FGV HOLDINGS BERHAD

Financial Results Briefing
3rd Quarter FY2022

30 Nov 2022

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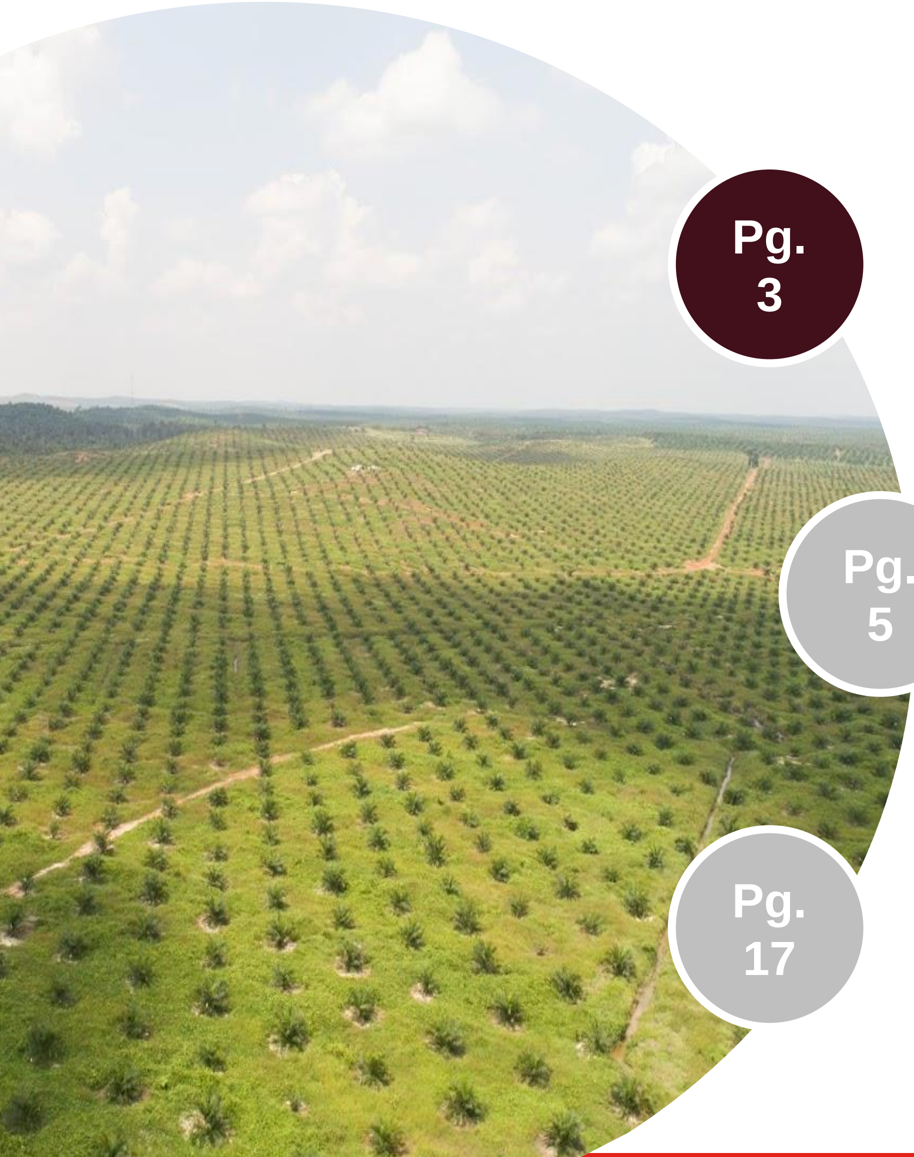
TODAY'S AGENDA



EXECUTIVE SUMMARY

Malaysia's GDP grew by 14.2% yoy in the third quarter of 2022[1], contributed by robust domestic and external demand, and a firm recovery in the labour market. The GDP is expected to be moderate in the 4Q FY2022, reflecting a more challenging global environment due to the ongoing Russia-Ukraine conflict and rising inflationary pressure.

Malaysia's plantation sector is expected to remain resilient in the 4Q FY2022, with a flat CPO production forecast of 18.3 million MT[2]. Increased CPO supply from seasonally higher FFB output as well as stockpiles in exporting countries such as Indonesia may continue to put downward pressure on CPO prices. Nonetheless, CPO prices are expected to average around RM4,000 per MT in 4Q FY2022.

FGV has started to receive batches of foreign workers which has reduced labour shortages to 28%, down from 38% recorded in the previous quarter. FGV will continue to intensify its recruitment efforts in the coming quarters as labour shortages remain a key risk in plantation operations.

The sustainable sourcing of raw sugar enables the Company to have sugar traceability and practices in accordance with the ESG framework commitment. Gula Prai is traceable to the mill and is now part of the No Deforestation and No People Exploitation (NDPE) Sugar Initiative.

