

# The financing of Sime Darby by European financial institutions

A research paper prepared for Friends of the Earth Europe



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## Summary

This report assesses the financing of the Malaysian palm oil company Sime Darby by European financial institutions in the past four years (since July 2009). Sime Darby's assets are especially financed by shareholders (54.0%) and bank loans (14.9%). Bondholders (5.5%) play a less dominant role, although the percentage of assets financed by bondholders since June 2012 has likely grown due to recent bond issuances.

presents an overview of the most important European financiers of Sime Darby. Three categories are distinguished:

European financial institutions which owned or managed at least 0.05% of the outstanding shares of Sime Darby at the most recent filing date;

European financial institutions which owned or managed at least 0.20% of the outstanding bonds of Sime Darby at the most recent filing date.

European financial institutions which have assisted Sime Darby to issue new bonds since July 2009.

European financial institutions did not assist Sime Darby to raise new shares since July 2009, and did not provide bank loans to the company since this date.

The largest European shareholders of Sime Darby are the Norwegian Government Pension Fund - Global, the British asset manager Schroder Investment Management, the Dutch pension fund Pensioenfonds Zorg en Welzijn (PfZW) and the German Deutsche Bank. Deutsche Bank is also the largest European bondholder together with AXA Group (France), and Credit Suisse (Switzerland) is both a substantial shareholder and bondholder. HSBC and Standard Chartered (both from the United Kingdom) are the only European financial institutions that have assisted Sime Darby to issue new bonds.

**Table 1 Most important European financiers of Sime Darby**

Financial institution	Country	Important shareholder (at least 0.05% of shares)	Important bondholder (at least 0.20% of bonds)	Bond underwriter
<i>Timeline</i>		<i>Most recent filing date</i>		<i>Since July 2009</i>
ABP	Netherlands	X		
AllianceBernstein, part of AXA Group	France		X	
Allianz	Germany		X	
Credit Suisse	Switzerland	X	X	
Deutsche Bank	Germany	X	X	
Government Pension Fund - Global	Norway	X		
HSBC	United Kingdom			X
Intesa SanPaolo	Italy	X		
Legal & General	United Kingdom	X		
Lyxor Asset Management, part of Société Générale	France	X		

<b>Financial institution</b>	<b>Country</b>	<b>Important shareholder (at least 0.05% of shares)</b>	<b>Important bondholder (at least 0.20% of bonds)</b>	<b>Bond underwriter</b>
<b><i>Timeline</i></b>		<b><i>Most recent filing date</i></b>		<b><i>Since July 2009</i></b>
Pensioenfonds Zorg en Welzijn (PfZW)	Netherlands	X		
Pictet & Cie	Switzerland	X		
Schroder Investment Management	United Kingdom	X		
Standard Chartered	United Kingdom			X
Unigestion	Switzerland	X		

## Introduction

This report presents an overview of the financing of the Malaysian palm oil company Sime Darby by European financial institutions in the past four years (since July 2009).

This report is organised as follows: paragraph 1.1 presents a company profile of Sime Darby. Paragraph 1.2 summarises the company's financial structure. The subsequent paragraphs discuss the financing of Sime Darby since July 2009, covering share issuances (paragraph 1.3), shareholders (paragraph 1.4), bond issuances (paragraph 1.5), bondholders (paragraph 1.6) and bank loans (paragraph 1.7).

A summary of the findings can be found on the first pages of this report.

## The financing of Sime Darby

### 1.1 Company profile

In 1910, the British businessmen William Sime and Henry Darby established Sime, Darby & Co, a company operating in the rubber industry in Malaysia. The company later diversified into cultivating oil palm and cocoa. In 1978, Sime Darby Berhad was incorporated in Malaysia and set up its headquarters in Kuala Lumpur. In 2007, Sime Darby Berhad merged into a new organization, called Sime Darby, with the Malaysian plantation companies Golden Hope Plantations Berhad and Kumpulan Guthrie Berhad.

