

# **1<sup>st</sup> Quarter 2013**

## **Analyst/Investor Briefing**



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

**Dato' Zainal Azwar Zainal Aminuddin**  
**Chief Executive Officer**

# Presentation Outline

Reaching  
for Greater  
Heights

1

**1Q13 financial results**

2

**Growth: Shaping up for future demand**

3

**Strengthening our core business**



# Overview of 1Q13 financial results

**Bigger landbank,  
higher matured area**

- From acquisitions of Hydroflow, THLSS, TH Bakti

**Higher production of  
FFB and CPO**

- Driven by bigger land bank and matured areas

**Significantly lower  
selling prices**

- Prices lower by 34% to 42%, offsetting higher production

**Higher non-cash costs  
arising from  
acquisitions**

- Amortisation of acquired lands and their PDE

# Land bank has more than doubled

## Hydroflow

- Acquisition of 70% equity interest from Sawit Green
- Acquisition completed in July 2012

## TH Bakti

- Acquisition of 70% equity interest from Lembaga Tabung Haji
- Acquisition completed in November 2012

## THLSS

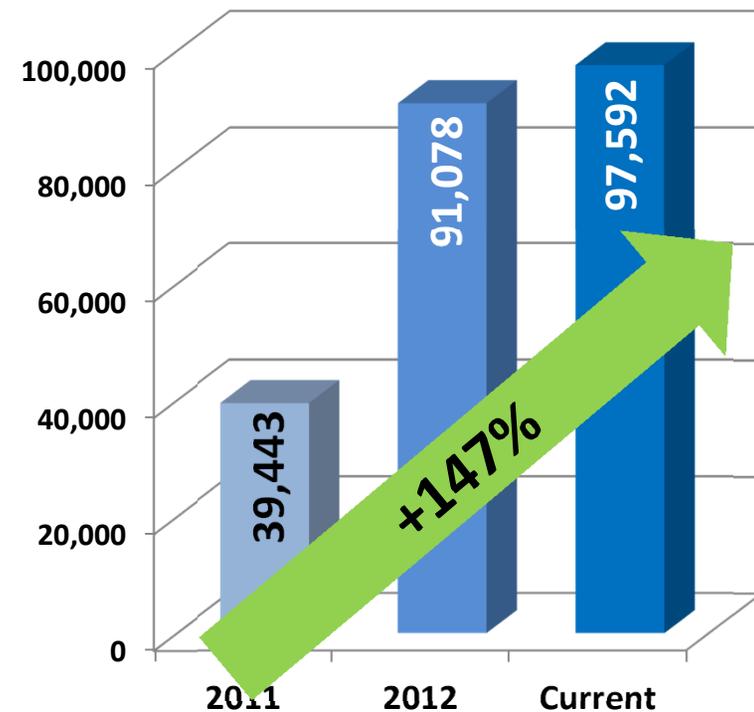
- Acquisition of entire equity interest from Lembaga Tabung Haji
- Acquisition completed in November 2012

## Maju Warisanmas & Bumi Suria Ventures

- Acquisition of entire equity interest from a consortium of investors including Weida Bhd
- Acquisition completed in March 2013

## PT Persada Kencana Prima

- Acquisition of 93% interest in PT PKP
- Awaiting regulatory approvals



# Overview of Profit & Loss

(RM '000)	1Q13	1Q12
<b>Revenue</b>	<b>89,453</b>	<b>95,046</b>
Sales of CPO	67,024	67,841
Sales of PK	9,173	13,501
Sales of FFB	9,546	8,680
Management fees	3,710	5,024
Dividend	-	-
<b>Cost of Sales</b>	<b>(60,965)</b>	<b>(59,463)</b>
<b>Gross Profit before Amortisation</b>	<b>28,488</b>	<b>35,583</b>
<b>Amortisation</b>	<b>(13,479)</b>	<b>(5,948)</b>
<b>Gross Profit</b>	<b>15,009</b>	<b>29,635</b>
<b>Other Expenses</b>	<b>(10,751)</b>	<b>(5,918)</b>
Admin expenses	(4,577)	(2,759)
Other operating expenses	(1,248)	(391)
Depreciation	(297)	(245)
Finance costs	(4,630)	(1,814)
Zakat	-	(711)
<b>Other Income</b>	<b>792</b>	<b>1,389</b>
<b>Profit Before Tax</b>	<b>5,049</b>	<b>25,104</b>
Tax	(1,200)	(9,358)
<b>Profit After Tax</b>	<b>6,249</b>	<b>15,746</b>
<b>PATAMI</b>	<b>3,209</b>	<b>13,066</b>
<b>Earnings per share (sen) - Basic</b>	<b>0.44</b>	<b>2.53</b>
<b>Earnings per share (sen) - Diluted</b>	<b>0.43</b>	<b>2.44</b>

