



# SIPEF

## Analyst presentation

August 12, 2021

# Summary

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**SIPEF group – Production and prices**



**SIPEF group – Financial statements June 2021**



**SIPEF group – Expansion update**



**SIPEF group - Prospects**



## SIPEF group – Production and prices

Group production PALM OIL – June 2021



Palm Oil	June 2021	June 2020	Variance
<b>Own</b>			
Tolan Tiga Group	32 910	31 654	3,97%
Umbul Mas Wisesa Group	21 489	17 593	22,15%
Agro Muko Group	46 224	42 855	7,86%
South Sumatra Group	10 173	6 957	46,22%
Hargy Oil Palms	46 737	32 253	44,91%
<b>Total own</b>	<b>157 534</b>	<b>131 313</b>	<b>19,97%</b>
<b>Outgrowers</b>			
Tolan Tiga Group	429	158	172,15%
Umbul Mas Wisesa Group	38	76	-50,52%
Agro Muko Group	2 065	1 714	20,46%
South Sumatra Group	1 283	495	159,06%
Hargy Oil Palms	30 303	28 611	5,91%
<b>Total outgrowers</b>	<b>34 118</b>	<b>31 055</b>	<b>9,86%</b>
<b>Total Palm Oil</b>	<b>191 652</b>	<b>162 368</b>	<b>18,04%</b>

## SIPEF group – Production and prices

Group production RUBBER – June 2021



Rubber	June 2021	June 2020	Variance
<b>Own</b>			
Tolan Tiga Group	285	270	5,56%
Melania*	908	1 583	-42,62%
Agro Muko	765	934	-18,08%
<b>Total own</b>	<b>2 558</b>	<b>2 787</b>	<b>-8,22%</b>
<b>Outgrowers</b>			
Tolan Tiga Group	219	259	-15,48%
<b>Total Rubber</b>	<b>2 777</b>	<b>3 046</b>	<b>-8,83%</b>

\*4 months of production

## SIPEF group – Production and prices

### Group production TEA & BANANAS– June 2021



Tea	June 2021	June 2020	Variance
Melania - Own*	829	1 478	-43,91%
Melania - Outgrowers*	136	0	-
<b>Total Tea</b>	<b>965</b>	<b>1 478</b>	<b>-34,71%</b>
<i>*4 months of production</i>			
Bananas			
Azaguie 1	2 718	2 670	1,78%
Azaguie 2	3 916	4 327	-9,51%
Agboville	4 955	4 551	8,87%
Motobe	5 064	4 620	9,61%
<b>Total Bananas</b>	<b>16 653</b>	<b>16 169</b>	<b>2,99%</b>

# SIPEF group – Production and prices

## Bull & Bear



	Rating	Bullish inputs	Bearish inputs
Palm Oil	neutral	<ul style="list-style-type: none"> <li>- Palm production is lagging behind.</li> <li>- Mal complains about a lack of workers (but in my opinion a cover up to disguise the lower trending yield curve), Lockdowns are not helping.</li> <li>- Industry is adjusting to lower production, annual growth between 2.5 to 3 mln mt).</li> <li>- Q4 CPO is still well priced vs liquids.</li> <li>- Consumers poorly covered.</li> <li>- Heatwave in Northern Plains and Canada hurt the soybean and canola crop.</li> <li>- Weather in US (soybeans), Canada (canola), and Russia/Ukraine (sunseeds) has been suboptimal, but August weather is critical.</li> <li>- US HVO demand still good, but angle was taken out by exemptions for small refineries.</li> </ul>	<ul style="list-style-type: none"> <li>- Absolute high price environment is killing demand (as far as can be further reduced).</li> <li>- Exports lower than expected.</li> <li>- If weather in Northern hemisphere will be good, there will be selling/harvesting pressure.</li> <li>- Weather forecast for next week is better.</li> <li>- Biodiesel mandates have been slightly reduced in Argentina and Brazil. Will Indo reach its designated volumes?</li> <li>- Big fund long positions are a threat for long liquidation.</li> </ul>
Aug 1180			
Sept 1150			
Oct 1100			
Nov 1030			
Dec 1000			
JFM 980			

