PRESS RELEASE

For Immediate Release
Wednesday, 23 Aug 2023

Sime Darby Plantation Registers RM830 million in Profit Before Interest and Tax in 1H FY2023

- *Realised crude palm oil prices averaged RM3,765 per metric ton in 2Q FY2023*
- *Interim dividend of 3.25 sen per share declared*

Petaling Jaya, 23 August 2023 – For the six months ended 30 June 2023 (1H FY2023), Sime Darby Plantation Berhad (SDP) registered a Profit Before Interest and Tax (PBIT) of RM830 million, a decline from the RM2,206 million recorded in the corresponding period. SDP registered a Net Profit for 1H FY2023 of RM449 million as compared to RM1,530 million recorded in 1H FY2022.

The decline in the Group's year-on-year (YoY) profits was primarily due to lower average realised crude palm oil (CPO) and palm kernel (PK) prices, which have declined from the peak levels witnessed in the previous year. This was further exacerbated by higher operating expenditure, mainly from higher fertiliser prices and labour costs, particularly in Malaysia where the Group is rehabilitating its operations. In 2QFY2023, realised CPO prices declined 28% YoY to an average of RM3,765 per metric ton (MT), compared to RM5,213 per MT recorded in the previous corresponding period. Meanwhile, average realised PK prices declined by 47% YoY to RM1,767 per MT from RM3,339 per MT in 2Q FY2022 affected by the decline in demand in the oleo chemicals industry. During the 2Q FY2023 period, the Group's overall fresh fruit bunch (FFB) production declined marginally by 2% YoY mainly due to a 6% reduction in the Group's FFB production in Indonesia. This reduction was due to the Group's accelerated replanting programme in Indonesia to address poorer yielding and aged palm areas with new higher yielding planting materials.

Sime Darby Oils (SDO), the Group's downstream operations recorded a lower PBIT at RM124 million in 2Q FY2023, a decline from RM275 million in the previous corresponding period. SDO's Asia Pacific operations were adversely impacted by lower margins and demand, although this was partially mitigated by stronger results in its European operations which enjoyed higher margins.

Key Highlights

	2Q FY2023	2Q FY2022	YoY +/(-)	1H FY2023	1H FY2022	YoY +/(-)
Revenue (RM mil)	4,305	5,587	(23)%	8,374	9,968	(16)%
PBIT (RM mil)	527	1,146	(54)%	830	2,206	(62)%
Net Profit (RM mil)	380	812	(53)%	449	1,530	(71)%
CPO Price Realised (RM/ MT)	3,765	5,213	(28)%	3,824	4,868	(21)%

FFB Production (MT mil)	2.04	2.08	(2)%	3.86	3.99	(3)%
Oil Extraction Rate (OER) (%)	21.21	21.26	(0.05)	21.12	21.31	(0.19)

- The Group recorded lower profits from non-recurring transactions, consisting of gains from land sales in Malaysia, during 2Q FY2023 of RM196 million.

Chairman, Tan Sri Dr Nik Norzrul Thani Nik Hassan Thani said:

"Although 2023 has had its challenges, I believe the Group is well-positioned to weather any storms that may lie ahead. Programmes that are underway across the Group will ensure that shareholders value is preserved in the shorter term and enhanced in the medium and longer terms."

Group Managing Director, Datuk Mohamad Helmy Othman Basha said:

"The aggressive on-going rehabilitation of our Upstream Malaysia operations is beginning to show results with the improvement in our Malaysian FFB production in the second quarter of 2023. This, coupled with the arrival and upskilling of new harvesters will put our harvesting operations and field conditions back on track to deliver better productivity for the rest of the year.

"As we approach the peak production period in the coming months, the Group is looking forward to continued improvement of our performance in the second half of 2023."

OUTLOOK FOR 2H FY2023:

The rebound in CPO and other commodity prices was mainly driven by the increasingly uncertain weather conditions in key oilseed regions, as well as the escalation of the Russia-Ukraine war. Thus, price volatility is expected to continue in the near term, particularly as geopolitical crises and global macroeconomic conditions add to prevailing uncertainties.

FFB production is expected to see steady increase as the Group progresses into the peak production period in the coming months. The Group is optimistic that its FFB production will improve as it continues to improve field conditions in its Malaysian operations. These efforts complement the Group's commitment to continue its transformational initiatives to mechanise, automate and digitalise its operations in Malaysia.

The Group expects its FY2023 performance to remain challenging.

DIVIDEND:

The Group is pleased to declare an interim dividend of 3.25 sen per share for FY2023.

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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 1.887 million MT (as of 31 December 2022).

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 over 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 RM30.36 bil (USD6.53 bil) as of 22 August 2023.