



TH PLANTATIONS BERHAD
Registration No. 197201001069 (12696-M)

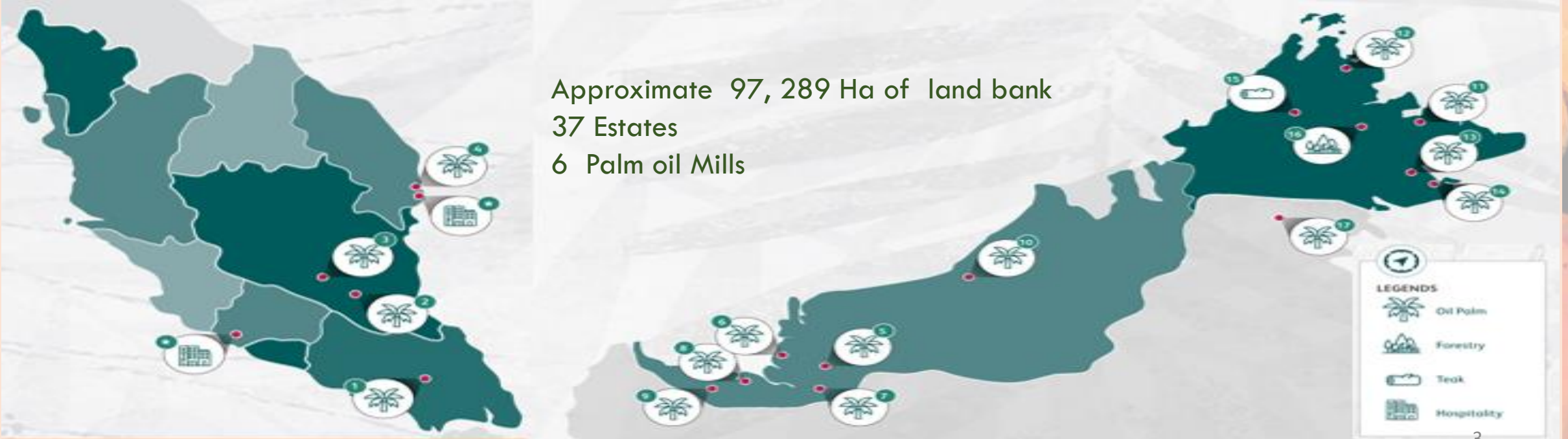
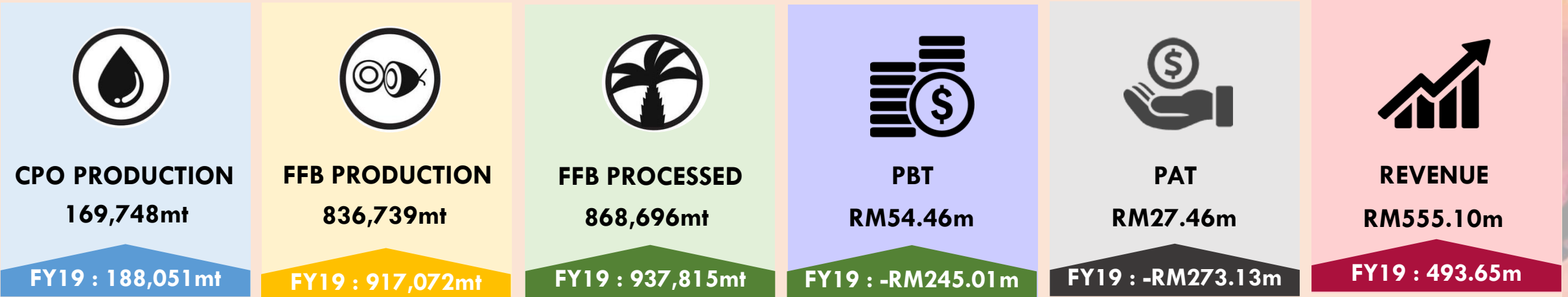
47th ANNUAL GENERAL MEETING

