

Third Quarter of Financial Year 2022 (3QFY2022) Results Announcement

22 November 2022

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**Sime
Darby**
Plantation

Financial Highlights

Higher realized prices and strong performance recorded by SDO boosted YTD results, however 3Q FY2022 results was impacted by lower production



	Quarter Ended 30 September			9M Ended 30 September		
	FY2022	FY2021	YOY	FY2022	FY2021	YOY
<i>in RM'mn</i>						
Revenue	5,392	5,061	7%	15,360	13,145	17%
PBIT	622	899	-31%	2,828	2,595	9%
■ Recurring PBIT	608	934	-35%	2,535	2,563	-1%
■ Non-recurring PBIT	14	(35)	>100%	293	32	>100%
PATAMI	396	609	-35%	1,926	1,788	8%
Basic EPS <i>(RM'sen)</i>	5.7	8.8	-35%	27.8	25.9	8%

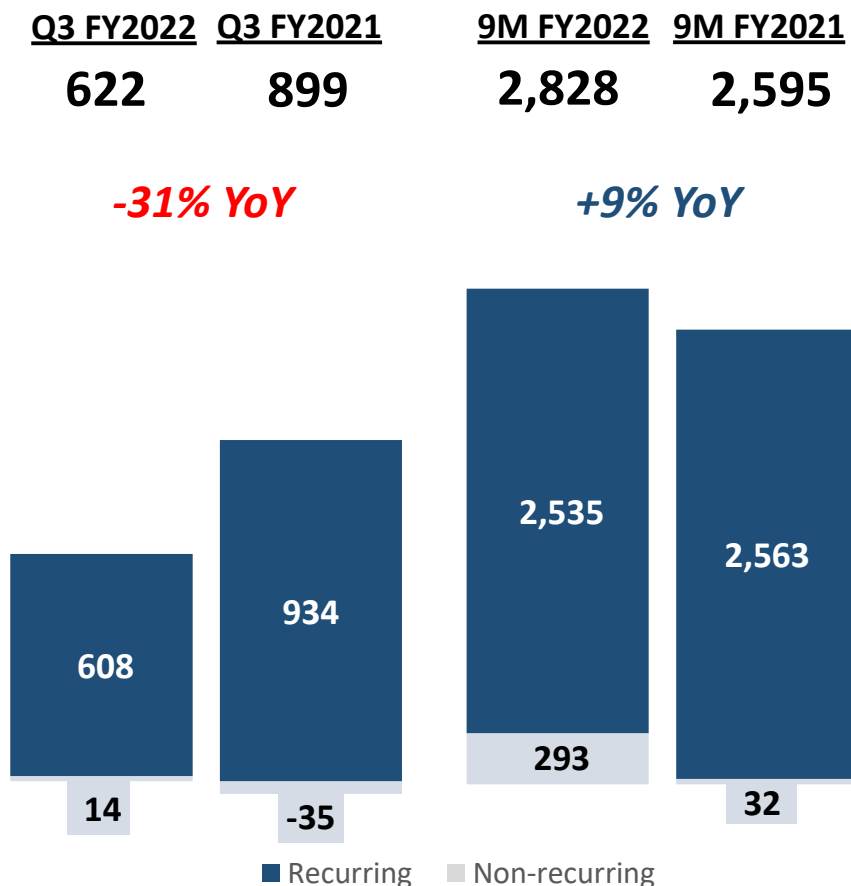
Financial Performance by Segment

SDO's record high quarter results was weighed down by the impact of the decline in FFB production in Malaysia on the Upstream segment's profits



TOTAL PBIT

in RM'mn



	Q3 FY2022	9M FY2022
<i>Recurring PBIT (RM'mn)</i>		
Upstream	249	1,706
	<i>Q3 FY2021: 912 (-73%)</i>	<i>9M FY2021: 2,244 (-24%)</i>
Upstream Malaysia	(145)	145
	<i>Q3 FY2021: 327 (>-100%)</i>	<i>9M FY2021: 717 (-80%)</i>
Upstream Indonesia	365	624
	<i>Q3 FY2021: 330 (11%)</i>	<i>9M FY2021: 841 (-26%)</i>
Upstream PNG/SI	29	937
	<i>Q3 FY2021: 255 (-89%)</i>	<i>9M FY2021: 686 (37%)</i>
Downstream	337	772
	<i>Q3 FY2021: 6 (>100%)</i>	<i>9M FY2021: 276 (>100%)</i>
Others*	22	57
	<i>Q3 FY2021: 16 (38%)</i>	<i>9M FY2021: 43 (33%)</i>
Total Recurring PBIT	608	2,535
	<i>Q3 FY2021: 934 (-35%)</i>	<i>9M FY2021: 2,563 (-1%)</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 – Q3 FY2022 vs Q3 FY2021

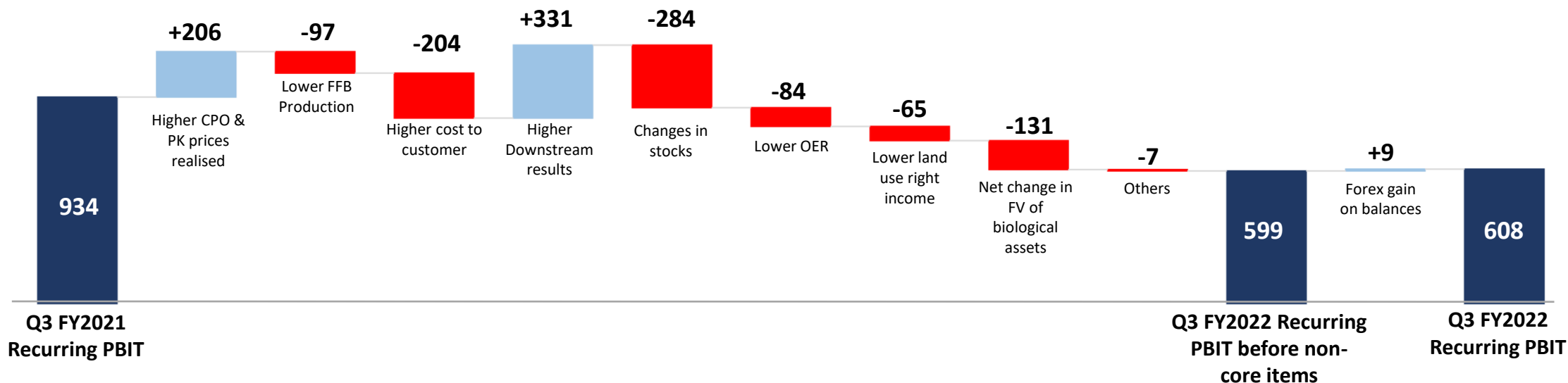
Higher average realised prices & downstream profits partially mitigated the adverse changes in stock value, lower OER & FFB Production as well as higher cost to customer



