

FGV HOLDINGS BERHAD

CGS-CIMB 12th Annual Malaysia Corporate Day
Tuesday, 7 January 2020



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TODAY'S AGENDA

- 
- A red line that starts horizontally from the left, then turns 90 degrees down and to the right, ending at the top of the first agenda item. Along this diagonal line are five red circular markers, each corresponding to an agenda item.
- FGV At A Glance
 - Leadership Team
 - 2019 Key Highlights
 - Strategy for Growth
 - Price Outlook & Sustainability
 - Financial Overview

FGV AT A GLANCE



Corporate



2012

Listed on Main Market of Bursa Malaysia.

RM 5.55 billion
Market Capitalization
as at 31 Dec 2019

Shareholders

FELDA	33.66%
UJSB	7.78%
KWAP	6.40%
KPF	5.24%
PAHANG	5.00%
SABAH	4.64%
OTHERS	37.28%

~440,000 Ha

Landbank (Oil Palm & Rubber)
186 Estates

Plantation



~3,000,000 MT

CPO Produced
68 Mills

YANGAMBI

Award winning planting material.



OUR VISION

**World's Leading,
Integrated &
Sustainable
Agribusiness**

SAJI

Flagship cooking oil brand.



51%

Stake in MSM Malaysia Holdings Berhad.



No. 8 largest in the World by capacity.

>900,000 MT*

Vegetable oil storage capacity in Malaysia, Indonesia & Pakistan.

Multimodal Transport Operator & Foreign Military Sales License.

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

Sugar



GULA PRAI

Flagship sugar brand.

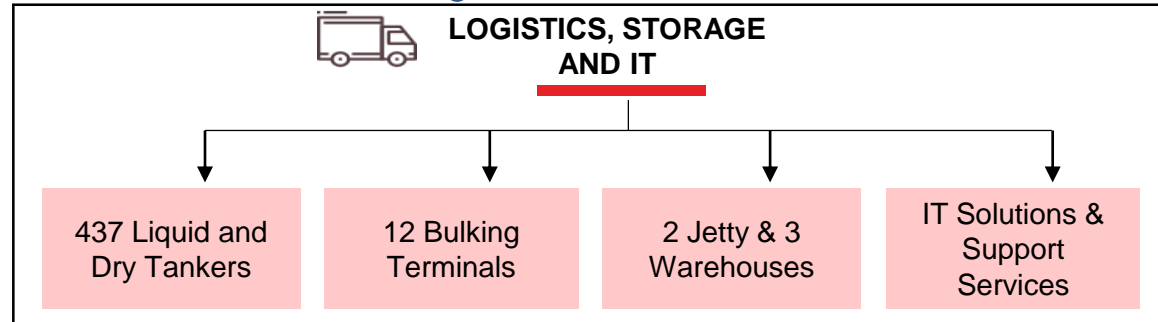
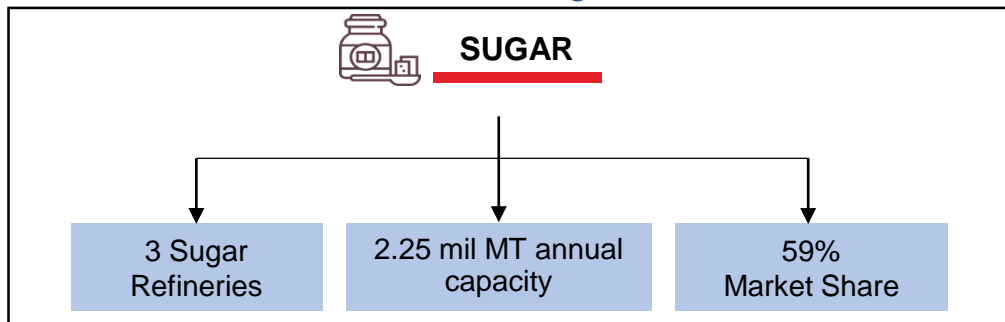
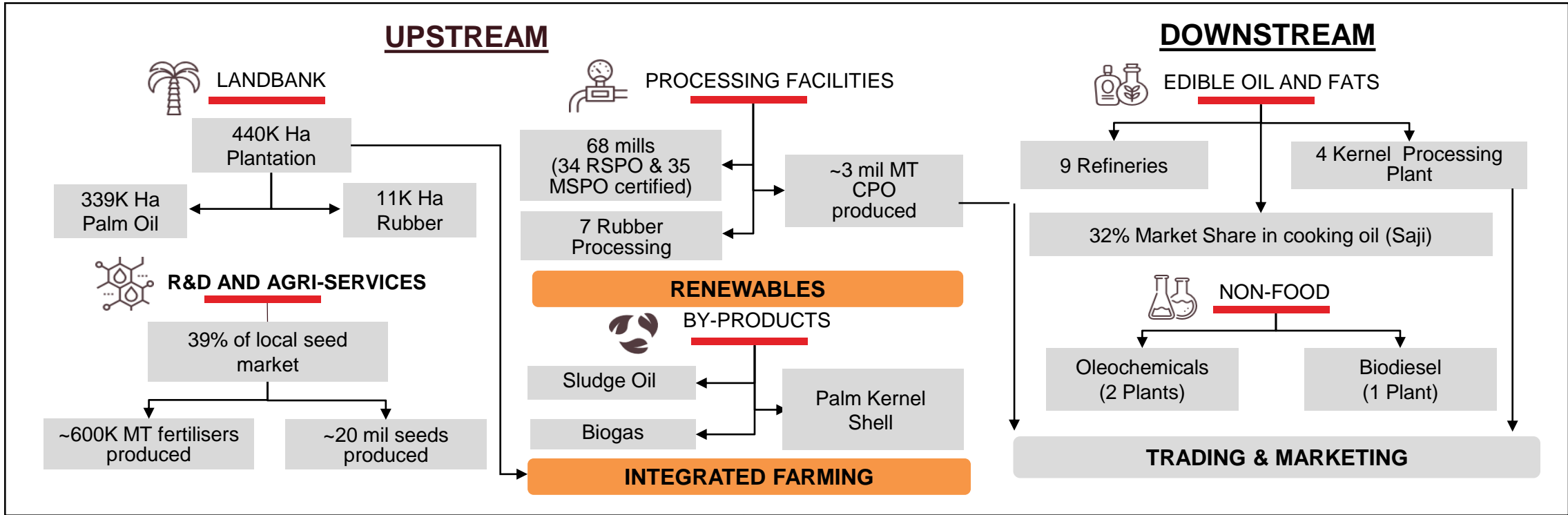


Logistics



*2nd largest in the world based on storage capacity, Internal research.

