

SIPEF

Analyst presentation  
August 14, 2024



# Summary



SIPEF group - Company profile



SIPEF group - Palm oil in the world



SIPEF group - Production & prices



SIPEF group – Financial performance



SIPEF group - Prospects

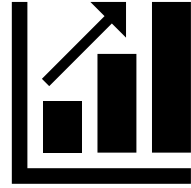
# The Connection to the world of Sustainable Tropical Agriculture

SIPEF business strategy is built **on controlled growth** as an **upstream player** and be the **preferred supplier of traceable, sustainable, high-quality products** looking at diversification into the targeted markets

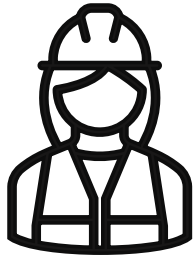
# SIPEF AT A GLANCE



**Belgium**  
Headquarters  
1919



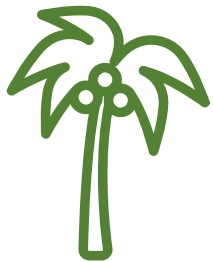
**USD 444 million**  
Total sales in FY2023



More than  
**23.000**  
employees



More than  
**40.000 T**  
of bananas produced



More than  
**390.000 T**  
of CPO produced



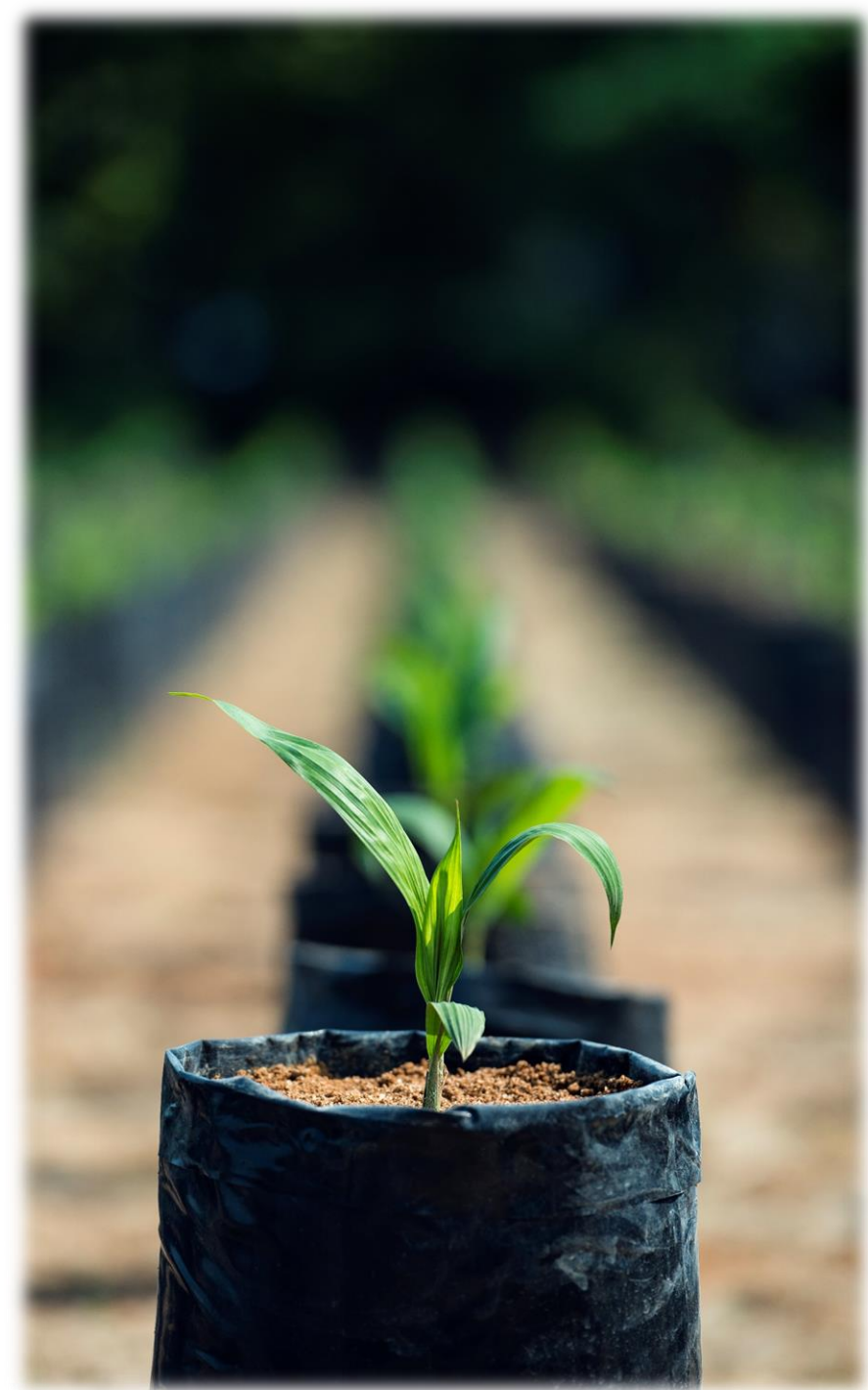
Listed on the  
**EURONEXT**  
stock exchange

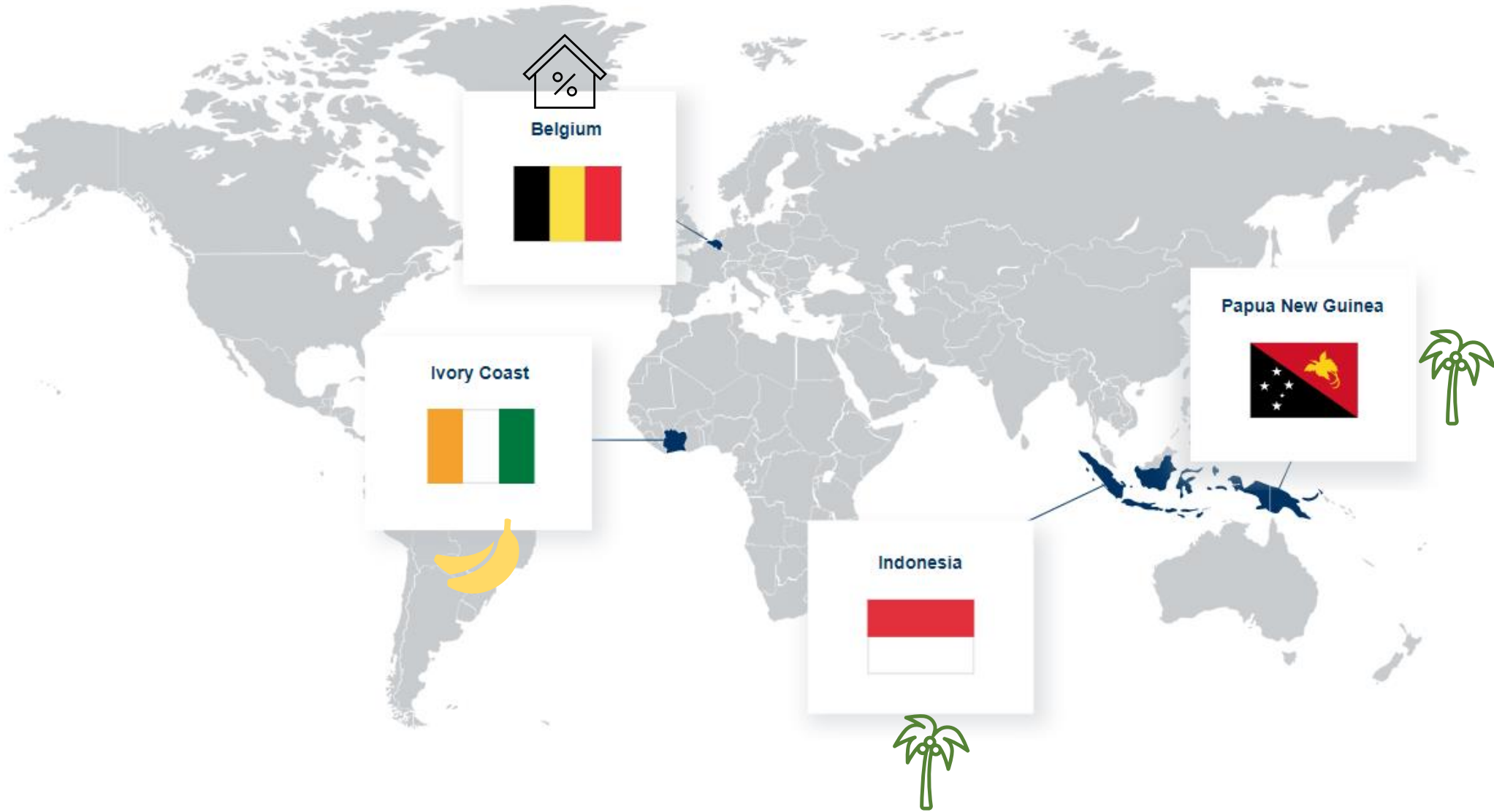


**100%**  
RSPO COMPLIANT



Rainforest alliance  
**CERTIFIED**





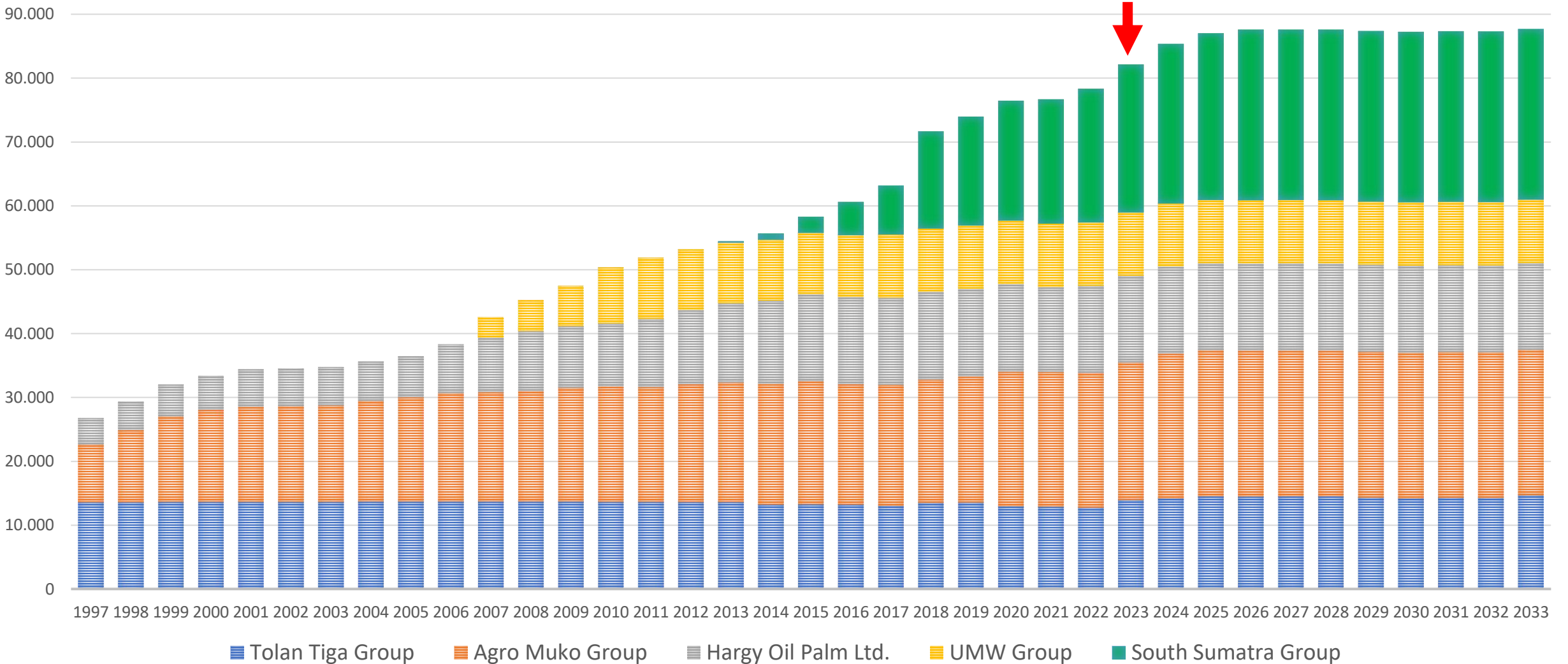
# PLANTED HECTARES PER 31 DECEMBER 2023

<b>2023</b>	<b>Indonesia</b>	<b>PNG</b>	<b>Ivory Coast</b>	<b>Hectares 100%</b>
Palm	68.621	13.550	0	82.171
Rubber	1.901	0	0	1.901
Bananas	0	0	1.229	1.229
Other	0	0	29	29
<b>Total planted</b>	<b>70.522</b>	<b>13.550</b>	<b>1.258</b>	<b>85.329</b>

