



Plantation

Financial Year Ending 31 December 2019 Results Announcement Third Quarter ended 30 September 2019

29 November 2019

Financial Highlights



Q3 FY2019 net loss of RM243mn was impacted by losses from its discontinuing operations largely from the impairment charge on assets in Liberia of RM256mn

<i>in RM'mn</i>	Q3 FY2019	QE Sep 2018 ¹	YoY %	9M FY2019	9ME Sep 2018 ¹	YoY %
Continuing Operations						
Revenue	2,821	3,029	-7%	8,686	9,757	-11%
PBIT	118	270	-56%	333	1,000	-67%
PATAMI	32	126	-75%	167	556	-70%
Discontinuing Operations²						
PATAMI	-275	-11	>-100%	-309	-163	-90%
Total						
PATAMI	-243	115	>-100%	-142	393	>-100%
Basic EPS (RM'sen)	-3.5	1.7	>-100%	-2.1	5.8	>-100%
- Continuing Operations	0.5	1.9	-74%	2.4	8.2	-71%
- Discontinuing Operations ²	-4.0	-0.2	>-100%	-4.5	-2.4	+88%

Note: ¹ Due to the change in the financial year, the performance of the current third quarter ended 30 September 2019 (Q3 FY2019) is not comparable with the third quarter of the previous financial year ended 30 September 2018, instead the performance is comparable against the quarter ended 30 September 2018 i.e. the corresponding quarter of the previous year (QE September 2018).

The nine months ended 30 September 2019 of the financial year ending 31 December 2019 (9M FY2019) is comparable against the nine months ended 30 September 2018 (9ME September 2018).

² The Group's Liberian operations and joint ventures in oleochemical and biomass have been classified as discontinuing operations in the current period following the plan to exit the respective operations.

Financial Performance by Segment – Continuing Operations



Better performance from Downstream segment partially mitigated the lower contribution from Upstream operations which were largely impacted by weaker CPO & PK realised prices

in RM'mn

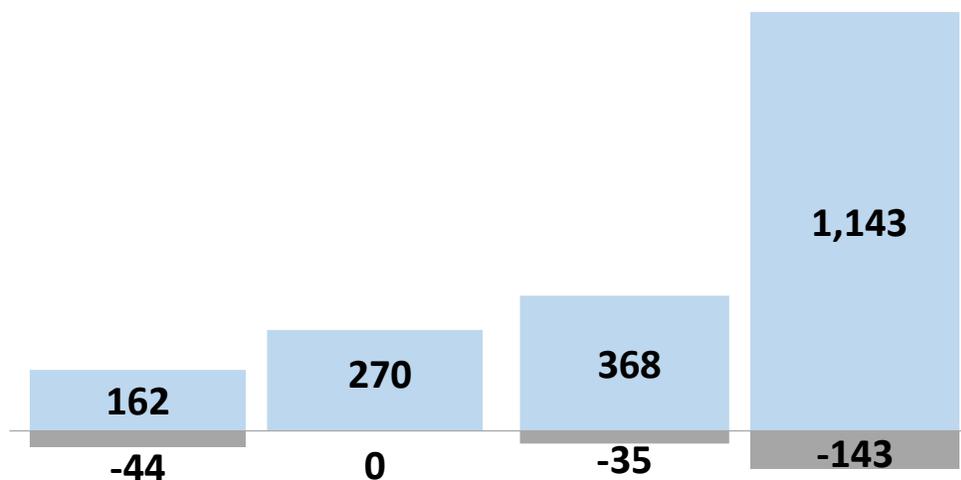
TOTAL PBIT

Q3 FY2019 QE Sep 2018 9M FY2019 9ME Sep 2018

118 **270** **333** **1,000**

-56% YoY

-67% YoY



■ Recurring ■ Non-Recurring

Recurring PBIT in RM'mn	Q3 FY2019	QE Sep 2018	YoY %	9M FY2019	9ME Sep 2018	YoY %
Upstream	76	218	-65%	135	932	-86%
Upstream Malaysia	88	125	-30%	244	621	-61%
Upstream Indonesia	90	63	+42%	88	166	-47%
Upstream PNG/SI	-102	30	>-100%	-197	145	>-100%
Downstream	68	48	+42%	204	181	+13%
Others*	18	4	>+100%	29	30	-3%
Recurring PBIT	162	270	-40%	368	1,143	-68%

