FGV HOLDINGS BERHAD

Analyst Briefing for Quarter Ended 31 March 2024

Tuesday, 28 May 2024
4.00 p.m. – 5.00 p.m.

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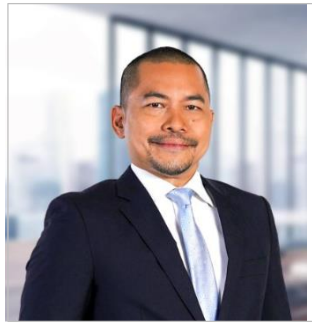
FGV REPRESENTATIVES

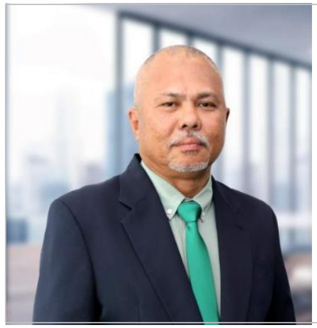


Dato' Mohd Nazrul Izam Mansor

Group Chief Executive Officer (GCEO)

Dato' Mohd Hairul Abdul Hamid

Group Chief Financial Officer



Borhan Bachi

Group Director, Plantation Division

Zulkifli Othman

Group Director, Oils & Fats Division

Fakhrunniam Othman

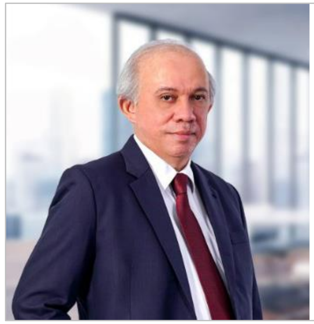
GDD, Logistics & Support Division

Shammim Azad Kamruzaman

OIC for Consumer Products Division & Chief Executive Officer of Delima Oil Products Sdn Bhd

Abdul Razak Aya

Head of Integrated Farming



Syed Faizal Syed Mohammad

GCEO of MSM Malaysia Holdings Berhad

Presentation Outline

Overview of 1Q FY2024

Heavy rainfall at the start of FY2024 affected palm oil production and the quality of FFB ripeness.

A total of 773 Ha of felling and 3,699 Ha of planting work has been completed.

- The CPO cost ex-mill decreased marginally to RM2,879 per MT (1Q FY2023: RM2,906 per MT).
- The average CPO price was lower at RM3,907 per MT (1Q FY2023: RM3,988 per MT).

Applied around 45,000 MT of fertiliser, covering 14% of the 2024 target. However, the application is still lower by 23% as compared to 1Q FY2023.

Labour shortages reduced to 10% (FY2023: 16%) with sufficient strength of estate workers in the Peninsular area. However, labour shortages in Sabah and Sarawak still remain at 20% and 50%, respectively.

The price of raw sugar continues to be elevated at around USD 23.0 cents per pound (1Q FY2023: USD 21.0 cents per pound) due to the El Nino weather pattern that disrupted global sugar production.

FGV's reimbursement programme for its former workers is ongoing and will continue until the end of 2024. To date, RM2.9 mn has been reimbursed to 687 former FGV workers.

FGV expects to submit the petition to the United States Customs and Border Protection (CBP) in June 2024 to modify the Withhold Release Order (WRO).

1Q 2024 Financial Results

Profit was impacted due to the losses incurred in the Plantation Division.

Revenue
RM4.55 bn
[1Q FY2023: RM4.59 bn]

PBZT
RM50 mn
[1Q FY2023: RM60 mn]

P/(L)ATAMI
(RM13 mn)
[1Q FY2023: RM12 mn]

New Reporting

2023

- **Plantation**
  - Upstream
  - Downstream
  - R&D and Fertiliser
- **Sugar**
- **Logistics & Support**

2024

- **Plantation**
  - Estate & Mills, and Agribusiness
  - R&D (Fertiliser)
- **Oils & Fats**
  - Bulk Commodity
  - Edible Oils & Chemicals
- **Sugar**
- **Logistics & Support**

1Q FY2024 Financial Highlights

FGV recorded a higher operating profit of RM164 mn driven by the improvements in the Sugar Division, despite lower margins for palm products.

Operating Profit was impacted by:

- Lower palm products' margin resulted from a 2% decrease in average CPO prices and 7% decrease in FFB received.
- Lower profit from the Logistics and Support Division due to a 7% decrease in bulking throughput and a 6% decrease in tonnage carried.

Nevertheless, the Oils & Fats Division recorded a higher margin, primarily due to the increased contribution from Bulk commodities.

Furthermore, the Sugar Division recorded a higher margin due to a 27% increase in average selling price, higher sales volume, and a 22% reduction in refining costs.

