



Plantation

Financial Year Ending 31 December 2021 Results Announcement Second Quarter ended 30 June 2021

18 August 2021

Financial Highlights



Earnings continue to increase YoY driven by sustained elevated palm oil prices as well as improved Downstream volumes and margins in Asia Pacific

<i>in RM'mn</i>	Quarter Ended 30 June			Half Year Ended 30 June		
	FY2021	FY2020	YOY	FY2021	FY2020	YOY
CONTINUING OPERATIONS						
Revenue	4,411	3,216	37%	8,084	6,260	29%
PBIT	938	547	71%	1,726	1,189	45%
PATAMI	647	378	71%	1,209	772	57%
DISCONTINUED OPERATIONS*						
PATAMI	-30	-	>-100%	-30	74	>-100%
TOTAL						
PATAMI	617	378	63%	1,179	846	39%
Basic EPS <i>(RM'sen)</i>	9.0	5.5	64%	17.1	12.3	39%
Continuing Operations	9.4	5.5	71%	17.5	11.2	56%
Discontinued Operations	-0.4	-	>-100%	-0.4	1.1	>-100%

*The shareholding in joint ventures, Emery Oleochemical (M) Sdn Bhd and Emery Specialty Chemical Sdn Bhd

Financial Performance by Segment – Continuing Operations

All segments continue to record higher earnings



