

Second Quarter of Financial Year 2023 (2QFY2023) Results Announcement

23 August 2023

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**Sime
Darby**
Plantation

Financial Highlights

Profits affected by decline in average realised prices and increase in fertiliser and labour costs



	Quarter Ended 30 June			Half Year Ended 30 June		
<i>in RM'mn</i>	FY2023	FY2022	YOY	FY2023	FY2022	YOY
Revenue	4,305	5,587	-23%	8,374	9,968	-16%
PBIT	527	1,146	-54%	830	2,206	-62%
Recurring PBIT	331	914	-64%	634	1,927	-67%
Non-recurring PBIT	196	232	-16%	196	279	-30%
PATAMI	380	812	-53%	449	1,530	-71%
Basic EPS <i>(RM'sen)</i>	5.5	11.7	-53%	6.5	22.1	-71%

Financial Performance by Segment

Challenging operating environment continues to impact all segments



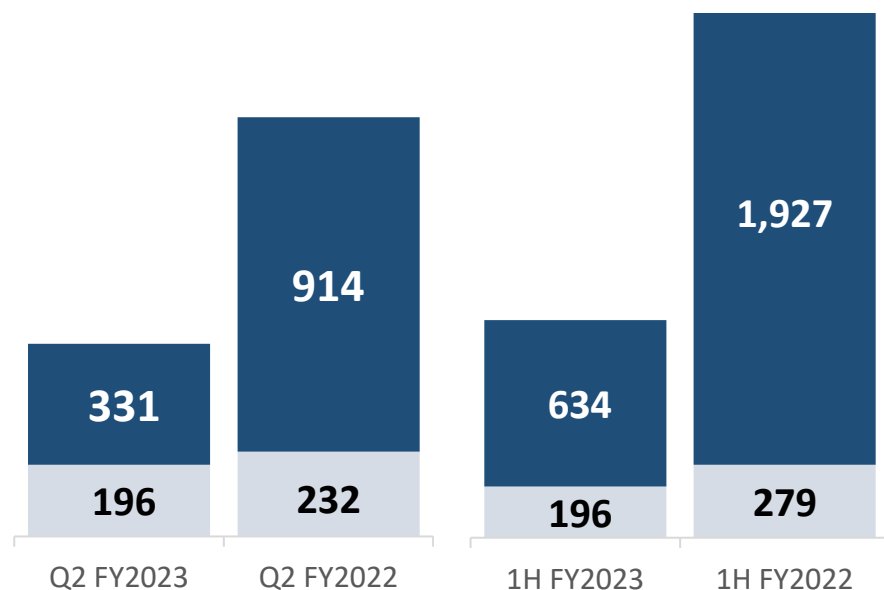
TOTAL PBIT

in RM'mn

Q2 FY2023	Q2 FY2022	1H FY2023	1H FY2022
527	1,146	830	2,206

-54% YoY

-62% 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

	Q2 FY2023	1H FY2023
<i>Recurring PBIT (RM'mn)</i>		
Upstream	188	408
	<i>Q2 FY2022: 618 (-70%)</i>	<i>1H FY2022: 1,457 (-72%)</i>
Upstream Malaysia	(25)	(46)
	<i>Q2 FY2022: 66 (>-100%)</i>	<i>1H FY2022: 290 (>-100%)</i>
Upstream Indonesia	163	268
	<i>Q2 FY2022: 106 (54%)</i>	<i>1H FY2022: 259 (3%)</i>
Upstream PNG/SI	50	186
	<i>Q2 FY2022: 446 (-89%)</i>	<i>1H FY2022: 908 (-80%)</i>
Downstream	124	192
	<i>Q2 FY2022: 275 (-55%)</i>	<i>1H FY2022: 436 (-56%)</i>
Others*	19	34
	<i>Q2 FY2022: 21 (-10%)</i>	<i>1H FY2022: 34 (0%)</i>
Total Recurring PBIT	331	634
	<i>Q2 FY2022: 914 (-64%)</i>	<i>1H FY2022: 1,927 (-67%)</i>

Recurring Profits – Q2 FY2023 vs Q2 FY2022

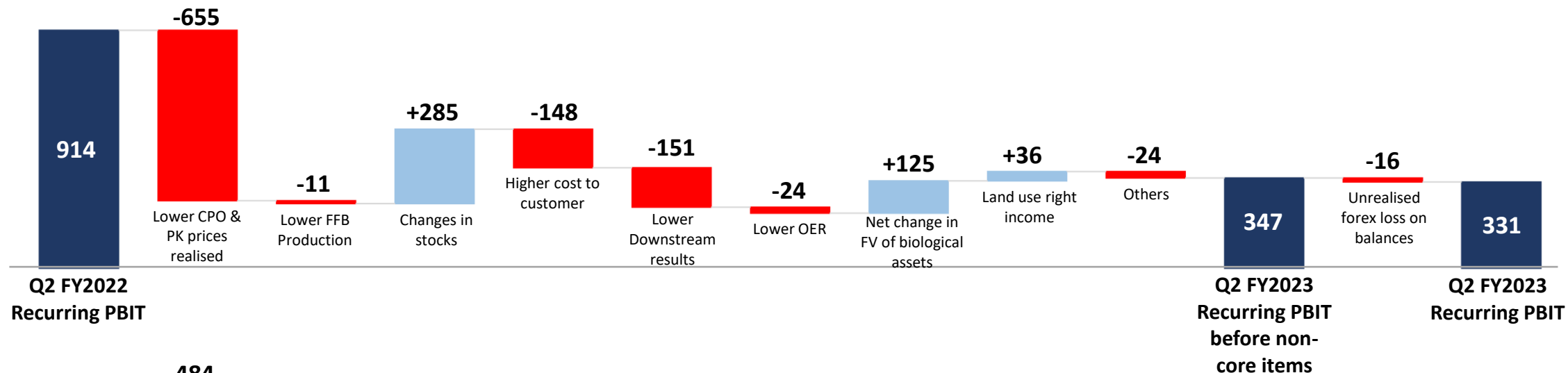
Profits impacted by lower realized prices, higher cost to customer particularly fertiliser & labour costs as well as lower margins & demand from the downstream segment



