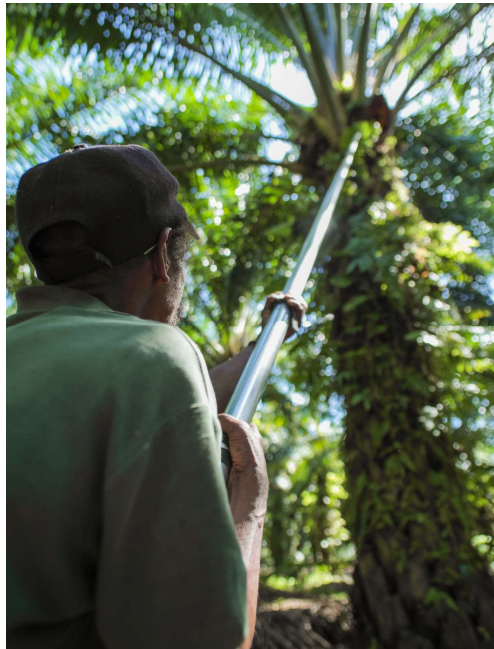




# SIPEF

## Analyst presentation August 18, 2022



The Connection to the world of Sustainable Tropical Agriculture



# Summary



**SIPEF group - Company profile**



**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 group – Company profile

### The Connection to the world of Sustainable Tropical Agriculture



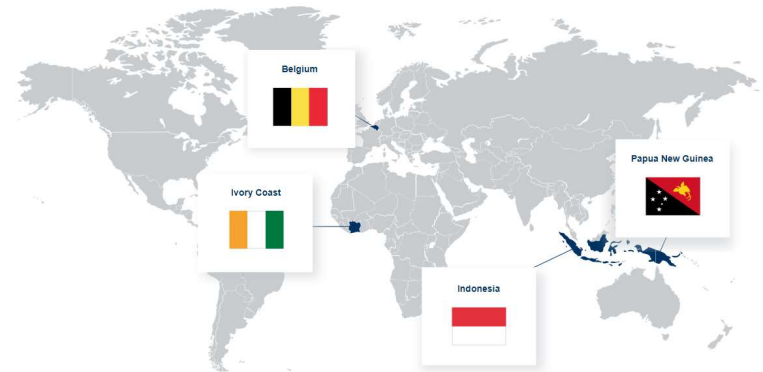
Agriculture

- 1st segment of the supply chain – commodities in continuous crops:
  - Palm oil (96% Ha)
  - Bananas (1% Ha)



Tropical

- Indonesia (82% Ha)
- Papua New Guinea (17% Ha)
- Ivory Coast (1% Ha)



Sustainable

- Audited certifications

Connection

- Publicly quoted



## SIPEF group – Company profile

Worldwide



## SIPEF group – Company profile

Indonesia



**SIPEF group – Company profile**  
**Papua New Guinea**



## SIPEF group – Company profile

Planted hectares summary 100% – 31 December 2021

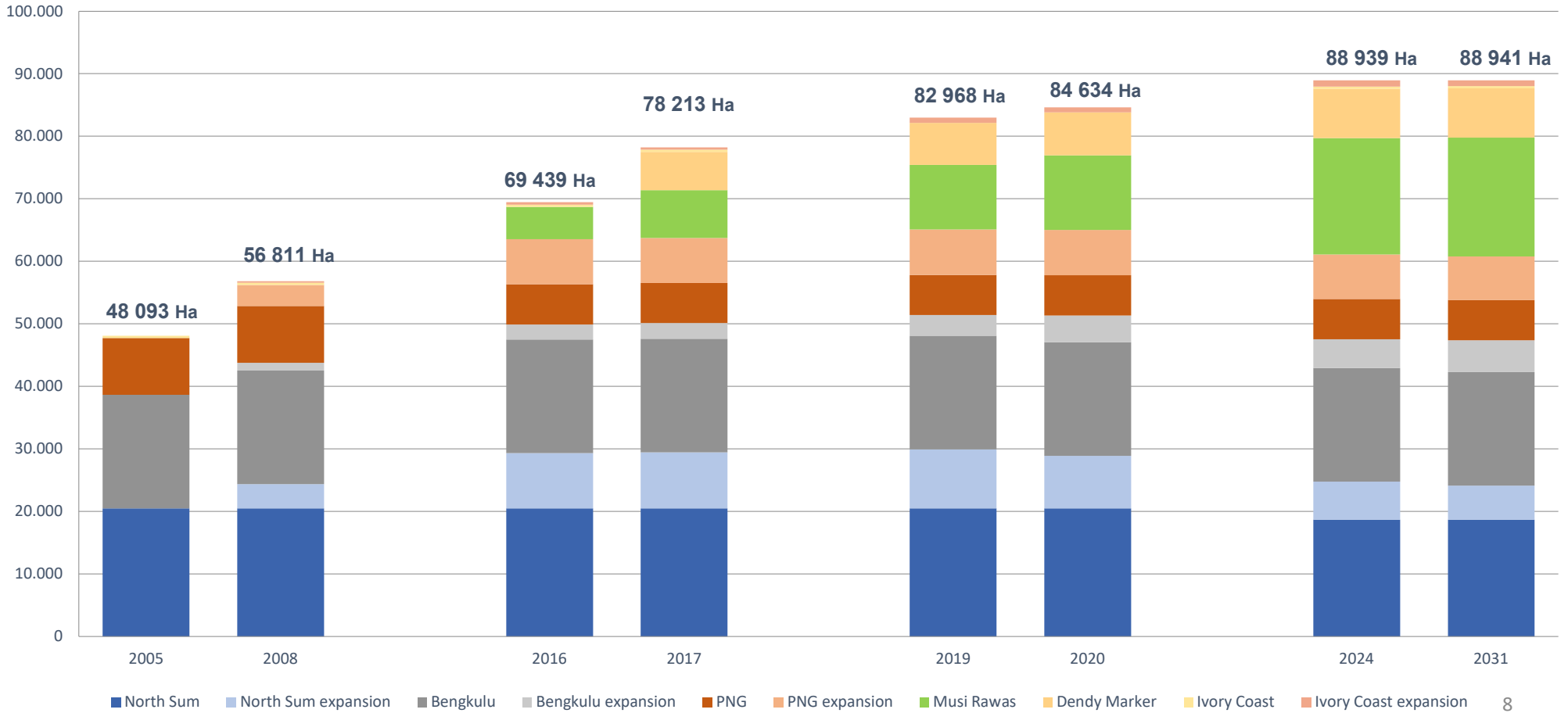


2021	Indonesia	PNG	Ivory Coast	Hectares 100%	% of total	Group share	% of total
Palm	63.429	13.262	0	76.691	97%	71.328	96%
Rubber	1.954	0	0	1.954	2%	1.763	2%
Tea	0	0	0	0	0%	0	0%
Bananas	0	0	794	794	1%	794	1%
Other	0	0	31	31	0%	31	0%
<b>Total planted</b>	<b>65.383</b>	<b>13.262</b>	<b>825</b>	<b>79.470</b>	<b>100%</b>	<b>73.916</b>	<b>93%</b>
% of total	82%	17%	1%	100%			
<b>Group share</b>	<b>59.829</b>	<b>13.262</b>	<b>825</b>				

**SIPEF group – Company profile**  
**Increase in own total planted hectares (100%)**



Mature + immature (incl. hectares PT TD)



