



Plantation

Financial Year Ending 31 December 2020 Results Announcement Second Quarter ended 30 June 2020

27 August 2020

Financial Highlights

Stronger Q2 net profit of RM378 million driven by higher CPO/ PK prices, better FFB and sugar production



<i>in RM'mn</i>	Q2 FY2020	1H FY2020
CONTINUING OPERATIONS		
Revenue	3,216 Q2 FY2019: 2,866 (12%)	6,260 1H FY2019: 5,865 (7%)
PBIT	547 Q2 FY2019: 20 (>100%)	1,189 1H FY2019: 216 (>100%)
PATAMI	378 Q2 FY2019: 46 (>100%)	772 1H FY2019: 136 (>100%)
DISCONTINUED OPERATIONS*		
PATAMI	- Q2 FY2019: -19 (100%)	74 1H FY2019: -35 (>100%)
TOTAL		
PATAMI	378 Q2 FY2019: 27 (>100%)	846 1H FY2019: 101 (>100%)
Basic EPS <i>(RM'sen)</i>		
Continuing Operations	5.5 Q2 FY2019: 0.4 (>100%)	12.3 1H FY2019: 1.5 (>100%)
Discontinued Operations	5.5 Q2 FY2019: 0.7 (>100%)	11.2 1H FY2019: 2.0 (>100%)
	- Q2 FY2019: -0.3 (100%)	1.1 1H FY2019: -0.5 (>100%)

*Divestment of Sime Darby Plantation (Liberia) Inc completed on 16 Jan 2020

Financial Performance by Segment – Continuing Operations

Higher earnings from Upstream operations compensated for decline in Downstream refining margins



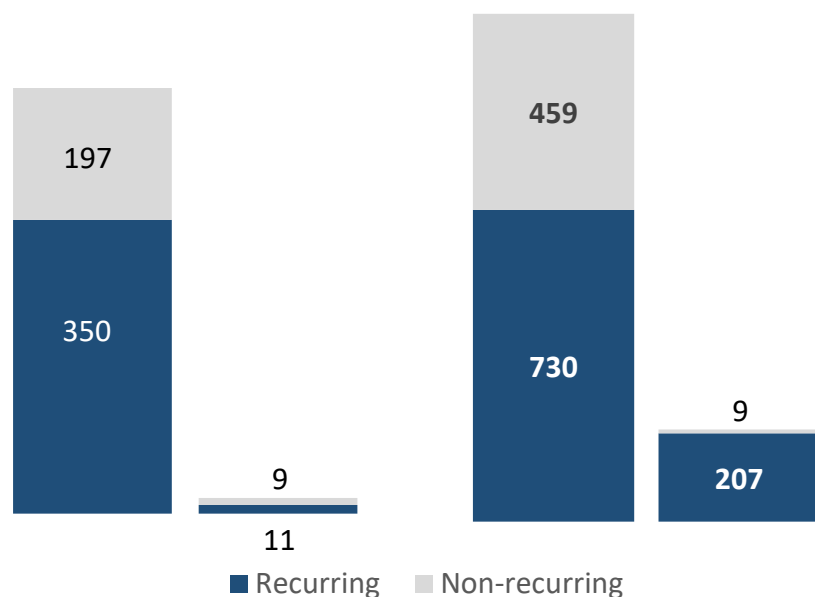
TOTAL PBIT

in RM'mn

Q2 FY2020	Q2 FY2019	1H FY2020	1H FY2019
547	20	1,189	216

>100% YoY

>100% YoY



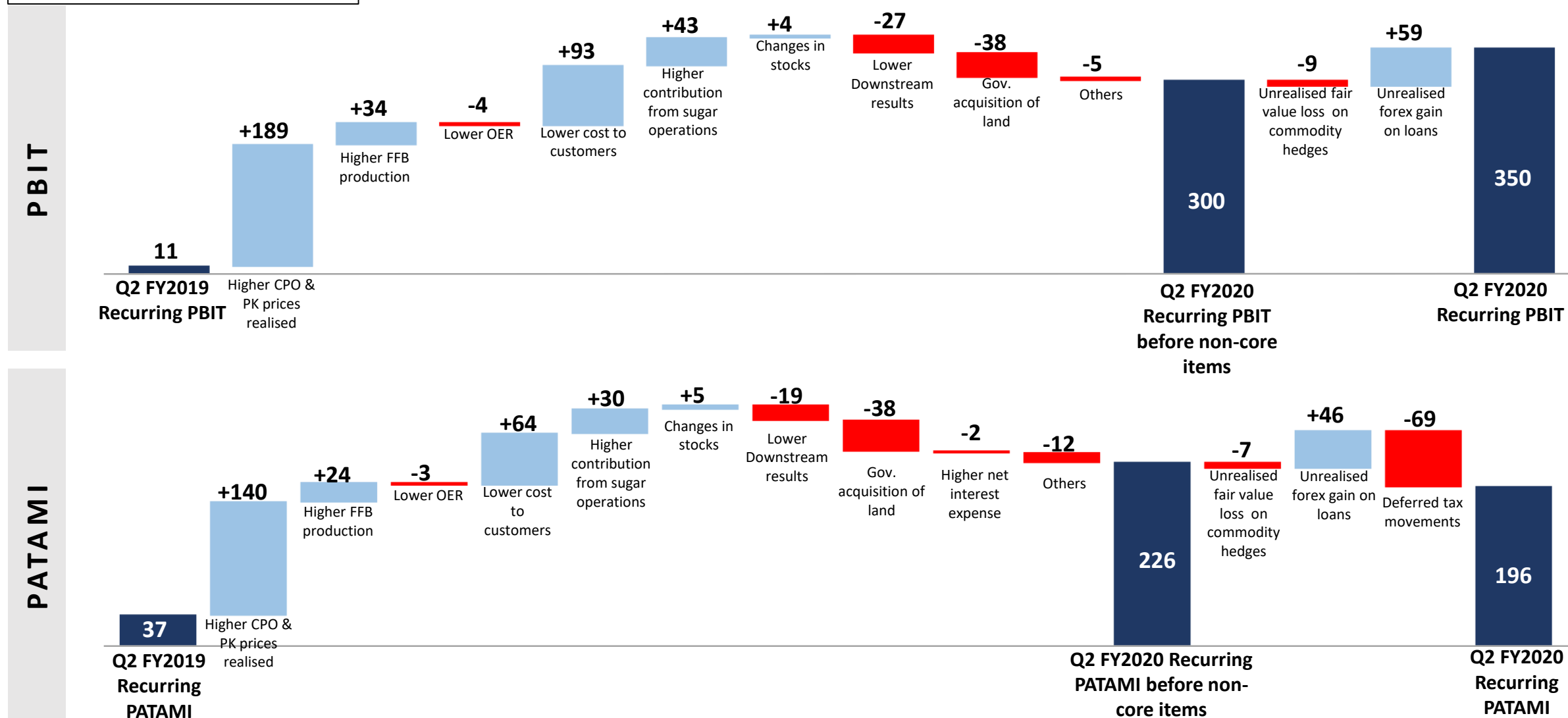
	Q2 FY2020	1H FY2020
<i>Recurring PBIT (RM'mn)</i>		
Upstream	316	604
	<i>Q2 FY2019: -44 (>100%)</i>	<i>1H FY2019: 59 (>100%)</i>
Upstream Malaysia	200	375
	<i>Q2 FY2019: 43 (>100%)</i>	<i>1H FY2019: 156 (>100%)</i>
Upstream Indonesia	93	132
	<i>Q2 FY2019: -11 (>100%)</i>	<i>1H FY2019: -2 (>100%)</i>
Upstream PNG/SI	23	97
	<i>Q2 FY2019: -76 (>100%)</i>	<i>1H FY2019: -95 (>100%)</i>
Downstream	24	113
	<i>Q2 FY2019: 51 (-54%)</i>	<i>1H FY2019: 136 (-17%)</i>
Others*	10	13
	<i>Q2 FY2019: 4 (>100%)</i>	<i>1H FY2019: 12 (5%)</i>
Total Recurring PBIT	350	730
	<i>Q2 FY2019: 11 (>100%)</i>	<i>1H FY2019: 207 (>100%)</i>