Note: * Others (Continuing operations) 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 – Continuing Operations

Weaker earnings largely due to lower CPO and PK realised prices



Q3/9M FY2019 vs QE/9ME Sep 2018

YoY in RM'mn

	3 Months Ended Sep		9 Months Ended Sep	
	PBIT	PATAMI	PBIT	PATAMI
Sep 2018 recurring profits	270	126	1,143	702
▼ Lower FFB Production	-142	-103	-96	-68
▲ Higher OER	48	37	87	67
▲ Cost to Customer	21	18	51	45
▲ Changes in stocks	110	82	43	31
▲ Higher Downstream results	20	16	23	17
▲ Net tax benefit largely from disposal of a subsidiary	-	-	-	54
▲ Lower net interest expense	-	10	-	8
▼ Lower dividend income	-	-	-22	-22
▼▲ Others*	-1	3	-15	-13
	56	63	71	119
Recurring profits before the impact of CPO/PK prices and Sugar operations	326	189	1,214	821
▼ Lower contribution from Sugar operations	-28	-19	-81	-57
▼ Lower CPO and PK prices realised	-136	-100	-765	-568
SEP 2019 RECURRING PROFITS	162	70	368	196

Legend: ▲ Positive Impact ▼ Negative Impact

Note: * Others – mainly consists of results from other operations and lower compensation from government acquisition of land

Recurring Profits – Continuing Operations

Improved earnings largely due to higher contribution from Upstream and Downstream segments

Q3 FY2019 vs Q2 FY2019

QoQ in RM'mn

Jun 2019 recurring profits

- ▲ Higher FFB Production
- ▲ Higher OER
- ▲ Cost to Customer
- ▲ Changes in stocks
- ▲ Higher Downstream results
- ▼ Tax benefit on disposal of a subsidiary recorded in the preceding quarter
- ▼ Lower compensation from government acquisition of land
- ▼ Higher net interest expense
- ▼ Others*

Recurring profits before the impact of CPO/PK prices and Sugar operations

- ▲ Higher contribution from Sugar operations
- ▼ Lower CPO and PK prices realised

SEP 2019 RECURRING PROFITS

3 Months Ended Jun/Sep

PBIT

PATAMI

11

37

8

7

40

30

74

55

40

30

17

13

-

-69

-35

-35

-

-7

8

9

152

33

163

70

20

14

-21

-14

162

70

Legend: ▲ Positive Impact ▼ Negative Impact

Note: * Others – mainly consists of results from other operations

Non-Recurring Profits – Continuing Operations

Q3 FY2019 non-recurring losses of RM44mn comprised of the impairment of an asset in Indonesia and a loan in China

<i>in RM'mn</i>	Q3 FY2019	QE Sep 2018	YoY %	9M FY2019	9ME Sep 2018	YoY %
Non-Recurring PBIT	-44	-	>-100%	-35	-143	+24%
Impairment of assets in Indonesia	-19	-		-19	-68	
Impairment of a loan due from a JV in China	-25	-		-25	-	
Gain from divestment of a subsidiary in Indonesia	-	-		9	-	
Impairment of a JV and an investment	-	-		-	-180	
Gain on sale of land in Malaysia	-	-		-	119	
Impairment of assets in Malaysia	-	-		-	-14	
Non-Recurring PATAMI	-38	-	>-100%	-29	-145	+80%

Discontinuing Operations

The Group is planning to exit its Liberian operations and joint ventures in biomass and oleochemical

DISCONTINUING OPERATIONS

Q3 FY2019 / 9M FY2019
Impairment Charges in PBIT (RM'mn)

RATIONALE

Liberian Operations

-256

- Lack of progress on expansion of planted area due to increasingly stricter social and environmental standards
- Lower than expected yields due to extreme dry weather conditions
- High cost of operations
- Risk of operational disruption caused by outbreak of diseases from time-to-time
- Challenges with the local communities

MyBiomass

-8

- The company targeted to pioneer the production of high value green chemicals in 2013 using palm-based renewable sources such as empty fruit bunches instead of fossil fuels
- Amid the decline in fossil fuel prices, the biomass-based-to-green chemicals business is taking a longer time to mature and gain customer acceptance than originally anticipated

