

Research Team

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Recommendation:	BUY
Current Price:	RM2.18
Previous Target Price:	RM2.80
Target Price:	↔ RM2.80
Capital Upside/Downside:	28.4%
Dividend Yield (%):	5.9%
Total Upside/Downside	34.4%

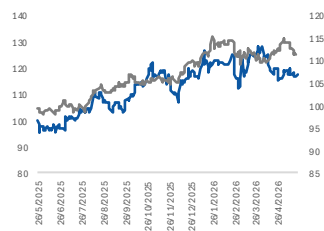
Stock information

Board	MAIN
Sector	Plantation
Bursa / Bloomberg Code	5138 / HAPLMK
Syariah Compliant	Yes
ESGRating	★★★
Shares issued (m)	799.7
Market Cap (RM' m)	1,743.3
52-Week Price Range (RM)	2.41-1.74
Beta (x)	1.0
Free float (%)	25.8
3M Average Volume (m)	0.5
3M Average Value (RM' m)	1.0

Top 3 Shareholders (%)

Hap Seng Consolidated Bhd	69.5
Public Smallcap Fund	2.4
Employees Provident Fund Board	1.2

Share Price Performance vs KLCI



	1M	3M	12M
Absolute (%)	-2.2	0.0	17.2
Relative (%)	-1.6	1.9	5.3

Earnings Summary	FY25	FY26F	FY27F
Revenue (RM'm)	702.4	745.7	765.5
PATAMI (RM'm)	124.9	172.1	179.1
CNP (RM'm)	110.5	172.1	179.1
EPS - core (sen)	13.8	21.5	22.4
P/E(x)	16.1	10.3	9.9

Hap Seng Plantations Holdings Bhd

Higher CPO prices and improving production to brighten outlook

- HAPL's 1QFY26 CNP declined (-0.8% YoY, -34.3% QoQ) to RM35.1m, broadly in line with our expectations, representing 20% and 21% of our and consensus forecasts, respectively.
- YTD production positive with FFB, CPO, and PK production rising 11.4%, 14.2%, 18.2% YoY respectively.
- Higher CPO prices and improving seasonal FFB production to support topline, offset operating costs
- Re-iterate our BUY recommendation with unchanged target price of RM2.80, based on 12.5x P/E multiple pegged to FY27F EPS.

Results inline with expectations. 1QFY26 CNP arrived at RM35.1m, representing 20% and 21% of our and consensus estimates respectively. CNP was derived after the following adjustments:

- Gain on FV of money market deposits: -RM4.402m
- Net loss in FV adjustments of biological assets: RM29.55m

Of note was a one-time prospective adjustment due to accounting estimates arising from the revision of key assumptions used in the valuation of biological assets. The valuation methodology changed from including FFB up to two months from harvest to only within two weeks, causing a one-off RM25.87m operating loss. Excluding this one-off adjustment, profit before tax for the current quarter and year-to-date would have been RM42.316 million, representing a 42% increase from the corresponding quarter/period in the previous year.

YoY. For 1QFY26, CNP marginally declined 0.8% YoY to RM35.1m while CNP margin narrowed to 18.2% from 19.7% a year ago. Revenue rose 7% YoY, but margins narrowed due to higher unit production costs and lower ASPs despite higher sales volume.

QoQ. CNP fell 34.3% QoQ to RM 35.1m from RM53.4m while CNP margin fell to 18.2% from 27.1%. The declines in both CNP and margins were attributed to higher unit production costs and lower PK sales overriding the increase in CPO sales volume.

Operational Highlights. YTD production was positive with FFB, CPO, and PK production rising YoY. On a YoY and QoQ basis, CPO sales volume increased 23%/3%. Meanwhile, PK sales volume rose 16.2% YoY but fell 13.2% QoQ.

Figure 1: YTD Production for FFB/CPO/PK

Production	CY25	CY26	YoY
FFB (MT)	183,626	204,537	11.4%
CPO (MT)	40,133	45,838	14.2%
PK (MT)	8,903	10,524	18.2%

Figure 2: CPO and PK ASPs

ASP	1QCY25	4QCY25	1QCY26	YoY	QoQ
CPO	4,866	4,353	4,248	-12.7%	-2%
PK	3,741	3,483	3,437	-8.1%	-1.3%

Figure 3: YTD Sales volume for CPO/PK

Sales Volume	1QCY25	4QCY25	1QCY26	YoY	QoQ
CPO (MT)	31,355	37,576	38,578	23.0%	3%
PK (MT)	6,480	8,678	7,528	16.2%	-13.2%

Outlook. Higher expected CPO prices of RM4,400 and YoY improvements in FFB production lead us to be optimistic on the Group's topline performance for FY26/FY27. Although increases in diesel costs could weigh on performance, we believe that increases in operating costs should be offset by expected increases in CPO and PK sales volumes owing to seasonal FFB production improvements in addition to elevated CPO prices.