MAXIMIZING OUR VALUE CHAIN



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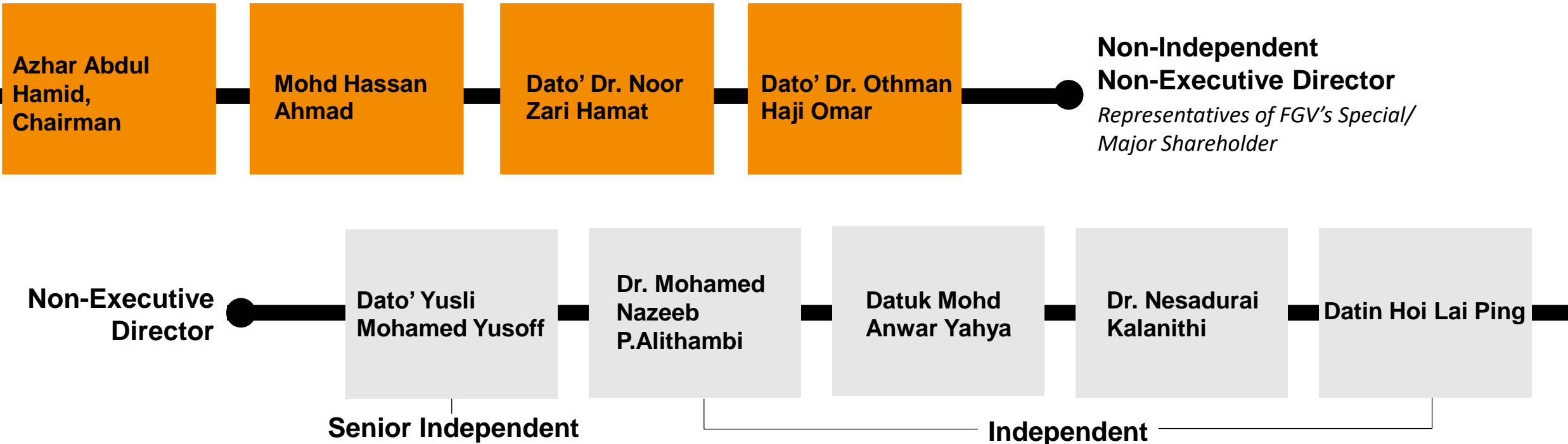
LEADERSHIP TEAM

LEADERSHIP TEAM



BOARD OF DIRECTORS

We enhanced our Board composition to represent the right mix of skills, experience and capacity, to create value, uphold the principles of good governance and safeguard the interests of all stakeholders.



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

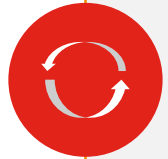
Wan Norman Nasir
Head of Group
Governance & Risk
Management

Koo Shuang Yen
Company Secretary

**Nor Marhamah
Yahya**
General Counsel

FY 2019 KEY HIGHLIGHTS

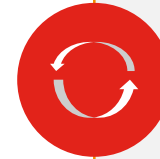
KEY TRANSFORMATION HIGHLIGHTS



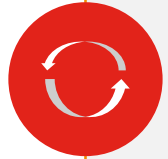
Increased 9M FFB Yield by 17% and OER by 1%.



Impaired RM252 million in a tough business decision to revalue our assets.



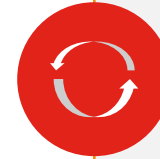
Increased Utilisation Factor in Palong Rubber plant to more than 80%.



Reduced CPO Cost Ex-Mill to RM1,447/MT.



Mechanised 96,500 Ha and achieved harvester ratio of 1:24 Ha.



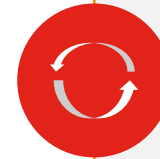
Mills Certification
- RSPO (34 mills)
- MSPO (35 mills).



Certified MS ISO37001:2006 Anti Bribery Management System (ABMS).

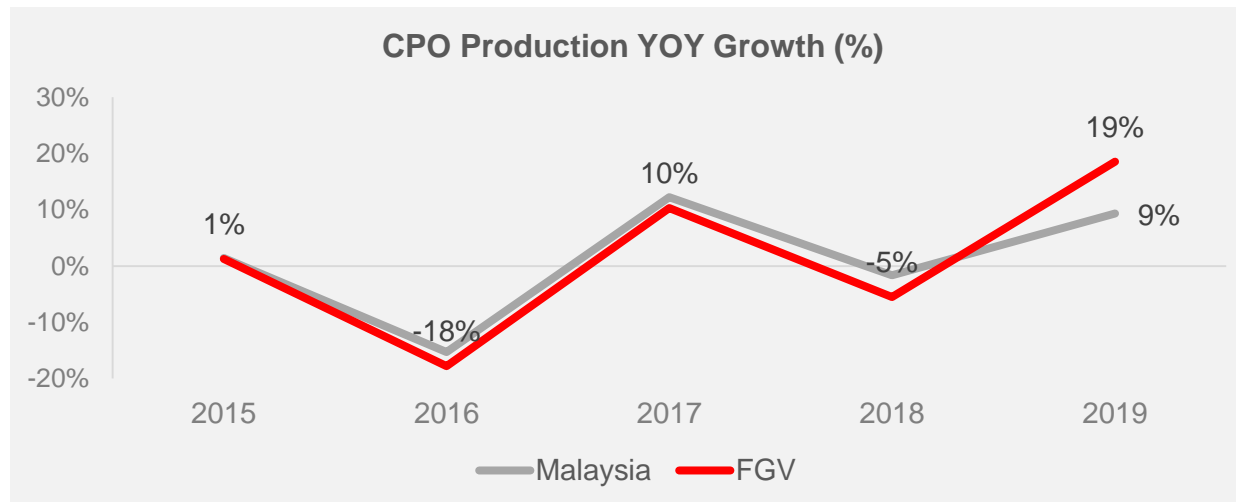
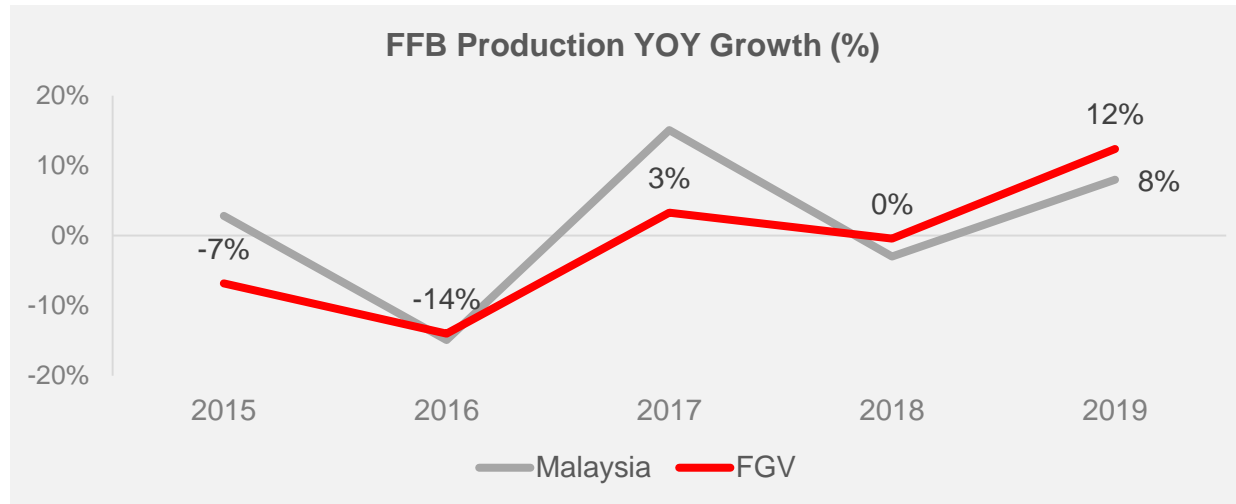


Achieved more than RM150 million in procurement cost savings.