On the sustainability front, FGV engaged with US CBP in October to provide updates and development on FGV's initiatives to improve labour practices and prepare materials for assessment, which include verification of remediation and a petition for WRO modification.

Overall, The Group's PATAMI for the 9M FY2022 increased significantly by 40% to RM985 mn, on the back of RM19,463 mn in revenue. FGV recorded a PATAMI of RM242 mn in the 3Q FY2022, a decrease of 39% from RM399 mn reported last year.

1 BNM Report, 3Q FY2022
2 MPOC

TODAY'S AGENDA

9M FY2022 FINANCIAL HIGHLIGHTS

FGV's operating profit increased significantly to RM1.79 bn driven by the strong CPO price and improved Logistics Sector performance.

Income Statement (RM mn)	9M FY2022	9M FY2021	Var. (%)	
Revenue	**19,463**	13,391	45	▲
Operating Profit	**1,786**	1,169	53	▲
Fair value charge in LLA	**(268)**	(70)	>100	▲
Impairment - (net)	**(11)**	(10)	10	▲
EBIT	**1,507**	1,089	38	▲
Share of results - Assoc & JV	**46**	34	35	▲
Finance costs (net)	**(66)**	(99)	(33)	▼
PBT	**1,487**	1,024	45	▲
Zakat and Taxation	**(547)**	(272)	>100	▲
PAT	**939**	752	25	▲
PATAMI	**985**	703	40	▲

Higher Operating Profit is mainly attributed to:

- Increased palm products' margins due to higher average CPO price realised by 44%.
- Higher throughput and tonnage carried by the Logistics Sector.

However, this result was partially offset by the losses incurred in the Sugar Sector, mainly due to higher production costs by 24%.

Operating Profit

BUSINESS	9M FY2022	9M FY2021	Var. (%)
Plantation	1,809	984	84
Sugar	(113)	122	>(100)
Logistics	86	62	39
Others	4	1	>100
Total	1,786	1,169	53

3Q FY2022 FINANCIAL HIGHLIGHTS

FGV registered an Operating Profit of RM449 mn due to losses in the Sugar Sector, lower contribution from Palm Upstream, and fair value losses.

Income Statement (RM mn)	3Q FY2022	3Q FY2021	Var. (%)	
Revenue	**6,182**	5,316	16	▲
Operating Profit	**449**	643	(30)	▼
Fair value charge in LLA	**(51)**	(107)	(52)	▼
Impairment - (net)	**(13)**	(7)	86	▲
EBIT	**385**	528	(27)	▼
Share of results - Assoc & JV	**11**	20	(45)	▼
Finance costs (net)	**(11)**	(40)	(73)	▼
PBT	**385**	508	(24)	▼
Zakat and Taxation	**(168)**	(107)	57	▲
PAT	**217**	401	(46)	▼
PATAMI	**242**	399	(39)	▼

The Operating Profit was impacted by:

- Operating loss in the Sugar Sector due to higher production costs by 20%.
- Lower profit contribution from palm upstream despite higher margin achieved.
- Fair value and mark-to-market (MTM) losses of RM44 mn.

Nevertheless, the Logistics Sector recorded higher profits as a result of higher tonnage and throughput handled.

Operating Profit

BUSINESS	3Q FY2022	3Q FY2021	Var. (%)
Plantation	486	585	(17)
Sugar	(67)	36	>(100)
Logistics	34	25	36
Others	(4)	(3)	33
Total	449	643	(30)

SECTOR PERFORMANCE: PLANTATION

The Sector's profit was impacted by the lower FFB production, fair value and MTM losses.

PLANTATION (RM mn)	3Q FY2022	3Q FY2021	Var. (%)	
Revenue				
Upstream	**3,713**	3,248	14	▲
Downstream	**1,445**	1,324	9	▲
R&D and Fertiliser	**242**	106	>100	▲
Total Revenue	**5,400**	4,678	15	▲
Operating Profit				
Upstream	**449**	549	(18)	▼
Downstream	**30**	14	>100	▲
R&D and Fertiliser	**7**	22	(68)	▼
Total Operating Profit	**486**	585	(17)	▼
FV charge in LLA	**(51)**	(107)	(52)	▼

Upstream

- Despite the higher margin achieved, CPO Cost Ex-Mill increased by 39% to RM2,262/MT (3Q FY2021: RM1,632/MT), due to lower FFB production and increase in manuring and labour costs as a result of the minimum wage implementation.
- Fair value and MTM losses of RM62 mn (3Q FY2021: gain of RM31 mn).
- Decreased rubber margins due to lower average selling price and sales volume.

Downstream

- Higher sales volume for packed products due to higher intake from export customers.
- Higher margins in CPKO and PKE as well as the oleochemical segment.

