

# Third Quarter of Financial Year 2023 (3QFY2023) Results Announcement

24 November 2023

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

# Financial Highlights

Net profits tripled in Q3 FY2023, largely driven by higher FFB production



	Quarter Ended 30 September			9M Ended 30 September		
	FY2023	FY2022	YOY	FY2023	FY2022	YOY
<i>in RM'mn</i>						
<b>Revenue</b>	<b>4,774</b>	<b>5,392</b>	<b>-11%</b>	<b>13,148</b>	<b>15,360</b>	<b>-14%</b>
<b>PBIT</b>	<b>1,661</b>	<b>622</b>	<b>&gt;100%</b>	<b>2,491</b>	<b>2,828</b>	<b>-12%</b>
Recurring PBIT	785	608	29%	1,419	2,535	-44%
Non-recurring PBIT	876	14	>100%	1,072	293	>100%
<b>PATAMI</b>	<b>1,211</b>	<b>396</b>	<b>&gt;100%</b>	<b>1,660</b>	<b>1,926</b>	<b>-14%</b>
<b>Basic EPS</b> <i>(RM'sen)</i>	<b>17.5</b>	<b>5.7</b>	<b>&gt;100%</b>	<b>24.0</b>	<b>27.8</b>	<b>-14%</b>

# Financial Performance by Segment

Upstream Malaysia returns to black in Q3 FY2023



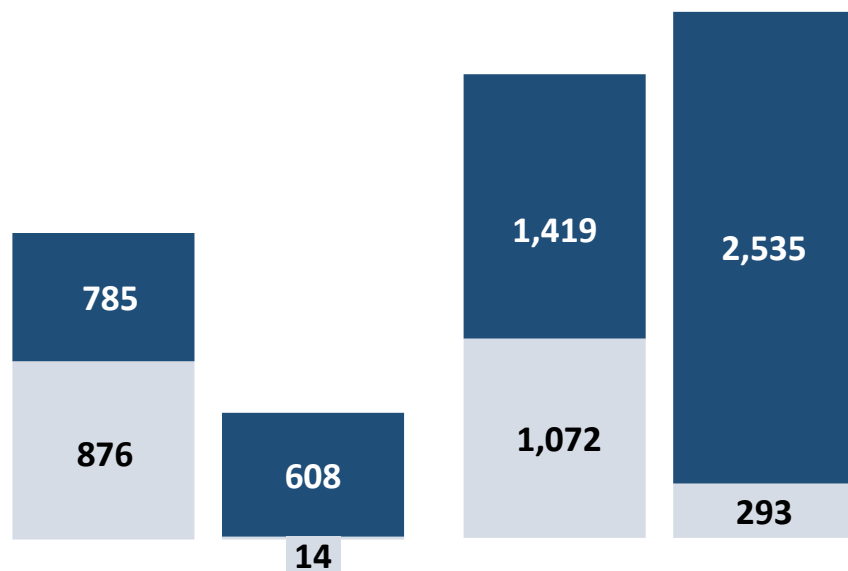
## TOTAL PBIT

in RM'mn

Q3 FY2023	Q3 FY2022	9M FY2023	9M FY2022
1,661	622	2,491	2,828

>100% YoY

-12% YoY



■ Recurring ■ Non-recurring

	Q3 FY2023	9M FY2023
<b>Recurring PBIT (RM'mn)</b>		
<b>Upstream</b>	<b>547</b>	<b>955</b>
	Q3 FY2022: 249 (>100%)	9M FY2022: 1,706 (-44%)
Upstream Malaysia	228	182
	Q3 FY2022: -145 (>100%)	9M FY2022: 145 (26%)
Upstream Indonesia	212	480
	Q3 FY2022: 365 (-42%)	9M FY2022: 624 (-23%)
Upstream PNG/SI	107	293
	Q3 FY2022: 29 (>100%)	9M FY2022: 937 (-69%)
<b>Downstream</b>	<b>225</b>	<b>417</b>
	Q3 FY2022: 337 (-33%)	9M FY2022: 772 (-46%)
<b>Others*</b>	<b>13</b>	<b>47</b>
	Q3 FY2022: 22 (-41%)	9M FY2022: 57 (-18%)
<b>Total Recurring PBIT</b>	<b>785</b>	<b>1,419</b>
	Q3 FY2022: 608 (29%)	9M FY2022: 2,535 (-44%)

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 FY2023 vs Q3 FY2022

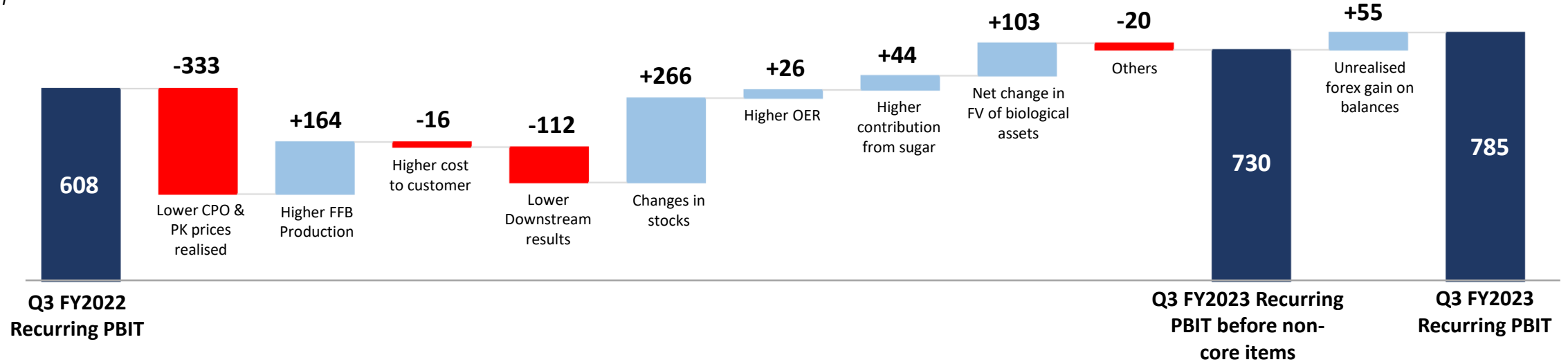
Higher CPO volume from improved FFB production and higher OER lifted profits despite lower realised prices and downstream profits



