



# **29th Annual General Meeting**

**Review of Group Performance & Prospects  
FY2013**

**By Dato' Teh Kean Ming  
CEO & Managing Director  
27 August 2013**



# 30<sup>th</sup> Anniversary





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# Performance Review

## Group Income Statement

	FY2013	FY2012	RM mil' % Δ
Revenue	4,663.4	4,517.9	3.2
Operating profit	1,019.3	972.5	4.8
Finance cost	(165.8)	(172.9)	
Operating profit after finance cost	853.5	799.6	
Share of results from JV & associates	(17.6)	2.0	
Profit before tax	835.8	801.6	4.3
Taxation	(273.6)	(251.1)	
Profit after tax	562.2	550.5	
Profit after tax & MI	420.9	409.1	2.9
EPS (basic) <sub>sen</sub>	30.46	29.84	2.1
EPS (fully diluted) <sub>sen</sub>	29.92	29.17	
Proposed/declared DPS <sub>sen</sub>	13.00	12.00	



# Performance Review

## Group Balance Sheet

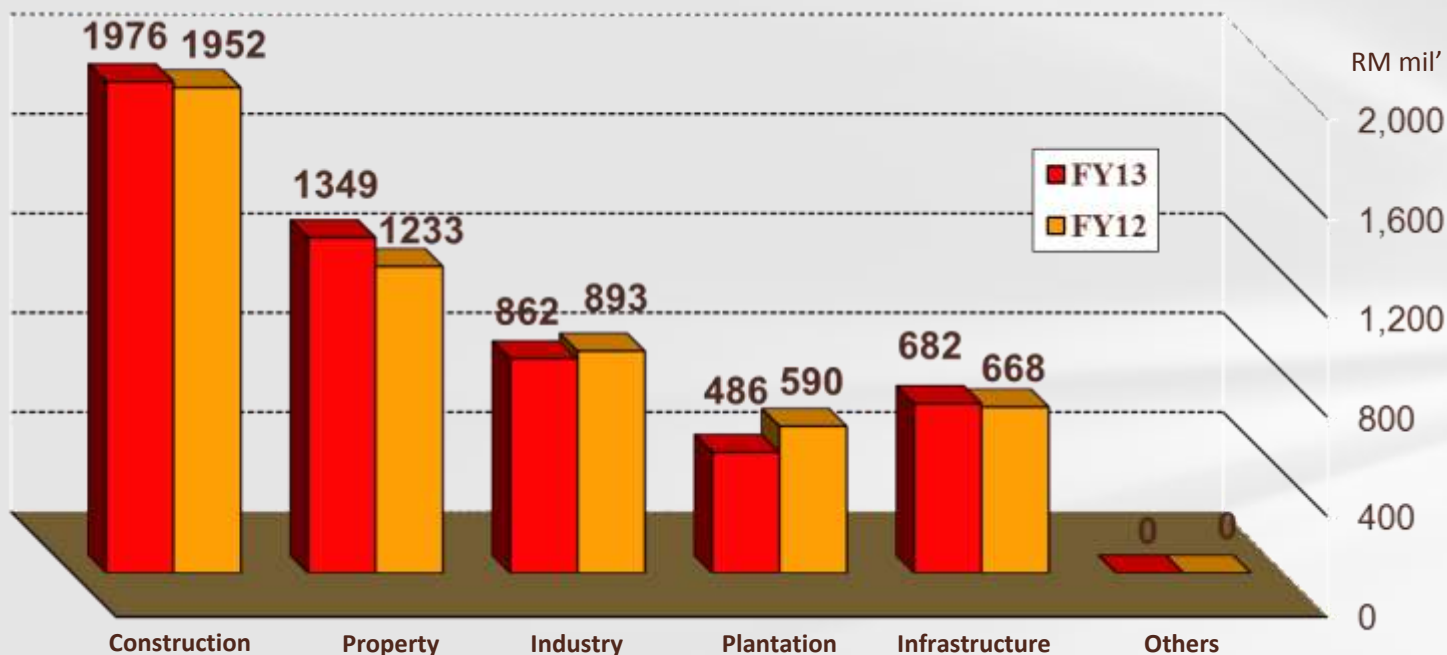
	RM mil'	
	31 Mar 2013	31 Mar 2012
Share capital	1,382.7	1,381.6
Shareholders' funds	5,607.2	5,348.1
Total assets	15,121.3	13,890.5
Net assets per share (RM)	4.06	3.87
Total cash	1,766.1	1,699.0
Total borrowings	5,042.8	4,530.3
Net cash/(debt)*	(3,276.7)	(2,831.3)
Net debt / shareholders' funds (%)	58.4	52.9

* Recourse debt	RM'mil	787.4
Non-recourse debt	RM'mil	2,489.3
Net debt	RM'mil	<u>3,276.7</u>

