FGV Registered a Higher PATAMI of RM1.17 billion in FY2021

KUALA LUMPUR, 28 February 2022 – FGV Holdings Berhad (FGV) posted a surge in profit after tax and minority interest (PATAMI) of RM1.17 billion for the financial year ended 31 December 2021 (FY2021), an eight-fold increase from RM146 million recorded last year. Its annual revenue grew 39% to RM19.57 billion, a record high from RM14.07 billion in 2020.

The Group announces a final dividend payment of 8.0 sen per share, translating to a total dividend payout of RM291.85 million.

The Group's operating profit rose to RM1.79 billion in FY2021 compared to RM603 million from the previous year, driven by stronger crude palm oil (CPO) price and better performance from both its Sugar and Logistics Sectors.

The average CPO price realised in FY2021 increased by 37% to RM3,671 per metric tonne (MT), compared to RM2,675 per MT in FY2020.

Meanwhile, for the fourth quarter ended 31 December 2021 (4Q FY2021), FGV recorded a significant PATAMI of RM465 million, higher by more than three times compared to RM131 million recorded in 4Q FY2020.

For the quarter under review, the Group's revenue rose 54% year-on-year (y-o-y) to RM6.18 billion, while operating profit increased to RM633 million compared to RM222 million posted in the previous year. The higher operating profit is mainly attributable to the increase in palm products' margins due to higher average CPO price realised, reduced CPO cost ex-mill, and better handling rate for its bulking and transport businesses.

FGV's Plantation Sector, the Group's business mainstay, which makes up the biggest chunk of its business portfolios, recorded a stronger performance in 4Q FY2021 with a total operating profit before land lease agreement (LLA) and impairment of RM716 million on the back of RM5.41 billion revenues. This was a significant increase of 87% and 65% respectively compared to the previous corresponding quarter, contributed by higher CPO price and better CPO production volume. The operating profit before LLA and impairment for FGV's upstream segment under the Plantation Sector rose to RM633 million for the quarter under review, a two-fold increase compared to RM300 million in the same quarter last year, underpinned by higher palm products margins gained from higher average CPO price of RM4,194 per MT in 4Q FY2021 versus RM3,059 per MT in 4Q FY2020.

In the upstream operational parameters, FGV reported a slight increase by 1% in both its fresh fruit bunches (FFB) production and yield to 1.05 million MT and 4.16 MT/Ha respectively in 4Q FY2021 compared to the same quarter last year, in tandem with yield improvement from the young mature and prime-age palm trees.

The Group's CPO production improved by 5% y-o-y to 0.73 million MT, while the oil extraction rate also improved by 1% y-o-y to 21.05% for the quarter under review, on the back of improved FFB processed and better mills performance from stringent process control.

In addition, FGV also achieved a higher utilisation factor (UF) of 69% supported by a higher FFB volume received in 4Q FY2021 compared to 66% in the same quarter last year. This had positively contributed to reduced CPO cost ex-mill by 2% to RM1,773 per MT due to lower processing cost.

Meanwhile, FGV saw its Logistics Sector record a higher operating profit of RM29 million in 4Q FY2021, a 38% rise compared to RM21 million in the previous corresponding quarter, attributed to higher volume of products carried for its transport business and higher volume of high-value products and lower variable operating cost for its bulking business.

The Group's Sugar Sector under its 51% owned public-listed subsidiary, MSM Malaysia Holdings Berhad (MSM Group) however, posted an operating loss of RM6 million in 4Q FY2021 compared to operating profit of RM72 million in 4Q FY2020 despite registering a higher revenue of RM642 million, a 2% increase from RM630 million a year earlier. This is due to lower sales volume for industry and export as a result of slow domestic demand and flood disaster, decreased gross profit margin resulting from a higher production cost. Nevertheless, the Sector registered a significant jump in total operating profit by 222% to RM116 million in FY2021 versus RM36 million a year earlier.

Going forward

"While uncertainties surrounding labour supply continue to persist, we expect the situation will recover in the third quarter this year. Meanwhile, our Plantation Sector will keep focusing on harvesting, crop recovery and replanting efforts to ensure the profitability of the Group in the long run. Along with this, our Sugar Sector will optimise its local presence through an aggressive sales strategy, regional export penetration and value-added business activities to improve sales volume. Similarly, our Logistics Sector will also continue to explore opportunities for market expansion and diversification while heightening its operational effectiveness," said Mohd Nazrul Izam Mansor, Group Chief Executive Officer of FGV.

"The rising threats of the new Omicron variant are also threatening our business continuity. Therefore, we have taken the necessary measures to maximise the vaccination rates among our employees and plantation workers while putting in place stringent COVID-19 standard operating procedures (SOPs) and effective containment measures at our operations," added

Nazrul.

He said in line with the commitment of the Group to sustainability, FGV is currently enhancing its wide array of initiatives, particularly on environmental protection, climate action, and good labour practices. These efforts are guided, across its operations, by the environment, social and governance (ESG) framework as enunciated in the Group Sustainability Policy (GSP).

“On the environment front, we are enhancing our Group-wide commitment to environmental protection with our renewed biodiversity conservation and wildlife protection programmes, as well as our strengthened adaptability to environmental adverse impacts and risks. I have put acting on climate change at the heart of our Group priorities. FGV will become a net-zero business, and were the first food and agribusiness company in our sector to have a commitment to science-based targets.

For social sustainability, we continue to uphold best labour practices and human rights by enhancing labour programmes and championing gender equality, women empowerment and child protection. Meanwhile, on governance, we will continue to progressively strengthen our sustainability policy and guidelines, compliance to sustainability practices through traceability and supply chain management, as well as continuous monitoring and evaluation of the effectiveness of our sustainability programmes, among others,” continued Nazrul.

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