



**IOI GROUP**

# 54<sup>th</sup> Annual General Meeting

*27 October 2023*

*Presented by Group CFO Mr. Kong Kian Beng*



# Group Financial Performance Overview

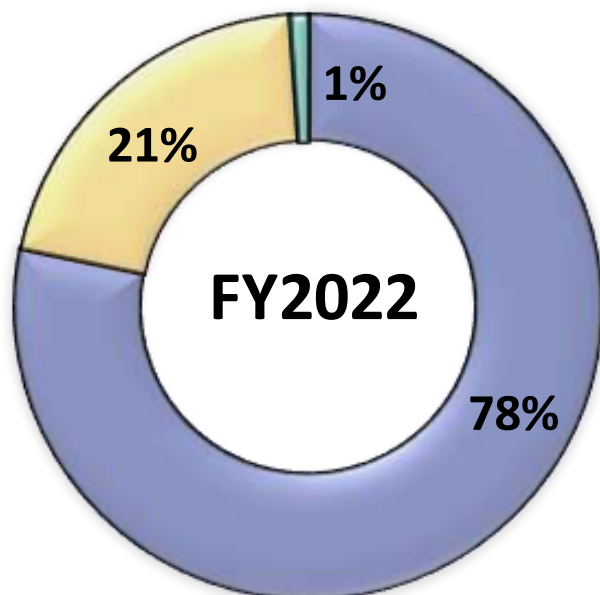
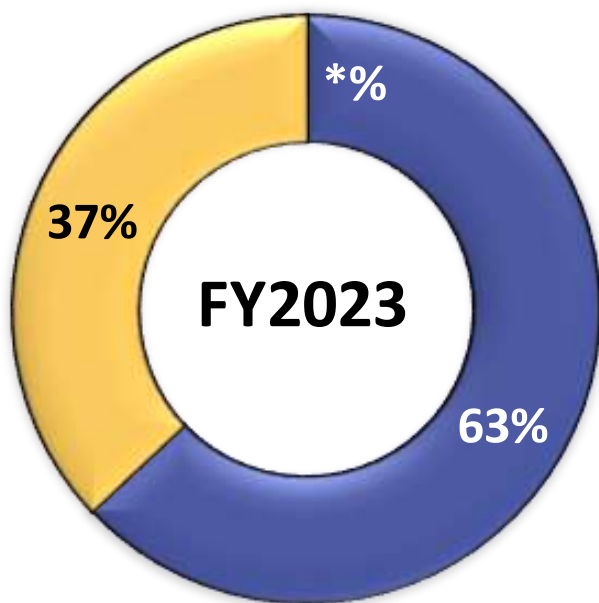
	Year ended 30 June		
	<b>FY2023</b>	FY2022	Variances
	<b>RM Million</b>	RM Million	(%)
Revenue	<b>11,583.8</b>	15,578.7	(26)
Profit before Interest and Tax (PBIT)	<b>1,815.5</b>	2,494.2	(27)
Profit before Tax (PBT)	<b>1,526.0</b>	2,352.6	(35)
Underlying PBT*	<b>1,764.3</b>	2,547.7	(31)
Profit after Tax (PAT)	<b>1,130.0</b>	1,768.9	(36)
Basic EPS (sen)	<b>17.95</b>	27.74	

\*exclude non-operating and one-off items



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# Segment Profit



- Plantation
- Resource-based Manufacturing
- Others

\* Negligible

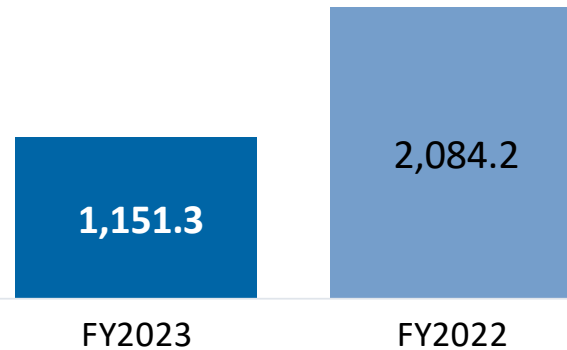
Year ended 30 June		
FY2023 RM Million	FY2022 RM Million	Variances (%)
1,151.3	2,084.2	(45)
691.0	537.3	29
(1.1)	10.7	nm