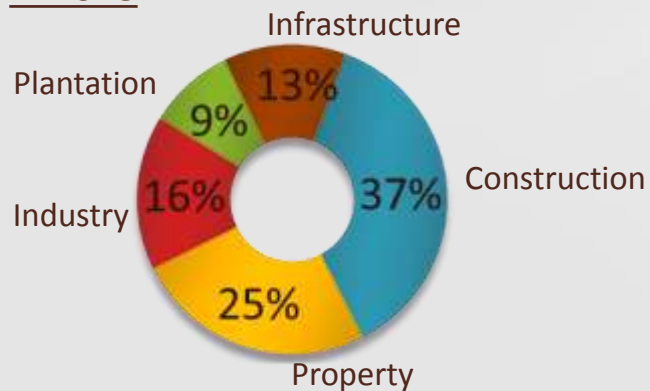


## Segmental Performance

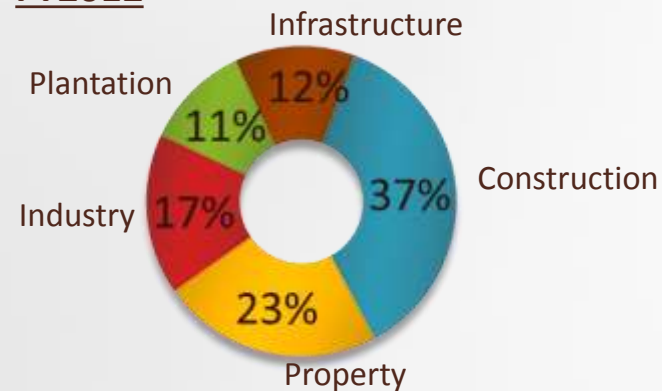
## Annual Group Revenue by Division



### FY2013



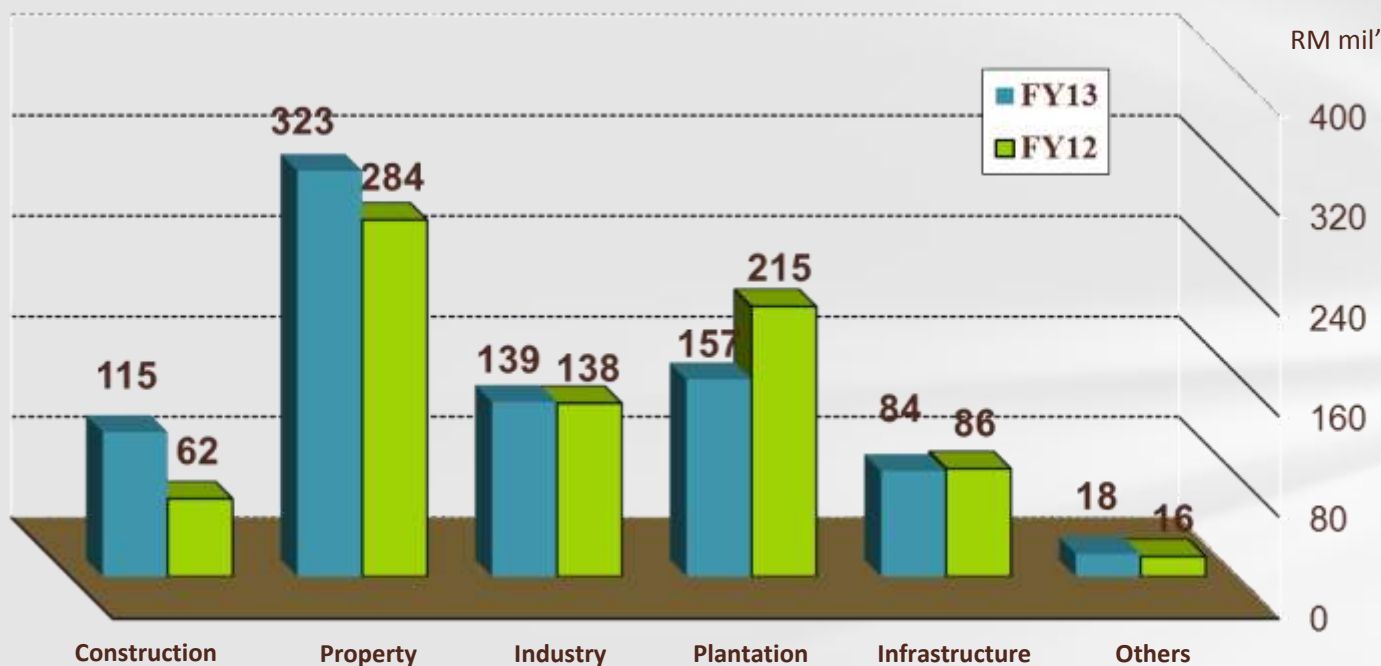
### FY2012



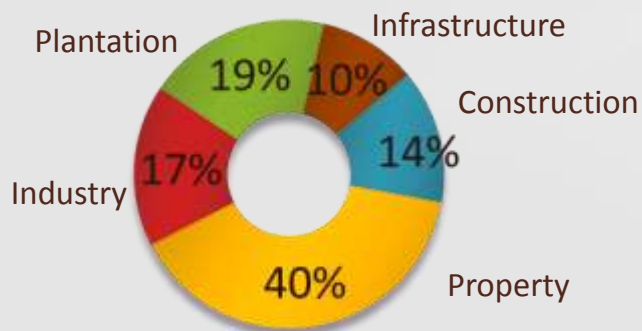


# Segmental Performance

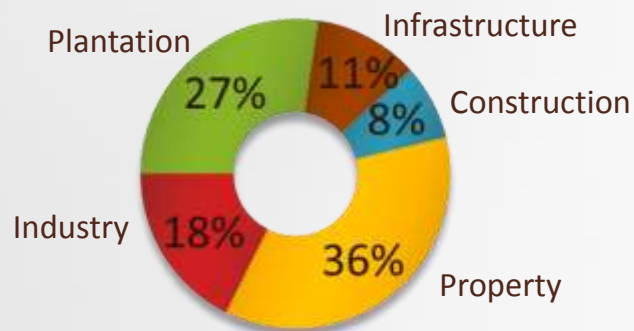
## Annual Group PBT by Division



### FY2013



### FY2012





	<i>RM'million</i>		
	<u>FY2013</u>	<u>FY2012</u>	<u>%Δ</u>
Revenue	1,976.1	1,952.0	1
Profit/(loss) before tax	115.4	62.0	86
PBT %	5.8	3.2	

### Results Review

- Revenue for the year increased marginally mainly due to work progress on large jobs such as MRT package V5 project still being at the initial stages
- Recovery in profit before tax and margins mainly due to achievement of progress milestone for the MRT package V5 project, realisation of construction profits upon sale of property development units in India and recoverability of receivables previously impaired



### Outlook

- Outstanding order book to provide job visibility for >1 year
- Outlook for order book replenishment is positive
  - Malaysian government's emphasis on infrastructure spending
  - Numerous large scale developments, esp. in Greater KL
  - Significant in-house jobs
- Benign outlook for global building material prices, cost vigilance in uncertain market still required



***Grand Hyatt, Kuala Lumpur***



***Kolej University Insaniah, Kedah***



***3 new Container Berths at Kuantan Port, Pahang***



	<i>RM'million</i>		
	<u>FY2013</u>	<u>FY2012</u>	<u>%Δ</u>
Revenue	1,348.8	1,232.9	9
Profit before tax	322.9	283.9	14
PBT %	23.9	23.0	