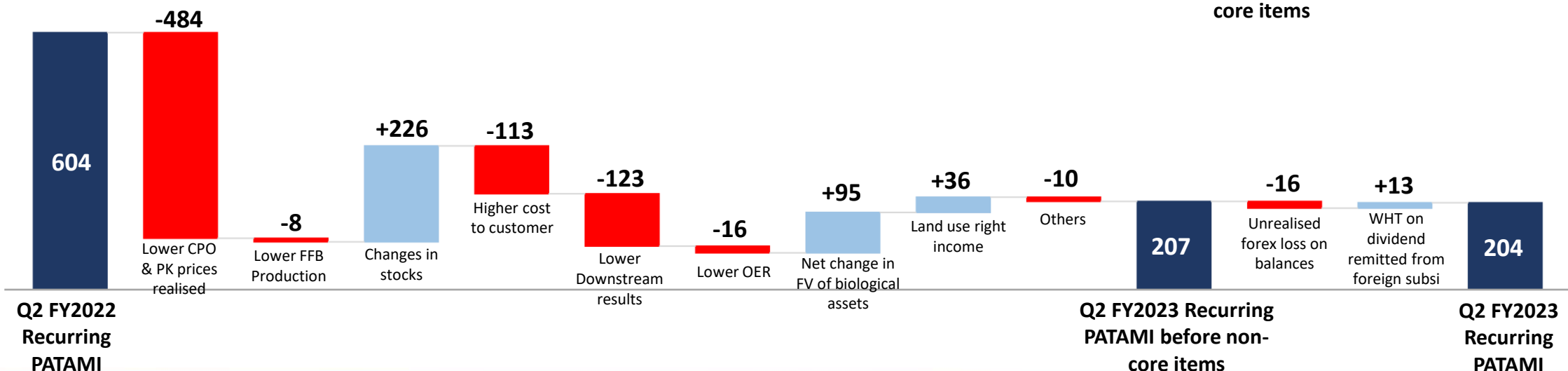
Q2 FY2023 vs Q2 FY2022

in RM'mn

PBIT



PATAMI



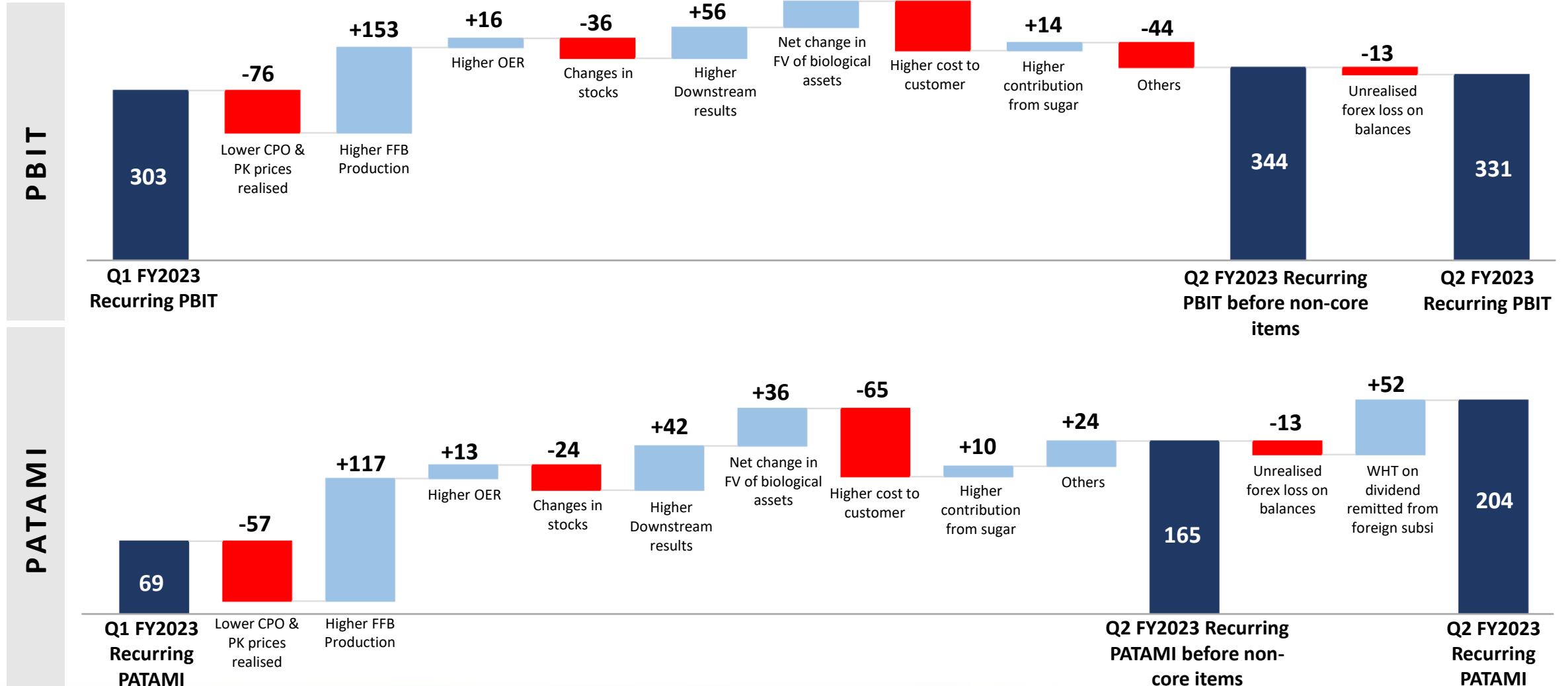
Recurring Profits – Q2 FY2023 vs Q1 FY2023

Higher QoQ profits as FFB production and OER improved, and higher sales volumes and margins in the downstream segment



