



Plantation

Financial Year Ending 31 December 2019 Results Announcement

First Quarter ended 31 March 2019

31 May 2019

Change in Financial Year End to 31 December

**Q1 ENDED
31 MARCH 2019**



**QUARTER ENDED
31 MARCH 2018**

Due to the change in the financial year, the performance of the current quarter ended 31 Mar 2019 (Q1 FY2019) is not comparable with the first quarter of the previous financial year ended 30 Jun 2018 (Q1 FY2018). Instead, the performance is comparable against the quarter ended 31 Mar 2018 (QE Mar 2018) i.e. the corresponding quarter of the previous year

Financial Highlights

Lower earnings attributable to the sharp decline in CPO & PK prices mitigated by improved earnings from Downstream and operational efficiencies

<i>in RM'mn</i>	Q1 FY2019	QE Mar 2018	YoY %
Revenue	3,006	3,659	-18%
PBIT	180	390	-54%
■ Recurring PBIT	180	362	-50%
■ Non-Recurring PBIT	-	28	
PBT	125	352	-64%
PATAMI	74	249	-70%
Attributable to owners of the Company			
■ Recurring PATAMI	74	223	-67%
■ Non-Recurring PATAMI	-	26	
Basic EPS <i>(RM'sen)</i>	1.1	3.7	-70%
■ Recurring EPS	1.1	3.3	-67%
■ Non-Recurring EPS	-	0.4	

Financial Performance by Segment

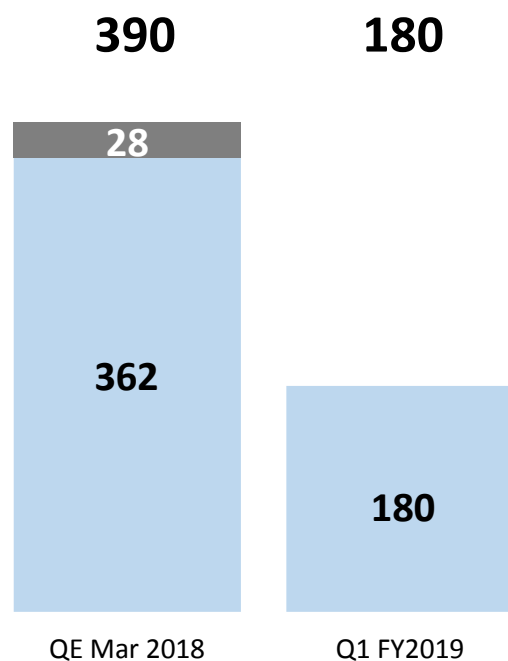
Lower PBIT on the back of weaker Upstream earnings mitigated by higher contribution from Downstream



