FELDA GLOBAL VENTURES HOLDINGS BERHAD

Engagement with MSWG

9 March 2018

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Q4'17 RESULT SUMMARY

*restated

	Q4'17	Q3'17	QoQ	Q4'16*	YoY	YTD 2017	YTD 2016*	YoY
FINANCIAL								
Revenue (RM Mil)	**4,279**	**4,149**	3%	5,154	17%	16,975	17,241	2%
PBT (RM Mil)	**246**	**114**	>100%	217	13%	417	260	60%
PATAMI (RM Mil)	**77**	**39**	97%	112	>31%	144	31	>100%
Earning Per Share (sen)						3.9	0.9	>100%
Return on Shareholders' Fund (%)						2.56%	0.54%	>100%
Dividend Per Share (sen)						5 (Interim)	1 (Final)	>100%

Our FY2017 PBT improved by 60% due to:

- Increase in FFB production by 9% from 3.91 mil MT to 4.26 mil MT
- Higher average CPO price of RM 2,792 per MT from RM 2,560 in 2016 (9% increase)
- Improved RBDPKO margin in kernel crushing busines
- Higher sales quantity and forex gain in fertiliser business.
- Improved share of profits from JV from a loss of RM 19 mil to a profit of RM 6 mil
- Gain on disposal in AXA Affin of RM73 mil

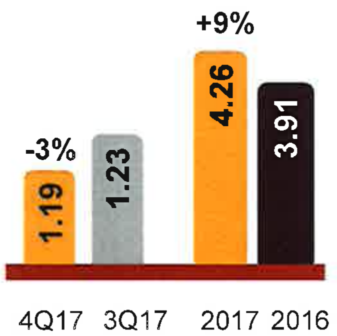
2017 HIGHLIGHTS

FGV

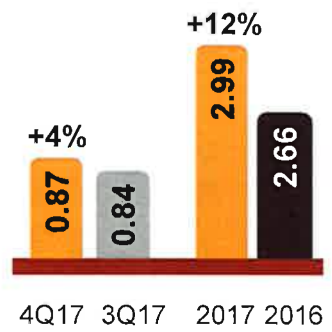
Plantation Sector

Operational Performance

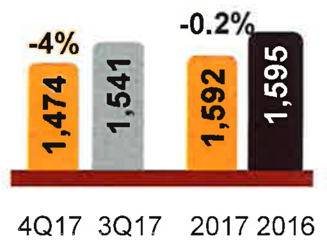
FFB Production (mil MT)



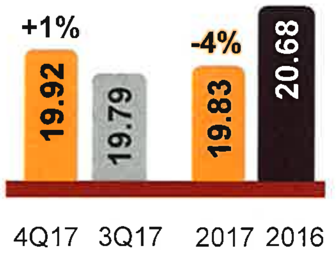
CPO Production (mil MT)



Avg CPO Production Cost, Ex-mill (RM)



OER (%)



Key Highlights

Labour Improvement

From 8,000 approved quotas, incoming 81% with remaining 19% to be filled by mid-2018

'Waste to Wealth'

Fully commercialised Palm Kernel Shell (PKS) business with shell recovery rate (SRR) of 1% (2016: 0.52%) producing more than 140,000 MT