Revenue down by 6%, mainly due to lower selling prices

Cost of sales up by 2.5%, in line with enlarged land bank

Gross profit (excl amortisation) down by 20%, in line with industry

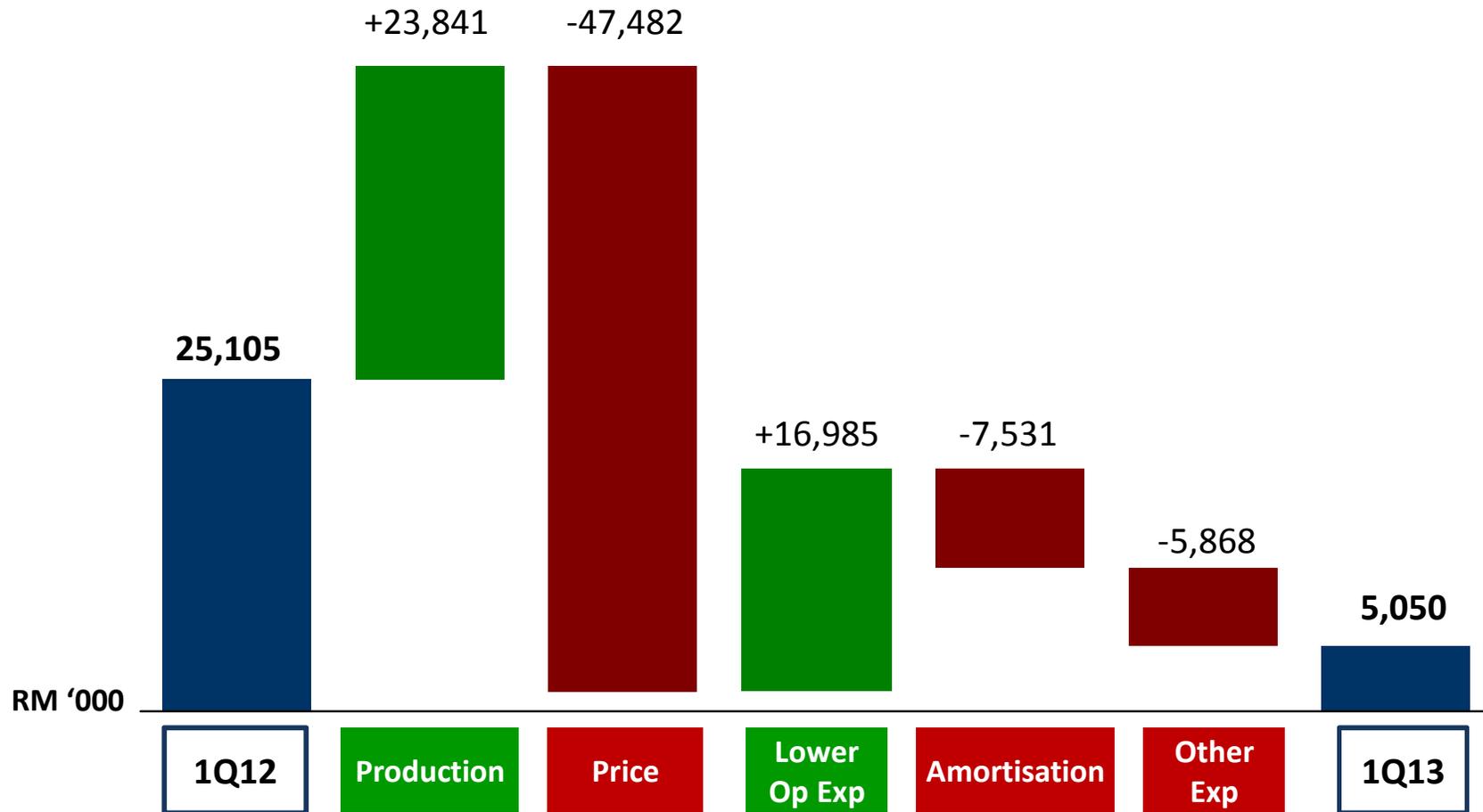
Amortisation 127% higher due to enlarged land bank

Other expenses higher by 66%, due to higher finance costs and expenses on corporate exercises

PAT hit by lower selling prices, exacerbated by higher non-cash amortisation costs

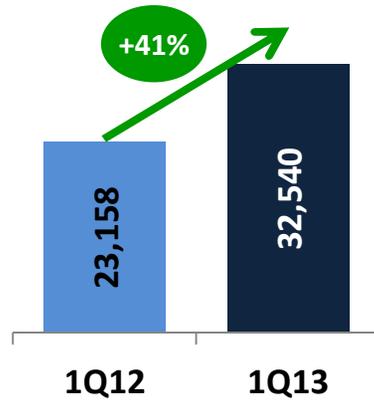


# Higher production significantly offset by lower prices



# A closer look at revenue

Mature Area (ha)



FFB Production (MT)



FFB Processed (MT)



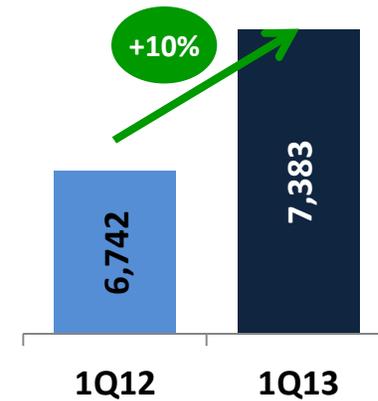
CPO Production (MT)



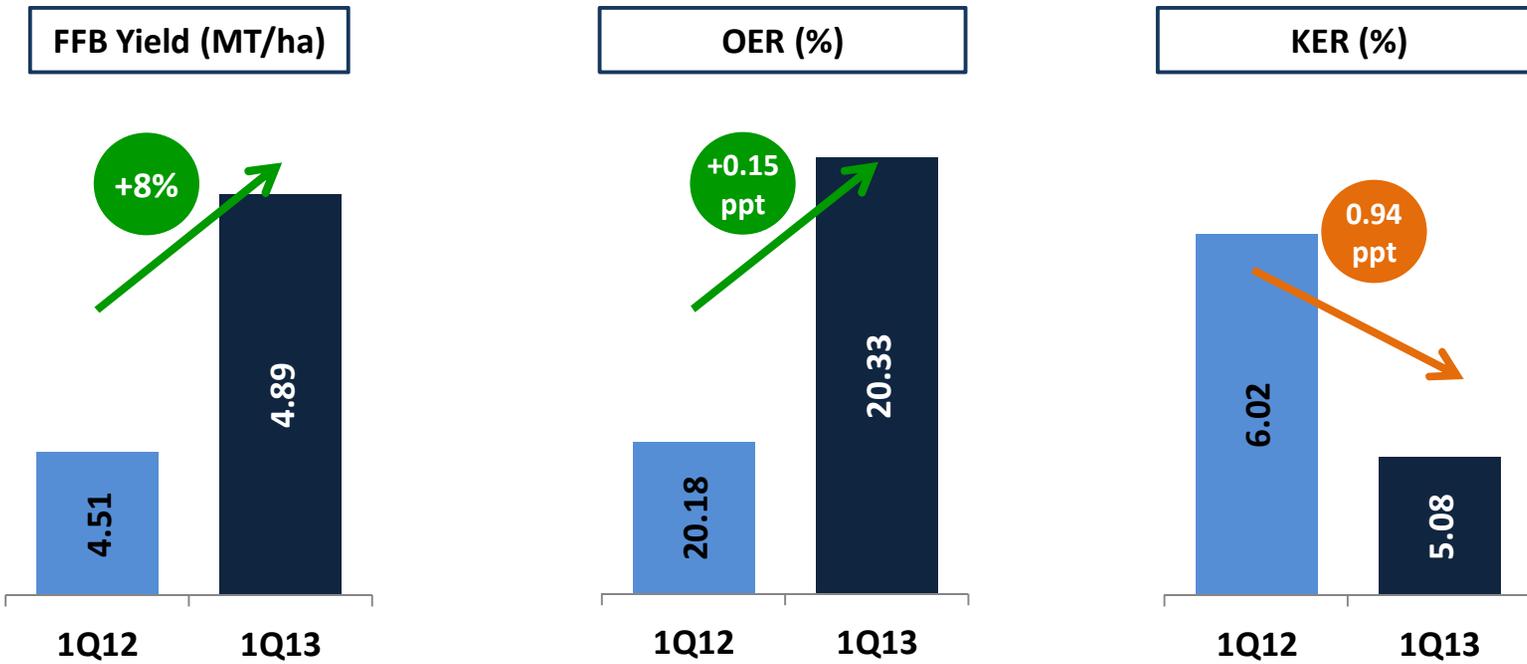
CPO Sales (MT)