Emery Oleochemicals

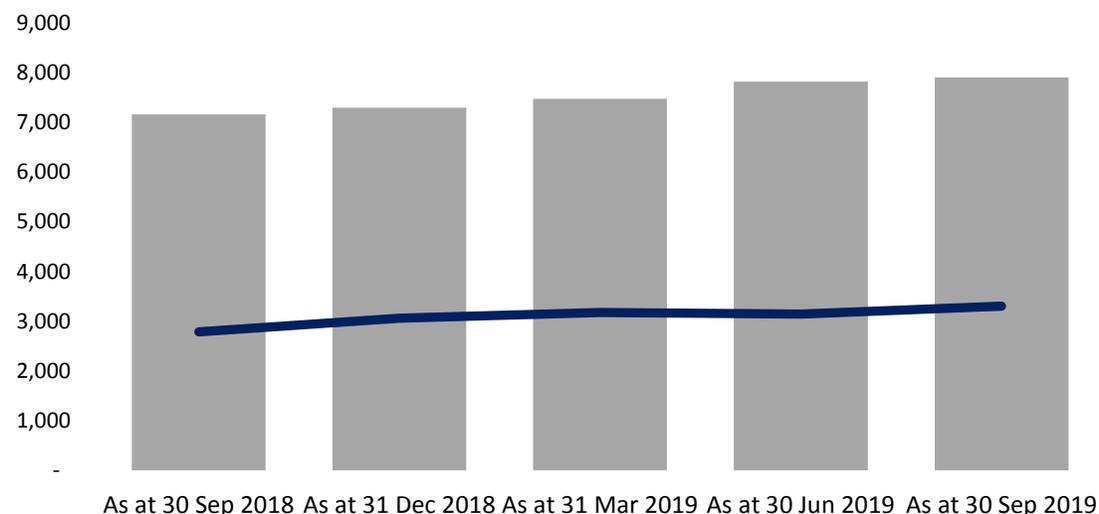
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- Overcapacity situation in oleo basics market lead to stiff competition and declining margins especially in the Asia Pacific region
- Challenging market environment – certain specialty products have commoditised over time, thus reducing margins
- In order to increase its competitiveness and keep up with market demands, significant and continuous investments will be required to enhance its plants in the Asia Pacific and North America regions

Borrowings & Gearing Ratios

Higher borrowings arising from lower cash generated from operations amid weak CPO & PK prices, as well as the appreciation of foreign currencies

Gross Gearing ¹	43%	46%	46%	48%	49%
Net Gearing ²	40%	43%	43%	46%	46%
Borrowings (in RM'mn)	7,159	7,297	7,472	7,819	7,899



■ Borrowings (RM'mn) — Capitalised Immature Planting Costs & Capital Work In Progress (RM'mn)

THREE QUARTERS ENDED 30 SEPTEMBER 2019

RM1,186mn
NET CASH GENERATED
FROM OPERATING
ACTIVITIES

-RM853mn
NET CASH USED IN
INVESTING ACTIVITIES

-RM292mn
NET CASH USED IN
FINANCING ACTIVITIES

Borrowings as at 30 Sep 2019 increased by RM80mn compared to 30 Jun 2019 mainly attributable to:

- Net loans raised totaling RM32mn arising from lower cash generated from operations
- Appreciation of USD and EUR against RM by 1% and 3% respectively, resulting in an impact of RM45mn

Note: 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

Weaker FFB production in Q3 FY2019 attributable to weather issues in Malaysia, Indonesia and PNG/SI



