



VFB happening
25 April, 2015

The Connection to the world of
Sustainable Tropical Agriculture

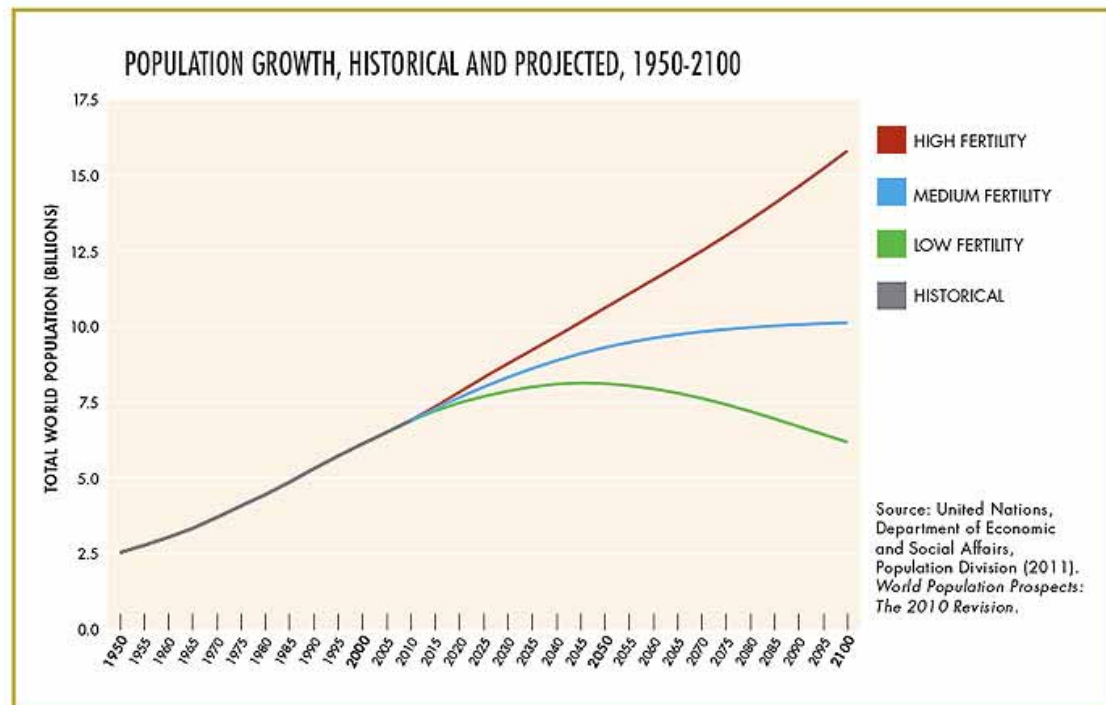


Drivers behind agriculture

Population growth



- In the coming 40 years, mankind will have to produce more food than in the previous 10 000 years put together
- Population growth will have a huge impact on future food demands
- Rising middle class is causing diet changes in developing countries
- Agricultural land is increasingly becoming scarcer



Drivers behind agriculture

Meat consumption

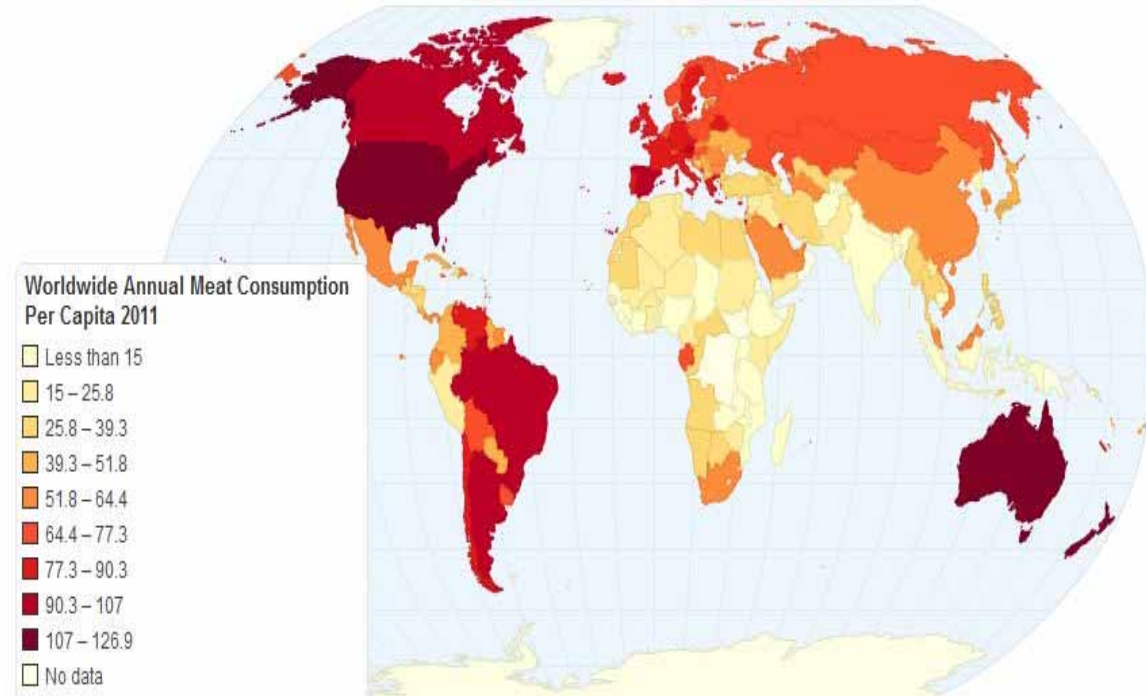


Meat consumption per capita is increasing worldwide due to the disposable income growth in developing countries.