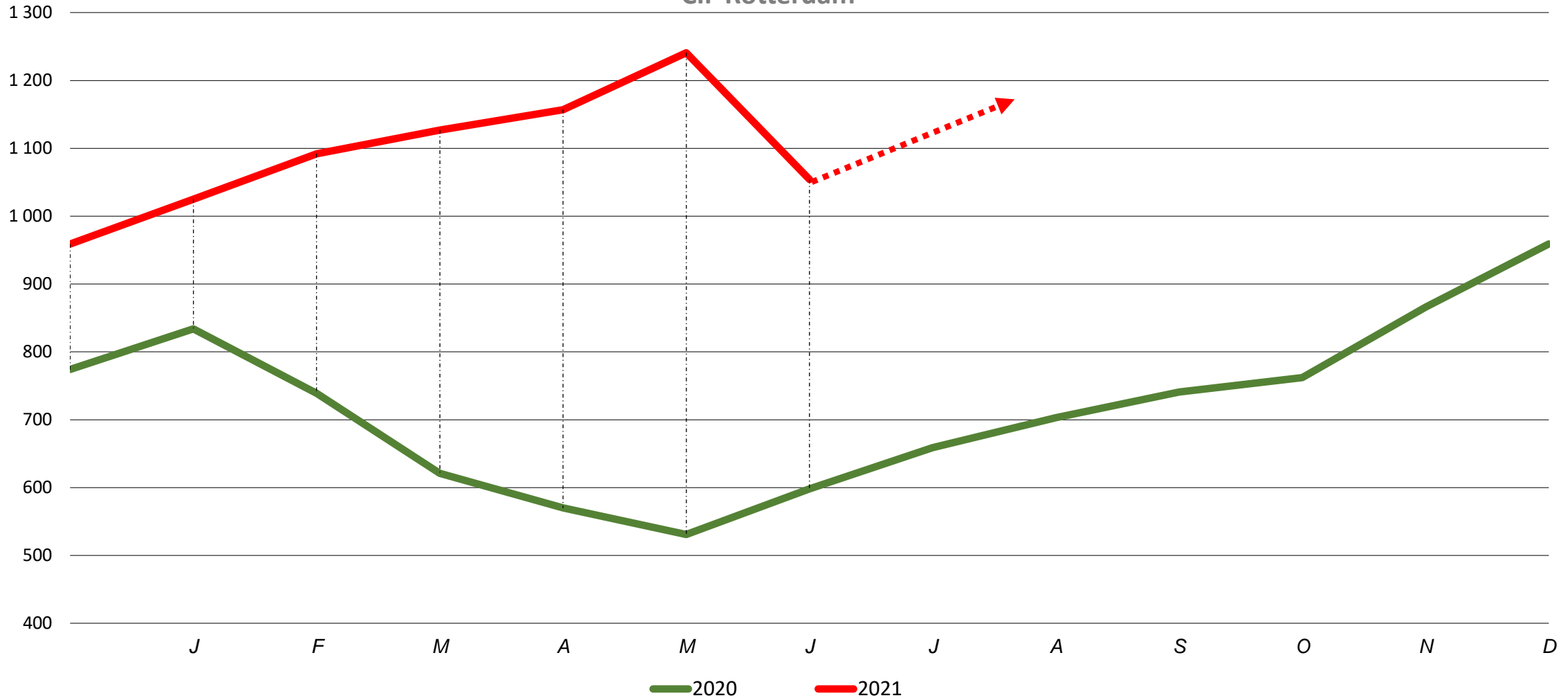
# SIPEF group – Production and prices

CPO prices CIF Rotterdam 2020 – 2021



Source: Oil World

Crude Palm Oil in \$/mt  
CIF Rotterdam



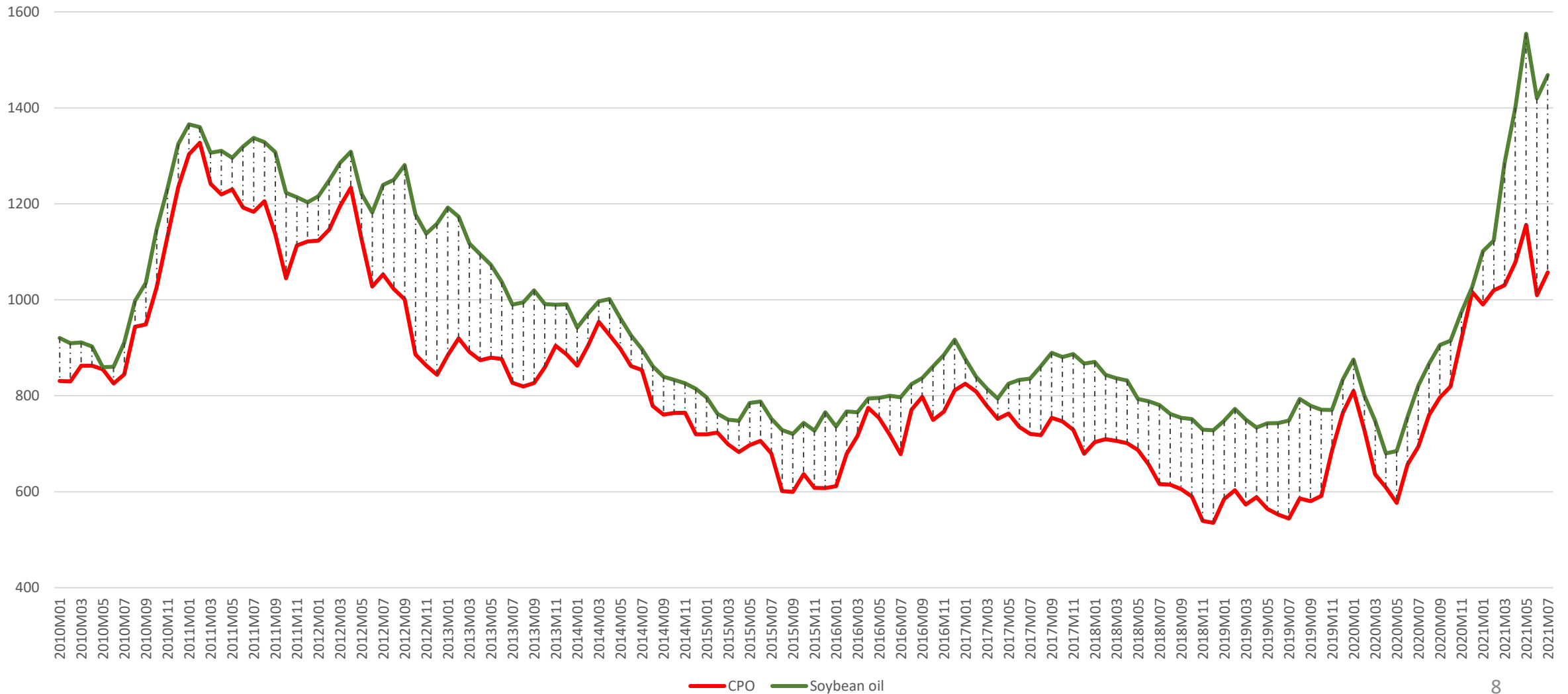
# SIPEF group – Production and prices

## Spread crude palm oil – soybean oil



Spread CPO - Soybean oil

Source: Worldbank





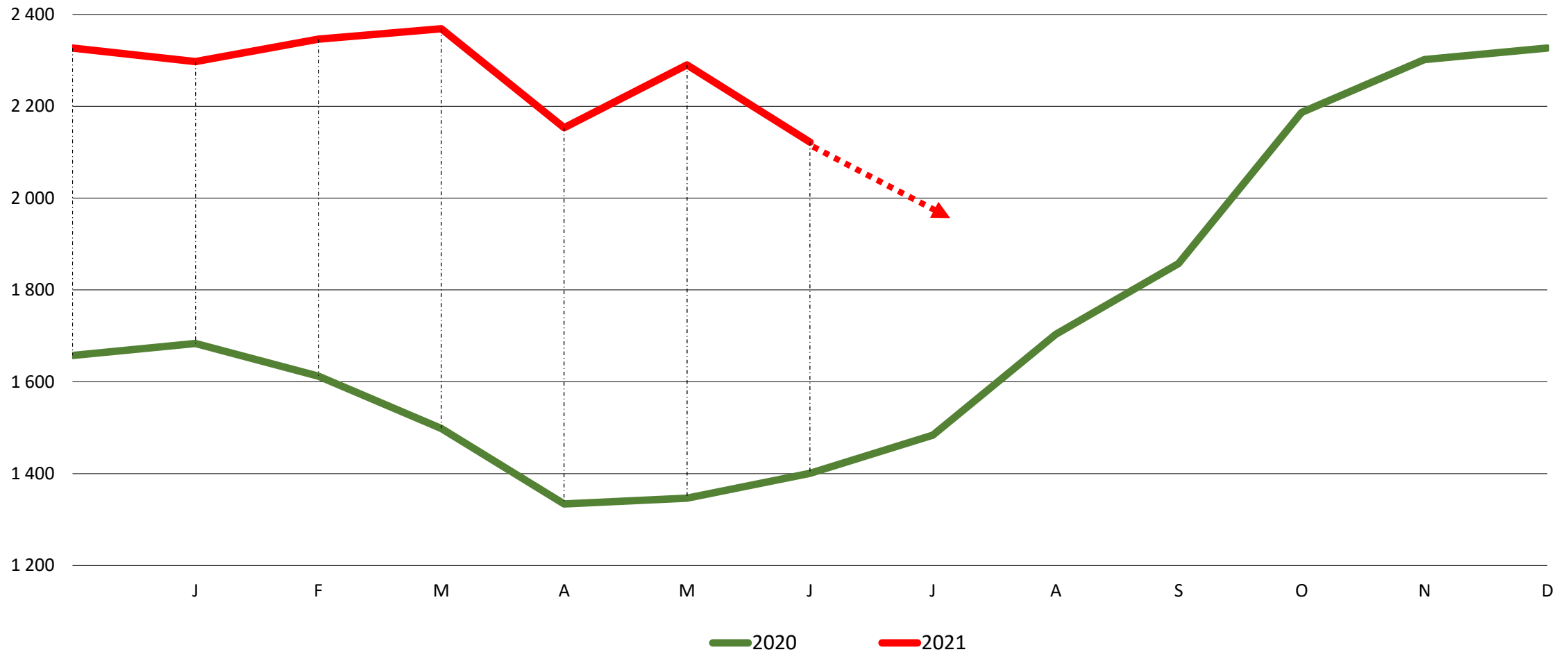
# SIPEF group – Production and prices

RSS3 Rubber prices 2020 – 2021



RSS3 in \$/mt  
FOB Singapore

Source: Worldbank



# Summary

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**SIPEF group – Production and prices**



**SIPEF group – Financial statements June 2021**



**SIPEF group – Expansion update**

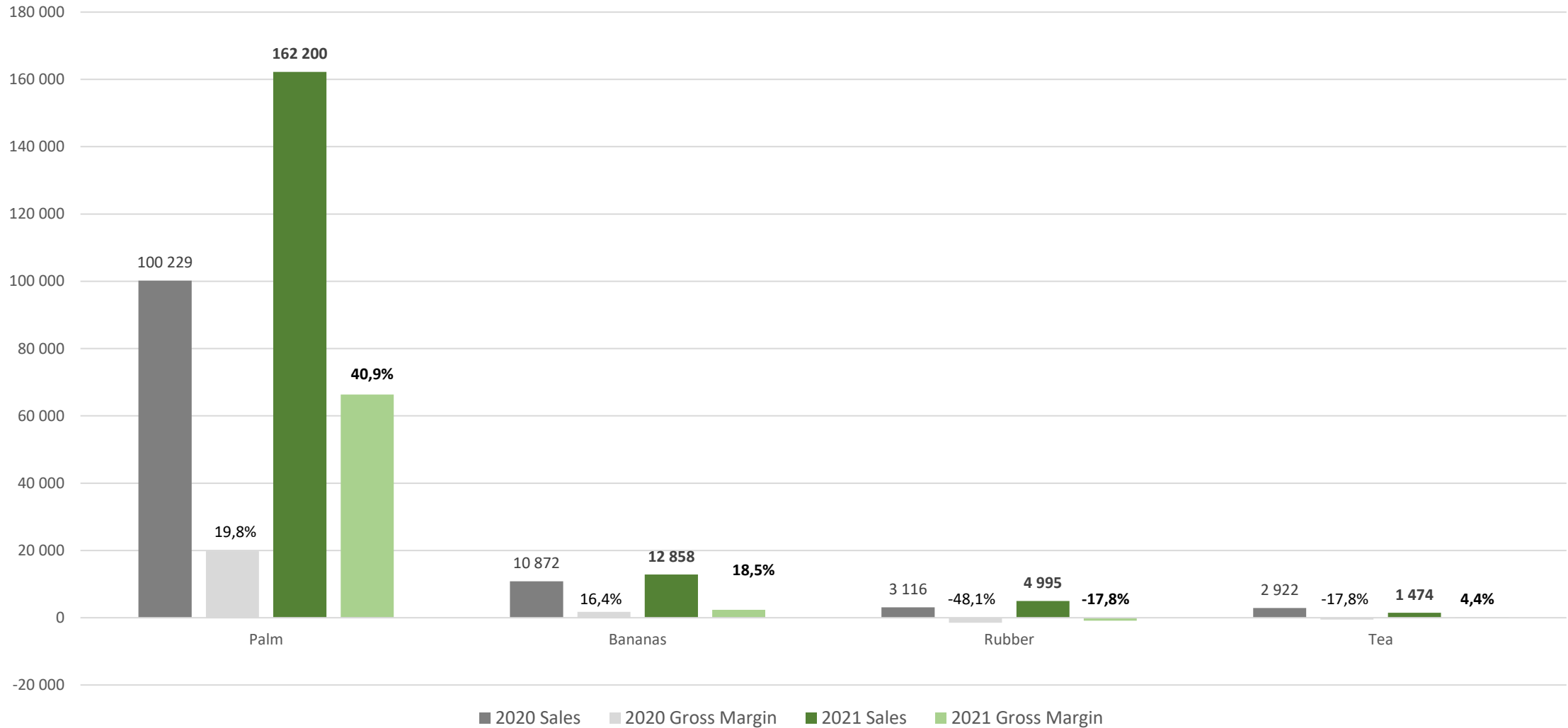


**SIPEF group - Prospects**



# SIPEF group – June 2021

June gross margin – Results before tax (management presentation)



## SIPEF group – June 2021

### Gross margin – Results before tax (management presentation)



In KUSD		Act 06-21	Act 06-20	Diff
Gross margin	Palm	66.383	19.823	46.560
	Rubber	-887	-1.498	611
	Tea	65	-519	584
	Bananas	2.381	1.788	593