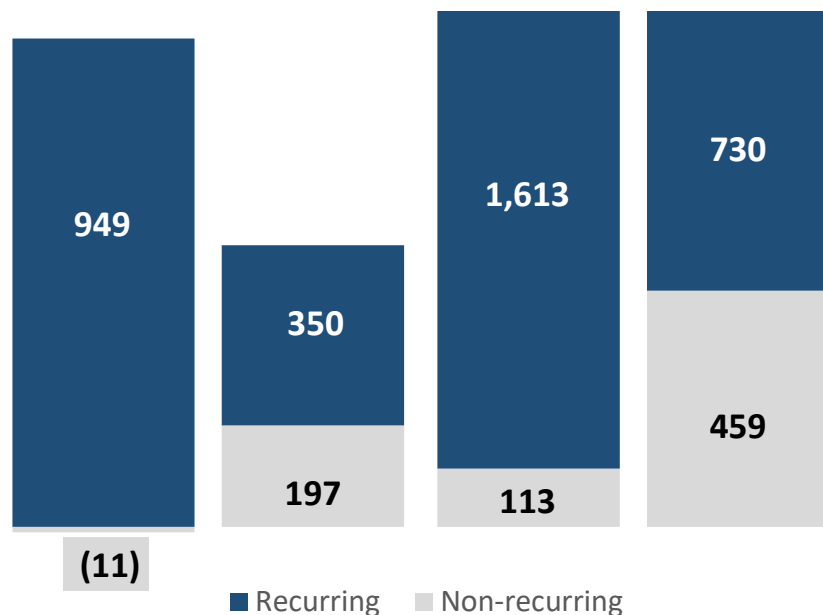
TOTAL PBIT

in RM'mn

Q2 FY2021	Q2 FY2020	1H FY2021	1H FY2020
938	547	1,726	1,189

+71% YoY

+45% YoY



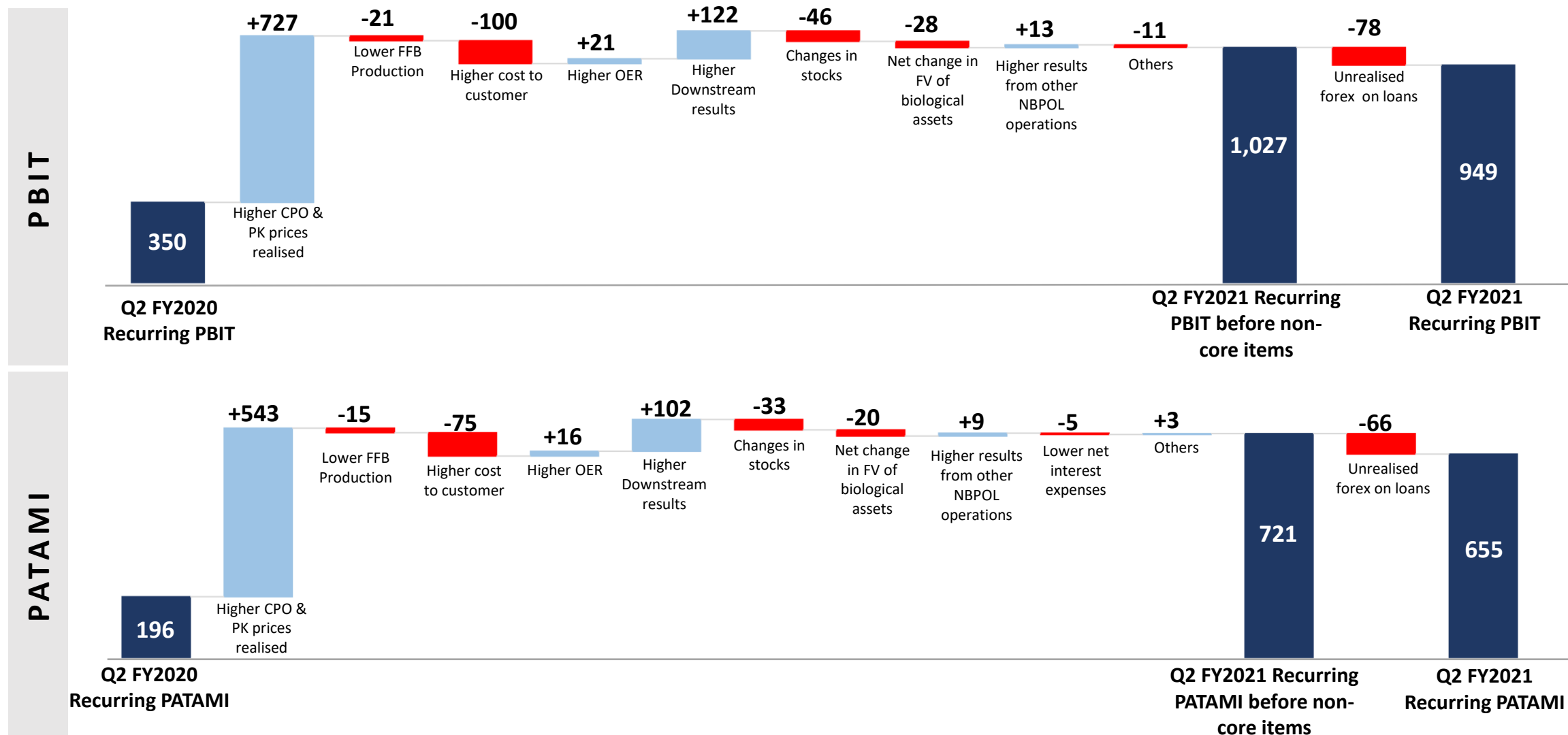
	Q2 FY2021	1H FY2021
<i>Recurring PBIT (RM'mn)</i>		
Upstream	789	1,332
	Q2 FY2020: 316 (>100%)	1H FY2020: 604 (>100%)
Upstream Malaysia	270	390
	Q2 FY2020: 200 (35%)	1H FY2020: 375 (4%)
Upstream Indonesia	321	511
	Q2 FY2020: 93 (>100%)	1H FY2020: 132 (>100%)
Upstream PNG/SI	198	431
	Q2 FY2020: 23 (>100%)	1H FY2020: 97 (>100%)
Downstream	146	253
	Q2 FY2020: 24 (>100%)	1H FY2020: 113 (>100%)
Others*	14	28
	Q2 FY2020: 10 (40%)	1H FY2020: 13 (>100%)
Total Recurring PBIT	949	1,613
	Q2 FY2020: 350 (>100%)	1H FY2020: 730 (>100%)

Note: * 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 – Continuing Operations

Higher realised prices as well as higher Downstream profits outweighed the impact from lower FFB production and higher cost to customer as well as the variance in unrealised forex on loans