24 JUNE 2021

MUZMI MOHAMED
Chief Executive Officer



THP OVERVIEW | AT A GLANCE FY2020

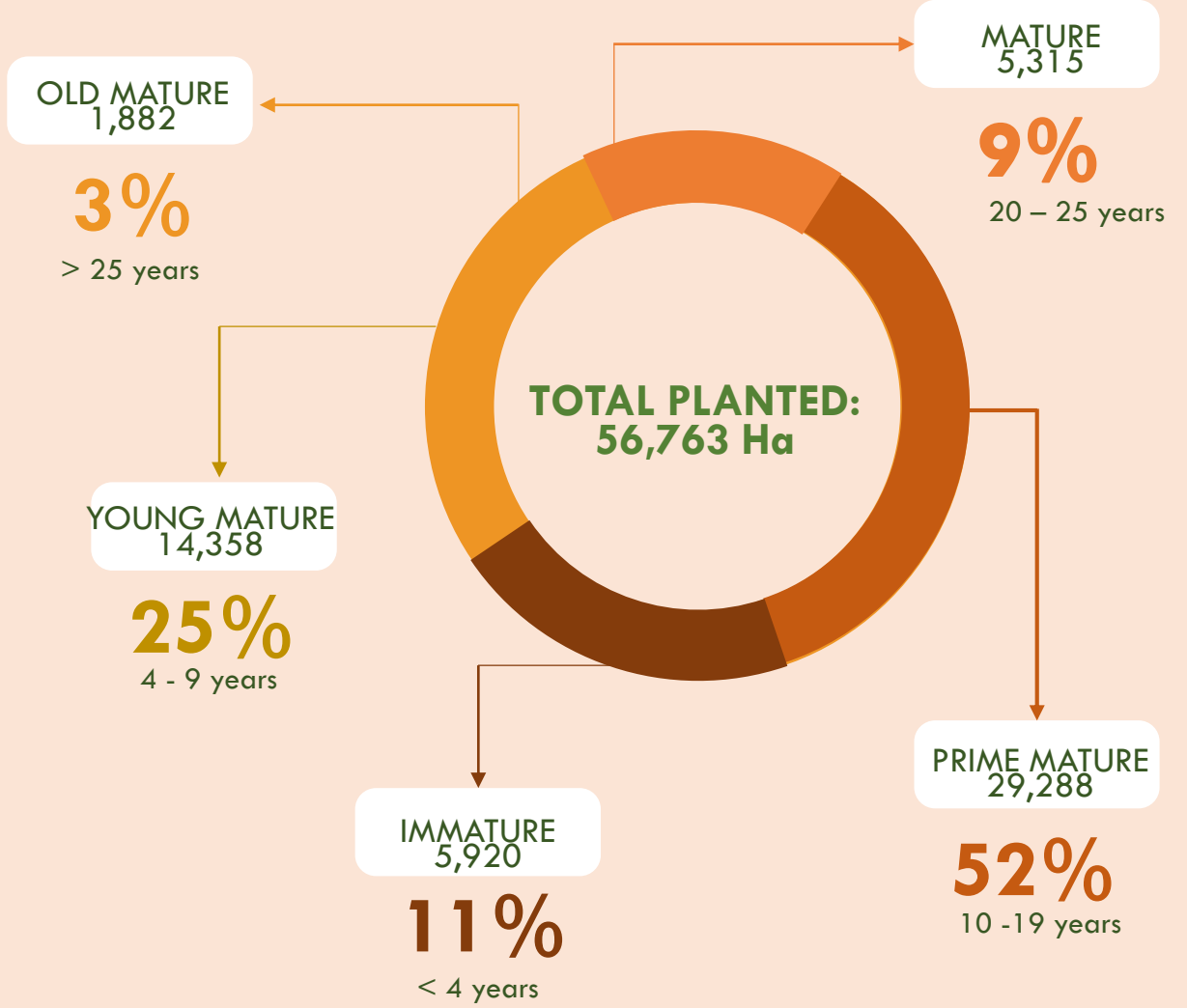
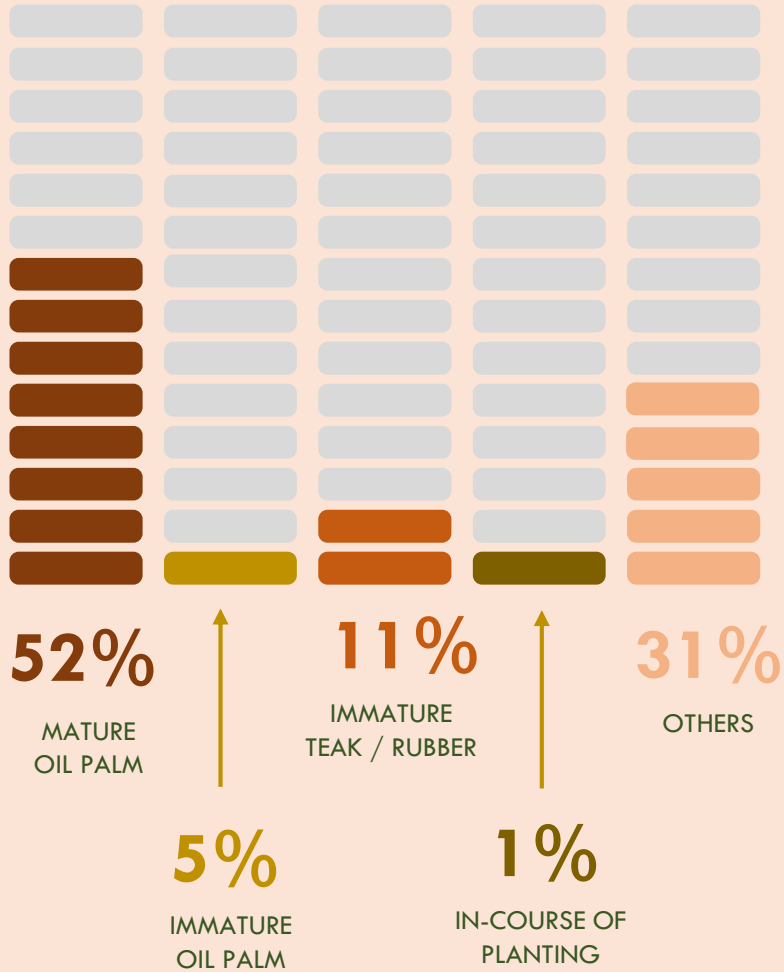


