FGV HOLDINGS BERHAD

Engagement with Shareholders / Fund Managers

August / September 2019

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WHO WE ARE

FGV AT A GLANCE

Corporate	Plantation	Sugar	Logistics
Listed in Bursa Malaysia since **June 2012.**	Total landbank of around **440,000 Ha** (oil palm and rubber) in Malaysia and Indonesia.	Refined sugar producer with **59%** market share under MSM's flagship brand, **Gula Prai.**	Operates **13 bulking terminals** with capacity of **more than 1 mil MT.**
Key Shareholders: **FELDA, Urusharta Jamaah Sdn Bhd, KWAP, KPF and Pahang State Gov.**	Produce around **3 mil MT** CPO through **68 mills** located in Malaysia.	**3 sugar refineries** located in Penang, Perlis and Johor.	Possess **427 trucks** for liquid and dry products, **2 jetty operations** and **3 warehouses.**
	24% market share in cooking oil segment, through our flagship brand, **SAJI.**		
	Produce award-winning planting material **Yangambi** with **39%** market share.		

OUR BUSINESSES ARE ORGANISED INTO 3 SECTORS

FGV

PLANTATION SECTOR

UPSTREAM

LANDBANK

- 440K Ha Plantation
  - 339K Ha Palm Oil
  - 11K Ha Rubber

R&D AND AGRI-SERVICES

- 39% Market Share in seed market
  - ~600K fertilisers produced
  - ~20 mil seeds produced

PROCESSING FACILITIES

- 68 mills (34 RSPO/ 22 MSPO)
- 7 Rubber Processing
- ~3 mil MT CPO produced

BY-PRODUCTS

- Sludge Oil
- Biogas
- Palm Kernel Shell >150K MT

DOWNSTREAM

EDIBLE OIL AND FATS

- 8 Refineries
- 4 Kernel Processing Plant
- 24% Market Share in cooking oil (Saji)

NON-FOOD

- Oleochemical (2 Plants)
- Biodiesel (1 Plant)

SUGAR SECTOR

SUGAR

- 3 Sugar Refineries
- 59% Market Share
- 2.25 mil MT annual capacity

LOGISTICS SECTOR

LOGISTICS AND STORAGE

- >1 mil MT vegetable oil storage capacity
- 427 Liquid and Dry Tankers
- 13 Bulking Terminals
- 2 Jetty Operations
- 3 Warehouses

OUR GLOBAL PRESENCE

FGV operates in **9** countries around the world supported by more than **18,000** employees

Spain
- 1 Trading Office*

France
- 1 Trading Office*

Cambodia
- 1 Rubber Processing Facility

USA
- 1 Oleochemical Plant

Turkey
- 1 Palm Oil Refinery*

Malaysia
- 68 Palm Oil Mills
- 4 Rubber Processing Plants
- 6 Palm Oil Refineries* (Incl. 2 JVs)
- 4 Kernel Crushing Plants
- 1 Biodiesel Plant
- 1 Oleochemical Plant*
- 3 Sugar Refineries
- 10 Liquid Terminals
- 3 Warehouses

Pakistan
- 1 Oil Palm Refinery*
- 1 Bulking Terminal
- 1 Jetty Operation

Thailand
- 1 Rubber Processing Facility*

Indonesia
- 1 Rubber Processing Facility*
- 1 Bulking Terminal
- 1 Trading Office

* Joint Ventures (JV)
^ Excluding oil palm estates held under JV
# Inclusive of Plasma

BUSINESS PLAN 2019-2021 (BP21)

BUSINESS PLAN 2019-2021 (BP21)

Strategic Thrusts	2019 "Stop the Decline"	2020 "Show Sustained Performance"	2021 "Grow Effectively"

