

**M.P. EVANS GROUP PLC**  
("Group" or "M.P. Evans")

**ANNUAL GENERAL MEETING**

The annual general meeting of M.P.Evans Group PLC, a producer of sustainable Indonesian palm oil, is being held in London today. The following statement is an update on trading conditions and progress on the Group's activities since the publication of the annual report in April.

**Crops**

The crop of oil-palm fresh fruit bunches ("ffb") for the five months ended 31 May 2019 was 238,600 tonnes from estates controlled by the Group, some 5% higher than the 227,600 tonnes recorded for the same period in 2018. Crops from the smallholder co-operatives associated with the Group's new projects fell by 1% to 60,300 tonnes. The normal pattern of second-half crop being greater than crop in the first half of the year is expected to occur in 2019. Overall, the Group's crops continue on an upward trend resulting from their young average age with yields increasing as they mature.

Crops grew strongly in the development at Musi Rawas, South Sumatra, and also at Bumi Mas in East Kalimantan, the Group's newest estate, acquired in December 2017. The latter is showing great promise as the Group embeds its agronomic standards into the estate. In Bangka, the extraordinary growth in crops over the last two years, as the region recovered from the 2015-16 El Niño weather pattern, was not expected to persist, and crop here fell by 15% in the first five months compared with last year; there was a similar fall in Kota Bangun, where the 2018 crop peaked in the first part of that year but is not expected to peak until later in 2019. In Sumatra, crops at the Pangkatan group of estates were 7% higher than last year and those in Simpang Kiri 23% higher as the benefit of the replanting programme in these areas makes itself felt.

**Production**

The Group produced the equivalent of 78,800 tonnes of crude palm oil ("CPO") during the first five months of 2019, including 64,600 tonnes in its own mills with the balance being the oil content of ffb sold by the Group to third-party mills. This compared to 77,500 tonnes for the equivalent period in 2018 (including 71,000 in its own mills). The Group continues to achieve high extraction rates, which have on average improved compared with 2018: 24.5% in Kalimantan; 23.2% in Bangka and 23.1% in Pangkatan. An important contribution to production, notably in Bangka, was the continuing purchase of ffb from third parties, amounting to 42,700 tonnes (2018 – 46,700 tonnes), in addition to those produced on the Group's own estates and associated smallholder co-operatives.

**Prices**

The average price of CPO (c.i.f. Rotterdam) for the first five months of the year was US\$533 per tonne, a significant reduction from the US\$663 per tonne during the equivalent period in 2018. In the period to the end of May 2019, the Group realised an average price at mill gate of US\$475 per tonne compared with US\$564 per tonne in 2018. Prices for palm kernels have also weakened, averaging US\$267 per tonne (mill gate): very much lower than the US\$417 per tonne in the year to May 2018. After a low point in November 2018, CPO prices began to recover. However, in recent weeks, CPO prices have fallen back although they remain above US\$500 per tonne cif Rotterdam. High world stocks of all vegetable oils are weighing on the market, but commentators expect stocks to reduce in the face of buoyant consumption, lower reported oil seed planting and anticipated poorer crops of competing vegetable oils.

## **New planting**

In Musi Rawas, 630 hectares were planted in the first five months of the year, bringing the total planted area to just under 8,000 hectares in respect of Group and smallholder areas combined. Planting is ongoing, and land compensation has already been settled over a further 1,500 hectares. Some new planting will take place in Kota Bangun, East Kalimantan, once the planned bunds needed to manage the water on this project have been finished.

## **Sustainability**

The Group is a long-standing member of the Roundtable of Sustainable Palm Oil (“RSPO”). In 2018, 77% of its output was certified sustainable. The Group is only able to certify output from its own mills as sustainable: the Group’s policy is for all its mills to be certified by the RSPO with any new mills achieving RSPO certification within 18 months of commencing operation. All its estates, whether they have a mill or not, and including all smallholder schemes attached to the Group’s projects, are run in accordance with the RSPO’s standards, which relate to environmental, social and ethical plantation practices.

## **Strategy**

The Group’s focus is on production of palm oil in Indonesia and maximising the yield and production from its existing areas, notably in East Kalimantan. On the Bumi Mas estate, acquired in December 2017, operating standards are being brought up to those of the Group’s other estates. At Kota Bangun, investment in water management will support the Group’s efforts to ensure the planted areas can deliver the maximum possible volume of crop. Over the next four years, the Group expect to commission new mills in Kota Bangun, Bumi Mas and Musi Rawas to maximise the oil obtained from its growing crop of ffb at the lowest cost. The increasing maturity of its planted areas and the application of high operating standards means the board is confident in its ability to deliver crop growth which is the foundation for improving results.

14 June 2019

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