



Plantations

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

NEWS RELEASE

BOUSTEAD PLANTATIONS BERHAD'S PAT INCREASES BY 51% TO RM74 MILLION

KEY HIGHLIGHTS

- Yield performance initiatives, favourable palm product prices springboarded Group's Q2FY2022 performance.
- Gain registered in PBT, revenue and profit from operations.
- Second interim single tier dividend of 2.75 sen per share declared.

KUALA LUMPUR, August 23, 2022 – Boustead Plantations Berhad (BPB) continued on delivering successive profitable growth in its second quarter ended 30 June 2022 (Q2FY2022) by posting an improved Profit After Taxation and Zakat (PAT) of RM74 million, a 51% jump from a PAT of RM49 million recorded in the same quarter last year (Q2FY2021).

The Group's Profit Before Taxation and Zakat (PBT) increased to RM112 million during the quarter, which included gain on compulsory Government land acquisition at Telok Sengat Estate of RM4 million. Excluding the gain, the PBT of RM108 million surpassed the RM64 million registered in the corresponding quarter last year. Revenue improved to RM349 million, while profit from operations grew to RM113 million.

For its first six months ended 30 June 2022, the Group recorded a revenue of RM673 million, a 62% improvement from RM415 million gained in the same period last year. PBT increased to RM621 million, which included the gain on disposal of Kulai Young land of RM364 million and gain on Government land acquisition at Telok Sengat Estate

of RM4 million. Excluding the gain, the PBT of RM253 million significantly surpassed the RM83 million recorded in the corresponding period last year. PAT rose to RM509 million, while profit from operations increased to RM264 million.

Commending the encouraging results, BPB Chief Executive Officer Zainal Abidin Shariff said the Group's latest performance was an outcome of the continuous efforts done in its yield performance initiatives, particularly the ongoing Plantations Performance Improvement Programme (PPIP), in addition to the Group's ability to manage cost effectively. However, adverse weather and labour shortages continued to impact the Group's yield performance.

"In the current quarter, the increase in diesel prices is among factors affecting our production cost. Nevertheless, proactive measures that we have undertaken under the PPIP allowed us to offset the impact," Zainal Abidin said.

The Group's strong performance was further complemented by the bullishness of palm product prices. Average crude palm oil (CPO) price in Q2FY2022 of RM6,611 per metric tonne (MT) was higher than last year's corresponding quarter of RM4,014 per MT. Palm kernel's (PK) average price was also higher at RM3,718 per MT, an increase of RM1,071 per MT from Q2FY2021.

For the six months period ended 30 June 2022, average CPO price increased to RM6,327 per MT, up by RM2,425 per MT recorded in the same period last year. PK's average price of RM4,196 per MT was higher by RM1,603 per MT.

From the immediate preceding quarter, The Group recorded an improved fresh fruit bunches (FFB) production to 196,355 MT from the previous 195,882 MT recorded. FFB yield was maintained as per immediate preceding quarter at 2.9 MT per hectare (Ha). Oil extraction rate was also maintained at 20.6% while kernel extraction rate stood at 4.0%.

During the period, higher collection from customers due to strong CPO price and proceeds received from the disposal of Kulai Young land had improved overall cash flows, which allowed the Group to fund its working capital internally and pare down

borrowings. Cash generated from operation for the period improved to RM251 million as compared to RM147 million recorded in the same period last year. Debt-to-Equity ratio stood at 0.28 times, reduced from 31 December 2021 position of 0.37 times.

The Group's net current liabilities as at 30 June 2022 stood at RM179 million, a reduction of RM302 million from RM481 million as at 31 December 2021 as a result from higher cash and bank balances and reduction in short-term borrowings.

In line with the Group's commitment to delivering shareholder value, the Board of Directors declared a second interim single tier dividend of 2.75 sen per share for the year ending 31 December 2022. The dividend will be paid on 27 September 2022 to shareholders on the register as at 13 September 2022.

Zainal Abidin added the current price of palm oil is expected to experience further correction in the second half of 2022 as stock levels are expected to be high due to factors of Indonesia lifting its export ban and increased quota on export, the ongoing Ukraine-Russia conflict and global climate change.

"The Group is expected to achieve reasonable improvement in crop production in line with the progress of PPIP and Boustead Group's Reinventing Boustead Strategy. We foresee that the production cost to be higher in the second half of 2022 due to the impact of minimum wages and increase in the fertiliser prices.

"Despite the challenges, the Group is positive on the outcome from the ongoing effort to manage cost efficiently through prudent spending. We remain adamant that our crop improvement initiatives via PPIP and integration of mechanisation and digitalisation in our operations will continue to produce positive outcomes in the coming quarters," he said.

Zainal Abidin said both the PPIP and Reinventing Boustead Strategy that currently progressing as planned would continue to play a pivotal role towards expanding BPB's growth trajectory upwards.

“We aspire to transform BPB into a sustainable technology-based plantation company that steadfastly adheres to the principles of Environmental, Social and Governance (ESG),” Zainal Abidin concluded.

Boustead Holdings Berhad (BHB) Group Managing Director Dato’ Sri Mohammed Shazalli Ramly applauded BPB’s sound performance, stating his confidence on the capability of the plantation group to drive sustainable growth under the guidance of Reinventing Boustead Strategy.

“Over the years, BPB has proven its resilience in adapting to the uncertainties of the palm oil market. BPB’s progressive approach in integrating digitalisation and mechanisation under the PPIP initiative will provide the Group an edge and build a solid foundation to further propel its sustainable growth.

“BPB’s ongoing ESG initiatives are exceptional and in tandem with Boustead Hijau agenda, the Group’s very own ESG values, which is the key driver for all our businesses and operations,” he said.

BPB is one of the most experienced and established upstream oil palm plantation companies in Malaysia. BHB, and together with Lembaga Tabung Angkatan Tentera (LTAT), are the major shareholders of BPB.

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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.