

TH Plantations Q3 revenue rises

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PETALING JAYA: TH Plantations Bhd expects palm oil product prices to remain volatile throughout the fourth quarter of 2022, in anticipation of the higher year-end palm oil stocks, weather uncertainty and palm oil approaching low production season.

In a filing with Bursa Malaysia yesterday, the company said operating costs for plantation companies continue to rise due to the weakening of the ringgit, implementation of the higher new minimum wage, higher fertiliser cost and effects of inflation.

For its third quarter ended Sept 30, 2022, TH Plantations' net profit dropped to RM14.37mil from RM26.81mil in the previous corresponding period, as a result of lower fair value change on biological assets.

Revenue in the third quarter rose to RM213.39mil from RM205.87mil a year earlier, primarily due to higher revenue from oil palm plantations on the back of a higher average realised prices for crude palm oil (CPO).

Basic earnings per share stood at 1.13 sen, compared with 3.03 sen previously.

For the nine-month period ended Sept 30, 2022, TH Plantations' net profit dropped to RM45.72mil from RM68.34mil in the previous corresponding period, while revenue improved to RM661.95mil from RM513.26mil a year earlier.

TH Plantations said the higher top line was primarily due to higher revenue recorded from oil palm plantations on the back of higher average realised prices for CPO, palm kernel (PK) and fresh fruit bunches (FFB), despite lower sales volume for CPO, PK, and FFB.

Additionally, TH Plantations said the pandemic and the Russia-Ukraine conflict continued to influence world commodities, economic conditions and inflation.

In the third quarter of 2022, the average CPO prices fell close to 40% compared to the second quarter due to the removal of the export ban, as well as sales tax by Indonesia, high production season and higher closing stocks.

The group said it has taken all possible steps to address its foreign labour shortage, which is expected to ease in the fourth quarter.

The group has also stepped up its mechanisation efforts in all its estates where possible, with the aim to improve operational efficiency.

TH Plantations added that the ongoing challenging operating environment and higher operating cost drives the group to innovate internally, whilst continuing its efforts on sustainability, good agronomic practices, operational efficiency and effective cost management.

“Barring any unforeseen circumstances, the board of directors anticipates a satisfactory financial performance for the financial year 2022,” it said.