

## Research Team

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<b>Recommendation:</b>	<b>BUY</b>
Current Price:	RM3.69
Previous Target Price:	RM3.80
Target Price:	RM3.89 <span style="color: green;">↑</span>
Capital Upside/Downside:	5.4%
Dividend Yield (%):	6.2%
<b>Total Upside/Downside:</b>	<b>11.7%</b>

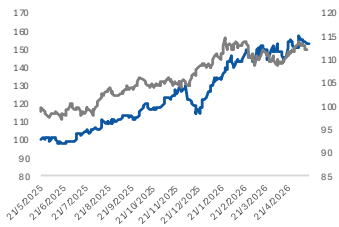
## Stock information

Board	MAIN
Sector	Plantation
Bursa/ Bloomberg Code	5135/ SPLB MK
Syariah Compliant	Yes
ESGRating	***
Shares issued (m)	279.0
Market Cap (RM' m)	1,029.6
52-Week Price Range (RM)	3.87-2.32
Beta (x)	0.7
Free float (%)	26.4
3M Average Volume (m)	0.2
3M Average Value (RM' m)	0.6

## Top 3 Shareholders

	(%)
Ta Ann Holdings Bhd	28.7
State Financial Secretary	25.5
Yayasan Sarawak	4.2

## KL Plantation Index vs FBMKLCI



	<b>1M</b>	<b>3M</b>	<b>12M</b>
Absolute (%)	-0.3	4.2	51.9
Relative (%)	-0.4	6.4	36.6

<b>Earnings Summary</b>	<b>FY25</b>	<b>FY26F</b>	<b>FY27F</b>
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

## 1QFY26 Miss Offset by Brighter CPO Outlook

- Missing expectations, SPLB reported FY26 CNP of RM 15.69m, accounting for 14.9%/15.5% of ours and consensus forecasts respectively.
- 1QFY26 YoY and QoQ CNP miss due to lower external FFB purchases.
- 1QFY26 FFB and PK production rose YoY while CPO production declined.
- However, we revise our earnings higher by 4%/9% for FY26/27 on higher CPO price assumptions, better inhouse FFB production, and normalizing external FFB purchases.
- We upgrade to BUY on SPLB with a TP of RM3.89 based on a PE of 10.1x FY27 EPS 38.6 sen.

**Results missed expectations.** The Group reported 1QFY26 CNP of RM15.69m, which was below expectations, meeting 14.9% and 15.5% of our and consensus full-year estimates respectively. CNP was derived after excluding the following items:

- Property, plant and equipment written off: RM0.175m
- Fair value gain in biological assets: -RM7.574m

**YoY.** For 1QFY26, CNP fell 20% YoY to RM15.69m due to lower revenue contribution. Revenue fell 22% to RM105.2m due to lower CPO production and sales volume coupled with lower ASPs for CPO/PK. Margins expanded with EBITDA/PBT margins rising to 39%/31% vs 30%/23% in 1QFY25.

**QoQ.** CNP fell 48% from RM30.2m due to lower revenue contributions. Revenue fell 36% from RM165.4m primarily due to lower sales volume arising from 1) lower FFB production as the peak production season ended and 2) lower external FFB purchases as suppliers underwent replanting efforts. EBITDA/PBT margins rose to 39%/31% vs 28%/23% in 4QFY25.

**Operational Highlights.** For 1QFY26, FFB and PK production rose YoY while CPO production declined. CPO sales volume declined while PK sales volumes increased. FFB sales volumes were largely unchanged.

The decline in CPO sales volume was primarily due to lower external FFB purchases. The Group reported that major suppliers were undergoing replanting efforts which reduced FFB yields. Furthermore, the Group maintained stringent purchasing criteria to emphasize on FFB crop quality for the improvement of milling profit margins.