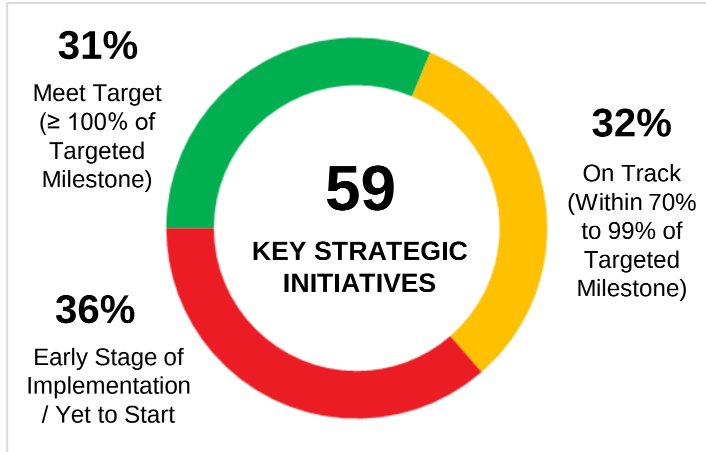
OPERATIONAL IMPROVEMENT
- Improve Crop Recovery (2019) → Best Agricultural Practices, Structured Block Harvesting and Replanting (2020–2021)
- Improve Mill Efficiency and UF (2019) → Improve Mill Efficiency & Cost Competitiveness (2020–2021)
- Improve Rubber Factory Utilisation and Quality (2019) → Optimise Upstream and Enrich Downstream R&D (2020–2021)

PRODUCT & MARKET DEVELOPMENT
- Serve Larger Market & Improve Products Offerings in Food, Sugar, Agri-Products (2019–2021)
- Integrated and FMCG Logistics, E-Commerce (2019–2021)
- Optimise B10 & B7 Biodiesel (2019) → Specialty Oleochemicals & 2nd Gen Biodiesel (2020–2021)

NEW GROWTH AREAS
- Waste-to-Wealth, Alternative Crops & Renewable Energy (2019–2021)
- Storage Investments in Edible Oil Huns, Sugar Strategic Alliance (2019–2021)
- Synergistic Collaboration, M&A (2020–2021)

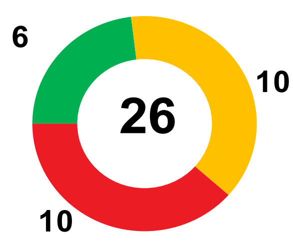
FINANCIAL & CAPACITY BUILDING
- Strengthen JV Terms, Enhance Sustainability Effort & Certification (2019–2021)
- Right Sizing & Right Fitting, Build Organizational Capability, Evaluate & Rewards Right (2019–2021)
- Divestment of Non Core Non Performing Business (2019–2021)

Q2 2019 SCORECARD - 59 KEY STRATEGIC INITIATIVES

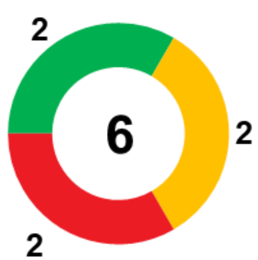


Key Strategic Initiatives – by Sector

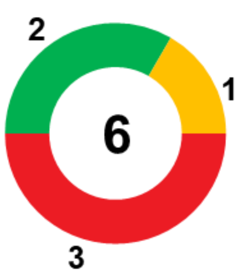
Plantation



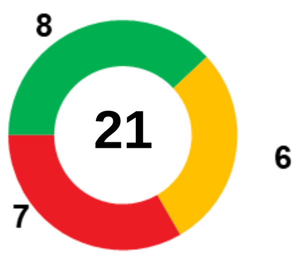
Logistics



Sweetener



Corporate



KEY FOCUS AREAS

OPERATIONAL IMPROVEMENT

- Improvement of operational yield
- Increase mills utilisation factor
- Cost optimisation and savings
- Execute model estates & mills program
- Improvement of workers' living standards
- Turnaround rubber business

PRODUCTS & MARKETS DEVELOPMENT

- Growth in Downstream business (FMCG, Oleochemicals, Biodiesel etc.)
- Logistics (transport and bulking) external business expansion
- ICT external business expansion
- Product diversification and new product development (sugar, fertiliser, green rubber)

