



TH PLANTATIONS BERHAD

## ANNEXURE A

# 49<sup>th</sup> ANNUAL GENERAL MEETING

27 JUNE 2023

PRESENTATION BY

MOHAMED ZAINURIN MOHAMED ZAIN

Chief Executive Officer



TH PLANTATIONS BERHAD  
Registration No. 197201001063 (2023-M)  
(Incorporated in Malaysia)



ANNUAL  
REPORT  
2022

OPTIMISING

PERFORMANCE



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# OVERVIEW



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## Shareholding FY2022

73.84%



**TABUNG HAJI**  
حي على الفلاح

	MARKET CAP	SHARE PRICE
<b>FY2022</b>	RM 441,941,279	RM 0.53
<b>FY2021</b>	RM 530,310,882	RM 0.60

26.16%

**PUBLIC**



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## Current Business Model

Developing & Cultivation of Oil Palm	Processing FFB into CPO & PK	Marketing of CPO, PK & FFB	Managing Agent
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## Workforce

**FY2022**

	Executive & Above	<b>244</b>
	Support (Clerical & Non-clerical)	<b>486</b>
	Local & Foreign Labour	<b>4,573</b>

**Σ Workforce =**

**5,303**

# OVERVIEW



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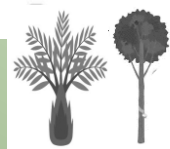
## THP GROUP

**Land Bank 97,809Ha**  
**38 Estates**  
**6 Palm Oil Mills**

### INDICATORS



THP Group	
<b>Σ Subsidiaries = 25</b>	
<b>Σ Workforce = 5,303</b>	
<b>Σ Landbank = 97,809</b>	
Peninsular	13,453 Ha
Sabah	25,643 Ha
Sarawak	51,784 Ha
Indonesia	6,929 Ha
<b>Σ Planted Area = 67,332 Ha</b>	
Oil Palm	56,952 Ha
Rubber & Teak	10,380 Ha
UJEHS*	8,295 Ha
<div> <div></div> Oil Palm Plantation                     <div></div> Rubber/Teak Plantation                     <div></div> As Managing Agent                 </div>	
*Managing Agent	



**41 estates in Malaysia & Indonesia**  
 (38 Estates + 3 Estates as Agent)



**7 palm oil mills with 285 MT/Hour**  
 (6 Mills + 1 Mill as Agent)



**±106,580 Ha of plantation**  
 (97,809 Ha + 8,771 Ha as Agent)



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# THP 2022 FINANCIAL PERFORMANCE



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**REVENUE**

**RM 881.3m**

**FY21: RM 760.8m**



**PAT**

**RM 87.9m**

**FY21: RM101.6m**



**PATAMI**

**RM 68.8m**

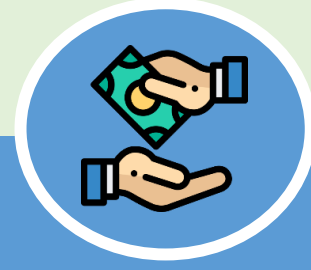
**FY21: RM70.1m**



**YIELD**

**13.21mt/h**

**FY21: 13.3mt/h**



**DEBT**

**0.60x**

**FY21: 1.22x**



**DIVIDEND**

**3.0 sen**

**FY21: NIL**

# FINANCIAL PERFORMANCE FY2022



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*Main Factors contributing to the positive performance...*

	FY2022	FY2021	YoY
<b>1. HIGHER SELLING PRICES</b>	<b><u>RM/mt</u></b>	<b><u>RM/mt</u></b>	
CPO	4,476	3,762	18.9%
PK	2,884	2,768	4.2%
FFB	1,023	842	21.5%
<b>2. HIGHER SALES QUANTITY</b>	<b>MT</b>		
CPO	154,204	154,026	0.12%
PK	38,465	36,931	4.15%
	<b><u>RM'000</u></b>	<b><u>RM'000</u></b>	
<b>3. HIGHER FAIR VALUE FORESTRY</b>	<b>17,371</b>	<b>7,489</b>	<b>131.95%</b>
<b>5. LOWER FINANCE COST</b>	<b>62,981</b>	<b>71,430</b>	<b>11.83%</b>

## BORROWINGS & GEARING RATIO



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*THP is in a positive net cash position from its operating & financial activities with lower debts.*

	FY2022	FY2021	YoY
Net Gearing (times)	0.60	1.22	↓
RM'Mil			
Borrowings	856	1,372	↓
Cash and Cash Equivalents	116	260	↓
Net Borrowings	740	1,112	↓