LAND BANK DISTRIBUTION BY REGION FY2020

	PENINSULAR	SABAH	SARAWAK	INDONESIA	TOTAL
OIL PALM					
Mature	11,058	7,345	31,438	1,002	50,843
Immature	1,372	1,261	1,557	774	4,964
Total Planted	12,430	8,606	32,995	1,776	55,807
In-course of planting	482	474	-	-	956
Others	542	850	18,268	5,153	24,813
RUBBER / TEAK					
Immature	-	10,380	-	-	10,380
In-course of planting	-	-	-	-	-
Others	-	5,333	-	-	5,333
TOTAL LAND BANK	13,454	25,643	51,263	6,929	97,289
	14%	26%	53%	7%	100%








AREA STATEMENT | AGE PROFILE FY2020

TOTAL AREA: 97,289 Ha














FINANCIAL PERFORMANCE FY2020

	YoY	FY2020	FY2019
	%	RM'000	RM'000
Revenue	 12.45	555,097	493,650
Cost of Sales	 6.45	(387,651)	(414,362)
Gross Profit / (Loss)	 276.60	177,392	47,104
Results from Operating Activities	 173.03	124,412	(170,361)
Profit/(Loss) Before Tax	 122.23	54,462	(245,009)
Profit/(Loss) After Tax	 110.05	27,460	(273,134)
Market Capitalisation	 (12.31)	503,795	574,503

FINANCIAL PERFORMANCE FY2020

Liquidity and high debt levels are still the main issue...

	YoY	FY2020	FY2019
	%	RM'000	RM'000
Total Assets	 (2.61)	2,665,217	2,736,602
Total Liabilities	 5.40	1,815,124	1,918,798
Total Equity	 3.95	850,093	817,804
Borrowings	 9.38	1,159,467	1,279,415
Trade and Other Payables	 (2.99)	225,999	219,436
*Current Assets	 11.35	177,765	159,640
*Current Liabilities	 2.11	344,238	351,671
*(Net Current Liabilities)	 13.31	(166,473)	(192,031)
Market Capitalisation	 (12.31)	503,795	574,503

* Exclude Assets / Liabilities Classified Held For Sale

FINANCIAL PERFORMANCE FY2020

Main factors affecting financial performance ...

		YoY	FY2020	FY2019
		%	RM/mt	RM/mt
1. HIGHER SELLING PRICE				
	CPO	↑ 28.94	2,537.75	1,968.10
	PK	↑ 31.08	1,536.47	1,172.18
	FFB	↑ 36.87	515.62	376.73
2. HIGHER OPERATING COSTS				
	Estate Production Cost	↑ (9.00)	237.94	218.09
			RM'000	RM'000
3. LOWER IMPAIRMENT COST				
	Further impairment cost for estates in Sarawak	↓ 95.69	7,455	172,811
	Others	↓ 96.08	1,148	29,285
	TOTAL	↓ 95.74	8,603	202,096
4. LOWER FINANCE COST				
		↓ 5.85	70,889	75,296
5. HIGHER FAIR VALUE ON FORESTRY				
		↑ 113.25	5,726	(43,215)

OPERATIONAL PERFORMANCE

	THP			INDUSTRY		
	2019	2020	%	2019	2020	%
FFB Production	917,072	836,739	(8.76)	NA	NA	NA
FFB Received by Mill	NA	NA	NA	99,065,364	96,969,316	(2.12)
FFB Processed	937,815	868,696	(7.37)	NA	NA	NA
FFB Sold Outside	(159,652)	(123,326)	(22.75)	NA	NA	NA
CPO Production	188,051	169,747	(9.73)	19,858,367	19,140,613	(3.61)
PK Production	42,209	39,385	(6.69)	4,891,951	4,703,981	(3.84)
FFB Yield	18.18	16.11	(11.39)	17.19	16.73	(2.68)
OER	20.05	19.54	(2.54)	20.21	19.92	(1.43)
KER	4.50	4.53	0.67	4.98	4.90	(1.61)

