



# **FY2017/2018 Results Announcement Second Quarter ended 31 December 2017**

**22 February 2018**



**Plantation**

# Financial Highlights

Strong financial position in the first half of FY2018

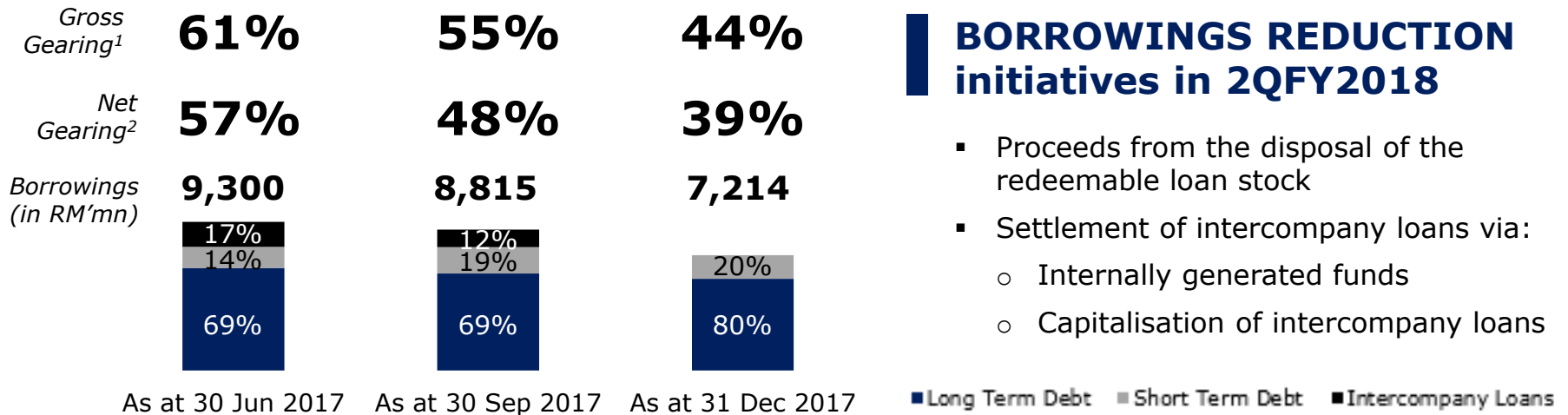
<i>in RM'mn (YoY %)</i>	<b>2QFY2018</b>		<b>1HFY2018</b>	
<b>Revenue</b>	<b>4,085</b>	+4%	<b>7,626</b>	+13%
	2QFY17: 3,925		1HFY17: 6,744	
<b>PBIT</b>	<b>673</b>	+18%	<b>1,957</b>	+118%
	2QFY17: 570		1HFY17: 899	
■ <b>Recurring PBIT</b>	<b>673</b>		<b>1,186</b>	
■ <b>Non-Recurring PBIT<sup>1</sup></b>	-		<b>771</b>	
<b>PBT</b>	<b>637</b>	+35%	<b>1,876</b>	+168%
	2QFY17: 472		1HFY17: 699	
<b>PATAMI</b>	<b>429</b>	+34%	<b>1,448</b>	+208%
	2QFY17: 319		1HFY17: 470	
■ <b>Recurring PATAMI</b>	<b>429</b>		<b>677</b>	
■ <b>Non-Recurring PATAMI<sup>1</sup></b>	-		<b>771</b>	
<b>Basic EPS</b>	<b>6.3<sup>2</sup></b>	+34%	<b>21.3<sup>2</sup></b>	+209%
<i>(RM'sen)</i>	2QFY17: 4.7		1HFY17: 6.9	

<sup>1</sup> Non-recurring refers to the gain on sale of land to SD Property of RM676mn and reversal of accrual for donation of RM95mn in 1QFY2018

<sup>2</sup> Higher weighted average number of ordinary shares post-listing of Sime Darby Plantation