	Horticulture	30	56	-26
G&A including corporate		-16.462	-15.142	-1.320
Other operating		-1.381	113	-1.494
<b>Operating result</b>		<b>50.129</b>	<b>4.621</b>	<b>45.508</b>
Finance income/charges		-1.582	-2.247	665
Discount Sipef CI		320	613	-293
Exchange		-609	-519	-90
<b>Financial result</b>		<b>-1.871</b>	<b>-2.153</b>	<b>282</b>
<b>Profit before tax</b>		<b>48.258</b>	<b>2.468</b>	<b>45.790</b>

## SIPEF group – June 2021

Gross margin – Results after tax (management presentation)



In KUSD	Act 06-21	Act 06-20	Diff
<b>Profit before tax</b>	<b>48.258</b>	<b>2.468</b>	<b>45.790</b>
Tax	-13.159	-1.686	-11.473
<b>Profit after tax</b>	<b>35.099</b>	<b>782</b>	<b>34.317</b>
Associated companies	-482	-578	96
<b>Profit for the period - recurring</b>	<b>34.617</b>	<b>204</b>	<b>34.413</b>
Gain on sale PT Melania*	11.640	0	11.640
<b>Profit for the period</b>	<b>46.257</b>	<b>204</b>	<b>46.053</b>
<b>Group share - recurring</b>	<b>32.516</b>	<b>-712</b>	<b>33.228</b>
Group share	43.519	-712	44.231
<b>Minority interests - recurring</b>	<b>2.101</b>	<b>916</b>	<b>1.185</b>
Minority interests	2.738	916	1.822

