FGV Reports 9M FY2022 PBT of RM1.49 Billion

KUALA LUMPUR, 30 November 2022 – FGV Holdings Berhad (FGV) recorded a significant jump in profit before tax (PBT) of RM1.49 billion for the Group's nine-month period ended 30 September 2022 (9M FY2022), compared to RM1.02 billion in the same period last year.

The Group's revenue rose by 45 percent year-on-year (Y-o-Y) to RM19.46 billion compared to the previous RM13.39 billion, while Profit After Tax & Minority Interests (PATAMI) grew by 40 percent to RM985 million from RM703 million.

FGV's operating profit also increased 53 percent to RM1.78 billion Y-o-Y in 9M FY2022 compared to RM1.16 billion reported in the previous corresponding financial period.

Dato' Nazrul Mansor, FGV's Group Chief Executive Officer said, "I am pleased to report that the Group is on course for a strong close this financial year. Our improved operating performance for 9M FY2022 is mainly attributed by higher palm products' margins due to higher Crude Palm Oil (CPO) price realised and higher throughput and tonnage carried by the Logistic Sector."

The result was partially offset by the losses incurred in the Sugar Sector under its subsidiary, MSM Malaysia Holdings Berhad (MSM), mainly due to higher production costs by 24 percent.

Overall, for the Group's current quarter ended 30 September 2022 (3Q FY2022), FGV recorded higher revenue of RM6.18 billion due higher average CPO price realised versus RM5.31 billion in the same period last year.

Despite the higher revenue, the Group reported lower PBT of RM385 million compared to RM508 million in the corresponding quarter last year due to the losses incurred in Sugar Sector and lower CPO and Processed Palm Oil (PPO) sales volume by Plantation Sector.

Plantation Sector 3Q FY2022

FGV's Upstream Operations reported an increase in revenue of RM3.71 billion compared to RM3.24 billion during the same period last year. Despite the higher margin achieved, CPO Cost Ex-Mill increased by 39 percent to RM2,262 per MT due to lower Fresh Fruit Bunch (FFB) production, increased in manuring and labour costs as a result of the minimum wage implementation.

CPO production has improved by 8 percent to 801,000 MT driven by the increased of total

FFB processed by 10 percent to 3.93 million MT as compared to 3.56 million MT in the corresponding quarter. In total, 1.05 million MT (27 percent) were produced internally, 1.74 million MT (44 percent) were sourced from FELDA settlers, and 1.14 million (29 percent) MT were received from third parties.

Meanwhile, the Group's Downstream Operations' operating profit grew to RM30 million driven by the higher sales volume for packed products and olechemicals under its subsidiaries, Delima Oil Products Sdn. Bhd. and Twin Rivers Technologies (TRT).

Logistic Sector 3Q FY2022

FGV's Logistic Sector generated an Operating Profit of RM34 million which represents a 36 percent increase compared to the same period last year, mainly due to higher tonnage and throughput in its bulking and transport businesses.

Bulking volume increased by 3 percent due to higher throughput handled, while transport volume rose by 16 percent in tandem with higher CPO production.

Sugar Sector 3Q FY2022

Sugar Sector reported a loss of RM71 million primarily due to a 20 percent increase in production costs. The Sector suffered an erosion in margin mainly attributable to high input costs of raw sugar, freight, natural gas and the weakening of Ringgit Malaysia despite the increased in overall average selling price.

However, the Sector improved its total sales volume by 10 percent driven by higher demand from wholesale and industry, in line with market recovery and improved Utilisation Factor (UF) to 46 percent as a result of higher production volume in MSM Prai.

Going Forward

"Our vision is to be a sustainable, global food and agribusiness player. We are strengthening our position in the Malaysian food market, not only in essential food items such as cooking oil and sugar, but also building our presence in other value-added consumer food products segments," Dato' Nazrul added.

On the sustainability front, FGV remains committed to respecting and championing human rights as part of its sustainability framework. In October, FGV has engaged with the United States Customs and Border Protection Department, (USCBP) in Washington D.C. to update its initiatives in addressing the requirements of the international labour standards as the Group works towards uplifting the Withhold Release Order (WRO).

Meanwhile, the sustainable sourcing of raw sugar enables MSM to have sugar traceability and practices in accordance with environmental, social and governance (ESG) framework commitment. Gula Prai is traceable to the mill and is now part of the No Deforestation and No People Exploitation (NDPE) Sugar initiative.

In terms of governance, various improvement initiatives were implemented in our operations, including an establishment of solid procurement system that ensures procurements are done in the most transparent manner. In addition, FGV was also recently awarded with the ‘Strongest Adherence to Corporate Governance’ and ‘Most Organised Investor Relations’ Awards by Alpha Southeast Asia in recognition of its exemplary corporate governance.

Outlook for Malaysia’s plantation sector is expected to remain resilient in the 4Q FY2022, with a flat CPO production forecast of 18.3 million MT. Increased CPO supply from seasonally higher FFB output as well as stockpiles in exporting countries such as Indonesia may continue to put downward pressure on CPO prices. Nonetheless, CPO prices are expected to average around RM4,000 per MT in 4Q FY2022.

Barring any unforeseen circumstances, the Group anticipates a strong fiscal year performance in 2022.

ENDS