SD Guthrie

# First Quarter of Financial Year 2024 (1Q FY2024) Results Announcement

## 31 May 2024

The Conservatory Room, Level 3, EQ Kuala Lumpur

Unlocking Nature's Superpower

First Quarter of Financial Year 2024
(1Q FY2024) Results Announcement

# OPENING REMARKS BY GMD

# The New Company Name

# SD Guthrie Berhad

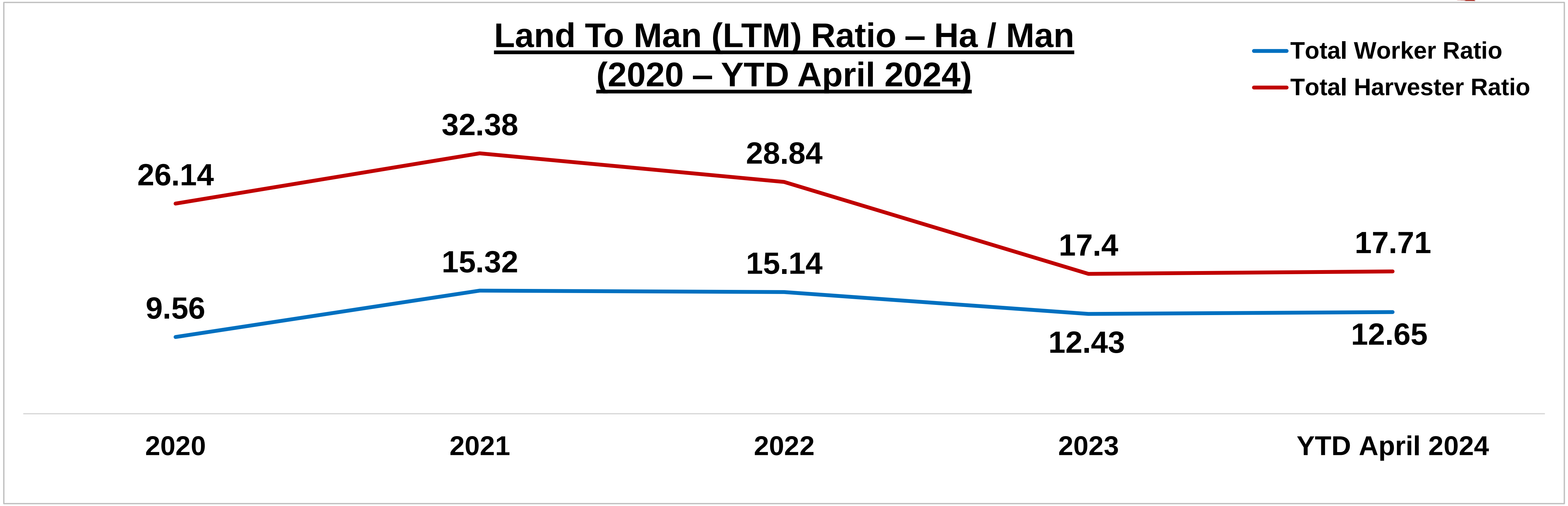
# The qualities we were looking for in our new brand

- International
- Flexible
- Strong
- Timeless
- Meaningful

# Post-COVID impact carried over into 2023

**Operational Excellence**

# Improvement in productivity via Land To Man ratio



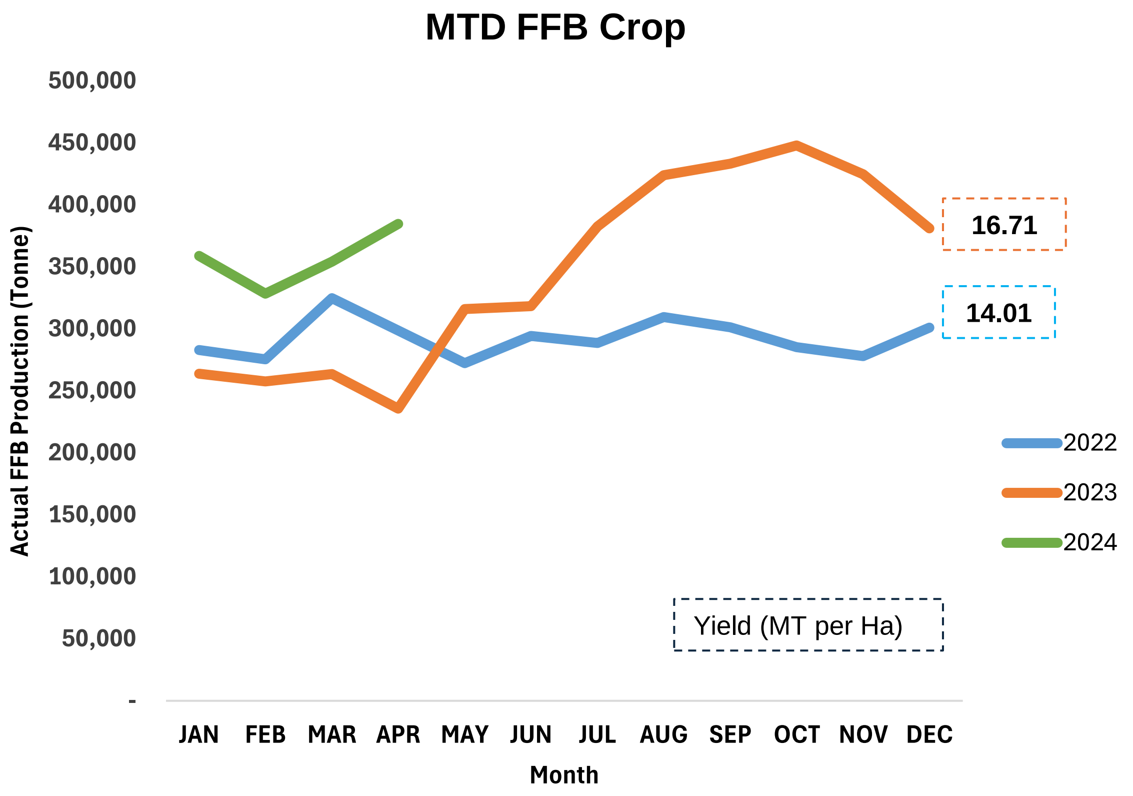

## Key Observations

- Increased in both harvester and worker ratios in 2020 & 2021 was due to **labour shortage attributable to the Covid pandemic & general challenges to attract workers to comply with ILO standards**
- **Improvement** of both the harvester and worker ratios by 39% and 13% from 2022 to YTD April 2024 **since border re-opened in October 2021**
- **SD Guthrie is on track to meet its internal target Worker LTM & Harvester LTM ratio** of 13.2 Ha/Man and 19.3 Ha/Man