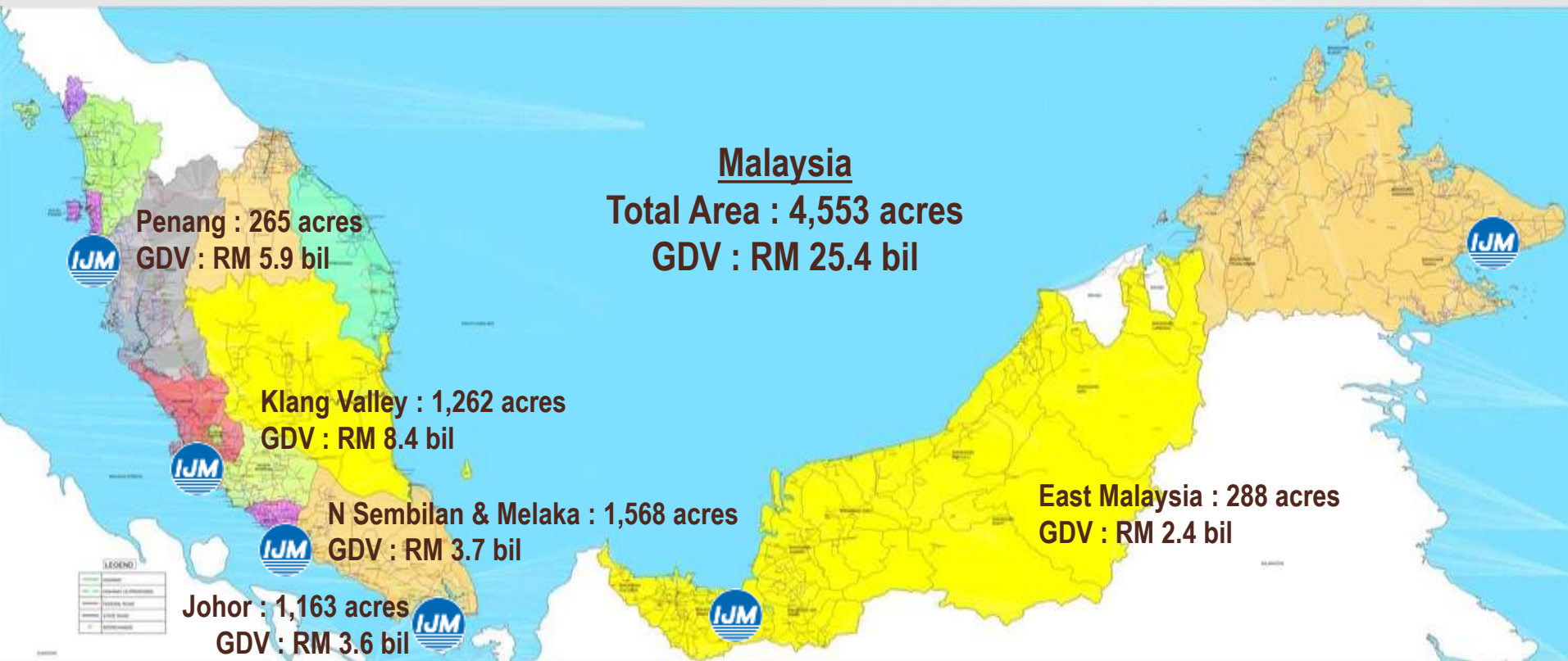
## Results Review

- Revenue increased mainly due to higher contribution recognised from on-going projects
- PBT for the year increased in line with growth in revenue as well as the recognition of a gain of RM21 million on disposal of Menara IJM Land in Penang



## Outlook

- Buyers becoming more selective, although demand for mid-range and affordable products likely to remain supported due to:
  - favourable demographics
  - resilient domestic economic outlook
  - accommodative mortgage rates
- Short term earnings underpinned by healthy level of unbilled sales
- Large scale projects such as The Light Phase II, Bandar Rimbayu and Seban Cove to drive growth in the medium term



### Overseas

	<u>Area (acres)</u>	<u>GDV 'RM mil</u>	<u>Equity Interest</u>
London, UK	3	1,500	51%
Changchun, China	2	500	50%
Dong Nai, HCMC, Vietnam	7	500	70%



***Bandar Rimbau township, Selangor***



*Rimbayu Phase 1 Chimes (March 2013)*



***Rimbayu Phase 2 Perennia (August 2013)***



***Light Point,  
Penang***



***Light Linear,  
Penang***



***Raintree Park Dwaraka Krishna, Vijayawada, India***



	<i>RM'million</i>		
	<u>FY2013</u>	<u>FY2012</u>	<u>%Δ</u>
Revenue	862.4	892.7	(3)
Profit before tax	139.3	138.2	1
PBT %	16.2	15.5	