Income Statement *(RM mn)*	1Q FY2024	1Q FY2023	Var. (%)
Revenue	**4,545**	**4,593**	*(1)*
Operating Profit	**164**	**102**	*61*
Fair value charge in LLA	**(86)**	(32)	*>100*
Impairment - (net)	**(11)**	7	*>(100)*
EBIT	**67**	**77**	*(13)*
Share of results	**3**	7	*(57)*
Finance costs (net)	**(20)**	(24)	*(16)*
PBT	**50**	**60**	*(17)*
Zakat and Taxation	**(47)**	(52)	(10)
PAT	**3**	**8**	*(63)*
P/(L)ATAMI	**(13)**	**12**	*>(100)*

Operating Profit *(RM mn)*	1Q FY2024	1Q FY2023	Var. (%)
Plantation	**33**	82	*(60)*
Oils & Fats	**26**	2	>100
Sugar	**75**	(24)	*>100*
Logistics & Support	**31**	38	*(18)*
Others	**(1)**	4	*>(100)*
Total	**164**	102	61

Key Financial Highlights

As at 31 March 2024

	31 March 2024	31 December 2023	Var. (%)
Cash and Cash Equivalents *(RM mn)*	**1,849**	1,523	21% ▲
Total Borrowings without LLA *(RM mn)*	**4,037**	3,433	18% ▲
Liquidity Ratio *(times)*	**1.11**	1.17	-5% ▼
Gearing Ratio* *(times)*	**54**	45	20% ▲

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

Plantation

The Division's profit was impacted by lower FFB production and higher estate costs. However, profit was cushioned by a higher margin from the fertiliser business and an increase in its sales volume.

Estates and Mills

(RM mn)	**1Q FY2024**	**1Q FY2023**	**Var. (%)**
Revenue	**58**	110	(47)
P/(L)BT	**(66)**	72	>(100)

- Lower profit margins resulted from a decrease in FFB production and FFB yield by 9% and 5%, respectively.
- Significant increase in the fair value charge on LLA.

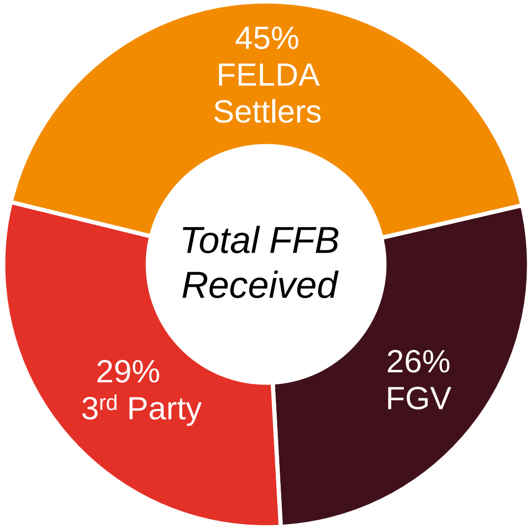
R&D

(RM mn)	**1Q FY2024**	**1Q FY2023**	**Var. (%)**
Revenue	**128**	154	(17)
PBT	**10**	3	>100

- Despite a decline in revenue, PBT increased due to higher product margins for compact and mixture/straight fertilisers.

Plantation: Estate and Mill Operations (1/3)

Total FFB Received decreased by 7% due to fewer crops from internal and third-party sources.



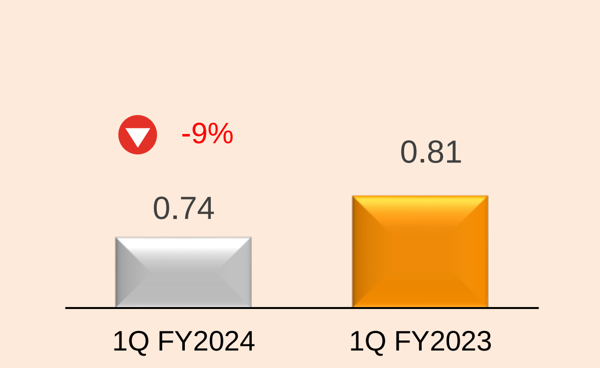
FFB (MT)	**1Q FY2024**	**1Q FY2023**	**Var. (%)**
FGV	**729,989**	814,744	(10) ▼
FELDA Settlers	**1,234,859**	1,280,242	(4) ▼
Third-Party	**805,688**	887,431	(9) ▼
Total FFB Received	**2,770,536**	2,982,417	(7) ▼

- The total FFB received declined by 7% in 1Q FY2024, dropping from 2.98 mn MT to 2.77 mn MT. Of this total, 0.73 mn MT (26%) were produced internally, 0.81 mn MT (29%) came from third-parties, and 1.23 mn MT (45%).
- The decline in FFB received is attributed to adverse weather conditions, which have led to a decrease in FFB production among our suppliers. This trend aligns with the overall national production decrease.

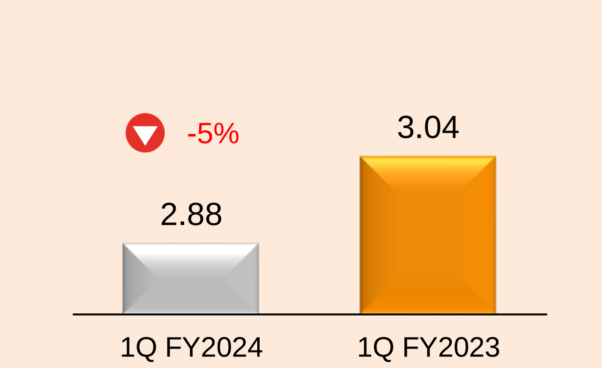
Plantation: Estate and Mill Operations (2/3)

Internal FFB only

FFB Production
(mn MT)



FFB Yield[1]
(MT/Ha)



Item	1Q FY2024	1Q FY2023
Labour Shortage[2]	**3,061**	3,658
Replanting (Ha)	**3,699**	2,266
Fertiliser Applied (MT)	**44,986**	58,217
Estate cost per Ha (RM/Ha)	**1,537**	1,586

