

FGV HOLDINGS BERHAD

FINANCIAL RESULTS BRIEFING

4th Quarter FY2021



1 March 2022



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



Executive Summary

01

4Q FY2021 Results

02

**Sustainability & Business
Highlights**

03

EXECUTIVE SUMMARY



- In 2021, the average CPO price surged by 64.1% to RM4,407/MT compared with RM2,685/MT in 2020 attributed to lower palm oils production, weaker ringgit and higher crude oil prices. It has reached historical peak in Nov 2021 with a monthly average at RM5,341/MT. CPO continues its high price in Feb 2022 as the production volume had experienced 14% mom drop because of heavy rain together with the impacts from recent exports restriction policy in Indonesia.
- The threats of new Omicron variant and rising number of cases are affecting FGV business. On this note, FGV has taken measures to maximise the vaccination rates among workforce, ensure stringent compliance to SOPs and effective containment measures for business continuity.
- While the uncertainties surrounding labour supply continue to persist and is only expected to recover starting from 3Q 2022, the Plantation Sector keeps focusing on harvesting, crop recovery and replanting efforts which will be fruitful in the long run. Our current foreign workers' coverage stands at 68%.
- The Sugar Sector will optimise its local presence through an aggressive sale strategy, regional export penetration and value-added business activities to improve sales volume. Similarly, the Logistics Sector continues to explore opportunities for market expansion and diversification while enhancing its operational effectiveness.
- The Group remains steadfast in its commitment towards environmental protection, net-zero emission and good labour practices. The appointed firm, ELEVATE is assessing FGV operations, expected to provide feedback and guidance in managing the WRO issues in due course. We are also following up with the RSPO Secretariat in view of resuming the RSPO certification efforts for the remaining mill complexes soon.
- Overall, in 4Q FY2021, FGV recorded PATAMI of RM465 mn, three times higher than RM131 mn recorded last year. For FY2021, FGV PATAMI improved significantly to RM1,168 mn on the back of RM19,575 mn revenue and eight-fold increase from RM146 mn last year.
- The Board has approved a final dividend payment of 8.0 sen per share, translating to a total dividend payout of RM291.85 mn.

TODAY'S AGENDA



Executive Summary

01

02

4Q FY2021 Results

Sustainability & Business
Highlights

03

4Q FY2021 FINANCIAL HIGHLIGHTS

FGV recorded Quarterly Operating Profit of RM689 mn, 68% higher than previous corresponding quarter due to surge in CPO price.



Income Statement (RM mn)	4Q	4Q	Var	
	FY2021	FY2020	%	
Revenue	6,184	4,009	54	▲
Operating profit (OP)	689	409	68	▲
Fair value gain in LLA	66	98	(33)	▼
Impairment - (net)	(56)	(186)	(70)	▼
EBIT	699	321	>100	▲
Finance costs (net)	(15)	(13)	15	▲
Share of results - Assoc & JV	5	11	(54)	▼
PBT	690	319	>100	▲
Zakat and Taxation	(266)	(136)	96	▲
PAT	424	183	>100	▲
PATAMI	465	131	>100	▲

Higher Operating Profit mainly attributed by:

- Increased palm products' margins due to higher average CPO price by 37%.
- Reduction of CPO ex-mill cost by 2%.
- Higher handling rate for bulking and transport business.

However, sugar recorded operating loss due to lower margin resulting from higher production cost and lower UF.

Operating Profit

BUSINESS	4Q FY2021	4Q FY2020	Var %
Plantation	716	383	▲ 87%
Sugar	(6)	72	▼ <100%
Logistics	29	21	▲ 38%
Others	(50)	(67)	▲ 25%
Total	689	409	▲ 68%

FY2021 FINANCIAL HIGHLIGHTS

FGV Group's full year Operating Profit doubled to RM1.86 bn due to strong CPO price and better performance from Sugar and Logistics.



Income Statement (RM mn)	FY 2021	FY 2020	Var	
			%	
Revenue	19,575	14,076	39	▲
Operating profit (OP)	1,858	836	>100	▲
Fair value charge in LLA	(4)	(158)	(97)	▼
Impairment - (net)	(66)	(234)	(72)	▼
EBIT	1,788	444	>100	▲
Finance costs (net)	(113)	(122)	(7)	▼
Share of results - Assoc & JV	39	24	63	▲
PBT	1,714	346	>100	▲
Zakat and Taxation	(538)	(212)	>100	▲
PAT	1,176	134	>100	▲
PATAMI	1,168	146	>100	▲

Higher Operating Profit mainly attributed by:

- Increased palm products' margins due to higher average CPO price by 37%.
- Improved sugar average selling price by 12%.
- Better handling rate for storage and transport business.

Operating Profit by all Business improved YoY

BUSINESS	FY2021	FY2020	Var %
Plantation	1,700	827	▲ >100
Sugar	116	36	▲ >100
Logistics	90	75	▲ 20
Others	(48)	(102)	▲ 53
Total	1,858	836	▲ >100

SECTOR PERFORMANCE: PLANTATION

A significant contribution driven by higher CPO price and improved fertiliser/seeds volume.



PLANTATION	4Q FY2021	4Q FY2020	Var. (%)	FY2021	FY2020	Var. (%)
REVENUE						
Upstream	3,794	2,314	▲ 64%	11,493	7,917	▲ 45%
Downstream	1,538	927	▲ 66%	4,983	3,375	▲ 48%
R&D and Fertiliser	81	45	▲ 80%	451	281	▲ 60%
Total Revenue	5,413	3,286	▲ 65%	16,927	11,573	▲ 46%

OPERATING PROFIT / (LOSS)						
Upstream	633	300	▲ >100%	1,519	702	▲ >100%
Downstream	48	84	▼ 43%	108	144	▼ 33%
R&D and Fertiliser	35	(1)	▲ >100%	73	(19)	▲ >100%
Total Operating Profit	716	383	▲ 87%	1,700	827	▲ >100%
FV gain / (charge) in LLA	66	98	▼ 33%	(4)	(158)	▼ 97%

4Q FY2021 vs 4Q FY2020

Upstream

- Higher palm products margins due to 37% increase in average CPO price at RM4,194/MT (4Q 2020: RM3,059/MT).
- Lower CPO cost ex-mill by 2% at RM1,773/MT, due to higher yield and OER by 1%, and improved UF by 4%.
- Better CPO production volume by 5%.

Downstream

- Reduced margin realised from CPKO and cooking oil segment due to higher CPO price.

