



KIM LOONG  
RESOURCES BERHAD  
(22703-K)

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錦隆資源有限公司

## **Corporate Profile**

1 July 2020

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



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- 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 RM1.057 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

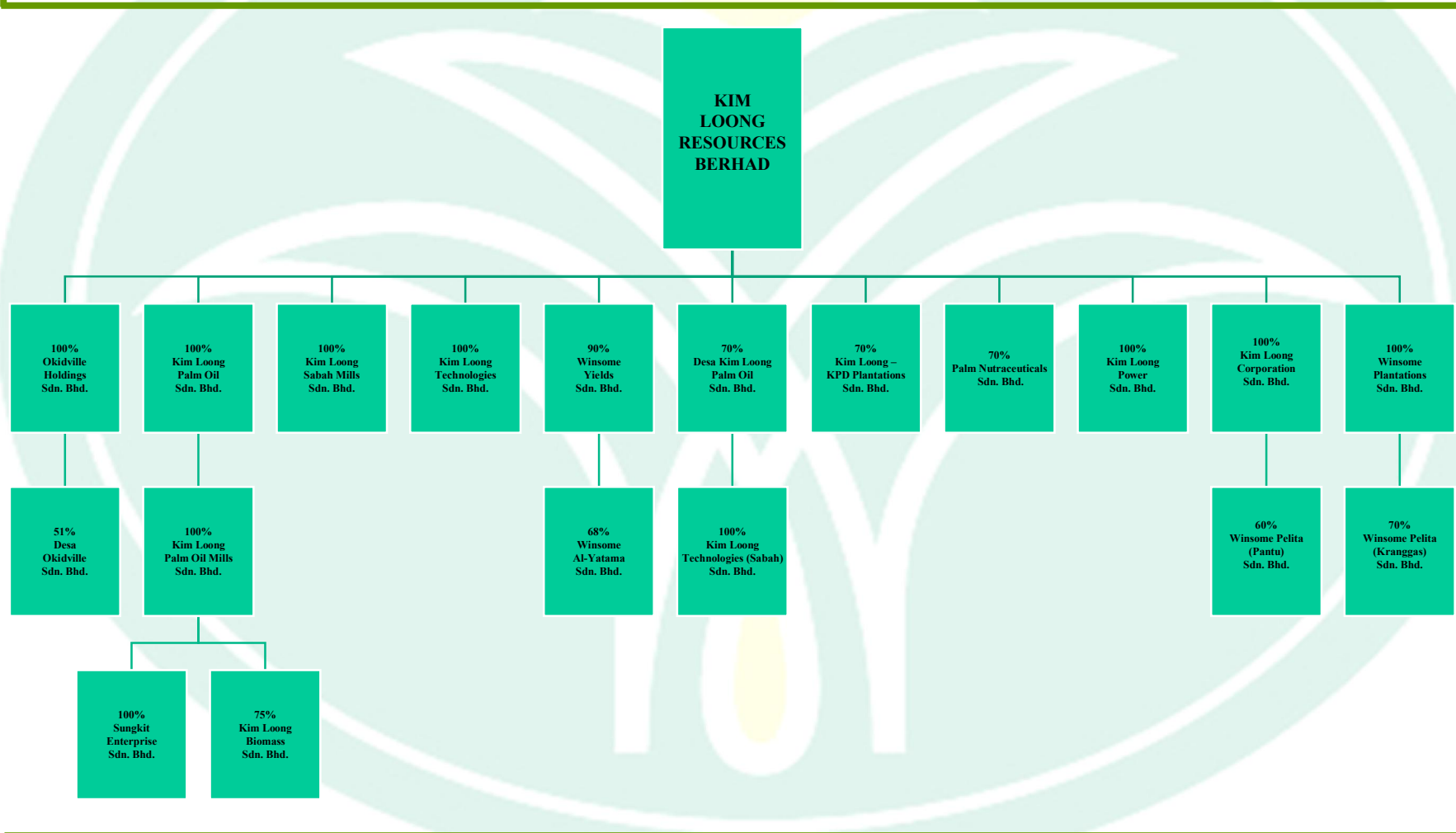




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# Group Structure (Active Companies Only)

