

Research Team

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Recommendation:	BUY
Current Price:	RM2.13
Previous Target Price:	RM2.80
Target Price:	↔ RM2.80
Capital Upside/ Downside:	31.5%
Dividend Yield (%):	6.1%
Total Upside/ Downside	37.5%

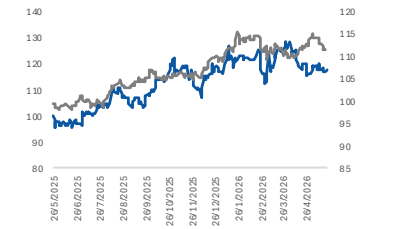
Stock information

Board	MAIN
Sector	Plantation
Bursa / Bloomberg Code	5138 / HAPLMK
Syariah Compliant	Yes
ESGRating	★★★
Shares issued (m)	799.7
Market Cap (RM' m)	1,703.3
52-Week Price Range (RM)	2.41-1.74
Beta (x)	1.0
Free float (%)	25.8
3MAverage Volume (m)	0.5
3MAverage Value (RM' m)	1.1

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 (%)	-3.2	-0.9	19.7
Relative (%)	-1.1	0.9	7.9

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

Outlook supported by Stronger Harvest, Better Yield

- Fertiliser prices mostly contained with a 5-10% increase YoY.
- FY26 FFB guidance of 715k maintained with stronger output from June to peak in Sept-Oct. Maintain FFB assumption of 704k for FY26 supported by better weather in 1HCY26 vs last year.
- Replanting schedule of 1k ha in FY26. Estimated full replanting cost at RM40k/ha over three years from felling to maturity. CPO unit costs expected to reduce to RM2,223 (RM2,477: FY25) based on higher output.
- Greater dividend visibility due to strong cash position and favourable price and volume outlook.
- Maintain our BUY recommendation with a target price of RM2.80, based on 12.5x P/E multiple pegged to FY27F EPS.

Fertiliser prices mostly contained. For FY26 fertiliser costs are expected to be mostly insulated from geopolitical risks with 1HFY26 and 2HFY26 use being secured at Sept-CY25 and March-CY26 respectively. Overall, management expects FY26 fertiliser costs to rise 5-10% YoY which is in line with our own expectations.

FFB guidance maintained. Management has maintained its FY26 FFB target of 715k MT. Production seasonality is expected to mirror last year's pattern, with stronger output from June and peak production in Sept-Oct. We retain our FFB assumption of 704k which we believe will be supported by improving weather conditions versus the previous year, which was affected by excessive rainfall from La Niña. While El Nino probabilities have risen for 2HCY26, we believe that FFB yields should still improve YoY thanks to neutral weather conditions in 1HCY26.

Operational Highlight. Average tree age stands at c.17 years, largely due to a sizeable area planted around 20 years ago. To manage its ageing profile, the group will continue replanting c.1k ha in FY26 (1,030 ha: FY25), representing c.3% of mature hectareage. Full replanting cost from felling to maturity is estimated at RM40k/ha over three years, or c.RM13k/ha per year. CPO unit costs are budgeted at RM2,223 (RM2,477: FY25) with a reduction expected mainly due to higher expected CPO volumes arising from better FFB production.

Dividend policy. HSPLANT currently guides a dividend policy of 60% with a disclaimer of potential changes from time to time. With a favourable CPO price outlook, improving FFB production YoY and a strong cash position of RM665m (MM deposits + cash & cash equivalents), we believe that conditions are supportive for dividend yield visibility.

Outlook. We remain optimistic on HSPLANT's FY26/FY27 outlook, underpinned by resilient CPO prices, improving FFB production, and contained fertiliser cost pressures. Consequently, our assumed dividend yield of 5-6% for FY26 is supported by said factors alongside a strong cash position of RM665m. We believe these factors support our BUY call, although delivery of peak-season FFB production remains the key near-term monitor.

Valuation. We maintain our BUY call for HSPLANT with a target price of RM2.80, by pegging 12.5x P/E multiple to FY27F EPS alongside a 0% ESG factored premium/discount based on a three-star ESG rating. We believe this is justified by HSPLANT's pure upstream exposure, strong net cash position and improving dividend visibility.

Risk. EU export ban and regulations, changing weather patterns affect FFB production, shortage of labours and rising operational cost, increased competition from alternative vegetable oils

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
Minority Interest	0.0	0.0	0.0	0.0	0.0
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	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

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 **Friday, 29 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.