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

Improved earnings due to higher CPO/PK prices, lower cost to customers, better FFB & sugar production

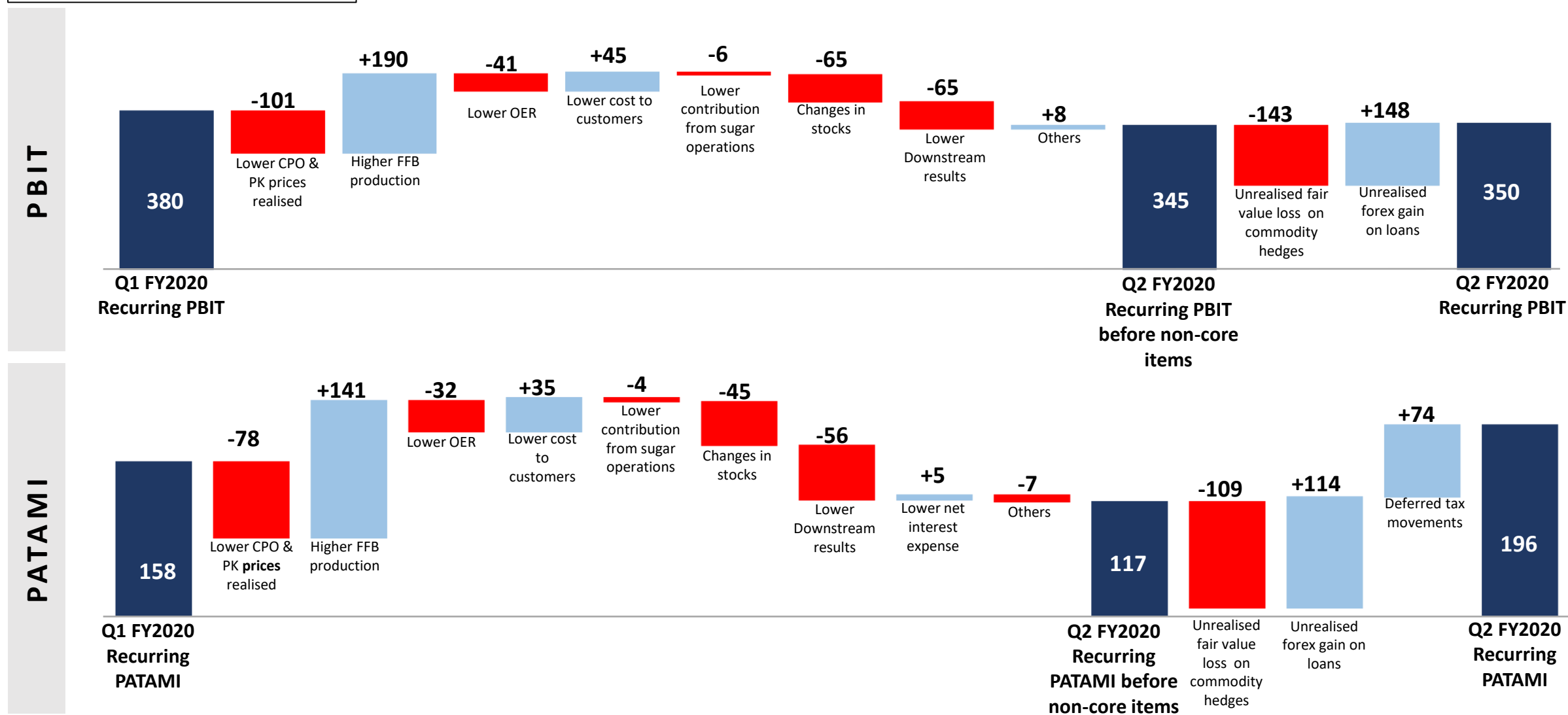
Q2 FY2020 vs Q2 FY2019



Recurring Profits – Continuing Operations

Higher FFB production and lower cost to customers partially mitigate impact of lower CPO/PK prices and weaker Downstream results