PK Production (MT)

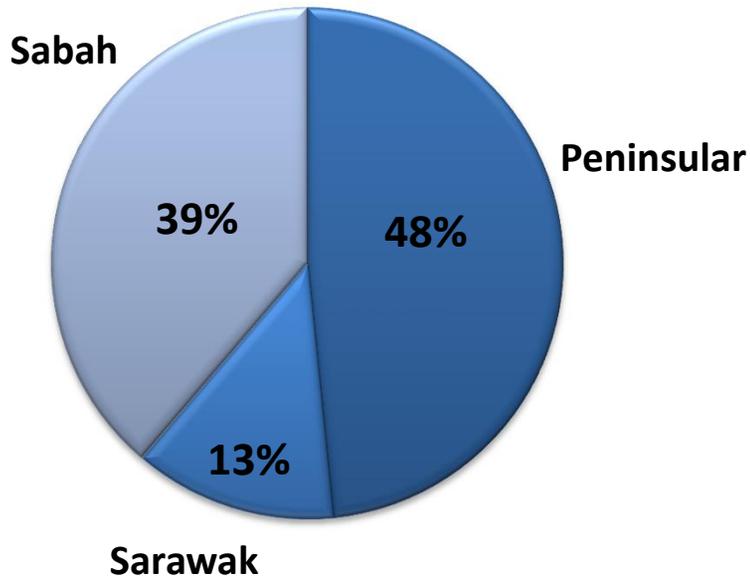


# A closer look at revenue

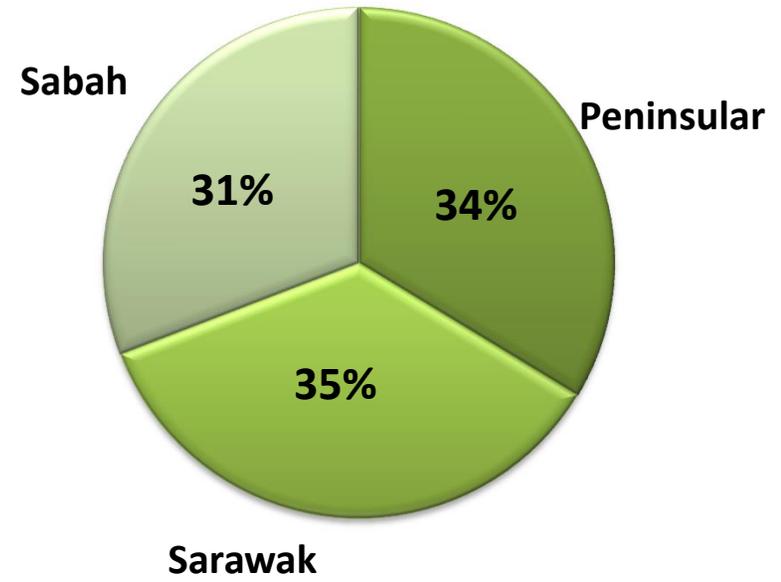


# FFB contribution by region

1Q 2012

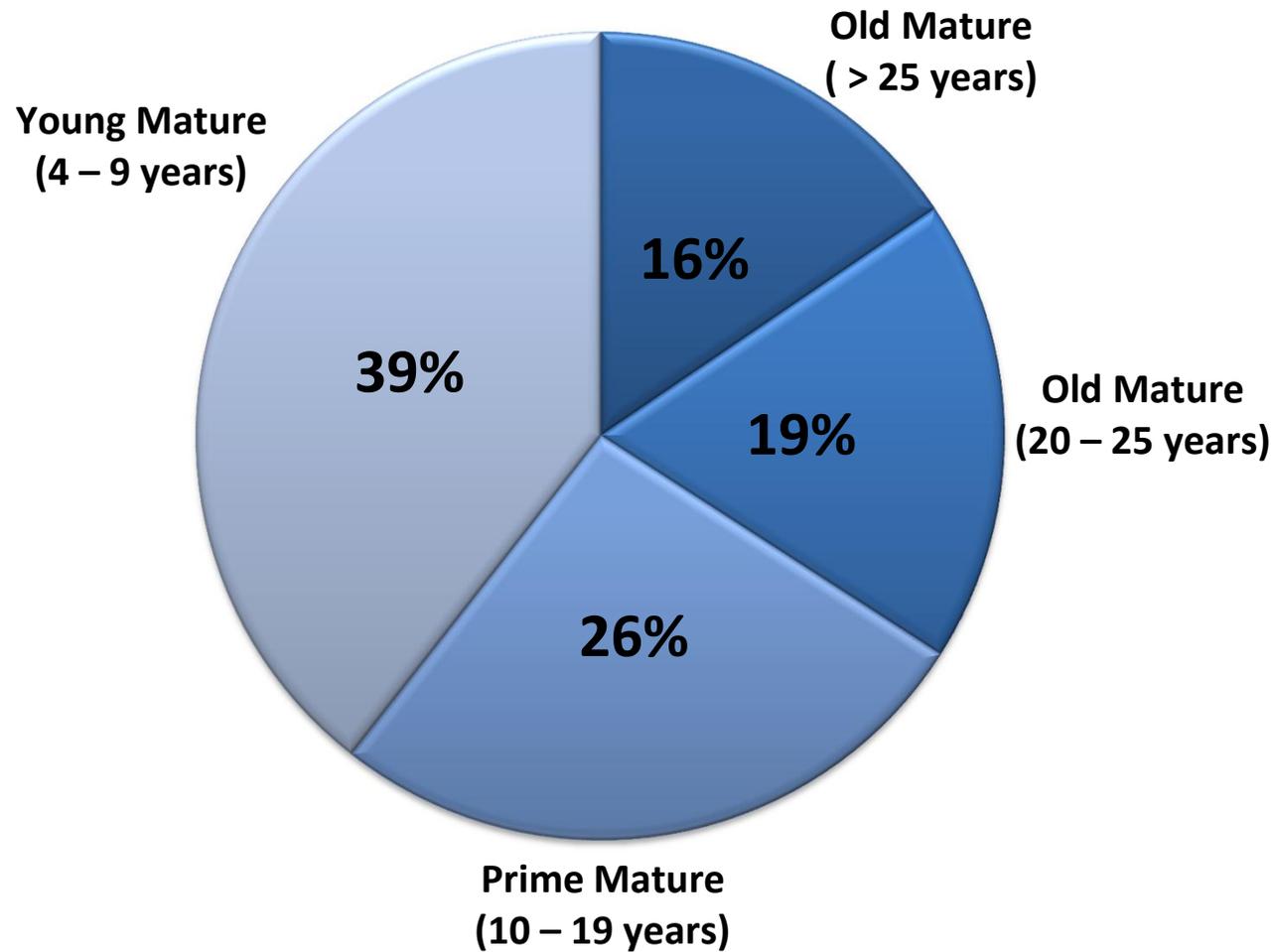


1Q 2013



Higher contribution from the Sarawak region following acquisitions made in 2012

# Higher proportion of younger palms



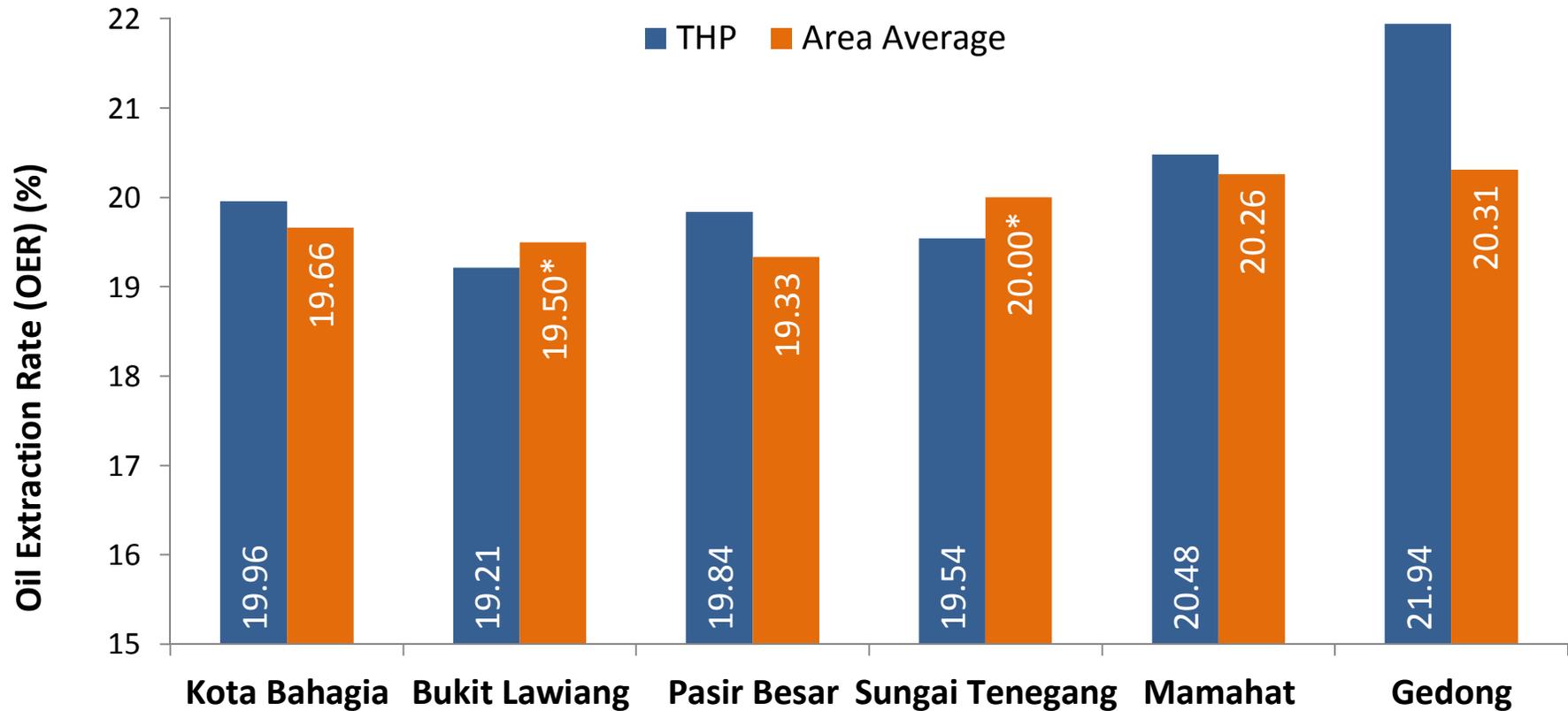
## Replanting Programme – Status Update

2012 Replanting	Ha	As at March13	Remarks
Bukit Lawiang	267	267	<b>Completed - December 2012</b>
Gunung Sumalayang	250	250	
Ulu Chukai	267	112	<b>Expected to complete by June 2013</b>
Sungai Buan	274	274	<b>Completed – March 2013</b>
Sungai Merchong	240	240	
Sungai Tenegang	350	350	<b>Completed - November 2012</b>
Sungai Koyah	396	396	
