

TH Plantations 2Q net profit jumps 226% on higher CPO prices

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August 25, 2021 21:44 pm +08

KUALA LUMPUR (Aug 25): TH Plantations Bhd's net profit for the second quarter ended June 30, 2021 (2QFY21) surged 255.6% to RM26.57 million from RM8.16 million a year ago, as it recorded stronger revenue, amid higher average realised prices of crude palm oil (CPO), palm kernel (PK) and fresh fruit bunch (FFB), despite lower sales volume for both CPO and PK.

Revenue improved by 38.1% to RM176.15 million from RM127.57 million, its bourse filing today showed. Earnings per share increased to 3.01 sen for the quarter, up 2.09 sen from the previous year.

Notably, the group's average realised price for CPO for 2QFY21 stood at RM3,369 per metric ton (MT), up RM981 per MT from the previous year. Average PK price was up 67.8% at RM2,455 per MT, while FFB price also saw a similar uptrend, rising 64.1% to RM753 per MT.

For the cumulative six months ended June 30, 2021 (1H2021), TH Plantations returned to the black with RM41.53 million from a net loss of RM3.37 million in 1H2020, as it recorded higher value change on biological assets (up RM13.63 million) and lower unrealised foreign exchange loss (down RM15.4 million), while revenue rose 26.4% to RM307.39 million from RM243.12 million.

The stronger cumulative earnings was also boosted by effective cost management and improvements in efficiency, the group said in a statement.

It also noted that overall CPO production for the industry was relatively low in the second quarter of 2021 — down 9.3% compared to a year ago — given that the industry had not fully recovered from the cyclical low production season, weather effects and the ongoing labour shortage. TH Plantations itself produced 41,055.45 MT of CPO in 2QFY21, down 10.5% from 2QFY20.

“Given the overall low inventory level in Malaysia, increased demand and tight global edible oils supplies, the group expects palm oil prices to remain firm and favourable,” it said.

The acute shortage of workers due to low local employment and the continued restrictions on foreign workers movement, however, remains a serious concern to the group and palm oil industry, it added.

As at June 30, 2021, TH Plantation had a net gearing of 119.7%, with total debts of RM1.45 billion. Its cash and cash equivalents amounted to RM371.65 million.

TH Plantations' share price closed at 52 sen, up 0.97%, bringing the company's market capitalisation to RM455.18 million.