



Analyst presentation  
February 16<sup>th</sup>, 2017

The Connection to the world of  
Sustainable Tropical Agriculture

- **SIPEF group – Company profile**
- SIPEF group – Expansion
- SIPEF group – Productions & prices
- SIPEF group – Financial performance
- Peer review

## 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

## 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





	Palm	Rubber	Tea	Bananas	Other	Total	% Group share	
Indonesia	47 016	6 325	1 743			<b>55 084</b>	79%	40 772
PNG	13 621					<b>13 621</b>	20%	13 621
Ivory coast				690	42	<b>732</b>	1%	732
	<b>60 637</b>	<b>6 325</b>	<b>1 743</b>	<b>690</b>	<b>42</b>	<b>69 437</b>	<b>100%</b>	55 125
%	87%	9%	3%	1%	0%	<b>100%</b>		
Group share	48 292	4 528	1 573	690	42	55 125		



# SIPEF group

## Sustainable palm oil



Less than 2 million tons is 'segregated' (100% traceable)  
SIPEF = 100% certified and > 300.000 tons 'segregated'



**11.82 million tonnes**  
Volume of RSPO-certified sustainable palm oil



**17%**  
Proportion of global palm oil certified by RSPO



**2.37 million ha**  
Oil palm production area certified by RSPO

- SIPEF group – Company profile
- **SIPEF group - Expansion**
- SIPEF group – Productions & prices
- SIPEF group – Financial performance
- Peer review

# 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 40 772 Ha (dec 2016) to 64 264 Ha**
  - Future expansion of 13 556 Ha Musi Rawas and South Sumatra expansion
  - Further increase participation interests in existing subsidiaries (a.o. 8 870 Ha from PT Agro Muko)
  - Both in oil palm and rubber

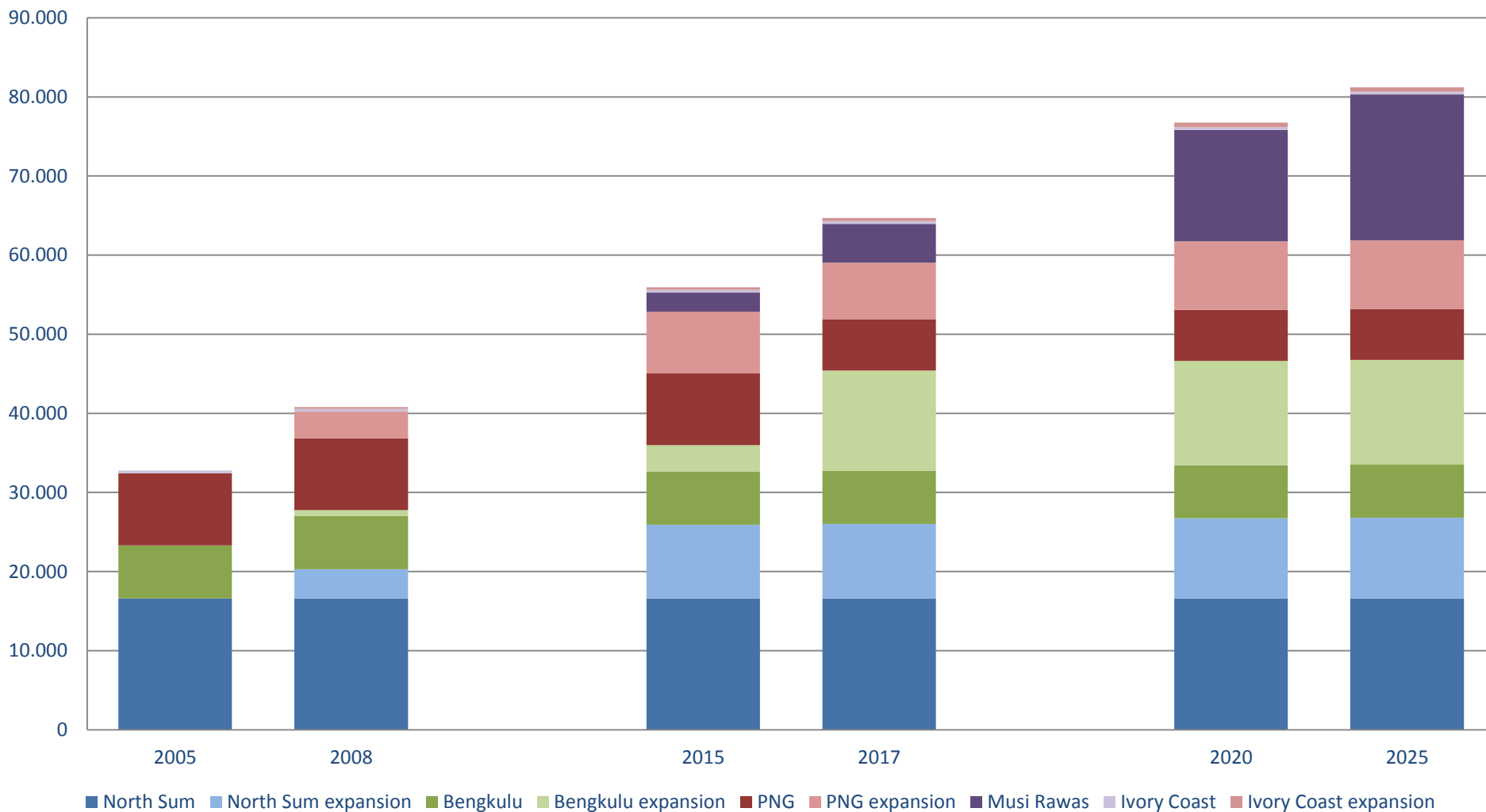
## PNG

- **Beneficial interest from 13 621 (dec 2016) to 15 102 Ha**
  - Finalize palm oil expansion with an additional 1 481 Ha
  - In area where we are operating
  - Sale of our 3 341 Ha rubber plantation in PNG during 2016

## Ivory Coast

- **Beneficial interest from 732 (dec 2016) to 924 Ha**
  - Additional bananas development of 192 Ha

# SIPEF group Future expansion

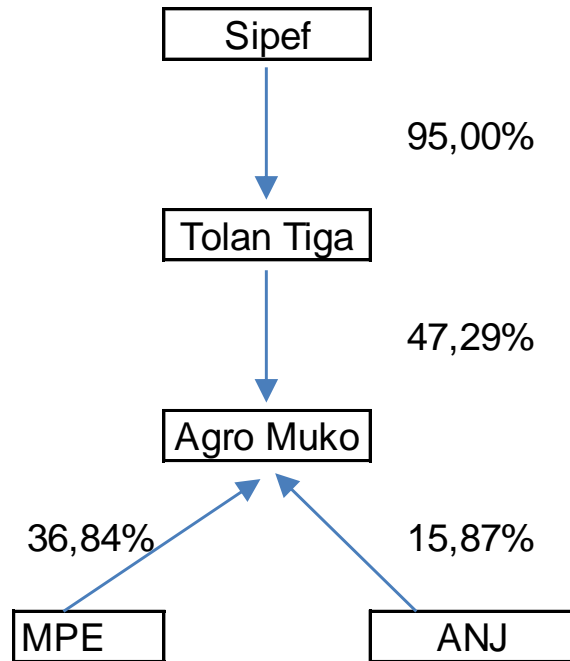




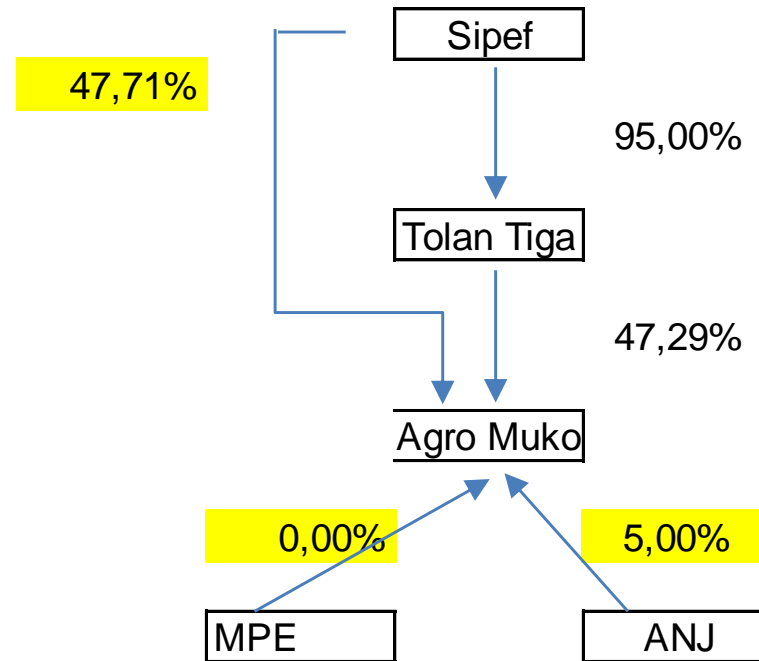
- Located in Sumatra – Indonesia (Benkulu province)
- Combined oil palm and rubber operations (19 570 ha planted in October 2016)
  - 17 849 ha planted in oil palm
  - 1 721 ha planted in rubber
  - 2 palm oil mills, 1 rubber factory
- Production of about 100 000 tons of certified palm oil and palm kernels
- EBITDA at current price levels = 33 mio USD
- Management and marketing by Sipef Group since establishment in 1990
- 3 operational shareholders (Sipef Group 47%, MP Evans 37%, PT Austindo 16%)



Current shareholding



Acquisition 36,84% from MPE and 10,87% from ANJ





- Purchase price for 47,71% = 144 mio USD
  - 136 mio USD = 14 594 USD/ha planted = 8,6 x current EBITDA
    - 20 000 USD/ha for ANJ shares; 13 000 USD/ha for MPE shares
  - 8 mio USD available working capital and cash
- Acquisition 9 366 ha planted (October 2016)
  - After transfer to PT Tolan Tiga: 8 870 ha group share

- Payment to ANJ done 13 February 2017
- Payment to MP Evans expected by end February 2017
- ANJ remains as a 5% local shareholder (local Indonesian requirement)
- New shareholders agreement between the Sipef Group and ANJ

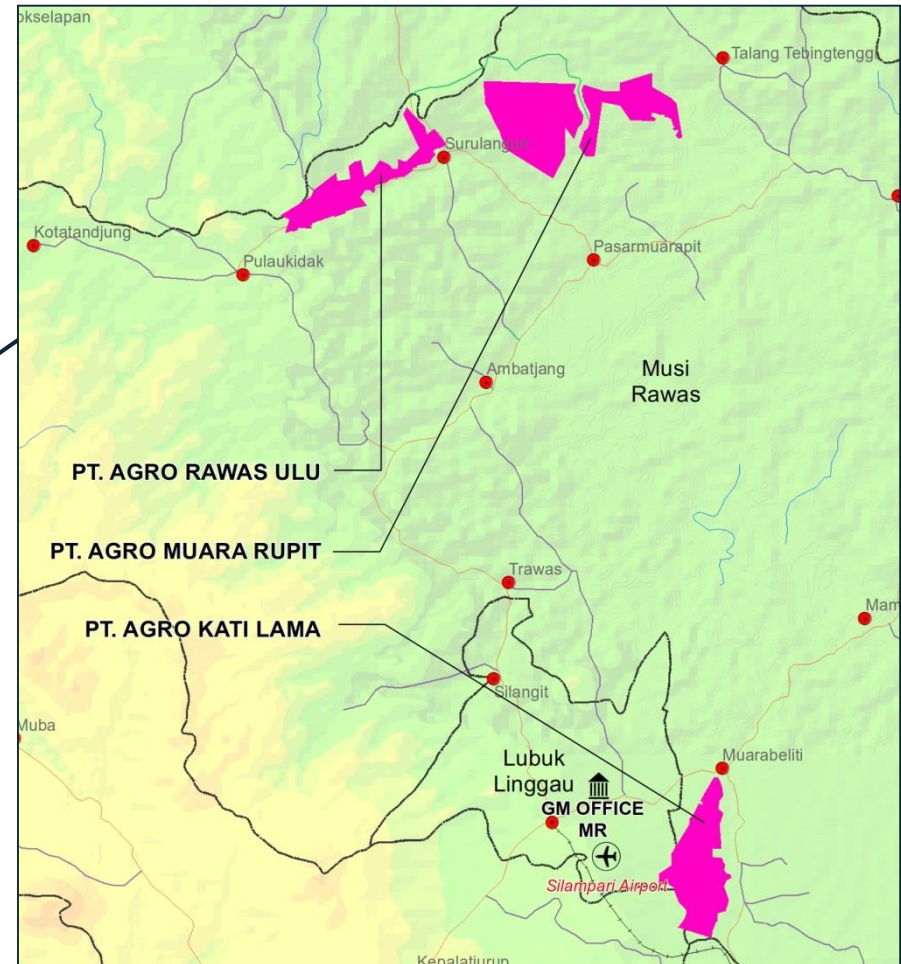
- Bridge financing by BNPPF of 144 mio USD
- Proposal of structural financing through equity and debt
- Elements to be considered:
  - Volatility commodity prices
  - Balanced leverage strategy → NFD/equity ratio  
December 2016 = 11%
  - Equity December 2016 = 473 mio USD