1 Based on mature area of 255,876 Ha (1Q FY2023: 263,298 Ha), figure for 1Q FY2023 still include our operations in Indonesia
2 Figures without non-operational (Artisan)

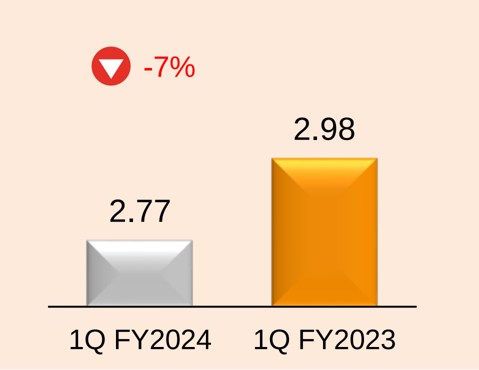
- The FFB yield decreased by 5% due to unfavourable weather conditions and low bunch formation in the young and prime areas.

- To date, 91% of the required worker strength has been recorded. The Peninsular has a sufficient number of estate workers, however Sabah and Sarawak regions are experiencing more significant shortages.
- Fertiliser application was 23% lower compared to Q1 FY2023 due to unfavourable weather conditions.
- The lower costs of manuring and collection have offset the increased cost in upkeep, harvesting, and general charges.

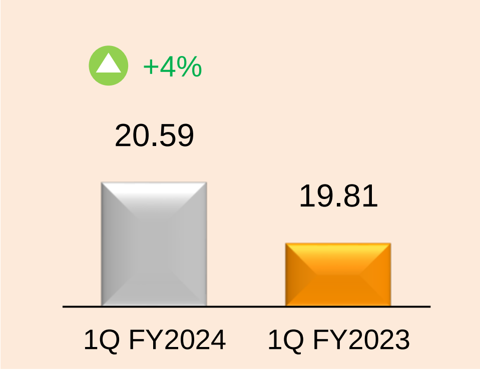
Plantation: Estate and Mill Operations (3/3)

Internal + External FFB

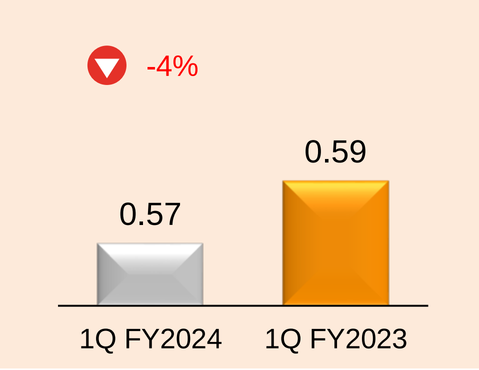
Total FFB Received[1] *(mn MT)*



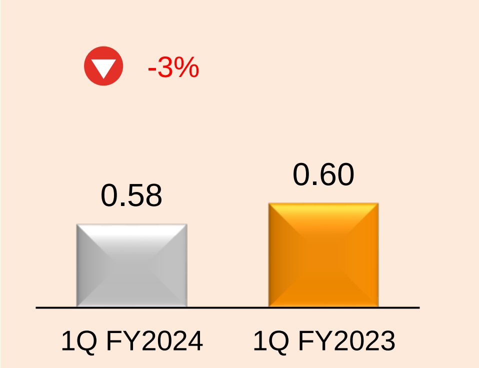
OER *(%)*



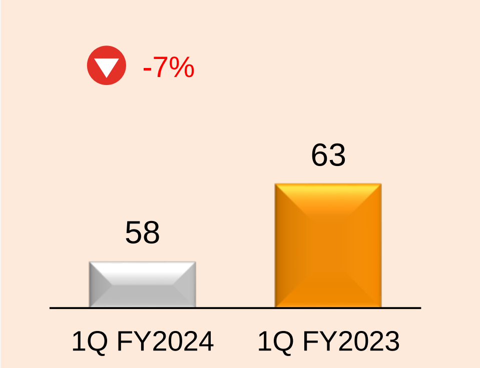
CPO Production *(mn MT)*



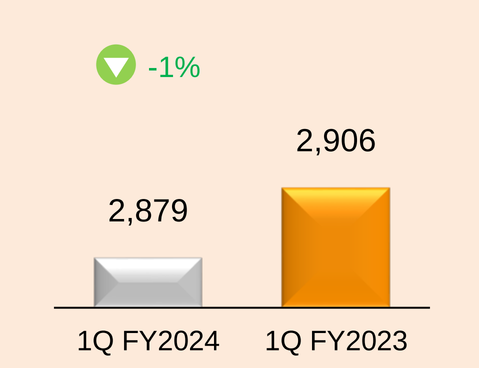
Oil Yield *(MT/Ha)*



Utilisation Factor *(%)*



CPO Cost Ex-Mill[2] *(RM/MT)*



- Total FFB received decreased by 7% due to fewer crops from internal and third-party sources.
- OER increased by 4% driven by better crop quality received and improved mill performance.
- CPO production decreased by 4% as a result of lower FFB received during the quarter. UF was also reduced by 7%.
- Both FFB yield and oil yield declined due to low bunch ripeness caused by the dry weather in February and March 2024.
- Improved CPO cost ex-mill due to higher OER by 4% has offset estate incremental costs.

