



**Plantations**

**BOUSTEAD PLANTATIONS BERHAD**<sup>1245-M</sup>  
*(A member of Boustead Group)*

## ***NEWS RELEASE***

### **Boustead Plantations Continues Positive Momentum With Improved Q3 PAT of RM96 Mil**

*3<sup>rd</sup> Interim Dividend of 1.75 sen per share declared*

#### **KEY HIGHLIGHTS**

- Revenue increased significantly to RM294 million in Q3 FY2021, which resulted in higher profit after tax of RM96 million.
- Third interim dividend of 1.75 sen per share declared.
- Productivity improved in Q3 FY2021 compared with Q2 FY2021, with production and OER up by 14% and 1.4% respectively.
- Operating cost for Q3 FY2021 reduced by 4% from Q2 FY2021.

**KUALA LUMPUR, November 23, 2021** – Boustead Plantations Berhad (BPB) continued its positive momentum in its third quarter ended 30 September 2021, recording Profit After Tax (PAT) of RM96 million, significantly higher compared with RM16 million in the same quarter last year. Profit Before Tax (PBT) climbed to RM124 million on the back of an improved revenue of RM294 million, with increased profit from operations of RM133 million. The Group's results for the third quarter also marked a substantial improvement from the immediate preceding second quarter, whereby revenue, PBT and PAT improved by 21%, 94% and 96% respectively in the third quarter.

In comparison with the immediate preceding second quarter, operating costs saw a reduction of RM6 million, from RM167 million in the second quarter to RM161 million in the third quarter. Average CPO selling price increased by 8%, from RM4,014 per MT to RM4,331 per MT in the third quarter. Fresh Fruit Bunches (FFB) production grew by 14% from 231,702 MT in the immediate preceding quarter to 263,276 MT in

the third quarter. FFB yield and OER also improved from 3.4 MT per ha to 3.8 MT per ha and from 21.2% to 21.5% respectively.

For the nine-month period ended 30 September 2021, the Group's PAT surged to RM156 million compared with RM8 million in the same period last year. PBT jumped to RM208 million while revenue rose to RM708 million, with higher profit from operations of RM242 million.

The Group's commendable performance was driven primarily by higher palm product prices. Average crude palm oil (CPO) selling price for the third quarter was up by 56% to RM4,331 per metric tonne (MT), from RM2,772 per MT in the same quarter last year. Average palm kernel price also jumped by 72% to RM2,541 per MT. FFB production for the quarter was 263,276 MT while FFB yield stood at 3.8 MT per hectare (ha). Average oil extraction rate increased to 21.5% while kernel extraction rate stood at 4.1%.

During the nine-month period, higher collection from customers coupled with a goods and services tax refund amounting to RM37 million and a deposit of RM43 million for the Group's proposed disposal of 664 ha of land in Kulai, Johor, resulted in improved net operating cash flows. This allowed the Group to fund working capital internally and pare down borrowings. This led to a substantial 21% reduction in interest cost compared to previous year. Debt-to-Equity ratio improved to 0.40 times, reduced from the 31 December 2020 position of 0.48 times. Likewise, the Group's net current liabilities stood at RM536 million as at 30 September 2021, a reduction of RM75 million from RM611 million as at 31 December 2020.

Reflecting the Group's strong performance and its steadfast dedication to deliver shareholder value, the Board of Directors declared a third interim single tier dividend of 1.75 sen per share for the financial year ending 31 December 2021. The dividend will be paid on 30 December 2021 to shareholders on the register as at 9 December 2021.

BPB Chief Executive Officer Zainal Abidin Shariff said that amidst tough external pressures on operating costs, the Group was able to achieve commendable results. "Our strong growth for the period was primarily attributable to the record-high palm

product selling prices, coupled with improved production costs and increased productivity,” Zainal Abidin commented.

“Appreciation of crude mineral oil price in September 2021 and ongoing power outages in China further supported palm oil prices. In addition, palm oil production has fallen short of expectations in recent months.

“Among factors hindering yield recovery in the plantation sector are adverse weather conditions, increased fertiliser cost, crop losses due to the labour shortage and the temporary halt to operations due to COVID-19 cases.”

“In the last quarter of 2021, there is a possibility that La Nina will return, which could lead to heavy rain and flooding in oil palm growing areas in South East Asia. At Boustead Plantations, we took the necessary steps to mitigate the impact of negative weather conditions in the areas of our operations.

“At the same time however, for the remainder of the year, there continue to be key risks and challenges that could impact the direction of CPO prices, such as COVID-19 restrictions, global food inflation and the volatility of the Ringgit against the US Dollar.”

Despite the challenges, Zainal Abidin said that the post-pandemic outlook for the palm oil industry in Malaysia remained bright with strong CPO price, supported by balanced supply and demand dynamics as well as an expected recovery from labour shortages next year.

“The Group’s implementation of yield and productivity improvements as well as cost optimisation initiatives continue to support our performance. We have also identified opportunities to ramp up our mechanisation and digitalisation efforts as well as recruitment of local workers. These are among the key elements of the Reinventing Boustead Strategy that we are guided by, premised on sustainable growth,” said Zainal Abidin.

“Our aspiration is to transform BPB into a sustainable technology-based plantation company by ramping up mechanisation and digitalisation efforts, while steadfastly upholding Environmental, Social and Governance (ESG) principles throughout BPB’s operations,” Zainal Abidin concluded.

Boustead Holdings Berhad Group Managing Director Dato’ Sri Mohammed Shazalli Ramly commented, “BPB’s sterling performance is indeed testament that the Reinventing Boustead Strategy is bearing fruit, enabling the Group to deliver sustainable results. To future-proof the business and unlock value, BPB will continue to tap on digital solutions and advanced technologies to drive performance,” he said.

**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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