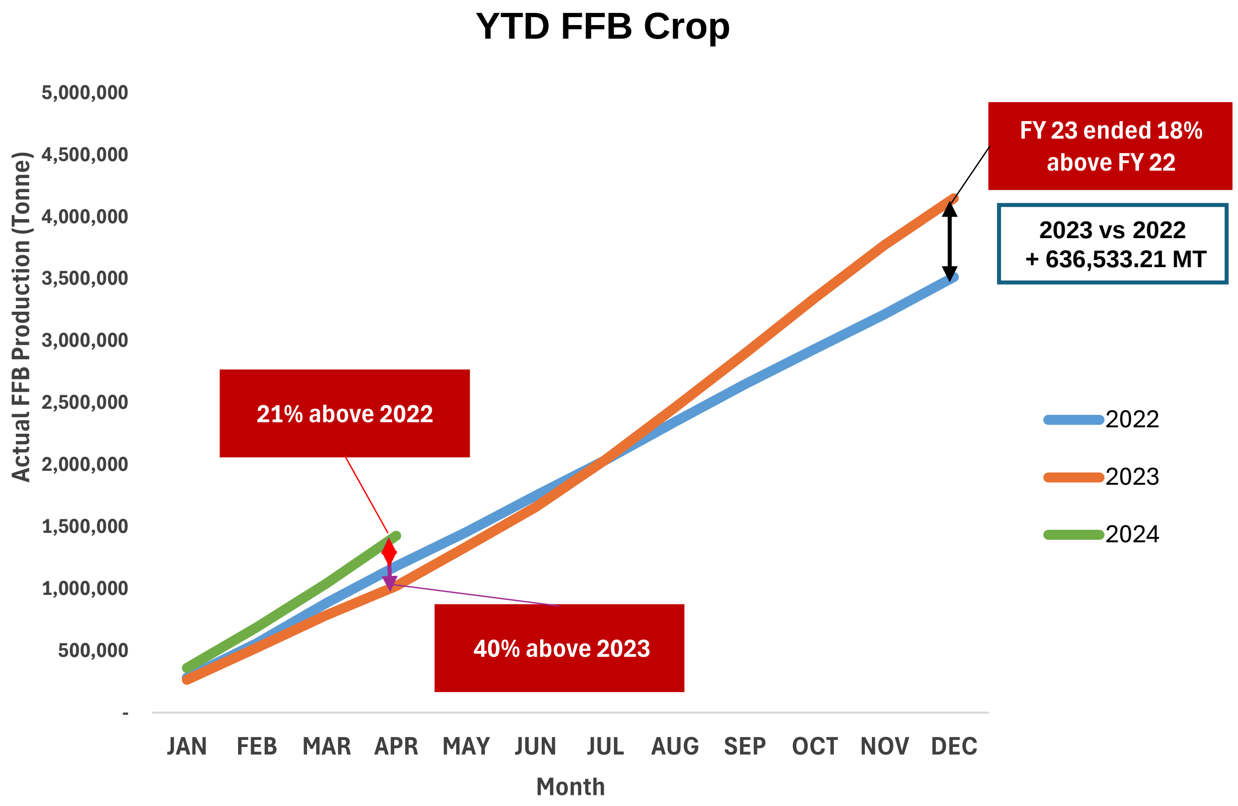
**Operational Excellence**

# Improvement in Upstream Malaysia's Performance

## Month to Date (MTD) Crop for UMY from 2022-2024




## Year to Date (YTD) Crop for UMY from 2022-2024




Note: Fresh Fruit Bunches (FFB), Upstream Malaysia (UMY)

**Sustainability**

# Journey of SD Guthrie's business

| | Where we are | Moving Forward |
|---|---|---|
| **Biogas** | • 16 Biogas plants in operation across Malaysia, Indonesia and PNG<br>• Generating estimated ~22 MW of power<br>• Biogas plants operate as Feed-in-Tariff or generating electricity for own use | • Plan for additional Biogas facilities to meet net-zero carbon emissions plan by FY 2030<br>  - Initiated development of Sangara mill in PNG |
| **Solar** | • Secured 15 MW quota in the CGPP<br>• Secured additional 11 tenants to develop solar plants under CGPP<br>• Commissioning of rooftop solar at SD Guthrie Plantation Tower, Centre of Sustainability (COS) and R&D Carey Island. | • Participation in LSS5 and other Energy Commission sanctioned solar projects<br>• Becoming a full-fledged Solar developer and operator |
| **Biomass** | • Completed the installation of trial plants for microalgae carbon sequestration | • Other research initiatives ongoing: Biomass Empty Fruit Bunches press, Biomass FiT, Biomass Power Plant and Palm wood plant |

**SD Guthrie will continue to explore new frontiers: hydrogen, agrivoltaic, carbon capture, battery energy storage system (BESS) and electric vehicle hub development**

Note: Joint Venture (JV), Large Scale Solar (LSS), Corporate Green Power Programme (CGPP), megawatt (MW), Feed-in-Tariff (FiT),

**Sustainability**

# SD Guthrie's intends to expand its solar business

| Government Solar Programs | SD Guthrie involvement | Commercial participation |
|---|---|---|
| LSS1 | • 1 land lease sites<br>• 20 MW<br>• Operational since 2018 | Land lease |
| LSS4 | • 12 land lease sites<br>• 336MW → 40% of LSS4 total quota | Land lease |
| CGPP | • 11 land lease sites, 227 MW<br>• SD Guthrie own development, 14.99 MW in Kuala Ketil, target completion in Dec 2025 | Land lease, own investment |
| Upcoming LSS5 | • Target additional 3 sites bidding for SD Guthrie | Own investment & Equity Share |

***Increased Involvement***

Note: Large Scale Solar (LSS), Corporate Green Power Programme (CGPP), megawatt (MW)

# Liberalisation of electricity supply opens up opportunities for SD Guthrie





## Electricity from private suppliers to begin in September

FMT Reporters - 26 May 2024, 11:26 PM

Through this initiative, consumers would be able to purchase electricity from independent producers without going through Tenaga Nasional.

254 SHARES 25 20 209 0 Total Views: 39,986

*Private electricity producers can sell power to their consumers but must use TNB's transmission lines. (Reuters pic)*



PETALING JAYA: Independent energy producers will be allowed to start selling electricity directly to consumers from September, says deputy prime minister Fadillah Yusof.

Fadillah, who is also the energy transition and water transformation minister, said Putrajaya is expected to begin implementing this third-party access in the electricity supply industry in September.



### Most Viewed Last 2 Days

1 The honourable resignation of Malaysian badminton boss
28 May 2024, 08:00 AM

2 MACC detains managing director over Malay reserve land deal
28 May 2024, 02:51 PM

3 New BYD hybrid can drive non-stop for more than 2,000km
29 May 2024, 12:08 PM

4 Senior CCID cops deny taking RM1 million in bribes
28 May 2024, 12:55 PM

5 AirAsia's retrenchment based on high salaries improper, unfair, rules court
29 May 2024, 08:15 AM

### Special Features



Corporate Technology Malaysia Economy Top Stories Politics & Government

ESG

## Fadillah: Govt aims for 40% of primary energy mix to come from RE sources by 2035

By Bernama / Bernama 26 May 2024, 10:57 pm



# SD Guthrie supports Government Initiatives to develop Kerian Integrated Green Industrial Park (KIGIP)

## SD Guthrie to develop land and solar for KIGIP

- New business vertical kicks off with plan to co-develop KIGIP
- SD Guthrie to be the RE developer and operator for KIGIP

