

SIPEF

Analyst presentation  
February 16, 2023



# Summary



SIPEF group - Company profile



SIPEF group - Sustainability



SIPEF group - Palm oil in the world



SIPEF group - Production & prices



SIPEF group – Financial performance



SIPEF group - Prospects

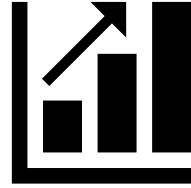
# The Connection to the world of Sustainable Tropical Agriculture

SIPEF business strategy is built **on controlled growth** as an **upstream player** and be the **preferred supplier of traceable, sustainable, high-quality products** looking at diversification into the targeted markets

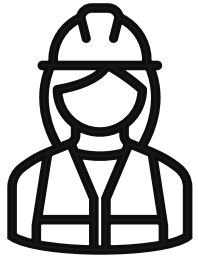
# SIPEF AT A GLANCE



**Belgium**  
Headquarters  
1919



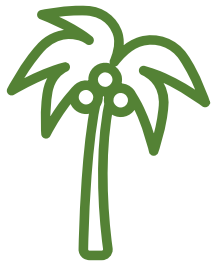
**USD 527 million**  
Total sales in FY2022



More than  
**22.000**  
employees



More than  
**32.000 T**  
of bananas produced



More than  
**400.000 T**  
of certified CPO produced



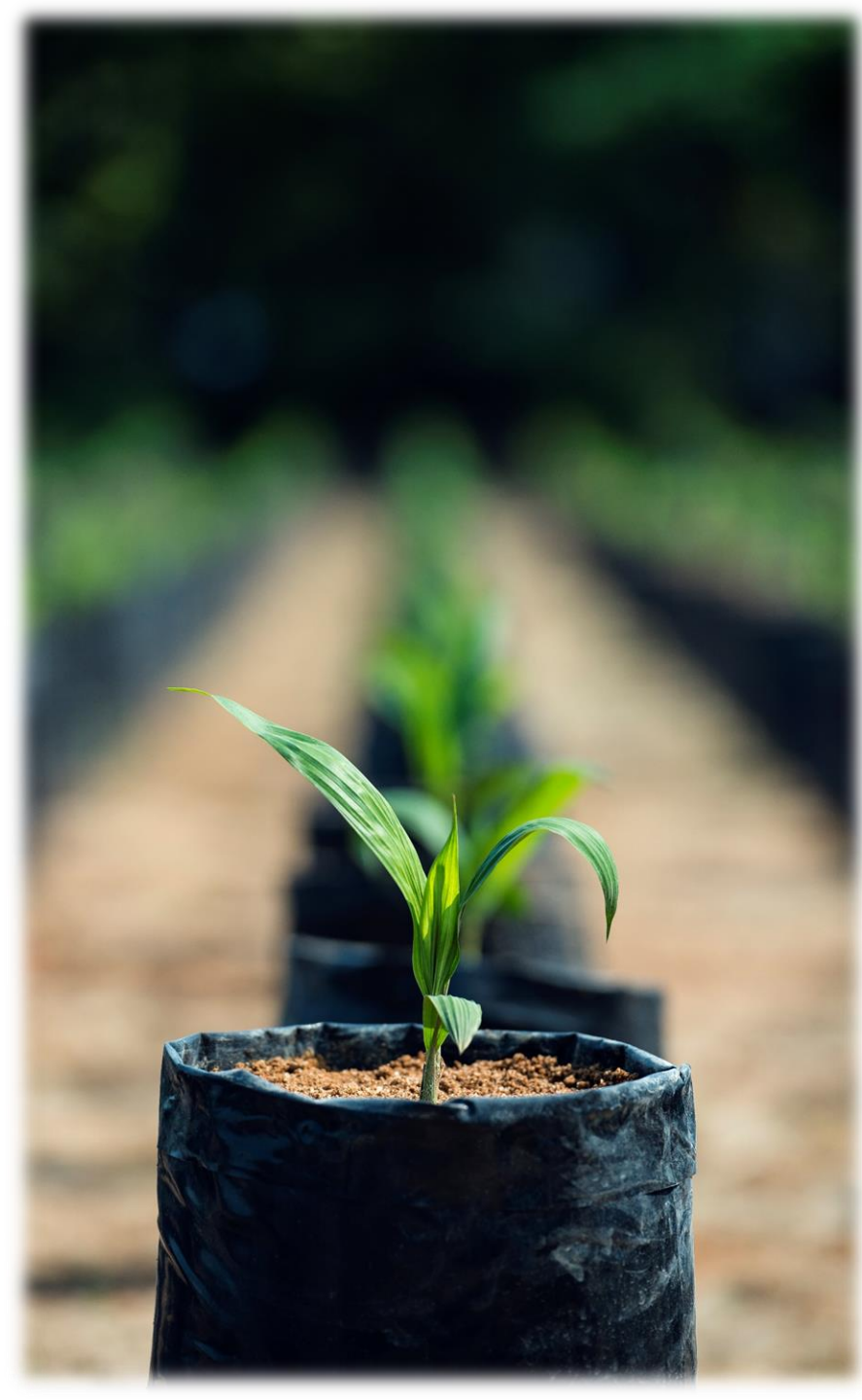
Listed on the  
**EURONEXT**  
stock exchange

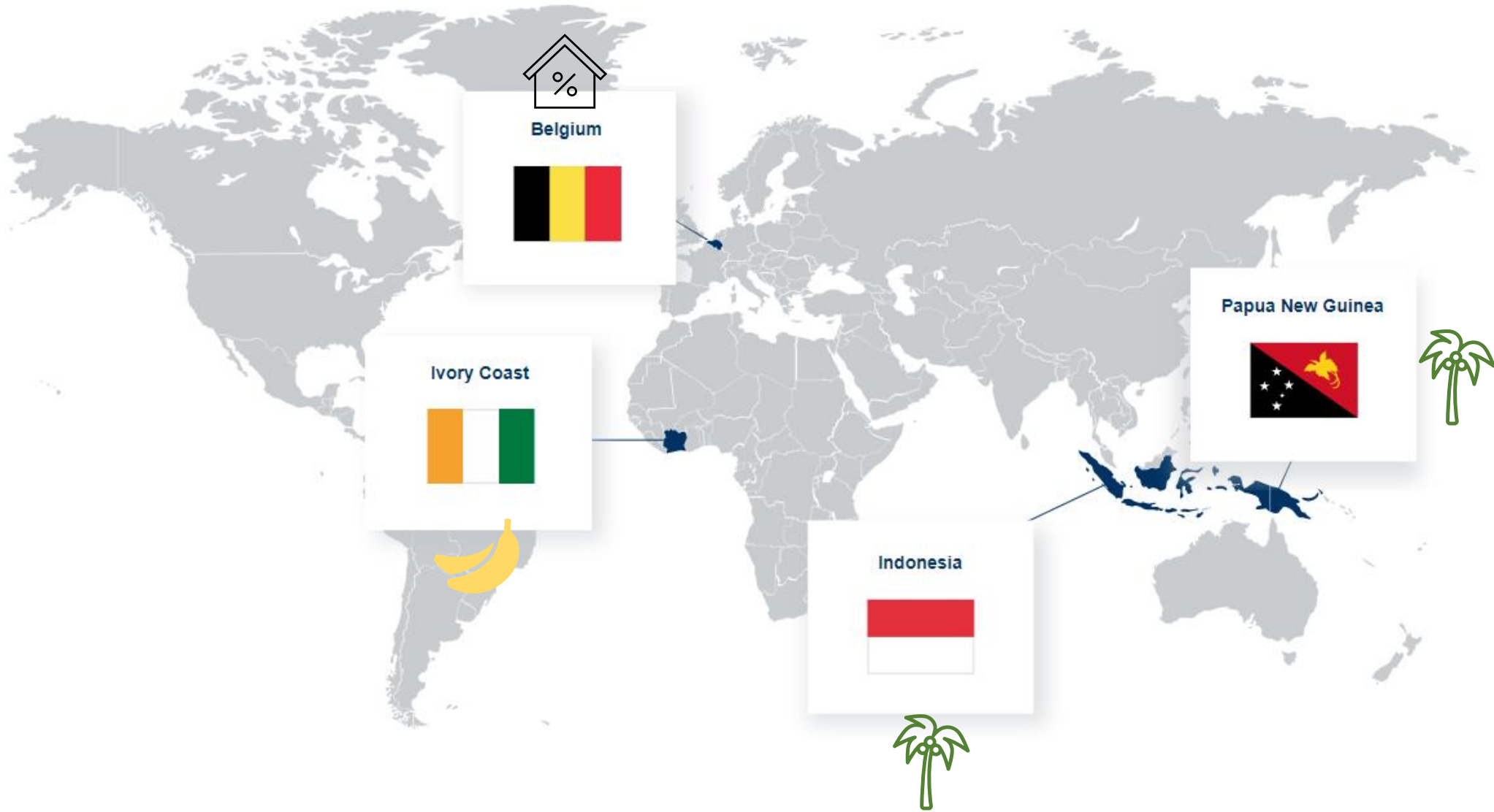


**100%**  
RSPO COMPLIANT



Rainforest alliance  
**CERTIFIED**



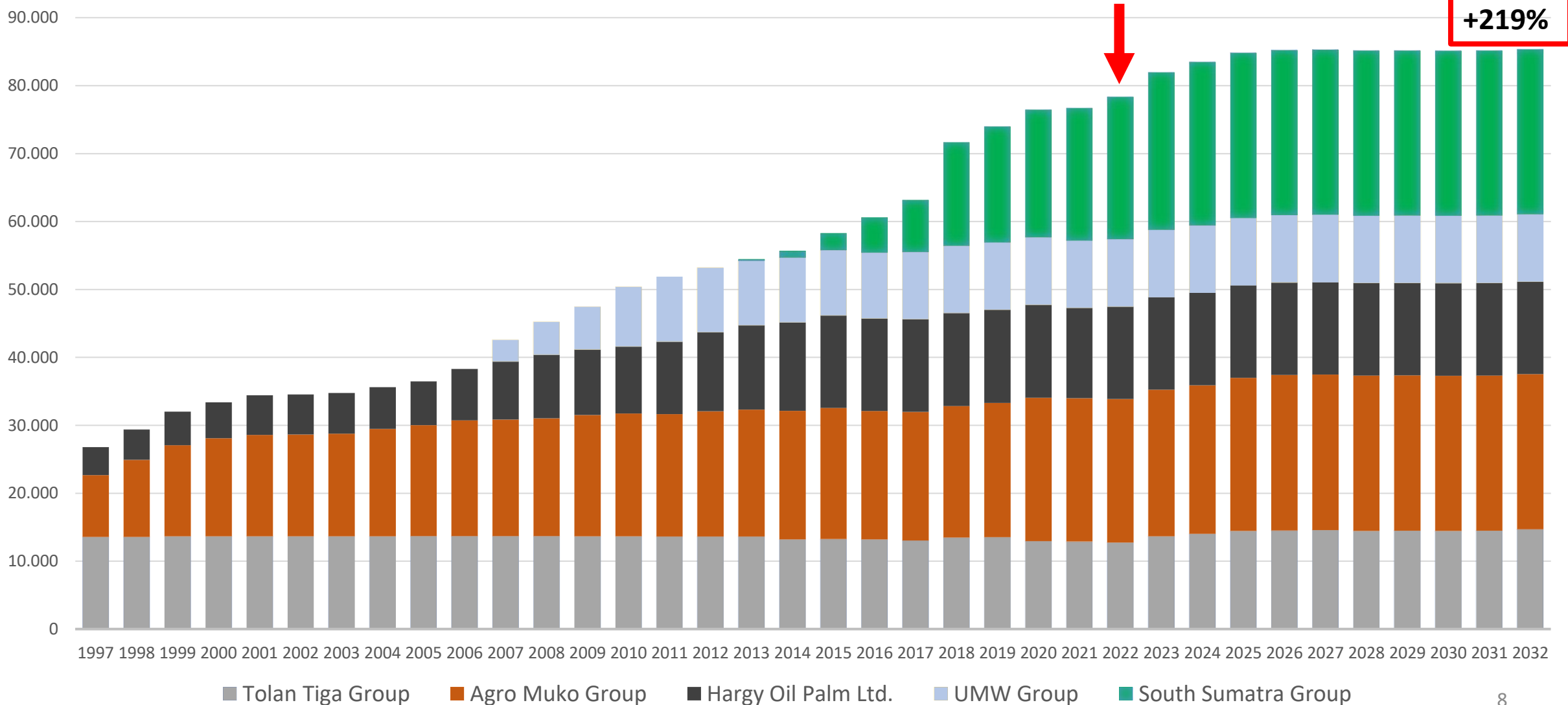


# PLANTED HECTARES PER 31 DECEMBER 2022

2022	Indonesia	PNG	Ivory Coast	Hectares 100%
Palm	64.766	13.588	0	78.354
Rubber	1.954	0	0	1.954
Bananas	0	0	945	945
Other	0	0	31	31
<b>Total planted</b>	<b>66.720</b>	<b>13.588</b>	<b>976</b>	<b>81.283</b>

