



Press Release

Regulated information

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Temporary suspension of the Indonesian export levy on palm products

Since February 2022, the Indonesian government has taken a series of measures to control the price of local cooking oil, of which palm oil is the main ingredient. Existing export levies were substantially increased. An export ban was introduced and then lifted and replaced by the introduction of a minimum volume and maximum price on the local market, combined with the issue of export permits. These measures have disrupted the whole industry. Export permits became difficult to obtain and the refineries' and mills' tanks filled up. As a result, local palm oil prices came under enormous pressure, and the producers could only sell their palm oil gradually. The local palm oil price temporarily dropped below USD 500/tonne, while on the world market palm oil was traded above USD 1 200/tonne.

Recently, the Indonesian government decided to suspend the export levy on the sale of crude palm oil from 15 July until the end of August 2022. The export levy of USD 200/tonne is therefore temporarily removed. Also, the 'flush tax' of USD 200/tonne, which was created to allow palm oil exports despite the prevailing regulations, will be lifted from 1 August 2022. However, the export tax, which currently stands at USD 288/tonne, will remain unchanged until the end of August. In concrete terms, the total export tax and export levy of USD 688/tonne will thus be reduced to USD 288/tonne from 1 August 2022.

With this decision, the Indonesian government wants to stimulate exports, reduce stocks at an accelerated pace and stabilise the local market. Ultimately, it aims to improve the palm oil price for the smallholder and make the whole palm oil chain more profitable. In this way, the price level of the world market and that of the local market should rapidly converge.

As a result of the continuously changing government regulations, SIPEF has only sold a minimum volume of its Indonesian production in recent months. Consequently, the average realised sales price of the Group did not decrease during the last months. Because of this, SIPEF's palm oil stocks are at a record high of some 30 000 tonnes above the usual unsold volume. Further normalisation of the local Indonesian market in the coming weeks and months will have a significant impact on the annual results of the Group, exceeding those of the previous year.

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.

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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.