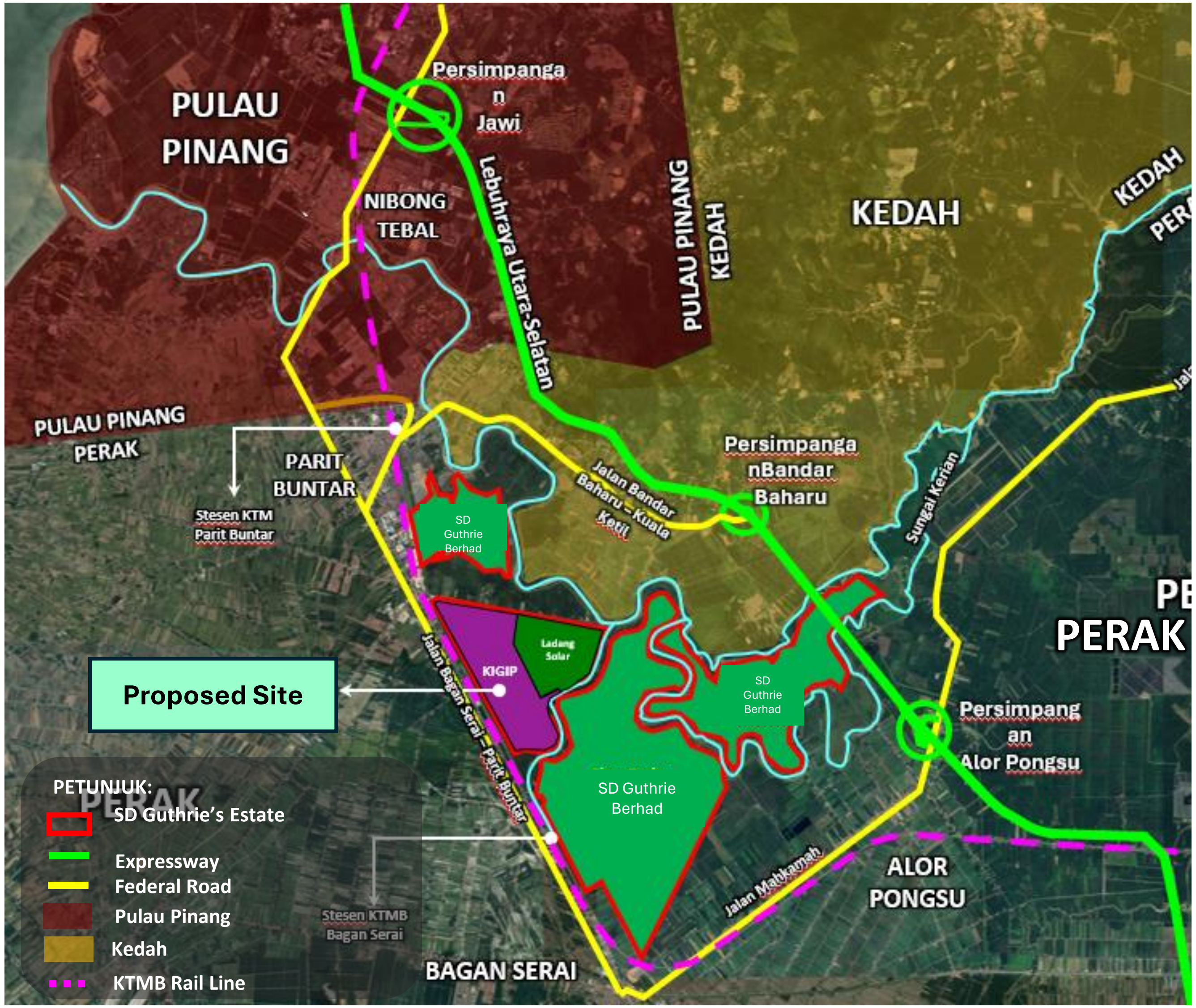
## SD Guthrie's proposal for KIGIP development

**Green Solutions**: Renewable energy sources, waste management systems, Energy-efficient buildings

**Strategic Location & Accessibility**:
- Near Penang International Airport (71km), attractive for E&E investors.
- Close to Parit Buntar and Bagan Serai railway station and North-South Expressway

**Spillover effect**: Well positioned to capture spillover demand from Penang and Kulim Hi-Tech Park

**Development in Phases**: Conversion of project in phases depending on product uptake




Note: Electrical and Electronics (E&E), Renewable Energy (RE)

# SD GUTHRIE'S STRATEGIC INITIATIVES ARE GEARED TOWARDS MAXIMIZING THE VALUE OF ITS LAND ASSETS

First Quarter of Financial Year 2024
(1Q FY2024) Results Announcement

# RESULTS ANNOUNCEMENT

# Financial Highlights

1Q FY2024 net profit triples on the back of significant improvements in Upstream Malaysia's operations

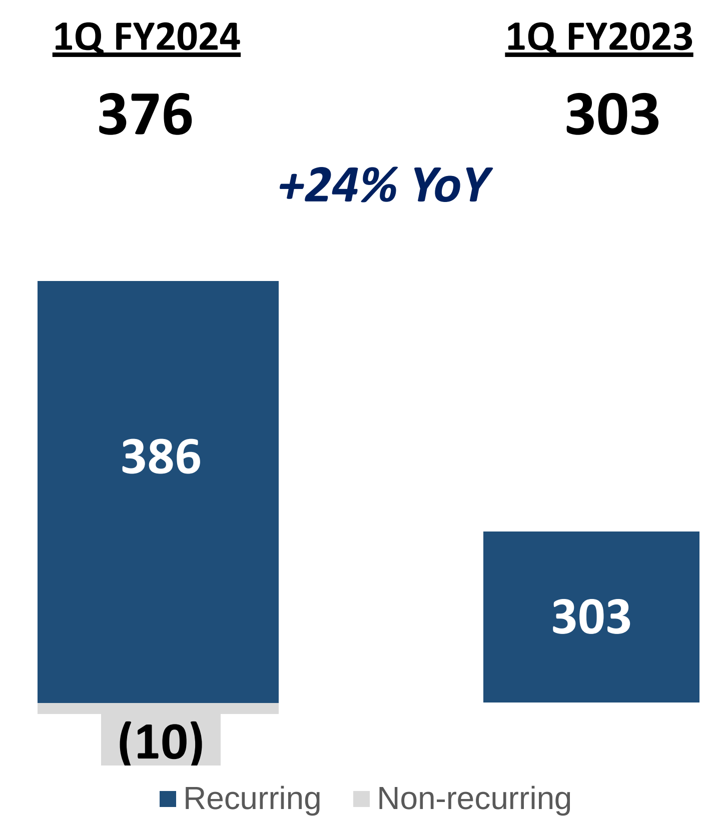
| *in RM'mn* | 1Q FY2024 | 1Q FY2023 | *YOY* |
|---|---|---|---|
| **Revenue** | **4,342** | **4,069** | *7%* |
| **PBIT** | **376** | **303** | *24%* |
| **Recurring PBIT** | **386** | **303** | *27%* |
| **Non-recurring PBIT** | **(10)** | **-** | |
| **PATAMI** | **211** | **69** | *>100%* |
| **Basic EPS** *(RM'sen)* | **3.1** | **1.0** | *>100%* |

# Financial Performance by Segment

Both the Upstream and Downstream business segments registered higher profits as a result of better operating and market conditions

## TOTAL PBIT

*in RM'mn*




| *Recurring PBIT (RM'mn)* | 1Q FY2024 | 1Q FY2023 | YoY |
|---|---|---|---|
| **Upstream** | **265** | **220** | *20%* |
| Upstream Malaysia | **118** | **(21)** | *>100%* |
| Upstream Indonesia | **84** | **105** | *-20%* |
| Upstream PNG/SI | **63** | **136** | *-54%* |
| **Downstream** | **121** | **68** | *78%* |
| **Others ^** | **-** * | **15** | *-100%* |
| **Total Recurring PBIT** | **386** | **303** | *27%* |