# Segment Profit – Plantation

## Segment profit (RM Million)

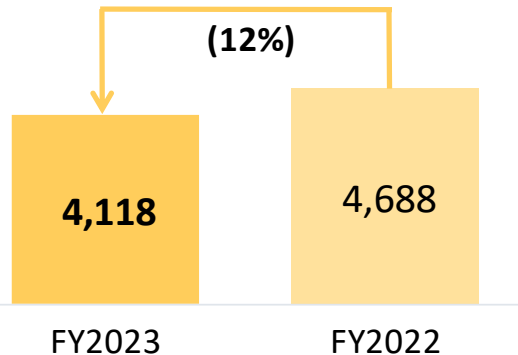
↓ RM932.9 mil (45%)



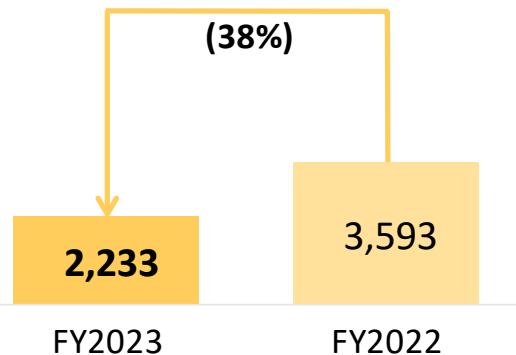
## Lower profit mainly due to:

- Lower commodity prices
- Higher cost of production
- Lower share of associates results due to lower commodity price

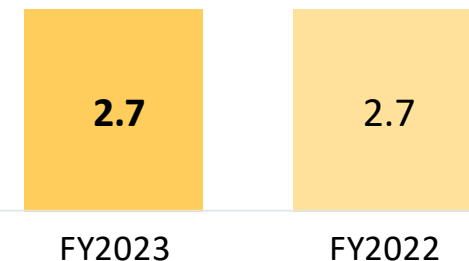
## CPO Average selling price (RM/MT)



## PK Average selling price (RM/MT)



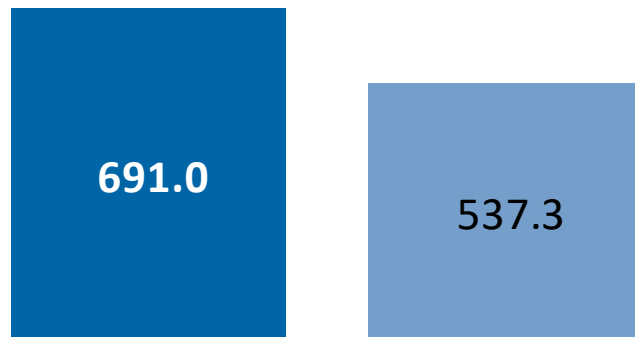
## FFB Production (Million MT)



# Segment Profit – Resource-based Manufacturing

## Segment profit (RM Million)

↑ RM153.7 mil (29%)



FY2023

FY2022

## Underlying segment profit (RM Million)

↑ RM188.5 mil (34%)



