

2nd Quarter 2013 Analyst/Investor Briefing

20 Aug 2013

3.00pm



TH PLANTATIONS BERHAD
(Company No: 12696-M)

Presented by:
Investor Relations

Performance highlights

2Q 2013

FFB production:

+65% YoY
+12% QoQ

CPO production:

+52% YoY
+13% QoQ

CPO average selling prices:

-31% YoY
+6% QoQ

EBITDA:

-15% YoY
+12% QoQ

Profit After Tax:

-55% YoY
+67% QoQ

1H 2013

FFB production:

+59% YoY

CPO production:

+41% YoY

CPO average selling prices:

-33% YoY

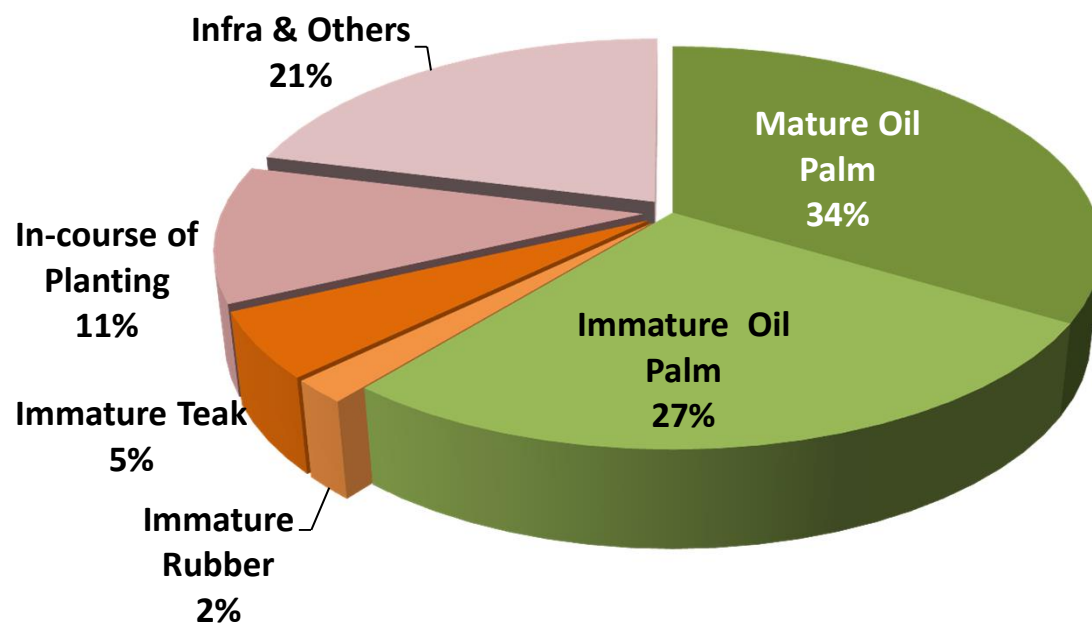
EBITDA:

-20% YoY

Profit After Tax:

