



4Q FY2022 RESULTS ANNOUNCEMENT

Monday, 27 February 2023 | 3.00PM



FGV HOLDINGS BERHAD

Financial Results Briefing
4th Quarter FY2022



27 Feb 2023



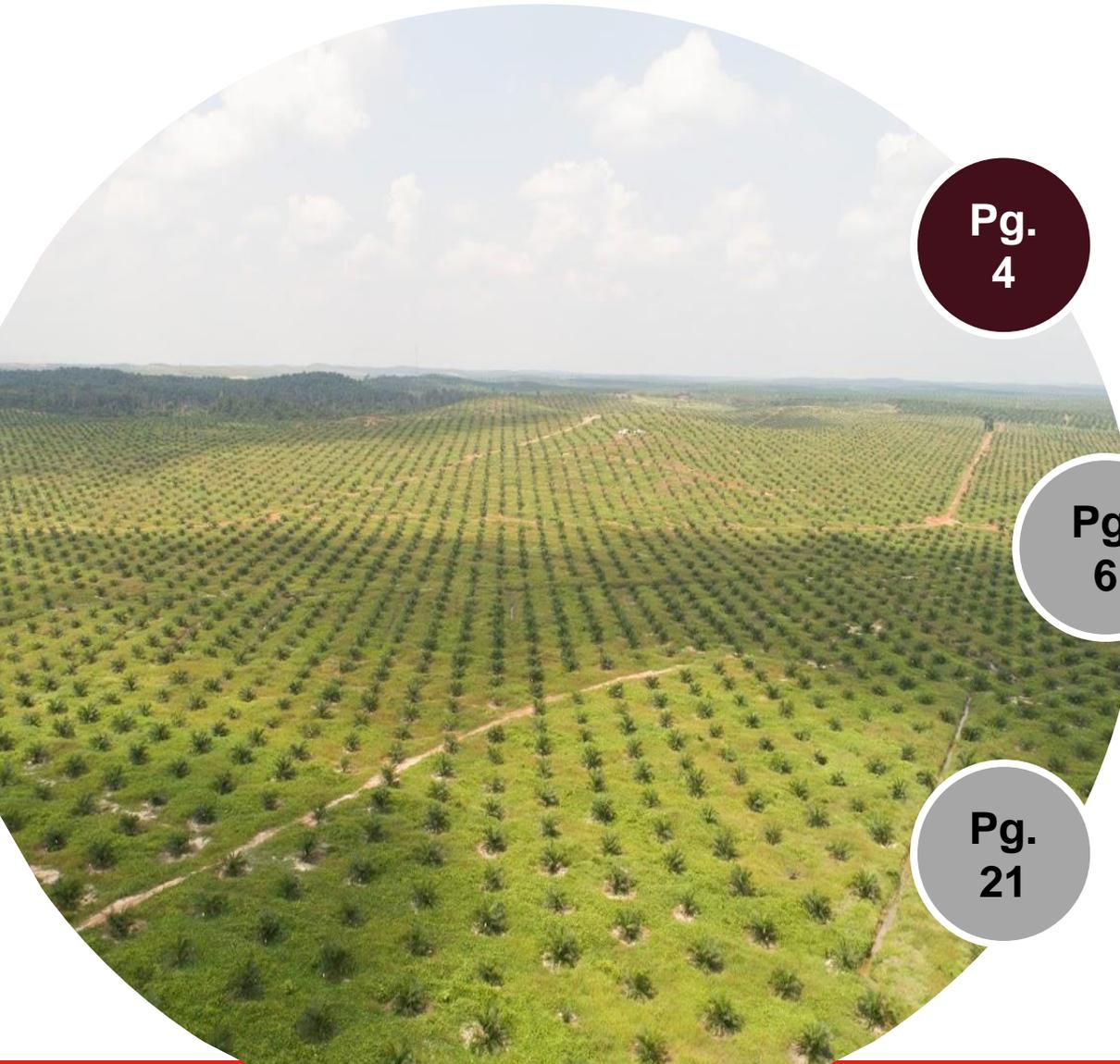
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FY2022 At A Glance

EXECUTIVE SUMMARY



The Malaysian economy grew by 7.0% in the fourth quarter of 2022 compared to 14.2% in the previous quarter, bringing FY2022's GDP to a record high of 8.7%. This represents a recovery in consumer, business, and investor confidence in the national economy¹.

FGV's crude palm oil (CPO) price had reached an average of RM4,832 per metric tonne in FY2022 on the back of prolonged Russia-Ukraine conflict and shortage of labour as well as lower palm production and other soft oil supply. Going into first quarter of 2023, the CPO price is supported by Indonesia's higher biodiesel mandate and tighter export policy despite the anticipated global recession.

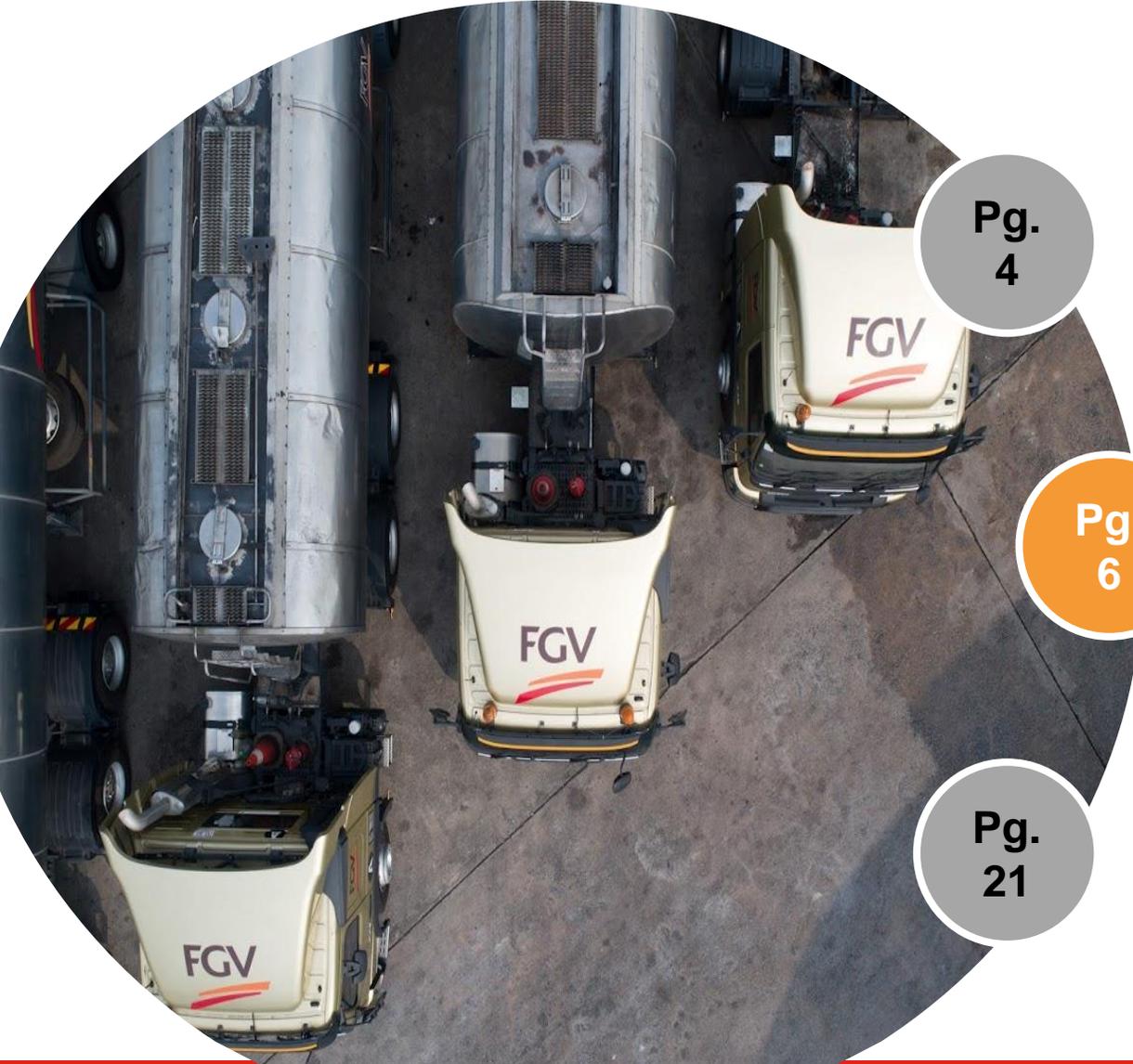
From the intensified recruitment efforts made throughout the year, the foreign worker shortage decreased from 32% in 2021 to 13% in 2022. The Plantation Sector will continue to improve its operation through mechanisation, replanting programmes and implementing cost optimisation initiatives to manage rising operational costs and energy prices.