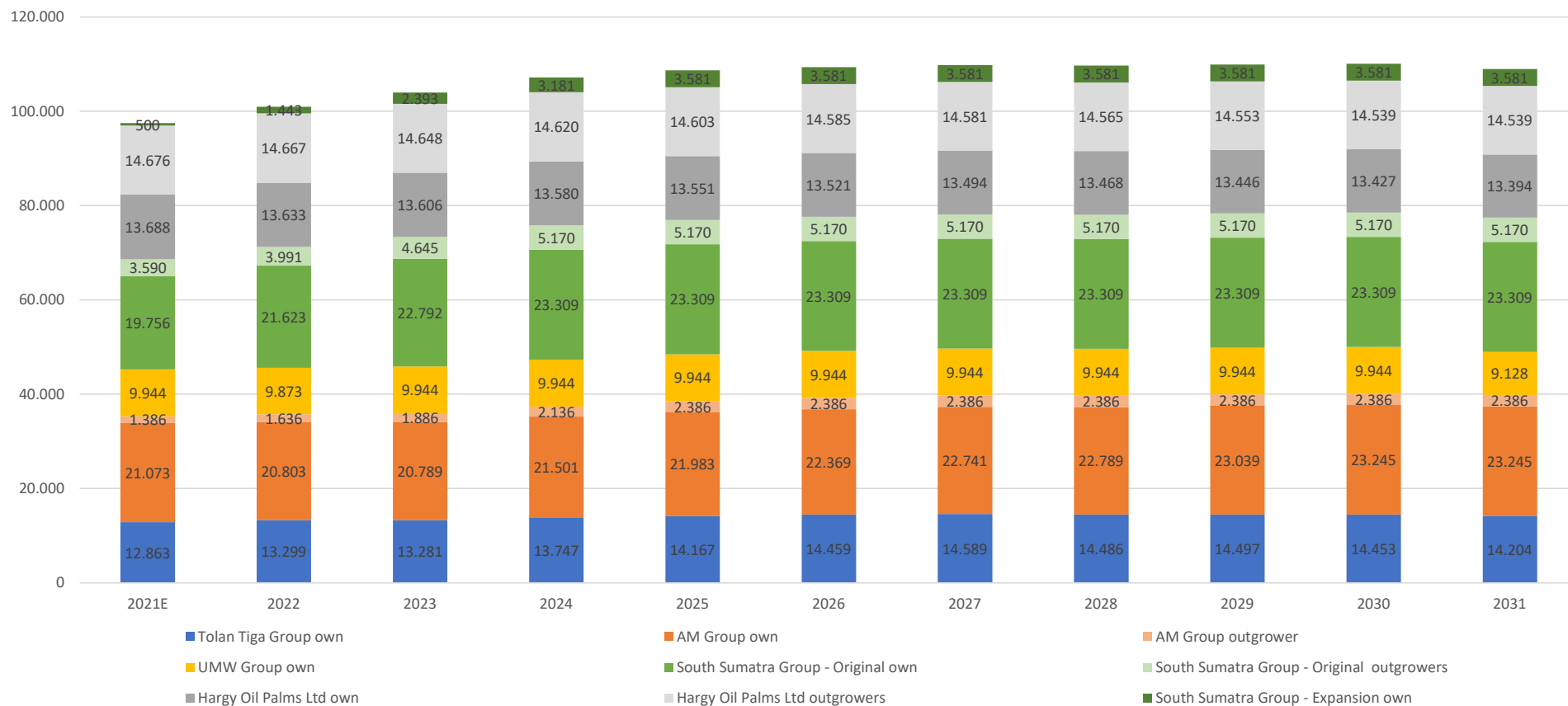


# SIPEF group – Company profile

## Total supply bases – mature palm



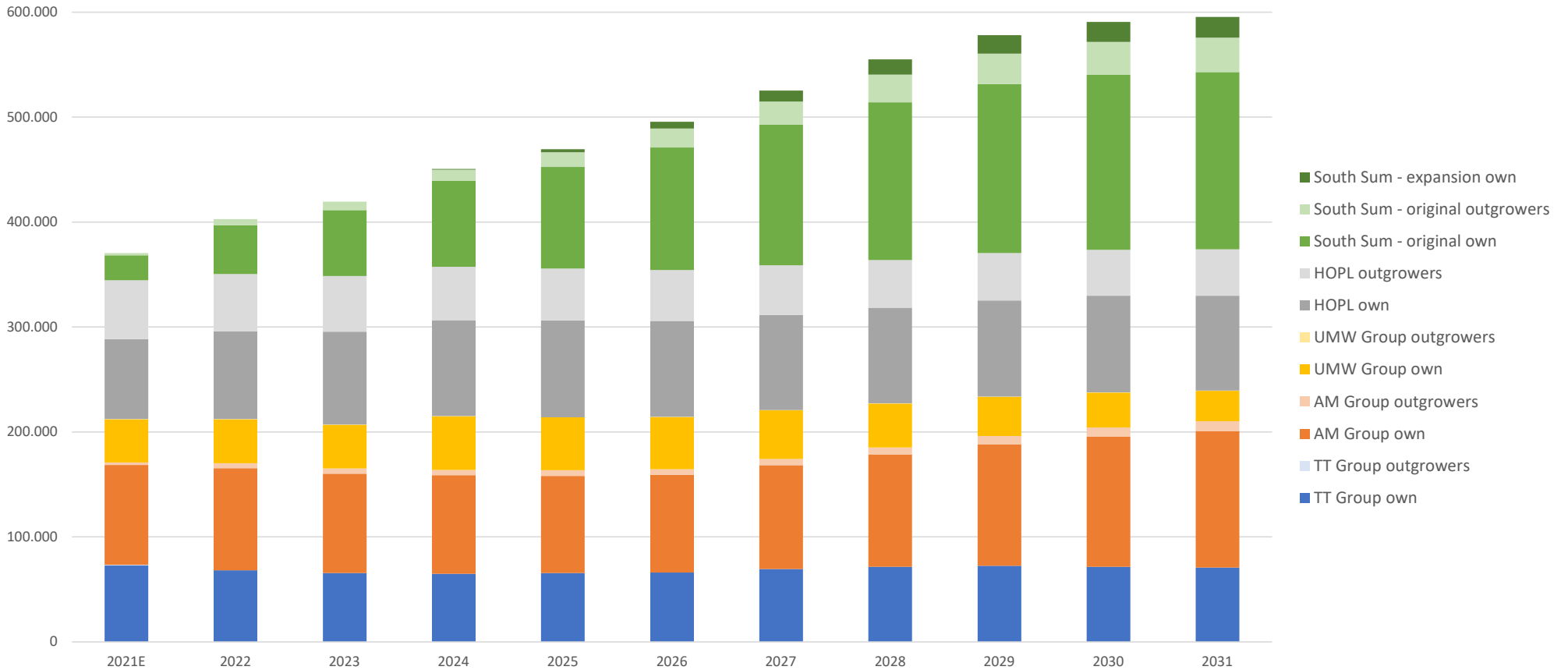
Total supply base area - palm



**SIPEF group – Company profile**  
**CPO production LTBP 2021 - 2031**



CPO production - own + outgrowers





# Summary



**SIPEF group - Company profile**



**SIPEF group - Palm oil in the world**



**SIPEF group - Production & prices**



**SIPEF group – Financial performance**



**SIPEF group - Prospects**

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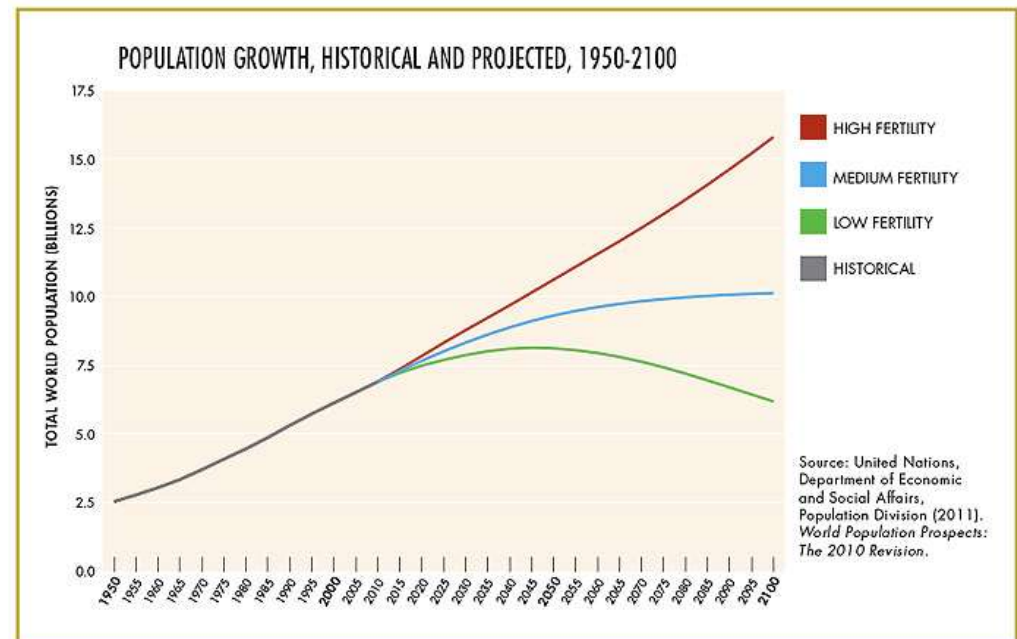


## SIPEF group – Palm oil in the world

### Palm oil in the world - Population growth



- In the coming 40 years, mankind will have to produce more food than in the previous 10 000 years put together
- Population growth will have a huge impact on future food demands
- Rising middle class is causing diet changes in developing countries
- Agricultural land is increasingly becoming scarcer



**SIPEF group – Palm oil in the world**  
**Oil and fat consumption**



Source: Oilworld

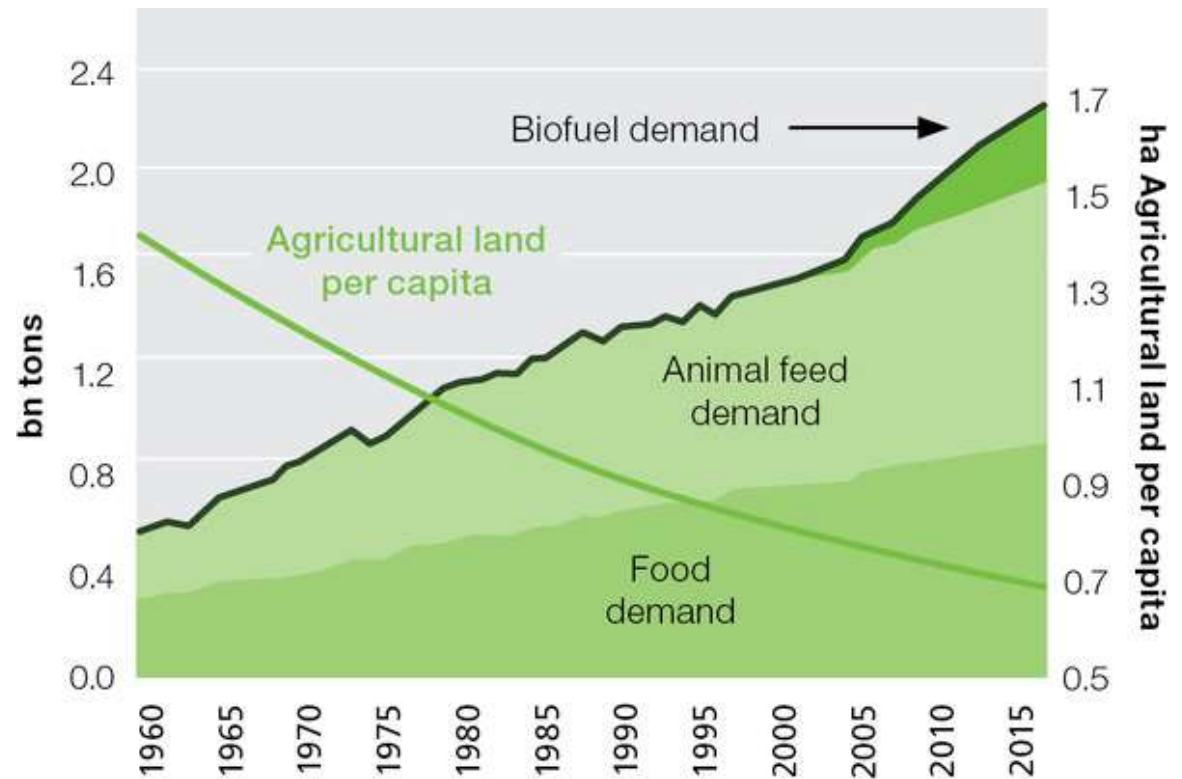
Oil and fat per capita consumption (in Kg)



**SIPEF group – Palm oil in the world**  
**Palm oil in the world - Land input**

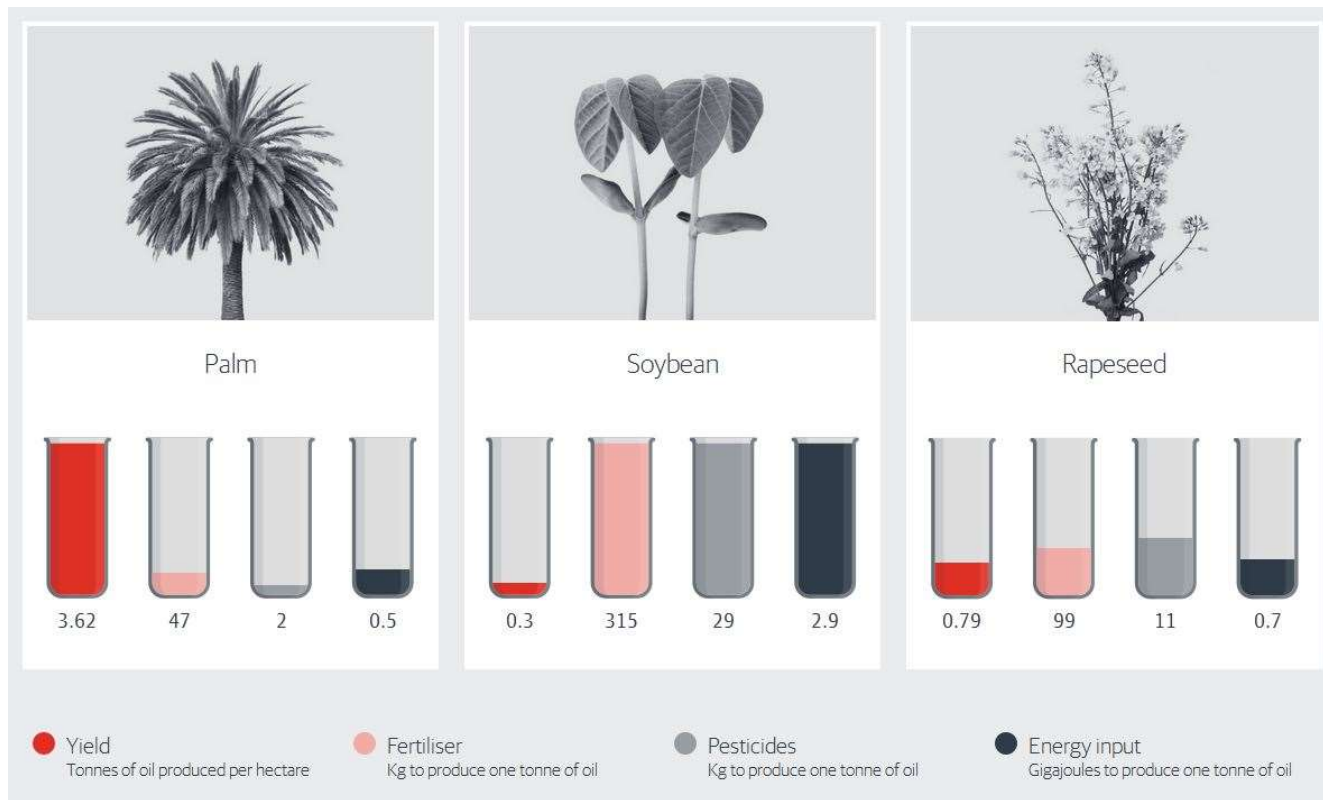


- Increased demand for meat/fat/processed foods
- Increased demand for biofuel
- Decreasing Agricultural land per capita
- Disposable income growth in developing countries



