



## **Corporate Profile**

31 December 2019

# Introduction to Kim Loong Resources Berhad (“KLR”) Group



- KLR's holding company, Sharikat Kim Loong Sendirian Berhad, had its beginning back in 1967 with a 1,000 acre rubber plantation in Ulu Tiram, Johor
- KLR is listed on the Main Market of Bursa Malaysia Securities Berhad since year 2000 and currently with a RM1.52 billion market capitalisation
- KLR is primarily involved in oil palm cultivation and related businesses which include the following:
  - More than 15,000 Ha of oil palm plantations in Sabah, Sarawak and Johor (excluding 2,000 Ha of plantable NCR land and State land to be secured and developed)
  - 3 palm oil mills located in Johor and Sabah with a total processing capacity of 250MT of FFB per hour

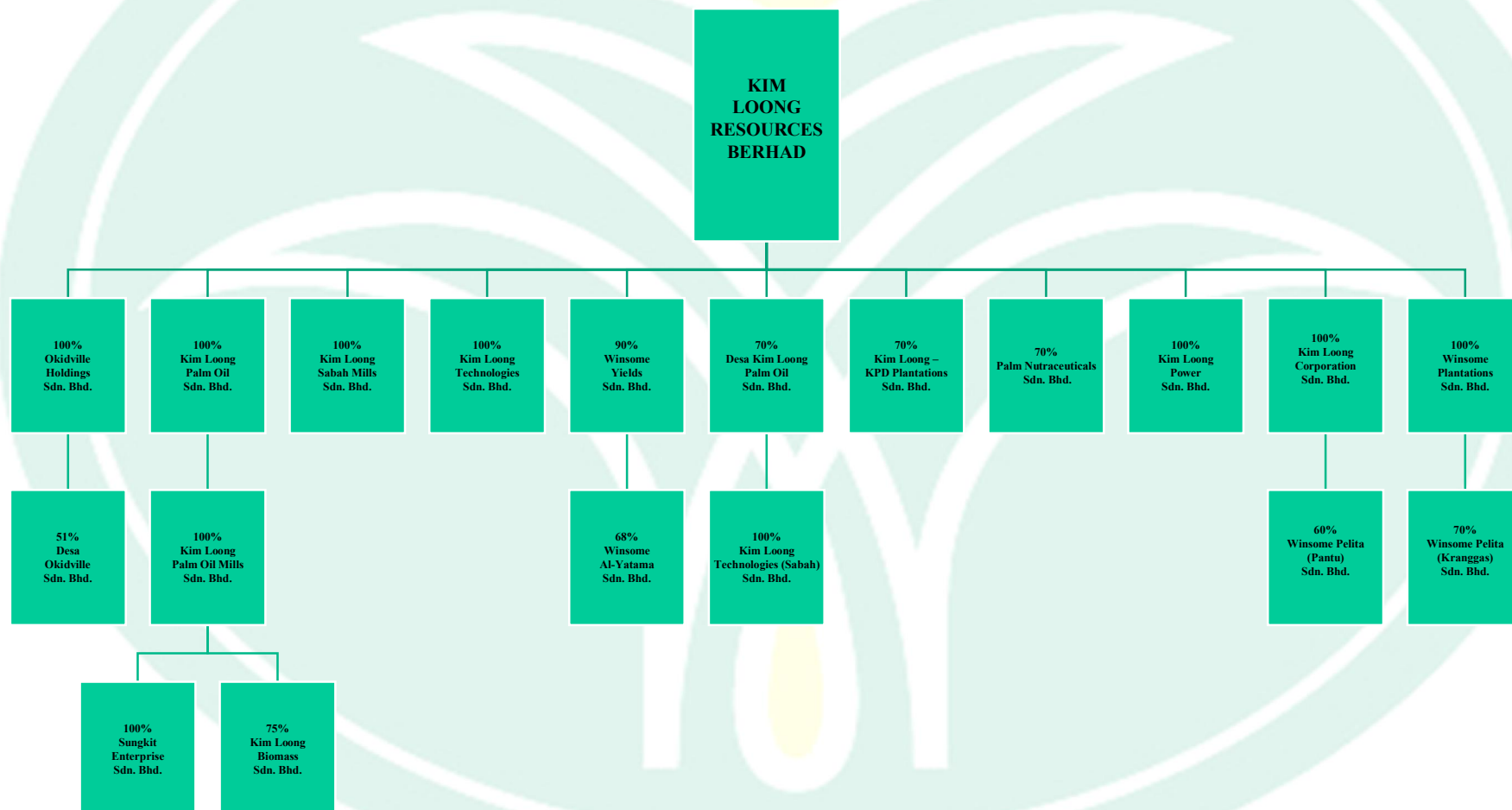




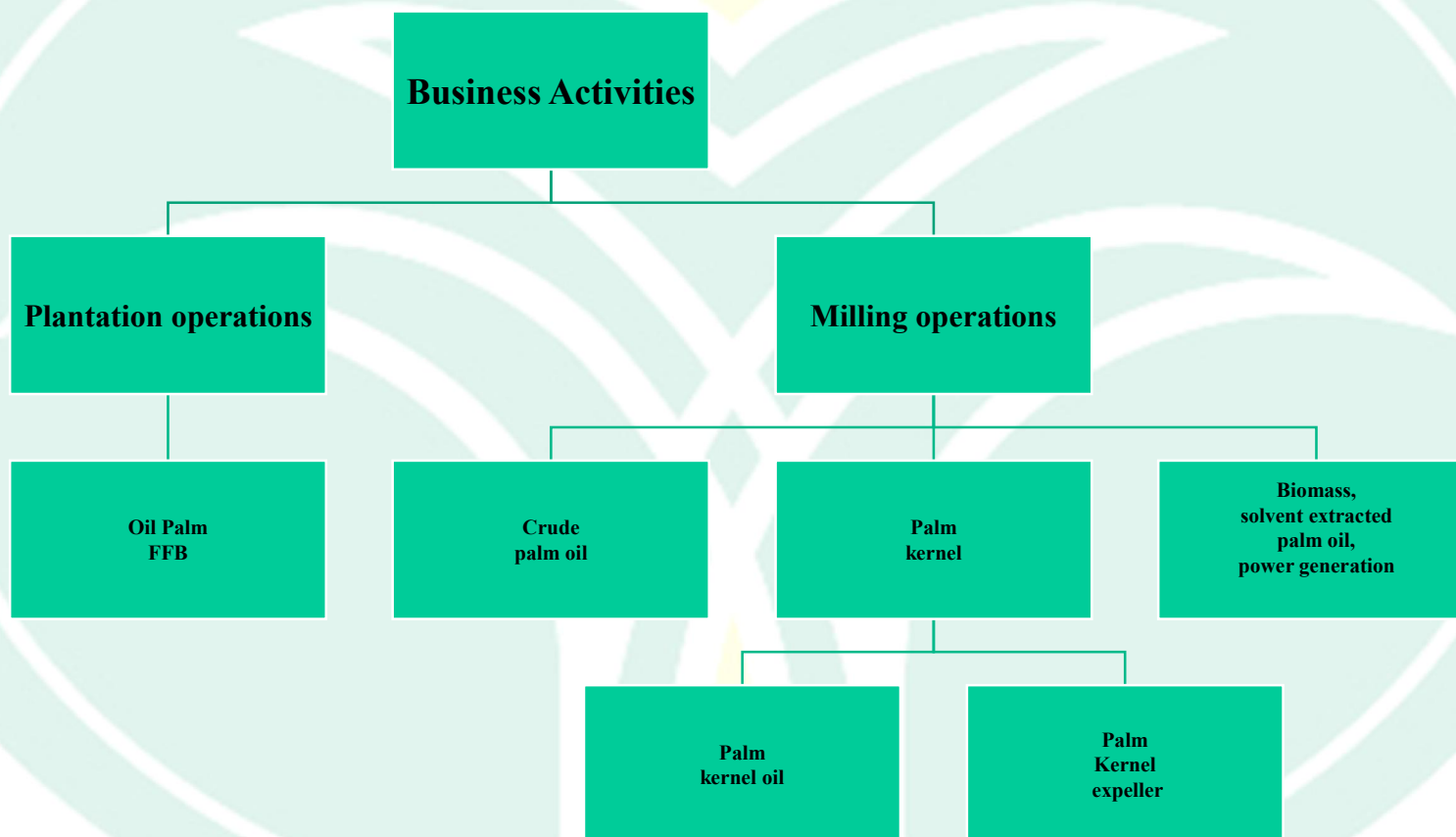
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# Group Structure (Active Companies Only)

AS AT 31 OCTOBER 2019



# Principal activities



# Financial Highlights

## FINANCIAL PERFORMANCE



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|   | Financial year |         | 3Q2020* |
|---|----------------|---------|---------|
|   | 2018 ~         | 2019    |         |
| Revenue (RM'000)                          | 1,075,332      | 872,937 | 498,592 |
| EBITDA (RM'000)                           | 193,270        | 123,495 | 80,382  |
| Profit before tax (RM'000)                | 158,221        | 88,234  | 54,228  |
| Weighted Average No. of Share ('000)      | 933,605        | 933,606 | 933,607 |
| Shareholders' equity (RM'000)             | 738,679        | 734,789 | 717,378 |
| Basic earnings per share (Sen)            | 10.34          | 5.58    | 4.15    |
| PE Ratio (times)                          | 13.4           | 22.4    | -       |
| Return on Capital Employed (Pre-tax) [N1] | 18.5%          | 10.4%   | 6.6%    |
| Return on Total Equity (Pre-tax)          | 19.1%          | 10.7%   | 6.7%    |
| Return on Total Assets (Pre-tax)          | 15.2%          | 9.0%    | 5.5%    |
| Gearing                                   | 0.03           | 0.02    | 0.02    |