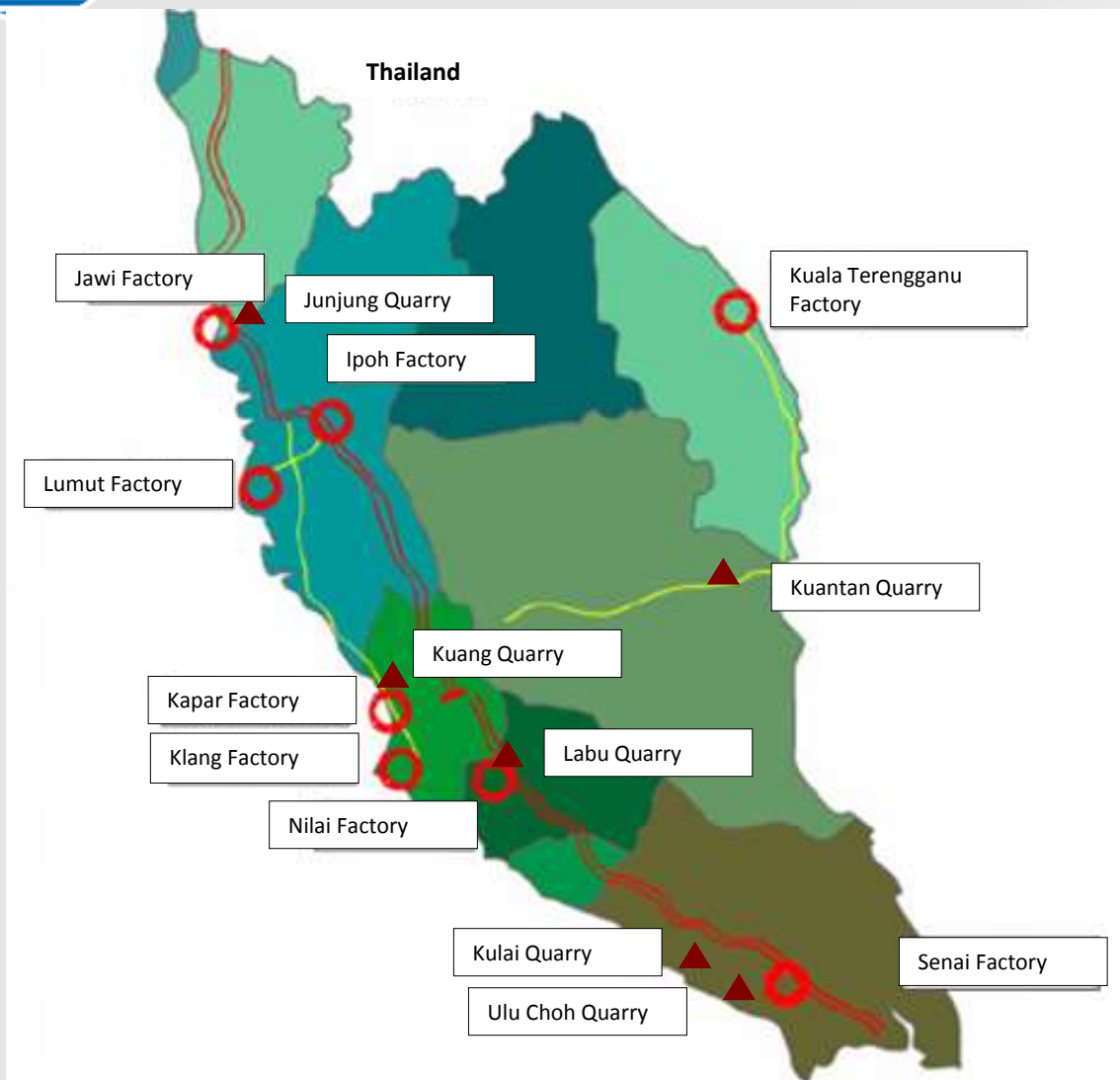
## Results Review

- Topline for the quarter increased mainly due to higher local and export sales volume for concrete piles. Despite a pick-up in activity in the 2nd half, revenue for the full year decreased by 3%.
- PBT and PBT margins improved due mainly to higher contributions from quarrying and ready-mixed concrete activities



