



Plantation

# Financial Year Ending 31 December 2021 Results Announcement Third Quarter ended 30 September 2021

18 November 2021

# Financial Highlights

Net profit more than tripled in Q3 FY2021 owing to prevailing high palm oil prices



in RM'mn	Quarter Ended 30 September			9M Ended 30 September		
	FY2021	FY2020	YOY	FY2021	FY2020	YOY
<b>CONTINUING OPERATIONS</b>						
<b>Revenue</b>	<b>5,061</b>	<b>3,182</b>	<b>59%</b>	<b>13,145</b>	<b>9,442</b>	<b>39%</b>
<b>PBIT</b>	<b>925</b>	<b>332</b>	<b>&gt;100%</b>	<b>2,651</b>	<b>1,521</b>	<b>74%</b>
<b>PATAMI</b>	<b>635</b>	<b>190</b>	<b>&gt;100%</b>	<b>1,844</b>	<b>962</b>	<b>92%</b>
<b>DISCONTINUED OPERATIONS*</b>						
<b>PATAMI</b>	<b>-25</b>	<b>-</b>	<b>&gt;-100%</b>	<b>-55</b>	<b>74</b>	<b>&gt;-100%</b>
<b>TOTAL</b>						
<b>PATAMI</b>	<b>610</b>	<b>190</b>	<b>&gt;100%</b>	<b>1,789</b>	<b>1,036</b>	<b>73%</b>
<b>Basic EPS (RM'sen)</b>	<b>8.8</b>	<b>2.8</b>	<b>&gt;100%</b>	<b>25.9</b>	<b>15.0</b>	<b>73%</b>
<b>Continuing Operations</b>	<b>9.2</b>	<b>2.8</b>	<b>&gt;100%</b>	<b>26.7</b>	<b>13.9</b>	<b>92%</b>
<b>Discontinued Operations</b>	<b>-0.4</b>	<b>-</b>	<b>&gt;-100%</b>	<b>-0.8</b>	<b>1.1</b>	<b>&gt;-100%</b>

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



# Financial Performance by Segment – Continuing Operations



Significantly higher profits recorded by the Upstream segment more than compensated for the lower contribution from the Downstream segment

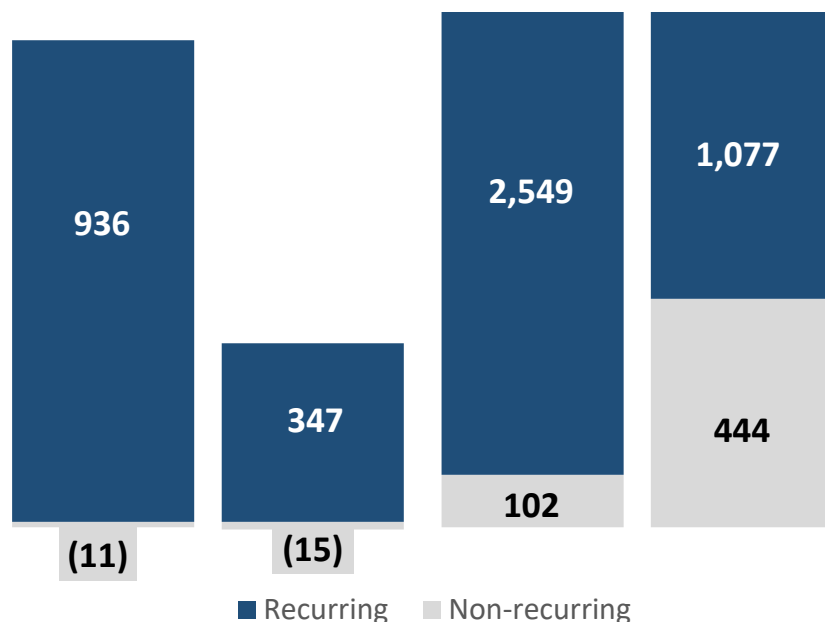
## TOTAL PBIT

in RM'mn

<u>Q3 FY2021</u>	<u>Q3 FY2020</u>	<u>9M FY2021</u>	<u>9M FY2020</u>
<b>925</b>	<b>332</b>	<b>2,651</b>	<b>1,521</b>

**>+100% YoY**

**+74% YoY**



	Q3 FY2021	9M FY2021
<i>Recurring PBIT (RM'mn)</i>		
<b>Upstream</b>	<b>913</b>	<b>2,245</b>
	<i>Q3 FY2020: 273 (&gt;100%)</i>	<i>9M FY2020: 877 (&gt;100%)</i>
Upstream Malaysia	<b>327</b>	<b>717</b>
	<i>Q3 FY2020: 231 (42%)</i>	<i>9M FY2020: 606 (18%)</i>
Upstream Indonesia	<b>331</b>	<b>842</b>
	<i>Q3 FY2020: 75 (&gt;100%)</i>	<i>9M FY2020: 207 (&gt;100%)</i>
Upstream PNG/SI	<b>255</b>	<b>686</b>
	<i>Q3 FY2020: -33 (&gt;100%)</i>	<i>9M FY2020: 64 (&gt;100%)</i>
<b>Downstream</b>	<b>7</b>	<b>260</b>
	<i>Q3 FY2020: 71 (-90%)</i>	<i>9M FY2020: 184 (41%)</i>
<b>Others*</b>	<b>16</b>	<b>44</b>
	<i>Q3 FY2020: 3 (&gt;100%)</i>	<i>9M FY2020: 16 (&gt;100%)</i>
<b>Total Recurring PBIT</b>	<b>936</b>	<b>2,549</b>
	<i>Q3 FY2020: 347 (&gt;100%)</i>	<i>9M FY2020: 1,077 (&gt;100%)</i>