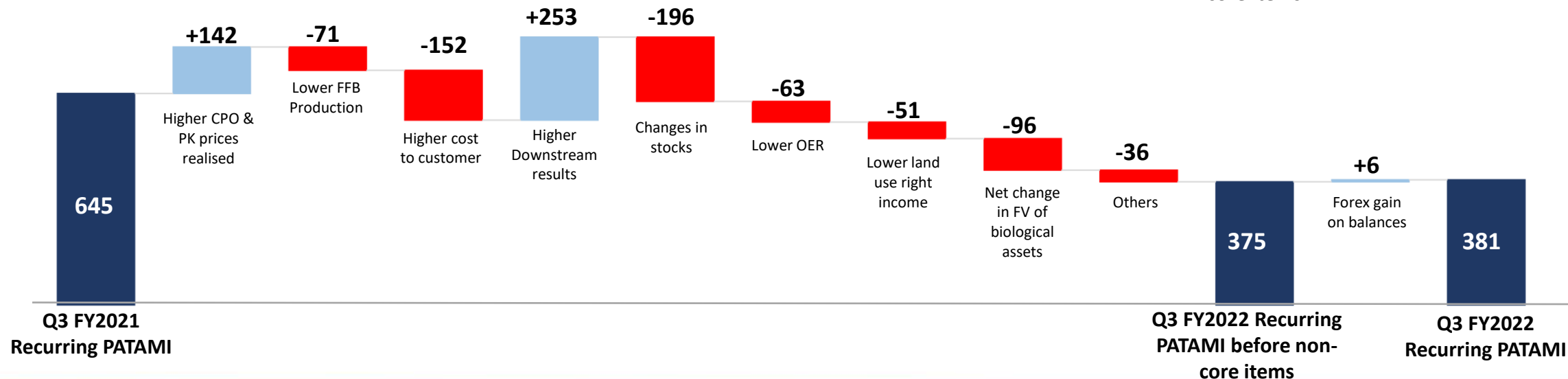
Q3 FY2022 vs Q3 FY2021

in RM'mn

PBIT



PATAMI



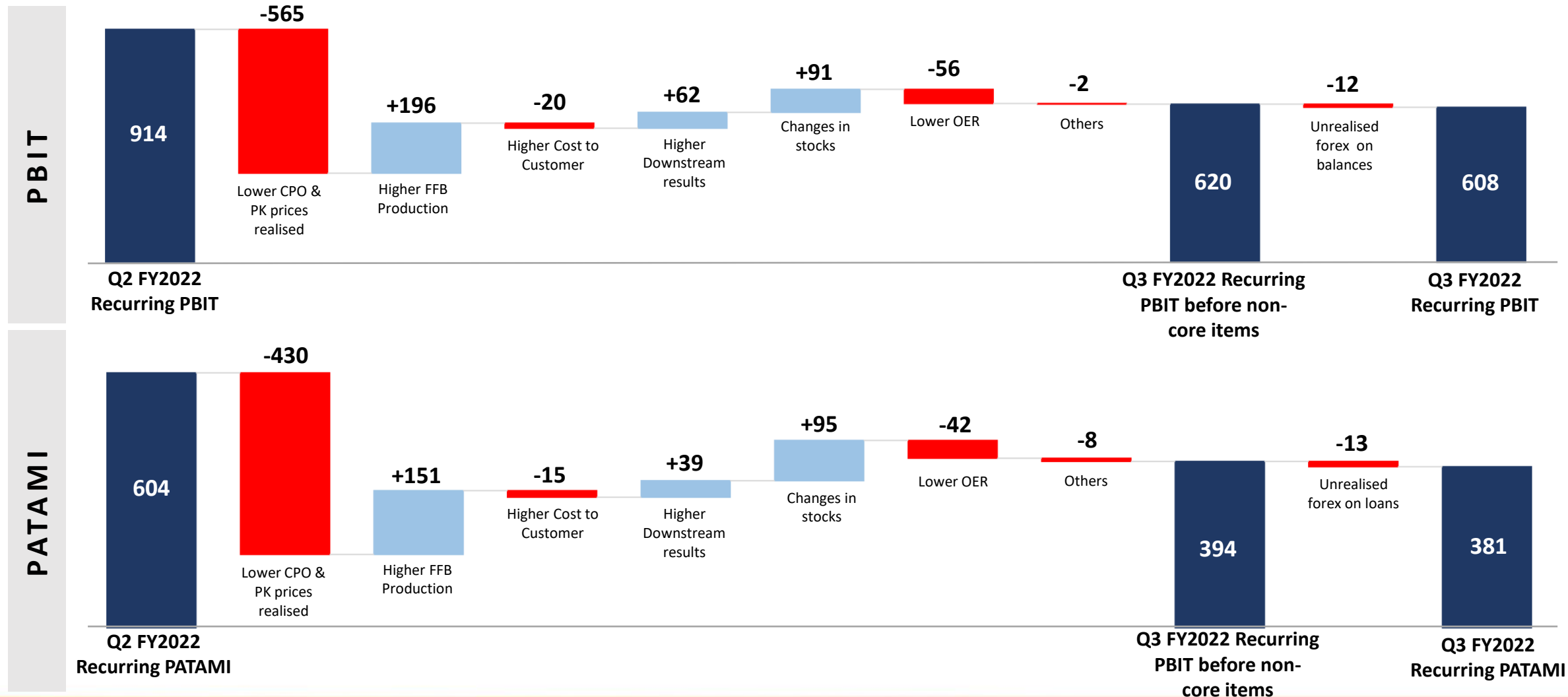
Recurring Profits – Q3 FY2022 vs Q2 FY2022