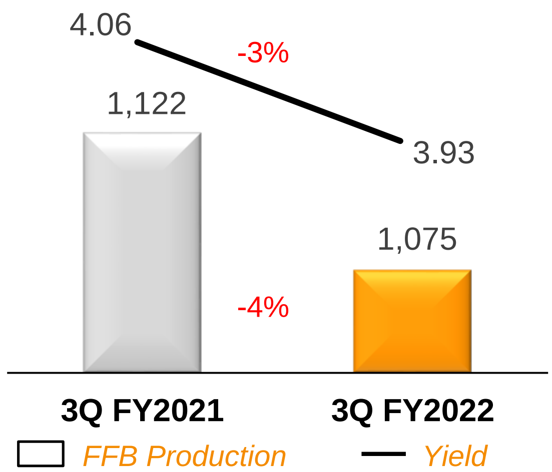
R&D and Fertiliser

- Lower margins in the fertiliser business.

SECTOR PERFORMANCE: PLANTATION

Upstream Operation

FFB Production ('000 MT) & FFB Yield (MT/Ha)



- FFB production and yield decreased by 4% and 3% respectively, due to the ongoing labour shortage.
- Starting in August 2022, FGV has received batches of foreign workers, which have reduced its labour shortages to 28%, down from 38% recorded in 2Q FY2022.

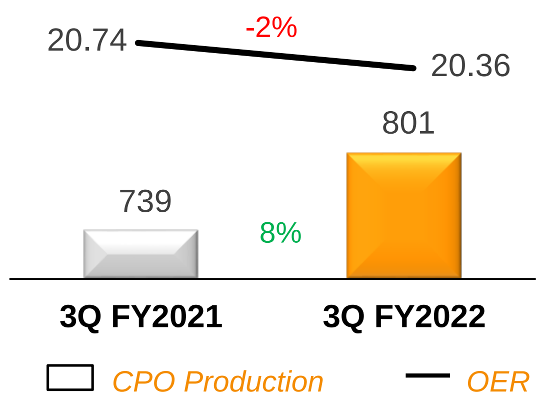
FFB ('000 MT)	3Q FY2022	3Q FY2021	Var. (%)
Internal	1,055	1,104	▼ 4
External (Third Party)	1,143	947	▲ 21
Settlers	1,738	1,512	▲ 15
Total FFB Processed	**3,936**	**3,563**	▲ 10

- Total FFB processed increased by 10% to 3.94 mn MT as compared to 3.56 mn MT in the corresponding quarter.
- In total, 1.06 mn MT (27%) were produced internally, 1.74 mn MT (44%) were sourced from FELDA Settlers, and 1.14 mn MT (29%) were received from third parties.

SECTOR PERFORMANCE: PLANTATION

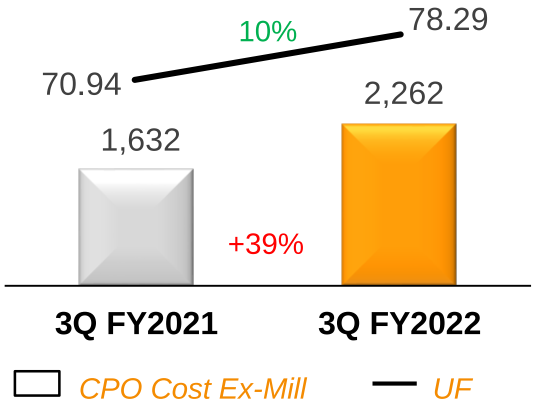
Upstream Operation

CPO Production ('000 MT) & OER (%)



- CPO production has improved by 8% driven by higher FFB processed in the current quarter.
- OER decreased by 2% as a result of lower quality FFB received due to adverse weather conditions.

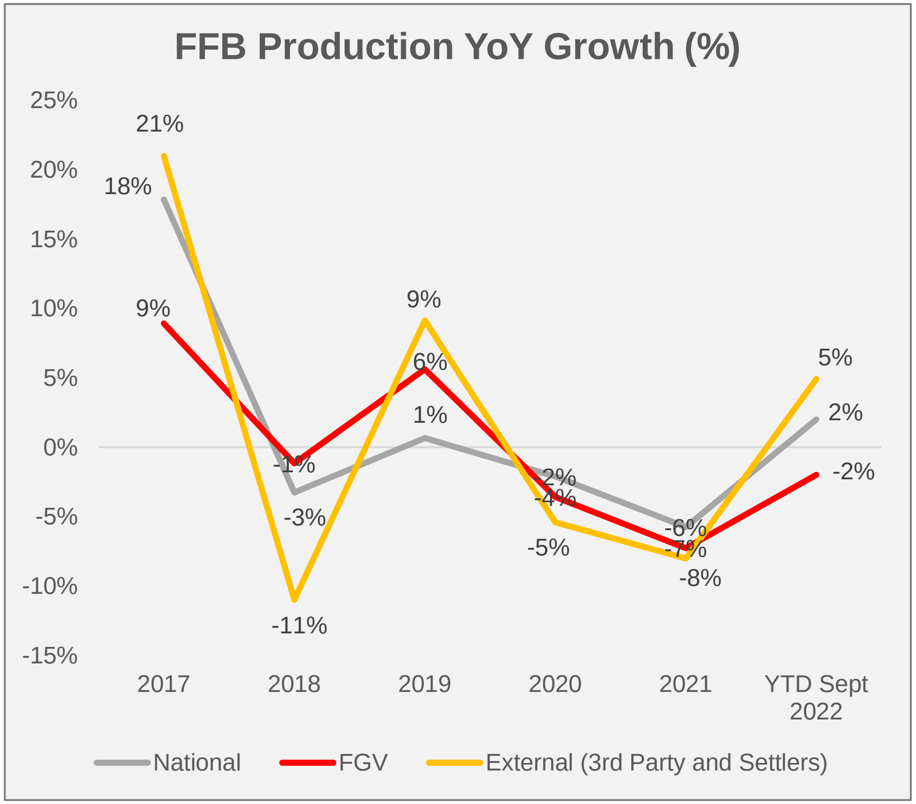
CPO Cost Ex-Mill (RM/MT) & Utilisation Factor (%)