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 earnings largely due to higher realised prices as well as improved OER which outweighed the impact from lower FFB production and lower Downstream contribution as well as higher cost to customer

## Q3 FY2021 vs Q3 FY2020

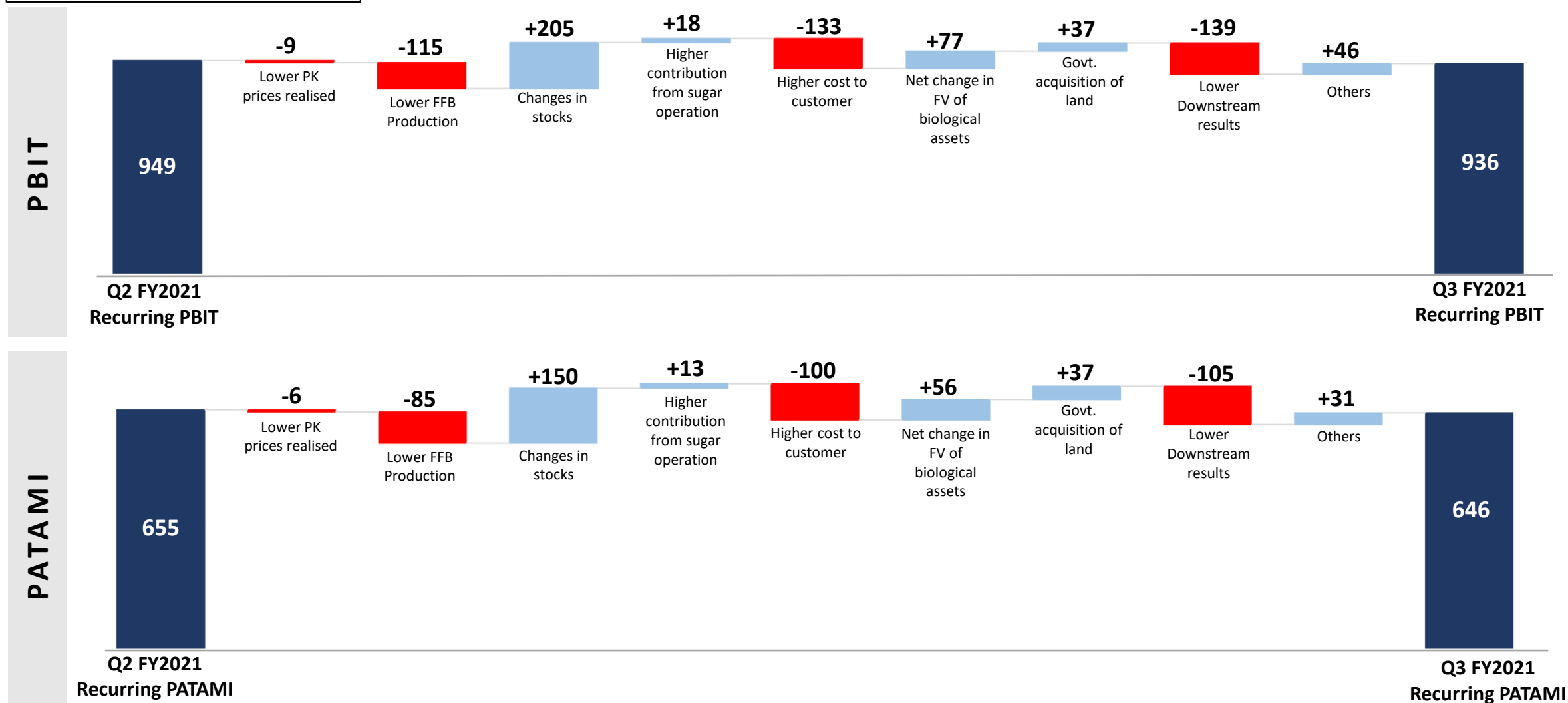


# Recurring Profits – Continuing Operations

Marginally lower QoQ profits mainly due to lower Downstream contribution and FFB production as well as higher cost to customer which was mitigated by the positive variance in stocks and FV of biological assets



