



Plantations

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

NEWS RELEASE

Boustead Plantations Berhad delivers commendable nine-month performance amidst disruptive global palm oil market

KEY HIGHLIGHTS

- Group recorded RM913 million in revenue for nine-month period ended 30 September 2022.
- Group registered a significantly higher PBT of RM619 million attributable to a one-off gain on disposal of plantation land amounting to RM368 million
- Labour shortage and high manuring cost continued to be operational challenges
- Third interim single tier dividend of 1.1 sen per share declared.

KUALA LUMPUR, November 22, 2022 – Boustead Plantations Berhad (BPB) will continue to focus on its yield enhancement initiative – Plantations Performance Improvement Programme (PPIP) that has resulted encouraging performance for the Group, against the backdrop of disruptive global palm oil market.

For the nine-month period ended 30 September 2022, the Group registered a revenue of RM913 million which is an increase of 29% from RM708 million recorded in the same period last year. The Group also achieved a Profit Before Taxation and Zakat (PBT) of RM619 million during the recorded period, an increase of 198% from the corresponding period last year.

This included the gain on disposal of Kulai Young land and gain on Government land acquisition at Telok Sengat Estate which amounted to RM368 million. Excluding the gain, the PBT of RM251 million exceeded RM208 million achieved in the corresponding period last year. Profit After Taxation and Zakat (PAT) surged to RM504 million, while profit from operations rose to RM265 million.

During the period, Crude palm oil (CPO) realised an average selling price of RM5,527 per metric tonne (MT), which surpassed last year's corresponding period of RM4,072 per MT. Palm kernel's (PK) average price of RM3,567 per MT was higher by RM995 per MT.

Meanwhile, labour shortage continued to put BPB at a disadvantage, with abrupt drop in palm product prices and higher manuring cost experienced in the third quarter ended 30 September 2022 (Q3FY2022) resulting in the Group to record a loss before taxation and zakat of RM2 million in the quarter. Revenue for the quarter stood at RM240 million.

Average CPO price for the third quarter of RM4,089 per MT was lower than corresponding quarter last year by RM242 per MT. PK's average price of RM2,494 was also lower than RM2,541 per MT recorded in the same quarter last year. Fresh fruit bunches (FFB) production for the quarter of 227,335 MT was 14% lower than the production in the corresponding quarter last year, contributing a yield of 3.4 MT per hectare (Ha) as compared with 3.8 MT per Ha in the same quarter last year. This was mainly attributed to the shortage of harvesters, particularly in the Group's Sabah and Sarawak operations.

Higher operating cost also contributed to current quarter losses. The increase in fertiliser price had impacted overall manuring cost, up to RM21 million from RM6 million in the same quarter last year. In addition, the Group recorded a loss of RM12 million on FFB valuation in the current quarter as compared to the gain of RM10 million in the same quarter last year due to plummeting CPO price.

Despite the setting, BPB Acting Chief Executive Officer, Fahmy Ismail remained optimistic of the Group's ability to perform in the upcoming quarter, driven by proactive mechanisation efforts and improvements of PPIP.

"This was proven with the increase of FFB production in Q3FY2022 to 227,335 MT from 196,355 MT in the immediate preceding quarter. FFB yield also recorded an increase to 3.4 MT per Ha from the immediate preceding quarter of 2.9 MT per Ha.

"Our Peninsular Malaysia and Sabah regions have shown positive outcomes in FFB yield as a result of continuous improvement through the implementation of PPIP. As we embark on the enhanced PPIP 2.0, we remain hopeful that the efforts undertaken will diffuse the impacts coming from market uncertainties," he added.

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 reduced to RM271 million as compared to RM300 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.

In line with the Group's commitment to delivering shareholder value, the Board of Directors declared a third interim single tier dividend of 1.1 sen per share for the year ending 31 December 2022. The dividend will be paid on 22 December 2022 to shareholders on the register as at 8 December 2022.

On market prospects, Fahmy said prices of palm oil was predicted to remain highly volatile for the rest of the year as stock levels were expected to be high in Malaysia and Indonesia as both countries were in the high crop season.

"However, continuous Ukraine-Russia conflict and severe droughts and heatwaves in Europe, China India and the US may lead to divert demand towards palm oil due to price spikes of other crops which can potentially create a risk of global crop shortages.

"High production cost due to the impact of minimum wages coupled with higher fertiliser and diesel prices will continue to be a challenge in the remaining year. Nonetheless, the Group is confident that its ongoing efficient cost management and crop improvement initiatives will deliver positive outcomes.

"As we remain resolute to the Reinventing Boustead Strategy and enhancing shareholder value, the Group commits to our reform initiatives in transforming BPB into a sustainable technology-based plantation company by ramping up mechanisation efforts, while steadfastly upholding the principles of environmental, social and governance in our operations," Fahmy concluded.

Boustead Holdings Berhad (BHB) Group Managing Director Dato' Sri Mohammed Shazalli Ramly applauded BPB over its capability in navigating through challenges posed by market volatility, stating his confidence for the plantation group to further deliver sustainable growth.

“BPB has remained progressive in its approach towards technology adaptation and mechanisation in its operation. With a more structured plantation approach under the PPIP 2.0, BPB is expected to continue to amplify its operating efficiency while simultaneously maximising profitability,” 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, 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.