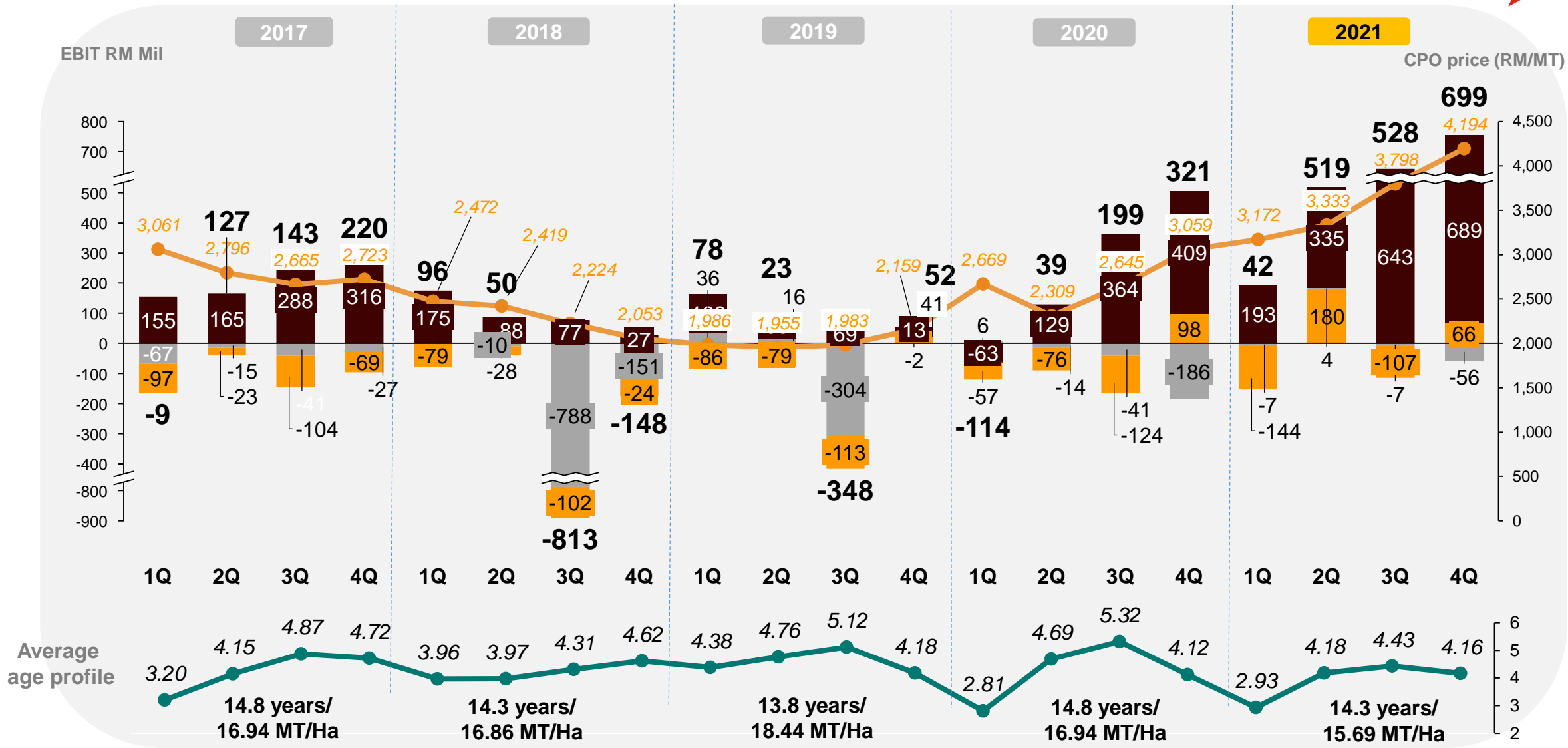
R&D and Fertiliser

- Improved sales volume in fertiliser and seeds products due to better offtake.

QUARTERLY EBIT vs. CPO PRICE and FFB YIELD



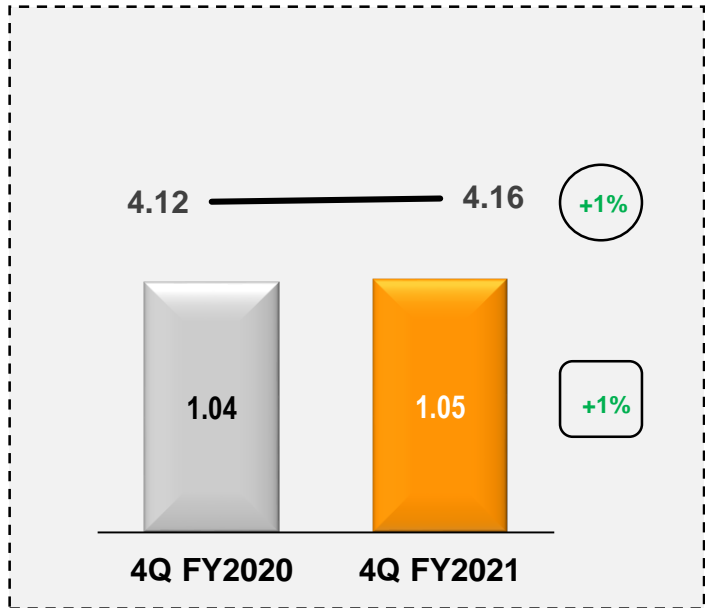
■ OP before LLA and impairment (RM Mil)
 ■ Impairment (RM Mil)
 ■ LLA fair value
 ● CPO price (RM/MT)
 ● FFB Yield per hectare



4Q FY2021: UPSTREAM OPERATION

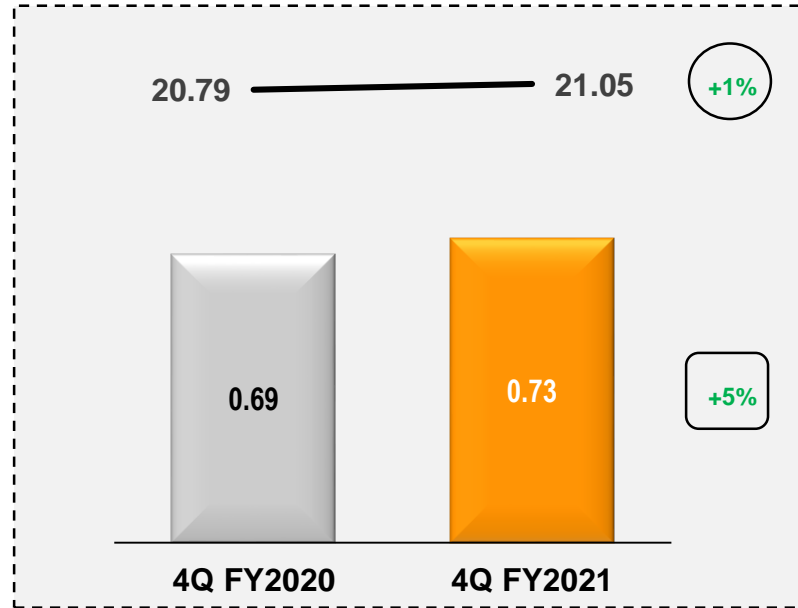


FFB Production (mn MT) & FFB Yield (MT/Ha)



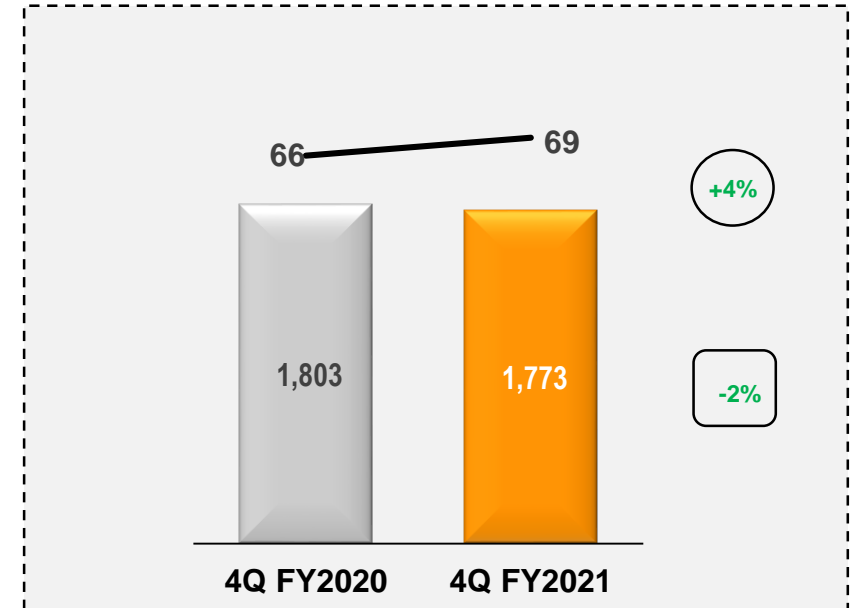
□ FFB Production — Yield

CPO Production (mn MT) & OER (%)



□ CPO Production — OER

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



□ CPO Cost Ex-Mill — UF

FFB production and yield increased by 1%, respectively due to yield improvement from the young mature and prime age palms.