Divested non-performing companies for RM130 million.

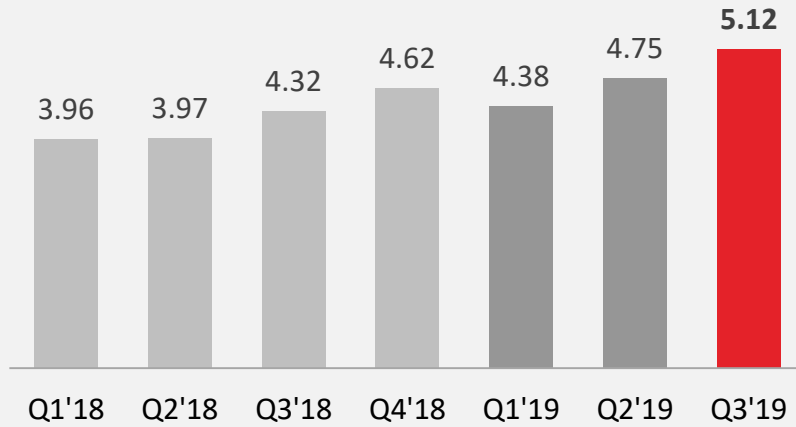
SNAPSHOT OF UPSTREAM STATISTICS



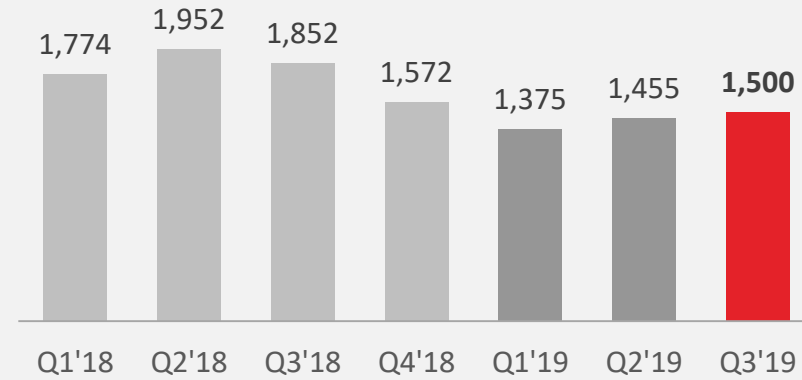
- FFB and CPO production recorded (y-o-y) growth of 12% and 19% compared to industry growth of 8% and 9% respectively.
- Underpinned by improved work methods and better age profile.
- FGV's best production growth performance since its listing in 2012

SNAPSHOT OF UPSTREAM STATISTICS

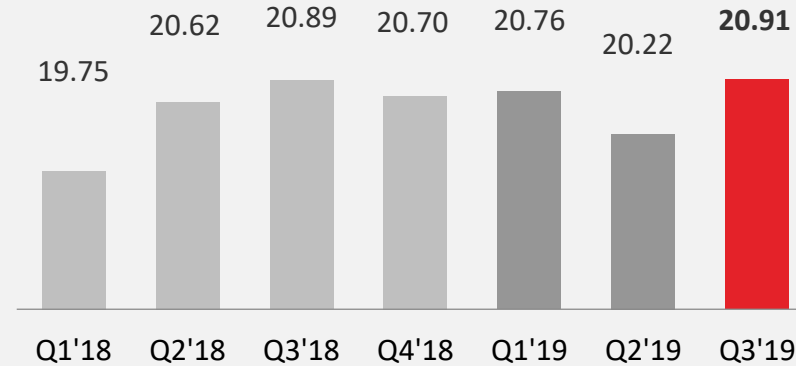
FFB Yield (MT/Ha)



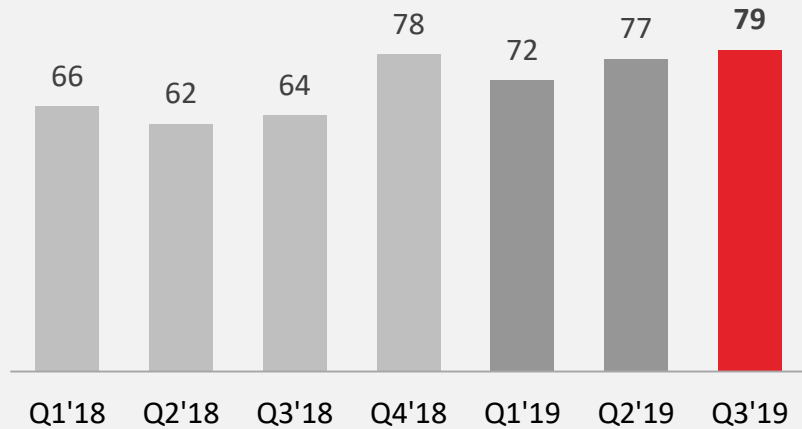
CPO Cost ex-mill (RM/MT)



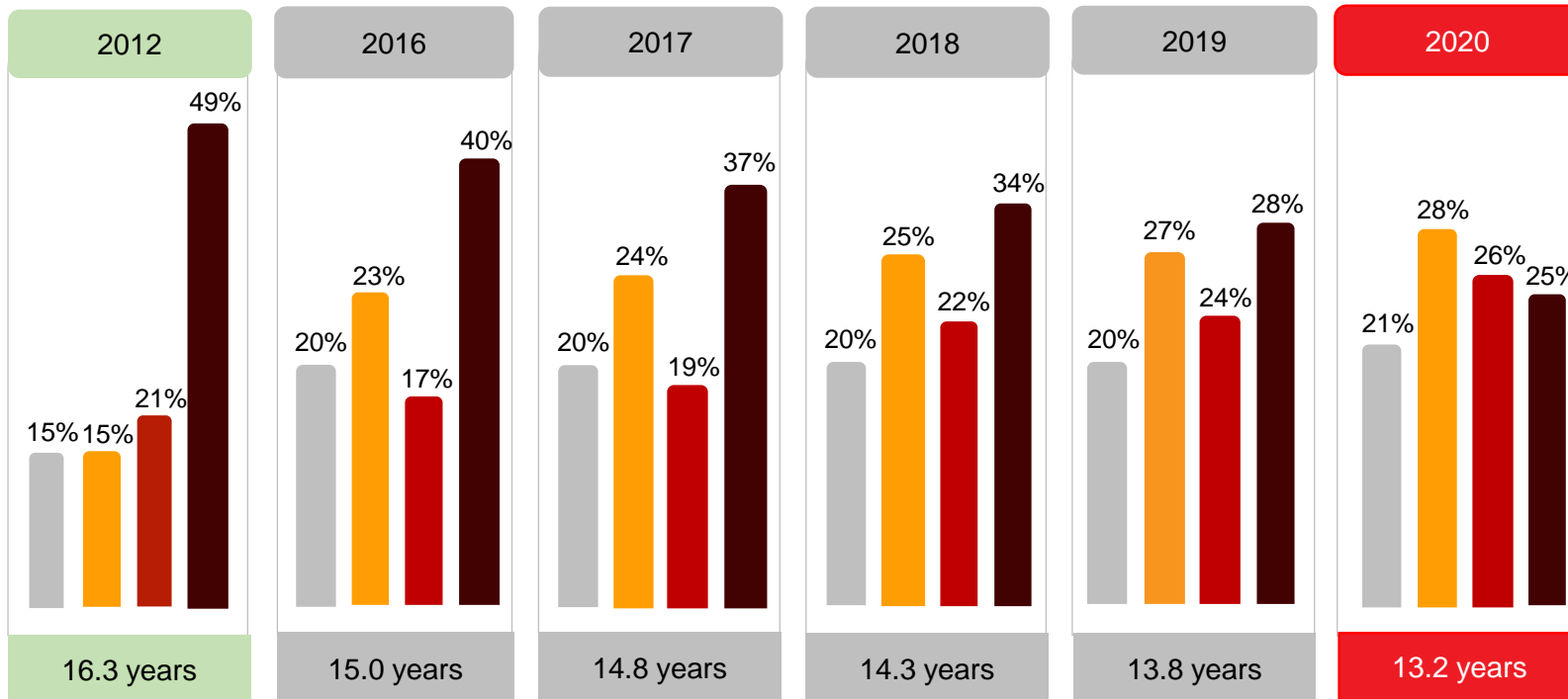
OER (%)



