

FGV HOLDINGS BERHAD

(Formerly known as Felda Global Ventures Holdings Berhad)

INVEST MALAYSIA 2019

19 March 2019



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Who We Are



FY 2018 Result Summary



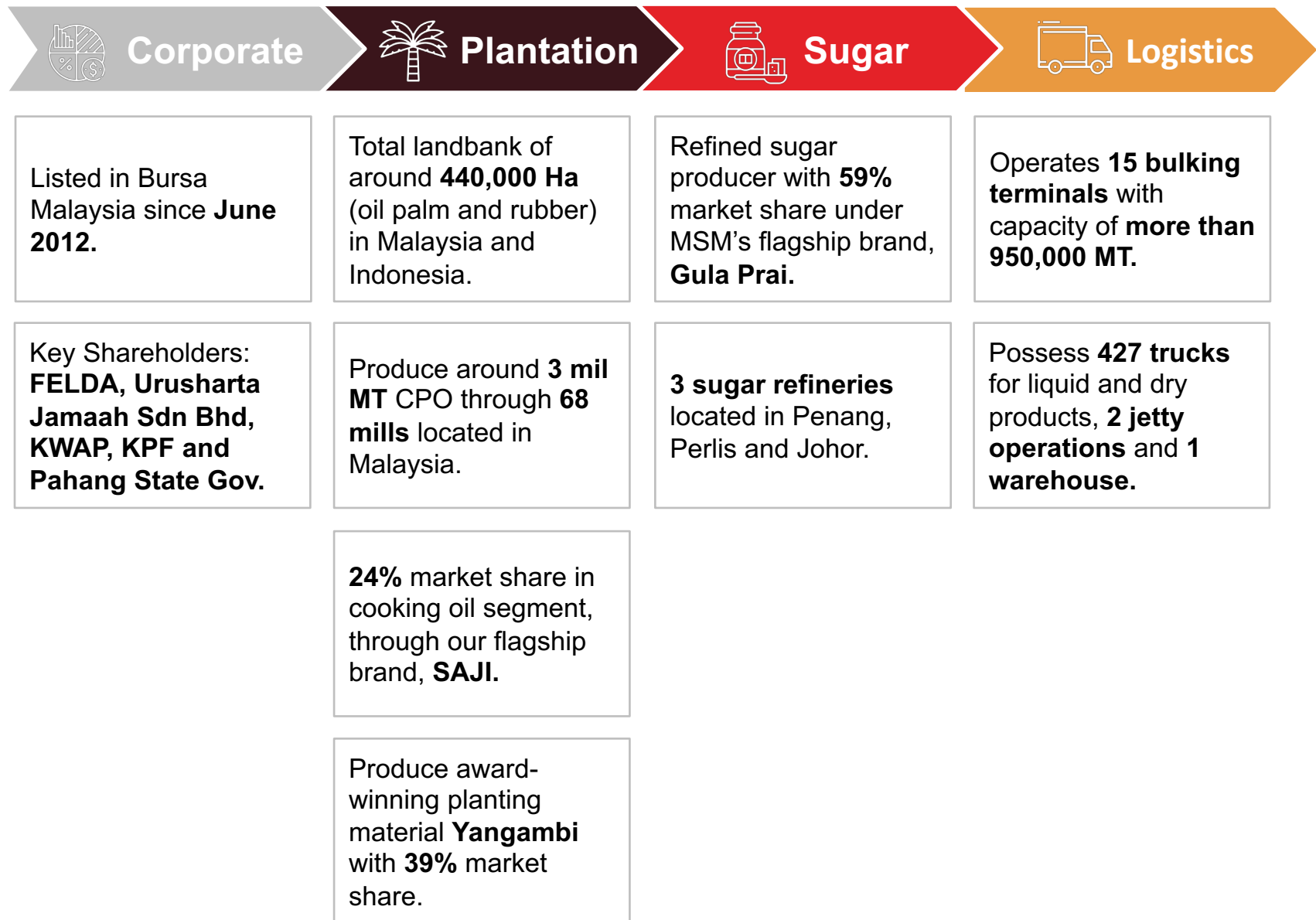
Turnaround Plan Update



Moving Forward



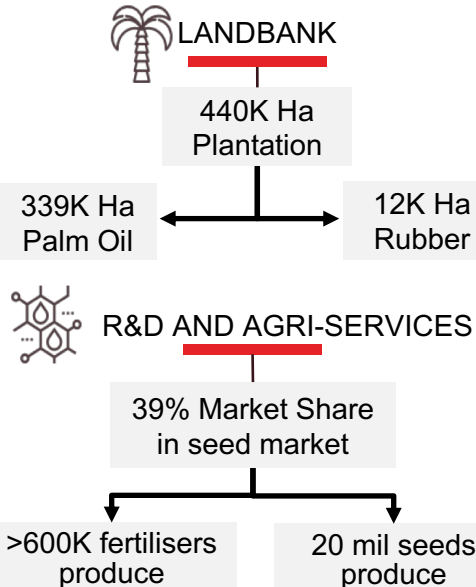
WHO WE ARE



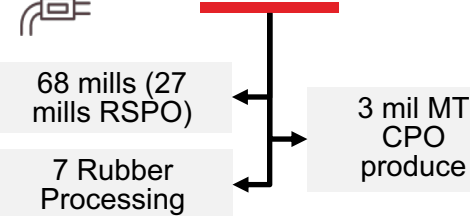
OUR BUSINESSES ARE ORGANISED INTO 3 SECTORS

PLANTATION SECTOR

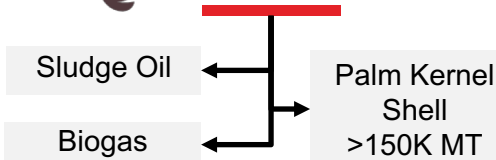
