STRIVING FORWARD

FGV HOLDINGS BERHAD

12th Annual General Meeting

Friday, 19 June 2020

CONTENTS

IN 2019, WE REFRAMED OUR FUTURE

While we worked to put the house in order and rebuild the company,

we reset our goals, STRIVING FORWARD

TOWARDS A BETTER FUTURE

2019: Striving Forward

- In 2019, the Plantation business delivered a significant operational turnaround, recording far improved operational metrics in almost every area.

- Logistics business remained steady and continued to support the Group's businesses.

- The Sugar business faced challenges with lower average selling price due to excess supply in the sugar industry and lower capacity utilisation.

- FGV was focused on rebuilding our foundations to deliver value to our shareholders and reframing our future to produce long term, sustainable value for our stakeholders.

- As we turn the corner towards a new and better future, we decided that our shareholders, should benefit from our recovery efforts. And thus, the Board approved management's proposal for the payment of dividends amounting to 2 sen per share for the financial year ended 31 December 2019.

Reframe our Future for Long Term Growth

FGV's Business Plan 2019-2021(**BP21**) was formulated with one end in mind:

'To Stop the Decline and Drive Sustainable Growth'

Guided by key principles that center around:

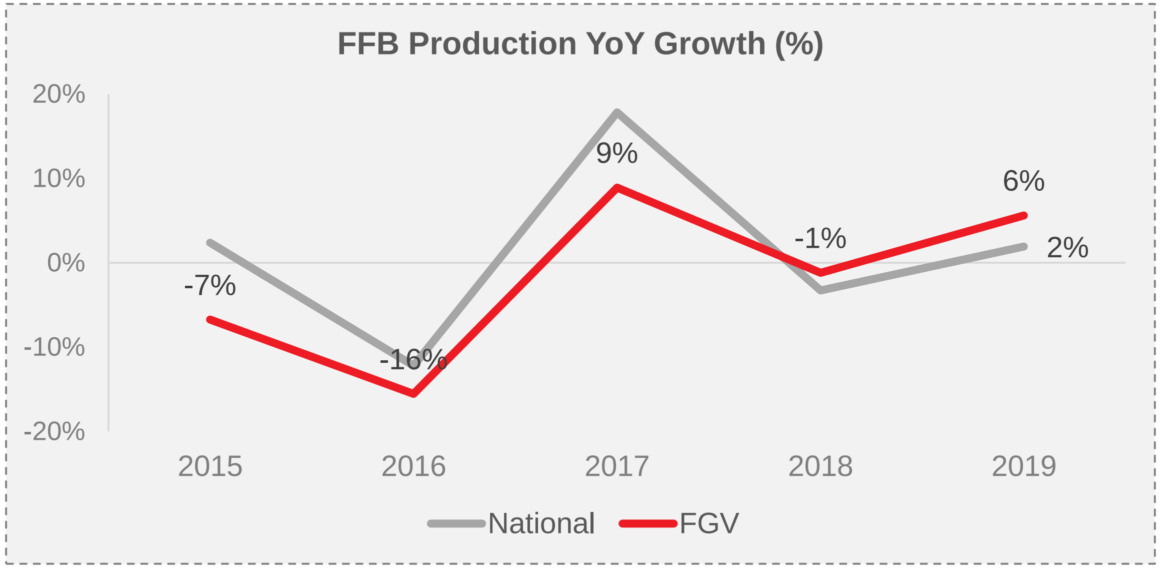
1. Value maximization through an integrated value chain.
2. Portfolio enhancement to balance structural inefficiencies.
3. Better resource utilization to generate higher returns.
4. Commercially driven and accountable business decision making.
5. Optimizing human capital potential in driving growth.

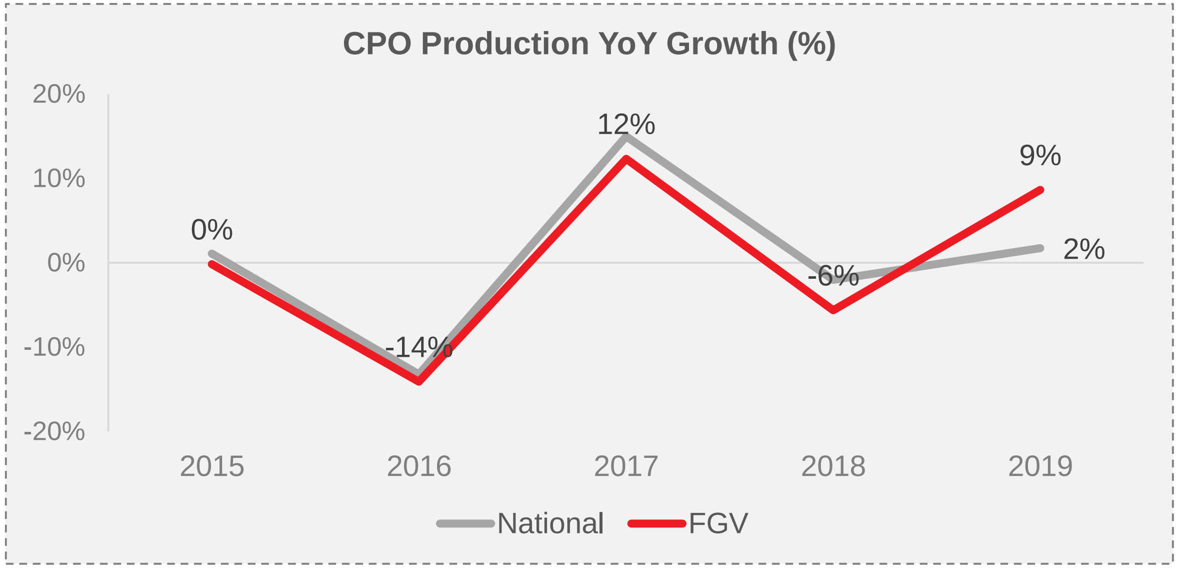
OVERALL PERFORMANCE
&
PROGRESS AGAINST BP21

Improvements in FFB and CPO production: FGV outpaces average national growth

- FFB and CPO production recorded year-on-year (YoY) growth of 6% and 9% respectively, compared to national growth of 2%.