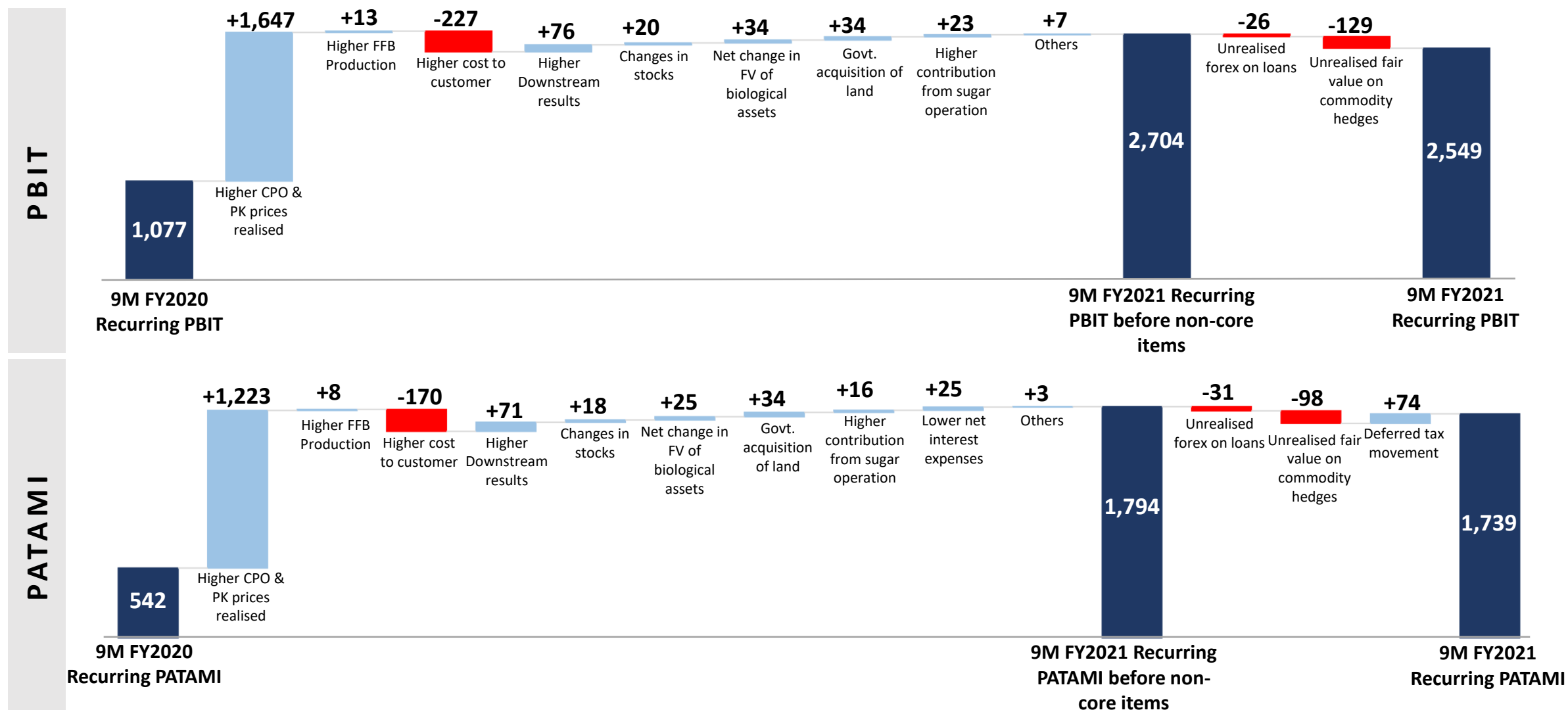
## Q3 FY2021 vs Q2 FY2021



# Recurring Profits – Continuing Operations

Higher earnings largely driven by significantly higher realised prices which more than outweighed the impact from higher cost to customer

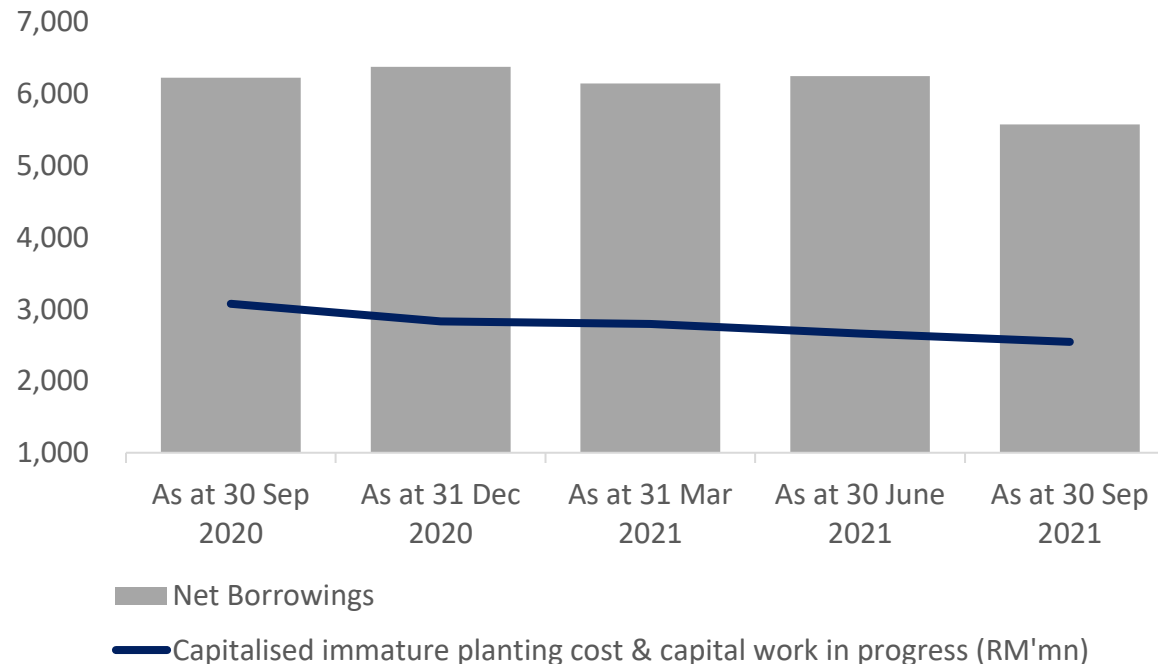
## 9M FY2021 vs 9M FY2020



# Borrowings & Gearing Ratios

Net gearing continues to improve owing to higher cash balances

Net Gearing <sup>1</sup> (in RM'mn)	<b>39%</b>	<b>39%</b>	<b>38%</b>	<b>36%</b>	<b>32%</b>
Borrowings	<b>6,920</b>	<b>6,682</b>	<b>6,793</b>	<b>7,047</b>	<b>7,096</b>
Bank balances, deposits & cash	<b>695</b>	<b>309</b>	<b>648</b>	<b>801</b>	<b>1,522</b>
Net Borrowings	<b>6,224</b>	<b>6,373</b>	<b>6,145</b>	<b>6,246</b>	<b>5,574</b>



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

## THIRD QUARTER ENDED 30 SEPTEMBER 2021

**+RM1,273mn**  
NET CASH GENERATED  
FROM OPERATING  
ACTIVITIES

**-RM364mn**  
NET CASH USED IN  
INVESTING ACTIVITIES  
(CAPEX: -RM367mn)

**-RM99mn**  
NET CASH USED IN  
FINANCING ACTIVITIES

**Net Borrowings as at 30 September 2021 decreased by RM672mn compared to 30 June 2021 mainly due to:**

- Increase in cash balances of RM721mn.
- Net loans drawdown totaling RM25mn.
- Appreciation of USD against RM by 1% resulting in an impact of RM25mn.