in RM'mn

TOTAL PBIT

-54% YoY



Recurring PBIT

Q1 FY2019

QE Mar 2018

YoY %

Upstream

83

283

-71%

Upstream Malaysia

113

253

-55%

Upstream Indonesia

9

11

-18%

Upstream PNG/SI

-19

38

>-100%

Upstream Liberia

-20

-19

-5%

Downstream

85

65

+31%

Others*

12

14

-14%

Legend: ■ Recurring ■ Non-Recurring

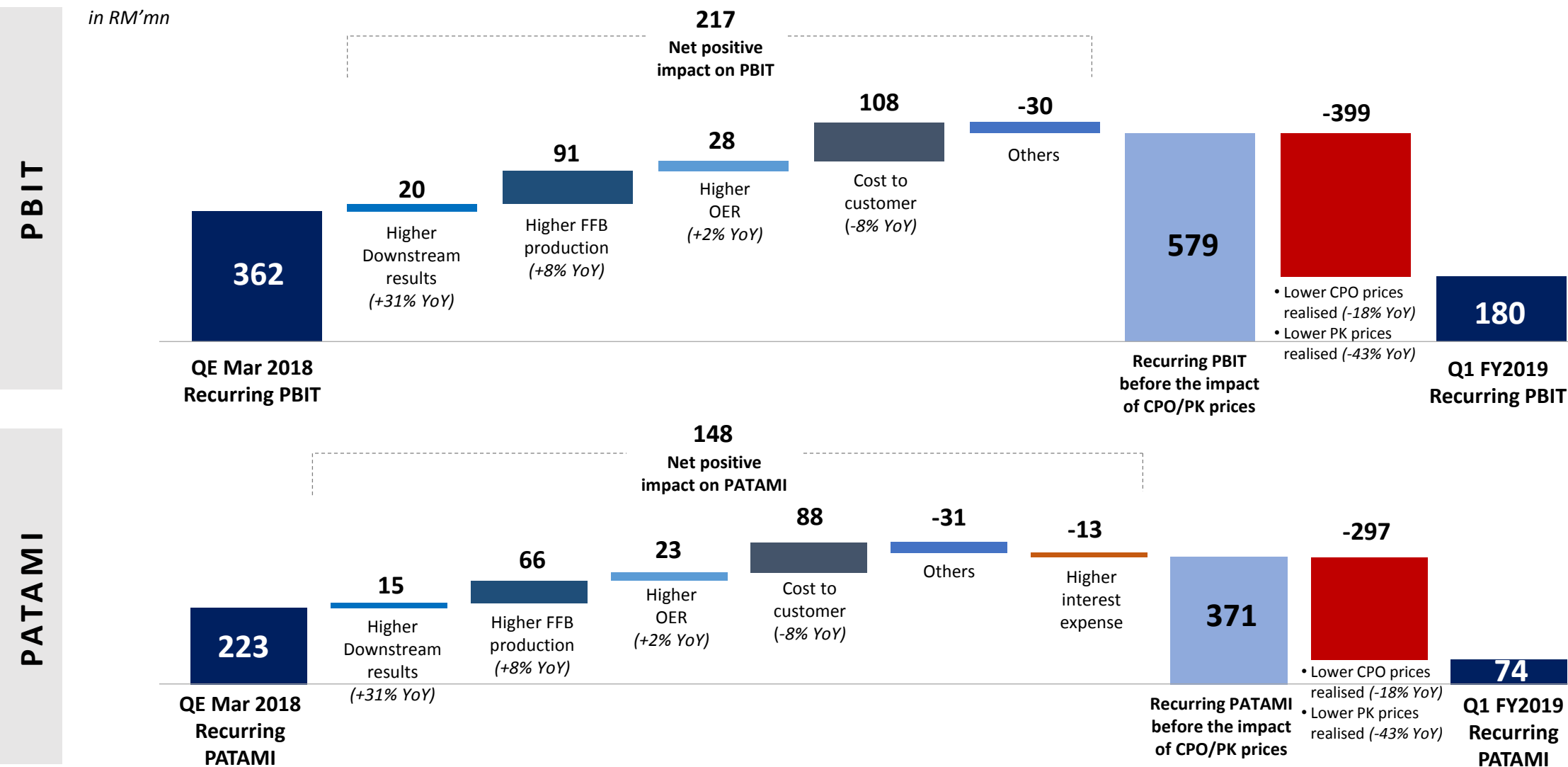
* Others refers to Sime Darby Agri-Bio Sdn Bhd, Sime Darby Research Sdn Bhd, Sime Darby Technology Sdn Bhd, Sime Darby Biotech Lab Sdn Bhd, Sime Darby Seeds Sdn Bhd, as well as investment holding companies, associates and JVs

