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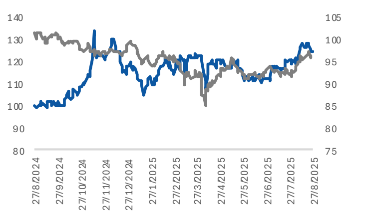
Recommendation:	HOLD
Current Price:	RM 2.00
Previous Target Price:	RM 2.00
Target Price: ↑	RM 2.10
Capital Upside/Downside:	5.0%
Dividend Yield (%):	4.4%
Total Upside/Downside	9.4%

Stock information	
Board	MAIN
Sector	Plantation
Bursa / Bloomberg Code	5138 / HAPL MK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	799.7
Market Cap (RM' m)	1,599.4
52-Week Price Range (RM)	2.3-1.67
Beta (x)	0.8
Free float (%)	25.8
3M Average Volume (m)	0.3
3M Average Value (RM' m)	0.6

Top 3 Shareholders	(%)
Hap Seng Consolidated Bhd	69.5
Public Smallcap Fund	2.4
Employees Provident Fund Board	1.2

Share Price Performance



	1M	3M	12M
Absolute (%)	4.2	9.3	17.0
Relative (%)	0.6	5.0	21.7

Earnings Summary	FY24	FY25F	FY26F
Revenue (RM'm)	752.4	773.3	742.0
PATAMI (RM'm)	204.6	159.1	155.7
CNP (RM'm)	160.4	159.1	155.7
EPS - core (sen)	20.1	19.9	19.5
P/E (x)	9.4	9.4	9.7

Hap Seng Plantations Holdings Bhd

Output Recovery Expected in 2H

- **HAPL recorded CNP of RM30.1m (-23.1% QoQ, -6.3% YoY) in 2QFY25, bringing 6MF25 CNP to RM69.3m (+22.9% YoY), accounting for 44% of our full-year forecast and consensus estimate. We consider the results to be within expectations, as we anticipate earnings momentum to strengthen in 3QFY25 on the back of higher FFB output and firmer CPO prices.**
- **FFB production stood at 277k mt, meeting our forecast at 41.2%. We expect output to regain momentum as it enters into peak harvest season.**
- **Re-iterate our HOLD call with a higher TP of RM2.10 (previously RM2.00), after rolling forward our valuation base year to FY26F. Our revised TP is derived from applying a higher P/E multiple of 10.9x (vs. 10.2x previously), in line with the updated 3-year historical trading average.**

Results within expectations. 6MFY25 CNP came in at RM69.3m (excluding FV loss on biological assets of RM27.1m), accounting for 44% of our full-year forecast and consensus estimate. We consider the results to be within expectations, as we anticipate earnings momentum to strengthen in 3QFY25 on the back of higher FFB output and firmer CPO prices.

YoY. CNP came in at RM30.1m, down 6.3% YoY, dragged by softer sales volume of CPO (-20.5% YoY) and PK (-1.7% YoY). Revenue contracted 14.6% to RM156.1m, reflecting lower offtake despite higher realised prices for both CPO and PK.

QoQ. CNP fell 23.1% QoQ, on the back of softer ASPs, with CPO prices averaging RM4,260/mt (-12.5% QoQ) and PK at RM3,471/mt (-7.2% QoQ). Revenue slid 13.0% in line with the weaker prices.

Outlook. YTD production stood at 277k mt or 41.2% of our full-year forecast, partly dampened by wet weather. We expect volumes to recover in 2HFY25 as Aug–Oct typically marks the peak harvest cycle for Sabah estates, enabling HAPL to catch up on its target. With fertiliser application front-loaded in 1HFY25, unit cost should stay contained. Management guided for FY25 unit cost of c.RM2,223/mt (vs. RM2,305 in FY24), underpinned by lower fertiliser prices and stronger output.

Earnings Revision. We keep our forecast unchanged as we expect earnings momentum to pick up in 3QFY25, underpinned by higher FFB output and firmer CPO prices.

Valuation. Re-iterate our **HOLD** call with a higher target price of **RM2.10** (previously RM2.00), after rolling forward our valuation base year to FY26F. Our revised TP is derived from applying a higher P/E multiple of 10.9x (vs. 10.2x previously), in line with the updated 3-year historical trading average. We continue to apply a 0% ESG adjustment with three-star ESG rating.