Note: <sup>2</sup> Apart from CAPEX also consists of Proceeds from Disposals of RM36mn as well as Finance & Dividend income of RM6mn

# Operational Performance – Upstream

Better weather experienced in Indonesia and change in crop pattern witnessed in PNG/SI resulted in higher FFB production in these jurisdictions which compensated for the decline faced in Malaysia

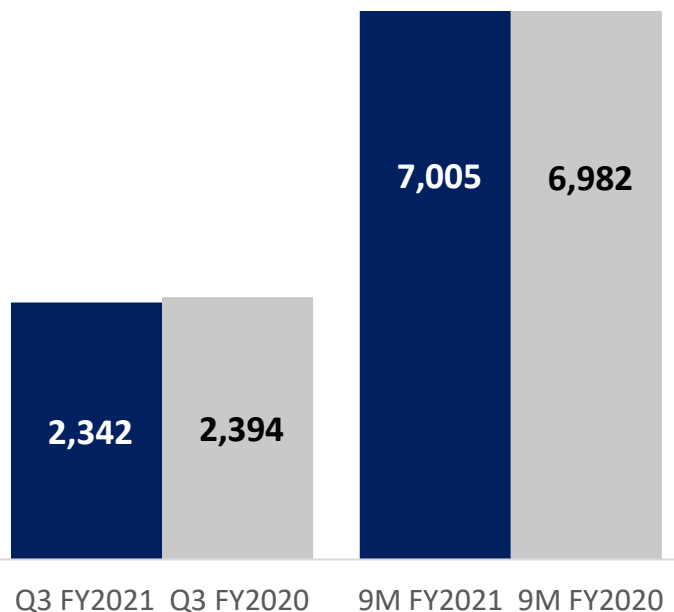
## FFB PRODUCTION

### TOTAL UPSTREAM

in '000 MT

**-2% YoY**

**+0.3% YoY**



	Q3 FY2021	9M FY2021
FFB Production ('000 MT)		
Upstream Malaysia	1,232	3,558
	Q3 FY2020: 1,367 (-10%)	9M FY2020: 3,828 (-7%)
Upstream Indonesia	641	2,004
	Q3 FY2020: 591 (8%)	9M FY2020: 1,731 (16%)
Upstream PNG/SI	469	1,443
	Q3 FY2020: 436 (7%)	9M FY2020: 1,422 (1%)
<b>Total</b>	<b>2,342</b>	<b>7,005</b>
	Q3 FY2020: 2,394 (-2%)	9M FY2020: 6,982 (0.3%)

- **Malaysia:** Continues to be impacted by the prevailing acute labour shortage (as of 30 September 2021: shortage of approximately 7,000 workers).
- **Indonesia:** Benefited from good weather with only one month of dry spell faced in the last 21-month period resulting in significant improvement in FFB production in the current year.
- **PNG/SI:** Witnessed a change in crop pattern with higher FFB production seen in Q3 FY2021 with crop apportionment now expected to be higher in 2H FY2021 deviating from the typical historical trend.



# Operational Performance – Upstream

OER continues to improve owing to favourable weather conditions allowing for timely crop recovery and better crop quality



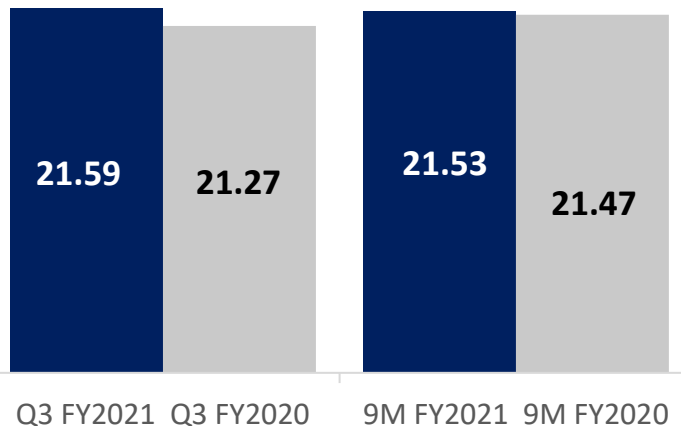
## CPO EXTRACTION RATE

### TOTAL UPSTREAM

in %

**+0.32**  
p.p. YoY

**+0.06**  
p.p. YoY



Note: p.p. – Percentage points

CPO Extraction Rate  
(OER) (%)

Q3  
FY2021

9M  
FY2021

Upstream Malaysia

**21.08**

**20.92**

Q3 FY2020: 21.03 (0.05 pp)

9M FY2020: 20.88 (0.04 pp)

Upstream Indonesia

**21.52**

**21.61**

Q3 FY2020: 20.95 (0.57 pp)

9M FY2020: 21.92 (-0.31 pp)

Upstream PNG/SI

**22.91**

**22.76**

Q3 FY2020: 22.31 (0.60 pp)

9M FY2020: 22.38 (0.38 pp)

**Total**

**21.59**

**21.53**

Q3 FY2020: 21.27 (0.32 pp)

9M FY2020: 21.47 (0.06 pp)

- **Malaysia:** Relatively better rainfall pattern in Peninsular Malaysia in Q3 FY2021 as compared to the same period last year which allowed for accelerated crop recovery and better crop quality.
- **Indonesia:** Improvement driven by better weather conditions especially in the Sumatera Region. For the 9M FY2021 period, OER was affected by flooding in certain areas during the early part of the year.
- **PNG/SI:** Improved crop evacuation and crop quality owing to the continuous efforts of expanding areas under mechanisation and improving road conditions.