FY2022



**+RM146,470**

**NET CASH GENERATED FROM  
OPERATING ACTIVITIES**



**-RM34,313**

**NET CASH USED IN  
INVESTING ACTIVITIES**



**-RM252,734**

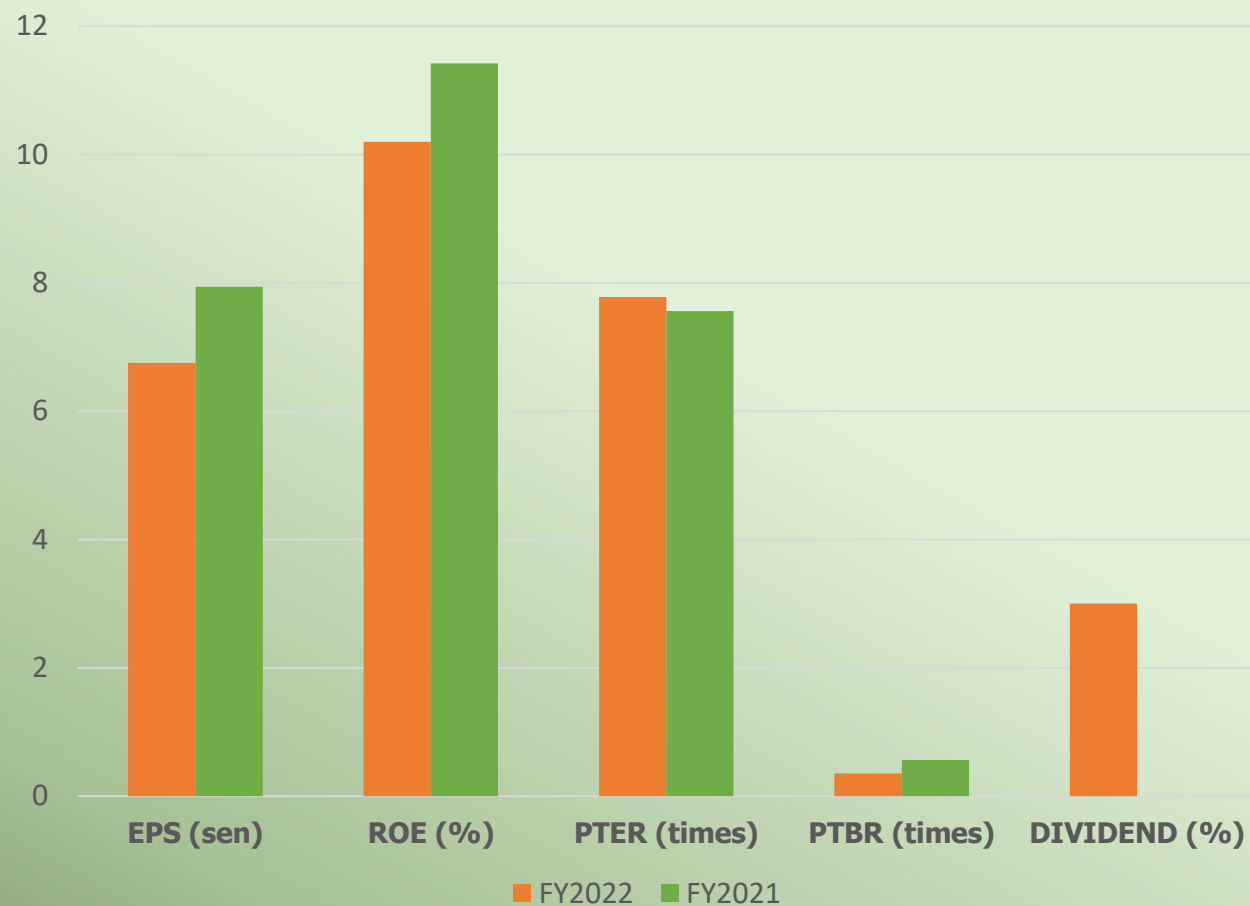
**NET CASH GENERATED FROM  
FINANCING ACTIVITIES**

## KEY FINANCIAL RATIO



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*Lower EPS and ROE inline slightly lower with PATAMI*



	FY2022	FY2021
EPS (sen)	6.75	7.94
ROE (%)	10.2	11.42
PRICE TO EARNING RATIO (times)	7.78	7.56
PRICE TO BOOK RATIO (times)	0.35	0.56
DIVIDEND (%)	3	NIL



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# LAND BANK & AREA STATEMENT BY REGION FY2022



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*Approximately 68% of the land area is planted.*