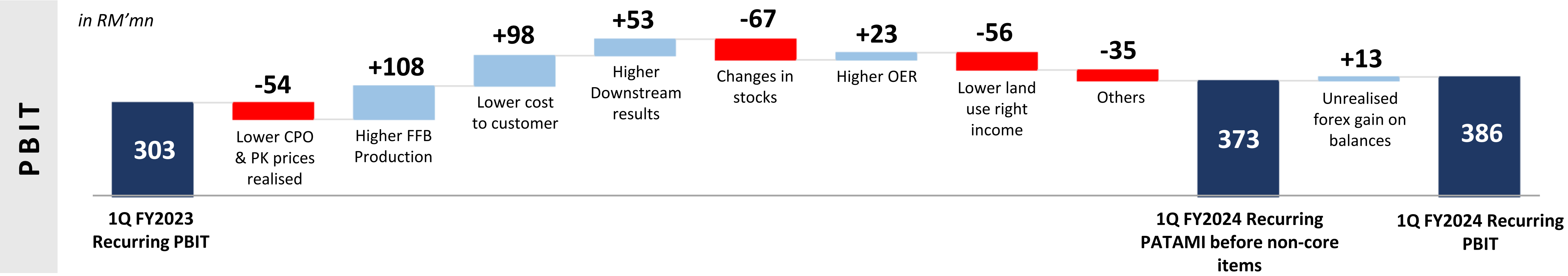
*Note: ^ Others refers to trading of agricultural products and services, production and/or sale of oil palm seeds and seedlings, research and breeding programmes of oil palm with special focus on genome science; and renewables business with a focus on development of green technology and renewable energy which includes bio-based chemicals, biogas and composting*

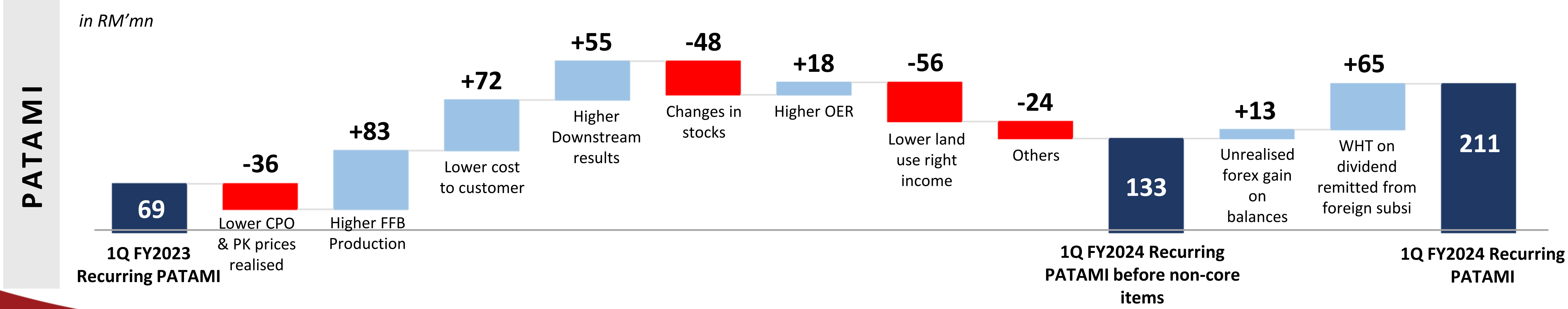
*Note:* Less than 1 million*

# Recurring Profits – 1Q FY2024 vs 1Q FY2023

Profits lifted by higher FFB production and downstream results as well as lower cost to customer which mitigated the impact of lower prices and adverse changes in stocks

**1Q FY2024 vs 1Q FY2023**

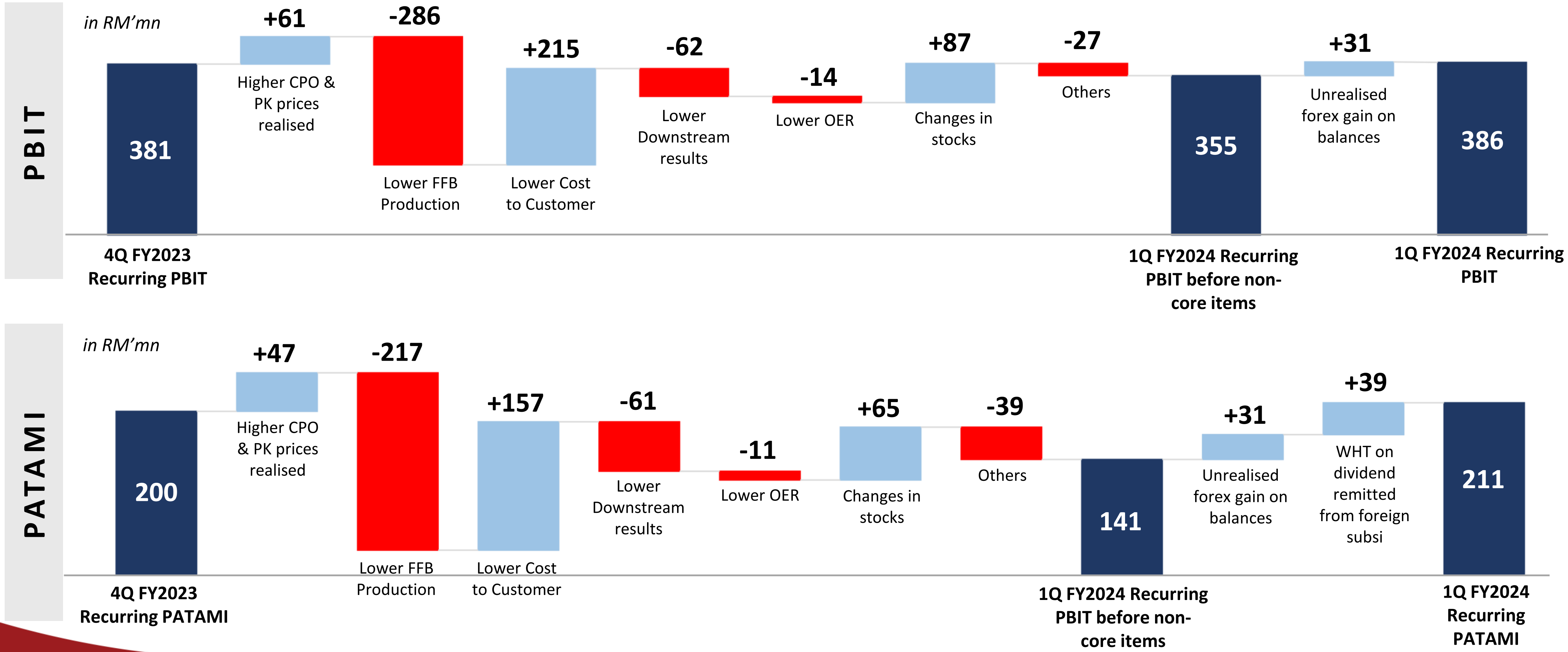


# Recurring Profits – 1Q FY2024 vs 4Q FY2023

The impact of lower FFB production was cushioned by higher realised prices, lower cost to customer and positive changes in stock

