



IOI GROUP

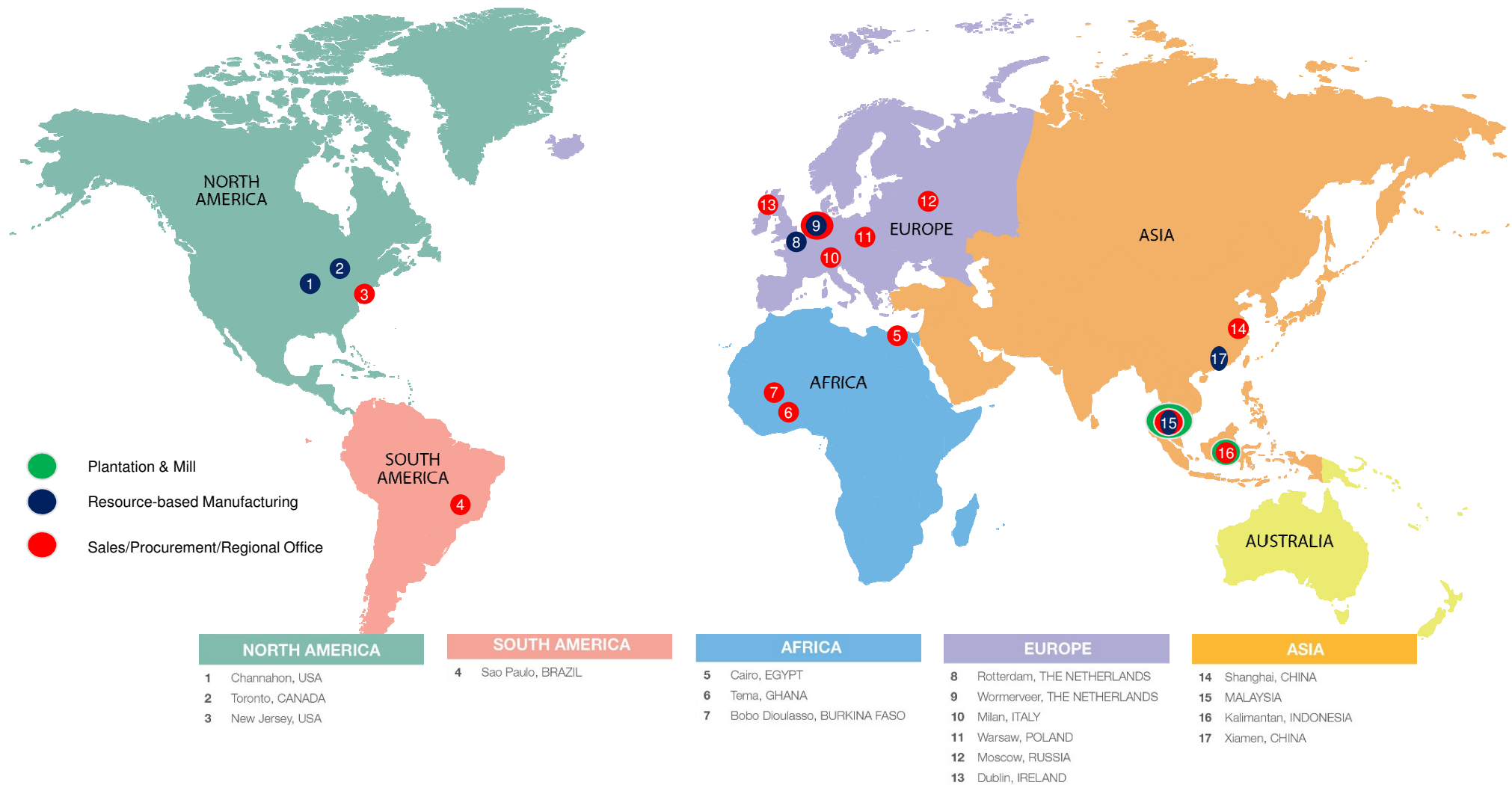
IOI CORPORATION BERHAD

INVEST MALAYSIA 2016



IOI GROUP – OVERVIEW

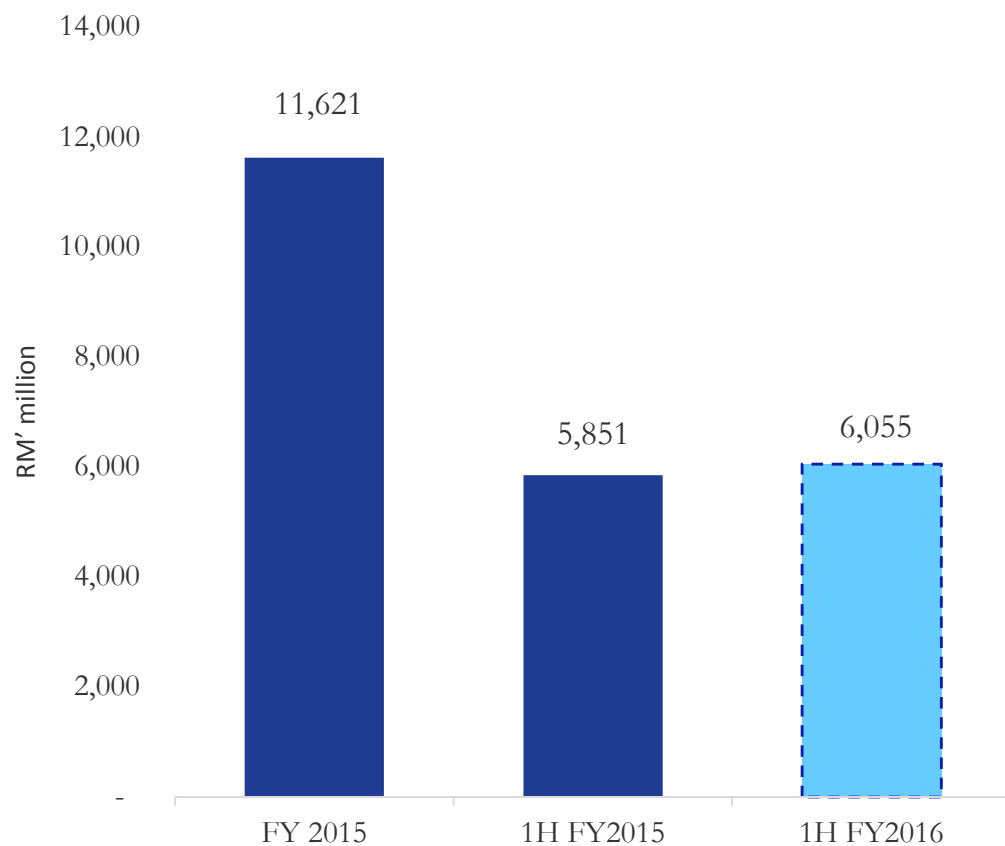
- ❖ ONE OF THE LARGEST AND MOST VERTICALLY INTEGRATED PALM OIL COMPANIES IN MALAYSIA
- ❖ MARKET CAPITALIZATION OF RM29.5 BILLION (AS AT 31 MARCH 2016)



