



SIPEF financial statements June 2018

London Roadshow
October 25, 2018



The Connection to the world of Sustainable Tropical Agriculture



Summary



1. SIPEF Group Company profile

2. SIPEF group - Expansion

3. SIPEF Group – Productions & prices

4. SIPEF group – Financial performance

5. Peer review



Summary



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1. SIPEF group - Company profile



Agriculture

- 1st segment of the supply chain - commodities

Tropical

- Recent industrialised countries

Sustainable

- Audited certifications

Connection

- Publicly quoted

1. SIPEF group - Company profile



Continuous production

- Continuous crops

Diversified in product

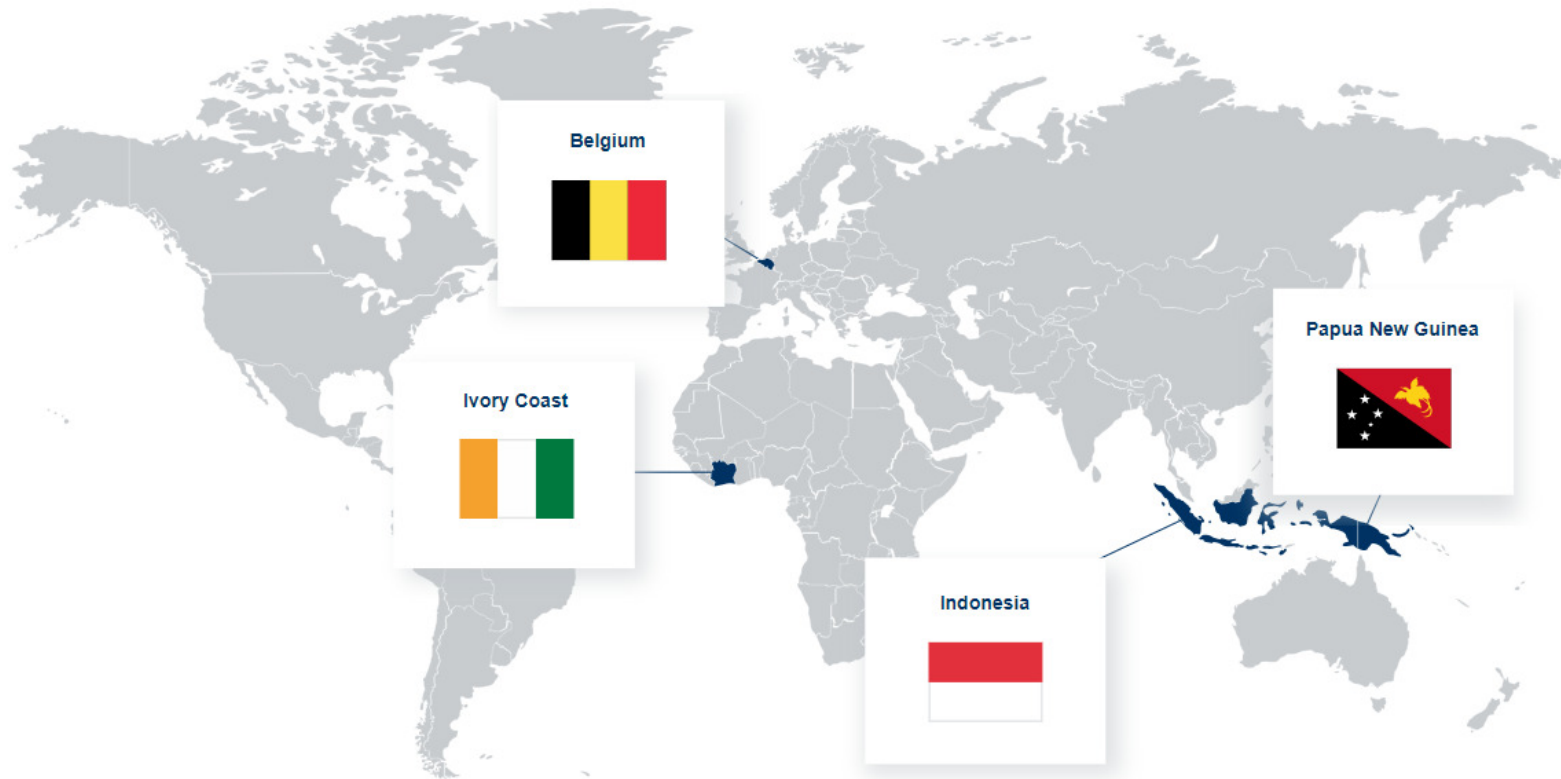
- **Palm oil** : basic commodity for food (and recently energy)
- **Rubber** : cyclic business - tire industry

Diversified in origin

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

1. SIPEF group - Company profile

Worldwide



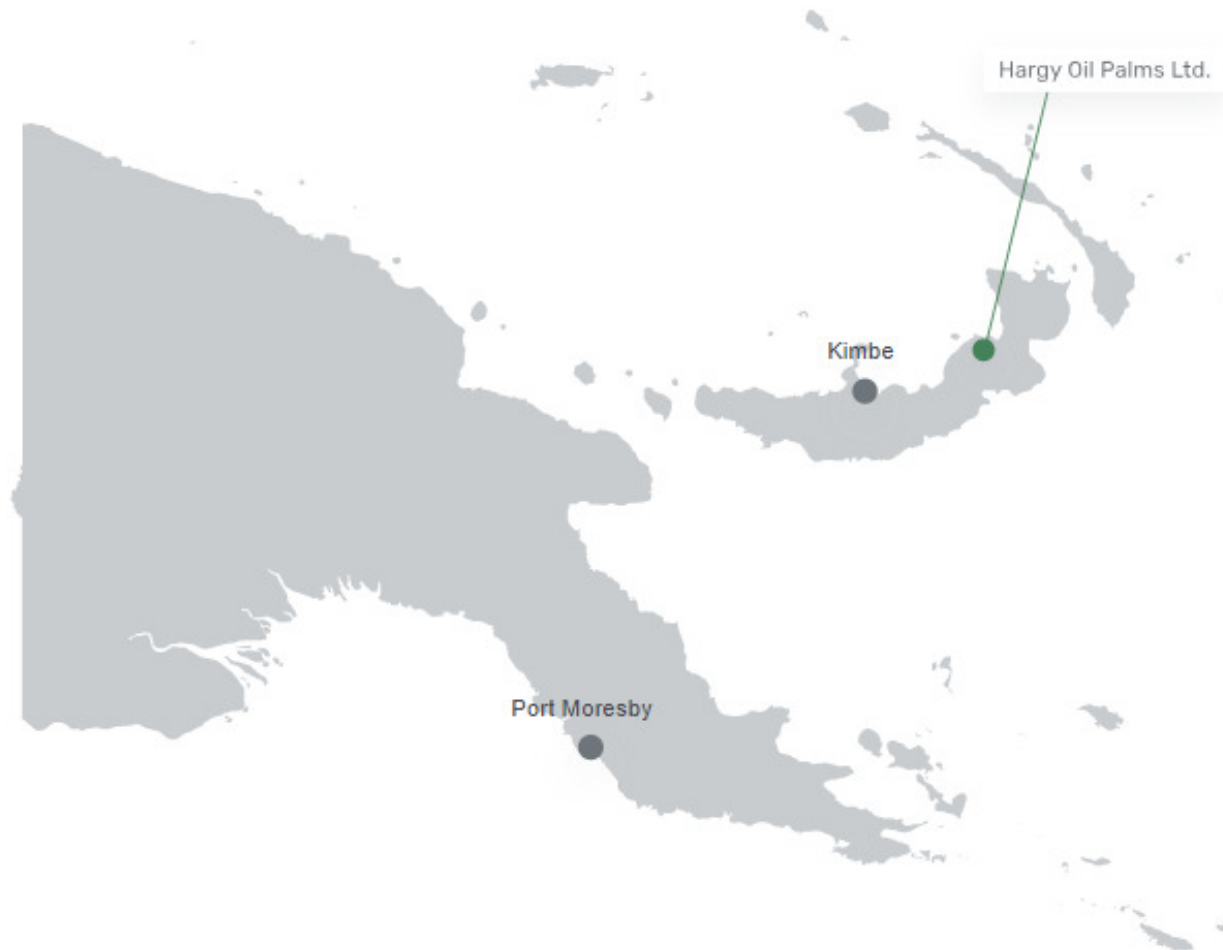
1. SIPEF group - Company profile

Indonesia



1. SIPEF group - Company profile

Papua New Guinea



1. SIPEF group - Company profile
Planted hectares summary – 30 June 2018

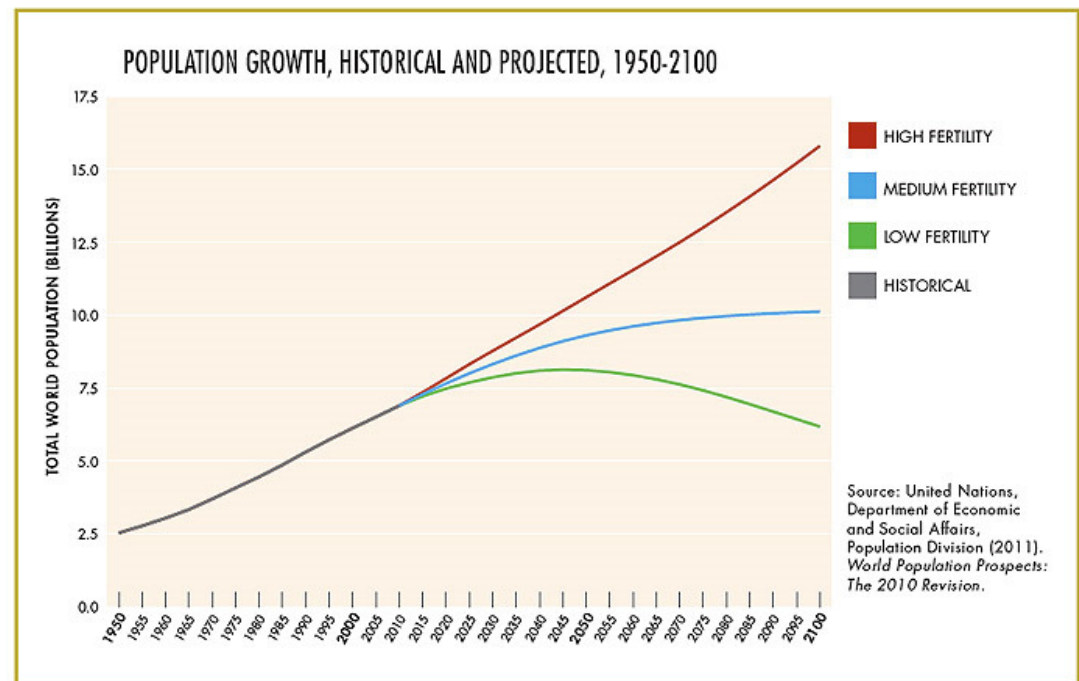


| | Palm | Rubber | Tea | Bananas | Other | Total | % | Group share |
|--------------------|---------------|--------------|--------------|------------|-----------|---------------|-------------|---------------|
| Indonesia | 56 425 | 6 121 | 1 752 | | | 64 298 | 82% | 57 936 |
| PNG | 13 622 | | | | | 13 622 | 17% | 13 622 |
| Ivory coast | | | | 690 | 42 | 732 | 1% | 732 |
| Total | 70 047 | 6 121 | 1 752 | 690 | 42 | 78 652 | 100% | 72 290 |
| % | 89% | 8% | 2% | 1% | 0% | 100% | | |
| Group share | 64 739 | 5 237 | 1 581 | 690 | 42 | 72 290 | | |

1. SIPEF group - Company profile

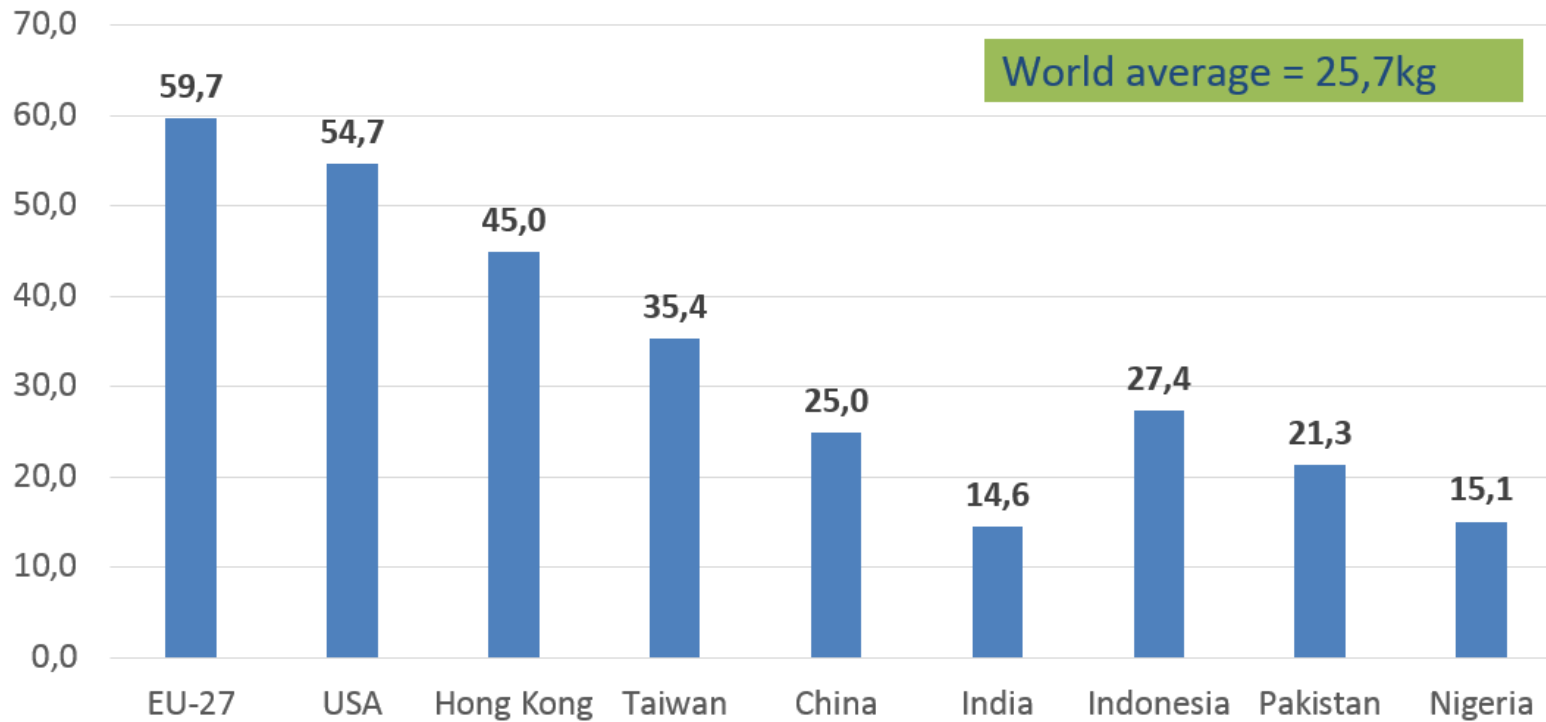
Palm oil in the world - Population growth

- 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



1. SIPEF group - Company profile
Palm oil in the world - Oil and fat consumption

Oil and fat per capita consumption (in Kg)