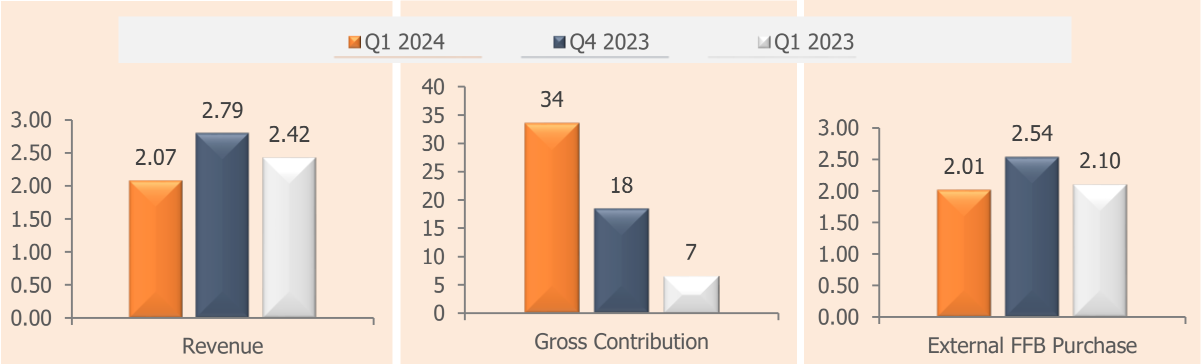
1 Total FFB received includes settlers and third-party crops
2 CPO cost ex-mill includes estate cost for internal FFB production and milling cost for the internal and external FFB processed

Plantation: External FFB Milling Margin

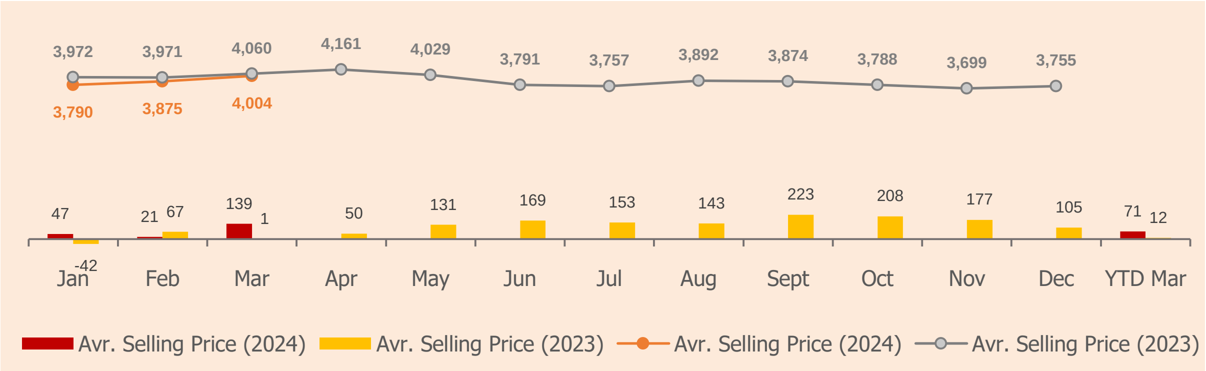
Revenue *(RM bn)*

Gross Contribution *(RM mn)*

External FFB Purchase *(mn MT)*



Average Selling Price & Profit Margin *(RM/MT)*



- Significant **increase in gross contribution** for external FFB at RM34 mn against the same quarter last year by RM27 mn (>100%) was primarily attributable to a **higher margin** at RM71/MT, compared to RM12/MT for the same period in 2023. An **upward trend of CPO price** and **lower COGS** (1Q FY2024: RM3,848/MT; 1Q FY2023: RM3,991/MT) has influenced a higher margin as compared to last year.

- Conversely, **CPO/PPO deliveries recorded a decrease** by 12% (1Q FY2024: 469,950 MT; 1Q FY2023: 535,055 MT) due to **lower FFB processed** by 5% (1Q FY2024: 2.68 mn MT; 1Q FY2023: 2.83 mn MT); supported by 4% lower production from Felda and external parties.

- **Oil margin** for 1Q FY2024 increased by **61%** at 1.24% compared to 0.77% in line with **higher oil extraction** by 3% (1Q FY2024: 20.62%; 1Q FY2023: 19.83%).

Oils & Fats

The Division's profit was driven by the higher margin in Bulk Commodities, however, partially offset by the lower margin in the edible oils & chemicals segment.

Bulk Commodities

(RM mn)	**1Q FY2024**	**1Q FY2023**	**Var. (%)**	
Revenue	**2,031**	2,400	(15)	▼
PBT	**24**	(20)	>100	▲
Average CPO Price *(RM/MT)*	**3,907**	3,988	(2)	▼
Average PK Price *(RM/MT)*	**2,060**	1,998	3	▲

- Revenue decreased by 15% due to a lower sales volume of CPO/PPO and lower average CPO/PPO prices by 2%.
- Significant PBT improvement driven by a higher palm oil margin and PK price.

