



TH PLANTATIONS BERHAD

41st ANNUAL GENERAL MEETING

Presentation to Shareholders

20 May 2015

TH Plantations Berhad Today



Revenue

RM488.92m



Profit Before Tax

RM58.21m



PATAMI

RM48.32m



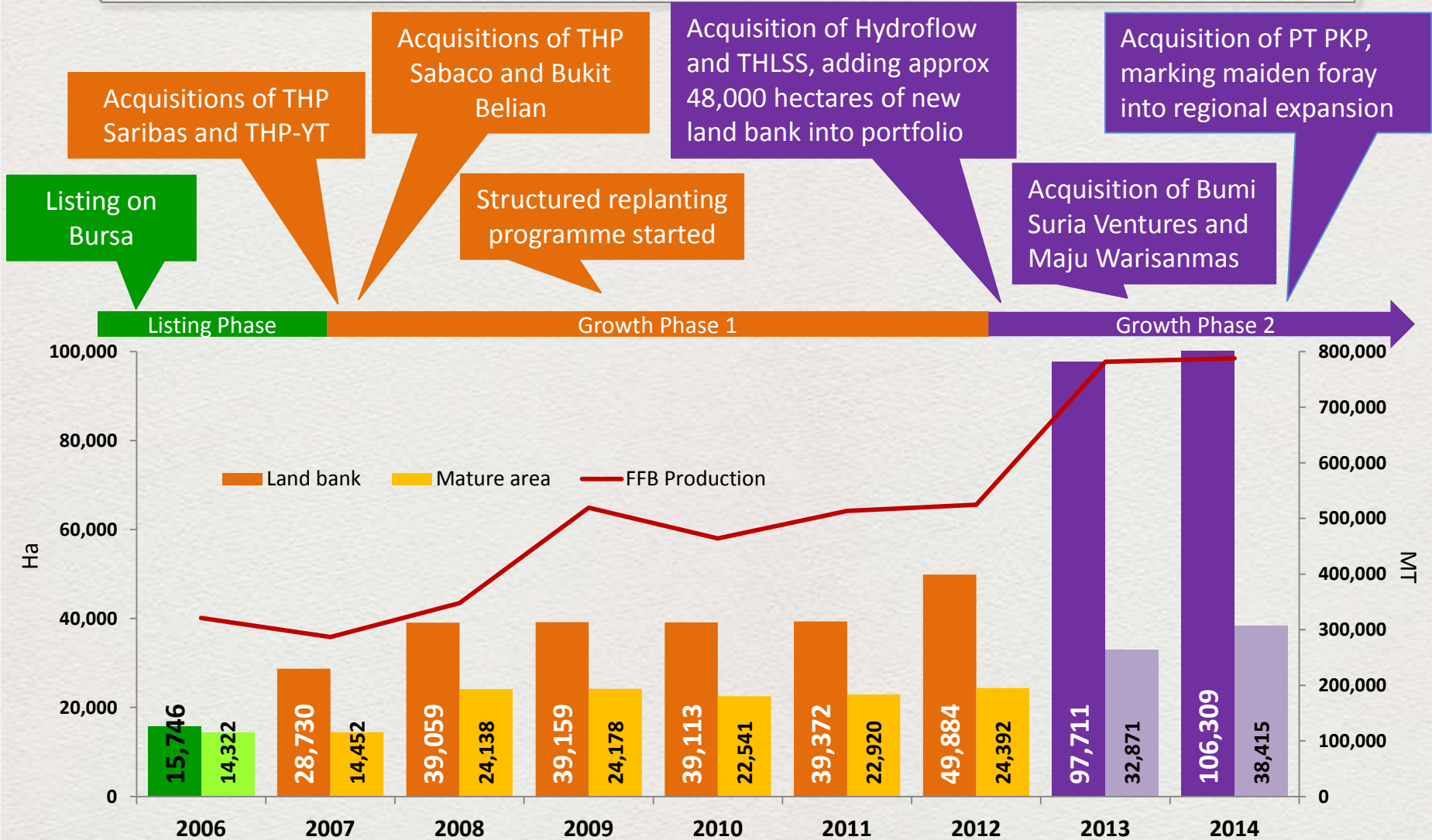
Market Cap

RM1.50b

106,309 Ha of land
40 estates
7 palm oil mills

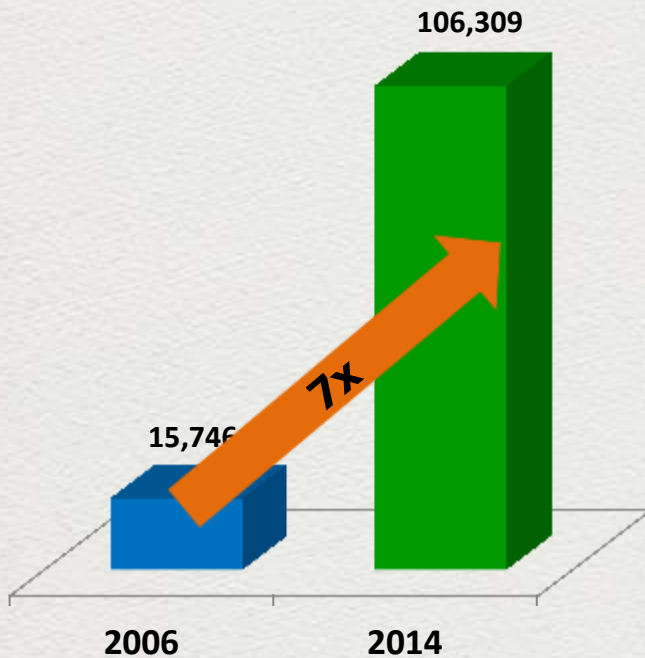


THP's land bank has grown almost 7x since listing

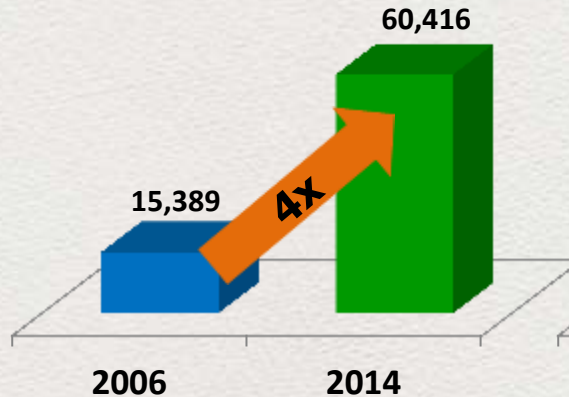


THP is now a medium-sized upstream plantation player

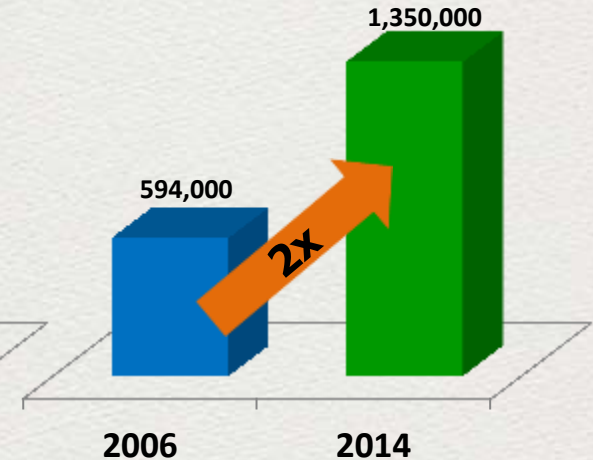
Land Bank (ha)



