



Plantations

BOUSTEAD PLANTATIONS BERHAD^{1245-M}
(A member of Boustead Group)

NEWS RELEASE

Boustead Plantations Full Year PAT Soars

KUALA LUMPUR, February 27, 2018 – Boustead Plantations Berhad delivered a commendable performance for its financial year ended 31 December 2017, turning in a higher profit after tax of RM662 million. This reflects a significant jump compared with RM216 million in the previous year. Profit before tax rose to RM733 million while revenue increased to RM760 million.

The improved profit for the year was mainly driven by gains realised on disposal of lands in Seberang Perai, Penang, amounting to RM555 million. Stronger profit from operations also contributed to these positive results, on the back of better crop production and higher crude palm oil (CPO) prices.

In line with the Group's commitment to enhancing shareholder value, the Board declared a fourth interim dividend of 4 sen per share. The dividend will be paid on 27 March 2018 to shareholders on the register as at 14 March 2018.

Average CPO selling price for 2017 was RM2,810 per metric tonne (MT), up by 9% from RM2,584 per MT last year, while average palm kernel (PK) price rose to RM2,505 per MT. Fresh fruit bunches (FFB) production increased by 7% to 973,513 MT. This was primarily due to improved yields post El Nino. Average oil extraction rate was 21% while kernel extraction rate was 4.3%, marginally lower than last year.

YBhg Tan Sri Dato' Seri Lodin Wok Kamaruddin, Vice Chairman, Boustead Plantations Berhad, said, "As a result of improved crop production and higher CPO prices, we saw our profit from operations grow. In tandem with this, we focused on a more effective utilisation of our land bank. This enabled the Group to unlock greater value which contributed to our bottom line growth."

“Moving ahead, CPO prices are predicted to soften as a result of rising palm oil production, which is projected to outpace palm oil consumption. Increased soybean acreage in the United States and heightened competition from Indonesia are also expected to put pressure on the CPO market.”

“Despite these challenges, prospects remain bright for the Group. In particular, as part of our expansion strategy, our proposed acquisition of 11,600 hectares of plantation land is expected to be completed by the second quarter of 2018. We are confident that this will enable us to strengthen our earnings potential over the long run,” concluded YBhg Tan Sri Dato’ Seri Lodin.

The Peninsular region was the main contributor to the Group, posting a profit of RM108 million, marking a 41% jump compared with RM77 million last year. This was driven by improved CPO prices. FFB crop grew by 11% to 428,546 MT, on the back of better production from the northern estates and young mature palms on the east coast estates.

The Sabah region delivered a higher profit of RM85 million, up by 19% from RM71 million in the previous year. FFB crop saw an increase of 7% to 411,776 MT, primarily due to crop uptrend despite the shortage of harvesters for tall palms and adverse weather conditions.

Meanwhile, the Sarawak region recorded a lower profit of RM7 million compared with RM8 million last year. This was mainly attributable to higher operating expenses and reduced FFB crop which came in at 133,191 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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