FGV Remains Resilient and Posts Net Profit of RM521.86 million

Felda Global Ventures Holdings Berhad (FGV), the global agribusiness and palm oil company, has recorded *a* profit after taxation and zakat of RM521.86 million for the financial year ended 31 December 2014.

FGV's fourth quarter net profit rebounded from a net loss of RM9.3 million in the preceding quarter to a net profit of RM20.21 million.

FGV posted a revenue of RM16.4 billion in 2014, a rise of 30.8% from the previous year. It delivered a strong growth in gross profit of RM2.14 billion compared to RM878.27 million in the same period the last financial year.

At the same time, operating profit increased by 10% to RM1.03 billion in 2014 from RM939.66 million, the year before.

FGV's Group President and Chief Executive Officer, Dato' Mohd Emir Mavani Abdullah said, F*GV* has also realised a higher average crude palm oil (CPO) price of RM2,410 per metric tonne (MT) compared to RM2,333 per MT in 2013 and a higher oil extraction rate (OER) of 21.01% compared 20.44% from the previous year.

"As earlier reported, one of the main reasons for the revenue growth was attributed to Felda Holdings Bhd. (FHB) being fully consolidated into FGV's financial performance. Through this, FGV has obtained operational efficiencies as well as synergies within the plantation value chain of the FGV Group.

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"Our ability to drive operational improvements and efficiencies, as well as reduce operational costs at the plantation sites have enabled us to remain resilient and achieve a satisfactory performance, amidst the ever changing market conditions," said Emir.

On the upstream performance, Emir said the company continues to undertake aggressive replanting of 15,000 hectares a year, which started in 2012. Therefore, FGV's CPO production volume and fresh fruit bunch (FFB) processed declined slightly. One of the

contributing factors to the decrease in FFB is climate challenges including drought and to a lesser extent, floods.

Nevertheless, he added, FGV's FFB production will further improve in the coming years when a more balanced age profile of trees is achieved, with a target of 60% prime palm by 2020.

Looking forward for this year, Emir said, with lower crude oil price, weakening Ringgit against US Dollar and uncertainty CPO prices, FGV expects 2015 to be another challenging year for the Group and the industry.

"The cold season may hamper CPO demand in the short term but CPO will be back in demand from the traditional markets such as Pakistan, India, China and the European Union (EU) once the warmer season and festive season kicks in," he added.

In line with the aspirations of the strategic blueprint, Emir said FGV continues to chart new milestones with the incorporation of its two new companies namely PT Bumi Agro Nusantara, an entity based in Indonesia and FGV Trading Sdn. Bhd. (FGVT), a trading and marketing arm of FGV under the new enhanced business model.

"While the incorporation of PT Bumi Agro Nusantara is part of our upstream expansion, FGVT plays an important role in streamlining our internal palm value chain via the tolling mechanism. With refineries and mills focusing on efficiency and costs saving, our trading arm will focus on trading of physical palm oil related products, majority of which are produced by our Group.

"These two companies will open a new chapter for the Group, as they are expected to contribute towards the 2015 performance," he said.

On top of this, FGV also aims to strengthen and restructure its Group of companies through the consolidation and divestment of non-core businesses and non-performing assets. With a sound management plan in place, FGV has laid the foundations for sustainable growth through the 2014 transformation initiatives that will improve operational efficiencies to ensure returns to the Group and ultimately its shareholders.

For the financial year, FGV Board is recommending a final dividend of 4 sen per share totalling RM145.93 million. It has earlier paid out an interim dividend of 6 sen per share totalling RM218.89 million.

"We would like to accord our thanks to our loyal shareholders who continue to support FGV in our growth." said Emir.

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