*KER Sabah & Sarawak :
FY2019: 4.51 | FY2020: 4.42

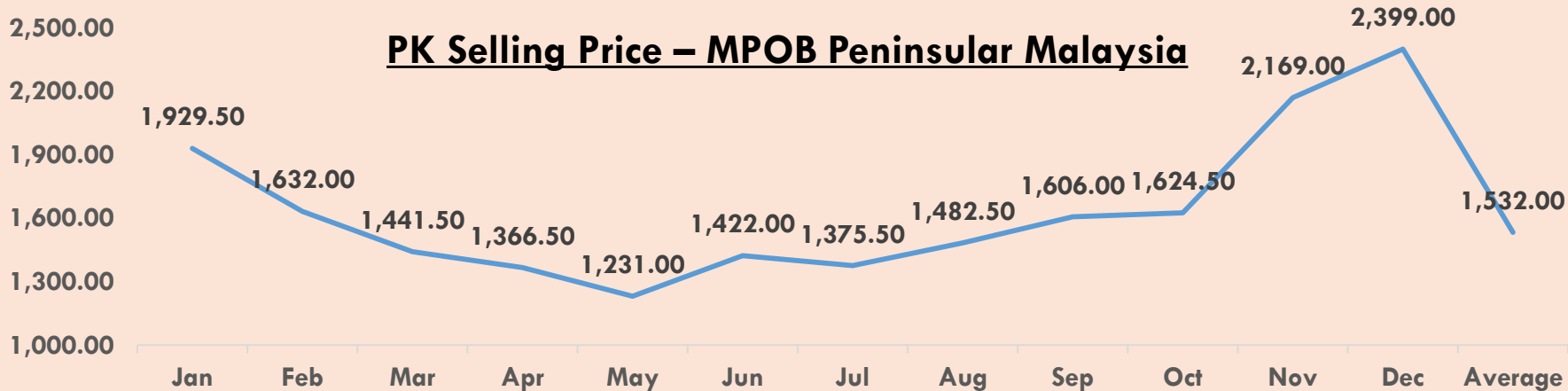
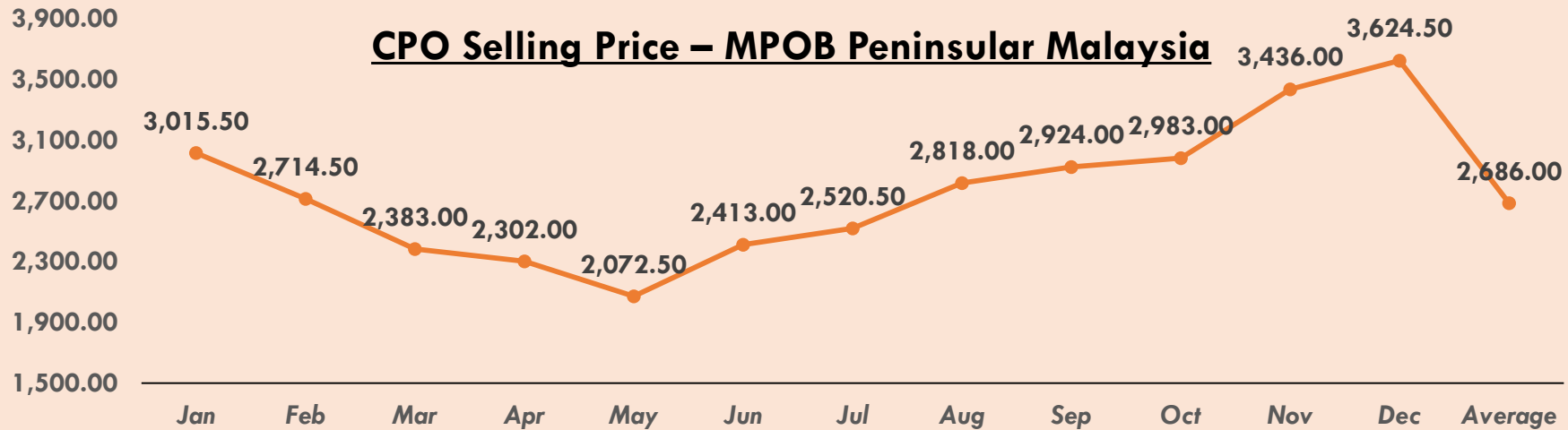


BUSINESS LANDSCAPE FY2020

- ❑ Overall palm oil industry perform better in 2020 , due to strong increase in the average prices of palm oil commodities in the 2H2020.
- ❑ Higher prices were mainly buoyed by lower production output and low inventories locally.
- ❑ Higher prices were also due to the increase in other edible oil prices and hike in Indonesia palm oil export levies.
- ❑ The persistence of COVID-19 cases and closure of borders creates an uncertain environment – effect demand and creates a challenging working condition.
- ❑ Shortage of workers due to MCO impact production and ability to capitalise on the high palm products prices.

