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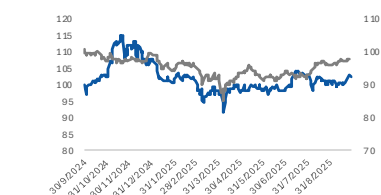
Recommendation:	HOLD
Current Price:	RM2.33
Previous Target Price:	RM2.10
Target Price:	RM2.10
Capital Upside/Downside:	-9.9%
Dividend Yield (%):	6.4%
Total Upside/Downside	-3.4%

Stock information

Board	MAIN
Sector	Plantation
Bursa / Bloomberg Code	5027 / KIMLMK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	982.5
Market Cap (RM' m)	2,289.1
52-Week Price Range (RM)	2.649-2.12
Beta (x)	0.6
Freefloat (%)	25.9
3M Average Volume (m)	0.1
3M Average Value (RM' m)	0.2

Top 3 Shareholders

	(%)
Sharikat Kim Loong Sdn Bhd	63.6
Teo Chuan Keng Sdn Bhd	2.0
Chellam Krishnan	1.0

Share Price Performance

	1M	3M	12M
Absolute (%)	1.3	4.0	-2.7
Relative (%)	-0.9	-1.0	-0.4

Earnings Summary	FY25	FY26F	FY27F
Revenue (RM'm)	1684	1665	1674
PATAMI (RM'm)	162	159	159
CNP (RM'm)	157	159	159
EPS - core (sen)	16.1	16.3	16.3
P/E(x)	14.4	14.3	14.3

Kim Loong Resources Berhad

Growing momentum

- **KMLOONG** reported **CNP** of **RM46.7m** (+18.2% YoY, +17.1% QoQ) in **2QFY26**, bringing **6MFY26 CNP** to **RM86.6m** (+1.8% YoY), which was within expectations.
- **Management guidance remains unchanged, targeting 5–10% FFB growth and 1.6m MT processing throughput. We anticipate stronger earnings in 3QFY26 backed by higher FFB output and firmer CPO ASP.**
- **Maintain our HOLD recommendation with unchanged target price of RM2.10, derived from applying a 13.1x P/E multiple to FY26F EPS.**

Results within expectations. 6MFY26 CNP of RM86.6m (excluding FV gain on biological assets of RM2.5m and gain on derivatives of RM0.1m) came in within expectations, accounting for 54.5% of our full-year forecast and 53.4% of consensus estimates.

YoY. 2QFY26 CNP stood at RM46.7m (+18.2% YoY), due to higher CPO sales volume coupled with stronger CPO average selling prices (ASP). Plantation segment's EBIT rose +17.3% YoY to RM38.5m, in view of better FFB output (+6.2% YoY) and FFB ASP (+6.1% YoY). On top of that, milling segment's EBIT rebounded 25.2% YoY to RM34.6m, thanks to higher processing margin. Quarterly revenue climbed 7.5% YoY to RM436.2m.

QoQ. Revenue (+5.9% QoQ) and CNP (+17.1% QoQ) both climbed on stronger FFB output ahead of the peak season, though plantation EBIT (-18.6% QoQ) declined on weaker FFB ASP (-12.4% QoQ). On the flip side, milling's EBIT rebounded strongly (+59.1% QoQ) as OER normalised to 20.9% (from 19.8%).

Dividend. Declared interim dividend of 5 sen per share. We expect another dividend of 10 sen per share to be declared in 2HFY26. As such, total dividend for FY26 could end up at 15 sen per share, which translates into a dividend yield of 6.4% based on current share price of RM2.33.

Outlook. FFB output came in at 86.9k MT, representing 52.6% of our forecast and 50.0% of management estimate. Looking ahead, we expect stronger earnings in the coming quarter on higher CPO production and firm ASP, alongside improved milling margins during the peak harvest season. Meanwhile, FFB intake for the milling operations is expected to be resilient at 1.6m MT, supported by the Group's sustained high utilisation rate.

Earnings Revision. Given that the reported earnings are within expectations, we have kept our forecast unchanged.

Valuation. Maintain our **HOLD** recommendation with unchanged target price of **RM2.10**, derived from applying a 13.1x P/E multiple to FY26F EPS. Our valuation incorporates a neutral 0% ESG adjustment, reflecting the group's three-star ESG rating.

Risk. EU export ban and regulations, changing weather patterns, taxation and export duty in Indonesia affects global supply, shortage of labours and rising operational cost.

