The connection to the world of sustainable tropical agriculture

Results of the SIPEF group

as per 31 December 2018 (12m/18)

- The expected growth of the palm oil productions in the fourth quarter was not achieved due to high rainfall in Sumatra.
- The annual production of palm oil rose by 6.3% and exceeded the 350 000-tonne mark for the first time.
- Due to high inventories of vegetable oils, the palm oil price in the second half of the year was also falling to a low of USD 460 per tonne CIF Rotterdam, a level that was not seen in the past 9 years.
- The net result, share of the Group, before the capital gain on the sale of the insurance business, amounted to KUSD 22 713, a decrease of 64.8% compared to 2017 net result of KUSD 64 481.
- The net IFRS result, share of the Group, amounted to KUSD 30 089, compared with KUSD 139 663 per end 2017, after non-recurring capital gains.
- The expansion of the activities in South Sumatra was continued steadily, so that the planted hectares increased by 2 326 hectares by the end of 2018 to 80 539 (equal to 74 039 hectares share of the Group). The total capital expenditure for the Group was KUSD 69 428, whereas the net financial debt increased to KUSD 121 443.
- In a recovering palm oil market, 23% of the expected 2019 palm oil production was already sold at an average price of USD 584 per ton CIF Rotterdam, premiums included, and based on the supply/demand positions of the vegetable oil market, higher prices could be expected in the next quarters.
- In line with the 30% pay-out ratio of previous years, the board of directors proposes to approve a gross dividend of EUR 0.55 per share, payable on July 3, 2019.
- As a fully RSPO compliant producer, *SIPEF* continues to deliver certified segregated sustainable palm oil to the European and Asian markets.

1. Management report

1.1. Group production

Group production

2018 *(in tonnes)*	Own	Third parties	Q4/18	YoY%	Own	Third parties	31/12/2018	YoY%
Palm oil	72 929	17 148	90 077	*6.08 %*	290 441	61 316	351 757	*6.28%*
Rubber	2 065	0	2 065	*0.34%*	7 982	0	7 982	*-2.41%*
Tea	764	0	764	*16.64%*	2 422	0	2 422	*0.83%*
Bananas	7 225	0	7 225	*-5.64%*	27 788	0	27 788	*-6.66%*

2017 *(in tonnes)*	Own	Third parties	Q4/17	Own	Third parties	31/12/2017
Palm oil	71 660	13 253	84 913	272 312	58 646	330 958
Rubber	2 058	0	2 058	8 179	0	8 719
Tea	655	0	655	2 402	0	2 402
Bananas	7 657	0	7 657	29 772	0	29 772

After three strong quarters in which the weather in Sumatra was generally favourable and palm oil production at our own plantations rose by 8.4% to the end of September, an unusual fall in the final quarter was observed.

The very heavy rainfall in Sumatra in October and November disrupted the harvesting activities and led to a fall in the extraction percentages, resulting in generally lower than expected oil volumes for the fourth quarter. In the mature plantations of North Sumatra the impact was relatively limited and a rise of 3.2% in fruit and 1.8% in oil was noted, but the rivers alongside the younger plantations in Umbul Mas Wisesa/Toton Usaha Mandiri (UMW/TUM) could not handle the abundant rain, so up to 60% of the planted area was inundated for several weeks in November/December. As a result, quarterly production fell by 27.4% compared with the third quarter and by 5.8% compared with the same period the previous year.

The rainy season was also very severe at the Agro Muko plantations in Bengkulu province, with precipitation peaking at up to 700 mm per month, which meant that the palm oil production for this region was 20.5% lower than in the third quarter and 7.3% lower than the same period the previous year. In South Sumatra, where, since the end of June all fruit from Musi Rawas and Dendymarker has been processed in our own mill, fourth-quarter palm oil production was more than 2 150 tonnes, a rise of 7.3% compared with the third quarter.

In Papua New Guinea, the weather was favourable, with a relatively dry fourth quarter and a high average extraction value of 25.7%, so palm oil production at our own plantations rose by 10.9% compared with the same period in the previous year and by no less than 22.9% for the production of fruit purchased from smallholders. This contributed to a record production year for our Papua New Guinea activities in 2018, with more than 140 000 tonnes of crude palm oil produced for the first time.

This strong production growth in Papua New Guinea meant that the Group's own palm oil production rose by 1.8% compared with the fourth quarter of the previous year. Due to the unexpected disappointing volumes at the plantations in Sumatra, the total palm oil production for the year (+6.7%) was substantially below the expected 9% growth that was set as the goal for 2018.

The rubber production picture in Indonesia continued to be highly varied in 2018. Due to strong growth in the volumes at the young Agro Muko plantations in Bengkulu (+18.8%), the fall in the Group's annual production was limited to 2.4%. That was because the agricultural conditions at the rubber plantations in North Sumatra and MAS Palembang were tough, with production volumes down 15.5% and 5.0% respectively. As well as the heavy precipitation in the fourth quarter, the Group was also confronted with a temporary rare leaf disease at the MAS Palembang plantations, which caused a long wintering period.

