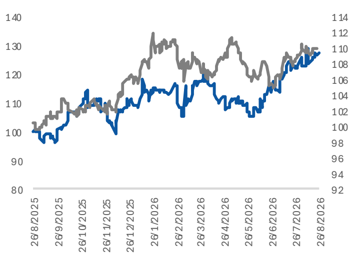
Research Team
(603) 7890 8899
research@apexsecurities.com.my

Recommendation:		BUY
Current Price:		RM 2.54
Previous Target Price:		RM 3.31
Target Price:	↔	RM 3.31
Capital Upside/Downside:		30.3%
Dividend Yield (%):		6.3%
Total Upside/Downside		**36.6%**

Stock information	
Board	MAIN
Sector	Plantation
Bursa / Bloomberg Code	5138 / HAPL MK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	799.7
Market Cap (RM' m)	2,031.2
52-Week Price Range (RM)	2.62-1.9
Beta (x)	1.1
Free float (%)	28.1
3M Average Volume (m)	0.5
3M Average Value (RM' m)	1.2

Top 3 Shareholders	(%)
Hap Seng Consolidated Bhd	69.5
Eastspring Investments Small Cap F	1.0
Chia Sin Tet	0.9

Share Price Performance vs KLCI



	1M	3M	12M
Absolute (%)	4.1	19.8	27.6
Relative (%)	2.0	16.4	15.9

Earnings Summary	FY25	FY26F	FY27F
Revenue (RM'm)	702.4	762.6	789.1
PATAMI (RM'm)	124.9	185.6	212.0
CNP (RM'm)	110.5	185.6	212.0
EPS - core (sen)	13.8	23.2	26.5
P/E (x)	18.4	10.9	9.6

Hap Seng Plantations Holdings Bhd

Higher CPO Prices Offset El Niño Yield Headwinds

- **HAPL's 6MFY26 CNP recorded at RM68.5m (+14.2% YoY), representing 40% and 41% of our and consensus forecasts, respectively. While CNP fell below the typical 50% benchmark, we deem these results as inline owing to lower seasonal volumes in 1HFY26 and expectations of stronger CPO prices and volumes sold in 2HFY26.**
- **YoY CNP supported by higher ASPs and volumes sold. Post exclusion of EIs, softer QoQ CNP driven by higher operating expenses outweighing higher ASPs.**
- **YTD production positive with FFB, CPO, and PK production rising 6.8%, 7.8%, 9.3% YoY respectively. CPO (+8.7% YoY, +9.0% QoQ) and PK (+7.3% YoY, +8.3% QoQ) prices rise.**
- **Higher CPO prices and improved FFB production should support 2HFY26 topline growth, while FY27 earnings will likely reflect stronger CPO pricing offset by an estimated 7% decline in FFB yields in 1HFY27 due to El Niño.**
- **Re-iterate our BUY recommendation with a target price of RM3.31, based on 12.5x P/E multiple pegged to FY27F EPS.**

Results inline with expectations. 6MFY26 CNP arrived at RM68.5m, representing 40% and 41% of our and consensus estimates respectively. 2QFY26 CNP was derived after excluding the following non-core items:

- Gain on FV of money market deposits: -RM4.2m
- Net change in FV adjustments of biological assets: -RM1.06m
- PPE Written off: RM0.05m
- Net gain on disposal of PPE: -RM0.05m
- Dividend income from money market deposits: -RM0.54m

While 6MFY26 CNP came in below the typical 50% benchmark, we deem the results in line, given the seasonally lower production volumes among plantation companies in 1HCY26 and expectations of higher seasonal volumes as the year progresses in addition to stronger CPO prices.

YoY. For 2QFY26, CNP rose 32.7% YoY to RM33.51m. This was primarily driven by stronger revenue contributions owing to higher CPO and PK ASPs as well as CPO sales volumes. The increase in ASPs for topline performance was partially mitigated by higher unit production costs with CNP margins only marginally rising to 16.6% (2QFY25: 16.2%).

QoQ. Post reversal of EIs, 2QFY26 CNP marginally fell 4.2% from RM35m while CNP margin fell to 16.6% from 18.2%. This is attributed to higher operating expenses and lower CPO sales volume which was partially offset by revenues rising to RM201.7m (+4.8%) on higher average ASPs.

Operational Highlights. YTD production remains positive with FFB, CPO, and PK production rising YoY. CPO and PK ASPs had risen both YoY and QoQ. Sales volumes for CPO and PK had decline 3.1% and 9% respectively. On a YoY basis, CPO volumes rose 22.8% while PK was marginally changed at +0.6%.