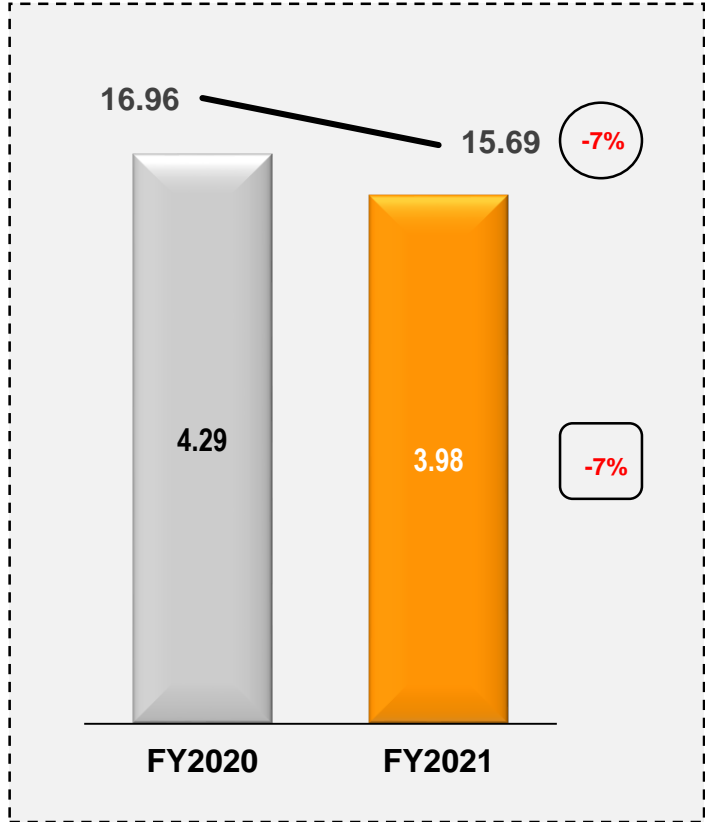
- CPO production increased by 5% due to increased in FFB processed and 1% improvement in OER.
- Improved OER due to better mills performance from stringent process control.

- Reduced CPO Cost ex-mill by 2% due to lower processing cost as a result of higher UF.
- UF increased by 4% due to higher FFB volume received.

FY2021: UPSTREAM OPERATION

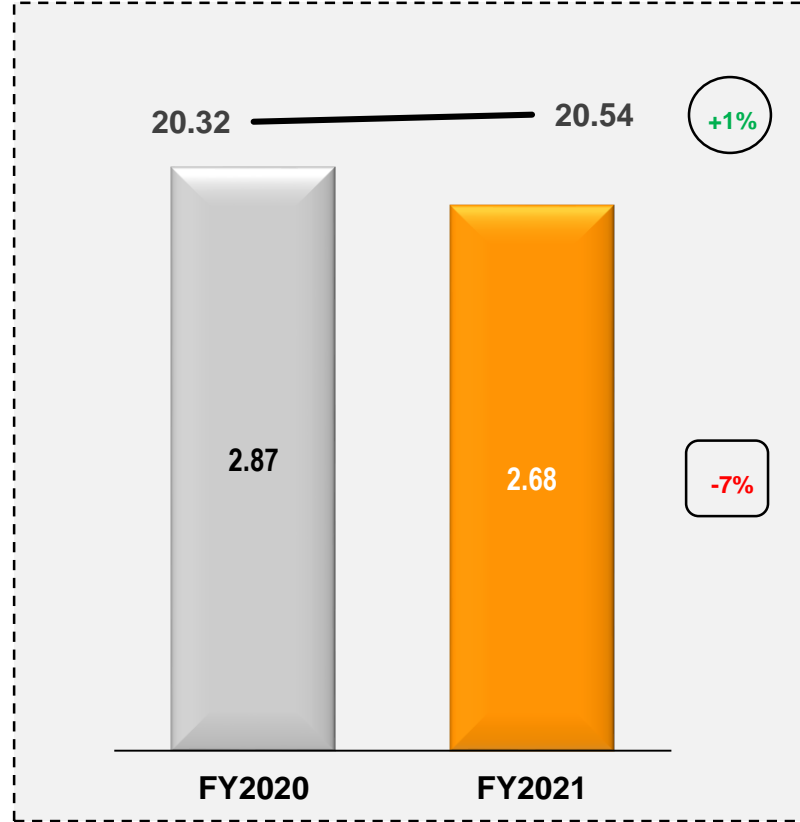


FFB Production (mn MT) & FFB Yield (MT/Ha)



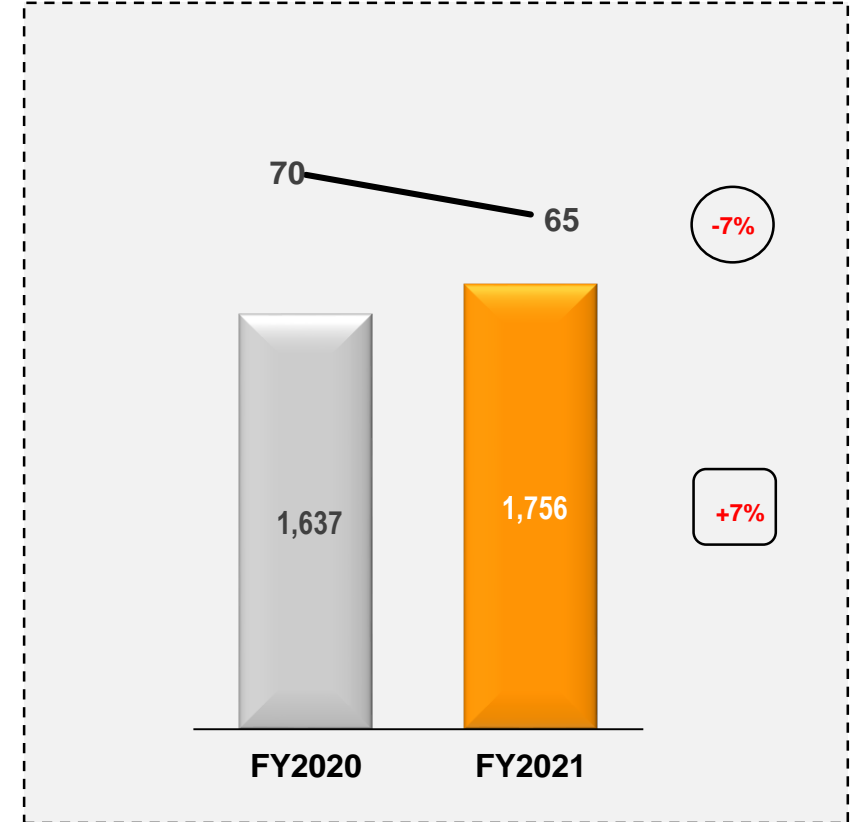
□ FFB Production — Yield

CPO Production (mn MT) & OER (%)



