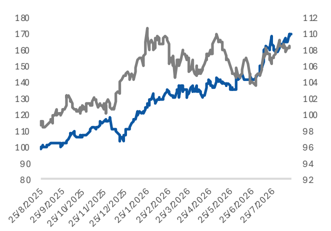
Research Team
(603) 7890 8899
research@apexsecurities.com.my

Recommendation:	↓	HOLD
Current Price:		RM4.54
Previous Target Price:		RM4.67
Target Price:	↔	RM4.67
Capital Upside/Downside:		2.9%
Dividend Yield (%):		5.6%
Total Upside/Downside:		**8.4%**

Stock information	
Board	MAIN
Sector	Plantation
Bursa / Bloomberg Code	5135 / SPLB MK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	279.0
Market Cap (RM' m)	1,266.8
52-Week Price Range (RM)	4.56-2.64
Beta (x)	0.7
Free float (%)	21.7
3M Average Volume (m)	0.2
3M Average Value (RM' m)	0.6

Top 3 Shareholders	(%)
Ta Ann Holdings Bhd	29.4
State Financial Secretary	25.5
Yayasan Sarawak	4.2

KL Plantation Index vs FBMKLCI



	1M	3M	12M
Absolute (%)	3.7	22.4	71.3
Relative (%)	1.5	20.7	57.6

Earnings Summary	FY25	FY26F	FY27F
Revenue (RM'm)	571.6	580.7	592.2
PATAMI (RM'm)	105.8	117.6	129.4
CNP (RM'm)	90.7	117.6	129.4
EPS - core (sen)	32.5	42.1	46.4
P/E (x)	14.0	10.8	9.8

Sarawak Plantation Bhd

Strong production and ASPs support 2QFY26 earnings

- **In line with expectations, SPLB reported 6MFY26 CNP of RM46.6m, accounting for 43%/48% of ours and consensus forecasts respectively.**
- **2QFY26 CNP rose YoY and QoQ, supported by higher FFB production and CPO sales volumes, alongside higher CPO and PK ASPs. The QoQ improvement was also aided by the seasonal recovery in production.**
- **2QFY26 production stronger across the board, with YoY and QoQ increases in FFB, CPO and PK production.**
- **We revise our earnings higher by 8%/20% for FY26/27 on higher CPO price assumptions while also incorporating yield decreases in 1HFY27 from El-Niño effects.**
- **We downgrade to HOLD on SPLB with a higher TP of RM4.67 based on a PE of 10.1x FY27 EPS 46.4 sen.**

Results in line with expectations. The Group reported 2QFY26 CNP of RM30.9m with 6MFY26 at RM46.6m, meeting 43% and 48% of our and consensus full-year estimates respectively. The 6MFY26 CNP was derived after excluding the following items:

- Fair value gain in biological assets: RM15.6m
- Gain on disposal of property, plant, and equipment: RM0.09m
- Property, plant and equipment written: RM0.2m

While 6MFY26 CNP came in slightly below our typical 45%–55% benchmark, we deem the results in line, given the seasonally lower production volumes among plantation companies in 1HCY26.

YoY. For 2QFY26, CNP rose 73.1% YoY to RM30.9m supported by a 12% YoY increase in revenue to RM147.3m. The increase in revenue was driven by both stronger prices and volume sold in CPO and PK. Margins had expanded with EBITDA/PBT margins rising to 40.9%/35.1% vs 34.6%/28.1% respectively with the expansion being attributable to the YoY increase in CPO and PK ASPs.

QoQ. CNP rose 97% QoQ supported by a 40% QoQ increase in revenue due to a seasonal increase in CPO/PK volumes sold and higher CPO and PK ASPs. In non-seasonal factors, QoQ CNP growth was further amplified by the low 1QFY26 base, when external FFB purchases were constrained. Recall that in Q1, this was due to lower-than-expected FFB purchases arising from replanting efforts undertaken by external FFB suppliers. EBITDA/PBT margins rose to 40.9%/35.1% from 39.4%/30.5% likely supported by QoQ increase in ASPs.

