

Propelling
Ahead.
**Realising
Opportunities.**

FGV HOLDINGS BERHAD

13th Annual General Meeting
23 June 2021

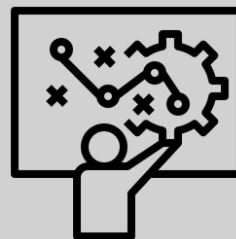
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2020 Key Highlights



COVID-19: Response & Actions Taken



Business Plan and Prospects

In 2020, FGV made a **strategic decision** to embark on a journey that would **elevate FGV's stature** to become a **World's Leading Integrated and Sustainable Agribusiness**

2020: Propelling Ahead, Realising Opportunities



- **2020 was an eventful year due to the COVID-19 pandemic, which caused a prolonged MCO in Malaysia.** This has affected both global and domestic demand for palm oil.
- **Despite these challenges, the industry registered an average CPO price of RM2,765 in 2020, i.e. 31% higher than 2019** as a result of the drop in FFB production mainly due to labour shortages which is further aggravated by disruptions in upstream operations due to the MCO.
- **FGV recorded a positive PBZT of RM346 mn in FY2020 compared to an LBZT of RM339 mn in FY2019.** As such, the Board declared a final dividend of 3 sen per share.
- **Also, FGV completed its second year transformation plan known as BP21** that began in 2019 to realise its long-term objective of becoming a World's Leading Integrated and Sustainable Agribusiness.
- In addition to improving operational and financial performance, the Group developed an **enhanced Strategic Blueprint to give more emphasis on Consumer Products to realise higher returns,** and made progress in its Integrated Farming business.

2020: Propelling Ahead, Realising Opportunities (cont'd)



- Since the **COVID-19 outbreak**, **FGV** has responded with a **comprehensive action plan** that is continuously being enhanced and implemented throughout all of its business operations.
- Despite the COVID-19 pandemic, **FGV continues to implement its sustainability initiatives** which are imperative for FGV's long term success.
- In FY2020, **FELDA launched a takeover offer at RM1.30 per share** and currently holds an 81% equity interest in FGV together with Persons Acting in Concert (PACs). **FGV will continue to work synergistically with FELDA in the best interest of all stakeholders, including FELDA settlers.**
- **2021 will be another challenging year** due to constraints in labour supply and highly volatile CPO prices for our plantation business. Our sugar business will continue to enhance operational and financial performance.
- We remain on course with our strategy to reposition FGV as a leading agribusiness player with an **enhanced focus on growing higher value-add businesses under Consumer Products.**