# SIPEF group

## Musi Rawas Expansion: Area Map



### Sumatra



Description	PT AKL	PT ARU	PT AMR	TOTAL	
Izin lokasi Ha	10,500	9,000	12,309	<b>31,809</b>	
Izin lokasi Ha revised	6,590	5,712	12,305	<b>24,607</b>	
<b>OWN</b>					
Compensated Dec 2016	3,419	2,439	3,847	<b>9,705</b>	63%
Identified Ha	1,077	781	3,860	<b>5,718</b>	37%
Potential Ha	4,496	3,220	7,707	<b>15,423</b>	100%
<b>PLASMA</b>					
Incorporated Dec 2016	534	219	896	<b>1,649</b>	53%
Identified Ha	365	425	645	<b>1,435</b>	47%
Potential Ha	899	644	1,541	<b>3,084</b>	100%
<b>TOTAL HA</b>	<b>5,395</b>	<b>3,864</b>	<b>9,248</b>	<b>18,507</b>	
(at IDR/USD 11.660)					
Compensation Dec/Ha USD	1,763	1,202	1,044	<b>1,336</b>	
Potential comp/Ha USD	2,090	3,273	2,362	<b>2,424</b>	
<b>Total average cost/ha USD</b>	<b>1,841</b>	<b>1,704</b>	<b>1,704</b>	<b>1,739</b>	
Own planted Dec	2,913	849	1,309	<b>5,071</b>	
Own cleared Dec	5	258	215	<b>478</b>	
Plasma planted	308	149	91	<b>548</b>	
<b>Total cleared/planted Dec 16</b>	<b>3,226</b>	<b>1,256</b>	<b>1,615</b>	<b>6,097</b>	
<b>Investments Dec 16 - KUSD</b>	<b>21,846</b>	<b>12,031</b>	<b>14,389</b>	<b>48,266</b>	

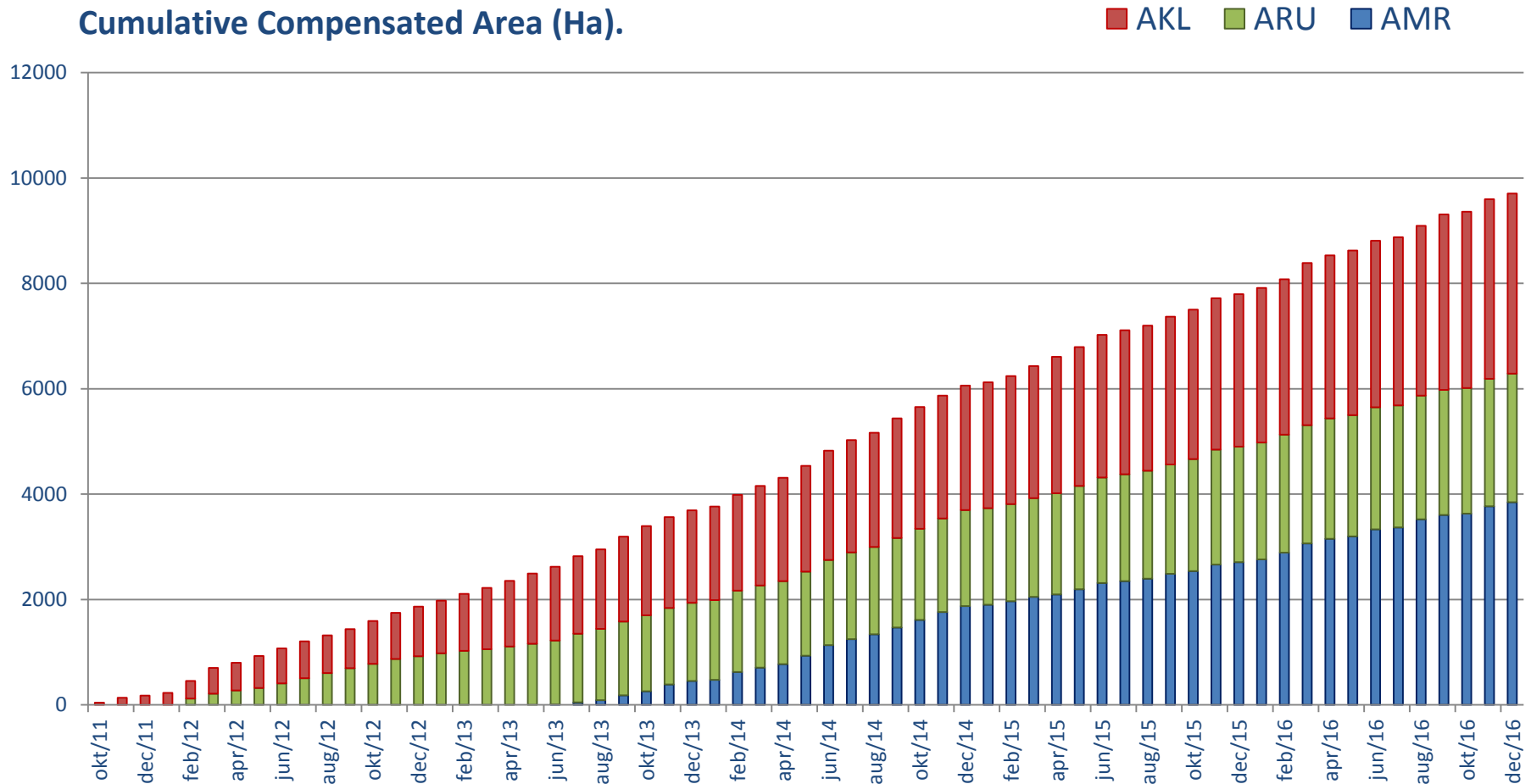
# SIPEF group

## Musi Rawas – progress 2016

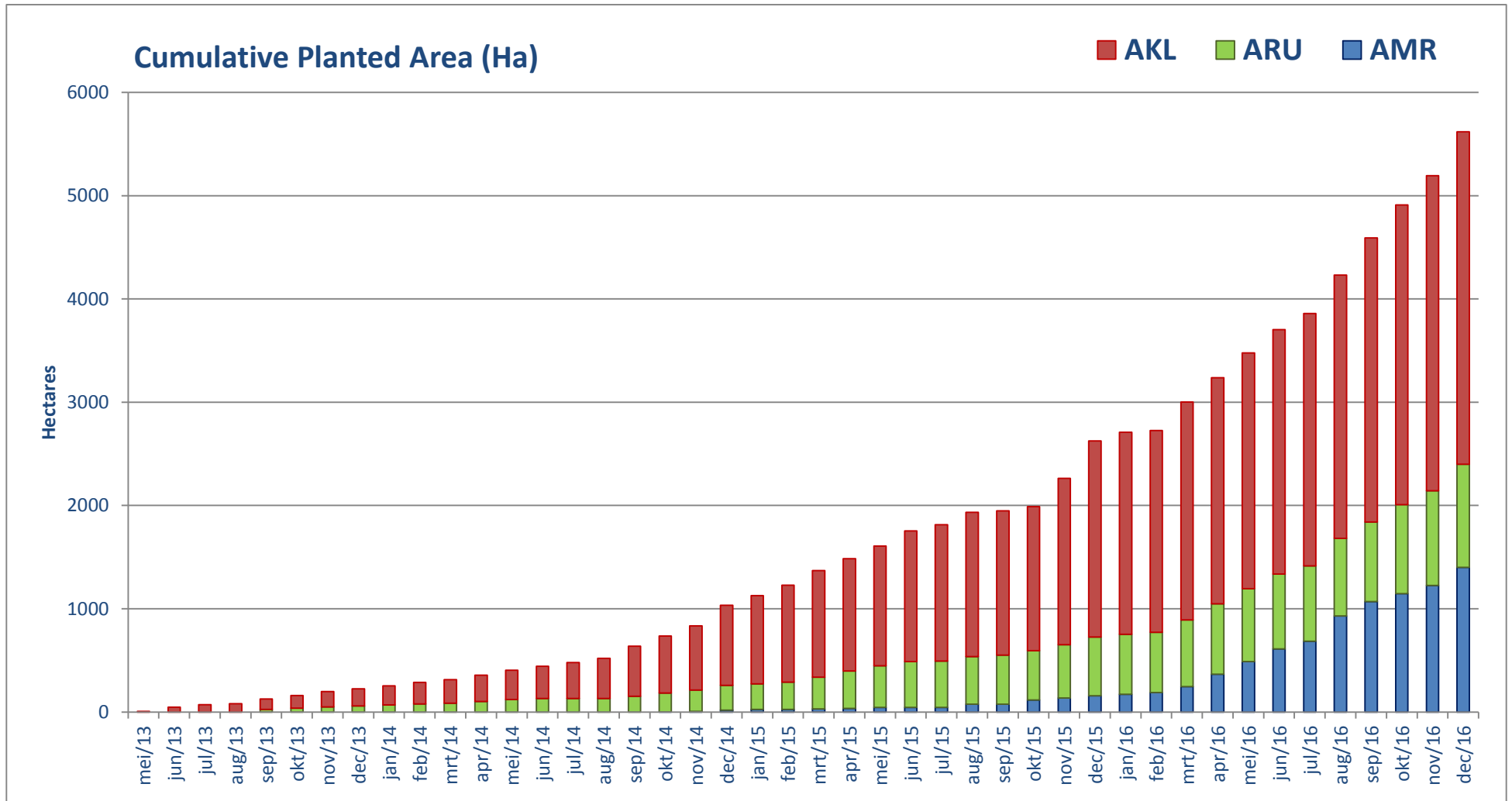


Area	Compensation Ha			Cleared/Planted Ha				Planted / compensated
	YTD 2015	Dec-16	TOTAL	YTD 2015	Dec-16	Dec-16	TOTAL	
AKL	2,896	523	3,419	1,818	1,095	5	2,918	85%
ARU	2,194	245	2,439	549	300	258	1,107	45%
AMR	2,707	1,140	3,847	156	1,153	215	1,524	40%
Plasma	895	754	1,649	103	445		548	33%
<b>TOTAL</b>	<b>8,692</b>	<b>2,662</b>	<b>11,354</b>	<b>2,626</b>	<b>2,993</b>	<b>478</b>	<b>6,097</b>	<b>54%</b>

Cumulative Compensated Area (Ha).







