

# 1<sup>st</sup> Quarter 2014

## Analyst/Investor Briefing

21 May 2014

2.30pm

**Presented by:**

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*Investor Relations*



**TH PLANTATIONS BERHAD**  
**(Company No: 12696-M)**

# 1Q14 highlights



**Mature Area**

**+18%**

**FFB Production**

**+8%**

**CPO Production**

**+34%**

**Revenue**

**+39%**

**OER**

**19.93%**

**FFB Yield**

**4.48 mt/ha**

**Operating Profit**

**+90%**

**Cost of Sales**

**+37%**

**KER**

**4.43%**

**FFB Purchased**

**+214%**

**Profit After Tax**

**+33%**

**EBITDA**

**+42%**

**Gross Profit**

**+49%**

**CPO ASP**

**+23%**

**FFB Processed**

**+37%**

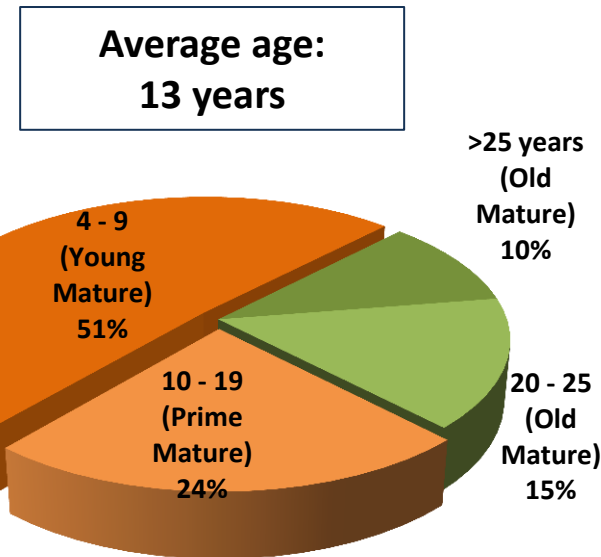
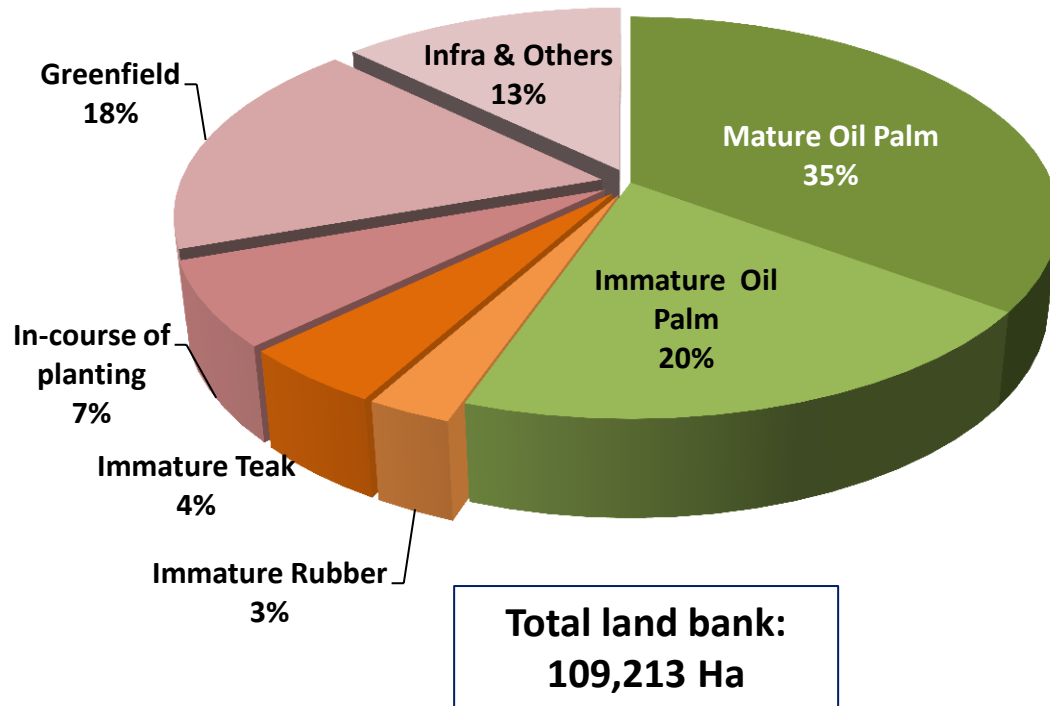