Kg of grains used to produce 1kg of:

Beef	7kg
Pork	4kg
Poultry	2kg

Any change in meat consumption patterns will have a major effect on the demand for meal, grain and corn.

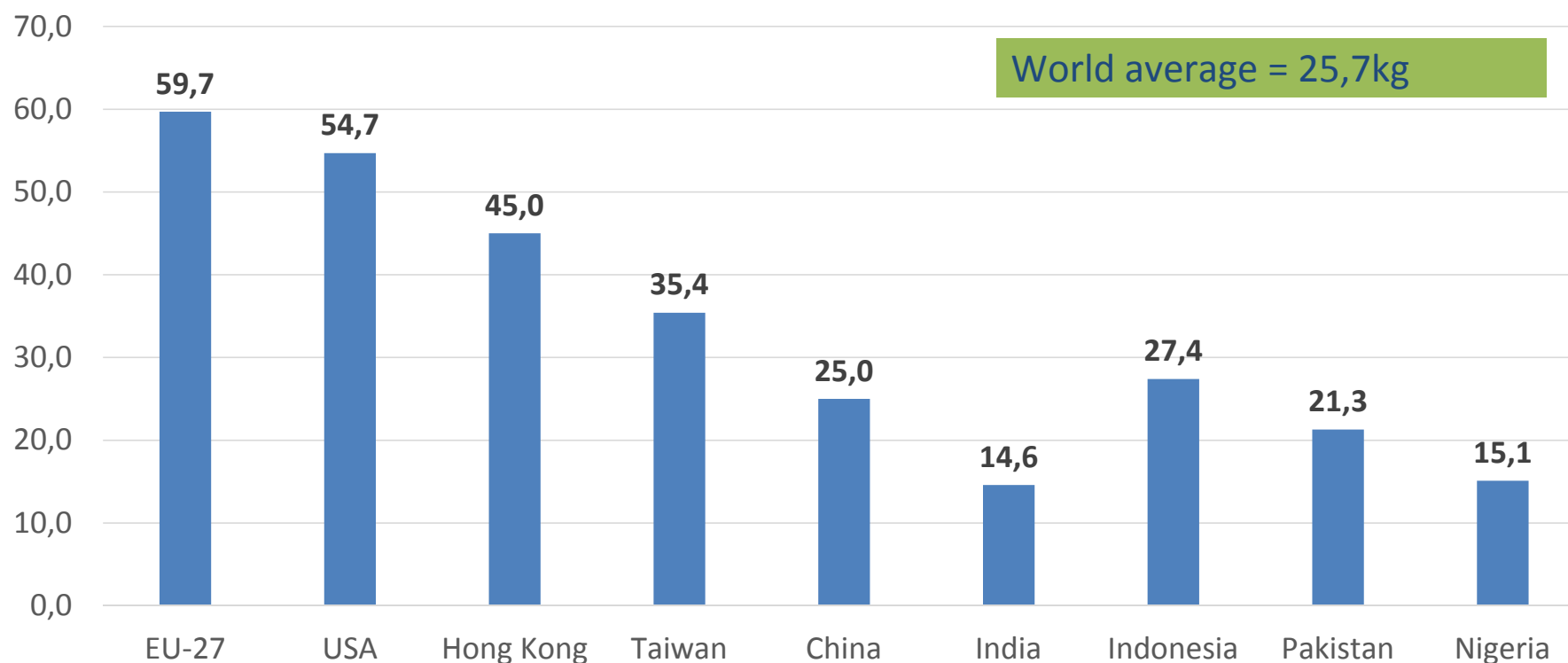


Source: Food and agriculture organization of the UN

Drivers behind agriculture Oil and fat consumption



Oil and fat per capita consumption (in Kg)



