

# Fourth Quarter of Financial Year 2022 (4QFY2022) Results Announcement

17 February 2023

**2 CENTURIES  
OF LEADERSHIP**  
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**Sime  
Darby**  
Plantation

# Financial Highlights

FY2022 net profit boosted by record performance by Downstream segment and higher realised prices



	Quarter Ended 31 December			Year Ended 31 December		
	FY2022	FY2021 (Re-presented)	YOY	FY2022	FY2021 (Re-presented)	YOY
<i>in RM'mn</i>						
<b>Revenue</b>	<b>5,670</b>	<b>5,550</b>	<b>2%</b>	<b>21,030</b>	<b>18,695</b>	<b>12%</b>
<b>PBIT</b>	<b>787</b>	<b>1,079</b>	<b>-27%</b>	<b>3,615</b>	<b>3,674</b>	<b>-2%</b>
■ Recurring PBIT	789	1,260	-37%	3,324	3,823	-13%
■ Non-recurring PBIT	(2)	(181)	99%	291	(149)	>100%
<b>PATAMI</b>	<b>562</b>	<b>467</b>	<b>20%</b>	<b>2,488</b>	<b>2,255</b>	<b>10%</b>
<b>Basic EPS</b> <i>(RM'sen)</i>	<b>8.1</b>	<b>6.8</b>	<b>19%</b>	<b>36.0</b>	<b>32.6</b>	<b>10%</b>

# Financial Performance by Segment

Lower recurring PBIT in Q4 FY2022: Upstream from lower realised prices as well as FFB production & OER while Downstream due to impact from FV losses on commodity hedges



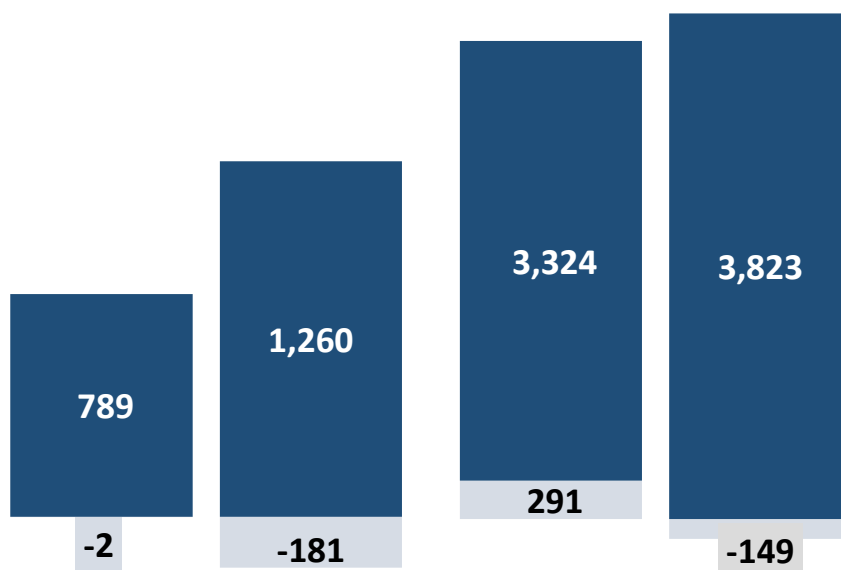
## TOTAL PBIT

in RM'mn

<u>Q4 FY2022</u>	<u>Q4 FY2021</u>	<u>FY2022</u>	<u>FY2021</u>
<b>787</b>	<b>1,079</b>	<b>3,615</b>	<b>3,674</b>

**-27% YoY**

**-2% YoY**



■ Recurring ■ Non-recurring

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

	Q4 FY2022	FY2022
<i>Recurring PBIT (RM'mn)</i>		
<b>Upstream</b>	<b>702</b>	<b>2,408</b>
	<i>Q4 FY2021: 957 (-27%)</i>	<i>FY2021: 3,201 (-25%)</i>
Upstream Malaysia	<b>62</b>	<b>207</b>
	<i>Q4 FY2021: 145 (-57%)</i>	<i>FY2021: 862 (-76%)</i>
Upstream Indonesia	<b>460</b>	<b>1,084</b>
	<i>Q4 FY2021: 399 (15%)</i>	<i>FY2021: 1,240 (-13%)</i>
Upstream PNG/SI	<b>180</b>	<b>1,117</b>
	<i>Q4 FY2021: 413 (-56%)</i>	<i>FY2021: 1,099 (2%)</i>
<b>Downstream</b>	<b>89</b>	<b>861</b>
	<i>Q4 FY2021: 296 (-70%)</i>	<i>FY2021: 572 (51%)</i>
<b>Others*</b>	<b>-2</b>	<b>55</b>
	<i>Q4 FY2021: 7 (&gt;-100%)</i>	<i>FY2021: 50 (10%)</i>
<b>Total Recurring PBIT</b>	<b>789</b>	<b>3,324</b>
	<i>Q4 FY2021: 1,260 (-37%)</i>	<i>FY2021: 3,823 (-13%)</i>