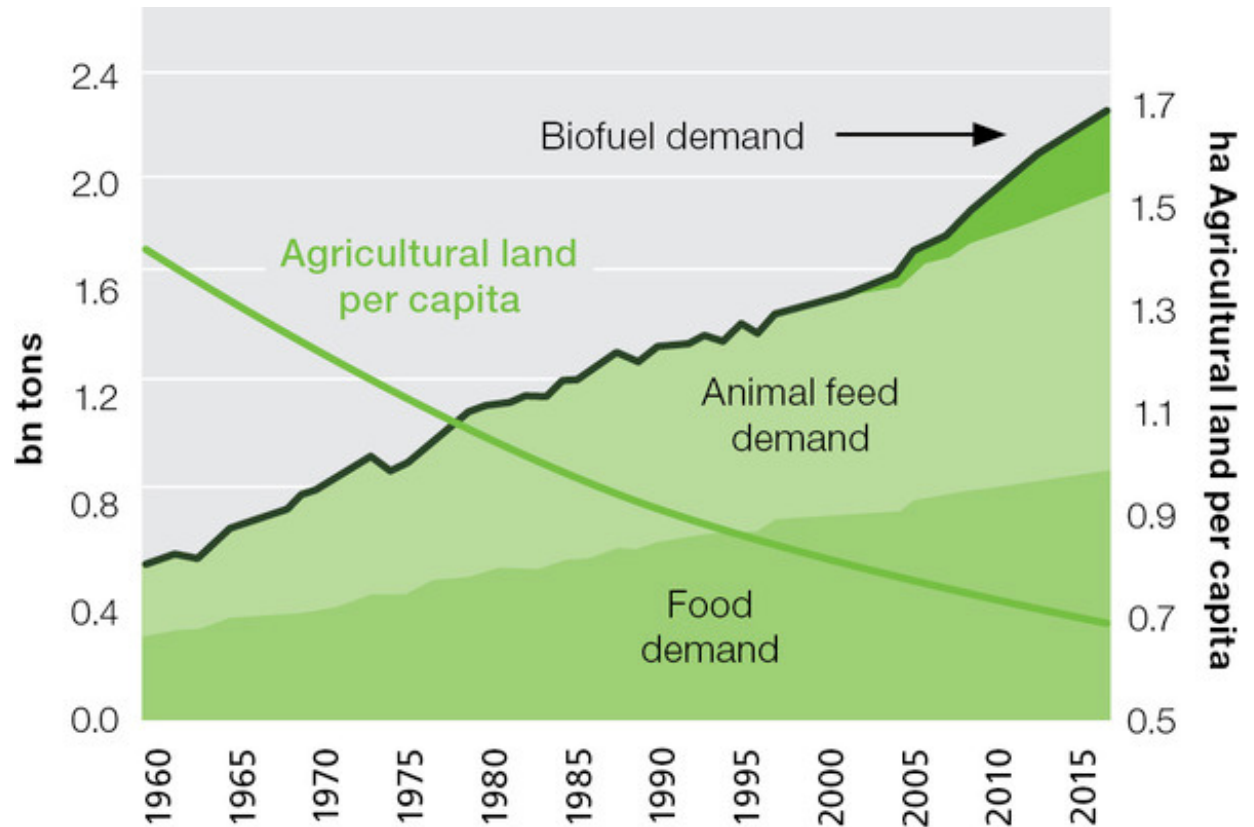
Source: Oil World 2012; Foreign affairs 2011

1. SIPEF group - Company profile

Palm oil in the world - Land input



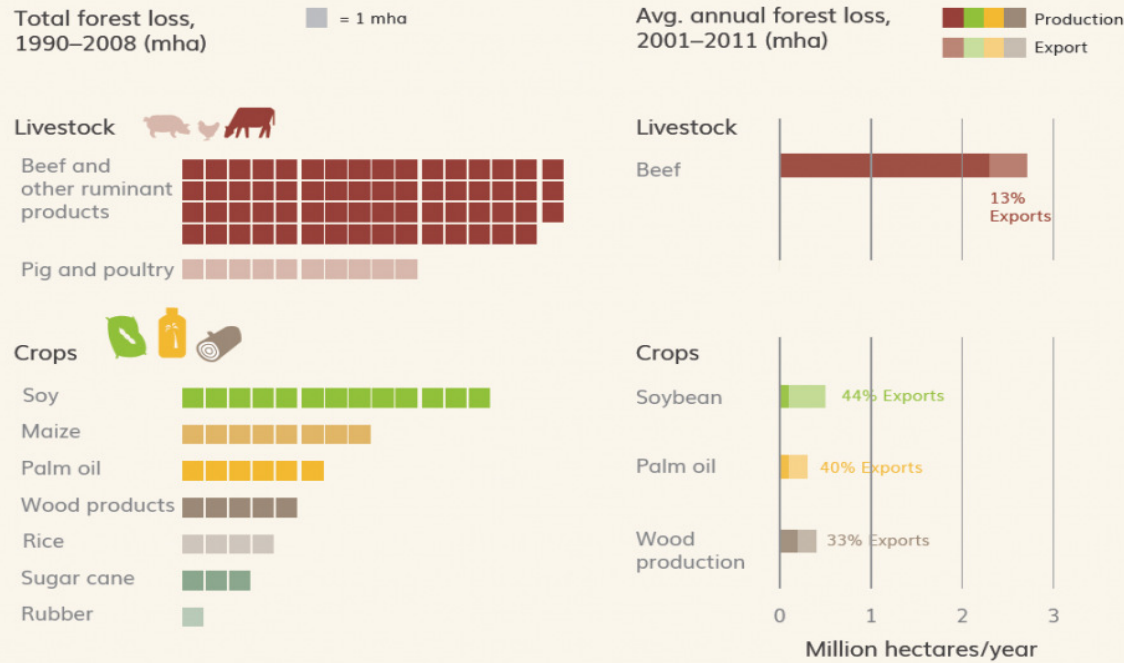
- Increased demand for meat/fat/processed foods
- Increased demand for biofuel
- Decreasing Agricultural land per capita
- Disposable income growth in developing countries



1. SIPEF group - Company profile

Palm oil in the world - Sources for deforestation

Deforestation linked to major agricultural commodities

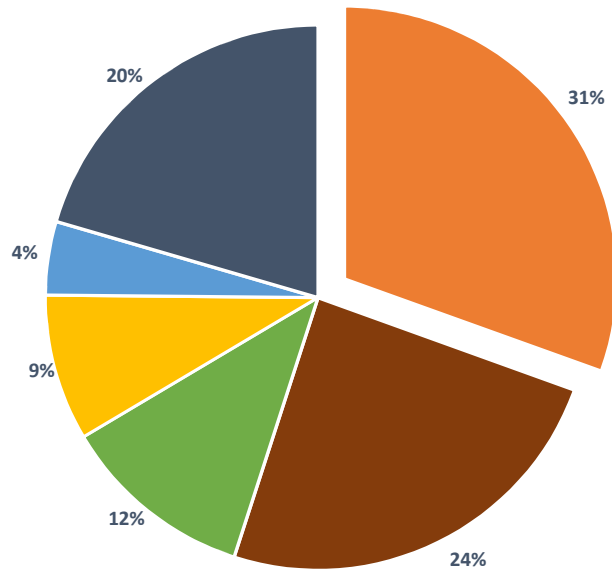


Source: (left) Climate Focus calculations based on European Commission, 2013; (right) Henders et al., 2015

Figure 1. Figure illustrates two data sources, one for total forest loss between 1990 and 2008 and another for average annual forest loss in 2001–11. (8; 4)

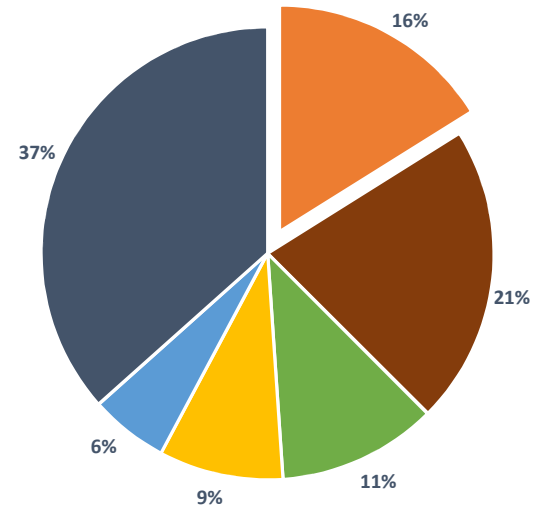
1. SIPEF group - Company profile
Palm oil in the world - Vegetable oils

2017: 220,0 million tonnes



- Palm oil
- Rape oil
- Palm kernel and coconut oil
- Soya oil
- Sunflower oil
- Other oils/animals fats

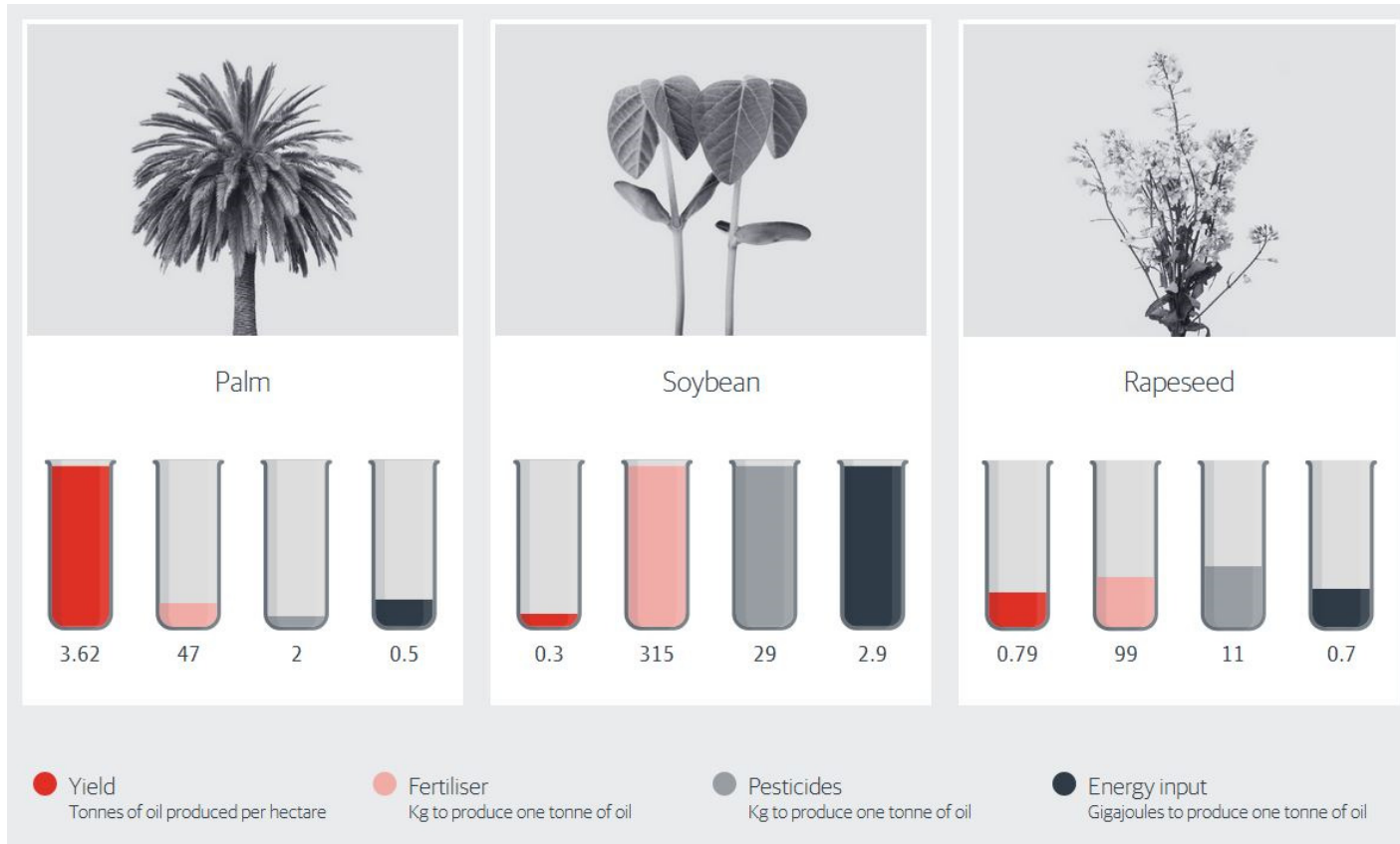
1994/95: 93,1 million tonnes



- Palm oil
- Rape oil
- Palm kernel and coconut oil
- Soya oil
- Sunflower oil
- Other oils/animal fats

1. SIPEF group - Company profile
Palm oil in the world - Comparison to other oils

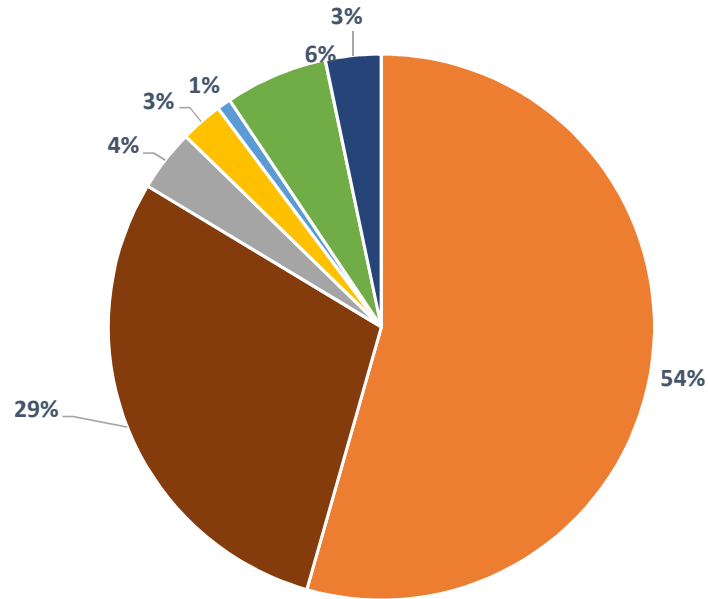
Resources used per vegetable oil:



1. SIPEF group - Company profile
Palm oil in the world - Palm oil production



**2017 Palm oil production
(Total of 67,1 Mn Tonnes)**



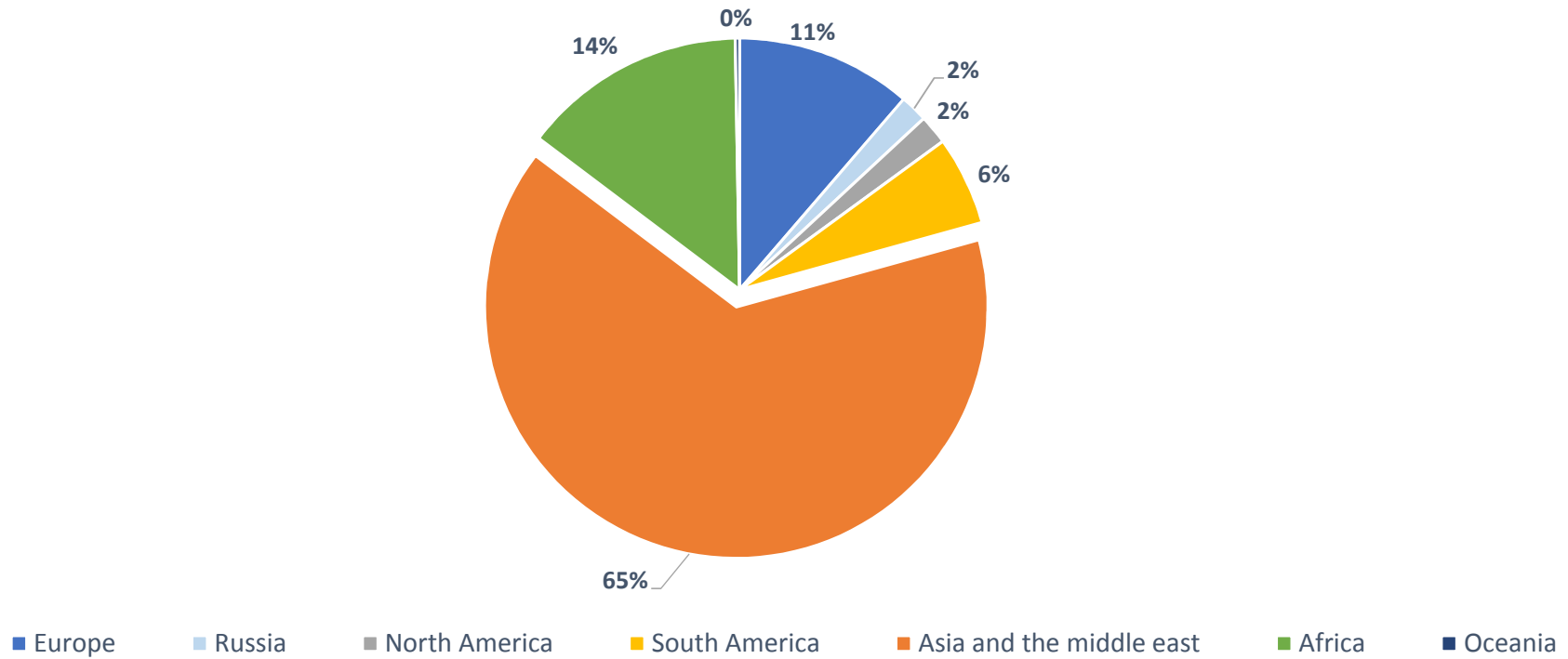
Indonesia Malaysia Thailand Africa Oceania Middle & South America Oth. Countries