# Borrowings & Cash Flow

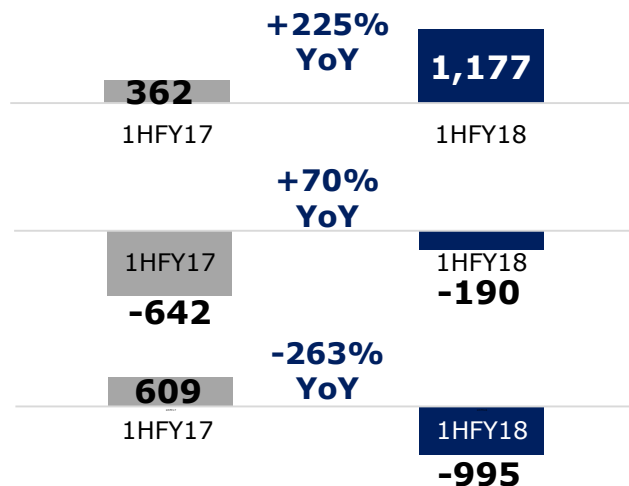
Lower gearing resulting from borrowings reduction initiatives and higher cash flow



## BORROWINGS REDUCTION initiatives in 2QFY2018

- Proceeds from the disposal of the redeemable loan stock
- Settlement of intercompany loans via:
  - Internally generated funds
  - Capitalisation of intercompany loans

in RM'mn



## CASH FLOW in 1HFY2018

- Higher **Net Cash Generated From Operating Activities** supported by greater earnings
- Lower **Net Cash Used In Investing Activities** as a result of replanting and replacement capex, offset by the sale of redeemable loan stock
- Higher **Net Cash Used In Financing Activities** due to repayment of borrowings

<sup>1</sup> Gross Gearing is based on Total Borrowings (including intercompany loans) divided by Total Equity

<sup>2</sup> Net Gearing is based on Total Borrowings (including intercompany loans) less Bank & Cash Balances divided by Total Equity

# Financial Performance by Segment

Robust Upstream contributions driven by the Malaysian and PNG/SI operations



<i>PBIT in RM'mn (YoY %)</i>	<b>2QFY2018</b>		<b>1HFY2018</b>	
<b>Upstream</b>	<b>577</b> 2QFY17: 459	+25%	<b>1,785<sup>1</sup></b> 1HFY17: 722	+147%
<b>Upstream Malaysia</b>	<b>414</b> 2QFY17: 182	+127%	<b>1,490<sup>1</sup></b> 1HFY17: 402	+271%
<b>Upstream Indonesia</b>	<b>144</b> 2QFY17: 275	-48%	<b>261</b> 1HFY17: 318	-18%
<b>Upstream PNG/SI</b>	<b>39</b> 2QFY17: 17	+129%	<b>77</b> 1HFY17: 29	+166%
<b>Upstream Liberia</b>	<b>-20</b> 2QFY17: -15	-33%	<b>-43</b> 1HFY17: -27	-59%
<b>Downstream</b>	<b>64</b> 2QFY17: 108	-41%	<b>134</b> 1HFY17: 182	-26%
<b>Others</b>	<b>32</b> 2QFY17: 3	>+100%	<b>38</b> 1HFY17: -5	>+100%

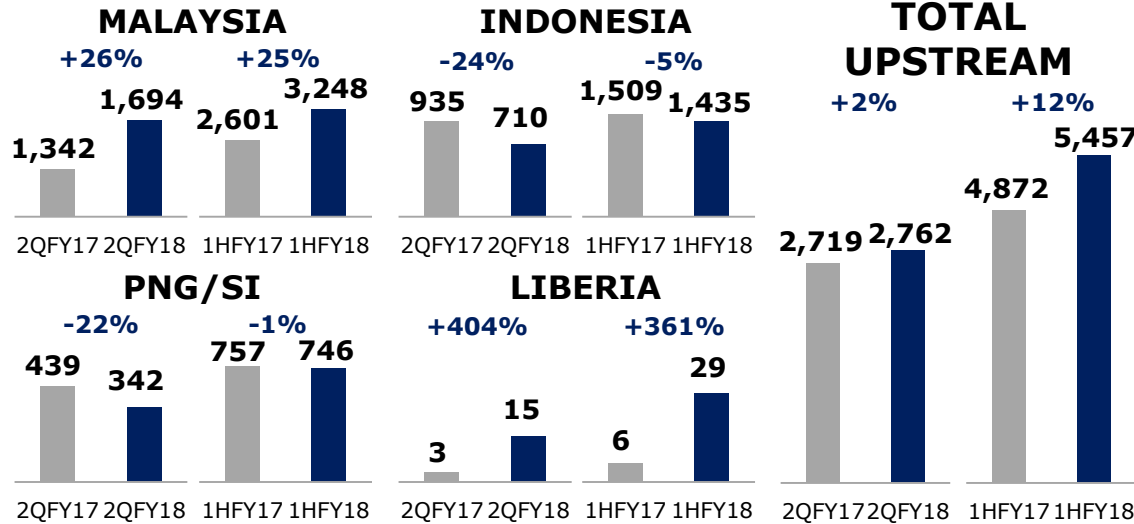
<sup>1</sup> Results include the non-recurring gain on sale of land to SD Property of RM676mn and reversal of accrual for donation of RM95mn in 1QFY2018

