

Research Team  
(603) 7890 8888

<b>Recommendation:</b>	<b>HOLD</b>
Current Price:	RM 3.60
Previous Target Price:	RM2.30
Target Price:	RM 3.76
Capital Upside/Downside:	4.4%
Dividend Yield (%):	6.4%
<b>Total Upside/Downside:</b>	<b>10.8%</b>

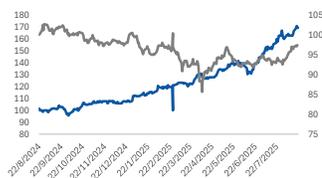
#### Stock information

Board	MAIN
Sector	Plantation
Bursa / Bloomberg Code	5135 / SPLB MK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	279.0
Market Cap (RM' m)	1,004.5
52-Week Price Range (RM)	3.63-2.18
Beta (x)	0.6
Free float (%)	26.4
3M Average Volume (m)	0.1
3M Average Value (RM' m)	0.4

#### Top 3 Shareholders (%)

Ta Ann Holdings Bhd	28.7
State Financial Secretary	25.5
Amanah Khairat Yayasan Budaya Me	4.2

#### Share Price Performance



	1M	3M	12M
Absolute (%)	8.1	15.4	57.9
Relative (%)	7.9	7.2	43.5

Earnings Summary	FY25	FY26F	FY27F
Revenue (RM'm)	571.6	521.4	502.6
PATAMI (RM'm)	105.8	105.0	98.4
CNP (RM'm)	90.7	105.0	98.4
EPS - core (sen)	32.5	37.6	35.3
P/E (x)	9.0	7.7	8.3

# Sarawak Plantation Bhd

## Higher FFB production set for FY26

- **Overshooting expectations, SPLB reported FY25 CNP of RM 90.7m (+22.4% yoy), accounting for 116.6%/112.3% of ours and consensus forecasts respectively.**
- **FY25 FFB production rises 6.91% yoy to 360,933 tonnes.**
- **We retain our HOLD call on SPLB with a TP of RM3.76 based on an implied PE of 10x FY26 EPS.**

**Results exceeded expectations.** The Group reported FY25 CNP of RM90.7m, which was above expectations, meeting 116.6% and 112.3% of our and consensus full-year estimates. The variance had resulted from a higher-than-expected ASP for CPO in FY25.

**YoY.** For 4QFY25, revenue stood at RM165.4m (+15.2%) supported by higher sales volume of 26.2% and 33.9% of CPO and PK products respectively. Lower CPO prices (-10.0%) had hindered top line and were slightly offset by higher PK prices (+2.1%). Increases were seen in GP for both Plantation and Milling segments at 4.4% and 72% respectively. Cumulatively, FY25 revenue rose to RM 571.6m (+3.7%), being aided by increases in the ASP of CPO (3.9%) and PK (31.7%). This was offset by lower sales volumes of 4.5% and 3.8% for CPO and PK respectively. CNP stood at RM24.2m and had risen 35.6%.

**QoQ.** Revenue had risen 18.4% supported by higher FFB production, thanks to seasonal peak production trends in 2HFY25 (+27.8% vs 1HFY25). Meanwhile, CNP had risen 24.5%.

**Outlook.** Management has guided for ambitious double-digit growth (~20%) in FY26 FFB production, targeting ~430k tonnes from ~360k tonnes in FY25. We remain cautious on the achievability of this target, given historical YoY production growth of below 10% and the group's record of downward revisions to output targets in FY25. While lower replanting of 1,000 ha in FY26 (vs c.3,200 ha in FY25) and higher fertiliser application could support production growth, we adopt a more conservative FY26 FFB growth assumption of 5.1% with yields of 18 tonnes/ha (FY25: 17.93 tonnes/ha). Overall, our conservative assumptions imply limited upside to current market expectations, supporting our HOLD recommendation given uncertainty in production growth. We note that while a BUY is implied from the total upside, recent price appreciation and future uncertainties remain that underpin our HOLD recommendation.

**Earnings Revision.** We note a revision in our earnings estimates following a change in analyst. From the previous forecast, our FY26F and FY27F earnings have been revised upwards by 27.9% and 13.7% respectively. We also set a forecasted CPO price of RM4,200/MT for FY26.

**Valuation.** We reiterate our **HOLD** call on SPLB with a higher TP of **RM3.76** based on an implied PE of 10x FY26 EPS of 37.6. We ascribe a 0% ESG adjustment, in line with the Group's three-star ESG rating.