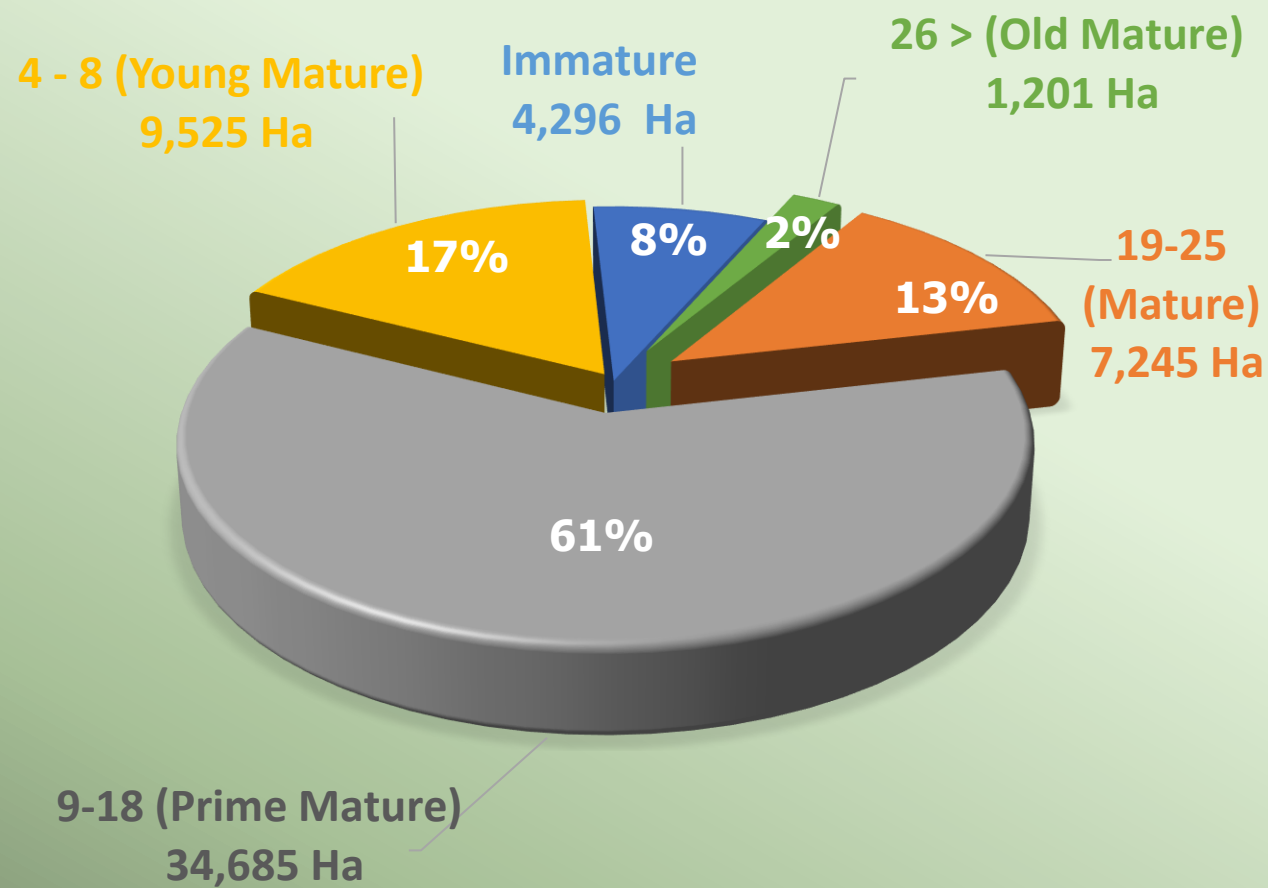
	MATURE	IMMATURE	IN-COURSE OF PLANTING	PLANTED AREA	OTHERS/ IDLE LANDS	TOTAL LAND BANK
REGION	OIL PALM (Ha)					
Semenanjung	11,689	930	305	12,924	529	13,453
Sabah	7,299	1,274	500	9,073	857	9,930
Sarawak	32,666	475		33,141	18,643	51,784
Indonesia	1,002	812		1,815	5,115	6,929
<b>Total</b>	<b>52,656</b>	<b>3,491</b>	<b>805</b>	<b>56,952</b>	<b>25,144</b>	<b>82,096</b>
	RUBBER & TEAK (Ha)					
Sabah	-	10,380	-	10,380	5,333	15,713
<b>Total</b>	<b>-</b>	<b>10,380</b>	<b>-</b>	<b>10,380</b>	<b>5,333</b>	<b>15,713</b>
<b>Total Land bank</b>	<b>52,656</b>	<b>13,871</b>	<b>805</b>	<b>67,332</b>	<b>30,477</b>	<b>97,809</b>

# AGE PROFILE



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*Approximately 91% of the oil palm is producing fruitlets.*



OIL PALM AGE PROFILE / HA	FY2022	FY2021
Immature	4,296 (8%)	4,910 (8%)
Young Mature (4-8 years)	9,525 (17%)	10,123 (18%)
Prime Mature (9-18 years)	34,685 (61%)	33,693 (59%)
Mature (19-25 years)	7,245 (13%)	7,274 (13%)
Old Mature (26 > years)	1,201 (2%)	1,380 (2%)
Total Planted Area	56,952 (100%)	57,381 (100%)

# 1<sup>st</sup> year harvesting – 1,403 ha  
 2<sup>nd</sup> year harvesting – 1,571 ha

2,974 ha or 6%  
 of mature area

## OPERATIONAL PERFORMANCE VS MPOB



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*THP recorded higher FFB yield in Peninsular Malaysia and Sabah compared to MPOB average. The Sarawak estates are undergoing consolidation activities to ensure future sustainable production and growth.*

