

# First Quarter of Financial Year 2022 (1QFY2022) Results Announcement

20 May 2022

**2 CENTURIES  
OF LEADERSHIP**  
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**Sime  
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# Financial Highlights

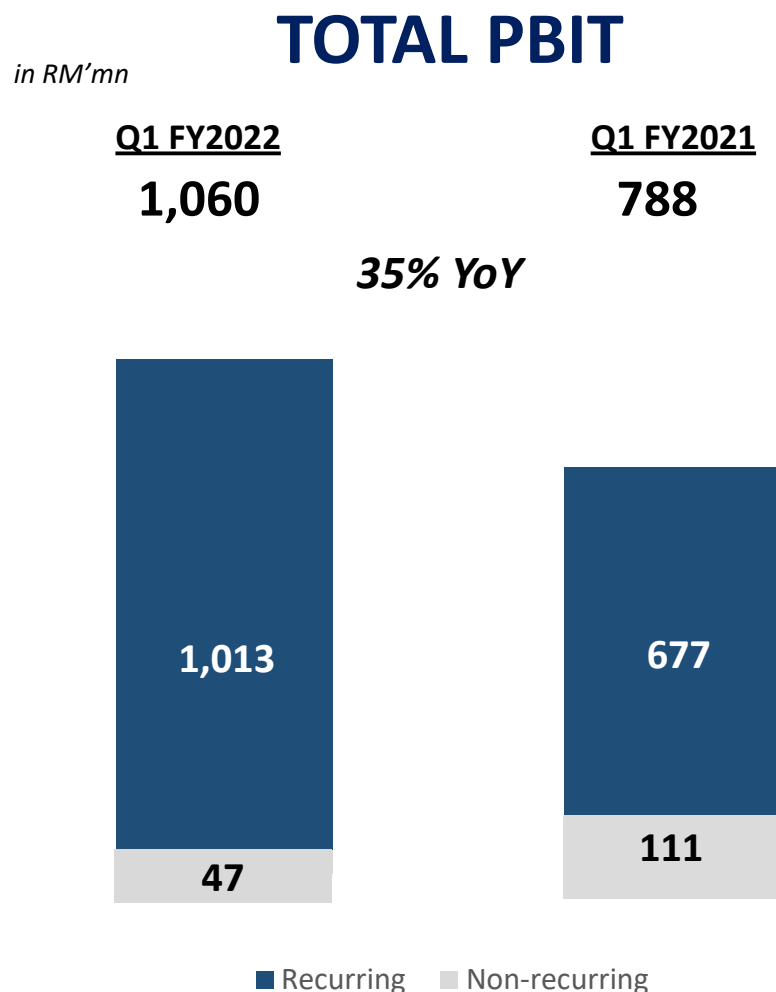
Q1 FY2022's higher YoY performance marks a positive start to the year



<i>in RM'mn</i>	Q1 FY2022	Q1 FY 2021	YOY
<b>Revenue</b>	<b>4,381</b>	<b>3,673</b>	<b>19%</b>
<b>PBIT</b>	<b>1,060</b>	<b>788</b>	<b>35%</b>
■ Recurring PBIT	1,013	677	50%
■ Non-recurring PBIT	47	111	-58%
<b>PBT</b>	<b>1,043</b>	<b>776</b>	<b>34%</b>
<b>PATAMI</b>	<b>718</b>	<b>562</b>	<b>28%</b>
<b>Basic EPS</b> <i>(RM'sen)</i>	<b>10.4</b>	<b>8.2</b>	<b>27%</b>

# Financial Performance by Segment – Continuing Operations

Recurring PBIT grew by 50% in Q1 FY2022 as realised palm prices remained buoyant



<i>Recurring PBIT (RM'mn)</i>	Q1 FY2022	Q1 FY2021	YoY
<b>Upstream</b>	<b>839</b>	<b>543</b>	<b>55%</b>
Upstream Malaysia	224	120	87%
Upstream Indonesia	153	190	-19%
Upstream PNG/SI	462	233	98%
<b>Downstream</b>	<b>132</b>	<b>107</b>	<b>23%</b>
<b>Others*</b>	<b>42</b>	<b>27</b>	<b>56%</b>
<b>Total Recurring PBIT</b>	<b>1,013</b>	<b>677</b>	<b>50%</b>