-57% YoY

Area Statement

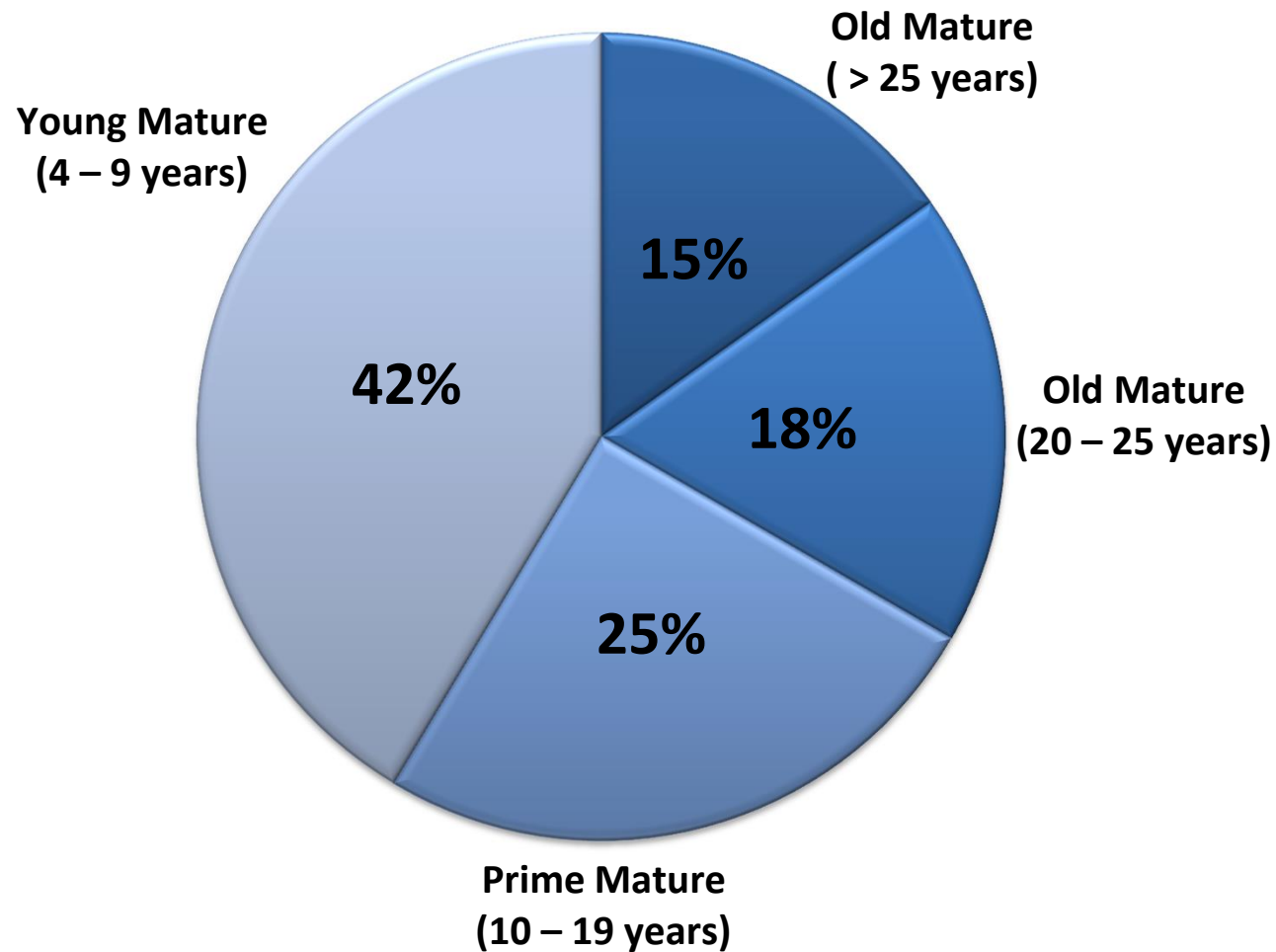


**Total land bank:
97,712 Ha**

Oil Palm	Peninsular	Sabah	Sarawak	Total	Rubber	Sabah
Mature	11,531	7,792	13,549	32,871	Mature	-
Immature	7,003	729	18,883	26,615	Immature	1,818
Total planted	18,533	8,521	32,432	59,486	Total planted	1,818
In course of planting		785	5,518	6,303	In course of planting	4,364

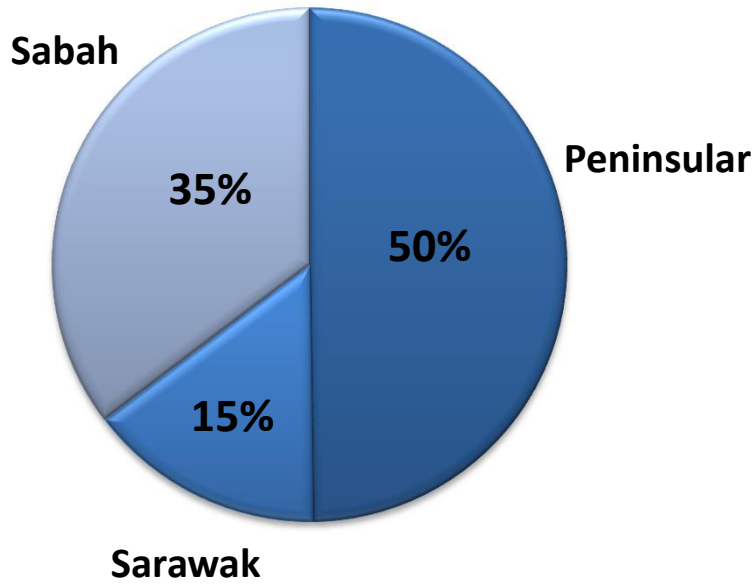


Higher proportion of younger palms

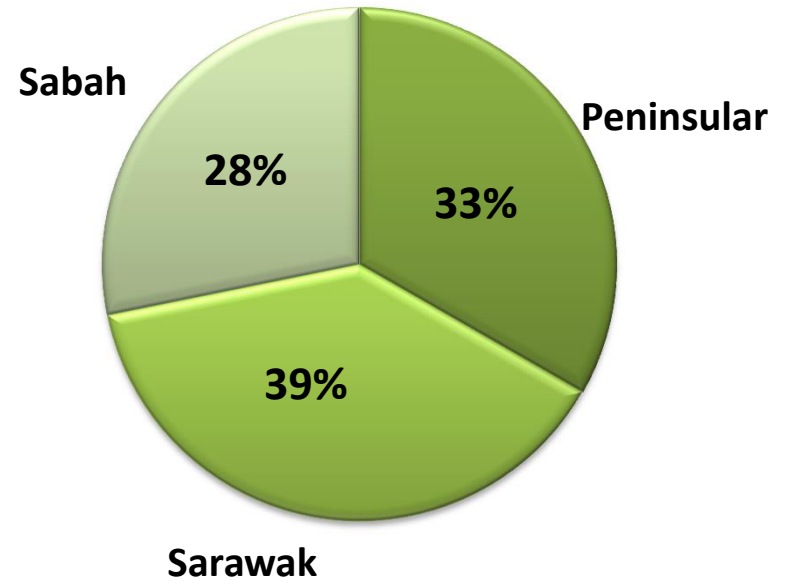


FFB contribution by region

1H 2012



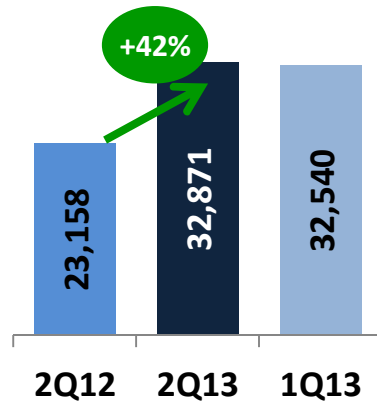
1H 2013



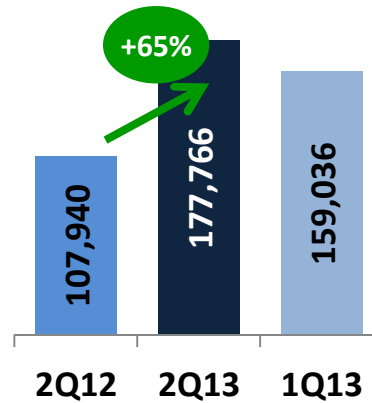
Higher contribution from the Sarawak region following acquisitions made in 2012

