FGV Surges Ahead with PBT of RM157 million in Q3 2024; Continues Driving Value for Shareholders

KUALA LUMPUR, 27 November 2024 – FGV Holdings Berhad (FGV) recorded a significant jump in profit before tax (PBT) of RM157 million in the third quarter ended 30 September 2024 (Q3 FY2024), compared to RM83 million in the same period last year, mainly driven by its Plantation and Logistics & Support Division.

The Group's revenue grew by 26 percent to RM6.18 billion compared to the previous RM4.91 billion, while Profit After Tax & Minority Interests (PATAMI) grew to RM87 million from RM32 million.

FGV's Operating Profit before fair value changes in LLA and impairment of RM403 million also increased compared to RM207 million reported in the previous corresponding financial period.

This performance improvement was driven by higher fresh fruit bunch (FFB) processed, yield and reduced crude palm oil (CPO) cost ex-mill. The average CPO price realised was registered at RM3,980 per metric tonnes (MT), compared to RM3,879 per MT in the same quarter last year.

Fakhrunniam Othman, Group Chief Executive Officer of FGV (GCEO) said, "Our financial performance continues to demonstrate resilience and growth. Our Plantation Division has been one of the key drivers, showing remarkable improvement in FFB production and yield. Despite challenges in some segments, our strategic focus on optimising operations and increasing efficiency is paying off,and I am confident that we are on track to close the year on a strong note."

Fakhrunniam Othman, Group Chief Executive Officer of FGV (GCEO)

Plantation Division

The Division posted a profit of RM96 million, a significant increase from RM0.68 million recorded in the same quarter last year. The performance was influenced by the increase in the FFB production, which grew to 1.20 million MT from 1.00 million MT. This increase resulted in a higher yield of 4.72 per hectare by 27 percent, supported by improvements in crop patterns and strategic focus on quick-win initiatives such as loose fruit collection, the removal of unharvested bunches, enhanced crop security, and improved accessibility. Additionally, the Division's profit was also driven by 20 percent lower in the CPO cost ex-mill down to RM2,231 per MT contributed by the lower estate and processing costs.

Despite a slightly lower Oil Extraction Rate (OER) of 20.71 percent, the Group still exceeded the national average, showcasing strong performance. This achievement is particularly significant given that approximately 72 percent of FFB was sourced externally. The total FFB received rose by 26 percent, reaching 4.23 million MT. Of this, 1.19 million MT (28 percent) were produced internally, 1.78 million MT (42 percent) were sourced from FELDA settlers, and 1.25 million MT (30 percent) were received from third parties, largely due to favourable weather conditions.

The Division's performance was further enhanced by improvements in the R&D segment, driven primarily by increased sales volume by 33 percent and overall higher profit margins and in the fertiliser business. However, the higher profit was impacted by an increase in the fair value charge on the LLA, which rose to RM104 million from RM67 million in the corresponding quarter of the previous year. The Division also recognised an impairment loss of RM115 million in non-current assets due to lower rubber production and decrease in FFB productive hectarage in certain areas.

Oils and Fats Division

The Division reported a profit of RM95 million, despite facing lower margin in the bulk commodities within the trading segment. Margins in the edible oils segment were also tightened by intense price competition in the domestic bottled cooking oil market.

However, the impact of the lower profit was partially mitigated by the strengthening of the Ringgit against the USD, which resulted in foreign exchange gains, reversing the forex losses seen in the previous year. Additionally, the share of profit from joint ventures also improved, rising to RM10 million compared to a share of loss of RM10 million in the same quarter last year.

Logistics and Support Division

The Division remained a consistent contributor to the Group's overall performance, reporting a profit increase to RM47 million, up from RM42 million in the same quarter last year. This positive improvement was mainly driven by stronger profits in the Logistics segment, boosted by increased bulking throughput and handling rate in the bulking operations, as well as higher tonnage handled in the transport business. Additionally, the division's profit was further strengthened by higher contributions from the IT segment.

Sugar Division

The Division reported higher losses of RM54 million, compared to RM32 million in the corresponding quarter last year. Despite higher revenue this quarter, driven by increased average selling prices and incentives received for certain packed sugar sold in the domestic market, the losses were primarily attributed to the rapid appreciation of Ringgit against the USD, resulting in foreign exchange translation loss recorded in the quarter.

Going Forward

CPO production reached its peak in the third quarter, driven by improved palm productivity. Meanwhile, CPO prices remained elevated, bolstered by rising crude oil prices and concerns over reduced output from Malaysia and Indonesia in the fourth quarter of the year. Against this backdrop, the Plantation Division is intensifying its yield enhancement efforts, focusing on efficient crop recovery, loose fruit collection, and estate mechanisation.

The Logistics and Support Division continues to maintain strong performance, underpinned by high-quality logistics services, proactive customer engagement, and digital transformation efforts that enhance efficiency and reduce costs.

"FGV's main priority is to deliver value to our stakeholders. While we remain vigilant of potential challenges such as market volatility and global economic pressures, I am confident that with our strong operational base, strategic initiatives, and dedicated team, we will achieve our objectives for the remainder of the year and beyond," Fakhrunniam said.

"As the newly appointed GCEO, I am committed to setting a bold and ambitious vision for FGV. Our priorities are focused on revenue opportunities and operational efficiency, driving our core business as we embrace sustainability across our entire supply chain, to become a sustainable national and global food and agri producer," Fakhrunniam added.

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