NEW GROWTH AREAS

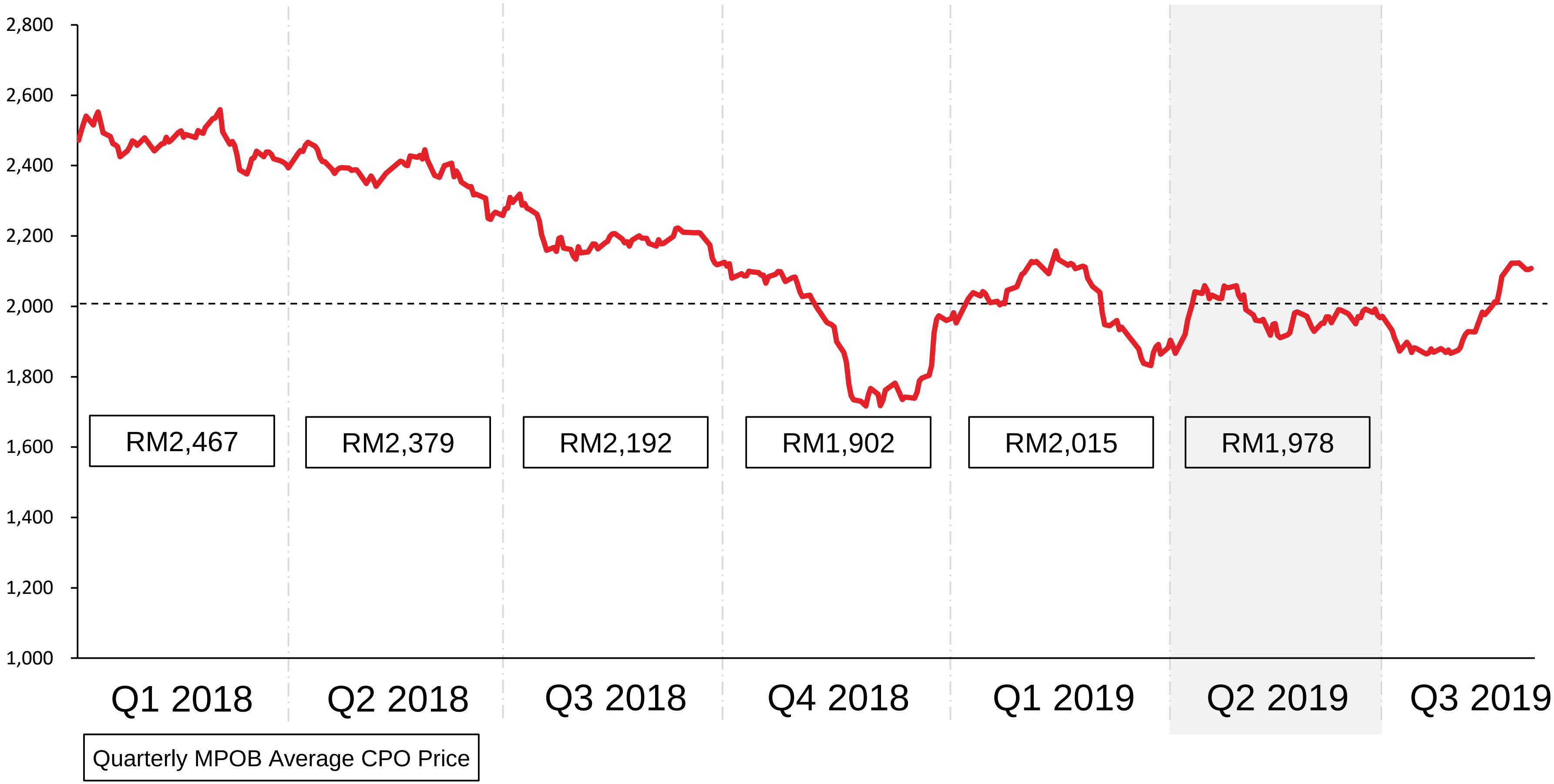
- Circular economy – turning waste-to-wealth
  - Diversify revenue streams from palm by-products (EFB, biomass, PKS)
  - Renewable Energy
  - Grow animal feed from PKC business

FINANCIAL & CAPACITY BUILDING

- Divestment of non-core & non-performing businesses
- Enhance Human Capital capabilities, revitalise culture & develop future leaders
- Driving sustainability
- Strengthening Governance and accountability (MS 1SO 37001 ABMS)

RESULTS SUMMARY

MPOB CPO PRICE TREND



- Traded lower in Q2’19, mainly due to lower export volume. Forecasted higher production in 2H with the escalating US-China trade war.
- Despite strong demand for biodiesel, stockpiles are still historically high at 2.4 mil MT.
- Deepening price war between Malaysia and Indonesia due to increased supply of cheaper Indonesian palm oil flooding the market.