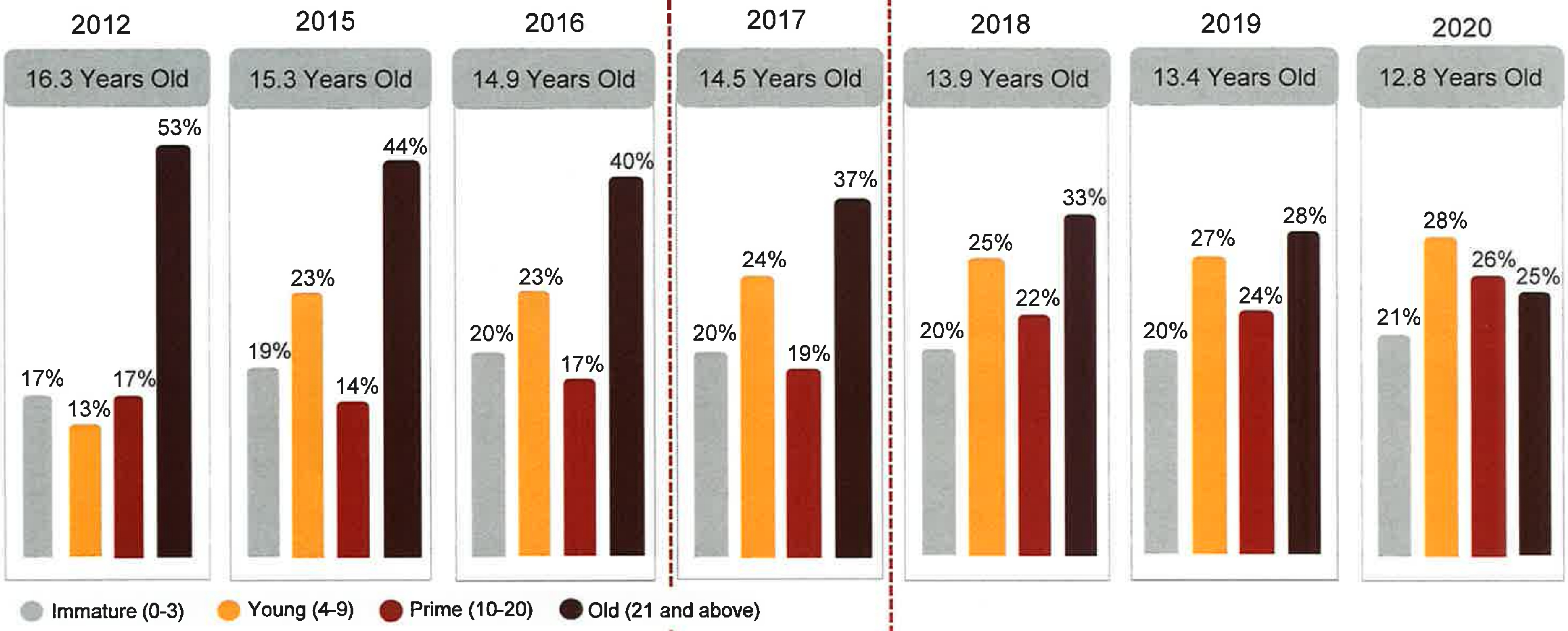
Rationalisation

Rationalised 3 palm oil mills, 2 rubber processing plants & 1 palm oil refinery to improve UF and processing cost

Seed Business

Sold 20 million seeds to domestic and first shipment of 72,514 seeds to Indonesian market

REPLANTING: OIL PALM AGE PROFILE



FFB Production (A)	FFB Production (A)	FFB Production (A)	FFB Production (A)	FFB Production (*f*)	FFB Production (*f*)	FFB Production (*f*)
4.91 mil MT	**4.63 mil MT**	**3.91 mil MT**	**4.26 mil MT**	**4.85 mil MT**	**5.0 mil MT**	**5.3 mil MT**

*Age profile distribution and FFB production without M&A

- In 2017, we completed felling of 13,753 Ha with replanted area of 10,675 Ha in 2017.
- We are on track to achieved ideal age profile of 12.8 years producing 5.3 mil MT FFB in 2020.

2017 HIGHLIGHTS

FGV

Logistics & Others Sector

- Additional storage of 31,000 MT in Pasir Gudang, Johor is fully operational
- Completion of 38,300 MT new edible oil storage in Port Qasim, Pakistan

Sugar Sector

- 84% completion of Johor Sugar refinery
- Production volume of 1.06 mil MT with annual sales of 996,000 MT, going to domestic (86%) and export (14%) market
- Overall performance affected by 20% higher average raw sugar cost and weakened Ringgit

Governance and Human Capital

- New Board members consisting of industry experts
- Human Capital Development - Established FGV Academy to enhance professional skills in plantation management, business development and marketing
- Motivating Our People – Long-Term Incentive plan (LTIP) to reward, retain and motivate employees
- Manpower Optimisation - 12% VSS's acceptance and 15% allowance cut for senior management