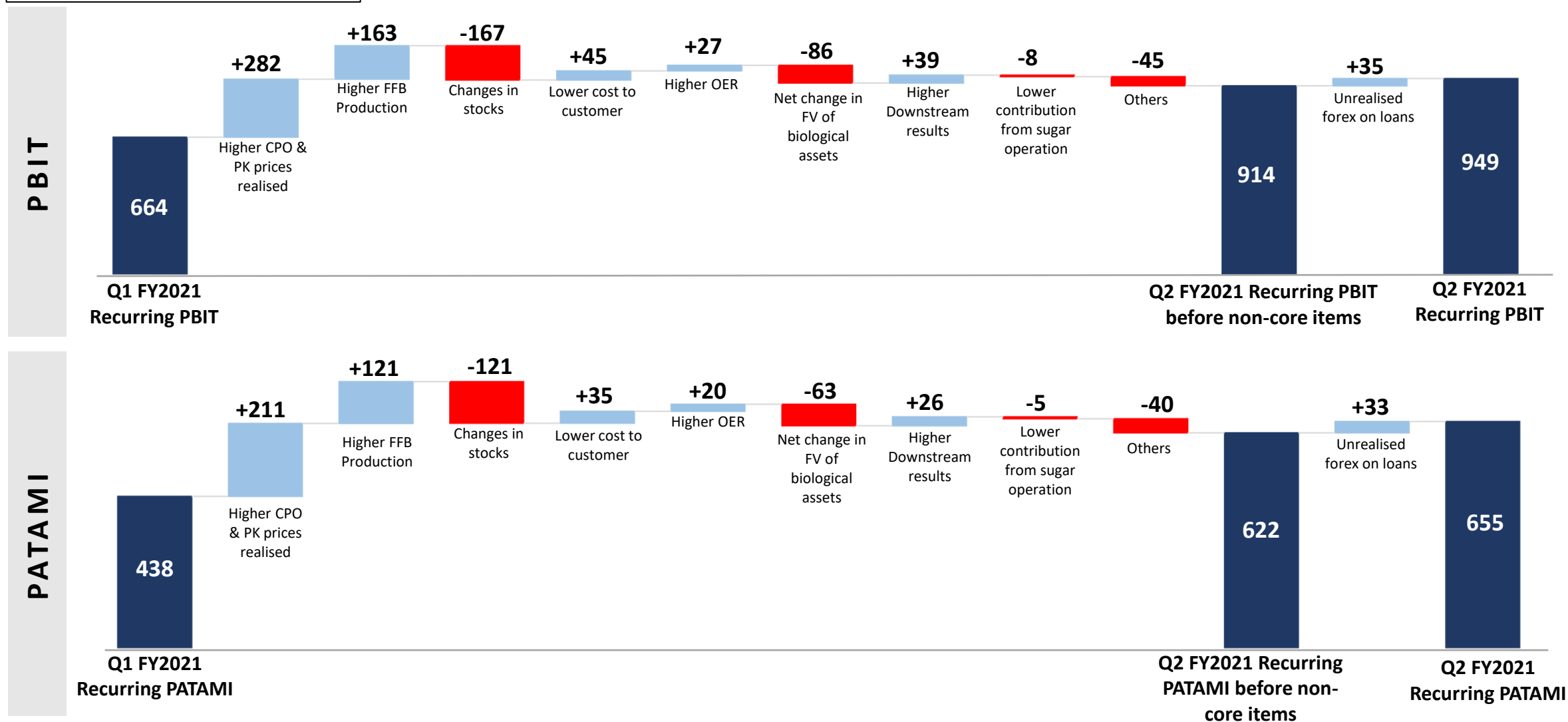
Q2 FY2021 vs Q2 FY2020



Recurring Profits – Continuing Operations

Sustained higher realised prices, improved FFB production and higher downstream profits compensated for the negative variance in both changes in stocks and FV of biological assets

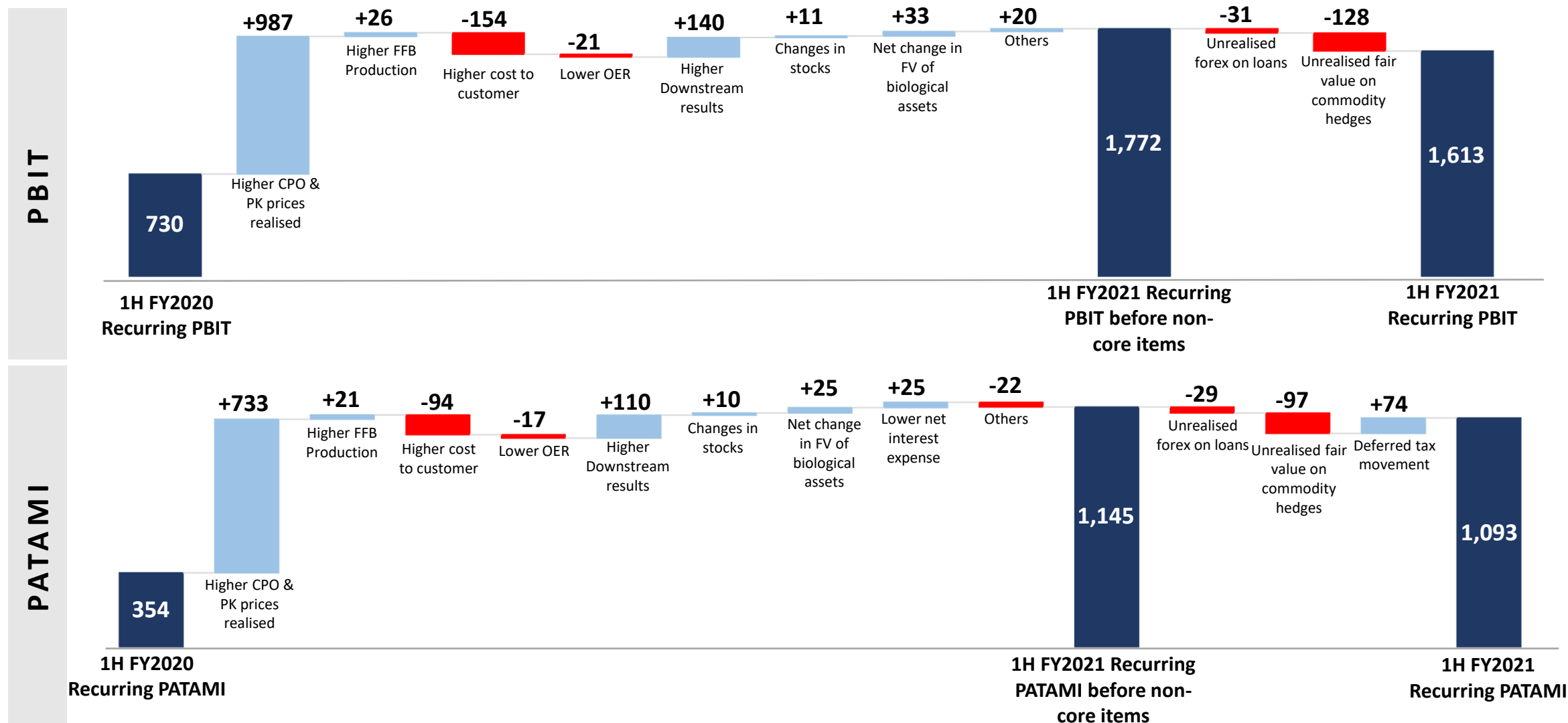
Q2 FY2021 vs Q1 FY2021



Recurring Profits – Continuing Operations

Significantly higher realised prices, higher Downstream profits and improved FFB production more than outweighed the impact from higher cost to customer and lower OER as well as the previous year's FV gain on commodity hedges