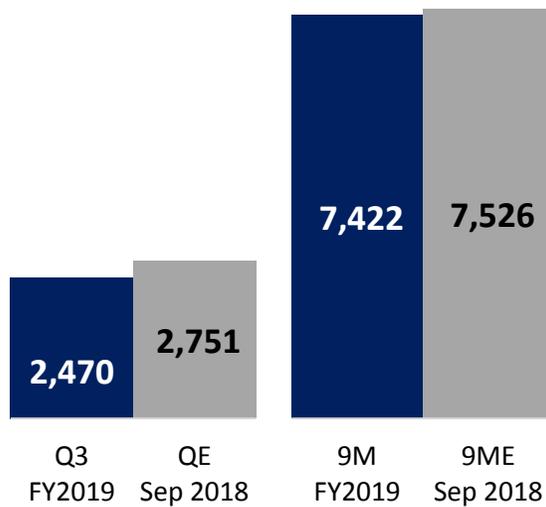
FFB PRODUCTION

in '000 MT

TOTAL UPSTREAM from all operations

-10% YoY

-1% YoY



FFB Production in '000 MT	Q3 FY2019	QE Sep 2018	YoY %	9M FY2019	9ME Sep 2018	YoY %
Continuing Operations						
Upstream Malaysia	1,275	1,293	-1%	3,982	3,868	+3%
Upstream Indonesia	742	919	-19%	1,935	2,099	-8%
Upstream PNG/SI	422	513	-18%	1,432	1,499	-4%
Total for Continuing Operations	2,439	2,725	-11%	7,349	7,465	-2%
Discontinuing Operation						
Upstream Liberia	31	26	+21%	73	61	+20%
Total for all operations	2,470	2,751	-10%	7,422	7,526	-1%

- Malaysia:** Lower FFB production attributable to prolonged dry weather which caused delays in the ripening of fruits
- Indonesia:** Dry weather conditions in the South Kalimantan region resulted in 19% YoY lower production in Q3 FY2019
- PNG/SI:** Weaker production on the back of heavy rainfall which interrupted bunch pollination
- Liberia:** FFB production was 21% higher YoY in Q3 FY2019 due to improving age profile and better control over recovery of FFB

Operational Performance – Upstream

Better OER in Malaysia, Indonesia and Liberia compensated the lower OER in PNG/SI

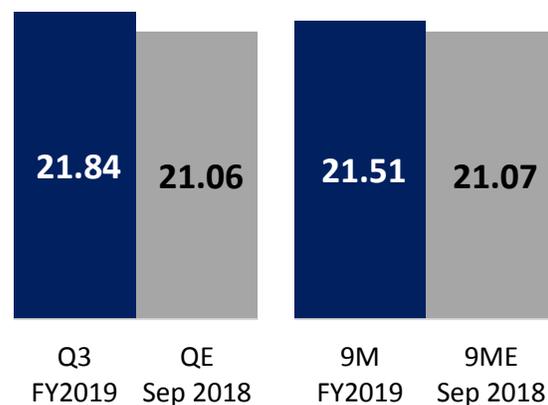
CPO EXTRACTION RATE

in %

TOTAL UPSTREAM from all operations

+0.78 p.p.
YoY

+0.44 p.p.
YoY



CPO Extraction Rate (OER) in %	Q3 FY2019	QE Sep 2018	YoY p.p.	9M FY2019	9ME Sep 2018	YoY p.p.
Continuing Operations						
Upstream Malaysia	21.59	20.66	+0.93	21.21	20.64	+0.57
Upstream Indonesia	22.19	21.04	+1.15	21.81	21.10	+0.71
Upstream PNG/SI	22.01	22.11	-0.10	21.81	22.16	-0.35
Total for Continuing Operations	21.85	21.07	+0.78	21.50	21.08	+0.42
Discontinuing Operation						
Upstream Liberia	20.49	19.44	+1.05	22.16	18.66	+3.50
Total for all operations	21.84	21.06	+0.78	21.51	21.07	+0.44

- Malaysia & Indonesia:** OER improved YoY due to continuous operational efficiency initiatives as well as uninterrupted harvesting and crop evacuation
- PNG/SI:** OER was affected by heavy rainfall which delayed harvesting
- Liberia:** Better OER due to ongoing efforts to improve crop quality

Operational Performance – Upstream

Despite current improvements in CPO and PK prices, this will have minimal impact on SD Plantation's FY2019 results given its committed forward sales

