FGV HOLDINGS BERHAD

FINANCIAL RESULTS BRIEFING

2Q FY2021 – 30 JUNE 2021

30 AUGUST 2021

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TODAY'S AGENDA

- Executive Summary 01
- 2Q FY2021 Results 02
- FGV Business & Sustainability Updates 03

Executive Summary

- The ongoing COVID-19 pandemic with new Delta variant and the imposition of MCO 3.0 continue to affect Malaysia’s palm oil industry. At FGV Holdings, we are faced with shortage of migrant labour and risk of COVID-19 infection at the operating locations.
- To mitigate pandemic risk, the group has expedited its vaccination program. We are at the final stage of acquiring the vaccines and shall commence the vaccination around 1st week of September 2021.
- Despite these challenges and the lagging effect of dry weather, FGV posted strong operating profit driven by higher palm products’ (CPO/PK/PPO) margin, higher gross profit margin in Sugar and slight increase in Logistics’ operating profit.
- Sugar continues to improve through better domestic volume and improved price for the export segment.
- Logistics remains focused at strengthening sales volume, margin and operational efficiencies.
- FGV reiterates its commitment to respect and uphold internationally recognised human rights principles and standards stemming from the Universal Declaration of Human Rights (UDHR) as well as other applicable international human rights instruments.
- Overall in 2Q FY2021, FGV recorded PBZT of RM501 mn compared to RM18 mn during the same period last year.

TODAY'S AGENDA

Executive Summary 01

02 2Q FY2021 Results

FGV Business & Sustainability Updates 03

FGV registered HIGHER operating profit of RM335 mn in 2Q FY2021 attributed by higher margin of palm products and Sugar Business.

Income Statement *(RM million)*	2Q FY2021	2Q FY2020	Var %	
Revenue	**4,682**	**3,294**	*42*	▲
Operating profit (OP)	**335**	**129**	*>100*	▲
Fair value gain (charge) in LLA	180	(76)	*>100*	▲
Reversal / (Impairment) (net)	4	(14)	*>100*	▲
EBIT	**519**	**39**	*>100*	▲
Finance costs (net)	(30)	(34)	*12*	▼
Share of results - Associates & JV	12	12	-	-
PBT (& zakat)	**501**	**18**	*>100*	▲
Taxation	(134)	(6)	*<100*	▲
PAT	**364**	**12**	*>100*	▲
PATAMI	**339**	**21**	*>100*	▲
EPS (sen)	**9.3**	**0.6**	*>100*	▲

Higher OP mainly attributed by:

- Increased palm products margin due to higher average CPO price realised.
- Improved gross profit margin in Sugar Business mainly due to increase in average selling price and higher sales volume.
- Higher throughput volume and improved dry cargo volume handled by Logistics Business.

OP by all Business improved YoY

BUSINESS	2Q FY2021	2Q FY2020	Var %
Plantation	292	131	*>100%*
Sugar	23	(16)	*>100%*
Logistics	21	20	*5%*
Others	(1)	(6)	*83%*
Total	**335**	**129**	***>100***

FGV 2Q FY2021: Plantation

A significant turnaround by >100% YoY mainly driven by higher CPO price.

PLANTATION	2Q FY2021	2Q FY2020	*Var %*
REVENUE			
Upstream	2,670	1,920	▲ *39%*
Downstream	1,221	798	▲ *53%*
R&D and Fertiliser	149	64	▲ *>100%*
Total Revenue	**4,040**	**2,782**	▲ ***45%***
OPERATING PROFIT			
Upstream	247	106	▲ *>100%*
Downstream	29	24	▲ *21%*
R&D and Fertiliser	16	1	▲ *>100%*
Total Operating Profit	**292**	**131**	▲ ***>100***
FV gain / (charge) in LLA	**180**	**(76)**	▲ ***>100***

Upstream

- Better palm products margin due to 44% higher average CPO price at RM3,333 despite increase in CPO ex-mill cost.
- Higher margin in Rubber processing business by >100%.

