

**4<sup>th</sup> Quarter 2013**

**Analyst/Investor Briefing**

26 Feb 2014

3.00pm

**Presented by:**

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*Plantations Director*

**Aizzura Ab Rahim**

*Investor Relations*



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

# Performance highlights

## FFB Production

**+49% YoY**

## CPO Production

**+66% YoY**

## PK Production

**+45% YoY**

## FFB Yield/Ha

**23.86 MT/Ha (+11% YoY)**

## FY13 highlights

## Oil Extraction Rate

**20.05%**

## Revenue

**+25% YoY**

## EBITDA\*

**+26% YoY**

## Profit After Tax\*

**+15% YoY**

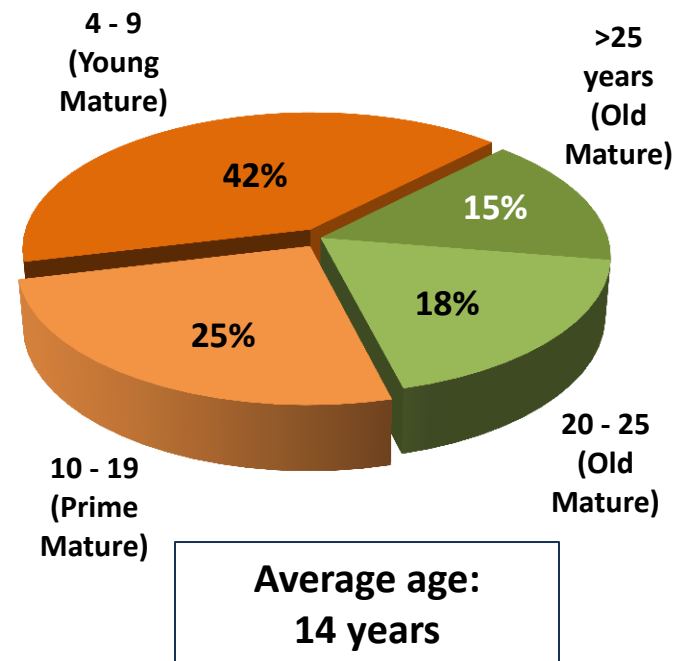
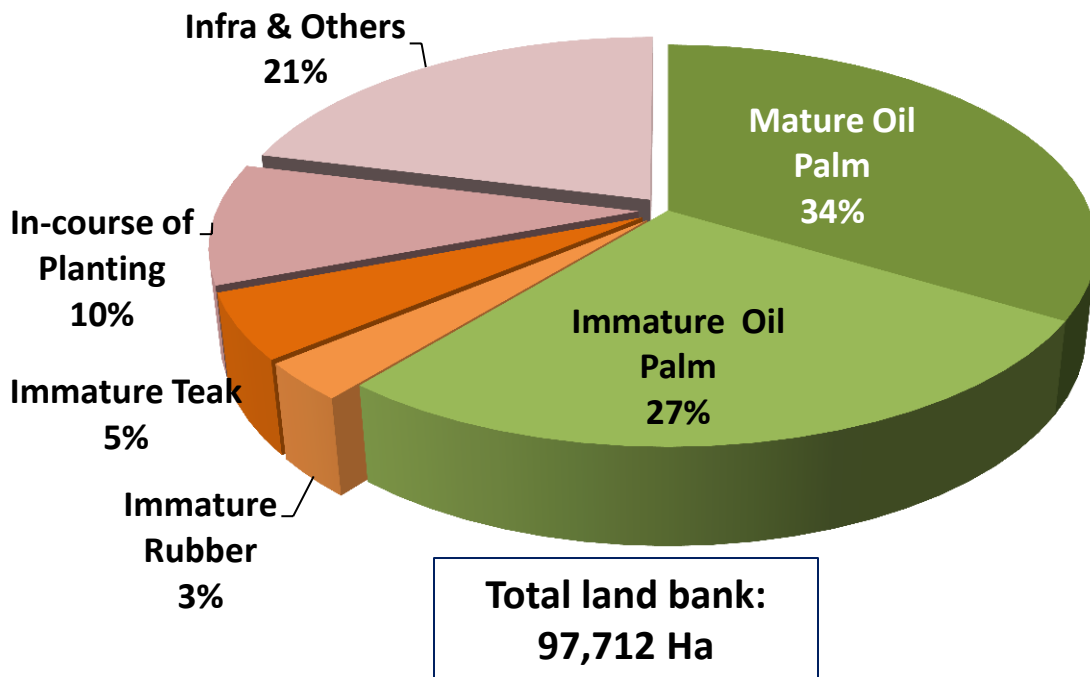
## Proposed Dividend

**3.62 sen per share  
(50% of PATAMI)**

*\* Excluding RM101m surplus over fair value of net assets from 2012 acquisitions*



# Area Statement – as at 31 December 2013



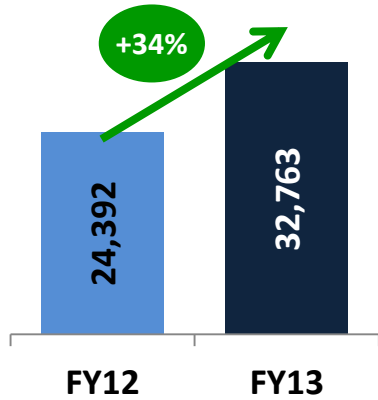
Oil Palm	Peninsular	Sabah	Sarawak	Total
Mature	11,531	7,792	13,549	32,871
Immature	7,003	729	18,883	26,615
<b>Total planted</b>	<b>18,533</b>	<b>8,521</b>	<b>32,432</b>	<b>59,486</b>
In course of planting		785	5,517	6,302

Rubber	Sabah
Mature	-
Immature	2,982
<b>Total planted</b>	<b>2,982</b>
In course of planting	3,200

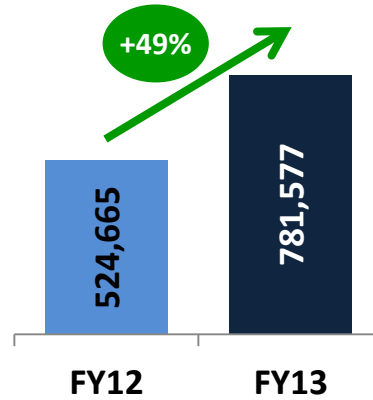


# A closer look at revenue

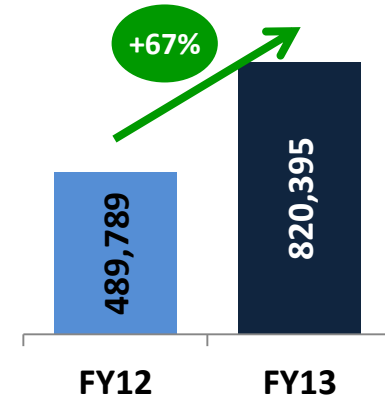
Avg Mature Area (ha)