	THP						MPOB					
	FFB Yield		OER (%)		KER (%)		FFB Yield		OER (%)		KER (%)	
	FY2022	FY2021	FY2022	FY2021	FY2022	FY2021	FY2022	FY2021	FY2022	FY2021	FY2022	FY2021
Peninsular Malaysia	17.82	18.02	19.44	19.75	4.93	4.93	16.41	16.24	19.57	19.83	5.22	5.23
Sabah	17.97	18.74	20.22	20.85	4.18	4.15	15.39	15.77	20.25	20.56	4.47	4.51
Sarawak	10.87	11.03	18.46	19.17	4.92	4.75	14.13	13.94	19.47	19.88	4.35	4.39
Average	13.21	13.36	19.19	19.71	4.79	4.72	15.49	15.47	19.70	20.01	4.86	4.88



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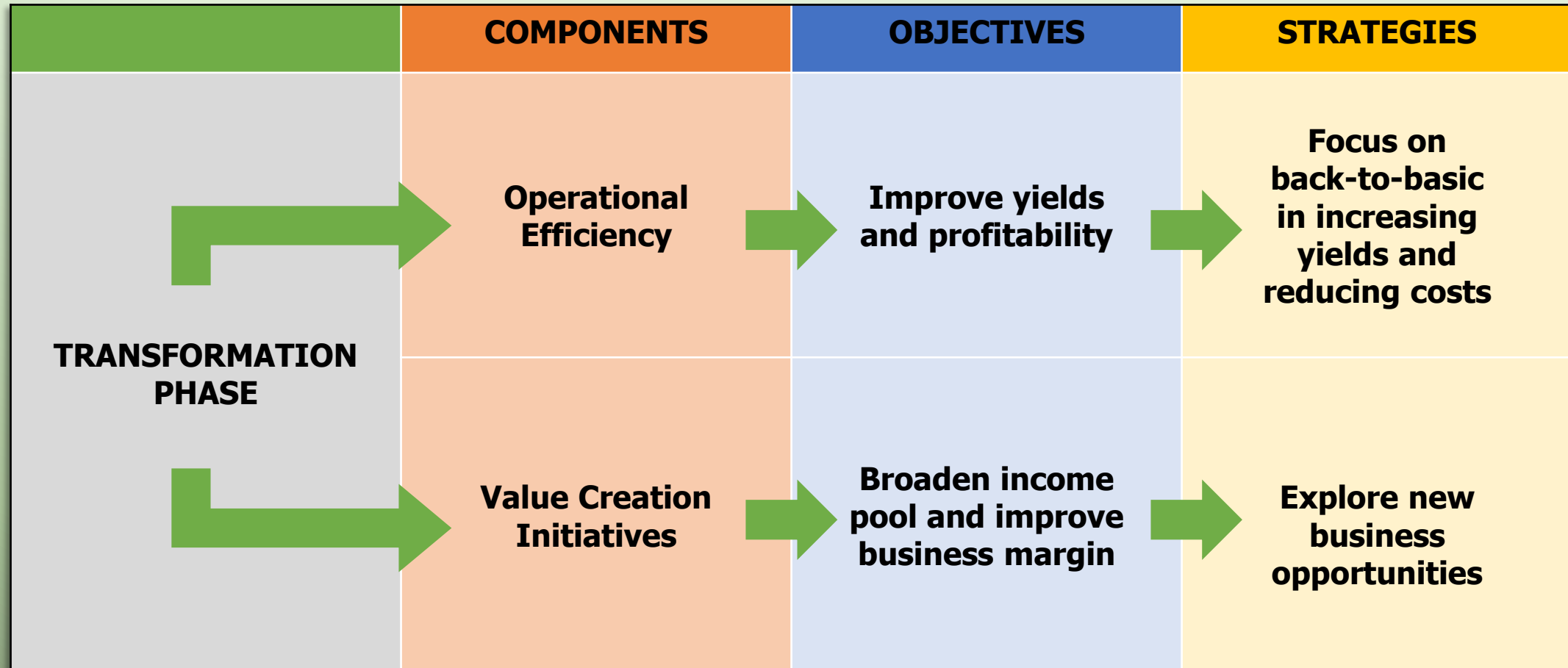
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# TRANSFORMATION PHASE



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*The Group concentrates on its transformation phase, with emphasis on enhancing its operational efficiency and value creation initiatives .*



## TRANSFORMATION PHASE



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*A concerted effort has been made to ensure overall improvement through various operational programmes, governance practices and systems:*

