

SIPEF

Analyst presentation  
August 14, 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

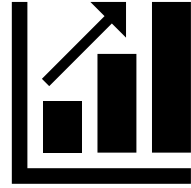
# The Connection to the world of Sustainable Tropical Agriculture

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

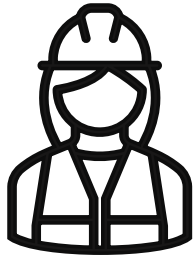
# SIPEF AT A GLANCE



**Belgium**  
Headquarters  
1919



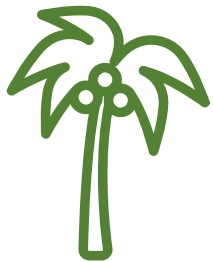
**USD 527 million**  
Total sales in FY2022



More than  
**22.000**  
employees



More than  
**32.000 T**  
of bananas produced



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



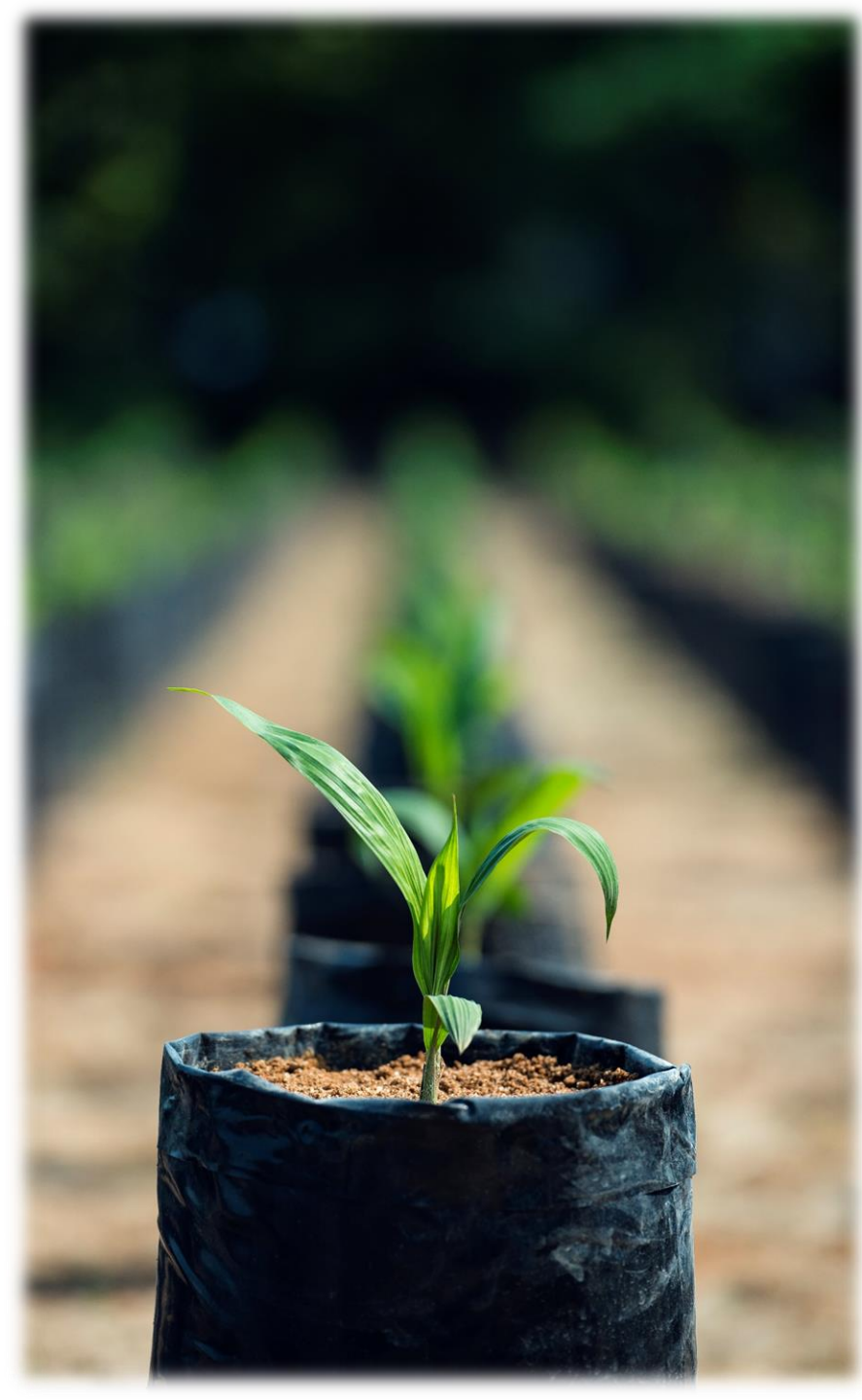
Listed on the  
**EURONEXT**  
stock exchange