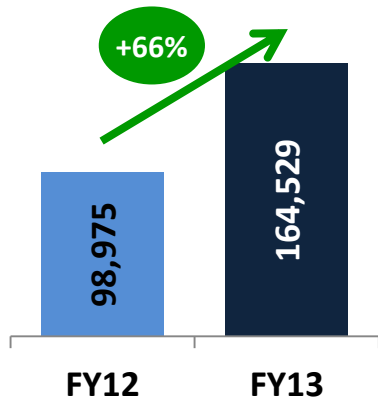
FFB Production (MT)



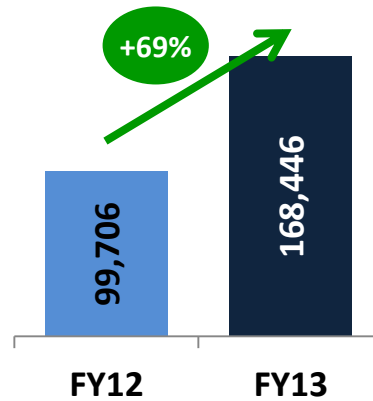
FFB Processed (MT)



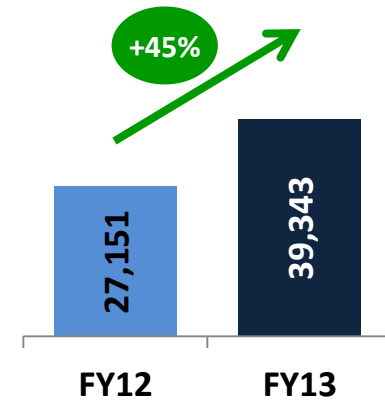
CPO Production (MT)



CPO Sales (MT)

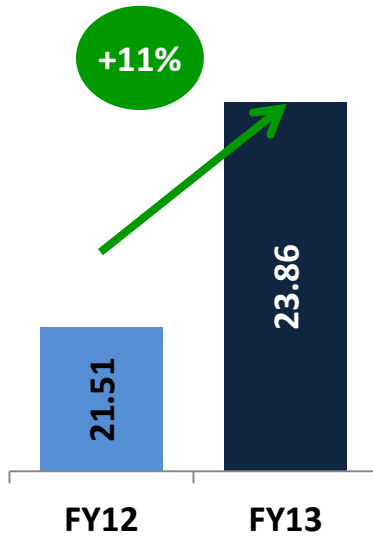


PK Production (MT)

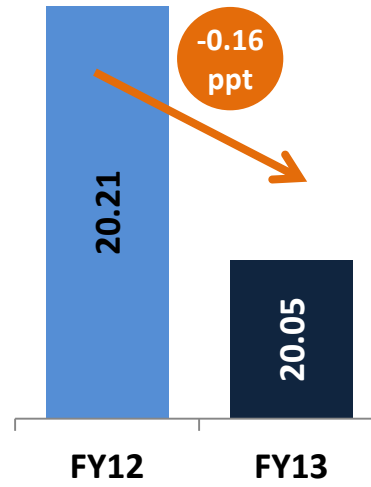


# A closer look at revenue

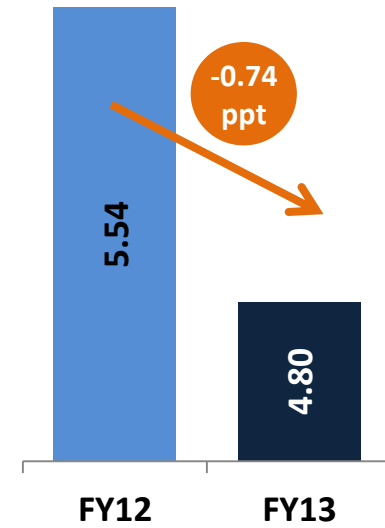
FFB Yield (MT/ha)



OER (%)

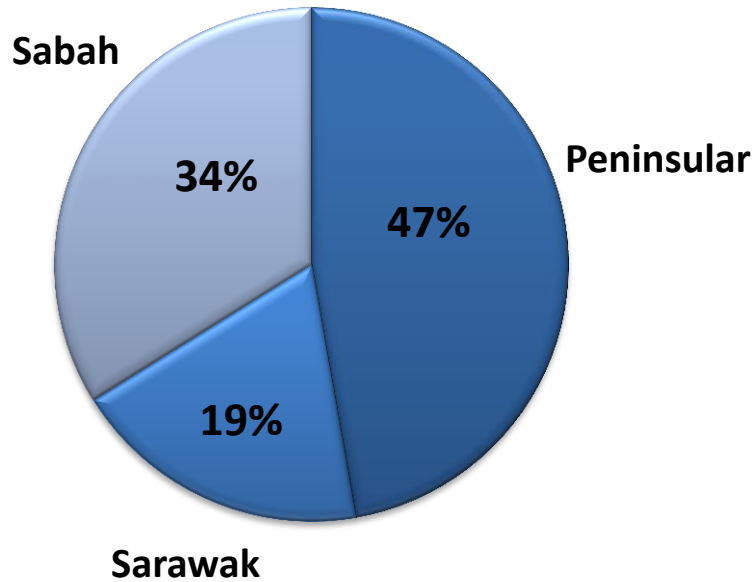


KER (%)

