



IOI GROUP

IOI CORPORATION BERHAD

FY2022 2nd Quarter Group Results Summary



1. Financial results
2. Operating statistics
3. Prospects
4. Plantation labour management
5. Update on sustainability initiatives

1. FINANCIAL RESULTS




Profit or Loss - Qtr on Qtr

(in RM' million)

	Q2 FY22	Q2 FY21	% change
Revenue	4,112.3	2,454.7	68%
Operating profit	632.1	280.3	126%
Share of results of associate	35.3	85.7	-59%
Share of results of a joint venture	(0.6)	(0.7)	14%
Profit before interest and taxation	666.8	365.3	83%
Net finance costs	(30.0)	(30.6)	-2%
Net FX translation gain on foreign currency denominated borrowings and deposits	29.7	95.3	-69%
Profit before taxation	666.5	430.0	55%
Taxation	(158.7)	(67.2)	136%
Profit for the period	507.8	362.8	40%
Earning per share for profit attributable to owners of the parent (sen)	7.95	5.68	40%

Share of Bunge
Loder's impairment
loss of RM55.3m





Profit or Loss - Year-to-Date

(in RM' million)

	YTD FY22 6 months	YTD FY21 6 months	% change
Revenue	7,744.7	4,931.9	57%
Operating profit	1,066.4	538.2	98%
Share of results of associate	105.7	120.8	-13%
Share of results of a joint venture	(1.5)	(1.2)	-25%
Profit before interest and taxation	1,170.6	657.8	78%
Net finance costs	(60.7)	(61.4)	-1%
Net FX translation gain on foreign currency denominated borrowings and deposits	3.4	193.8	-98%
Profit before taxation	1,113.3	790.2	41%
Taxation	(315.8)	(144.6)	118%
Profit for the period	797.5	645.6	24%
Earning per share for profit attributable to owners of the parent (sen)	12.40	10.11	23%

Segment Results - Qtr on Qtr



IOI GROUP

(in RM' million)	Q2 FY22	Q2 FY21	% change
Plantation			
- Operating profit	510.8	293.5	74%
- Associates	65.2	46.8	39%
	576.0	340.3	69%
Manufacturing			
- Operating profit (Note 1)	183.3	(17.0)	not meaningful
- Associates	(29.9)	38.9	not meaningful
- Joint venture	(0.6)	(0.7)	14%
	152.8	21.2	621%
Other operations	2.3	1.6	44%
Segment results	731.1	363.1	101%
Other unallocated corporate net (expense)/income (Note 2)	(64.3)	2.2	not meaningful
Profit before interest and taxation	666.8	365.3	83%
Note 1: FV gain/(loss) on derivative financial instruments	54.5	(90.6)	not meaningful
Operating profit before FV gain/(loss) on DFI	128.8	73.6	75%
Note 2: FV loss on put-call options	(45.1)	(4.7)	-860%
Loss on repurchase of Guaranteed Notes due 2022	(29.4)	-	not meaningful

Segment Results - Year to Date



IOI GROUP

(in RM' million)	YTD FY22 6 months	YTD FY21 6 months	% change
Plantation			
- Operating profit	940.2	549.6	71%
- Associates	122.8	64.3	91%
	1,063.0	613.9	73%
Manufacturing			
- Operating profit (Note 1)	217.5	5.5	3,855%
- Associates	(17.1)	56.5	not meaningful
- Joint venture	(1.5)	(1.2)	-25%
	198.9	60.8	227%
Other operations	5.4	3.7	46%
Segment results	1,267.3	678.4	87%
Other unallocated corporate net (expense)/income (Note 2)	(96.7)	(20.6)	369%
Profit before interest and taxation	1,170.6	657.8	78%
Note 1: FV gain/(loss) on derivative financial instruments	(54.2)	(140.4)	61%
Operating profit before FV gain/(loss) on DFI	271.7	145.9	86%
Note 2: FV loss on put-call options	(70.8)	(34.1)	-108%
Loss on repurchase of Guaranteed Notes due 2022	(29.4)	-	not meaningful



Underlying PBT- Qtr on Qtr & Year-to-Date

(in RM' million)

