



SIPEF

Analyst presentation

February 11, 2021

Summary



SIPEF group - Company profile



SIPEF group - Palm oil in the world



SIPEF group - Production & prices



SIPEF group – Financial performance



SIPEF group - Prospects





Agriculture

- 1st segment of the supply chain - commodities

Tropical

- Recent industrialised countries

Sustainable

- Audited certifications

Connection

- Publicly quoted

Continuous
production

- Continuous crops

Diversified in
product

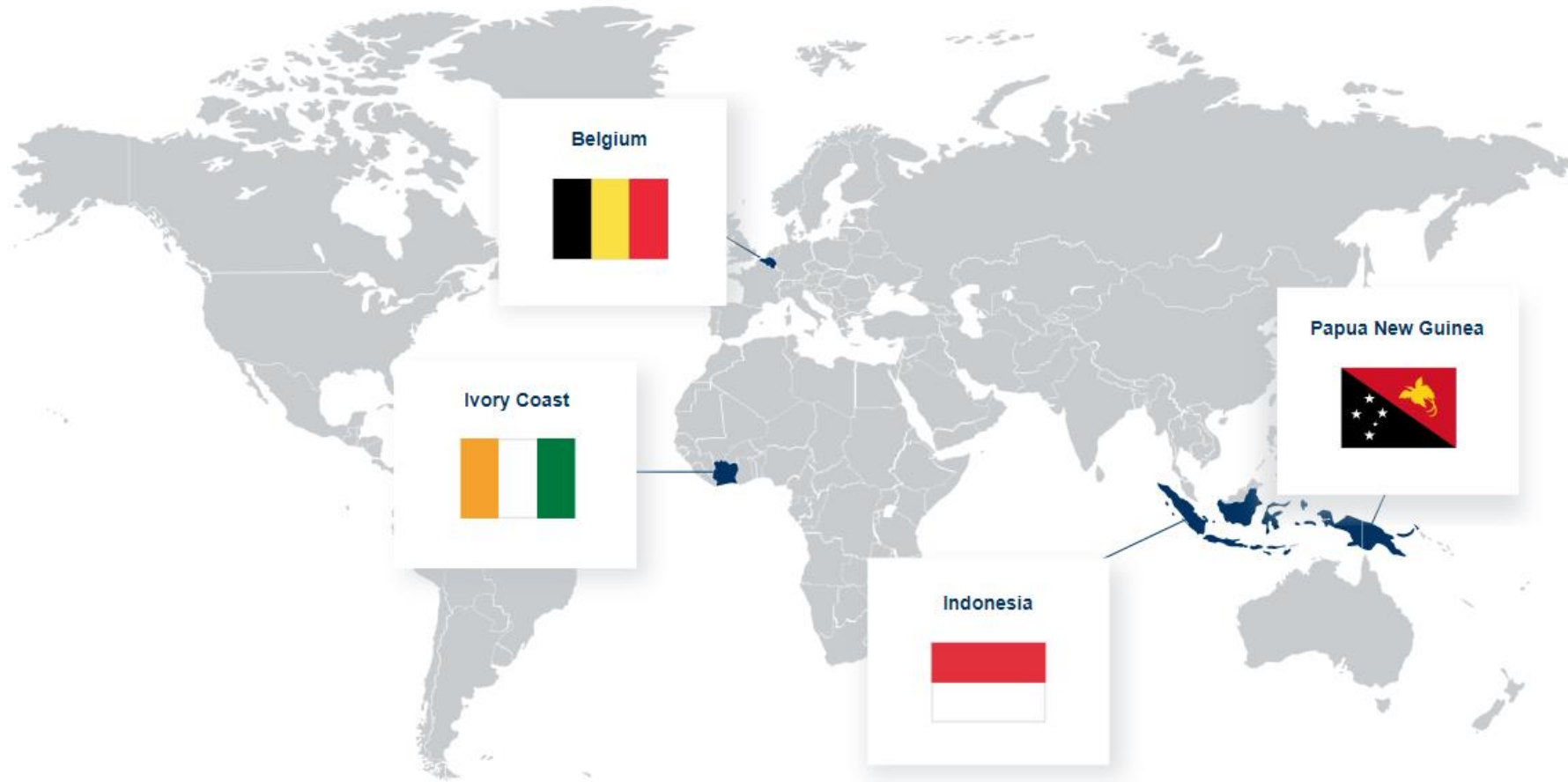
- **Palm oil** : basic commodity for food (and recently energy)
- **Rubber** : cyclic business - tire industry

Diversified in
origin

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

SIPEF group – Company profile

Worldwide



SIPEF group – Company profile

Indonesia



SIPEF group – Company profile

Papua New Guinea



SIPEF group – Company profile

Planted hectares summary 100% – 31 December 2020



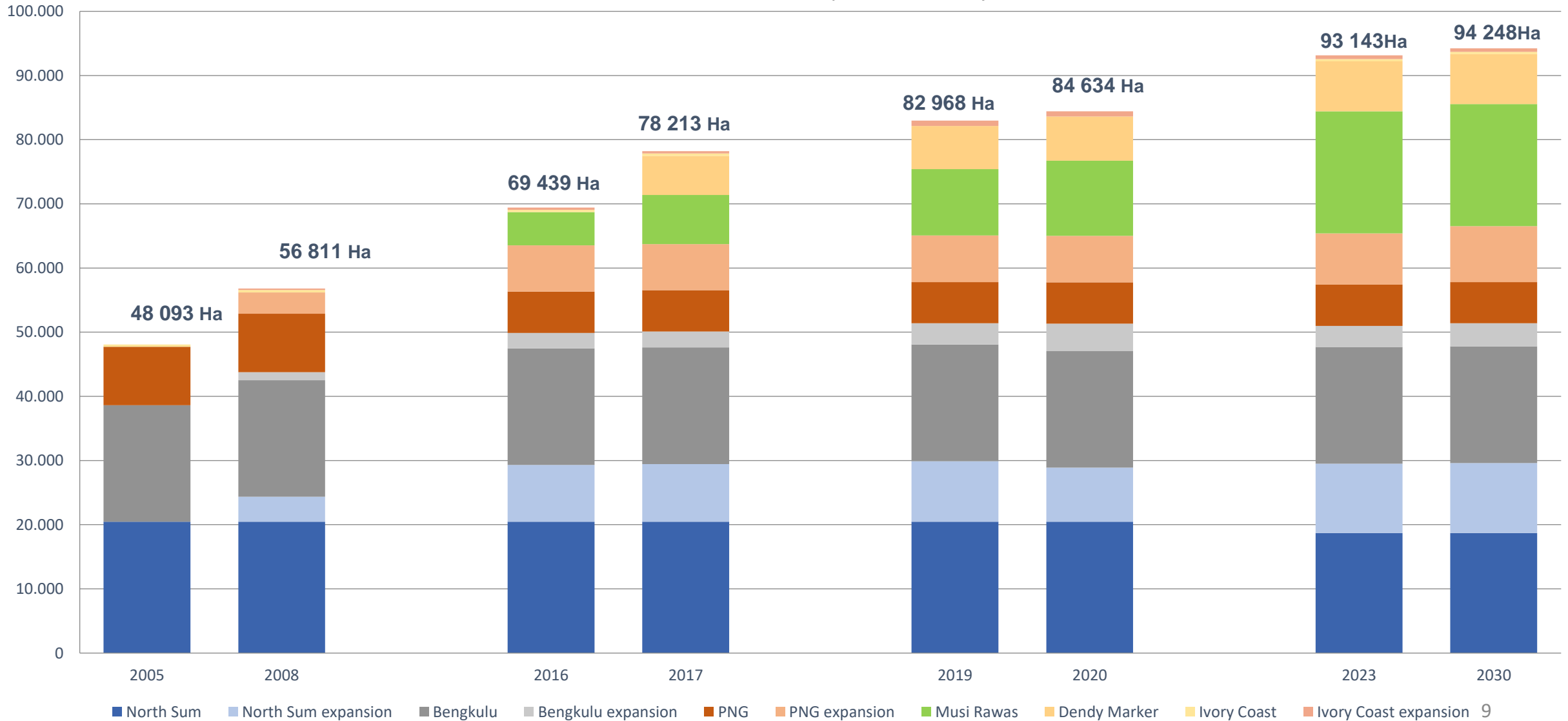
2020	Indonesia	PNG	Ivory Coast	Hectares 100%	% of total	Group share	% of total
Palm	62.785	13.689	0	76.473	91%	71.130	91%
Rubber	4.816	0	0	4.816	6%	4.346	6%
Tea	1.786	0	0	1.786	2%	1.612	2%
Bananas	0	0	780	780	1%	780	1%
Other	0	0	38	38	0%	38	0%
Total planted	69.387	13.689	818	83.893	100%	77.907	93%
% of total	83%	16%	1%	100%			
Group share	63.400	13.689	818				



SIPEF group – Company profile

Increase in own total planted hectares (100%)

Mature + immature (incl. hectares PT TD)



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Total supply bases – mature palm



