The connection to the world of sustainable tropical agriculture

Interim statement of the SIPEF group as per 31 March 2025 (3m/25)

Positive start to 2025 for SIPEF, with a balanced outlook for the year

- In the first quarter of 2025, total palm oil production increased by 17.9% compared to the same period in 2024, reaching 94 024 tonnes, with oil extraction rates improving by 9.2% in Papua New Guinea and 1.7% in Indonesia.
- Crude Palm Oil selling prices averaged USD 994/tonne on the MDEX, up USD 157/tonne from Q1 2024.
- Banana production increased by 4.4% compared to last year, with improving yields at historic sites offsetting some of the extreme weather events at some locations.
- SIPEF maintains its guidance for full-year CPO production around 430 000 tonnes and a balanced outlook.
- Group's first-quarter performance provides a supportive basis for 2025, assuming continued stable pricing and operational progress. The Group is expecting that the recurrent result for 2025 will exceed the level recorded in 2024.
- Cash flows are projected to fully cover the Group’s investment programme and working capital needs, including dividend payments.
- SIPEF achieves strong CDP Forest and Climate Scores under CDP New Reporting Format.

Interim management report

1. Group production

Group production

2025 (in tonnes)	Own	Third parties	Q1/25	YoY%	Own	Third parties	YTD Q1/25	YoY%
Palm oil	76 548	17 475	94 024	*17.93%*	76 548	17 475	94 024	*17.93%*
Rubber	0	0	0		0	0	0	
Bananas	14 496	0	14 496	*4.42%*	14 496	0	14 496	*4.42%*

2024 (in tonnes)	Own	Third parties	Q1/24	Own	Third parties	YTD Q1/24
Palm oil	65 458	14 273	79 731	65 458	14 273	79 731
Rubber	54	0	54	54	0	54
Bananas	13 881	0	13 881	13 881	0	13 881

The Group recorded an overall 11.3% increase in the production of Fresh Fruit Bunches (FFB), compared with the first quarter of last year. This growth was primarily driven by a strong performance in Indonesia, where volumes rose by 16.4%, spread across all production sites. South Sumatra stood out, with a noticeable increase of 34.1% in volumes. In Papua New Guinea, the gradual recovery from the volcanic eruption in late 2023 continued, with FFB production for the first quarter ending 2.7% above the level recorded in the same period last year.

In North Sumatra, favourable climatic conditions supported palm growth during the first quarter, with rainfall exceeding the 10-year average on most estates and being well distributed throughout the period. On mineral soils, FFB production declined slightly by 0.1% compared to last year, mainly related to an increase in immature area following replanting. However, production on organic soils improved overall, showing a 10.5% increase in FFB volumes compared with the first quarter of last year, despite localised flooding in parts of the CSM estate in February and March that temporarily affected harvesting. The area recovered well with more favourable weather conditions, but logistical constraints continue to affect delivery of the harvested fruit to the UMW mill.

In Bengkulu, the Group recorded a 16.1% increase in FFB production during the first quarter compared with the same period last year. This improvement was supported by well-distributed rainfall, which contributed to a higher number of FFB per palm, as well as an increase in mature hectares. Although the total recorded rainfall was slightly below the 10-year average, its consistent distribution proved beneficial for palm growth and harvesting conditions. The estates in the region continue recovering from the prolonged drought of 2023, and the improved crop performance during the first quarter also reflects this gradual rebound.

In South Sumatra, total FFB production continued to rise, recording a 34.1% increase compared with the first quarter of last year. This growth was driven by the increasing maturity of both the Group’s own plantations by 31.8% and the plasma smallholders, whose crop volumes surged by 50.3%. Consistent rainfall throughout the quarter, despite being slightly below the 10-year average, supported the improved production. A higher bunch count per hectare combined with an increase in average bunch weight contributed to the overall production uplift. These positive trends reflect the successful development and stabilisation of the estates following earlier expansion and replanting phases at Dendymarker Indah Lestari with performance to date tracking broadly in line with the Group's expectations for the year.

Crude Palm Oil (CPO) production in Indonesia rose by 21.5% compared with the first quarter of 2024, supported by higher FFB volumes and an 1.7% improvement in overall oil extraction rates (OER). This early improvement reflects the initial benefits of the technical upgrades implemented across the mills in 2024, including boiler enhancements and improved steam pressure control. Even further work is planned this year to fully optimise the process. At the mill of Umbul Mas Wisesa, extraction performance was partly impacted by recent flooding, which temporarily disrupted harvest processes and affected crop quality. In Bengkulu, lower OER was attributed to lower loose fruit volumes and a higher share of fruit from younger palms. Recovery measures are in progress, including boiler system upgrades.

