Plantations

BOUSTEAD PLANTATIONS BERHAD 1245-M

(A member of Boustead Group)

NEWS RELEASE

Boustead Plantations Continues To Pay Dividends

KUALA LUMPUR, August 23, 2018 – Boustead Plantations Berhad (BPB) recorded a revenue of RM296 million for its first six months ended 30 June 2018. However, as a result of tough market conditions, including a sharp decline in palm product prices, the Group registered a loss before tax of RM18 million for the period.

The average crude palm oil (CPO) selling price for the six-month period was RM2,457 per metric tonne (MT), marking a 17% drop from the same period last year. Average palm kernel price declined by 24% to RM2,001 per MT. Meanwhile, fresh fruit bunches (FFB) production dropped by 2% to 431,349 MT. Oil extraction rate (OER) averaged at 20.7%, consistent with the previous year, while average kernel extraction rate was marginally higher at 4.4%.

A spokesperson for Boustead Plantations Berhad commented, “It has certainly been a difficult period, on the back of lower selling prices as well as higher operating expenditure. Despite the challenging environment, the Group remains committed to enhancing value for shareholders. Testament to this, the Board of Directors declared a second interim dividend of 2.5 sen per share for the financial year ending 31 December 2018. The dividend will be paid on 25 September 2018 to shareholders on the register as at 12 September 2018.”

"Looking ahead, we are cautiously optimistic that prospects will improve. Pressure on CPO prices in the second quarter of the year was mainly due to lacklustre exports caused by the reinstatement of CPO export duty in May and the US-China trade dispute which led to a sharp drop in soy prices."

"Moving forward, the price direction for palm oil will likely be governed by production trends in Malaysia and Indonesia, soybean supplies, biodiesel offtake in Indonesia, demand from India as well as the ongoing US-China trade dispute and resulting impact on crude mineral oil prices. Should conditions be favourable, we are hopeful that CPO prices will see an uptrend towards the last quarter of 2018."

"Moreover, the Group is set to conclude the proposed disposal of 139 hectares of plantation land with high development potential in Seberang Perai Utara, Pulau Pinang. We expect to net a gain of RM116 million for this before the last quarter of the year, which will contribute to our earnings. Additionally, while the difficult operating conditions in Sarawak are expected to persist, the recently acquired plantation land in Sabah will contribute positively towards our crop production," concluded the spokesperson.

For the first six months, the Peninsular region posted a profit of RM11 million. This was primarily attributable to reduced prices of palm oil products, lower crop production and higher operating expenditure. FFB crop for the region declined to 169,867 MT.

The Sabah region registered a deficit of RM8 million for the six-month period, mainly as a result of lower selling prices and higher operating expenditure. FFB production rose by 8% to 204,729 MT.

The Sarawak region recorded a deficit of RM13 million for the six-month period. This was largely due to the impact of lower palm product prices and FFB crop being lower at 56,753 MT.

Forward looking statements
This release may contain certain forward-looking statements with respect to the financial conditions, results of operations and business of the Group and certain plans and objectives of Boustead Plantations Berhad with respect to these items. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future and there are many factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements.

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