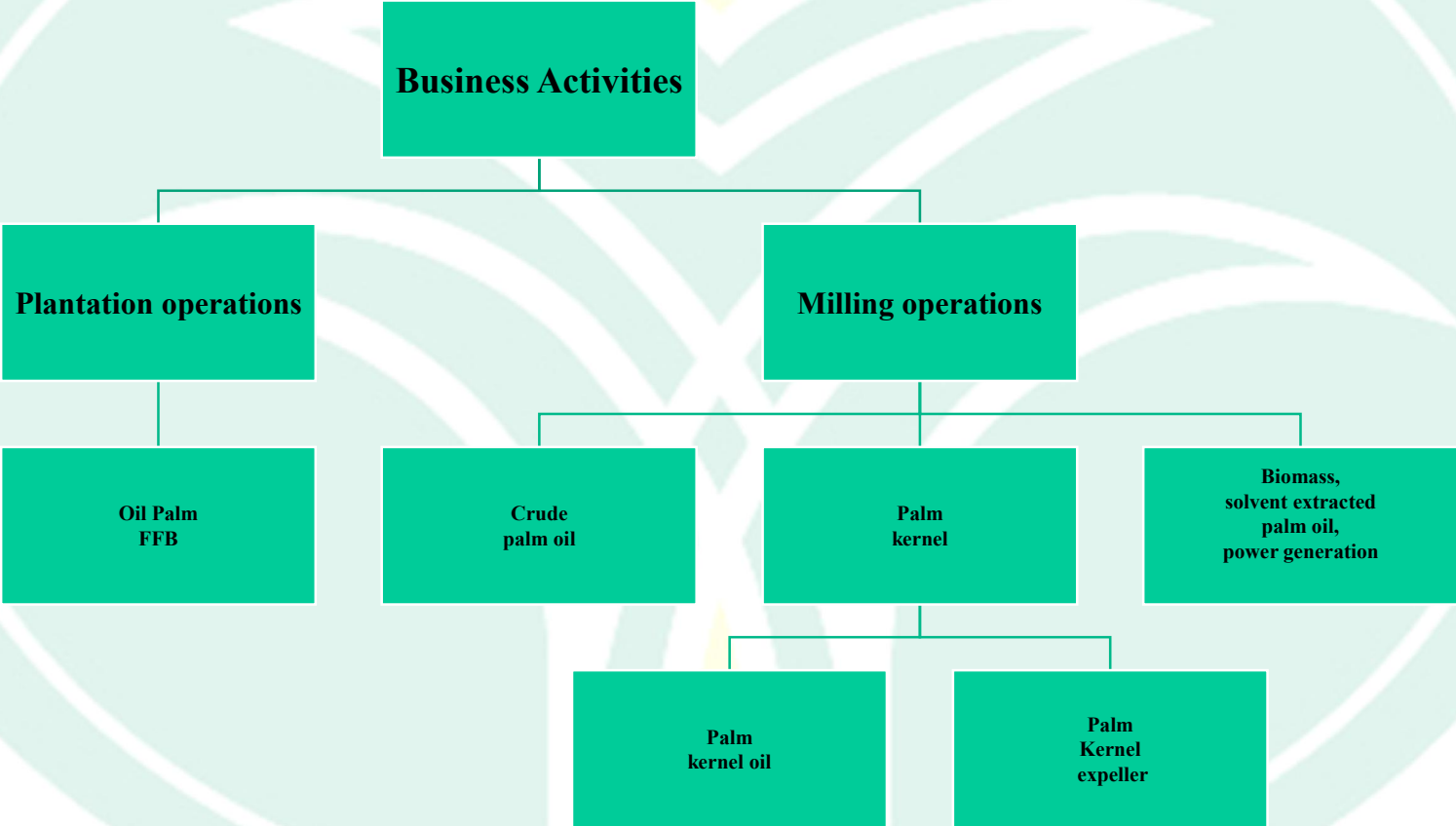
AS AT 31 JANUARY 2020



# Principal activities



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# Financial Highlights

## FINANCIAL PERFORMANCE



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	Financial year		1Q2021*
	2019	2020	
Revenue (RM'000)	872,937	679,625	201,355
EBITDA (RM'000)	123,495	95,249	44,230
Profit before tax (RM'000)	88,234	60,389	35,664
Weighted Average No. of Share ('000)	933,606	933,607	933,607
Shareholders' equity (RM'000)	734,789	719,732	742,631
Basic earnings per share (Sen)	5.58	4.40	2.45
PE Ratio (times)	22.4	28.6	44.1
Return on Capital Employed (Pre-tax) [N1]	10.4%	7.4%	4.2%
Return on Total Equity (Pre-tax)	10.7%	7.5%	4.3%
Return on Total Assets (Pre-tax)	9.0%	6.2%	3.5%
Gearing	0.02	0.02	0.02

N1 : Capital Employed includes Total Equity and Bank Borrowings.

\* Based on unaudited 3-months results ended 30 April 2020.