Positive impact from higher FFB production, downstream profits as well as favourable changes in stock value was erased by lower realised prices and OER



Q3 FY2022 vs Q2 FY2022

in RM'mn



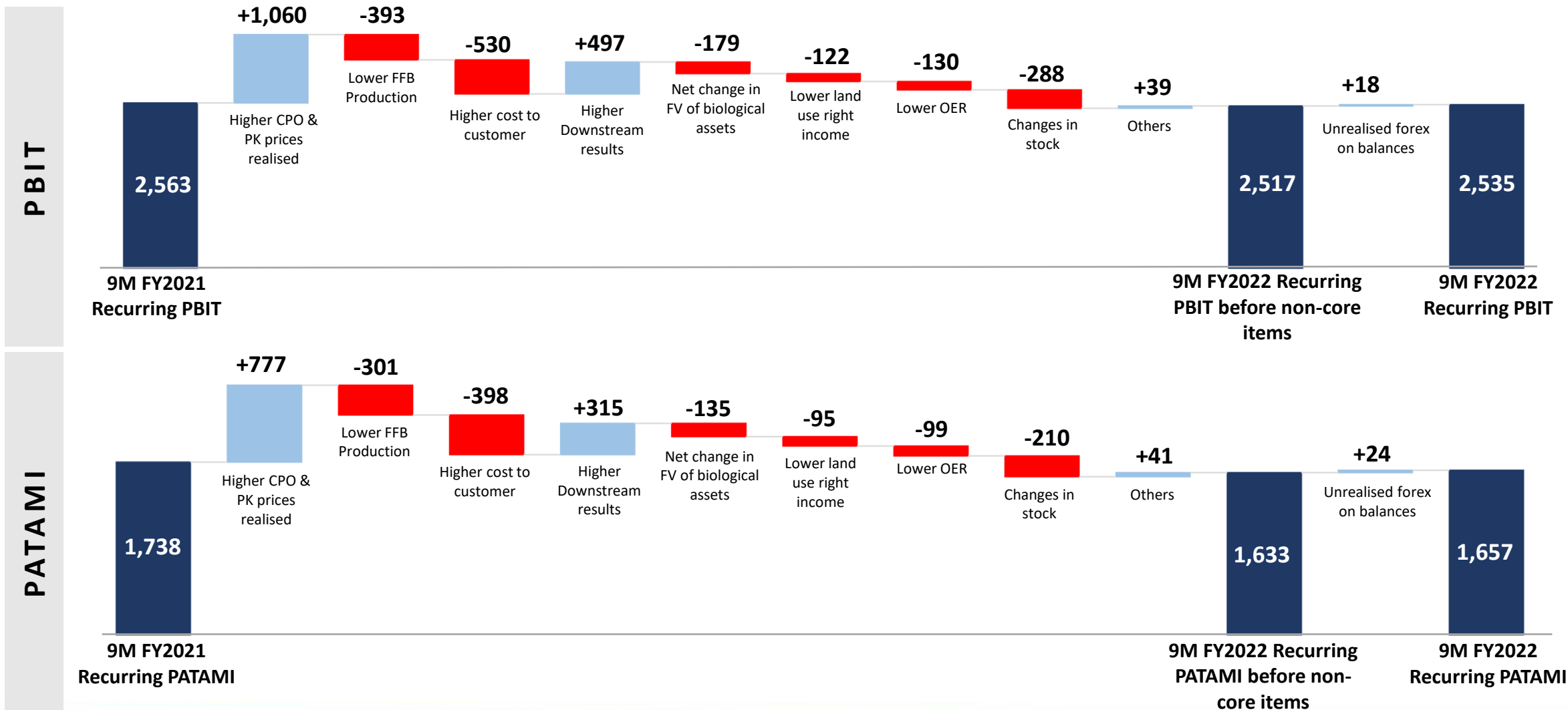
Recurring Profits – 9M FY2022 vs 9M FY2021

Impact of higher cost to customer, lower FFB production and OER as well as adverse changes in stock value was mitigated by higher realised prices and downstream profits



