

Fourth Quarter of Financial Year 2021 (4QFY2021) Results Announcement

18 February 2022

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OF LEADERSHIP**
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**Sime
Darby**
Plantation

Financial Highlights

Strong palm oil prices boosted the Group's performance in Q4 FY2021 with full year FY2021 net profit soaring to RM2.26 billion



in RM'mn	Quarter Ended 31 December			Year Ended 31 December		
	FY2021	FY2020 [^]	YOY	FY2021	FY2020 [^]	YOY
CONTINUING OPERATIONS						
Revenue	5,550	3,639	53%	18,695	13,081	43%
PBIT	1,080	333	>100%	3,676	1,854	98%
PATAMI	468	149	>100%	2,257	1,111	>100%
DISCONTINUED OPERATIONS*						
PATAMI	-	-	-	-	74	-100%
TOTAL						
PATAMI	468	149	>100%	2,257	1,185	90%
Basic EPS (RM'sen)	6.8	2.2	>100%	32.6	17.2	90%
■ Continuing Operations	6.8	2.2	>100%	32.6	16.1	>100%
■ Discontinued Operations	-	-	-	-	1.1	-100%

Notes: [^] Following the divestment of the Group's stake in its oleochemical JV arm Emery's Asia Pacific business, the Group has decided to retain its stake in Emery's remaining businesses in North America and Europe. As such, Emery no longer met the asset held for sale classification and therefore the financial statements have been restated from the period of initial classification as asset held for sale.

* Gain recognized on the disposal of the Group's Liberian operations in Q1 FY2020.

Financial Performance by Segment – Continuing Operations

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The Group more than doubled its total recurring PBIT in Q4 FY2021 as realised CPO prices remained higher, and Sime Darby Oils registered a record quarterly profit

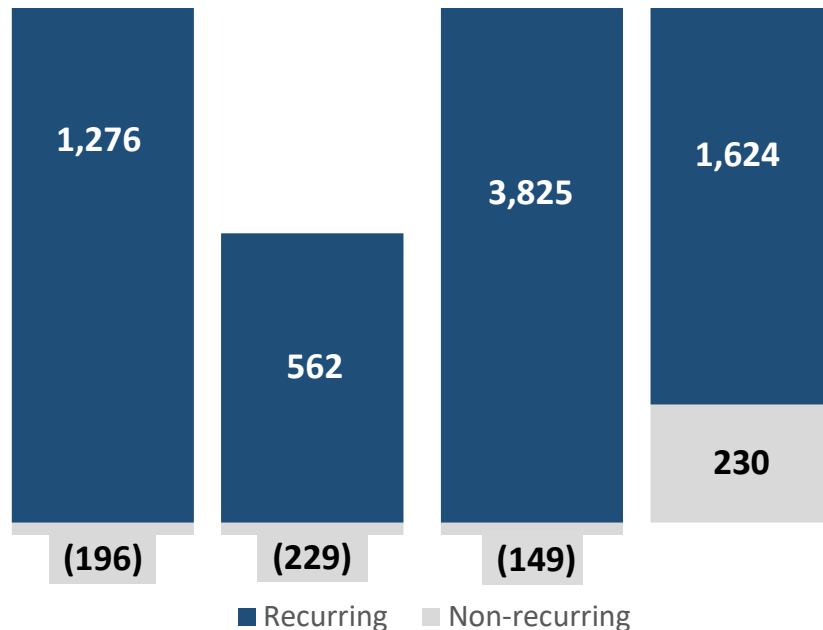
TOTAL PBIT

in RM'mn

Q4 FY2021	Q4 FY2020	FY2021	FY2020
1,080	333	3,676	1,854

>+100% YoY

+98% YoY



■ Recurring ■ Non-recurring

Note: * Others refers to Sime Darby Agri-Bio Sdn Bhd, Sime Darby Research Sdn Bhd, Sime Darby Technology Sdn Bhd, Sime Darby Biotech Lab Sdn Bhd, Sime Darby Seeds Sdn Bhd, as well as investment holding companies, associates and JVs

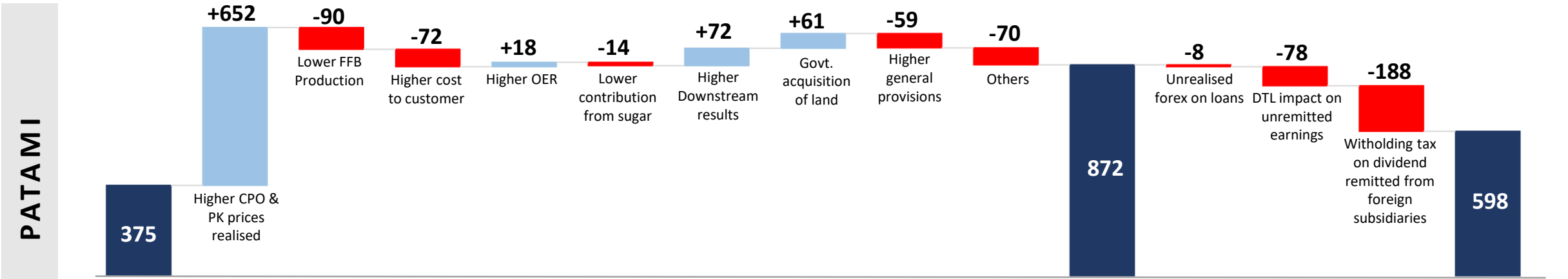
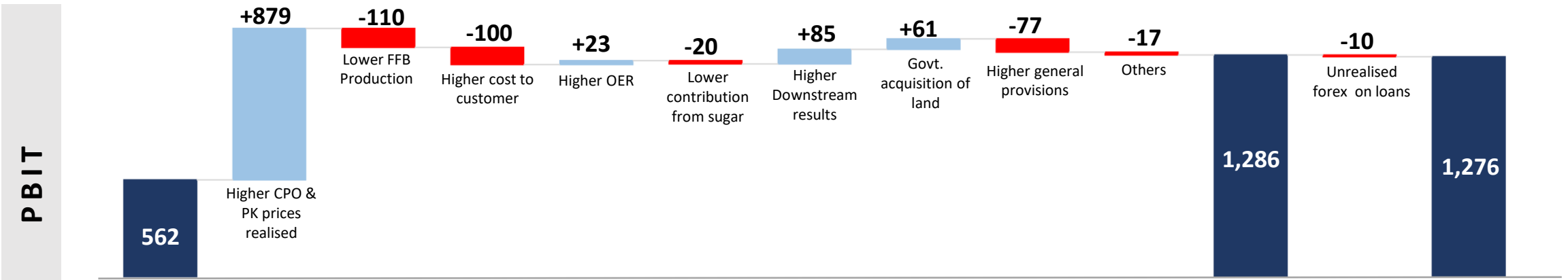
Recurring PBIT (RM'mn)	Q4 FY2021	Q4 FY2020	FY2021	FY2020
Upstream	958	351 (>100%)	3,203	1,228 (>100%)
Upstream Malaysia	145	80 (81%)	862	686 (26%)
Upstream Indonesia	400	247 (62%)	1,242	454 (>100%)
Upstream PNG/SI	413	24 (>100%)	1,099	88 (>100%)
Downstream	287	202 (42%)	547	386 (42%)
Others*	31	9 (>100%)	75	10 (>100%)
Total Recurring PBIT	1,276	562 (>100%)	3,825	1,624 (>100%)