- Driven by precision agriculture and elimination of wastage.

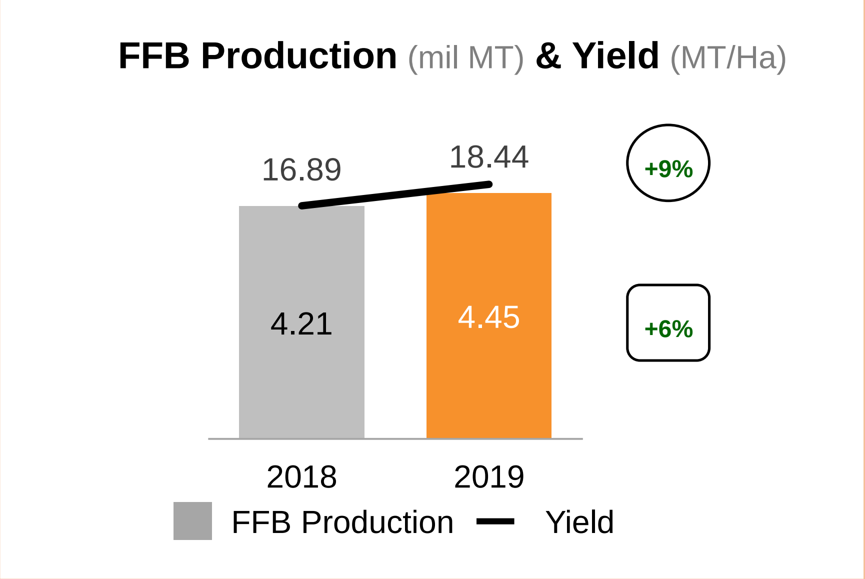


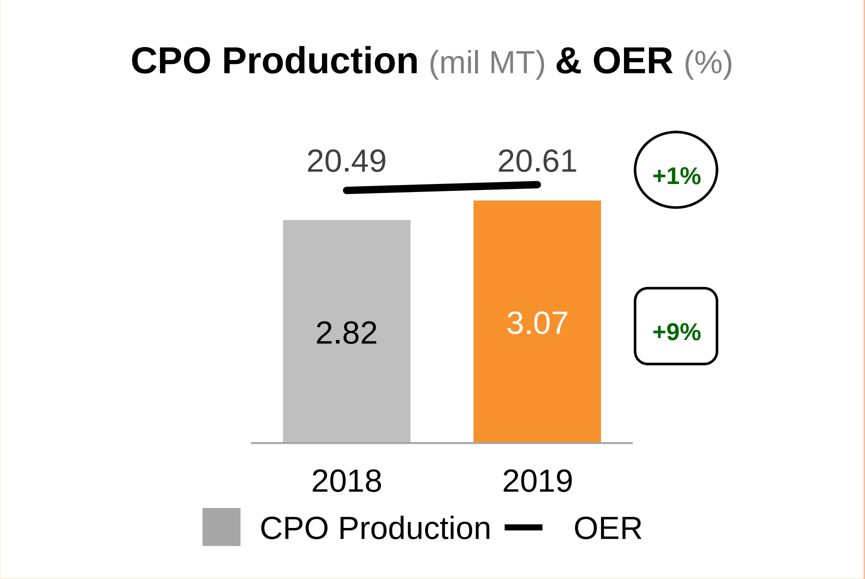


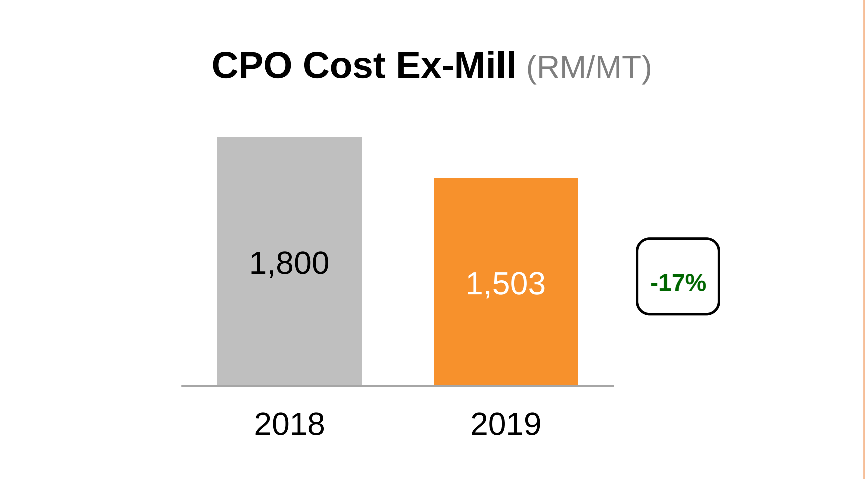
Source: MPOB, Company.