9M FY2022 vs 9M FY2021

in RM'mn

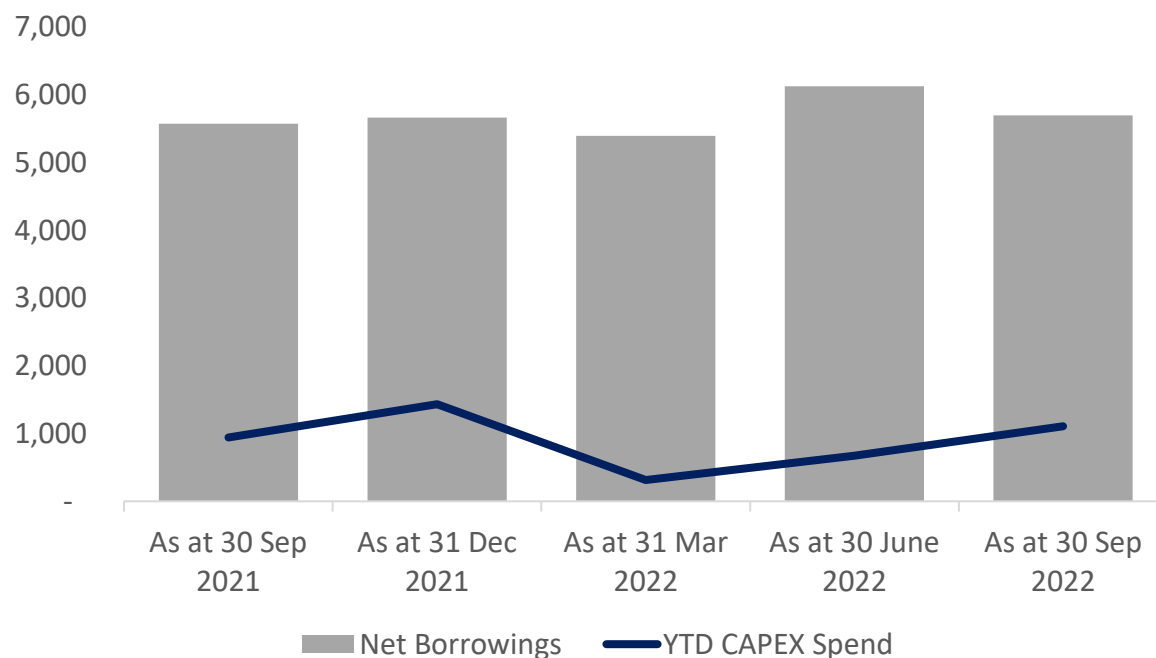


Borrowings & Gearing Ratios

Achieved 30% Net Gearing ahead of the 2023 target set



Net Gearing ¹ (in RM'mn)	32%	32%	31%	32%	30%
Borrowings	7,097	6,251	6,536	6,855	6,631
Bank balances, deposits & cash	1,522	589	1,141	728	934
Net Borrowings	5,575	5,662	5,395	6,127	5,697



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

THIRD QUARTER ENDED 30 SEPTEMBER 2022

+RM1,235mn

NET CASH GENERATED
FROM OPERATING
ACTIVITIES

-RM405mn²

NET CASH USED IN
INVESTING ACTIVITIES
(CAPEX: -RM437mn)

-RM607mn

NET CASH GENERATED
FROM FINANCING
ACTIVITIES

Net Borrowings as at 30 September 2022 decreased by RM430mn compared to 30 June 2022 mainly due to:

- Higher net cash generated from operations totaling RM206m.
- Net loans repaid totaling RM467mn.
- Appreciation of USD against RM by 5% resulting in an impact of RM243mn.

Note: ² Apart from CAPEX also consists of Proceeds from Disposals of RM3mn, Finance & Dividend income of RM2mn as well as receipt from repayment of advances for plasma plantation projects of RM19mn.

Operational Performance – Upstream

Strong FFB production out of Indonesia and PNG/SI was weighed down by the significantly lower FFB production in Malaysia due to prevailing harvester shortage



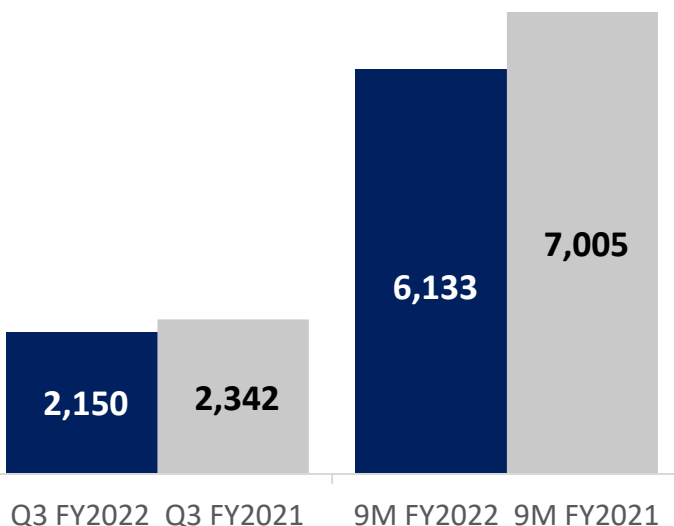
FFB PRODUCTION

TOTAL UPSTREAM

in '000 MT

-8% YoY

-12% YoY



FFB Production ('000 MT)	Q3 FY2022	9M FY2022
Upstream Malaysia	900	2,648
	Q3 FY2021: 1,232 (-27%)	9M FY2021: 3,558 (-26%)
Upstream Indonesia	775	2,053
	Q3 FY2021: 641 (21%)	9M FY2021: 2,004 (2%)
Upstream PNG/SI	475	1,432
	Q3 FY2021: 469 (1%)	9M FY2021: 1,443 (-1%)
Total	2,150	6,133
	Q3 FY2021: 2,342 (-8%)	9M FY2021: 7,005 (-12%)

- **Malaysia:** Lower FFB production due to acute harvester shortage recorded at a ratio of 1:36ha against ideal of 1:22ha. All efforts are being taken to expedite recruitment to make up the shortage.
- **Indonesia:** Normalised FFB performance in the quarter having recovered from last year where production was still below normal levels as a result of the lagged impact from the drought in 2019.
- **PNG/SI:** Witnessed a change in crop pattern with better crop production recorded in the quarter particularly from regions with huge areas of high productive young mature palms.