*\* See next slide*

## SIPEF group – June 2021

### PT Melania transaction – fair value price



In KUSD	REALISTIC
<b>Total amount to be received</b>	<b>36.000</b>
Expected costs to CD2	-11 418
<b>Net amount (100% of the shares)</b>	<b>24.582</b>
<b>95% owned by TTI</b>	<b>23.353</b>
40% of the shares on CD1	9.833
55% of the shares on CD2	13.520
<b>Total selling price</b>	<b>23.353</b>

# SIPEF group – June 2021

## PT Melania transaction



In KUSD	Classification as JV held for sale	Sale of 40%	Total impact
<b>Assets</b>			
Non-current assets	-17 319		-17 319
Assets held for sale	23 353	-9 833	13 520
Current assets	- 170		- 170
Cash	- 1	19 000	18 999
<b>Total assets</b>	<b>5 864</b>	<b>9 167</b>	<b>15 031</b>
<b>Liabilities</b>			
Currency translation adjustments	1 091		1 091
Minorities	- 559		- 559
Non-current liabilities	-5 833		-5 833
Current liabilities	- 475		- 475
Current liabilities - advances received		9 167	9 167
<b>Total liabilities</b>	<b>-5 776</b>	<b>9 167</b>	<b>3 391</b>
<b>Profit and loss</b>			
Other operating income/(charges)	11 640		11 640
<b>Of which:</b>			
Share of the group	11 003		11 003
Minorities	637		637
<b>Total</b>	<b>11 640</b>	<b>0</b>	<b>11 640</b>

### Gain sale PT Melania:

Fair value assets held for sale	23.353
Corresponding net asset value	-10.622
Recycling of CTA	-1.091
<b>Total gain</b>	<b>11.640</b>

**SIPEF group – June 2021**  
**Balance sheet (management presentation)**



In KUSD (management presentation)	30/06/2021	31/12/2020
Biological assets (depreciated costs) - bearer plants	301 718	315 826
Goodwill	104 782	104 782
Other fixed assets	356 121	359 994
Receivables > 1 year	22 228	16 101
Assets held for sale	13 520	0
Net current assets, net of cash	100 888	86 137
Net cash position	-119 989	-151 165
<b>Total net assets</b>	<b>779 269</b>	<b>731 675</b>
Shareholders' equity, group share	678 964	638 688
Non controlling interest	35 893	35 862
Provisions and deferred tax liabilities	55 246	57 126
Advances received > 1 year	9 167	0
<b>Total net liabilities</b>	<b>779 269</b>	<b>731 675</b>

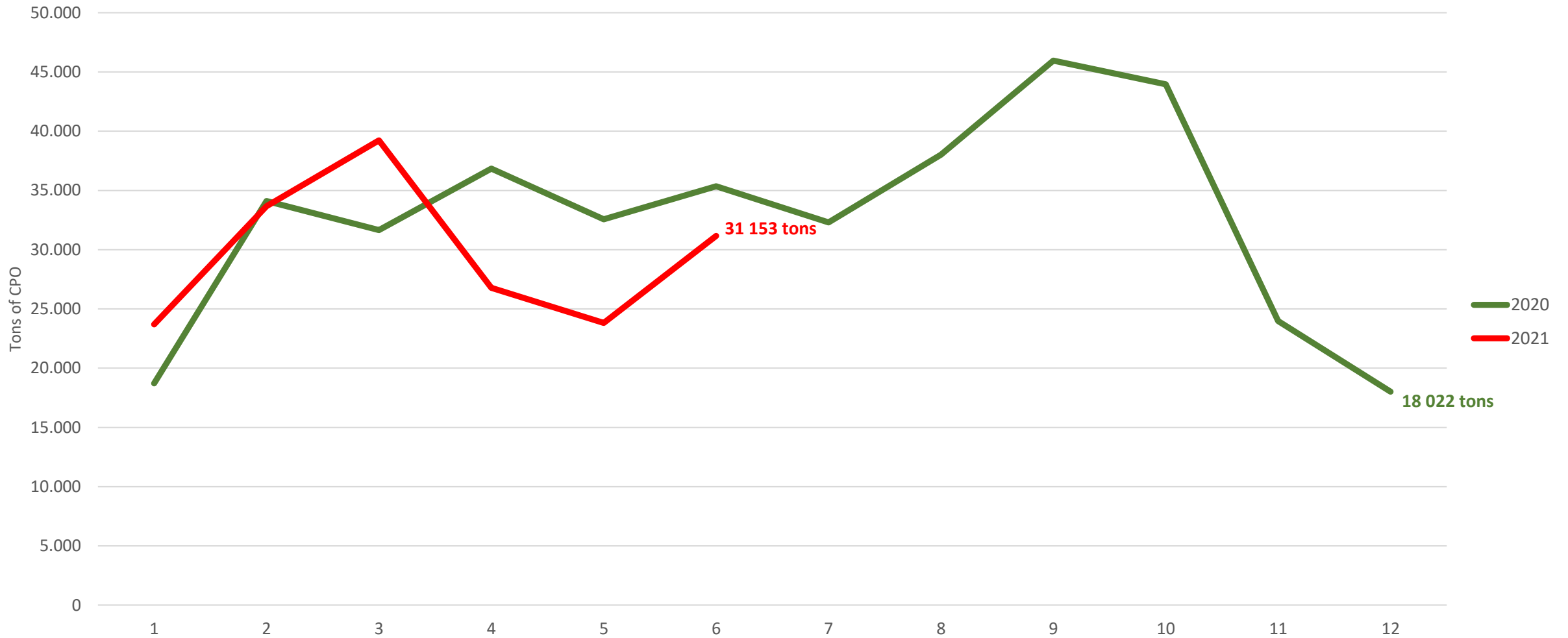


# SIPEF group – June 2021

## Inventory overview



### CPO inventory overview



## SIPEF group – June 2021

### Cash flow (management presentation)



In KUSD (management presentation)	30/06/2021	30/06/2020
<b>Cash flow from operating activities before change in net working capital</b>	72 576	26 416
Change in net working capital	-32 877	160
Income taxes paid	-4 897	-3 821
<b>Cash flow from operating activities after tax</b>	<b>34 802</b>	<b>22 755</b>
Acquisitions intangible and tangible assets	-23 433	-21 948
Selling price of PP&E and financial assets	23 779	2 715
Acquisition financial assets	0	-1 609
<b>Free cash flow</b>	<b>35 147</b>	<b>1 913</b>
Cash flow from financing activities	-3 970	-2 859
<b>Total net increase/(decrease) in net financial position</b>	<b>31 177</b>	<b>- 946</b>
Net financial position (opening balance)	-151 165	-164 623
Net financial position (closing balance)	-119 988	-165 569

## SIPEF group – June 2021

### Covenant testing



Net debt (IFRS definition) June 2021 -119.989

	7-12m20	1-6m21	12m period
<b>Operating result (excl. sale PT Melania)</b>	<b>26.157</b>	<b>50.129</b>	<b>76.286</b>
Recurring operating result	26.157	50.129	76.286
Depreciation	23.167	24.038	47.205
<b>REBITDA</b>	<b>49.324</b>	<b>74.167</b>	<b>123.491</b>
Minus minorities recurring	-1.139	-2.101	-3.240
<b>REBITDA group share</b>	<b>48.185</b>	<b>72.066</b>	<b>120.251</b>
<b>Net Senior Leverage</b>			<b>0,9978</b>

- Maximum allowed NSL per 30/06/2021 = 2,75x → OK!

