KUALA LUMPUR KEPONG BERHAD
197301001526 (15043-V)
Wisma Taiko, No 1 Jalan S.P. Seenivasagam
30000 Ipoh, Perak Darul Ridzuan, Malaysia
T: +605-240 8000 **F:** +605-240 8115
www.klk.com.my

FOR IMMEDIATE RELEASE 26 November 2024

KLK posts lower PATAMI of RM591.0 million due to non-recurring write-downs

PETALING JAYA, 26 NOVEMBER 2024: Kuala Lumpur Kepong Berhad's ("KLK" or the "Group") reported a Profit After Tax and Minority Interests ("PATAMI") for the 12 months ended 30 September 2024 of RM591.0 million compared to RM834.3 million in the previous financial year.

The lower PATAMI is attributed to exceptional losses of RM366.5 million, including RM315.7 million of losses suffered from the Group's investment in Synthomer PLC, comprising an impairment of RM180 million and share of equity loss of RM135.7 million, as well as inventory write-down of RM50.8 million from KLK Hardwood Flooring Sdn Bhd. The impairment and inventory write-down are non-cash and non-recurring items. Without these exceptional losses, the Group's PATAMI would be RM957.5 million.

KLK's pre-tax profit in FY2024 mirrors the result of FY2023 at RM1.2 billion. This is on the back of one of the best plantation segment performances in the last five years of RM1.6 billion against RM1.2 billion in FY2023, an increase of 39%. This strong performance was underpinned by higher Crude Palm Oil ("CPO") and Crude Palm Kernel Oil ("CPKO") prices, improved fresh fruit bunch ("FFB") yields and lower cost of production.

Meanwhile, the Manufacturing division recorded a 64% decline in pre-tax profit, at RM95.3 million compared to RM264.7 million a year ago. The poorer performance was largely driven by substantial lower contributions from midstream refinery sub-segment, which faced adverse margins stemming from overcapacity in the refining industry and the unexpected strengthening of CPO price. Nevertheless, the Oleochemical sub-segment demonstrated encouraging recovery at sites in Malaysia and Europe, though challenges persist in China.

Synthomer has been suffering from post-acquisition costs, for example the adhesive resin business acquired from Eastman Chemical Company. These include cost of restructuring and integration, amortisation of acquired intangible assets and one-off goodwill impairment, with the latter two being non-cash items. The weak global chemical market and the very challenging trading environment affected all players, resulting from weak consumer demand. Nonetheless, under a new leadership team, Synthomer is refocusing on strategic capital allocation, deleveraging initiatives, and driving operational efficiency, which are expected to drive a turnaround.

For the fourth individual quarter ended 30 September 2024, KLK's PATAMI was RM6.8 million. This decline was primarily due to the previously mentioned losses in Synthomer and the inventory write down. Without these exceptional losses, the Group's PATAMI would be RM286.0 million.

Management is fairly confident that FY2025 will be a promising year. The upstream segment is expected to perform well, supported by strong oil palm prices and higher yields, while continued improvements from the Oleochemical sub-segment is forecasted. The exceptional non-cash losses from Synthomer and the inventory write-off in FY2024 were one-off occurrences and are not expected to recur in FY2025.

KLK Executive Chairman Tan Sri Dato' Seri Lee Oi Hian said:

2024 has been a year of navigating challenges, yet it has also demonstrated the resilience and adaptability of KLK's operations. While non-recurring losses in certain units have impacted our overall results, we have proactively addressed these through strategic measures designed to strengthen our foundation. We identified key issues and implemented effective mitigation strategies, which have started to yield positive results. Our Plantation segment has delivered one of its strongest performances in the past five years and we are encouraged by the recovery in our Oleochemical sub-segment.

Looking ahead, we remain committed to operational excellence, guided by integrity, strong governance and sustainability. We will continue to optimise costs, enhance the best practices that underpin our success, and address areas where challenges remain.

END

About Kuala Lumpur Kepong Berhad (KLK)

KLK started as a plantation company more than 100 years ago and today, the development of oil palm remains the Group's core business. As of September 2024, KLK has about 300,000 hectares of planted area. Our landbank is spread across Malaysia (Peninsular and Sabah), Indonesia (Belitung Island, Sumatra, as well as Central and East Kalimantan) and Liberia.

Since the 1990s, KLK has diversified into resource-based manufacturing (refinery, oleochemical, derivatives and specialty chemicals) and vertically integrated its upstream, midstream and downstream businesses. The Group has since expanded its manufacturing operations resulting in internationally-scaled oleochemicals operations in China, Switzerland, Germany, The Netherlands, Belgium and Italy.

The Group, started capitalising on the strategic location of its land bank in Peninsular Malaysia by branching into property development in 1990. Our first foray into property development was Sierramas in Sungai Buloh, a joint venture with Tan & Tan Development Bhd. It is presently focused on Bandar Seri Coalfields, a 1,001-acre township in Sungai Buloh, and Caledonia in Ijok.

For more information, please contact:

Chin Su Ci
Senior Manager of Corporate Communications
sc.chin@klk.com.my

Annabelle Chu
IR Manager
annabelle.chu@klk.com.my

www.klk.com.my