



## Plantation

# PRESS RELEASE

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## Sime Darby Plantation 3Q FY2021 Net Profit triples to RM610 million

*Plantation giant chalks up RM1.79 billion net profit in nine months*

**Petaling Jaya, 18 November 2021** – For the third quarter of its financial year ending 31 December 2021 (3Q FY2021), Sime Darby Plantation Berhad (SD Plantation) almost tripled its profit before interest and tax (PBIT) to RM925 million from RM332 million in the previous corresponding quarter. Net profit more than tripled from RM190 million in 3Q FY2020 to RM610 million in 3Q FY2021. This translated to an outstanding performance for the nine-month period ended 30 September 2021 (9M FY2021), as the Group recorded a PBIT of RM2.65 billion and net profit of RM1.79 billion, representing a year-on-year (YoY) increase of 74% and 73% respectively.

Higher realised crude palm oil (CPO) and palm kernel (PK) prices compensated for the decline in fresh fruit bunch (FFB) production in its Malaysian operations.

In 3Q FY2021, the Group's Upstream segment recorded a PBIT of RM913 million, 234% more than the previous corresponding period's PBIT of RM273 million. During the period under review, realised CPO and PK prices increased by 51% and 66% respectively, to an average of RM3,770 and RM2,274 per metric tonne (MT). The Group's oil extraction rate (OER) improved to 21.59% from 21.27% in the previous corresponding quarter.

The Group's Downstream segment, Sime Darby Oils, faced a challenging quarter as its PBIT declined to RM7 million from RM71 million in the previous year mainly attributable to lower profits generated by its Asia Pacific operations.

### Key Highlights

	3Q FY2021	3Q FY2020	YoY + / (-)	9M FY2021	9M FY2020	YoY + / (-)
<b>Revenue (RM mil)</b>	5,061	3,182	59%	13,145	9,442	39%
<b>PBIT (RM mil)</b>	925	332	>100%	2,651	1,521	74%
<b>Net Profit (RM mil)</b>	610	190	>100%	1,789	1,036	73%
<b>CPO Price Realised (RM/ MT)</b>	3,770	2,504	51%	3,545	2,485	43%
<b>FFB Production (MT mil)</b>	2.34	2.39	(2)%	7.01	6.98	0.34%
<b>Oil Extraction Rate (OER) (%)</b>	21.59	21.27	0.32	21.53	21.47	0.06

- **3Q FY2021:** Continued upward trend in YoY palm prices and higher OER more than compensated for the lower FFB production.

- **9M FY2021:** The Group's net profit from continuing operations almost doubled to RM1.84 billion from RM962 million in the previous corresponding period supported by higher recurring profits contributed by all segments.

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

"We are delighted that the Group is on track for a strong close to FY2021. While high CPO price is certainly a boon for the whole industry, Sime Darby Plantation also owes our strong performance to the management team and our employees across the world who delivered tremendous value in spite of numerous challenges. The improving situation of COVID-19 globally augurs well for industries and businesses everywhere, and the Group will continue to count on the support of our valued team as we prepare to leverage on the anticipated economic recovery ahead."

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

"The last twenty one months have challenged us, with the acute labour shortage, which was compounded by restrictions on movement. Thus, the Group welcomes the decision by the government to allow the industry to recruit foreign workers again.

The pandemic has certainly put a spotlight on the critical need to accelerate the mechanisation, automation and digitalisation of plantation operations, to reduce dependence on manual labour. Sime Darby Plantation is spearheading this reinvention of plantation operations and will continue to ramp up our efforts to transform the nature of work in plantations.

At the heart of all our efforts is the well-being of our people. We are determined to make plantations work less arduous, but more efficient and productive for our workers. We are also intensifying our efforts to recruit more local workers. As we progress further with our mechanisation initiatives, we expect to attract more Malaysians who are highly skilled."

**OUTLOOK FOR REMAINING FY2021:**

The Group expects palm oil prices to remain elevated at least until the end of the year before a possible downward adjustment in 2Q 2022 when supplies are anticipated to improve. The high prices will help compensate for the impact of labour shortages on the Group's Malaysian Upstream production. The Group expects demand to remain strong as more countries ease their COVID-19 restrictions, bringing back earlier suppressed demand.

Barring any unforeseen circumstances, the Group expects an overall strong financial year performance for 2021.

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For further information, please contact:

**Azneal Azam**

Tel: 03-7848 5369 / 016-337 6160 (HP)

E-mail: [azneal.azam@simedarbyplantation.com](mailto:azneal.azam@simedarbyplantation.com)

**Hisyam Samad**

Tel: 03-78484410 (Off), 012-6929358 (HP)

E-mail: [hisyam.samad@simedarbyplantation.com](mailto:hisyam.samad@simedarbyplantation.com)

## **ABOUT SIME DARBY PLANTATION**

*Sime Darby Plantation is the world's largest producer of Certified Sustainable Palm Oil (CSPO), with a production of 2.097 million MT (as of 31 December 2020).*

*As a fully integrated global plantation company, SDP is involved in various activities along the full spectrum of the palm oil value chain, including upstream and downstream operations, Research & Development, renewables as well as agri-business. Its upstream operations are spread across Malaysia, Indonesia, Papua New Guinea and the Solomon Islands. Its downstream business, also known as Sime Darby Oils, spans across 14 countries worldwide and involves the trading, manufacturing, as well as the sales and marketing of refined oils and fats products, oleochemicals, palm oil-based biodiesel, nutraceuticals and other palm oil derivatives.*

*With a workforce of about 85,000 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 RM26.76 bil (USD6.40 bil) as of 17 November 2021.*