Recurring Profits – Continuing Operations

Higher earnings largely driven by higher realised prices as well as higher Downstream contribution, outweighed the impact from lower FFB production & higher cost to customer



Q4 FY2021 vs Q4 FY2020



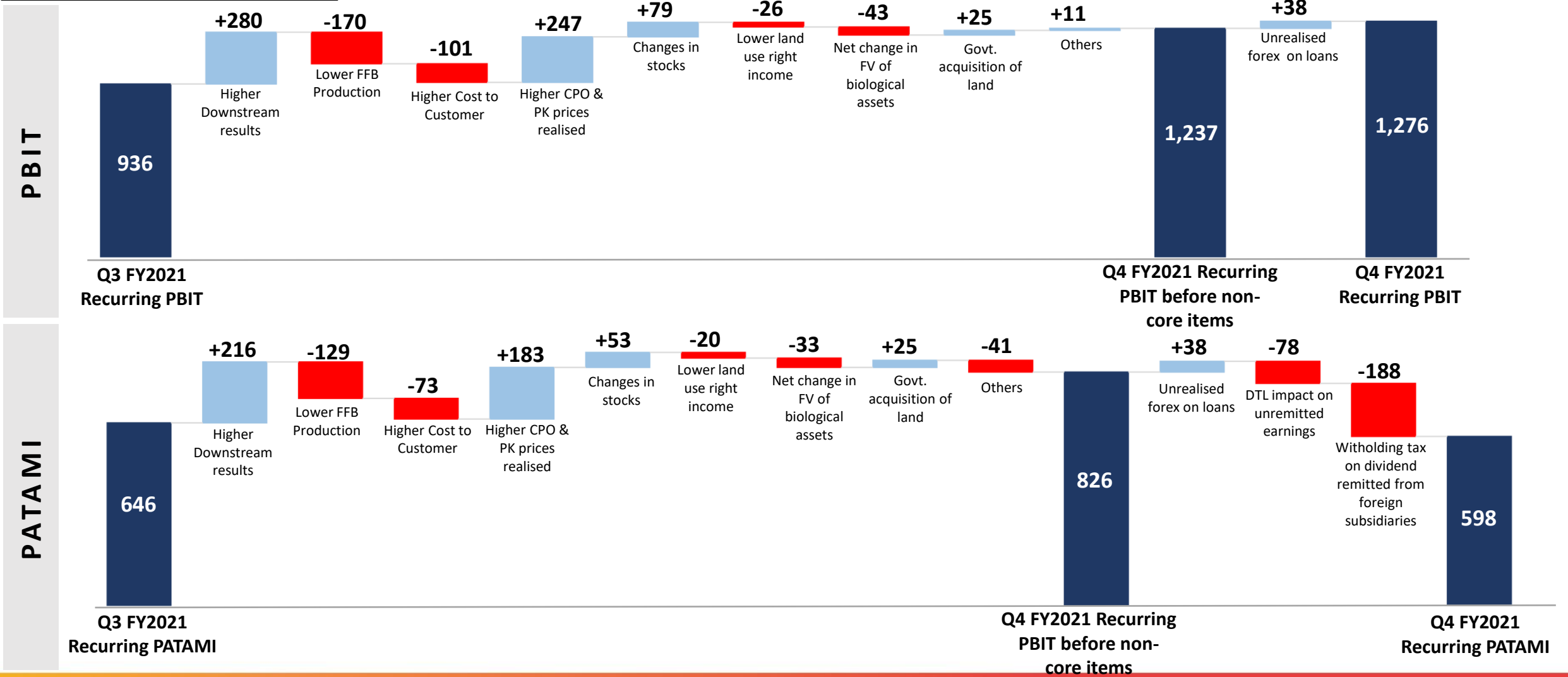
Q4 FY2020 Recurring PATAMI Q4 FY2021 Recurring PATAMI before non-core items Q4 FY2021 Recurring PATAMI

Recurring Profits – Continuing Operations

Impact from lower FFB production and higher cost to customer was mitigated by higher Downstream contribution as well as higher realised prices and stock valuation



