THE EDGE MARKETS
MAKE BETTER DECISIONS

FGV 2Q net loss widens on lower CPO price, sugar sector losses

Surin Murugiah / theedgemarkets.com
August 28, 2019 14:42 pm +08

KUALA LUMPUR (Aug 28): FGV Holdings Bhd's net loss for the second quarter ended June 30, 2019 widened to RM52.2 million from RM23.43 million a year earlier, due mainly to the impact of lower average crude palm oil (CPO) price realised in the plantation sector for the current period and losses incurred in the sugar sector.

In a filing today, FGV said revenue for the quarter slipped to RM3.28 billion from RM3.44 billion previously.

Loss per share was higher at 1.4 sen compared with 0.6 sen a year earlier.

For the six months ended June 30, FGV's net loss rose to RM55.57 million from RM22.31 million a year earlier, on the back of lower revenue of RM6.56 billion versus RM7.04 billion a year ago.

In a separate statement, FGV group chief executive officer Datuk Haris Fadzilah Hassan said overall performance was affected by a number of factors, chief among which are softer CPO prices and the poor showing in the sugar business.

"This is the main reason why we are reviewing FGV's sugar business, because we believe the current structure is suboptimal and does not consider policy shifts or industry trends," he said.

Going forward, Haris said FGV expects CPO prices to pick up towards the end of the year and next year's average selling price should be higher than this year's.

"There are several reasons for this, including the escalating US-China trade war, higher demand with the new B30 and B10 mandates in Indonesia and Malaysia respectively, as well as the upcoming festive seasons," he said, adding a caveat that the anticipated imposition of import taxes by India may impact prices in the future.

"Operationally the results are encouraging, and we are focused on turning around FGV whilst ensuring a more sustainable business with the aim to create value for all our shareholders," he said.

At the midday break, FGV shares fell 3.05% or 3 sen to 95.5 sen, valuing the group at RM3.48 billion.

AGENCY: The Edge Markets

LINK: https://www.theedgemarkets.com/article/fgv-2q-net-loss-widens-lower-cpo-price-sugar-sector-losses