



## TH Plantation slips into the red in FY 18

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KUALA LUMPUR, Feb 27 (Bernama) -- TH Plantations Bhd reported a net loss of RM594.60 million for the financial year ended Dec 31, 2018, against a net profit of RM22.4 million in the same period last year, largely due to lower realised price of crude palm oil, an assets write-off as well as impairment losses.

Revenue declined 24.51 per cent to RM519.3 million compared with RM687.98 million in 2017.

For the fourth quarter, the net loss widened to RM578.23 million from RM28.27 in 2017, while revenue shrunk to RM118.62 million as compared with RM177.70 million.

Commenting on the Group's 2018 performance, newly-appointed Chief Executive Officer, Muzmi Mohamed said: "At the operational level, we saw weaker revenue from significantly lower selling prices, as well as lower output and sales volumes of both Crude Palm Oil (CPO) and Palm Kernel (PK).

"Despite recording a three per cent growth in Fresh Fruit Bunches (FFB) production and a four per cent decrease in operating costs, the impact of lower prices and lower volume of CPO and PK was much more significant," he said in a statement here, today.

Excluding the impairments and one-off charges, the group registered a core loss of RM89.4 million.

For FY2018, the Group produced a total of 910,316 metric tonnes of FFB, but saw CPO output and sales decrease by four per cent and five per cent respectively, compared to last year.

The average realised CPO selling price recorded for the year was RM2,121 per metric tonne, a 21 per cent decrease against the price recorded last year.

The Group's average realised PK price was RM1,709 per metric tonne, a 30 per cent decrease from last year.

Explaining the impairments, Muzmi said it was mainly from plantation assets which had been identified for divestment in the next 12 months.

In addition, the Group also recognised a fair value loss in forestry of RM134.03 million due to a change in market conditions. In total, the Group recognised RM594.89 million in impairments, write-offs, write-downs and fair value changes for 2018, which significantly impacted the bottom line.

"The impairments are inevitable and part of the Group's rationalisation plans moving forward. The persistently challenging operating conditions and weak performance brought to light a pressing need to carefully review our position.

"Moving forward, we have identified several assets which we would like to divest in the near future. The Group anticipates with this rationalisation exercise, it will be in a better financial position," Muzmi said.

As for outlook, TH Plantation in a filing to Bursa Malaysia said palm oil prices are gradually recovering from the low levels seen in the past couple of years.

Factors that support palm oil price recovery include an expected lower production growth in 2019, thus further easing inventory levels, as well as the high spread between competing soy oil with palm oil prices.

In addition, India has recently lowered its import duties for palm oil products, which will further boost demand for palm oil exports from Malaysia and Indonesia.

Given a steady recovery in prices, coupled with improved operational and financial efficiencies, the Group expects improved prospects for 2019.