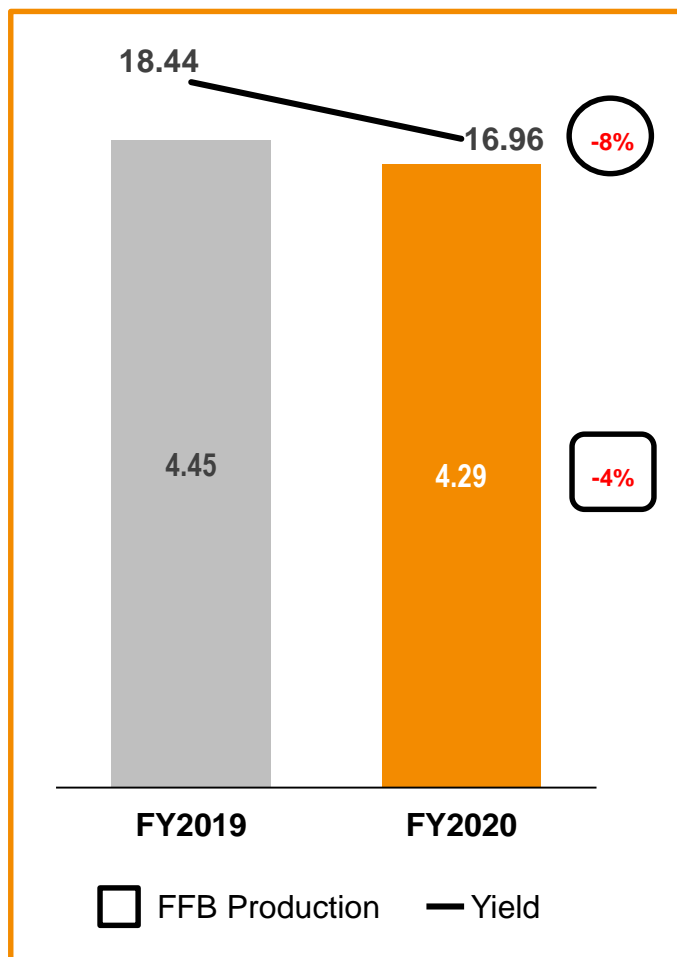
FY2020 KEY OPERATIONAL HIGHLIGHTS

Plantation Sector: Upstream Division

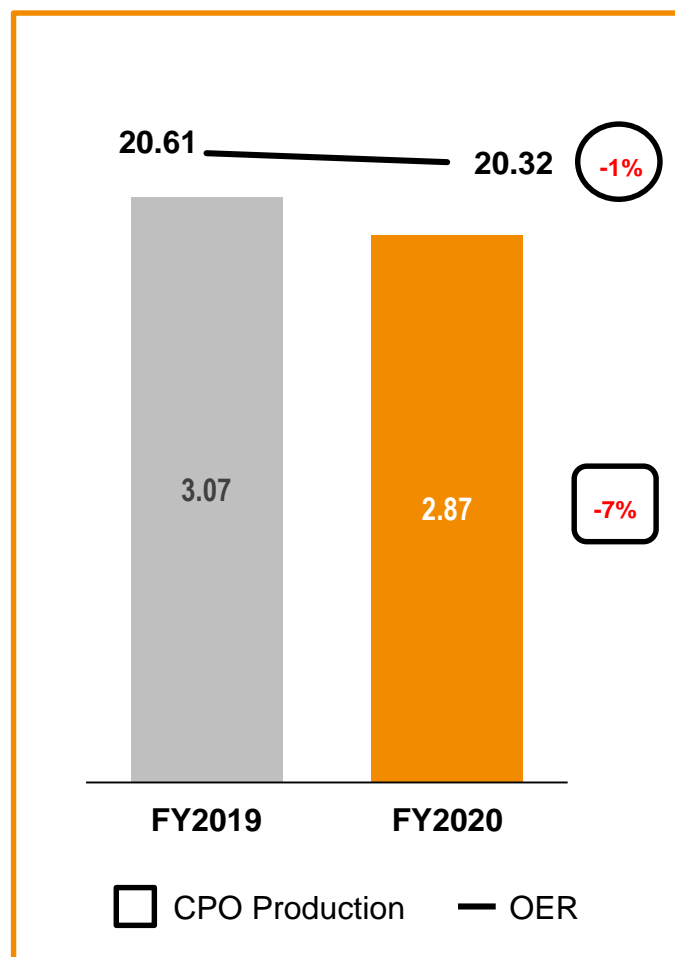


The upstream division recorded lower y-o-y performance due to the lag effect of dry season and brief suspension of operations due to MCO

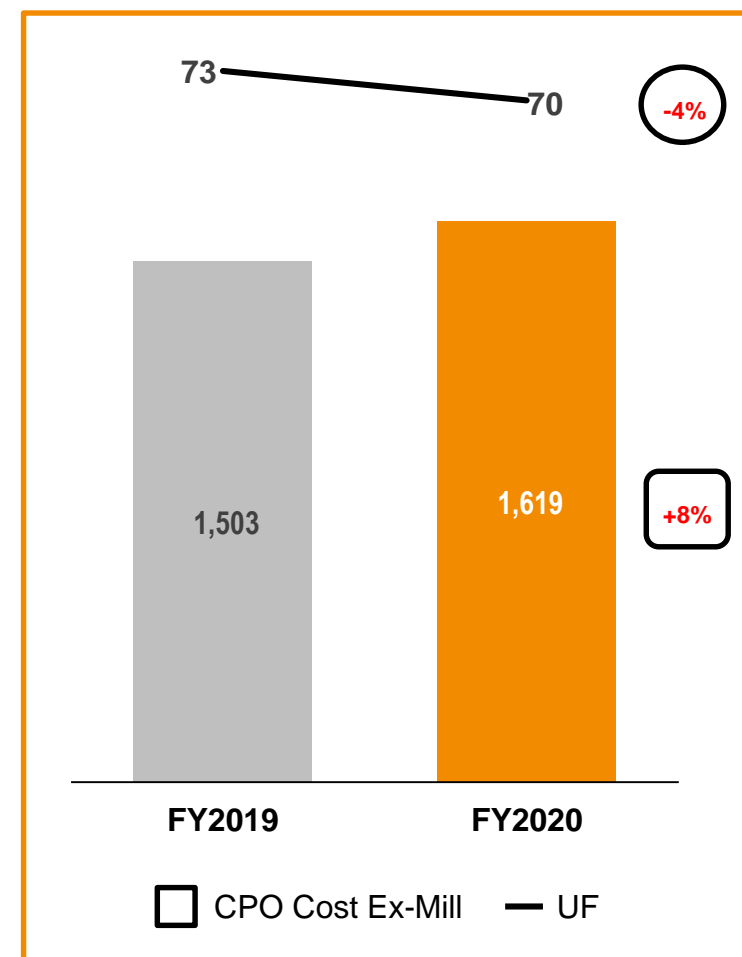
FFB Production (mn MT) & Yield (MT/Ha)



CPO Production (mn MT) & OER (%)



CPO Cost Ex-Mill (RM/MT) & Utilisation Factor (%)



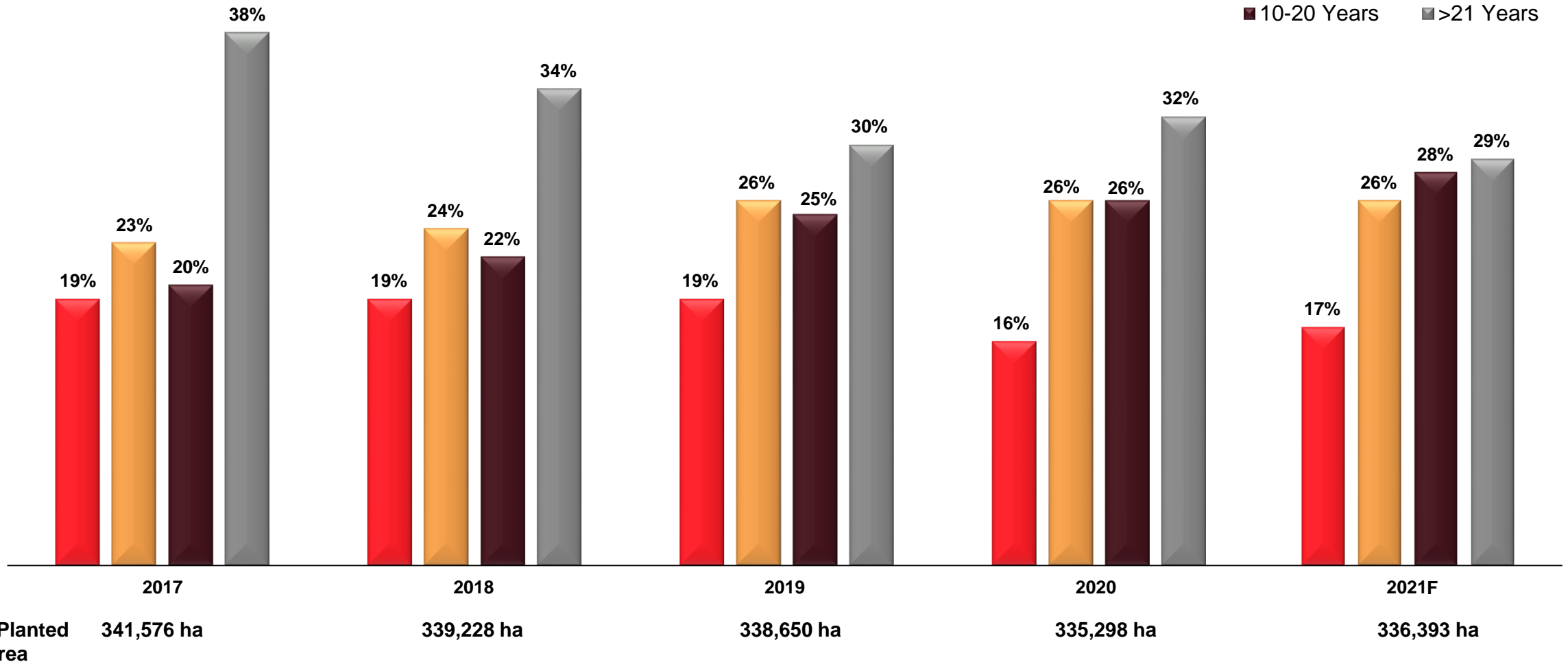
Plantation Sector: Upstream Division – Oil Palm Age Profile



