



FGV HOLDINGS BERHAD

Analyst Briefing for Quarter Ended 30 June 2024

Tuesday, 27 August 2024
4.30 p.m. – 5.30 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

Group Divisional
Director, 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

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Overview of 2Q FY2024

2Q FY2024 Financial Results

PROFIT IS DRIVEN BY HIGHER CONTRIBUTIONS FROM THE PLANTATION AND LOGISTICS & SUPPORT DIVISIONS.

Revenue

RM5.52 bn

[2Q FY2023: RM4.50 bn]



PBZT

RM141 mn

[2Q FY2023: RM14 mn]



P/(L)ATAMI

RM86 mn

[2Q FY2023: (RM13 mn)]



28%

Increase in FFB yield to 3.76 MT per Ha.



34%

Increase in FFB received. (Settlers 44%; 3rd Parties 30%; Internal 26%)



3%

Increase in average CPO Price to RM4,103/MT.



5%

Improved labour shortage.



JUNE

Submission of petition to the US CBP for WRO modification.



30%

Replanting is competed. (7,408 Ha of felling; 6,065 Ha of planting)



41%

Fertiliser applied. (132,691 MT)



8%

Decrease in CPO cost ex-mill to RM2,701/MT.



USD 0.22/lb

High raw sugar price.



RM78.43 mn

Reimbursement to 23,029 workers.

2Q FY2024 Financial Highlights

OPERATING PROFIT INCREASED ONE-FOLD TO RM239 MN, AS A RESULT OF HIGHER FFB PROCESSED AND YIELD, AND IMPROVED MARGINS ON PALM PRODUCTS.

Higher operating profit attributed to the following:

- Higher FFB received contributed to a significant increase in internal and external crop volumes by 34%. FFB yield also increased by 28%.
- Improved margins on palm product as a result of higher average CPO prices by 3% and lower CPO cost ex-mill by 8% due to improved productivity per Ha.
- Increased profit from the Logistics and Support Division was driven by 5% rise in bulking throughput, 16% increase in tonnage carried and higher other incomes.

However, this result was partially offset by losses in the Sugar Division, mainly due to a 14% increase in production costs.

Income Statement (RM mn)	2Q FY2024	2Q FY2023	Var. (%)	
Revenue	5,516	4,495	23	▲
Operating Profit	239	106	>100	▲
Fair value charge in LLA	(67)	(28)	>100	▲
Impairment - (net)	(3)	(47)	(94)	▼
EBIT	169	31	>100	▲
Share of results	-	5	>(100)	▼
Finance costs (net)	(28)	(22)	27	▲
PBT	141	14	>100	▲
Zakat and Taxation	(56)	(32)	75	▲
PAT	85	(18)	>100	▲
P/(L)ATAMI	86	(13)	>100	▲

Operating Profit (RM mn)	2Q FY2024	2Q FY2023	Var. (%)	
Plantation	172	7	>100	▲
Oils & Fats	75	79	(5)	▼
Sugar	(21)	(5)	>(100)	▼
Logistics & Support	39	24	57	▲
Others	(26)	1	>(100)	▼
Total	239	106	>100	▲

Understanding FGV's Results

FGV'S CORE BUSINESS MODEL UNIQUELY BLENDS COMMERCIAL GOALS WITH SOCIAL RESPONSIBILITIES.

A diversified business with six divisions, not all related to palm oil and subject to commodity market fluctuations.



Land Lease Agreement (LLA) that is subject to fair value changes.



Source over 70% of our processed FFB from FELDA settlers and independent smallholders.

2Q FY2024 (RM mn)	FGV Results	If exclude:			Adjusted FGV results
		Ext. Party Milling Margin	LLA Fair Value	Sugar	
Revenue	5,516	(2,930)	-	(833)	1,753
Earning Before Interest Taxation (EBIT)	169	(62)	67	21	195
Profit Before Taxation (PBT)	141	(46)	67	30	191
PBT margin	2.6%				10.9%

1H FY2024 Financial Highlights

OPERATING PROFIT INCREASED SIGNIFICANTLY TO RM403 MN, DRIVEN BY IMPROVED MARGINS ON PALM PRODUCTS AND BETTER PERFORMANCE IN THE SUGAR DIVISION.

Higher operating profit attributed to the following:





- A 13% increase in FFB received, driven by higher crop volumes from internal and external sources. FFB yield also increased by 10%.
- Margins on palm products improved as a result of higher average CPO prices and lower CPO cost ex-mill by 5%.
- Higher margins in the Sugar Division from an increase in the overall ASP following an incentive received for certain packed sugar sold in the domestic market as well as an 8% increase in sales volume.
- Increased profit from the Logistics and Support Division, as a result of improved handling rates, higher tonnage carried by 5%, and higher other incomes.

Income Statement (RM mn)	1H FY2024	1H FY2023	Var. (%)	
Revenue	10,060	9,087	11	▲
Operating Profit	403	207	95	▲
Fair value charge in LLA	(153)	(60)	>100	▲
Impairment - (net)	(14)	(40)	65	▼
EBIT	236	108	>100	▲
Share of results	3	12	(75)	▼
Finance costs (net)	(49)	(45)	7	▲
PBT	190	74	>100	▲
Zakat and Taxation	(102)	(84)	21	▲
P/(L)AT	88	(10)	>100	▲
P/(L)ATAMI	73	(1)	>100	▲

Operating Profit (RM mn)	1H FY2024	1H FY2023	Var. (%)	
Plantation	206	88	>100	▲
Oils & Fats	101	81	25	▲
Sugar	55	(29)	>100	▲
Logistics & Support	70	62	12	▲
Others	(29)	5	>(100)	▼
Total	403	207	95	▲

Key Financial Highlights

As at 30 June 2024

	30 June 2024	31 December 2023	Var. (%)	
 Cash and Cash Equivalents (RM mn)	1,481	1,523	(3)	▼
 Total Borrowings without LLA (RM mn)	3,748	3,433	9	▲
 Liquidity Ratio (times)	1.20	1.17	3	▲
 Gearing Ratio* (%)	49	45	8	▲

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

THE DIVISION'S PROFIT IMPROVED SIGNIFICANTLY, DRIVEN BY INCREASED FFB PRODUCTION AND A LOWER CPO COST EX-MILL.