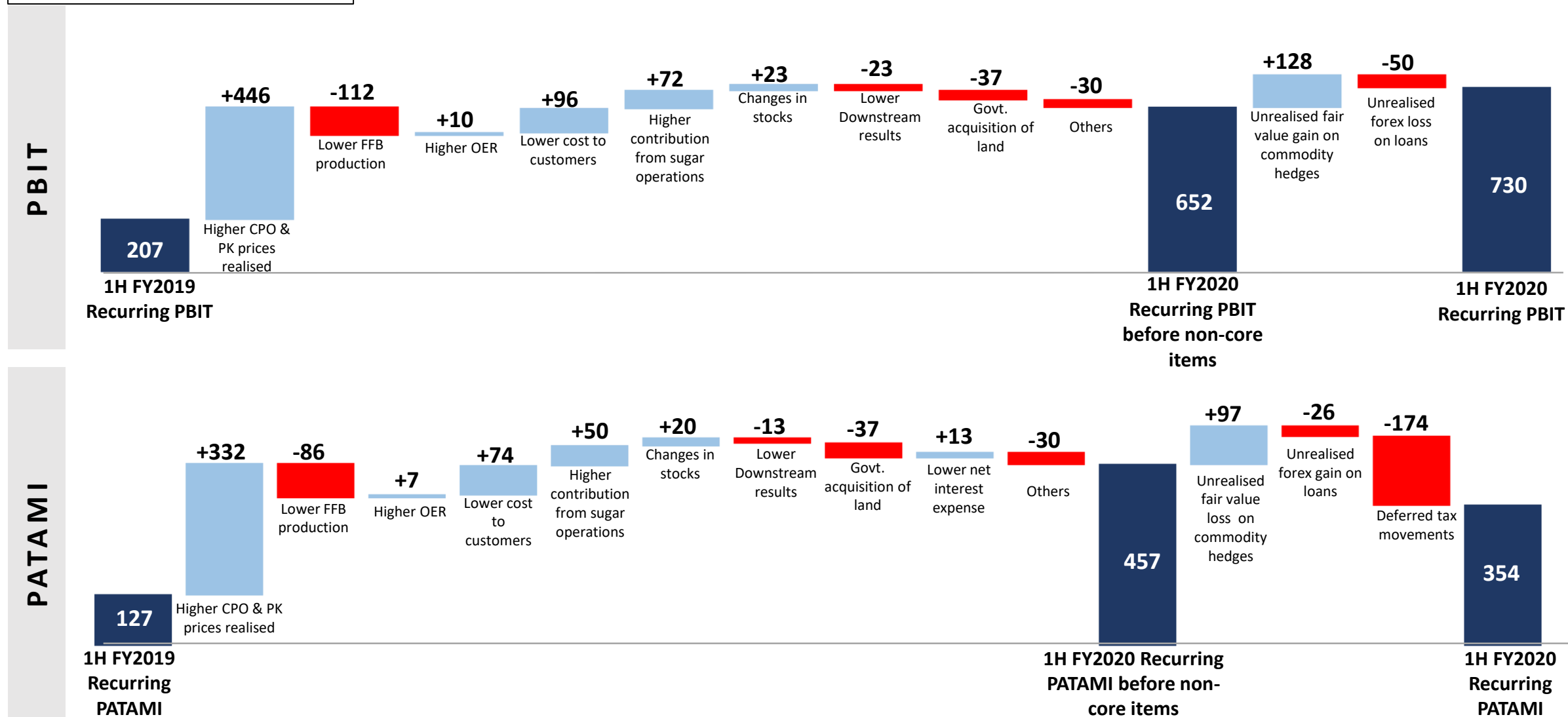
Q2 FY2020 vs Q1 FY2020



Recurring Profits – Continuing Operations

Higher CPO/PK prices, lower cost to customers and recovery in sugar operations mitigated impact from lower FFB production and lower Downstream demand

1H FY2020 vs 1H FY2019



Non-Recurring Profits

Non-recurring profits in Q2 FY2020 arose from gains on land disposal in Malaysia and divestment of subsidiaries

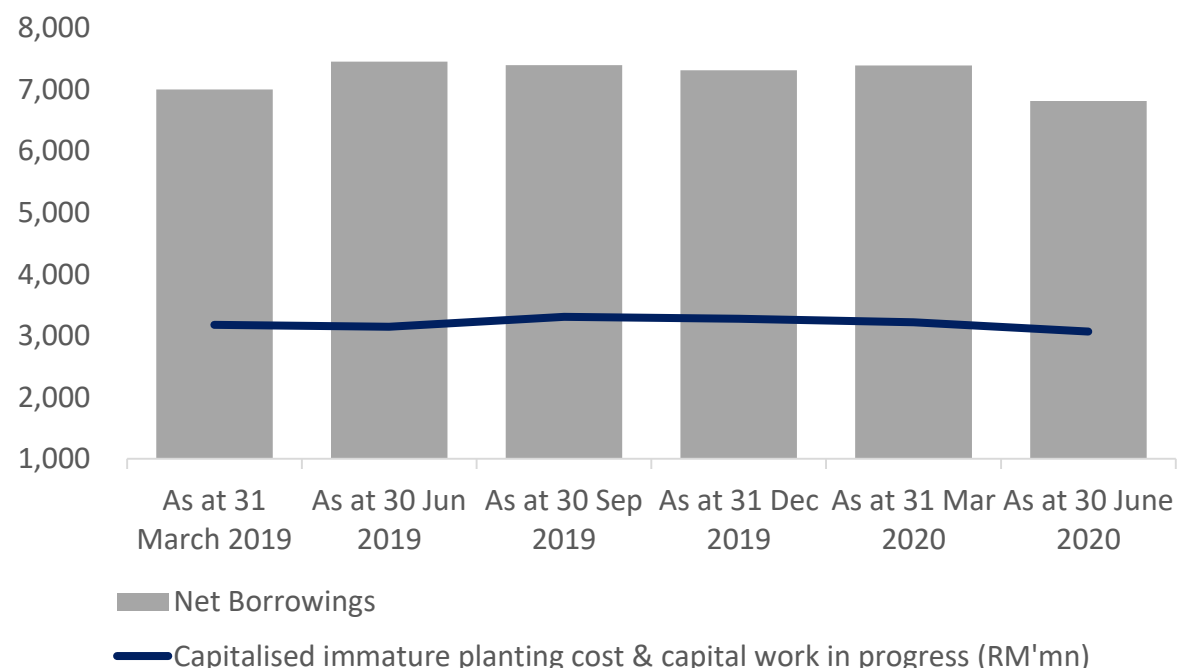
<i>in RM'mn</i>	Q2 FY2020	Q2 FY2019	YoY	1H FY2020	1H FY2019	YoY
Non-recurring PBIT - Continuing	197	9	>100%	459	9	>100%
■ Gains on land disposal in Malaysia	141	-		403	-	
■ Gain on disposal of Verdant group	56	-		56	-	
■ Gain on disposal of 100% equity stake in PT MAS, Indonesia	-	9		-	9	
Non-recurring PBIT - Discontinued	-	-		74	-	>100%
■ Gain on divestment of Liberia operations	-	-		74	-	
Non-recurring PATAMI	182	9	>100%	492	(26)	>100%
■ Continuing operations	182	9		418	9	
■ Discontinued operations	-	-		74	(35)	