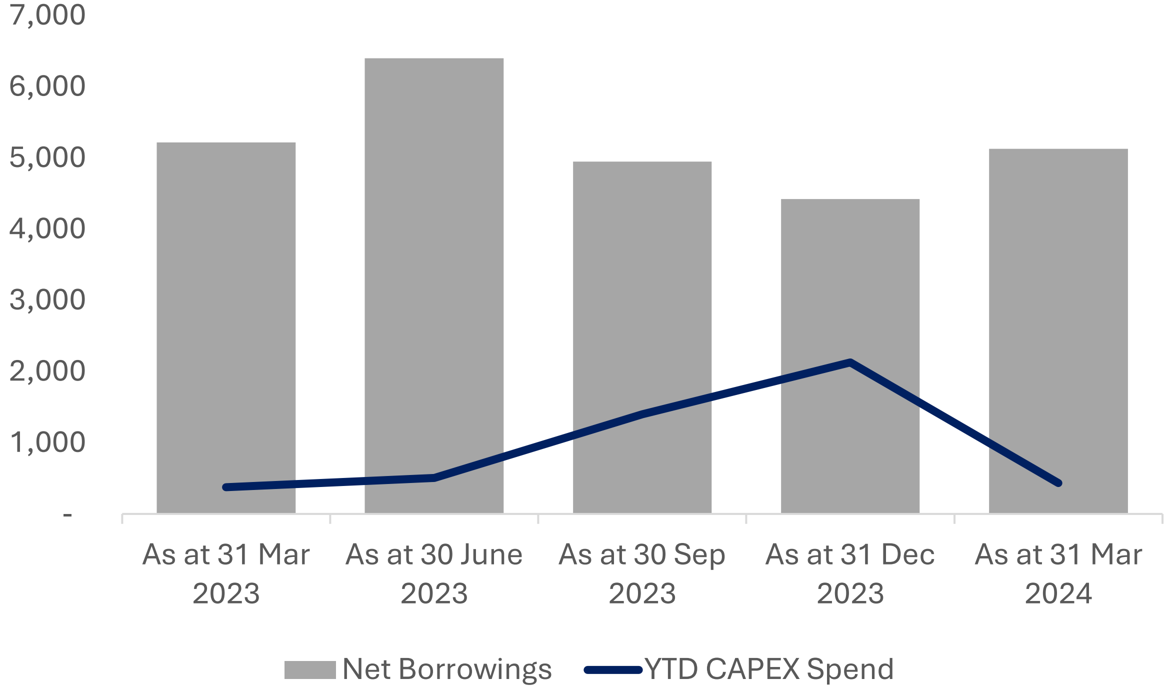
**1Q FY2024 vs 4Q FY2023**



# Borrowings & Gearing Ratios

Net gearing saw a slight increase to 25% as net loans increased

| | | | | | |
|---|---|---|---|---|---|
| *Net Gearing*[1] | **28%** | **32%** | **24%** | **22%** | **25%** |
| *(in RM'mn)* | | | | | |
| *Borrowings* | 6,101 | 7,069 | 5,650 | 5,283 | 5,845 |
| *Bank balances, deposits & cash* | 884 | 668 | 702 | 830 | 715 |
| *Net Borrowings* | 5,217 | 6,401 | 4,948 | 4,453 | 5,130 |




**FIRST QUARTER ENDED 31 MARCH 2024**

| **RM331mn** | **RM410mn**[2] | **RM39mn** |
|---|---|---|
| NET CASH GENERATED FROM OPERATING ACTIVITIES | NET CASH USED IN INVESTING ACTIVITIES (CAPEX: RM434mn) | NET CASH USED IN FINANCING ACTIVITIES |

**Net Borrowings as at 31 March 2024 increased by RM677mn compared to 31 December 2023 mainly due to:**

- CAPEX spend of RM434mn primarily for the Group's replanting activities and new refinery in Sei Mankei.
- Appreciation of USD against RM by 2.7% resulting in an adverse impact of RM62mn.

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

*Note: [2] Apart from CAPEX also consists of Proceeds from Disposals of RM16mn and Finance & Dividend income of RM8mn.*

# Operational Performance – Upstream

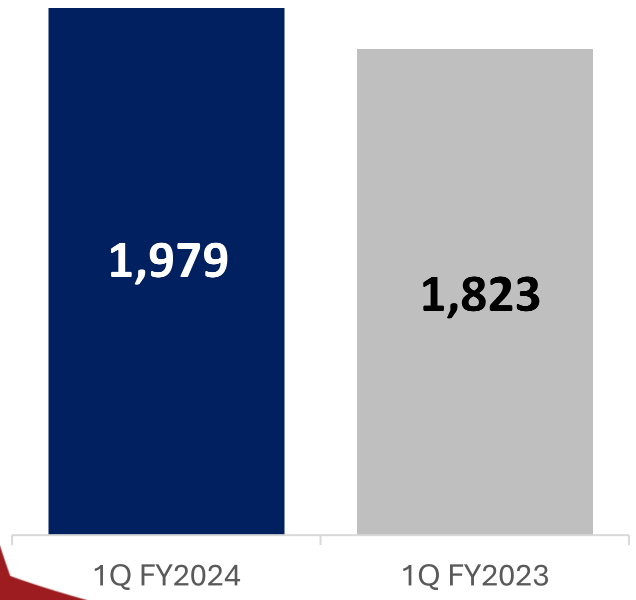
Overall FFB production supported by notable increase in Malaysian production due to better crop ripening and increased harvesting coverage

## FFB PRODUCTION

### TOTAL UPSTREAM

*in '000 MT*

***+9% YoY***




| *FFB Production ('000 MT)* | 1Q FY2024 | 1Q FY2023 | *YoY* |
|---|---|---|---|
| Upstream Malaysia | **1,042** | **785** | *33%* |
| Upstream Indonesia | **507** | **566** | *-10%* |
| Upstream PNG/SI | **430** | **472** | *-9%* |
| **Total** | **1,979** | **1,823** | *9%* |

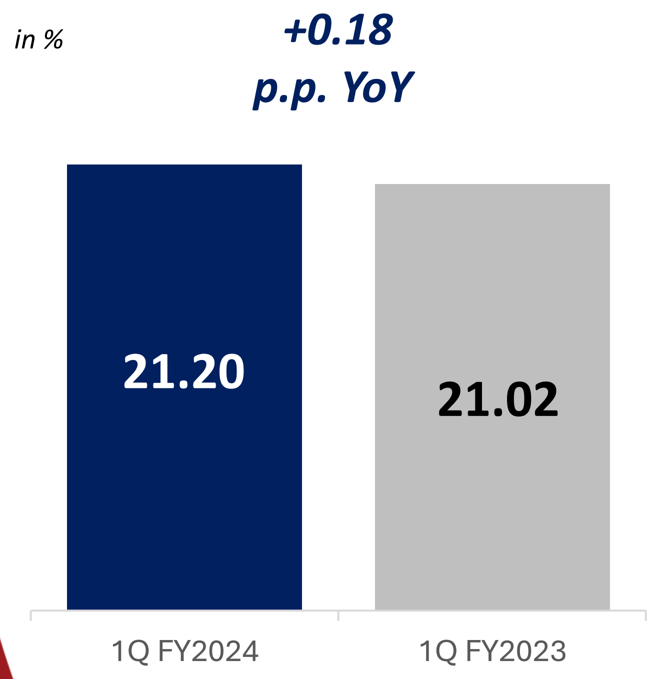
- **Malaysia**: The resolution of labour shortage and extensive rehabilitation exercise carried out since mid-last year was reflected in the significant increase in FFB production. Estates enjoyed good crop ripening and better field accessibility which allowed for increased harvesting coverage.
- **Indonesia:** Several areas beginning to show impact from unfavourable weather conditions experienced in 2023 (prolonged dryness and severe cases of drought) registering lower FFB production especially in the young mature fields in these areas.
- **PNG/SI**: Increase in older palm areas i.e., more than 22 years old, compounded with poor ripening of crops adversely affected FFB production.

# Operational Performance – Upstream

Higher OER in Malaysia & Indonesia from optimised crop recovery and areas transitioning to peak yielding age more than mitigated for the minor decline recorded in PNG/SI

## CPO EXTRACTION RATE

### TOTAL UPSTREAM




*Note: p.p. – Percentage points*

| *CPO Extraction Rate (OER) (%)* | **1Q FY2024** | **1Q FY2023** | *p.p YoY* |
|---|---|---|---|
| Upstream Malaysia | **20.48** | **19.95** | *0.53* |
| Upstream Indonesia | **21.64** | **21.38** | *0.26* |
| Upstream PNG/SI | **22.20** | **22.25** | *-0.05* |
| **Total** | **21.20** | **21.02** | *0.18* |

- **Malaysia**: Improved harvesting conditions allowed for optimised crop recovery as well as minimal field losses which translated to an increase in OER.
- **Indonesia:** OER increase contributed primarily by the Kalimantan region with its large area of young mature palms transitioning into peak yielding age with high oil content.
- **PNG/SI:** OER affected by several mills downtime to catch-up with major maintenance works that was earlier scheduled for end of last year.

