TH Plantations' Q3 net loss due to lower prices

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PETALING JAYA: TH Plantations Bhd suffered a net loss of RM19.80 million during the third quarter ended Sept 30, 2018 compared with a net profit of RM15 million a year ago due to lower prices of crude palm oil (CPO) and palm kernel (PK).

The group said in a statement, the average realised CPO price recorded for the quarter was RM2,095 per metric tonne, which was 18% lower than the price recorded a year ago while the average realised PK price was RM1,724 per metric tonne, 22% lower than a year ago.

The group said that profit margins were significantly squeezed by lower prices and volumes during the quarter. In addition, it did not recognise any fair value in forestry during the quarter.

"Additionally, lower fresh fruit bunches (FFB) production (down by 4% from the corresponding period) and CPO production (down by 5%) as well as weaker sales (CPO sales down by 11% while PK sales down by 18%) also negatively impacted revenue," it said.

Revenue for the quarter fell 25.57% to RM140.91 million from RM189.31 million a year ago due to lower average realised prices of CPO, PK and FFB as well as lower sales volume of CPO and PK.

For the nine months ended Sept 30, 2018, the group posted a net loss of RM16.37 million compared with a net profit of RM50.68 million a year ago while revenue fell 21.47% to RM400.70 million from RM510.27 million a year ago.

During the period, the group's FFB production rose 4% but this was offset by the 18% drop in average realised CPO prices against last year and 24% drop in average realised PK prices. CPO and PK sales volumes also fell by 5% and 11% respectively.

"The group's bottom line was also negatively impacted by lower fair value on government grant as well as lower fair value change, both for the group's forestry assets, which collectively led to a variance of almost RM20 million to its year-to-date profit at operating level," it said.

TH Plantations CFO Mohamed Azman Shah Ishak said the industry is seeing a repeat of the challenging operating conditions that plagued the industry about two to three years ago, with unfavourable market dynamics pushing prices lower while the high stockpile has exacerbated the low price environment.

"On top of these, the industry continues to grapple with labour issues and higher wages, environmental pressure as well as stiff competition from other vegetable oils. TH Plantations, as a pure upstream player, is visibly more affected by the current challenges," he added.

Improved production and weak exports across the industry have led to a surge in CPO stock levels in the country, which may delay the recovery of palm product prices.

The group expects prices to remain range-bound in the near-term, causing continued pressure on profit margins for the industry, particularly when stock levels peak in November and December 2018.

However, demand is expected to pick up in 2019, driven by higher exports to China.

TH Plantations registers RM19.8m net loss in Q3

By Bernama - November 26, 2018 @ 7:27pm

KUALA LUMPUR: TH Plantations Bhd posted RM19.80 million in net loss in the third quarter ended Sept 30, 2018 from a net profit of RM15 million recorded in the same period last year.

Revenue declined to RM140.9 million from RM189.31 million previously, while for the nine-month period, the group posted a net loss of RM16.37 from a net profit of RM50.68 million in the same corresponding period.

In a filing with Bursa Malaysia today, Chief Financial Officer Mohamed Azman Shah Ishak said unfavourable market dynamics had pushed prices lower while high stockpiles exacerbated the low price environment.

“On top of these, the industry continues to grapple with labour issues and higher wages, environmental pressure as well as stiff competition from other vegetable oils,” he said.

TH Plantations reports loss-making 3Q on lower CPO and palm kernel prices

Wong Ee Lin / theedgemarkets.com
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KUALA LUMPUR (Nov 26): TH Plantations Bhd reported a net loss of RM19.8 million or 2.24 sen a share in the third quarter ended Sept 30, 2018 (3QFY18), versus a net profit of RM15 million or 1.7 sen a share last year, due to lower crude palm oil (CPO) and palm kernel (PK) prices.

This was its first quarterly net loss since two and a half years ago.

Its quarterly revenue was down 25.57% to RM140.91 million, from RM189.31 million in 3QFY17, according to a filing with Bursa Malaysia today.

In a separate statement today, TH Plantations explained the average realised CPO price recorded for the quarter was RM2,095 per metric tonne, an 18% decrease against the price recorded in the same period last year, while the Group's average realised PK price was RM1,724 per metric tonne, a 22% decline from the same quarter last year.

Additionally, TH Plantations said the lower Fresh Fruit Bunches (FFB) production and CPO production of 4% year-on-year (y-o-y) and 5% y-o-y respectively, as well as weaker CPO sales and PK sales of 11% y-o-y and 18% y-o-y respectively, also negatively impacted revenue.

For its cumulative nine-months ended Sept 30, 2018 (9MFY18), TH Plantations saw a net loss of RM16.37 million or 1.85 sen per share against a net profit of RM50.68 million or 5.73 sen per share in the previous year, while revenue slipped 21.47% to RM400.7 million, from RM510.27 million a year ago.

"Unfortunately, we are now seeing a repeat of the challenging operating conditions that plagued the industry barely two to three years ago. Unfavourable market dynamics have pushed prices lower, while the high stockpile has exacerbated the low price environment," said its chief financial officer Mohamed Azman Shah bin Ishak.

"On top of these, the industry continues to grapple with labour issues and higher wages, environmental pressure, as well as stiff competition from other vegetable oils. THP, as a pure upstream player, is visibly more affected by the current challenges," he added.

Furthermore, Mohamed Azman said the efficiency and affordability of palm oil compared with other vegetable oils, are indeed a key factor to ensuring demand for palm oil and its products remain steady over time. He added that the industry's commitment to improving the efficiency and sustainability of palm oil will strengthen the industry's resilience in the longer term.

Looking ahead, TH Plantations said improved production and weak exports across the industry have led to a surge in CPO stock levels in the country, which may delay the recovery of palm product prices.

"Prices are expected to remain range-bound in the near-term, causing continued pressure on profit margins for the industry, particularly when stock levels peak in November and December 2018," TH Plantations said.

However, the market anticipates demand to pick up in 2019, driven by higher exports to China, it added.

Shares of TH Plantations closed two sen or 3.39% down at 57 sen today, valuing it at RM503.78 million. Year-to-date, the stock fell about 48.97% from RM1.12.