# Financial Highlights (continued)

## ANALYSIS BY SEGMENTS



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	Financial Year		1Q2021*
	2019 RM'000	2020 RM'000	
<b>REVENUE</b>			<b>RM'000</b>
Plantation	128,885	101,910	32,203
Palm Oil Milling	854,558	662,943	196,000
Less : Inter-segment eliminations	(110,506)	(85,228)	(26,848)
<b>TOTAL GROUP</b>	<b>872,937</b>	<b>679,625</b>	<b>201,355</b>
<b>RESULTS</b>			
Plantation	43,151	26,499	13,577
Palm Oil Milling	43,370	32,209	20,535
	86,521	58,708	34,112
Inter-segment adjustments and eliminations	1,228	2,501	274
Unallocated cost **	(7,273)	(8,500)	(313)
Finance income	8,834	8,389	1,720
Finance cost	(1,076)	(709)	(129)
<b>Profit before tax</b>	<b>88,234</b>	<b>60,389</b>	<b>35,664</b>

\* Based on unaudited 3-months results ended 30 April 2020.

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



# Financial Highlights (continued)

## DIVIDEND PAYMENT RECORD



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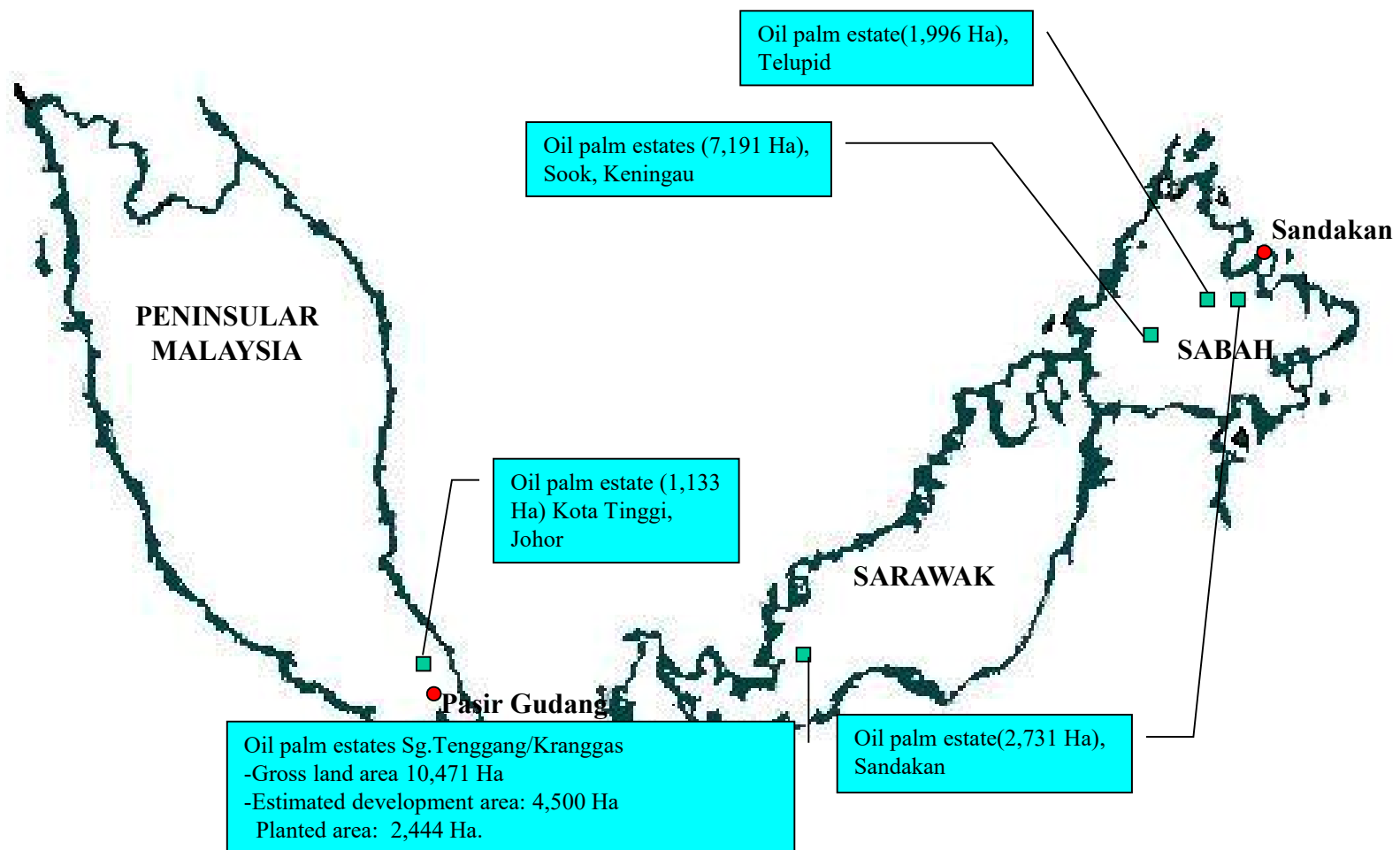
	Financial Year		1Q2021*
	2019	2020	
Net profit attributable to equity holders of the Company (RM'000)	52,123	41,061	22,899
Net dividend declared (RM'000)	56,016	28,008	-
Gross Dividend Per Share (sen)	6.0	3.0	-
Gross Dividend Yield (%)	4.8%	2.4%	-
Dividend Pay-out (%)	107.5%	68.2%	-
Market Price at period end (RM)	1.25	1.26	1.08
NTA per share at period end (RM)	0.79	0.77	0.80

\* Based on unaudited 3-months results ended 30 April 2020.