Borrowings & Gearing Ratios



Net gearing improved, driven by lower borrowings and higher cash and equity positions

Net Gearing ¹ (in RM'mn)	43%	46%	46%	46%	47%	41%
Borrowings	7,472	7,819	7,899	7,745	8,105	7,553
Bank balances, deposits & cash	470	364	501	431	714	742
Net Borrowings	7,002	7,455	7,398	7,314	7,391	6,811



Note: ¹ Net Gearing is based on Total Borrowings less Bank Balances, Deposits & Cash divided by Total Equity

SIX MONTHS ENDED 30 JUNE 2020

RM1,151mn

NET CASH GENERATED
FROM OPERATING
ACTIVITIES

-RM104mn²

NET CASH USED IN
INVESTING ACTIVITIES
(CAPEX: -RM573mn)

-RM741mn

NET CASH USED IN
FINANCING ACTIVITIES

Net borrowings as at 30 June 2020 decreased by RM580mn compared to position as at 31 March 2020 mainly attributable to:

- Net borrowing repayment of RM448mn due to higher cash generated from operations
- Depreciation of USD against RM by 1% resulting in lower borrowing balance of RM104mn
- Increase in cash balances of RM28mn

Note: ² Apart from CAPEX also consists of Finance income of RM6 mn and Proceeds from sale of RM463 mn

Operational Performance – Upstream

Higher FFB production in Q2 FY2020 supported by improved cropping pattern in Malaysia and PNG/SI



FFB PRODUCTION

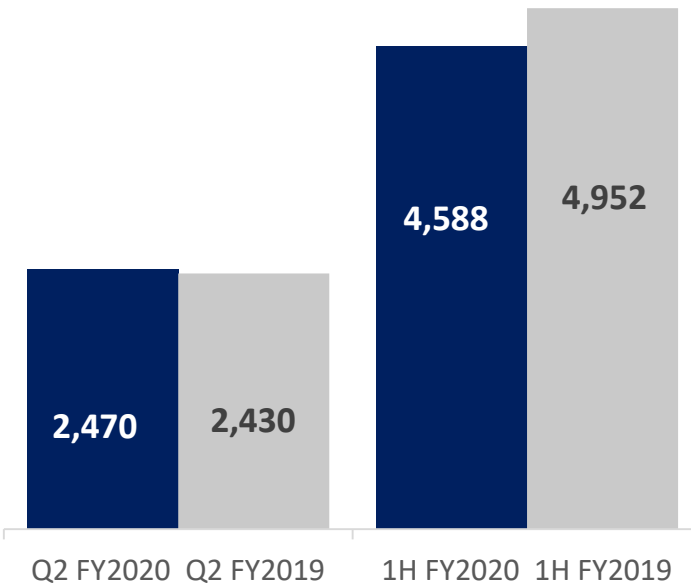
TOTAL UPSTREAM

for all operations

in '000 MT

2% YoY

-7% YoY



	Q2 FY2020	1H FY2020
FFB Production ('000 MT)		
Continuing	2,470	4,588
	Q2 FY2019: 2,405 (3%)	1H FY2019: 4,910 (-7%)
Upstream Malaysia	1,387	2,461
	Q2 FY2019: 1,308 (6%)	1H FY2019: 2,707 (-9%)
Upstream Indonesia	563	1,141
	Q2 FY2019: 596 (-6%)	1H FY2019: 1,193 (-4%)
Upstream PNG/SI	520	986
	Q2 FY2019: 500 (4%)	1H FY2019: 1,010 (-2%)
Discontinued operations*		
Upstream Liberia	-	-
	Q2 FY2019: 25 (-100%)	1H FY2019: 42 (-100%)
Total	2,470	4,588
	Q2 FY2019: 2,430 (2%)	1H FY2019: 4,952 (-7%)

*Divestment of Sime Darby Plantation (Liberia) Inc completed on 16 Jan 2020

- Malaysia:** Higher FFB production in Q2 mainly due to improvement in cropping pattern. However, the shortage of foreign labour amid the Covid-19 pandemic contributed to lower FFB production in 1H FY2020.
- Indonesia:** Lower FFB production in Q2 particularly in South Kalimantan due to prolonged drought period experienced in 2019 affecting bunch development.
- PNG/SI:** Favourable weather conditions and better agro practices boosted FFB production in Q2.