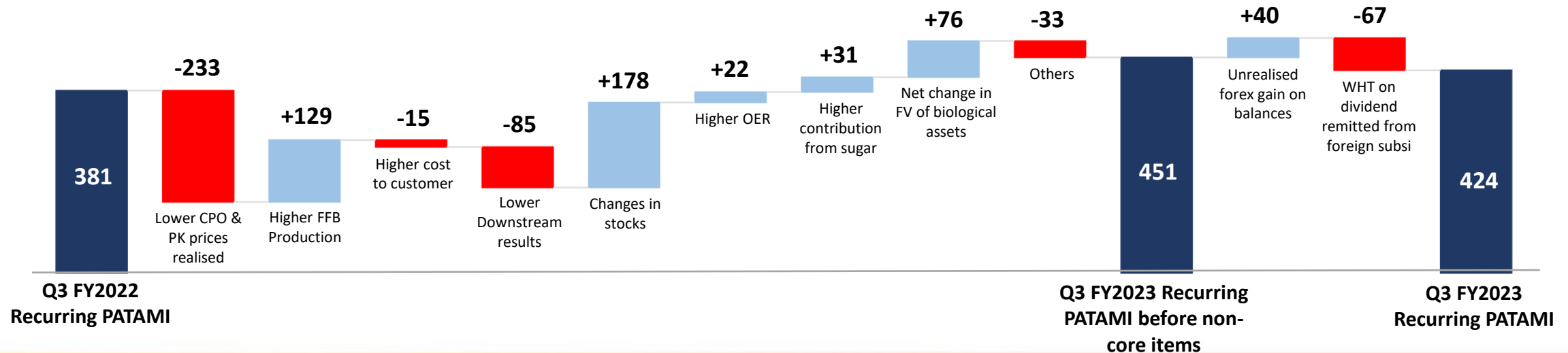
## Q3 FY2023 vs Q3 FY2022

in RM'mn

PBIT



PATAMI



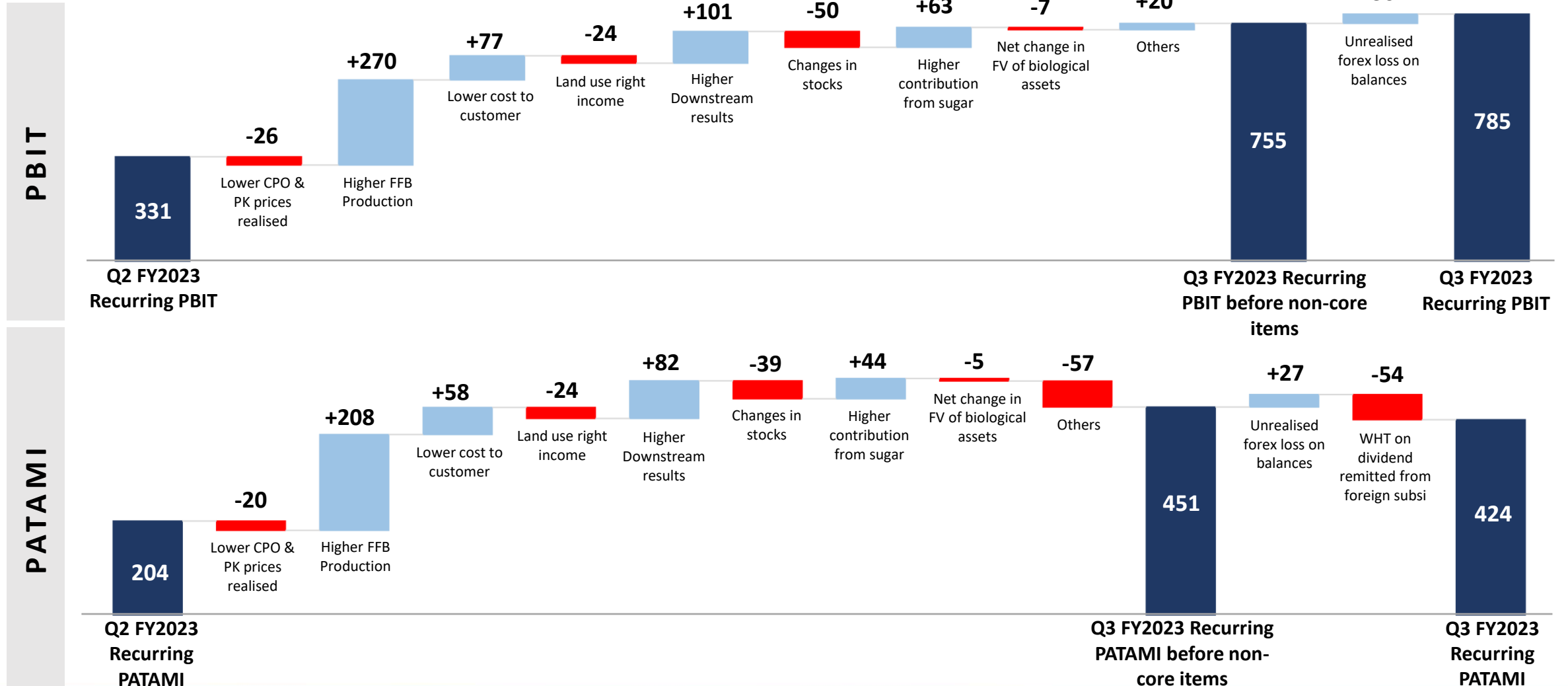
# Recurring Profits – Q3 FY2023 vs Q2 FY2023

QoQ profits more than doubled as FFB production increased significantly, coupled with higher profits from the downstream segment and lower costs