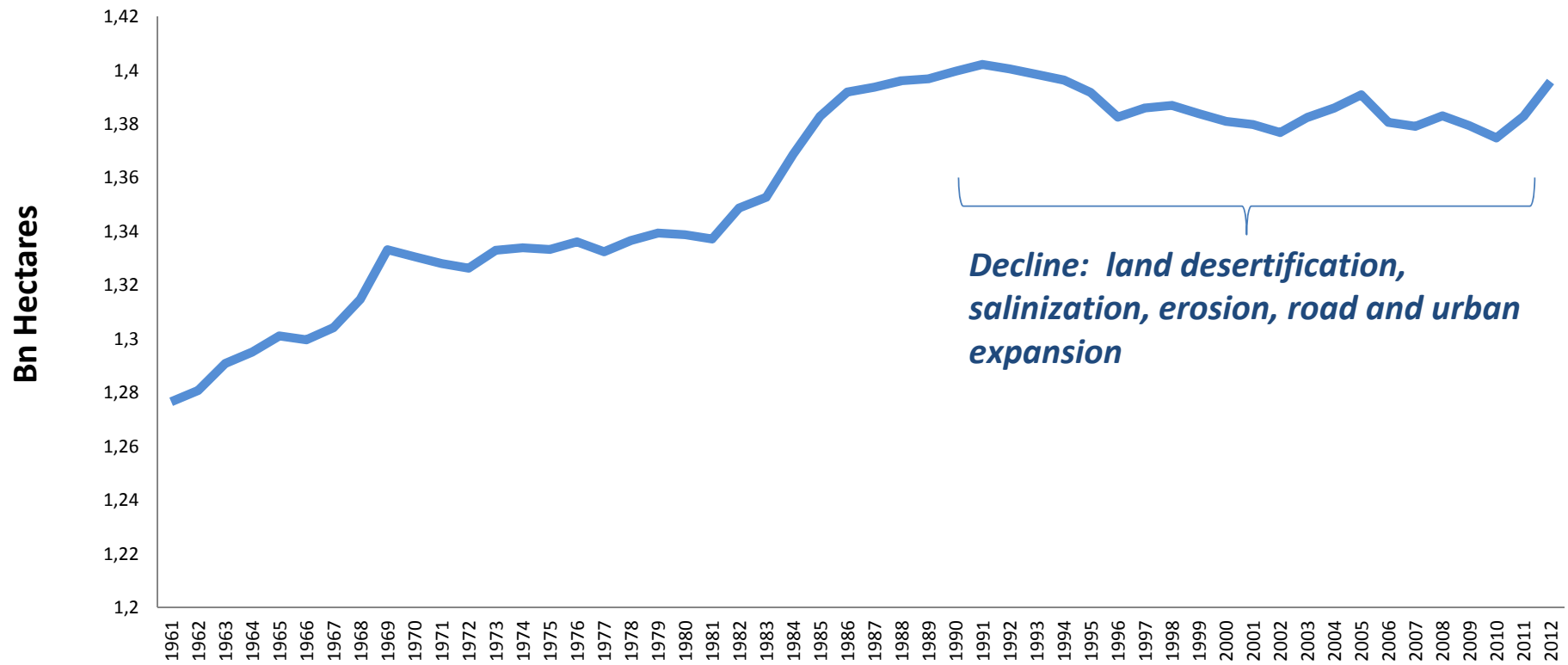
Source: Oil World 2012; Foreign affairs 2011