In Papua New Guinea, production continued to recover in March, with FFB volumes coming in at 2.7% above the same period last year. This increase was primarily driven by a 9.3% improvement in smallholder deliveries, while the Group's own estates, particular at Navo, remained in recovery mode, recording volumes 1.5% below last year still. Nevertheless, steady progress was evident.

CPO production in Papua New Guinea rose by 12.1% compared with the first quarter of 2024, supported by a significant 9.2% improvement in OER. These gains reflect both the continued recovery of the crop following the 2023 volcanic eruption, as well as the positive effects of ongoing improvement programmes. The mild rainy season during the quarter supported crop collection and, while the average rainfall was below the 10-year norm, drier conditions in some estates continued to support stable field operations and harvesting efficiency.

Banana production for the first quarter increased by 4.4% compared with the same period last year. This was driven by improved yields at the historic sites, as well as the maturing hectares at Akoudié. Motobé recorded a 33.3% increase and Azaguié a 9.9% rise in production. At the same time, Lumen is now stabilising in terms of output. Akoudié, where younger plantings are maturing, reported a 55.8% increase versus last year, although, a recent episode of strong wind is expected to slightly affect upcoming harvests negatively. Agboville reported a reduction in volumes, partly due to a very uncommon hailstorm during the first quarter.

In general, the banana segment delivered in line with expectations with both mature and developing sites contributing to the Group's first quarter growth.

2. Markets

Average market prices

In USD/tonne		YTD Q1/25	YTD Q1/24	YTD Q4/24
Palm oil	MDEX Malaysia*	994	837	906
CPKO	CIF Rotterdam**	1 868	1 053	1 381
Bananas	FOT Europe***	881	824	807

** Bursa Malaysia Derivative Exchange price data*
*** Oil World price data*
**** CIRAD Price Data (in EUR)*

The first quarter of 2025 in the palm oil market proved to be quite complex. On the one hand, high prices - both relative to competing oils and in terms of significant spot premiums - led to lower demand. India, the largest importing country, notably shifted a substantial portion of its purchases to soybean oil. On the other hand, production was impacted by adverse weather conditions, particularly in Malaysia, where flooding resulted in output falling short of expectations. As a result, production in Malaysia was about 7.5% lower compared to the first quarter of 2024. Indonesia performed slightly better, supported in part by the ongoing B40 biodiesel blending program which absorbed a share of domestic supply.

Despite slower exports and tempered physical demand, stock levels remained broadly stable. This balance surprised many market participants in the first two months, which resulted in short-covering rallies that supported relatively firm price levels. At the same time, stock positions in destination markets continued to trend downward.

Soybean production in Latin America has now concluded. Although Brazil is experiencing a record crop, overall, many regions had to reduce their yields due to less favourable weather conditions toward the end of the growing season.

Palm oil market prices opened and closed the first quarter at USD 996 per tonne on the MDEX, after fluctuating between USD 912 per tonne and USD 1 069 per tonne throughout the period

The palm kernel market remained notably strong throughout the first quarter. While palm kernel oil had commanded a premium over coconut oil in the last quarter of 2024, coconut oil saw a surge in demand and is now commanding a premium of USD 300 per tonne over palm kernel oil. This shift is largely due to a decline in coconut oil production, caused by a lack of rainfall in early 2024, creating a tighter supply of lauric oils. As a result, prices for palm kernel oil hovered between USD 1 900 per tonne and USD 1 950 per tonne on the Rotterdam market.

3. Prospects

3.1. Projected production

In Indonesia, maturing hectares continue to support production growth, although variability in bunch numbers from younger plantings and localised replanting activity are expected to influence short-term yields. Recent trends indicate that Indonesia's production continues to increase, suggesting a strong start to the second quarter, but with a potential softening towards June. In Papua New Guinea, production is on a gradual recovery path following the volcanic eruption in late 2023, particularly in the Group's own estates. Smallholder volumes are expected to stay stable. Looking ahead to the second quarter, the Group anticipates continued solid production, with Papua New Guinea expected to improve steadily and South Sumatra volumes still to increase against last year production. Crop volumes are expected to align closely with seasonal trends by June. Field and mill-level efficiency initiatives remain a priority to support stable performance into the second half of the year.