UPSTREAM



PROCESSING FACILITIES

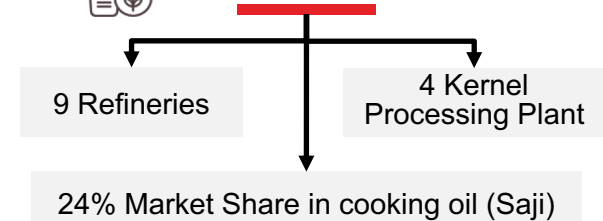


BY-PRODUCTS



DOWNSTREAM

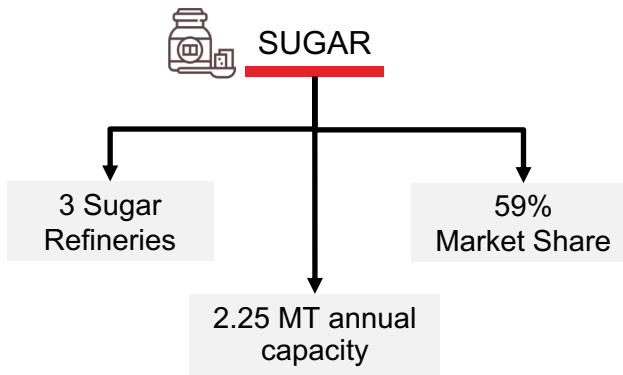
EDIBLE OIL AND FATS



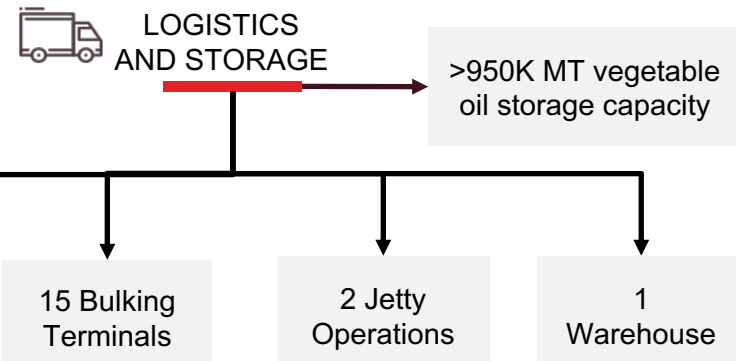
NON-FOOD



SUGAR SECTOR



LOGISTICS AND SUPPORT BUSINESSES SECTOR



OUR GLOBAL PRESENCE

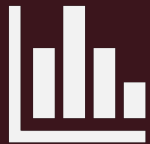
FGV operates in **11** countries around the world supported by more than **18,000** employees



* Joint Ventures (JV)