Valuation. We believe Hap Seng Plantations to be a BUY with target price of **RM2.80**, by pegging 12.5x P/E multiple to FY27F EPS and 0% ESG factored premium/discount based on three-star ESG rating.

Risk. 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 and Briefing Note

Tuesday, 26 May, 2026

Financial Highlights

Income Statement

FYE Dec (RM m)	FY23	FY24	FY25	FY26F	FY27F
Revenue	667.8	752.4	702.4	745.7	765.5
EBITDA	204.9	352.0	249.3	309.6	316.4
Depreciation & Amortisation	-86.2	-85.1	-86.8	-85.1	-85.1
EBIT	118.8	266.9	162.6	224.5	231.3
Net Finance Income/ (Cost)	0.8	0.9	-0.2	1.9	4.3
Pre-tax Profit	119.6	267.8	162.3	226.4	235.6
Tax	-28.9	-63.1	-37.5	-54.3	-56.5
Profit After Tax	90.7	204.6	124.9	172.1	179.1
Net Profit	90.7	204.6	124.9	172.1	179.1
Exceptionals	8.1	-56.1	-14.4	0.0	0.0
Core Net Profit	98.8	148.5	110.5	172.1	179.1

Key Ratios

FYE Dec	FY23	FY24	FY25	FY26F	FY27F
EPS (sen)	12.4	18.6	13.8	21.5	22.4
P/E (x)	18.0	12.0	16.1	10.3	9.9
P/B (x)	0.9	0.8	0.8	0.8	0.8
EV/EBITDA (x)	8.3	4.9	6.8	5.3	4.9
DPS (sen)	8.50	6.80	12.50	12.91	13.43
Dividend Yield (%)	3.8%	3.1%	5.6%	5.8%	6.1%
EBITDA margin (%)	30.7%	46.8%	35.5%	41.5%	41.3%
EBIT margin (%)	17.8%	35.5%	23.1%	30.1%	30.2%
PBT margin (%)	17.9%	35.6%	23.1%	30.4%	30.8%
PAT margin (%)	13.6%	27.2%	17.8%	23.1%	23.4%
NP margin (%)	13.6%	27.2%	17.8%	23.1%	23.4%
CNP margin (%)	14.8%	19.7%	15.7%	23.1%	23.4%
ROE (%)	5.1%	7.1%	5.2%	7.8%	7.9%
ROA (%)	4.1%	5.7%	4.2%	6.4%	6.5%
Gearing (%)	3.5%	3.0%	3.6%	2.8%	2.0%
Net gearing (%)		Net Cash	Net Cash	Net Cash	Net Cash

Valuations	FY27F
Core EPS (RM)	0.224
P/E multiple (x)	12.5
Fair Value (RM)	2.80
ESG premium/discount	0.0%
Implied Fair Value (RM)	2.80

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY23	FY24	FY25	FY26F	FY27F
Cash	135.8	116.5	153.8	206.1	263.8
Receivables	12.6	72.8	14.4	15.3	15.7
Inventories	100.9	101.8	114.9	122.0	124.7
Other current assets	443.7	582.5	606.7	606.7	606.7
Total Current Assets	693.0	873.6	889.8	950.1	1010.9
Fixed Assets	1734.0	1722.1	1747.1	1749.5	1751.8
Total Non-current assets	1734.0	1722.1	1747.1	1749.5	1751.8
Short-term Debt	9.7	11.0	13.3	0.0	0.0
Payables	44.8	54.8	60.8	64.6	66.0
Other Current Liabilities	0.0	1.9	7.1	7.1	7.1
Total Current Liabilities	54.5	67.8	81.2	71.6	73.1
Long-term Debt	57.8	52.6	62.9	61.0	45.7
Other non-current liabilities	362.1	372.4	365.0	370.3	375.7
Total Non-current Liabilities	419.9	425.0	427.9	431.3	421.4
Shareholder's equity	1952.6	2102.9	2127.8	2196.6	2268.3
Equity	1952.6	2102.9	2127.8	2196.6	2268.3