# EVOLUTION PLANTED HECTARES PALM

## EVOLUTION OWN PALM HECTARES

**+227%**





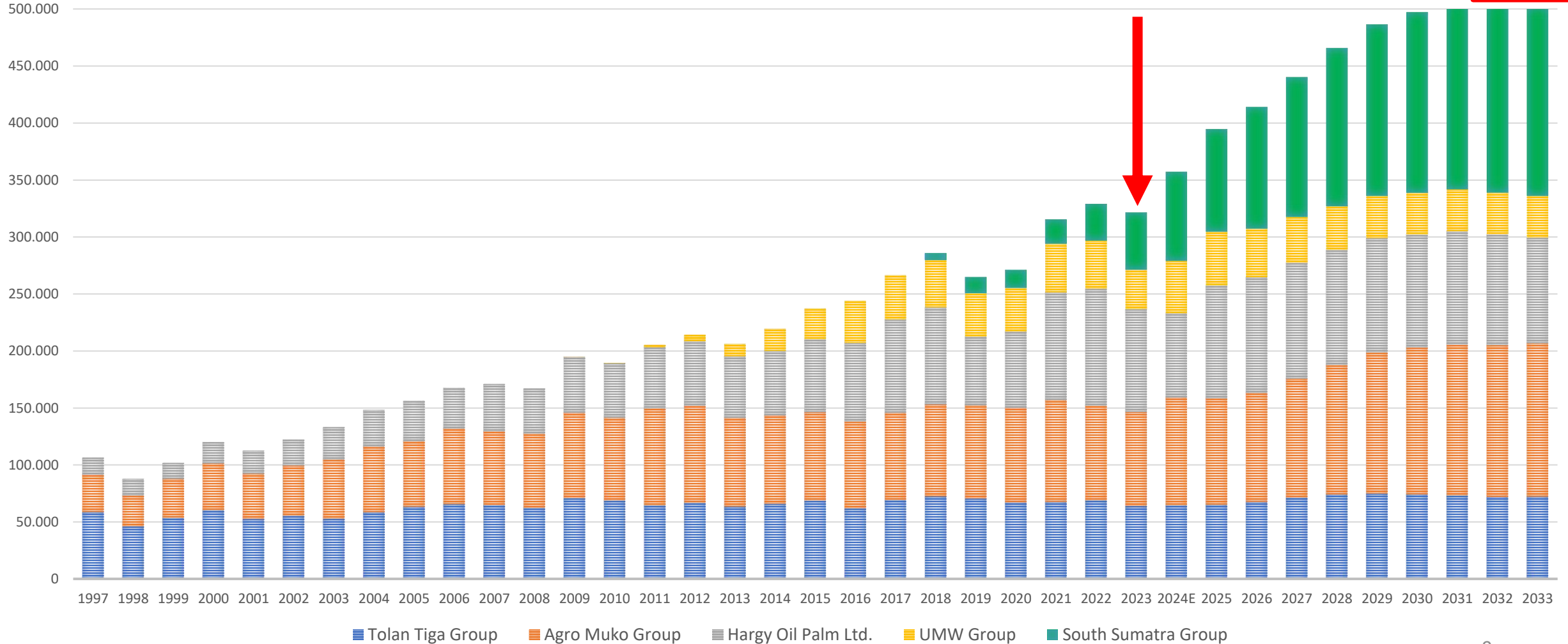
# EVOLUTION OWN CPO PRODUCTIONS



**500.000 tons**

**+371%**

EVOLUTION OWN CPO PRODUCED

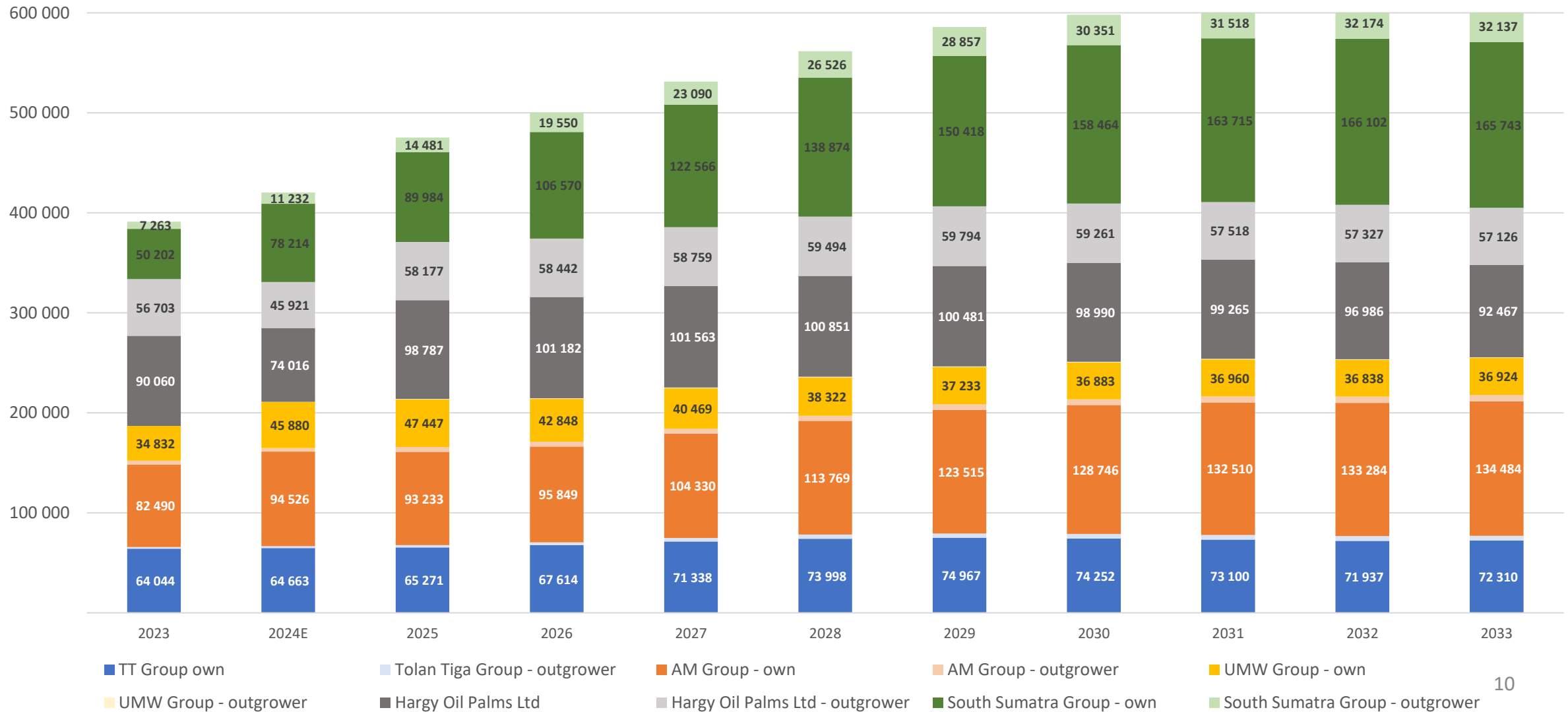


# EVOLUTION TOTAL CPO PRODUCTIONS

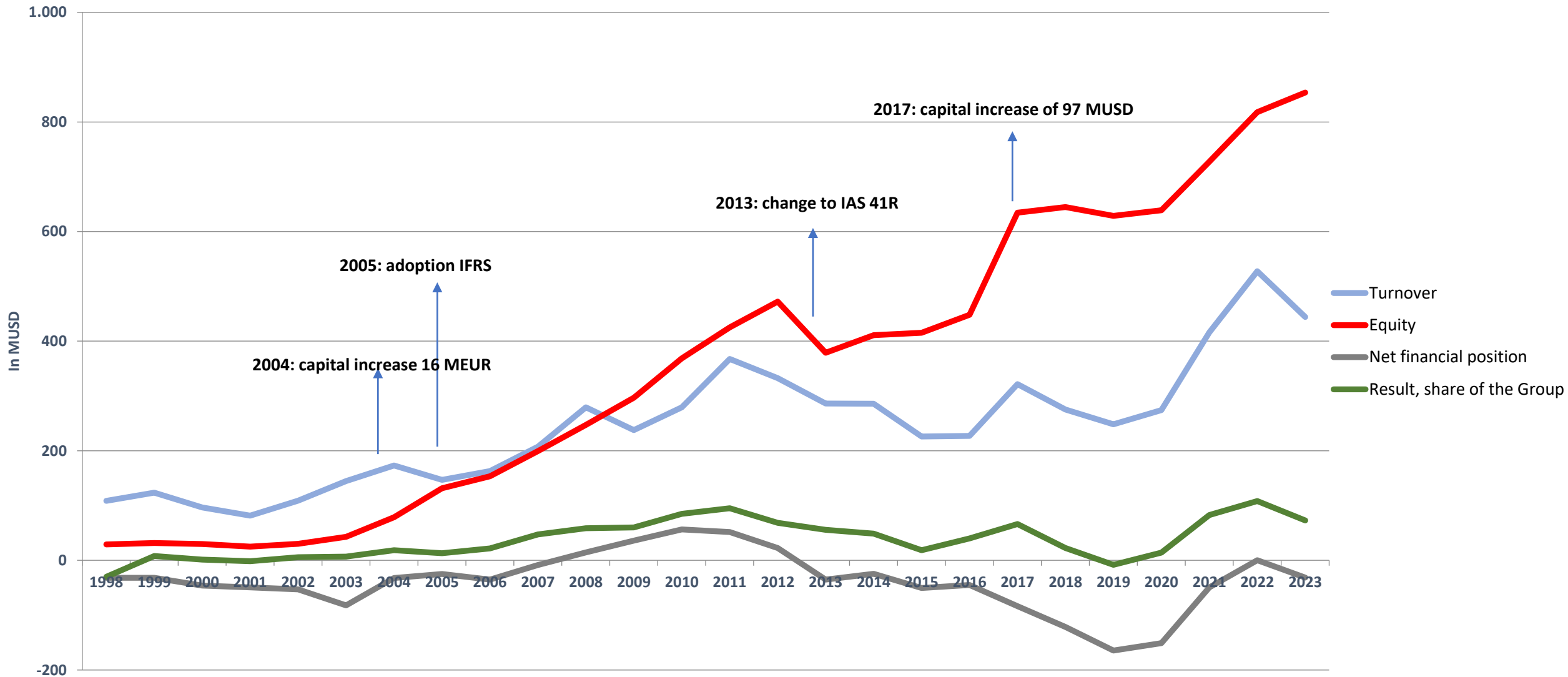


**600.000 tons**

Total CPO production



# EVOLUTION TURNOVER - EQUITY – NFP - RESULT



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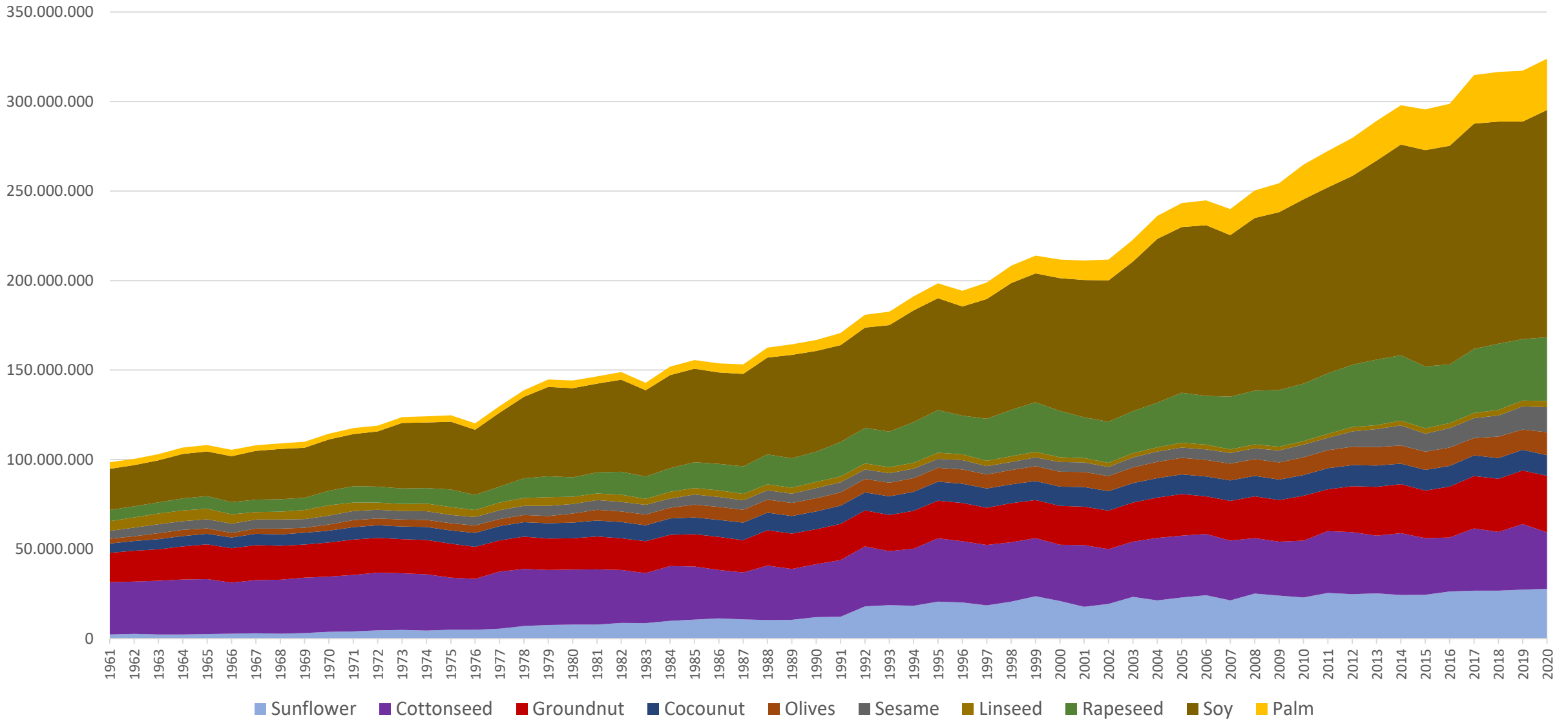


