



SIPEF Group

Financial statements December 2013

Sipef NV, Calesbergdreef 5, 2900 Schoten





The Connection to the world of Sustainable Tropical Agriculture

Agriculture

- 1st segment of the supply chain - commodities

Tropical

- Recent industrialised countries

Sustainable

- audited certifications

Connection

- publicly quoted

Company profile



The Connection to the world of Sustainable Tropical Agriculture

Continuous production

- Continuous crops

Diversified in product

- **Palm oil** : basic commodity for food (and recently energy)
- **Rubber** : cyclic business - tire industry

Diversified in origin

- **Indonesia** : leading producing country within Asian market
- **PNG** : export oriented with strong agronomical basics

Company profile



Company profile

Indonesia



Company profile

Papua New Guinea

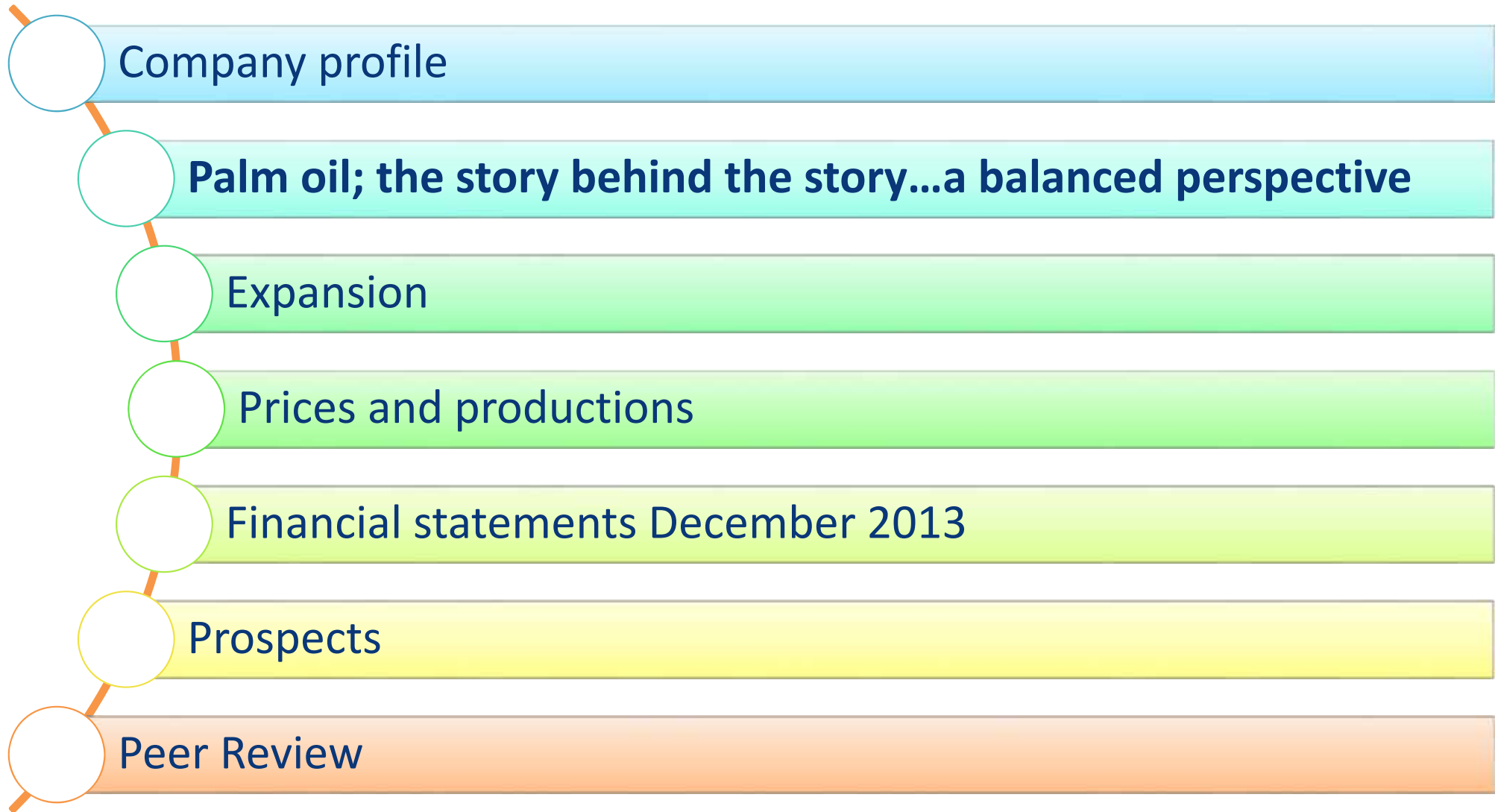


Company profile

December 2013 planted hectares summary



	Palm	Rubber	Tea	Bananas	Other	Total	%
Indonesia	42 154	6 419	1 787			50 360	75%
PNG	12 387	3 526				15 913	24%
Ivory coast				570	100	670	1%
	54 541	9 945	1 787	570	100	66 943	100%
%	81,5%	14,9%	2,7%	0,9%	0,1%	100,0%	





Characteristics of palm oil

- Characteristics
 - ✓ An edible vegetable oil
 - ✓ Solid at room temperature
 - ✓ Semi-fluid or solid consistency
 - ✓ Superior sensory characteristics and attributes
 - ✓ Rich in atherogenic saturated fats (> 40%)
- Recommendation of the Belgian Health Council
 - ✓ Lowering or limiting the consumption of products with high contents of palm oil as well as some dairy fats

*“Palm oil has specific functional properties that make it a **key ingredient** in food supply chain”*

Palm oil; the story behind the story...a balanced perspective



The human body needs fat every day

- In palm oil the saturated fatty assets are balanced by an equal proportion with unsaturated fatty acids
- It contains important sources for vitamin A and E
- Exceeding recommended intake for saturated fats from any source is undesirable, variation of the diet and moderated intake of saturated fats is important
- It is the fatty acid of the food consumed that should be considered

*“The body **needs** a certain amount of fat every day; it provides **energy** and it contains and enables the absorption of **vitamins**”*



Alternatives for palm oil?

- The search for alternatives with similar characteristics bring us to..
 - ✓ Animal and dairy fats such as lard fat (51%), tallow fat (54%) and dairy butter (68%)
 - ✓ All other liquid oils such as soybean oil, rapeseed oil and sunflower oil, need to be hydrogenated, this process will lead to high trans fats.

*“Alternatives for palm oil are often **no better** solution”*

Palm oil; the story behind the story...a balanced perspective



Palm oil and sustainability

- Concrete steps towards the social and environmental challenges posed by palm oil cultivation:
 - ✓ Certification system of sustainable produced palm oil
 - ✓ RSPO unites stakeholders from 7 sectors of the palm oil industry who together aim for:
 - No primary forests or high conservation value areas are cleared for new plantations
 - Palm oil plantations control and reduce their environmental footprint
 - The rights of local communities and of our workers are fully respected

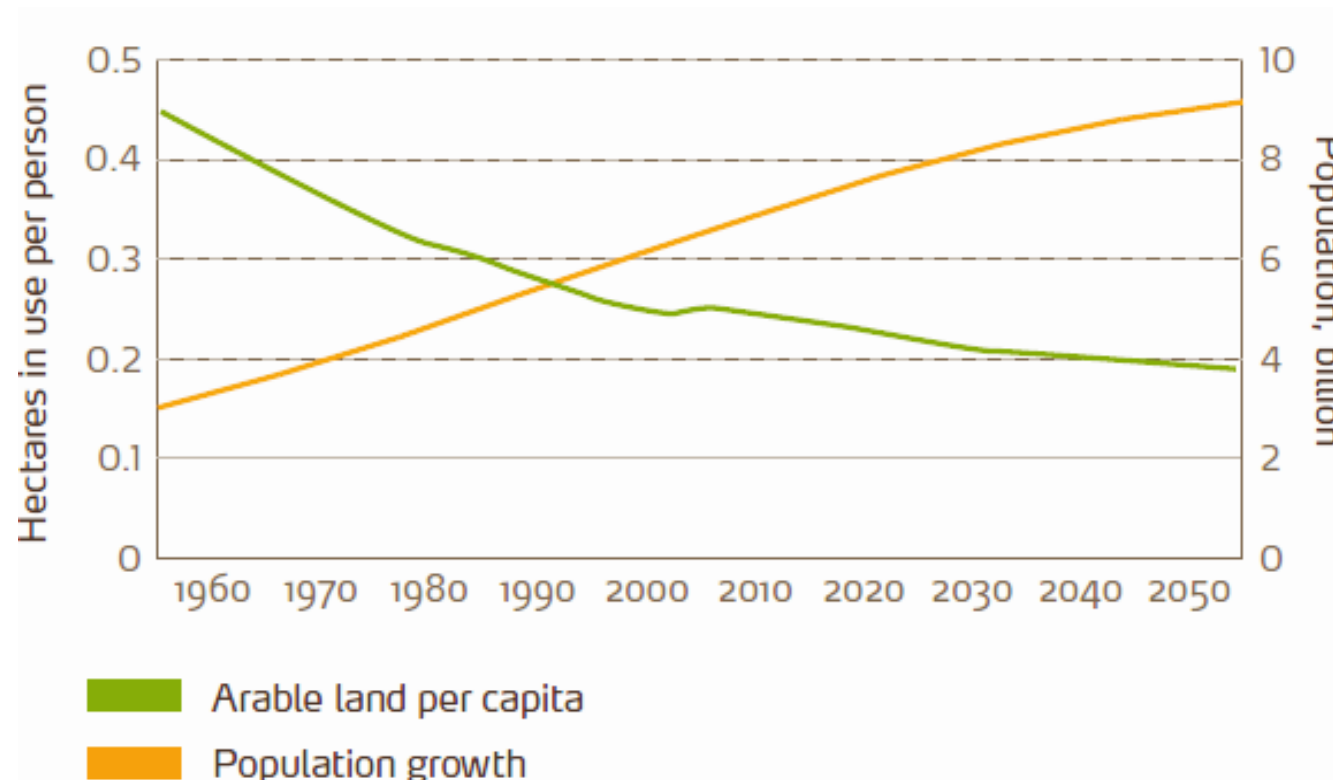
*“All Sipef’s palm oil mills are **RSPO** certified”*

Palm oil; the story behind the story...a balanced perspective



Palm oil and sustainability

- Because of the strong growth of the worlds population and the continuous reducing amount of arable land we need to optimize our food supply chains.

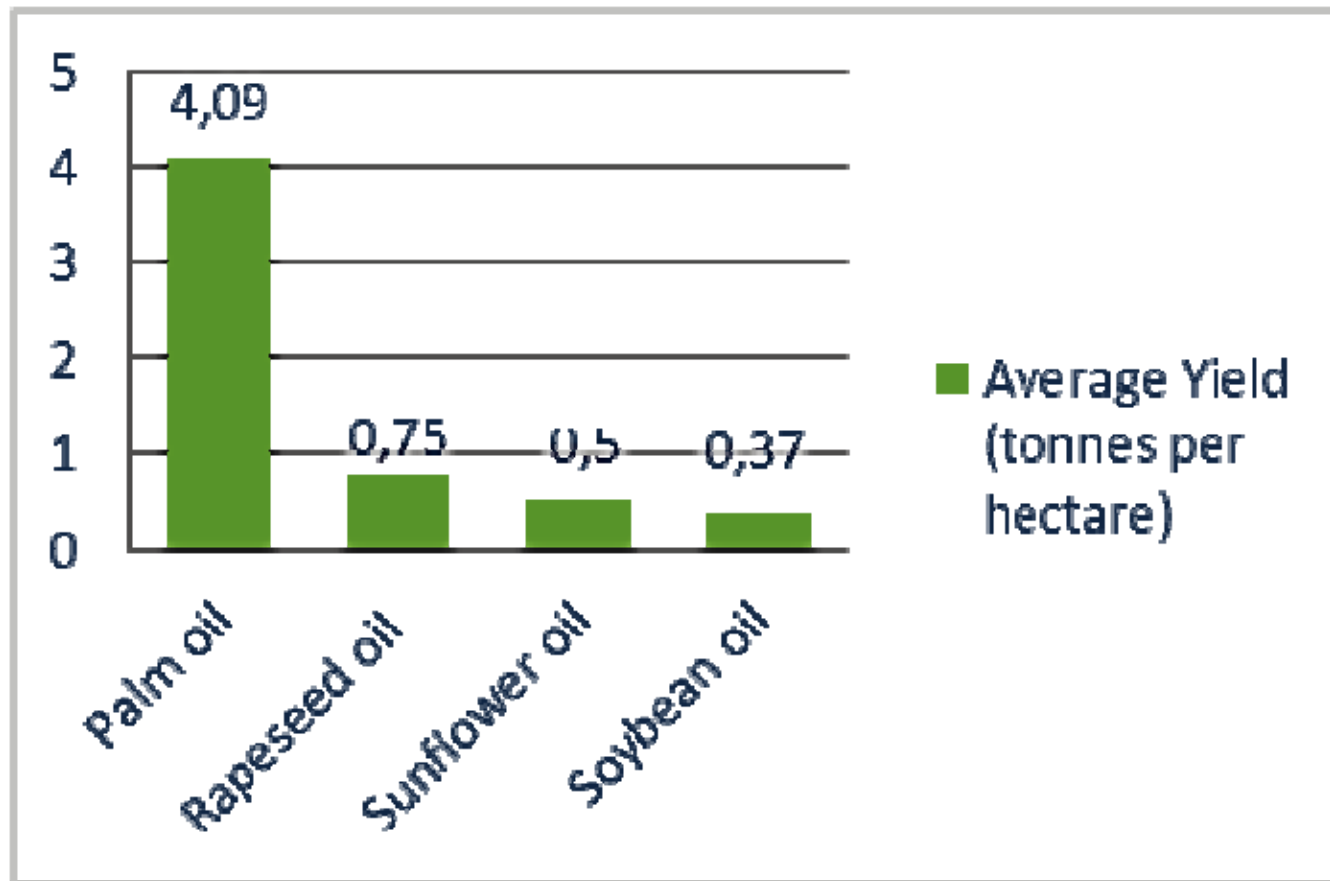


Palm oil; the story behind the story...a balanced perspective



Palm oil and sustainability

- High yield of Palm oil trees



Palm oil; the story behind the story...a balanced perspective



Palm oil and sustainability

- Palm oil trees provide 39% of the global vegetable oil whilst occupying only 7% of oilseeds agricultural land
- Palm oil is a perennial tree crop which has beneficial effects to biodiversity and local environment for animal and insect habitat in comparison with other annual crops
- Most competitive edible oil on the market