**Figure 1: YTD Production for FFB/CPO/PK**

<b>Production</b>	<b>CY25</b>	<b>CY26</b>	<b>YoY</b>
<b>FFB (MT)</b>	104,107	110,118	5.8%
<b>CPO (MT)</b>	29,711	27,997	-5.8%
<b>PK (MT)</b>	6,471	6,758	4.4%

**Figure 2: CPO and PK ASPs**

<b>ASP</b>	<b>1QCY25</b>	<b>4QCY25</b>	<b>1QCY26</b>	<b>YoY</b>	<b>QoQ</b>
<b>CPO</b>	4,728	4,185	4,034	-14.7%	-3.6%
<b>PK</b>	3,451	3,167	3,154	-8.6%	-0.4%

**Figure 3: YTD Sales volume for FFB/CPO/PK**

<b>Sales volume</b>	<b>CY25</b>	<b>CY26</b>	<b>YoY</b>
<b>FFB (MT)</b>	14,438	14,349	-0.6%
<b>CPO (MT)</b>	22,328	19,138	-14.3%
<b>PK (MT)</b>	4,700	5,047	7.4%

**Dividend.** A single tier dividend of 5 sen was declared with an ex-date of 12<sup>th</sup> June 2026.

**Outlook.** Owing to higher expected CPO prices and improving seasonal FFB production, we are optimistic on the Group's performance for the remainder of the year. We believe that external FFB purchases will normalize as the Group is already in talks with new potential FFB suppliers and are expecting that new supplies are likely to be obtained. This should be supported by recovering industry yields as the year progresses into a more favourable production season. On the other hand, only c.60% of fertiliser supply for FY26 has been secured at pre-war prices. However, we believe that higher ASPs will offset increases in costs.

**Earnings Revision.** We revise our CPO price assumptions higher to RM 4,400 from RM 4,200. In addition, we raise our in-house FFB production assumptions slightly to account for better-than-expected YTD numbers. Consequently, we revise earnings higher by 4%/9% for FY26/27. Our forecasts also take into account a possible increase in fertiliser prices as we move into FY27.

**Valuation.** We upgrade our call on SPLB to **BUY** with a higher TP of **RM3.89**, previously RM3.81, based on a PE of 10.1x on FY27 EPS of 38.6 sen. 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 threatening local CPO demand, labour shortages and rising operational costs.

## Results Comparison

FYE Dec (RM m)	1QFY26	1QFY25	yoy (%)	4QFY25	qoq (%)	3MFY26	3MFY25	yoy (%)
Revenue	105.2	135.5	(22.4)	165.4	(36.4)	105.2	135.5	(22.4)
EBITDA	41.4	40.3	2.7	47.0	(11.9)	41.4	40.3	2.7
Pre-tax profit	32.1	31.0	3.6	38.1	(15.7)	32.1	31.0	3.6
Net profit	23.1	22.6	2.1	25.2	(8.3)	23.1	22.6	2.1
Core net profit	15.7	18.5	(15.0)	30.2	(48.0)	15.7	18.5	(15.0)
Core EPS (sen)	5.6	6.6	(15.0)	10.8	(48.0)	5.6	6.6	(15.0)
EBITDA margin (%)	39.4	29.7		28.4		39.4	29.7	
PBT margin (%)	30.5	22.9		23.0		30.5	22.9	
Core net profit margin (%)	14.9	13.6		18.2		14.9	13.6	

Source: Company, Apex Securities

# Results Note

Thursday, 21 May, 2026

## 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>569.1</b>	<b>578.4</b>
<b>Gross profit</b>	<b>133.0</b>	<b>150.0</b>	<b>172.1</b>	<b>192.5</b>	<b>191.8</b>
<b>EBITDA</b>	<b>125.4</b>	<b>160.4</b>	<b>177.7</b>	<b>182.8</b>	<b>183.3</b>
Depreciation & Amortisation	42.3	42.0	42.2	41.8	43.8
<b>EBIT</b>	<b>83.1</b>	<b>118.3</b>	<b>135.5</b>	<b>141.0</b>	<b>139.5</b>
Net Finance Income/ (Cost)	4.3	6.0	6.7	3.4	3.7
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>144.4</b>	<b>143.1</b>
Tax	-22.6	-31.5	-35.4	-34.7	-34.4
<b>Profit After Tax</b>	<b>64.9</b>	<b>92.9</b>	<b>106.8</b>	<b>109.8</b>	<b>108.8</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>108.8</b>	<b>107.8</b>
Exceptionals	3.0	-17.7	-15.1	0.0	0.0
<b>Core Net Profit</b>	<b>67.4</b>	<b>74.4</b>	<b>90.7</b>	<b>108.8</b>	<b>107.8</b>