The Group remains steadfast in its commitment to the sustainability agenda. On the Withhold Release Order (WRO) suspension, our independent assessor has completed its site assessments, and FGV is currently working to implement the recommendations. Beginning in March 2023, FGV will reimburse the recruitment fees for its foreign workers in three tranches, amounting to RM81.64 million for its current workers. A sinking fund amounting to RM30 mn has also been established for its former employees. The company will soon submit the final report to U.S. Customs and Border Protection (CBP).

Overall, The Group's PATAMI for FY2022 increased by 13% to RM1.32 bn, on the back of RM25.56 bn revenue. FGV recorded a PATAMI of RM338 mn in 4Q FY2022, a decrease of 27% from RM465 mn reported in the same quarter last year.

The Board has approved a final dividend payment of 11.0 sen per share, translating to a dividend payout of RM401.30 mn. For FY2022, a total dividend payment of 15.0 sen per share has been declared by the Group.

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FY2022 At A Glance

FY2022 FINANCIAL HIGHLIGHTS

FGV's Operating Profit for 2022 increased significantly to RM2.33 bn largely driven by the strong CPO price and improved performance in Logistics Sector.

Income Statement (RM mn)	FY2022	FY2021	Var. (%)	
Revenue	25,564	19,566	31	▲
Operating Profit	2,332	1,842	27	▲
Fair value charge in LLA	(353)	(4)	>100	▲
Impairment - (net)	(65)	(59)	10	▲
EBIT	1,914	1,779	8	▲
Share of results - Assoc & JV	121	39	>100	▲
Finance costs (net)	(84)	(104)	19	▼
PBT	1,951	1,714	14	▲
Zakat and Taxation	(689)	(538)	28	▲
PAT	1,262	1,176	7	▲
PATAMI	1,323	1,168	13	▲

Higher Operating Profit is mainly attributed to the following:

- Increased palm products' margins following higher average CPO price realised by 32%.
- Higher throughput and tonnage carried by the Logistics Sector.

This result was partially offset by the losses incurred in the Sugar Sector, mainly due to higher production costs by 22%.

Operating Profit

BUSINESS	FY2022	FY2021	Var. (%)	
Plantation	2,403	1,691	42	▲
Sugar	(155)	118	>100	▼
Logistics	119	90	32	▲
Others	(35)	(57)	39	▼
Total	2,332	1,842	27	▲

4Q FY2022 FINANCIAL HIGHLIGHTS

FGV registered an Operating Profit of RM545 mn due to lower contribution from Sugar Sector, Palm Upstream and Rubber Division.

Income Statement (RM mn)	4Q FY2022	4Q FY2021	Var. (%)	
Revenue	6,101	6,175	1	▼
Operating Profit	545	673	19	▼
Fair value charge in LLA	(85)	66	>100	▼
Impairment - (net)	(54)	(49)	10	▲
EBIT	406	690	41	▼
Share of results - Assoc & JV	75	5	>100	▲
Finance costs (net)	(17)	(5)	>100	▲
PBT	464	690	33	▼
Zakat and Taxation	(141)	(266)	47	▼
PAT	323	424	24	▼
PATAMI	338	465	27	▼

The Operating Profit was impacted by the following:

- Losses in the Sugar Sector due to higher production costs by 18%.
- Lower profit contribution from Palm Upstream resulted from higher CPO cost-ex mill by 14% due to increased manuring, upkeep and maintenance costs.
- Losses in Rubber Division due to the lower average selling price and production volume.

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

Operating Profit

BUSINESS	4Q FY2022	4Q FY2021	Var. (%)	
Plantation	593	707	16	▼
Sugar	(42)	(4)	>100	▼
Logistics	33	28	18	▲
Others	(39)	(58)	33	▼
Total	545	673	19	▼

SECTOR PERFORMANCE: PLANTATION



The Sector's profit was impacted by the higher CPO cost ex-mill and lower rubber margin.

PLANTATION (RM mn)	4Q FY2022	4Q FY2021	Var. (%)
Revenue			
Upstream	3,812	3,788	1 ▲
Downstream	1,276	1,538	17 ▼
R&D and Fertiliser	212	81	>100 ▲
Total Revenue	5,300	5,407	2 ▼
Operating Profit			
Upstream	506	630	20 ▼
Downstream	80	48	67 ▲
R&D and Fertiliser	7	29	76 ▼
Total Operating Profit	593	707	16 ▼
FV gain / (charge) in LLA	(85)	66	>100 ▼

Upstream

- Lower palm products' margins due to a 14% increase in CPO cost ex-mill to RM2,196/MT (4Q FY2021: RM1,924/MT) resulted from increased manuring, upkeep and maintenance costs.
- Decreased rubber margins due to lower average selling price and production volume.

Downstream

- Higher sales volume for packed products due to higher intake from export customers.
- Higher margin in the oleochemical segment.

R&D and Fertiliser

- Decrease in seeds sales volume and lower margin in fertiliser business.

SECTOR PERFORMANCE: PLANTATION



Upstream Operations

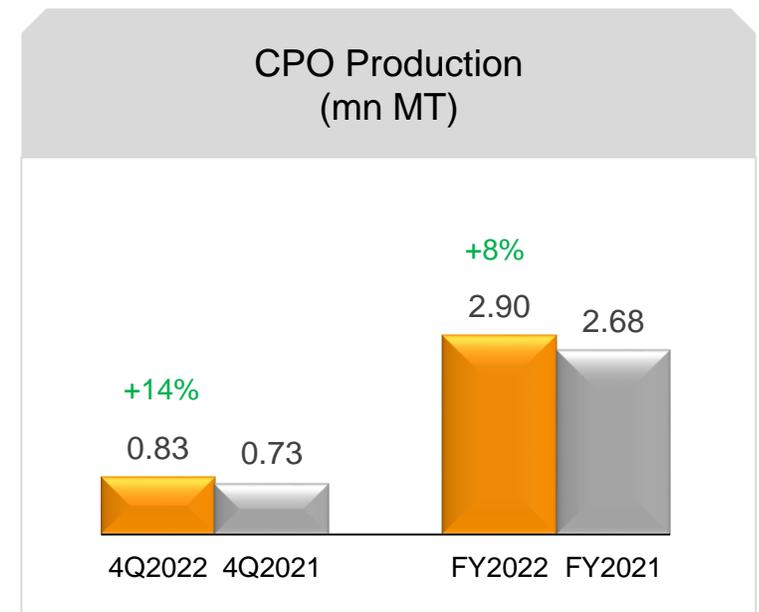
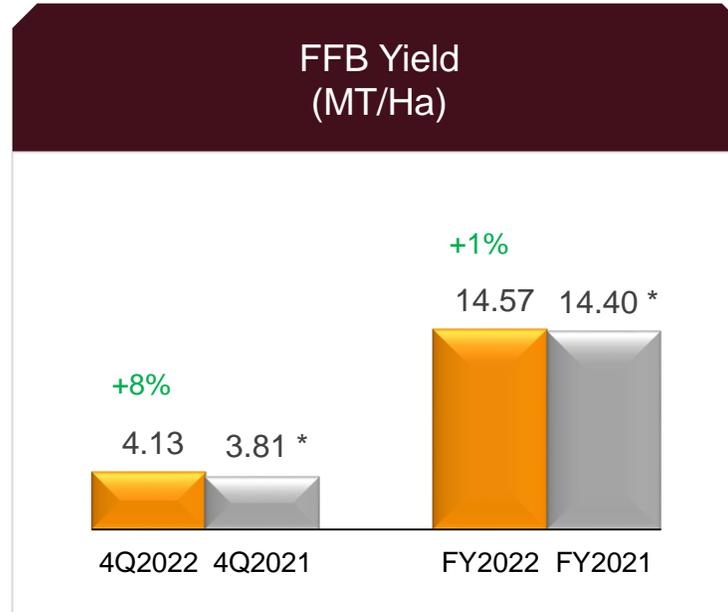
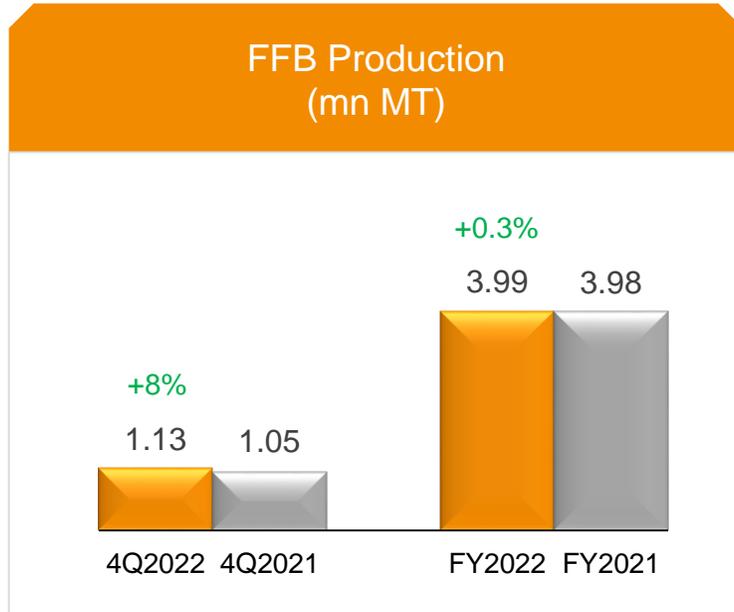
FFB ('000 MT)	4Q FY2022	4Q FY2021	Var. (%)	FY2022	FY2021	Var. (%)
Internal	1,116	1,038	▲ 8	3,992	3,920	▲ 2
External (Third Party)	1,170	843	▲ 39	3,926	3,470	▲ 13
Settlers	1,822	1,566	▲ 16	6,410	5,651	▲ 13
Total FFB Processed	4,108	3,448	▲ 19	14,265	13,041	▲ 9

