

CEO's Message



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In 2020, the outbreak of the COVID-19 pandemic took the global spotlight, aggravating the already weak macroeconomic conditions. The Group was thankfully cushioned from adverse market circumstances as our business is predominantly classified under essential industries and we form part of the resilient food chain.

Despite lockdowns and movement restrictions in countries, we adapted quickly to the situation to ensure business continuity with minimum disruptions. Our healthy opening inventories and strong balance sheet in the initial phase of the pandemic outbreak enabled us to take immediate steps to bolster our liquidity. In addition, through leveraging our unique position as an integrated palm oil player, we capitalised on our well-integrated manufacturing facilities, long standing customer and supplier relationships, our global distribution capabilities and deep market insights to take advantage of favorable opportunities in the environment.

Resultantly, I am extremely delighted with the Group not only posting a nine-fold increase in profit excluding exceptional items in 2020, but also outperforming our sales volume in 2019 to achieve over 4.8 million metric tonnes (MT) in 2020. The Group’s strong performance was primarily attributed to the robust palm oil refining margins leading to the significant growth recorded in the Bulk segment which contributes over 70% of the Group’s sales volume and revenue. The Consumer Pack segment, albeit achieving a more modest growth, also contributed towards the Group’s performance. This is notwithstanding the Group’s assessment for impairment

following the periodic review which resulted in an increase in (i) one-off non-cash and non-recurring impairment for property, plant and equipment where present values of the expected future cash flows are below its carrying amounts and (ii) impairment of receivables from customers who may be facing headwinds due to sluggish economic conditions in destination markets.

During the year, the Group’s balance sheet and cash flows remained strong and healthy. As at 31 December 2020, the Group improved our net debt to equity ratio from 0.65 in 2019 to a very conservative 0.34 in 2020. We also improved our operational efficiency by reducing our cycle time from 59 days in 2019 to 48 days in 2020. Cash flows from operating activities for 2020 were very healthy and strong at US\$161 million due to impressive operating profits.

Future Outlook

The Group’s strong performance in an unprecedented year like 2020 was a testament to our resilience and an affirmation of our people’s talent and unwavering commitment. That is why even as the Group pushed on with our business operations, we made sure that safe distancing measures are observed and duly implemented in our offices and production plants. We also provided health and safety advisory to our people. Against the backdrop of the steady rollout of COVID-19

vaccination programmes worldwide, we are committed to continue prioritising the health and safety of our people.

Significantly, we believe that the Group’s business model and fundamentals – built upon seven decades of experience – will continue to serve us well. Whilst the global market remains filled with uncertainties, various economies are showing signs of recovery in tandem with the increasingly stabilising global COVID-19 infection numbers in recent times. Equipped with a robust balance sheet, the Group with its well-balanced portfolio is strategically well placed to embrace opportunities as they arise and explore possibilities that avail us to increasing value chain participation, manufacturing facilities diversification, or expanding geographical footprint. Coupled with our innovative, experienced and capable team, we are optimistic about the long-term outlook of the Group.

We remain grateful to our employees, shareholders, customers, suppliers and bankers for bestowing their confidence in us while we are navigating this COVID-19 epidemic led turbulent times. We look forward to their continued support while we continue to shape our business for growth.

MS MICHELLE CHEO HUI NING
Chief Executive Officer and
Executive Director