

FGV

Ingenuity
Incorporated

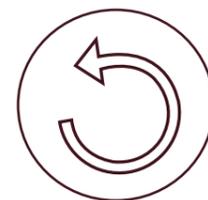
**A BRIEF OVERVIEW OF
FELDA GLOBAL VENTURES
HOLDINGS BERHAD (FGV)**

AND

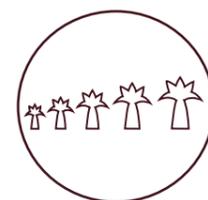
**THE PROPOSED
PARTNERSHIP BETWEEN
FGV AND RAJAWALI
CORPORATION**



01 HISTORY



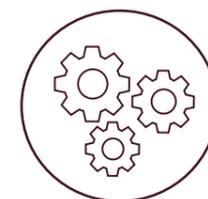
02 PAST ACQUISITION



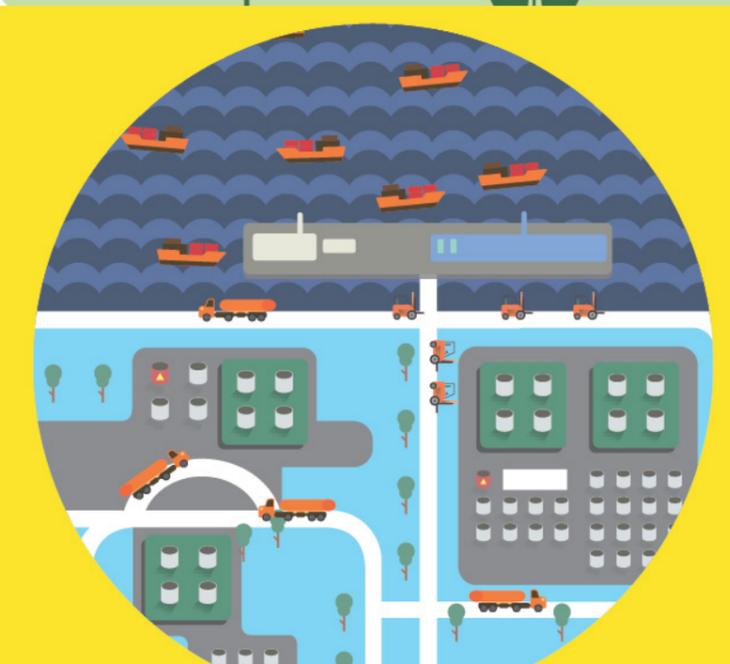
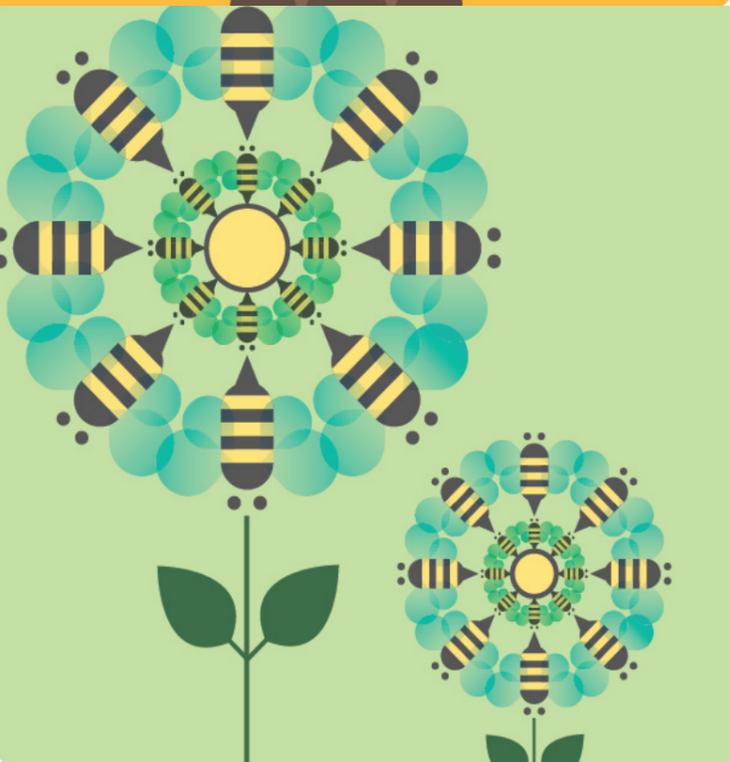
03 5 YEAR PROJECTION



04 POTENTIAL IN INDONESIA



05 STRATEGY



01



HISTORY



2007

Incorporated in Malaysia as a private limited company 2007, Felda Global Ventures (FGV) initially operated as the commercial arm of Federal Land Development Authority (FELDA).

