FGV HOLDINGS BERHAD

Invest ASEAN 2020 (IA2020) Malaysia Week

Monday, 6 July 2020

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TODAY’S AGENDA

FGV

FGV at A Glance

Corporate

Shareholders

FELDA	33.66%
UJSB	8.09%
KWAP	6.26%
PAHANG	5.00%
KPF	4.75%
SABAH	4.64%
OTHERS	37.51%

2012
Listed on Main Market of Bursa Malaysia.

RM 3.65 billion
Market Capitalization
as at 1 July 2020

Plantation

~439,000 Ha
Landbank *(Oil Palm & Rubber)*
202 Estates

~3,000,000 MT
CPO Produced
68 Mills

YANGAMBI
Award winning planting material.

SAJI
Flagship cooking oil brand.

OUR VISION

World's Leading, Integrated & Sustainable Agribusiness

Sugar

51%
Stake in MSM Malaysia Holdings Berhad.

8th largest Sugar refiner in the World by capacity.

GULA PRAI
Flagship sugar brand.

Logistics

>800,000 MT*
Vegetable oil storage capacity in Malaysia, Indonesia & Pakistan.

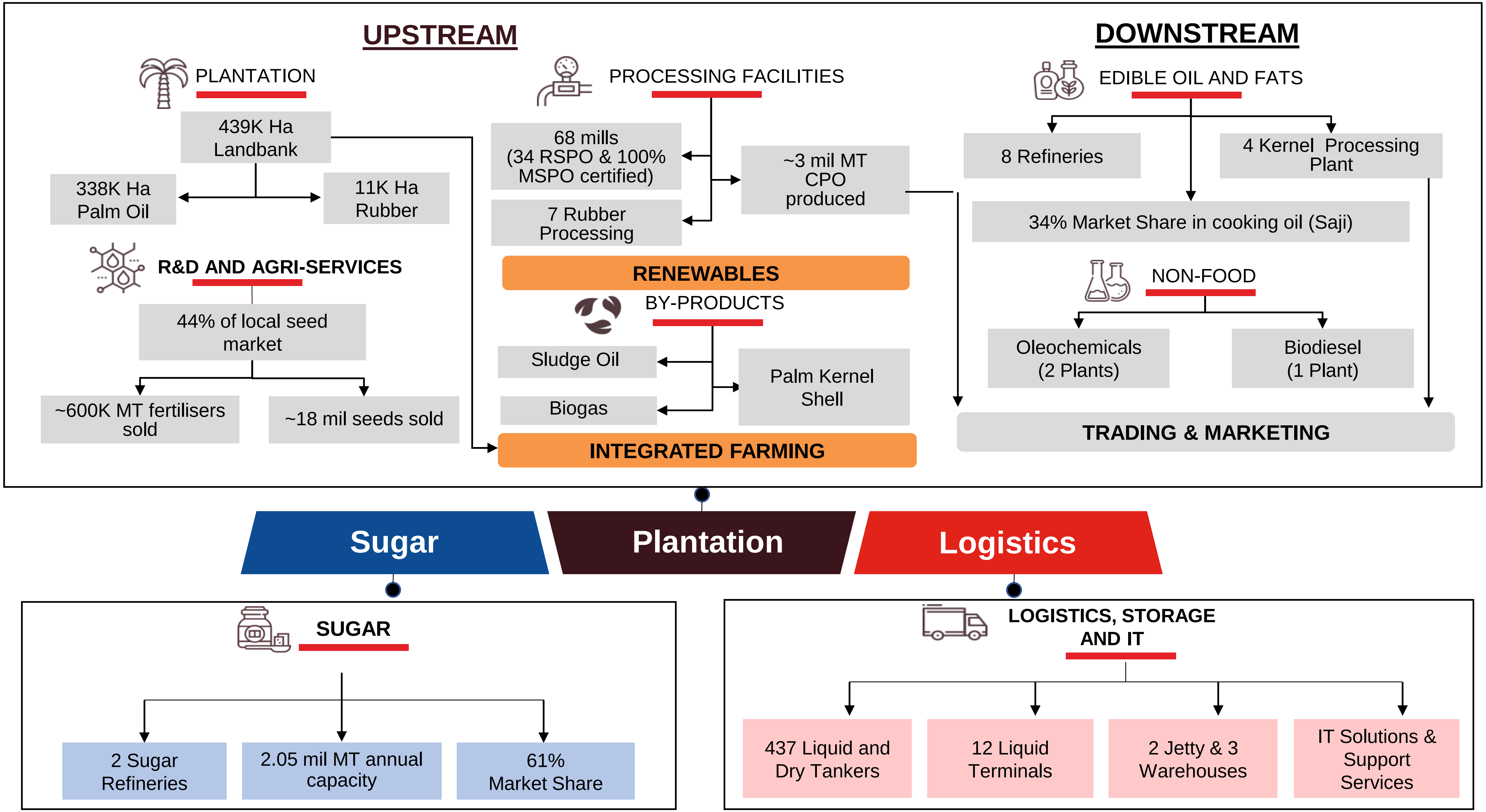
Multimodal Transport Operator & Foreign Military Sales License.

437 Fleet of Prime Movers

- Basic Chemical Handling.
- 3PL Solution.
- Hajj Baggage Handling.

**2nd largest in the World based on storage capacity.*

Maximizing Our Value Chain



TODAY's AGENDA

Leadership Team

Board of Directors

Our Board comprised of experts with the right mix of skills, experience and capacity, to create value, uphold the principles of good governance and safeguard the interests of all stakeholders.

Non-Independent Non-Executive Director
Representatives of FGV's Special/ Major Shareholder

- **Azhar Abdul Hamid,** Chairman
- **Dr. Zunika Mohamed**
- **Mohd Hassan Ahmad**
- **Dato' Dr. Othman Haji Omar**

Non-Executive Director

Senior Independent

- **Dato' Yusli Mohamed Yusoff,** Deputy Chairman

Independent

- **Dr. Mohamed Nazeeb P.Alithambi**
- **Datuk Mohd Anwar Yahya**
- **Dr. Nesadurai Kalanithi**
- **Datin Hoi Lai Ping**