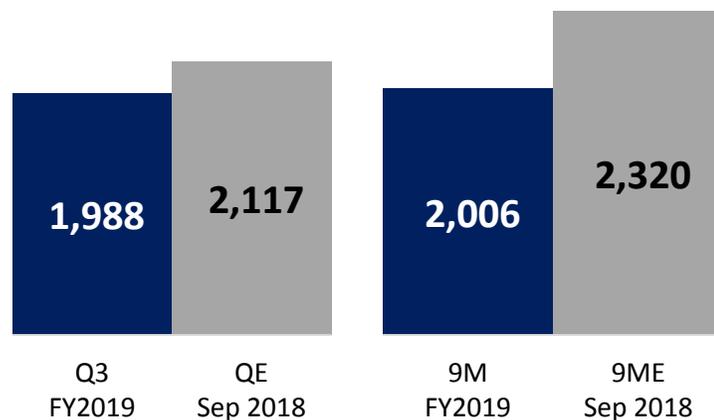
AVERAGE CPO PRICES REALISED

in RM/MT

GROUP AVERAGE for all operations

-6% YoY

-14% YoY



Average CPO Prices Realised in RM/MT	Q3 FY2019	QE Sep 2018	YoY %	9M FY2019	9ME Sep 2018	YoY %
Continuing Operations						
Upstream Malaysia	2,028	2,223	-9%	2,019	2,377	-15%
Upstream Indonesia	1,929	1,803	+7%	1,956	2,077	-6%
Upstream PNG/SI	1,985	2,289	-13%	2,050	2,515	-18%
Average for Continuing Operations	1,990	2,119	-6%	2,007	2,322	-14%
Discontinuing Operation						
Upstream Liberia	1,775	1,918	-7%	1,929	2,075	-7%
Group average for all operations	1,988	2,117	-6%	2,006	2,320	-14%

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



		Q3	QE		9M	9ME		IMPACT ON PBIT				IMPACT ON PATAMI Plantation											
		FY2019	Sep 2018	YoY %	FY2019	Sep 2018	YoY %	Q3 FY2019	9M FY2019	9M FY2019	Q3 FY2019	9M FY2019	9M FY2019	9M FY2019									
		in RM'mn						-40% YoY				-68% YoY				-49% YoY				-77% YoY			
Recurring Profit								136	108	270	765	775	1,143	100	56	115	568	499	650				
								Impact of lower avg. CPO & PK prices realised	Q3 FY2019	QE Sep 2018	Impact of lower avg. CPO & PK prices realised	9M FY2019	9ME Sep 2018	Impact of lower avg. CPO & PK prices realised	Q3 FY2019	QE Sep 2018	Impact of lower avg. CPO & PK prices realised	9M FY2019	9ME Sep 2018				
MALAYSIA	CPO*	2,028	2,223	-9%	2,019	2,377	-15%	▼	43	▼	299	▼	32	▼	227								
	PK*	1,144	1,767	-35%	1,192	1,901	-37%	▼	42	▼	151	▼	32	▼	114								
INDONESIA	CPO*	1,929	1,803	+7%	1,956	2,077	-6%	▲	10	▼	51	▲	8	▼	38								
	PK*	874	1,337	-35%	912	1,507	-39%	▼	10	▼	56	▼	7	▼	42								
PNG/SI	CPO*	1,985	2,289	-13%	2,050	2,515	-18%	▼	51	▼	208	▼	37	▼	147								
								▼	136	▼	765	▼	100	▼	568								

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

Financial Performance – Downstream

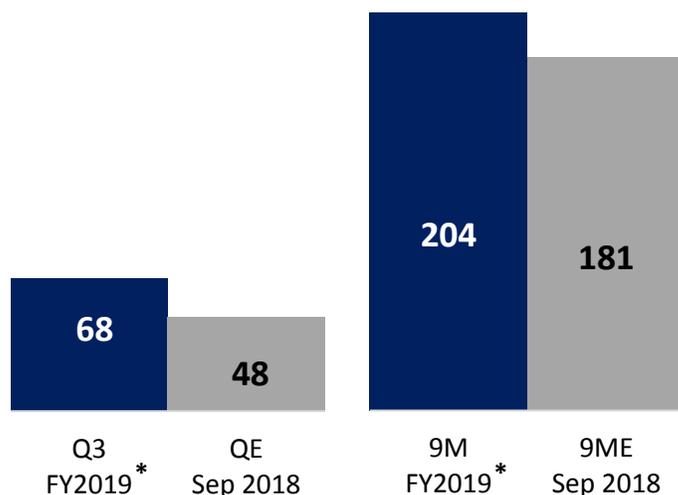
Improved earnings attributable to better contribution from differentiated businesses and trading operations

TOTAL DOWNSTREAM

in RM'mn

+42% YoY

+13% YoY



<i>Recurring PBIT in RM'mn</i>	Q3 FY2019	QE Sep 2018	YoY %	9M FY2019	9ME Sep 2018	YoY %
Differentiated	25	5	>+100%	95	68	+40%
Trading	26	11	>+100%	61	41	+49%
Bulk	20	32	-38%	58	72	-19%

