

# In Conversation with the Group Managing Director



## Q How did the Group perform in FYE2023?

**A** FYE2023 was a successful year for KFima. Successful in terms of performance – both operational and financial – and in terms of our strategic transformation to better position the Company for the future. We continued to reposition our portfolio, increasing our relative exposure to businesses that will generate greater long-term value and returns for shareholders.

Our bulking and food divisions reached new revenue milestones, with both achieving all-time highs. We saw good recovery in volumes in the manufacturing division, particularly in the transport and travel document segments as economies opened up. We also added 27,200 cbm of new storage capacity in Port Klang during the year, while mature areas within our Malaysian estates increased by 15.7% to 8,814 hectares.

All of this was achieved in the face of significant challenges in our operating environment – high inflation, disrupted supply chains, tight labour markets and geopolitical tensions.

## Q What was the thinking behind the Group's new vision, which is to become "a dynamic organisation that drives sustainable growth and value"?

**A** In developing our vision and mission we've tried to reinforce a common culture that will keep the organisation aligned as we grow. Although our taglines may seem simple,

## Dato' Roslan Hamir talks about the Group's journey and the destination

it is the result of extensive discussions aimed at establishing our corporate aspirations. We asked our team to envision our future and how we perceive ourselves as an organisation. This thought process is like having a destination in mind when embarking on a journey, imagining what it will look like when you get there. The decision of where we want to end up sets the stage for making other important decisions. It prompts us to consider questions such as "When do you want to arrive? How do you plan to get there? What does it cost?" Each of these questions leads to further decisions. These decisions are then translated into goals.

Having a clear destination in mind allows us to be more purposeful in the choices we make because we want to make choices that will help us achieve the goals we have envisioned. So in that sense, a vision is a powerful motivator. A vision also represents hope, as it instills a sense of anticipation and drives us to plan for the many ways in which we intend to achieve our goals. This hope, in turn, fosters a deep commitment to realising our vision.

## Q How is KFima progressing on its sustainability objectives?

**A** At KFima, sustainability extends beyond simply reducing our carbon footprint, as we also prioritise enhancing operational efficiencies in a manner that aligns with our commercial goals. We closely monitor the intensities of the resources we utilise e.g. diesel and water. It has taken quite a lot of legwork over time to come up with the right methodologies and benchmarks given the diverse nature of our businesses, and we've significantly improved the reliability of these measures. We're catching issues early using the data we collect and preventing larger events from occurring. This data-driven approach enables us to optimise our operations and ensure the sustainable use of resources.

So you see, our approach is deliberate and proactive. We hope to continue generating more savings and efficiencies in this current year and beyond. By continuously improving our processes and leveraging data, we strive to maintain our competitive edge amid a balanced and responsible approach to growth.

## In Conversation with the Group Managing Director

### **Q Are you worried about the protracted labour shortage in the plantation segment and how has the Group overcome the challenges it's being presented with?**

**A** There is a broad-based shortage of labour in Malaysia. It's not just the plantation sector that is affected but also manufacturing, food and beverage, and more. A lot of workers simply haven't returned to work after the pandemic.

In FYE2023, our Malaysian estates faced significant challenges with a headcount that was much less than what we needed, impacting optimal operations. To tackle this issue, we had pursued process improvements, mechanisation, and synergies to manage with a reduced workforce – and so far they are delivering tangible positive outcomes. One notable improvement is the more efficient evacuation of fresh fruit bunches (“FFB”). We have been able to evacuate FFB more efficiently, handling larger volumes and with less damage too. The use of mechanised wheelbarrows for instance, has led to a higher land-to-labour ratio and enhanced harvesting productivity by approximately 30%. Not only that, it has also increased our harvesters' earnings and reduced physical strain on them.

### **Q What do you want to see achieved in the near term?**

**A** From Covid-19 to inflation, to the war in Ukraine, to bank failures, the number of things we need to pay attention to nowadays seem endless! Despite all of this, I believe it is essential to remain focused and not be overly reactive to any one moment in time as the

decisions we make in the short-term can have an impact on our long-term prospects. Therefore, we are determined to let our long-term vision guide all our actions, even in the face of short-term pressures. That said, today's competitive environment requires us to be flexible in our strategic approaches, to think two steps ahead and go beyond the “business-as-usual” mindset, focusing on the bigger picture, so that we can respond to emerging opportunities with speed and prudence.

### **“FYE2023 was a successful in terms of performance – both operational and financial – and in terms of our strategic transformation to better position the Company for the future”**

Our near-term focus as a company and mine as Group Managing Director is on our organic growth, which is our number one growth objective. I expect to see further improvements in the crop yields of our Malaysian estates, as well as the planned capacity expansion at our Port Klang terminals totalling 108,270 cbm which is expected to come on stream by this current financial year end. At the moment we are quite comfortable about the cadence at which both are progressing.

In addition to addressing our operational goals, we recognise the changing expectations of our customers. Nowadays, customers seek not only ‘off-the-shelf’ services but also innovative solutions that optimise their operations and save costs. To meet these demands, we need to understand our customers' supply chain requirements and develop tailored solutions that fulfil their unique needs.

### **Q What strategies or criteria does the company employ to identify and pursue value opportunities while also considering its long-term positioning?**

**A** I should stress that although we maintain a flexible and opportunistic approach, our priority is on the quality of earnings and returns on capital, not just on the quantity of earnings. Put simply, we are not solely focused on pursuing growth for the sake of growth, but rather on developing businesses that effectively utilise our assets and capabilities.

We carefully assess each opportunity, considering its alignment with our corporate aspirations and its potential for long-term value creation. We prioritise businesses with predictable and stable cash flows, as they tend to provide a solid foundation for long-term growth and shareholder returns. We are patient investors - as I've mentioned earlier, we focus on the long-term prospects and sustainability of an asset's competitive advantages rather than short-term gains.

In summary, our strategy revolves around prioritising quality earnings and returns on capital, developing businesses that effectively utilise our assets, and maintaining a patient, long-term perspective. We remain dedicated to identifying value opportunities that drive sustainable growth, all while creating sustainable returns for our shareholders and positioning the Company to take on the next phase of opportunities.