Leadership Team

Management Team

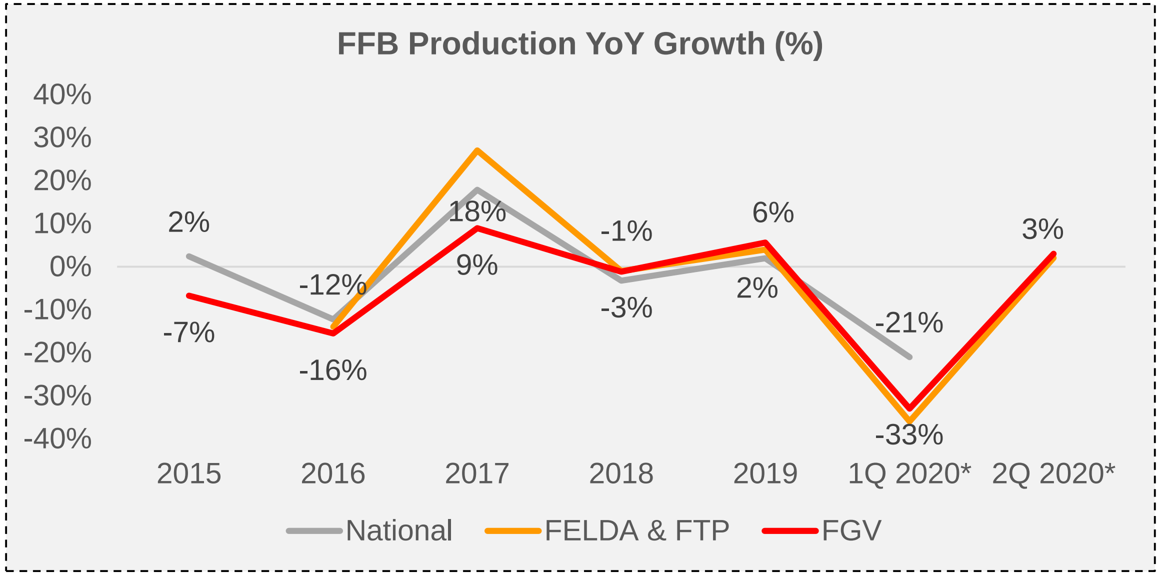
Experienced and diversified leadership team with years of experience in various industry to take our business to the next level.

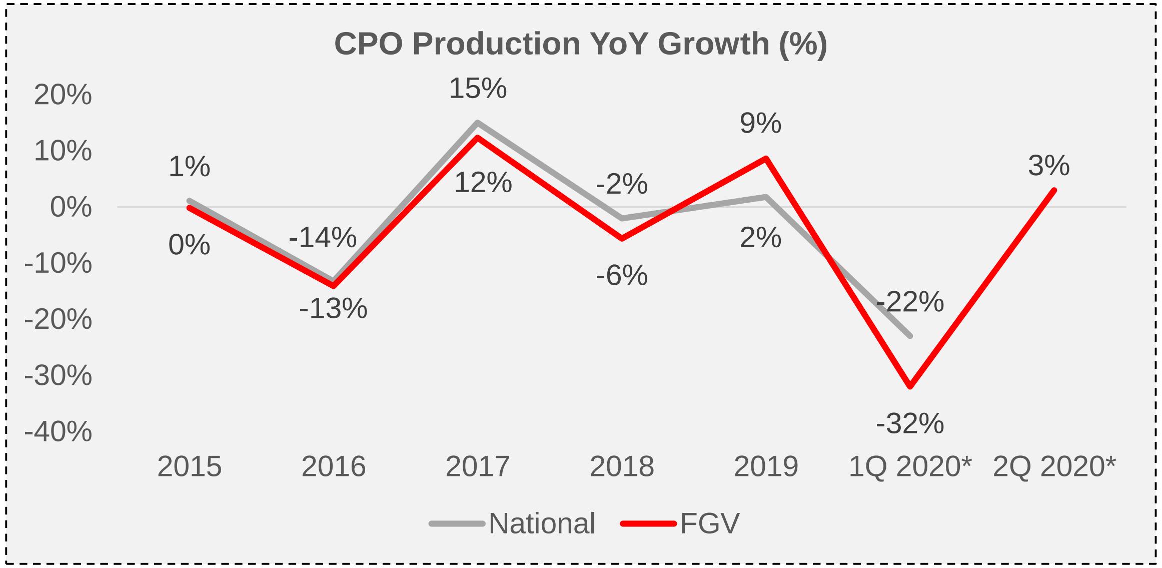
Dato' Haris Fadzilah Hassan Group Chief Executive Officer	**Dato' Mohd Hairul Abdul Hamid** Group Chief Financial Officer	**Syed Mahdhar Syed Hussain** COO, Plantation Sector	**Dato' Khairil Anuar Aziz** Group CEO, MSM Malaysia Holdings Berhad	**Azman Ahmad** COO, Logistics Sector
Salman Ghazali Group Chief Strategy Officer	**Siti Norbaya Mohammad Sarif** Chief Human Resources Officer	**Wan Norman Nasir** Head of Group Governance & Risk Management	**Koo Shuang Yen** Company Secretary	**Nor Marhamah Yahya** General Counsel
Dato' Najmuddin Abdullah Group Chief Strategic Communications Officer	**Affan Mohd Nawi** Chief Transformation Officer	**Nurul Hasanah Ahamed Hassain Malim** Head of Group Sustainability	**Zalily Mohamed Zaman Khan** Chief Internal Auditor	**Shaharizan Yunus** Head of Group Health, Safety & Environment

TODAY's AGENDA

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 in 2019, compared to national growth of 2%.
- Driven by precision agriculture and elimination of wastage.