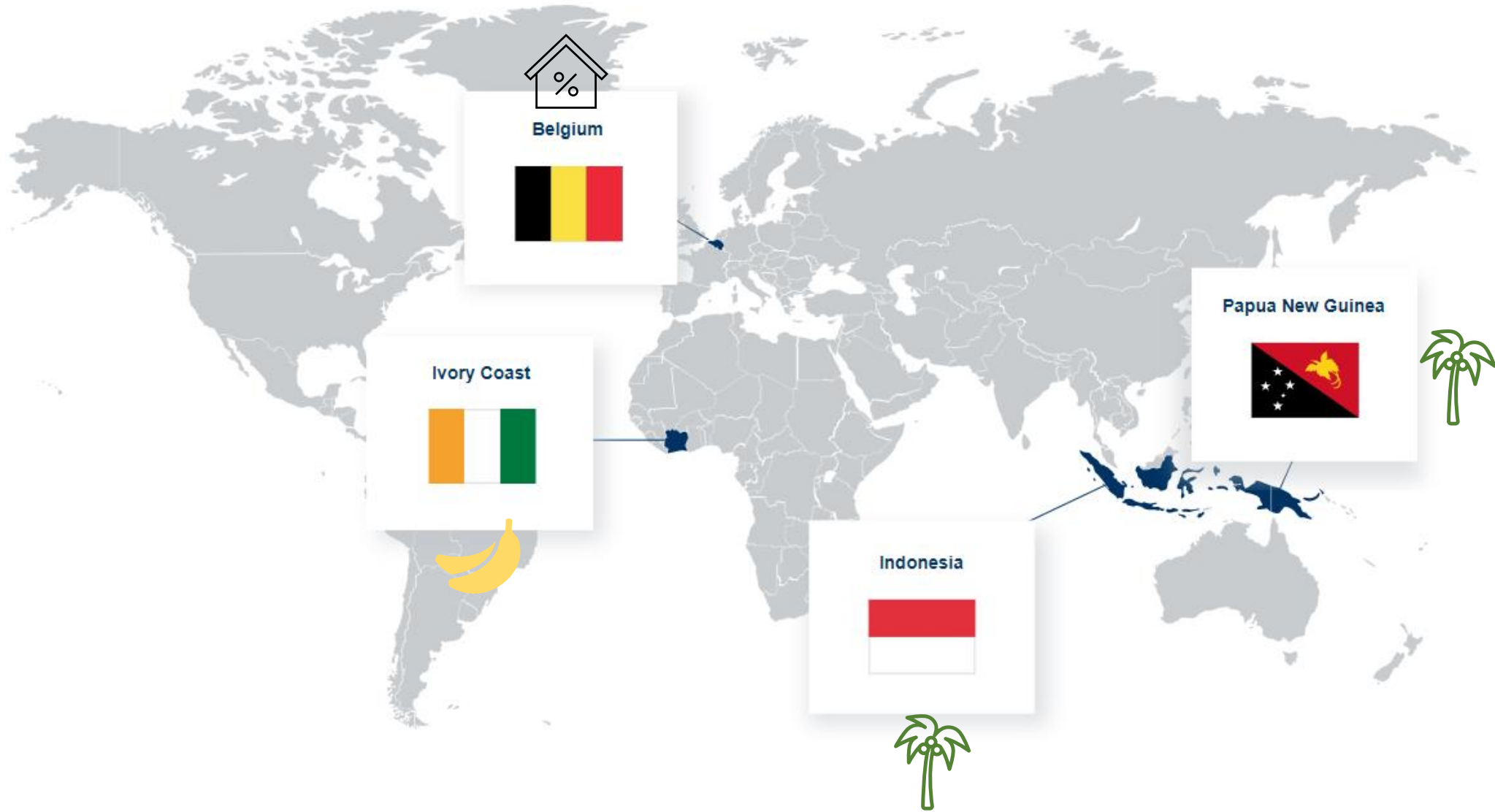


**100%**  
RSPO COMPLIANT



Rainforest alliance  
**CERTIFIED**



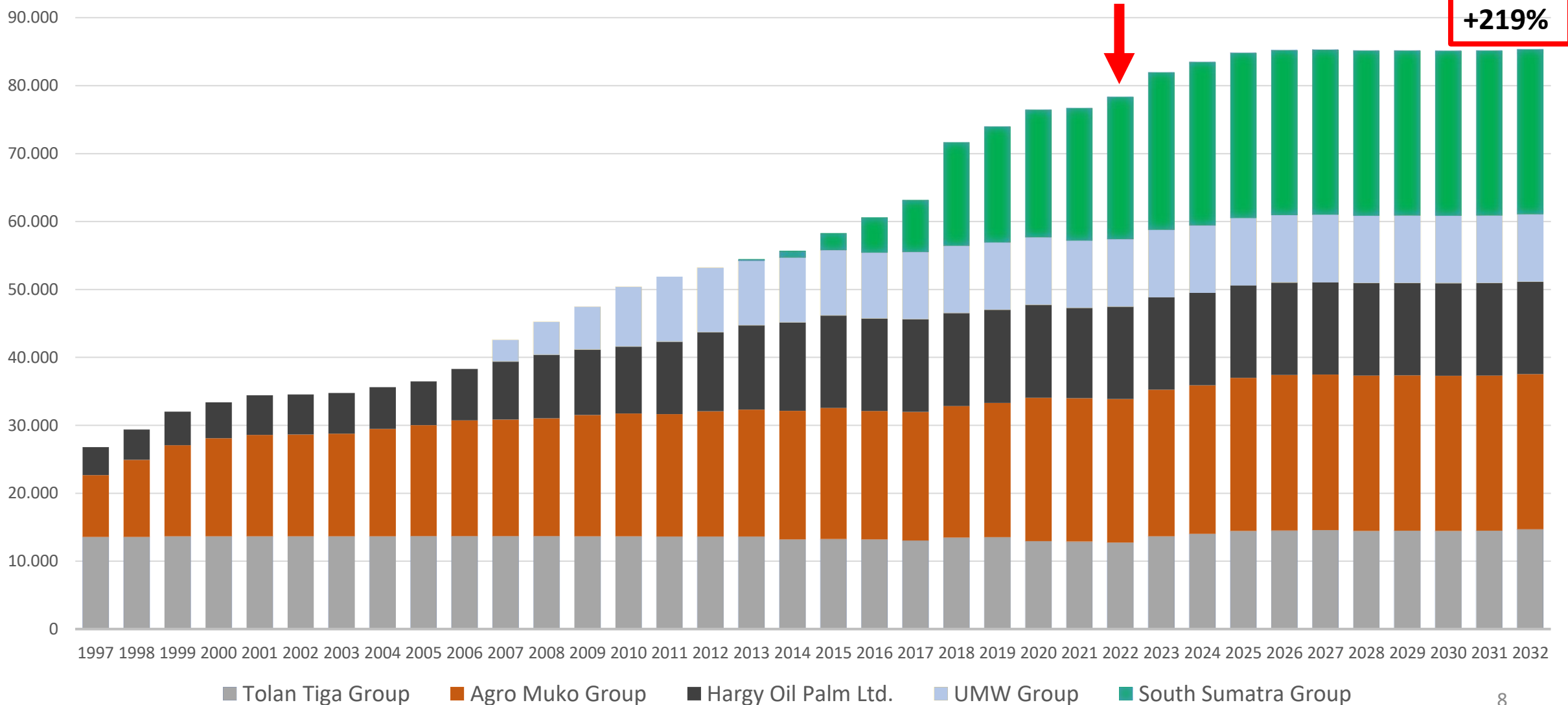


# PLANTED HECTARES PER 31 DECEMBER 2022

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

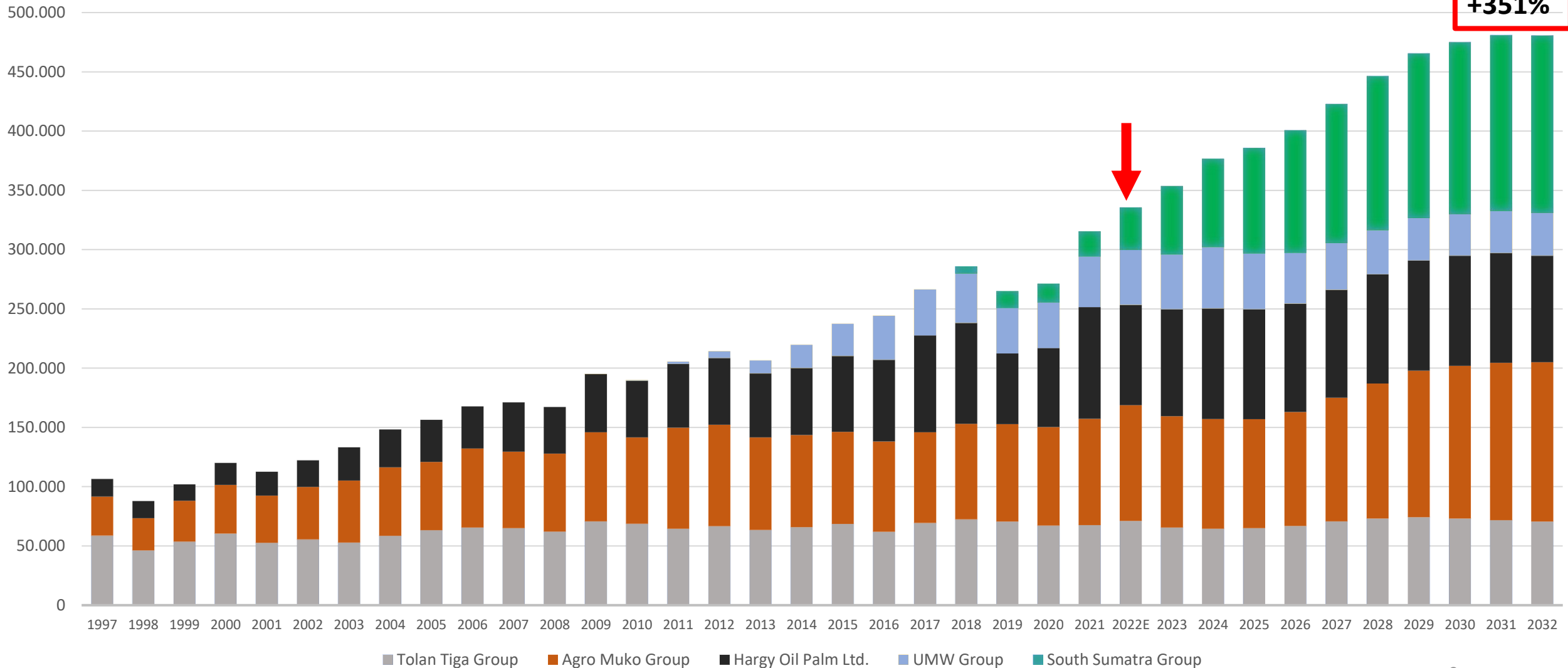




# EVOLUTION OWN CPO PRODUCTIONS

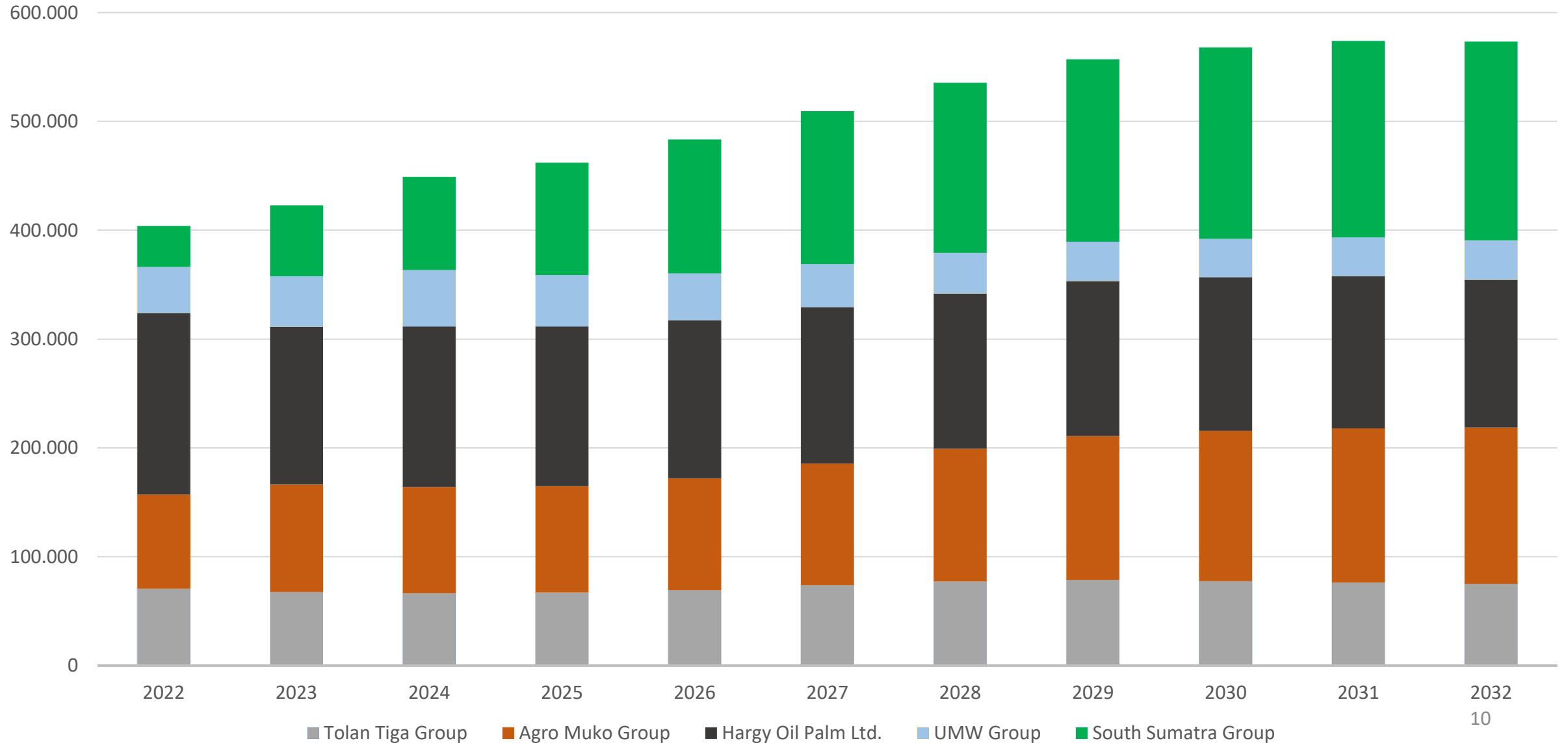


EVOLUTION OWN CPO PRODUCED



# EVOLUTION TOTAL CPO PRODUCTIONS

## EVOLUTION TOTAL CPO PRODUCTION



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SIPEF group - 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**

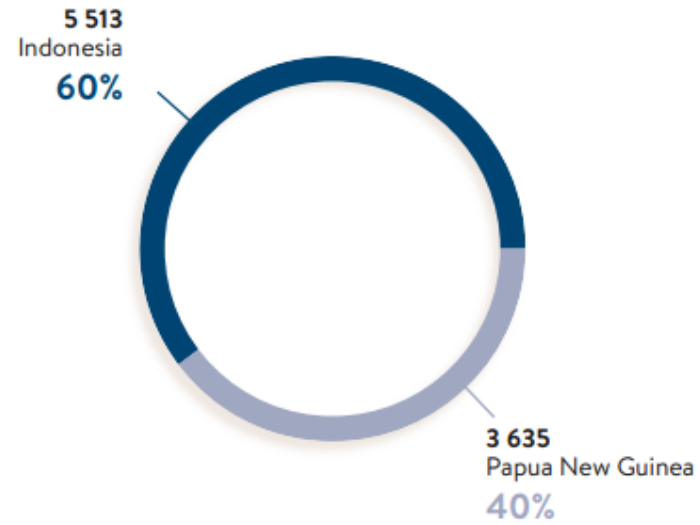
Clinics



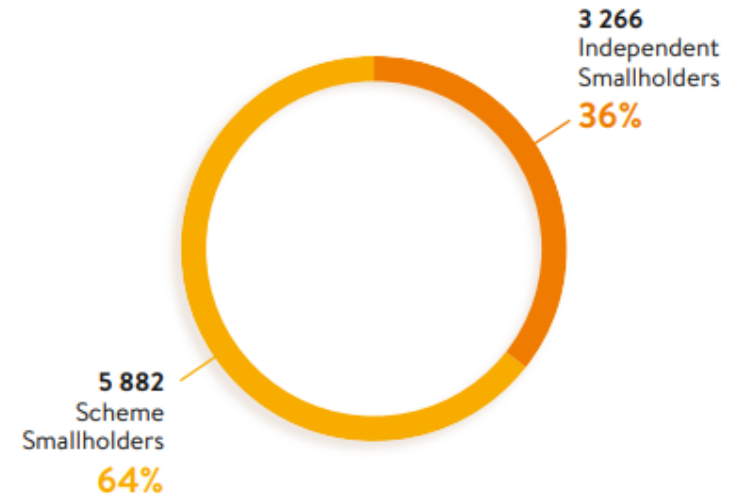
**8 436**

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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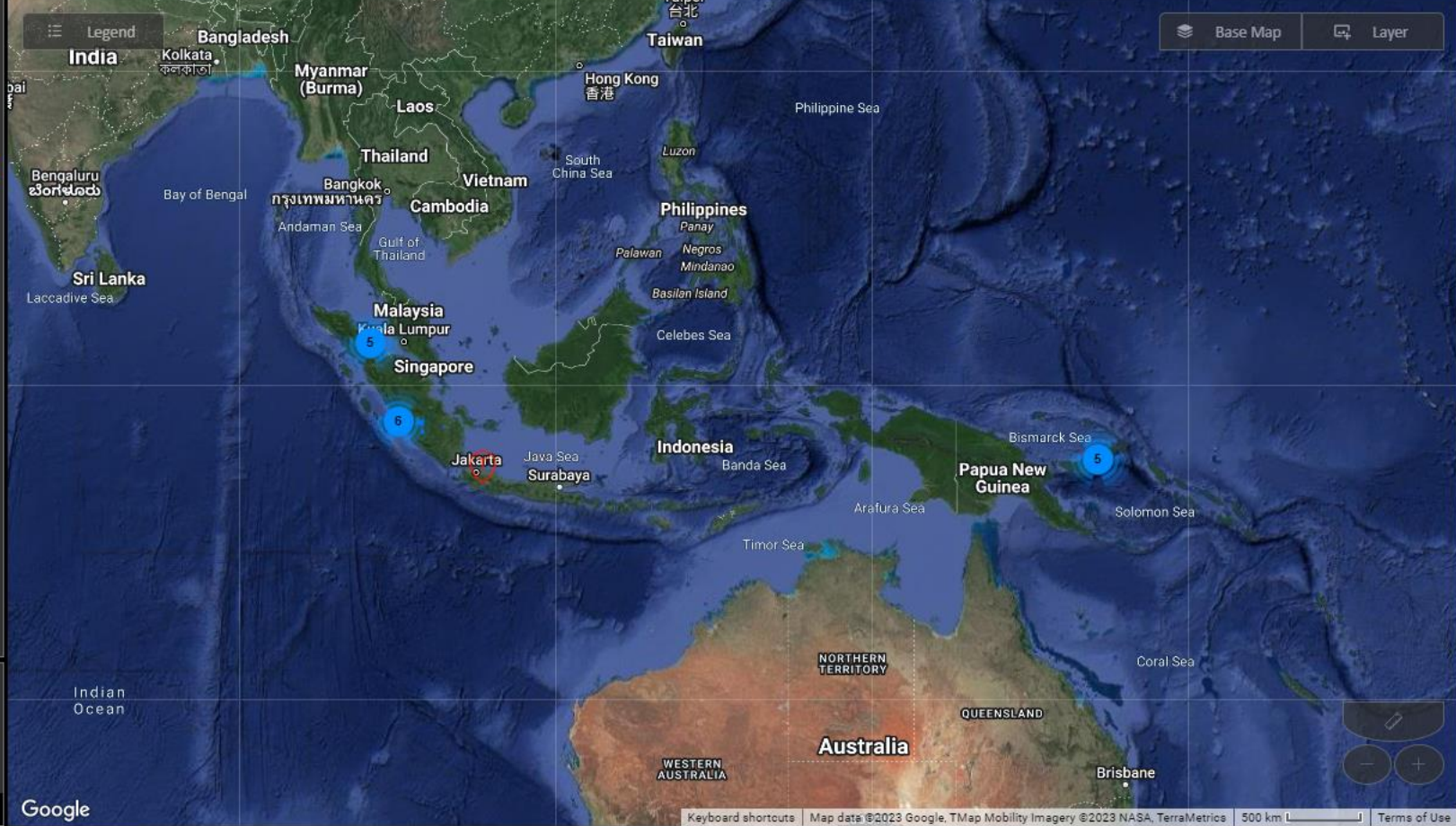
# Geo SIPEF - Our 100% Traceable Supply Chain