Recurring Profits

Lower YoY recurring profits wholly due to lower CPO and PK realised prices

Q1 FY2019 vs QE Mar 2018

in RM'mn

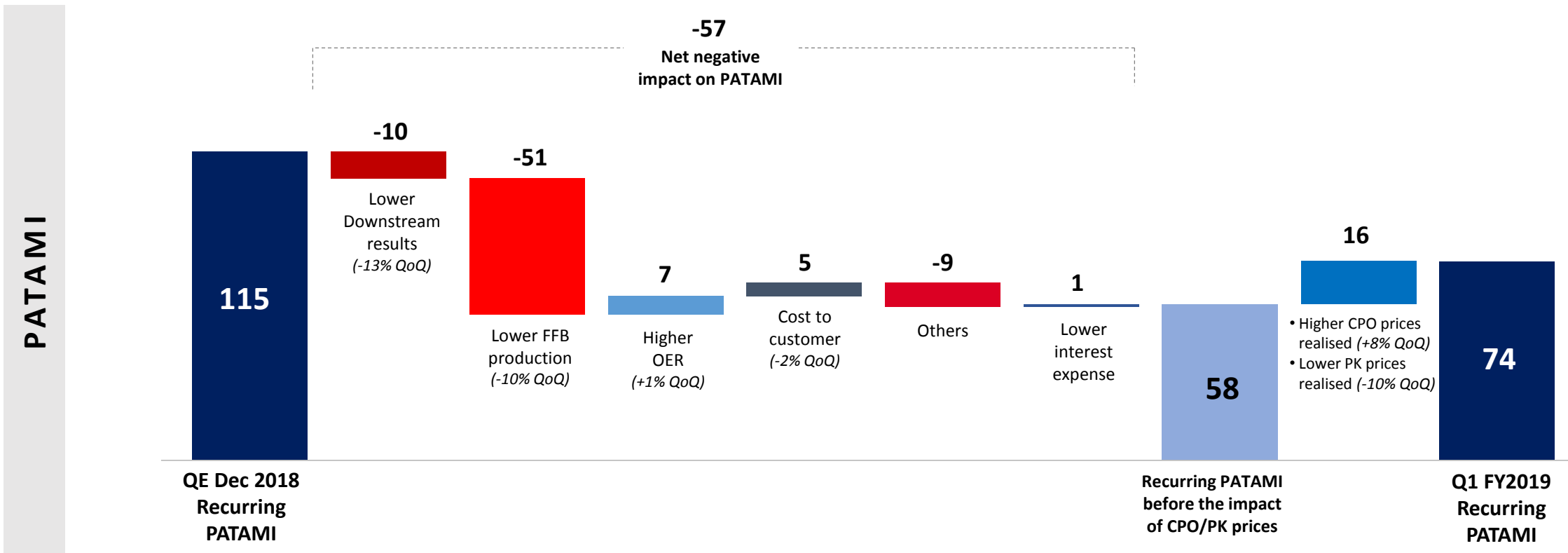


Recurring Profits

Lower QoQ recurring profit largely due to lower seasonal FFB production

Q1 FY2019 vs QE Dec 2018

in RM'mn

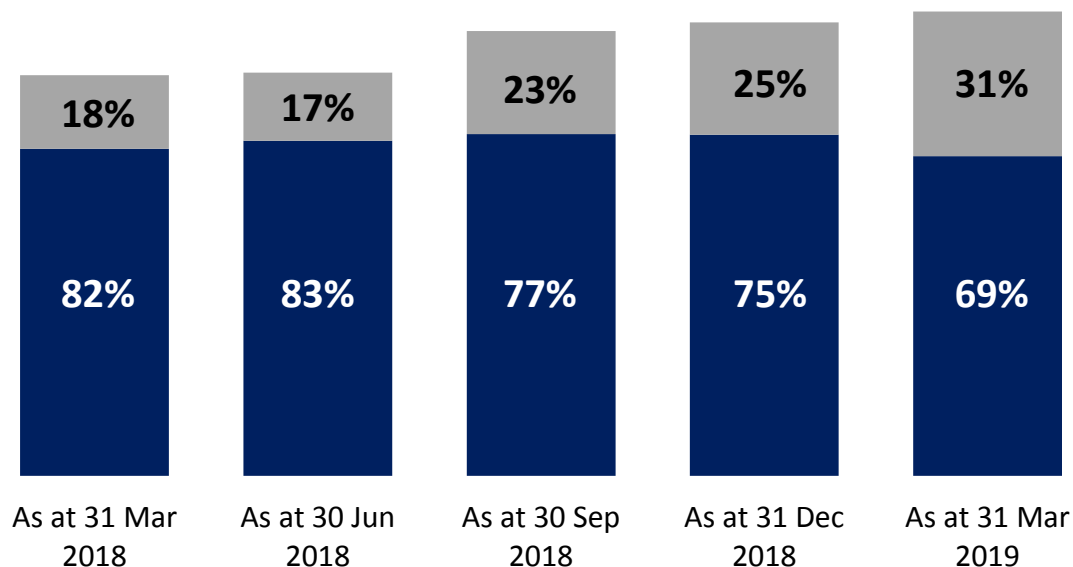


Borrowings & Gearing Ratios



Increased borrowings from RM7.3bn (31 Dec 2018) to RM7.5bn due to lower cash generated from operations as a result of weaker CPO & PK prices realised, mitigated by the stronger RM against USD & EUR

<i>Gross Gearing¹</i>	39%	40%	43%	46%	46%
<i>Net Gearing²</i>	35%	38%	40%	43%	43%
<i>Borrowings (in RM'mn)</i>	6,452	6,489	7,159	7,297	7,472



■ Long Term Debt ■ Short Term Debt

RM594mn
NET CASH GENERATED
FROM OPERATING
ACTIVITIES

-RM454mn
NET CASH USED IN
INVESTING ACTIVITIES

-RM208mn
NET CASH USED IN
FINANCING ACTIVITIES

Borrowings as at 31 Mar 2019 increased by RM175mn compared to 31 Dec 2018 attributable to:

- Net loans raised totaling RM304mn attributable to:
 - Lower cash generated from operations
 - Increased working capital funding, given higher inventory balances

Internal inventory volume (in '000 MT)	31 Mar 2019	31 Dec 2018	QoQ
Upstream – CPO	130	117	+11%
Upstream – PK	23	24	-4%
Downstream – Refined products	225	214	+5%
Total	378	355	+6%

This was offset by:

- Depreciation of USD and EUR against RM by 2% and 3% respectively, resulting in lower borrowings by RM131mn

¹ Gross Gearing is based on Total Borrowings divided by Total Equity

² Net Gearing is based on Total Borrowings less Bank Balances, Deposits & Cash divided by Total Equity

Operational Performance – Upstream

Higher FFB production driven by productivity improvements in all regions



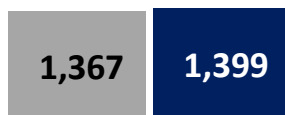
in '000 MT (YoY %)

FFB PRODUCTION



MALAYSIA

+2%



QE Mar 18 Q1 FY19



INDONESIA

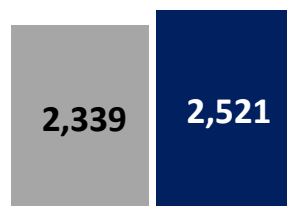
+14%



QE Mar 18 Q1 FY19

**TOTAL
UPSTREAM**

+8%



QE Mar 18 Q1 FY19



PNG/SI

+17%



QE Mar 18 Q1 FY19



LIBERIA

+33%



QE Mar 18 Q1 FY19

- **Malaysia:** FFB production was 2% higher YoY due to a boost in productivity with 4% higher YoY hectareage of trees moving into prime maturity (9-14 years)
- **Indonesia:** FFB production improved by 14% YoY mainly due to more trees moving into maturity (trees aged 4 years: 85% higher YoY hectareage) as a result of the accelerated replanting activities carried out in the preceding years
- **PNG/SI:** FFB production increased by 17% YoY as it recovers from the low harvest in 2017
- **Liberia:** FFB production was 33% higher YoY attributable to the continuous efforts to improve operational efficiencies

