

# FGV HOLDINGS BERHAD

Non-deal Roadshow: Singapore  
July 2019



# DISCLAIMER

---



These materials have been prepared by FGV Holdings Berhad (“FGV” or the “Company”) solely for informational purposes, and are strictly confidential and may not be taken away, reproduced or redistributed to any other person. By attending this presentation, participants agree not to remove this document from the conference room where such documents are provided without express written consent from the Company. Participants agree further not to photograph, copy or otherwise reproduce these materials at any point of time during the presentation or while in your possession. By attending this presentation, you are agreeing to be bound by the foregoing restrictions. Any failure to comply with these restrictions may result in a violation of applicable laws and commencement of legal proceedings against you.

It is not the Company’s intention to provide, and you may not rely on these materials as providing, a complete or comprehensive analysis of the Company’s financial position or prospects. The information contained in these materials has not been independently verified and is subject to verification, completion and change without notice. The information contained in these materials is current as of the date hereof and are subject to change without notice, and its accuracy is not guaranteed. The Company is not under any obligation to update or keep current the information contained in these materials subsequent to the date hereof. Accordingly, no representation or warranty, express or implied, is made or given by or on behalf of the Company, or any of its directors and affiliates or any other person, as to, and no reliance should be placed for any purposes whatsoever on, the fairness, accuracy, completeness or correctness of, or any errors or omissions in, the information contained in these materials. Neither the Company, its directors, officers or employees nor any other person accepts any liability whatsoever for any loss howsoever arising from any use of these materials or their contents or otherwise arising in connection therewith.

These materials contain historical information of the Company which should not be regarded as an indication of future performance or results. These materials may also contain forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements reflect the Company’s current views with respect to future events and are not a guarantee of future performance or results. Actual results, performance or achievements of the Company may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company’s present and future business strategies and the environment in which the Company will operate in the future, and must be read together with such assumptions. Predictions, projections or forecasts of the economy or economic trends of the markets are not necessarily indicative of the future or likely performance of the Company, and the forecast financial performance of the Company is not guaranteed. No reliance should be placed on these forward-looking statements, if any.