## SIPEF group – Financial performance

Value per hectare



### Sensitivity 30/06/2021

Stock price (in KEUR) @	USD per hectare
30,00	5.554
40,00	7.220
50,00	8.886
60,00	10.552
70,00	12.218
80,00	13.884
46,95 (dd 10/08/2021)	8 378

# Summary



SIPEF group – Production and prices



SIPEF group – Financial statements June 2021



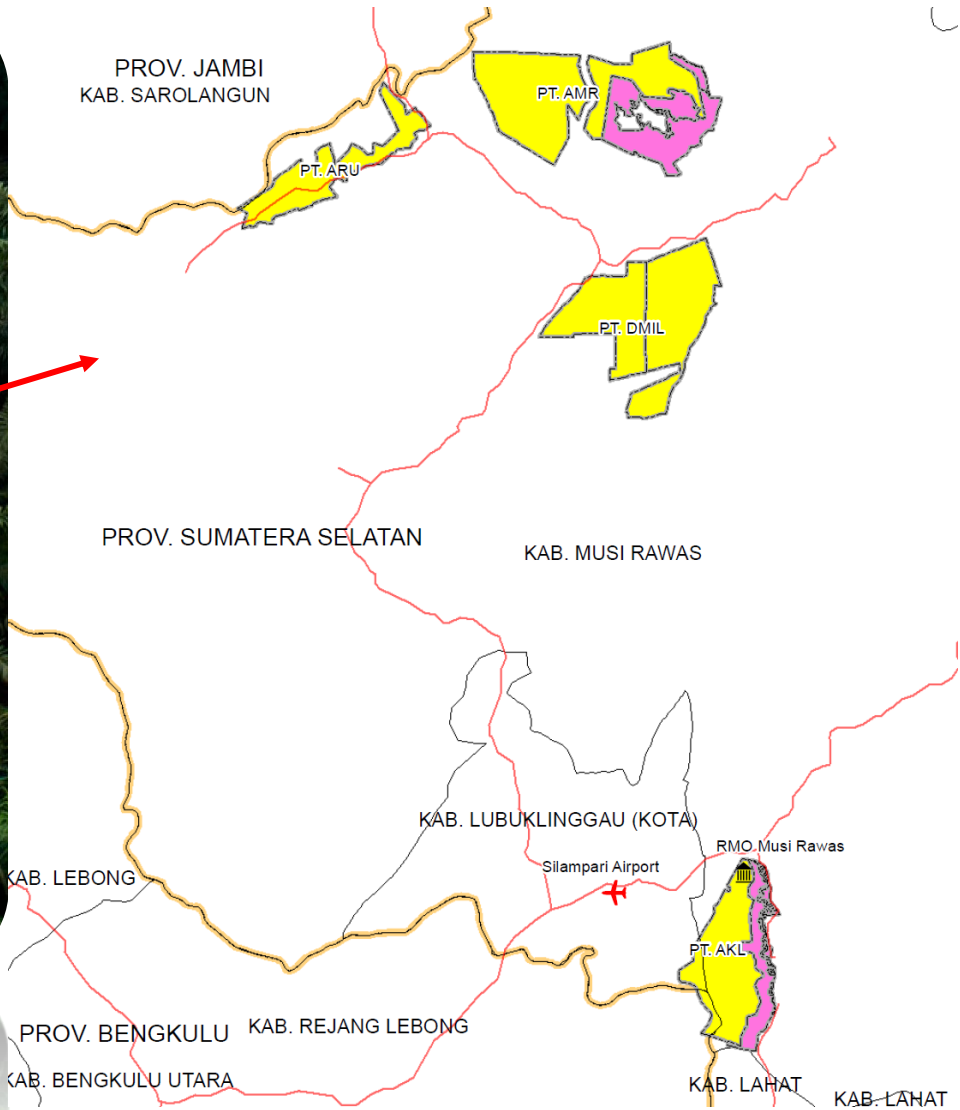
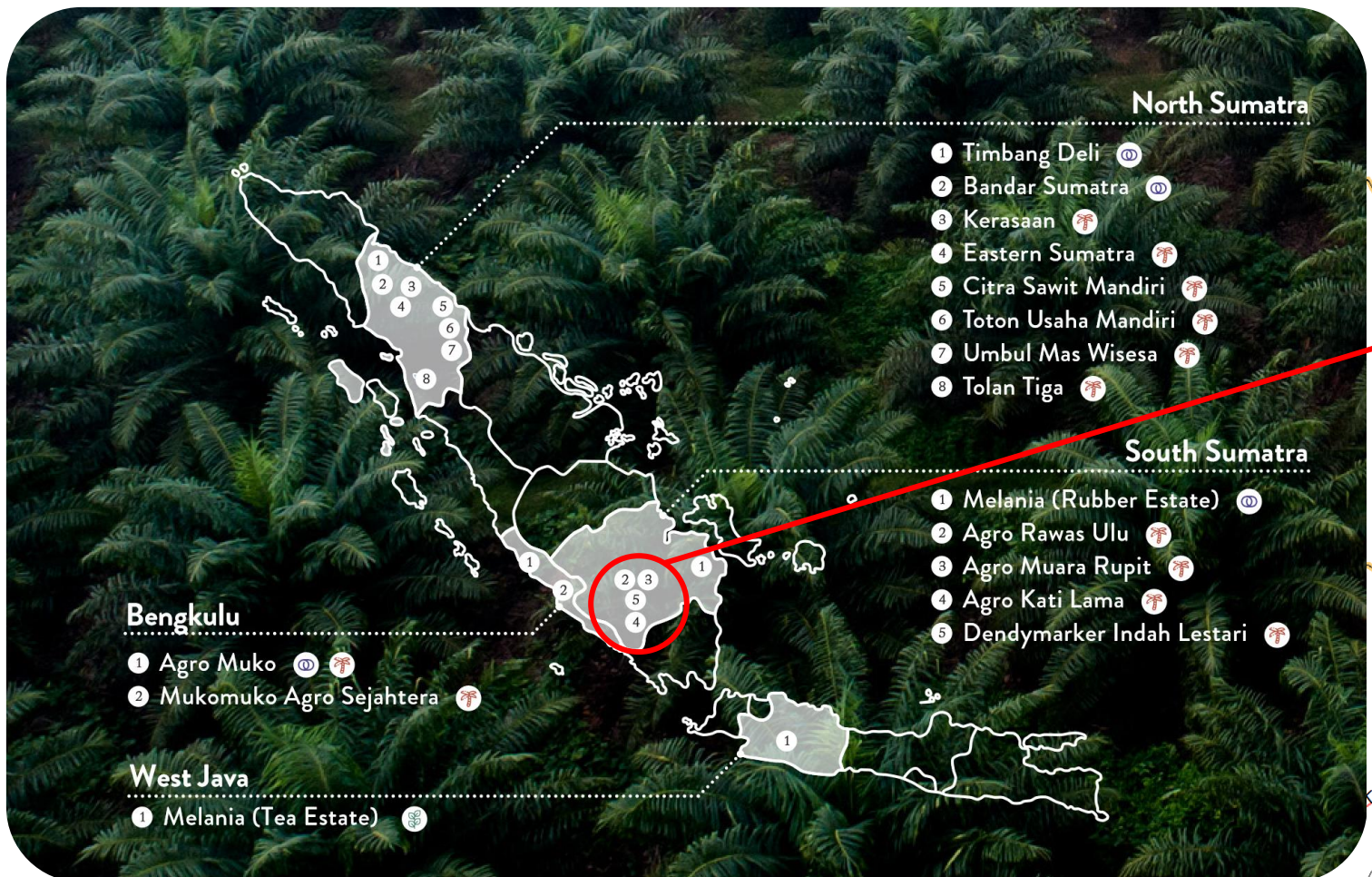
SIPEF group – Expansion update