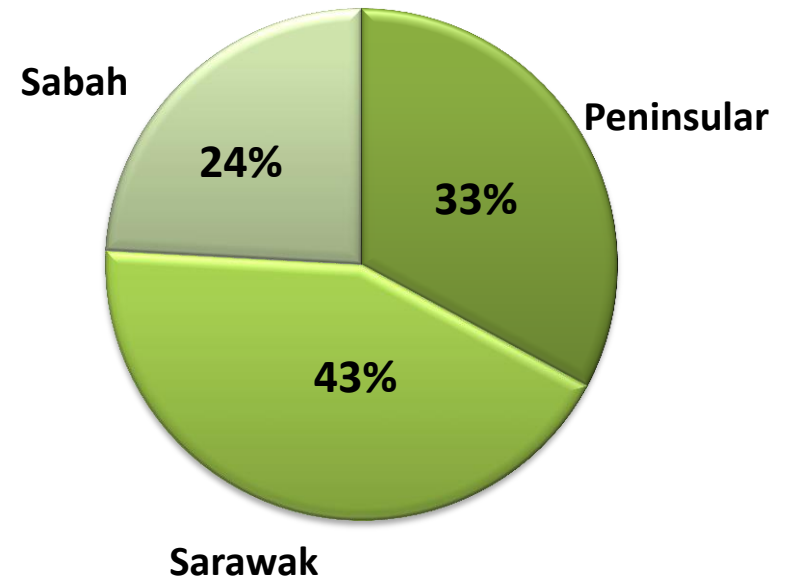


# FFB contribution by region

**2012**



**2013**



Higher contribution from the Sarawak region following acquisitions made in 2012

# CPO prices 17% lower than last year

ASP	FY13	FY12	
CPO	RM2,200	RM2,661	-17%
PK	RM1,294	RM1,602	-19%
FFB	RM362	RM472	-23%

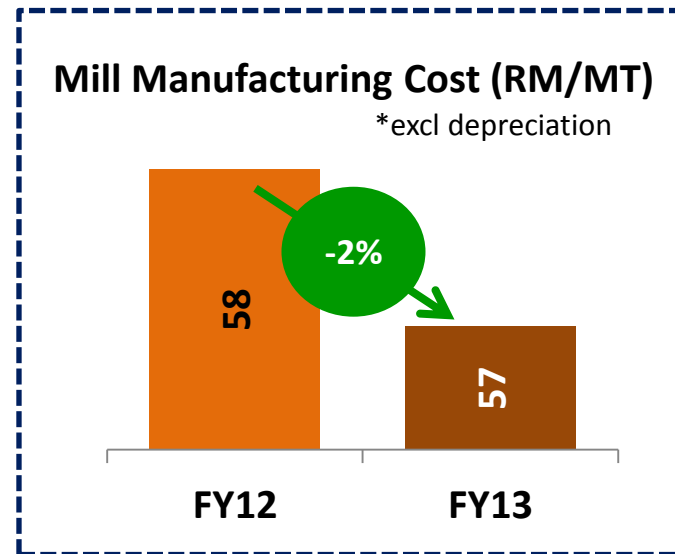
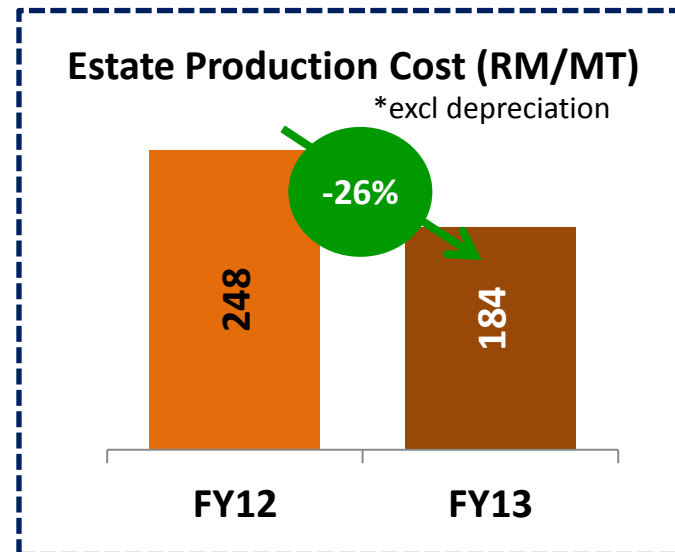
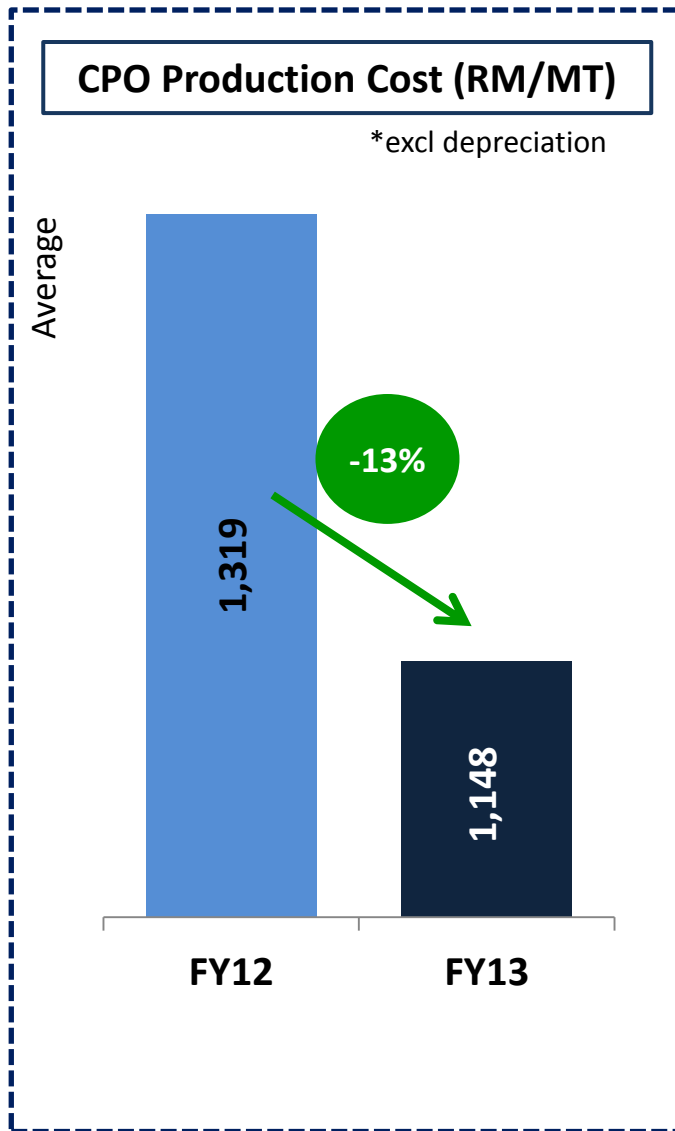
	Sabah	Sarawak
Sales Tax	7.5%	5%
Discount	RM80	RM80