Operational Performance – Upstream

Improved OER in Q2 FY2020 from better crop evacuation in Indonesia and PNG/SI due to favourable weather, compensated for lower OER in Malaysia affected by labour shortage

CPO EXTRACTION RATE

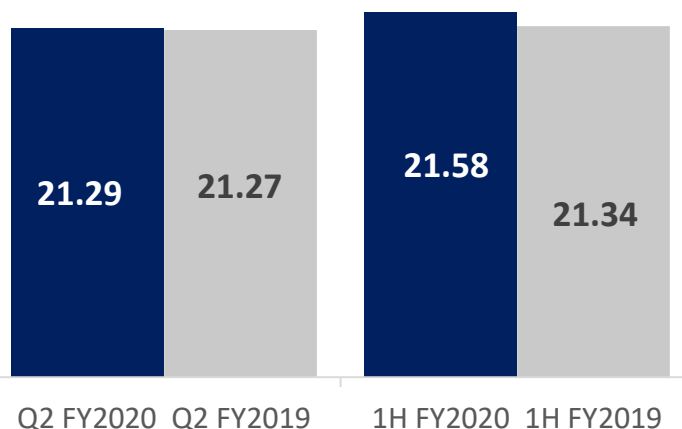
TOTAL UPSTREAM

for all operations

in %

+0.02
p.p. YoY

+0.24
p.p. YoY



CPO Extraction Rate (OER)
(%)

Q2
FY2020

1H
FY2020

Continuing

21.29

21.58

Q2 FY2019: 21.25 (0.04 pp)

1H FY2019: 21.33 (0.25 pp)

Upstream Malaysia

20.60

20.80

Q2 FY2019: 20.97 (-0.37 pp)

1H FY2019: 21.03 (-0.23 pp)

Upstream Indonesia

21.80

22.38

Q2 FY2019: 21.19 (0.61 pp)

1H FY2019: 21.59 (0.79 pp)

Upstream PNG/SI

22.40

22.40

Q2 FY2019: 21.93 (0.47 pp)

1H FY2019: 21.73 (-0.67 pp)

Discontinued operations*

Upstream Liberia

-

-

Q2 FY2019: 24.54 (-24.54 pp)

1H FY2019: 23.39 (-23.39 pp)

Total

21.29

21.58

Q2 FY2019: 21.27 (0.02 pp)

1H FY2019: 21.34 (0.24 pp)

▪ **Malaysia:** Lower OER due to lower crop quality contributed by the shortage of foreign labour affecting harvesting intervals and crop recovery.

▪ **Indonesia:** Improved OER due to favourable weather conditions in 2020 and mechanisation initiatives improving crop evacuation.

▪ **PNG/SI:** Better rainfall pattern as compared to previous quarter particularly in West New Britain improving crop evacuation and recovery in Q2.

Note: p.p. – Percentage points

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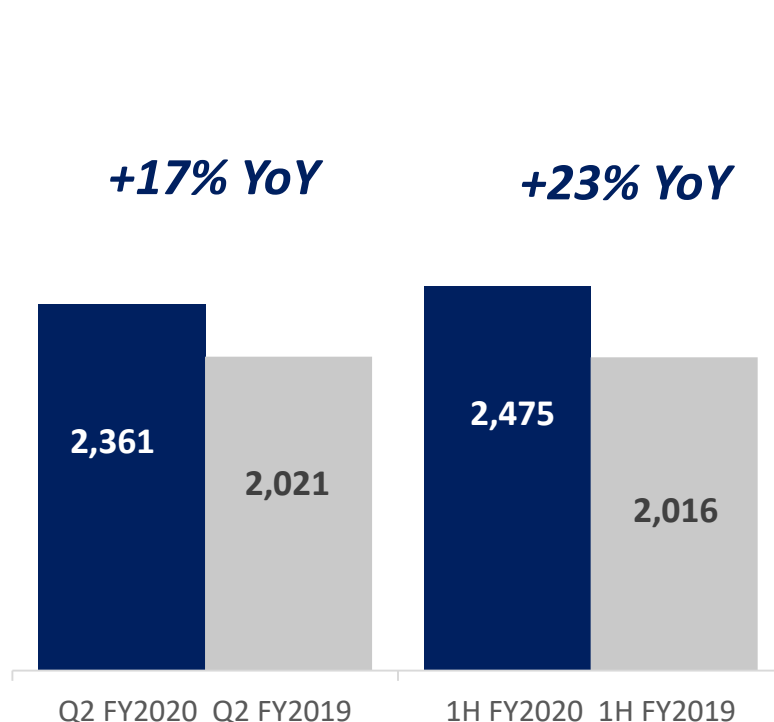
Operational Performance – Upstream

Higher CPO prices realised in Q2 FY2020 and 1H FY2020 by 17% and 23% respectively

AVERAGE CPO PRICES REALISED

GROUP AVERAGE for all operations

in RM/MT



Average CPO Prices Realised (RM/MT)

	Q2 FY2020	1H FY2020
Continuing	2,361	2,475
	Q2 FY2019: 2,021 (17%)	1H FY2019: 2,016 (23%)
Upstream Malaysia	2,310	2,391
	Q2 FY2019: 2,031 (14%)	1H FY2019: 2,014 (19%)
Upstream Indonesia	2,221	2,439
	Q2 FY2019: 1,940 (15%)	1H FY2019: 1,972 (24%)
Upstream PNG/SI	2,566	2,677
	Q2 FY2019: 2,115 (21%)	1H FY2019: 2,088 (30%)
Discontinued operations*		
Upstream Liberia	-	-
	Q2 FY2019: 2,062 (-100%)	1H FY2019: 2,066 (-100%)
Total	2,361	2,475
	Q2 FY2019: 2,021 (17%)	1H FY2019: 2,016 (23%)