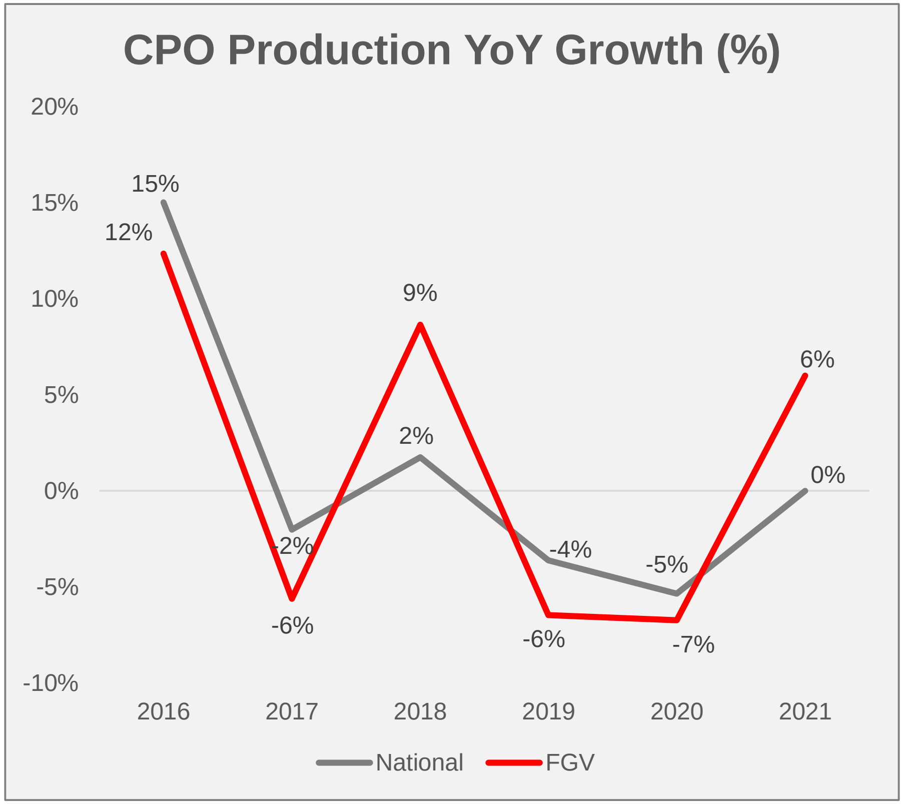
- Increased CPO Cost Ex-Mill by 39% due to the increase in manuring and labour costs as a result of the minimum wage implementation.
- UF increased by 10% as a result of higher FFB received.

FGV'S PRODUCTION VS. NATIONAL PRODUCTION TREND

FGV's FFB and CPO productions continues to outpace National production



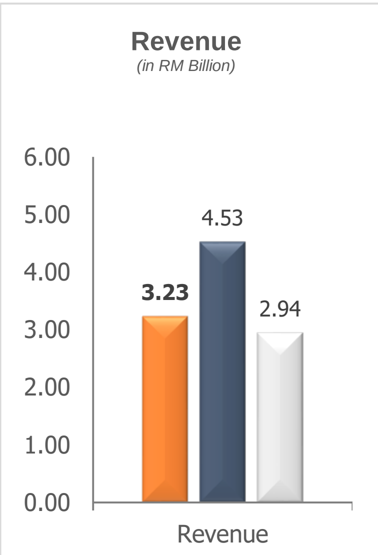
FFB production growth is consistent with the yearly pattern of increased output, despite the difficulties caused by labour shortages.