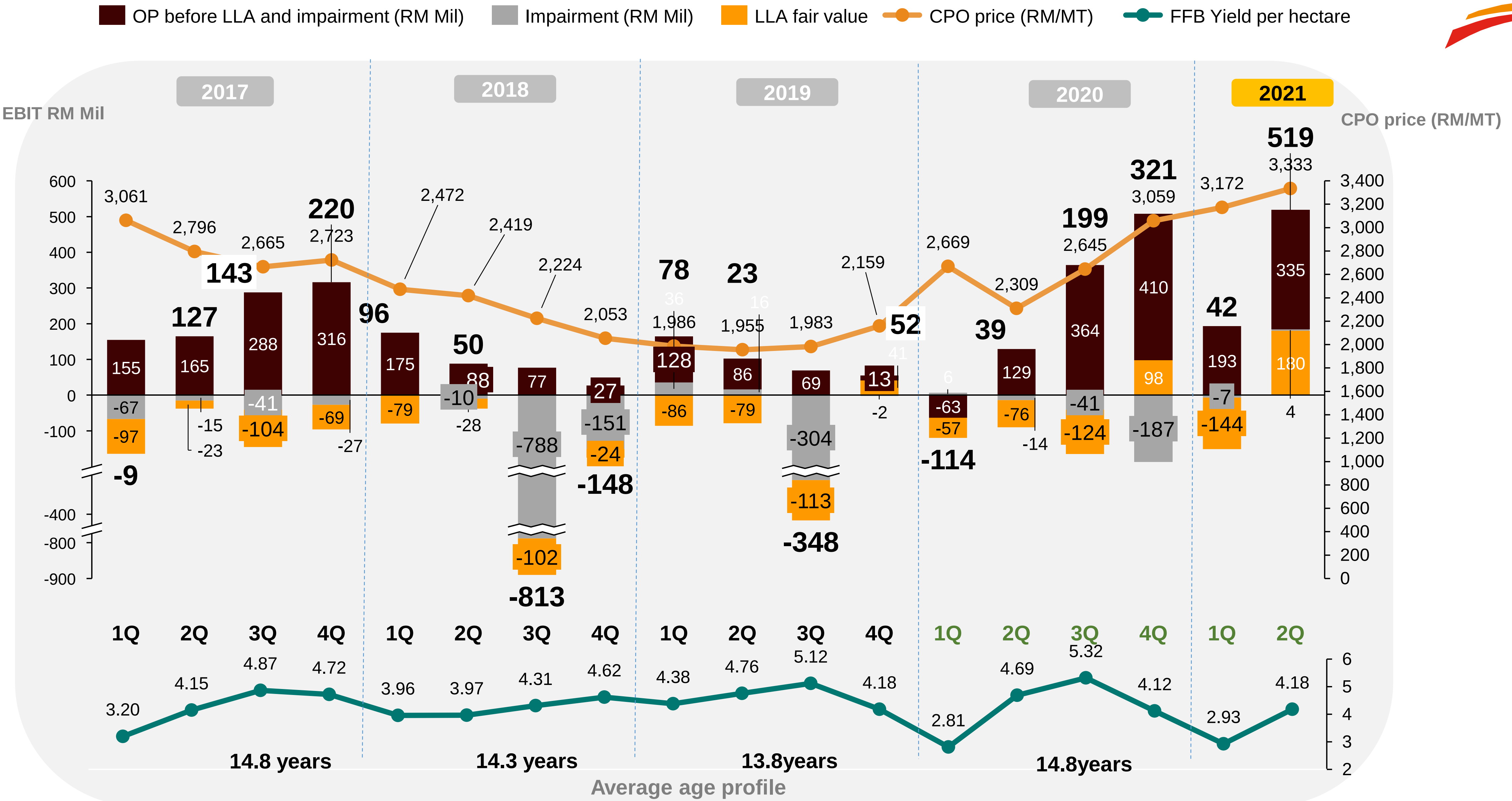
Downstream

- Higher margin realised from CPKO sales by 64%.

R&D and Fertiliser

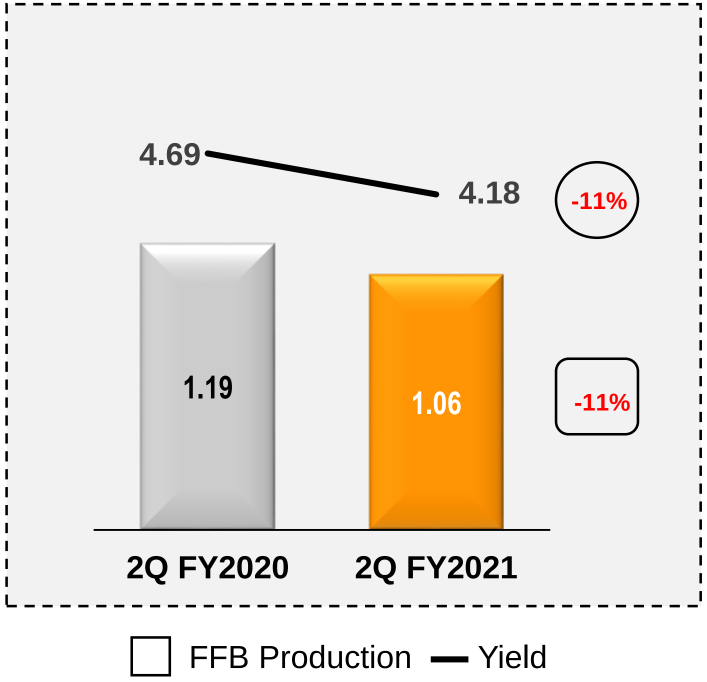
- Improved fertiliser sales volume by 83% due to better demand.
- Increased demand for compound by 33% as most plantation players had switched back to premium fertilisers in line with higher CPO price and shortage of labour.
- Higher margin and sales volume of seeds products.

QUARTERLY EBIT vs. CPO PRICE and FFB YIELD



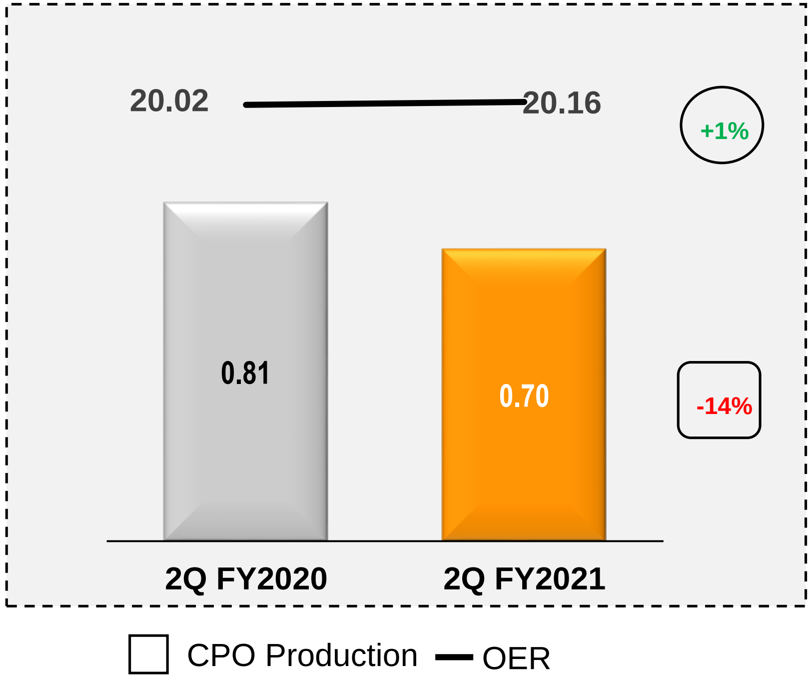
FGV 2Q FY2021: Upstream Operational Parameters