Q2 FY2023 vs Q1 FY2023

in RM'mn



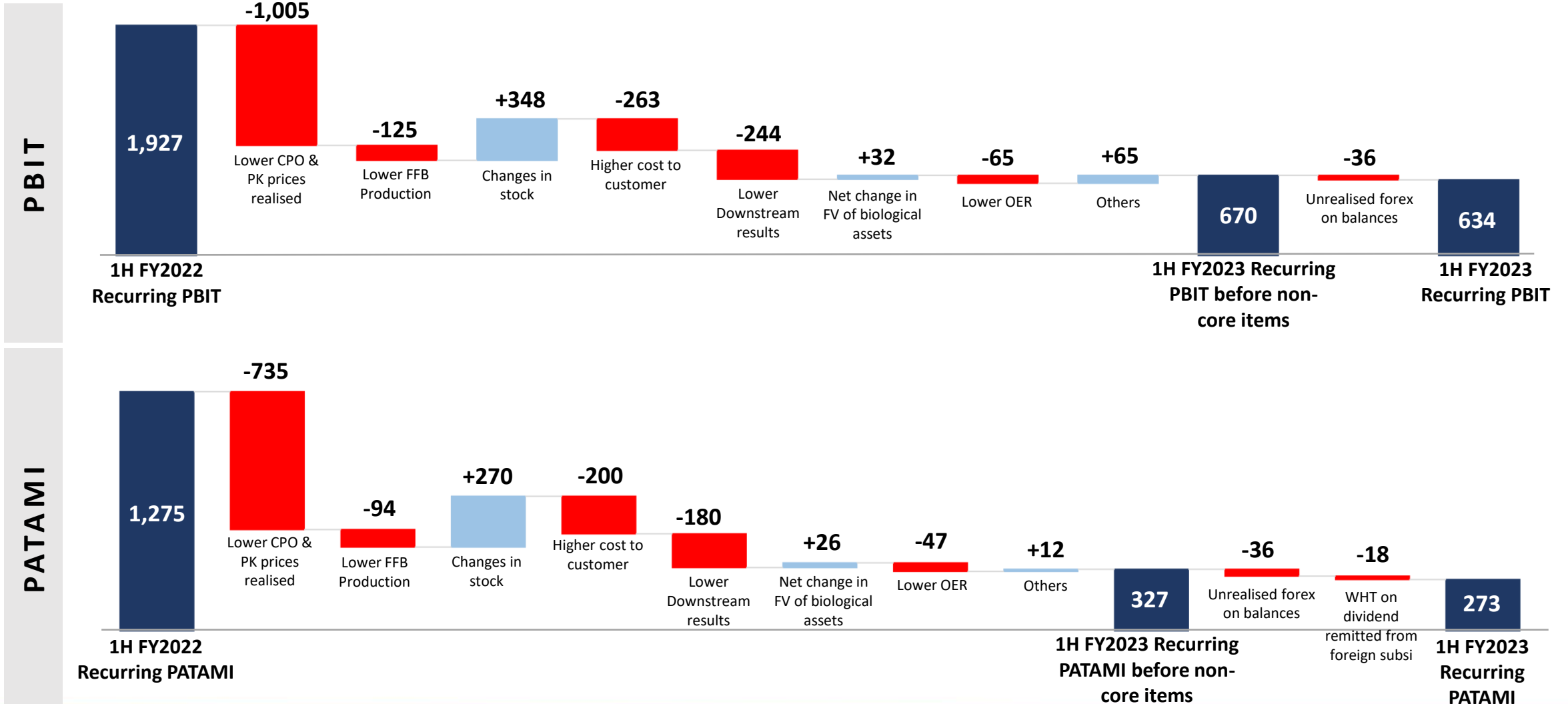
Recurring Profits – 1H FY2023 vs 1H FY2022

1H FY2023 profits declined due to lower realised prices, higher costs as well as lower profit contribution from the downstream segment



1H FY2023 vs 1H FY2022

in RM'mn



Borrowings & Gearing Ratios

Net Gearing increased due to lower cash from operations and continued depreciation of the Ringgit



SECOND QUARTER ENDED 30 JUNE 2023

-RM112mn

NET CASH USED IN
OPERATING ACTIVITIES

-RM295mn²

NET CASH USED IN
INVESTING ACTIVITIES
(CAPEX: -RM505mn)

+RM196mn

NET CASH GENERATED
FROM FINANCING
ACTIVITIES

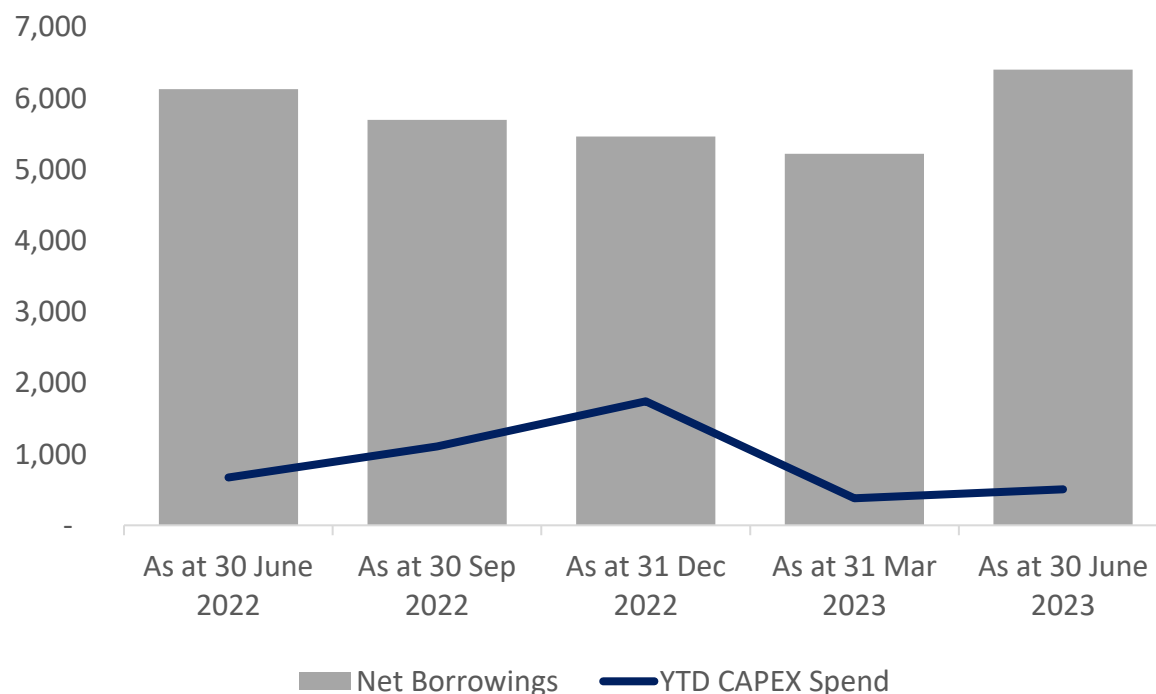
Net Borrowings as at 30 June 2023 increased by RM1,184mn compared to 31 March 2023 mainly due to:

- Lower cash generated from operations.
- Payment of dividends amounting to RM418mn in May 2023.
- Appreciation of USD against RM (+6%) resulting in a RM229mn increase in borrowing balance.

However, all USD borrowings are naturally hedged against the USD revenues and hence, this represents book translations.

Note: ² Apart from CAPEX also consists of Proceeds from Disposals of RM199mn and Finance & Dividend income of RM12mn.

Net Gearing ¹ (in RM'mn)	32%	30%	29%	28%	32%
Borrowings	6,855	6,631	6,097	6,101	7,069
Bank balances, deposits & cash	728	934	635	884	668
Net Borrowings	6,127	5,697	5,462	5,217	6,401



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

Operational Performance – Upstream

Marginal decline in FFB production mainly due to replanting activities in Indonesia while Malaysian operations continues with rehabilitation efforts



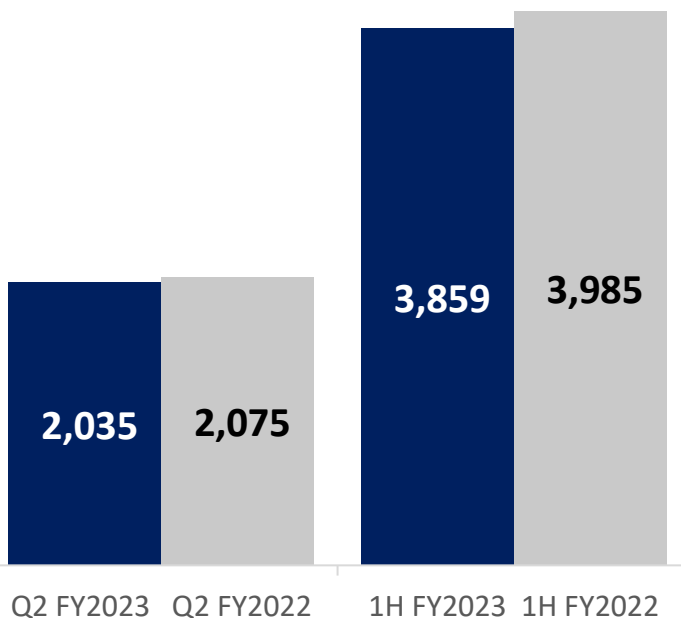
FFB PRODUCTION

TOTAL UPSTREAM

in '000 MT

-2% YoY

-3% YoY



	Q2 FY2023	1H FY2023
FFB Production ('000 MT)		
Upstream Malaysia	870	1,656
	Q2 FY2022: 866 (0%)	1H FY2022: 1,749 (-5%)
Upstream Indonesia	678	1,244
	Q2 FY2022: 718 (-6%)	1H FY2022: 1,278 (-3%)
Upstream PNG/SI	487	959
	Q2 FY2022: 491 (-1%)	1H FY2022: 958 (0%)
Total	2,035	3,859
	Q2 FY2022: 2,075 (-2%)	1H FY2022: 3,985 (-3%)

- **Malaysia:** FFB production for the quarter was comparable to last year as rehabilitation efforts progress with the arrival of new harvesters and pruners contributing towards better harvesting operations and field conditions. Special attention is also being given in upskilling new harvesters to achieve desired productivity rates.
- **Indonesia:** Lower FFB production due to lower mature area resulting from replanting activities to address older and less productive palms which represents about 29% of the total planted area.
- **PNG/SI:** Slight decline in FFB production for the quarter mainly due to lower production from the prime age group (9-14 years) which represents the largest age group for PNG/SI at 27% of total planted area.

Operational Performance – Upstream

OER improvement recorded in Malaysia partially mitigated against the decline faced in Indonesia and PNG/SI



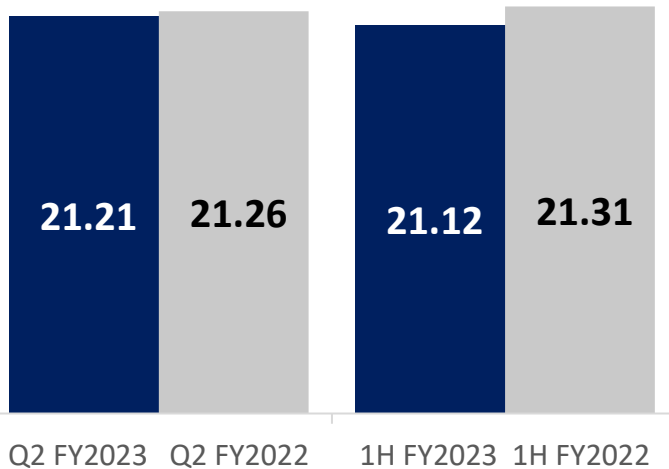
CPO EXTRACTION RATE

TOTAL UPSTREAM

in %

-0.05
p.p. YoY

-0.19
p.p. YoY



CPO Extraction Rate (OER) (%)	Q2 FY2023	1H FY2023
Upstream Malaysia	20.53 <small>Q2 FY2022: 20.17 (0.36 pp)</small>	20.25 <small>1H FY2022: 20.20 (0.05 pp)</small>
Upstream Indonesia	21.48 <small>Q2 FY2022: 21.51 (-0.03 pp)</small>	21.44 <small>1H FY2022: 21.64 (-0.20 pp)</small>
Upstream PNG/SI	21.98 <small>Q2 FY2022: 22.75 (-0.77 pp)</small>	22.12 <small>1H FY2022: 22.80 (-0.68 pp)</small>
Total	21.21 <small>Q2 FY2022: 21.26 (-0.05 pp)</small>	21.12 <small>1H FY2022: 21.31 (-0.19 pp)</small>