# EVOLUTION PLANTED HECTARES PALM

## EVOLUTION OWN PALM HECTARES

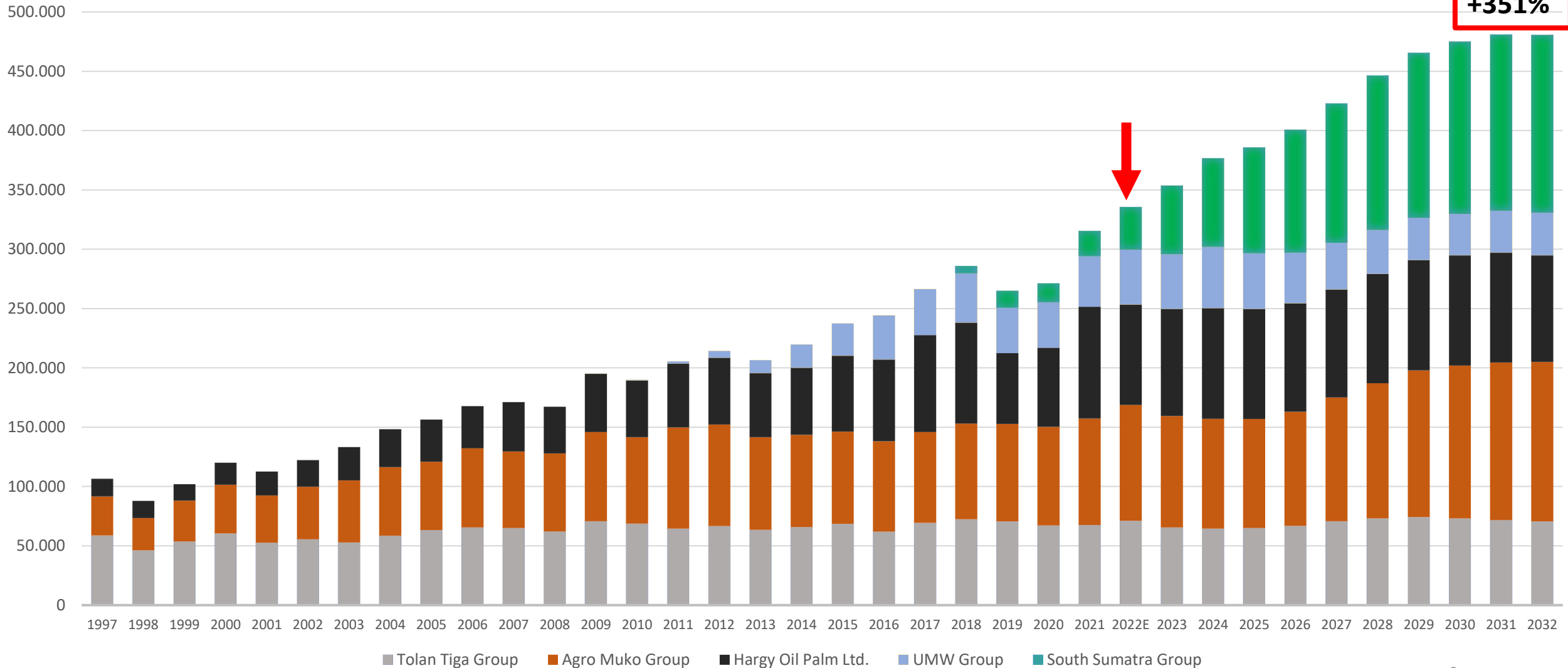




# EVOLUTION OWN CPO PRODUCTIONS

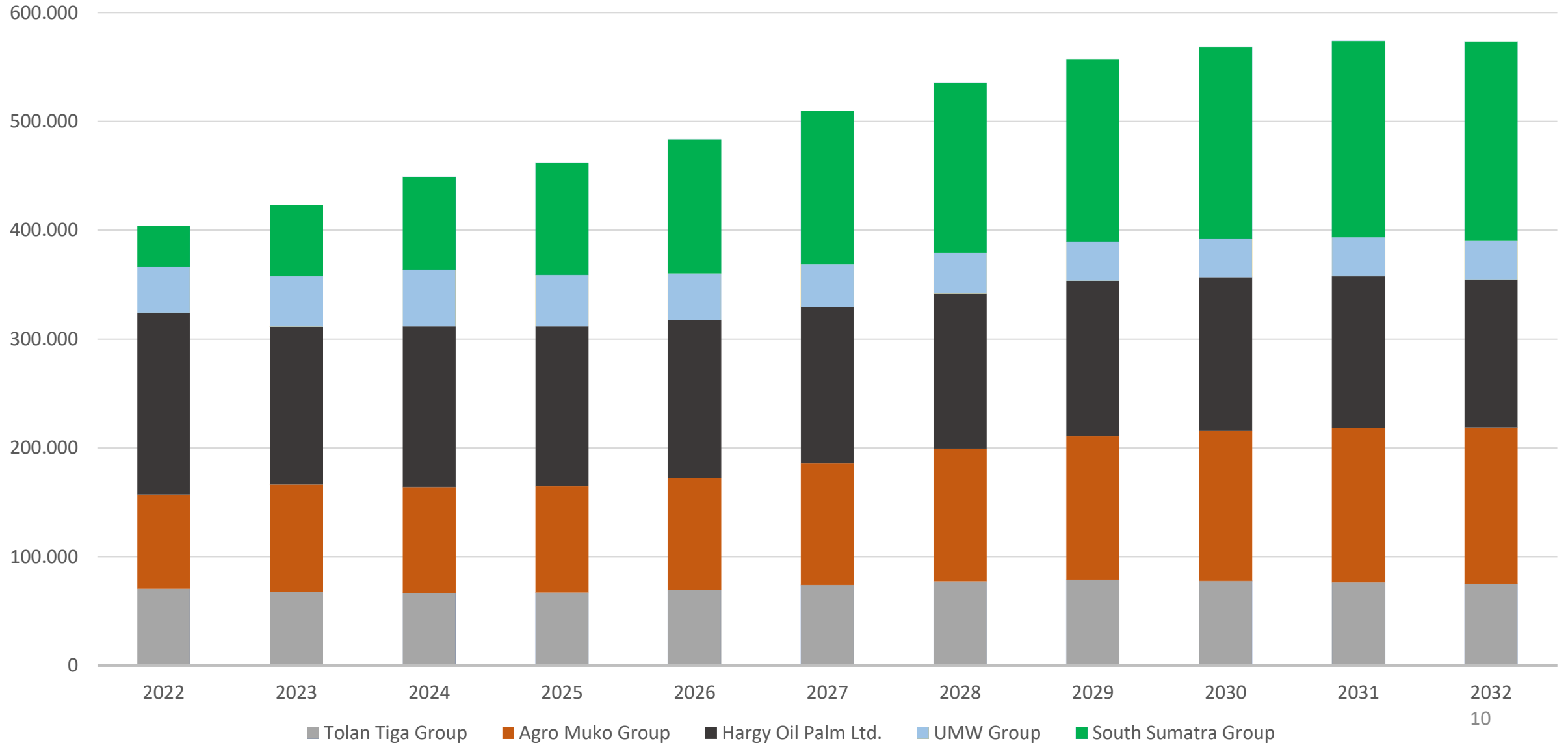


EVOLUTION OWN CPO PRODUCED



# EVOLUTION TOTAL CPO PRODUCTIONS

## EVOLUTION TOTAL CPO PRODUCTION



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SIPEF group – Financial performance



SIPEF group - Prospects

Sustainability is at the core of SIPEF's business model and the Group has made a top-down commitment to ensuring its activities make a positive contribution to the environment, society and local economies.





**44**

Schools



**15**

Day care facilities



**39**

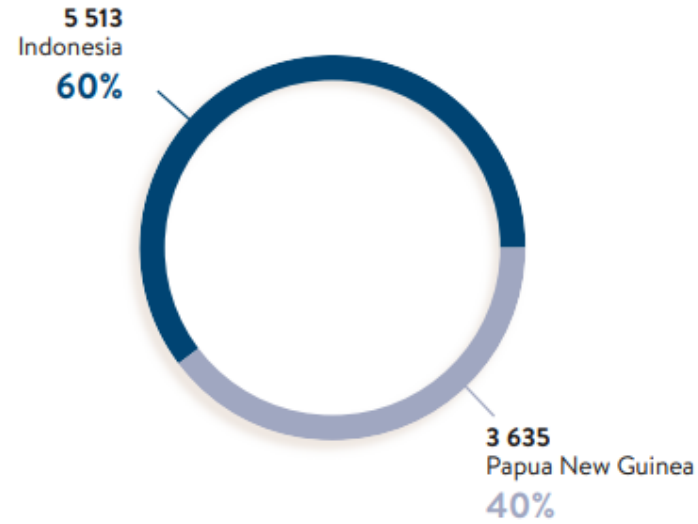
Clinics



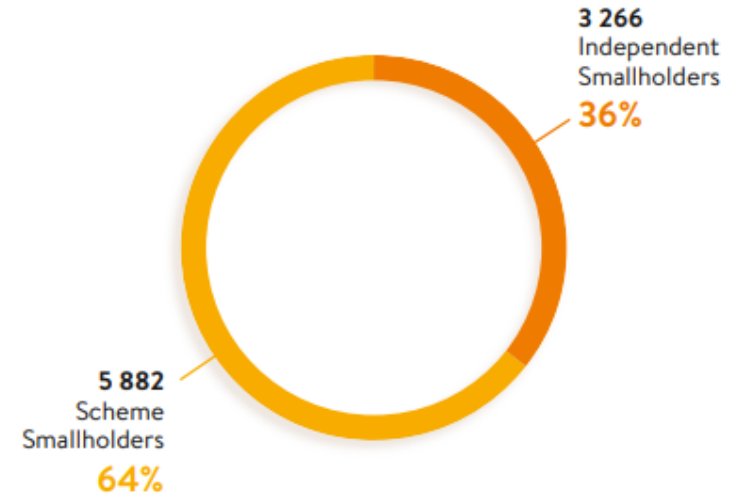
**8 436**

Houses

**OIL PALM SMALLHOLDERS BY COUNTRY**



**SCHEME VS. INDEPENDENT OIL PALM SMALLHOLDERS**



**SOCIAL INITIATIVES**



**NO DEFORESTATION**



**PROTECTION AND RESTORATION**



**DEFORESTATION MONITORING**



**BIODIVERSITY MONITORING AND NO HUNTING**



**LAND USE CHANGE VERIFICATION**



**SUPPORTING BIODIVERSITY PROGRAMMES AND LANDSCAPES**



**FIRE PREVENTION AND MANAGEMENT**

# ENVIRONMENTAL INITIATIVES

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# Geo SIPEF - Our 100% Traceable Supply Chain

Log In Map Guide

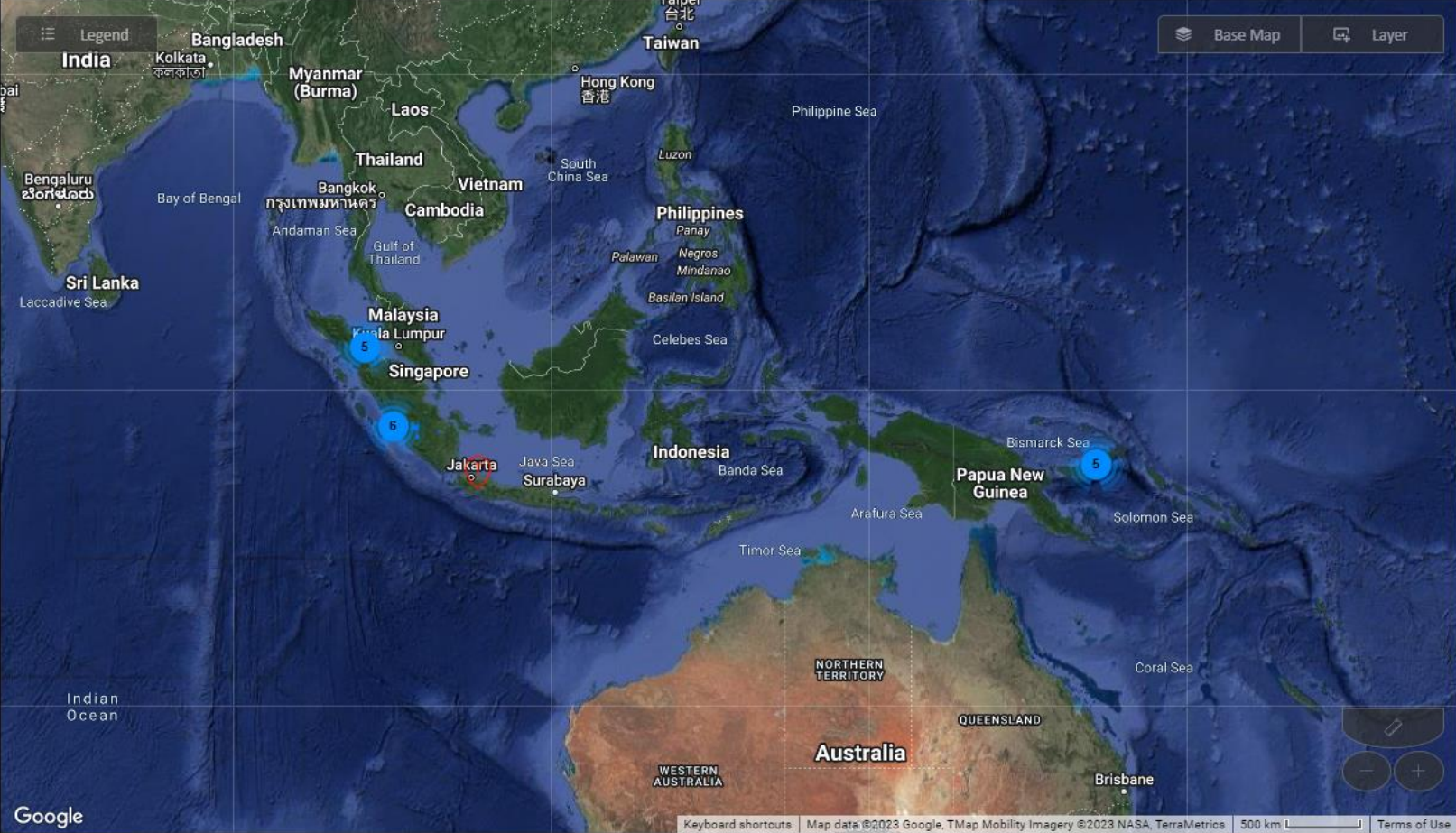
Group	Mill Name	Type
Indonesia		
SIPEF	PT. Eastern Sumatra Indonesia Bukit Maradja Palm Oil Mill	Oil Palm
SIPEF	PT. Agro Muko Bunga Tanjung Palm Oil Mill	Oil Palm
SIPEF	PT. Dendymarker Indah Lestari Palm Oil Mill	Oil Palm
SIPEF	PT. Agro Muko Mukomuko Palm Oil Mill	Oil Palm
SIPEF	PT. Tolan Tiga Indonesia Perlabian Palm Oil Mill	Oil Palm
SIPEF	PT. Umbul Mas Wisesa Palm Oil Mill	Oil Palm
SIPEF	PT. Melania Indonesia Crumb Rubber Factory	Rubber
SIPEF	PT. Agro Muko Crumb Rubber Factory	Rubber
SIPEF	PT. Bandar Sumatra Indonesia Rubber Factory	Rubber
SIPEF	PT. Melania Indonesia Tea Factory	Tea
Indonesia : External Mill For Uncertified Crop		
SIAI	PT. Karya Agro Sawitindo Palm Oil Mill	Oil Palm
WILMAR	PT. Daya Labuhan Indah Palm Oil Mill	Oil Palm
Papua New Guinea		
SIPEF	Barema Palm Kernel Crushing	Kernel Palm
SIPEF	Hargy Palm Kernel Crushing	Kernel Palm
SIPEF	Navo Palm Oil Mill	Oil Palm
SIPEF	Barema Palm Oil Mill	Oil Palm
SIPEF	Hargy Palm Oil Mill	Oil Palm