# Plantation Operations :

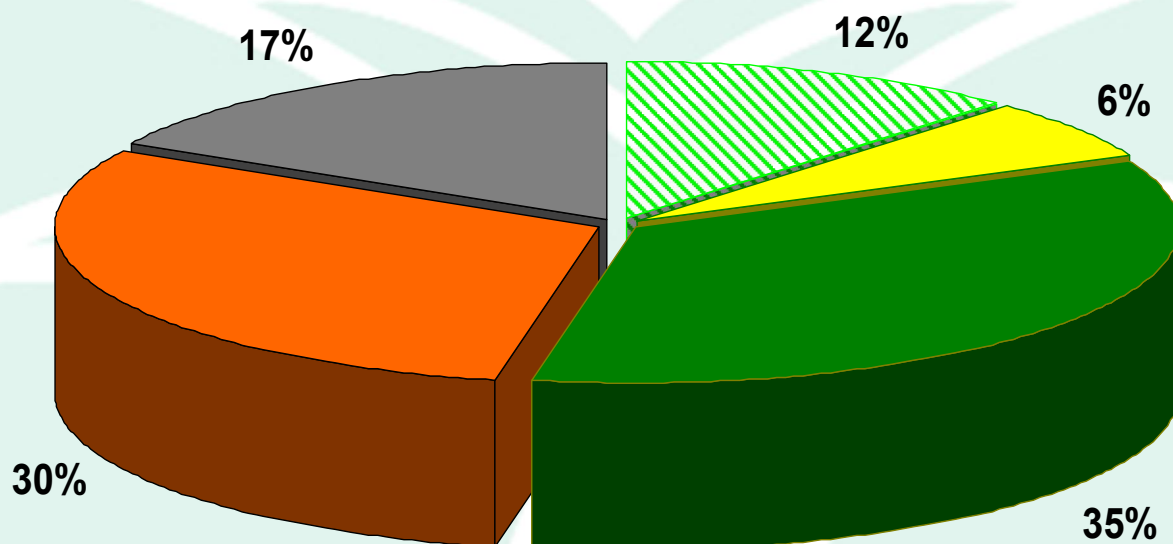
## LOCATION OF OPERATIONS







## AGE PROFILE OF PALMS (AS AT 30 April 2020)



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

Total planted area: 14,477 hectares

- a) < 3 years (Immature) : 12%
- b) 3 – 6 years (Young mature) : 6%
- c) 7 – 15 year (Prime mature) : 35%
- d) 16 – 20 years (Old mature) : 30%
- e) > 20 years (Pre-replanting) : 17%



