



IOI GROUP

IOI CORPORATION BERHAD

FY2023 2nd Quarter Group Results Summary



- 1. Financial results**
- 2. Operating statistics**
- 3. Prospects**
- 4. Update on sustainability initiatives**



1. FINANCIAL RESULTS



Profit or Loss - Qtr on Qtr

(in RM' million)

	Q2 FY23	Q2 FY22	% change
Revenue	3,304.0	4,112.3	-20%
Operating profit	728.2	632.7	15%
Share of results of associate	35.7	35.3	1%
Share of results of a joint venture	0.1	(0.6)	nm
Profit before interest and tax	764.0	667.4	14%
Net finance costs	(29.3)	(30.0)	-2%
Net FX translation gain on foreign currency denominated borrowings and deposits	122.3	29.1	320%
Profit before tax	857.0	666.5	29%
Tax expense	(141.9)	(158.7)	-11%
Profit for the period	715.1	507.8	41%
Earning per share for profit attributable to owners of the parent (sen)	11.47	7.95	44%



Profit or Loss - Year-to-Date

(in RM' million)

	YTD FY23 6 months	YTD FY22 6 months	% change
Revenue	6,972.7	7,744.7	-10%
Operating profit	1,134.2	1,067.9	6%
Share of results of associate	115.4	105.7	9%
Share of results of a joint venture	0.3	(1.5)	nm
Profit before interest and tax	1,249.9	1,172.1	7%
Net finance costs	(58.0)	(60.7)	-4%
Net FX translation (loss)/gain on foreign currency denominated borrowings and deposits	(19.8)	1.9	nm
Profit before tax	1,172.1	1,113.3	5%
Tax expense	(284.0)	(315.8)	-10%
Profit for the period	888.1	797.5	11%
Earning per share for profit attributable to owners of the parent (sen)	14.16	12.40	14%

Segment Results - Qtr on Qtr



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(in RM' million)	Q2 FY23	Q2 FY22	% change
Plantation			
- Operating profit	326.0	510.8	-36%
- Associates	2.2	65.2	-97%
	328.2	576.0	-43%
Manufacturing			
- Operating profit (Note 1)	430.7	183.3	135%
- Associates	33.5	(29.9)	nm
- Joint venture	0.1	(0.6)	nm
	464.3	152.8	204%
Other operations	2.1	2.3	-9%
Segment results	794.6	731.1	9%
Other unallocated corporate net expense (Note 2)	(30.6)	(63.7)	-52%
Profit before interest and tax	764.0	667.4	14%
Note 1: FV gain on derivative financial instruments			
	182.6	54.5	235%
Operating profit before FV gain on DFI	248.1	128.8	93%
Note 2: FV loss on put-call options			
	-	(45.1)	nm
Loss on repurchase of Guaranteed Notes due 2022	-	(29.4)	nm

Segment Results - Year to Date



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(in RM' million)	YTD FY23 6 months	YTD FY22 6 months	% change
Plantation			
- Operating profit	612.2	940.2	-35%
- Associates	67.8	122.8	-45%
	680.0	1,063.0	-36%
Manufacturing			
- Operating profit (Note 1)	544.9	217.5	151%
- Associates	47.6	(17.1)	nm
- Joint venture	0.3	(1.5)	nm
	592.8	198.9	198%
Other operations	2.5	5.4	-54%
Segment results	1,275.3	1,267.3	1%
Other unallocated corporate net expense (Note 2)	(25.4)	(95.2)	-73%
Profit before interest and tax	1,249.9	1,172.1	7%
Note 1: FV loss on derivative financial instruments	(10.4)	(54.2)	-81%
Operating profit before FV loss on DFI	555.3	271.7	104%
Note 2: FV loss on put-call options	(29.2)	(70.8)	-59%
Loss on repurchase of Guaranteed Notes due 2022	-	(29.4)	nm

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

(in RM' million)

	Q2 FY23	Q2 FY22	% change	YTD FY23 6 months	YTD FY22 6 months	% change
Profit before tax (“PBT”)	857.0	666.5	29%	1,172.1	1,113.3	5%
Net FX translation (gain)/loss on foreign currency denominated borrowings and deposits	(122.3)	(29.1)	320%	19.8	(1.9)	nm
Net fair value (gain)/loss on derivative financial instruments	(182.9)	(10.1)	1711%	33.1	123.4	-73%
Share of impairment loss of specialty fats associate, Bunge Lodens Croklaan Group B.V.	-	55.3	nm	-	55.3	nm
Loss on repurchase of Guaranteed Notes due 2022	-	29.4	nm	-	29.4	nm
Gain on disposal of 10% equity interest of an associate	-	-	nm	(17.2)	-	nm
	(305.2)	45.5	nm	35.7	206.2	-83%
Underlying PBT	551.8	712.0	-23%	1,207.8	1,319.5	-8%

*Note: nm = not meaningful



2. OPERATING STATISTICS

Operating Statistics: Plantation (Qtr on Qtr)

		Q2 FY23	Q2 FY22	% change
CPO Price	(RM/mt)	4,127	4,565	-10%
PK Price	(RM/mt)	2,163	3,678	-41%
FFB Production	(‘000 mt)	773	769	1%
Average mature area	(‘000 Ha)	145	142	2%
FFB Yield	(mt/Ha)	5.36	5.43	-1%
CPO Production	(‘000 mt)	166	173	-4%
CPO extraction rate	(%)	20.80%	21.69%	-4%