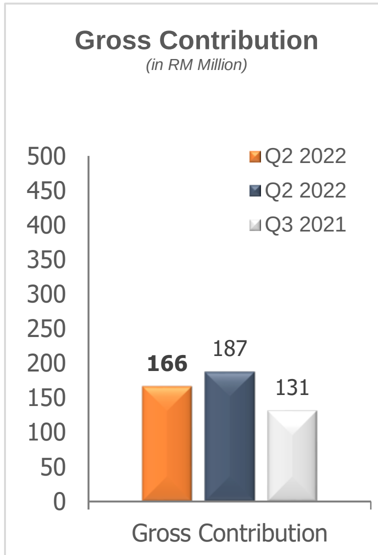


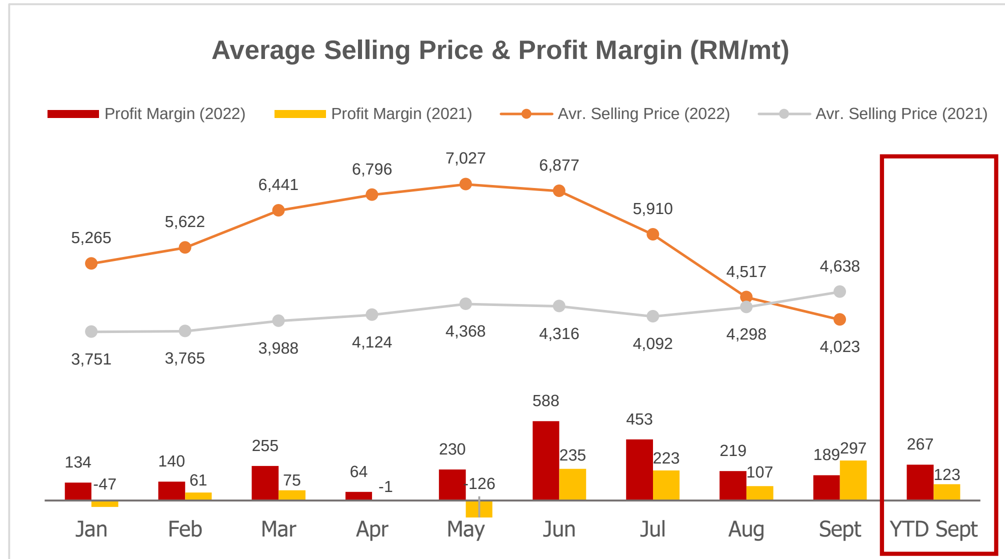
The improvement in CPO production is in tandem with higher FFB processed.

Sources: MPOB, Company internal data.
**Against corresponding period in 2021.*

PROFIT/(LOSS) FROM UPSTREAM OPERATIONS - EXTERNAL





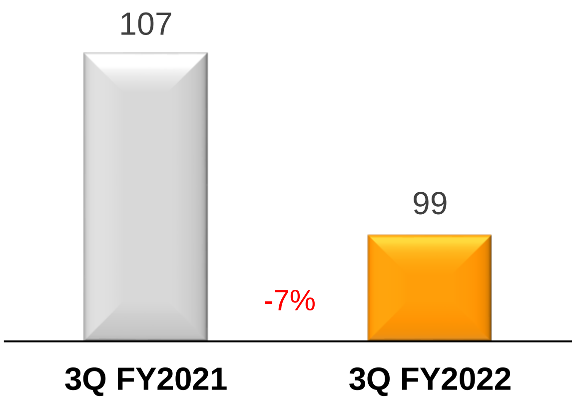


- External FFB recorded a lower gross contribution by 11% from the preceding quarter (RM187 mn) but a higher 27% compared to the same quarter last year (RM131 mn).
- Against the same period last year, the increase in gross contribution was primarily due to higher external CPO/PPO deliveries (3Q FY2022: 603,232 MT) at a higher margin of RM275/MT, compared to the same period last year of 596,092 MT at a margin of RM219/MT. However, the OER margin achieved during the quarter was lower as compared to the same period last year by 36% (3Q FY2022: 1.02%, 3Q FY2021: 1.59%).
- The amount of FFB processed in 3Q 2022 increased by 11% to 3.80 mn MT against the same period last year of 3.42 mn MT.

SECTOR PERFORMANCE: PLANTATION

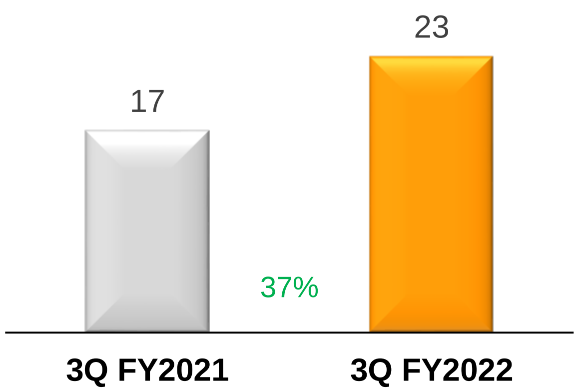
Downstream Operation

Oil & Fats Sales Volume ('000 MT)



- The 7% decrease in oils and fats sales volume was primarily due to lower demand in the bulk segment.