**SIPEF group – Palm oil in the world**  
**Palm oil in the world - Comparison to other oils**

Resources used per vegetable oil:



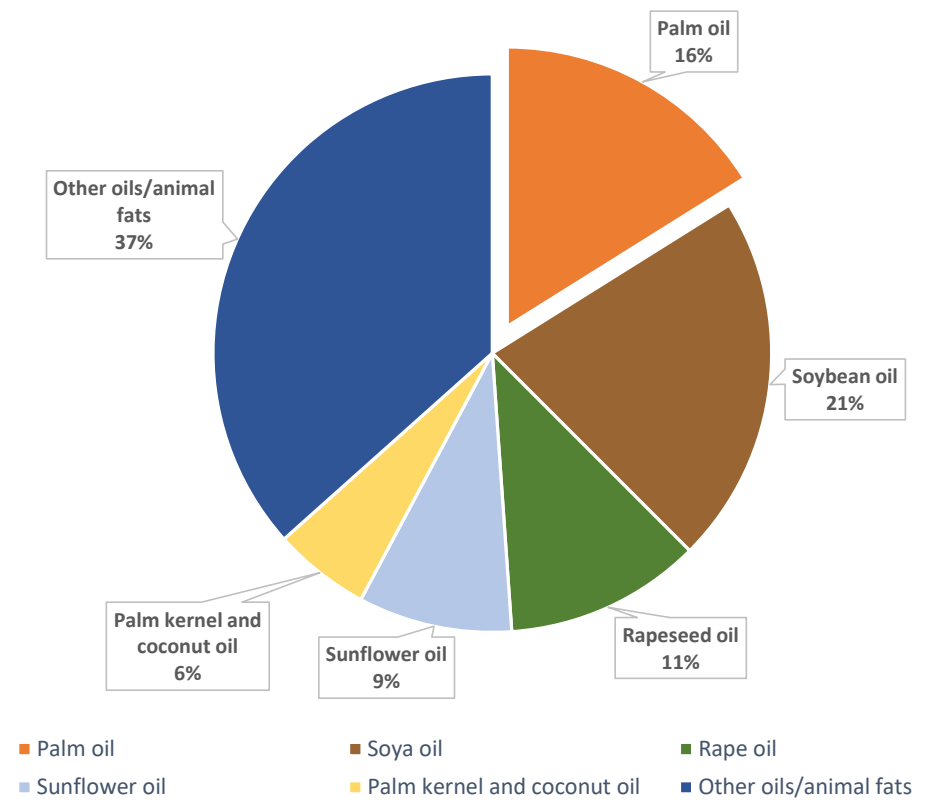
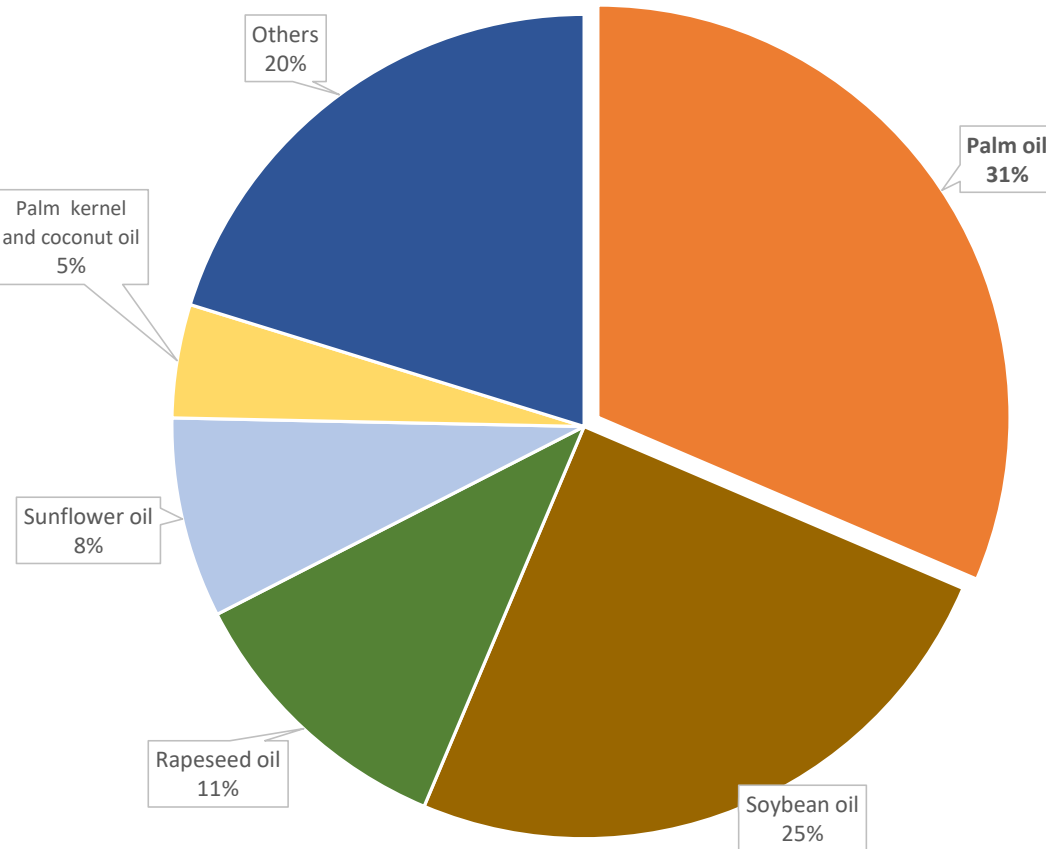
**SIPEF group – Palm oil in the world**  
**Palm oil in the world - Vegetable oils**



