



# Press Release

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## Papua New Guinea - volcano 'Mount Ulawun'

### SIPEF's palm oil production is further impacted by a 2<sup>nd</sup> volcano eruption at Hargy Oil Palms in Papua New Guinea.

After a first eruption on Wednesday 26th of June 2019 a second eruption of the same Mount Ulawun volcano was recorded on Saturday 3rd of August.

In June the immediate evacuation of over 7 000 people was required, whereby close to 50% of the oil palms (more than 6 500 hectares) were covered by a 3 to 5 cm layer of ashes and small stones, and affected the July harvesting activities.

The immediate effects of the second eruption are comparable to the first one in June. As a matter of precaution, on Saturday more than 5 000 people were evacuated out of the Navo production areas closest to the volcano to safer places near the Barema mill and estates. Depending on the alert status of the volcano, the workers and families will gradually move back to their homes in the days to come. The alert status of the volcano is under constant supervision of the Vulcanological Observatory of the PNG's Department of Mineral Policy and Geohazards Management, to allow management to take timely the precaution measures required to protect workers and families from getting injured.

Although no important permanent asset losses were recorded requiring reconstruction or replanting, it was not possible to harvest on 3 150 planted hectares (about 23%) during most of the month of July and also the Navo mill was temporarily closed down. At Navo plantation, 950 hectares out of these most affected areas, have lost so many fronts that they will require a up to two years' period of recovery before producing bunches at normal yield again.

Although production on all other planted areas had in the meantime resumed, it is likely that this second eruption will also affect part of the August harvesting operations and the quality of the palm oil produced, as the impact of the ash and small stone deposits on the Navo estate palms and Navo mill are comparable to the impact of the first eruption.

During the first semester Hargy Oil Palms already experienced a worse than usual rainy season. The estimate of the combined effect of the two recent eruptions and the heavy rainfall in the first semester on the 2019 production likely projects for a drop of some 19% on last year's palm oil and palm kernel oil volumes. The budgets for 2020 will also have to be reviewed accordingly. For 2019 this production loss represents a pretax loss of about USD 14 million.

*Translation: this press release is available in Dutch and English. The Dutch version is the original; the other language version is a free translation. 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.*

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*For more information, please contact:*

\* F. Van Hoydonck, managing director (GSM +32 478 92 92 82)

\* J. Nelis, chief financial officer

Tel.: +32 3 641 97 00

Fax : +32 3 646 57 05

[finance@sipef.com](mailto:finance@sipef.com)

[www.sipef.com](http://www.sipef.com) (section "investors")

*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.