**Ong Yong Jen**
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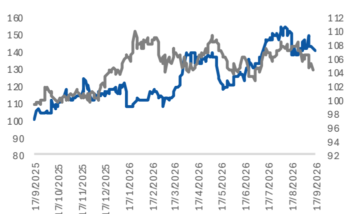
research.dept@apexsecurities.com.my

| **Recommendation:** | **BUY** |
|---|---|
| Current Price: | RM 1.91 |
| Previous Target Price: | - |
| Target Price: | RM 2.23 |
| Capital Upside/Downside: | 16.8% |
| Dividend Yield (%): | 3.9% |
| **Total Upside/Downside** | **20.6%** |

| **Stock information** | |
|---|---|
| Board | MAIN |
| Sector | Plantation |
| Bursa / Bloomberg Code | 5323 / JPGMK |
| Syariah Compliant | Yes |
| ESG Rating | ★★★ |
| Shares issued (m) | 2,496.2 |
| Market Cap (RM' m) | 4,767.7 |
| 52-Week Price Range (RM) | 2.1-1.35 |
| Beta (x) | 0.8 |
| Free float (%) | 42.1 |
| 3M Average Volume (m) | 8.7 |
| 3M Average Value (RM' m) | 16.8 |

| **Top 3 Shareholders** | **(%)** |
|---|---|
| Kulim Malaysia Bhd | 54.5 |
| Employees Provident Fund Board | 16.6 |
| Kumpulan Wang Persaraan | 5.2 |

**Share Price Performance vs KLCI**




| | **1M** | **3M** | **12M** |
|---|---|---|---|
| Absolute (%) | -6.8 | 14.4 | 40.4 |
| Relative (%) | -3.6 | 16.9 | 34.1 |

| **Earnings Summary** | **FY25** | **FY26F** | **FY27F** |
|---|---|---|---|
| Revenue (RM'm) | 1724.7 | 1821.8 | 2221.4 |
| PATAMI (RM'm) | 343.6 | 286.3 | 368.5 |
| CNP (RM'm) | 343.2 | 286.3 | 368.5 |
| EPS - core (sen) | 13.7 | 11.5 | 14.7 |
| P/E (x) | 13.9 | 16.7 | 13.0 |

# Johor Plantations Group Berhad

## From Plantation Core to Integrated Palm Oil Player

- **JPG operates an increasingly integrated palm oil value chain encompassing the following business segments: (i) Upstream & Midstream, and ii) Trading & Services. Upstream and Midstream remains the Group's core business, contributing RM1.3bn and RM457.0m respectively or c.99% of FY25 revenue.**
- **The commencement and ramp-up of JPG's Integrated Sustainable Palm Oil Complex (iSPOC), scheduled for commissioning in 2HFY26, poses a potential medium-term catalyst. Part of the complex includes a specialty fats and oils refinery which represents the Group's foray into Downstream, enabling the sale of premium products.**
- **El Niño supply risks could support higher CPO prices as downward revisions to Malaysian and Indonesian production expectations occur, potentially extending the current high-CPO-price environment into FY27.**
- **Initiate coverage on JPG with a BUY and a target price of RM2.23 (+20.6%). Our target price is derived by applying the sector peer average PE multiple of 15.1x to our FY27F EPS of 14.7.**

## Key Investment Highlights

**El Niño Supply Risks Could Sustain Higher CPO Prices.** At present, NOAA currently sees a greater than 90% probability of a very strong El Niño during the Northern Hemisphere autumn and winter of 2026/27. The developing El Niño represents a potential catalyst for CPO prices as prolonged hot and dry conditions can reduce palm productivity with a lag.

A tightening supply outlook should support CPO prices and benefit JPG given the Group's pre-dominantly upstream earnings exposure. Higher realised CPO prices should translate into dis-proportionately stronger margins as a significant portion of plantation costs does not increase proportionately with selling prices. The key catalyst would be downward revisions to Malaysian and Indonesian production expectations as El Niño develops, potentially extending the current high-CPO-price environment into FY27.

**iSPOC to Unlock a New Downstream Earnings Growth Leg.** JPG's downstream strategy is anchored by the Integrated Sustainable Palm Oil Complex (iSPOC) in Sedili, Johor. This development marks the Group's transition beyond bulk CPO and PK production towards higher-value palm-based products, providing a meaningful earnings ramp-up as volumes scale. Looking ahead, we believe that a successful commissioning and utilisation ramp-up could meaningfully lift earnings from FY27 and potentially support a higher valuation multiple as the earnings mix shifts toward value-added downstream products.

**Valuation & Recommendation**. We initiate coverage on JPG with a BUY recommendation and a target price of RM2.23, derived by applying the sector peer average FY27 forward PE multiple of 15.1x to our FY27F core EPS of 14.7 sen, and supported by a three-star ESG rating.

**Risk**. i) CPO and palm kernel price risk, ii) Cost inflation and margin compression, iii) Execution risk on the integrated/downstream growth strategy, iv) Weather, biological and plantation-yield risk.