## Q3 FY2023 vs Q2 FY2023

in RM'mn



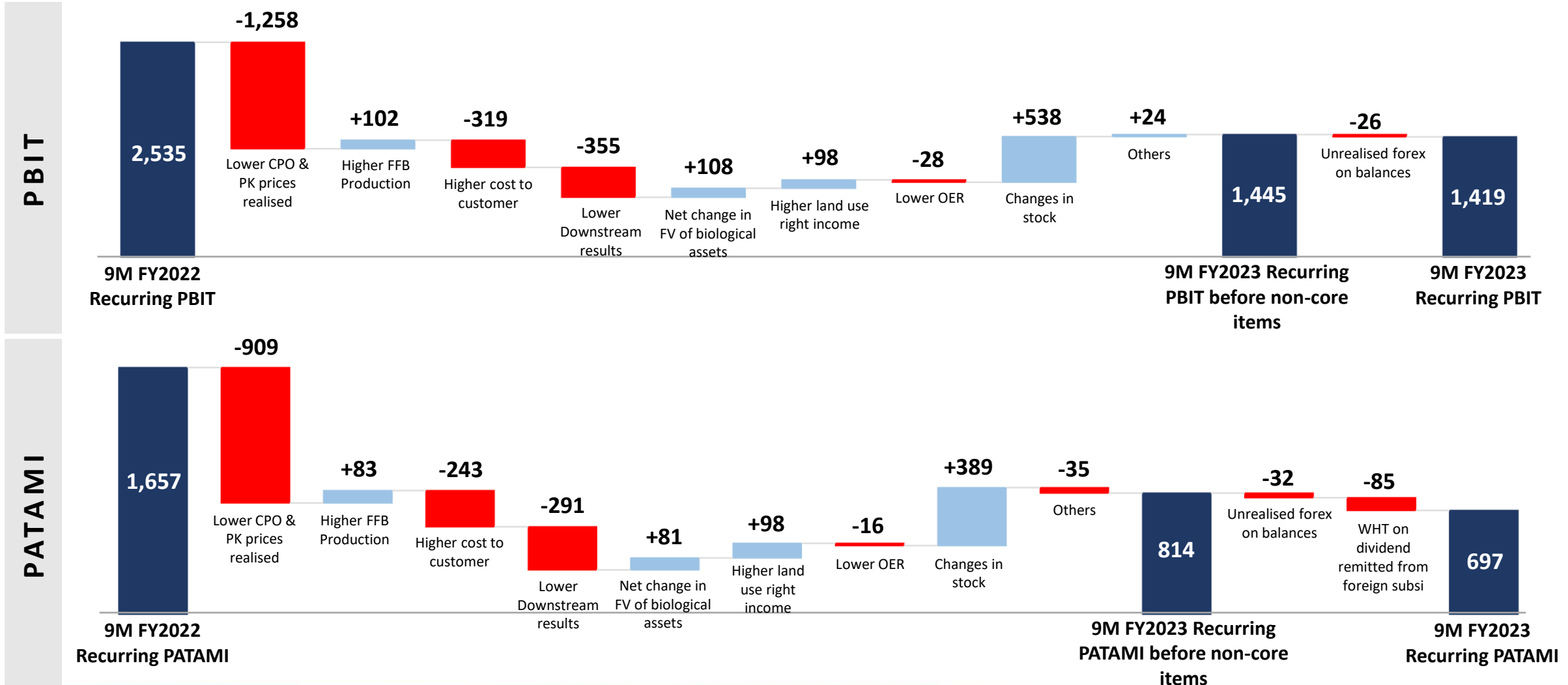
# Recurring Profits – 9M FY2023 vs 9M FY2022

Impact of lower realized prices & downstream profits as well as higher costs was partially mitigated by higher FFB production and favourable changes in stock value



## 9M FY2023 vs 9M FY2022

in RM'mn





# Non-Recurring Profits

Non-recurring profits in Q3 FY2023 was primarily made up of gains on disposal of land in Malaysia and the disposal of interests in two subsidiaries in Indonesia



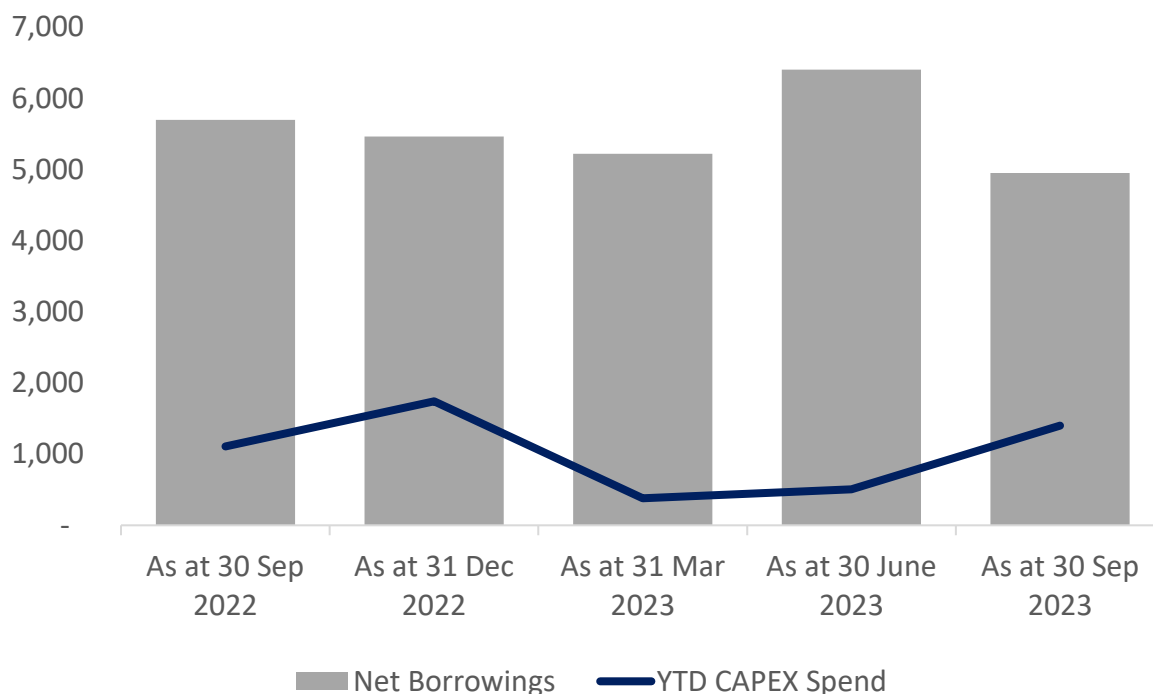
<i>in RM'mn</i>	Q3 FY2023	Q3 FY2022	YoY	9M FY2023	9M FY2022	YoY
<b>Gains on Disposals</b>	<b>885</b>	<b>-</b>	<b>&gt;100%</b>	<b>1,081</b>	<b>276</b>	<b>&gt;100%</b>
■ Land disposals in Malaysia	607	-		803	276	
■ Divestment of two subsidiaries in Indonesia	278	-		278	-	
<b>Others</b>	<b>(9)</b>	<b>14</b>	<b>&gt;-100%</b>	<b>(9)</b>	<b>17</b>	<b>&gt;-100%</b>
■ Impairment of immature rubber plantation	(9)	(3)		(9)	(3)	
■ Impairment of investment in JVs and other assets	-	-		-	(28)	
■ "Earn Out" settlement for the disposal of a former subsidiary in Liberia	-	17		-	48	
<b>Total Non-Recurring PBIT</b>	<b>876</b>	<b>14</b>	<b>&gt;100%</b>	<b>1,072</b>	<b>293</b>	<b>&gt;100%</b>