After three quarters of changeable weather, which did not help leaf growth, the Indonesian tea plantations in Cibuni, Java finally experienced a long-expected favourable fourth quarter, with production up 61.5% compared with the previous quarter and 16.6% compared with the same quarter the previous year. As a consequence, annual production again reached the previous year's level (+0.8%), but did generally remain below our expectations, which can also be clearly said for the production of bananas in Ivory Coast. The existing plantations in Azaguié, Agboville and Motobé continued to have quality issues, which hampered the export of high-quality products to Europe. The 35.1% growth at the newly planted Azaguié 2 plantation ensured that the fall in production for the year was limited to 6.7%.
The restructuring of management and tighter quality standards for harvesting and packing are expected to bring improvements over the next few months.

1.2. Markets

Average market prices

In USD/tonne		31/12/2018	31/12/2017
Palm oil*	CIF Rotterdam	598	715
Rubber**	RSS3 FOB Singapore	1 565	1 995
Tea**	Mombasa	2 579	2 971
Bananas***	CFR Europe	647	684

** Oilworld Price Data*
*** World Bank Commodity Price Data (updated database)*
**** CIRAD Price Data (in EUR)*

The fourth quarter was one to leave behind very quickly from a grower's perspective. Stocks continued to grow during the peak production time even though demand increased, for exports as well as local biodiesel. Most storage capacity was filled to the brim, particularly in Indonesia. This situation began after the Aïd el-Fitr break when a lot of tanks were filled with high free fatty acids (FFA) oil and continued to be a limiting factor during peak production. It triggered massive discounts for spot oil to find a home.

The US-China trade war, which prompted the implementation of the 25% import duty for US soy beans to China, had a negative impact on the market. The uncertainty of how to resolve the trade war created even more uncertainty, setting off an outflow of funds in the agri-futures markets.

The initial rally on petroleum, breaking above USD 85 a barrel early October, was well received in the biodiesel market, but unfortunately that rally was short-lived and the still uncertain new regulation of the Indonesia blending mandate withheld the biodiesel producers a flurry of sales. The palm oil - gas oil (POGO) spread increased to over USD 200 and was finding demand in Indonesia, China, Africa and Europe. The strong sell-off in the petroleum market during the fourth quarter significantly reduced the appetite for further discretionary biodiesel interest. However, it certainly initiated the stronger commitment from the Indonesian government to implement the 20% blending mandate.

The low palm oil prices have initiated a very welcome change of mindset regarding the Indonesian export levy. There was no longer a fixed export levy of USD 50 per tonne, but a progressive levy based on the price. As long as prices are below USD 570 the export levy is zero. This is a big relief for plantations during the drop in price.

The palm market was bottoming out, and found its lows during November at USD 460 per tonne CIF Rotterdam before it recovered slightly to USD 510 per tonne by the end of the year.

Palm kernel oil (PKO) had been trading within the more usual spread versus palm oil since the third quarter price drop. It was more or less following the palm price trend, albeit in a more extreme fashion. The price of PKO hovered between USD 800 and USD 640 per tonne CIF Rotterdam, before it returned to USD 790 per tonne by the end of the year.

The rubber market showed a similar pattern to the palm oil market, triggering new lows on the back of a dropping petroleum market, but showing some signs of bottoming out. As usual there was a small year-end rally related to the start of the wintering, particularly in Thailand and Vietnam.
Prices for SICOM RSS3 traded from USD 1 450 to USD 1 335 per tonne, to close the year at USD 1 500 per tonne.

Continued strong black tea production in Kenya during the fourth quarter led to the highest crop ever recorded. Pakistan, which is by far the biggest importer of Kenyan teas, had another devaluation of its currency during the fourth quarter as well. Despite these bearish factors, prices in the Mombasa auction moved in a narrow range during the fourth quarter.

1.3. Consolidated income statement

Consolidated income statement

In KUSD (management presentation)	**31/12/2018**	**31/12/2017**
Revenue	275 270	321 641
Cost of sales	-201 040	-200 432
Changes in the fair value*	-2 134	-735
Gross profit	**72 096**	**120 474**
Selling, general and administrative expenses	-31 759	-31 175
Other operating income/(charges)	2 352	962
Operating result	**42 689**	**90 261**
Financial income	2 308	1 644
Financial charges	-3 733	- 3 211
Exchange differences	-1 666	1 248
Financial result	**-3 091**	**-319**

Profit before tax	**39 598**	**89 942**
Tax expense	-14 155	-24 045
Profit after tax	**25 443**	**65 897**
Share of results of associated companies and joint ventures	-854	3 137
Result from continuing operations	**24 589**	**69 034**
Revaluation gain acquisition PT Agro Muko	0	79 324
Gain on sale BDM-ASCO	7 376	
Profit for the period	**31 965**	**148 358**
Result from continuing operations share of the group	**22 713**	**64 481**
Remeasurement gain acquisition PT Agro Muko share of the group	0	75 182
Gain on sale BDM-ASCO share of the group	7 376	0
Profit for the period share of the group	**30 089**	**139 663**

**a total of KUSD -707 was reclassed from changes in the fair value to cost of sales in the comparable figures of 2017*

Consolidated gross profit

In KUSD (condensed)	**31/12/2018**	**%**	**31/12/2017**	**%**
Palm	68 800	95.4%	110 763	91.9%
Rubber	-1 065	-1.5%	3 324	2.8%
Tea	627	0.9%	1 116	0.9%
Bananas and plants	2 793	3.9%	3 827	3.2%
Corporate and others	941	1.3%	1 444	1.2%
Total	**72 096**	**100%**	**120 474**	**100%**

Total turnover fell to USD 275 million (-14.4%).