# Area Statement (including recently-acquired PT PKP)

	Peninsular	Sabah	Sarawak	Indonesia	Total
<b><i>Oil Palm</i></b>					
Mature	11,771	7,056	19,588		38,415
Immature	5,417	1,514	15,070		22,001
<i>Total planted</i>	<i>17,188</i>	<i>8,570</i>	<i>34,659</i>		<i>60,416</i>
<i>Total planted (%)</i>	<i>28%</i>	<i>14%</i>	<i>58%</i>		<i>100%</i>
In-course of planting	1,244	736	2,217		4,197
Greenfield			4,710	11,380	16,090
<b><i>Rubber</i></b>					
Immature		2,982			2,982
In-course of planting		3,200			3,200
Greenfield		3,248			3,248
Teak		5,129			5,129
<b>Infrastructure &amp; Unplantable</b>	<b>1,567</b>	<b>1,779</b>	<b>10,605</b>	<b>-</b>	<b>13,951</b>
<b>Total land bank</b>	<b>19,998</b>	<b>25,644</b>	<b>52,191</b>	<b>11,380</b>	<b>109,213</b>
<i>Total land bank (%)</i>	<i>18%</i>	<i>24%</i>	<i>48%</i>	<i>10%</i>	<i>100%</i>

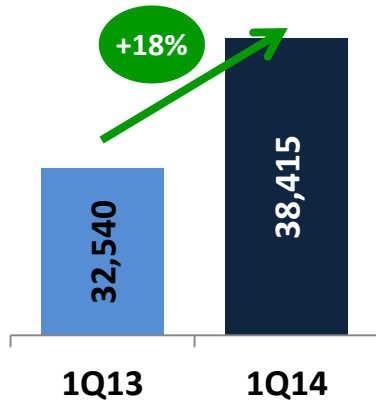


# Area Statement (including recently-acquired PT PKP)

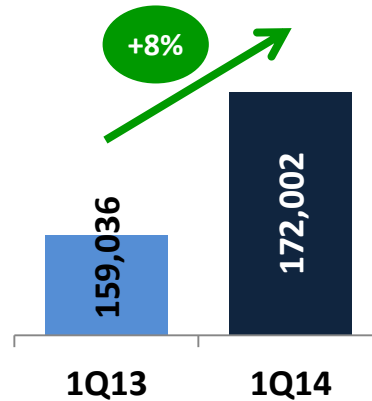


# A closer look at revenue

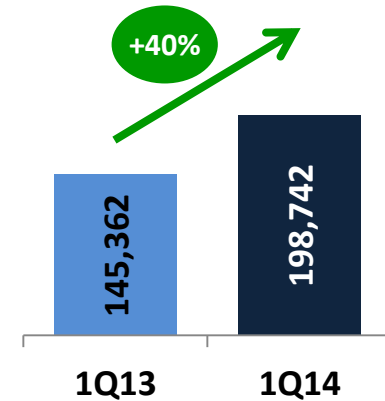
Avg Mature Area (ha)



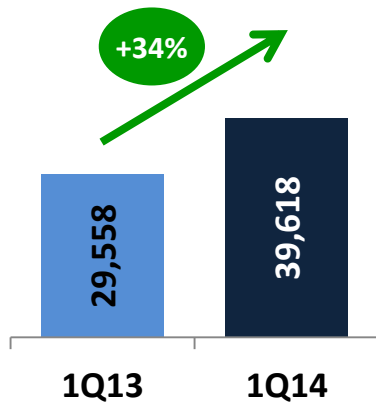
FFB Production (MT)



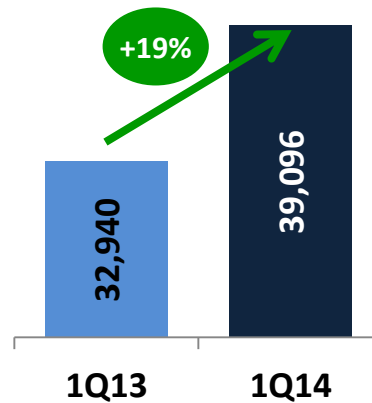
FFB Processed (MT)



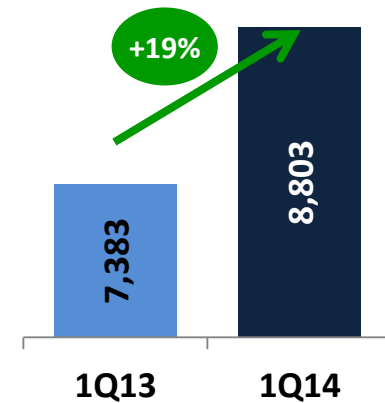
CPO Production (MT)



CPO Sales (MT)

