

# OPERATIONS REVIEW



## PLANTATION & SUGAR MILLING

This segment comprises oil palm plantation and sugar milling activities, which include the cultivation and milling of palm oil and sugarcane, as well as the production of compound fertilisers.

As at 31 December 2023, our total planted area for oil palm stands at 230,135 hectares (ha). Through joint ventures, we own plantations in Uganda and West Africa totalling approximately 60,000 ha. Wilmar also directly manages 36,642 ha under smallholder schemes in Indonesia and Africa, and another 170,324 ha under smallholder schemes through associates in Africa.

In recent years, we stepped up our re-planting programme and thus maintaining the average age of our plantations at a relatively young 13 years. This will support the medium to long-term growth of our plantation operations. Around 60% of the plantations are at the prime production age of seven to 18 years and 24% are at age six years and below.

We operate sugar cane and sugar beet mills in Australia, India, Myanmar and China. We are Australia's largest raw sugar producer accounting for more than half of Australia's raw sugar. Each year we crush about 15 million MT of sugarcane to make more than two million MT of raw sugar. About 80% of the raw sugar we produce is shipped to overseas markets.

We own 62.5% of Shree Renuka Sugars Limited (SRSL), the leading sugar company in India. SRSL has a cane crushing capacity of 9.2 million MT per annum and ethanol distillery capacity of 1,250 kilolitres per day. In Myanmar, we have a total sugar production capacity of 1.4 million MT and a bioethanol plant. In China, we process sugar beet in Inner Mongolia.

### Our Performance

In FY2023, the Plantation and Sugar Milling segment's pre-tax profit decreased by 12% to US\$500.1 million mainly due to lower profit from the oil palm plantation business as palm oil prices were lower during the year. However, this was offset by a US\$231.0 million gain on disposal of Cosumar.

In oil palm plantations, poorer weather conditions and crop profile in Indonesia in the first half of the year resulted in only a marginal increase in fresh fruit bunches (FFB) production to 4.5 million MT and production yield remaining comparable at 21.0 MT per hectare for FY2023.

Firm sugar prices further supported the steady performance of the sugar milling business, with sales volume growing by 10% to 3.6 million MT and revenue increasing by 16% to US\$1.50 billion in FY2023.

### Outlook & Strategy

In the longer term, we see oil palm production plateauing as new plantings across the industry decrease, stemming from stricter sustainability criteria and limited availability of suitable land. However, we will continue exploring methods to increase FFB yields, without the need for further land expansion.

In the shorter term, oil palm production for the industry is expected to stay flattish in 2024 after recent years of good production as well as impact of the dry weather conditions in July and August 2023 which is expected to be felt in 2024's FFB production.

For sugar milling, the Far East premium should remain elevated due to lower production from Thailand in the first half of the year. However, we expect a larger crop in Australia, barring any negative weather events before the start of the crush season in June 2024. Overall, our sugar milling business is expected to be affected by lower sugar prices in 2024.



In FY2023, we re-planted 5,594 ha, keeping our plantations young and healthy.