SIPEF group – Financial performance



SIPEF group - Prospects

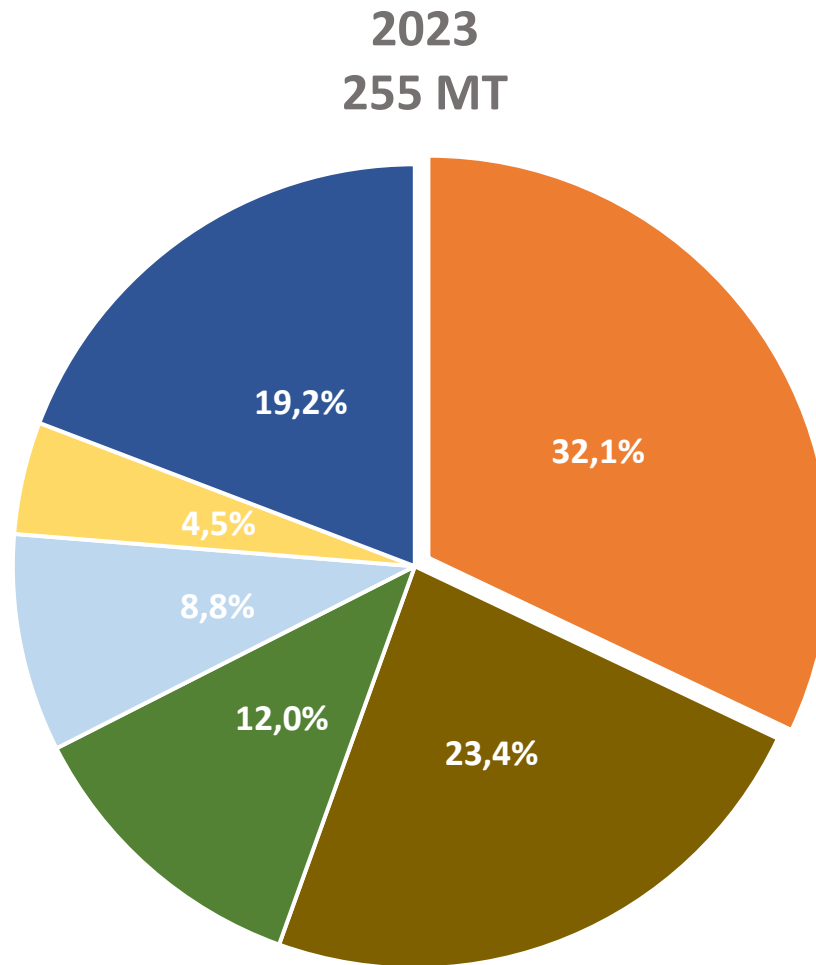
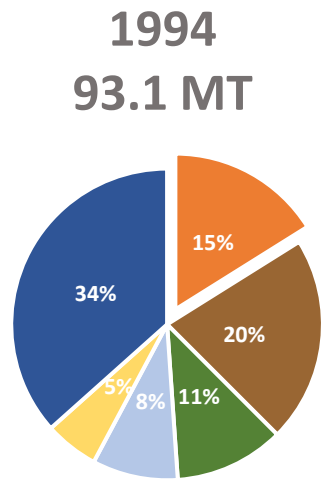
# LAND USE FOR VEGETABLE OILS IN HECTARES



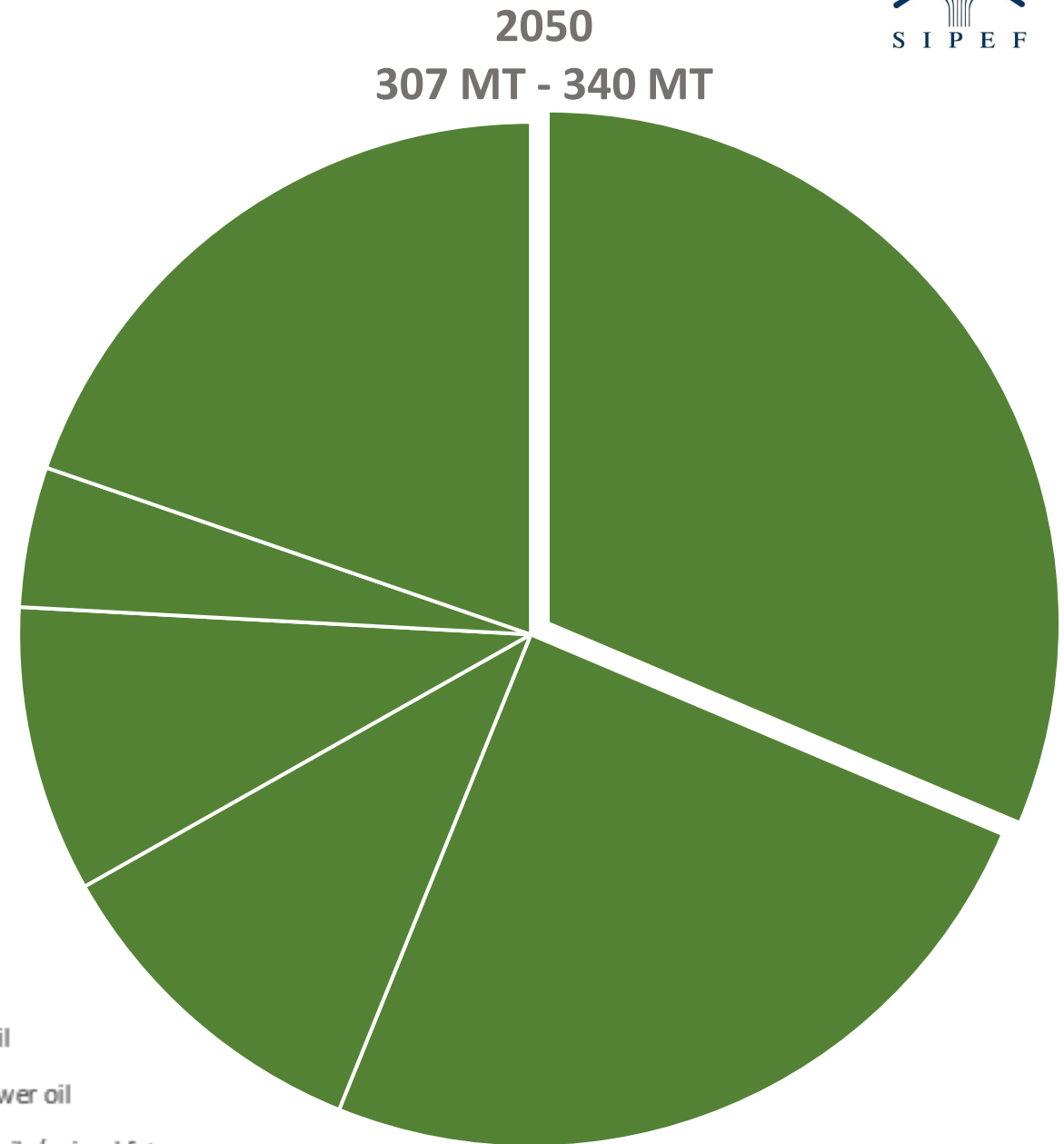
**To feed a global population that is set to reach 9.8 billion by 2050 we will need to use less land to produce 60% more food**

*United Nations. Feeding the World Sustainably. 2012.*

# VEGETABLE OIL PRODUCTION

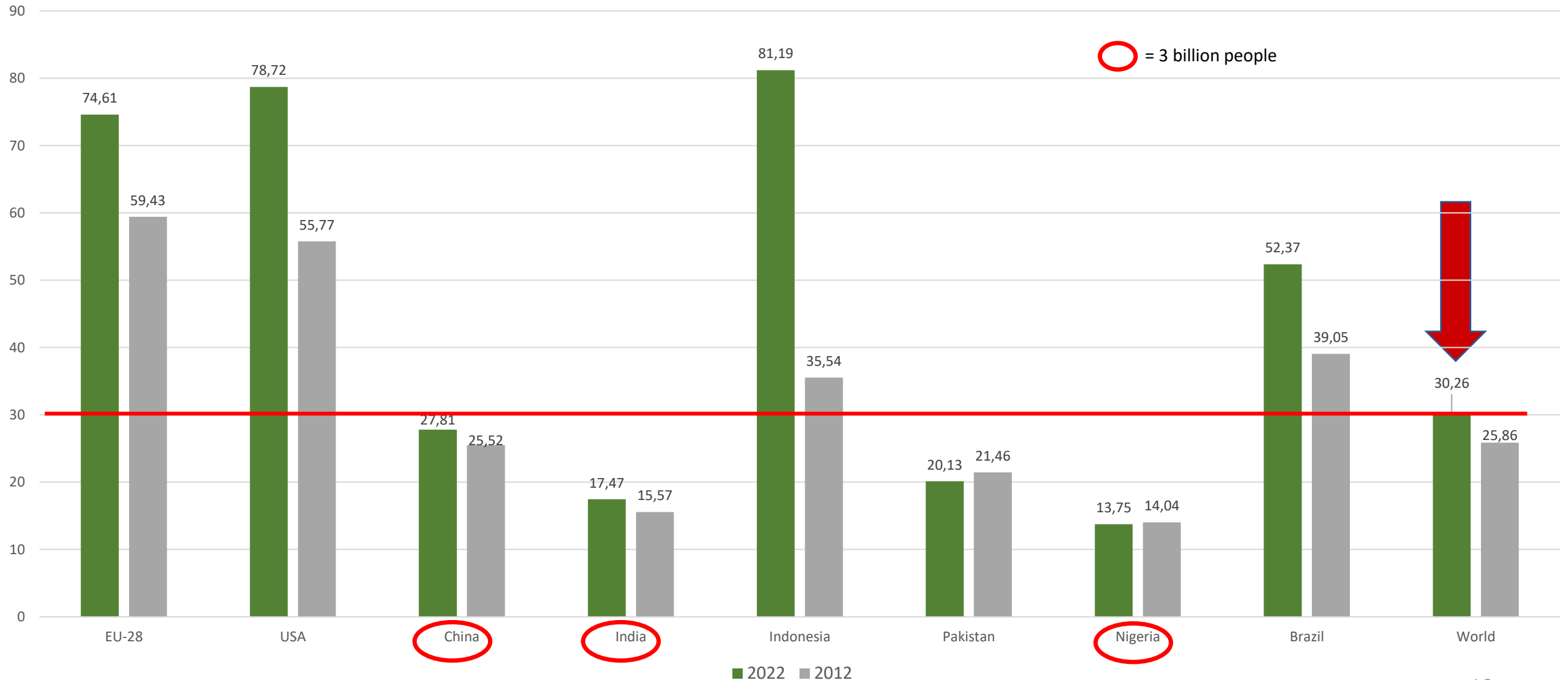


- Palm oil
- Rape oil
- Palm kernel and coconut oil
- Soya oil
- Sunflower oil
- Other oils/animal fats



# OIL AND FAT CONSUMPTION PER CAPITA

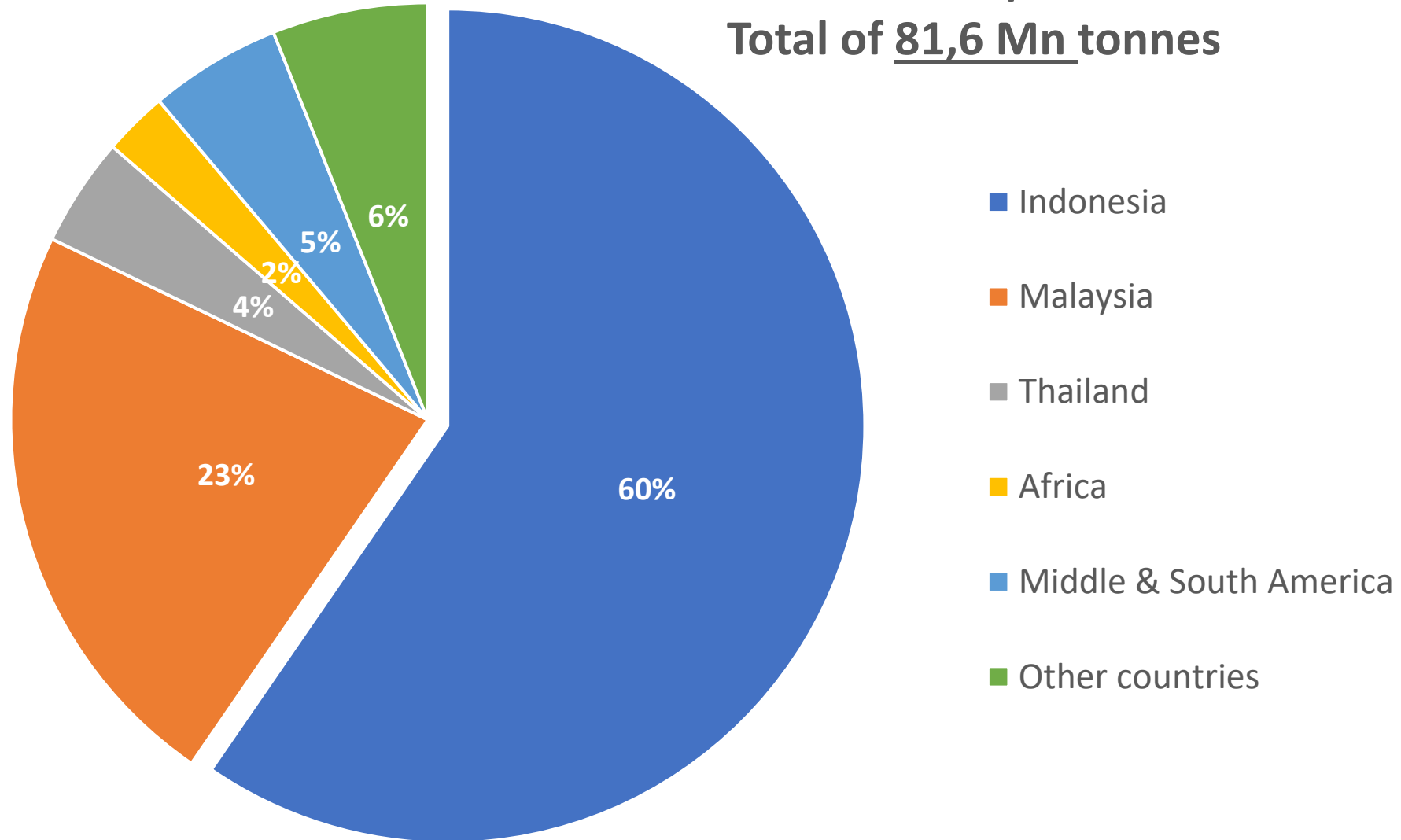
Oil and fat per capita consumption (in Kg)