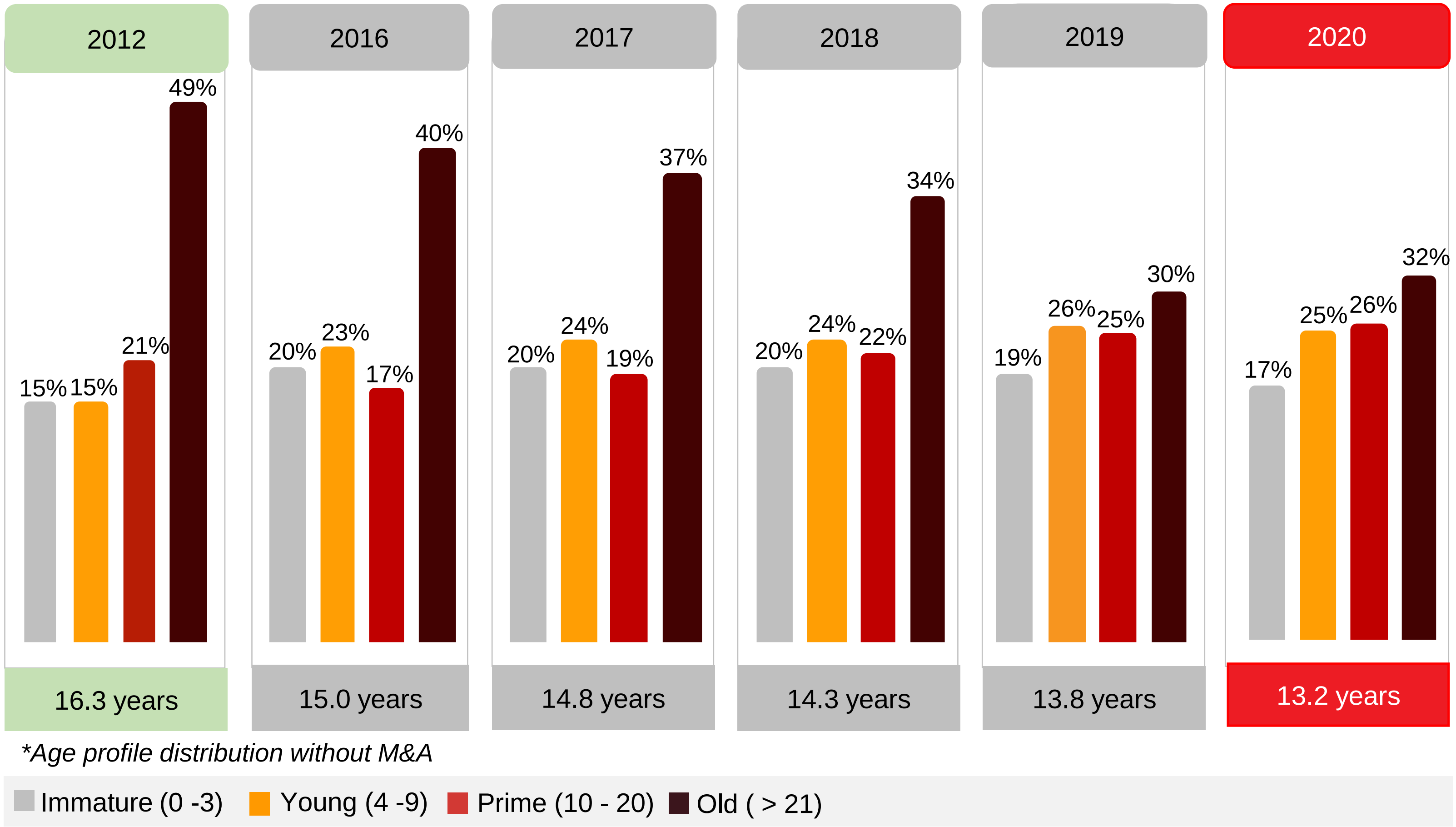


** Against previous corresponding quarter in 2019.*

Source: MPOB, Company.

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%.



2019 Highlights

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

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.

2019 Highlights

Divestment and Procurement Savings

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

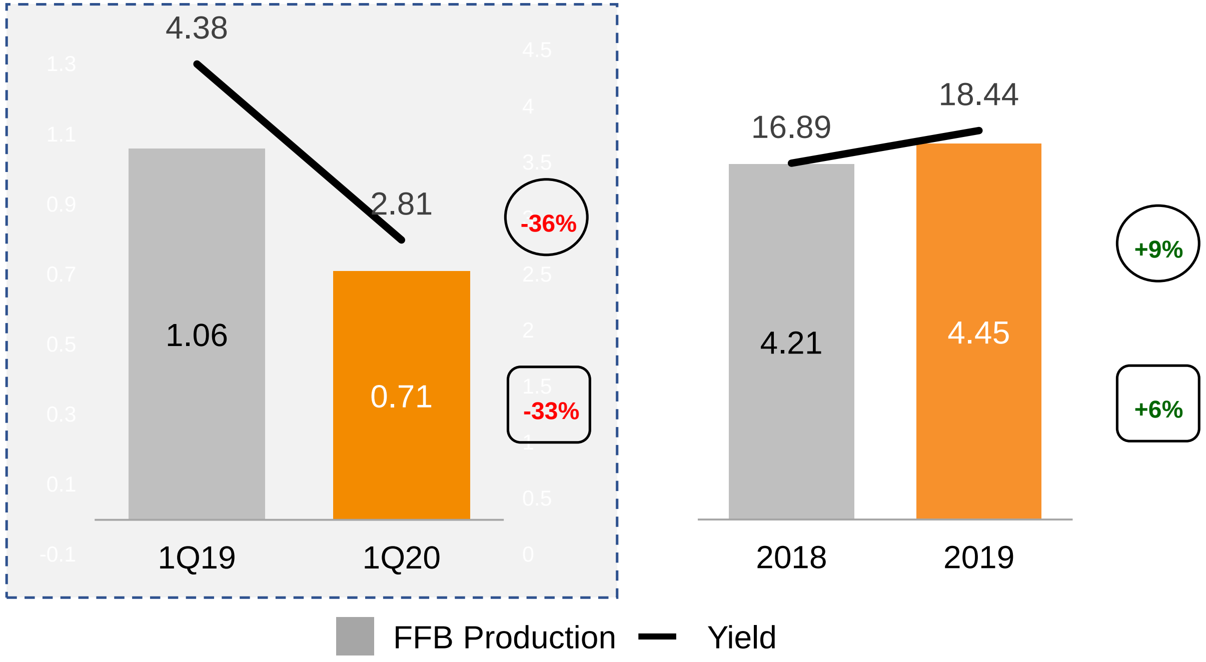
Tenders & contracts savings

Breakdown as a percentage of total:

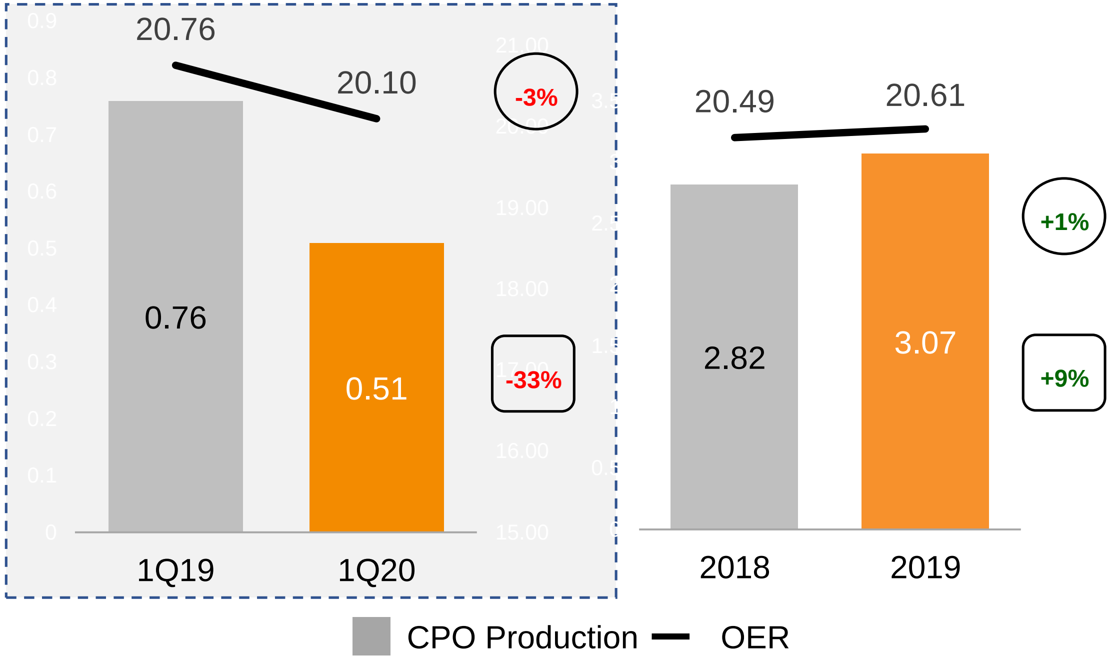
Fertiliser	21%
Estates	18%
Mills	11%
Others	50%