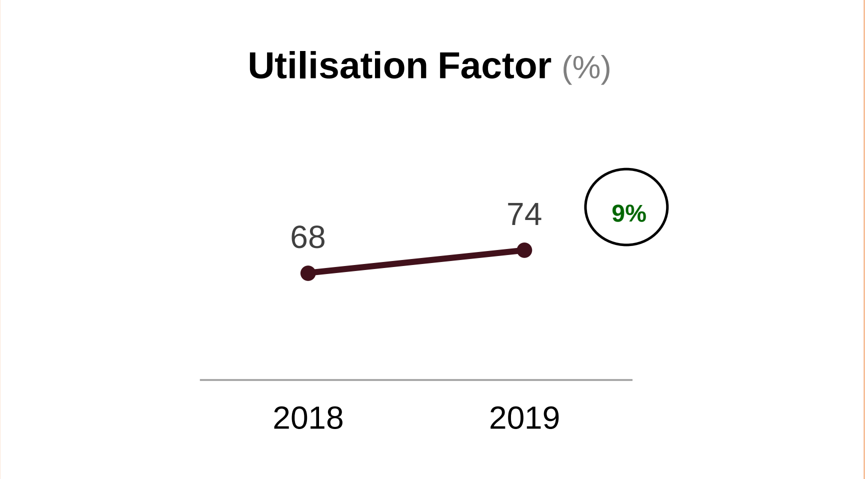
Plantation Sector: Upstream Division

Improvement across the board to maximize productivity, enhance quality and lower cost of production.



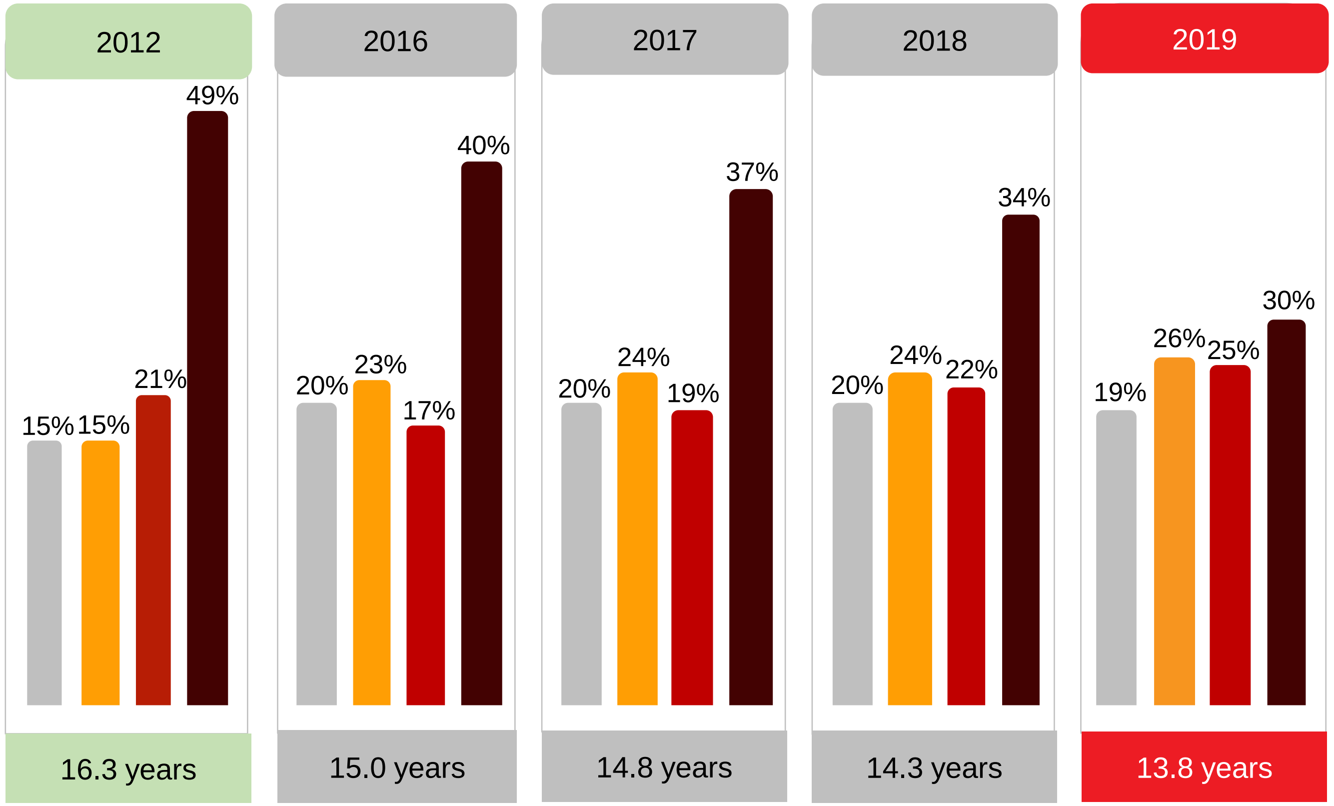






Oil Palm Age Profile

- During IPO in 2012, nearly half of FGV's planted landbank was with trees of 21 years and older.
- Our disciplined replanting plan has increased hectarage of trees in the "prime age" category, leading to increased FFB production.
- In 2019, trees in the prime and young age profile increased to 25% and 26% while those in the old age profile reduced to 30%.