Operating Statistics: Plantation (Year-to-Date)



		YTD FY23 6 months	YTD FY22 6 months	% change
CPO Price	(RM/mt)	4,294	4,305	0%
PK Price	(RM/mt)	2,330	3,112	-25%
FFB Production	(‘000 mt)	1,439	1,515	-5%
Average mature area	(‘000 Ha)	145	141	3%
FFB Yield	(mt/Ha)	9.95	10.72	-7%
CPO Production	(‘000 mt)	312	342	-9%
CPO extraction rate	(%)	20.91%	21.74%	-4%

Sales Volume (Qtr on Qtr)

(in thousands of metric tonne)	Q2 FY23	Q2 FY22	% change
	('000 mt)	('000 mt)	
Oleochemical	136	154	-12%
Refinery	437	529	-17%

Sales Volume (Year-to-Date)

(in thousands of metric tonne)	YTD FY23	YTD FY22	% change
	6 months	6 months	
	('000 mt)	('000 mt)	
Oleochemical	266	307	-13%
Refinery	855	1,102	-22%



3. PROSPECTS

Crude palm oil (“CPO”) price has been hovering between RM3,700 and RM4,200 per tonne since the beginning of 2023 while Malaysia’s palm oil inventory has risen slightly to 2.3 million tonnes at end of January 2023. Over the next three months, CPO price is expected to be supported by Indonesian government policies namely the suspension of export permits and B35 biodiesel mandate, as well as increase in demand with the easing of zero-Covid policy by China.

For our plantation segment, we expect our fresh fruit bunch (“FFB”) production to increase from FY2022 with the improved labour conditions, our mechanisation effort as well as higher crop trend from younger palms. However, production cost will remain high due to the high labour, fuel and fertiliser costs. Overall, we expect our plantation segment to perform satisfactorily for FY2023 albeit with lower financial results than FY2022.

For our refinery and commodity marketing sub-segment, refining and fractionation margins have turned negative in recent months. We expect margins to improve with the suspension of export permits by the Indonesian government.

The operating condition for our oleochemical sub-segment continues to be challenging with persistent inflationary pressure coupled with the slow down in global demand, which is mitigated by the improved uptake from China with the easing of its zero-Covid policy. Nevertheless, we anticipate the performance of our oleochemical sub-segment for the remaining period of FY2023 to be satisfactory due to our strong reputation in the international oleochemical market coupled with our continuous effort to strive for operational excellence and cost efficiency.

For the specialty fats sub-segment comprising our associate company, Bunge Loders Croklaan, satisfactory performance is expected for the remaining period of FY2023 with good performance from North American region and improved performance from Asia Pacific region. The company continues to benefit from its innovative product offerings and the synergies with Bunge's other product offerings.

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 for the remaining period of FY2023.

Overall, the financial performance of the Group is expected to be satisfactory for the remaining period of FY2023, amidst a challenging global economic environment.



4. UPDATE'S ON SUSTAINABILITY INITIATIVES

Climate Change Action (CCA) Initiative – towards Net Zero

- Undertaking capacity building and awareness programs for supply chain on journey towards Net Zero
- On target (28% in 2022) towards 40% GHG Reduction by 2025 for Scope 1 & 2 (Short term)

Environmental Protection

- Ketapang Landscape Level Approach - collaboration with IDH to establish landscape approach objectives and connectivity, including areas (5km) outside our concession.

Social Protection

- 3rd Party Audit on our recruitment agencies in India based on adapted ILO's Global Business Network Toolkit on conducting Due Diligence
- Continued collaboration with IOM: socialization to workers on “no recruitment” fees & IOI's commitments on worker's right
- Continue to undertake “Online Assessment for Pre-alert Grievance System”

IOI's ESG Performance

As rated by external agencies & parties



IOI GROUP

ASSESSMENT	SCORE/RATING FOR 2021	SCORE/RATING FOR 2022
Corporate Sustainability Assessment (selection process of constituent for DJSI)	Overall ESG Score: 39	Overall ESG Score: 42
A constituent of FTSE4Good	Overall ESG Rating: 3.1	Overall ESG Rating: 3.4
SUSTAINALYTICS	Risk Rating: 3 Nov: 25	Risk Rating: 25 Feb 2023 : 23.3
SPOTT	Percentage: 76.4% Score: 145.9 of 191	Percentage: 79.7% Score: 153.74 of 193
MSCI	Rating: BBB - Average	Rating: BBB - Average
Moody's	ESG Overall Score: 31	ESG Overall Score: 43
Ecovadis (Oleochemical)	Gold	Gold

IOI Pelita

July 2, 2022: Decision by Complaints Panel to close the case

- **Long-standing matter** involving communities in IOI Pelita Land Dispute that IOI inherited in 2006
- **Final resolution:** Settlement agreement reached and signed whereby IOI Pelita will excise 4,615 Ha of land from its Provisional Lease to be subsequently gazetted by the Sarawak State Government as Native Community Reserve for agricultural use by the affected communities.
- All compensation completed. Land survey is in progress, expecting the ground survey to be completed by March 2023.

Mekassar Estate

November 2020: RSPO inquiry on workers condition & grievance at Mekassar Estate

- &Wider workers engagement report for Mekassar shared with RSPO & CP on 21 Nov 2022.
- **Awaiting** both RSPO Secretariat and CP (Complaint's Panel) to revert on this matter



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Thank you