# PRODUCTION

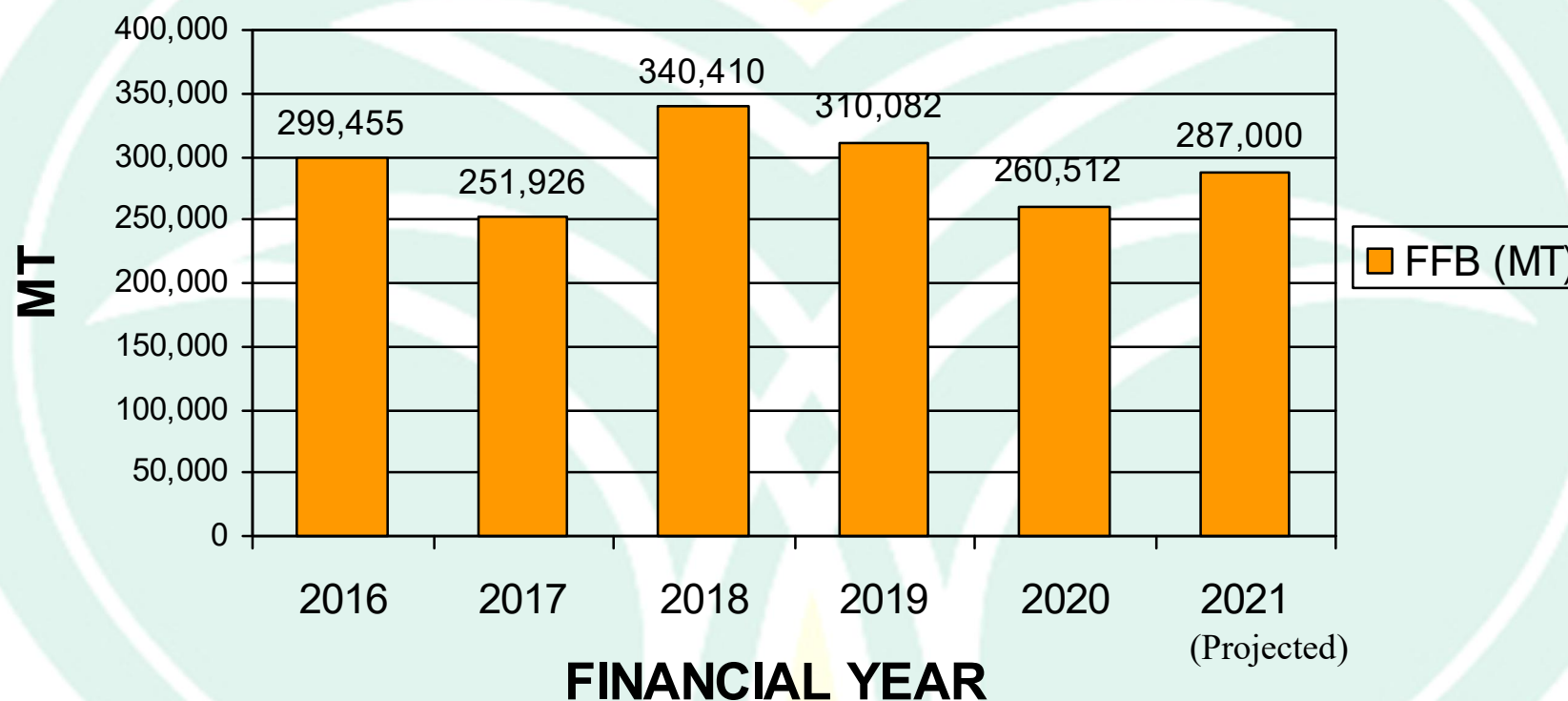
## FINANCIAL YEAR

	2020	1Q20	1Q21	Q to Q % change
	(MT)	(MT)	(MT)	
<b>FFB</b>	260,512	77,968	71,729	-8
<b>CPO</b>	247,659	71,378	66,461	-7
<b>PK</b>	60,119	17,933	16,749	-7





