



## OPERATIONAL REVIEW

# AGRICULTURE AND HORTICULTURE

Malaysia Airports' agriculture and horticulture business segment is conducted by its wholly-owned subsidiary, MAB Agriculture-Horticulture Sdn Bhd (MAAH). MAAH is focused primarily on the cultivation and management of mature oil palm and coconut plantations as well as landscaping at KUL. Its new crops are pineapple, banana and ginger.



### KEY PRIORITIES

- Manage manpower shortages
- Seek efficiencies through Lean Six Sigma high impact projects

MAAH's activities are duly certified in accordance with international and local standards. Its oil palm business is conducted in accordance with ISO 9001: 2015 certification and Malaysian Sustainable Palm Oil (MSPO) 2350:2013 certification. The pineapple and banana crops are duly certification under the Malaysian Good Agricultural Practice (myGAP) by the Malaysian Department of Agriculture, and the company is also registered as a genuine producer to sell cash crop suckers (Medium Term).

### A Challenging Period

In 2023, MAAH's revenues declined 31.2%YoY to RM31.6 million due to lower production of fresh fruit bunches of 36,724.5 metric tonnes, which was 12.3% lower than 2022, as well as due to the average price of crude palm oil which was steadier albeit lower in 2023 compared to volatile year in 2022. The average price for the year was RM3,809.50 per tonne, a decline of 25.1% YoY.

#### Manage manpower shortages

This business segment continued to be impacted by industry-wide manpower shortages which had persisted following pandemic era restrictions on foreign workers entering Malaysia. As a result, in particular, the harvesting and collection of oil palm fresh fruit bunches which is time-sensitive and reliant on foreign workers was affected.

MAAH's landscape, maintenance and cash crops businesses were also disrupted. In addition, the yearly monsoon period had resulted in cyclical flooding, adversely impacting harvesting and crop recovery activities in the plantation.

Following a validation exercise on the manpower requirements for this segment, the Group received approval to recruit 300 foreign workers for harvesting and maintenance activities in 2023. However only 60% of the approved number of workers had begun their service by the end of 2023, partially alleviating the shortage.

#### Seek efficiencies through Lean Six Sigma high impact projects

To address the issue of manpower constraints, the company instituted a series of Lean Six Sigma high impact projects to optimise workflow and use of available resources. This included examining our operations to improve on product quality, streamline logistics, determine pricing and reduce and reuse waste.

The Lean Six Sigma initiatives had resulted in cost savings and efficiencies amounting to over RM700,000 while effectively reducing losses by RM3.2 million. Three company employees are duly trained and certified with Lean Six Sigma credentials, with one of them holding Black Belt certification, while two other employees have been identified for future training and certification.