KEY FINANCIAL HIGHLIGHTS

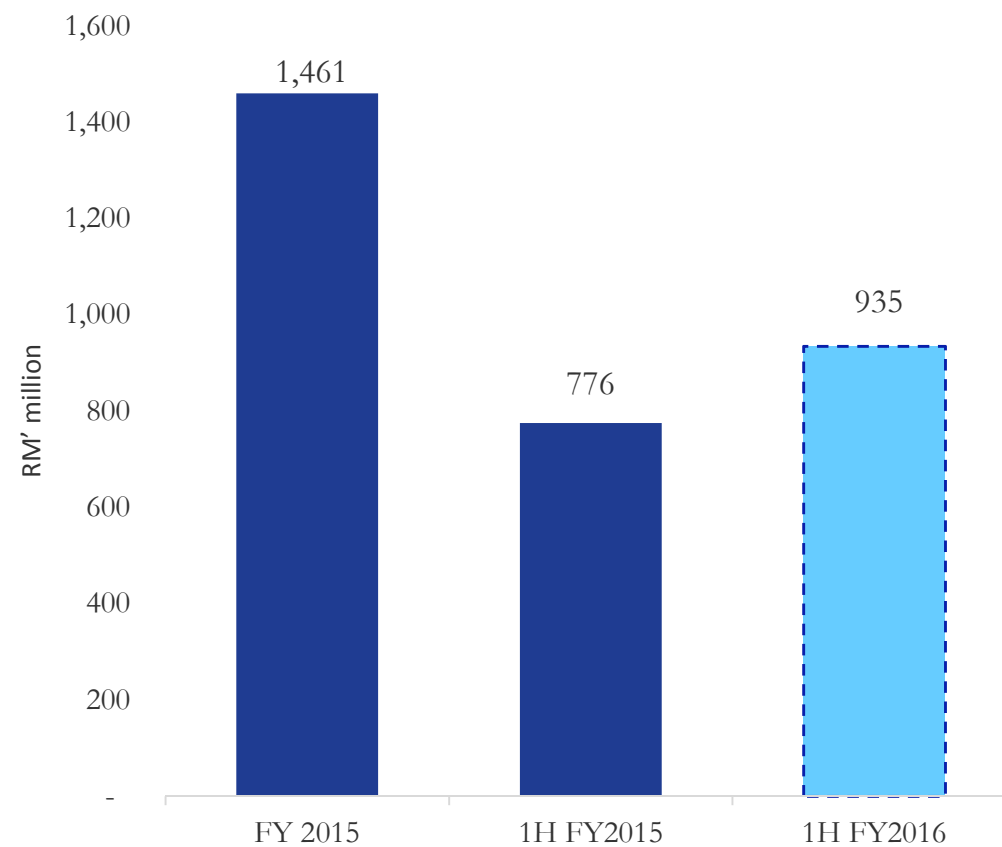
Revenue

Plantation & Resource-based Manufacturing



EBIT

Plantation & Resource-based Manufacturing



Total
Planted
Area*



180,000 hectares

Malaysia: 159,000 ha (89%)
Indonesia: 21,000 ha (11%)