Currently, Sime Darby's core businesses are plantations, property, industrial equipment, motors, energy & utilities and healthcare. The company is the largest listed plantation company in the world, and one of the largest companies listed on Bursa Malaysia. As at 4 June 2013, Sime Darby had a market capitalisation of RM56.79 billion (€ 13.98 billion).<sup>1</sup>

In the financial year ended June 2012, Sime Darby generated revenues of RM 47,602 million (€ 11,831 million), resulting in a net profit of RM 4,346 million (€ 1,080 million). At the end of June 2012, total assets of the company amounted to RM 48,151 million (€ 11,967 million).<sup>2</sup>

The plantations division of Sime Darby is engaged in upstream as well as downstream activities. The upstream operations have a planted oil palm area of 314,294 hectares in Malaysia and 204,845 hectares in Indonesia. Since early 2010, Sime Darby also owns a 220,000-hectare concession area in Liberia, of which 5,021 hectares were planted with oil palm as of 31 December 2012. The downstream business, which has operations in 15 countries, engages in the manufacturing and distribution of oils and fats products, oleochemicals and palm oil-based biodiesel as well as consumer goods. The division owns eight refineries located in several Asian countries, the Netherlands and South Africa.<sup>3</sup>

In the financial year ended June 2012, the plantations division accounted for 29.7% of Sime Darby's revenues, 54.0% of its profits and 33.3% of its assets.<sup>4</sup>

### 1.2 Financial structure

At the end of June 2012, Sime Darby owned total assets of RM 48,151 million (€ 11,967 million). These assets were financed by the following groups of financial stakeholders:<sup>5</sup>

Shareholders	RM 26,016 mln	54.0%
Joint-venture partners	RM 874 mln	1.8%
Bank loans	RM 7,153 mln	14.9%
Bondholders	RM 2,650 mln	5.5%
Others	RM 11,458 mln	23.8%

Shareholders (54.0%) and banks (14.9%) are the most important financial stakeholders of Sime Darby. Bondholders (5.5%) play a minor role, although it is likely that the percentage has grown since June 2012 due to recent bond issuances (see paragraph 1.5).

### 1.3 Share issuances

Sime Darby did not issue new shares since July 2009.

## 1.4 Shareholders

Shareholders are very important financiers of Sime Darby, financing 54.0% of the company's assets as of June 2012. Sime Darby is listed on the Bursa Malaysia in Kuala Lumpur. Major shareholders of Sime Darby include Permodalan Nasional Berhad (PNB), Malaysia's national investment fund which is directly linked to the government. 1.4 presents an overview of the European financial institutions that owned or managed at least 0.02% of the outstanding shares of Sime Darby at the most recent filing date. Together, these financial institutions own or manage at least 1.71% of Sime Darby's outstanding shares with a value of € 280.3 million.

**Table 2 European shareholders of Sime Darby (at least 0.02%)**

Investor	Country	# of shares	% of all shares	Value (€ mln)	Filing date
Government Pension Fund - Global	Norway	41,261,799	0.69	97.21	31 Dec 2012
Schroder Investment Management	United Kingdom	14,092,200	0.23	33.46	30 Apr 2013
Pensioenfonds Zorg en Welzijn (PfZW)	Netherlands	Unknown	-	25.25	31 Dec 2012
Deutsche Bank	Germany	7,801,634	0.13	18.36	30 Apr 2013/ 31 May 2013
Unigestion	Switzerland	5,239,000	0.09	12.35	31 Dec 2012
Pictet & Cie	Switzerland	4,718,209	0.08	11.20	30 Apr 2013
Intesa SanPaolo	Italy	4,340,093	0.07	10.47	30 Sep 2012/ 31 Mar 2013
ABP	Netherlands	Unknown	-	13.00	31 Dec 2012
Lyxor Asset Management, part of Société Générale	France	3,418,282	0.06	8.12	30 Apr 2013
Credit Suisse	Switzerland	3,300,446	0.05	7.83	30 Apr 2013
Legal & General	United Kingdom	2,937,898	0.05	6.98	30 Apr 2013
Landesbank Berlin	Germany	2,443,800	0.04	5.80	30 Apr 2013
Scottish Widows Investment Partnership, part of Lloyds Banking	United Kingdom	2,232,080	0.04	5.30	30 Apr 2013
Amundi (70% owned by Crédit Agricole and 30% by Société Générale)	France	2,019,787	0.03	4.72	31 May 2013
Raiffeisen Zentralbank	Austria	1,914,000	0.03	4.48	31 Mar 2013
Första AP-Fonden (AP1)	Sweden	1,682,788	0.03	3.96	31 Dec 2012
Svenska Handelsbanken	Sweden	1,511,869	0.03	3.59	30 Apr 2013
Anima SGR, part of Prima Societa di Gestione del Risparmio	Italy	1,427,900	0.02	3.39	30 Apr 2013
KBC	Belgium	1,047,041	0.02	2.49	30 Apr 2013
Aviva	United Kingdom	995,900	0.02	2.36	30 Apr 2013



