

# First Quarter of Financial Year 2023 (1QFY2023) Results Announcement

24 May 2023

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

# Financial Highlights

Q1 FY2023's profits impacted by lower average realised prices and continued challenges to productivity in the Malaysian Upstream operations



<i>in RM'mn</i>	Q1 FY2023	Q1 FY 2022	YOY
<b>Revenue</b>	<b>4,069</b>	<b>4,381</b>	<b>-7%</b>
<b>PBIT</b>	<b>303</b>	<b>1,060</b>	<b>-71%</b>
■ Recurring PBIT	303	1,013	-70%
■ Non-recurring PBIT	-	47	-100%
<b>PBT</b>	<b>255</b>	<b>1,043</b>	<b>-76%</b>
<b>PATAMI</b>	<b>69</b>	<b>718</b>	<b>-90%</b>
<b>Basic EPS</b> <i>(RM'sen)</i>	<b>1.0</b>	<b>10.4</b>	<b>-90%</b>

# Financial Performance by Segment – Continuing Operations

Both the Upstream and Downstream business segment faced a challenging first quarter



## TOTAL PBIT

in RM'mn

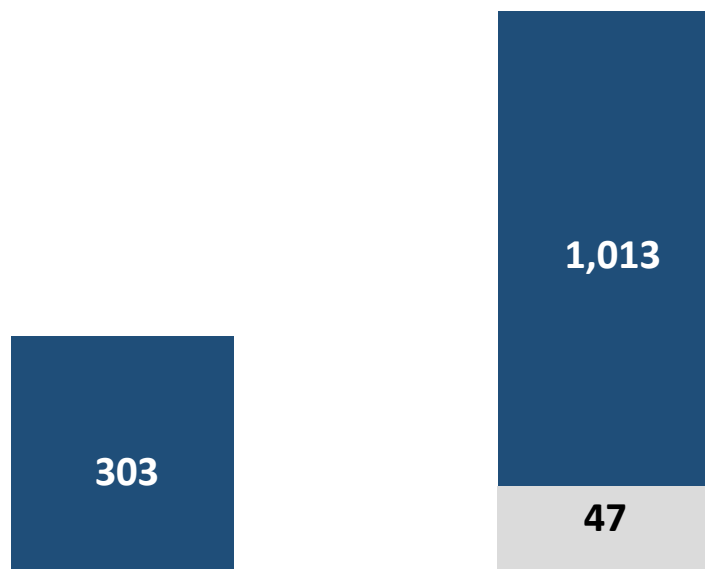
Q1 FY2023

**303**

Q1 FY2022

**1,060**

**-71% 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

<i>Recurring PBIT (RM'mn)</i>	Q1 FY2023	Q1 FY2022	YoY
<b>Upstream</b>	<b>220</b>	<b>839</b>	<b>-74%</b>
Upstream Malaysia	-21	224	>-100%
Upstream Indonesia	105	153	-31%
Upstream PNG/SI	136	462	-71%
<b>Downstream</b>	<b>68</b>	<b>161</b>	<b>-58%</b>
<b>Others*</b>	<b>15</b>	<b>13</b>	<b>15%</b>
<b>Total Recurring PBIT</b>	<b>303</b>	<b>1,013</b>	<b>-70%</b>

# Recurring Profits – Q1 FY2023 vs Q1 FY2022

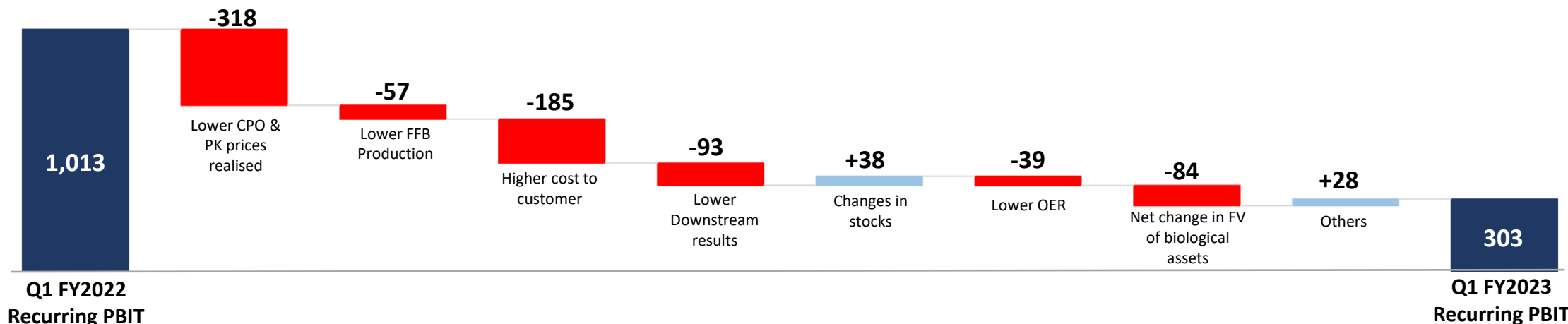
Profits heavily impacted by lower realized prices, FFB production and downstream profits as well as higher cost to customer mainly from higher fertilizer & estate upkeep costs