Total Estates

90



15 
palm oil mills
with an annual
milling capacity

4.75 million
tonnes
of FFB

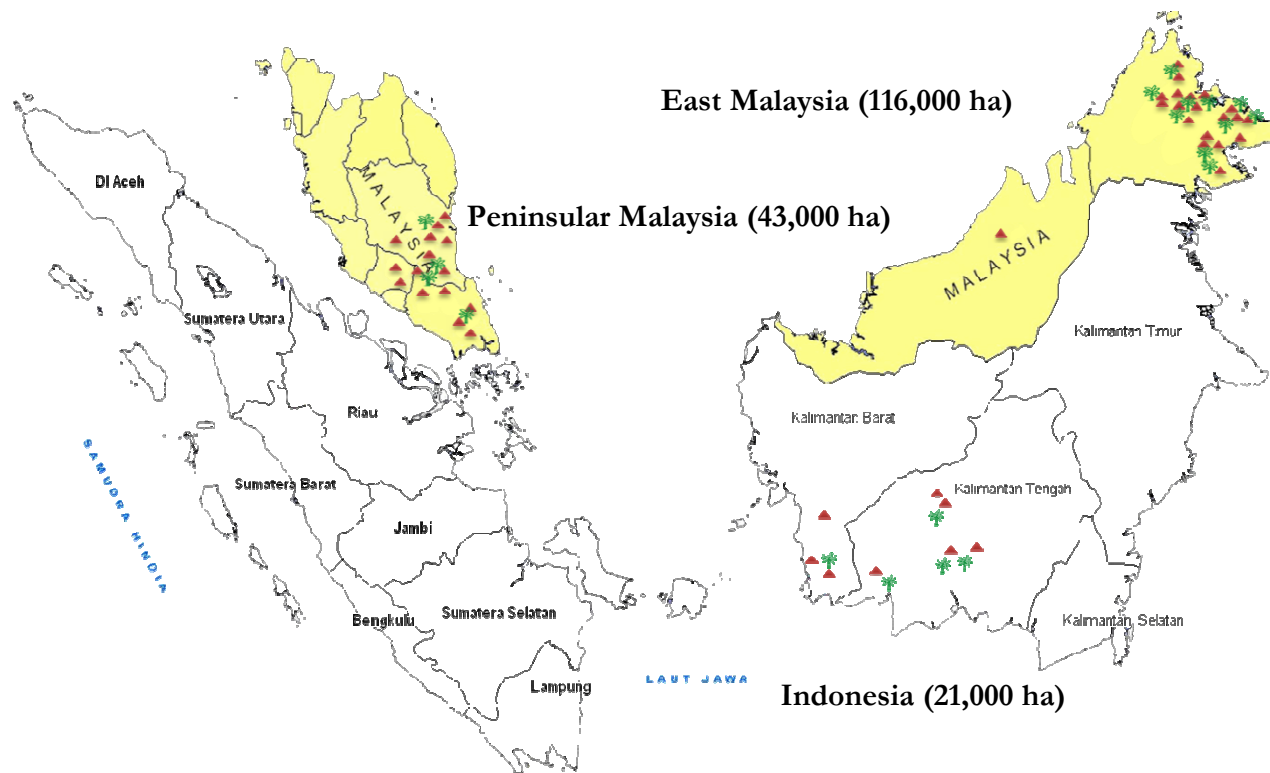
Malaysia: 14 mills
Indonesia: 1 mill



- Total titled area of approximately 207,000 ha in Malaysia and Indonesia.
- Balance of unplanted area is around 9,000 ha.
- Holds 31.7% interest in an associate company, Bumitama Agri Ltd (BAL), which has a planted area of approximately 120,000 ha (effective interest is approx. 38,000 ha).
- Tissue Culture Laboratory, with BioNexus status, for large scale tissue culture propagation of high-yielding oil palm clones.