# Operational Performance – Upstream

Higher average CPO prices realised as edible oil prices continues to remain elevated



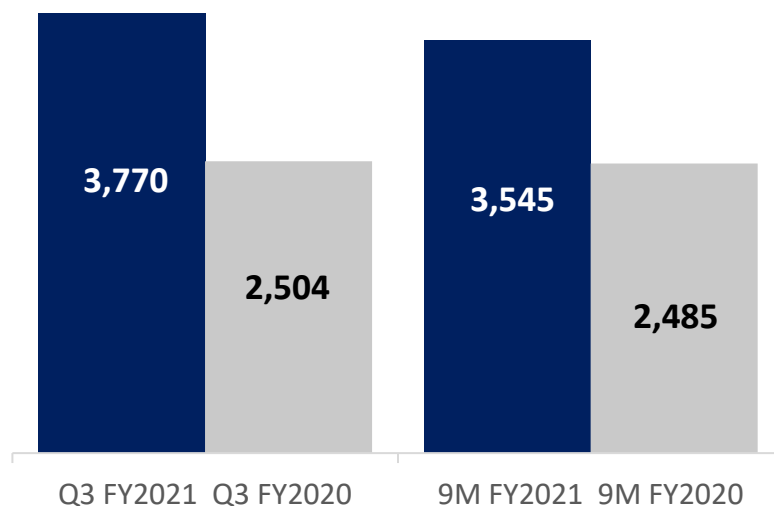
## AVERAGE CPO PRICES REALISED

### GROUP AVERAGE

in RM/MT

**+51% YoY**

**+43% YoY**



### Average CPO Prices Realised (RM/MT)

	Q3 FY2021	9M FY2021
Upstream Malaysia	3,611 <i>Q3 FY2020: 2,548 (42%)</i>	3,441 <i>9M FY2020: 2,446 (41%)</i>
Upstream Indonesia	3,483 <i>Q3 FY2020: 2,563 (36%)</i>	3,161 <i>9M FY2020: 2,481 (27%)</i>
Upstream PNG/SI	4,475 <i>Q3 FY2020: 2,366 (89%)</i>	4,262 <i>9M FY2020: 2,567 (66%)</i>
<b>Total</b>	<b>3,770</b> <i>Q3 FY2020: 2,504 (51%)</i>	<b>3,545</b> <i>9M FY2020: 2,485 (43%)</i>

# Financial Performance – Downstream

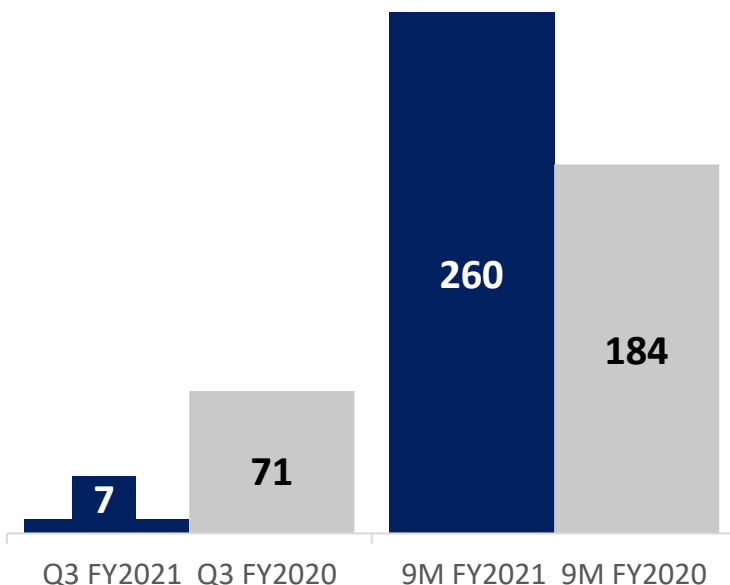
Overall Q3 results impacted by unrealized loss on commodity hedges due to rising CPO market prices

## DOWNSTREAM PBIT

in RM'mil

**-90% YoY**

**+41% YoY**



	Q3 FY2021	9M FY2021
<b>Downstream</b>		
Differentiated	<b>-10</b>	<b>143</b>
	Q3 FY2020: -13 (23%)	9M FY2020: 151 (-5%)
Trading	<b>-60</b>	<b>-31</b>
	Q3 FY2020: 26 (>-100%)	9M FY2020: 55 (>-100%)
Bulk	<b>84</b>	<b>169</b>
	Q3 FY2020: 62 (36%)	9M FY2020: -11 (>100%)
<b>Total*</b>	<b>7</b>	<b>260</b>
	Q3 FY2020: 71 (-90%)	9M FY2020: 184 (41%)

- In Asia Pacific, while both the bulk and differentiated segments recorded higher sales volume the overall results was impacted by the unrealised loss on commodity hedges in its bulk segment as well as lower margins in its differentiated segment.
- In Europe and Africa, both sales volume and margins improved translating into lower losses contributed from operations in these regions.