Following a stable first quarter, the Group anticipates continued stable banana production in the second quarter of 2025. Output at the historic sites of Azaguié, Motobé and Agboville is expected to remain steady, supported by improved field practices and generally favourable growing conditions. While Agboville may see some residual impact from recent hailstorms, overall volumes are projected to hold close to seasonal expectations. The newer plantations of Akoudié and Lumen are expected to contribute consistently, with Akoudié continuing its positive trajectory as maturing hectares enter full productivity. Although strong winds affected parts of Akoudié and Azaguié late in Q1, these events are not expected to significantly disrupt second-quarter production. With stable export demand, the banana segment is well positioned for another resilient quarter.

On the annual palm oil production, the Group remains confident in achieving its full-year CPO production of approximately 430 000 tonnes, reflecting strong recovery across the group.

3.2. Future evolution of markets

The outlook for palm oil in the remainder of 2025 reflects a combination of supportive fundamentals and external uncertainties. Stock levels are expected to rise gradually with the seasonal increase in production, while export flows may remain more cautious due to relatively high prices. Domestic demand in Indonesia, particularly through the B40 biodiesel program could continue to play a stabilising role by absorbing a portion of production. Recent pricing trends also indicate that palm oil has regained some relative competitiveness. The price premium of palm oil over soya oil, which had persisted due to lower-than-expected production and export volumes, is disappearing. Moreover, in key markets palm oil prices have recently dropped below those of soya oil. This shift may encourage increased import activity from buyers, particularly in response to ongoing tightness in other vegetable oil markets such as rapeseed and sunflower oil.

Soybean oil remains a key factor in the vegetable oil complex, though its production is inherently tied to demand for soybean meal, given the relatively low oil content in soybeans (20%). While United States soybean oil prices have strengthened recently—supported by domestic demand—reduced export competitiveness, particularly against Argentine oil, has enhanced palm oil's relative positioning. Meanwhile, China's accelerated forward buying of Brazilian soybeans appears aimed at reducing reliance on United States supply, possibly in anticipation of future trade frictions or tariff adjustments. These shifting trade flows and uncertain policy signals, add complexity to global oilseed markets and may reinforce palm oil's role as a flexible and competitively priced alternative.

While the fundamentals of the palm oil market remain supportive, external factors—particularly evolving U.S. trade policy—warrant close attention. Although the United States represents only a small share of global palm oil demand (estimated at less than 2.3%), the potential for tariff adjustments could impact broader market sentiment. Looking ahead, 2025 market dynamics are likely to be shaped by shifting trade flows, planting decisions, and weather-related supply developments. Despite the potential for continued volatility, palm oil pricing remains within historical trading ranges, supporting at this point a balanced outlook.

The banana market remains strong in the first half of the year, with demand continuing into the second quarter, mirroring the positive trend seen in Q1. Several banana-producing regions, particularly in Central America, have faced weather-related disruptions, resulting in reduced export volumes. At the same time, logistical challenges, including extended shipping routes and port congestion, have constrained global supply chains. These factors, combined with rising demand for high-quality bananas in Europe, are contributing to tighter availability and upward pressure on prices. Although SIPEF is largely shielded from short-term volatility, the Group recognises that these structural changes in global supply and demand are likely to shape market trends in the medium term. The Group anticipates a seasonal softening in demand and pricing during the summer months, starting in June but this recurring trend is factored into planning and sales strategies. Meanwhile, there is also a growing regional interest in premium-quality bananas which adds longer-term support on stable pricing, and the banana segment is expected to maintain solid throughout the year.

3.3. Projected results

In continuation of the historically strong price environment, SIPEF sold 38% of its projected palm oil volumes at an average ex-mill gate price of USD 1 030 per tonne, including premiums for sustainability and origin. This mirrors the position at the same time in 2024, when 39% of volumes had also been sold, albeit at a lower average ex-mill gate price of USD 882 per tonne. A significant portion of this year's sales, i.e. 77% of Papua New Guinea's volumes, was realised at an average ex-mill gate price of USD 1 121 per tonne. In Indonesia, 20% of the expected volumes had been sold at an average ex-mill gate price of USD 895 per tonne including premiums. These sales remain impacted by the monthly pricing structure and a combined export tax and levy, which currently amounts to around USD 196 per tonne, thereby reducing net realisation.

