

Announcement of Periodic Review: Moody's announces completion of a periodic review of ratings of Sime Darby Plantation Berhad

18 May 2021

Singapore, May 18, 2021 -- Moody's Investors Service ("Moody's") has completed a periodic review of the ratings of Sime Darby Plantation Berhad and other ratings that are associated with the same analytical unit. The review was conducted through a portfolio review discussion held on 12 May 2021 in which Moody's reassessed the appropriateness of the ratings in the context of the relevant principal methodology(ies), recent developments, and a comparison of the financial and operating profile to similarly rated peers. The review did not involve a rating committee. Since 1 January 2019, Moody's practice has been to issue a press release following each periodic review to announce its completion.

This publication does not announce a credit rating action and is not an indication of whether or not a credit rating action is likely in the near future. Credit ratings and outlook/review status cannot be changed in a portfolio review and hence are not impacted by this announcement. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moody's.com for the most updated credit rating action information and rating history.

Key rating considerations are summarized below.

Sime Darby Plantation Berhad's (SDP) Baa2 issuer rating reflects its (1) position as the largest listed palm oil plantation company by plantation area, and the largest global producer of certified sustainable palm oil; (2) integrated operations spanning across the palm oil value chain; (3) commitment to leverage reduction; and (4) its importance to Malaysia's economy and the implicit support from its government-linked shareholders, Permodalan Nasional Berhad (PNB) and Malaysia's Employees Provident Fund.

However, the rating is constrained by SDP's (1) exposure to volatile palm oil prices, which result in fluctuating credit metrics; (2) insufficient internal cash sources to meet its cash needs over the next 12 months due to sizeable short term debt maturities which the company seeks to roll over each year; and (3) exposure to environmental and social risks associated with the palm oil sector.

This document summarizes Moody's view as of the publication date and will not be updated until the next periodic review announcement, which will incorporate material changes in credit circumstances (if any) during the intervening period.

The principal methodology used for this review was Protein and Agriculture published in May 2019. Please see the Rating Methodologies page on www.moody's.com for a copy of this methodology.

This announcement applies only to EU rated, UK rated, EU endorsed and UK endorsed ratings. Non EU rated, non UK rated, non EU endorsed and non UK endorsed ratings may be referenced above to the extent necessary, if they are part of the same analytical unit.

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Maisam Hasnain, CFA
Asst Vice President - Analyst
Corporate Finance Group
Moody's Investors Service Singapore Pte. Ltd.
50 Raffles Place #23-06
Singapore Land Tower
Singapore 48623
Singapore
JOURNALISTS: 852 3758 1350
Client Service: 852 3551 3077

Ian Lewis
Associate Managing Director
Corporate Finance Group
JOURNALISTS: 852 3758 1350
Client Service: 852 3551 3077

Releasing Office:
Moody's Investors Service Singapore Pte. Ltd.
50 Raffles Place #23-06
Singapore Land Tower
Singapore 48623
Singapore
JOURNALISTS: 852 3758 1350
Client Service: 852 3551 3077

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