Disciplined replanting plan since IPO has increased hectarage of trees in the PRIME AGE category and reduction in OLD TREES which would lead to higher FFB production in the long run

FGV's Historical Age Profile (Years)

■ 0-3 Years ■ 4-9 Years
■ 10-20 Years ■ >21 Years



Plantation Sector: Operational Excellence Roadmap

To unlock value by **optimising** operational and resources efficiency to **maximise** profit margins



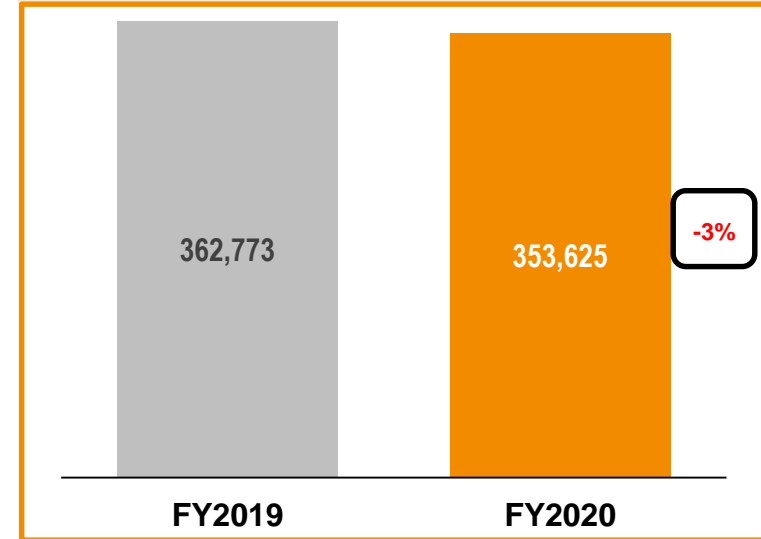
Plantation Sector: Downstream Division



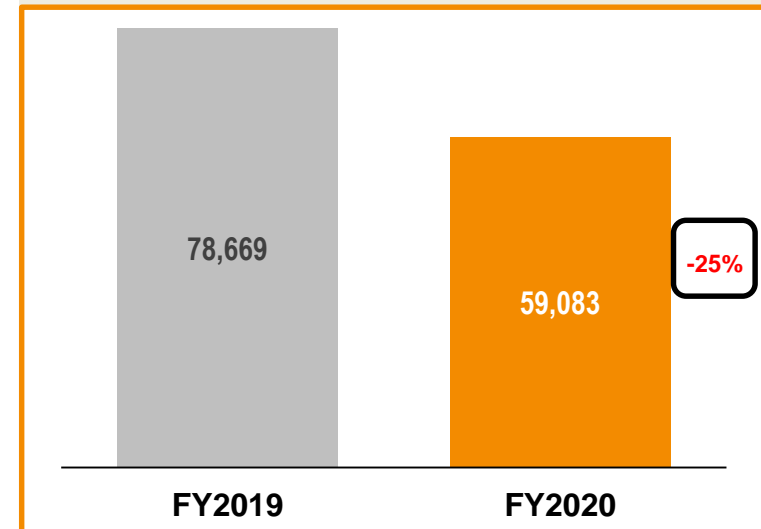
Key Highlights

- In 2020, Delima Oil Products Sdn Bhd (DOP) launched three (3) essential food items under FGV's flagship SAJI brand, namely SAJI Rice, SAJI Coarse Sugar, and SAJI Coconut Milk.
- Consumer Products sales volume was slightly affected by slower demand during MCO 1.0 and lower CPO processed throughout the year.
- Sales volume of PME was affected by MCO, fire incident and plant shutdown, purchase suspension by customers starting middle of October 2020, and no export sales in September 2020.

Consumer Products Sales Volume (MT)



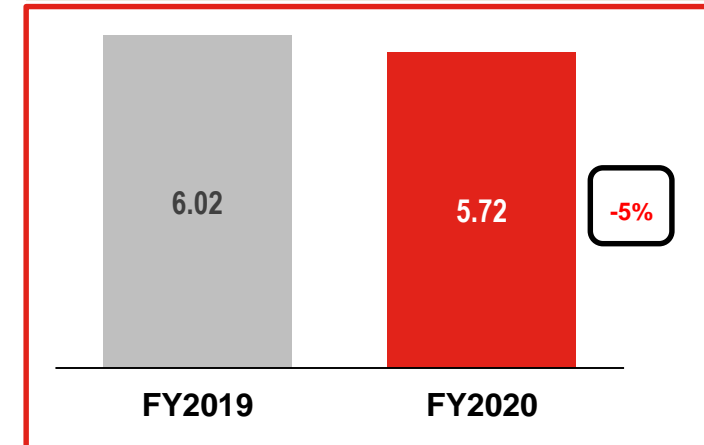
Biodiesel Sales Volume (MT)