# Operational Performance – Upstream

Commendable performance from Malaysia offset by weaker contribution from Indonesia

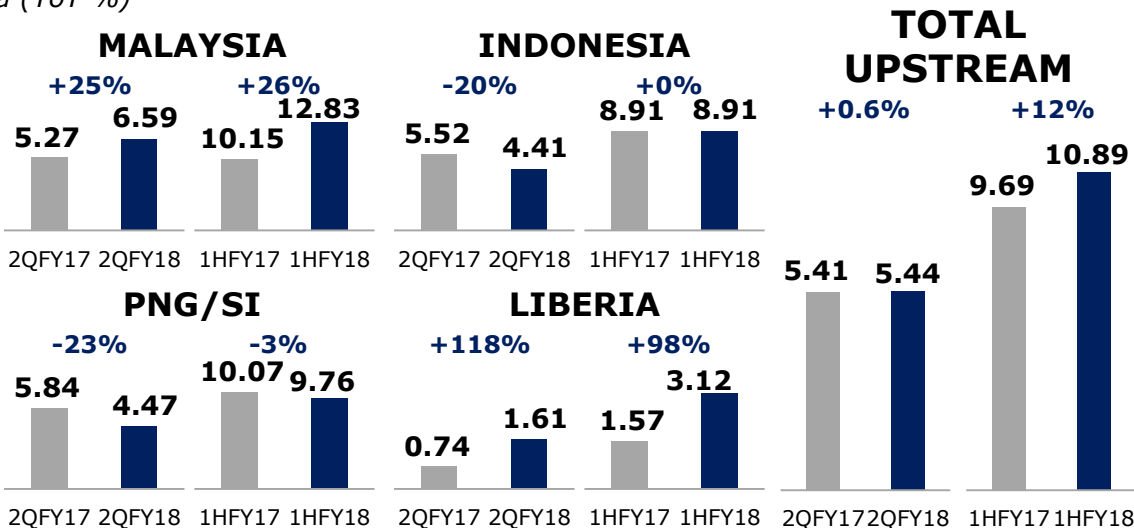
in '000 MT (YoY %)

FFB PRODUCTION



in MT/ha (YoY %)

