FGV Records Higher PBT of RM1.02 Billion in 9M FY2021

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KUALA LUMPUR, 30 November 2021 – FGV Holdings Berhad (FGV) registered a significant jump in profit before tax (PBT) of RM1.02 billion for the Group's nine-month period ended 30 September 2021 (9M FY2021), compared to RM27 million in the same period last year.

The Group's revenue rose 33 percent year-on-year (y-o-y) to RM13.39 billion, while operating profit also increased nearly three times to RM1.16 billion y-o-y in 9M FY2021.

Mohd Nazrul Izam Mansor, FGV's Group Chief Executive Officer said, "I am pleased to report that the Group's improved operating performance for 9M FY2021 is fuelled by higher palm products' margins due to higher crude palm oil (CPO) price realised, higher gross profit margin for our Sugar Sector and higher throughput volume and handling charges for our Logistics Sector."

Overall, for the Group's three-month period ended 30 September 2021 (3Q FY2021), FGV recorded the highest quarterly operating profit since listing at RM636 million compared to RM322 million in the previous corresponding quarter.

FGV’s Plantation Sector, the Group’s business mainstay which makes up the majority of its businesses saw a positive performance in 3Q FY2021 with a total operating profit of RM585 million against RM4.68 billion in revenue, an increase by 56 percent and 41 percent respectively driven by higher CPO price and improved fertiliser volume.

The operating profit for FGV’s upstream segment under the Plantation Sector rose to RM548 million for the quarter under review, increased by 54 percent compared to RM356 million from the same quarter last year. The performance is attributed by higher palm products margins gained from higher average CPO price of RM3,798 per metric tonnes (MT).

However, in the upstream operational parameters, FGV reported a 17 percent decline in both its fresh fruit bunches (FFB) production and yield of 1.12 million MT and 4.43 MT/Ha respectively in 3Q FY2021 compared to the same quarter last year. This resulted from shortage of foreign workers and the movement control order (MCO)-related closure.

Meanwhile, the Group’s CPO production decreased by 14 percent y-o-y to 0.74 million MT for the quarter under review, due to lower FFB processed. Oil extraction rate (OER) however, improved slightly by 2 percent to 20.74 percent in 3Q FY2021 versus 20.35 percent in the previous corresponding quarter, attributed to improved mills performance from stringent process control.

The lower FFB processed in 3Q FY2021 had resulted in higher processing cost, contributing to the rise in CPO cost ex-mill by 16 percent to RM1,646/MT compared to RM1,422/MT in 3Q FY2020. The utilisation factor (UF) decreased to 71 percent in the quarter under review versus 84 percent in the same period last year, a decrease by 15 percent due to lower FFB received and mandatory shutdown of selected mills during MCO.

In addition, the Group’s Sugar Sector under its 51 percent owned public-listed subsidiary, MSM Malaysia Holdings Berhad (MSM Group) continued its strong momentum by recording a surge in operating profit of RM36 million for the quarter under review versus operating loss of RM6 million in 3Q FY2020 following improved average sugar selling prices and gains of liquidation of excess raw sugar hedges.

FGV also saw its Logistics Sector recorded a higher operating profit of RM25 million in 3Q FY2021, a 25 percent rise compared to RM20 million in the previous corresponding quarter. This is attributable to higher average handling rate and increase in total throughput for the Sector.

Going forward

“Despite the prolonged acute labour shortage issue and COVID-19 pandemic related operational disruption which continues to affect the Group’s productivity, we expect the situation to turnaround starting from 2Q FY2022. This is in view of the recent announcement by the Government to bring in 32,000 foreign workers into the country which will boost labour coverage at our plantations which currently stands at only 70 percent of our total requirement,” said Mohd Nazrul.

“In relation to that, FGV’s extensive vaccination programme for our foreign workers nationwide is also on track. We expect to achieve 100 percent completion of two doses for all workers very soon in ensuring a safe working environment at our plantations,” he added.

“Moving forward, in line with our commitment to becoming a net-zero business by 2050, we are embarking on a group-wide climate action plan across our operations to fight climate change. As such, we have developed an integrated climate action plan based on six key strategic factors: climate governance and risk management, carbon management, operational efficiency, waste management, water management, and climate awareness,” said Mohd Nazrul.

FGV is Malaysia’s first food and agribusiness company to formalise the commitment by signing the United Nations (UN)-backed Science Based Target initiative (SBTi) Business Ambition for 1.5°C pledge, which calls for limiting global warming to 1.5°C.

“Through this commitment, we will be adopting science-based targets as our carbon management. Although this is the minimum target that we are committed to, we are finalising our comprehensive Greenhouse Gas (GHG) Inventory in setting up an ambitious reduction target for the Group,” continued Mohd Nazrul.

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