A closer look at revenue

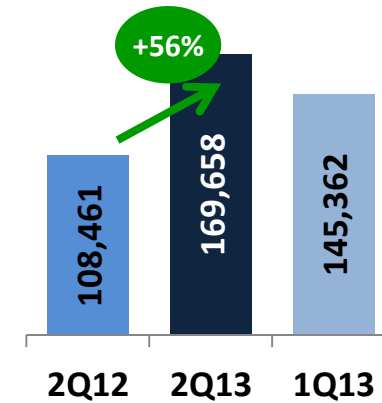
Mature Area (ha)



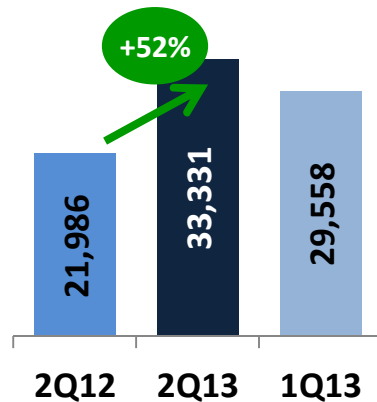
FFB Production (MT)



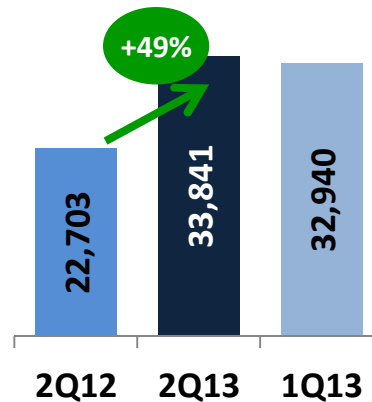
FFB Processed (MT)



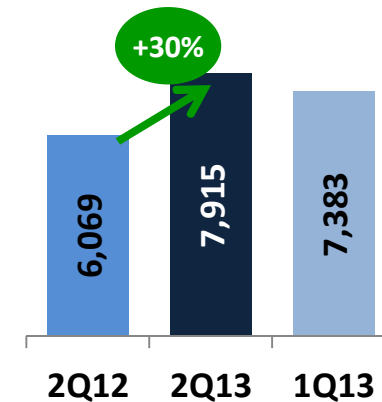
CPO Production (MT)



CPO Sales (MT)

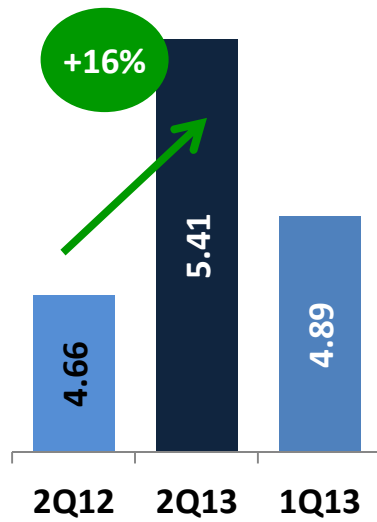


PK Production (MT)

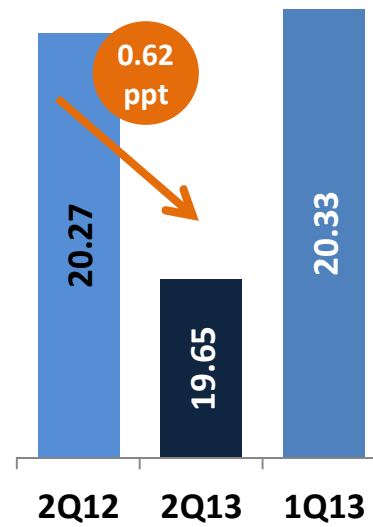


A closer look at revenue

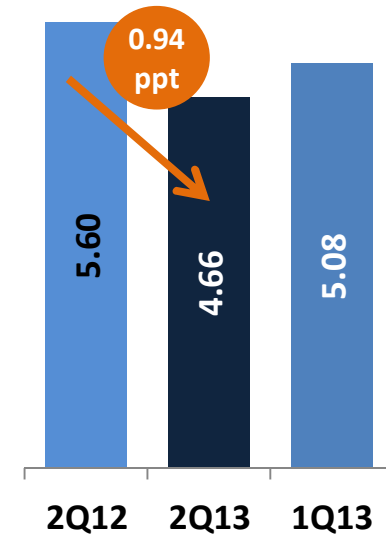
FFB Yield (MT/ha)



OER (%)

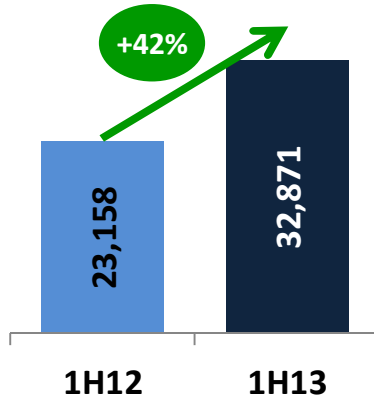


KER (%)