CHALLENGES & OUTLOOK

PALM PRODUCT PRICES FY2020



CPO Prices (RM/MT)	
2016	2,653
2017	2,783
2018	2,233
2019	2,077
2020	2,686

FY2021 CPO Prices (RM/MT)	
January	3,749
February	3,896
March	4,042
April	4,220
May	4,572

CHALLENGES - OPERATIONS

1. **LABOUR SHORTAGE**

- Border control due to COVID-19 affected the arrival of new foreign workers and re-entry of legalised workers
- Cost to recruit labour increases
- THP Worker Ratio (worker:Ha) is at 1:12 compared to the industry of 1:10
- Implement strategies to reduce dependence on labour

2. **COVID-19 PANDEMIC**

- Company adheres strictly and support all Government's initiatives to control the Covid-19 pandemic
- All estates and mills have been successful in managing the pandemic. Only a few isolated cases in Sabah and Pahang estates operations were briefly affected due to Covid-19

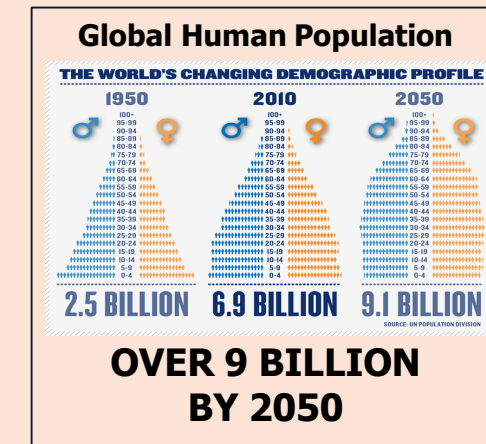
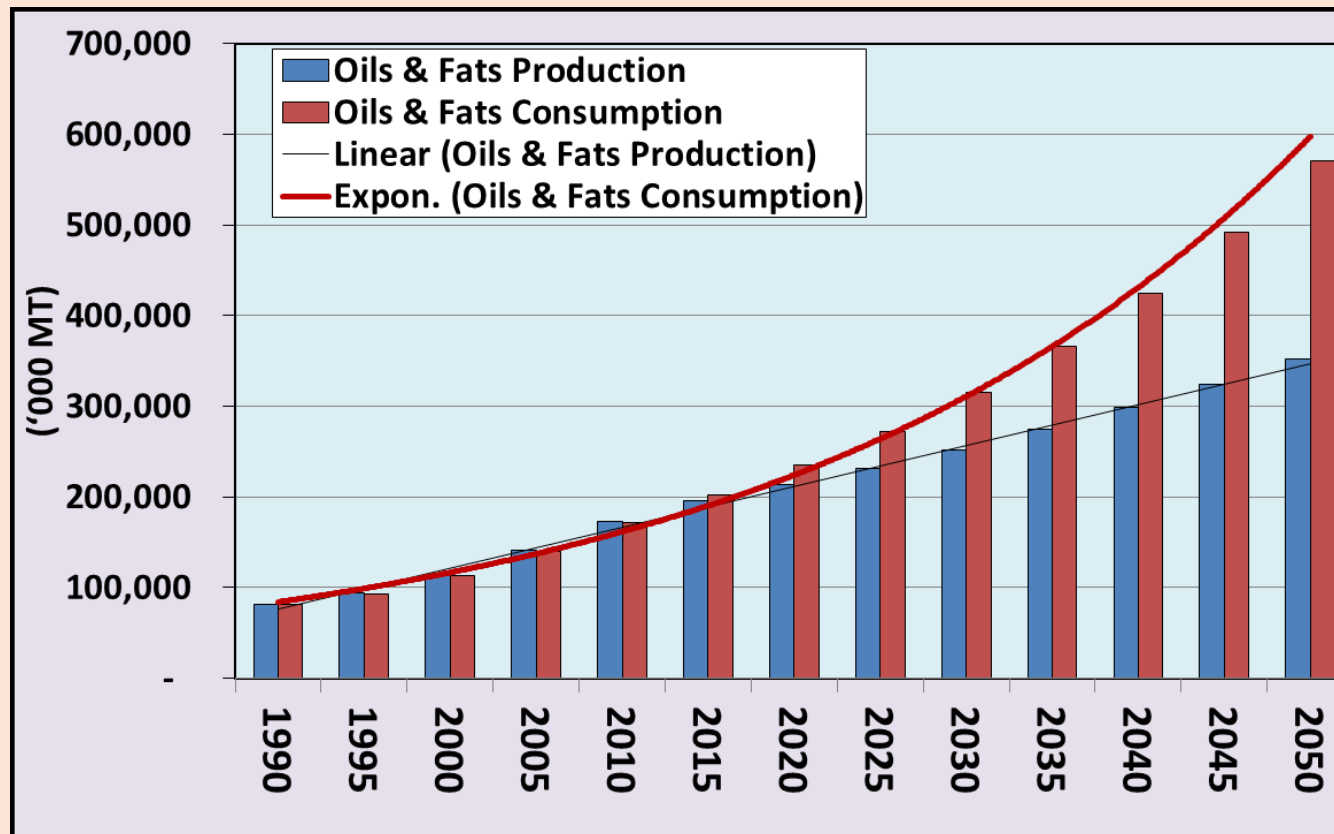
3. **CONSTRAINT ON LAND UTILISATION**