**WHO WE ARE**



**RESULTS SUMMARY**



**OPERATIONAL IMPROVEMENT**

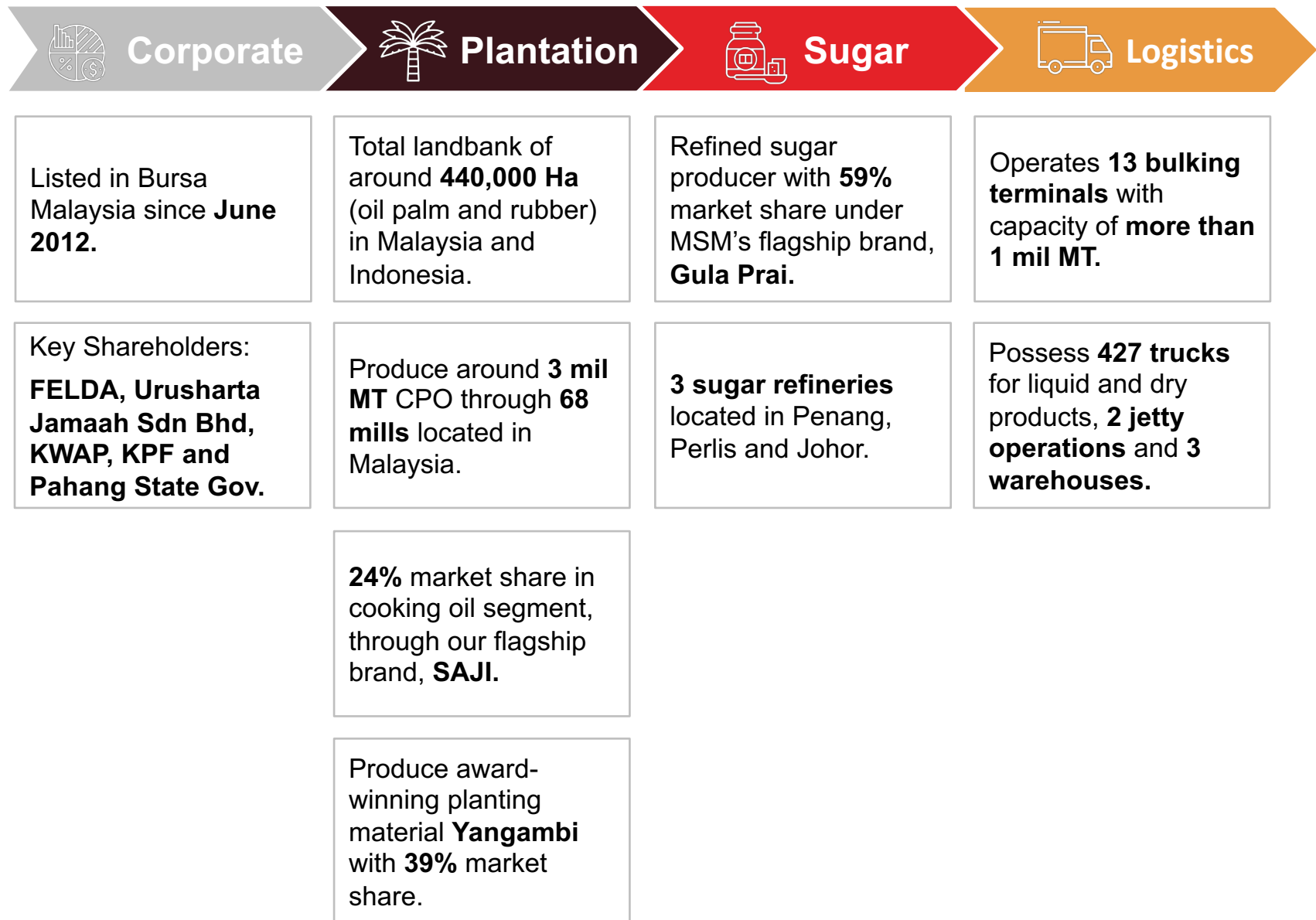


**MOVING FORWARD**



## WHO WE ARE

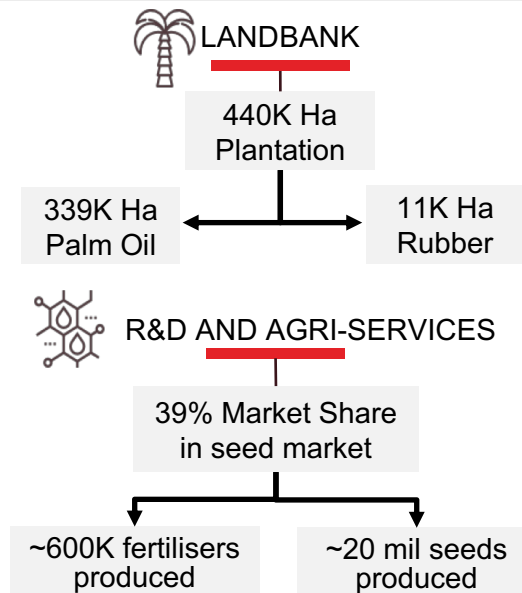




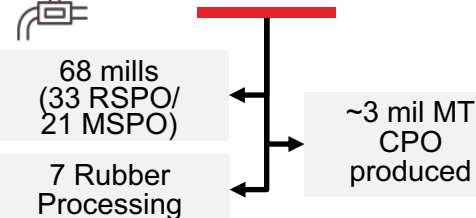
# OUR BUSINESSES ARE ORGANISED INTO 3 SECTORS

## PLANTATION SECTOR

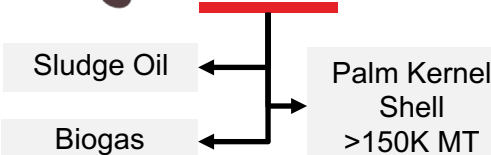
### UPSTREAM



### PROCESSING FACILITIES

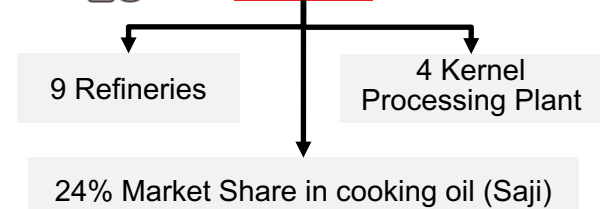


### BY-PRODUCTS

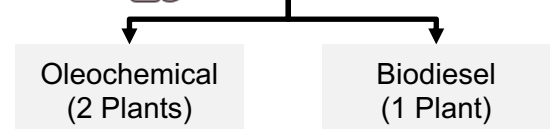


### DOWNSTREAM

#### EDIBLE OIL AND FATS



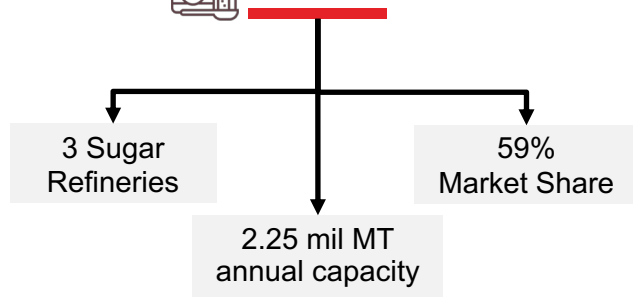
#### NON-FOOD



## SUGAR SECTOR



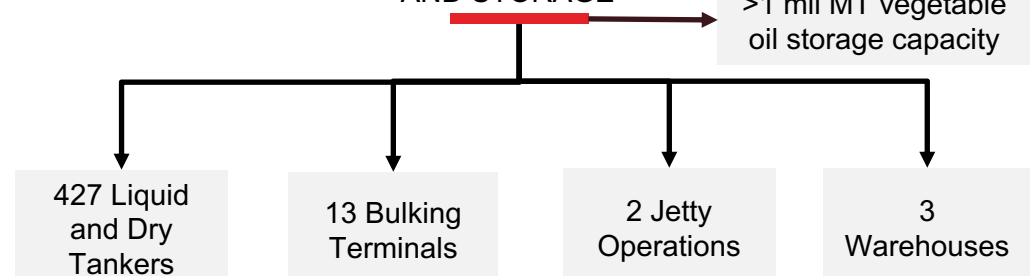
### SUGAR



## LOGISTICS SECTOR

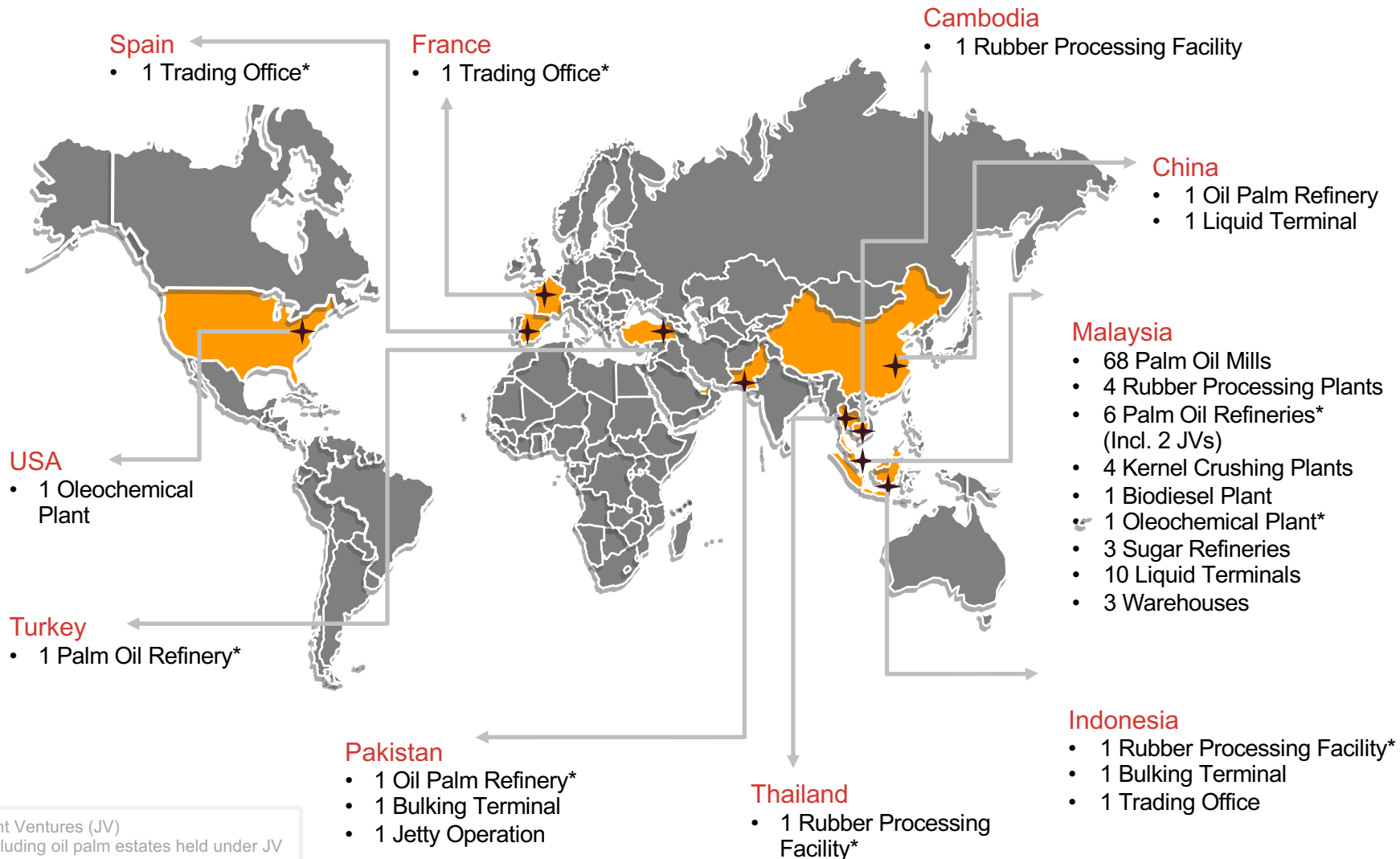


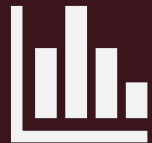