2012

On 28 June 2012, the company was listed on the main market of Bursa Malaysia Securities Berhad as Felda Global Ventures Holdings Berhad.

The initial public offering which was the world's third largest in 2012, raised RM10.4 billion. FGV has approximately 350,000 hectares of oil palm plantations in Malaysia that produced 5.2 million metric tonnes of fresh fruit bunches in 2012.

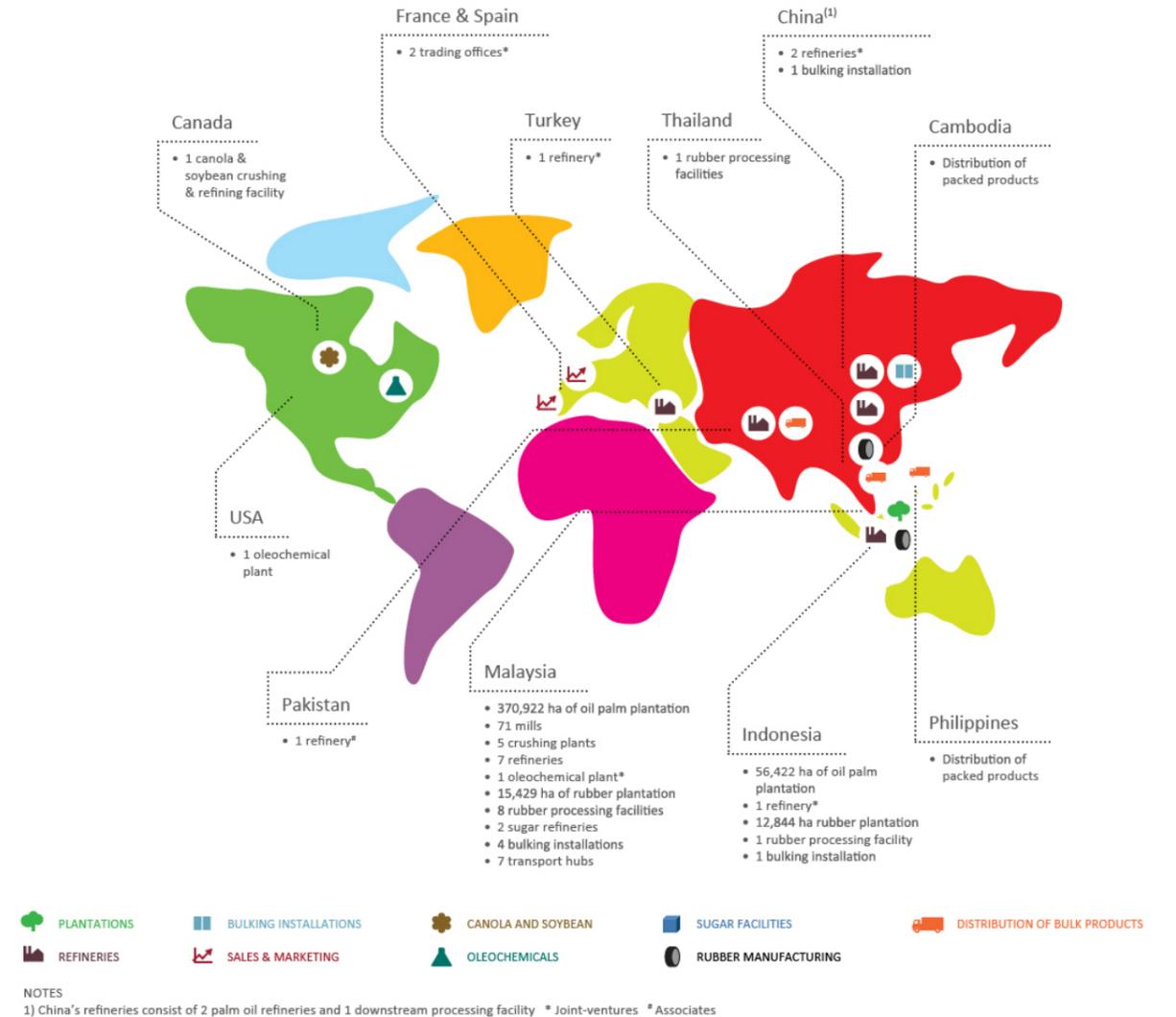
FGV is the world's largest Crude Palm Oil (CPO) producer and the second largest Malaysian palm oil refiner.