# Borrowings & Gearing Ratios

Net gearing reduced to 24% following higher loan repayments from cash generated from operations as well as non-recurring profits



<i>Net Gearing<sup>1</sup></i> <i>(in RM'mn)</i>	<b>30%</b>	<b>29%</b>	<b>28%</b>	<b>32%</b>	<b>24%</b>
<i>Borrowings</i>	<b>6,631</b>	<b>6,097</b>	<b>6,101</b>	<b>7,069</b>	<b>5,650</b>
<i>Bank balances, deposits &amp; cash</i>	<b>934</b>	<b>635</b>	<b>884</b>	<b>668</b>	<b>702</b>
<i>Net Borrowings</i>	<b>5,697</b>	<b>5,462</b>	<b>5,217</b>	<b>6,401</b>	<b>4,948</b>



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

## THIRD QUARTER ENDED 30 SEPTEMBER 2023

**RM942mn**

NET CASH GENERATED  
FROM OPERATING  
ACTIVITIES

**RM688mn<sup>2</sup>**

NET CASH USED IN  
INVESTING ACTIVITIES  
(CAPEX: -RM516mn)

**-RM1,595mn**

NET CASH GENERATED  
FROM FINANCING  
ACTIVITIES

Net Borrowings as at 30 September 2023 decreased by RM1,453mn compared to 30 June 2023 mainly due to higher net loan repaid amounting to RM1,423mn from:

- Higher cash generated from operations.
- Higher cash from non-recurring profits.

Note: <sup>2</sup> Apart from CAPEX also consists of Proceeds from Disposals of RM1,191mn and Finance & Dividend income of RM13mn.



# Operational Performance – Upstream

Impressive increase in FFB production attributable to the strong recovery in Malaysian operations from increased workforce and intensive rehabilitation efforts



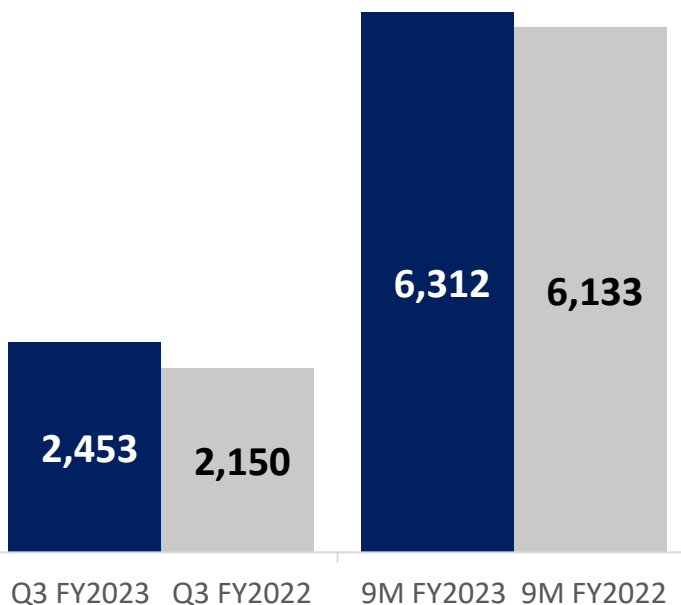
## FFB PRODUCTION

### TOTAL UPSTREAM

in '000 MT

**+14% YoY**

**+3% YoY**



FFB Production ('000 MT)	Q3 FY2023	9M FY2023
Upstream Malaysia	1,240 <i>Q3 FY2022: 900 (38%)</i>	2,896 <i>9M FY2022: 2,648 (9%)</i>
Upstream Indonesia	766 <i>Q3 FY2022: 775 (-1%)</i>	2,010 <i>9M FY2022: 2,053 (-2%)</i>
Upstream PNG/SI	447 <i>Q3 FY2022: 475 (-6%)</i>	1,406 <i>9M FY2022: 1,432 (-2%)</i>
<b>Total</b>	<b>2,453</b> <i>Q3 FY2022: 2,150 (14%)</i>	<b>6,312</b> <i>9M FY2022: 6,133 (3%)</i>

- **Malaysia:** Strong FFB production in the quarter attributable to increased workforce particularly in Peninsular Malaysia which allowed us to capture the benefit of higher production volumes particularly as we entered the high cycle seasonal cropping trend.
- **Indonesia:** Slight reduction in production due to dry weather experienced during the quarter especially in the Kalimantan region which impeded bunch ripening.
- **PNG/SI:** The decline in FFB production in the quarter was primarily due to changes in weather pattern with higher rainfall being recorded compared to last year which affected harvesting operations. This was further compounded by flooding in certain areas which interrupted accessibility to evacuate crop to the mill.