Q2 2019 GROUP FINANCIAL RESULTS

FINANCIAL (RM mil)	Quarter			YTD		
	Q2'19	Q2'18	YOY	1H'19	1H'18	YOY
Revenue	**3,279**	3,437	▼ 5%	**6,555**	7,040	▼ 7%
Profit/(Loss) BIT	**23**	50	▼ 54%	**102**	146	▼ 30%
Profit/(Loss) BZT	**(57)**	1	▼ <100%	**(33)**	27	▼ <100%
Profit/(Loss) ATAMI	**(52)**	(23)	▼ <100%	**(56)**	(22)	▼ <100%
Average CPO Price	**1,955**	2,419	▼ 19%	**1,972**	2,447	▼ 19%

Q2'19 vs Q2'18 (YOY)

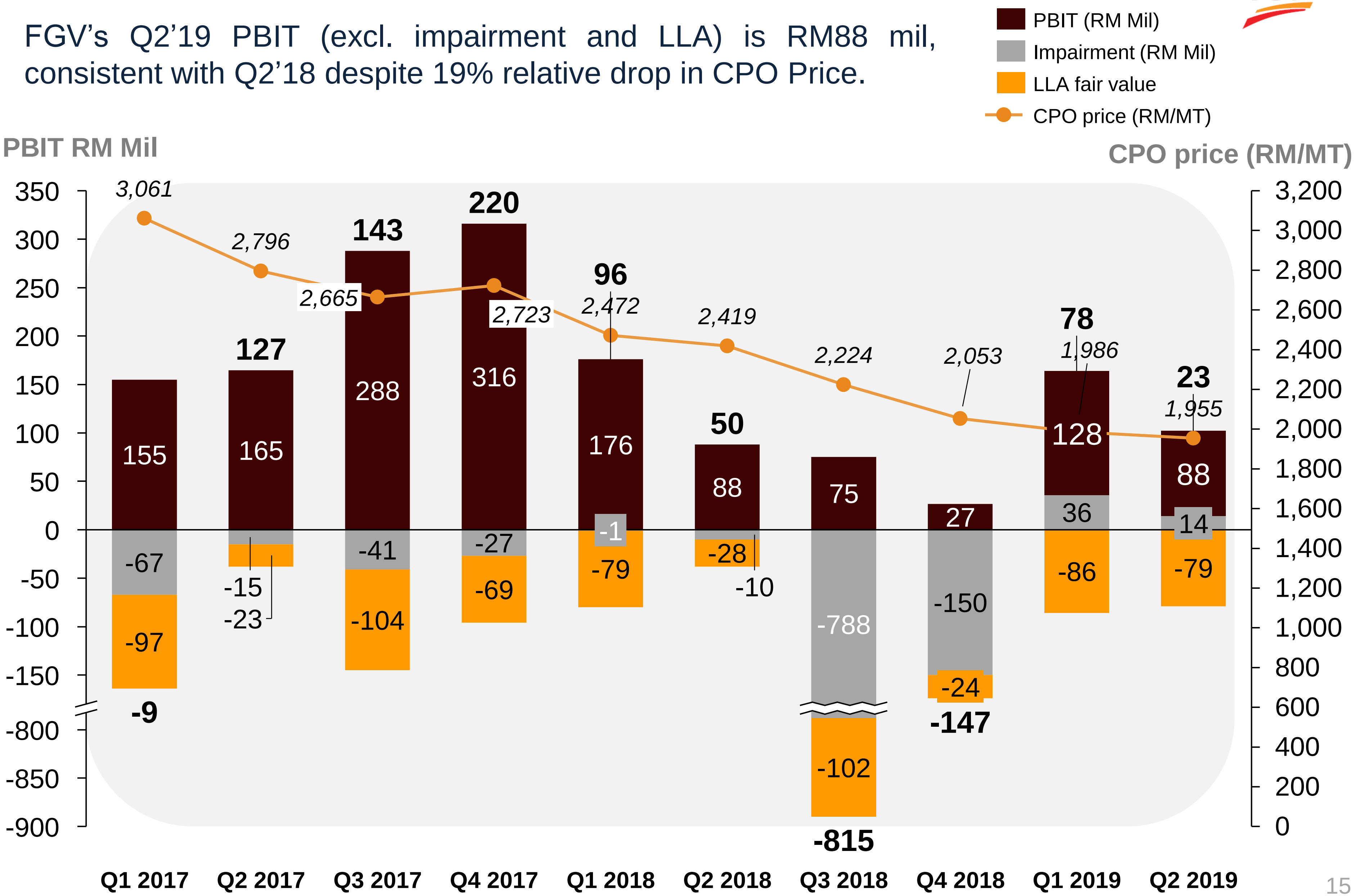
Revenue decreased by 5% YOY despite a 19% drop in CPO price at RM1,955/MT (Q2'18: RM2,419/MT).

