

# Second Quarter of Financial Year 2022 (2QFY2022) Results Announcement

23 August 2022

**2 CENTURIES  
OF LEADERSHIP**  
[www.simedarbyplantation.com](http://www.simedarbyplantation.com)

**200**  
OLDER. WISER. BETTER  
EST. 1821

**Sime  
Darby**  
Plantation

# Financial Highlights

Buoyant palm oil prices continued to support the Group's earnings



|                                  | Quarter Ended 30 June |              |            | Half Year Ended 30 June |              |            |
|----------------------------------|-----------------------|--------------|------------|-------------------------|--------------|------------|
|                                  | FY2022                | FY2021       | YOY        | FY2022                  | FY2021       | YOY        |
| <i>in RM'mn</i>                  |                       |              |            |                         |              |            |
| <b>Revenue</b>                   | <b>5,587</b>          | <b>4,411</b> | <b>27%</b> | <b>9,968</b>            | <b>8,084</b> | <b>23%</b> |
| <b>PBIT</b>                      | <b>1,146</b>          | <b>908</b>   | <b>26%</b> | <b>2,206</b>            | <b>1,696</b> | <b>30%</b> |
| ■ Recurring PBIT                 | 914                   | 952          | -4%        | 1,927                   | 1,629        | 18%        |
| ■ Non-recurring PBIT             | 232                   | (44)         | >100%      | 279                     | 67           | >100%      |
| <b>PATAMI</b>                    | <b>812</b>            | <b>617</b>   | <b>32%</b> | <b>1,530</b>            | <b>1,179</b> | <b>30%</b> |
| <b>Basic EPS</b> <i>(RM'sen)</i> | <b>11.7</b>           | <b>9.0</b>   | <b>30%</b> | <b>22.1</b>             | <b>17.1</b>  | <b>29%</b> |

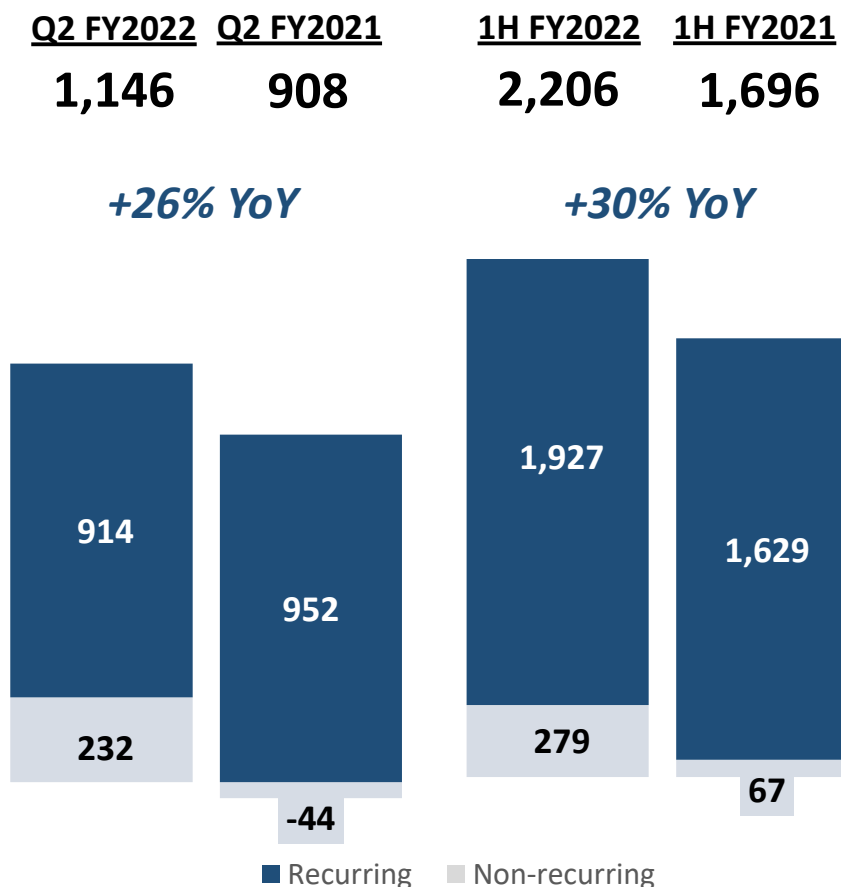
# Financial Performance by Segment

Higher contribution from the Downstream segment partially compensated for the impact of lower FFB production and OER on the Upstream segment



## TOTAL PBIT

in RM'mn



|                               | Q2<br>FY2022                     | 1H<br>FY2022                     |
|-------------------------------|----------------------------------|----------------------------------|
| <i>Recurring PBIT (RM'mn)</i> |                                  |                                  |
| <b>Upstream</b>               | <b>618</b>                       | <b>1,457</b>                     |
|                               | <i>Q2 FY2021: 789 (-22%)</i>     | <i>1H FY2021: 1,332 (9%)</i>     |
| Upstream Malaysia             | <b>66</b>                        | <b>290</b>                       |
|                               | <i>Q2 FY2021: 270 (-76%)</i>     | <i>1H FY2021: 390 (-26%)</i>     |
| Upstream Indonesia            | <b>106</b>                       | <b>259</b>                       |
|                               | <i>Q2 FY2021: 321 (-67%)</i>     | <i>1H FY2021: 511 (-49%)</i>     |
| Upstream PNG/SI               | <b>446</b>                       | <b>908</b>                       |
|                               | <i>Q2 FY2021: 198 (&gt;100%)</i> | <i>1H FY2021: 431 (&gt;100%)</i> |
| <b>Downstream</b>             | <b>243</b>                       | <b>375</b>                       |
|                               | <i>Q2 FY2021: 146 (66%)</i>      | <i>1H FY2021: 253 (48%)</i>      |
| <b>Others*</b>                | <b>53</b>                        | <b>95</b>                        |
|                               | <i>Q2 FY2022: 17 (&gt;100%)</i>  | <i>1H FY2021: 44 (&gt;100%)</i>  |
| <b>Total Recurring PBIT</b>   | <b>914</b>                       | <b>1,927</b>                     |
|                               | <i>Q2 FY2021: 952 (-4%)</i>      | <i>1H FY2021: 1,629 (18%)</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 – Q2 FY2022 vs Q2 FY2021