Estates and Mills

(RM mn)	2Q FY2024	2Q FY2023	Var. (%)	
Revenue*	1,307	1,029	27	▲
P/(L)BT	53	(88)	>100	▲
PBT Before LLA	120	(60)	>100	▲



Fertiliser

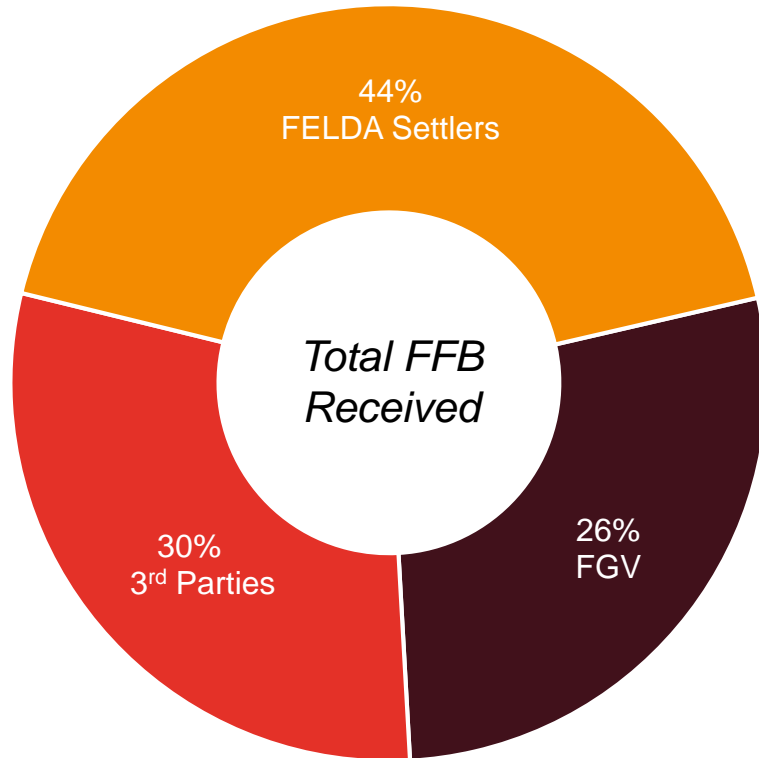
(RM mn)	2Q FY2024	2Q FY2023	Var. (%)	
Revenue*	318	325	(2)	▼
PBT	47	26	81	▲

*Gross Revenue.

- Higher profit resulted from an increase in FFB yield by 28%.
 - Lower CPO cost ex-mill by 8% was mainly due to lower estate costs per MT, as a result of higher productivity per Ha.
-
- Overall profit margins of all fertiliser products increased by 32% and sales volume improved by 26%, mainly from Compact fertiliser.

Plantation: Estate and Mill Operations (1/3)

TOTAL FFB RECEIVED INCREASED BY 34%, DRIVEN BY A SUBSTANTIAL INCREASE IN CROP VOLUMES FROM INTERNAL AND EXTERNAL SOURCES.



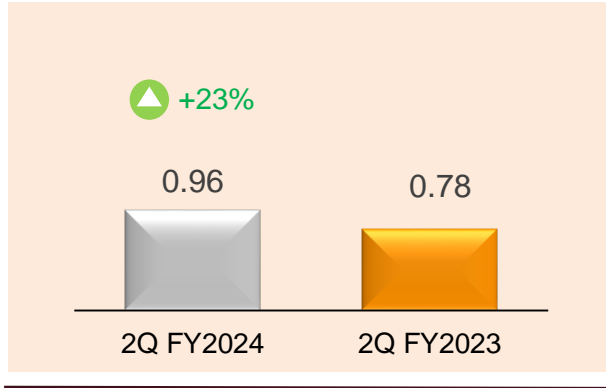
<i>FFB Received (MT)</i>	2Q FY2024	2Q FY2023	Var. (%)	
FELDA Settlers	1,586,896	1,113,211	43	▲
3 rd Parties	1,112,130	854,394	30	▲
FGV	957,776	765,640	25	▲
Total FFB Received	3,656,802	2,733,245	34	▲

The increase in FFB received is primarily attributed by favourable weather including adequate rainfall which has improved crop yields.