2020

With a workforce of almost 60,000 people in the group from our subsidiaries as well as joint-venture companies and associates in 10 countries across four continents, FGV aspires to be one of the top 10 agri-business conglomerate in the world by 2020.

OUR GLOBAL PRESENCE

Our overseas footprint spans the globe, with operations in more than 10 countries



FGV strives to be the leading globally diversified integrated agri-business. To achieve this ultimate goal, FGV believes in creating value through human capital, championing the locally invested culture, building an integrated value chain advantage and cultivating diversification in commodities and geography.



PAST ACQUISITION



2012

In 2012 FGV acquired a 95% equity interest in PT Citra Niaga Perkasa (PT Citra Niaga). From the deal, FGV added about 15,000 hectares of land in West Kalimantan, Indonesia to be developed into oil palm plantations.

Felda Global Ventures Holdings Berhad
<http://www.feldaglobal.com/organisation.html#milestones>

2013

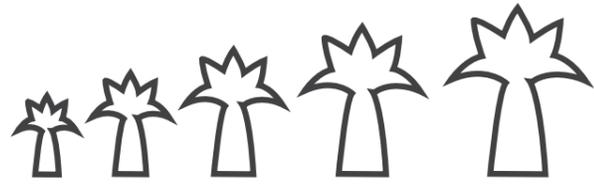
Continuing its expansion plan, FGV bought a 100% stake in Pontian United Plantations Bhd for RM1.2 billion which includes a 16,188 hectare plantation land and a CPO processing mill and kernel crushing facility in Kinabatangan and Lahad Datu, Sabah.

Felda Global Ventures Holdings Berhad
<http://www.feldaglobal.com/organisation.html#milestones>

2014

FGV paid RM628 million to acquire a 100% stake in Asian Plantations. FGV paid cash for the London-listed Asian Plantation's ordinary shares at 2.2 pounds per share. Asian Plantation owns 24,622 hectares of oil palm plantations in Sarawak, East of Malaysia.

The Star
<http://www.thestar.com.my/Business/Business-News/2014/08/30/FGV-buys-Asian-Plantations-This-has-strengthened-its-position-as-worlds-thirdlargest-plantation-oper/?style=biz>