Q4 FY2021 vs Q3 FY2021

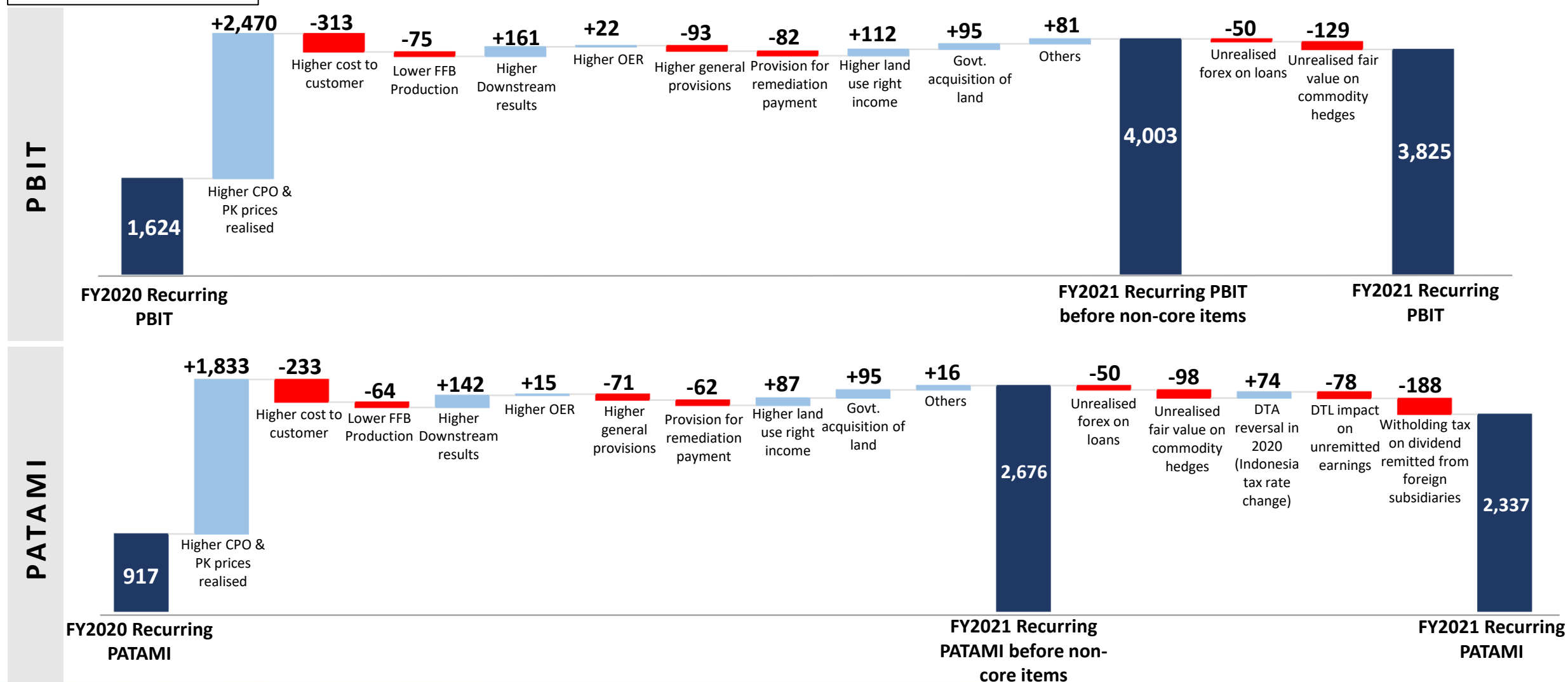


Recurring Profits – Continuing Operations

Earnings more than doubled on the back of significantly higher realised prices which mitigated the impact from higher cost to customer and lower FFB production as well as the provision for workers remediation payment