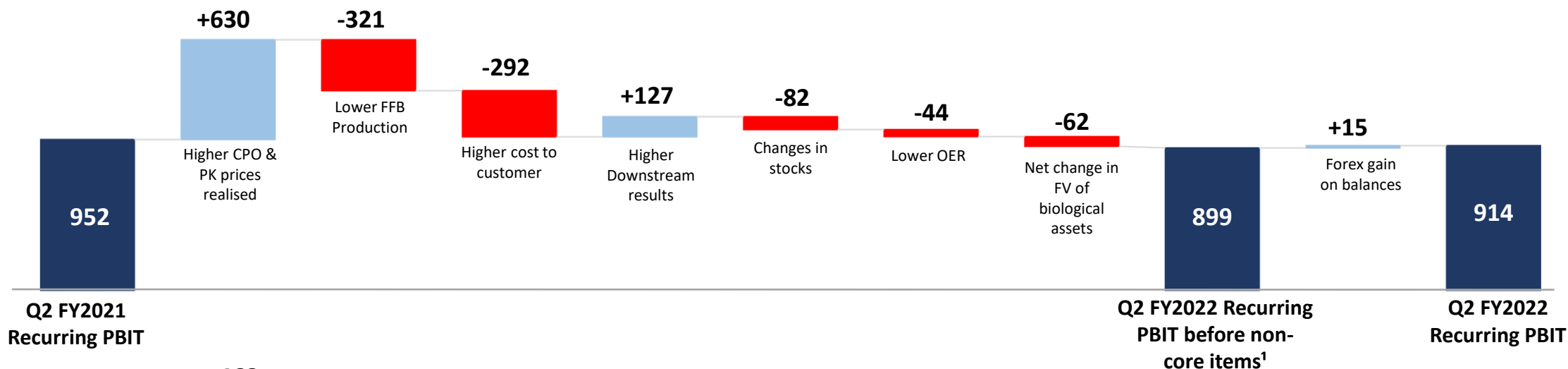
Impact of lower FFB production & OER and stocks valuation as well as higher cost to customer was partially mitigated by higher realised prices & Downstream results



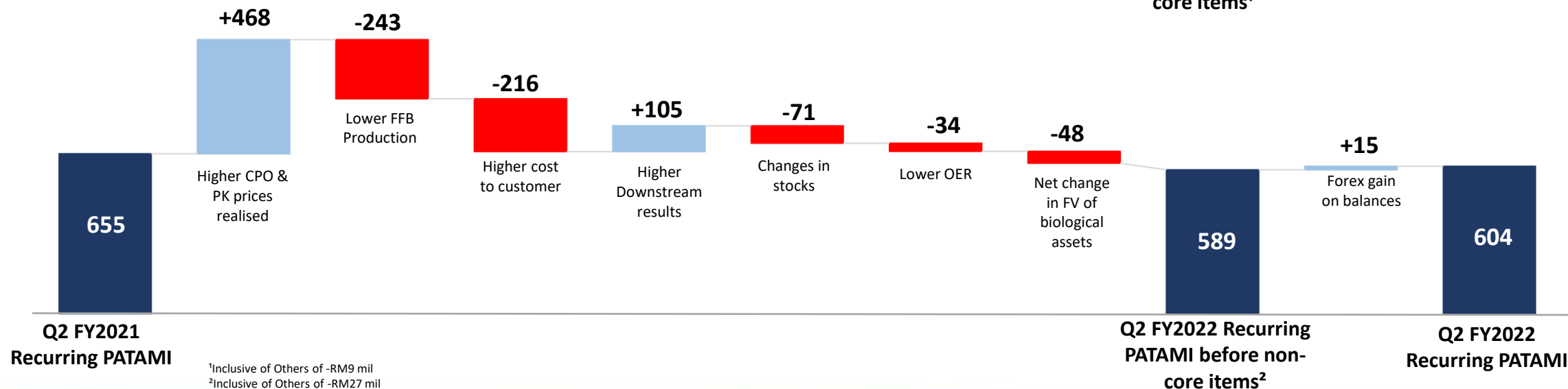
## Q2 FY2022 vs Q2 FY2021

in RM'mn

PBIT



PATAMI



<sup>1</sup>Inclusive of Others of -RM9 mil

<sup>2</sup>Inclusive of Others of -RM27 mil

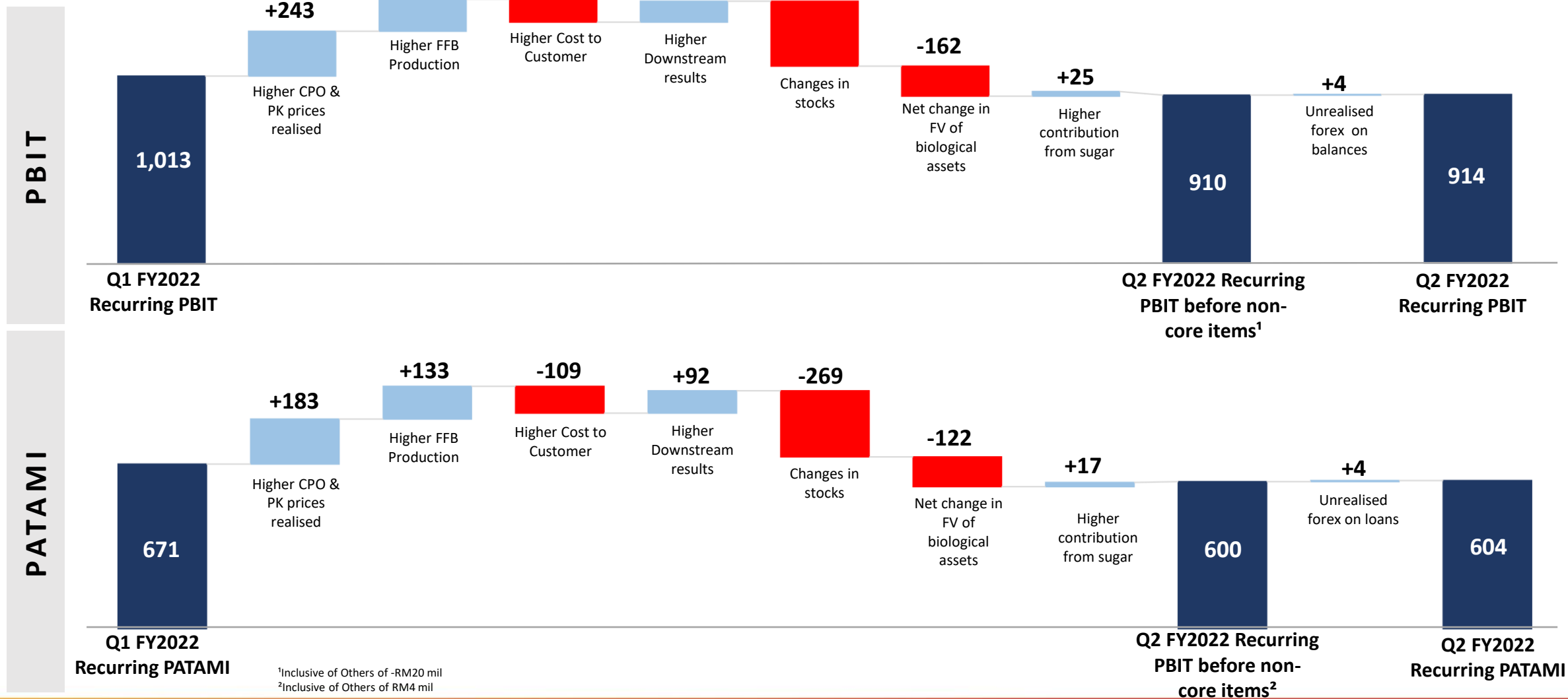
# Recurring Profits – Q2 FY2022 vs Q1 FY2022

