



**Plantation**

## **PRESS RELEASE**

**For Immediate Release**  
**Thursday, 27 August 2020**

### **Sime Darby Plantation Registers Net Profit of RM846 million for 1H FY2020**

- **Higher CPO price lifted profits**
- **Labour shortage to have a major impact on crop production in 2H FY2020**

**Kuala Lumpur, 27 August 2020** – For the six months ended 30 June 2020, Sime Darby Plantation (SD Plantation) Group reported significantly improved year-on-year (YOY) results on the back of stronger crude palm oil (CPO) and palm kernel (PK) prices realised.

This helped mitigate the impact of the COVID-19 pandemic on the results of its downstream subsidiary, Sime Darby Oils (SDO). SDO's bulk operations margins and demand for its packed products from the F&B sector, particularly in Europe were adversely affected by the lockdown measures enforced by countries worldwide.

#### **Key Highlights**

	<b>Q2 FY2020</b>	<b>Q2 FY2019</b>	<b>Y-o-Y</b>	<b>1H FY2020</b>	<b>1H FY2019</b>	<b>Y-o-Y</b>
<b>Revenue (RM mil)</b>	3,216	2,866	12%	6,260	5,865	7%
<b>PBIT (RM mil)</b>	547	20	2,635%	1,189	216	450%
<b>Net Profit (RM mil)</b>	378	27	1,300%	846	101	738%
<b>CPO Price Realised (RM/ MT)</b>	2,361	2,021	17%	2,475	2,016	23%
<b>FFB Production (mil MT)</b>	2.47	2.41	3%	4.59	4.91	-7%
<b>OER (%)</b>	21.29	21.25	0.04	21.58	21.33	0.25

- 1H FY2020: Strong recurring PBIT of RM730 million and a non-recurring PBIT of RM459 million (from disposal of non-core and underperforming assets)
- Q2 FY2020: Higher FFB production Y-o-Y and improved contribution from its Papua New Guinea/Solomon Island (PNG/SI) sugar operations

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

"We were able to mitigate the impact of various risks on different segments of our business partly because of our presence along the full spectrum of the palm oil value chain. This has allowed us to remain focused on the priorities that matter amid this challenging global environment – the health and safety of our employees and various stakeholders, as well as job protection and cash conservation."

#### **Group Managing Director, Mohamad Helmy Othman Basha, said:**

"We expect demand to improve in the second half of this year as countries ease lockdown restrictions allowing businesses to replenish stocks. We anticipate prices to remain stable

in the second half of the year given concerns about edible oil supplies due to a potential La Nina.”

The Group declared an interim dividend of 2.57 sen per share and a special interim dividend of 1.45 sen per share, which will be paid to shareholders on 26 November 2020.

### **OUTLOOK FOR 2H FY2020**

- The worsening foreign labour shortage in Malaysia, subsequent to travel restrictions imposed to prevent the spread of COVID-19, is expected to impact crop production.
- To mitigate the labour shortage, the Group is actively exploring all avenues available, including recruiting local employees as well as enhancing mechanisation and digitalisation efforts.
- Barring any extreme weather abnormalities, the Group expects its full year FY2020 FFB production to remain relatively unchanged.
- The Group’s performance for the financial year ending 31 December 2020 will continue to be impacted by the economic uncertainties from a potential second wave of COVID-19 infections.

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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 CSPO production capacity of over 2.496 million MT (as at 31 December 2019).*

*As a globally integrated plantation company, Sime Darby Plantation is involved in the full spectrum of the palm oil value chain, from upstream to downstream activities. Its upstream operations which consist predominantly of oil palm cultivation, harvesting and milling are spread across Malaysia, Indonesia, Papua New Guinea and the Solomon Islands. Under this sector, Sime Darby Plantation is also involved in rubber and sugar cane plantation as well as cattle rearing. Its downstream business, known as Sime Darby Oils, spanning across 16 countries worldwide, involves the manufacturing as well as the sales and marketing of oils and fats products, oleochemicals, palm oil-based biodiesel, nutraceuticals and other palm oil derivatives. In addition to its Upstream and Downstream operations, Sime Darby Plantation is also involved in various other businesses that leverage on the potential of related products along the palm oil value chain.*

*With a workforce of over 90,000 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 RM35.11bn (USD8.42 bn) as at 26 August 2020.*