FY2023

FY2022

## Higher underlying profit mainly due to:

- Higher margins from refining sub-segment

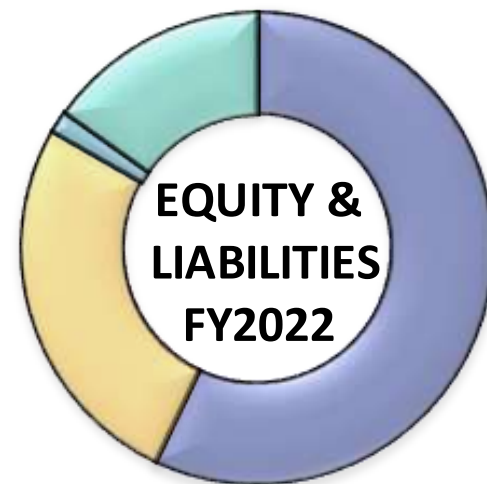
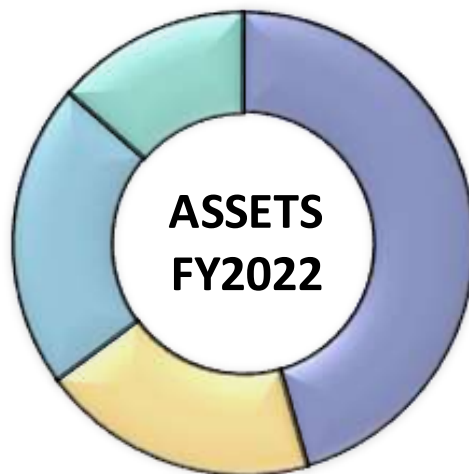
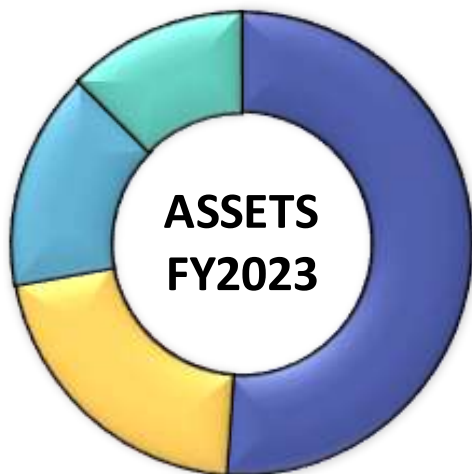
partially offset by:

- Lower margins from the oleochemical sub-segment



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# Balance Sheet



## Assets

- Property, plant and equipment
- Other long term assets
- Other short term assets
- Cash and cash equivalents

## Equity and Liabilities

- Equity
- Borrowings
- Non-controlling interests
- Other liabilities

**Net Gearing =**

**Year ended 30 June**  
**FY2023**  
**RM billion**

**FY2022**  
**RM billion**

9.0	8.7
3.7	3.7
2.7	4.1
2.2	2.6
<b>17.6</b>	<b>19.1</b>

11.3	10.9
3.8	5.0
0.3	0.3
2.2	2.9
<b>17.6</b>	<b>19.1</b>

**13.99%**

**22.80%**

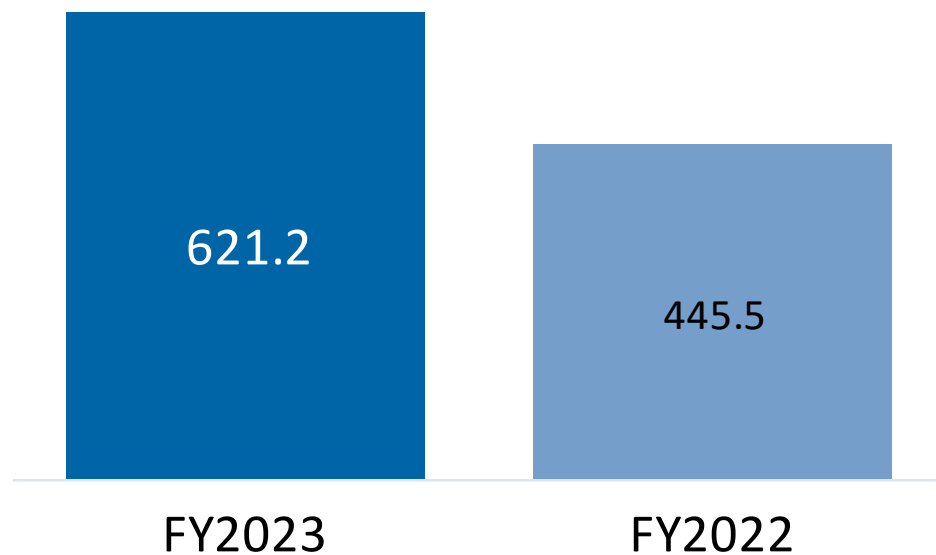


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# Capital Expenditure

## Capital Expenditure (RM Million)

↑ RM175.7 mil (39%)