- SIPEF group – Company profile
- SIPEF group – Expansion
- **SIPEF group – Productions & prices**
- SIPEF group – Financial performance
- Peer review

# SIPEF group

## December production



### In Tonnes:

#### Palm oil own

- Tolan Tiga Group

- UMW/TUM Group

- PT Agro Muko

- Hargy Oil Palms

#### Total palm oil own

#### Total palm oil outgrowers

#### Total palm oil

	Dec 2016	Dec 2015	YoY%
	63 955	69 297	-7,7%
	37 221	27 789	33,9%
	76 085	77 640	-2,0%
	68 860	63 822	7,8%
<b>Total palm oil own</b>	<b>246 121</b>	<b>238 548</b>	<b>3,2%</b>
<b>Total palm oil outgrowers</b>	<b>51 584</b>	<b>52 359</b>	<b>-1,5%</b>
<b>Total palm oil</b>	<b>297 705</b>	<b>290 907</b>	<b>2,3%</b>

### In Tonnes:

#### Total rubber

#### Total tea

#### Total bananas

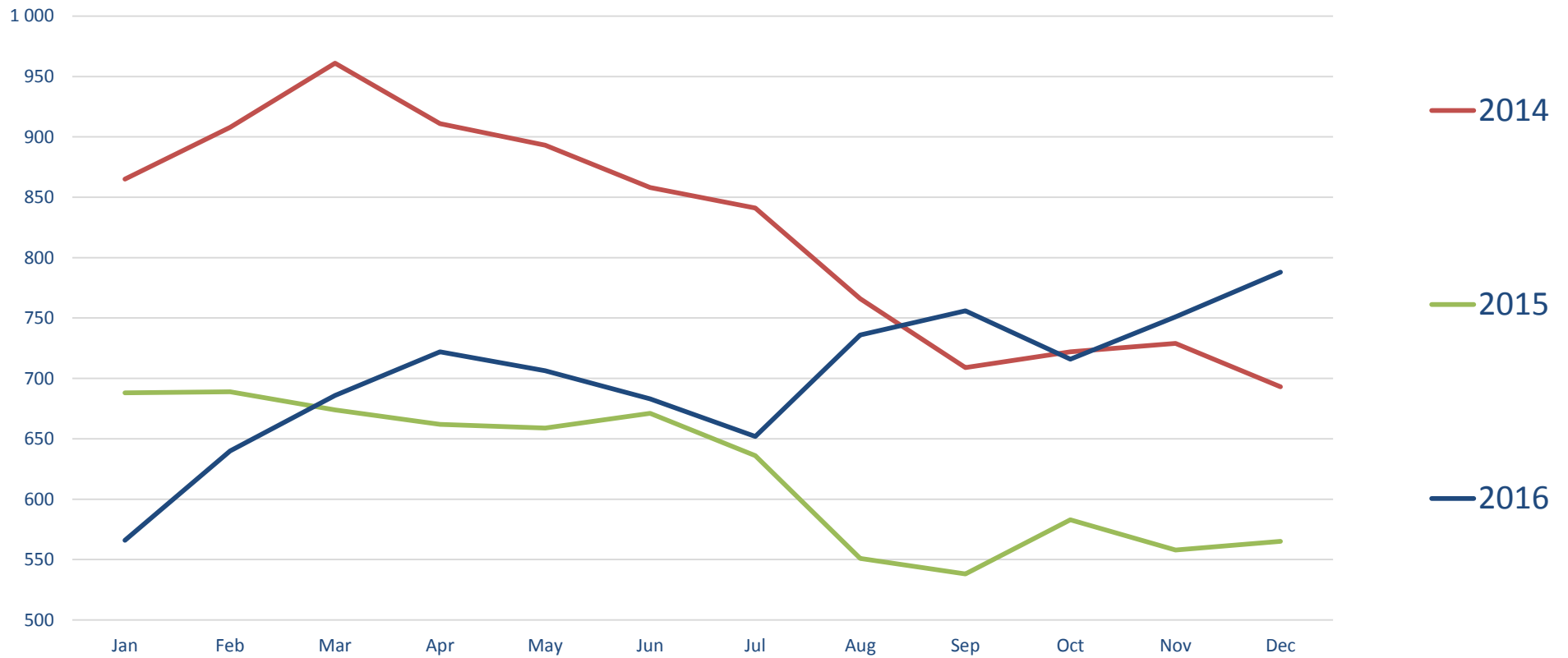
	Dec 2016	Dec 2015	YoY%
<b>Total rubber</b>	<b>9 192</b>	<b>10 069</b>	<b>-8,7%</b>
<b>Total tea</b>	<b>2 940</b>	<b>2 726</b>	<b>7,6%</b>
<b>Total bananas</b>	<b>24 991</b>	<b>24 286</b>	<b>2,9%</b>

# SIPEF group

## CPO price - CIF Rotterdam – USD



### CPO prices

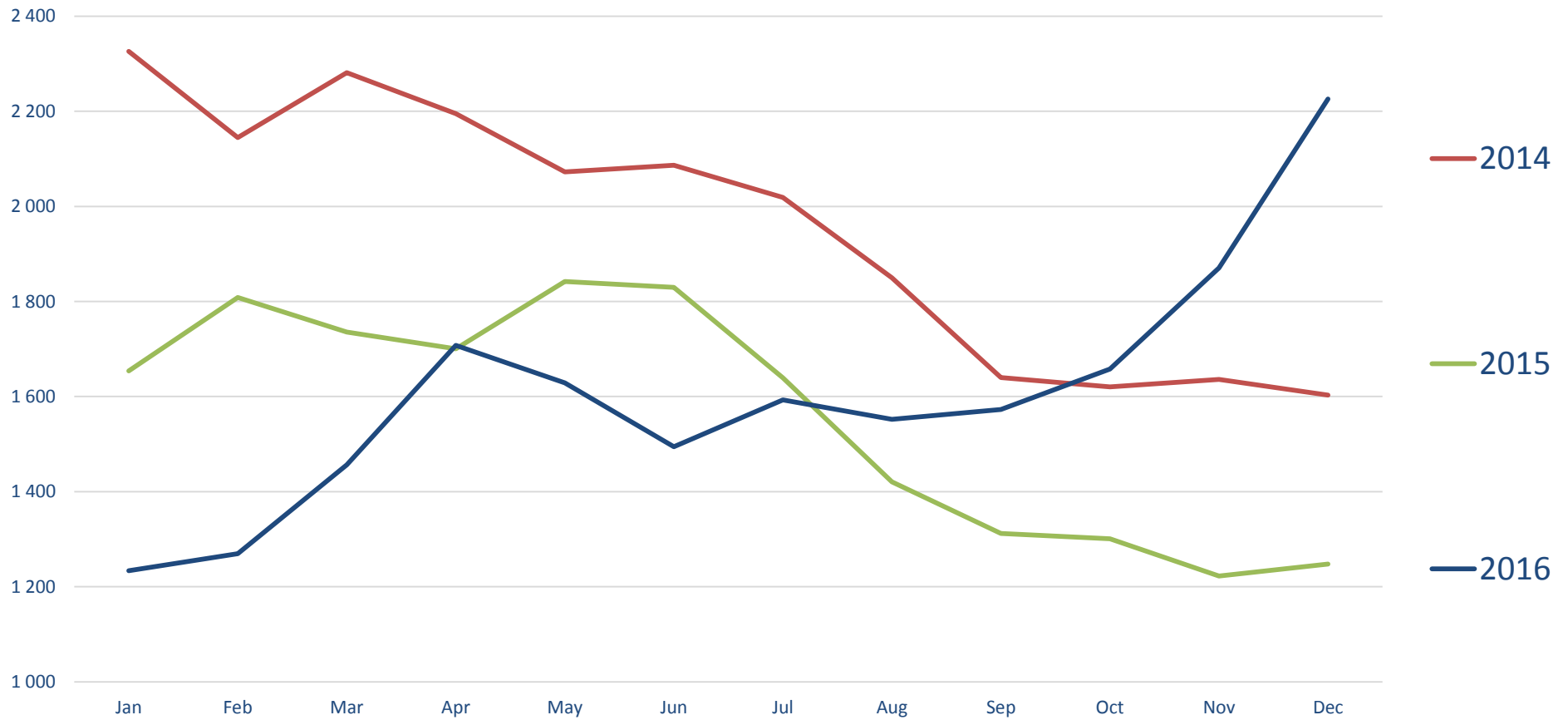


# SIPEF group

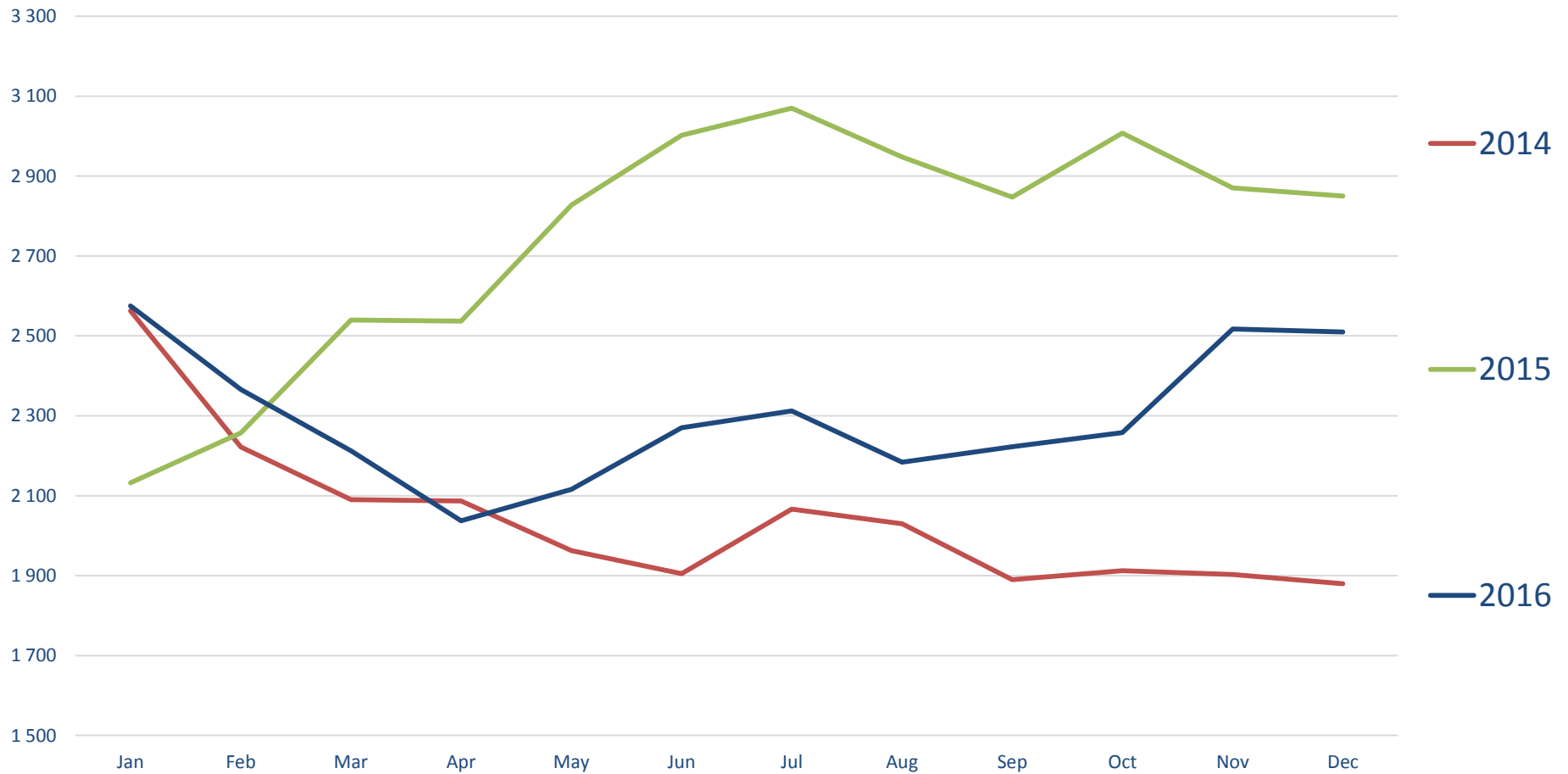
## Rubber price – FOB Malaysia - USD



### Rubber prices



### Tea prices



- SIPEF group – Company profile
- SIPEF group – Expansion
- SIPEF group – Productions & prices
- **SIPEF group – Financial performance**
- Peer review



# SIPEF group

## IAS 41 R impact



- Last year it was judged that it could not be measured reliably
- After many internal and external consultations a consensus was reached on the “oil content approach”
- In the oil content approach as applied by Sipef, a production of approximately 1.5 week production is valued. As per 31 December 2016, this resulted in an additional net asset value of 3 334 KUSD, share of the group.
- The P&L effect for the financial year 2016, net of taxes was 1 767 KUSD share of the group.