^ Excluding oil palm estates held under JV

Inclusive of Plasma



FY 2018 RESULT SUMMARY

FY 2018 RESULT SUMMARY



	Q4'18	Q3'18	QoQ	Q4'17	YoY	YTD	FY18	FY17	YoY
FINANCIAL									
Revenue (RM mil)	3,243	3,193	▲ 1%	4,255	▼ 24%		13,467	16,922	▼ 20%
(L)/PATAMI (RM mil)	(209)	(849)	▲ 75%	50	▼ <100%		(1,080)	131	▼ <100%
OPERATIONAL									
FFB Production ('000 MT)	1,150	1,076	▲ 7%	1,187	▼ 3%		4,210	4,260	▼ 1%
FFB Yield (MT/Ha)*	4.62	4.32	▲ 7%	4.72	▼ 2%		16.90	16.94	— 0%
OER (%)	20.70	20.89	▼ 1%	19.92	▲ 4%		20.49	19.83	▲ 3%
CPO Production ('000 MT)	815	689	▲ 18%	867	▼ 6%		2,825	2,992	▼ 6%
Avg. CPO Production Cost, Ex-mill (RM/MT)	1,572	1,777	▼ 12%	1,507	▲ 4%		1,737	1,601	▲ 8%
Avg. CPO Price (RM/MT)	2,053	2,224	▼ 8%	2,723	▼ 25%		2,282	2,792	▼ 18%

* yield based on normalised mature area.

- FGV incurred Loss Before Zakat and Tax in FY2018 mainly due to impairment loss in intangible assets, property, plant and equipment, and receivables, lower CPO/PK margin associated with lower average CPO price, higher CPO production cost, and higher share of loss from joint ventures companies.
- Slight fall in FFB production by 1%. However, OER has improved by 3% in FY2018 as the Group produce higher oil-to-bunch ratio and better FFB quality.
- CPO production reduced by 6% mainly due to lower FFB production and FFB processed.
- Higher average CPO production cost (ex-mill) by 8% due to lower FFB processed and additional cost on labour recruitment as well as rehabilitation activities.



IMMEDIATE TURNAROUND PLAN

Strong Board Members

- **Datuk Wira Azhar Abdul Hamid,**
Chairman, Non-Independent Non-Executive Director
- **Encik Mohd Hassan Ahmad,**
Non-Independent Non-Executive Director
- **Dato' Dr. Othman Omar,**
Non-Independent Non-Executive Director
- **Dato' Yusli Mohamed Yusoff,**
Senior Independent Non-Executive Director
- **Dato' Mohamed Suffian Awang,**
Independent Non-Executive Director
- **Datuk Dr. Salmiah Ahmad,**
Independent Non-Executive Director
- **Dr. Mohamed Nazeeb P.Alithambi,**
Independent Non-Executive Director
- **Datuk Mohd Anwar Yahya,**
Independent Non-Executive Director
- **Dr. Nesadurai Kalanithi,**
Independent Non-Executive Director
- **Datin Hoi Lai Ping,**
Independent Non-Executive Director

We enhanced our Board composition to represent the right mix of skills, experience and background, in delivering return to the Shareholders, and fulfilling the corporate governance obligations and responsibilities in the best interest of the Stakeholders.

Board Balance and Composition

7

Independent Non-Executive Directors

3

Non-Independent Non-Executive Directors

10

Total Board Members

Gender Diversity



30%



70%

Experienced Key Management

Group Chief Executive Officer

Dato' Haris Fadzilah Hassan

Group Chief Financial Officer

Dato' Mohd Hairul Abdul Hamid

Chief Operating Officer of Plantation Sector/
Chief Transformation Officer

Tuan Syed Mahdhar Syed Hussain

Chief Operating Officer of Sugar Sector

Dato' Khairil Anuar Aziz

Chief Operating Officer of LSB Sector

Encik Azman Ahmad

Chief Investment Officer

Encik Fakhrunniam Othman

Chief Human Resource Officer

Encik Mazri Abdul Rahim

Chief Financial Controller

Puan Aznur Kama Azmir

Chief Procurement Officer

Dr. Christina Ooi Su Siang

Chief Counsel

Puan Ida Suryati Datuk Ab Rahim

Company Secretary

Ms Koo Shuang Yen

Chief Internal Auditor

Puan Zalily Mohamed Zaman Khan

TURNAROUND PLAN UPDATE

Operational Target

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

Estates Transformation Initiatives

- Introduce 'structured tasking & block harvesting' and incentives for tall palm harvesting.
- Improve overall crops traceability and security.
- Improve workers welfare through better accommodation, amenities & facilities.