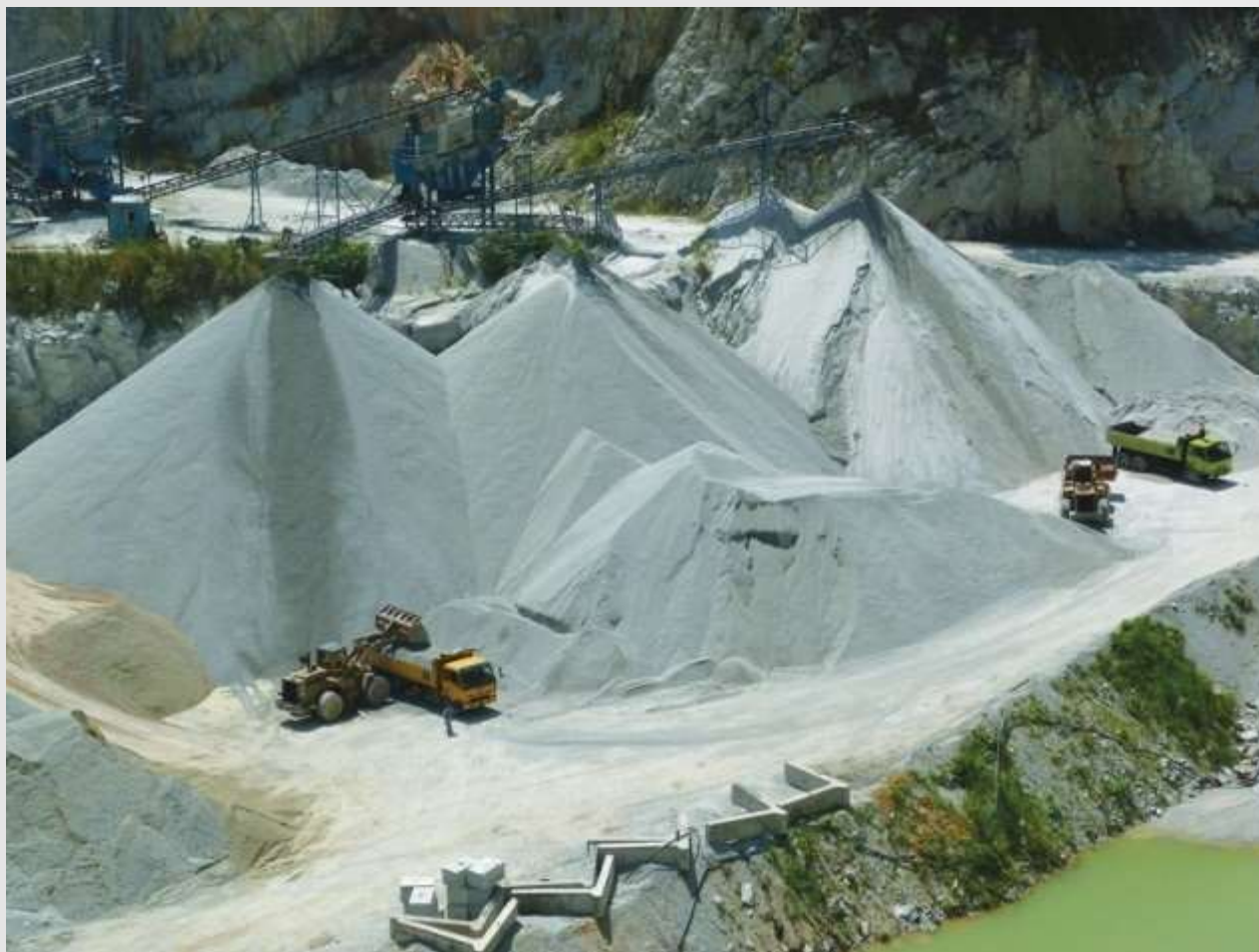
## Outlook

- Healthy order book, both in piles and aggregate markets
- Well positioned to benefit from increasing infrastructure spending in Malaysia
- China operations still facing some competition, performance in India turned to profitability





*ICP piles used at the Second Penang Bridge*



***Labu Quarry, Negeri Sembilan***



***Ready Mixed Trucks at Islamabad,  
Pakistan***



	<i>RM'million</i>		
	<u>FY2013</u>	<u>FY2012</u>	<u>%Δ</u>
Revenue	486.3	590.4	(18)
Profit before tax	156.6	215.2	(27)
PBT %	32.2	36.4	
Average CPO price per tonne (RM)	2,620	3,049	
FFB Yield Per Hectare (tonne)	26.5	26.4	
OER %	20.7	20.6	

### Results Review

- Topline and PBT for the year decreased primarily due to lower average CPO prices as compared to the previous year



### Outlook

- Crop production growth in Malaysia is expected to be flat due to areas coming into full maturity being offset by replanting activities
- Expansion of land bank in Indonesia progressing well. As at end-July, more than 28,000 ha planted
- First mill in East Kalimantan commenced operations in October 2012



***Quality, Training and Research Centre, Sandakan***



***Jetty and Bunking Facilities in Sg Sabang,  
Sugut, Sabah***



# Plantation

## Indonesian Expansion

**ORGANIC GROWTH IN INDONESIA**  
Over 4 Parcels of Land in Kalimantan & Sumatra

The map shows the Indonesian archipelago with IJM locations marked in Kalimantan and Sumatra. Lines connect these locations to detailed photos of the respective plantations and the oil mill.

- PARCEL 1 (PBP)**  
Primabahagia Permai
- PARCEL 2 (PTS)**  
Sinergi Agroindustri
- 1st Palm Oil Mill**
- PARCEL 3 (IPS)**  
Indonesia Plantation Synergy (IPS)
- PARCEL 4 (PPA)**  
Prima Alumga, Lampung



RM'million

	<u>FY2013</u>	<u>FY2012</u>	<u>%Δ</u>
Revenue	682.4	668.3	2
Profit before tax	83.7	86.1	(3)

### Results Review

- Full year revenue increased steadily from robust Port operations and strong traffic growth at our highways
- PBT for the year decreased mainly due to our share of provisions made for refund of capacity charges and disincentives for Gautami Power, amounting to RM19.9 million. Forex translation loss of RM9.0million against RM15.3 million loss in the previous year