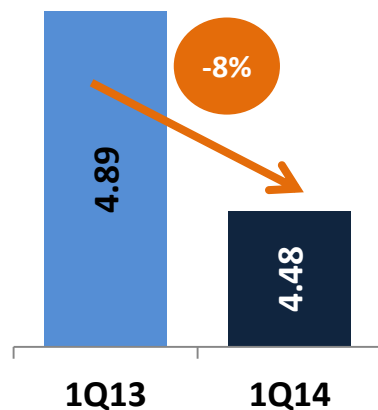


PK Production (MT)



# Bigger contribution of younger estates seen

FFB Yield (MT/ha)

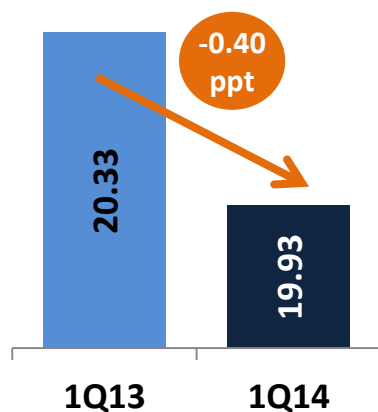


Note: 1<sup>st</sup> year harvesting: 7,484ha @ 20% of mature area

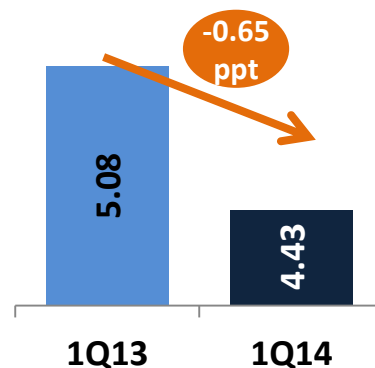
Estates	FFB Cont	Yields
Sg Arip	2%	3.02
Merbok	3%	3.48
Tg Lilin	3%	3.48
Raja Udang	5%	3.86
Enggang	5%	3.96

Estates	FFB Cont	Yields
Sg Tenegang	2%	6.02
Sg Merchong	2%	5.61
Sg Koyah	2%	5.35
Mamahat	6%	5.29
Gedong	5%	4.99

OER (%)



KER (%)



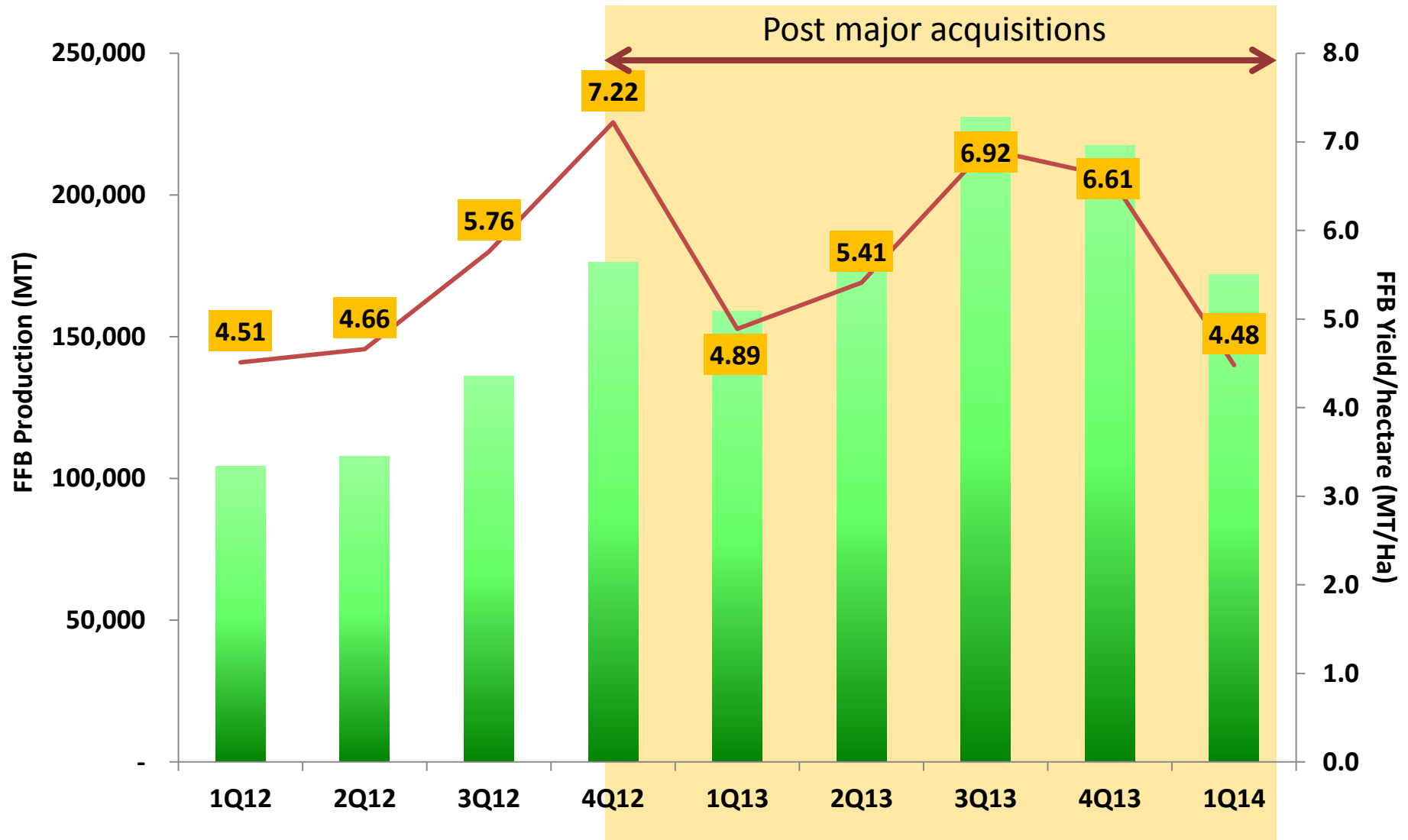
Additional contributing factors:

Prolonged dry spell in late 1Q – forced ripening

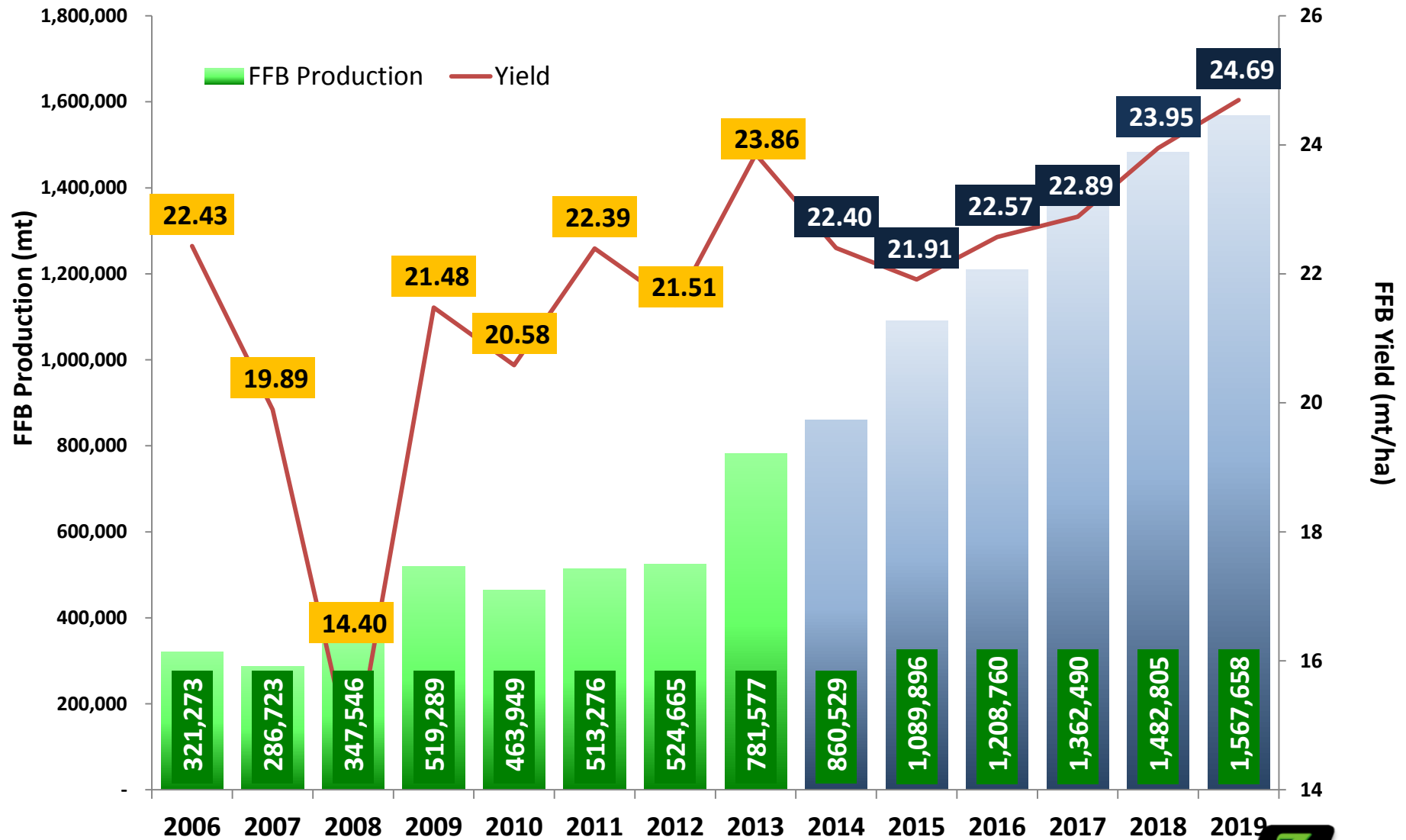
Industry-wide OER and KER downtrend

OER & KER seen improving in April onwards

# Lower yield due to bigger contribution of younger estates