Utilisation Factor (%)



IMPROVING AGE PROFILE



*Age profile distribution without M&A

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

During IPO, 49% of the planted area had trees aged 21 years old and above.

FGV committed to disciplined replanting plan of 15,000 Ha per year to normalize age profile by 2026.

As of today, there are about 75,000 to 80,000 Ha moving towards maturity in the next few years

Our disciplined replanting plan has increased our prime age hectareage leading to increased FFB production.

SETTING NEW STANDARD

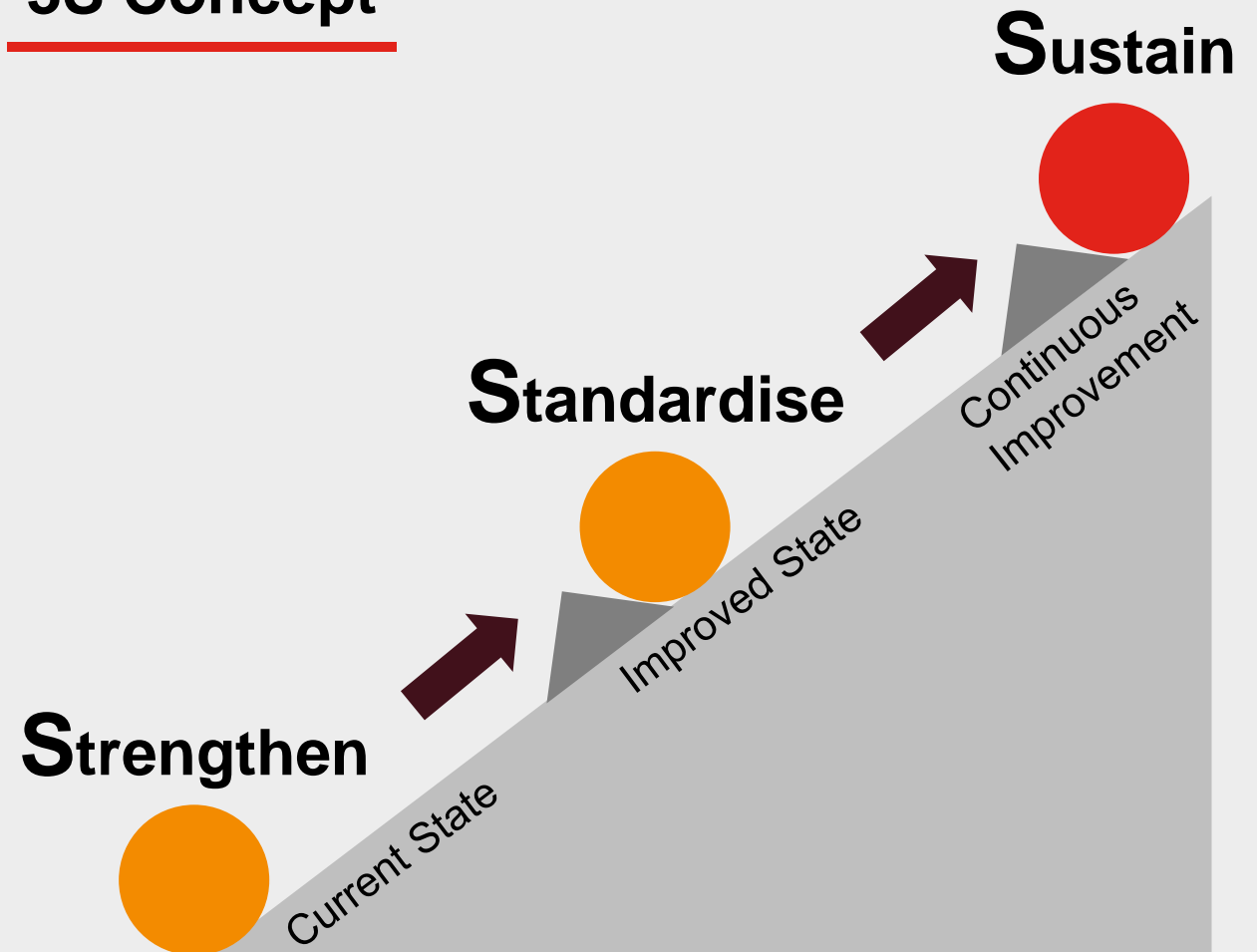
FGV introduced 2 Model Estates & 2 Model Mills to implement Best & Lean Practices.

Setting new standards in our
operations through “**Best in class**”

- 1) Operating Model
- 2) Financial Model
- 3) Quality Model
- 4) Competence & Skills Model
- 5) Management Model

- Model estates and mills managed to maintain its average cost lower than target by 20% - 30%.
- The model project will be implemented in Sabah, Rubber plant and Downstream refinery as well as roll out to other estates and mills.

3S Concept



PLANTATION OPERATIONS



	Quarter			YTD		
	Q3'19	Q3'18	YOY	9M'19	9M'18	YOY
PLANTATION						
UPSTREAM						
FFB Production ('000 MT)	1,235	1,076	▲ 15%	3,440	3,060	▲ 12%
FFB Yield* (MT/Ha)	5.12	4.32	▲ 19%	14.26	12.24	▲ 17%
OER (%)	20.91	20.89	-	20.63	20.41	▲ 1%
CPO Production ('000 MT)	832	689	▲ 21%	2,381	2,009	▲ 19%
CPO Cost ex-mill (RM/MT)	1,500	1,852	▼ 19%	1,447	1,863	▼ 22%
Utilisation Factor (%)	79	64	▲ 23%	76	64	▲ 19%
DOWNSTREAM						
Packed Products/FMCG Sales Vol. (MT)	94,021	77,158	▲ 22%	270,025	245,867	▲ 10%
Lauric Sales Vol. (MT)	67,543	61,393	▲ 10%	204,245	186,651	▲ 9%
Biodiesel Sales Vol. (MT)	25,080	13,429	▲ 87%	57,616	34,914	▲ 65%
Oleochemical Sales Vol. ('000 lbs)	71,867	70,352	▲ 2%	218,503	203,234	▲ 8%