Total supply base area - mature palm

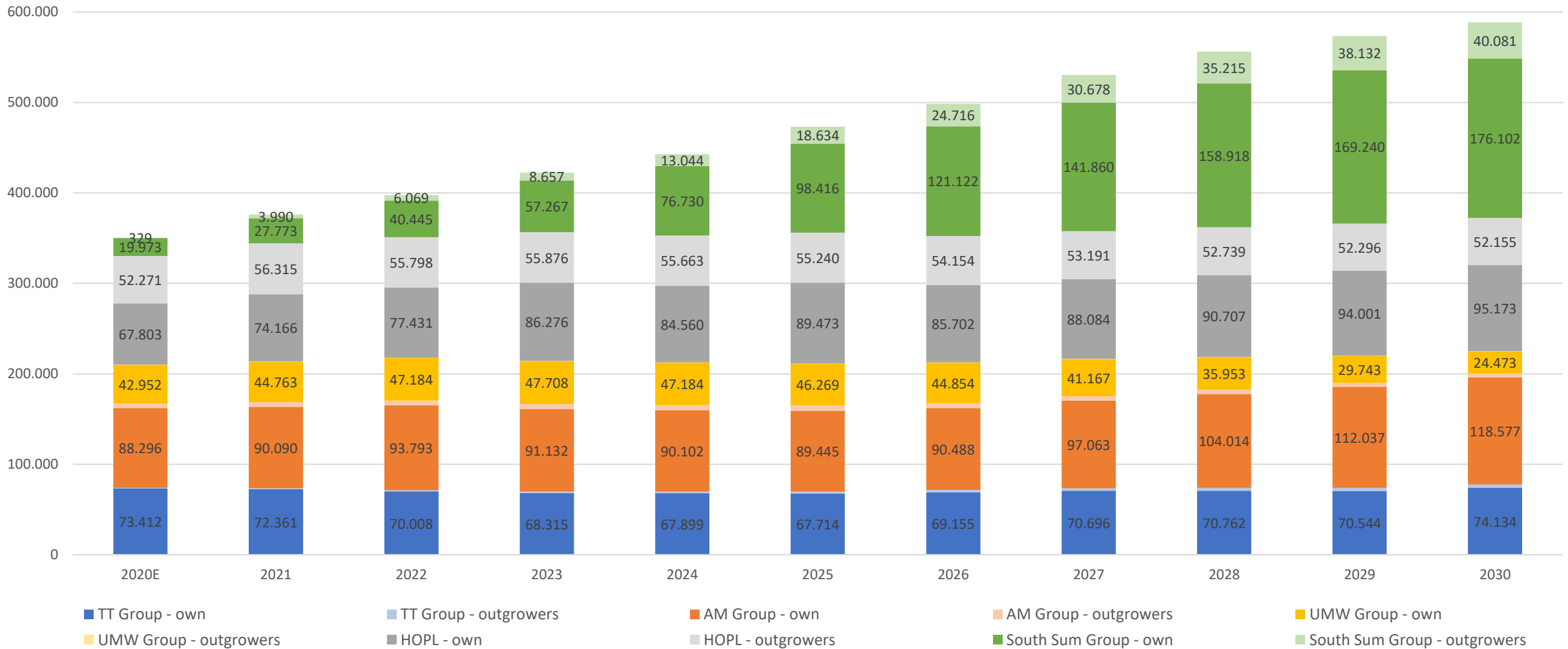


SIPEF group – Company profile

CPO production LTBP 2020 - 2030

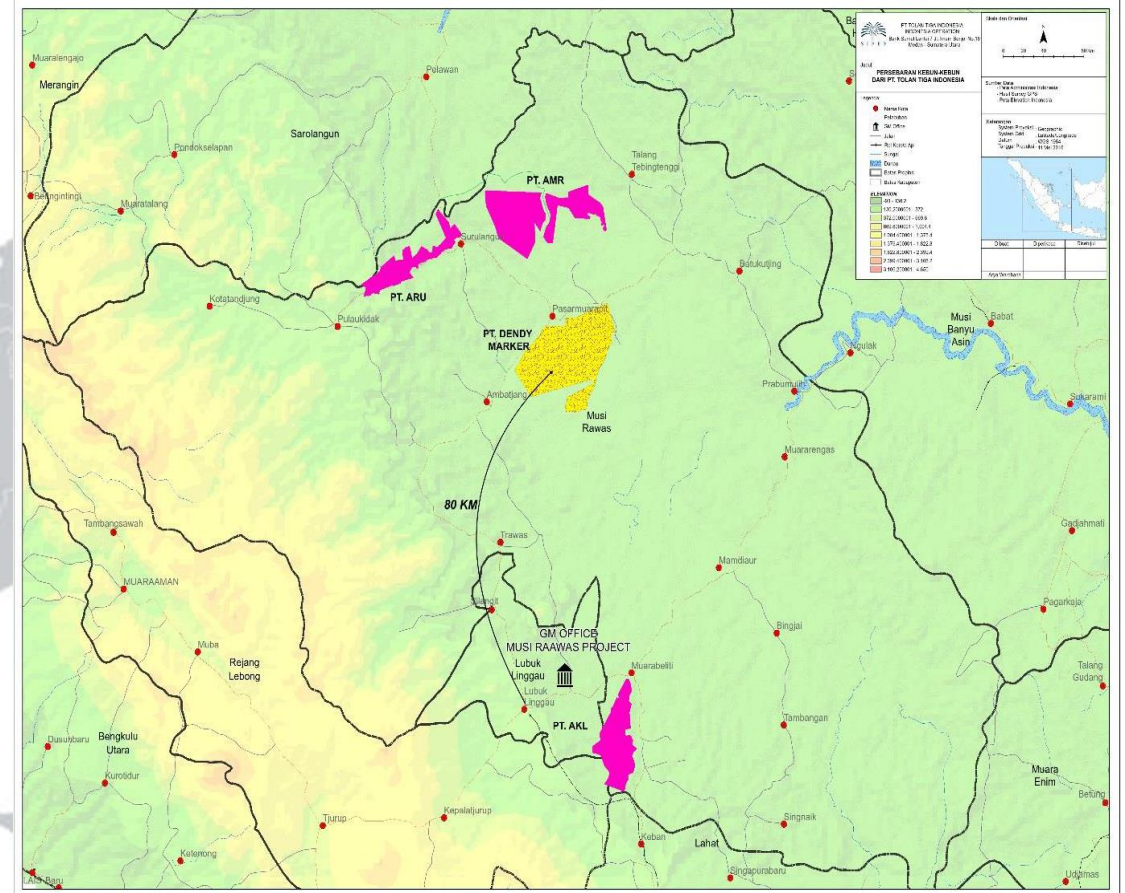


CPO production - own & outgrowers



SIPEF group – Company profile

South Sumatra - progress December 2020



SIPEF group – Company profile

South Sumatra – full scope of development December 2020



Latest update	Musi rawas	Dendymarker	Total
Total Planted / Cleared	14 014	9 648	23 662
Identified	8 791	413	9 204
Potential development	22 805	10 061	32 866
INTI	19 004	7 280	26 284
PLASMA	3 801	2 781	6 582

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Musi Rawas progress December 2020



MUSI RAWAS	Acquired Ha	Secured Ha	
PT AKL	5.084	4.661	92%
PT ARU	3.764	2.956	79%
PT AMR	8.152	6.398	78%
Total OLD	17.000	14.015	82%
Potential Ha	18.507		
	91,9%		
AMR III	33	0	0%
AMRS	247	0	0%
AKLE	144	0	0%
Total NEW	425	0	0%
Potential Ha	4.298		
	9,9%		
GRAND TOTAL	17.424	14.015	80%
Potential HA	22.805	22.805	100%
% of total	76,4%	61,5%	