Research & Development and Sustainability

- Commercialised harvesting equipment (CANTAS) and mobile bunch catcher machine for internal usage and external market
- 8 mills have been RSPO certified that will produce 200,000 MT of CSPO and 22,000 MT of CSPKO
- On-going training for smallholders, third party FFB suppliers and contractors on sustainable good agricultural practices and yield improvement

2018 PRIORITIES

FGV

1 Operational Excellence

4.85 mil MT of FFB production and average CPO Production cost of RM1,562

Workers' retention programme by building 527 blocks of new housing to accommodate 14,000 workers

Replanting target of 5 – 6% (~15,000 Ha) of our total mature area to improve age profile

New planting area up to 8,000 Ha from rubber to palm conversion and balance plantable area

Enhance mechanization in the areas of harvesting and in-field collection to improve labour productivity

Consolidate Palm Kernel Shell business for export market and improve shell recovery rate to 1.2%

28 mills to be ready for RSPO certification

Rationalise 4 mills to increase mills' UF and reduce processing cost

2018 PRIORITIES

2 Moving Down Value Chain

Increase number of key wholesalers (KWS) for cooking oil by 20% from the current base of 200 KWS nationwide

Developing higher yielding and quality oil palm seed

Obtain kosher certification through kosherised fractionation system in US oleo chemical plant

3 Growth Through Portfolio Balancing

Potential value accretive landbank expansion

Synergistic strategic alliances in key consumption countries

Commence operations of Johor sugar refinery by mid-2018 and increase sugar refining volume by 23%

Grow logistics and support business capabilities to generate external opportunities

4 Optimise Financial and Human Capital

Divestment of non-core and non-performing assets/investments

Manpower optimisation and talent development

Enhance terms of existing joint venture agreements

Manage perception through engaging with stakeholders

Q4 2017 VS Q3 2017 FINANCIAL HIGHLIGHTS

Increased profit in Q42017 due to higher contribution mainly from Plantation Sector

Income Statement *(RM million)*	Q4 2017	Q3 2017	Changes %	
Revenue	4,279	4,149	3%	●
Cost of sales	(3,692)	(3,552)	-4%	●
Gross profit	587	597	-2%	●
Operating profit	334	243	38%	●
LLA liabilities (Fair value changes)	(69)	(104)	34%	●
Share of results - Associates & JV	2	5	-60%	●
PBT (& zakat)	**246**	**114**	**>100%**	●
NET PROFIT	**161**	**51**	**>100%**	●
PATAMI	**77**	**39**	**97%**	●
EPS (sen)	**2.1**	**1.1**	**91%**	●

- The Group **revenue increased by 3%** due to higher average CPO price of RM2,723 per mt (Q3: RM2,665 per mt) and increase in CPO sales volume by 3%.
- **The Group recorded higher profit** before tax mainly due to:
  - **Gain on disposal** of AXA Affin of RM73m;
  - **Lower fair value charge** in LLA by RM35m;
  - **Better RBDPKO margin** in kernel crushing business;
  - **Higher CPO margin** due to higher price and
  - **Lower raw sugar cost by 17%** compared to Q317).

2017 FINANCIAL HIGHLIGHTS

Profit increased due to higher margin, improved share of results and one-off gain on disposal but partially offsetted by higher raw sugar cost and impairment.

Income Statement *(RM million)*	2017	2016	Changes %	
Revenue	**16,975**	17,241	-2%	●
Cost of sales	**(15,016)**	(15,671)	4%	●
Gross profit	**1,959**	1,570	25%	●
Operating profit	**801**	445	>80%	●
LLA liabilities (Fair value changes)	**(293)**	(68)	<100%	●
Share of results - Associates & JV	**28**	10	>100%	●
PBT (& zakat)	**417**	**260**	**>60%**	●
NET PROFIT	**208**	66	**>100%**	●
PATAMI	**144**	**31**	>100%	●
EPS (sen)	**3.9**	0.9	**>100%**	●

- The **Group revenue decreased by 2%** mainly due to **lower CPO sales** volume by 17% despite higher average price realised;

  The decrease was partially offset by:
  - Higher average selling price and sales volume for US fatty acid and kernel crushing business;
  - Higher average selling price by 46% per mt in Rubber segment.