FY2021 vs FY2020

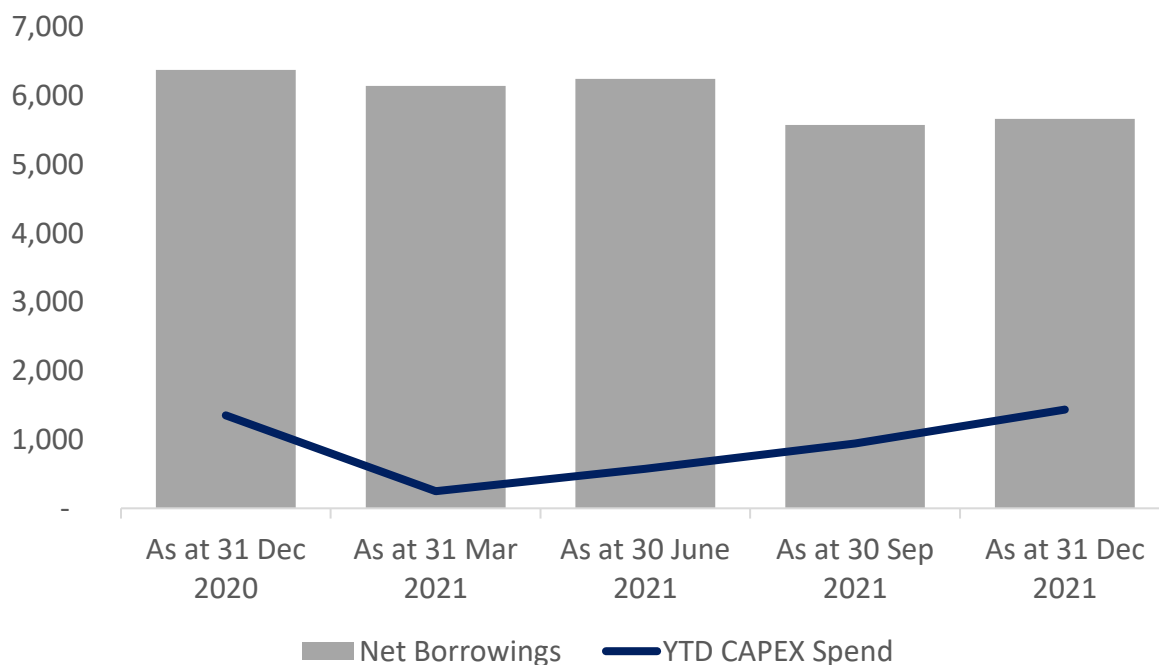


Borrowings & Gearing Ratios

Net gearing maintained at 32%



<i>Net Gearing¹</i> <i>(in RM'mn)</i>	39%	38%	36%	32%	32%
<i>Borrowings</i>	6,682	6,793	7,047	7,097	6,251
<i>Bank balances, deposits & cash</i>	309	648	801	1,522	589
<i>Net Borrowings</i>	6,373	6,145	6,246	5,575	5,662



Note: ¹ Net Gearing is based on Total Borrowings less Bank Balances, Deposits & Cash divided by Total Equity

FOURTH QUARTER ENDED 31 DECEMBER 2021

+RM906mn
NET CASH GENERATED
FROM OPERATING
ACTIVITIES

-RM431mn²
NET CASH USED IN
INVESTING ACTIVITIES
(CAPEX: -RM491mn)

-RM1,435mn
NET CASH USED IN
FINANCING ACTIVITIES

Net Borrowings as at 31 December 2021 increased slightly by RM87mn compared to 30 September 2021 mainly due to:

- Interim dividend paid in cash in November 2021 of RM546mn.
- Purchase of fixed assets (RM480mn) and payment of taxes (RM355mn).
- Compensated by net cash generated from operations totaling RM1.27b.

Note: ² Apart from CAPEX also consists of Proceeds from Disposals of RM148mn as well as Finance & Dividend income of RM10mn and an advance to JV of -RM139mn

Operational Performance – Upstream

FFB production impacted by flash floods interrupting harvesting activities and prevailing shortage of workers in Malaysia



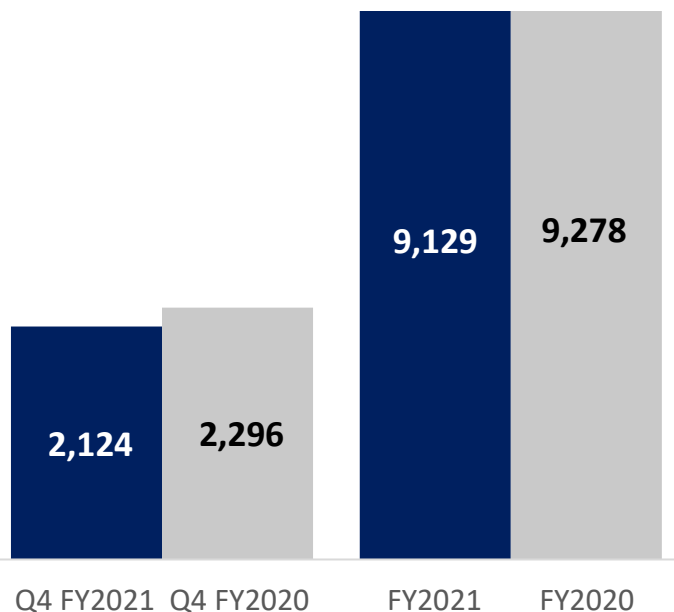
FFB PRODUCTION

TOTAL UPSTREAM

in '000 MT

-7% YoY

-2% YoY



FFB Production ('000 MT)	Q4	
	FY2021	FY2021
Upstream Malaysia	1,072 <i>Q4 FY2020: 1,117 (-4%)</i>	4,630 <i>FY2020: 4,944 (-6%)</i>
Upstream Indonesia	605 <i>Q4 FY2020: 790 (-23%)</i>	2,609 <i>FY2020: 2,522 (3%)</i>
Upstream PNG/SI	447 <i>Q4 FY2020: 389 (15%)</i>	1,890 <i>FY2020: 1,812 (4%)</i>
Total	2,124 <i>Q4 FY2020: 2,296 (-7%)</i>	9,129 <i>FY2020: 9,278 (-2%)</i>

- Malaysia:** Continues to be impacted by the prolonged labour shortage (as of 31 December 2021: shortage stood at about 8,300 workers). Furthermore, production was also impacted by the floods experienced in Pahang, Selangor and Johor towards the end of 2021.
- Indonesia:** Production in Q4 was affected by lower production recorded particularly in the Kalimantan region as well as higher rainfall in certain areas which interrupted harvesting activities. However, relatively good weather and the increase in prime age area mitigated the impact to the full year production.
- PNG/SI:** Good weather (well distributed rainfall and no distinct dry weather) coupled with higher percentage of prime age palms (increased by 3% YoY) contributed to the higher FFB production.

Operational Performance – Upstream

Better weather conditions allowed for timely crop recovery helping to ensure crop quality resulting in higher extraction rates all round



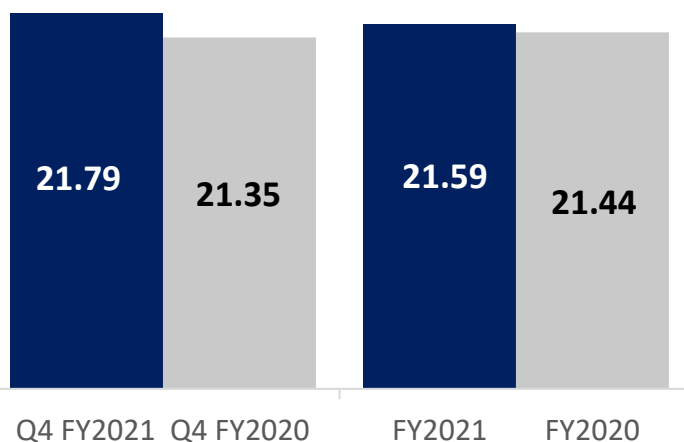
CPO EXTRACTION RATE

TOTAL UPSTREAM

in %

+0.44
p.p. YoY

+0.15
p.p. YoY



Note: p.p. – Percentage points

CPO Extraction Rate
(OER) (%)