Operational Performance – Upstream

Improved OER largely attributable to the Malaysian and Indonesian operations

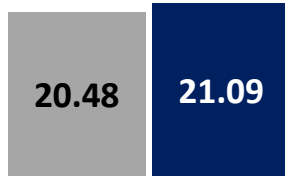
CPO EXTRACTION RATE (OER)

in % (YoY %)



MALAYSIA

+3%

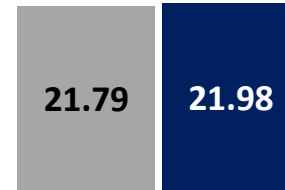


QE Mar 18 Q1 FY19



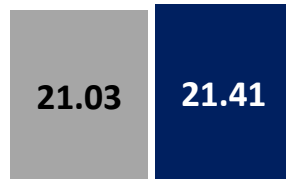
INDONESIA

+1%



QE Mar 18 Q1 FY19

**TOTAL
UPSTREAM
+2%**

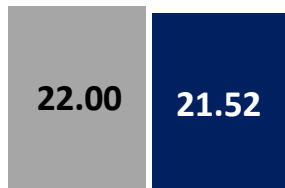


QE Mar 18 Q1 FY19



PNG/SI

-2%



QE Mar 18 Q1 FY19



LIBERIA

+19%



QE Mar 18 Q1 FY19

- **Malaysia:** OER improved by 3% YoY as a result of efficient crop evacuation on the back of favourable weather conditions
- **Indonesia:** OER was higher by 1% YoY due to crop quality improvements with better agriculture management
- **PNG/SI:** OER was lower by 2% YoY attributable to the rainy season experienced in West New Britain
- **Liberia:** OER was 19% higher YoY due to improving age profile

Operational Performance – Upstream

The performance was affected by weaker CPO prices realised which are expected to remain subdued under the current challenging external environment

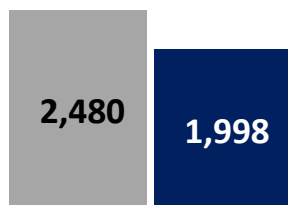
in RM/MT
(YoY %)

AVERAGE CPO PRICE REALISED



MALAYSIA

-19%

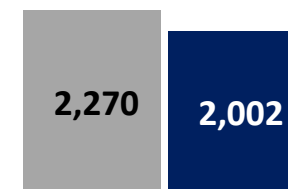


QE Mar 18 Q1 FY19



INDONESIA

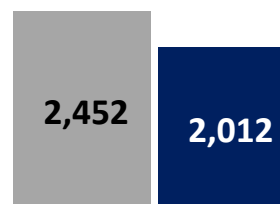
-12%



QE Mar 18 Q1 FY19

TOTAL UPSTREAM

-18%

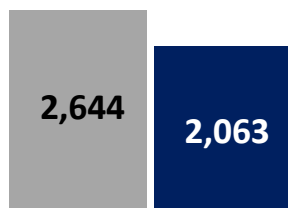


QE Mar 18 Q1 FY19



PNG/SI

-22%

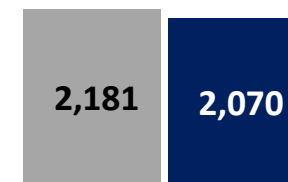


QE Mar 18 Q1 FY19



LIBERIA

-5%



QE Mar 18 Q1 FY19

Impact of lower average CPO and PK prices realised on our profit

in RM'mn

Q1 FY2019

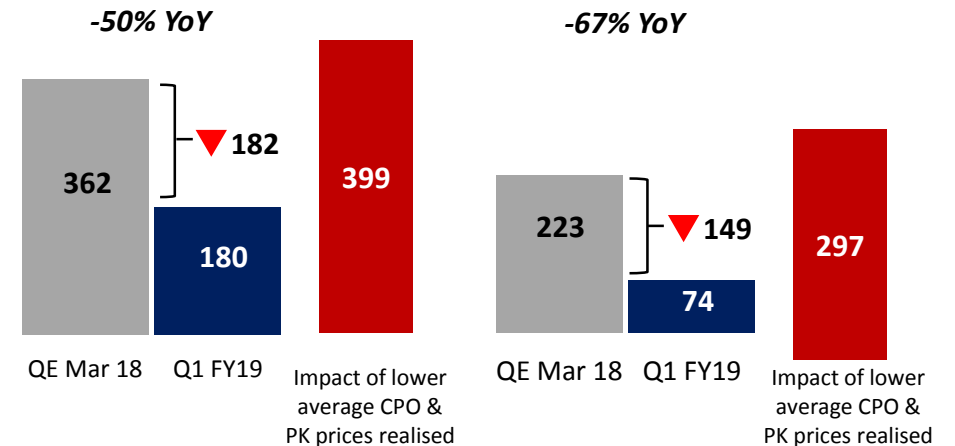
QE Mar 2018





YoY %

IMPACT ON PBIT

IMPACT ON PATAMI

Recurring Profit



	CPO*	1,998	2,480	-19%	▼	156	▼	118
MALAYSIA	PK*	1,322	2,145	-38%	▼	70	▼	53
	CPO*	2,002	2,270	-12%	▼	47	▼	35
INDONESIA	PK*	994	1,861	-47%	▼	34	▼	26
	CPO*	2,063	2,644	-22%	▼	91	▼	64
PNG/SI								
	CPO*	2,070	2,181	-5%	▼	0	▼	0
LIBERIA	PK*	337	1,169	-71%	▼	1	▼	1
THE IMPACT OF LOWER AVERAGE CPO & PK PRICES REALISED					▼	399	▼	297