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/>

No of Visits: 2055



# ENVIRONMENTAL INITIATIVES





**Corporate  
Governance  
Charter**



**Code of  
Conduct**



**General  
Privacy Policy**



**Ethics  
Policy**



**Whistleblowing  
Policies**



**Grievance  
Policy**

# GOVERNANCE INITIATIVES

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SIPEF group - Palm oil in the world



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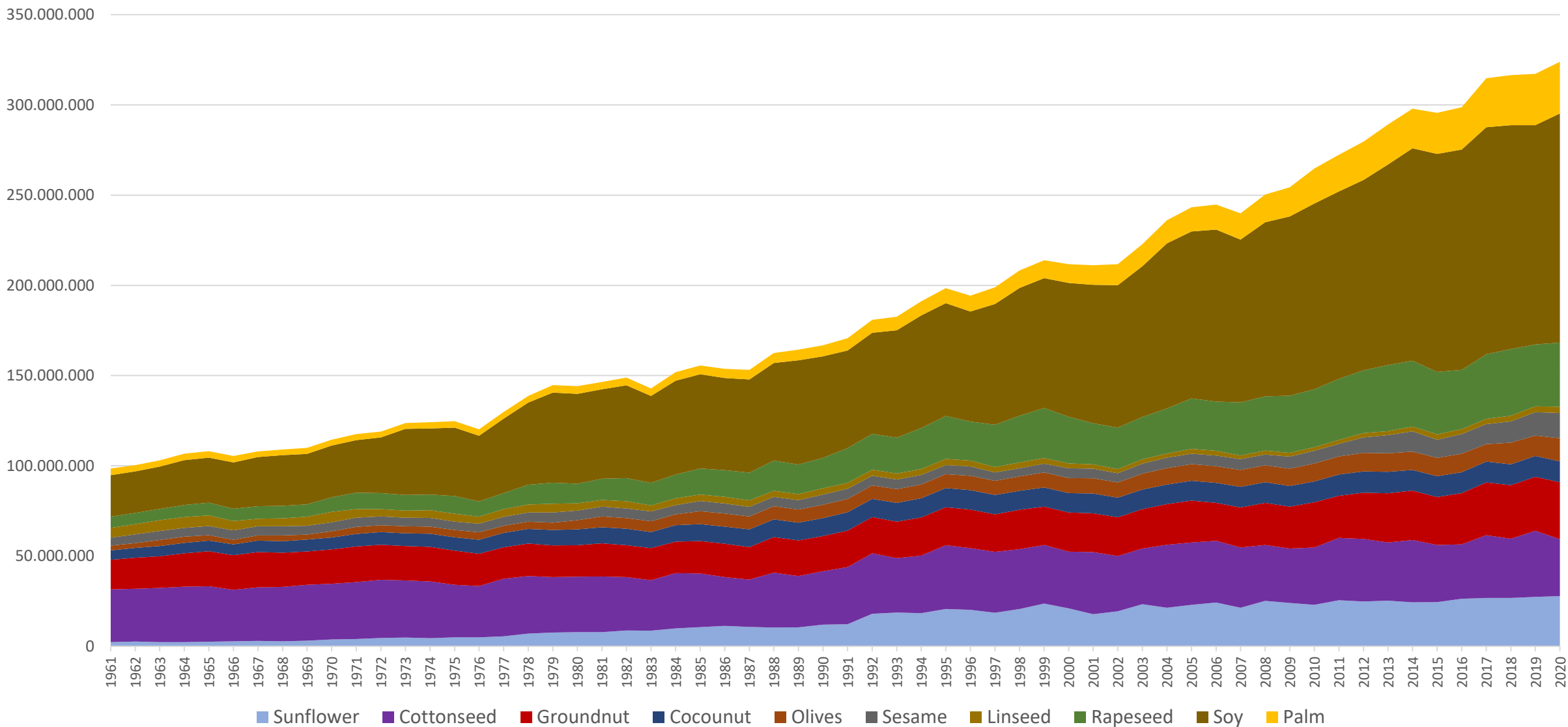


SIPEF group – Financial performance



SIPEF group - Prospects

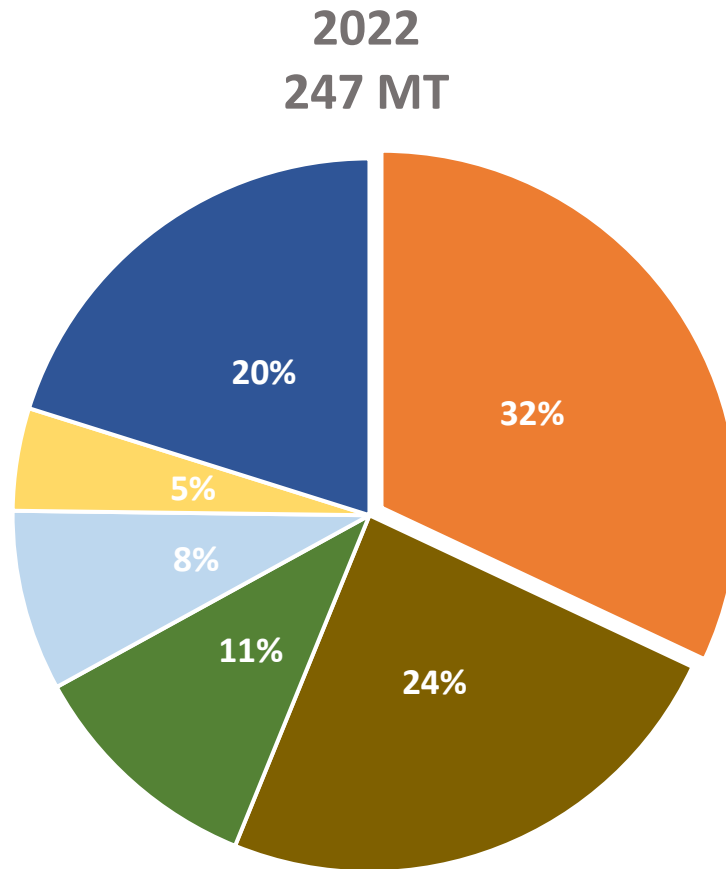
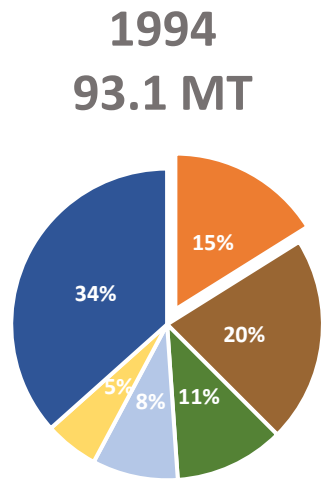
# LAND USE FOR VEGETABLE OILS IN HECTARES



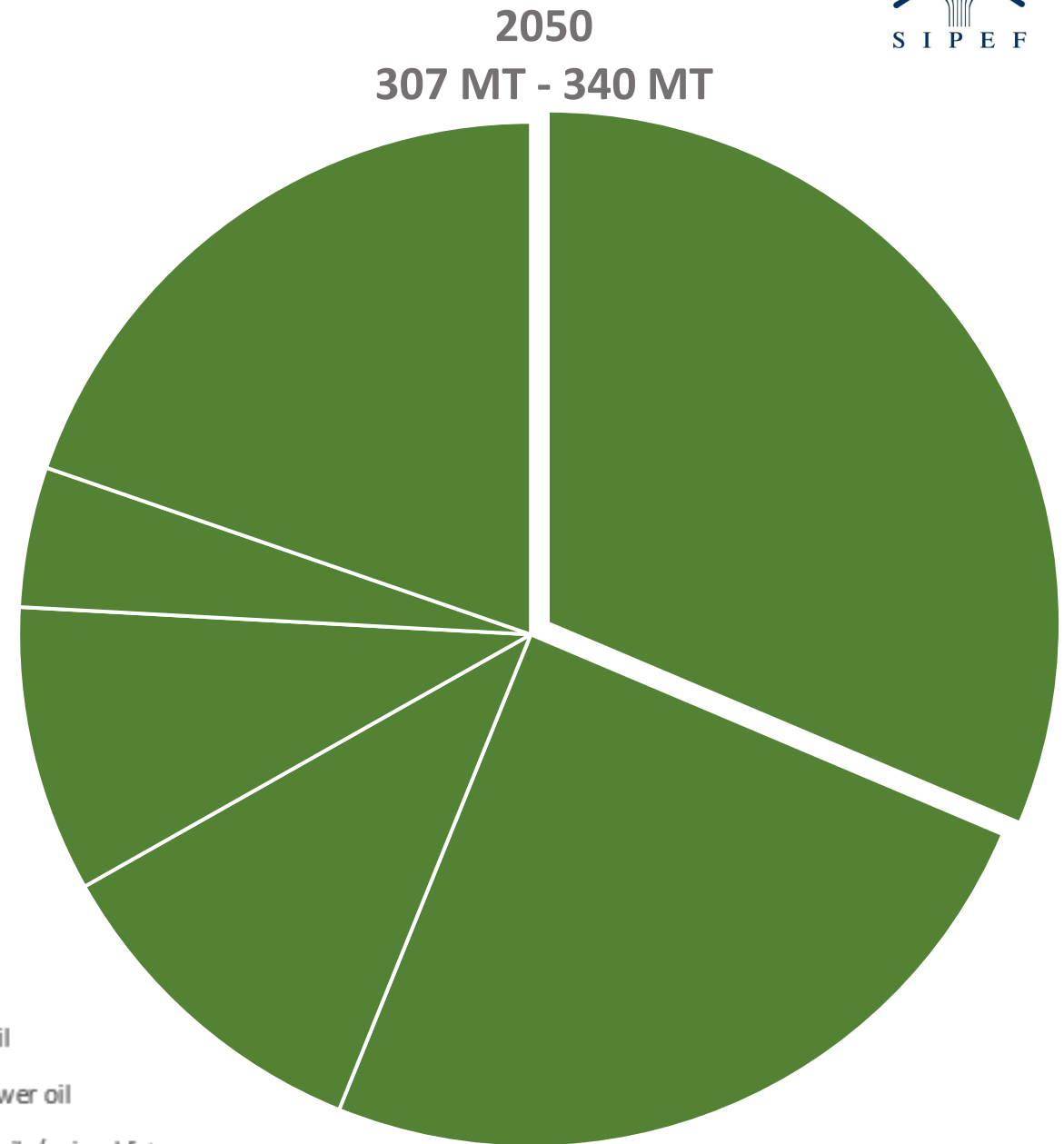
**To feed a global population that is set to reach 9.8 billion by 2050 we will need to use less land to produce 60% more food**

