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TH Plantations to join the 'big boys'

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TH PLANTATIONS Bhd, which expects to float its shares on Bursa Malaysia on April 27, plans to enlarge its oil palm estates more than tenfold over the next five years.

The plantation arm of Lembaga Tabung Haji is expected to make a net profit of RM30.8 million for the year to December 2006, a 1 per cent drop from 2005.

The slight drop is due to lower crude palm oil (CPO) prices.

It has also forecast revenue to grow by 2 per cent to RM114 million this year.

TH Plantations managing director Datuk Rashidi Omar said in the next five years, the company also plans to build its first refinery and a biodiesel plant in Indonesia.

It currently has a total landbank of 16,227ha of oil palm estates in Malaysia and operates three mills.

The company also owns 83,000ha in Riau, Indonesia, an area that is slightly larger than Singapore. It also manages 122,000ha for the pilgrims fund.

"Over the next five years, after settling some land issues, the oil palm (estates) belonging to Tabung Haji will be injected into TH Plantations which will elevate us to be on par with the big boys," said Rashidi.

The giants of the industry include IOI Corp Bhd, PPB Oil Palms Bhd, Kumpulan Guthrie Bhd and Golden Hope Plantations Bhd with a landbank of more than 100,000ha each.

Rashidi said the refinery and biodiesel plants will be set up in Riau as they will be more suitable there. The plants would also have the capacity to produce 300,000 tonnes of CPO a year, which is five times more compared with the capacity of its mills in Malaysia.

Established in 1972, TH Plantations has an issued and paid-up capital of RM96 million and an oil extraction rate of almost 21 per cent compared with the industry's national average of 19.7 per cent.

TH Plantations has no debt and a cash pile of RM43 million and is the first business division owned by Tabung Haji to be listed on Bursa Malaysia.

Tabung Haji handles RM13 billion worth of funds belonging to five million depositors and has three other business divisions namely properties, construction and travel services.

> "We plan to inject Tabung Haji's oil palm estates into TH Plantations in five years' time"
> Rashidi

Share sale to raise RM93m for Tabung Haji

IPO Watch

■ By Roslana Hamsawi
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TABUNG Haji plans to raise some RM93.1 million from the initial public offering (IPO) of its plantations unit TH Plantations Bhd (THP).

THP would make an offer for sale of 74.51 million shares at RM1.25 each. This means the IPO would consist of existing shares rather than new shares that are normally sold in these exercises.

The money raised from the IPO would be ploughed back into Tabung Haji's pool of investments.

"After the listing exercise, Tabung Haji will own 63 per cent of THP," said THP managing director Datuk Rashidi Omar, alluding to the initial fears among some Muslims that the pilgrims fund will lose control of THP.

Earlier, the proposal to list THP was objected by several members of Parliament who said the pilgrims fund will lose control of the plantation company once it is floated.

Tabung Haji's chief executive officer Ismee Ismail said THP's IPO is historic as it is a success story of how the fund developed and nurtured a business which deserved to be listed.

"If previously our depositors could only save their money with us, now they have an option to participate in the capital market," he said.

The IPO will provide THP with the independence to grow its business to greater heights, inculcate good corporate culture and governance.

"At the same time, we are unlocking the values of our company. Now the values are in our balance sheet and are growing — by being a public company, it will be driven by market price and shareholders can now see the performance of THP.

"From now, our performance will be monitored. Our market capitalisation may be small at RM280 million but our advantage is we will have a good growth model. We may be small but we are managing quite a sizeable plantation," Ismee said.