Summary



SIPEF group - Company profile



SIPEF group - Palm oil in the world



SIPEF group - Production & prices



SIPEF group – Financial performance



SIPEF group - Prospects

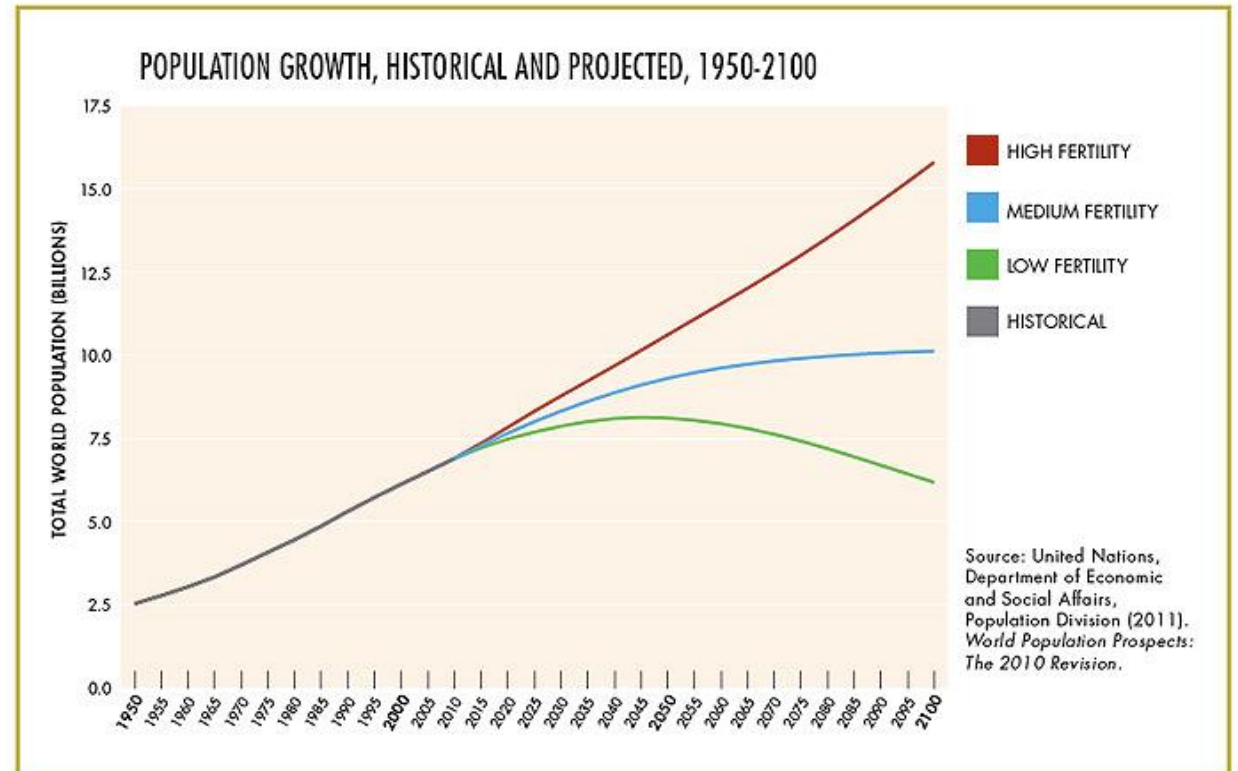


SIPEF group – Palm oil in the world

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



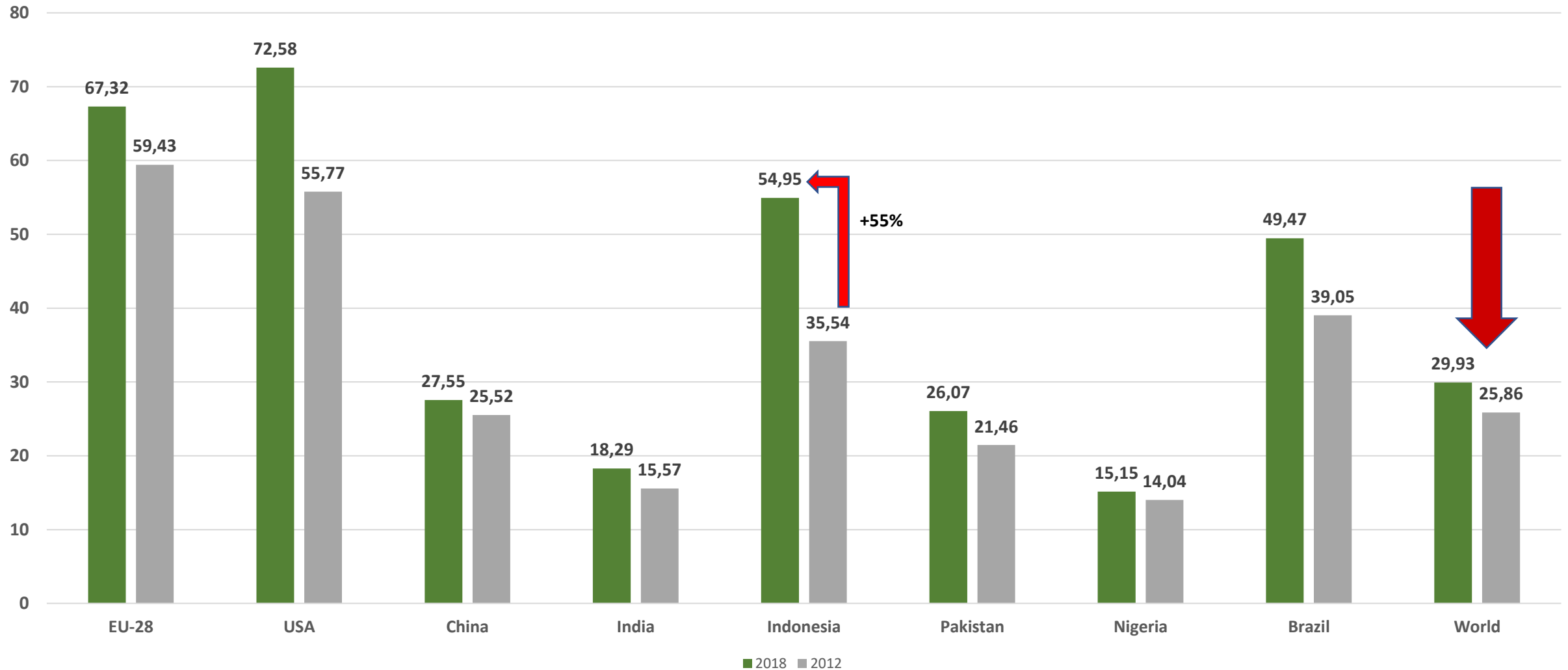
SIPEF group – Palm oil in the world

Oil and fat consumption



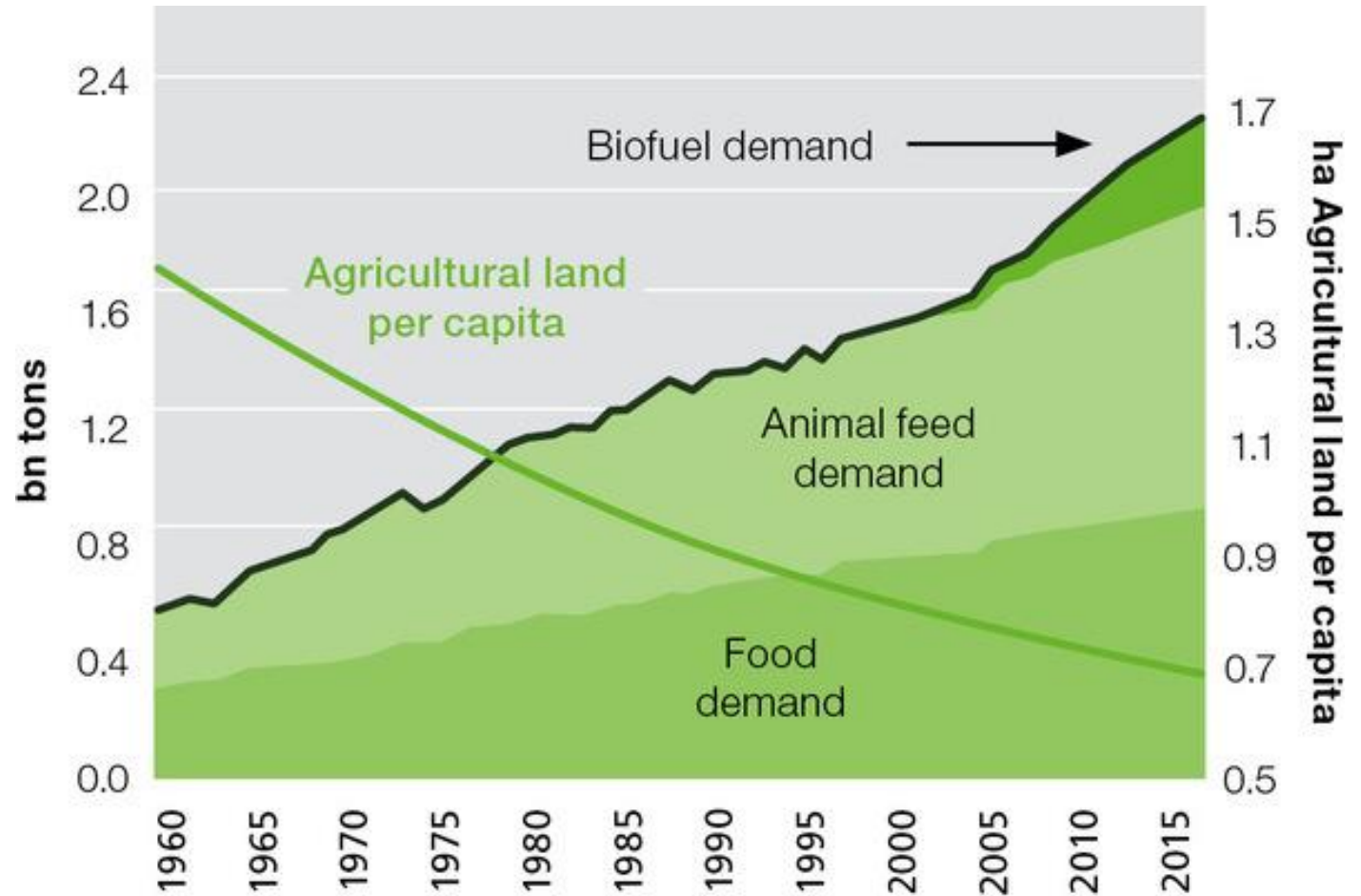
Oil and fat consumption per capita (in Kg)

Source: Oilworld



SIPEF group – Palm oil in the world
Palm oil in the world - Land input

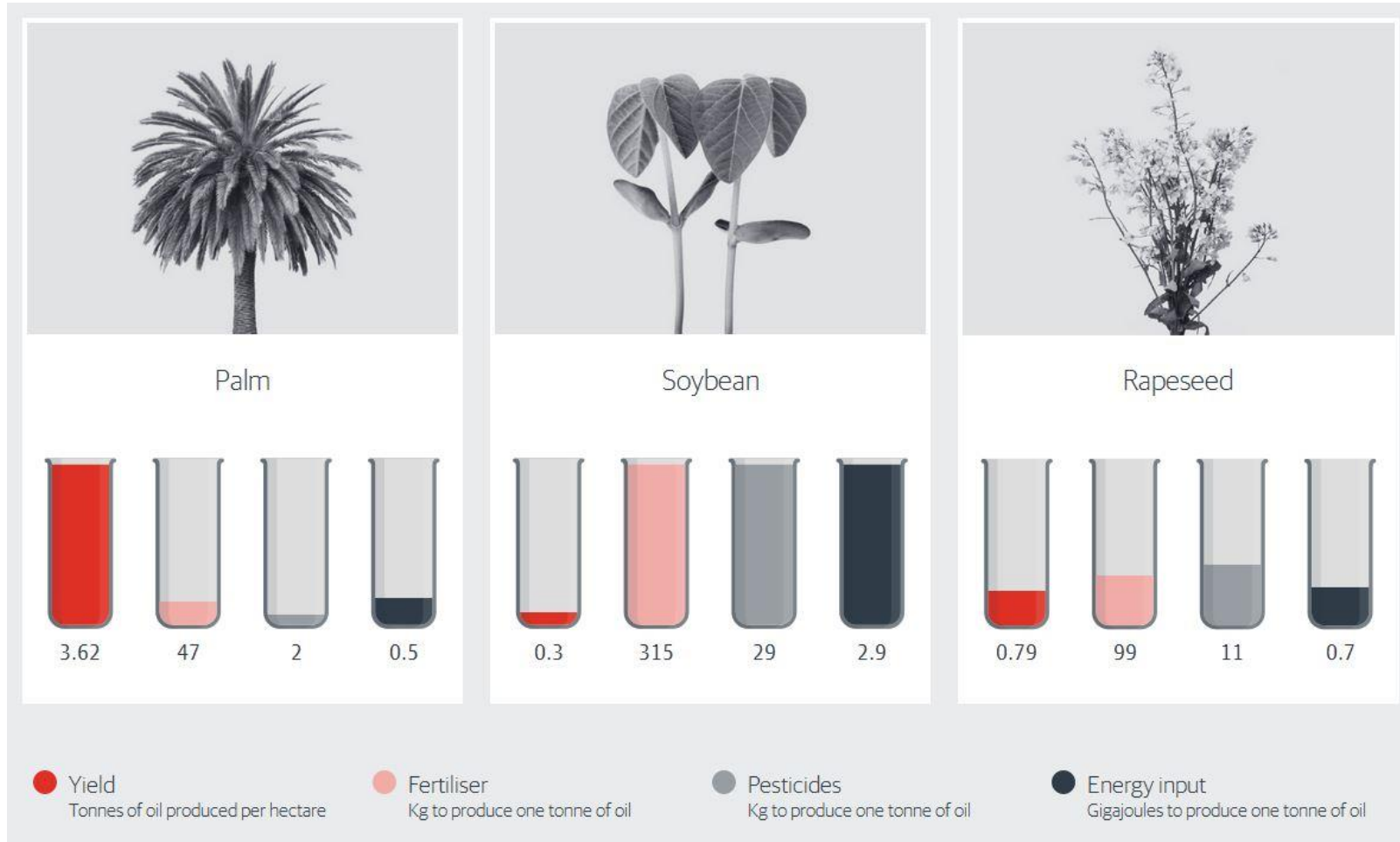
- Increased demand for meat/fat/processed foods
- Increased demand for biofuel
- Decreasing Agricultural land per capita
- Disposable income growth in developing countries



SIPEF group – Palm oil in the world

Palm oil in the world - Comparison to other oils

Resources used per vegetable oil:

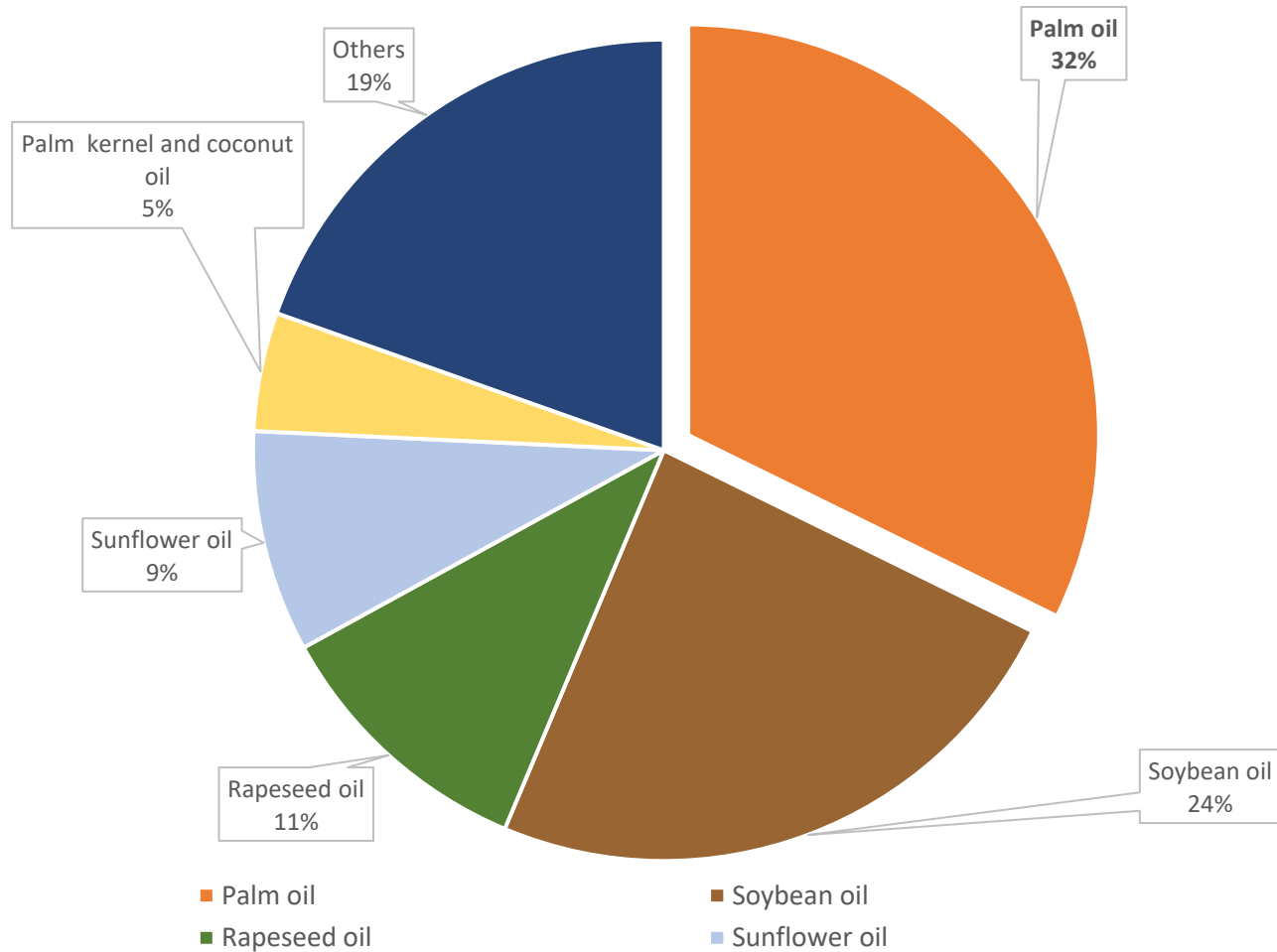


SIPEF group – Palm oil in the world

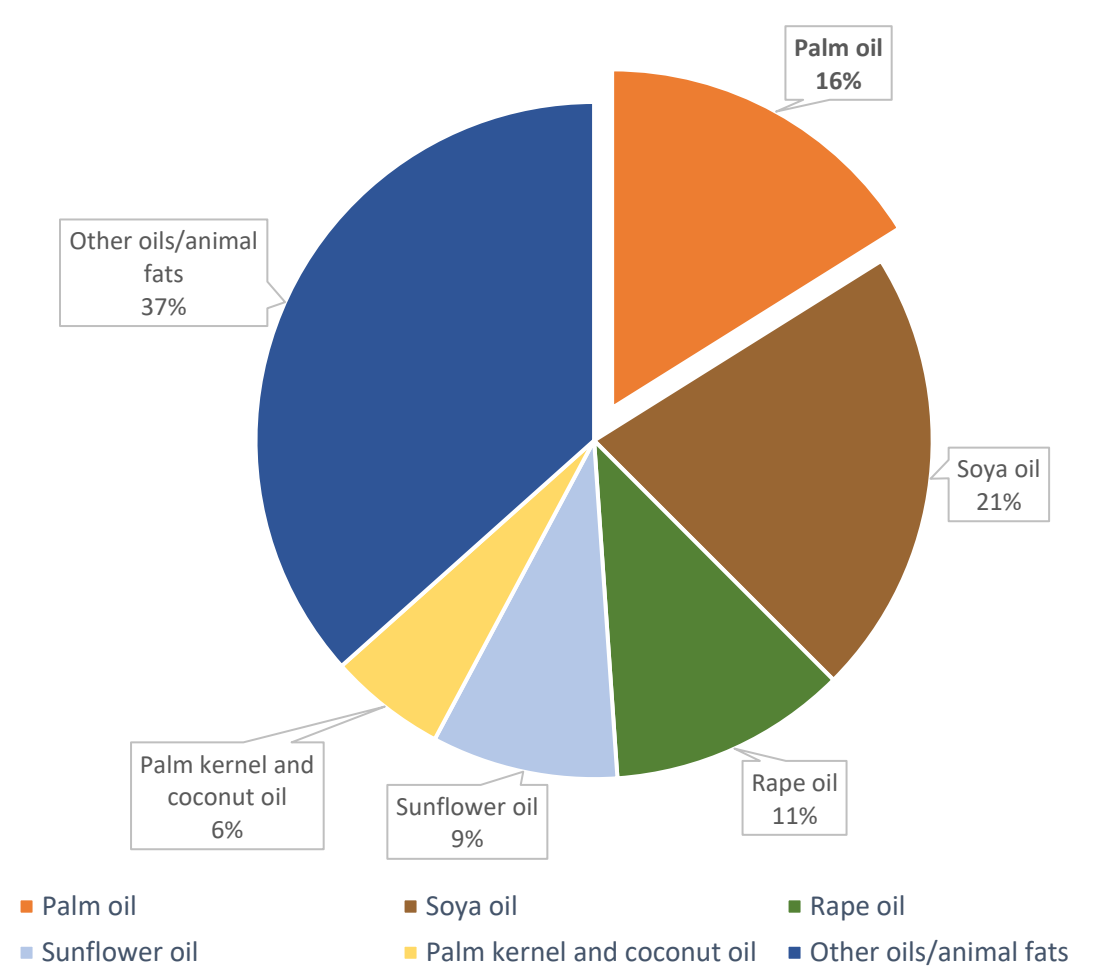
Palm oil in the world - Vegetable oils

Source: Oilworld

2019 : 234,7 million Ton



1994/95: 93,1 million tonnes



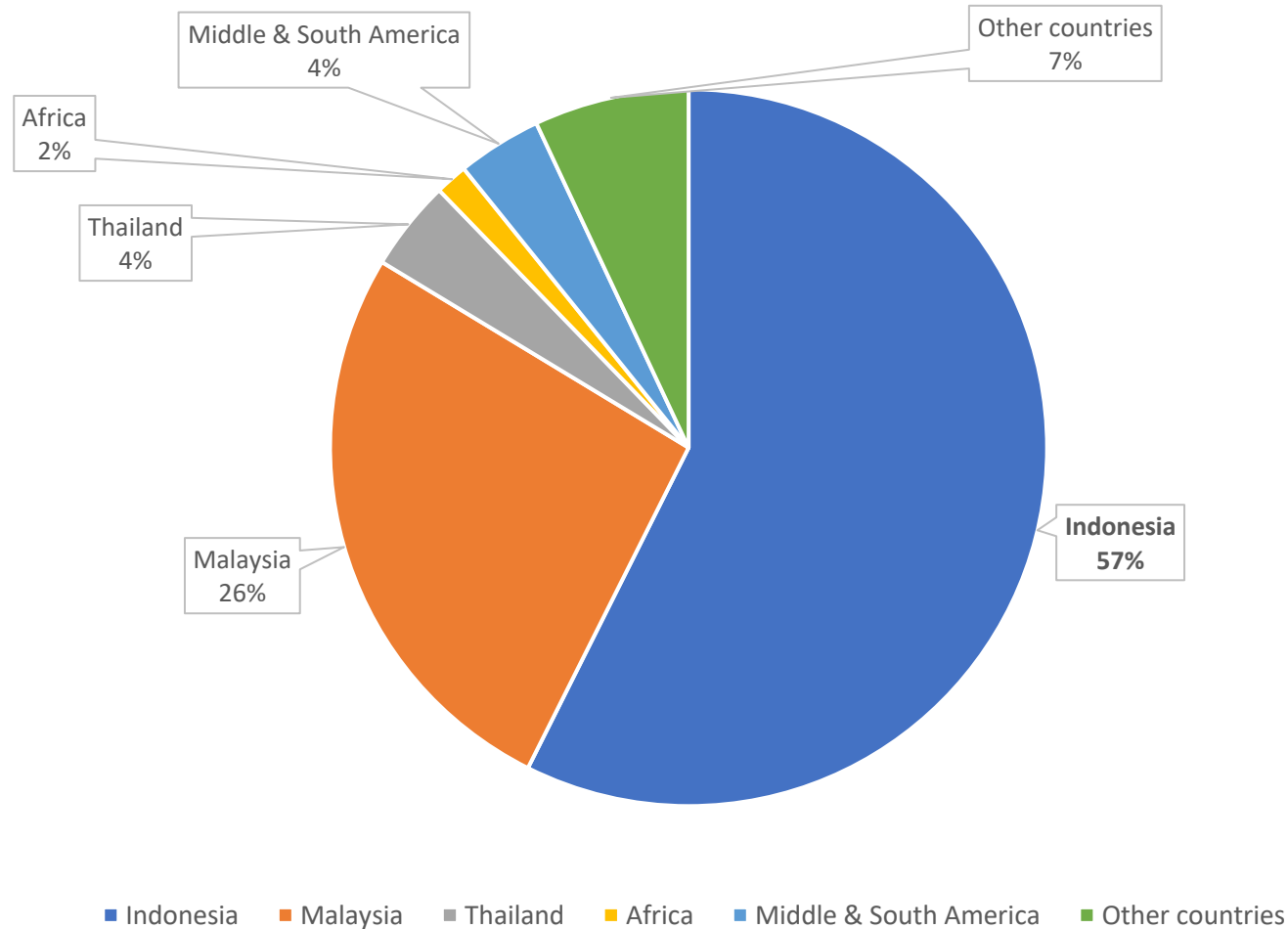
SIPEF group – Palm oil in the world

Palm oil in the world - Palm oil production



2019 Palm oil production
Total of 75,6 Mn tonnes

Source: Oilworld

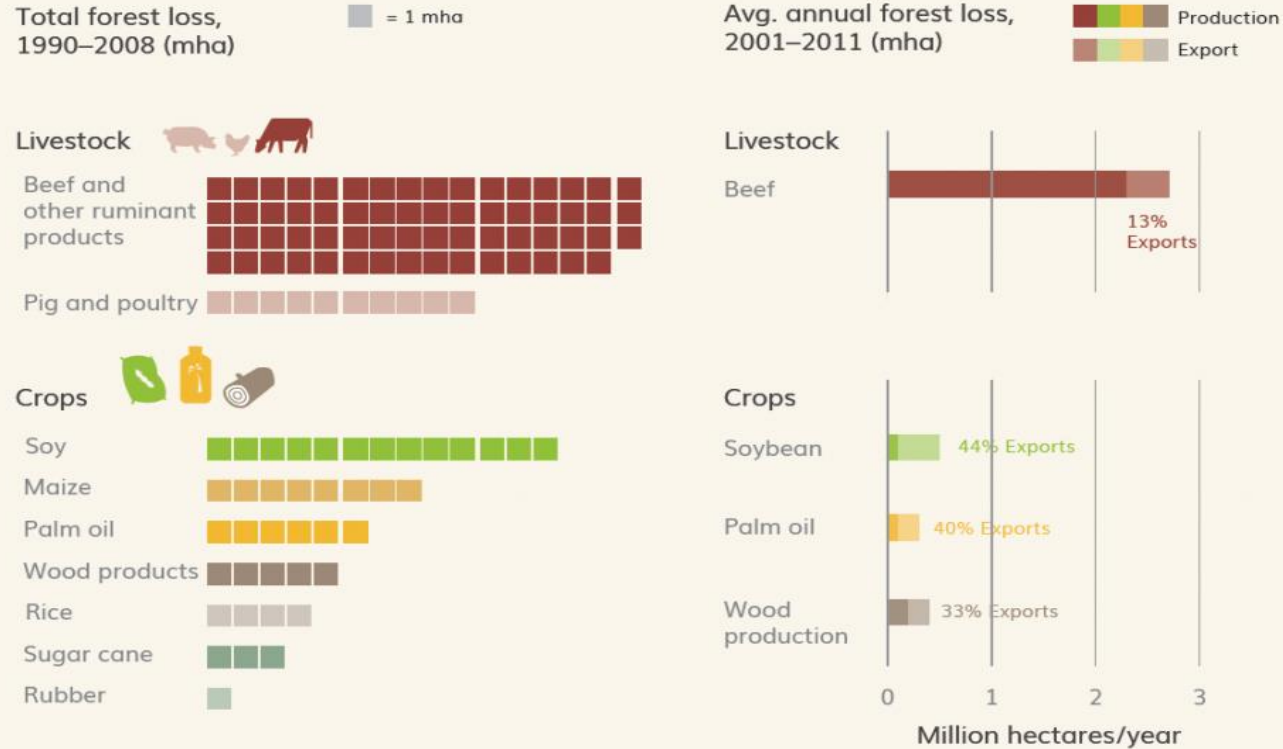


- **Palm oil remains confronted with a European perception problem based on**
 - Health issues
 - No fat <-> moderate use of saturated fat
 - Saturated fats – only 50% saturated and no transfats
 - Environmental issues
 - Deforestation – most efficient vegetable oil/hectare of land
 - Sustainable Development Goals – Palm Oil covers the majority of it!