SIPEF group - Prospects



# Musi Rawas Projects: Area Map



## SIPEF group – Expansion update

South Sumatra – full scope of development June 2021

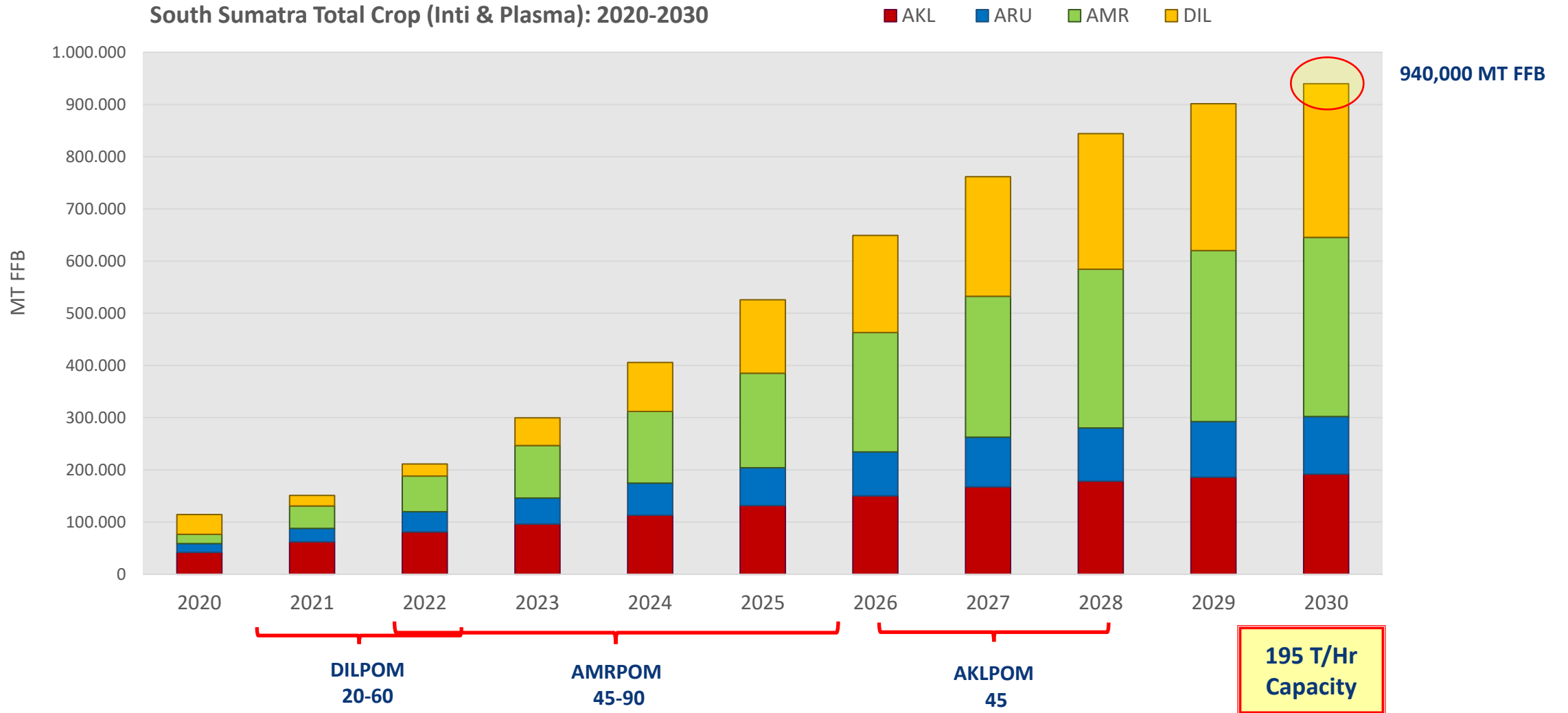


Latest update	Musi Rawas area		
	<u>Original</u>	<u>Expansion</u>	<u>Total</u>
<b>Total HGU</b>	<b>24.607</b>	<b>8.594</b>	<b>33.201</b>
2021 opening balance planted/cleared	13.516	0	<b>13.516</b>
2021 additional planted/cleared	970	4	<b>974</b>
<b>Total planted/cleared</b>	<b>14.486</b>	<b>4</b>	<b>14.490</b>
To be planted	4.021	4.294	<b>8.315</b>
<b>Potential development</b>	<b>18.507</b>	<b>4.298</b>	<b>22.805</b>
Of which:			
Own	15.423	3.581	<b>19.004</b>
Plasma	3.084	717	<b>3.801</b>

Total South Sumatra		
Total potential planted	Own	<b>26.231</b>
	Plasma	<b>6.561</b>
	<b><u>TOTAL</u></b>	<b><u>32.792</u></b>

Latest update	Dendymarker		
	<u>Own</u>	<u>Plasma</u>	<u>Total</u>
Replanted/preparation	6.356	1.112	<b>7.468</b>
To be replanted	871	1.648	<b>2.519</b>
<b>Total estate</b>	<b>7.227</b>	<b>2.760</b>	<b>9.987</b>