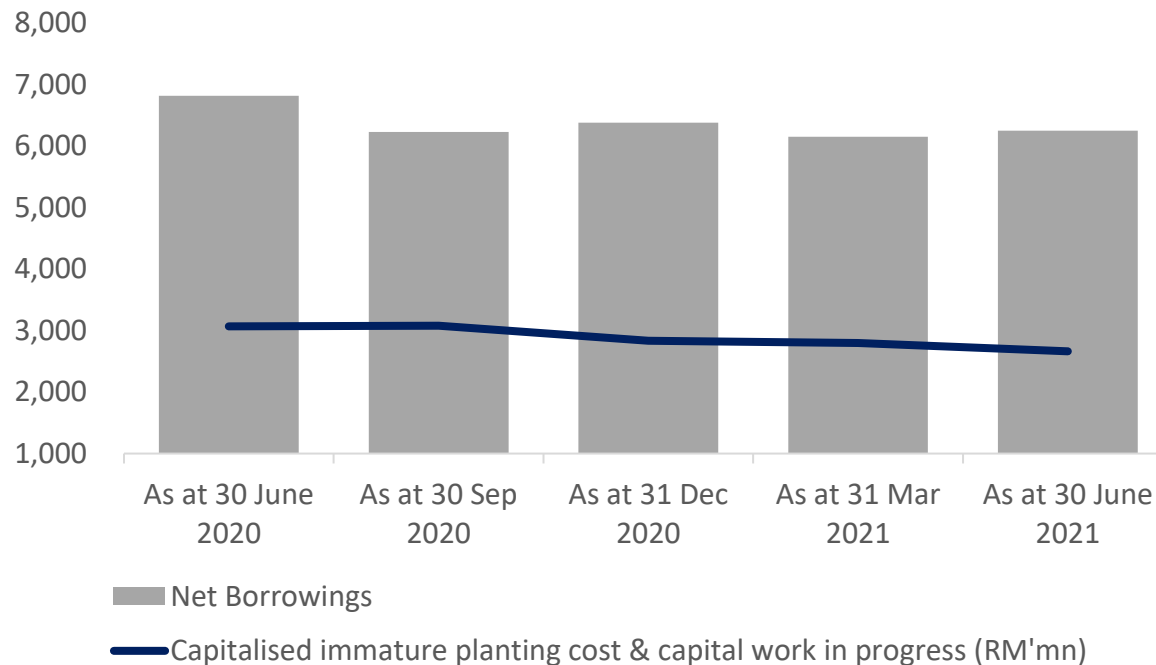
1H FY2021 vs 1H FY2020



Borrowings & Gearing Ratios

Net Gearing improved supported by higher cash and equity positions

Net Gearing ¹ (in RM'mn)	41%	39%	39%	38%	36%
Borrowings	7,553	6,920	6,682	6,793	7,047
Bank balances, deposits & cash	742	695	309	648	801
Net Borrowings	6,811	6,224	6,373	6,145	6,246



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

SECOND QUARTER ENDED 30 JUNE 2021

+RM661mn
NET CASH GENERATED
FROM OPERATING
ACTIVITIES

-RM306mn²
NET CASH USED IN
INVESTING ACTIVITIES
(CAPEX: -RM325mn)

-RM219mn
NET CASH USED IN
FINANCING ACTIVITIES

Net Borrowings as at 30 June 2021 increased by RM101mn compared to 31 March 2021 mainly due to:

- Increase in cash balances of RM153mn during the quarter.
- Net borrowings increase of RM241mn.
- Appreciation of EUR against RM by 2% resulting in higher borrowings balance (RM13mn).

Note: ² Apart from CAPEX also consists of Proceeds from Disposals of RM16mn as well as Finance & Dividend income of RM3mn

Operational Performance – Upstream

Double digit recovery in Indonesia operation's FFB production compensated for the decline recorded in Malaysia and PNG/SI



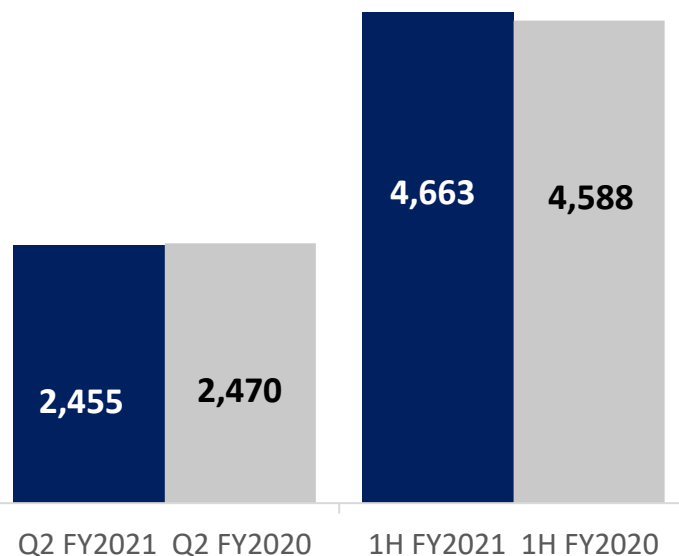
FFB PRODUCTION

TOTAL UPSTREAM

in '000 MT

-1% YoY

+2% YoY



	Q2 FY2021	1H FY2021
FFB Production ('000 MT)		
Upstream Malaysia	1,274 <i>Q2 FY2020: 1,387 (-8%)</i>	2,326 <i>1H FY2020: 2,461 (-5%)</i>
Upstream Indonesia	671 <i>Q2 FY2020: 563 (19%)</i>	1,363 <i>1H FY2020: 1,141 (19%)</i>
Upstream PNG/SI	510 <i>Q2 FY2020: 520 (-2%)</i>	974 <i>1H FY2020: 986 (-1%)</i>
Total	2,455 <i>Q2 FY2020: 2,470 (-1%)</i>	4,663 <i>1H FY2020: 4,588 (2%)</i>

▪ **Malaysia:** lower FFB production largely attributable to the prevailing labour shortage (as at 30 June 2021: shortage of 6,093 workers) and lower rainfall faced in some parts of Peninsular Malaysia which affected bunch ripening.