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



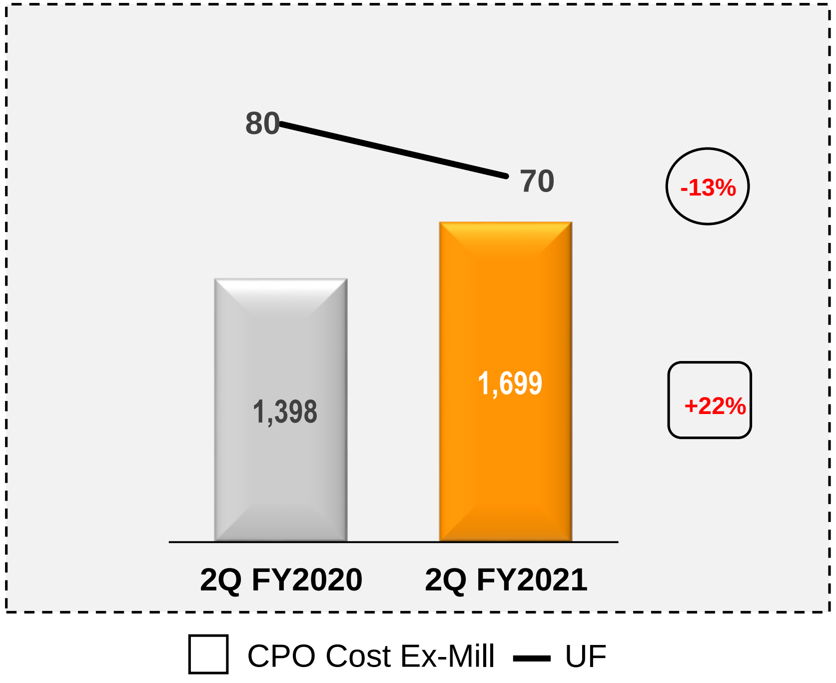
- FFB production and yield decreased by 11% YoY due to lower FFB production from the young mature and prime age palm categories, as well as shortage of skilled harvesters.

CPO Production (mn MT) **& OER** (%)



- CPO production decreased by 14% YoY due to lower FFB processed, especially from external parties.
- Slight increase in OER due to improved mills performance through stringent process control.

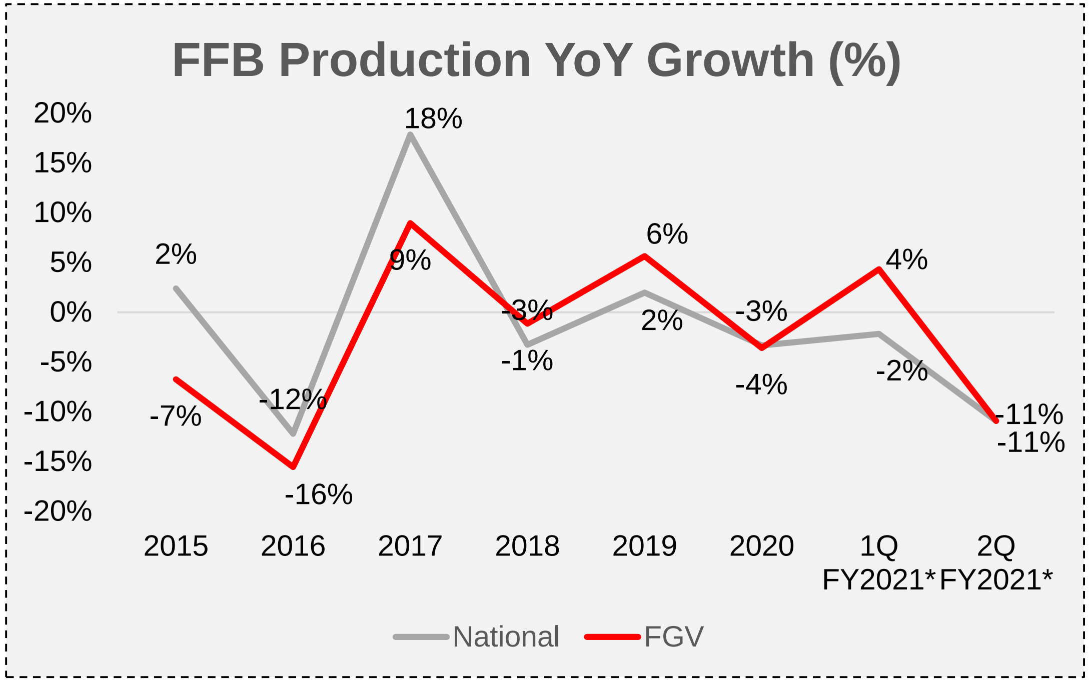
CPO Cost Ex-Mill (RM/MT) **& Utilisation Factor** (%)