*“Sustainable palm oil can make **an important contribution** towards the sustainability of the food supply chain”*

Palm oil; the story behind the story...a balanced perspective



Palm oil as a socio-economic driver

- Higher income than other crops
- In Indonesia and Malaysia livelihood of over 25 million people is directly or indirectly impacted by the palm oil industry
- These governments promote small holder palm oil industry for poverty alleviation
- Palm oil plantations commit to developing entire communities:
 - ✓ Education
 - ✓ Health care
 - ✓ Infrastructure

*“Palm oil cultivation **provides an income** to millions of smallholder farmers and employees”*

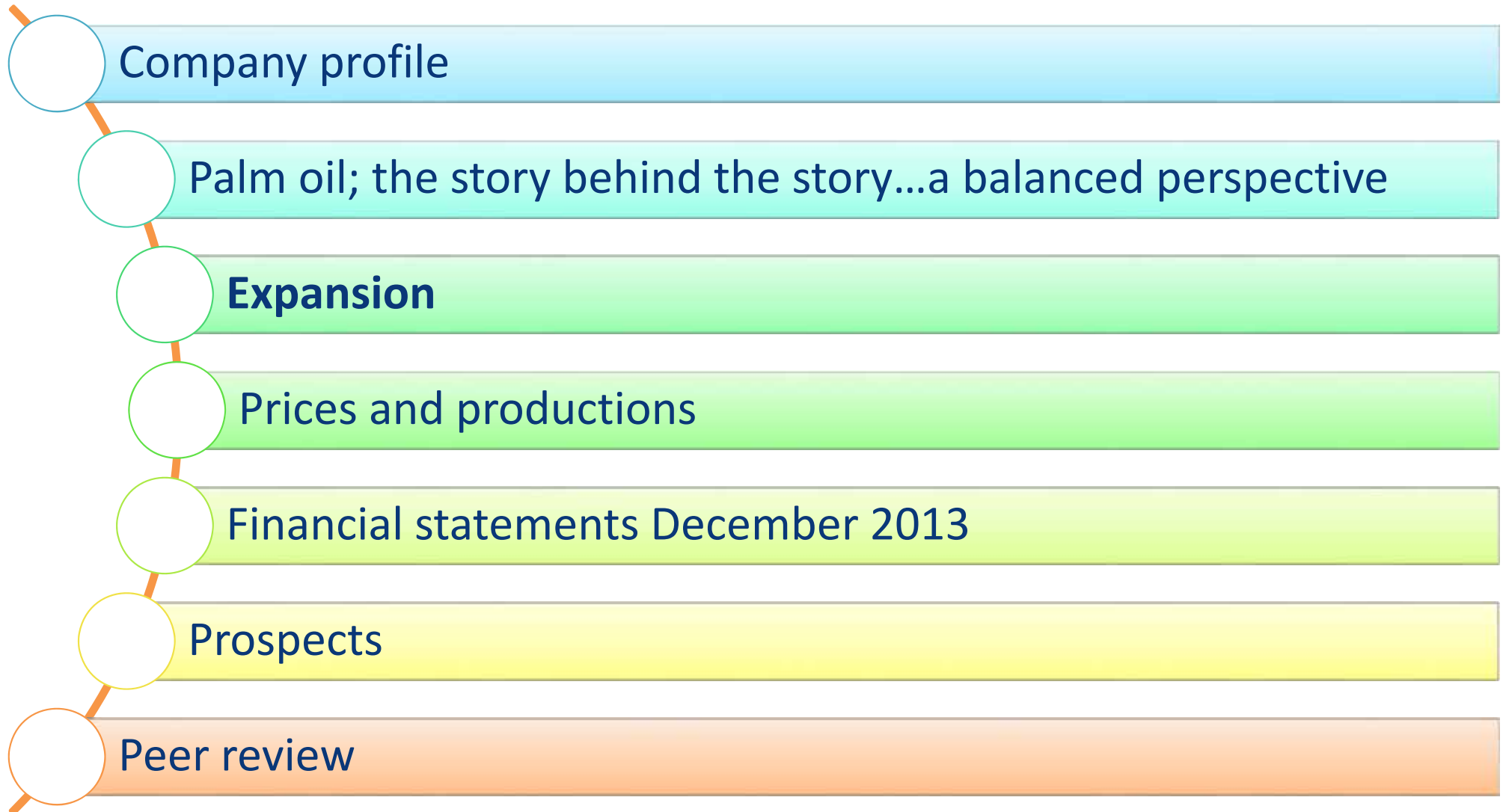
Palm oil; the story behind the story...a balanced perspective



Key message

- In order to consume particular foods a source of solid and therefore saturated fatty acids is required
- Palm oil has no considerable different impact on cholesterol levels compared to other sources of saturated fats
- Everything should be eaten with moderation, palm oil is no exception to this rule
- Moderation and variation of the dietary intake is the responsibility of the consumer
- Palm oil cultivation provides the highest yield by hectare
- Immense socio-economic benefits for millions of smallholder farmers and employees

*“Considering the growth of our world’s population and the limited natural sources we have, we are forced **to use** our arable land **wisely**”*



Expansion



SIPEF GROUP = 100.000 Ha planted (group' share)

Focus on core-business

- Palmoil – Rubber – Bananas – Tea
- Indonesia – Papua New Guinea

Focus on 'Sustainable Agriculture' (RSPO)

Expansion of existing activities

Acquisition of new investments

Balanced leverage

Indonesia

- **Beneficial interest from 36 574 Ha to 70 159 Ha**
 - Future expansion of 24 548 Ha Musi Rawas and South Sumatra expansion
 - Further increase participation interests in existing subsidiaries
 - Both in oil palm and rubber

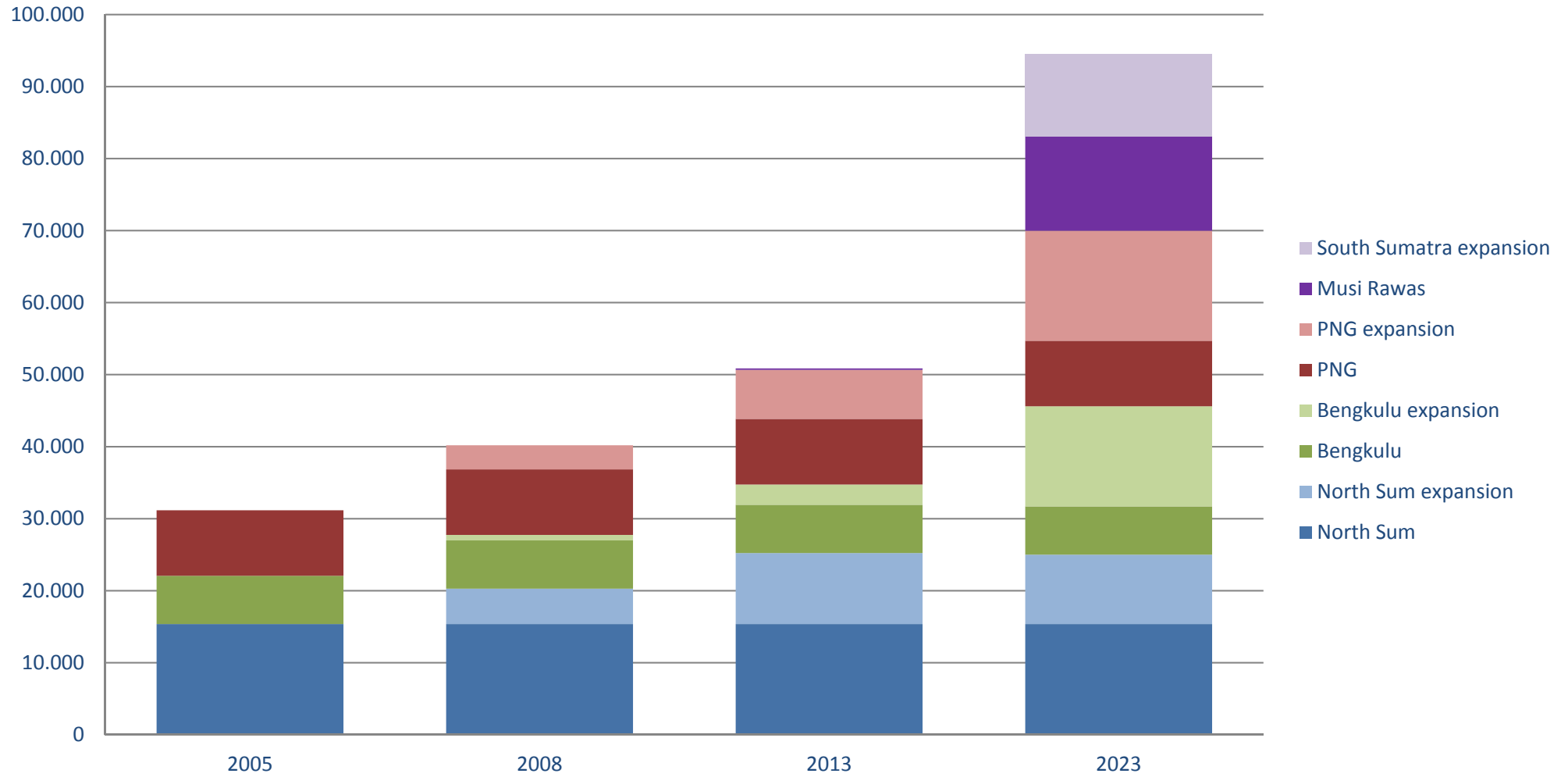
PNG

- **Beneficial interest from 15 971 to 24 387 Ha**
 - Finalize expansion with an additional 10 400 Ha
 - Continued expansion in oil palm
 - In the area where we are operating