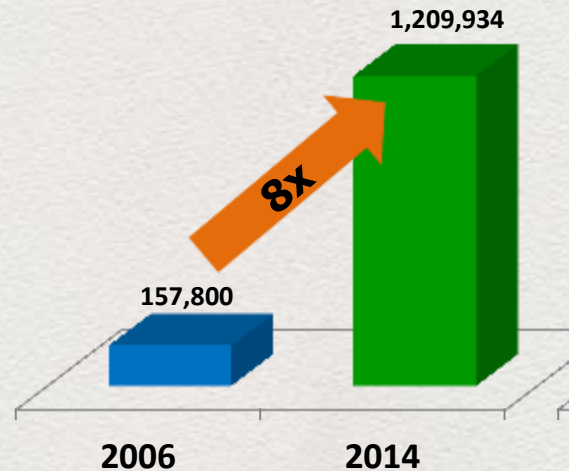
Planted Area (Oil Palm) (ha)



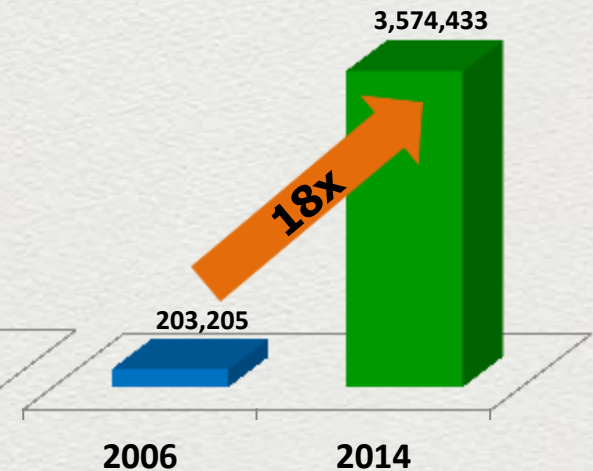
Mill Capacity (mt/year)



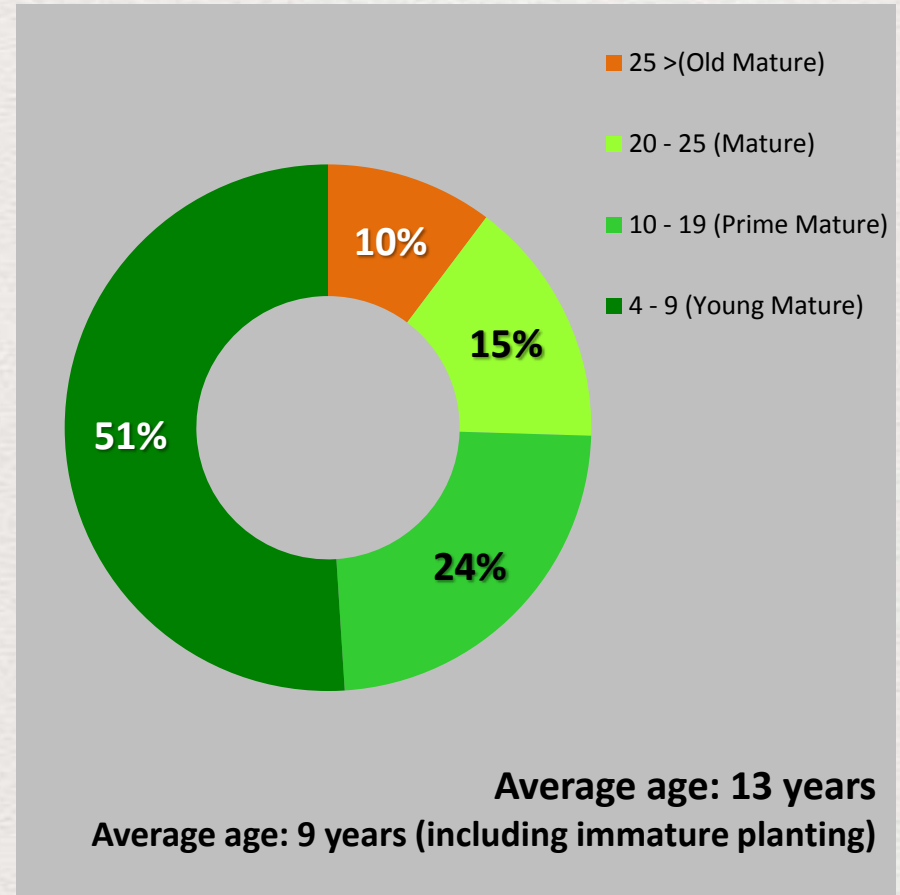
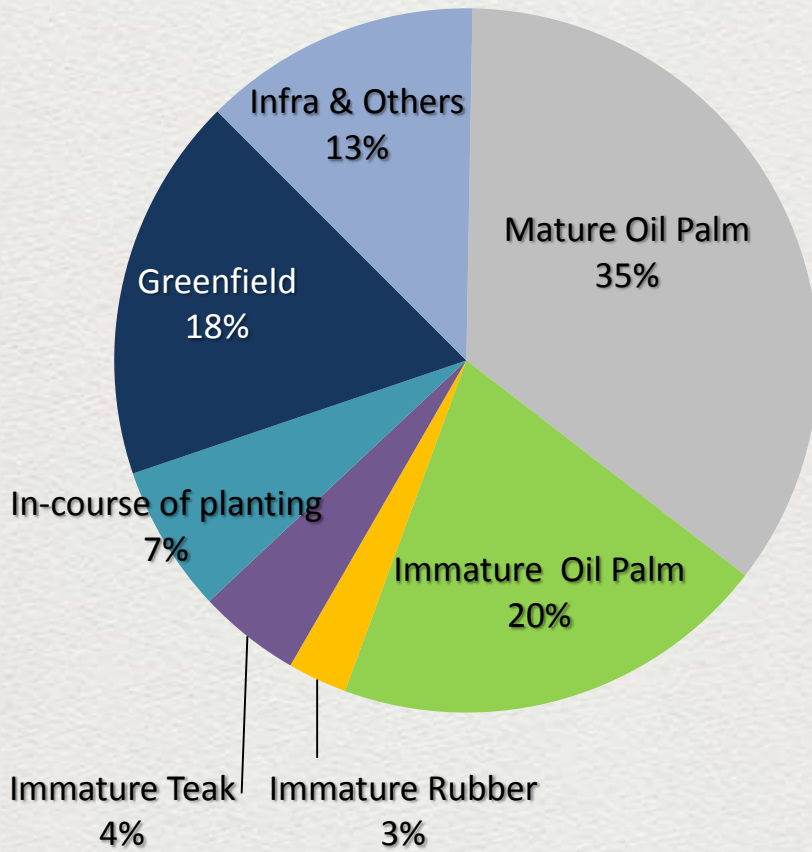
Shareholders' Equity (RM'000)



