



**IOI GROUP**

# 53<sup>rd</sup> Annual General Meeting

*31 October 2022*

*Presented by Group CFO Mr. Kong Kian Beng*





IOI GROUP

# Overall Group Financial Performance

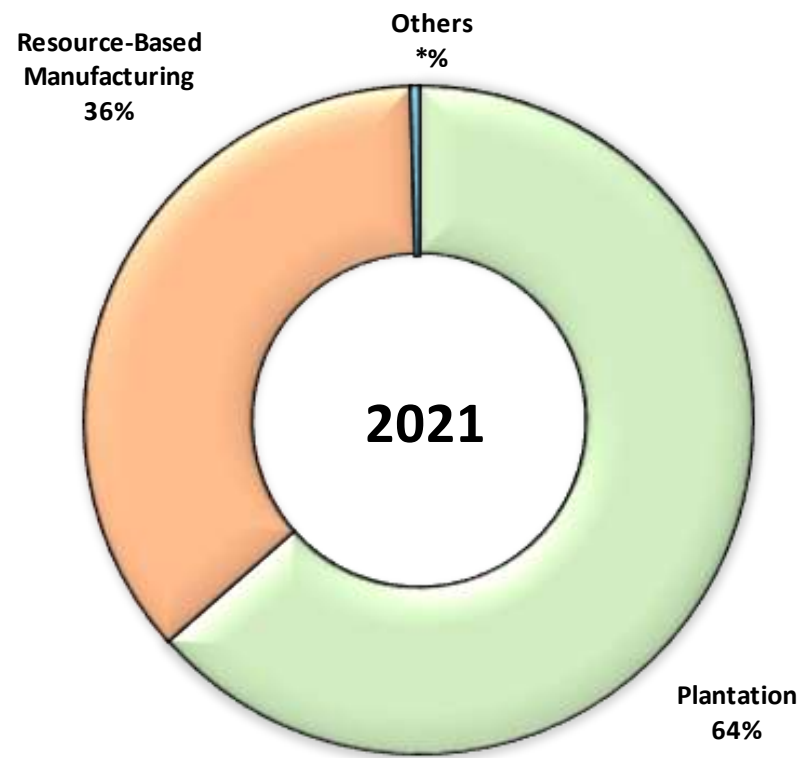
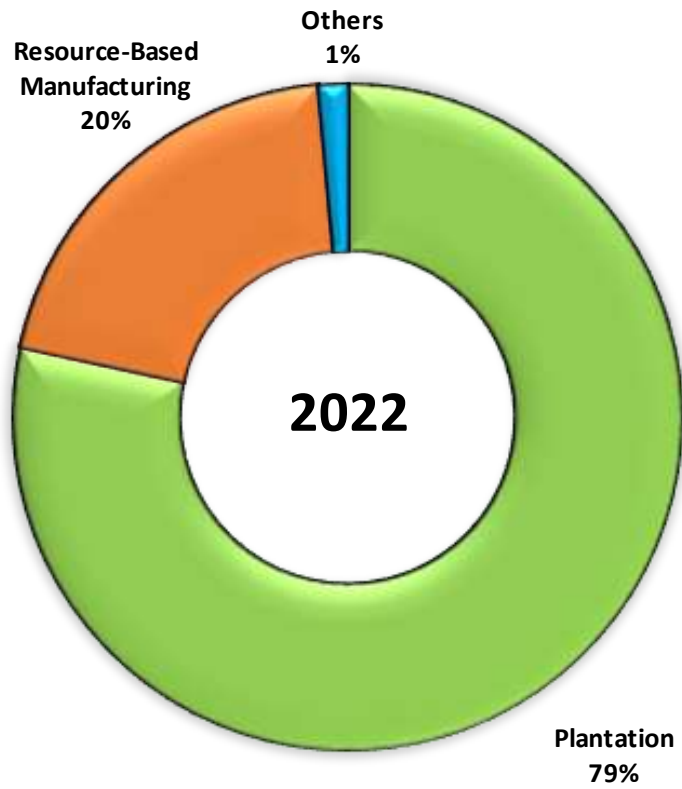
	2022 RM Million	2021 RM Million	Variances (%)	
Revenue	15,578.7	11,251.7	↑	38
Earnings before Interest and Tax (EBIT)	2,494.2	1,747.5	↑	43
Profit before Tax (PBT)	2,352.6	1,739.8	↑	35
Underlying PBT*	2,547.7	1,523.3	↑	67
Profit after Tax (PAT)	1,768.9	1,416.3	↑	25
Basic EPS (sen)	27.74	22.26		