KDN PP13226/06/2024 (035469)

## Company Background

Johor Plantations Group Berhad's (JPG) corporate roots trace back to 1978 with the incorporation of Yule Catto Plantations Sdn Bhd, while its broader plantation heritage sits within the Kulim (Malaysia) Berhad (Kulim) and Johor Corporation (JCorp) ecosystem dating back to 1933. Kulim acquired a 49% stake in Yule Catto Plantations in 1993, after which the company was renamed Mahamurni Plantations Sdn Bhd, before JCorp transferred its remaining interest to Kulim in 1994. A pre-listing restructuring in 2022 subsequently consolidated Kulim's Malaysian plantation assets and related businesses under Mahamurni, establishing the operating base of the present Group.

Mahamurni was renamed Johor Plantations in February 2023 and subsequently Johor Plantations Group Berhad in November 2023. The Group was successfully listed on the Main Market of Bursa Malaysia on 9 July 2024 and remains a subsidiary of Kulim, with JCorp as its ultimate shareholder. Since listing, JPG has begun the process of transitioning from a predominantly upstream plantation operator into an integrated palm oil group, notably through its renewable energy operations and the development of the Integrated Sustainable Palm Oil Complex (iSPOC), which will extend the Group into specialty oils and fats and other downstream activities.

## Business Model

JPG operates an increasingly integrated palm oil value chain encompassing the following business segments: (i) Upstream & Midstream, (ii) Trading & Services. Upstream remains the Group's core business, contributing RM1.3bn or c.73% of FY25 revenue, followed by Midstream at RM457.0m or c.27%. Trading & Services contributed RM8.2m, while the Downstream segment is considered pre-revenue as at 1HFY26 as the iSPOC development remained under construction during FY26.

The Group's model is centred on extracting greater value from its existing plantation base by progressively integrating activities surrounding FFB production and processing. Internally produced FFB is processed into CPO and PK through the Group's palm oil mills, while external crop purchases raise mill utilisation and expand CPO output. Palm oil processing by-products such as POME, empty fruit bunches, mesocarp fibre and palm kernel shells are progressively recycled into biomethane, renewable energy, biofertiliser and other uses.

**Upstream & Midstream (>99% of FY25 revenue)**

JPG's Upstream operations comprise plantation management, palm oil milling and research & development. The Group operates 21 estates, predominantly located in Johor, with a total landbank of 59,672 ha as at June 2026. Of this, 55,601 ha was planted with oil palm, comprising 47,931 ha of mature and 7,670 ha of immature area. The Group also operates five palm oil mills located close to its plantation estates, enabling FFB to be processed into CPO and PK within its own operating network.

In FY25, JPG produced 1.13m MT of FFB while FFB yields improved to 22.82 MT/ha from 22.41 MT/ha in FY24. Beyond expanding production, the Group continues to invest in replanting, higher-yielding planting materials, mechanisation and internally developed planting materials to support long-term productivity. JPG's plantation operations are also fully RSPO-certified, with the Group achieving 100% traceability to plantations in FY25. JPG's FFB yields are at present significantly above Malaysia's national average of 17.8MT/ha, representing the Group's robust operational discipline and estate management.

JPG's Midstream segment comprises its Mass Balance mill at Sedenak POM and renewable energy operations. The Sedenak Mass Balance mill processes externally purchased FFB, allowing the Group to supplement internal crop production and improve utilisation of its milling capacity. External crop purchases at Sedenak rose 26.8% YoY to 401,582 MT in FY25, supported by stronger relationships with external suppliers and smallholders.

Renewable energy activities complement the milling business by converting POME generated from palm oil processing into biomethane. JPG operates these activities through JPG Greenergy Ventures and JPG Greenergy, with biomethane facilities located at Sedenak, Sindora and Tereh. The Sedenak facility commenced operations in 2023, while the Sindora biomethane plant began commercial operations in December 2025. This allows JPG to monetise plantation by-products while simultaneously reducing methane emissions from its milling operations.

**Trading & Services (c.0.5% of FY25 revenue)**
JPG supplements its plantation operations through three specialised subsidiaries. JPG Jenterra trades agricultural machinery and parts used in plantation operations; JPG Planterra sells internally developed germinated seeds, ornamental plants, biofertilisers and related plantation products and services; while JPG Terrasolutions provides occupational safety and health training and advisory services.

## Board Profile & Management

**Figure 1: Board of Directors**

| Director | Designation | Role & Background |
|---|---|---|
| Tan Sri Dato' Sri Dr. Ismail Bakar | Chairman / Non-Independent Non-Executive Director | Provides Board leadership and strategic/governance oversight. Former Chief Secretary to the Government of Malaysia and Secretary General of the Ministries of Finance, Agriculture & Agro-Based Industry and Transport. Also previously served at Bank Negara Malaysia and as Senior Adviser to the World Bank's SEA Executive Director. Currently Deputy Chairman of Johor Corporation (JCorp) and Independent Non-Executive Chairman of Bank Islam Malaysia. Brings extensive public policy, government, governance and institutional leadership experience. |
| Mohd Faris Adli Shukery | Managing Director | Responsible for JPG's day-to-day leadership and execution of its integrated plantation growth strategy. Has upstream and downstream plantation experience through Sime Darby Plantation, including VP of Upstream, downstream leadership positions and Regional CEO for Sabah. Became Managing Director of Kulim in 2020, spearheading JCorp's agribusiness before assuming his role at JPG. Background also includes strategy, compliance and corporate development. |
| Shamsul Anuar Abdul Majid | Non-Independent Non-Executive Director *(Alternate: Ahmad Yusri Mohamed)* | Represents a strong investment, corporate strategy and portfolio-management perspective. CFA charterholder with prior roles at Shell, Boston Consulting Group, Iskandar Investment and Iskandar Waterfront. Currently Chief Investment Officer of JCorp, responsible for group investments, corporate advisory, strategic planning and portfolio management. |
| Dato' Sr. Hisham Jafrey | Non-Independent Non-Executive Director | Quantity-surveying and project-development specialist. Founder and Managing Director of ARH Jurukur Bahan, with decades of experience in construction consultancy and academia. Fellow of the Royal Institution of Surveyors Malaysia and member of RICS. Also serves on the JCorp board. Adds property, construction, project-cost and development oversight expertise. |