# Operational Performance – Upstream

Increased workforce and better weather conditions enabled timely crop recovery in Malaysia & Indonesia which more than compensated for the decline recorded in PNG/SI



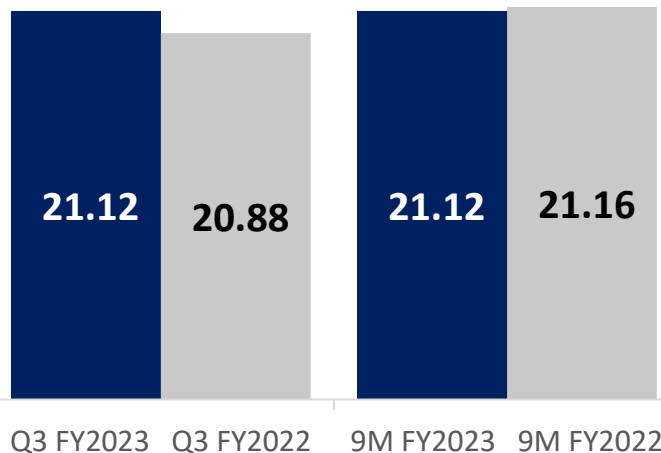
## CPO EXTRACTION RATE

### TOTAL UPSTREAM

in %

**+0.24**  
p.p. YoY

**-0.04**  
p.p. YoY



CPO Extraction Rate (OER) (%)	Q3 FY2023	9M FY2023
Upstream Malaysia	20.48	20.35
	<i>Q3 FY2022: 19.89 (0.59 pp)</i>	<i>9M FY2022: 20.10 (0.25 pp)</i>
Upstream Indonesia	21.77	21.56
	<i>Q3 FY2022: 20.98 (0.79 pp)</i>	<i>9M FY2022: 21.39 (0.17 pp)</i>
Upstream PNG/SI	21.71	21.99
	<i>Q3 FY2022: 22.45 (-0.74 pp)</i>	<i>9M FY2022: 22.68 (-0.69 pp)</i>
<b>Total</b>	<b>21.12</b>	<b>21.12</b>
	<i>Q3 FY2022: 20.88 (0.24 pp)</i>	<i>9M FY2022: 21.16 (-0.04 pp)</i>

- Malaysia:** All regions in Peninsular Malaysia now have sufficient number of harvesters for its operations allowing for better harvesting rounds and crop recovery which in turn resulted in improved quality and extraction rates.
- Indonesia:** Improvement in extraction rates was primarily driven by timely FFB collection and evacuation aided by relatively drier weather during the quarter as compared to the same period last year.
- PNG/SI:** Significant OER reduction for the quarter mainly associated with high oil losses and low crop freshness recorded by the mills due to relatively high rainfall and inadequate fleet affecting operations.

Note: p.p. – Percentage points

# Operational Performance – Upstream

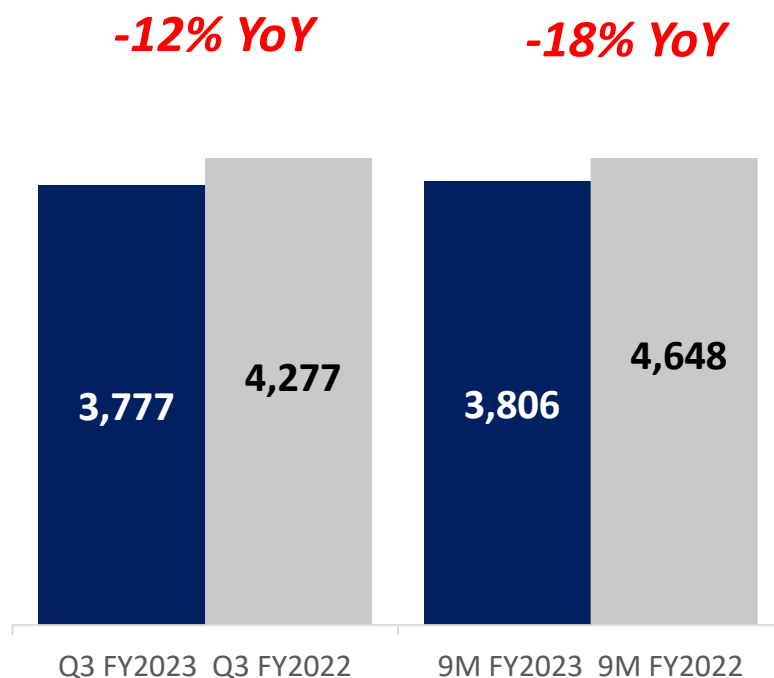
Average prices realised saw a decline YoY



## AVERAGE CPO PRICES REALISED

### GROUP AVERAGE

in RM/MT



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

	Q3 FY2022	9M FY2022
Upstream Malaysia	3,993 <small>Q3 FY2022: 4,497 (-11%)</small>	4,068 <small>9M FY2022: 4,439 (-8%)</small>
Upstream Indonesia	3,319 <small>Q3 FY2022: 2,913 (14%)</small>	3,334 <small>9M FY2022: 3,640 (-8%)</small>
Upstream PNG/SI	3,965 <small>Q3 FY2022: 5,845 (-32%)</small>	3,967 <small>9M FY2022: 6,050 (-34%)</small>
Total	3,777 <small>Q3 FY2022: 4,277 (-12%)</small>	3,806 <small>9M FY2022: 4,648 (-18%)</small>

# Financial Performance – Downstream

European operations continue to do well with higher sales volumes and margins while Asia Pacific operations remains challenging