▪ **Indonesia:** significant improvement in FFB production mainly due to relatively good weather pattern with 17 continuous months of good rainfall and no dry spells which was favourable to crop production.

▪ **PNG/SI:** FFB production impacted by the shortage of skilled tall palm harvesters to cover the larger tall palm areas (age profile above 19 years: 15% of total planted area). The crop apportionment recorded in 1H FY2021 was also lower at 50% as compared to the 5 years historical crop trend of 53%.

Operational Performance – Upstream

OER improved in Q2 FY2021 owing to favourable weather conditions allowing for timely crop recovery

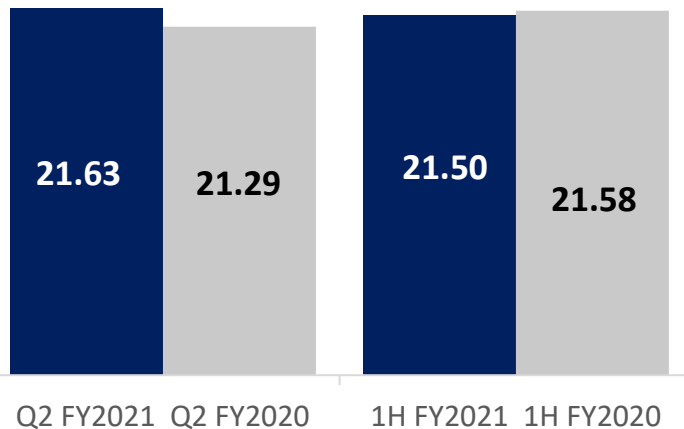
CPO EXTRACTION RATE

TOTAL UPSTREAM

in %

+0.34
p.p. YoY

-0.08
p.p. YoY



Note: p.p. – Percentage points

CPO Extraction Rate (OER) (%)

	Q2 FY2021	1H FY2021
Upstream Malaysia	21.02 <i>Q2 FY2020: 20.60 (0.42 pp)</i>	20.83 <i>1H FY2020: 20.80 (0.03 pp)</i>
Upstream Indonesia	21.87 <i>Q2 FY2020: 21.80 (0.07 pp)</i>	21.65 <i>1H FY2020: 22.38 (-0.73 pp)</i>
Upstream PNG/SI	22.69 <i>Q2 FY2020: 22.40 (0.29 pp)</i>	22.69 <i>1H FY2020: 22.40 (0.29 pp)</i>
Total	21.63 <i>Q2 FY2020: 21.29 (0.34 pp)</i>	21.50 <i>1H FY2020: 21.58 (-0.08 pp)</i>

- **Malaysia:** relatively drier weather in some parts of Peninsular Malaysia in Q2 FY2021 allowed for improved crop freshness due to timely crop recovery and delivery to mills.
- **Indonesia:** OER improved in Q2 FY2021 driven by better weather conditions. For 1H FY2021 OER was affected by flooding in certain areas during the early part of Q1 FY2021.
- **PNG/SI:** lower rainfall volume and expansion of area under mechanisation resulted in better harvesting intervals, crop quality and faster crop evacuation.

Operational Performance – Upstream

Average CPO prices realised continues to grow as edible oil prices remain elevated



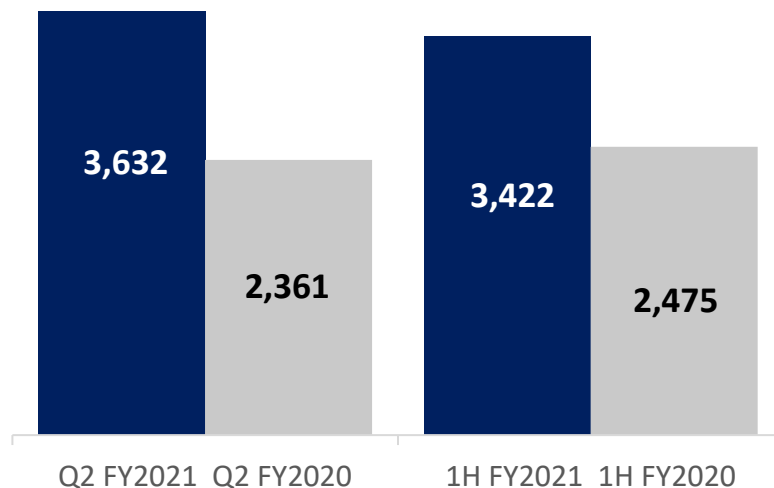
AVERAGE CPO PRICES REALISED

GROUP AVERAGE

in RM/MT

+54% YoY

+38% YoY



Average CPO Prices Realised (RM/MT)