However, 4Q13 prices stronger than previous year

ASP	4Q13	4Q12	
CPO	RM2,323	RM2,038	+14%
PK	RM1,524	RM1,113	+37%
FFB	RM409	RM327	+25%

	Sabah	Sarawak
Sales Tax	7.5%	5%
Discount	RM30-40	RM20-30

# Higher efficiency has led to lower production cost/MT





# Overview of Profit & Loss (FY13)

<i>(RM '000)</i>	<b>FY13</b>	<b>FY12</b>
<b>Revenue</b>	<b>469,952</b>	<b>375,846</b>
Sales of CPO	370,946	265,335
Sales of PK	52,197	41,752
Sales of FFB	30,058	45,342
Management fees	17,110	23,344
Dividends	91	74
<b>Cost of Sales</b>	<b>(353,762)</b>	<b>(262,511)</b>
<b>Gross Profit</b>	<b>116,190</b>	<b>113,335</b>
<b>Other Expenses</b>		
Admin expenses	(17,630)	(16,561)
Other operating expenses	(7,354)	(7,599)
Zakat	(278)	119
Finance costs	(24,115)	10,287
<b>Other Income</b>	<b>4,232</b>	<b>106,844</b>
<b>Profit Before Tax</b>	<b>71,045</b>	<b>185,851</b>
Tax	5,458	(18,316)
<b>Profit After Tax</b>	<b>76,502</b>	<b>167,535</b>
<b>EBITDA</b>	<b>171,093</b>	<b>135,597</b>
<b>Gross Profit before amortisation</b>	<b>171,583</b>	<b>139,886</b>

Revenue up by 25%

Costs up by 35% in line with acquisitions and higher production

Gross profit up by 2.5%

PBT (excl FY12 other income) down by 16%

PAT (excl FY12 other income) up by 15%

EBITDA up by 26%  
Gross profit excl amort up by 23%



# A closer look at costs

Cost of Sales	FY13	FY12	Variance (%)	Remarks
Estate Production Cost	144,420	130,134	+11%	In line with higher production and better efficiencies (Note: lower unit production cost)
Overhead	26,458	23,562	+12%	In line with major acquisitions
FFB Purchases	55,029	37,841	+45%	In line with commissioning of RUPOM, inclusion of GPOM as well as efforts to increase mill utilisation
Mill Manufacturing Cost	46,643	28,374	+64%	In line with higher production and new mills (Note: lower unit processing cost)
Depreciation – Estates	7,157	4,761	+50%	In line with major acquisitions
Depreciation – Mill	12,171	7,858	+55%	In line with major acquisitions
Amortisation	55,393	26,551	+109%	In line with major acquisitions

Other Costs	FY13	FY12	Variance (%)	Remarks
Admin Expenses	17,630	16,561	+6%	Costs related to acquisitions
Other operating expenses	6,142	6,311	-3%	Minimal variance
Depreciation	1,212	1,289	-6%	Minimal variance
Zakat	278	(119)	n.m.	Current assets > Current liabilities
Finance Cost	24,115	10,287	+134%	Higher debt due to major acquisitions



# Performance highlights

## FFB Production

+23% YoY  
-4% QoQ

## CPO Production

+65% YoY  
+7% QoQ

## PK Production

+50% YoY  
+9% QoQ

## CPO Realised Prices

+14% YoY  
+5% QoQ

## 4Q13 highlights

## PK Realised Prices

+37% YoY  
+25% QoQ

## Revenue

+56% YoY  
+19% QoQ

## EBITDA\*

+85% YoY  
+69% QoQ

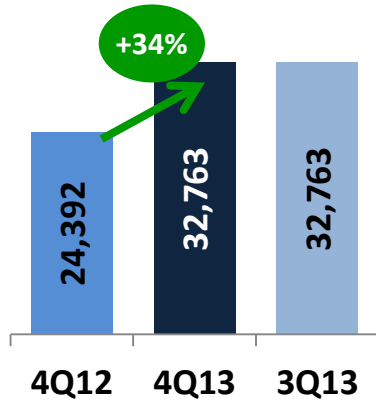
## Profit Before Tax\*

+101% YoY  
+11% QoQ

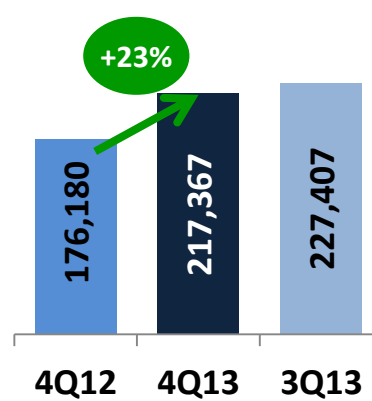
*\* Excluding RM101m surplus over fair value of net assets from 2012 acquisitions*

# A closer look at revenue indicators

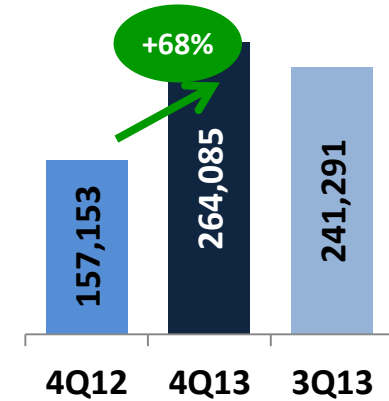
Avg Mature Area (ha)



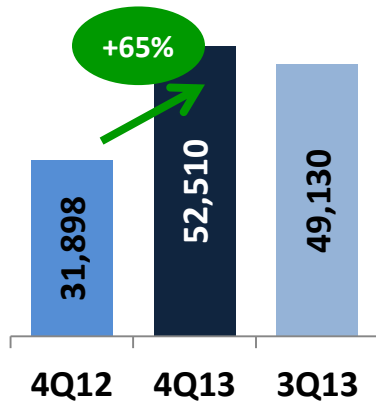
FFB Production (MT)



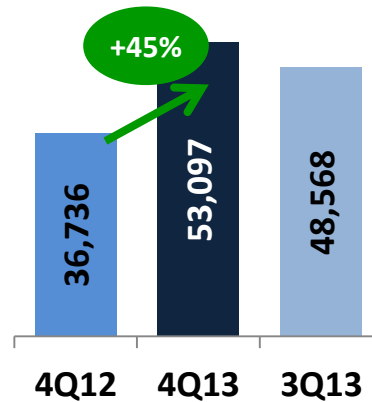
FFB Processed (MT)



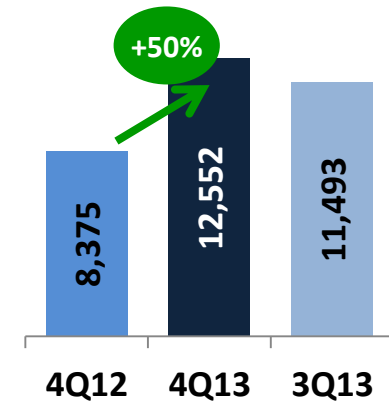
CPO Production (MT)