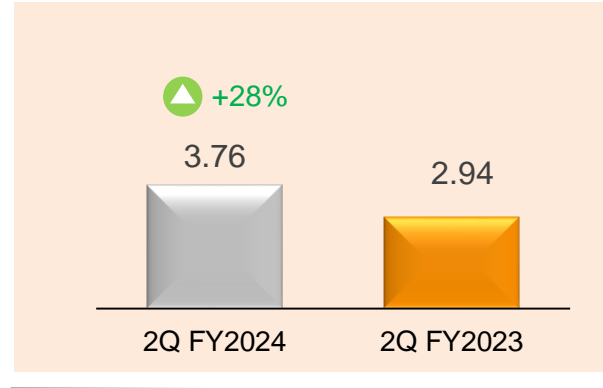
Plantation: Estate and Mill Operations (2/3)

Internal FFB only

FFB Production (mn MT)



FFB Yield¹ (MT/Ha)



Item	2Q FY2024	2Q FY2023	Var. (%)	
Labour Shortage ²	1,702 / 5%	4,226 / 13%	(60)	▼
Replanting (Ha)	2,366	5,012	(53)	▼
Fertiliser Applied (MT)	87,705	66,148	33	▲
Estate cost (RM/MT)	527	562	(6)	▼

- The FFB yield increased by 28%, attributed to improvements in crop patterns and extensive rehabilitation exercises in previous years.
- Labour shortages improved to 5% following significant recruitment in May, mainly from Indonesia. However, labour shortages in Sabah and Sarawak remain at 15% and 52%, respectively.
- Applied 87,705 MT of fertiliser, a 33% higher compared to 2Q FY2023. To date, 42% of the 2024 fertiliser target has been achieved.
- Although the planting area was affected by rescheduled planting and seedling readiness, the focus is on enhancing quality using selected high-yielding materials and best nursery practices, ensuring optimal planting age, achieving optimum stand and cover, and adhering to GAP.

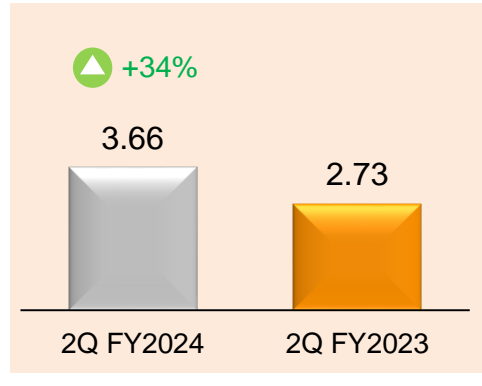
¹ Based on mature area of 255,876 Ha (2Q FY2023: 268,131 Ha), figure for 2Q FY2023 still include our operations in Indonesia

² Operational labour only

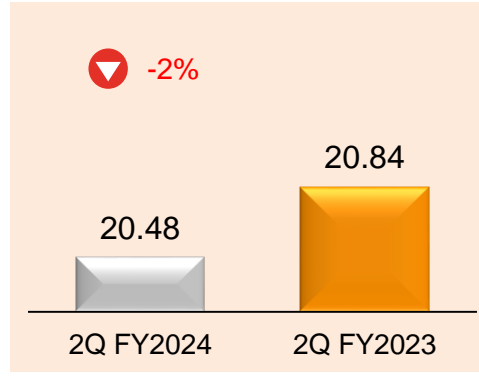
Plantation: Estate and Mill Operations (3/3)

Internal + External FFB

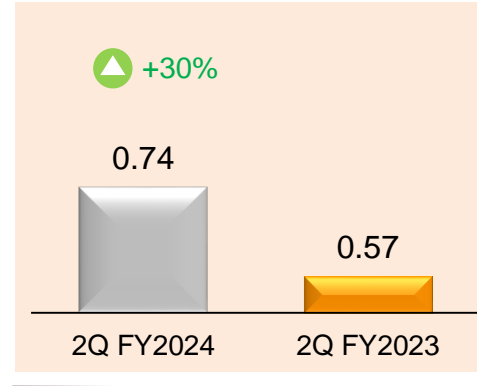
Total FFB Received¹
(mn MT)



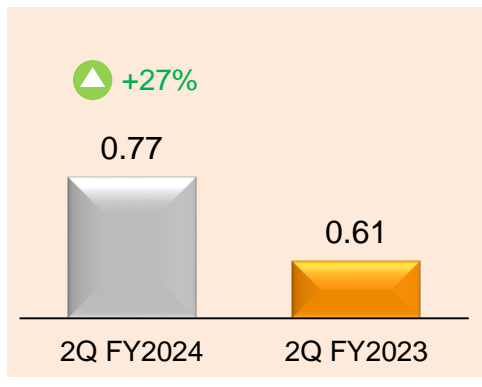
OER
(%)



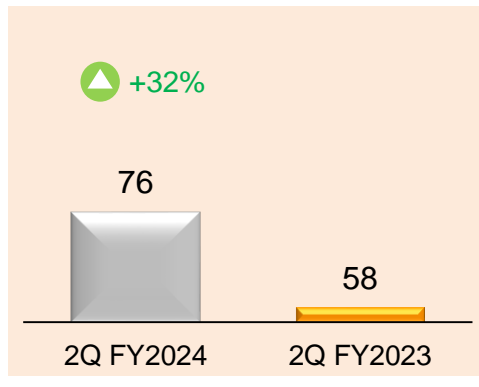
CPO Production
(mn MT)



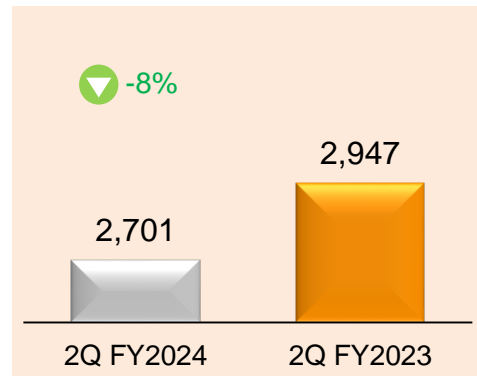
Oil Yield
(MT/Ha)



Utilisation Factor
(%)



CPO Cost Ex-Mill²
(RM/MT)



- Total FFB received rose by 34%, driven by a significant increase in crop volumes from internal and external sources.
- OER declined by 2%, following the quality of FFB received at the mills.
- CPO production increased by 30%, driven by a significant increase in FFB received. UF also increased by 32%.
- Oil yield increased by 27%, in tandem with the increase in FFB yield.
- CPO cost ex-mill decreased by 8% due to lower estate costs per MT following higher productivity per Ha.