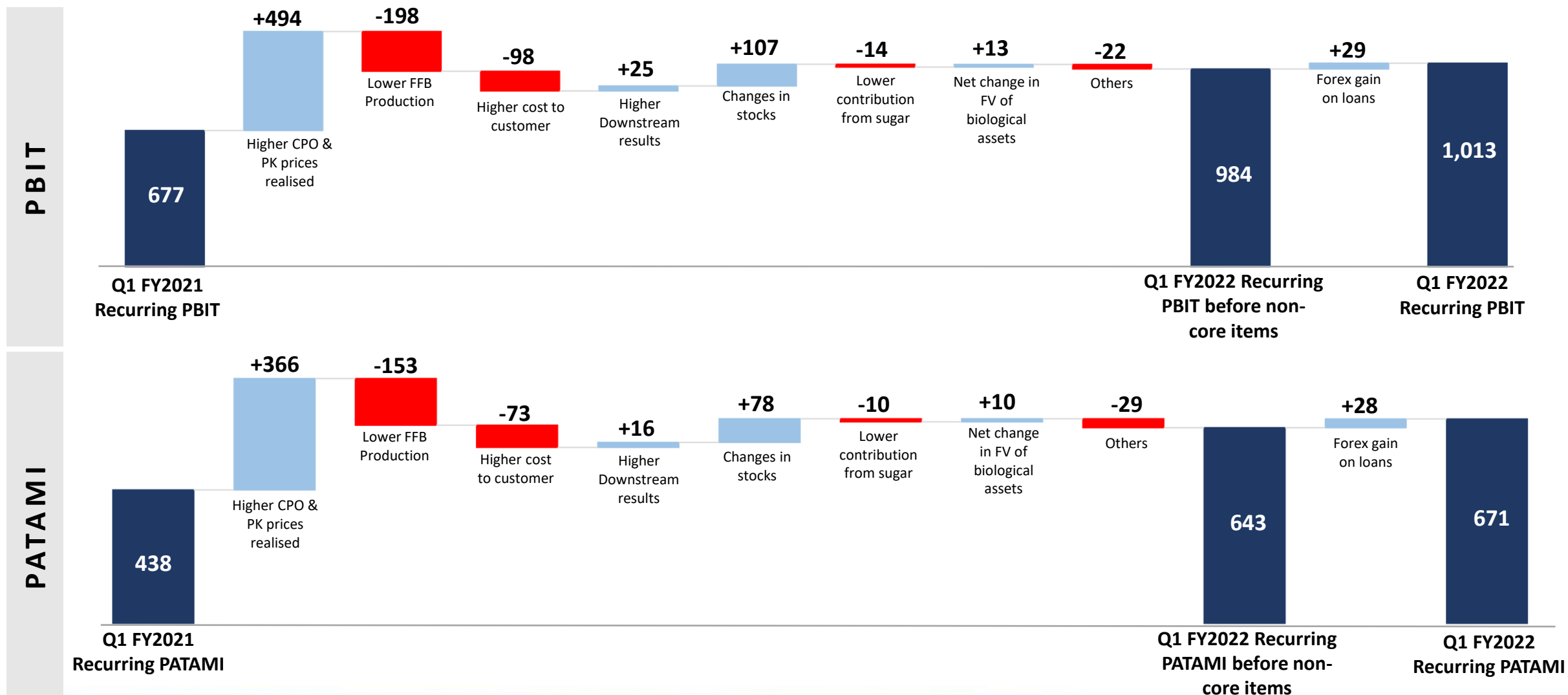
Note: \* Others refers to Sime Darby Agri-Bio Sdn Bhd, Sime Darby Research Sdn Bhd, Sime Darby Technology Sdn Bhd, Sime Darby Biotech Lab Sdn Bhd, Sime Darby Seeds Sdn Bhd, as well as investment holding companies, associates and JVs

# Recurring Profits – Continuing Operations

Impact from lower FFB production and higher cost to customer was mitigated by higher realised prices & stock valuation