Operational Performance – Upstream

OER in Malaysia continues to be impacted by labour shortage while OER in Indonesia and PNG/SI was impacted by mills performance



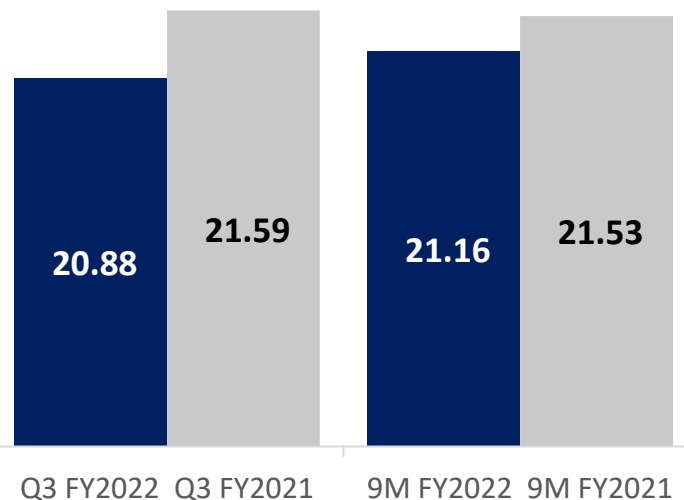
CPO EXTRACTION RATE

TOTAL UPSTREAM

in %

-0.71
p.p. YoY

-0.37
p.p. YoY



CPO Extraction Rate (OER) (%)	Q3 FY2022	9M FY2022
Upstream Malaysia	19.89 <small>Q3 FY2021: 21.08 (-1.19 pp)</small>	20.10 <small>9M FY2021: 20.92 (-0.82 pp)</small>
Upstream Indonesia	20.98 <small>Q3 FY2021: 21.52 (-0.54 pp)</small>	21.39 <small>9M FY2021: 21.61 (-0.22 pp)</small>
Upstream PNG/SI	22.45 <small>Q3 FY2021: 22.91 (-0.46 pp)</small>	22.68 <small>9M FY2021: 22.76 (-0.08 pp)</small>
Total	20.88 <small>Q3 FY2021: 21.59 (-0.71 pp)</small>	21.16 <small>9M FY2021: 21.53 (-0.37 pp)</small>

- **Malaysia:** Lower OER arising from non-recovery of loose fruits which were left uncollected due to shortage of harvesters.
- **Indonesia:** The significantly higher FFB production recorded in the quarter affected the mills' processing time which impacted FFB quality and therefore OER.
- **PNG/SI:** Mills' processing hours impacted by major maintenance works which in turn had affected the extraction rates.

Operational Performance – Upstream

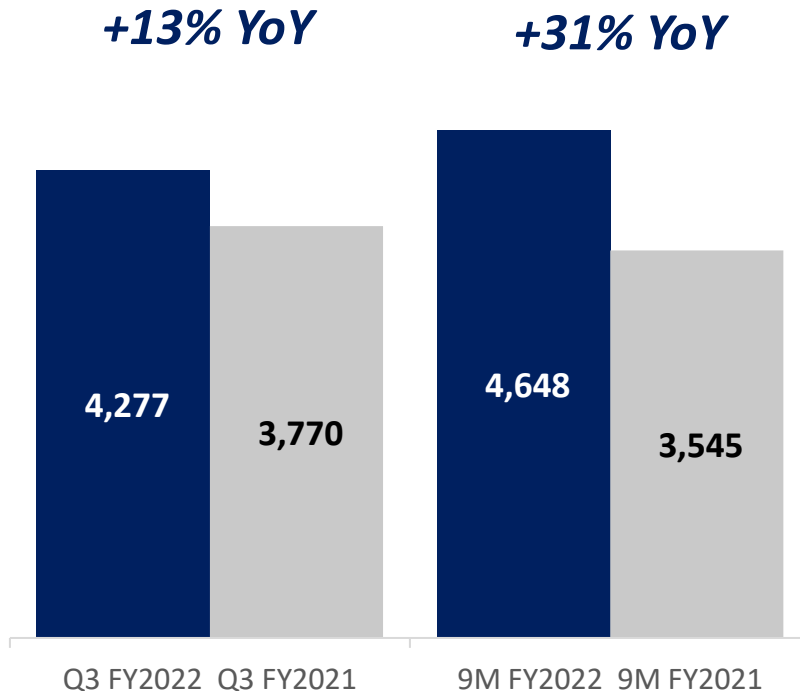
Realised prices remained higher YoY



AVERAGE CPO PRICES REALISED

GROUP AVERAGE

in RM/MT



Average CPO Prices Realised (RM/MT)

	Q3 FY2022	9M FY2022
Upstream Malaysia	4,497 <small>Q3 FY2021: 3,611 (25%)</small>	4,439 <small>9M FY2021: 3,441 (29%)</small>
Upstream Indonesia	2,913 <small>Q3 FY2021: 3,483 (-16%)</small>	3,640 <small>9M FY2021: 3,161 (15%)</small>
Upstream PNG/SI	5,845 <small>Q3 FY2021: 4,475 (31%)</small>	6,050 <small>9M FY2021: 4,262 (42%)</small>
Total	4,277 <small>Q3 FY2021: 3,770 (13%)</small>	4,648 <small>9M FY2021: 3,545 (31%)</small>

