



## Plantation

# PRESS RELEASE

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## Sime Darby Plantation Profit Up 35%

- Higher profit of RM1.06 billion marks a positive start to the year as the Group continues to leverage on high commodity prices
- Comprehensive assessment report on Malaysian labour practices submitted to the USCBP

**Kuala Lumpur, 20 May 2022** – Sime Darby Plantation Berhad (SDP) registered a profit before interest and tax (PBIT) of RM1.06 billion for the first quarter of the year ending 31 December 2022 (1Q FY2022), a 35% increase year-on-year (YoY) from RM788 million.

Following its stellar performance in FY2021, the Group continued to register stronger YoY performance in 1Q FY2022 as crude palm oil (CPO) and palm kernel (PK) prices remained buoyant. Realised CPO prices in 1Q FY2022 averaged at RM4,465, a YoY increase of 40% compared to RM3,185 per metric tonne (MT), whilst average realised PK prices in the same period increased by 84% YoY to RM4,105 from RM2,230 per MT. The higher average realised prices compensated for lower fresh fruit bunch (FFB) production as the Group continues to be impacted by the prolonged labour shortage in the Malaysian palm oil industry. At the same time, the Group also experienced a decline in its Indonesian FFB production as production was seen normalising from 1Q FY2021's record high production.

Sime Darby Oils registered a 23% increase in PBIT of RM132 million in 1Q FY2022 compared to RM107 million in 1Q FY2021. The improved results was mainly attributed to higher margins recorded by its Asia Pacific bulk operations which partially mitigated lower sales volumes and margins in its Asia Pacific differentiated and European operations.

### Key Highlights

	1Q FY2022	1Q FY2021	YoY + / (-)
<b>Revenue (RM mil)</b>	4,381	3,673	19%
<b>PBIT (RM mil)</b>	1,060	788	35%
<b>Net Profit (RM mil)</b>	718	562	28%
<b>CPO Price Realised (RM/ MT)</b>	4,465	3,185	40%
<b>FFB Production (MT mil)</b>	1.91	2.21	(13)%
<b>Oil Extraction Rate (OER) (%)</b>	21.36	21.35	0.01

- The Group's recurring PBIT grew by 50% to RM1.01 billion from RM677 million in 1Q FY2021 whilst PBIT from non-recurring transactions decreased by 58% to RM47 million

from RM111 million. Non-recurring transactions in the previous year included higher gains from larger areas of land acquired by the Malaysian Government.

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

The Group has started the financial year with a solid set of results on the back of continuing high commodity prices caused by ongoing supply chain disruptions.

As palm oil plays a crucial role in fulfilling the demand for vegetable oils in the global market, I am confident that SDP will be able to leverage on current opportunities and continue to deliver an encouraging performance in 2022.

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

As SDP marks its bicentennial, we salute those who came before us. The foundational values and principles they built this company upon have enabled us to grow, embrace change and face our challenges head on, over the last 200 years. These same values drive us today and underscore our commitment to continuous improvement.

On 26 April 2022, SDP submitted a comprehensive report to the United States Customs and Border Protection (USCBP) to address the requirements of the United States' import regulations and international labour standards. SDP has engaged with the USCBP on the submission and will continue to give our full cooperation as we work towards modifying (uplifting) the finding. Our commitment to continuous improvement extends beyond our own operations to include our entire supply chain, which we hope will help the industry to move forward proactively.

**OUTLOOK FOR FY2022:**

The Group believes that while palm oil demand may be impacted by current elevated prices, this will be mitigated by the tight supply and availability of alternative vegetable oils as well as supply chain disruptions caused by the ongoing Russia-Ukraine conflict. The Group anticipates lower overall FFB production against FY2021, as the intake of new foreign workers for the plantation industry is only expected to arrive in the second half of the year.

Barring any unforeseen circumstances, the Group expects encouraging performance for the financial year ending 31 December 2022.

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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 2.150 million MT (as of 31 December 2021).*

*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 80,000 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 RM36.17 bil (USD8.21 bil) as of 19 May 2022.*