Drivers behind agriculture

Land input



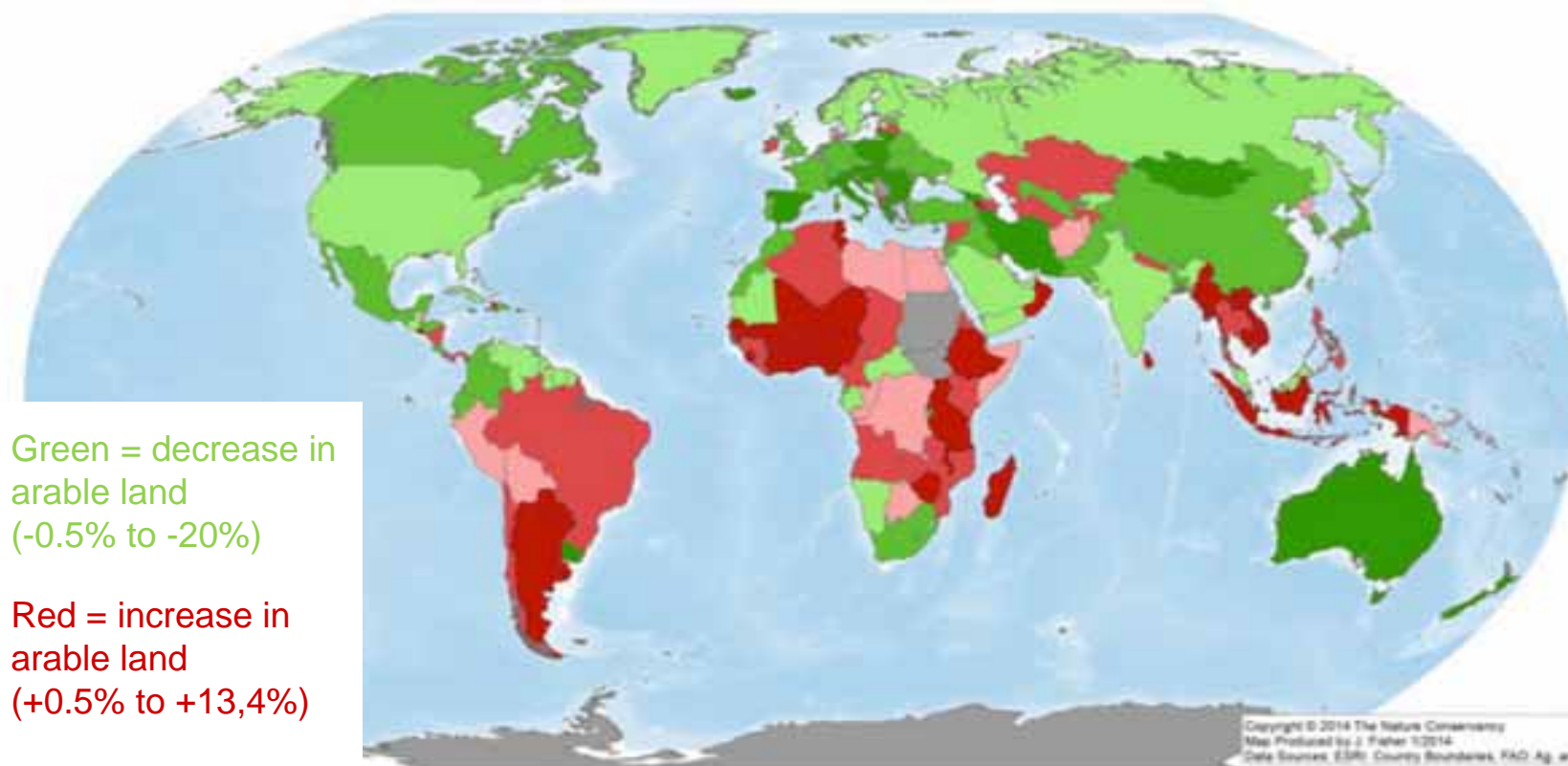
Available land



Drivers behind agriculture Land input



Change in Agricultural Area 1998-2011 by Country

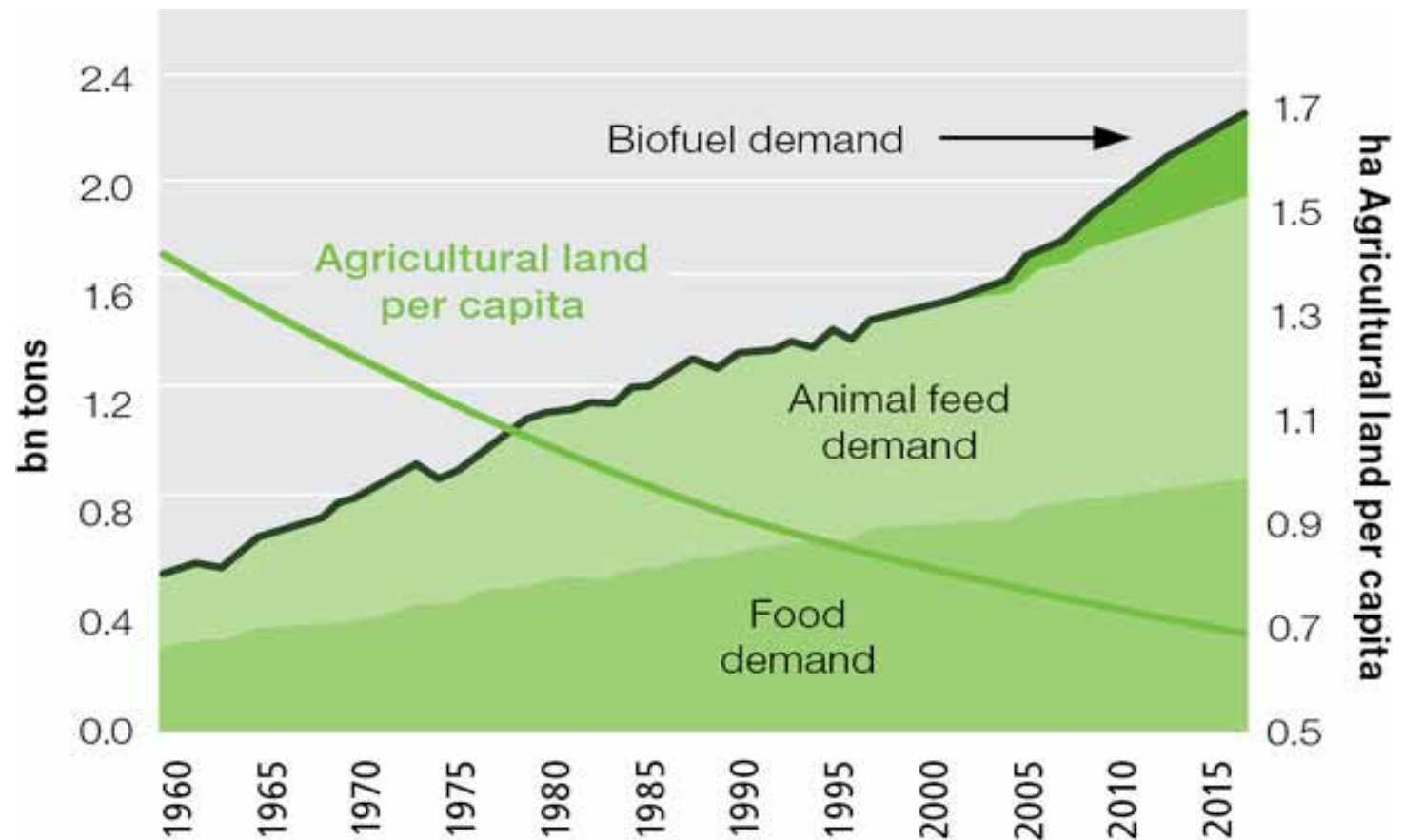


Drivers behind agriculture

Land input



- Increased demand for meat/fat/processed foods
- Increased demand for biofuel
- Decreasing Agricultural land per capita
- Disposable income growth in developing countries

