TH PLANTATIONS BERHAD (12696-M)

TH PLANTATIONS REPORTS 3QFY2018 FINANCIAL RESULTS
Decline in performance mainly due to significantly lower prices

KUALA LUMPUR, 26th NOVEMBER 2018 – TH Plantations Berhad ("THP" or the "Group") announced its third quarter ("3QFY2018") and nine months year-to-date ("9MFY2018") financial results today, reporting a **pre-tax loss of RM23.67 million** for 3QFY2018, against a pre-tax profit of RM25.42 million in the same period last year. Its loss after tax for 3QFY2018 stood at RM22.52 million against a net profit of RM17.90 million in the corresponding period last year.

The weaker performance was largely the result of significantly lower prices of **Crude Palm Oil ("CPO")** and Palm Kernel **("PK")**. 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. The Group's **average realised PK price was RM1,724 per metric tonne,** a 22% decrease from the same quarter last year. Additionally, **lower Fresh Fruit Bunches ("FFB") production (down by 4% from the corresponding period) and Crude Palm Oil ("CPO") production (down by 5%)** as well as weaker sales **(CPO sales down by 11%, while Palm Kernel sales down by 18%)** also negatively impacted revenue. Consequently, the Group recorded **lower revenue of RM140.91 million**, a decrease of 26% compared to the corresponding period last year.

For 9MFY2018, the Group saw a 4% increase in FFB production. However, the benefit of higher production was offset by the 18% decline in average realised CPO prices against last year, and 24% drop in average realised PK prices. CPO and PK sales volumes also decreased by 5% and 11% respectively. As a result, the Group's revenue decreased by 21% against the same period last year to RM400.70 million. The Group recorded a pre-tax loss of RM14.07 million and a net loss of RM14.41 million for 9MFY2018. 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.

Commenting on behalf of the Group, Mohamed Azman Shah bin Ishak, Chief Financial Officer of THP, said, "Unfortunately, we are now seeing a repeat of the challenging operating conditions that plagued the industry barely 2-3 years ago. Unfavourable market dynamics have pushed 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. THP, as a pure upstream player, is visibly more affected by the current challenges. "

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He added, "Of course, the palm oil industry has always been resilient in facing whatever challenges it has faced in the past, and will continue to be resilient. The efficiency and affordability of palm oil compared to other vegetable oils is indeed a key factor in ensuring that the demand for palm oil and its products remain steady over time. The industry's commitment to improve the efficiency and sustainability of the palm oil will strengthen the industry's resilience in the longer term."

 # 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 8,500 hectares of its land bank have been planted with rubber and more are in the course of planting.

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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