- Total FFB processed increased by 19% in 4Q FY2022 to 4.11 mn MT compared to 3.45 mn MT in the previous quarter. In total, 1.12 mn MT (28%) were produced internally, 1.82 mn MT (44%) were sourced from FELDA Settlers, and 1.17 mn MT (28%) were received from third parties.
- In FY2022, total FFB processed increased by 9% to 14.27 mn MT, up from 13.04 mn MT in FY2021, as crop production recovered nationwide and reduced labour shortage.

SECTOR PERFORMANCE: PLANTATION



Upstream Operations

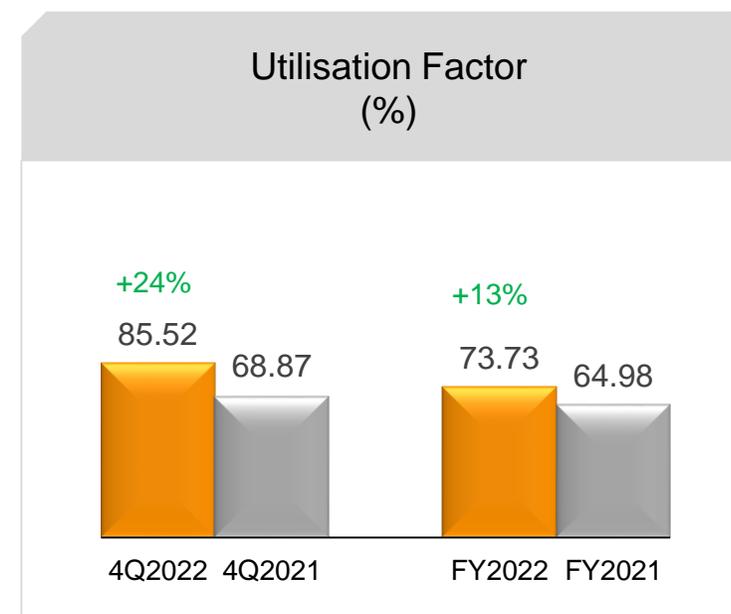
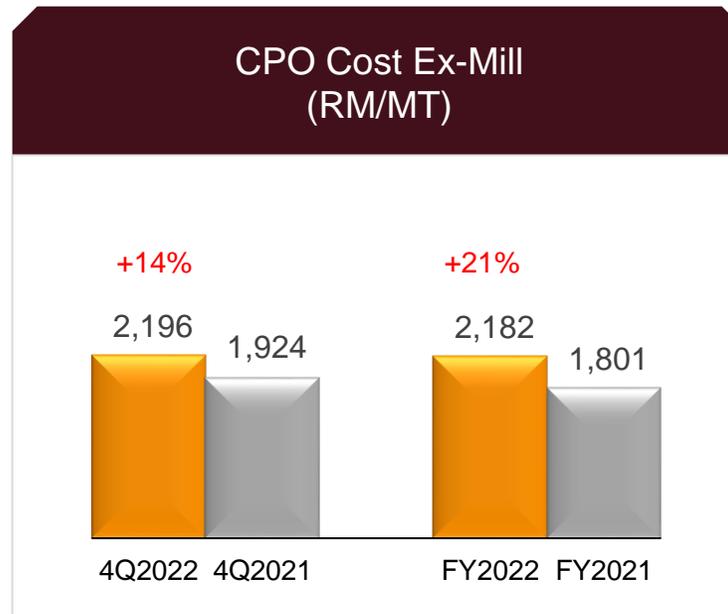
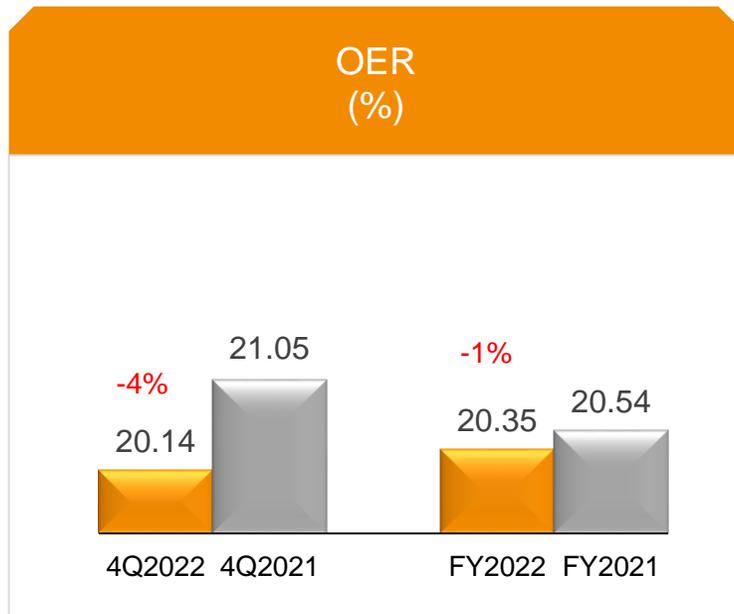


- In 4Q FY2022, FFB production and yield increased by 8%. In FY2022, we recorded a marginal increase in FFB production to 3.99 mn MT and FFB yield of 14.57 MT/Ha as we improved the number of workers for harvesting activities.
- With the arrival of foreign workers at the end of the year, FGV's labour shortages fell to 13% in FY2022, down from 32% in FY2021.
- CPO production increased by 14% in 4Q FY2022 and 8% for FY2022 to 2.90 mn MT, driven by higher FFB processed of 14.27 mn MT during the year.