YTD. 6MFY26 CNP rose 28.3% to RM46.6m despite a 5.3% decline in revenue. The decline was mainly attributable to lower CPO sales volumes, coupled with marginally weaker realised CPO and PK ASPs. This was partly offset by an increase in PK sales volumes. The increase in CNP was also supported by a 15.8% decline in YTD operating expenses due to lower FFB purchases in 1QFY26.

Operational Highlights. For 2QFY26, FFB, CPO, and PK production rose YoY and QoQ. In addition, CPO/PK ASPs rose YoY and QoQ.

Figure 1: 6MFY26 Production for FFB/CPO/PK ending June

Production	CY25	CY26	YoY
FFB (MT)	158,450	174,191	9.9%
CPO (MT)	46,601	45,096	-3.2%
PK (MT)	10,107	10,808	6.9%

Figure 2: 2QCY26 production for FFB/CPO/PK

Production	2QCY25	1QCY26	2QCY26	YoY	QoQ
FFB (MT)	84,510	79,066	95,125	12.6%	20.3%
CPO (MT)	24,495	19,129	25,968	6.0%	35.8%
PK (MT)	5,311	4,663	6,145	15.7%	31.8%

Figure 3: CPO and PK ASPs

ASP	2QCY25	1QCY26	2QCY26	YoY	QoQ
CPO	4,039	4,034	4,447	10.1%	10.2%
PK	3,175	3,154	3,404	7.2%	7.9%

Figure 4: 6MFY26 Sales volume for FFB/CPO/PK ending June

Sales volume	CY25	CY26	YoY
FFB (MT)	32,357	29,552	-8.7%
CPO (MT)	46,848	44,485	-5.0%
PK (MT)	9,989	10,808	8.2%

FY26 fertiliser requirements have been fully committed with 70% of supply secured at December 2025 and the remaining 30% secured in early August 2026. Average price increases between the two procurements were c.13%. The management expects fertiliser prices to rise a further 10–20% in 2027 if the Middle East conflict persists. Regarding the sourcing of new FFB suppliers, management has acknowledged that new suppliers were procured albeit at small volumes. For context, 2QFY26 external FFB purchases stood at 50.9k MT vs 2QFY25 at 56.80k MT.

Dividend. A single tier dividend of 7.5 sen was declared with an ex-date of 8th Sept 2026. For FY26, YTD dividend declared stands at 12.5 sen.

Outlook. We expect the Group's performance to evolve in line with our expectations. External FFB purchases should continue normalizing as industry yields recover seasonally for 2HFY26. Fertiliser prices have risen in line with industry trends and could increase further should the conflict persist. At present, we assume FY27 fertiliser prices to rise 20% YoY which should be offset by increases in ASPs.

Earnings Revision. As mentioned in our sector report, our expectations are for moderate-strong El Nino conditions to affect lower monthly FFB yields for 1HCY27 by 7% and we have assumed that SPLB's yields will follow suit. We also raised our average CPO prices assumptions in FY26 to RM 4,500 and to RM4,800/RM4,600 in 1H/2HCY27 respectively. Consequently, we raise our core earnings forecast for FY26/27 by +8%/+20%. This is in addition to an assumed 20% increase in fertiliser prices for FY27.

Valuation. Following our sector report, we revised our TP for SPLB higher to **RM4.67**, previously RM3.89, based on a PE of 10.1x on FY27 EPS of 46.4 sen. We ascribe a 0% ESG adjustment, in line with the Group's three-star ESG rating. We also downgrade our call to a **HOLD** due to the recent price rally coming close to our estimated TP, not from any deterioration of company fundamentals. However, we do note that CPO prices have recently reached RM5,000/MT, above the levels embedded in our average price assumptions; sustained prices at this level would present upside risk.

Risk. Key risks include adverse export regulations, weather-related disruptions to FFB production, changes in taxation or Indonesian export policies, labour shortages and higher operating costs.