FFB YIELD



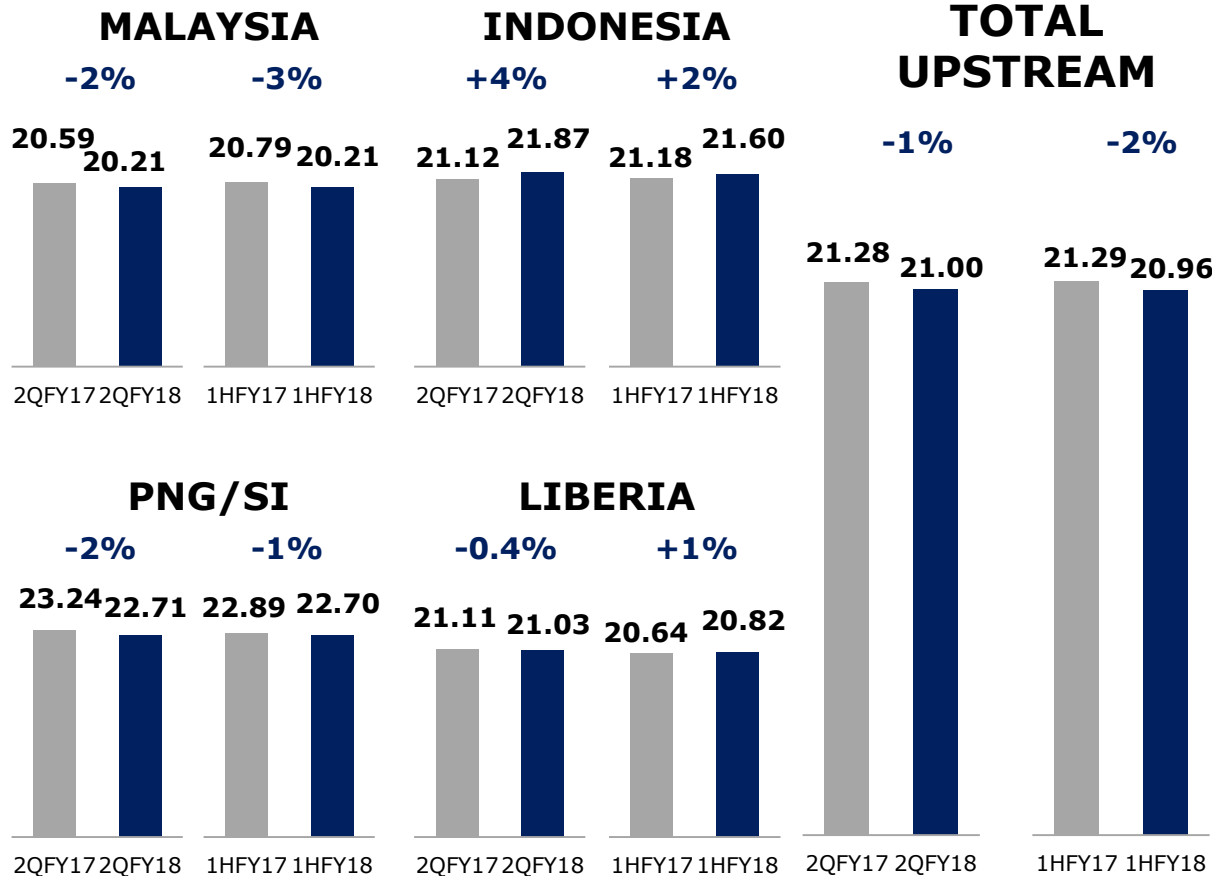
- **Overall:** Higher production as it **recovers** from the **El Nino** impact
- **Malaysia:** FFB production improved as a result of sustained efforts to improve yield via:
  - **Replanting**
  - **Superior planting material**
- **Indonesia:** Lower production largely due to floods in certain areas in Sumatra and Kalimantan, which **hindered productivity**, as harvesting rounds increased
- **PNG/SI:** FFB production in certain areas of PNG was affected by the **dry period** in Jun-Sep'17
- **Liberia:** >+100% increase in production due to:
  - **Increased age profile** of the planted area
  - Innovative **water management**

# Operational Performance – Upstream

Lower overall CPO Extraction Rate (OER) mitigated by slight improvement in Indonesia

## CPO EXTRACTION RATE

in % (YoY %)