- **Malaysia:** The newly recruited harvesters were tasked to focus on maximising the timely recovery of FFB and loose fruits resulting in higher oil extraction rates.
- **Indonesia:** The FFB supplies to the mills were mainly from young mature fields representing 31% of the total planted area which yields have yet to reach optimum rates.
- **PNG/SI:** All regions experienced higher rainfall volume in the quarter affecting FFB evacuation therefore impacting FFB quality and mill efficiency.

Note: p.p. – Percentage points

Operational Performance – Upstream

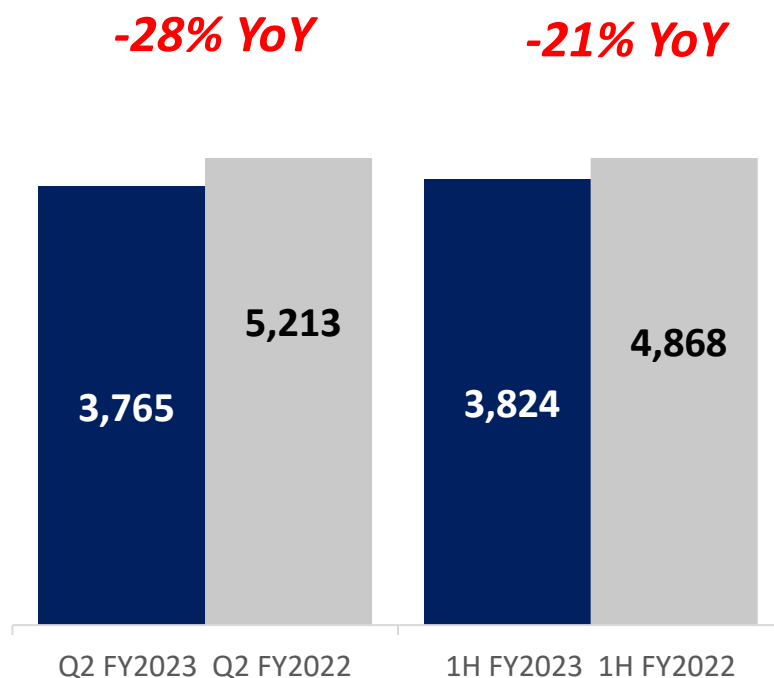
Average prices realised declined from the peak levels recorded in the previous corresponding period



AVERAGE CPO PRICES REALISED

GROUP AVERAGE

in RM/MT



Average CPO Prices Realised (RM/MT)	Q2 FY2023	1H FY2023
Upstream Malaysia	4,096 <small>Q2 FY2022: 4,676 (-12%)</small>	4,119 <small>1H FY2022: 4,410 (-7%)</small>
Upstream Indonesia	3,238 <small>Q2 FY2022: 4,352 (-26%)</small>	3,342 <small>1H FY2022: 4,230 (-21%)</small>
Upstream PNG/SI	3,889 <small>Q2 FY2022: 6,570 (-41%)</small>	3,968 <small>1H FY2022: 6,159 (-36%)</small>
Total	3,765 <small>Q2 FY2022: 5,213 (-28%)</small>	3,824 <small>1H FY2022: 4,868 (-21%)</small>

Financial Performance – Downstream

Reduction in margins and sales volume in the Asia Pacific bulk and differentiated segment was partially mitigated by better performance in the European operations

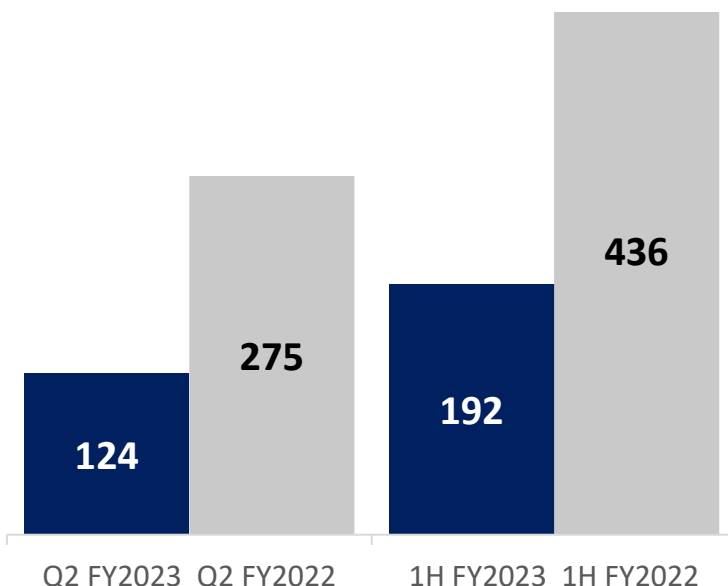


DOWNSTREAM PBIT

in RM'mil

-55% YoY

-56% YoY



	Q2 FY2023	1H FY2023
<i>Recurring PBIT (RM'mn)</i>		
Downstream		
Differentiated	69	122
	<i>Q2 FY2022: 151 (-54%)</i>	<i>1H FY2022: 152 (-20%)</i>
Bulk	15	13
	<i>Q2 FY2022: 90 (-83%)</i>	<i>1H FY2022: 154 (-92%)</i>
Trading	46	71
	<i>Q2 FY2022: 9 (>100%)</i>	<i>1H FY2022: 86 (-17%)</i>
Total PBIT*	118	184
	<i>Q2 FY2022: 243 (-51%)</i>	<i>1H FY2022: 375 (-51%)</i>
JV Companies	5	8
	<i>Q2 FY2022: 32 (-84%)</i>	<i>1H FY2022: 61 (-87%)</i>
Grand Total PBIT	124	192
	<i>Q2 FY2022: 275 (-55%)</i>	<i>1H FY2022: 436 (-56%)</i>

- The differentiated & bulk market segment was impacted by lower margins and volumes particularly in the Asia Pacific market.
- The trading segment recorded improved YoY profits in the quarter from higher volumes and margins.
- Europe operations continues to do well with higher selling prices and cost efficiencies allowing for better margins.
- Profit contribution from JV companies was lower YoY as sales volume and margins declined due to poor demand.