QoQ earnings impacted by changes in stocks & net changes in fair value of biological assets as well as higher cost to customer



## Q2 FY2022 vs Q1 FY2022

in RM'mn



<sup>1</sup>Inclusive of Others of -RM20 mil

<sup>2</sup>Inclusive of Others of RM4 mil

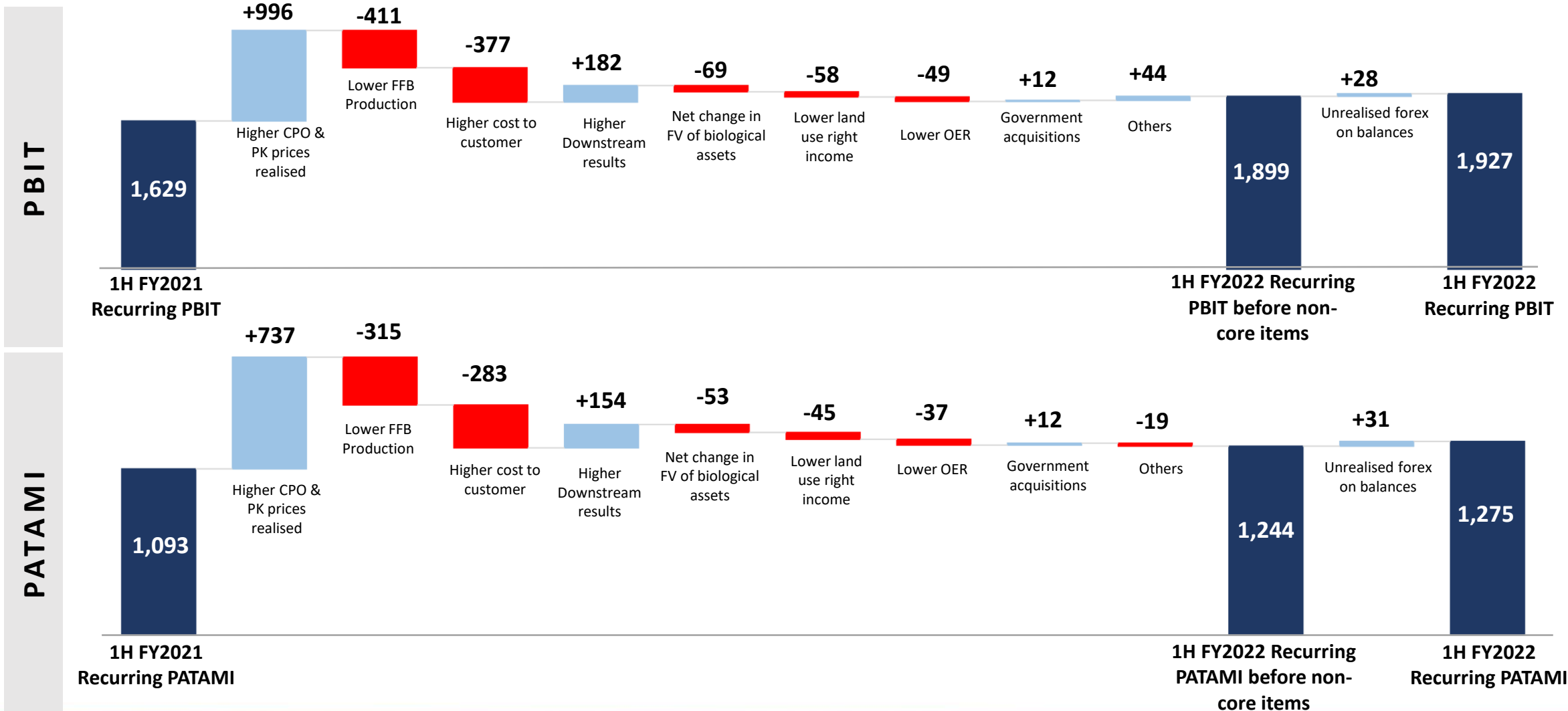
# Recurring Profits – 1H FY2022 vs 1H FY2021

YoY earnings supported by higher realized prices and higher contribution from Downstream & Other operations as well as gains from government acquisitions of land