PBIT decreased by 54% YOY mainly due to:
- Loss of RM21 mil in the Sugar sector due to lower sales vol. by 7% and higher refining cost by 8%.
- Lower palm product (CPO and PK) margin by 84% as a result of lower CPO price.
- Higher charge for change in fair value of LLA liability of RM79 mil (Q2'18: RM28 mil).

The lower profitability was partially offset by:
- Improved FFB production by 15% at 1.15 mil MT and FFB yield by 19% at 4.76 MT/Ha.
- Much improved ex-mill cost at RM1,455/MT.

QUARTERLY PBIT vs CPO PRICE

FGV's Q2'19 PBIT (excl. impairment and LLA) is RM88 mil, consistent with Q2'18 despite 19% relative drop in CPO Price.



Q2 2019 RESULTS SUMMARY : PLANTATION SECTOR

FGV

OPERATION	Quarter					YTD		
	Q2'19	Q2'18	YOY	Q1'19	QOQ	1H'19	1H'18	YOY
PLANTATION								
UPSTREAM								
FFB Production ('000 MT)	**1,148**	994	▲ 15%	1,056	▲ 9%	**2,204**	1,983	▲ 11%
FFB Yield (MT/Ha)*	**4.76**	3.97	▲ 19%	4.38	▲ 9%	**9.14**	7.94	▲ 15%
OER (%)	**20.22**	20.62	▼ 2%	20.76	▼ 3%	**20.48**	20.17	▲ 2%
CPO Production ('000 MT)	**787**	652	▲ 21%	762	▲ 3%	**1,549**	1,320	▲ 17%
CPO Cost ex-mill (RM/MT)	**1,455**	1,884	▼ 23%	1,379	▲ 6%	**1,416**	1,867	▼ 24%
Utilisation Factor (%)	**77**	62	▲ 24%	72	▲ 7%	**75**	64	▲ 17%
DOWNSTREAM								
Packed Products/FMCG Sales Vol. (MT)	**90,560**	80,278	▲ 13%	85,433	▲ 6%	**176,004**	168,708	▲ 4%
Lauric Sales Vol. (MT)	**68,072**	58,163	▲ 17%	68,630	▼ 1%	**136,072**	125,528	▲ 8%
Biodiesel Sales Vol. (MT)	**15,920**	10,974	▲ 45%	16,616	▼ 4%	**32,536**	21,485	▲ 51%
Oleochemical Sales Vol. ('000 lbs)	**71,362**	66,694	▲ 7%	75,274	▼ 5%	**146,636**	132,882	▲ 10%