- 40% of Company's land, not yielding revenue
- Immature rubber
- Land issues in Sarawak and Indonesia
- Aim to achieve optimum planted and yielding land bank

OUTLOOK - ECONOMY & THE INDUSTRY

Long Term Industry Outlook: Demand vs Supply

Projected Production & Consumption



'World will have to produce about **60% to 70% more food** in the next 35 years'

OUTLOOK - ECONOMY & THE INDUSTRY (FY2021)

BULLISH FACTORS



- Tight Palm and other vegetable oils stock
- Stronger palm and others vegetable oils demand in China & India
- Weather uncertainties in North America
- Negative crushing margin in China
- Low stock at destinations (China & India)

BEARISH FACTORS



- Recovery of palm oil production & stock in Malaysia & Indonesia in the 2nd Half of Year 2021
- Global economy slowdown due to Covid-19



The Plan consists of Rationalisation of Assets and Transformation of Operations

	STRATEGIC OBJECTIVES
Rationalisation of Assets	
Divestment	➤ To consolidate & manage balance sheet
Capital Structure	➤ To pare down debt, de-gear and improve liquidity
Transformation of Operations	
Operational Efficiency	➤ To further improve yields and profitability

1. THE PROGRESS - RATIONALISATION OF ASSETS FY2020

Details	Status
Disposal of 70% equity interests in THP-YT to TDM Berhad , for total consideration of RM 69 million.	Completed 3Q2020
Disposal of 100% equity interests in BSV and MWM to Tamaco for a cash consideration of RM170 million.	Company's decision not to proceed with the SPA is pending outcome of the court proceedings

2. TRANSFORMATION OF OPERATIONS

Transformation Plan : Operational Efficiency

- Use of new planting materials and high standards of planting to achieve higher yield and OER
- Replanting programme to achieve sustainable optimum crop production and palm age
- Agronomic input and quality to achieve optimum yield potential
- Enhance efficiency – Use of technology & mechanisation to improve productivity
- Effective manpower planning
- Utilisation and maximisation of mill's by-products for application in estates
- Sustainability Compliance

MAIN INITIATIVES:

- Re-organisation of Operational Section
- Mechanisation
- Accelerating Replanting Programme

2. TRANSFORMATION OF OPERATIONS

Performance Improvement Programme 1 – Re-organisation of Operational Section

In enhancing the implementation of operational initiatives, THP had undertaken the re-organisation approach as follows:

The setting up of **Mechanisation Unit** to drive and govern the mechanisation activities



Redefining of **Agronomy Department** to oversees the following:-

- Field and palm inspection
- Manuring activities
- Water management in peat areas
- Pest & diseases

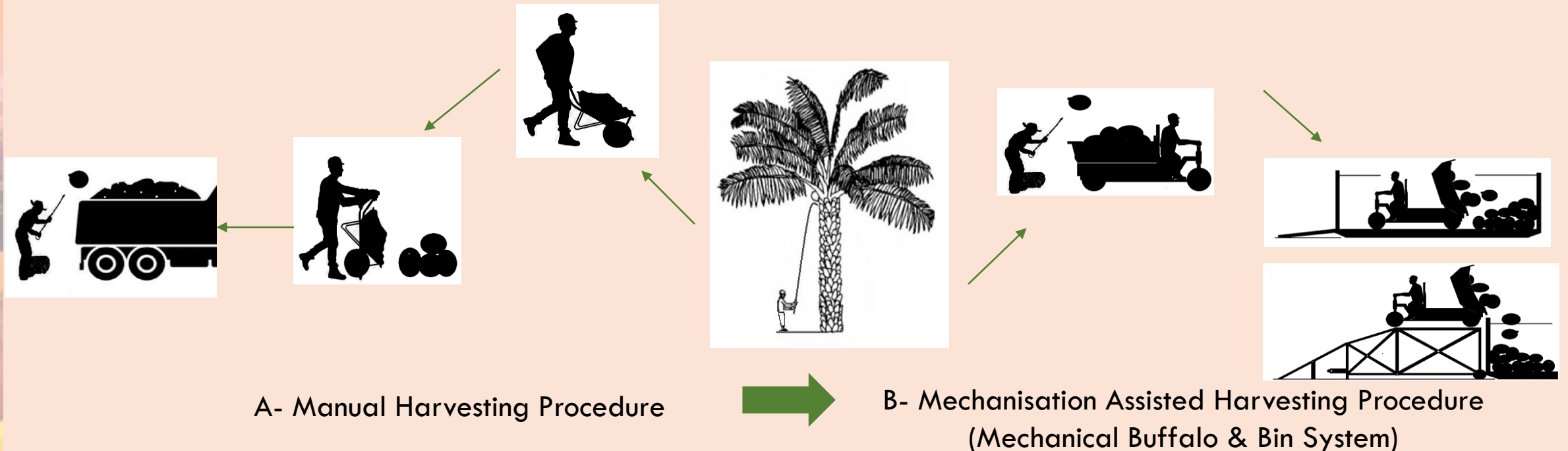
Setting up a stand-alone **Sustainability Unit** to administer the following:-

