

# Fourth Quarter of Financial Year 2023 (4Q FY2023) Results Announcement

22 February 2024

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OF LEADERSHIP**  
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Plantation

# Financial Highlights

Commendable performance in FY2023 despite yet another challenging year



*in RM'mn*

|  | Quarter Ended 31 December |              |             | Year Ended 31 December |               |             |
|--|---------------------------|--------------|-------------|------------------------|---------------|-------------|
|  | FY2023                    | FY2022       | YOY         | FY2023                 | FY2022        | YOY         |
| <b>Revenue</b>                           | <b>5,280</b>              | <b>5,670</b> | <b>-7%</b>  | <b>18,428</b>          | <b>21,030</b> | <b>-12%</b> |
| <b>PBIT</b>                              | <b>436</b>                | <b>787</b>   | <b>-45%</b> | <b>2,927</b>           | <b>3,615</b>  | <b>-19%</b> |
| ■ Recurring PBIT                         | 381                       | 789          | -52%        | 1,800                  | 3,324         | -46%        |
| ■ Non-recurring PBIT                     | 55                        | (2)          | >100%       | 1,127                  | 291           | >100%       |
| <b>PATAMI</b>                            | <b>200</b>                | <b>562</b>   | <b>-64%</b> | <b>1,860</b>           | <b>2,488</b>  | <b>-25%</b> |
| <b>Basic EPS</b> <small>(RM'sen)</small> | <b>2.9</b>                | <b>8.1</b>   | <b>-64%</b> | <b>26.9</b>            | <b>36.0</b>   | <b>-25%</b> |

# Financial Performance by Segment

Impact of lower realised prices on the Upstream segment was cushioned by higher profits from the Downstream segment



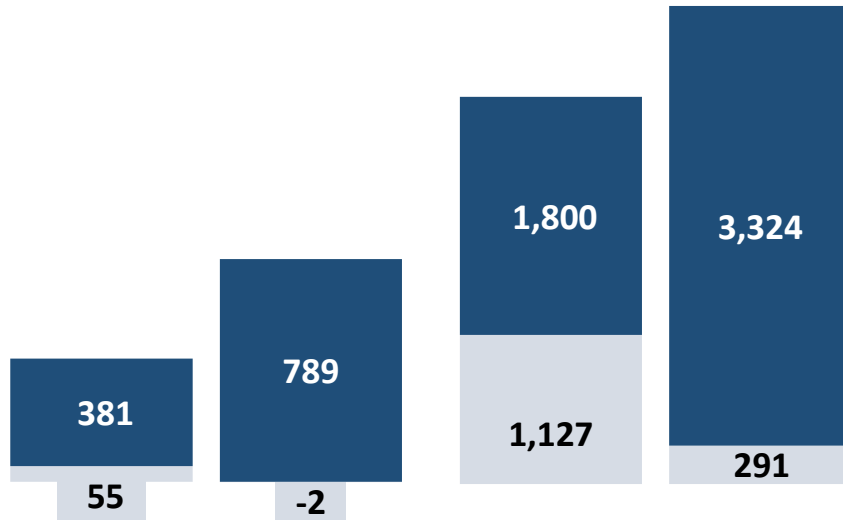
## TOTAL PBIT

in RM'mn

| 4Q FY2023 | 4Q FY2022 | FY2023 | FY2022 |
|-----------|-----------|--------|--------|
| 436       | 787       | 2,927  | 3,615  |

-45% YoY

-19% YoY



■ Recurring ■ Non-recurring

Note: \*Others refers to Guthrie 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)      | 4Q FY2023               | FY2023               |
|-----------------------------|-------------------------|----------------------|
| <b>Upstream</b>             | <b>198</b>              | <b>1,153</b>         |
|                             | 4Q FY2022: 702 (-72%)   | FY2022: 2,408 (-52%) |
| Upstream Malaysia           | 93                      | 275                  |
|                             | 4Q FY2022: 62 (50%)     | FY2022: 207 (33%)    |
| Upstream Indonesia          | 132                     | 612                  |
|                             | 4Q FY2022: 460 (-71%)   | FY2022: 1,084 (-44%) |
| Upstream PNG/SI             | (27)                    | 266                  |
|                             | 4Q FY2022: 180 (>-100%) | FY2022: 1,117 (-76%) |
| <b>Downstream</b>           | <b>183</b>              | <b>600</b>           |
|                             | 4Q FY2022: 89 (>100%)   | FY2022: 861 (-30%)   |
| <b>Others*</b>              | <b>-</b>                | <b>47</b>            |
|                             | 4Q FY2022: -2 (100%)    | FY2022: 55 (-15%)    |
| <b>Total Recurring PBIT</b> | <b>381</b>              | <b>1,800</b>         |
|                             | 4Q FY2022: 789 (-52%)   | FY2022: 3,324 (-46%) |