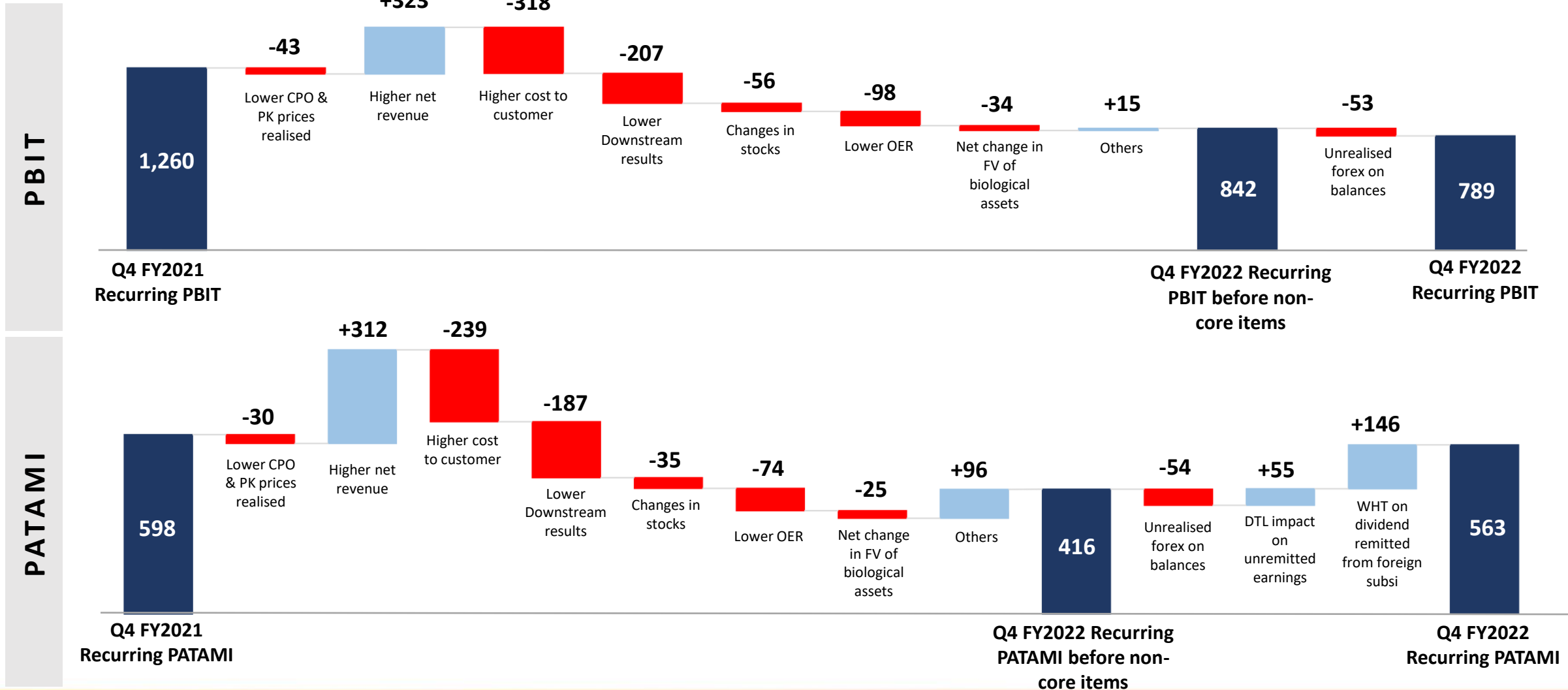
# Recurring Profits – Q4 FY2022 vs Q4 FY2021

Impact of higher wages and manuring expenses on costs, as well as impact of hedging fair value losses on Downstream's results had pushed down Q4 FY2022's profits



## Q4 FY2022 vs Q4 FY2021

in RM'mn



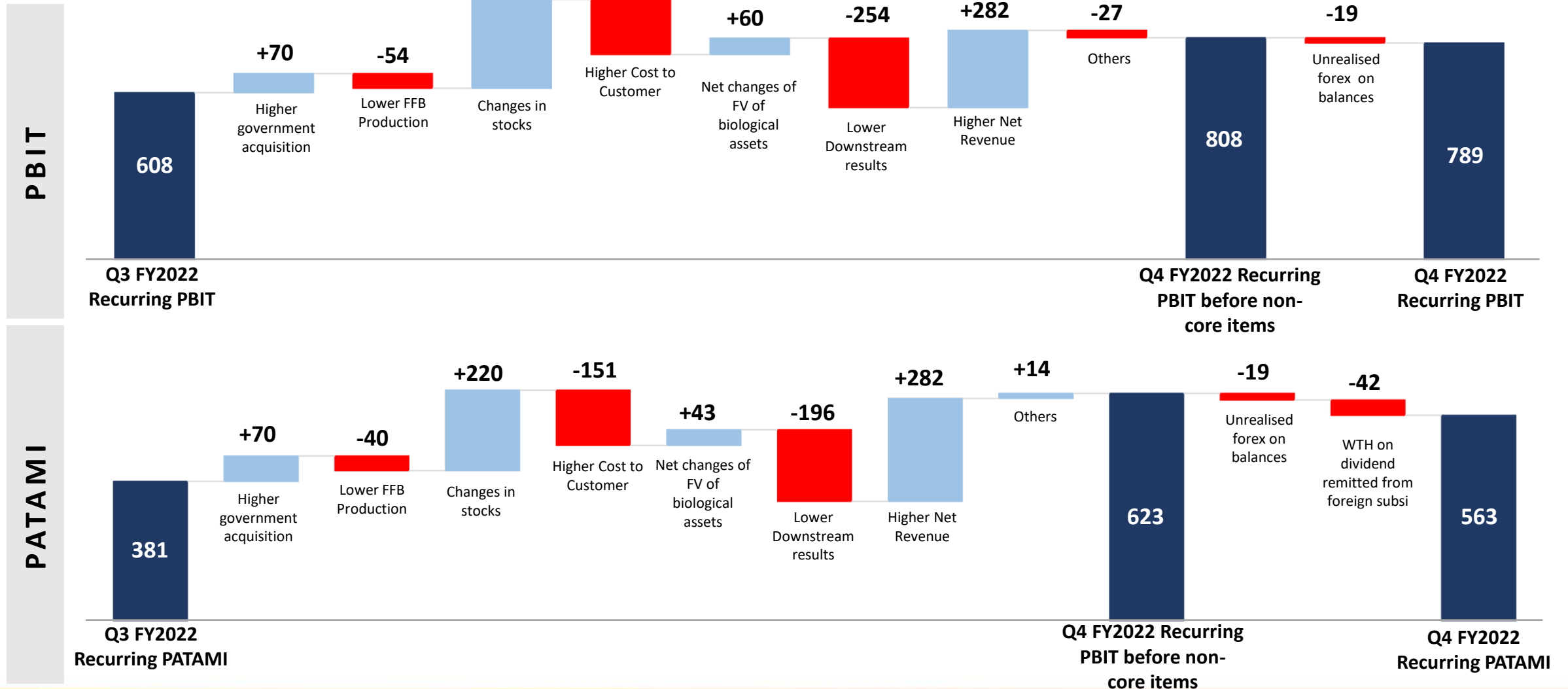
# Recurring Profits – Q4 FY2022 vs Q3 FY2022

