TH PLANTATIONS BERHAD (12696-M)

MEDIA RELEASE

TH PLANTATIONS REPORTS NET PROFIT OF RM126.56 MILLION FOR FOURTH QUARTER FY2016
-Records full year net profit of RM150.47 million
-Proposes final dividend of 6 sen per share

KUALA LUMPUR, 23rd February 2017 – TH Plantations Berhad ("THP" or the "Group") announced its fourth quarter ("4QFY2016") and full year ("FY2016") financial results today, reporting a 4QFY2016 net profit of RM126.56 million, on the back of RM170.08 million revenue. For FY2016, the Group reported a net profit of RM150.47 million, a five-fold increase from a year ago, and revenue of RM562.31 million against revenue of RM455.30 million in 2015.

Commenting on the Group's performance, Dato' Sri Zainal Azwar bin Zainal Aminuddin, Chief Executive Officer and Executive Director of THP said, "Despite lower production due to the prolonged effects of El Nino, we reported 24% higher revenues for the year compared to 2015. Of course, the bottom line was partially boosted by the sale of our THP Gemas in the fourth quarter, but I'm pleased to say that the top line improvement in 2016 was the result of hard work by the entire team in THP who had relentlessly pursued internal targets despite the challenges faced."

Given the performance, the Board of THP has proposed a final ordinary dividend of 6 sen per share, subject to the approval of shareholders at its upcoming Annual General Meeting.

"The dividend proposed is our way of rewarding shareholders for their continued support and loyalty towards the Group, while we ride through the challenges and growth pains within these few years," he said.

The Group's 2016 Fresh Fruit Bunches ("FFB") production declined by 8% to 731,509 metric tonnes, while Crude Palm Oil ("CPO") production stood at 173,258 metric tonnes, down 2% from a year ago. The performance is better than industry average and is testament of the Group's growth strategy. Under this strategy, The Group has seen a steady stream of new areas coming into maturity throughout these few years, which has somewhat compensated the effects of the prolonged adverse weather conditions on production. The contribution of these new areas has helped the Group take advantage of the high commodity price environment and boost revenues. At the same time, the Group has also intensified its efforts to increase the utilisation of its mills by purchasing good quality FFB externally and increase CPO production.

For FY2016, the Group's average CPO traded price was RM2,566 per metric tonne, 20% higher than the same period last year. Average PK traded price was RM2,403 per metric tonne, 54% higher than the comparative period last year.

For 4QFY2016, the Group's average CPO traded price was RM2,759 per metric tonne, 28% higher than the comparative quarter last year while average PK traded price was RM2,757 per metric tonne, 68% higher than last year.

He continued, "Commodity prices rallied beginning third quarter of the year and remained buoyant until the end of the year. In fact, PK prices continue to trade at levels higher than CPO, an unprecedented trend that was brought about by the shortage of copra. Going forward, the weak MYR, higher crude oil prices, higher soybean oil prices and increased demand for palm oil all point towards bullish market sentiments on CPO prices. Nevertheless, with better weather conditions seen, the market also expects production to gradually improve, particularly in the second half of this year. With the expectation of improved production, prices are expected to moderate from their current levels."

He further added, "The industry remained resilient amidst the challenges faced by the industry. However, we must still be mindful of the uncertainties ahead. I believe the industry, TH Plantations included, has evolved with the times to ensure that we protect our margins in difficult periods; to explore new ways of doing things to increase productivity and optimise costs; and to ensure that we gain stronger footing once the challenges passed. We have managed to do all these, and our focus now is to get back on track with our long-term plans."

The Group continues to be focused on optimising costs, operational efficiency and restoring sustainable production trends to benefit from future demand for palm oil. Through a structured development and replanting programme carried out in the past few years, the Group's area planted with oil palm now spans over 60,000 hectares spread throughout Malaysia, at an average age of 10 years. Approximately 60% of the Group's mature area is made up of young and prime estates, with more coming into maturity in the next two to three years, promising a steady revenue growth in coming years. The Group's yield and oil extraction rate improvement programmes are also ongoing, while its consolidation of brownfield acquisitions is progressing well.

End

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About TH Plantations Berhad

THP is a subsidiary of ***TH***, incorporated on the 28 August 1972 and listed on the main board of Bursa Malaysia Securities Berhad on 27 April 2006. Its principal activities are investment holding, cultivation of oil palm, processing of FFB, marketing of CPO, palm kernel and FFB.

As at 31 December 2016, the Group has approximately 94,000 hectares of land located in Pahang, Johor, Terengganu, Sabah and Sarawak, of which about 58,000 hectares have been planted with oil palm. Additionally, the Group owns about 8,000 hectares of greenfield land in Kalimantan, Indonesia. To diversify its income stream in coming years, approximately 6,000 hectares of its land bank have been planted with rubber and more are in the course of planting.

The Group also owns and operates six palm oil mills located in Johor, Pahang, Sabah and Sarawak with a total FFB processing capacity of 1,296,000 metric tonnes per annum.

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