Financial Performance – Downstream

Stellar performance by SDO hitting a record quarterly profit

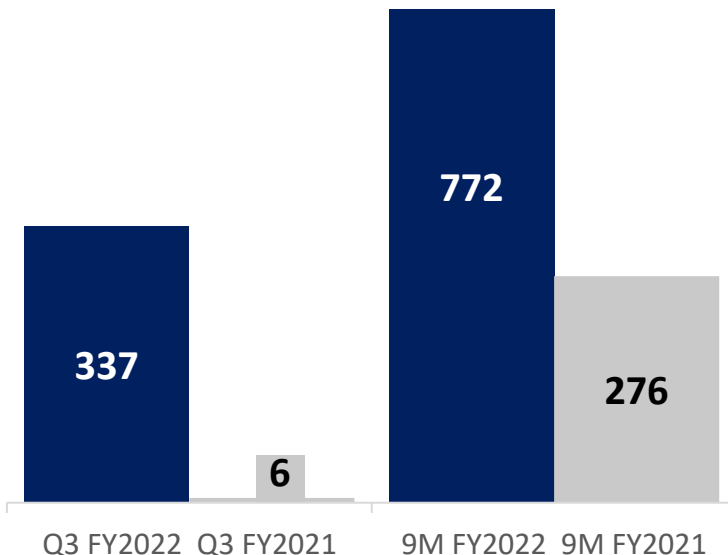


DOWNSTREAM PBIT

in RM'mil

>100% YoY

>100% YoY



	Q3 FY2022	9M FY2022
<i>Recurring PBIT (RM'mn)</i>		
Downstream		
Differentiated	87	222
	Q3 FY2021: -16 (>100%)	9M FY2021: 125 (78%)
Trading	157	260
	Q3 FY2021: -52 (>100%)	9M FY2021: -11 (>100%)
Bulk	115	268
	Q3 FY2021: 83 (39%)	9M FY2021: 166 (61%)
Total PBIT*	336	711
	Q3 FY2021: 7 (>100%)	9M FY2021: 260 (>100%)
JV Companies	1	61
	Q3 FY2021: -1 (>100%)	9M FY2021: 16 (>100%)
Grand Total PBIT*	337	772
	Q3 FY2021: 6 (>100%)	9M FY2021: 276 (>100%)

Note: * After deducting corporate expenses

- Results from the Asia Pacific operations was boosted by higher margins across its businesses despite lower sales volume recorded.
- Asia Pacific's strong results mitigated the impact of lower overall sales volumes as well as lower margins recorded in the European operations.

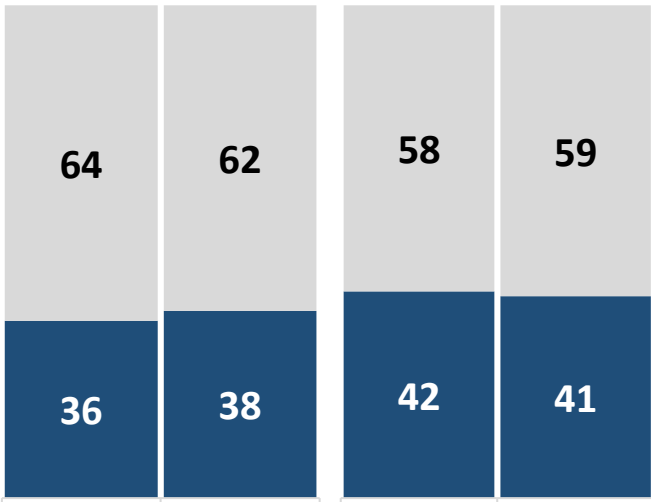
Operational Performance – Downstream

While capacity utilization saw a slight improvement sales volume remains lower YoY



PRODUCT RATIO

in %

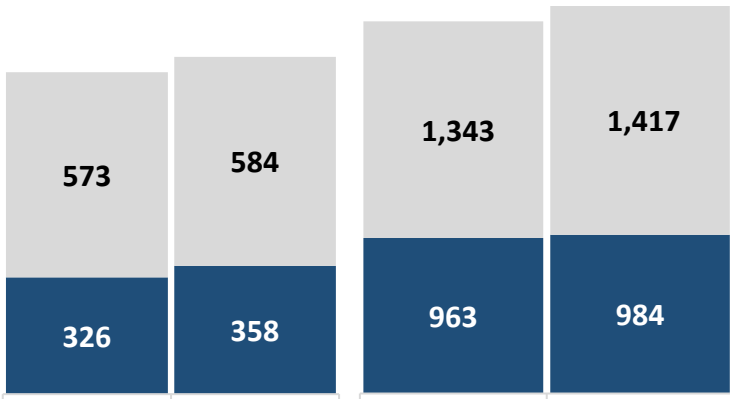


■ Differentiated ■ Bulk

SALES VOLUME

in '000 MT

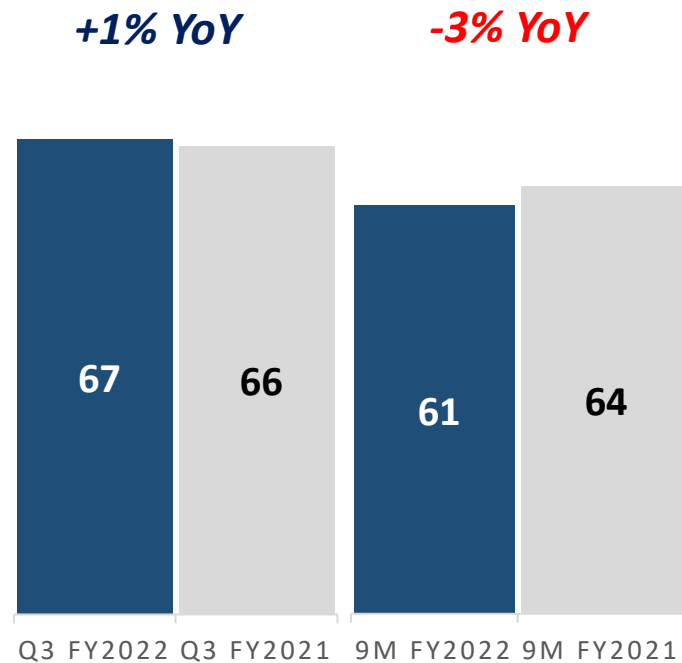
Q3 FY2022	Q3 FY2021	9M FY2022	9M FY2021
915	943	2,344	2,418
-3% YoY		-3% YoY	



■ Differentiated ■ Bulk

CAPACITY UTILISATION

in %



+1% YoY

-3% YoY

Innovation – Awards from IChemE

Enzyme application within milling process



Sime Darby Plantation Research was awarded with both the 'Palm Oil Award' and 'Sustainability Award' in the IChemE Malaysia Awards 2022

- The **innovative breakthrough** developed by Sime Darby Plantation Research (SDPR) **improves efficiency in the milling process** via application of bio-based enzymes **to enhance oil recovery**.
- Awarded for **innovation in the dosing system and use of enzymes designed to release trapped residual oil** in unbroken cells within the mill's press operations.
- On top of **owning the intellectual rights (IP) of the current enzyme dosing system**, SDP continues to develop solutions to enhance **milling processes**.
- Implementation of the enzyme programme has been **carried out on a commercial scale at selected SDP oil mills since 2020** and to-date, an **average OER increase of 0.72%** has been recorded.