1. SIPEF group - Company profile

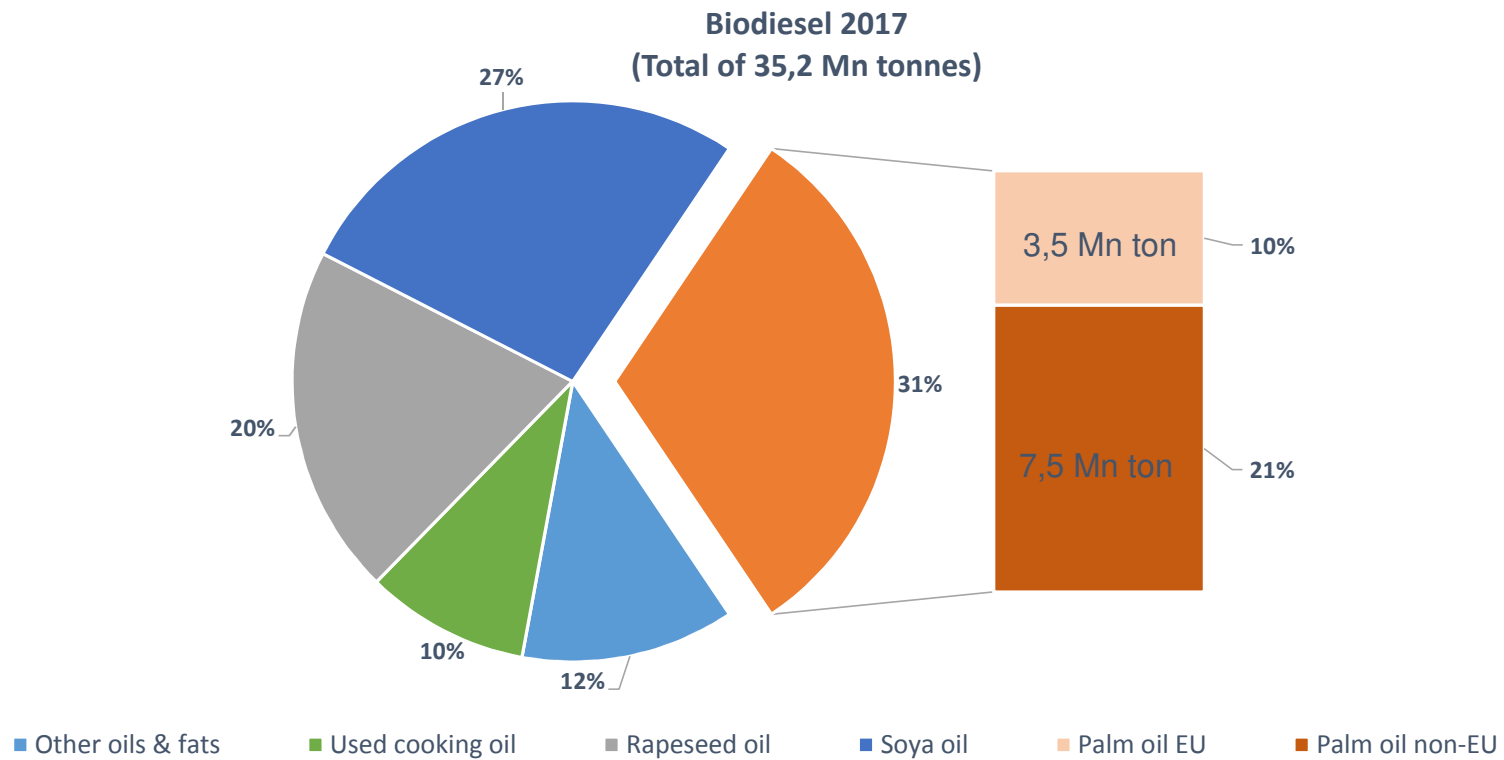
Palm oil in the world - Palm oil consumption



2014/15 World consumption



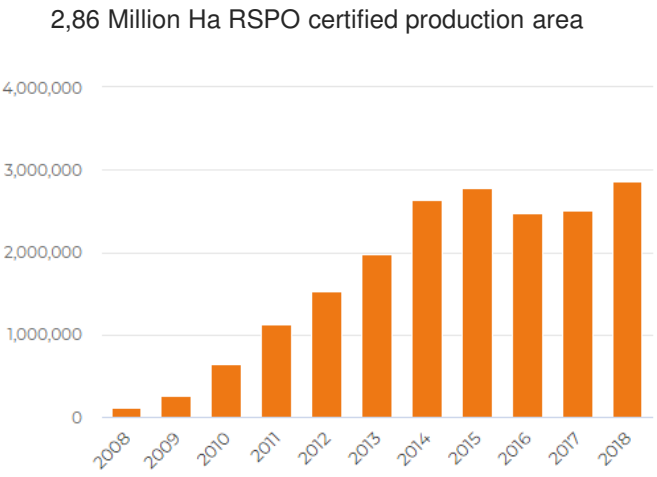
1. SIPEF group - Company profile
Palm oil in the world - Biodiesel



1. SIPEF group - Company profile
Palm oil in the world - Sustainable palm oil

In 2017 approximately 3,55 million tons entered the market as ‘segregated’ (100% traceable)

SIPEF = 100% certified oil and > 350.000 tons ‘segregated’



19%
 Proportion of global palm oil certified by RSPO



13.38 million tonnes
 Volume of RSPO-certified sustainable palm oil



Summary



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2. SIPEF group - Expansion

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2. SIPEF group - Expansion

Strategy & 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)

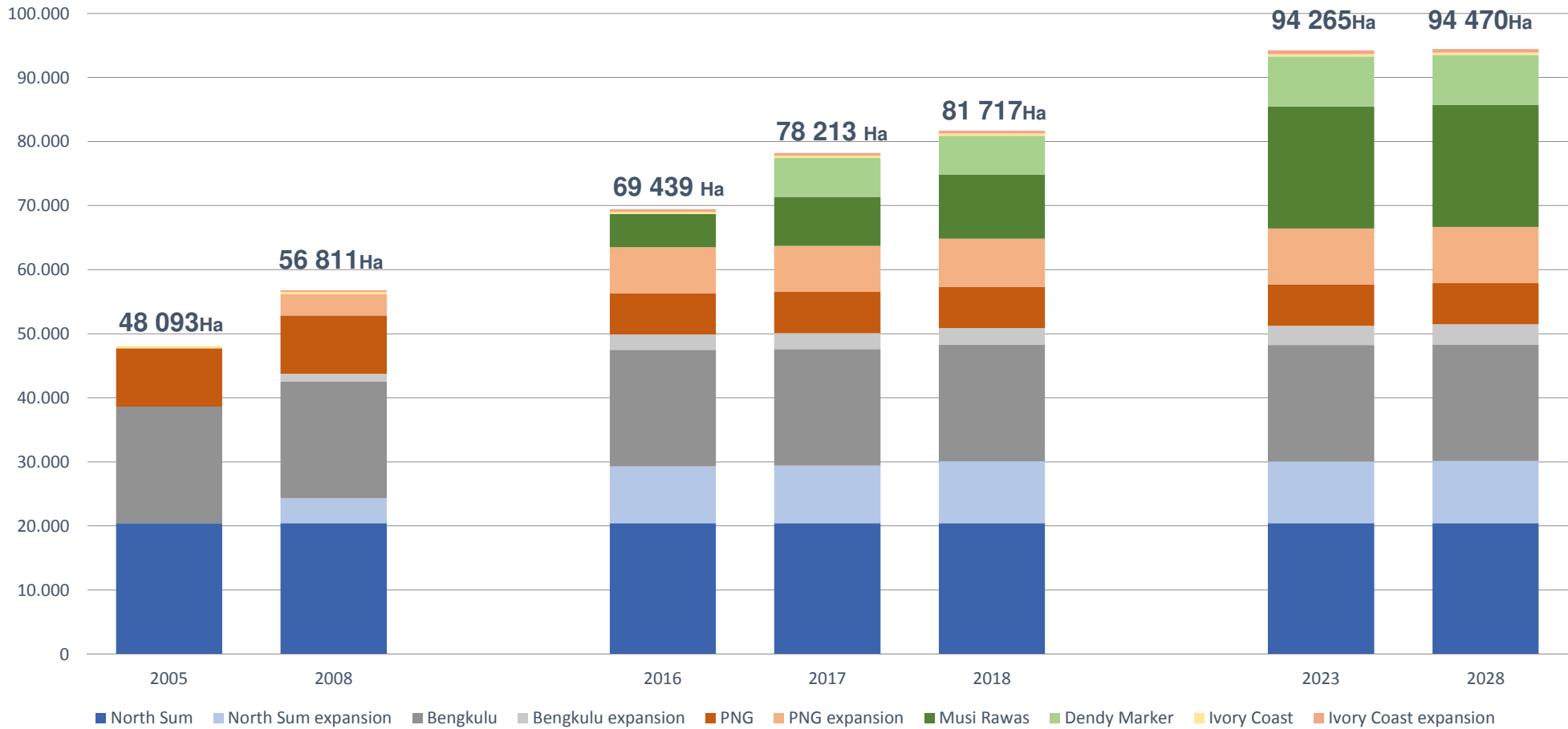
Expansion of existing activities

Acquisition of new investments

Balanced leverage

2. SIPEF group - Expansion

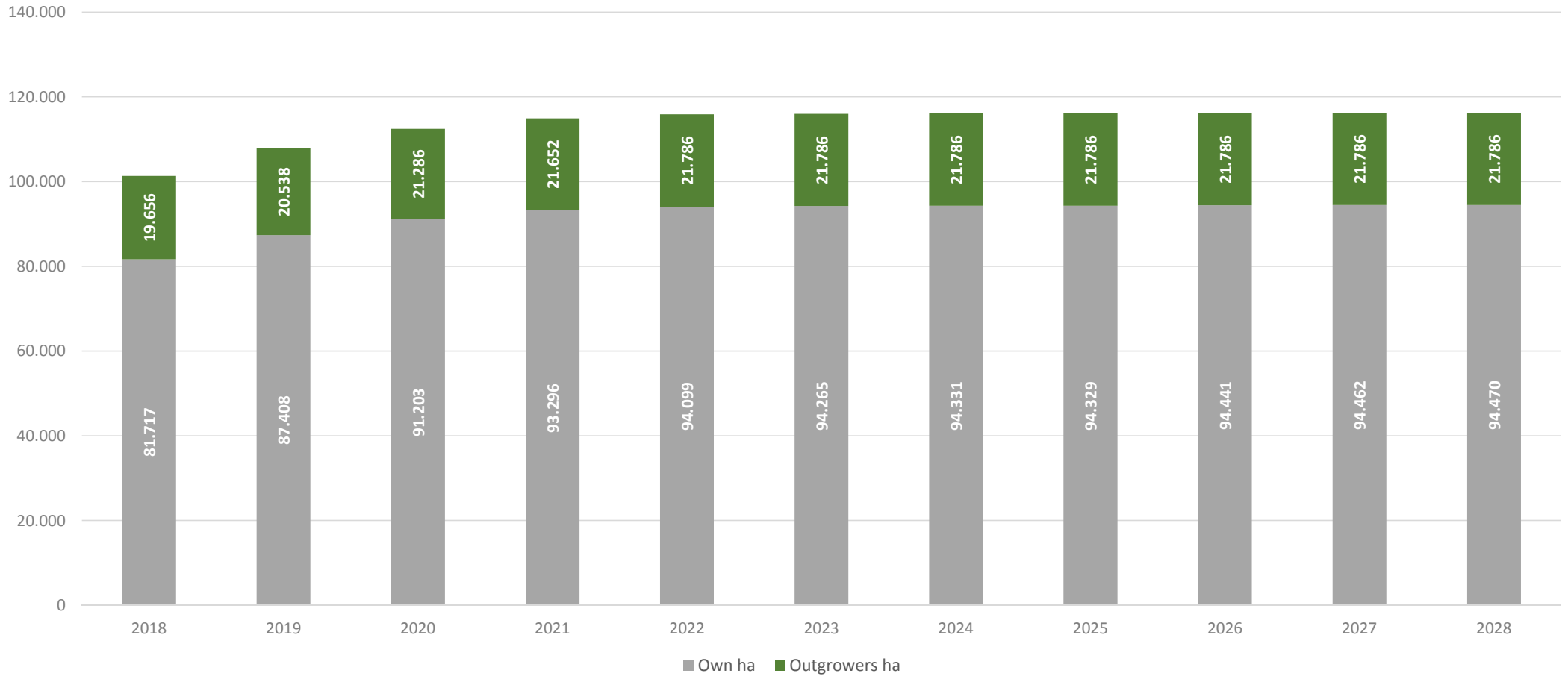
Planted area (in hectares) – 100%





2. SIPEF group - Expansion

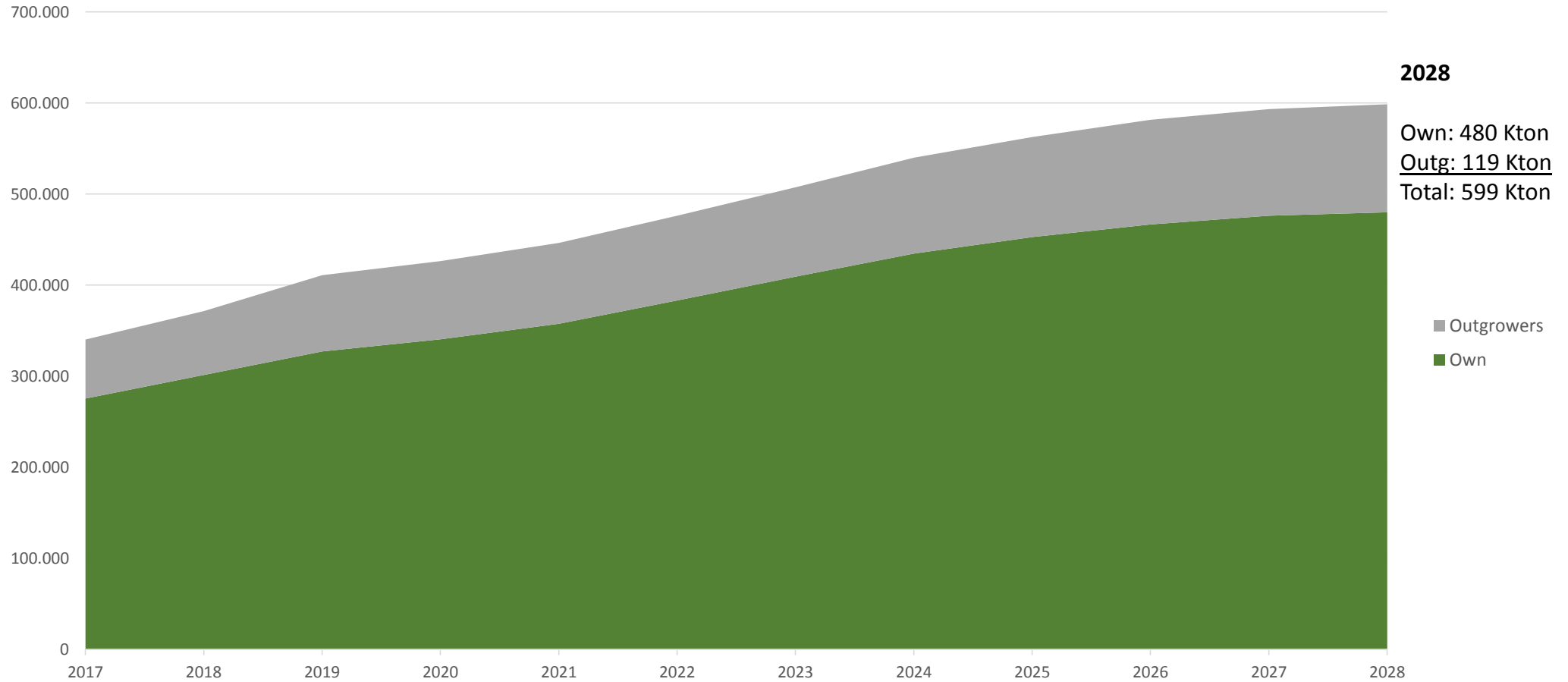
Supply base (in hectares): own ha and outgrowers ha – 100%