** Yield is based on normalised area.*

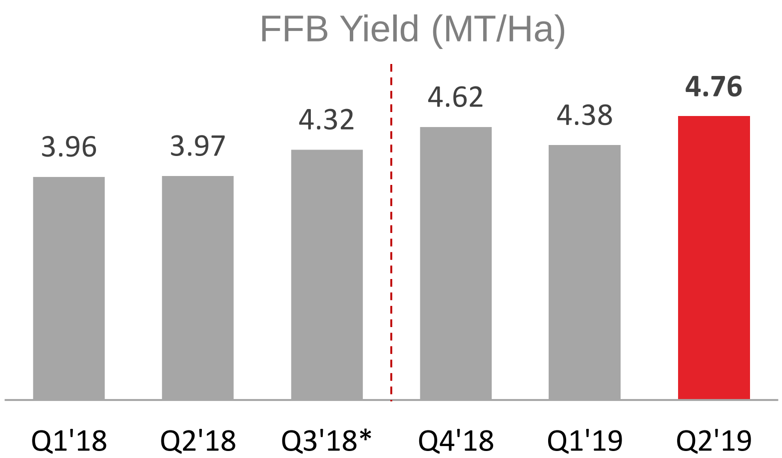
OPERATIONAL TARGET

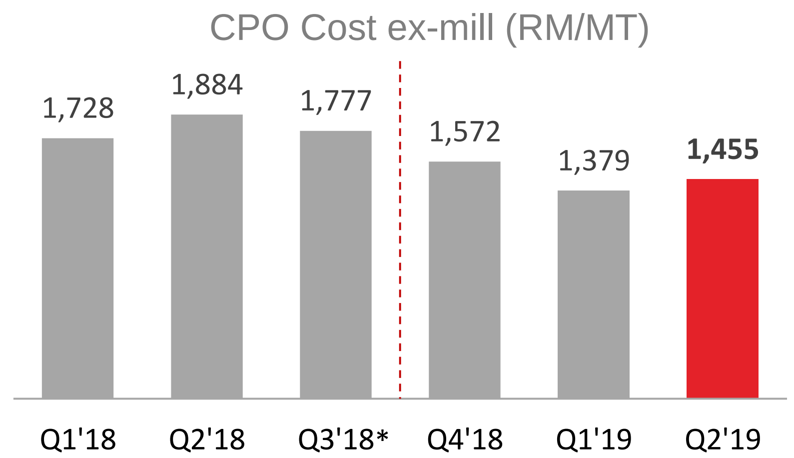
	2018 FY (A)	YTD June (A)	2019 FY (f)	2020 FY (f)
FFB Production	4.21 mil MT	2.20 mil MT	4.79 mil MT	5.14 mil MT
FFB Yield*	16.90 MT/Ha	9.14 MT/Ha	19.43 MT/Ha	20.00 MT/Ha
OER	20.49%	20.48%	20.78%	21.18%
CPO Production	2.83 mil MT	1.55 mil MT	3.09 mil MT	3.20 mil MT
CPO Cost (ex-mill)	RM1,737/MT	RM1,416/MT	RM1,469/MT	RM1,464/MT