Favourable changes in stock value and higher land disposal gains mitigated the higher cost to customers & lower Downstream results



## Q4 FY2022 vs Q3 FY2022

in RM'mn



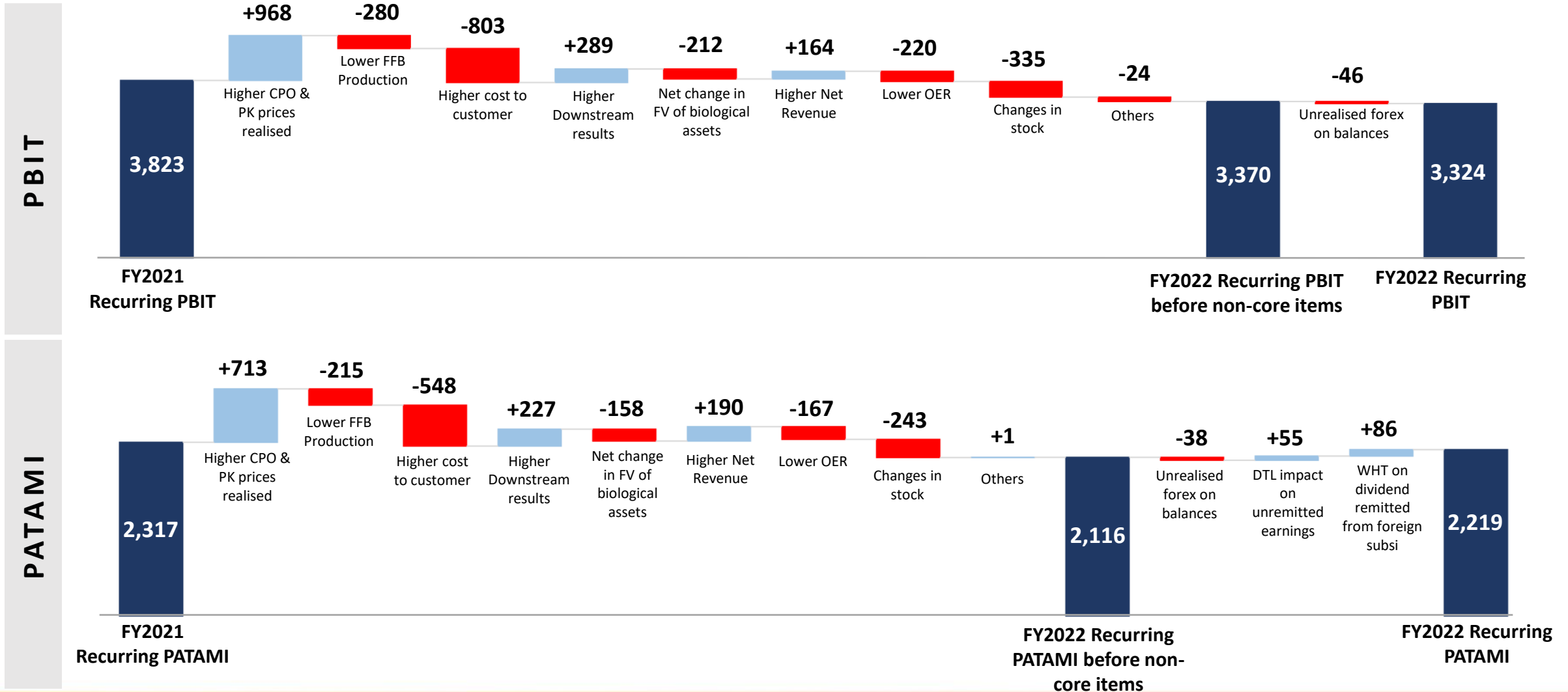
# Recurring Profits – FY2022 vs FY2021

Higher realised prices and solid Downstream results partially mitigated against the impact of higher costs (manuring & wages), lower FFB & OER and adverse changes in stock value



## FY2022 vs FY2021

in RM'mn



# Non-Recurring Profits

Minimal non-recurring transactions in Q4 FY2022, while the full year's FY2022 non-recurring profits was made up primarily of gains on land disposals in Malaysia



<i>in RM'mn</i>	Q4 FY2022	Q4 FY2021	YoY	FY2022	FY2021	YoY
<b>Gains on Land Disposals</b>	-	65	-100%	275	191	44%
Land disposals in Malaysia	-	65		275	191	
<b>Others</b>	(2)	(246)	99%	16	(340)	>100%
Impairment of immature rubber plantation	-	(279)		(3)	(279)	
Impairment of investment in JVs and other assets	(7)	33		(35)	(61)	
“Earn Out” settlement for the disposal of a former subsidiary in Liberia	5	-		54	-	
<b>Total Non-Recurring PBIT</b>	<b>(2)</b>	<b>(181)</b>	99%	<b>291</b>	<b>(149)</b>	>100%