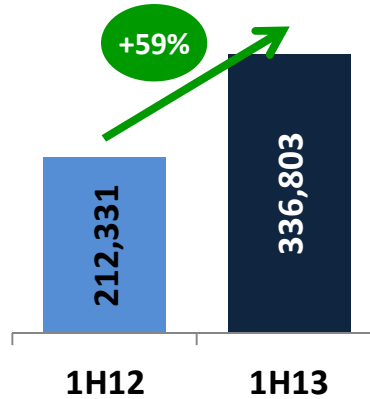


A closer look at revenue

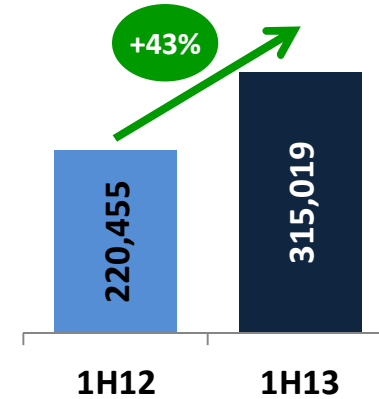
Mature Area (ha)



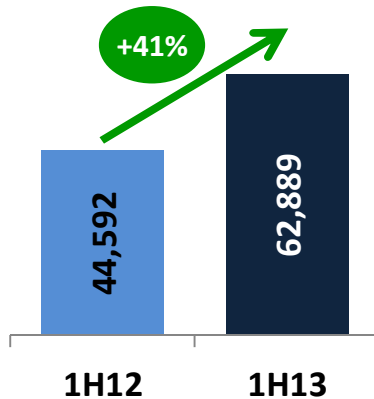
FFB Production (MT)



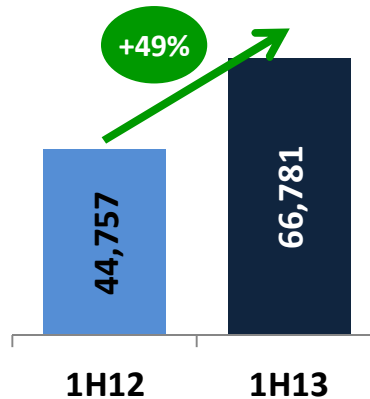
FFB Processed (MT)



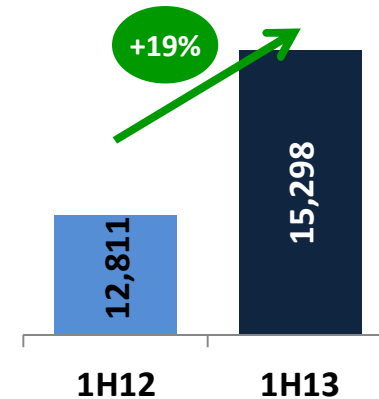
CPO Production (MT)



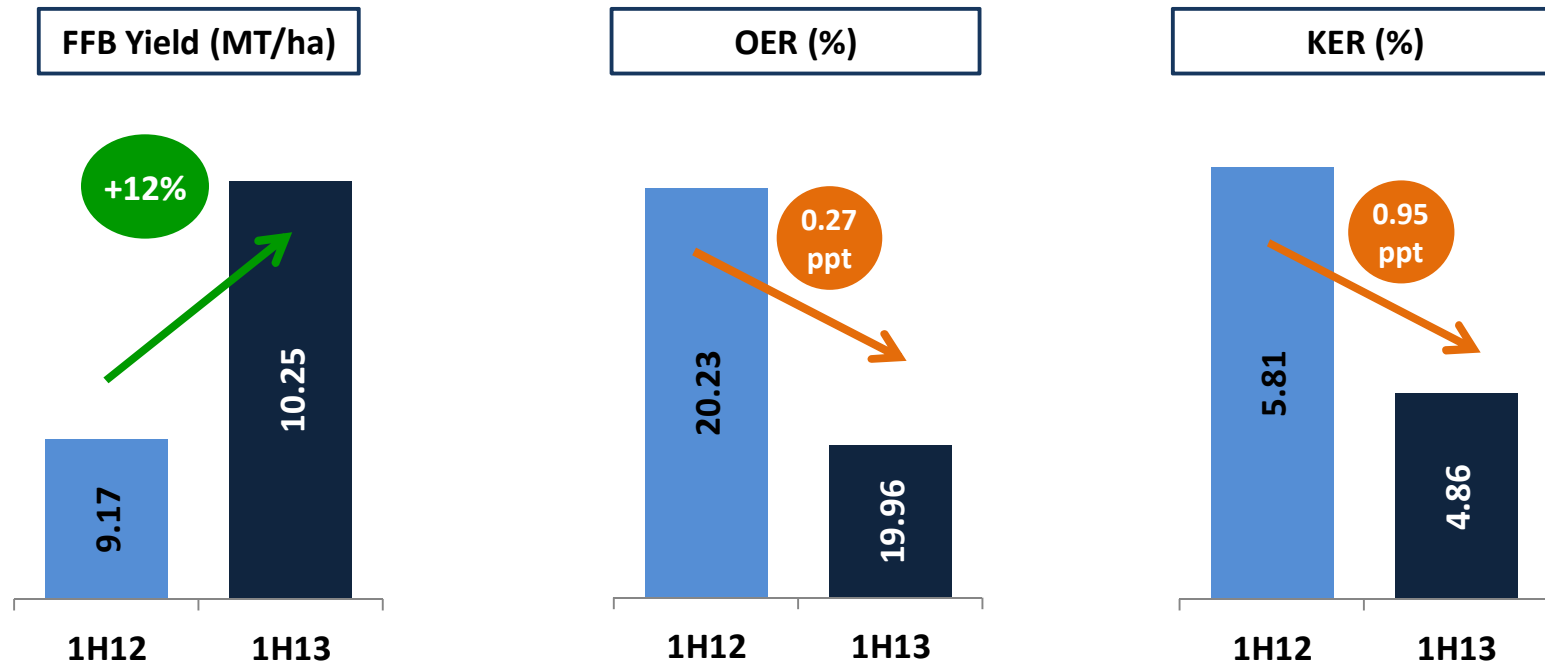
CPO Sales (MT)