Plantation Sector: Upstream Operational Report

FFB Production (mil MT) **& FFB Yield** (MT/Ha)



CPO Production (mil MT) **& OER** (%)



1Q20 vs 1Q19

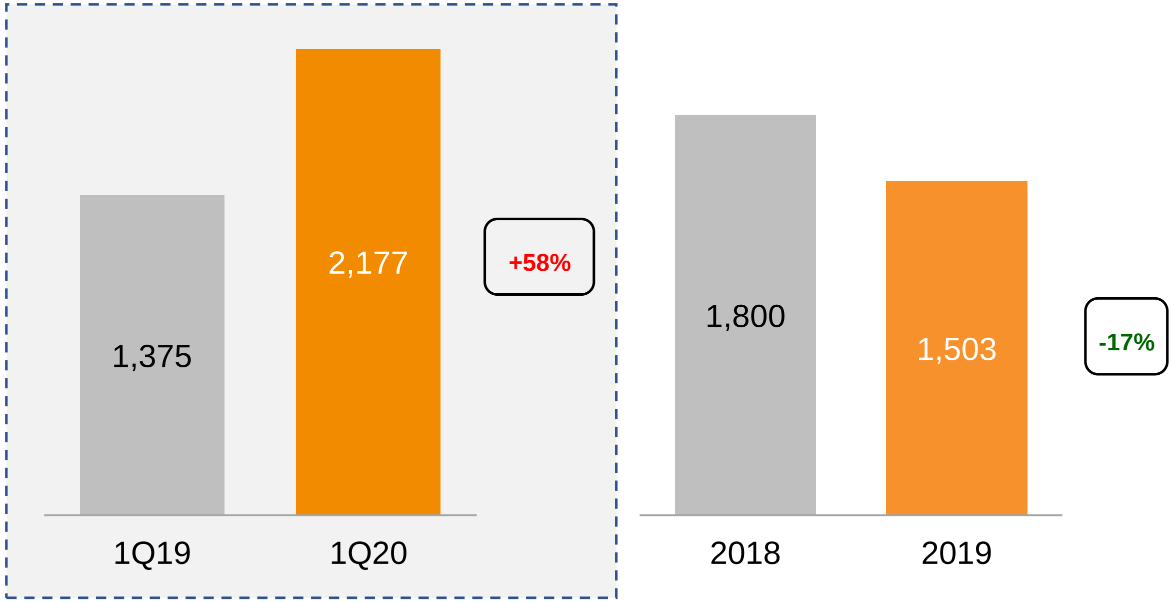
- FFB production decrease by 33% YoY due to dry weather in Sabah and lower fertiliser application in 2019. It is also further impacted by the Movement Control Order imposed by the government in March 2020.

1Q20 vs 1Q19

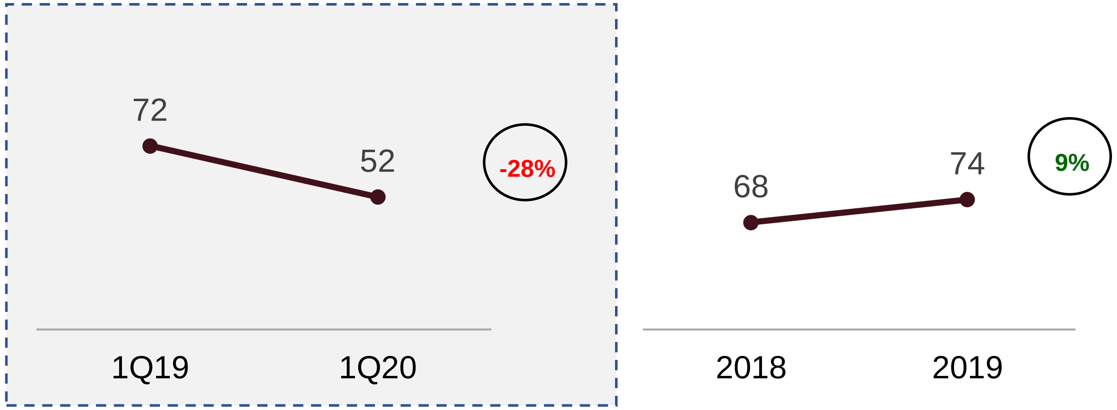
- CPO Production decrease by 33% YoY due to low FFB received from internal and external supplier.
- OER decrease to 20.10% due to lower FFB quality received.

Plantation Sector: Upstream Operational Report

CPO Cost Ex-Mill (RM/MT)



Utilisation Factor (%)



1Q20 vs 1Q19

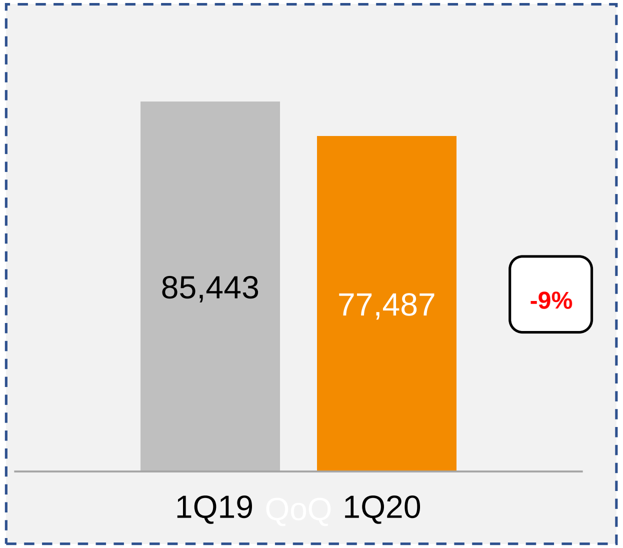
- CPO Cost Ex-Mill increased by 58% due to low production and mill utilisation factor.