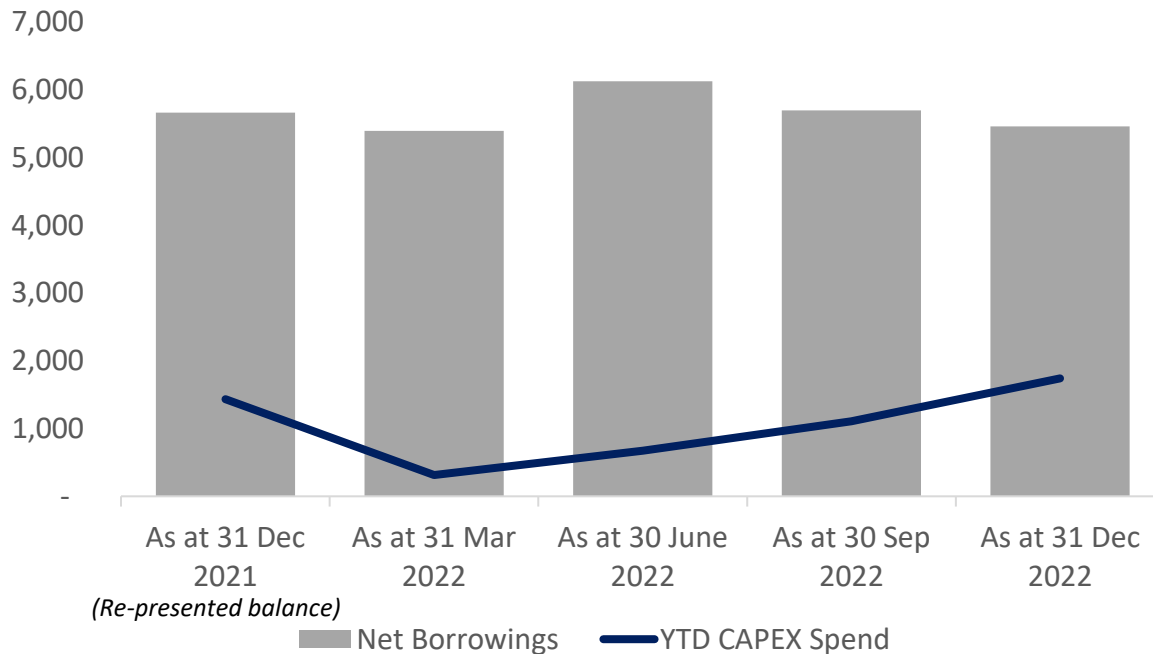


# Borrowings & Gearing Ratios

Net Gearing improved further hitting under 30% to stand at 29% in Q4 FY2022



Net Gearing <sup>1</sup> (in RM'mn)	<b>31%</b>	<b>31%</b>	<b>32%</b>	<b>30%</b>	<b>29%</b>
Borrowings	<b>6,251</b>	<b>6,536</b>	<b>6,855</b>	<b>6,631</b>	<b>6,097</b>
Bank balances, deposits & cash	<b>602</b>	<b>1,141</b>	<b>728</b>	<b>934</b>	<b>635</b>
Net Borrowings	<b>5,649</b>	<b>5,395</b>	<b>6,127</b>	<b>5,697</b>	<b>5,462</b>



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

## FOURTH QUARTER ENDED 31 DECEMBER 2022

**+RM1,356mn**

NET CASH GENERATED  
FROM OPERATING  
ACTIVITIES

**-RM553mn<sup>2</sup>**

NET CASH USED IN  
INVESTING ACTIVITIES  
(CAPEX: -RM631mn)

**-RM1,141mn**

NET CASH GENERATED  
FROM FINANCING  
ACTIVITIES

Net Borrowings as at 31 December 2022 decreased by RM235mn compared to 30 September 2022 mainly due to:

- Depreciation of USD against RM by 5% resulting in RM195mn lower borrowing balance.
- Surplus cash from operations and divestments used to pare down net debt.

Note: <sup>2</sup> Apart from CAPEX also consists of Proceeds from Disposals of RM76mn, Finance & Dividend income of RM4mn as well as receipt from repayment of advances for plasma plantation projects of RM2mn.



# Operational Performance – Upstream

Notable higher FFB output in both Indonesia and PNG/SI partially mitigated the decline faced in Malaysia due to labour shortage



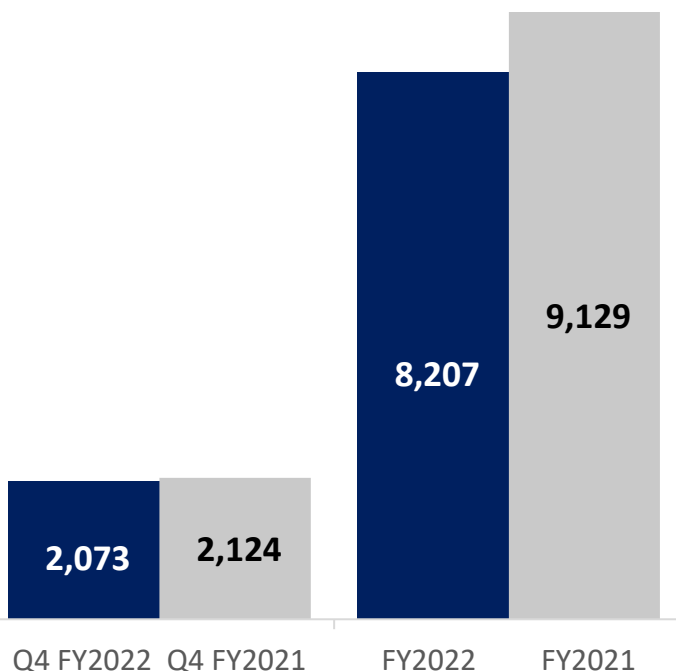
## FFB PRODUCTION

### TOTAL UPSTREAM

in '000 MT

-2% YoY

-10% YoY



	Q4 FY2022	FY2022
FFB Production ('000 MT)		
Upstream Malaysia	865	3,513
	Q4 FY2021: 1,072 (-19%)	FY2021: 4,630 (-24%)
Upstream Indonesia	728	2,781
	Q4 FY2021: 605 (20%)	FY2021: 2,609 (7%)
Upstream PNG/SI	480	1,913
	Q4 FY2021: 447 (7%)	FY2021: 1,890 (1%)
Total	2,073	8,207
	Q4 FY2021: 2,124 (-2%)	FY2021: 9,129 (-10%)

- **Malaysia:** Lack of skilled harvesters (shortage of 2,468 harvesters as of Dec 2022) meant it was not able to fully realise peak season harvesting and boost in production from rains received in the period. However, labour shortage has since seen gradual improvements with new incoming foreign workers undergoing extensive training.
- **Indonesia:** Higher production from younger palms which recorded strong FFB output in Q4 FY2022. This was further boosted by good rainfall pattern with no prolonged drought recorded since 2020.
- **PNG/SI:** Q4 FY2022 saw higher production being recorded in most regions particularly from prime and young mature palms.