Source: Oilworld

**2021 : 241,4 million tonnes**

**1994/95: 93,1 million tonnes**



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

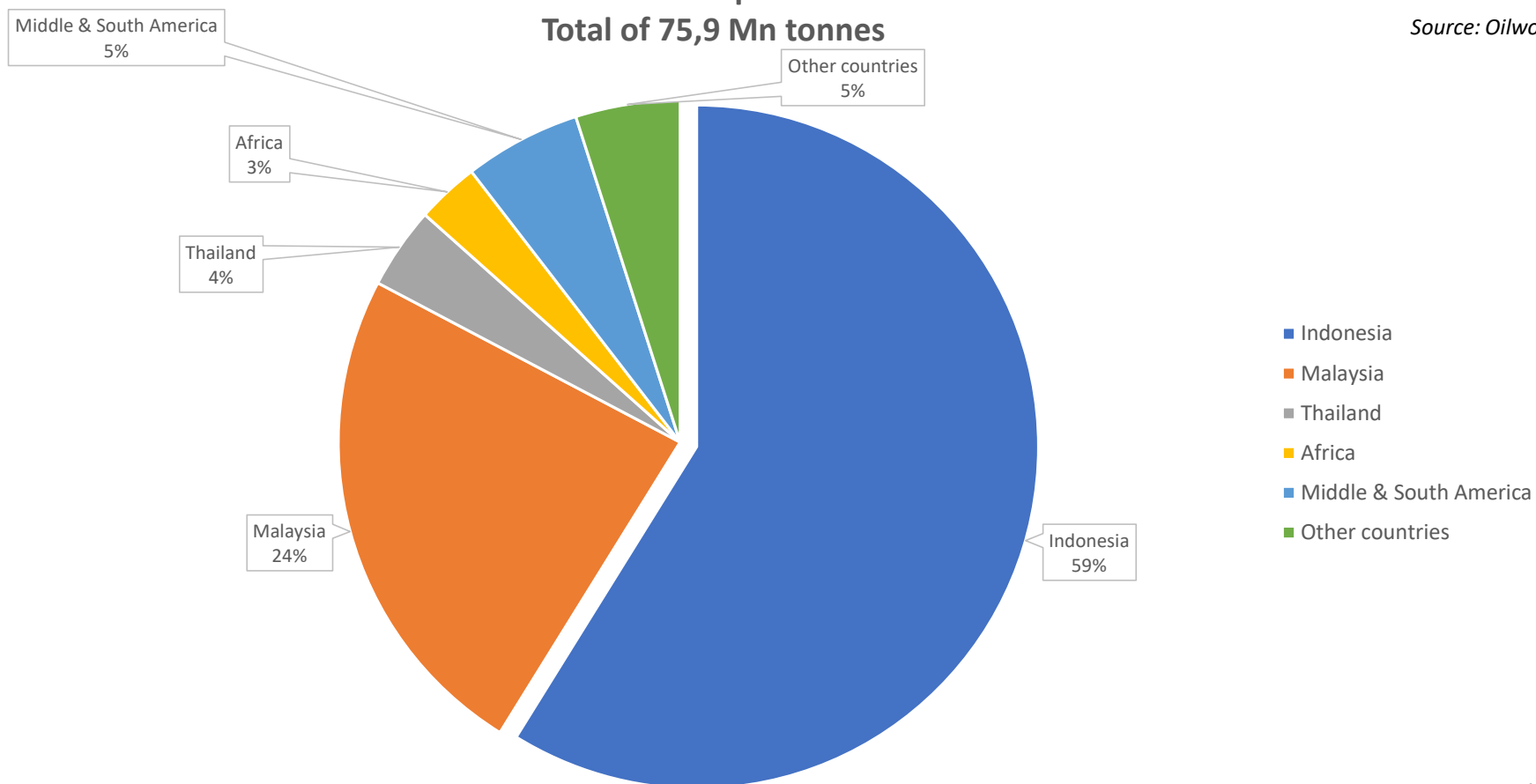


**SIPEF group – Palm oil in the world**  
**Palm oil in the world - Palm oil production**



**2021 Palm oil production**  
**Total of 75,9 Mn tonnes**

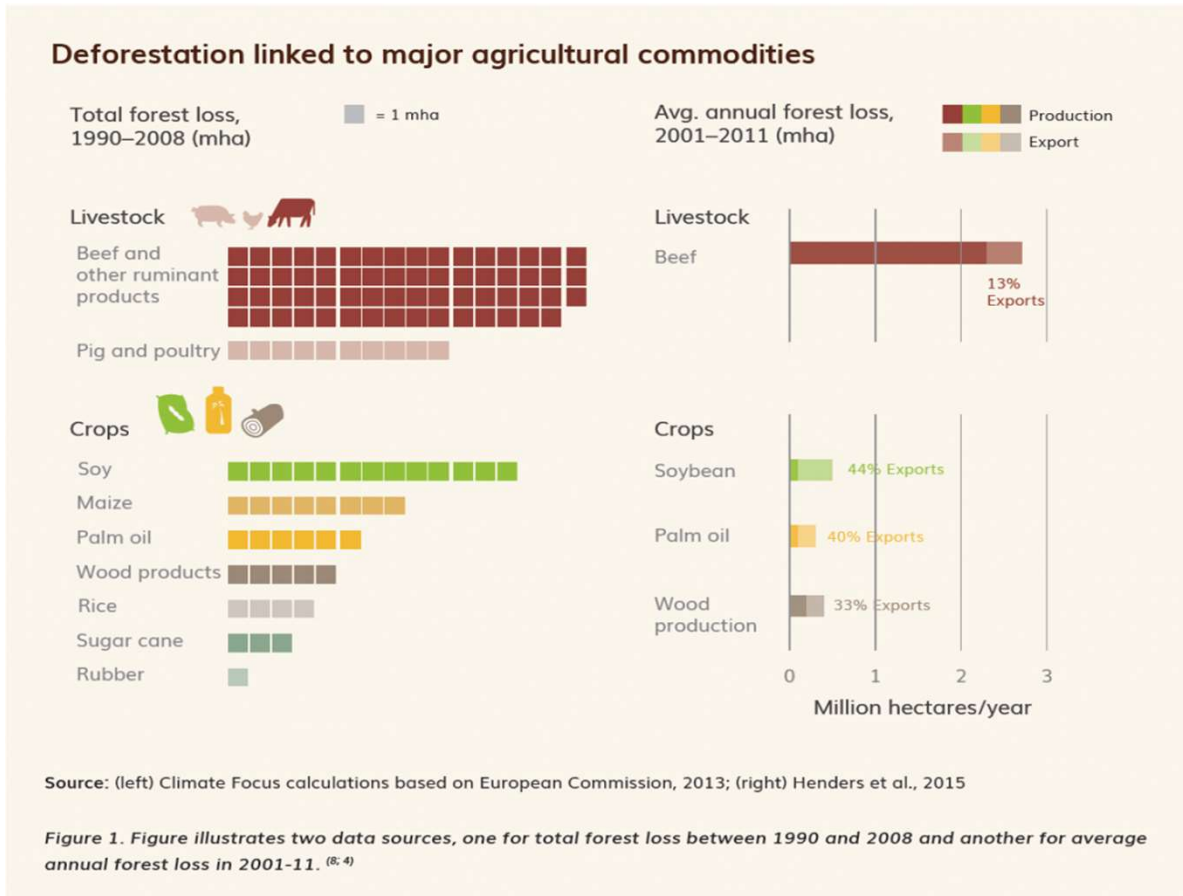
Source: Oilworld



- **Palm oil remains confronted with a European perception problem based on**
  - Health issues
    - No fat <-> moderate use of saturated fat
    - Saturated fats – only 50% saturated and no transfats
  - Environmental issues
    - Deforestation – most efficient vegetable oil/hectare of land
    - Sustainable Development Goals – Palm Oil covers the majority of it!

# SIPEF group – Palm oil in the world

## Palm oil in the world - Sources for deforestation



**SIPEF group – Palm oil in the world**  
**Palm oil in the world – Commodity commitment**

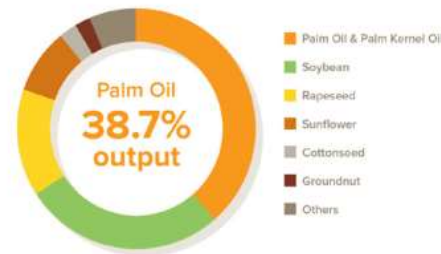
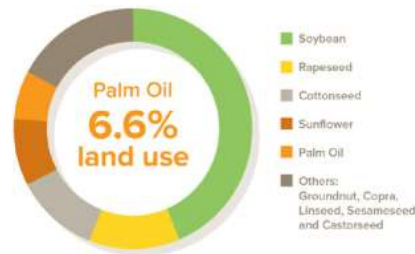
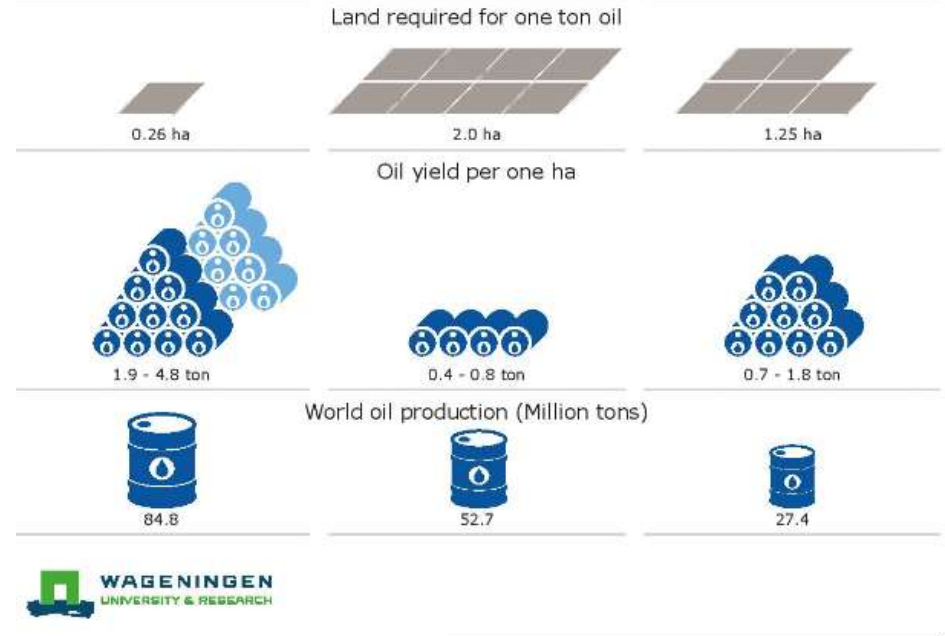
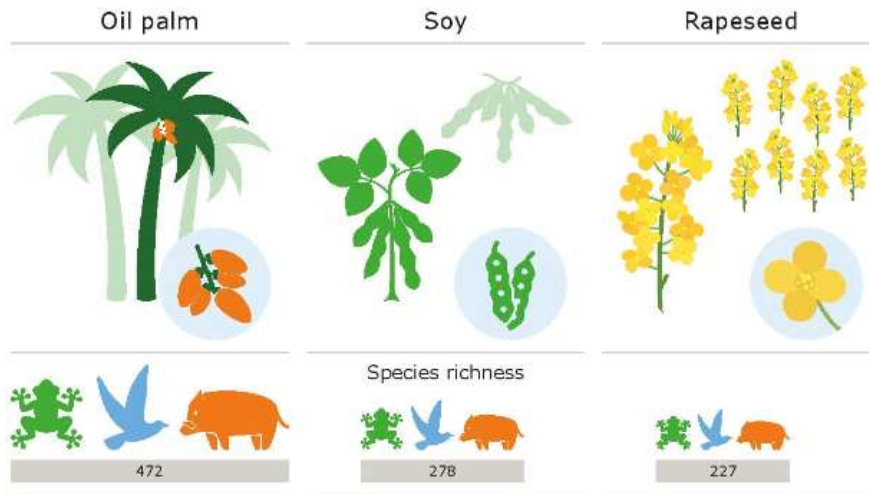


# SIPEF group – Palm oil in the world

## The oil palm controversy

### The oil palm controversy

The three main oil crops compared. Oil palm, with harvest cycles of about 25 years, is grown in areas with many plant and animal species, many of which are endangered, but with some living in oil palm trees. The oil yields are large. Oil production by annual crops such as soy and rapeseed requires much more land and harbours few other species.



**SIPEF group – Palm oil in the world**  
**Palm oil in the world - Sustainable palm oil**



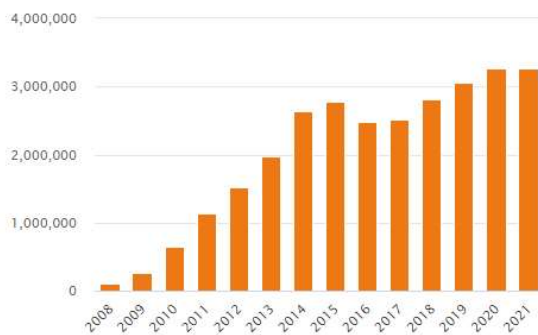
Less than 3 million tons is sold as IP/‘segregated’ (100% traceable)  
 SIPEF = 100% compliant and > 390.000 tons (palm products) ‘segregated’



