

THE EDGE BILLION RINGGIT CLUB

Sarawak Oil Palms Berhad being awarded “The Edge Billion Ringgit Club (BRC)”. The Highest Compound Growth in Profit before tax for Plantation Sector over three years (2007-2009) and yet another milestone achieved. The Edge BRC Second Highest Compound Returns to Shareholder & On Equity over the 3 years within the plantation sector.



Sarawak Oil Palms Berhad Group Chief Executive Officer, Mr Paul Wong (right) receiving the Award Certificate from the Prime Minister, Datuk Seri Mohd Najib Razak



Prime Minister Datuk Seri Mohd Najib Razak and his wife Datin Seri Rosmah Mansor with The Edge chairman Datuk Tong Kooi Ong (far left) and all the BRC's members.



From left: Mr Ong Eng Bin (OCBC Head Large Corporates), Ms Tan Ai Chin (OCBC Head Investment Banking) Mr Paul Wong (GCEO of SOPB), Mr Jeffrey Chew (CEO of OCBC) and Mr Eric Kiu (Group Financial Controller of SOPB)

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THE EDGE BILLION RINGGIT Club

CONGRATULATIONS
TO THE VALUE CREATORS: OUTSTANDING CEOs OF MALAYSIA
AND THE WINNERS OF THE EDGE BILLION RINGGIT CLUB
CORPORATE AWARDS 2010

VALUE CREATORS: OUTSTANDING CEOs OF MALAYSIA
Top 50 CEO: Dr. Tan Hong Phee
CEO: Sri Nizar Razak

COMPANY OF THE YEAR
Supermax Corporation Bhd

CONSTRUCTION SECTOR
Highest Growth in Profit Before Tax Over Three Years: Madahya Group Bhd
Highest Return to Shareholders Over Three Years: Madahya Group Bhd
Highest Return on Equity Over Three Years: Madahya Group Bhd

CONSUMER PRODUCTS SECTOR
Highest Growth in Profit Before Tax Over Three Years: Tadevindo (M) Bhd
Highest Return to Shareholders Over Three Years: Tadevindo Holdings Bhd
Highest Return on Equity Over Three Years: Tadevindo Holdings Bhd

FINANCE SECTOR
Highest Growth in Profit Before Tax Over Three Years: CIMB Group Holdings Bhd
Highest Return to Shareholders Over Three Years: Public Bank Bhd
Highest Return on Equity Over Three Years: Public Bank Bhd

INDUSTRIAL PRODUCTS SECTOR
Highest Growth in Profit Before Tax Over Three Years: Supermax Corporation Bhd
Highest Return to Shareholders Over Three Years: Supermax Corporation Bhd
Highest Return on Equity Over Three Years: Tasek Rubber Industry Bhd

PLANTATION SECTOR
Highest Growth in Profit Before Tax Over Three Years: Sarawak Oil Palm Bhd
Highest Return to Shareholders Over Three Years: Sarawak Oil Palm Bhd
Highest Return on Equity Over Three Years: Sarawak Oil Palm Bhd

PROPERTY SECTOR
Highest Growth in Profit Before Tax Over Three Years: Sunway Bhd
Highest Return to Shareholders Over Three Years: Sunway Bhd
Highest Return on Equity Over Three Years: Sunway Bhd

TRADING/SERVICES, ITC AND TECHNOLOGY SECTOR
Highest Growth in Profit Before Tax Over Three Years: Pharmanaga Bhd
Highest Return to Shareholders Over Three Years: Berjaya Land Bhd
Highest Return on Equity Over Three Years: Berjaya Sports Toto Bhd

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Sources: The Edge Special Focus July 12, 2010

BILLION RINGGIT Club

HIGHEST GROWTH IN PROFIT BEFORE TAX AWARD

PLANTATION

SARAWAK OIL PALMS

Fully committed to sustainable oil palm cultivation

BY JENNY NG

Sarawak Oil Palms Bhd (SOP), a pioneer in peat soil planting in Sarawak, won The Edge Billion Ringgit Club Highest Growth in Profit Before Tax Award for the plantation sector. Its pre-tax profit, adjusted for exceptional items, grew at a compound rate of 50.1% per year, from RM39.6 million in FY2006 to RM133.8 million in FY2009.