N1 : Capital Employed includes Total Equity and Bank Borrowings.

\* Based on unaudited 9-months results ended 31 October 2019.

~ Certain figures have been adjusted for the Corporate Exercises and effects of transition to MFRS, where applicable.

# Financial Highlights (continued)

## ANALYSIS BY SEGMENTS



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|  | Financial Year   |                | 3Q2020*        |
|--|------------------|----------------|----------------|
|  | 2018~<br>RM'000  | 2019<br>RM'000 |                |
| <b>REVENUE</b>                             |                  |                | <b>RM'000</b>  |
| Plantation                                 | 190,954          | 128,885        | 74,078         |
| Palm Oil Milling                           | 1,045,981        | 854,558        | 487,473        |
| Less : Inter-segment eliminations          | (161,603)        | (110,506)      | (62,959)       |
| <b>TOTAL GROUP</b>                         | <b>1,075,332</b> | <b>872,937</b> | <b>498,592</b> |
| <b>RESULTS</b>                             |                  |                |                |
| Plantation                                 | 108,253          | 43,151         | 17,628         |
| Palm Oil Milling                           | 50,895           | 43,370         | 30,718         |
|  | 159,148          | 86,521         | 48,346         |
| Inter-segment adjustments and eliminations | (1,940)          | 1,228          | 3,300          |
| Unallocated cost **                        | (7,157)          | (7,273)        | (2,915)        |
| Finance income                             | 9,577            | 8,834          | 6,050          |
| Finance cost                               | (1,407)          | (1,076)        | (553)          |
| <b>Profit before tax</b>                   | <b>158,221</b>   | <b>88,234</b>  | <b>54,228</b>  |

\* Based on unaudited 9-months results ended 31 October 2019.

\*\* Unallocated cost mainly consists of salaries and other office administration cost net of management fee and commission income receivable.