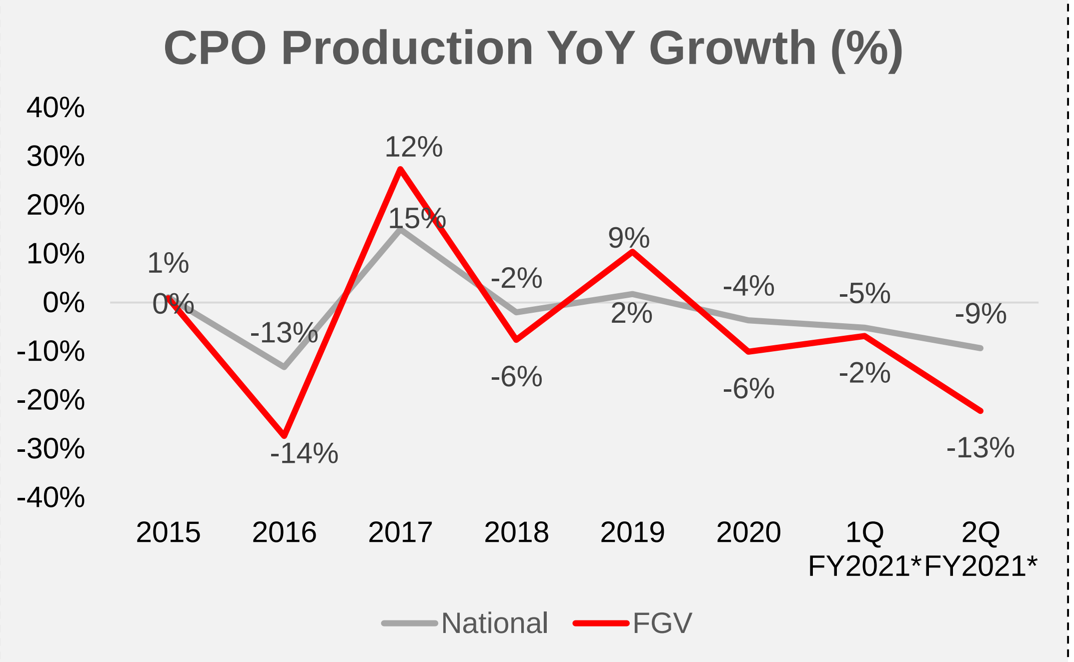


- CPO Cost Ex-Mill increased by 22% YoY due to higher manuring cost, increased upkeep and maintenance as well as higher processing cost due to low FFB processed.
- Utilisation factor decreased by 13% due to lower FFB received plus mandatory shutdown of some mills because of C19.

FGV's Production vs. National Production Growth

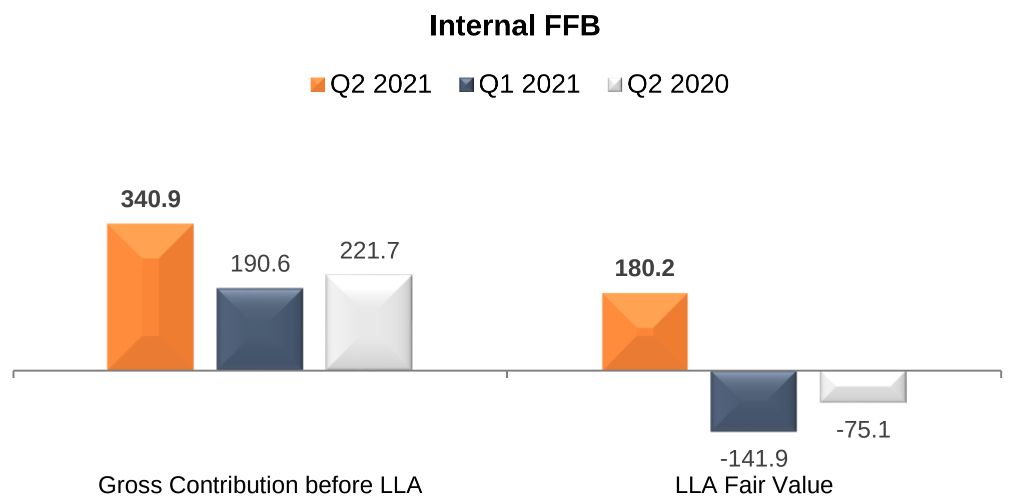
FGV's FFB and CPO productions are in line with national trends.

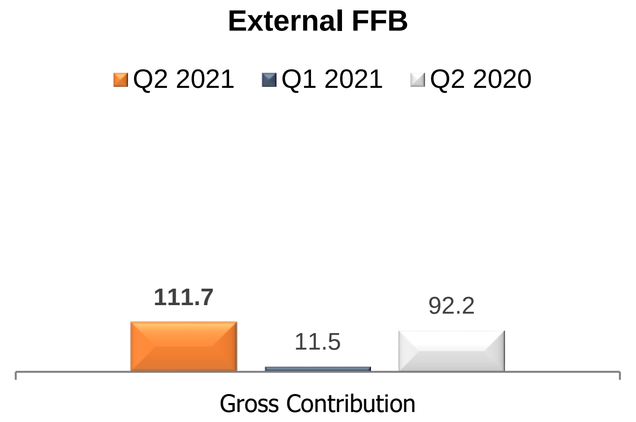




Sources: MPOB, Company internal data
** Against previous corresponding quarter in 2020.*

Gross Contribution from Internal FFB vs. External FFB





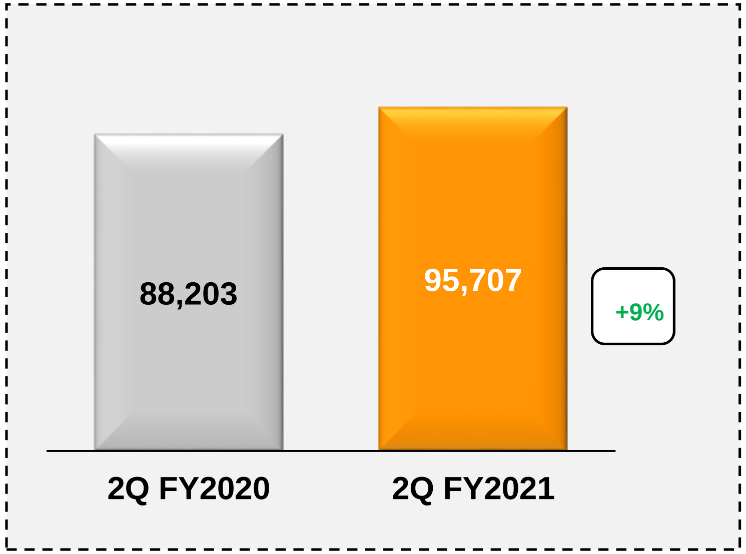
- With reference to internal FFB, the gross contribution from Upstream before LLA for 2Q FY2021 was recorded at RM340.9 mn, an increase of 79% from preceding quarter (RM190.6 mn) and 54% higher than last year (RM221.7 mn). The increase in gross contribution was in line with the increase in CPO price against the preceding quarter and last year by 5% and 39%, respectively.
- In 2Q FY2021, there is the writeback of LLA fair value of RM180.2 mn instead of RM75.1 mn charged last year and RM141.9 mn in the preceding quarter. This is largely due to the change in long term yield and cost assumptions for the LLA.
- The movement in LLA Fair value is subject to the volatility of main parameters and assumptions used such as CPO & PK Price, yield and graded OER.