<b>Total</b>	<b>2,044</b>	<b>1,889 (95%)</b>	

2013 Replanting	Ha	As at March13	Remarks
Sungai Tenegang	334	-	<b>Expected to start in July 2013</b>
Sungai Koyah	451	-	
<b>Total</b>	<b>785</b>	<b>-</b>	



# THP mills outperformed its peers



\*Estimates

Bukit Lawiang and Sg Tenegang mills achieved lower OER compared to respective area average due to age profile of surrounding estates, which are in the course of/due for replanting.



# Lower revenues mainly driven by prices



	1Q13	1Q12	
CPO	RM2,035	RM3,076	-34%
PK	RM1,115	RM1,935	-42%
FFB	RM346	RM579	-40%



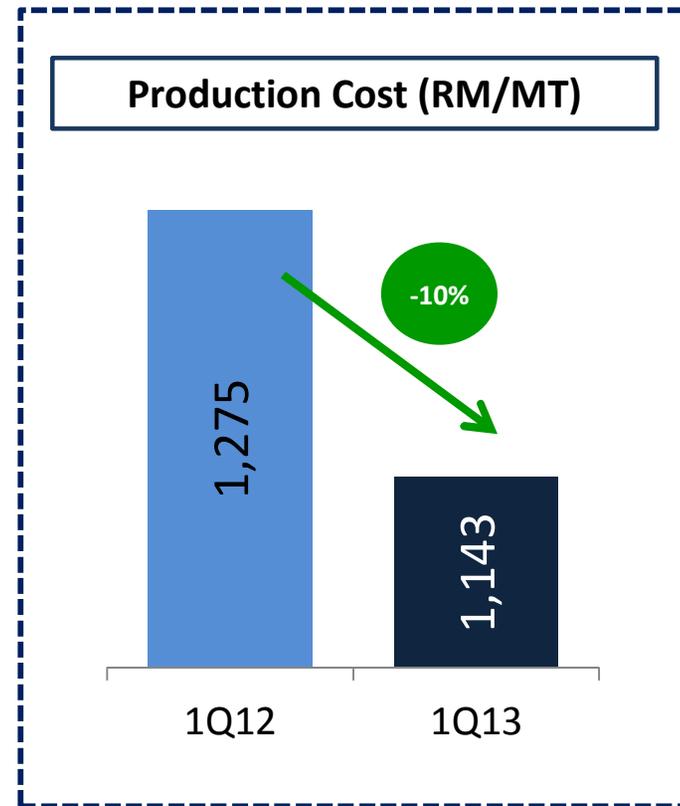
## A closer look at expenditure

- “ Estate production cost up by 5%
- “ Mill manufacturing cost up by 40%
- “ Depreciation costs up by 32%
- “ Amortisation costs up by 127%