CPO Sales (MT)

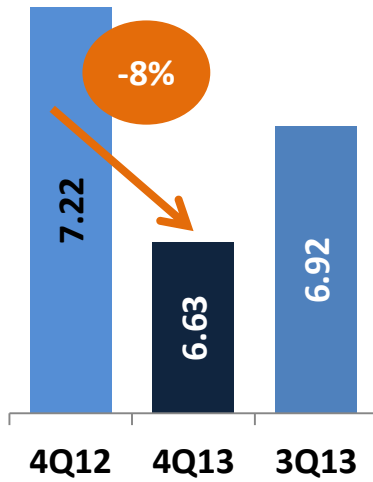


PK Production (MT)

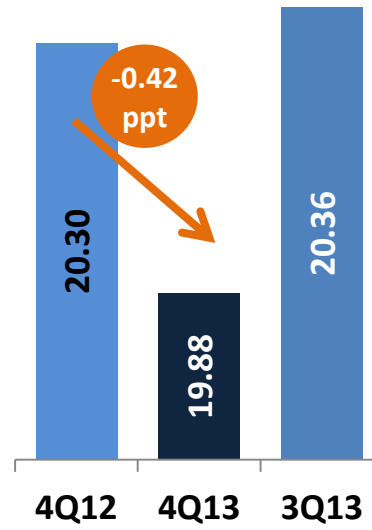


# A closer look at revenue indicators

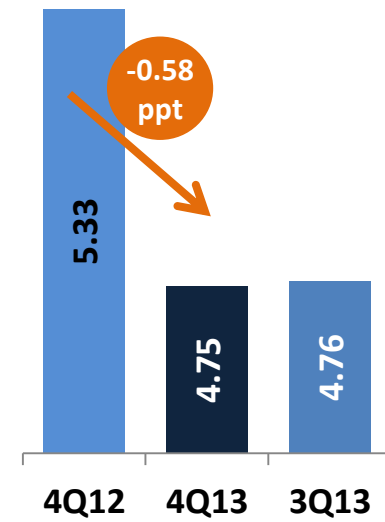
FFB Yield (MT/ha)



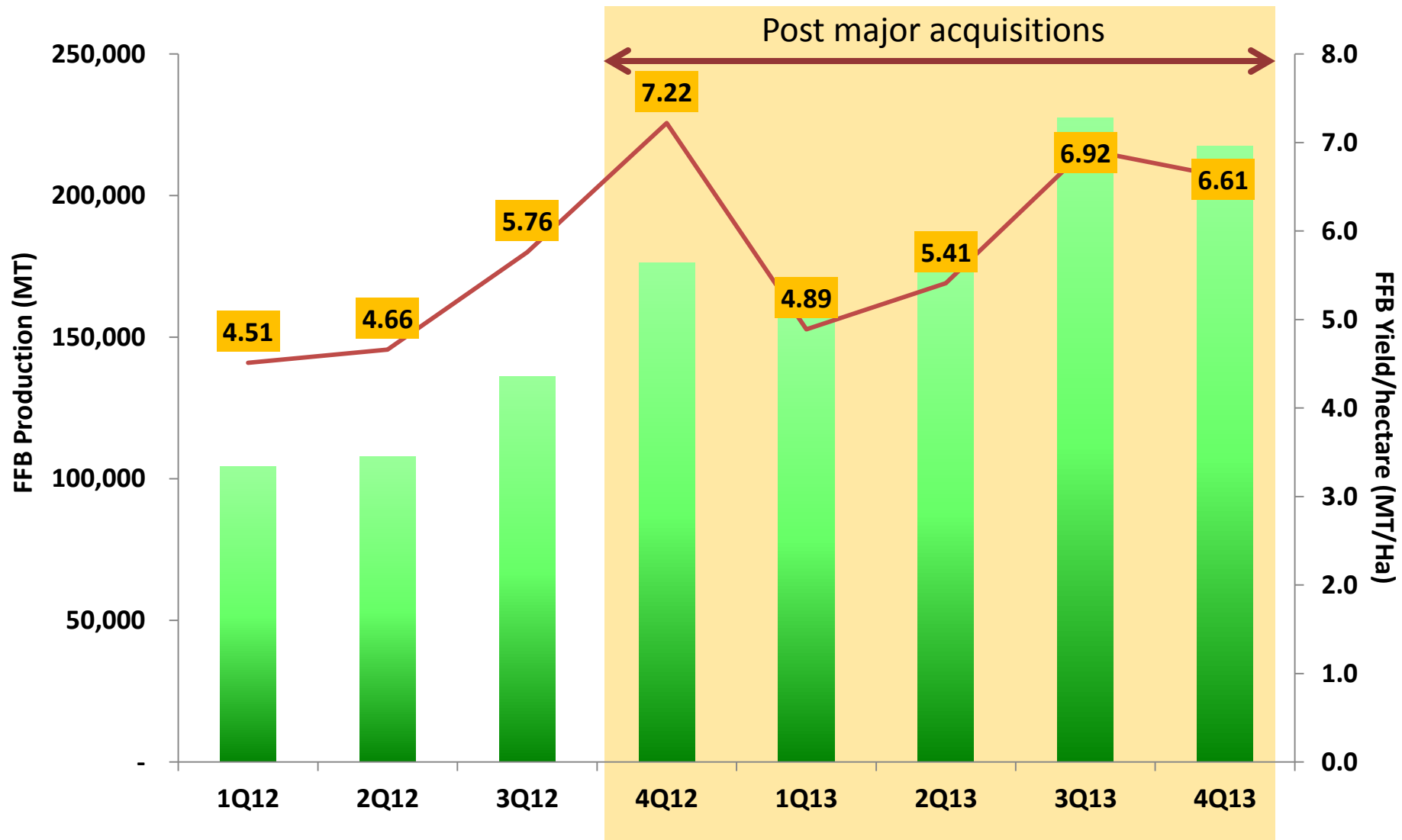
OER (%)



KER (%)



# Higher growth in FFB production seen



A landscape photograph showing a vast tea plantation in the foreground, with rows of green tea bushes stretching across the valley. In the background, a large, dark mountain range is visible under a bright blue sky. The sun is positioned on the right side of the frame, creating a strong lens flare effect with multiple rays of light radiating across the sky. The overall scene is bright and clear, suggesting a sunny day.