**Risk** Export ban and regulations, changing weather patterns affect FFB production, taxation and export ban in Indonesia threatens local CPO demand, shortage of labours and rising operational cost.

# Results Note

Thursday, 26 Feb, 2026

## Results Comparison

FYE Dec (RM m)	4QFY25	4QFY24	yoy (%)	3QFY25	qoq (%)	12MFY25	12MFY24	yoy (%)	Comments
Revenue	165.4	143.6	15.2	139.7	18.4	571.6	551.4	3.7	
EBITDA	47.0	30.6	53.7	45.1	4.2	177.7	160.1	11.0	
Pre-tax profit	38.1	21.8	74.8	36.3	4.8	142.2	124.1	14.6	
Net profit	25.2	16.2	55.5	31.1	(19.1)	105.8	91.8	15.3	
Core net profit	30.2	27.6	9.1	24.2	24.5	90.7	74.1	22.4	
Core EPS (sen)	10.8	9.9	9.1	8.7	24.5	32.5	26.6	22.4	
EBITDA margin (%)	28.4	21.3		32.3		31.1	29.0		
PBT margin (%)	23.0	15.2		26.0		24.9	22.5		
Core net profit margin (%)	18.2	19.2		17.3		15.9	13.4		

Source: Company, Apex Securities

## Segmental Breakdown

FYE Dec (RM m)	4QFY25	4QFY24	yoy (%)	3QFY25	qoq (%)	12MFY25	12MFY24	yoy (%)	Comments
<b>Revenue</b>									
Plantation	87.9	80.6	9.0	72.6	21.1	291.9	262.4	11.3	
Mill Operations	146.4	125.7	16.5	124.7	17.4	513.4	497.9	3.1	
Others	0.3	0.3	0.7	0.3	0.3	1.2	1.0	20.9	
<b>Gross Profit (GP)</b>									
Plantation	39.5	37.8	4.4	27.4	44.2	119.2	102.6	16.2	
Mill Operations	18.0	10.5	72.0	11.8	53.0	52.9	47.6	11.1	
Others	(0.2)	(0.2)	14.0	(0.3)	(16.7)	(0.9)	(0.9)	5.3	
<b>GP margin (%)</b>									
Plantation	44.9%	46.9%		37.7%		40.8%	39.1%		
Mill Operations	12.3%	8.3%		9.5%		10.3%	9.6%		
Others	-73.6%	-65.0%		-88.6%		-77.2%	-88.6%		

Source: Company, Apex Securities

## Financial Highlights

### Income Statement

FYE Dec (RM m)	FY23	FY24	FY25	FY26F	FY27F
<b>Revenue</b>	<b>570.7</b>	<b>551.4</b>	<b>571.6</b>	<b>521.4</b>	<b>502.6</b>
<b>Gross Profit</b>	<b>133.0</b>	<b>150.0</b>	<b>172.1</b>	<b>192.0</b>	<b>181.9</b>
<b>EBITDA</b>	<b>125.4</b>	<b>160.6</b>	<b>177.7</b>	<b>179.6</b>	<b>172.3</b>
Depreciation & Amortisation	42.3	42.3	42.2	41.8	43.8
<b>EBIT</b>	<b>83.1</b>	<b>118.3</b>	<b>135.5</b>	<b>137.9</b>	<b>128.5</b>
Net Finance Income/ (Cost)	4.3	6.0	6.7	1.6	2.3
Associates & JV	0.0	0.0	0.0	0.0	0.0
<b>Pre-tax Profit</b>	<b>87.4</b>	<b>124.4</b>	<b>142.2</b>	<b>139.5</b>	<b>130.8</b>
Tax	-22.6	-31.5	-35.4	-33.5	-31.4
<b>Profit After Tax</b>	<b>64.9</b>	<b>92.9</b>	<b>106.8</b>	<b>106.0</b>	<b>99.4</b>
Minority Interest	-0.4	-0.8	-1.0	-1.0	-1.0
<b>Net Profit</b>	<b>64.4</b>	<b>92.0</b>	<b>105.8</b>	<b>105.0</b>	<b>98.4</b>
Exceptionals	3.0	-18.0	-15.1	0.0	0.0
<b>Core Net Profit</b>	<b>67.4</b>	<b>74.0</b>	<b>90.7</b>	<b>105.0</b>	<b>98.4</b>