Sime Darby Oils' profit was 42% higher YoY in Q3 FY2019 mainly due to:

- Better margins and higher sales volume from differentiated businesses, particularly in Asia Pacific
- The trading operations posted better results attributable to higher margins arising from zero export duty for both Malaysia & Indonesia in Q3 FY2019

Offset by:

- Lower contribution from bulk operations in Q3 FY2019 due to better performance from Indonesia in QE Sep 2018 amid high inventory levels in the country

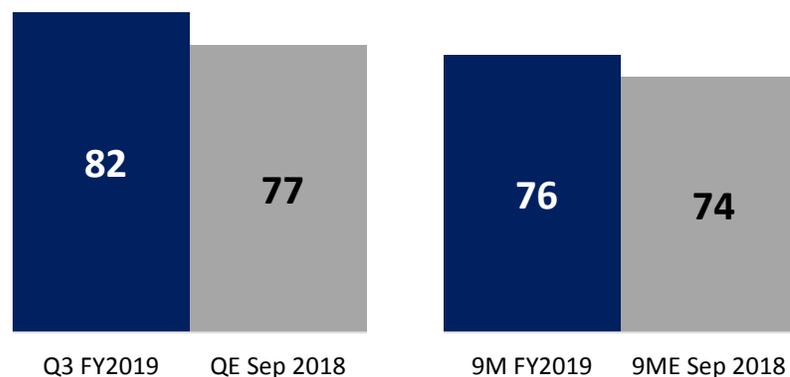
Note: * After deducting corporate expenses of RM3 million registered in Q3 FY2019 and RM10 million in 9M FY2019

Operational Performance – Downstream

Higher sales volumes and better margins in Q3 FY2019 were driven by the differentiated businesses

CAPACITY UTILISATION

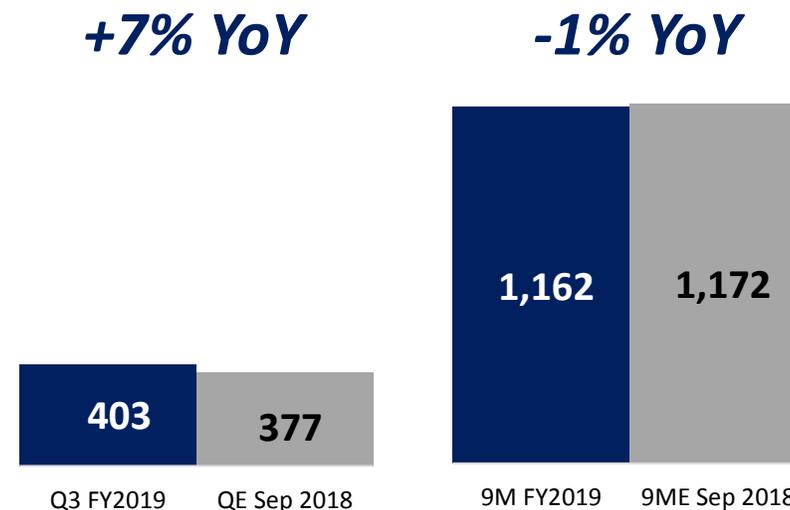
in %



Utilisation improved to 82% of the total capacity of 3.74mn MT per annum

SALES VOLUME

in '000 MT



Sales volume from differentiated businesses were 7% higher YoY in Q3 FY2019 attributable to higher contribution from Asia Pacific

Asset Monetisation Exercise

SD Plantation's pipeline of cash flow from the asset monetisation exercise

Cashflow in RM'mn

FY2019

FY2020

Entire 51% equity stake in Golden Hope-Nha Be Edible Oils Company (GHNB), Vietnam

45

-

Entire 100% equity stake in PT Mitra Austral Sejahtera (PT MAS), Indonesia

103

-

Land sales in Malaysia

4

>500

PROGRESS TO-DATE	No. of SPA	Acres
Total SPA	16	3,329
SPA signed to-date*	11	2,322
Completed	2	24

* Out of the 11 SPAs signed, 8 SPAs require approval by the Estate Land Board (ELB) and Economic Planning Unit (EPU). To-date, up to 6 of the 8 SPAs have been approved by either ELB or EPU.