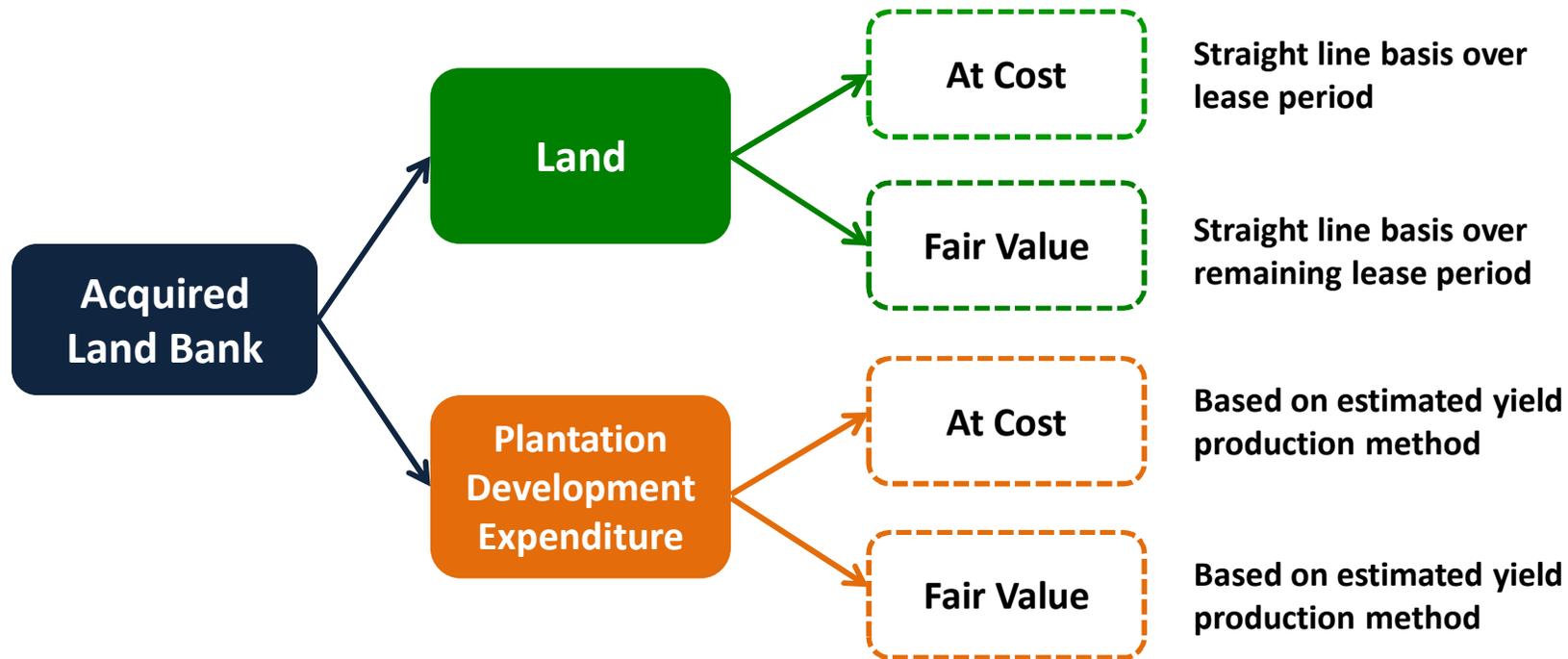
- “ Admin expenses up by 66%
- “ Other operating expenses up by 223%
- “ Finance costs up by 155%



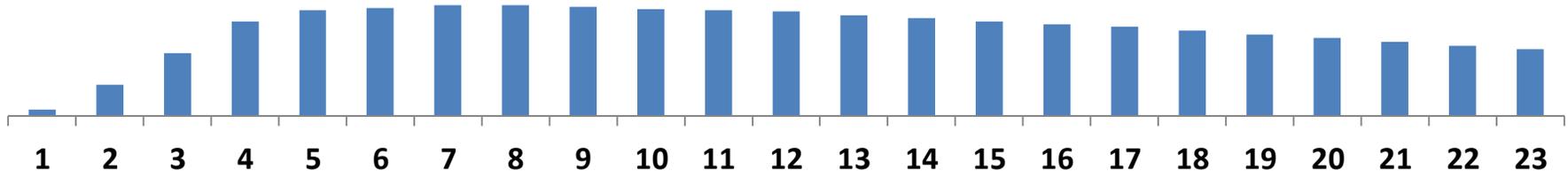
Attributed to enlarged land bank and associated costs/charges of those acquisitions