Figure 1: YTD Production for FFB/CPO/PK ending July

Production	CY25	CY26	YoY
FFB (MT)	320,946	342,753	6.8%
CPO (MT)	71,151	76,720	7.8%
PK (MT)	15,467	16,899	9.3%

Source: Company, Apex Securities

Figure 2: Quarterly CPO and PK ASPs

ASP	2QCY25	1QCY26	2QCY26	YoY	QoQ
CPO	4,260	4,248	4,630	8.7%	9.0%
PK	3,471	3,437	3,723	7.3%	8.3%

Source: Company, Apex Securities

Figure 3: Quarterly Sales volume for CPO/PK

Sales Volume	2QCY25	1QCY26	2QCY26	YoY	QoQ
CPO (MT)	30,435	38,578	37,388	22.8%	-3.1%
PK (MT)	6,809	7,528	6,847	0.6%	-9.0%

Source: Company, Apex Securities

Outlook. Moving into 2HFY26, higher expected CPO prices and YoY improvements in FFB production should anchor topline performance. As for FY27, with El-Nino on the horizon, we expect topline performance to be impacted by higher CPO prices and lower FFB yields in 1HFY27. As mentioned in our sector report, our expectations are for moderate-strong El Nino conditions to induce lower monthly FFB yields with HAPL's yields to be impacted by 7% for 1HFY27. We also raised our average input CPO prices to RM4,500 for FY26 and RM4,800/RM4,600 in 1H/2HFY27. Altogether, we believe that HAPL earnings should continue to be supported by higher CPO ASPs moving into 2HFY26 and similarly in FY27.

Earnings forecast. Following our sector report, we maintain our FY26/27 earnings forecast of RM185.6m/RM212m respectively.

Valuation. We recommend a **BUY** on Hap Seng Plantations with a target price of **RM3.31**, 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 Comparison

FYE Dec (RM m)	2QFY26	2QFY25	yoy (%)	1QFY26	qoq (%)	6MFY26	6MFY25
Revenue	201.7	156.1	*29.2*	192.4	*4.8*	394.2	335.5
EBITDA	75.0	48.1	*56.1*	35.7	*110.1*	110.7	99.9
Pre-tax profit	52.1	26.4	*97.1*	13.4	*289.9*	65.4	56.1
Net profit	39.3	19.7	*100.0*	10.0	*294.4*	49.3	42.1
Core net profit	33.5	25.3	*32.7*	35.0	*(4.2)*	68.5	59.9
Core EPS (sen)	4.2	3.2	*32.7*	4.4	*(4.2)*	8.6	7.5
EBITDA margin (%)	37.2	30.8		18.6		28.1	29.8
PBT margin (%)	25.8	16.9		6.9		16.6	16.7
Core net profit margin (%)	16.6	16.2		18.2		17.4	17.9

Source: Company, Apex Securities

Financial Highlights

Income Statement

FYE Dec (RM m)	FY23	FY24	FY25	FY26F	FY27F	FY28F
Revenue	**667.8**	**752.4**	**702.4**	**762.6**	**789.1**	**867.2**
EBITDA	**204.9**	**352.0**	**249.3**	**327.5**	**359.4**	**393.2**
Depreciation & Amortisation	-86.2	-85.1	-86.8	-85.1	-85.1	-85.1
EBIT	**118.8**	**266.9**	**162.6**	**242.3**	**274.3**	**308.1**
Net Finance Income/ (Cost)	0.8	0.9	-0.2	1.9	4.7	7.8
Pre-tax Profit	**119.6**	**267.8**	**162.3**	**244.2**	**278.9**	**315.9**
Tax	-28.9	-63.1	-37.5	-58.6	-66.9	-75.8
Profit After Tax	**90.7**	**204.6**	**124.9**	**185.6**	**212.0**	**240.1**
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0
Net Profit	**90.7**	**204.6**	**124.9**	**185.6**	**212.0**	**240.1**
Exceptionals	8.1	-56.1	-14.4	0.0	0.0	0.0
Core Net Profit	**98.8**	**148.5**	**110.5**	**185.6**	**212.0**	**240.1**