Total Assets (RM'000)



Our portfolio as at 31 Dec 2014





TH PLANTATIONS BERHAD

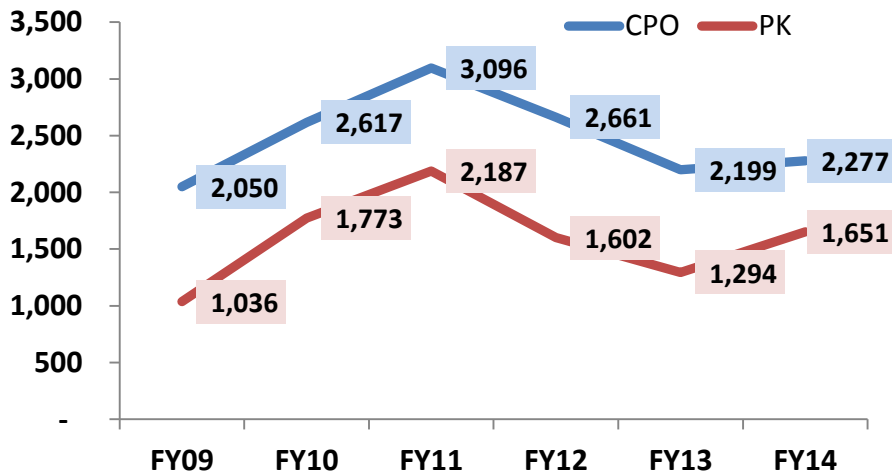
Year 2014 in Review
**A CHALLENGING YEAR FOR THE
PALM OIL SECTOR**

THP's production pattern in line with industry



Weaker CPO prices in 2H14

Average Realised Prices



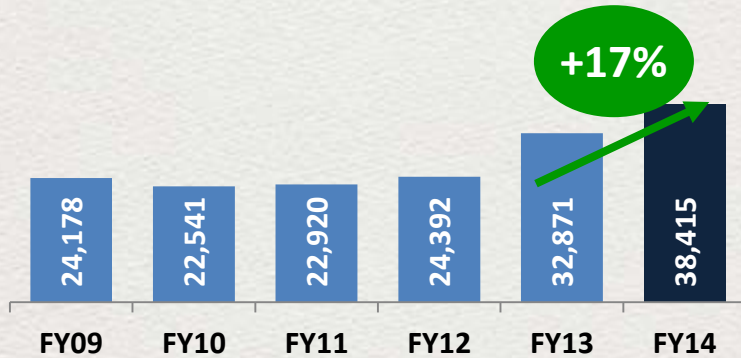
- Commodity prices were strong in 1H14 but weakened considerably in 2H14

- Decline in crude oil prices
- Higher production of soybean and rapeseed
- Cheaper soybean and rapeseed oil, narrowed discount to palm oil
- Demand for palm oil from emerging economies declined
- Domestically, low off-take of CPO for biodiesel

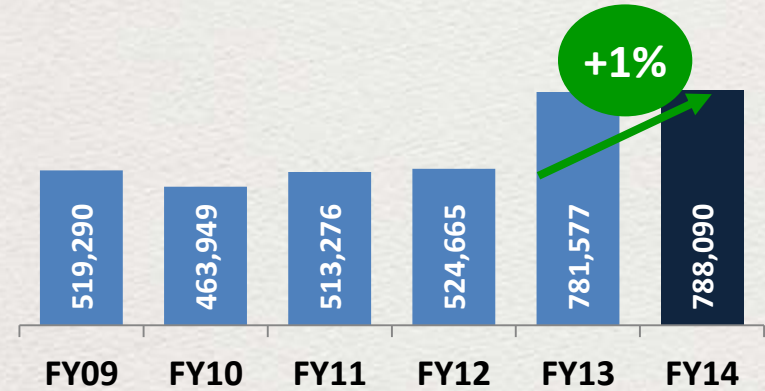


Modest performance in 2014

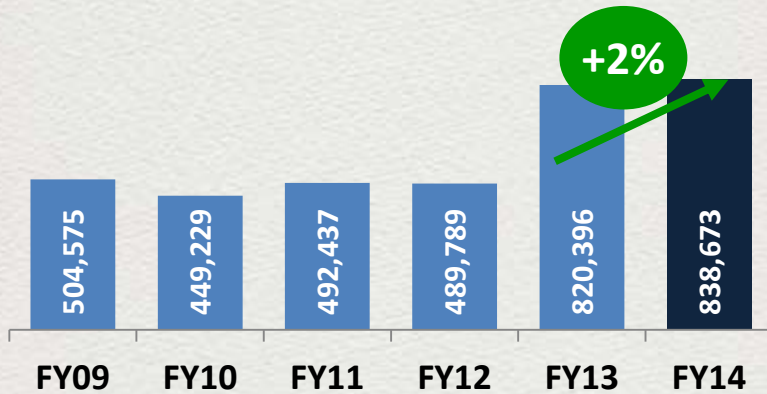
Mature Area (ha)



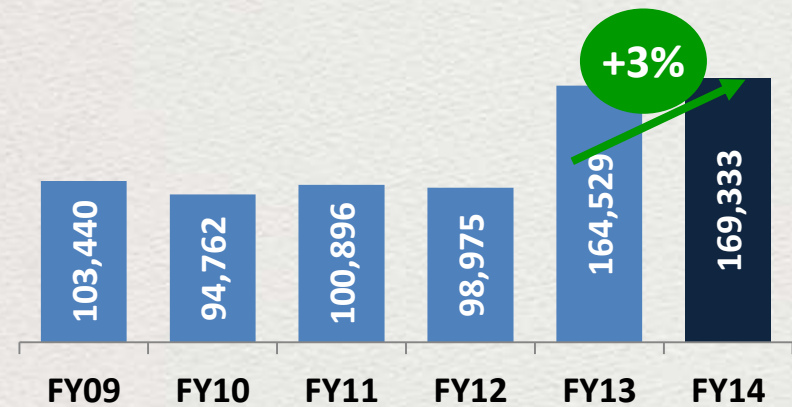
FFB Production (MT)



FFB Processed (MT)

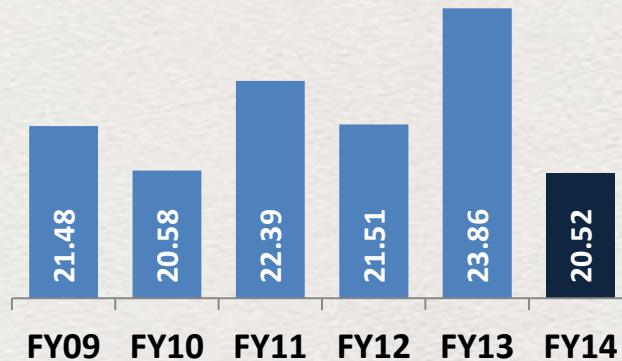


CPO Production (MT)