SIPEF group – Palm oil in the world

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)

SIPEF group – Palm oil in the world

Palm oil in the world – Commodity commitment

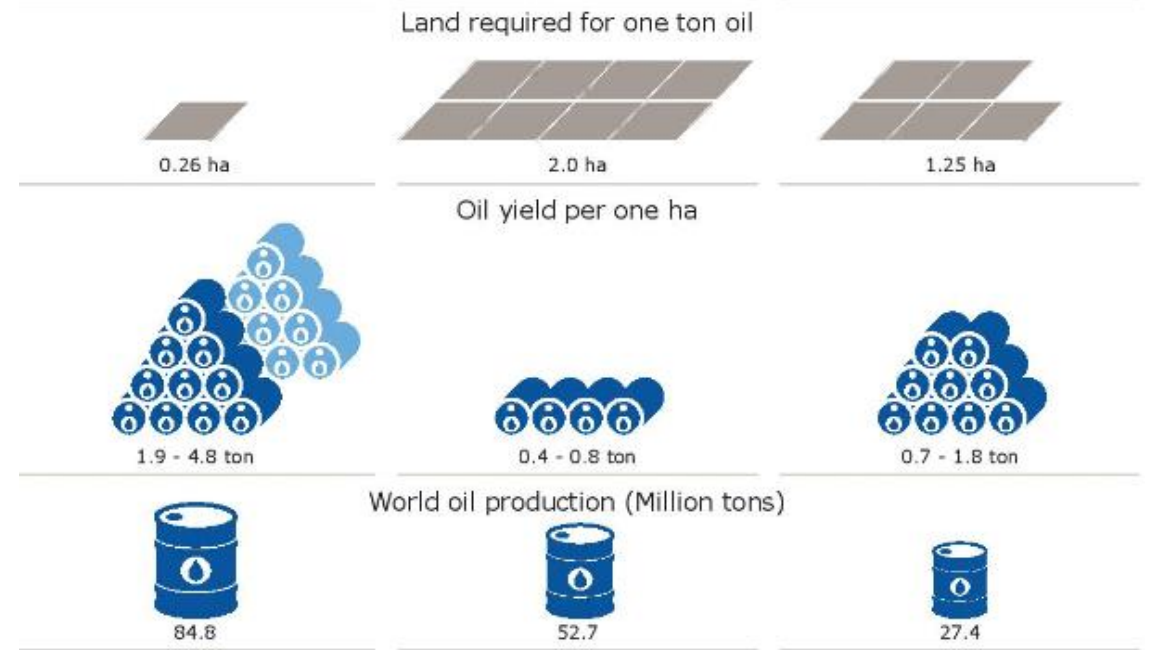
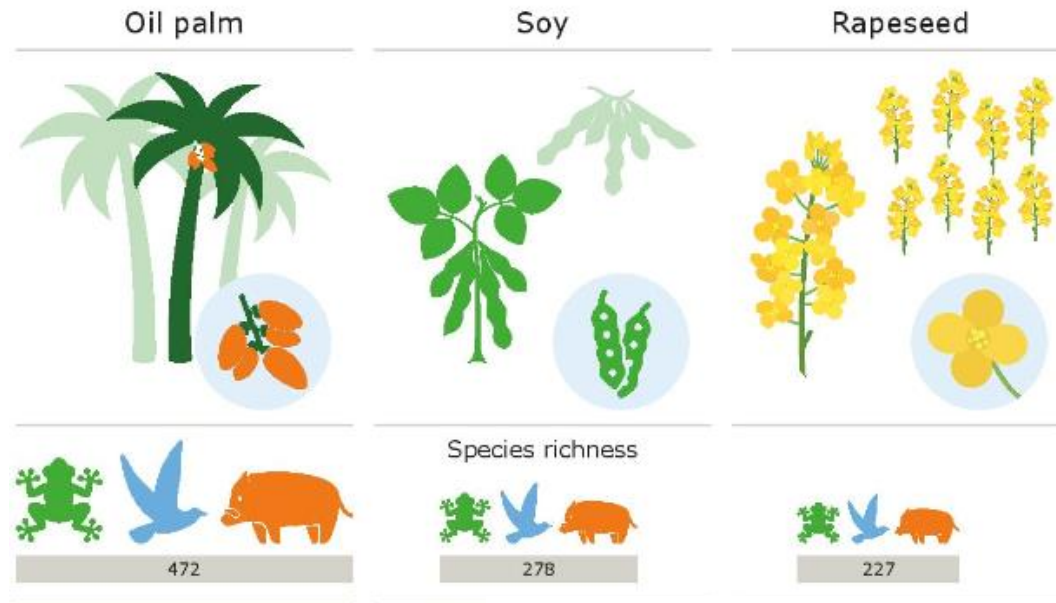


SIPEF group – Palm oil in the world

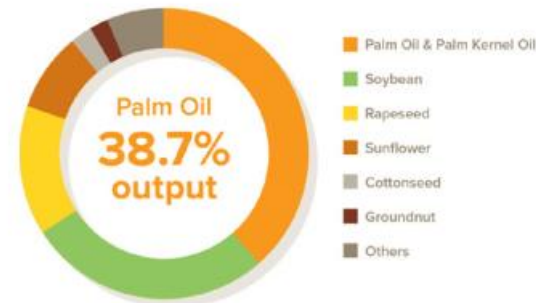
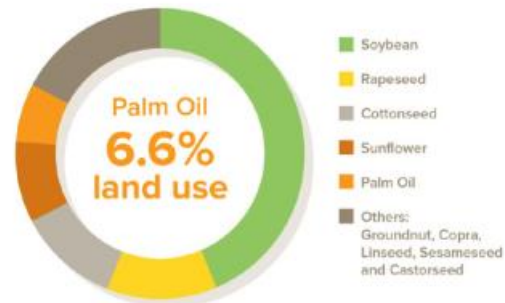
The oil palm controversy

The oil palm controversy

The three main oil crops compared. Oil palm, with harvest cycles of about 25 years, is grown in areas with many plant and animal species, many of which are endangered, but with some living in oil palm trees. The oil yields are large. Oil production by annual crops such as soy and rapeseed requires much more land and harbours few other species.



WAGENINGEN
UNIVERSITY & RESEARCH

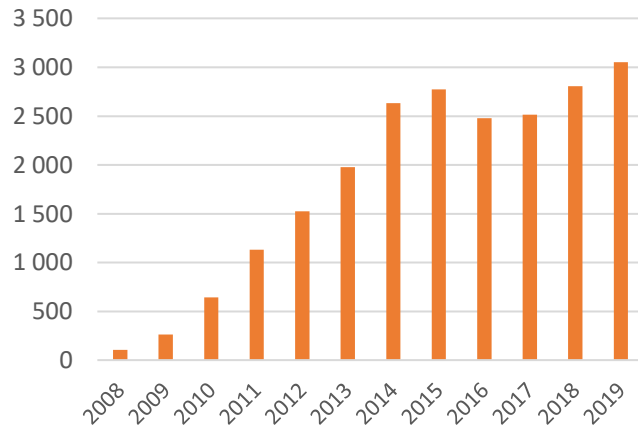


SIPEF group – Palm oil in the world
Palm oil in the world - Sustainable palm oil

Less than 3 million tons is sold as IP/‘segregated’ (100% traceable)
 SIPEF = 100% certified and > 325.000 tons ‘segregated’

3,24 Million Ha RSPO certified production area in 2020

RSPO Certified Ha (in KHa)



19%

Proportion of global palm oil certified by RSPO



17.17 million tonnes

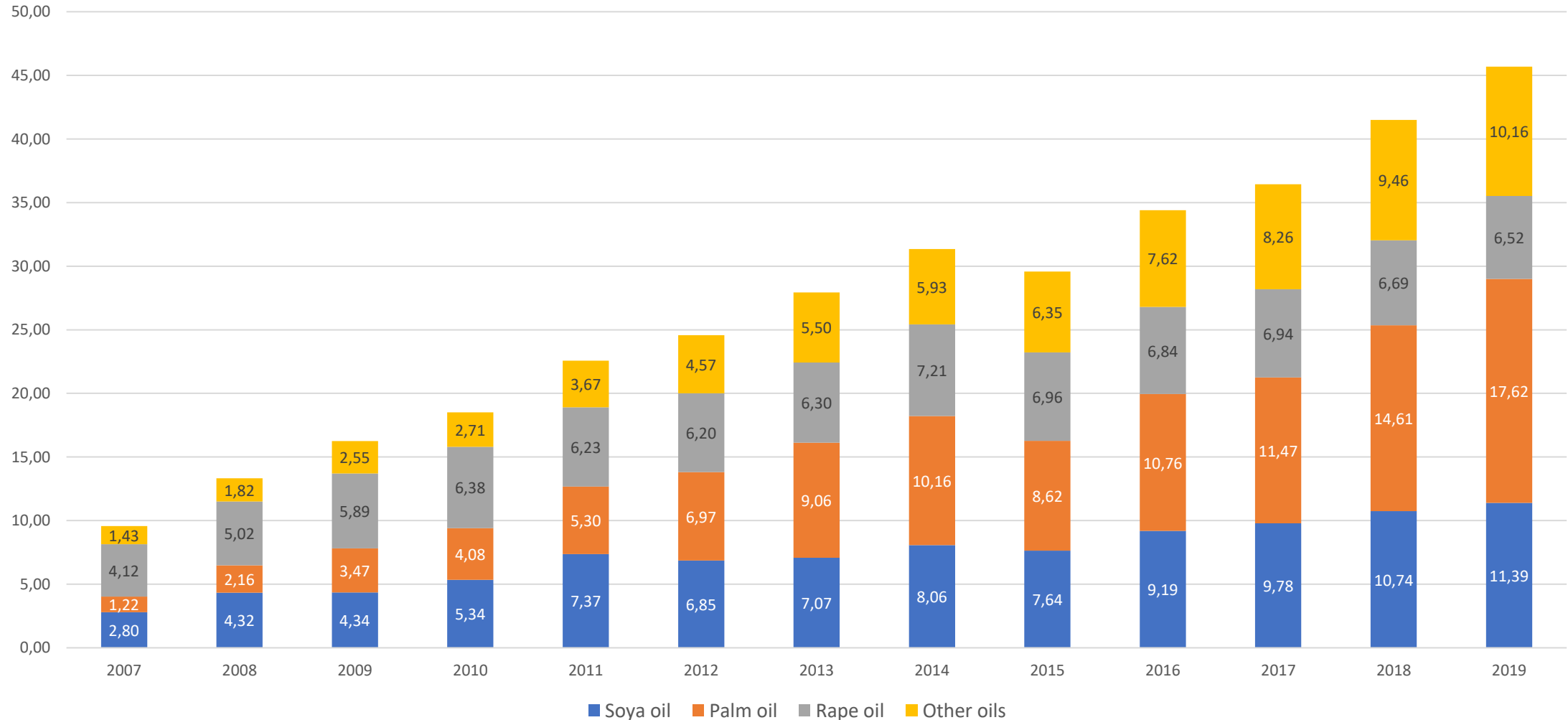
Volume of RSPO-certified sustainable palm oil

SIPEF group – Palm oil in the world

Palm oil in the world - Biodiesel use of major feedstock (Mn T)



Biodiesel use of major feedstock (Mn T)