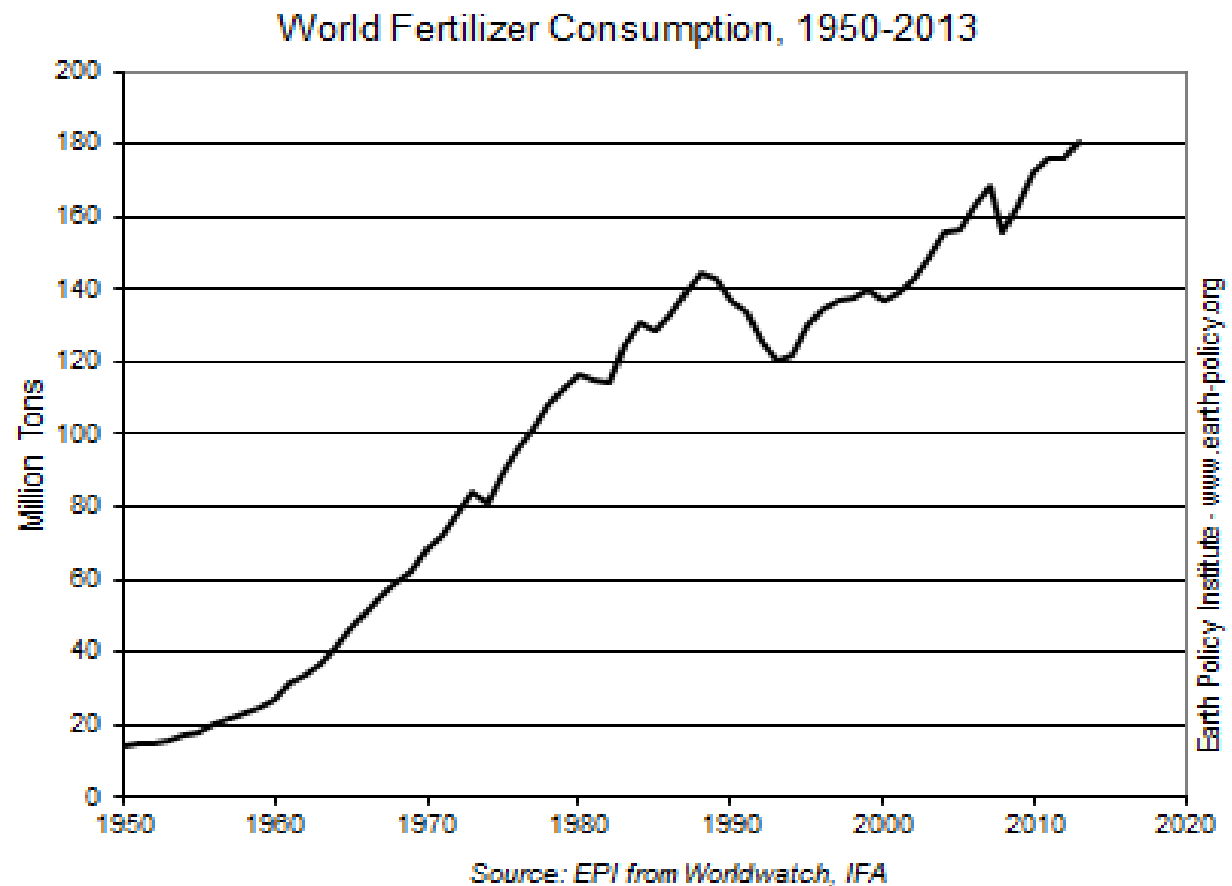


Drivers behind agriculture

Fertilizer input



- Fertilization is necessary
- All nutrients that are taken out of the soil as food/harvest, has to be resupplied as fertilizer
- Fertilizer is also in limited reserves:
 - Nitrogen can be made but has very high production costs
 - Phosphates has very limited reserves and is only possible by mining;
 - Potash (Kalium) has limited reserves and is only possible by mining