## Q1 FY2023 vs Q1 FY2022

in RM'mn

PBIT



PATAMI



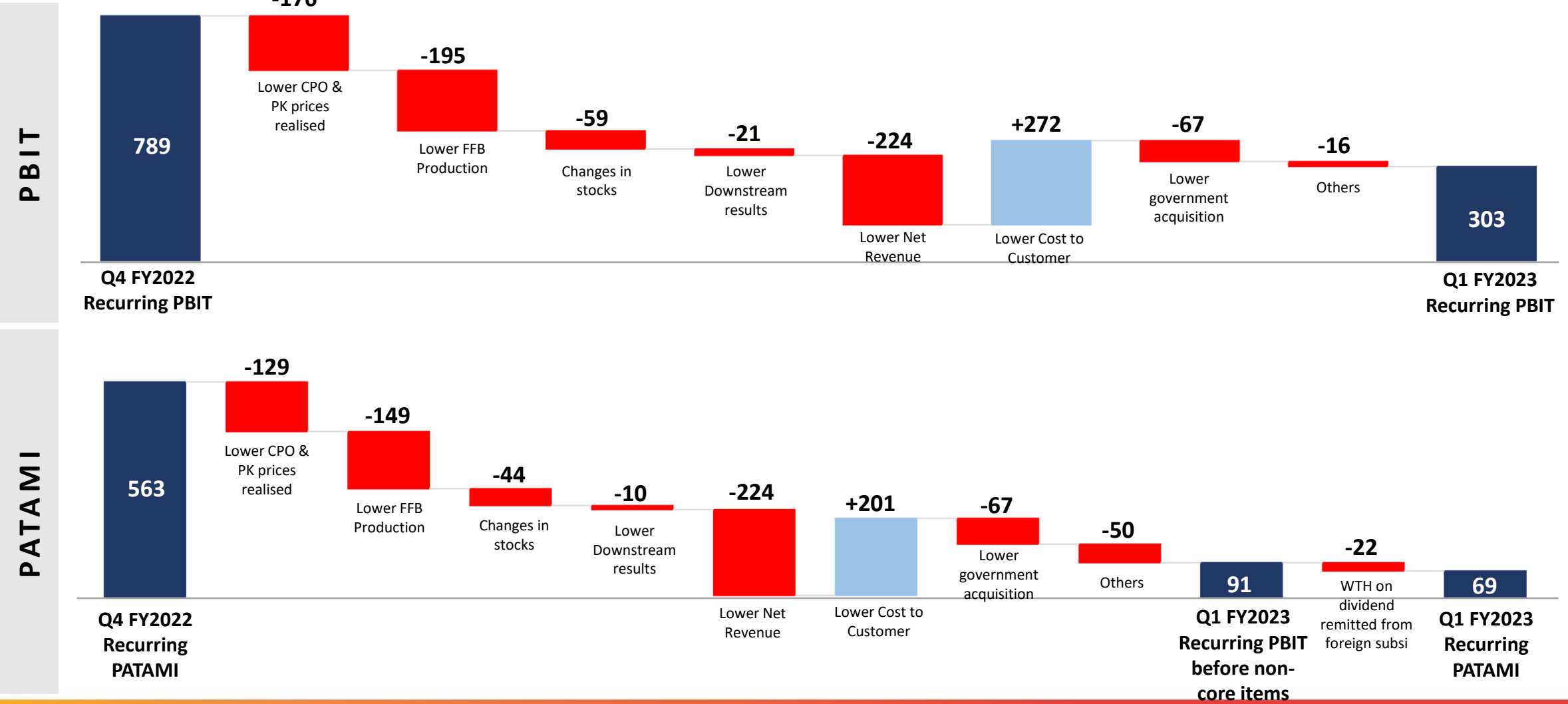
# Recurring Profits – Q1 FY2023 vs Q4 FY2022