~ Certain figures have been adjusted for the Corporate Exercises and effects of transition to MFRS, where applicable.



# Financial Highlights (continued)

## DIVIDEND PAYMENT RECORD



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|   | Financial Year |        | 3Q2020* |
|---|----------------|--------|---------|
|   | 2018~          | 2019   |         |
| Net profit attributable to equity holders of the Company (RM'000) | 96,545         | 52,123 | 38,707  |
| Net dividend declared (RM'000)                                    | 74,688         | 56,016 | 28,008  |
| Gross Dividend Per Share (sen) ~                                  | 8.0            | 6.0    | 3.0     |
| Gross Dividend Yield (%)  | 5.7%           | 4.8%   | 1.9%    |
| Dividend Pay- out (%)   | 77.4%          | 107.5% | 72.4%   |
| Market Price at period end (RM) ~                                 | 1.39           | 1.25   | 1.62    |
| NTA per share at period end (RM) ~                                | 0.79           | 0.79   | 0.77    |

\* Based on unaudited 9-months results ended 31 October 2019.

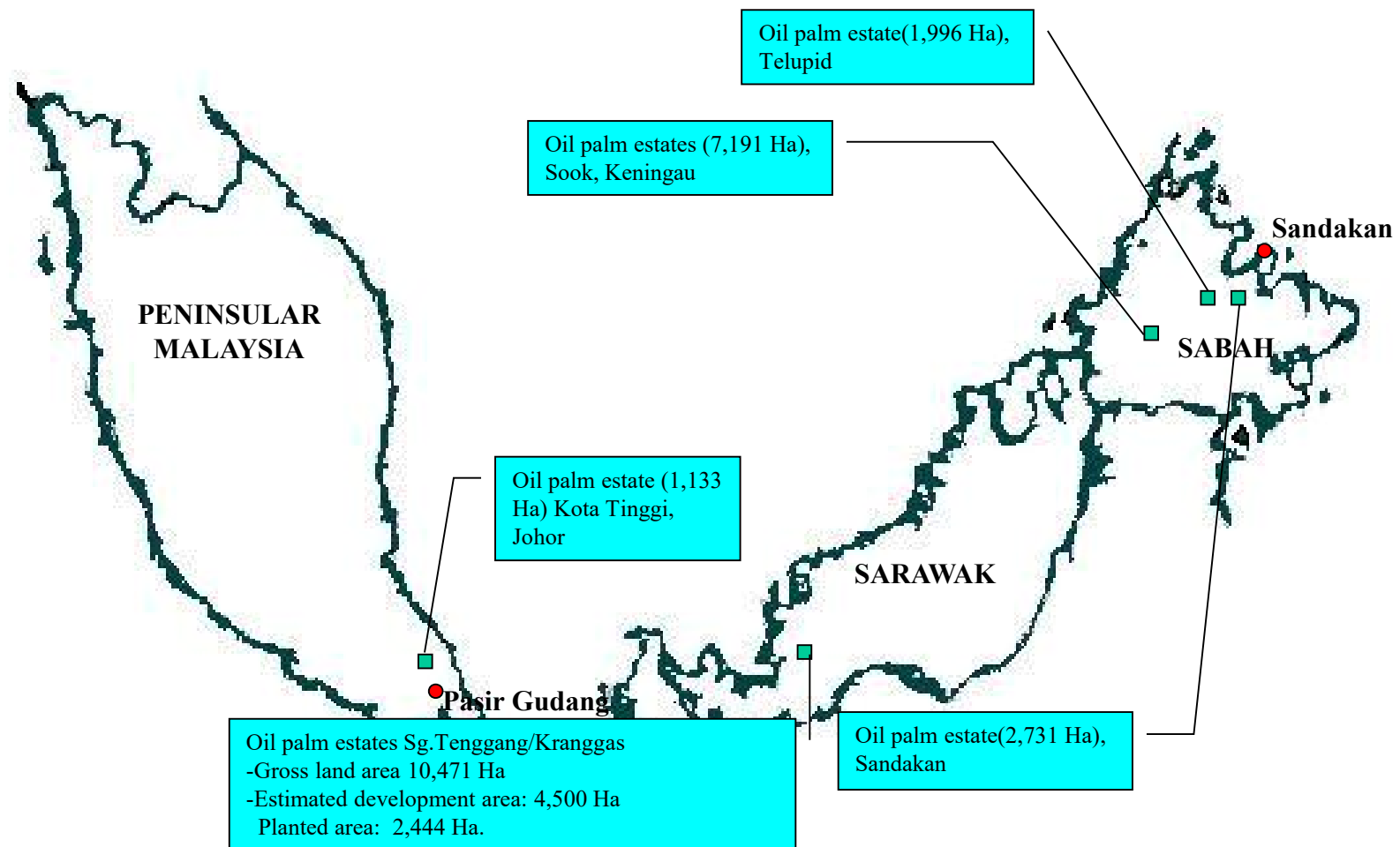
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# Plantation Operations :