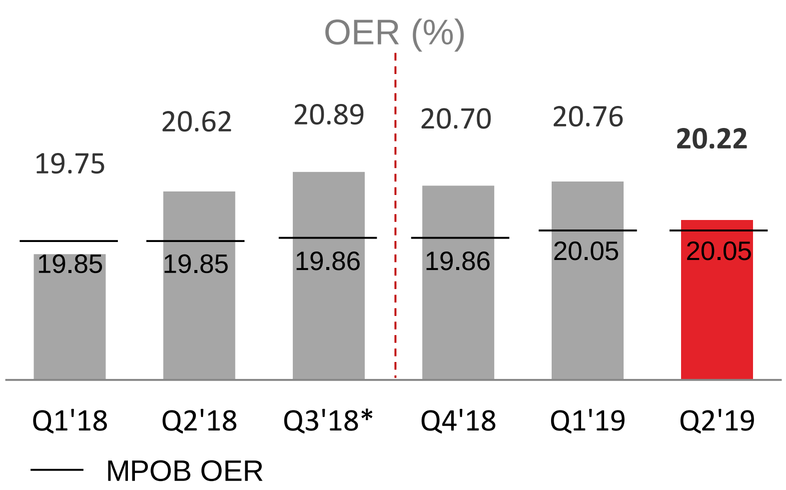
**Yield based on normalised area*

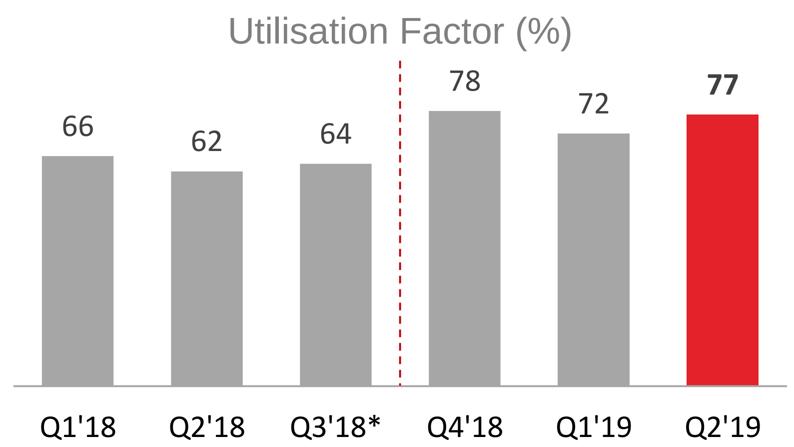
OPERATIONAL IMPROVEMENT

QUARTERLY UPSTREAM OPERATIONAL TRENDS



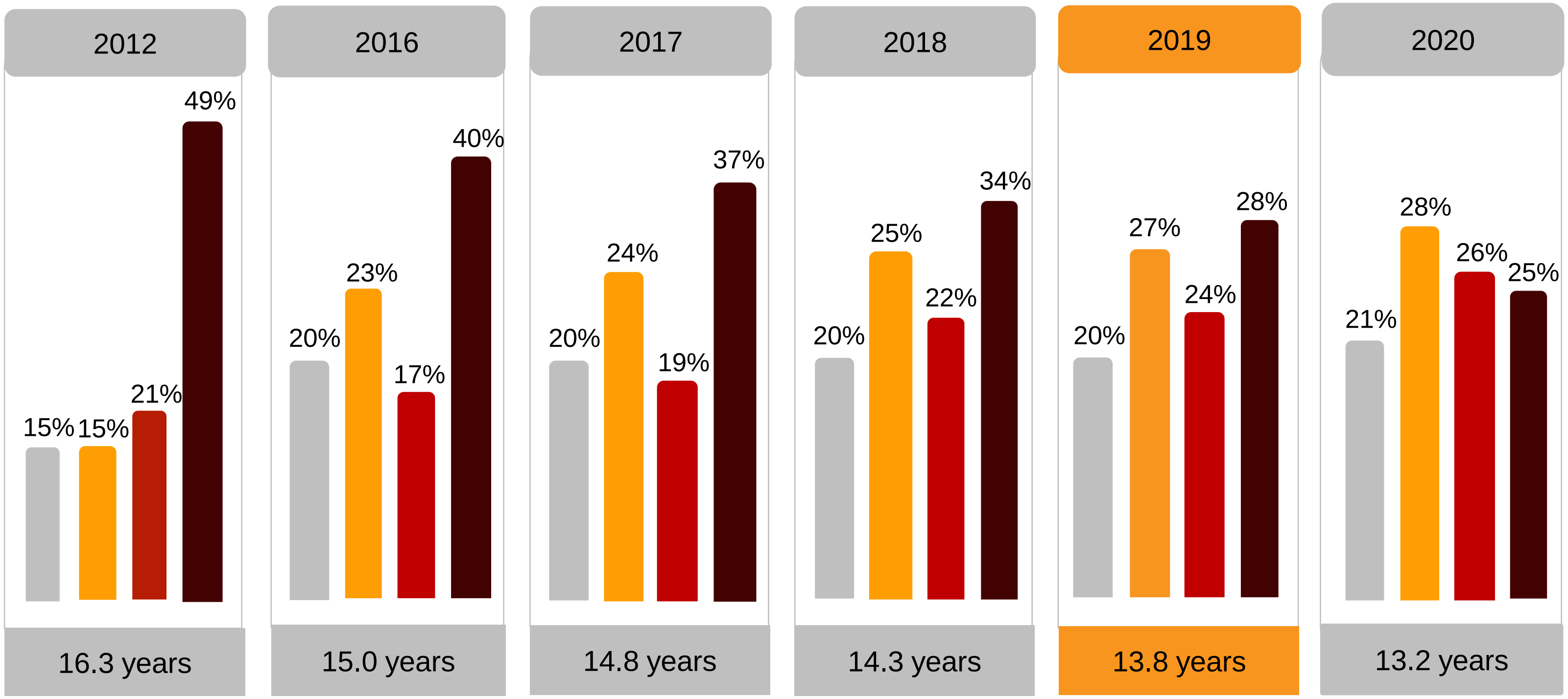






Transformation Plan started in late Q3'18

IMPROVING AGE PROFILE



**Age profile distribution and FFB production without M&A*

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

- During the listing in 2012, 49% of the total planted area had trees aged 21 years old and above (old trees).
- Over a period of 7 years, FGV has replanted 93,374 Ha of land, investing approximately RM 300 million a year. This has reduced hectarage with old trees by 32% to 116,396 Ha.
- FGV's replanting regimen is on track to normalise the palm age profile by 2026, and commits to a disciplined replanting schedule of 4% - 5% per year.

SUSTAINABILITY UPDATES

SUSTAINABILITY UPDATES

KEY HIGHLIGHTS

SUSTAINABILITY POLICY

- Revised Group Sustainability Policy through an open consultative process, with leading organisations such as SUHAKAM, the United Nations in Malaysia, International Organisation for Migration (IOM), Tenaganita, IKMAS of UKM.
- The policy has been socialised with external and internal stakeholders.

TRACEABILITY

- FGV's oil palm products are 100% traceable to its mills and 70% traceable to the plantations, which includes around 310,000 Ha of smallholder estates, making FGV one of the largest producers of palm oil, traceable to small farmers. We are committed to achieve full traceability by 2020.

RSPO/MSPO CERTIFICATIONS

- To-date, 34 mills are RSPO-certified and 22 mills are MSPO-certified.
- By end 2019, 19 additional mills will be audited for RSPO certification and 100% will be MSPO-certified.
- We provide support to Smallholders who are supplying their FFB to FGV for MSPO audits. As of June 2019, a total of 1,950 ISH linked to FGV had registered for the MSPO audit.

BUILDING CAPABILITIES