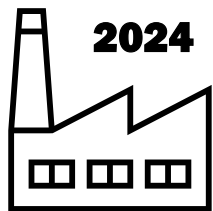
New Specialty Oils and Fats Refinery in Sumatera

Second refinery investment in Indonesia expected to begin production in 2024

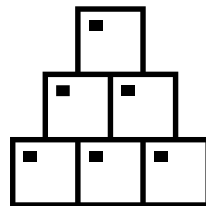


Construction of New Refinery in Sei Mangkei

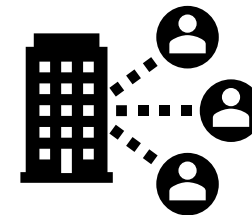
- A new specialty oils and fats refinery will be built on a 16-hectare site in the Sei Mangkei Special Economic Zone in North Sumatera's Simalungun Region.
- In line with SDO's strategic priority to grow its existing downstream business, particularly in the production of sustainable and traceable specialty oils and fats.
- Will also be supporting Indonesia's aspiration to further fortify its downstream sector, whilst fuelling further growth in the local region.



Expected to begin production in 2024 employing world class technologies



Annual production capacity of more than 450,000 MT of palm and lauric based products



Creating more than 200 jobs



Reflects SDO's long term commitment to Indonesia

RSPO's Verification Assessment

Setting the context

HOW IT ALL STARTED

LIBERTY SHARED

CREATING AN ENVIRONMENT
SAFE FROM TRAFFICKING

APR 2020 A Hong Kong based NGO's petition submitted to USCBP concerning alleged conditions of forced labour and child labour experienced by workers on plantation/estates owned and/or run by Sime Darby Plantation Berhad (SDP)

USCBP

DEC 2020 United States Customs & Border Protection (USCBP) issued Withhold Release Order (WRO) to SDP

JAN 2022 USCBP issued Notice of Finding on SDP



CONTINUOUS IMPROVEMENT PLAN



Commenced in **2021**

Objective:

To ensure we achieve the expected standards required under the 11 ILO indicators of Forced Labour through an effective and practical continuous improvement plan.



- **Enhanced practices implemented** on the ground.
- **Evidence of enhancements submitted to USCBP on 26 April 2022**

RSPO VERIFICATION

- Initiated a **verification assessment** in **early 2021**
- **RSPO Decision Letter issued in November 2022**
 - ✓ **Does not reflect the current state** of SDP's operations
 - ✓ **Does not take into account the substantial revisions, improvements and modifications** that have been implemented
- SDP has **responded to RSPO** that **all the issues** listed have **already been addressed**
- **Offered to work with RSPO** to **address FLIs in the industry in Malaysia** – particularly in relation to **recruitment fees remediation & ethical recruitment policies**

RSPO's Verification Assessment (Cont'd)

Key Highlights of SDP's Response to the RSPO

Workers Human Rights Awareness



- Contents of HRC is broken into categories and **incorporated into various briefings and awareness programmes.**
- Based on internal assessments, **workers do understand their rights**, even if they are not able to articulate the HRC itself.

Grievance System



- Anonymous and **protects the confidentiality of workers.**
- Confidence reflected in the **increased volume of calls.**
- Workers are **aware and comfortable** with the grievance channels.
- **Independently tested** to ensure continued availability and responsiveness.

Pay and Working Conditions



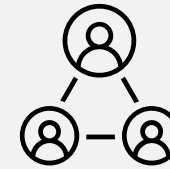
- Pay in **accordance with rates prescribed** in the Collective Agreements, laws & regulations of Malaysia.
- **Ongoing briefings to enhance workers understanding** on wage computation.
- **Not allowed to work for more than 14 consecutive days** without rest.
- All houses **includes water supply** from state sources, or portable water.

Gender Committee



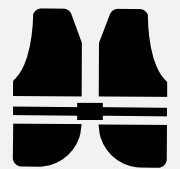
- Made up of workers and staff who have been **carefully selected.**
- **Promote a safe environment for workers** to raise concern as well as creating awareness.
- Concerns can also be raised at **social dialogues.**
- Continuous **monitoring of effectiveness.**

Recruitment Processes



- **Enhanced and tightened controls** in our migrant worker recruitment process.
- **Remediation payment** to all current migrant workers and are in the process for all eligible former workers.
- **Provide secure lockers** for all workers to store personal documents.

Health & Safety



- Provide **adequate training & PPE** for all workers.
- Appointed 40 **fulltime dedicated SSSO.**
- **Regular audits and engagement exercises** to ensure awareness of all policies, guidelines, processes & systems.