PROGRAMMES	VALUE CREATION INITIATIVES	GOVERNANCE PRACTICES	SYSTEMS
<b>Scheduled Replanting Programme</b> to achieve sustainable optimum crop production and oil palm age	<b>Increase Purchase of FFB</b> to optimise mills' capacity by aggressive management in outsourcing and purchasing of external FFB	<b>Sustainable Practices &amp; Compliance with the Malaysian Sustainable Palm Oil ("MSPO") standards, towards better Environment, Social and Governance ("ESG") Practices</b>	<b>Optimise Utilisation of Mill By-Products</b> to serve as a substitute for inorganic fertiliser in estates and as fuel for steam production and power generation
<b>Improve Agronomic Input and Quality</b> to achieve optimum yield potential	<b>Effective Manpower Capability &amp; Knowledge</b> to realign the Performance Management System, Management & Monitoring and encourage knowledge sharing practices	<b>Enhance the Enterprise Risk Management Framework</b>	<b>Enhance Use of Technology</b> to further streamline operations, enhance reporting and increase efficiency
<b>Assets Consolidation Programme</b> to achieve optimum crop production, higher yield, OER & KER	<b>Promote Biogas Production</b> to explore utilisation of biomass including palm oil mill effluent (POME) as fuel for power generation	<b>Enhance Policies &amp; Standard Operating Procedures</b>	<b>Expand Mechanisation Initiatives</b> to reduce dependency on labour and increase productivity

# TRANSFORMATION INITIATIVES - PROGRAMME

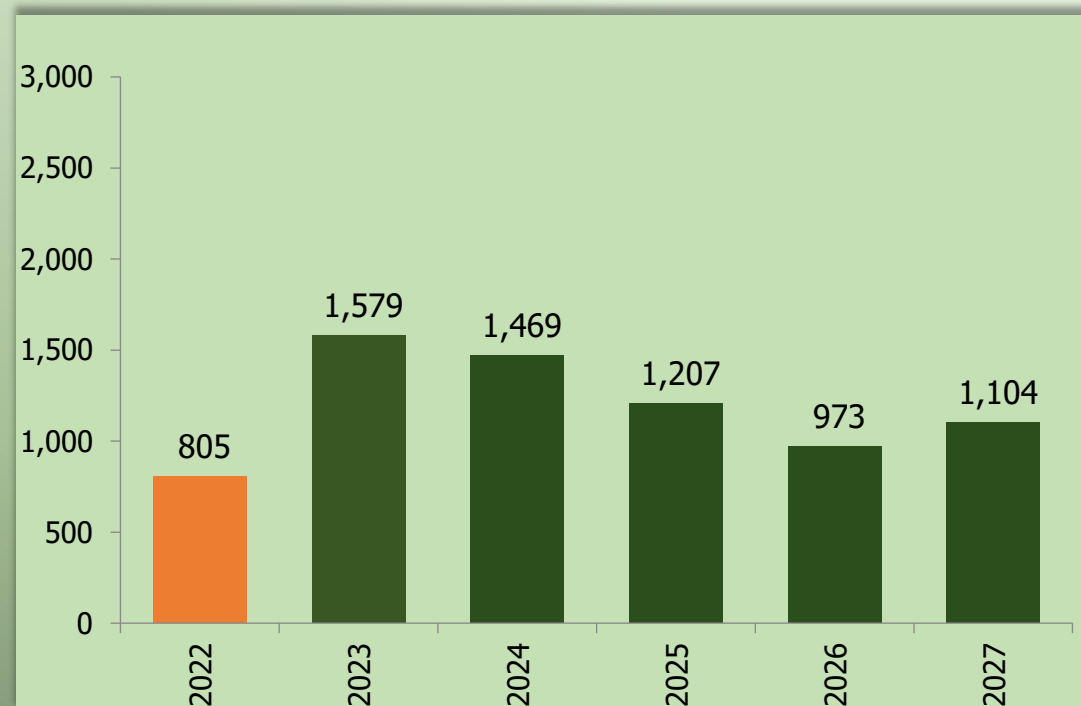


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*Scheduled Replanting Programme to ensure optimum age profile.*

**Replanting Policy** : 5% of the total planted area annually  
: Maintaining an immature area of approx. 15%

## Replanting Programme from FY2022 to FY2027



## Replanting Programme of 805 Ha in FY2022

ESTATE	ACTUAL (HA)	ESTIMATE (HA)	PROGRESS AS AT FY2022 (%)	PROGRESS AS AT 1Q2023 (%)
Sungai Mengah	67	305	22	100
Bukit Gold	187	280	67	100
Bukit Belian	107	220	49	100
<b>Total</b>	<b>361</b>	<b>805</b>	<b>45</b>	<b>100</b>

## CONSOLIDATION ACTIVITIES



To further improve yields and overall profitability of the estates, which includes upkeep & weeding, improving roads & bridges, soil conservation, pest & disease control, water management and optimal fertiliser application.

REGION	ESTIMATED COMPLETION DATE	NATURE OF CONSOLIDATION WORKS
Peninsular	July 2023	Weeding, pruning and sanitation pruning
Sabah	June 2023	Pruning, desilting drains and road upkeep
Sarawak	December 2023	Weeding, pruning, water management, road upkeep and optimum manuring application

## GOOD AGRONOMIC PRACTICES



1. Implement a fertilizer program to maximize manuring application
2. Maintaining suitable water-table depth
3. Retaining soft grasses in fields as a natural groundcover
4. Ensure optimum number of fronds and pruning
5. Keeping good cover crops in immature and young mature areas

# TRANSFORMATION INITIATIVES - PROGRAMME



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## ***INCREASED FFB PURCHASE TO OPTIMISE MILLS CAPACITY***

Embarked on a two-pronged strategy to aggressively increased purchase of FFB from third parties to optimise the capacity of the mills. Established a Strategic Partnership Program with local smallholders for FFB supply. Increased mills utilisation rate, FFB processed and sales volume.