### Key Ratios

FYE Dec	FY23	FY24	FY25	FY26F	FY27F
EPS (sen)	24.2	26.7	32.5	39.0	38.6
P/E (x)	15.4	14.0	11.5	9.6	9.7
P/B (x)	1.4	1.3	1.2	1.2	1.1
EV/EBITDA (x)	7.4	6.1	5.6	5.4	5.2
DPS (sen)	0.15	0.25	0.20	0.23	0.23
Dividend Yield (%)	4.0%	6.7%	5.4%	6.3%	6.2%
EBITDA margin (%)	22.0%	29.1%	31.1%	32.1%	31.7%
EBIT margin (%)	14.6%	21.5%	23.7%	24.8%	24.1%
PBT margin (%)	15.3%	22.6%	24.9%	25.4%	24.7%
PAT margin (%)	11.4%	16.8%	18.7%	19.3%	18.8%
NP margin (%)	11.3%	16.7%	18.5%	19.1%	18.6%
CNP margin (%)	11.8%	13.5%	15.9%	19.1%	18.6%
ROE (%)	9.1%	9.5%	10.9%	12.4%	11.7%
ROA (%)	7.1%	7.2%	8.1%	9.4%	9.0%
Gearing (%)	1.2%	5.2%	8.2%	6.3%	4.5%
Net gearing (%)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

### Valuations

	FY27F
Core EPS (RM)	0.386
P/E multiple (x)	10.1
<b>Fair Value (RM)</b>	<b>3.89</b>
ESG premium/discount	0.0%
<b>Implied Fair Value (RM)</b>	<b>3.89</b>

Source: Company, Apex Securities

### Balance Sheet

FYE Dec (RM m)	FY23	FY24	FY25	FY26F	FY27F
<b>Assets</b>					
Cash	114.6	104.7	110.7	117.8	125.5
Receivables	20.3	20.3	25.8	22.3	22.7
Inventories	23.8	26.1	22.3	22.0	22.6
Other current assets	103.6	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>368.4</b>	<b>377.0</b>
Fixed Assets	595.6	626.1	659.8	243.9	236.3
Intangibles	0.0	0.0	0.0	0.0	0.0
Other non-current assets	96.8	94.5	92.1	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	56.6	58.1
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>60.7</b>	<b>62.2</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	872.9	916.0
Minority interest	-5.9	4.3	4.4	4.5	4.6
<b>Equity</b>	<b>742.6</b>	<b>783.7</b>	<b>833.7</b>	<b>877.3</b>	<b>920.5</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>144.4</b>	<b>143.1</b>
Depreciation & amortisation	42.3	42.0	42.2	41.8	43.8
Changes in working capital	-19.4	5.7	-5.4	-1.9	0.6
Others	-28.7	-41.6	-40.4	-23.8	-23.4
<b>Operating cash flow</b>	<b>81.6</b>	<b>130.5</b>	<b>138.6</b>	<b>160.6</b>	<b>164.0</b>
Net capex	-38.2	-61.7	-67.5	-73.5	-77.1
Others	-9.9	-32.9	-31.8	0.0	0.0
<b>Investing cash flow</b>	<b>-48.2</b>	<b>-94.6</b>	<b>-99.3</b>	<b>-73.5</b>	<b>-77.1</b>
Changes in borrowings	-54.0	-0.4	26.4	26.9	-13.7
Issuance of shares	0.0	0.0	0.0	0.0	0.0
Dividends paid	-41.9	-69.8	-55.8	-65.3	-64.7
Others	51.0	24.3	-3.9	-41.5	-0.9
<b>Financing cash flow</b>	<b>-44.8</b>	<b>-45.8</b>	<b>-33.3</b>	<b>-79.9</b>	<b>-79.3</b>
<b>Net cash flow</b>	<b>-11.4</b>	<b>-9.9</b>	<b>5.9</b>	<b>7.2</b>	<b>7.6</b>
Forex	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash	126.0	114.6	104.7	110.7	117.8
<b>Ending cash</b>	<b>114.6</b>	<b>104.7</b>	<b>110.7</b>	<b>117.8</b>	<b>125.5</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: ★★★

# Results Note

Thursday, 21 May, 2026

## 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.

## 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, 21 May, 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.