2. SIPEF group - Expansion

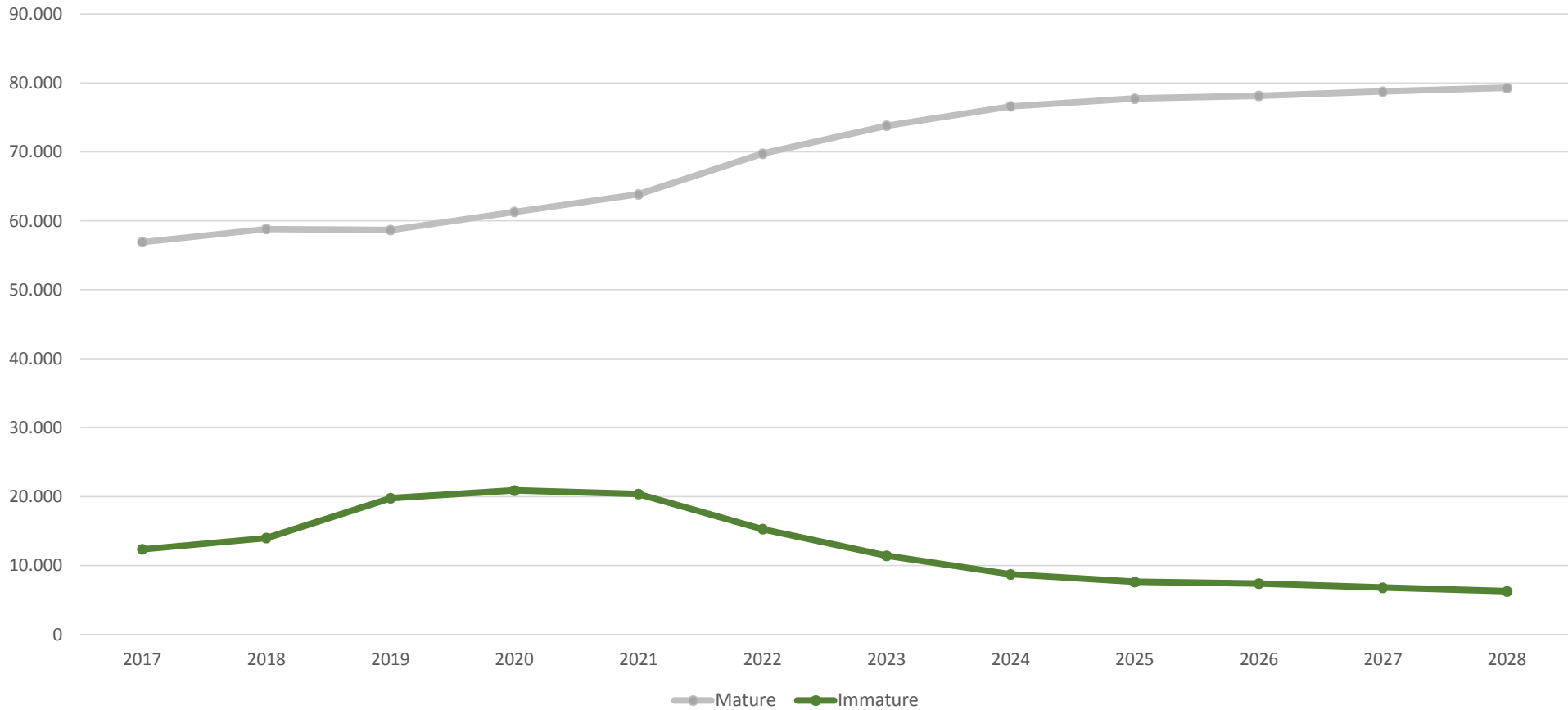
100% CPO production (including plasma and outgrowers – NO FFB)





2. SIPEF group - Expansion

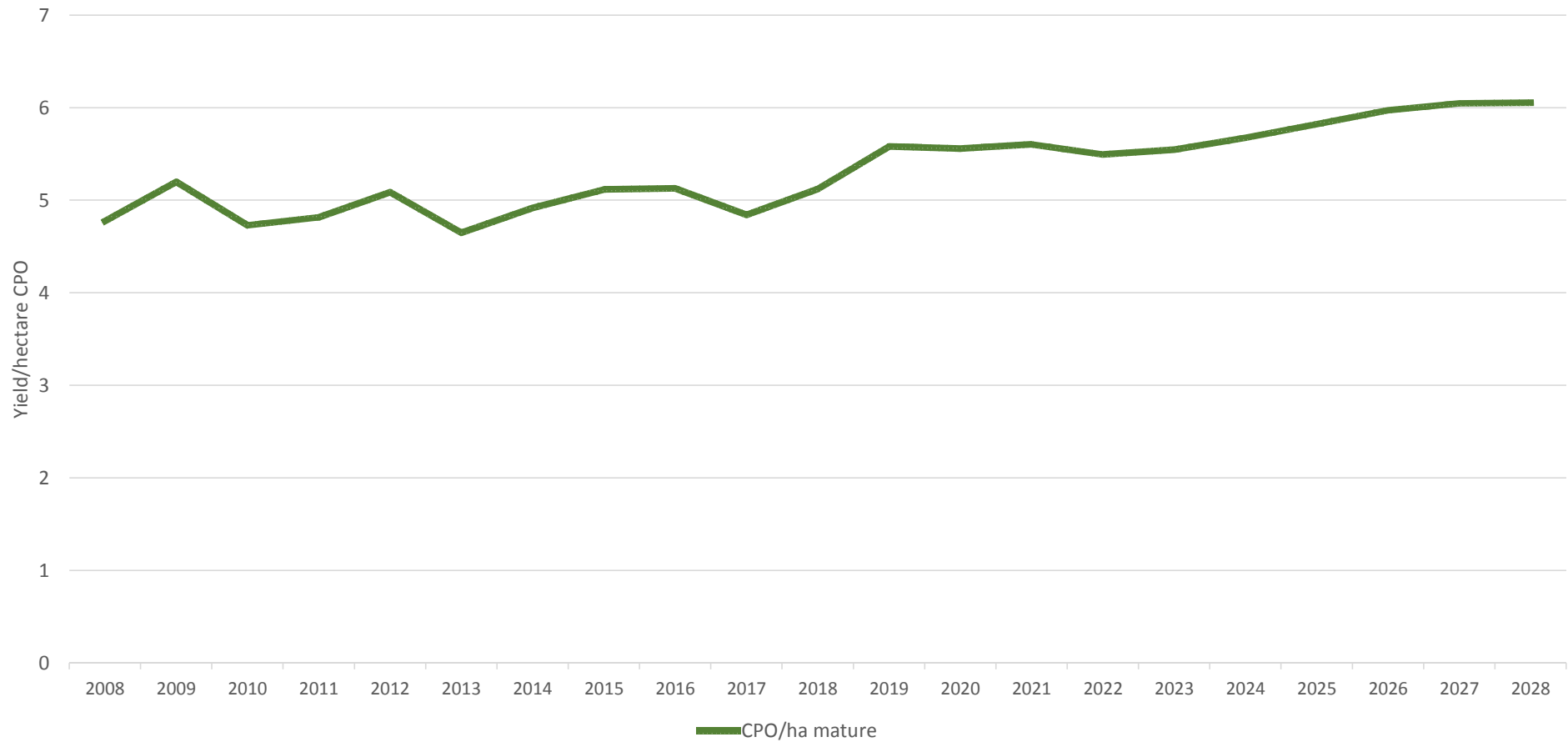
Evolution mature-immature ha oil palm – 100%





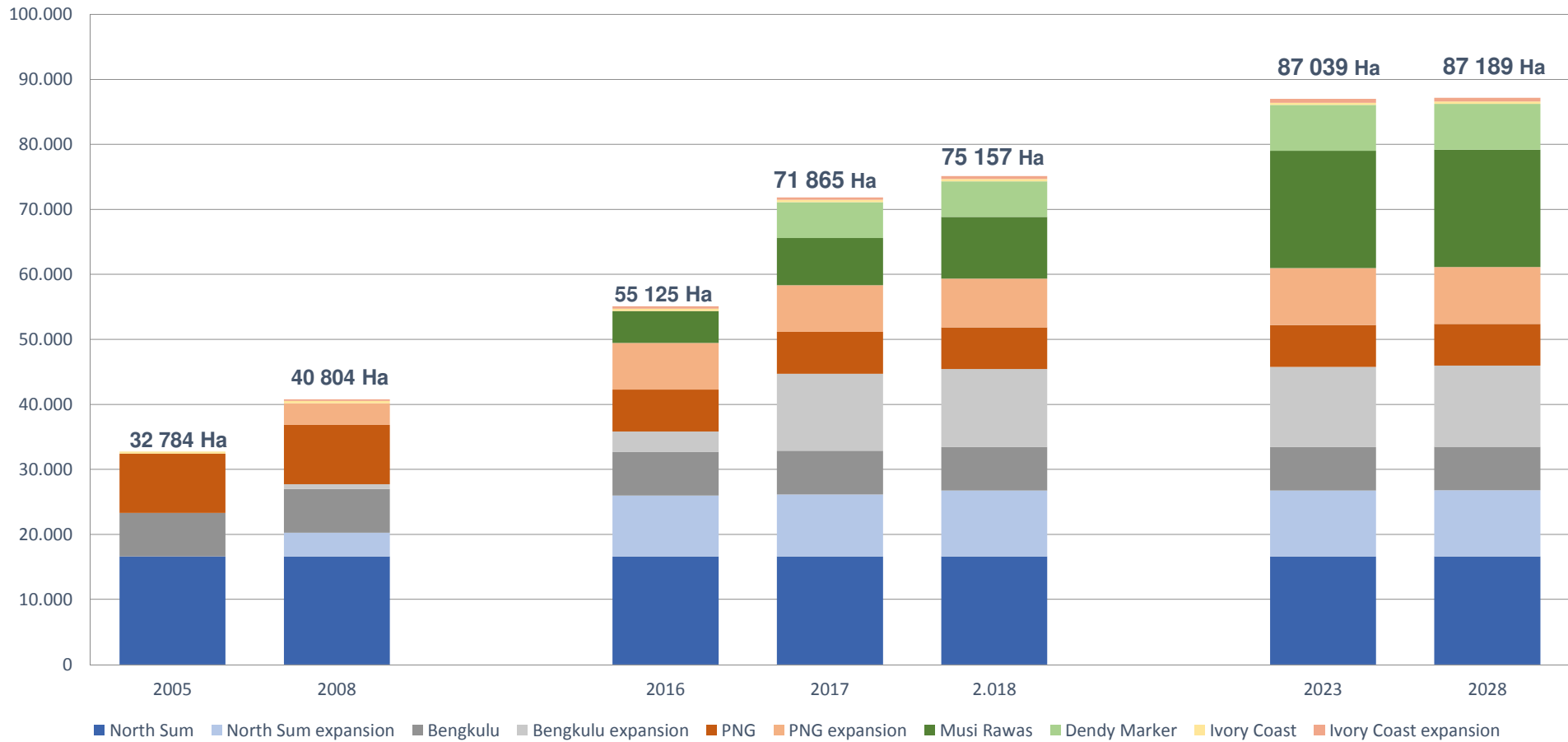
2. SIPEF group - Expansion

Yield per hectare CPO



2. SIPEF group - Expansion

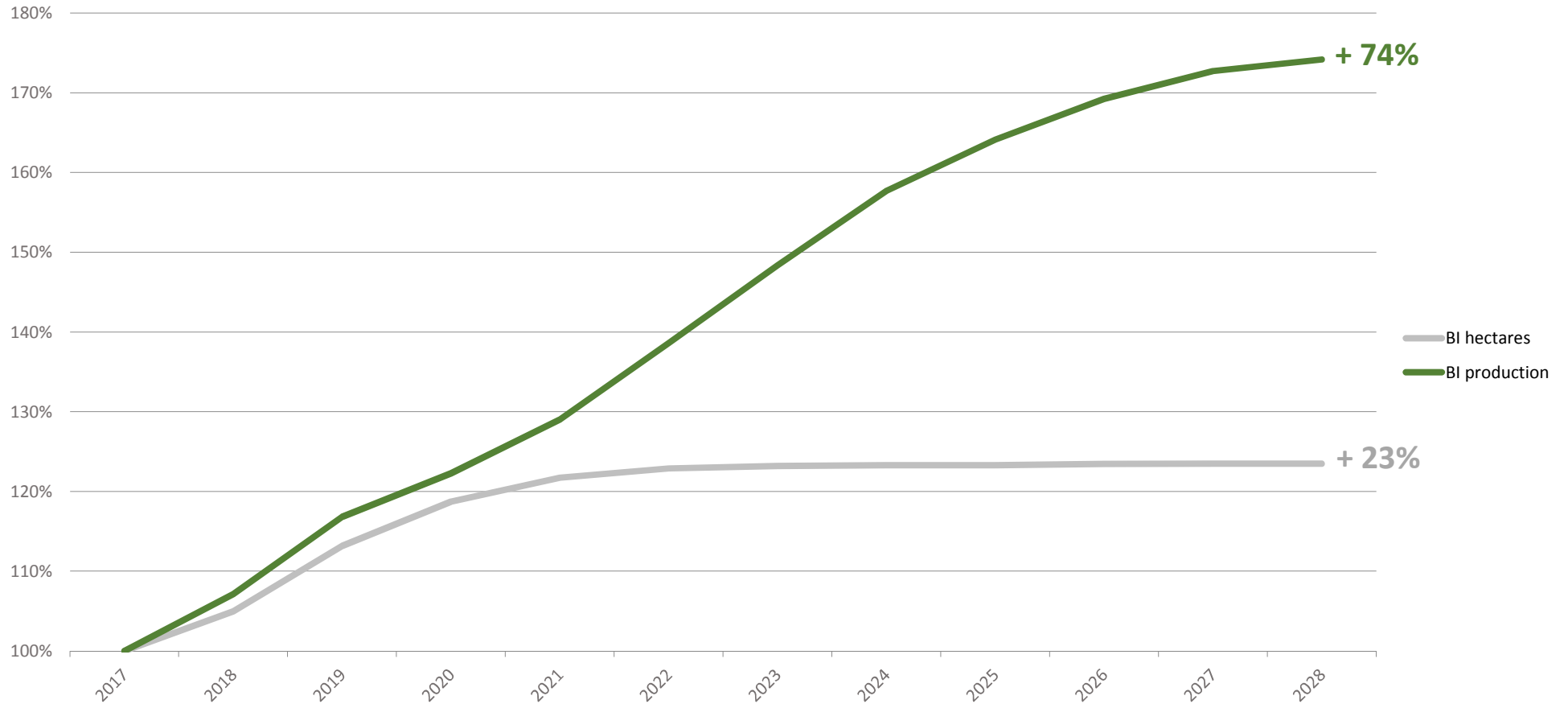
Planted area (in hectares) – beneficial interest





2. SIPEF group - Expansion

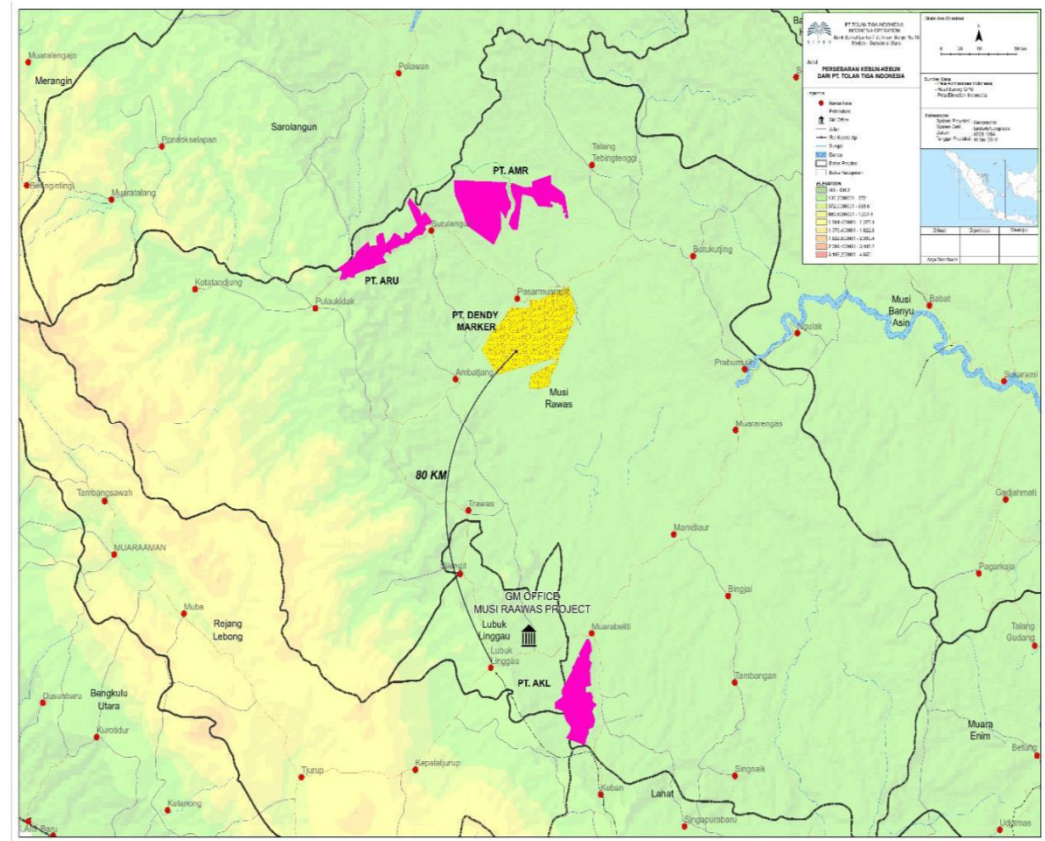
Planted hectares and production of CPO (sale of FFB not included) (BI)