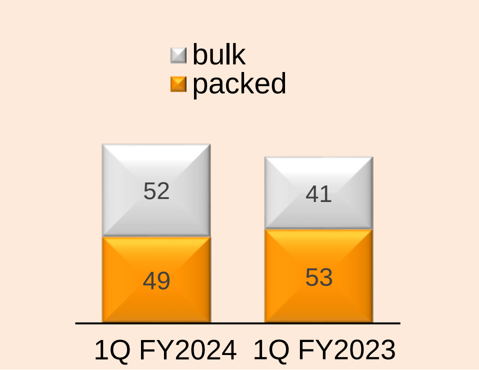
Edible Oils & Chemicals

(RM mn)	**1Q FY2024**	**1Q FY2023**	**Var. (%)**	
Revenue	**1,163**	1,103	5	▲
PBT	**3**	25	(88)	▼

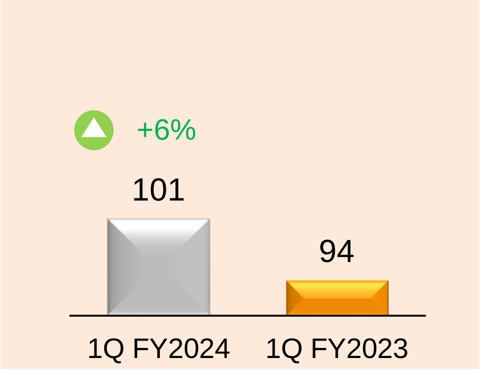
- Revenue in edible oils and chemicals segments has increased driven by a higher sales volumes and average selling prices.
- PBT were impacted due to the feedstock prices volatility and lower by-product margins in unfavourable market conditions. Additionally, logistics and operational challenges has resulted to the increased in operating costs.

Oils & Fats: Edible Oil & Chemicals

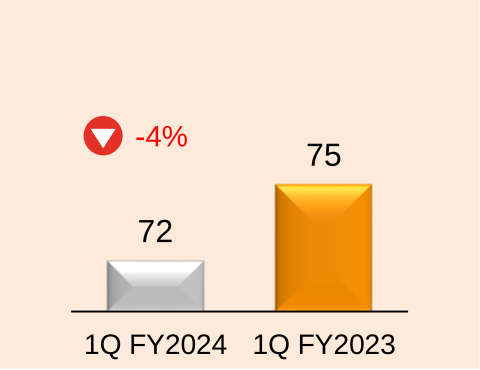
Product Ratio
(%)



Edible Oil Sales Vol.
('000 MT)

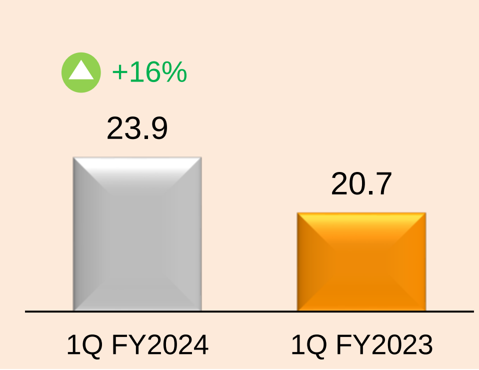


Utilisation Factor
(%)

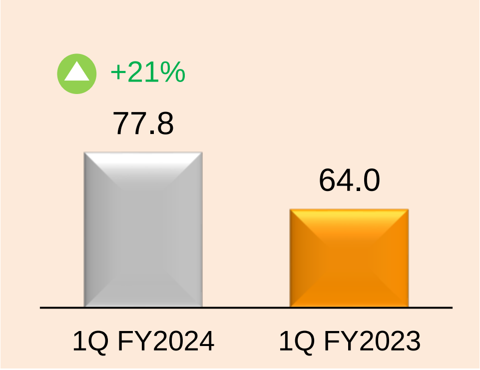


- The 6% increase in edible oil sales volume was driven by the carry-forward inventory in the bulk segment.

Biodiesel Sales Vol.
('000 MT)



Oleochemical Sales Vol.
(mn lbs)



- The biodiesel sales volume increased by 16% from the higher demand for PME and refined glycerine, as well as enhanced production efficiency.
- The oleochemical sales volume increased by 21% contributed by the increased consumer demand across all market segments.

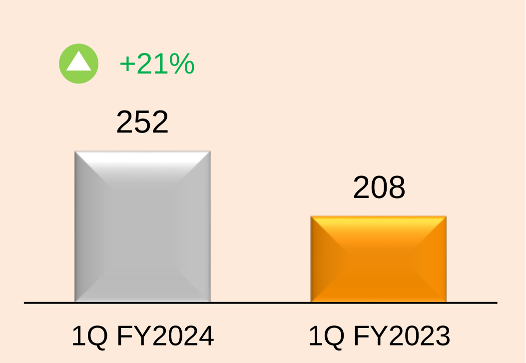
Sugar

The Division achieved profitability from the increased average selling prices mainly driven by the industry incentive received from the Government, lower refining costs and higher sales volumes.

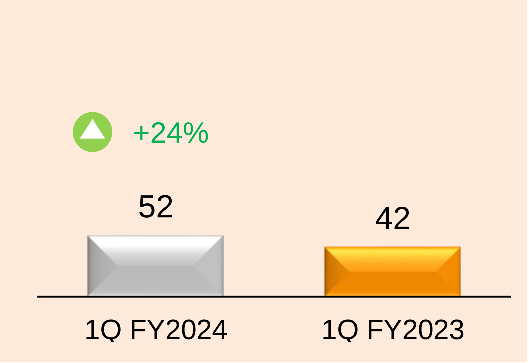
(RM mn)	**1Q FY2024**	**1Q FY2023**	**Var. (%)**
Revenue	**907**	588	54
P/(L)BT	**67**	(32)	>100

- The improved margin was achieved from a higher average selling price, lower refining cost by 22%, increased overall sales volume and better capacity utilisation.
- Additionally, incentive continued to be received for certain packed sugar sold in the domestic market.

