



## Plantation

# PRESS RELEASE

**For Immediate Release**  
**Friday, 18 February 2022**

## **Sime Darby Plantation's Net Profit Soars to RM2.26 billion in FY2021**

- *The Group declares a total dividend of 20.28 sen per share for FY2021*
- *The Group reimburses foreign workers for recruitment fees which may have been incurred to secure employment*

**Petaling Jaya, 18 February 2022** – Sime Darby Plantation Berhad (SDP) registered a profit before interest and tax (PBIT) of RM3.68 billion, nearly double the PBIT of RM1.85 billion in FY2020. Net profit for the period increased 90% YoY to RM2.26 billion, compared to RM1.19 billion in the previous year.

The Group's strong performance in FY2021 was attributed to higher realised crude palm oil (CPO) and palm kernel (PK) prices as well as better oil extraction rates (OER) which compensated for lower fresh fruit bunch (FFB) production. FFB production was impacted by the prolonged labour shortage in the Malaysian palm oil industry.

In the fourth quarter of FY2021 (4Q FY2021) the Group more than tripled its PBIT and net profit year-on-year (YoY) to RM1.08 billion and RM468 million respectively, representing a 224% and 214% increase from the previous corresponding quarter.

In 4Q FY2021, the Group's Upstream segment recorded a PBIT of RM958 million, 173% more than 4Q FY2020's PBIT of RM351 million. This strong showing was supported by higher realised CPO and PK prices which increased from an average of RM2,664 to RM4,179 and from RM1,673 to RM3,363 per metric tonne (MT) respectively. Furthermore, OER improved to 21.79% from 21.35% in 4Q FY2020.

The Group's Downstream segment, Sime Darby Oils, also rebounded from a PBIT of RM7 million in 3Q FY2021 to a record quarterly PBIT of RM287 million in 4Q FY2021. This also represents a 42% YoY improvement from RM202 million recorded in the previous year. The improvement was mainly attributable to improved sales volumes in its European operations and higher margins from its Asia Pacific bulk operations.

### **Key Highlights**

	<b>4Q FY2021</b>	<b>4Q FY2020</b>	<b>YoY + / (-)</b>	<b>FY2021</b>	<b>FY2020</b>	<b>YoY + / (-)</b>
<b>Revenue (RM mil)</b>	5,550	3,639	53%	18,695	13,081	43%
<b>PBIT (RM mil)</b>	1,080	333	>100%	3,676	1,854	98%
<b>Net Profit (RM mil)</b>	468	149	>100%	2,257	1,185	90%
<b>CPO Price Realised (RM/ MT)</b>	4,179	2,664	57%	3,711	2,532	47%
<b>FFB Production (MT mil)</b>	2.12	2.30	(7.5)%	9.13	9.28	(1.6)%
<b>OER (%)</b>	21.79	21.35	0.44	21.59	21.44	0.15

- **4Q FY2021:** Although FFB production was lower, strong prices boosted the Group's performance, resulting in all segments recording higher YoY profits.
- **FY2021:** The Group almost doubled its PBIT to RM3.68 billion from RM1.85 billion in the previous year, despite a loss arising from an impairment charge of RM279 million to the Group's immature rubber plantation in Malaysia, which was significantly affected by pestoliposis disease and acute labour shortage.

### **Addressing the Withhold Release Order and Notice of Findings issued by the United States Customs and Border Protection**

- On 17 February 2022, the Group's 15,078 current foreign workers were reimbursed an aggregate sum of RM38.55 million for recruitment fees they may have incurred to secure employment with SDP. The reimbursements were paid in a single lumpsum payment to the foreign workers.
- Each worker was informed of the reimbursement details in writing and received their monies on 17 February 2022. They have full access to various channels of communication to raise any questions or concerns.
- All amounts payable to qualifying current foreign workers have been verified by independent third-party auditors.
- Meanwhile, the Group has enhanced its internal policies and procedures in several other areas:
  - Payslips are now available in English, Bahasa Malaysia and Bahasa Indonesia whilst Wage Code Glossaries in workers' national language (Bengali, Cambodia, Hindi, Myanmar, Nepali, Sasak, Sinhalese, Tagalog, Tamil) have also been developed and deployed.
  - Each worker has been given an information pack to explain his/her payslip and wage components in the relevant native language. The information pack covers various payslip components such as the calculation of wages and productivity incentives, as well as special gratuitous payments or bonuses, and records of working and overtime hours as well as absence and unsatisfactory work.
  - Continuing to comply with its policy of not employing undocumented workers in its operations, the Group has embarked on a regularisation exercise of undocumented workers, particularly in the East Malaysian states of Sabah and Sarawak. SDP has also taken the additional step of working with local consulates to assist workers in ensuring that all their dependants are documented as well.
  - Extending its enhanced policies and SOPs to include its contractors and vendors, the Group will also ensure that all contract workers are legally employed, in possession of their passports and are at least paid minimum wages.
  - On health and safety of its workers, the Group is implementing enhanced Health & Safety protocols and procedures for estates and mills. These improved measures take into consideration inputs from workers whilst ensuring compliance to regulatory requirements and best practices.

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

The Group delivered an outstanding set of results for FY2021, thanks in large part to the tenacity and resilience of our people in overcoming the numerous challenges we faced throughout the year. I am proud of the dedication and hard work of our employees across our operations and whilst challenges remain, I am confident that their passion will carry us through 2022.

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

Although the Group closed FY2021 with an outstanding set of results, the path ahead remains challenging. On 28 January 2022, the United States Customs and Border Protection (USCBP) issued a finding that certain Sime Darby Plantation Berhad (SDP) palm oil products are produced using convict, forced or indentured labour.

Though the finding came as a disappointment, we are forging ahead to address all the challenges, keeping the welfare and wellbeing of our workforce our top priority.

Whilst the Group embarks on reimbursing recruitment fees and related costs to current and past foreign workers that may have been charged by third-party agents in source countries, we are also looking forward to the completion of the independent assessment of our Malaysian operations. Meanwhile, the Group has implemented several measures to improve its existing governance structures, policies and procedures.

The Group will also be looking to continue to address the current acute labour shortage by reducing our dependence on manual labour. Our focus on the mechanisation, automation and digitalisation of our plantation operations will be another top priority for us in 2022 as we look towards reinventing the nature of work in our plantations and intensifying our efforts to recruit more local workers.

We believe 2022 will be a transformative year for the Group.

**OUTLOOK FOR FY2022:**

The Group expects palm oil prices to remain elevated, at least throughout the first half of 2022 as supplies are only anticipated to increase in the second half of the year in line with the high-crop season. With the recent decision by the Malaysian Government to lift the freeze on the intake of foreign workers which has been in place since June 2020, the Group is cautiously optimistic that this may provide further support for its FFB production, particularly from its Malaysian operations to increase in the second half of the year, in line with palm oil's typical peak production period.

Barring any unforeseen circumstances, the Group expects its performance for the financial year ending 31 December 2022 to be satisfactory.

**DIVIDEND:**

The Group has declared a final dividend of 12.38 sen per share, which together with the interim dividend of 7.90 sen per share, amounts to a total single tier dividend of 20.28 sen per share for FY2021. The total dividends declared in FY2021 is higher compared to FY2020's total dividends of 11.57 sen per share.

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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 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 12 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 83,000 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 RM33.96 bil (USD8.11 bil) as of 17 February 2022