SUGAR & LOGISTICS OPERATIONS



	Quarter			YTD		
	Q3'19	Q3'18	YOY	9M'19	9M'18	YOY
SUGAR						
Sales Volume <i>(MT)</i>	252,225	244,267	▲ 3%	698,257	706,359	▼ 1%
LOGISTICS						
Tonnage Carried <i>(Mil MT)</i>	1.68	1.25	▲ 34%	4.56	3.83	▲ 19%
Storage Volume <i>(Mil MT)</i>	2.26	1.67	▲ 35%	6.28	5.21	▲ 21%
Tank Utilisation Rate <i>(Times)</i>	2.36	1.97	▲ 20%	6.64	5.94	▲ 12%

GUIDANCE

2020 OPERATIONAL GUIDANCE

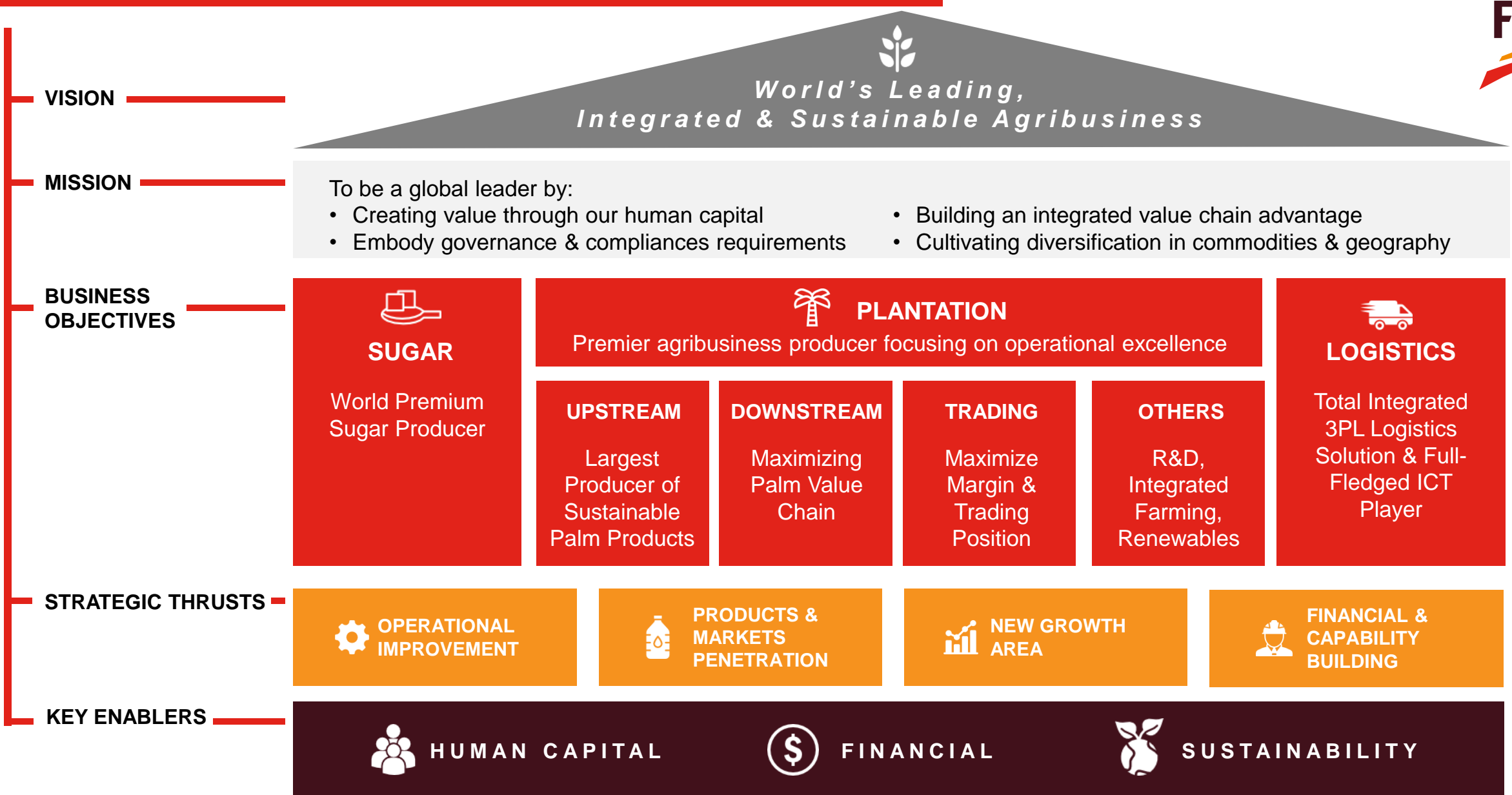


	PARAMETERS	GROWTH %
Increase in manpower and mature area.	FFB Yield	4% – 6%
	FFB Production	2% – 4%
Better crop quality	OER	1% – 2%
Increase in FFB Processed.	CPO Production	4% – 6%
Better export market volume and new value-added products.	Sugar Sales Volume	1% – 3%
Supported by Palm Oil business and strategic partnership.	Transport Volume	6% – 8%
	Bulking Volume	4% – 6%

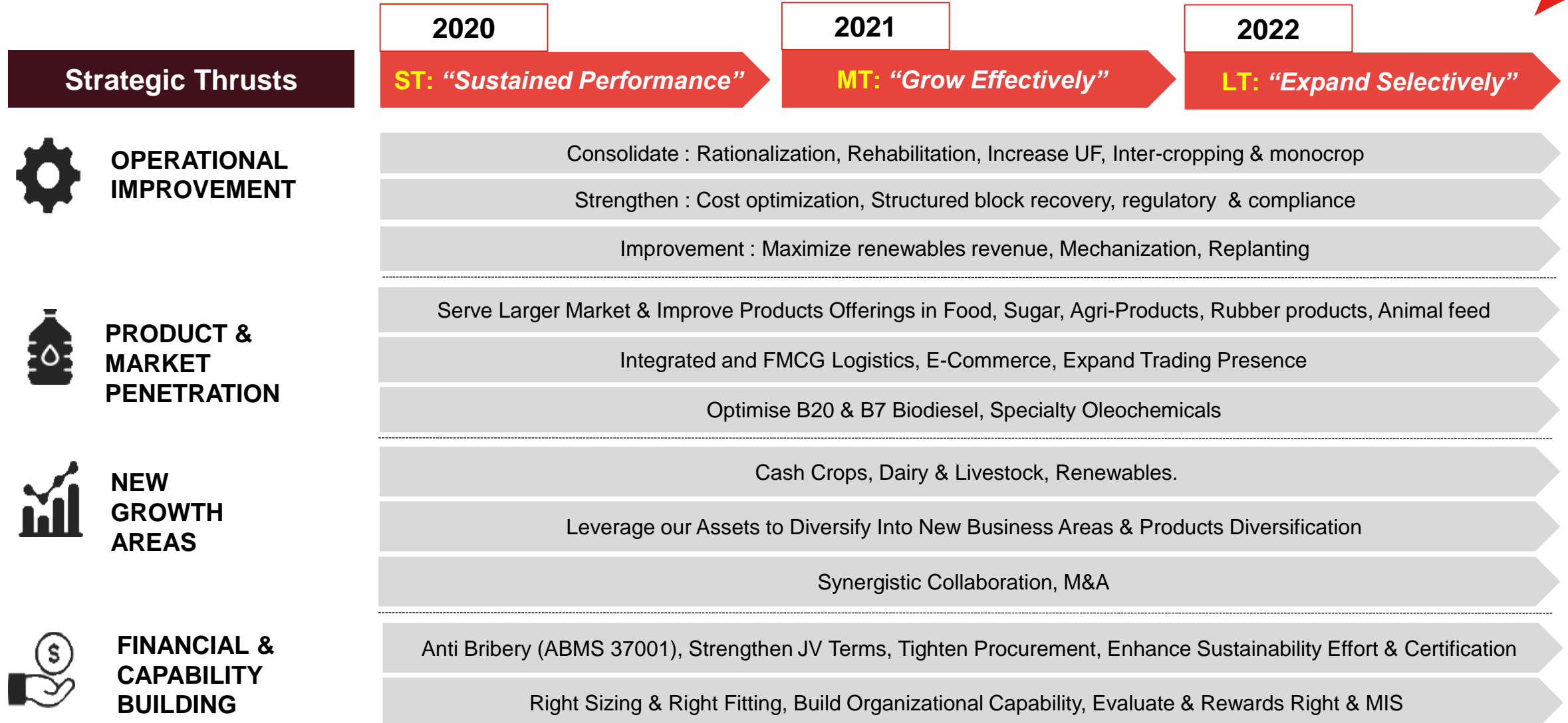
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STRATEGY FOR GROWTH