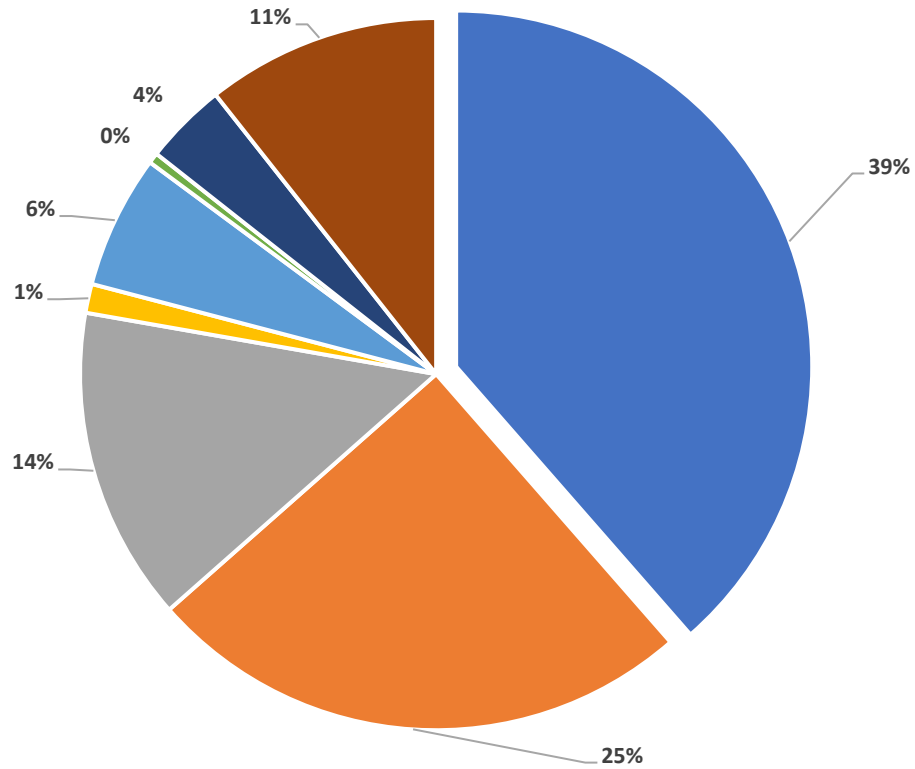
SIPEF group – Palm oil in the world

Biodiesel worldwide



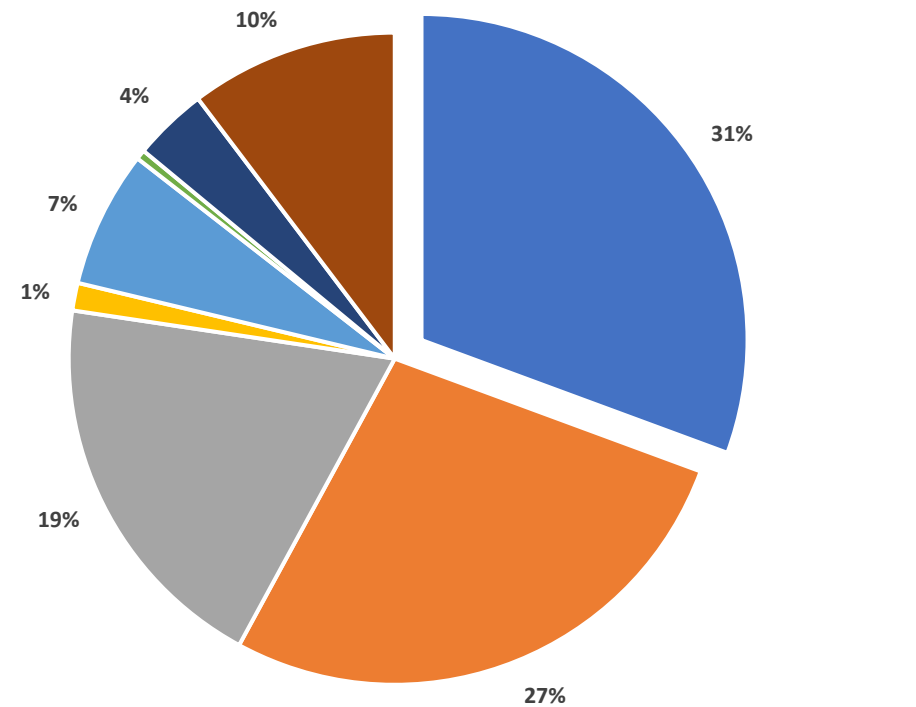
Source: Oilworld

Biodiesel worldwide 2019
Total of 45,7 Mn tonnes



- Palm Oil
- Soya Oil
- Rapeseed Oil
- Sunflower Oil
- Tallow
- Coconut oil
- Other oils & fats
- Used cooking oil

Biodiesel worldwide 2017
Total of 35,8 Mn tonnes



- Palm oil
- Soya
- Rapeseed oil
- Sunflower oil
- Tallow
- Coconut oil
- Other oils and fats
- Used cooking oil

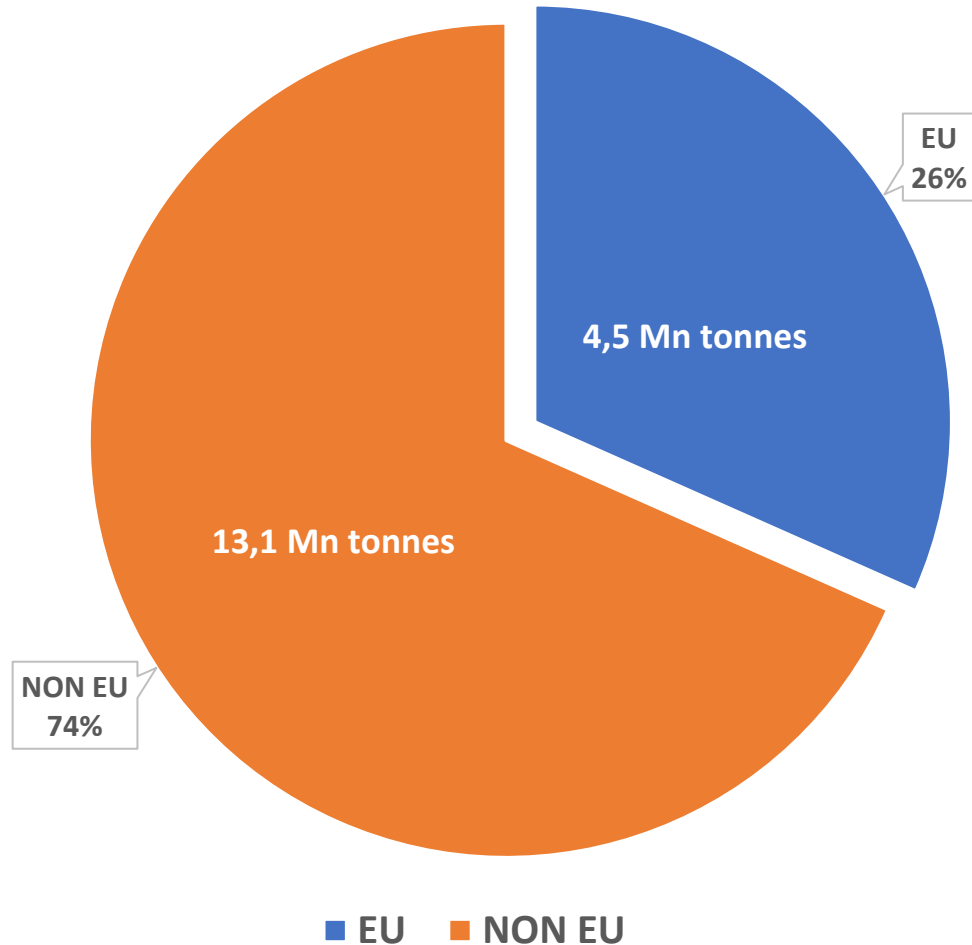
SIPEF group – Palm oil in the world

Palm oil use for biodiesel EU

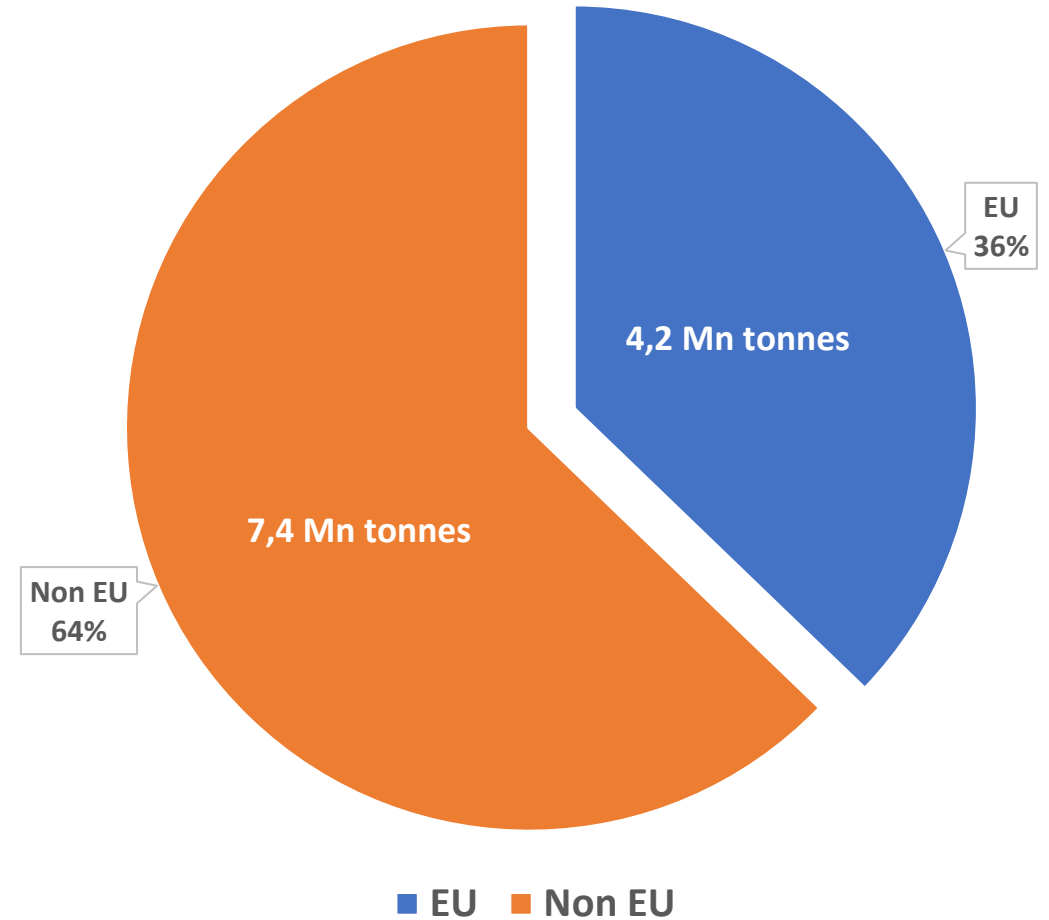


Source: Oilworld

2019: Palm oil use for Biodiesel Total of 17,6 Mn tonnes



2017 Palm oil use for Biodiesel Total of 11,7 Mn tonnes



Summary



SIPEF group - Company profile



SIPEF group - Palm oil in the world



SIPEF group - Production & prices



SIPEF group – Financial performance



SIPEF group - Prospects



SIPEF group – Productions & prices

Group production PALM OIL – December 2020



Palm Oil	2020	2019	Variance
Own			
Tolan Tiga Group	67 310	70 489	-4,51%
Umbul Mas Wisesa Group	38 413	38 089	0,85%
Agro Muko Group	83 545	82 007	1,88%
South Sumatra Group	15 772	14 227	10,86%
Hargy Oil Palms	66 432	59 829	11,04%
Total own	271 472	264 641	2,58%
Outgrowers			
Tolan Tiga Group	549	150	265,58%
Umbul Mas Wisesa Group	132	151	-12,58%
Agro Muko Group	3 671	3 541	3,68%
South Sumatra Group	1 769	1 023	72,92%
Hargy Oil Palms	51 691	43 008	20,19%
Total outgrowers	57 812	47 873	20,76%
Total Palm Oil	329 284	312 514	5,37%

SIPEF group – Productions & prices
 Group production RUBBER – December 2020



Rubber	2020	2019	Variance
Own			
Tolan Tiga Group	918	972	-5,51%
Melania	2 695	2 379	13,28%
Agro Muko	1 686	2 144	-21,34%
Total own	5 300	5 495	-3,55%
Outgrowers			
Tolan Tiga Group	711	831	-14,44%
Total Rubber	6 011	6 326	-4,98%

SIPEF group – Productions & prices

Group production TEA and BANANAS – December 2020



Tea	2020	2019	Variance
Melania - own	2 664	2 331	14,29%
Melania - outgrowers	98	0	-
Total Tea	2 762	2 331	18,49%

Bananas	2020	2019	Variance
Azaguie 1	5 152	4 976	3,54%
Azaguie 2	8 447	9 928	-14,92%
Agboville	8 988	8 836	1,72%
Motobe	8 571	9 109	-5,91%
Total Bananas	31 158	32 849	-5,15%

SIPEF group – Production & prices

Bull & Bear



	Rating	Bullish inputs	Bearish inputs
Palm Oil Feb 1045 Mar 1020 AMJ 900 JAS 820 OND 800	supported	- Super tight stocks in Mal and Indo. Mal lowest since 2007.	- Absolute high price and massive inverses will reduce exports / kill demand
		- Production has started the low cycle.	- Market expects strong palm production in second half 2020 (once they see the confirmation, it could trigger a sell off)
		- B30 blending program supported by export levy.	- India changed its import tax system at the disadvantage of palm vs other oils
		- Inverses will probably continue to roll.	- Will China play with state reserves to enforce a lower market?
		- Palm is still competitive vis-à-vis other oils	- High soybean price could lead to bigger new planting in Northern Hemisphere (fight for acres)
		- Sun seed, soybean situation very tight globally. Also bullish corn and wheat story...fight for acres.	- Gasoil still a significant discount to vegoil, it will continue to test biodiesel mandates.
		- The Funds have exited their massive longs in the recent sell-off	
		- Petro rally	
<div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;"> A higher or lower export levy and tax can trigger a rally or a sell-off – a vicious circle </div>			
Rubber RSS3 2240 SIR10 1600	Neutral	- Short term supply deficit due to La Nina weather in Indo, Thailand and Vietnam	- Still long term oversupply, once production hiccup is over, prices tend to slide...
		- Strong demand for latex from glove industry due to Covid-19	- The car industry is picking up again, but still running lower vs pre-Covid
Tea	Neutral	- Chinese economy seems to do well	- Consolidation in prices, but a lack of physical demand
		- La Nina weather should bring a lot of rain, hampering harvest.	- Kenyan record production in 2020 and high stocks still need to be placed.