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

THE DIVISION'S PROFIT WAS IMPACTED BY LOWER MARGINS ACROSS THE SEGMENTS.



Bulk Commodities

(RM mn)	2Q FY2024	2Q FY2023	Var. (%)	
Revenue	3,032	2,287	33	▲
PBT	56	64	(13)	▼
Average CPO Price (RM/MT)	4,103	4,000	3	▲
Average PK Price (RM/MT)	2,350	1,979	19	▲
CPO & PPO Sales Vol. ('000 MT)	705	562	25	▲
PK Sales Vol. ('000 MT)	43	16	>100	▲



Edible Oils & Chemicals

(RM mn)	2Q FY2024	2Q FY2023	Var. (%)	
Revenue	1,215	1,072	13	▲
PBT	12	13	(8)	▼

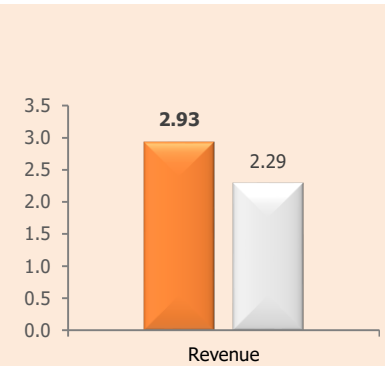
Profit was impacted by a decrease in trading margins due to:

- A 1.11% decline in oil margins.
 - Lower traded volumes.
-
- Margins were squeezed particularly in the export market, due to intense price competition and the low ceiling price imposed in April 2024.
 - Lower margins from the Chemical Segment despite stronger overall sales volumes.

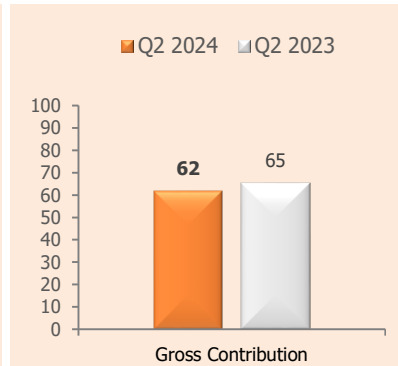
Oils & Fats: Contributions from External FFB

LOWER CONTRIBUTION FROM EXTERNAL FFB DUE TO REDUCED TRADING MARGINS.

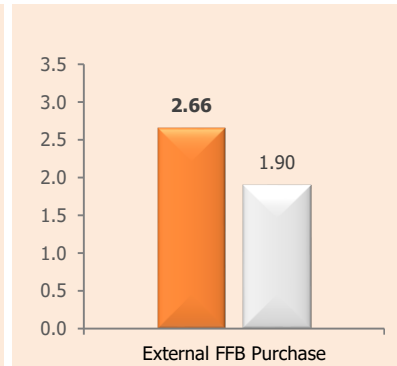
Revenue
(RM bn)



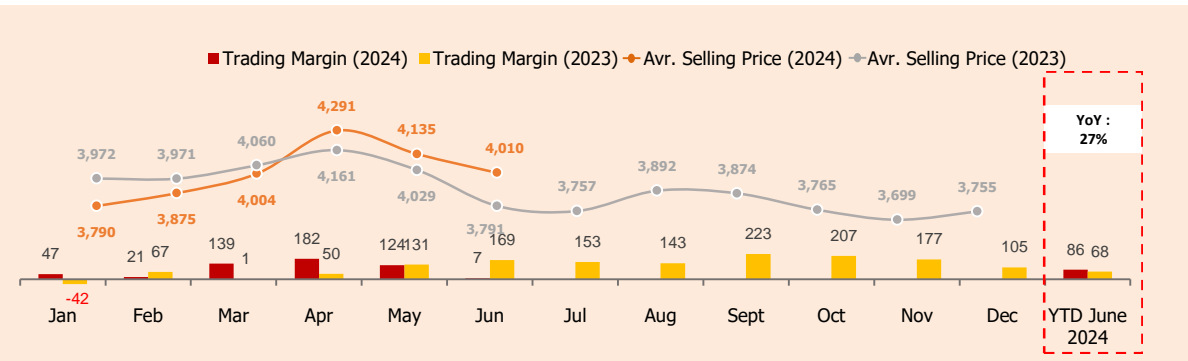
Gross Contribution
(RM mn)



External FFB Purchase
(mn MT)



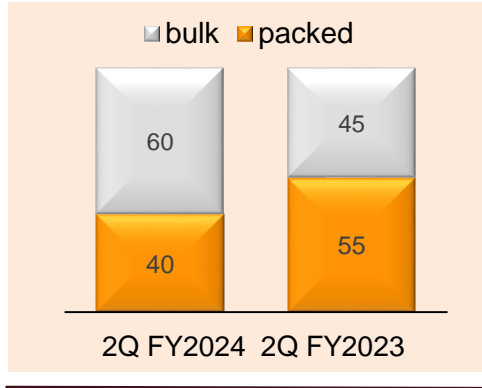
Average Selling Price & Profit Margin
(RM/MT)