# TRANSFORMATION INITIATIVES - PROGRAMME



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## EFFECTIVE MANPOWER CAPABILITY & KNOWLEDGE

Realign the Performance Management System, Management & Monitoring, Training and encourage knowledge sharing practices



# TRANSFORMATION INITIATIVES – GOVERNANCE PRACTICES



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## CERTIFICATION & ESG INITIATIVES

**All of our estates and mills are MSPO and MSPO SCCS certified. Compliance with the ESG standards and practices.**



**Installation of Electrostatic Precipitator Systems (ESP) at 5 mills to reduce air pollution emissions and improve air quality.**

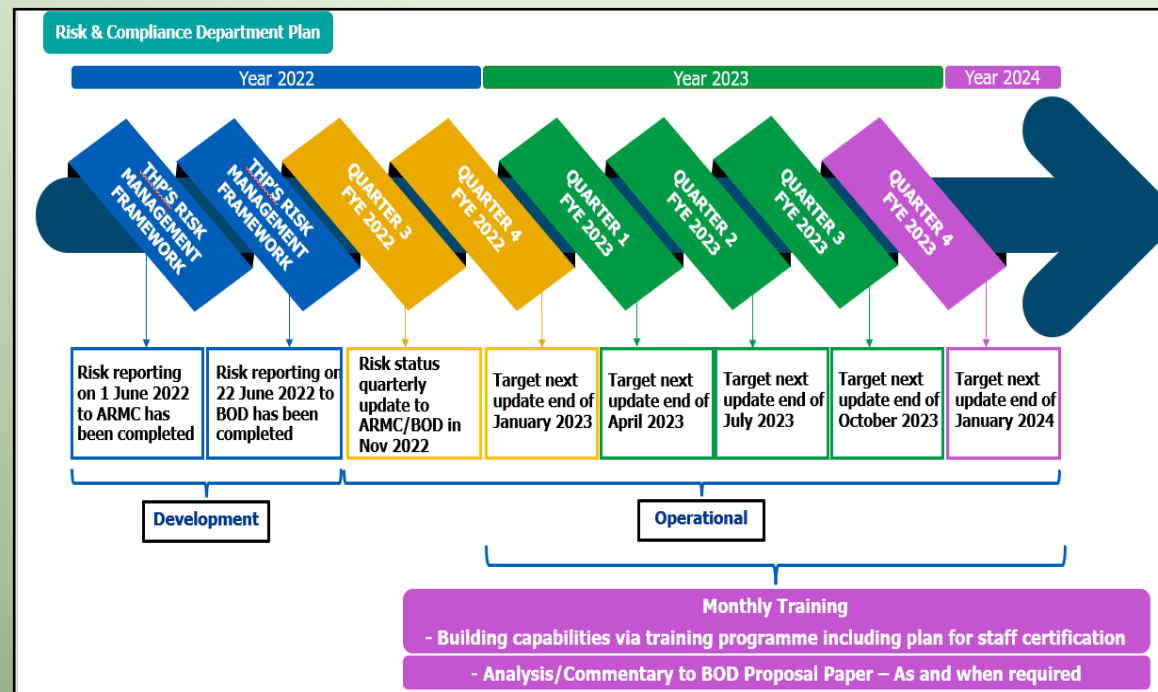


**A 7 years commitment to a Conservation Programme at Sg Arong Forest Reserve, Mersing Johor.**



**Explore utilization of biomass including Palm Oil Mill Effluent (POME).**

## Enhancement the Enterprise Risk Management Framework



## Enhance Policies & Standard Operating Procedures



# TRANSFORMATION INITIATIVES - SYSTEMS



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*Optimise utilisation of Mill By-Products as a source for renewable energy and substitute for inorganic fertilizer.*



# TRANSFORMATION INITIATIVES - SYSTEMS



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*Expand  
Mechanisation  
Initiatives to  
Improve  
Productivity*

**Invested RM1.6 million  
on machines like  
Mechanical Buffalo,  
Fertilizer Spreader,  
Mechanical Crawler and  
Grabber.**



# TRANSFORMATION INITIATIVES - SYSTEMS



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## Enhance Use of Technology