Drivers behind agriculture

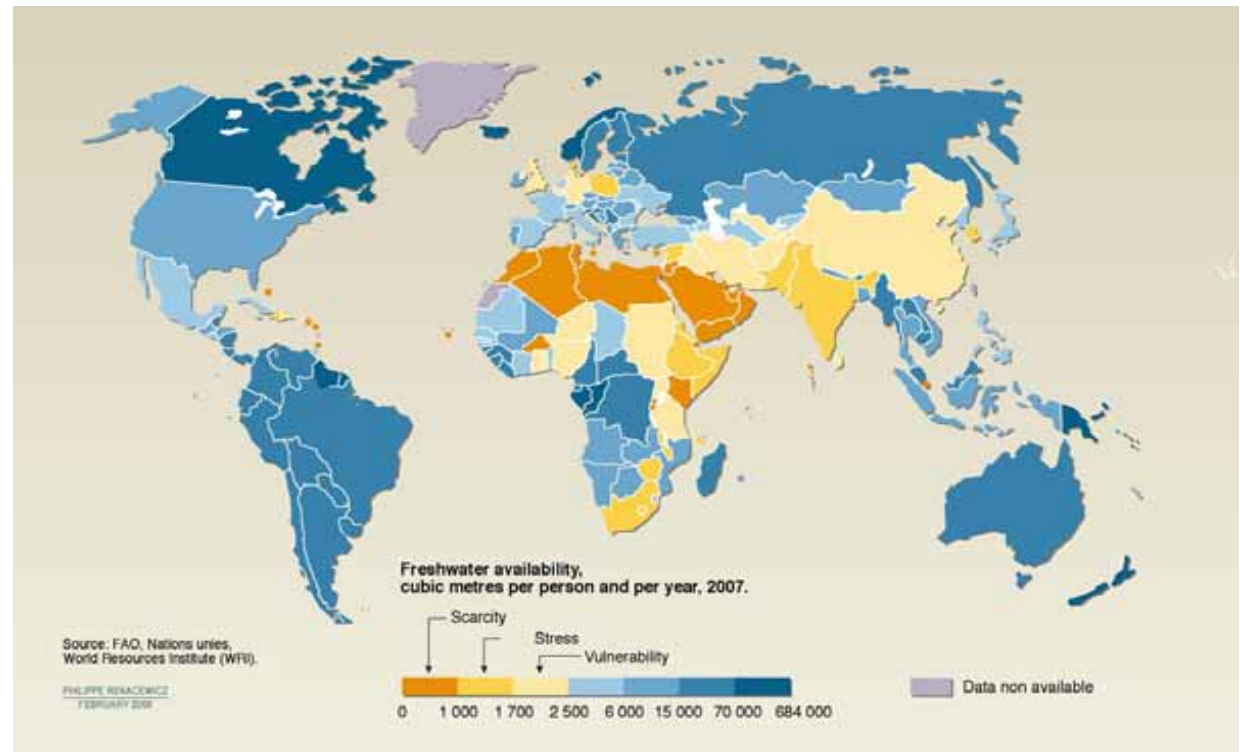
Water input



- Global fresh water supplies are under stress
- Roughly 70% of global water consumption is for agricultural usage

Liters of water used to produce
1kg of:

Chocolate	17 000 L
Beef	15 500 L
Cotton	10 000 L
Butter	5 500 L
Cheese	3 200 L
Bread	1 608 L





- Historically, agriculture was a family business
 - Still approximately 9/10 farms are family owned
 - Agriculture is relatively closed from capital markets
 - Heavy governmental support and regulations
- Demographic and economic shift
 - Increasingly hard to find successors for farmers (no family successor or too expensive to “buy out” family members)
 - Many old (+/- 60 years of age) farmers in the west
 - Capital markets are finding more and more entrance in the sector
 - Efficiency increases due to increased capital

Drivers behind agriculture Investments in innovation



More efficient input allocation and management practices are needed

Breeding



Drones



Remote sensing



Drop irrigation





- Agriculture is increasingly becoming a new and alternative investment
- Additional capital is needed to tackle the sectorial challenges of feeding (and fueling) the world in an efficient and sustainable manner
- Agriculture is highly diverse and is fairly resistant to inflation and crisis (people will always need food)





The Connection to the world of Sustainable Tropical Agriculture



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

SIPEF group Company profile



SIPEF group Company profile - Indonesia



SIPEF group
Company profile – Papua New Guinea



SIPEF group Planted hectares summary



Situation as per 31 December, 2014:

	Palm	Rubber	Tea	Bananas	Other	Total	%	Group share
Indonesia	42 693	6 314	1 787			50 794	75%	36 589
PNG	13 001	3 281			58	16 340	24%	16 340
Ivory coast				570	42	612	1%	612
	55 694	9 595	1 787	570	100	67 746	100%	53 541
%	82%	14%	3%	1%	0%	100,0%		
Group share	43 513	7 746	1 613	570	100	53 541		

SIPEF group

Strategy and 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

SIPEF group Expansion



Indonesia

- **Beneficial interest from 36 589 Ha to 70 788 Ha**
 - Future expansion of 22 969 Ha Musi Rawas and South Sumatra expansion
 - Further increase participation interests in existing subsidiaries
 - Both in oil palm and rubber

PNG

- **Beneficial interest from 16 340 to 20 225 Ha**
 - Finalize palm oil expansion with an additional 7 100 Ha
 - In area where we are operating