**Selected Mill Coordinates :**

[PT. Agro Muko Mukomuko Palm Oil Mill](#)

Latitude	: -2.601306
Longitude	: 101.277968

Mill Coordinates



**Selected Mill:**  
[PT. Agro Muko Mukomuko Palm Oil Mill](#)

Supply Estate		Supply Smallholders	
Estate			(Ha)
PT. Agro Muko			
- Mukomuko Estate			4,105.20
- Sei Betung Estate			1,610.12
- Sei Kiang Estate			2,171.03
- Talang Petai Estate			2,546.37
- Tanah Rekah Estate			3,880.00
PT. Mukomuko Agro Sejahtera			
- Air Manjuntjo Estate			1,800.00

Company Details Certification Information Info Layer

**PT. Agro Muko Mukomuko Palm Oil Mill**

RSPO Membership Number	: 1-0021-05-000-00
Membership Approval Date	: 7 December 2005
Address	: Teruntung Village, Teras Terunjam District, Mukomuko Regency, Bengkulu Province, Indonesia

<http://www.geosipef.com/>



# ENVIRONMENTAL INITIATIVES





**Corporate  
Governance  
Charter**



**Code of  
Conduct**



**General  
Privacy Policy**



**Ethics  
Policy**



**Whistleblowing  
Policies**



**Grievance  
Policy**

# GOVERNANCE INITIATIVES

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# Summary



SIPEF group - Company profile



SIPEF group - Sustainability



SIPEF group - Palm oil in the world



SIPEF group - Production & prices

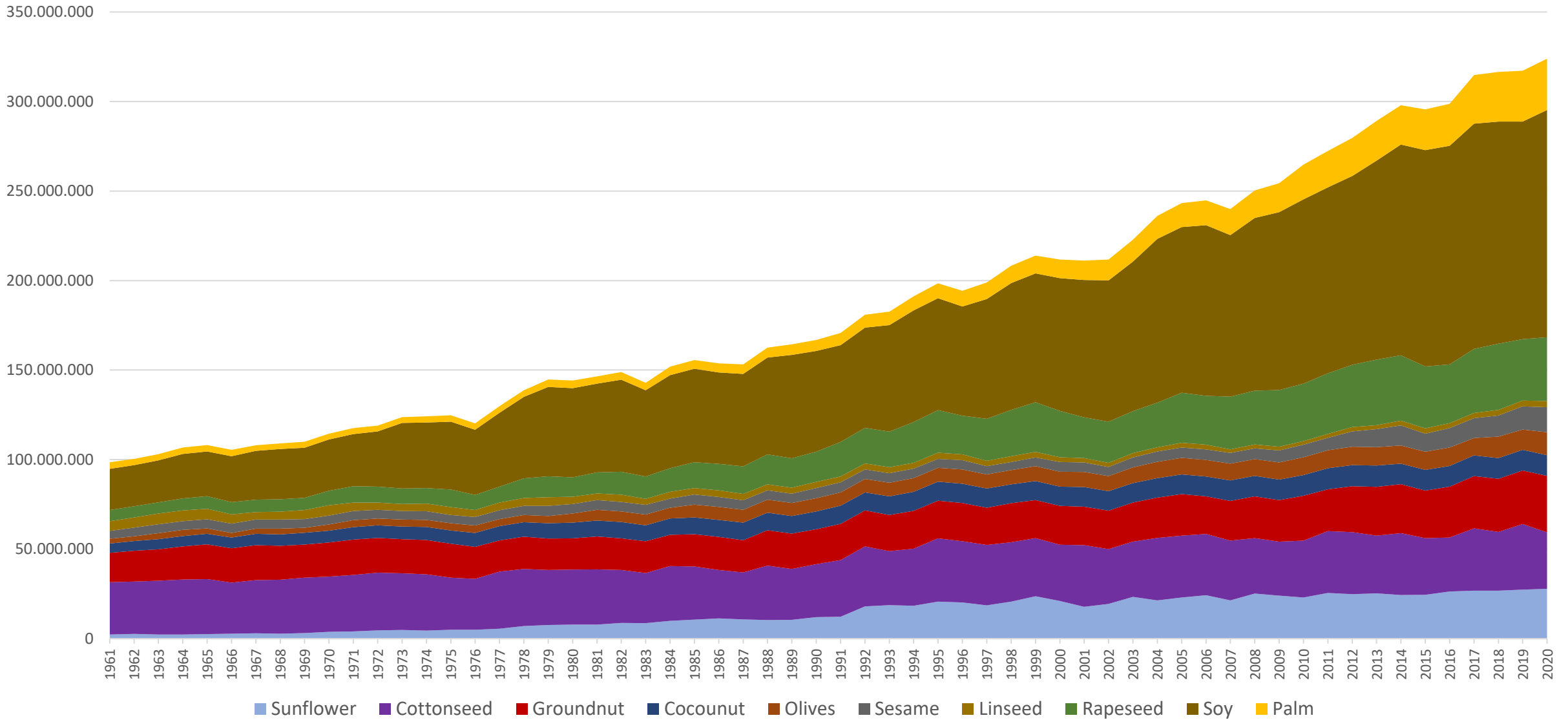


SIPEF group – Financial performance



SIPEF group - Prospects

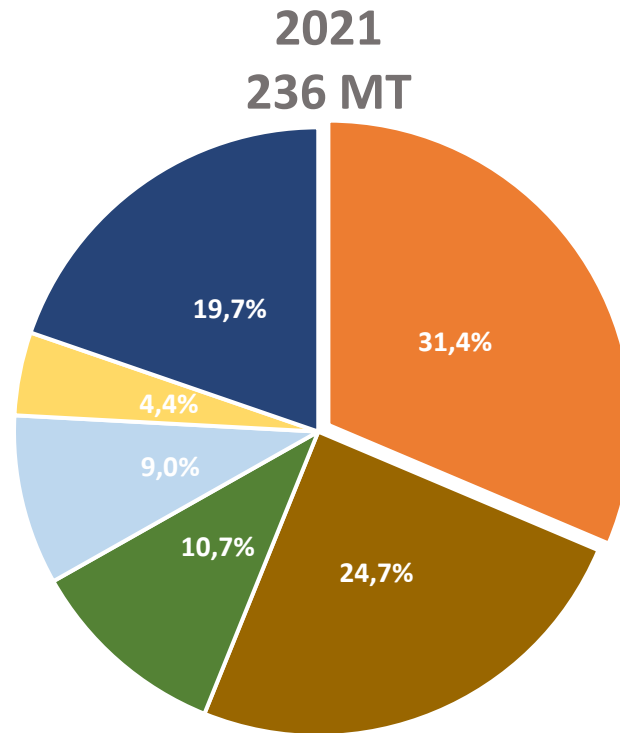
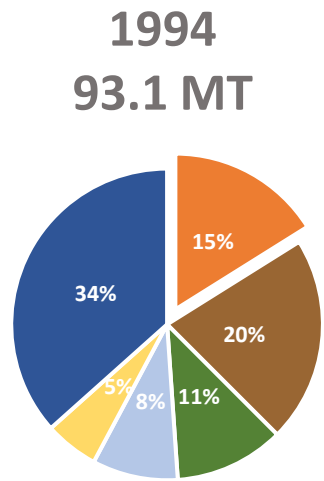
# LAND USE FOR VEGETABLE OILS IN HECTARES



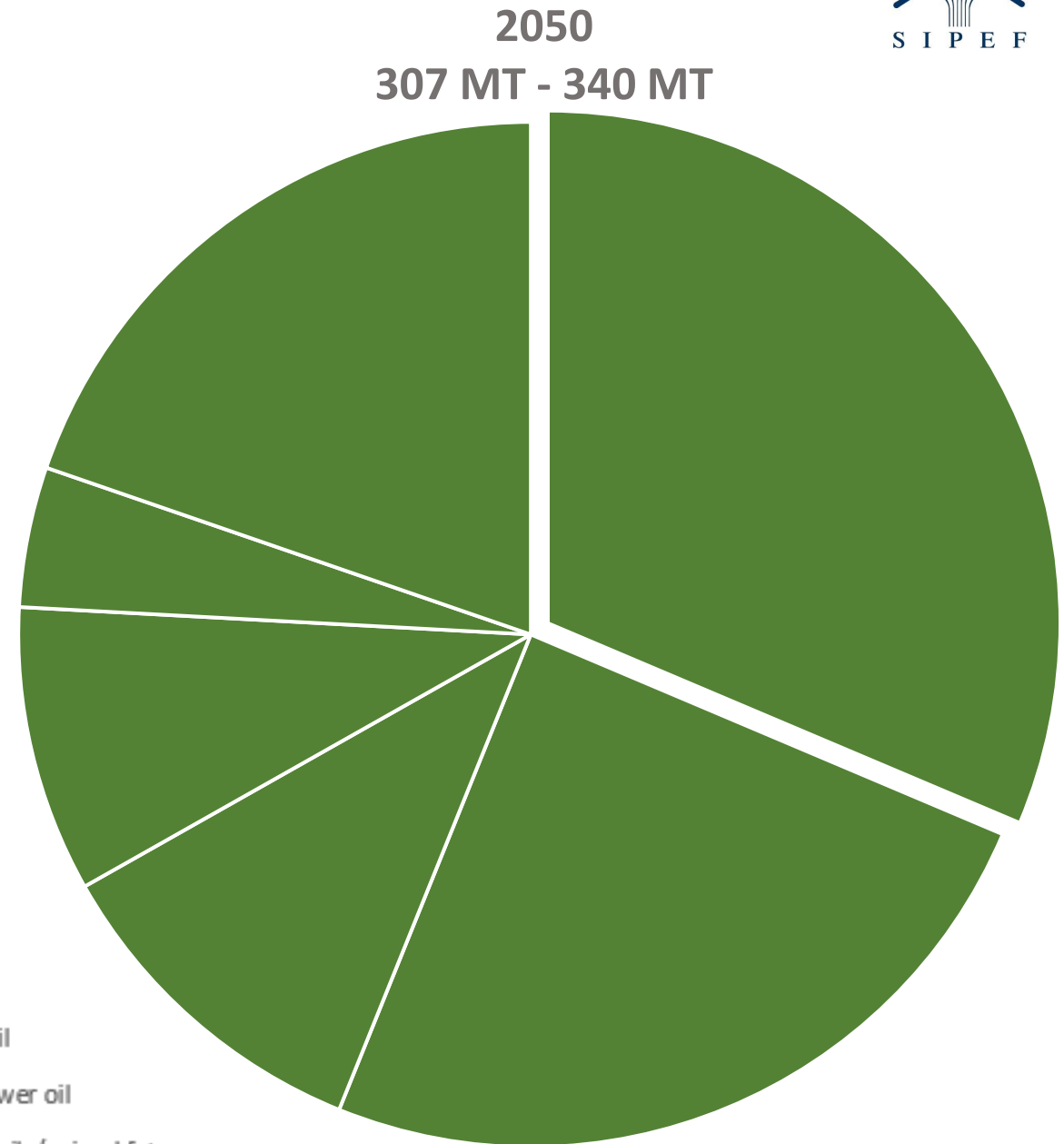
**To feed a global population that is set to reach 9.8 billion by 2050 we will need to use less land to produce 60% more food**

*United Nations. Feeding the World Sustainably. 2012.*

# VEGETABLE OIL PRODUCTION



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



# OIL AND FAT CONSUMPTION PER CAPITA

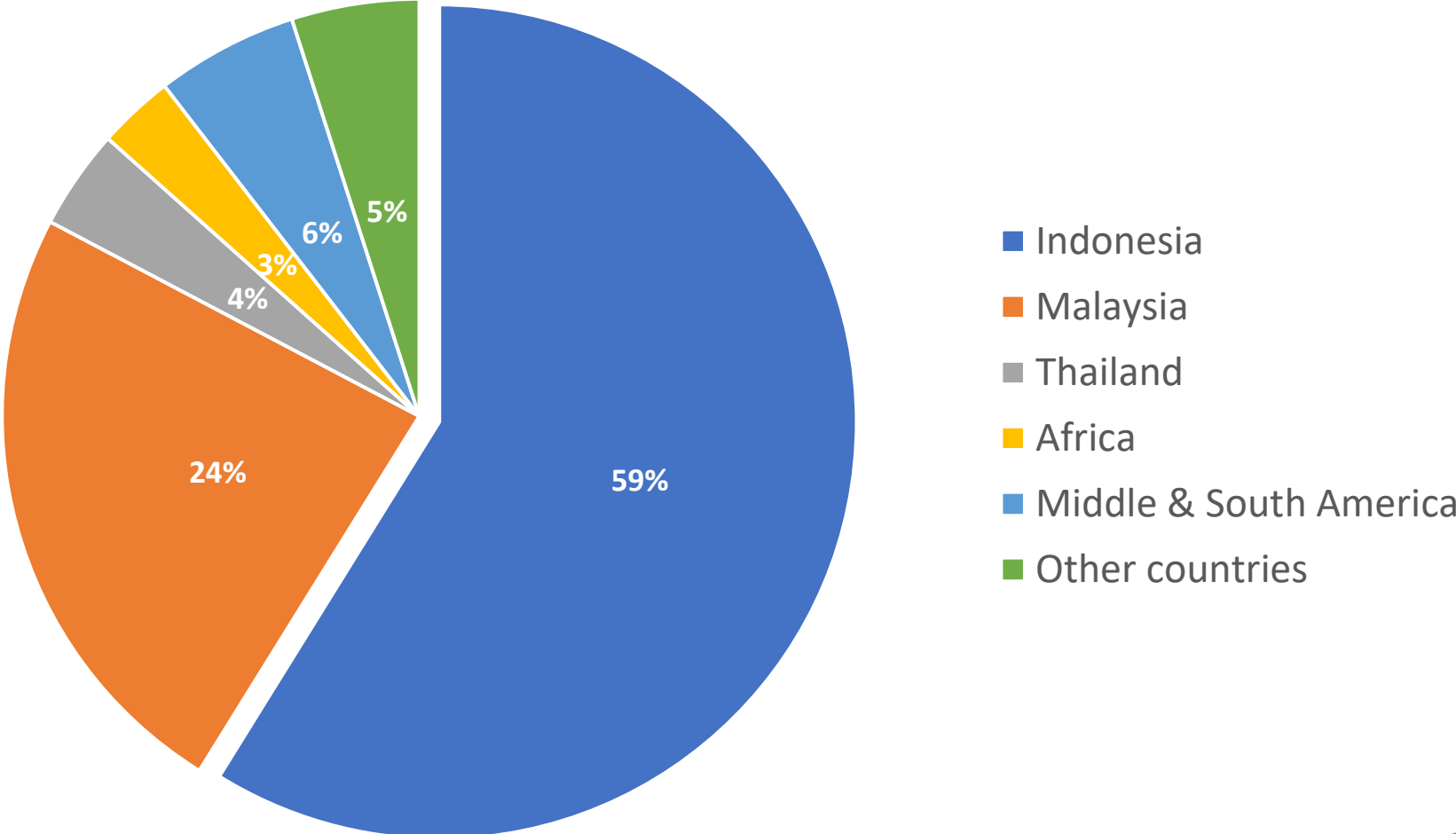
Oil and fat per capita consumption (in Kg)