### LOGISTICS AND STORAGE



# OUR GLOBAL PRESENCE

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





## RESULTS SUMMARY

# Q1 2019 GROUP FINANCIAL RESULTS



FINANCIAL (RM mil)	Quarter					Full Year		Var.
	Q1'19	Q1'18	YOY	Q4'18	QOQ	FY 18	FY 17	
Revenue	3,276	3,603	▼ 9%	3,231	▲ 1%	13,464	16,921	▼ 20%
Profit/(Loss) BIT	78	96	▼ 19%	(147)	▲ >100%	(827)	485	▼ <100%
Profit/(Loss) BZT	23	26	▼ 12%	(139)	▲ >100%	(1,023)	403	▼ <100%
Profit/(Loss) ATAMI	(3)	1	▼ <100%	(209)	▲ 98%	(1,080)	131	▼ <100%
Avg. CPO Price (RM/MT)	1,986	2,472	▼ 20%	2,053	▼ 3%	2,282	2,792	▼ 18%

## GROUP FINANCIAL PERFORMANCE FOR Q1'19

**Revenue** decreased by 9% YoY affected by lower CPO price of RM1,986/MT (Q1'18: RM2,472/MT), mitigated by higher CPO production and sales volume at 0.58 mil MT (Q1'18: 0.52 mil MT) on the back of improved operational performances.

### PBIT declined 19% YoY mainly due to:

- Lower average CPO price of RM1,986/MT (Q1'18: RM2,472/MT).
- Lower average selling price of sugar at RM2,157/MT (Q1'18: RM2,443/MT) and higher refining cost.
- MSS provisions of RM27 mil.
- Provision for closure of KS Jerangau Baru of RM12 mil.

### Performance was mitigated by improved operational performance:

- Higher FFB production at 1.06 mil MT (Q1'18: 0.99 mil MT).
- Higher OER achieved at 20.76% (Q1'18: 19.75%).
- Lower CPO cost ex-mill of RM1,379/MT (Q1'18: RM1,728/MT).
- Net reversal of impairments of receivables of RM48 mil.
- Higher margin contributions and sales volume in Palm Kernel and related products.

# Q1 2019 RESULTS SUMMARY BY SECTORS



## PLANTATION

Quarter					Full Year		
Q1'19	Q1'18	YOY	Q4'18	QOQ	FY 18	FY 17	Var.

