



Plantation

PRESS RELEASE

For Immediate Release

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Sime Darby Plantation Registers Net Profit of RM1.86 billion for FY2023

- *Upstream Malaysia's crop production increased 45% YoY*
- *Sime Darby Oils doubled its profit in 4Q FY2023*

Petaling Jaya, 22 February 2024 – Sime Darby Plantation Berhad registered a net profit of RM200 million in the fourth quarter of the financial year ended 31 December 2023 (4Q FY2023) bringing its full year net profits for FY2023 to RM1.86 billion.

The Group's Malaysian upstream operations registered a 45% year-on-year (YoY) increase in Fresh Fruit Bunch (FFB) production as a result of intensive rehabilitation efforts, with the steady return of foreign harvesters to Malaysia. This strong performance has led to a 15% and 6% YoY increase in overall FFB production for the Group in 4Q FY2023 and FY2023 respectively.

The higher overall FFB production helped mitigate the impact of lower average realised crude palm oil (CPO) and palm kernel (PK) prices recorded in 4Q FY2023. CPO prices declined by 8% YoY to an average of RM3,688 per metric ton (MT) as compared to RM4,005 per MT, whilst average realised PK prices declined marginally by 1% YoY to RM1,742 per MT from RM1,756 per MT in 4Q FY2022.

Sime Darby Oils (SDO), the Group's downstream operations, recorded a two-fold increase in its profit before interest and tax (PBIT) to RM183 million in 4Q FY2023, an increase from RM89 million recorded the previous corresponding quarter. SDO's strong performance was supported by its European operations which mitigated the impact of lower margins in its Asia Pacific operations.

Key Highlights

	4Q FY2023	4Q FY2022	YoY + / (-)	FY2023	FY2022	YoY + / (-)
Revenue (RM mil)	5,280	5,670	(7)%	18,428	21,030	(12)%
PBIT (RM mil)	436	787	(45)%	2,927	3,615	(19)%
Net Profit (RM mil)	200	562	(64)%	1,860	2,488	(25)%
CPO Price Realised (RM/ MT)	3,688	4,005	(8)%	3,772	4,456	(15)%
FFB Production (MT mil)	2.39	2.07	15%	8.71	8.21	6%
Oil Extraction Rate (OER) (%)	21.32	20.92	0.40	21.18	21.10	0.08

- In 4Q FY2023, the Group's non-recurring PBIT of RM55 million was mainly from the disposal of land in Malaysia.

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

"This is a commendable performance in yet another challenging year, a testimony to the tremendous effort put in to turn around the Malaysian upstream operations. The team's dedicated and concerted efforts have yielded significant improvements in the Group's FFB production, allowing us to close FY2023 with a respectable set of results. I am confident that with its renewed commitment to excellence, the Group will continue to do well in 2024."

Group Managing Director, Datuk Mohamad Helmy Othman Basha said:

"I am extremely proud of our achievements in 2023; over and above the successful turnaround of our Malaysian upstream operations, we became the first palm oil company in the world to have its net-zero targets approved by the Science Based Targets initiative (SBTi). These achievements are evidence of our continued commitment to our key strategic pillars for growth and long-term success, sustainability, operational excellence and innovation. We believe these focus areas are essential to future proof our business and help us to effectively manoeuvre through a challenging operating environment."

OUTLOOK FOR FY2024:

CPO demand is expected to remain steady in the longer term though seasonally high stockpiles in key destination countries may impact short-term demand. The Group is also cognisant of continued geopolitical risks and predictions of moderating global economic growth, which may impact demand.

Unpredictable weather conditions are likely to raise supply concerns for vegetable oils globally. This in turn is anticipated to provide favourable support for CPO prices in 2024.

With the improved labour situation and rehabilitation of its Malaysian upstream operations, the Group is optimistic that its FFB production growth will sustain in 2024. Whilst it continues its operational improvement efforts, the Group also actively seeks strategic collaborative opportunities to advocate for positive change in the industry.

Barring any unforeseen circumstances, the Group remains positive as it looks ahead to another satisfactory performance in FY2024.

DIVIDEND:

The Group has declared a final dividend of 6.05 sen per share, which together with the interim dividend of 3.25 sen per share and special interim dividend of 5.70 sen per share, translates to a total single tier dividend of 15.00 sen per share for FY2023.