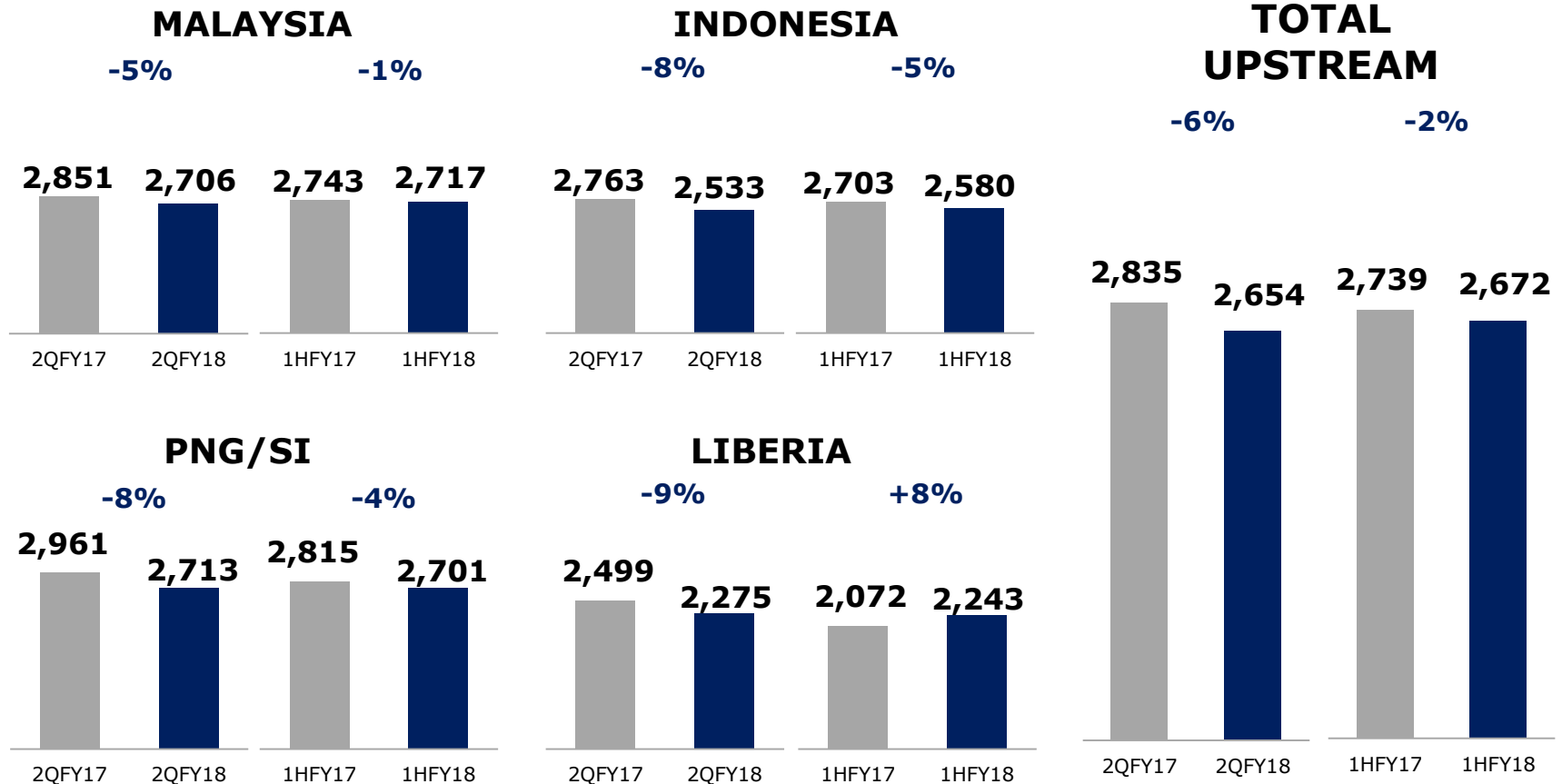
- **Overall:** OER dropped YoY as a result of **poor crop quality**
- **Malaysia:** Lower OER due to:
  - **Reduced weevils** population
  - **Rain interference**
  - **Extended harvesting intervals** due to high crop
- **Indonesia:** OER experienced a **recovery post-El Nino**
- **PNG/SI:** Heavy rainfall in certain areas of PNG caused a decline in OER

# Operational Performance – Upstream

Lower average CPO price realised on the back of subdued sentiment

## AVERAGE CPO PRICE REALISED

in RM/MT (YoY %)

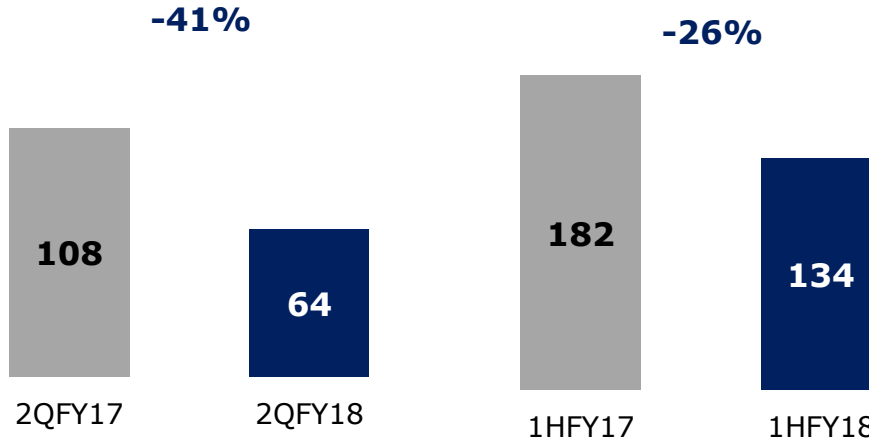


# Financial Performance – Downstream

Lower profit largely due to weaker contribution from Bulk business

DOWNSTREAM  
PBIT

in RM'mn (YoY %)