### FINANCIAL (RM mil)

Revenue	<b>2,714</b>	2,953	▼ 8%	2,385	▲ 14%	10,233	8,505	▲ 20%
Profit/(Loss) BZT	<b>40</b>	19	▲ >100%	(122)	▲ >100%	(960)	521	▼ <100%

### OPERATIONAL PARAMETERS

FFB Production ('000 MT)	<b>1,056</b>	991	▲ 6%	1,150	▼ 8%	4,210	4,260	▼ 1%
FFB Yield (MT/Ha)	<b>4.38</b>	3.96	▲ 11%	4.62	▼ 5%	16.90	16.94	■ 0%
OER (%)	<b>20.76</b>	19.75	▲ 5%	20.70	■ 0%	20.49	19.83	▲ 3%
CPO Production ('000 MT)	<b>762</b>	669	▲ 14%	815	▼ 7%	2,825	2,992	▼ 6%
CPO Cost ex-mill (RM/MT)	<b>1,379</b>	1,728	▼ 20%	1,572	▼ 12%	1,737	1,601	▲ 8%
DOP sales volume (MT)	<b>85,443</b>	88,430	▼ 3%	77,158	▲ 11%	325,377	342,652	▼ 5%
PME sales volume (MT)	<b>16,616</b>	10,511	▲ 58%	19,586	▼ 15%	54,500	40,161	▲ 36%

#### Higher Plantation Sector profit in Q1'19 due to:

##### Upstream

- FFB production increased by 6%.
- OER increased by 5%.
- Lower CPO production cost ex-mill at RM1,379/MT.
- Losses from JV companies recorded at RM32 mil.

##### Downstream

- Improved RBDPKO margin of RM224/MT vs Q1'18 negative margin of RM51/MT.
- Higher PME sales of 16,616 MT vs 10,511 MT in Q1'18.

# Q1 2019 RESULTS SUMMARY BY SECTORS



## SUGAR

Quarter					Full Year		
Q1'19	Q1'18	YOY	Q4'18	QOQ	FY 18	FY 17	Var.

### FINANCIAL (RM mil)

Revenue	486	540	▼ 10%	526	▼ 8%	2,202	2,656	▼ 17%
Profit/(Loss) BZT	(3)	22	▼ <100%	(13)	▲ 77%	59	(2)	▲ >100%

### OPERATIONAL PARAMETERS

Sales Volume (MT)	224,000	223,000	■ 0%	241,489	▼ 7%	935,223	997,041	▼ 6%
Avg. Selling Price (RM/MT)	2,157	2,443	▼ 12%	2,137	■ 0%	+ - 2,300	+ - 2,600	N/A



## LOGISTICS

### FINANCIAL (RM mil)

Revenue	82	104	▼ 21%	147	▼ 44%	1,030	5,760	▼ 82%
Profit/(Loss) BZT	(17)	24	▼ <100%	8	▼ <100%	44	68	▼ 35%

### OPERATIONAL PARAMETERS

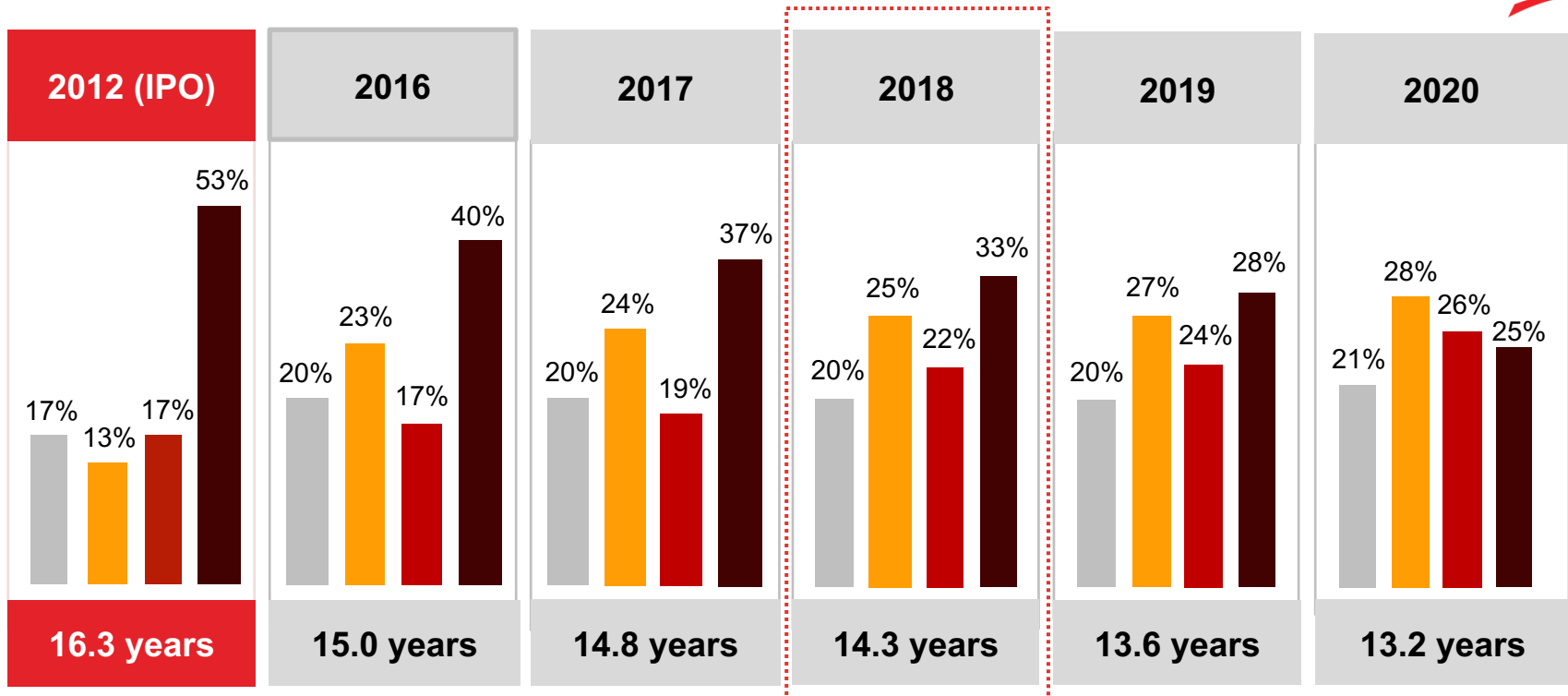
Tonnage Carried (mil MT)	1.39	1.30	▲ 7%	1.35	▲ 3%	5.18	5.09	▲ 2%
Bulking Throughput (mil MT)	1.85	1.89	▼ 2%	1.80	▲ 3%	7.01	7.56	▼ 7%