### Higher capital expenditure mainly due to:

- Higher replanting and new planting cost due to higher planting area
- Higher expenditure on mechanisation and digitalisation
- Completed construction of IOI Palm Wood factory

# Equity Repayments

- Total Dividend declared for the financial year ended 30 June 2023:  
**11 sen per share**

	FY2023	
	RM Million	sen per share
1st interim Payment on 24 March 2023	372.4	6.0
2nd interim Payment on 22 September 2023	310.2	5.0
	<hr/>	<hr/>
	682.6	11.0

- Share Buy Back during FY23 at an average price of RM3.71 per share for a total consideration of approximately RM 34.4 million.





Thank You





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# IOI's Sustainability Journey Forward

*Dr. Surina Ismail,  
Group Head of Sustainability, IOI Corporation Berhad  
October 27, 2023*



# IOI's Approach to Corporate Sustainability

## *Vision, Pillars & Approach to Sustainability*

### Sustainability Vision

We should meet the needs of the present without compromising that of the future generations by:



IOI's Corporate Sustainability and 3 Pillars of Sustainability: A business strategy (economic pillar) for the **PROSPERITY** of the company (long-term growth) that works in harmony with **PEOPLE** & **PLANET** (3Ps)



**Approach to Sustainability**



# IOI's Approach to Strong Governance

## *Integration of Corporate Governance*



Adopted 6 UNSDGs most relevant to our business





# IOI's Approach on Environment

## Environmental Management Policies & Guidelines



### RELeaf project

- Ongoing collaboration with Nestle on rehabilitation of riparian buffers of the Kinabatangan River near our estates and completed tree planting in some of our area.
- Native saplings and seedlings will be used under the recommendation of Forestry Consultancy.
- All saplings and seedlings to be sourced from local communities to increase and promote local, social inclusivity.



IOI Plantation and Nestle Project RELeaf team conducted two field surveys in November 2021 and June 2022, respectively.

### Laran Tree Planting Project

1. Introduced in flood-prone areas in Sabah's Syazimo 4 estate to facilitate rehabilitation.
2. Initial site survey was completed and the project has transitioned to the rehabilitation phase.
3. Positive biodiversity impacts were noted through sightings of wildlife like the Sambar Deer and Rufous-tailed Shama at the site.
4. Fruit trees that promote native wildlife return were found within the project site.



Picture of a Sambar deer (Left) and Rufous-tailed Shama (Right) found within the project site.

### Orangutan & Proboscis Monkey conservation in Sabah and Kalimantan

1. Ongoing collaboration with Balai Konservasi Sumber Daya Alam ("BKSDA") for orangutan conservation by renewing our MOU.
2. Activities include relocation of orangutans to their habitat, continuous species monitoring and capacity building for staff members to handle human-wildlife conflict.
3. Collaboration since 2019 with HUTAN-Kinabatangan Orangutan Conservation Programme ("KOCP"), the Palm Oil & NGO ("PONGO") Alliance & Sabah wildlife on monitoring the orangutan and Proboscis monkey population in Sabah.