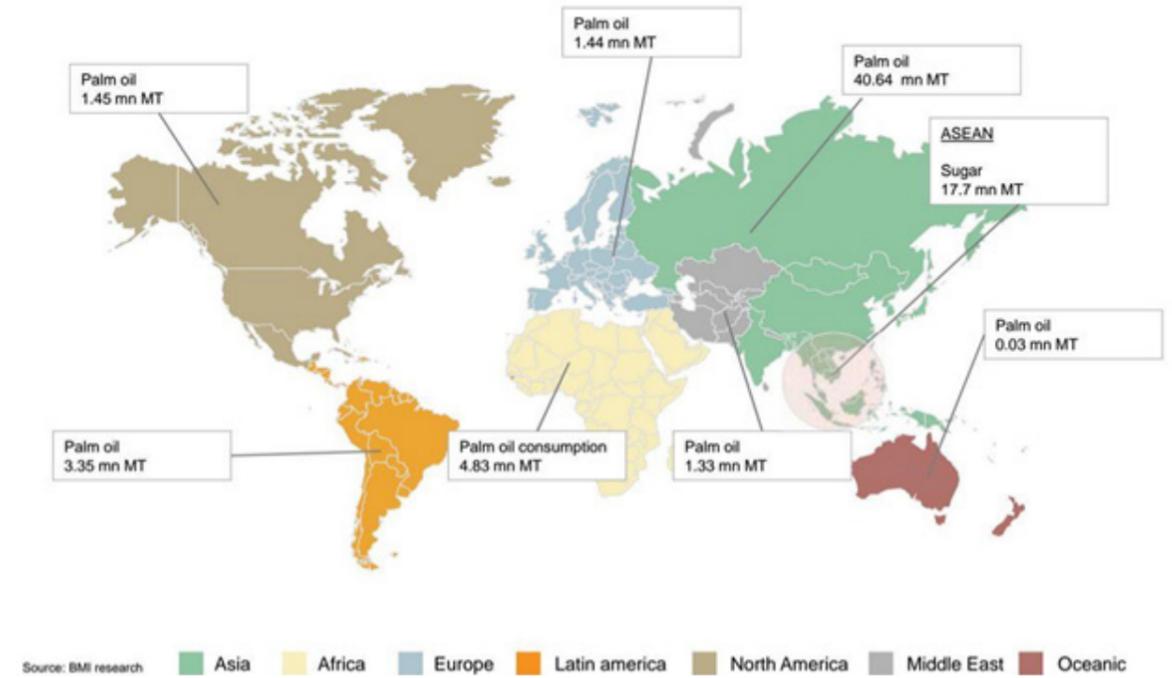


5 YEAR PROJECTION



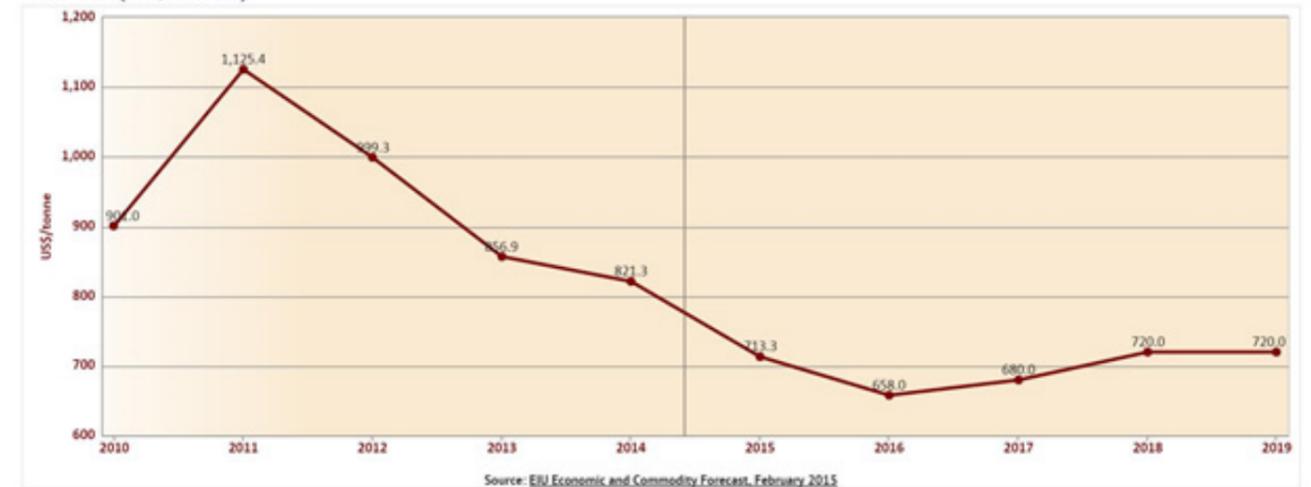
Access to Potential CPO World Market by 2019

Our potential market share: 15% CPO or ~8 mn MT, 25% sugar (ASEAN) or ~4.4 mn MT



Although CPO prices are at an historic low, it is expected to rebound to an uptrend over the very near term. This is due to the implementation of B5 biodiesel in Malaysia which will push some 500,000 tonnes of CPO out of the nation's high domestic palm oil stockpile.