Biodiesel Sales Volume ('000 MT)



- The biodiesel sales volume increased significantly by 37% due to improved demand following the nation's economic recovery.

SECTOR PERFORMANCE: SUGAR

FINANCIAL

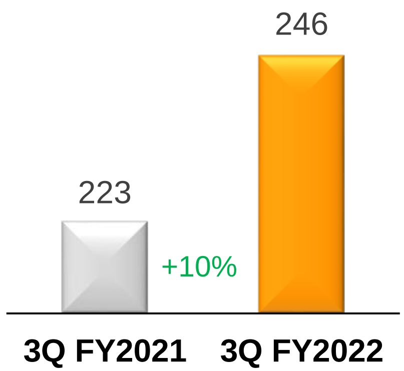
SUGAR (RM mn)	3Q FY2022	3Q FY2021	Var. (%)	
Revenue	**665**	549	21	▲
PBT	**(71)**	18	>(100)	▼

The Sugar Sector recorded a loss of RM71 mn primarily due to:

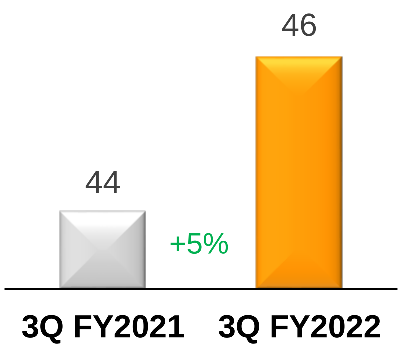
- A 20% increase in production costs resulted from higher NY11, freight and gas prices, higher refining cost and the weakening of Malaysian Ringgit.

OPERATION

Total Sales Volume ('000 MT)



Utilisation Factor (%)



- Increased total sales volume by 10% driven by higher demand from wholesale and industry, in line with market recovery.
- Improved average UF to 46% as a result of higher production volume in MSM Prai. However, lower UF was recorded in MSM Johor due to production issues.

SECTOR PERFORMANCE: LOGISTICS

FINANCIAL

BULKING

Bulking (RM mn)	3Q FY2022	3Q FY2021	Var. (%)	
Revenue	**67**	54	24	▲
PBT	**30**	20	50	▲

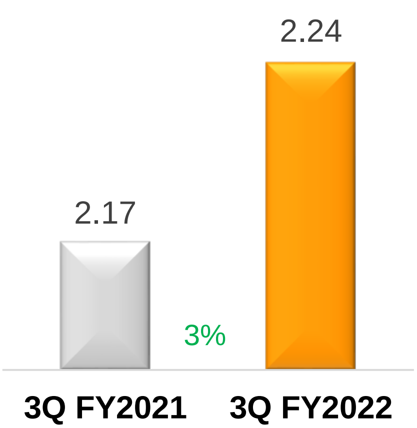
TRANSPORT

Transport (RM mn)	3Q FY2022	3Q FY2021	Var. (%)	
Revenue	**81**	63	29	▲
PBT	**3**	4	(25)	▼

- The bulking business recorded a profit of RM30 mn due to the increase in handling rate and throughput by 24% and 3%, respectively.

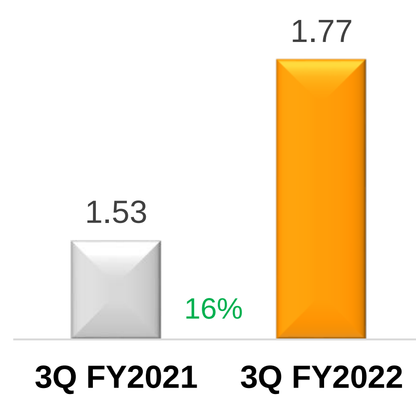
OPERATION

Bulking Volume (mn MT)



Bulking volume increased by 3% due to higher throughput handled.

Transport Volume (mn MT)



Transport volume increased by 16% in line with higher CPO production.

KEY FINANCIAL HIGHLIGHTS

	30.09.2022	31.12.2021	Changes (%)
Cash and Cash Equivalents (RM mn)	**1,596**	2,032	**-21%**
Total Borrowings without LLA (RM mn)	**3,284**	3,998	**-18%**
Liquidity Ratio (times)	**1.24**	1.22	**1%**
Gearing Ratio* (times)	**0.43**	0.56	**-23%**

**Gearing ratio equals to Borrowings, Loans due to ultimate holding company divided by Total Equity.*

TODAY'S AGENDA

BUSINESS UPDATES

PLANTATION SECTOR : UPSTREAM

- As of October 2022, FGV **recruited 4,874 estate workers**, of which 848 are local recruitment. This indicates **28% shortage** of the total workforce requirement.
- A total of **59% fertiliser** was applied against the FY2022 target.
- Completed **7,733 Ha of felling** and **1,003 Ha of planting** work, following the rescheduling of the replanting programme.