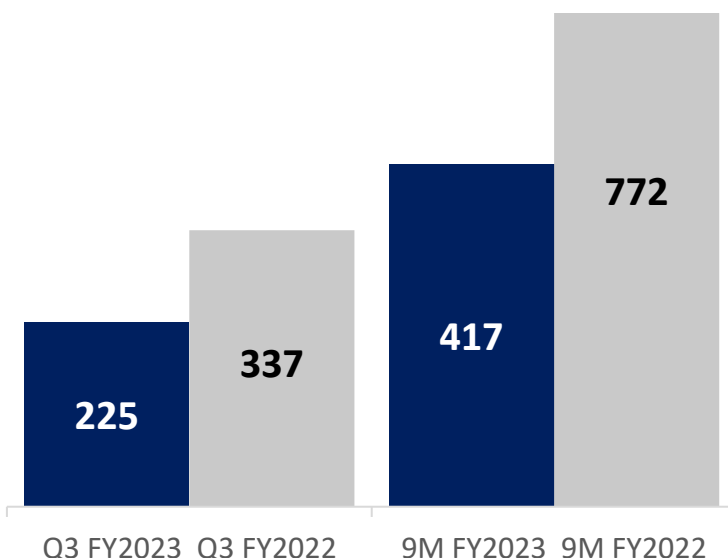


## DOWNSTREAM PBIT

in RM'mil

**-33% YoY**

**-46% YoY**



	Q3 FY2023	9M FY2023
<i>Recurring PBIT (RM'mn)</i>		
<b>Downstream</b>		
Differentiated	<b>51</b>	<b>172</b>
	<i>Q3 FY2022: 87 (-42%)</i>	<i>9M FY2022: 221 (-22%)</i>
Trading	<b>144</b>	<b>215</b>
	<i>Q3 FY2022: 157 (-9%)</i>	<i>9M FY2022: 261 (-18%)</i>
Bulk	<b>-2</b>	<b>10</b>
	<i>Q3 FY2022: 115 (&gt;-100%)</i>	<i>9M FY2022: 268 (-96%)</i>
<b>Total PBIT*</b>	<b>210</b>	<b>394</b>
	<i>Q3 FY2022: 336 (-38%)</i>	<i>9M FY2022: 711 (-45%)</i>
JV Companies	<b>16</b>	<b>24</b>
	<i>Q3 FY2022: 1 (&gt;100%)</i>	<i>9M FY2022: 61 (-61%)</i>
<b>Grand Total PBIT</b>	<b>225</b>	<b>417</b>
	<i>Q3 FY2022: 337 (-33%)</i>	<i>9M FY2022: 772 (-46%)</i>

Note: \* After deducting corporate expenses

- The differentiated and bulk market segment continues to be challenging particularly in Asia Pacific which faced lower volumes and margins.
- The Europe operations continues to record stronger profits owing to strong volumes and firm prices.
- Profit contribution from JV Companies also saw an increase boosted by higher volumes as well as recovering prices.