□ CPO Production — OER

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

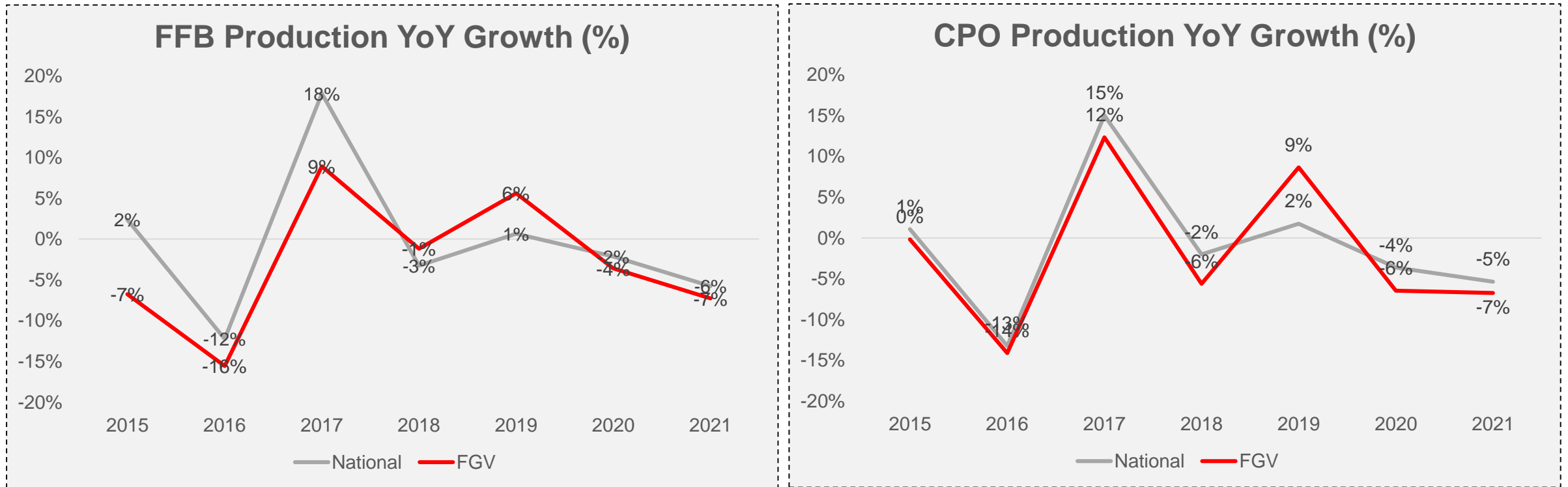


□ CPO Cost Ex-Mill — UF

FGV'S PRODUCTION VS. NATIONAL PRODUCTION GROWTH



Overall, FGV's FFB and CPO productions are in line with national trend.



Sources: MPOB, Company internal data

FGV FFB SOURCE



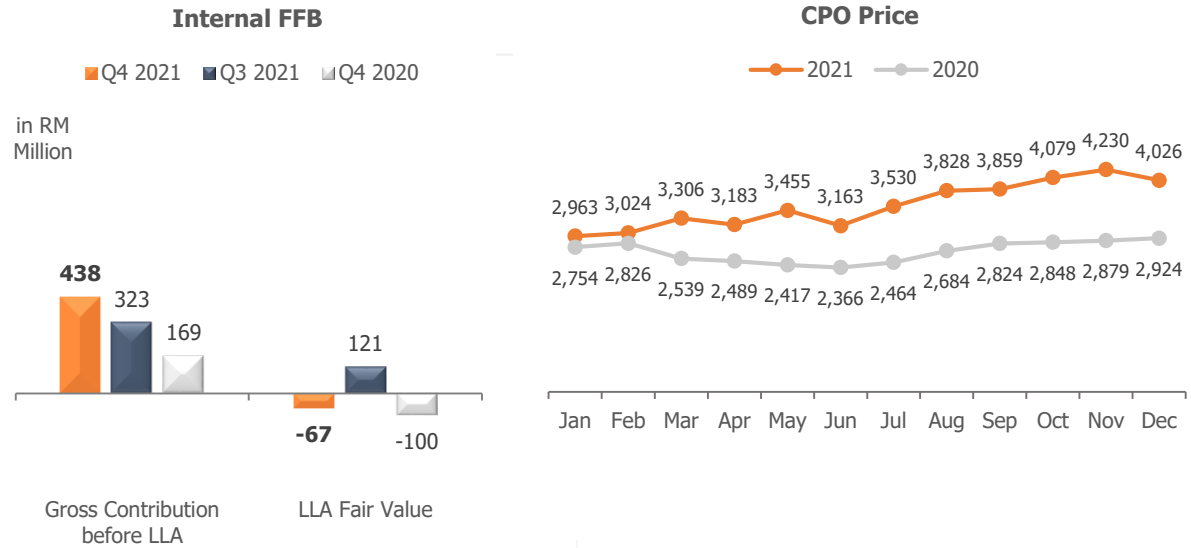
FFB	4Q FY2021	4Q FY 2020	Var. (%)	FY2021	FY2020	Var. (%)
Internal	1,038,116	1,025,925	▲ 1%	3,920,241	4,220,438	▼ (7%)
External	843,485	801,584	▲ 5%	3,470,278	3,714,972	▼ (7%)
Settlers	1,566,336	1,479,396	▲ 6%	5,650,975	6,119,855	▼ (9%)
Total FFB Processed	3,447,937	3,306,905	▲ 4%	13,041,494	14,135,265	▼ (8%)

For FY2021, FGV processed about 13.04 mn MT FFB, of which 3.92 mn MT (30%) were internally generated FFB, 5.65 mn MT (43%) were sourced from FELDA Settlers and 3.47 mn MT (27%) were from external parties.

GROSS CONTRIBUTION FROM INTERNAL FFB VS. EXTERNAL FFB

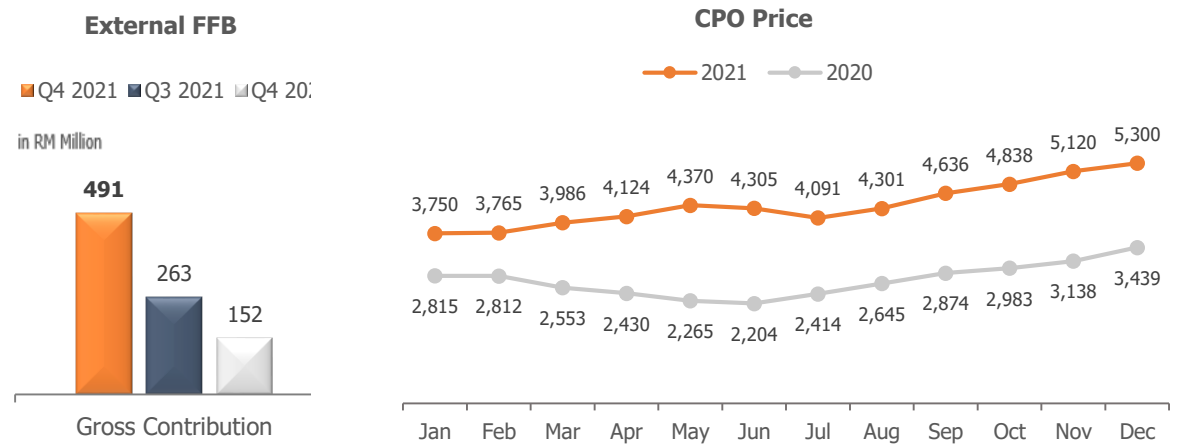


Internal



- Internal FFB recorded gross contribution from upstream operations before LLA in Q4 2021 at RM438m, showing an increase of 36% from the preceding quarter (RM323m) and >100% higher than the same quarter last year (RM169m). The increase in the gross contribution is in line with the **increase in CPO price** against the preceding quarter and the same period last year by 10% and 41%, respectively.
- LLA fair value decreased to RM67m compared to charge back of RM121m in the preceding quarter but lower than the same period last year by 33% (RM100m). 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



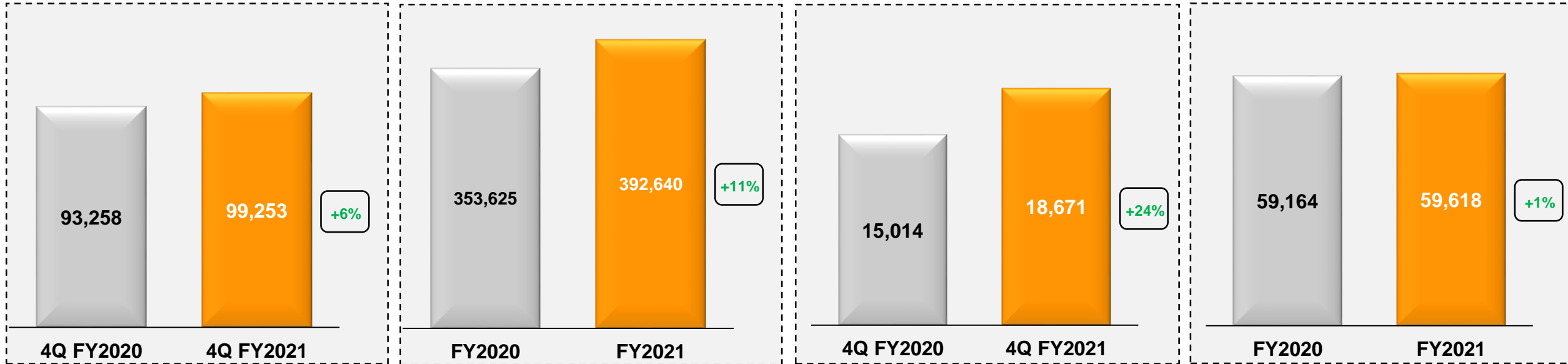
- External FFB recorded higher gross contribution after OER margin compared to preceding quarter by RM228m (87%) to RM491m and >100% higher compared the same period last year (RM152m).
- This was primarily due higher delivery of external CPO (Q4 2021: 615k mt) with better margin sold at RM5,104/mt against COGS of RM4,797/mt as compared to Q3 2021 delivery of 596k mt sold at RM4,364/mt against COGS of RM4,156/mt, coupled with higher OER margin by 11% (Q4 2021: 1.78%, Q3 2021: 1.60%). FFB processed in Q4 2021 was 4% higher (Q4 2020: 3.32m mt) than in the same period last year.
- However, this positive impact has been offset with the net unrealised mark-to-market loss for Q4 2021 of RM6m compared to the RM12.9m gain recorded in the preceding quarter.