SECTOR PERFORMANCE: PLANTATION



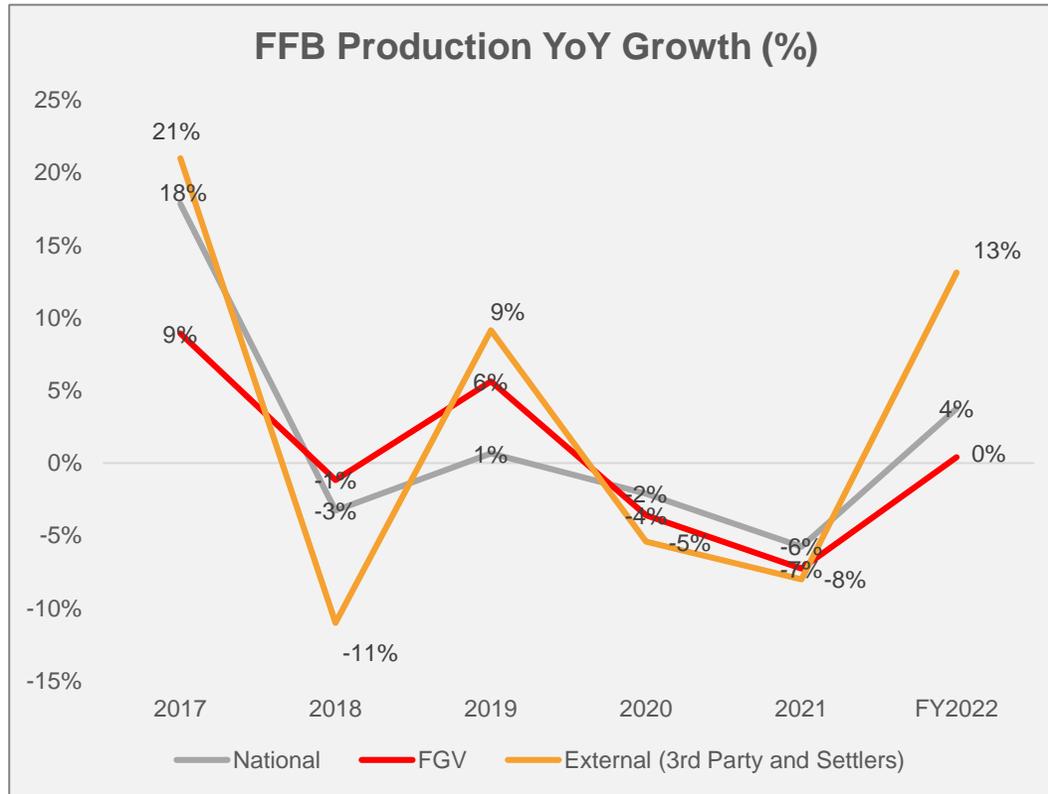
Upstream Operations



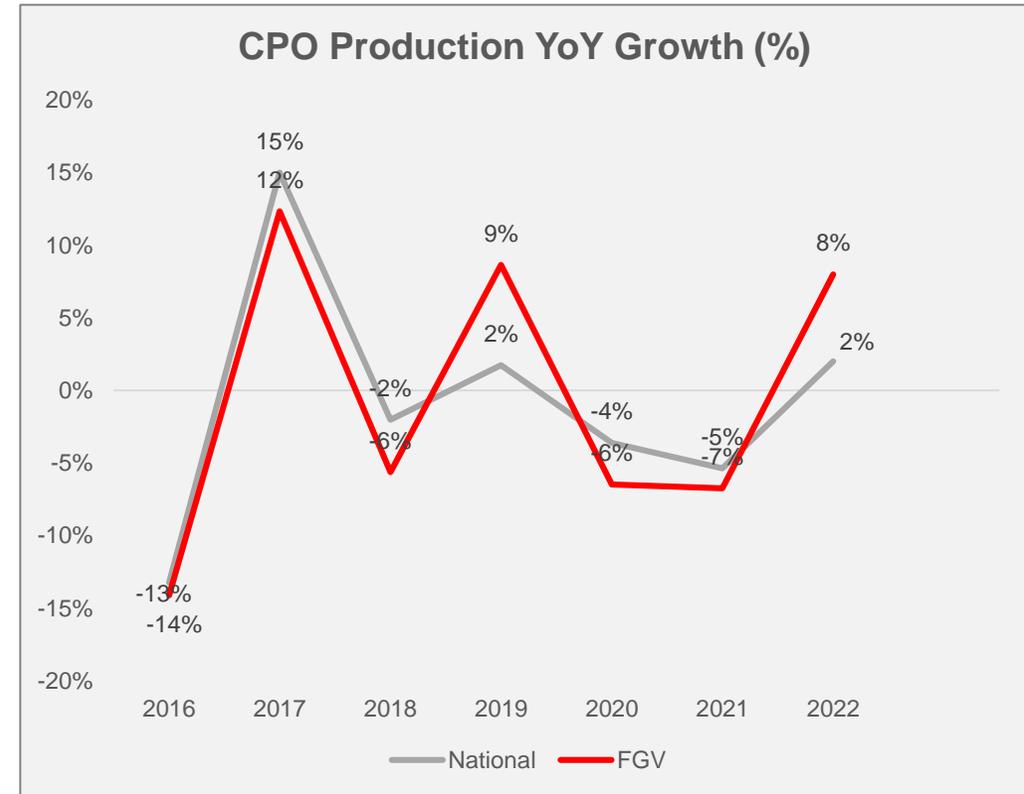
- OER decreased by 4% in 4Q FY2022 and 1% in FY2022 due to the lower quality of FFB ripeness impacted by the adverse weather conditions, especially in Johor, Sabah and the East Coast Region.
- Increased CPO cost ex-mill by 14% in 4Q FY2022 and 21% in FY2022 due to increased manuring and labour costs as a result of the minimum wage implementation.
- UF increased by 24% in 4Q FY2022 and 13% in FY2022 as a result of higher FFB processed during the year.

FGV'S PRODUCTION VS. NATIONAL PRODUCTION TREND

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

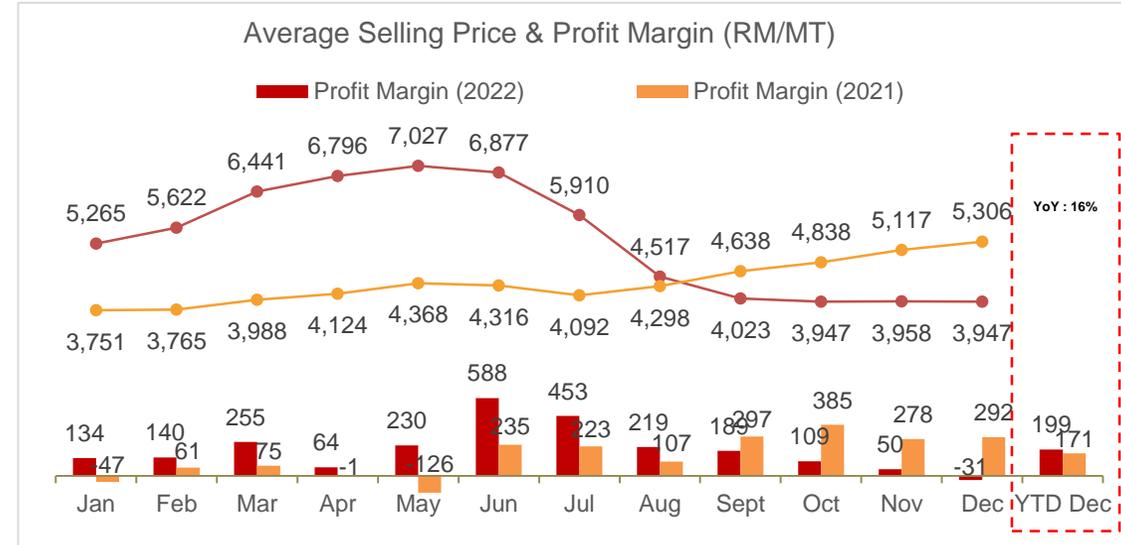
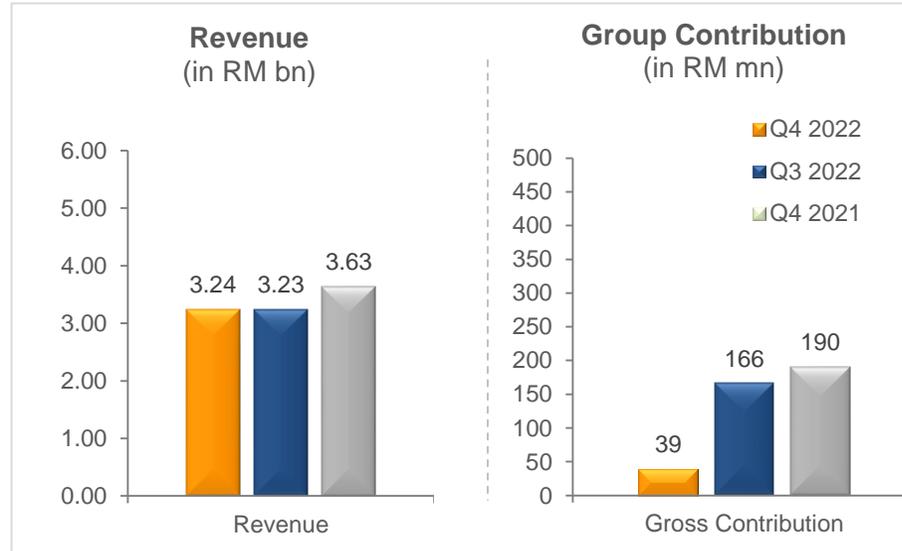


FFB production growth is consistent with the yearly pattern of increased output, despite the difficulties caused by labour shortages.