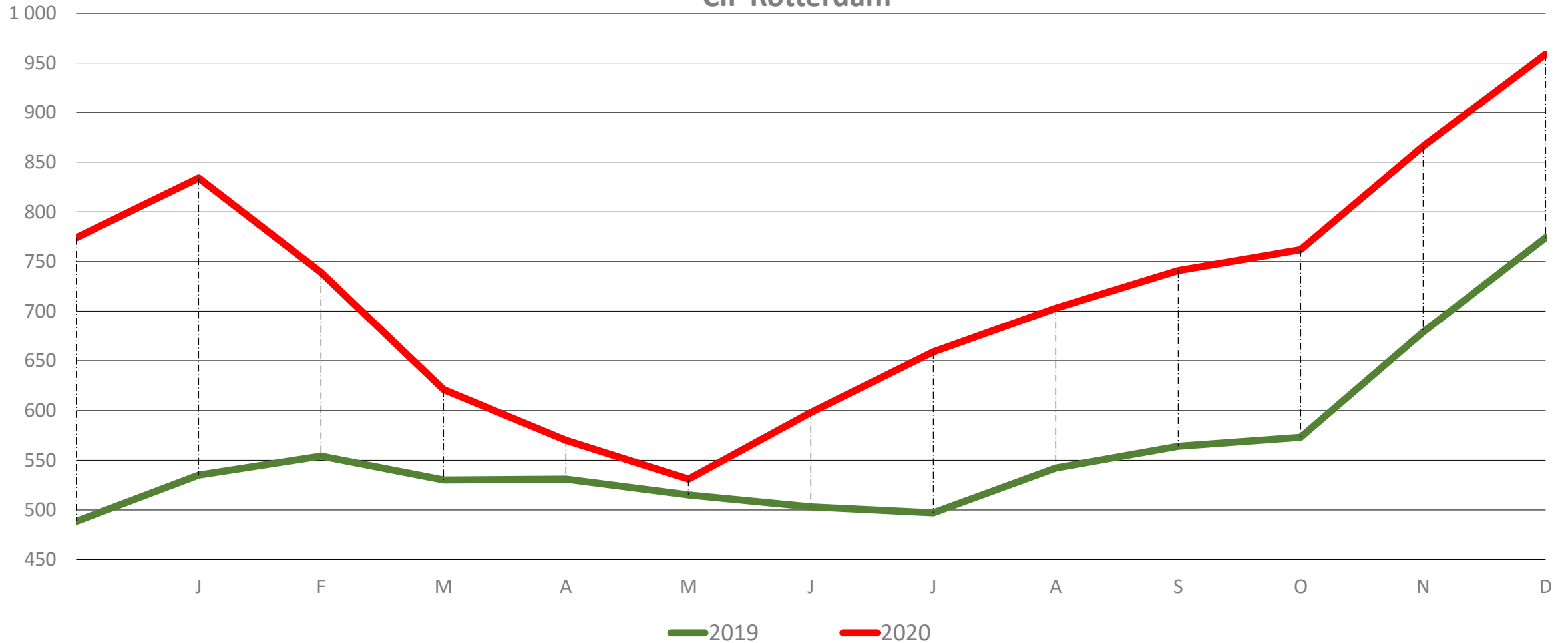
SIPEF group – Production & prices

CPO prices CIF Rotterdam 2019 – 2020



Crude Palm Oil in \$/mt CIF Rotterdam

Source: Oil World

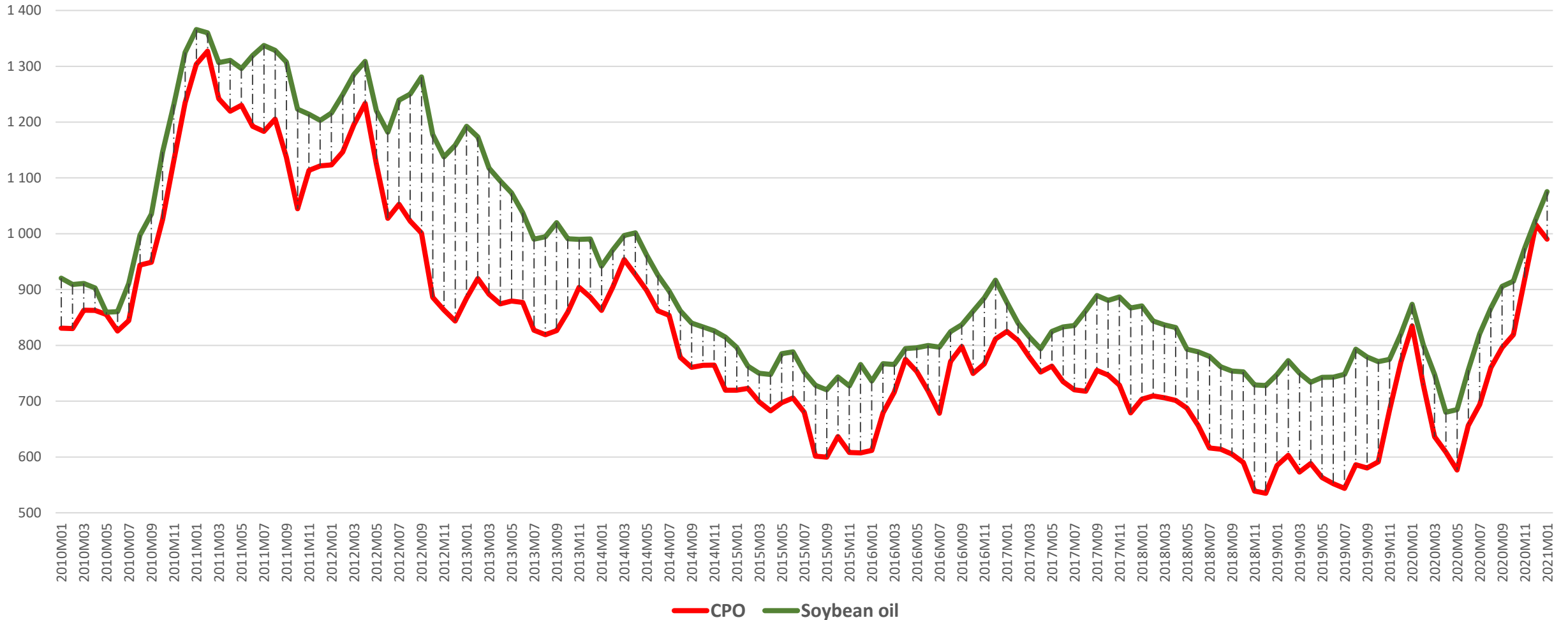


SIPEF group – Production & prices
Spread crude palm oil – soybean oil



Spread CPO - Soybean oil

Source: Worldbank



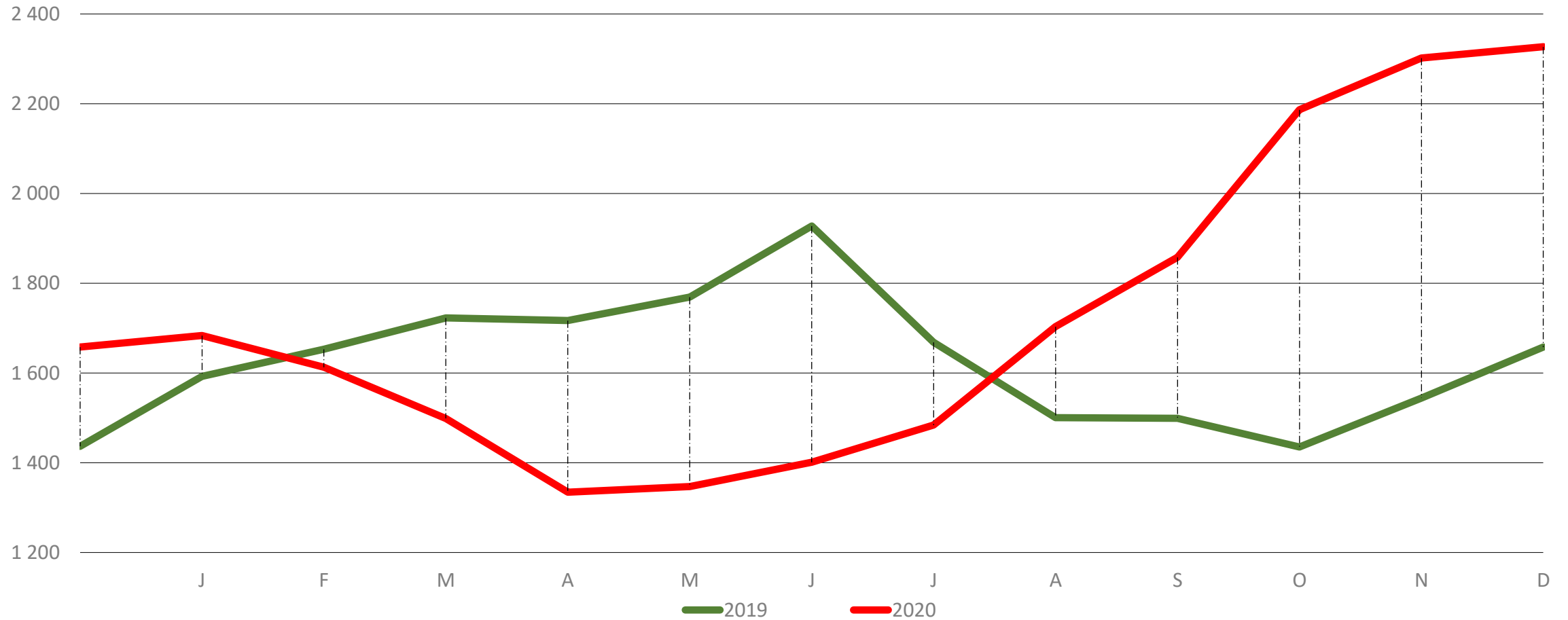
SIPEF group – Production & prices

RSS3 Rubber prices 2019 – 2020



RSS3 in \$/mt
FOB Singapore

Source: Worldbank



SIPEF group – Production & prices

Tea prices 2019 – 2020



Tea in \$/mt average auction Mombasa

Source: Worldbank



Summary



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SIPEF group - Production & prices