## Q1 FY2022 vs Q1 FY2021

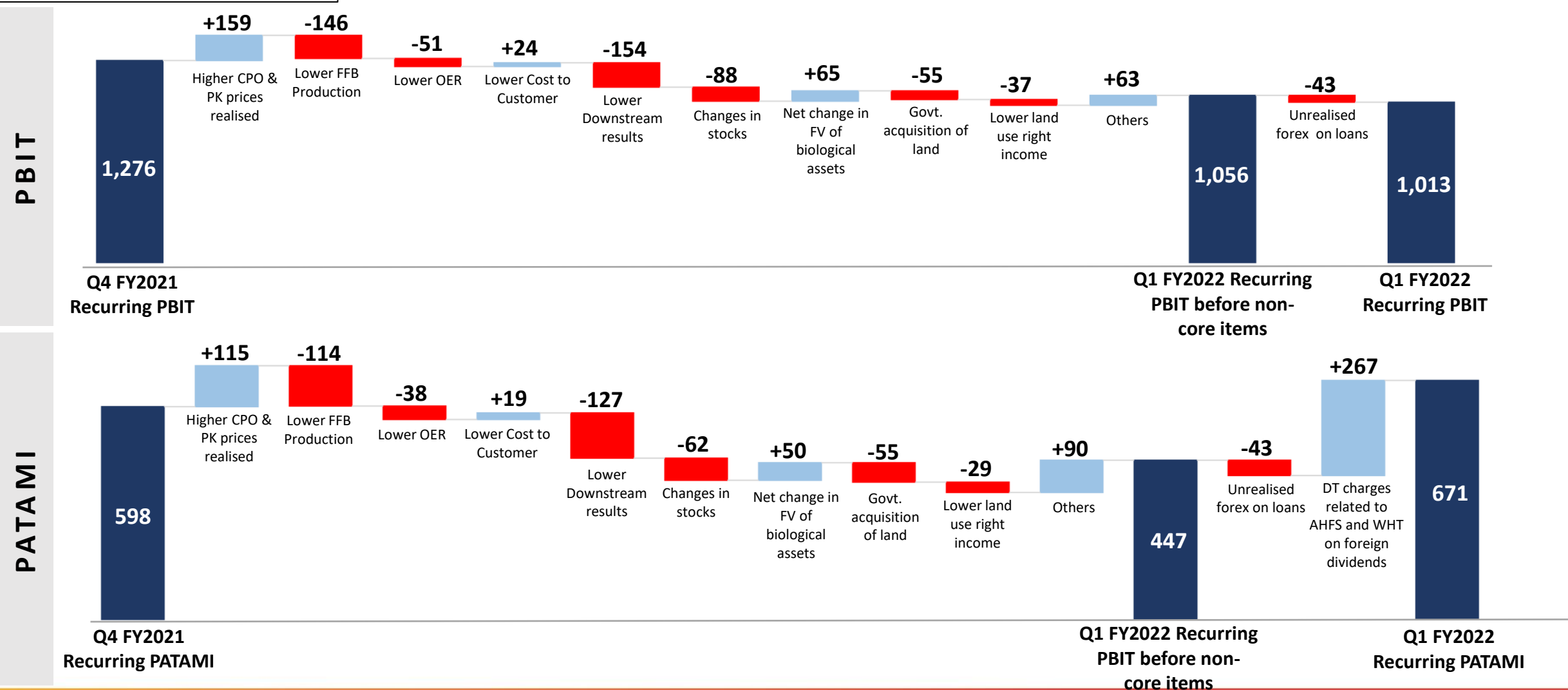


# Recurring Profits – Continuing Operations

QoQ earnings impacted by lower FFB production & OER, as well as lower downstream profits & stock valuation



## Q1 FY2022 vs Q4 FY2021

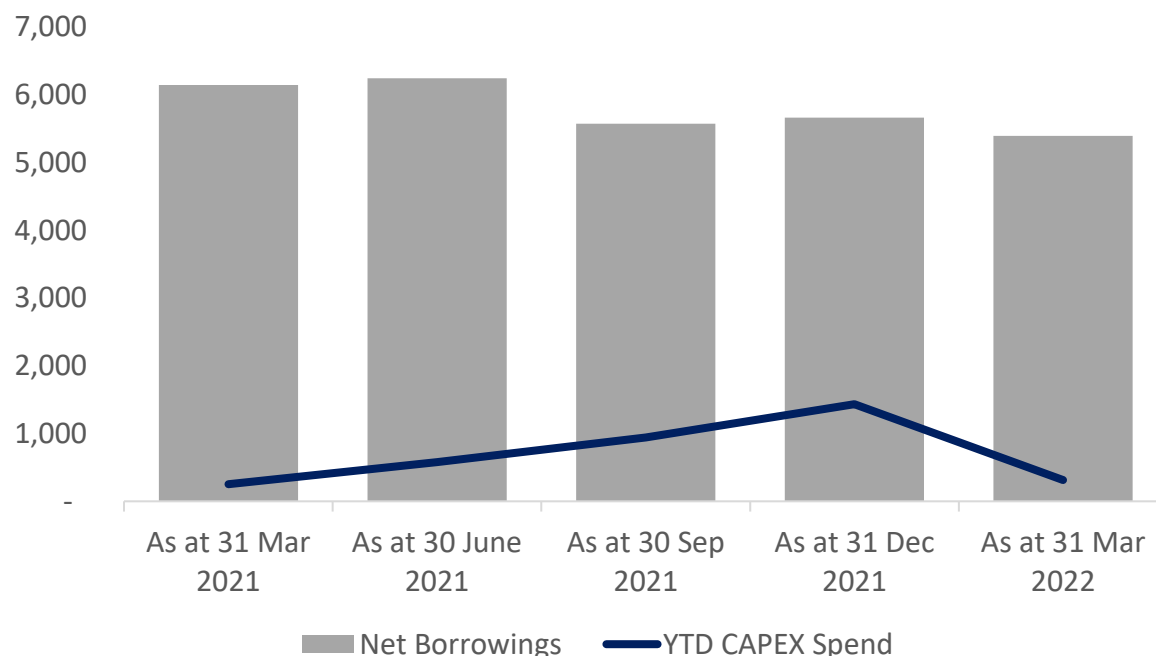


# Borrowings & Gearing Ratios

Net gearing continues to improve decreasing to 31% in Q1 FY2022



<i>Net Gearing<sup>1</sup></i> <i>(in RM'mn)</i>	<b>38%</b>	<b>36%</b>	<b>32%</b>	<b>32%</b>	<b>31%</b>
<i>Borrowings</i>	<b>6,793</b>	<b>7,047</b>	<b>7,097</b>	<b>6,251</b>	<b>6,536</b>
<i>Bank balances, deposits &amp; cash</i>	<b>648</b>	<b>801</b>	<b>1,522</b>	<b>589</b>	<b>1,141</b>
<i>Net Borrowings</i>	<b>6,145</b>	<b>6,246</b>	<b>5,575</b>	<b>5,662</b>	<b>5,395</b>