PK Production (MT)

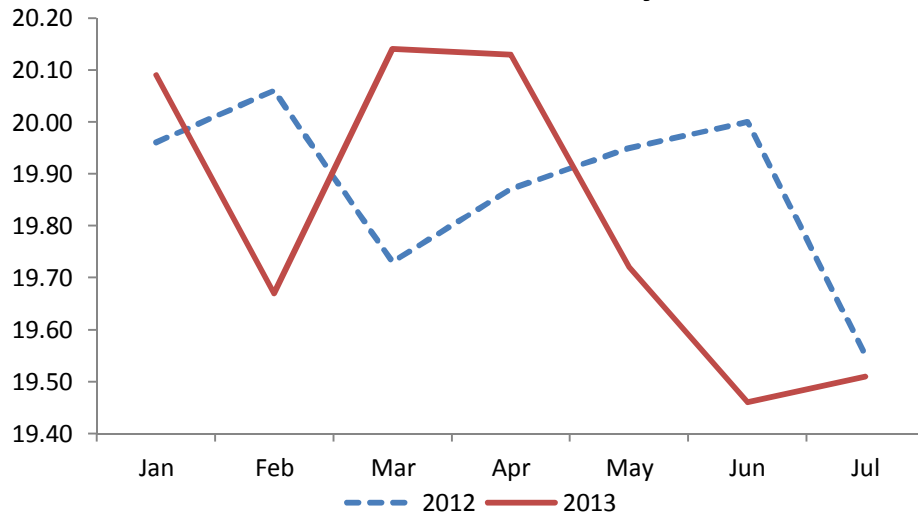


A closer look at revenue

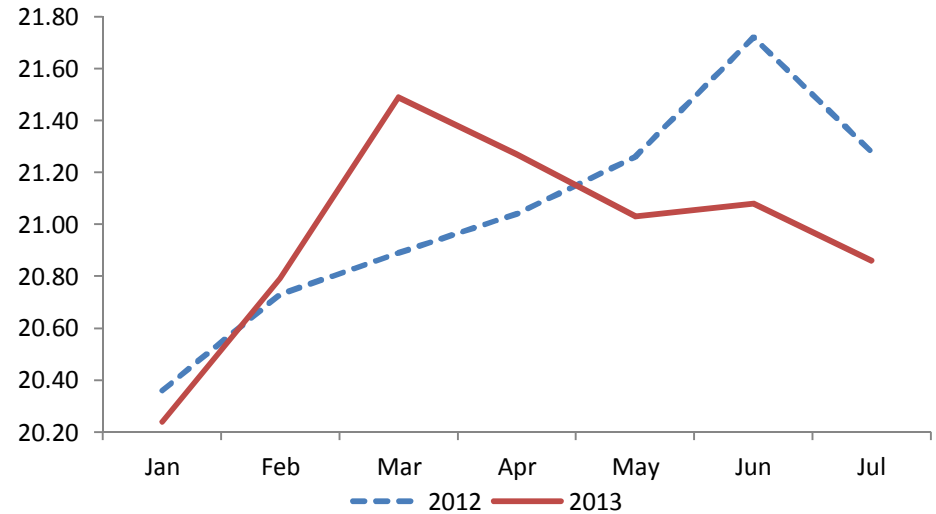


OER downtrend in 2Q across Malaysia

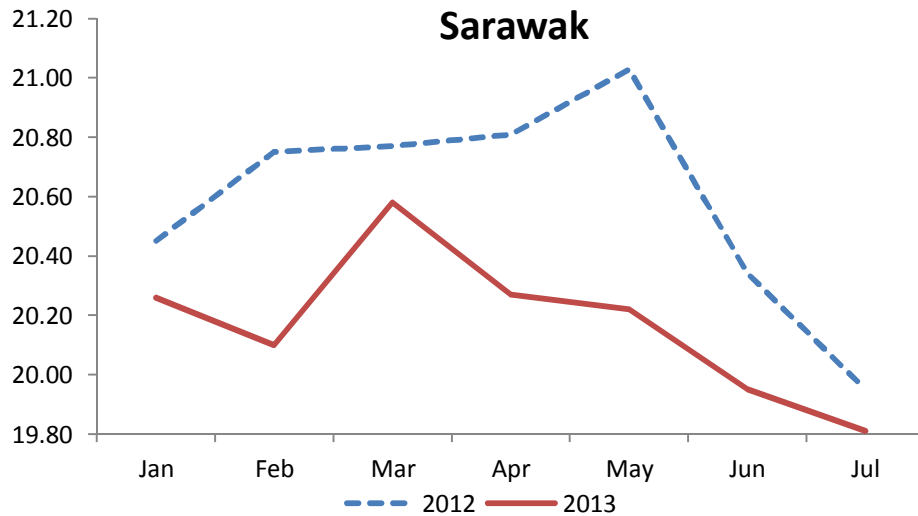
Peninsular Malaysia



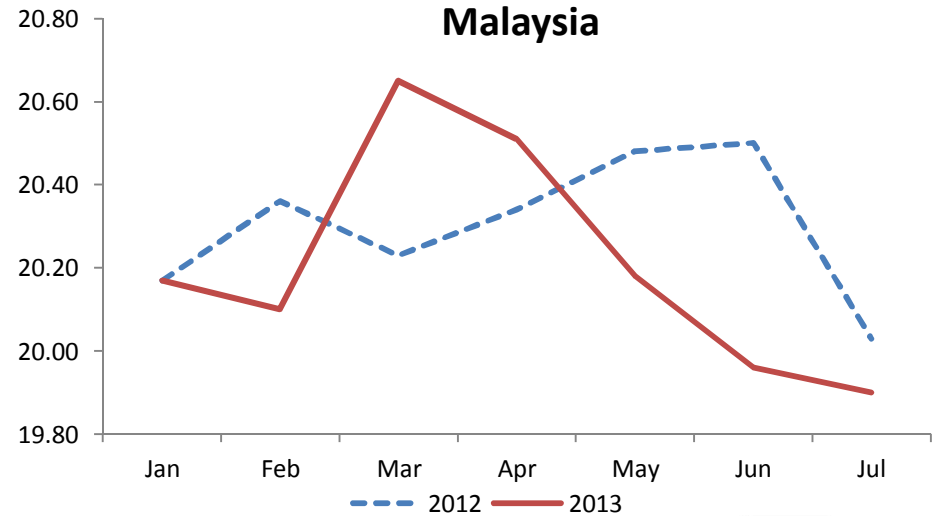
Sabah



Sarawak



Malaysia



Source: MPOB



Lower revenues mainly driven by prices

	2013 RM/Mt	2012 RM/Mt	Variance RM/Mt
<u>Peninsular</u> Peninsular-THPB	2,326.11	3,260.12	(934.01)