\*exclude fair values and non-operating items



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# Segmental profit



- Plantation
- Resource-Based Manufacturing
- Others
- \*negligible

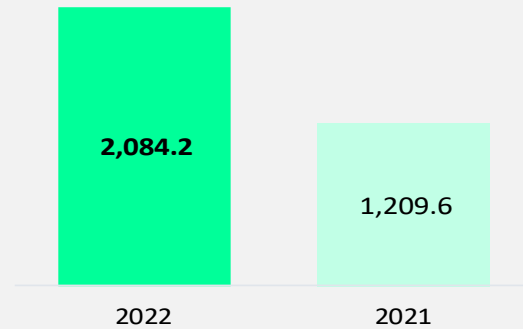
	2022	2021	Variances
	RM Million	RM Million	(%)
Plantation	2,084.2	1,209.6	↑ 72
Resource-Based Manufacturing	537.3	668.0	↓ 20
Others	10.7	8.1	↑ 32



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# Plantation Segment

Segment profit (RM Million)



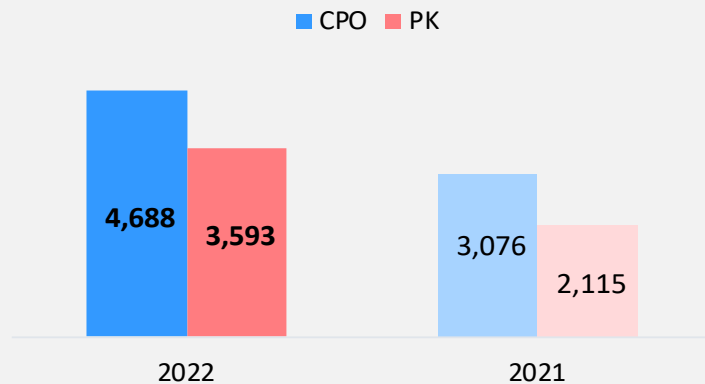
Higher profit mainly due to:

- Higher CPO and PK prices
- Higher share of associate results

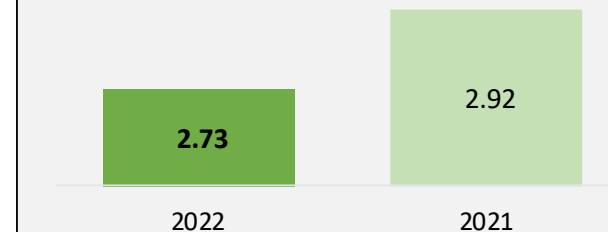
partially offset by:

- Lower FFB production

Average Realised Commodity Price (RM)



FFB Production (Million MT)



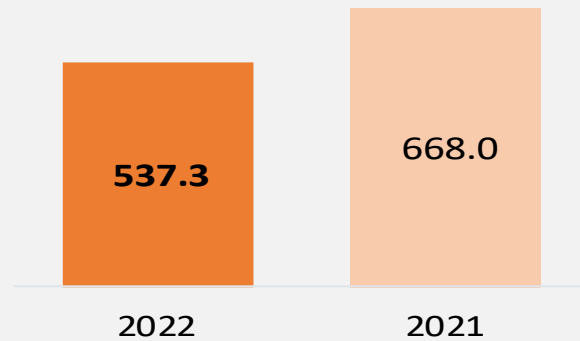




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# Resource-Based Manufacturing Segment