# On track to meet our 2014 FFB production target





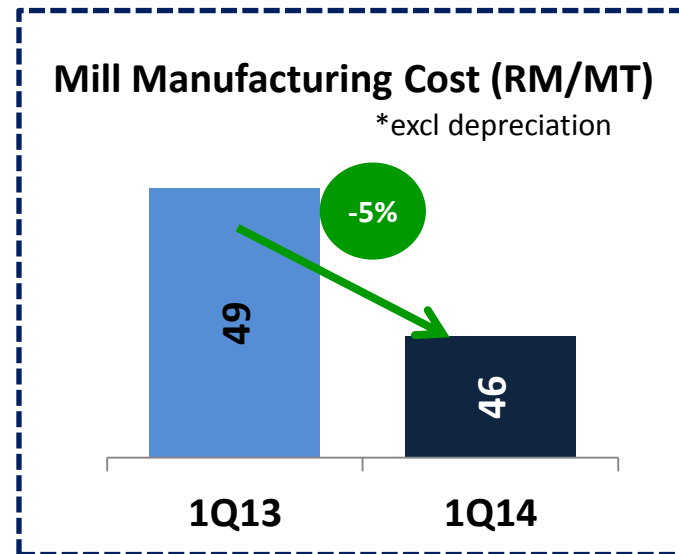
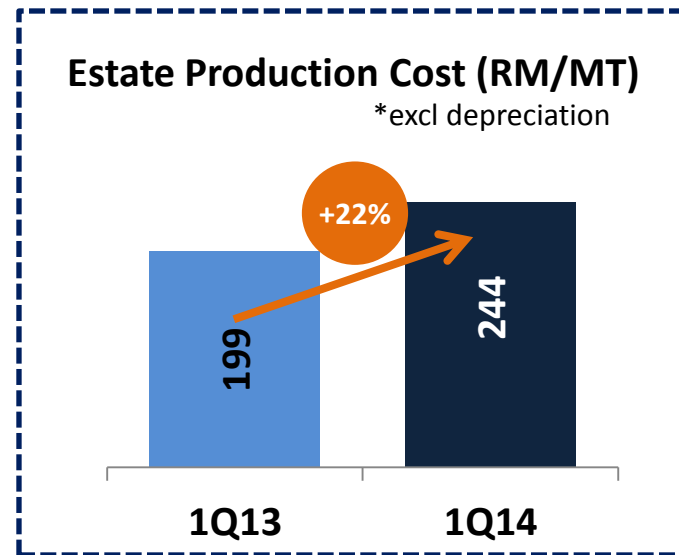
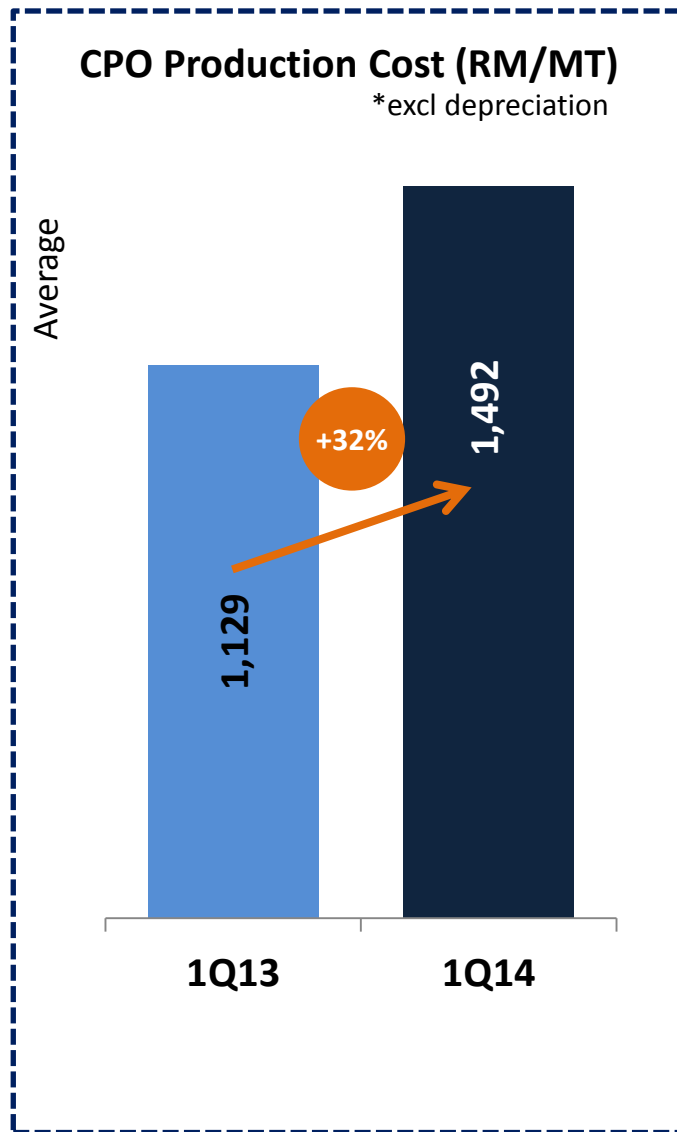
# Stronger CPO prices seen in 1Q of the year