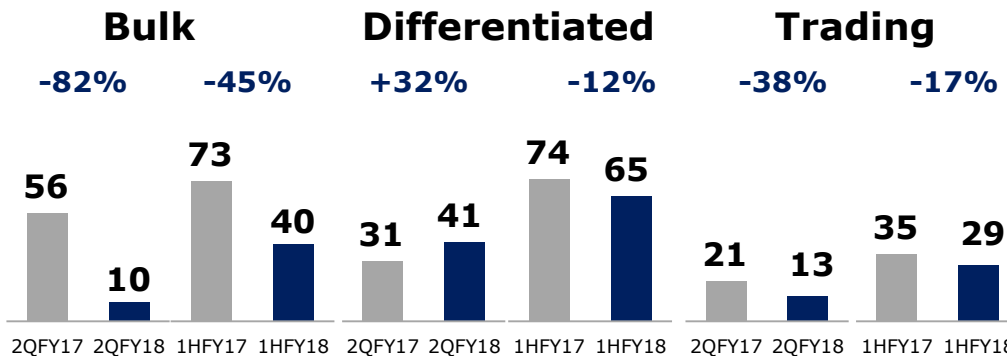


## Downstream PBIT declined due to:

- Weaker **contribution from Bulk business** as a result of:
  - **Higher negative cost of oil cycle**
  - **Appreciation of the Ringgit** impacting bulk refining margin negatively
- Changes in **levy structure in India**

PBIT BY  
SEGMENT

in RM'mn (YoY %)

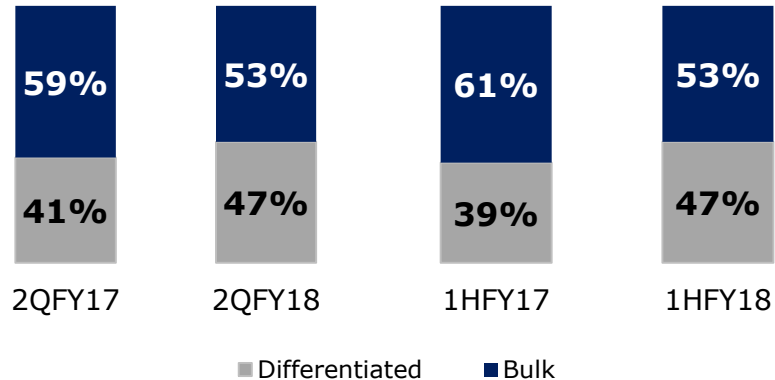




# Operational Performance – Downstream

Continuous efforts to manage cost and improve margins

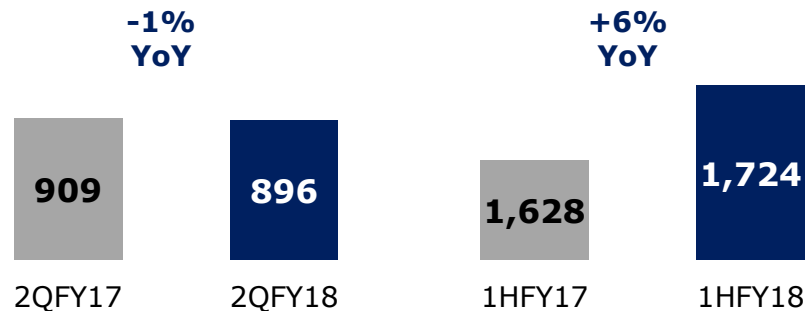
## Product Ratio



**Differentiated-to-Bulk** product ratio improved, driven by **higher sales of specialty products** with better contribution margins

- Led to **increased utilisation** of our **specialty refineries**
- **Lower processing cost**

