

CEO'S Message

In the face of significant challenges for the palm oil industry in 2023 including volatile demand-supply dynamics, uncertain weather patterns, market speculations about inflation, our team remained resilient and focused on executing our day-to-day business to maintain our market share and capture margins within the supply chain.

Despite the demanding backdrop, the Group achieved a nominal 1.0% increase in our sales volume in 2023 to achieve 4,334,600 metric tonnes ("MT") and a respectable operational performance. For the year ended 31 December 2023, the Group posted a net profit attributable to equity holders of US\$40.6 million, a decrease of 64.3% from our record-breaking performance in the preceding year.

Our Bulk segment experienced a decline in revenue by 28.3% to US\$2,886.8 million, primarily attributable to 29.1% lower average selling prices in comparison to 2022. As this segment contributed 70.0% of the Group's total revenue and 50.4% of the total operating margin, the Group's overall revenue decreased 24.0% to US\$4,123.8 million, with the total operating margin reducing by 33.2% to US\$201.1 million. Conversely, our Consumer Pack segment demonstrated a robust operational performance with a 17.3% improvement in its operating margin in 2023. This performance reflects our resilience and strategic adaptability in navigating the complex market environment.

While 2023 proved to be a challenging year for the Group and the broader palm oil industry, our emphasis on prudent capital management, cost efficiencies and cash discipline enabled the Group to achieve record operating cash flows from operations of US\$314.8 million after working capital changes. Additionally, we maintained a low gross debt to equity ratio at 0.50 and net debt to equity ratio at 0.33. The Group ended the year with a total equity of US\$786.5 million – further strengthening our balance sheet and the health of our financial position.

As a forward-looking organisation that prioritises quality and innovation, our manufacturing facilities in Malaysia are integrated and state-of-the-art, our global supply chain network is strong and robust, and our brands are well-loved by consumers. We are making good progress on our growth initiatives in Indonesia with our green-field palm oil refinery expected to start producing in 2024.

Foreseeably, the macro environment is likely to remain challenging in the short run. The cost to borrow money in real terms is around the highest it's been since the financial crisis. The lagged effects of restrictive interest rates are expected to continue to hinder private consumption and investments. It is therefore important that we build resilience through strengthening our capabilities holistically. People are at the heart of our organisation. We believe in developing and uplifting our people's skills and knowledge.

Hearteningly, our focus in this aspect was recognised at the HR Fest Awards 2023, where the Group was awarded the Best ASEAN Human Development Award.

None of these accomplishments would have been possible without the dedication and collaborative efforts of our Board of Directors, Chairman, shareholders, customers, venture partners, suppliers, bankers and other stakeholders. I extend my heartfelt gratitude to my senior leadership team and their global teams for their invaluable counsel and dedication to delivering value through continuous improvement, innovation and sustainable practices. I am proud of our team's commitment across our value chains fulfilling our mission of supplying essential food, feed and fuel to the world.

In the way forward, furthering the well-being of our business, people and the communities where we operate will continue to inspire and guide our everyday actions.

MS MICHELLE CHEO HUI NING
Deputy Chairperson, Chief Executive Officer and Executive Director