Profits significantly impacted by lower FFB production and lower realized prices despite lower cost to customer



## Q1 FY2023 vs Q4 FY2022

in RM'mn

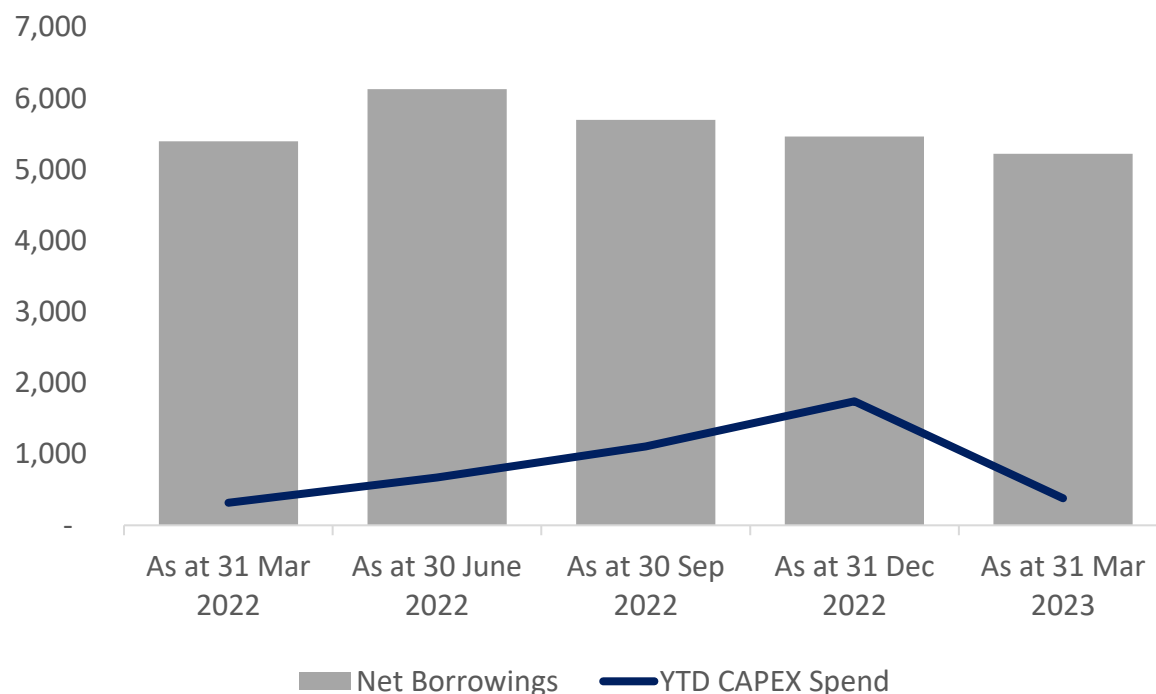


# Borrowings & Gearing Ratios

Net Gearing level continues to reduce to stand at 28% as at March 2023



<i>Net Gearing<sup>1</sup></i> <i>(in RM'mn)</i>	<b>31%</b>	<b>32%</b>	<b>30%</b>	<b>29%</b>	<b>28%</b>
<i>Borrowings</i>	<b>6,536</b>	<b>6,855</b>	<b>6,631</b>	<b>6,097</b>	<b>6,101</b>
<i>Bank balances, deposits &amp; cash</i>	<b>1,141</b>	<b>728</b>	<b>934</b>	<b>635</b>	<b>884</b>
<i>Net Borrowings</i>	<b>5,395</b>	<b>6,127</b>	<b>5,697</b>	<b>5,462</b>	<b>5,217</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 2023

**+RM791mn**

NET CASH GENERATED  
FROM OPERATING  
ACTIVITIES

**-RM365mn<sup>2</sup>**

NET CASH USED IN  
INVESTING ACTIVITIES  
(CAPEX: -RM378mn)

**-RM171mn**

NET CASH USED IN  
FINANCING ACTIVITIES

Net Borrowings as at 31 March 2023 decreased by RM245mn compared to 31 December 2022 mainly due to:

- Lower net borrowings due to surplus cash generated from operating activities.
- Higher bank balances by RM249mn due to collection incoming late in March.
- Appreciation of USD against RM resulting in a RM26mn increase in borrowing balance.