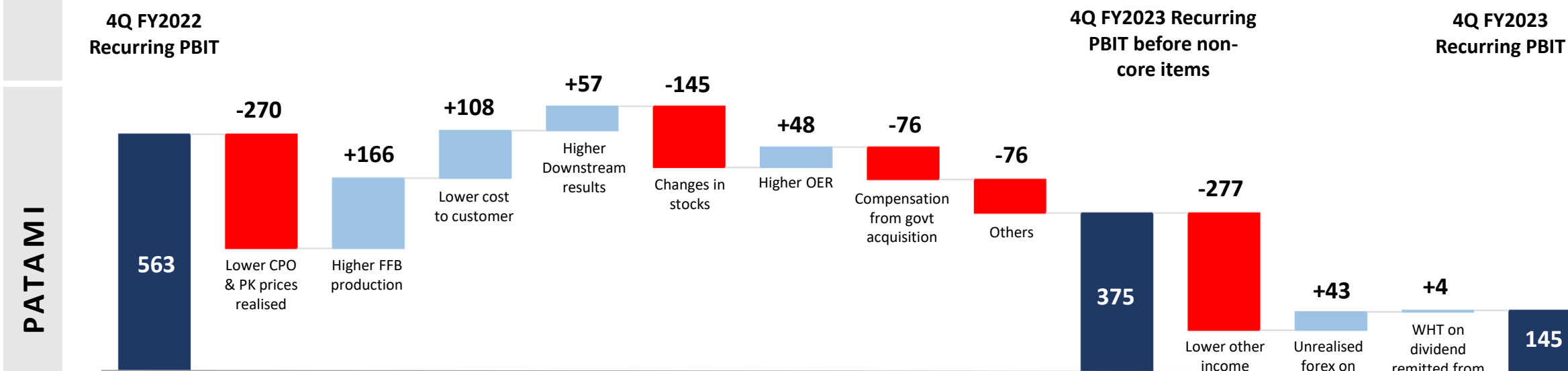
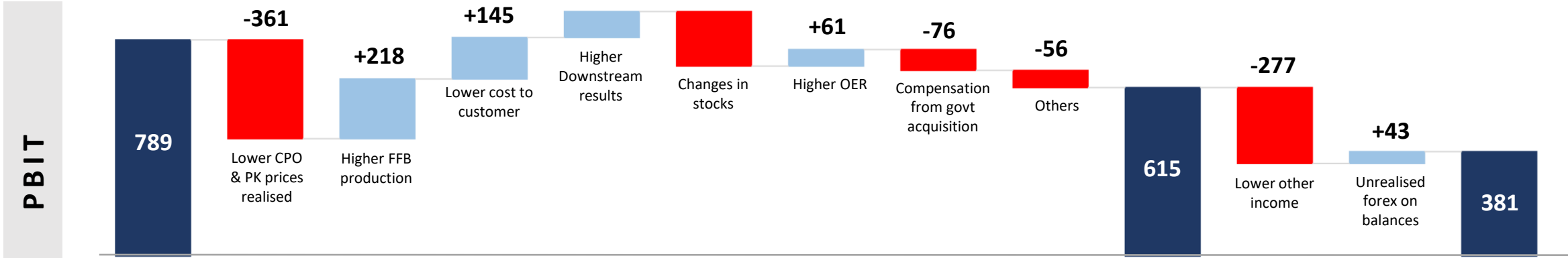
# Recurring Profits – 4Q FY2023 vs 4Q FY2022

Higher FFB production & OER, lower cost and higher downstream profits partially mitigated the impact of lower prices & adverse change in stock value



**4Q FY2023 vs 4Q FY2022**

in RM'mn



4Q FY2022 Recurring PATAMI      4Q FY2023 Recurring PATAMI before non-core items      4Q FY2023 Recurring PATAMI

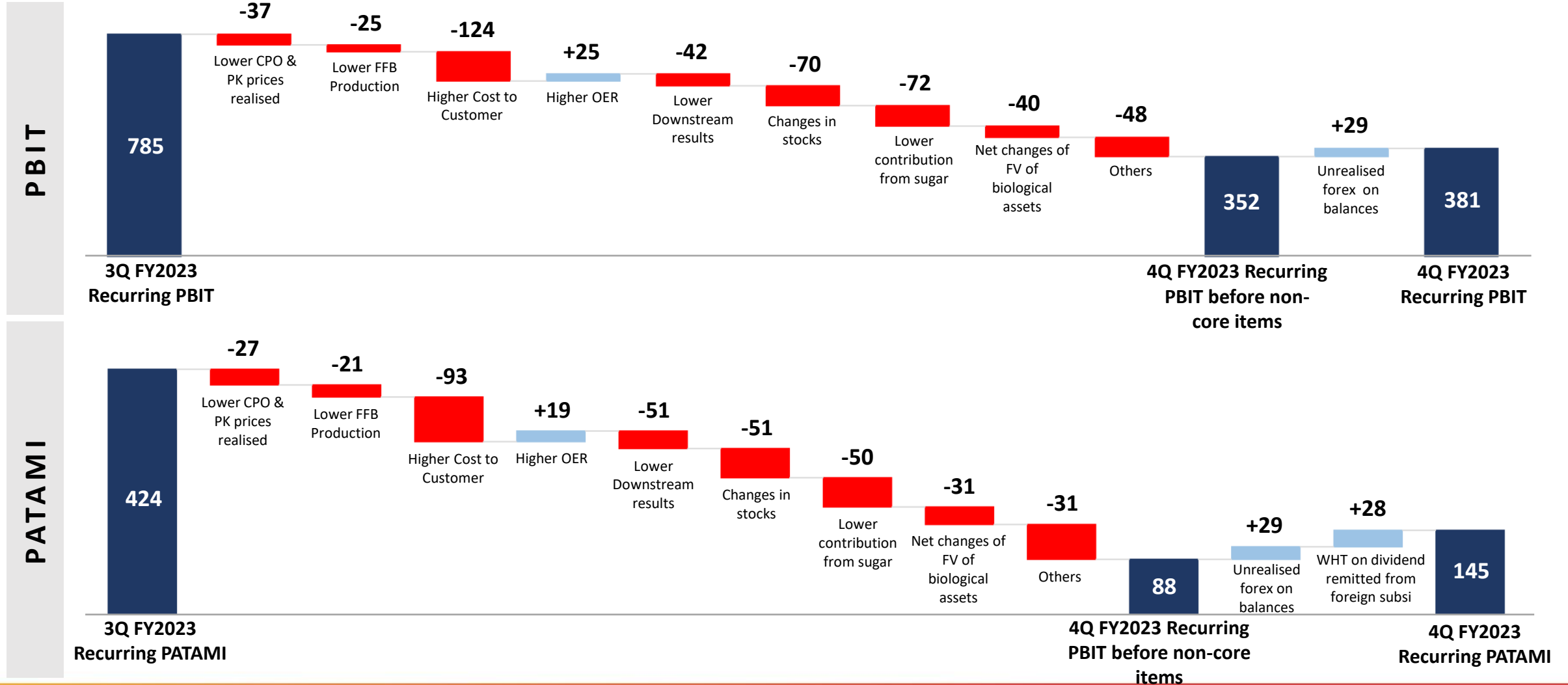
# Recurring Profits – 4Q FY2023 vs 3Q FY2023

QoQ profits impacted by the decline in CPO prices, increase in costs as well as lower downstream profits