In KUSD	December 2015	December 2016	Gross Margin	Tax effect	Net effect	Share of the Group
<b>Biological Assets</b>	1 896	4 133	2 237	-614	1 623	1 550
<b>Associated Companies</b>	362	667	305	-76	229	217
<b>Total Consolidation</b>	2 258	4 800	2 542	-690	1 852	1 767

# SIPEF group

## IAS 41 R Restatement impact



<b>Impact on balance sheet</b>	<b>2015</b>	<b>2015R</b>	<b>Difference</b>
Investments in associates	56.604	56.875	271
Deferred tax assets	16.465	16.222	-243
Biological assets (current)	0	1.896	<u>1.896</u>
<b>Total assets</b>			<b>1.924</b>
Deferred tax liability	30.363	30.632	269
Equity – Minorities	23.312	23.400	88
Equity - Share of the group	413.862	415.429	<u>1.567</u>
<b>Total liabilities &amp; equity</b>			<b>1.924</b>
<b>Impact on profit and loss</b>	<b>2015</b>	<b>2015R</b>	<b>Difference</b>
Cost of Sales	-181.740	-182.285	-545
Tax charge	-6 339	-6 185	154
Share of results of associated companies	6 115	5 955	<u>-160</u>
<b>Total impact on profit and loss</b>			<b>-551</b>
<b>Impact on cash flow</b>	<b>2015</b>	<b>2015R</b>	<b>Difference</b>
Profit before tax	21.315	20.770	-545
Changes in fair value of biological assets	0	545	545

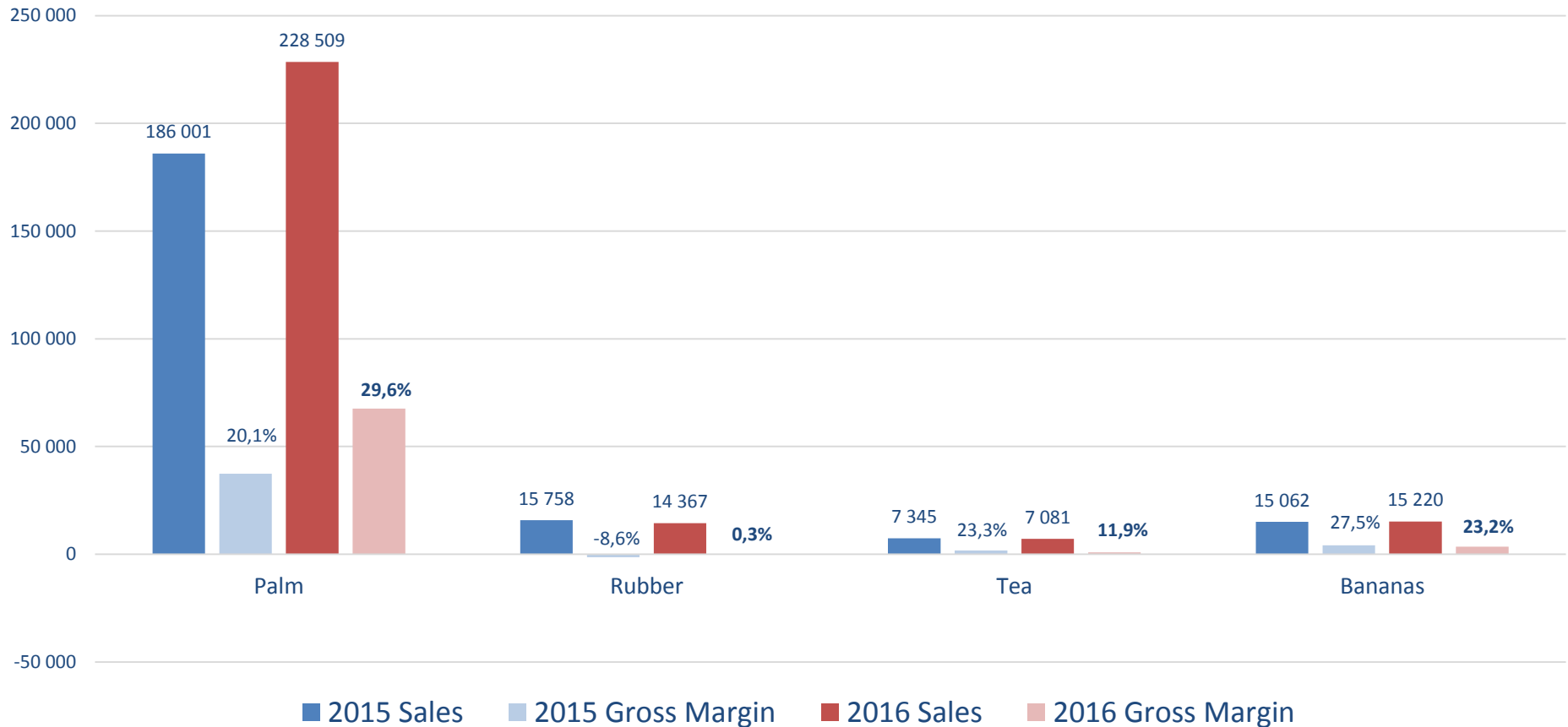
# SIPEF group

## Sales – Consolidated gross margin



### Total consolidated turnover (including corporate)

- December 2016: 266 962 KUSD
- December 2015: 225 936 KUSD





## Gross margin (December YTD)

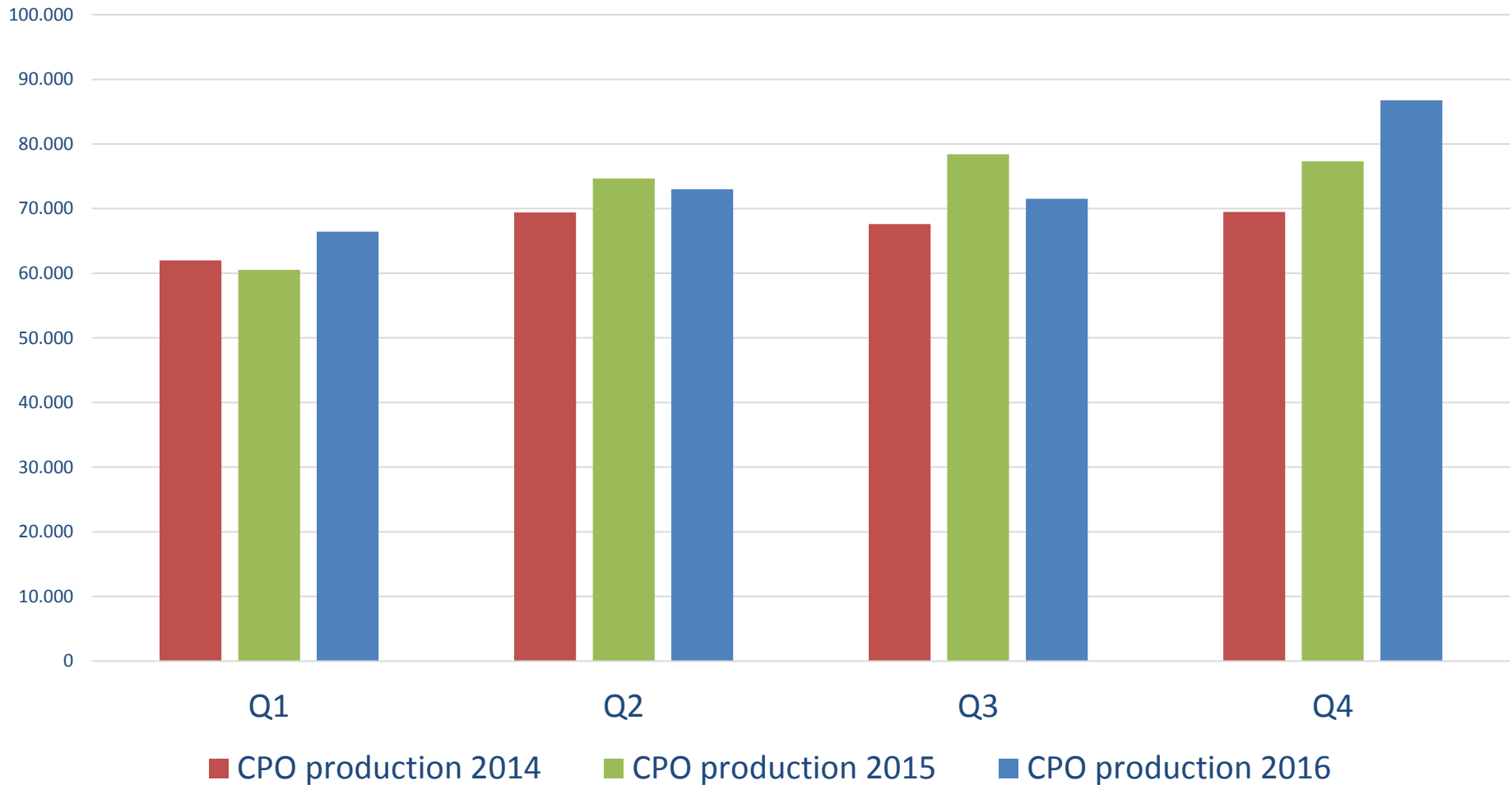
<i>In KUSD</i>	2016	in %	2015	in %
Palm	75 973	88,7%	43 084	81,1%
Rubber	-9	0,0%	-1 186	-2,2%
Tea	786	0,9%	1 577	3,0%
Bananas	3 377	3,9%	4 033	7,6%
Corporate	5 579	6,5%	5 567	10,5%
<b>Total</b>	<b>85 706</b>	<b>100,0%</b>	<b>53 075</b>	<b>100,0%</b>