Group	1Q14	1Q13	
CPO	RM2,507	RM2,035	+23%
PK	RM1,918	RM1,115	+72%
FFB	RM626	RM346	+81%

	Sabah	Sarawak
Sales Tax	7.5%	5%
Discount	RM40-100	

CPO Prices	MPOB Reference Price	Average Trading Price	Average Selling Price (before sales tax)	Average Selling Price (after sales tax)	Sales Volume (%)
Peninsular	2,658	2,642	2,621	-	30%
Sarawak	2,604	2,607	2,588	2,464	50%
Sabah	2,640	2,619	2,559	2,358	20%

# Higher costs attributed to younger estates



# Overview of Profit & Loss (1Q14)

(RM '000)	1Q14	1Q13
<b>Revenue</b>	<b>124,246</b>	<b>89,453</b>
Sales of CPO	98,008	67,024
Sales of PK	17,479	9,173
Sales of FFB	8,041	9,546
Management fees	719	3,710
Dividends	-	-
<b>Cost of Sales</b>	<b>(101,890)</b>	<b>(74,444)</b>
<b>Gross Profit</b>	<b>22,356</b>	<b>15,009</b>
<b>Other Expenses</b>		
Admin expenses	(3,776)	(4,577)
Other operating expenses	(860)	(1,545)
Zakat	(189)	-
Finance costs	(6,536)	(4,630)
<b>Other Income</b>	<b>881</b>	<b>792</b>
<b>Profit Before Tax</b>	<b>11,876</b>	<b>5,050</b>
Tax	(3,572)	1,200
<b>Profit After Tax</b>	<b>8,304</b>	<b>6,250</b>
<b>EBITDA</b>	<b>38,666</b>	<b>27,174</b>
<b>Gross Profit before amortisation</b>	<b>36,362</b>	<b>28,488</b>

Revenue up by 39%

Costs up by 37% in line with higher production as well as younger age profile

Gross profit up by 49%

PBT more than doubled

PAT up by 33%

EBITDA up by 42%  
Gross profit excl amort up by 28%



# A closer look at costs

Cost of Sales	1Q14	1Q13	Variance (%)	Remarks
Estate Production Cost	41,973	31,604	+33%	Higher production and higher costs associated with younger palms
Overhead	6,641	5,349	+24%	In line with acquisitions
FFB Purchases	21,774	6,051	+260%	RUPOM commissioned in July 2013 as well as initiatives to increase utilisation at other mills
Mill Manufacturing Cost	12,581	8,832	+42%	Higher production and new mill
Depreciation – Estates	2,136	1,594	+34%	In line with major acquisitions
Depreciation – Mill	3,882	2,124	+83%	In line with major acquisitions
Amortisation	14,007	13,478	+4%	In line with guidance

Other Costs	1Q14	1Q13	Variance (%)	Remarks
Admin Expenses	3,776	4,577	-17%	Lower costs related to acquisitions
Other operating expenses	630	1,248	-50%	Lower costs related to acquisitions
Depreciation	231	297	-22%	-
Zakat	189	-	+100%	Net current assets > net current liabilities
Finance Cost	6,536	4,630	+41%	Additional debt drawdown in April and Dec 2013