Sugar Sales Vol.
('000 MT)



Utilisation Factor
(%)



- Increased sales volume by 21%, driven by higher demand from wholesale and export segments.
- Improved average UF to 52%, resulted from better yield and improved plant reliability.

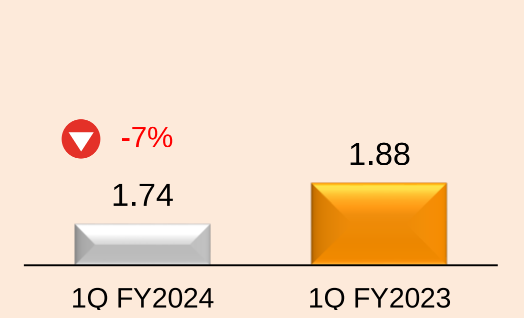
Logistics & Support

The Division's profit was impacted due to a decrease in bulking throughput and lower tonnage carried.

Bulking

(RM mn)	1Q FY2024	1Q FY2023	Var. (%)
Revenue	66	71	(7)
PBT	28	30	(6)

Bulking Vol. *('000 MT)*

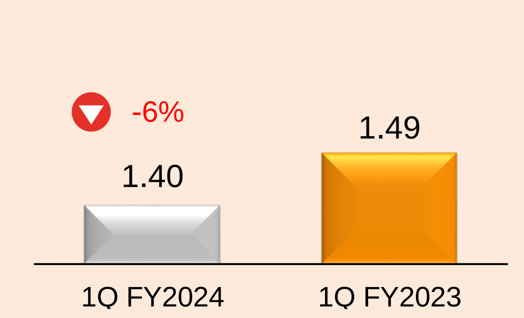


- Bulking volume decreased by 7% contributed by lower veg oil throughput due to duty differential against soft oil in India and Red Sea crisis.

Transport

(RM mn)	1Q FY2024	1Q FY2023	Var. (%)
Revenue	64	65	(1)
PBT	3	2	50

Transport Vol. *('000 MT)*



- Lower transport volume by 6% primarily due to the lower tonnage of CPO, FFB and palm kernel carried during the period.

Business Updates (1/2)

FGV was awarded **Kincentric Malaysia's Best Employer Award 2023,** a testament to our unwavering commitment to fostering employer engagement.

This recognition reaffirms our position as one of the leaders among Malaysian employers, setting the standard for excellence in every aspect of our performance.

Saji received **Platinum award for the Cooking Oil category** Trusted Brands Award by the Reader's Digest 2024, with the highest score in cooking oil category.

This recognition underscores our unwavering dedication to providing high-quality products and earning the trust of our valued customers.

Saji Cooking oil **remains the number 1 choice of refined cooking oil,** whilst Seri Pelangi margarine shows stellar performance with a market share of 50.9% in 1Q FY2024.

FGVIF became **the first Malaysian pineapple plantation company to achieve GLOBAL GAP V5.4-1-GFS certification.**

This milestone underscores our steadfast commitment to food safety, social practices, sustainability, and excellence in pineapple cultivation.

Additionally, we have also attained **the GLOBAL G.A.P Risk Assessment on Social Practice (GRASP V1.3) certification,** highlighting our dedication to ensuring fair labour practices.

Business Updates (2/2)

Launched the new Fract750 Refinery Plant at Kuantan Port, signifying FGV's strategic expansion into premium product offerings, such as high IV Olein (IV60-IV65) and hard stearin.

This development contributes to:

- The establishment of a specialised industry in Kuantan.
- Diversification of the local economy
- Positioning Kuantan as a hub for innovative and premium fat products
- The potential to attract further investment and business opportunities.

Launched **6 new SKUs, including:**

a. **Saji Ketupat Mini**
b. **Saji Sup Bunjut with three variations:**
   - Saji Sup Bunjut 20g
   - Saji Sup Bunjut Tulang 20g
   - Saji Sup Bunjut Ayam 20g

c. **Saji Paste with two variations:**
   - Saji Pes Tomyam 40g
   - Saji Pes Sup Siam 40g

FGV Prodata **received tender from Lembaga Hasil Dalam Negeri (LHDNM)** to develop, implement, and maintain the MyInvois system and the Software Development Kit (SDK) beta release.

FGV Johor Bulkers **completed the remaining 10 tanks** making a total capacity of 24,000 MT new stainless steel tanks for its renewable product storage facilities.

Updates on WRO

RECRUITMENT FEE REIMBURSEMENT (ACTIVE WORKERS)

- Completed the reimbursement of recruitment fees to all active migrant workers as of December 2022 involving **20,153 migrant workers through three payments** totalling **RM72.2 million**, which were made in March, June, and September 2023.
- 100% of interviewed workers received all three tranches (verified by LRQA).

RECRUITMENT FEE REIMBURSEMENT (FORMER WORKERS)

- Scope of Reimbursement: :
  a) Workers who were **recruited** to work for FGV in Malaysia on or after 30 September 2018.