- No Deforestation, No Peat, No Exploitation (NDPE) matters
- Malaysian Sustainable Palm Oil (MSPO) certification
- Occupational Safety & Health Administration (OSHA)

2. TRANSFORMATION OF OPERATIONS

Performance Improvement Programme 2 – Mechanisation

- ❑ Mechanisation is the way forward to overcome the acute labour shortage for fruits harvesting and other field operations.
- ❑ THP made an imperative move of on mechanising some parts of its operations, focusing on mechanised fruits evacuation and harvesting operations:-



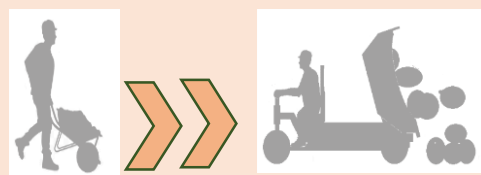
2. TRANSFORMATION OF OPERATIONS

Mechanisation Targets (in 3 years)

	Existing Area (Ha)*	Target Area (Ha)*	Achievment Todate (%)
Harvesting	10,598	21,173	50%
Manuring	15,350	21,173	73%
Weed Spraying	21,173	21,173	100%

* For Peninsular & Sabah estates only

Reduction in number of harvesting workers



1,601
workers

1,067
workers

*Workers ratio from 1:20ha to 1:30ha

Cost savings for reduction in numbers of workers

RM5.08Mn

*Assumption: Cost for 1 worker=RM8,600

2. TRANSFORMATION OF OPERATIONS

Performance Improvement Programme 3 – Accelerating Replanting Program

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

Objectives

- Rationalise the age profiles for sustainable yield & maintain stability in crop production
- Equitable balance between revenue, capital expenditure & resource utilisation

Existing:

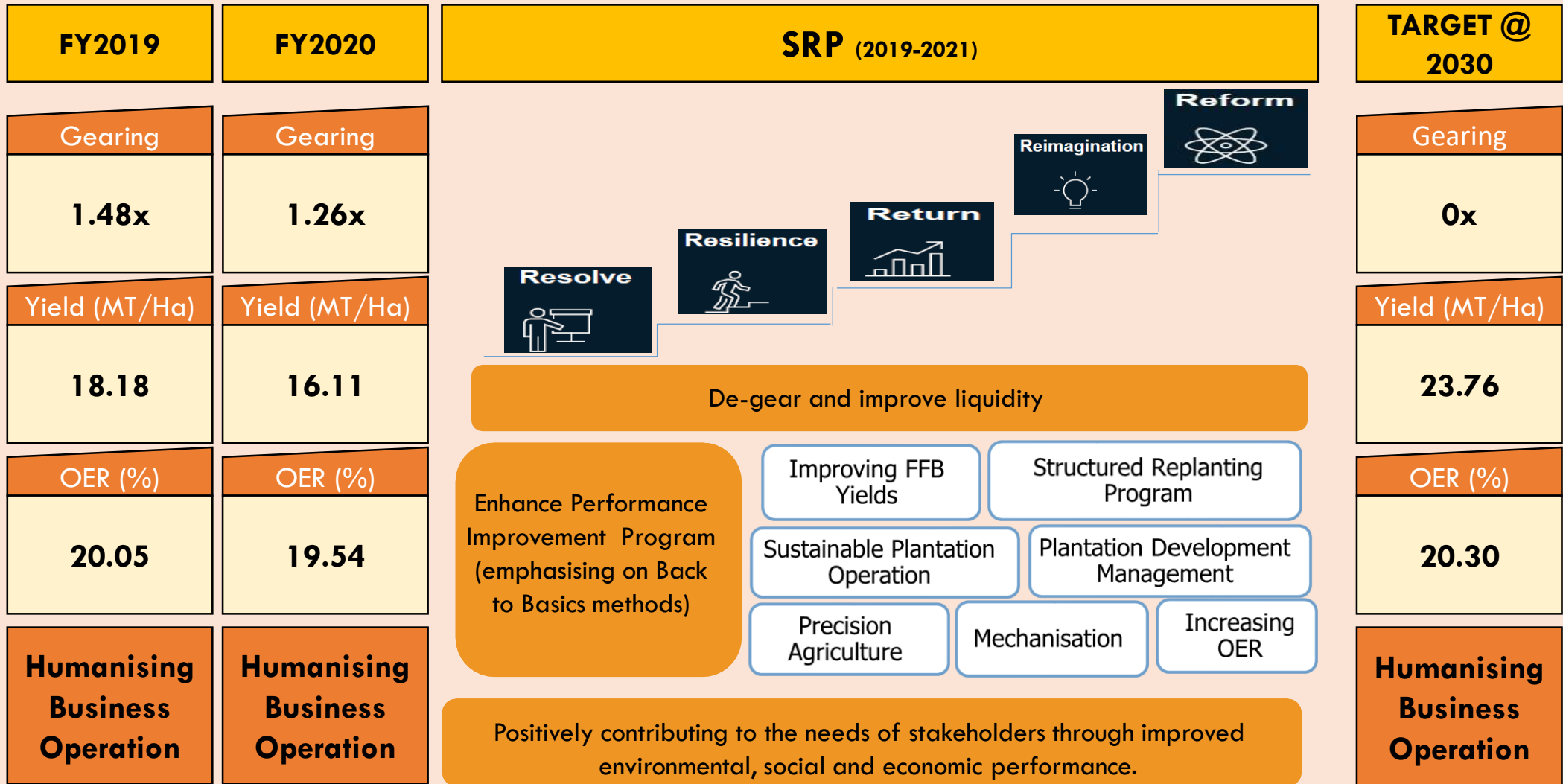
Replanted after the age of palms are between 26-34 years old

