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TH Plantations fails to meet FY13 ROE target, but surpasses FFB yield target

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KUALA LUMPUR: TH Plantations Bhd (THP) has failed to meet its return on equity (ROE) target of 6.5% for financial year 2013 ended Dec 31 (FY13), but surpassed the fresh fruit bunch (FFB) yield target by 16.39% to 23.86 tonnes per ha.

In a filing with Bursa Malaysia yesterday, the company said it only managed to get an ROE of 5.47% for FY13 due to corporate exercises undertaken that involved equity, which resulted in a higher shareholders' fund and softer earnings mainly attributed to lower commodity prices.

The plantation arm of Lembaga Tabung Haji, on the other hand, exceeded its FFB yield per ha target by 3.36 tonnes per ha, or 16.39%, to 23.86 tonnes per ha in FY13.

In addition, its recommended dividend of 3.62 sen for FY13 is in line with the group's sustainable dividend policy of distributing approximately 50% of profit after tax and minority interests (Patami).

TH Plantations said the headline key performance indicators (KPIs) were set and agreed upon by its board of directors as part of the broader KPI framework that the company has in place, as prescribed under the government linked companies transformation programme.

For FY14, TH Plantations has targeted an ROE of 6% and FFB yield of 22.40 tonnes per ha.

The KPI for dividend payout remains the same, at approximately 50% of the group's annual Patami.

In the medium-term KPI outlook (FY13 to FY15), the company said it plans to undertake new and strategic landbank expansion of an additional 30,000ha to strengthen its position as a medium sized plantation company.

"To date, we have acquired 6,514ha of oil palm plantations in Sarawak, translating into 22% of the targeted landbank expansion. Barring unforeseen circumstances, we are optimistic of achieving the target by FY15," it said.

Moving forward, TH Plantations said it will remain focused on sustainable business initiatives aimed at achieving higher FFB yields and oil extraction rate on the back of lower production cost in order to optimise its financial performance.

For FY13, the company posted a lower net profit of RM63.11 million against RM156.55 million in FY12.

Revenue, however, rose to RM469.95 million from RM375.85 million previously.