| | | |
|---|---|---|
| Abdullah Abu Samah | Independent Non-Executive Director | Experienced audit and financial-governance professional. Spent more than 32 years at KPMG, becoming Partner in 1997 and serving on KPMG Malaysia's Executive Committee and as Head of Markets. Has extensive audit, due diligence and financial-services exposure. Provides an independent accounting, audit, controls and financial-governance perspective. |
| Fawzi Ahmad | Independent Non-Executive Director | One of the Board's deepest plantation operating specialists. Began his plantation career with Kulim in 1974 and subsequently managed and developed estates for several organisations, including YPJ-related plantations in Malaysia and Indonesia. Former planting adviser to YPJ Plantations and continues to undertake plantation advisory work. Member of the Incorporated Society of Planters since 1974. |
| Mohd Fazillah Kamaruddin | Independent Non-Executive Director | Brings banking, investments and capital-markets experience. Started with Bank Bumiputera, managing investment portfolios in London and New York before moving into securities and institutional sales. Later served as CEO/adviser in oil & gas-related businesses. Holds a Capital Markets Services Representative's Licence. |
| Ong Li Lee | Independent Non-Executive Director | Capital-markets and market-infrastructure veteran. Spent much of her career at Bursa Malaysia, progressing through product development, strategy, information services and ultimately becoming Director of Securities Market. Adds expertise in capital markets, investor-facing activities, exchange operations, corporate governance and market development. |
| Vinie Chong Pui Ling, CFA, CPA | Independent Non-Executive Director | Senior finance executive with >20 years in financial management, corporate strategy and transactions. Currently Group CFO of Dagang NeXchange (DNeX); previously CFO of Cypark Resources and Cenergi SEA, as well as senior roles at Astro and Malaysia Airports. Particularly relevant to JPG given her corporate finance, renewable-energy, fundraising and investor-relations background. |
| YM Raja Azura Raja Mahayuddin | Independent Non-Executive Director | More than 25 years of leadership experience in human capital, internal audit, corporate governance and institutional development. Founding CEO of Yayasan Peneraju Pendidikan Bumiputera; previously EVP Human Capital at Malaysia Airlines and SVP Strategic Human Capital Management at Khazanah Nasional. Holds CIA, CGMA and sustainability credentials. Appointed in November 2025, broadening JPG's governance and talent-management capabilities. |
| Zaidatul Zurita Abdul Rahman | Non-Independent Non-Executive Director | Sustainability specialist with >20 years of experience in ESG, environmental management and social impact. Previous roles include ERM/WorleyParsons, sustainability consultancy and Director of Sustainability Advisory Services at KPMG Malaysia. Currently Chief Sustainability and Social Impact Officer of JCorp, leading group-wide ESG |

| | | |
|---|---|---|
| | | integration and decarbonisation. Appointed to JPG's Board in February 2026. |

*Source: Company, Apex Securities*

**Figure 2: Senior Management**

| Director | Designation | Role & Background |
|---|---|---|
| Mohd Faris Adli Shukery | Managing Director | Leads the Group and execution of JPG's strategic roadmap. Extensive plantation experience spanning upstream and downstream operations, particularly through Sime Darby Plantation and Kulim. His current mandate encompasses JPG's transformation into an integrated producer encompassing plantations, renewable energy and specialty oils & fats. |
| Zain Azrai Zainal Abidin | Chief Financial Officer | Oversees JPG's finance function and capital-management agenda. CPA who trained at PwC in Malaysia and the UK. Previously CFO of Sapura Resources, Kumpulan Perangsang Selangor and Volvo Car Malaysia, with additional group/regional finance roles at Petronas Lubricants International and Edotco. Background includes funding, treasury, investment management, financial governance and performance management. Joined JPG in September 2025. |
| Mohamad Yami Bakar | Chief Operations Plantation | Provides strategic leadership and oversight of JPG's plantation operations. Career plantation executive since 1990 with extensive Kulim experience, progressing from estate management to Regional Controller, Deputy GM and eventually Head of Plantation Division. Has operational experience in Malaysia, Papua New Guinea and Indonesia. Represents the core agronomic and estate-execution expertise within management. |
| Amran Zakaria | Chief People Officer | Leads human capital and organisational development. Has HR/management experience across DENSO, NEC Semiconductor, Nestlé, New Straits Times Press, Lembaga Zakat Selangor, Kulim and JCorp. Former Head of Kulim's Corporate Services Division. His mandate is increasingly important as JPG develops new downstream capabilities and a more technically skilled workforce. |