**Progress Update**  
**– PT PKP Acquisition Completed**

# THP to develop oil palm plantation in Kalimantan

- Acquisition completed on 11 January 2014
- THP now owns 93% stake in PT Persada Kencana Prima
- Approx 11,000 hectares of land bank
- Development work commenced, nursery and land-clearing underway
- Expect to fully develop in 3-4 years





## **Outlook**

**– Higher production, improved prices**



## Production

- ❑ Production expected to grow by 10% YoY
- ❑ However, wet season in 4Q13 and current dry spell may affect production in near term

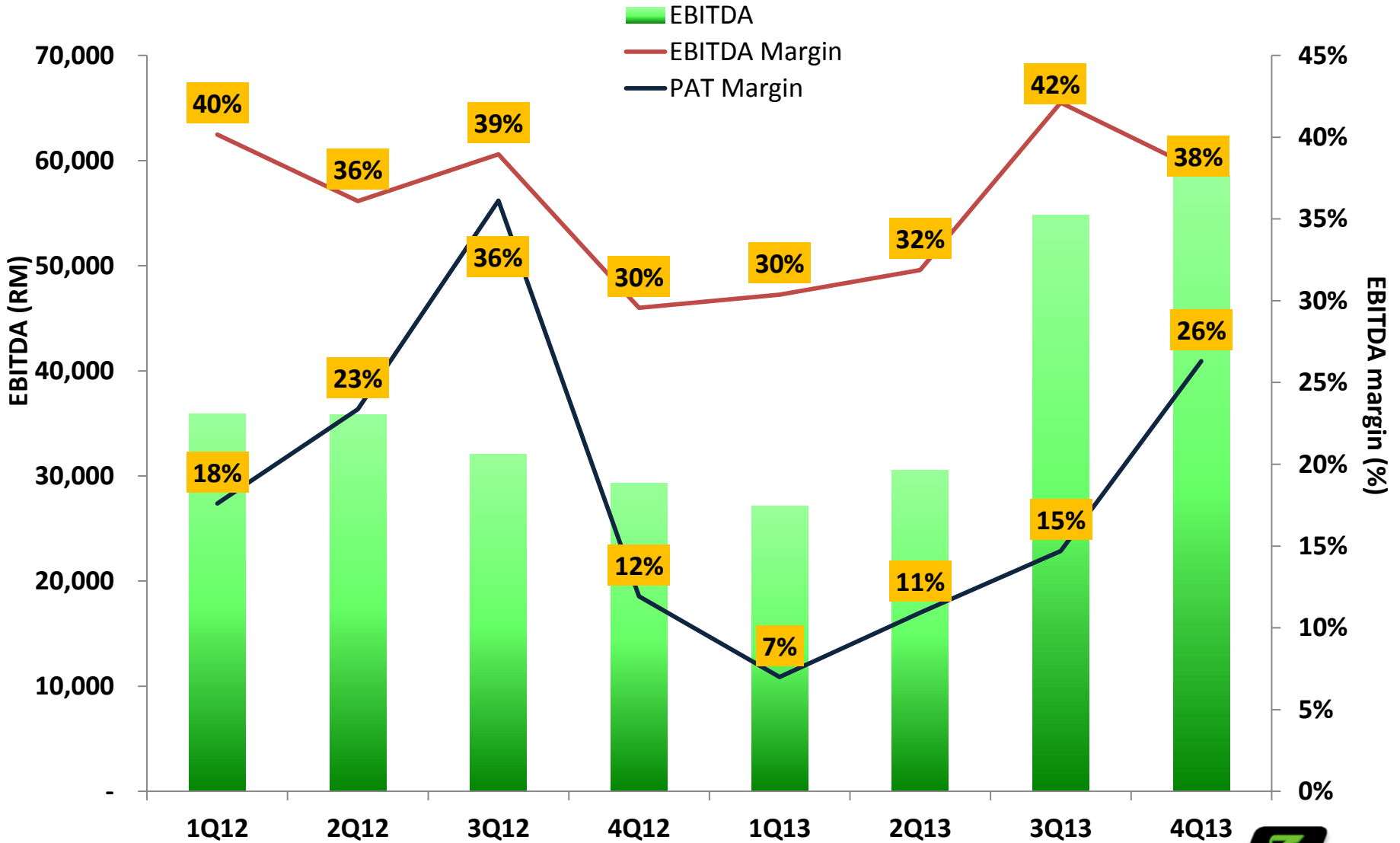
## Efficiency

- ❑ Unit production cost will continue to improve with more efficiency measures and higher productivity