### Key Ratios

FYE Dec	FY23	FY24	FY25	FY26F	FY27F
EPS (sen)	24.2	26.5	32.5	37.6	35.3
P/E (x)	12.0	11.0	9.0	7.7	8.3
P/B (x)	1.1	1.0	1.0	0.9	0.9
EV/EBITDA (x)	5.6	4.7	4.4	4.2	4.3
DPS (sen)	15.0	15.0	15.0	15.0	15.0
Dividend Yield (%)	5.2%	5.2%	5.2%	5.2%	5.2%
EBITDA margin (%)	22.0%	29.1%	31.1%	34.5%	34.3%
EBIT margin (%)	14.6%	21.5%	23.7%	26.4%	25.6%
PBT margin (%)	15.3%	22.6%	24.9%	26.8%	26.0%
PAT margin (%)	11.4%	16.8%	18.7%	20.3%	19.8%
NP margin (%)	11.3%	16.7%	18.5%	20.1%	19.6%
CNP margin (%)	11.8%	13.4%	15.9%	20.1%	19.6%
ROE (%)	9.1%	9.4%	10.9%	12.0%	10.7%
ROA (%)	7.1%	7.2%	8.1%	9.2%	8.3%
Gearing (%)	1.2%	5.2%	8.2%	6.3%	4.5%
Net gearing (%)	Net Cash				

### Valuations

	FY26F
Core EPS (RM)	0.376
P/E multiple (x)	10.0
<b>Fair Value (RM)</b>	<b>3.76</b>
ESG premium/discount	0.0%
<b>Implied Fair Value (RM)</b>	<b>3.76</b>

Source: Company, Apex Securities

### Balance Sheet

FYE Dec (RM m)	FY23	FY24	FY25	FY26F	FY27F
Cash	114.6	104.7	110.7	114.1	117.7
Receivables	18.6	20.3	25.8	20.4	19.7
Inventories	23.8	26.1	22.3	19.2	18.7
Other current assets	105.3	158.5	206.3	206.3	206.3
<b>Total Current Assets</b>	<b>262.3</b>	<b>309.6</b>	<b>365.0</b>	<b>360.1</b>	<b>362.5</b>
Fixed Assets	261.8	260.0	248.2	243.9	236.3
Intangibles	0.0	0.0	0.0	0.0	0.0
Other non-current assets	430.6	460.6	503.7	539.7	580.6
<b>Total Non-current assets</b>	<b>692.4</b>	<b>720.6</b>	<b>751.8</b>	<b>783.6</b>	<b>816.9</b>
Short-term Debt	1.1	2.7	8.0	0.0	0.0
Payables	57.4	65.7	62.3	49.5	48.2
Other Current Liabilities	21.1	4.3	4.0	4.0	4.0
<b>Total Current Liabilities</b>	<b>79.6</b>	<b>72.7</b>	<b>74.3</b>	<b>53.6</b>	<b>52.3</b>
Long-term Debt	8.0	38.0	60.6	54.9	41.1
Other non-current liabilities	124.4	135.9	148.2	159.1	170.0
<b>Total Non-current Liabilities</b>	<b>132.4</b>	<b>173.9</b>	<b>208.8</b>	<b>214.0</b>	<b>211.2</b>
Shareholder's equity	748.5	779.4	829.4	871.8	911.5
Minority interest	-5.9	4.3	4.4	4.4	4.4
<b>Equity</b>	<b>742.6</b>	<b>783.7</b>	<b>833.7</b>	<b>876.1</b>	<b>915.9</b>