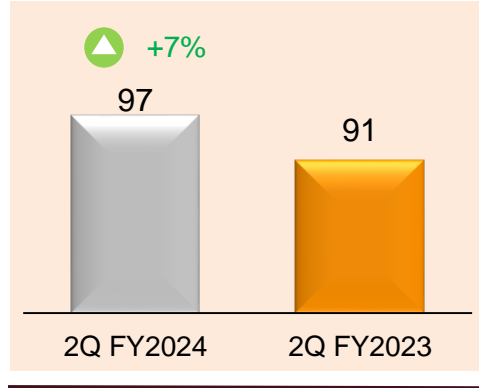
- The gross contribution from external FFB in 2Q FY2024 showed a slight decline of 4% at **RM62 mn** compared to the same quarter last year.
- The marginal drop was primarily attributable to lower margin at RM97/MT, (2Q FY2023: RM125/MT) as a result of **higher COGS** (2Q FY2024: RM4,035/MT; 2Q FY2023: RM3,846/MT); **despite higher CPO realised price** (2Q FY2024: RM4,131/MT; 2Q FY2023: RM4,017/MT).
- However, revenue for the quarter was recorded higher by 28% as a result of higher **CPO/PPO deliveries** (2Q FY2024: 634,001 MT; 2Q FY2023: 522,483 MT) impacted from **higher FFB processed** by 34%.

Oils & Fats: Edible Oil & Chemicals

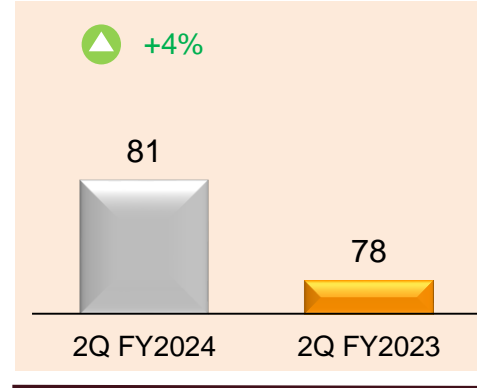
Product Ratio (%)



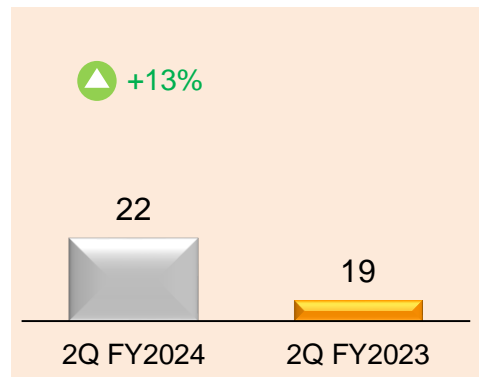
Edible Oil Sales Vol. ('000 MT)



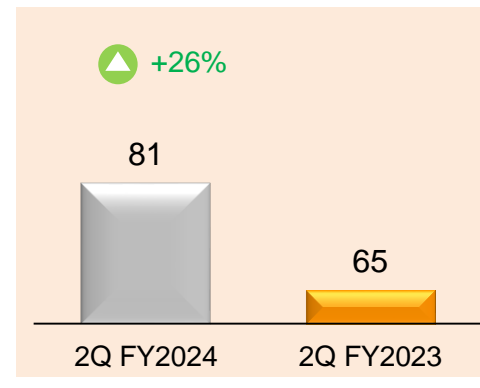
Utilisation Factor (%)



Biodiesel Sales Vol. ('000 MT)



Oleochemical Sales Vol. (mn lbs)



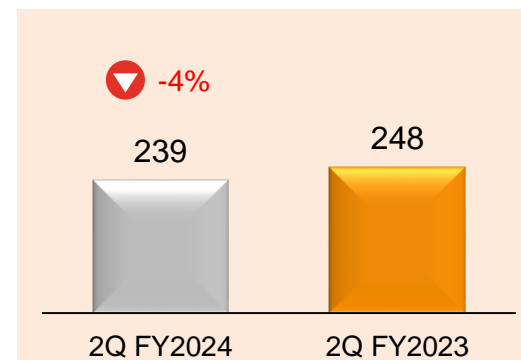
- The 7% increase in edible oil sales volume was driven by higher bulk sales, as the CPO price improved.
- UF also increased to 81%.
- Biodiesel sales volume increased by 13% from the higher demand for PME and PFAD, as well as enhanced production efficiency.
- The oleochemical sales volume increased by 26%, contributed by the increased consumer demand across all market segments.

THE DIVISION'S PROFIT WAS IMPACTED BY HIGHER PRODUCTION COSTS DESPITE HIGHER UF.

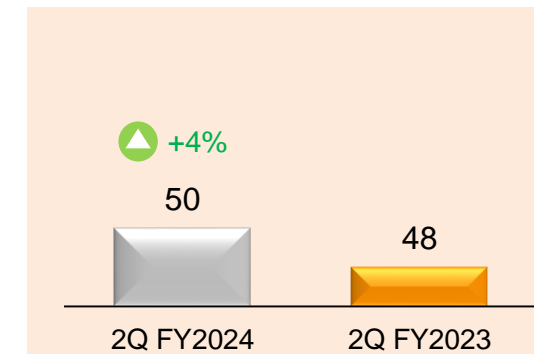
(RM mn)	2Q FY2024	2Q FY2023	Var. (%)	
Revenue	833	746	12	▲
(LBT)	(30)	(14)	>(100)	▼

- The Division's performance was impacted by a 14% increase in production costs, resulted from higher NY11, forex rate, and freight costs.
- Additionally, incentives continued to be received for certain packed sugar sold in the domestic market.