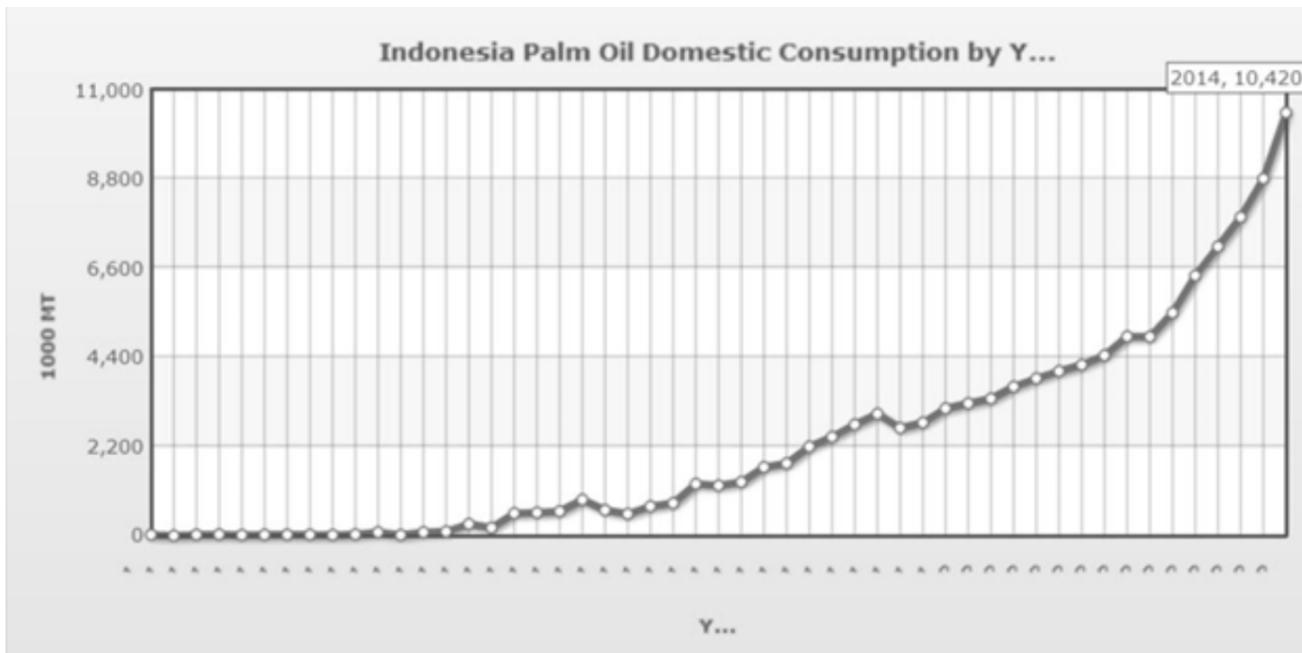
Palm oil (US\$/tonne)



Knoema
[http://knoema.com/wxgcxdel/commodity-prices-forecast-2015-2019-charts-and-tables#Palm%20oil%20\(US%24%2Ftonne\)](http://knoema.com/wxgcxdel/commodity-prices-forecast-2015-2019-charts-and-tables#Palm%20oil%20(US%24%2Ftonne))



KLSE
<http://www.klse.info/counters/chart/stock/5222>



Index Mundi
<http://www.indexmundi.com/agriculture/?country=id&commodity=palm-oil&graph=domestic-consumption>

On top of that, the domestic consumption of palm oil continues to rise in Indonesia. FGV could tap this huge market and put its high palm oil stockpile to good use. Frost & Sullivan predicts that by 2020 palm oil would become an 84 million tonnes market, representing 45 percent of the global vegetable oil market. Furthermore, the global demand for palm oil will be greater in 2020. Malaysian Palm Oil Board (MPOB) projects at 66.8 million tonnes, the global demand for palm oil will exceed supply of 64.7 million tonnes; as compared to 2013 when palm oil demand stood at 57.6 million tonnes versus palm oil production of 55.8 million tonnes.

What's more, the oleochemicals market size is projected to grow at a compound annual growth rate of

4.2%
 to reach USD25.91 billion by
2019

The Asia-Pacific region is expected to show the highest growth rate of

5.1%
 between 2014 and 2019 for the oleochemicals market

**China
 Japan
 & India**

are the key countries with a huge demand for oleochemicals

Indonesia is the world's seventh largest sugar consuming country, as well as the third largest user of sugar in Asia after India and China. With the 2015 sugar consumption forecasted to be 5.5 million tonnes, gaining access to Indonesia's consumer market will benefit FGV.

FGV Group Preseident and Chief Executive Officer Dato' Mohd Emir, talks to The Edge about the company's performance and operations. He touches on the transformation plan for FGV and how it will benefit the company.