# OPERATIONAL IMPROVEMENT



# IMPROVING AGE PROFILE



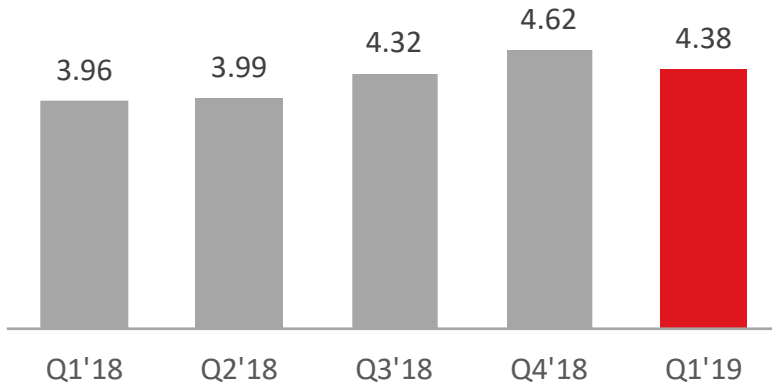
\*Age profile distribution and FFB production without M&A

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

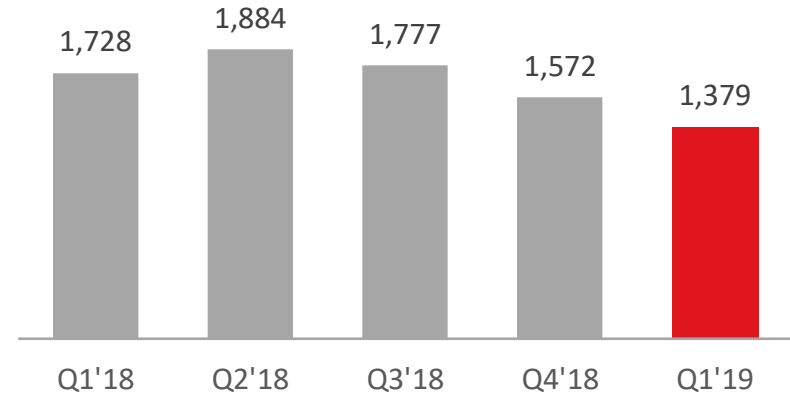
- During IPO (2012), old trees (>21 years old) represents more than 50% of total planted areas.
- We have been replanting aggressively at average of 15,000 Ha per year with replanting cost approximately RM300 mil/year, which has reduced the old trees age distribution (>21 years old) to 33% in 2018.
- This plan shall continue until we achieve normalised age profile of 12 years by 2026.