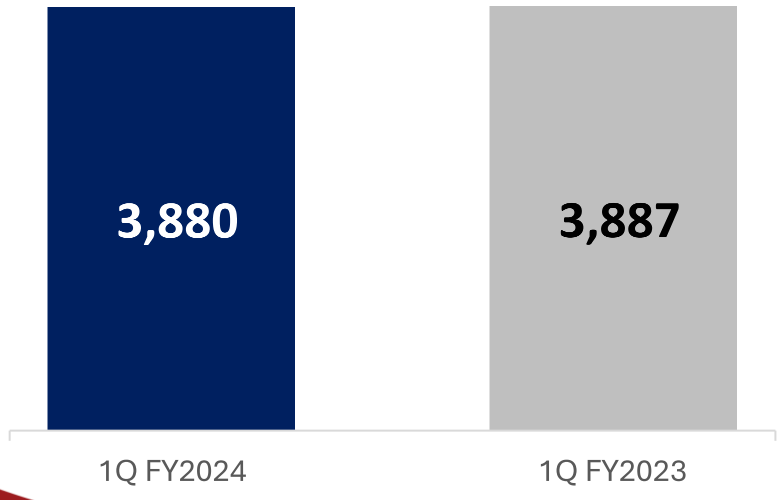
# Operational Performance – Upstream

CPO prices increase in Indonesia mitigated the impact of lower prices in other regions

## AVERAGE CPO PRICES REALISED

### GROUP AVERAGE

*in RM/MT*




| *Average CPO Prices Realised (RM/MT)* | **1Q FY2024** | **1Q FY2023** | *YoY* |
|---|---|---|---|
| Upstream Malaysia | **3,982** | **4,148** | *-4%* |
| Upstream Indonesia | **3,656** | **3,455** | *6%* |
| Upstream PNG/SI | **3,924** | **4,034** | *-3%* |
| **Total** | **3,880** | **3,887** | *0%* |

- CPO market prices for the quarter (1QFY2024) ranged between approximately RM3,700 to RM4,300 per MT mainly supported by tightness in the palm market globally.
- In Indonesia, while the DMO remains, positive impact was experienced from the change in the setting of export duties & levies (starting Feb 2024) from every 2 weeks to monthly as at it allowed for better sales and logistics planning.

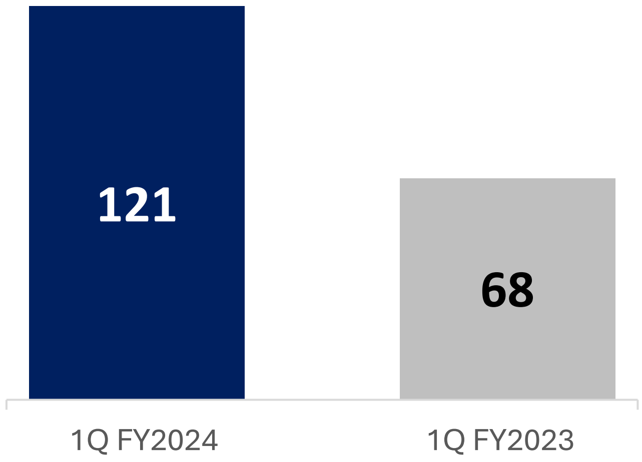
# Financial Performance – Downstream

Higher profits from all business segments mitigated the loss recorded by joint venture companies

## DOWNSTREAM PBIT

*in RM'mil*

*+78% YoY*



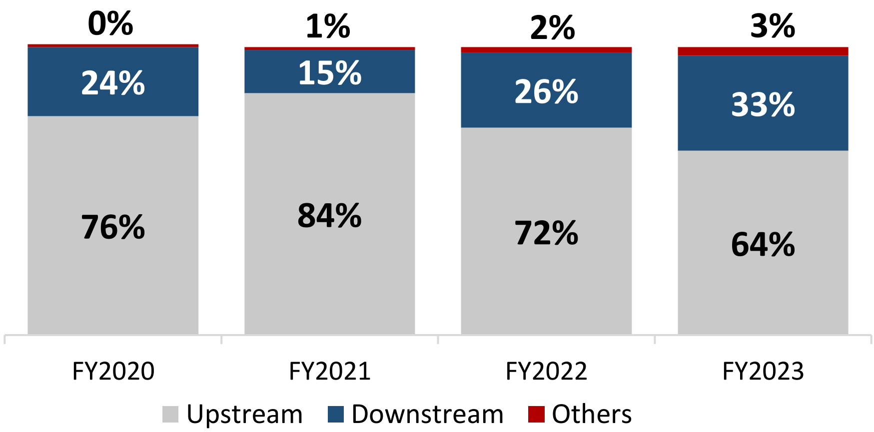

| *Recurring PBIT (RM'mn)* | 1Q FY2024 | 1Q FY2023 | *YoY* |
|---|---|---|---|
| **Downstream** | | | |
| Differentiated | **103** | **52** | *98%* |
| Trading | **43** | **26** | *65%* |
| Bulk | **8** | **(2)** | *>100%* |
| **Total PBIT*** | **135** | **65** | ***>100%*** |
| JV Companies | **(14)** | **3** | *> -100%* |
| **Grand Total PBIT** | **121** | **68** | ***78%*** |

*Note: * After deducting corporate expenses*

- Higher profits in the differentiated market segment was mainly driven by improved margins in European operations on the back of higher selling prices and lower costs.
- The trading segment's increase was underpinned by positive hedge accounting adjustments.
- The bulk segment registered a profit turning around from the loss position recorded in the same period last year mainly from higher sales volume achieved in the Asia Pacific operations.
- The loss registered from JV companies was mainly due to adverse changes in stock from the falling prices of feedstock as well as sluggish demand across most products categories.