- FGV launched Young Shapers Program (YSP) designed for young executives as enablers to stimulate FGV's Transformation Plan, foster a culture of performance excellence and to nurture them as future leaders of FGV.

OUR COMMITMENT ON NDPE POLICY

- FGV has renewed its commitment to NDPE.

LIFTING OF SUSPENSION OF THE SERTING MILL BY RSPO

- The Complaints Panel (CP) of the Roundtable for Sustainable Palm Oil (RSPO) has lifted the suspension on its Serting complex and reinstated its RSPO certification effective August 5 2019.

KEY CONCERNS AND HIGHLIGHTS

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LAND LEASE AGREEMENT

- After the tabling of FELDA's White Paper in April 2019, it has been business as usual at FGV.
- There has not been any official discussion between FGV and FELDA on this matter.
- However, FGV needs to be ready if FELDA decides to take back its land.

SUGAR BUSINESS

- Glut in sugar supply due to approved permits and smuggled sugar will likely to persist.
- Planning to diversify its portfolio with new value added products to serve Asian markets.
- Exploring potential collaborations to support both upstream and downstream aspirations.
- To bring in Strategic Investors (off-take agreement)

LABOUR SHORTAGE

- The shortage of foreign workers is a country-wide issue especially for labor-intensive industries including plantation.
- FGV is currently looking into this issue very seriously to fill the current shortage of ~20%.
- Increased sourcing of labor force from India and Indonesia.
- The worker shortage is expected to be addressed by Q4 2019 for Peninsular Malaysia and East Malaysia.

CPO PRICE OUTLOOK

- CPO prices are expected to remain subdued in the coming quarters although the production is expected to rise at a slower pace.
- Current stockpile in Indonesia and Malaysia have dropped as strong export outpaced production.
- The increase in India's import duties on Malaysian refined palm oil may pressured Malaysia's export.
- Biodiesel mandate could be positive catalyst for now.

THANK YOU

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