4Q FY2021: DOWNSTREAM OPERATION



Oil & Fats Sales Volume (MT)

Biodiesel Sales Volume (MT)



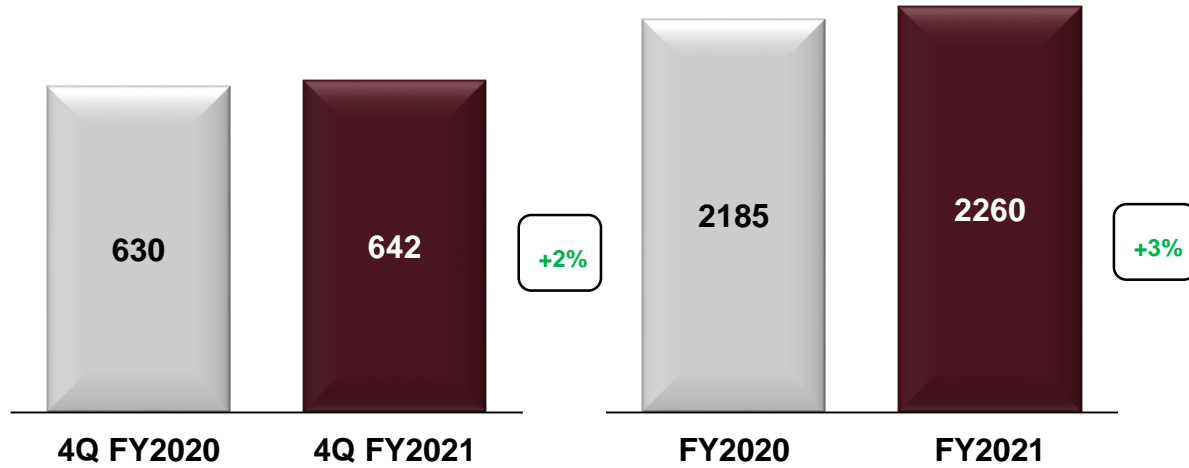
4Q FY2020 vs 4Q FY2021

- Improved sales volume from the bulk segment primarily under RBD Palm Olein and RBD Palm Stearin category.
- Increase biodiesel volume by 24% due to improved demand following gradual economic recovery in the country.

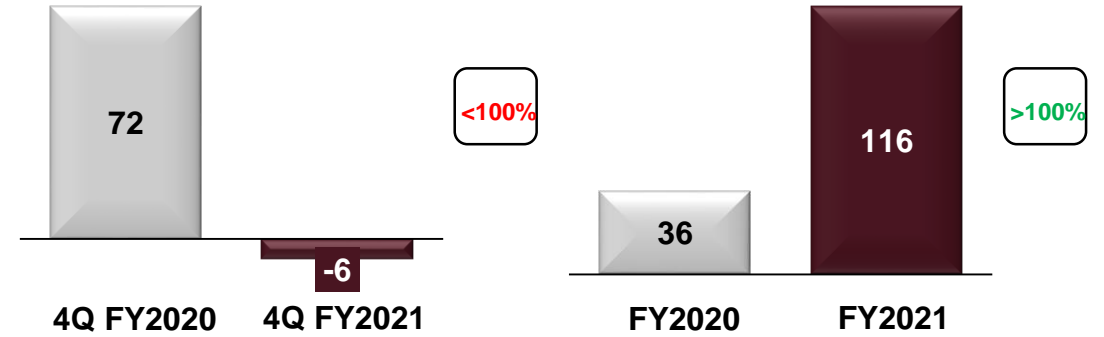
SECTOR PERFORMANCE: SUGAR



Revenue (RM mn)



Operating Profit / (Loss) (RM mn)



4Q FY2021 vs 4Q FY2020

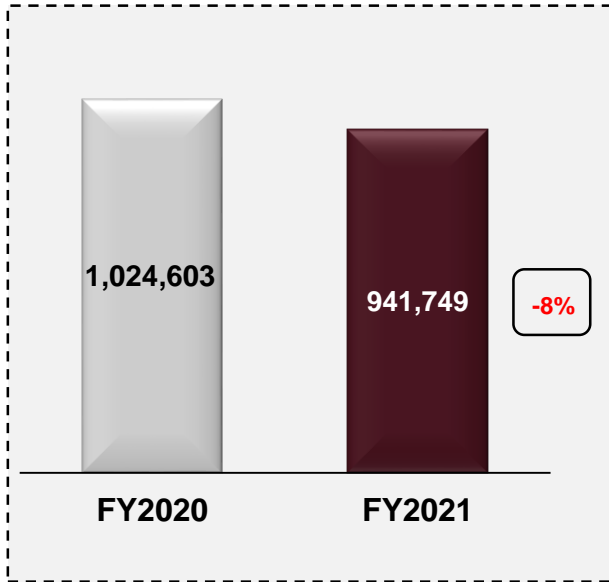
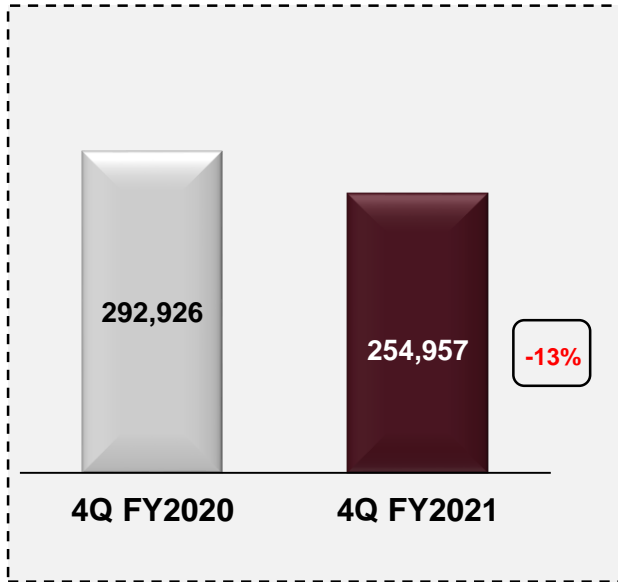
Sugar recorded operating loss of RM6 mn primarily due to:

- Lower sales volume for industry and export as a result of slow domestic demand and year end flood.
- Decreased gross profit margin resulted from higher production cost by 26%, primarily due to higher NY11, incoming freight and gas price.
- Provision of RM25.9 mn related to NRV adjustment, onerous contracts and write off due to flood.