Q4

FY2021

FY2021

Upstream Malaysia

21.09

20.96

Q4 FY2020: 20.99 (0.10 pp)

FY2020: 20.91 (0.05 pp)

Upstream Indonesia

21.84

21.66

Q4 FY2020: 20.98 (0.86 pp)

FY2020: 21.61 (0.05 pp)

Upstream PNG/SI

23.24

22.87

Q4 FY2020: 22.95 (0.29 pp)

FY2020: 22.50 (0.37 pp)

Total

21.79

21.59

Q4 FY2020: 21.35 (0.44 pp)

FY2020: 21.44 (0.15 pp)

- Malaysia:** Better rainfall pattern in Peninsular Malaysia and Sarawak as compared to the same period last year which allowed for better crop quality and crop recovery.
- Indonesia:** Improvement driven by better weather conditions especially in Riau Selatan and parts of Kalimantan Selatan as compared to the same period last year.
- PNG/SI:** OER improvement realised mainly from improved crop quality through better harvesting rounds and timely crop delivery to mills.

Operational Performance – Upstream

Higher prices realised as palm oil supply constraints persists, further exacerbated by the prolonged labour shortage in Malaysia



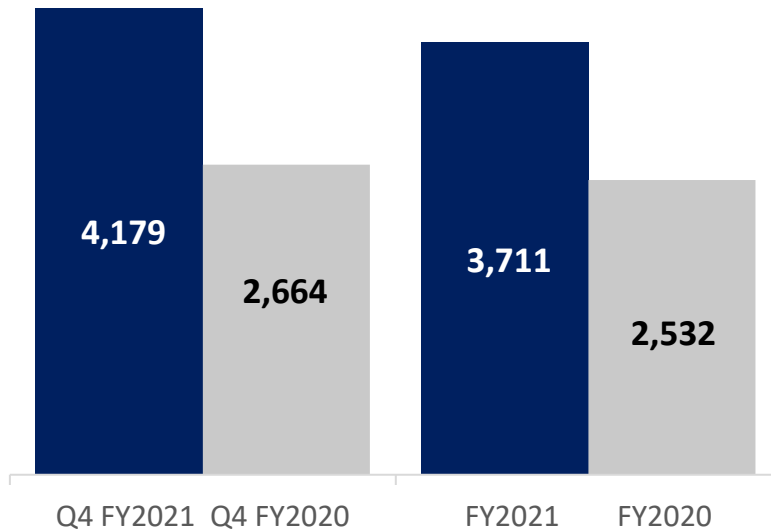
AVERAGE CPO PRICES REALISED

GROUP AVERAGE

in RM/MT

+57% YoY

+47% YoY



Average CPO Prices Realised (RM/MT)

	Q4 FY2021	FY2021
Upstream Malaysia	3,693 <i>Q4 FY2020: 2,523 (46%)</i>	3,504 <i>FY2020: 2,465 (42%)</i>
Upstream Indonesia	4,062 <i>Q4 FY2020: 2,809 (45%)</i>	3,388 <i>FY2020: 2,587 (31%)</i>
Upstream PNG/SI	5,095 <i>Q4 FY2020: 2,753 (85%)</i>	4,510 <i>FY2020: 2,606 (73%)</i>
Total	4,179 <i>Q4 FY2020: 2,664 (57%)</i>	3,711 <i>FY2020: 2,532 (47%)</i>

Financial Performance – Downstream

Sime Darby Oils registered a record quarterly profit in Q4 FY2021 up 42% YoY

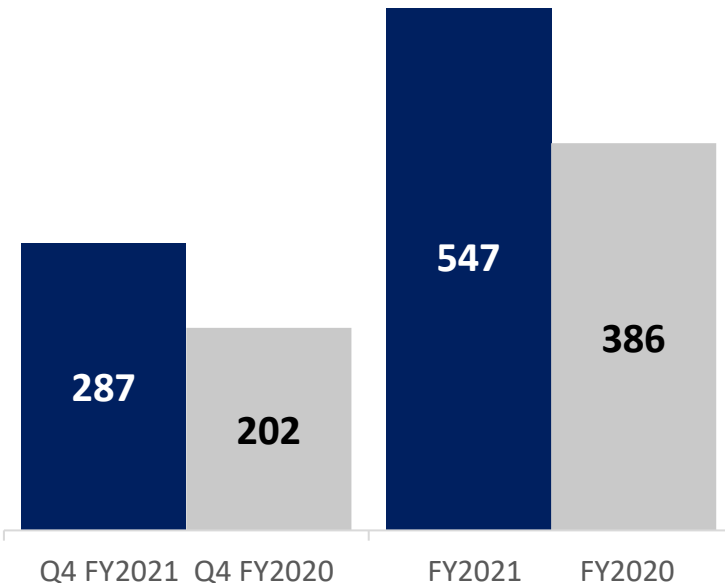


DOWNSTREAM PBIT

in RM'mil

+42% YoY

+42% YoY



	Q4 FY2021	FY2021
Recurring PBIT (RM'mn)		

Downstream

Differentiated	73	212
	Q4 FY2020: 35 (>100%)	FY2020: 199 (7%)
Trading	145	116
	Q4 FY2020: 104 (40%)	FY2020: 161 (-28%)
Bulk	75	241
	Q4 FY2020: 71 (6%)	FY2020: 46 (>100%)
Total*	287	547
	Q4 FY2020: 202 (42%)	FY2020: 386 (42%)

- In Asia Pacific, higher margins were recorded by SDO's bulk operations which was partly realised from higher RSPO premiums.
- The Europe & Africa Region saw an improvement in both sales volume and margins as demand increased in response to Europe further easing its COVID-19 restrictions.