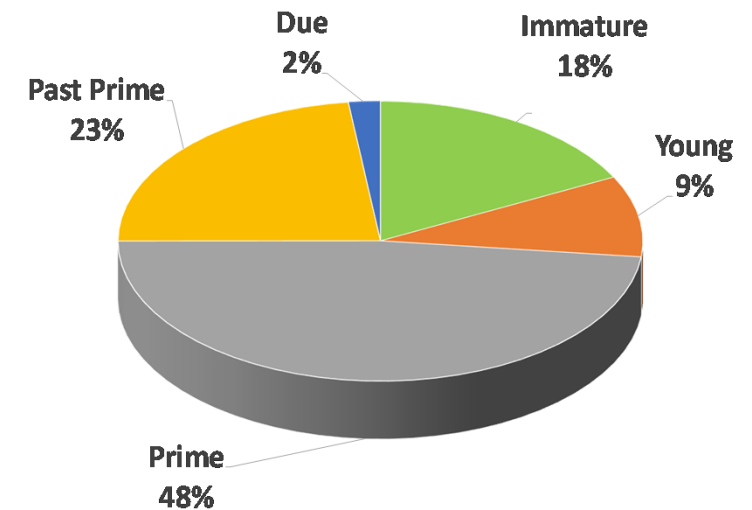
LOCATION OF PLANTATION OPERATIONS

Total planted area of 180,000 ha



-  Plantation estates
-  Palm oil mill

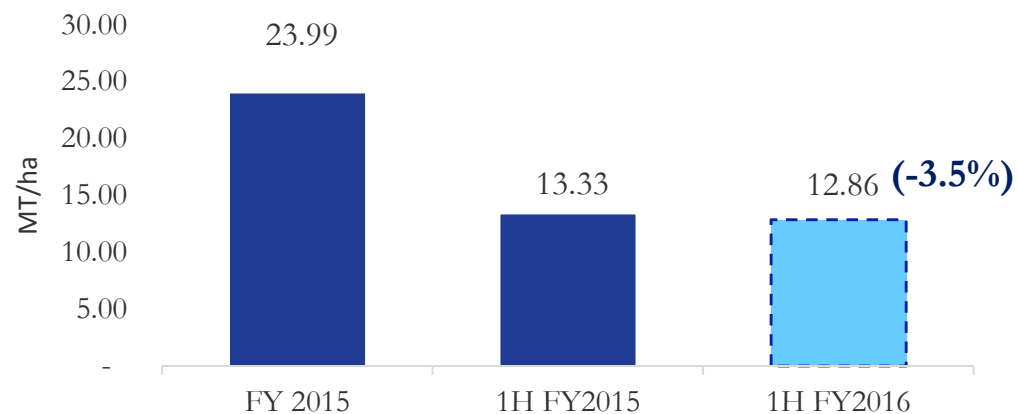
AGE PROFILE OF OIL PALM PLANTATION



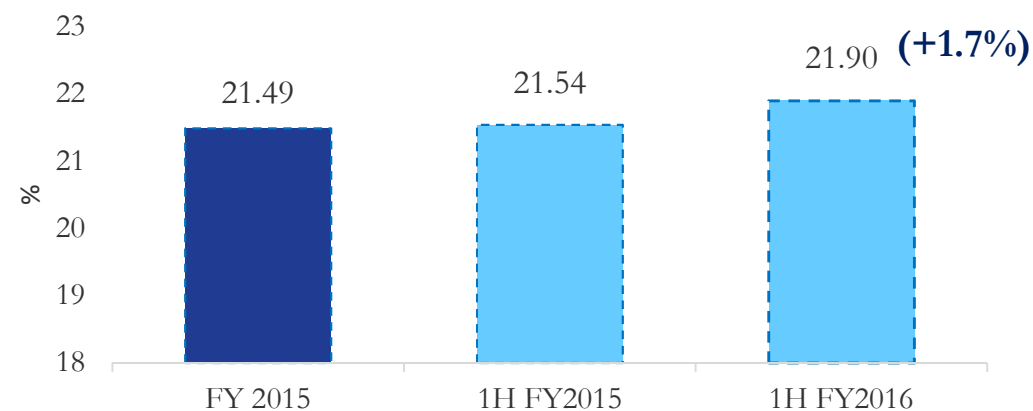
- Average planting age of around 13 years old.