Picture of Proboscis Monkey and Orangutan in our area at PT BSS

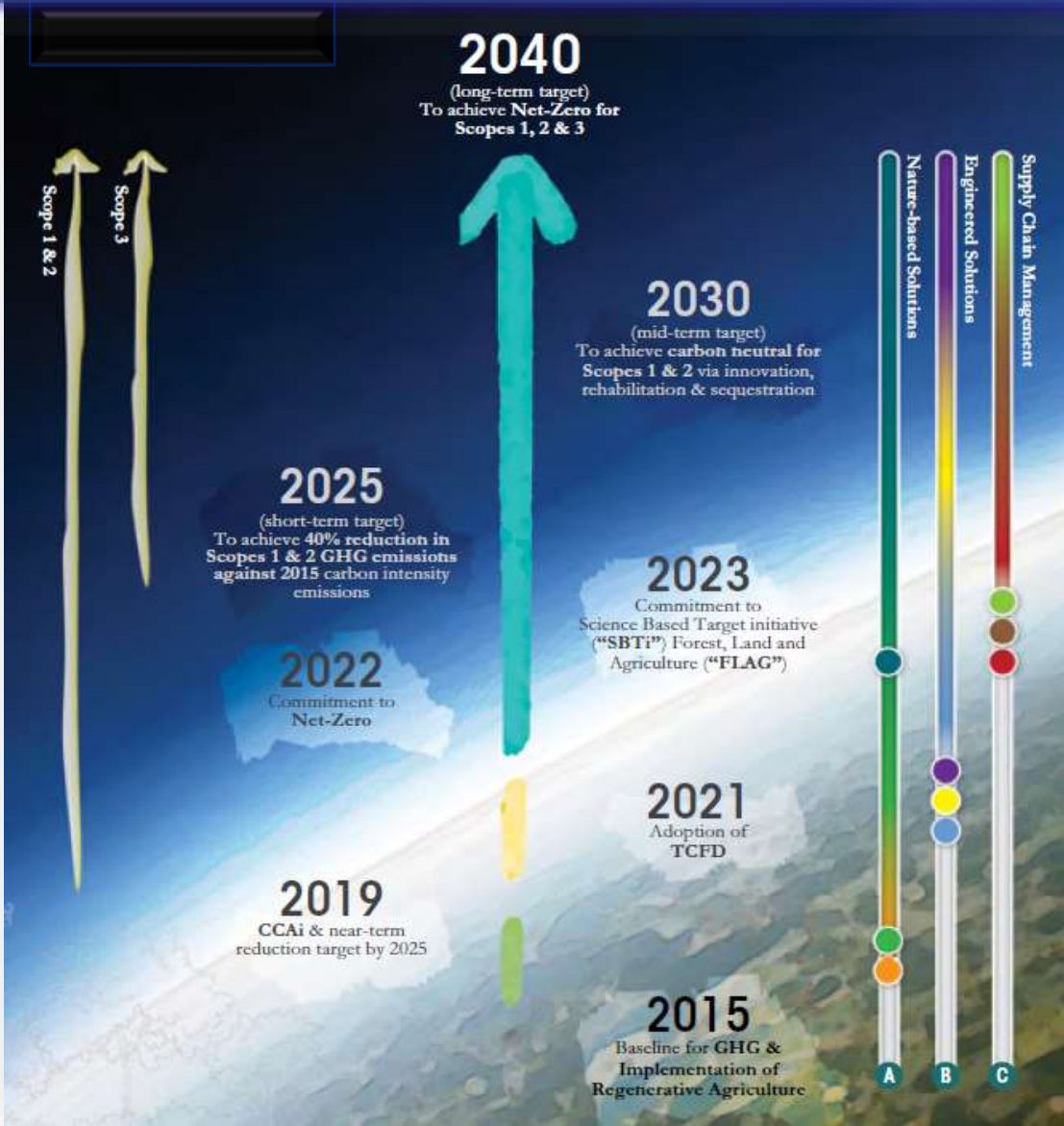
## Biodiversity & Ecosystem Enhancement Guideline





# IOI's Corporation KPI on Climate Change

## Alignment with TCFD & SBTi FLAG – Pathway to Net Zero by 2040



### Nature-based Solutions

- No Deforestation, No New Planting on Peat, & No Social Exploitation ("NDPE")
- Reforestation, Rehabilitation & Protection of Conservation Areas
- Enhance Biodiversity & Ecosystem

### Engineered Solutions

- Technology & Innovation
- Renewable Energy
- 7Rs of Circularity



### Supply Chain Management

- Supplier Awareness & Capacity Building
- Climate-related Procurement Standards & Principles
- Efficient Green Supplier Selection Process

# IOI's Approach on Social Issues

## *Mitigating Social Issues – Social Impact Assessment (SIA)*

### LABOUR RIGHTS

- Fair & Decent Wages
- Harassment Free & Grievance Mechanism
- Leave pay
- Housing & Amenities

### EMPLOYMENT PROCESS

- Pre-employment -recruitment
- Employment – contract; training, etc.
- Post-employment