Note: <sup>2</sup> Apart from CAPEX also consists of Proceeds from Disposals of RM9mn and Finance income of RM4mn.

# Operational Performance – Upstream

Lingering effects from the prolonged acute labour shortage continues to adversely impact the Malaysian Upstream operations

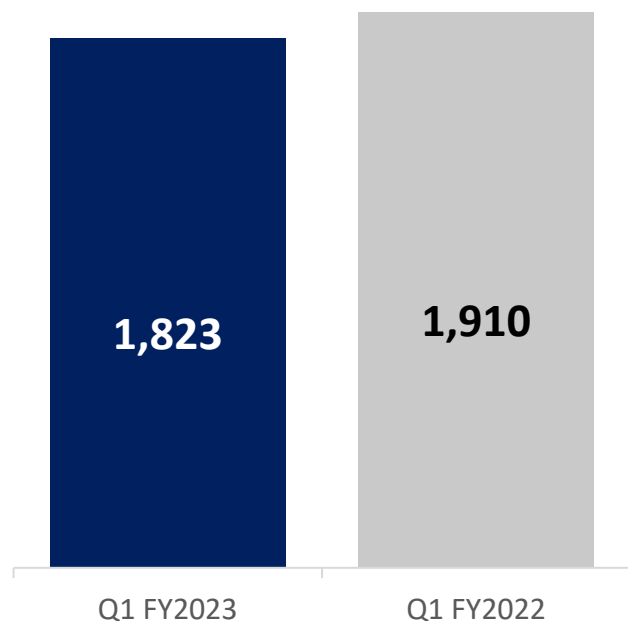


## FFB PRODUCTION

### TOTAL UPSTREAM

in '000 MT

**-5% YoY**



	Q1 FY2023	Q1 FY2022	YoY
FFB Production ('000 MT)			
Upstream Malaysia	785	883	-11%
Upstream Indonesia	566	560	1%
Upstream PNG/SI	472	467	1%
Total	1,823	1,910	-5%

- **Malaysia:** Productivity impacted by the large number of newly recruited harvesters. It is anticipated that it will take between 9 to 12 months to achieve target productivity with FFB production expected to gradually improve in the remaining quarters as the new harvesters master the skills.
- **Indonesia:** The prime age group (9 to 18 years) which makes up approx. 23% of the total mature area saw encouraging growth in production recording a 3% increase YoY. Furthermore, more area coming into new maturity also provided a boost to production.
- **PNG/SI:** Growth in production mainly supported by good bunch formation particularly from the young mature areas (4 to 8 years) which makes up approx. 26% of the total mature area.



# Operational Performance – Upstream

OER impacted by flash floods in PNG/SI and also from the operational issues faced in Malaysia and Indonesia

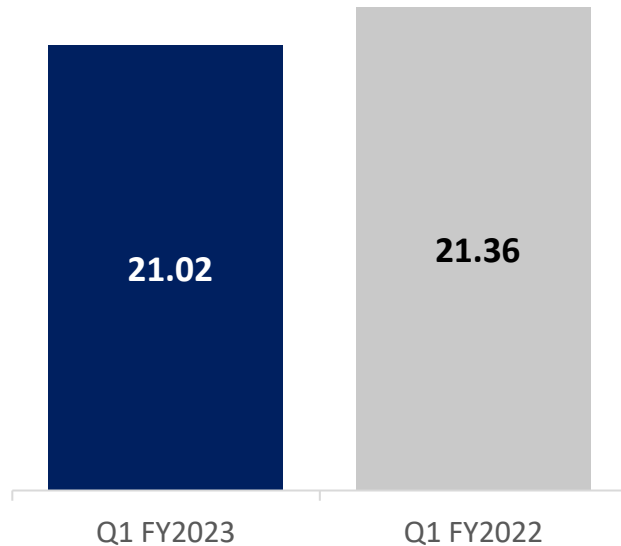


## CPO EXTRACTION RATE

### TOTAL UPSTREAM

in %

**-0.34**  
**p.p. YoY**



CPO Extraction Rate (OER) (%)	Q1 FY2023	Q1 FY2022	p.p YoY
Upstream Malaysia	19.95	20.24	-0.29
Upstream Indonesia	21.38	21.82	-0.44
Upstream PNG/SI	22.25	22.84	-0.59
Total	21.02	21.36	-0.34

- **Malaysia:** Continued extended harvesting intervals as well as delays in field upkeep had impacted the quality of FFB delivered to the mills which in turn resulted in lower OER.
- **Indonesia:** OER impacted by higher rainfall in several regions which affected crop recovery. Furthermore, more FFB production from larger areas coming into new maturity also brought about lower OER.
- **PNG/SI:** Higher rainfall and flash floods experienced in Q1 FY2023 had disrupted mills' operational efficiencies.