## 4Q FY2023 vs 3Q FY2023

in RM'mn



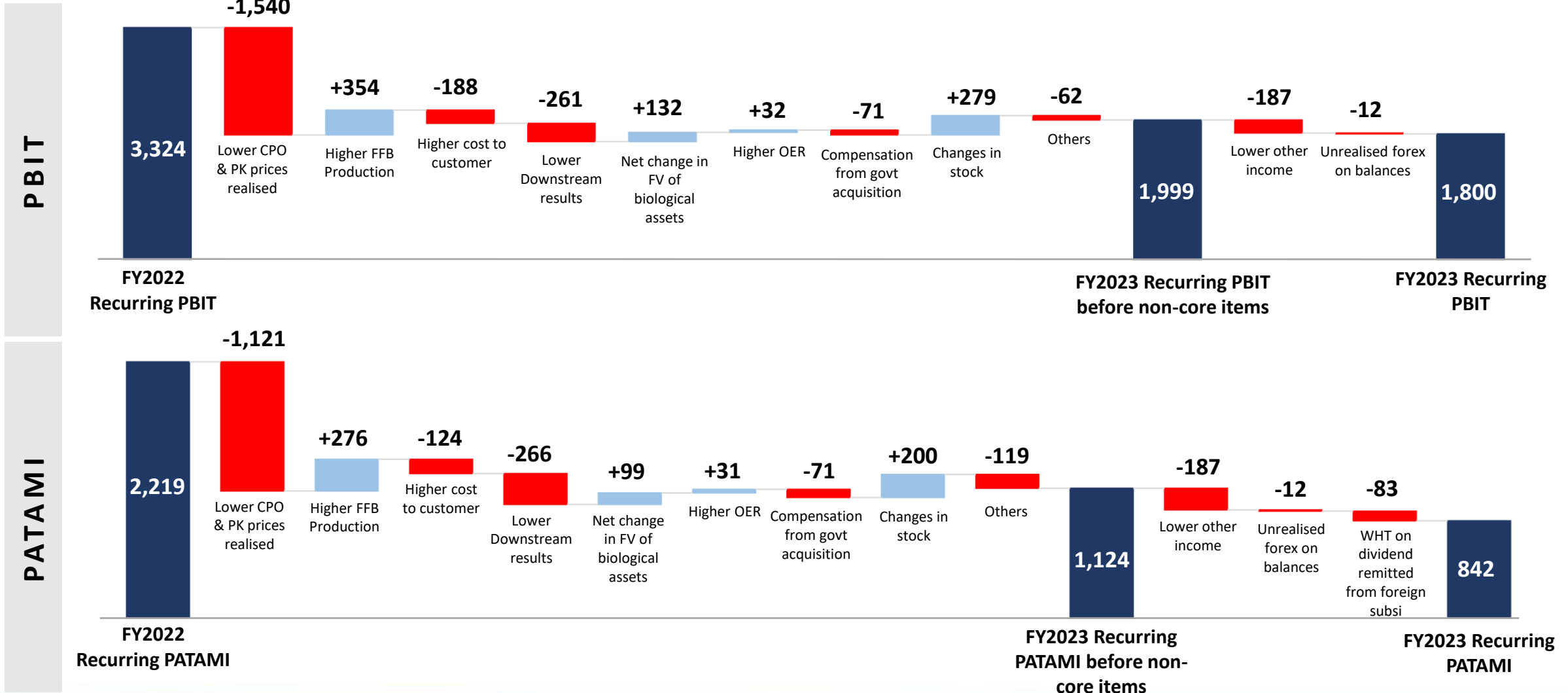
# Recurring Profits – FY2023 vs FY2022

Decline in profits was largely due to impact from lower realised prices which was partially mitigated by higher FFB production & OER as well as favourable changes in stock value



## FY2023 vs FY2022

in RM'mn



# Non-Recurring Profits

Non-recurring profits for the year was mainly made up of gains on land disposals in Malaysia and the disposal of interests in two subsidiaries in Indonesia



| <i>in RM'mn</i>  | 4Q<br>FY2023 | 4Q<br>FY2022 | YoY   | FY2023       | FY2022     | YoY    |
|--|--------------|--------------|-------|--------------|------------|--------|
| <b>Gains on Disposals</b>  | <b>51</b>    | -            | >100% | <b>1,132</b> | <b>275</b> | >100%  |
| Land disposals in Malaysia   | 51           | -            |       | 854          | 275        |        |
| Divestment of two subsidiaries in Indonesia                          | -            | -            |       | 278          | -          |        |
| <b>Others</b>  | <b>4</b>     | <b>(2)</b>   | >100% | <b>(5)</b>   | <b>16</b>  | >-100% |
| Impairment of immature rubber plantation                             | -            | -            |       | (9)          | (3)        |        |
| Impairment of investment in JVs and other assets                     | (19)         | (2)          |       | (19)         | (2)        |        |
| Earn Out settlement for the disposal of former subsidiary in Liberia | -            | 5            |       | -            | 54         |        |
| Other Provisions   | 23           | (5)          |       | 23           | (33)       |        |
| <b>Total Non-Recurring PBIT</b>                                      | <b>55</b>    | <b>(2)</b>   | >100% | <b>1,127</b> | <b>291</b> | >100%  |