STRATEGY MAP



POSITIONING FOR VALUE CREATION & SUSTAINABLE GROWTH



KEY STRATEGIC INITIATIVES



PLANTATION SECTOR

- Yield enhancement.
- Quality replanting.
- Grow higher value-add businesses.
- Premium Quality oil, specialty fats and specialty oleo.
- International market expansion.
- Optimize JV position.
- Maximise sales price and trading position.
- Effective mechanization to reduce labour.
- Integrated farming.
- Improving Utilization Factor (UF).



SUGAR SECTOR

- Consolidate production in MSM Johor to increase refinery's utilisation.
- Portfolio diversification into Downstream i.e. Food-related products.
- New Wholesale Business Model to fatten Domestic margin.
- Expand value added sugar production e.g. Premix for export market.
- Initiate energy cost savings through biomass operated boiler in MSM Johor.
- Better payment structure for long term customers.




LOGISTICS SECTOR

- Strategic partnership in transportation & bulking.
- Securing external business for Land Transport (e.g. oil & gas, automotive parts).
- Venturing into E-Commerce business.
- Growth in Courier and warehouse business.
- Growth in FMCG, Cash Crops, Cold Chain & 3PL.

PRICE OUTLOOK & SUSTAINABILITY

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 Boom in Indonesia, which is likely to mop up any excess market supply from the market in 2020. This mandate is likely to be achievable due to the availability of USD2bn in biodiesel fund.

CPO stock levels should continue declining in the coming months ahead, anticipates flattish production growth in Indonesia and Malaysia.

Demand from China will remain robust into 2020 as it will take 1 to 2 years to fully replenish hog inventory Post – Swine Flu.

India's imports are expected to rise in high single digit growth in 2020, given the growing consumption per capita and population.

TOWARDS FULL SUSTAINABILITY & TRACEABILITY

SUSTAINABILITY ISSUES

Ensuring responsible business practices throughout FGV.

Ensuring responsible sourcing.

Enhancing labour practice.

Promoting effective engagement with stakeholders.

Protecting, conserving and enhancing ecosystems and the environment.

100% traceability of CPO and CPKO to the mills and 80% to the estates.

KEY INITIATIVES (2020-2022)

**Sustainability
Certification Programme
GSP Socialization**

**Traceability & Supply
Chain Management**

Strategic Partnerships
(FLA, FGV-IOM-Earthworm,
SUHAKAM, Tenaganita & Shift)

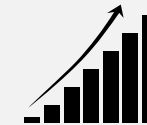
Smallholder Programme
(Collaboration with P&G)