## Segment profit (RM Million)

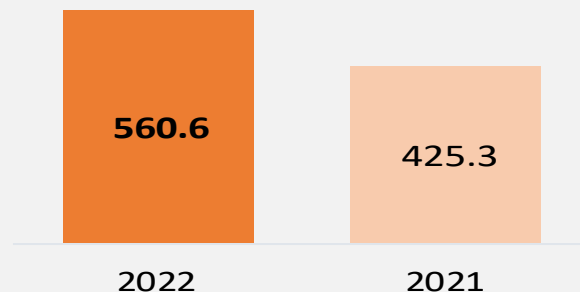


### Lower profit mainly due to:



- Lower share of associate results from Bunge Loders Crokiaan Group B.V. ("BLC") (FY2021 – share of BLC's one-off gain of sale of its refinery of RM268.3 mil)

## Underlying segment profit (RM Million)



### Higher underlying profit mainly due to:



- Higher margins from oleochemical and refining sub-segments



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# Balance Sheet (RM billion)

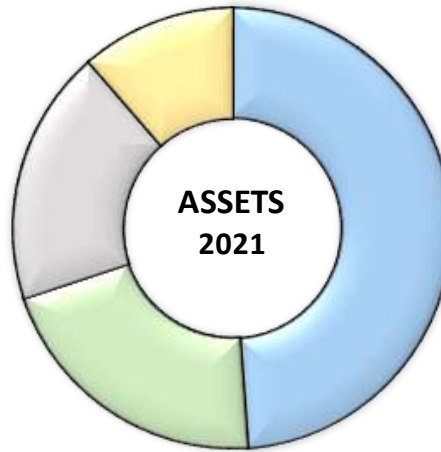
Assets	2022
Property, plant and equipment	8.7
Other long term assets	3.7
Other short term assets	4.1
Cash and cash equivalents	2.6
	<hr/>
	19.1



Equity and Liabilities	2022
Equity	10.9
Borrowings	5.0
Non-controlling interests	0.3
Other liabilities	2.9
	<hr/>
	19.1

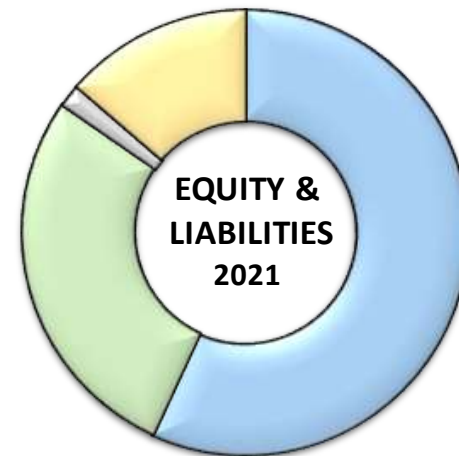


Net Gearing = 22.8%



Assets	2021
Property, plant and equipment	8.6
Other long term assets	3.7
Other short term assets	3.3
Cash and cash equivalents	2.0
	<hr/>
	17.6

Equity and Liabilities	2021
Equity	10.0
Borrowings	5.0
Non-controlling interests	0.3
Other liabilities	2.3
	<hr/>
	17.6



Net Gearing = 29.4%



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# Capital Expenditure

	<b>2022</b>	<b>2021</b>
	<b>RM Million</b>	<b>RM Million</b>
Freehold land	<b>7.5</b>	-
New planting and Replanting	<b>157.8</b>	181.3
Other Plantation Capex	<b>119.5</b>	98.3
Oleochemical Plant in progress	<b>93.0</b>	90.1
Palm Wood factory in progress	<b>29.6</b>	-
Others	<b>38.1</b>	37.9
	<b>445.5</b>	407.6



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# Equity repayments



Dividend declared during the year  
**14 sen (RM869.7 million)**

1<sup>st</sup> Interim – 6 sen

Payment: 25 March 2022

2<sup>nd</sup> Interim – 8 sen

Payment: 23 September 2022

Share buy back during the year

**RM134.2 million**

Average purchased price

**RM3.75 per share**





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Thank You





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# Responses to Minority Shareholders Watch Group's Queries