## Sales Volume ('000 MT)



# Sustainability

SDP continues to adopt the commitments made in the RAC and HRC

## RSPO CERTIFICATION STATUS



**97%**  
**RSPO-certified**  
*As at 31 Dec 2017*



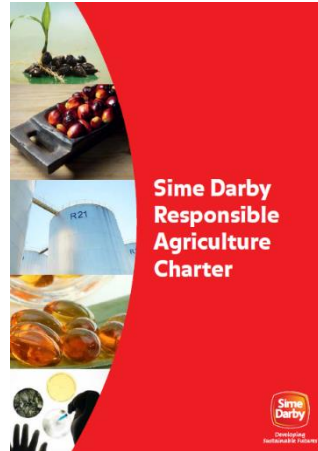
**MALAYSIA**  
**100%**



**INDONESIA**  
**96%**



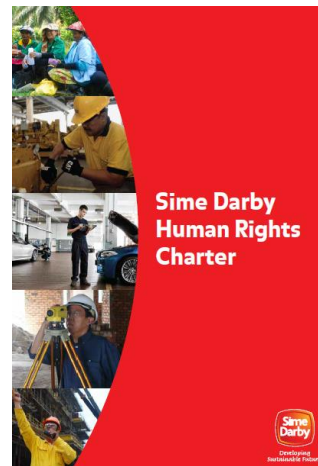
**PNG & SI**  
**100%**



## RESPONSIBLE AGRICULTURE CHARTER (RAC)

A summary of commitments made by SDP through multiple initiatives, focused on:

- **Human rights & social development**
- **The environment**
- **Corporate integrity**



## HUMAN RIGHTS CHARTER (HRC)

Sime Darby launched its Human Rights Charter to articulate its **commitment in respecting human rights** in line with the United Nations Guiding Principles on Business and Human Rights

# Strategic Initiatives

On-track to deliver value

## REPLANTING

**5 - 7%**

Replanting Rate

**10 yrs**

Target FY2025  
Average Age

**12.8 yrs**

YTD FY2018  
Average Age

(FY16 Average Age:  
13.1 yrs)

## R&D

- Scale up of Genome Select oil palm plantings (**>1,000 ha to be planted**)
- Testing of new palm traits
- **Scale up of enzymatic extraction process** to increase OER in mills

## WATER MANAGEMENT

- **Ongoing water management projects** in Malaysia, Indonesia and Liberia to mitigate the effect of El Nino and La Nina

Micro Sprinkler



Water Reservoirs



## MECHANISATION

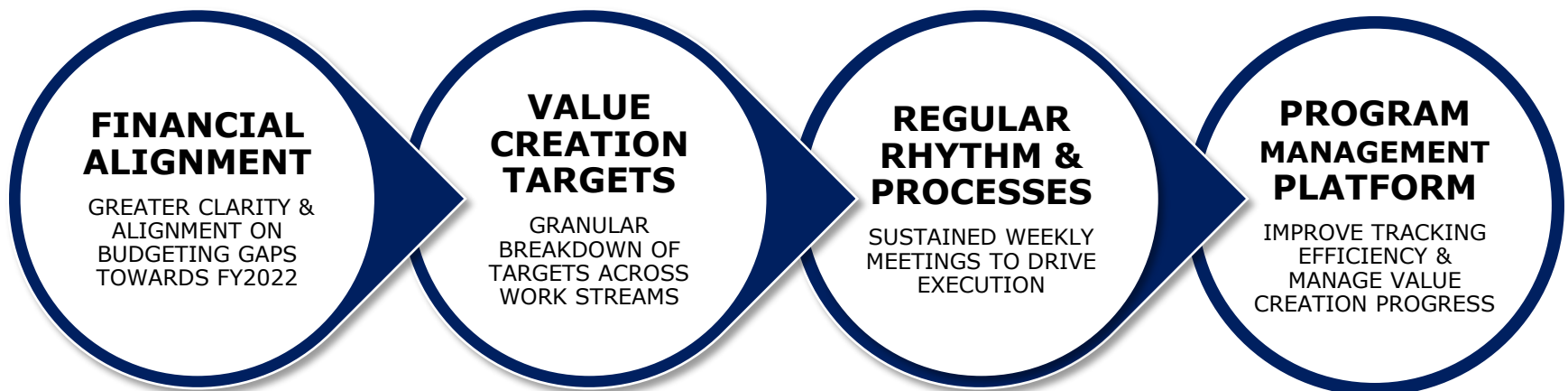
- **Lower manpower requirement** and increase productivity
- Recently rolled out in Indonesia and Liberia



## EXECUTION OFFICE

- Drive execution and de-bottleneck key initiatives
- Track progress on value creation initiatives
- Assess and monitor on weekly basis and ensure accountability across all stakeholders

### PROGRESS TO DATE



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 Sime Darby Plantation 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 Sime Darby Plantation and Sime Darby Plantation assumes no obligation or responsibility to update any such statements.