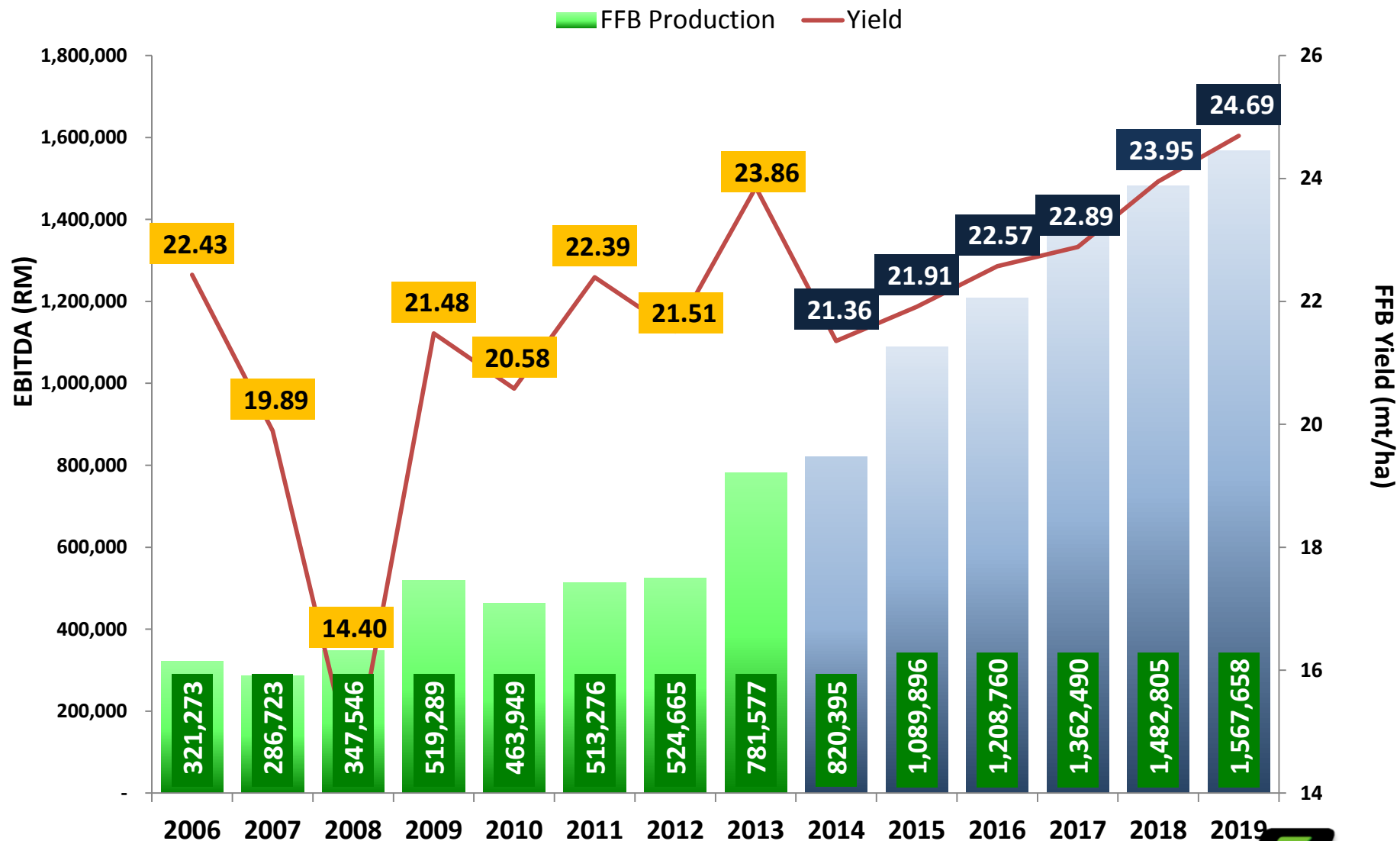
## CPO Price

- ❑ CPO prices are expected to remain firm in 1H14 supported by lower stockpiles and increase in biodiesel demand
- ❑ We will leverage on current levels of CPO price with forward sales of CPO

# Key takeaway 1 – EBITDA reasonably sustained



# Key takeaway 2 - FFB production to grow at CAGR of 14% in next 6 years

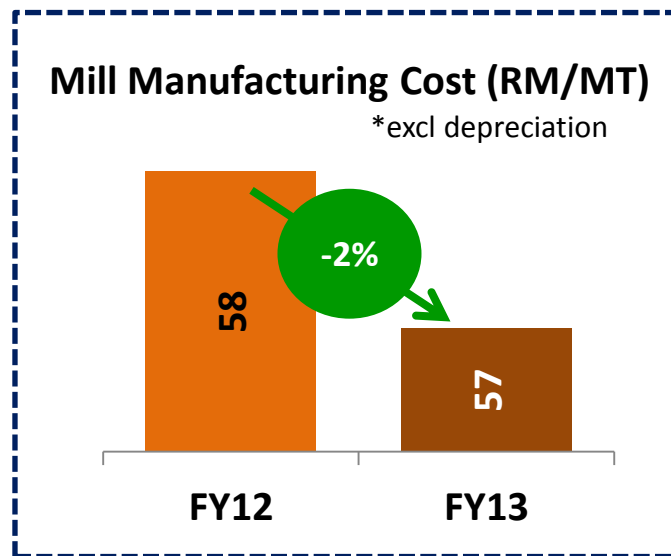
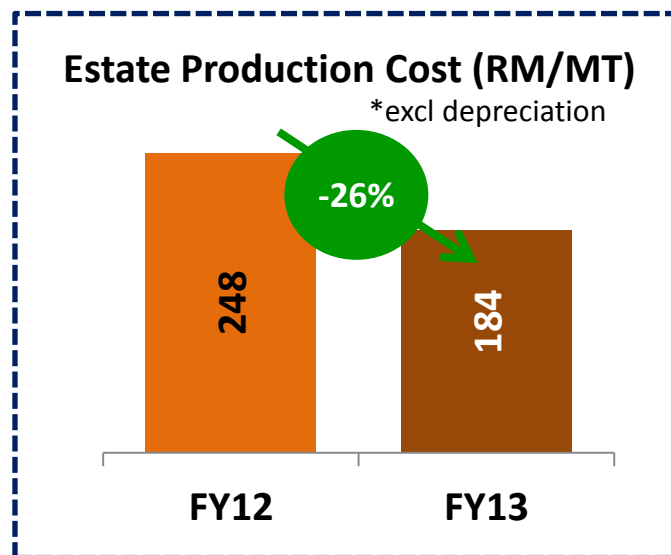
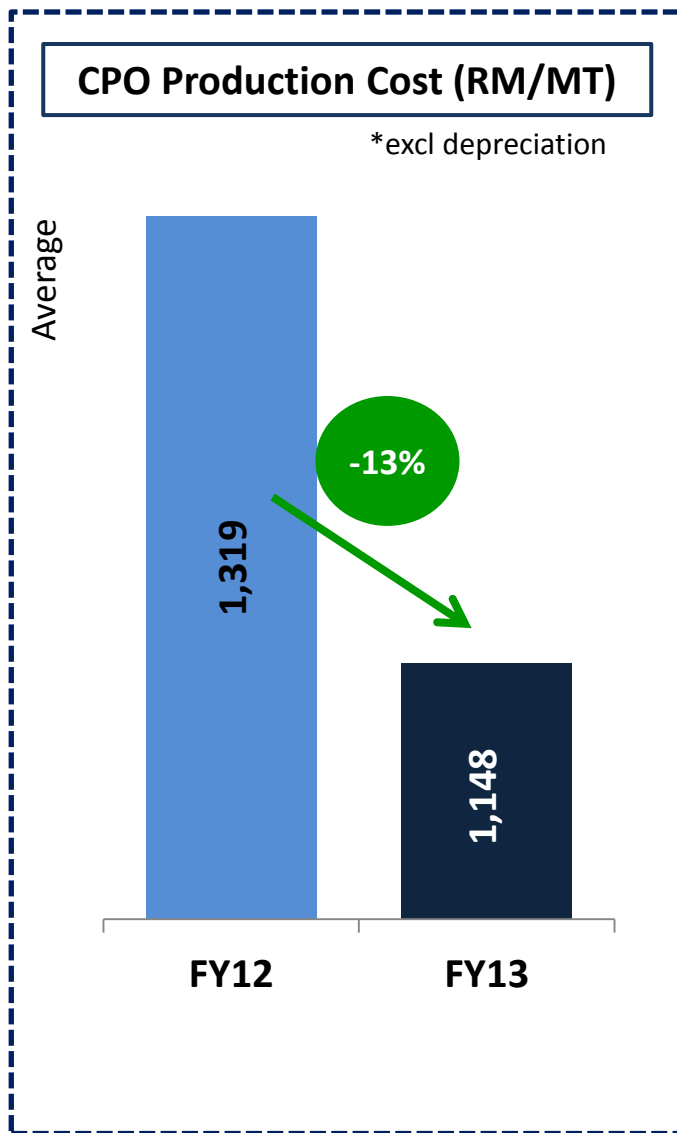