Expansion



Planted area (in hectares) – beneficial interest



Expansion

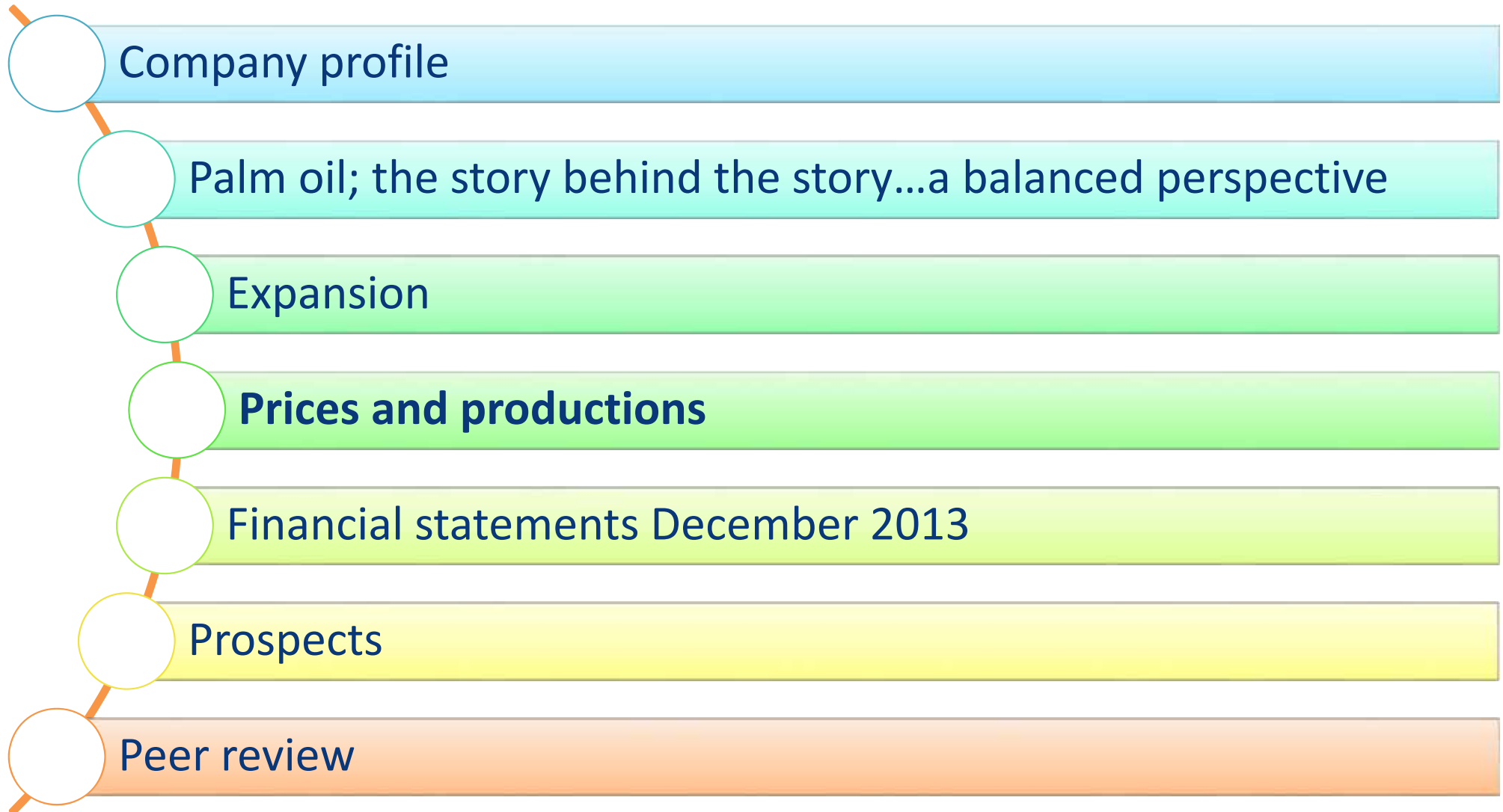
Indonesia – South Sumatra – Musi Rawas



AREA	Izin Lokasi	Min	Max	Plasma	Total Max	Best estimate
Agro Kati Lama	10.500	3.000	5.000	1.250	6.250	5.087
Agro Rawas Ulu	9.000	3.000	5.000	1.250	6.250	4.990
Agro Muara Rupit	4.811	3.000	3.840	960	4.800	4.500
Agro Muara Rupit II	7.498	3.000	5.000	1.500	6.500	5.423
Total	31.809	12.000	18.840	4.960	23.800	20.000



- New joint venture between :
 - ✓ New Britain Palm Oil Limited
 - ✓ BioSing
 - ✓ Sipef
- Together they will develop high yielding F_1 hybrid oil palms along with other supporting technologies that underpin significant yield and productivity enhancements
- This breeding technology has the potential to at least double conventional palm oil yields, however this is not genetic modification



Productions

Group production major commodities



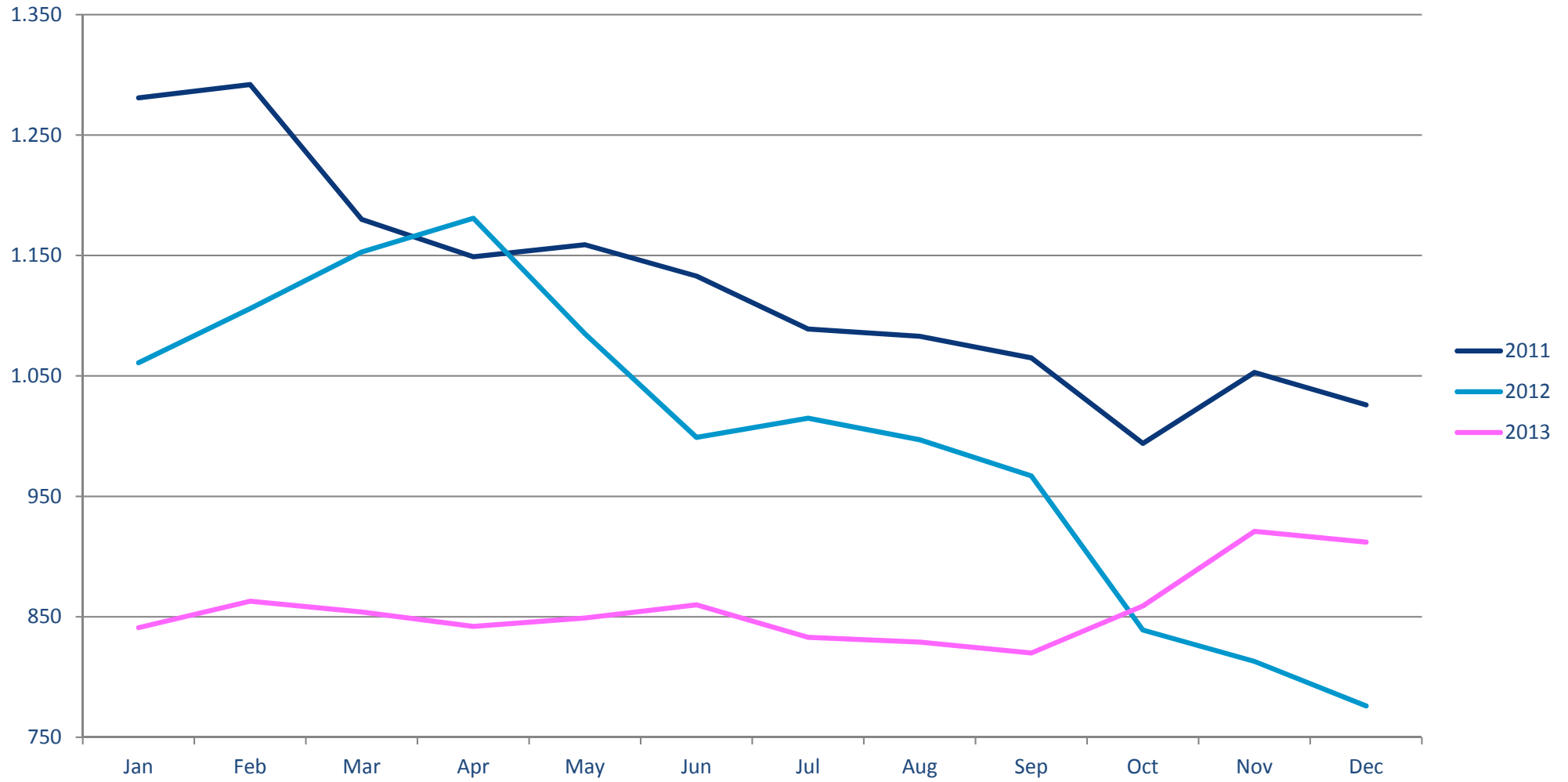
<i>In tonnes</i>		dec-09	dec-10	dec-11	dec-12	Dec-13	Dec-13 BI*
Palm oil	own	196 368	192 156	206 476	214 521	206 476	155 250
	outgrowers	50 489	46 985	51 623	51 257	47 436	46 479
	total	246 857	239 141	258 099	265 778	253 912	201 729
Rubber	own	8 633	9 608	8 465	9 757	9 773	8 355
	outgrowers	1 727	1 273	1 080	884	630	630
	total	10 360	10 881	9 545	10 641	10 403	8 985
Tea	own	3 121	3 097	2 626	2 869	2 850	2 572
	outgrowers	0	11	15	54	0	0
	total	3 121	3 108	2 641	2 923	2 850	2 572
Bananas	own	20 575	20 639	19 297	23 917	22 325	22 325
	outgrowers	0	0	0	0	0	0
	total	20 575	20 639	19 297	23 917	22 325	22 325

* Beneficial interest: share of the group

Prices



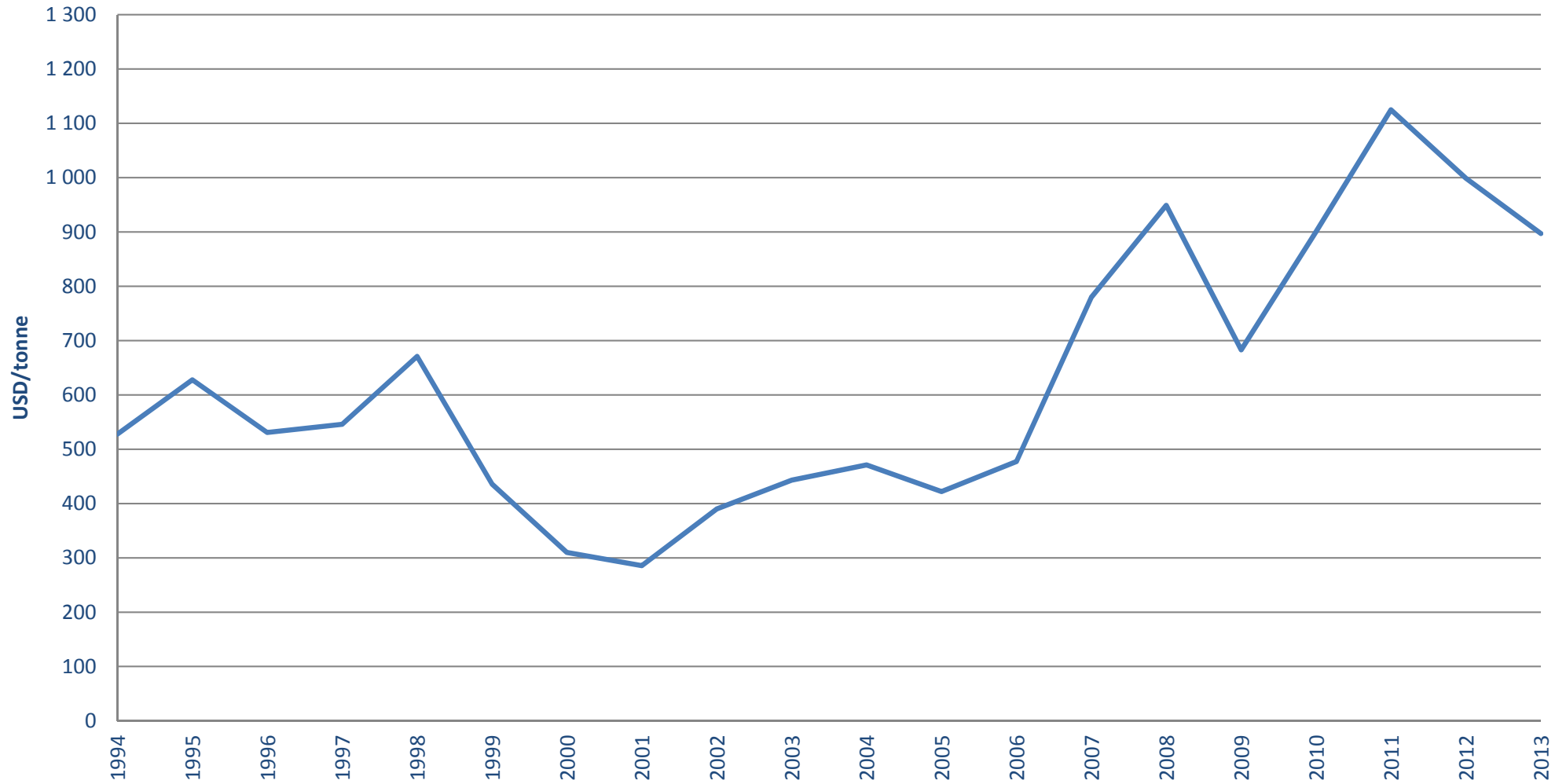
Monthly palm oil prices (CIF Rotterdam USD/ton)