No representation or warranty, express or implied, is given by or on behalf of Sime Darby Plantation 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 Sime Darby Plantation 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.

# THANK YOU

---

## **SIME DARBY PLANTATION INVESTOR RELATIONS**

investor.relations@simedarbyplantation.com

+(603) 7848 5339

<http://www.simedarbyplantation.com/investor-relations>



Plantation

# Appendix

# Breakdown of External Revenue by Segment

<i>In RM'mn</i>	2QFY2018	2QFY2017	YoY %	1HFY2018	1HFY2017	YoY %
<b>Upstream Group</b>	1,073	924	+16%	1,855	1,524	+22%
Upstream Malaysia	354	149	+138%	676	321	+111%
Upstream Indonesia	341	296	+15%	379	413	-8%
Upstream PNG	370	478	-23%	782	786	-1%
Upstream Liberia	8	1	+700%	18	4	+350%
<b>Downstream</b>	2,960	2,987	-1%	5,703	5,190	+10%
<b>Others</b>	52	14	+271%	68	30	+127%
<b>TOTAL EXTERNAL REVENUE</b>	<b>4,085</b>	<b>3,925</b>	<b>+4%</b>	<b>7,626</b>	<b>6,744</b>	<b>+13%</b>



# Breakdown of PBIT by Segment

<i>In RM'mn</i>	2QFY2018	2QFY2017	YoY %	1HFY2018	1HFY2017	YoY %
<b>Upstream Group</b>	577	459	+26%	1,785	722	+147%
Upstream Malaysia	414	182	+127%	1,490	402	+271%
Upstream Indonesia	144	275	-48%	261	318	-18%
Upstream PNG	39	17	+129%	77	29	+166%
Upstream Liberia	-20	-15	-33%	-43	-27	-59%
<b>Downstream</b>	64	108	-41%	134	182	-26%
<b>Others</b>	32	3	+967%	38	-5	+860%
<b>TOTAL PBIT</b>	<b>673</b>	<b>570</b>	<b>+18%</b>	<b>1,957</b>	<b>899</b>	<b>+118%</b>

# Summary of Operational Statistics

As at 31 December 2017 (1HFY2018)

	Malaysia		YoY %	Indonesia		YoY %	PNG		YoY %	Liberia		YoY %	Group		YoY %
	31 Dec '17	31 Dec '16		31 Dec '17	31 Dec '16		31 Dec '17	31 Dec '16		31 Dec '17	31 Dec '16		31 Dec '17	31 Dec '16	
FFB Production (mn MT)	3.248	2.601	25%	1.435	1.509	-5%	0.746	0.757	-1%	0.029	0.006	>100%	5.457	4.872	12%
FFB Yield per mature ha (MT/Ha)	12.83	10.15	26%	8.91	8.91	0%	9.76	10.07	-3%	3.12	1.57	98%	10.89	9.69	12%
CPO Production (mn MT)	0.770	0.581	33%	0.389	0.404	-4%	0.226	0.232	-2%	0.007	0.001	>100%	1.392	1.218	14%
PK Production (mn MT)	0.194	0.135	44%	0.088	0.089	-1%	0.058	0.058	0%	0.001	0.000	100%	0.341	0.281	21%
CPO Extraction Rate (%)	20.21	20.79	-3%	21.6	21.18	2%	22.7	22.89	-1%	20.82	20.64	1%	20.96	21.29	-2%
PK Extraction Rate (%)	5.08	4.82	6%	4.87	4.64	5%	5.86	5.75	2%	3.08	-	100%	5.13	4.92	4%
Average CPO Selling Price (RM/MT)	2,717	2,743	-1%	2,580	2,703	-5%	2,701	2,815	-4%	2,243	2,072	8%	2,672	2,739	-2%
Average PK Selling Price (RM/MT)	2,435	2,678	-9%	2,128	2,212	-4%	-	-	-	1,163	-	100%	2,374	2,564	-7%