**14.5 million tonnes**  
 Volume of RSPO-certified sustainable palm oil

3,35 Million Ha RSPO certified production area in 2021

**Certified Sustainable Palm Oil production area (ha)** ⓘ

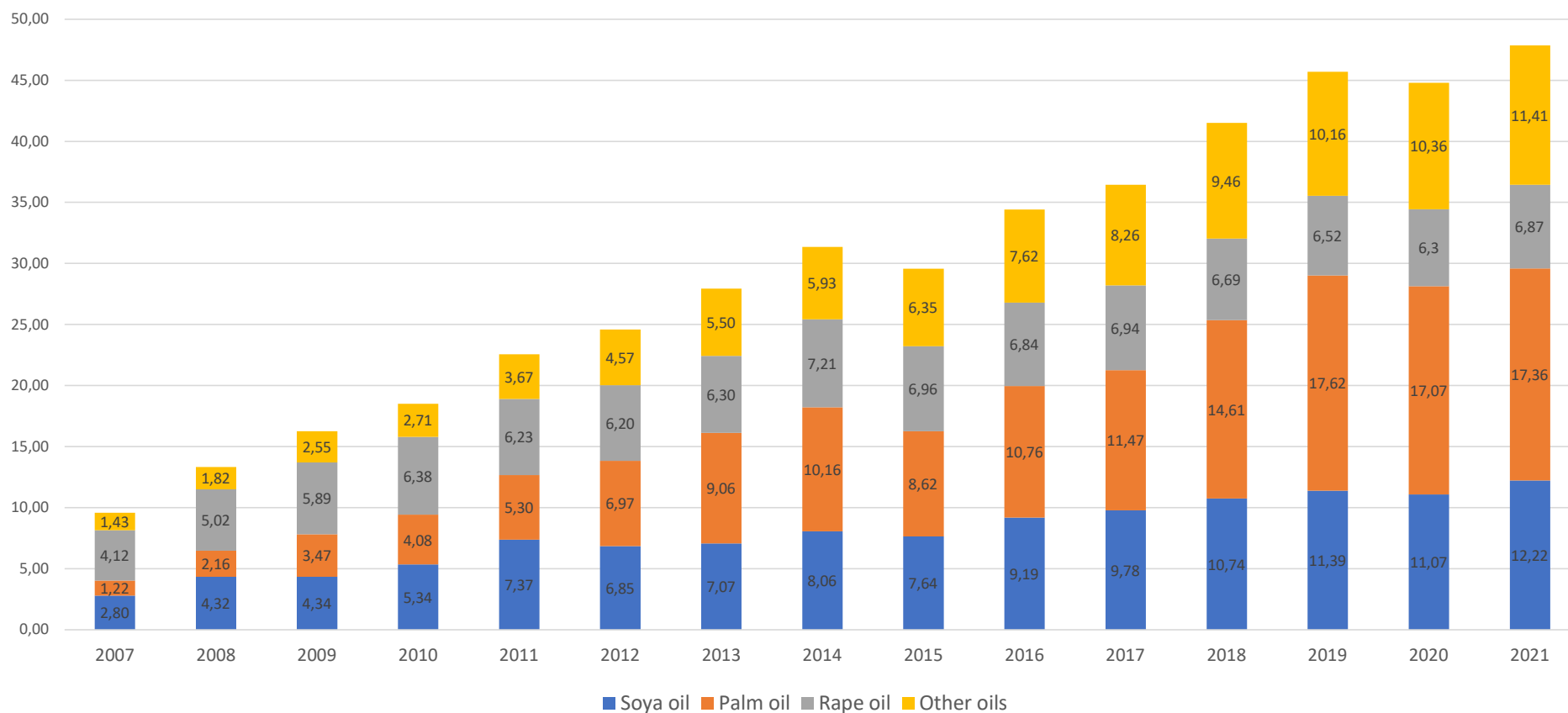


**18.9%**  
 Proportion of global palm oil certified by RSPO

**SIPEF group – Palm oil in the world**  
**Palm oil in the world - Biodiesel use of major feedstock (Mn T)**



**Biodiesel use of major feedstock (Mn T)**

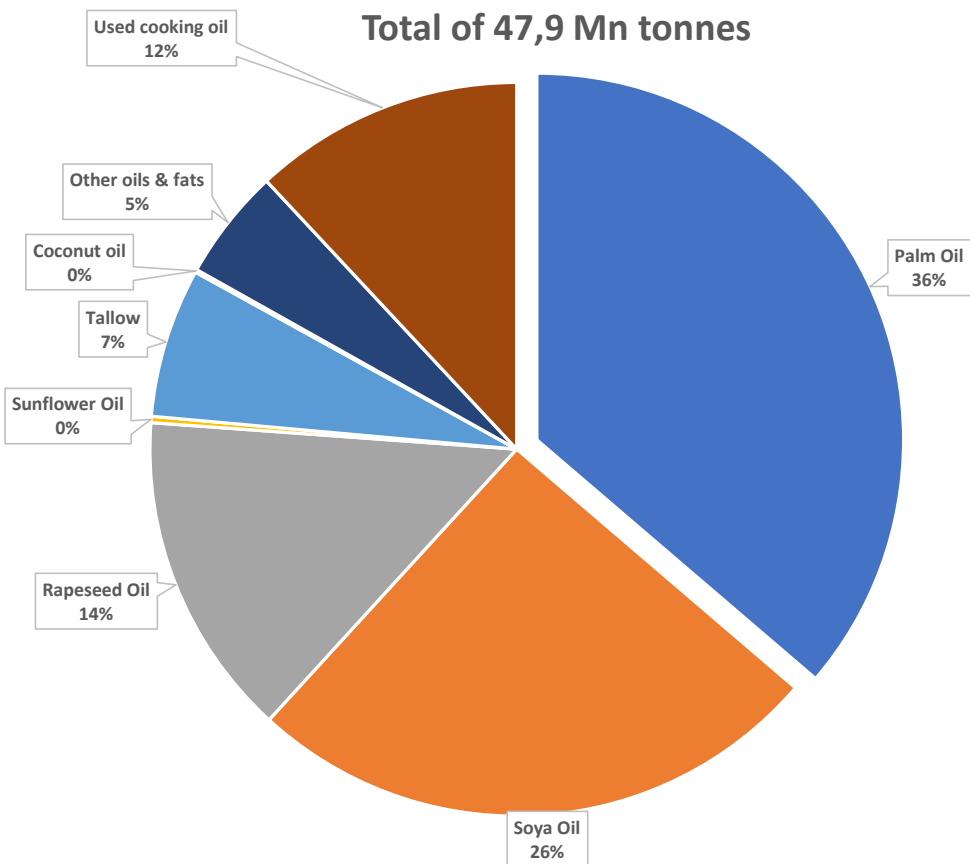


**SIPEF group – Palm oil in the world**  
**Biodiesel worldwide**

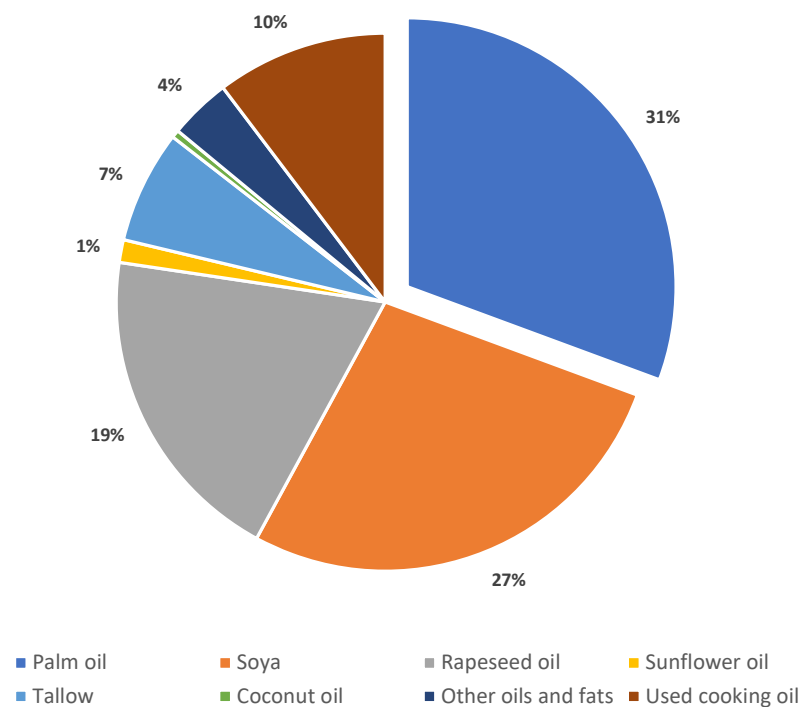


Source: Oilworld

**Biodiesel worldwide 2021**  
**Total of 47,9 Mn tonnes**



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



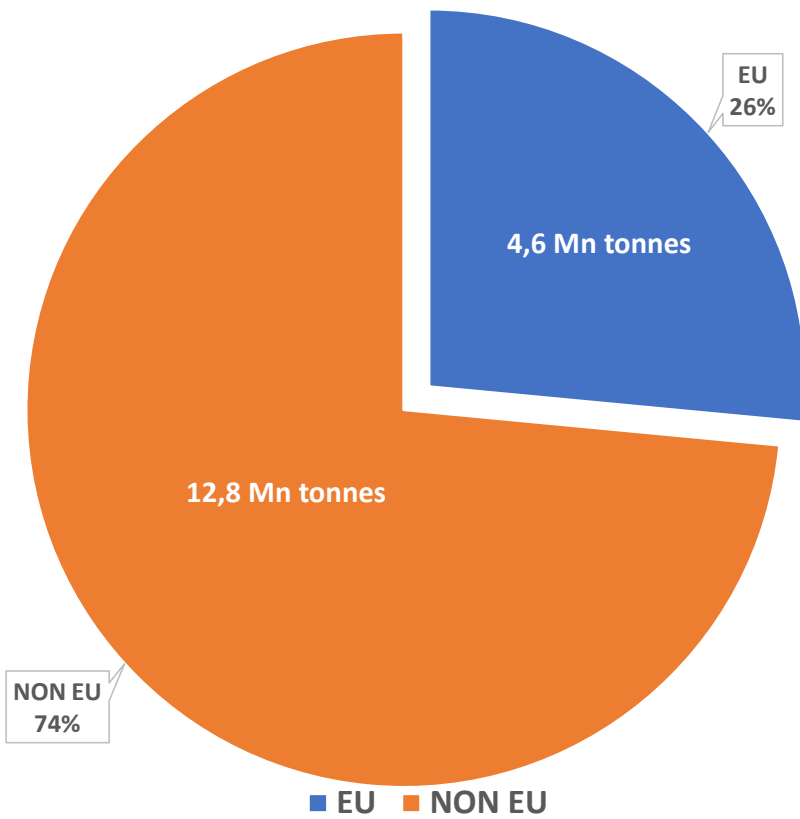


**SIPEF group – Palm oil in the world**  
**Palm oil use for biodiesel EU**

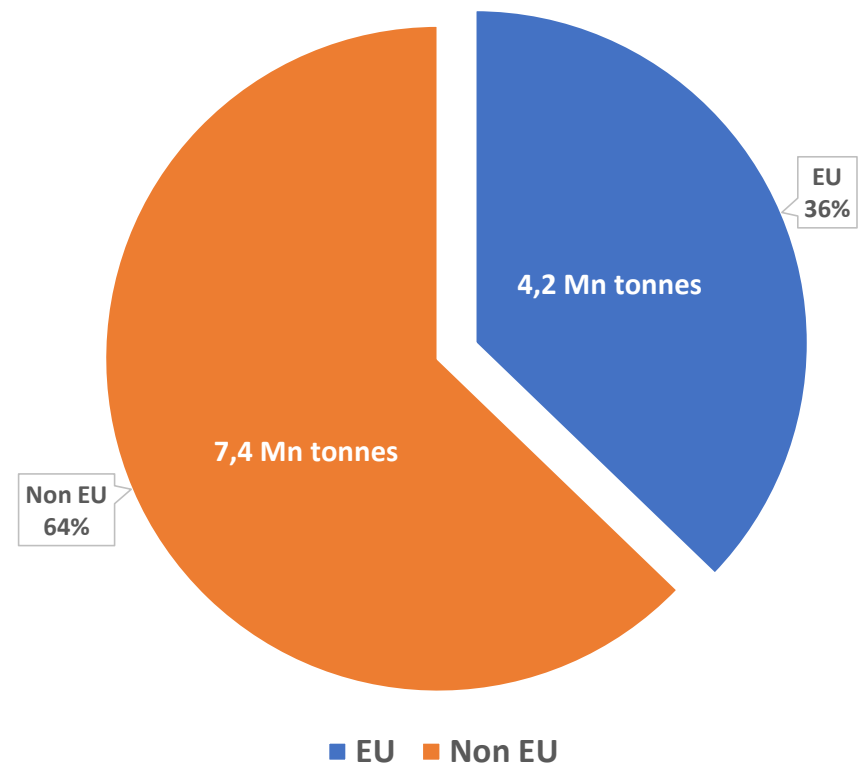


Source: Oilworld

**2021: Palm oil use for Biodiesel**  
Total of 17,4 Mn tonnes



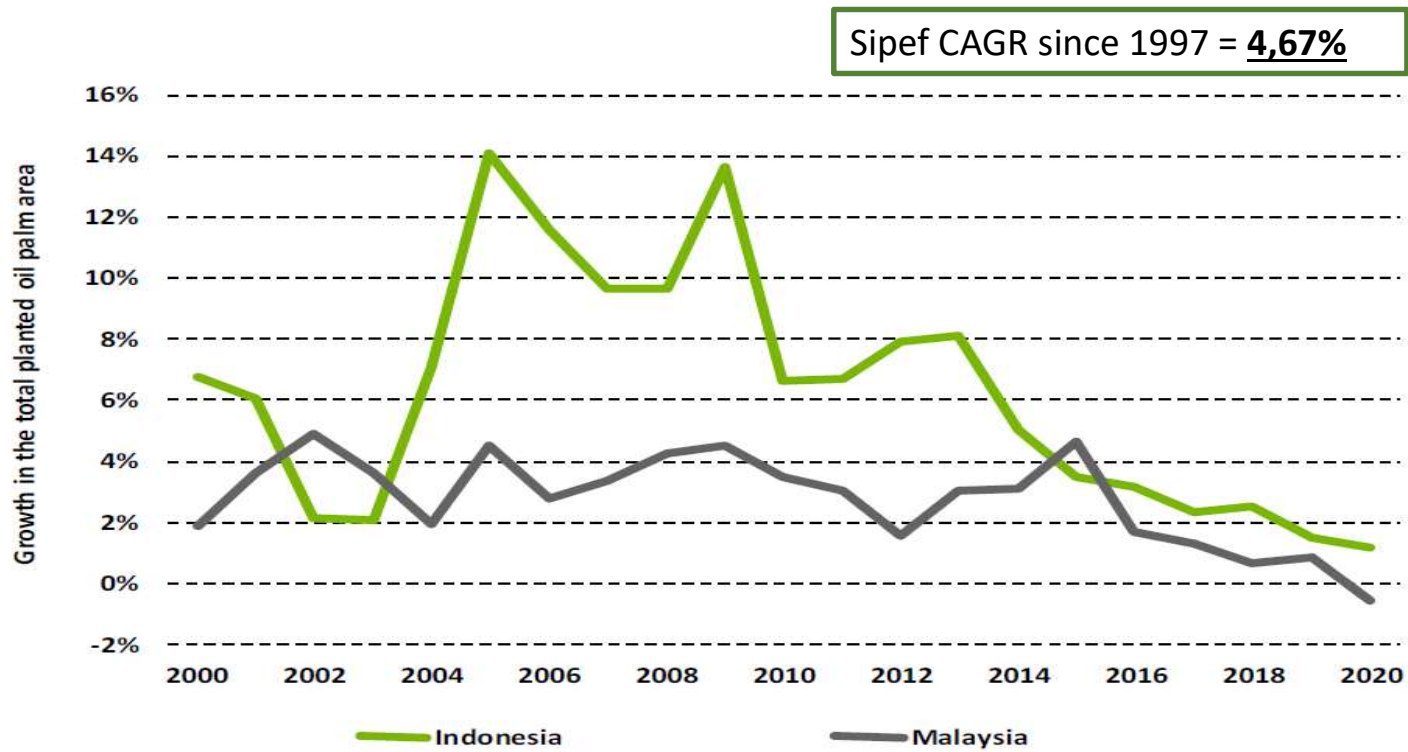
**2017 Palm oil use for Biodiesel**  
Total of 11,6 Mn tonnes



**SIPEF group – Expansion**  
**Growth in Indonesia and Malaysia**



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

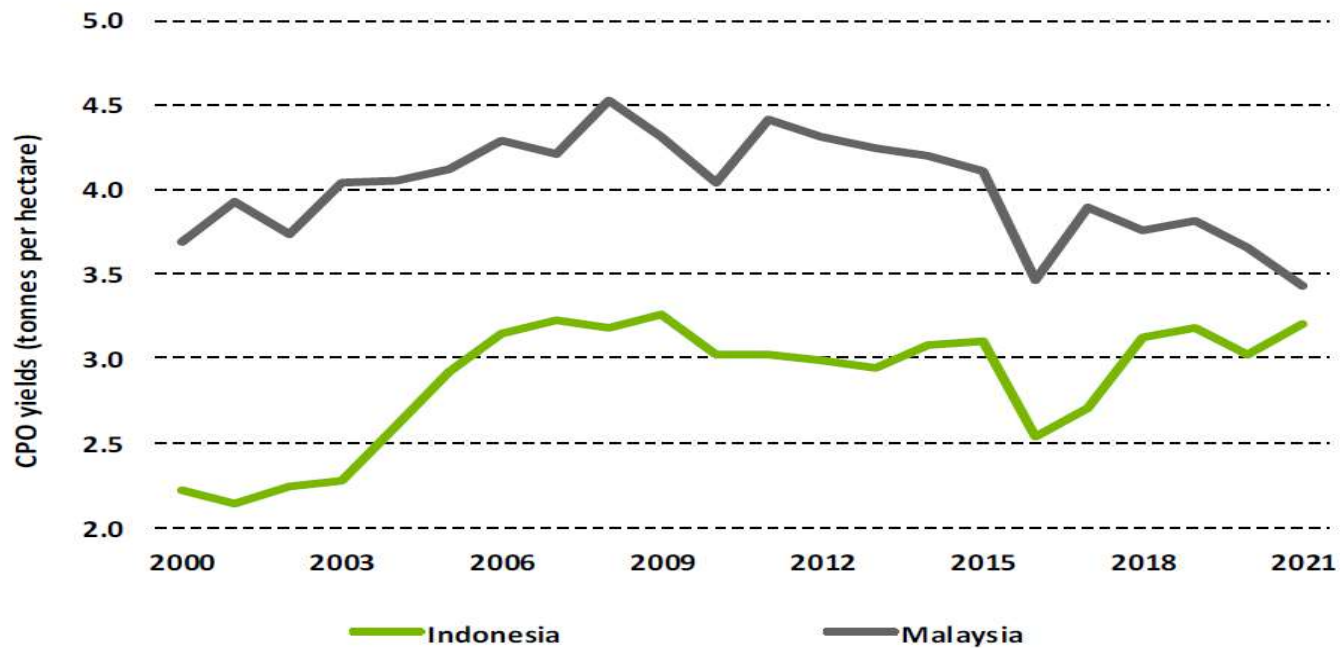


**SIPEF group – Expansion**  
Growth in Indonesia and Malaysia



Indonesian and Malaysian CPO yields

Sipef average CPO yield 2021 = **5,1 T/Ha**





# Summary



**SIPEF group - Company profile**



**SIPEF group - Palm oil in the world**



**SIPEF group - Production & prices**



**SIPEF group – Financial performance**



**SIPEF group - Prospects**

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## SIPEF group – Productions & prices

Group production PALM OIL – June 2022

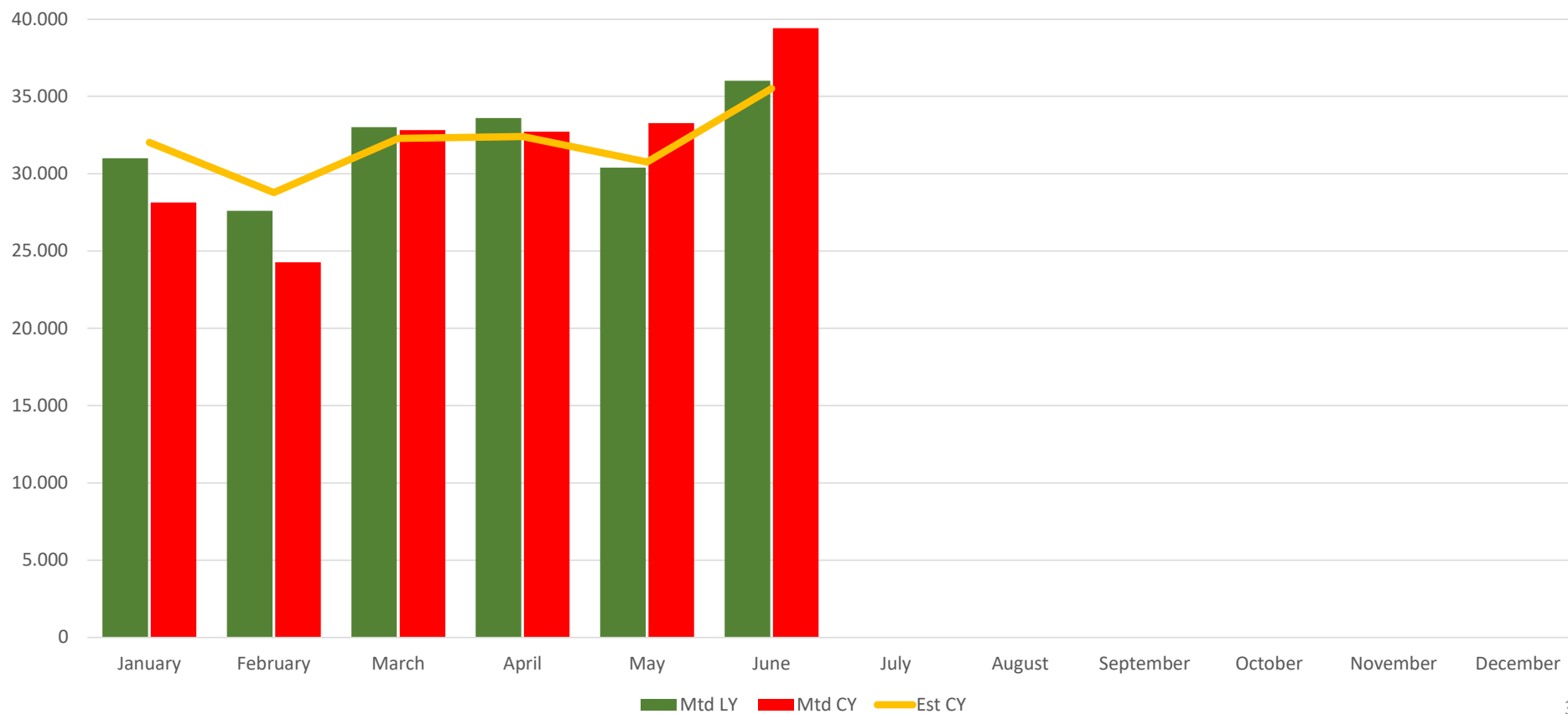


Palm Oil	2022	2021	Variance
<b>Own</b>			
Tolan Tiga Group	32 914	32 910	0,01%
Umbul Mas Wisesa Group	21 024	21 489	-2,17%
Agro Muko Group	39 933	46 224	-13,61%
South Sumatra Group	11 788	10 173	15,88%
Hargy Oil Palms	50 505	46 737	8,06%
<b>Total own</b>	<b>156 163</b>	<b>157 534</b>	<b>-0,87%</b>
<b>Outgrowers</b>			
Tolan Tiga Group	614	429	43,13%
Umbul Mas Wisesa Group	70	38	85,90%
Agro Muko Group	1 717	2 065	-16,85%
South Sumatra Group	2 433	1 283	89,54%
Hargy Oil Palms	29 645	30 303	-2,17%
<b>Total outgrowers</b>	<b>34 478</b>	<b>34 118</b>	<b>1,06%</b>
<b>Total Palm Oil</b>	<b>190 642</b>	<b>191 652</b>	<b>-0,53%</b>

**SIPEF group – Productions & prices**  
**Group production PALM OIL – Monthly overview**



**CPO productions 2022**



**SIPEF group – Productions & prices**  
**Group production BANANAS – June 2022**



<b>Bananas</b>	<b>June 2022</b>	<b>June 2021</b>	<b>Variance</b>
