

OPERATIONS REVIEW



FEED & INDUSTRIAL PRODUCTS

This segment comprises the processing, merchandising and distribution of animal feeds, non-edible palm and lauric products, oleochemicals and biodiesel.

We operate crushing plants in China, India, Vietnam, Malaysia, Indonesia, Philippines, Pakistan, Zimbabwe, Zambia, Nigeria, Ghana, Ivory Coast, Uganda and South Africa. We are one of the world's largest oilseeds crushers and we crush a wide range of oilseeds including soybeans, rapeseed, groundnut, sunflower seed, sesame seed and cotton seed. We are also one of the world's largest copra and palm kernels crushers as well as the world's largest producer of palm biodiesel and oleochemicals, offering a wide range of products from basic oleochemicals, derivatives to biofuels.

We also operate an integrated sugar business with milling, refining, ethanol production and merchandising. We are one of the world's largest sugar traders with offices in Singapore, Dubai, Geneva, Sao-Paulo, and Mexico, and trade about 16 million MT of raw and white sugar globally on an annual basis.

Oilseeds & Grains - Crushing

The year began with high global soybean stocks from the previous harvest, which led to falling prices. In 1Q2024, favorable weather conditions in South America contributed to expectations of a strong harvest, coupled with weak export demand from major importers like China, soybean prices continued to face downward pressure. By May 2024, prices recovered on downward revision of soybean production estimates due to lower-than-expected soy yields, which were affected by adverse climate conditions in some regions in Brazil.

However, soybean prices saw a sharp decline towards the second half of 2024 as soybean plantings in the United States of America (US) improved on favourable weather and crop developments, with the market anticipating a record 2024/25 US production. This also led to an increase in sales of US soybeans.



In August 2024, prices rebounded due to poor weather conditions in South America at the beginning of the planting season but retreated subsequently on better rainfall and planting progress in Brazil. Soybean prices remained range-bound for the rest of the year, ending the year at about 29% lower compared to the start of the year.

The demand for soybean meal in China grew marginally, bolstered by the decline in raw material prices.

Tropical Oils

Crude palm oil (CPO) prices started the year at RM3,605 and moved upward in the first quarter of 2024 due to seasonally low supply. In April 2024, prices declined due to unexpectedly high palm oil production and reduced export and domestic demand in Malaysia, which led to an inventory build-up. CPO prices remained rangebound for most of the second and third quarter of 2024.

The weaker-than-expected production in Indonesia towards the end of third quarter of 2024 saw CPO prices rally, resulting in palm oil trading at a premium to soybean oil. Prices hit a peak in November 2024 as Indonesia confirmed their plans to implement its B40 palm oil biodiesel mandate in January 2025, and the European Parliament approved a one-year delay of the implementation of the Regulation on Deforestation-free Products (EUDR). CPO prices retreated towards the end of 2024 on concerns over the implementation of B40 due to higher subsidy cost for biodiesel, and closed at RM4,861, up 35% from the beginning of the year.

Sugar

The year began with a bearish sugar price trend, driven by the expectation of bumper crops in centre-south Brazil, India, Thailand and the European Union (EU). As such, the market traded downwards, with sugar prices falling below 18 US cents per pound from the high of 24 US cents per pound at the start of the year. However, this downward trend was halted by adverse weather events that negatively impacted crops. Brazil experienced a historic drought, reducing its sugar production by a few million MT. Thailand also faced a prolonged drought, while Australia encountered excessive rainfall, which affected sugar content. The white premium declined due to aggressive exports from the EU and Ukraine. Nevertheless, the regional physical premium in our operating areas remained strong enough to offset this decline.

Our Performance

The Feed and Industrial Products segment posted a lower pre-tax profit of US\$829.5 million in FY2024 on weaker performance from sugar merchandising activities in the second half of the year and continued challenging operating conditions for the tropical oils business. The oilseeds business enjoyed a higher crushing volume, especially in the second half of the year, due to lower raw material prices, which supported meal demand. Overall sales volume for the segment increased 12% to 68.7 million MT in FY2024.

Sales Volume

MT'000	FY2024	FY2023	Δ
Tropical Oils	25,585	24,722	3%
Oilseeds and Grains	27,453	23,249	18%
Sugar	15,662	13,298	18%
Total Feed & Industrial Products	68,700	61,269	12%

Outlook & Strategy

We expect the supply of soybeans from South America to be higher in 2025, hence, raw material costs are anticipated to be lower, which should help support demand.

For tropical oils, we anticipate that global demand will be subdued given palm oil's sustained premium over soybean oil going into 2025. However, Indonesian domestic demand should still be supported by the government's B40 biodiesel mandate.

The sugar market will be highly dependent on the centre-south Brazil crop, as other exporting markets will have limited availability.

Given the evolving geopolitical landscape, we will closely monitor developments such as regulatory changes and trade policies related to the commodities that we handle to ensure we can adapt our strategies accordingly.



Integrated manufacturing complex in Jingzhou, China.