- External FFB recorded gross contribution after OER margin at RM111.7 mn, 21% higher compared to same period last year (RM92.2 mn).
- This was largely contributed by higher OER despite lower FFB processed.
- The steep decline in MPOB CPO price towards the end of 2Q FY2021 (May 2021: RM4,572/MT; June 2021: 3,830/MT) has contributed to a better margin as compared to the same period last year (May 2020: RM2,074/MT; June 2020: RM2,412/MT).

** GC includes OER margin and hedging gain but excludes S&D, admin and other costs*

FGV 2Q FY2021: Downstream Operational Parameters

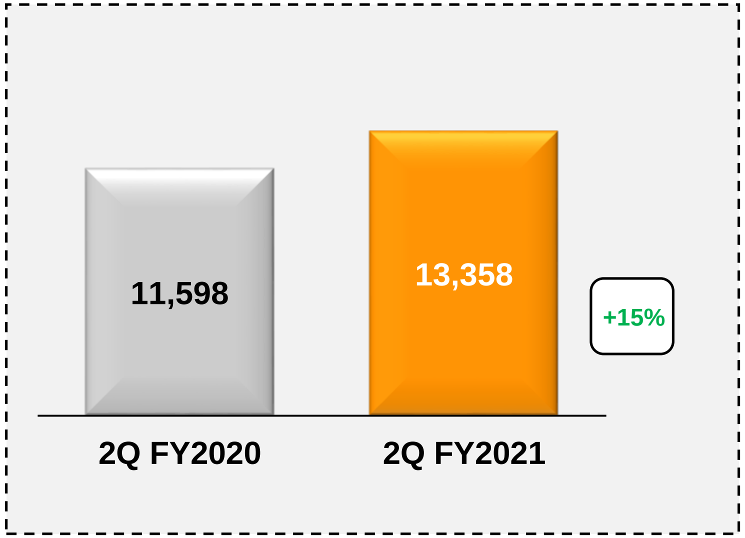
Consumer Products Sales Volume (MT)



2Q FY2021 vs. 2Q FY2020

- The surge in sales volume for bulk segment was mainly due to increase in export market.

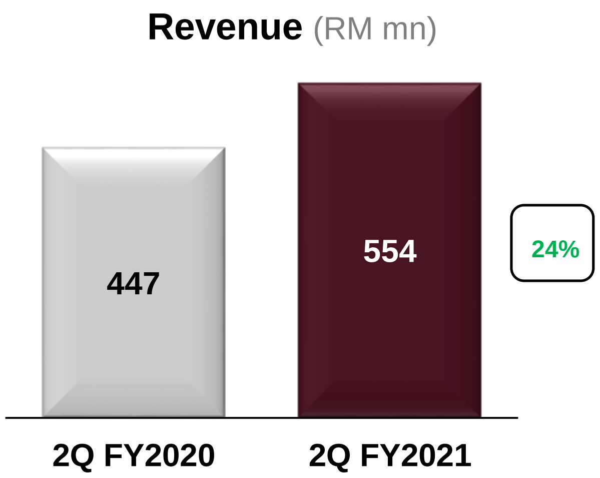
Biodiesel Sales Volume (MT)

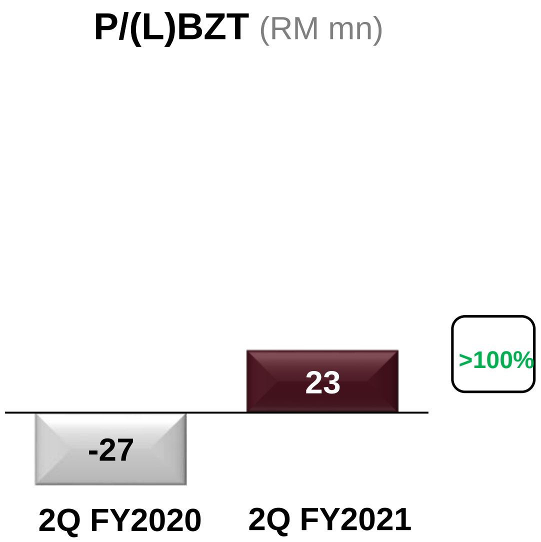


2Q FY2021 vs. 2Q FY2020

- Improved sales volume due to increase demand of PME local mandate by petroleum companies.