Key Ratios

FYE Dec	FY23	FY24	FY25	FY26F	FY27F	FY28F
EPS (sen)	12.4	18.6	13.8	23.2	26.5	30.0
P/E (x)	20.6	13.7	18.4	10.9	9.6	8.5
P/B (x)	1.0	1.0	1.0	0.9	0.9	0.9
EV/EBITDA (x)	9.6	5.6	7.8	5.7	4.9	4.3
DPS (sen)	8.50	6.80	12.50	13.93	15.91	18.01
Dividend Yield (%)	3.3%	2.7%	4.9%	5.5%	6.3%	7.1%
EBITDA margin (%)	30.7%	46.8%	35.5%	42.9%	45.5%	45.3%
EBIT margin (%)	17.8%	35.5%	23.1%	31.8%	34.8%	35.5%
PBT margin (%)	17.9%	35.6%	23.1%	32.0%	35.4%	36.4%
PAT margin (%)	13.6%	27.2%	17.8%	24.3%	26.9%	27.7%
NP margin (%)	13.6%	27.2%	17.8%	24.3%	26.9%	27.7%
CNP margin (%)	14.8%	19.7%	15.7%	24.3%	26.9%	27.7%
ROE (%)	5.1%	7.1%	5.2%	8.4%	9.3%	10.1%
ROA (%)	4.1%	5.7%	4.2%	6.9%	7.6%	8.3%
Gearing (%)	3.5%	3.0%	3.6%	2.8%	2.0%	1.6%
Net gearing (%)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

Valuations	**FY27F**
Core EPS (RM)	0.265
P/E multiple (x)	12.5
Fair Value (RM)	**3.31**
ESG premium/discount	0.0%
Implied Fair Value (RM)	**3.31**

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY23	FY24	FY25	FY26F	FY27F	FY28F
Cash	135.8	116.5	153.8	218.5	298.6	383.2
Receivables	12.6	72.8	14.4	15.7	16.2	17.8
Inventories	100.9	101.8	114.9	122.0	120.3	130.5
Other current assets	443.7	582.5	606.7	606.7	606.7	606.7
Total Current Assets	**693.0**	**873.6**	**889.8**	**962.8**	**1041.7**	**1138.2**
Fixed Assets	1734.0	1722.1	1747.1	1742.2	1737.3	1739.1
Total Non-current assets	**1734.0**	**1722.1**	**1747.1**	**1742.2**	**1737.3**	**1739.1**
Short-term Debt	9.7	11.0	13.3	0.0	0.0	0.0
Payables	44.8	54.8	60.8	64.6	63.7	69.1
Other Current Liabilities	0.0	1.9	7.1	7.1	7.1	7.1
Total Current Liabilities	**54.5**	**67.8**	**81.2**	**71.6**	**70.7**	**76.2**
Long-term Debt	57.8	52.6	62.9	61.0	45.7	37.3
Other non-current liabilities	362.1	372.4	365.0	370.3	375.7	381.0
Total Non-current Liabilities	**419.9**	**425.0**	**427.9**	**431.3**	**421.4**	**418.3**
Shareholder's equity	1952.6	2102.9	2127.8	2202.1	2286.9	2382.9
Equity	**1952.6**	**2102.9**	**2127.8**	**2202.1**	**2286.9**	**2382.9**

Cash Flow

FYE Dec (RM m)	FY23	FY24	FY25	FY26F	FY27F	FY28F
Pre-tax profit	**120.2**	**267.8**	**162.3**	**244.2**	**278.9**	**315.9**
Depreciation & amortisation	85.9	85.1	86.8	85.1	85.1	85.1
Changes in working capital	-1.3	-51.0	51.3	-4.6	0.3	-6.4
Others	-35.1	-92.4	-21.9	-56.5	-64.8	-73.7
Operating cash flow	**169.8**	**209.5**	**278.5**	**268.3**	**299.5**	**320.9**
Net capex	-78.2	-67.1	-88.0	-80.2	-80.2	-80.2
Others	-43.2	-96.5	-41.3	3.2	3.2	3.2
Investing cash flow	**-121.4**	**-163.6**	**-129.3**	**-77.0**	**-77.0**	**-77.0**
Changes in borrowings	0.0	0.0	0.0	0.0	0.0	0.0
Issuance of shares	0.0	0.0	0.0	0.0	0.0	1.0
Dividends paid	-68.0	-54.4	-100.0	-111.4	-127.2	-144.1
Others	-11.0	-10.8	-12.0	-15.2	-15.2	-16.2
Financing cash flow	**-79.0**	**-65.2**	**-111.9**	**-126.6**	**-142.4**	**-159.3**
Net cash flow	**-30.6**	**-19.2**	**37.2**	**64.7**	**80.1**	**84.7**
Forex	0.0	0.0	0.0	0.0	0.0	1.0
Others	0.0	0.0	0.0	0.0	0.0	-1.0
Beginning cash	166.3	135.8	116.5	153.8	218.5	298.6
Ending cash	**135.8**	**116.5**	**153.8**	**218.5**	**298.6**	**383.2**

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

As of **Thursday, 27 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.