Note: * After deducting corporate expenses

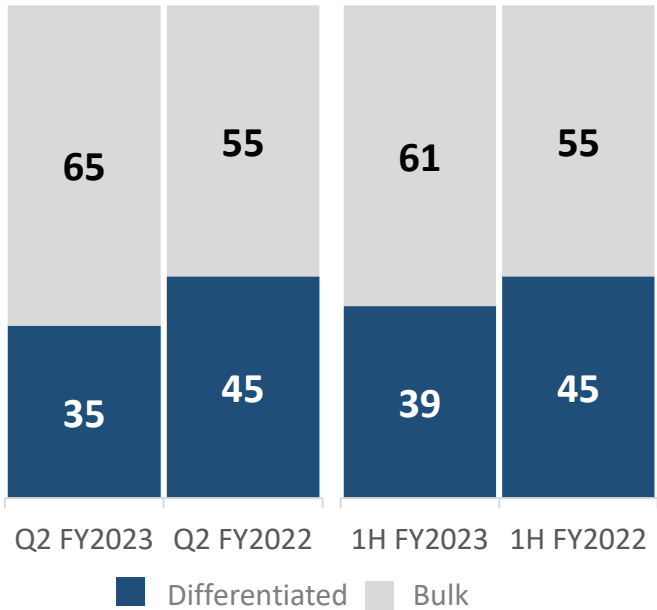
Operational Performance – Downstream

Sales volume supported by higher trading activities while capacity utilisation impacted by low CPO availability



PRODUCT RATIO

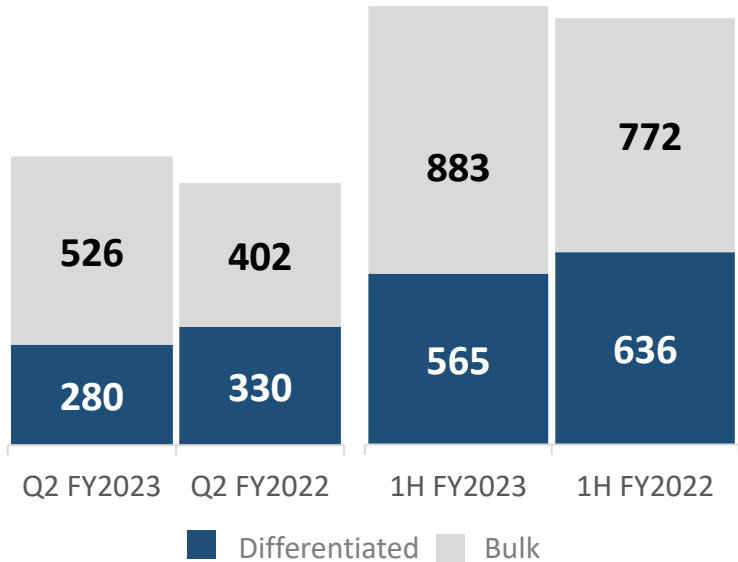
in %



SALES VOLUME

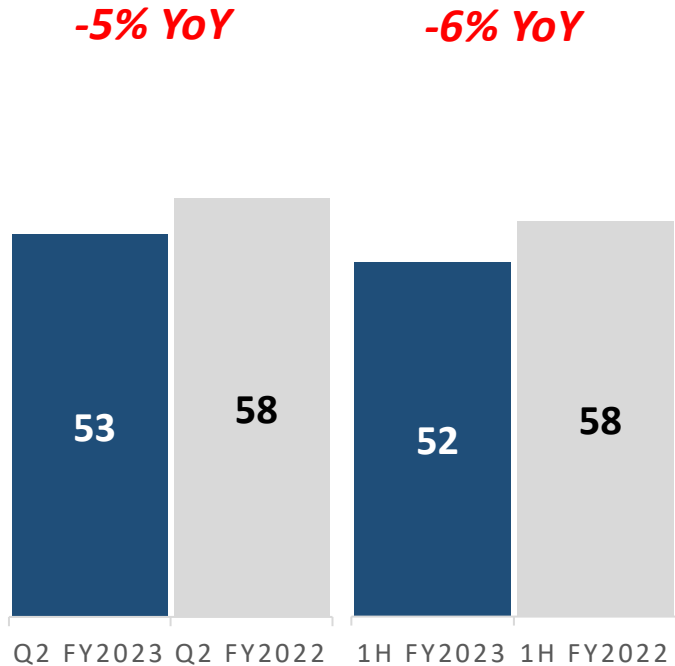
in '000 MT

Q2 FY2023	Q2 FY2022	1H FY2023	1H FY2022
821	746	1,479	1,429
+10% YoY		+4% YoY	



CAPACITY UTILISATION

in %



Dividend



The Board declared an interim dividend of 3.25 sen per share in respect of the financial year ending 31 December 2023

	FY 2023	
	Net per share (sen)	Total Net Dividend (RM'mn)
	1.97	136
	1.28	88
Interim dividend		
Special interim dividend		
Total Interim Dividend	3.25	225

Payout Ratio

(out of recurring & non-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

Awards and Recognition

ESG Positive Impact Awards 2022



Sime Darby Plantation received the Gold and Silver Awards in various categories at the ESG Positive Impacts Awards 2022