FGV 2Q FY2021: Sugar





2Q FY2021 vs. 2Q FY2020

Recorded RM23 mn of PBZT primarily driven by higher gross profit margin of 8% resulted from:

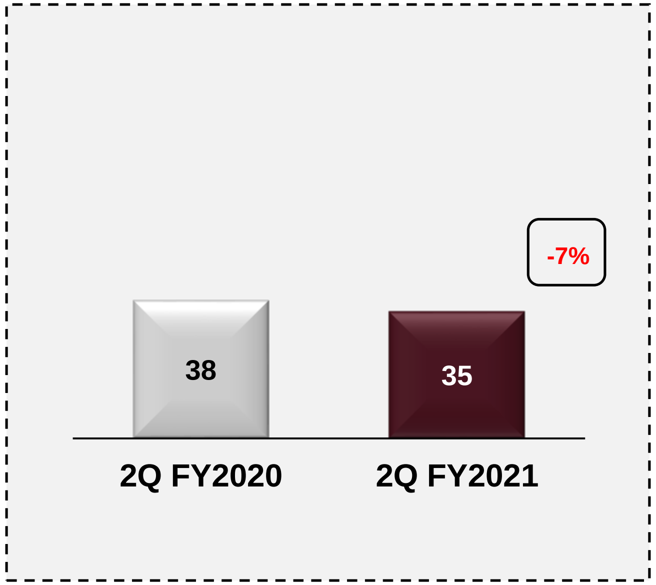
- Increase in overall sales volume by 12% and higher average selling price by 10%.
- Lower refining cost.
- Lower finance cost from lower borrowings.

However, the profit was partially offset by:

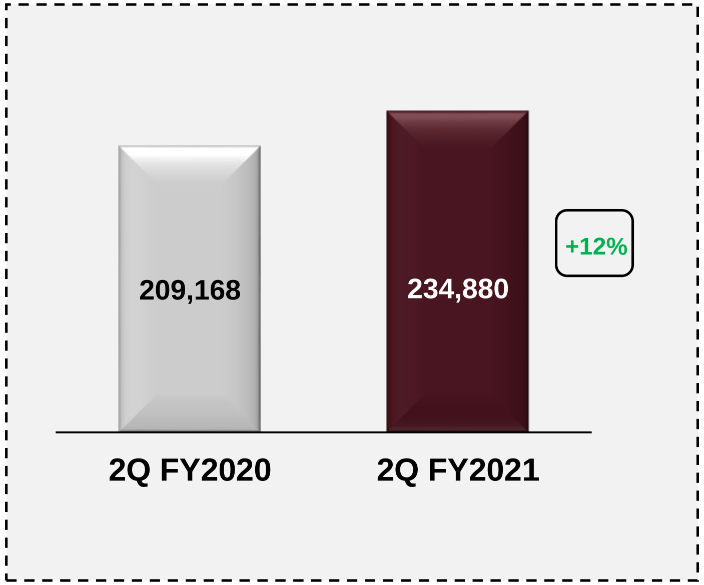
- Higher production cost by 5% due to increase in raw sugar cost by 12%.
- Lower utilisation rate of 35% following temporary shutdown of MSM Johor due to boiler rectification and MSM Prai due to COVID-19.

FGV 2Q FY2021: Sugar

Group Utilisation Factor (%)



Sales Volume (MT)

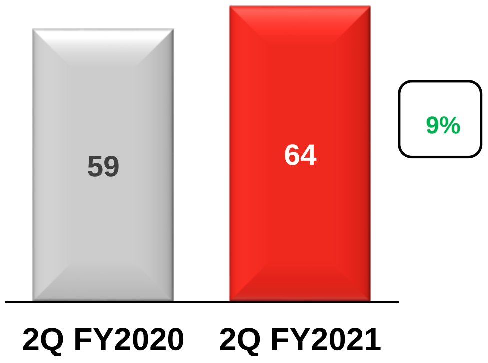


- Increase in sales volume due to higher domestic volume attributable to less restrictive nationwide MCO 3.0 compared to the full lockdown MCO 1.0 in March 2020.
- Decrease in overall UF due to lower production volume in MSM Johor and Prai.

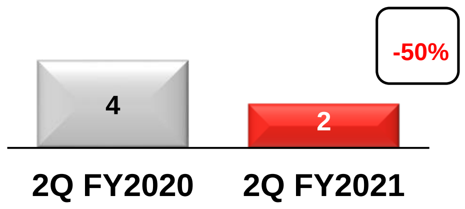
FGV 2Q FY2021: Logistics

Transport

Revenue (RM mn)

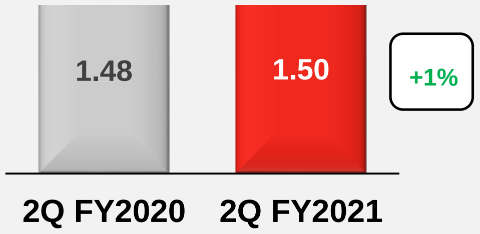


P/(L)BZT (RM mn)



Lower PBZT of RM2 mn due to:
- Increase in total tonnage carried and average transportation rate by 1% and 11%, respectively, but offset by an increase in variable operating costs by 19%.

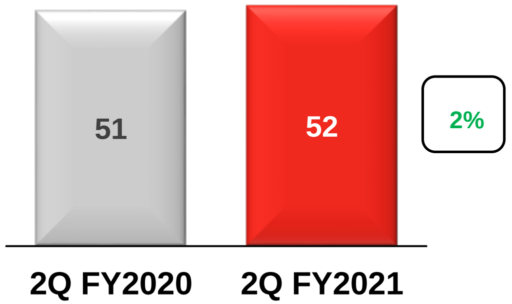
Transport Volume (mn MT)



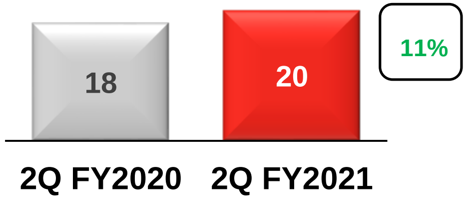
- Transport volume increased by 1% due to an increase in cargo handled.

Bulking

Revenue (RM mn)

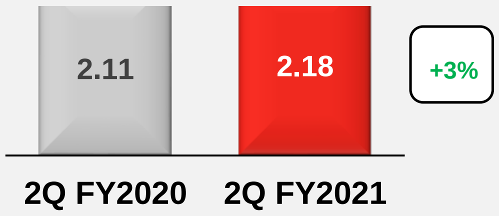


P/(L)BZT (RM mn)



Improved PBZT of RM20 mn due to:
- Increase in total throughput by 3% but was offset by an increase in variable operating costs by 18%.