687	RM2.9 mn	Jun 2023 - Dec 2024
Total no. of former workers reimbursed	Total reimbursement cost	Period Reimbursement Programme

COMPLETED ASSESSMENT BY LRQA

(25 MARCH 2024)

ILO indicators of forced labour & child labour

24
sites

SUBMISSION OF PETITION TO CBP

- FGV 's delegation comprising the chairman of FGV and senior management met with US CBP on 13 May 2024 as a part of preparation for the submission of its petition to modify the WRO.
- FGV expects to submit the petition to the United States Customs and Border Protection (CBP) in **June 2024** to modify the Withhold Release Order (WRO).

EFFORTS IN IMPROVING LABOUR RIGHTS

RM112 mn
Allocated for reimbursement of recruitment fees for migrant workers.

RM466 mn
Spent to upgrade and construct new housing for migrant workers from 2018 to 2023.

RM22.2 mn
Spent to improve access to potable water for workers, especially in remote areas from 2023-2024.

RM15 mn
Allocated in 2024 to enhance internet connectivity at workers housing in remote areas.

RM605 mn
Upgrade and construct new housing for workers in 2024-2026

FY2024 Market Outlook

PLANTATION

Uncertain climate conditions and shifts in global biofuel policies may lead to a decline in crude palm oil prices in 2H2024.

In 2024, palm oil prices were influenced by government policies, El Niño effects, biodiesel blend regulations, China's import demand strength, and EU policies such as the Renewable Energy Directive (RED II) and the European Union Deforestation-Free Regulation (EUDR).

OILS & FATS

Bulk Commodities: Export demand is anticipated to ease after the Deepavali celebrations, as peak production typically occurs between August and October. The average CPO price is expected to be around RM3,800 per MT in FY2024.

Edible Oil: The export of CPO is facing challenges due to its premium price against other vegetable oils, compounded by ongoing geopolitical tensions in the Middle East and the conflict between Russia and Ukraine.

Chemical: The US economy is anticipated to be propelled by robust consumer and business spending, which will enhance opportunities for the vegetable-based oleochemicals and halal kosher products markets.

SUGAR

Brazil's sugar production is projected to increase by 1.3% YoY as sugar millers are expected to crush 47% of the country's sugar cane, vs 41% last year. Sugar acreage has also risen by 4% to 8.7 mn Ha.

Between Dec'23 and Apr'24, Thailand produced 8.8 mn MT of sugar, exceeding estimates by the Thai Sugar Millers Corp. However, the current heatwave might harm sugarcane crops and increase the raw sugar price.

The Joint Sugar industry is engaging with the Gov to finalise a sustainable pricing mechanism for domestic retail, ensuring food security and sustainability.

LOGISTICS & SUPPORT

Multiple strategic collaborations in technology space through digitalisation, data analytics, and telecommunication initiatives.

Mobilising resources towards oil & gas, and other specialised logistics services on long term arrangement.

Capacity expansion in bulking business continues with construction of additional 31,000 MT in Pasir Gudang.

THANK YOU

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Movement In Land Lease Liability In FGVPM

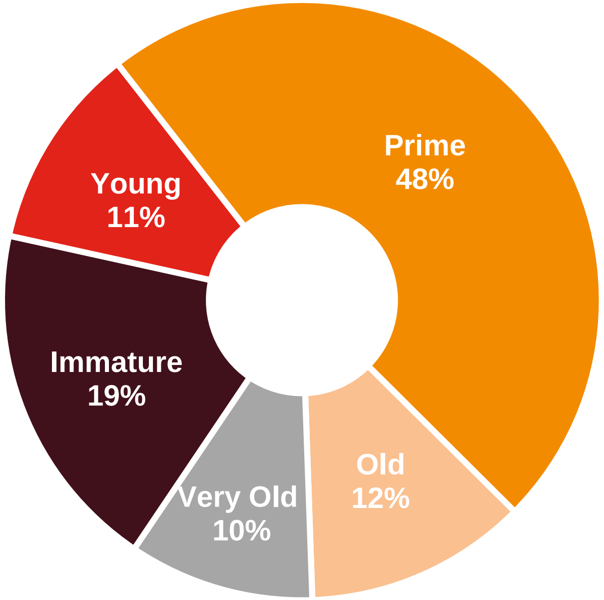
RM million	Q1 2024	Q1 2023	Q2 2023	Q3 2023	Q4 2023	2023
At the start of the period	3,513.8	3,680.4	3,602.0	3,564.0	3,570.2	3,680.4
Total payments made during the period	(60.8)	(110.6)	(65.5)	(60.9)	(63.3)	(300.3)
Recurring income statement charges/(credits)	77.5	59.5	54.0	72.4	61.1	247.0
Total income statement charges/(credits) from revisions in projections	8.5	(27.3)	(26.5)	(5.3)	(54.2)	(113.3)
Total charges/(credits) to the income statement	86.0	32.2	27.5	67.1	6.9	133.7
Closing LLA liability balance	**3,539.0**	**3,602.0**	**3,564.0**	**3,570.2**	**3,513.8**	**3,513.8**

Total charges/(credits) to Income Statement

RM million	FY2024	FY2023
Unwinding of discounts	80.3	331.3
Under accrual for current quarter	(2.8)	(84.3)
Revisions in projections and other adjustments	8.5	(113.3)
Total charges to the Income Statement	**86.0**	**133.7**

Oil Palm Area by Age Profile

FGV's current age profile has improved with bigger area of prime palm oils and reduction in old palm trees in FY2024.