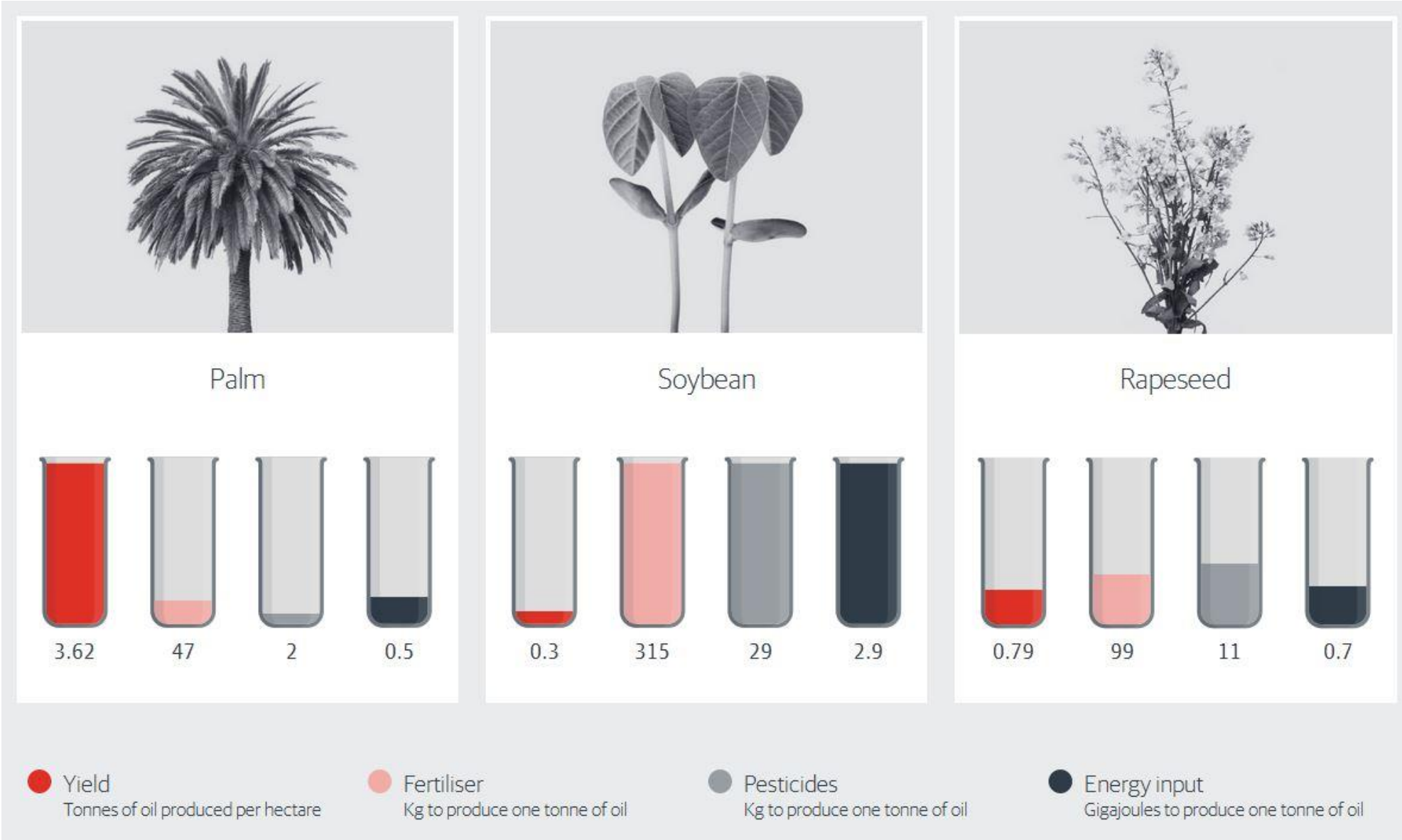


# PALM OIL PRODUCTION IN THE WORLD

2023 Palm oil production  
Total of 81,6 Mn tonnes

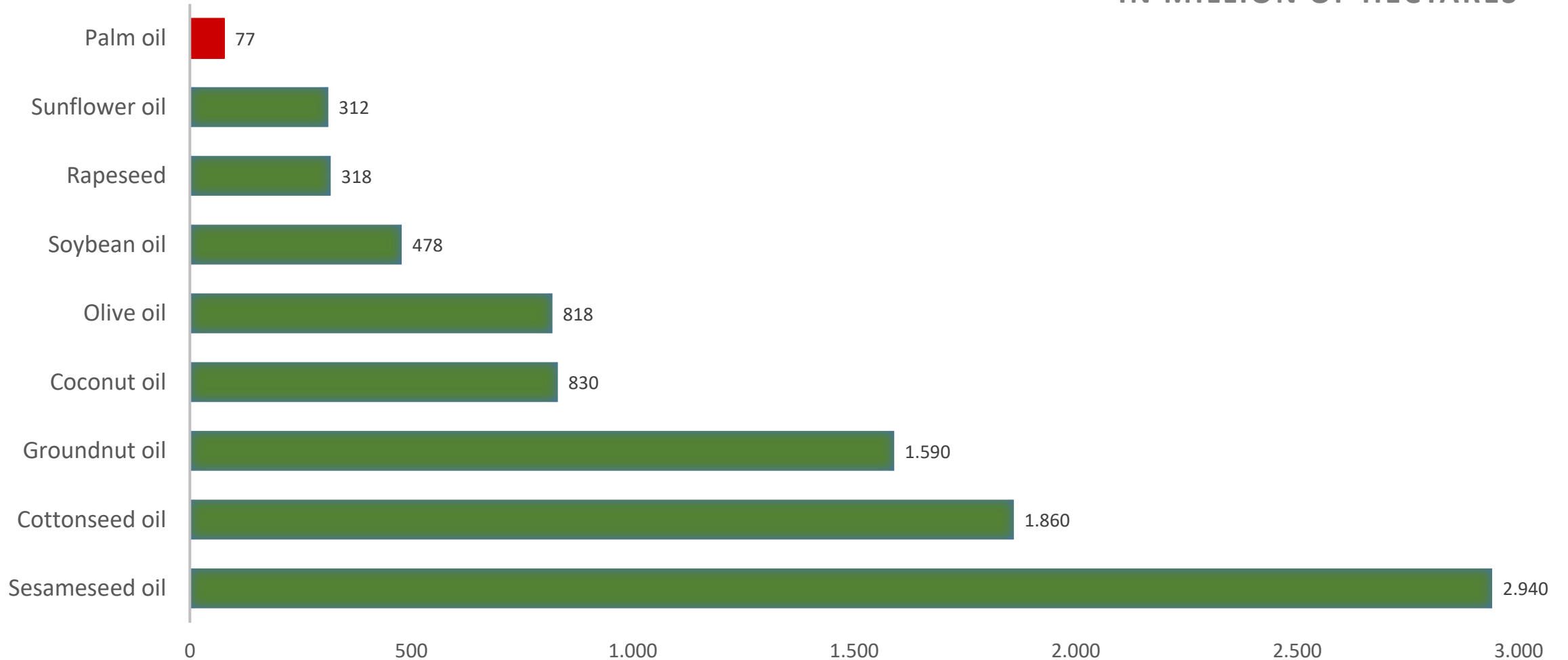


# RESOURCES USED PER VEGETABLE OIL



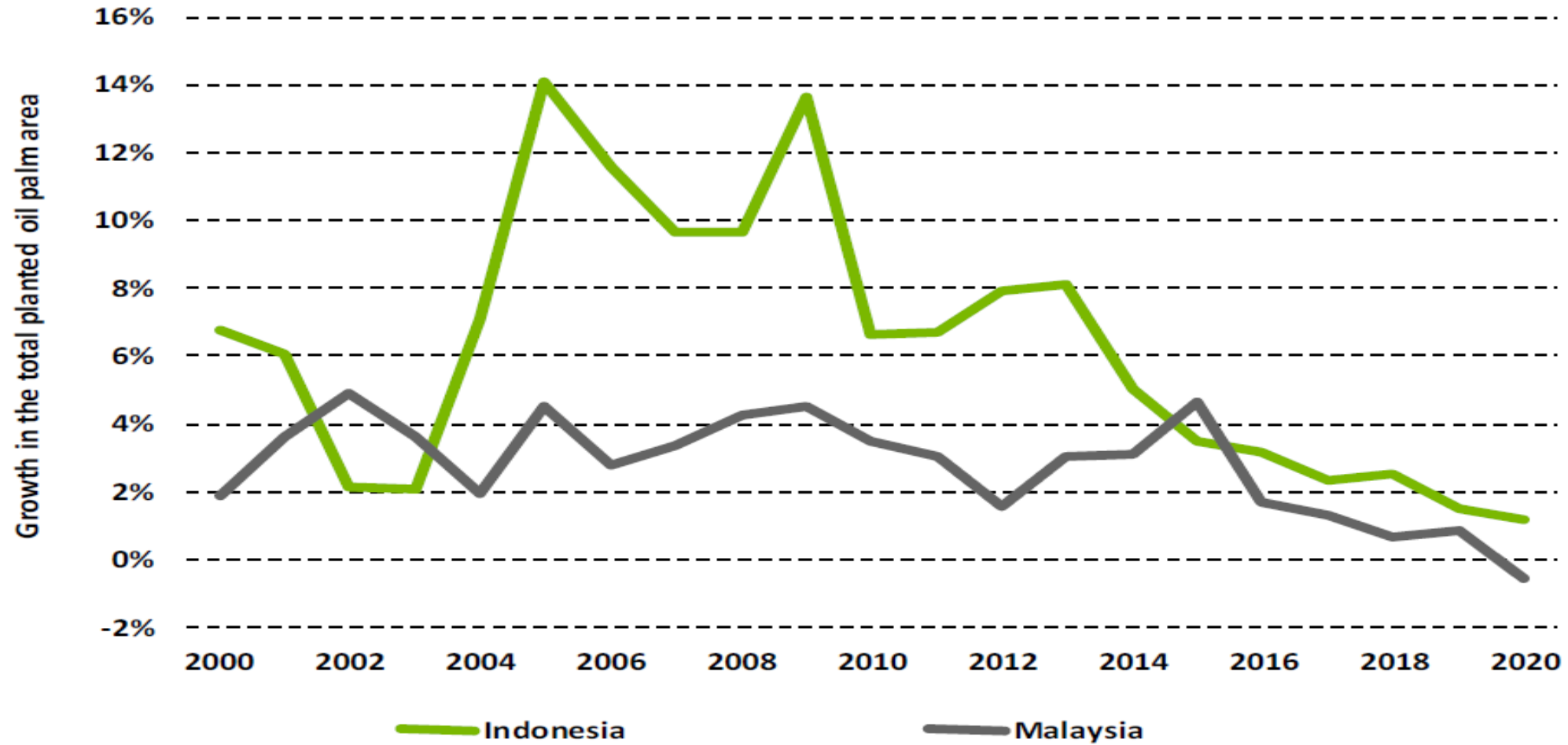
# AREA OF LAND NEEDED TO MEET TOTAL GLOBAL VEGETABLE DEMAND PER VEGETABLE OIL (2019)

