

THE EDGE

M A L A Y S I A

Strong earnings buoy TH Plantations

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Generally, it was slim pickings in the initial public offerings (IPO) market in 2006. TH Plantations Bhd (THP), however, was one of the few listings that showed investors the money this year.

The company — the plantation arm of Malaysia's pilgrimage fund Lembaga Tabung Haji (LTH) — listed on April 27 and closed that day at a 60% premium to its offer price of RM1.25. Since then, the stock has appreciated by 97.6% to close at RM2.47 on Dec 15, making it the best performing Main Board IPO for the year.

Analysts are bullish on THP's prospects despite its small size compared with other plantation players.

"THP is a fundamentally good company that offers a cheaper option to investors for exposure to the buoyant plantations sector," says a sector analyst.

As at the end of October, THP had already met 70% of its forecast numbers

due to strong earnings during the third quarter, and most analysts are expecting the company to surpass numbers predicted in its prospectus.

THP currently owns 16,227ha of land in Peninsular Malaysia, of which 15,471 ha have been fully planted. According to analysts, 73% of its trees are in the mature stage with another 15% of the planted crop over 20 years old.

The company plans to double its land-bank over the next three years.

THP's future plans include entry into the downstream market by venturing into the refinery business. Its major shareholder LTH may also inject its other estates into the company in the future.

However, the road to listing for THP was not easy. The company was slated to list at the end of 2005, but the exercise was shelved due to objections from various parties that it deviated from LTH's main purpose. THP's listing was finally given the green light last October. Its listing adviser and underwriter was CIMB Investment Bank Bhd.