Palm oil turnover fell by 13.7%. The increased volumes were sold at a substantially lower price, last year the average price for palm oil on the world market being USD 117 per tonne CIF Rotterdam lower than in the previous year.

Rubber turnover fell by 27.0%, due to a combination of lower production and the lower price for natural rubber on the world market.

As for tea activity, turnover fell by 27.3%. However, turnover last year was driven up strongly by a big sale of stock. This fall, therefore, had no impact on the gross margin of the tea activities.

Turnover followed the lower volumes in the banana and flower activities.

The average ex works unit cost price for the mature palm plantations was virtually unchanged compared with 2017. That is because the general rise in costs, e.g. fuel, fertiliser and local wages, was largely offset by higher production and the devaluation of the rupiah in Indonesia (6.5%) and the kina in Papua New Guinea (3.3%).

The adjustment in fair value is due to the impact on the measurement of the hanging fruit at their fair value (IAS 41R).

Gross profit fell from KUSD 120 474 in December 2017 to KUSD 72 096 (-40.2%) in December 2018.

The gross profit in the palm segment fell by 37.9% compared with 2017, due to the lower palm oil prices.

The contribution of the rubber activities to the gross margin was negative, due to the low sales prices (-KUSD 1 065). While the gross margin for tea in June was virtually identical to the previous year, by the end of the year it had decreased greatly due to the lower sale price in the second half of the year. The gross margin for bananas and flower activities fell substantially due to the lower production volumes.

The general and administrative expenses remained virtually stable (+1.9%). On the one hand, there were higher costs for the further development of a regional office in the Musi Rawas region and additional information technology (IT) and travel costs. On the other hand, the USD equivalent of the euro costs of the head office in Belgium fell and there was a lower bonus provision, due to the much lower result in 2018 compared with 2017.

The other operating income/charges of KUSD 2 352 included a partial reversal of the provision for a long-drawn-out value-added tax (VAT) dispute in Indonesia (KUSD 1 223), which is gradually moving towards a favourable conclusion.

The operating result, excluding the one-off gains, was KUSD 42 689, compared with KUSD 90 261 the year before (-52.7%).

Financial income primarily comprises the positive time effect of the discount of the receivable from the sale of the stake in the SIPEF-CI SA oil palm plantation in Ivory Coast at the end of 2016 (KUSD 2 031). This receivable will be settled over the next four years.

The financial charges mainly comprise the interest on our long-term and short-term financing at LIBOR-related rates.

The limited negative exchange differences are primarily due to the hedging of the expected EUR dividend, the exchange differences on the unhedged Euro claim from the sale of SIPEF-CI and the hedging cost to USD of the short-term EUR financing.

Profit before tax, excluding one-off gains, was KUSD 39 598, compared with KUSD 89 942 in 2017, a decrease of 56.0%.

At 35.7%, the effective tax expense was substantially higher than the theoretical tax expense of 26.8%. A number of deferred tax assets, relating to fiscal losses recoverable in 2018, were reversed due to the downward adjustment of the profit expectation for 2018.

Profit for the period, excluding the one-off gains, was KUSD 25 443, compared with KUSD 65 897 the previous year, a fall of 61.4%.

Since the sale of BDM-ASCO at the start of 2018 and the full consolidation of PT Agro Muko from 1 March 2017, the share of the result of 'associated companies and joint ventures' (-KUSD 854) comprises only the research activities that are centralised at PT Timbang Deli and Verdant Bioscience Pte Ltd.

Net earnings, share of the Group, excluding one-off gains, was KUSD 22 713, which is 64.8% lower than in 2017.

The announced sale of the insurance branch (BDM-ASCO) was completed in the first half of 2018. A gain of KUSD 7 376 was generated on this sale.

Net earnings, share of the Group, was KUSD 30 089.