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

## FIRST QUARTER ENDED 31 MARCH 2022

**+RM659mn**

NET CASH GENERATED  
FROM OPERATING  
ACTIVITIES

**-RM241mn<sup>2</sup>**

NET CASH USED IN  
INVESTING ACTIVITIES  
(CAPEX: -RM314mn)

**+RM165mn**

NET CASH GENERATED  
FROM FINANCING  
ACTIVITIES

**Net Borrowings as at 31 March 2022 decreased by RM267mn compared to 31 December 2021 mainly due to:**

- Net loans repaid totaling RM260mn due to higher cash generated from operations.
- Appreciation of USD against RM by 1% resulting in an impact of RM23mn.

Note: <sup>2</sup> Apart from CAPEX also consists of Proceeds from Disposals of RM55mn, Finance & Dividend income of RM3mn as well as receipt from repayment of advances for plasma plantation projects of RM14mn.

# Operational Performance – Upstream

FFB production mainly impacted by prevailing shortage of workers experienced in Malaysia

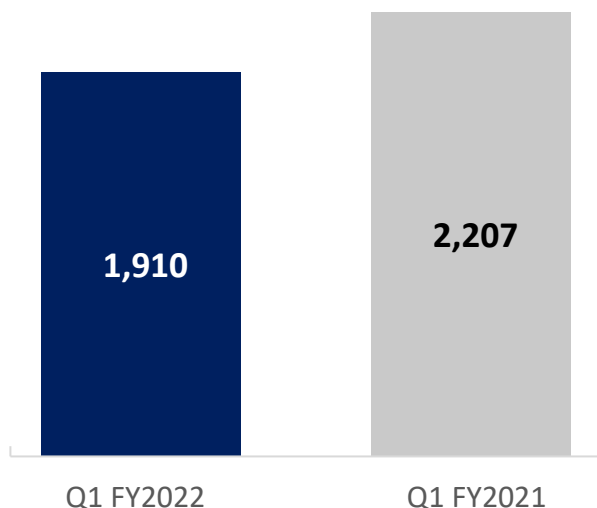


## FFB PRODUCTION

### TOTAL UPSTREAM

in '000 MT

**-13% YoY**



FFB Production ('000 MT)	Q1 FY2022	Q1 FY2021	YoY
Upstream Malaysia	883	1,052	-16%
Upstream Indonesia	560	692	-19%
Upstream PNG/SI	467	464	0.7%
<b>Total</b>	<b>1,910</b>	<b>2,207</b>	<b>-13%</b>

- **Malaysia:** Impacted by the prolonged acute labour shortage which compounded the harvester shortage to about 3,545 harvesters as at 1Q FY2022 (equivalent to a 32% shortage against total requirement).
- **Indonesia:** FFB production seems to have normalised compared to the same period last year which was a record quarter being the highest in the last 5-year period.
- **PNG/SI:** Additional seasonal harvesters recruited in the quarter translated into improved crop recovery. Furthermore, the Group also observed better bunch formation and pollination which also improved production particularly in young areas.



# Operational Performance – Upstream

Higher OER experienced in Indonesia and PNG/SI compensated for the decline recorded in Malaysia

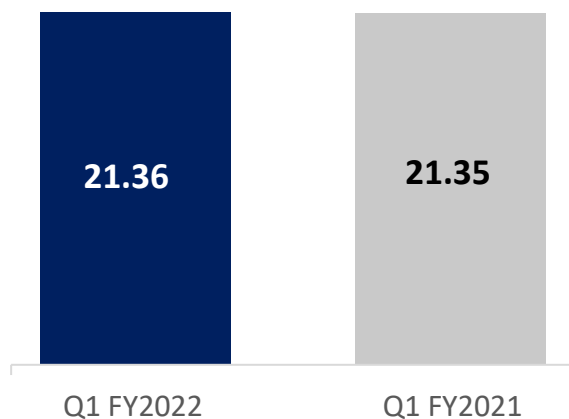


## CPO EXTRACTION RATE

### TOTAL UPSTREAM

in %

**+0.01**  
**p.p. YoY**



CPO Extraction Rate (OER) (%)	Q1 FY2022	Q1 FY2021	p.p YoY
Upstream Malaysia	20.24	20.60	-0.36
Upstream Indonesia	21.82	21.44	0.38
Upstream PNG/SI	22.84	22.70	0.14
<b>Total</b>	<b>21.36</b>	<b>21.35</b>	<b>0.01</b>

- **Malaysia:** As a result of shortage of harvesters, harvesting intervals were extended causing high percentage of off-spec quality crop.
- **Indonesia:** Improvement driven particularly by higher OER in the Sumatera regions benefiting from relatively better weather conditions which allowed for good crop delivery and quality.
- **PNG/SI:** Higher OER recorded particularly from new development areas in Markham Farm as the crop are mainly from young mature palms with high oil content.