IN MILLION OF HECTARES



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

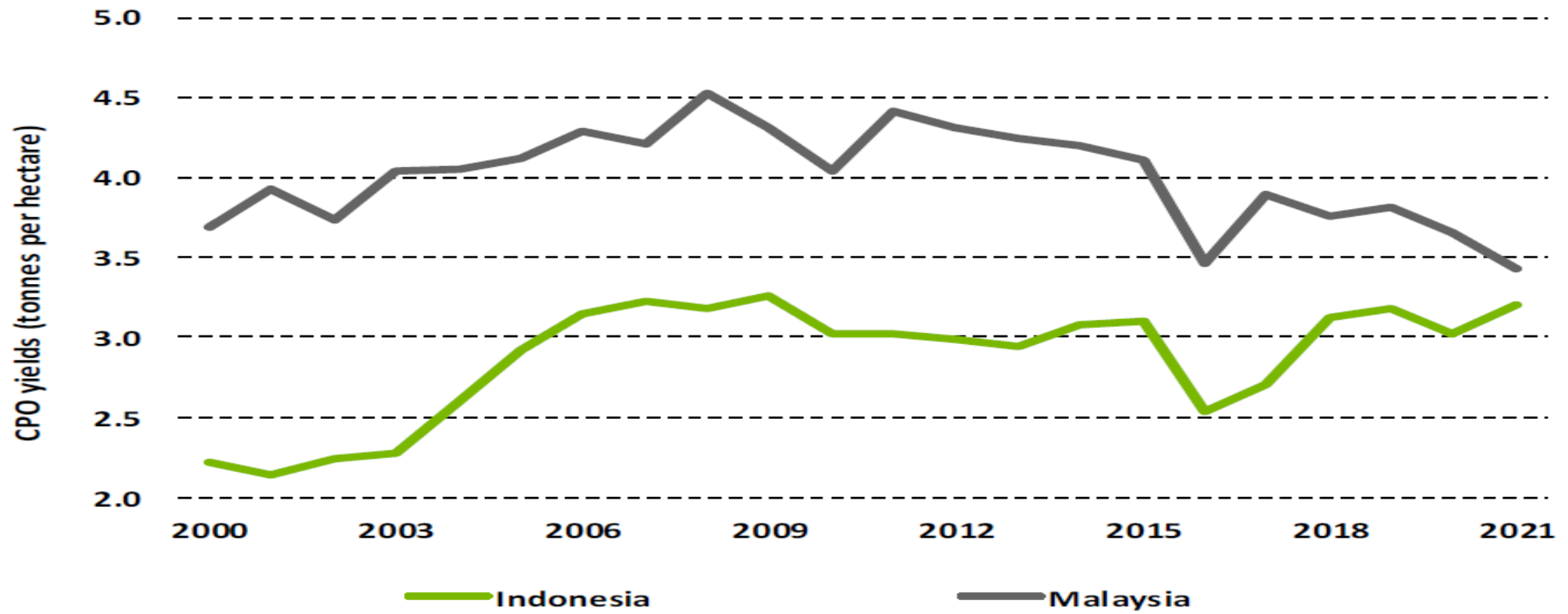
Sipef CAGR since 1997 = **4,67%**



# YIELD PER HECTARE INDONESIA AND MALAYSIA

## Indonesian and Malaysian CPO yields

Sipef average CPO yield 2023 = **4,89 T/Ha**



# SUSTAINABLE PALM OIL

## A SUSTAINABLE SOLUTION

- HALTING DEFORESTATION;
- TREATING COMMUNITIES AND WORKERS FAIRLY;
- PROTECTING WILDLIFE AND THE ENVIRONMENT.



18.9%

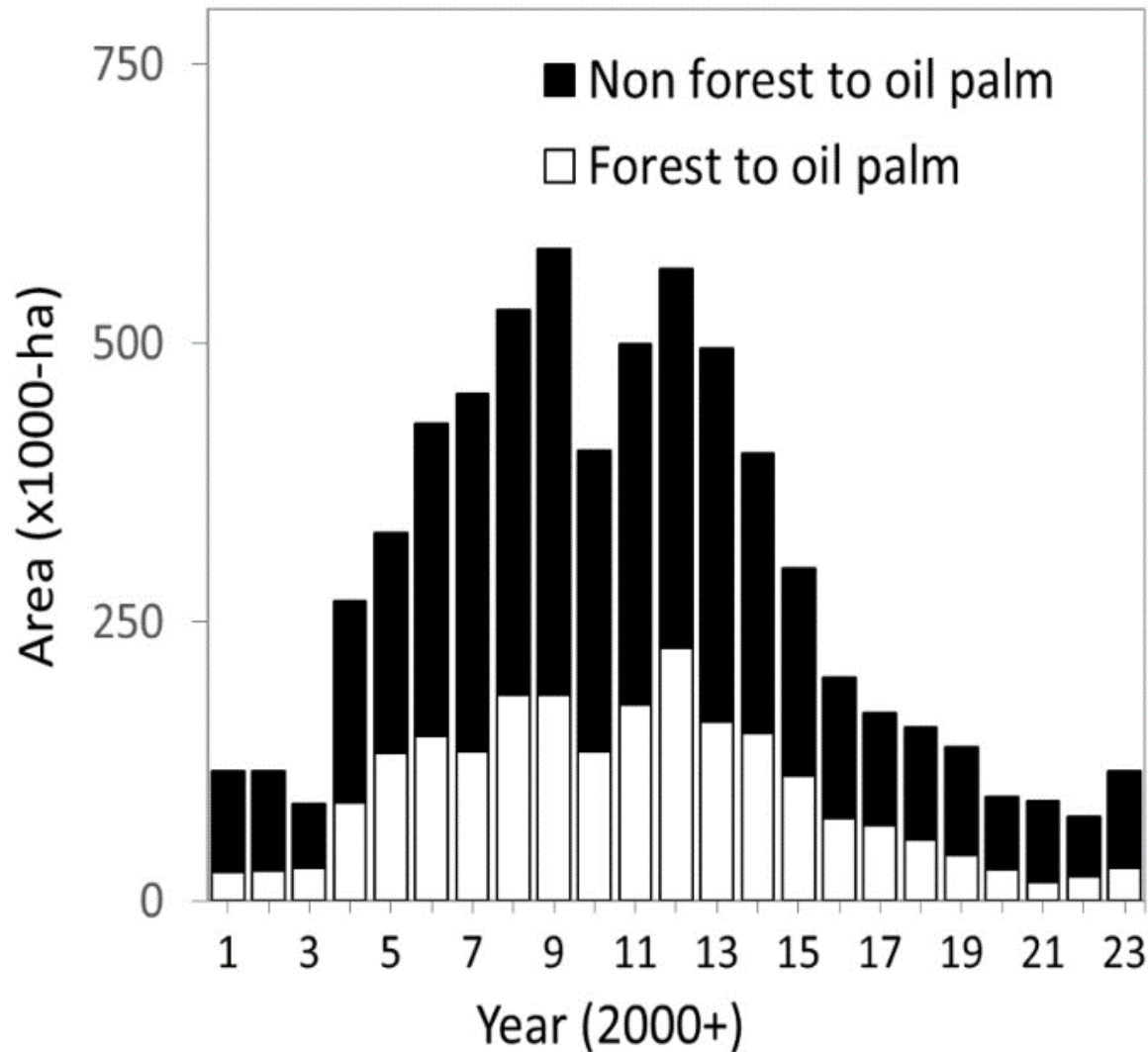
Proportion of global palm oil certified  
by RSPO

**Less than 3 million tons is sold as IP/‘segregated’ (100% traceable)**

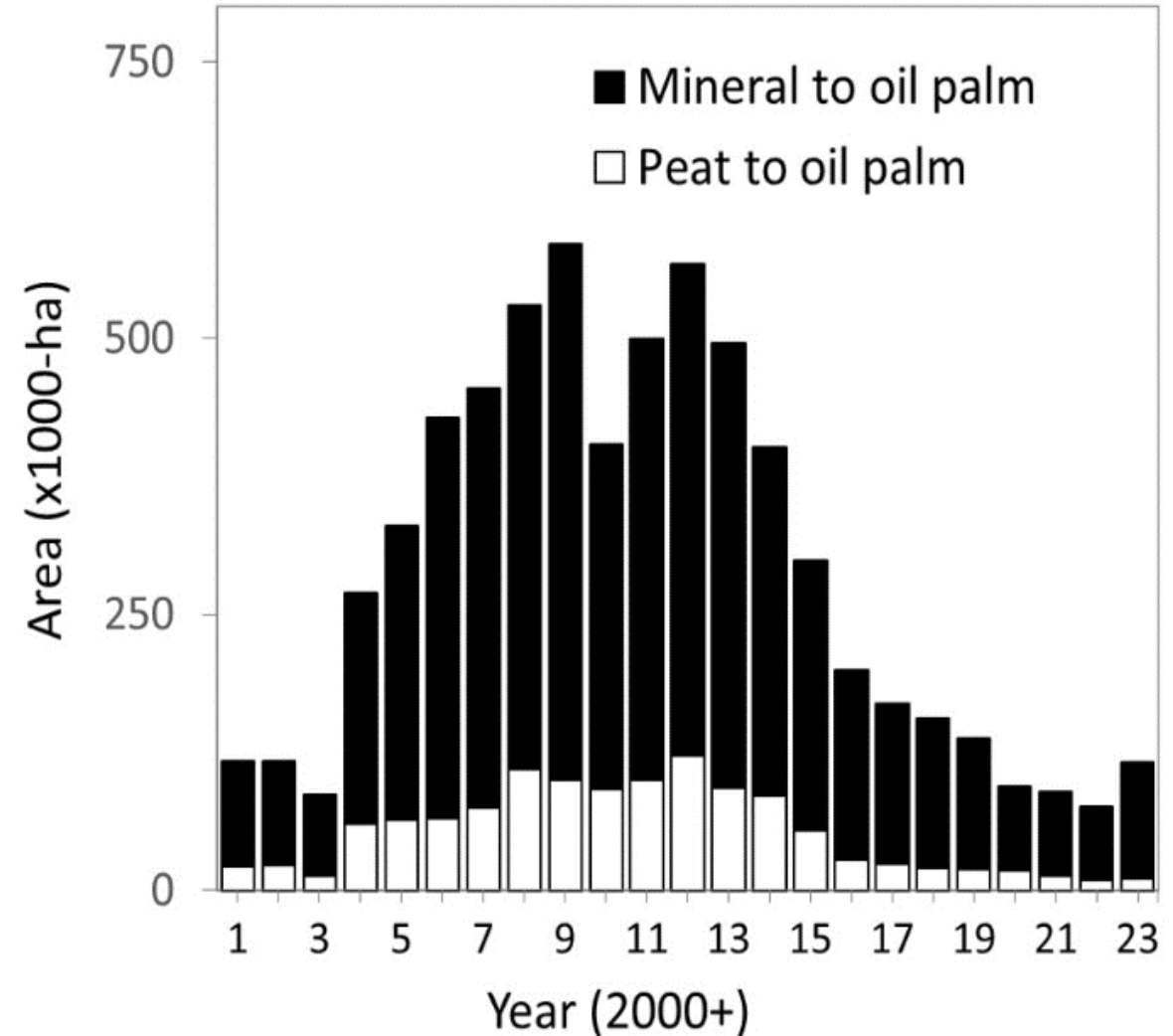
**SIPEF = 100% compliant and > 390 000 tons (palm products) ‘segregated’**