# Operational Performance – Upstream

OER impacted by prolonged labour shortage in Malaysia as well as delivery setbacks in Indonesia and PNG/SI



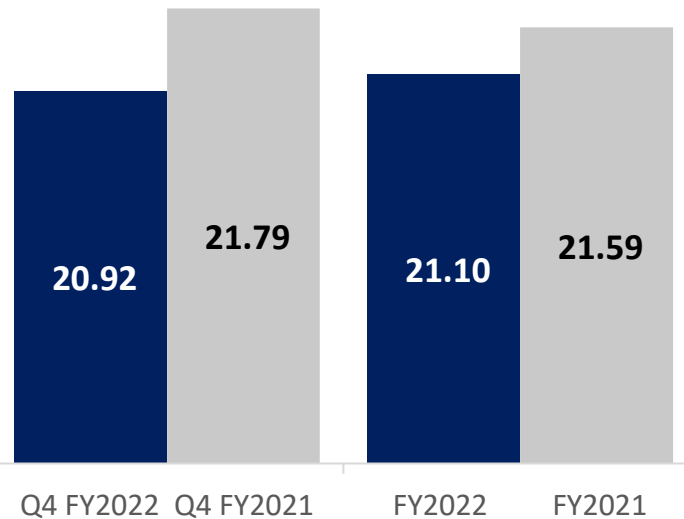
## CPO EXTRACTION RATE

### TOTAL UPSTREAM

in %

**-0.87**  
**p.p. YoY**

**-0.49**  
**p.p. YoY**



CPO Extraction Rate (OER) (%)	Q4 FY2022	FY2022
Upstream Malaysia	19.65 <small>Q4 FY2021: 21.09 (-1.44 pp)</small>	19.99 <small>FY2021: 20.96 (-0.97 pp)</small>
Upstream Indonesia	21.10 <small>Q4 FY2021: 21.84 (-0.74 pp)</small>	21.32 <small>FY2021: 21.66 (-0.34 pp)</small>
Upstream PNG/SI	22.69 <small>Q4 FY2021: 23.24 (-0.55 pp)</small>	22.68 <small>FY2021: 22.87 (-0.19 pp)</small>
<b>Total</b>	<b>20.92</b> <small>Q4 FY2021: 21.79 (-0.87 pp)</small>	<b>21.10</b> <small>FY2021: 21.59 (-0.49 pp)</small>

- **Malaysia:** OER adversely impacted by the labour shortage, particularly in the early part of Q4 FY2022.
- **Indonesia:** Impacted by logistics issues which affected deliveries to mills resulting in lower OER.
- **PNG/SI:** Lower OER as several regions experienced delays in crop evacuation due to security issues.

Note: p.p. – Percentage points

# Operational Performance – Upstream

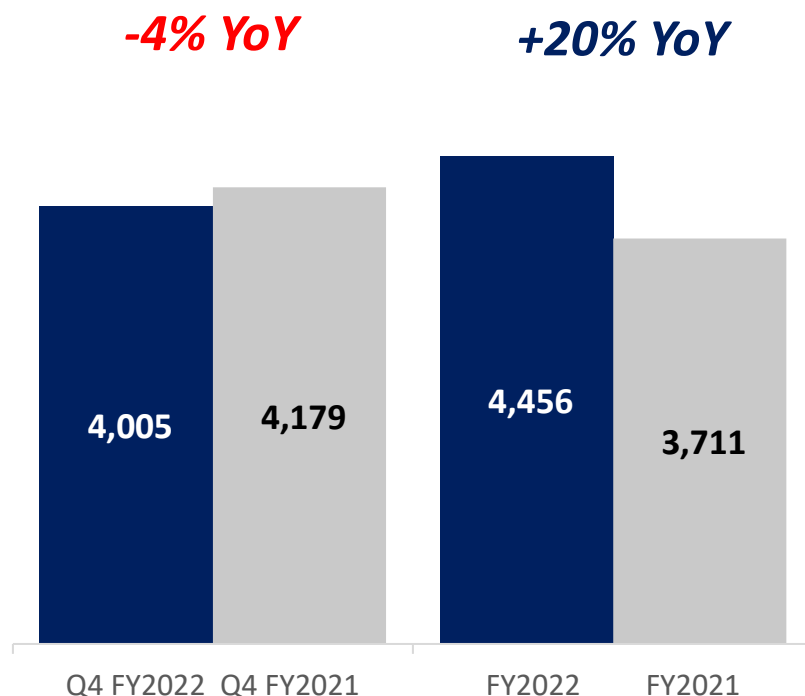
YoY realised prices remained higher for FY2022 while in Q4 FY2022 saw a slight decline



## AVERAGE CPO PRICES REALISED

### GROUP AVERAGE

in RM/MT



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

	Q4 FY2022	FY2022
Upstream Malaysia	4,560 <i>Q4 FY2021: 3,693 (23%)</i>	4,472 <i>FY2021: 3,504 (28%)</i>
Upstream Indonesia	3,410 <i>Q4 FY2021: 4,062 (-16%)</i>	3,558 <i>FY2021: 3,388 (5%)</i>
Upstream PNG/SI	4,138 <i>Q4 FY2021: 5,095 (-19%)</i>	5,534 <i>FY2021: 4,510 (23%)</i>
<b>Total</b>	<b>4,005</b> <i>Q4 FY2021: 4,179 (-4%)</i>	<b>4,456</b> <i>FY2021: 3,711 (20%)</i>

# Financial Performance – Downstream

Q4 FY22 results impacted by fair value losses on commodity hedges caused by an increase in market prices