Peninsular-MPOB	2,317.50	3,255.50	(938.00)
<u>Sabah</u> Sabah -Gross	1,949.99	2,902.95	(952.96)
Sabah-MPOB	2,274.50	3,271.00	(996.50)
<u>Sarawak</u> Sarawak-Gross	1,939.27	-	1,939.27
Sarawak-MPOB	2,299.00	-	2,299.00

29%

29%

33%

30%



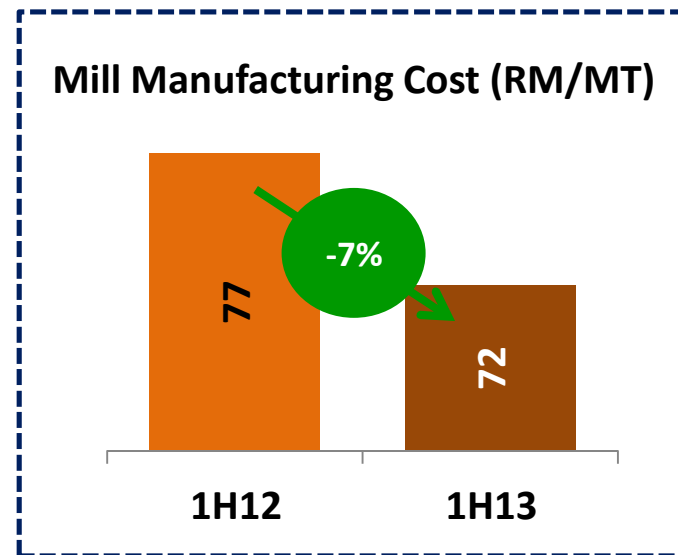
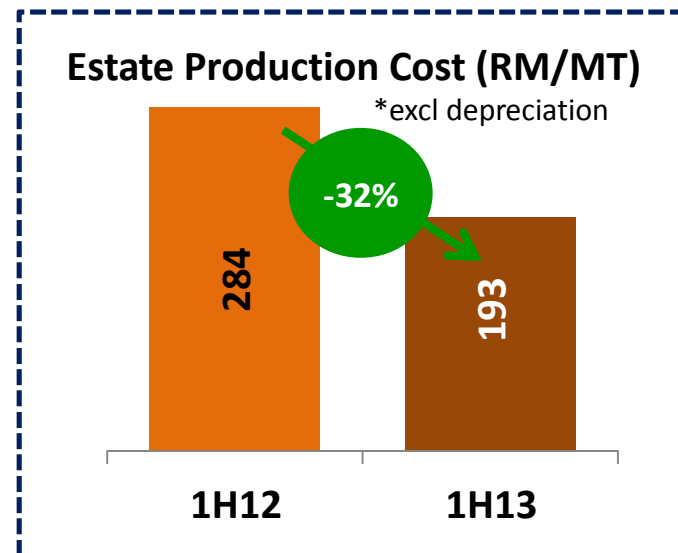
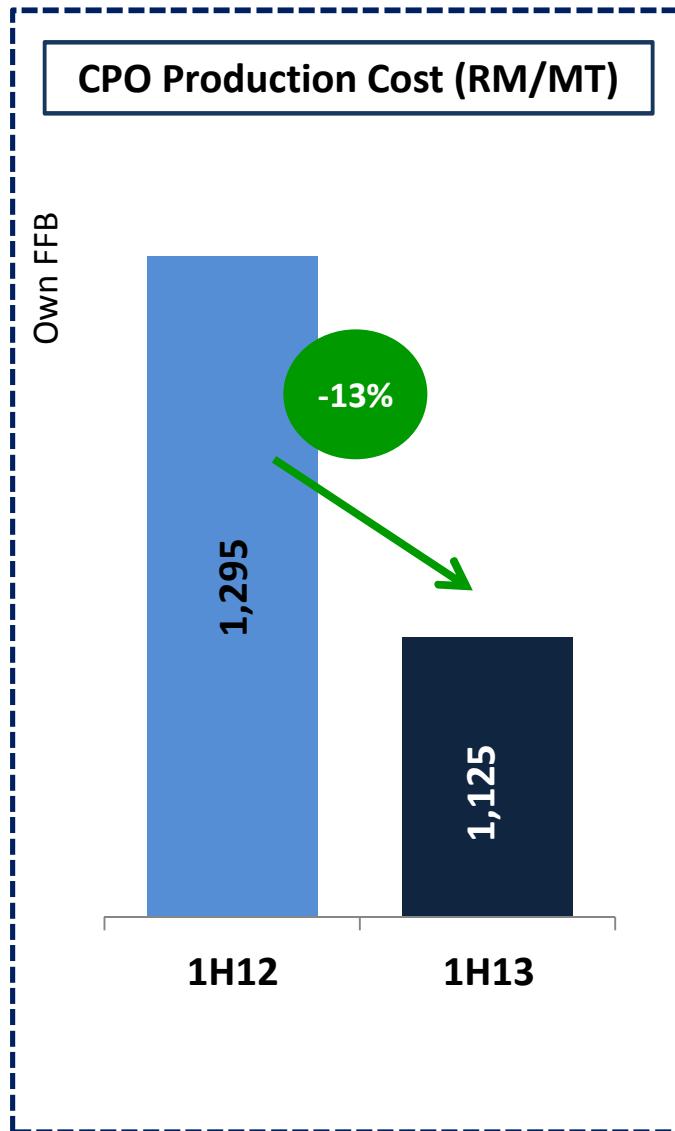
Lower revenues mainly driven by prices