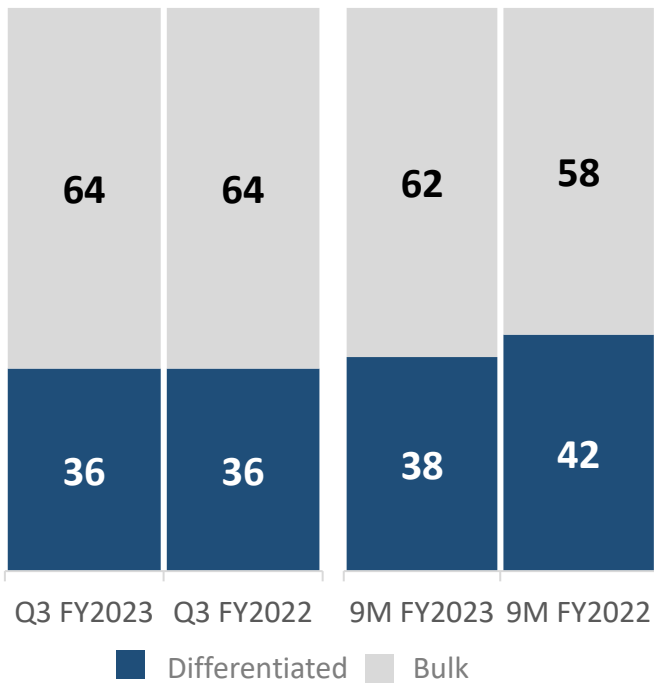
# Operational Performance – Downstream

Slow down in demand impacted sales volume and capacity utilization



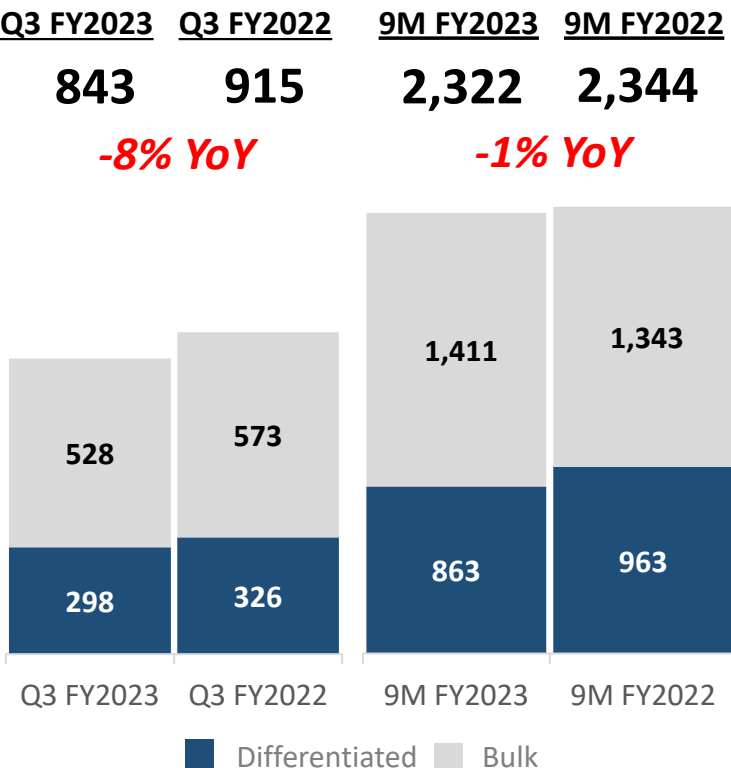
## PRODUCT RATIO

in %



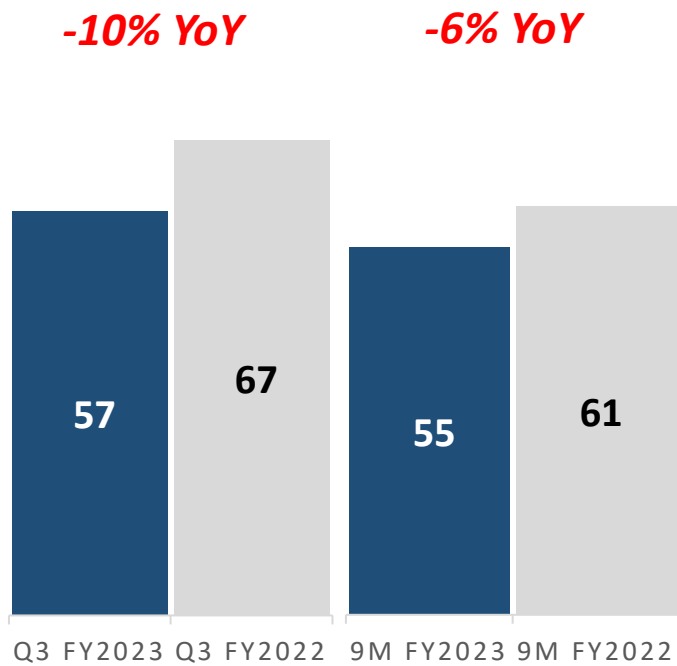
## SALES VOLUME

in '000 MT



## CAPACITY UTILISATION

in %



# Dividend

A special interim dividend of 5.70 sen per share was declared in October 2023 which together with the interim dividend of 3.25 sen per share translates into a single tier dividend of 8.95 sen per share for the financial year ending 31 December 2023

	FY 2023		FY 2022	
	Net per share (sen)	Total Net Dividend (RM'mn)	Net per share (sen)	Total Net Dividend (RM'mn)
Interim dividend	3.25	225	10.00	692
Special interim dividend	5.70	394	-	-
Final dividend	-	-	6.04	418
<b>TOTAL DIVIDEND</b>	<b>8.95</b>	<b>619</b>	<b>16.04</b>	<b>1,110</b>

**Payout Ratio**

**50%**

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



# Exploring Further Growth Through Strategic Collaborations

Collaborations with Godrej Agrovet & Beibu Gulf Port demonstrates SDP's commitment in seeking continuous growth and unlocking value



SDP will supply high-quality oil palm seeds to GAVL's Oil Palm Business Unit and later set up a state-of-the-art seed production unit in India.



Aims to **revolutionise the Indian oil palm landscape**, provide **high quality planting materials** and help meet India's **growing demand for edible oils**



In 2024, SDP will provide India with **1.3 mil germinated seeds**, sourced from its operations in 3 countries



Will also **explore other possible collaborations** that will bring mutual benefits to both companies



The MOU aspires for a combined target trading volume for shortening and refined palm oil of approximately 500,000 metric tonnes a year.

**Exploring the possibility of establishing a shortening trading distribution center** in the Qinzhou Free Trade Zone

**Utilising existing bonded warehouses as a refined palm oil trading and distribution center** and applying to become **the delivery warehouse** of the Dalian Commodity Exchange

**Marketing health products** such as tocotrienol and red oil extracted from palm oil in the China domestic market

# Achievements in Innovation and Sustainability



**GenomeSelect™ now commercially available in the market**



**300,000**

seeds to be made available for sale in 2024

**GenomeSelect™**  
Commercial Launch  
SIME DARBY PLANTATION SEEDS & AGRICULTURAL SERVICES SDN BHD

**20% increase**

in yield compared to previous best planting material, based on commercial harvesting of fields planted in 2019

**300,000 tonnes**

of additional palm oil per year projected from the planting of Genome across all Malaysian operations over the next 15 to 20 years

SDP continues with research efforts for new planting varieties that will



boost yield



reduce labour requirements



tolerance to climate challenges

**Moved up 3 positions in SPOTT's 2023 ranking to 4<sup>th</sup> place**



**2023 SPOTT Ranking of Palm Oil Producers**

**4<sup>th</sup> spot**

**Overall Score 93.4%**

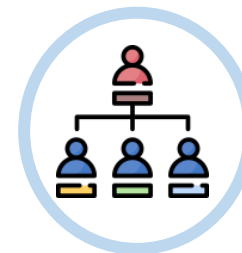


**3.6% YoY**



**Plantation**

**Organisation 97.4%**



Key areas that were assessed



**Policy 97.4%**



**Practice 87%**

# Championing Reform through Active Engagements

Knowledge sharing towards shaping the future of sustainable palm oil



**GMD, Datuk Mohamad Helmy  
Othman Basha**

- **PIPOC 2023** – spoke on building resilience in a VUCA world
- **RSPO RT** – spoke on shaping the future of sustainable palm oil



**CFO, Renaka Ramachandran**

- **MOHR's Seminar** on Combatting Forced Labour in Malaysia – shared SDP's experience
- **JC3 Journey to Zero Conference 2023** – shared SDP's experience in setting science-based targets
- **RSPO RT** – shared SDP's experience in the assurance of human rights standards
- **Innovation Forum's** Sustainable Commodities & Landscape Conference – discussed the role of banks & investors in steering agriculture towards net-zero



**Plantation**

**Featured on Zee Business –**  
Comprehensive ground report on Malaysia's palm oil, covering the journey of how palm oil is sustainably produced in SDP

Coverage by Zee Business can be accessed [here](#)



**SDO MD, Mohd Haris Mohd Arshad**

- **IVPA 2023** on Sustainability – shared the way forward for plantations
- **IPC 2023** – spoke on Sustaining Malaysian Markets Globally; Challenges & Strategy



**CSO, Rashyid Redza Anwarudin**

- **World Biodiversity Summit** – spoke on nature-positive supply chains
- **National Climate Governance Summit** – spoke on why biodiversity matters in business
- **JC3 Journey to Zero Conference 2023** – spoke on nature-based solutions