# INDUSTRIAL OIL PALM EXPANSION

## Industrial Oil Palm Expansion

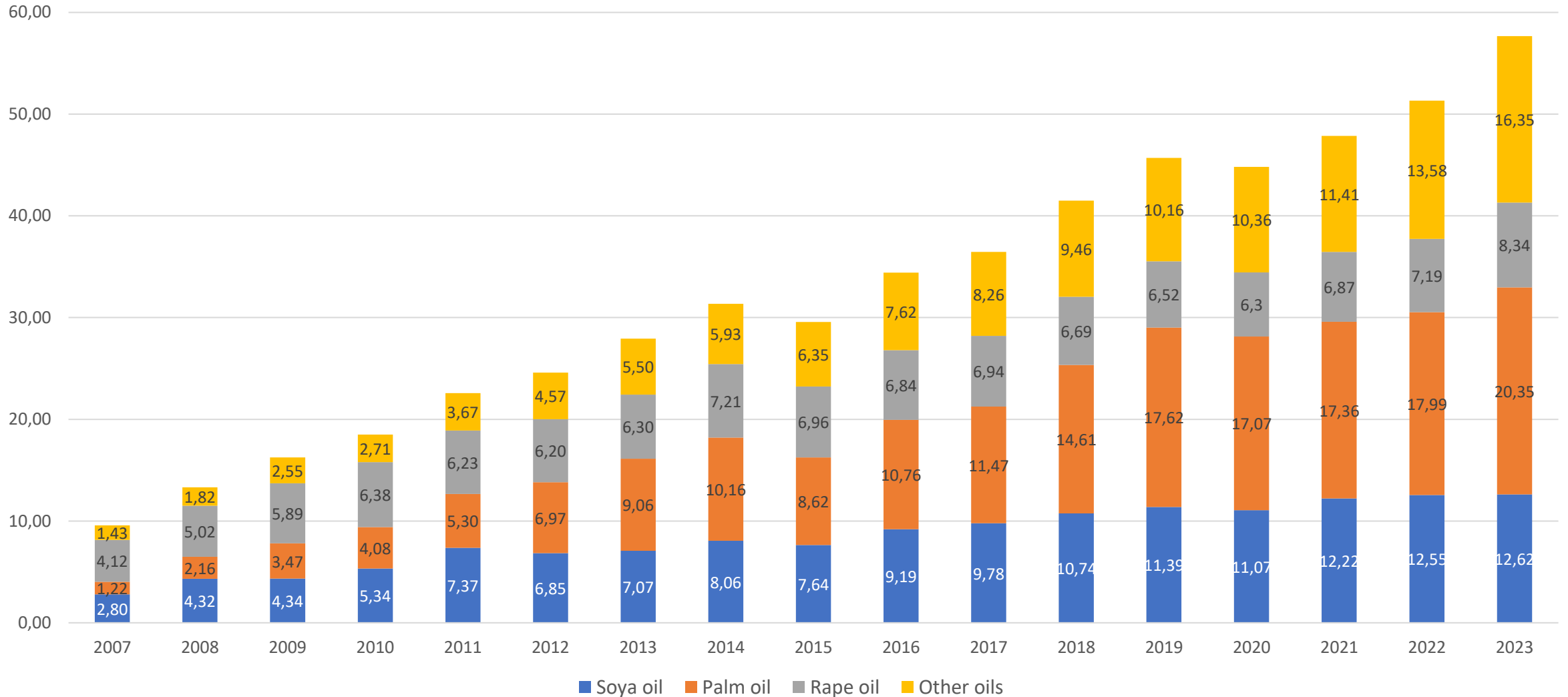


## Industrial Oil Palm Expansion



# BIODIESEL USE OF MAJOR FEEDSTOCK

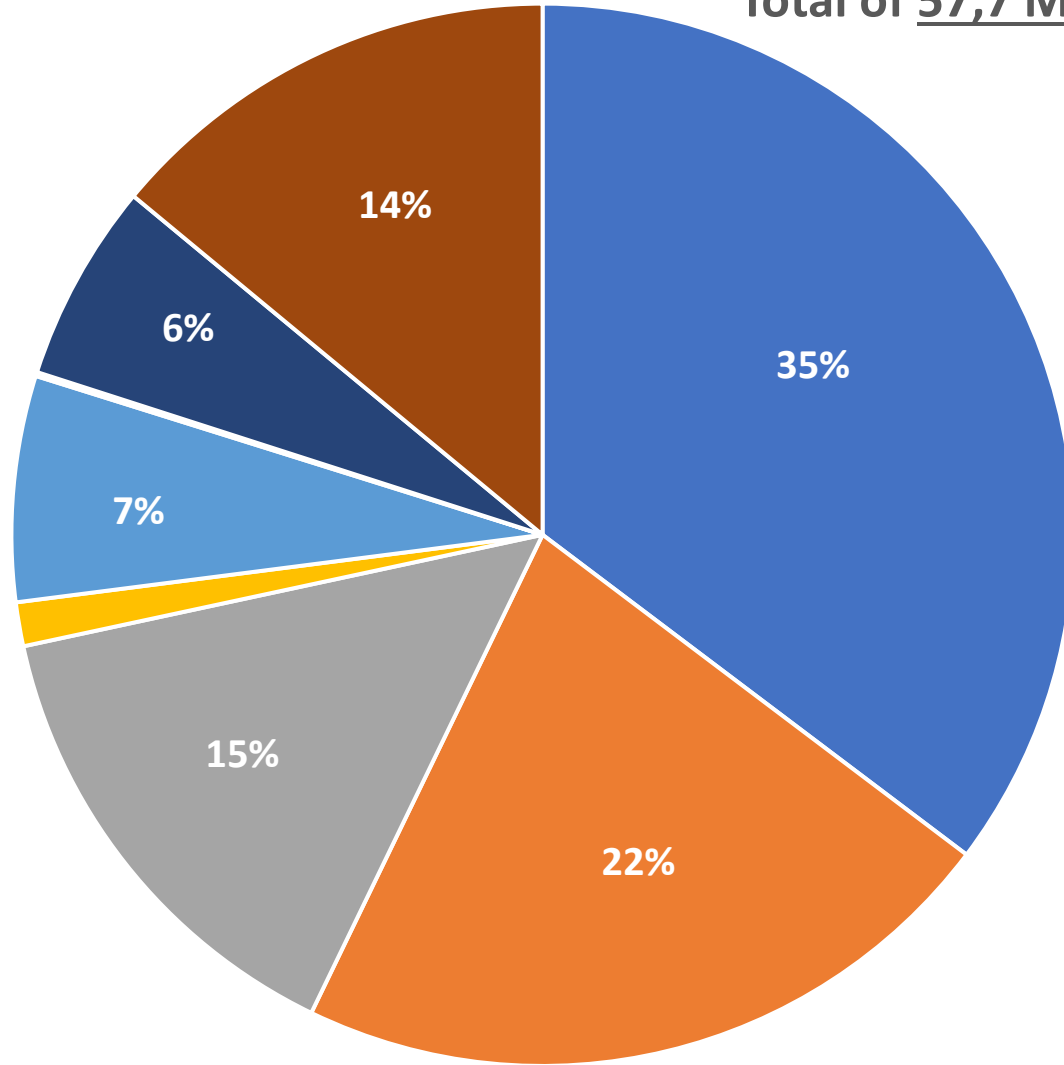
Biodiesel use of major feedstock (Mn T)






# BIODIESEL WORLDWIDE

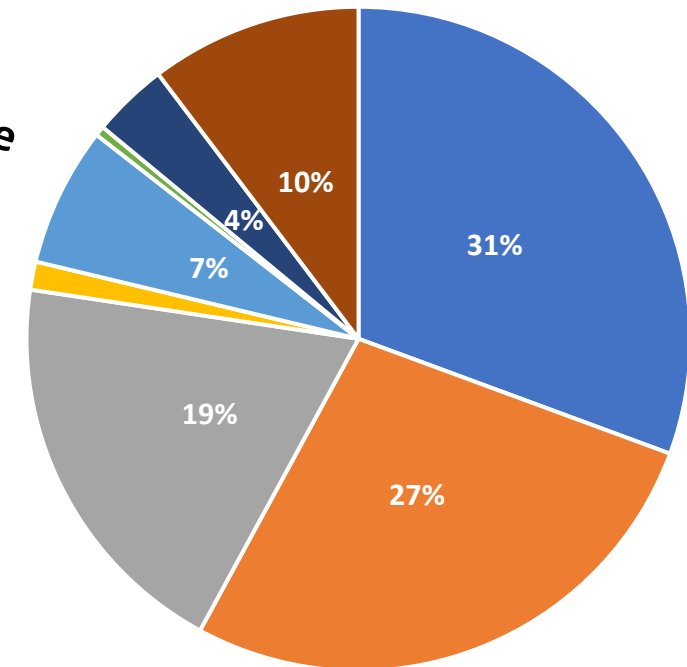
Biodiesel worldwide 2023  
Total of 57,7 Mn tonnes



**+60% increase**



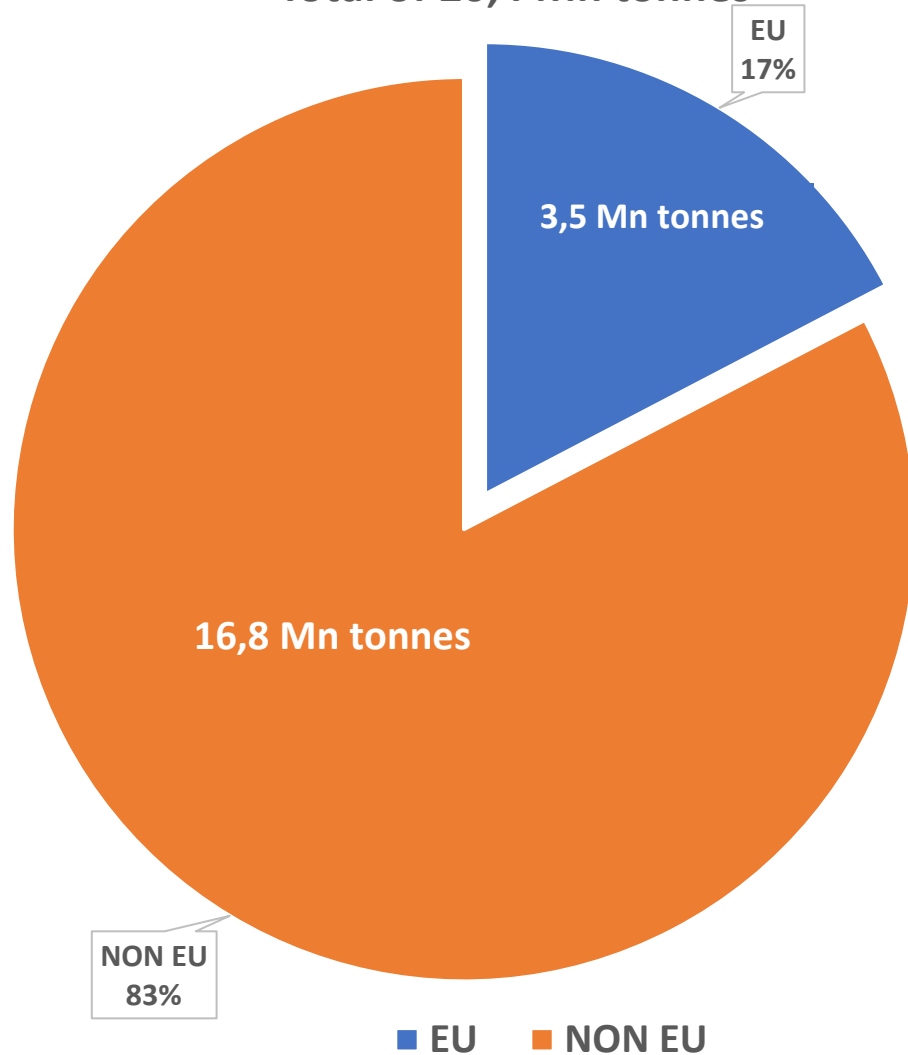
Biodiesel worldwide 2017  
Total of 35,8 Mn tonnes



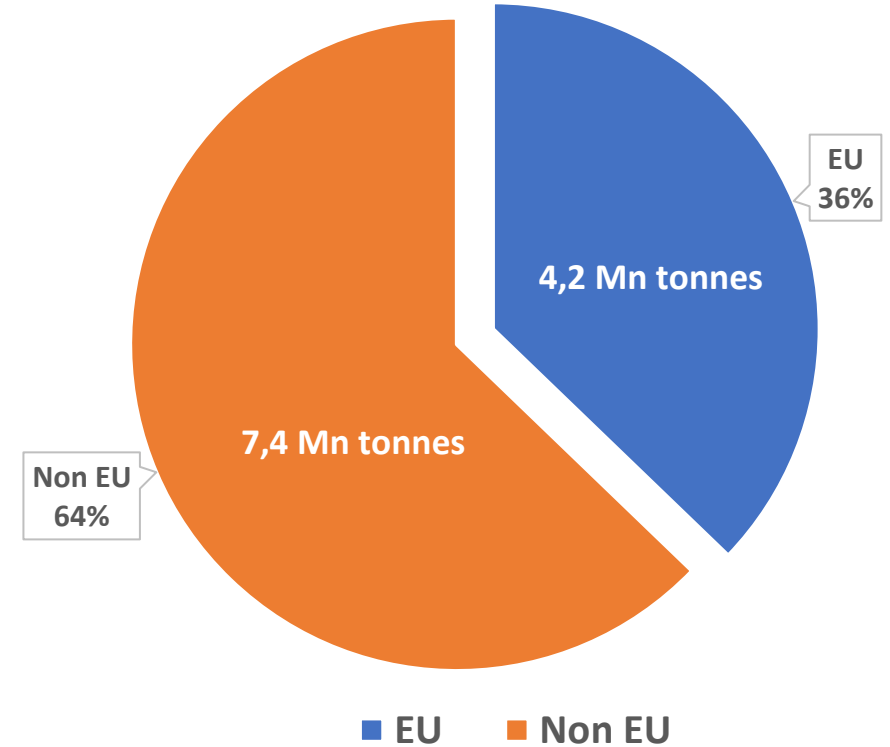
- Palm Oil
- Soya Oil
- Rapeseed Oil
- Sunflower Oil
- Tallow
- Coconut oil
- Other oils & fats
- Used cooking oil

# PALM OIL USE FOR BIODIESEL EU

2023: Palm oil use for Biodiesel  
Total of 20,4 Mn tonnes



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



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SIPEF group – Financial performance



