FGV Acquires Asian Plantations for a total cash consideration of RM628 million

Felda Global Ventures Holdings Berhad (FGV) today wishes to announce its proposed acquisition of Asian Plantations Limited (APL) for a total cash consideration of GBP 120 million (equivalent to approximately RM 628 million).

APL, a Singapore-incorporated plantation company that is listed on the Alternative Investment Market (AIM) of the London Stock Exchange, owns 24,622 hectares (ha) or 60,840 acres of oil palm plantations through its five wholly-owned estates within Miri and Bintulu, Sarawak.

Acquisition of APL to bolster FGV's growth plans

Mohd Emir Mavani Abdullah, FGV Group President and Chief Executive Officer said: "FGV continues to seek opportunities to strengthen our leading position in the oil palm plantation business, through organic and inorganic growth. We are attracted to APL's strong operational performance and high-quality estates and are confident they will bolster FGV's lead in sustainable palm oil production."

Mohd Emir added: "The acquisition complements the Group's long-term expansion strategy. We are relentless in our pursuit to be part of the world's top 10 agribusiness players, and a leader in the sectors of palm oil, rubber and sugar – from planting to processing, logistics to exports by 2020".

These estates are serviced by the Company's 60 MT per hour palm oil mill, which is located within the estates and within easy reach to the deep water port of Bintulu, where four of the big palm oil refineries in Sarawak are located. FGV intends to double the productivity of the mill once it completes the purchase.

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The proposed acquisition

FGV intends to make a voluntary conditional cash offer ("Offer") for all of the ordinary shares (excluding treasury shares) in the issue capital of APL at the price of GBP2.20 per share (“Offer Price”). The Offer Price represents a [5.4%] premium over the weighted average price on AIM of [GBP2.0874] for the 1-month period prior to the last trading day of 29 August 2014, when the Offer was made.

The Offer Price of GBP2.20 also represents a premium of approximately 294.7% over the Net Asset Value per share of GBP0.5574 as at 31 December 2013. Based on all the competitive acquisitions FGV has been looking at, this is the most attractive option for similar brownfield sites in Malaysia and Indonesia.

The maximum total consideration will be satisfied in cash from proceeds from FGV’s initial public offering.

FGV maintains its lead in palm oil production

The acquisition of APL follows FGV’s overall strategy to maintain its leading position in the palm oil and agribusiness industry.

Last October, FGV completed its purchase of Pontian United Plantations (Pontian) which has land in Sabah as well as in Johor at the price of RM1.2 billion. The move is set to strengthen FGV’s upstream and processing activities, and enhances the value chain.

With this acquisition, FGV is the world’s third largest plantation operator by hectarage with a total of more than 450,000 ha in Malaysia and Indonesia. The Group is also the largest crude palm oil (CPO) producer in the world with approximately 18% of Malaysia’s production and 7% of the world’s production.

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