PLANTATION SECTOR : DOWNSTREAM

- SAJI was named the **Fastest Growing Brand of the Decade** under KANTAR's Brand Footprint Award in September 2022.
- SAJI's refined cooking oil **market share grew to 46%** from 44%, while Seri Pelangi's **market share grew to 43% from 41% recorded in the first half of 2022.**
- Started to supply olein and other palm-based related products to ASEAN markets such as Cambodia and Vietnam, and currently expanding into the North American market to supply palm-based shortening for the growing HORECA segment.

SUGAR SECTOR

The sustainable sourcing of raw sugar enables the Company to have sugar traceability and practices in accordance with the ESG framework commitment. Gula Prai is traceable to the mill and is now part of the No Deforestation and No People Exploitation (NDPE) Sugar Initiative.

BUSINESS UPDATES

LOGISTICS AND OTHERS SECTOR

- Started operation of a new warehouse in Pasir Gudang with a **capacity of 15,000 MT.**
- The reopening of the international borders and the economic recovery contributed to Felda Travel's turnaround in profits.

INTEGRATED FARMING

- Collaboration with GIGI Coffee to **supply approximately 40,000 litres/month of fresh milk**. FGV aims to increase its monthly supply to 90,000 litres by December 2022.
- The Linggi Fresh Milk Processing Factory has entered the testing and commissioning stage and is targeted to be completed by 1Q FY2023, which will increase the processing capacity to 30,000 litres/day.

ENVIRONMENTAL,SOCIAL AND GOVERNANCE

- In October, **FGV engaged with US CBP** to provide updates and development on FGV's initiatives to enhance labour practices and prepare materials for assessment, which include verification of remediation together with a petition for modification of the WRO.
- FGV has completed the final assessment, comprising unannounced visits and audits of mills and estates. FGV is currently developing a remediation plan based on the outcome of the assessment and **intends to submit the final report to CBP in the first quarter of 2023**.

THANK YOU

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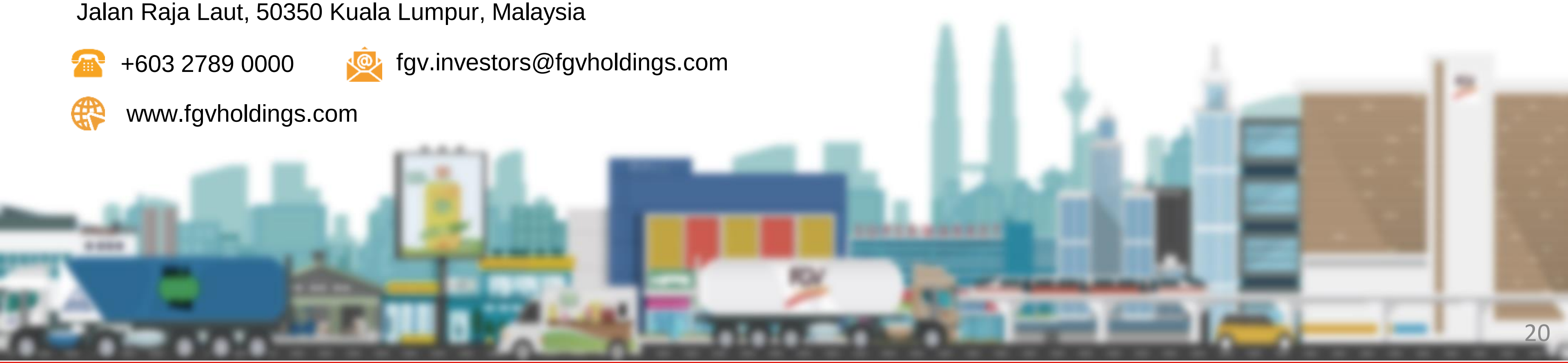


MOVEMENT IN LAND LEASE LIABILITY IN FGVPM

RM million	1Q 2022	2Q 2022	3Q 2022	2022	1Q 2021	2Q 2021	3Q 2021	4Q 2021	2021
At the start of the period	3,804.8	3,833.2	3,773.8	3,804.8	4,213.8	4,267.1	3,998.1	3,994.1	4,213.8
Total payments made during the period	(130.7)	(117.3)	(116.9)	(364.8)	(90.5)	(88.6)	(111.0)	(122.9)	(413.0)
Recurring income statement charges/(credits)	68.4	62.7	85.7	216.8	99.7	94.9	112.6	163.2	470.4
Total income statement charges/(credits) from revisions in projections	90.7	(4.8)	(34.3)	51.6	44.1	(275.3)	(5.6)	(229.6)	(466.4)
Total charges/(credits) to the income statement	159.1	57.9	51.4	268.3	143.8	(180.4)	107.0	(66.4)	4.0
Closing LLA liability balance	**3,833.2**	**3,773.8**	**3,708.3**	**3,708.3**	**4,267.1**	**3,998.1**	**3,994.1**	**3,804.8**	**3,804.8**

