

# Chairman's STATEMENT



**Tan Sri Peter Chin Fah Kui**

Non-Independent Non-Executive Chairman

**Dear Stakeholders,**

**On behalf of the Board of Directors (“the Board”) of IOI Corporation Berhad (“IOI” or the “Group”), I am honoured to present to you the Annual Report of the Group for the financial year ended 30 June 2024 (“FY2024”).**

## OPERATING ENVIRONMENT

During the financial year under review, global economic growth has been relatively subdued. This is primarily due to weaker demand for goods and services, compounded by the escalating geopolitical tensions such as the on going Russia-Ukraine war and conflicts in the Middle East. While global inflation remains a concern, its intensity has eased compared to previous years. Consequently, the World Bank and the International Monetary Fund forecasted a similar global economic growth rate of 2.6% and 3.2% respectively for 2024 from an estimated growth rate of 2.7% and 3.2% respectively in 2023.

On the plantation front, crude palm oil (“CPO”) price has experienced significant volatility ranging between RM3,600 per metric tonne (“MT”) to RM4,400 per MT. The volatility was attributed to several factors including better than anticipated soybean harvest in South America led by bumper production in Brazil, as well as the volatility of MYR against USD. Concern over extreme weather and the supply chain disruption at the Red Sea region has provided some support for CPO price.

In the foreign exchange market, US Dollar has been notably volatile throughout the financial year. This volatility largely hinges on uncertainties over the US Federal Reserve’s interest rate reduction cycle, as it assesses US inflation and job market conditions among others. Recently, the US Dollar begun weakening against other major currencies due to the commencement of US interest rate cut cycle which started in September this year. Malaysia’s strong economic growth during the first half of 2024 has also supported the Malaysian Ringgit. As a result, the Malaysian Ringgit strengthened from USD-MYR 4.70 level at the end of June 2024 to approximately USD-MYR 4.35 level at the end of August 2024.

## REVIEW OF RESULTS

For FY2024, the Group reported a profit before tax (“PBT”) of RM1,398.5 million as compared to RM1,526.0 million reported for FY2023. Excluding the non-operating items, fair value adjustments or one-off items (“non-underlying items”) as tabulated below, the underlying PBT of RM1,380.5 million for FY2024 was 23% lower than the underlying PBT of RM1,781.9 million for FY2023, due mainly to lower contribution from resource-based manufacturing segment, mitigated by higher contribution from plantation segment:

### Underlying PBT Year-to-Date

<i>In RM million</i>	<b>FY2024</b>	<b>FY2023</b>
<b>PBT</b>	1,398.5	1,526.0
<b>Exclude non-underlying items:</b>		
Net foreign currency translation loss on foreign currency denominated borrowings and deposits	18.9	174.5
Net fair value (gain)/loss on biological assets	(8.2)	17.6
Net fair value (gain)/loss on derivative financial instruments	(34.2)	81.0
Impairment loss on plasma receivables	5.5	-
Net gain on partial disposal of 10% equity interest in an associate	-	(17.2)
	(18.0)	255.9
<b>Underlying PBT</b>	<b>1,380.5</b>	<b>1,781.9</b>



### Revenue

RM **9.60** billion



### Profit Before Interest and Tax

RM **1.54** billion



### Net Profit Attributable to Owners of the Parent

RM **1.11** billion

The plantation segment profit for FY2024 was RM1,209.3 million as compared to RM1,151.3 million for FY2023. Excluding the fair value gain on biological assets and derivative financial instruments of RM8.0 million (FY2023: loss of RM14.8 million), and impairment loss on plasma receivables of RM5.5 million, the plantation segment reported an underlying profit of RM1,206.8 million for FY2024 as compared to RM1,166.1 million for FY2023. The higher profit reported was due mainly to higher FFB production (FY2024: 2.80 million MT vs FY2023: 2.69 million MT) and higher oil extraction rate (“OER”) as well as higher share of associate results (FY2024: RM205.6 million vs FY2023: RM185.8 million), partially offset by lower CPO and PK prices realised. Average CPO and PK prices realised for FY2024 were RM3,856 per MT (FY2023: RM4,118 per MT) and RM2,210 per MT (FY2023: RM2,233 per MT) respectively.

## CHAIRMAN'S STATEMENT



*With 25 patents filed since 2018, IOI Oleo GmbH continues to work together with our trusted partners to create innovative personal care and pharmaceutical ingredients and solutions for our customers.*

For our resource-based manufacturing segment, the profit for FY2024 was RM329.3 million as compared to RM691.0 million for FY2023. Excluding the fair value gain on derivative financial instruments of RM37.4 million (FY2023: loss of RM58.1 million), the resource-based manufacturing segment reported an underlying profit of RM291.9 million for FY2024 as compared to RM749.1 million for FY2023. The lower profit reported was due mainly to lower margins from oleochemical and refining sub-segments, mitigated by higher share of associate results (FY2024: RM145.3 million vs FY2023: RM87.0 million). The higher margins recorded in FY2023 were due to stronger customer demand driven by global supply chain disruptions. In addition, Indonesia's policy restricting CPO exports during that period also contributed to the better margins.

A more detailed review of the Group's performance is covered under the Group Business Review section from pages 72 to 84 in this Annual Report.

### MAJOR CAPITAL EXPENDITURE

The Group remains committed to the maintenance and expansion of its business operations. The total capital expenditure invested for FY2024 was RM677.0 million, of which RM555.5 million was incurred by the plantation segment and RM119.0 million incurred by the resource-based manufacturing segment.

Under the Group's replanting programme, approximately 8,631 hectares ("ha") of past prime trees were replanted with higher yielding oil palm planting materials, and approximately 11,261 ha of oil palm trees were brought into maturity during FY2024.

**The Group continues to remain in a strong liquidity position with a low net gearing ratio of 14% as at the end of FY2024.**

### DIVIDEND AND CAPITAL MANAGEMENT

During the financial year, the Group distributed a first interim single tier dividend of 4.5 sen per ordinary share amounting to approximately RM279.2 million in March 2024. The Board subsequently declared a second interim single tier dividend of 5.0 sen per ordinary share, amounting to approximately RM310.2 million in August 2024. In aggregate, the total dividend declared for FY2024 is approximately RM589.4 million.

Notwithstanding the aforementioned dividends distribution, the Group continues to remain in a strong liquidity position with a low net gearing ratio of 14% and cash and cash equivalents of RM2.18 billion as at the end of FY2024. The Group shall practise prudent capital management and maintain ample cash reserves to be able to capitalise on any future investment opportunities.



*IOI's annual Board Retreat reviews and discusses our current and future journey.*

## ACKNOWLEDGEMENTS

On behalf of the Board, I would like to take this opportunity to express our heartfelt appreciation to Tan Sri Dr. Rahamat Bivi Binti Yusoff and Mr. Cheah Tek Kuang, who retired from our Board after dedicating about 6 years and 11 years of exemplary service respectively to our Group.

The Group continues to remain resilient in posting a satisfactory financial performance for FY2024 amid the challenging economic environment which is marred by geopolitical conflicts and high interest rates. In acknowledgement of this performance, I would like to express my gratitude to the management and employees of IOI for their commitment and hard work. In addition, I would also like

to extend my thanks to our stakeholders, namely our customers, bankers, business partners, government authorities, non-government organisations and also our shareholders for their continued support and confidence in our Group.

Thank you.

**Tan Sri Peter Chin Fah Kui**  
Non-Independent Non-Executive Chairman