Bulking Volume (mn MT)



- Bulking volume increased by 3% due to higher palm oil exports and increased imports of semi refined products.

Key Financial Highlights

	30.6.2021	31.12.2020	Changes (%)
Cash and Cash Equivalents (RM mn)	1,498	1,729	-13%
Total Borrowings without LLA (RM mn)	4,259	4,293	-1%
Liquidity Ratio (times)	1.10	1.07	+3%
Gearing Ratio* without LLA (times)	0.67	0.70	-4%

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

TODAY'S AGENDA

Executive Summary 01

2Q FY2021 02

03 **FGV Business & Sustainability Updates**

Strategy Updates

Memorandum of Collaboration with FELCRA and BALADNA

- In line with FGV's long-term plan to position FGV Chuping Agro Valley (FCAV) as one of the leading agro-valley hubs in Malaysia, FGV Integrated Farming (FGVIF) has entered into an MOC with FELCRA and Baladna Food Industries (BALADNA) to carry out a comprehensive feasibility and technical study to potentially co-invest in an integrated dairy farm business in Chuping, Perlis.
- This collaboration is in line with FGV and BP23's vision to deliver sustainable value for its stakeholders, better livelihood for the local community, and addressing food security concerns for the country.

Potential initial areas of collaboration

- Double the current production of Malaysia's fresh milk within two years, creating a 10,000 milking cow farm with an annual production of 100 million litres of milk per year.
- Utilisation of Malaysian agricultural land to produce the required animal feed for the dairy farm.
- The JV farm as a hub that supports small rural farms in developing small cattle-fatting farms and animal feed farms by 2024.
- Building and operating an industrial farm capable of producing two million litres of milk weekly while starting dairy production.

Sustainability Updates

A. Affiliation to the Fair Labor Association (FLA)

i. FGV continues to focus on enhancing its labour practices under its affiliation to the Fair Labor Association (FLA).
ii. An Independent External Assessment (IEA) by FLA involving on-the-ground assessments, which was scheduled to be conducted in July 2021, is now postponed to November, tentatively, due to the COVID-19 situation.
iii. Implementation of FGV-FLA action plan is ongoing to improve labour practices covering various aspects including recruitment process, human rights training, grievance mechanism and monitoring systems.

B. RSPO

i. Verification audit involving six of FGV's complexes were conducted between January and April 2021 by an independent auditor appointed by the RSPO.
ii. Outcome and findings of the verification audit were deliberated by the RSPO Complaints Panel (CP) in August 2021.
iii. FGV is awaiting the decision by the CP on the RSPO certification suspension.

C. Withhold Release Order (WRO) by US Customs and Border Protection (CBP)

i. FGV has resumed the process of appointing an independent audit firm to conduct an assessment of FGV's operations against the 11 ILO Indicators of Forced Labour.
ii. FGV has received nine proposals from potential audit firms, which are currently being reviewed by FGV with the support of its US-based legal counsel to ensure that the audit work will meet all CBP's expectations of a credible audit.
iii. The appointment is expected to be finalised in September 2021, following which the audit work will begin.

FGV Business Updates

CPO Price Outlook

- CPO price will remain volatile and expected to hover within the range of RM4,100 – RM4,400 in 3Q FY2021.

Plantation Business

- Upstream division has commenced the replanting work in the middle of June 2021.
- Current migrant labour stands at 74% of the total requirements. FGV expects the re-hiring of migrant labour to resume in 2022 after Malaysia has achieves its herd immunity.

Sugar Business

- MSM continues to pursue turnaround plan, operational stability and sustainable growth.
- Acceleration on Planned Improvement Programme to enhance efficiency and increase utilisation rate for MSM Johor.

Logistics Business

- In line with business plan, Logistics has commenced the cold chain business with 10 trucks in FY2021. The team has started servicing 1 pharmaceutical customer.

Integrated Farming

- Launching of FGV Chuping Agro Valley in collaboration with Northern Corridor Implementation Authority.
- Progress on the construction of FGVDF Milk Processing Centre in Linggi is at 78%.

Consumer Products

- First Shipment of SAJI Cooking Oil to Africa.

Divestment of Non-Core Business

- The divestment of Turich's Indonesian subsidiaries is at the completion stage as Management is currently fulfilling the conditions precedent with target closing by end of 3Q FY2021.

THANK YOU

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Movement in Land Lease Liability