# Operational Performance – Upstream

Higher prices realised as palm oil supply constraints persists, further exacerbated by the prolonged labour shortage in Malaysia

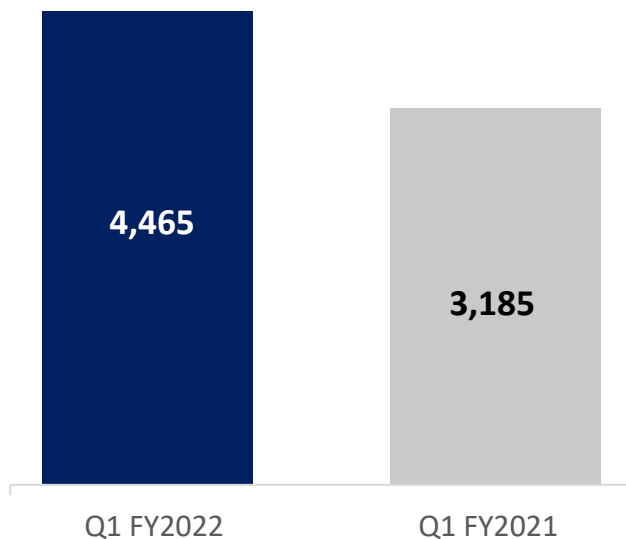


## AVERAGE CPO PRICES REALISED

### GROUP AVERAGE

in RM/MT

**+40% YoY**



<i>Average CPO Prices Realised (RM/MT)</i>	<b>Q1 FY2022</b>	<b>Q1 FY2021</b>	<b>YoY</b>
Upstream Malaysia	<b>4,122</b>	<b>3,026</b>	36%
Upstream Indonesia	<b>4,112</b>	<b>2,886</b>	42%
Upstream PNG/SI	<b>5,527</b>	<b>3,890</b>	42%
<b>Total</b>	<b>4,465</b>	<b>3,185</b>	40%

# Financial Performance – Downstream

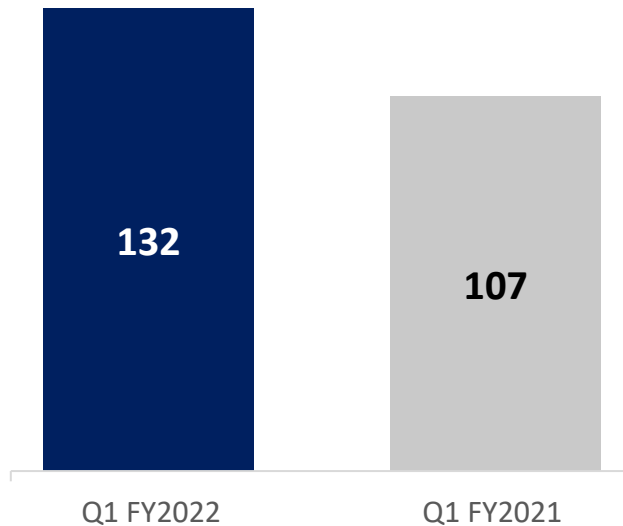
Sime Darby Oils continues to register higher YoY PBIT which grew by 23% in Q1 FY2022



## DOWNSTREAM PBIT

in RM'mil

**23% YoY**



<i>Recurring PBIT (RM'mn)</i>	Q1 FY2022	Q1 FY2021	YoY
<b>Downstream</b>			
Differentiated	1	32	-97%
Trading	77	37	>100%
Bulk	63	45	40%
<b>Total*</b>	<b>132</b>	<b>107</b>	<b>23%</b>

Note: \* After deducting corporate expenses

- SDO's bulk operations in Asia Pacific continues to benefit from better RSPO premiums which translates to higher margins.
- The better performance in Asia Pacific had compensated for our European operations which was affected by the fair value loss on commodity contracts.

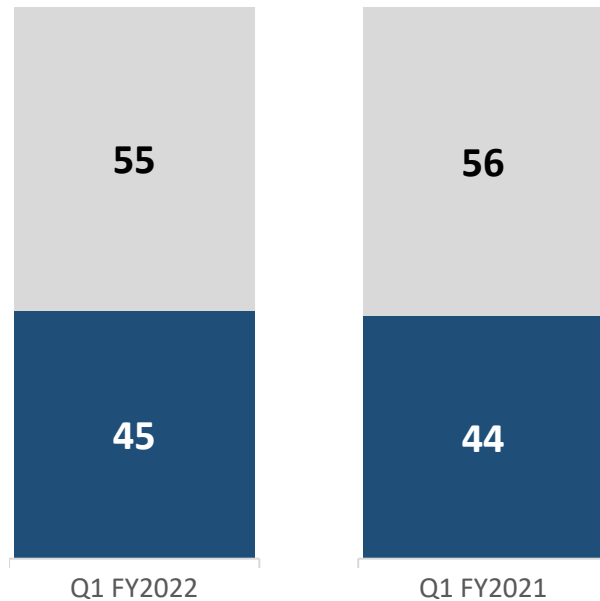
# Operational Performance – Downstream

Lower sales volume and capacity utilisation in Q1 FY2022 as refineries were hit with issues relating to availability of feedstock