# OPERATIONAL IMPROVEMENT

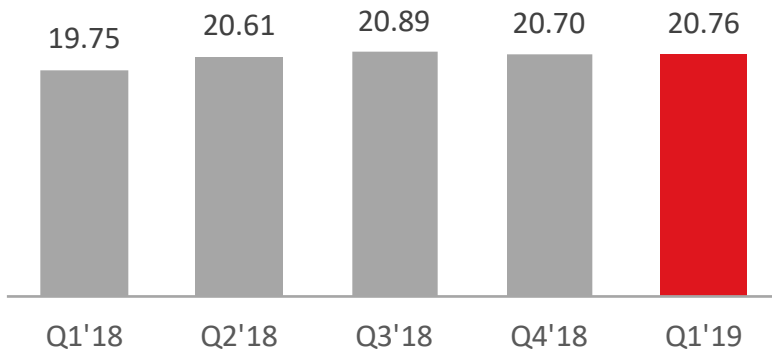
FFB Yield (MT/Ha)



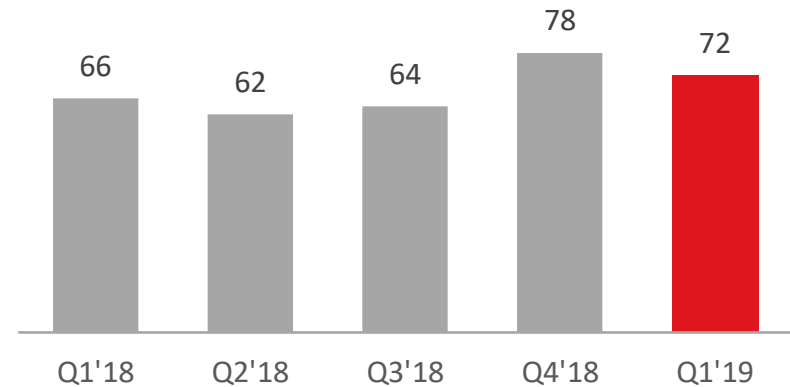
CPO Cost ex-mill (RM/MT)



OER (%)



Utilisation Factor (%)



# OPERATIONAL TARGET



	2018 FY (A)	YTD Mar (A)	2019 FY (f)	2020 FY (f)
FFB Production	4.21 mil MT	1.05 mil MT	4.79 mil MT	5.14 mil MT
FFB Yield*	16.90 MT/Ha	4.38 MT/Ha	19.43 MT/Ha	20.00 MT/Ha
OER	20.49%	20.76%	20.78%	21.18%
CPO Production	2.83 mil MT	0.76 mil MT	3.09 mil MT	3.20 mil MT
CPO Cost (ex-mill)	RM1,737/MT	RM1,379/MT	RM1,469/MT	RM1,464/MT

\*Yield based on normalised area.



## MOVING FORWARD PLAN

# 2019 KEY FOCUS AREA



## PLANTATION

- Implementation of **tasking system for harvester** and increase productivity from 1.4 to 1.5 MT per manday.
- 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%.
- Optimise manuring programme by **changing fertiliser type and application process**.
- **Rationalise two mills** to improve utilisation factor.
- **Reduce CPO Cost (ex-mill)** to below RM1,500.
- **Increase volume** of Certified Sustainable Palm Oil (CSPO).

## SUGAR

- **Product diversification** and **new product development**.
- **Commercial collaboration** with international sugar players.
- Monetise **non-core assets**.
- **Cost savings** initiative and **continuous improvements** on efficiency and productivity.

## LOGISTICS

- Expansion of **storage capability** and product diversification.
- **Extend services** into FMCG & high value products.
- Leverage on Pakistan facility to **diversify market reach and client base**.

## OTHERS

- Divestment of **non-core and non-performing assets** with expected proceeds of RM350 million.
- **Manpower cost optimization** by 10%.
- **Diversify revenue stream** through alternative crops.

# THANK YOU



FGV Holdings Berhad (800165-P)

Group Investor Relations  
Level 20, Wisma FGV,  
Jalan Raja Laut, 50350 Kuala Lumpur, Malaysia

+603 2789 0000

[fgv.investors@fgvholdings.com](mailto:fgv.investors@fgvholdings.com)  
[www.fgvholdings.com](http://www.fgvholdings.com)