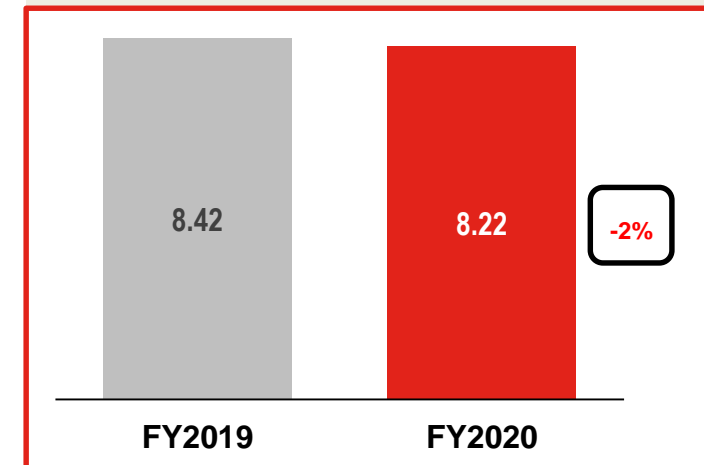
Key Highlights

- Completion of an additional 15,600 MT storage capacity in Pasir Gudang and Port Klang.
- Secured a 3-year new external contract to transport 165,000 MT CPO per annum.
- Slight decrease in transport and bulking volume due to lower transport volume carried for CPO, PK, PKE, EFB and FFB, and COVID-19 outbreak that caused port closures in major importing countries.

Transport Volume (mn MT)



Bulking Volume (mn MT)

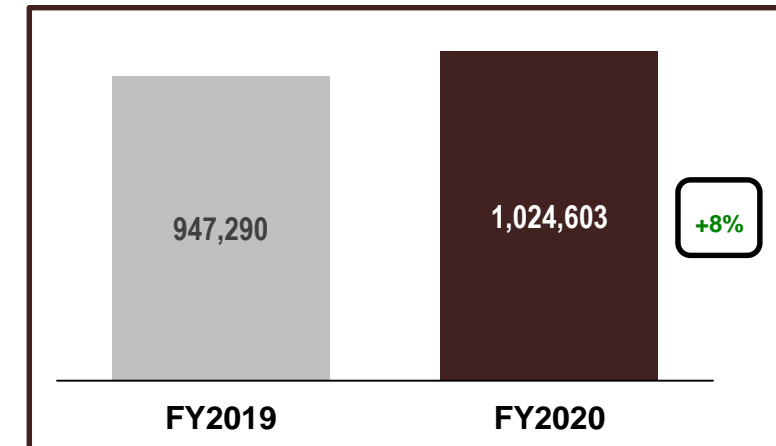


Sugar Sector

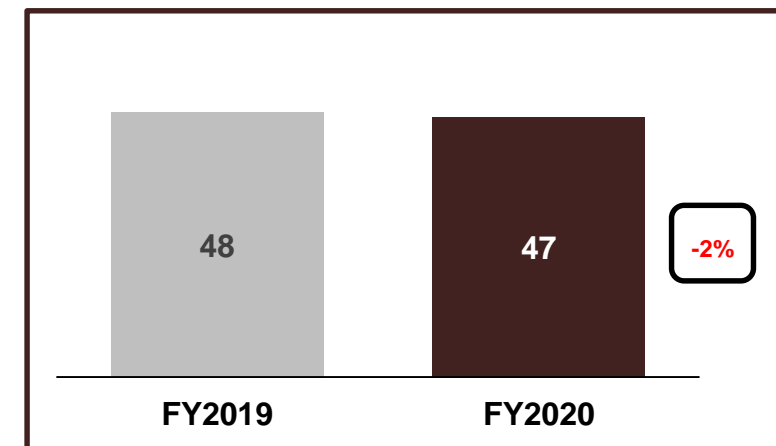
Key Highlights

- Completed installation of liquid sugar and fine syrup facility in Johor for export markets.
- Current capacity of 2.14 million MT has been further reduced to 2.05 million MT following cessation of operations in MSM Perlis Sdn Bhd on 30 June 2020.
- The consolidation of capacity will benefit the Group's UF in the long term especially at Tanjung Langsat's plant.
- Higher overall sales volume, particularly the Export segment by almost fourfold was partially offset by lower volume in the Wholesale and Industry segment due to reduced operating hours in F&B outlets following MCO and travel bans.

Sales Volume (MT)



Utilisation Factor (%)



FY2020 FINANCIAL PERFORMANCE

FY2020 Group Financial Results



	FY 2020	FY 2019	YoY
Revenue	RM14,076 mn	RM13,259 mn	6%
Operating Profit before Impairment and fair value changes in LLA liability	RM839 mn	RM297 mn	>100%
Profit/(loss) Before Zakat and Taxation (P/(L)BZT)	RM346 mn	(RM339) mn	>100%
Earnings Per Share	4.0 sen	(6.7) sen	>100%
Dividend Per Share	3.0 sen	2.0 sen	50%
Return on Shareholders Fund	3.43 %	(5.90) %	>100%

Revenue was up by 6% due to higher average CPO price realised at RM2,675/MT. Sugar Sector recorded an improvement in sales volume.