## LOCATION OF OPERATIONS

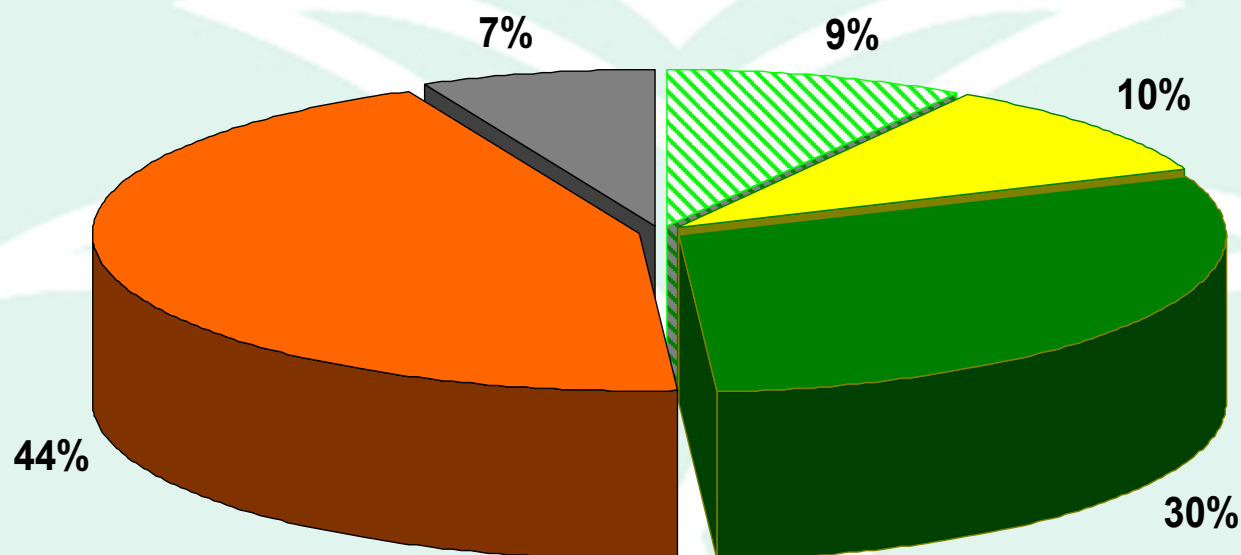






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## AGE PROFILE OF PALMS (AS AT 31 October 2019)



■ < 3 years ■ 3 - 6 years ■ 7 - 15 years ■ 16 - 20 years ■ > 20 years

Total planted area: 14,632 hectares

- a) < 3 years (Immature) : 9%
- b) 3 – 6 years (Young mature) : 10%
- c) 7 – 15 year (Prime mature) : 30%
- d) 16 – 20 years (Old mature) : 44%
- e) > 20 years (Pre-replanting) : 7%



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# PRODUCTION

## FINANCIAL YEAR

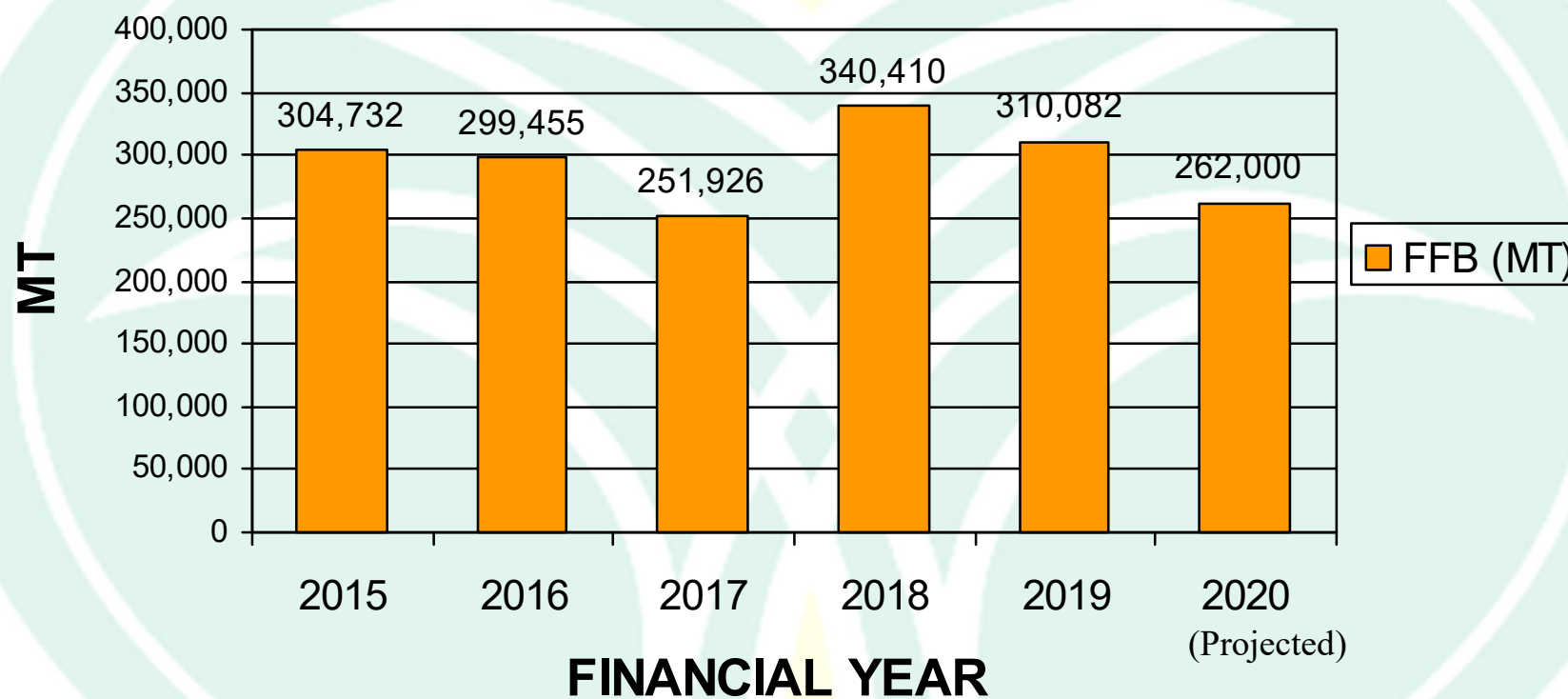
|            | 2019    | 3Q19    | 3Q20    | Q to Q   |
|------------|---------|---------|---------|----------|
|            | (MT)    | (MT)    | (MT)    | % change |
| <b>FFB</b> | 310,082 | 215,403 | 207,456 | -4       |
| <b>CPO</b> | 316,268 | 226,528 | 192,306 | -15      |
| <b>PK</b>  | 75,336  | 53,951  | 47,043  | -13      |