## 1H FY2022 vs 1H FY2021

in RM'mn



# Borrowings & Gearing Ratios

Net gearing increased slightly to 32%

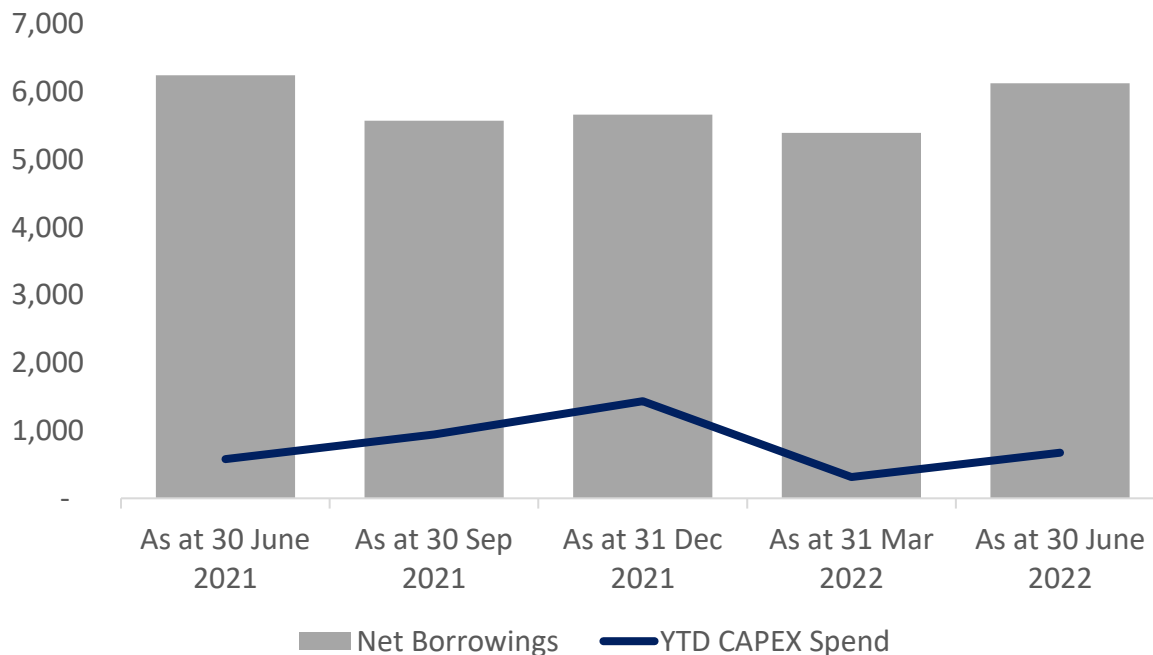


Net Gearing<sup>1</sup> **36%** **32%** **32%** **31%** **32%**  
(in RM'mn)

Borrowings **7,047** **7,097** **6,251** **6,536** **6,855**

Bank balances, deposits & cash **801** **1,522** **589** **1,141** **728**

Net Borrowings **6,246** **5,575** **5,662** **5,395** **6,127**



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

## SECOND QUARTER ENDED 30 JUNE 2022

**+RM390mn**

NET CASH GENERATED  
FROM OPERATING  
ACTIVITIES

**-RM88mn<sup>2</sup>**

NET CASH USED IN  
INVESTING ACTIVITIES  
(CAPEX: -RM357mn)

**-RM817mn**

NET CASH GENERATED  
FROM FINANCING  
ACTIVITIES

Net Borrowings as at 30 June 2022 increased by RM732mn compared to 31 March 2022 mainly due to:

- Lower net cash generated from operations totaling RM413mn.
- Appreciation of USD against RM by 5% resulting in an impact of RM197mn.
- Net loans increase of RM122mn, partially due to higher working capital requirements as higher market prices pushed up feedstock costs & inventory balances in SDO, as at 30 June.

Note: <sup>2</sup> Apart from CAPEX also consists of Proceeds from Disposals of RM246mn, Finance & Dividend income of RM3mn as well as receipt from repayment of advances for plasma plantation projects of RM16mn.

# Operational Performance – Upstream

FFB production mainly impacted by prevailing harvester shortage experienced in Malaysia



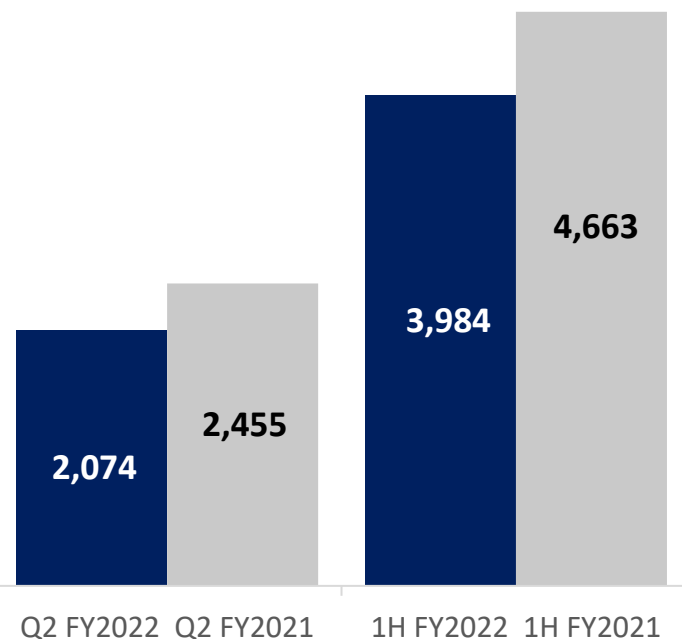
## FFB PRODUCTION

### TOTAL UPSTREAM

in '000 MT

**-16% YoY**

**-15% YoY**



| FFB Production ('000 MT) | Q2<br>FY2022            | 1H<br>FY2022            |
|--------------------------|-------------------------|-------------------------|
| Upstream Malaysia        | 866                     | 1,749                   |
|                          | Q2 FY2021: 1,274 (-32%) | 1H FY2021: 2,326 (-25%) |
| Upstream Indonesia       | 718                     | 1,278                   |
|                          | Q2 FY2021: 671 (7%)     | 1H FY2021: 1,363 (-6%)  |
| Upstream PNG/SI          | 491                     | 958                     |
|                          | Q2 FY2021: 510 (-4%)    | 1H FY2021: 974 (-2%)    |
| <b>Total</b>             | <b>2,075</b>            | <b>3,985</b>            |
|                          | Q2 FY2021: 2,455 (-15%) | 1H FY2021: 4,663 (-15%) |

- **Malaysia:** lower FFB production largely associated with challenging operating environment related to acute shortage of 4,189 harvesters or 38% against total requirement of 11,159 harvesters.
- **Indonesia:** stronger FFB performance observed in Q2 FY2022 as the country has not experienced any prolonged drought in the last 2 years resulting in a positive impact to the bunch formation.
- **PNG/SI:** Combination of unpredictable weather conditions and the after effect of pesticide attacks experienced in the current year has affected the productivity and FFB output.

# Operational Performance – Upstream

OER impacted by continued labour shortage in Malaysia and higher rainfall volume received in Indonesia which affected FFB quality.