# Borrowings & Gearing Ratios

Net gearing reduced by 7% YoY to stand at 22% as at December 2023



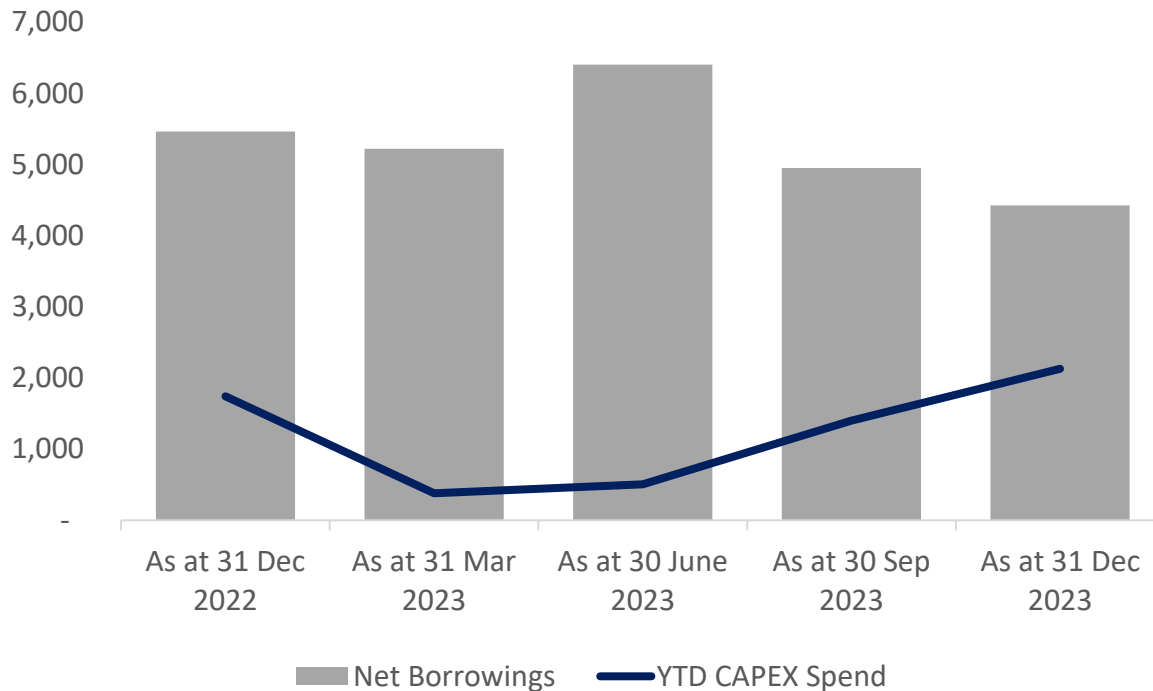
|  |              |              |              |              |              |
|--|--------------|--------------|--------------|--------------|--------------|
| Net Gearing <sup>1</sup><br>(in RM'mn) | <b>29%</b>   | <b>28%</b>   | <b>32%</b>   | <b>24%</b>   | <b>22%</b>   |
| Borrowings                             | <b>6,097</b> | <b>6,101</b> | <b>7,069</b> | <b>5,650</b> | <b>5,283</b> |
| Bank balances,<br>deposits &<br>cash   | <b>635</b>   | <b>884</b>   | <b>668</b>   | <b>702</b>   | <b>830</b>   |
| Net Borrowings                         | <b>5,462</b> | <b>5,217</b> | <b>6,401</b> | <b>4,948</b> | <b>4,453</b> |

## FOURTH QUARTER ENDED 31 DECEMBER 2023

**RM1,467mn**  
NET CASH GENERATED  
FROM OPERATING  
ACTIVITIES

**RM670mn<sup>2</sup>**  
NET CASH USED IN  
INVESTING ACTIVITIES  
(CAPEX: -RM729mn)

**RM675mn**  
NET CASH USED IN  
FINANCING ACTIVITIES



**Net Borrowings as at 31 December 2023 decreased by RM495mn compared to 30 September 2023 mainly due to:**

- Net cash generated from operations of RM1,467mn.
- Net loan repaid amounting to RM332mn.
- Depreciation of USD against RM by -2.1% resulting in a favourable impact of RM35mn.

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

Note: <sup>2</sup> Apart from CAPEX also consists of Proceeds from Disposals of RM53mn and Finance & Dividend income of RM7mn.



# Operational Performance – Upstream

Recovery in Malaysia driven by improved labour availability and estate conditions which allowed for more efficient harvesting during peak seasonal production cycle



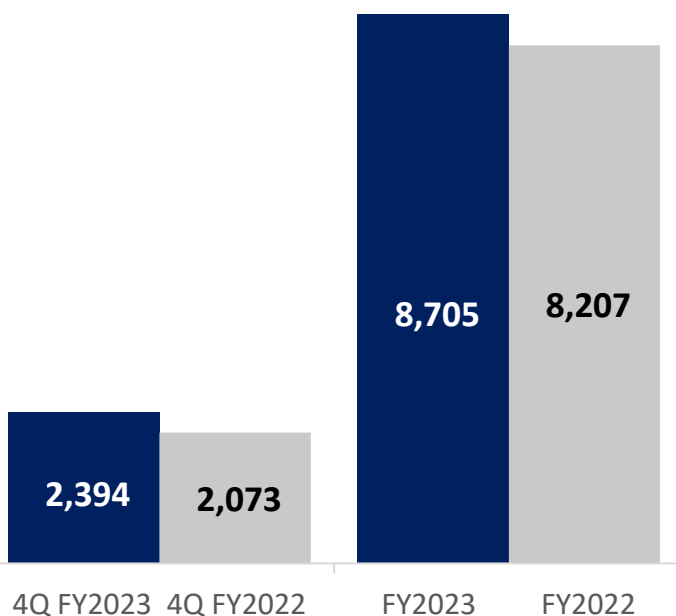
## FFB PRODUCTION

### TOTAL UPSTREAM

in '000 MT

+15% YoY

+6% YoY



| FFB Production ('000 MT) | 4Q FY2023   | FY2023  |
|--------------------------|---|---|
| Upstream Malaysia        | 1,254<br><small>4Q FY2022: 865 (45%)</small>          | 4,149<br><small>FY2022: 3,513 (18%)</small>       |
| Upstream Indonesia       | 675<br><small>4Q FY2022: 728 (-7%)</small>            | 2,685<br><small>FY2022: 2,781 (-3%)</small>       |
| Upstream PNG/SI          | 465<br><small>4Q FY2022: 480 (-3%)</small>            | 1,871<br><small>FY2022: 1,913 (-2%)</small>       |
| <b>Total</b>             | <b>2,394</b><br><small>4Q FY2022: 2,073 (15%)</small> | <b>8,705</b><br><small>FY2022: 8,207 (6%)</small> |

- Malaysia:** Improvement in FFB production was largely attributable to the increased workforce which help support SDP's intensive rehabilitation efforts, clearing field backlogs and improving harvesting conditions, which allowed for better crop recovery.
- Indonesia:** Prolonged dry weather experienced especially in the Kalimantan regions saw a period of up to 6 months of low rainfall which impacted bunch ripening, resulting in lower FFB production.
- PNG/SI:** Smaller mature area following replanting activities resulted in lower FFB production. Furthermore, relatively higher rainfall volume disrupted harvesting activities adversely impacting crop recovery.

