher sales volume especially for the export market, lower raw sugar usage cost, better utilisation factor and reduced refining cost.

“The sugar business recorded strong results in 4Q FY2020. Nevertheless, its full-year results were affected by write-off and impairment of bearer plants in 3Q FY2020,” said Haris Fadzilah.

The performance of the Logistics Sector declined by two percent and recorded a lower PBZT of RM22 million compared to RM23 million in 4Q FY2019. This was due to lower handling and transportation rate, offset by higher storage throughput volume. Transport volume decreased by four percent due to reduction in cargo volume handled compared to last year, while bulking volume increased by five percent due to higher throughput handled.

Moving forward

Early this week, FGV signed a Memorandum of Understanding with the Ministry of Agriculture and Food Industries to participate in Large Scale Paddy Project (SMART SBB). FGV has commenced the planting of 28-hectares of MRQ76 fragrant rice seeds gardens in Sungai Leman, Selangor and Seberang Perak, Perak. The planted MRQ76 seeds which are harvested in January 2021, shall be used to commence 350-hectares of FGV’s contract farming scheme.

“For the year 2021, we are allocating 75,000 MT from our PKE production as animal feed for local consumption which is equivalent to almost 20 percent of our total PKE production. FGV has also established our distributorship network throughout Peninsular Malaysia to ensure that supply reaches our local farmers effectively,” said Haris Fadzilah.

To strengthen its Consumer Products business, FGV is expected to launch six new and exciting product variants (SKUs) in the near future on top of the current product range which are already in the market.

FGV also remained steadfast in its efforts to continue implementing its action plan to address the Roundtable Sustainable Palm Oil (RSPO) Complaints Panel (CP)’s directives since the last time FGV submitted its appeal to the RSPO on 3rd April 2020.

“RSPO is currently conducting its verification audits to assess FGV’s progress in implementing the CP Directives. Six sites had been selected and the RSPO appointed auditor had conducted the verification audit in four selected complexes in Peninsular Malaysia. The two remaining audits in Sabah are scheduled to take place in March/April 2021, subject to the lifting of travel restrictions due to the COVID-19 situation,” said Haris Fadzilah.

On the Withhold Release Order (WRO) by the US Customs and Border Protection (CBP), FGV is taking a systematic approach in ensuring the rights of workers are respected and protected, thereby eliminating practices that may be indicative of labour exploitation. As announced in December 2020, FGV will revisit the appointment of an independent audit firm for an audit of operations within a reasonable period of time and will continue to engage with the CBP accordingly once an independent auditor has been appointed.

“FGV anticipates 2021 to be another eventful year on the back of challenges in labour supply and volatility of CPO prices in our plantation business. Our sugar business will continue to improve its operating and financial performance. However, the group remains on course with its strategies to reposition FGV to be the leading agribusiness player to create value in its downstream business,” added Haris Fadzilah.

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