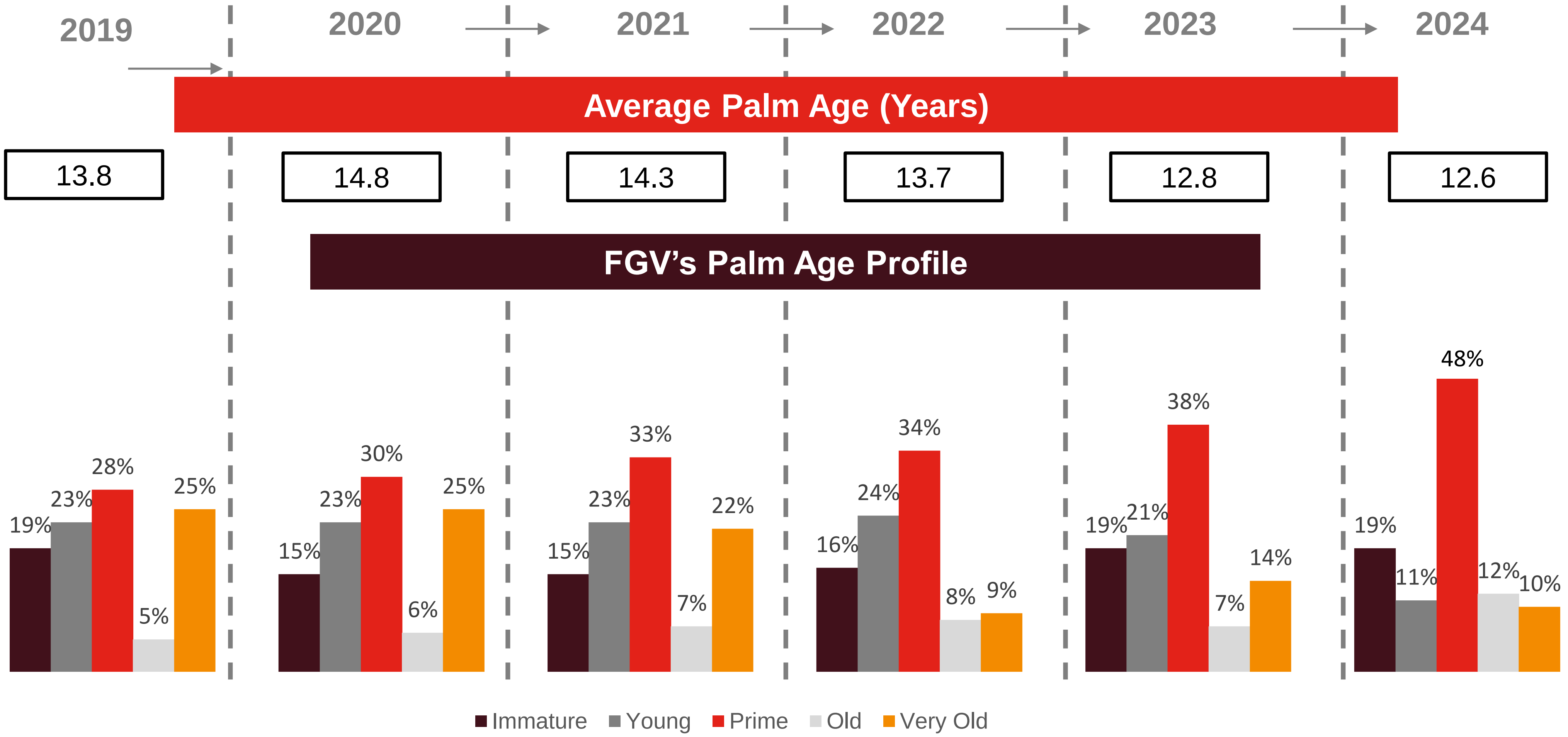
Total Planted Area : 325,504 Ha

Avg. Oil Palm Age Profile :12.60 years

CATEGORY	AGE (YEAR)	FGV GROUP	
		Ha	%
IMMATURE	0 – 3	63,383	19%
YOUNG	4 – 8	35,347	11%
PRIME	9 – 20	154,956	48%
OLD	21 – 25	40,318	12%
VERY OLD	> 25	31,500	10%
TOTAL		325,504	100%

TOPOGRAPHY	TOTAL HECTARAGE (Ha)	%
FLAT	83,522	26%
UNDULATING	73,899	23%
HILLY	168,083	51%

FGV’s current age profile has improved with bigger area of prime palm oils and reduction in old palm trees in FY2024.



Oil Palm Area by Age Profile

1Q FY2024 Operational Highlights

	1Q2024	1Q2023	YOY
FFB Production (mn MT)	736	816	9%
FFB Yield* (MT/Ha)	2.88	3.04	5%
CPO Production (mn MT)	569	587	3%
PK Production (mn MT)	139	152	9%
OER (%)	20.59	19.81	4%
KER (%)	5.02	5.14	2%
Avg. PK Price (RM/MT)	2,060	1,998	3%
Avg. CPO Price (RM/MT)	3,907	3,988	2%
CPO Cost Ex-mill (RM/MT)	2,879	2,906	1%
CPKO Sales Volume ('000 MT)	60,129	57,884	4%
Oleochemical Sales Volume (mn Lbs)	77.86	64.17	21%