## Key takeaway 3 – Yield Improvement Programme extended

Estate	Location	MT/Ha	Oil/Ha
Mamahat	Kota Marudu	28.59	6.01
Kota Bahagia	Keratong	27.24	5.57
<b>Sg Mengah</b>	Keratong	25.10	5.15
Sg Ibok	Kemaman	25.00	
Sg Tenegang	Lahad Datu	24.53	
Gedong	Serian	24.49	5.38
Bukit Lawiang	Kluang	24.10	



# Key takeaway 4– Unit production cost to improve further





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

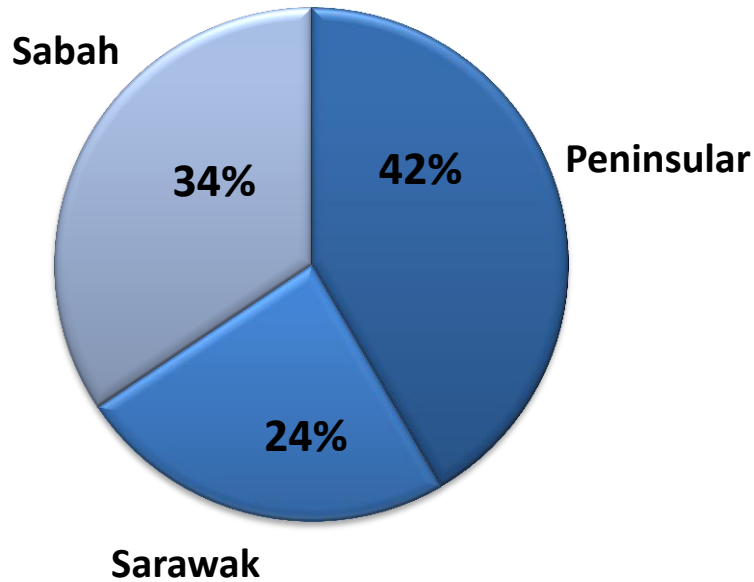
# Thank You

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

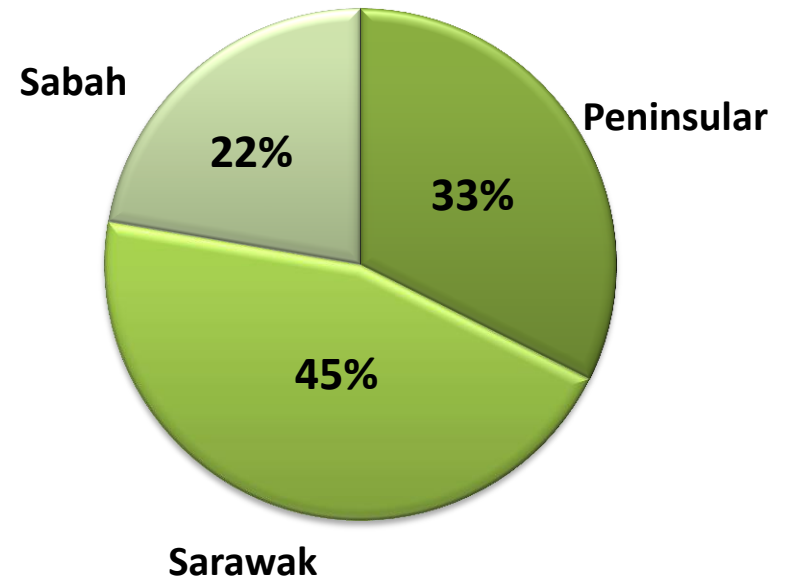
For further information/queries, please email [aizzura@thplantations.com](mailto:aizzura@thplantations.com)

# FFB contribution by region

4Q2012



4Q2013



Higher contribution from the Sarawak region following acquisitions made in 2012



# A closer look at costs

Cost of Sales	4Q13	4Q12	Variance (%)	Remarks
Estate Production Cost	37,760	30,416	+24%	In line with higher production and better efficiencies – lower unit production cost
Overhead	7,897	5,803	+36%	
FFB Purchases	27,142	4,855	+459%	
Mill Manufacturing Cost	15,802	8,507	+86%	In line with higher production and new mills – lower unit processing cost
Depreciation – Estates	1,943	1,497	+30%	In line with major acquisitions
Depreciation – Mill	3,738	2,188	+71%	In line with major acquisitions
Amortisation	15,047	8,201	+83%	In line with major acquisitions
Other Costs	4Q13	4Q12	Variance (%)	Remarks
Admin Expenses	4,722	6,485	-27%	Minimal variance
Other operating expenses	2,125	2,895	-27%	
Depreciation	310	480	-35%	
Zakat	278	(1,040)	n.m.	Current liabilities > current assets
Finance Cost	6,740	4,066	+66%	Higher debt due to major acquisitions

# Overview of Profit & Loss (4Q)

<i>(RM '000)</i>	4Q13	4Q12
<b>Revenue</b>	<b>154,549</b>	<b>99,106</b>
Sales of CPO	123,353	74,851
Sales of PK	20,232	9,236
Sales of FFB	5,231	10,182
Management fees	5,642	4,837
Dividends	91	-
<b>Cost of Sales</b>	<b>(110,644)</b>	<b>(72,505)</b>
<b>Gross Profit</b>	<b>43,904</b>	<b>26,602</b>
<b>Other Expenses</b>		
Admin expenses	(4,722)	(6,485)
Other operating expenses	(2,435)	(3,374)
Zakat	(278)	1,040
Finance costs	(6,740)	(4,066)
<b>Other Income</b>	<b>1,073</b>	<b>102,580</b>
<b>Profit Before Tax</b>	<b>30,802</b>	<b>116,296</b>
Tax	9,854	(17,477)
<b>Profit After Tax</b>	<b>40,657</b>	<b>98,819</b>
<b>EBITDA</b>	<b>58,581</b>	<b>31,488</b>
<b>Gross Profit before amortisation</b>	<b>58,951</b>	<b>34,802</b>

Revenue up by 56%

Costs up by 53% in line with acquisitions and higher production

Gross profit up by 65%

PBT (excl other income from 4Q12) up by 105%

EBITDA up by 86%  
Gross profit excl amort up by 69%

