

CHAIRMAN'S MESSAGE

In 2022, Covid-19 pandemic began to ease globally, but new challenges emerged. The outbreak of Russia – Ukraine war and the growing complexities of geopolitics led to a rise in global inflation and a heightened sense of food insecurity. Extreme weather events caused by environmental factors have made crop production more unpredictable, making the agricultural sector more vulnerable. The costs of food production have risen due to factors such as higher energy prices, increased fertilizer costs, and higher interest rates. This inflation is causing families to make difficult trade-offs between food and other monthly expenses. The growing trend of protectionist trade policies, including export bans, is further exacerbating the problem.

Despite the unpredictable global situation and challenging operational landscape, the Group has achieved outstanding financial results for the third year in a row. This year's performance surpassed the success of the previous year, reaching an unprecedented record high. Our success can be attributed to the seamless integration of our midstream and downstream factories, our widespread global distribution network, the wealth of management experience and expertise accumulated by the Group over the past 70 years, can-do spirit of our employees, and above all our resilient business model.

The Group's strong performance comes on the back of huge fluctuations in crude palm oil (CPO) prices from RM8,076 a tonne at its highest to RM4,127 a tonne at the end of 2022. Nonetheless, by staying focused on product quality and production and distribution operations, the Group was able to capitalise on our strong balance sheet, global footprint and longstanding record of outstanding customer service to grow our network of suppliers and customers.

As a result, the Group improved our sales volume for both the bulk and the consumer pack segments by 2.9% and 8.0% respectively. In addition, with a higher average selling price of 20.1% compared to the preceding year, the bulk segment recorded a revenue growth of 23.6% to US\$4,028.4 million. Similarly, the consumer pack segment's revenue grew by 28.7% to US\$1,400.1 million, supported by 19.1% higher average selling price. For the full year, the Group achieved record revenue of US\$5,428.5 million, crossing the US\$5 billion mark for the first time.

Building on the momentum, the Group further strengthened our balance sheet with the total equity of US\$774.8 million and maintained a low gross debt to

equity ratio of 0.70 and net debt to equity ratio of 0.57. Additionally, the Group also achieved record operating cash flows before working capital changes of US\$207.0 million.

In 2023, factors such as climate change, high energy costs, geopolitical tensions and central banks measures to curb inflation will continue to affect the global supply chain of agricultural commodities. Despite this, we have proven our business model's resilience in the face of unprecedented volatility over the past three years, which gives us the confidence that we can make a positive contribution to the global food supply in a sustainable way.

Over the near-term Indonesia's B35 mandate and the reduction of their DMO palm oil export ratio, combined with improving demand from China's reopening, are expected to support global vegetable oil demand. Looking ahead, long-term projections of significant population growth in regions such as sub-Saharan Africa and South Asia, further reinforces the Group's belief that there are numerous opportunities for growth in our industry.

The support of our shareholders during a volatile time like this is invaluable. Hence, to show the Group's appreciation for our shareholders' support, the Board of Directors has proposed a final exempt dividend of S\$0.0140 per ordinary share. Along with the interim dividend of S\$0.0015, shareholders received a total dividend of \$0.0155 per ordinary share for the full year.

To achieve record results on the back of two consecutive years of strong performance at a challenging time like this is an accomplishment. It is only possible because of the astute leadership of our Board of Directors and senior management team, the dedication and perseverance of our employees during this challenging year, and the generous support of our customers, suppliers, bankers and other stakeholders. Together, they galvanised the Group's commitment to grow our investment in this resilient sector – to alleviate food shortages and further our belief of doing well by doing good. We are starting the new year on solid foundations. Our consistent, outstanding performance over the past three years has positioned us well to overcome any temporary obstacles and meet the demands of future growth. I am confident that as long as we continue to work cohesively and purposefully, we will deliver value and enrich lives – as one, globally.

DR CHEO TONG CHOON @ LEE TONG CHOON
Chairman and Executive Director