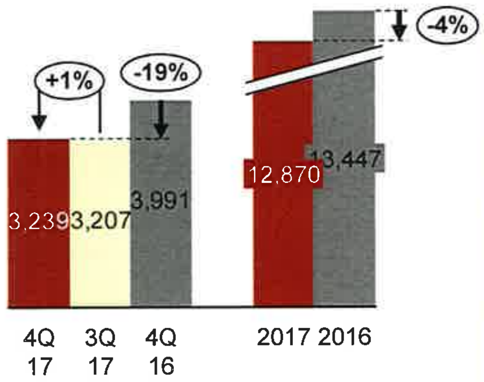
- The **Group recorded higher PBT** mainly due to:
  - **Increased margin in CPO** due to higher CPO prices;
  - **Gain on disposal** in AXA Affin of RM73m;
  - **Improved share of profits from JV** from a loss of RM19m to a profit of RM6m;
  - **Higher RBDPKO margin** in kernel crushing business;
  - **Higher sales volume** and forex gain in fertiliser business.

- The improvement in the result was partially offset by:
  - **Increase in raw sugar cost** of RM2,131 per mt (2016: RM1,778 per mt) and weaker Ringgit;
  - **Increase in fair value charge** for LLA to RM293m (2016: RM68m);
  - **Impairment of receivables and assets** of RM102m and **provision for litigation loss** in FGV Trading of RM33m.

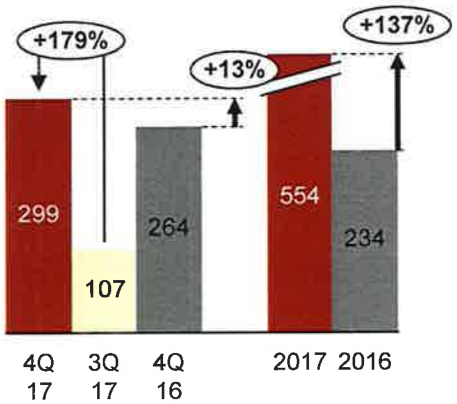
PLANTATION SECTOR

Significant improvement due to higher CPO margin, better share of results from JV, one-off gain on disposal and lower impairment

Revenue



PBT



QoQ Results Overview

- Significant improved in profit due to:
  - **Higher average CPO price** of RM2,723 per mt (Q3: RM2,665 per mt) coupled with increase in CPO sales volume by 3%;
  - **Better RBDPKO margin** from kernel crushing business;
  - **One-off gain** on disposal on AXA Affin amounting to RM73m;
  - **Lower FV charge** in LLA of RM69m (Q3: RM104m);

Operationally:

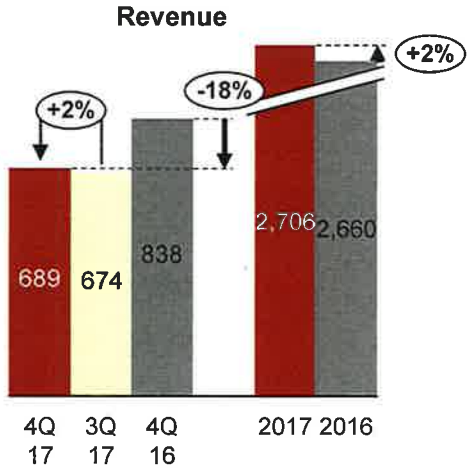
- **OER** achieved was slightly higher at 19.92% compared to 19.78% in Q3 2017;
- **Lower FFB production** of 1.19m mt (Q317: 1.23m mt);
- **Lower CPO production cost** by 4% to RM1,474 per mt (Q317: RM1,541 per mt)