Note: * After deducting corporate expenses

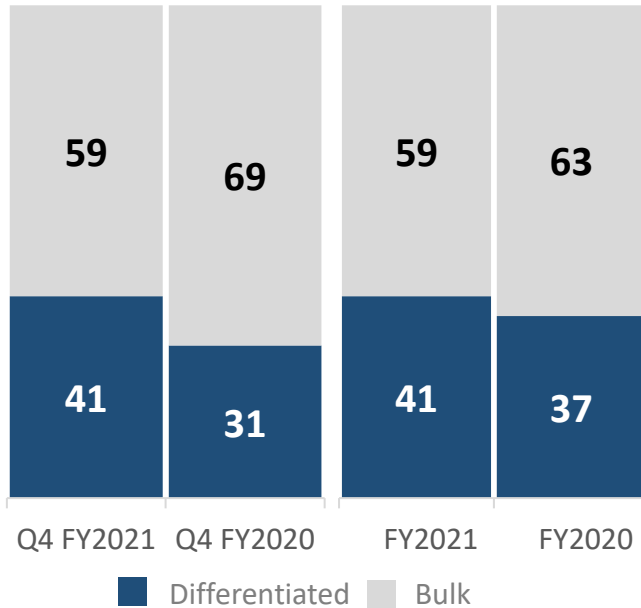
Operational Performance – Downstream

Sime Darby Oils achieved higher differentiated product ratio and higher utilization in Q4 FY2021