1.4. Consolidated cash flow

Consolidated cash flow

In KUSD (management presentation)	31/12/2018	31/12/2017
Cash flow from operating activities	81 899	124 842
Change in net working capital	-13 680	8 622
Income taxes paid	-34 537	-13 611
Cash flow from operating activities after tax	**33 682**	**119 853**
Acquisitions intangible and tangible assets	-69 428	-59 625
Selling price of PP&E and financial assets (excl. BDM-ASCO)	2 671	1 946
Acquisition financial assets	- 300	- 650
Recurring free cash flow	**-33 375**	**61 524**
Selling price BDM-ASCO	20 463	0
Purchase price PT Dendymarker	0	-52 828
Purchase price PT Agro Muko	0	-124 977
Capital increase	0	95 095
Other financing activities	6 327	40 157
Net movement in investments, cash and cash equivalents	**-6 585**	**18 971**

In USD per share	31/12/2018	31/12/2017
Weighted average shares outstanding	10 454 309	9 826 091
Basic operating result	4.79	17.26
Basic net earnings	2.88	14.21
Diluted net earnings	2.88	14.19
Basic net earnings before remeasurement gain PT Agro Muko and sale BDM-ASCO	2.17	6.56
Cash flow from operating activities after tax	3.22	12.20

The cash flow from operating activities fell by KUSD 42 943, which is in line with the lower operating result.

The increased use of working capital (-KUSD 13 680) is primarily due to the higher stocks, additional advances that were granted to smallholders in Musi Rawas region for the development of their land within the framework of the plasma law and a temporary delay in the reimbursement of recoverable VAT in Indonesia and Papua New Guinea.

In Indonesia and in Papua New Guinea, the Group continues to make advance payments of taxes based on the last year's results. The higher taxes paid (-KUSD 34 537) are a reflection of the higher profit in 2017 compared with profit in 2018. The excess advance payments made in previous years were also sorted out in 2017.

The total capital expenditure for the Group amounted to KUSD 69 428, an increase with 16.4% on last year's KUSD 59 625. The main investments were the payment of additional land compensation and the planning of oil palms in the new project in South Sumatra (KUSD 30 389), alongside the usual replacement investments and the maintenance of immature plantations.

The recurring cash flow in 2018 was -KUSD 33 375, compared with KUSD 61 524 in the previous year.

The net price received for the sale of BDM-ASCO was KUSD 20 463. This transaction was explained in detail in June 2018.

The 'other financing activities' (KUSD 6 327) include the share buyback (-KUSD 1 115), last year's dividend paid (-KUSD 20 289), a partial repayment of the long-term financial borrowings (-KUSD 10 000), interests paid (-KUSD 3 430) and an increase in short-term financial borrowings (KUSD 41 161).

1.5. Consolidated balance sheet

Consolidated balance sheet

In KUSD (management presentation)	31/12/2018	31/12/2017
Biological assets (depreciated costs) – bearer plants	283 712	268 086
Goodwill	104 782	103 008
Other fixed assets	375 592	361 408
Net assets held for sale	0	12 010
Net current assets, net of cash	91 933	65 316
Net cash position	-121 443	-83 697
Total net assets	**734 576**	**726 131**
Shareholders' equity, group share	644 509	634 636
Non-controlling interest	34 250	33 140
Provisions and deferred tax liabilities	55 817	58 355
Total net liabilities	**734 576**	**726 131**

The balance sheet positions were relatively stable on the whole, compared with 31 December 2017.

The biological assets and other fixed assets increased due to the continuing expansion.

As a consequence of the permanent inclusion of Dendymarker Indah Lestari (DIL) in the consolidation, the goodwill was adjusted somewhat compared with the provisional inclusion on 31 July 2017 (+KUSD 1 774).

The finalised sale of BDM-ASCO means there are no longer any net assets held for sale on the balance sheet (previous year: KUSD 12 010).

The net current assets, net of cash, rose considerably, due to the increased working capital and a strongly increased (KUSD 20 080) current tax receivable (see notes to cash flow).

Due to the negative recurring free cash flow (-KUSD 33 375), the dividend paid (-KUSD 20 289) and the cash received from the sale of BDM-ASCO (KUSD 20 463), the net cash position decreased from KUSD -83 697 to KUSD -121 443.

1.6. Dividends

In line with the 30% payout ratio of previous years, the board of directors proposes the adoption of a gross dividend of EUR 0.55 per share (-65% compared with the previous year) payable on 3 July 2019.

1.7. Prospects

1.7.1. Productions

The new production year has experienced a fairly tough start, with volumes for most of the Sumatra activities down by as much as 10% and a very turbulent beginning to the rainy season in Papua New Guinea. The Group is still recovering from floods at UMW/TUM and the exceptionally high precipitation during the fourth quarter in the remaining plantations in North Sumatra, especially at Agro Muko in Bengkulu, and volumes are expected to gradually start increasing over the next few weeks. The start of the rainy season in Papua New Guinea brought constant rain after Christmas, with more than 1 000 mm in ten days, which hampered the harvesting, and the transport of the own fruit and that of smallholders had to be suspended. The situation has to a degree returned to normal now, but such precipitation volumes and disrupted activities in Papua New Guinea are possible throughout the first quarter. However, despite the relatively difficult start in January, there are no structural reasons to assume that the expected production volume of 380 000 tonnes of crude palm oil (+8.0% compared with 2018) will not be achieved.