# PALM OIL PRODUCTION IN THE WORLD



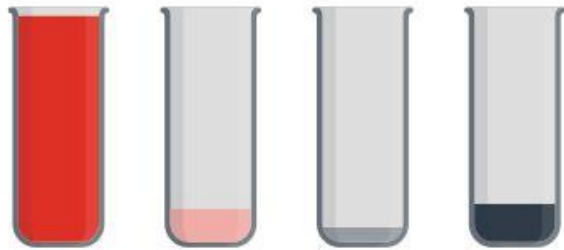
2021 Palm oil production  
Total of 75,9 Mn tonnes



# RESOURCES USED PER VEGETABLE OIL



Palm



3.62 47 2 0.5



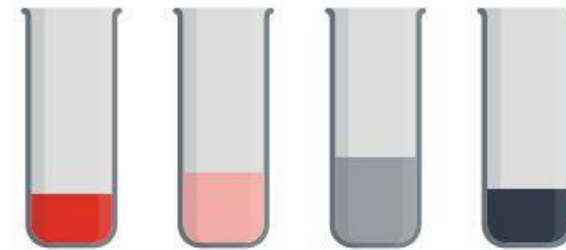
Soybean



0.3 315 29 2.9



Rapeseed



0.79 99 11 0.7

● Yield  
Tonnes of oil produced per hectare

● Fertiliser  
Kg to produce one tonne of oil

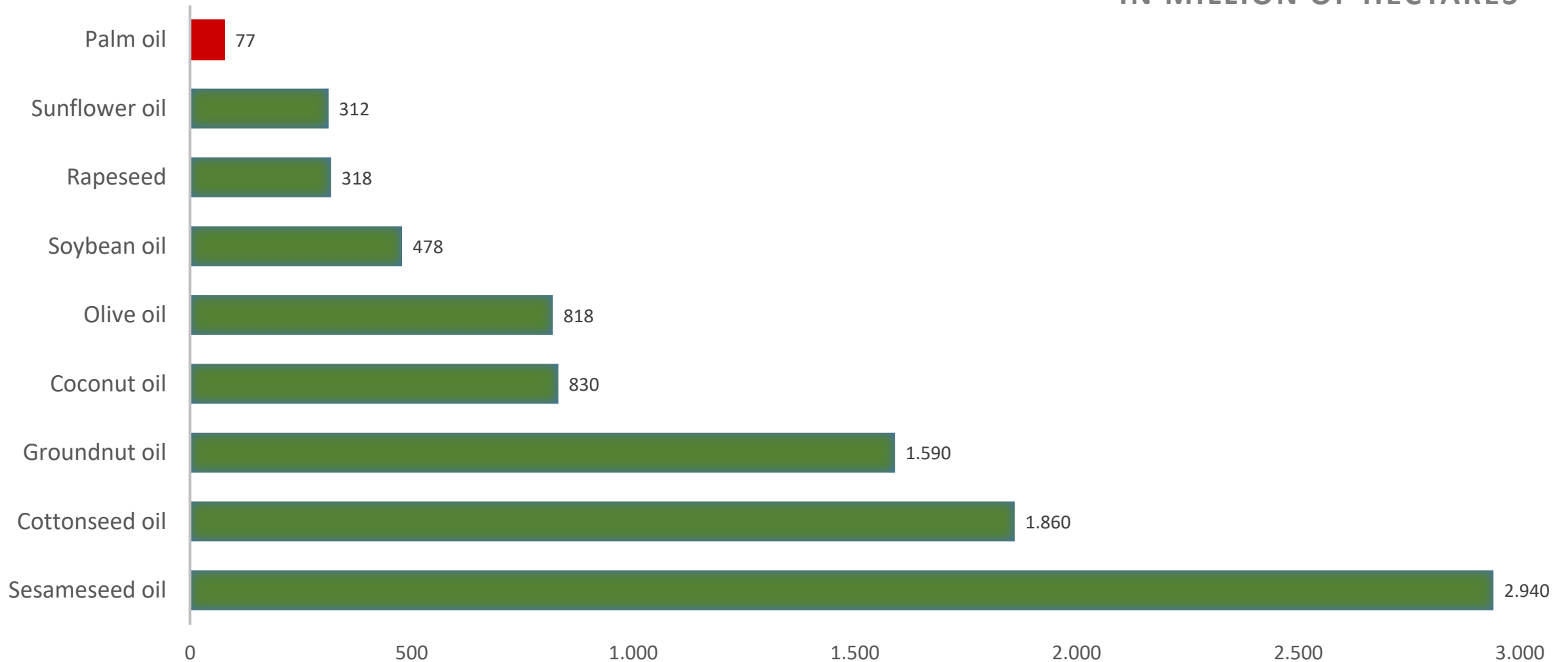
● Pesticides  
Kg to produce one tonne of oil

● Energy input  
Gigajoules to produce one tonne of oil



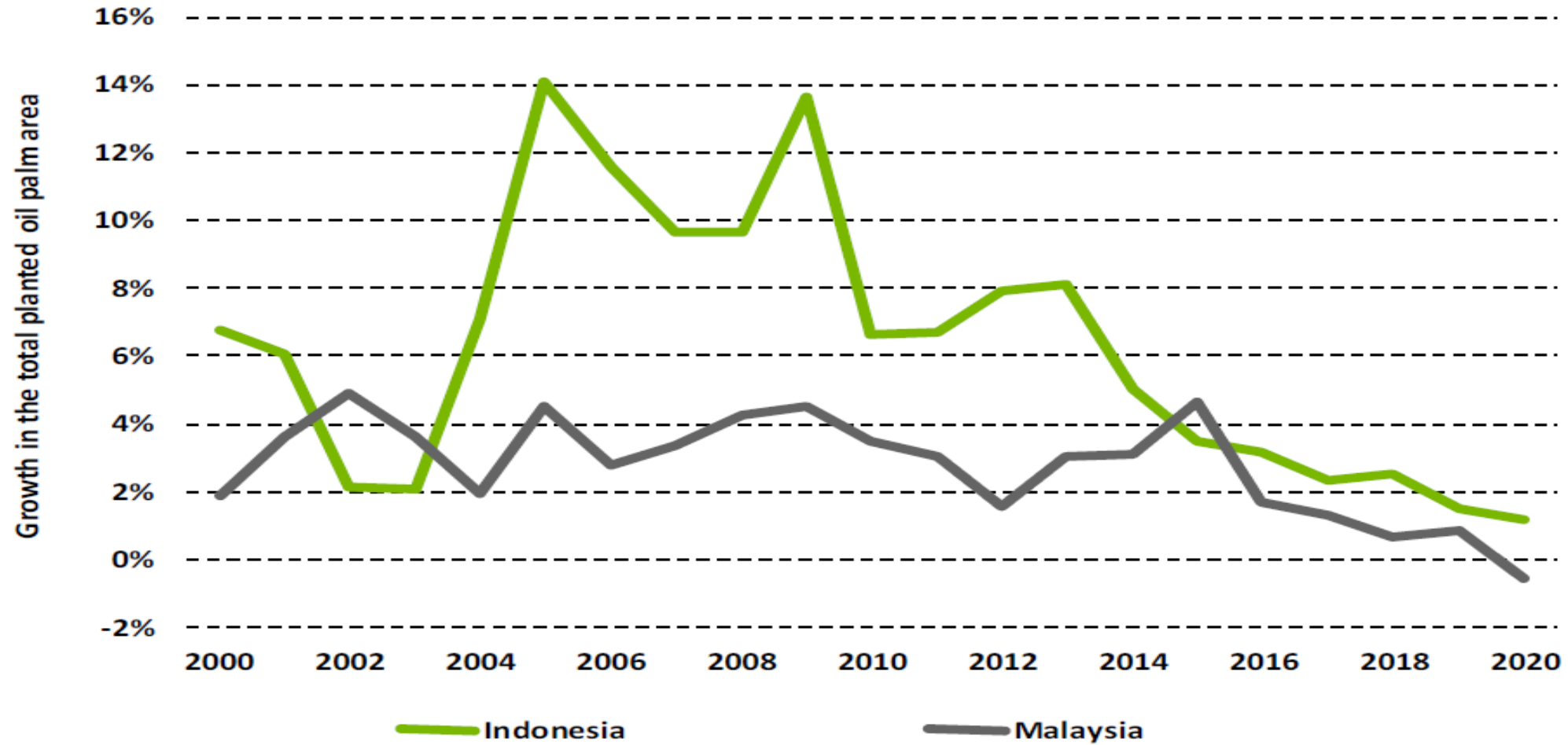
# AREA OF LAND NEEDED TO MEET TOTAL GLOBAL VEGETABLE DEMAND PER VEGETABLE OIL (2019)

IN MILLION OF HECTARES



## Growth in the total planted oil palm area in Indonesia and Malaysia

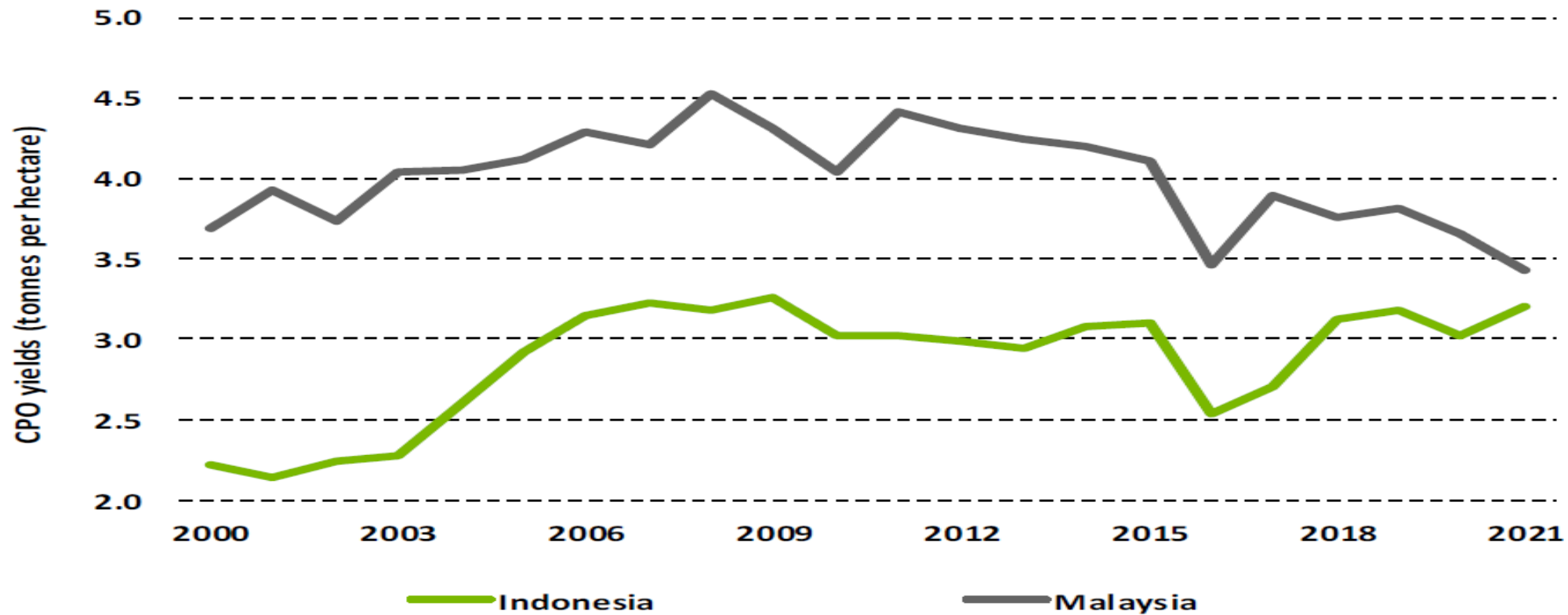
Sipef CAGR since 1997 = **4,67%**



# YIELD PER HECTARE INDONESIA AND MALAYSIA

## Indonesian and Malaysian CPO yields

Sipef average CPO yield 2022 = 5,24 T/Ha



# SUSTAINABLE PALM OIL

## A SUSTAINABLE SOLUTION

- HALTING DEFORESTATION;
- TREATING COMMUNITIES AND WORKERS FAIRLY;
- PROTECTING WILDLIFE AND THE ENVIRONMENT.