Prices



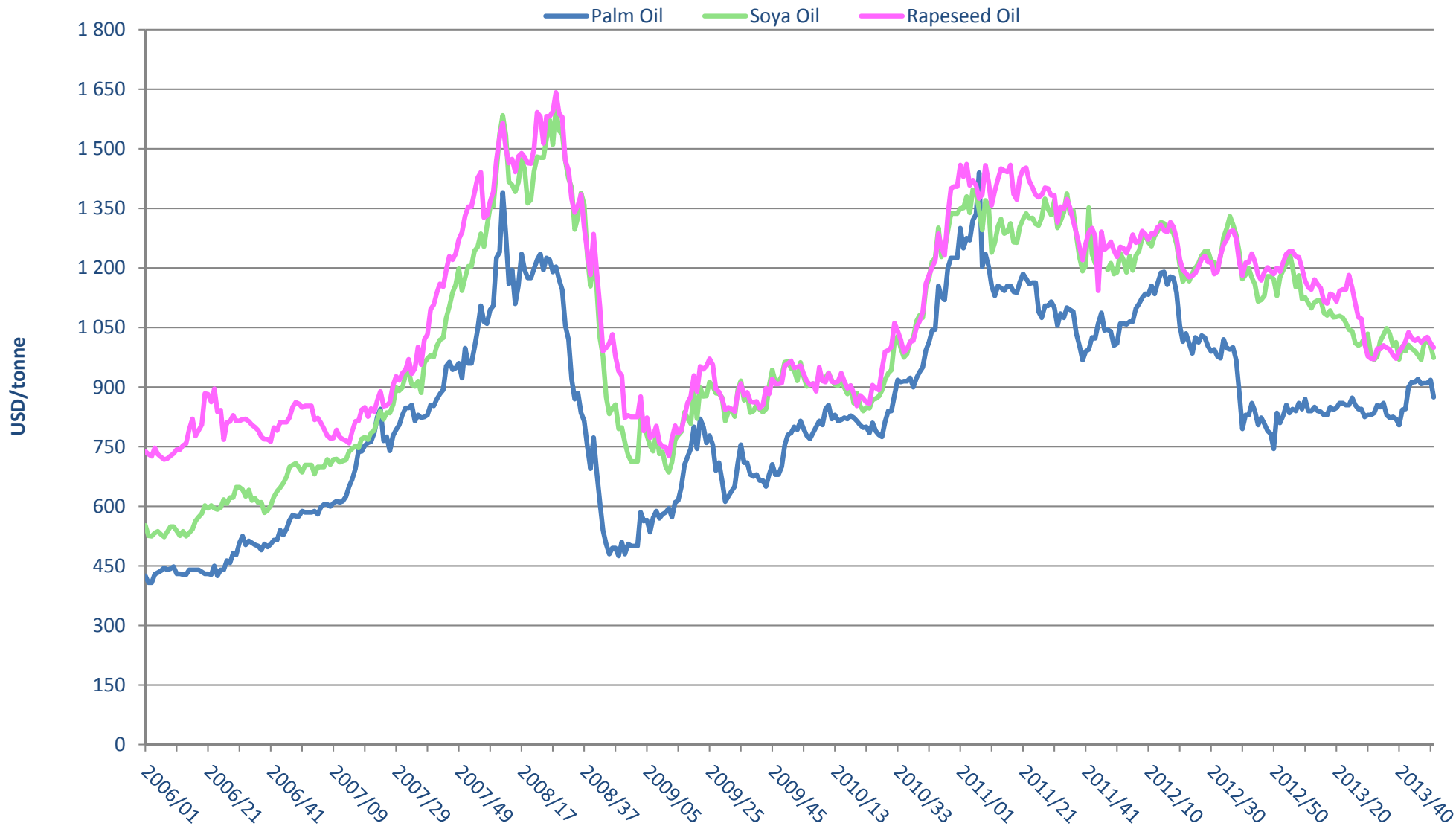
Average palm oil price 1994 - 2013



Prices



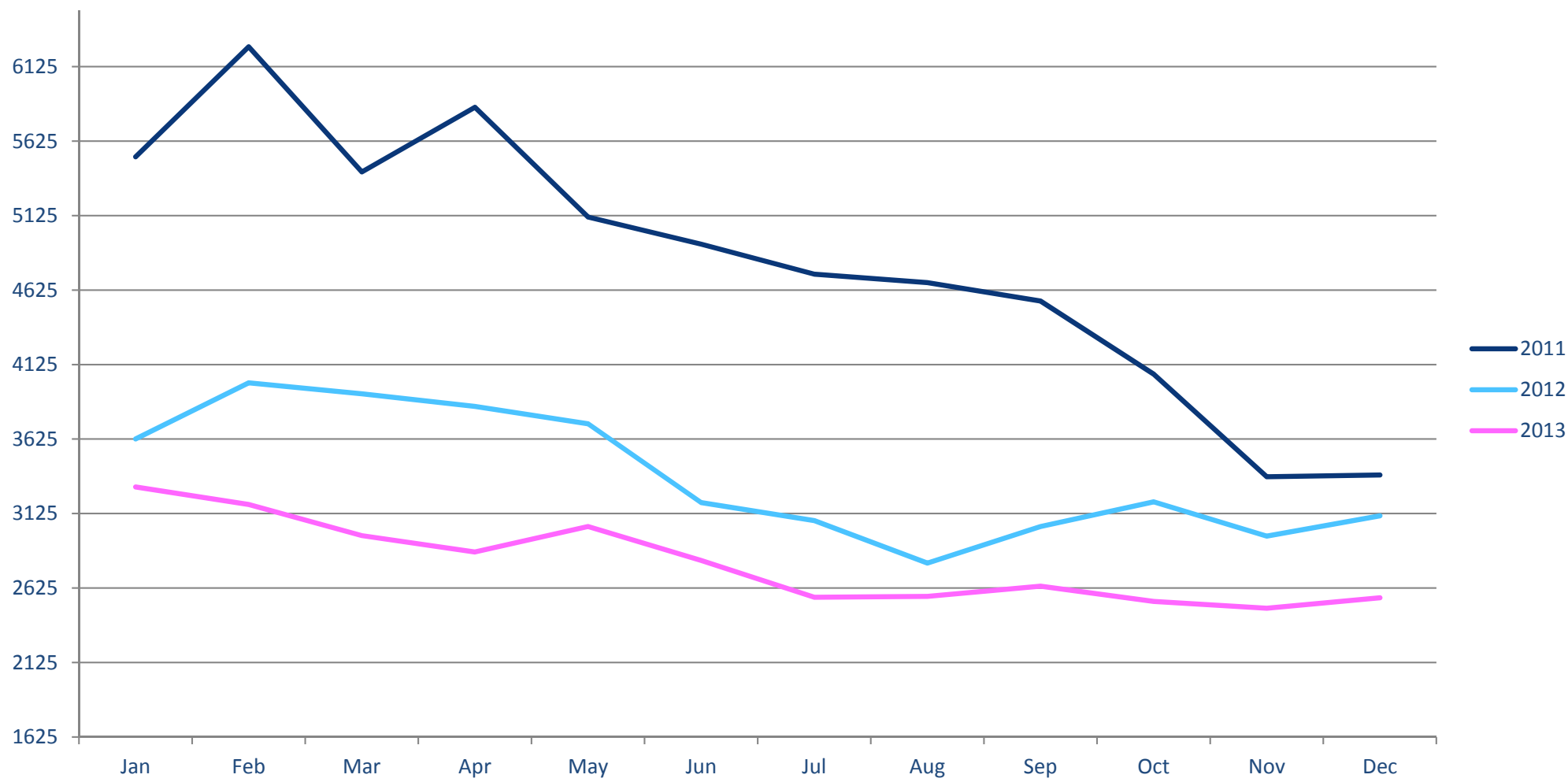
Palm oil and its main competitors (weekly prices)



Prices



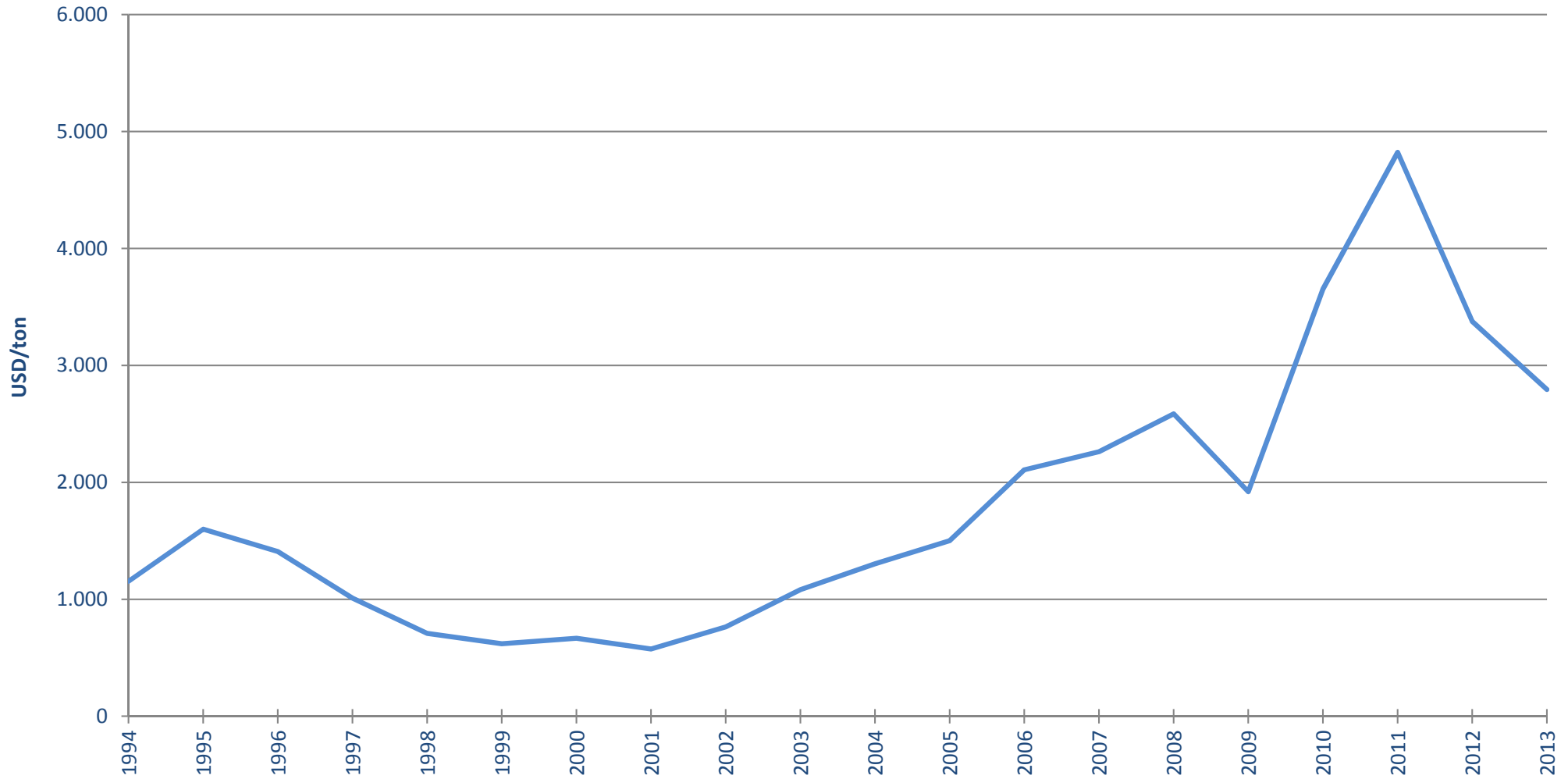
Monthly rubber (RSS3 Singapore USD/ton)



Prices



Average rubber price 1994 - 2013

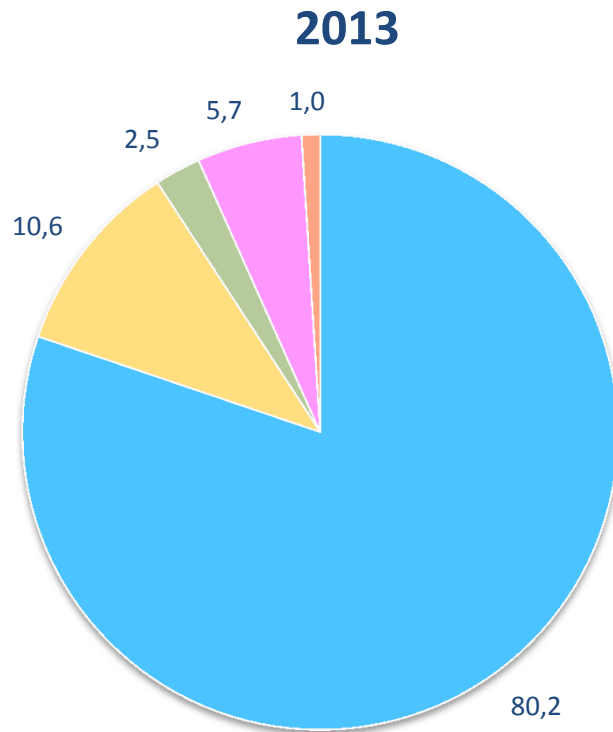




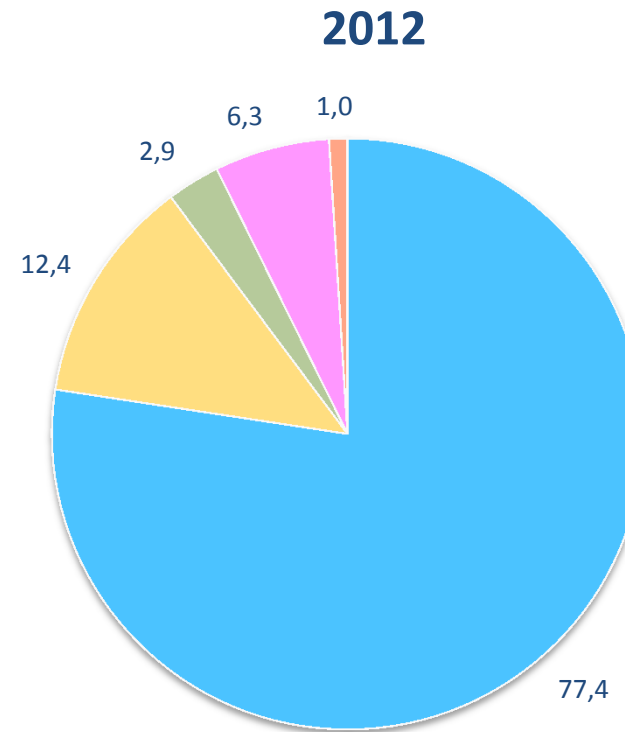
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Revenue by product (in %)



■ Palm ■ Rubber ■ Tea ■ Bananas ■ Various



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Financial statements December 2013