**Age profile distribution without M&A*

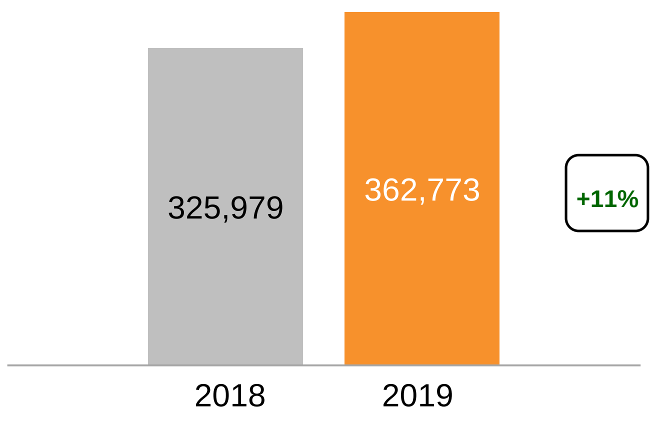
Immature (0 -3) Young (4 -9) Prime (10 - 20) Old (> 21)

Plantation Sector: Downstream Division

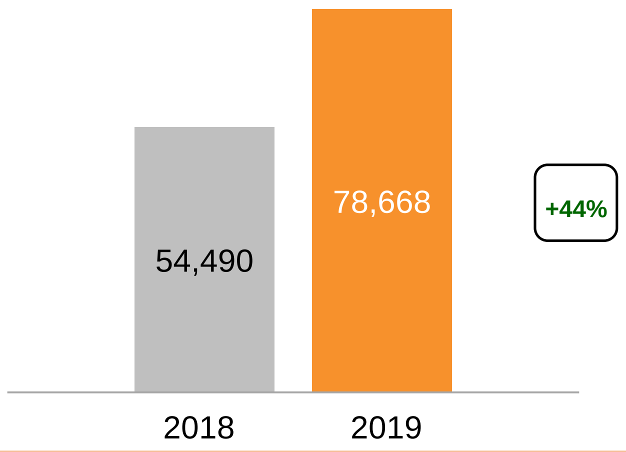
Key Highlights

- Capability to produce Premium Quality Oil (PQ Oil).
- Continue to lead in non-subsidised range of cooking oils with our flagship brand SAJI.
- Widen our distribution in the HoReCa sector.
- Significant increase in the sales volume of Palm Methyl Ester (PME).
- Sales of 21,653 MT of animal feed in 2019 in the domestic market, an increase of 113% from 2018 sales volume of 10,182 MT.

FMCG Sales Volume (MT)



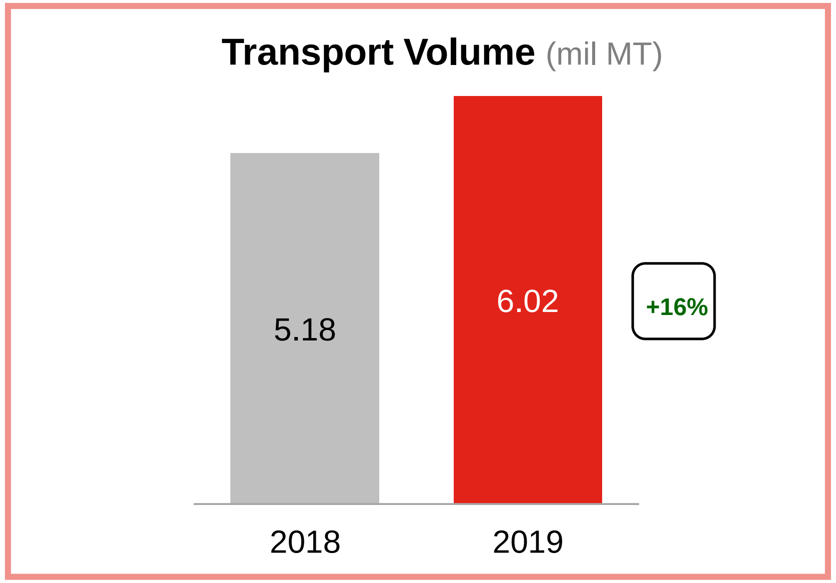
Biodiesel Sales Volume (MT)

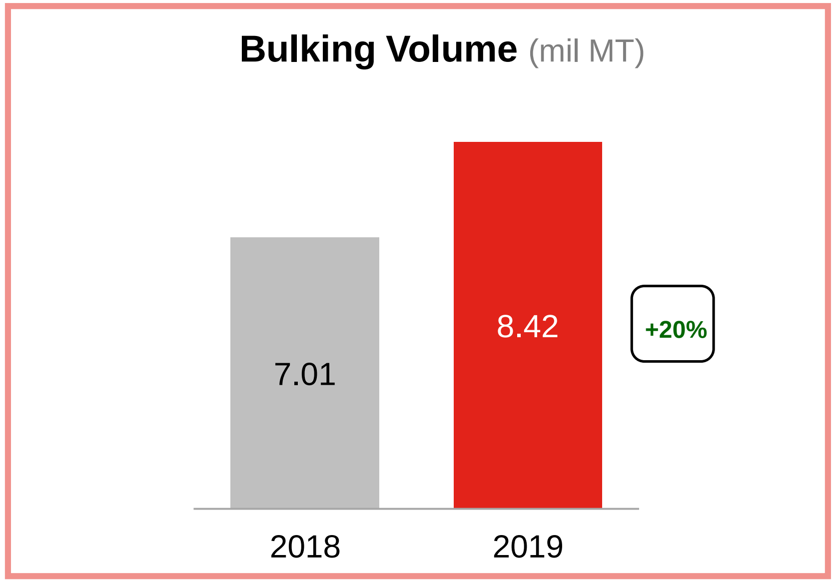


Logistics Sector

Key Highlights

- Continued its journey to become a total logistics solutions provider.
- Made its first foray into the handling of basic chemicals.
- Significant increase in transport and bulking volume.