*Divestment of Sime Darby Plantation (Liberia) Inc completed on 16 Jan 2020

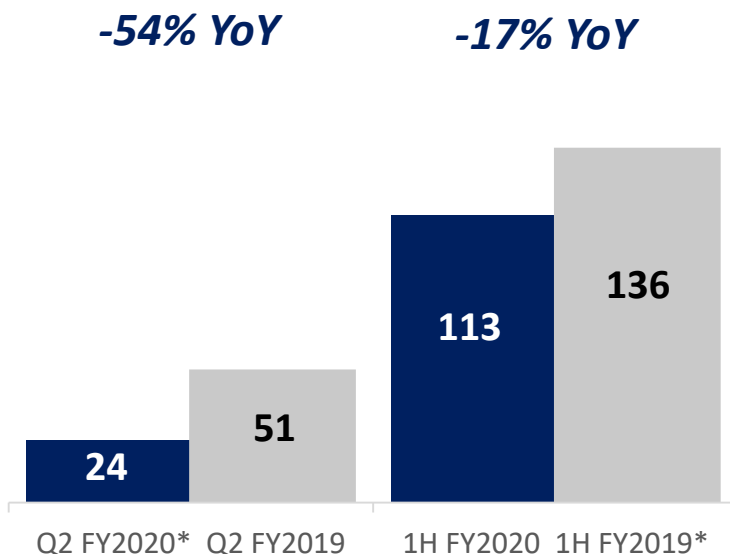
Financial Performance – Downstream

Weaker Downstream results due to poorer refining margins and impact from the COVID-19 global pandemic



TOTAL DOWNSTREAM

in RM'mil



*Recurring PBIT
(RM'mn)*

**Q2
FY2020**

**1H
FY2020**

Downstream

Differentiated

18

159

Q2 FY2019: 33 (-49%)

1H FY2019: 71 (100%)

Trading

19

32

Q2 FY2019: 16 (19%)

1H FY2019: 34 (-6%)

Bulk

-9

-71

Q2 FY2019: 6 (>-100%)

1H FY2019: 39 (>-100%)

- Sime Darby Oils registered a 54% lower PBIT as compared to the previous year corresponding quarter, attributable to:

- Weaker contributions from the bulk businesses, affected by poorer refining margins.

- Lower demand as countries went into lockdown in response to the pandemic.

- However, improved performance was observed in 1H FY2020 from the differentiated businesses in Asia Pacific, contributed by higher sales volume mainly from customised and business-to-customer (B2C) product segment.

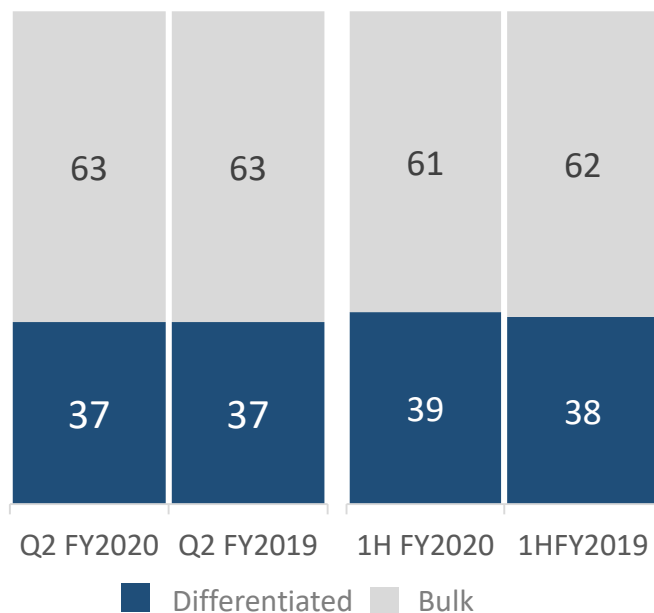
Note: * After deducting corporate expenses of RM4 million registered in Q2 FY2020 and RM7 million in 1H FY2020

Operational Performance – Downstream

Lower capacity utilization and sales volume due to impact on demand affected by the widespread lockdown measures in response to COVID-19

PRODUCT RATIO

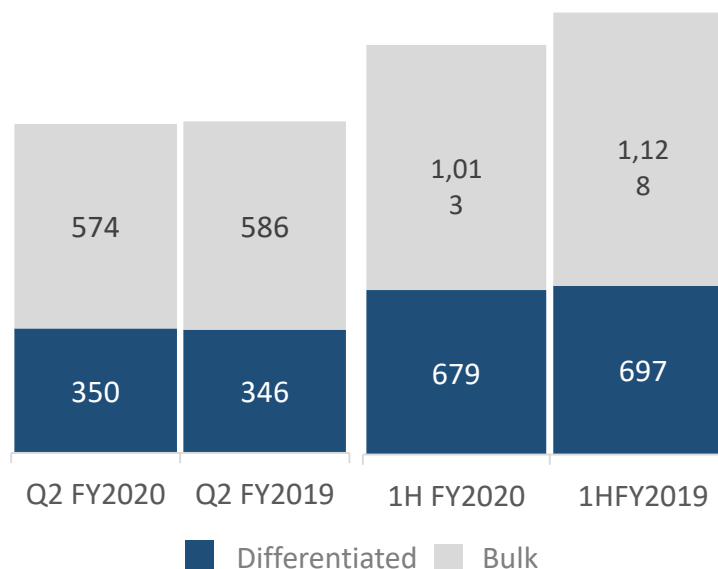
in %



SALES VOLUME

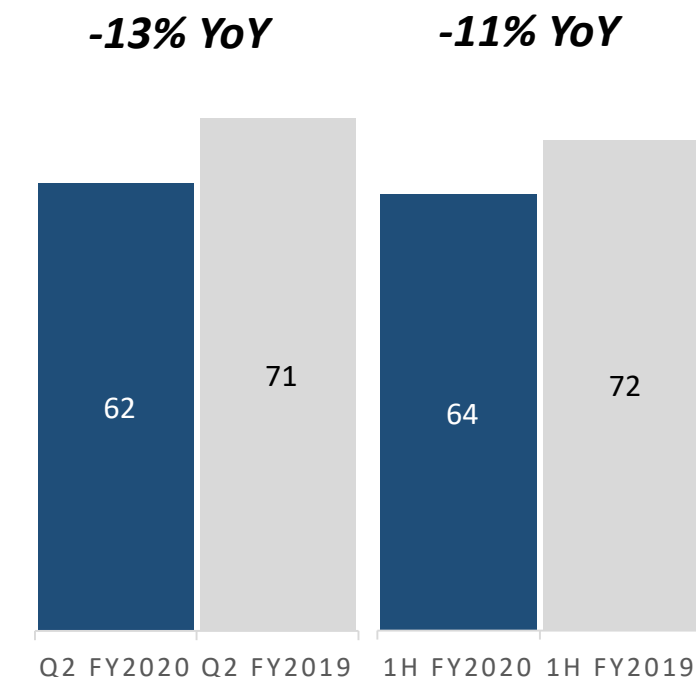
in '000 MT

Q2 FY2020	Q2 FY2019	1H FY2020	1H FY2019
924	932	1,692	1,825
-1% YoY		-7% YoY	



CAPACITY UTILISATION

in %



Divestment Pipeline Plan

Cashflow in the pipeline from potential divestments of non-core and under-performing assets

