Tradewinds sees CPO as major contributor to profits

KUALA LUMPUR: Tradewinds (M) Bhd expects crude palm oil (CPO) to be the major contributor to group profits this year, overtaking its core sugar refining business.

Chairman Tan Sri Zainol Abidin Abd Rashid said Tradewinds' plantations, which were largely operated by its 70% subsidiary Tradewinds Plantation Bhd, expected to achieve a higher average CPO price of RM2,000 per tonne this year from RM1,472 per tonne last year.

"We are projecting a higher fresh fruit bunches (FFB) production from additional areas coming into maturity and higher yield forecast from prime age trees," he said after the company AGM yesterday.

Last year, the group's FFB rose 22.7% to 1.28 million tonnes while CPO production was 33.7% higher at 59,708 tonnes.

Tradewinds has 41,013ha plantation land bank in Peninsular Malaysia (Johor, Trengganu and Kelantan) and 95,640ha in Sabah and Sarawak.

Zainol said Tradewinds also completed the disposal of its 4,031ha oil palm plantation in Indonesia this week. "Despite the disposal, we will continue to seek a sizeable plantation land bank in Indonesia for economies of scale."

Tradewinds, through Central Sugars Refinery Sdn Bhd, is the second largest refiner in Malaysia with a 42% share in the domestic sugar market.

Following the acquisition of Gula Padang Terap Sdn Bhd last year, the group's sugar production would increase to 700,000 tonnes this year, Zainol said.

"We plan to increase our sugar export to 250,000 tonnes this year from 158,905 tonnes last year," he added. He attributed the lower sugar export last year to the acute shortage of refined sugar in Malaysia and players pressured by the volatile price of raw sugar.

On the impact of the supply and cooking oil price stabilisation cess imposed by the government, effective this month, Zainol said: "We are not entirely clear on the cess structure. Worst-case scenario, Tradewinds might stand to lose about RM10mil this year."

The cess was mainly to assist palm oil refiners cope with their escalating costs given the exponential increase in CPO prices this year.