Note: * Average selling price realised (in RM/MT palm product)

Financial Performance – Downstream

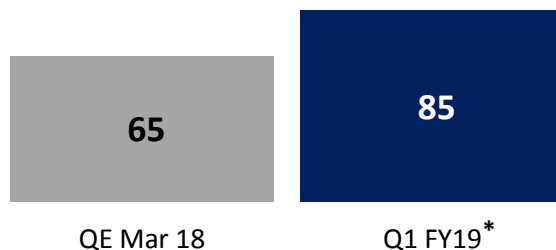


Stronger PBIT driven by higher earnings from bulk products, differentiated products and trading operations

Recurring PBIT in
RM'mn (YoY %)

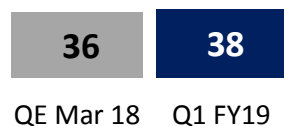
DOWNSTREAM

+31%



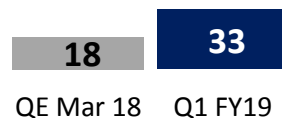
DIFFERENTIATED

+6%



BULK

+83%



TRADING

+29%



- Performance from the bulk products business was 83% higher YoY largely due to higher sales volume and better margins resulting from:
 - Favourable import duties in India
 - Zero export levies in Indonesia since Dec 2018
- Differentiated operations across APAC experienced increased margins this quarter, compensating the weaker contribution from the differentiated products segment in EMEA
- PBIT for the trading operations improved by 29% YoY due to higher trading volume with better margins

APAC – Asia Pacific

EMEA – Europe, the Middle East and Africa

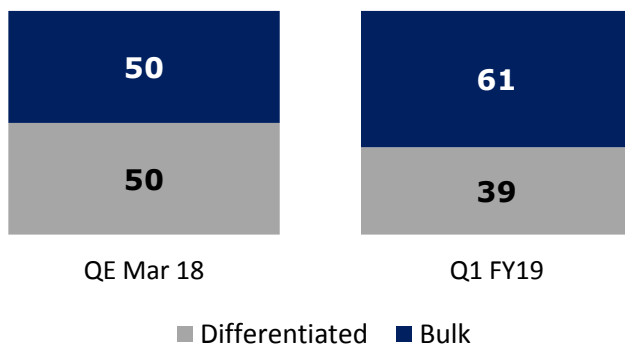
* After deducting corporate expenses of RM4 million registered in Q1 FY2019

Operational Performance – Downstream



Higher sales volume and increased margins driven by the bulk products business, particularly in Indonesia

in %



PRODUCT RATIO

- Increase in bulk products driven by our Indonesian operations on the back of higher demand and better margins

in %



CAPACITY UTILISATION

- Capacity utilisation improved on the back of higher demand for bulk products

in '000 MT
(YoY %)