### CHILDREN'S/ WOMEN'S RIGHTS

- Women & Empowerment
- Health & Education

### RIGHTS OF LOCAL COMMUNITIES

- FPIC
- Work Opportunities
- Community Development



# IOI's Digital Transformation Programs

*Initiatives to help prevent Force & Child Labour*



## Implementation of SAP ERP system

- Standardisation on wages, working hours/overtime, headcounts and employment status

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## Digital Grievance Application : IOI Mesra

- 24/7 app for the workers to report any grievances anonymously



## Direct Online Interview during Recruitment Process

- To combat forced labour indicators during recruitment in the source country



## Online Assessment for Pre-alert Grievance System

- Additional step to bridge any gaps regarding our worker's welfare and well-being



## Digital E-wallet System for Money Transfer

- To provide systematic salary disbursement to our workers through digital banking platform



## Child Education Initiative: Pledge to ILO 2021

- 2021 -Year for the Elimination of Child Labour – On-going “Countering Child Labour through Education - Zero Cost Full Day Education for our workers’ children in Sabah





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Thank You for  
your Attention





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# Responses to Minority Shareholders Watch Group's Queries



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## Operational and Financial Matters

**Q1.** The Group initiated a Five-Year Plan in March 2020, now in its fourth year, where the first priority is to increase plantation oil yield by at least 15% by the end of 2024 [page 20 of Annual Report 2023 (“AR2023”)]. The labour shortage also caused a delay in the Group’s fertilising, milling and transportation activities. As a result, the crude palm oil (“CPO”) production output was affected which led to lower oil yields (page 65 of AR2023).

Given the delay in fertilising of the Group’s plantations and the potential effects of El Niño phenomenon, is the target to increase plantation oil yield by at least 15% by the end of 2024 still achievable?

### **IOI Response:**

The target to increase plantation oil yield by at least 15% by the end of 2024 from 2020 CPO production level would be challenging, in view that the Group is catching up on replanting of past prime trees in Sabah due to the severe labour shortage in the past 2 years, as well as in view of the impending El Niño phenomenon which would negatively affect the Group’s oil yield.



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## Operational and Financial Matters

**Q2. The Group's second strategic priority centres on reduction of its plantation workforce by increasing the land to worker ratio through implementation of various estate mechanisation and digitalisation initiatives (page 20 of AR2023).**

**As the Group is accelerating its digitalisation and mechanisation plans to progressively reduce its dependency on manual workers (page 69 of AR2023), what would be the ideal manual workers workforce size for optimal fresh fruit bunch ("FFB") production?**

### **IOI Response:**

**We are determined to achieve our target of an optimal land-to-worker ratio of 10 hectares to 1 worker, primarily through digitalisation, automation, and mechanisation initiatives. At this moment, we have successfully implemented on approximately 80% of our total planted area with Mainline Mechanised FFB evacuation employing grabber technology.**





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### IOI Response (cont'd):

Despite the intensified mechanisation, our Group's current land-to-worker ratio which stands at approximately 8.5 hectares to 1 worker remains relatively low as we still require a higher workforce to address the backlog of tasks accumulated during the period of severe worker shortage and these includes catching up on activities such as replanting, maintenance of immature palms, pruning and weeding, etc.

We would be able to achieve the optimal target of 10 hectares to 1 worker once we have completed all pending backlog tasks as mentioned above.



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## Operational and Financial Matters

**Q3.** The Group's new 110,000 MT/year capacity fatty acid plant in Prai, Penang and state-of-the-art soap noodles plant in Pasir Gudang, Johor started commissioning in the second quarter of 2023. This new fatty acid plant has increased the Group's oleochemical production capacity by about 14% from 780,000 MT/year to 890,000 MT/year (page 21 of AR2023).

To what extent has the Group's new fatty acid and soap noodles plants capacity been taken up?

### **IOI Response:**

The Group's total production volume for oleochemical segment has not increased materially despite the higher capacity, due to muted demand as a result of the weaker global economic environment. Nevertheless, we have partly switched utilisation of the Group's older plants to the new fatty acid and soap noodles plant which is much more efficient to achieve a lower production cost and higher flexibility to customise based on our customers' product requirements.