PRODUCT RATIO

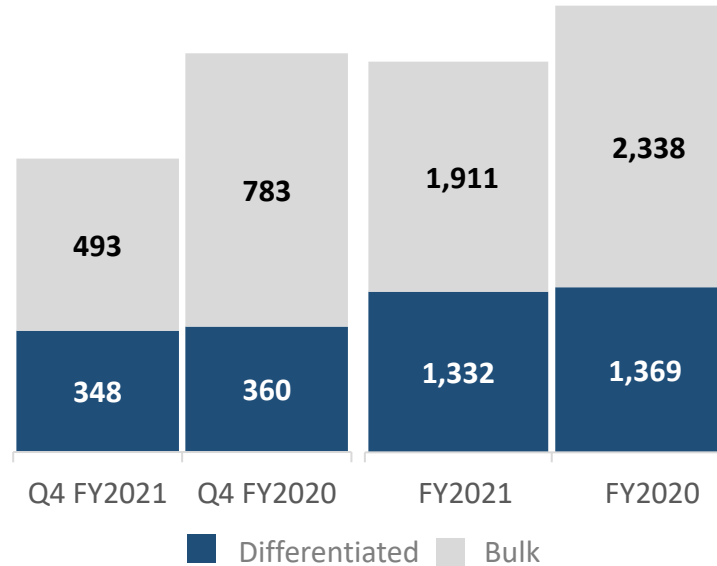
in %



SALES VOLUME

in '000 MT

Q4 FY2021	Q4 FY2020	FY2021	FY2020
852	1,159	3,270	3,769
-27% YoY		-13% YoY	

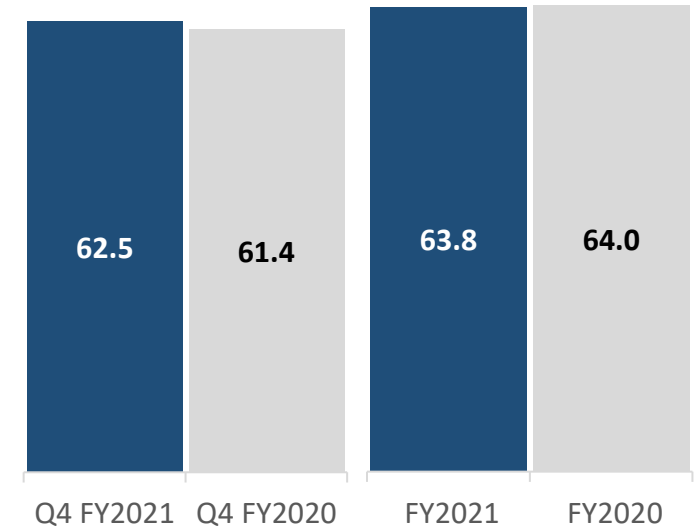


CAPACITY UTILISATION

in %

+1.1% YoY

-0.2% YoY



Note: Total figures includes sales volume under tolling

Dividend

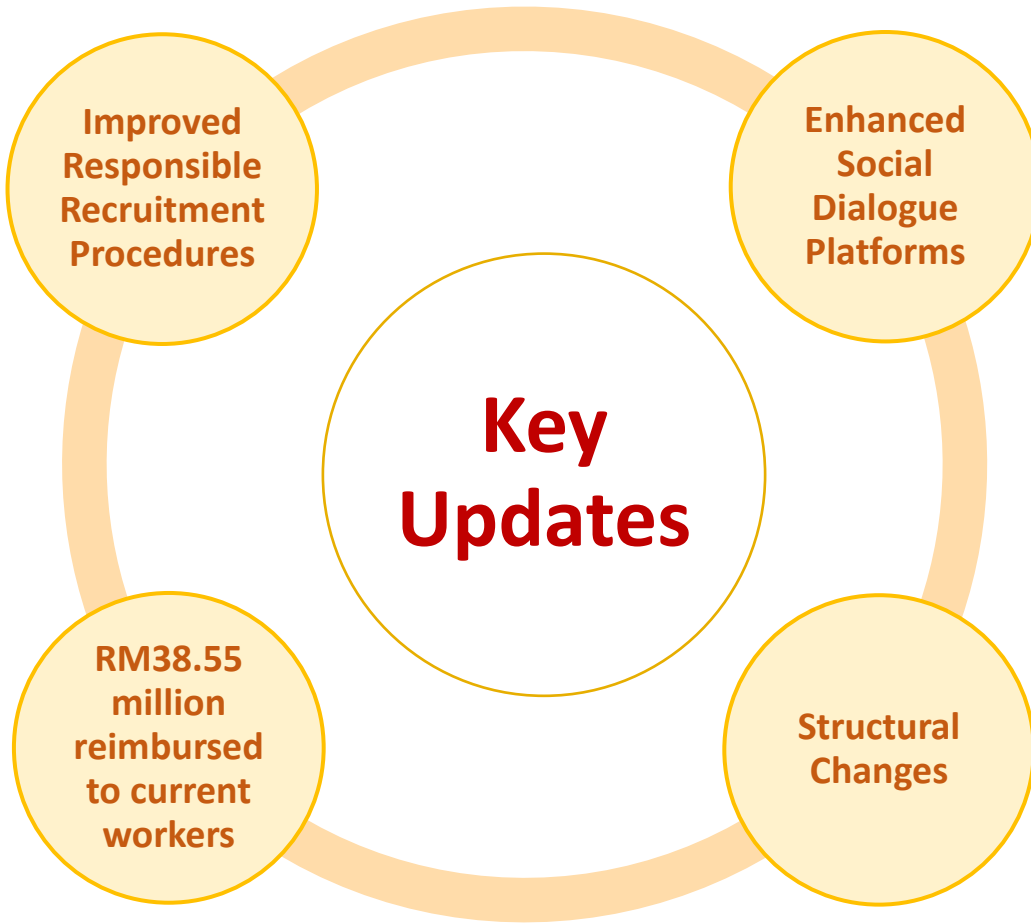
The Board has declared a final dividend of 12.38 sen per share which together with the interim dividend of 7.90 sen per share translates into a single tier dividend of 20.28 sen per share for the financial year ended 31 December 2021



	FY Dec 2021		FY Dec 2020	
	Net per share (sen)	Total Net Dividend (RM'mn)	Net per share (sen)	Total Net Dividend (RM'mn)
Interim dividend, paid on 12 November 2021	7.90	546	2.57	177
Final dividend	12.38	856	5.42	373
	20.28	1,402	7.99	550
Special interim dividend			1.45	100
Special final dividend			2.13	147
Total Dividend	20.28	1,402	11.57	797
Payout Ratio <i>(out of recurring PATAMI)</i>	60%		60%	

Key Update

Changes in Governance and Operations



Improved Responsible Recruitment Procedures

- Appointment of suitable recruiting agents via open tenders + due diligence.
- Provide mentoring and training as well as monitoring their performance.
- Non-compliance to policies will result in agent's contract being terminated and blacklisted

RM38.55 million reimbursed to current workers

- An aggregate amount of RM38.55 million was reimbursed to 15,078 current workers on 17 February 2022 for potentially incurred recruitment fees.
- Workers are provided with details of reimbursement in writing and communication channels to raise concerns.
- All amounts payable have been verified by independent third-party auditors.

Enhanced Social Dialogue Platforms

- On-site fortnightly Social Dialogue platform set up at all OUs between management and elected worker representatives of all nationalities.
- Online tracking tool to log and monitor issues raised.
- Enhanced grievance and whistleblowing channels.

Structural Changes

- **Introduction of ESG Scorecard**
 - ✓ Carries as much weight as the operational scorecard.
- **New Social Welfare & Services (SWS) Department**
 - ✓ Dedicated team responsible for overseeing the implementation of policies and procedures.
- **Appointment of full time Site Safety & Sustainability Officers (SSSO)**
 - ✓ Ensuring day-to-day compliance to policies and procedures.