18.9%

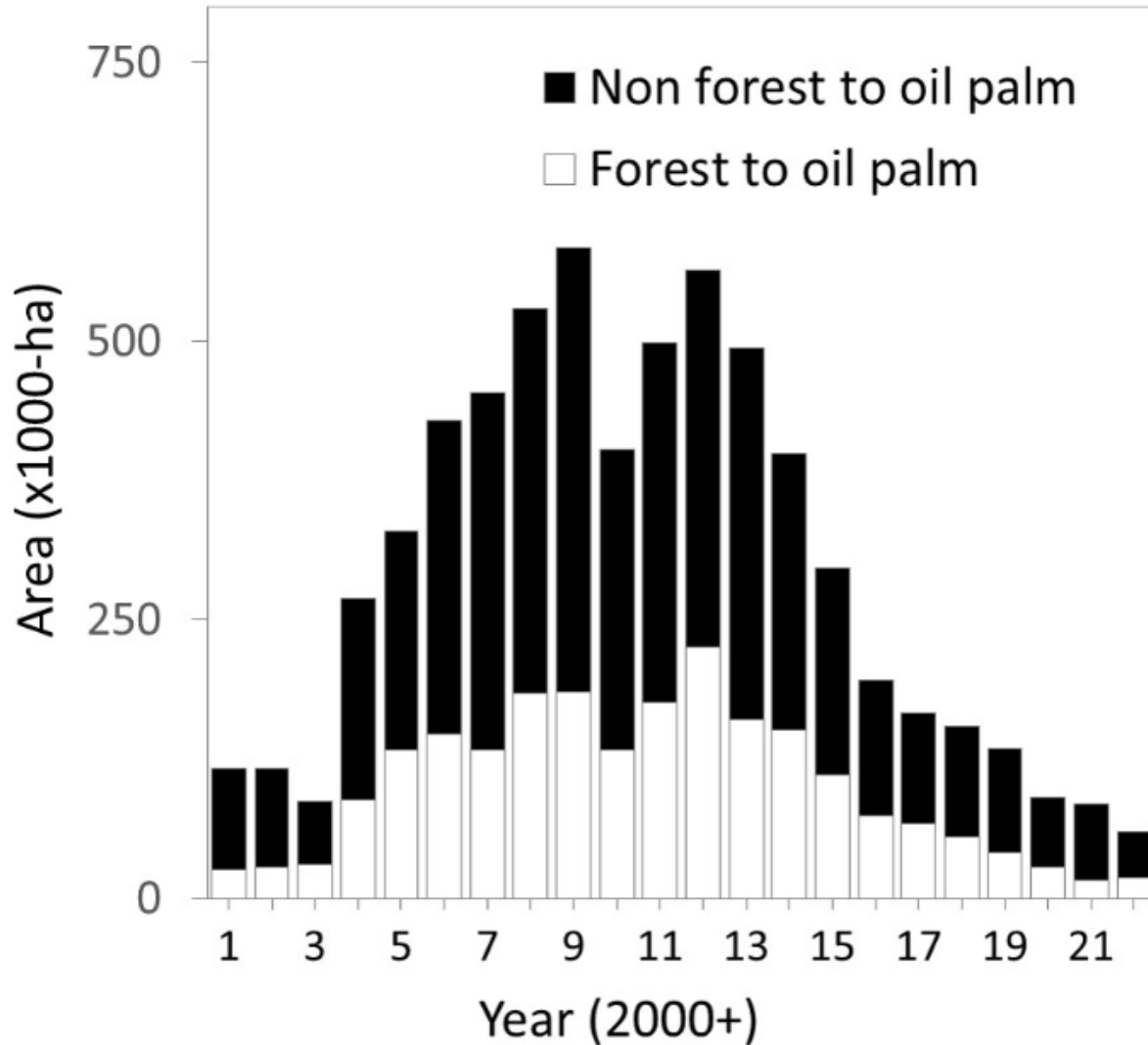
Proportion of global palm oil certified  
by RSPO

**Less than 3 million tons is sold as IP/‘segregated’ (100% traceable)**

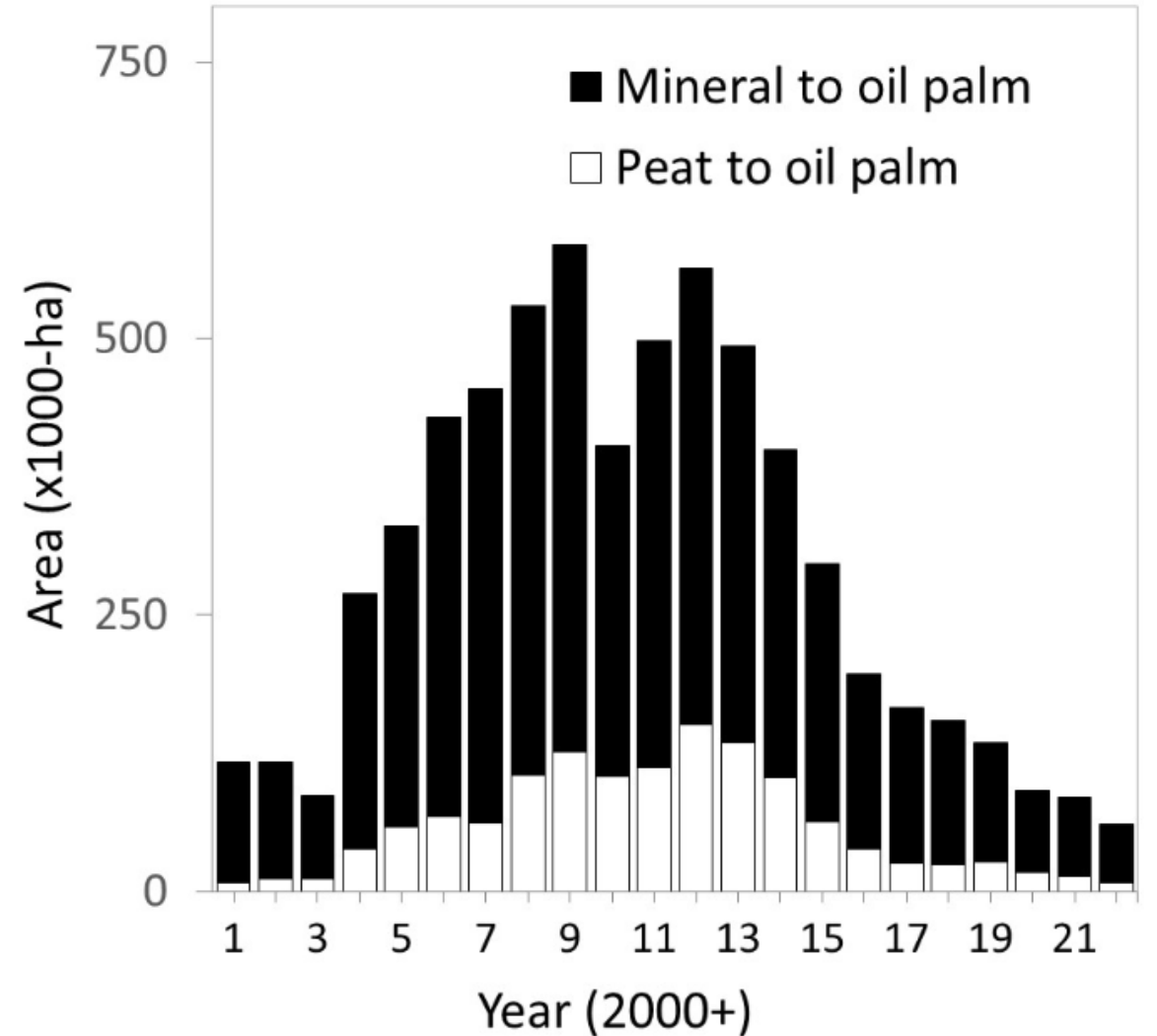
**SIPEF = 100% compliant and > 400.000 tons (palm products) ‘segregated’**

# INDUSTRIAL OIL PALM EXPANSION

## Industrial Oil Palm Expansion



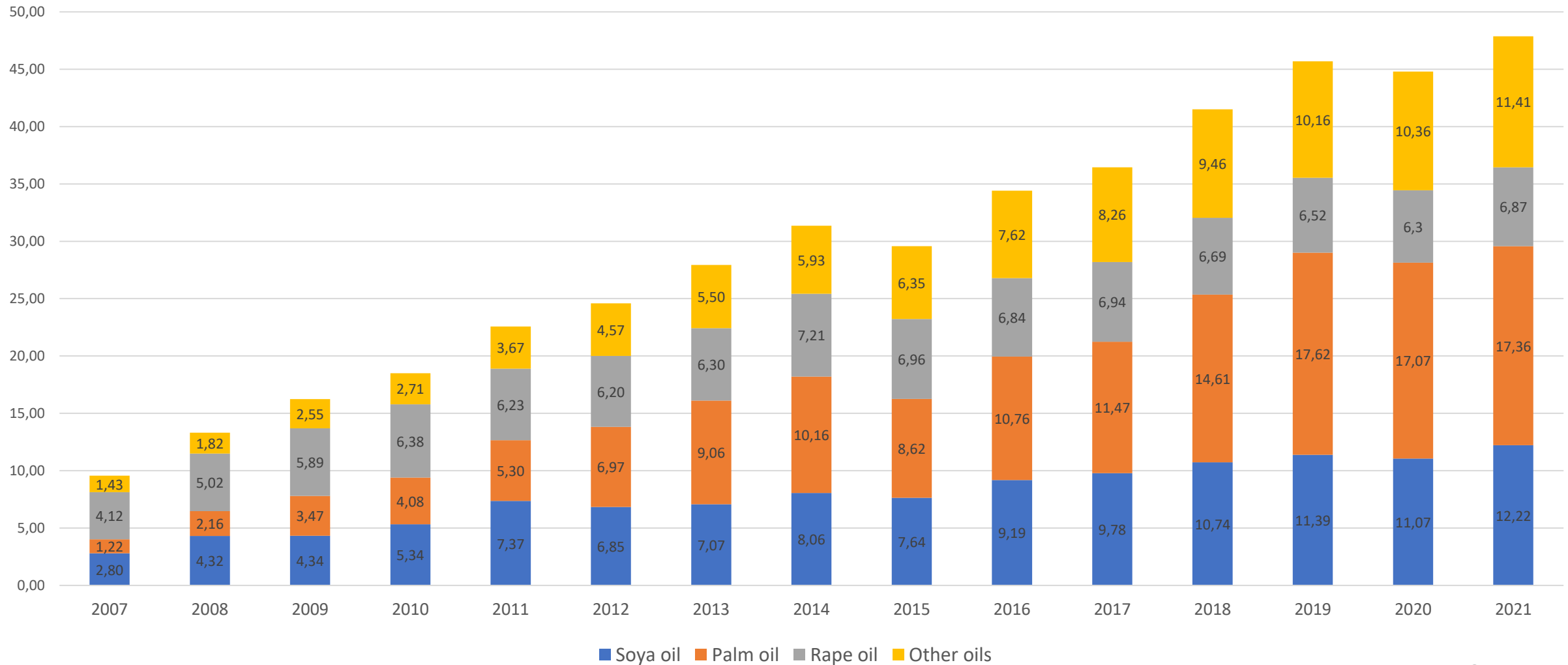
## Industrial Oil Palm Expansion



**The European Commission has officially approved a measure to phase out palm oil-based biofuel by 2030.**

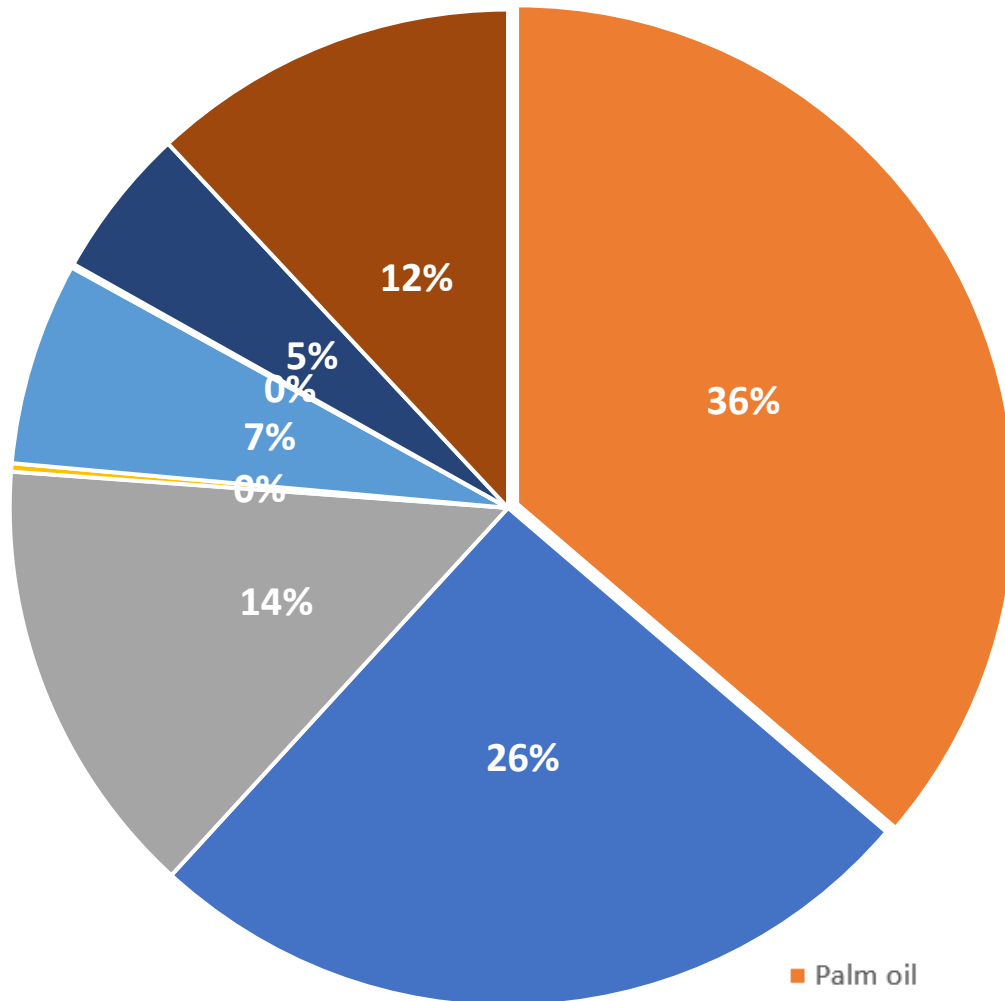
# BIODIESEL USE OF MAJOR FEEDSTOCK

Biodiesel use of major feedstock (Mn T)