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## FFB PRODUCTION & PROJECTION



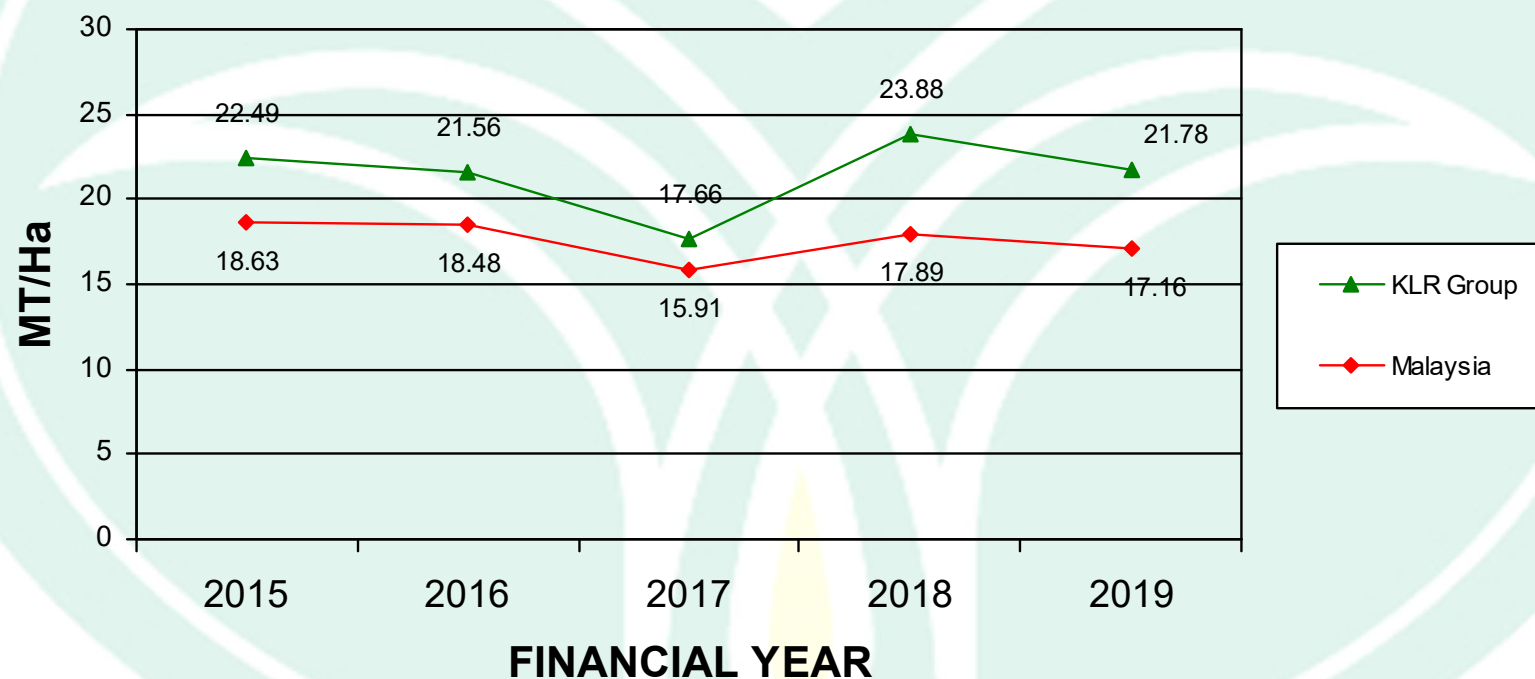
The projected FFB production for FY2020 is 262,000MT.

Note : Projection of production is based on existing land bank.



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## FFB YIELD PER HECTARE



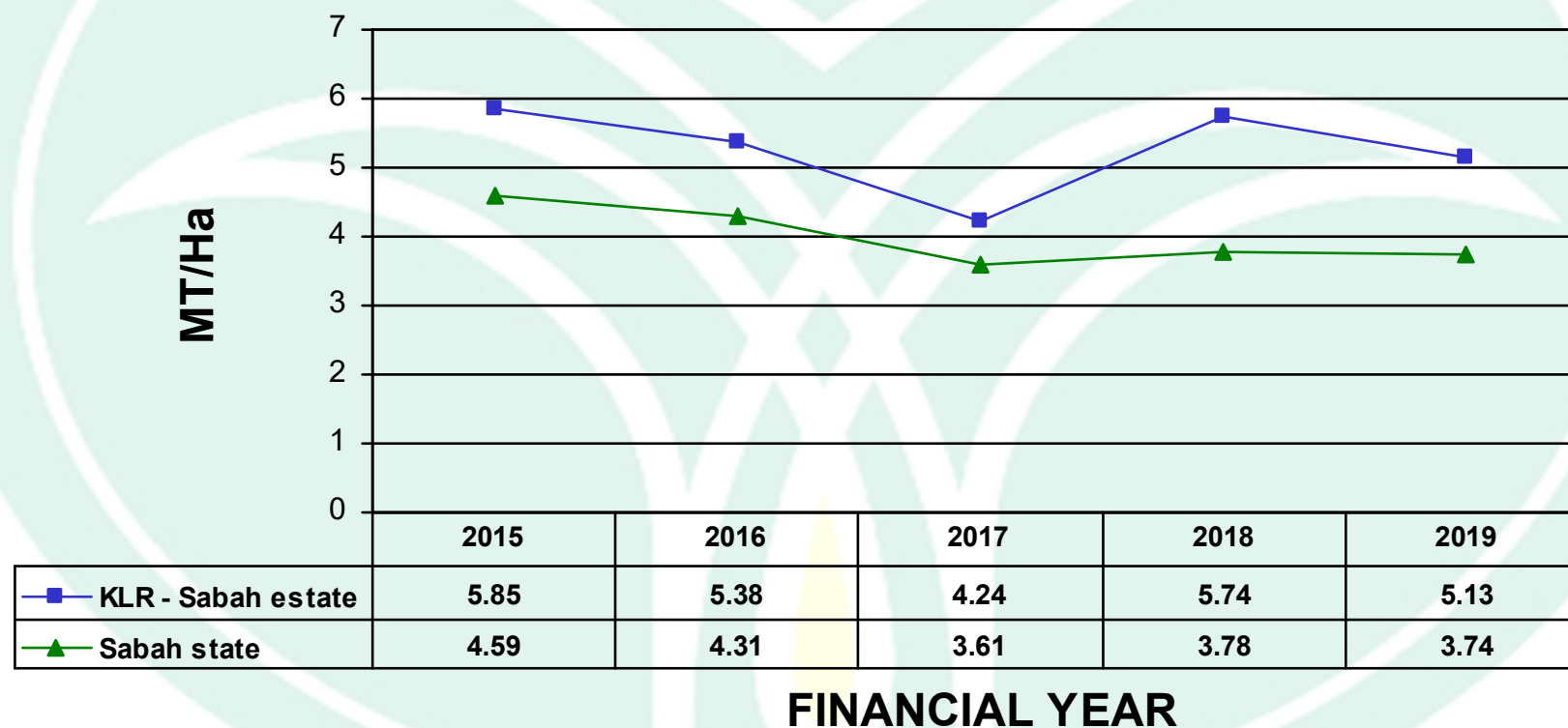
Reduction in 2017 was mainly due to El-Nino which adversely affected our estates in Sabah.