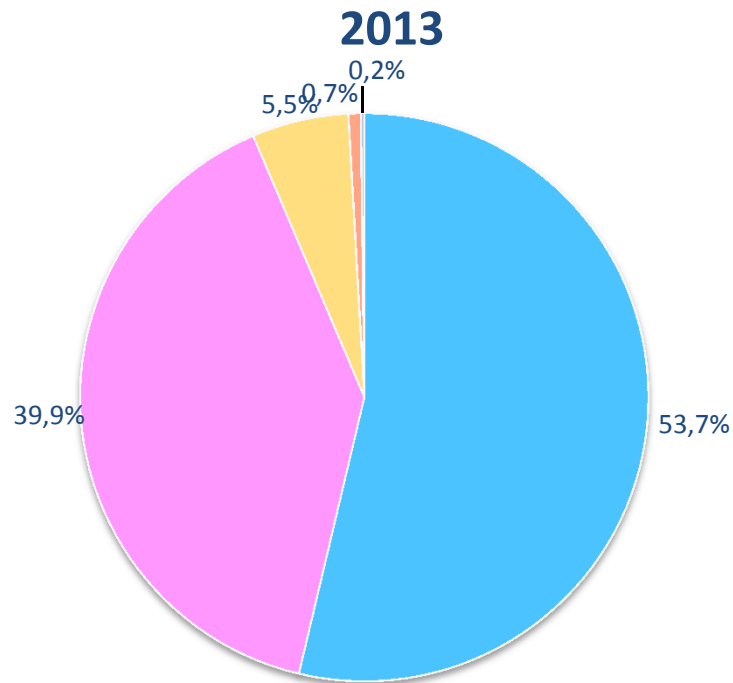
Operating result by product

	dec-13		dec-12	
<i>In KUSD</i>				
Palm	76 989	81,5%	88 748	79,0%
Rubber	9 603	10,2%	13 640	12,2%
Tea	1 615	1,7%	2 327	2,1%
Bananas	3 545	3,8%	3 951	3,5%
Corporate and others	2 669	2,8%	3 589	3,2%
	94 421	100,0%	112 255	100,0%
SG&A	- 25 336		- 25 425	
Other operating	- 2 793		- 3 195	
	66 292		83 635	
Effect IAS 41	12 674		10 554	
	78 966		94 189	

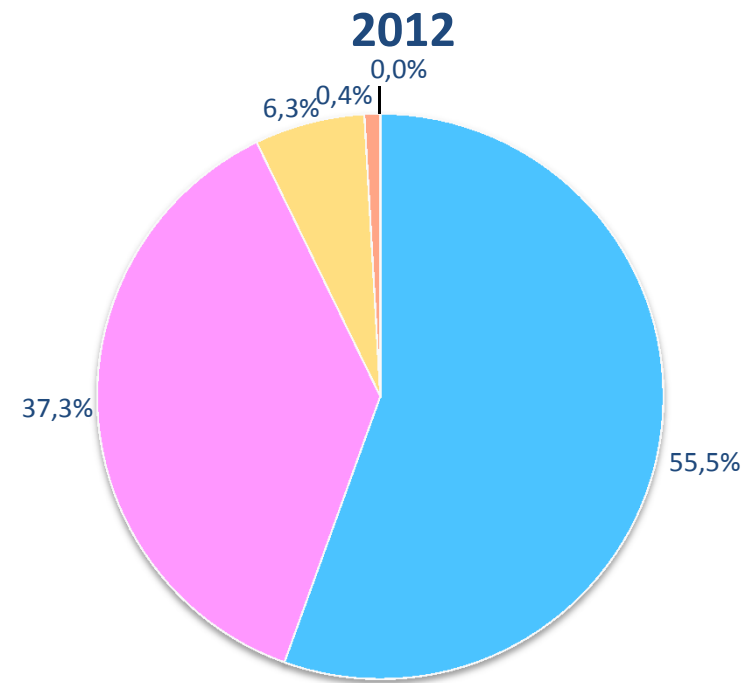
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Revenue by region (in %)



■ Indonesia ■ PNG ■ Ivory Coast ■ Europe ■ Others



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Financial statements December 2013



Operating result by region

	dec-13		dec-12	
<i>In KUSD</i>				
Indonesia	60 987	64,6%	72 593	64,7%
Papua New Guinea	27 794	29,4%	32 699	29,1%
Ivory Coast	3 514	3,7%	3 949	3,5%
Europe	2 075	2,2%	2 913	2,6%
Other	51	0,1%	100	0,1%
	94 421	100,0%	112 254	100,0%
SG&A	- 25 336		- 25 425	
Other operating	- 2 793		- 3 195	
	66 292		83 634	
Effect IAS 41	12 674		10 554	
	78 966		94 188	

Financial statements December 2013



Income statement

<i>In KUSD</i>	dec-13			dec-12		
	Before			Before		
	IAS 41	IAS 41	IFRS	IAS 41	IAS 41	IFRS
Operating result	66 292	12 674	78 966	83 635	10 554	94 189
Financial income/(charges)	- 683		- 683	392		392
Exchange result	- 2 629		- 2 629	2 897		2 897
Result before tax	62 980	12 674	75 654	86 924	10 554	97 478
Tax	- 13 956	- 3 062	- 17 018	- 22 917	- 1 710	- 24 627
Result after tax	49 024	9 612	58 636	64 007	8 844	72 851
Equity method - Insurance	231		231	623		623
Result continuing operations	49 255	9 612	58 867	64 630	8 844	73 474
Result discontinued operations	0	0	0	0	0	0
Consolidated result	49 255	9 612	58 867	64 630	8 844	73 474
Attributable to:						
Equity holders of the parent	46 625	9 002	55 627	60 811	7 581	68 392

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Income tax

	<u>Dec-13</u>	<u>Dec-12</u>
Result before tax	75.654	97.477
	-27,42%	-25,36%
Theoretical tax charge	-20.744	-24.723
Withholding Tax dividend	0	0
Deferred Tax on asset valuation (FC-local)	-7.004	-1.548
Exchange result USD	9.128	1.251
Impairment/Reversal on DT	531	-1.109
Other	1.071	1.502
Tax charge	-17.018	-24.627
Effective tax rate	-22,49%	-25,26%

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VAT Claim Indonesia



- As from 2010 onwards VAT on estate operations not deductible in Indonesia
- Since December 2012 Sipef provided for 100% of the amount under discussion in its financial statements
- Outstanding amount in the balance sheet per 31/12/2013 is 9 660 KUSD
- As from **2014** a new VAT regulation was issued in Indonesia, which would allow plantation companies again to deduct the VAT on estate activities from accounting year 2014 onwards.

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Condensed balance sheet

In KUSD (condensed)	Dec -13	Dec -12
Biological assets (depreciated costs)	152 805	130 877
Revaluation	181 907	171 418
Biological assets (IAS41)	334 712	302 295
Other fixed assets	257 310	211 977
Net assets held for sale	3 711	0
Net current assets, net of cash	46 121	38 139
Net cash position	-31 918	18 193
Total net assets	609 936	570 604
Shareholders' equity, group share	508 058	472 642
Non controlling interest	33 828	31 848
Provisions and deferred tax liabilities	68 050	66 114
Total net liabilities	609 936	570 604

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Analysis biological assets – USD per ha



	Dec -13			Dec-12		
	Indonesia	PNG	Average USD	Indonesia	PNG	Average USD
Palm	7 398	5 725	6 939	6.982	4.706	6.335
Rubber	2 772	851	2 026	2.483	1.553	2.128
Tea	2 405	-	2 405	2.010	-	2.010
Average USD	6 536	4 645	5 999	6.136	4.010	5.526

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Assets Held for Sale – Timbang Deli

- New joint venture between :
 - ✓ New Britain Palm Oil Limited (52%)
 - ✓ BioSing (10%)
 - ✓ Sipef (38%)
- Contribution of Sipef will be 5 MUSD cash and its 95% stake in PT Timbang Deli
- At year-end 2013 the conditions precedent were not met, but it is expected that they will be met within 12 months

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Cash flow statement

In KUSD (condensed)	Dec-13	Dec-12
Cash flow from operating activities	84 702	110 952
Change in net working capital	- 74	-3 743
Income taxes paid	-21 419	-21 645
Cash flow from operating activities after tax	63 209	85 564
Acquisitions intangible and tangible assets	-91 777	-99 323
Acquisitions financial assets	0	0
Operating free cash flow	-28 568	-13 759
Dividends received from associated companies	266	0
Proceeds from sale of assets	644	4 464
Free cash flow	-27 658	-9 295
Equity transactions with non-controlling parties	- 4	53
Decrease/(increase) of treasury shares	- 173	0
Net free cash flow	-27 835	-9 242

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Cash flow statement – Investments