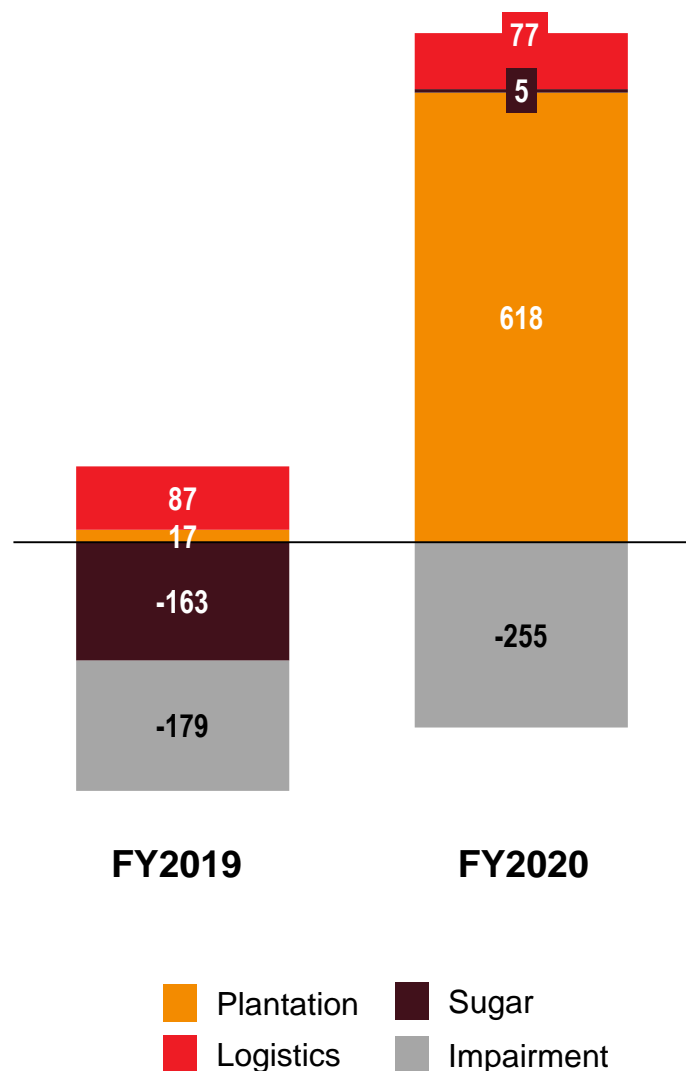
The group recorded a **PBZT** of RM346 million mainly due to:

- Higher palm product margins and better gross profit margins in the sugar business.
- Lower LLA fair value charge, decrease in administrative expenses and finance cost.
- Better results from joint venture businesses.

Sectoral Profit / (Loss) Before Zakat and Tax (P/(L)BZT)



P/(L)BZT* (RM mn)



Variance	Plantation	Sugar	Logistics
FY2020 vs. FY2019	▲ >100%	▲ >100%	▼ 12%

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

FY2020 vs. FY2019

- **Plantation** Sector recorded a significant improvement in profits due to higher margins as a result of higher average CPO price realised at RM2,675 per MT despite higher CPO ex-mill cost due to lower production.
- **Sugar** Sector recorded a higher profit due to higher gross margins coupled with higher sales volume and lower finance cost. The performance was partially affected by write-off of bearer plant assets.
- **Logistics** Sector recorded lower profits due to decrease in transportation rates and drop in rental income for bulking activities.

Key Financial Highlights



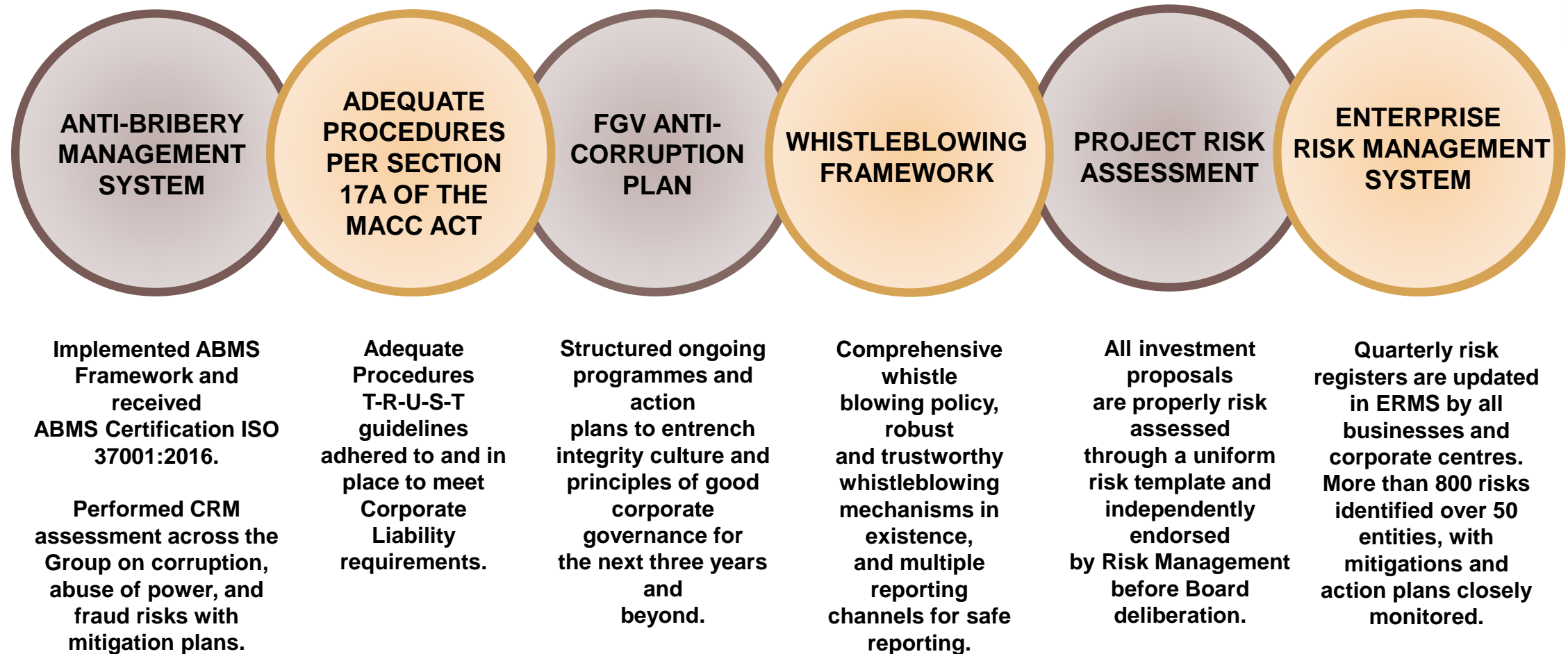
As at 31 December 2020, key financial indicators improved compared to 31 December 2019