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

# VEGETABLE OIL PRODUCTION

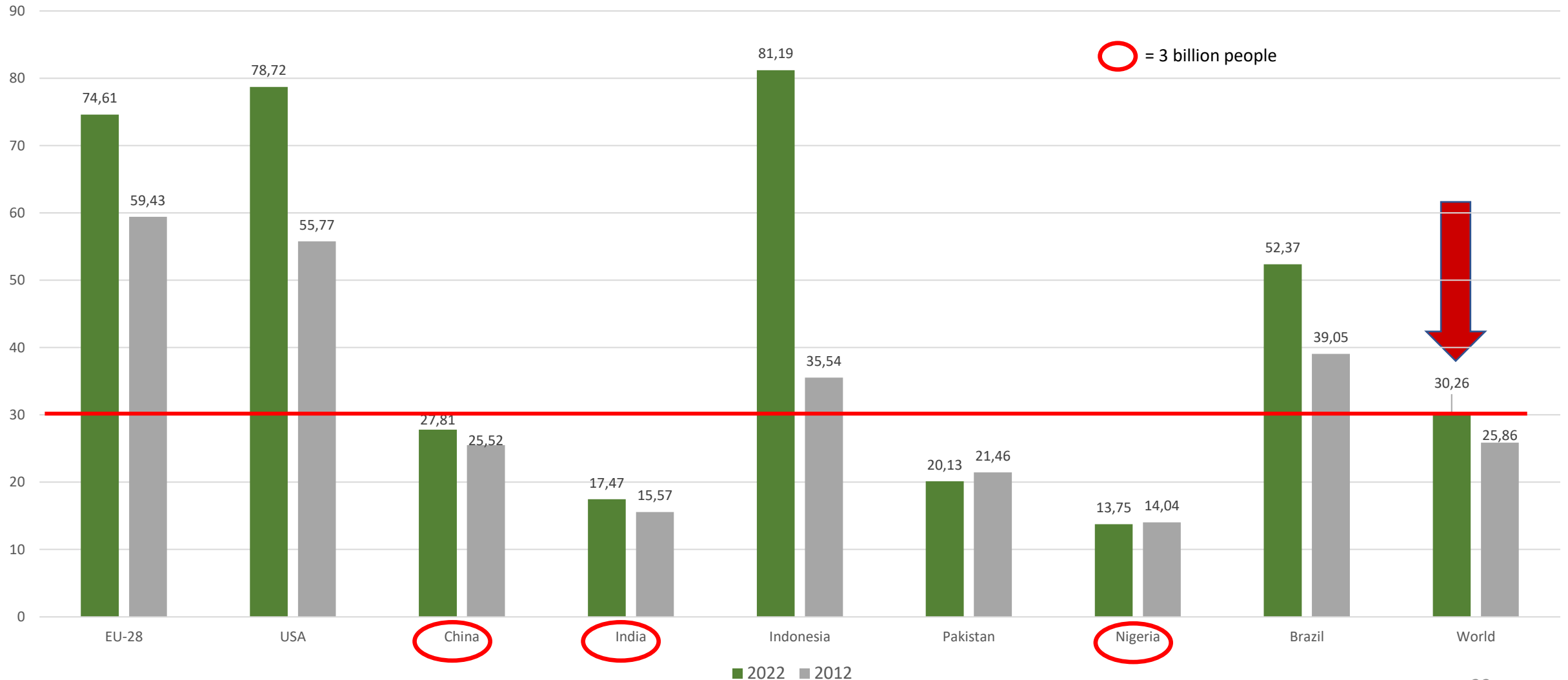


- Palm oil
- Rape oil
- Palm kernel and coconut oil
- Soya oil
- Sunflower oil
- Other oils/animal fats



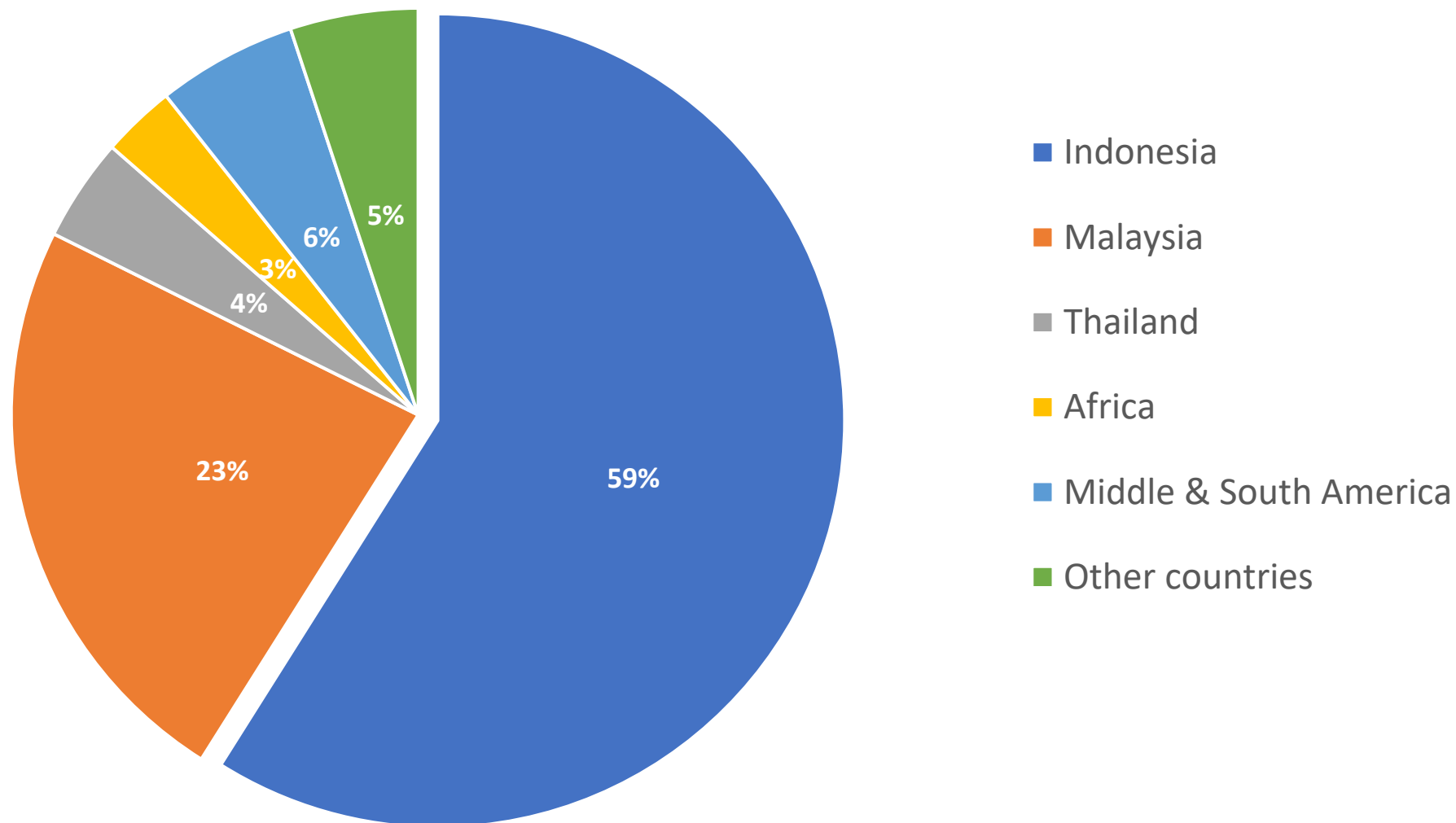
# OIL AND FAT CONSUMPTION PER CAPITA

Oil and fat per capita consumption (in Kg)



# PALM OIL PRODUCTION IN THE WORLD

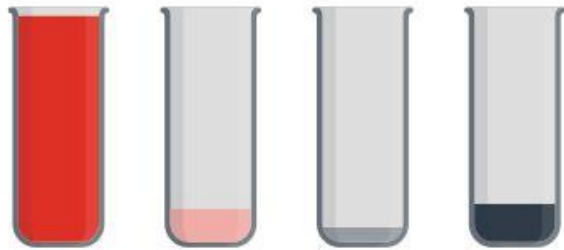
2022 Palm oil production  
Total of 78,9 Mn tonnes



# 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

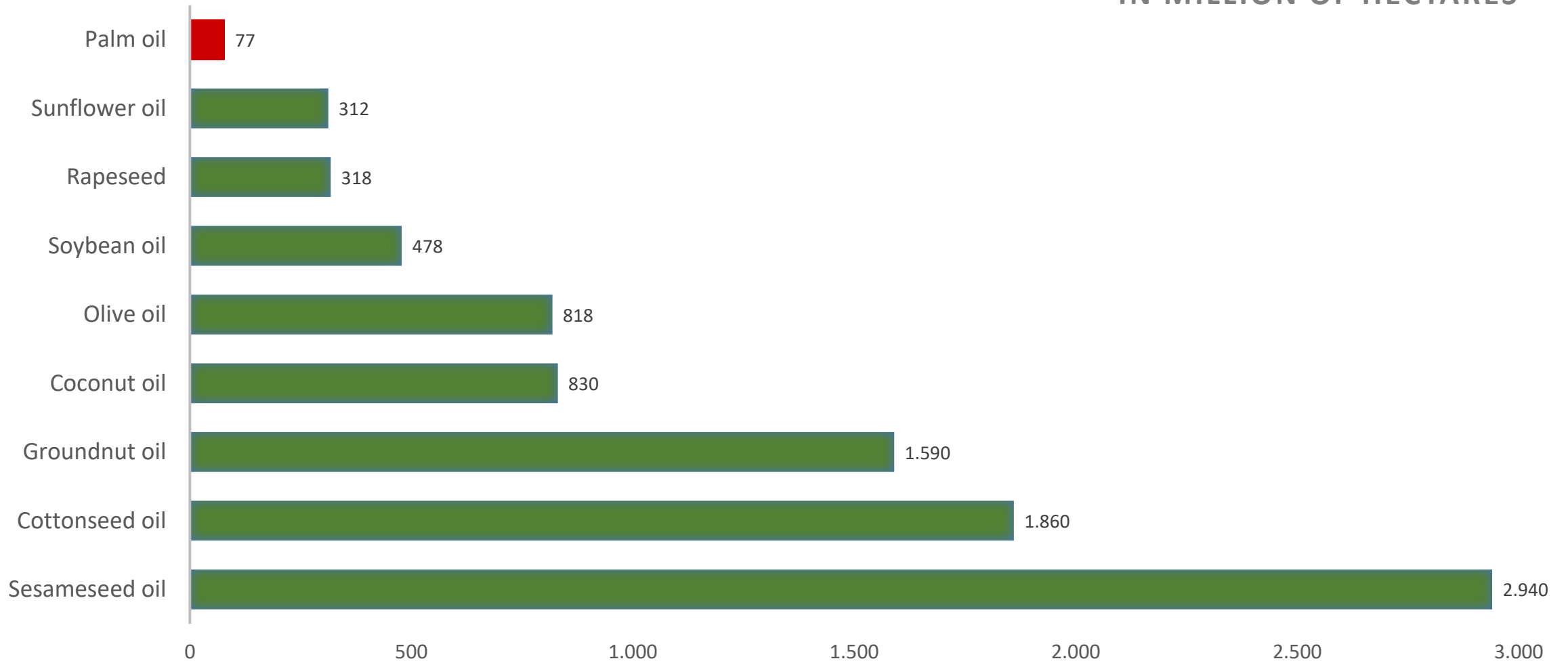
● Pesticides  
Kg to produce one tonne of oil

● Energy input  
Gigajoules to produce one tonne of oil



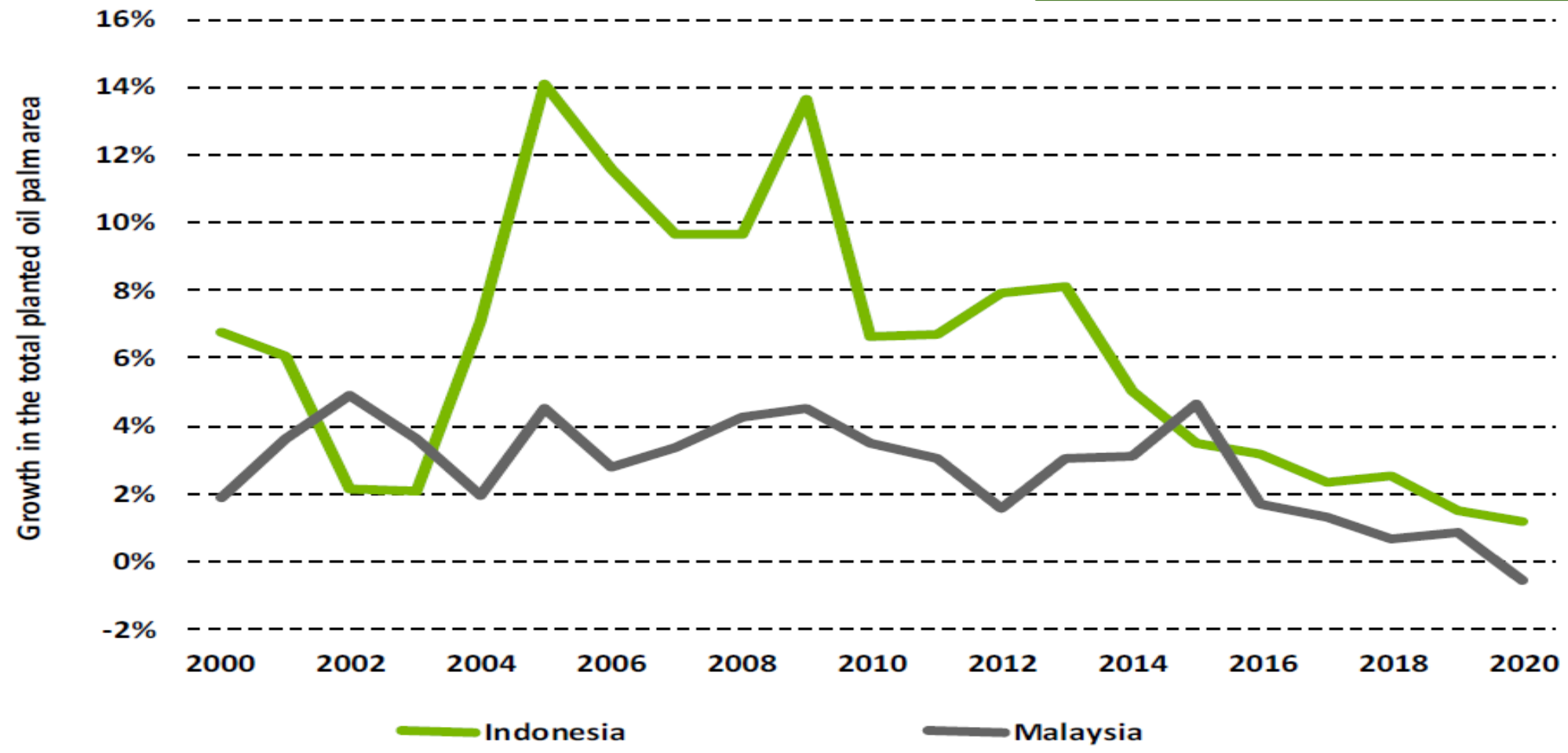
# AREA OF LAND NEEDED TO MEET TOTAL GLOBAL VEGETABLE DEMAND PER VEGETABLE OIL (2019)