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

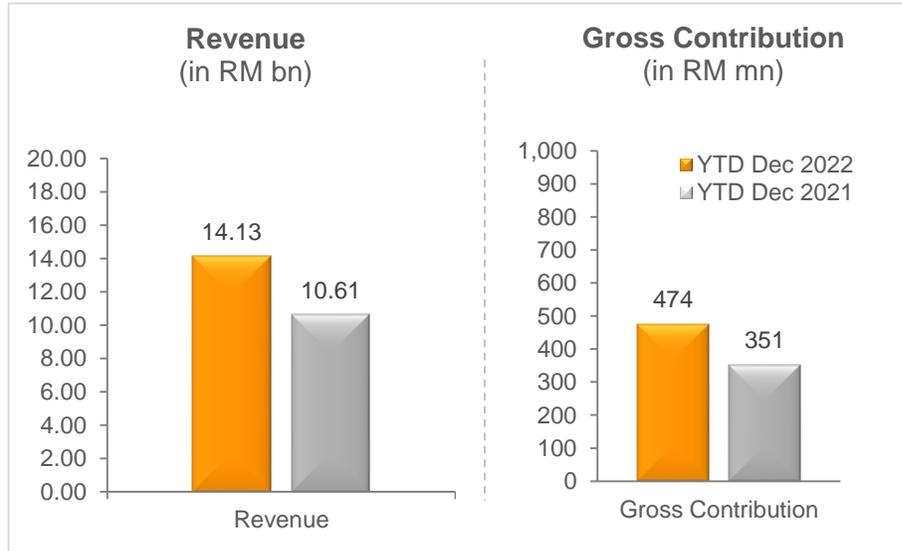
PROFIT FROM EXTERNAL FFB – 4Q FY2022



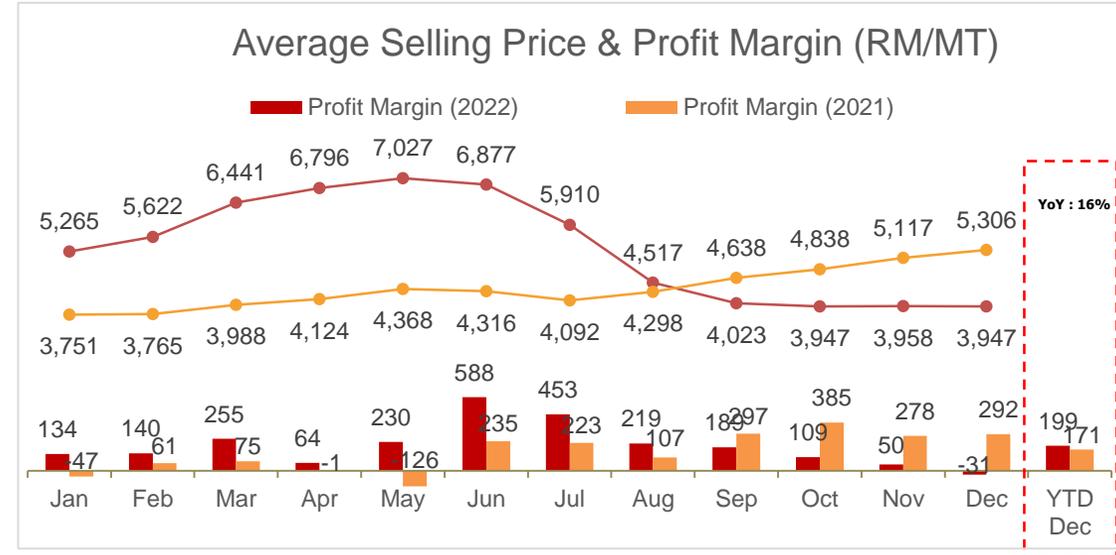
*Gross Contribution after sales & distribution cost.

- External FFB recorded a gross contribution of RM39 mn, down 76% from the preceding quarter (RM166 mn) and 80% lower compared to the same quarter last year (RM190 mn).
- The decrease in gross contribution was primarily attributable to a lower margin achieved at RM46/MT CPO as a result of a lower realised price (4Q FY2022: RM3,951/MT; 4Q FY2021: RM5,106/MT) when compared to the margin of RM314/MT for the same period last year.

PROFIT FROM EXTERNAL FFB - FY2022



*Gross Contribution after sales & distribution cost.



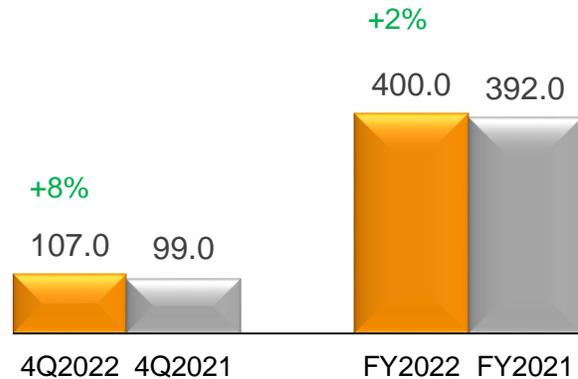
- External FFB recorded a higher gross contribution after the OER margin at RM474 mn, an increase of 35% compared to the same period last year (RM351 mn).
- The increase in gross contribution was primarily attributable to higher external CPO/PPO deliveries (YTD December 2022: 2.27 mn MT) at a higher margin of RM199/MT compared to prior year deliveries of 2.06 mn MT at a profit margin of RM171/MT.

SECTOR PERFORMANCE: PLANTATION

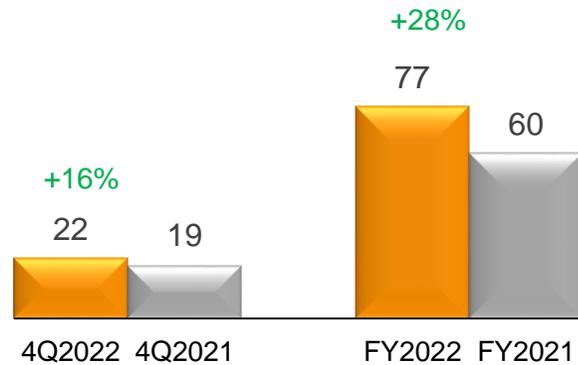


Downstream Operations

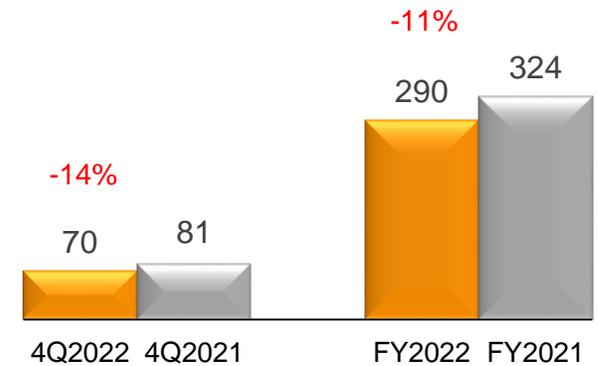
Oil & Fats Sales Volume (‘000 MT)



Biodiesel Sales Volume (‘000 MT)



Olechemical Sales Volume (‘000 lbs)



- The increase of 8% in 4Q FY2022 and 2% in FY2022 for oils and fats sales volume was contributed by the competitive pricing strategy and growth of packed product volumes as FGV expanded its distribution network into new markets.
- The biodiesel sales volume increased by 16% in 4Q FY2022 and 28% in FY2022 as a result of improved demand following the nation's economic recovery.
- The oleochemical sales volume decreased by 14% in 4Q FY2022 and 11% in FY2022 due to the slower uptake of full vegetable-based products and a production issue.