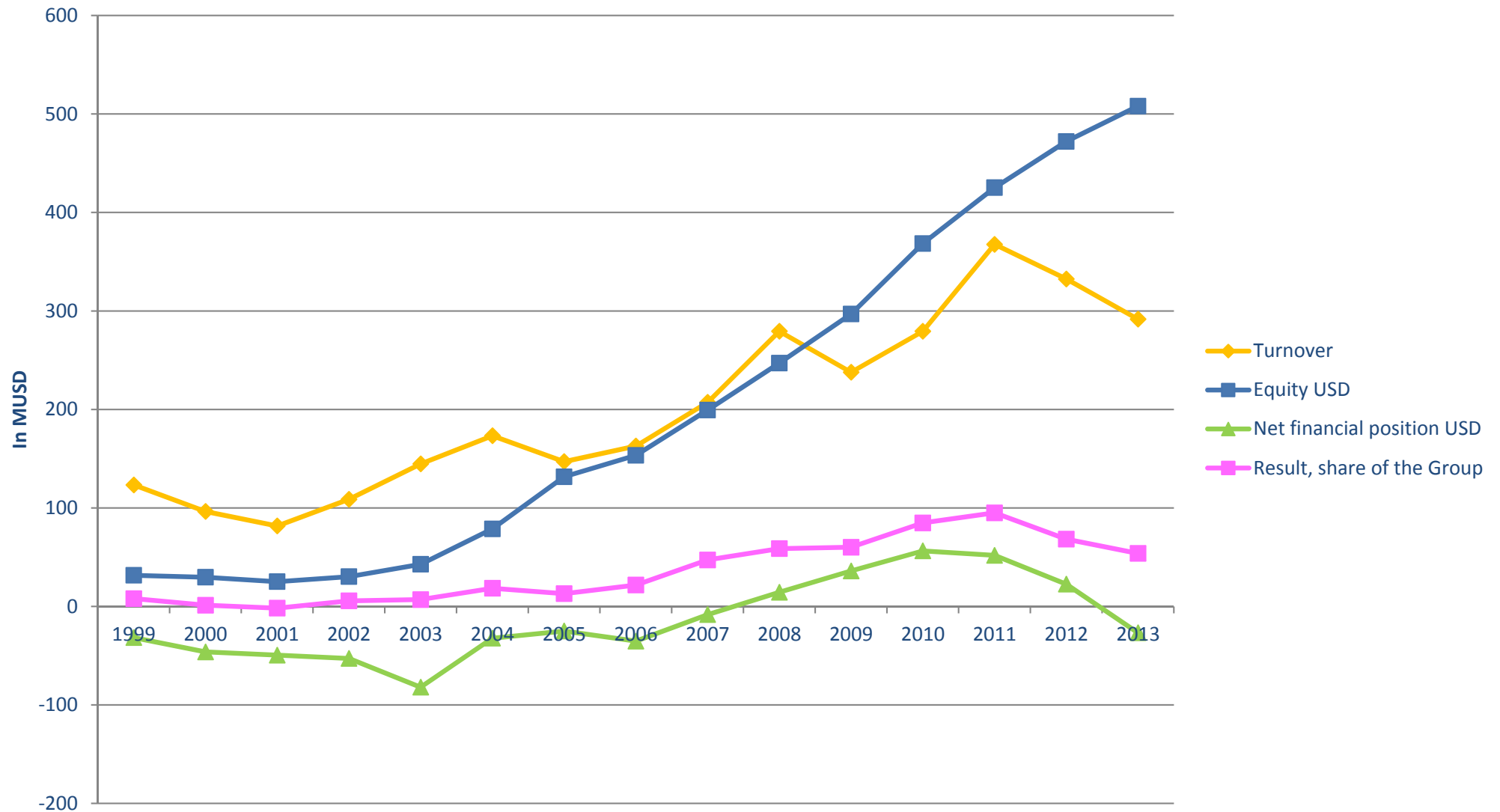


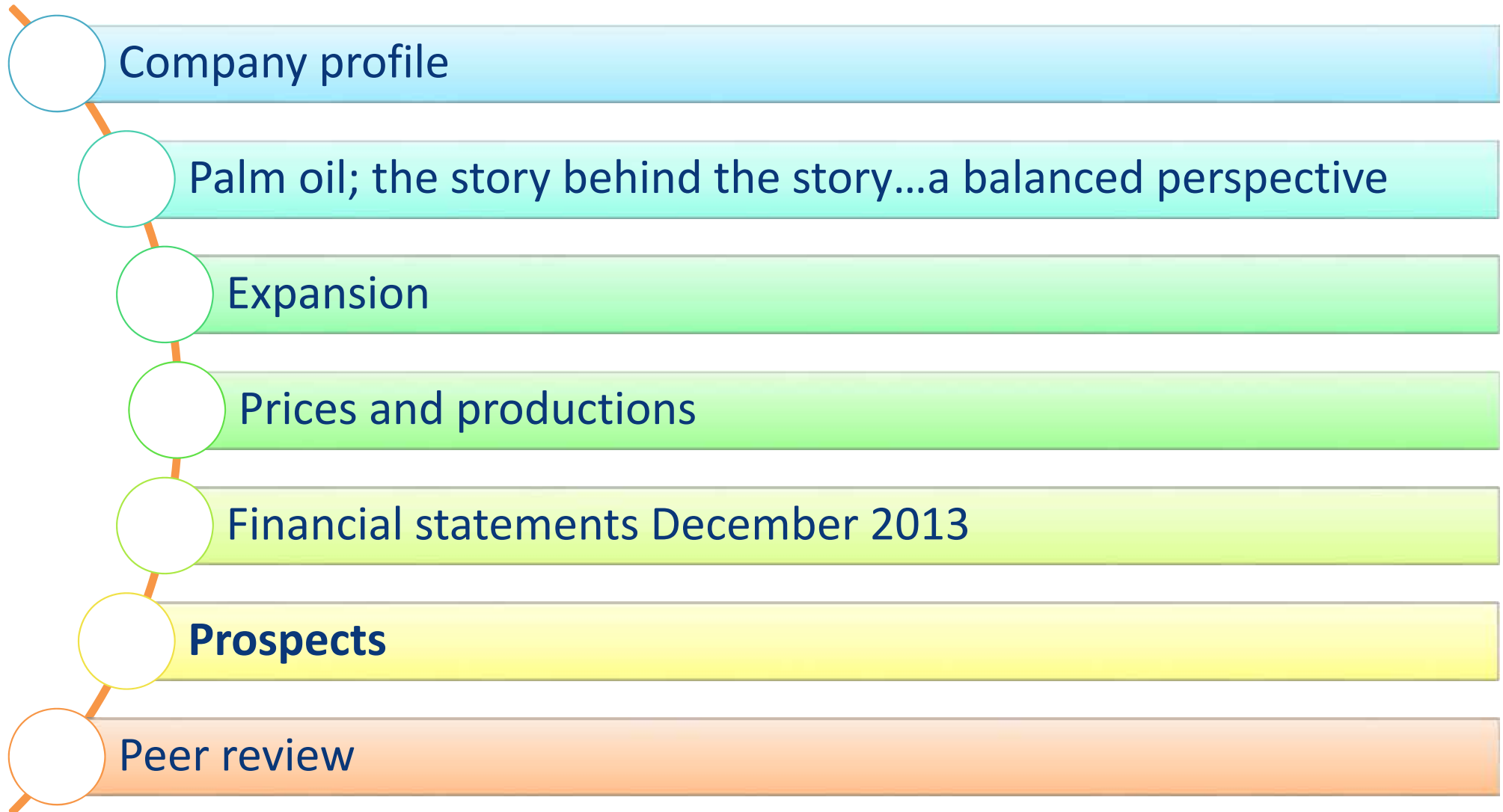
- 33,6% completion of 2 palm oil extraction mills (KUSD 30 794)
- 7,9% additional plantings (KUSD 7 303)
- 10,3% additional compensations and acquisition of final land rights (KUSD 9 460)
- 26,9% upkeep of maturing plantations; more than 10 000 ha (KUSD 24 702)
- All other going concern replacement investments were kept to a minimum

Financial statements December 2013



Historical evolution NFP, equity and turnover at December 2013





Production

- Expected volumes for the group are generally favorable at the start of the year.

Prices

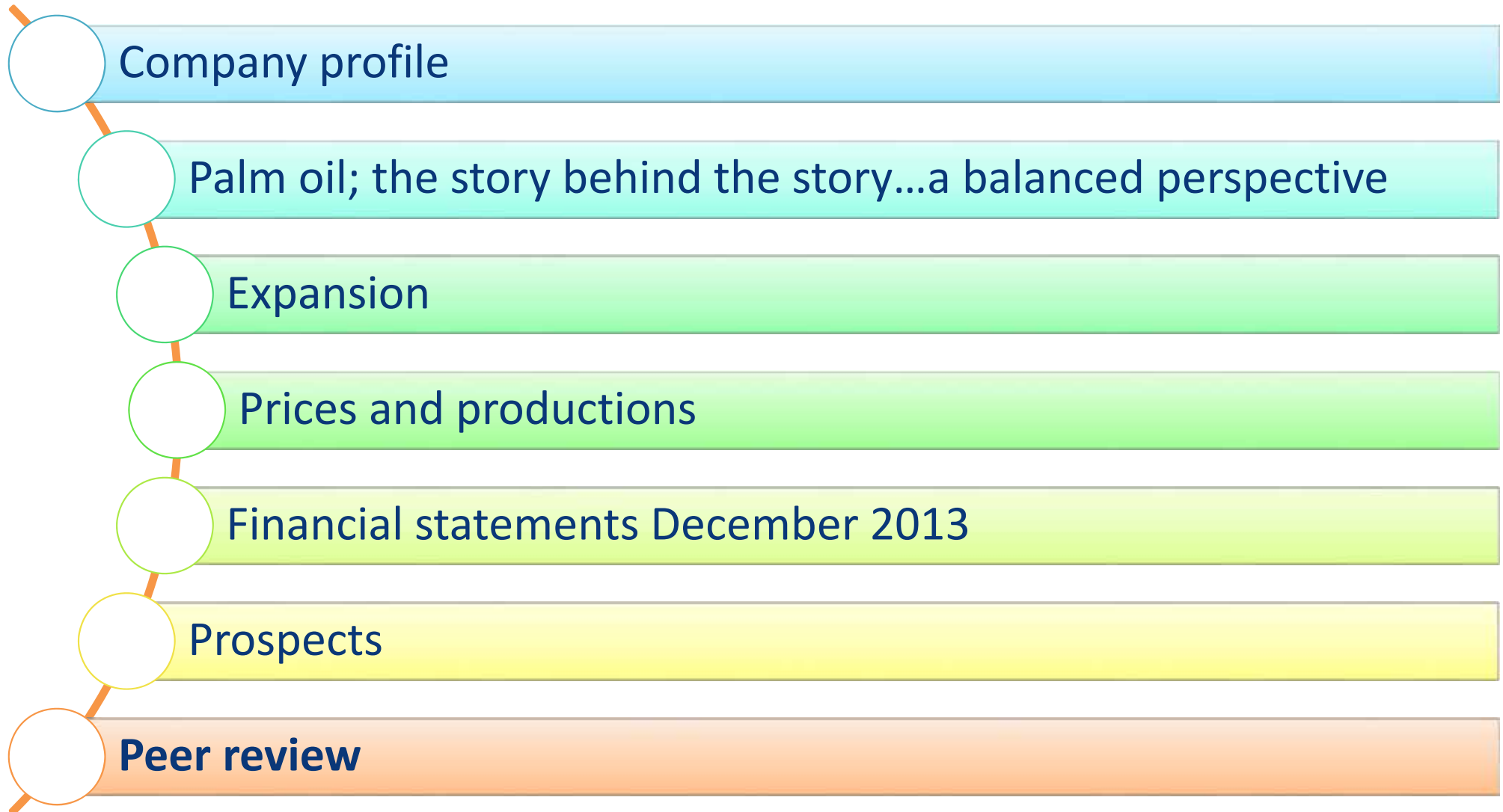
- We are positively looking at the palm oil price development throughout 2014.
- 2014 will remain a challenging year for the rubber producers.

Result

- We remain hopeful that the SIPEF group will achieve a satisfactory result once more in 2014.
- The final result will mainly depend on the volumes produced, the strength of market prices in the second half of the year, the export tax on palm oil in Indonesia and the development of cost prices.

Expansion

- Continued expansions in both PNG and Indonesia.



Peer review

Disclaimer



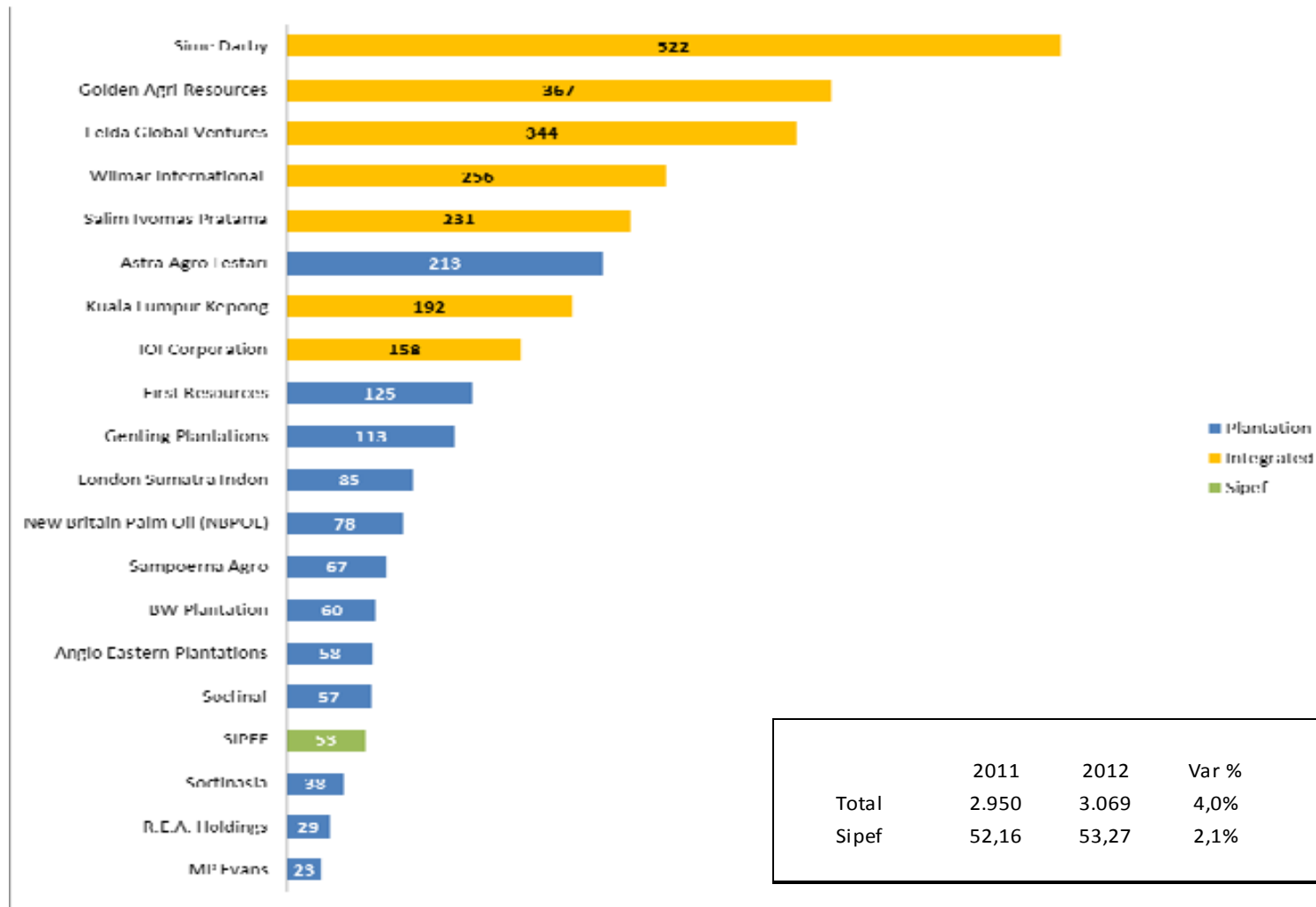
The information contained in this section is provided for your general information only and is not designed nor intended to offer anything more than information only.

The information with respect to the companies included in the Peer Review was retrieved from publicly available information being annual reports and company websites on the one hand and from analyst reports we received on the other hand. In some cases we had to give our own interpretation to the available information in order to get comparable indicators.

As a consequence of using different sources combined with giving our own interpretation to the available information, the information may not always be correct and SIPEF does not accept any liability for loss and damage that may arise from relying upon this information.

