

CHAIRMAN'S MESSAGE

The world continued to grapple with the COVID-19 pandemic in 2021. Even as vaccination programmes are progressively rolled out around the world, new and more infectious variants such as Delta and Omicron continued to surface.

Despite the uncertain operating environment, the Group remained resilient in 2021, and went on to deliver impressive financial results for the second consecutive year. Besides focusing on running operations safely, the Group leveraged on our strong production and distribution capabilities to capture higher processing margins and overcame congested supply chains amidst fluid market conditions and changing government regulations.

Resultantly, the Group's revenue crossed the US\$4 billion mark for the first time since 2011 to achieve US\$4,348.8 million. The strong performance was mainly attributed to attractive processing margins from lower supplies caused by labour shortages and adverse weather conditions, and strong demand at destination markets.

Notably, the 47.7% increase in average CPO selling price with high processing margins enabled the Group to achieve a higher operating margin of US\$54.6 per metric tonne (MT) compared to US\$49.9 per MT last year. However, the overall decrease in Palm oil exports from Malaysia led to a 14.6% decrease in the Group's sales volume, and a 6.4% decrease in total operating margin to US\$225.1 million eventually. Nonetheless, the Group continued to post a healthy net profit of US\$80.2 million, albeit a 7.4% decrease from US\$86.5 million in the preceding year.



The strong performance saw the Group further strengthening our balance sheet with a total equity of US\$683.6 million, as well as maintaining a low gross debt to equity ratio of 0.63 and net debt to equity ratio of 0.38. More significantly, these put the Group in a favourable position to explore arising opportunities in greater value chain participation and further diversification of refining and manufacturing facilities geographically.

In 2022, the threat of newer COVID-19 variants continues to loom, and the tightening of accommodative monetary policies by major economies is expected to slow recovery. Congestion at ports around the world, along with the resulting network and supply chain disruptions and capacity shortage, is expected to persist throughout most of 2022. Hearteningly, our industry has proven to be resilient. The Group's strong performance in the past two years has also fortified our financial position. Hence, the fundamentals of our businesses remain strong and we expect future demand for our products and services will remain robust, supported by macroeconomic and demographic mega trends, such as the rise of Asia's and Africa's middle class.

In recognition of the shareholders' strong support throughout these unprecedented times, the Board of Directors has proposed a final exempt dividend of S\$0.0081 per ordinary share. Along with the interim dividend of S\$0.0027 declared earlier, the total dividend amounts to S\$0.0108 per ordinary share for the full year.

To repeat such sterling financial results for two consecutive years during a volatile period speaks volumes about the Group's leadership strength, strong corporate culture and our values as a socially responsible business. The dedication of Our Board of Directors and people, and their readiness to adapt to fast changing circumstances were instrumental in enabling the Group to feed the world throughout this pandemic. As we embark on the year ahead, I am confident that the energy and optimism of our global team will enable us to continue creating sustainable value for our stakeholders.

DR CHEO TONG CHOON @ LEE TONG CHOON

Chairman and Executive Director