### Cash Flow

FYE Dec (RM m)	FY23	FY24	FY25	FY26F	FY27F
<b>Pre-tax profit</b>	<b>87.4</b>	<b>124.4</b>	<b>142.2</b>	<b>139.5</b>	<b>130.8</b>
Depreciation & amortisation	42.3	42.3	42.2	41.8	43.8
Changes in working capital	-18.2	4.3	-5.4	-4.4	-0.1
Others	-29.9	-40.4	-40.4	-22.6	-20.5
<b>Operating cash flow</b>	<b>81.6</b>	<b>130.5</b>	<b>138.6</b>	<b>154.3</b>	<b>154.0</b>
Net capex	-38.2	-61.7	-67.5	-73.5	-77.1
Others	-9.8	-32.7	-31.8	0.0	0.0
<b>Investing cash flow</b>	<b>-48.0</b>	<b>-94.4</b>	<b>-99.3</b>	<b>-73.5</b>	<b>-77.1</b>
Changes in borrowings	-2.7	24.3	23.4	-13.7	-13.7
Issuance of shares	0.0	0.0	0.0	0.0	0.0
Dividends paid	-41.9	-69.8	-55.8	-63.6	-59.6
Others	-0.3	-0.4	-0.9	0.0	0.0
<b>Financing cash flow</b>	<b>-44.8</b>	<b>-45.8</b>	<b>-33.3</b>	<b>-77.3</b>	<b>-73.4</b>
<b>Net cash flow</b>	<b>-11.2</b>	<b>-9.7</b>	<b>5.9</b>	<b>3.5</b>	<b>3.6</b>
Forex	0.0	0.0	0.0	0.0	0.0
Others	-0.5	-0.2	0.0	0.0	0.0
Beginning cash	126.3	114.6	104.7	110.7	114.1
<b>Ending cash</b>	<b>114.6</b>	<b>104.7</b>	<b>110.7</b>	<b>114.1</b>	<b>117.7</b>

## ESG Matrix Framework:

### Environment

Parameters	Rating	Comments
Climate	★★★	In FY24, Scope 1 and Scope 2 emissions were reduced by -7% and -13% respectively, while Scope 3 emissions saw a -7% yoy decline. Emission intensity at palm oil mills improved to 0.45 tCO <sub>2</sub> e per MT of CPO produced, representing a -13% yoy reduction.
Waste & Effluent	★★★	Waste management showed marked progress with landfilled waste reduced by 33% to 2,272 MT, while recycled waste up by +17% yoy to 5,010 MT.
Energy	★★★	Total energy consumption rose to 14.43m GJ, a +7% yoy increase from the previous year. However, the share of renewable energy declined slightly to 41%, compared to 45% previously.
Water	★★★	Water withdrawal increased marginally to 33.8m m <sup>3</sup> , yet water use efficiency improved, with intensity down -2% yoy to 1.06 m <sup>3</sup> per MT of FFB processed.
Compliance	★★	Complied with MSPO but not RSPO certified

### Social

Diversity	★★★	The workforce remains diverse, with women making up 25% of the total headcount and 22% of management roles, reflecting an increase in leadership diversity.
Human Rights	★★★	Enforce and adopts Code of Ethics and Conduct
Occupational Safety and Health	★★	There were 5 workplace fatalities in FY24, down from 7 in the previous year, while the LTIFR improved to 0.36, a -23% yoy reduction.
Labour Practices	★★★	The Group continued aligning pay scales with market rates under the National Wages Consultative Council Act and provided an average of 19.5 training hours per employee.

### Governance

CSR Strategy	★★★	Community investment rose significantly to RM5.8m in FY24, benefiting over 46,000 individuals through various outreach and empowerment programs.
Management	★★	Average board members age above 62, 1/6 female board composition, 4/6 Independent Directors.
Stakeholders	★★★★	1x AGM per annum but responsive to enquiries on request.

Overall ESG Scoring: ★★★

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#### Recommendation Framework:

**BUY:** Total returns\* are expected to exceed 10% within the next 12 months.

**HOLD:** Total returns\* are expected to be within +10% to – 10% within the next 12 months.

**SELL:** Total returns\* are expected to be below -10% within the next 12 months.

**TRADING BUY:** Total returns\* are expected to exceed 10% within the next 3 months.

**TRADING SELL:** Total returns\* are expected to be below -10% within the next 3 months.

\*Capital gain

#### Sector Recommendations:

**OVERWEIGHT:** The industry defined by the analyst is expected to exceed 10% within the next 12 months.

**NEUTRAL:** The industry defined by the analyst is expected to be within +10% to – 10% within the next 12 months.

**UNDERWEIGHT:** The industry defined by the analyst, is expected to be below -10% within the next 12 months.

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#### ESG Rating Framework:

★★★★★ : Appraised with 3% premium to fundamental fair value

★★★★ : Appraised with 1% premium to fundamental fair value

★★★ : Appraised with 0% premium/discount to fundamental fair value

★★ : Appraised with -1% discount to fundamental fair value

★ : Appraised with -5% discount to fundamental fair value

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As of **Thursday, 26 Feb, 2026**, the analyst(s), whose name(s) appears on the front page, who prepared this report, has interest in the following securities covered in this report:

(a) nil.

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