IN MILLION OF HECTARES



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

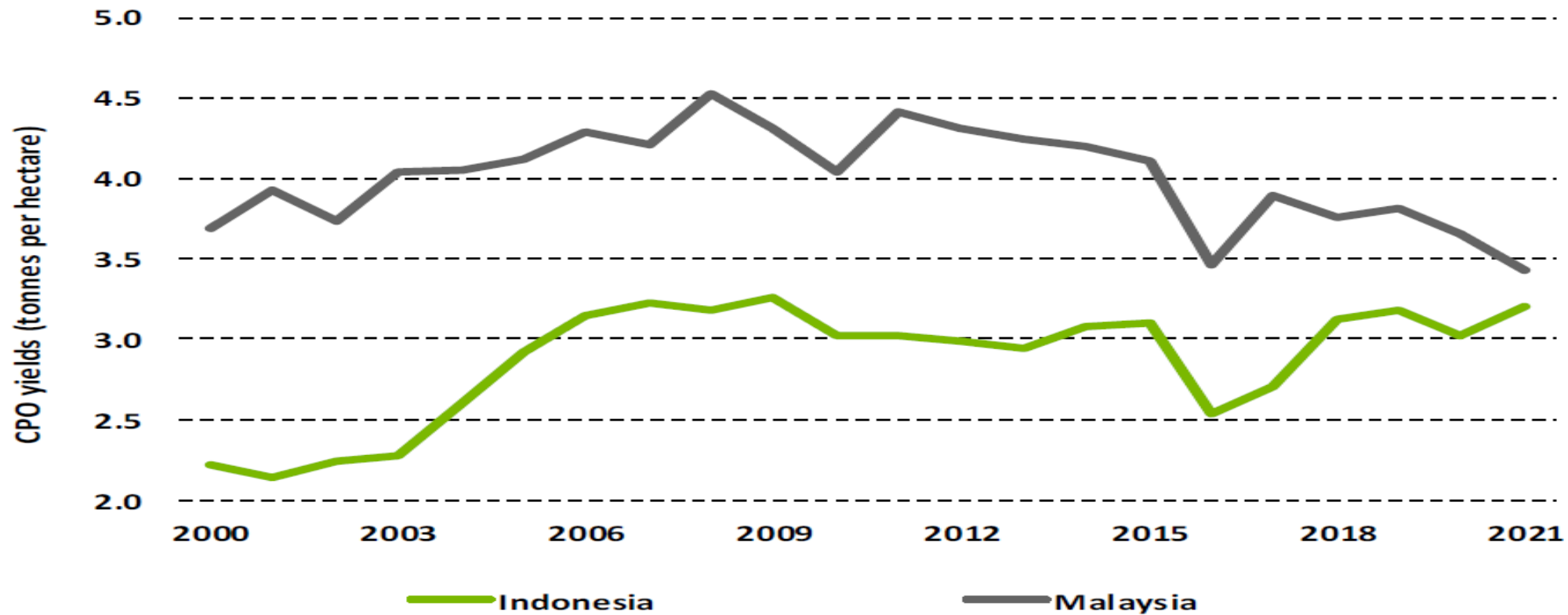
Sipef CAGR since 1997 = **4,67%**



# 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%

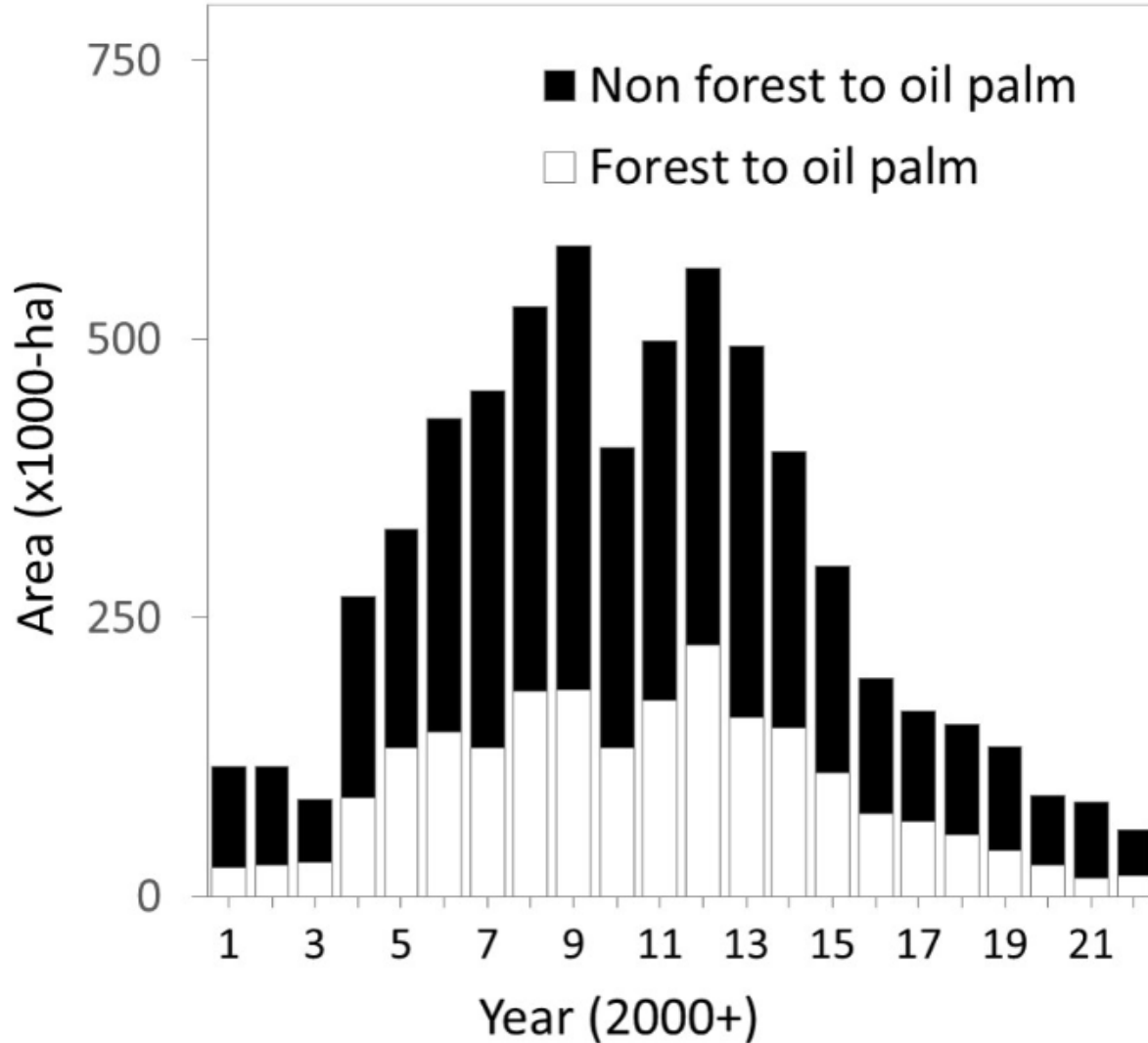
Proportion of global palm oil certified by RSPO

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

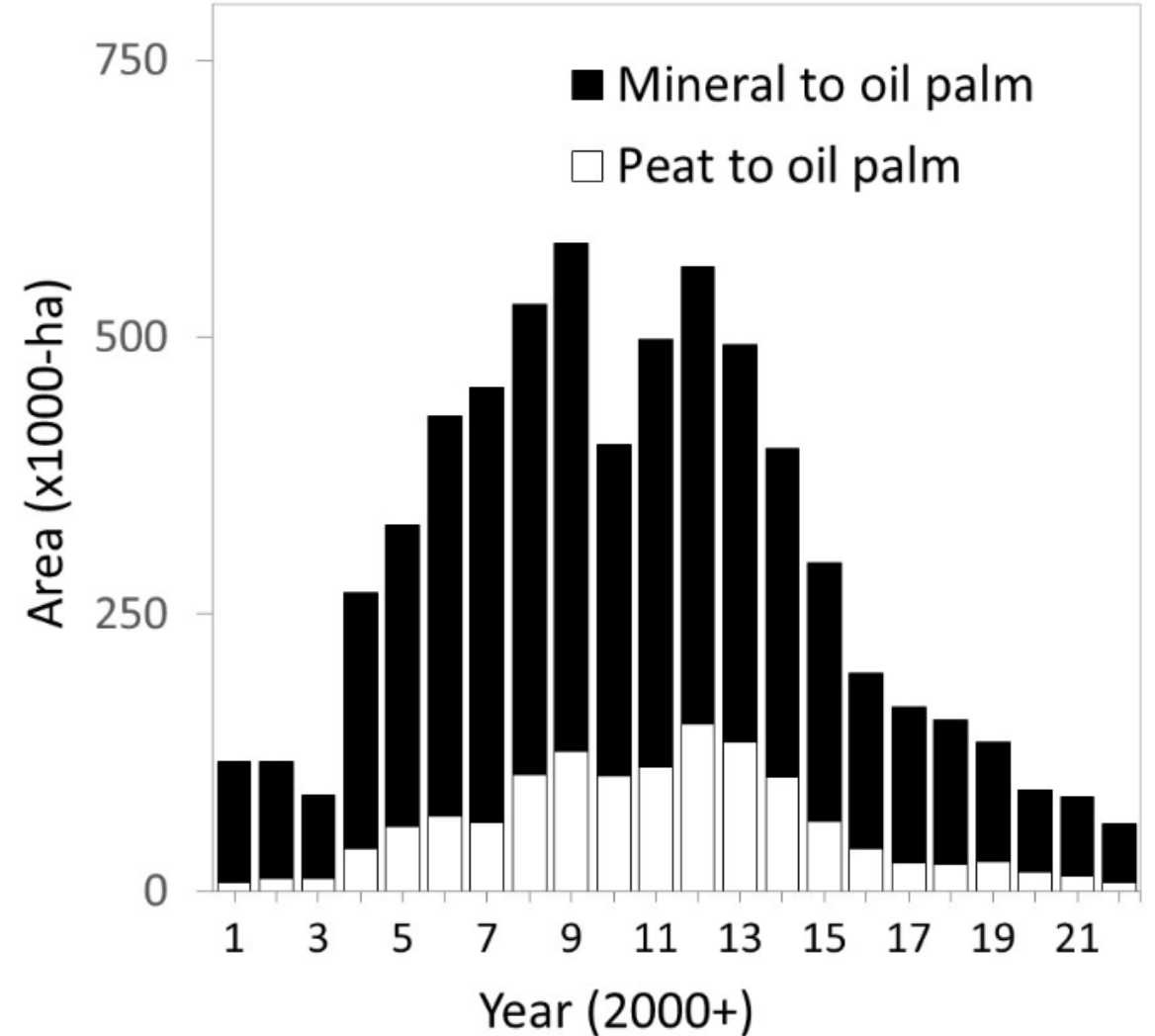
**SIPEF = 100% compliant and > 400.000 tons (palm products) ‘segregated’**