Milling Transformation Initiatives

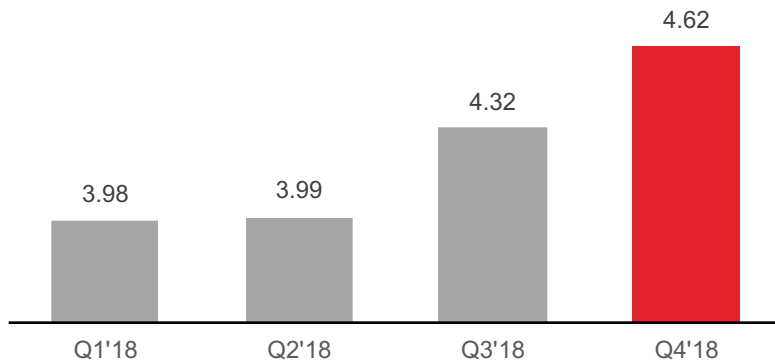
- Tighten process controls to minimise milling oil losses.
- Intensify FFB sourcing to increase mills utilization.
- Enhance planning and supervision to control fixed & variable costs.

TURNAROUND PLAN UPDATE

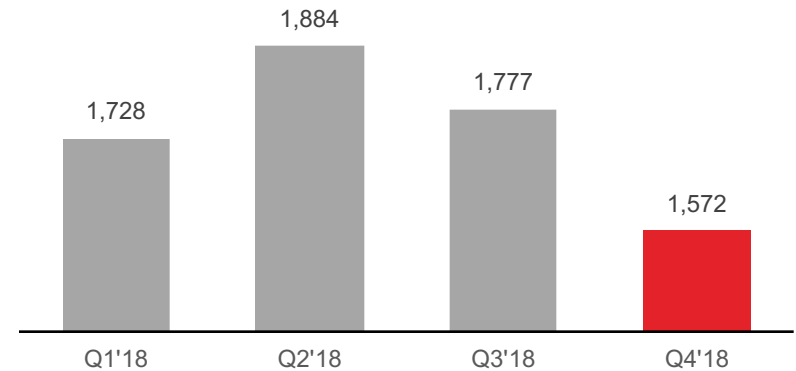


Q4'18 Operational Improvement

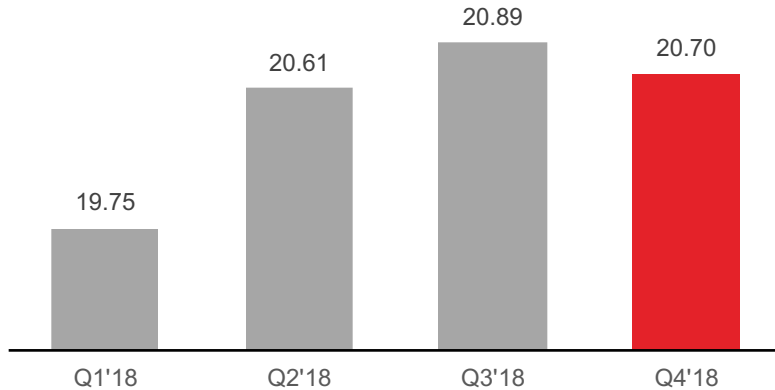
FFB Yield (MT/Ha)



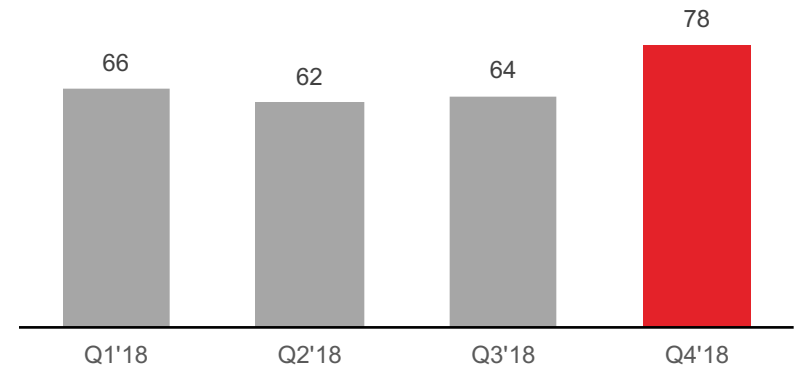
CPO Production Cost (ex-mill) (RM/MT)



OER (%)



Mill Utilisation Factor (%)