APPENDIX

Summary of Operational Statistics

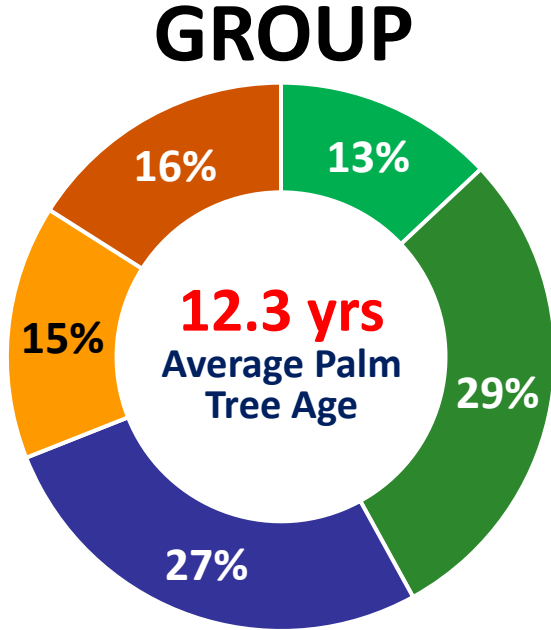
As at 31 December 2021



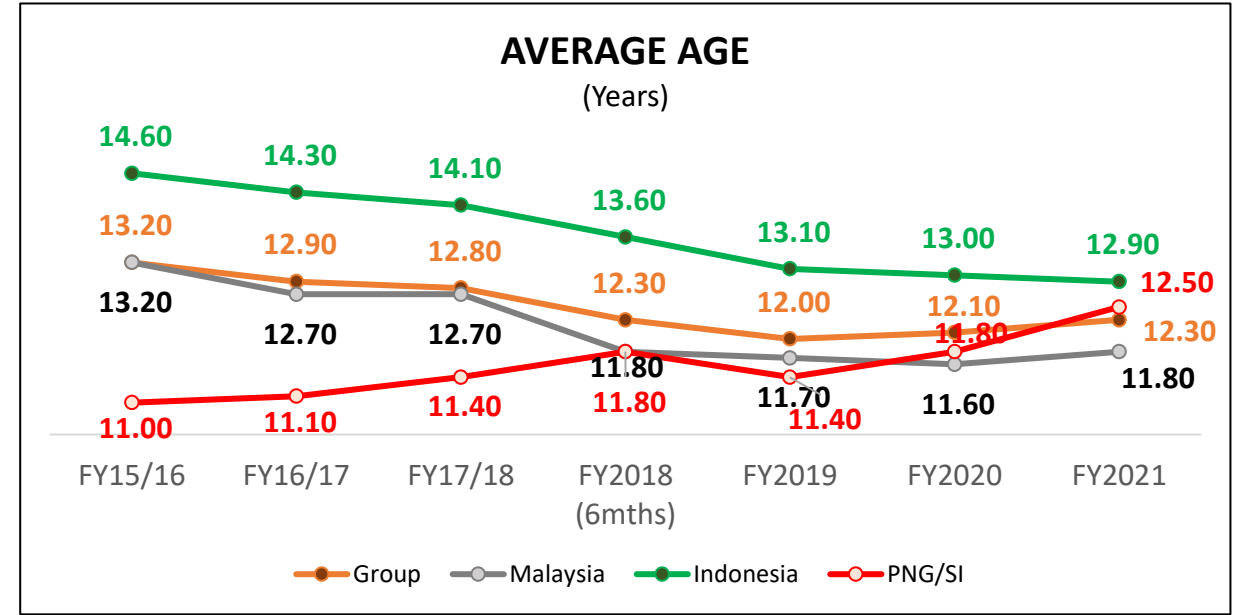
For the 12 Months Ended	Malaysia		YoY %	Indonesia		YoY %	PNG		YoY %	GROUP (All Operations)		YoY %
	31 Dec 2021	31 Dec 2020		31 Dec 2021	31 Dec 2020		31 Dec 2021	31 Dec 2020		31 Dec 2021	31 Dec 2020	
FFB Production ('000 MT)	4,630	4,944	-6%	2,609	2,522	3%	1,890	1,812	4%	9,129	9,278	-2%
FFB Yield per mature ha (MT/Ha)	18.54	20.14	-8%	16.47	16.29	1%	22.06	21.48	3%	18.49	19.14	-3%
CPO Production (Own) ('000 MT)	978	1,040	-6%	567	546	4%	432	408	6%	1,977	1,993	-1%
CPO Production (Total) ('000 MT)	1,120	1,174	-5%	693	659	5%	560	529	6%	2,373	2,363	0.4%
PK Production (Own) ('000 MT)	231	253	-9%	117	114	3%	107	103	4%	456	470	-3%
PK Production (Total) ('000 MT)	265	285	-7%	144	139	4%	139	134	4%	549	557	-2%
CPO Extraction Rate (%)	20.96	20.91	0.05	21.66	21.61	0.05	22.87	22.50	0.37	21.59	21.44	0.15
PK Extraction Rate (%)	4.96	5.07	-0.11	4.51	4.54	-0.03	5.69	5.69	0.00	4.99	5.06	-0.07
Average CPO Selling Price (RM/MT)	3,504	2,465	42%	3,388	2,587	31%	4,510	2,606	73%	3,711	2,532	47%
Average PK Selling Price (RM/MT)	2,828	1,583	79%	2,069	1,226	69%	-	-	-	2,551	1,463	74%

Breakdown of Age Profile

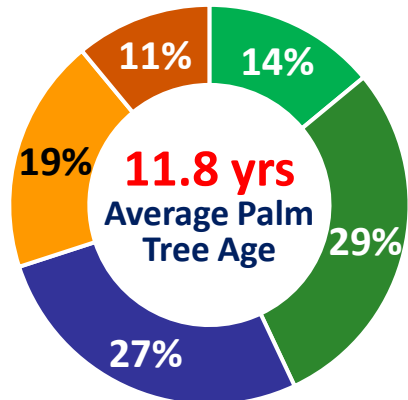
As at 31 December 2021



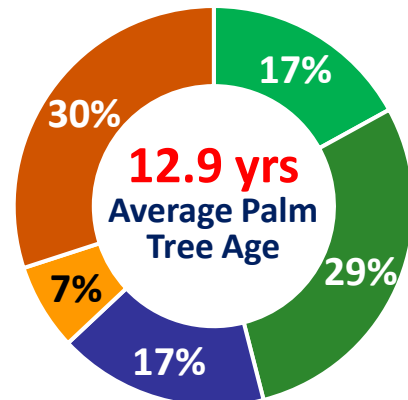
As at December 2021, SDP has 579,708 ha of oil palm planted of which 87% is mature and 13% is immature.



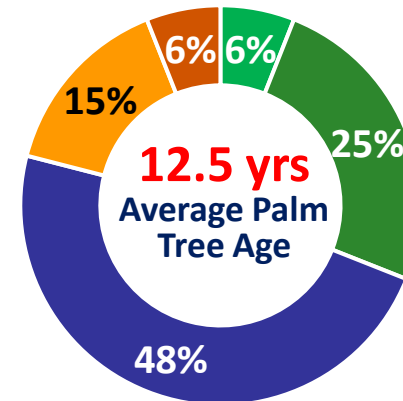
MALAYSIA



INDONESIA



PNG/SI



■ Immature
 ■ 4 - 8 Years
 ■ 9 - 18 Years
 ■ 19 - 22 Years
 ■ Above 22 Years



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