Results Comparison

FYE Dec (RM m)	2QFY26	2QFY25	yoy (%)	1QFY26	qoq (%)	6MFY26	6MFY25	yoy (%)
Revenue	147.3	131.0	*12.5*	105.2	*40.0*	252.5	266.5	*(5.3)*
EBITDA	60.3	45.3	*33.2*	41.4	*45.6*	101.7	85.6	*18.8*
Pre-tax profit	51.8	36.8	*40.8*	32.1	*61.2*	83.9	67.7	*23.8*
Net profit	39.1	26.9	*45.3*	23.1	*69.1*	62.1	49.5	*25.6*
Core net profit	30.9	17.9	*73.1*	15.7	*97.0*	46.6	36.3	*28.3*
Core EPS (sen)	11.1	6.4	*73.1*	5.6	*97.0*	16.7	13.0	*28.3*
EBITDA margin (%)	40.9	34.6		39.4		40.3	32.1	
PBT margin (%)	35.1	28.1		30.5		33.2	25.4	
Core net profit margin (%)	21.0	13.6		14.9		18.5	13.6	

Source: Company, Apex Securities

Financial Highlights

Income Statement

FYE Dec (RM m)	FY23	FY24	FY25	FY26F	FY27F	FY28F
Revenue	**570.7**	**551.4**	**571.6**	**580.7**	**592.2**	**673.5**
Gross profit	**133.0**	**150.0**	**172.1**	**204.1**	**219.2**	**252.4**
EBITDA	**125.4**	**160.4**	**177.7**	**194.4**	**211.7**	**240.3**
Depreciation & Amortisation	42.3	42.0	42.2	41.8	43.8	47.7
EBIT	**83.1**	**118.3**	**135.5**	**152.6**	**167.9**	**192.6**
Net Finance Income/ (Cost)	4.3	6.0	6.7	3.4	3.7	2.7
Associates & JV	0.0	0.0	0.0	0.0	0.0	1.0
Pre-tax Profit	**87.4**	**124.4**	**142.2**	**156.0**	**171.6**	**196.3**
Tax	-22.6	-31.5	-35.4	-37.5	-41.2	-47.1
Profit After Tax	**64.9**	**92.9**	**106.8**	**118.6**	**130.4**	**149.2**
Minority Interest	-0.4	-0.8	-1.0	-1.0	-1.0	-1.0
Net Profit	**64.4**	**92.0**	**105.8**	**117.6**	**129.4**	**148.2**
Exceptionals	3.0	-17.7	-15.1	0.0	0.0	0.0
Core Net Profit	**67.4**	**74.4**	**90.7**	**117.6**	**129.4**	**148.2**

Key Ratios

FYE Dec	FY23	FY24	FY25	FY26F	FY27F	FY28F
EPS (sen)	24.2	26.7	32.5	42.1	46.4	53.1
P/E (x)	18.8	17.0	14.0	10.8	9.8	8.5
P/B (x)	1.7	1.6	1.5	1.4	1.4	1.3
EV/EBITDA (x)	9.2	7.5	6.9	6.2	5.6	4.7
DPS (sen)	15.00	25.00	20.00	25.29	27.84	32.09
Dividend Yield (%)	3.3%	5.5%	4.4%	5.6%	6.1%	7.1%
EBITDA margin (%)	22.0%	29.1%	31.1%	33.5%	35.8%	35.7%
EBIT margin (%)	14.6%	21.5%	23.7%	26.3%	28.4%	28.6%
PBT margin (%)	15.3%	22.6%	24.9%	26.9%	29.0%	29.1%
PAT margin (%)	11.4%	16.8%	18.7%	20.4%	22.0%	22.2%
NP margin (%)	11.3%	16.7%	18.5%	20.3%	21.9%	22.0%
CNP margin (%)	11.8%	13.5%	15.9%	20.3%	21.9%	22.0%
ROE (%)	9.1%	9.5%	10.9%	13.3%	13.9%	14.9%
ROA (%)	7.1%	7.2%	8.1%	10.2%	10.8%	11.7%
Gearing (%)	1.2%	5.2%	8.2%	6.2%	4.4%	2.8%
Net gearing (%)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