# SIPEF group

## Gross margin per product



CPO production per quarter

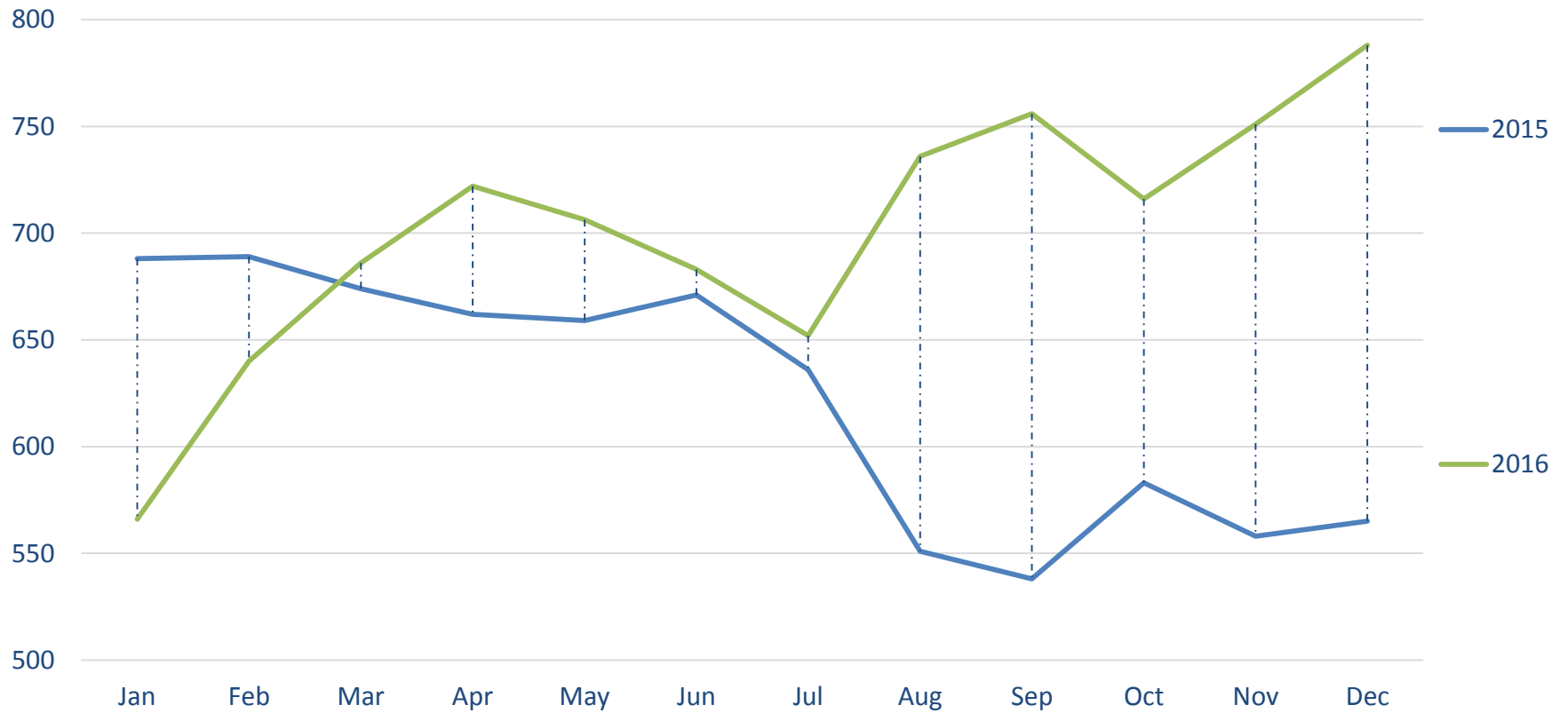


# SIPEF group

## Gross margin per product



CPO sales prices

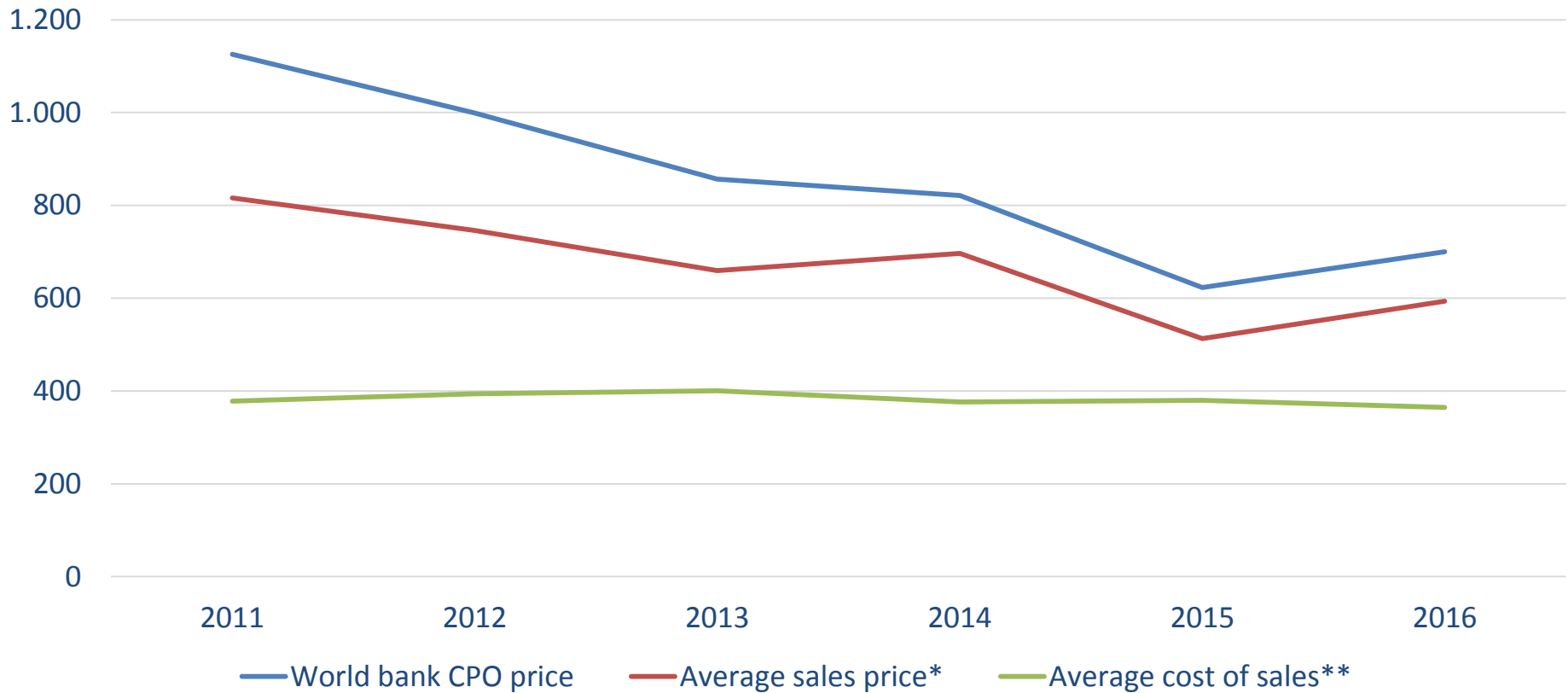


# SIPEF group

## CPO price – Cost of sales



Average COS - CPO prices



\*Average sales price = weighted average PO/PK/PKO sales price

\*\* Cost of sales = weighted average ex-mill gate PO/PK/PKO cost of sales



## Profit and loss (December YTD)

*In KUSD*

	2016	2015
<b>Gross Margin</b>	<b>85 706</b>	<b>53 075</b>
Services and administration	- 30 842	- 26 520
Other operating income/(charges)	437	888
Financial income/charges	-741	-709
Exchange result	-787	102
<b>Result before tax</b>	<b>53 773</b>	<b>26 836</b>
Tax	-14 558	-7 786
Insurance	659	176
<b>Result after tax</b>	<b>39 874</b>	<b>19 226</b>
Effect of the IAS 41 restatement	0	-518
<b>Result after tax after IAS 41 restatement</b>	<b>39 874</b>	<b>18 708</b>

# SIPEF group

## Result analysis



<i>In KUSD</i>	<u>2016</u>	
Net result share of the group	39 874	
Fair value adjustment stock*	-1 375	December stock / price related
Fair value adjustment IAS 41*	<u>-1 766</u>	January 2017 production / price related
<b>Net result before fair value adjustments</b>	<b>36 733</b>	
Sale of Sipef-CI	<u>-1 819</u>	One-off effect
<b>Net result before FV and non-recurring</b>	<b>34 914</b>	

\* = Net of tax and share of the group

# SIPEF group

## Sale of Sipef-CI



The sale of Sipef-CI was finalized on 27 December 2016 at an all-inclusive sales price of 11 500 KEUR (12 099 KUSD) for the 32% stake that Sipef NV has in Sipef-CI.

The conditions are summarized as follows:

### Sale of Sipef-CI (in KUSD)

<b>Sales price of Sipef-CI</b>	12 099 KUSD
<b>Discounting of long term receivable (30% discount rate)</b>	-6 706 KUSD
<b>Net present value of Sales price</b>	5 393 KUSD
<b>Value of the shares of Sipef-CI</b>	3 801 KUSD
<b>Impairment reversal via equity in 2010</b>	-227 KUSD
<b>Value of Sipef-CI</b>	3 574 KUSD
<b>Realized consolidated gain on sale of Sipef-CI</b>	1 819 KUSD

## Balance sheet

*In KUSD (condensed)*

	2016	2015*
Biological assets- bearer plants	178 346	163 505
Other fixed assets	307 409	302 492
Net assets held for sale	0	6 943
Net current assets, net of cash	61 773	42 315
Net cash position	-45 061	- 50 521
<b>Total net assets</b>	<b>502 467</b>	<b>465 005</b>
Shareholders' equity, group share	448 063	415 429
Non controlling interest	25 063	23 400
Provisions and deferred tax liabilities	29 341	26 176
<b>Total net liabilities</b>	<b>502 467</b>	<b>465 005</b>

\* IAS41 restatement in 2015

## Cash Flow

*In KUSD (condensed)*

	2016	2015*
Cash flow from operating activities	74 391	49 890
Change in net working capital	-18 804	-8 062
Income taxes paid	-4 369	-10 471
<b>Cash flow from operating activities after tax</b>	<b>51 218</b>	<b>31 357</b>
Acquisitions intangible and tangible assets	-41 095	-49 002
Acquisitions financial assets	-3 050	-1 750
<b>Operating free cash flow</b>	<b>7 073</b>	<b>-19 395</b>
Dividends received from associated companies	4 729	7 315
Proceeds from sale of assets	1 526	2 132
<b>Free cash flow</b>	<b>13 328</b>	<b>-9 948</b>

\* IAS41 restatement in 2015

- During the year 2 subsidiaries were sold with receivables > 1 year:
  - Sale of GRH: 6 600 KUSD
  - Sale of Sipef-CI: 12 099 KUSD (11 500 KEUR)
- Discounted to the following amounts:
  - GRH: 6 483 KUSD
  - Sipef-CI: 5 393 KUSD

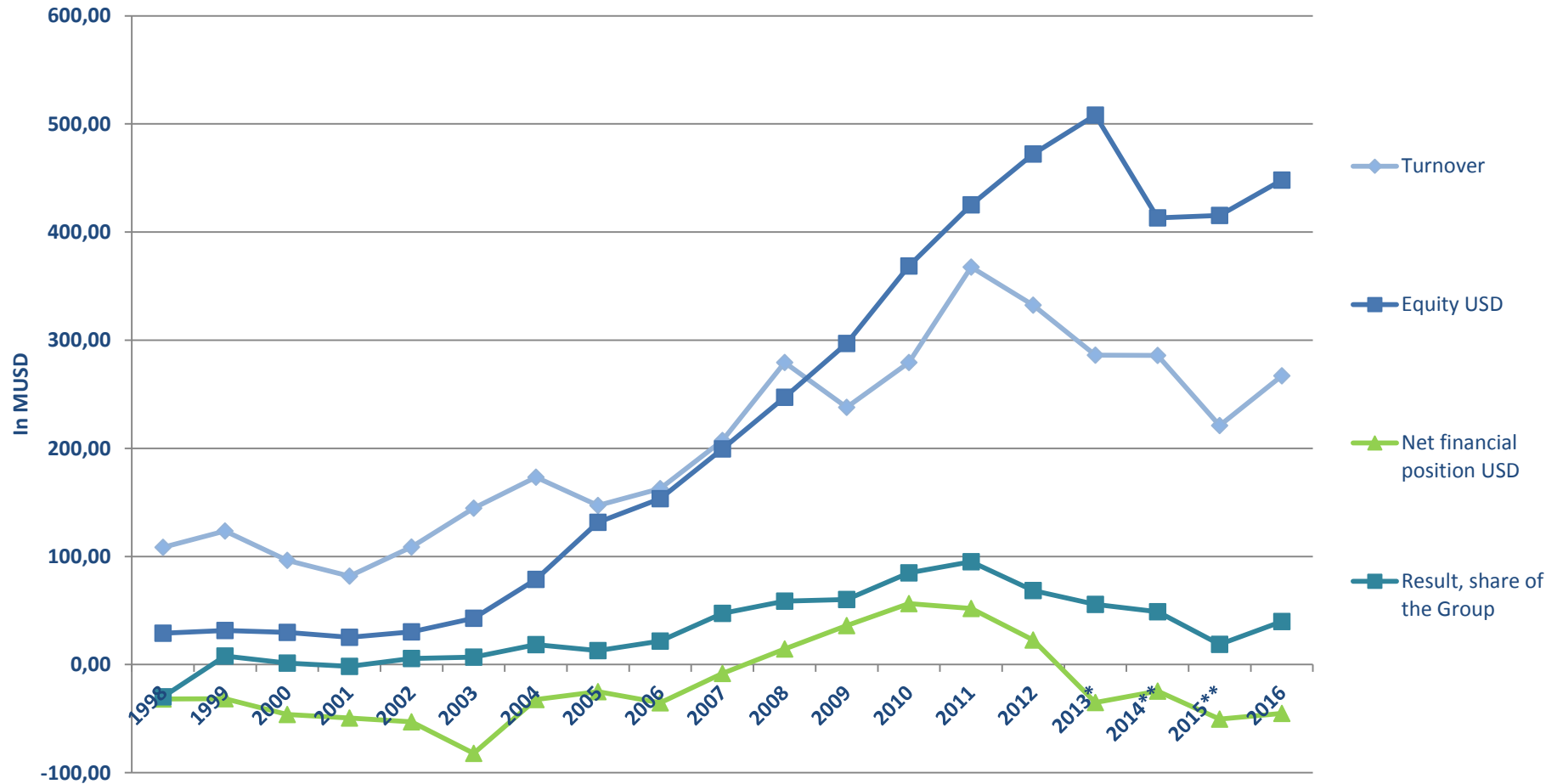
Payment will be received as follows (nominal amounts):

<u>In KUSD</u>	<u>2016</u> <u>received</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>Total</u>
Sipef-CI		605	2 873	2 874	2 873	2 874	12 099
GRH	1 500	1 500	1 500	1 500	600		6 600
Total	1 500	2 105	4 373	4 374	3 473	2 874	18 699

- Currently the balance sheet contains the following:
  - Short term receivable: 2 105 KUSD
  - Long term receivable (discounted amounts)
    - GRH: 3 535 KUSD
    - Sipef-CI: 4 788 KUSD

# SIPEF group

## Historical evolution



2013\* restatement PT Agro Muko (decrease in turnover)  
 2014\*\* & 2015\*\* restatement IAS 41R (decrease in equity & result)



- Sipef group – Company profile
- SIPEF group – expansion
- SIPEF group – Productions & prices
- SIPEF group – Financial performance
- **Peer review**

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.