Risks. EU 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, increased competition from alternative vegetable oils.

Results Comparison

FYE Dec (RM m)	2QFY25	2QFY24	yoy (%)	1QFY25	qoq (%)	6MFY25	6MFY24	yoy (%)	Comments
Revenue	156.1	182.8	*(14.6)*	179.4	*(13.0)*	335.5	341.8	*(1.8)*	*2Q tend to be HAPL weakest quarter*
EBITDA	48.1	57.6	*(16.6)*	51.1	*(5.9)*	99.1	127.3	*(22.1)*	
Pre-tax profit	26.4	36.8	*(28.2)*	29.7	*(11.0)*	56.1	85.3	*(34.2)*	
Net profit	19.7	27.7	*(28.9)*	22.5	*(12.6)*	42.1	64.2	*(34.3)*	*YoY: lower CPO/PK sales volume*
Core net profit	30.1	32.1	*(6.3)*	39.2	*(23.1)*	69.3	56.4	*22.9*	*QoQ: CPO/PK price correction*
Core EPS (sen)	3.8	4.0	*(6.3)*	4.9	*(23.1)*	8.7	7.0	*22.9*	
EBITDA margin (%)	30.8	31.5		28.5		29.5	37.2		
PBT margin (%)	16.9	20.1		16.6		16.7	24.9		
Core net profit margin (%)	19.3	17.6		21.8		20.7	16.5		

Source: Company, Apex Securities

Operational Statistic

FYE Dec	2QFY25	2QFY24	yoy (%)	1QFY25	qoq (%)	Comments
Sales Volume						
CPO (tonnes)	30,435.0	38,288.0	*(20.5)*	31,355.0	*(2.9)*	*Sales volume in 2QFY24 benefited from*
PK (tonnes)	6,809.0	6,929.0	*(1.7)*	6,480.0	*5.1*	*delivery timing.*
ASP						
CPO (RM/mt)	4,260.0	4,247.0	*0.3*	4,866.0	*(12.5)*	*YoY/QoQ: Anticipating firmer CPO prices in 3QFY25.*
PK (RM/mt)	3,471.0	2,731.0	*27.1*	3,741.0	*(7.2)*	

Source: Company, Apex Securities

Financial Highlights

Income Statement

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Revenue	**668**	**752**	**773**	**742**	**729**
Gross Profit	**197**	**307**	**247**	**237**	**233**
EBITDA	**205**	**352**	**292**	**286**	**282**
Depreciation & Amortisation	86	85	85	84	83
EBIT	**120**	**267**	**208**	**203**	**200**
Net Finance Income/ (Cost)	1	1	2	2	3
Associates & JV	0	0	0	0	0
Pre-tax Profit	**120**	**268**	**209**	**205**	**203**
Tax	-29	-63	-50	-49	-49
Profit After Tax	**91**	**205**	**159**	**156**	**154**
Minority Interest	0	0	0	0	0
Net Profit	**91**	**205**	**159**	**156**	**154**
Exceptionals	8	-44	0	0	0
Core Net Profit	**99**	**160**	**159**	**156**	**154**

Key Ratios

FYE Dec	FY23	FY24	FY25F	FY26F	FY27F
EPS (sen)	12.4	20.1	19.9	19.5	19.3
P/E (x)	15.1	9.4	9.4	9.7	9.8
P/B (x)	0.8	0.7	0.7	0.7	0.6
EV/EBITDA (x)	6.7	3.9	4.4	4.1	3.7
DPS (sen)	6.8	12.5	11.9	11.7	11.6
Dividend Yield (%)	3.6%	6.6%	6.4%	6.2%	6.1%
EBITDA margin (%)	30.8%	46.8%	37.8%	38.6%	38.8%
EBIT margin (%)	17.9%	35.5%	26.9%	27.3%	27.4%
PBT margin (%)	18.0%	35.6%	27.1%	27.6%	27.8%
PAT margin (%)	13.7%	27.2%	20.6%	21.0%	21.1%
NP margin (%)	13.7%	27.2%	20.6%	21.0%	21.1%
CNP margin (%)	14.9%	21.3%	20.6%	21.0%	21.1%
ROE (%)	5.1%	7.6%	7.2%	6.7%	6.4%
ROA (%)	4.1%	6.2%	5.9%	5.5%	5.3%
Gearing (%)	0.0%	0.0%	0.0%	0.0%	0.0%
Net gearing (%)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