**Conservation
Programmes**

INDUSTRY REQUIREMENT



Market Penetration



**Sustaining Market
Share**



Reputation

FINANCIAL OVERVIEW

GROUP FINANCIAL RESULTS

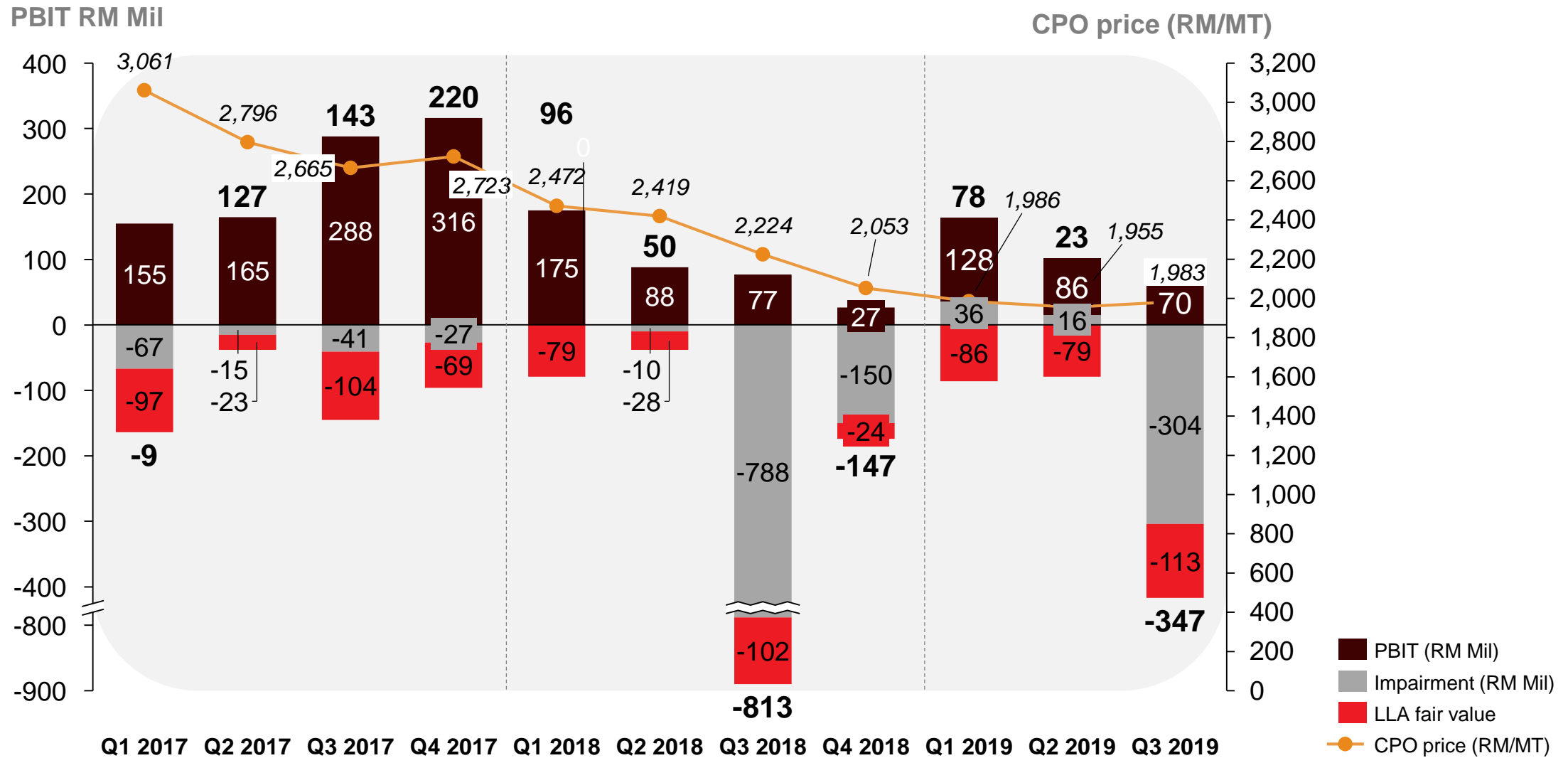


<i>in RM mil</i>	9M 2018	9M 2019	+/- %
REVENUE	10,233	10,105	-1%
PBIT before LLA and Impairment	340	284	-17%
LBZT	(885)	(396)	+55%
LATAMI	(872)	(318)	+64%
Earnings Per Share <i>(Sen)</i>	(23.9)	(8.7)	+64%
Average CPO Price <i>(RM/MT)</i>	2,371	1,975	-17%

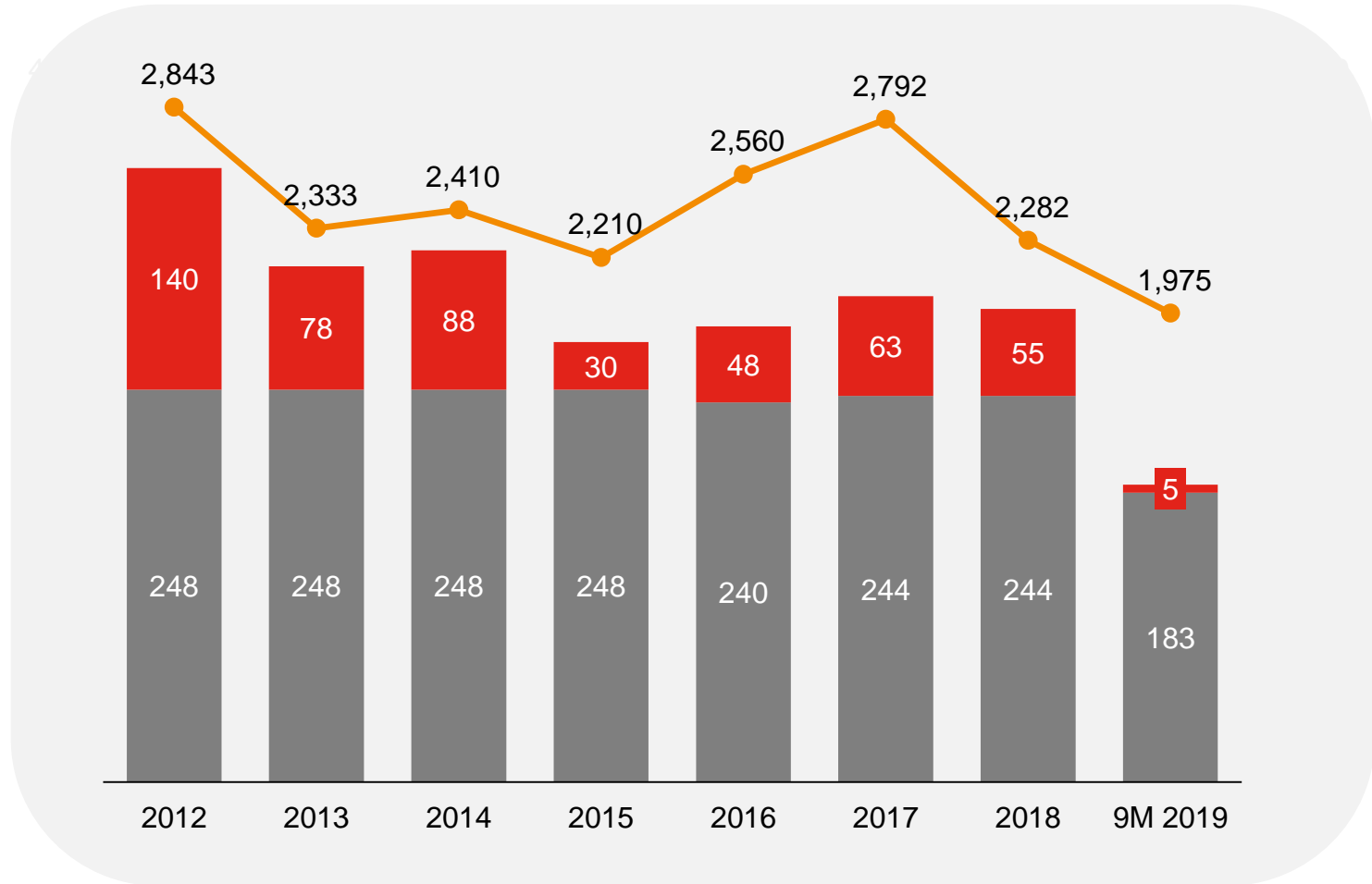
Revenue decreased by 1% due to lower CPO price at RM1,983/MT (Q3'18:RM2,224/MT) and lower average selling price in sugar business. It was partially offset by higher CPO production.

PBIT before LLA and impairment was lower by 17% due to losses in sugar business due to negative margins.

QUARTERLY PBIT VS CPO PRICE



LAND LEASE AGREEMENT (LLA)



