



Securities Investors Association (Singapore)

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GST Reg No: M90367530Y

Issuer: Bumitama Agri Ltd.

Stock code: P8Z

Meeting details:

Date: 22 April 2022

Time: 10.00 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

Q1. As noted in the chairman's message, the group manages 187,917 hectares of planted area in three provinces in Indonesia, 96.4% of which are mature plants in prime productivity. The weighted average age of the trees is 11.6 years.

The group has also carried out replanting for 500 hectares of older palms with higher-yielding and more climate resilient seedlings in 2021. This replanting was carried out "well ahead of time" in order to maximise assets and returns.

Some of the productivity metrics are shown in the operational and financial highlights (page 8; reproduced below).

PRODUCTIVITY					
FFB Yield per Matured Hectare (metric tonnes)	16.4	20.4	19.1	19.0	18.6
CPO Yield per Matured Hectare (metric tonnes)	3.7	4.5	4.3	4.3	4.2
Oil Extraction Rate (%)	22.7	22.1	22.7	22.6	22.6
Kernel Extraction Rate (%)	4.6	4.4	4.7	4.8	4.8

(Source: company annual report)

- (i) **Can management help shareholders better understand the reasons for the declining FFB yield per matured hectare over the past 3-4 years? How much of the decline in FFB yield could be attributed to unfavourable weather conditions?**
- (ii) **How has the group been able to maintain the CPO yield per matured hectare at 4.2-4.3 in the past three years despite falling FFB yield?**
- (iii) **What percentage of the group's plantations have trees that are 20 years or older?**
- (iv) **The group has 96.4% of mature plants and 3.6% of immature plants. Is the group actively reinvesting (through replanting and replacing old trees) to ensure that the plantation maintains its productivity in the future? Can the company provide shareholders with greater clarity on the replanting schedule?**
- (v) **What is the improvement in the yield of a modern (high-yield) oil palm tree compared to the trees planted 20 years ago?**

Q2. The group's sustainability and corporate social responsibility report can be found on pages 22 to 36 of the annual report. The sustainability milestones across the years can be seen on page 23 (extract reproduced below).



- (i) **Can management update shareholders on the methane capture project in Riau and help shareholders understand the impact on carbon footprint of the project? Are there plans to carry out methane capture in Kalimantan?**
- (ii) **What are the key pillars/main driving force of the group's climate change strategy?**
- (iii) The group has also stated that it aims to have all nucleus estates and plasma smallholders certified by 2023. **Can management update shareholders on the progress? Has the pandemic affected the group's certification efforts/pace?**

In addition, the group is one of the first few oil palm growers to adopt a "No Deforestation, No Peat and No Exploitation" policy.

- (iv) **What is the level of oversight by senior management and by the board to ensure that its "No Deforestation, No Peat and No Exploitation" policy is effective on the ground and achieves the desired outcomes?**

Q3. The group's sukuk rating was upgraded from AA3/Stable to AA2/Stable in January 2022 by RAM Ratings. The group had leveraged its strong cash flows from the high CPO-price climate to repay loans and borrowings, bringing down the net gearing ratio to 0.33 times.

This is the lowest level of leverage since the listing in 2012.

- (i) **Can the board/management elaborate further on its capital management framework?**
- (ii) **What is the optimal gearing ratio that would support the group's growth plans?**

For FY2021, the group had declared and paid interim dividend of \$0.0045 per ordinary share on 17 September 2021. A final dividend of \$0.033 per ordinary share for FY2021 has been recommended by the board. The group has a dividend policy to distribute up to 40% of its distributable income, subject to the group's cash flow and financial position, capital expenditure plan, debt repayment schedule, dividends received from its subsidiaries, industry conditions and prospects.

(iii) Is the company in the position to review its dividend policy?

^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings ("Meetings Order") would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on [SIAS website](http://www.sias.org.sg)

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[^] Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation
(<https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation>)