1.7.2. Markets

The peak production of palm oil belongs to the past. It led to record high stocks, and its related low prices and price competitiveness precipitated more demand. Therefore, it is important to see how quickly the stocks will be reduced in the next four months. The outlook for world production in 2019 is of a moderate growth, a significantly more limited increase versus 2018. All supply growth and even more, will be consumed locally where Indonesia is determined to achieve 20% biodiesel blending, and is likely to attempt to achieve the 30% target (if capacity allows). Also, Malaysia has increased its biodiesel mandate to 10% commencing in February 2019. This could lead to an additional demand of 2 to 4 million tonnes for Indonesia and 0.5 million tonnes for Malaysia. Other countries such as Brazil and the US also have higher biodiesel mandates (soybean oil) for 2019, and, therefore, 2019 will be a year where vegoil demand will outpace its supply growth. The relevant concern will be, by how much and how quickly the stocks will drop.

External matters, such as the US-China trade war and the petroleum market, can still affect the macro-environment and could have an impact on our markets. But, based on the vegoil market fundamentals, *SIPEF* is confident of seeing a substantially stronger palm oil market for 2019.

The rubber market remains lacklustre, but there was a small spike due to a prolonged wintering. A severe typhoon heading for Thailand caused a small short-covering rally, but is likely to have little impact. Therefore, the rubber market is expected to stay in a narrow trading range.

The production of tea in Kenya usually drops during the first quarter of the year and, with the early onset of hot and dry conditions, the effect is expected to be more severe than other years. However, carry forward stock is quite high and, therefore, prices are expected to continue to move in a narrow but slightly higher level.

1.7.3. Results

On a gradually rising market, where normality is being reestablished after the high stock volumes at the end of 2018, 23% of the expected palm oil production for 2019 has been sold now at an average price of USD 584 per tonne CIF Rotterdam, equivalent and premiums for sustainability and origin included, compared with 41% of the volumes at USD 741 per tonne at the same time the previous year. Bearing in mind the somewhat better price expectations for sales from the second quarter of the year, the Group would like to respond to the current market trends and will gradually put volumes on the market at prices in excess of USD 600 per tonne, premiums included. Given the uninspiring outlook on the rubber markets, only 13% of the expected rubber volumes was sold at an average price of USD 1 384 per tonne, which is 15.5% lower than the average price of USD 1 638 per tonne achieved in the same period the previous year. Around 29% of the tea volumes was also sold at slightly lower market prices. *SIPEF* continued it's marketing strategy for the sale of bananas, with primarily fixed prices for the whole year in 2019, through deliveries to the UK, France and Spain for the best qualities and to West Africa for the other volumes.

To a great degree the ultimate recurring result will be determined by the achievement of the expected production growth; the level of the market prices for the rest of the year; the retention of the existing export levies on palm oil in Indonesia and the trend in cost prices. In spite of compulsory increases in worker wages and a stronger oil price, cost prices are still positively impacted by the continuing low rates of the local currencies in Indonesia and Papua New Guinea compared with the reporting currency, USD.

1.7.4. Cash flow and expansion

Except for the usual replacement investment budgets and the replanting of existing areas in Indonesia and Papua New Guinea, the 2019 investment programmes continue to focus on South Sumatra, with the expansion of the Musi Rawas activities and the replanting and improvement of the recently acquired palm plantations and factory in Dendymarker.

After the acquisition of 95% of the oil plantation, from 1 August 2017 PT Dendymarker Indah Lestari (DIL) is an integral part of the *SIPEF* group land. Optimising the currently loss-making plantation activities and gradually replanting the old palms, which are around 20 years old, are priorities in the *SIPEF* investment programme over the next few years. A start was also made on the enlargement of currently fallow land within the permanent operating licence (HGU), always within the framework of the RSPO New Planting Procedures. By the end of 2018, 956 hectares had been replanted and 373 hectares prepared for expansion of the planted area.

At Musi Rawas the original four concessions were enlarged last year by the addition of three neighbouring concessions. The development of the seven existing concessions continues successfully.
In the past year, an additional 2 257 hectares were compensated and an additional 1 428 hectares prepared for planting or planted, bringing the total to 10 653 cultivated hectares, which is 68.5% of the total of 15 540 compensated hectares, of which 2 266 hectares were acquired for planting for neighbouring farmers and 13 283 for internal development. There are now more than 2 000 hectares in production and the harvested fruit are all processed at the own extraction factory in Dendymarker, which will therefore be used optimally in 2019. As well as the enlargement of the planted areas, the investment focus is oriented to the development of the internal road network and the residential centres for the workers and local management.

Finally, the acquisition of Dendymarker in 2017 and the additional concessions at Musi Rawas in 2018 has cleared the way for the development of the *SIPEF* group into a company that, over five years, will be farming close to 100 000 hectares, including 80 000 hectares that have already been planted and a 120 000-hectare supply base.