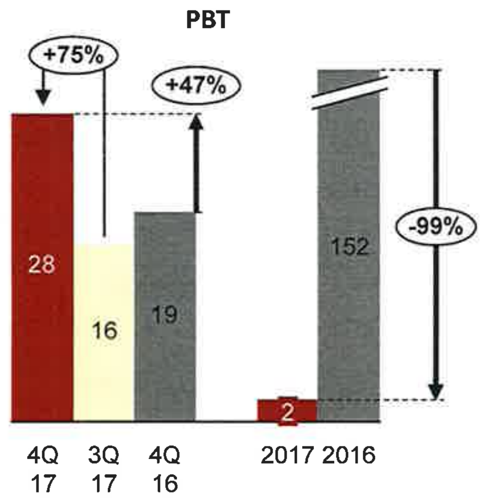
YoY Results Overview

- **Higher revenue and profit** YoY mainly due to:
  - **Higher CPO margin** due to increase in CPO price of RM2,792 per mt (2016: RM2,560 per mt);
  - **Higher margin in kernel** crushing mainly in RBDPKO resulted from downtrend price movement;
  - **Higher profit in fertiliser** business attributed to increase in sales volume and forex gain of RM9m (2016: loss RM15m);
  - **Gain on disposal** of AXA Affin of RM73m;
  - **Improved share of results from JV** from a loss of RM27m to a profit of RM6m in 2017 mainly from FPG. Included in 2016 was a loss due to fraud case in FISB of RM16m;
  - **Lower impairments** and provision of RM119m (2016: RM156m)
  - Increase in profit partially **offset with increase in FV charge in LLA** of RM293m (2016: RM68m).
  - **Increase in CPO production** by 12%;
  - **OER** achieved was lower at 19.83% compared to 2016 at 20.68%.

SUGAR SECTOR

Lower profit due to increase in raw sugar material cost and weakening Ringgit





QoQ Results Overview

- **Higher revenue** due to higher domestic sales volume by 4% combined with higher average sugar price from RM2,540 per mt to RM2,596 per mt in Q417;
- **Better performance recorded** for current quarter mainly due to:
  - **lower raw sugar material cost** by 17% (Q417: RM1,803 per mt, Q317: RM2,153 per mt) in tandem with the decline in the raw sugar market price;
  - **Lower finance cost.**

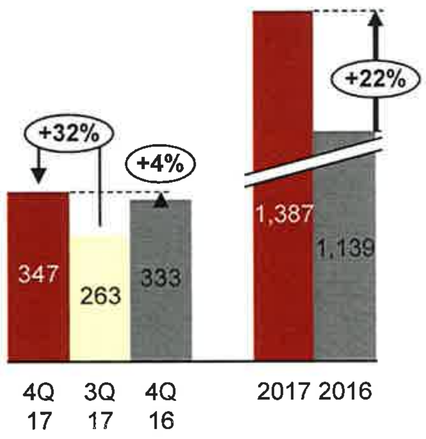
YoY Results Overview

- The **revenue** was slightly higher by 2% derived from an **increase in average selling price by 11%.**
- **Lower PBT** due to **increase in average raw sugar cost** of RM2,131 per mt against RM1,778 per mt in 2016 and **weakening Ringgit** compared to previous year.

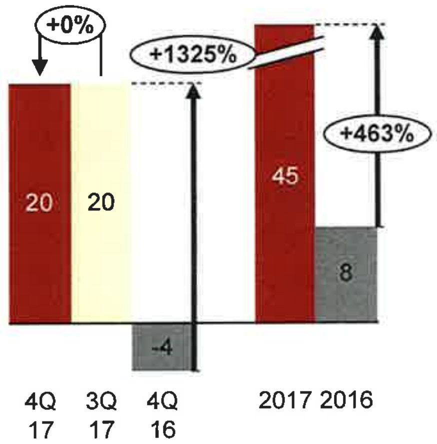
LOGISTICS AND OTHERS SECTOR

Better results YoY due to higher tonnage carried by Group's transport and lower loss contributed from Others Sector

Revenue



PBT



QoQ Results Overview

➢ Slightly lower profit in Q417 mainly due to:

- **Lower rubber gross margin** by 8%; and
- **Impairment of assets** amounted to RM10m recognised in Q4.

The lower result was compensated by:

- **Higher throughput** and **tonnage carried** by Logistic Sector; and
- **Compensation received** from engineering services company amounted to RM7m due to project termination by Felda;

YoY Results Overview

➢ 2017 results was better than 2016 due to:

- **Higher tonnage carried** and **throughput** handled by Group's transport operation in tandem with the increase in CPO production volumes; and
- **Higher gross profit margin** for Rubber business.

➢ The results was **partly offset** by:

- **Lower income received in** engineering services company due to closure of operation in Sabah and Regional Office as FIC has takeover in managing Felda's asset.

THANK YOU