Cashflow in RM'mn

**1H
FY2020** **FY2020 &
FY2021**

Land disposal in Malaysia

438

>1,000

PROGRESS AS 30 JUNE 2020	No. of SPA	Acres
SPA signed and pending completion	4	973.51
Completed	8	1,350.02
Total SPA	12	2,323.53
Sales aborted/forfeited*	4	933.8

** For reasons such as compulsory acquisition by government*

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

37

>500

TOTAL IMPACT ON CASHFLOW

475

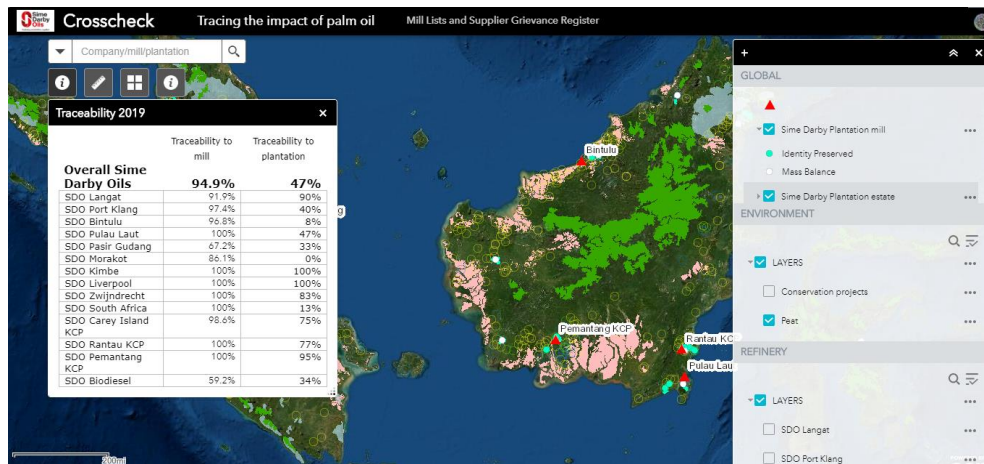
>1,500

Sustainability





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

Crosscheck 2.0

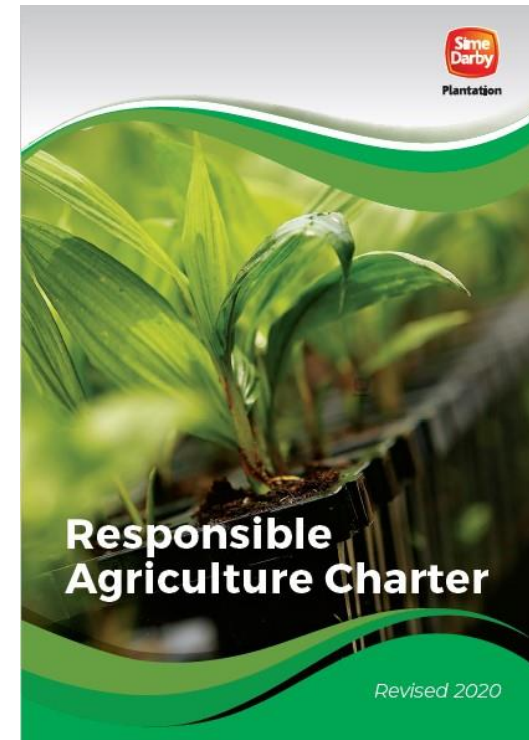
Launched Crosscheck version 2.0 in May 2020, taking into account dialogue and feedback from stakeholders engaged



Features include:

-  Traceability to Plantation
-  Linkages of mills to grievances
-  Transparency of its conservation efforts
-  Supply chain transparency for entire SDO or breakdown by refinery

Updated Sustainability Commitments



Launched revised Responsible Agriculture Charter and Human Rights Charters to update its sustainability commitments around latest expectations on responsible practices

Dividend

The Board has declared an interim dividend and a special interim dividend in respect of the financial year ending 31 December 2020.

	FY Dec 2020		FY Dec 2019	
	Net per share (sen)	Total Net Dividend (RM'mn)	Net per share (sen)	Total Net Dividend (RM'mn)
Interim dividend	2.57	177	-	-
Special interim dividend	1.45	100	-	-
Final dividend	-	-	1.70	117
Total Dividend	4.02	277	1.70	117