KEY OPERATIONAL HIGHLIGHTS

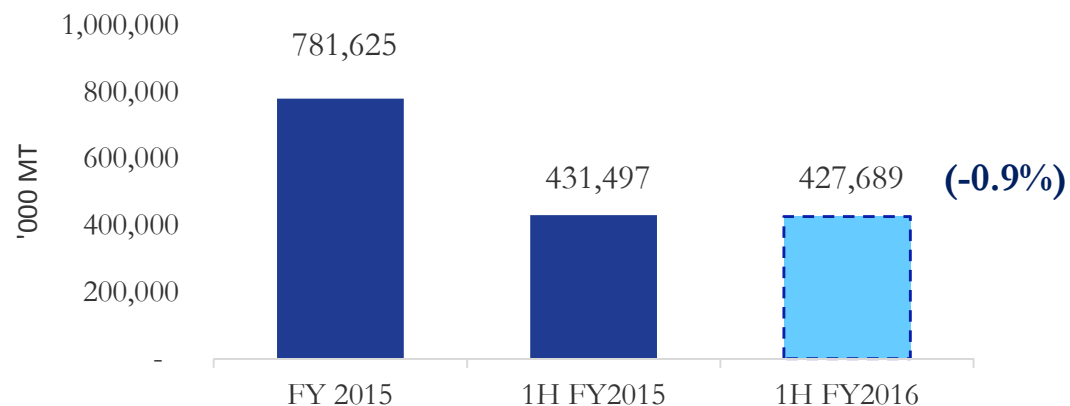
FFB Yield



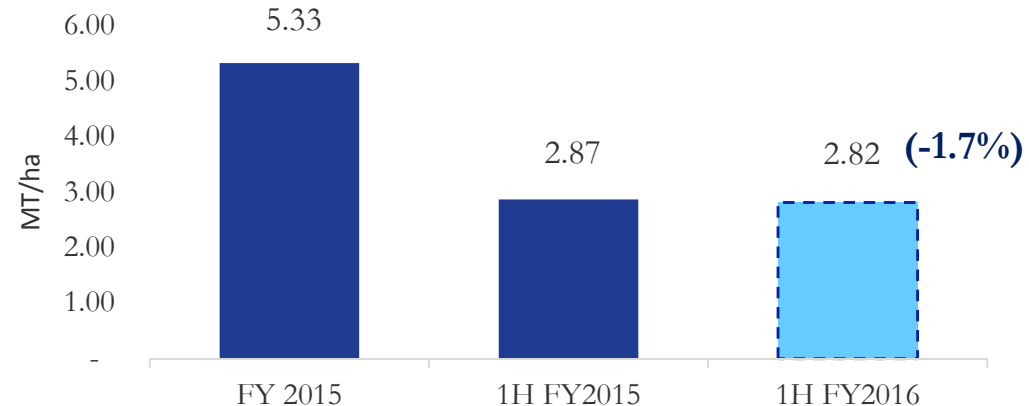
OER



CPO Production



CPO Yield



GROWTH DRIVERS

Expansion growth

- Open to acquire more plantation land in Malaysia or Indonesia to support internal consumption of CPO.