		31.12.2020	31.12.2019	Changes (%)
Cash and Cash Equivalents (RM mn)		1,729	1,618	+7%
Total Borrowings without LLA (RM mn)		4,293	4,907	-13%
Liquidity Ratio (times)		1.07	1.00	+6%
Gearing Ratio* without LLA (times)		0.70	0.80	-13%

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

FY2020 KEY BUSINESS HIGHLIGHTS

Governance Highlights: Embedding a Governance and Risk Management Culture in FGV



THE ABOVE INITIATIVES HAVE BENEFITED AND STRENGTHENED VARIOUS AREAS, FUNCTIONS, AND PROCESSES ACROSS THE GROUP

Sustainability Highlights: Issues and Action Plans



A. Affiliation to the Fair Labor Association (FLA)

- i. FGV continues to implement FGV-FLA action plans to improve labour practices covering various aspects including code alignment, recruitment process, training, grievance mechanism, and monitoring systems.
- ii. FLA completed 2nd validation exercise – the report was published on 31 March 2021 on FLA's and FGV's websites.
- iii. An Independent External Assessment (IEA) by FLA involving on-the-ground assessments is scheduled to be conducted in July 2021.

B. RSPO

- i. RSPO completed its verification exercise involving six FGV complexes (4 in Peninsular Malaysia and 2 in Sabah) in April 2021.
- ii. RSPO is expected to share the verification report with FGV for inputs by end-June.
- iii. Verification audit report expected to be deliberated by RSPO Complaints Panel (CP) in July 2021.

Sustainability Highlights: Issues and Action Plans (cont'd)



C. Withhold Release Order (WRO) by US Customs and Border Protection (CBP)

- i. **Foreign Workers Working Committee (FWWC) established in November 2020 to focus on continuous improvements on the ground to ensure rights and welfare of workers fulfilled:**
 - **Housing – allocated more than RM350 million for housing improvement and committed to further enhancement of workers accommodation.**
 - **Healthcare – construction of clinics in remote areas**
 - **Basic amenities – uninterrupted electric and water supply in remote areas**
 - **FGV e-Wallet – for more convenient salary payment and cashless transactions**
 - **FGV mobile shops – for constant access to food supplies**
 - **Community Learning Centres – as alternative learning centres for migrant children in Sabah who are not enrolled in formal education.**
- ii. **To date, FGV has called for proposals from potential/identified organisations to conduct an assessment on FGV's operations against the 11 ILO Indicators of Forced Labour. We expect to finalise the appointment in August 2021, following which the assessment work will begin.**

Managing COVID-19

FGV responded with comprehensive action plans that were implemented across the Group which include:

COVID-19 Task Force

Developed COVID-19 specific policies, guidelines, a Pandemic Response Plan and SOPs

Sharing of information and directives with employees

FGV conducted screening programme and provision of food supplies to estate workers

COVID-19 Impact Analysis

Four (4) COVID-19 Impact Analysis Reports tabled to the Board since April 2020

Analysis covering four perspectives: global, Malaysia, palm oil industry and FGV operations

Recommended on how best to mitigate and navigate through the pandemic

COVID-19 Risk Assessment

Group-wide impact assessment due to MCO implementation on business operations

COVID-19 related risks and mitigations incorporated into risk registers

Key Interruption Indicators (KII)

Methodology to track interruptions to critical operations

Covering 6KII areas: Staff Infection, Worksites Shutdown, Asset Damage, Supply Chain, Delivery and IT Interruptions

FGV is providing COVID-19 vaccines with focus on frontliners beginning July 2021

Actions Taken and CSR Role

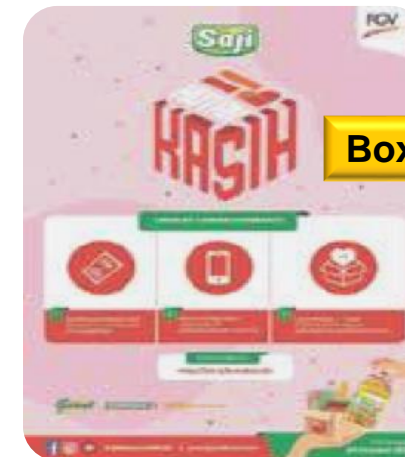
- ✓ Work From Home
- ✓ Strengthen SOPs – On-Line Meeting
- ✓ Voluntary Shutdown in Estate/Mill
- ✓ Screening/Swab Test for staff/workforce
- ✓ Reduction in Board Fee and Management Allowances



FGV supported Sabah Frontliners to fight COVID-19



FGV Food Relief Bags (FGV FReB) distributed to B40 and community in need during MCO 1.0



Box of Hope

BUSINESS PLAN & PROSPECT

End-in-Mind and Business Model at a Glance

VISION & MISSION

World's Leading Integrated & Sustainable Agribusiness Player

Emphasized Segments under Enhanced Strategic Blueprint 2020

COMMODITIES

CONSUMER PRODUCTS

Plantation

Producer of Sustainable Palm Products, Animal Feed, Rubber, Renewables & by-products