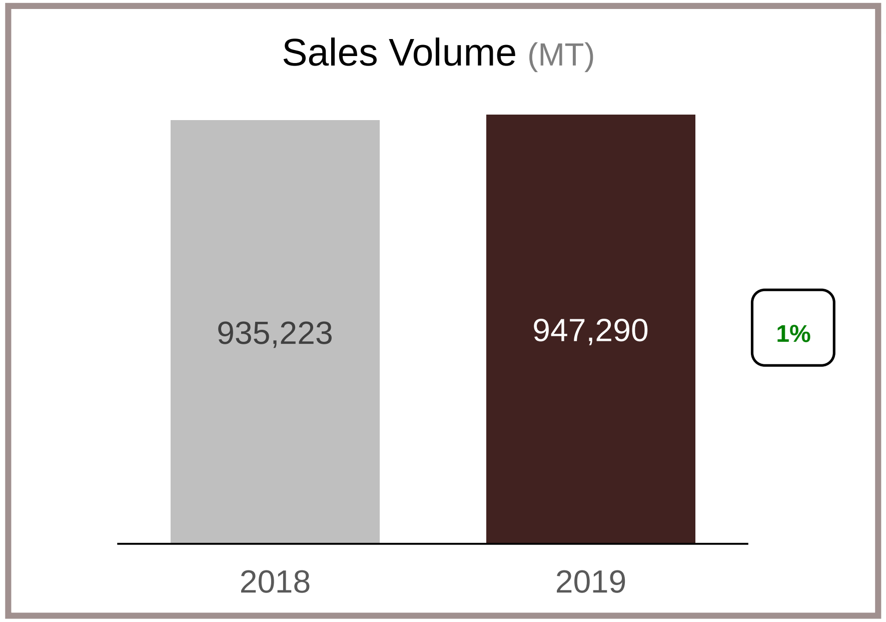


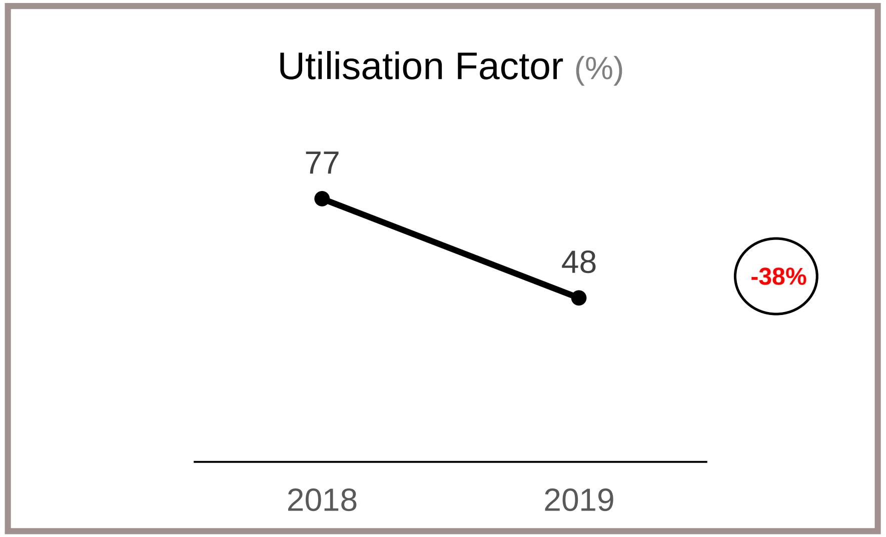


Sugar Sector

Key Highlights

- Introduced value-added sugar products e.g. sugar syrup and premix sugar to the Asian market.
- Commercialisation of MSM Sugar Refinery (Johor) Sdn. Bhd. led down the UF.
- Expiry of the previous raw sugar contracts in December 2019.





FY 2019 Group Financial Results

	FY 2019	FY 2018	YoY
Revenue	**RM13,259 mil**	RM13,464 mil	-2%
Operating Profit before Impairment and fair value changes in LLA liability	**RM297 mil**	RM367 mil	-19%
Loss Before Zakat and Taxation (LBZT)	**(RM339) mil**	(RM1,025) mil	67%
Earnings Per Share	**(6.7) sen**	(29.6) sen	77%
Dividend Per Share	**2.0 sen**	0.0 sen	>100%
Return on Shareholders Fund	**(5.90) %**	(24.21) %	76%

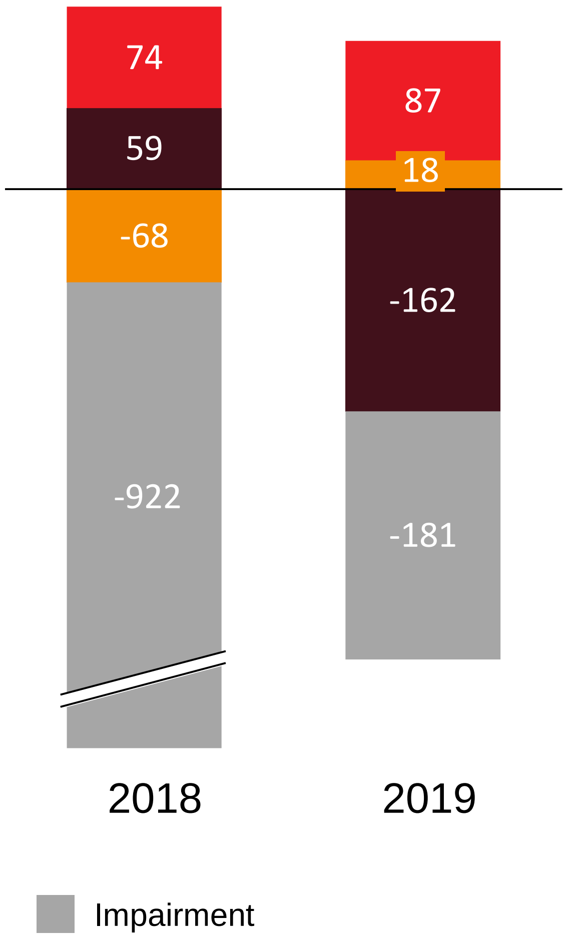
Revenue was down by 2% due to lower average CPO price realised by 11% at RM2,021/MT. Sugar Sector recorded lower average selling price of RM2,117/MT.

