



Plantation

PRESS RELEASE

For Immediate Release

Tuesday, 22 November 2022

Sime Darby Plantation 9-Month Net Profit Rises to RM1.93 billion

Strong results by Sime Darby Oils boosts Group's performance

Petaling Jaya, 22 November 2022 – Sime Darby Plantation Berhad recorded a net profit of RM1.93 billion for the nine-months ended 30 September 2022 (9M FY2022) representing an 8% year-on-year (YoY) increase. For the quarter ended 30 September 2022 (3Q FY2022) the Group achieved a net profit of RM396 million.

In 3Q FY2022, higher fresh fruit bunch (FFB) production was recorded in Indonesia (+21% YoY) and Papua New Guinea (+1% YoY) but FFB production in Malaysia saw a decline (-27% YoY) resulting in an overall 8% reduction for the Group. The decline in productivity was largely due to the shortage of harvesters but this was mitigated by higher average realised crude palm oil (CPO) prices (+13% YoY).

Sime Darby Oils (SDO), continued its stellar performance in 3Q FY2022, registering a PBIT of RM337 million, a significant increase from RM6 million recorded in 3Q FY2021. SDO's Asia Pacific operations registered higher trading margins during the quarter which mitigated lower overall sales volumes and lower margins in its European operations.

Key Highlights

	3Q FY2022	3Q FY2021	YoY + / (-)	9M FY2022	9M FY2021	YoY + / (-)
Revenue (RM mil)	5,392	5,061	7%	15,360	13,145	17%
PBIT (RM mil)	622	899	(31%)	2,828	2,595	9%
Net Profit (RM mil)	396	609	(35%)	1,926	1,788	8%
CPO Price Realised (RM/ MT)	4,277	3,770	13%	4,648	3,545	31%
FFB Production (MT mil)	2.15	2.34	(8%)	6.13	7.01	(12%)
Oil Extraction Rate (OER) (%)	20.88	21.59	(0.71)	21.16	21.53	(0.37)

- **3Q FY2022:** SDO's strong performance and higher non-recurring profits cushioned some of the adverse impacts of lower FFB production and lower OER achieved.
- **9M FY2022:** Higher non-recurring profits of RM293 million, mainly from gains on the disposal of land in Malaysia as well as the receipt of RM48 million "earn out" settlement for the disposal of a former subsidiary in Liberia.

Chairman, Tan Sri Dato' Seri Haji Megat Najmuddin bin Datuk Seri Dr Haji Megat Khas said:

Despite the unprecedented operational challenges faced, the Group is resolute in delivering long term value to our stakeholders.

Group Managing Director, Mohamad Helmy Othman Basha said:

We welcome the entry of more migrant workers into Malaysia which is now gathering speed. As we work hard to restore our plantations to optimal conditions, we are also pushing ahead with our plans to automate and mechanise several functions in our Malaysian operations.

As we progressively reduce the need for manual workers in all our non-harvesting activities, we aim to achieve a land-to-man ratio of 17.5 hectares for every worker by the end of 2024, which will be a major improvement compared to the current industry average of 8 hectares for every worker. With further automation and digitalisation, we are determined to make work in plantations less laborious and more sophisticated to attract a new generation of skilled local workforce.

OUTLOOK FOR REMAINING FY2022:

The Group expects its overall FFB production to be lower than the previous year due to the slow inflow of foreign workers into Malaysia.

CPO price, which peaked in the first half of 2022, has now stabilised as increased supply in producing countries fulfil pent up global demand. The CPO price is anticipated to remain attractive in comparison to alternative vegetable oils which would continue to support demand.

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ABOUT SIME DARBY PLANTATION

Sime Darby Plantation is the world's largest producer of Certified Sustainable Palm Oil (CSPO), with a production of 2.150 million MT (as of 31 December 2021).

As a fully integrated global plantation company, SDP is involved in various activities along the full spectrum of the palm oil value chain, including upstream and downstream operations, Research & Development, renewables as well as agri-business. Its upstream operations are spread across Malaysia, Indonesia, Papua New Guinea and the Solomon Islands. Its downstream business, also known as Sime Darby Oils, spans 12 countries worldwide and involves the trading, manufacturing, as well as the sales and marketing of refined oils and fats products, oleochemicals, palm oil-based biodiesel, nutraceuticals and other palm oil derivatives.

With a workforce of about 80,000 employees and a strong focus on operational excellence, research, innovation and sustainability, Sime Darby Plantation is one of the largest companies on Bursa Malaysia, with a market capitalisation of RM29.74 bil (USD6.52 bil) as of 21 November 2022.