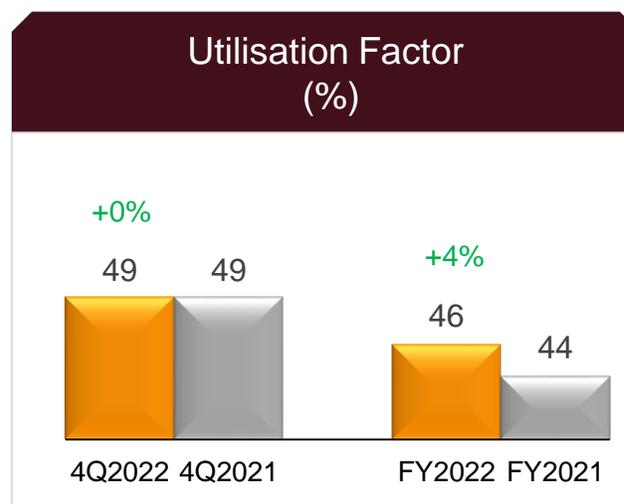
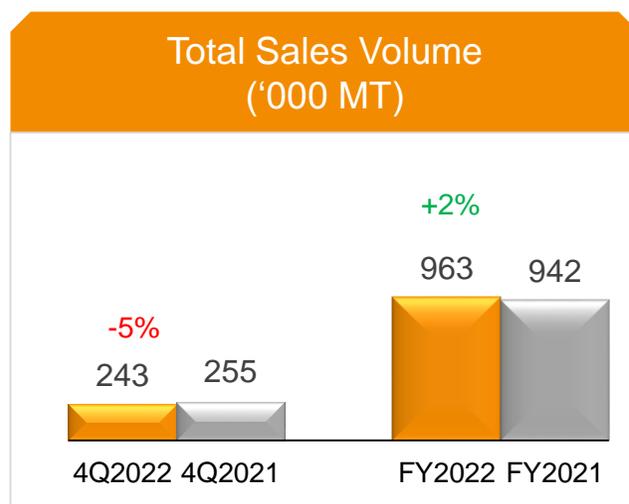
SECTOR PERFORMANCE: SUGAR



FINANCIAL						
SUGAR (RM mn)	4Q 2022	4Q 2021	Var (%)	FY2022	FY2021	Var. (%)
Revenue	681	642	6 ▲	2,566	2,260	14 ▲
PBT	(46)	(6)	>100 ▼	(177)	86	>100 ▼

The Sugar Sector recorded a loss of RM46 mn primarily due to the following:

- An 18% increase in production costs resulted from higher NY11 (+16%), gas prices (+62%), higher refining costs (+25%) and the weakening of the Malaysian Ringgit (+7%).



- Decreased sales volume by 5% in 4Q FY2022 due to lower export sales. However, sales volume increased by 2% in FY2022 following the improvement in market demand.
- Average UF maintained at 49% in 4Q FY2022 as a result of higher production volume in MSM Prai. In line with the increase in sales volume, overall UF increased by 4% in FY2022.

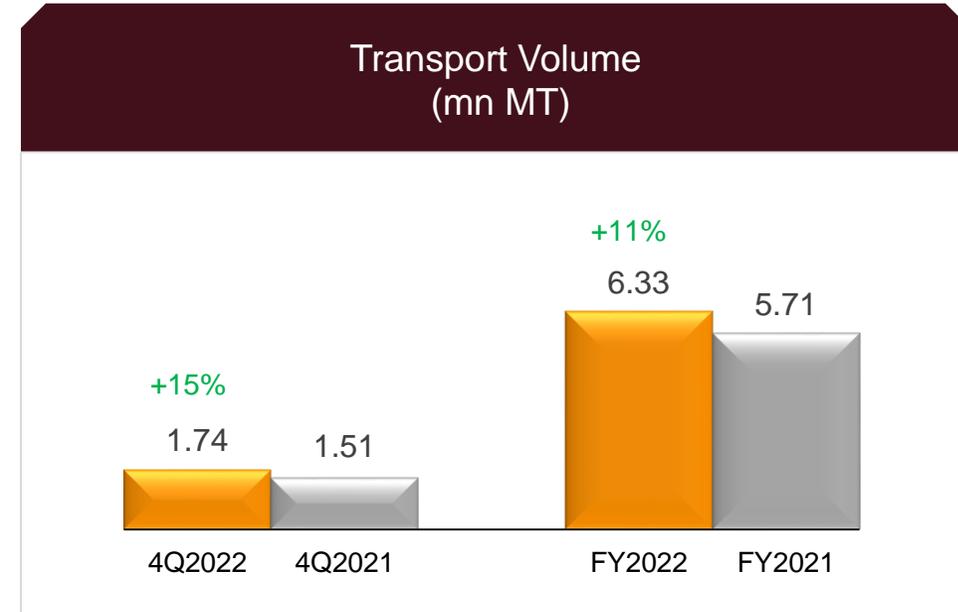
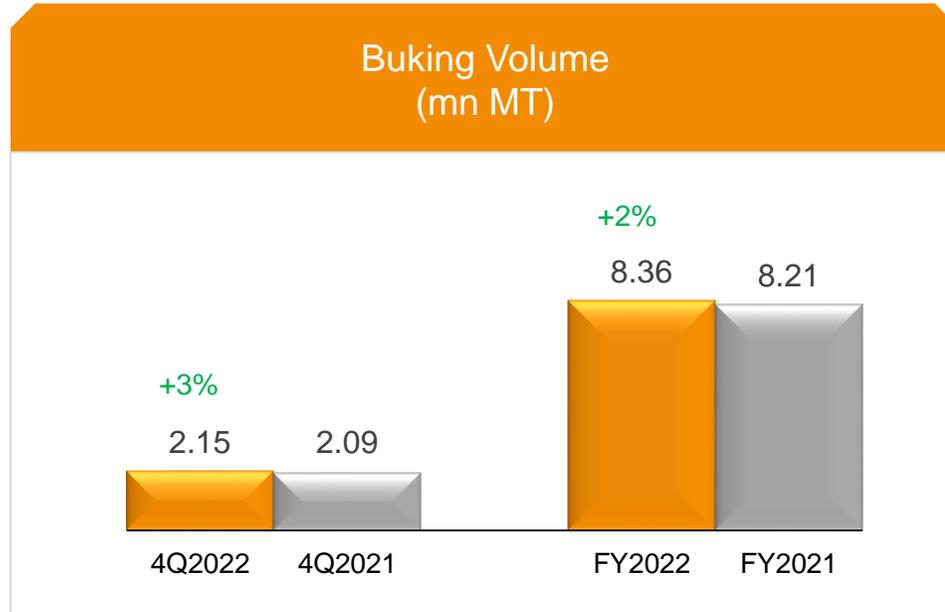
SECTOR PERFORMANCE: LOGISTICS



FINANCIAL							
BULKING	LOGISTIC (RM mn)	4Q 2022	4Q 2021	Var (%)	FY2022	FY2021	Var. (%)
	Revenue	74	58	28 ▲	254	210	21 ▲
	PBT	31	24	29 ▲	110	79	39 ▲
TRANSPORT	LOGISTIC (RM mn)	4Q 2022	4Q 2021	Var (%)	FY2022	FY2021	Var. (%)
	Revenue	85	68	25 ▲	307	246	25 ▲
	PBT	2	4	50 ▼	9	12	(25) ▼

- The bulking business recorded a profit of RM31 mn, driven by a higher volume of premium oils and an increase in throughput handled.

SECTOR PERFORMANCE: LOGISTICS OPERATIONS



- Bulking volume increased by 3% in 4Q FY2022 and 2% in FY2022, driven by a higher volume of premium oils and an increase in throughput handled.
- Transport volume increased significantly by 15% in 4Q FY2022 and 11% in FY2022 in line with higher CPO production.