The group recorded **lower LBZT** of RM339 million largely attributed to:

- Higher palm product margins due to lower CPO cost ex-mill of RM1,503/MT.
- Lower total impairments recognised during the year of RM254 million.
- Lower finance cost due to borrowing cost capitalisation.
- Improved share of results from joint ventures and associate companies.

FY 2019 Sector Financial Results

P/(L)BZT* (RM mil)



Variance	Plantation	Sugar	Logistics
2019 vs 2018	▲ >100%	▼ <100%	▲ 18%

** P/(L)BZT by Sector is excluding Others, Corporate HQ and elimination.*

FY2019 vs FY2018

- The **Plantation** Sector recorded a significant improvement in profits due to higher FFB yields and OER.
- The **Logistics** Sector recorded higher profits due to increase in throughput handled and bulking rental income.
- The **Sugar** Sector recorded a loss due to lower gross profit margins and higher finance cost due to loan modification.

FY 2019 Key Financial Highlights

	Note	2019	2018	YoY
Cash and Cash Equivalents *(RM mil)*	(i)	**1,618**	1,220	*+33%*
Total Borrowings without LLA *(RM mil)*		**4,907**	5,403	*-9%*
Liquidity Ratio *(times)*	(ii)	**1.00**	1.02	*-2%*
Gearing Ratio* without LLA *(times)*	(iii)	**0.80**	0.82	*-2%*

**Gearing ratio equals to Borrowings, Loans due to a significant shareholder divided by Total Equity.*

Note

(i) Cash & Cash Equivalents increased due to improved working capital management, improved tax recoverability and sales proceeds from the disposal of investments.

(ii) Reduction in Liquidity Ratio due to repayment of long term loan.

(iii) Improvement in Gearing Ratio without LLA due to reduction in Total Borrowings.

15

Governance & Sustainability

MS ISO37001:2016

Anti Bribery Management System

- 1st Palm Oil Company in Malaysia to receive ABMS Certification
- Among the first 40 companies in Malaysia to be ABMS Certified
- Comprehensive roll out of the ABMS system

100% MSPO Certified

33/68 mills RSPO certified

As at 28th February 2020

FGV Corporate Governance & Business Integrity Blueprint

To enhance internal controls

100% Traceability

CPO & CPKO to mills & estates

Independent Advisory Panel (IAP)

Established IAP to provide independent advice on corporate governance and sustainability matters to the Board.

Fair Labour Association (FLA)

Established strategic partnership with FLA to enhance our labour practices.

Other Initiatives

RM126 million
Divestment of Non-Core & Non-Performing Businesses

As at 31st December 2019

FGV China Oils Ltd.
Proceeds: RM97 million

Paragon Yield Sdn. Bhd.
Proceeds: RM29 million

RM170 million
Procurement cost savings through improved processes and negotiation strategies

As at 31st December 2019

Tenders & contracts savings

Breakdown as a percentage of total:

Fertiliser	21%
Estates	18%
Mills	11%
Others	50%

MOVING FORWARD

Positioning for Value Creation & Sustainable Growth

Strategic Thrusts	2020 “Sustained Performance”	2021 “Grow Effectively”	2022 “Expand Selectively”
OPERATIONAL IMPROVEMENT	Consolidate : Rationalization , Rehabilitation, Increased Utilisation Factor, Inter-cropping & Monocroping		
	Strengthen : Cost Optimization, Precision Agriculture, Regulatory & Compliance		
	Improvement : Maximize Contributions from Renewables, Mechanization, Replanting		
PRODUCT & MARKET PENETRATION	Serve Larger Market & Improve Product Offerings in Food, Sugar, Agri-Products, Rubber Products, Animal Feed		
	Integrated and Fast-Moving Consumer Goods (FMCG), Logistics, E-Commerce, Expand Trading Presence		
	Optimise B20 & B7 Biodiesel, Specialty Oleochemicals		
NEW GROWTH AREAS	Integrated Farming (Cash Crops, Dairy & Livestock), Renewables.		
	Leverage our Assets to Diversify Into New Business Areas & Products Diversification		
	Synergistic Collaborations, Mergers & Acquisitions, Penetrate key markets, eg India		
FINANCIAL & CAPABILITY BUILDING	Strengthen JV Terms, Pay-Per-Use strategy, Tighten Procurement, Enhance Sustainability Efforts & Certification		
	Right Sizing & Right Fitting, Build Organizational Capability, Evaluate & Reward Right & Management Information System		

THANK YOU

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STRIVING FORWARD

FGV HOLDINGS BERHAD

12th Annual General Meeting

Questions from Minority Shareholders Watch Group (MSWG)

Friday, 19 June 2020

Strategy & Financial Matters

Question 1

It was reported in The Edge Financial Daily on 21 April 2020 that FGV has voluntarily ceased operations at five palm oil mills within the Sahabat region in Lahad Datu, Sabah, after police enhanced the Movement Control Order (MCO) in the area following the detection of 11 COVID-19 cases.

a) Besides the five palm oil mills operations that were affected by the MCO, how has the MCO impacted the Group's other operations?

Other than the five mills closed in Sabah, there were six mills in Peninsula that were voluntarily closed from 22 March 2020 to 7 May 2020, all FGV's other mills continued operations, albeit at reduced levels, due to the limitations imposed during the MCO period.