	Q2 FY22	Q2 FY21	% change	YTD FY22 6 months	YTD FY21 6 months	% change
Profit before taxation ("PBT")	666.5	430.0	55%	1,113.3	790.2	41%
<u>Exclude non-operating and one off items:</u>						
Net FX translation gain on foreign currency denominated borrowings and deposits	29.7	95.3	-69%	3.4	193.8	-98%
Net fair value gain/(loss) on derivative financial instruments	9.5	(94.7)	nm	(124.9)	(174.6)	28.4%
Share of impairment loss of specialty fats associate, Bunge Loders Croklaan Group B.V.	(55.3)	-	nm	(55.3)	-	nm
Loss on repurchase of Guaranteed Notes due 2022	(29.4)	-	nm	(29.4)	-	nm
	(45.5)	0.6	nm	(206.2)	19.2	nm
Underlying PBT	712.0	429.4	66%	1,319.5	771.0	71%

*Note: nm = not meaningful

2. OPERATING STATISTICS

Operating Statistics: Plantation (Qtr on Qtr)



IOI GROUP

		Q2 FY22	Q2 FY21	% change	Q1 FY22	% change
CPO Price	(RM/mt)	4,565	2,992	53%	4,032	13%
PK Price	(RM/mt)	3,678	1,982	86%	2,551	44%
FFB Production	(‘000 mt)	769	761	1%	746	3%
Average mature area	(‘000 Ha)	142	140	1%	141	1%
FFB Yield	(mt/Ha)	5.43	5.46	-1%	5.29	3%
CPO Production	(‘000 mt)	173	169	2%	170	2%
CPO extraction rate	(%)	21.69%	21.40%	1%	21.78%	0%

Operating Statistics: Plantation (Year-to-Date)



IOI GROUP

		YTD FY22 6 months	YTD FY21 6 months	% change
CPO Price	(RM/mt)	4,305	2,782	55%
PK Price	(RM/mt)	3,112	1,725	80%
FFB Production	('000 mt)	1,515	1,639	-8%
Average mature area	('000 Ha)	141	141	0%
FFB Yield	(mt/Ha)	10.72	11.65	-8%
CPO Production	('000 mt)	342	361	-5%
CPO extraction rate	(%)	21.74%	21.48%	1%

Sales Volume (Qtr on Qtr)

(in metric tonne)	Q2 FY22	Q2 FY21	% change	Q1 FY22	% change
Oleochemical	153,272	171,602	-11%	153,739	0%
Refinery	529,301	517,470	2%	572,483	-8%

Sales Volume (Year-to-Date)

(in metric tonne)	YTD FY22 6 months	YTD FY21 6 months	% change
Oleochemical	307,011	344,232	-11%
Refinery	1,101,784	1,120,554	-2%

3. PROSPECTS

- Crude palm oil (“CPO”) price has risen in February 2022, trending close to the RM6,000 per metric tonne mark, following the news of India’s import duty cut as well as Indonesia’s new palm oil export restriction rules. We anticipate the CPO price to remain strong until at least the middle of this year, supported by the global edible oil supply tightness as well as the growth in global economy as we transition from the Covid pandemic to the Covid endemic phase.
- For our plantation segment, the FFB production for the remaining periods of FY2022 is expected to be impacted by the seasonal effects, labour shortage as well as other operational disruptions due to the recent Omicron outbreak. Nevertheless, with the strong palm oil price and intensified mechanisation initiatives in our estates, the plantation segment is expected to perform well during the rest of the current financial year.
- The palm refining and kernel crushing margins in Malaysia continue to be affected by the high CPO and kernel prices as well as export duty regulations in Indonesia. However, we expect the performance of our refinery and commodity marketing sub-segment to remain resilient due to our efficient business model in respect of the Sabah refinery.
- For the oleochemical sub-segment, our product margins is expected to be affected by the sharp rise in palm kernel oil feedstock price since December 2021, although the pent-up demand for our products remain strong due to the earlier supply chain bottlenecks and in line with the growth in global economy. We expect this sub-segment to perform satisfactorily for the remaining periods of FY2022.

- For the remaining periods of FY2022, we foresee an improvement in the operating performance of the specialty fats subsegment comprising our associate company Bunge Loders Croklaan with the continued growth in the global economy, although the operating environment still present challenges such as high freight cost and rising energy cost.
- The US Dollar-Ringgit exchange rate which affects the foreign exchange translation gain/loss arising from our USD denominated borrowings is expected to remain volatile.
- Overall, the Group expects its performance during the remaining periods of FY2022 to be good on the back of strong performance from our plantation segment.