Valuations	FY26F
Core EPS (RM)	0.195
P/E multiple (x)	10.9
Fair Value (RM)	**2.10**
ESG premium/discount	0.0%
Implied Fair Value (RM)	**2.10**

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Cash	136	117	230	343	454
Receivables	13	73	75	72	71
Inventories	101	102	105	100	99
Other current assets	444	583	593	604	615
Total Current Assets	**693**	**874**	**1002**	**1119**	**1237**
Fixed Assets	1734	1722	1706	1689	1671
Intangibles	0	0	0	0	0
Other non-current assets	0	0	0	0	0
Total Non-current assets	**1734**	**1722**	**1706**	**1689**	**1671**
Short-term Debt	0	0	0	0	0
Payables	45	55	63	61	60
Other Current Liabilities	10	13	13	13	13
Total Current Liabilities	**55**	**68**	**76**	**74**	**73**
Long-term Debt	0	0	0	0	0
Other non-current liabilities	420	425	425	425	425
Total Non-current Liabilities	**420**	**425**	**425**	**425**	**425**
Shareholder's equity	1953	2103	2208	2309	2411
Minority interest	0	0	0	0	0
Equity	**1953**	**2103**	**2208**	**2309**	**2411**

Cash Flow

FYE Dec (RM m)	23.0	24.0	25.0	26.0	27.0
Pre-tax profit	**120**	**268**	**209**	**205**	**203**
Depreciation & amortisation	86	85	85	84	83
Changes in working capital	-1	-51	3	5	2
Others	-35	-92	-50	-49	-49
Operating cash flow	**170**	**209**	**247**	**244**	**239**
Net capex	-78	-67	-69	-66	-65
Others	-43	-96	0	0	0
Investing cash flow	**-121**	**-164**	**-69**	**-66**	**-65**
Changes in borrowings	0	0	0	0	0
Issuance of shares	0	0	0	0	0
Dividends paid	-68	-54	-54	-54	-53
Others	-11	-11	-11	-11	-11
Financing cash flow	**-79**	**-65**	**-65**	**-65**	**-64**
Net cash flow	**-31**	**-19**	**113**	**113**	**111**
Forex	0	0	0	0	0
Others	0	0	0	0	0
Beginning cash	166	136	117	230	343
Ending cash	**136**	**117**	**230**	**343**	**454**

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★	Net carbon emissions per tonne of CPO reduced by 10% YoY in FY2024, primarily due to lower emissions from land use change and continued utilisation of biogas facilities. The Group continues to pursue RSPO certification, with 81% of estates certified and full certification targeted by 2025.
Waste & Effluent	★★★	Continued strong waste management practices in FY2024, with nearly all of the 332,341 MT of waste recycled (primarily oil palm biomass for energy and soil enhancement). The Group actively engages smallholders in sustainable practices.
Energy	★★★	Total energy use in mill operations remained significant, with ~85% derived from renewable sources (biogas, biomass, biodiesel), showing continued reliance on sustainable energy generation
Water	★★★	Water usage efficiency improved further to 1.21 m^3/MT FFB in FY2024 (from 1.28 in FY2023 and 1.88 in FY2022), driven by optimisation in mill processes
Compliance	★★★	In compliance with local and international environmental regulations

Social

Diversity	★★	Low female executive staff ranging at 16.7%.
Human Rights	★★★	Maintained strict prohibition on child labour with regular internal checks; no reported violations in FY2024
Occupational Safety and Health	★★★	No fatalities in FY2024; sustained focus on safety, training, and health protocols with support from DOSH. LTAR remained low
Labour Practices	★★★	Workers compensated via base wage plus productivity-linked variable components. Fair practices observed in wage and employment terms

Governance

CSR Strategy	★★★	Ongoing collaboration with Humana Child Aid Society to support access to education for children in remote plantation areas. Community engagement continues to be a priority.
Management	★★	Average board members age @ 69, 2/10 female board composition, 5/10 Independent Directors
Stakeholders	★★★	4x analyst briefings per annum, 1x AGM per annum

Overall ESG Scoring: ★★★

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 + dividend yield

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.

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

As of **Thursday, 28 Aug, 2025**, 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.