# Operational Performance – Upstream

Higher OER in Malaysia and Indonesia as operations experienced better crop recovery which was further aided by larger areas coming into maturity



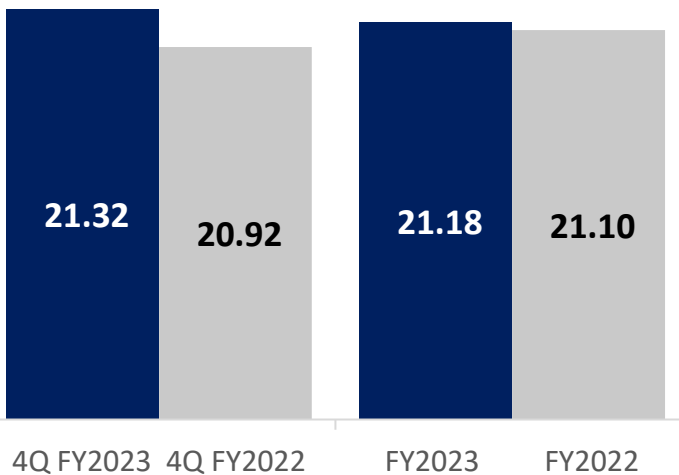
## CPO EXTRACTION RATE

### TOTAL UPSTREAM

in %

**+0.40**  
p.p. YoY

**+0.08**  
p.p. YoY



| CPO Extraction Rate (OER) (%) | 4Q FY2023  | FY2023  |
|-------------------------------|--|---|
| Upstream Malaysia             | <b>20.54</b><br><i>4Q FY2022: 19.65 (0.89 pp)</i>  | <b>20.40</b><br><i>FY2022: 19.99 (0.41 pp)</i>  |
| Upstream Indonesia            | <b>21.95</b><br><i>4Q FY2022: 21.10 (0.85 pp)</i>  | <b>21.66</b><br><i>FY2022: 21.32 (0.34 pp)</i>  |
| Upstream PNG/SI               | <b>22.28</b><br><i>4Q FY2022: 22.69 (-0.41 pp)</i> | <b>22.06</b><br><i>FY2022: 22.68 (-0.62 pp)</i> |
| <b>Total</b>                  | <b>21.32</b><br><i>4Q FY2022: 20.92 (0.40 pp)</i>  | <b>21.18</b><br><i>FY2022: 21.10 (0.08 pp)</i>  |

- **Malaysia:** Better harvesting intervals as well as higher crop and loose fruit collection contributed to the increase in OER.
- **Indonesia:** OER increase was primarily due to the results from past accelerated replanting programme with more areas coming into maturity.
- **PNG/SI:** OER impacted by the lower oil content from production coming out of larger newly mature areas. This was further impacted by high oil losses recorded in several mills.

Note: p.p. – Percentage points

# Operational Performance – Upstream

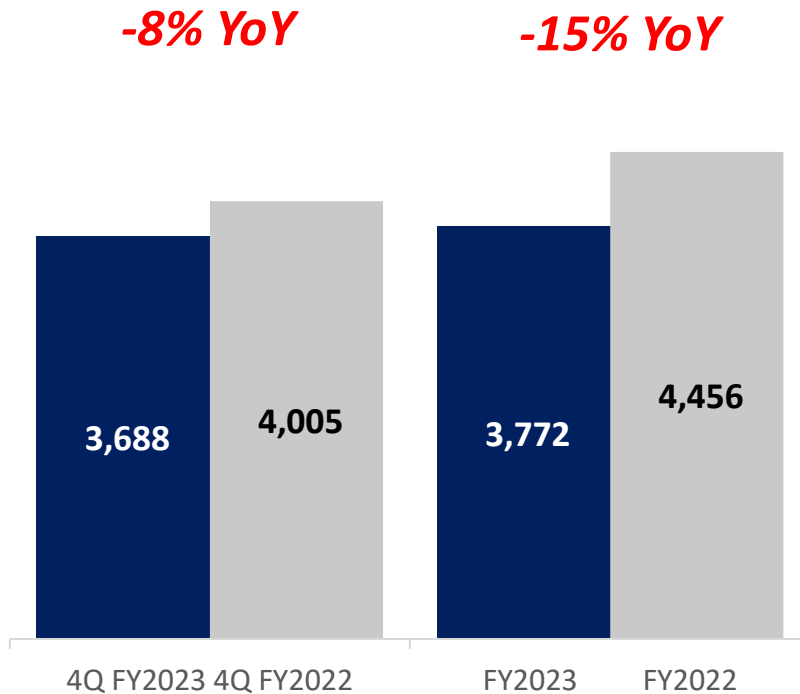
Realised prices declined from the record highs recorded last year



## AVERAGE CPO PRICES REALISED

### GROUP AVERAGE

in RM/MT



| Average CPO Prices Realised (RM/MT) | 4Q FY2023                                     | FY2023                                      |
|-------------------------------------|---|---|
| Upstream Malaysia                   | 3,895<br><i>4Q FY2022: 4,560 (-15%)</i>       | 4,012<br><i>FY2022: 4,472 (-10%)</i>        |
| Upstream Indonesia                  | 3,315<br><i>4Q FY2022: 3,410 (-3%)</i>        | 3,328<br><i>FY2022: 3,558 (-6%)</i>         |
| Upstream PNG/SI                     | 3,796<br><i>4Q FY2022: 4,138 (-8%)</i>        | 3,927<br><i>FY2022: 5,534 (-29%)</i>        |
| <b>Total</b>                        | <b>3,688</b><br><i>4Q FY2022: 4,005 (-8%)</i> | <b>3,772</b><br><i>FY2022: 4,456 (-15%)</i> |

# Financial Performance – Downstream

European operations' strong results partially mitigated the weaker performance in the Asia Pacific market