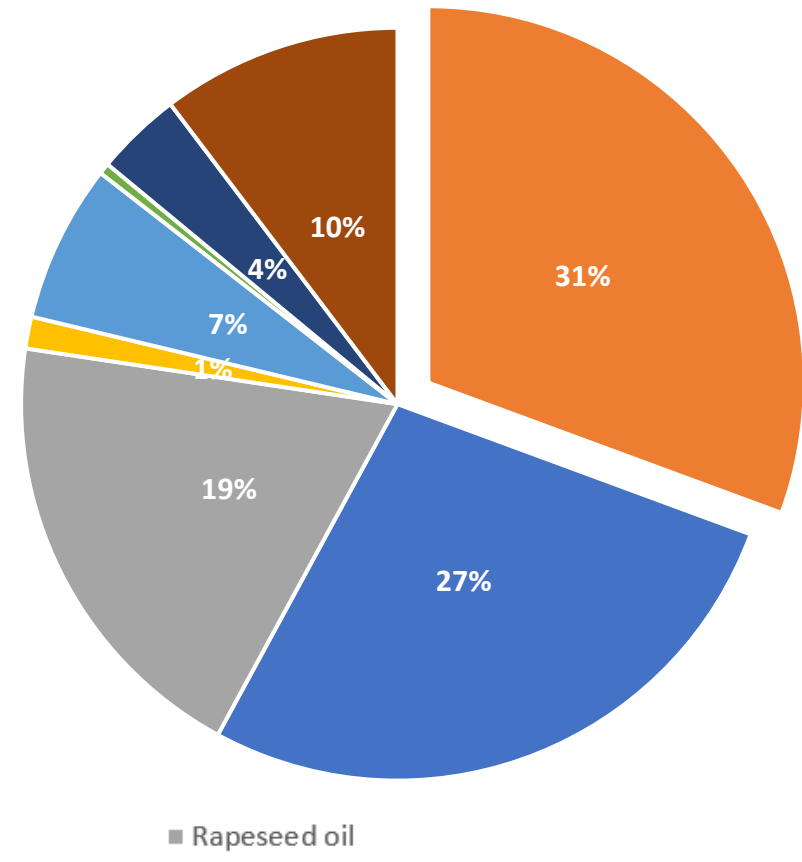


# BIODIESEL WORLDWIDE

**Biodiesel worldwide 2021**  
Total of 47,9 Mn tonnes



**Biodiesel worldwide 2017**  
Total of 35,8 Mn tonnes

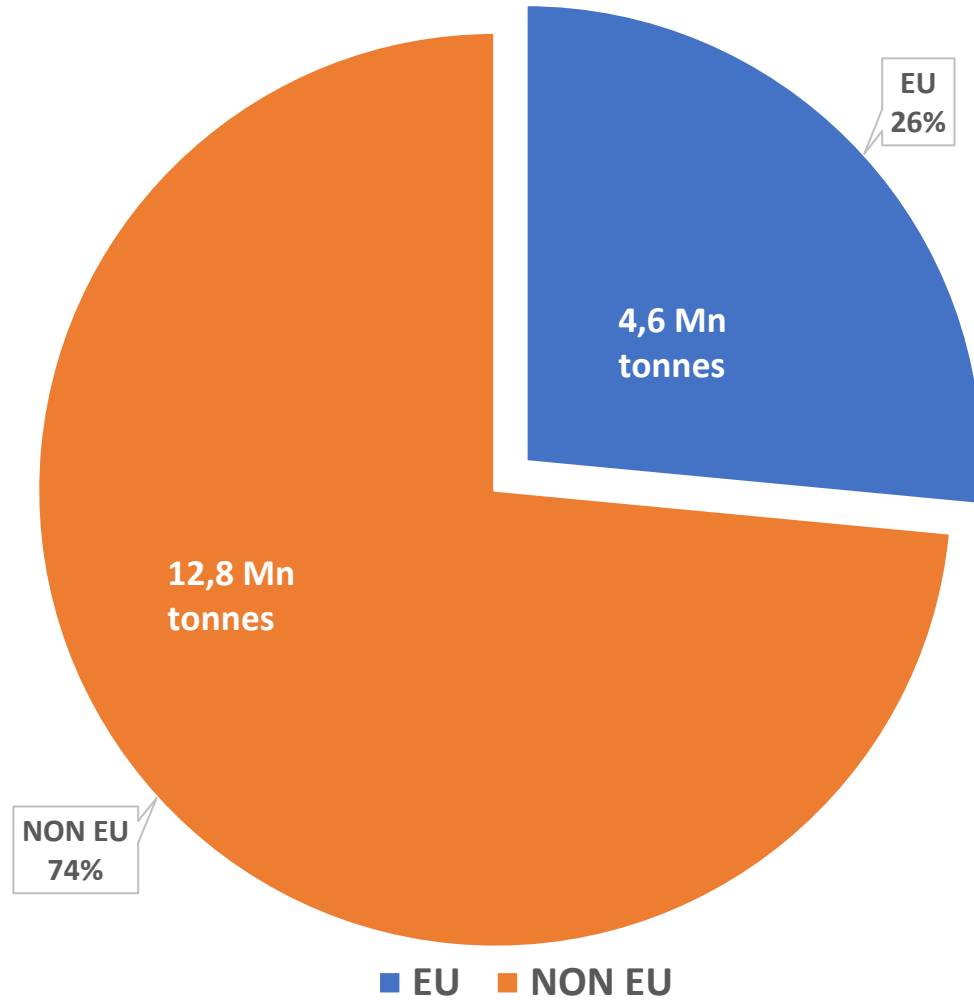


- Palm oil
- Soya
- Rapeseed oil
- Sunflower oil
- Tallow
- Coconut oil
- Other oils and fats
- Used cooking oil

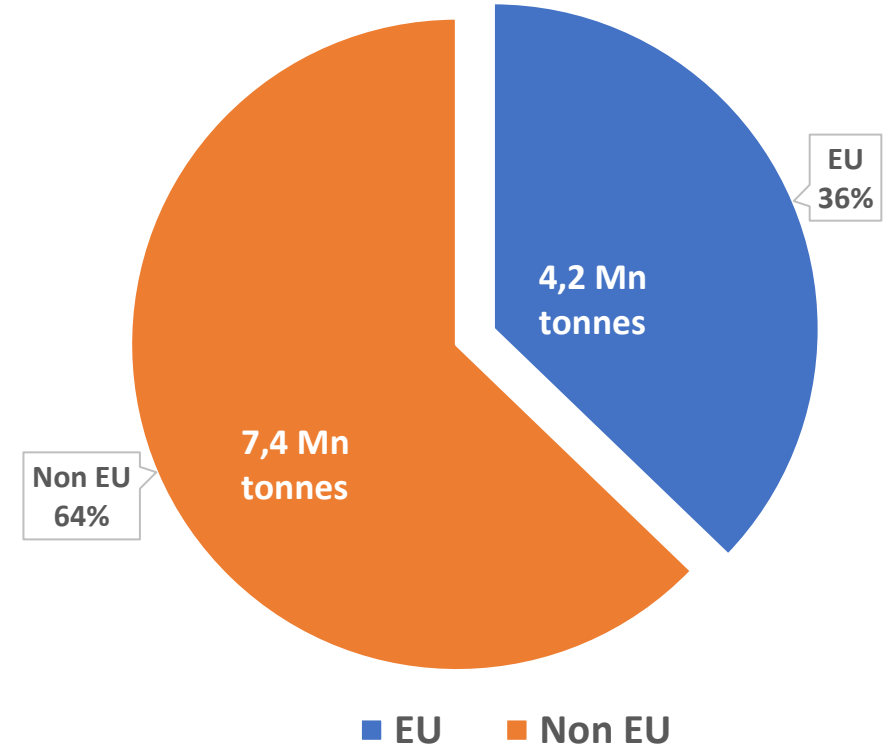


# PALM OIL USE FOR BIODIESEL EU

2021: Palm oil use for Biodiesel  
Total of 17,4 Mn tonnes



2017 Palm oil use for Biodiesel  
Total of 11,6 Mn tonnes



# Summary



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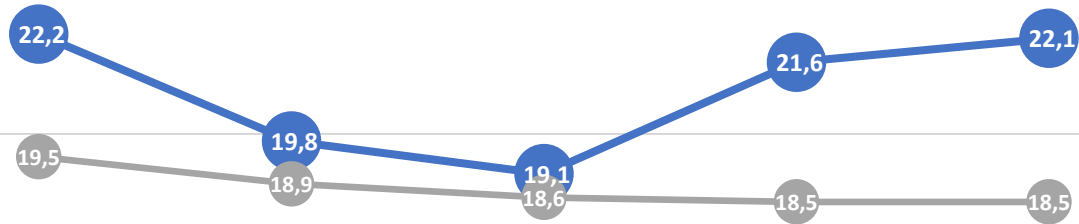


SIPEF group – Financial performance

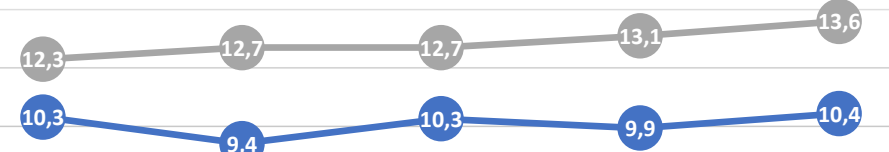


SIPEF group - Prospects

## YIELD PER HECTARE



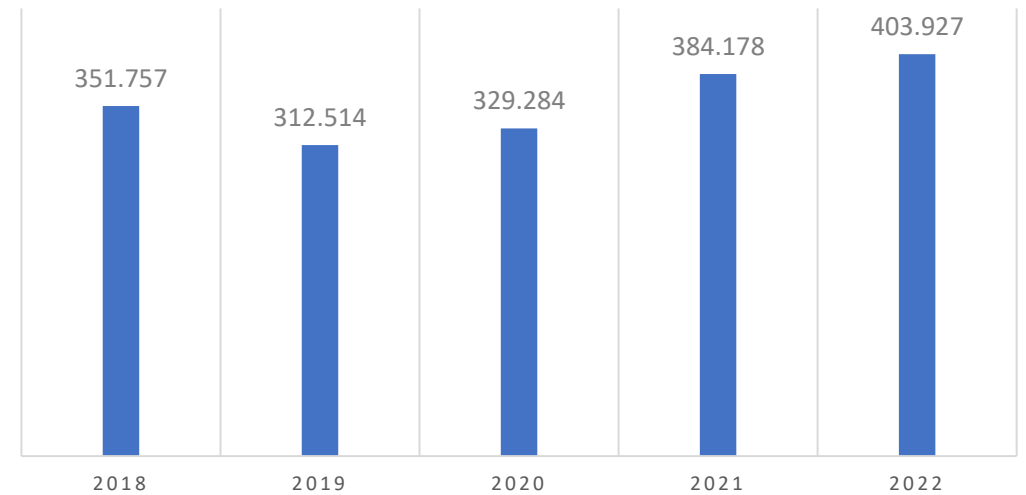
## AVERAGE AGE



2018 2019 2020 2021 2022\*

—●— Average age —●— Average age peer review

## CPO PRODUCTION



2018 2019 2020 2021 2022

2018 2019 2020 2021 2022\*

—●— FFB yield —●— CPO yield —●— FFB yield peer review —●— CPO yield peer review

\*Preliminary figures for peer review

# GROUP PRODUCTIONS – CRUDE PALM OIL

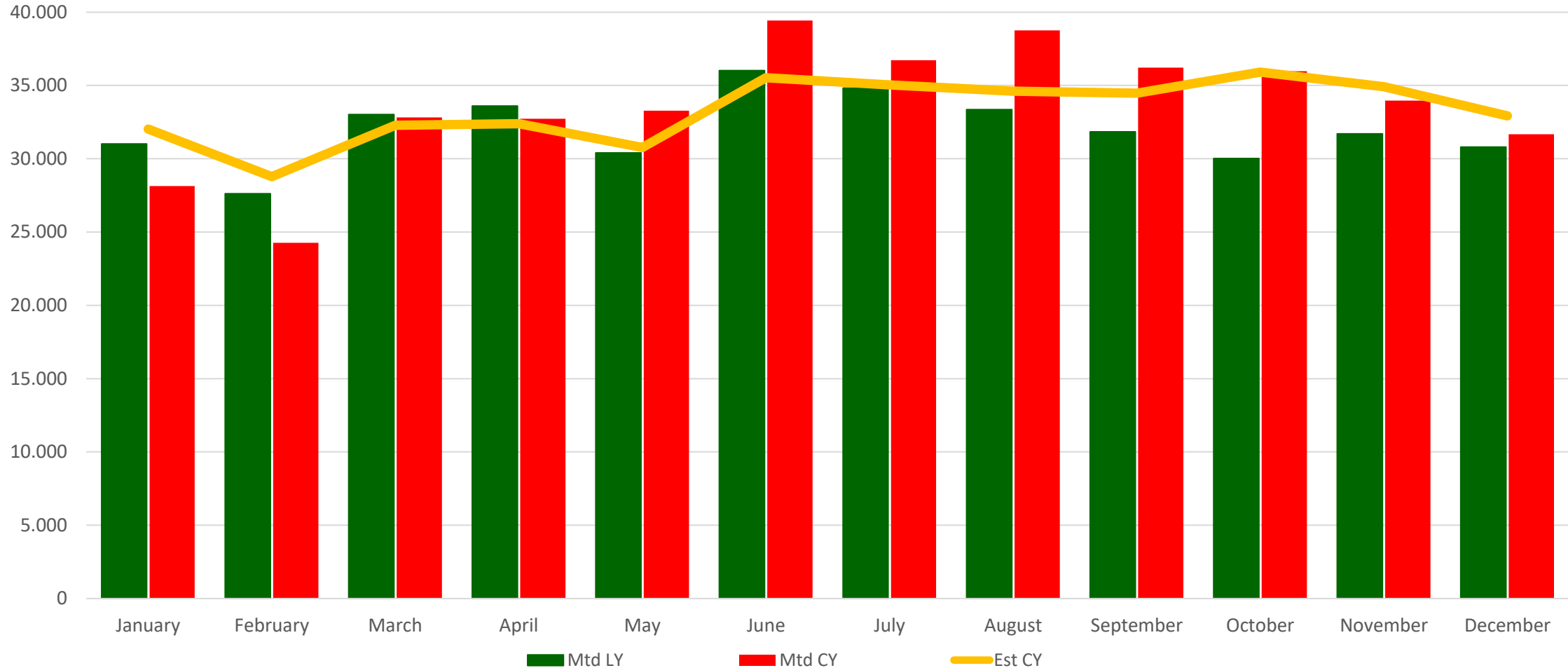
Palm Oil	2022	2021	Variance
<b>Own</b>			
Tolan Tiga Group	68 975	67 550	2,11%
Umbul Mas Wisesa Group	42 272	42 733	-1,08%
Agro Muko Group	83 075	90 895	-8,60%
South Sumatra Group	32 289	21 331	51,37%
Hargy Oil Palms	102 479	94 231	8,75%
<b>Total own</b>	<b>329 090</b>	<b>316 740</b>	<b>3,90%</b>
<b>Outgrowers</b>			
Tolan Tiga Group	1 532	1 094	40,04%
Umbul Mas Wisesa Group	148	59	149,16%
Agro Muko Group	3 542	4 103	-13,67%
South Sumatra Group	5 453	3 209	69,91%
Hargy Oil Palms	64 162	58 972	8,80%
<b>Total outgrowers</b>	<b>74 837</b>	<b>67 438</b>	<b>10,97%</b>
<b>Total Palm Oil</b>	<b>403 927</b>	<b>384 178</b>	<b>5,14%</b>