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## Operational and Financial Matters

**Q1. On 30 May 2022, IOI Pelita Plantation Sdn Bhd signed a final landmark settlement agreement with the native communities in Sarawak to relinquish 4,615 hectares of land, which will subsequently be gazetted by the Sarawak government as Native Communal Reserve for agricultural use by the affected communities. The land dispute matter is officially declared closed by the Roundtable on Sustainable Palm Oil Complaints Panel [page 65 of Annual Report 2022 (“AR2022”)].**

**With IOI Pelita Plantation Sdn Bhd relinquishing 4,615 hectares of the land, what is the financial impact to the Group?**

### **IOI Response:**

**Total impairments due to IOI Pelita Plantation relinquishing 4,615 hectares of its land is estimated to be about RM3.7 million. An impairment loss on property, plant and equipment of RM3.2 million was recognised in the previous financial year (FY2021) and we expect further impairments of about RM500,000.**



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## Operational and Financial Matters

**Q2.** The lower fresh fruit bunch (“FFB”) productivity and FFB yields are primarily impacted by the shortage of skilled harvesters as more workers requested to repatriate to their home country (page 66 of AR2022).

To-date, to what extent has the Group’s labour shortage issue normalised? How far off is the Group from addressing its labour needs?

### **IOI Response:**

In Sabah where two-third of our estates are situated, we have managed to recruit many new workers since the reopening of borders in May 2022 and our labour shortage situation has largely been overcome.





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## **IOI Response (cont'd):**

**For our estates in Peninsular Malaysia, we have requested for 3,300 workers from the immigration department and as of end October 2022, about 800 workers arrived. We are expecting another 1,500 workers to arrive in the next three months and this would alleviate the severe labour shortage situation at our Peninsular estates.**



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## Operational and Financial Matters

**Q3. Germany's high dependence on Russia for natural gas supply creates a high risk of production downtime/interruption and both the Group's production sites in Witten and Wittenberge are not equipped with any alternative source of heating or steam generation (page 78 of AR2022). The Group's European operations will have to endure the soaring natural gas cost (page 79 of AR2022).**

**The Russia-Ukraine war has created long-lasting interruption of energy supply to Germany, to what extent has the Germany energy crisis affected the Group operationally and financially?**

### **IOI Response:**

**The Group's Germany Oleochemical business unit contributes less than 4% to the Group's underlying operating profit for FY2022. Therefore, the energy crisis in Germany, though serious, would not have a material impact on the Group financially.**



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## IOI Response (cont'd):

Nevertheless, we are looking at fuel alternatives for our both sites in Germany and are currently installing a diesel steam boiler at one of the sites. Although this may not fully replace gas usage, should there be a total cut-off of gas supply in Germany, the boiler would allow the plants to continue to operate albeit not at optimal levels.

On a positive note, it was broadly reported that German authorities has built enough gas inventory to tie the whole country into the new year. France also recently announced that they would assist in supplying gas by pipeline to Germany.



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## Operational and Financial Matters

**Q4. According to The Edge Markets article on 30 September 2022, Nestlé SA has pledged to cut ties with an Indonesian palm oil supplier accused of land-rights abuses and environmental harm. The Swiss company instructed its direct vendors to ensure that palm oil from three entities linked to Astra Agro Lestari Tbk does not enter its supply chain in the future.**

**(Source: <https://www.theedgemarkets.com/article/nestl%C3%A9-says-it-will-drop-palm-oil-supplier-accused-abuses>)**

**In light of Nestlé SA's pledge to cut ties with an Indonesian palm oil supplier, are there any opportunities for the Group to capitalise on?**





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## **IOI Response:**

The take-up rate for the Group's certified crude palm oil ("CPO") from multinational customers has been good and a majority of the Group's certified CPO is supplied to our associate, Bunge Loders Crokiaan. Therefore, opportunities in terms of new demand are limited by the Group's production volume, which is expected to be constrained by our intensive replanting activities during the next few years.