## FFB PRODUCTION & PROJECTION

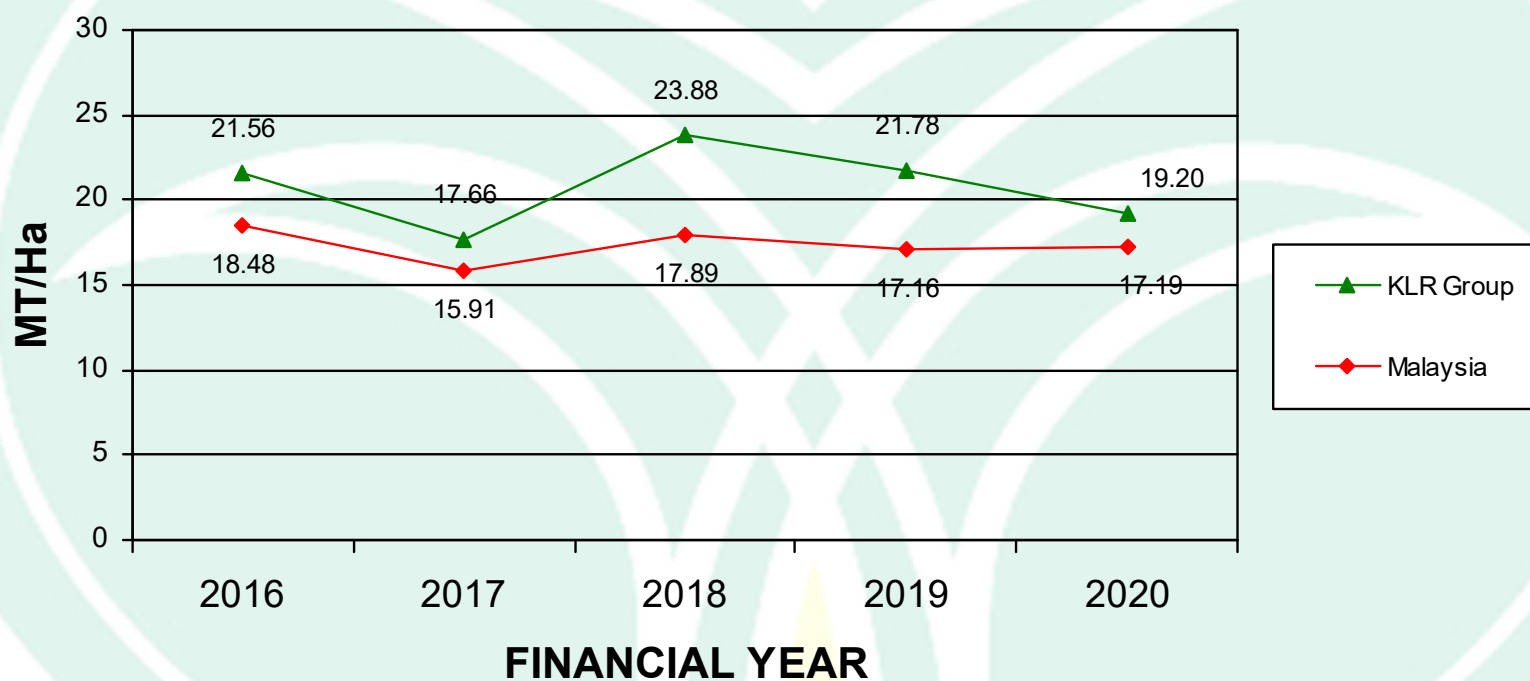


The projected FFB production for FY2021 is 287,000MT.

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



## FFB YIELD PER HECTARE

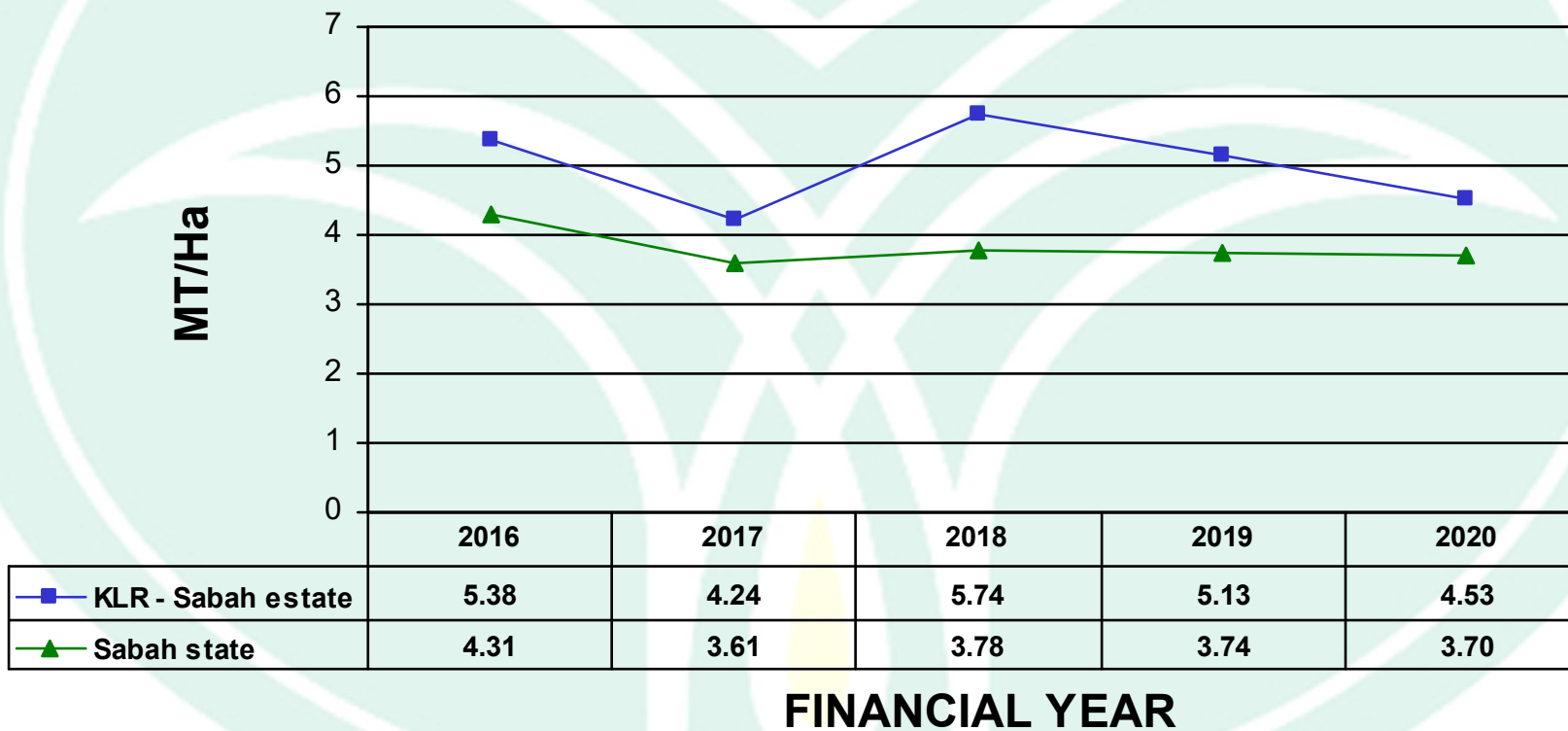


1. Reduction in 2017 was mainly due to El-Nino which adversely affected our estates in Sabah.
2. Decline in 2020 was partly due to lower yield from young mature palms and deferment of peak crop cycle into following financial year.