Cash Crops & Dairy

High-value/ Margin Crops and Dairy Products

Sugar

Premium Sugar Refiner and Distributor

Food

Branded Consumer Products FMCG

Non-Food

Branded Consumer Products FMCG

WIDE RANGE OF PRODUCTS & HIGH VALUE-ADD BUSINESS ACTIVITIES

INFRASTRUCTURE FOR MARKET ACCESS, BRANDING AND INNOVATION

Logistics & Transportation

Ports & Tank Farm Infrastructures

Trading & Distribution Centre

Brand Builders & Market Penetrators

Technology, R&D, and Product Development

Operational Improvement

Market & Products Penetration

New Growth Area

Financial & Capability Building

STRATEGIC THRUSTS

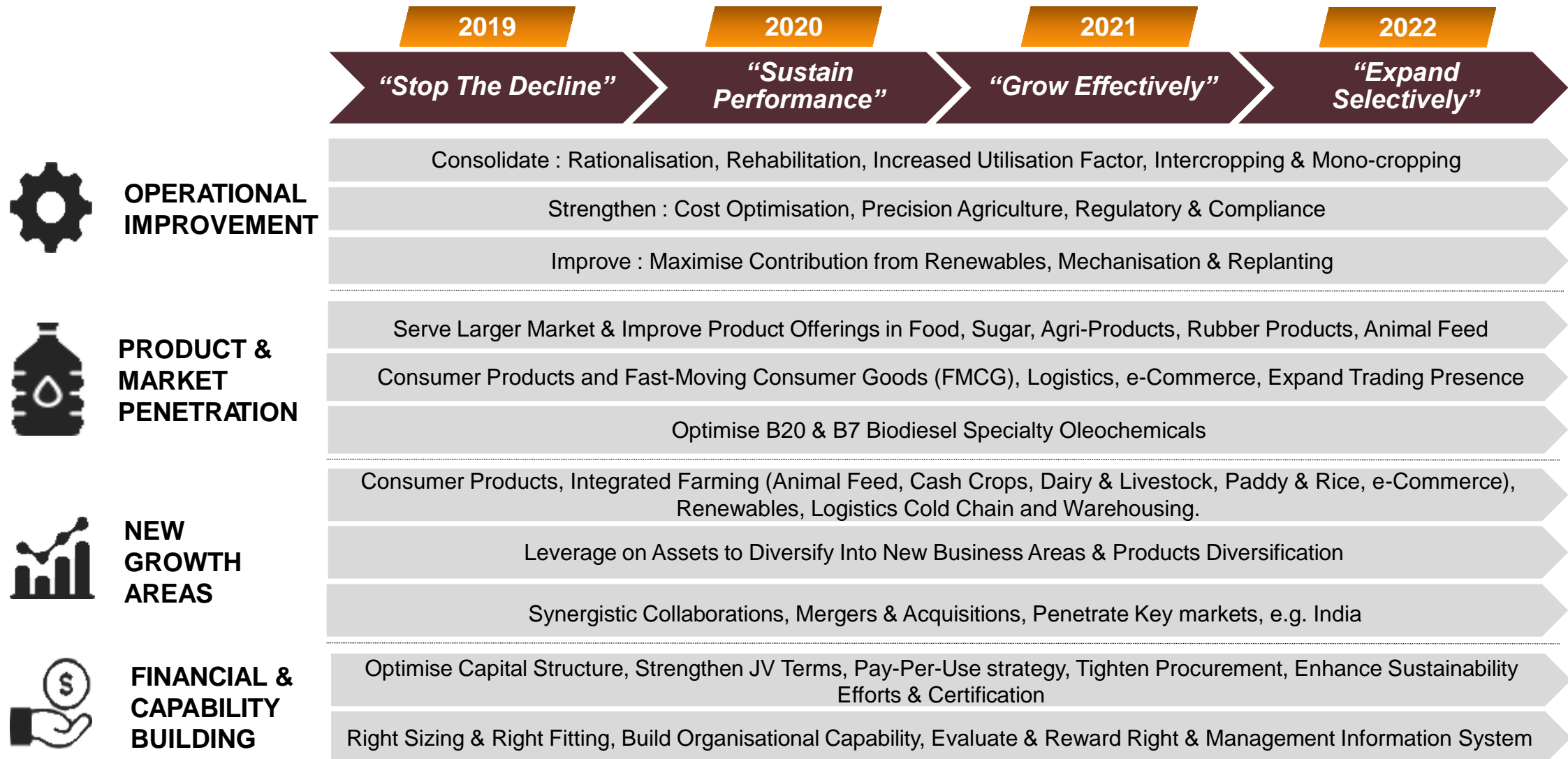
KEY ENABLERS

Human Capital

Financial

Sustainability

Positioning for Value Creation & Sustainable Growth



Enhanced Strategic Blueprint: Consumer Products Sector

For the year under review, FGV enhanced its Group Strategic Blueprint which is an extension of the Group's existing high level Strategy Map to give more focus on higher returns businesses by building stronger presence in higher value-add business activities, the Consumer Products Sector:

The consideration of this Strategic Blueprint were based on several factors;

1

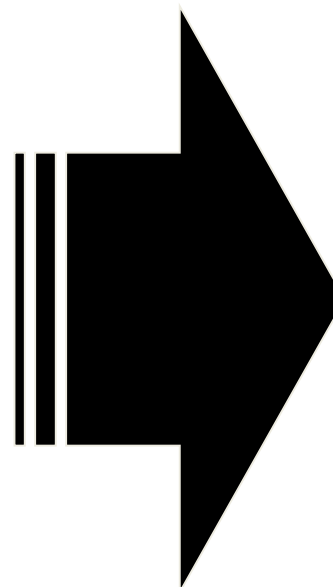
Cost escalation in primary industries due to higher cost structure which is in line with growth in national income per capita.

2

Declining margins from upstream activities as cost continues to escalate while CPO prices remain relatively stagnant and subjected to market forces.

3

Malaysia's huge food import bill of approximately RM60 billion per annum represents a huge import substitution opportunity for local players like FGV that are able to produce and sell similar or higher quality products with a cost advantage.