Target:

To replant at age of 25 years

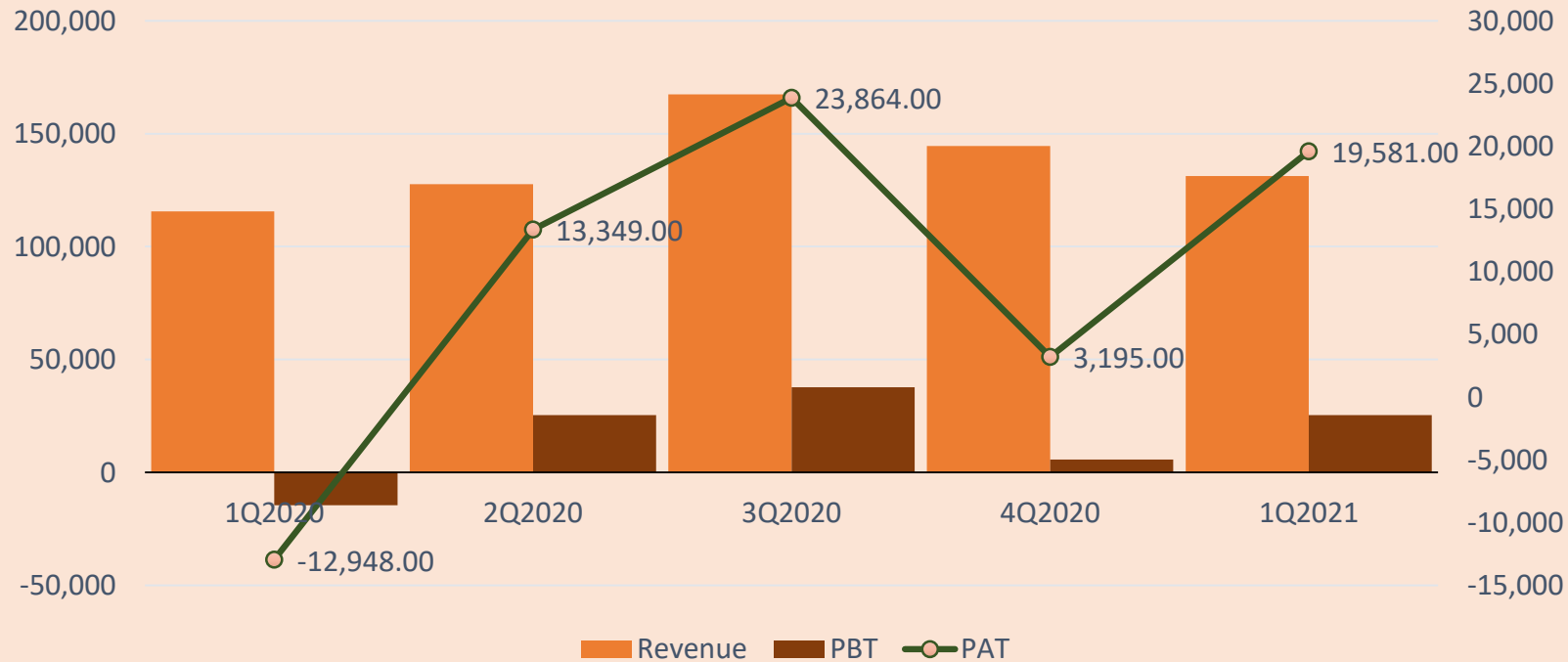
- Low yield and low oil extraction rate
- Difficulty in recruiting skilled tall palm harvesters
- Maximising the stand (high density planting)
- Selection of superior new clone / progeny which produces better yield and higher oil extraction rate

THE TRAJECTORY



PROGRESS OF STRATEGIC RECOVERY PLAN

SRP has began to bear results - Quarterly financial performance have improved



MOVING FORWARD: OUR FUTURE



We aim to reposition THP as a strong & robust pure upstream palm oil player



Building better prospects for future growth organically



Endeavouring into new business ventures

- We aim to set up a strong base, highly profitable and efficient medium - sized oil palm plantation
→ For future growth



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THANK YOU