## OIL YIELD PER HECTARE



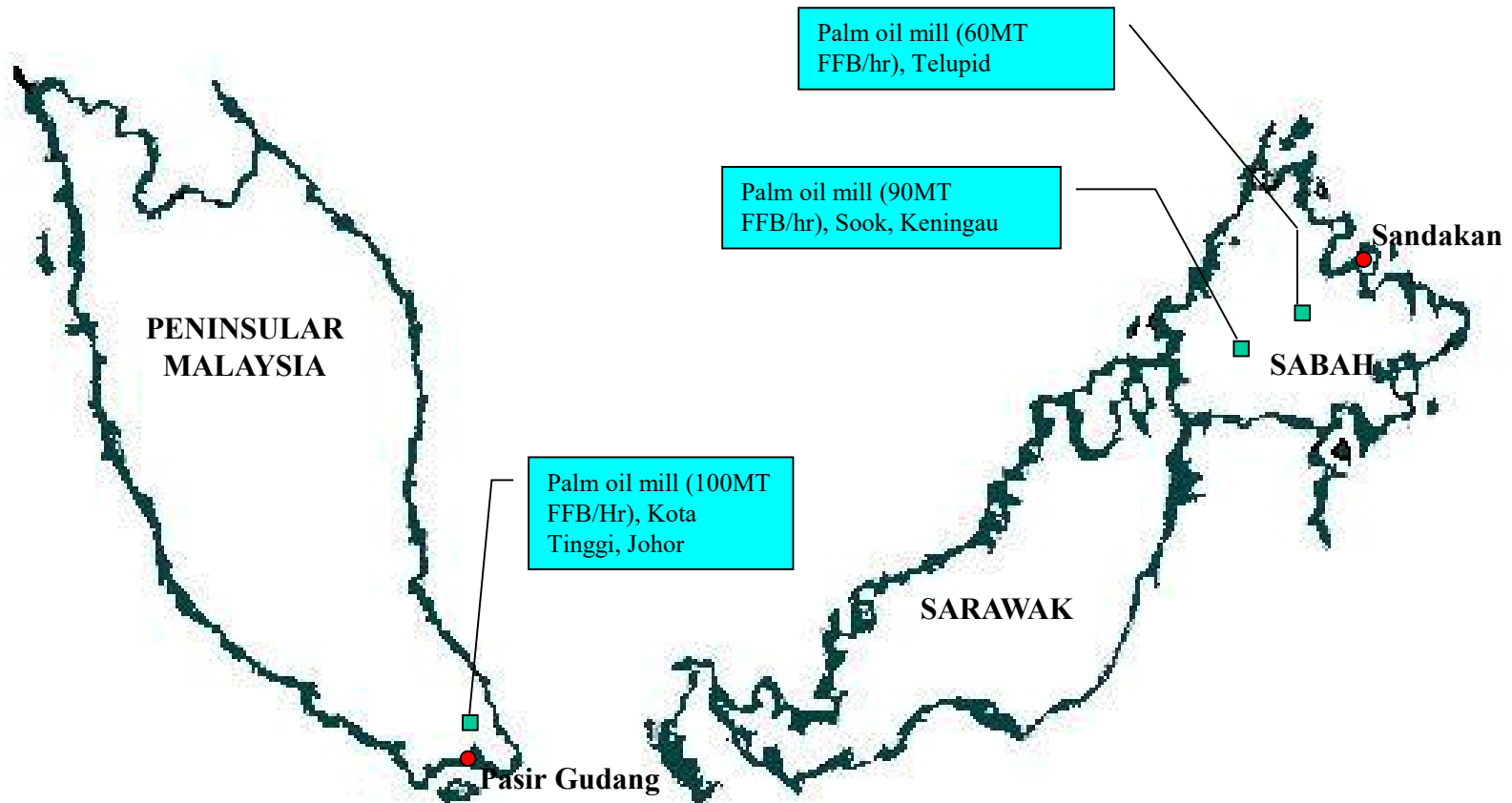
Note :

The statistics for Sabah state are extracted from MPOB web-site based on calendar year 2015 to 2019 whilst the figures from KLR are based on its financial year (Feb – Jan).

# Palm Oil Milling: MILLING LOCATION



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## CPO OER COMPARISON



Note :

The statistics for Malaysia National CPO extraction rates are extracted from MPOB web-site based on calendar year 2015 - 2019 whilst the figures from KLR Group are based on its financial year (Feb – Jan).

# Achievements



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**2019** All the plantations and mills under the Group have passed the Malaysian Sustainable Palm Oil (“MSPO”) audit and have obtained MSPO certification.