Results Note

Tuesday, 30 Sep, 2025

Results Comparison

FYE Jan (RM m)	2QFY26	2QFY25	yoy (%)	1QFY26	qoq (%)	6M FY26	6M FY25	yoy (%)	Comments
Revenue	436.2	405.9	7.5	411.7	5.9	847.9	794.3	6.7	Topline (yoy) buoyed by higher FFB and CPO ASP
EBITDA	83.3	72.0	15.6	79.5	4.8	162.7	157.7	3.2	
Pre-tax profit	75.0	63.0	19.1	69.0	8.7	144.0	139.3	3.4	
Net profit	47.3	39.5	19.7	41.9	12.8	89.2	89.0	0.2	
Core net profit	46.7	39.5	18.2	39.9	17.1	86.6	85.0	18	
Core EPS (sen)	4.8	4.1	18.2	4.1	17.1	8.9	8.7	18	
EBITDA margin (%)	19.1	17.7		19.3		19.2	19.9		
PBT margin (%)	17.2	15.5		16.8		17.0	17.5		
Core net profit margin (%)	10.7	9.7		9.7		10.2	10.7		

Source: Company, Apex Securities

Segmental breakdown

FYE Jan (RM m)	2QFY26	2QFY25	yoy (%)	1QFY26	qoq (%)	6M FY26	6M FY25	yoy (%)	Comments
Gross revenue									
Plantation	69.0	61.3	12.6	72.2	(4.4)	141.2	122.1	15.6	Softer QoQ due to weaker CPO ASP
Milling	427.7	396.0	8.0	402.6	6.2	830.3	776.4	6.9	
Total	496.7	457.3	8.6	474.8	4.6	971.5	898.6	8.1	
EBIT									
Plantation	38.5	32.8	17.3	47.3	(18.6)	85.7	67.7	26.6	
Milling	34.6	27.7	25.2	218	59.1	56.4	66.4	(15.1)	
Total	73.1	60.5	20.9	69.0	5.9	142.1	134.1	6.0	
EBIT margin (%)									
Plantation	55.7%	53.5%		65.5%		60.7%	55.4%		
Milling	8.1%	7.0%		5.4%		6.8%	8.6%		Milling margin expanded thanks to improved milling efficiency
Aggregate Total	14.7%	13.2%		14.5%		14.6%	14.9%		

Source: Company, Apex Securities

Results Note

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Financial Highlights

Income Statement

FYE Jan (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Revenue	1526.1	1684.0	1665.1	1673.6	1677.0
Gross Profit	275.8	298.5	295.1	296.6	297.2
EBITDA	270.1	293.3	268.8	276.2	280.2
Depreciation & Amortisation	43.6	43.2	20.8	23.4	25.8
EBIT	226.5	250.1	248.0	252.9	254.5
Net Finance Income/ (Cost)	5.8	5.7	3.7	-0.3	-0.9
Associates & JV	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	232.3	255.8	251.6	252.6	253.6
Tax	-54.4	-60.9	-60.4	-60.6	-60.9
Profit After Tax	177.9	194.9	191.2	192.0	192.7
Minority Interest	30.1	33.2	32.5	32.7	32.8
Net Profit	147.8	161.8	158.7	159.3	159.9
Exceptionals	0.2	-4.4	0.0	0.0	0.0
Core Profit	147.9	157.4	158.7	159.3	159.9

Key Ratios

FYE Jan (RM m)	FY24	FY25	FY26F	FY27F	FY28F
EPS (sen)	15.2	16.1	16.3	16.3	16.4
P/E (x)	15.4	14.4	14.3	14.3	14.2
P/B (x)	2.3	2.3	2.2	2.2	2.2
EV/EBITDA (x)	8.4	7.8	8.7	8.5	8.5
DPS (sen)	13.0	15.0	15.0	15.0	15.0
Dividend Yield (%)	5.6%	6.4%	6.4%	6.4%	6.4%
EBITDA margin (%)	17.7%	17.4%	16.1%	16.5%	16.7%
EBIT margin (%)	14.8%	14.9%	14.9%	15.1%	15.2%
PBT margin (%)	15.2%	15.2%	15.1%	15.1%	15.1%
PAT margin (%)	11.7%	11.6%	11.5%	11.5%	11.5%
NP margin (%)	9.7%	9.6%	9.5%	9.5%	9.5%
CNP margin (%)	9.7%	9.3%	9.5%	9.5%	9.5%
ROE (%)	15.1%	15.7%	15.6%	15.4%	15.2%
ROA (%)	11.8%	11.5%	11.6%	11.5%	11.3%
Gearing (%)	5.2%	16.0%	13.8%	13.8%	13.8%
Net gearing (%)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

