

R.E.A. Holdings plc (RE.)
R.E.A. Holdings plc: Trading update

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R.E.A. Holdings plc (“REA” or the “company”) - Trading update

In advance of publication in September of the company’s half yearly report to 30 June 2023, REA announces the following trading update for the 6 months to 30 June 2023 (with comparative figures for 2022):

	2023	2022
Fresh Fruit Bunch (“FFB”) crops (tonnes):		
Group harvested	346,216	321,993
Third party harvested	98,413	126,893
Total	444,629	448,886
Production (tonnes):		
Total FFB processed	411,255	428,608
FFB sold	32,345	14,445
CPO	90,167	96,299
Palm kernels	20,300	20,578
CPKO	8,331	7,970
Extraction rates (percentage):		
CPO	21.9	22.5
Palm kernel	4.9	4.8
CPKO*	39.6	39.5
Rainfall (mm):		
Average across the estates	1,924	2,012

*Based on kernels processed

Opening the year at \$1,090 per tonne, CIF Rotterdam, CPO prices weakened progressively through the first 6 months of the year to a low of \$855 per tonne in early June 2023. With growth in global production of CPO expected to remain generally slower than in the past, dry crops in North America affecting soybean and canola crops and the Russian / Ukrainian situation likely to constrain sunflower seed exports, the immediate outlook for CPO prices appears positive. Since the low point in June, the CPO price has rallied and currently stands at \$960 per tonne.

The average selling price for the group’s CPO for the six months to the end of June 2023, including premia for certified oil, net of export duty and levy, adjusted to FOB Samarinda, was \$746 per tonne (2022: \$971 per tonne). The average selling price for the group’s CPKO, on the same basis, was \$875 per tonne (2022: \$1,712 per tonne).

The combination of static production volumes in the first half of 2023 and lower selling prices compared with 2022 will mean that revenues for the six months to 30 June 2023 will be significantly lower than in the comparable period of 2022.

The outlook for the second half of 2023 is more positive. The average net selling price for the group's CPO for the second half of 2022 was \$703 per tonne as compared with a current net local market price of \$740 per tonne. Accordingly, if the current price is maintained, revenue for the second half of 2023 may reasonably be expected to exceed that of the second half of 2022. It is likely that, as is normal, FFB crops will be weighted to the second half.

The recent weakness of coal prices and the necessary costs incurred to commence production of stone and sand has delayed the expected recovery of loans made by the company to the group's stone and coal interests. The logistical problems related to the opening of the stone quarry have, however, been resolved and progress is again being made towards initiating stone production and sales.

The fall in coal prices, if sustained, may make more difficult the planned refinancing of loans to the stone and coal interests which, when combined with the expected delay to normal recoveries of those loans, will reduce the cash available to the group. Accordingly, the directors will keep under review their intention to pay in December 2023 the remaining arrears of preference dividend (currently amounting to 7p per share) when the semi-annual dividend arising on 31 December 2023 is paid.

In line with the timetable adopted in previous years, the company's half yearly report for 2023 will be published in late September 2023.

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