Trading Statement

Published: May 30, 2024

Source: https://www.londonstockexchange.com/news-article/AEP/trading-statement/16493986

RNS Number : 2598Q
Anglo-Eastern Plantations PLC
30 May 2024

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Anglo-Eastern Plantations Plc
("AEP", "Group" or "Company")

Trading Statement

AEP is a major producer of palm oil, and to a lesser extent rubber, with plantations across Indonesia and Malaysia, today announces a trading update in respect of the first quarter ended 31 March 2024.

Operational and financial performance

For the first three months ended 31 March 2024, our own production of fresh fruit bunches ("FFB") from operations was 232,000mt, a decrease of 5% compared to the same period in 2023 (3M23: 243,500mt). Lower production trends were experienced in all regions except for Bangka and Kalimantan. In Bangka matured plantings were higher in 2024 with ideal weather conditions as well as in Kalimantan where matured plantings were also higher with most trees reaching peak production age. Rainfall in North Sumatera was generally irregular with two continuous months of rainfall below the ideal monthly benchmark of 150mm. On the other hand, rainfall in Bengkulu and KAP in Kalimantan was exceptional high, above 400mm per month for the entire quarter, disrupting harvesting activities. Another reason for the lower production in North Sumatera and Bengkulu was due the reduction of matured trees as a result of replanting. Over the last year 1,742 hectares were felled for replanting.

FFB bought-in was also lower at 190,400mt (3M23: 204,700mt), a decrease of 7%. The drop in external crop purchases across all its mills, except for Blankahan mill in North Sumatera and Bina Pitri Mill in Riau, was due to lower crop trend induced by weather as well as intense competition for external crops. As a result, crude palm oil ("CPO") production was lower by 7% at 86,200mt compared to 92,600mt for the same period last year.

The CPO price ex-Rotterdam averaged $1,004/mt for the first three months of 2024, a decrease of 1% from the average price of $1,016/mt in the corresponding quarter in 2023. The average price was however better than $935/mt at the start of the year. The ex-mill price, as a result, was lower by 4% at $735/mt compared to $763/mt for the same period last year. Despite palm oil supply remaining tight in the first quarter of 2024 due to lower production and poor weather affecting harvesting, the CPO price was somewhat lower than last year due to the abundance of soft-oil and a fragile demand.

The Group's balance sheet remains strong with no outstanding bank loans. The Group had net cash of $136.6 million as at 31 March 2024 compared to $284.6 million at the period end in 2023. The significant reduction in cash was principally due to the consolidation of AEP's holding in Indonesian subsidiaries by purchasing minority interests in late 2023 and allocating funds into investments for better yield.

Development

AEP has plantations across Indonesia and Malaysia, amounting to approximately 90,500 hectares, of which approximately 68,680 hectares including plasma are planted. New planting for the first three months ended 31 March 2024 was lower at 66 hectares (3M23: 202 hectares) including plasma. Another 93 hectares were replanted in Bengkulu in the first three months of 2024.

The HPP Mill has commenced operation but has only processed its own crop for the first quarter of 2024. It will start purchasing external crops once the effluent treatment plant is fully commissioned, which is expected to be in the third quarter of 2024, to increase the utilisation of the mill.

The earthworks design for the eighth mill in the KAP estate in Kalimantan has been completed. The building permit is pending the evaluation of the Environmental department of which we have been assured is at the final stage of approval. We are hopeful to start the earthworks by the third quarter of 2024

Outlook

The CPO price ex-Rotterdam started the year at $935/mt. Since then, it has trended marginally upwards to close at $990/mt on 27 May 2024.

The demand for CPO is expected to remain weak and may decline in the near term, especially against the backdrop of a seasonal increase in soybean production in South America.

For further enquiry, contact:

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This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018.

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