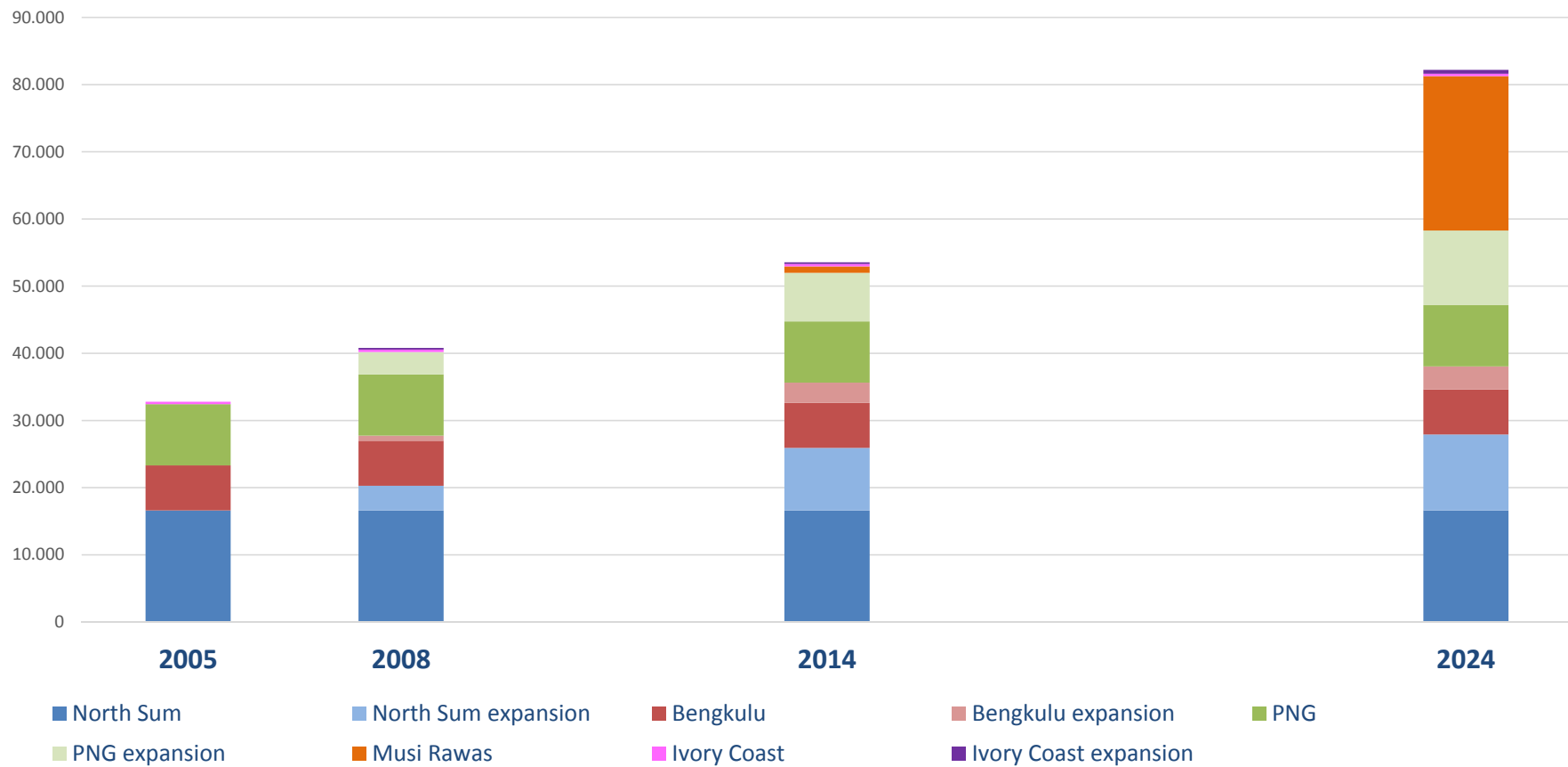
Ivory Coast

- **Beneficial interest from 612 to 932 Ha**
 - Additional bananas development of 320 Ha

SIPEF group Future expansion



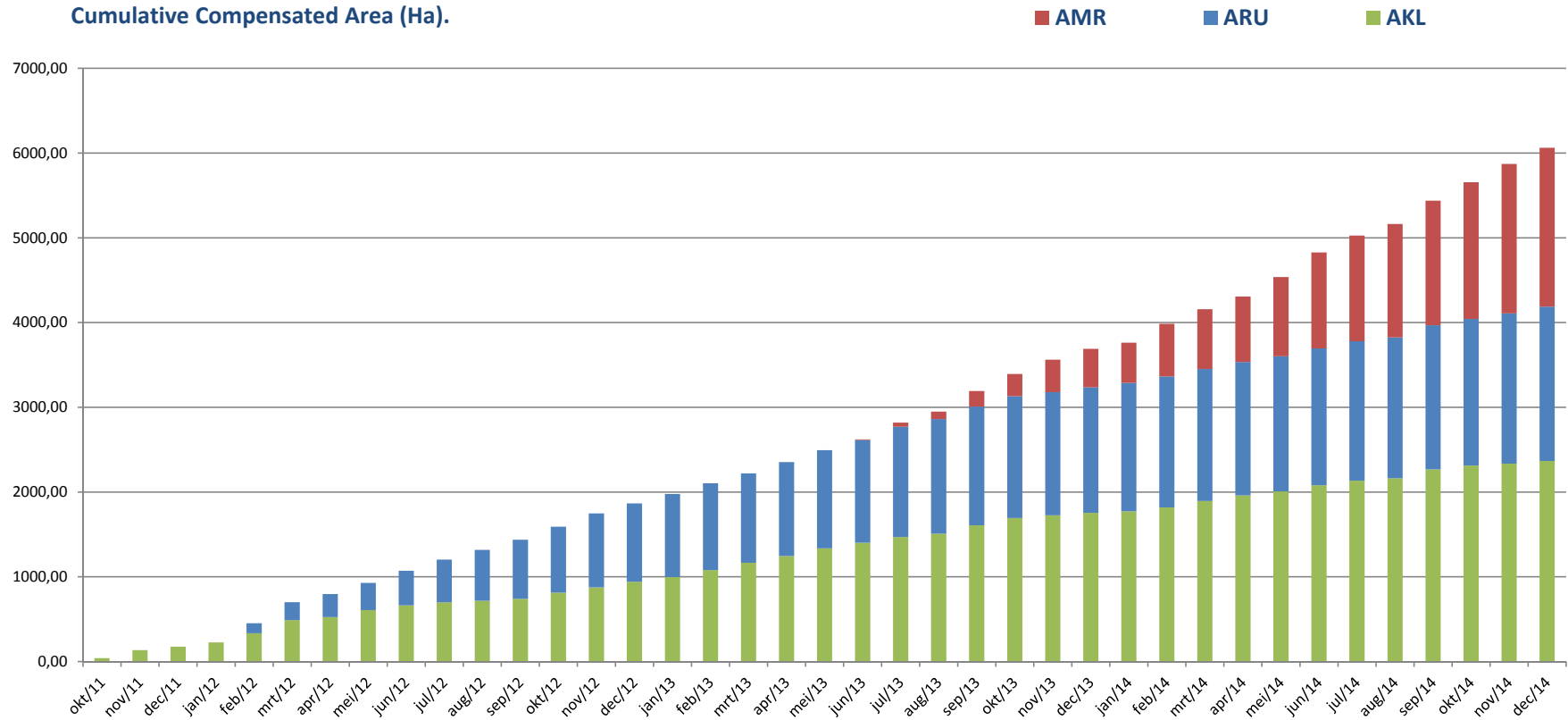
Planted area in Hectares (beneficial interest)