| | | |
|---|---|---|
| Wan Adlin Wan Mahmood | Chief Commercial Officer | Oversees midstream and trading, sustainability, downstream operations and BioEnergy projects. Chemical engineer with hands-on palm-oil mill experience at IOI-related operations, EPA Management, Papua New Guinea and Keresa before joining Kulim. Subsequently led engineering and Sustainability & Innovation. Combines technical milling/engineering expertise with commercial and ESG execution. |
| Khairi Ramli | Chief Strategy Officer | Leads JPG's long-term strategic blueprint, portfolio strategy, business planning and identification of new value-creation opportunities. ICAEW Fellow and MIA member with >16 years across EY, PETRONAS, FGV and Kulim. Experience spans corporate finance, investments, portfolio optimisation and development/acquisition of renewable-energy and agribusiness growth platforms. |
| Syed Idham Shiek | Head of Innovation & Excellence | Leads JPG's transformation, digital and technology services, institutional excellence and change-management agenda. Has >25 years of experience spanning digitalisation, capital markets, corporate finance, sustainable finance and institutional transformation. Previous positions include Islamic banking COO and covering CEO. Joined the current role in January 2026. |
| Nor Suhaila Abdul Latif | Head of Governance / Company Secretary | Oversees legal, corporate secretarial, compliance and risk-management functions and advises the Board on governance matters. Lawyer and Chartered Governance Professional with >20 years of experience. Previously a corporate partner at Skrine and SVP/Head of Legal at Iskandar Investment Berhad before joining JPG. |

*Source: Company, Apex Securities*

## Industry Overview — Tight Markets follow Strong Supply

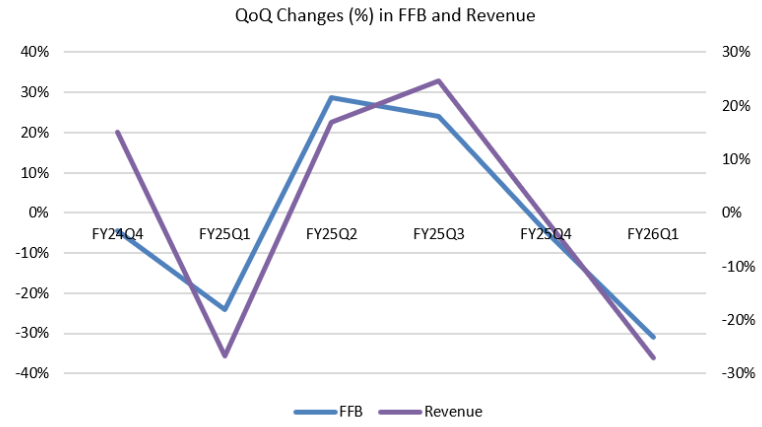
**Key Revenue Drivers.** Of the many operational components that drive topline Plantation performance, two stand out the most: fresh fruit bunch (FFB) yields and crude palm oil prices (CPO). Both of these items tend to fluctuate within the year, with CPO prices being influenced by developments in the region due to the concentrated nature of their suppliers and FFB yields fluctuating on a seasonal basis. Generally, earnings sensitivity varies significantly depending on yields, cost structure and downstream exposure and we detail our own assumptions of JPG's earnings down below in our sensitivity analysis.

Higher CPO prices generally have an outsized impact on upstream profitability because many plantation costs do not rise proportionately with selling prices. This operating leverage also works in reverse with falling CPO prices compressing margins rapidly because estate upkeep, labour, harvesting, fertiliser and mill costs cannot be reduced proportionately to output prices.
FFB yields on the other hand are influenced by many factors that include but are not limited to: palm age, rainfall, fertiliser application, harvesting efficiency, and labour availability. The average age of oil palm trees within an estate tends to correlate with FFB yield productivity with palms typically requiring approximately three years after planting to fruit. FFB productivity typically enters its prime production phase around ages 9–18 before declining thereafter. Important to note is a biological cycle unique to plantation companies whereby replanting old palms initially reduces mature hectarage and production but raises future yield potential once the new palms enter their prime production years. In addition, companies that postpone replanting may preserve near-term output at the cost of deteriorating long-term productivity although this is

generally avoided. For instance, in our channel checks, Plantation operators maintain discipline in replanting schedules even in temporary periods of elevated CPO prices.

Seasonality also plays a major role in the earnings profile of Plantations with FFB yields changing throughout the year with the lowest amount harvested early in the year before rising progressively thereafter. As a result, CPO and PK production follow the same pattern, making Upstream revenue weakest at the start of the year and stronger in later quarters, assuming constant prices.

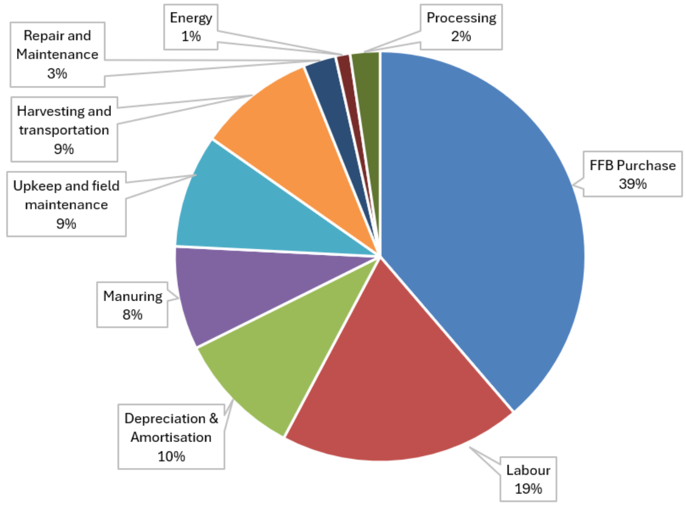
**Figure 3: Quarterly changes in JPG's FFB and Revenue**




*Source: Company, Apex Securities*

**Cost Drivers: Operating leverage arises from semi-fixed cost nature.** Plantation production has a substantial semi-fixed cost component. Labour, estate upkeep, and harvesting continue irrespective of short-term movements in CPO prices, while fertiliser, transportation and fuel are significant semi-variable expenses.