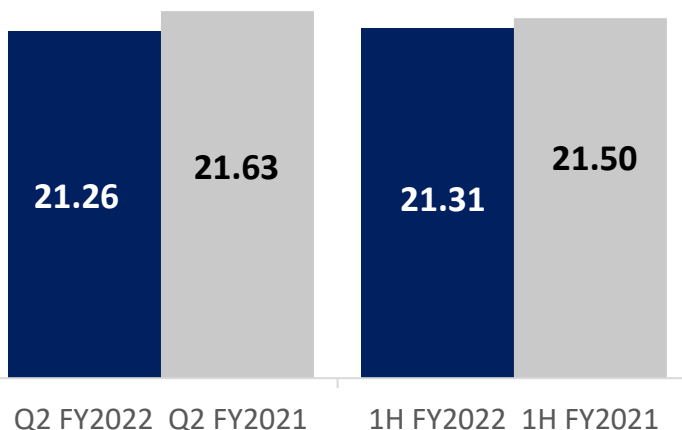
## CPO EXTRACTION RATE

### TOTAL UPSTREAM

in %

**-0.37**  
p.p. YoY

**-0.19**  
p.p. YoY



| CPO Extraction Rate<br>(OER) (%) | Q2<br>FY2022                                       | 1H<br>FY2022                                       |
|----------------------------------|--|--|
| Upstream Malaysia                | <b>20.17</b><br><i>Q2 FY2021: 21.02 (-0.85 pp)</i> | <b>20.20</b><br><i>1H FY2021: 20.83 (-0.63 pp)</i> |
| Upstream Indonesia               | <b>21.51</b><br><i>Q2 FY2021: 21.87 (-0.36 pp)</i> | <b>21.64</b><br><i>1H FY2021: 21.65 (-0.01 pp)</i> |
| Upstream PNG/SI                  | <b>22.75</b><br><i>Q2 FY2021: 22.69 (0.06 pp)</i>  | <b>22.80</b><br><i>1H FY2021: 22.69 (0.11 pp)</i>  |
| <b>Total</b>                     | <b>21.26</b><br><i>Q2 FY2021: 21.63 (-0.37 pp)</i> | <b>21.31</b><br><i>1H FY2021: 21.50 (-0.19 pp)</i> |

- **Malaysia:** The shortage of harvesters led to extended harvesting intervals, resulting in high off-spec quality bunches and loose fruits affecting oil extraction rates.
- **Indonesia:** Impacted by higher rainfall volume experienced particularly in the Kalimantan Tengah & Barat Regions which disrupted harvesting activities affecting FFB quality.
- **PNG/SI:** Recorded improvements in all regions through higher quality crop and timely crop delivery to the mills.

# Operational Performance – Upstream

Higher prices realised as supplies of global vegetable oils remain tight



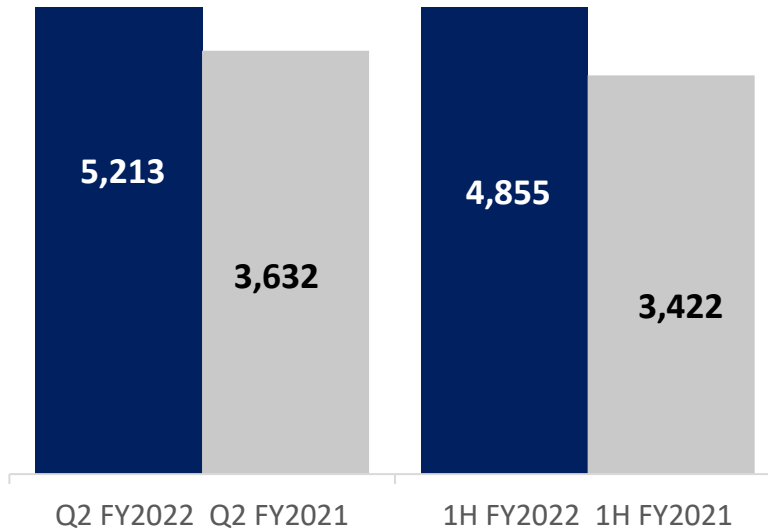
## AVERAGE CPO PRICES REALISED

### GROUP AVERAGE

in RM/MT

**+44% YoY**

**+42% YoY**



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

|                    | Q2<br>FY2022                                  | 1H<br>FY2022                                  |
|--------------------|---|---|
| Upstream Malaysia  | 4,676<br><i>Q2 FY2021: 3,584 (31%)</i>        | 4,410<br><i>1H FY2021: 3,347 (32%)</i>        |
| Upstream Indonesia | 4,352<br><i>Q2 FY2021: 3,109 (40%)</i>        | 4,230<br><i>1H FY2021: 2,993 (41%)</i>        |
| Upstream PNG/SI    | 6,570<br><i>Q2 FY2021: 4,396 (50%)</i>        | 6,159<br><i>1H FY2021: 4,147 (49%)</i>        |
| <b>Total</b>       | <b>5,213</b><br><i>Q2 FY2022: 3,632 (44%)</i> | <b>4,868</b><br><i>1H FY2021: 3,422 (42%)</i> |

# Financial Performance – Downstream

Sime Darby Oils PBIT grew by 86% YoY in Q2 FY2022 supported by higher profits from Bulk & Differentiated operations and higher share of profits from JV