Kedua, kami mahu bertukar menjadi lebih fokus kepada permintaan pelanggan dan melihat cara yang lebih komersil untuk berurusan.

04



POTENTIAL IN INDONESIA



Indonesia is Southeast Asia's largest economy and consumer market. It will open the door to palm consumer goods and industrial fats market, fertilizer and palm oil seed sales, biodiesel business and access to an additional volume of 400,000 tonnes CPO to trade.



● FGV land and plantations (450,000+ hectares)

● EHP land and plantations (425,078 hectares)

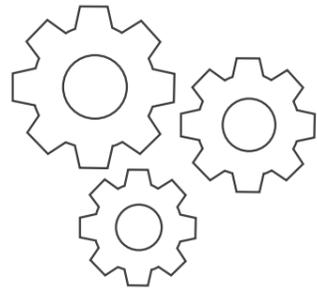
The partnership will give FGV the rights to a total area of approximately 425,078 hectares of land and plantations in Kalimantan, Sulawesi, Papua and Sumatra provinces in Indonesia. This will transform FGV into the **world's largest fully integrated oil palm**

PT Eagle High Plantations (EHP) is Indonesia's third largest plantation company with an estimated 137,000 planted hectares (excluding 15,000 Plasma) and around 273,000 unplanted landbank. This provides FGV with significant expansion potential especially as land in Malaysia is relatively scarce. Partnership with one of the most notable Indonesian conglomerates with diversified business interest and experienced management team will boost the company's profile.

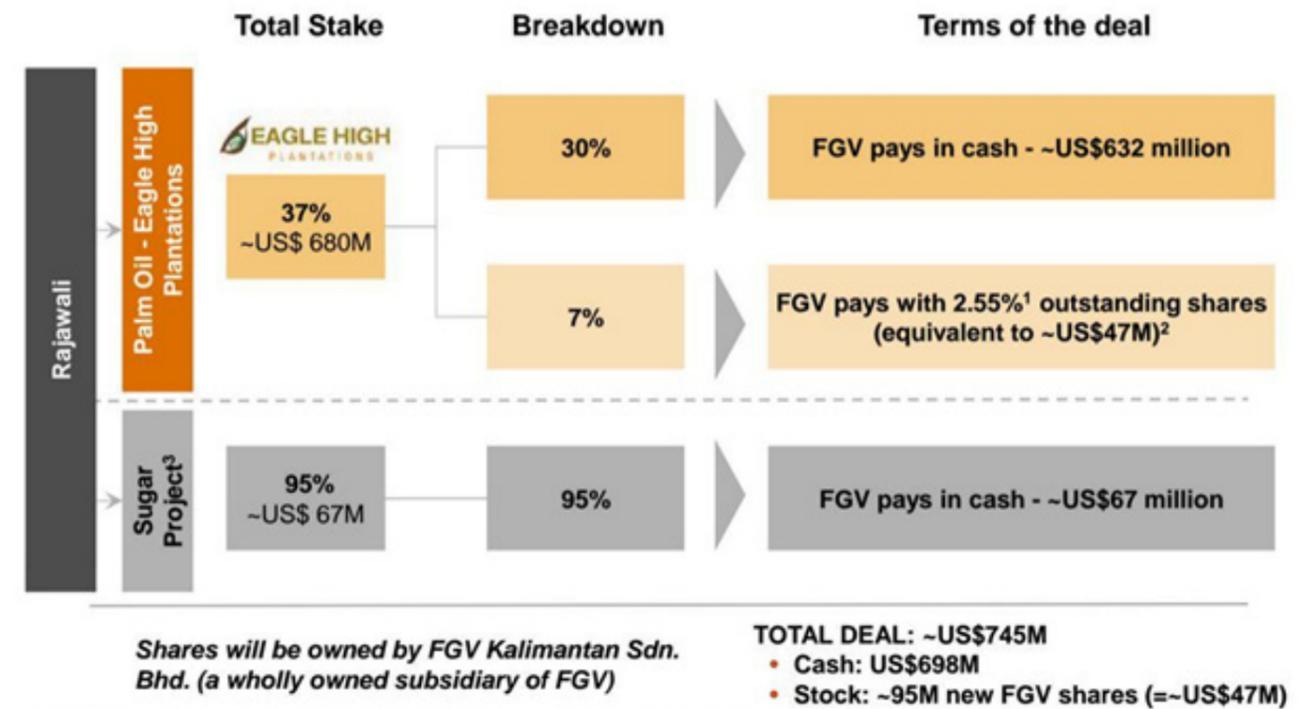
FGV Group President and Chief Executive Officer Dato' Mohd Emir Mavani Abdullah talks to The Edge on the details of the proposed acquisition of 37% stake in PT Eagle High Plantations. Shareholders concerns and the rationale of the proposed deal were some of the topics covered in the interview.



