

Tradewinds Plantation sees strong growth

KUALA LUMPUR: Tradewinds Plantation Bhd (TPB) expects strong growth in the next few years on rising yield, declining cost and improving efficiencies in milling operations, said managing director Radzuan A. Rahman.

TPB, a merger between Tradewinds (M) Bhd and Johor Tenggara Oil Palm Bhd (JTOP), is the country's fifth largest plantation company in terms of planted hectareage, even though it has only planted 59% of its 126,980ha land bank. It took over the listed status of JTOP last month.

"Our fresh fruit bunches (FFB) production is expected to top one million tonnes this year and 30% of our land bank has yet to be planted while less than half is matured. So there is tremendous upside potential in the coming years, even without any expansion," he told reporters after the company's launch yesterday.

He said FFB production was likely to grow double digit, yield per hectare at single digit, oil extraction rate at low single digit and cost to decline at least 8%.

The average age of oil palm trees is 10 years old. Of matured areas, 46% are under eight years old, with 41% at the highest yield stage of between nine and 18 years.

The company planned to reduce the cost of production from RM840 per tonne this year to RM720 in 2010,



Tradewinds Plantation chairman Datuk Mohd Noor Ismail (left) and Tradewinds Corp chairman Datuk Seri Megat Najmuddin Khas at the launch of TPB in Kuala Lumpur - CHINA PRESSpic

Radzuan said, adding that while there were companies that could keep the cost at RM600 per tonne, TPB was unlikely to achieve this due to the location of its land bank.

"The older plantations are located nearer to the main road, but ours are mainly newer estates and further away, hence our transportation cost will naturally be higher," he said.

He added that the company would focus on upstream activities, which still provided "plenty of upside."

"We're not in a hurry to go into

downstream activities, which are more capital extensive. Even if we do, it would be via strategic alliances with those already involved in downstream business," he said.

He said the average yield/hectare of local plantation firms was 20 tonnes although the yield potential was between 30 and 35 tonnes per ha.

On expansion to Indonesia, Radzuan said the company was still evaluating the possibility and the due diligence process was likely to be completed by early next year.