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## OIL YIELD PER HECTARE

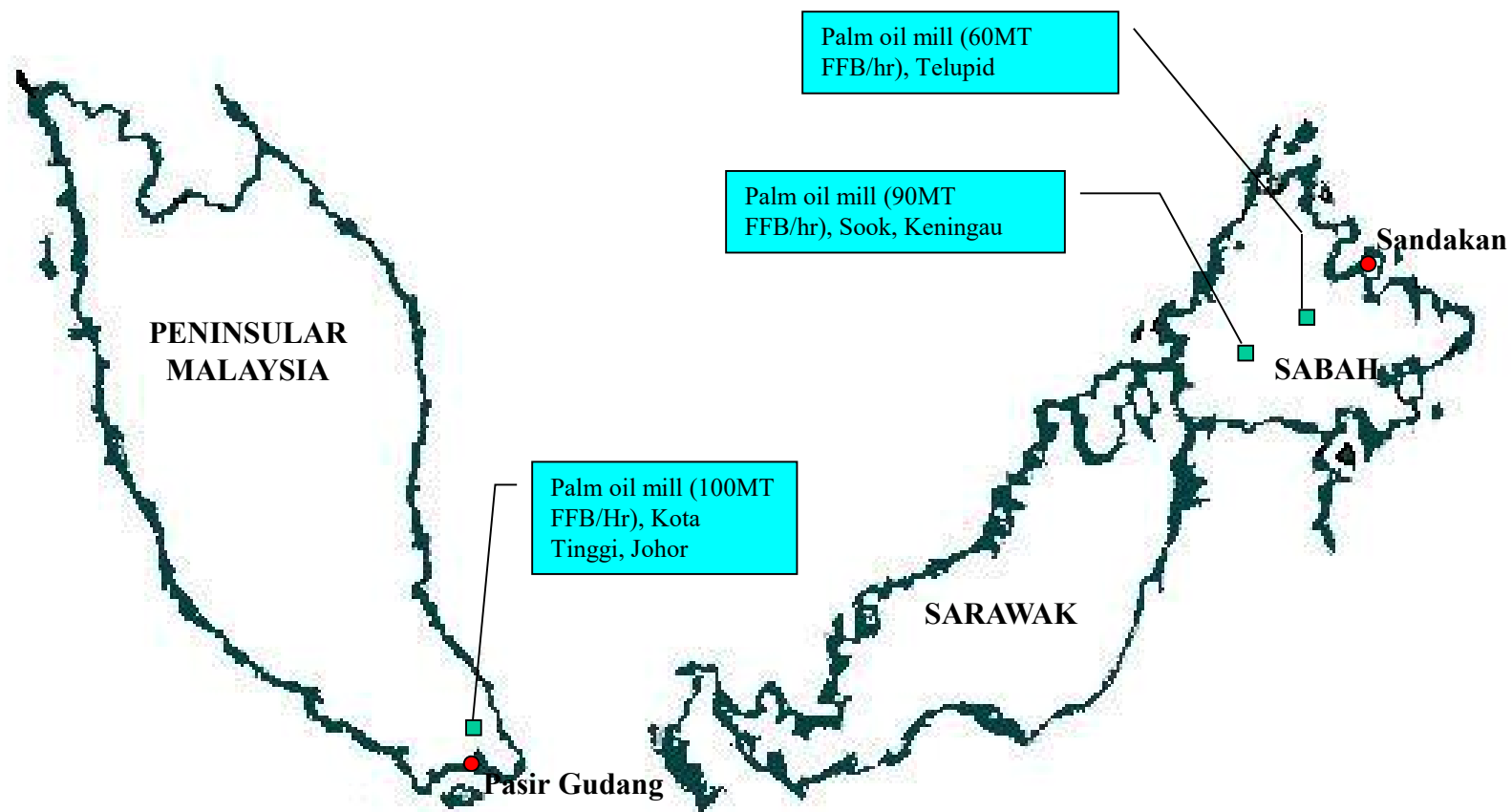


Note :

The statistics for Sabah state are extracted from MPOB web-site based on calendar year 2014 to 2018 whilst the figures from KLR are based on its financial year (Feb – Jan).