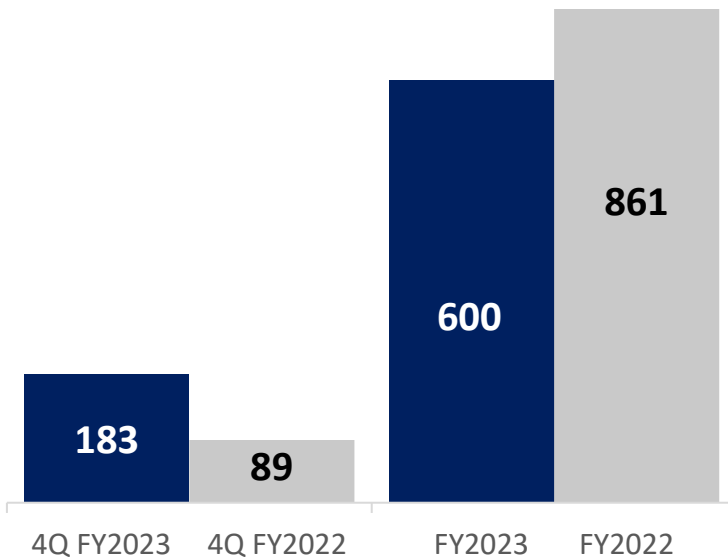


## DOWNSTREAM PBIT

in RM'mil

>100% YoY

-30% YoY



| Recurring PBIT (RM'mn)  | 4Q<br>FY2023           | FY2023             |
|-------------------------|------------------------|--------------------|
| <b>Downstream</b>       |                        |                    |
| Differentiated          | 105                    | 358                |
|                         | 4Q FY2022: -30 (>100%) | FY2022: 192 (86%)  |
| Bulk                    | 33                     | 44                 |
|                         | 4Q FY2022: 109 (-70%)  | FY2022: 378 (-88%) |
| Trading                 | 38                     | 171                |
|                         | 4Q FY2022: 67 (-44%)   | FY2022: 327 (-48%) |
| <b>Total PBIT*</b>      | <b>169</b>             | <b>562</b>         |
|                         | 4Q FY2022: 109 (56%)   | FY2022: 820 (-31%) |
| JV Companies            | 14                     | 38                 |
|                         | 4Q FY2022: -20 (>100%) | FY2022: 41 (-8%)   |
| <b>Grand Total PBIT</b> | <b>183</b>             | <b>600</b>         |
|                         | 4Q FY2022: 89 (>100%)  | FY2022: 861 (-30%) |

- The Asia Pacific bulk and differentiated market segments remains challenging, registering lower margins as a result of a decline in average selling prices.
- Likewise, the trading segment also recorded a decline owing to the adverse impact on prices due to higher-than-expected palm oil inventory levels in Malaysia, better output of competing oil as well as lower energy prices.
- While demand remains soft in the oleochemicals market, the JV Co segment performance in the quarter improved YoY due to the impairment charge on investment in JVs in the previous year corresponding quarter.

Note: \* After deducting corporate expenses

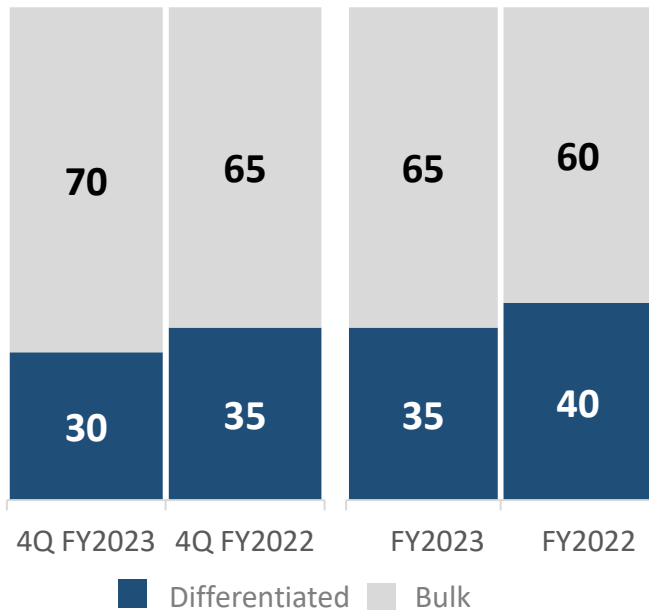
# Operational Performance – Downstream

Although refinery utilisation declined, overall sales volume increased largely driven by the bulk market segment



## PRODUCT RATIO

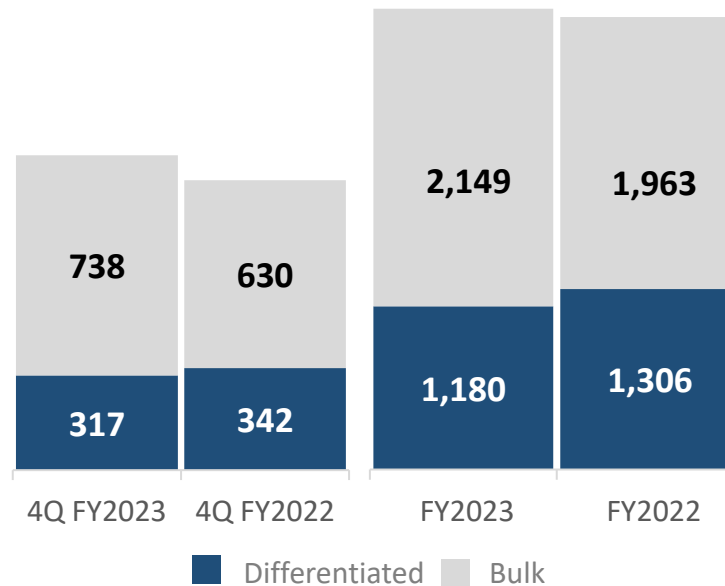
in %



## SALES VOLUME

in '000 MT

| 4Q FY2023      | 4Q FY2022 | FY2023         | FY2022 |
|----------------|-----------|----------------|--------|
| 1,071          | 985       | 3,393          | 3,318  |
| <b>+9% YoY</b> |           | <b>+2% YoY</b> |        |

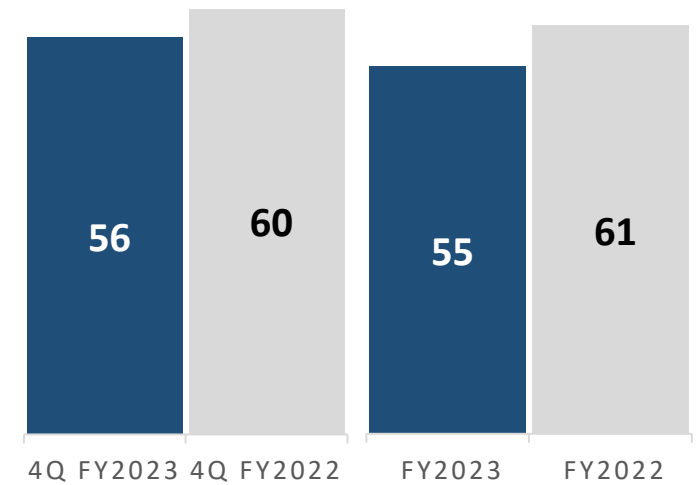


## CAPACITY UTILISATION

in %

**-4% YoY**

**-6% YoY**



# Dividend

The Board 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.