2. SIPEF group - Expansion Musi Rawas expansion



Sumatra



2. SIPEF group - Expansion

Musi Rawas – progress June 2018



| Description | PT AKL | PT ARU | PT AMR | TOTAL | |
|--------------------------------|--------------|--------------|--------------|---------------|------|
| Izin lokasi Ha | 10 500 | 9 000 | 12 309 | 31 809 | |
| Izin lokasi Ha revised | 6 590 | 5 712 | 12 305 | 24 607 | |
| OWN | | | | | |
| Compensated June 2018 | 3 900 | 2 716 | 5 726 | 12 343 | 80% |
| Identified Ha | 596 | 504 | 1 981 | 3 080 | 20% |
| Potential Ha | 4 496 | 3 220 | 7 707 | 15 423 | 100% |
| PLASMA | | | | | |
| Incorporated Juni 2018 | 562 | 399 | 1 182 | 2 143 | 69% |
| Identified Ha | 337 | 245 | 359 | 941 | 31% |
| Potential Ha | 899 | 644 | 1 541 | 3 084 | 100% |
| TOTAL | | | | | |
| Total acquired area June 2018 | 4 462 | 3 115 | 6 908 | 14 485 | 78% |
| TOTAL PROJECTED HA | 5 395 | 3 864 | 9 248 | 18 507 | |
| Own planted June 2018 | 3 520 | 1 681 | 2 968 | 8 168 | |
| Own cleared June 2018 | 44 | 40 | 389 | 473 | |
| Plasma planted June 2018 | 485 | 312 | 203 | 1 000 | |
| Plasma cleared June 2018 | 8 | 7 | 93 | 107 | |
| Total secured June 2018 | 4 056 | 2 040 | 3 653 | 9 749 | |
| Secured area/Acquired area | 91% | 65% | 53% | 67% | |
| Secured area/Projected area | 75% | 53% | 39% | 53% | |

2. SIPEF group - Expansion

Musi Rawas – progress June 2018



| June 2018 | Compensation Ha | | | Cleared/Planted Ha | | | | | planted/ compensated |
|--------------|-----------------|--------------|---------------|--------------------|--------------------|-------------------|-------------------|--------------|-------------------------|
| | YTD 2017 | jun/18 | TOTAL | YTD 2017 | Correct planted | Planted jun/18 | Cleared jun/18 | TOTAL | |
| AKL | 3 759 | 141 | 3 900 | 3 776 | -407 | 151 | 44 | 3 564 | 91,4% |
| ARU | 2 626 | 90 | 2 716 | 1 558 | -13 | 135 | 40 | 1 721 | 63,4% |
| AMR | 4 789 | 937 | 5 726 | 2 410 | -33 | 590 | 389 | 3 357 | 58,6% |
| Plasma | 2 109 | 34 | 2 143 | 929 | -39 | 110 | 107 | 1 107 | 51,7% |
| TOTAL | 13 283 | 1 202 | 14 485 | 8 673 | -491 | 986 | 580 | 9 749 | 67,3% |

2. SIPEF group - Expansion

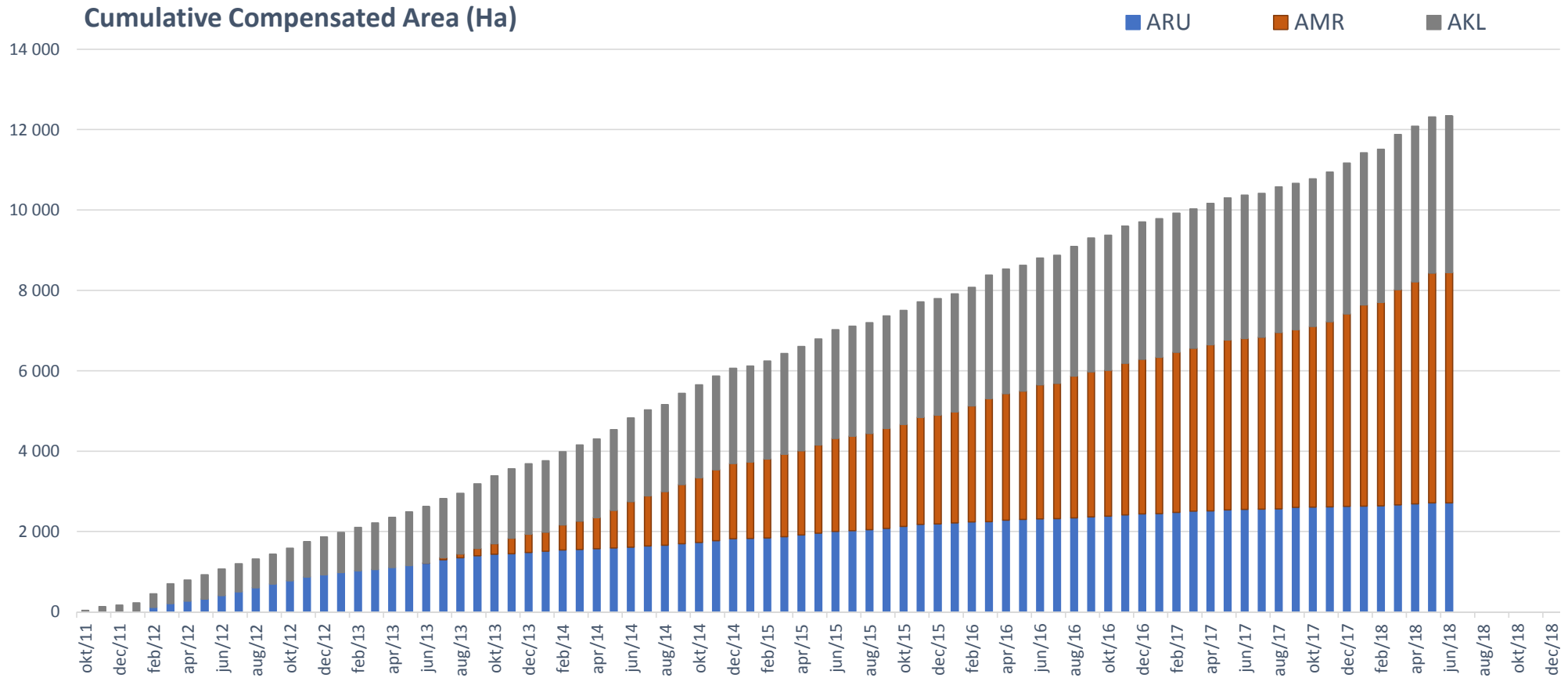
Musi Rawas – South Sumatra summary of project status



| Latest update | Izin Lokasi | Expansion | TOTAL | Planted | Identified | Potential | INTI | PLASMA |
|---------------|---------------|--------------|---------------|---------------|---------------|---------------|---------------|--------------|
| | HGU | Izin Lokasi | HGU/IZIN | Cleared | | development | | |
| PT AKL | 6 590 | | 6 590 | 4 056 | 1 339 | 5 395 | 4 496 | 899 |
| PT AKL II | | 3 137 | 3 137 | 0 | 1 569 | 1 569 | 1 307 | 261 |
| PT ARU | 5 712 | | 5 712 | 2 040 | 1 824 | 3 864 | 3 220 | 644 |
| PT AMR I+II | 12 305 | | 12 305 | 3 653 | 5 595 | 9 248 | 7 707 | 1 541 |
| PT AMR III | | 1 303 | 1 303 | 0 | 652 | 652 | 543 | 109 |
| Metafocus | | 4 201 | 4 201 | 0 | 2 101 | 2 101 | 1 750 | 350 |
| Dendymarker | 17 793 | | 17 793 | 8 986 | | 8 986 | 6 205 | 2 781 |
| DIL Newplant | | | 0 | 0 | 1 604 | 1 604 | 1 604 | 0 |
| TOTAL | 42 400 | 8 641 | 51 041 | 18 735 | 14 683 | 33 418 | 26 832 | 6 586 |

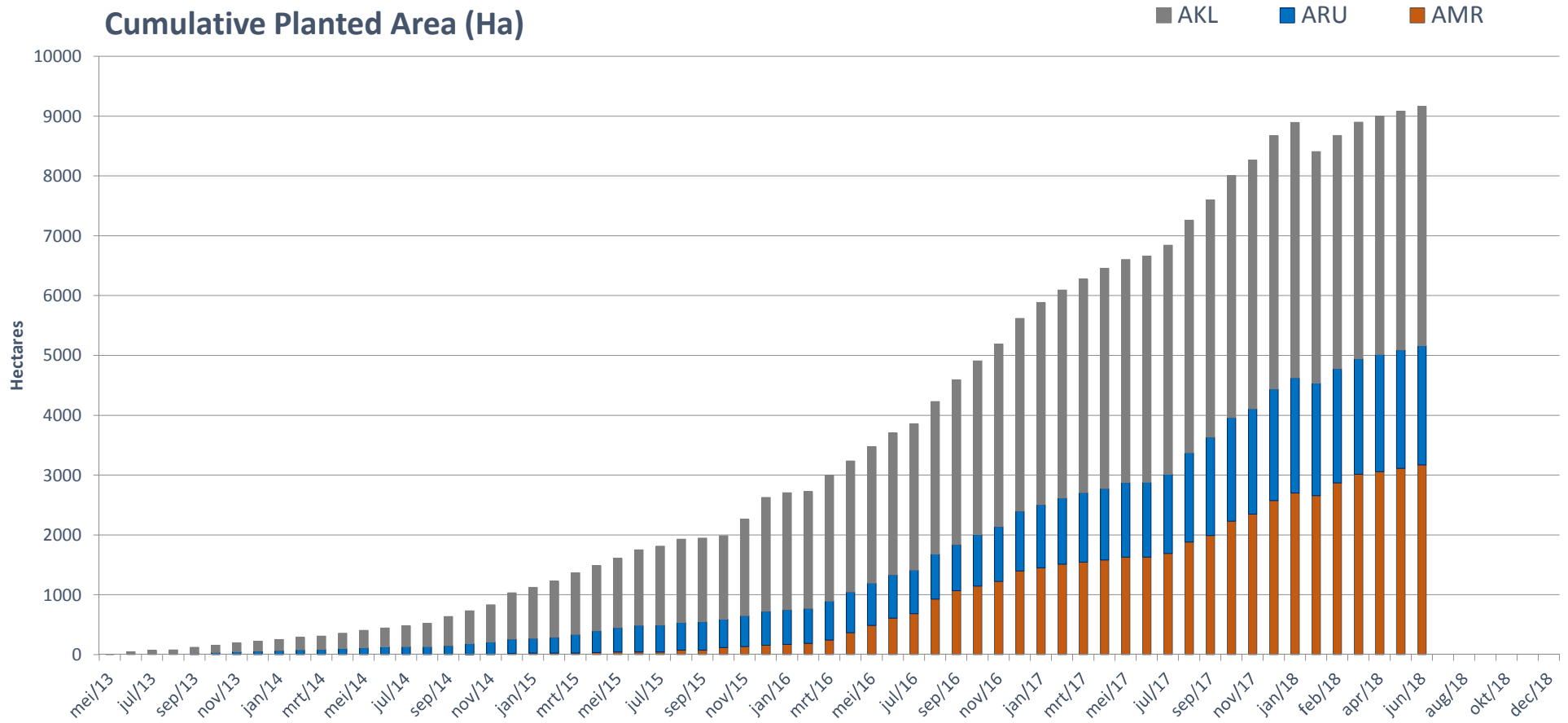
2. SIPEF group - Expansion

Musi Rawas compensated area June 2018



2. SIPEF group - Expansion

Musi Rawas planted area up to june 2018





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3. SIPEF group – Productions & prices

September production 2018



| <i>In Tonnes</i> | September 2018 | September 2017 | YoY% |
|----------------------------------|----------------|----------------|--------------|
| Palm oil own | | | |
| - Tolan Tiga Group | 53 313 | 50 639 | 5,3% |
| - UMW/TUM Group | 32 423 | 29 928 | 8,3% |
| - Agro Muko Group | 65 336 | 58 384 | 11,9% |
| - South Sumatra Group | 3 990 | 360 | 1008% |
| - Hargy Oil Palms | 62 450 | 61 341 | 1,8% |
| Total palm oil own | 217 512 | 200 652 | 8,4% |
| Total palm oil outgrowers | 44 168 | 45 393 | -2,7% |
| Total palm oil | 261 680 | 246 045 | 6,4% |

| <i>In Tonnes</i> | September 2018 | September 2017 | YoY% |
|----------------------|----------------|----------------|--------------|
| Total rubber | 5 917 | 6 121 | -3,3% |
| Total tea | 1 658 | 1 747 | -5,1% |
| Total bananas | 20 563 | 22 115 | -7,0% |

3. SIPEF group – Productions & prices Markets

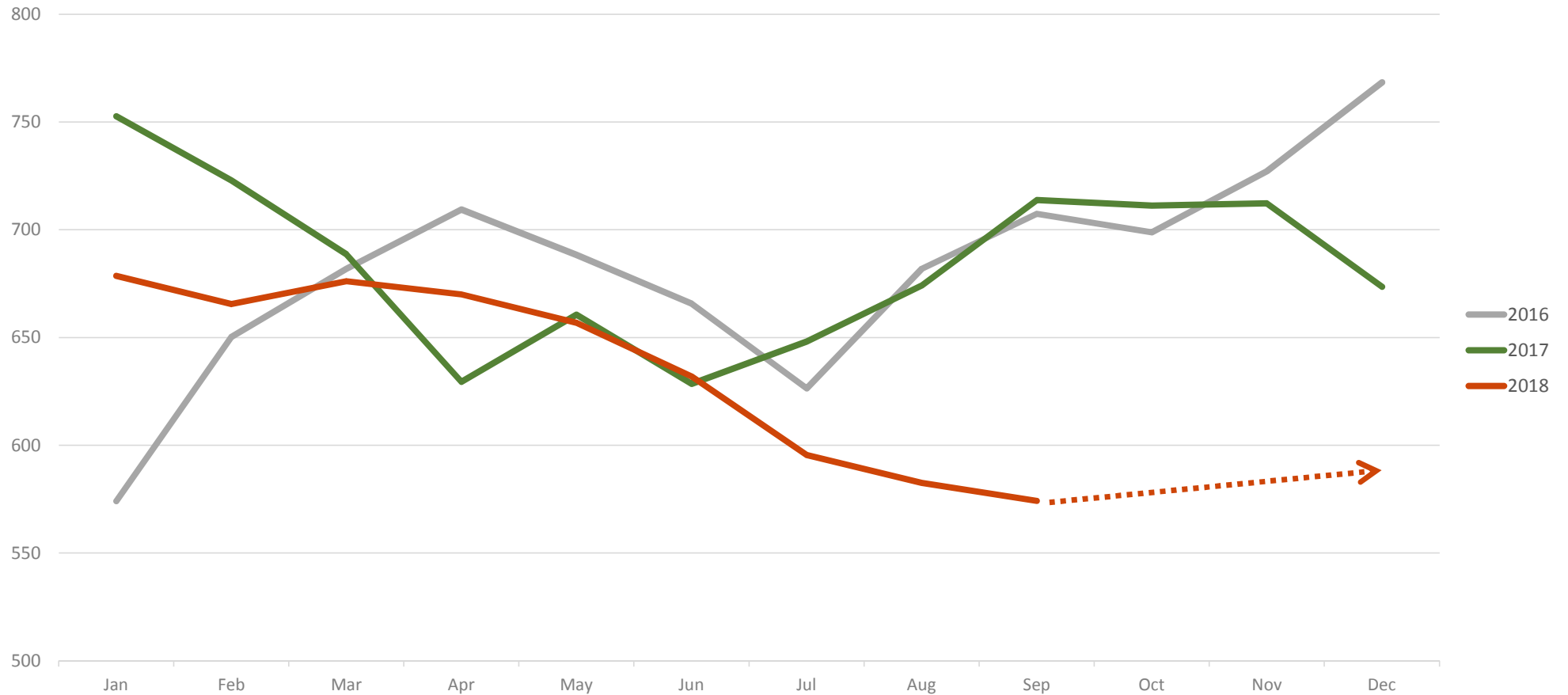


| | Rating | Bullish inputs | Bearish inputs |
|---|----------|---|---|
| Palm Oil SO 530 ND 545 JFM 580 AMJ 595 | Neutral | <ul style="list-style-type: none"> - Malaysian production underperforming. - Indonesia has increased the blending targets, and 20% for the last quarter is realistic. 30% for 2019 looks more feasible with Jokowi's support. - Also more biodiesel exports, leading to capacity constraints in Indo biodiesel industry. - Petro market close to the \$80 per barrel level. - El Nino story becoming more vocal, 70% chance. But looks to be a mild one. | <ul style="list-style-type: none"> - Latest MPOB report very disappointing, with slow exports and stocks increasing more than expected - Palm oil stocks remain high and will increase in the coming months both in Indo and Mal. - China/US trade war still having a negative impact on agricultural products. - USDA soybean production at a new record high, with massive yields, leading to a very bearish US bean story. - Bigger hectares in Brazil and Argy expected for soybeans - Very good sun seed production in Ukraine and Russia, will fight for Indian demand. |
| Rubber RSS3 1460 SIR10 1344 | Neutral | <ul style="list-style-type: none"> - Rubber is cheap, touching cost of production! | <ul style="list-style-type: none"> - Market long term outlook is that is still a small over-production until 2025. - High stocks in China. - Customers very lackluster. |
| Tea | Friendly | <ul style="list-style-type: none"> - Winter demand kicking in | <ul style="list-style-type: none"> - Pakistan instable politics / economy |



