



Plantation

PRESS RELEASE

For Immediate Release
Tuesday, 23 August 2022

Sime Darby Plantation Net Profit Up 30% to RM1.53 billion

- *2Q FY2022 Net Profit increased by 32% to RM812 million*
- *Interim dividend of 10 sen per share declared*

Petaling Jaya, 23 August 2022 – Sime Darby Plantation Berhad registered a net profit of RM812 million and RM1.53 billion respectively for the second quarter (2Q FY2022) and six-month period (1H FY2022) of the financial year ending 31 December 2022.

Buoyant crude palm oil (CPO) and palm kernel (PK) prices continued to support the Group's stronger year-on-year (YoY) performance, although its fresh fruit bunch (FFB) production was impacted by prolonged labour shortage experienced in its Malaysian operations. In the second quarter, average realised CPO and PK prices increased by 44% and 40% YoY respectively to RM5,213 per metric tonne (MT) and RM3,339 per MT.

Meanwhile, the Group's downstream segment, Sime Darby Oils, registered a profit before interest and tax (PBIT) of RM243 million in 2Q FY2022, a 66% increase compared to RM146 million in 2Q FY2021. The higher profits were mainly attributable to better margins recorded by its Asia Pacific operations which mitigated the lower margins in its European operations as well as the overall lower sales volume achieved.

Key Highlights

	2Q FY2022	2Q FY2021	YoY + / (-)	1H FY2022	1H FY2021	YoY + / (-)
Revenue (RM mil)	5,587	4,411	27%	9,968	8,084	23%
PBIT (RM mil)	1,146	908	26%	2,206	1,696	30%
Net Profit (RM mil)	812	617	32%	1,530	1,179	30%
CPO Price Realised (RM/ MT)	5,213	3,632	44%	4,868	3,422	42%
FFB Production (MT mil)	2.08	2.46	(15)%	3.99	4.66	(15)%
Oil Extraction Rate (OER) (%)	21.26	21.63	(0.37)	21.31	21.50	(0.19)

- **2Q FY2022:** Higher YoY PBIT for the quarter was supported by non-recurring profits of RM232 million (compared to a loss of RM44 million in 2Q FY2021) relating to gains on disposal of land in Malaysia.
- **1H FY2022:** The Group recorded recurring PBIT of RM1.93 billion (an 18% increase from RM1.63 billion in FY2021) resulting from higher realised commodity prices as well as increased margins in its bulk and differentiated products.

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

I am pleased that the Group continues to record a solid performance in the second quarter of 2022. However, with CPO prices seeing a sharp correction, and the persistent labour shortage affecting productivity, we will focus on finding ways to mitigate these impacts on our Malaysian production.

Group Managing Director, Mohamad Helmy Othman Basha said,

The shortage of legal migrant workers in Malaysia has affected our productivity whilst new measures instituted to create a better working environment have increased cost of production. To address these issues, we have taken bold steps to mechanise, automate and digitalise work that has traditionally been performed manually, thus reducing our labour requirements.

Even as we implement plans to mechanise and automate the Malaysian operations, we have started a whole new exercise to transform our palm oil mills into certified food safety facilities across our operations.

With these efforts in place, the Group is determined to attract more local and highly skilled talent into our plantations. We are committed to continue leading efforts that bring positive change to the industry.

OUTLOOK FOR FY2022:

With the gradual moderation of CPO prices, palm oil has now become more competitive for destination markets, prompting an increase in demand as buyers replenish inventories. The Group expects CPO prices to remain firm at least until the end of 2022. Unfortunately, the delay in the intake of new legal migrant workers continues to disrupt the Group's harvesting and related activities in its Malaysian operations. This is expected to affect the Group's overall FFB production, which is anticipated to be lower compared to FY2021.

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

DIVIDEND:

The Group is pleased to declare an interim dividend of 10.00 sen per share for FY2022 up from 7.90 sen per share in FY2021.

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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 RM31.12 bil (USD6.94 bil) as of 22 August 2022.