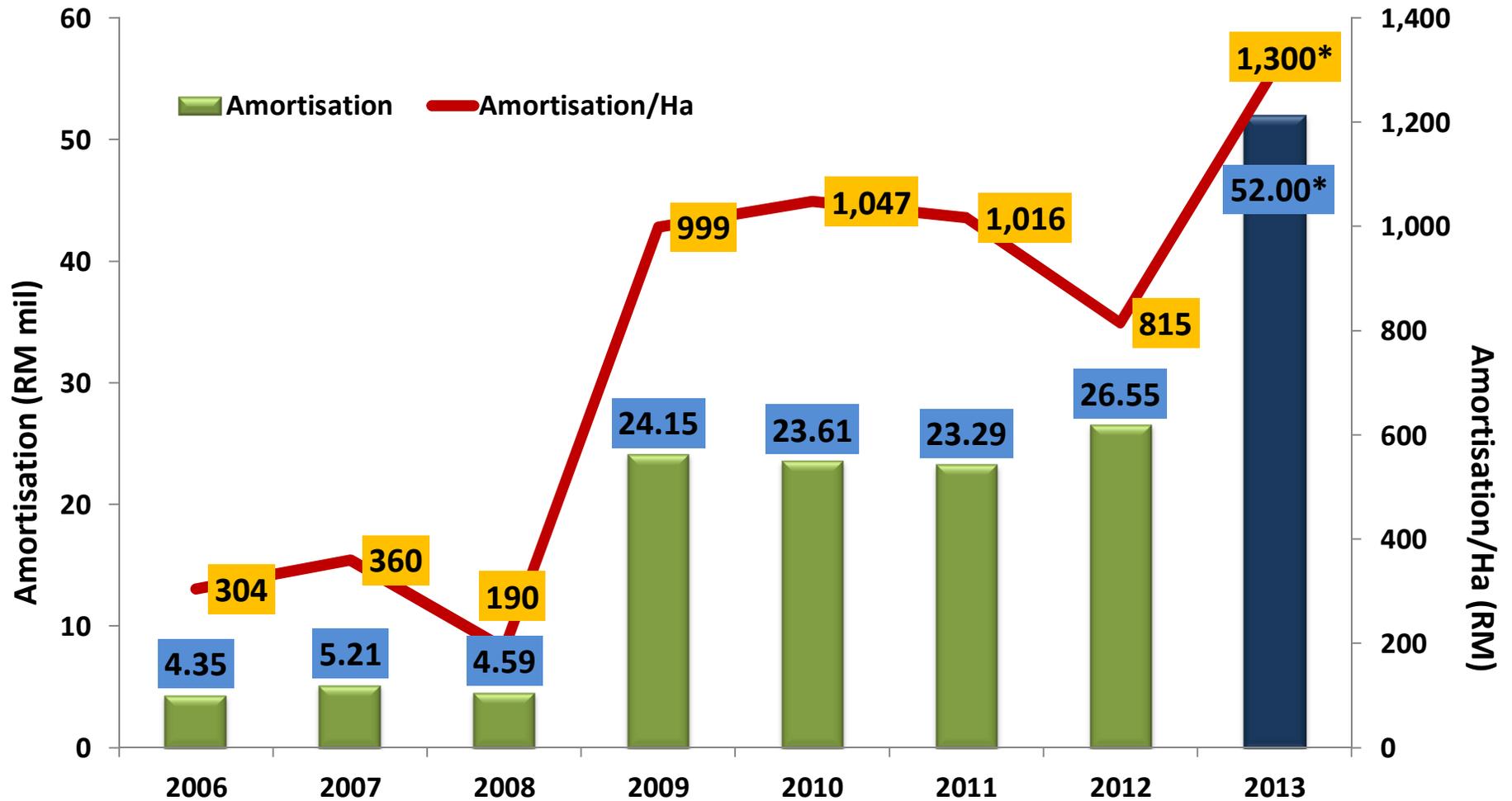
# How are our assets amortised? (FRS3)



Yield Profile against Year of Maturity



Hence, amortisation will now be higher



\*Estimates



So why grow at all?

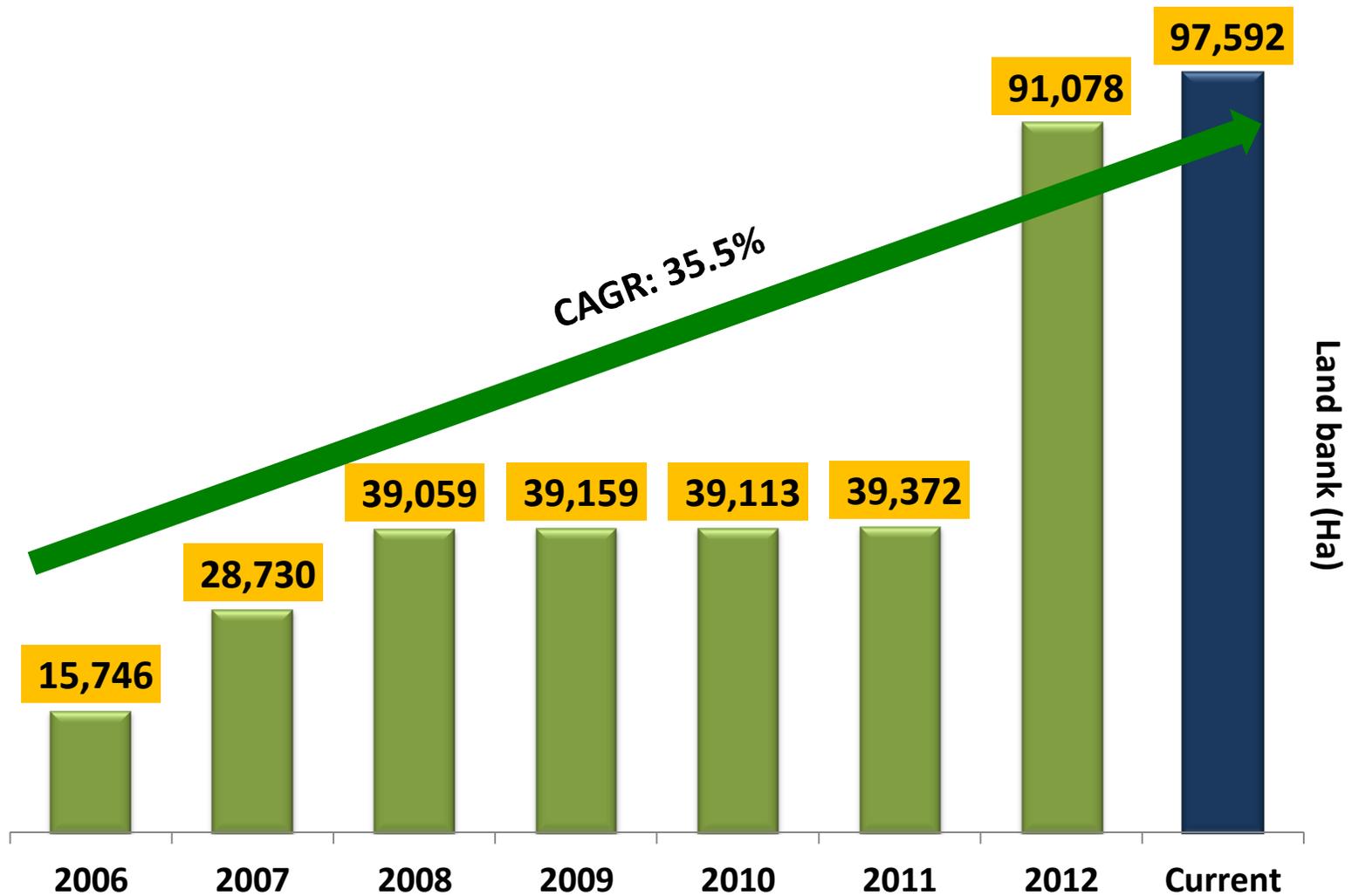
## Demand for palm oil expected to increase

*Given the growing world population and per capita income, it has been projected that palm oil demand would continue to increase from **45 million tonnes in 2010 to 60 million tonnes in 2015, and hitting a whopping 75 million tonnes in 2020.***