SIPEF group Musi Rawas expansion

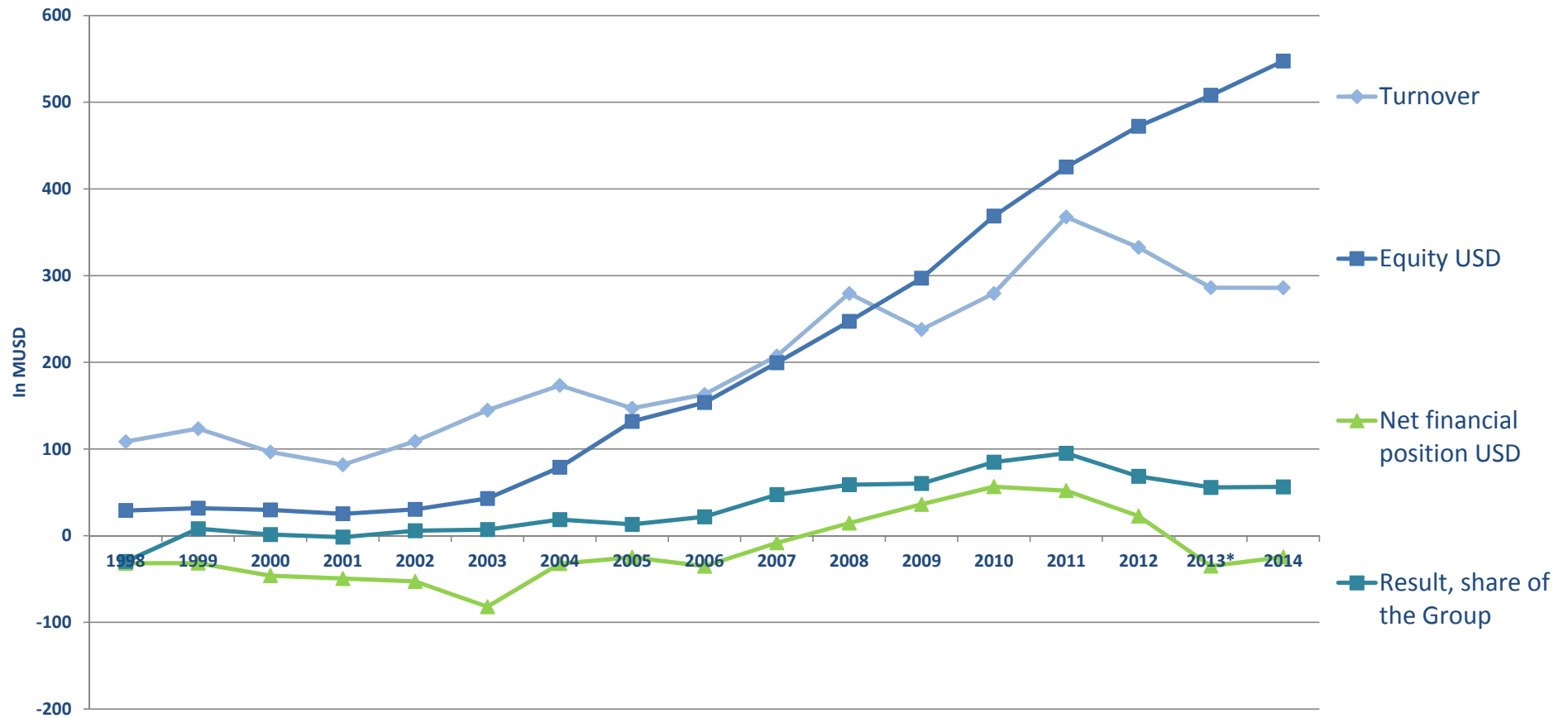


Cumulative Compensated Area (Ha).



SIPEF group

Historical performance



2013* restatement PT Agro Muko



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