Note: p.p. – Percentage points



# Operational Performance – Upstream

Indonesia & PNG/ SI impacted by decline in global CPO prices while Malaysia was able to perform better due to hedging

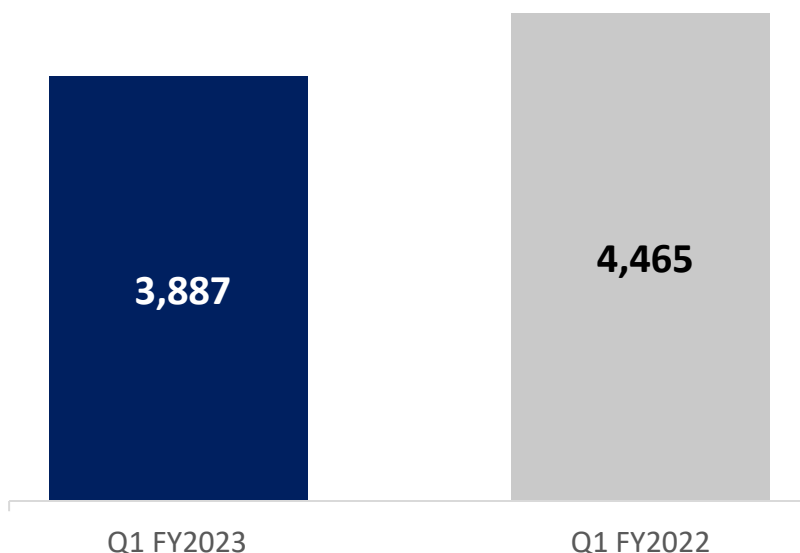


## AVERAGE CPO PRICES REALISED

### GROUP AVERAGE

in RM/MT

**-13% YoY**



Average CPO Prices Realised (RM/MT)	Q1 FY2023	Q1 FY2022	YoY
Upstream Malaysia	4,148	4,122	1%
Upstream Indonesia	3,455	4,112	-16%
Upstream PNG/SI	4,034	5,527	-27%
Total	3,887	4,465	-13%

# Financial Performance – Downstream

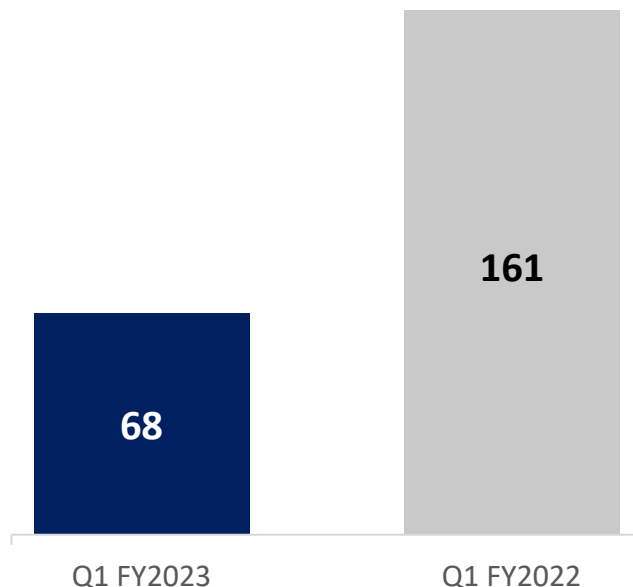
Reduction in margins and lower sales volume particularly in the bulk and trading segment was partially mitigated by better performance in European operations



## DOWNSTREAM PBIT

in RM'mil

**-58% YoY**



<i>Recurring PBIT (RM'mn)</i>	Q1 FY2023	Q1 FY2022	YoY
<b>Downstream</b>			
Differentiated	52	-5	>100%
Trading	26	84	-69%
Bulk	-2	63	>-100%
<b>Total PBIT*</b>	<b>65</b>	<b>132</b>	<b>-50%</b>
JV Companies	3	29	-91%
<b>Grand Total PBIT</b>	<b>68</b>	<b>161</b>	<b>-58%</b>

- The differentiated market segment was supported by higher selling prices and sales volumes in the European market.
- While lower sales volume and margins adversely impacted both the bulk & trading segments with the increase in export tax and levy structure in Indonesia further driving down profits.
- Profit contribution from JV companies was also impacted with reduced sales volume and margins due to market volatility.