3. SIPEF group – Productions & prices

Monthly palm oil (CIF Rotterdam USD/ton)



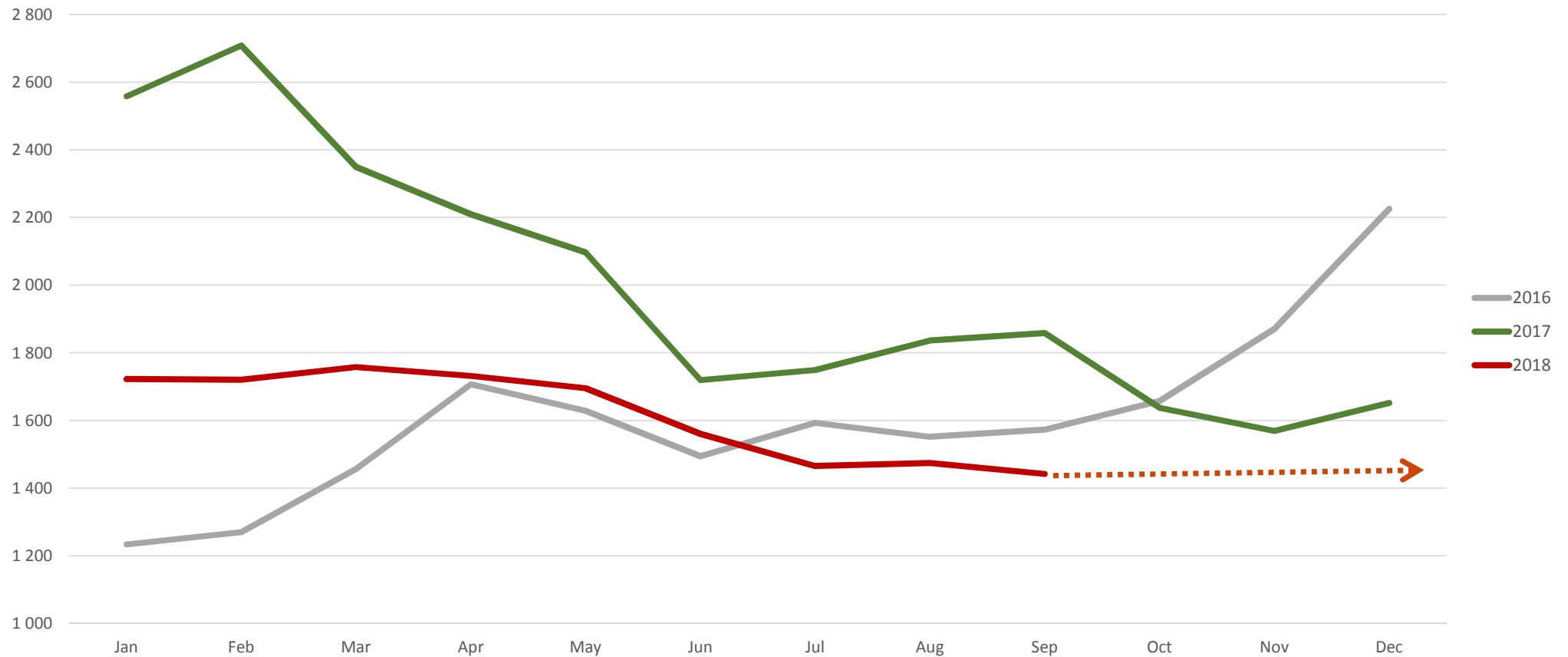
3. SIPEF group – Productions & prices

Palm oil (FOB Malaysia) and its main competitor (monthly prices)



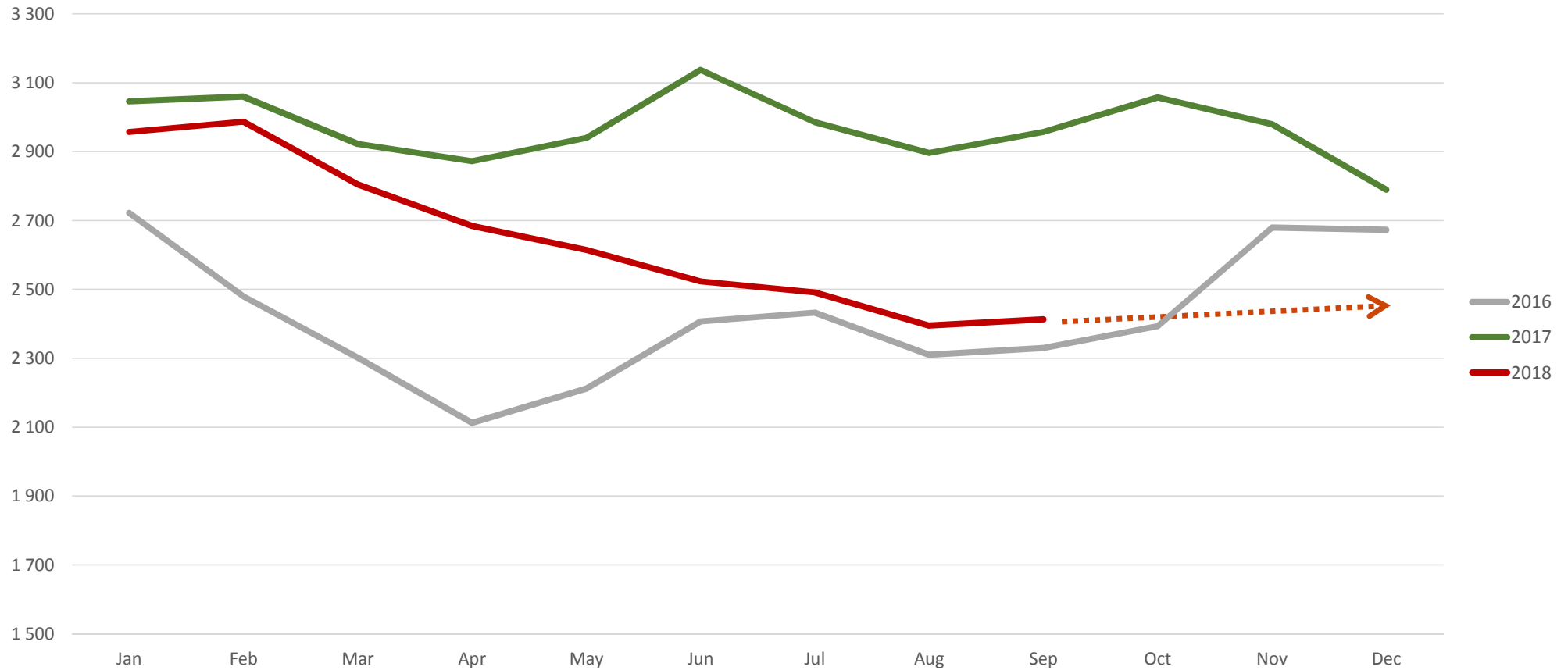
3. SIPEF group – Productions & prices

Monthly rubber (RSS3 Singapore USD/ton)



3. SIPEF group – Productions & prices

Monthly tea prices (Mombasa/Nairobi auctions USD/ton)





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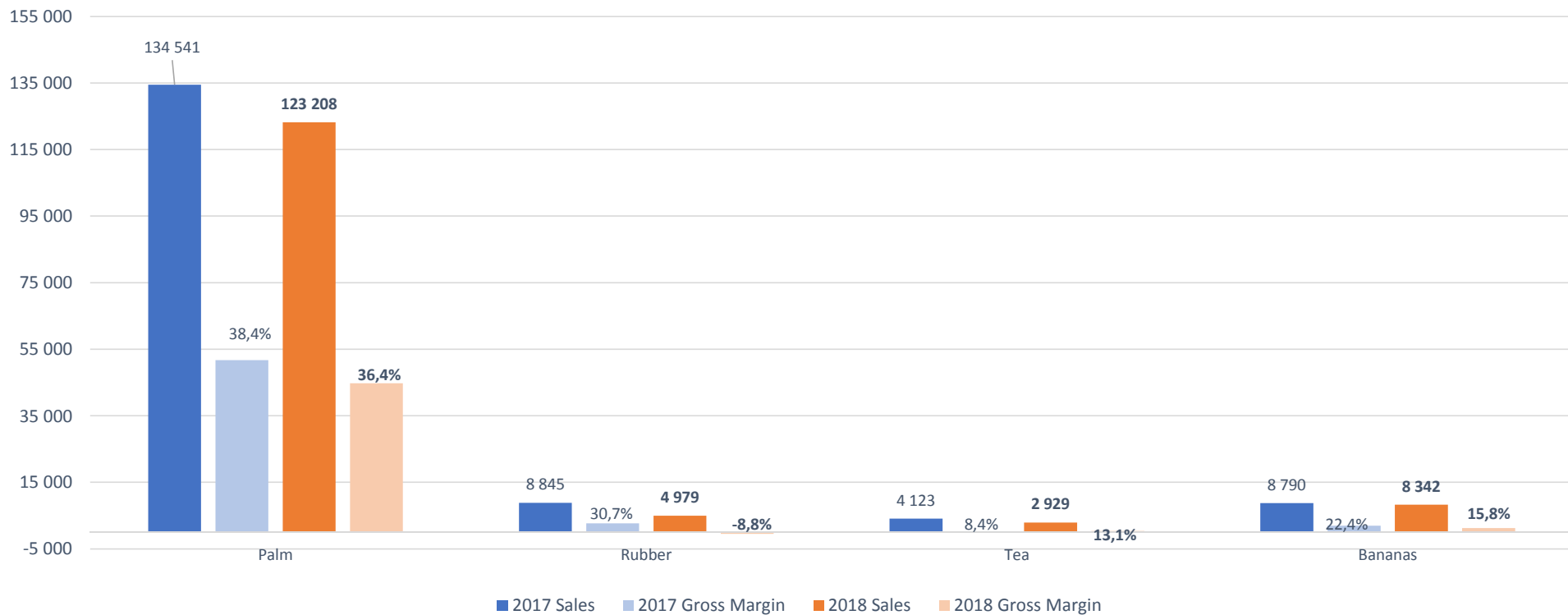
4. SIPEF group – Financial performance

Sales – Consolidated gross margin



Total consolidated turnover (including corporate)

- June 2018: 139 973 KUSD
- June 2017: 157 017 KUSD



4. SIPEF group – Financial performance

Gross profit –per product



Gross profit (June YTD)

| <i>In KUSD</i> | 2018 | in % | 2017 | in % |
|----------------------|---------------|---------------|---------------|---------------|
| Palm | 44 819 | 96,2% | 51 731 | 90,1% |
| Rubber | -440 | -0,9% | 2 713 | 4,7% |
| Tea | 383 | 0,8% | 345 | 0,6% |
| Bananas | 1 319 | 2,8% | 1 966 | 3,4% |
| Corporate and others | 515 | 1,1% | 717 | 1,2% |
| Total | 46 596 | 100,0% | 57 472 | 100,0% |

4. SIPEF group – Financial performance

Profit and loss statement (management presentation)



Profit and loss (June YTD)

| <i>In KUSD</i> | 2018 | 2017 |
|--|---------------|---------------|
| Gross Profit | 46 597 | 57 472 |
| Services and administration | -16 306 | - 14 930 |
| Other operating income/(charges) | -361 | 1 007 |
| Operating result | 29 930 | 43 549 |
| Financial income | 1 089 | 784 |
| Financial charges | -1 497 | -1 683 |
| Exchange result | -909 | 937 |
| Profit before tax | 28 613 | 43 587 |
| Tax | -9 479 | -12 391 |
| Profit after tax | 19 134 | 31 196 |
| Share of associates and JV's | -511 | 3 100 |
| Result from continuing operations | 18 623 | 34 296 |

4. SIPEF group – Financial performance

Profit and loss statement (management presentation)



Profit and loss (June YTD)

| <i>In KUSD</i> | 2018 | 2017 |
|--|---------------|----------------|
| Result from continuing operations | 18 623 | 34 296 |
| Gain on sale BDM-ASCO | 7 380 | 0 |
| Revaluation gain acquisition PT Agro Muko | 0 | 79 324 |
| Profit for the period | 26 003 | 113 620 |
| | | |
| Result from continuing operations share of the group | 17 391 | 32 250 |
| Gain on sale BDM-ASCO Share of the group | 7 380 | 0 |
| Revaluation gain acquisition PT Agro Muko Share of the group | 0 | 75 182 |
| Profit for the period Share of the group | 24 771 | 107 432 |

4. SIPEF group – Financial performance

Profit and loss statement



Sale BDM-ASCO insurance

- As announced on 18 December 2017, the sale of BDM-ASCO was finalised and handed over on 7 June 2018
- Total net cash amount received: 20 467 KUSD (20 804 KUSD – 0.337 KUSD)
- Total one-off gain: 7 380 KUSD
- Deconsolidated as of 1 January 2018. The result up to 7 June 2018 was immaterial.

4. SIPEF group – Financial performance

Consolidated balance sheet



Balance sheet

| <i>In KUSD (management presentation)</i> | June 2018 | December 2017 |
|--|----------------|----------------|
| Goodwill | 104 782 | 103 008 |
| Biological assets- bearer plants | 271 143 | 268 086 |
| Other non-current assets | 366 029 | 361 408 |
| Net assets held for sale | 0 | 12 010 |
| Net current assets, net of cash | 68 586 | 65 316 |
| Net cash position | -76 751 | -83 697 |
| Total net assets | 733 789 | 726 131 |
| Shareholders' equity, group share | 641 524 | 634 636 |
| Non controlling interest | 34 292 | 33 140 |
| Provisions and deferred tax liabilities | 57 973 | 58 355 |
| Total net liabilities | 733 789 | 726 131 |

4. SIPEF group – Financial performance

Consolidated cash flow



Cash Flow

| <i>In KUSD (management presentation)</i> | June 2018 | June 2017 |
|---|----------------|---------------|
| Cash flow from operating activities | 48 471 | 58 097 |
| Change in net working capital | -21 304 | 6 854 |
| Income taxes paid | -11 154 | -2 021 |
| Cash flow from operating activities after tax | 16 013 | 62 930 |
| Acquisitions intangible and tangible assets | -29 194 | -24 175 |
| Sales of PP&E and financial assets (excl BDM-ASCO) | 1 309 | 1 633 |
| Acquisition financial assets | -99 | -350 |
| Recurring free cash flow | -11 971 | 40 037 |
| Selling price BDM-ASCO | 20 467 | 0 |
| Purchase price PT Agro Muko | 0 | -124 977 |
| Capital Increase | 0 | 95 037 |
| Other financing activities | -16 537 | 5 486 |
| Net increase in investments, cash and cash equivalents | -8 041 | 15 583 |

4. SIPEF group – Financial performance

Value per hectare



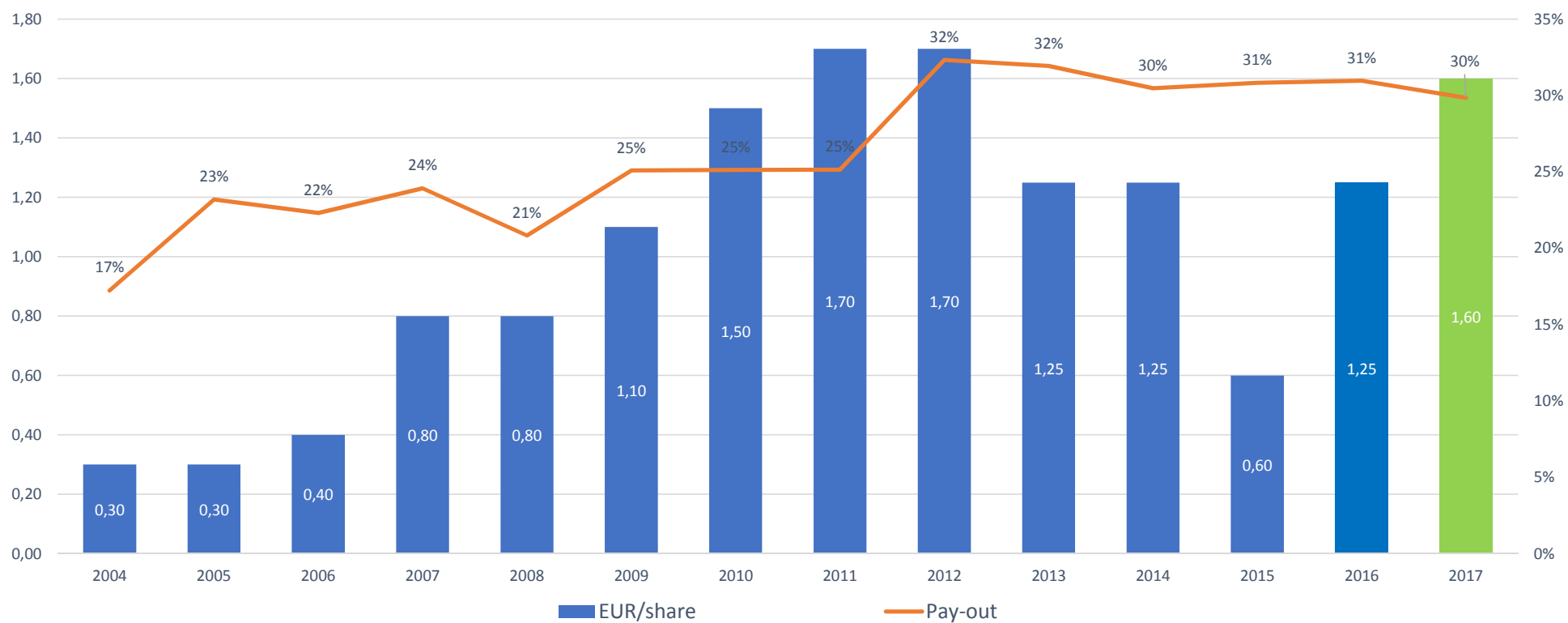
| | | Sensitivity 30/06/2018 | |
|-----------------------------------|-----------------|------------------------|-----------------|
| Market price (closing 30/06/2018) | 63,00 EUR | Share price EUR @ | USD per hectare |
| | | 50,00 | 8.908 |
| Number of shares | 10.579.328 | 55,00 | 9.733 |
| Own shares | <u>-123.300</u> | 60,00 | 10.559 |
| | 10.456.028 | 63,00 | 11.054 |
| | | 65,00 | 11.384 |
| EUR/USD | 1,1684 | 70,00 | 12.210 |
| | | 75,00 | 13.036 |

4. SIPEF group – Financial performance

Dividend history



Dividend History Sipef



4. SIPEF group – Financial performance

Prospects – comments press release October 18, 2018



Production

As in previous quarters, we observed an enduring increase in palm oil fruit and palm oil production volumes across all *SIPEF* group plantations at the beginning of the fourth quarter. We maintain our expectation of at least 9% growth in our palm oil production.

