



Press Release

Non-regulated information

The connection to the world of sustainable tropical agriculture

Eruption of 'Mount Ulawun' volcano in Papua New Guinea: estimated impact

As reported on 21 November 2023, there was on Monday afternoon, 20 November 2023 around 4 p.m. local time, an eruption of the volcano 'Mount Ulawun' in Papua New Guinea. As a reminder: this volcano is located in the province of West New Britain on the island of New Britain, not far from Hargy Oil Palms Ltd (HOPL), a 100% subsidiary of SIPEF.

First and foremost, priority was given to the safety and health of the Group's employees, their families, and the surrounding communities. Therefore, immediately, along with the surrounding villages, the northern plantations and one of HOPL's three palm oil extraction mills were temporarily evacuated as a precautionary measure. The other two palm oil extraction mills, associated plantations and surrounding farmers remained operational. It was reaffirmed that there were no deaths or injuries.

Meanwhile, local teams carried out the necessary inspection of the affected infrastructure and plantations. It was found that there is no significant damage to the infrastructure and nursery. Immature plantations are also unharmed, so the potential for the future is safeguarded. Mobilisation of workers to their original housing has started and the previously closed palm oil extraction mill is back in operation.

The main damage was caused by the ash rain that destroyed the palm fronds of the mature trees in the affected area to a greater or lesser extent. This has limited the production potential of these palms in the coming period. A total of 6 204 own hectares (out of a total of 13 559 planted hectares as at the end of October 2023) were affected, with the following classification:

- 2 972 hectares with heavy impact
- 2 262 hectares with limited impact
- 970 hectares with slight impact

In the short term, this eruption will have only a limited financial impact. It is expected that some 8 200 tonnes of own fruit will be lost, or about 2 100 tonnes of palm oil and palm kernel oil. At the current ex-mill-gate selling price of USD 900 per tonne, this would equate to a decrease in expected profit, after tax, of about USD 1.4 million. Total costs are expected to remain about the same. Indeed, the increased cost of cleaning the plantation will be offset by the decrease in the cost of harvesting and reduced fertiliser application in the affected areas.

The Group's projected recurring annual result 2023 will thus continue to fluctuate between USD 65 million and USD 75 million. Perhaps it will be in the middle of the fork rather than at the top.

For 2024, HOPL's budgeted own volumes of palm products would fall by a maximum of 20%, or by about 18 500 tonnes of palm oil and 1 500 tonnes of palm kernel oil. Based on the same 20% decrease for fruits purchased from third parties and at current selling prices, the total financial impact on 2024 profit, after tax, would be a decrease of maximum USD 14.7 million.

By analogy with the previous volcanic eruption, the negative impact on production would be fully absorbed after 2.5 to 3 years. However, SIPEF hopes to shorten this period thanks to its accumulated experience.

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.