**Figure 4: JPG's Cost of Sales Breakdown as at end of FY25**




*Source: Company, Apex Securities*

The industry is presently facing upward pressure on several of these inputs. Fertiliser costs increased sharply following disruptions to global fertiliser supply associated with the Middle East conflict, while higher diesel prices have increased harvesting and transportation expenses across Southeast Asian plantations. Consequently, high CPO prices do not necessarily mean peak plantation margins. The strongest earnings environment occurs when high CPO prices coincide with strong FFB production and contained unit costs. Conversely, high prices accompanied by weak production or rapidly increasing fertiliser and labour costs may produce less earnings upside than headline commodity prices imply.

**Concentrated suppliers.** Globally, crude palm oil production is dominated by two countries: Indonesia and Malaysia. The USDA estimates that 2HCY25/1HCY26 global CPO production stands at approximately 81.4m metric tons with Indonesia (57%) and Malaysia (25%) making up a majority of total production. In addition, USDA estimates points to total oil palm hectares between the two countries at 14m and 5.6m respectively. The concentrated nature of CPO suppliers means that general developments and announcements in the region are monitored closely.

**Strong Supply in FY25, Tighter Market in FY27.** Malaysia's palm oil industry is moving from a relatively strong year in 2025 into a year with increasing supply risks and increased demand. CPO production reached 20.28m MT in 2025, its highest level in a decade, as national FFB yields improved 6.4% YoY to 17.77 MT/ha and OER increased marginally to 19.74%. In that time, average CPO prices remained firm at RM4,292.50/MT, while PK prices rose by a larger 29.4% to RM3,424.50/MT.

Supply-wise, the Plantation sector is expecting FFB yields to be impaired by El Niño. Historical data and channel checks suggest that El Niño reduces FFB yields by roughly 3–15%, with monthly declines of 5–10% after 3–5 months of El Niño conditions, particularly during low-production periods. Although longer-term yields are also affected by labour and fertiliser use, El Niño can have lagged biological effects, such as inflorescence abortion, that may suppress production for several years. Given the likelihood of a strong El Niño in 2H26, we expect FFB yields to weaken in 1H27, with a 7% decline versus normal levels.

## Investment Highlights

**El Niño Supply Risks Could Sustain Higher CPO Prices.** At present, NOAA currently sees a greater than 90% probability of a very strong El Niño during the Northern Hemisphere autumn and winter of 2026/27. The developing El Niño represents a potential catalyst for CPO prices as prolonged hot and dry conditions can reduce palm productivity with a lag.

A tightening supply outlook should support CPO prices and benefit JPG given the Group's predominantly upstream earnings exposure. Higher realised CPO prices should translate into disproportionately stronger margins as a significant portion of plantation costs does not increase proportionately with selling prices. The key catalyst would be downward revisions to Malaysian and Indonesian production expectations as El Niño develops, potentially extending the current high-CPO-price environment into FY27.

**Future expansion - Downstream capacity through iSPOC**
JPG's downstream strategy is anchored by the Integrated Sustainable Palm Oil Complex (iSPOC) in Sedili, Johor. This development marks the Group's transition beyond bulk CPO and PK production towards higher-value palm-based products, providing a meaningful earnings ramp-up as volumes scale.

The iSPOC is designed as an integrated complex comprising the specialty oils and fats refinery, a new palm oil mill, kernel crushing plant, animal feed mill and renewable energy facilities. Central to the complex is the specialty oils and fats refinery that will be operated through JPG Fuji Sdn Bhd, a 51:49 joint venture between JPG and Fuji Oil Asia Pte Ltd. This partnership will provide technical expertise and access to its established global specialty-fats customer network, reducing JPG's downstream market-entry risk. The refinery will have an estimated production capacity of 150k MT/annum with 50% being reserved for Fuji Oil Asia.

As at June 2026, iSPOC was approximately 84% complete with the refinery and power plant targeted for commissioning by end-3QFY26, with commercial operation beginning in 4Q, while the mill and kernel-crushing plant are targeted for commissioning by end-4QFY26. Total project capex stands at c.RM650m, funded 60:40 debt-to-equity. For FY26, management is expecting a modest loss before iSPOC contributes meaningfully to PAT in FY27. At full ramp-up, management has guided for c.RM700m in revenue from iSPOC and an 8-10% PAT margin.

At present, we estimate that iSPOC could contribute c.RM17.6m in CNP based on the 75k MT/annum offtake by Fuji in FY27. At this juncture, we have not factored in additional volumes beyond said arrangement, suggesting potential upside in profit performance should the remaining available capacity be taken up. Looking ahead, we believe that a successful commissioning and utilisation ramp-up could meaningfully lift earnings from FY27 and potentially support a higher valuation multiple as the earnings mix shifts toward higher value-added downstream products.