Azaguié	6 336	6 635	-4,51%
Agboville	4 543	4 955	-8,31%
Motobé	4 862	5 064	-3,99%
Lumen	35	0	-
Akoudje	0	0	-
<b>Total Bananas</b>	<b>15 776</b>	<b>16 654</b>	<b>-5,27%</b>

## SIPEF group – Production & prices

### Bull & Bear



	Rating	Bullish inputs	Bearish inputs
Palm Oil	Neutral	- The export tax is reduced from \$288 to \$52/\$74	- Total export taxes/levies from \$688 to \$52/\$74 to support local prices....usually export prices adjust
Aug 1025		- The export levy is temporarily abandoned till end of Aug – will they extend?	- DMO regulations still complicated
Sept 1075		- No more flush oil tax	- Indo stocks are full, needs big export – selling pressure
OND 1075		- Indo now a \$250 discount to Mal cpo	- Mal stocks will be growing till year end
JFM 1075		- Destination stocks still low	- A chunk of oil that needs to be priced in Indo – selling pressure
AMJ 1075		- Palm is cheap vs liquid oils	- Into production peak, mainly pressing in Indo
JAS 1075		- Good biofuel demand in US, EU and Indo – discretionary blending	- Destination demand still slow, particularly China has been very sluggish in most agri commodities
OND 1075		- Indo talking about B35 and even B40	- High prices will lead to bigger growing areas in South America
		- Draught in most EU growth areas, hurting new crops	- Overall sell-off of commodities – Ukraine shipping route is putting pressure on grains
		- US crop conditions average, slightly but next 3 weeks will determine final crops	- Petro market back to level before Ukraine invasion
		- Still a very fine balance between supply and demand on larger scale, the world needs great crops to balance the global stocks	

*The continuous change in the export regulations by the Indo government are certainly creating uncertainty, which is never good for prices.*



**SIPEF group – Production & prices**  
**Current export tax/levy scheme**



<b>APPLICABLE SCHEDULE AS FROM 09/08/2022</b>				
<i>CPO reference price in USD</i>				
<i>From</i>	<i>To</i>	<i>Levy*</i>	<i>Tax</i>	<i>Total</i>
0	680	0	0	0
681	730	0	3	3
731	780	0	18	18
781	830	0	33	33
831	880	0	52	52
881	930	0	74	74
931	980	0	124	124
981	1 030	0	148	148
1 031	1 080	0	178	178
1 081	1 130	0	201	201
1 131	1 180	0	220	220
1 181	1 230	0	240	240
1 231	1 280	0	250	250
1 281	1 330	0	260	260
1 331	1 380	0	270	270
1 381	1 430	0	280	280
1 431	<i>and above</i>	0	288	288

\* Export levy is not applicable until 31/08/2022. An updated export levy as from 01/09/2022 will be published as soon as available.

