



**Plantations**

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

## ***NEWS RELEASE***

### **Boustead Plantations Records Revenue of RM584 million for FY2018**

**KUALA LUMPUR, February 25, 2019** – Boustead Plantations Berhad (BPB) recorded a revenue of RM584 million for the financial year ended 31 December 2018. Nevertheless, challenging market forces saw the Group recording a deficit of RM51 million for the year.

Tough market conditions impacted the Group during the year, particularly palm product prices which were significantly lower. Slowdown in production and the cost of financing for a recent acquisition further impacted profitability. The new accounting treatment which now requires bearer plants to be depreciated also impacted the Group's performance for the financial year.

Average crude palm oil (CPO) selling price for 2018 was RM2,261 per metric tonne (MT), a decline of 20% compared with last year. Average palm kernel price dropped by 29% to RM1,780. Fresh fruit bunches (FFB) production for the year was 966,134 MT, consistent with last year's FFB production of 973,513 MT. Average oil extraction rate was 21.2%, while average kernel extraction rate was 4.4%, both marginally higher than 21.0% and 4.3% respectively in the previous year.

A spokesperson for Boustead Plantations Berhad said, "Looking ahead, FFB production for 2019 is projected to see some improvement. This will be supported by expected increase in production from existing operations and the Pertama Estates in Sabah. Meanwhile, once completed by the second quarter of 2019, the proposed acquisition of more than 4,000 hectares of mature fields and a palm oil mill in

Sandakan, Sabah, will also contribute to the Group's performance. In addition, the gain on disposal of land in Seberang Perai Utara should further boost earnings for the Group once completed in the first quarter of 2019."

"Moreover, CPO prices are projected to see a recovery towards RM2,400 per MT by the second quarter of 2019 with the expected reduction in palm oil stocks. This will be fuelled by the biodiesel mandates of Indonesia, lower import duty on crude and refined palm oil in India coupled with China's positive outlook from the trade dispute with the US. This certainly bodes well for the Group's prospects moving forward in 2019," concluded the spokesperson.

The Peninsular region posted a profit of RM30 million for the financial year, due to the decline in palm product prices and production. FFB crop was 385,731 MT, a 10% reduction from the previous year.

The Sabah region recorded a deficit of RM30 million, mainly attributable to the drop in palm product prices as well as higher operating expenditure. FFB production grew by 10% to 454,332 MT on the back of contributions from the Pertama Estates.

Meanwhile, the Sarawak region posted a deficit of RM21 million. This was as a result of the lower palm product prices. FFB production was 126,071 MT, 5% lower than the previous year.

#### **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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