# APPENDIX

# Summary of Operational Statistics

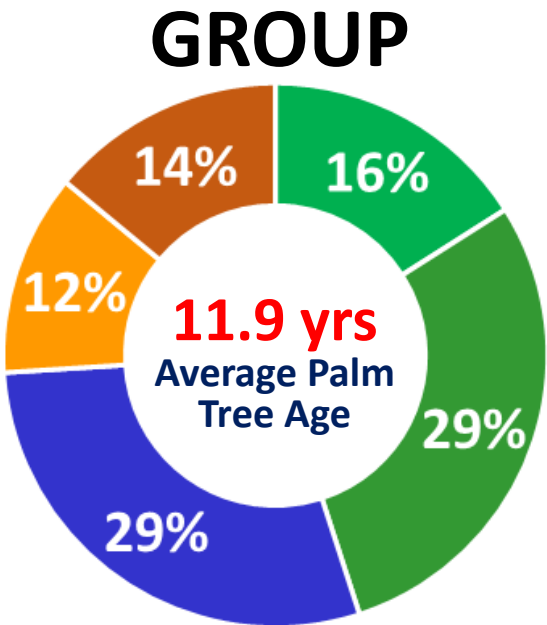
As at 30 September 2023



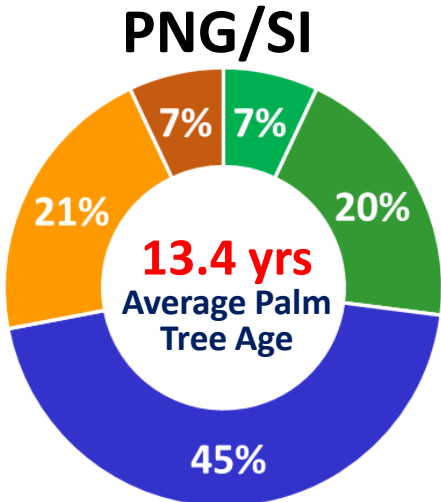
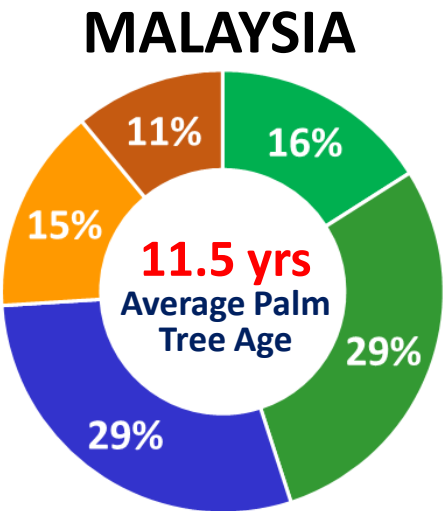
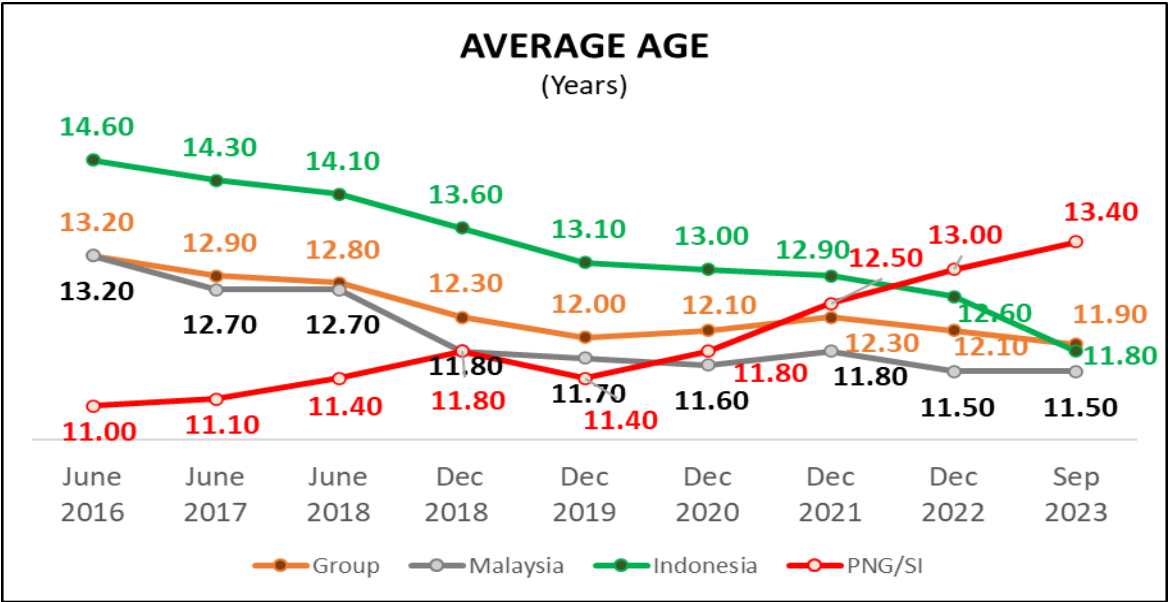
For the 9 Months Ended	Malaysia		YoY %	Indonesia		YoY %	PNG		YoY %	GROUP (All Operations)		YoY %
	30 Sep 2023	30 Sep 2022		30 Sep 2023	30 Sep 2022		30 Sep 2023	30 Sep 2022		30 Sep 2023	30 Sep 2022	
FFB Production ('000 MT)	2,896	2,648	9%	2,010	2,053	-2%	1,406	1,432	-2%	6,312	6,133	3%
FFB Yield per mature ha (MT/Ha)	11.71	10.57	11%	13.03	13.04	-	16.53	16.71	-1%	12.97	12.42	4%
CPO Production (Own) ('000 MT)	593	537	11%	434	441	-2%	309	325	-5%	1,336	1,303	3%
CPO Production (Total) ('000 MT)	688	647	6%	520	530	-2%	398	421	-6%	1,606	1,598	1%
PK Production (Own) ('000 MT)	140	128	9%	87	88	-1%	79	81	-3%	306	297	3%
PK Production (Total) ('000 MT)	162	155	5%	105	107	-2%	102	105	-3%	368	367	-
CPO Extraction Rate (%)	20.35	20.10	0.25	21.56	21.39	0.17	21.99	22.68	-0.69	21.12	21.16	-0.04
PK Extraction Rate (%)	4.79	4.82	-0.03	4.34	4.31	0.03	5.61	5.64	-0.03	4.84	4.86	-0.02
Average CPO Selling Price (RM/MT)	4,068	4,439	-8%	3,334	3,640	-8%	3,967	6,050	-34%	3,806	4,648	-18%
Average PK Selling Price (RM/MT)	2,014	3,523	-43%	1,386	2,378	-42%	-	-	-	1,755	3,046	-42%

# Breakdown of Age Profile

As at 30 September 2023



As at September 2023, SDP has 568,556 ha of oil palm planted of which 84% is mature and 16% is immature.



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



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