Valuations	FY27F
Core EPS (RM)	0.464
P/E multiple (x)	10.1
Fair Value (RM)	**4.67**
ESG premium/discount	0.0%
Implied Fair Value (RM)	**4.67**

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY23	FY24	FY25	FY26F	FY27F	FY28F
Cash	114.6	104.7	110.7	120.9	135.9	159.7
Receivables	20.3	20.3	25.8	22.7	23.2	26.3
Inventories	23.8	26.1	22.3	22.0	21.8	24.5
Other current assets	103.6	158.5	206.3	206.3	206.3	206.3
Total Current Assets	**262.3**	**309.6**	**365.0**	**372.0**	**387.2**	**416.8**
Fixed Assets	595.6	626.1	659.8	691.5	724.8	759.1
Intangibles	0.0	0.0	0.0	0.0	0.0	1.0
Other non-current assets	96.8	94.5	92.1	92.1	92.1	91.1
Total Non-current assets	**692.4**	**720.6**	**751.8**	**783.6**	**816.9**	**851.2**
Short-term Debt	1.1	2.7	8.0	0.0	0.0	0.0
Payables	57.4	65.7	62.3	56.6	56.1	63.2
Other Current Liabilities	21.1	4.3	4.0	4.0	4.0	4.0
Total Current Liabilities	**79.6**	**72.7**	**74.3**	**60.7**	**60.2**	**67.2**
Long-term Debt	8.0	38.0	60.6	54.9	41.1	27.4
Other non-current liabilities	124.4	135.9	148.2	159.1	170.0	180.9
Total Non-current Liabilities	**132.4**	**173.9**	**208.8**	**214.0**	**211.2**	**208.4**
Shareholder's equity	748.5	779.4	829.4	876.4	928.2	987.9
Minority interest	-5.9	4.3	4.4	4.5	4.6	4.6
Equity	**742.6**	**783.7**	**833.7**	**880.9**	**932.7**	**992.4**

Cash Flow

FYE Dec (RM m)	FY23	FY24	FY25	FY26F	FY27F	FY28F
Pre-tax profit	**87.4**	**124.4**	**142.2**	**156.0**	**171.6**	**196.3**
Depreciation & amortisation	42.3	42.0	42.2	41.8	43.8	47.7
Changes in w orking capital	-19.4	5.7	-5.4	-2.3	-0.8	1.2
Others	-28.7	-41.6	-40.4	-26.5	-30.3	-36.2
Operating cash flow	**81.6**	**130.5**	**138.6**	**168.9**	**184.4**	**209.0**
Net capex	-38.2	-61.7	-67.5	-73.5	-77.1	-81.9
Others	-9.9	-32.9	-31.8	0.0	0.0	0.0
Investing cash flow	**-48.2**	**-94.6**	**-99.3**	**-73.5**	**-77.1**	**-81.9**
Changes in borrow ings	-0.4	26.4	26.9	-13.7	-13.7	0.0
Issuance of shares	0.0	0.0	0.0	0.0	0.0	1.0
Dividends paid	-41.9	-69.8	-55.8	-70.6	-77.7	-89.5
Others	-2.6	-2.5	-4.5	-0.9	-0.9	-14.7
Financing cash flow	**-44.8**	**-45.8**	**-33.3**	**-85.2**	**-92.3**	**-103.2**
Net cash flow	**-11.4**	**-9.9**	**5.9**	**10.2**	**15.0**	**23.8**
Forex	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0
Beginning cash	126.0	114.6	104.7	110.7	120.9	135.9
Ending cash	**114.6**	**104.7**	**110.7**	**120.9**	**135.9**	**159.7**

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_2e 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^3, yet water use efficiency improved, with intensity down -2% yoy to 1.06 m^3 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: ★★★

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

As of **Monday, 24 Aug, 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.