|                          | FY 2023             |                            | FY 2022             |                            |
|--------------------------|---------------------|----------------------------|---------------------|----------------------------|
|                          | Net per share (sen) | Total Net Dividend (RM'mn) | Net per share (sen) | Total Net Dividend (RM'mn) |
| Interim dividend         | 3.25                | 225                        | 10.00               | 692                        |
| Special interim dividend | 5.70                | 394                        | -                   | -                          |
| Final dividend           | 6.05                | 418                        | 6.04                | 418                        |
| <b>TOTAL DIVIDEND</b>    | <b>15.00</b>        | <b>1,037</b>               | <b>16.04</b>        | <b>1,110</b>               |

## Payout Ratio

*(out of recurring PATAMI)*

**63%**

**50%**

**The Company's dividend policy is to target a dividend payout ratio of not less than 50% of its consolidated recurring PATAMI**

# Another Significant Milestone to SDP's Net Zero Journey

World's first palm oil company to have net-zero GHG emissions reduction targets approved by the SBTi



SCIENCE  
BASED  
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

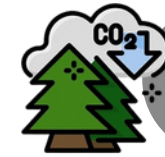
- The first palm oil company to have both its near and long-term net-zero GHG emissions reduction targets approved by the Science Based Targets initiative (SBTi)
- Among the first global companies with validated reduction targets for emissions from 'Forest, Land and Agriculture' (FLAG) as well as energy and industrial sources

These targets include the reduction from base year 2020 of:

Focusing on:



Acceleration of  
Renewables Programme



Land Use  
Transformation



Accelerating Engagements  
with Supplier

FLAG GHG Emissions

Absolute scope 1 and 3  
reduction by 30.3%

Absolute scope 1 and 3  
reduction by 72%

Energy and Industrial  
GHG Emissions

Absolute scope 1 and 2  
reduction by 42%

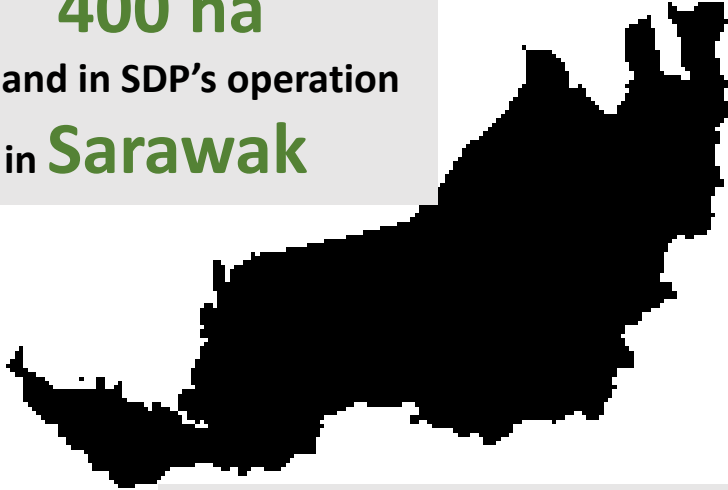
Absolute scope 1, 2 and 3  
reduction by 90%

# Peatland Restoration Initiatives

Dedicating 400-hectares of peatland operations in Sarawak for reforestation



Restoring  
**400 ha**  
peatland in SDP's operation  
in **Sarawak**



Starting with planting  
**30,000** seedlings provided by FDS in  
**50 ha** of SDP's **Lavang Estate**  
which commenced in January 2024

The project at Lavang Estate is an integral part of SDP's peatland rehabilitation initiative, co-funded by the Malaysian Palm Oil Green Conservation Foundation (MPOGCF)

Dedicated a 400-hectare peatland in its operation in Sarawak, East Malaysia, for reforestation, opting not to replant oil palm but restore it into a functional peat ecosystem.



Forest Department Sarawak (FDS) is collaborating with SDP on this important project by providing the seedlings and technical expertise.

**By restoring peatlands, SDP will be able to sequester carbon, enhance biodiversity, and reduce its overall environmental impact**

The project will benefit the ecosystem, biodiversity, water and fire management, and act as a research platform serving as a test case for the Roundtable on Sustainable Palm Oil's peatland management practices





# APPENDIX

# Summary of Operational Statistics

As at 31 December 2023



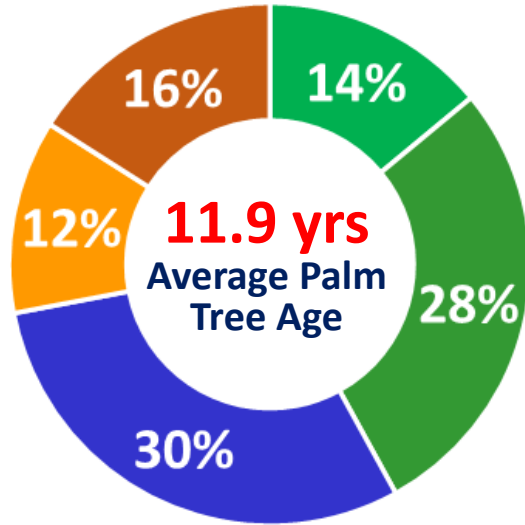
| For the 12 Months Ended           | Malaysia    |             | YoY % | Indonesia   |             | YoY % | PNG & SI    |             | YoY % | GROUP<br>(All Operations) |             | YoY % |
|-----------------------------------|-------------|-------------|-------|-------------|-------------|-------|-------------|-------------|-------|---------------------------|-------------|-------|
|                                   | 31 Dec 2023 | 31 Dec 2022 |       | 31 Dec 2023 | 31 Dec 2022 |       | 31 Dec 2023 | 31 Dec 2022 |       | 31 Dec 2023               | 31 Dec 2022 |       |
| FFB Production ('000 MT)          | 4,149       | 3,513       | 18%   | 2,685       | 2,781       | -3%   | 1,871       | 1,913       | -2%   | 8,705                     | 8,207       | 6%    |
| FFB Yield per mature ha (MT/Ha)   | 16.71       | 14.01       | 19%   | 17.58       | 17.66       | -1%   | 22.07       | 22.37       | -1%   | 17.92                     | 16.63       | 8%    |
| CPO Production (Own) ('000 MT)    | 852         | 708         | 21%   | 581         | 595         | -2%   | 413         | 434         | -5%   | 1,846                     | 1,736       | 6%    |
| CPO Production (Total) ('000 MT)  | 974         | 847         | 15%   | 696         | 711         | -2%   | 536         | 567         | -6%   | 2,206                     | 2,125       | 4%    |
| PK Production (Own) ('000 MT)     | 201         | 170         | 18%   | 117         | 120         | -2%   | 104         | 109         | -4%   | 423                       | 399         | 6%    |
| PK Production (Total) ('000 MT)   | 230         | 204         | 13%   | 141         | 144         | -2%   | 135         | 143         | -5%   | 506                       | 490         | 3%    |
| CPO Extraction Rate (%)           | 20.40       | 19.99       | 0.41  | 21.66       | 21.32       | 0.34  | 22.06       | 22.68       | -0.62 | 21.18                     | 21.10       | 0.08  |
| PK Extraction Rate (%)            | 4.81        | 4.82        | -0.01 | 4.38        | 4.31        | 0.07  | 5.58        | 5.71        | -0.13 | 4.86                      | 4.87        | -0.01 |
| Average CPO Selling Price (RM/MT) | 4,012       | 4,472       | -10%  | 3,328       | 3,558       | -6%   | 3,927       | 5,534       | -29%  | 3,772                     | 4,456       | -15%  |
| Average PK Selling Price (RM/MT)  | 2,003       | 3,170       | -37%  | 1,373       | 2,069       | -34%  | -           | -           | -     | 1,751                     | 2,689       | -35%  |