Sugar Sales Vol. ('000 MT)



Utilisation Factor (%)



- Sales volume declined by 4% due to lower demand from the wholesale and export segments.
- UF increased to 50% as a result of improved reliability at the Johor plant.

THE DIVISION'S PROFIT INCREASED AS A RESULT OF HIGHER BULKING THROUGHPUT AND TONNAGE CARRIED.



Bulking

(RM mn)	2Q FY2024	2Q FY2023	Var. (%)	
Revenue	68	70	(3)	▼
PBT	32	25	28	▲

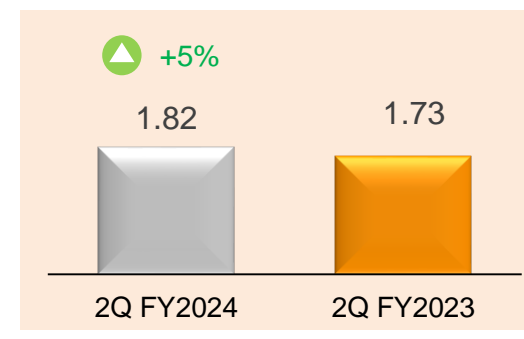
- Revenue was declined due to lower PKS sales.
- Profit increased from the improved handling rates and other incomes.



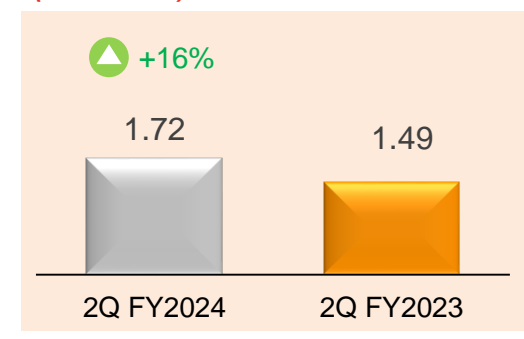
Transport

(RM mn)	2Q FY2024	2Q FY2023	Var. (%)	
Revenue	78	66	18	▲
PBT	1	-	>100	▲

Bulking Vol. (mn MT)



Transport Vol. (mn MT)



- Bulking volume rose by 5%, driven by increased CPO production and stronger demand for oleochemical and acid oils.

- Transport volume increased significantly by 16%, in line with the higher CPO production.

Business Updates

ENVIRONMENTAL

- Received the **Energy Management Gold Standard (EMGS) Special Award** by the **Malaysian Green Technology and Climate Change Corporation (MGTC)**.



- Launched **Yangambi Platinum S3**, a **high-yielding new clonal planting material**, during Hari Peneroka FELDA 2024.

SOCIAL



- Participated and organised **Festival FGV** during Hari Peneroka FELDA 2024, which attracted a crowd of 600,000 attendees.



- Contributed around **RM1.29 mn** under the **Saji Seikhlas Hati Programme**, conducted nationwide.
- Started the **second series of the Independent Smallholder Programmes** with 13 sessions scheduled in 2024, involving 700 smallholders across Malaysia.

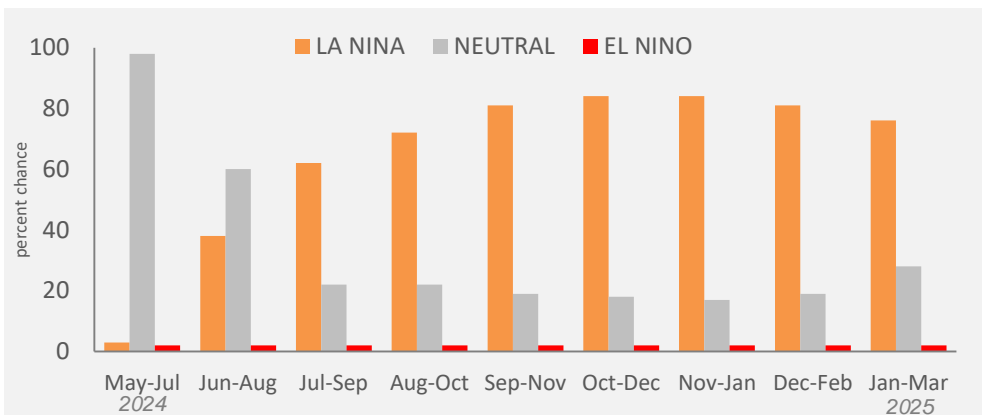
GOVERNANCE



- Made the **first shipment of 10,000 MT Green Gold Label (GGL) certified PKS to Japan** with a value of approximately RM6.0 mn.
- Launched **Enhanced Sustainability Framework** to contribute towards the nation's overall sustainability goals.
- Submitted a **petition to the US CBP** to request a modification of the WRO.
- Became one of the first Malaysian plantation companies to **produce EUDR-compliant CPKO** for clients worldwide.

2H FY2024 Market Outlook

PLANTATION



Graph 1: Forecast Predicts La Niña Arrival Between July and September

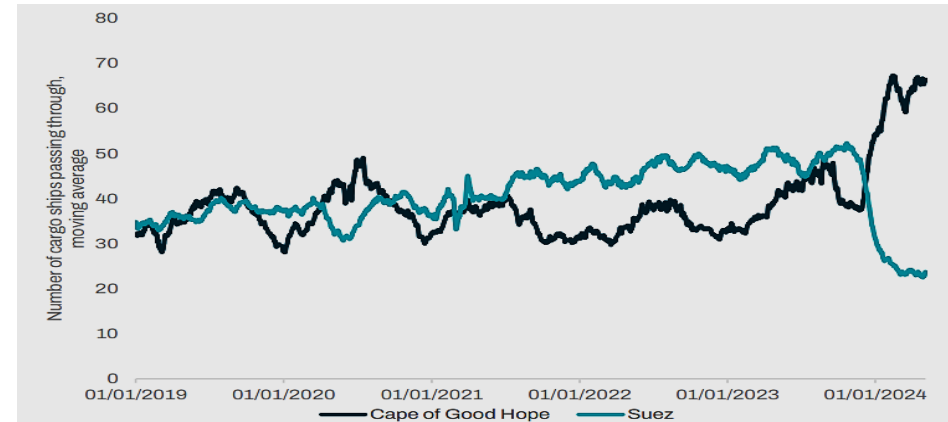
Weather: La Niña conditions expected in late 2024 may lead to heavy rains, impacting palm oil production with potential harvesting delays and flooding.