+11%

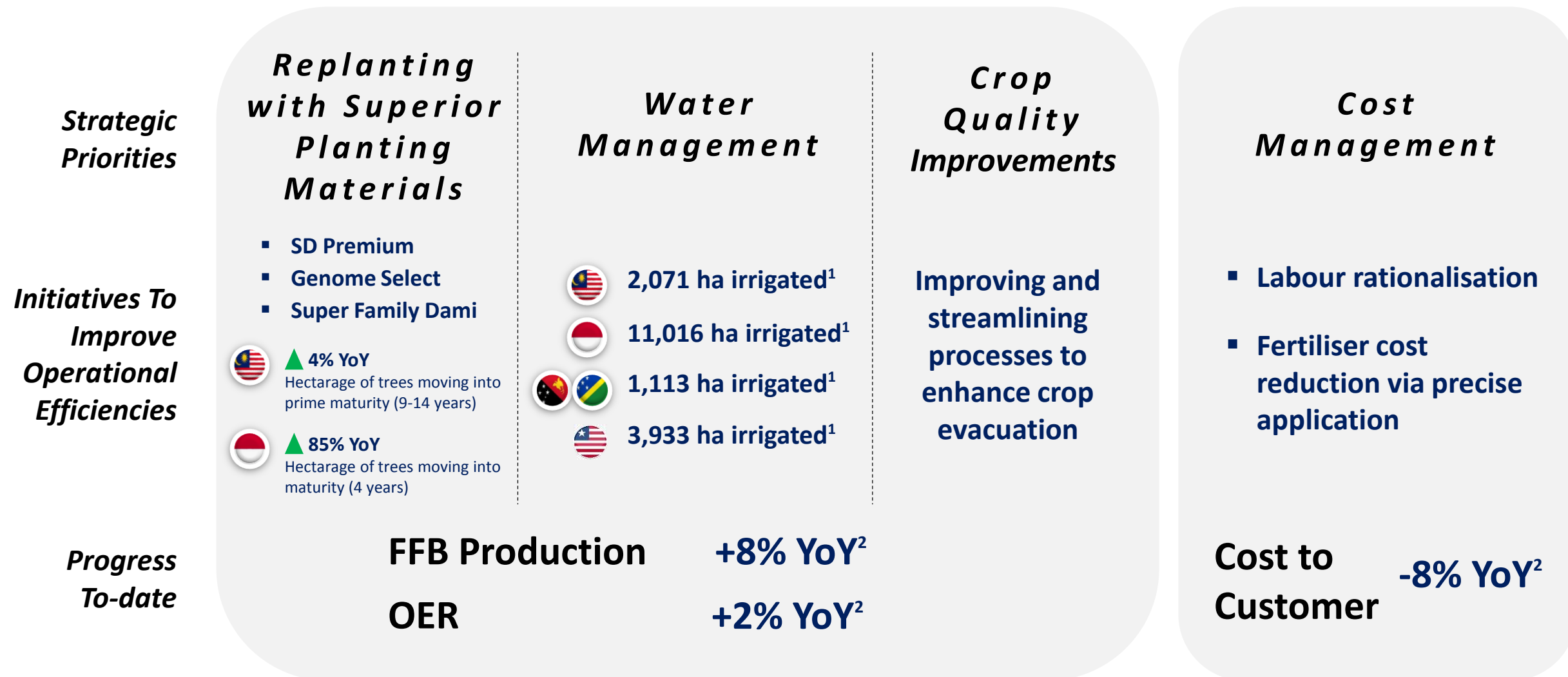


SALES VOLUME

- Sales volume was 11% higher compared to QE Mar 2018 attributable to the bulk products business, particularly in Indonesia

Continued Improvements in Operational Efficiencies

Our strategic initiatives continue to yield positive results

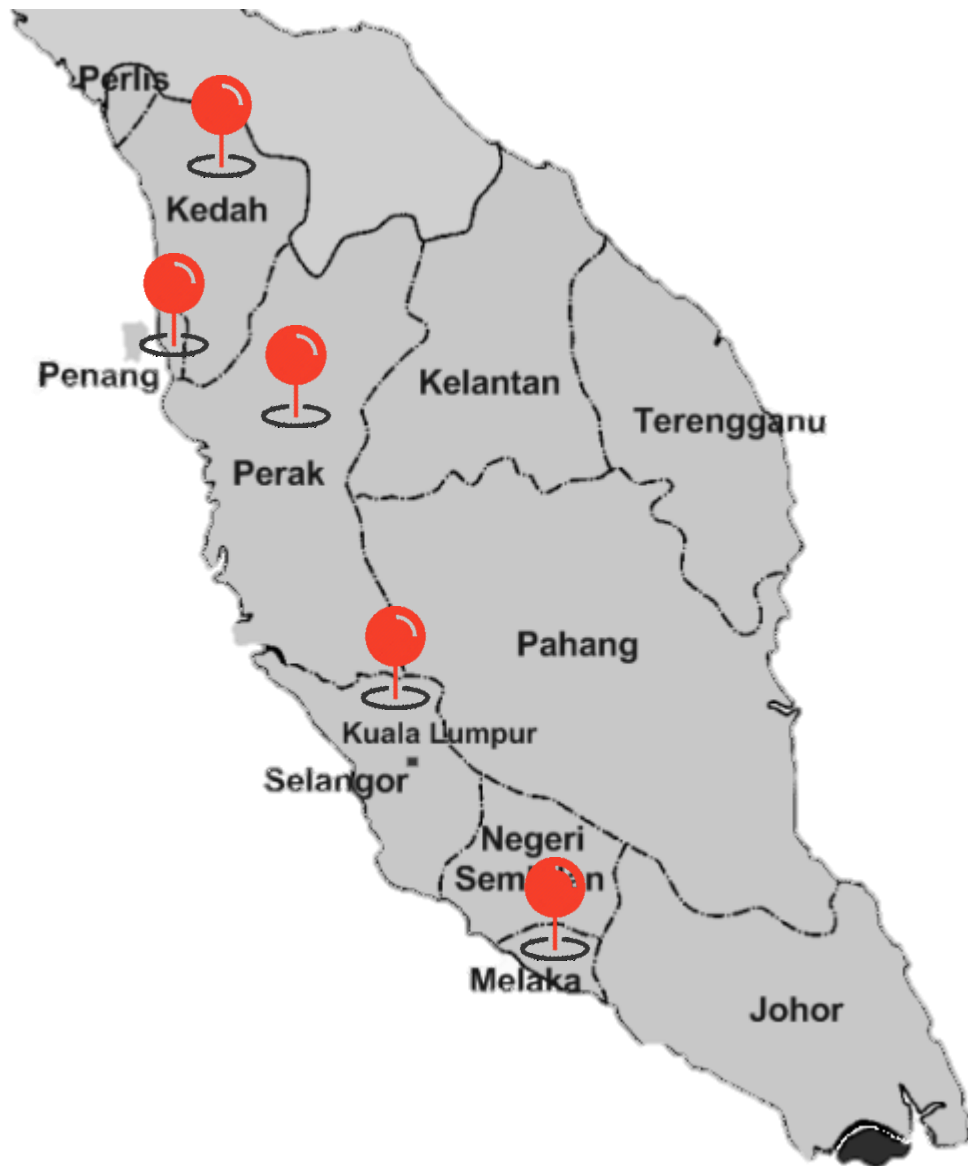


¹ As at 31 Mar 2019

² Q1 FY2019 vs QE Mar 2018

Asset Monetisation Exercise

Ongoing asset monetisation exercise for land sales and poor performing assets



The Group carried out a tender exercise in March 2019 on several parcels of land identified with potential for:

- Property development
- Government infrastructure projects

The Group targets to raise approximately RM1 billion in this financial year from the asset monetisation exercise.

LOCATION	# OF LAND PARCELS	AREA (acres)
Selangor	5	1,304.52
Melaka	3	392.00
Perak	3	396.69
Kedah	3	2,075.59
Penang	1	208.50
		4,377.30

Sustainability – Towards No Deforestation

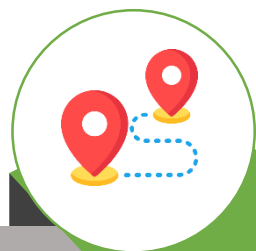
A pioneering initiative for our supply chain



SD Plantation has a long track record in responsible production of palm oil.

We need to step up to this challenge and take action.

We created **'CROSSCHECK'** as a tool for **ANYONE** to trace our supply to the mill level and check whether palm oil is being sourced from high risk areas.



Rapid rate of deforestation is an URGENT challenge for the world.

The palm oil industry is one of the contributors to this problem.

We believe that **traceability is the next frontier** in halting deforestation: tracking supply back to its source will make it possible to identify where problems exist – and to take action.



'CROSSCHECK'

Launched on
23 May 2019

<http://crosscheck.simedarbyplantation.com/>

A testament to the great strides we have made to act beyond compliance with our human rights commitments, due diligence efforts, risk management and overall corrective actions

HUMAN RIGHTS DISCLOSURE IN ASEAN

A collaboration between the ASEAN CSR Network and the Institute of Human Rights and Peace Studies of Mahidol University of Thailand

Sime Darby Plantation has been ranked **1st** among 250 listed companies across South East Asia in the recent 'Human Rights Disclosure in ASEAN' study

The study measured disclosure of top 50 companies by market capitalisation in ASEAN against the United Nations Guiding Principles on Business and Human Rights (UNGPs) and the Global Reporting Initiative (GRI) Standards

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APPENDIX

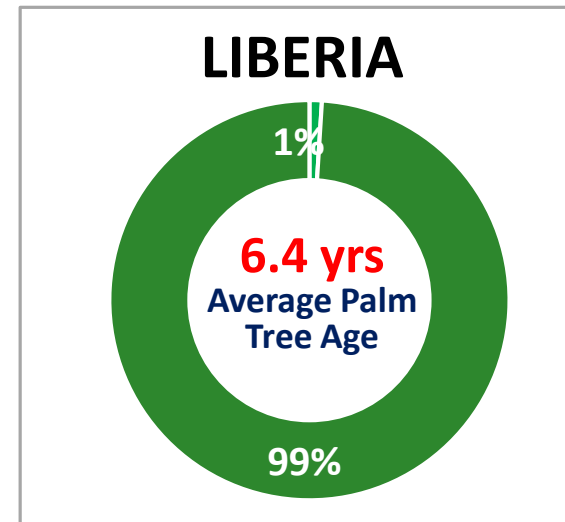
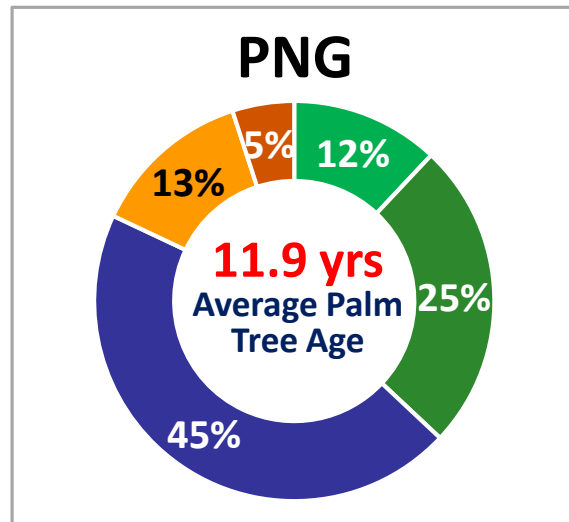
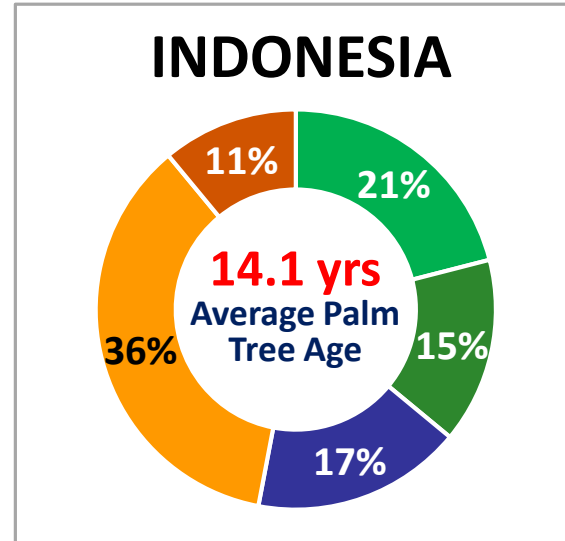
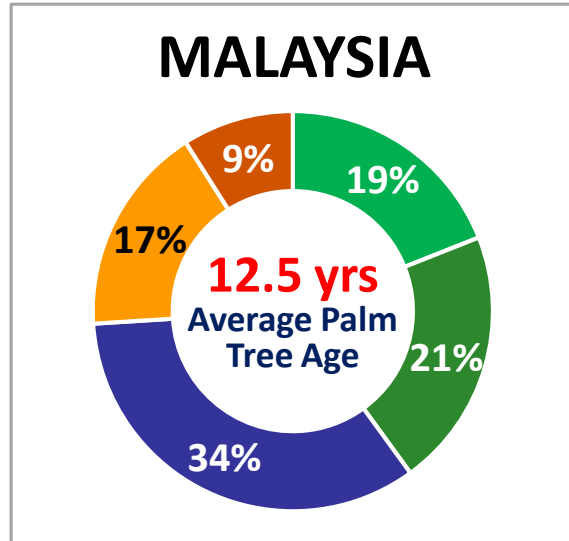
Summary of Operational Statistics