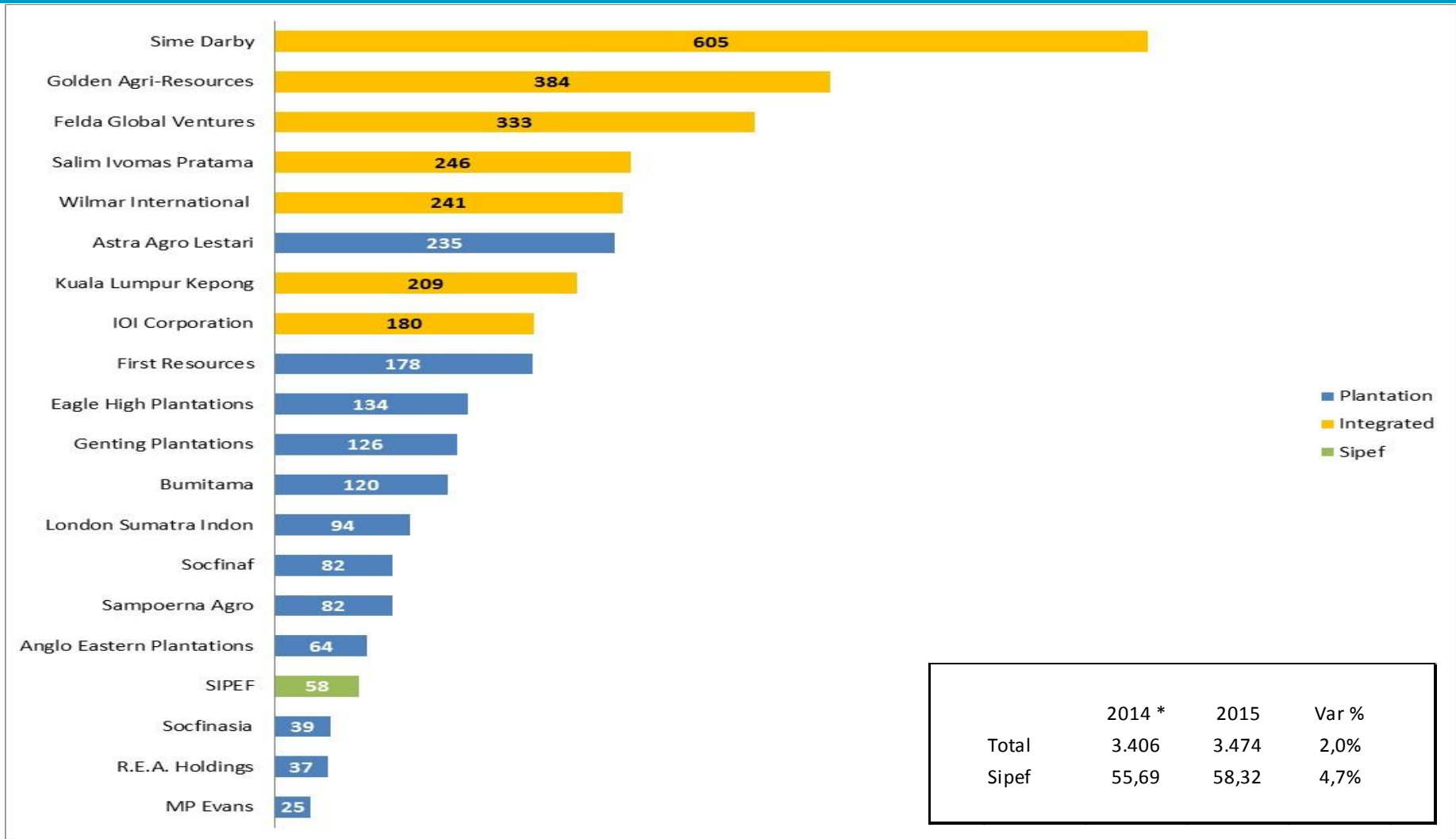
The information with respect to the companies included in the Peer Review was retrieved from publicly available information being annual reports and company websites on the one hand and from analyst reports we received on the other hand. In some cases we had to give our own interpretation to the available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

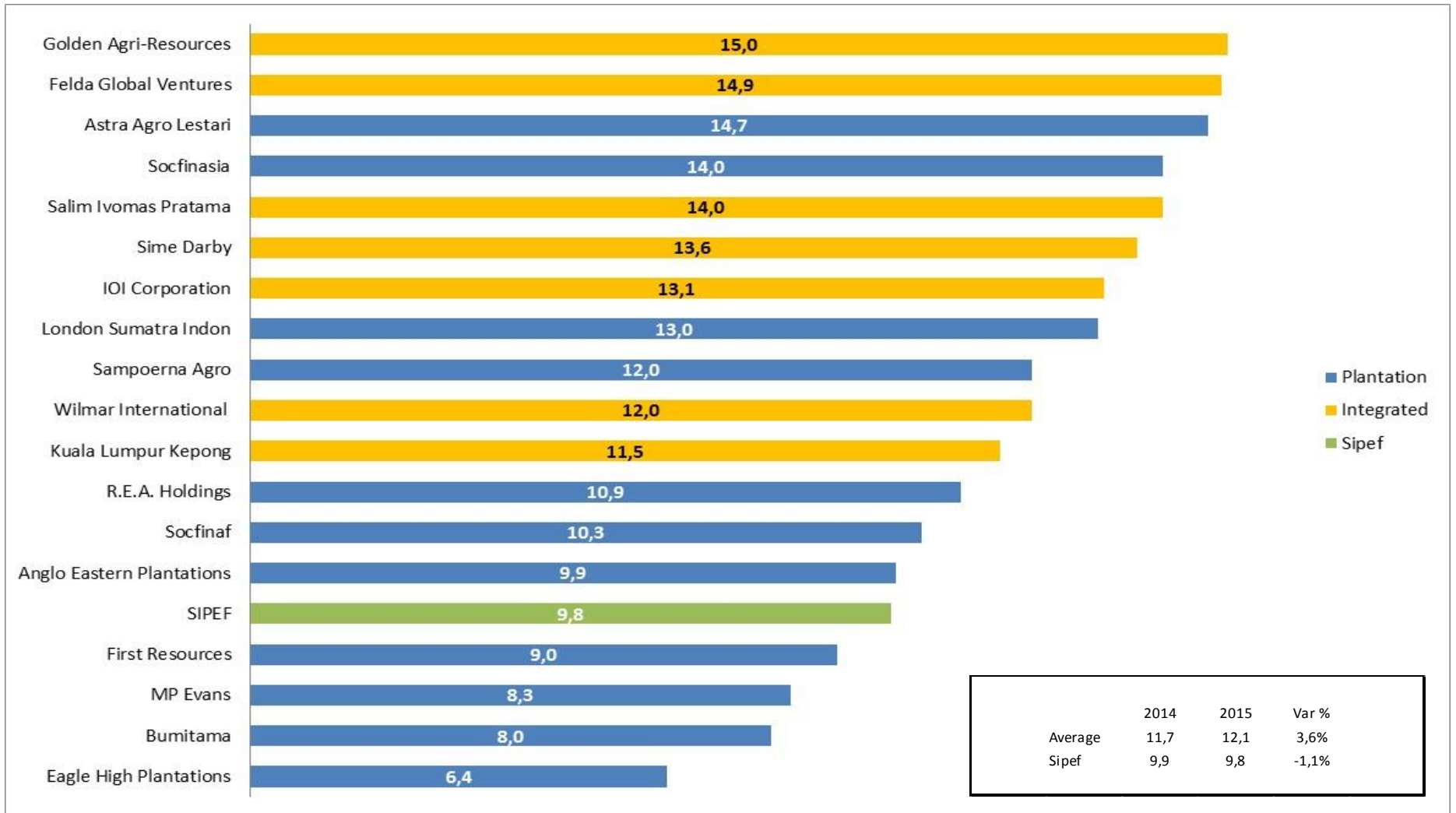


## Owned Planted Oil Palm Hectares in KHa (2015)



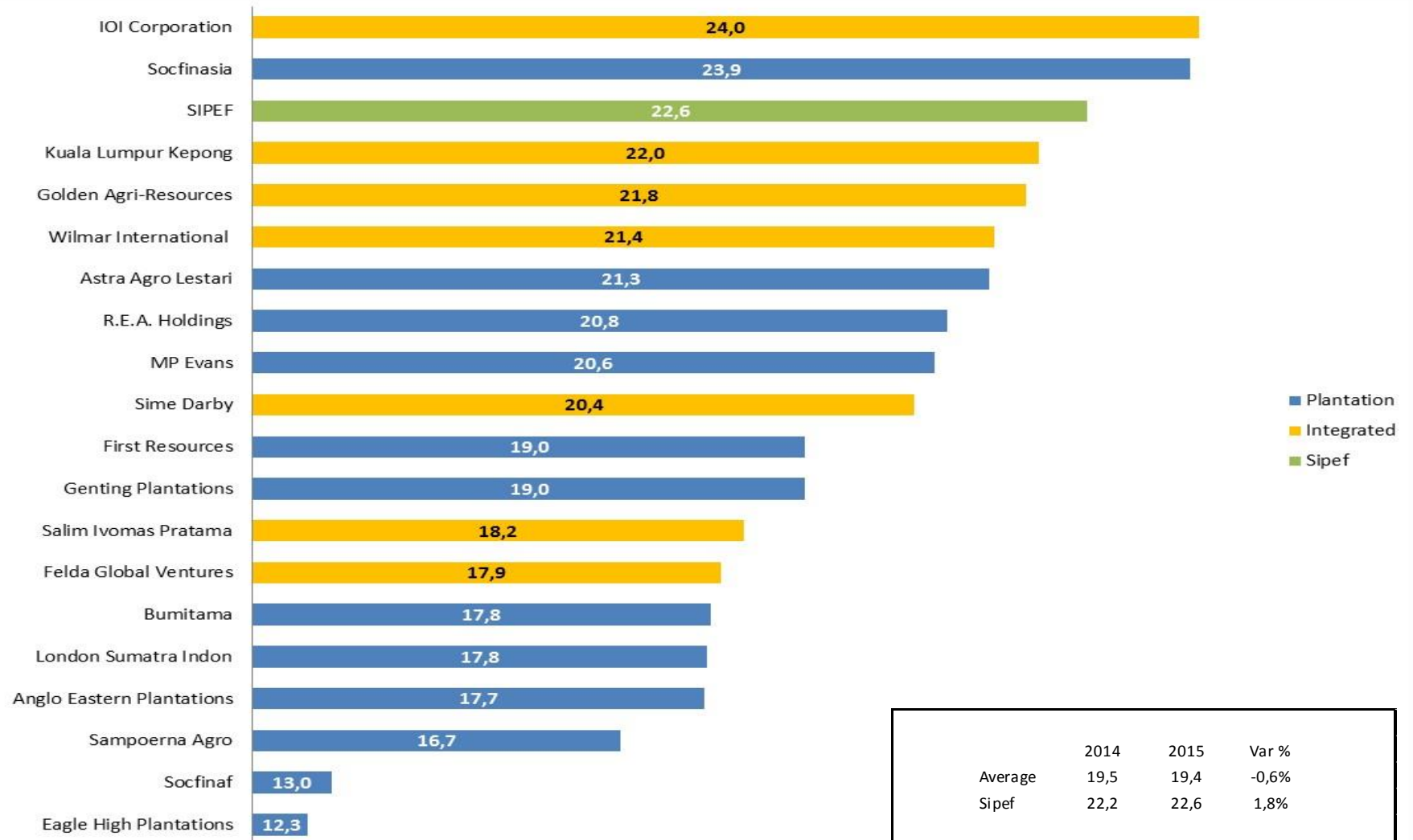
\* Restated (mainly taking into account the acquisition of NBPOL by Sime Darby)