Organic growth

- Complete the planting of remaining 9,000 ha in Indonesia over the next 2 – 3 years.
- Replanting of oil palm will use high-yielding clonal palms that can produce OER of more than 27%
 - Target to replant 6,000 – 9,000 hectares per year.

Others

- Continue to support Bumitama Agri Ltd in its expansion in Indonesia.



OUTLOOK

El Nino

- El Nino has resulted in lower FFB output



Biodiesel

- Biodiesel as a long-term CPO price driver, supported by the respective mandates of Indonesia (B20 in 2016) and Malaysia (B7 to B10)



Palm oil inventory

- Declining palm oil inventory i.e. latest 1.89 million tons in Malaysia

OVERVIEW

- The resource-based manufacturing division consists of:
Midstream - refining of crude palm oil
Downstream - oleochemicals and specialty oils & fats products.
- Strong presence in Asia, Europe & USA with sales to more than 85 countries worldwide.
- 7 marketing offices across 5 continents.



- 13 manufacturing facilities in 6 countries:

Refinery

- ❖ Four refineries in Malaysia and the Netherlands

Oleochemicals

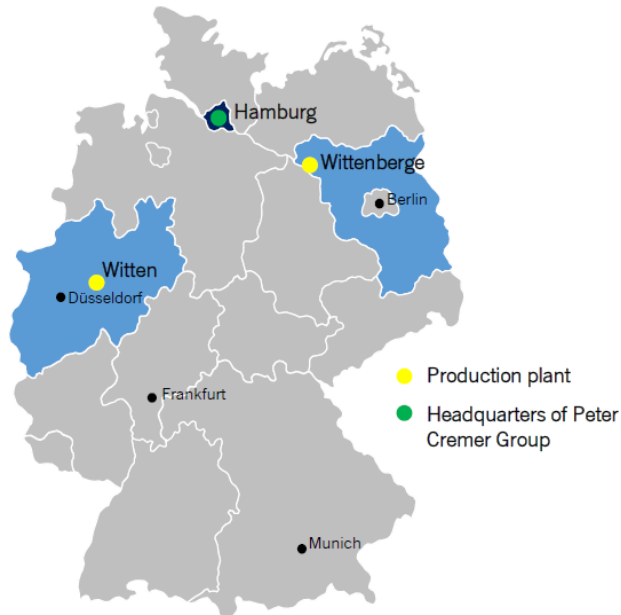
- ❖ Two oleochemical plants in Penang and Johor, Malaysia
- ❖ One fatty ester plant in Penang, Malaysia
- ❖ Two specialty ester plants in Germany
- ❖ 30% interest in Kao Fatty Chemical, a fatty alcohol producer in Malaysia

Specialty oils and fats

- ❖ Four specialty oils and fats plants in Malaysia, the Netherlands, USA and Canada.
- ❖ 40% interest in the joint venture with Adeka Corp to produce premium bakery fats in Johor, Malaysia
- ❖ One specialty oils and fats plant under construction in Xiamen, China.



RESOURCE-BASED MANUFACTURING CREMER OLEO ACQUISITION



Overview on the Cremer plant

- Acquisition was completed in February 2016
- Purchase price of EUR90 million
- Combined Capacity: 40,000 mt
- Production capability: Esters and Basic Oleo
- Market leader in specialty esters for pharmaceutical and personal care applications