Total charges/(credits) to Income Statement

RM million	YTD 3Q 2022	YTD 3Q 2021
Unwinding of discounts	256.8	289.3
Under accrual for current quarter	(40.1)	17.9
Revisions in projections and other adjustments	51.6	(236.8)
Total charges to the Income Statement	**268.3**	**70.4**

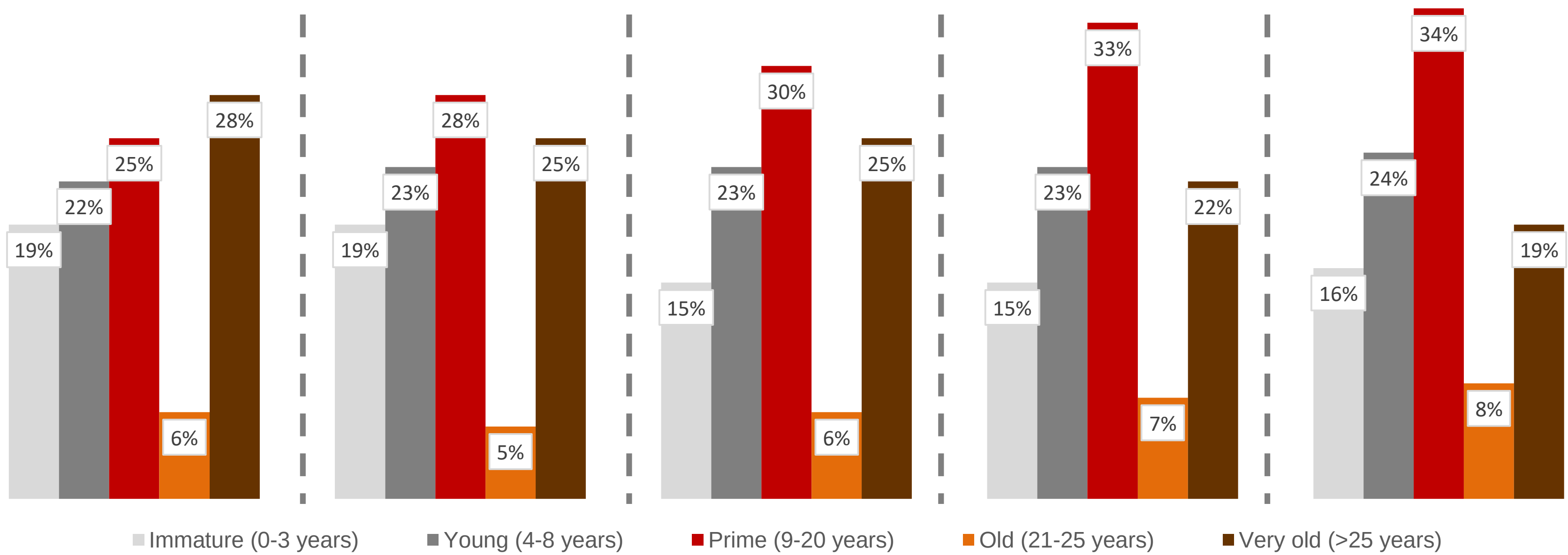
AGE PROFILE

Our current age profile has improved with bigger area of prime palm oils and reduction in old palm trees in 2022 compared to 2021.

Average Palm Age (Years)

2018	2019	2020	2021	2022
14.3	13.8	14.8	14.3	13.7

FGV's Palm Age Profile



FY2022 OPERATIONAL HIGHLIGHTS

	3Q FY2022	3Q FY2021	YOY	9M FY2022	9M FY2021	YOY
FFB Production ('000 MT)	**1,075**	1,122	-4%	**2,861**	2,922	-2%
FFB Yield* (MT/Ha)	**3.93**	4.06	-3%	**10.37**	10.58	-2%
CPO Production ('000 MT)	**801**	739	8%	**2,067**	1,949	6%
PK Production ('000 MT)	**200**	183	9%	**514**	485	6%
OER (%)	**20.36**	20.74	-2%	**20.43**	20.35	0%
KER (%)	**5.08**	5.13	-1%	**5.08**	5.06	0%
Avg. PK Price (RM/MT)	2,427	2,497	-3%	3,417	2,531	35%
Avg. CPO Price (RM/MT)	**4,830**	3,798	27%	**4,989**	3,475	44%
CPO Cost Ex-mill (RM/MT)	**2,262**	1,632	39%	**2,125**	1,825	16%
CPKO Sales Volume (MT)	**63,197**	73,298	-14%	**183,147**	182,802	0.2%
Oleochemical Sales Volume ('000 lbs)	**69.65**	83.87	-17%	**220.42**	242.36	9%

**FY2021 yield has been adjusted on the same basis as FY2022 where rehabilitated areas are included as part of mature hectarage.*