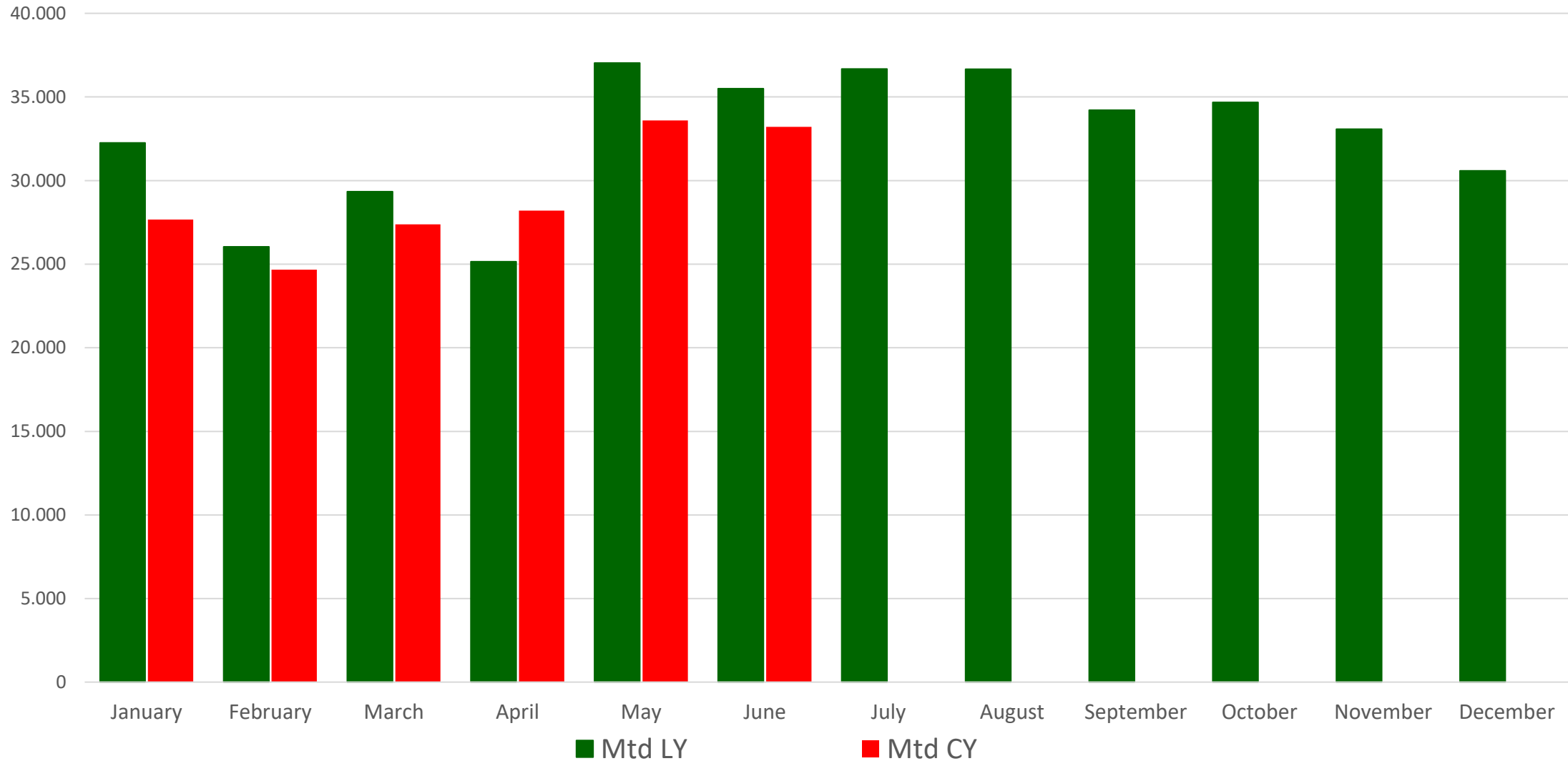
SIPEF group - Prospects

# GROUP PRODUCTIONS – CRUDE PALM OIL

Palm Oil	Jun-24	Jun-23	Variance
<b>Own</b>			
Tolan Tiga Group	28 536	27 584	3,45%
Umbul Mas Wisesa Group	15 536	14 919	4,13%
Agro Muko Group	36 333	36 191	0,39%
South Sumatra Group	24 222	20 941	15,67%
Hargy Oil Palms	39 088	49 245	-20,62%
<b>Total own</b>	<b>143 716</b>	<b>148 879</b>	<b>-3,47%</b>
<b>Outgrowers</b>			
Tolan Tiga Group	759	681	11,43%
Umbul Mas Wisesa Group	73	58	25,16%
Agro Muko Group	1 519	1 708	-11,09%
South Sumatra Group	3 486	3 180	9,61%
Hargy Oil Palms	25 195	30 814	-18,23%
<b>Total outgrowers</b>	<b>31 031</b>	<b>36 442</b>	<b>-14,85%</b>
<b>Total Palm Oil</b>	<b>174 747</b>	<b>185 321</b>	<b>-5,71%</b>
Indonesia	110 463	105 262	4,94%
PNG	64 284	80 059	-19,70%



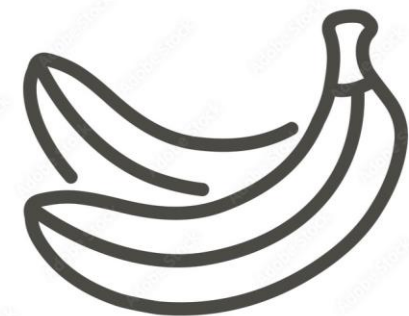
# MONTHLY GROUP PRODUCTIONS – CPO 2024



# GROUP PRODUCTIONS – BANANAS

Rubber	Jun-24	Jun-23	Variance
<b>Own</b>			
Tolan Tiga Group	0	116	-100,00%
Agro Muko	59	399	-85,26%
<b>Total own</b>	<b>59</b>	<b>437</b>	<b>-86,54%</b>
<b>Outgrowers</b>			
Tolan Tiga Group	0	141	-100,00%
<b>Total Rubber</b>	<b>59</b>	<b>655</b>	<b>-91,02%</b>

Bananas	Jun-24	Jun-23	Variance
Azaguie	5 151	6 105	-15,63%
Agboville	4 027	3 963	1,61%
Motobé	3 502	3 961	-11,59%
Lumen	9 565	5 037	89,89%
Akoudje	2 878	164	1654,88%
<b>Total Bananas</b>	<b>25 122</b>	<b>19 230</b>	<b>30,64%</b>



# BULL AND BEAR

	Rating	Bullish inputs	Bearish inputs
Palm Oil	Steady	<ul style="list-style-type: none"> <li>- Palm oil is competitive and reasonable good exports.</li> <li>- Stocks stable and not really growing, production flattish.</li> <li>- Destinations have imported good volumes, but no heavy port stocks.</li> <li>- Russia and Ukraine warm and hot, significant reductions in sun and rape seeds. Big oil loss.</li> <li>- New Indo government to impose B40 by the end of the year.</li> <li>- EUDR could lead to a bigger import from Europe in Q3 shipments.</li> </ul>	<ul style="list-style-type: none"> <li>- US Soybean oil is relatively weak, following good growing conditions.</li> <li>- Justified weakness for soybeans and meal, not for oil.</li> <li>- Record short fund position for entire soybean complex.</li> <li>- Macro weakness due to stock market collapse, fear of US recession. Adding fuel to the funds position...</li> <li>- Weak petroleum, but looming additional geopolitical tension in Middle East.</li> </ul>
Aug 1000			
Sept 995			
Oct 970			
Nov 960			
Dec 950			
JFM 950			

# EX-MILL GATE SELLING PRICES

EMG	30/06/2024	30/06/2023
Indo	763	738
PNG	970	1.038
<b>Total</b>	<b>857</b>	<b>878</b>
<i>% sold</i>	<i>64%</i>	<i>69%</i>