CPO Production: Projected to rise to 18.75 mn MT due to better labour and fertiliser use, though prices will remain above 2015-2019 levels.

Labour: The government has frozen migrant worker quotas to stay within a 15% limit by 2025.

Sources:
National Oceanic and Atmospheric Administration, MPOC, World Bank Blog

OILS & FATS



Graph 2: No of Cargo Ships Passing through the Cape of Good Hope and Suez

Bulk Commodities: Geopolitical tensions and price differences between palm oil and soft oils have led to higher freight rates and longer voyage times.

Edible Oil: Malaysian palm oil exports are trending positively, but the EUDR's due diligence and risk assessment requirements may make importers hesitant to increase their purchases.

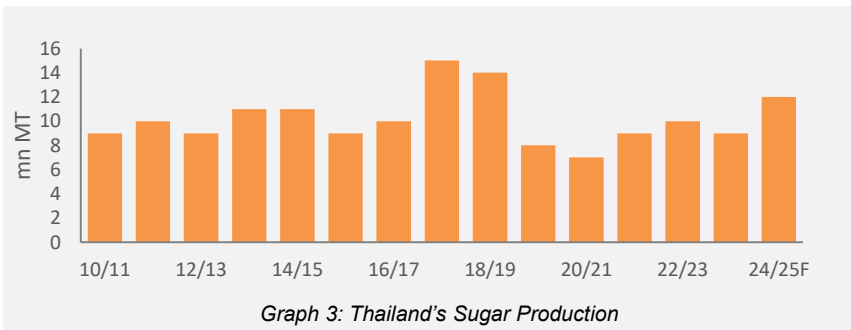
SUGAR



Brazil: Sugar production is set to rise by 1.3% in 2024/25 due to a 4.1% increase in sugar acreage, reaching 8.7 mn Ha.



Thailand: The 2024/25 cane harvest is projected at 110 mn MT, supported by stable fertiliser costs, expanded cultivation areas, and strong cane growth. This will result in a production of 12 mn MT sugar.



India: Sugar reserves for 2023/24 are at 9.1 mn MT, with a surplus of 3.6 mn MT. The government will maintain current export restrictions to ensure sufficient domestic supply.

LOGISTICS & SUPPORT

Throughput: Palm oil exports are expected to stay robust, supported by strong demand from major importing countries, particularly during festive seasons in India and China.



Logistics Hub: Key infrastructure investments include expanding the Port of Tanjung Pelepas and upgrading Kuala Lumpur International Airport (KLIA).



ICT: Key market segments like SAP S/4HANA, business solutions and cloud computing are expected to see significant growth, with CAGRs of 10% - 20% respectively.

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

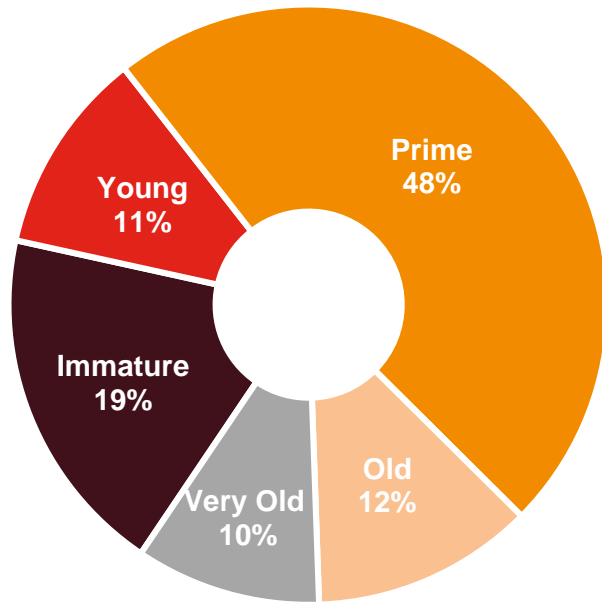


RM million	Q1 2024	Q2 2024	2024	Q1 2023	Q2 2023	Q3 2023	Q4 2023	2023
At the start of the period	3,513.8	3,539.0	3,513.8	3,680.4	3,602.0	3,564.0	3,570.2	3,680.4
Total payments made during the period	(60.8)	(50.1)	(110.9)	(110.6)	(65.5)	(60.9)	(63.3)	(300.3)
Recurring income statement charges/(credits)	77.5	64.3	141.8	59.5	54.0	72.4	61.1	247.0
Total income statement charges/(credits) from revisions in projections	8.5	2.4	10.9	(27.3)	(26.5)	(5.3)	(54.2)	(113.3)
Total charges/(credits) to the income statement	86.0	66.7	152.7	32.2	27.5	67.1	6.9	133.7
Closing LLA liability balance	3,539.0	3,555.6	3,555.6	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	161.3	331.3
Under accrual for current quarter	(19.5)	(84.3)
Revisions in projections and other adjustments	10.9	(113.3)
Total charges to the Income Statement	152.7	133.7