	Q2 FY2021	1H FY2021
Upstream Malaysia	3,584	3,347
	Q2 FY2020: 2,310 (55%)	1H FY2020: 2,391 (40%)
Upstream Indonesia	3,109	2,993
	Q2 FY2020: 2,221 (40%)	1H FY2020: 2,439 (23%)
Upstream PNG/SI	4,396	4,147
	Q2 FY2020: 2,566 (71%)	1H FY2020: 2,677 (55%)
Total	3,632	3,422
	Q2 FY2020: 2,361 (54%)	1H FY2020: 2,475 (38%)

Financial Performance – Downstream

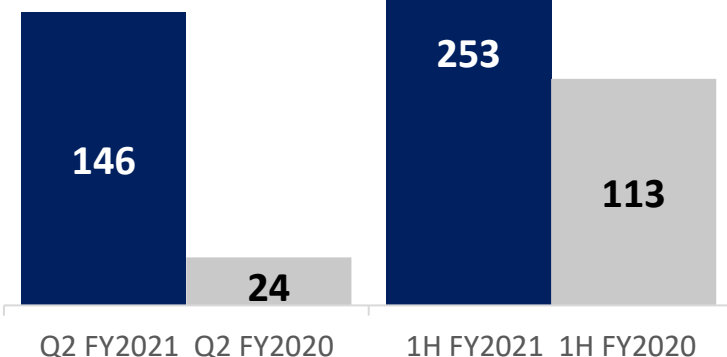
All regions registered improved performance translating into significantly higher profits

DOWNSTREAM PBIT

in RM'mil

>100% YoY

>100% YoY



	Q2 FY2021	1H FY2021
Recurring PBIT (RM'mn)		
Downstream		
Differentiated	90	152
	Q2 FY2020: 22 (>100%)	1H FY2020: 163 (-6%)
Trading	23	28
	Q2 FY2020: 16 (44%)	1H FY2020: 29 (-0.03%)
Bulk	39	85
	Q2 FY2020: -10 (>100%)	1H FY2020: -73 (>100%)
Total*	146	253
	Q2 FY2020: 24 (>100%)	1H FY2020: 113 (>100%)

- The Asia Pacific region saw better performance in its bulk operations driven by a turnaround from the low margins recorded in the corresponding quarter of the previous year which compensated for lower bulk product sales volumes as well as lower margins and sales recorded in its differentiated segment.
- In Europe and Africa, the Group maintained similar sales volumes as the corresponding quarter and continues to record improved margins due to higher selling prices and stringent cost control measures.

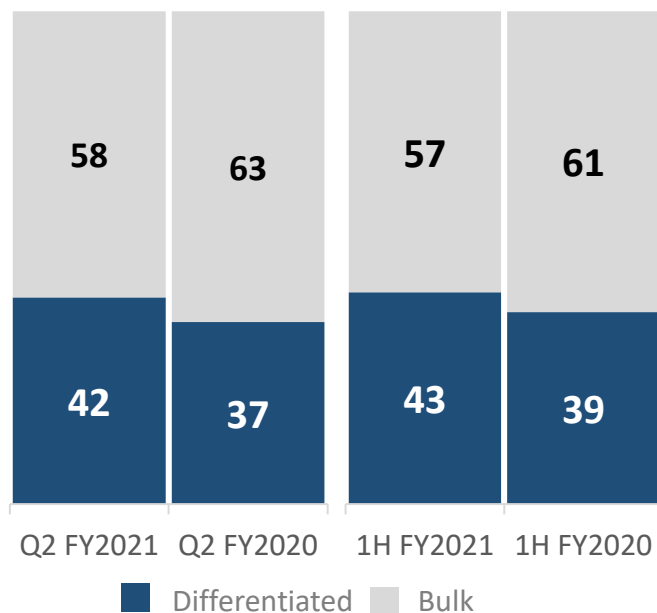
Note: * After deducting corporate expenses

Operational Performance – Downstream

Pro-longed depressed demand and insufficient CPO feedstock impacting sales volume and capacity utilisation