2. Agenda 2019

18 April 2019		Interim report Q1
30 April 2019		Annual report online available (at the latest) on www.sipef.com
12 June 2019		Ordinary general meeting
3 July 2019		Dividend payment
14 August 2019		Announcement on the half year results
17 October 2019		Interim report Q3

3. Condensed financial statements

3.1. Condensed financial statements of the SIPEF group

3.1.1. Consolidated balance sheet (see annex 1)
3.1.2. Consolidated income statement and statement of comprehensive income (see annex 2)
3.1.3. Consolidated cash flow statement (see annex 3)
3.1.4. Statement of changes in consolidated equity (see annex 4)
3.1.5. Segment information (see annex 5)

4. Report of the statutory auditor

The statutory auditor has confirmed that his audit procedures, which have been substantially completed, have revealed no material adjustments that would have to be made to the accounting information in this press release.

Deloitte Bedrijfsrevisoren –represented by Kathleen De Brabander.

Translation: this press release is available in Dutch, French and English. The Dutch version is the original; the other language versions are free translations. We have made every reasonable effort to avoid any discrepancies between the different language versions. However, should such discrepancies exist, the Dutch version will take precedence.

In future this press release will only be available in Dutch and English..

Schoten, 14 February 2019

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SIPEF is a Belgian agro-industry group listed on Euronext Brussels and specialised in the – as sustainable certified - production of tropical agricultural commodities, primarily crude palm oil and palm products. These labour-intensive activities are consolidated in Indonesia, Papua New Guinea and Ivory Coast and are characterised by broad stakeholder involvement, which sustainably supports the long-term investments.

Consolidated balance sheet
ANNEX 1

In KUSD (condensed)	31-12-18	31-12-17
Non-current assets	**780 310**	**747 529**
Intangible assets	441	306
Goodwill	104 782	103 008
Biological assets - bearer plants	283 712	268 086
Other property, plant & equipment	356 723	346 265
Investment property	0	0
Investments in associated companies and joint ventures	7 239	8 116
Financial assets	77	78
Other financial assets	77	78
Receivables > 1 year	11 112	6 643
Other receivables	11 112	6 643
Deferred tax assets	16 224	15 027
Current assets	**158 058**	**159 479**
Inventories	36 274	28 879
Biological assets	4 870	7 018
Trade and other receivables	76 025	72 562
Trade receivables	35 001	36 465
Other receivables	41 024	36 097
Current tax receivables	9 280	1 610
Investments	0	0
Other investments and deposits	0	0
Derivatives	0	579
Cash and cash equivalents	29 595	36 180
Other current assets	2 014	641
Assets held for sale	0	12 010
Total assets	**938 368**	**907 008**
Total equity	**678 759**	**667 776**
Shareholders' equity	644 509	634 636
Issued capital	44 734	44 734
Share premium	107 970	107 970
Treasury shares (-)	-9 423	-8 308
Reserves	512 914	502 732
Translation differences	-11 686	-12 492
Non-controlling interests	34 250	33 140
Non-current liabilities	**102 041**	**113 382**
Provisions > 1 year	1 550	2 898
Provisions	1 550	2 898
Deferred tax liabilities	50 936	51 326
Trade and other liabilities > 1 year	0	0
Financial liabilities > 1 year (incl. derivatives)	30 000	40 000
Pension liabilities	19 555	19 158
Current liabilities	**157 568**	**125 850**
Trade and other liabilities < 1 year	29 623	39 931
Trade payables	19 647	18 243
Advances received	450	678
Other payables	9 455	8 530
Income taxes	71	12 480
Financial liabilities < 1 year	121 038	79 877
Current portion of amounts payable > 1 year	10 000	10 000
Financial liabilities	111 038	69 877
Derivatives	771	0
Other current liabilities	6 136	6 042
Liabilities associated with assets held for sale	0	0
Total equity and liabilities	**938 368**	**907 008**

Consolidated income statement

ANNEX 2

In KUSD (condensed)	31-12-18	31-12-17
Revenue	275 270	321 641
Cost of sales	-201 040	-200 432
Changes in the fair value of the biological assets*	-2 134	- 735
Gross profit	**72 096**	**120 474**
General and administrative expenses	-31 759	-31 175
Other operating income/(charges)	9 728	80 287
Operating result	**50 065**	**169 586**
Financial income	2 308	1 644
Financial charges	-3 733	-3 212
Exchange differences	-1 666	1 248
Financial result	**-3 091**	**- 320**
Profit before tax	**46 974**	**169 266**
Tax expense	-14 155	-24 045
Profit after tax	**32 819**	**145 221**
Share of results of associated companies and joint ventures	**- 854**	**3 137**
Result from continuing operations	**31 965**	**148 358**
Result from discontinued operations	**0**	**0**
Profit for the period	**31 965**	**148 358**
Attributable to:		
- Non-controlling interests	1 876	8 695
- Equity holders of the parent	30 089	139 663

Earnings per share (in USD)		
From continuing and discontinued operations		
Basic earnings per share	2.88	14.21
Diluted earnings per share	2.88	14.19
From continuing operations		
Basic earnings per share	2.88	14.21
Diluted earnings per share	2.88	14.19
Basic earnings per share before revaluation gain PT Agro Muko and sale BDM-ASCO	2.17	6.56

**a total of- 707 KUSD was reclassed from changes in the fair value of the biological assets to cost of sales in the comparable figures of 2017*