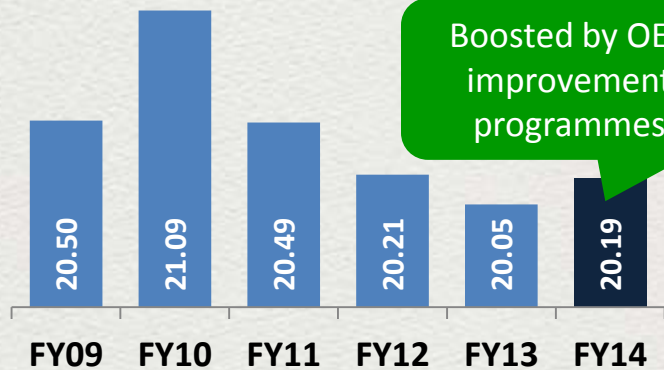
Modest performance in 2014

FFB Yield (MT/ha)



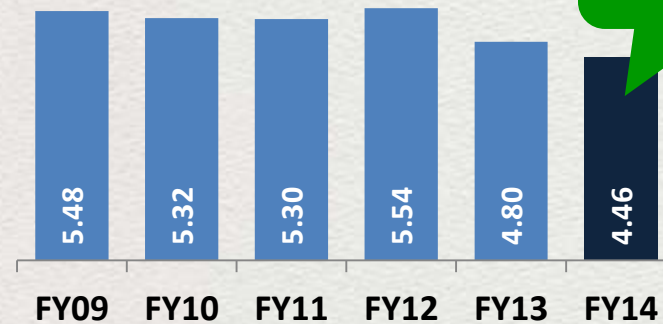
Affected by both the weather pattern as well as younger estate profile

OER (%)



Boosted by OER improvement programmes

KER (%)

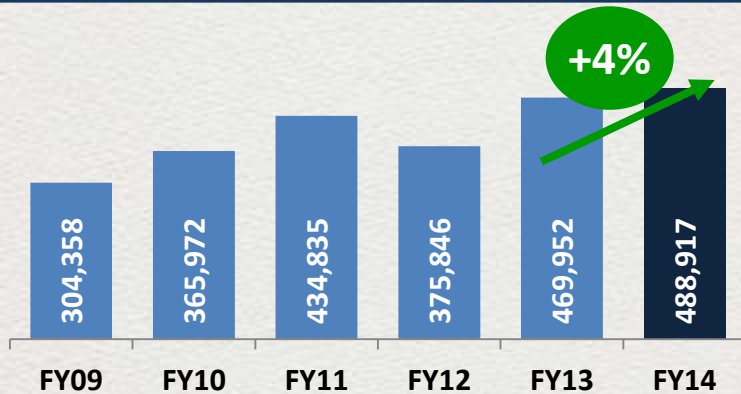


Lower KER due to younger estate profile

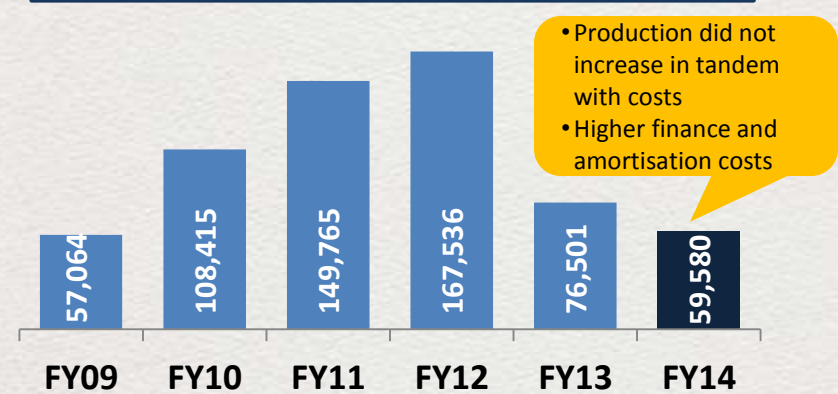


Modest performance in 2014

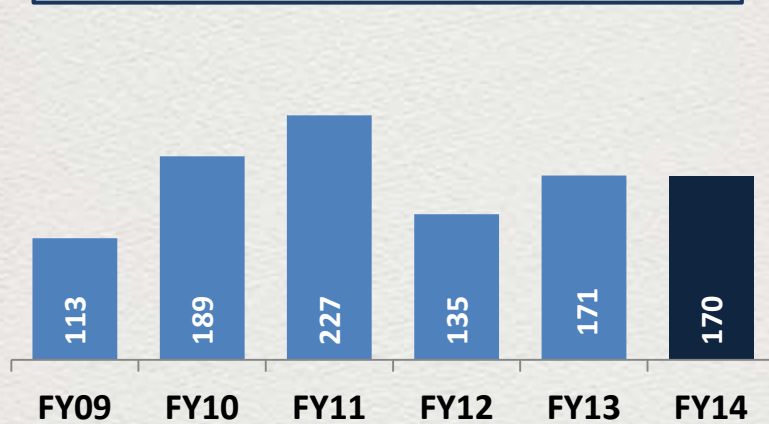
Revenue (RM '000)



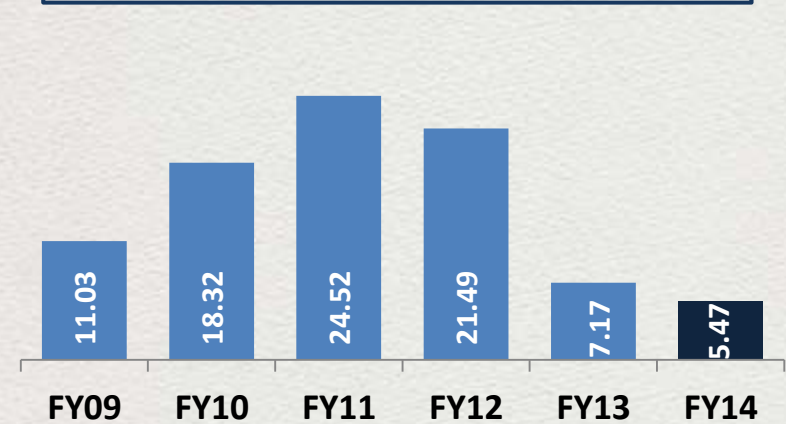
Profit After Tax** (RM '000)



EBITDA (RM mil)



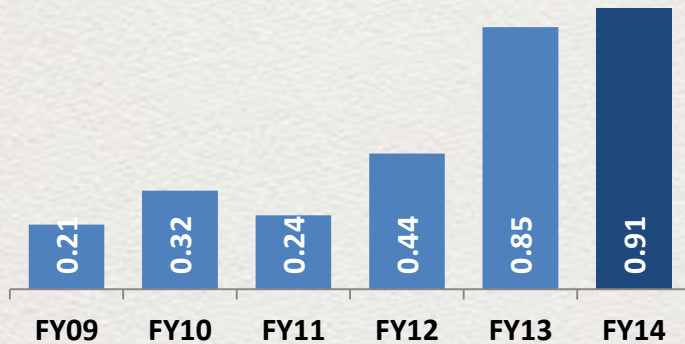
Earnings Per Share** (RM)



