

FGV HOLDINGS BERHAD

(Formerly known as Felda Global Ventures Holdings Berhad)

CIMB 11th Annual Malaysia Corporate Day
4 January 2019



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Who We Are



Q3 2018 Result Summary



Turnaround Plan Update



WHO WE ARE

FGV AT A GLANCE



Listed in Bursa Malaysia since **June 2012**.

Key Shareholders: **FELDA, Urusharta Jamaah Sdn Bhd, KWAP, KPF and Pahang State Gov.**

Total landbank of around **441,000 Ha** (palm and rubber) in Malaysia and Indonesia.

Produce around **3 mil MT** CPO through **68 mills** located in Malaysia.

35% market share in cooking oil segment, through our flagship brand, **SAJI**.

Produce award-winning planting material **Yangambi** with **42%** market share.

Refined sugar producer with **58%** market share under MSM's flagship brand, **Gula Prai**.

3 sugar refineries located in Penang, Perlis and Johor.

Operates **15 bulking terminals** with capacity of **more than 950,000 MT**.

Manage around **30%** of Malaysia total palm oil export.

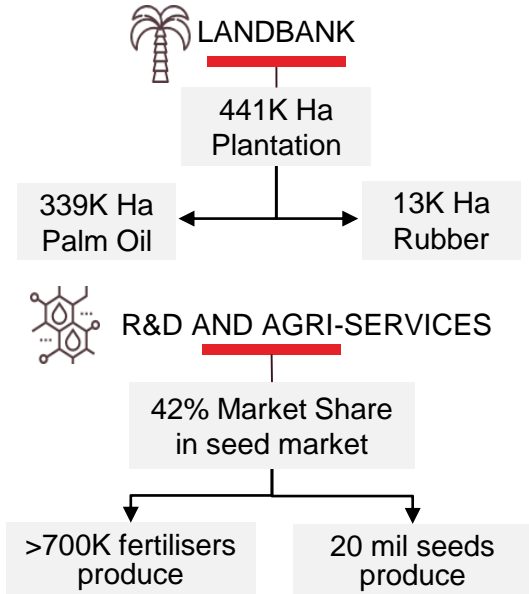
Possess **427 trucks** for liquid and dry products, **2 jetty operations** and **1 warehouse**.