Gold Awards

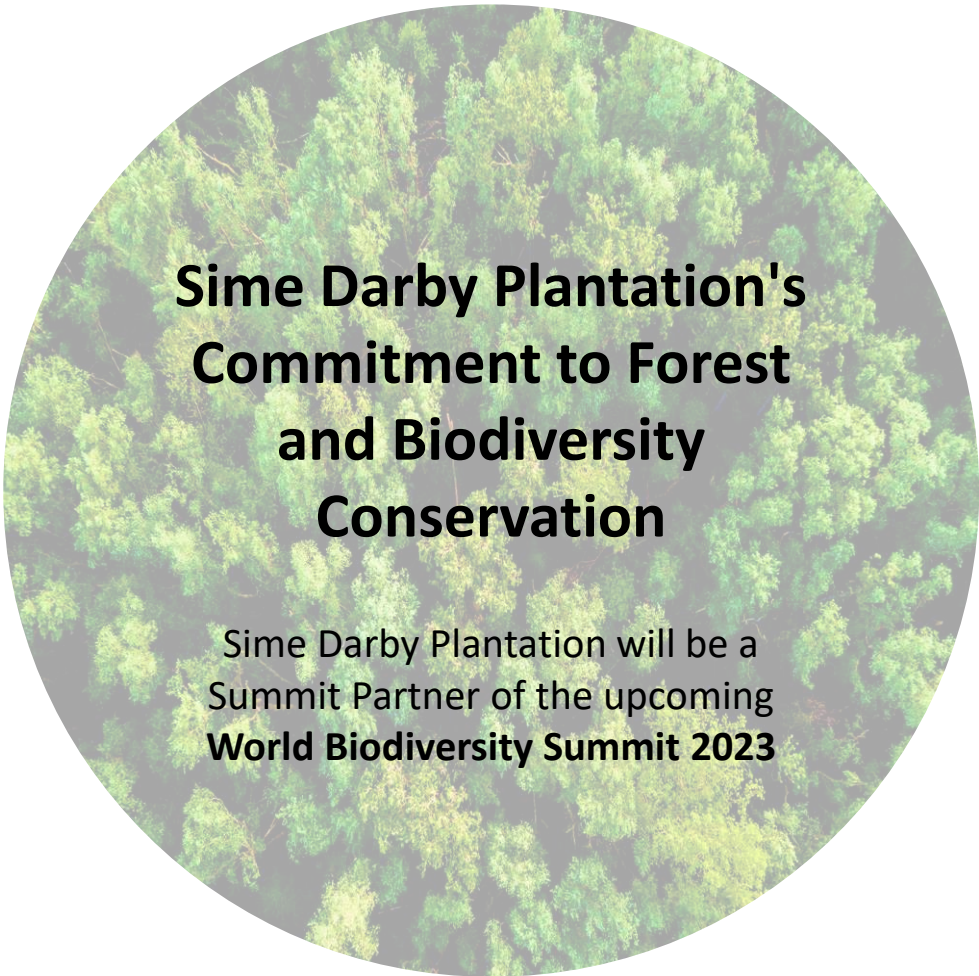
- **Others** – Supply Chain Management
- **Others** – Transformation

Silver Awards

- **Environment** – Waste Management
- **Social** – Human Rights & Labour Standards
- **Governance** – Governance, Reporting and Transparency

Sustainability Highlight

Biodiversity restoration through Nature-based Solutions and Nature-Positive Investments



Key Milestones and Achievements



Reforestation

- **We have planted close to 1.9 million forest trees**, including 120 ERT species.
- Carried out in various landscapes across our operations including orangutan habitat, mangrove areas, peat swamps, riparian and coastal areas.



Collaboration

- We currently have an ongoing collaboration with **Nestlé Malaysia** called **Project RELeaf**.
- Recently, we started a **collaboration with the Malaysian Nature Society (MNS)** for a one-year project to study otters along a coastal mangrove belt known as North Central Selangor Coast (NCSC).



Other Initiatives through YSD

- Together with YSD, **we partnered with the Sabah Forestry Department** in 2008 to restore an orangutan habitat conservation site in Bukit Piton Forest Reserve in Sabah, East Malaysia.
- SDP's research work in collaboration with YSD, MEME, UNM to **address human-elephant conflicts** has also contributed to the development of our standard operating procedures for Human-Wildlife Conflict Mitigation.

*YSD – Yayasan Sime Darby

MEME – Management and Ecology of Malaysian Elephants

UNM – University of Nottingham Malaysia

Latest Solar Energy Initiative

Successful in Corporate Green Power Programme (CGPP) Bid for inaugural Solar Power Plant under NEDA Programme



SDP via its subsidiary Sime Darby Plantation Renewable Energy Sdn. Bhd. (SDPRE) is one of the successful bidders of the CGPP with a 15MW plant

- The Ministry of Natural Resources, Environment and Climate Change has entrusted **Energy Commission to implement the Corporate Green Power Programme (CGPP)** to begin commercial operation in 2025 under the NEDA programme.
- Under this programme, an eligible Corporate Consumer can have an agreement with a Solar Power Producer for the **virtual sale and purchase of the renewable energy produced by the solar power plant.**
- SDPRE, as the Solar Power Producer will enter into an **agreement with several of SDP's refineries** as the Corporate Consumer who will benefit from the **use of renewable energy contributing towards SDP's carbon emissions reduction efforts.**