Production facility: Witten, Germany

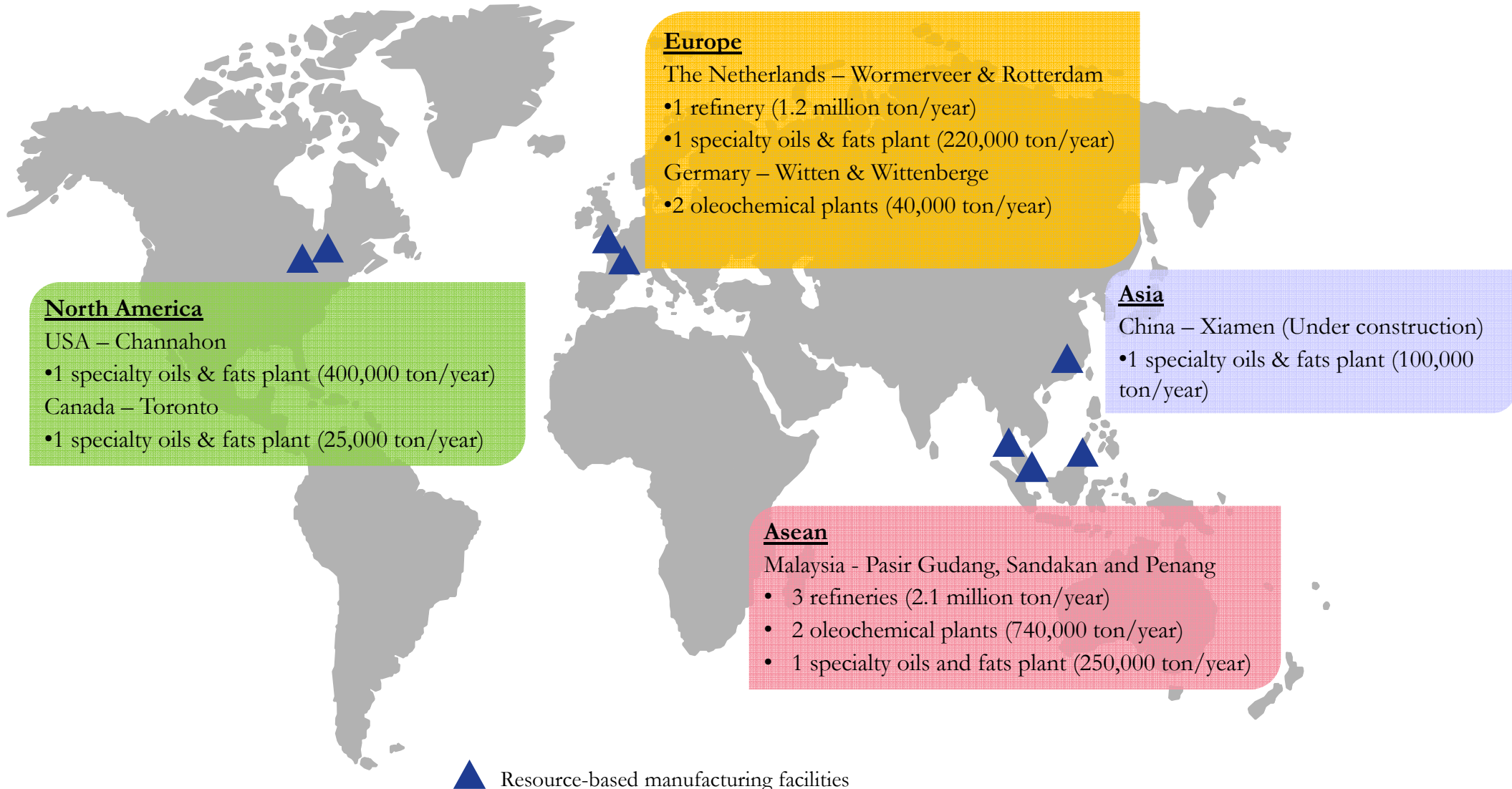


Production facility: Wittenberge, Germany

Benefits of this acquisition

- Grow and expand specialty Oleo products in Europe
- Gain immediate market share and leadership in the pharmaceutical applications sector which has high margin but strong barriers to entry
- Ownership of established technology and technical know-how, which can benefit existing operations in Malaysia