The Group's other businesses, namely sugar and logistics, were classified "essential services" and were therefore also operating. The bulking business under the logistics sector was not affected by the MCO at all. Having said that, the transport business under the logistics sector was impacted during the period of the MCO. Restrictions on movements at the beginning of the MCO resulted in the significant reduction in transportation of goods such as fertiliser, minerals and industrial equipment as manufacturers reduced production. Also, the plantation sector was operating at 50% capacity.

Strategy & Financial Matters

Question 1

b) Did the Group's plantations suffer any crop loss due to the MCO? What is the estimated crop loss suffered during this period?

The MCO which started on 18th March 2020 impacted operations negatively since manpower in estate and mill operations was reduced to 50%. The total FFB loss recorded from March to May is estimated at about 120,000 MT excluding crop losses from FELDA settlers and 3rd parties.

However, we anticipate the FFB production will improve in 2H2020, which will allow us to capitalise on anticipated favourable CPO prices.

Strategy & Financial Matters

<u>Question 2</u>

The Group recorded a loss for the financial year of RM371 million and its gearing ratio stood at 1.51 times (2018: 1.47 times) (pages 35&40 of Annual Report 2019 ("AR2019")).

a) **Given that the end of the COVID-19 pandemic has yet to be seen and the outlook for the industry remains uncertain, what is the anticipated downward pressure on operating performance in terms of percentage especially on the bottom-line performance?**

The estimated reduction in FFB production as a result of the COVID-19 pandemic is about 120,000 MT or 2.6% for the year (exclude third party and settler crops).

While this will affect performance in 1Q and 2Q, we anticipate that prices will be favourable in the second half of the year, mitigating the impact of lower production in 1Q 2020.

Strategy & Financial Matters

Question 2

b) How will the Group prepare itself to meet its debt obligations especially the settlement of payables and loan repayments on a timely manner?

	2019	2018	YoY (%)
Cash & Cash Equivalents (RM mil)	1,618	1,220	33% ▲
Total Borrowings without LLA (RM mil)	4,906	5,403	(9%) ▼
Liquidity Ratio (times)	1.00	1.02	(2%) ▼
Gearing Ratio* without LLA (times)	0.80	0.82	(2%) ▼

The Group has taken decisive steps to manage its cash flow and its gearing since beginning of 2019. As a result, due to improved working capital, tax recoverability and proceeds from the disposal of underperforming or non-core assets, our cash and cash equivalents have improved 33% YoY. Our liquidity ratio is lower at 1% compared to 1.02% in 2018, as a result of the repayment of long term loan. As a result, the gearing ratio (without LLA) has improved to 0.8 times, compared to 0.82 times before. *(continued in next slide)*

Strategy & Financial Matters

Question 2

b) **How will the Group prepare itself to meet its debt obligations especially the settlement of payables and loan repayments on a timely manner?** (Continued)

Currently, the Group is at the advance stage of implementing a trade receivables management program that will shortened the trade cash conversion cycle and improve group liquidity management.

Additionally, it is important to note that the Group is finalizing the disposal of non-core and underperforming assets which have been a drain on resources. This will improve our financial position further.

As such, the Group is now in a better position to support the future working capital and trade payable requirements. The Group's cash flow and cash reserves are sufficient to serve its long term commitments.

Strategy & Financial Matters

Question 3

It was reported in The Malaysian Reserve on 19 May 2020 that FGV is planning to focus on renewable-energy ("RE") projects in an effort to boost its recovery strategy from the impact of the COVID-19 pandemic.

a) **What is the estimated cost of investment to be incurred for RE projects in financial year ending 2020? What are the new RE projects to be rolled out in 2020?**

The Renewables business is a Joint Venture with project developers or investors, whereby FGV supplies the feedstock for Bio-CNG plants. This requires no additional investment from FGV.

For this year, we are expecting to roll out 2MW biogas to FIT plants at Kilang Sawit Triang and Keratong 9 in Pahang.

Strategy & Financial Matters

Question 3

b) **FGV is expecting to export palm kernel shells (PKS) to Japan for biofuel with shipments expected to start within this year. What is the current status? Is there a long-term contract for the supply of PKS and what is the estimated amount? What is the estimated percentage revenue contribution to the Group?**

Group is in the final stage of discussions with several buyers in Japan. We expect to start exporting by 4Q this year.

We will make the necessary announcements on the contract terms and revenue contributions at the appropriate time.

Strategy & Financial Matters

Question 3

c) FGV also has a joint-venture plan to build an EFB pulp and paper plant, potentially in Kuantan, Pahang, which is expected to be completed in 2022/2023 that would utilise between half a million and one million tonnes of EFB annually.

(i) What is the current status?

FGV and Lee & Man is currently finalising the feasibility study and pilot testing of the EFB in China. Due to the COVID-19 pandemic, certain milestones were delayed. We will make the necessary announcements at the appropriate time.

(ii) What is the expected initial capital contribution by FGV to the JV and the expected capital expenditure for building the EFB pulp and paper plant?

Discussions are still ongoing on the capital structure, CAPEX requirements and other details.

(continued in next slide)

Strategy & Financial Matters

Question 3

c) **FGV also has a joint-venture plan to build an EFB pulp and paper plant, potentially in Kuantan, Pahang, which is expected to be completed in 2022/2023 that would utilise between half a million and one million tonnes of EFB annually.** (Continued)

(iii) What is the expected percentage of return on investment from the said JV?

Based on our assessment, FGV and Lee & Man are looking at a double digit Internal Rate of Return ("IRR"). We will make the necessary announcements at the appropriate time.