# Crop & Processing Requirements: Based on LTBP 2020-2030.





# SIPEF group – Expansion update

## Eglin Ivory Coast - Wanita development



Agboville

Azaguié 1 & 2  
+ HQ

Motobé

Wanita  
Akoudie

Wanita  
Lumen 1 & 2

### Hectares 2021

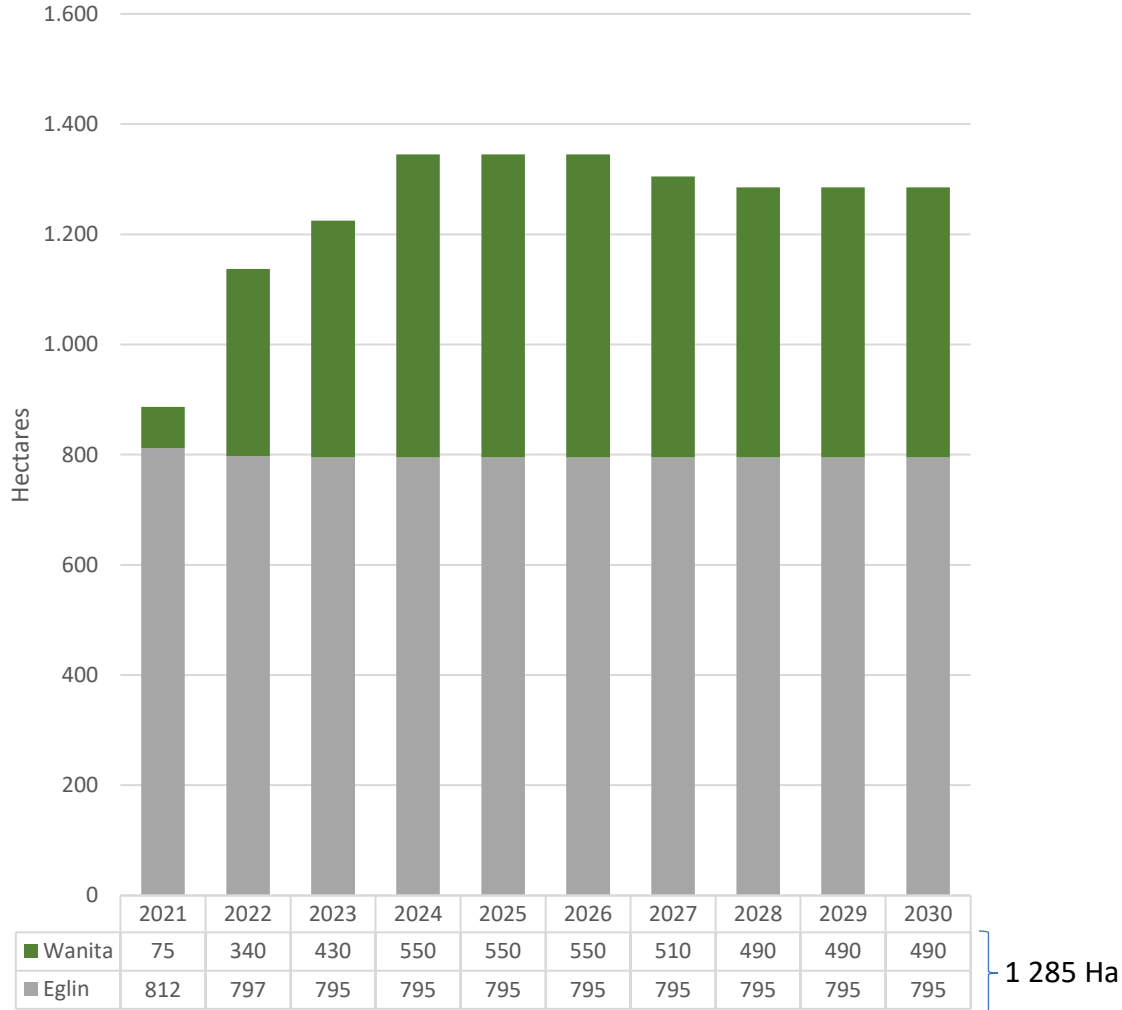
Plantation	Ha
Agboville	232
Azaguié 1	142
Azaguié 2	208
Motobé	230
Wanita Lumen 1	30
Wanita Lumen 2	45
Wanita Akoudie	0
<b>Total</b>	<b>887</b>

# SIPEF group – Expansion update

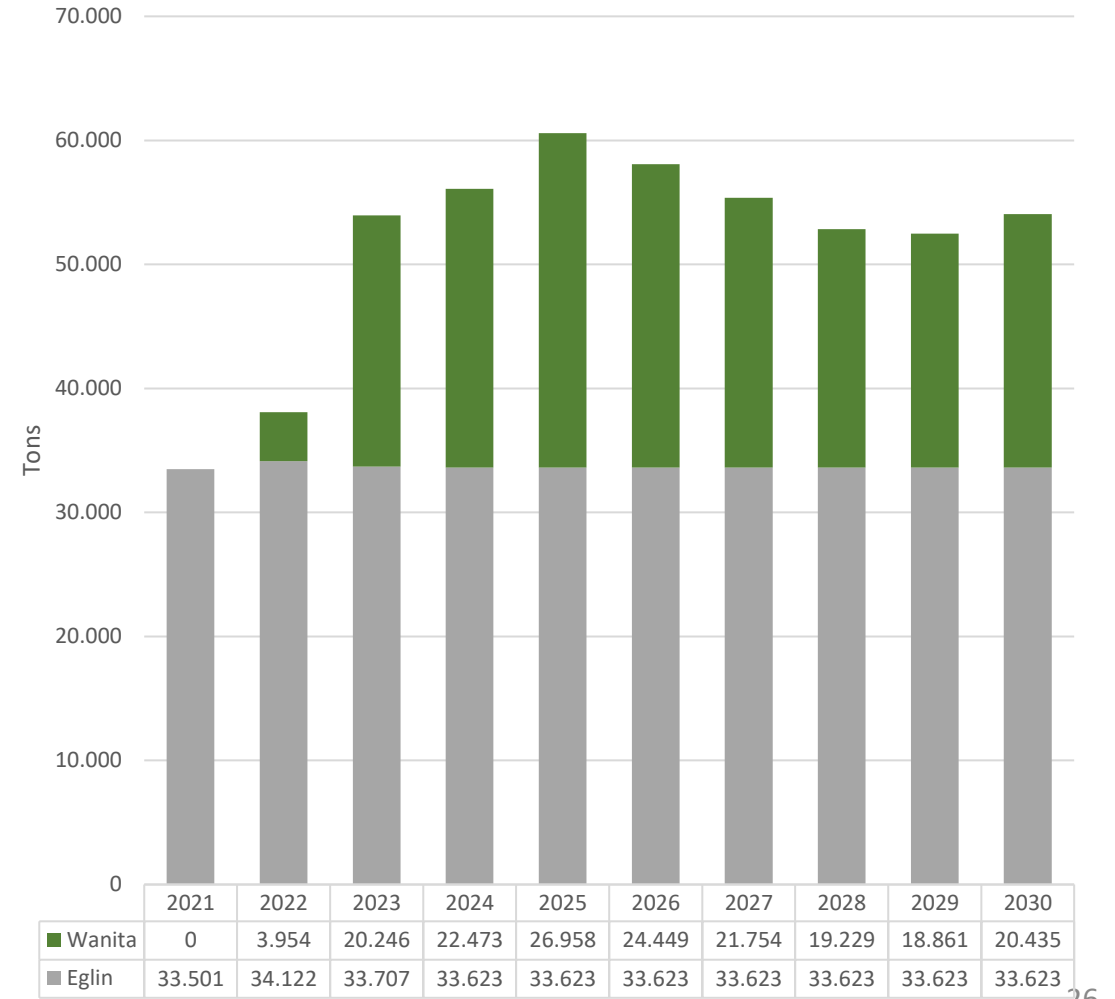
## Eglin Ivory Coast - Wanita development