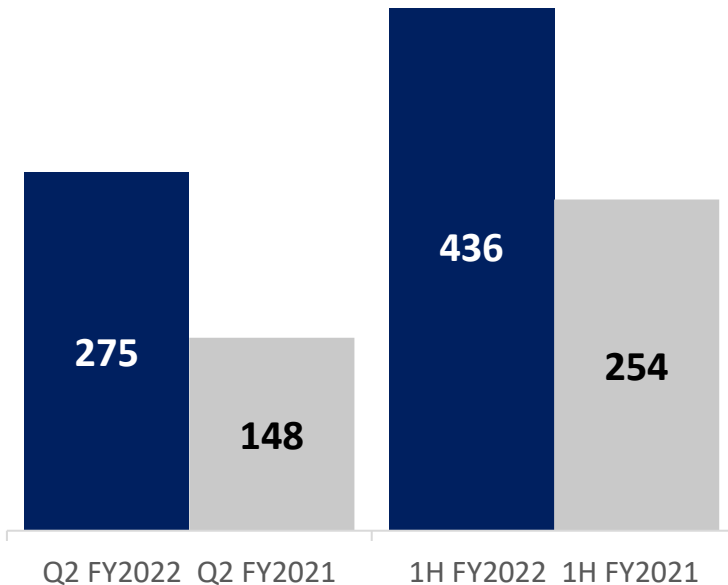


## DOWNSTREAM PBIT

in RM'mil

**+86% YoY**

**+72% YoY**



|                               | Q2<br>FY2022                    | 1H<br>FY2022                    |
|-------------------------------|---------------------------------|---------------------------------|
| <i>Recurring PBIT (RM'mn)</i> |                                 |                                 |
| <b>Downstream</b>             |                                 |                                 |
| Differentiated                | 151                             | 152                             |
|                               | <i>Q2 FY2021: 90 (68%)</i>      | <i>1H FY2021: 152 (0%)</i>      |
| Trading                       | 9                               | 86                              |
|                               | <i>Q2 FY2021: 23 (-61%)</i>     | <i>1H FY2021: 28 (&gt;100%)</i> |
| Bulk                          | 90                              | 154                             |
|                               | <i>Q2 FY2021: 39 (&gt;100%)</i> | <i>1H FY2021: 85 (81%)</i>      |
| <b>Subtotal*</b>              | <b>243</b>                      | <b>375</b>                      |
|                               | <i>Q2 FY2021: 146 (66%)</i>     | <i>1H FY2021: 253 (48%)</i>     |
| JV & Associates               | 32                              | 61                              |
|                               | <i>Q2 FY2021: 2 (&gt;100%)</i>  | <i>1H FY2021: 1 (&gt;100%)</i>  |
| <b>Total</b>                  | <b>275</b>                      | <b>436</b>                      |
|                               | <i>Q2 FY2021: 148 (86%)</i>     | <i>1H FY2021: 254 (72%)</i>     |

- The Asia Pacific operations saw improved margins in its bulk and differentiated segments.
- Improved results in the European operations as the market uptrend in commodity prices mitigated the lower margins.
- Higher share of profits from joint venture, Emery, subsequent to divestment of its Malaysian operations.

Note: \* After deducting corporate expenses

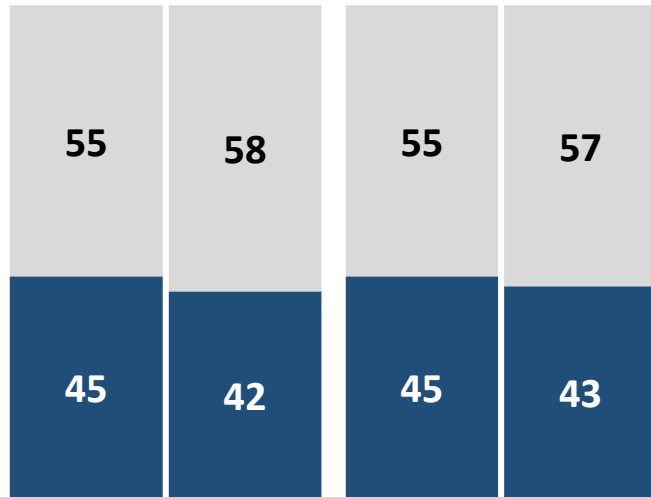
# Operational Performance – Downstream

Slightly higher differentiated product mix, while sales volume and capacity utilization impacted by issues with feedstock availability and export ban imposed by Indonesian government



## PRODUCT RATIO

in %

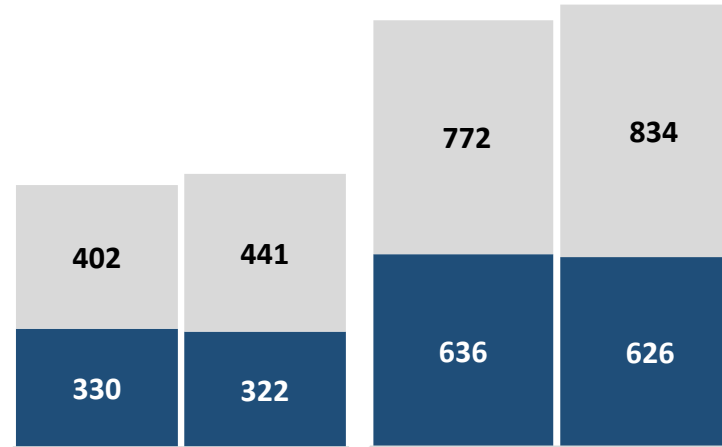


■ Differentiated ■ Bulk

## SALES VOLUME

in '000 MT

| Q2 FY2022 | Q2 FY2021 | 1H FY2022 | 1H FY2021 |
|-----------|-----------|-----------|-----------|
| 746       | 765       | 1,429     | 1,476     |
| -2% YoY   |           | -3% YoY   |           |



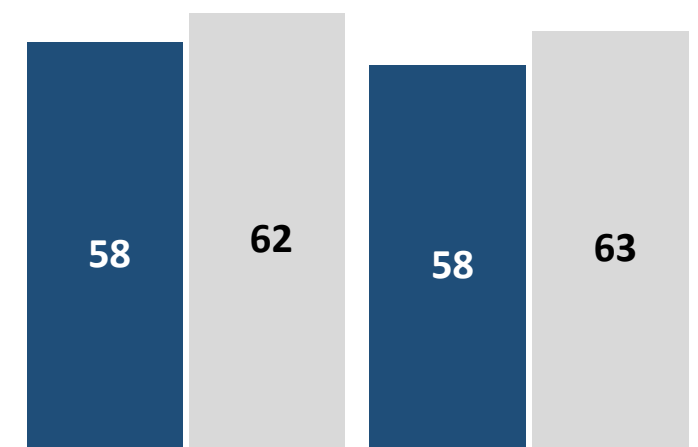
■ Differentiated ■ Bulk

## CAPACITY UTILISATION

in %

-4% YoY

-5% YoY



Q2 FY2022 Q2 FY2021 1H FY2022 1H FY2021

# Digitalisation – Awards & Recognition

Recognition of SDP's Geospatial Big Data Ecosystem



## SMART

Spatial Data Management & Rapid Analytics

### GeoInnovation Award



### SAG Award



- **SMART** is an integrated **GIS platform (both web and mobile based)** developed by SDP's R&D-Precision Agriculture Unit.
- Creates a **geospatial data ecosystem, connecting more than 330 multi-disciplinary users across SDP** allowing for rapid communication & decision making. The vision is to expand the usage to entire SDP.
- Promotes & enables **stakeholder's engagement** using an **integrated Location Intelligence Platform** to improve operational insights and efficiency towards the implementation of **Agriculture 4.0**.