Valuations	FY26F
Core EPS (RM)	0.163
P/E multiple (x)	13.1
Fair Value (RM)	2.10
ESG premium/discount	0.0%
Implied Fair Value (RM)	2.10

Source: Company, Apex Securities

Balance Sheet

FYE Jan (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Cash	175.5	248.9	208.1	190.6	176.7
Receivables	43.1	51.2	50.6	50.9	55.1
Inventories	43.0	38.6	41.1	45.9	45.9
Other current assets	252.0	284.4	284.4	284.4	284.4
Total Current Assets	513.6	623.1	584.2	571.7	562.2
Fixed Assets	600.7	289.4	324.9	358.1	389.1
Intangibles	0.0	0.0	0.0	0.0	0.0
Other non-current assets	142.2	459.7	459.7	459.7	459.7
Total Non-current assets	742.9	749.1	784.6	817.8	848.8
Short-term Debt	16.0	25.1	22.0	22.4	22.8
Payables	91.4	92.6	91.6	91.9	92.0
Other Current Liabilities	41.8	20.7	20.7	20.7	20.7
Total Current Liabilities	149.2	138.5	134.4	135.0	135.6
Long-term Debt	35.5	135.3	118.7	120.8	122.9
Other non-current liabilities	91.3	97.6	97.6	97.6	97.6
Total Non-current Liabilities	126.8	232.9	216.3	218.4	220.5
Shareholder's equity	865.0	882.4	894.8	907.8	921.4
Minority interest	115.5	118.4	123.4	128.4	133.4
Equity	980.4	1000.8	1018.2	1036.2	1054.8

Cash Flow

FYE Jan (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Pre-tax profit	232.3	255.8	251.6	252.6	253.6
Depreciation & amortisation	43.6	43.2	20.8	23.4	25.8
Changes in working capital	12.6	-2.5	-3.0	-4.8	-4.2
Others	-53.6	-46.0	-60.4	-60.6	-60.9
Operating cash flow	234.9	250.5	209.1	210.5	214.3
Net capex	-44.5	-57.0	-56.3	-56.6	-56.7
Others	-71.5	-32.4	0.0	0.0	0.0
Investing cash flow	-116.0	-89.3	-56.3	-56.6	-56.7
Changes in borrowings	-7.0	109.5	-19.8	2.5	2.6
Issuance of shares	0.0	0.0	0.0	0.0	0.0
Dividends paid	-145.3	-175.6	-146.3	-146.3	-146.3
Others	-26.1	-22.2	-27.6	-27.7	-27.8
Financing cash flow	-178.4	-88.2	-193.6	-171.5	-171.5
Net cash flow	-59.6	73.0	-40.8	-17.5	-13.9
Forex	0.0	0.0	0.0	0.0	0.0
Others	1.1	1.6	1.6	1.6	1.6
Beginning cash	233.9	174.4	247.3	206.5	189.0
Ending cash	175.5	248.9	208.1	190.6	176.7

Results Note

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ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★	The Group adheres strictly to the policy of zero burning in both new planting and replanting of oil palm.
Waste & Effluent	★★★	The waste produced from production processes include empty fruit bunches ("EFB"), mesocarp fibre, and palm kernel shells. These are recycled or re-used as energy or fuel and composed or mulched as organic fertiliser.
Energy	★★★	Renewable energy generated using biogas and biomass rose 35.4% YoY following successfully implemented 3 methane capture and power generation projects at its 3 mills.
Water	★★★	Water consumption stay relatively flat at 1.2m3 per MT of FFB processed in FY24. (vs 1.1m3 per MT of FFB processed).
Compliance	★★★	Compliance with MSPO certification.

Social

Diversity	★★★	Gender Equality Committee has been established in estates and mills to encourage female employees to raise their concerns or problems
Human Rights	★★★	In line with legal regulations and the United Nations' guiding principles on human rights.
Occupational Safety and Health	★★	Accident Rate (per 1,000 Employees) reduce to 22.36 from 46.58 in FY24.
Labour Practices	★★★	On-the-job training at site are carried out by staff and management on Safe Operating Procedures.

Governance

CSR Strategy	★★★	The Group has invested in school buses, vans or other suitable vehicles as a means of transportation to school-going children. The numbers of school-going children rose by 17.4% in FY24.
Management	★★	71% of board members age was above 60, 1/7 female board composition
Stakeholders	★★★	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

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(a) nil.