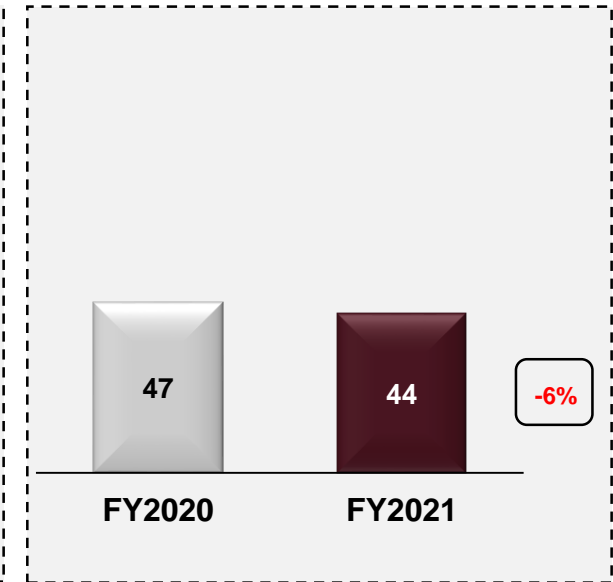
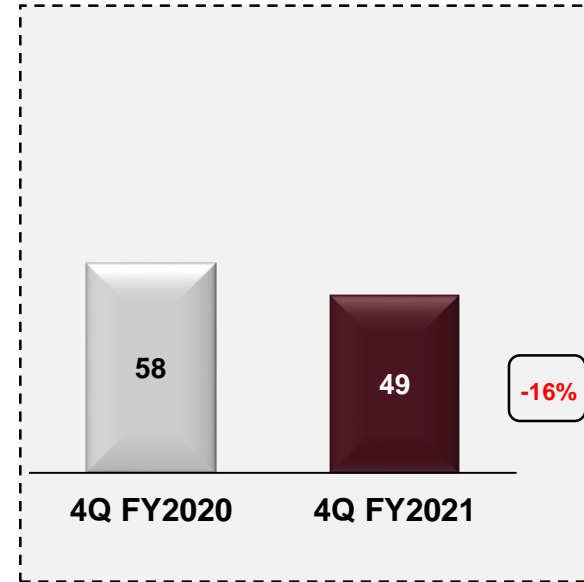
4Q FY2021: SUGAR OPERATION



Total Sales Volume (MT)



Utilisation Factor (%)



4Q FY2020 vs 4Q FY2021

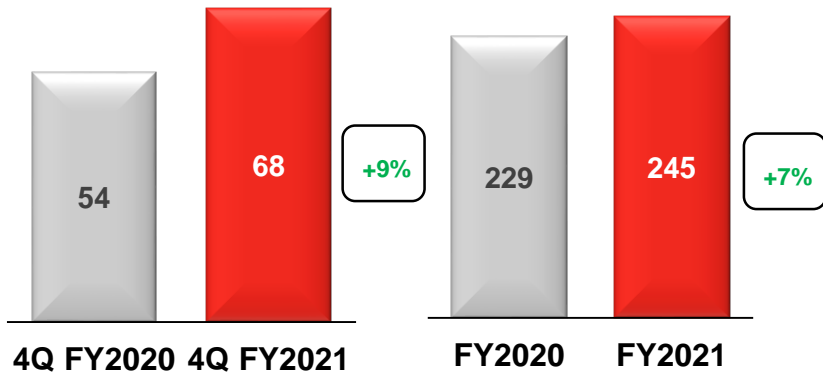
- Total sales volume reduced by 13% due to lower local demand and the impact of year end flood.
- Lower UF by 16% due to annual planned maintenance and lower production volume.

SECTOR PERFORMANCE: LOGISTICS

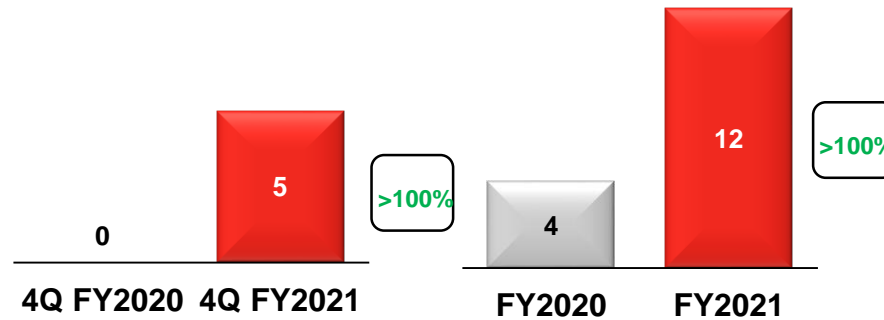


Transport

Revenue (RM mn)



Operating Profit / (Loss) (RM mn)



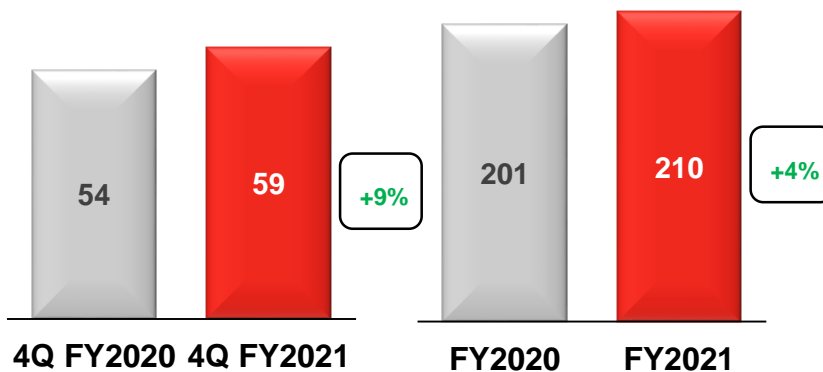
4Q FY2021 vs 4Q FY2020

Higher Operating Profit by more than 100% at RM5 mn due to:

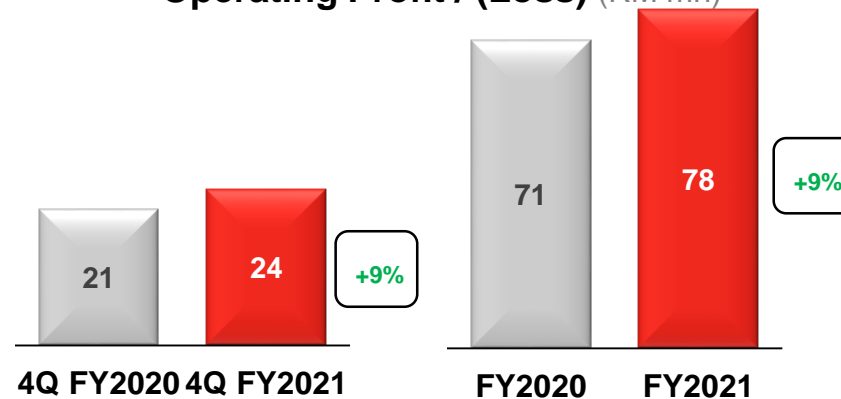
- Higher volume of products carried.

Bulking

Revenue (RM mn)



Operating Profit / (Loss) (RM mn)



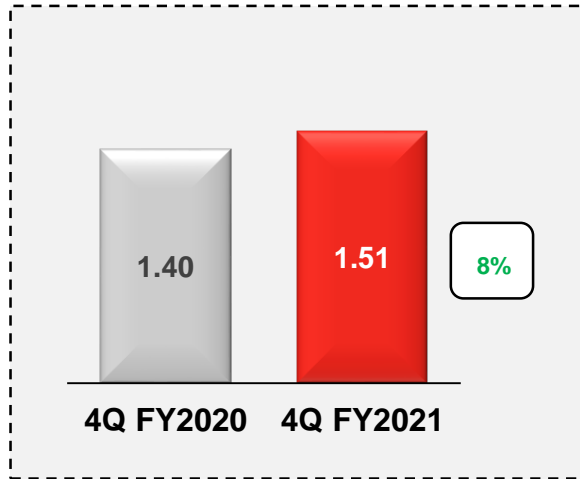
4Q FY2021 vs 4Q FY2020

Improved Operating Profit by 9% at RM24 mn due to:

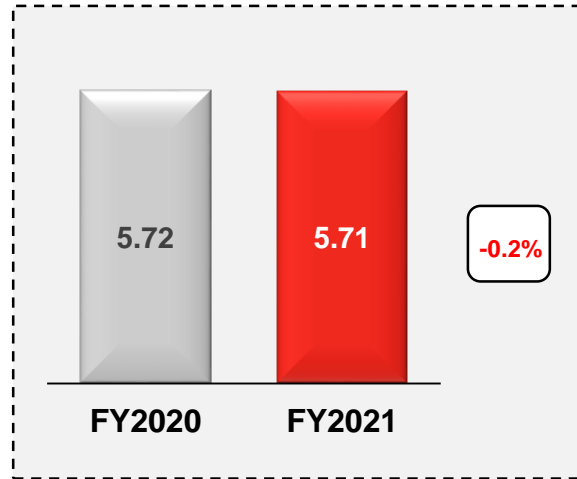
- Higher volume of high value products and lower variable operating cost.

