



Plantation

PRESS RELEASE

For Immediate Release

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Sime Darby Plantation 3Q FY2023 Net Profit triples to RM1.2 billion

- Upstream Malaysia's fresh fruit bunch production surges by 38%
- Special interim dividend of 5.70 sen per share declared in October 2023

Petaling Jaya, 24 November 2023 – Sime Darby Plantation Berhad registered a net profit of RM1.2 billion in the third quarter of its financial year ending 31 December 2023 (3Q FY2023), a threefold increase from RM396 million recorded in 3Q FY2022. The quarter's strong performance bolstered the Group's net profits for the nine-month period ended 30 September 2023 (9M FY2023) to RM1.7 billion.

The Group's upstream operations registered an impressive improvement in 3Q FY2023, led by the strong recovery of the Malaysian operations, which saw a 38% year-on-year (YoY) increase in fresh fruit bunch (FFB) production, due to having more harvesters and intensive rehabilitation efforts. The Malaysian production volume achieved in 3Q FY2023 was higher by 43% quarter-on-quarter (QoQ) and also represented 43% of the total Malaysian production for 9M FY2023.

This resulted in a 14% YoY increase in overall FFB production for the Group, which mitigated the impact of lower average realised crude palm oil (CPO) and palm kernel (PK) prices. CPO prices declined 12% YoY to an average of RM3,777 per metric tonne (MT), compared to RM4,277 per MT in the previous corresponding period, whilst average realised PK prices declined by 11% YoY to RM1,721 per MT from RM1,940 per MT in 3Q FY2022.

Sime Darby Oils (SDO), the Group's downstream operations, recorded a lower profit before interest and tax (PBIT) at RM225 million in 3Q FY2023, a decline from RM337 million achieved in 3Q FY2022. The decline was due to lower margins and volume demands in SDO's Asia Pacific operations, although this was partially mitigated by strong results in its European operations.

Key Highlights

	3Q FY2023	3Q FY2022	YoY + / (-)	9M FY2023	9M FY2022	YoY + / (-)
Revenue (RM mil)	4,744	5,392	(11)%	13,148	15,360	(14)%
PBIT (RM mil)	1,661	622	>100%	2,491	2,828	(12)%
Net Profit (RM mil)	1,211	396	>100%	1,660	1,926	(14)%
CPO Price Realised (RM/ MT)	3,777	4,277	(12)%	3,806	4,648	(18)%

FFB Production (MT mil)	2.45	2.15	14%	6.31	6.13	3%
Oil Extraction Rate (OER) (%)	21.12	20.88	0.24	21.12	21.16	(0.04)

- During the period under review, the Group recorded a non-recurring PBIT of RM876 million comprising the following:
 - i. Disposal of interests in two Indonesian subsidiaries for a total gain of RM278 million;
 - ii. Gain from land sale in Malaysia of RM607 million; and
 - iii. Impairment charge of RM9 million in respect to the Group's rubber plantation in Malaysia.

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

"Despite a challenging start to 2023, I am delighted that the Group is back on track to deliver a satisfactory performance this year. I am also thrilled with the strategic partnerships that the Group has established recently in China and India, two of our major export countries. We are looking forward to unlocking more value with these collaborations as ongoing improvement efforts will ensure that we are able to close the second half of the year on a much stronger footing."

Group Managing Director, Datuk Mohamad Helmy Othman Basha said:

"After the setbacks suffered between 2020 and mid-2023, we are seeing the results of months of rehabilitation work with an increased workforce successfully turning around our Upstream Malaysia operations in 3Q FY2023. We expect to achieve the full complement of harvesters for Sabah and Sarawak by end of the year, and by mid-2024, these harvesters will acquire sufficient skills to be more productive. We will also continue to localise our workforce as we are no longer recruiting new foreign workers for non-harvesting work. Whilst the rehabilitation work continues and is expected to be completed by mid-2024, I'm pleased to report that our labour shortage crisis is now behind us. We remain steadfast in our focus to reduce long-term dependence on manual labour through mechanisation, automation and digitalisation."

OUTLOOK FOR REMAINING FY2023:

Commodity prices are expected to remain volatile in the near term due to persistent geopolitical concerns and global macroeconomic uncertainties. Although El Niño has not yet caused widespread dryness in Southeast Asia, on a global level, it has contributed to supply concerns as vegetable oil production may be impacted in 2024.

Whilst demand is expected to grow seasonally in the coming months, high inventory levels in key destinations may limit the offtake upside. In the long term, prospects remain stable as conventional demand for food and fuel remain strong.

The Group is optimistic of achieving higher FFB production for the full year, largely driven by improvements in labour productivity and field conditions in its Malaysian operations. The Group also continues to explore further growth in new and existing markets, particularly via its downstream arm, Sime Darby Oils.

While challenges persist, the Group is expected to perform satisfactorily in FY2023.

DIVIDEND:

The Group declared a special interim dividend of 5.70 sen per share for FY2023 on 27 October 2023.

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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 RM30.15 bil (USD6.44 bil) as of 23 November 2023.