4. PLANTATION LABOUR MANAGEMENT

Mitigation plan for worker shortages



IOI GROUP

Acceleration of Mechanization

1

- mainline evacuation system implemented to about 50% of total estate areas
- introduction of Grabber for in-field FFB evacuation along with use of power wheel barrows and motorized palm cutters
- usage of drones for spraying pesticide

2

Attractive rates and incentives for workers

- encourage retention of harvesters by offering attractive wages
- workers introduction scheme to encourage workers to bring family and relatives to work at IOI estates (mainly Sabah)

Increase local workforce participation

- encourage more local workers to participate in the plantation sector by offering attractive wages and lower working intensity through the use of motorised tools

3

4

Learning centres and day-care facilities for worker's children

- provide education to our foreign workers by providing learning centers for primary (Humana) and secondary school children (Community Learning Centers (CLC))

FFB in-field collection using Grabber



- Suitable for flat areas with a coverage ratio of 1 : 250 ha.
- Able to carry bunches that are difficult to load manually and therefore improve harvesting ratio
- Bunches directly loaded from field to Bin and transported to Ramp/Mill

FFB in-field collection using Power Barrow



IOI GROUP



- Suitable for terraced, soggy and low laying areas with a coverage ratio of 1 : 60 ha.
- Improve productivity and crop evacuation of harvesters

Battery Operated Motorized Cutter



IOI GROUP



- Battery operated cutter for palm trees above 20 Feet with Graphite Pole (light weight)
- Improves coverage area as it requires less energy being used by harvesters, therefore improving harvester ratio.

5. UPDATE'S ON SUSTAINABILITY INITIATIVES



Climate Change Action (CCA) Initiative – towards Net Zero

- Physical Risk Mapping & Assessment
- Transition Risk Assessment specifically on carbon pricing (TCFD)
- Mitigation & Adaptation Measures Strategy
- GHG Emission Reduction & Responsible Land Use Management



Environmental Protection

- Project RE-Leaf for Reforestation & Biodiversity in forests & riparian areas at IOI's estates in Sabah
- Achieving Coexistence with Elephants (Southern Peninsular)
- Elephant Conservation with Seratu Aatai & Sabah Wildlife Department
- Conducting surveys to facilitate a wildlife corridor in the Kendawangan landscape, Ketapang, West Kalimantan



Resource Management

- NDPE & 7Rs of Circularity
- Regenerative Agriculture – Crop Diversity (Rubber, Durian, Kenaf, etc.); Intercropping of fast growing crops (Banana, Pineapple, etc); Soil Management

Human Rights



- Pledge on Countering Child Labor through Education - Zero Cost Full Day Education for our workers' children in Sabah, launched on Dec 13, 2021
- 24/7 app for the workers to report their grievance anonymously
- Toolkit based on ILO Global Business Network on Forced Labor (GBN-FL) for conducting due diligence on our recruitment agencies
- Engaged Human Rights due diligence firm to design worker engagement solutions, conduct a year-long worker survey & provide implementation analysis.



Health & Safety

- Vaccinations for Workers at the Estates including Mask Initiative
- “Plant Your own Food” Initiatives
- Remediation in the form of *Ex Gratia* for estate workers during Covid-19