## Financial Highlights

**FY23-25 CNP CAGR of 44%.** From FY23 to FY25, CNP had grown to RM343.2m which was supported by a revenue CAGR of 17% from RM1.3bn to RM1.7bn, driven by an 18% growth in CPO output and a 12% increase in CPO ASP. Higher FFB yields over time and higher external FFB purchases had supported CPO output. In addition, CoS had risen from RM890.4m to RM1.1bn or a CAGR of 10.5%. Consequently, operating margins had improved from 21% to 29%, demonstrating how operating leverage via higher prices, volumes and constrained costs manifests in JPG's earnings over time.

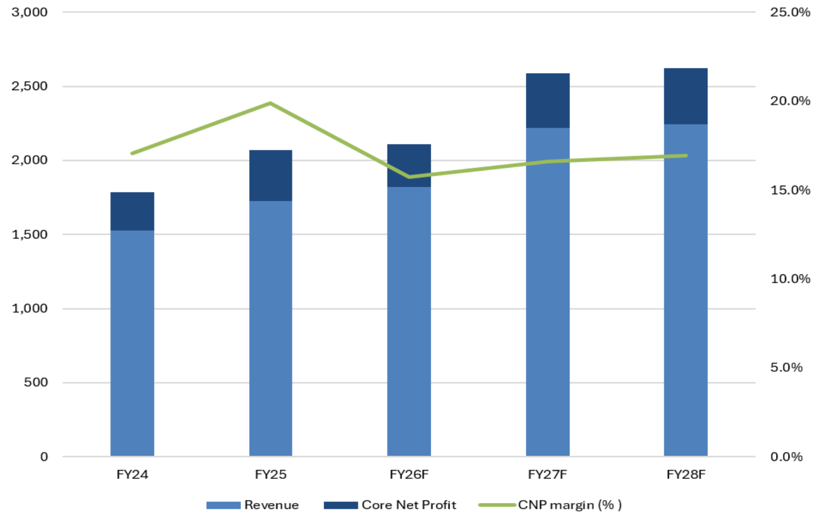
**QoQ.** JPG recorded 2QFY26 CNP of RM56.7m, improving 8% QoQ from RM52.5m in 1QFY26, mainly supported by higher CPO and PK selling prices and delivery volumes. CPO ASP rose 9.0% QoQ to RM4,644/MT while delivery volume increased 6.6%, supporting a 16.6% QoQ increase in revenue to RM415.8m.

**YoY.** 2QFY26 CNP declined 27.4% from RM78.1m despite revenue rising 4.4% due to higher CPO and PK ASPs of 7.2% and 4.0%. This decline was attributable to a 21.1% increase in operating expenses, primarily driven by estate costs. CPO and PK delivery volumes also fell 1.1% and 5.8% YoY respectively.

**1HFY26**. CNP fell 31.3% YoY to RM109.1m from RM158.8m due to lower average CPO and PK ASPs, and higher estate costs. This more than offset higher CPO and PK delivery volumes, which increased 9.4% and 2.0% YoY respectively, resulting in revenue still growing 4.6% YoY to RM772.5m.

**Earnings outlook.** Looking ahead we project JPG CNP to grow to RM286.3m/RM368.5m/RM379.6m in FY26F/FY27F/FY28F at an FY26-28F CAGR of 15.2%. We expect this growth to be driven by i) higher earnings contributions from higher CPO prices in FY27 and ii) earnings contribution from iSPOC starting in FY27.

Figure 5: Revenue, earnings, margin in FY24-28F




*Source: Company, Apex Securities*

**Dividend policy.** JPG has historically maintained a policy of paying out c.50% of its NP with current YTD payout standing at 51.7% and 6MFY26 DPS standing at 2.10 sen vs 2.25 sen in 6MFY25. In spite of commitments to iSPOC, the Group's ability to maintain a 50% payout remains uncompromised. Moving forward, we expect a similar payout ratio in FY26F-FY28F.

**Healthy balance sheet supports sustainable dividends.** JPG's strong liquidity and manageable leverage provide headroom to maintain its minimum 50% dividend payout while continuing to fund growth. Net gearing improved from 0.70x in FY23 to 0.29x in FY25, alongside interest coverage strengthening from 3.1x to 9.4x. Meanwhile, the Group retained RM537m in cash and liquid investments as at 1HFY26 despite ongoing iSPOC expenditure. Refinancing risks are also limited, with substantially all of its RM1.5bn borrowings classified as long term and a dedicated sinking fund established for future Sukuk repayments. Coupled with dedicated IPO and Sukuk funding for expansion, we believe JPG has sufficient balance-sheet flexibility to sustain its c.50% dividend payout without compromising its growth plans.