Strategy & Financial Matters

Question 4

Under outlook and prospects for Logistics and Others sector of the Group's business (page 63 of AR2019):

a) **Bulking - Capacity expansion through construction of new additional tanks and overseas expansion of storage capacity. What is the expected additional storage capacity for the said expansion and the capital expenditure to be incurred? In which countries will the Group be expanding such storage capacity?**

The bulking business registered a PBZT of RM68 mil in 2019, due to higher throughput handled and the increase in bulking rental income. With steady CAGR of 5% annually, the Group decided to expand capacity by 35,000 MT. Currently tanks with a total capacity of 15,600 MT are under construction, which is scheduled for completion in September 2020. CAPEX is about RM11.5 mil.

We are also planning additional storage tanks with a capacity of 19,400 MT and a dry cargo warehouse of 15,000 MT capacity, which will be completed by mid-2021. Budgeted total CAPEX is about RM32.0 million.

The Group is looking to expand into Indonesia and Pakistan, where we have a significant business presence through an existing joint venture.

Strategy & Financial Matters

<u>Question 4</u>

b) Transport - Penetration into new industry (oil & gas). Please elaborate further in relation to the Group's plans on penetration into new industry such as oil & gas.

FGV transport was registered as a logistics vendor/supplier for PETRONAS in September 2019. We are currently bidding for various tenders in collaboration with other experienced business partners.

Strategy & Financial Matters

Question 5

In 2019, Group Human Capital optimised employee benefit policies from a cost perspective given the business challenges faced by FGV. As at the end of 2019, the Group has achieved 7.1% savings in manpower costs and a reduction of manpower numbers from 18,742 to 17,104, while improving productivity (page 30 of AR2019).

Are there any staff-related cost cutting measures to be carried out in financial year ending 2020 which involves fee/salary reduction or retrenchment/lay-off plans?

Manpower cost rationalization is an ongoing initiative under the Group's Human Capital management plan to reduce manpower cost by 10% over a 3 year period from 2019.

As part of this initiative, ongoing reviews are being conducted on allowances and other benefits that will be implemented across the Group. Any reduction in the number of employees would be the corresponding result of the disposal of under-performing or non-core businesses or Mutual Separation Schemes.

Additionally, from July to December 2020, FGV will take the following measures:

1. *Mandatory 2 days No Pay Leave for employees of General Manager grade and above;*
2. *A 20% reduction in car allowance for Senior GMs and above.*

Strategy & Financial Matters

Question 6

How will the Group be impacted by India's resumption of purchases of Malaysian palm oil and the Government's decision to exempt the export duty on both refined and crude palm oil ("CPO") and palm kernel oil?

FGV has been positively impacted by the Indian decision on 12 May 2020, to remove the additional 5% import duty on RBD Palm Oil & Olein from Malaysia. This move had a catalytic impact on demand from India, as a result of which FGV has received more inquiries for our oil. From June onwards we are seeing direct sales to India in the region of 30,000 MT to 50,000 MT per month.

This demand is expected to continue in the coming months unless if there is an import duty hike as proposed by The Solvent Extractors Association of India.

Corporate Governance Matter

Question 1

En. Mohd Hassan Ahmad, the Non-Independent Non-Executive Director of the Company only attended 6 out of 9 Audit Committee meetings – 67% attendance during the financial year (page 89 of AR2019).

What are the reasons for him not being able to attend the other three Audit Committee meetings during the financial year?

En. Mohd Hassan Ahmad is Non Independent Non Executive Director, representative of FGV's Special Shareholder from the Ministry Of Finance and he is currently the Deputy Under- Secretary of the Fiscal and Economics Unit in MOF. Due to unscheduled and unavoidable work commitments in MOF, En. Hassan was unable to attend Audit Committee Meetings on 18th February 2019, 19th February 2019 and 20th August 2019.

Nevertheless, En. Hassan has always communicated his views on pertinent matters and has remained committed to his responsibilities in the Audit Committee and to the company.
In future, En Hassan and the management will endeavour to synchronise schedules more effectively to ensure attendance at all Audit Committee meetings.

THANK YOU

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STRIVING FORWARD

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12th Annual General Meeting

Resolutions

Friday, 19 June 2020

AUDITED FINANCIAL STATEMENTS

FOR FINANCIAL YEAR ENDED 31 DECEMBER 2019

RESOLUTION 1

FINAL DIVIDEND OF 2 SEN PER SHARE

FOR FINANCIAL YEAR ENDED 31 DECEMBER 2019

RESOLUTION 2

DIRECTORS' FEES FOR THE NON-EXECUTIVE CHAIRMAN

RESOLUTION 3

DIRECTORS’ FEES FOR THE NON-EXECUTIVE DIRECTORS

RESOLUTION 4

BENEFITS PAYABLE TO THE NON-EXECUTIVE CHAIRMAN

RESOLUTION 5

BENEFITS PAYABLE TO THE NON-EXECUTIVE DIRECTORS

RESOLUTION 6

MONTHLY ALLOWANCE TO THE NON-EXECUTIVE DEPUTY CHAIRMAN

RESOLUTION 7

RE-ELECTION OF DR. MOHAMED NAZEEB P.ALITHAMBI

RESOLUTION 8

RE-ELECTION OF DATUK MOHD ANWAR YAHYA

RESOLUTION 9

RE-ELECTION OF DR. NESADURAI KALANITHI

RESOLUTION 10

RE-ELECTION OF DR. ZUNIKA MOHAMED

RESOLUTION 11

RE-APPOINTMENT OF PRICEWATERHOUSECOOPERS PLT

RESOLUTION 12

PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE

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