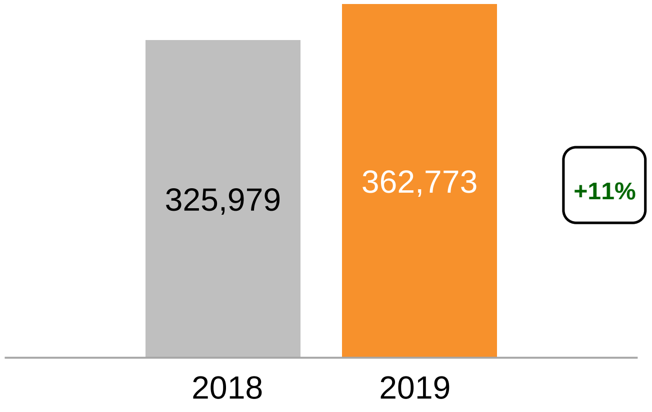
1Q20 vs 1Q19

- Utilisation factor decrease by 28% due to lower FFB processed by 30% to 2.56 million MT (1Q19: 3.68 million MT)

Plantation Sector: Downstream Operational Report

FMCG Sales Volume (MT)

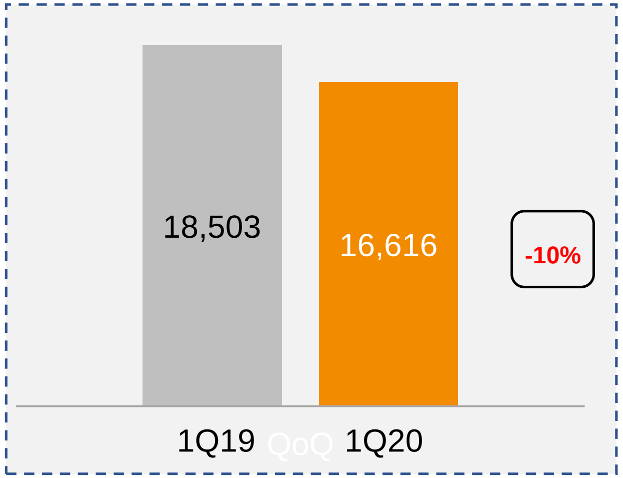


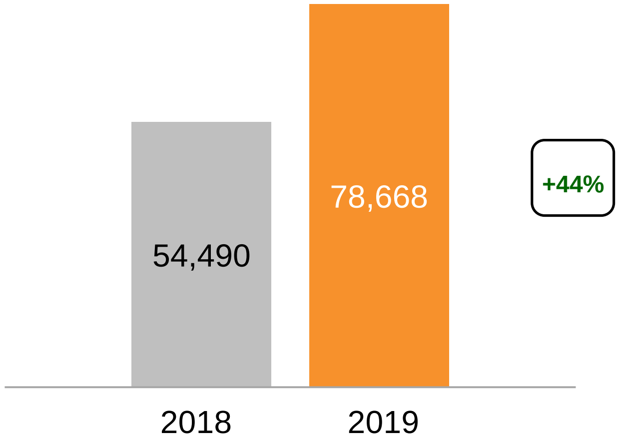


1Q20 vs 1Q19

- FMCG sales volume decrease by 9% YoY driven by increased competition early in the quarter.

Biodiesel Sales Volume (MT)



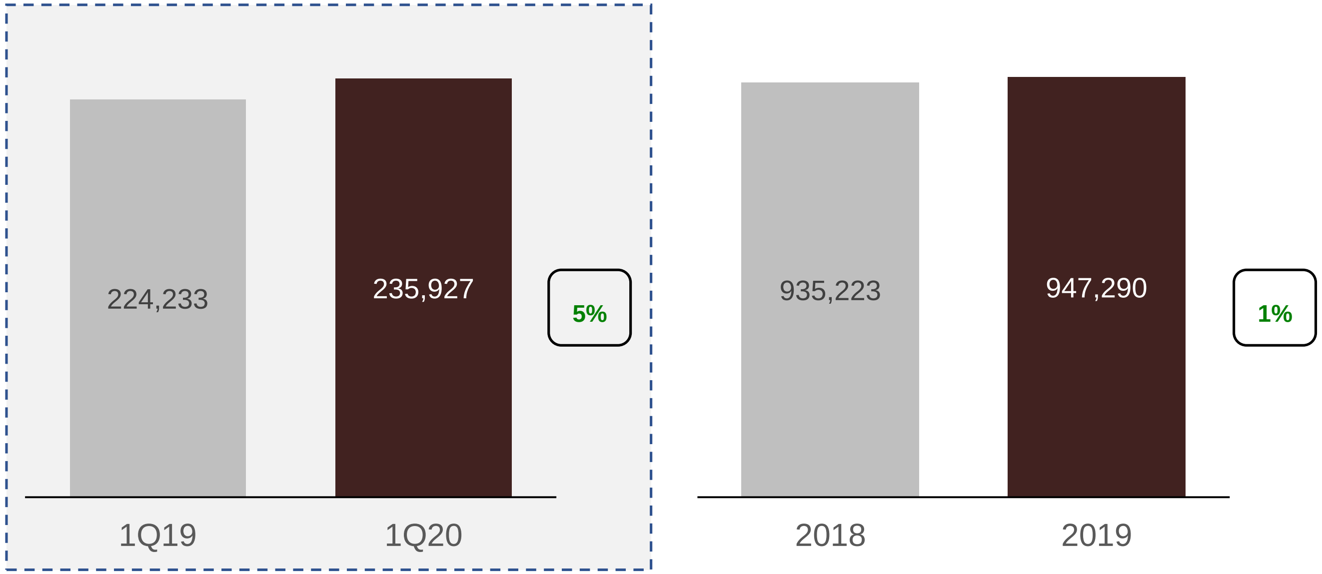


1Q20 vs 1Q19

- PME sales volume decrease by 10% due to no export sales recorded in 1Q20.