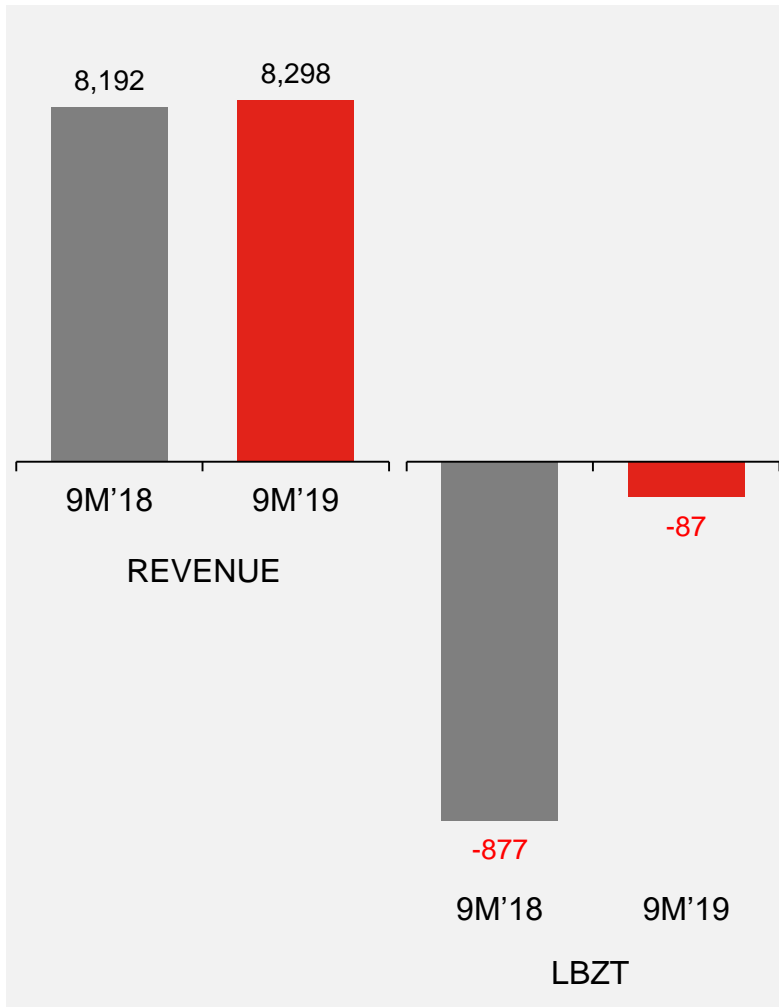
Average CPO Price (RM/MT)
 LLA profit sharing (RM Mil)
 LLA fixed payments (RM Mil)

- FGV has paid FELDA a total of RM2.41 billion from 2012 to 2018 for the leased land, including profit sharing.
- The LLA profit sharing moved in tandem with the CPO prices.
- However, despite higher CPO prices in 2016, the profit sharing was lowered compared to 2013 and 2014, as the production volume reduced significantly due to the El Nino phenomenon.
- Decrease in LLA fixed payment starting 2016 was due to adjustment in hectares leased.

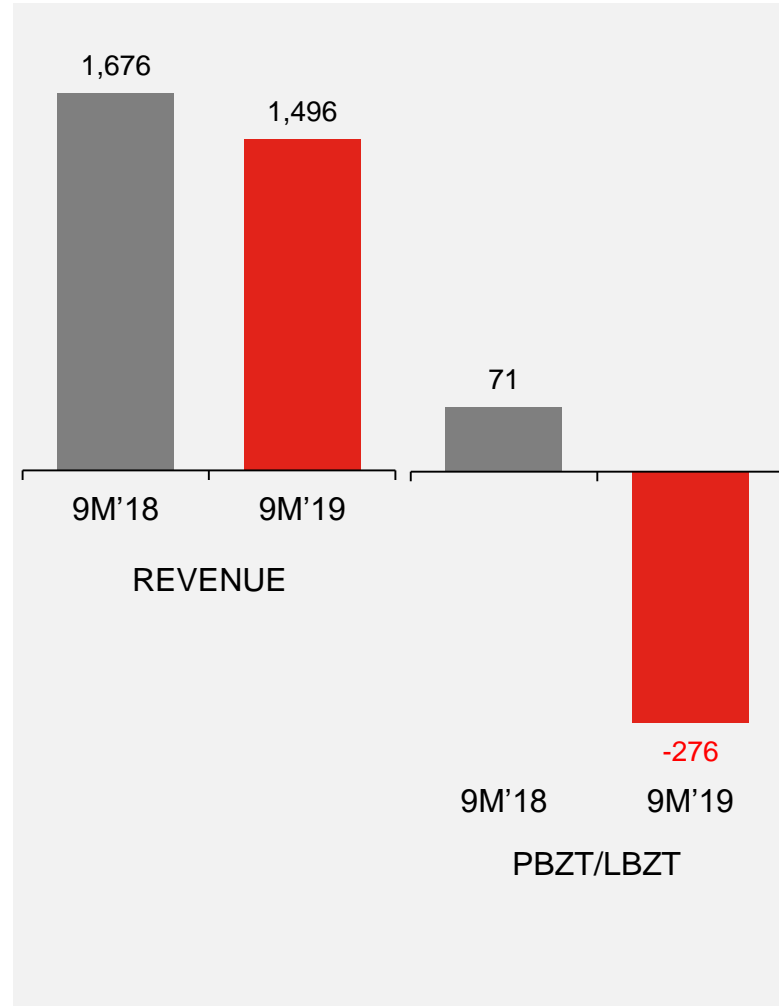
SECTOR FINANCIAL RESULTS



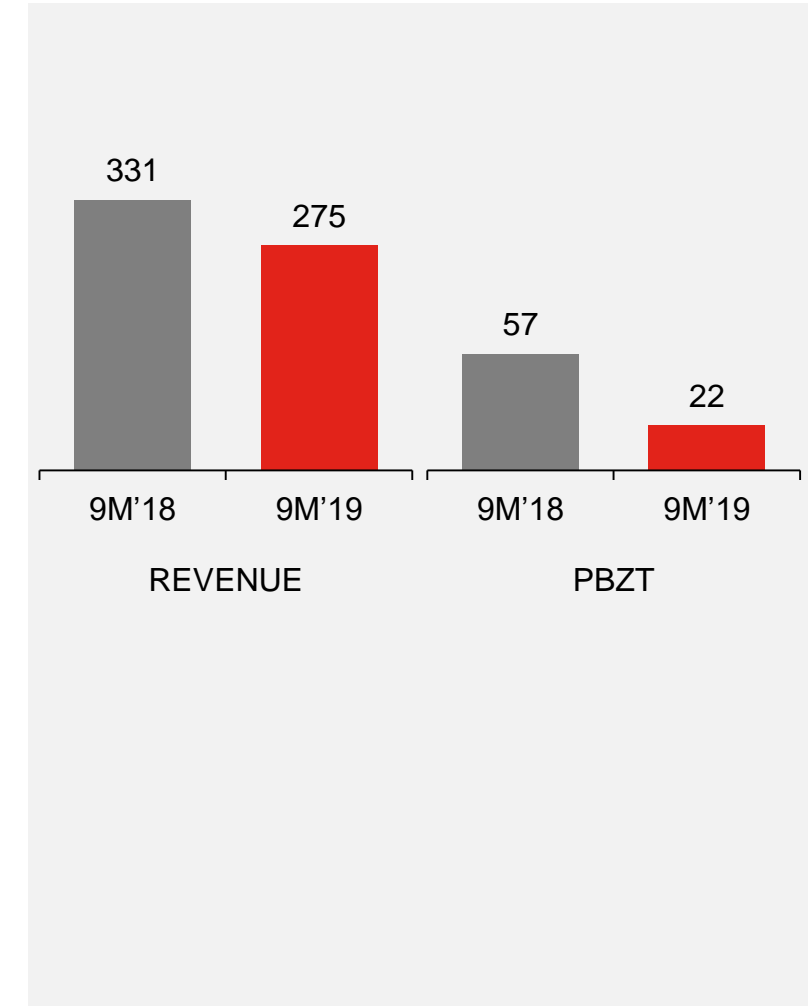
PLANTATION



SUGAR



LOGISTICS



HAPPY NEW YEAR 2020

#SHAREDPROSPERITY

#LOVEMYPALMOIL

Investor Relations

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