	2Q13	2Q12	
CPO	RM2,151	RM3,134	-31%
PK	RM1,194	RM1,907	-37%
FFB	RM345	RM568	-39%

	1H13	1H12	
CPO	RM2,094	RM3,106	-33%
PK	RM1,154	RM1,923	-40%
FFB	RM346	RM573	-40%

Higher efficiency has led to lower production cost/MT



A closer look at expenditure

“ Estate production cost up by 8% (1H13) and 11% (2Q13)
“ Mill manufacturing cost up by 37% (1H13) and 35% (2Q13)

“ Depreciation costs up by 33% (1H13) and 34% (2Q13)
“ Amortisation costs up by 123% (1H13) and 120% (2Q13)

“ Admin expenses up by 42% (1H13) and 25% (2Q13)

“ Other operating expenses up by 13% (1H13) but lower by 23% (2Q13)

“ Finance costs up by 176% (1H13) and 195% (2Q13)

“ Attributed to enlarged land bank and higher production

“ Fees and expenses relating to acquisitions

“ Stamp duty expenses, EGM expenses and donation
“ Partially offset by adjustment on fair value of bonus issue

“ Higher borrowings to finance acquisitions and others
“ Additional RM60mil drawdown in 2Q13

Overview of Profit & Loss (2Q)

(RM '000)	2Q13	2Q12
Revenue	95,805	99,352
Sales of CPO	72,809	71,155
Sales of PK	9,800	10,987
Sales of FFB	9,590	11,281
Management fees	3,606	5,929
Cost of Sales	(76,811)	(67,718)
Gross Profit	18,994	31,634
Other Expenses	(12,785)	(8,536)
Admin expenses	(4,989)	(3,984)
Other operating expenses	(2,049)	(2,550)
Zakat	-	(51)
Finance costs	(5,748)	(1,950)
Other Income	1,221	1,655
Profit Before Tax	7,429	24,754
Tax	3,037	(1,531)
Profit After Tax	10,467	23,222
EBITDA	30,537	35,865
Gross Profit before amortisation	32,139	37,602

Revenue down by 4%, mainly due to lower selling prices despite higher FFB and CPO production

Cost of sales up by 12%, in line with enlarged land bank

Gross profit down by 37%, pulled down by higher amortisation (RM13m)

Other expenses higher by 50%, due to higher finance costs and expenses on corporate exercises

EBITDA and gross profit excl amortisation down by 15%, in line with lower selling prices



Overview of Profit & Loss (1H)

(RM '000)	1H13	1H12
Revenue	185,258	194,398
Sales of CPO	139,833	138,996
Sales of PK	18,973	24,489
Sales of FFB	19,136	19,960
Management fees	7,316	10,953
Cost of Sales	(151,255)	(133,130)
Gross Profit	34,003	61,268
Other Expenses	(23,537)	(14,454)
Admin expenses	(9,565)	(6,743)
Other operating expenses	(3,594)	(3,185)
Zakat	-	(762)
Finance costs	(10,378)	(3,764)
Other Income	2,012	3,044
Profit Before Tax	12,479	49,858
Tax	4,238	(10,889)
Profit After Tax	16,716	38,969
EBITDA	57,711	71,793
Gross Profit before amortisation	60,627	73,183

