



TH PLANTATIONS BERHAD (12696-M)

## MEDIA RELEASE

### TH PLANTATIONS RECORDS IMPROVED PERFORMANCE IN 2016 SEES STRONG RECOVERY IN FY2017 PRODUCTION

- *FY2016 revenue increased by 23%*
- *FY2016 PATAMI increased by 137%*
- *Shareholders' approve 6.00 sen dividend, 36% payout of PATAMI*

**KUALA LUMPUR, 8th May 2017** – TH Plantations Berhad (“THP” or the “Group”) today at its Annual General Meeting (“AGM”) sought Shareholders’ approval for its proposed Final Ordinary Single Tier Dividend of 6.00 sen per ordinary share for the year ended 31 December 2016 (“FY2016”), translating into a 36% dividend payout of its Profit after Tax and Minority Interests (“PATAMI”).

For FY2016, the Group’s FFB production declined by 8% owing to the El Nino phenomenon which affected the overall palm oil sector, while CPO production declined by 2% compared to FY2015. The decline in CPO production was moderated by the Group’s initiatives to increase mill utilisation via the purchase of external FFB as well as initiatives to improve its Oil Extraction Rate (“OER”). Its OER for FY2016 increased to 20.11% compared to 19.65% the year before.

With commodity prices recovering in the second half of FY2016, the Group recorded higher average selling prices of Crude Palm Oil (“CPO”) and Palm Kernel (“PK”) prices which were realised at an average of RM2,463 per metric tonne (“MT”) and RM2,365 per MT respectively (FY2015: CPO price of RM2,081 per MT and RM1,545 per MT).

Consequently, the Group recorded higher revenue of RM562.3 million for FY2016, an increase of 23% compared to RM455.3 million registered in FY2015. Earnings Before Interest, Taxes, Depreciation and Amortisation (“EBITDA”) for the reporting year was strong at RM273.8 million, compared to RM129.9 million recorded a year ago. The Group also recorded PATAMI of RM147.1 million, an increase of 137%

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from FY2015. The disposal of THP Gemas Sdn. Bhd. in December 2016 also partly boosted the Company's FY2016 bottom line.

Commenting on the performance of the Group for FY2016, Dato' Sri Zainal Azwar bin Zainal Aminuddin, Chief Executive Officer and Executive Director of THP, said "The improved performance is testament of the Group's on-going growth 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."

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, with better weather conditions seen, the market also expects production to gradually improve, particularly in the second half of this year and prices are expected to normalise to sustainable 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 mature age of 12 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

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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."

He concluded, "The dividend approved by the shareholders today is our way of rewarding them for their continued support and loyalty towards the Group, while we ride through the challenges and growth pains within these few years."

At the AGM, shareholders also passed six other resolutions relating to the payment of directors' fees and re-appointment of directors and external auditors as well as the renewal of the shareholders' mandate for recurring related party transactions.

# 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.

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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