OUR BUSINESSES ARE ORGANISED INTO 3 SECTORS

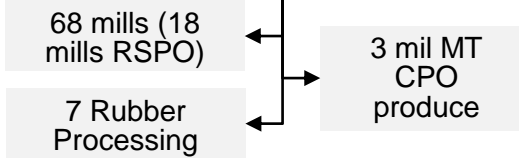


PLANTATION SECTOR

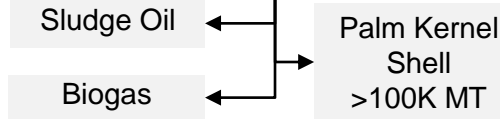
UPSTREAM



PROCESSING FACILITIES

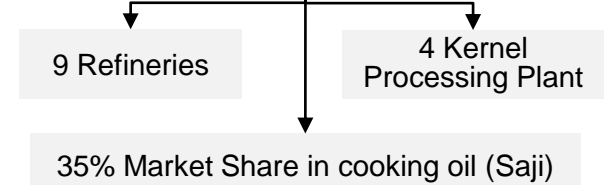


BY-PRODUCTS

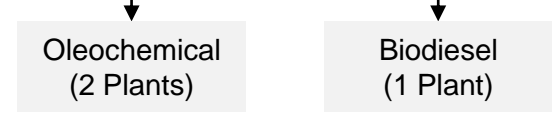


DOWNSTREAM

EDIBLE OIL AND FATS

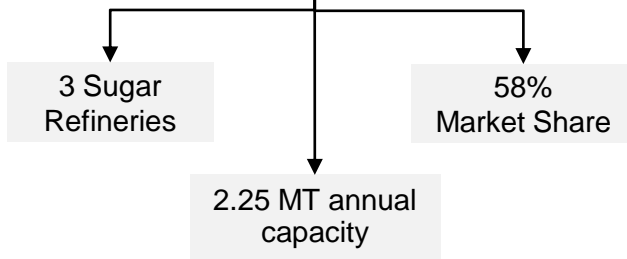


NON-FOOD



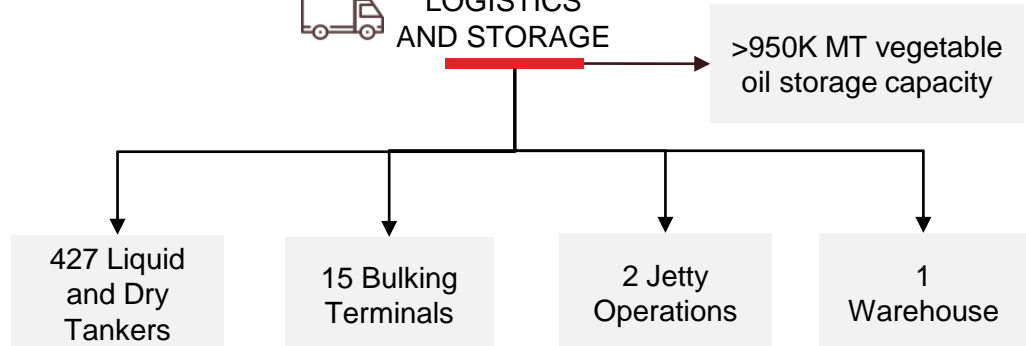
SUGAR SECTOR

SUGAR



LOGISTICS AND SUPPORT BUSINESSES SECTOR

LOGISTICS AND STORAGE



OUR GLOBAL PRESENCE



FGV operates in **11** countries around the world supported by more than **19,000** employees



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



Q3 2018 RESULT SUMMARY

Q3 2018 RESULT SUMMARY



| | Q3'18 | Q2'18 | QoQ | Q3'17 | YoY | YTD | | YoY | |
|---|-------|-------|---------|-------|---------|--------|--------|---------|--|
| | | | | | | 9M18 | 9M17 | | |
| FINANCIAL | | | | | | | | | |
| Revenue (RM mil) | 3,193 | 3,437 | ▼ 7% | 4,138 | ▼ 23% | 10,233 | 12,666 | ▼ 19% | |
| (L)/PATAMI (RM mil) | (849) | (23) | ▼ <100% | 42 | ▼ <100% | (871) | 80 | ▼ <100% | |
| OPERATIONAL | | | | | | | | | |
| FFB Production ('000 MT) | 1,076 | 993 | ▲ 8% | 1,226 | ▼ 12% | 3,060 | 3,073 | ▼ 0.4% | |
| FFB Yield (MT/Ha) | 3.92 | 3.61 | ▲ 9% | 4.44 | ▼ 12% | 11.13 | 11.13 | — 0% | |
| OER (%) | 20.89 | 20.61 | ▲ 1% | 19.78 | ▲ 6% | 20.41 | 19.79 | ▲ 3% | |
| CPO Production ('000 MT) | 689 | 651 | ▲ 6% | 845 | ▼ 18% | 2,009 | 2,126 | ▼ 6% | |
| Avg. CPO Production Cost, Ex-mill (RM/MT) | 1,777 | 1,884 | ▼ 6% | 1,541 | ▲ 15% | 1,800 | 1,630 | ▲ 10% | |
| Avg. CPO Price (RM/MT) | 2,224 | 2,419 | ▼ 8% | 2,665 | ▼ 17% | 2,371 | 2,820 | ▼ 16% | |

- FGV incurred Loss Before Zakat and Tax in Q3 YTD 2018 mainly due to lower CPO/PK margin associated with lower average CPO price, higher CPO production cost, impairment loss in intangible assets, property, plant and equipment, and receivables and higher share of loss from joint ventures companies.
- Slight fall in FFB production by 0.4%. However, OER has improved by 3% in Q3 YTD 2018 as the Group produce higher oil-to-bunch ratio.
- CPO production reduced by 6% mainly due to lower FFB production and FFB processed.
- Average CPO production cost (ex-mill) increased by 10% in tandem with lower FFB production in Q3 YTD 2018.



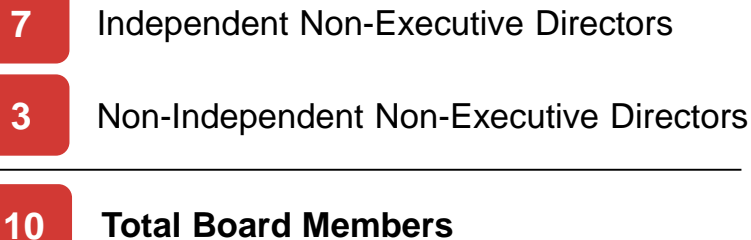
IMMEDIATE TURNAROUND PLAN

New Leadership – 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



Gender Diversity



New Leadership – Key Management

| | | |
|--|---|--|
| Chairman / Interim Chief Executive Officer | ➤ | Datuk Wira Azhar Abdul Hamid |
| Chief Financial Officer | ➤ | Dato' Mohd Hairul Abdul Hamid |
| Chief Investment Officer | ➤ | Encik Fakhrunniam Othman |
| Chief Operating Officer of Plantation Sector | ➤ | 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 Human Resource Officer | ➤ | Encik Mazri Abdul Rahim |
| Chief Counsel | ➤ | Puan Ida Suryati Datuk Ab Rahim |
| Chief Internal Auditor | ➤ | Puan Zalily Mohamed Zaman Khan |
| Head of Group Finance | ➤ | Puan Aznur Kama Azmir |
| Company Secretary | ➤ | Ms Koo Shuang Yen |