Note: \* After deducting corporate expenses

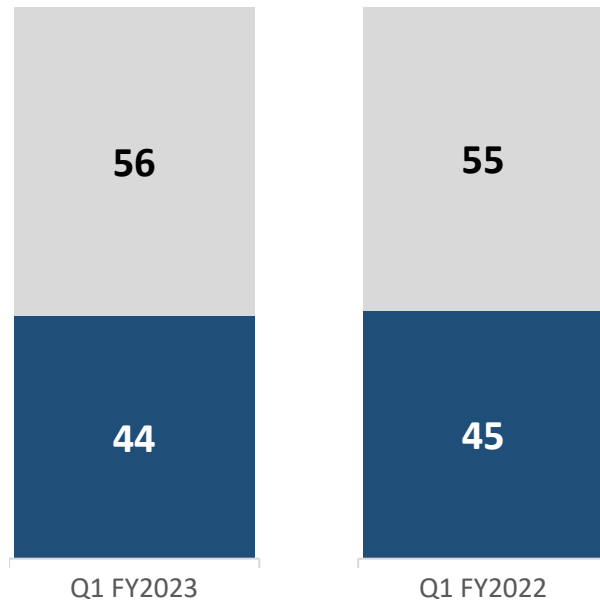
# Operational Performance – Downstream

Capacity utilization impacted by lower sales volume as well as availability of feedstock



## PRODUCT RATIO

in %



■ Differentiated ■ Bulk

## SALES VOLUME

in '000 MT

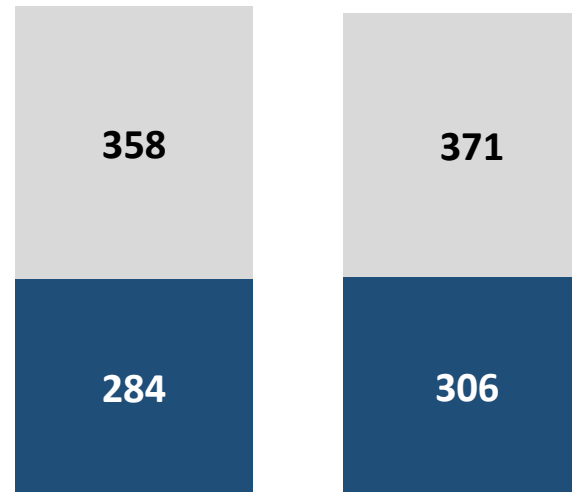
Q1 FY2023

**658**

Q1 FY2022

**683**

**-4% YoY**



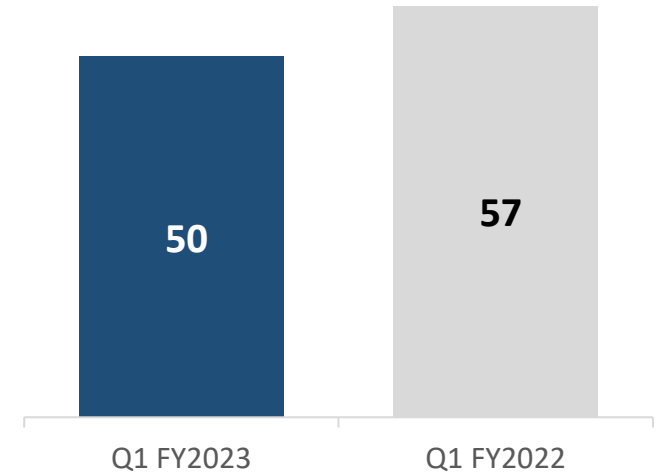
■ Differentiated ■ Bulk

Note: Total figures includes sales volume under tolling

## CAPACITY UTILISATION

in %

**-7% YoY**



# Sustainability Updates

Commitment to Restore Peat Land and Award Winner for MISA '23



## COLLABORATION WITH THE MALAYSIAN PALM OIL GREEN CONSERVATION FOUNDATION



A 50-hectare area in Bintulu, Sarawak, will be restored into a functioning rehabilitated peat ecosystem in the next two years.