**Figure 6: Financial Summary**

| Financial Summary (RM'm) | FY24 | FY25 | FY26F | FY27F | FY28F |
|---|---|---|---|---|---|
| Revenue | 1,524.9 | 1,724.7 | 1,821.8 | 2,221.4 | 2,243.6 |
| EBITDA | 494.3 | 624.7 | 555.1 | 709.5 | 722.2 |
| EBIT | 374.7 | 503.6 | 424.5 | 567.0 | 575.0 |
| Net Finance Income/ (Cost) | (28.5) | (35.4) | (40.3) | (46.4) | (39.1) |
| **Pre-tax Profit** | **346.2** | **468.2** | **384.2** | **520.6** | **535.9** |
| **Core Net Profit** | **260.1** | **343.2** | **286.3** | **368.5** | **379.6** |
| EPS (sen) | 10.4 | 13.7 | 11.5 | 14.7 | 15.2 |
| **EBITDA Margin** | **32.4%** | **36.2%** | **30.5%** | **31.9%** | **32.2%** |
| CNP Margin | 17.1% | 19.9% | 15.7% | 16.6% | 16.9% |
| P/E (x) | 18.4 | 13.9 | 16.7 | 13.0 | 12.6 |
| EV/EBITDA (x) | 11.8 | 9.1 | 10.8 | 8.2 | 7.8 |

*Source: Company, Apex Securities*

## Sensitivity Analysis

With JPG earnings being driven by both CPO prices and FFB yields, we conducted a sensitivity analysis to examine the impact of these revenue drivers on our FY27F base case EPS of 14.7 which assumes a c.22 MT/ha and an average CPO Price of RM4,700. As shown below, a RM100 change in CPO prices results in a 7-8% change in EPS while a 1MT/ha change in yield results in 6-8% change in EPS.

**Figure 7: Sensitivity of FY27 EPS to FFB Yields and CPO Prices**

| | | FFB Yield | | | | |
|---|---|---|---|---|---|---|
| | | **20** | **21** | **22** | **23** | **24** |
| **CPO Price** | **5000** | 15.7 | 16.9 | 18.3 | 19.3 | 20.5 |
| | **4900** | 14.7 | 15.8 | 17.1 | 18.1 | 19.2 |
| | **4800** | 13.6 | 14.7 | 15.9 | 16.9 | 18.0 |
| | **4700** | 12.6 | 13.6 | 14.7 | 15.7 | 16.7 |
| | **4600** | 11.5 | 12.5 | 13.6 | 14.4 | 15.4 |

*Source: Company, Apex Securities*

**Figure 8: Percentage change in FY27 EPS to FFB Yields and CPO Prices**

| | | FFB Yield | | | | |
|---|---|---|---|---|---|---|
| | | **20** | **21** | **22** | **23** | **24** |
| **CPO Price** | **5000** | 6.8% | 14.9% | 23.8% | 31.0% | 39.1% |
| | **4900** | -0.4% | 7.3% | 15.9% | 22.7% | 30.4% |
| | **4800** | -7.5% | -0.2% | 7.9% | 14.5% | 21.8% |
| | **4700** | -14.7% | -7.7% | 0.0% | 6.2% | 13.2% |
| | **4600** | -21.9% | -15.3% | -7.9% | -2.0% | 4.6% |

*Source: Company, Apex Securities*

## Valuation & Recommendation

We **initiate coverage on JPG with a BUY recommendation and a target price of RM2.23**, representing c.20.6% upside (16.8% capital gain; 3.9% dividend yield) from the current price of RM1.91. Our target price is derived by applying the sector peer average PE multiple of 15.10x to our FY27F Core EPS of 14.7 sen, alongside a three-star ESG rating. We apply the sector peer average FY27F P/E multiple of 15.1x, as JPG's superior FFB productivity, growing external FFB sourcing and upcoming downstream earnings contribution from iSPOC support a valuation in line with the broader plantation peer group.

**Figure 9: Peers Comparison**

| Company | Market Cap (RM' m | FYE | Price (RM) | P/E (x) | | P/B (x) | | Dividend Yield (%) | | ROE (%) | | Revenue (RM' m)* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | 2026F | 2027F | 2026F | 2027F | 2026F | 2027F | 2026F | 2027F | |
| **Johor Plantation Group** | **4,768** | **Dec** | **1.91** | **16.7** | **13.0** | **1.5** | **1.4** | **3.0%** | **3.9%** | **9.0%** | **10.9%** | **1759** |
| Sarawak Plantation | 1,331 | Dec | 4.77 | 12.3 | 11.8 | 1.6 | 1.5 | 3.9% | 2.9% | 12.5% | 13.0% | 558 |
| Hap Seng Plantation | 2,031 | Dec | 2.54 | 12.6 | 12.0 | 0.9 | 0.9 | 3.2% | 4.8% | 7.3% | 8.0% | 761 |
| IOI Corp | 30,546 | Jun | 4.86 | 18.6 | 19.5 | 2.2 | 2.0 | 2.6% | 2.8% | 12.6% | 12.1% | 11,780 |
| Genting Plantation | 5,481 | Dec | 6.11 | 13.0 | 12.3 | 1.0 | 1.0 | 4.6% | 4.6% | 7.8% | 7.8% | 3,600 |
| Kuala Lumpur Kepong | 25,169 | Sep | 22.60 | 21.4 | 17.3 | 1.7 | 1.6 | 2.7% | 3.1% | 9.5% | 9.9% | 26,260 |
| SD Guthrie | 43,569 | Dec | 6.30 | 16.9 | 17.8 | 2.1 | 2.0 | 2.9% | 3.2% | 13.3% | 12.5% | 20,540 |
| **Average ex-JPG** | | | | **15.8** | **15.1** | **1.6** | **1.5** | **3.3%** | **3.6%** | **10.5%** | **10.6%** | |

**Financial Year End 2025*
*Source: Bloomberg, Apex Securities*

## Investment Risk

**CPO and palm kernel price risk.** JPG’s earnings remain highly sensitive to commodity prices. A meaningful fall in CPO prices would directly pressure revenue and margins.