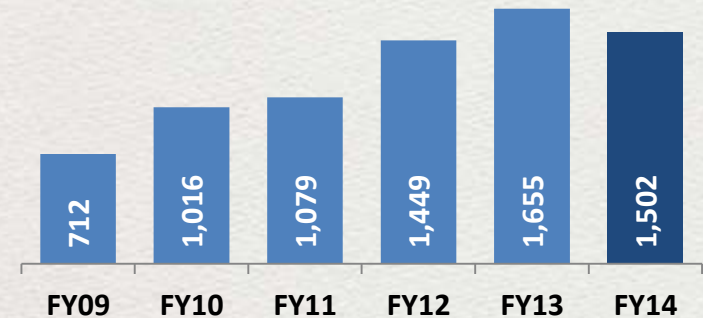
**FY12 PAT and EPS include a one-off non-cash other income of RM101mil

Modest performance in 2014

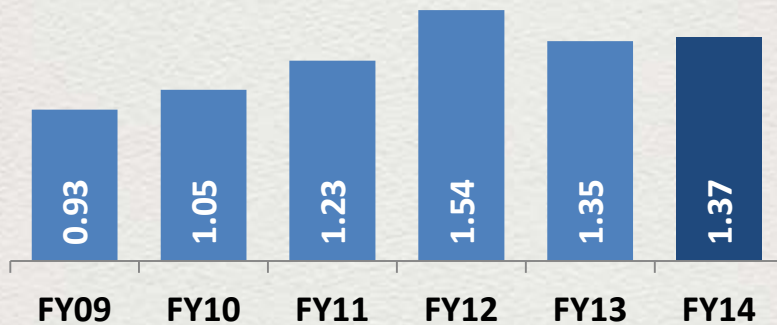
Gearing (times)



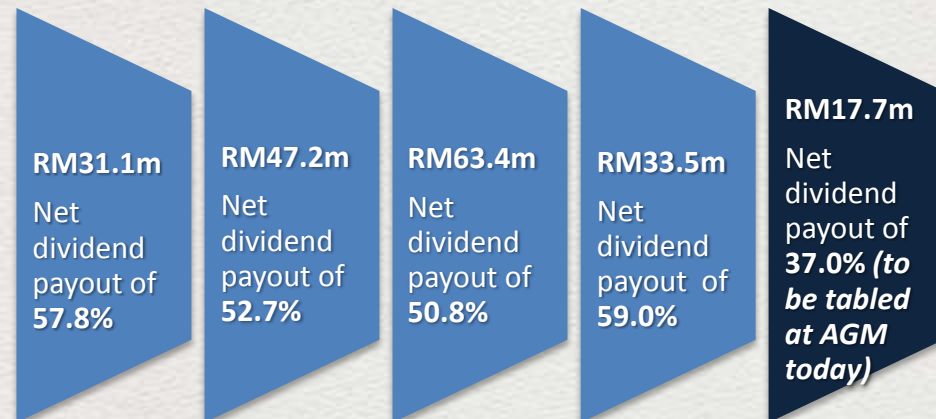
Market Capitalisation (RM '000)



Net Assets Per Share (RM)



Dividends



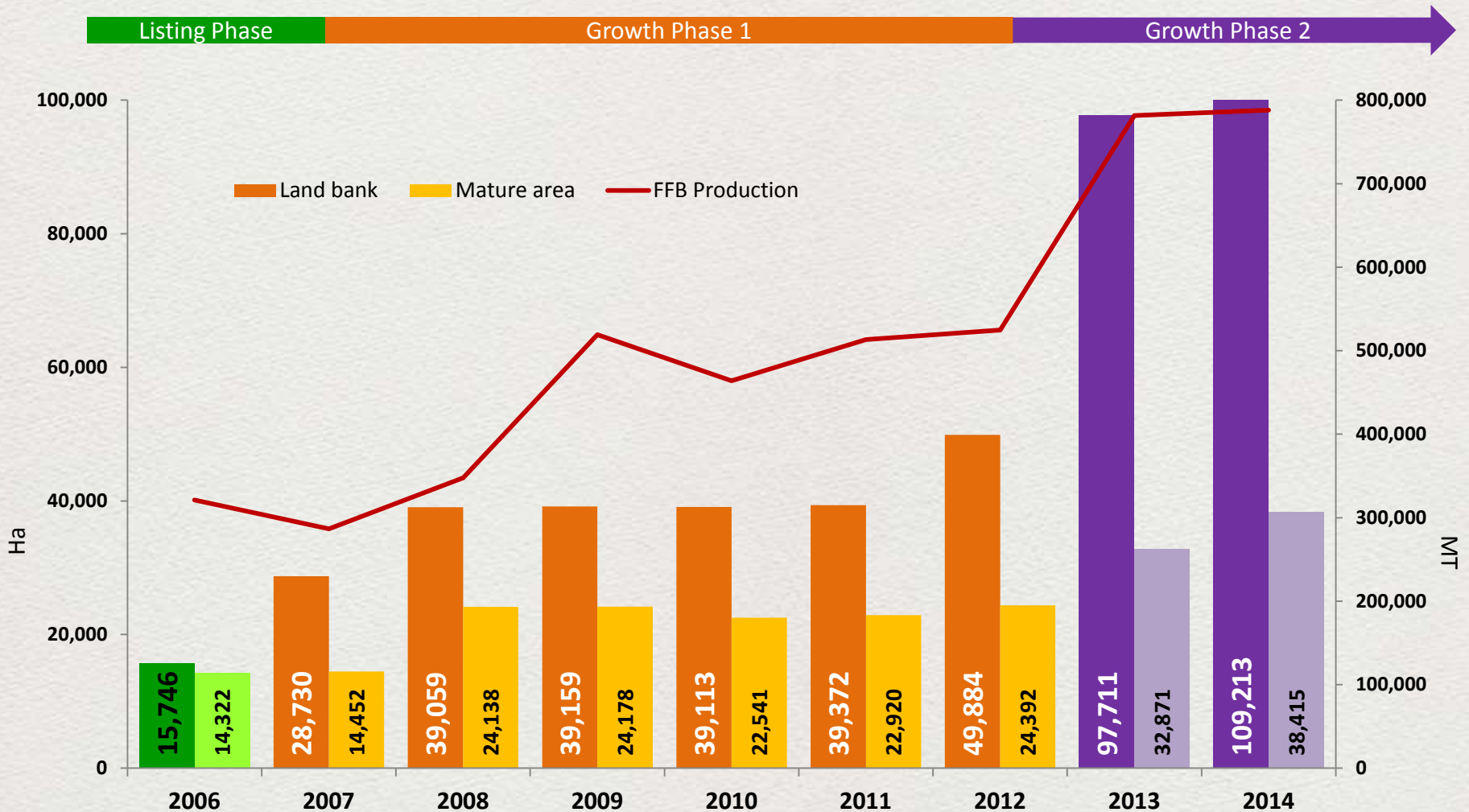


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CULTIVATING GROWTH FOR FUTURE RETURNS



THP is currently on a growth trajectory



What have we done so far?