# MONTHLY GROUP PRODUCTIONS - CPO

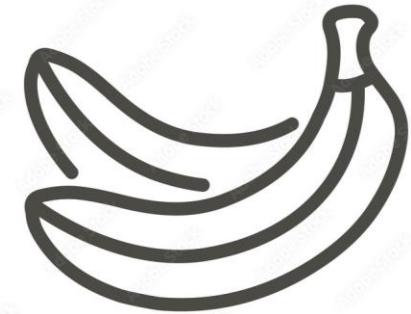


## CPO productions 2022



# GROUP PRODUCTIONS – BANANAS

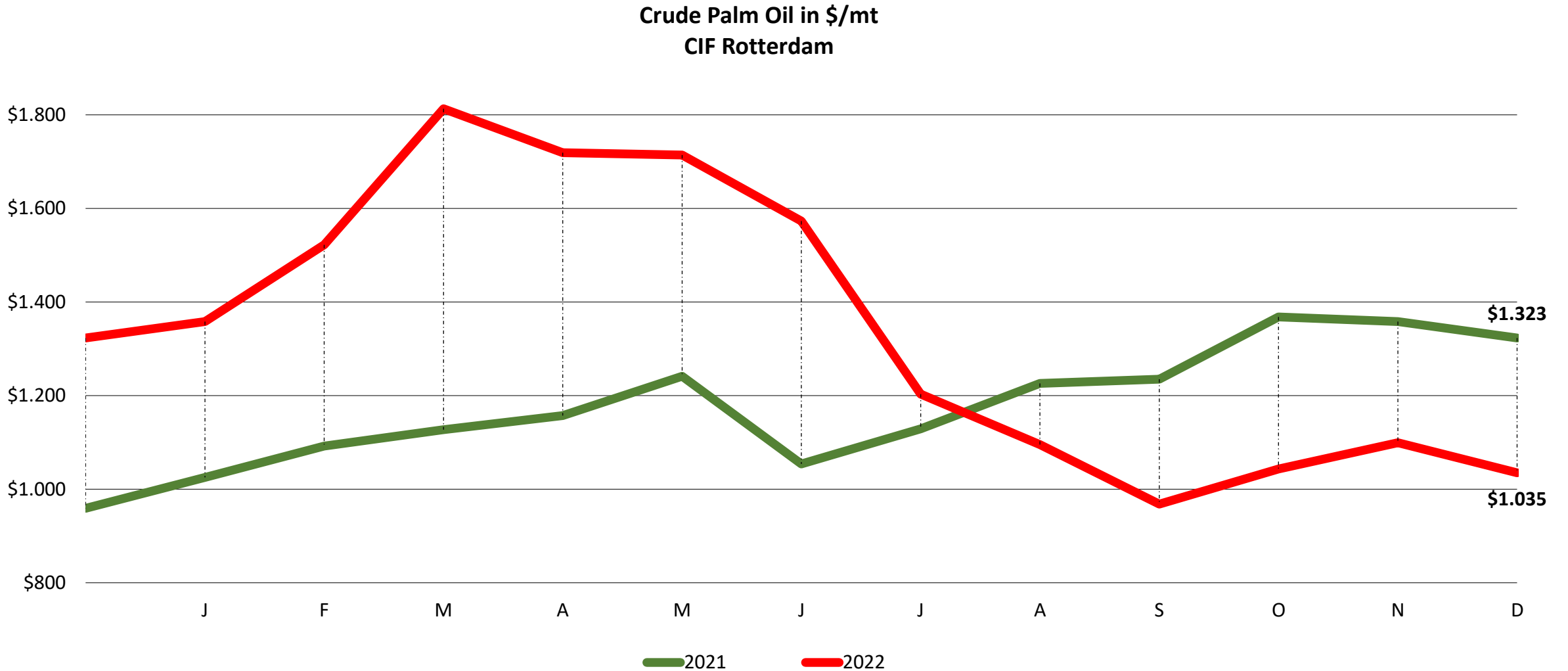
Bananas	2022	2021	Variance
Azaguié	12 833	13 113	-2,14%
Agboville	9 383	9 507	-1,30%
Motobé	7 543	9 581	-21,27%
Lumen	2 511	0	-
Akoudje	0	0	-
<b>Total Bananas</b>	<b>32 270</b>	<b>32 200</b>	<b>0,22%</b>



# BULL AND BEAR

	Rating	Bullish inputs	Bearish inputs
Palm Oil	Neutral	<ul style="list-style-type: none"> <li>- Reduced palm growth in Indo &amp; Mal for year</li> <li>- Stronger seasonal drop in palm production in Q1....also rain impacted</li> <li>- Indo B35 consuming 1.5 mln add</li> <li>- Stocks in Indo tightish</li> <li>- Biofuel in general strong, particularly USA. Brazil still to be seen, if B15 would be applied it would consumer 2 mln mt add</li> <li>- Palm still competitive.</li> <li>- Consumers have been sidelined for 2 months, should be coming in for Ramadan demand.</li> </ul>	<ul style="list-style-type: none"> <li>- Food inflation.</li> <li>- Macro outlook with recession fears and rising interest rates.</li> <li>- Record soybean crop, despite Argy drought.</li> <li>- Both rapeseed and sunflower oil are plentiful</li> <li>- China demand has been very slow, not expected to grow as economy remains slow.</li> <li>- India still has stock, Pakistan turmoil hurts demand</li> <li>- Lauric oil outlook bleak as suffers from poor macro, and huge energy costs.</li> <li>- Freight coming off.</li> <li>- Recent gasoil sell off</li> </ul>
Feb 980			
March 1005			
April 1020			
MJ 1025			
JAS 1030			
OND 1015			

# CPO PRICES 2022 – 2021

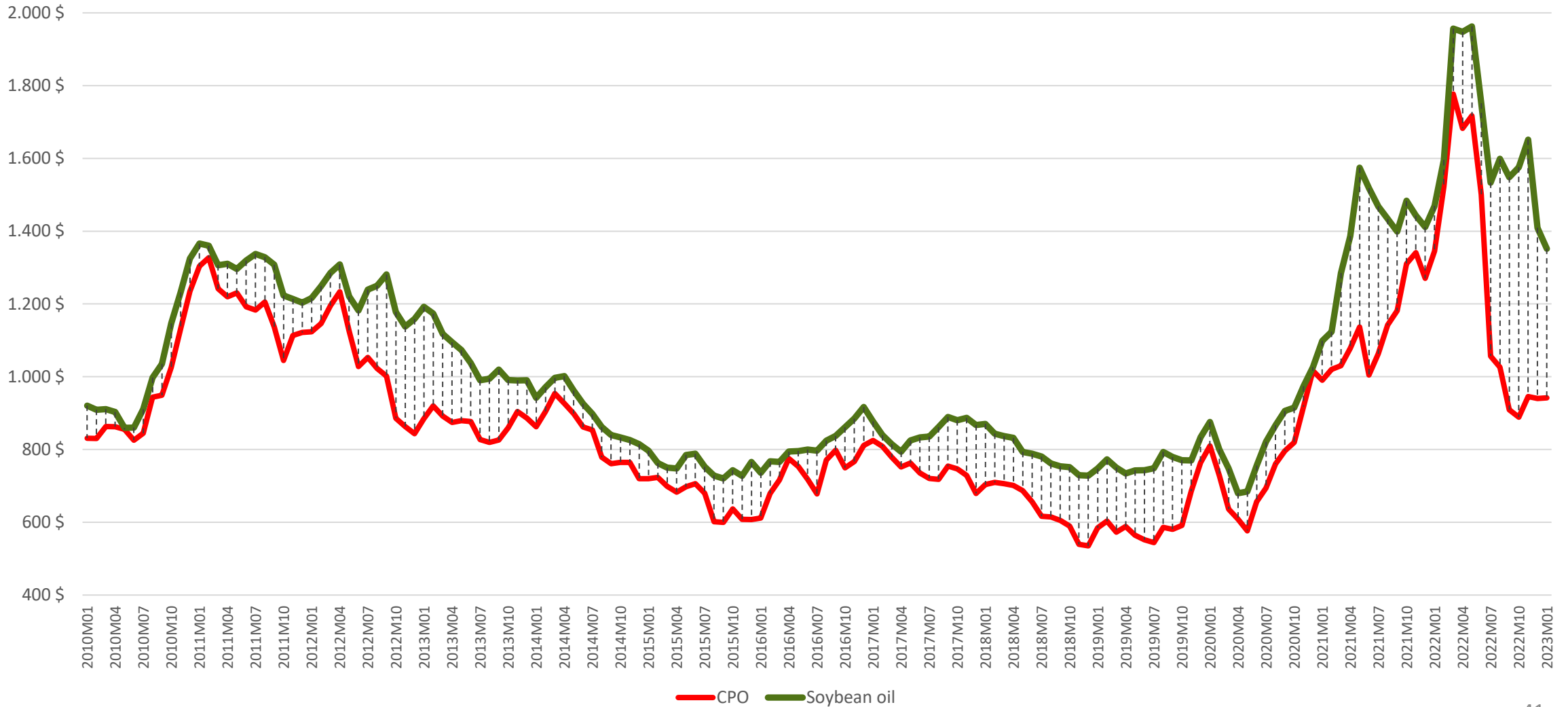




# SPREAD CPO – SOYBEAN OIL

Spread CPO - soybean oil

Source: Worldbank



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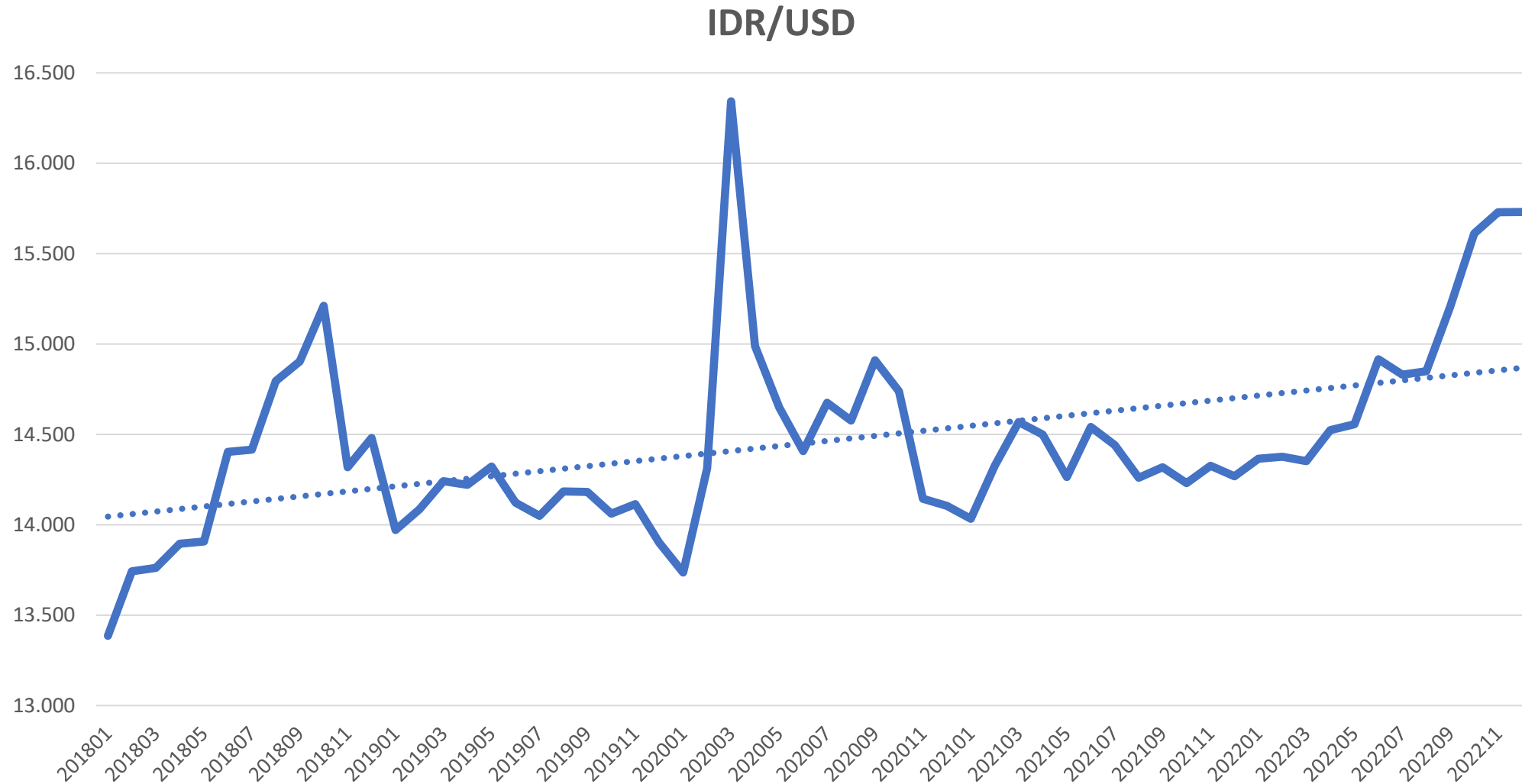


SIPEF group – Financial performance



SIPEF group - Prospects

# EXCHANGE RATES



# EX-MILL GATE SELLING PRICES

EMG	31/12/2022	31/12/2021
Indo	839	727
PNG	1.222	933
<b>Total</b>	<b>996</b>	<b>807</b>