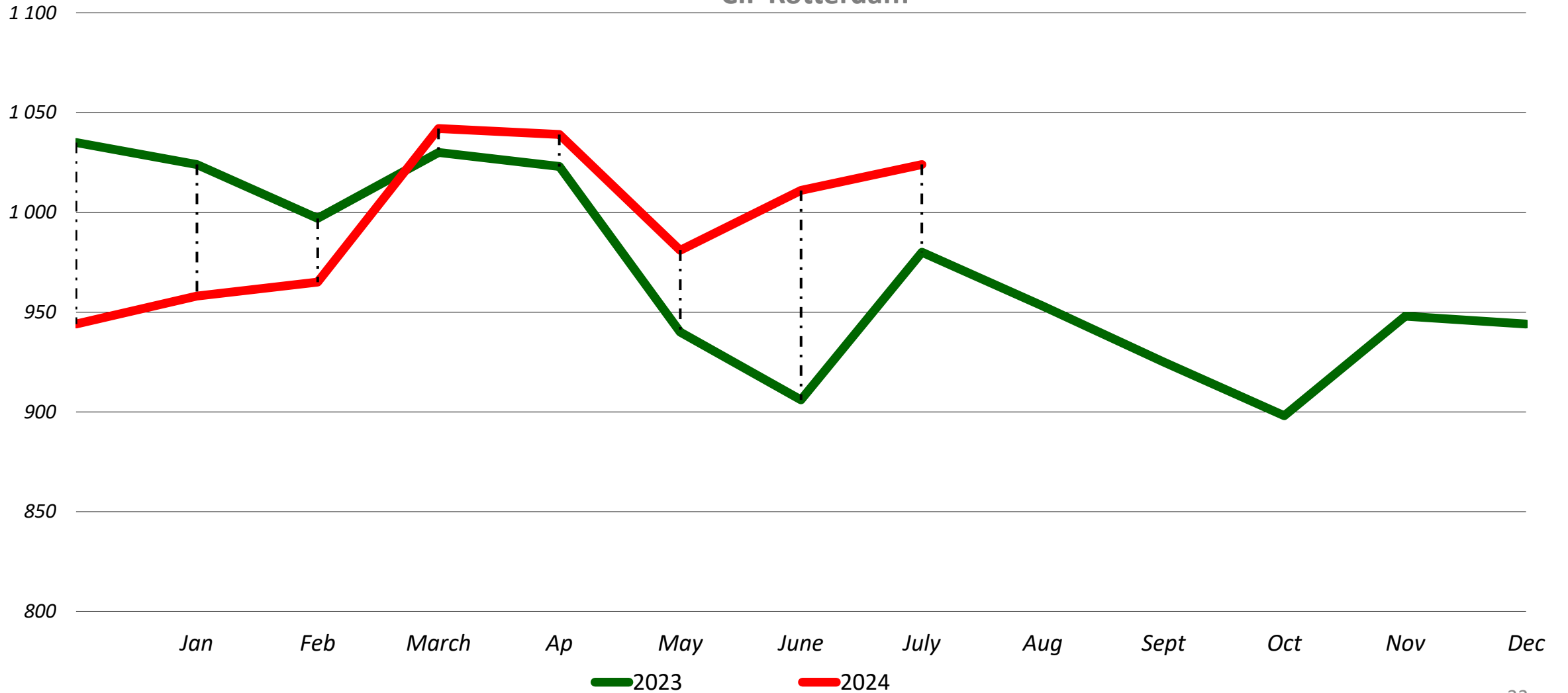


# CPO PRICES 2023 – 2024



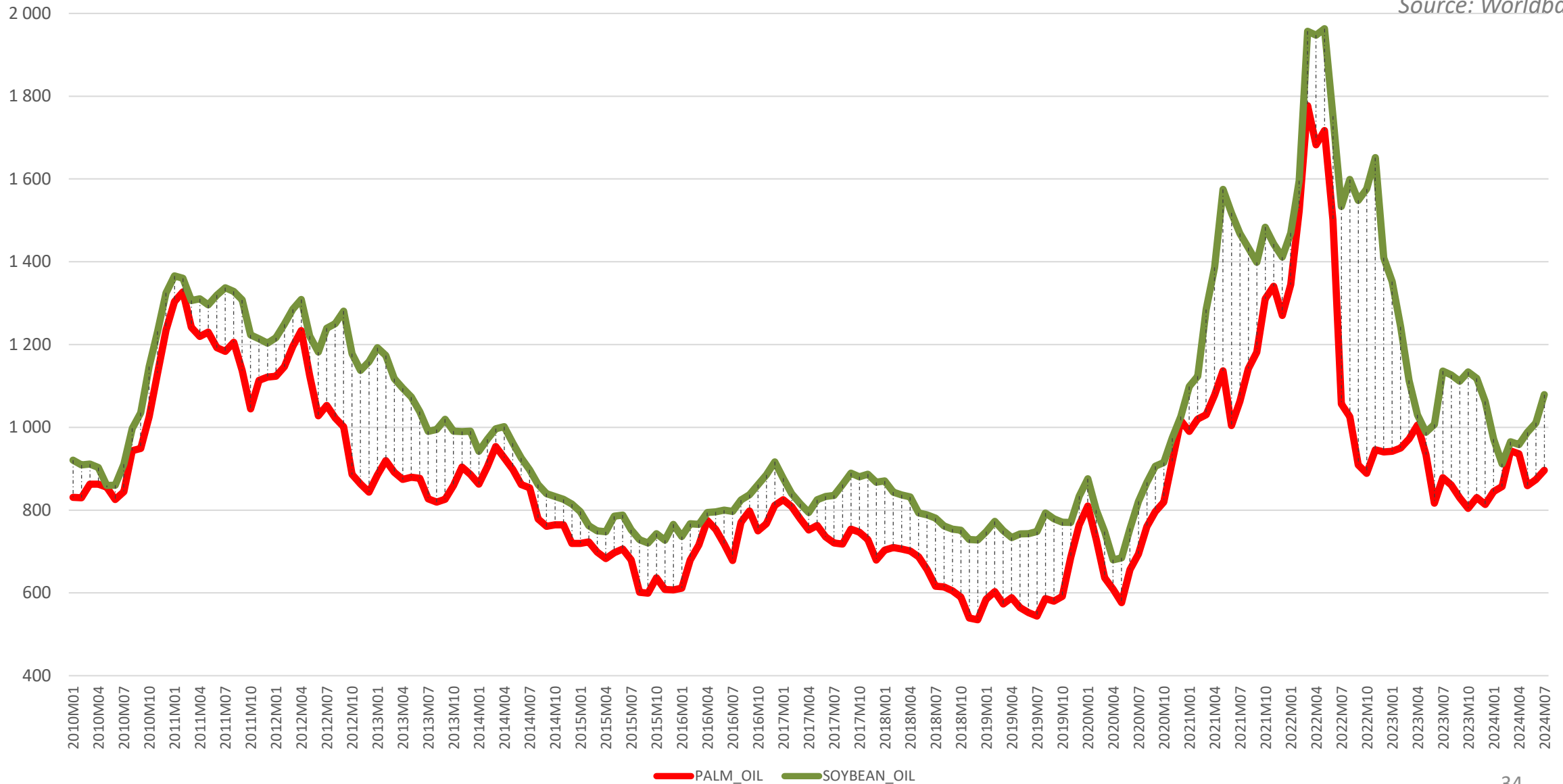
Crude Palm Oil in \$/mt  
CIF Rotterdam

Source: Oil World



# SPREAD CPO – SOYBEAN OIL

Source: Worldbank



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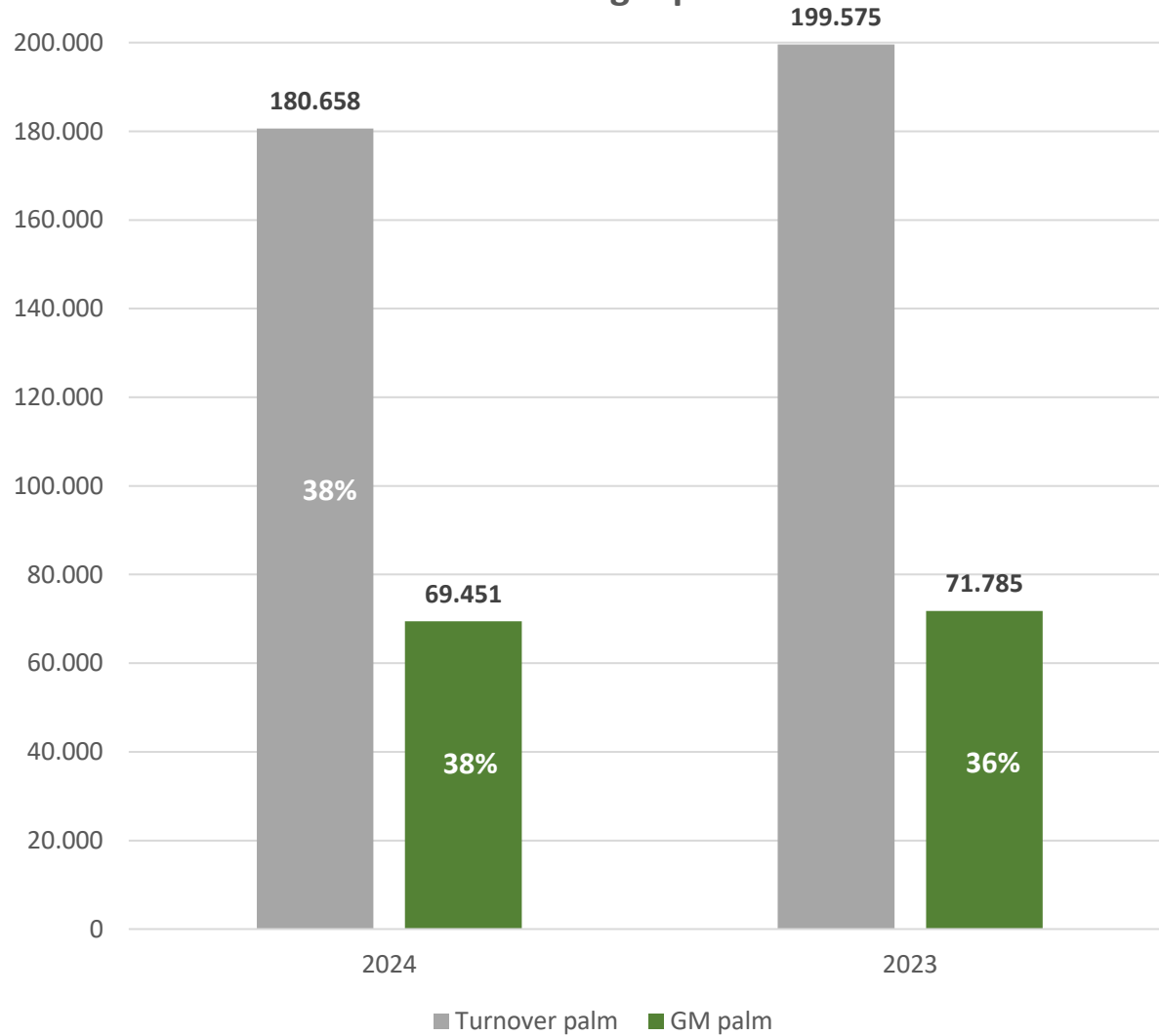
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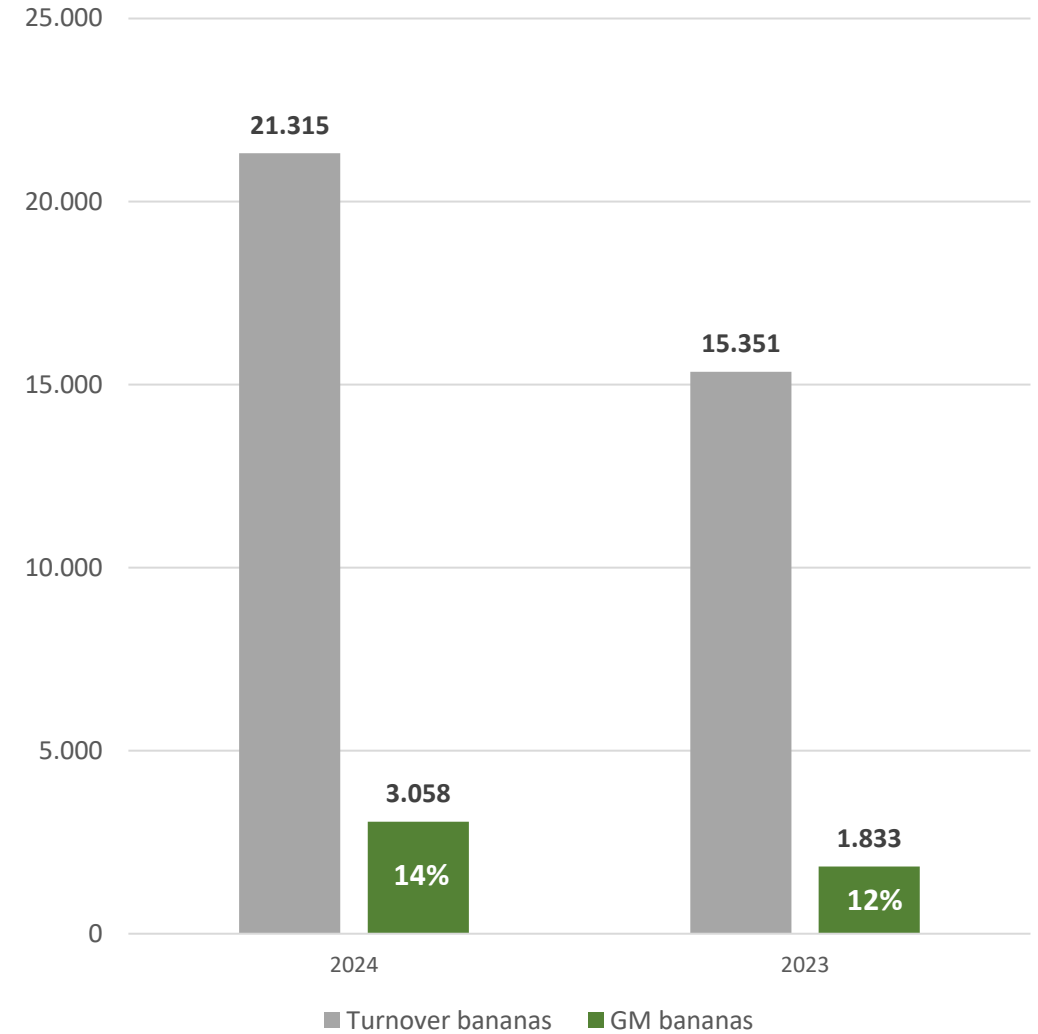
SIPEF group - Prospects

# JUNE 2024 - GROSS MARGIN IN KUSD

### Gross margin palm



### Gross margin bananas



# INCOME STATEMENT – JUNE 2024 (1/2)



In KUSD		Act. 2024	Act. 2023	Difference
Gross margin	Palm	69.451	71.785	-3%
	Rubber	-5.015	-1.940	159%
	Tea	85	77	10%
	Bananas	3.058	1.833	67%
	Horticulture	1	43	-97%
G&A including corporate		-22.851	-22.071	
Other operating		852	1.542	
<b>Operating result</b>		<b>45.581</b>	<b>51.269</b>	

# INCOME STATEMENT – JUNE 2024 (2/2)



In KUSD	Act. 2024	Act. 2023
<b>Operating result</b>	<b>45.581</b>	<b>51.269</b>
Finance income/charges	-433	277
Exchange	-3.757	658
<b>Financial result</b>	<b>-4.190</b>	<b>936</b>
<b>Profit before tax</b>	<b>41.391</b>	<b>52.205</b>
Tax	-12.503	-19.231
<b>Profit after tax</b>	<b>28.887</b>	<b>32.974</b>
Associated companies	-639	-537
<b>Profit for the period</b>	<b>28.249</b>	<b>32.436</b>
Loss on sale PT Melania	-1.580	0
<b>Net profit for the period</b>	<b>26.668</b>	<b>32.436</b>
Group share	25.029	31.216
Minority interests	1.640	1.220

# BALANCE SHEET – JUNE 2024



In KUSD (management presentation)	30/06/2024	31/12/2023
Biological assets (depreciated costs) - bearer plants	322 360	326 656
Goodwill	104 782	104 782
Other fixed assets	435 690	426 965
Receivables > 1 year	44 246	34 229
Assets held for sale	11 940	13 520
Net current assets, net of cash	54 539	75 362
Net cash position	-14 530	-31 418
<b>Total net assets</b>	<b>959 028</b>	<b>950 097</b>
Shareholders' equity, group share	856 285	853 777
Non controlling interest	36 681	35 042
Provisions and deferred tax liabilities	66 062	61 278
<b>Total net liabilities</b>	<b>959 028</b>	<b>950 097</b>

# CASH FLOW– JUNE 2024



In KUSD (management presentation)	30/06/2024	30/06/2023
Cash flow from operating activities before change in net working capital	73 290	77 457
Change in net working capital	-4 692	- 74
Income taxes paid	-10 124	-26 194
<b>Cash flow from operating activities after tax</b>	<b>58 474</b>	<b>51 189</b>
Acquisitions intangible and tangible assets	-36 140	-42 930
Financing plasma advances	-1 808	-4 057
Selling price of PP&E and financial assets (PT Melania)	-3 371	- 435
<b>Free cash flow</b>	<b>17 155</b>	<b>3 768</b>
Other financing activities	-12 589	-8 598
<b>Net movement in investments, cash and cash equivalents</b>	<b>4 565</b>	<b>-4 830</b>



# VALUE PER HECTARE

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Sensitivity June 2024	
Stock price @	USD per hectare
40,00	5.227
50,00	6.628
60,00	8.029
70,00	9.431
80,00	10.832
90,00	12.233

**BOOKVALUE PER HECTARE = 10 384 USD/Ha**

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## ❖ Production

- Significant increase expected in productions in Indonesia in Q3/Q4
- Total palm oil production in Indonesia expected to increase with 8% compared to last year
- Pruning work has finished in PNG in April → 6 months of recovery before palms start producing bunches again
- Palm oil production in PNG expected to be 17% lower compared to LY
- Group palm oil production expected to be roughly the same as in 2023
- Cumulative productions forecasts for bananas in Q3 expected to be 33% higher than last year

## ❖ Markets

- Outlook 2024 hinges on Northern Hemisphere oilseed productions
- CPO production Malaysia remains robust while Indonesia experiences regional production struggles
- US Soybean outlook is healthy, but Black Sea sun and rapeseed productions are shrinking
- EUDR enforcements could lead to increased shipments in SEPT/OCT
- Fundamental price outlook for palm oil remains positive for the rest of the year
- Banana prices expected to remain ideal for the remainder of the year

# PROSPECTS – 14/08/2024

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## ❖ Results

- 64% of the projected palm oil volume sold at USD 857 per tonne EMG
  - ❑ PNG 88% at 970 USD/tonne EMG
  - ❑ Indonesia 49% at 763 USD/tonne EMG
- Sales prices continue to be impacted by local export levy/taxes in Indonesia
- Continued devaluation of local currencies absorbs inflation induced cost price increases
- Fixed price annual contracts for bananas make that the group is not subject to price swings
- Net recurring result at year-end expected to be slightly lower than last year's result

## ❖ Cash flow and expansion

- Expansion in South Sumatra is ongoing with further expansion of plantations and infrastructure
- Construction 10<sup>th</sup> mill in Agro Muara Rupit (45 T/h) finalized and operational since June 2024
- 21 331 Ha of the 29 123 Ha in South Sumatra classified 'young mature'
- CAPEX of more than 100 mio USD expected in 2024
- Strategic investments in Value Creation for high-quality, low contaminant oil will exceed 10 mio USD with initial results looking undoubtedly promising
- Expected to end into a net financial debt position at year-end in line with December 2023

# UPDATE VALUE CREATION & PRODUCT DIFFERENTIATION



MOSH/MOAH Completed	Virgin Oil (progressing)	Chloride (progressing)	Carbon reduction (ongoing)
<ul style="list-style-type: none"><li>• H1 food grade</li><li>• Process control critical points</li><li>• Program switch completed; good results</li></ul>	<ul style="list-style-type: none"><li>• Segregated oil stream shipped</li><li>• Barema Completed</li><li>• Well controlled FFA</li></ul>	<ul style="list-style-type: none"><li>• Washing plant Agromuko completed</li><li>• Result &lt; 1.0 ppm</li></ul>	<ul style="list-style-type: none"><li>• Biogas capturing</li><li>• Biogas conversion (BioCNG trail)</li><li>• CO2 value CPO</li></ul>

Engaging partners and supply chain value creation

# UPDATE VALUE CREATION & PRODUCT DIFFERENTIATION



CONTAMINANT	EU REQUIREMENT	HIGH END 1	HIGH END 2
MOAH (PPM)	< 2.0	1.0	1.0
MOSH (PPM)	< 20	20	20
3-MCPD (PPM)	< 2.5	2.5/0.35*	0.7

- *3-MCPD 0.35 ppm requirement is for baby food specifications.*
- Total Chlorine equivalent < 2 ppm