Peer review

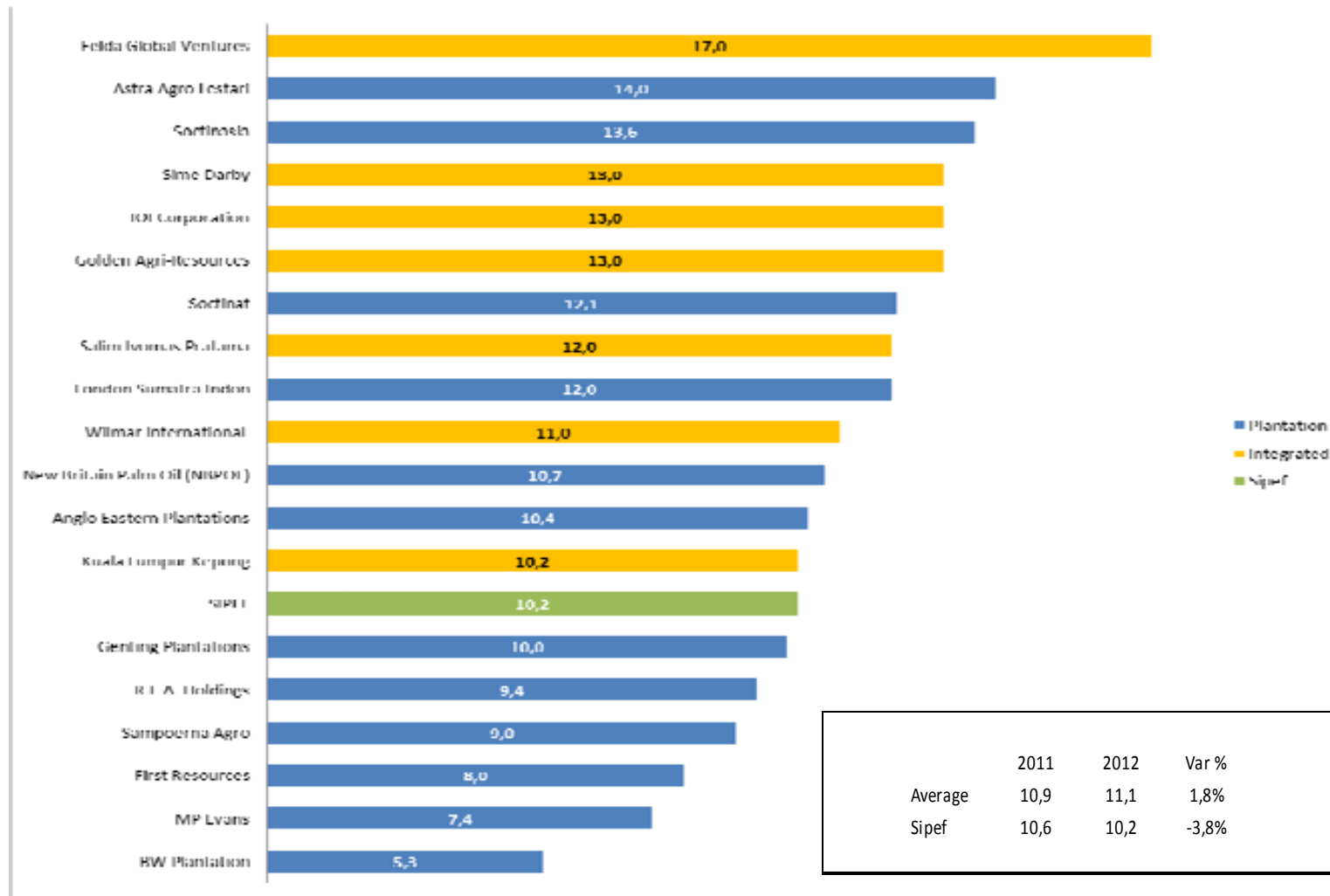
Owned Planted Oil Palm Hectares in KHa (2012)



Peer review

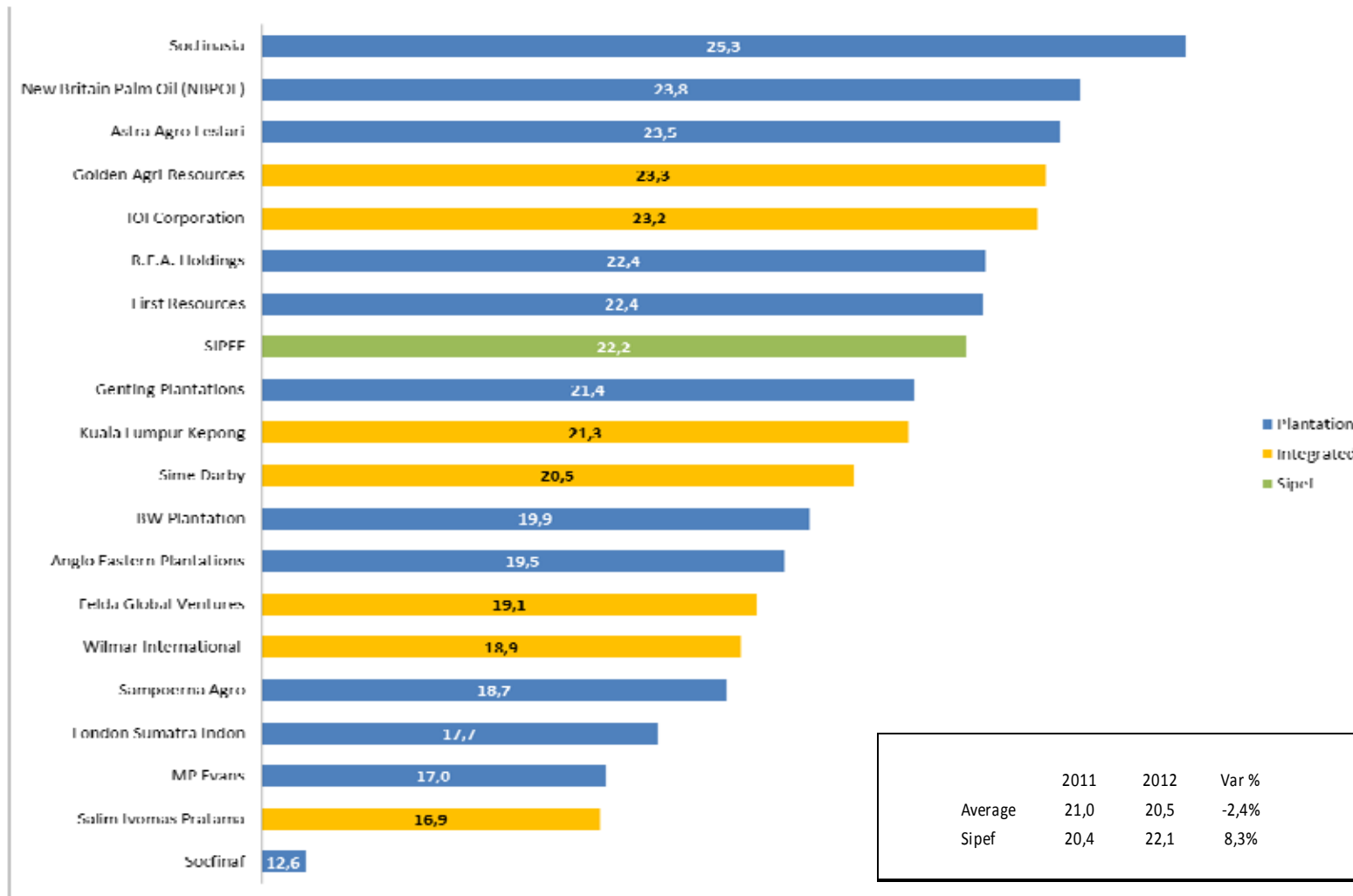


Age Profile : Average Age Planted Hectares (2012)



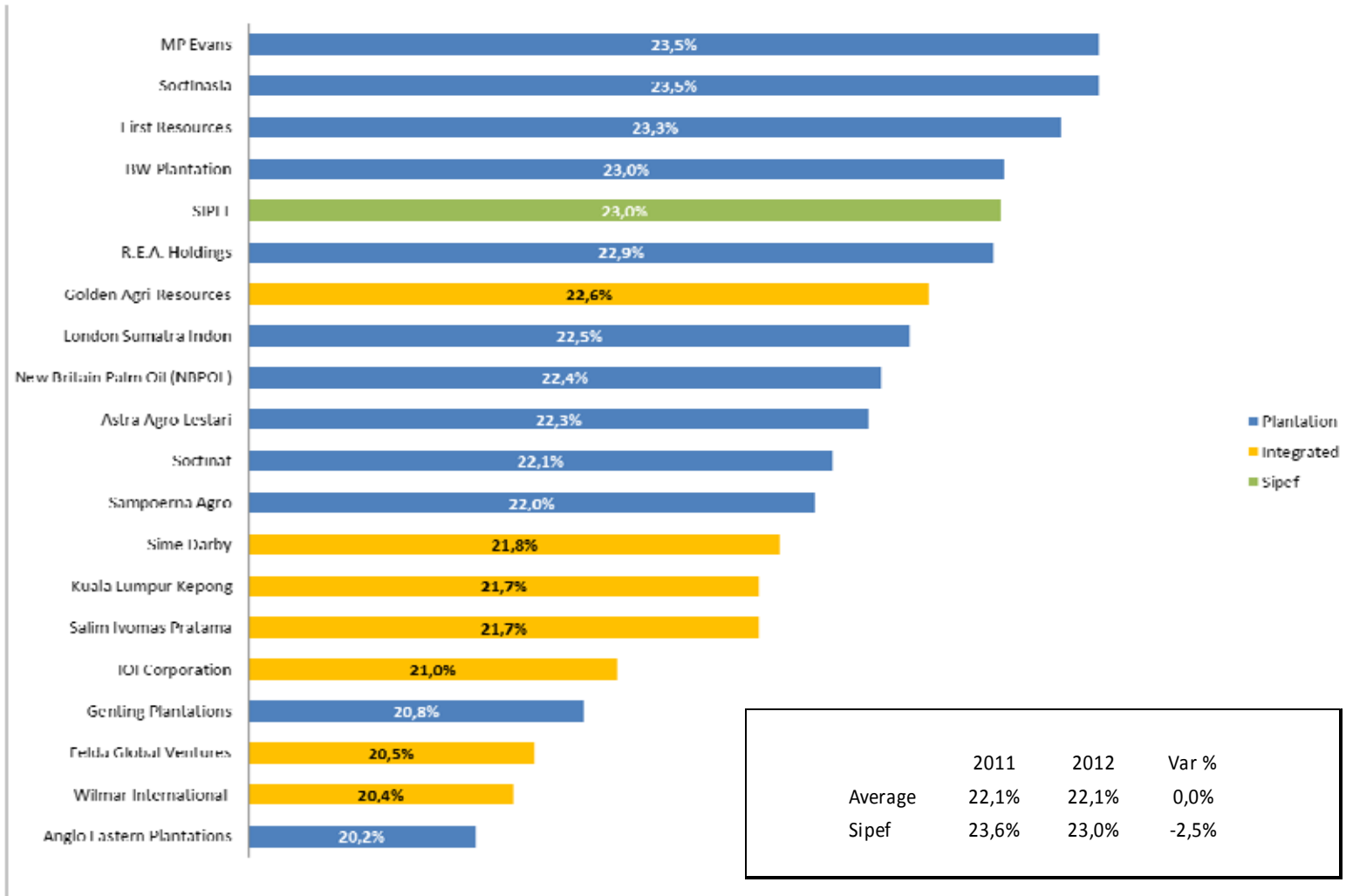
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FFB Yields – MT/ha (2012)



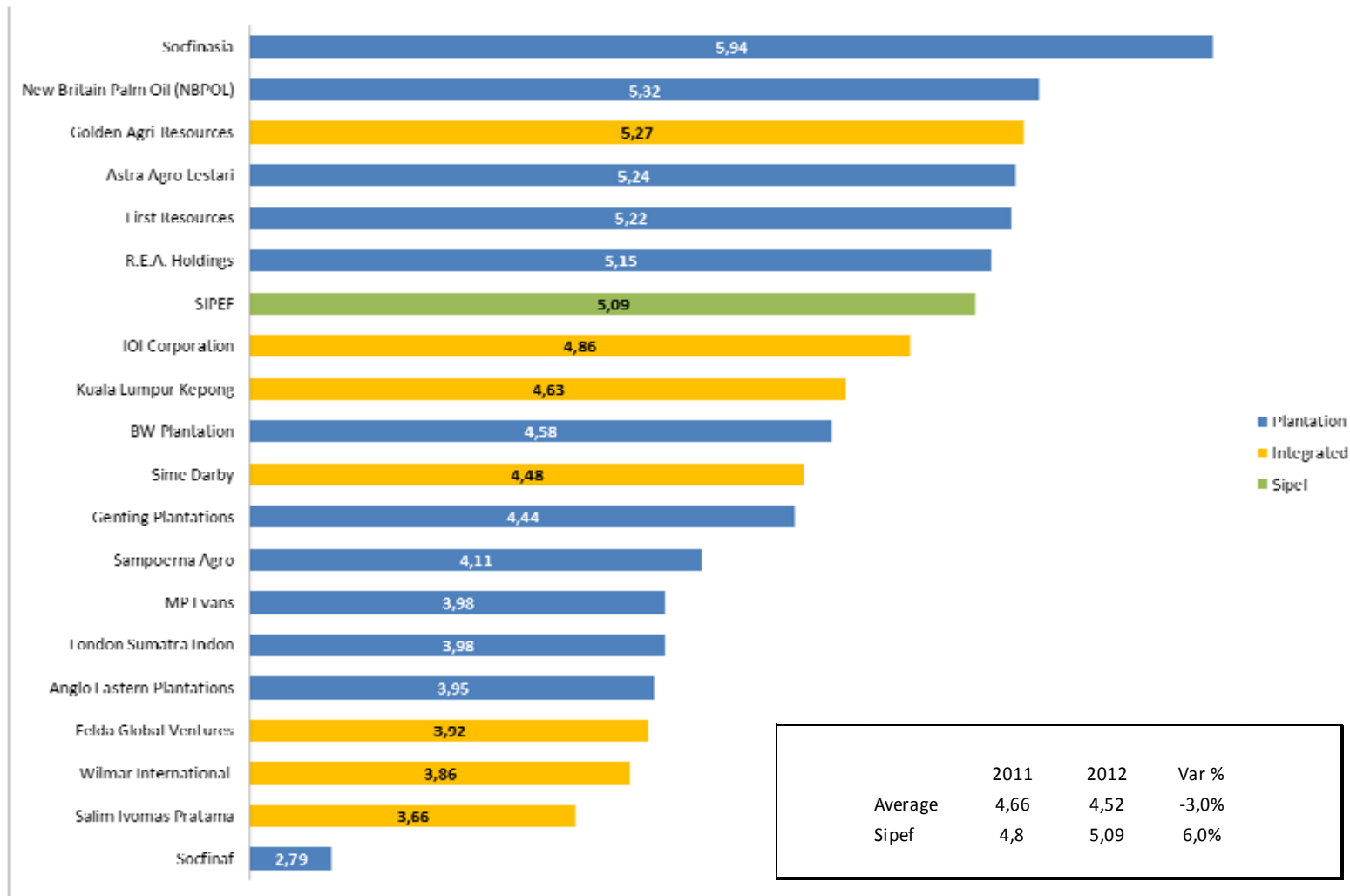
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Extraction Rate from FFB to CPO (2012)



