

FGV Registered Profit Before Tax (PBT) of RM501 million in 1Q FY2022

KUALA LUMPUR, 31 May 2022 - FGV Holdings Berhad (FGV) posted a profit before tax (PBT) at RM501 million in its first quarter ended 31 March 2022, a significant improvement compared to RM15 million last year. This is mainly contributed by higher margin of palm products, downstream, fertilisers and logistic business.

For the period under review, crude palm oil (CPO) price averaged at RM5,058 per metric tonne (MT), which is 59 percent higher than the average CPO price realised in 1Q FY2021 of RM3,172 per MT.

The Group's revenue rose to RM5.85 billion from RM3.39 billion a year earlier, a 73 percent year-on-year (y-o-y) jump, backed by higher average CPO price, strong volume and higher price for consumer and fertiliser products.

FGV Group's Chief Executive Officer, Mohd Nazrul Izam Mansor said, "We are pleased to announce another profitable quarter amidst the uncertainties and challenges faced by the Group. We will strive to keep this positive momentum to meet the expectations of our stakeholders and to achieve the targets set for 2022."

In 1Q FY2022, FGV recorded earnings before interest and taxes (EBIT) of RM509 million on the back of RM668 million operating profit, but was offset by RM159 million LLA fair value adjustment.

FGV's Plantation Sector recorded an increase in operating profit of RM664 million versus RM108 million in 1Q FY2021, driven by higher CPO price and improved CPO/PPO sales volume.

In the upstream segment under the Plantation Sector, FGV recorded an increase of operating profit of RM489 million in 1Q FY2022 compared to RM91 million in 1Q FY2021. This is due to higher fresh fruit bunches (FFB) yield, better oil extraction rate (OER) and improved mills utilisation factor (UF). The revenue under the segment rose to RM3.18 billion in 1Q FY2022 versus RM1.78 billion in the corresponding quarter.

Additionally, FFB production increased to 0.83 million MT for the quarter under review compared to 0.74 million MT, 11 percent increase from the corresponding quarter. Meanwhile, FFB yield increased by 12 percent to 3.02 MT/Ha in 1Q FY2021 contributed by better yield performance of the young mature, prime and old palms.

CPO production increased by 11 percent y-o-y to 0.56 million MT compared to 0.51 million MT in the last corresponding quarter.

OER for the quarter under review also increased to 20.28 percent compared to 20.05 percent a year earlier due to better mills performance from stringent process control. As a result of the higher manuring and harvesting cost, CPO cost ex-mill increased by 3 percent y-o-y to RM2,057 per MT compared to RM2,003 per MT. Meanwhile, UF increased by 10 percent y-o-y to 55.18 percent from 50.17 percent due to higher FFB volume received.

The Group's downstream segment under the Plantation Sector registered an operating profit of RM55 million in 1Q FY2022 compared to RM17 million in the preceding year.

FGV's oils & fats sales volume rose by 1 percent y-o-y to 91,773 MT compared to 91,138 MT due to better demand for FMCG products as customers built up stock for Ramadhan.

The biodiesel segment recorded higher sales volume by 6 percent y-o-y to 13,152 MT compared to 12,384 MT as demand improved following the ease of travel restrictions and opening of economic sectors.

In addition, the Research & Development (R&D) and Fertiliser segment under FGV's Plantation Sector recorded an increase in revenue of RM331 million for the period under review compared to RM116 million in 1Q FY2021, contributed by improved sales volume in fertiliser and seeds products due to better offtake.

Although revenue improved to RM593 million for the quarter under review from RM515 million a year earlier, FGV's Sugar Sector under its subsidiary, MSM Malaysia Holdings Berhad (MSM) registered operating loss for the current quarter due to lower margin resulted from higher production cost and lower UF.

FGV's Logistics Sector posted a higher operating profit of RM27 million compared to RM16 million in the previous corresponding quarter. The improvement was mainly contributed by increased in transport and bulking volume by 15 percent and 9 percent, respectively, in tandem with higher CPO production.

Going forward

In support of the Government's food security agenda, FGV will expand its food producing activities, especially in producing fresh produce. One of the biggest initiatives is with Baladna Dairy Facility. The collaboration was signed in 2019 and it will become a large-scale dairy project in Chuping Valley, Perlis.

In a strategic move to strengthen the nation's fragrant rice industry, FGV will be bringing

more products to cater to the consumer's needs such as SAJI Basmathi and SAJI Aroma (Fragrant rice) which will be launched in Mid-June 2022.

Apart from that, FGV via its subsidiary FGV Integrated Farming Holdings Sdn Bhd (FGVIF), has launched Alma, high-quality animal feed which uses palm kernel cake (PKC). FGV target to produce 75,000 tonnes of animal feed this year, a significant increase from 40,000 tonnes produced last year, in an effort to cater for the increasing demand in the meat farming industry such as cow, goat, rabbit and chicken.

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