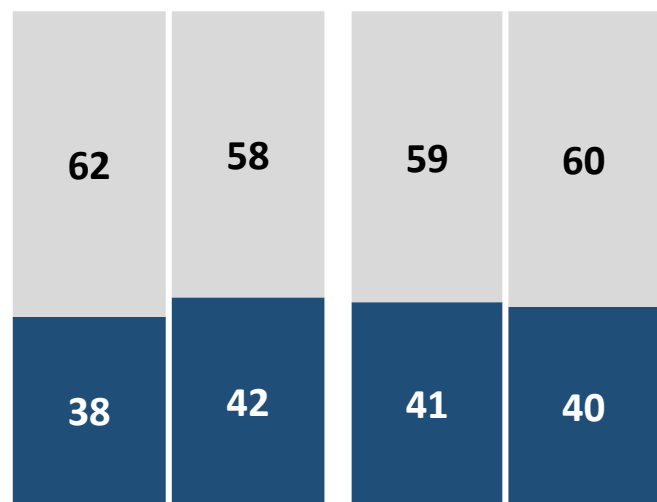
Note: \* After deducting corporate expenses

# Operational Performance – Downstream

Higher utilization recorded in Q3 due to higher sales volume particularly from the Asia Pacific operations

## PRODUCT RATIO

in %

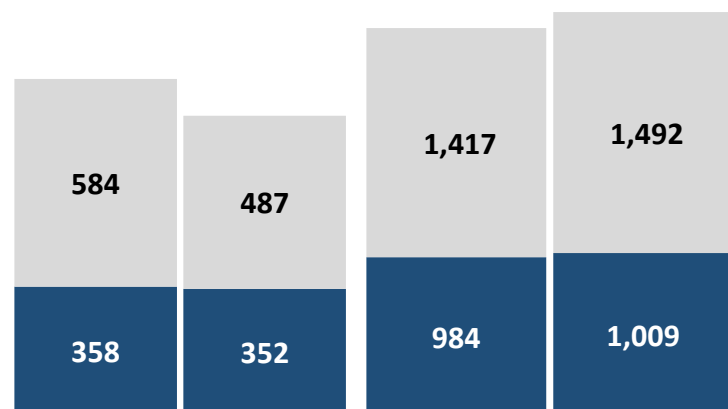


■ Differentiated ■ Bulk

## SALES VOLUME

in '000 MT

Q3 FY2021	Q3 FY2020	9M FY2021	9M FY2020
943	855	2,418	2,547
+10% YoY		-5% YoY	



■ Differentiated ■ Bulk

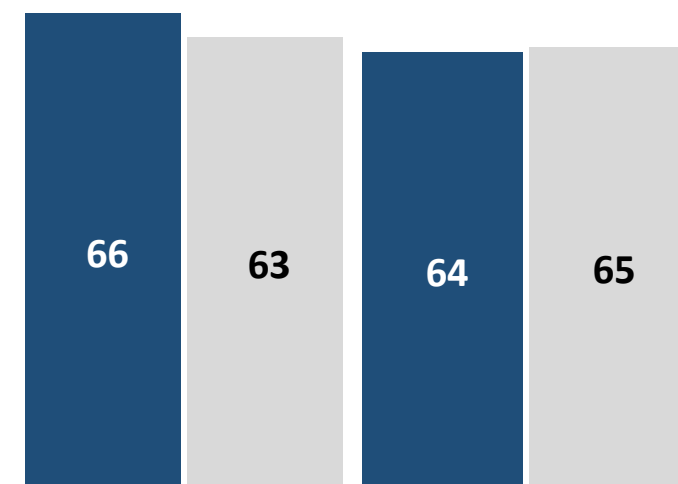
Note: Total figures includes sales volume under tolling

## CAPACITY UTILISATION

in %

+3.3% YoY

-0.7% YoY



Q3 FY2021 Q3 FY2020 9M FY2021 9M FY2020



# Latest Biogas Plants Initiative

Proposed collaboration with Cenergi SEA Berhad (Cenergi)



## BACKGROUND

- On 9 October 2021, Sime Darby Plantation Renewable Energy Sdn Bhd (SDPRE), a subsidiary of SDP signed a Term Sheet with Cenergi to co-develop two new biogas power plants at SDP's Sungai Dingin estate in Kedah and Kok Foh estate in Negeri Sembilan.
- To date, Cenergi has developed three biogas power plants for SDP's palm oil mills which are currently operational, while two others are under construction with targeted completion in November 2021 and mid-2022.
- The Biogas plants will capture methane, a high-impact GHG which is a by-product of POME stored in anaerobic wastewater treatment ponds in palm oil operations. Methane released from POME is the single largest emission source in palm oil operations, contributing to 69% of total emissions.

## On Track to 40% Carbon Emission Reduction by 2030

- By 2030, SDP aims to have a total of 31 biogas plants.
- Besides the two new plants, SDP has 11 biogas plants across its operations with another nine scheduled to be up and running in 2022.
- To date, SDP has achieved a relative carbon emission reduction of 18% through biogas initiatives alone. With the current biogas plan it is putting in place, SDP expects to achieve an estimated total reduction of 28% by the end of 2022.

