FGV's FY2022 Financial Performance Charts New Record Since Listing

KUALA LUMPUR, 27 February – FGV Holdings Berhad (FGV) has hit its financial milestone, achieving its highest operating profit ever for the financial year ended 31 December 2022 (FY2022) since its listing in 2012.

The Group recorded an operating profit of RM2.33 billion, representing an increase of 27 percent compared to financial year 2021. The stellar performance rise was attributed by increase in palm products' margins following the higher average Crude Palm Oil (CPO) price realised by 32 percent, coupled with higher throughput and tonnage carried by the Logistics Sector.

FGV registered its PBT at RM1.95 billion compared to RM1.71 billion in the same period last year on the back of revenue growth of 31 percent to RM25.56 billion from RM19.57 billion recorded last year. The result was partially offset by the losses incurred in the Sugar Sector mainly due to higher production costs by 22 percent.

For the quarter under review ended 31 December 2022 (4Q FY2022), the Group's operating profit of RM545 million was due to higher CPO cost ex-mill from the Palm Upstream Division, lower average selling price and production volume from the Rubber Division, and higher production cost of sugar. Nevertheless, the Logistics Sector saw an increase in profits due to higher throughput handled and tonnage carried.

Dato' Nazrul Mansor, Group Chief Executive Officer of FGV said, "I am proud to announce a solid closure for 2022, the highest recorded since we were listed in 2012. This demonstrates our continuous commitments to sustainable financial growth and success. With our transformation initiatives in place, FGV will continue to push the boundaries and achieve new milestones as we are committed to delivering exceptional value and driving growth for all our stakeholders."



From Left: Dato' Nazrul Mansor, Group Chief Executive Officer and Dato' Mohd Hairul Abdul Hamid, Group Chief Financial Officer at FGV's FY2022 Financial Results Briefing.

The Group also announces a final dividend payment of 11 sen per share, translating to a dividend payout of RM401.30 million. The Group declared a total dividend payment of 15 sen per share for FY2022.

Plantation Sector 4Q FY2022

In the Upstream Operations, lower operating profit was recorded at RM593 million, mainly due to the increase in CPO cost ex-mill by 14 percent to RM2,196 per MT compared to RM1,924 per MT in the previous year's corresponding quarter, due to higher manuring, upkeep, and maintenance costs. Rubber margin was also down due to the decrease average selling price and lower production volume. Meanwhile, the decrease in seed sales volume and lower margin in fertiliser business also contributed to the lower operating profit registered.

CPO production improved by 14 percent to 832,000 MT driven by the increased total FFB production from 1.05 million MT to 1.13 million MT, thus leading to an increase in yield to 4.13 MT per hectare in the current quarter. Meanwhile, Oil Extraction Rate (OER) was down to 20.14 percent from 21.05 percent registered in the same period last year. In total, 1.12 million MT (28 percent) of FFB processed were produced internally, 1.82 million MT (44 percent) were sourced from FELDA settlers, and the remaining 1.17 million MT (28 percent) were received from third parties.

Due to increase in volume, the value of FFB purchased from smallholders increased tremendously to RM10.56 billion in FY2022 from RM8.38 billion in FY2021. The surge in FFB purchase value highlights FGV's significance as an off-taker for smallholders as the Group remains committed to helping settlers and smallholders increase their financial income and enhance their livelihood.

The Sector's result was attributed by the improved margin in oleochemicals and packed products in FGV's Downstream Operations. FGV's expansion into new markets resulted in a growth in sales volume of oils and fats by eight percent, thanks to its competitive pricing strategy. Additionally, the sales volume of biodiesel increased by 16 percent to 22,000 MT due to an increase in demand following the nation's economic recovery.

Logistic Sector 4Q FY2022

FGV's Logistics Sector recorded a profit of RM33 million driven by the higher volume of premium oils and an increase in throughput of bulking volume, which increased by three percent, while transport volume rose by 15 percent in tandem with higher CPO production.

Sugar Sector 4Q FY2022

The Sugar Sector reported a loss of RM46 million, brought down by high input costs of raw sugar, natural gas, and the weakening of the Ringgit Malaysia. Compared to 4Q FY2021, the sales volume saw a decrease of five percent due to lower export sales. However, average Utilisation Factor (UF) maintained at 49 percent as result of higher production volume in MSM Prai.

Going Forward

As a result of the enhanced recruitment strategies executed throughout the year, the shortage of foreign workers improved from 32 percent in 2021 to 13 percent in 2022. The Plantation Sector will continue to improve its operations through mechanisation, replanting programmes and implementing cost optimisation initiatives to manage rising operational costs and energy prices.

The Group's dedication to promoting sustainability, safeguarding the environment, and upholding ethical recruitment remains unwavering. As for the Withhold Release Order (WRO) suspension, the Group's independent assessor ELEVATE has concluded its on-site assessments. FGV is currently implementing ELEVATE's recommendations and anticipates submitting the final report to the U.S. Customs and Border Protection (CBP) in the near future.

Dato' Nazrul added, "Aligned with FGV's No Recruitment Fees policy, we will reimburse our current and former foreign workers, who were employed after 27 June 2019 and had to pay recruitment fees to agents or other third parties in countries of origin. The payment to our current 23,333 foreign workers amounting to RM81.64 million will be made in three tranches between March and September 2023. Additionally, FGV has created a sinking fund amounting to RM30 million to reimburse former workers who paid recruitment fees during their employment with FGV but are no longer employed by the company."

“Our vision is to deliver sustainable food and agriproducts to the world. We believe that by prioritising sustainability and exemplary corporate governance, we can create a better future for our planet and generations to come as we believe sustainability comes first, profit and growth will follow,” Dato’ Nazrul added.

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