Cash Flow

FYE Dec (RM m)	FY23	FY24	FY25	FY26F	FY27F
Pre-tax profit	120.2	267.8	162.3	226.4	235.6
Depreciation & amortisation	85.9	85.1	86.8	85.1	85.1
Changes in working capital	-1.3	-51.0	51.3	-4.2	-1.7
Others	-35.1	-92.4	-21.9	-52.2	-54.4
Operating cash flow	169.8	209.5	278.5	255.1	264.6
Net capex	-78.2	-67.1	-88.0	-87.5	-87.5
Others	-43.2	-96.5	-41.3	3.2	3.2
Investing cash flow	-121.4	-163.6	-129.3	-84.2	-84.2
Changes in borrowings	0.0	0.0	0.0	0.0	0.0
Issuance of shares	0.0	0.0	0.0	0.0	0.0
Dividends paid	-68.0	-54.4	-100.0	-103.2	-107.4
Others	-11.0	-10.8	-12.0	-15.2	-15.2
Financing cash flow	-79.0	-65.2	-111.9	-118.5	-122.7
Net cash flow	-30.6	-19.2	37.2	52.3	57.7
Forex	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash	166.3	135.8	116.5	153.8	206.1
Ending cash	135.8	116.5	153.8	206.1	263.8

Results Comparison

FYE Dec (RM m)	1QFY26	1QFY25	yoy (%)	4QFY25	qoq (%)	3MFY26	3MFY25	yoy (%)
Revenue	192.4	179.4	7.3	197.3	(2.5)	192.4	179.4	7.3
EBITDA	35.7	51.8	(31.1)	61.7	(42.1)	35.7	51.8	(31.1)
Pre-tax profit	13.4	29.7	(55.0)	39.7	(66.4)	13.4	29.7	(55.0)
Net profit	10.0	22.5	(55.7)	30.3	(67.1)	10.0	22.5	(55.7)
Core net profit	35.1	35.4	(0.8)	53.4	(34.3)	35.1	35.4	(0.8)
Core EPS (sen)	4.4	4.4	(0.8)	6.7	(34.3)	4.4	4.4	(0.8)
EBITDA margin (%)	18.6	28.9		31.2		18.6	28.9	
PBT margin (%)	6.9	16.6		20.1		6.9	16.6	
Core net profit margin (%)	18.2	19.7		27.1		18.2	19.7	

Source: Company, Apex Securities

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★	In 2025, total Scope 1 greenhouse gas emissions of 102,918 metric tonnes of CO2-e.
Waste & Effluent	★★★	The Group commissioned a fibre mat plant in 2025 that transforms empty fruit bunch (EFB) waste into fibre mats, eliminating the need for incinerator operations
Energy	★★★	The Group's total energy consumption in 2025 was 1,775,127 GJ , of which 93.7% was derived from renewable sources
Water	★★★	In 2025, there were zero reported incidents of non-compliance associated with water quality permits, standards, or regulations
Compliance	★★★	All 14 of the Group's estates and all four palm oil mills have maintained Malaysian Sustainable Palm Oil (MSPO) certification since 2018

Social

Diversity	★★★	The Board of Directors currently includes two female directors , Ms. Cheah Yee Leng and Datuk Hamisa Binti Samat
Human Rights	★★★	The Group maintains a standalone whistle-blowing policy designed to protect reporters from unfair dismissal, victimization, or any other retaliatory actions
Occupational Safety and Health	★★★	In March 2025, all four of the Group's palm oil mills attained ISO 45001:2018 certification , an international standard for improving employee safety and mitigating workplace risks
Labour Practices	★★★	The Group utilizes an Employees' Handbook that formalizes policies on terms and conditions of employment, remuneration, training and development, and performance reviews

Governance

CSR Strategy	★★★	The Group is committed to achieving 100% RSPO certification for all its estates by 2028
Management	★★★	The Group integrates sustainability performance into key performance indicators (KPIs)
Stakeholders	★★★	Through active engagement in 2025, 85% of the 13 independent local outgrowers and smallholders working with the Group committed to obtaining RSPO and MSPO certifications

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

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 **Tuesday, 26 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.