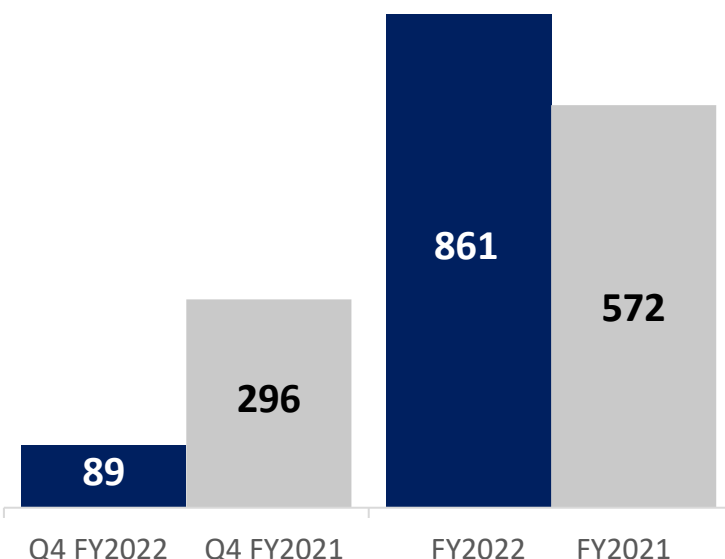


## DOWNSTREAM PBIT

in RM'mil

**-70% YoY**

**+51% YoY**



	Q4 FY2022	FY2022
<b>Downstream</b>		
Differentiated	(30)	192
	Q4 FY2021: 72 (>-100%)	FY2021: 197 (-3%)
Trading	67	327
	Q4 FY2021: 152 (-56%)	FY2021: 141 (>100%)
Bulk	109	378
	Q4 FY2021: 75 (46%)	FY2021: 241 (57%)
<b>Total PBIT*</b>	<b>109</b>	<b>820</b>
	Q4 FY2021: 287 (-62%)	FY2021: 547 (50%)
JV Companies	(20)	41
	Q4 FY2021: 8 (>-100%)	FY2021: 25 (64%)
<b>Grand Total PBIT*</b>	<b>89</b>	<b>861</b>
	Q4 FY2021: 296 (-70%)	FY2021: 572 (51%)

- The differentiated segment was impacted by lower sales volumes and margins due to customers deferring shipments.
- Furthermore, both the Europe and Africa regions were impacted by higher feedstock costs and utility prices.
- However, higher margins and sales volumes achieved by the Asia Pacific region was able to partially mitigate the adverse impact.
- The JV Co segment registered losses in the quarter due to impairment charges.

Note: \* After deducting corporate expenses

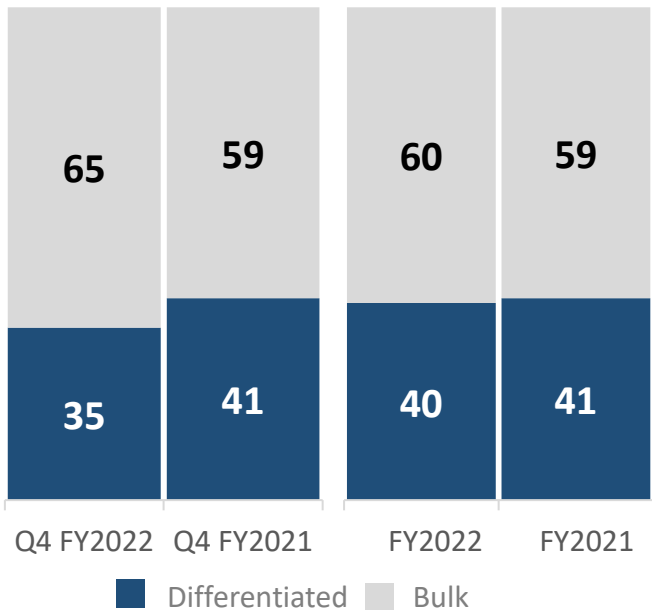
# Operational Performance – Downstream

Overall increase in sales volume primarily driven by bulk operations, despite a slight decline in capacity utilisation due to low feedstock availability



## PRODUCT RATIO

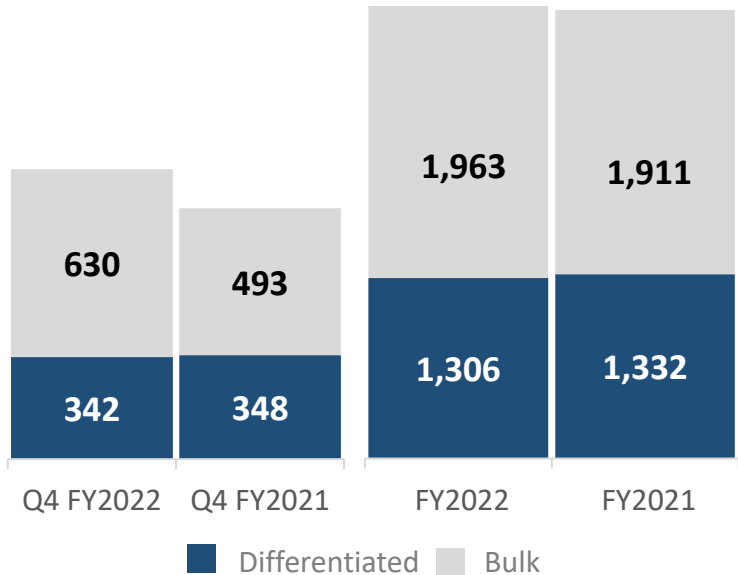
in %



## SALES VOLUME

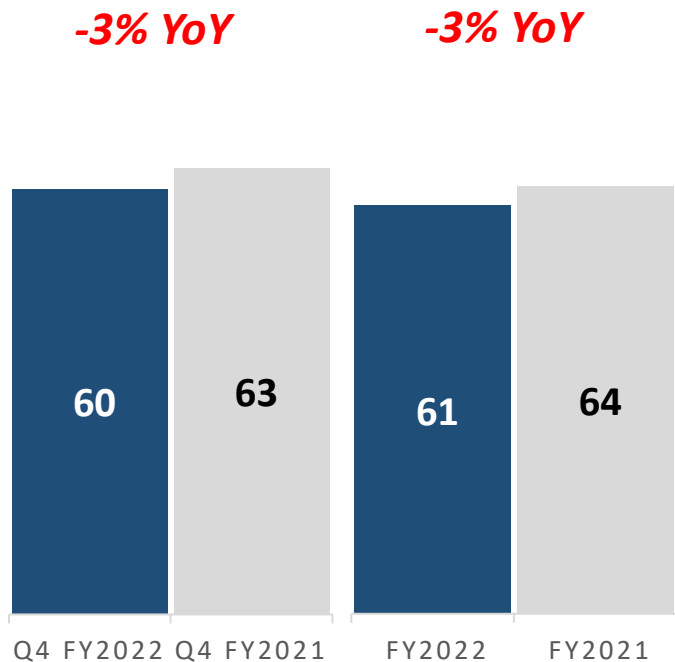
in '000 MT

Q4 FY2022	Q4 FY2021	FY2022	FY2021
985	852	3,318	3,270
+16% YoY		+1% YoY	



## CAPACITY UTILISATION

in %



# Dividend

The Board has declared a final dividend of 6.04 sen per share which together with the interim dividend of 10.00 sen per share translates into a single tier dividend of 16.04 sen per share for the financial year ended 31 December 2022