# Palm Oil Milling:

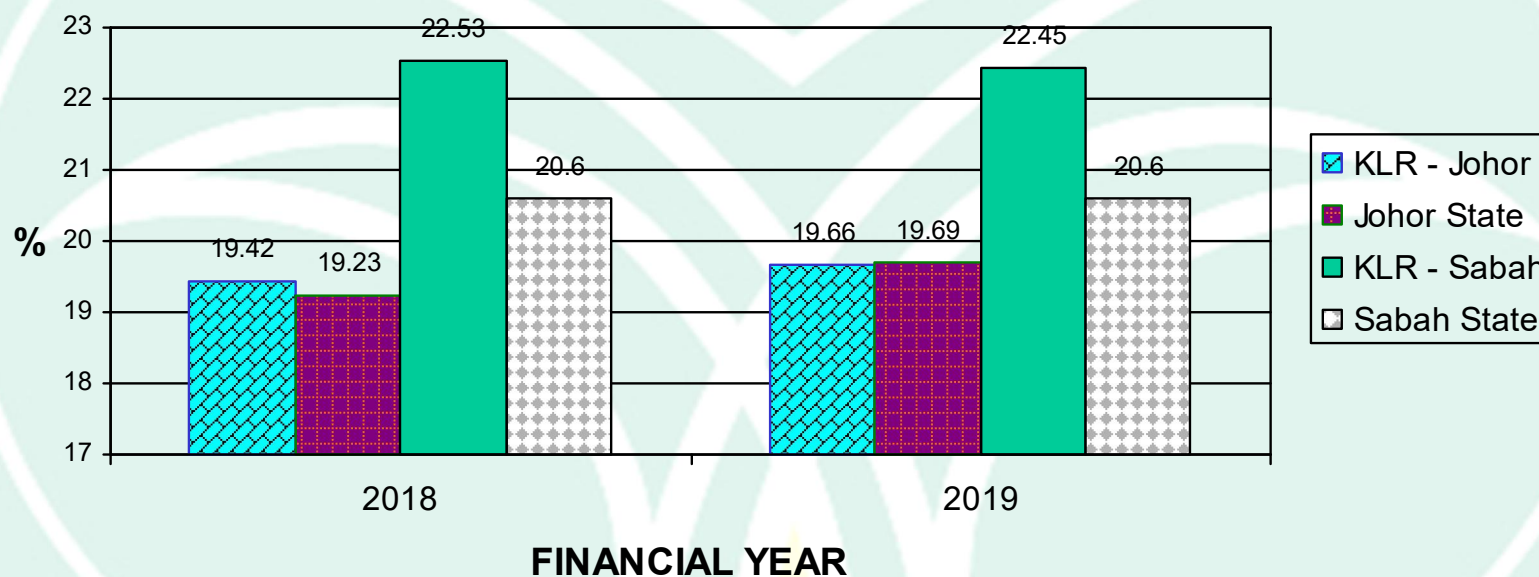
## MILLING LOCATION







## CPO OER COMPARISON



Note :

The statistics for Johor and Sabah state are extracted from MPOB web-site based on calendar year 2017 and 2018 whilst the figures from KLR are based on its financial year (Feb – Jan).

# Achievements



- 2019** Sabah mills / plantations (Keningau) obtained MSPO certification. Other operations have secured the approval but pending receiving the MSPO certificate.
- 2017/2018** Keningau mill was awarded by MPOB as the best palm oil mill (External FFB source) in Sabah / Sarawak.
- 2018 & 2016/2017**
- Kim Loong Resources Berhad was awarded by The Edge in year 2018 and 2016 respectively as the highest returns to shareholders over three years in Malaysia (Plantation).
- 2013/2014** Telupid mill was awarded by MPOB as the highest OER mill (External FFB source) in Malaysia.
- 2007**
- » Keningau mill was awarded by MPOB as the highest OER mill in Malaysia.
  - » The FIRST Palm-pressed Fibre Oil Extraction (“PFOE”) plant.
  - » The FIRST registered methane emission reduction CDM Project from palm oil mill effluent.
- 2005** Keningau mill was awarded by MPOB for achieving OER exceeding 25%.



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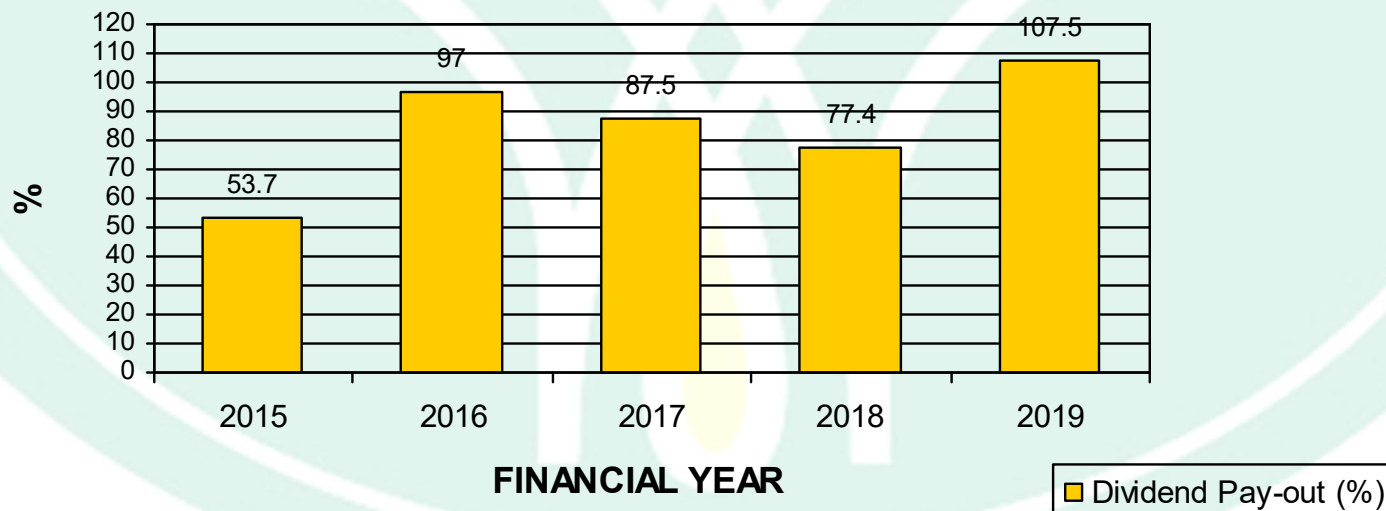
# Competitive Strengths