4Q FY2021: LOGISTICS OPERATION

Transport Volume (mn MT)



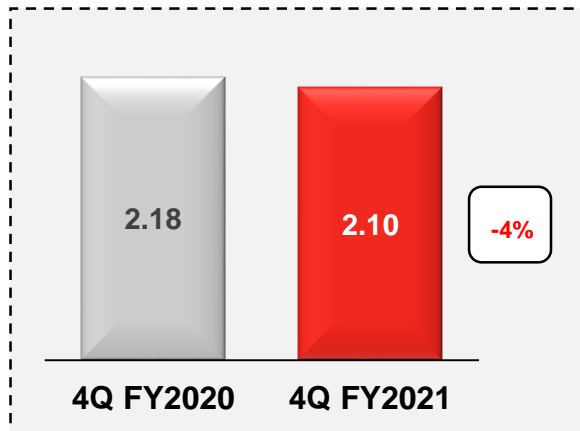
Transport Volume (mn MT)



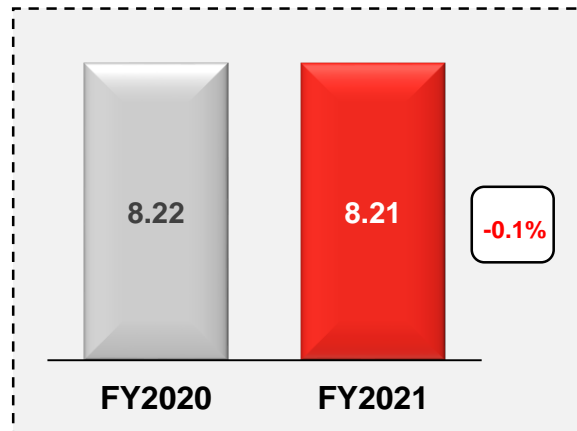
4Q FY2020 vs 4Q FY2021

- Transport volume increased by 8% due to higher CPO production.

Bulking Volume (mn MT)



Bulking Volume (mn MT)



4Q FY2020 vs 4Q FY2021

- Bulking volume decreased by 4% due to lower demand from internal customers.

KEY FINANCIAL HIGHLIGHTS



	31.12.2021	31.12.2020	Changes (%)
Cash and Cash Equivalents (RM mn)	2,030	1,729	17%
Total Borrowings without LLA (RM mn)	3,998	4,293	-7%
Liquidity Ratio (times)	1.26	1.07	+18%
Gearing Ratio* without LLA (times)	0.56	0.70	-20%
EPS (sen)	32.0	4.0	>100%
Dividend (sen)	8.0	3.0	>100%

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

TODAY'S AGENDA



Executive Summary

01

4Q FY2021

02

03

**Sustainability & Business
Highlights**

OUR SUSTAINABILITY AGENDA



TOWARDS ADOPTING A HOLISTIC SUSTAINABILITY APPROACH

Moving forward, FGV remains steadfast to prepare for a full adoption of a holistic sustainability approach that will drive FGV to rethink, repurpose and redesign its business strategy in becoming a sustainability-based commerce. The adoption of a holistic sustainability approach covers all sustainability programmes to enable FGV becoming a zero-impact business operation.

ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG) INITIATIVES



Environment

- Enhancing groupwide commitment to climate action and environmental protection.
- Strengthening biodiversity conservation and wildlife protection programmes
- Adaptability to environmental adverse impacts and risks.



Social

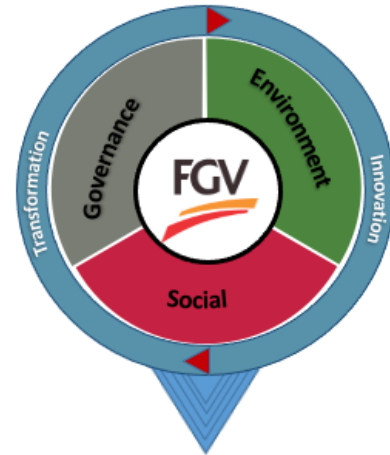
- Adherence to best labour practices and uphold human rights.
- Enhancing labour programmes through Fair Labour Affiliation (FLA).
- Gender equality, women empowerment, and child protection.
- Awareness amongst workforce, stakeholders and consumers.



Governance

- Maintaining a groupwide commitment through progressive sustainability governance, policy and guidelines.
- Strong integration at the strategic and operational levels.
- Compliance to sustainability practices and standards through traceability and supply chain management.
- Promotion and adoption of sustainability through sustainability certifications (RSPO, MSPO, ISCC etc).
- Continuous groupwide adoption by monitoring and evaluating sustainability performance periodically.

GROUP SUSTAINABILITY FRAMEWORK



Governance
Integration of sustainability objectives and targets into company's core business strategy, model and governance structure.
Social
Integration of responsible approach to social and human rights issues in line with national and global standards.
Environment
Integration of environmental protection and sustainable food production in becoming a zero environmental impacts business.
Innovation & Transformation
Linking innovation (R&D) and transformation to promote incremental and disruptive sustainability-oriented innovations and progress.

Economic Growth
Profitability and economic growth as the main output of a holistic sustainability approach.

The Group Sustainability Framework incorporates the main ESG components and innovation & transformation as the main drivers of progressive sustainability agenda in FGV, with enhanced profitability and economic growth being the primary goal of embedding sustainability as the core of business strategy. As sustainability is an evolving practice, FGV is committed to continuous improvement in sustainability policies and standards adopted by the company, which will brand FGV as a sustainability-based commerce with strong leadership and commitment on sustainability at all management levels.

2021 SUSTAINABILITY HIGHLIGHTS



Established the Board Sustainability Committee to reflect FGV commitment in ensuring ESG considerations take centre stage in FGV's undertakings.



Improved in the SPOTT rankings, climbing to 19th position from 23rd, with an overall SPOTT assessment score of 74.2%; an improvement from 2020's 69.9%.



Enhancement of labour practices through FGV-FLA action plan, covering various aspects including recruitment process, human rights training, grievance mechanism and labour standards monitoring systems.



Appointment of ELEVATE as a third party assessor to conduct an independent assessment of FGV's operations against the ILO indicators of forced labour and provide feedback and guidance in managing the WRO issues.



Established *Gender Equality and Women Empowerment Committee* which reflects FGV's commitment to provide women with equal access to all opportunities throughout our operations.



Committed to adopt science-based targets and become a net-zero emission entity by 2050, making FGV as Malaysia's first food and agriculture company to sign the UN-backed SBTi's *Business Ambition for 1.5°C* pledge.



Expansion of wildlife conservation and human-wildlife conflict management to include pygmy elephants, pangolins and gibbons besides the existing programme for sun bear.



Embarked on a new 3-year initiative to protect and enhance High Conservation Value and High Carbon Stock areas within the vicinity of FGV's and FELDA's plantations, by planting fast growing indigenous or native tree species and wild fruit trees.



To date, FGV has a total of 30 RSPO-certified mills and 67 (100%) MSPO-certified mills. FGV is committed to the lifting of RSPO suspension and achieving full RSPO-certified status.