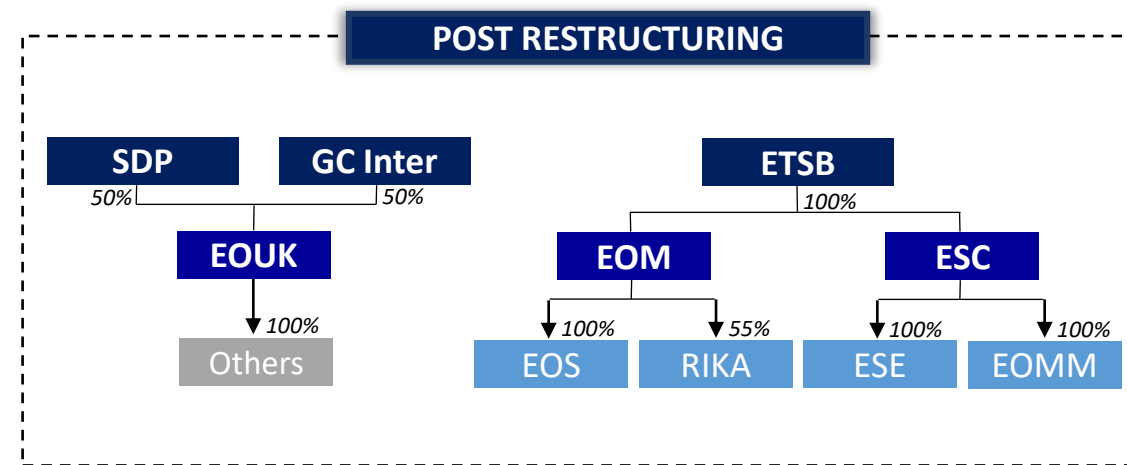
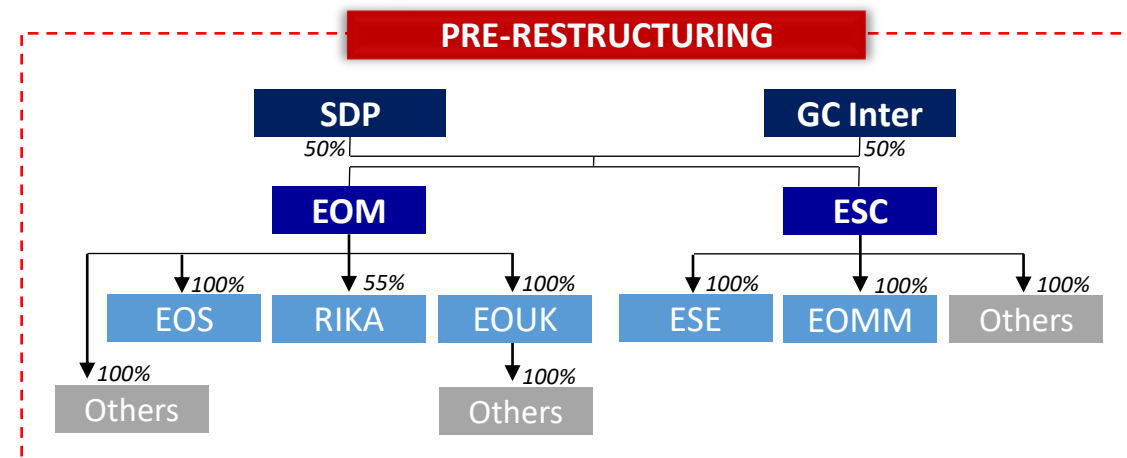
# Divestment of the Asia Pacific Business of Emery Group

Emery Oleochemicals (M) Sdn Bhd (EOM) and Emery Specialty Chemicals Sdn Bhd (ESC)



## BACKGROUND

- On 1 November 2021 SDP together with PTTGC International Private Limited (GC Inter) completed the divestment of their collective 100% equity interest in EOM and ESC together with its subsidiaries which are principally involved in Emery's Asia Pacific business to Edenor Technology Sdn Bhd (ETSB) for a total cash consideration of RM38.0 million.
- The equity consideration of RM38.0million is derived based on an enterprise value of RM243.0million less the target net debt of RM205.0million.
- The final sales consideration will be subject to price adjustments based on the net working capital of EOM and ESC at completion, target for finalization by December 2021. However, the Divestment is not expected to have material effect on the earnings for the financial year ending 31 December 2021.
- Following the divestment, EOM and ESC have ceased to be joint venture companies of SDP. SDP continues to hold Emery's North America and Europe oleochemical businesses via its 50:50 joint venture with GC Inter in Emery Oleochemicals UK Limited (EOUK).
- The divested Emery AP entities have restricted use of the name "Emery", the logo related with "Emery" and the prefix "Emer-" for a period of up to twelve (12) months from the completion date.