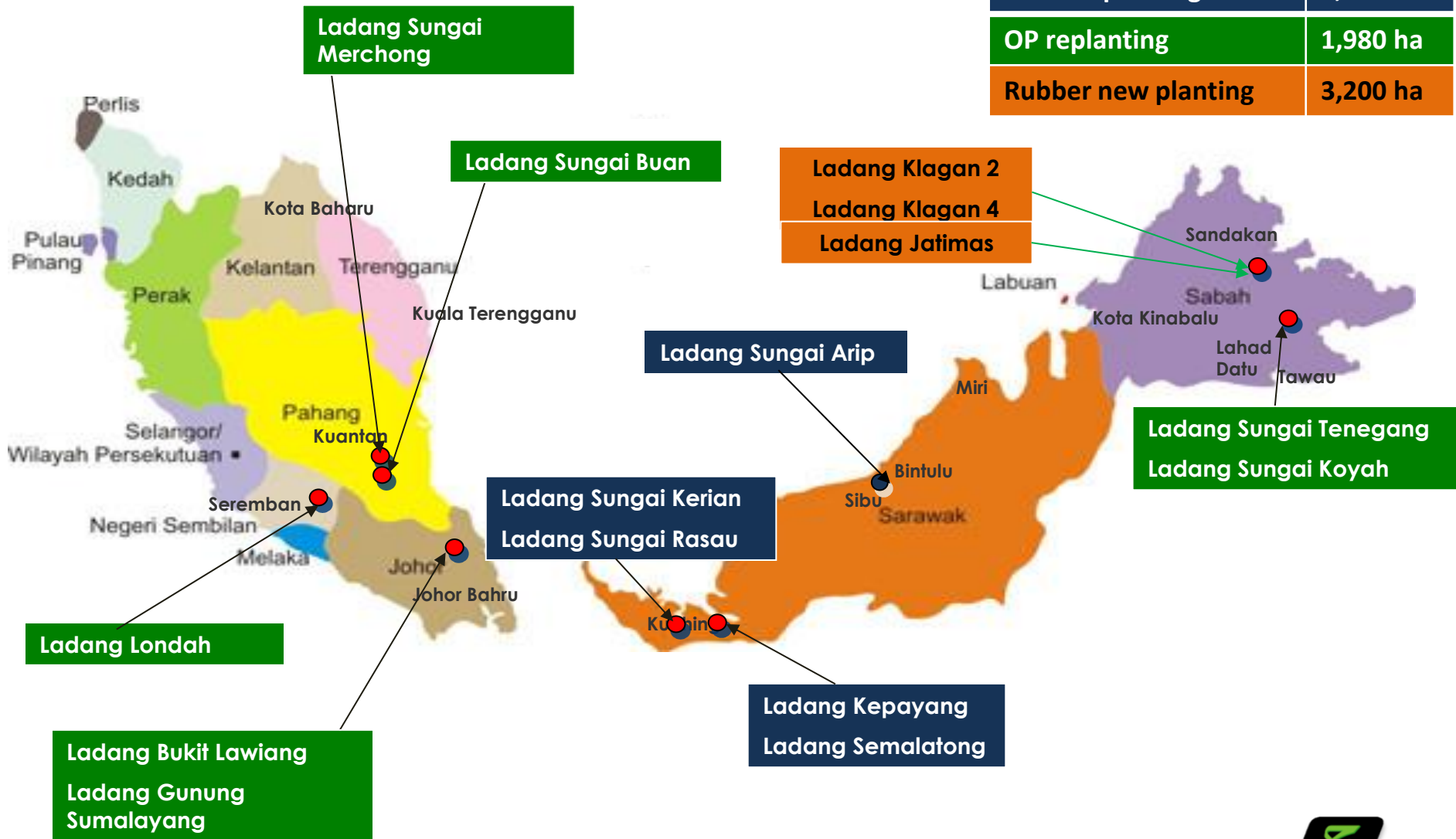


# Progress Update

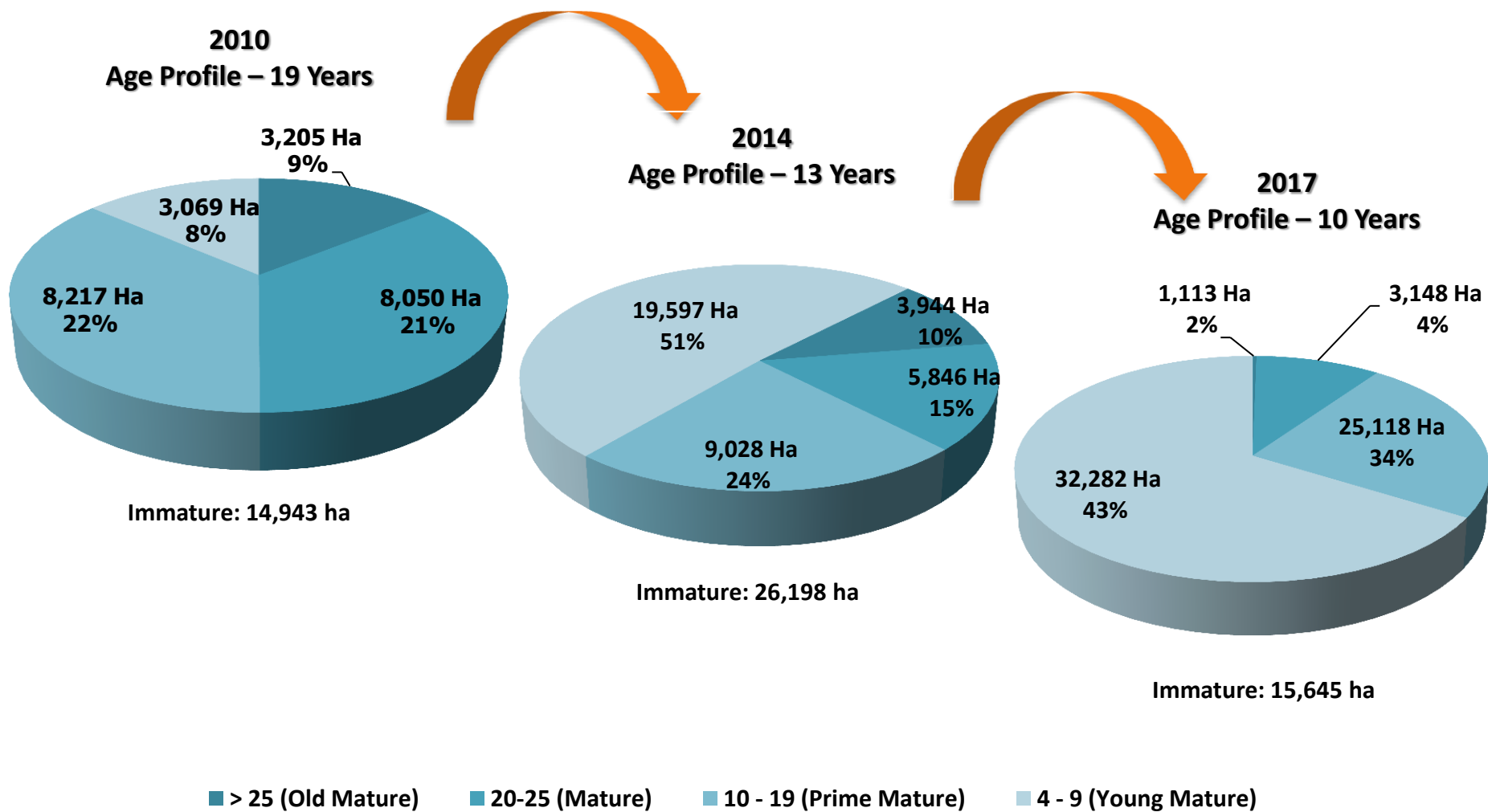


# 2014 development programme

OP new planting	2,217 ha
OP replanting	1,980 ha
Rubber new planting	3,200 ha



# Average age to be optimised in 5 years





# PT PKP: Progress Update

- Acquisition completed on 11 January 2014
- Approx 11,380 hectares of land bank
- About 30 ha have been cleared for nursery site – first batch of seeds expected to arrive mid June
- Planting expected to commence in 2Q15





# Progress photos taken recently





# Progress photos taken recently





## Outlook

- Production on track so far
- Weather may impact production
- Prices expected to be volatile



## Production

- ❑ FY2014 production expected to grow by 10% YoY, so far we are on track to meet this target
- ❑ However, erratic weather may affect production
- ❑ El Nino phenomenon anticipated in early part of 2H14 – if this materialises, production will be impacted

## Cost and efficiency

- ❑ Estate production costs expected to be higher than 2013, but lower than 2012
- ❑ Young mature estates make up about 50% of our mature area (20% is from first year harvesting)
- ❑ Expect windfall tax to stay
  - Peninsular: For prices above RM2,500 (1.5%)
  - Sabah/Sarawak: For prices above RM3,000 (3%)



## CPO Price

- ❑ CPO prices are expected to be volatile for the rest of the year
  - ✗ Higher stockpiles
  - ✗ Increase in near-term production
  - ✗ Lower growth in China
  - ✗ Strengthening MYR
  - ✓ Increased demand of palm oil for biodiesel
  - ✓ Anticipation of El Nino

## Marketing Strategy

- ❑ 30% (long-term): 30% (forward) : 40% (spot) practised depending on prevailing prices



**TH PLANTATIONS BERHAD**  
(Company No: 12696-M)

# Thank You

Our vision is to be an integrated  
and sustainable plantation player  
with global recognition, promising  
premium quality products

For further information/queries, please email [aizzura@thplantations.com](mailto:aizzura@thplantations.com)