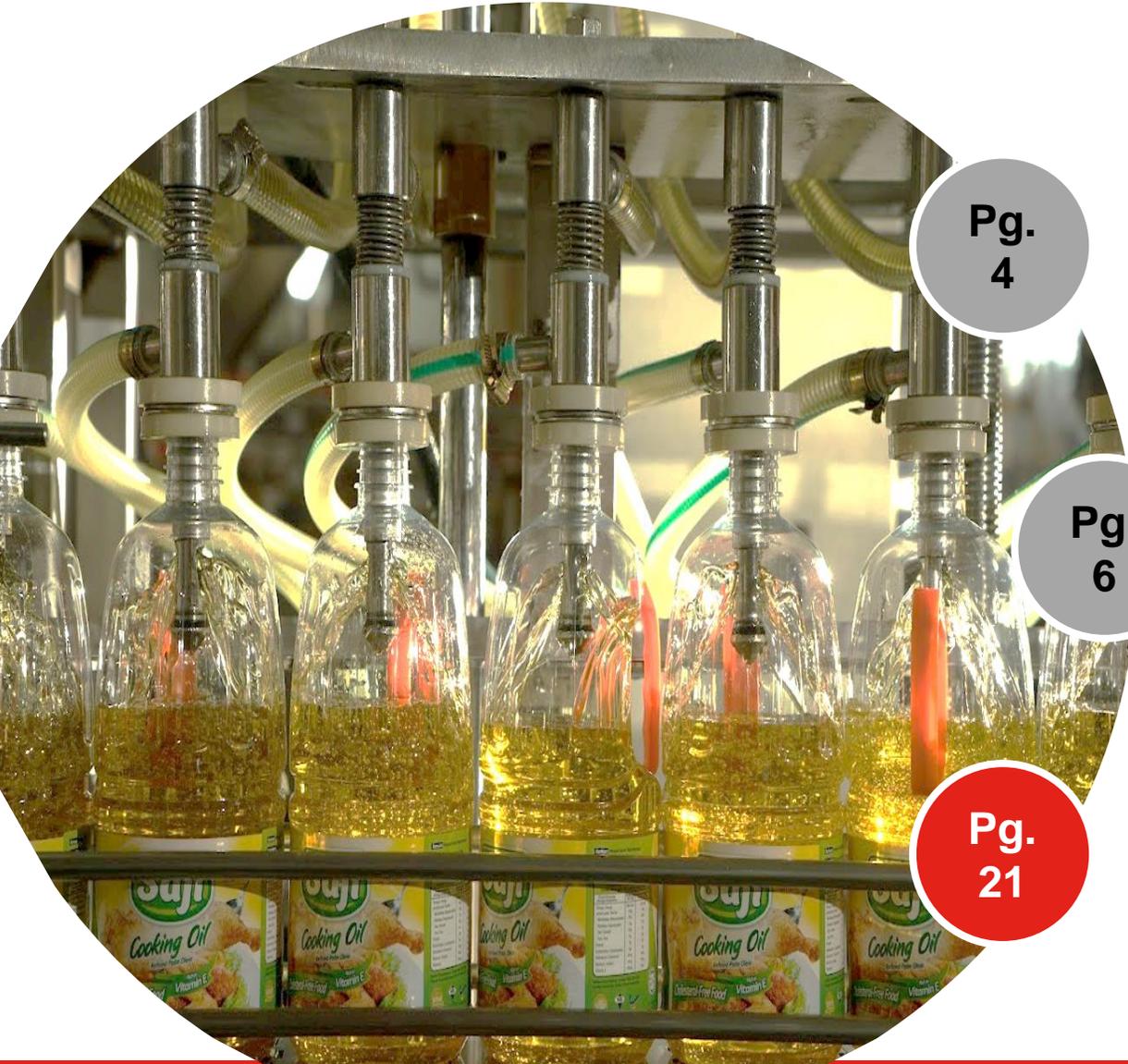
KEY FINANCIAL HIGHLIGHTS



	31.12.2022	31.12.2021	Changes (%)
Cash and Cash Equivalents (RM mn)	1,397	2,032	-31
Total Borrowings without LLA (RM mn)	3,041	3,998	-24
Liquidity Ratio (times)	1.16	1.22	-5
Gearing Ratio* (times)	0.38	0.56	-32
EPS (sen)	36.3	32.0	+13

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

TODAY'S AGENDA



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Executive Summary

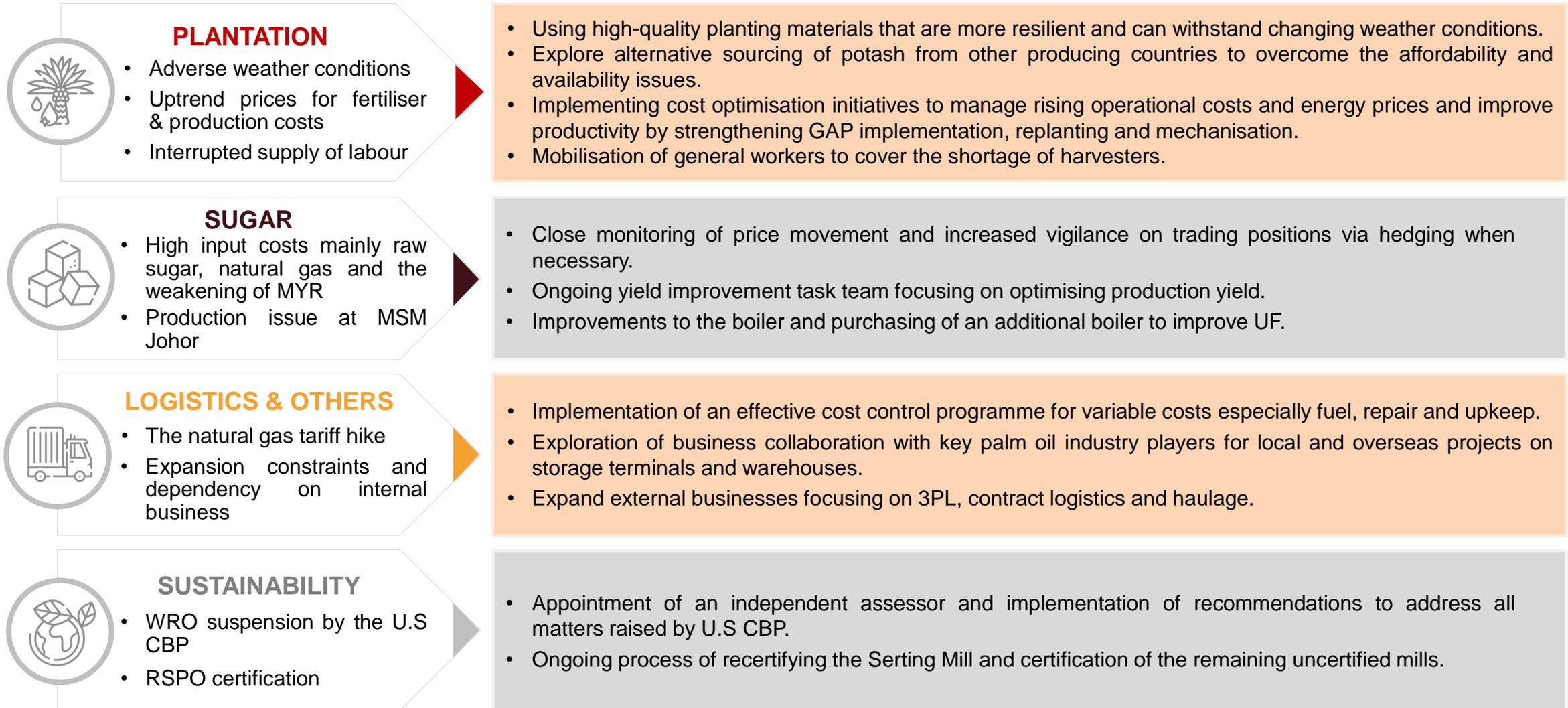
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4Q FY2022 Results

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FY2022 At A Glance

CHALLENGES AND ACTION PLAN



FGV'S 2022 HIGHLIGHTS

CORPORATE

Ranked 54th out of 234 ASEAN Winners in Malaysia under the MSWG-Asset Class.



Received an award for Strongest Adherence to Corporate Governance and Most Organised Investor Relations by Alpha Southeast Asia's 12th Annual Institutional Investor Awards.



Received MARIM Risk Management Awards for Excellence in Resilience during the COVID-19 pandemic.



Saji was named the Most Trusted Brand & Fastest Growing Brand of the Decade in Malaysia by Reader's Digest and Kantar Brand Footprint.



Achieved multiple awards for ESG Impact and Sustainable Development Goals:

- The Outstanding ESG Impact on Corporate Excellence
- Malaysia's Market Leadership in Sustainable Palm Oil Developments (Frost and Sullivan)
- Commodity Sector Corporate Excellence for a Sustainable Value Chain (International Business Review)



Won two National Council for Occupational Safety and Health (NCOSH) awards in the Agriculture and Construction categories.



PLANTATION

Completed 10,858 Ha of felling and 3,231 Ha of planting work.



Applied 240,448 MT of fertiliser, equivalent to 75% coverage.



Recruited a total of 10,342 estate workers in 2022 which reduced the labour shortage to 13%.



Improved Saji cooking oil & Seri Pelangi margarine market share to 45.7% and 43.9%.



Launched 5 new products under the Saji brand: Saji Cooking Oil 3kg, Saji Beras Basmathi & Aroma, Adela Tub Sunflower Oil and Non-Hydrogenated Margarine.