Aggressive planting of green fields

1



Structured replanting programme

2



Yield and OER improvement programmes

3



Consolidating new brown field acquisitions
(eg Sungai Arip and Sungai Karangan)

4



More than 26,000 ha planted up since 2007

Region	Estate	Year of Acquisition	Planted Area (ha)	Mature Area (ha)	In-course of planting / Greenfield (ha)
Sarawak	Kenyalang	2007	2,300	2,300	-
	Raja Udang	2007	2,508	2,012	-
	Enggang	2007	2,796	2,219	-
	Merbok	2007	2,319	1,306	-
	Tanjung Lilin	2007	2,024	1,289	-
	Semarang	2007	2,198	326	-
	NCR Saribas	2007	547	60	-
	NCR Beladin	2007	992	602	-
	Sungai Kerian	2012	710	487	500
	Sungai Rasau	2012	-	-	500
	Kepayang ¹	2012	1,193	-	500
	Semalatong ²	2012	2,286	-	300
	Sungai Arip ³	2013	1,430	946	417
	Sungai Karangan ⁴	2013	2,588	645	-
Peninsular	Bukit Bidong	2007	2,289	705	-
Total			26,180	12,897	2,217

Numbers are as at 31 Dec 2014. 1. Including 324 hectares of brownfield at the point of acquisition, 2. Including 1,300 hectares of brownfield at the point of acquisition, 3. Including 1,562 hectares of brownfield at the point of acquisition, 4. Including 2,273 hectares of brownfield at the point of acquisition



More than 26,000 ha planted up since 2007

Overview of THP Saribas estates



Overview of THP Saribas estates



2007 plantations well in their early stage of maturity

Ladang Semarang



Young estates already showing potential to be high-yielding

Ladang Merbok



Ladang Kenyalang



Ladang Raja Udang



Ladang Sungai Kerian



Young estates already showing potential to be high-yielding

Ladang Bukit Bidong



Ladang Bukit Bidong



Young estates already showing potential to be high-yielding

Ladang Kepayang



Ladang Semalatong



Ladang Sungai Arip



Ladang Sungai Karangan



Young estates already showing potential to be high-yielding

Estate	Location	2014 mt/ha
Kenyalang	Pusa	17.47
Raja Udang	Pusa	16.17
Enggang	Pusa	16.91
Merbok	Pusa	18.10
Tanjung Lilin	Pusa	15.54
Semarang	Pusa	19.82
Sungai Kerian	Serian	20.70



Close to 6,000 ha replanted since 2009

Region	Estate	Total Replanted (ha)	Mature Replanted (ha)	In-course of Replanting (ha)
Peninsular	Sungai Buan	681	407	254
	Sungai Merchong	710	-	240
	Bukit Lawiang	1,054	-	273
	Gunung Sumalayang	575	-	278
	Londah	-	-	199
	Ulu Chukai	853	-	-
	Sungai Ibok	600	233	-
Sabah	Sungai Tenegang	668	-	345
	Sungai Koyah	847	-	391
Total		5,988	640	1,980

Numbers are as at 31 Dec 2014

10% of total OP
planted area



2nd generation planting to be higher yielding, more efficient

Ladang Bukit Lawiang



Ladang Gunung Sumalayang



2010 replanting has come into maturity

Ladang Sungai Buan



Ladang Sungai Buan



Improvement initiatives ongoing

Yield Improvement Initiatives

- Higher quality planting material
- Latest technologies e.g. hyplug, G-drip
- Improve irrigation and water management
- Conservation



OER Improvement Initiatives

- Upgrade of machinery to reduce oil losses
 - Bunch press (reduce oil losses from empty bunches)
 - Decanter (reduce oil losses in oil rooms)
- Increase utilisation of mills, purchase of quality external FFB