- Majority of plantation area is in high yielding age. High FFB production generates strong cash flows and financial position.
- High OER and big milling capacity ensure our mills remain competitive.
- Improved efficiency and additional income from wastes and by-products in Mills.
- Good long term relationships with suppliers and customers.
- The Group's management has over 40 years' experience in oil palm industry.
- Capable managers and supporting staffs in all business entities.

# Dividend Policy

## Target Dividend Payout Ratio

- » We do not have a formal dividend policy but we are committed to pay-out at least 30% of profit.
- » Our pay-out rate in the past 5 years are as follows:





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# BUSINESS OUTLOOK AND STRATEGIES



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# Near Term Prospect

**To obtain MSPO certification for plantation in Sarawak and Johor.**

## Plantation

- » The Group's FFB production for FY2020 is expected to be in the region of 85% of FY2019.
- » We expect more contribution from our young palms in Sarawak and replanting in Sabah.
- » Despite lower production, the Group's performance is expected to remain satisfactory for the FY2020. Moving forward, we are optimistic about the performance for FY2021 on the account of better CPO price outlook.
- » Continual replanting programme of approximately 1,000 Ha per year for old palms from 2020 to 2026.
- » FFB production is expected to come down gradually in view of replanting programme for estates in Sabah in coming years but to be cushioned by expected increase in yield from young mature areas from estates in Sarawak and Sandakan.





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# Near Term Prospect (continued)

## Mill

- » Despite stiff competition from surrounding mills, we target to achieve high utilization of processing capacity of our 3 mills in FY2020.
- » Estimated sales revenue for excess palm kernel shells to third parties is about RM10 million from our three mills in FY2020.
- » Palm fiber oil solvent extraction plants (“PFOE”) in our Kota Tinggi and Keningau mills are running satisfactorily, contributing revenue and profit for the Group.



# Near Term Prospect (continued)

## Mill

### Kim Loong Power Sdn. Bhd.

Power projects implementations in:

- » Mill at Kota Tinggi, Johor
  - 3 units (500 kilowatts gas engine each) from China for internal use.
  - 2 units caterpillar gas engine for supply to grid (1.8 megawatt) completed installation and commenced operation in June 2019.
- » Mill at Keningau, Sabah
  - 2 units (500 kilowatts gas engine each) from China for internal use.
  - Installation of 2 units GE Jenbacher gas engine for supply to grid (2.0 megawatt) has commenced in September 2019 and expected to commence operation by end of 2020. REPPA has been signed with SESB.
- » Mill at Telupid, Sabah
  - 2 units (500 kilowatts gas engine each) from China for internal use.
  - Successfully bid and awarded Feed In Approval Holder (FIAH) for 1.5 megawatt export capacity announced by SEDA Malaysia in October 2019.

# KLR Group's Future Plan



KLR's future plans are as follows:

- ❖ To source for additional plantation land in Sabah and Sarawak. However, RSPO restrictions is a major constraint.
- ❖ To source for suitable land for setting up a palm oil mill in Sarawak.
- ❖ To develop approximately 2,000 hectares of NCR land and State land in Sarawak when the lands are secured after negotiation with land owners / Pelita.
- ❖ To continue replanting of older palms to ensure continued growth in future FFB production.



# Corporate Fact Sheet



**Corporate Address** Lot 18.01, 18<sup>th</sup> Floor, Public Bank Tower  
19, Jalan Wong Ah Fook,  
80000 Johor Bahru, Johor, Malaysia

## **Directors**

|                  |  |
|------------------|--|
| Gooi Seong Lim   | <i>Executive Chairman</i>                        |
| Gooi Seong Heen  | <i>Managing Director</i>                         |
| Gooi Seong Chneh | <i>Executive Director</i>                        |
| Gooi Seong Gum   | <i>Executive Director</i>                        |
| Gan Kim Guan     | <i>Senior Independent Director</i>               |
| Chan Weng Hoong  | <i>Independent Director</i>                      |
| Cheang Kwan Chow | <i>Independent Director</i>                      |
| Gooi Khai Chien  | <i>Alternate Director to Mr. Gooi Seong Lim</i>  |
| Gooi Chuen Kang  | <i>Alternate Director to Mr. Gooi Seong Heen</i> |

# Corporate Fact Sheet (continued)



|   |   |        |
|---|---|--------|
| Stock Exchange Listing                    | Main Market of Bursa Malaysia Securities Berhad                     |        |
| Listed on                                 | 27 November 2000  |        |
| Issued shares                             | 935.4 million shares  |        |
| Market Cap                                | RM1.52 billion (based on share price of RM1.62 on 30 December 2019) |        |
| Major Shareholders<br>(as at 31 Dec 2019) | Sharikat Kim Loong Sendirian Berhad                                 | 63.52% |
|   | Teo Chuan Keng Sdn Bhd  | 2.17%  |
|   | Morisem Consolidated Sdn Bhd  | 1.96%  |
|   | Krishnan Chellam  | 1.63%  |
|   | Koperasi Polis DiRaja Malaysia Berhad                               | 0.80%  |
| Financial year end                        | 31 January  |        |





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(22703-K)

錦隆資源有限公司

## THANK YOU

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