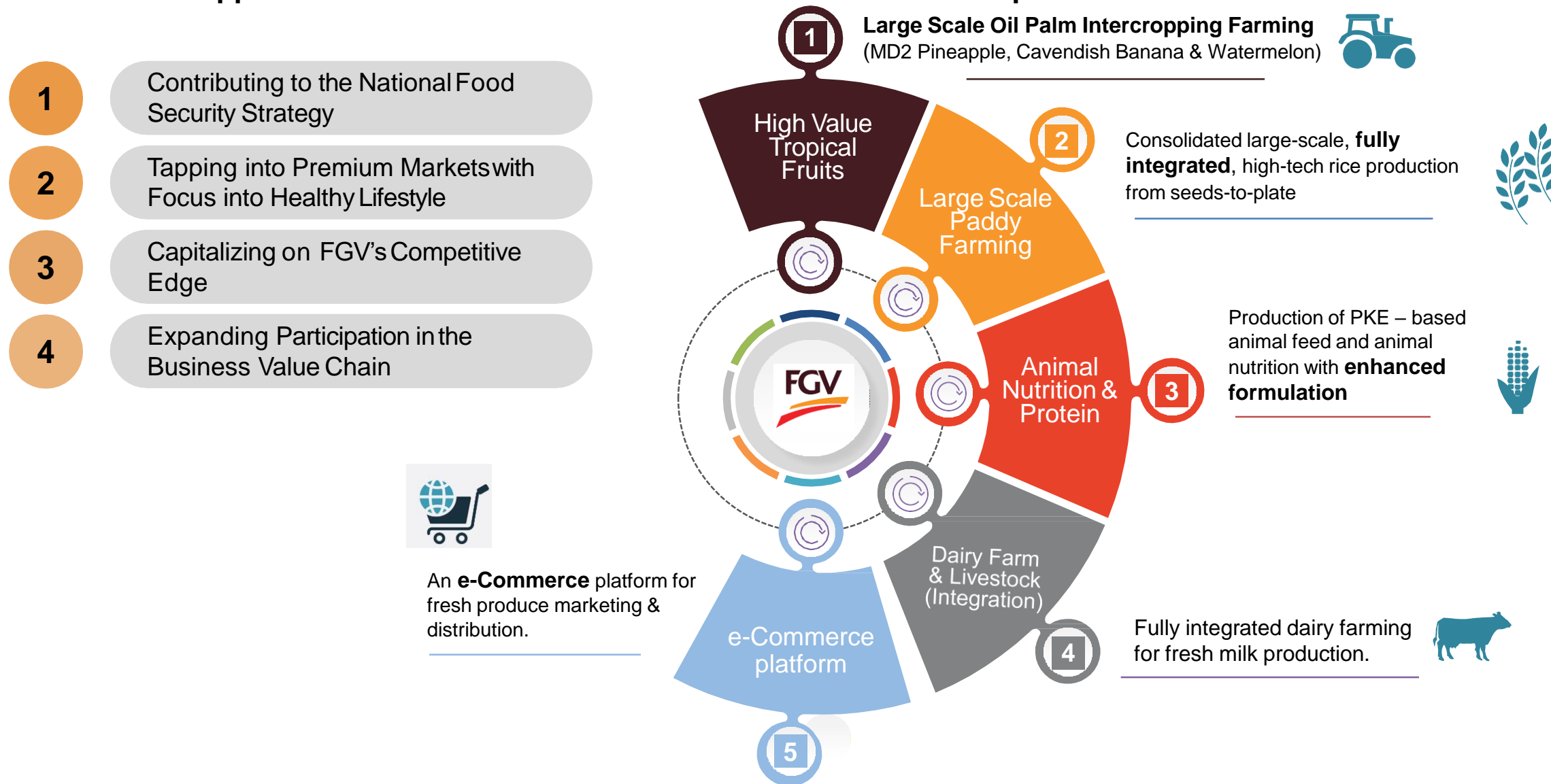


END IN MIND

- ✓ To become a 'price maker' which mitigates the impact of overdependence on fluctuating commodity prices and long term declining profit margins and returns in the upstream business segment
- ✓ To ultimately generate higher and sustainable returns for shareholders and key stakeholders including FELDA settlers

Integrated Farming Sector

FGV's Integrated Farming Sector has identified five (5) agribusiness pillars that will generate additional income streams and support the value chain of other businesses within the Group



Integrated Farming Sector: Ongoing Projects



CAVENDISH BANANA PLANTATION

In 2020, 64,500 Cavendish banana trees were planted in Paloh, Johor. Integrated Farming Sector aims to replicate banana intercropping on 1,000 Ha of FGV's replanting area.



MD2 PINEAPPLE SEED GARDEN

A total of 237,309 suckers have been planted in Maokil 7, Johor since November 2019. The suckers are to be used for FGV's commercial-scale farms.



DAIRY FARM

In February 2020, FGV became a 60% equity shareholder in RedAgri Farm Sdn Bhd (RedAgri) with a RM10 million investment. This partnership marks the Group's entry into the dairy farm and fresh milk processing business. The joint venture is now called FGV Dairy Farm Sdn Bhd (FGV DF).

FGV DF's milk is marketed under the Bright Cow brand.



PADDY & RICE

In 2020, Integrated Farming Sector identified approximately 10,000 Ha land for large scale mechanised paddy farming which will fully operational by 2025.



E-COMMERCE WITH GOGOPASAR

In November 2020, FGV invested in a local start-up company which we then launched GOGOPASAR, an online grocery marketplace. GOGOPASAR enables FGV to enhance its end-to-end agribusiness supply chain by connecting directly to consumers.

Prospects for FY2021

CPO Price Outlook



- CPO price will remain volatile and is expected to range between RM3,700 – RM4,200 in FY2021.

Plantation



- The Group expects operational performance to improve in the range of 2% - 4% due to better age-profile and bigger area of young and prime age trees.
- Replanting activities between 10,000 Ha - 15,000 Ha.

Integrated Farming



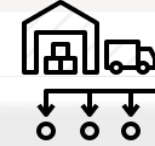
- Progress on the construction of FGV DF Milk Processing Centre in Linggi is at 69%, with target completion by 1H FY2022.

Consumer Products



- Enhance SAJI's brand equity and market share in the cooking ingredients segment, further expansion of product categories in the branded consumer products space, and strengthen food technology capabilities including new product developments.

Logistics



- To commence our cold chain business in 2H FY2021 as part of the business plan to generate more income stream.
- Successfully acquired a 3-year Framework Agreement with national oil and gas company.

Sugar



- Value-added product development through MSM Johor expected to enhance operational capabilities while improving production and yield.
- The Group remains optimistic to maintain its turnaround momentum and profitability growth with minimal risk despite unprecedented challenges and market adversities.

Divestment of Non-Core Businesses



- Aim to continue with our plan to divest or restructure non-strategic and non-performing assets during the year which should be completed by 4Q FY2021.
- The divestment of Trurich is at its final stage of completion, pending execution of the SPA after FGV receives consent from relevant parties.

Thank You