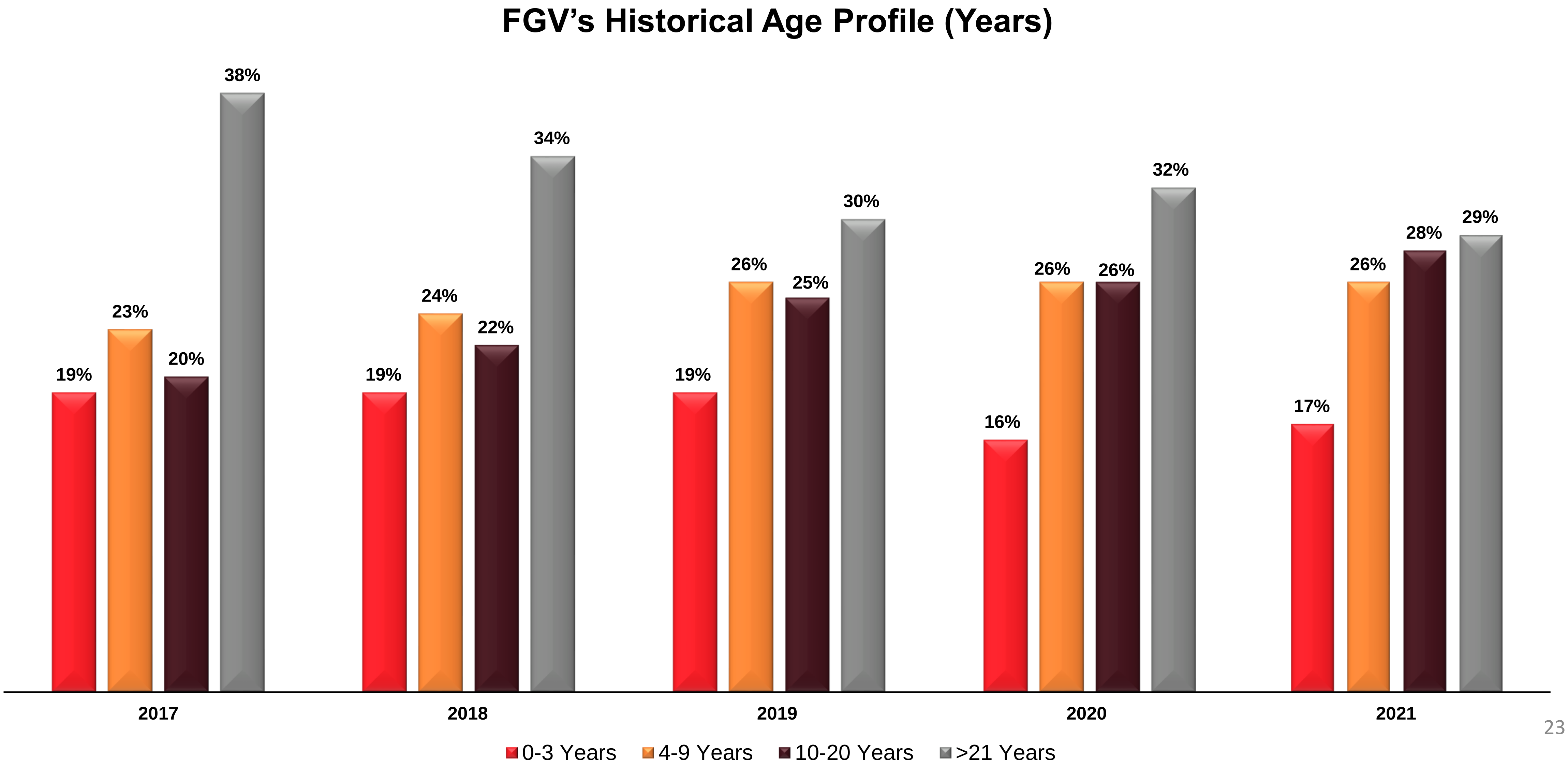
RM million	Q1 2021	Q2 2021	2021	Q1 2020	Q2 2020	Q3 2020	Q4 2020	2020
At the start of the period	4,213.8	4,267.1	4,213.8	4,316.1	4,312.5	4,327.5	4,405.3	4,316.1
Total payments made during the period	(90.5)	(88.6)	(179.1)	(60.9)	(60.9)	(45.9)	(93.1)	(260.8)
Recurring income statement charges/(credits)	99.7	94.9	194.6	84.3	101.7	103.7	99.3	389.0
Total income statement charges/(credits) from revisions in projections	44.1	(275.3)	(231.2)	(27.0)	(25.8)	20.0	(197.7)	(230.5)
Total charges/(credits) to the income statement	143.8	(180.4)	(36.6)	57.3	75.9	123.7	(98.4)	158.5
Closing LLA liability balance	**4,267.1**	**3,998.1**	**3,998.1**	**4,312.5**	**4,327.5**	**4,405.3**	**4,213.8**	**4,213.8**

Total (credits)/charges to Income Statement

RM million	YTD Q2 2021	YTD Q2 2020
Unwinding of discounts	199.1	202.6
Under accrual for current quarter	(4.5)	(14.6)
Revisions in projections and other adjustments	(231.2)	(54.8)
Total (credits)/charges to the Income Statement	**(36.6)**	**133.2**

Age Profile

Our current age profile has improved with bigger area of prime palm oils and reduction in old palm trees in 2021 compared to 2020.



23

6M FY2021 Financial Highlights

Income Statement *(RM million)*	**2021**	**2020**	**Var** %	
Revenue	**8,075**	**6,077**	*33*	▲
Operating profit (OP)	**527**	**67**	*>100*	▲
Fair value gain / (charge) in LLA	37	(133)	*>100*	▲
Impairment (net)	(3)	(8)	*63*	▼
E/(L)BIT	**561**	**(74)**	*>100*	▲
Finance costs (net)	(58)	(76)	*23*	▼
Share of results - Associates & JV	14	5	*>100*	▲
P/(L)BT (& zakat)	**516**	**(145)**	*>100*	▲
Taxation	(164)	(12)	*<100*	▲
P/(L)AT	**351**	**(162)**	*>100*	▲
P/(L)ATAMI	**303**	**(122)**	*>100*	▲
EPS (sen)	**8.3**	**(3.3)**	*>100*	▲

6M FY2021 Operational Highlights

	6M FY2021	6M FY2020	YOY
FFB Prod (‘000 MT)	1,801	1,900	-5%
FFB Yield (MT/Ha)	7.11	7.51	-5%
CPO Production (‘000 MT)	1,210	1,323	-9%
PK Production (‘000 MT)	302	339	-11%
OER (%)	20.12	20.05	0%
KER (%)	5.02	5.14	-2%
Avg. PK Price (RM/MT)	2,552	1,418	+80%
Avg. CPO Price (RM/MT)	3,268	2,453	+33%
CPO Cost Ex-mill (RM/MT)	1,825	1,699	+7%
Lauric Sales Vol. (MT)	-	118,380	*<100%*
CPKO Sales Vol. (MT)	109,504	17,010	>100%
Oleochemical Sales Vol. (‘000 lbs)	142,601	148,984	-4%