### *Digital Meeting management software*



**Digital meeting management software that promotes active collaboration, accountability, and transparency.**

### *HRMIS e-Claim (HQ) (eClaim)*



**Employee claims via browser or mobile apps which promote paperless, convenient, fast and easy.**

### *Hardware Leasing*



**Conserve cash flow, hedge against equipment obsolescence and cost effective.**

# TRANSFORMATION INITIATIVES - SYSTEMS

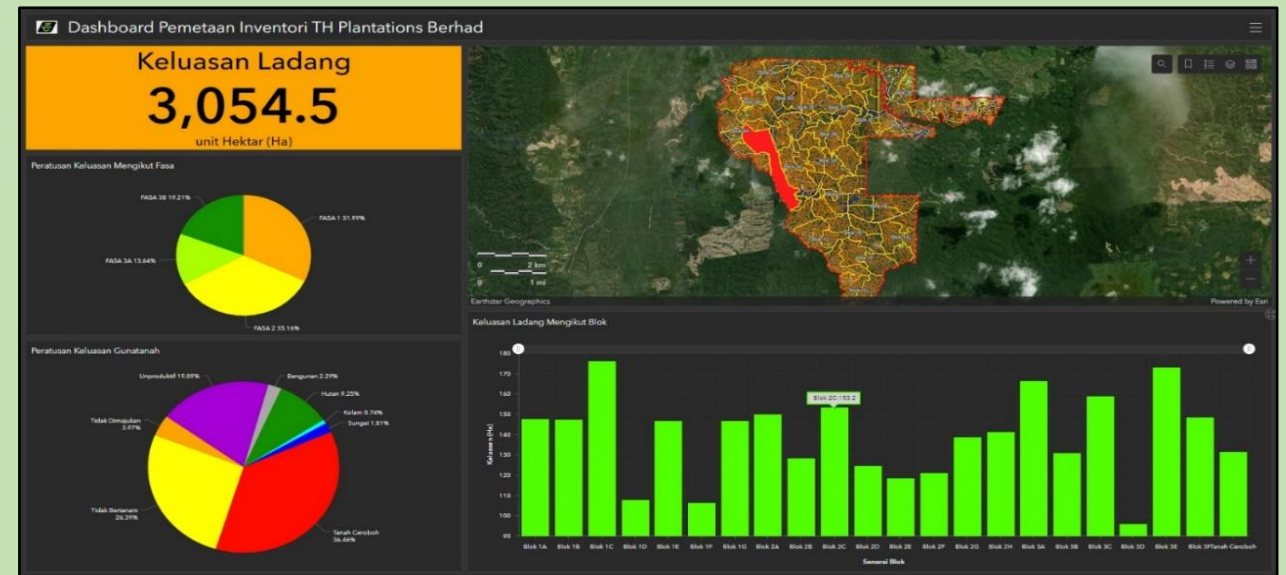
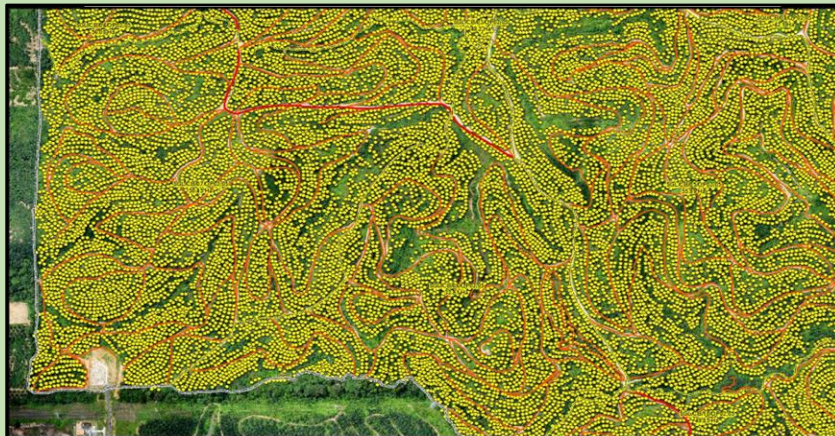


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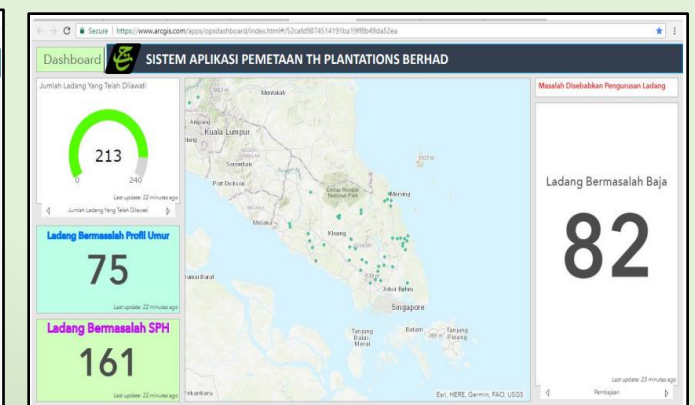
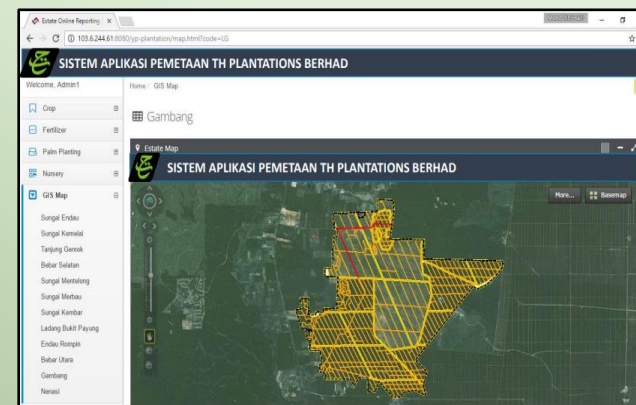
## Drone Technology - Digital Mapping, Pest Data Gathering & Accurate Tree Counting