	FY 2022	
	Net per share (sen)	Total Net Dividend (RM'mn)
Interim dividend	10.00	692
Final dividend	6.04	418
<b>TOTAL DIVIDEND</b>	<b>16.04</b>	<b>1,110</b>

**Payout Ratio**

*(out of recurring PATAMI)*

**50%**

**The Company’s dividend policy is to target a dividend payout ratio of not less than 50% of its consolidated recurring PATAMI**

# Key Update – Modification by the USCBP

The first palm oil company to be independently cleared of the existence of any systemic forced labour indicators in its Malaysian operations

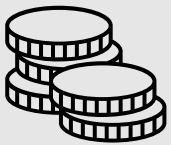


**Plantation**



## POLISHED PRACTICES SHINES THROUGH

Leading the Malaysian palm oil industry....



Reimburse  
recruitment fees



Social dialogue  
platforms



ESG  
scorecard



Automate controls to  
monitor working hours



Mobile application  
for housing repairs



Stricter Migrant Worker  
Responsible  
Recruitment Procedure



# Sustainability Milestones

Raising Commitments and Improved ESG Ranking

Our Roadmap to

# Net-Zero

Measurable. Meaningful. Science-Based.

Submission of near and long-term targets to reduce GHG emissions (including Scope 3 emissions) to the SBTi for validation.