### Outlook

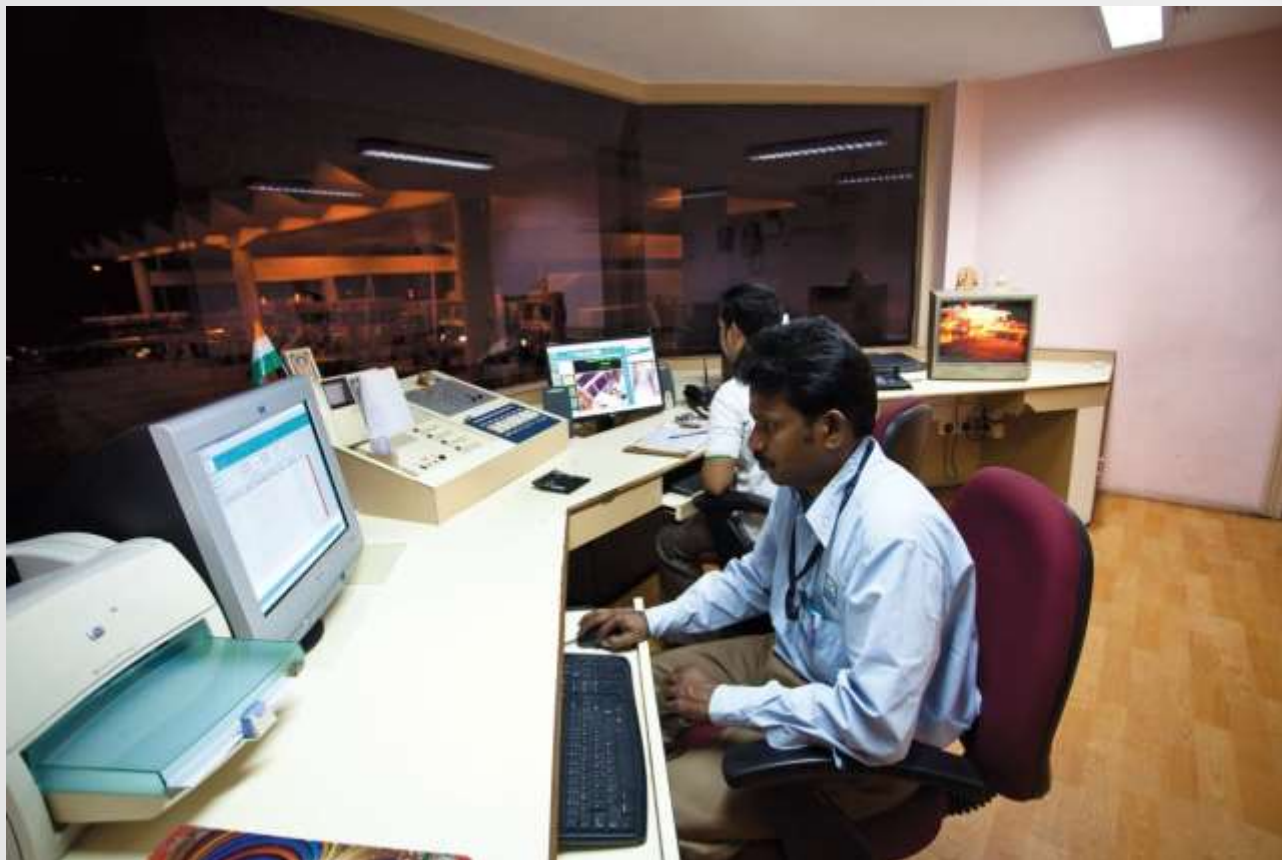
- Extension of Besraya Highway by 12.3km expected to be completed by 2H FY2014
- Kuantan port expected to see revenue growth from additional berth capacity of 600m in the short term and doubling of capacity from proposed NDWT in the long term



***Besraya Highway, Kuala Lumpur***



***Unloading operations at Kuantan Port,  
Pahang***



***Traffic control centre at Swarna Highway,  
India***



## Corporate Responsibility





*marketplace*

community

*environment*

workplace



Directors and staff attending a seminar on Corporate Governance



Quality, Training and Research  
Centre at IJM Plantation



Stakeholder Engagement at  
our plantations



Industries R & D Centre



Upgrading of a home  
in Johor Bahru



Relay For Life 2012 , Penang



Toll Division disaster  
simulation exercise



Before and after school fencing upgrade to perimeter wall around SJK Tamil Saraswathy





IJMP Breast Health Awareness



Caring for the elderly and special children



HSBC – Cobra 10s Rugby



Angel Cup- International Rhythmic  
Gymnastic Tournament



A development partner with  
Malaysian Cricket Association



Games organised by IJM  
Sports Club



Health & safety of our employees are our primary



Blood Donation Drives, Health Screening by National Kidney Foundation (NKF) Malaysia and Health Talks



Start at Home Recycling Campaigns



Forest & Lake Preservation



IJMP Borneo Bird Festival



Learning about migratory birds at the annual Raptor Watch



Mud ball throwing for cleaner rivers



Cleaning of homes



Beach cleaning initiatives



Upgrade of landscaping  
at school



**Over 100 groups & over 2500  
participants**

**Locations nationwide and worldwide -**

**Activities related  
at**





### Short Term

#### **1) Continue domestic growth agenda**

- execution of existing order book & land bank to underpin earnings
- focus on Malaysian Government projects modelled on PFI to build up order book and recurrent income

#### **2) Ride opportunistic sector/market positives eg. Malaysian construction and property sector**

#### **3) Selective participation in overseas project tenders**



### Long Term

#### **1) Continued Focus On Core Competencies**

- proven track record in execution

#### **2) Strengthen Regional Presence**

- significant growth opportunities in Asean
- continue to expand our addressable market via exports & direct investments

#### **3) Grow Recurrent Income Base**

- develop our concession-based portfolio
- doubling of our plantation land bank

#### **4) Value Realisation**

- unlock value of our assets



## Concluding Remarks

- Positive outlook on the Malaysian market for earnings growth
- Selective participation in overseas construction tenders
- Investments in capacity expansions augur well for the Group
- Diversity in earnings base to provide sustainable growth in shareholder value over the long term

	Construction	Property	Industry	Infrastructure	Plantation
Malaysia	•	•	•	•	•
India	•	•	•	•	
Middle East	•				
China		•	•		
Pakistan			•		
Vietnam		•		•	
Argentina				•	
Indonesia					•
Singapore	•	•			
United Kingdom		•			

- Overall business environment is expected to remain encouraging despite prevailing global uncertainties. The Group remains vigilant and ready to exploit any opportunities



## Questions & Answers

### Questions from





### Question 1

As stated on page 57 of the Annual Report under the Chairman's Statement, the Construction Division's profits were weighed down due to slower progress of its operations in India. Could the Board shed some light on this issue and what steps would be taken to improve the situation?