# Project Omega

Transforming all Palm Oil Mills into Food Safety Facilities



## Project OMEGA

### VISION

Food Safety Certified Mills  
Delivering World Class HSE &  
Efficiency Outcomes Serving  
Evolving Needs of Internal and  
External Customers

### LEVERS

- |               |             |
|---------------|-------------|
| 1. Efficiency | 4. Quantity |
| 2. Cost       | 5. HSE      |
| 3. Quality    | 6. Culture  |

### Growth Strategy

1



#### Food Safety

**Food safety compliance & certification**

2



#### Health, Safety, Environment

**International standards benchmarking**

3



#### Efficiency (OEE)

**Driving sustainable operational excellence**

### Targets

**HACCP & MeSTI  
Certification by 2023**

**Best Safety &  
Sustainability Culture  
Mission 0:0:0**

- 0 Fatality**
- 0 Class 2 Incident**
- 0 Environmental Non-Compliance**

**Assets Optimisation &  
Cost Effectiveness**



**Phase 1**



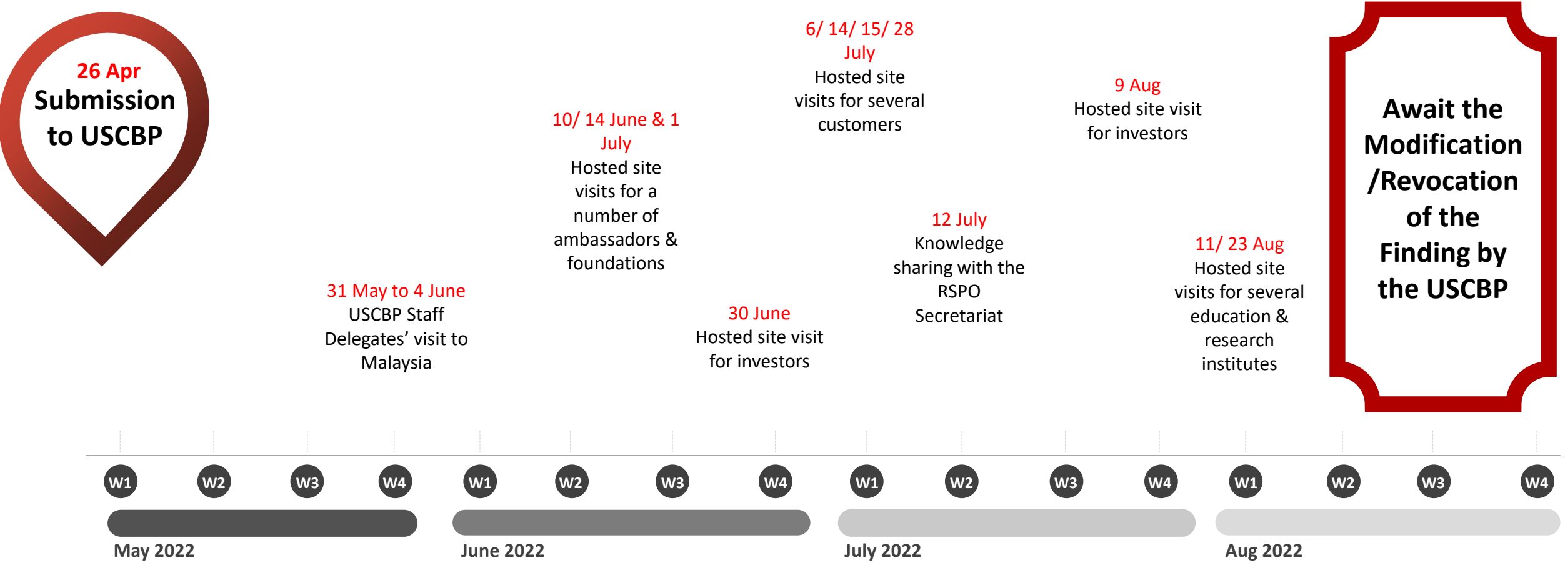
**Subsequent Phases**

# Key Update

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



Engagements with the USCBP continues as they go through our comprehensive submission



# Dividend

The Board declared an interim dividend of 10 sen per share in respect of the financial year ending 31 December 2022 which represents a 54% payout of 1H FY2022 recurring PATAMI.

|                               | FY 2022             |                            | FY 2021             |                            |
|-------------------------------|---------------------|----------------------------|---------------------|----------------------------|
|                               | Net per share (sen) | Total Net Dividend (RM'mn) | Net per share (sen) | Total Net Dividend (RM'mn) |
| Interim dividend              | 10.00               | 692                        | 7.90                | 546                        |
| Final dividend                | -                   | -                          | 12.38               | 856                        |
| <b>Total Normal Dividend</b>  | <b>10.00</b>        | <b>692</b>                 | <b>20.28</b>        | <b>1,402</b>               |
| Special interim dividend      | -                   | -                          | -                   | -                          |
| Special final dividend        | -                   | -                          | -                   | -                          |
| <b>Total Special Dividend</b> | <b>-</b>            | <b>-</b>                   | <b>-</b>            | <b>-</b>                   |
| <b>TOTAL DIVIDEND</b>         | <b>10.00</b>        | <b>692</b>                 | <b>20.28</b>        | <b>1,402</b>               |