### Evolution Hectares



### Evolution Banana Productions



## SIPEF group – Expansion update

### Eglin Ivory Coast - Wanita development



In KEUR

Wanita	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Result fruit department	-324	-1.111	1.632	1.382	2.372	1.886	1.537	1.115	1.118	1.421
Acquisition cost	-3.049	0	0	0	0	0	0	0	0	0
Cash fruit department	-944	-2.569	922	866	3.063	2.472	1.849	1.186	1.114	1.430
<b>Cash cumul</b>	<b>-3.993</b>	<b>-6.562</b>	<b>-5.640</b>	<b>-4.774</b>	<b>-1.711</b>	<b>761</b>	<b>2.610</b>	<b>3.796</b>	<b>4.909</b>	<b>6.340</b>

# Summary

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**SIPEF group – Production and prices**



**SIPEF group – Financial statements June 2021**



**SIPEF group – Expansion update**



**SIPEF group - Prospects**



### ✓ Production

- The Group expects relatively more limited growth figures for palm oil for the third quarter in line with the expectations of other Indonesian producers;
- The SIPEF group is well on track to achieve the forecast annual production increase in 2021 of more than 10%;
- Banana productions (excluding Wanita) expected to pick up slightly compared to prior year.

### ✓ Markets

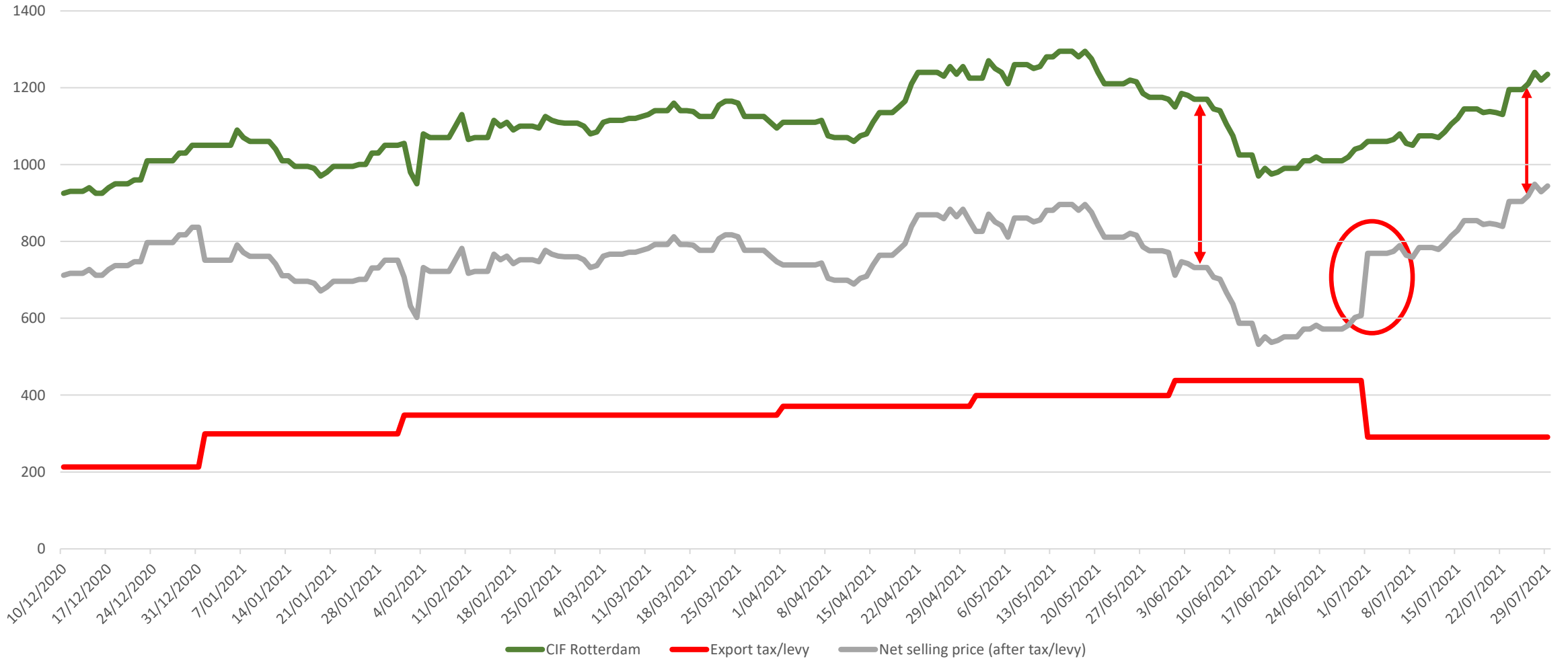
- 75% of expected production volumes have been sold at an average price of USD 1 005 CIF Rotterdam, premiums included;
- The current less than ideal weather circumstances in the US, Canada and also in Russia and Ukraine + slightly lower palm crops productions resulted in a bullish market in July;
- The underlying fundamentals for vegetable oils are looking healthy, and SIPEF is looking forward to a high palm oil price environment with a degree of confidence;

# SIPEF group - Latest estimate 2021

Updated export levy and tax



### CIF Rotterdam vs net selling price



#### ✓ Results

- The export levy mechanism in Indonesia was eased from 2 July 2021
- PNG fully benefits from the high palm oil prices
- Unit production cost prices remain well under control mainly due to weakness of local currencies against the USD;
- Expected recurring result share of the group within a range of USD 60 – 70 million at year-end;

#### ✓ Cash flow and expansion

- The Group received positive response from RSPO for the development of AKL East (3 090 Ha);
- 2 additional concessions in AMR (5 504 Ha) are now still pending for approval with RSPO;
- Expansion works of Dendymarker mill are progressing well;
- Acquisition of insolvent banana plantation Wanita has been completed (550 Ha) and rehabilitation will commence of September;
- The staggered investment of USD 8 million will increase production by nearly 80% over a period of three years, from 32 000 to 57 000 tons of bananas;
- The Group will remain in a position to further reduce its net financial debt significantly.



The Connection to the world of Sustainable Tropical Agriculture



