



The connection to the world of sustainable tropical agriculture

New matrix for Indonesian export levies on palm products

On December 3, 2020, a new matrix for export levy on palm products was published by the Indonesian government, which will apply from December 10, 2020. This increased export levy should ensure that the current biodiesel program of the Indonesian government can be further financed.

These unilateral levies on the production of palm products (including crude palm oil - CPO) will be borne entirely by Indonesian producers, of which smallholders are a very important part. The levies also have a significant impact on the “ex-mill gate” net sales prices for both export and local sales of palm products for SIPEF, as local pricing also takes into account the applicable export levies and taxes. Under the current interpretation of the published rates, the new export levy would also be combined with the current export tax rates.

Until December 10, 2020, the following export levy and tax for CPO are applicable on the basis of a CPO reference price that is unilaterally determined by the Indonesian government on the basis of international and local market prices:

Export levy (in USD):

CPO-price below 570 USD/tonne = 0
CPO-price between 570 and 620 USD/tonne = 25 USD/tonne
CPO-price above 620 USD/tonne = 55 USD/tonne

Export tax (in USD):

<i>CPO reference price</i>	<i>Export tax</i>
<750	0
751-800	3
801-850	18
851-900	33
901-950	52
951-1 000	74
1 001-1 050	93
...	...

In concrete terms, this means that for sales from Indonesia for the month of November 2020, a combined export levy and tax of 58 USD/tonne was applicable. Until December 10, 2020 this is 88 USD/tonne.

The published new export levy as of 10 December is as follows for CPO:

<i>CPO reference price</i>	<i>New export levy</i>
< 670	55
670-695	60
695-720	75
720-745	90
745-770	105
770-795	120
795-820	135
820-845	150
845-870	165
870-895	180
895-920	195
920-945	210
945-970	225
970-995	240
>995	255

In concrete terms, this means that from December 10, and based on the same reference price, for sales of palm oil from Indonesia, a combined export levy and tax of 213 USD/tonne (= 180 USD/tonne + 33 USD/tonne) will be charged or an increase of 125 USD/tonne.

These recent developments will therefore have a negative impact on the future profit potential and on the cash generation of the SIPEF group. For December 2020, taking into account the currently applied reference price, we expect an additional impact of approximately 2 million USD on the consolidated results after tax.

As it is currently unclear to what extent the pricing of CPO and other palm products will adapt to these new developments in the coming months, it is impossible to quantify the impact for the next financial year 2021, but the levies will relate to the own production of approximately 230 000 tonnes of CPO and 48 000 tonnes of palm kernels.

Translation: This press release is available in Dutch and English. The Dutch version is the original; the English 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.

Schoten, 3 December 2020

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SIPEF is a Belgian agro-industry group listed on Euronext Brussels and specialising 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.