# APPLICABLE EXPORT LEVY AND TAX INDONESIA

Applicable schedule as from 01/11/2022				
CPO reference price in USD				
From	To	Levy	Tax	Total
0	680	0	0	0
681	730	0	3	3
731	780	0	18	18
781	800	0	33	33
801	830	85	33	118
831	880	90	52	142
881	930	95	74	169
931	980	100	124	224
981	1 030	105	148	253
1 031	1 080	110	178	288
1 081	1 130	115	201	316
1 131	1 180	120	220	340
1 181	1 230	140	240	380
1 231	1 280	160	250	410
1 281	1 330	180	260	440
1 331	1 380	200	270	470
1 381	1 430	220	280	500
1 431	and above	240	288	528

# INCOME STATEMENT ACTUALS CY VS PY



In KUSD		Act. 2022	Act. 2021	Difference
Gross margin	Palm	221.248	166.562	33%
	Rubber	-4.104	-2.608	57%
	Tea	196	134	46%
	Bananas	2.201	3.610	-39%
	Horticulture	93	192	-52%
G&A including corporate		-42.027	-35.562	
Other operating		705	-4.552	
<b>Operating result</b>		<b>178.312</b>	<b>127.776</b>	
Finance income/charges		-2.503	-2.369	
Discount Sipef CI		0	748	
Exchange		-3.252	-1.158	
<b>Financial result</b>		<b>-5.755</b>	<b>-2.779</b>	
<b>Profit before tax</b>		<b>172.557</b>	<b>124.997</b>	

# INCOME STATEMENT ACTUALS CY VS PY (CONT.)

In KUSD	Act. 2022	Act. 2021
<b>Profit before tax</b>	<b>172.557</b>	<b>124.997</b>
Tax	-59.536	-36.075
<b>Profit after tax</b>	<b>113.021</b>	<b>88.922</b>
Associated companies	-566	-1.091
<b>Profit for the period</b>	<b>112.455</b>	<b>87.831</b>
Gain on sale PT Melania	0	11.640
<b>Profit for the period</b>	<b>112.455</b>	<b>99.471</b>
<b>Group share - recurring</b>	<b>108.157</b>	<b>82.746</b>
Group share	108.157	93.749
<b>Minority interests - recurring</b>	<b>4.298</b>	<b>5.085</b>
Minority interests	4.298	5.722

Record profit SOTG (+27%) since previous record from 2011 amounting to **84.861 KUSD**

# CONSOLIDATED BALANCE SHEET (MNGT PRESENTATION)

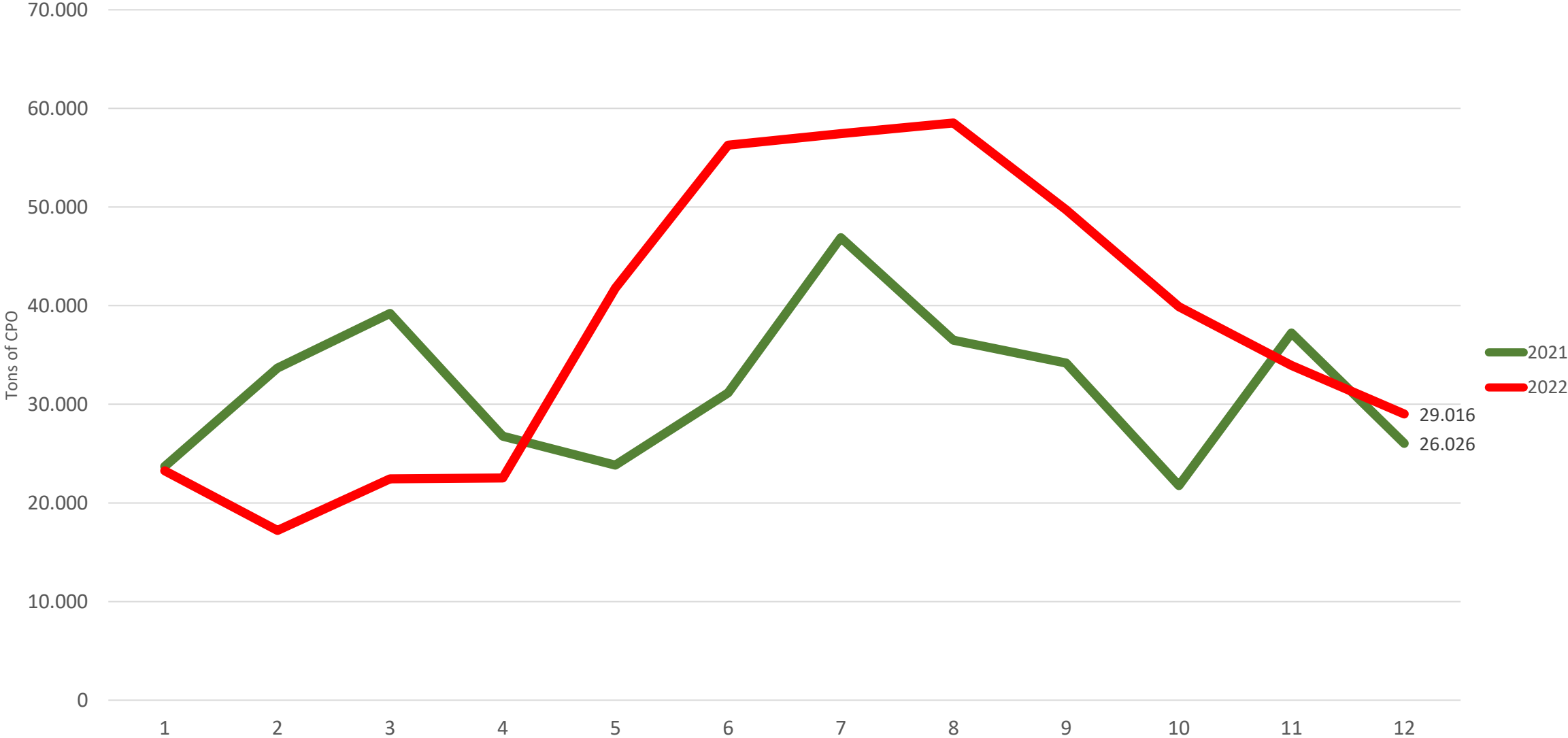


In KUSD (management presentation)	2022	2021
Biological assets (depreciated costs) - bearer plants	316 714	307 371
Goodwill	104 782	104 782
Other fixed assets	383 287	363 934
Receivables > 1 year	28 287	25 666
Assets held for sale	13 520	13 520
Net current assets, net of cash	58 679	61 746
Net cash position	122	-49 192
<b>Total net assets</b>	<b>905 392</b>	<b>827 827</b>
Shareholders' equity, group share	817 803	727 329
Non controlling interest	32 341	38 854
Provisions and deferred tax liabilities	55 248	56 814
Advances received > 1 year	0	4 830
<b>Total net liabilities</b>	<b>905 392</b>	<b>827 827</b>

First time positive since 2012!



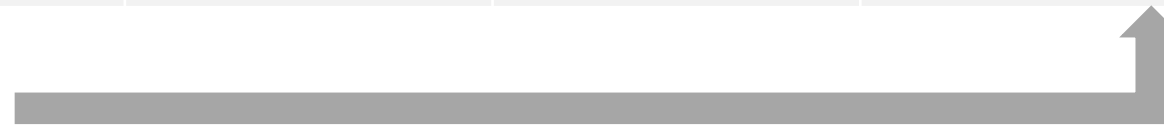
# OVERVIEW CPO STOCK



# EVOLUTION NET TAX POSITION

- The evolution of the **net tax receivable** can be split into:

	2019	2020	2021	2022
Indonesia	7 908	409	-10 214	-3.242
PNG	6 635	6 907	-7 770	-28.690
Europe + IC	-236	-237	108	-408
<b>Total</b>	<b>14 307</b>	<b>7 079</b>	<b>-17 877</b>	<b>-32 340</b>



**+ 46.647 KUSD**

# CONSOLIDATED CASH FLOW (MNGT PRESENTATION)

In KUSD (management presentation)	2022	2021
<b>Cash flow from operating activities before change in net working capital</b>	<b>216.714</b>	<b>178.796</b>
Change in net working capital	-6.455	-8.523
Income taxes paid	-44.964	-9.962
<b>Cash flow from operating activities after tax</b>	<b>165.295</b>	<b>160.311</b>
Acquisitions intangible and tangible assets	-79.293	-68.691
Financing plasma advances	-4.504	-9.578
Selling price of PP&E and financial assets (PT Melania & SIPEF-CI)	1.517	32.151
Use of advance PT Melania	-3.502	-1.922
Acquisition financial assets	-5.500	0
<b>Free cash flow</b>	<b>74.012</b>	<b>112.271</b>
Other financing activities	-24.698	-10.296
<b>Net movement in investments, cash and cash equivalents</b>	<b>49.313</b>	<b>101.975</b>

# VALUE PER HECTARE AND P/E

Sensitivity 31/12/2022	
Stock price @	USD per hectare
40,00	5.068
50,00	6.484
60,00	7.900
70,00	9.316
80,00	10.732
90,00	12.148

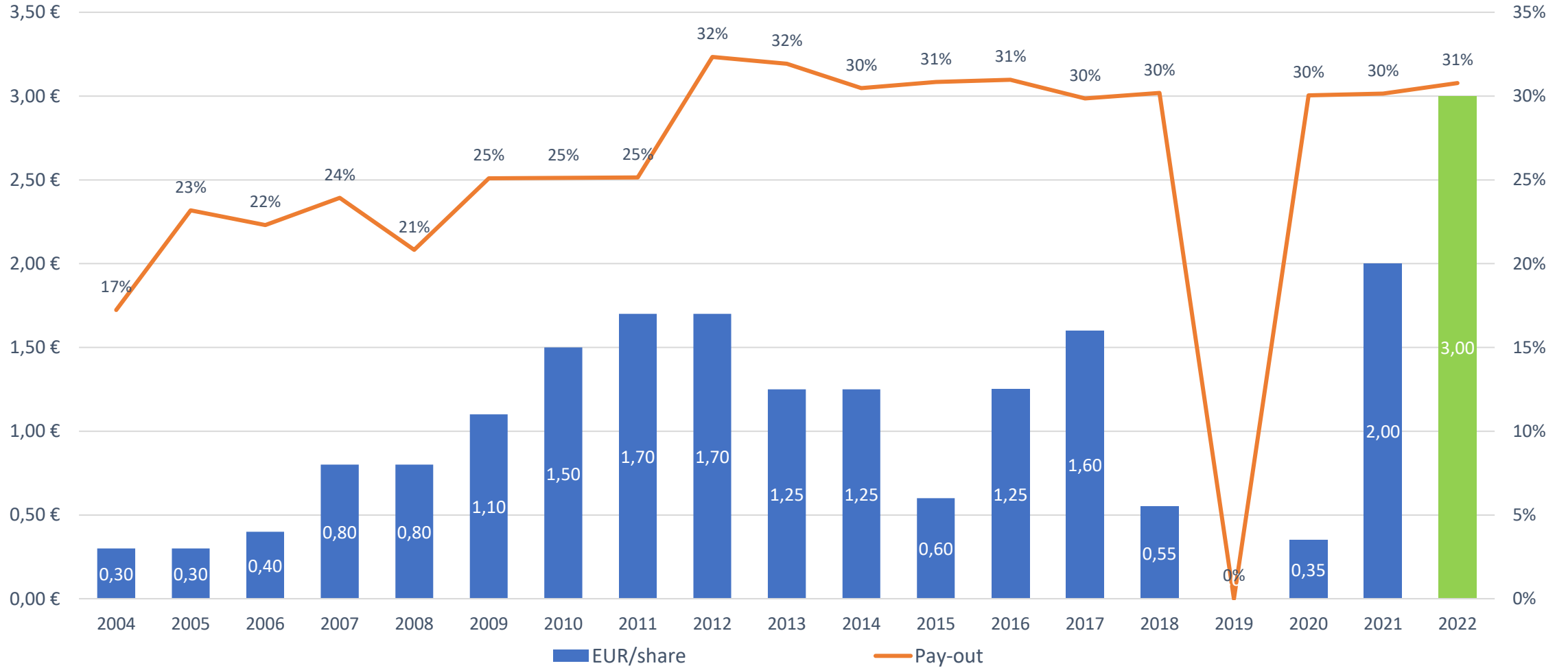
**BOOKVALUE PER HECTARE = 9.863 USD/Ha**

Sensitivity P/E	
Stock price @	P/E at 2022
40,00	4,09
50,00	5,12
60,00	6,14
70,00	7,17
80,00	8,19
90,00	9,21

**HISTORIC INDUSTRY AVERAGE BETWEEN 10 – 15 X**

# DIVIDEND PROPOSAL

Dividend History Sipef



# Summary



SIPEF group - Company profile



SIPEF group - Sustainability



SIPEF group - Palm oil in the world



SIPEF group - Production & prices



SIPEF group – Financial performance



SIPEF group - Prospects

# PROSPECTS 16/02/2023



## ✓ **Production**

- Palm oil productions in Indonesia at the beginning of the year below expectations but expected to stabilize;
- Rainy season in HOPL has started but crop volume remain high;
- Production of palm oil for 2023 expected to grow with a factor of 5% close to 425.000 tonnes;
- Banana productions in Ivory Coast expected to increase to more than 52.000 tonnes.

## ✓ **Markets**

- Balanced stock situation with production indicating modest growth
- Palm oil is still attractively priced compared to other vegetable oils.
- Indonesia to increase its blend from B30 to B35
- Biofuel demand growing in US and Brazil
- Quid evolution China?

# PROSPECTS 16/02/2023



## ✓ **Cash flow and expansion**

- Investment program remains to be fully focused on development of palm oil activities in South Sumatra;
- Construction second palm oil mill in Musi Rawas was started in 2022
- By 2023, a total of 10 103 hectares will have been replanted in Dendymarker since acquisition in 2018
- Expansion in Plantations J. Eglin's bananas will continue in 2023 → 1 225 hectares by the end of the year
- Small, but well-managed net financial debt position expected at the end of 2023

## ✓ **Result**

- 24% of budgeted volumes sold at an average EMG price of 1.004 USD/ton
- Unit production cost well under control despite increase in fertilizer/diesel prices
- Steady local currencies linked to USD
- Satisfactory recurring results expected in 2023