Sugar Sector: Operational Report

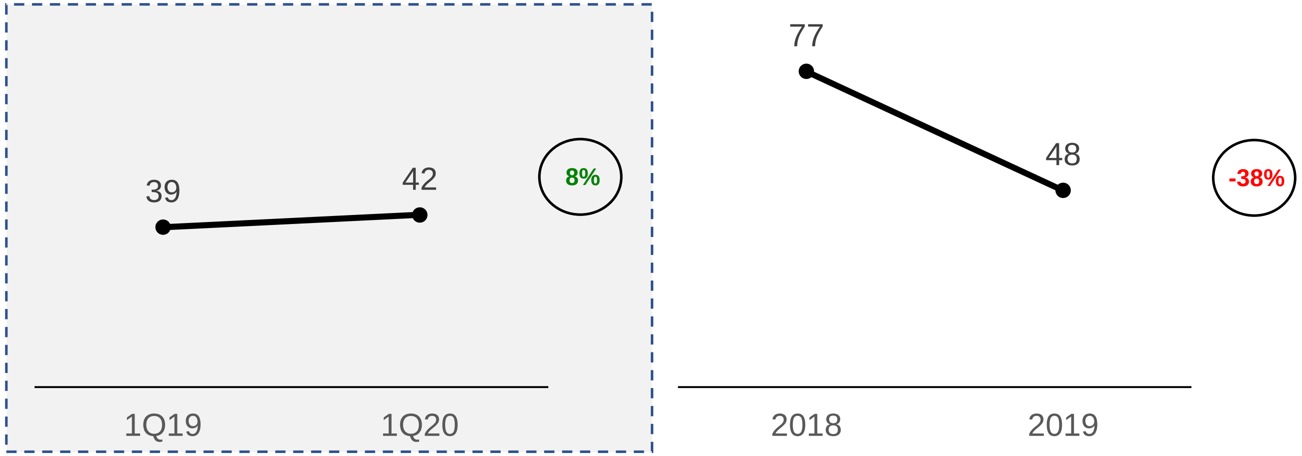
Sugar Sales Volume (mil MT)



1Q20 vs 1Q19

- Sales volume increased 5% partially due to new export of liquid sugar, premix sugar and fine syrup of approximately 9,000 MT

Utilisation Factor (%)

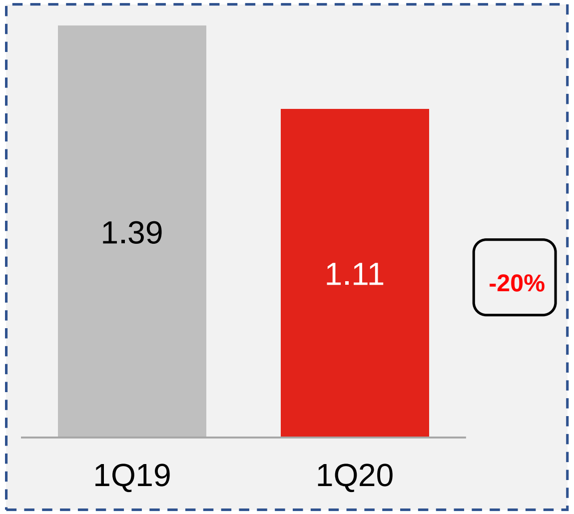


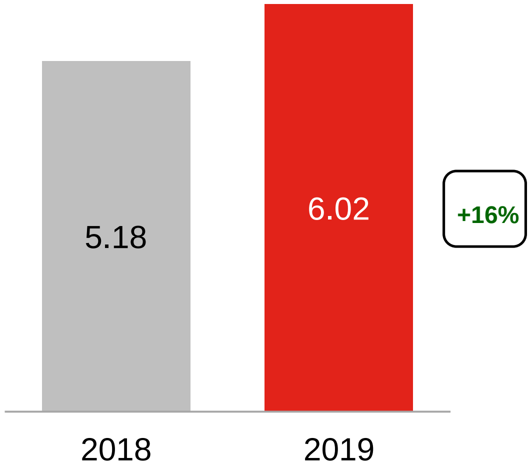
1Q20 vs 1Q19

- 1Q20 utilisation factor is including MSM Sugar Refinery (Johor) Sdn. Bhd.

Logistics Sector: Operational Report

Transport Volume (mil MT)

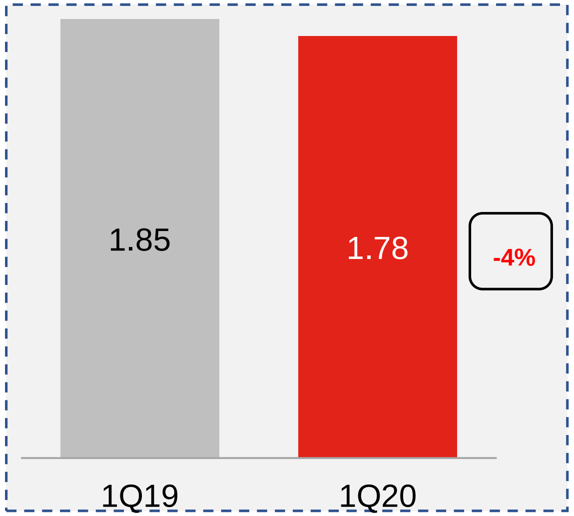


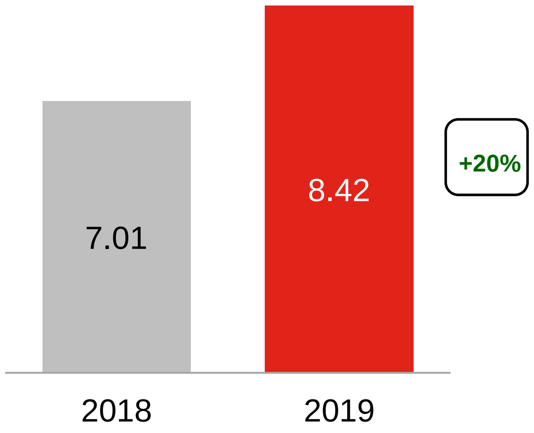


1Q20 vs 1Q19

- Transport volume decrease by 20% YoY due to lower tonnage carried for palm related products.

Bulking Volume (mil MT)





1Q20 vs 1Q19

- Bulking volume decrease by 4% in line with the decrease in Malaysia CPO production and palm oil products in 1Q20.