# SD Guthrie International Growth Aspirations

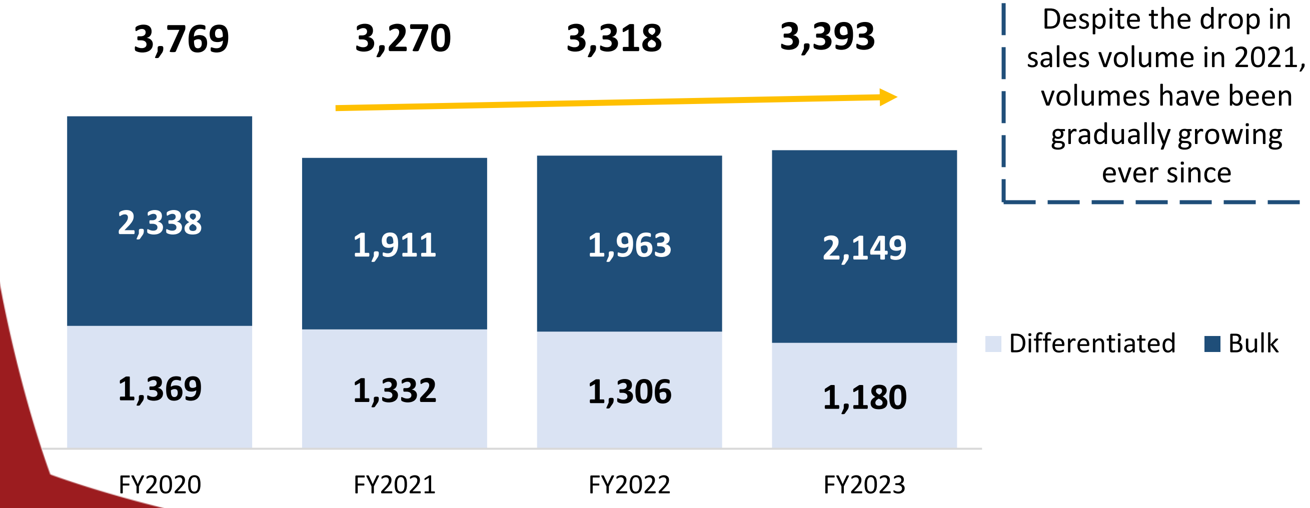
## RECURRING PROFITS SEGMENT CONTRIBUTION




Increasing profit contribution from Downstream segment over the past years

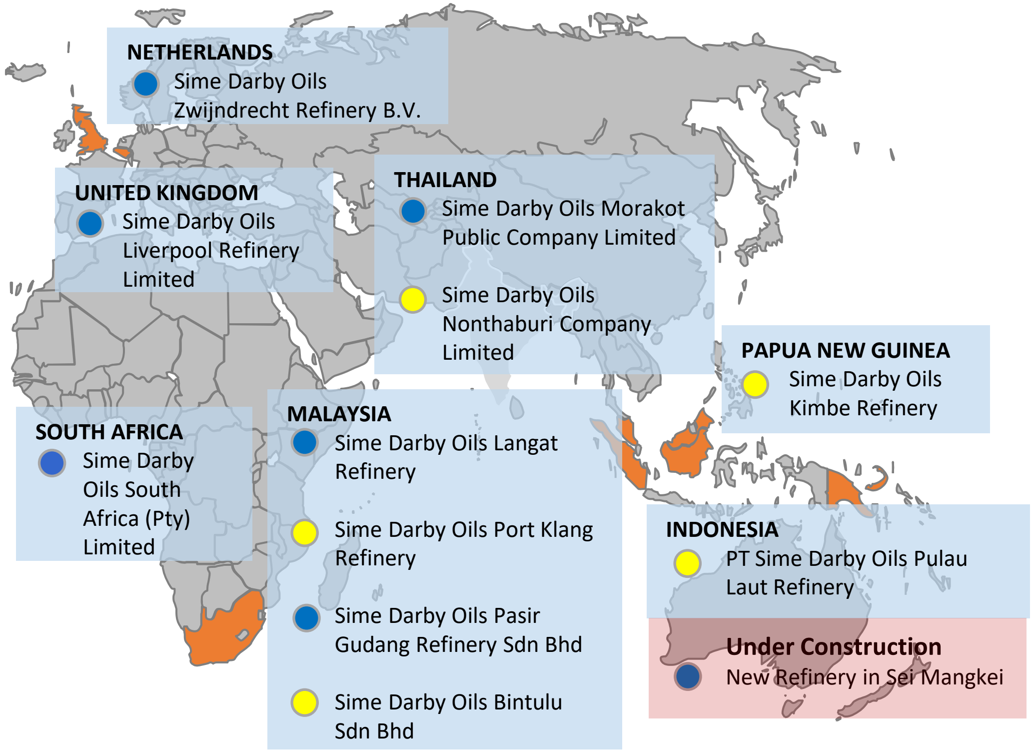
## SALES VOLUME

*in '000 MT*




Despite the drop in sales volume in 2021, volumes have been gradually growing ever since

## CONSTRUCTION OF NEW REFINERY AND EXPANDING EXISITING CAPACITIES




**4 million MT**

***Refining Capacity****

*Legend:* Bulk Processing Differentiated Food

*Notes:*
** As at 31 December 2023*

# APPENDIX

# Summary of Operational Statistics

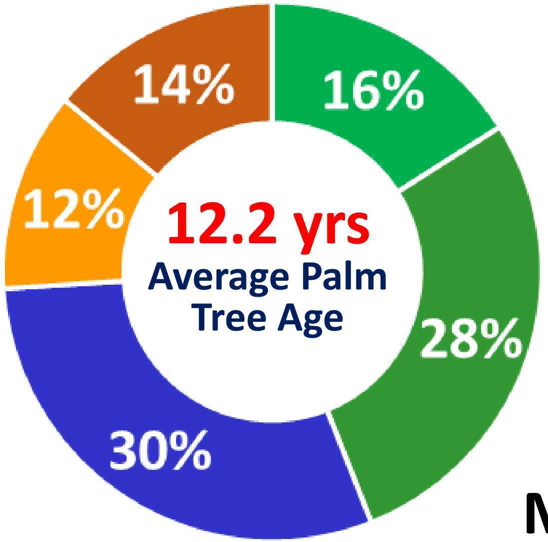
As at 31 March 2024

| *For the 3 Months Ended* | Malaysia | | *YoY %* | Indonesia | | *YoY %* | PNG | | *YoY %* | GROUP (All Operations) | | *YoY %* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 31 Mar 2024 | 31 Mar 2023 | | 31 Mar 2024 | 31 Mar 2023 | | 31 Mar 2024 | 31 Mar 2023 | | 31 Mar 2024 | 31 Mar 2023 | |
| FFB Production ('000 MT) | 1,042 | 785 | *33%* | 507 | 566 | *-10%* | 430 | 472 | *-9%* | **1,979** | **1,823** | ***9%*** |
| FFB Yield per mature ha (MT/Ha) | 4.18 | 3.16 | *33%* | 3.44 | 3.58 | *-4%* | 5.16 | 5.54 | *-7%* | **4.12** | **3.71** | ***11%*** |
| CPO Production (Own) ('000 MT) | 215 | 158 | *36%* | 110 | 121 | *-10%* | 95 | 105 | *-9%* | **420** | **384** | ***9%*** |
| CPO Production (Total) ('000 MT) | 238 | 186 | *28%* | 132 | 143 | *-8%* | 125 | 136 | *-8%* | **496** | **465** | ***7%*** |
| PK Production (Own) ('000 MT) | 50 | 39 | *26%* | 21 | 24 | *-10%* | 24 | 27 | *-11%* | **95** | **90** | ***5%*** |
| PK Production (Total) ('000 MT) | 55 | 46 | *19%* | 26 | 28 | *-9%* | 31 | 35 | *-10%* | **112** | **109** | ***3%*** |
| CPO Extraction Rate (%) | 20.48 | 19.95 | *0.53* | 21.64 | 21.38 | *0.26* | 22.20 | 22.25 | *-0.05* | **21.20** | **21.02** | ***0.18*** |
| PK Extraction Rate (%) | 4.76 | 4.96 | *-0.20* | 4.21 | 4.20 | *0.01* | 5.53 | 5.65 | *-0.12* | **4.80** | **4.92** | ***-0.12*** |
| Average CPO Selling Price (RM/MT) | 3,982 | 4,148 | *-4%* | 3,656 | 3,455 | *6%* | 3,924 | 4,034 | *-3%* | **3,880** | **3,887** | **-** |
| Average PK Selling Price (RM/MT) | 2,165 | 2,031 | *7%* | 1,498 | 1,469 | *2.0%* | - | - | - | **1,940** | **1,794** | ***8%*** |