# INDUSTRIAL OIL PALM EXPANSION

## Industrial Oil Palm Expansion



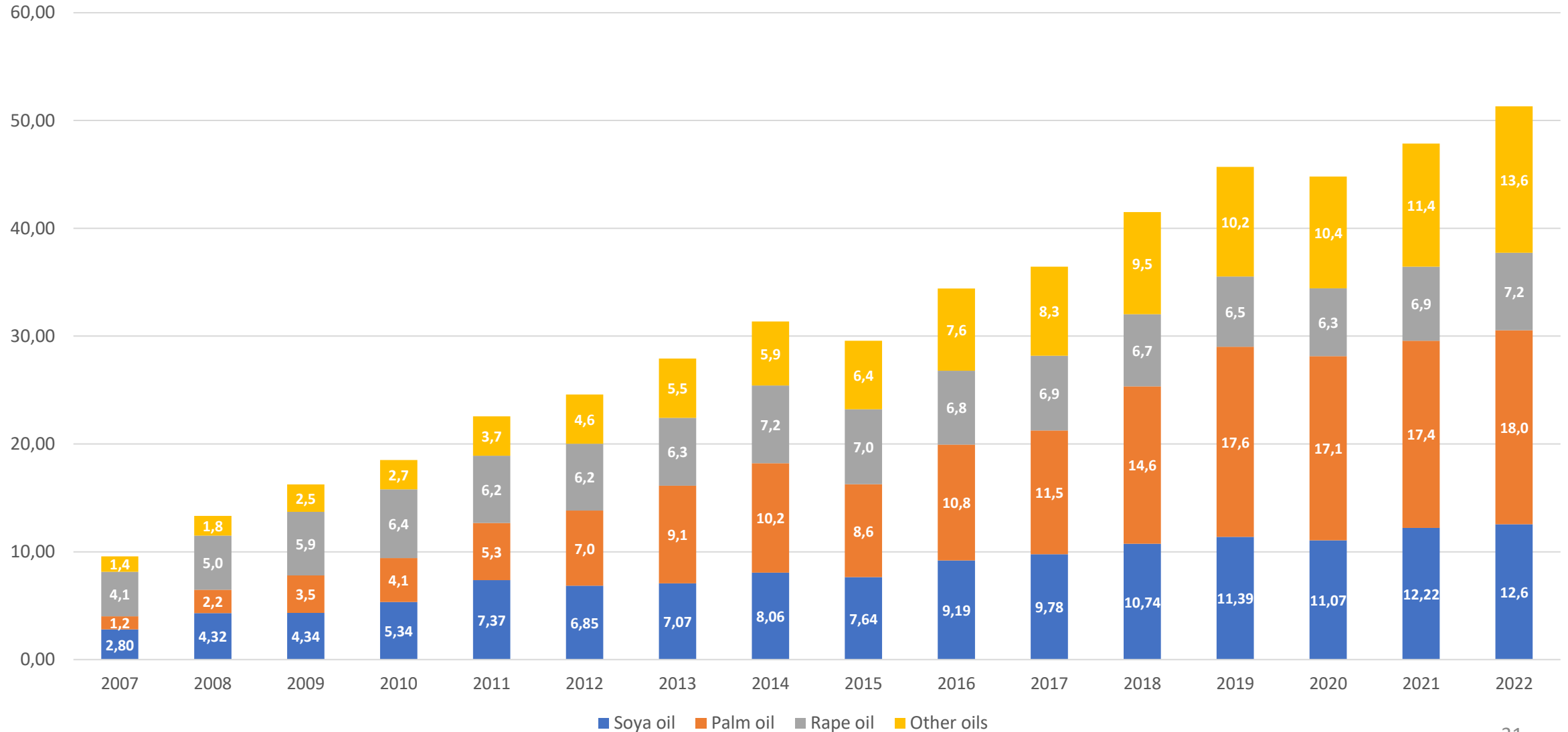
## Industrial Oil Palm Expansion



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

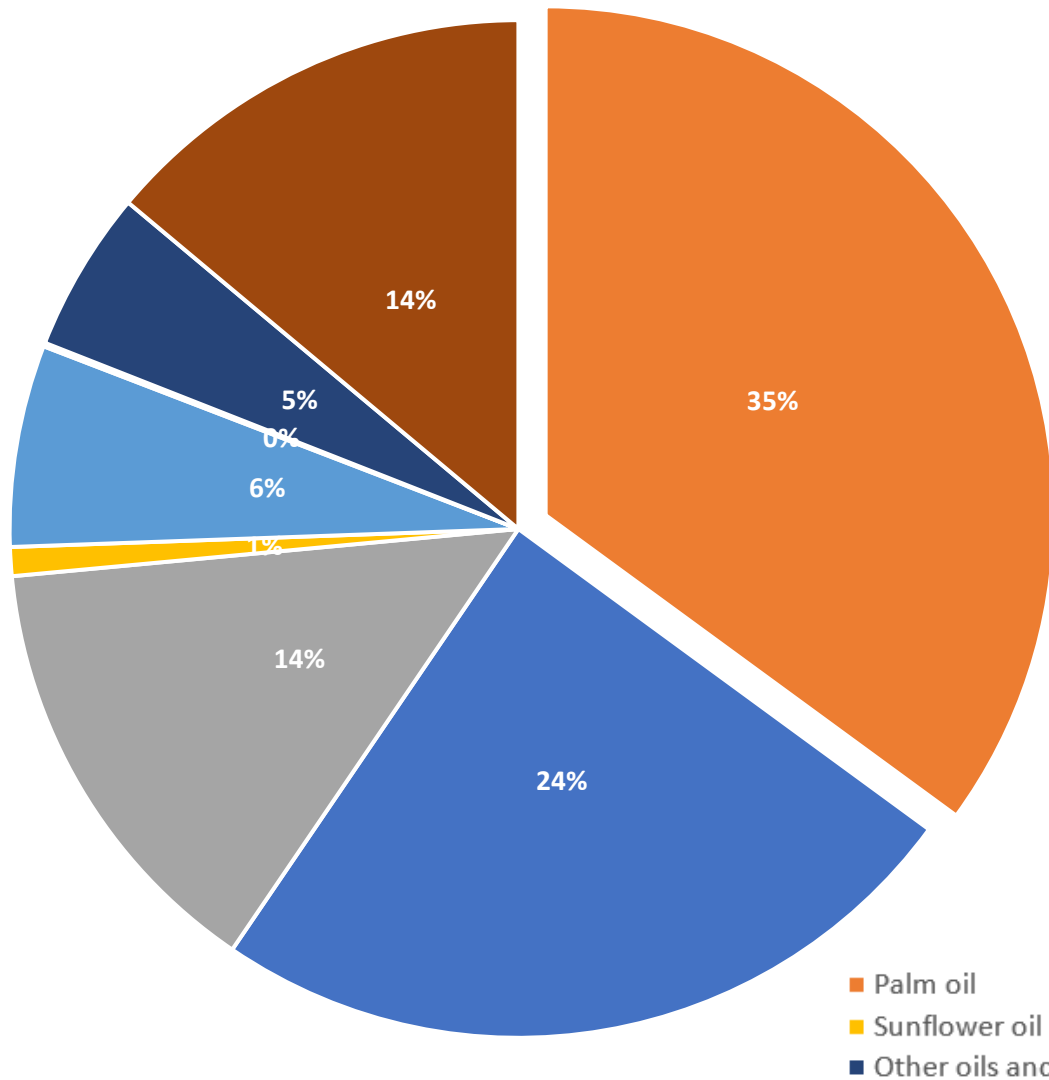
# BIODIESEL USE OF MAJOR FEEDSTOCK

Biodiesel use of major feedstock (Mn T)

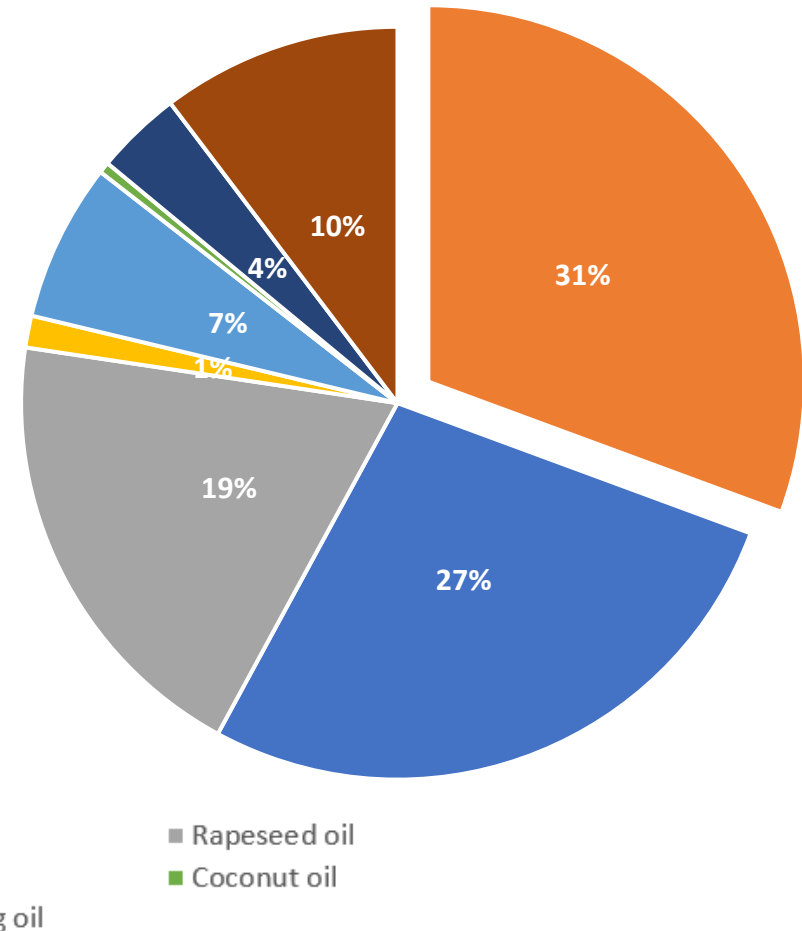


# BIODIESEL WORLDWIDE

**Biodiesel worldwide 2022**  
Total of 51,3 Mn tonnes



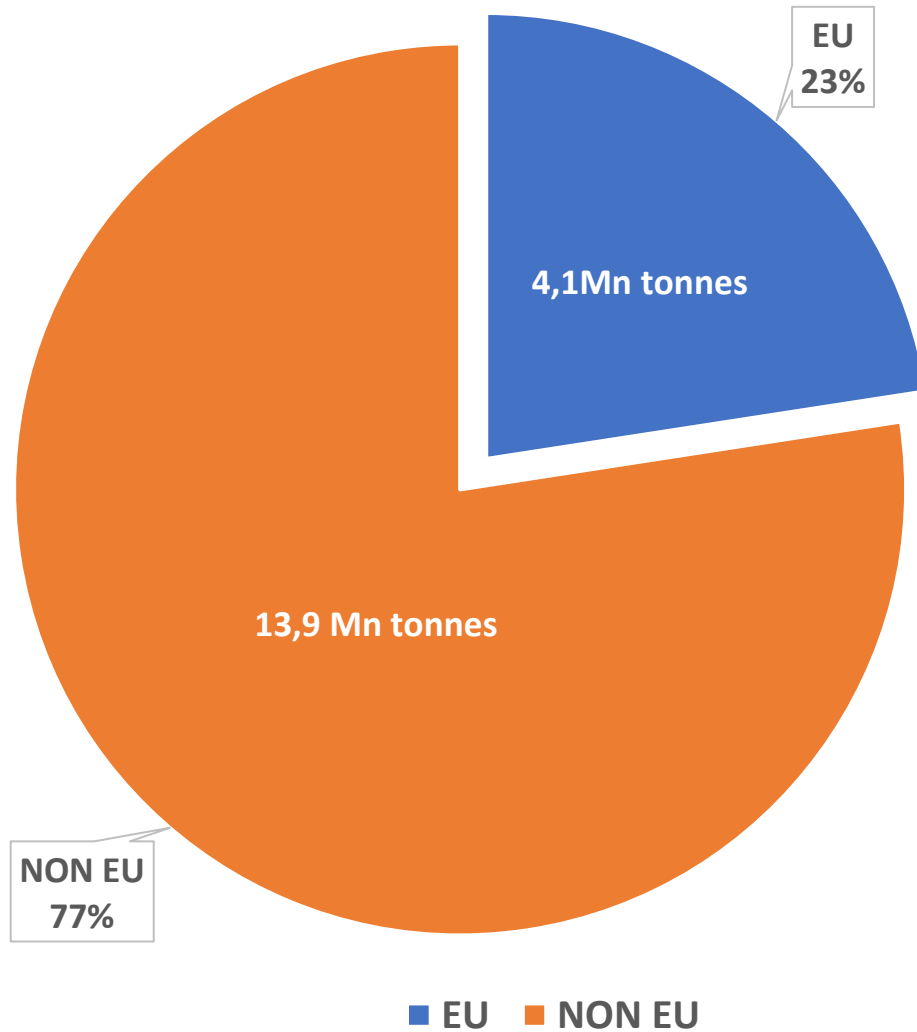
**Biodiesel worldwide 2017**  
Total of 35,8 Mn tonnes