## Age Profile : Average Age Planted Hectares (2015)



# Peer review

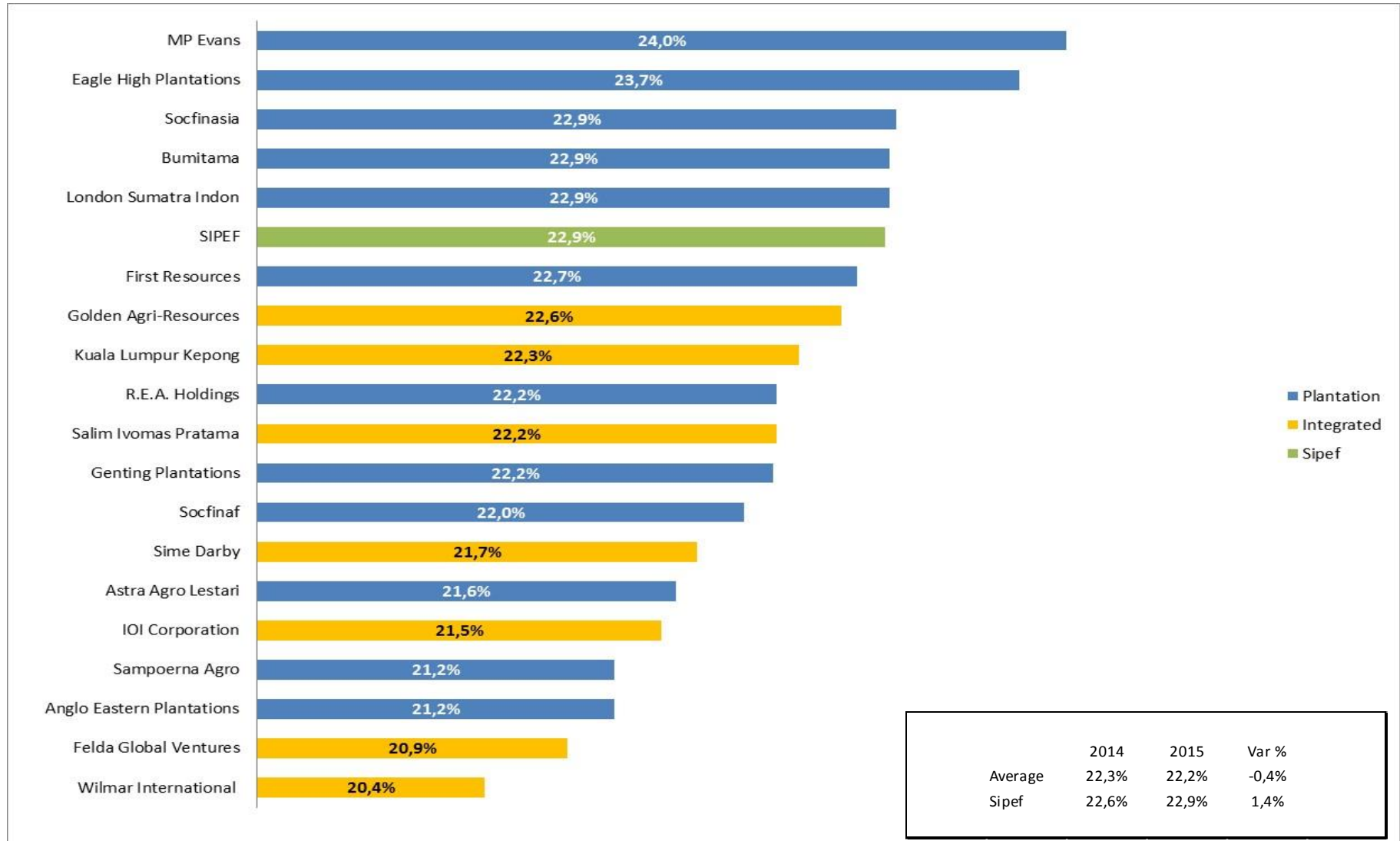
## FFB Yields – MT/ha (2015)