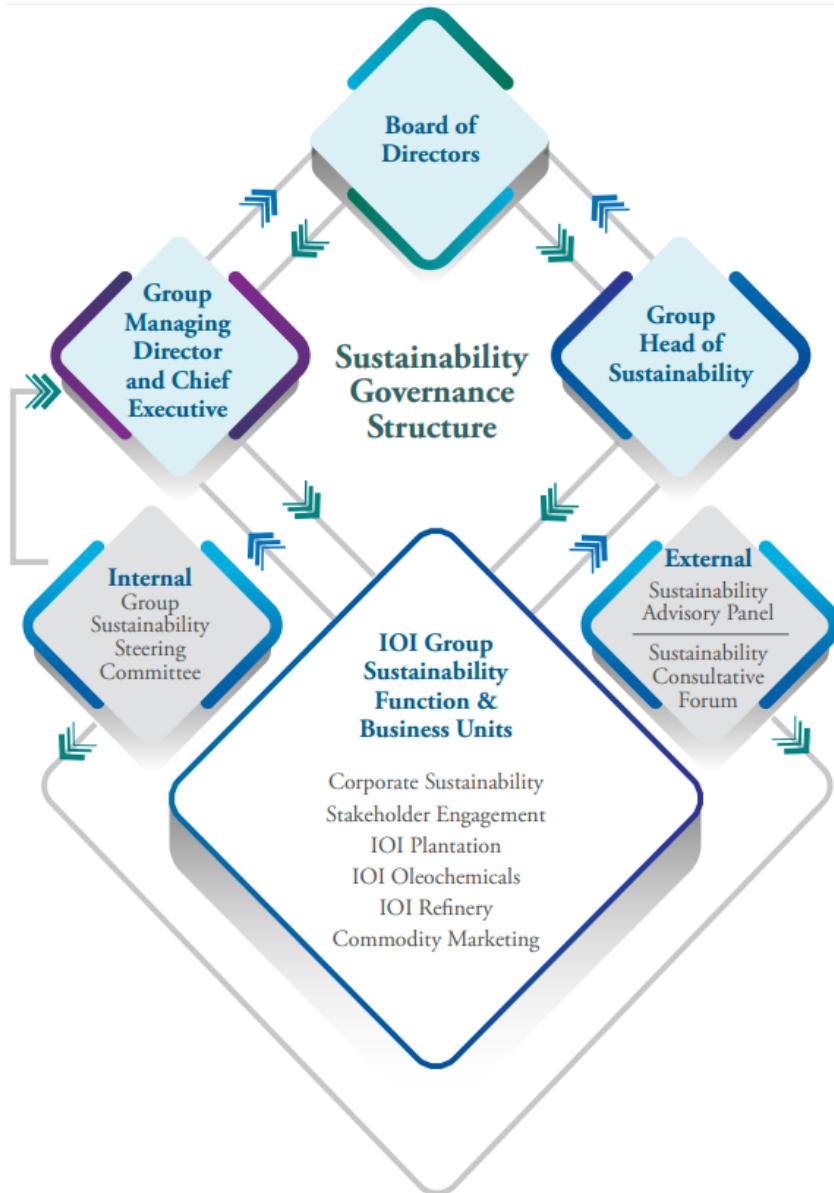
Community Relations

- Ketapang Landscape project: Explore alternative sustainable business for communities that live in the 3 villages around the company's concessions.
- Social Impact Assessments .

SUSTAINABILITY GOVERNANCE - ACCOUNTABILITY & TRANSPARENCY



IOI GROUP



Purpose of IOI's SUSTAINABILITY CONSULTATION FORUM (SCF): Gather feedback & perceptions from external stakeholders on selected, complex sustainability issues, as well as bottom-up feedback from IOI's management and sustainability team.

1

Core members of the SCF are our Sustainability Advisory Panel (SAP) members

2

1st SCF held on May 2021, facilitated by BSR (global non-profit organization & sustainability consultancy) with focus on 1) Responsible Recruitment Practices; 2) Legalization (Sabah)

IOI's ESG Performance

As rated by external agencies & parties



IOI GROUP

ASSESSMENT	SCORE/RATING 2020	SCORE/RATING 2021
DJSI	Overall ESG Score: 39 Percentile: 71	Overall ESG Score: 39 Percentile: 77
CDP	Forest : C Water : B Climate : C	Forest : B Water : B Climate : C
As constituent of FTSE4Good	Overall ESG Rating: 3.1	Overall ESG Rating: 3.1
SUSTAINALYTICS	Risk Rating, June 20 : 29.7	Risk Rating, 3 Nov: 25
SPOTT	Percentage: 77.1% Score: 144.95 of 188	Percentage: 76.4% Score: 145.9 of 191
MSCI	Rating: BB - Average	Rating: BBB - Average
Global Child Forum Regional Benchmarking	Score: 8.1 / 10 Level: Leader	-
Ecovadis (Oleochemical)	Silver	Gold

Sustainability Concerns - *US CBP & RSPO*



IOI GROUP

8 June 2021: Received information U.S. Customs & Border Protection (CBP) will investigate, based on a petition filed by Andy Hall, alleged forced labor conditions in IOI.

1

3rd Party Audit conducted for assessment at group level (corporate governance, risk, controls of protocol) and site level (social compliance).

2

Audit Report was shared with US CBP on Dec 7, 2021

16 November 2020: RSPO inquiry regarding workers condition and grievance at IOI's Mekassar Estate

1

100% Special audit by Certification Body (SIRIM) conducted to verify the implementation action for relevant estates. Final Report received on Feb 17, 2022

2

Audit Report to be shared with RSPO Complaint's Panel



IOI GROUP

Thank you