FGV'S 2022 HIGHLIGHTS

PLANTATION

Supplied olein and other palm-based products to Cambodia and Vietnam, and palm-based shortening to the North American market.



LOGISTICS & OTHERS

Commissioned a new warehouse with a capacity of 15,000 MT in Pasir Gudang.



Ventured into a new haulage business segment with an additional 15 fleets, bringing the total mixed fleet Capacity to 617.



Awarded with Jendela Project (Phase 1) for 91 sites across Malaysia with an estimated project value of RM50 mn.



Awarded a three-year transportation contract with *Tabung Haji* to handle pilgrims' luggage.



Collaborated with BSN to launch a Shariah-compliant financing facility for Umrah, Hajj and its packaged tours.



INTEGRATED FARMING

Expanded Linggi Fresh Milk Processing Factory's capacity to 30,000 litres per day.



Launched 4 new products; Horeca Malaysian Fragrant Rice (under Ladang'57), Native Chicken Feed, Cat Food and Cat Litter (under ALMA).



Partnered with AEON BiG to market Ladang'57's fresh native chicken in its hypermarket nationwide.



ESG

Established ESG framework to manage risks and opportunities related to sustainability.



Over 25,000 estate workers now have access to mobile *Kedai FGV* and remittance features through FGV's e-wallet apps, enabling them to make purchases and send money home.



Collaborated with *Yayasan Didik Negara*, with the participation of 120 primary school students to educate on wildlife conservation.



Partnered with Project Liber8 to conduct a number of workshops with 117 students and teachers to raise awareness of child trafficking.



FGV'S PRIORITIES

➤ Intensify crop evacuation and replanting efforts

➤ Continuous labour recruitment

➤ Enhance modernisation & mechanisation

➤ Stringent process control in mills

➤ Improve refineries' UF

➤ Explore premium markets & product segments

➤ Intensify Renewable Energy & Waste-to-wealth initiatives

➤ Boost external capabilities in logistics

➤ Continuous engagement with RSPO

➤ Manage US CBP on WRO issue

➤ Uphold human rights & fair labour practices

➤ Strengthen brand equity & presence

➤ Develop new consumer products for commercialisation

➤ Tighten governance practices and risk management

THANK YOU

FGV Holdings Berhad

200701042133 (800165-P)

Group Investor Relations
Level 20, Wisma FGV,
Jalan Raja Laut, 50350 Kuala Lumpur, Malaysia

 +603 2789 0000  fgv.investors@fgvholdings.com

 www.fgvholdings.com



MOVEMENT IN LAND LEASE LIABILITY IN FGVPM



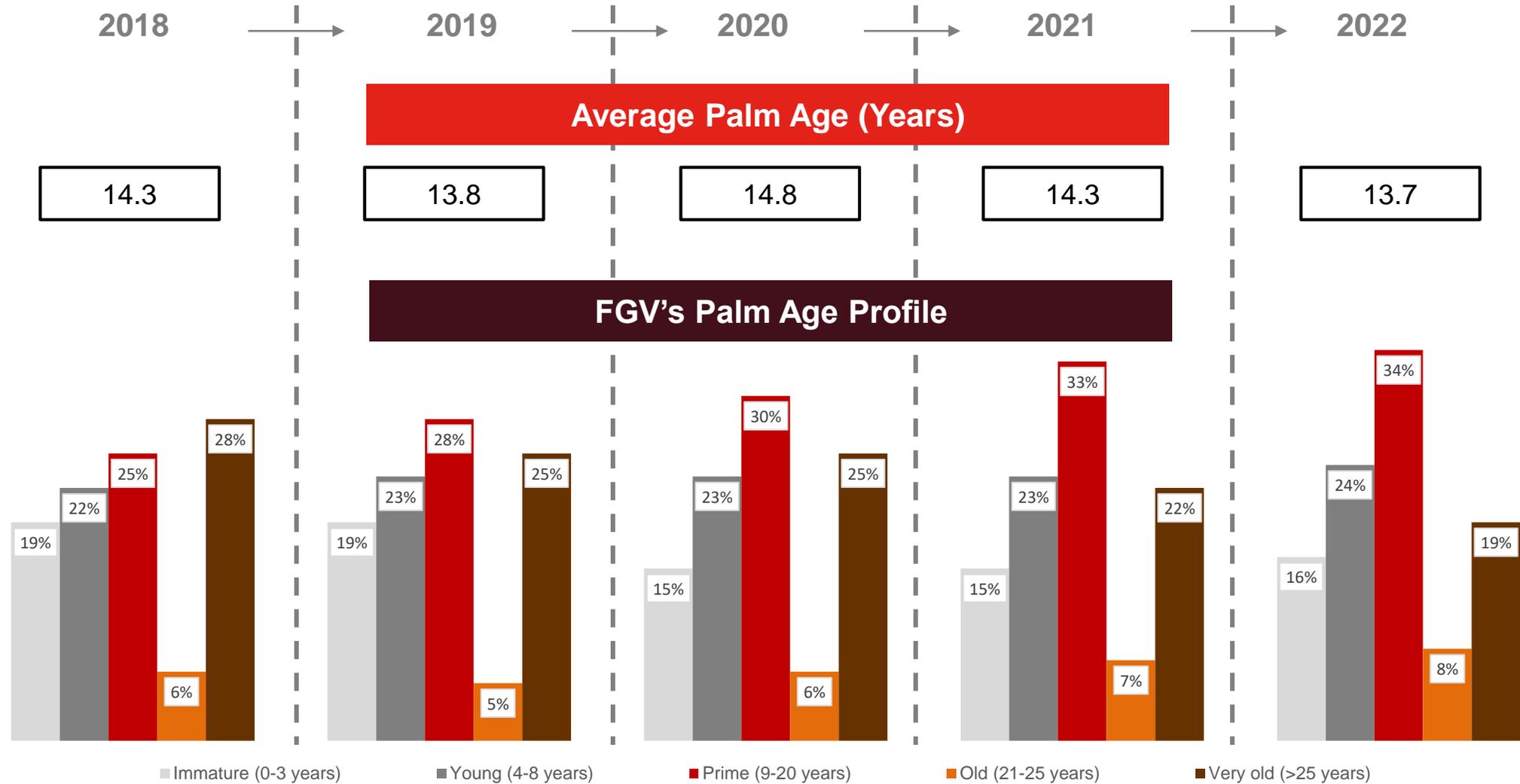
RM million	Q1 2022	Q2 2022	Q3 2022	Q4 2022	2022	Q1 2021	Q2 2021	Q3 2021	Q4 2021	2021
At the start of the period	3,804.8	3,833.2	3,773.8	3,708.3	3,804.8	4,213.8	4,267.1	3,998.1	3,994.1	4,213.8
Total payments made during the period	(130.7)	(117.3)	(116.9)	(112.4)	(477.2)	(90.5)	(88.6)	(111.0)	(122.9)	(413.0)
Recurring income statement charges/(credits)	68.4	62.7	85.7	99.0	315.7	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)	(14.5)	37.1	44.1	(275.3)	(5.6)	(229.6)	(466.4)
Total charges/(credits) to the income statement	159.1	57.9	51.4	84.5	352.8	143.8	(180.4)	107.0	(66.4)	4.0
Closing LLA liability balance	3,833.2	3,773.8	3,708.3	3,683.7	3,680.4	4,267.1	3,998.1	3,994.1	3,804.8	3,804.8

Total charges/(credits) to Income Statement

RM million	FY2022	FY2021
Unwinding of discounts	348.8	379.4
Under accrual for current quarter	(33.1)	91.0
Revisions in projections and other adjustments	37.1	(466.4)
Total charges to the Income Statement	352.8	4.0

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.



FY2022 OPERATIONAL HIGHLIGHTS



	FY2022	FY2021	YOY
FFB Production ('000 MT)	3,992	3,976	0.3%
FFB Yield* (MT/Ha)	14.57	14.40*	1%
CPO Production ('000 MT)	2,899	2,677	8%
PK Production ('000 MT)	721	657	10%
OER (%)	20.35	20.54	-1%
KER (%)	5.06	5.04	0.4%
Avg. PK Price (RM/MT)	3,037	2,844	7%
Avg. CPO Price (RM/MT)	4,832	3,671	32%
CPO Cost Ex-mill (RM/MT)	2,182	1,801	21%
CPKO Sales Volume ('000 MT)	243	225	8%
Oleochemical Sales Volume ('000 lbs)	290	324	-11%

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