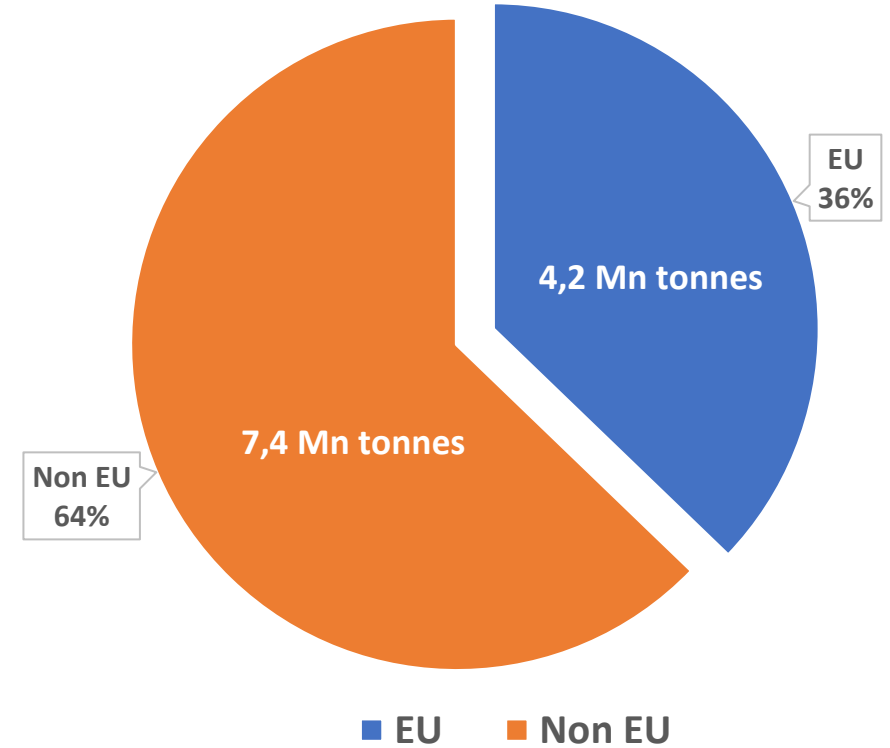


# PALM OIL USE FOR BIODIESEL EU

2022: Palm oil use for Biodiesel  
Total of 18,0 Mn tonnes



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



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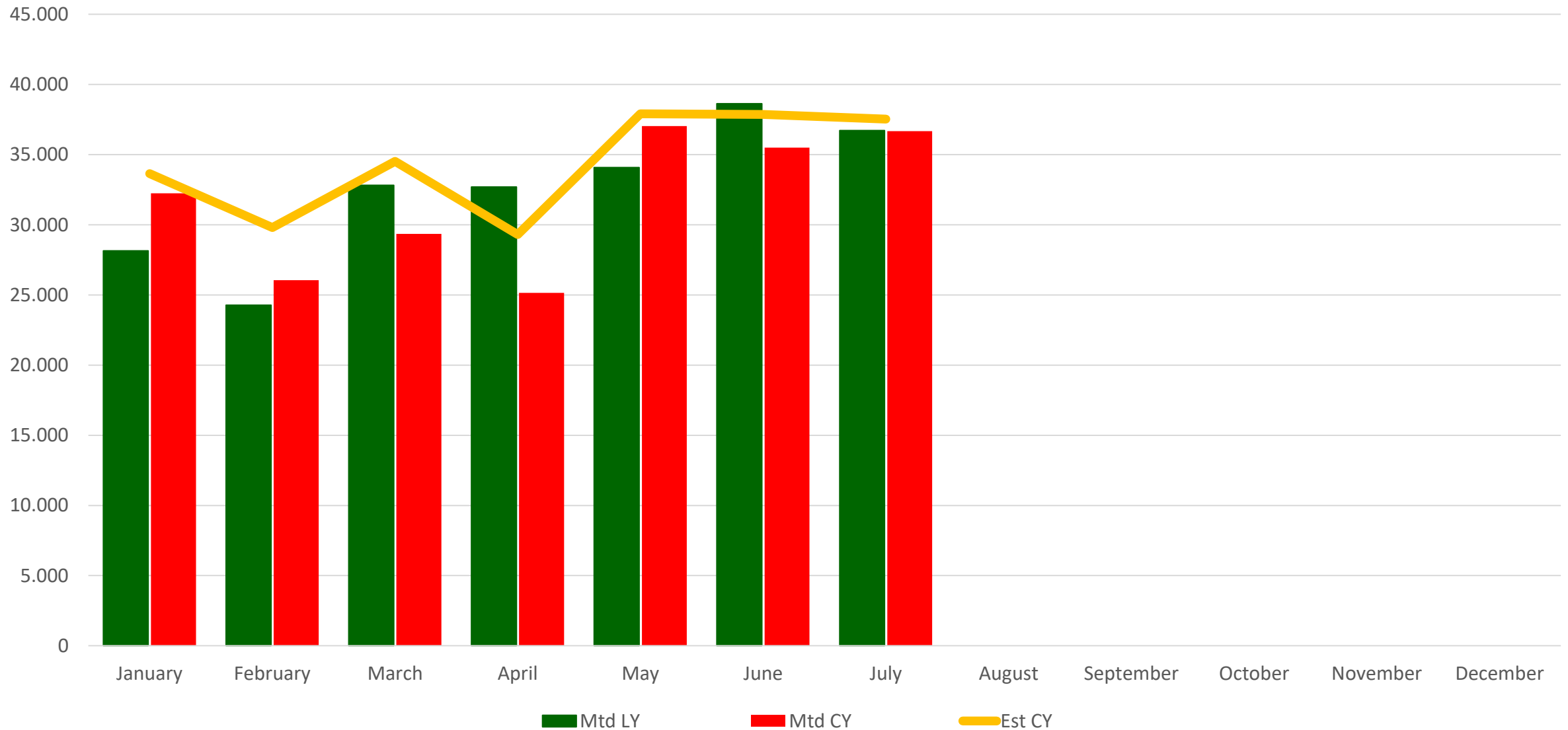
SIPEF group - Prospects

# GROUP PRODUCTIONS – CRUDE PALM OIL

Palm Oil	June 2023	June 2022	Variance
<b>Own</b>			
Tolan Tiga Group	27 584	32 914	-16,19%
Umbul Mas Wisesa Group	14 919	21 024	-29,04%
Agro Muko Group	36 191	39 933	-9,37%
South Sumatra Group	20 941	11 788	77,65%
Hargy Oil Palms	49 245	50 505	-2,49%
<b>Total own</b>	<b>148 879</b>	<b>156 163</b>	<b>-4,66%</b>
<b>Outgrowers</b>			
Tolan Tiga Group	681	614	10,95%
Umbul Mas Wisesa Group	58	70	-17,14%
Agro Muko Group	1 708	1 717	-0,52%
South Sumatra Group	3 180	2 433	30,72%
Hargy Oil Palms	30 814	29 645	3,94%
<b>Total outgrowers</b>	<b>36 442</b>	<b>34 478</b>	<b>5,70%</b>
<b>Total Palm Oil</b>	<b>185 321</b>	<b>190 642</b>	<b>-2,79%</b>
Indonesia	105 262	110 492	-4,73%
PNG	80 059	80 149	-0,11%



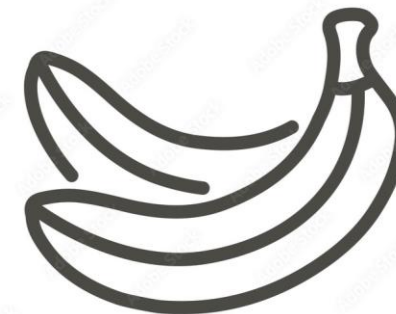
# MONTHLY GROUP PRODUCTIONS – CRUDE PALM OIL 2023



# GROUP PRODUCTIONS – BANANAS

Bananas	June 2023	June 2022	Variance
Azaguie*	6 105	6 301	-3,11%
Agboville*	3 963	4 460	-11,14%
Motobé	3 961	4 434	-10,67%
Lumen	5 037	35	14291,43%
Akoudje	164	0	
<b>Total Bananas</b>	<b>19 230</b>	<b>15 230</b>	<b>26,26%</b>

\* Comparative figures include Bamako productions in 2022 and have been restated.



# BULL AND BEAR

	Rating	Bullish inputs	Bearish inputs
Palm Oil	Neutral	<ul style="list-style-type: none"> <li>- Despite growing palm crops, production will be equal / lower in 2023</li> <li>- Indo B35 consuming 1.5 mln add, but started later</li> <li>- Biofuel in general is still good, but growth is smaller than expected in US</li> <li>- El Nino dry weather could hurt palm production in 2024</li> <li>- US acreage planted was lower than expected, weather was dry, but August is the month to watch</li> <li>- Black Sea deal collapse</li> <li>- Gasoil rally</li> <li>- China's demand is picking up.....</li> </ul>	<ul style="list-style-type: none"> <li>- Still very slow demand</li> <li>- High inflation and high interest rates have killed demand in the global food industry</li> <li>- Recent cooler weather in US</li> <li>- Rapeseed oil and sunoil are still very competitive</li> <li>- Biofuel industry has sufficient feedstock in waste oils, as well as a pressing rso &amp; sfo market.</li> <li>- Due to war, new trade routes are created beyond normal trade expectations.</li> </ul>
Aug 960			
Sept 980			
Oct 990			
ND 1000			
JFM 1010			

# EX-MILL GATE SELLING PRICES

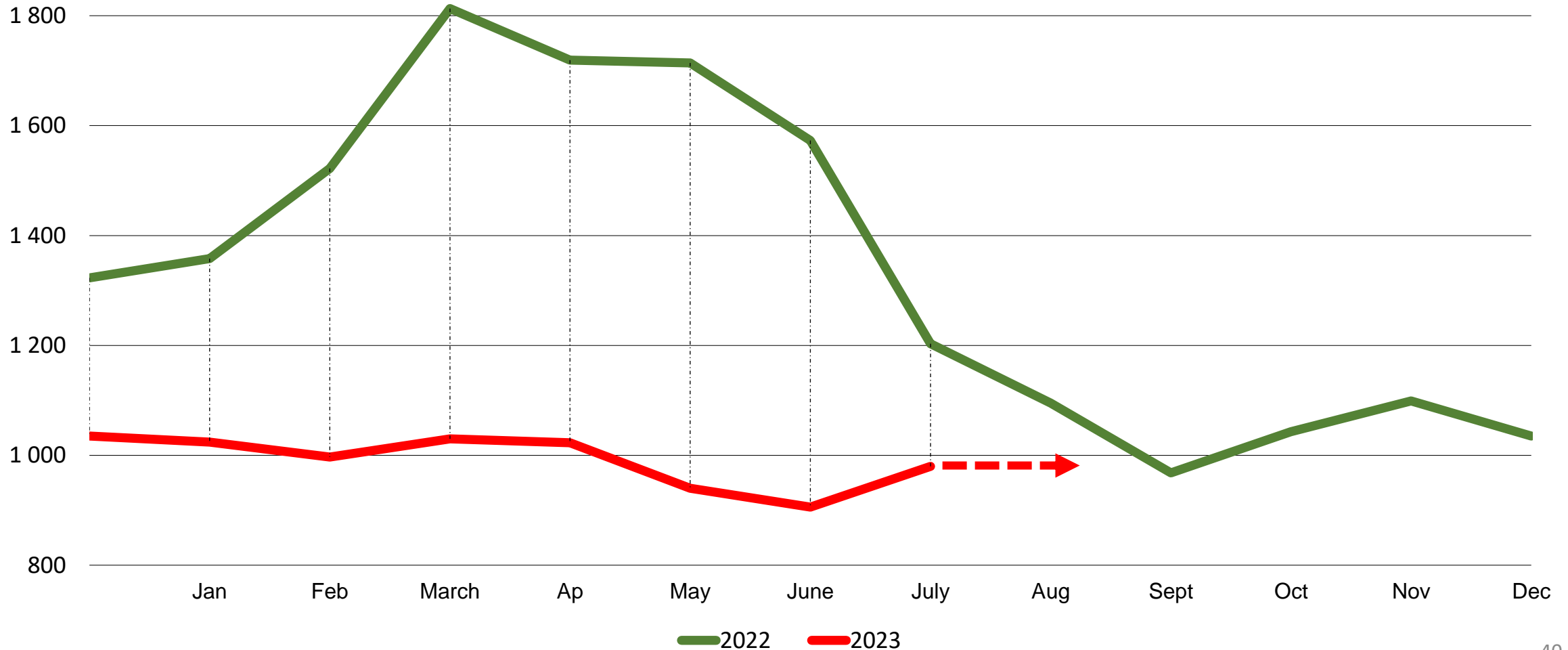
EMG	30/06/2023	30/06/2022
Indo	738	919
PNG	1.038	1.251
<b>Total</b>	<b>878</b>	<b>1.097</b>
<i>% sold</i>	<i>69%</i>	<i>65%</i>