Dengan bekerjasama dengan mereka, bukan sahaja kita dapat menggunakan tanah simpanan tapi juga dapat menjual baja kami.



STRATEGY



1. 95,441,601 new FGV shares – Rajawali will own 2.55% of FGV's enlarged outstanding shares 2. Based on FGV's last closing price of MYR1.86 – June 11 at the MYR/USD rate of 3.77 Rajawali's existing sugar project is held under PT Cendrawasih Jaya Mandiri, PT Karya Bumi Papua and PT Rizki Kemilau Berjaya

FGV proposes to acquire 37% in EHP for cash and stock; of which 30% will be paid in cash (USD632 million) while the remaining 7% will be paid with 95 million new FGV shares, resulting in Rajawali (parent company of EHP) owning a 2.55% stake in the enlarged FGV shares outstanding (at FGV's last closing price of MYR1.86 on June 11, 2015 worth USD47 million).

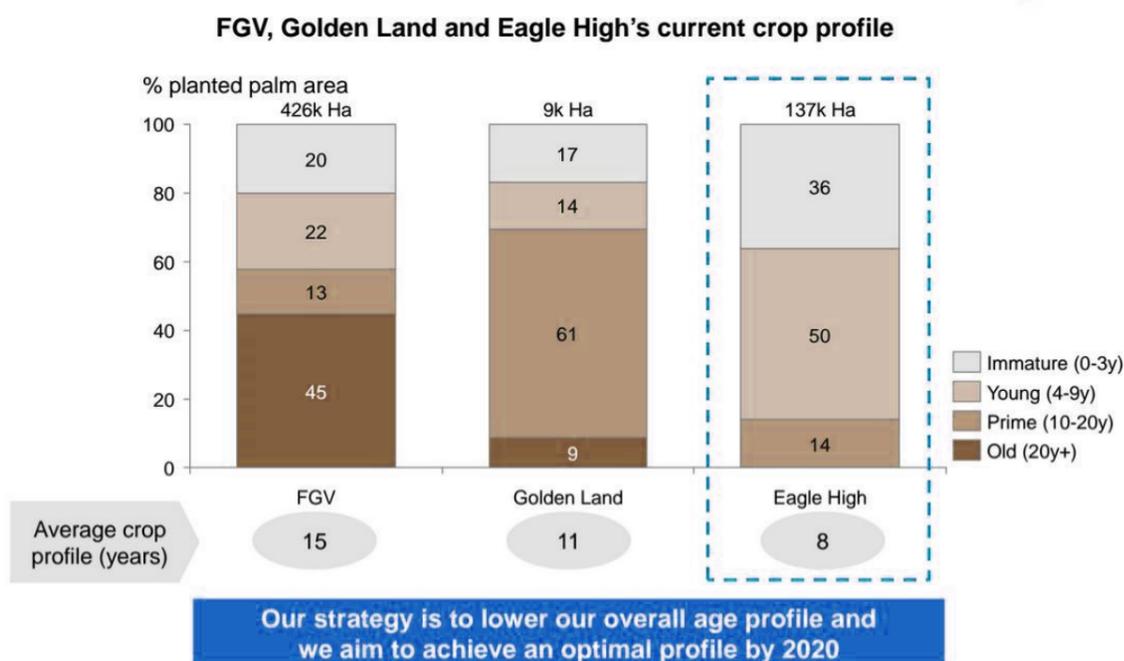
FGV will also acquire Rajawali's sugar business, 95% in both Cendrawasih Jaya Mandiri and Karya Bumi Papua; and 93.3% in Rizki Kemilau Berjaya, for USD67 million in cash.