Consolidated statement of comprehensive income

In KUSD (condensed)	31-12-18	31-12-17
Profit for the period	**31 965**	**148 358**
Other comprehensive income:		
Items that may be reclassified to profit and loss		
in subsequent periods		
- Exchange differences on translating foreign operations	805	5 600
Items that will not be reclassified to profit and loss		
in subsequent periods		
- Defined Benefit Plans - IAS 19R	-1 073	- 356
- Cash flow hedges - fair value result for the period	503	107
- Income tax effect	122	58
- Revaluation assets held for sale	0	0
Total other comprehensive income:	**357**	**5 409**
Other comprehensive income for the year attributable to:		
- Non-controlling interests	- 67	- 13
- Equity holders of the parent	423	5 422
Total comprehensive income for the year	**32 322**	**153 767**
Total comprehensive income attributable to:		
- Non-controlling interests	1 810	8 682
- Equity holders of the parent	30 512	145 085

Consolidated cash flow statement

ANNEX 3

In KUSD (condensed)	31-12-18	31-12-17
Operating activities		
Profit before tax	46 974	169 266
Adjusted for:		
Depreciation	38 745	35 308
Movement in provisions	-1 967	1 713
Stock options	157	160
Exchange results not yet realised	113	- 878
Changes in fair value of biological assets	2 134	528
Other non-cash results	-1 693	-2 985
Hedge reserves and financial derivatives	1 707	-1 679
Financial income and charges	3 391	2 360
Capital loss on receivables	80	0
Capital gain on sale of investments	-7 376	0
(Gain)/loss on disposal of property, plant and equipment	- 366	372
(Gain)/loss on disposal of financial assets	0	-79 323
Cash flow from operating activities before change in net working capital	81 899	124 842
Change in net working capital	-13 680	8 622
Cash flow from operating activities after change in net working capital	68 219	133 464
Income taxes paid	-34 537	-13 611
Cash flow from operating activities	**33 682**	**119 853**
Investing activities		
Acquisition intangible assets	- 261	- 241
Acquisition biological assets	-27 496	-22 280
Acquisition property, plant & equipment	-41 671	-37 150
Acquisition investment property	0	46
Acquisition financial assets	- 300	-78 686
Dividends received from associated companies and joint ventures	0	0
Proceeds from sale of property, plant & equipment	1 171	446
Proceeds from sale of financial assets	21 963	1 500
Cash flow from investing activities	-46 594	-136 365
Free cash flow	**-12 912**	**-16 512**
Financing activities		
Capital increase	0	95 095
Equity transactions with non-controlling parties (investment MP Evans)	0	-99 769
Decrease/(increase) of treasury shares	-1 115	- 846
Repayment in long-term financial borrowings	-10 000	50 000
Increase short-term financial borrowings	41 161	150 442
Decrease short-term financial borrowings	0	-142 830
Last year's dividend paid during this bookyear	-19 682	-12 408
Dividends paid by subsidiaries to minorities	- 607	-1 730
Interest received - paid	-3 430	-2 471
Cash flow from financing activities	6 327	35 483
Net increase in investments, cash and cash equivalents	**-6 585**	**18 971**
Investments and cash and cash equivalents (opening balance)	36 180	17 204
Effect of exchange rate fluctuations on cash and cash equivalents	0	5
Investments and cash and cash equivalents (closing balance)	29 595	36 180

Consolidated statement of changes in equity

ANNEX 4

In KUSD (condensed)	Issued Capital	Share premium	Treasury shares	Defined benefit plans - IAS 19R	Reserves	Translation differences	Share-holders' equity	Non-controlling interests	Total equity
January 1, 2018	**44 734**	**107 970**	**-8 308**	**-2 652**	**505 384**	**-12 491**	**634 636**	**33 140**	**667 776**
Result for the period	0	0	0	0	30 089	0	30 089	1 876	31 965
Other comprehensive income				- 739	357	805	423	**- 67**	357
Total comprehensive income	**0**	**0**	**0**	**- 739**	**30 446**	**805**	**30 512**	**1 809**	**32 322**
Last year's dividend paid					-19 682		-19 682	**- 606**	-20 288
Equity transactions with non-controlling parties							0	**0**	0
Other			-1 115		157		- 958	**- 93**	-1 052
December 31, 2018	**44 734**	**107 970**	**-9 423**	**-3 391**	**516 305**	**-11 686**	**644 509**	**34 250**	**678 759**
January 1, 2017	**37 852**	**17 730**	**-7 425**	**-2 398**	**420 395**	**-18 091**	**448 063**	**25 063**	**473 126**
Result for the period	0	0	0	0	139 663	0	139 663	8 695	148 358
Other comprehensive income				- 254	76	5 600	5 422	**- 13**	5 409
Total comprehensive income	**0**	**0**	**0**	**- 254**	**139 739**	**5 600**	**145 085**	**8 682**	**153 767**
Last year's dividend paid					-12 409		-12 409	**-1 730**	-14 139
Equity transactions with non-controlling parties					- 424		- 424	**424**	0
ANJ acquisition PT Agro Muko							0	**59 917**	59 917
MP Evans acquisition PT Agro Muko					-44 494		-44 494	**-55 275**	-99 769
Transfer PT Agro Muko to PT Tolan Tiga					3 618		3 618	**-3 618**	0
Capital increase	6 882	90 240			-1 338		95 784	**0**	95 784
Other			- 883		296		- 587	**- 323**	- 910
December 31, 2017	**44 734**	**107 970**	**-8 308**	**-2 652**	**505 384**	**-12 491**	**634 636**	**33 140**	**667 776**