SOP's strong performance is attributed to soaring crude palm oil (CPO) prices and its expanding hectareage. The company has been steadily adding to its planted landbank, from a mere 32,027ha in 2006 to 54,252ha by end-2009, which is an increase of 69%. In this period, fresh fruit bunches (FFB) per hectare rose from 18.47 tonnes to 21.25 tonnes as more palms reached their prime.

Of the company's 54,252ha of oil palm plantations, almost 80% have young palms, 15% palms of 11 to 20 years and 5% old palms. This will ensure strong growth in output over the medium to longer terms as more of the young palms start to mature.

The company's CPO production almost doubled from 124,873 tonnes in 2006 to 225,056 tonnes in 2009. Also in this period, the group's mills rose from two to four. Milling capacity increased from 135 tonnes per hour in 2006 to 285 tonnes per hour in 2009.

The group has benefited from rising CPO prices as biofuel demand and high crude oil prices triggered structural changes in the edible oils industry. From 2007 to 2009, CPO spot prices averaged RM2,530, compared with an average of RM1,528 in the previous three years. SOP achieved an average CPO price of RM2,346 per tonne from 2007 to 2009.

As a result, its share price climbed from RM1.32 in early 2007 to RM2.66 as at end-2009. Shareholders would have doubled the value of their investments during this period. Shareholders' funds meanwhile increased 139% to RM829 million from RM347 million in 2006.

CEO'S BACKGROUND

Wong Hee Kwong, 48, is Sarawak Oil Palms group CEO. He joined the group in 1996.

Wong is a chartered accountant and a member of the Malaysian Institute of Accountants and fellow member of Chartered Association of Certified Public Accountants.

He worked at KPMG, EON Finance Bhd and a government-linked company before joining Sarawak Oil Palms as group finance manager and company secretary in April 1996.

The group did not escape the impact of the global financial crisis which started in late 2008 and worsened in 2009. "The weak global economy caused CPO prices to fall significantly from RM2,800 to a low of RM1,400 per tonne. The group also suffered from high operational costs during the crisis due to higher diesel and fertiliser prices," the company says.

However, SOP does not expect any direct impact from the current economic turmoil in Europe.

On its strategy for future expansion, CEO Wong Hee Kwong says oil palm cultivation will remain its core business. Thus, it will continue to invest in the expansion of oil palm areas, the construction of palm oil mills and related businesses, such as palm oil refining, palm kernel crushing, biodiesel and oleochemicals.

SOP is seeking to position itself for growth using an integrated approach that involves an expansion of its plantation and plantation-related industries. It aims to be a leading plantation company measured by cost, return on investment and profitability.

The company says it is fully committed to sustainable oil palm cultivation through the implementation of its Group Agriculture Policy directed at good agricultural practices, environmental protection, proper handling of waste, by-product utilisation and prevention of degradation of soil, air and water.

Wong: Oil palm cultivation will remain the company's core business



3-YEAR FINANCIALS

RM MIL	FY2009	FY2008	FY2007	FY2006
Revenue	567.61	683.52	439.48	221.48
Profit Before Tax	133.78	208.56	151.37	39.56
Net Profit	98.90	140.56	109.29	34.79
Return on Equity	11.96%	19.10%	24.02%	10.01%

SHARE PRICE



COMPANY BACKGROUND

Founded in 1968, Sarawak Oil Palms Bhd's principal business activities are the cultivation of oil palm and milling operations. Its key palm oil products include fresh fruit bunches, crude palm oil and palm kernel, which are marketed locally.

The company was formed as a joint venture between the Commonwealth Development Corporation (CDC) and the Sarawak government to pioneer the commercial planting of oil palm in Sarawak, with an initial land area of 4,600ha. It was converted into a public company in 1990 and listed on Bursa Malaysia (then the Kuala Lumpur Stock Exchange) in August 1991.

In June 1995, Shin Yang Plantation Sdn Bhd bought over CDC's entire 25% stake in Sarawak Oil Palms. Shin Yang and Pelita Holdings Sdn Bhd were the company's two largest shareholders as at April 30, with a shareholding of 29.44% and 29.04% respectively.

Since its establishment, the company has expanded its landbank — all in Sarawak — to over 70,000ha, with 54,252ha planted with oil palm.

Sources: The Edge Special Focus July 12, 2010