PRODUCT RATIO

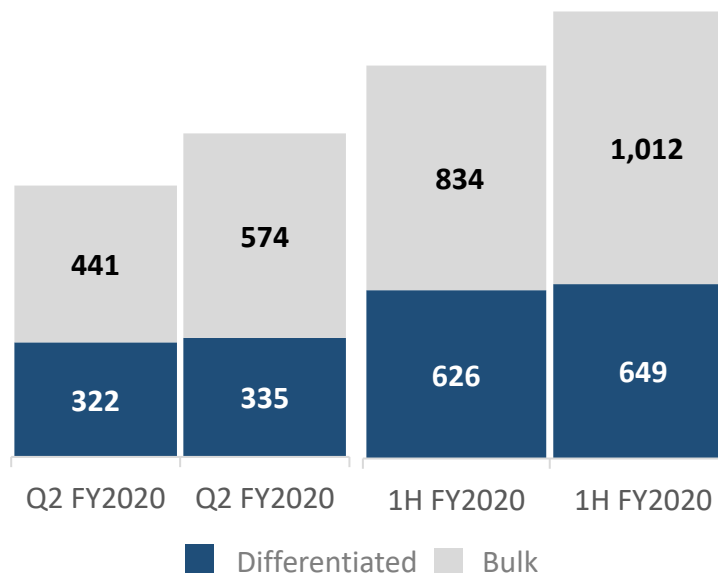
in %



SALES VOLUME

in '000 MT

Q2 FY2021	Q2 FY2020	1H FY2021	1H FY2020
765	924	1,476	1,692
-17% YoY		-13% YoY	

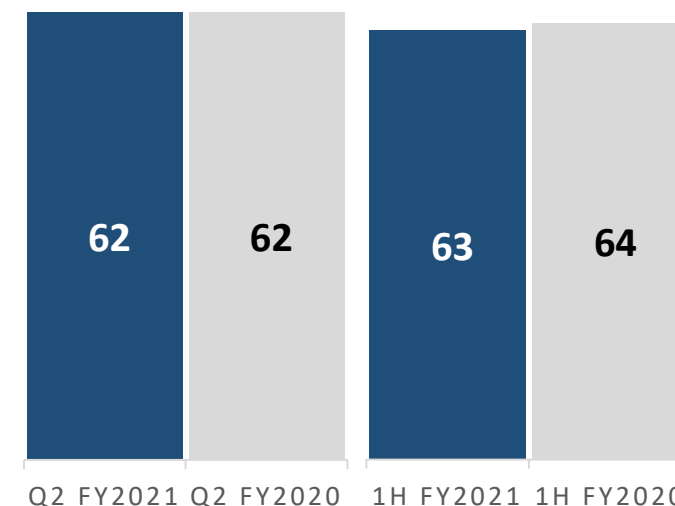


CAPACITY UTILISATION

in %

0% YoY

-1% YoY



Key Update

Update on the Withhold Release Order (WRO) Issued by the U.S. Customs and Border Protection (US CBP)



Current Status

1. Independent Human Rights Assessment by Impactt

- The assessment commenced in April as per the timeline.
- The national lockdown has unavoidably delayed the completion of Impactt's assessment of SDP's labour practices in Malaysia.

2. SDP's Board Sustainability Committee is overseeing the entire exercise

3. United States Customs Border Protection (USCBP) / Withhold Release Order (WRO)

- Aware that we are conducting the assessment and that it is ongoing.

4. Other engagements

- Continued engagements with ESG investors, Customers and Financial institutions to keep updated of progress.
- Continued engagement with Government agencies and authorities to support activities and improvement plans.

Ongoing Action Plans

Continuous improvement

- Internal action plans are being developed and implemented while awaiting completion of the report. This includes amongst others:
 - **Passports** – in addition to providing individual centralised secure lockers, workers will now be provided with the additional option of placing their passports in individual, secure cabinets within their homes.
 - **Access to remedy** – A full review of all SDP grievance channels is ongoing to see how existing systems can be improved further.
 - **Recruitment** – SDP has a zero recruitment fee policy in place and continue to review and improve our foreign worker recruitment processes.
 - **Social dialogue** - A new platform for social dialogue with all workers to be rolled out across all operations.
 - **Improved internal structures** – A review of reporting lines and structures will be conducted to ensure more effective implementation of all our policies and procedures.
 - **New Governance structure -**



Our commitment remains to complete the assessment and implement any required improvements recommended by Impactt

Dividend

The Board has declared an interim dividend of 7.90 sen per share in respect of the financial year ending 31 December 2021 which represents a 50% payout of 1H FY2021 recurring PATAMI.

	FY 2021		FY 2020	
	Net per share (sen)	Total Net Dividend (RM'mn)	Net per share (sen)	Total Net Dividend (RM'mn)
Interim dividend	7.90	546	2.57	177
Final dividend	-	-	5.42	373
Total Normal Dividend	7.90	546	7.99	550
Special interim dividend	-	-	1.45	100
Special final dividend	-	-	2.13	147
Total Special Dividend	-	-	3.58	247
TOTAL DIVIDEND	7.90	546	11.57	797