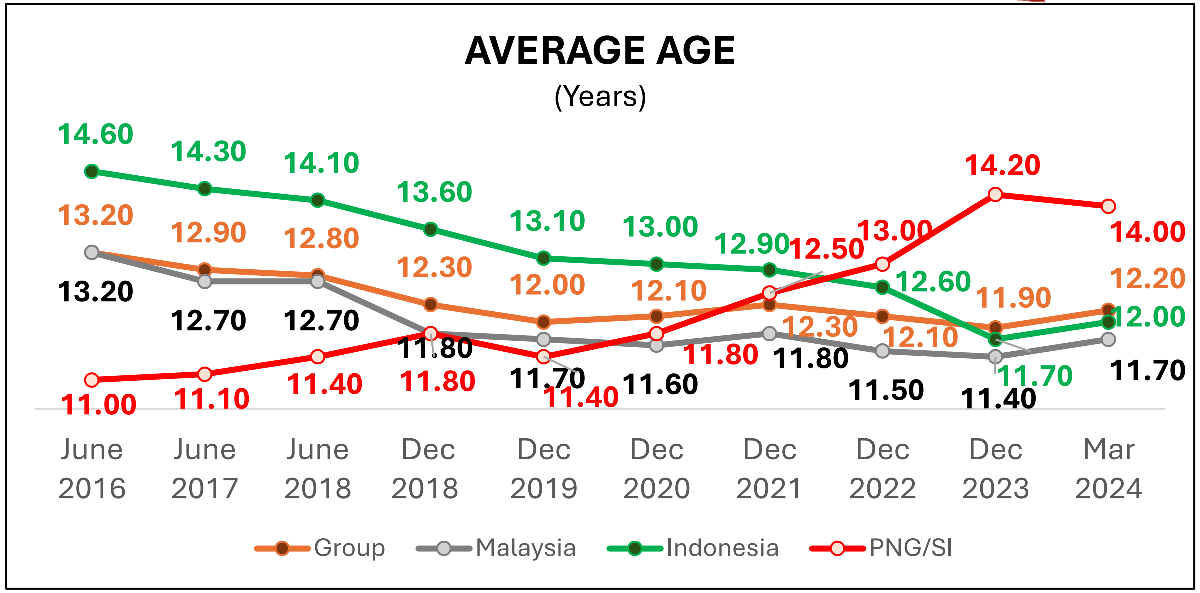
# Breakdown of Age Profile

As at 31 March 2024

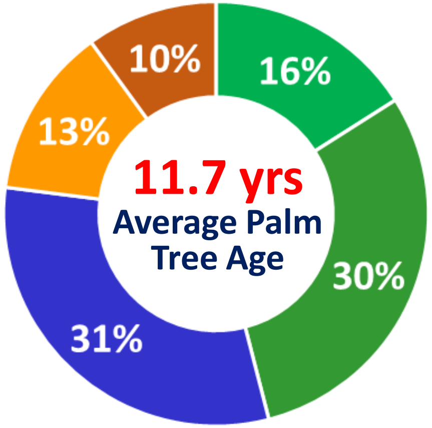
## GROUP



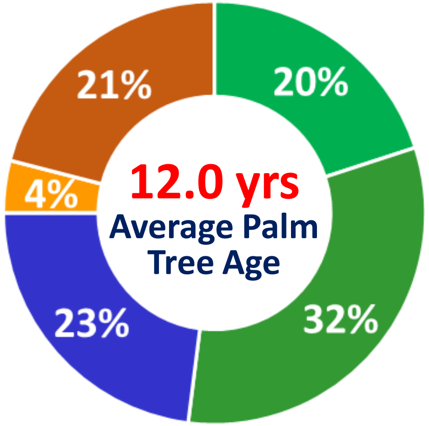

As at March 2024, SD Guthrie has 568,634 ha of oil palm planted of which 84% is mature and 16% is immature.



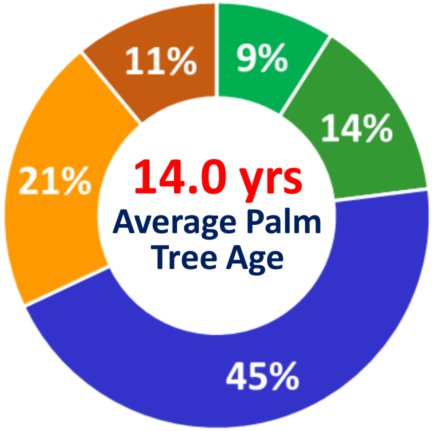

## MALAYSIA




## INDONESIA




## PNG/SI




Immature | 4 – 8 Years | 9 – 18 Years | 19 – 22 Years | Above 22 Years

# Disclaimer

This document is strictly confidential to the recipient. It is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose. Upon request, you shall promptly return this document all other information made available in connection with this document, without retaining any copies. The distribution of this document in other jurisdictions may be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions.

This document does not constitute and is not an offer or invitation to sell, or any solicitation of any offer to subscribe for or purchase any securities of any company referred to in this document in any jurisdiction. The companies referred to herein have not registered and do not intend to register any securities under the US Securities Act of 1933, as amended (the "**Securities Act**"), and any securities may not be offered or sold in the United States absent registration under the Securities Act or an exemption from registration under the Securities Act. By attending the presentation you will be deemed to represent, warrant and agree that to the extent that you purchase any securities in any of the companies referred to in the presentation, you either (i) are a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act, or (ii) you will do so in an "offshore transaction" within the meaning of Regulation S under the Securities Act.

By attending this presentation and accepting a copy of this document, you represent and warrant that (i) you have read and agreed to comply with the contents of this notice; (ii) you will maintain absolute confidentiality regarding the information contained in this document including information presented orally or otherwise in accordance with your confidentiality obligation; and (iii) you are lawfully able to receive this document and attend this presentation under the laws of other jurisdiction in which you are subjected and other applicable laws.

This document is for the purposes of information only and is not intended to form the basis of any investment decision. This presentation may contain forward-looking statements by SD Guthrie that reflect management's current expectations, beliefs, intentions or strategies regarding the future and assumptions in light of currently available information. These statements are based on various assumptions and made subject to a number of risks, uncertainties and contingencies and accordingly, actual results, performance or achievements may differ materially and significantly from those discussed in the forward-looking statements. Such statements are not and should not be construed as a representation, warranty or undertaking as to the future performance or achievements of SD Guthrie and SD Guthrie assumes no obligation or responsibility to update any such statements.

No representation or warranty, express or implied, is given by or on behalf of SD Guthrie or its related corporations (including without limitation, their respective shareholders, directors, officers, employees, agents, partners, associates and advisers) (collectively, the "**Parties**") as to the quality, accuracy, reliability, fairness or completeness of the information contained in this presentation or its contents or any oral or written communication in connection with the contents contained in this presentation (collectively, the "**Information**"), or that reasonable care has been taken in compiling or preparing the Information. None of the Parties shall be liable or responsible for any budget, forecast or forward-looking statements or other projections of any nature or any opinion which may have been expressed or otherwise contained or referred to in the Information.

The Information is and shall remain the exclusive property of SD Guthrie and nothing herein shall give, or shall be construed as giving, to any recipient(s) or party any right, title, ownership, interest, license or any other right whatsoever in or to the Information herein. The recipient(s) acknowledges and agrees that this presentation and the Information are confidential and shall be held in complete confidence by the recipient(s).

All the images, pictures and photos including design drawings in relation to the company's property development projects contained in this document are artist impression only and are subject to variation, modifications and substitution as may be recommended by the company's consultants and/or relevant authorities.

SD Guthrie

**Unlocking Nature's Superpower**

**SD Guthrie Berhad** 200401009263 (647766-V)
Formerly known as Sime Darby Plantation Berhad
Level 10, Main Block, Plantation Tower,
No.2, Jalan PJU 1A/7, Ara Damansara,
47301 Petaling Jaya,
Selangor Darul Ehsan, Malaysia