Location of resource-based manufacturing facilities



Soap & Detergents



Textile & Paper



Pharmaceuticals



Cosmetics & Toiletries



Rubber & Tires



Plastic & additives



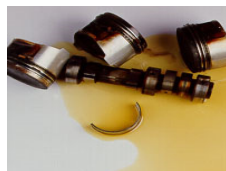
Food Additives



Paint & Ink



Lubricants & Greases



Candles



Bakery



Infant nutrition



Confectionary



Spray oil



Spreads



Animal nutrition



Frying



Energy



Culinary

Dairy fat alternatives

Betapol used in 12 countries in Europe and Asia



GROWTH DRIVERS

Expansion of capacity

- New plant in China for specialty fats products
 - Completion expected in 3Q 2016
- Recent acquisition of specialty oleochemical plant in Germany



Partnership and organic growth

- Partnership with strong partners to expand geographical footprint.
- Creative studio concept
 - product development with real time collaboration between customers' food technologists and our own lipid application experts



Betapol

- China's new two-children policy
- Product development and marketing partnership with Kerry Group Plc, an Irish public-listed food ingredients multinational company

OUTLOOK

**Higher demand for
premium food
ingredients**

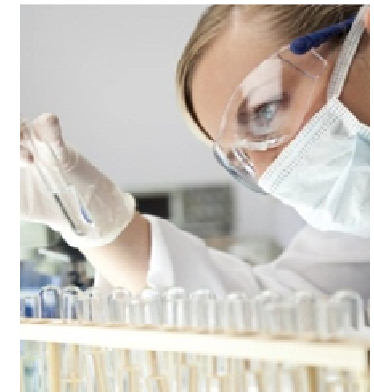
- Higher demand for premium food ingredients in the increasingly affluent Asian countries

**Trans fats ban in
US**

- Banning of trans fats may further boost the consumption of palm-based products in the US.

**Specialty
Oleochemical
products**

- New ester plants in Penang and Germany open up new market for oleochemical-based food and pharmaceutical ingredients.



EFFECTS ON PALM OIL AND IOI

- Increase palm oil exports to countries such as Canada, Mexico and Peru.
Note: US do not have import duties on palm oil and palm kernel oil
- The removal of import duties on downstream products such as oleochemicals and packed specialty fats will increase IOI's export to countries for instance US, Canada, Mexico and Peru.
- Competitive advantage over non-TPPA countries i.e. Indonesia and Thailand.
- More stringent human rights and labour conditions requirement in the plantations.

Background

- China's OBOR strategy aims to promote infrastructure development and increase trade flows in Asia, the Middle East, parts of Europe, South Asia and South-East Asia to enable deeper economic cooperation.
- This strategy would also support China's domestic economy by boosting trade and creating business opportunities overseas.

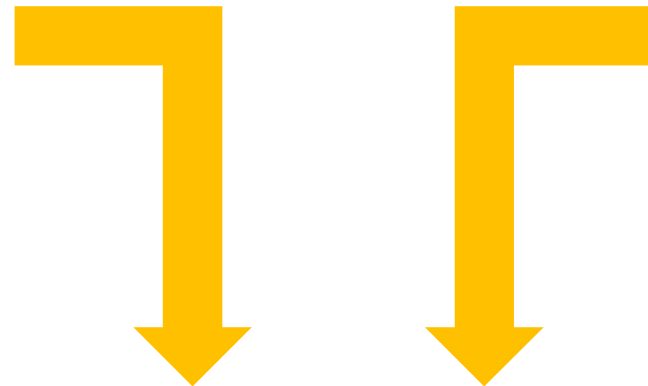
Benefits to IOI

- The OBOR strategy will increase the demand for palm oil and downstream palm products through better connectivity in the long run.
- IOI's new specialty oils and fats plant in Xiamen, China would be strategically positioned to capture the growing demand for edible oils in China and the surrounding regions.

Maximise Stakeholders' Returns

PLANTATION

- Continued emphasis on replanting with high-yielding clonal and elite palms.
- Focus on operational efficiency, high productivity and low production cost.



- Strong cash flow and balance sheet:
 - Fund M&As opportunities & organic growth.
 - Reduce debts

RESOURCE-BASED MANUFACTURING

- Good technical expertise and market reputation.
- Integration of downstream business with upstream plantations gives strategic advantage in terms of reliability of supply, food traceability and sustainability.
- Expanding footprint in fast growing countries in ASEAN, China, Russia and Latin America