Operational Improvement

| | 2018 FY (f) | 2019 FY (f) | 2020 FY (f) |
|---------------------------|-------------|-------------|-------------|
| FFB Production | 4.18 mil MT | 4.69 mil MT | 5.14 mil MT |
| FFB Yield* | 16.9 MT/Ha | 19.43 MT/Ha | 19.99 MT/Ha |
| OER | 20.5% | 20.78% | 21.18% |
| CPO Production | 2.8 mil MT | 3.09 mil MT | 3.20 mil MT |
| CPO Cost (ex-mill) | RM1,666/MT | RM1,469/MT | RM1,464/MT |

**yield based on normalised area*

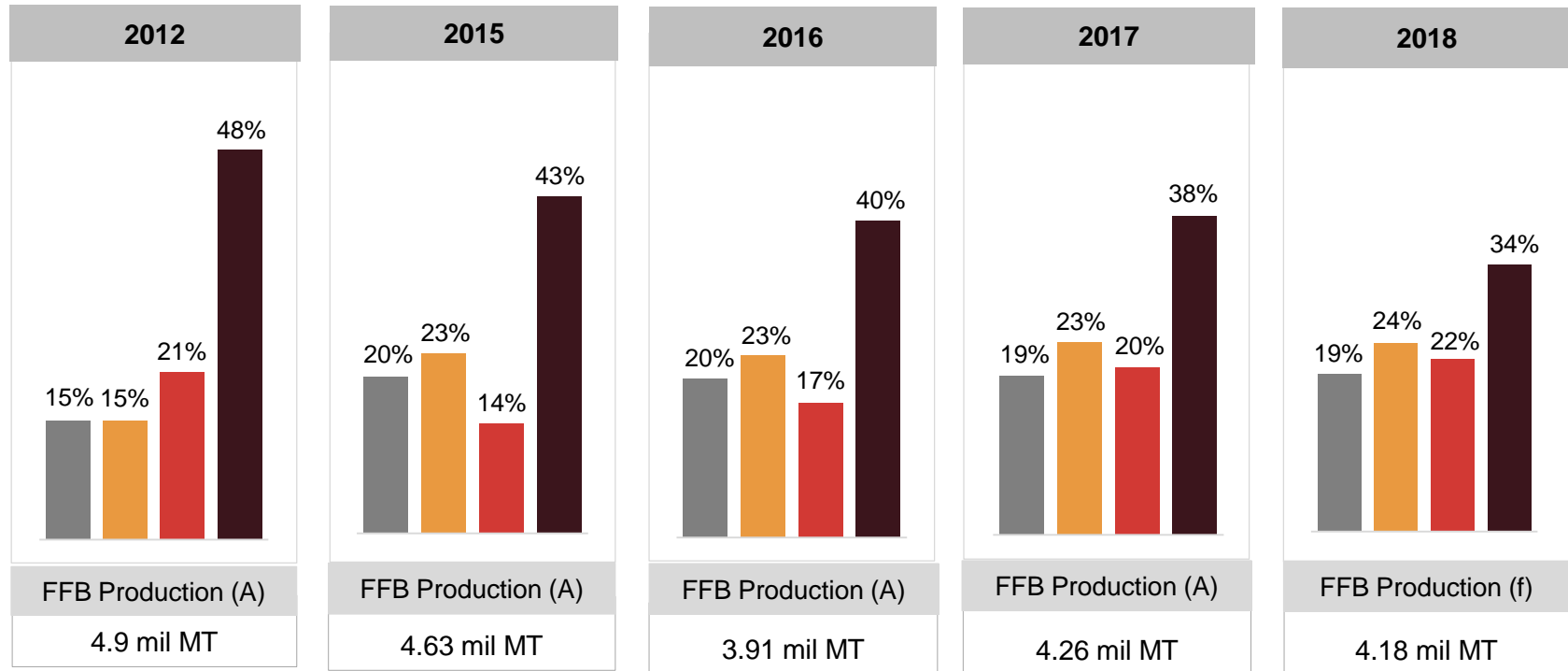
Estates Transformation Initiatives

- 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 control to minimise milling oil losses
- Intensify FFB sourcing to increase mills utilisation
- Enhance planning and supervision to control variable & fixed costs

Replanting and Age Profile



*Age profile distribution and FFB production without M&A

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

- During IPO, old trees (>21 years old) represents 53% 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.

2019 Priorities

Operation Improvement

- Strengthen **Good Agricultural Practice (GAP) and replanting** focusing on manuring, seeds development and estates infrastructures
- Tighten **procurement process** involving capital and operating expenditures
- Better **work plan** to improve products quality and reduce wastages
- Increase **mechanisation area** from 92,000 Ha to 115,000 Ha

Products & Market Penetration

- Intensify '**waste-to-wealth**' efforts through biogas, biomass and Palm Kernel Shell (PKS) commercialisation
- Maximise **biodiesel utilisation** for local transport and industrial sector based on latest mandates
- Expand **Palm Kernel Cake (PKC) sales** in local premium ruminant markets

Financial & Capability Building

- Divestment of **non-core and non-performing assets** with expected proceeds of RM350 million
- Human capital **rightsizing and right fitting** with performance based reward system
- **Manpower rationalisation** by 10%

THANK YOU



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