APPENDIX

Summary of Operational Statistics

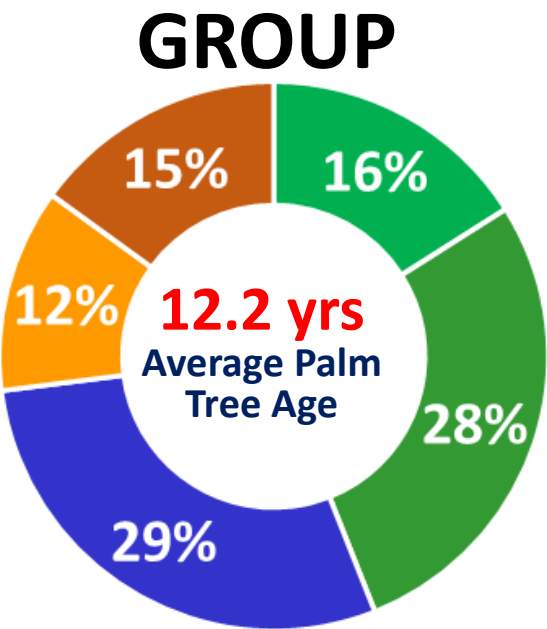
As at 30 June 2023



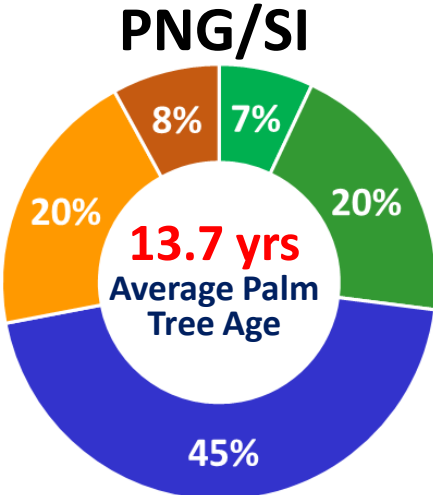
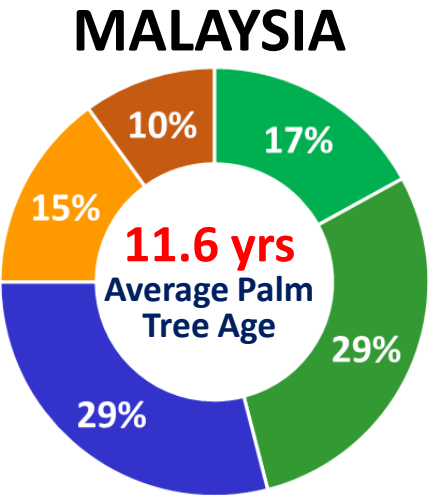
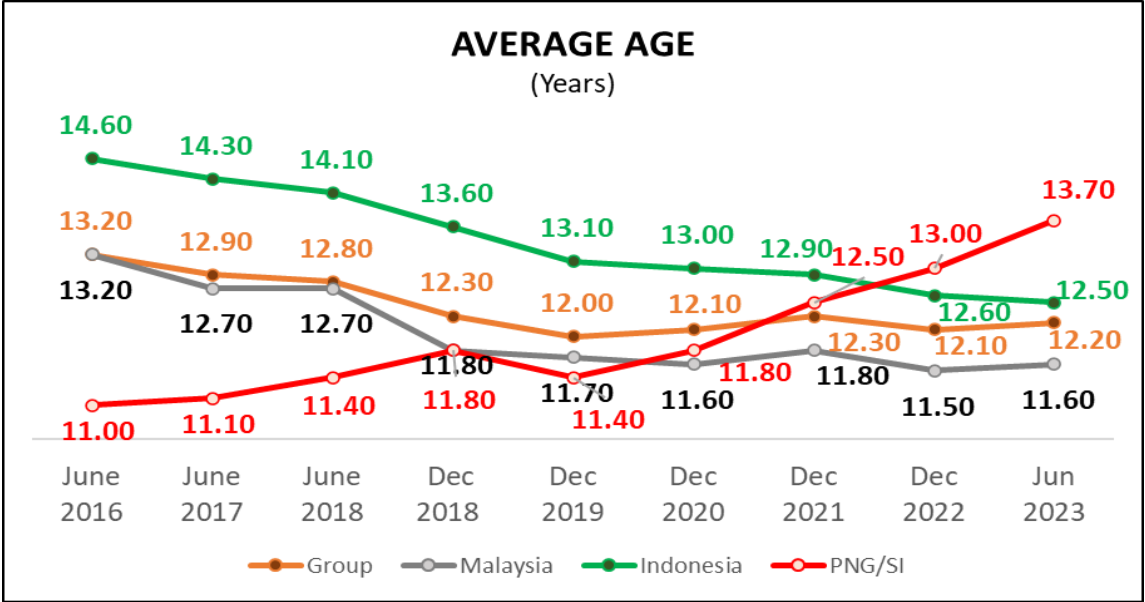
For the 6 Months Ended	Malaysia		YoY %	Indonesia		YoY %	PNG		YoY %	GROUP (All Operations)		YoY %
	30 Jun 2023	30 Jun 2022		30 Jun 2023	30 Jun 2022		30 Jun 2023	30 Jun 2022		30 Jun 2023	30 Jun 2022	
FFB Production ('000 MT)	1,656	1,749	-5%	1,244	1,278	-3%	959	958	-	3,859	3,985	-3%
FFB Yield per mature ha (MT/Ha)	6.69	6.94	-4%	7.94	8.09	-2%	11.24	11.16	1%	7.88	8.04	-2%
CPO Production (Own) ('000 MT)	338	357	-5%	267	278	-4%	212	218	-3%	817	853	-4%
CPO Production (Total) ('000 MT)	399	430	-7%	324	335	-3%	274	282	-3%	997	1,047	-5%
PK Production (Own) ('000 MT)	81	85	-5%	53	55	-4%	54	54	-	188	194	-3%
PK Production (Total) ('000 MT)	96	103	-7%	64	67	-5%	70	70	-	229	240	-4%
CPO Extraction Rate (%)	20.25	20.20	0.05	21.44	21.64	-0.20	22.12	22.80	-0.68	21.12	21.31	-0.19
PK Extraction Rate (%)	4.85	4.85	-	4.24	4.33	-0.09	5.64	5.64	-	4.86	4.88	-0.02
Average CPO Selling Price (RM/MT)	4,119	4,410	-7%	3,342	4,230	-21%	3,968	6,159	-36%	3,824	4,868	-21%
Average PK Selling Price (RM/MT)	2,014	4,098	-51%	1,457	3,070	-53%	-	-	-	1,780	3,695	-52%

Breakdown of Age Profile

As at 30 June 2023



As at June 2023, SDP has 577,344 ha of oil palm planted of which 84% is mature and 16% is immature.



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