# Breakdown of Age Profile

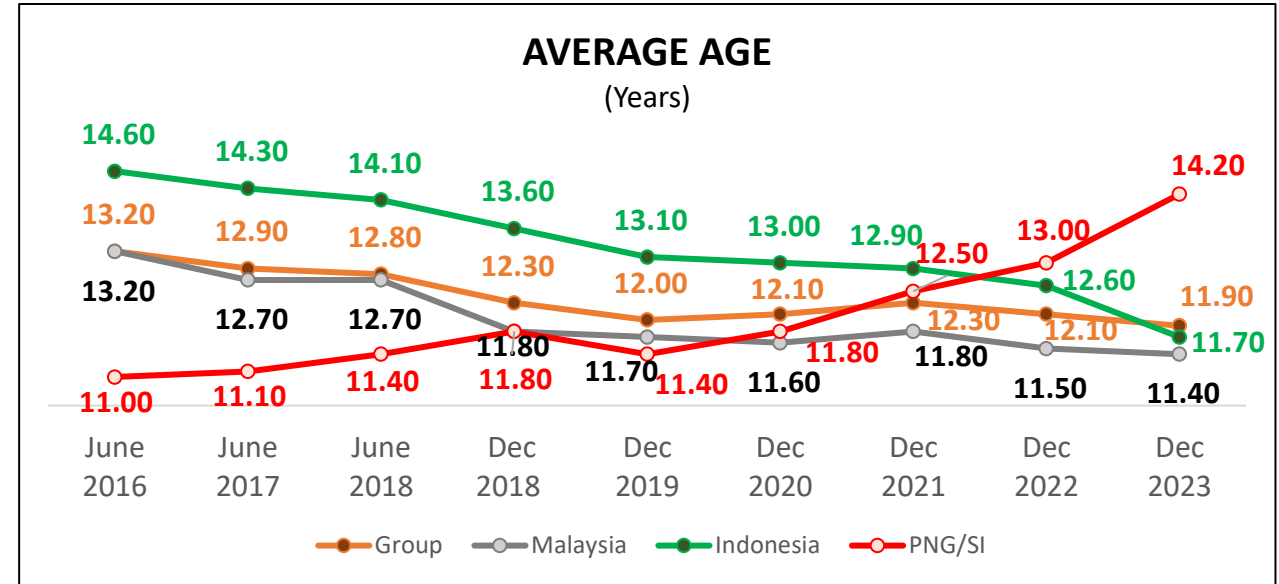
As at 31 December 2023



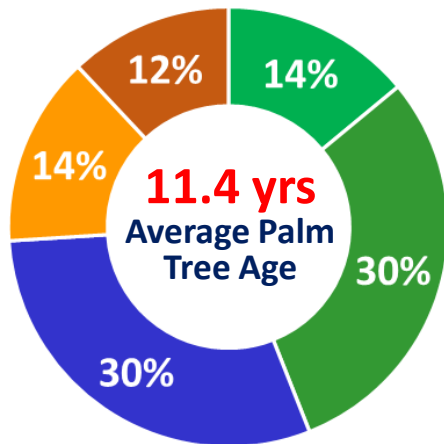
## GROUP



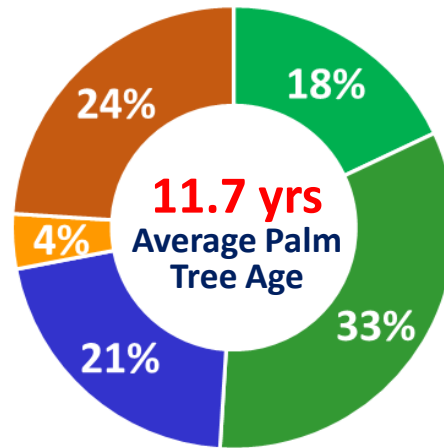
As at December 2023, SDP has 568,323 ha of oil palm planted of which 86% is mature and 14% is immature.



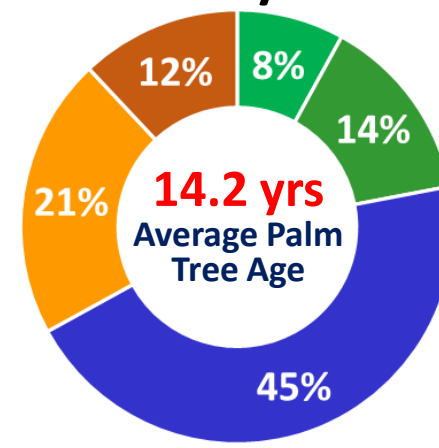
## MALAYSIA



## INDONESIA



## PNG/SI



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

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