



TH PLANTATIONS BERHAD (12696-M)

## TH PLANTATIONS REPORTS FY2018 FINANCIAL RESULTS

### Incurs a net loss of RM658 million, including impairments of RM447 million

**KUALA LUMPUR, 27<sup>th</sup> FEBRUARY 2019** – TH Plantations Berhad (“THP” or the “Group”) announced its fourth quarter (“4QFY2018”) and full financial year 2018 (“FY2018”) financial results today, reporting a net loss of RM658.38 million for FY2018, against a net profit of RM31.23 million in the same period last year. Its revenue for the full year stood at RM519.32 million, a decline of 25% compared to last year. For 4QFY2018, the Group recorded a net loss of RM643.98 million against a net loss of RM30.91 million in the corresponding period last year. Its revenue for 4QFY2018 was RM118.62 million, a 33% decline compared to 4QFY2017.

Commenting on the Group’s performance, newly-appointed Chief Executive Officer of THP, Muzmi Mohamed said, “At the operational level, we saw weaker revenues from significantly lower selling prices as well as lower output and sales volumes of both CPO and PK. Despite recording a 3% growth in FFB production and a 4% decrease in operating costs, the impact of lower prices and lower volume of CPO and PK was much more significant. 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 Fresh Fruit Bunches (“FFB”), but saw Crude Palm Oil (“CPO”) output and sales decrease by 4% and 5% respectively compared to last year. The average realised CPO selling price recorded for the year was RM2,121 per metric tonne, a 21% decrease against the price recorded last year. The Group’s average realised Palm Kernel (“PK”) price was RM1,709 per metric tonne, a 30% decrease from last year.

For 4Q2018, total FFB production stood at 252,687 metric tonnes, a less than 1% increase from the same period last year, while CPO output and sales were down by 2% and 4% respectively. The average realised CPO selling price recorded for the quarter was RM1,821 per metric tonne, a 28% decrease against the price recorded in the same period last year. The Group’s average realised PK price for the quarter was RM1,377 per metric tonne, a decrease of 46% from the same period last year.

The results were further affected by the impairments incurred by the Group, amounting to RM446.83 million. These impairments were 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 of impairments, write-offs,

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write-downs and fair value changes for FY2018, which significantly impacted the Group's bottom line.

Muzmi further elaborated, "The impairments are inevitable and part of the Group's rationalisation plans moving forward. The persistently challenging operating conditions and weak performance had 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."

# End #

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### **About TH Plantations Berhad**

THP is a subsidiary of **TH**, incorporated on the 28 August 1972 and listed on the main board of Bursa Malaysia Securities Berhad on 27 April 2006. Its principal activities are investment holding, cultivation of oil palm, processing of FFB, marketing of CPO, palm kernel and FFB.

The Group has approximately 101,000 hectares of land located in Pahang, Johor, Terengganu, Sabah, Sarawak and Kalimantan, Indonesia of which about 59,000 hectares have been planted with oil palm. To diversify its income stream in coming years, approximately 10,800 hectares of its land bank have been planted with rubber.

The Group also owns and operates six palm oil mills located in Johor, Pahang, Sabah and Sarawak with a total FFB processing capacity of 1,296,000 metric tonnes per annum.

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