We do not expect a further fall in rubber volumes toward the end of the year. We expect the annual volumes to recover.

Expectations remain rather negative for the disappointing tea production in Cibuni, Java.

For the banana production in Ivory Coast, the full impact of the steps taken to increase the volumes for export to Europe will probably only be felt at the beginning of 2019.

Markets

The palm oil market is currently in its peak production period and will probably face high stocks until the end of the year.

With the rather limited production growth ahead of us in 2019, this additional biodiesel demand will certainly provide enough incentive for significantly higher markets.

The rubber market remains lacklustre and unless there is new input, it is likely to stay in this narrow trading range.

Demand for tea in the Mombasa tea auction normally peaks during the fourth quarter, but sufficient supplies in Kenya will limit the upside. We expect tea prices to remain range-bound with slight upticks.

4. SIPEF group – Financial performance

Prospects – comments press release October 18, 2018



Cash flow and expansion

- Investment policy remains fully focused on expanding South Sumatra palm oil activities (PT Dendymarker and Musi Rawas)
- DIL will be increased to more than 10 000 hectares in the future, which will bring the total development in South Sumatra to +/- 33 000 hectares, of which 20% will belong to the local communities but will be exploited by us.
- To conclude, the additional acquisition of concessions earlier this year has opened the way to the growth of the *SIPEF* group into a company that, over a 5-year period, will approach 100 000 hectares under own management, of which 80 000 hectares are already planted and the supply base will reach 120 000 hectares.

Result

- To date we have sold 78% of our expected palm oil production at an average price of USD 694 CIF Rotterdam, premiums included, compared with 95% at USD 755 CIF Rotterdam at the same time last year.
- Given the considerable fall in palm oil and rubber sale prices, we expect the recurring result for the second half of 2018 to be approximately the same as for the first half of the year, which means the recurring annual results will be significantly lower than in 2017.



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Summary



1. SIPEF Group Company profile

2. SIPEF group - Expansion

3. SIPEF Group – Productions & prices

4. SIPEF group – Financial performance

5. Peer review

5. 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.

5. Peer review

Principle assumptions

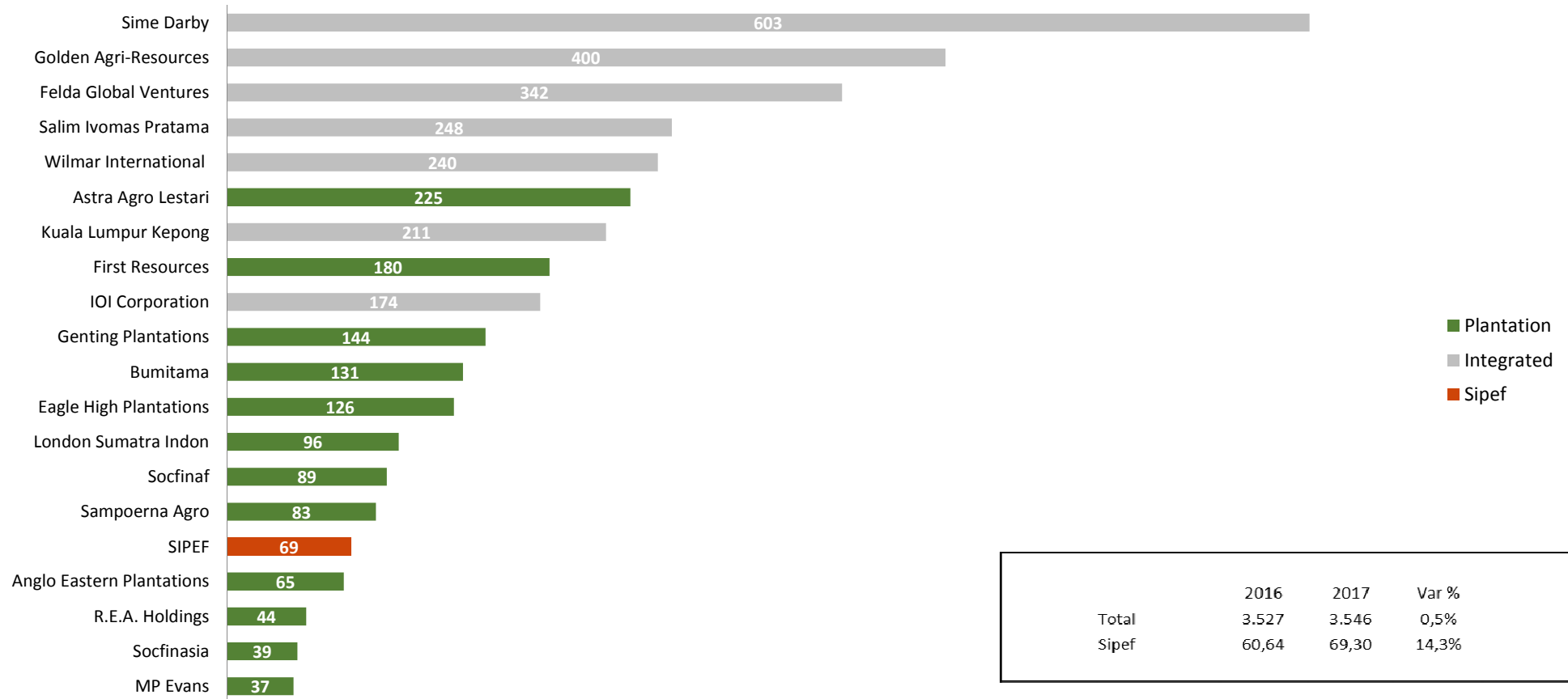
- Benchmark of main industrial competitors
- Age profile based on own ageing interpretation
- Market capitalization is calculated based on the average exchange rate & average share price of the year
- Benchmark based on own CPO productions of competitors:

| | Tons |
|---|-------------|
| CPO own production benchmark (2017) | 10.972.924 |
| Worldwide production (<i>Oilworld 2017</i>) | 66.860.000 |

- Representative sample of comparable industry competitors (2017): 32,3%
 - Industrial comparable companies (50%)

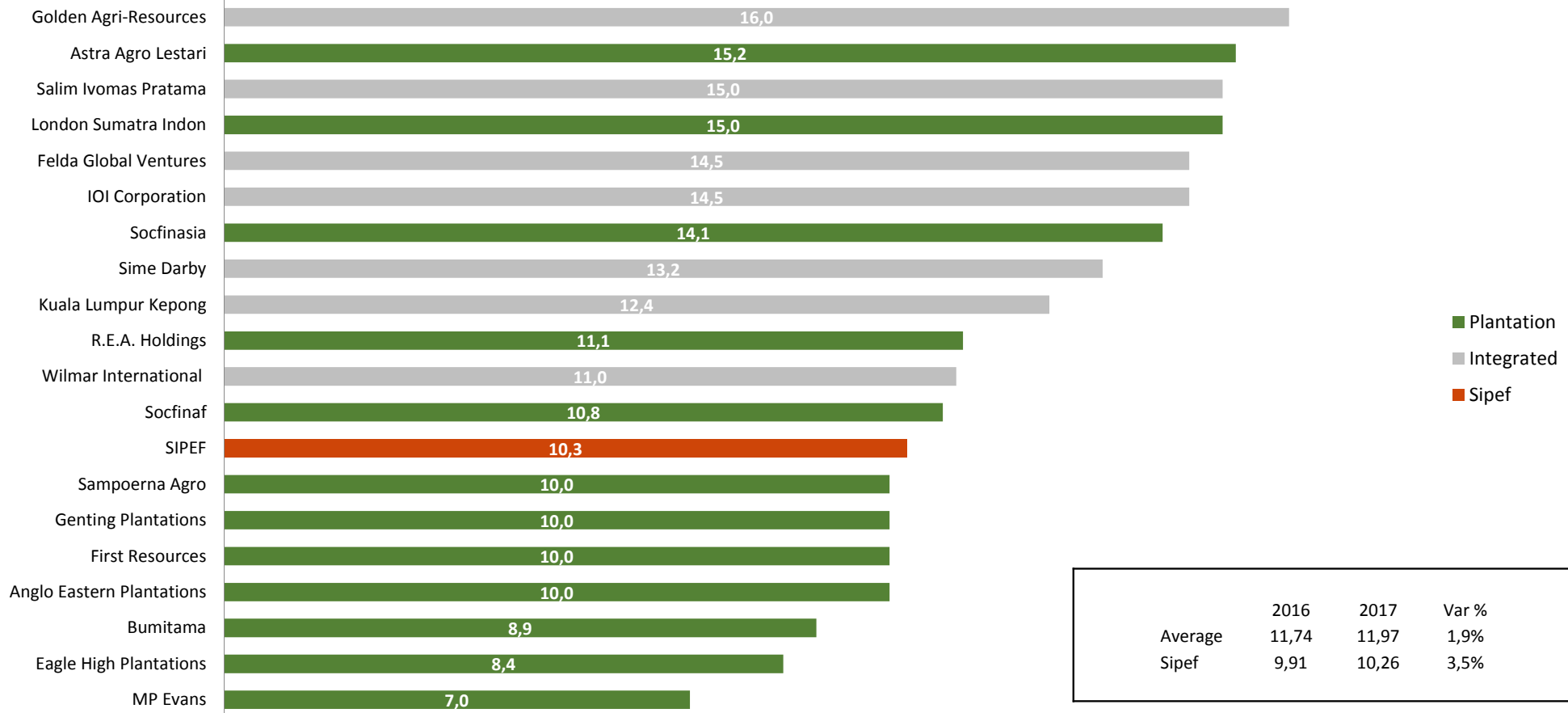
5. Peer review

Own planted Oil Palm Hectares in KHa (2017)



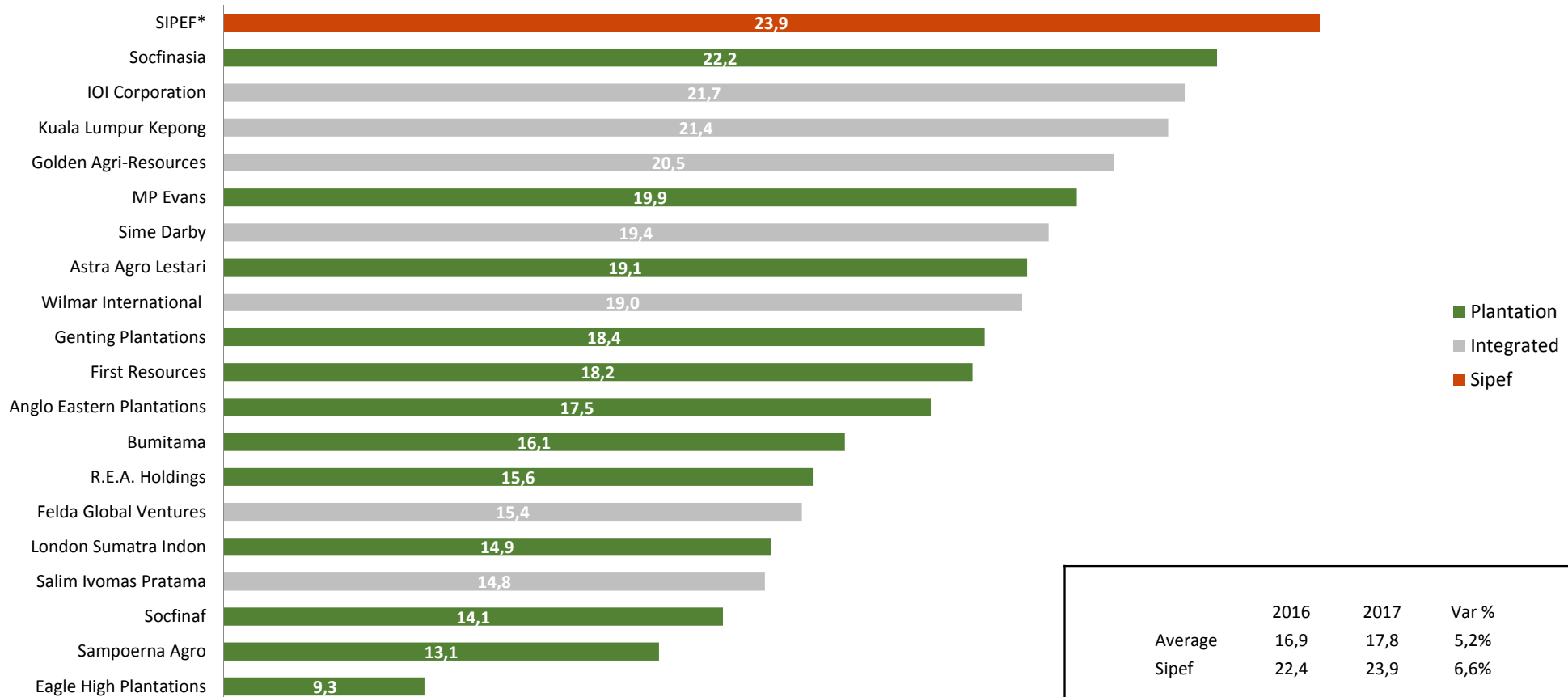
5. Peer review

Age Profile: Average age planted hectares (2017)