APPENDIX

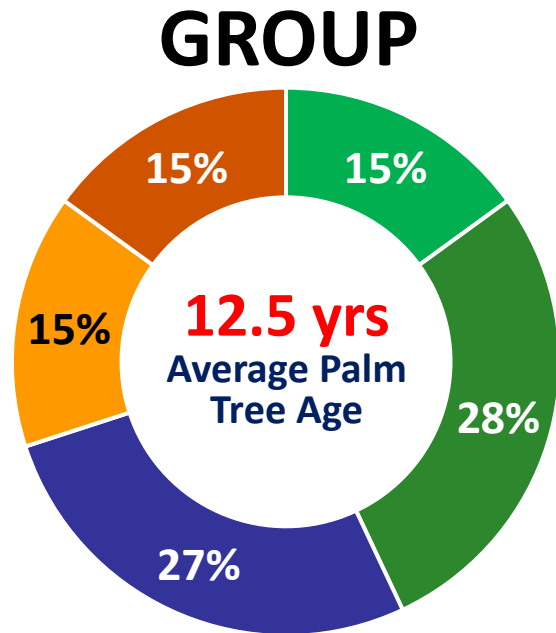
Summary of Operational Statistics

As at 30 June 2021

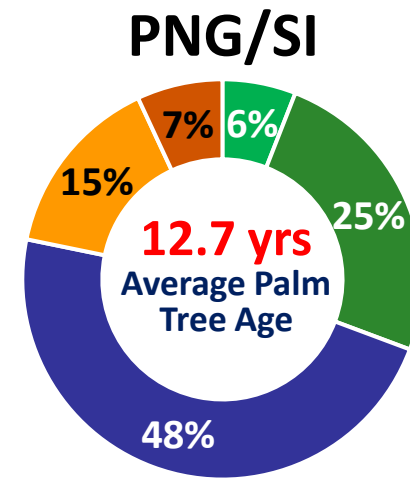
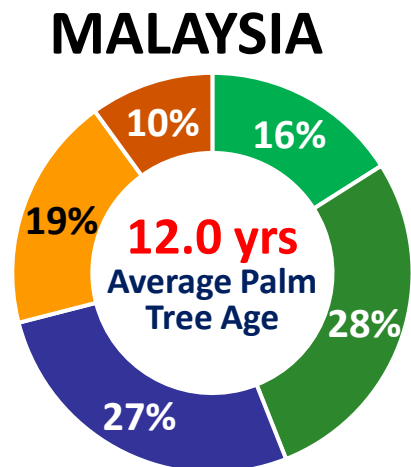
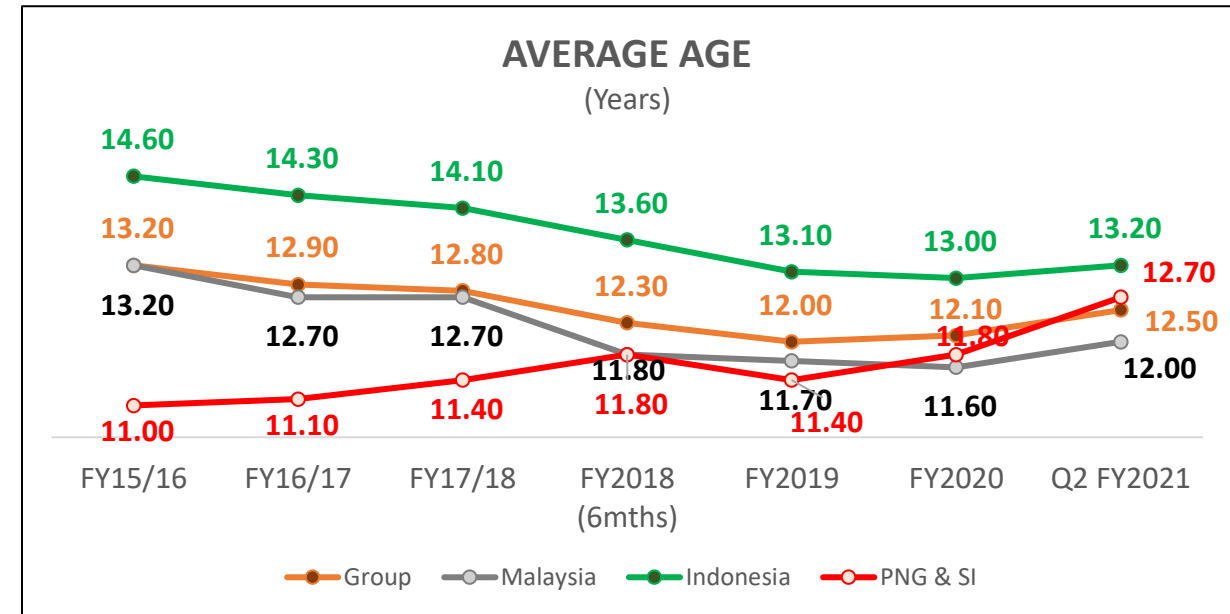
For the 6 Months Ended	Malaysia		YoY %	Indonesia		YoY %	PNG/SI		YoY %	GROUP		YoY %
	30 Jun 2021	30 Jun 2020		30 Jun 2021	30 Jun 2020		30 Jun 2021	30 Jun 2020		30 Jun 2021	30 Jun 2020	
FFB Production ('000 MT)	2,326	2,461	-5%	1,363	1,141	19%	974	986	-1%	4,663	4,588	2%
FFB Yield per mature ha (MT/Ha)	9.36	10.01	-7%	8.64	7.46	16%	11.36	11.74	-3%	9.48	9.51	-0.3%
CPO Production (Own) ('000 MT)	488	515	-5%	296	255	16%	221	221	-	1,005	991	1%
CPO Production (Total) ('000 MT)	555	589	-6%	371	310	20%	288	288	-	1,214	1,188	2%
PK Production (Own) ('000 MT)	118	126	-7%	61	51	20%	55	56	-2%	234	233	0.4%
PK Production (Total) ('000 MT)	132	144	-8%	77	62	25%	71	73	-2%	281	279	1%
CPO Extraction Rate (%)	20.83	20.80	0.03	21.65	22.38	-0.73	22.69	22.40	0.29	21.50	21.58	-0.08
PK Extraction Rate (%)	4.97	5.08	-0.11	4.51	4.48	0.03	5.61	5.64	-0.03	4.97	5.06	-0.08
Average CPO Selling Price (RM/MT)	3,347	2,391	40%	2,993	2,439	23%	4,147	2,677	55%	3,422	2,475	38%
Average PK Selling Price (RM/MT)	2,588	1,517	71%	1,873	1,137	65%	-	-	-	2,312	1,394	66%

Breakdown of Age Profile

As at 30 June 2021



As at June 2021, SD Plantation has 581,472 ha of oil palm planted of which 85% is mature and 15% is immature.



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

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