SIPEF group – Financial statements

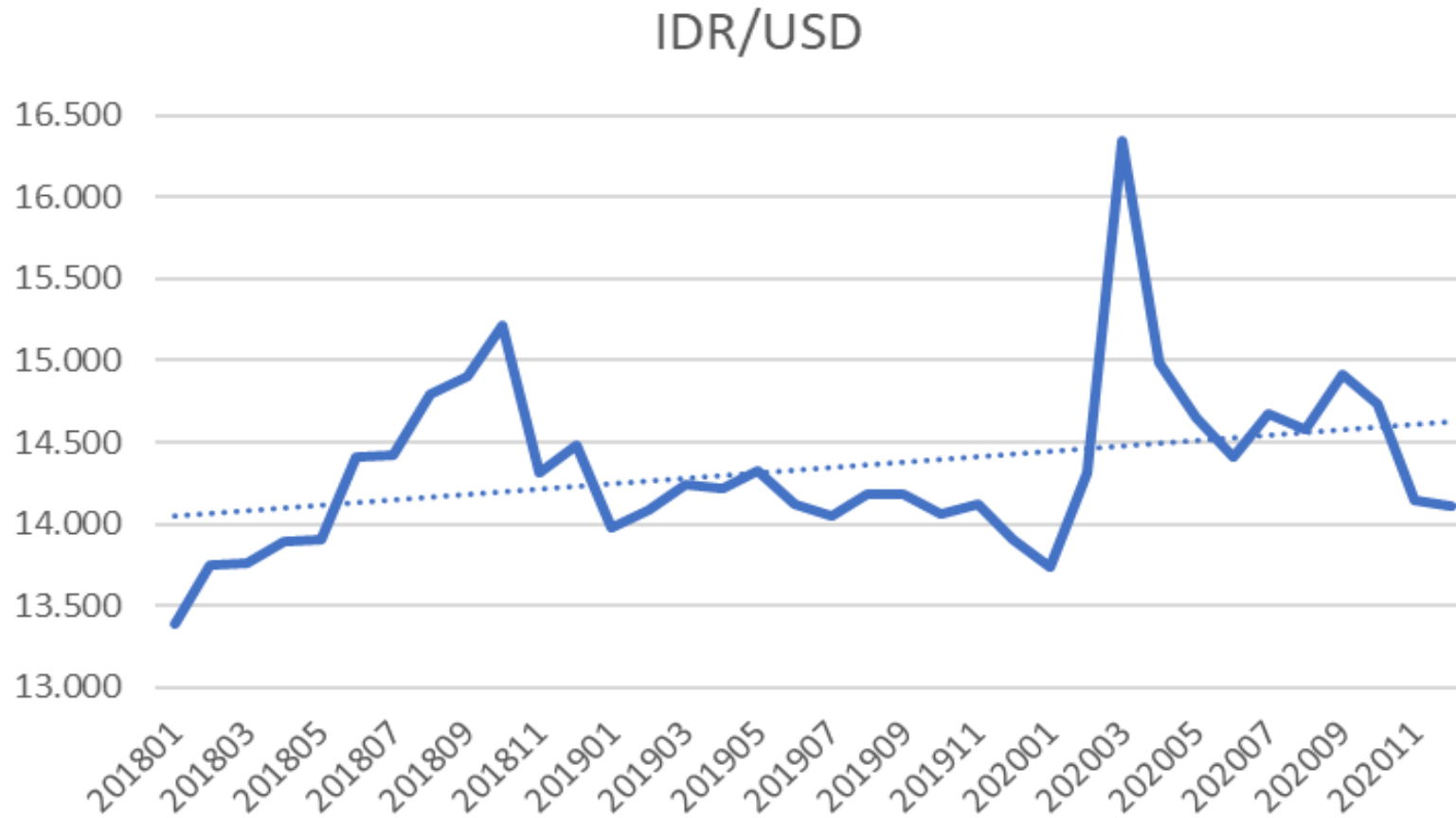


SIPEF group - Prospects



SIPEF group – Financial statements

Exchange rates



SIPEF group - Financial statements

Income statement – actuals CY vs actuals PY



IN KUSD		2020 actuals	2019 actuals	% diff
Gross margin	Palm	59.746	34.445	+73%
	Rubber	-1.814	-2.244	-19%
	Tea	-788	-370	113%
	Bananas	4.199	4.548	-8%
	Horticulture	191	148	29%
G&A including corporate		-30.750	-30.846	0%
Other operating		-6	-741	
Operating result		30.778	4.940	
Finance income/charges		-4.459	-5.002	
Discount Sipef CI		1.368	1.689	
Exchange		378	-775	
Financial result		-2.713	-4.088	
Profit before tax		28.065	852	
Tax*		-10.828	-6.772	
Profit after tax		17.237	-5.920	
Associated companies		-1.059	-1.484	
Profit for the period		16.178	-7.404	
Minority interests		2.055	600	
Group share		14.123	-8.004	

SIPEF group - Financial statements

Income statement – tax expense detail*



	Dec 2020	Jun 2020
Result before tax	28 065	2 468
	23,3%	12,3%
Theoretical tax charge	-6 545	-304
Corrections on last year	+76	0
Change in tax-%	+685	+685
Impairment/Reversal on DT	-3 130	-964
Other non-deductible	-1 915	-1 103
Tax charge	-10 828	-1 686
<i>Effective tax rate</i>	<i>38,6%</i>	<i>68,3%</i>

SIPEF group - Financial statements

Income statement per semester



IN KUSD	31/12/2020	30/06/2020	2nd sem
Operating result	30.778	4.621	26.157
Financial result	-2.713	-2.153	-560
Profit before tax	28.065	2.468	25.597
Tax	-10.828	-1.686	-9.142
Profit after tax	17.237	782	16.455
Associated companies	-1.059	-578	-481
Profit for the period	16.178	204	15.974

SIPEF group - Financial statements
Consolidated balance sheet (management presentation)



In KUSD (management presentation)	2020	2019
Biological assets (depreciated costs) - bearer plants	315 826	306 342
Goodwill	104 782	104 782
Other fixed assets	359 994	365 412
Receivables > 1 year	16 101	13 442
Net current assets, net of cash	86 137	94 013
Net cash position	-151 165	-164 623
Total net assets	731 675	719 368
Shareholders' equity, group share	638 688	628 686
Non controlling interest	35 862	34 325
Provisions and deferred tax liabilities	57 126	56 358
Total net liabilities	731 675	719 368

SIPEF group - Financial statements

Cash flow (management presentation)



IN KUSD	2020	2019	Diff
Cash flow from operations before working capital	73.669	49.927	23.742
Working capital movements	-1.314	-3.348	2.034
Taxes paid	-3.572	-14.692	11.120
Cash flow from operations (a)	68.783	31.887	36.896
Cash flow from investing	-51.762	-66.546	14.784
Cash flow from desinvesting	2.401	1.795	606
Cash flow from investing in subsidiaries (VBS)	0	-200	200
Cash flow from sales GRH	506	1.500	-994
Cash flow from sales Sipef CI	1.371	3.813	-2.442
Investing activities (b)	-47.484	-59.638	12.154
Free cash flow (a+b)	21.299	-27.751	49.050
Equity transactions with non-controlling parties (PT DM)	-2.795	0	-2.795
Purchase own shares	0	-854	854
Dividend paid	-716	-6.495	5.779
Interest paid	-4.330	-5.042	712
Financing activities (c)	-7.841	-12.391	4.550
Increase/decrease cash (a+b+c)	13.458	-40.142	53.600
Cash begin	-164.623	-121.443	-43.180
Leasing OB		-3.037	3.037
Cash end	-151.165	-164.623	13.458

SIPEF group - Financial statements

Financial covenant LT loan per 31 December 2020



- Level of financial covenant according to new LT loan dd August 2019:

31/12/2019	3,50x
30/06/2020	3,25x
31/12/2020	3,00x
30/06/2021	2,75x
31/12/2021 and thereafter	2,50x

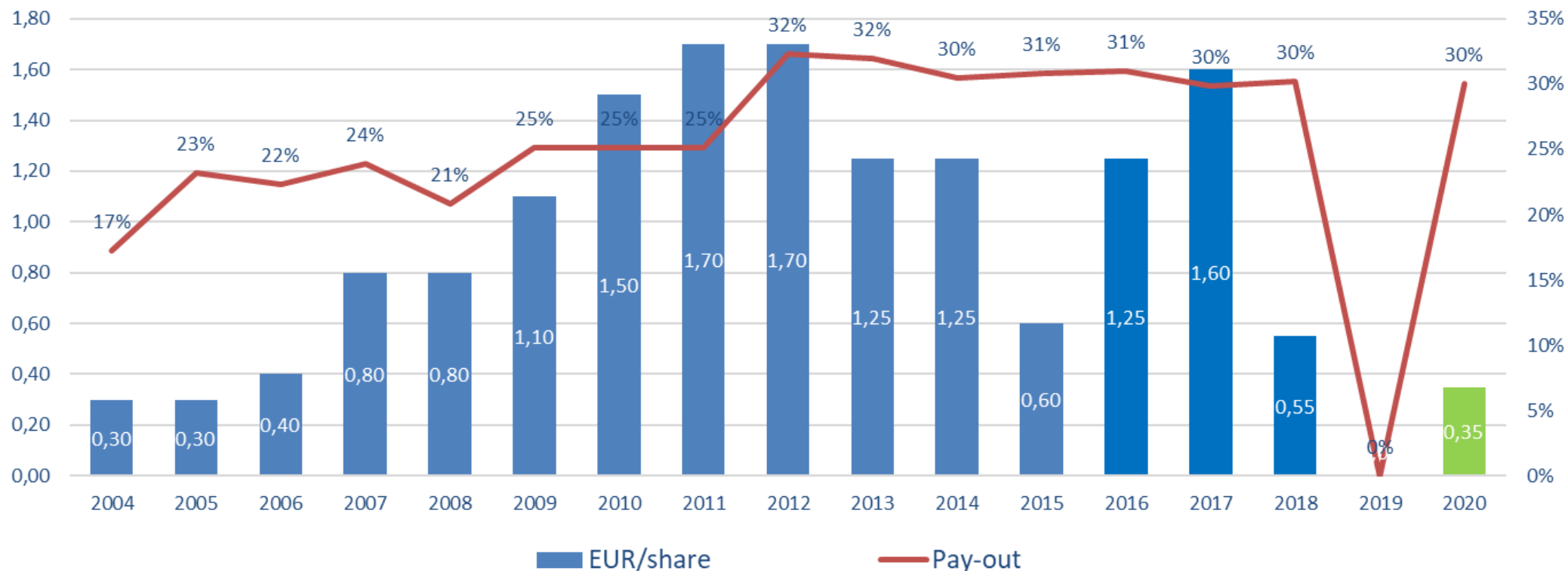
- At December 31, 2020 debt/ebitda was **2,06x** → covenant respected
- This lower covenant level will reduce the interest margin on long term loans to market +2.0% as from April 2021 (against market +2.5% currently).
- Simulations show that for June 2021 and December 2021 no issues are expected

SIPEF group - Financial statements

Dividend proposal



Dividend History Sipef



Summary



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SIPEF Group – Prospects



✓ **Production**

- Prospects for palm oil production for the first quarter, based on the count of the hanging fruits, remains positive for the Indonesian activity with the main growth expected in Musi Rawas;
- Prospects for palm oil production in HOPL in the first quarter are positive (recovery volcanic eruption);
- Production of palm oil for 2021 expected to increase more than 10% compared to volumes of 2020.

✓ **Markets**

- High prices and massive inverses on the palm oil market;
- Stocks expected to remain low until the middle of the summer → very solid foundation for an elevated price level for entire 2021;
- Rubber market still suffers from insufficient production due to La Niña;
- High carry-forward tea stock in Mombasa → hampers significant price increases;

✓ **Cash flow and expansion**

- Investment policy remains to be fully focused on development of palm oil activities in South Sumatra;
- Steadily continuing on replanting of own palm plantation areas in Dendymarker and plasma;
- Expansion of the processing capacity in Dendymarker mill from 20 to 60 tonnes per hour, delayed by the pandemic, is now priority;
- New 10% shareholder in VBS => Indonesian listed plantation company Dharma Satya Nusantara (DSNG).

✓ **Result**

- 36% of expected production volumes have been sold at an average price of USD 827 CIF Rotterdam, premiums included;
- The excessive government levies on Indonesian palm oil supplies are limiting the profit potential for the Group;
- Due to the strong market and good production expectations better results are to be expected in 2021 structure in Indonesia.