# APPENDIX

# Summary of Operational Statistics

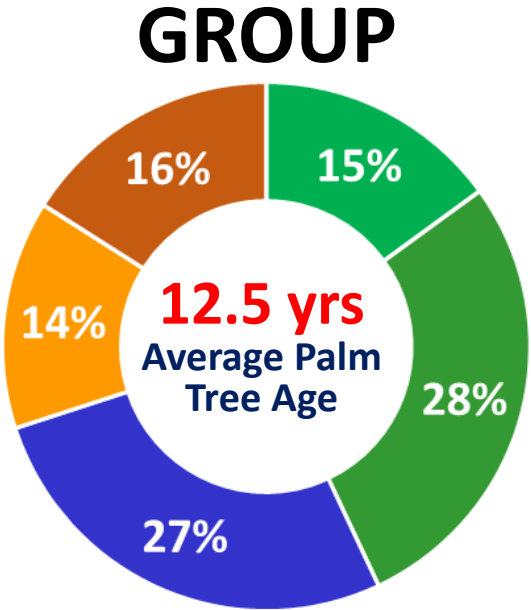
As at 30 June 2022



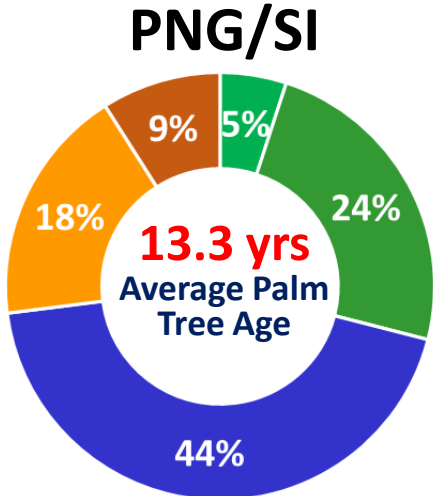
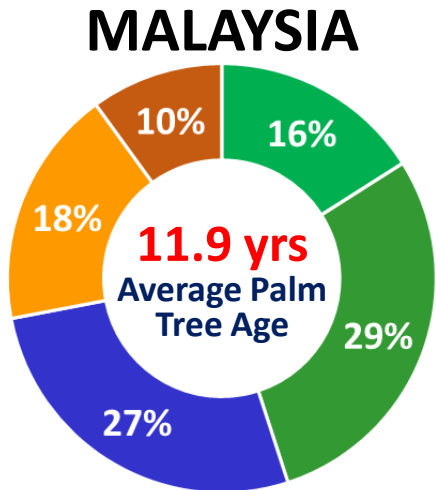
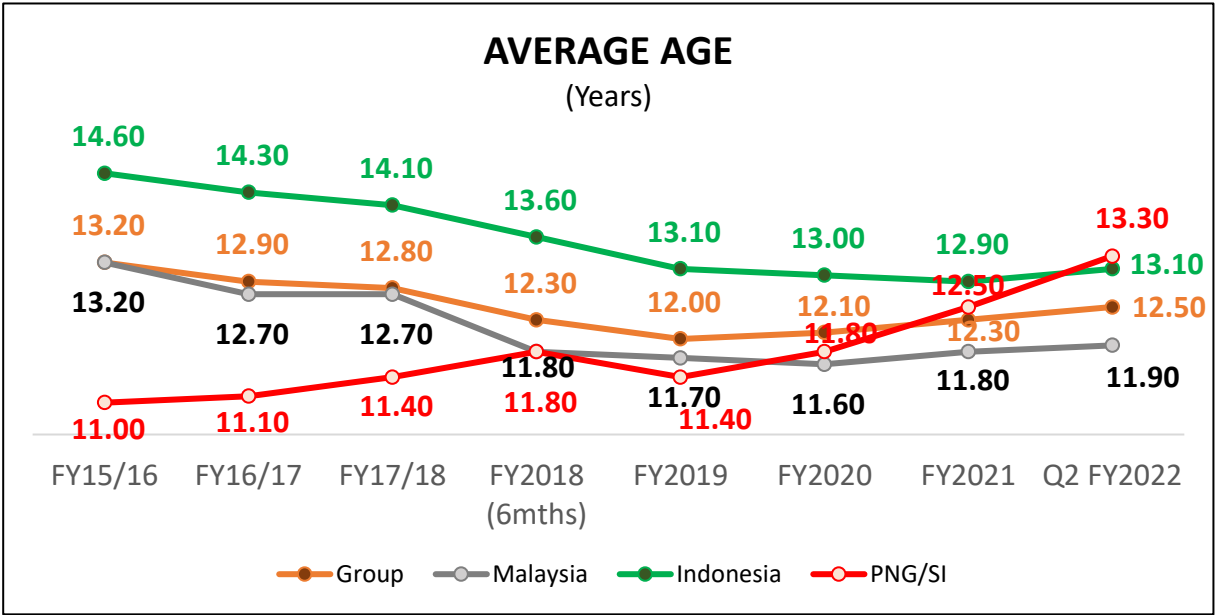
| For the 6 Months Ended            | Malaysia       |                | YoY % | Indonesia      |                | YoY % | PNG            |                | YoY % | GROUP<br>(All Operations) |                | YoY % |
|-----------------------------------|----------------|----------------|-------|----------------|----------------|-------|----------------|----------------|-------|---------------------------|----------------|-------|
|                                   | 30 Jun<br>2022 | 30 Jun<br>2021 |       | 30 Jun<br>2022 | 30 Jun<br>2021 |       | 30 Jun<br>2022 | 30 Jun<br>2021 |       | 30 Jun<br>2022            | 30 Jun<br>2021 |       |
| FFB Production ('000 MT)          | 1,749          | 2,326          | -25%  | 1,278          | 1,363          | -6%   | 958            | 974            | -2%   | 3,985                     | 4,663          | -15%  |
| FFB Yield per mature ha (MT/Ha)   | 6.94           | 9.36           | -26%  | 8.09           | 8.64           | -6%   | 11.16          | 11.36          | -2%   | 8.04                      | 9.48           | -15%  |
| CPO Production (Own) ('000 MT)    | 357            | 488            | -27%  | 278            | 296            | -6%   | 218            | 221            | -1%   | 853                       | 1,005          | -15%  |
| CPO Production (Total) ('000 MT)  | 430            | 555            | -22%  | 335            | 371            | -10%  | 282            | 288            | -2%   | 1,047                     | 1,214          | -14%  |
| PK Production (Own) ('000 MT)     | 85             | 118            | -28%  | 55             | 61             | -10%  | 54             | 55             | -1%   | 194                       | 234            | -17%  |
| PK Production (Total) ('000 MT)   | 103            | 132            | -22%  | 67             | 77             | -13%  | 70             | 71             | -2%   | 240                       | 281            | -15%  |
| CPO Extraction Rate (%)           | 20.20          | 20.83          | -0.63 | 21.64          | 21.65          | -0.01 | 22.80          | 22.69          | 0.11  | 21.31                     | 21.50          | -0.19 |
| PK Extraction Rate (%)            | 4.85           | 4.97           | -0.12 | 4.33           | 4.51           | -0.18 | 5.64           | 5.61           | 0.03  | 4.88                      | 4.97           | -0.09 |
| Average CPO Selling Price (RM/MT) | 4,410          | 3,347          | 32%   | 4,230          | 2,993          | 41%   | 6,159          | 4,147          | 49%   | 4,868                     | 3,422          | 42%   |
| Average PK Selling Price (RM/MT)  | 4,098          | 2,588          | 58%   | 3,070          | 1,873          | 64%   | -              | -              | -     | 3,695                     | 2,312          | 60%   |

# Breakdown of Age Profile

As at 30 June 2022



As at June 2022, SDP has 578,229 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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