**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%.



# 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.**

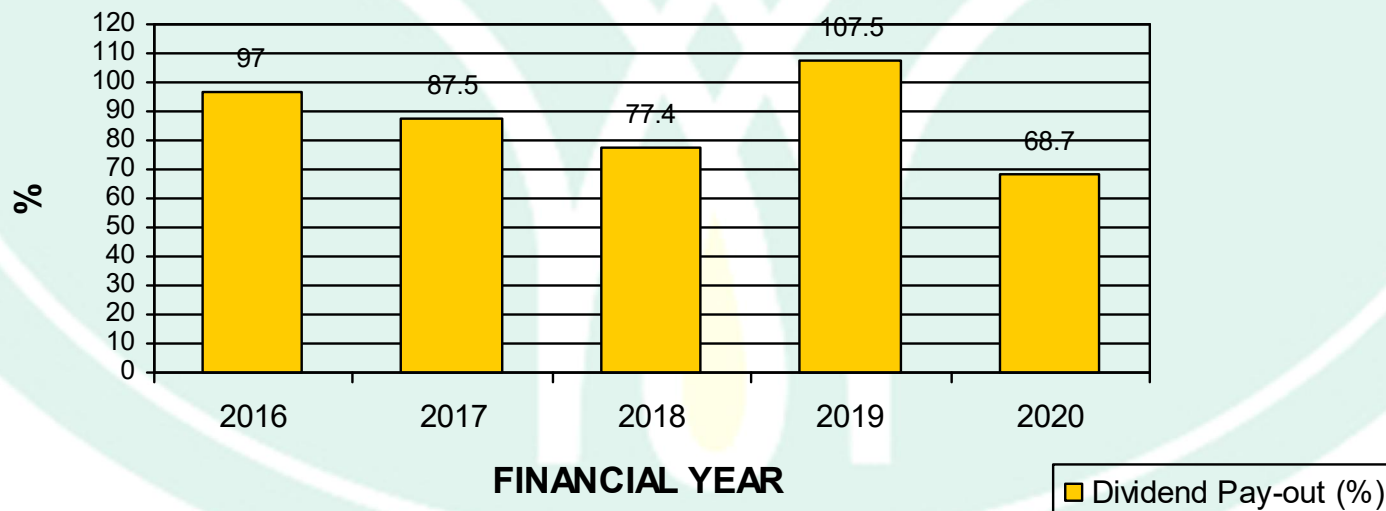
# Dividend Policy



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## 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



# Recent Development

## Plantation

- » On 19 February 2020, the Company announced that it entered into four (4) separate conditional Sale and Purchase Agreements with (1) Greenfingers Sdn. Bhd.; (2) R & H Sdn. Bhd.; (3) Bakti Perusahaan Sdn. Bhd.; and (4) Sri Handal Sdn. Bhd. (collectively referred to as “the Vendors”) to acquire oil palm plantation lands in Sabah with a total gross land area of approximately 2,862 acres (“the Acquisitions”). The total cash purchase consideration is RM92,538,290 which is approximately RM32,500 per acre.
- » The Acquisitions are not subject to the shareholders’ approval. However, the Acquisitions are subject to the relevant authorities’ approvals such as the Sabah’s Ministry of Agriculture and Fisheries.
- » Barring any unforeseen circumstances, the Acquisitions are expected to be completed by the third quarter of the year 2020.





# Near Term Prospect

## Plantation

- » The Group's FFB production for FY2021 is expected to be about 10% higher than FY2020.
- » We expect more contribution from our young palms in Sarawak and replanting in Sabah.
- » The Group's performance is expected to remain satisfactory for the FY2021.
- » 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 expect the milling processing quantity for FY2021 to be similar to FY2020.
- » Estimated sales revenue for excess palm kernel shells to third parties is about RM10 million from our three mills in FY2021.
- » 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

### 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.
  - For 4 months up to May 2020 in FY 2021, revenue of RM1.8 million has been generated from supplying power to TNB grid. Annual revenue of about RM6 million is expected from FY2021 onwards.
- » 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 is expected to commence operation in the first half of year 2021.
- » Mill at Telupid, Sabah
  - 2 units (500 kilowatts gas engine each) from China for internal use.
  - Successfully obtained approval for net export capacity of 1.5 megawatt per hour from SEDA Malaysia in September 2019 and Renewable Energy Power Purchase Agreement (“REPPA”) has been signed with SESB .



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# 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



KIM LOONG  
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**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>





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## 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	RM1.057 billion (based on share price of RM1.13 on 30 June 2020)	
Major Shareholders (as at 22 May 2020)	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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## THANK YOU

Contact person : Mr Gooi Seong Heen (Managing Director)  
Tel : 607-2248316  
Email : [heen@kimloong.com.my](mailto:heen@kimloong.com.my)