**SIPEF group – Production & prices**  
**EMG selling prices**



Realised sales	30/06/2022	30/06/2021
Indo	1.039	604
PNG	1.257	829
<b>Total</b>	<b>1.148</b>	<b>696</b>
<i>% sold</i>	40%	48%

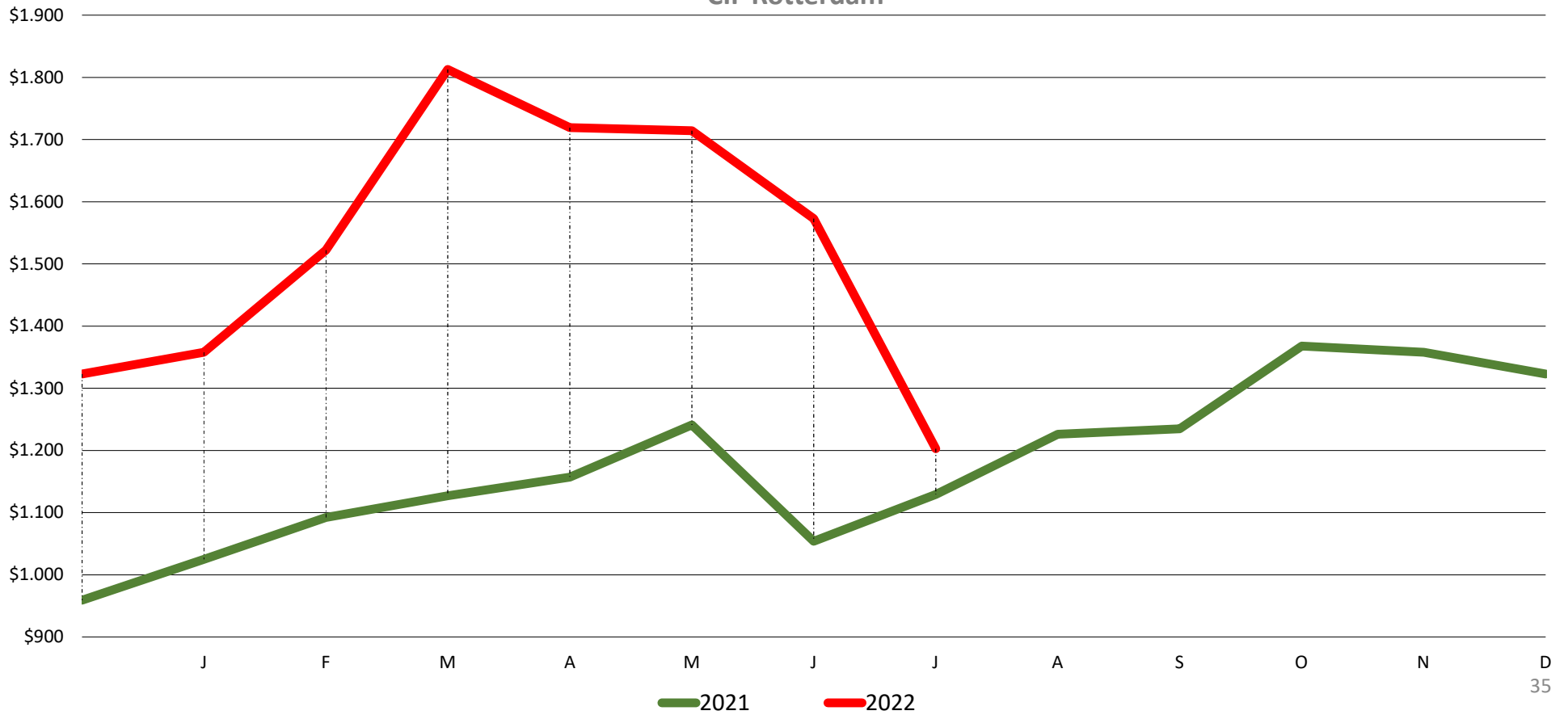
Contracted forward sales	Mid August 2022	Mid August 2021
Indo	919	632
PNG	1.251	862
<b>Total</b>	<b>1.097</b>	<b>728</b>
<i>% sold</i>	65%	75%