APPENDIX

Summary of Operational Statistics

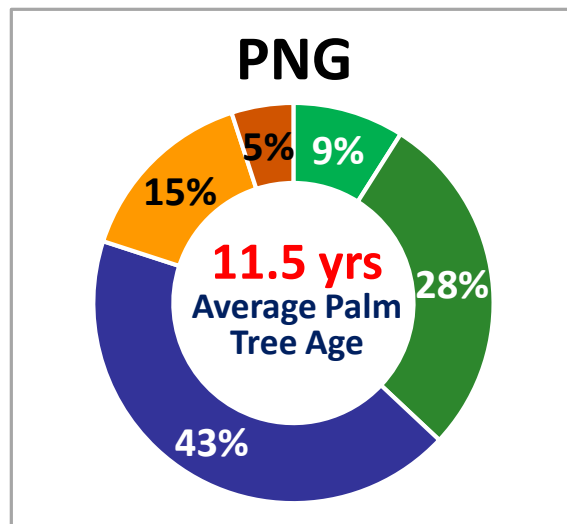
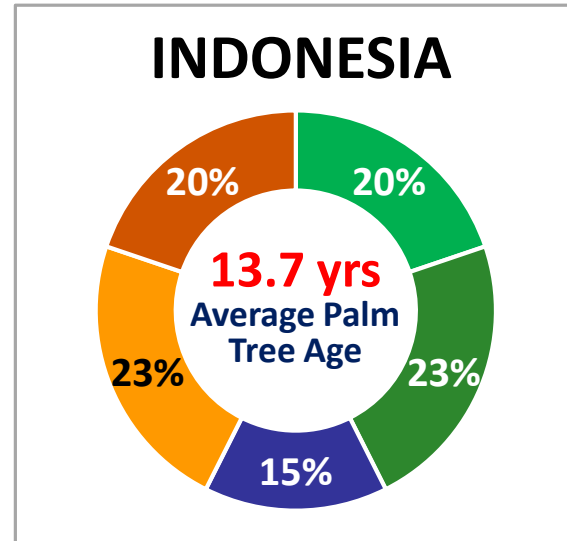
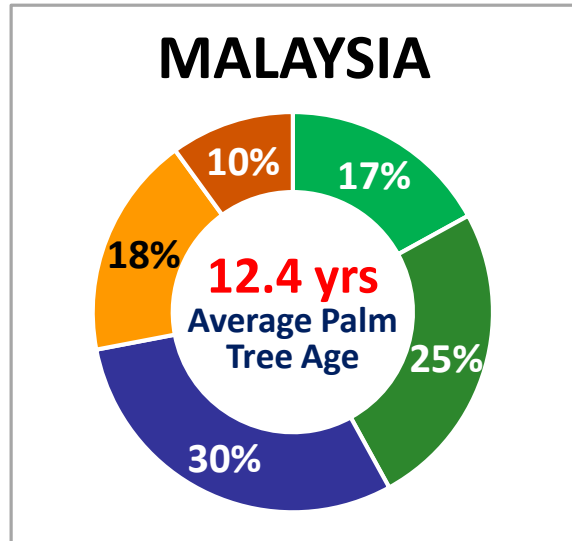
As at 30 June 2020

For the 6 Months Ended	Malaysia		YoY %	Indonesia		YoY %	PNG		YoY %	GROUP (Continuing Operations)		YoY %	Liberia		YoY %*	GROUP (all operations)		YoY %
	30 Jun 2020	30 Jun 2019		30 Jun 2020	30 Jun 2019		30 Jun 2020	30 Jun 2019		30 Jun 2020	30 Jun 2019		30 Jun 2020	30 Jun 2019		30 Jun 2020	30 Jun 2019	
FFB Production ('000 MT)	2,461	2,707	-9.1%	1,141	1,193	-4.4%	986	1,010	-2.4%	4,588	4,910	-6.6%	-	42	-*	4,588	4,952	-7.3%
FFB Yield per mature ha (MT/Ha)	10.01	11.09	-9.7%	7.46	7.53	-0.9%	11.74	12.56	-6.5%	9.51	10.17	-6.5%	-	4.13	-*	9.51	10.04	-5.3%
CPO Production (Own) ('000 MT)	515	572	-10.0%	255	257	-0.6%	221	221	-0.2%	991	1,050	-5.6%	-	10	-*	991	1,060	-6.5%
CPO Production (Total) ('000 MT)	589	657	-10.3%	310	335	-7.3%	288	283	1.7%	1,188	1,275	-6.9%	-	10	-*	1,188	1,285	-7.6%
PK Production (Own) ('000 MT)	126	142	-11.5%	51	56	-9.3%	56	58	-4.3%	233	257	-9.4%	-	2	-*	233	259	-10.2%
PK Production (Total) ('000 MT)	144	163	-11.9%	62	74	-15.8%	73	76	-4.4%	279	313	-11.0%	-	2	-*	279	315	-11.6%
CPO Extraction Rate (%)	20.80	21.03	-0.23	22.38	21.59	0.79	22.40	21.73	0.67	21.58	21.33	0.25	-	23.39	-*	21.58	21.34	0.24
PK Extraction Rate (%)	5.08	5.22	-0.14	4.48	4.76	-0.28	5.64	5.81	-0.17	5.06	5.23	-0.17	-	5.11	-*	5.06	5.23	-0.17
Average CPO Selling Price (RM/MT)	2,391	2,014	18.7%	2,439	1,972	23.7%	2,677	2,088	28.2%	2,475	2,016	22.8%	-	2,066	-*	2,475	2,016	22.8%
Average PK Selling Price (RM/MT)	1,517	1,215	24.8%	1,137	936	21.6%	-	-	-	1,394	1,127	23.8%	-	347	-*	1,394	1,116	24.9%

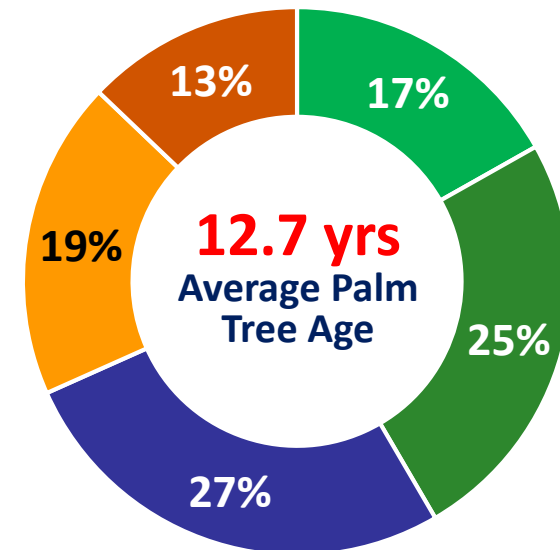
*Divestment of Sime Darby Plantation (Liberia) Inc on 16 Jan 2020

Breakdown of Age Profile

As at 30 June 2020



GROUP



SD Plantation has 584,402 ha of oil palm planted area of which 83% is mature and 17% is immature

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

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