A project to plant and maintain suitable tree species in SDP's Lavang estate.



Expected to become a peatland rehabilitation model for academics and researchers.



Aligns with SDP's NDPE and Net Zero commitments.

## MDBC Innovation & Sustainability Awards (MISA) '23 Special Edition



### Category:

Outstanding Malaysian Investor in the Netherlands



# Pioneering the Industry's Future

Placing ESG aspects at the forefront of the business



## Leadership in Climate Action

- Established comprehensive roadmap to achieve **Net-Zero emissions by 2050**.
- **Accelerated renewable energy** production and adoption.
- Pursued **land use transformation initiatives** to increase carbon sinks.
- **Enhanced TCFD disclosures** which includes quantification of climate transition risks.

**Net-Zero**  
Measurable. Meaningful. Science-Based.



## The first plantation company to be independently cleared from forced labour indicators

- Setting up best practices for the industry.



Reimbursement of recruitment fees



Mobile app for housing repair



Introduced ESG Scorecard



Social dialogues



Automated controls to monitor working hours

- Embedded Health and Safety Culture in all operations.



## Leading the Industry through Management Appointments to Various Bodies



**GMD, Mohamed Helmy Othman Basha**

Appointed MPOB Chairman in Feb 2023



**MD SDO, Mohd Haris Mohd Arshad**

- Appointed PORAM\* Chairman in Mar 2023
- Appointed MPOB & MPOC Board member in April 2023



**CFO, Renaka Ramachandran**

- Appointed as Co-Chair of the RSPO Human Rights Working Group in May 2023
- Appointed alternate Council Member for MPOA in April 2023

\*Palm Oil Refiners Association of Malaysia



# APPENDIX

# Summary of Operational Statistics

As at 31 March 2023



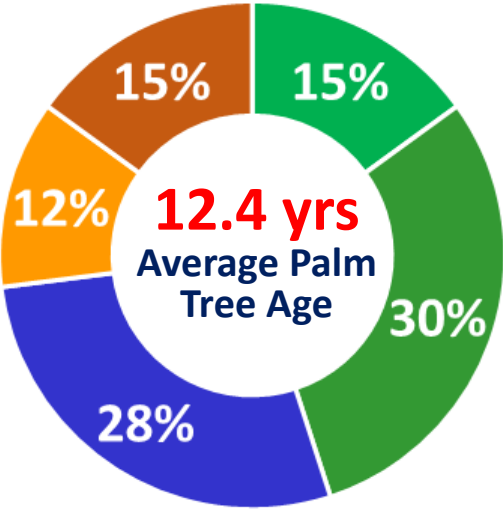
For the 3 Months Ended	Malaysia		YoY %	Indonesia		YoY %	PNG		YoY %	GROUP (All Operations)		YoY %
	31 Mar 2023	31 Mar 2022		31 Mar 2023	31 Mar 2022		31 Mar 2023	31 Mar 2022		31 Mar 2023	31 Mar 2022	
FFB Production ('000 MT)	785	883	-11%	566	560	1%	472	467	1%	1,823	1,910	-5%
FFB Yield per mature ha (MT/Ha)	3.16	3.54	-11%	3.58	3.53	2%	5.54	5.44	2%	3.71	3.87	-4%
CPO Production (Own) ('000 MT)	158	180	-13%	121	123	-1%	105	107	-2%	384	410	-6%
CPO Production (Total) ('000 MT)	186	215	-14%	143	144	-1%	136	136	-	465	496	-6%
PK Production (Own) ('000 MT)	39	43	-8%	24	24	-2%	27	26	3%	90	93	-3%
PK Production (Total) ('000 MT)	46	51	-10%	28	29	-2%	35	33	5%	109	113	-4%
CPO Extraction Rate (%)	19.95	20.24	-0.29	21.38	21.82	-0.44	22.25	22.84	-0.59	21.02	21.36	-0.34
PK Extraction Rate (%)	4.96	4.84	0.12	4.20	4.33	-0.13	5.65	5.54	0.11	4.92	4.87	0.05
Average CPO Selling Price (RM/MT)	4,148	4,122	1%	3,455	4,112	-16%	4,034	5,527	-27%	3,887	4,465	-13%
Average PK Selling Price (RM/MT)	2,031	4,495	-55%	1,469	3,453	-57%	-	-	-	1,794	4,105	-56%