## PRODUCT RATIO

in %



■ Differentiated ■ Bulk

## SALES VOLUME

in '000 MT

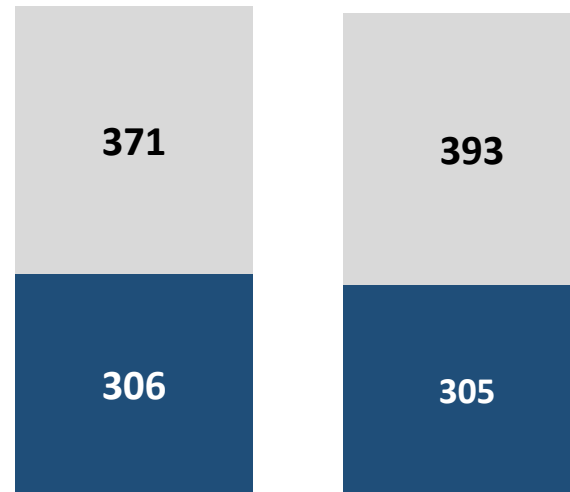
Q1 FY2022

683

Q1 FY2021

710

-4% YoY



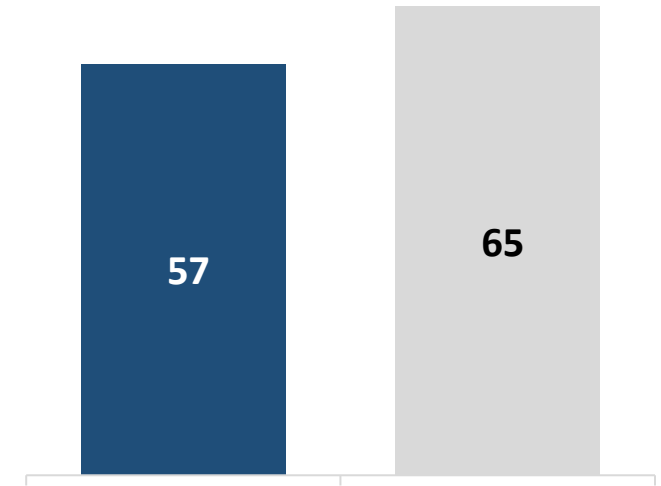
■ Differentiated ■ Bulk

Note: Total figures includes sales volume under tolling

## CAPACITY UTILISATION

in %

-8% YoY



Q1 FY2022

Q1 FY2021

# Sustainability

## Conservation Initiatives – Reforestation and Restoration



### Reforestation

(Collaboration with Nestlé Malaysia)



Plantation



- On 19<sup>th</sup> March 2022 Nestlé Malaysia and SDP commenced their first reforestation initiative under **Project RELeaf** with the planting of 3,000 seedlings in SDP's Estate by 150 volunteers from both companies.
- This follows the Memorandum of Agreement signed in December 2021 to **plant >1 million trees across 1,200 hectares** within SDP's oil palm plantation areas to **restore degraded forest** along riparian zones, hilly and flat terrains.
- Project RELeaf** which is spearheaded by Nestlé Malaysia, aims to plant 3 million trees across Malaysia by 2023 to **restore and improve forest ecosystems and protect wildlife** as well as critical water supplies.

### Restoration of Forest Biodiversity

(Collaboration with UMS & YSD)

#### Supports the restoration of biodiversity, carbon sequestration and enhancement of ecosystem

- SDP has agreed to contribute **102 hectares of forest and riparian buffers** within its estates located in the Kinabatangan Corridor of Life toward UMS' restoration research efforts which has received RM 2 million funding from Yayasan Sime Darby.
- The collaboration will provide a good platform for UMS' researchers and postgraduate students to amongst others:
  - Analyse the different **restoration and rehabilitation strategies** to enhance carbon storage and biodiversity
  - **Establish a baseline** upon which long-term changes in biodiversity and ecosystem services could be monitored.
  - **Develop local talent** with capability in forest restoration research through exposure and training.