*-source: The Star (Commodities Talk) – 27<sup>th</sup> May 2013*

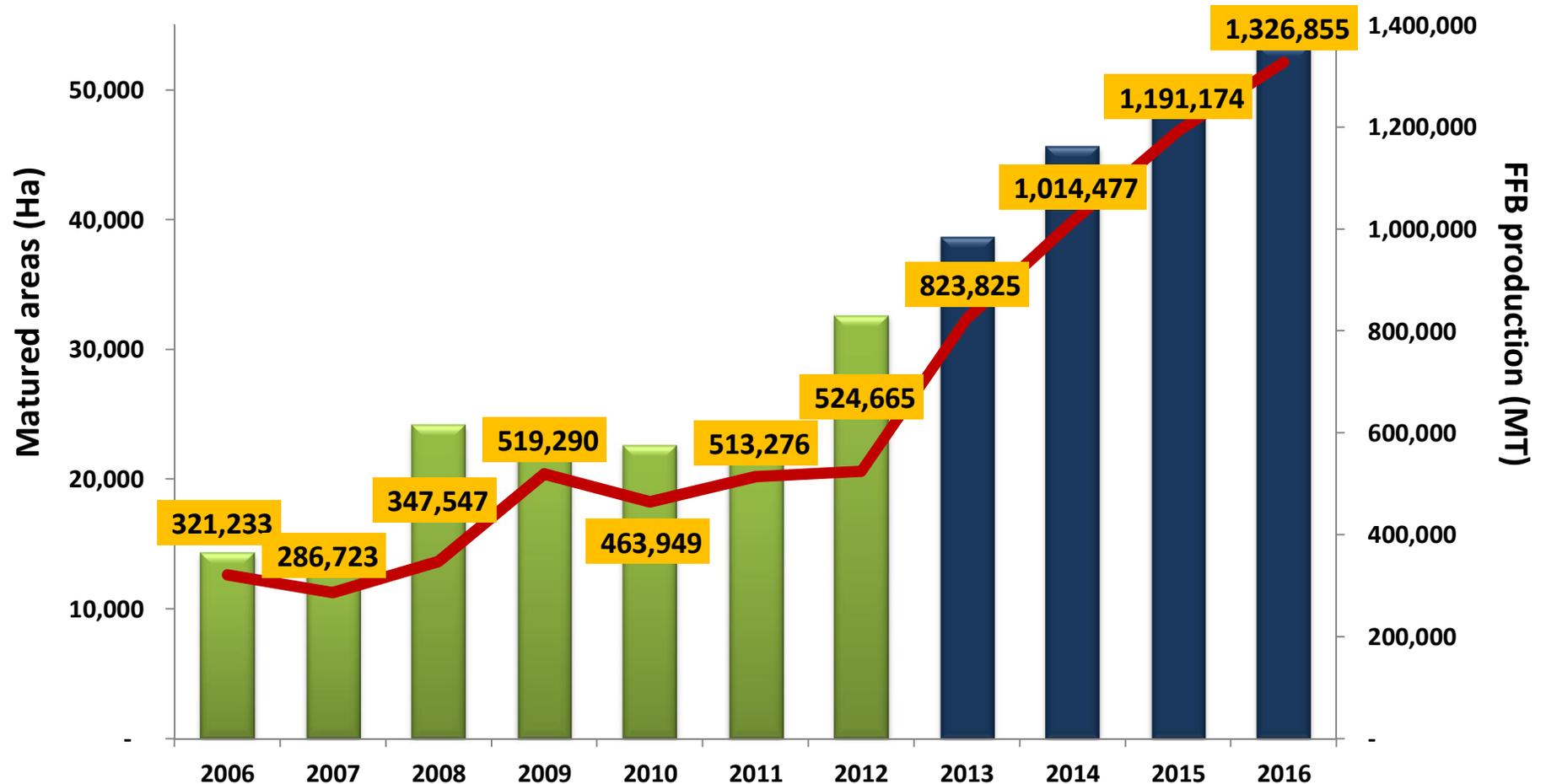


# Our land bank has grown significantly



# Enlarged land bank to catalyse future FFB growth

FFB production will grow at a CAGR\* of 17.2% from 2013-2016

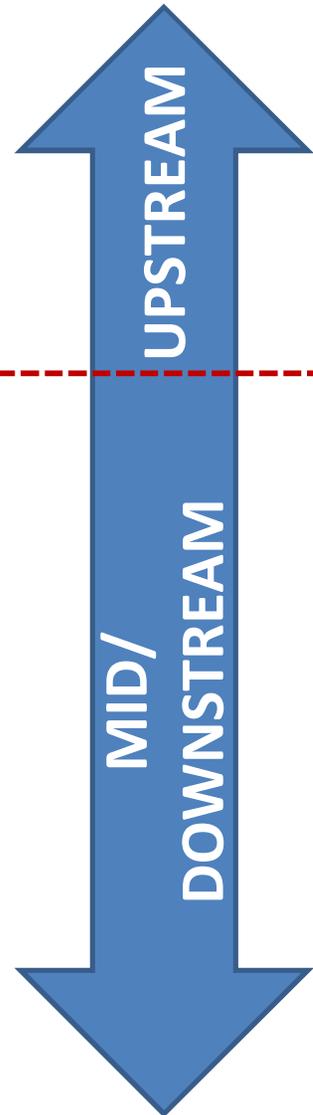


# We can now consider a full-fledged secondary crop

With an enlarged land bank, we are better positioned to go full phase on dual-cropping



## We can also explore mid/down-stream opportunities



THP is currently a pure upstream plantation player

Opportunities that are being explored:

- Refinery
- Kernel crushing
- Manufacturing of food products, oleochemicals and biodiesel