Segment information
ANNEX 5

SIPEF's activities can be classified into segments based on the type of product. SIPEF has the following segments:

- Palm: Includes all palm products, including palm kernels and palm kernel oil, both in Indonesia and Papua New Guinea
- Rubber: Includes all different types of rubber produced and sold by the SIPEF group, both in Indonesia and Papua New Guinea
    - Ribbed Smoked Sheets (RSS)
    - Standard Indonesia Rubber (SIR)
    - Scraps and Lumps
- Tea: Includes both types of tea produced by Sipef in Indonesia, i.e.:
    - Orthodox tea
    - "Cut, tear, curl" (CTC) tea
- Bananas and flowers: Includes all sales of bananas and flowers originating from Ivory Coast.
- Other: Mainly includes management fees received from non-group companies, commissions charged on sea freight and other commissions which are not covered by the sales contract.

The overview of segments below is based on the SIPEF group's internal management reporting. The most important differences with IFRS consolidation are:

- All companies are included per segment at their percentage of interests using the proportionate consolidation method instead of the full consolidation method and the equity method.
- There are no inter-company eliminations.
- Instead of revenue the gross margin per segment is used as the starting point.

In KUSD (condensed)	31-12-18	31-12-17
Gross margin per product		
Palm	62 731	108 941
Rubber	-1 277	2 879
Tea	584	1 043
Bananas and flowers	2 669	3 653
Total gross margin per product	**64 707**	**116 516**
Net general and administrative expenses	-28 443	-28 889
Other operating income/(charges)	2 417	1 133
Financial income/(charges)	-3 182	-3 102
Discounting Sipef-CI	2 031	1 636
Exchange differences	-1 670	1 258
Profit before tax	**35 860**	**88 552**
Tax expense	-13 147	-23 865
Effective tax rate	-36.7%	-27.0%
Insurances	0	1 723
Prof after tax	**22 713**	**66 409**
Correction PT AM @ 44,9273% in Jan-Feb	0	-1 928
Correction PT AM fair value of assets	0	75 182
Gain on sale BDM-ASCO	7 376	0
Profit for the period	**30 089**	**139 663**

Below we present the segment information per product and per geographical region in accordance with the IFRS profit and loss accounts.

The segment result is revenue minus expense that is directly attributable to the segment and the relevant portion of income and expense that can be allocated on a reasonable basis to the segment.

Gross profit by product

	Revenue	Cost of sales	Changes in the fair value	Gross profit	% of total
2018 - KUSD					
Palm	240 057	-169 088	-2 169	68 800	95.4
Rubber	11 699	-12 764	0	-1 065	-1.5
Tea	5 454	-4 862	35	627	0.9
Bananas and plants	17 119	-14 326	0	2 793	3.9
Corporate	941	0	0	941	1.3
Others	0	0	0	0	0.0
Total	**275 270**	**-201 040**	**-2 134**	**72 096**	**100.0**
2017 - KUSD					
Palm	278 272	-166 774	- 735	110 763	91.9
Rubber	16 032	-12 708	0	3 324	2.8
Tea	7 507	-6 391	0	1 116	0.9
Bananas and plants	18 386	-14 559	0	3 827	3.2
Corporate	1 444	0	0	1 444	1.2
Others	0	0	0	0	0.0
Total	**321 641**	**-200 432**	**- 735**	**120 474**	**100.0**

The segment "corporate" comprises the management fees received from non group entities, additional commissions on sea freights and any other commissions that are not included in the sales contracts.

Gross profit by geographical segment

	Revenue	Cost of sales	Other Income	Changes in the fair value	Gross profit	% of total
2018 - KUSD						
Indonesia	163 653	-118 738	381	-1 477	43 819	60.8
Papua New Guinea	93 232	-67 976	0	- 657	24 599	34.1
Ivory Coast	17 120	-14 326	0	0	2 794	3.9
Europe	884	0	0	0	884	1.2
Others	0	0	0	0	0	0.0
Total	**274 889**	**-201 040**	**381**	**-2 134**	**72 096**	**100.0**
2017 - KUSD						
Indonesia	186 626	-112 440	522	- 261	74 447	61.8
Papua New Guinea	115 184	-73 433	0	- 474	41 277	34.2
Ivory Coast	18 386	-14 559	0	0	3 827	3.2
Europe	923	0	0	0	923	0.8
Others	0	0	0	0	0	0.0
Total	**321 119**	**-200 432**	**522**	**- 735**	**120 474**	**100.0**