Ensure compliance to commitment responsible sourcing, sustainability standards and regulations through traceability and supply change management. To date, our palm oil 100% traceable to mill, 95% to plantation & 85% to FFB suppliers. For rubber, 95% is traceable to plantation (local suppliers), 30% to province (overseas suppliers) and 70% to local suppliers.

FGV 2021 HIGHLIGHTS



Plantation

Completed felling of 13,582 Ha and replanted around 3,000 Ha landbank.

Achieved around 31,000 Ha mechanisation areas, making a total of 115,000 Ha fully mechanised using the MAIC method.

Applied fertiliser to 297,178 Ha plantation areas, equivalent to 100% coverage.

SAJI ranked #7 while Gula Prai #3 topmost chosen FMCG brands in Malaysia, based on Kantar's Brand Footprint 2021.

Integrated Farming

Harvesting of around 600 Ha of FGV's Fortified Field Fragrant Rice (3FR) contract farming programme has yielded 3,751 MT of fragrant paddy to produce "SAJI Aroma" Rice.

Sugar

Secured refined sugar supply contract worth RM290 mn with Coca-Cola for domestic and international production.

Signed agreement with Wilmar in Dec 2021 to collaborate in the establishment of a sustainable sugar supply chain.

Others

FELDA emerged as the largest shareholder of FGV with total shareholding of 79.78% as of 31 Dec 2021.

Appointed by TNB for the installation of Advanced Meter Infrastructure (AMI) project for smart meter.

Launched FGV Chuping Agro Valley to develop an integrated high-value cash crop and large-scale dairy farming.

Logistics

Recorded highest oleochemical storage throughput handled of 0.95 mn MT.

Introduced Cold Chain Transportation Services and acquired ten 7.5 tonnes refrigerated trucks.

Expanded FGV Transport's fleet capacity to 570 units to strengthen operations.

Launched RM500 mn Sukuk Murabahah programme in Dec 2021, which indicates confidence in FGV's balance sheet.

Paid windfall tax of RM184 mn based on high CPO price recorded during the year.

Contributed around RM15 mn for CSR related activities.

THANK YOU

Investor Relations Unit, Group Strategy Division
FGV Holdings Berhad (HQ)
Level 20, Wisma FGV, Jalan Raja Laut,
50350 Kuala Lumpur, Malaysia.



+603 2789 0000



fgv.investors@fgvholdings.com

MOVEMENT IN LAND LEASE LIABILITY



RM million	Q1 2021	Q2 2021	Q3 2021	Q4 2021	2021	Q1 2020	Q2 2020	Q3 2020	Q4 2020	2020
At the start of the period	4,213.8	4,267.1	3,998.1	3,994.1	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)	(111.0)	(122.9)	(413.0)	(60.9)	(60.9)	(45.9)	(93.1)	(260.8)
Recurring income statement charges/(credits)	99.7	94.9	112.6	163.2	470.4	84.3	101.7	103.7	99.3	389.0
Total income statement charges/(credits) from revisions in projections	44.1	(275.3)	(5.6)	(229.6)	(466.4)	(27.0)	(25.8)	20.0	(197.7)	(230.5)
Total charges/(credits) to the income statement	143.8	(180.4)	107.0	(66.4)	4.0	57.3	75.9	123.7	(98.4)	158.5
Closing LLA liability balance	4,267.1	3,998.1	3,994.1	3,804.8	3,804.8	4,312.5	4,327.5	4,405.3	4,213.8	4,213.8

Total charges/(credits) to Income Statement

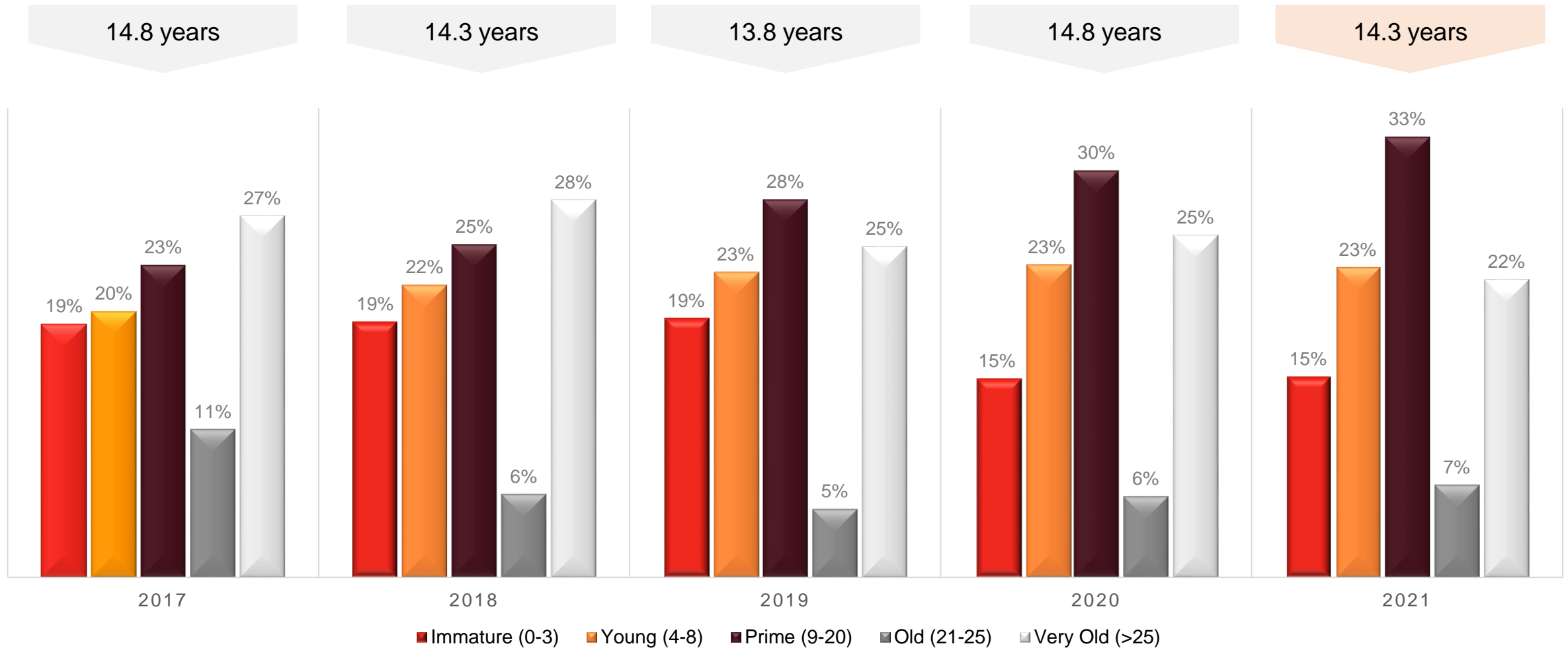
RM million	YTD Q4 2021	YTD Q4 2020
Unwinding of discounts	379.4	398.8
Under accrual for current quarter	91.0	(9.8)
Revisions in projections and other adjustments	(466.4)	(230.5)
Total charges to the Income Statement	4.0	158.5

AGE PROFILE

FGV's current age profile in 2021 has improved with a bigger area of prime oil palm and a reduction in old palm trees compared to 2020.



FGV's Palm Age Profile (Years)



FY2021 OPERATIONAL HIGHLIGHTS



	FY2021	FY2020	YOY
FFB Production ('000 MT)	3,976	4,288	-7%
FFB Yield (MT/Ha)	15.69	16.96	-7%
CPO Production ('000 MT)	2,677	2,871	-7%
PK Production ('000 MT)	657	719	-9%
OER (%)	20.54	20.32	1%
KER (%)	5.04	5.09	-1%
Avg. PK Price (RM/MT)	2,844	1,558	+83%
Avg. CPO Price (RM/MT)	3,671	2,675	+37%
CPO Cost Ex-mill (RM/MT)	1,756	1,637	+7%
Lauric Sales Vol. (MT)	-	203,346	<100%
CPKO Sales Vol. (MT)	224,653	105,484	>100%
Oleochemical Sales Vol. (mn lbs)	289.93	282.81	3%