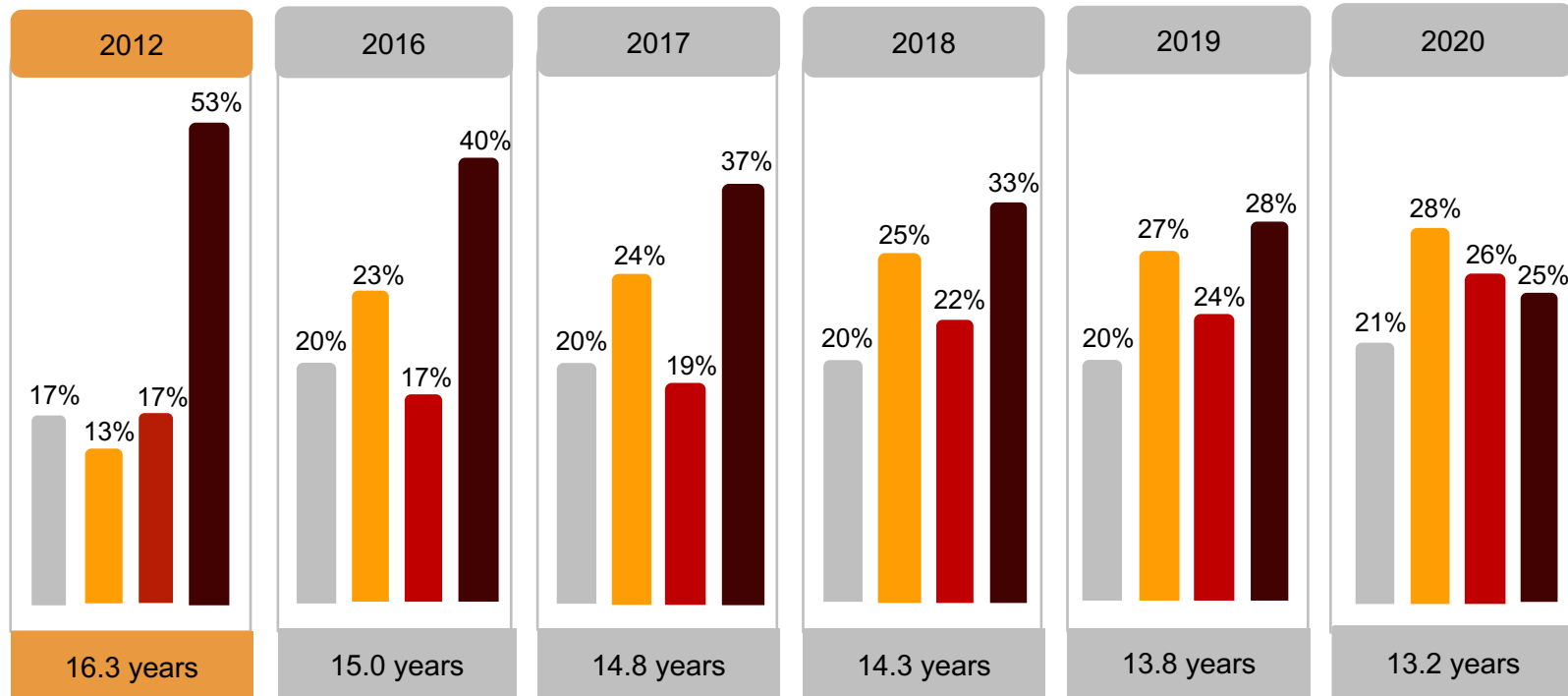




MOVING FORWARD PLAN

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Improving Age Profile



*Age profile distribution and FFB production without M&A

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

- During IPO (2012), old trees (>21 years old) represents around 50% of total planted areas.
- We have been replanting aggressively at average of 15,000 Ha per year with replanting cost approximately RM300 mil/year, which has reduced the old trees age distribution (>21 years old) to 34% today.
- This plan shall continue until we achieve normalised age profile of 12 years by 2026.

Key Focus Area

Estates

- Implementation of **tasking system for harvester** and increase productivity from 1.4 to 1.5MT/manday.
- **Complete harvesting round** at 2.5 rounds per month.
- Expedite **new workers recruitment** to achieve 100% requirement.
- **Continue replanting** of 15,000 Ha in 2019.
- **Mechanise** 18,500 Ha in 2019 to improve man to land ratio (harvesters) from 1:20 to 1:25.
- New policy setting of ripeness standard to **reduce crop rejection** from 0.6% to 0.3%.
- **Increase uptake of CSPO** by 40% (335k MT in 2018 to 426k MT in 2019).
- Optimise manuring programme by **changing fertiliser type and application process**.

Mills

- **Rationalise several mills** until 2021 to improve utilization factor.
- **Reduce CPO Production Cost (ex-mill)** below RM1,500.
- Tighten **procurement process** involving capital and operating expenditures.

Others

- Divestment of **non-core and non-performing assets** with expected proceeds of RM350 million.
- **Disposal of Chuping plantation land** under Sugar Sector.
- **Expansion of storage capability** with additional capacity of 50,000 MT in 2019.
- **Manpower rationalisation** by 10%.

THANK YOU



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