# CPO PRICES 2022 – 2023



Crude Palm Oil in \$/mt  
CIF Rotterdam

Source: Oil World





# Spread crude palm oil – soybean oil



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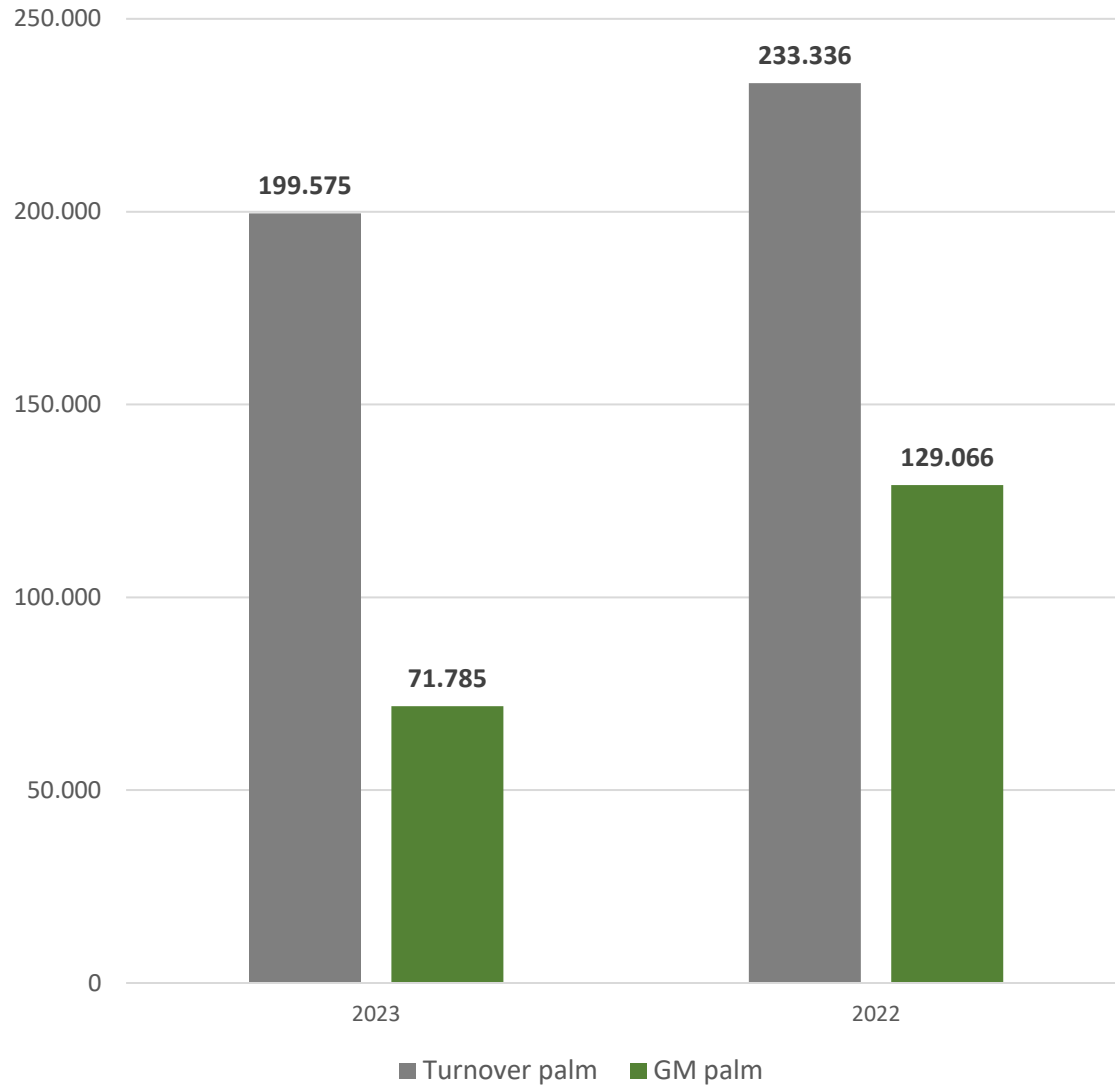
SIPEF group – Financial performance



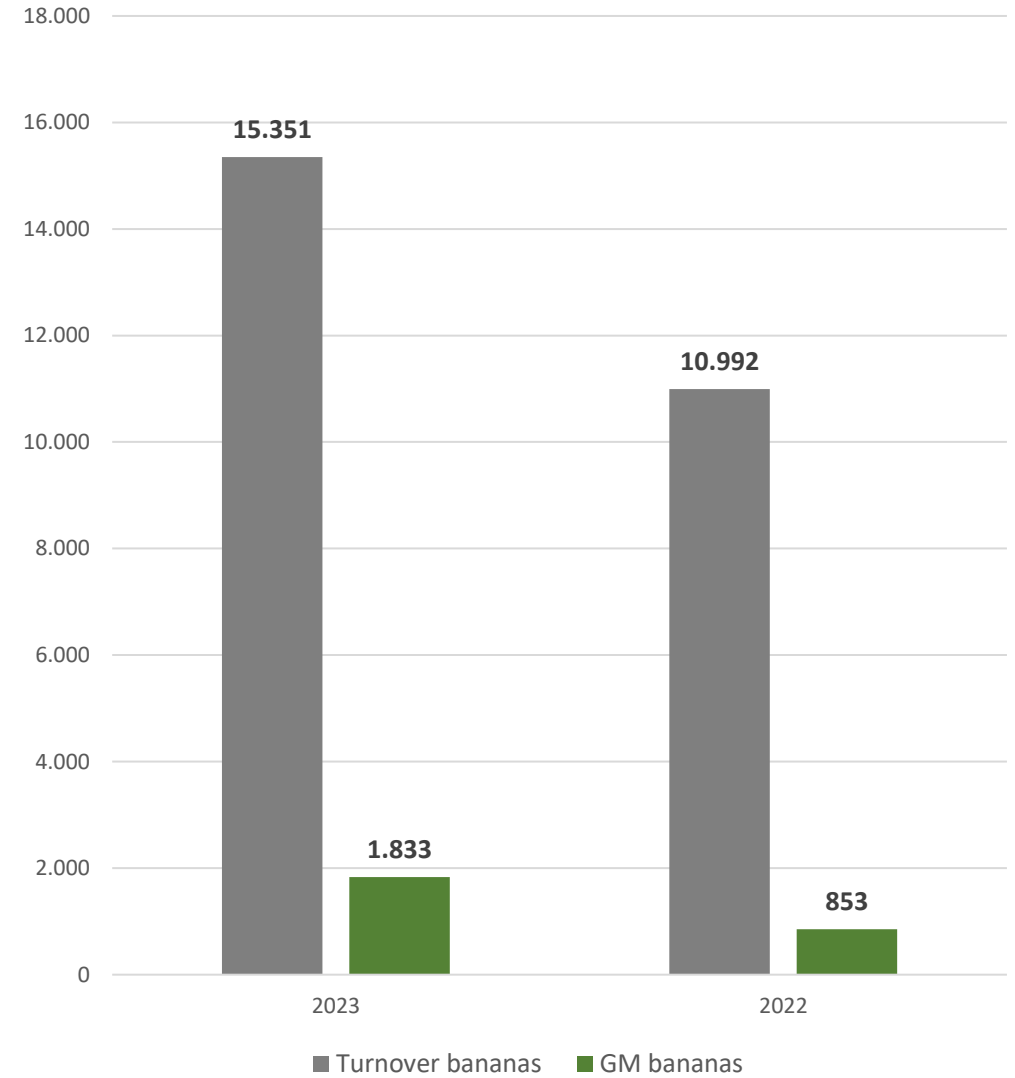
SIPEF group - Prospects

# JUNE GROSS MARGIN IN KUSD

## Gross margin palm



## Gross margin bananas



# PROFIT AND LOSS STATEMENT – JUNE 2023



In KUSD	June '23	June '22	Diff
Palm	71.785	129.066	-57.281
Rubber	-1.940	-1.941	1
Tea	77	100	-23
Bananas & horticulture	1.875	964	911
Corporate	923	892	32
<b>Gross margin</b>	<b>72.721</b>	<b>129.080</b>	<b>-56.359</b>
G&A	-22.994	-24.082	1.088
Other operating result	1.542	-351	1.893
<b>Operating result</b>	<b>51.269</b>	<b>104.647</b>	<b>-53.378</b>
Financial income&charges	277	-1.467	1.744
Exchange result	658	-2.584	3.243
<b>Result before tax</b>	<b>52.205</b>	<b>100.596</b>	<b>-48.392</b>
Tax	-19.231	-33.248	14.017
<b>Result after tax</b>	<b>32.974</b>	<b>67.348</b>	<b>-34.375</b>
Associated companies	-537	-156	-381
<b>Profit for the period</b>	<b>32.436</b>	<b>67.192</b>	<b>-34.756</b>
Third parties	1.220	3.270	-2.050
Group share	31.216	63.922	-32.706

# BALANCE SHEET – JUNE 2023



In KUSD (management presentation)	30/06/2023	31/12/2022
Biological assets (depreciated costs) - bearer plants	317 197	316 714
Goodwill	104 782	104 782
Other fixed assets	400 391	383 287
Receivables > 1 year	32 334	28 287
Assets held for sale	13 520	13 520
Net current assets, net of cash	41 772	58 679
Net cash position	4 391	122
<b>Total net assets</b>	<b>914 388</b>	<b>905 392</b>
Shareholders' equity, group share	815 251	817 803
Non controlling interest	33 561	32 341
Provisions and deferred tax liabilities	65 577	55 248
<b>Total net liabilities</b>	<b>914 388</b>	<b>905 392</b>

# CPO INVENTORY– JUNE 2023



# EVOLUTION NET TAX POSITION

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

	2019	2020	2021	2022	06/2023
Indonesia	7.908	409	-10.214	-3.242	3.641
PNG	6.635	6.907	-7.770	-28.690	-18.790
Europe + IC	-236	-237	108	-408	-2.456
<b>Total</b>	<b>14.307</b>	<b>7.079</b>	<b>-17.877</b>	<b>-32.340</b>	<b>-17.605</b>

- Net current tax payable (17.605 KUSD)** = decrease of 14.735 KUSD due to **high tax payments** compared to result (9.140 KUSD higher) and a reclass between taxes and deferred taxes in HOPL (KUSD 5.595)

# CASH FLOW– JUNE 2023



In KUSD (management presentation)	30/06/2023	30/06/2022
Cash flow from operating activities before change in net working capital	77 457	125 211
Change in net working capital	- 74	-29 452
Income taxes paid	-26 194	-18 277
<b>Cash flow from operating activities after tax</b>	<b>51 189</b>	<b>77 482</b>
Acquisitions intangible and tangible assets	-42 930	-35 273
Financing plasma advances	-4 057	-1 160
Selling price of PP&E and financial assets (PT Melania)	- 435	- 945
Acquisition financial assets*	0	0
<b>Free cash flow</b>	<b>3 768</b>	<b>40 105</b>
Other financing activities*	-8 598	-22 028
<b>Net movement in investments, cash and cash equivalents</b>	<b>-4 830</b>	<b>18 076</b>

\* Reclassification in prior year figures related to the purchase of the 5% shares in PT Agro Muko



# VALUE PER HECTARE

Sensitivity June 2023	
Stock price @	USD per hectare
40,00	5.439
50,00	6.887
60,00	8.336
70,00	9.785
80,00	11.234
90,00	12.683

**BOOKVALUE PER HECTARE = 10 085 USD/Ha**

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# PROSPECTS – 14/08/2023

## ❖ Production

- Steady production growth expected in Q3 in Indonesia
- Declining production expected in PNG in Q3
- Unlikely that projected production increase of 5.1% will be met by year-end
- SIPEF still on track to reach 600.000 tonnes of CPO by 2030
- New developments in Ivory Coast continue to mature → higher volumes Q3/Q4

## ❖ Markets

- Stocks expected to remain stable in the coming months
- El Nino can bring dry conditions in Southeast Asia → negative impact on 2024 production outlook
- Palm oil competitively priced → positive price outlook rest of the year
- Banana prices expected to be higher for the remainder of the year

# PROSPECTS – 14/08/2023



## ❖ Results

- 69% of the projected palm oil volume sold at USD 878 per tonne EMG
  - ❑ PNG 93% at 1 038 USD/tonne EMG
  - ❑ Indonesia 56% at 738 USD/tonne EMG
- Sales prices continue to be impacted by local export levy/taxes in Indonesia
- Production cost no longer impacted by increasing inputs and have declined in the second semester of 2023
- Net recurring result at year-end expected to be between **USD 60 – 70 million**

## ❖ Cash flow and expansion

- Expansion in South Sumatra is ongoing
- Construction 10<sup>th</sup> mill in progress with expected finalization date mid 2024
- Replanting in Dendymarker is virtually complete
- 16 840ha of the 27 557ha in South Sumatra classified ‘young mature’
- Expansion in Ivory Coast evolving as planned
- CAPEX of more than 100 mio USD expected in 2023
- Expected to end into a limited net financial debt position at year-end