### Reply 1

As of 31 March 2013, IJM's outstanding order book in India stood at RM118 million and consisted solely of the Vijayawada-Chilikaluripet Tollway project in Andra Pradesh. The construction progress was hindered due to several site challenges including sporadic and inconsistent availability of land to work on.

Given the challenging economic environment in India, the Construction Division has taken a view to reduce its exposure in India at this juncture. Coupled with a positive construction outlook for Malaysia, this is also in line with our strategy to focus our efforts and resources in the Malaysian market. As such, we anticipate that Division profits will be driven by the Malaysian operations.



### Question 2

On the Company's plantation division output efficiency for FY2013 we noted a drop in extraction rates for CPO (from 45.4% to 45.2%) and PK (from 49.7% to 46.3%). Please elaborate on the reasons for the decline and the mitigating factors to overcome them.



### Reply 2

Average CPO extraction rates of our Plantation Division improved to 20.7% in FY2013 as compared to 20.6% last year, as detailed on page 76 of our Annual Report.

The decline in extraction rates for crude palm kernel oil (“CPKO”) and palm kernel expellers (“PKE”) is referred to on page 78 of our Annual Report. The decrease was mainly due to crushing activities at the Division’s kernel crushing plant being reduced in light of the softening palm kernel oil market in the year thereby affecting plant efficiency levels.



### Question 3

Could the Board explain what would be the projected toll revenues and profits going forward arising from the construction of the Besraya Eastern extension and what was the reason for the deferment earlier and would there be any accompanying cost increase for the project?



### Reply 3

Toll revenues are expected to increase upon the commencement of tolling once construction of the Besraya Eastern Extension is completed in early-2014. Profits, however, are expected to be adversely affected in the initial few years due to amortisation and expensing of interest cost.



### Question 4

The recent depressed value in Rupee is anticipated to place a dampening effect on the profit repatriation from the Company's Indian toll road operations. What is being done to mitigate this situation?



### Reply 4

Three of the Group's toll concessions in India are currently still in early stages of tolling operations and are, as to be expected, facing immature traffic profiles and relatively high debt costs. The financing covenants permit repatriation of profits subject to discharge of financing obligations and as such, the Group does not expect any repatriation of profits in the near term.



### Question 5

On Kuantan Port's proposed expansion plan to upscale its operations through the building of a new deep water terminal, how much capex was spent to date and what would be the return on investment therefrom?



### Reply 5

The development of the New Deep Water Terminal (“NDWT”) at Kuantan Port has yet to be finalised and as such no significant capex has been incurred. We anticipate the construction cost of the NDWT to be approximately RM3 billion and the terms of the new concession are being negotiated with the Government.



### Question 1

It was stated on page 79, that the Company has overall commitment towards nurturing sustainability for the Company's plantation division. Please elaborate on the outcome of the initiatives that were taken in terms of KPI's achieved such as the extent of soil and water conservation, reduction in wastes from by-products and reduction in emission of smoke from zero-burning practice measures adopted?



### Reply 1

The Plantation division is audited and certified under the MPOB Code of Practices (CoP) annually covering its supply chain from nursery, estates, mills and kernel plant where criteria and indicators as KPIs has to be met. In this respect, the Division has been successful in fulfilling the principles and criteria of the audits and recertification with no major non-compliances.

In addition, the Group's research arm, Quality, Training and Research Centre (QTRC) is the custodian of the best management practices and carries out agronomic and technical advisory as well as field audits. The Group continues to sustain best management practices while introducing new and cost effective sustainable practices and technologies.

Additional information pertaining to Nurturing Sustainability initiatives in the Plantation Division are covered more extensively under the Statement and Report on Corporate Responsibility (pages 50-63) in the IJM Plantations Berhad 2013 Annual Report.



### Question 2

#### Gender Diversity

Addressing and formalising the approach to gender diversity and actions taken to meet the target of 30% women directors and also to disclose it in the Annual Report.



### Reply 2

When appointing a Director, the Nomination and Remuneration Committee and the Board will evaluate and match the criteria of the candidate to the Board based on experience, skill, competency, knowledge and potential contribution, whilst gender will also be given due consideration for boardroom diversity.



To Continue Delivering...



# Thank You