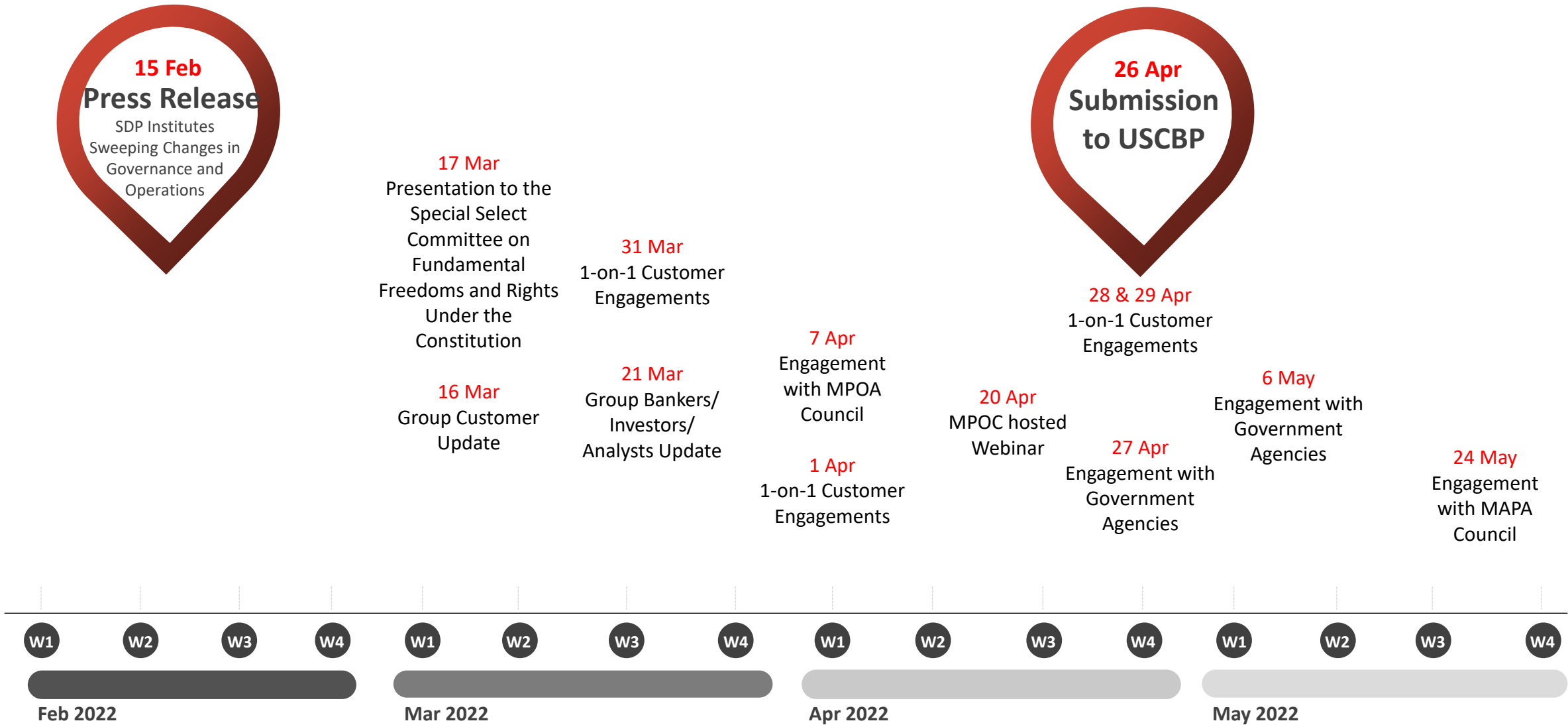


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UNIVERSITI MALAYSIA SABAH



# Key Update

Update on the Notice of Finding Issued by the U.S. Customs and Border Protection



# APPENDIX

# Summary of Operational Statistics

As at 31 March 2022

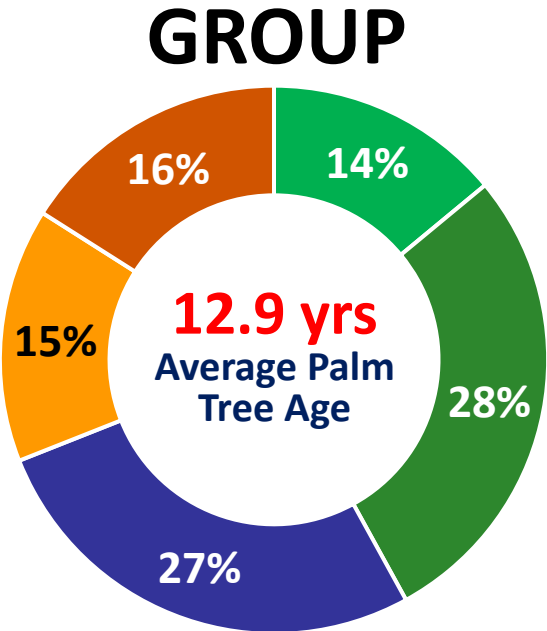


For the 3 Months Ended	Malaysia		YoY %	Indonesia		YoY %	PNG		YoY %	GROUP (All Operations)		YoY %
	31 Mar 2022	31 Mar 2021		31 Mar 2022	31 Mar 2021		31 Mar 2022	31 Mar 2021		31 Mar 2022	31 Mar 2021	
FFB Production ('000 MT)	883	1,052	-16%	560	692	-19%	467	464	0.7%	1,910	2,207	-13%
FFB Yield per mature ha (MT/Ha)	3.54	4.26	-17%	3.53	4.40	-20%	5.44	5.41	0.7%	3.87	4.50	-14%
CPO Production (Own) ('000 MT)	180	218	-17%	123	148	-17%	107	105	1.4%	410	472	-13%
CPO Production (Total) ('000 MT)	215	247	-13%	144	187	-23%	136	138	-1%	496	572	-13%