Brownfield acquisitions showing high potential



Ladang Sematan



Ladang Sematan



Ladang Lupar



Brownfield acquisitions showing high potential

Ladang Sadong



Ladang Sadong



Brownfield acquisitions showing high potential

Ladang Lupar



Ladang Gedong



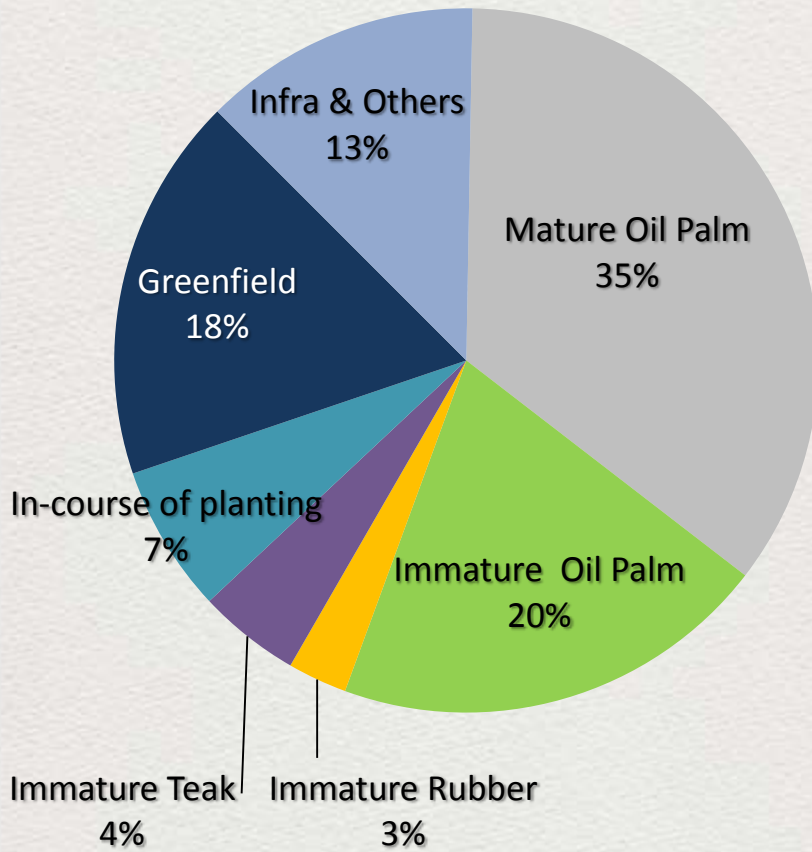


PT PLANTATIONS BERHAD

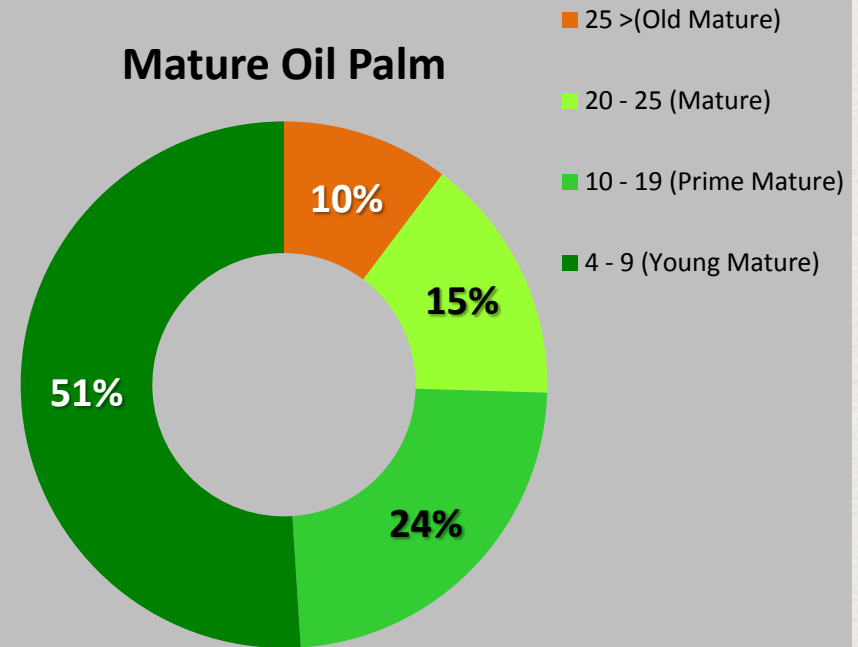
SETTING THE STAGE

VAST POTENTIAL OF REVENUE GROWTH AHEAD

Our portfolio as at 31 Dec 2014



Mature Oil Palm

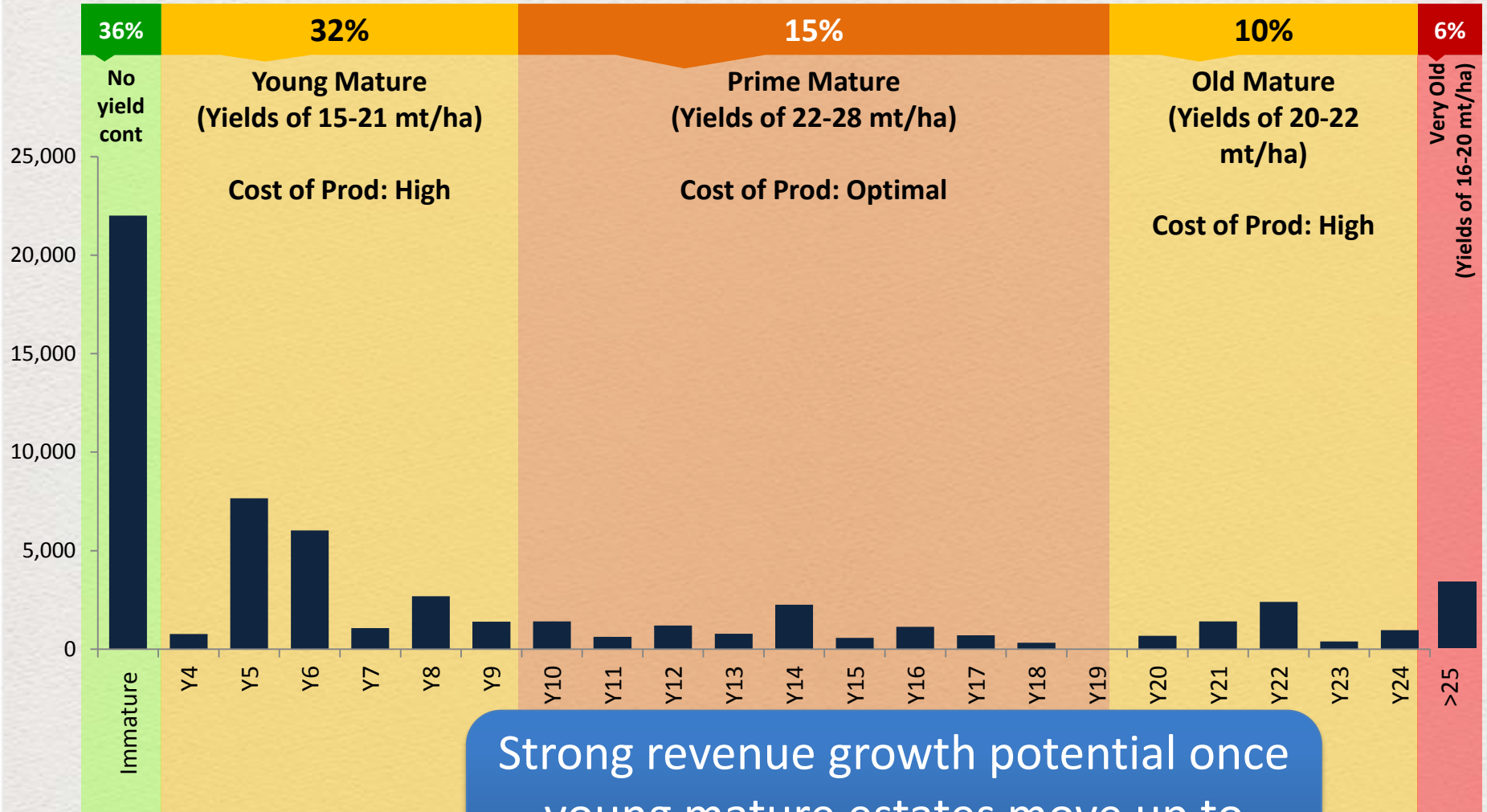


Average age: 13 years

Average age: 9 years (including immature planting)