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 :12.58 years

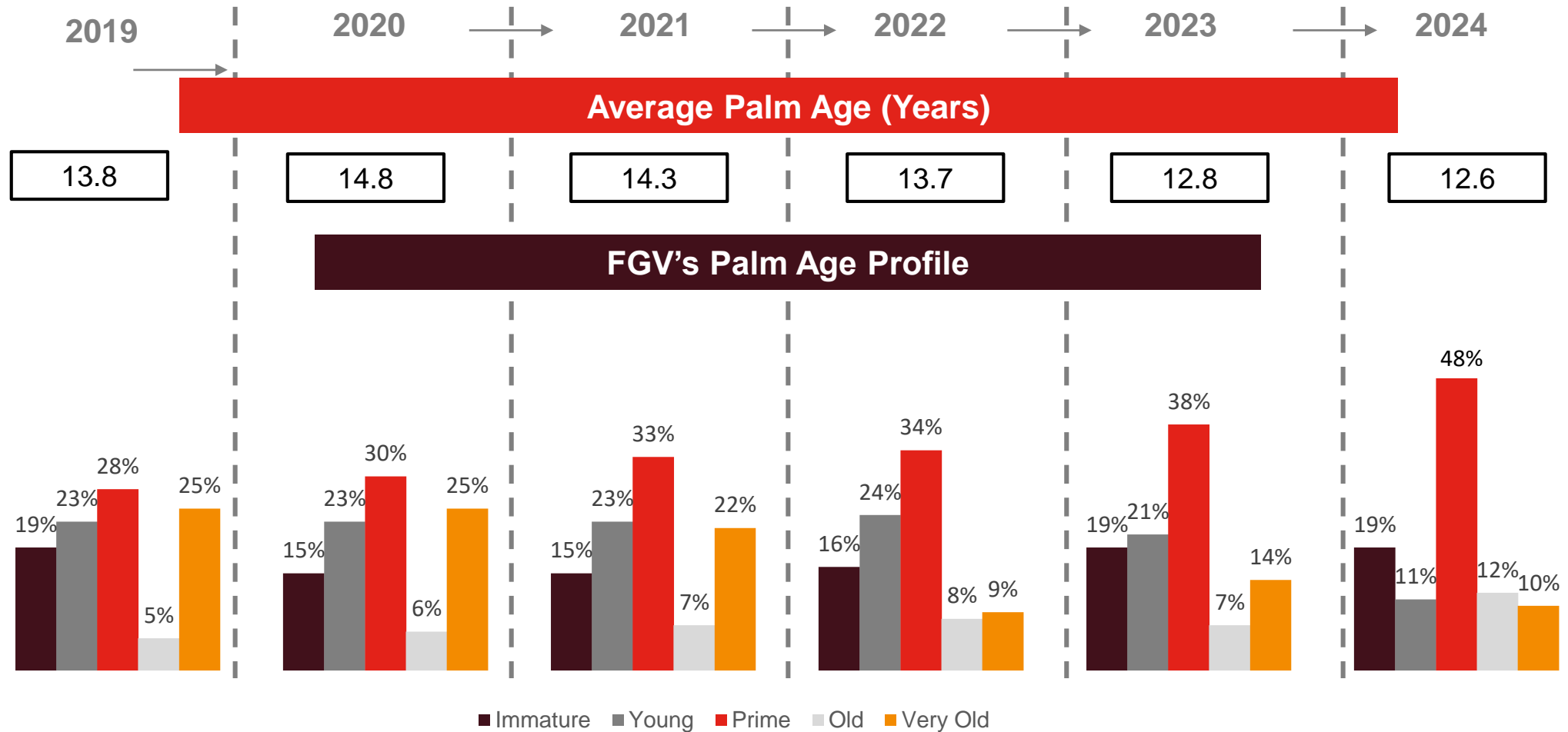
CATEGORY	AGE (YEAR)	FGV GROUP	
		Ha	%
IMMATURE	0 – 3	63,383	19%
YOUNG	4 – 6	35,347	11%
PRIME	7 – 18	154,956	48%
OLD	19 – 25	40,318	12%
VERY OLD	> 25	31,500	10%
TOTAL		325,504	100%

The Age Profile category follows industry range.

TOPOGRAPHY	TOTAL HECTARAGE (Ha)	%
FLAT	120,437.38	37
UNDULATING	93,975.81	29
HILLY	111,090.97	34

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



	2Q FY2024	2Q FY2023	YOY	1H FY2024	1H FY2023	YOY
FFB Production (mn MT)	962	779	23%	1,698	1,595	6%
FFB Yield* (MT/Ha)	3.76	2.94	28%	6.64	5.95	12%
CPO Production (mn MT)	741	571	30%	1,310	1,158	13%
PK Production (mn MT)	174	140	24%	313	292	7%
OER (%)	20.48	20.84	2%	20.54	20.30	1%
KER (%)	4.80	5.14	7%	4.91	5.13	4%
Avg. PK Price (RM/MT)	2,350	1,979	19%	2,290	1,991	15%
Avg. CPO Price (RM/MT)	4,103	4,000	3%	4,020	3,995	1%
CPO Cost Ex-mill (RM/MT)	2,701	2,947	8%	2,782	2,926	5%
CPKO Sales Volume ('000 MT)	60,769	61,288	1%	120,898	119,172	1%
Oleochemical Sales Volume (mn Lbs)	81.3	64.7	26%	159.2	129.2	23%