Investor	Country	# of shares	% of all shares	Value (€ mln)	Filing date
<b>Total</b>			<b>1.71</b>	<b>280.32</b>	

Source: Thomson ONE Banker, "Share ownership", *Thomson ONE Banker (www.thomsonone.com)*, viewed June 2013; ABP, "Beursgenoteerde beleggingen van ABP - Aandelen & Converteerbare obligaties, per 31 december 2012", *ABP*, December 2012; PfZW, "Overzicht beleggingen", *Website PfZW (www.pfzw.nl/over-ons/beleggingen/waarin-beleggen/overzicht-beleggingen/paginas/overzicht-beleggingen.aspx)*, viewed June 2013.

## 1.5 Bond issuances

Since July 2009, Sime Darby issued new bonds several times. These bonds were issued under the company's Islamic Medium Term Note (IMTN) and Islamic Commercial Paper (ICP) programmes.<sup>6</sup> After the financial year which ended June 2012, Sime Darby issued an additional € 777.87 million of bonds. European financial institutions participated in the following of these bonds issuances:

In January 2013, Sime Darby Global issued new bonds with a total value of US\$ 800 million (€ 600.80 million). The issue was divided in two tranches: a 3.290% 10-year tranche with a value of US\$ 400 million (€ 300.40 million) and a 2.053% five-year tranche with a value of US\$ 400 million (€ 300.40 million). The proceeds were used for general corporate purposes. Among the six financial institutions that participated in the syndicate were the following European financial institutions, underwriting an estimated amount of:<sup>7</sup>

<b>HSBC</b>	United Kingdom	€ 125.17 mln
<b>Standard Chartered</b>	United Kingdom	€ 125.17 mln

## 1.6 Bondholders

Bondholders are moderately important financial stakeholders of Sime Darby, financing 5.5% of the company's assets as of June 2012. However, this percentage since then has more than doubled due to recent bond issuances in January 2013 (see section 1.5) and November 2012 (€177 million).<sup>8</sup>

Only 4.50% of the bondholders of Sime Darby are known. 1.6 presents an overview of the European financial institutions that owned or managed at least 0.10% of the outstanding bonds of Sime Darby at the most recent filing date. Together, these financial institutions own or manage 2.70% of Sime Darby's outstanding bonds with a value of € 16.31 million.

**Table 3 European bondholders of Sime Darby (at least 0.10%)**

Investor	Country	% of all bonds	Value (€ mln)	Filing date
Deutsche Bank	Germany	0.75	4.50	January 2013/ March 2013
AllianceBernstein, part of AXA Group	France	0.67	4.01	April 2013
Allianz	Germany	0.62	3.75	February 2013
Credit Suisse	Switzerland	0.36	2.25	March 2013
ING	Netherlands	0.18	1.09	February 2013
Julius Bär	Switzerland	0.12	0.71	January 2013
<b>Total</b>		<b>2.70</b>	<b>16.31</b>	

Source: Bloomberg Database, "Bond Holdings", *Bloomberg Database*, viewed June 2013.

## 1.7 Bank loans

Sime Darby and its subsidiaries did not secure new bank loans since July 2009.<sup>9</sup>

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