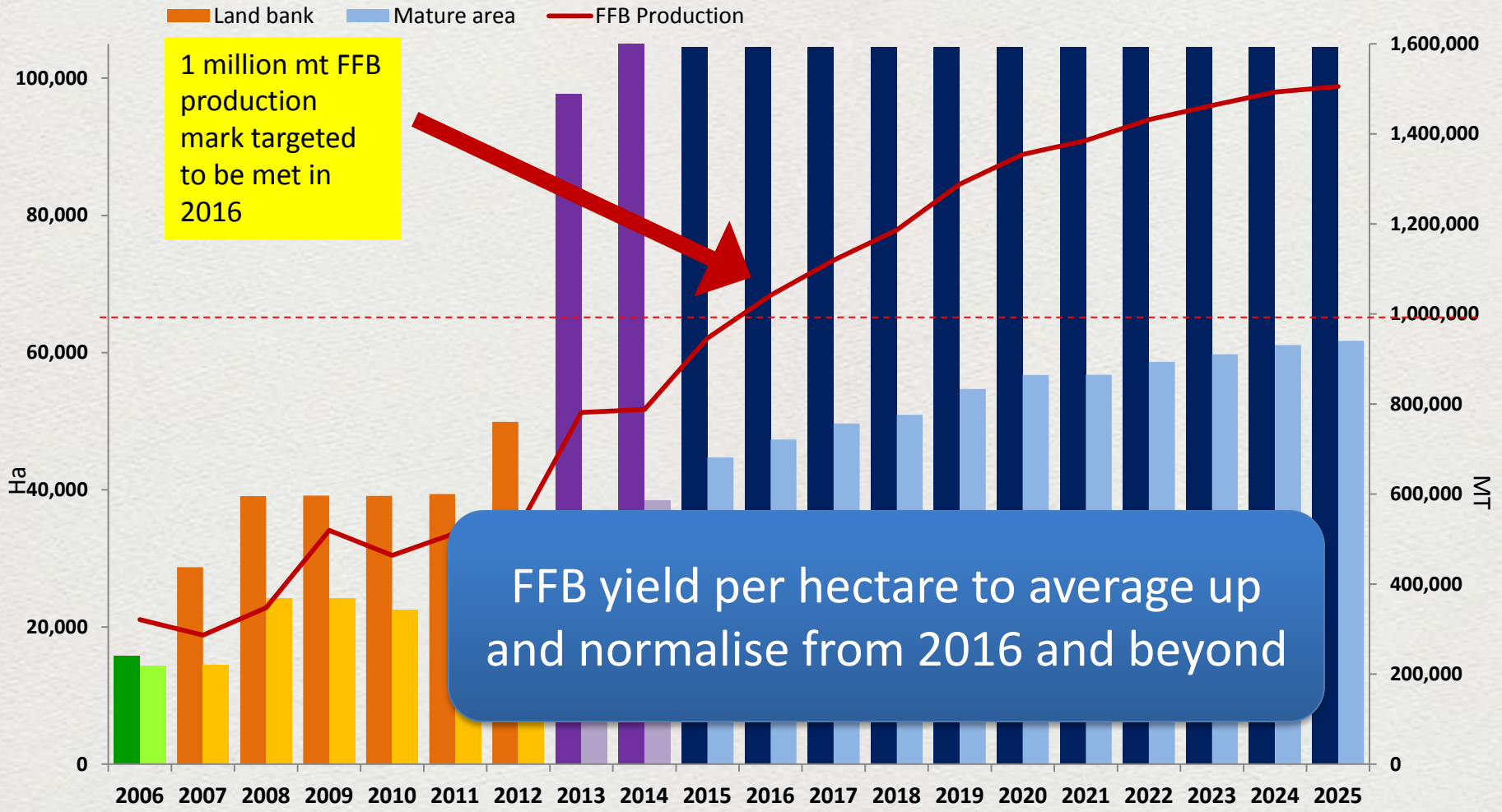


Currently, planted area is heavily-skewed towards young/immature plantations



Strong revenue growth potential once young mature estates move up to prime mature age bracket

Vast potential of revenue growth when the young areas transition into prime mature age bracket



Key take-away points

Steady

>4 years
(>2021)

- Higher volumes of FFB production
- Stronger and stable streams of revenue

Peaking

3-4 years
(2017-2020)

- Young areas transition into prime mature bracket
- Yields building up and stabilising
- OER averaging up
- Costs stabilising and averaging down

Growth

1-2 years
(2015-2016)

- Softer yields
- Higher than average costs (young estates, finance costs, amortisation costs)





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Thank You



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QUESTIONS AND ANSWERS

QUESTIONS FROM MSWG



Question 1

Question:

How confident is the Board of improving the Group's revenue amid the tough operating conditions impacting the CPO prices that are hovering around RM2,200 to RM2,300 per tonne?

Answer:

In mitigating the prolonged tough operating conditions, we have instituted a number of initiatives, including:

- implementing comprehensive austerity measures throughout our operations; review of all expenditure and manage costs more effectively
- adjusting our marketing strategies to respond swiftly to changes in CPO prices, seize opportunities to trade at favourable prices
- improving our efficiency and productivity at both estates and mills to increase our FFB and CPO production

We are cautiously optimistic in meeting our production and revenue targets, however we are mindful of external factors that may hinder the achievement of the said targets.



Question 2

Question:

Would the Board be considering to diversify and venture into downstream activities such as oleo-chemical plants or oils and fats manufacturing operations or the bio-fuel sector?

Answer:

The Board has, in 2013, considered a proposal to venture into downstream activities as a means to diversify the Group's income stream. However, given the massive development plans and current challenges in the industry, the Board is of the view that it is not opportune for the Group to pursue the downstream proposal. The Board will nevertheless revisit the idea at a more opportune time.

FYI, the Group already has a Rubber Development Programme (with latex timber clone) in place, which seeks to diversify the Group's revenue stream in coming years. Approximately 14,000 hectares of land bank in Sabah under the Forest Management Unit (FMU) have been allocated for this programme and more than 5,000 hectares of land have been planted as at 31 Dec 2014. We have secured a soft loan from the Government to finance this venture.



Question 3 (a)

Question:

How would the Board plan to expand and fund the development of its unplanted land and newly-acquired land bank in Kalimantan, Indonesia?

Answer:

The Group will fund its development plans via internally-generated cashflows supplemented by its RM1.0 billion Sukuk programme. The Board shall ensure that the Group keeps to the gearing policy of not exceeding 1.0x gearing in utilising its funding facilities to finance its development programme.



Question 3 (b)

Question:

Going forward, what would be the annual budgeted plantation development expenditure (PDE)?

Answer:

For 2015, the Group has budgeted for a total PDE of about RM140 million, encompassing both new development as well as the costs for immature estates. However, under prevailing operating conditions, the Board shall review the PDE requirements to ensure that the Group's balance sheet and cashflows remain healthy.



Question 3 (c)

Question:

Would the Board review the Group's PDE standing at RM730.128 as at 31 Dec 2014 (2013: RM831.655 million) for classifying as distinct biological assets during the pre-cropping period that are capitalised and at maturity during harvesting, all expenditure incurred to be amortised?

Answer:

Yes, the current practice of the Group is to capitalise all expenses incurred during the pre-cropping period, and amortise these expenditure once the plantations enter into maturity.

This practice is in accordance with financial accounting standards and as advised by our appointed auditors.



Question 3 (d)

Question:

Are there any plans to establish an R&D unit in order to move forward with new technology and good agricultural practice that will help improve the quality of the crop over the long term from pre-cropping to harvesting and processing of palm oil-based products?

Answer:

The Group's R&D unit was established in 2008 in Pusa, Sarawak and was initially set up to drive new technologies and practices on peat soils. The Group has since expanded the resource capacity and capabilities of the unit and has realigned R&D's function to provide agronomic advisory to all estates within the Group. At present, the R&D unit has a collaborative network with the Tropical Peat Research Institute of Sarawak, and MPOB to conduct commercial trials and assessments.



Question 4

Question:

We noted that Dato' Amran bin Mat Nor attended 3 out of 5 Audit Committee meetings during the financial year under review. What was the reason for him not being able to attend the AC meetings held during the year?

Answer:

In both instances, Dato' Amran was unable to attend the AC meetings for reasons that were unavoidable. Nevertheless, Dato' Amran, as does the whole Board of Directors of THP, remains committed in carrying out his duties as a Director of the Group as well as the duties for the Board committees that he is a member of.





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Thank You