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Far East's 2Q Net Profit Jumps Eight Times, Expects Higher Volume Ahead



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KUALA LUMPUR (Aug 22): Palm oil producer Far East Holdings Bhd (KL:FAREAST) said on Thursday its net profit in the second quarter jumped eight times on a surge in profits from associates, as well as higher prices and volume.

Net profit for the April-June 2024 period (2QFY2024) was RM51.35 million, the highest quarterly profit logged in nearly two years, versus RM5.92 million a year earlier, Far East said in an exchange filing. Revenue for the quarter soared by 83.44% year-on-year to RM180.82 million from RM98.57 million.

The group declared an interim dividend of five sen per share, to be paid September 27.

Crude palm oil and palm kernel prices are expected to remain “stable” in the financial year ending Dec 31, 2024 (FY2024), the Pahang-based planter and refiner said. Still, its performance in FY2024 would improve largely due to a rise in output even as the company faces high operation costs, Far East said.

Prices of edible oil, used in everything from lipstick to diesel, have fallen about 12% from this year’s peak of RM4,336 on April 3, amid a decline in competing oils, while the stronger ringgit makes palm oil costlier for importers. Output is also expected to pick up seasonally.

Production of palm fresh-fruit bunches typically strengthen month-on-month in the second half of the year and peak in October, driving sales of both crude palm oil (CPO) and palm kernel (PK). The benchmark palm oil contract for third month delivery was at RM3,826 on Thursday.

Far East’s fresh fruit production for the quarter rose 83% to 97,894 metric tonnes. Average price of CPO edged up 4% to RM4,033 per tonne while that of PK was up 21% to RM2,405 per tonne.

During the quarter, the share of profits from associates more than tripled to RM17.67 million from RM4.61 million in 2QFY2023. Further, the company also booked a fair value gain on biological assets of RM2.86 million against RM229,000 previously.

For the first half ended June 30, Far East’s net profit more than tripled to RM80.06 million from RM21.78 million, as revenue expanded 56.64% to RM326.33 million from RM208.33 million.

Shares of Far East were unchanged at RM3.50 at Thursday’s closing bell, giving it a market capitalisation of RM2.08 billion.