TODAY's AGENDA

01 FGV at A Glance

02 Leadership Team

03 Key Highlights

04 Strategy for Growth

05 Price Outlook

06 Financial

Strategy Map

VISION	***World's Leading, Integrated & Sustainable Agribusiness***
MISSION	To be a global leader by: • Creating value through our human capital • The embodiment of governance and compliance • Building an integrated value chain advantage • Cultivating diversification in commodities & geography

BUSINESS OBJECTIVES

SUGAR	PLANTATION				LOGISTICS
World Premium Sugar Producer	Premier agribusiness producer focusing on operational excellence				Total Integrated 3PL Logistics Solution & Full-Fledged ICT Player
	UPSTREAM Largest Producer of Sustainable Palm Products	**DOWNSTREAM** Maximizing Palm Value Chain	**TRADING** Maximize Margin & Trading Position	**OTHERS** R&D, Integrated Farming, Renewables	

STRATEGIC THRUSTS

- OPERATIONAL IMPROVEMENT
- PRODUCTS & MARKETS PENETRATION
- NEW GROWTH AREA
- FINANCIAL & CAPABILITY BUILDING

KEY ENABLERS

- HUMAN CAPITAL
- FINANCIAL
- SUSTAINABILITY

Positioning for Value Creation & Sustainable Growth

Strategic Thrusts	2019 *"Stop the Decline"*	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

Integrated Farming

The Group expects its Integrated Farming business to be able to generate an EBITDA margin of 15% by 2023

Dairy

- Premium branded dairy products with assured quality and provenance.
- Current dairy milk processing capacity is 6,000 litres/day to be increased to 10,000 litres/day (single shift) by September 2020.
- Received 120-heads of pregnant crossbred and purebred heifers in April 2020. to increase capacity to 250-heads by December 2020.
- Farm upgrading in Linggi, Negeri Sembilan including a 2,000 litre/hr fresh milk factory is on-going and expected to be completed in 3Q2020.
- B40 contract farming programme to develop supply chain and increase revenue.

Animal Feed

- Premium branded product. High quality formulation with optimum nutritional value.
- Current production capacity: 2 MT per hour. To be increased to 4 MT per hour by September 2020.
- Growth in cattle feed market share over last 4-months: 10%
- Target domestic and regional markets.
- In active discussions with large customers to supply animal feed.
- Expected to launch 5 new animal feed products in year 2020.

Fresh Produce

- Variety of premium fresh fruits and vegetables.
- Quality, safety and sustainability assured.
- Intercropping with oil palm.
- 212.71 ha identified for year 2020 and 10-ha planted as MD2 Pineapple Seeds Garden in Johor.
- B40 contract farming programme to develop supply chain and increase revenue.

Grains

- Certified Fragrant Rice seed producer (MRQ76).
- Identified 10,000 ha for large scale mechanized paddy farming by year 2025, with optimum production capacity of 120,000 MT.
- Rice milling, midstream and downstream processing.
- Rice based products eg, flour, noodles etc.
- B40 contract farming programme to develop supply chain and increase revenue.
- Expected to launch ‘Beras SAJI’ in 3Q2020.

TODAY's AGENDA

Price Outlook & Catalysts

FGV anticipates CPO prices to continue its uptrend momentum in 2020, within a conservative outlook of between RM2,200 – RM2,400 per tonne.

Notable catalysts that will keep CPO prices high in 2020:

- Biodiesel demand – Demand from Indonesia's B30 and Malaysia's B20 implementation is likely to absorb any significant rise in production.
- Indian government abolished the 5% tax to Malaysian PPO which resulted in higher demand for Malaysian origin products. We expect this momentum to continue till end of 3Q as Malaysian government recently announced zero export tax till end of the year.
- As the impact of COVID-19 eases off, many countries has begun to replenish their stocks. Spike in demand would be able to offset increase in production for near coming months.
- Demand is expected to wane in 4Q as winter starts to kick-in where the usage of Palm is limited. Stock would start to climb again and the prices is expected to turn softer.

TODAY’s AGENDA

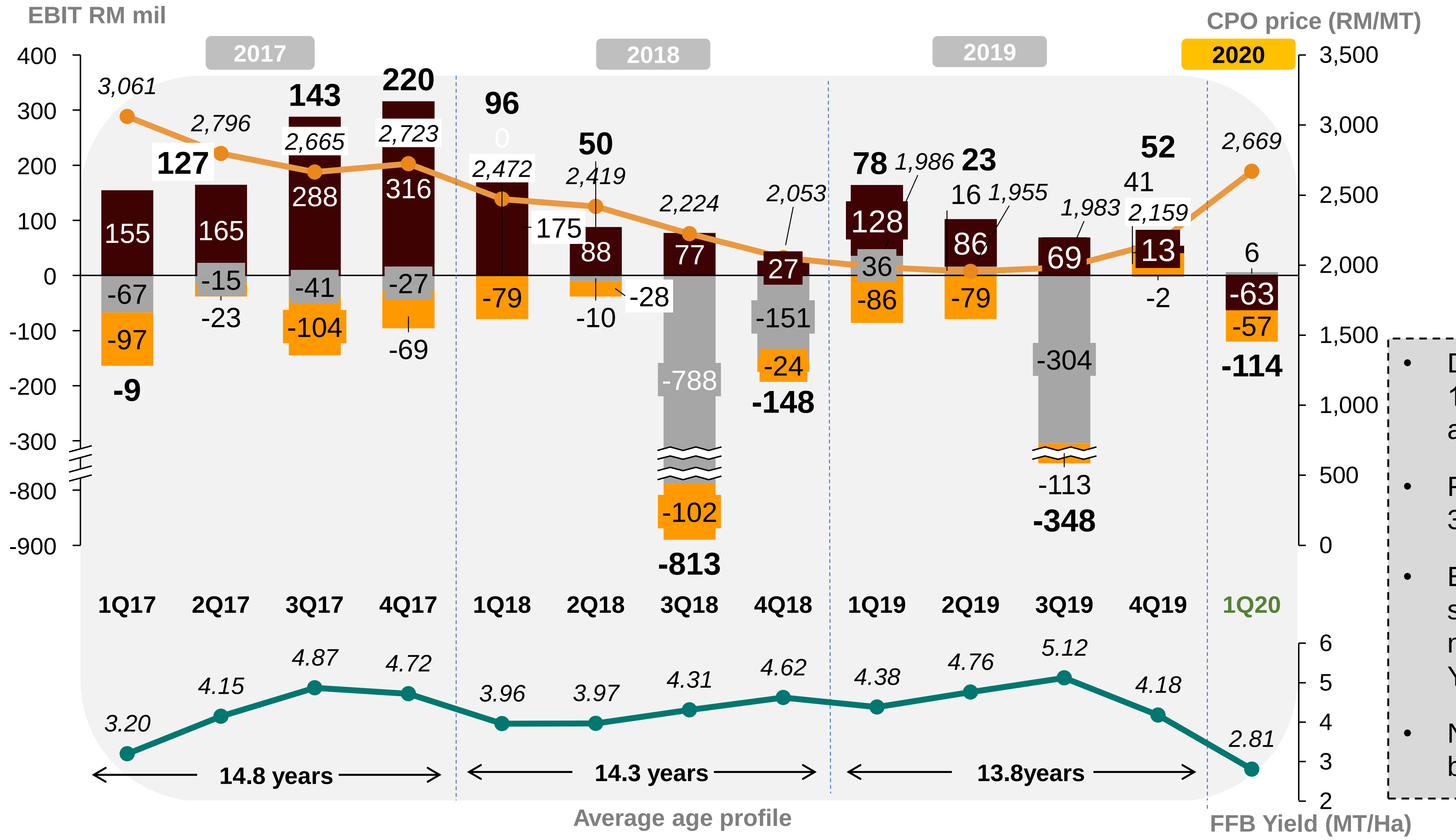
FGV Group recorded LBZT of RM163 million and LATAMI of RM142 million in 1st Quarter 2020