Non-core and non-strategic assets, non-profitable assets, low yielding assets, and adjacent investments

-

>600

TOTAL IMPACT ON CASHFLOW

152

>1,100

Sustainability

SD Plantation's sustainability agenda remains at the forefront of the company's operations



SD Plantation Works With Partners To Strengthen Its Commitment Towards A Sustainable Supply Chain

① Partnership with Conservation International (CI)

- The partnership is to further instill sustainability into the core of our operations and supply chain
- First phase of the collaboration will be an independent review by CI, followed by their suggestions to strengthen SD Plantation's sustainability practices and culture based on the findings
- The collaboration will help create a pathway for other players to follow, in hopes of leading to a sustainable transformation of not just the palm oil industry but also the entire agricultural sector



② Radar Alerts for Detecting Deforestation (RADD)

- Collaboration with 9 other major palm oil producers and buyers to support and fund the development of a new, publicly available radar-based forest monitoring system
- The partnership will make it much easier for companies and stakeholders to spot deforestation activities in near-real-time and with greater accuracy to mobilise support on the ground



Sustainable Business Awards (SBA) Malaysia 2019

SD PLANTATION WINS 3 AWARDS AT SBA MALAYSIA 2019



- **Best Supply Chain Management**
- **Best Land And Biodiversity Management**
- **Special Recognition For United Nation's Sustainable Development Goals**



The SBA, open to companies of all sizes and currently covering 6 countries in Asia, recognises companies for their outstanding performance on environmental and social sustainability

APPENDIX

Summary of Operational Statistics

As at 30 September 2019

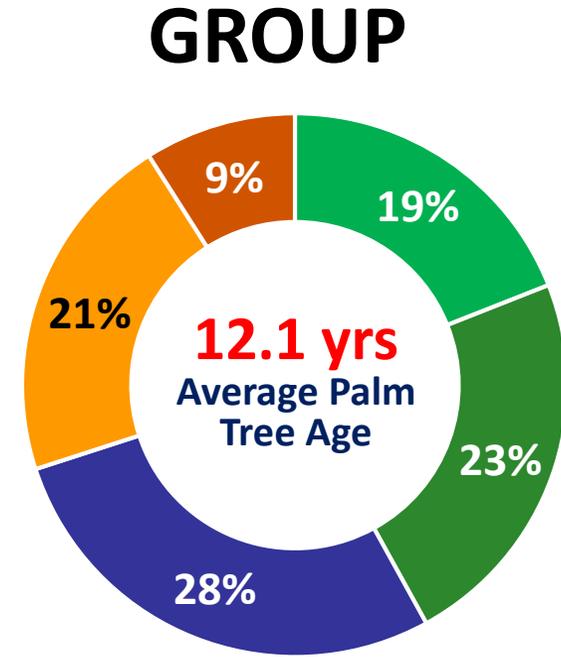
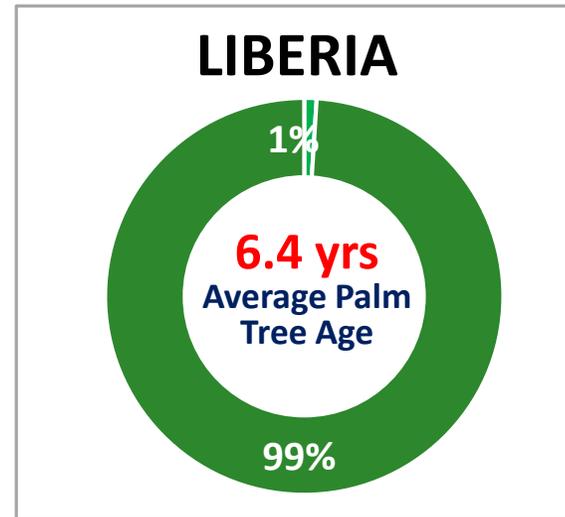
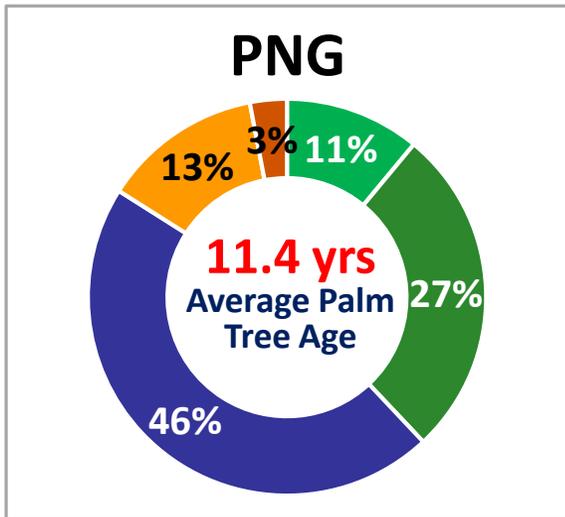
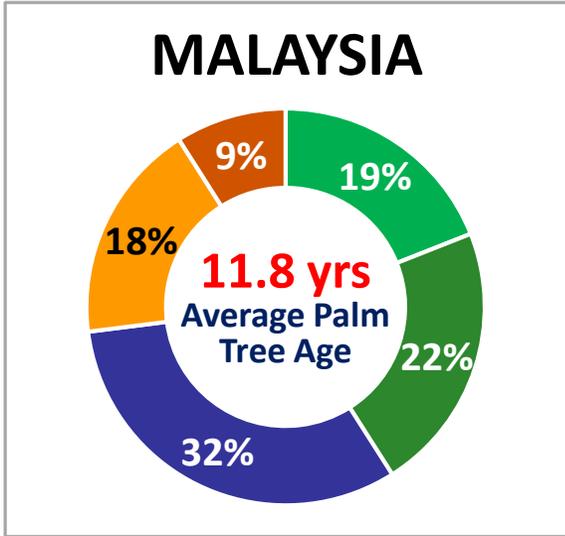