The deal will transform FGV into the world's largest fully integrated oil palm plantation company. EHP's crop size and younger age profile provides FGV with additional revenue generation opportunities during the phased replanting of its Malaysian crop. It will also increase FGV's exposure to non-LLA landbank.



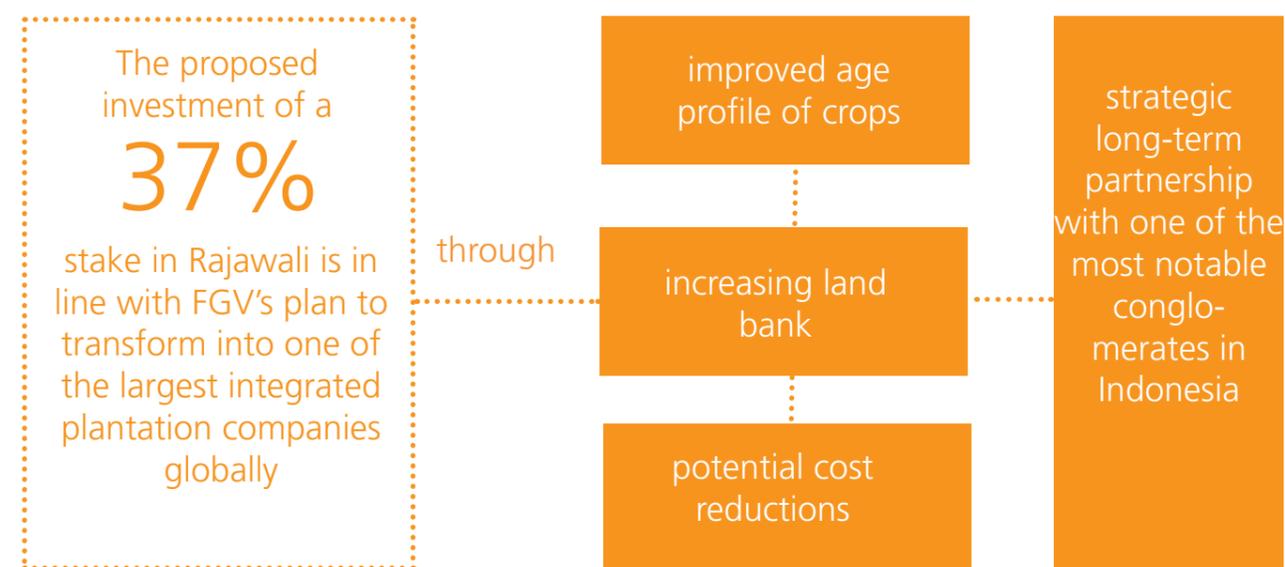
The proposed implied Equity Value (EV)/hectare for the planted hectare of EHP is approximately US\$17,400 per hectare which is lower than the recent acquisitions of New Britain Palm Oil Ltd (EV/hectare of US\$25,900) and Unico Desa Plantations Berhad (EV/hectare of US\$23,500). In comparing with recent Indonesian transactions, hectares involved are small in nature, of less than 70,000 hectares.

In addition, a key element to examine in the valuation is based on the economic value of the land; Indonesian plantations have higher yield than Malaysian plantations because the soil in Indonesia have gone through less planting cycle than Malaysia. Compared to Kalimantan or Sulawesi, where there has been two to three cycles and Papua New Guinea with only one cycle, Malaysia has had six cycles over 160 years. This is an important element that cannot be ignored when valuating the land – its economic value.



The acquisition of a strategic stake in EHP by FGV demonstrates ASEAN economic integration at its best by aligning the vision of two ASEAN leaders through a strategic partnership that will see significant benefits for both countries as well as their international stakeholders.

To secure long-term sustainability and viability of our business, FGV needs more landbank and planted hectare with a younger age profile. FGV's current average age profile of its planted hectare is 15.5 years, putting it at the matured and aging end of the spectrum. In comparison, EHP'S crop profile is significantly younger.





FGV Group President and Chief Executive Officer Dato' Mohd Emir Mavani Abdullah talks to The Edge on the details of the proposed acquisition of 37% stake in PT Eagle High Plantations. The interview also covers shareholders' concerns and the rationale of the proposed deal.



Pada 2008, kami ada pelan. Kami ambilnya sebagai projek "greenfield" dan kami mula bekerjasama dengan Bunge...