PK Production (Own) ('000 MT)	43	53	-20%	24	31	-22%	26	26	0.7%	93	110	-16%
PK Production (Total) ('000 MT)	51	60	-14%	29	40	-28%	33	34	-2%	113	133	-15%
CPO Extraction Rate (%)	20.24	20.60	-0.36	21.82	21.44	0.38	22.84	22.70	0.14	21.36	21.35	0.01
PK Extraction Rate (%)	4.84	4.99	-0.15	4.33	4.54	-0.21	5.54	5.54	0.00	4.87	4.97	-0.10
Average CPO Selling Price (RM/MT)	4,122	3,026	36%	4,112	2,886	42%	5,527	3,890	42%	4,465	3,185	40%
Average PK Selling Price (RM/MT)	4,495	2,511	79%	3,453	1,848	87%	-	-	-	4,105	2,230	84%

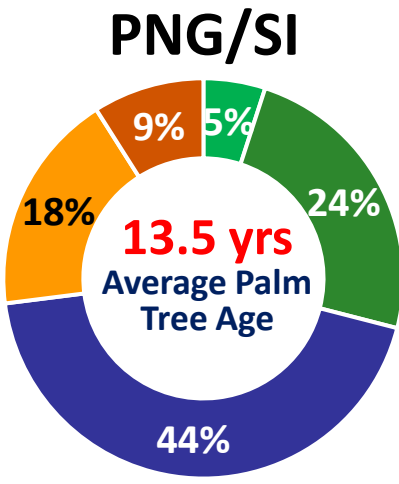
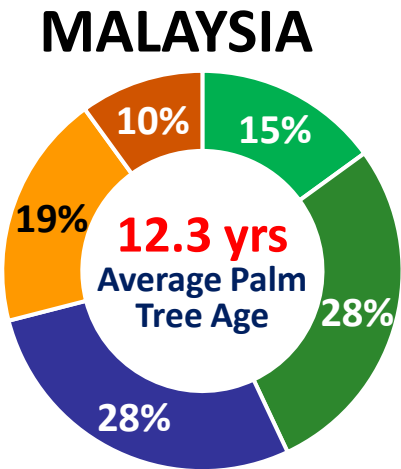
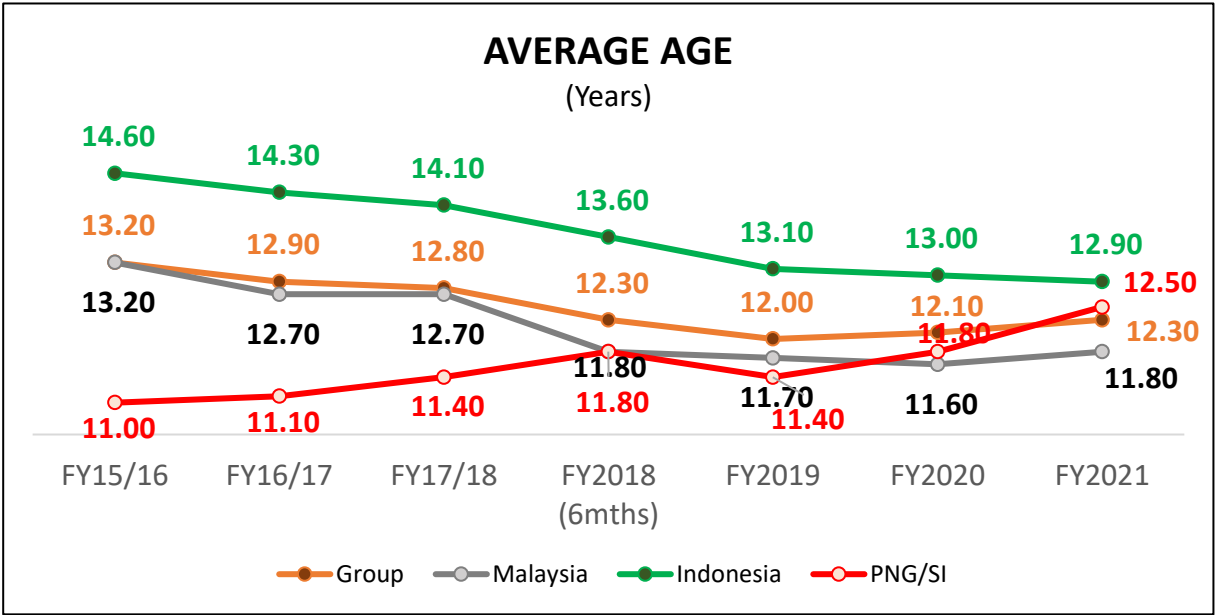


# Breakdown of Age Profile

As at 31 March 2022



As at March 2022, SDP has 578,699 ha of oil palm planted of which 86% is mature and 14% is immature.





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