Revenue down by 5%, mainly due to lower selling prices despite higher FFB and CPO production

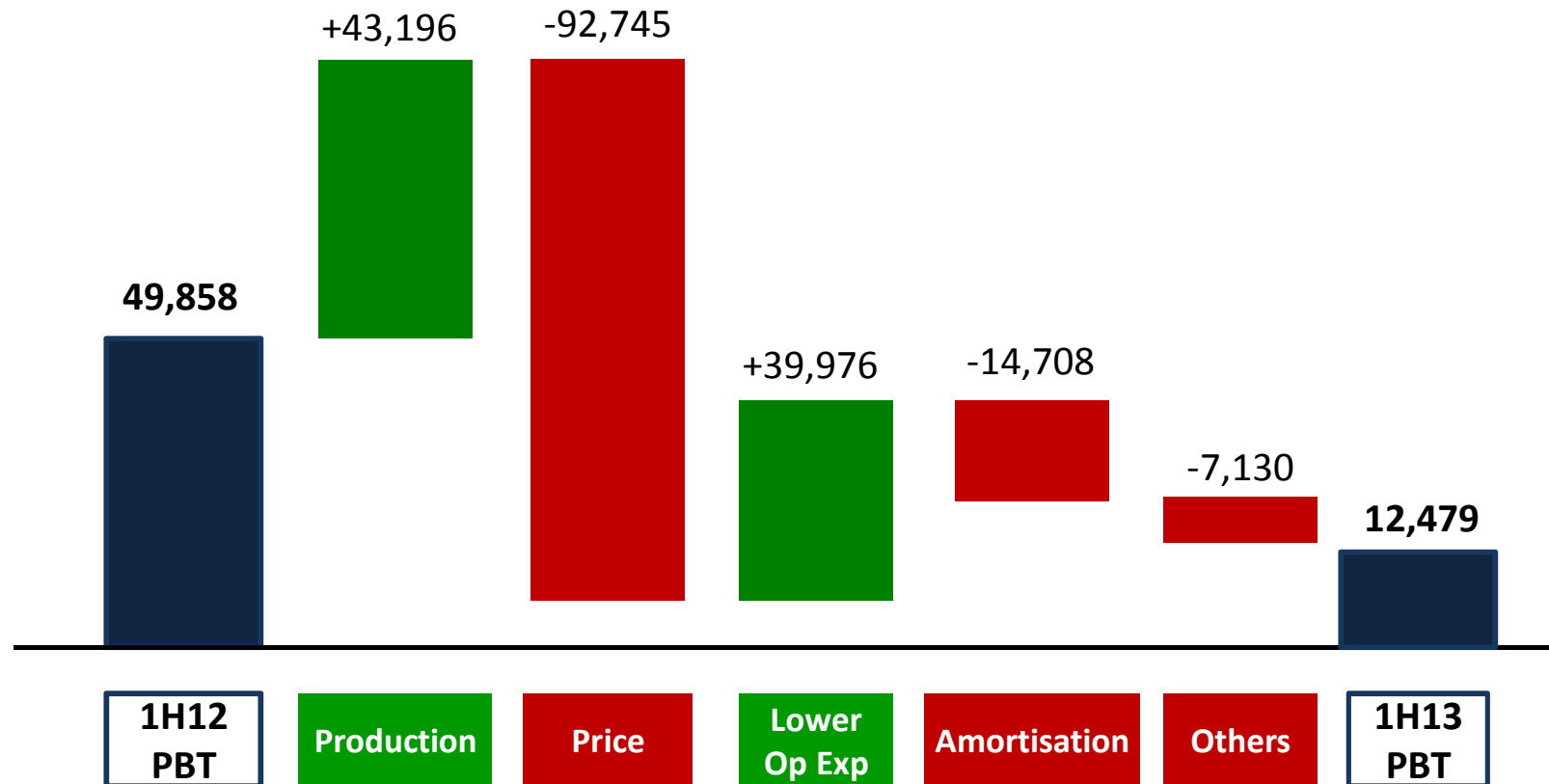
Cost of sales up by 14%, in line with enlarged land bank

Gross profit down by 45%, pulled down by higher amortisation (RM27m)

Other expenses higher by 63%, due to higher finance costs and expenses on corporate exercises

EBITDA down by 20%
Gross profit excl amortisation down by 17%
Bottom line impacted by lower prices as well as higher amortisation and finance costs

Depressed CPO prices continue to impact profits



Higher production and efficiency substantially offset by lower prices and additional costs



Strategies moving forward

Diversify Revenue



- “ Develop rubber plantations in FMU area (Sabah)
 - “ Head of Rubber unit recruited
 - “ 6,100 Ha land planted or in course of planting
 - “ 8,300 Ha to be developed over 2014-2016
- “ Establish refinery (Sarawak)
 - “ Target to be commissioned in early 2016

Improve Yield and Profitability



- “ Develop and enforce a structured replanting programme
- “ Develop a centralised and coordinated mechanisation programme
- “ Restructure estates to improve efficiency
- “ Improve mill process efficiency
- “ Develop an Integrated Fertiliser Recommendation System

Improve Capability and Productivity



- “ Enhance performance management process
- “ Improved L&D strategy and programme



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