# Peer review

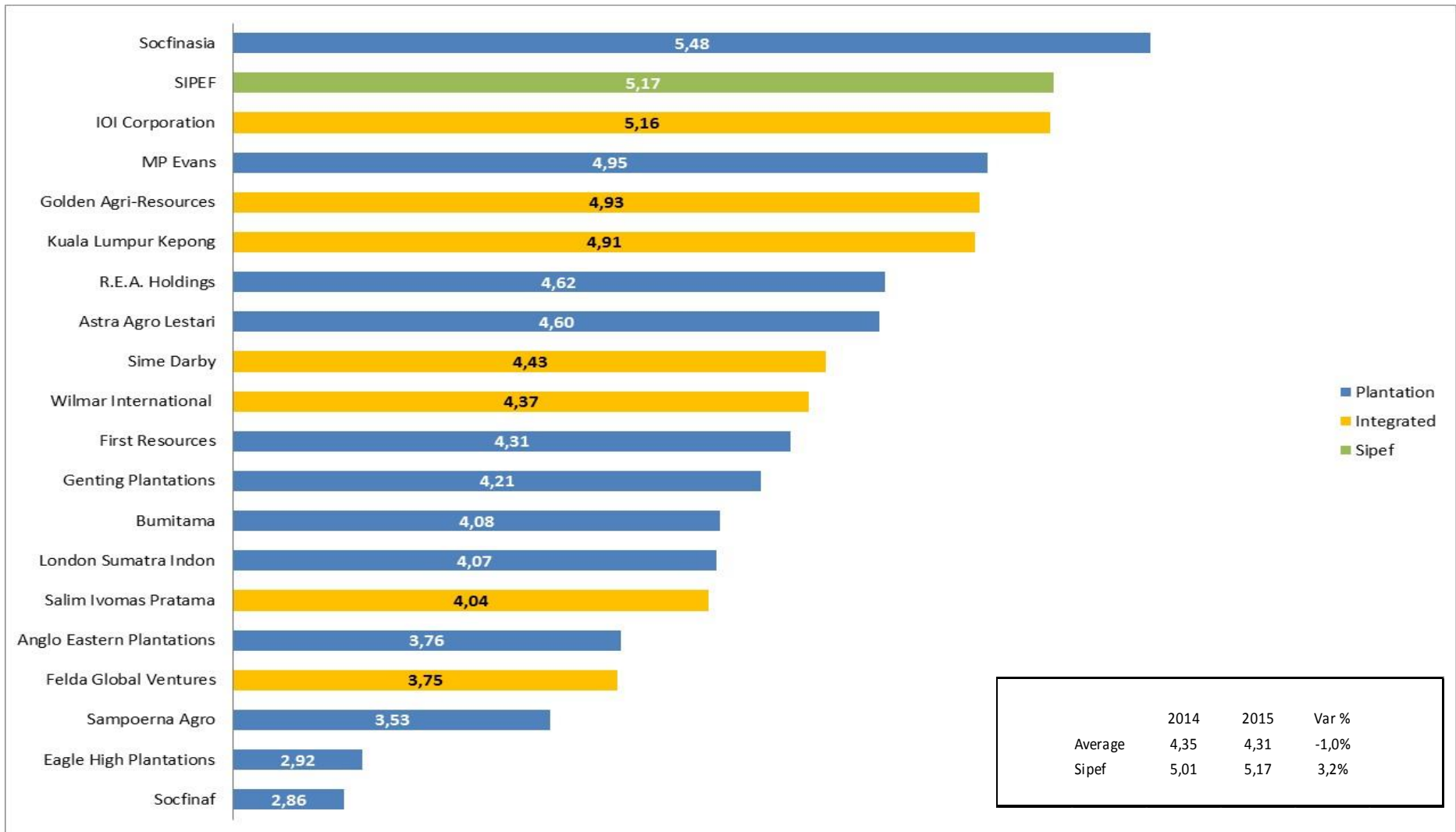


## Extraction Rate from FFB to CPO (2015)



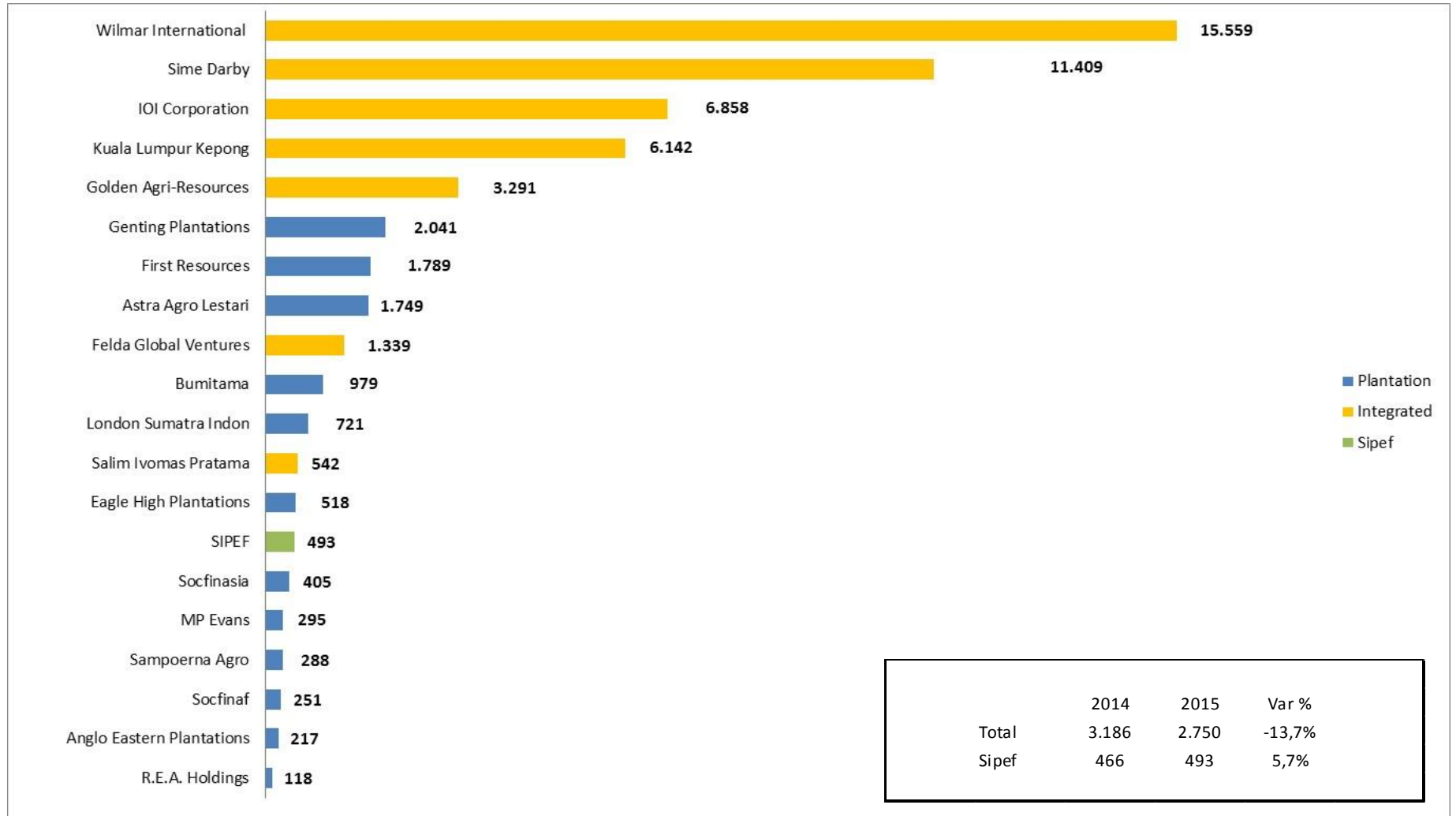
# Peer review

## CPO Yields – MT/ha (2015)



# Peer review

## Market Cap in MUSD (July 2016)

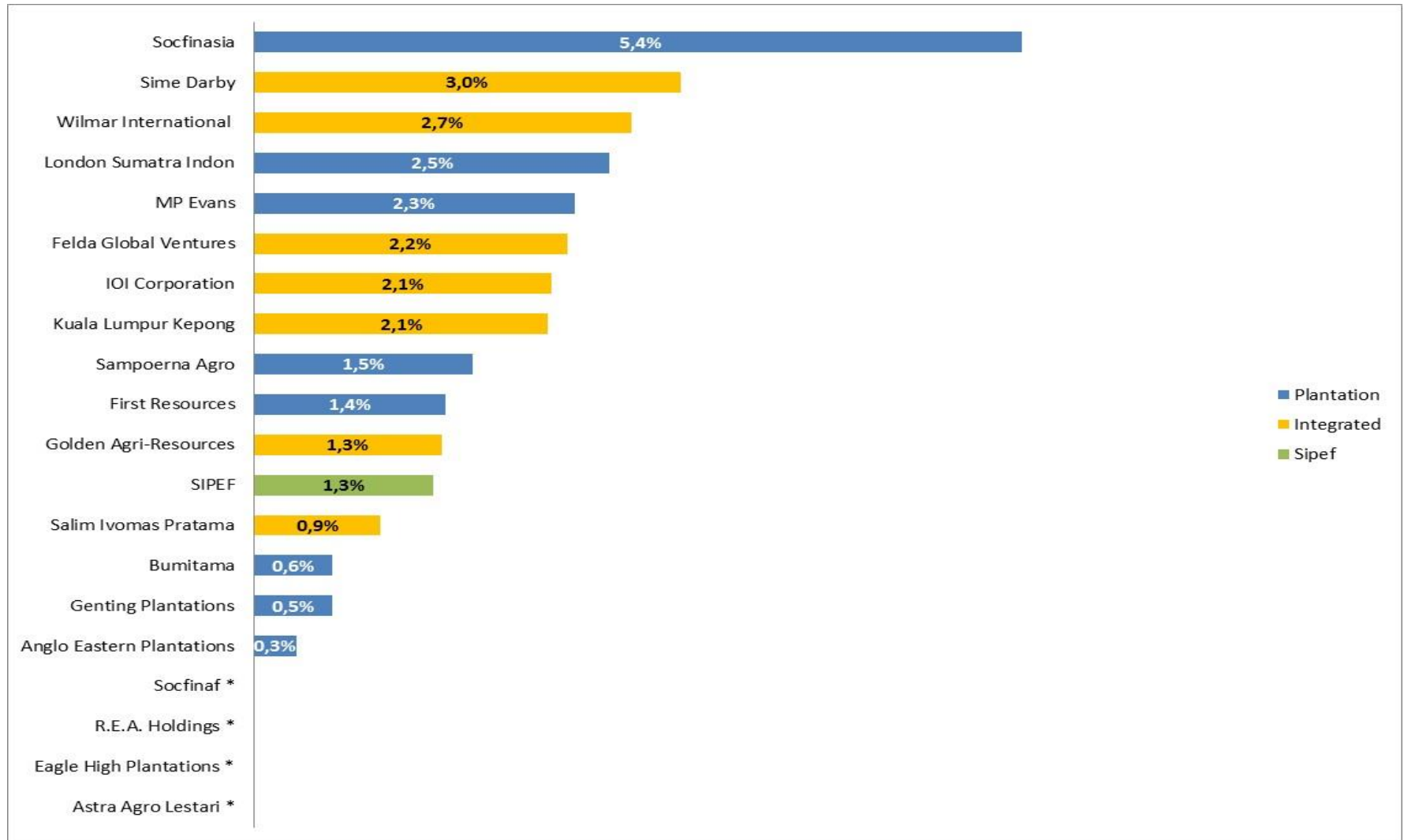




# Peer review



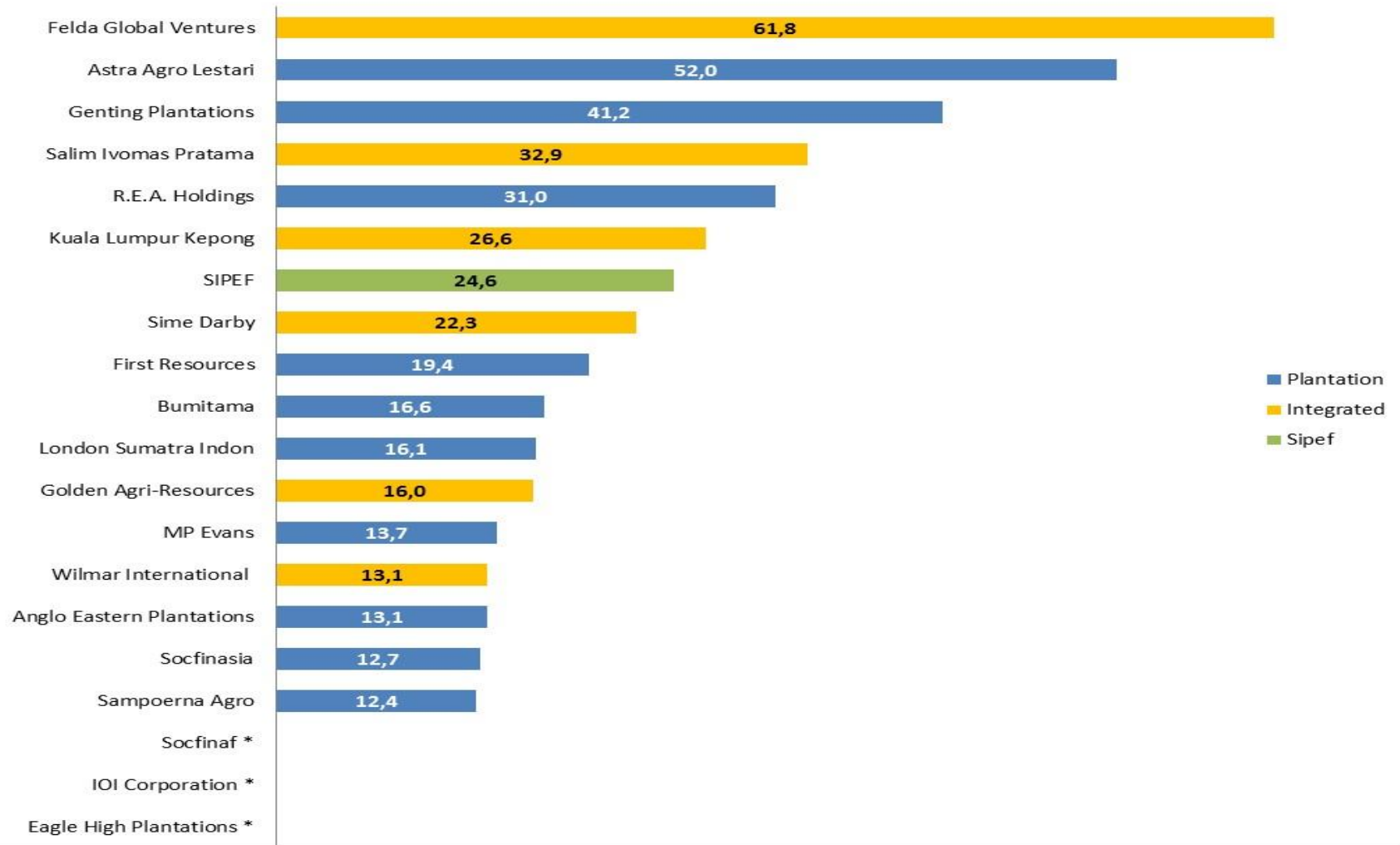
## Dividend Yields (Based on Average Market Cap 2015)



\* No dividend pay-out

# Peer review

## Price Earnings Ratio (Based on Average Market Cap 2015)

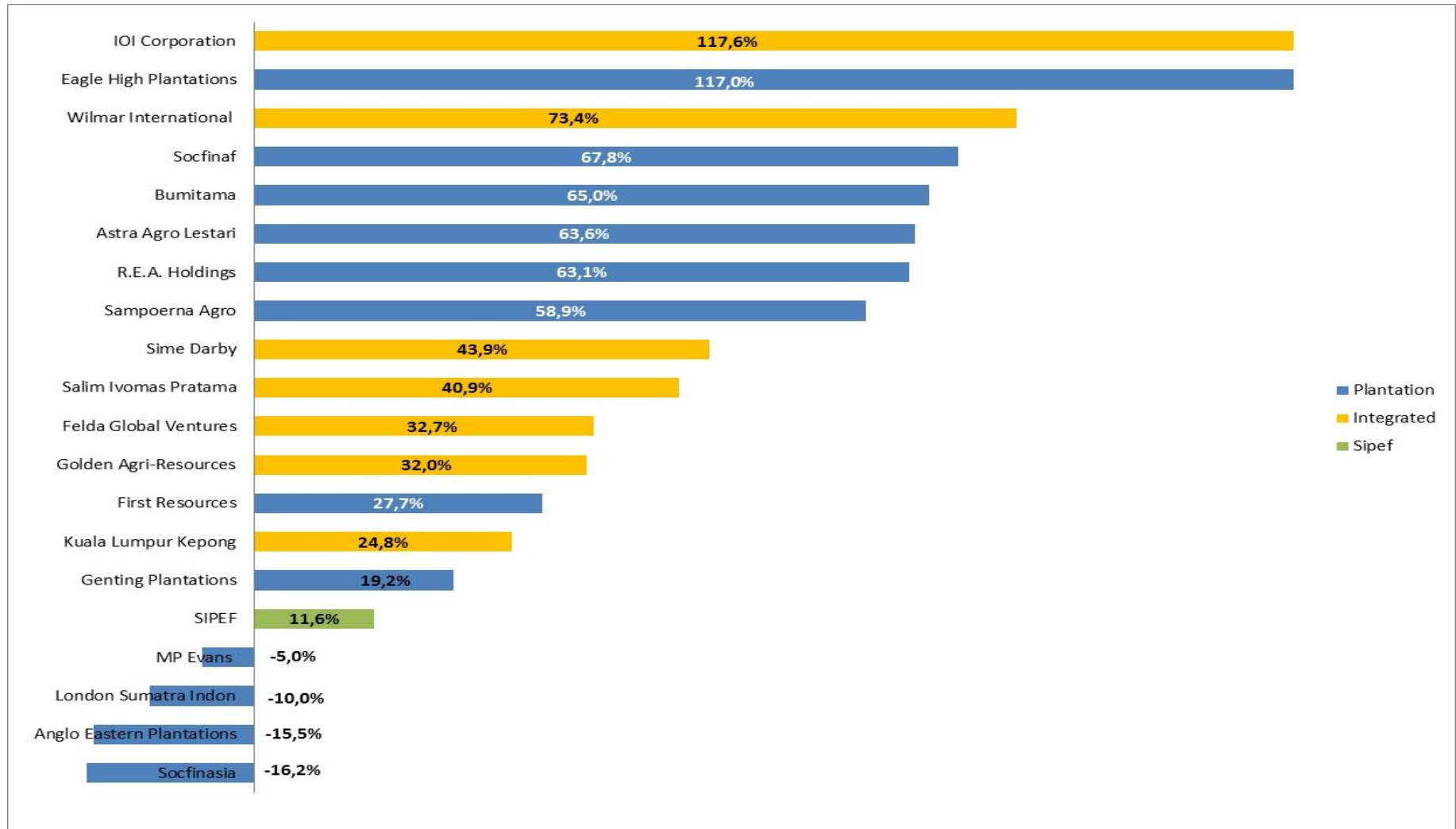


\* Not included as irrelevant (profit close to break-even or loss for the year)

# Peer review



## Net financial debt/Equity Ratio (2015)



\* Preferential shares with fixed cumulative dividend are excluded





**RSPO**

Promoting The Growth And  
Use Of Sustainable Palm Oil

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