	REVENUE (RM)	Operating Loss* (RM)	LBZT (RM)	LATAMI (RM)
1Q20	**2,783 mil** -15% YoY Lower CPO and PPO sales volume, kernel related products and fertiliser sales volume. Partially compensated by the increase in sugar sales volume.	**63 mil** <100% YoY Lower palm products margin due to higher CPO cost ex-mill. Lower gross margin in sugar and rubber businesses	**163 mil** <100% YoY Fair Value charge in LLA, share of loss from joint ventures and higher finance cost.	**142 mil** <100% YoY

	REVENUE (RM)	Operating Profit* (RM)	LBZT (RM)	LATAMI (RM)
FY2019	**13,259 mil** -2% YoY Lower average CPO Price despite higher volume sold	**297 mil** -19% YoY Lower gross margin in Sugar business	**(339) mil** +67% YoY Lower net impairment and improved share of results	**(246) mil** +77% YoY

** before Impairment & LLA*

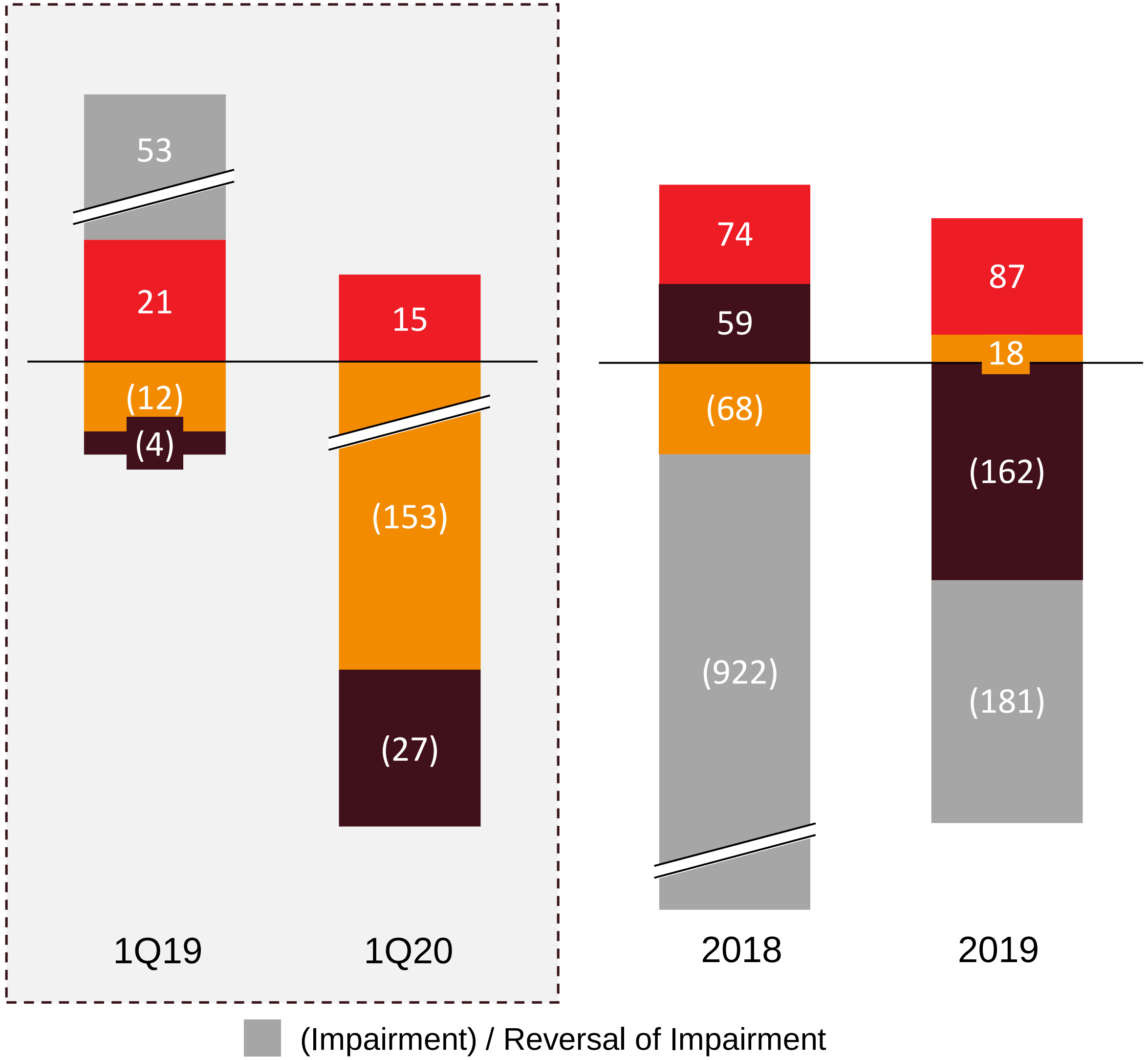
Quarterly EBIT vs CPO Price vs FFB Yield



- Despite high CPO Price in 1Q20, FGV's FFB Yield is lowest achieved in the last 36 months.
- FFB production reduced by 33% YoY.
- External FFB supply and FFB supply from Settlers to FGV mills reduced by 18% and 36% YoY respectively.
- National production was lower by 21% YoY.

Sector Financial Results

P/(L)BZT* (RM mil)



Variance	Plantation	Sugar	Logistics
1Q20 vs 1Q19	▼ <100%	▼ <100%	▼ 29%
2019 vs 2018	▲ >100%	▼ <100%	▲ 18%

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

1Q20 vs 1Q19

- **Plantation** Sector recorded LBZT due to decrease in FFB production by 33%, lower OER and higher CPO cost ex-mill of RM2,177/MT (1Q19: RM1,375/MT). The loss was partially compensated by higher CPO average selling price of RM2,669/MT (1Q19: RM1,986/MT).
- **Sugar** Sector recorded LBZT due to lower gross margin, higher finance cost and higher depreciation in MSM Sugar Refinery (Johor).
- **Logistics** Sector recorded a slightly lower PBZT due to decrease in tonnage carried and rental income from bulking activities.

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.

THANK YOU

Investor Relations

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