Accelerating Renewables Programme



Land Use Transformation

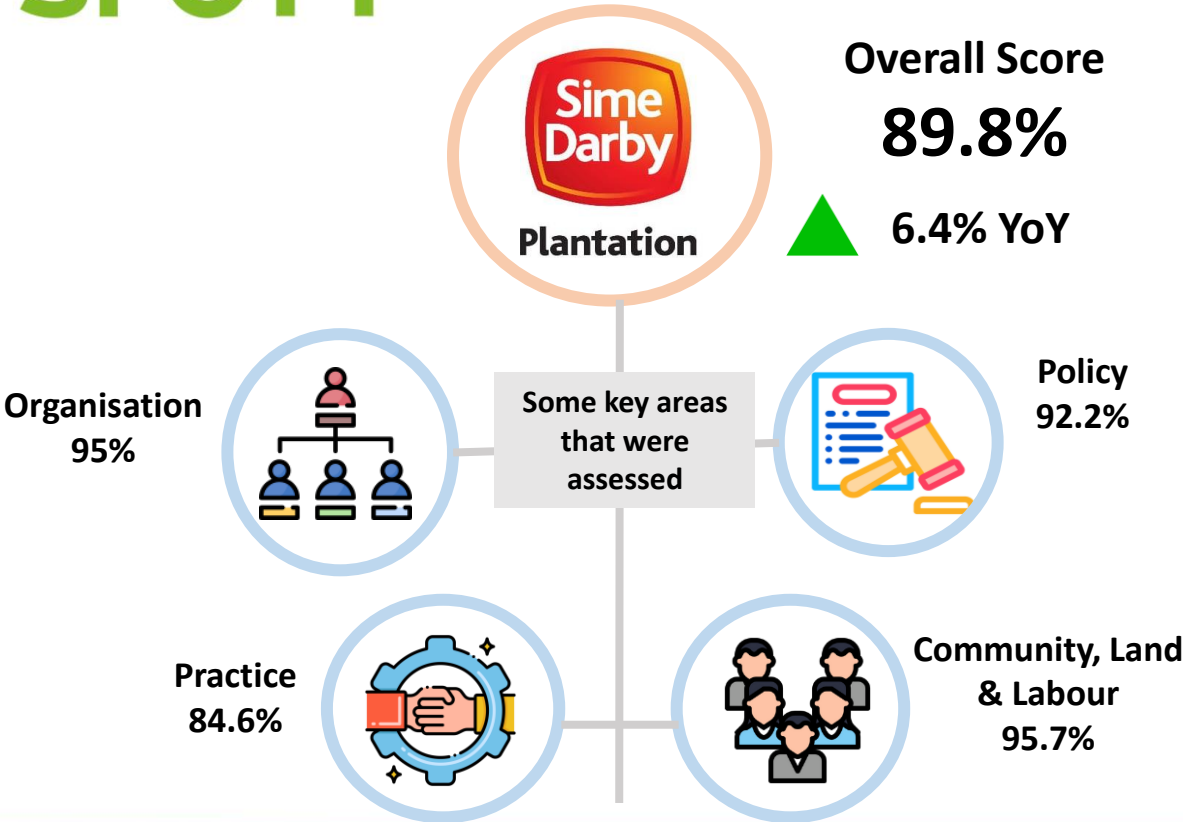


Enhancing Supplier Engagements



2022 SPOTT Ranking of Palm Oil Producers

7<sup>th</sup> spot



# APPENDIX

# Summary of Operational Statistics

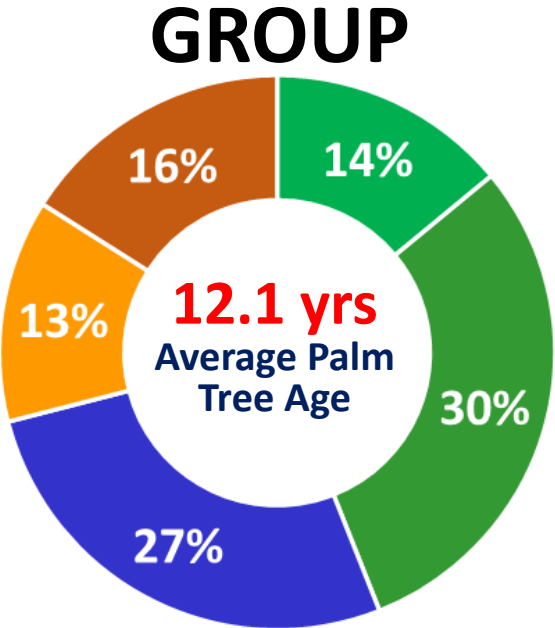
As at 31 December 2022



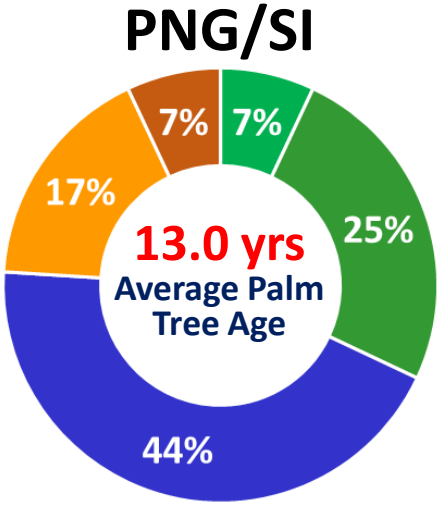
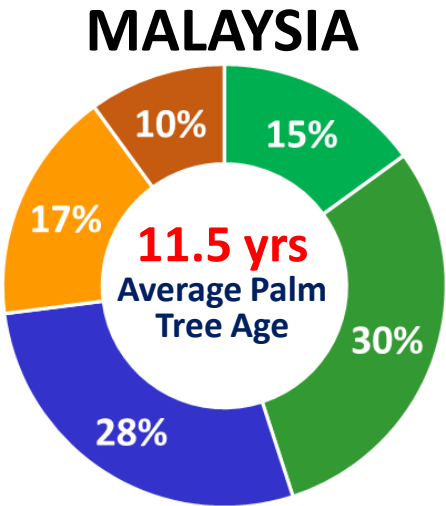
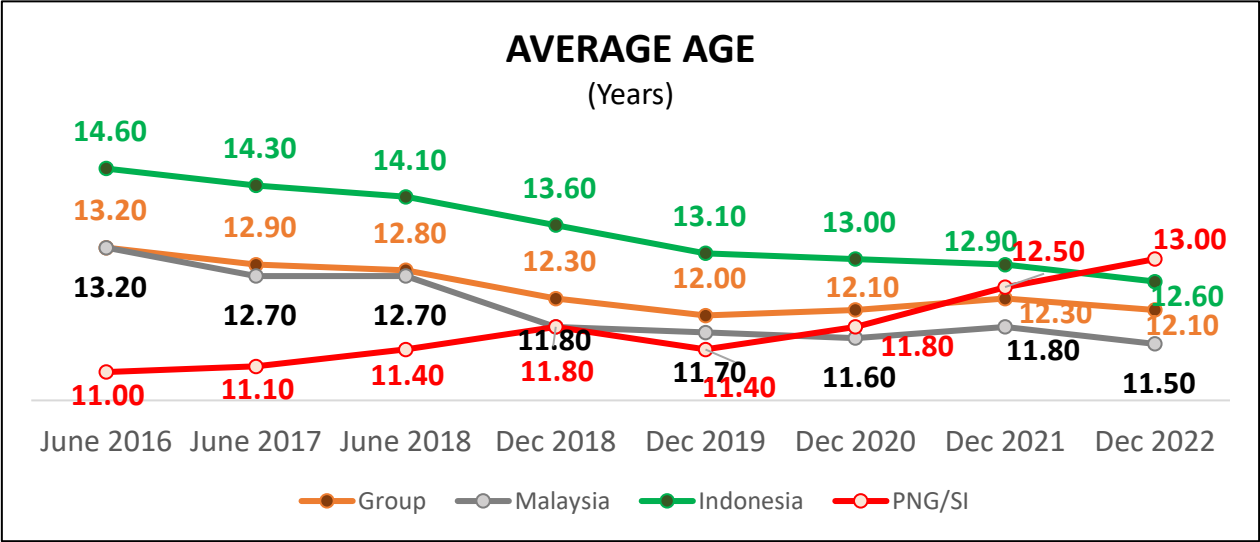
For the 12 Months Ended	Malaysia		YoY %	Indonesia		YoY %	PNG		YoY %	GROUP (All Operations)		YoY %
	31 Dec 2022	31 Dec 2021		31 Dec 2022	31 Dec 2021		31 Dec 2022	31 Dec 2021		31 Dec 2022	31 Dec 2021	
FFB Production ('000 MT)	3,513	4,630	-24%	2,781	2,609	7%	1,913	1,890	1%	8,207	9,129	-10%
FFB Yield per mature ha (MT/Ha)	14.01	18.54	-24%	17.66	16.47	7%	22.37	22.06	1%	16.63	18.49	-10%
CPO Production (Own) ('000 MT)	708	978	-28%	595	567	5%	434	432	0.4%	1,736	1,977	-12%
CPO Production (Total) ('000 MT)	847	1,120	-24%	711	693	3%	567	560	1%	2,125	2,373	-10%
PK Production (Own) ('000 MT)	170	231	-27%	120	117	2%	109	107	2%	399	456	-13%
PK Production (Total) ('000 MT)	204	265	-23%	144	144	-0.3%	143	139	3%	490	549	-11%
CPO Extraction Rate (%)	19.99	20.96	-0.97	21.32	21.66	-0.34	22.68	22.87	-0.19	21.10	21.59	-0.49
PK Extraction Rate (%)	4.82	4.96	-0.14	4.31	4.51	-0.20	5.71	5.69	0.02	4.87	4.99	-0.12
Average CPO Selling Price (RM/MT)	4,472	3,504	28%	3,558	3,388	5%	5,534	4,510	23%	4,456	3,711	20%
Average PK Selling Price (RM/MT)	3,170	2,828	12%	2,069	2,069	-	-	-	-	2,689	2,551	5%

# Breakdown of Age Profile

As at 31 December 2022



As at December 2022, SDP has 578,114 ha of oil palm planted of which 86% is mature and 14% is immature.



Immature   4 – 8 Years   9 – 18 Years   19 – 22 Years   Above 22 Years

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