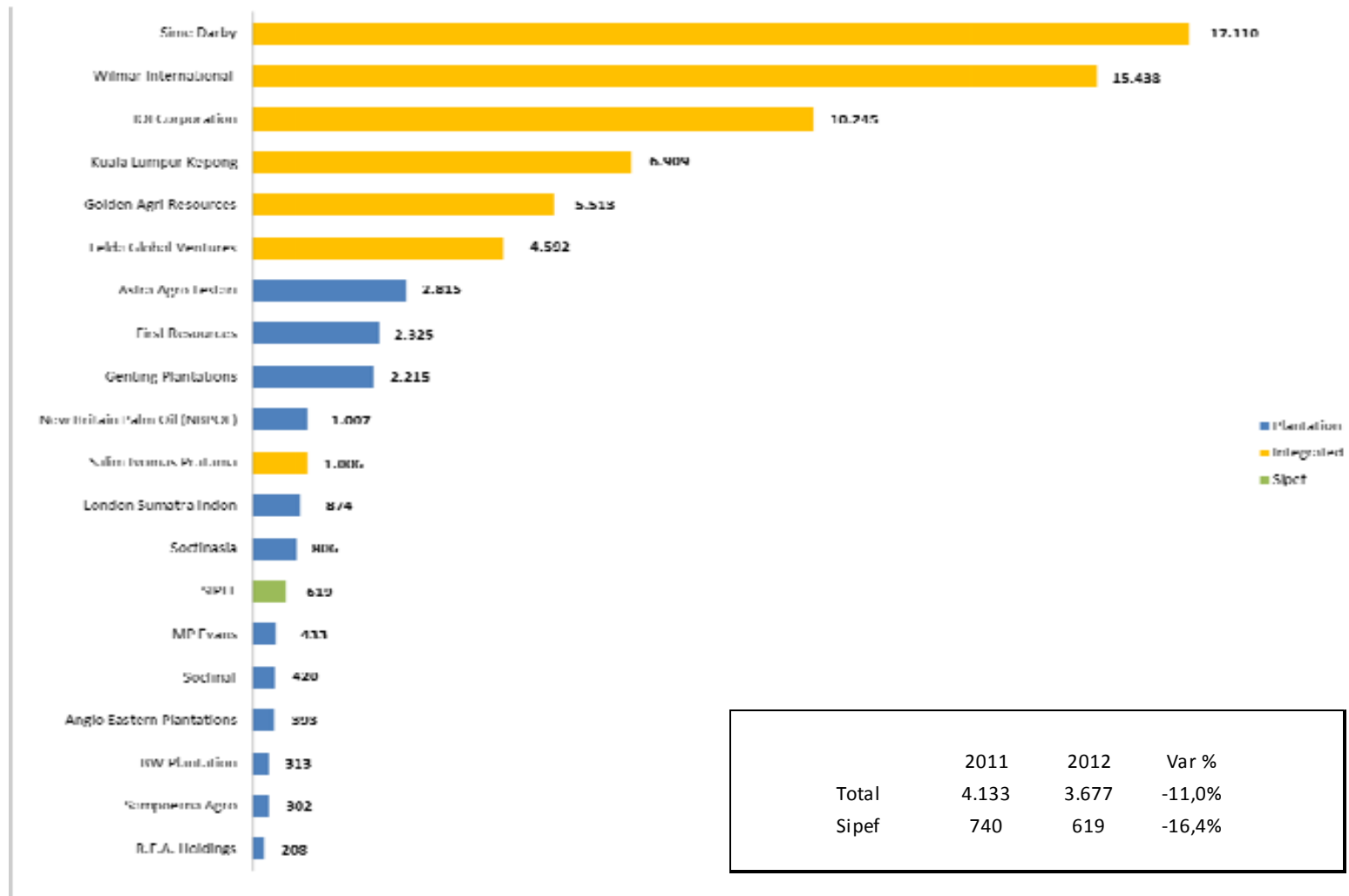
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CPO Yields – MT/ha (2012)



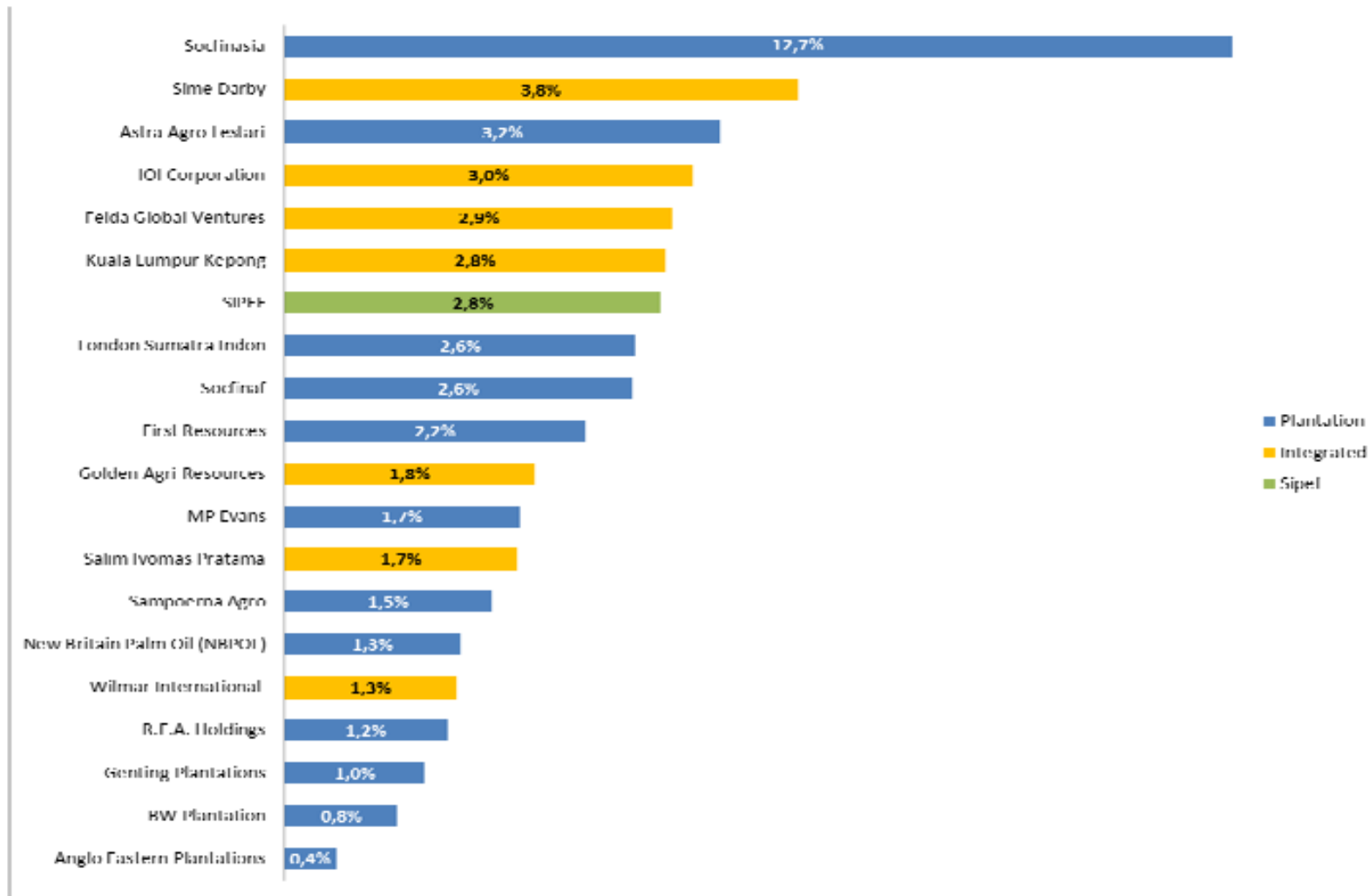
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Market Cap in MUSD (Sept 2013)



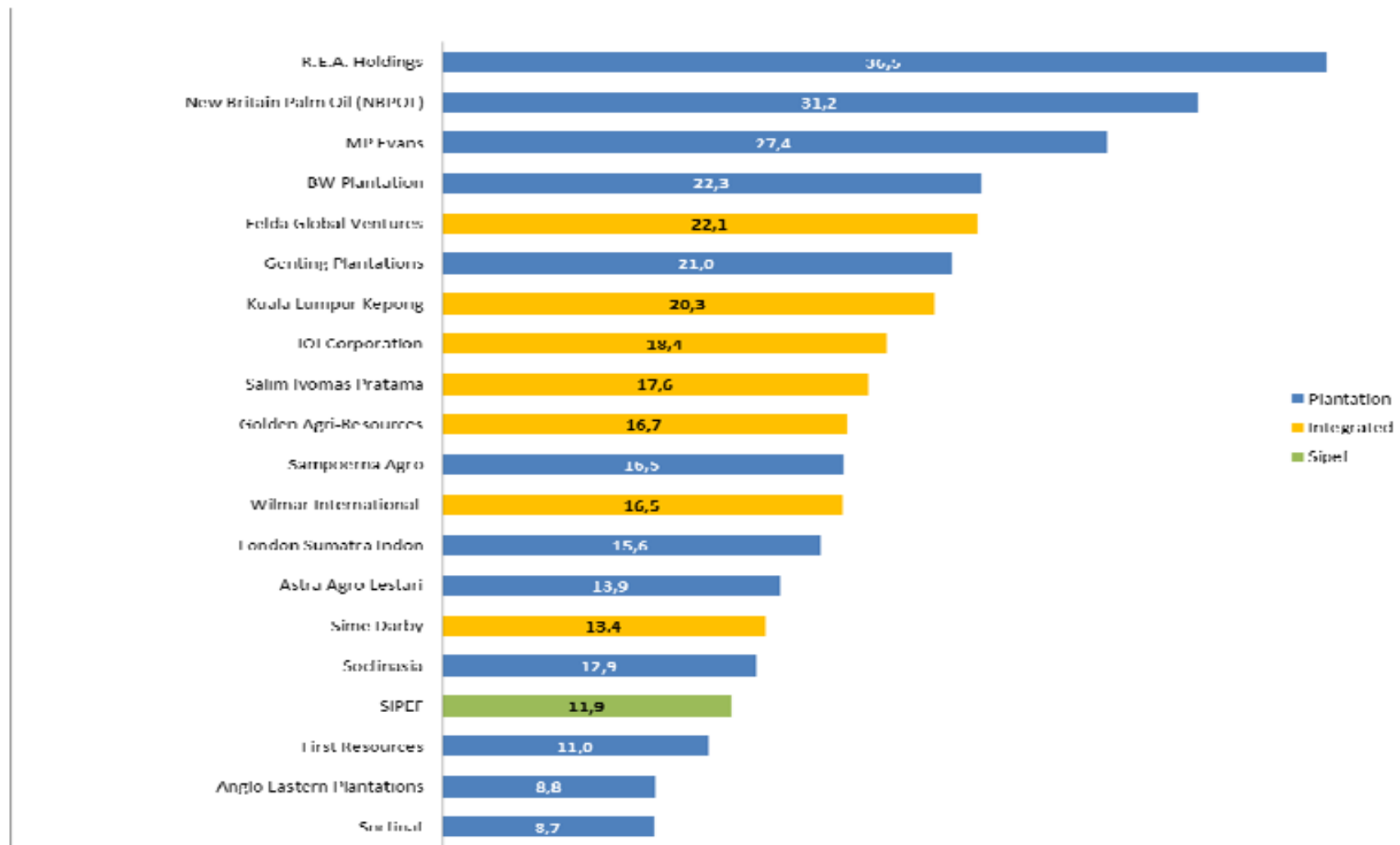
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Dividend Yields (Based on Average Market Cap 2012)



Peer review

Price Earnings Ratio (Based on Average Market Cap 2012)





Source : <http://www.rspo.org/> and Sipef NV