# Breakdown of Age Profile

As at 31 March 2023

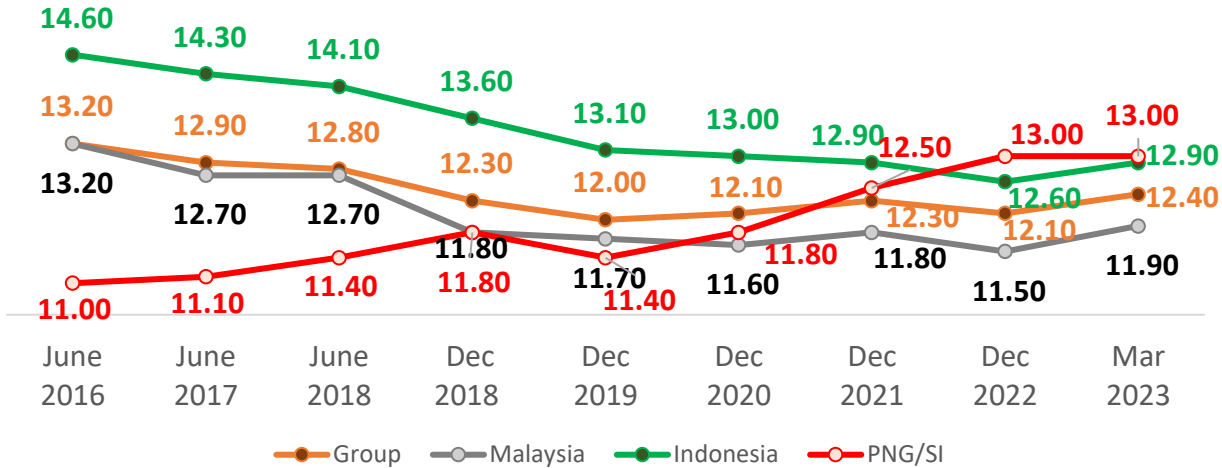
## GROUP



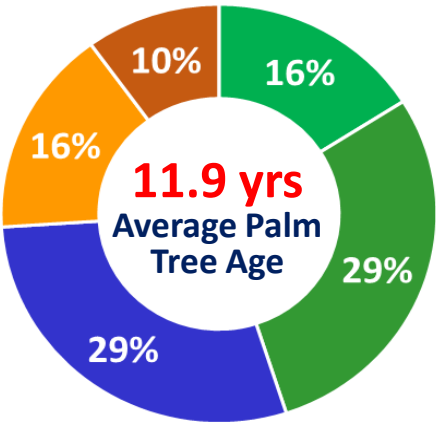
As at March 2023, SDP has 576,847 ha of oil palm planted of which 85% is mature and 15% is immature.

## AVERAGE AGE

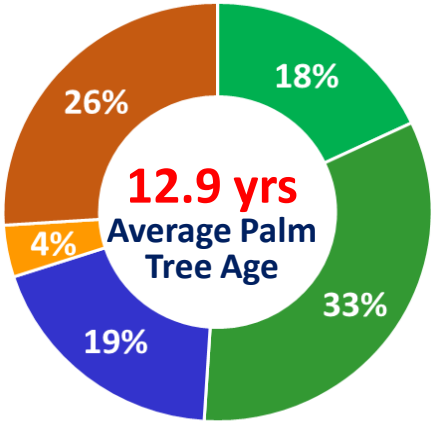
(Years)



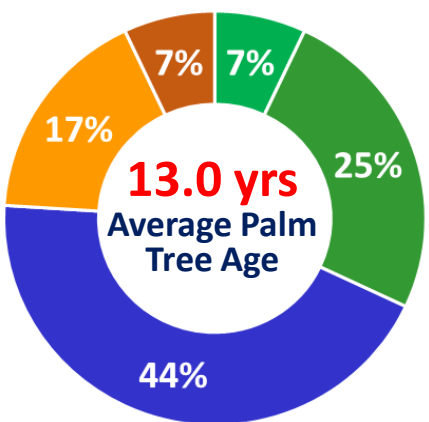
## MALAYSIA



## INDONESIA



## PNG/SI



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