As at 31 March 2019

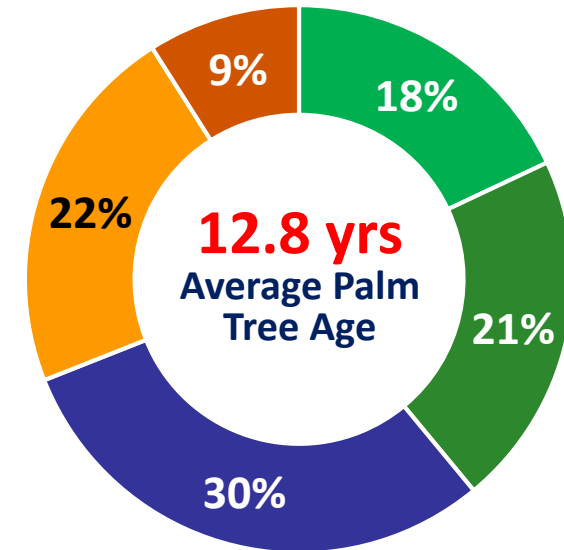
For the 3 Months Ended	Malaysia		YoY %	Indonesia		YoY %	PNG		YoY %	Liberia		YoY %	Group		YoY %
	31 Mar 2019	31 Mar 2018		31 Mar 2019	31 Mar 2018		31 Mar 2019	31 Mar 2018		31 Mar 2019	31 Mar 2018		31 Mar 2019	31 Mar 2018	
FFB Production (mn MT)	1.399	1.367	2%	0.596	0.523	14%	0.510	0.437	17%	0.016	0.012	33%	2.521	2.339	8%
FFB Yield per mature ha (MT/Ha)	5.70	5.47	4%	3.76	3.31	13%	6.40	5.36	19%	1.63	1.22	33%	5.10	4.73	8%
CPO Production (Own) (mn MT)	0.296	0.283	5%	0.131	0.114	15%	0.110	0.096	14%	0.004	0.001	>+100%	0.541	0.494	9%
CPO Production (Total) (mn MT)	0.342	0.339	1%	0.171	0.145	18%	0.141	0.123	14%	0.004	0.002	>+100%	0.657	0.610	8%
PK Production (Own) (mn MT)	0.076	0.072	6%	0.029	0.025	14%	0.029	0.024	21%	0.001	0.000	>+100%	0.135	0.121	11%
PK Production (Total) (mn MT)	0.087	0.087	0%	0.038	0.032	17%	0.037	0.031	20%	0.001	0.000	>+100%	0.163	0.151	8%
CPO Extraction Rate (%)	21.09	20.48	3%	21.98	21.79	1%	21.52	22.00	-2%	21.63	18.12	19%	21.41	21.03	2%
PK Extraction Rate (%)	5.38	5.26	2%	4.87	4.86	0%	5.70	5.53	3%	5.35	1.93	>+100%	5.32	5.20	2%
Average CPO Selling Price (RM/MT)	1,998	2,480	-19%	2,002	2,270	-12%	2,063	2,644	-22%	2,070	2,181	-5%	2,012	2,452	-18%
Average PK Selling Price (RM/MT)	1,322	2,145	-38%	994	1,861	-47%	-	-	0%	337	1,169	-71%	1,204	2,094	-43%

Breakdown of Age Profile

As at 31 March 2019



GROUP



SD Plantation has 602,527 ha of oil palm planted area of which 82% is mature and 18% is immature

■ Immature
 ■ 4 – 8 Years
 ■ 9 – 18 Years
 ■ 19 – 22 Years
 ■ Above 22 Years

THANK YOU



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