### Legend:

**EOS** - Emeryleo Specialties (M) Sdn Bhd

**RIKA** - Emery Oleochemicals Rika (M) Sdn Bhd

**Others** - Emery North America and Europe entities

**ESE** - Emery Specialty Esters (M) Sdn Bhd

**EOMM** - Emery Oleochemicals Marketing (M) Sdn Bhd

# APPENDIX

# Summary of Operational Statistics

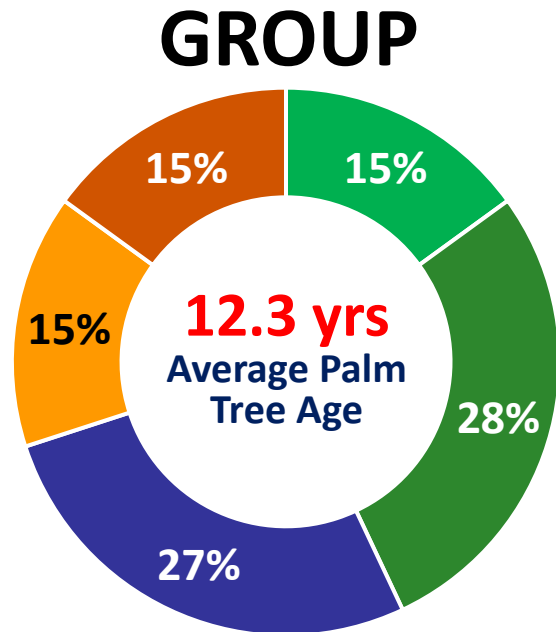
As at 30 September 2021

For the 9 Months Ended	Malaysia		YoY %	Indonesia		YoY %	PNG		YoY %	GROUP (All Operations)		YoY %
	30 Sep 2021	30 Sep 2020		30 Sep 2021	30 Sep 2020		30 Sep 2021	30 Sep 2020		30 Sep 2021	30 Sep 2020	
FFB Production ('000 MT)	3,558	3,828	-7%	2,004	1,731	16%	1,443	1,422	1%	7,005	6,982	0.3%
FFB Yield per mature ha (MT/Ha)	14.31	15.59	-8%	12.67	11.25	13%	16.83	16.88	-0.3%	14.22	14.44	-2%
CPO Production (Own) ('000 MT)	751	804	-7%	435	380	15%	328	318	3%	1,514	1,502	1%
CPO Production (Total) ('000 MT)	858	909	-6%	537	451	19%	425	412	3%	1,820	1,772	3%
PK Production (Own) ('000 MT)	178	197	-9%	90	77	16%	82	81	1%	350	355	-2%
PK Production (Total) ('000 MT)	204	222	-8%	112	92	21%	106	105	1%	421	419	0.6%
CPO Extraction Rate (%)	20.92	20.88	0.04	21.61	21.92	-0.31	22.76	22.38	0.38	21.53	21.47	0.06
PK Extraction Rate (%)	4.97	5.10	-0.13	4.49	4.48	0.01	5.67	5.68	-0.01	4.98	5.07	-0.09
Average CPO Selling Price (RM/MT)	3,441	2,446	41%	3,161	2,481	27%	4,262	2,567	66%	3,545	2,485	43%
Average PK Selling Price (RM/MT)	2,564	1,502	71%	1,844	1,126	64%	-	-	-	2,299	1,386	66%

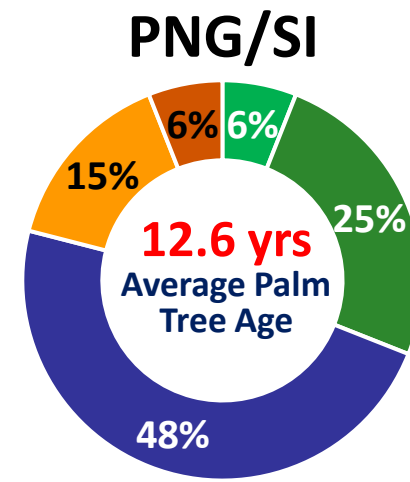
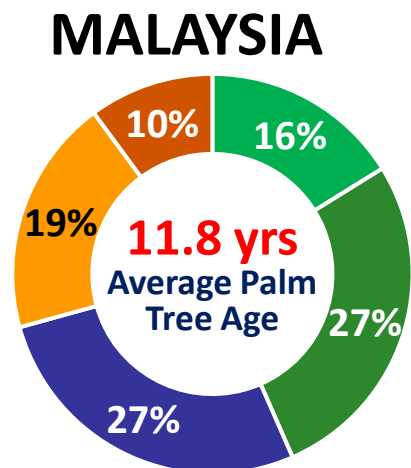
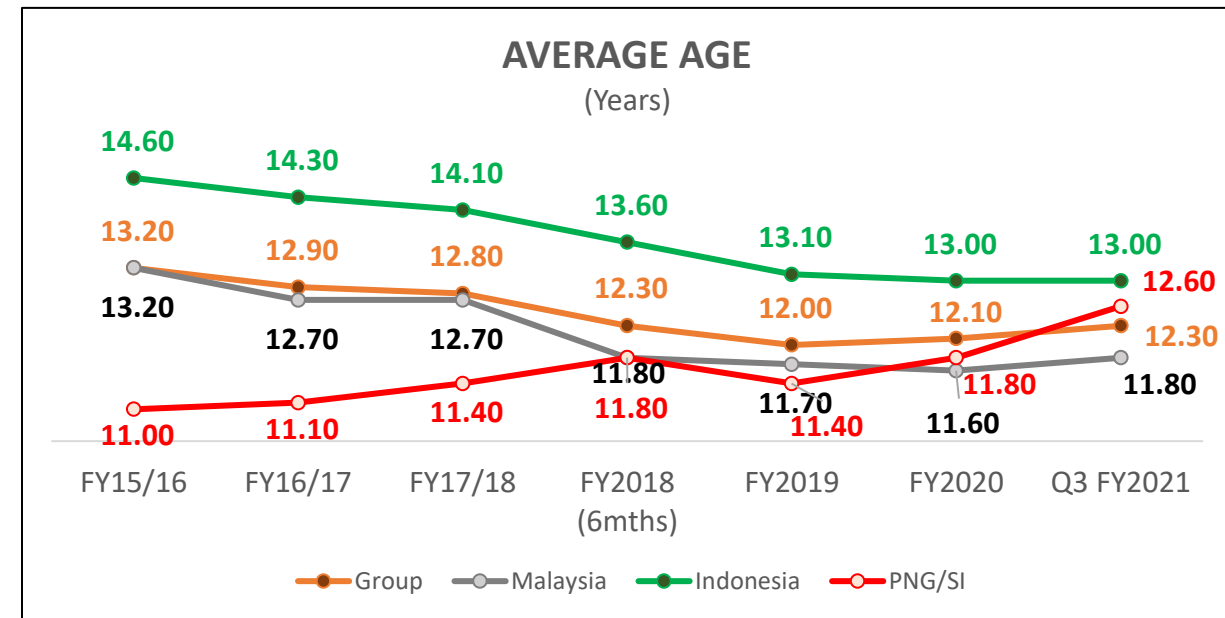


# Breakdown of Age Profile

As at 30 September 2021



As at September 2021, SDP has 579,774 ha of oil palm planted of which 85% is mature and 15% is immature.



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