APPENDIX

Summary of Operational Statistics

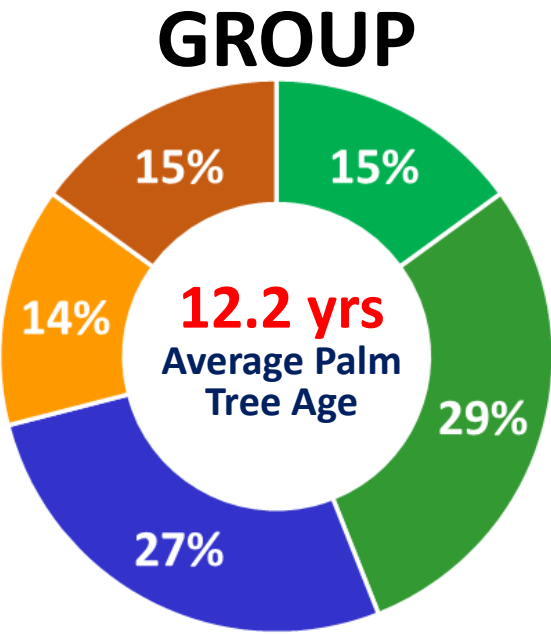
As at 30 September 2022



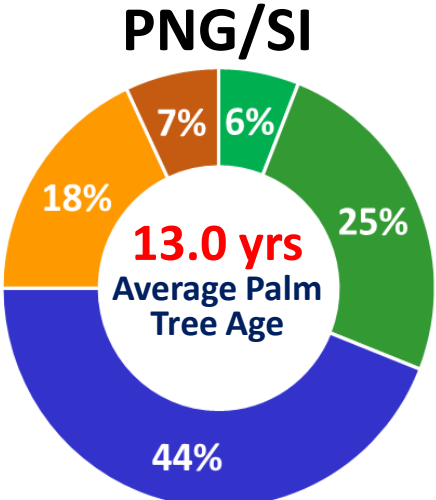
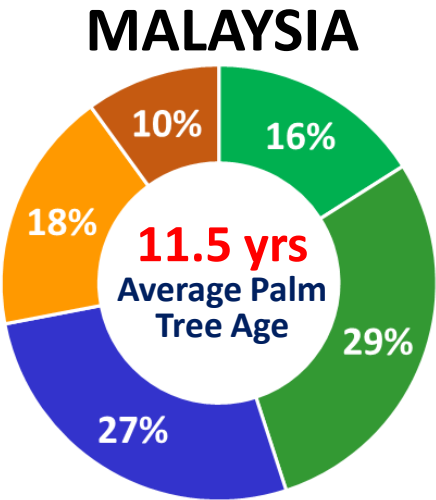
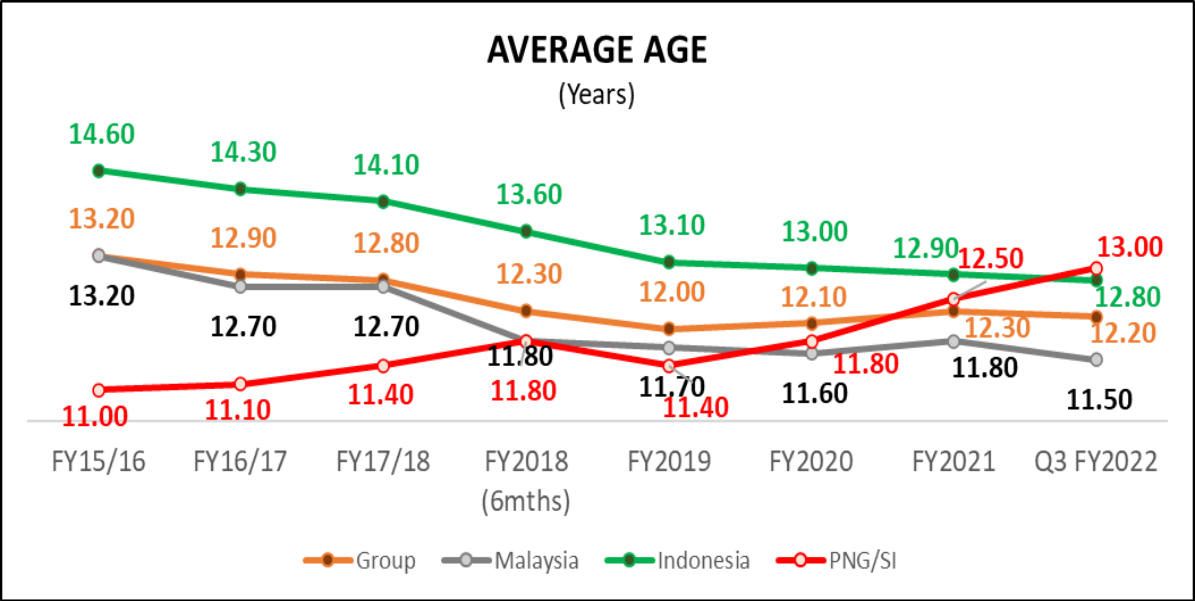
For the 9 Months Ended	Malaysia		YoY %	Indonesia		YoY %	PNG		YoY %	GROUP (All Operations)		YoY %
	30 Sep 2022	30 Sep 2021		30 Sep 2022	30 Sep 2021		30 Sep 2022	30 Sep 2021		30 Sep 2022	30 Sep 2021	
FFB Production ('000 MT)	2,648	3,558	-26%	2,053	2,004	2%	1,432	1,443	-1%	6,133	7,005	-12%
FFB Yield per mature ha (MT/Ha)	10.57	14.31	-26%	13.04	12.67	3%	16.71	16.83	-1%	12.42	14.22	-13%
CPO Production (Own) ('000 MT)	537	751	-29%	441	435	2%	325	328	-1%	1,303	1,514	-14%
CPO Production (Total) ('000 MT)	647	858	-25%	530	537	-1%	421	425	-1%	1,598	1,820	-12%
PK Production (Own) ('000 MT)	128	178	-28%	88	90	-2%	81	82	-1%	297	350	-15%
PK Production (Total) ('000 MT)	155	204	-24%	107	112	-4%	105	106	-1%	367	421	-13%
CPO Extraction Rate (%)	20.10	20.92	-0.82	21.39	21.61	-0.22	22.68	22.76	0.08	21.16	21.53	-0.37
PK Extraction Rate (%)	4.82	4.97	-0.15	4.31	4.49	-0.18	5.64	5.67	-0.03	4.86	4.98	-0.12
Average CPO Selling Price (RM/MT)	4,439	3,441	29%	3,640	3,161	15%	6,050	4,262	42%	4,648	3,545	31%
Average PK Selling Price (RM/MT)	3,523	2,564	37%	2,378	1,844	29%	-	-	-	3,046	2,299	32%

Breakdown of Age Profile

As at 30 September 2022



As at September 2022, SDP has 578,095 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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THANK YOU



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