5. Peer review

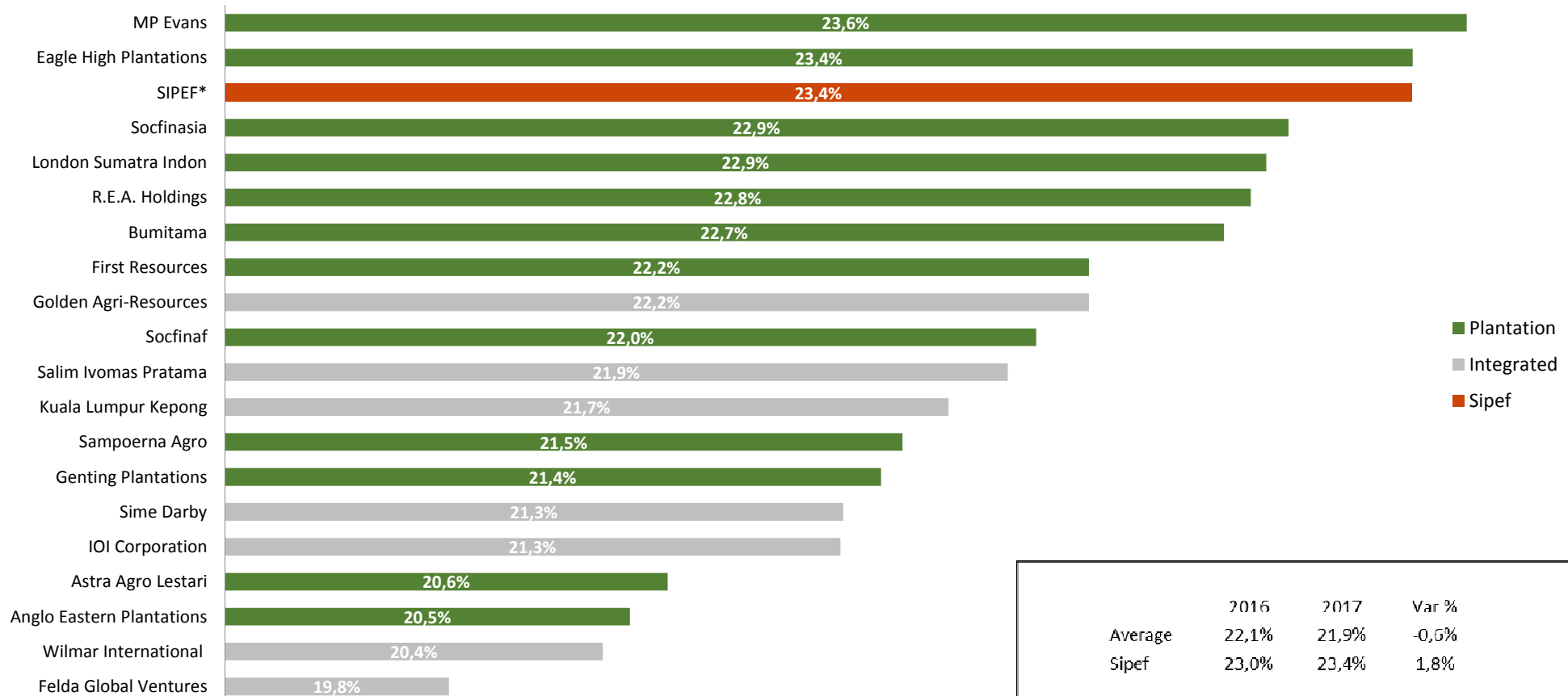
FFB Yield – MT/ha (2017)



* Sipef excluding PT Dendymarker acquired per 1 August 2017

5. Peer review

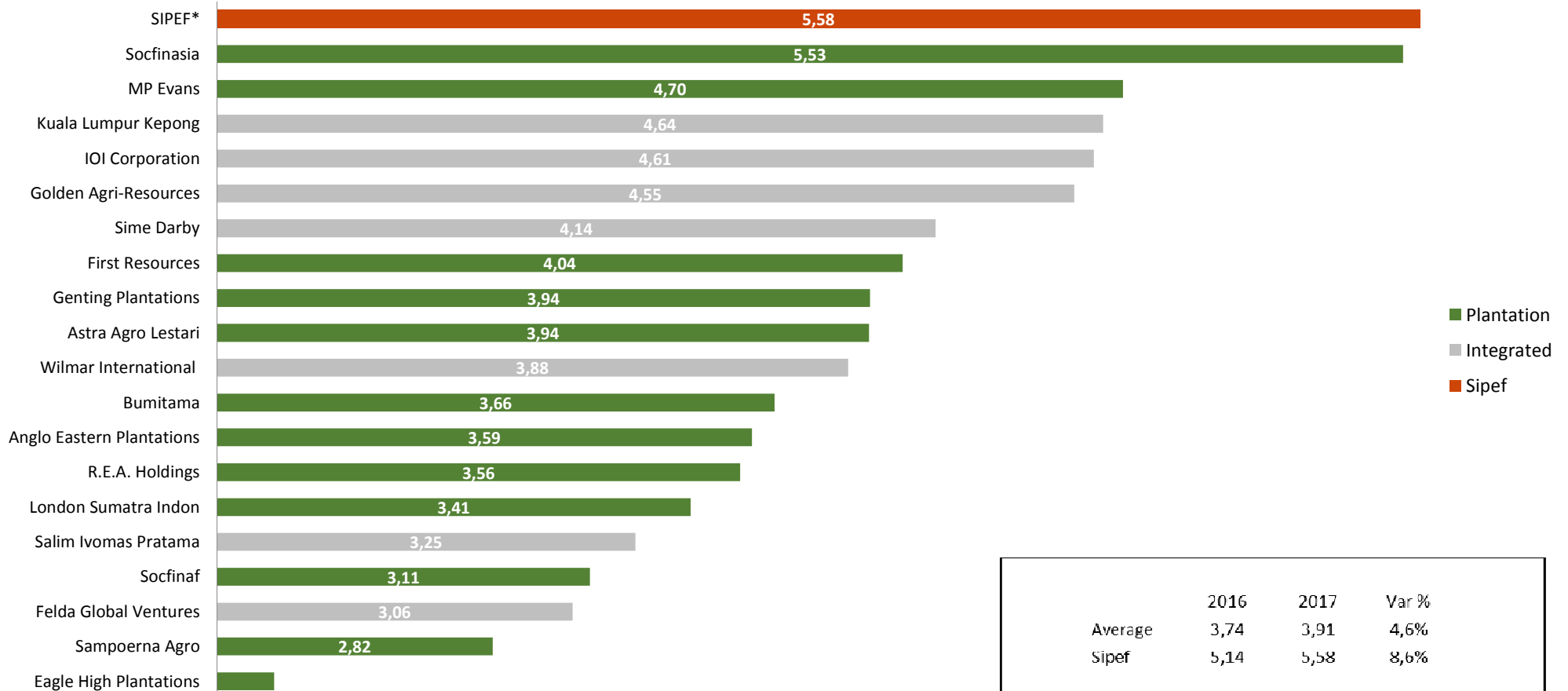
Extraction rate from FFB to CPO (2017)



* Sipef excluding PT Dendymarker acquired per 1 August 2017

5. Peer review

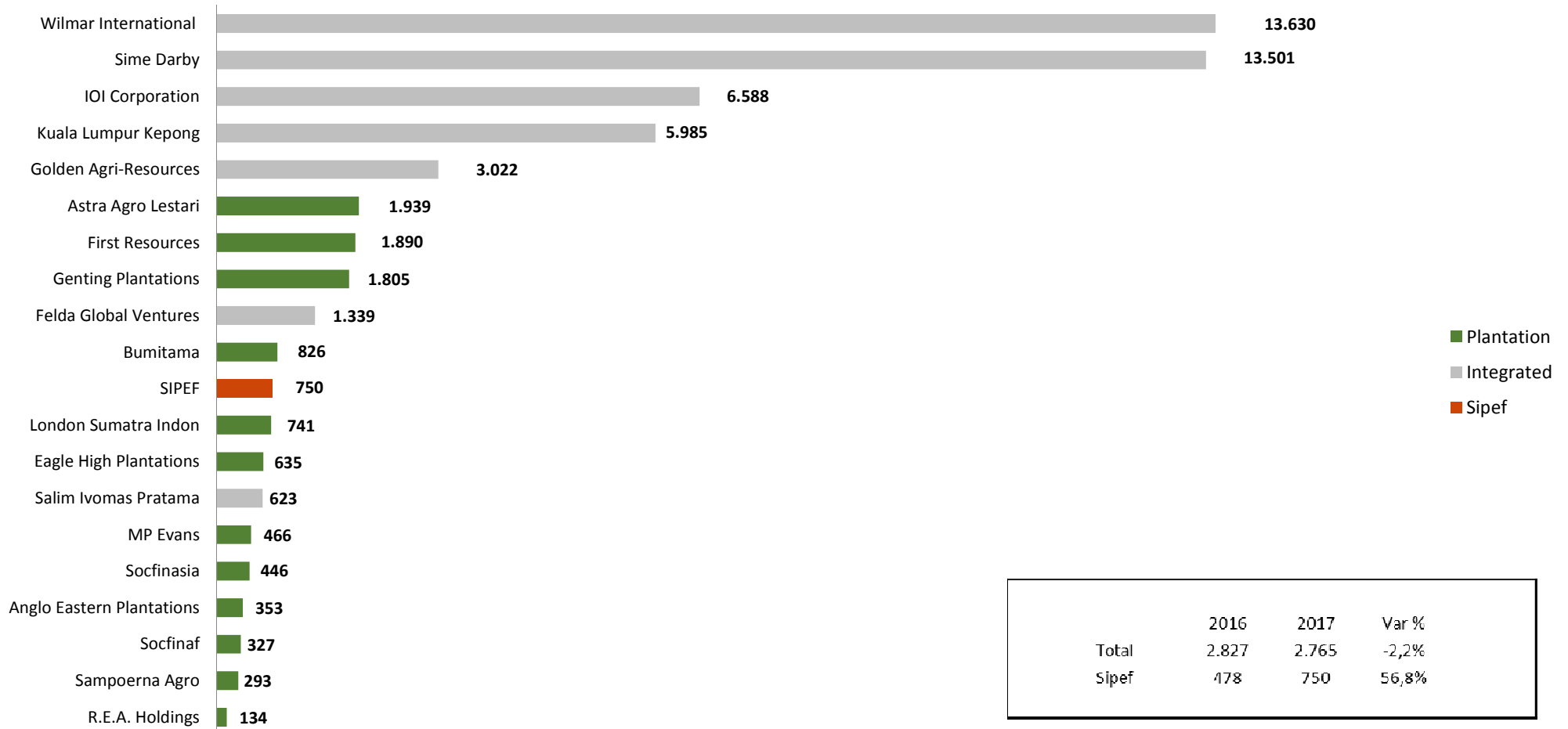
CPO Yield – MT/ha (2017)



* Sipef excluding PT Dendymarker acquired per 1 August 2017

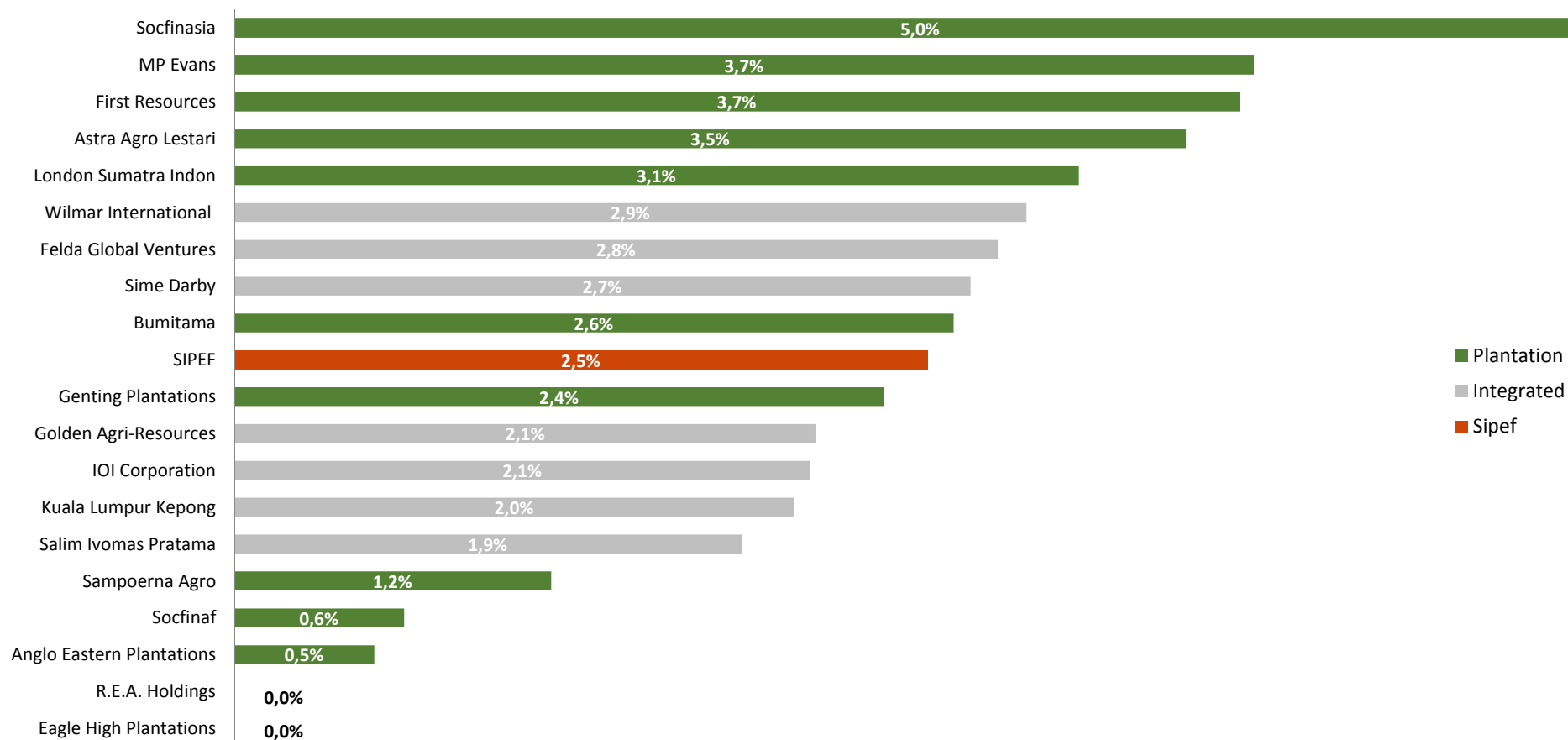
5. Peer review

Market Cap in MUSD (2017)



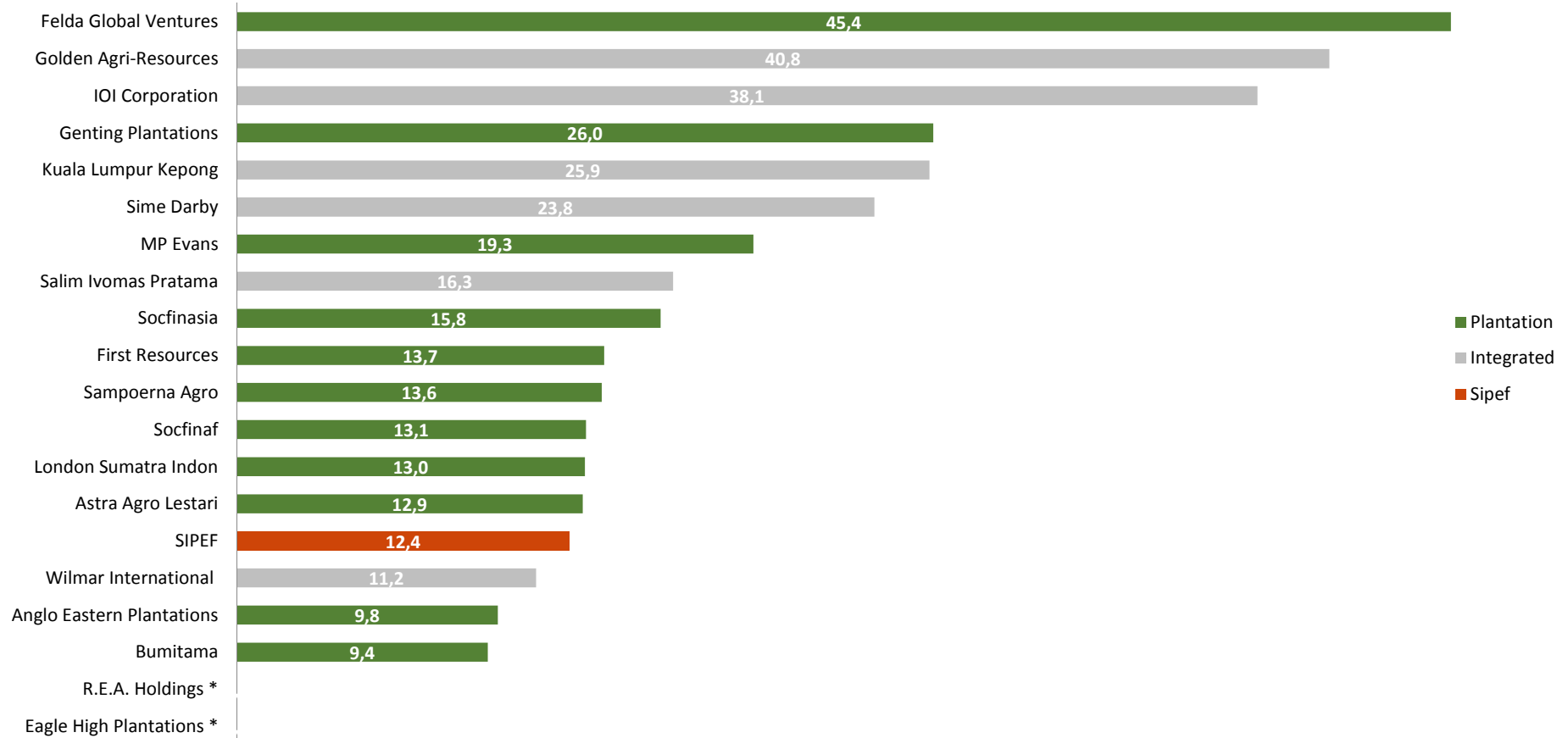
5. Peer review

Dividend Yields (based on average market cap 2017)



5. Peer review

Price Earning Ratio (based on average market cap 2017)



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



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