Strengthening our core business  
*Deriving maximum value from our assets*

# Strengthening our core business



# Improve replanting materials and methods

1

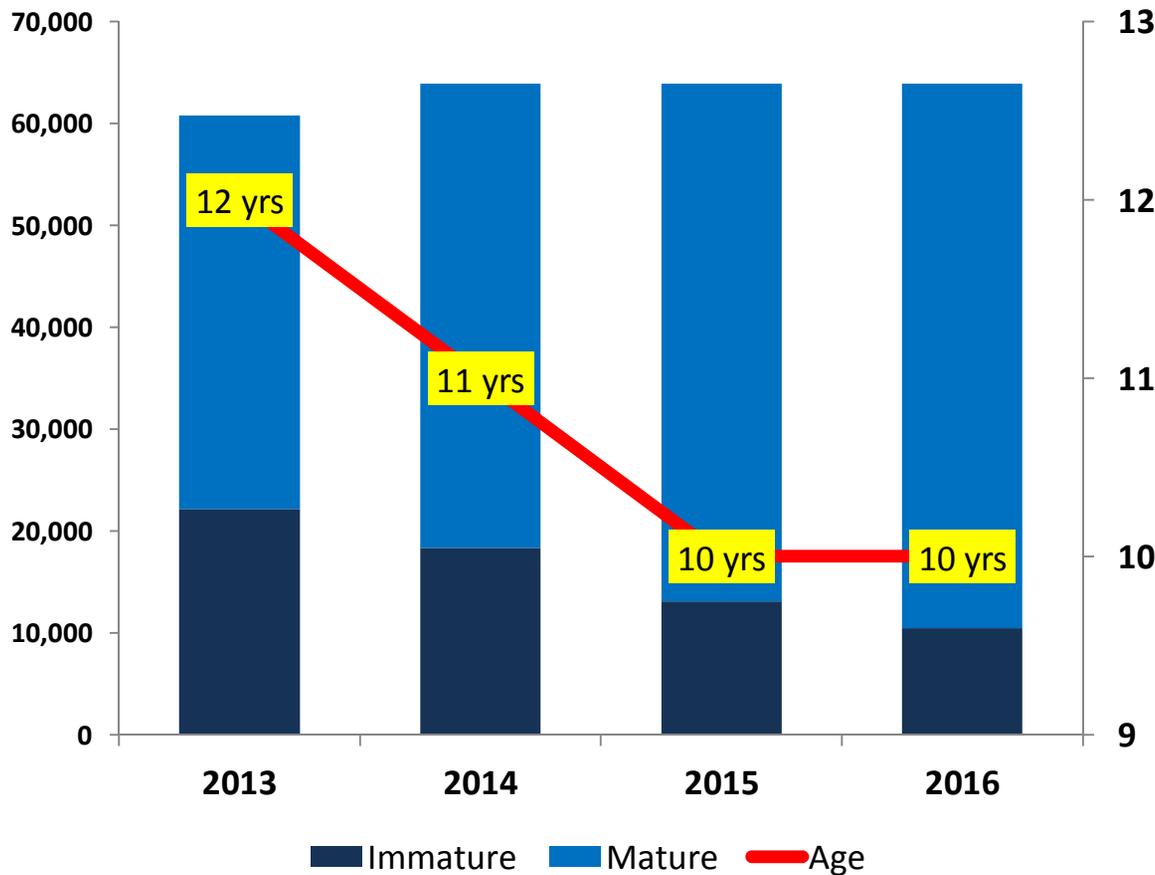
Enhancing  
the value of  
planted areas



# Optimise average age and mature/immature ratio

1

Enhancing the value of planted areas



Accelerate replanting programme

2-pronged approach to optimising age profile and mature/immature ratio

Acquisition of new brownfields with young palms

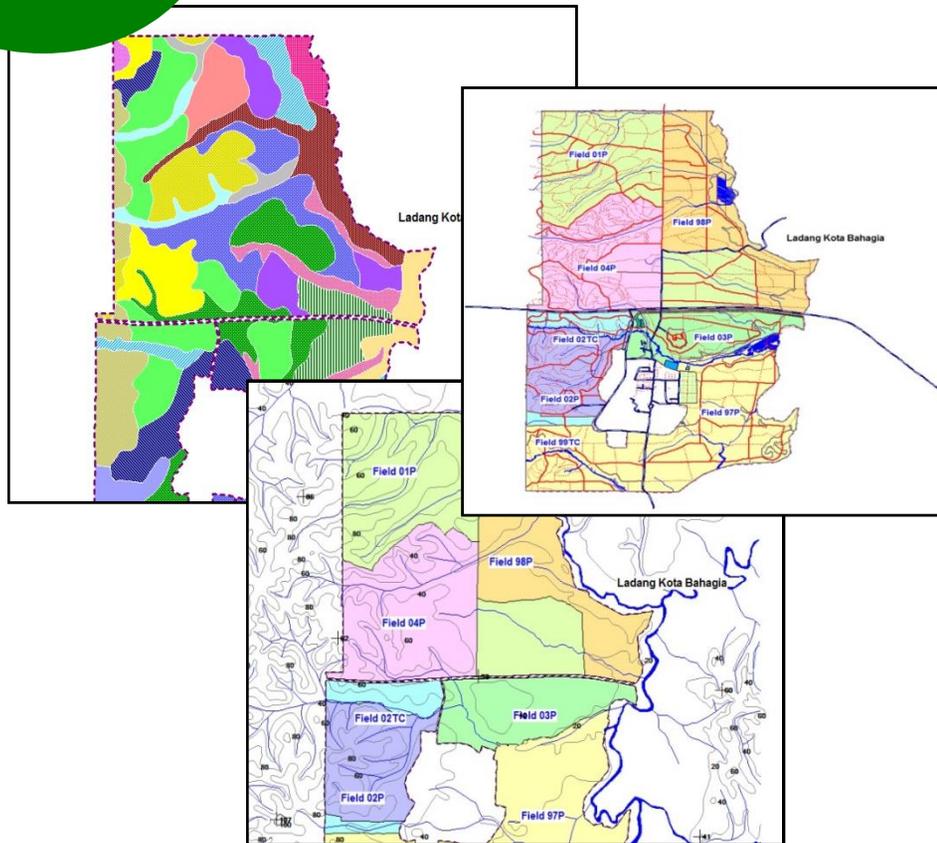


# Enhance use of innovation and technology

1

Enhancing the value of planted areas

## Precision Agriculture



## Personal Digital Assistant (PDA)

Morning Roll Call

Checker Bunch Count

FFB Grading

Crop Dispatch

Store

Guard Patrolling for APs



# Intensify mechanisation

1

Enhancing  
the value of  
planted areas



**Motorized Cutter  
(Smart Cut) (35) – 2x**



**Buffalo Assisted  
Collection (272)**



**Mechanized in Field  
Collection (32) - 10x**



**Hook-Lift Bin System (22)**



**ULV Spraying (78)**



**Fertilizer Spreader (16)**



# Develop plantable reserves

2

Development  
of plantable  
reserves

## Sizeable plantable reserves

- “ Newly-acquired greenfields
- “ Pockets of undeveloped lands within acquired brownfields
- “ Pockets of lands within the Native Customary Rights areas (to work hand-in-hand with the natives to develop those areas)

Our aim is to develop all  
of our plantable reserves  
within the next 5 years



# Explore prospective land banks

Exploring  
prospective  
land banks

3

## OUR FOCUS:

- Consolidating our position
- Streamlining our operations, and
- Deriving maximum value from existing land bank

**Short-term:**  
Acquisition of PT Persada Kencana Prima  
increases our landbank to ~110,000Ha

**Medium-term:**  
Opportunistic acquisitions for

- ✓ Sizeable lands
- ✓ Green fields or brown fields
- ✓ In line with business strategies

**Longer-term:**  
Expansion into similar climate, similar industry environment  
eg Indonesia and Papua New Guinea





**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)