At the start of 2025, SIPEF has seen well-controlled production costs across its palm operations, supported by strong early-year volumes, stable input pricing, and ongoing operational efficiencies. In addition to this favourable trend, the Group is closely monitoring the USD exchange rate with the main local currencies, being the Indonesian Rupiah and the Papua New Guinea Kina. Although, the current currency environment is volatile and difficult to predict, both currencies have devaluated compared to the USD during the first months of 2025. While input costs such as fertiliser, fuel, and international transport have remained relatively stable, this devaluation could lead to a decrease in USD denominated production costs, such as labour charges and local transport costs. Inflation risk can be influenced by tightening domestic monetary conditions. With the maturing of the South Sumatra estates, total production costs will continue to increase, but in combination with increasing yields, the average unit production cost for SIPEF will be controlled and is expected to come down further in the future.

For bananas, SIPEF continues to benefit from its strategy of marketing its volumes through annual contracts at fixed prices, which shields the segment from short-term fluctuations in international markets and supports margin stability. While input costs have remained largely stable, ongoing efficiency improvements and consistent yields at mature sites are the focus to reinforce a healthy cost structure. From a market perspective, demand for premium-quality bananas in Europe remains strong, and interest is steadily growing in regional markets where quality differentiation is increasingly valued. This trend supports favourable pricing environment over time and reinforces SIPEF's strategic positioning in both export and local markets. Looking ahead, the Group expects cost and price dynamics in the banana segment to remain favourable, with resilient performance projected for the remainder of 2025.

SIPEF refers to the press release of 13 February 2025, regarding the sale of its Indonesian subsidiary, PT Melania. Beginning of 2025, the purchaser sent a termination letter regarding the sale and purchase agreement. SIPEF group has contested the legal validity of this termination letter and discussions are ongoing.

SIPEF's strong start to 2025—underpinned by increased palm oil production, higher average selling prices, and cost control —provides a solid foundation for the year's financial performance. Based on current trends, the Group is expecting that the recurrent result for 2025 will exceed the level recorded in 2024. The extent of this improvement remains subject to several external factors, including the evolution of international palm oil prices.

3.4. Cash flow and expansion

In 2025, SIPEF will focus its capital investments on completing the development of 1 454 new hectares in South Sumatra, along with the infrastructure needed to bring these areas to full productivity. Also, the replanting of 2 437 hectares of the former rubber estates to palm oil in North Sumatra and Bengkulu will continue in 2025. The Group will continue its replanting efforts across mature estates to secure long-term yield potential.

Further attention will be directed to the completion of the ongoing mill upgrade programme, including the installation of methane capture systems at the Dendymarker Indah Lestari and Agro Muara Rupit mills, and mill and infrastructure enhancements at Hargy Oil Palms Ltd in Papua New Guinea. In support of quality-driven processing, the Group will also establish new washing facilities in North Sumatra and Bengkulu, reinforcing its focus on product quality standards.

These initiatives are expected to exceed USD 100 million for the year, and these will be fully funded from operational cash flow. Even with the substantial capex program, the expected cash flow leaves adequate margin to support SIPEF's dividend distribution. As a result, the Group forecasts that its net financial position by the end of 2025 will again turn positive, reflecting continued financial discipline and a strong balance sheet.

4. Sustainability: SIPEF achieves strong CDP Forest and Climate Scores under CDP New Reporting Format.

SIPEF delivered a solid performance in the 2024 CDP Climate Change and Forests disclosures, maintaining its B score (Management level) for Forests—exceeding the European regional benchmark and aligning with the palm oil sector average. For Climate Change, the Group upheld its C score (Awareness level), remaining in line with the crop production sector benchmark. These scores were achieved under CDP's newly integrated disclosure framework, which for the first time required companies to report across multiple environmental themes in a single submission. SIPEF's consistent performance reflects its commitment to environmental transparency and responsible stewardship, with active efforts underway to further strengthen its sustainability disclosures in the years ahead.

5. SIPEF group integrated annual report 2024

SIPEF will publish its third integrated annual report, covering the 2024 financial year in accordance with the European Corporate Sustainability Reporting Directive (CSRD), by the end of this month.

Translation: this press release is available in Dutch and English. The Dutch version is the original; the other language 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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For more information, please contact:

* P. Meekers, managing director (Mobile +32 471 11 27 62)
* B. Cambré, chief financial officer

Tel.: +32 3 641 97 00

investors@sipef.com
www.sipef.com (section "investors")

SIPEF is a Belgian agro-industry group listed on Euronext Brussels and specialised 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 Côte d'Ivoire and are characterised by broad stakeholder involvement, which sustainably supports the long-term investments.