**SIPEF group – Production & prices**  
CPO prices CIF Rotterdam 2021 – 2022



Source: Oil World

Crude Palm Oil in \$/mt  
CIF Rotterdam

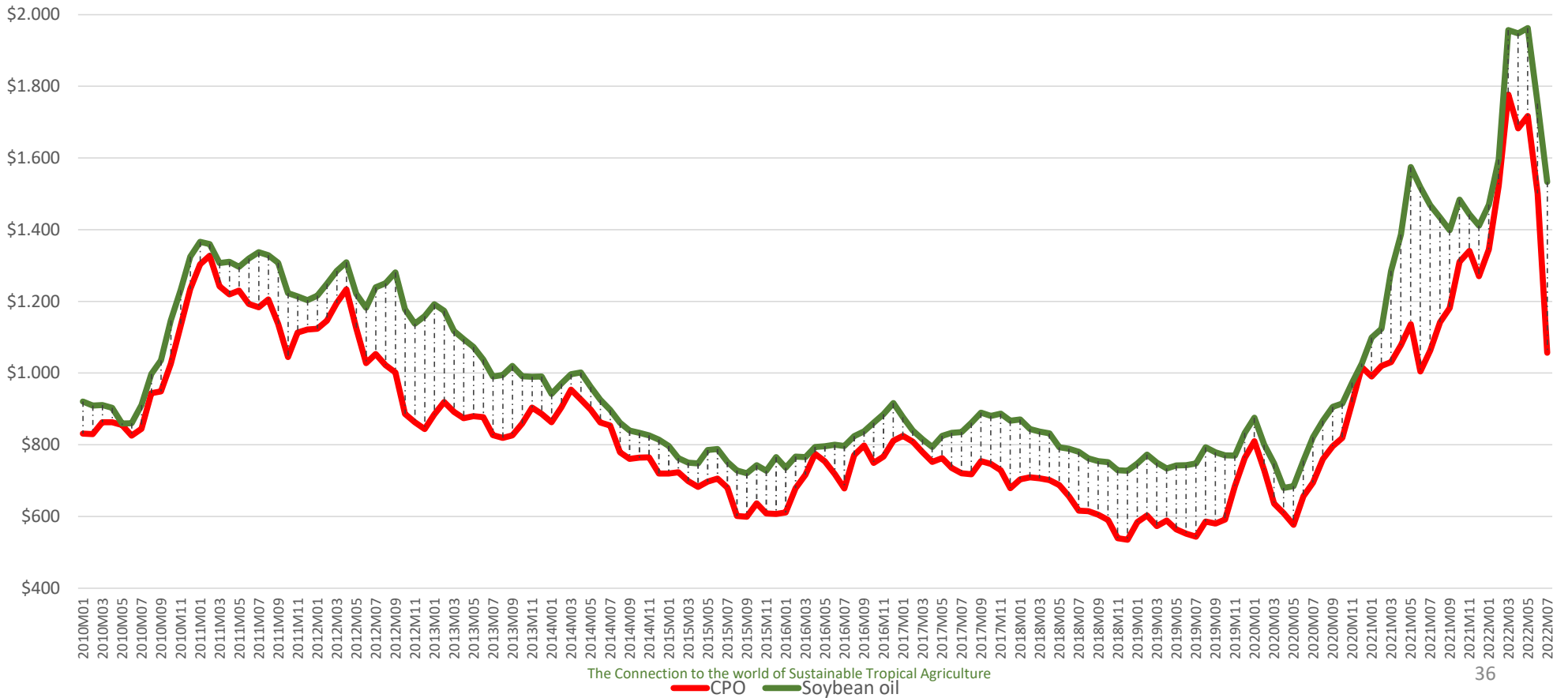


**SIPEF group – Production & prices**  
**Spread crude palm oil – soybean oil**



Spread CPO - soybean oil

Source: Worldbank



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— CPO — Soybean oil



# Summary



**SIPEF group - Company profile**



**SIPEF group - Palm oil in the world**



**SIPEF group - Production & prices**



**SIPEF group – Financial statements**



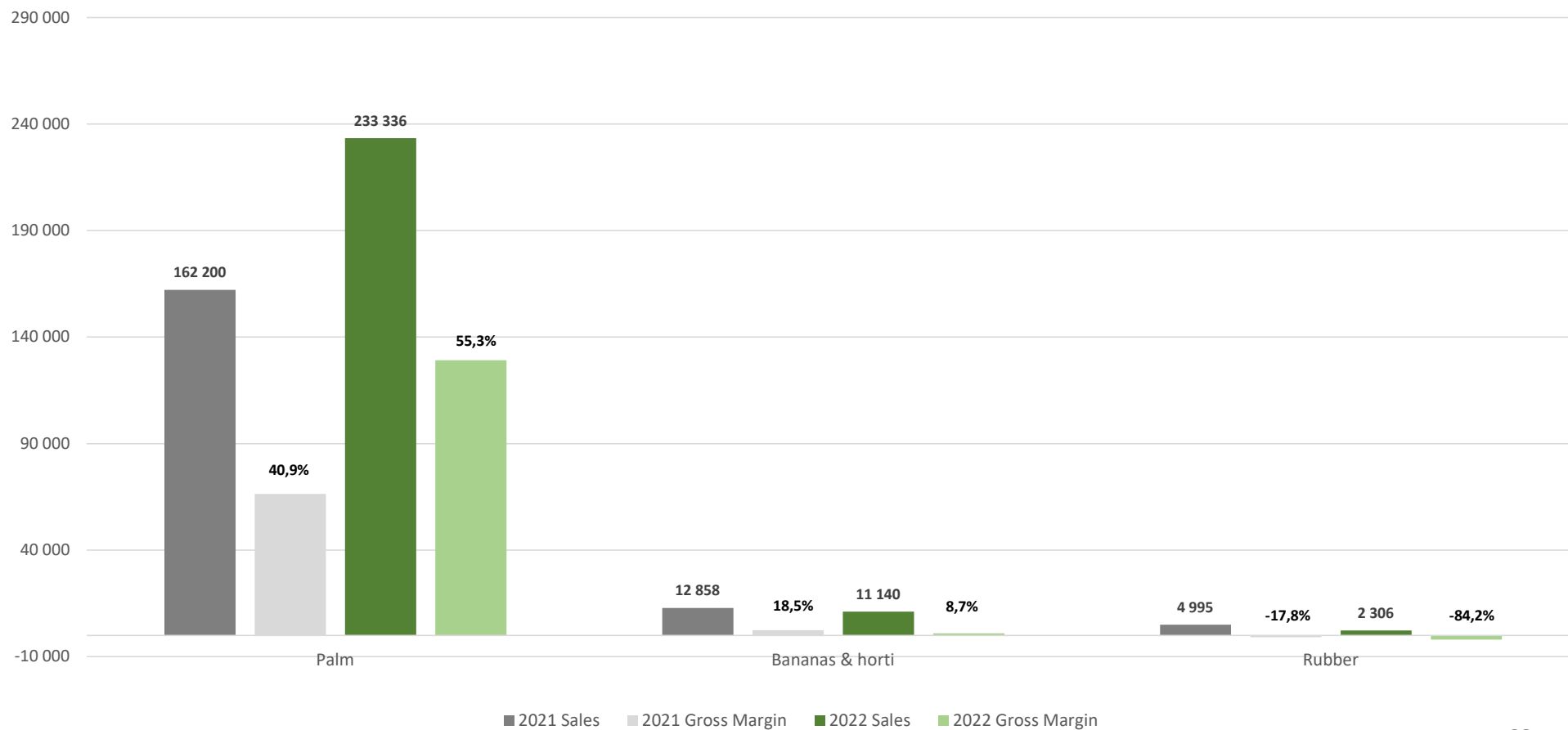
**SIPEF group - Prospects**

The Connection to the world of Sustainable Tropical Agriculture



## SIPEF group – Financial statements

June gross margin – Results before tax (management presentation)



## SIPEF group - Financial statements

Gross margin – Results after tax (management presentation)



In KUSD		<u>30/06/2022</u>	<u>30/06/2021</u>	<u>Diff</u>
Gross margin	Palm	129.066	66.383	94%
	Rubber	-1.941	-887	119%
	Tea	100	65	54%
	Bananas	853	2.381	-64%
	Horticulture	111	30	270%
G&A including corporate		-23.191	-16.462	
Other operating		-351	-1.381	
<b>Operating result</b>		<b>104.647</b>	<b>50.129</b>	
Finance income/charges		-1.467	-1.582	
Discount Sipef CI		0	320	
Exchange		-2.584	-609	
<b>Financial result</b>		<b>-4.051</b>	<b>-1.871</b>	
<b>Profit before tax</b>		<b>100.596</b>	<b>48.258</b>	

## SIPEF group - Financial statements

Gross margin – Results after tax (management presentation) - Continued



In KUSD	30/06/2022	30/06/2021
<b>Profit before tax</b>	<b>100.596</b>	<b>48.258</b>
Tax	-33.248	-13.159
<b>Profit after tax</b>	<b>67.348</b>	<b>35.099</b>
Associated companies	-156	-482
<b>Profit for the period - recurring</b>	<b>67.192</b>	<b>34.617</b>
Gain on sale PT Melania	0	11.640
Profit for the period	67.192	46.257
<b>Group share - recurring</b>	<b>63.922</b>	<b>32.516</b>
Group share	63.922	43.519
<b>Minority interests - recurring</b>	<b>3.270</b>	<b>2.101</b>
Minority interests	3.270	2.738



**SIPEF group - Financial statements**  
**Consolidated balance sheet (management presentation)**



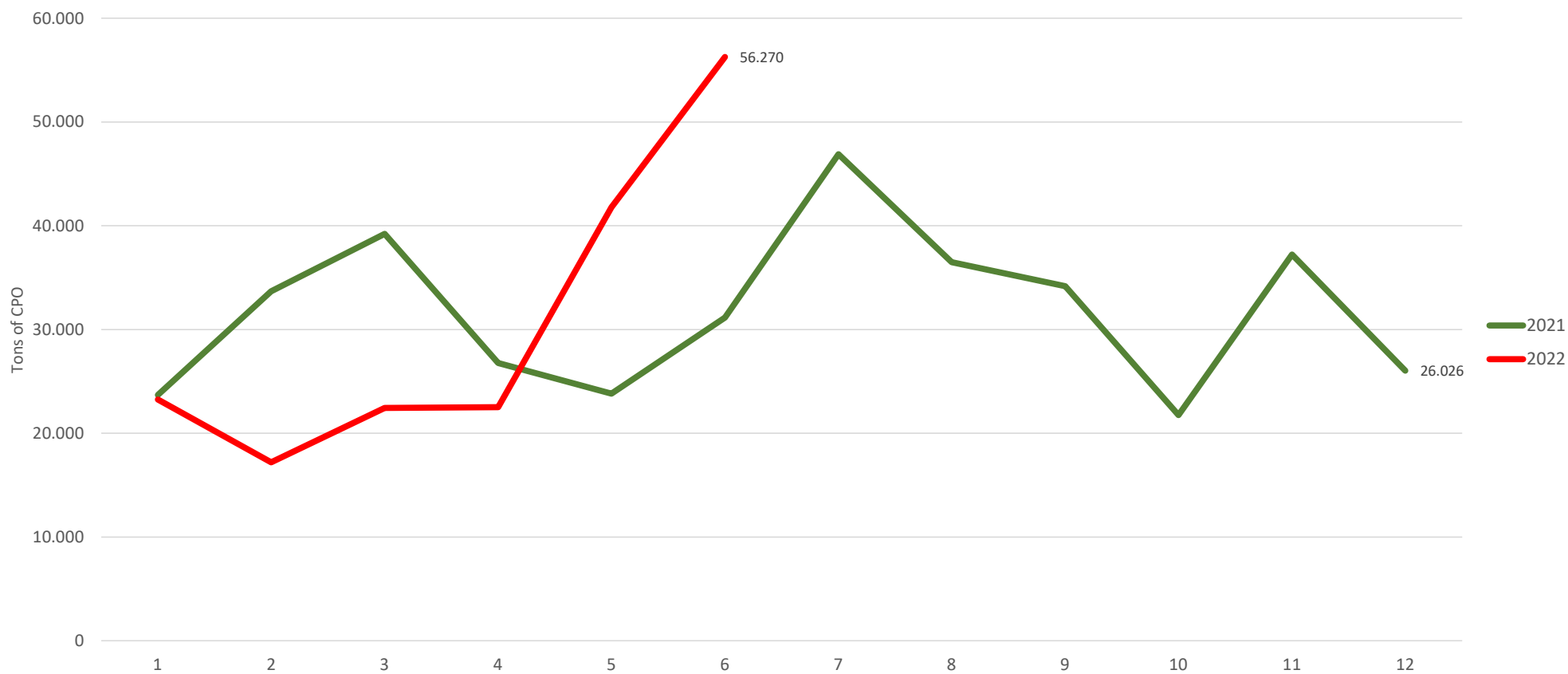
In KUSD (management presentation)	30/06/2022	31/12/2021
Biological assets (depreciated costs) - bearer plants	306 648	307 371
Goodwill	104 782	104 782
Other fixed assets	374 612	363 934
Receivables > 1 year	25 965	25 666
Assets held for sale	13 520	13 520
Net current assets, net of cash	58 817	61 746
Net cash position	-15 199	-49 192
<b>Total net assets</b>	<b>869 146</b>	<b>827 827</b>
Shareholders' equity, group share	773 304	727 329
Non controlling interest	33 041	38 854
Provisions and deferred tax liabilities	58 468	56 814
Advances received > 1 year	4 334	4 830
<b>Total net liabilities</b>	<b>869 146</b>	<b>827 827</b>

# SIPEF group - Financial statements

## Inventory overview



CPO inventory overview



## SIPEF group – Financial statements June 2022

### Evolution non-recurring net tax position



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

	31/12/2019	31/12/2020	30/06/2021	31/12/2021	30/06/2022
Indonesia	7 908	409	-995	-10 214	-5 152
PNG	6 635	6 907	3 033	-7 770	-26 475
Europe + IC	- 236	-237	-285	108	1
<b>Total</b>	<b>14 307</b>	<b>7 079</b>	<b>1 752</b>	<b>-17 877</b>	<b>-31 626</b>

## SIPEF group – Financial statements June 2022

### Cash flow (management presentation)



In KUSD (management presentation)	30/06/2022	30/06/2021
<b>Cash flow from operating activities before change in net working capital</b>	<b>125 211</b>	<b>72 576</b>
Change in net working capital*	-29 452	-26 744
Income taxes paid	-18 277	-4 897
<b>Cash flow from operating activities after tax</b>	<b>77 482</b>	<b>40 935</b>
Acquisitions intangible and tangible assets	-35 273	-23 433
Financing plasma advances*	-1 160	-6 133
Selling price of PP&E and financial assets (PT Melania & SIPEF-CI)	- 945	23 779
Acquisition financial assets	-5 500	0
<b>Free cash flow</b>	<b>34 605</b>	<b>35 148</b>
Other financing activities	-16 528	-31 837
<b>Net movement in investments, cash and cash equivalents</b>	<b>18 076</b>	<b>3 311</b>

\* As from 2021, the financing of plasma advances has been included under financing activities instead of changes in net working capital.

## SIPEF group – Financial statements June 2022

Value per hectare



### Sensitivity 30/06/2022

Stock price @	USD per hectare
30,00	3.994
40,00	5.426
50,00	6.858
60,00	8.290
70,00	9.721
80,00	11.153



# Summary



**SIPEF group - Company profile**



**SIPEF group - Palm oil in the world**



**SIPEF group - Production & prices**



**SIPEF group – Financial performance**



**SIPEF Group – Prospects**

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## SIPEF group – Prospects

Prospects – 18/08/2022



### ✓ Production

- Palm oil productions in Indonesia at the beginning of the year below expectations but stabilized in Q2.
- In PNG, the expectations for the productions remain very good.
- Production of palm oil for 2022 expected to exceed 400 000 tonnes for the first time in SIPEF history!
- Annual average growth rate of 10% over the last two years.

### ✓ Markets

- The continuous changing regulations and requirements from the Indonesian government have disrupted the palm oil supply chain.
- Once the Indonesian palm market is back on its feet to resume its number one spot as vegetable oil exporter, stocks will reduce and local prices will be connected to world prices.
- Vegetable oil picture remains narrow → longer-term elevated price level

## SIPEF group – Prospects

Prospects – 18/08/2022



### ✓ Cash flow and expansion

- Investment policy remains to be fully focused on development of palm oil activities in South Sumatra.
- Expansion of the processing capacity in Dendymarker mill from 20 to 60 tonnes per hour, was completed early June 2022.
- Preparatory work started in Musi Rawas for construction new 45 tonnes per hour mill.
- Investment budget in 2022 will approach USD 100 mio.

### ✓ Result

- 65% of expected production volumes have been sold at an average price of USD 1,097 per tonne ex-mill gate.
- Local prices in Indonesia still significantly below world market prices as a result of the disrupted local market.
- Unit production cost prices of palm oil is subject to increase in fertilizer/diesel price, increased transport cost and the usual increase in remuneration → unit cost increase should not rise more than the current 16,8%.
- Increase in volumes and high price environment → recurring result, in all likelihood, will exceed the historic mark of USD 100 million.





The Connection to the world of Sustainable Tropical Agriculture