Mapping and Inventory of Oil Palm Plantations – Tree Counting



Sample Output (Web GIS - Dashboard)





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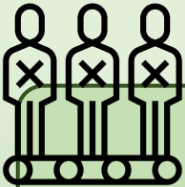
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# CHALLENGES - OPERATIONS



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## LABOUR SHORTAGE

- ❑ Slow return of foreign workers especially harvester which reduces yields per hectare basis
- ❑ THP Worker Ratio per hectare is 1:14 compared to an ideal ratio of 1:10
- ❑ Harvesters' ratio per hectare is 1:27 compared to an ideal ratio of 1:20

### SOLUTION:

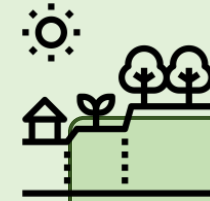
- ❑ Continued to prioritise mechanisation program to counter impact of labour shortages and improve operational efficiency
- ❑ Outsourcing of Harvesting Operations

## DISTRUPTION OF GLOBAL SUPPLY CHAIN & INFLATION

- ❑ Various conflicts had disrupted global supply chains resulting in higher energy, commodity and food prices, while demand has risen sharply
- ❑ Price increases have resulted in higher inflation and lower economic growth

### SOLUTION:

- ❑ Estates and mills have been successful in managing the operational challenges
- ❑ Continue to pursue the transformation initiatives to optimise performance and ensure long-term growth



## CONSTRAINT ON LAND UTILISATION

- ❑ To maximise the value of the land
- ❑ Immature Rubber and Teak Plantation

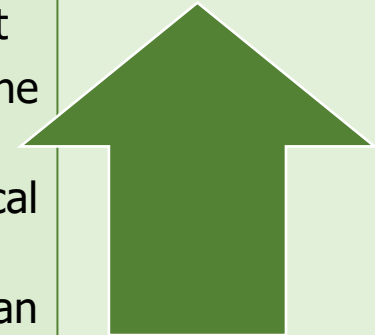
### SOLUTION:

- ❑ Incorporate idle plantable reserved area into the scheduled replanting programme
- ❑ Identify new partnership to optimise immature Rubber and Teak trees to generate immediate cashflow
- ❑ Explore new project partnership to turn suitable idle lands into other crop planting business

*Demand for Palm Oil is expected to remain strong in the future ...*

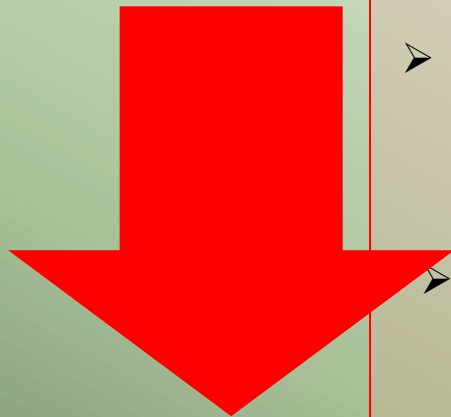
### **BULLISH FACTORS**

- **Weak Ringgit Malaysia against US Dollar** – stimulate demand support
- **Confirmed El Niño effect** – reduced stock and pushing the price on the upside
- **Indonesia Biodiesel Mandate (B35)** – fully implemented, increased local use and less export
- **Competitiveness Of Palm Products** - against South American soyabean oil improved



### **CRITICAL ISSUES**

- **Market expectation higher stock to build up starting from May 2023 onwards in Malaysia**
  - **India palm oil import sank to a 27 months low in May 2023** due to cheaper prices of soya oil and sunflower
- **Expected Larger Supply** - due to seasonal peak season starting from May to October 2023
  - **Lower Crude Petroleum Price**





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## CONCLUSION – KEY MESSAGE

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**THP Performed better in 2022 despite a challenging operating year.**



**Improving Operational Efficiency remains key to ensure THP's growth, impact and sustainability**



**Positive Performance shows THP is on the right track to be a respectable company through its Transformation Initiatives**



**THP is embarking on a five-year Strategic Business Plan (2023 – 2028)**



**THP strives to maximise the returns to Shareholders**

## **APPRECIATION**

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**The Management would like to record our appreciation to THP's Board Members for their support in executing the Transformation Phase through the various initiatives**

**The Board's leadership and valuable inputs played a vital role in achieving THP's positive results and is essential towards a sustainable business and value**

**We thank you all shareholders for your continuous support to THP and look forward to a better year in 2023**



TH PLANTATIONS BERHAD  
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**THANK YOU**