Plantation

For the 9 Months Ended	Malaysia		YoY %	Indonesia		YoY %	PNG		YoY %	GROUP (Continuing Operations)		YoY %	Liberia		YoY %	GROUP (all operations)		YoY %
	30 Sep 2019	30 Sep 2018		30 Sep 2019	30 Sep 2018		30 Sep 2019	30 Sep 2018		30 Sep 2019	30 Sep 2018		30 Sep 2019	30 Sep 2018		30 Sep 2019	30 Sep 2018	
FFB Production ('000 MT)	3,982	3,868	3%	1,935	2,099	-8%	1,432	1,499	-4%	7,349	7,465	-2%	73	61	20%	7,422	7,526	-1%
FFB Yield per mature ha (MT/Ha)	16.36	15.54	5%	12.37	13.22	-6%	17.78	17.01	5%	15.25	15.05	1%	7.18	6.33	14%	15.09	14.88	1%
CPO Production (Own) ('000 MT)	849	807	5%	421	443	-5%	312	332	-6%	1,583	1,582	0%	16	12	39%	1,599	1,594	0%
CPO Production (Total) ('000 MT)	978	977	0%	535	568	-6%	402	428	-6%	1,915	1,974	-3%	16	13	25%	1,931	1,987	-3%
PK Production (Own) ('000 MT)	210	203	4%	93	101	-8%	83	86	-3%	386	389	-1%	4	3	32%	390	392	0%
PK Production (Total) ('000 MT)	242	248	-3%	118	129	-8%	107	111	-3%	467	487	-4%	4	4	17%	471	491	-4%
CPO Extraction Rate (%)	21.21	20.64	3%	21.81	21.10	3%	21.81	22.16	-2%	21.50	21.08	2%	22.16	18.66	19%	21.51	21.07	2%
PK Extraction Rate (%)	5.24	5.24	0%	4.82	4.77	1%	5.80	5.73	1%	5.24	5.20	1%	5.79	5.20	11%	5.25	5.20	1%
Average CPO Selling Price (RM/MT)	2,019	2,377	-15%	1,956	2,077	-6%	2,050	2,515	-18%	2,007	2,322	-14%	1,929	2,075	-7%	2,006	2,320	-14%
Average PK Selling Price (RM/MT)	1,192	1,901	-37%	912	1,507	-39%	-	-	-	1,097	1,819	-40%	384	524	-27%	1,085	1,814	-40%

Breakdown of Age Profile

As at 30 September 2019



SD Plantation has 594,281 ha of oil palm planted area of which 81% is mature and 19% is immature

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

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