**Cost inflation and margin compression.** Higher CPO prices do not automatically translate into higher profits if labour, fertiliser, harvesting, milling and other operating costs rise faster. This is visible in 1H26: revenue rose 4.6% YoY to RM772.5m, but PAT fell to RM101.6m from RM150.6m, with higher cost of sales cited as a key factor.

**Execution risk on the integrated/downstream growth strategy.** Part of the JPG thesis depends on moving further downstream and extracting more value from its existing plantation base. Large projects introduce risks of delays, cost overruns, slower-than-expected utilisation and weaker returns on invested capital.

**Weather, biological and plantation-yield risk.** Earnings ultimately depend on FFB yields/production. Excessive rain can disrupt harvesting, while drought, El Niño, disease or an unfavourable tree-age profile can reduce yields.

### Financial Highlights

**Income Statement**

| FYE Dec (RM m) | FY24 | FY25 | FY26F | FY27F | FY28F |
|---|---|---|---|---|---|
| **Revenue** | **1524.9** | **1724.7** | **1821.8** | **2221.4** | **2243.6** |
| **EBITDA** | **494.3** | **624.7** | **555.1** | **709.5** | **722.2** |
| Depreciation & Amortisation | -119.6 | -121.1 | -130.7 | -142.5 | -147.2 |
| **EBIT** | **374.7** | **503.6** | **424.5** | **567.0** | **575.0** |
| Net Finance Income/ (Cost) | -28.5 | -35.4 | -40.3 | -46.4 | -39.1 |
| **Pre-tax Profit** | **346.2** | **468.2** | **384.2** | **520.6** | **535.9** |
| Tax | -88.9 | -123.2 | -98.7 | -133.8 | -137.7 |
| **Profit After Tax** | **257.3** | **345.0** | **285.4** | **386.8** | **398.1** |
| Minority Interest | -1.3 | -1.4 | 0.8 | -18.3 | -18.5 |
| **Net Profit** | **256.1** | **343.6** | **286.3** | **368.5** | **379.6** |
| Exceptionals | -4.0 | 0.4 | 0.0 | 0.0 | 0.0 |
| **Core Net Profit** | **260.1** | **343.2** | **286.3** | **368.5** | **379.6** |

**Key Ratios**

| FYE Dec | FY24 | FY25 | FY26F | FY27F | FY28F |
|---|---|---|---|---|---|
| EPS (sen) | 10.4 | 13.7 | 11.5 | 14.7 | 15.2 |
| P/E (x) | 18.4 | 13.9 | 16.7 | 13.0 | 12.6 |
| P/B (x) | 1.7 | 1.6 | 1.5 | 1.4 | 1.3 |
| EV/EBITDA (x) | 11.8 | 9.1 | 10.8 | 8.2 | 7.8 |
| DPS (sen) | 2.50 | 6.75 | 5.73 | 7.37 | 7.59 |
| Dividend Yield (% ) | 1.3% | 3.5% | 3.0% | 3.9% | 4.0% |
| EBITDA margin (% ) | 32.4% | 36.2% | 30.5% | 31.9% | 32.2% |
| EBIT margin (% ) | 24.6% | 29.2% | 23.3% | 25.5% | 25.6% |
| PBT margin (% ) | 22.7% | 27.1% | 21.1% | 23.4% | 23.9% |
| PAT margin (% ) | 16.9% | 20.0% | 15.7% | 17.4% | 17.7% |
| NP margin (%) | 16.8% | 19.9% | 15.7% | 16.6% | 16.9% |
| CNP margin (% ) | 17.1% | 19.9% | 15.7% | 16.6% | 16.9% |
| ROE (% ) | 9.2% | 11.3% | 9.0% | 10.9% | 10.5% |
| ROA (% ) | 5.2% | 6.3% | 5.0% | 6.2% | 6.2% |
| Gearing (% ) | 49.1% | 50.3% | 55.1% | 50.0% | 45.4% |
| Net gearing (% ) | 37.2% | 27.8% | 36.7% | 27.9% | 20.8% |

| Valuations | FY27F |
|---|---|
| Core EPS (RM) | 0.1474 |
| P/E multiple (x) | 15.1 |
| **Fair Value (RM)** | **2.23** |
| ESG premium/discount | 0.0% |
| **Implied Fair Value (RM)** | **2.23** |

*Source: Company, Apex Securities*

**Balance Sheet**

| FYE Dec (RM m) | FY24 | FY25 | FY26F | FY27F | FY28F |
|---|---|---|---|---|---|
| Cash | 336.8 | 688.5 | 585.0 | 750.4 | 884.6 |
| Receivables | 65.1 | 57.0 | 60.2 | 73.4 | 74.0 |
| Inventories | 39.6 | 66.6 | 70.5 | 85.4 | 86.0 |
| Other current assets | 246.1 | 111.0 | 111.0 | 111.0 | 111.0 |
| **Total Current Assets** | **687.7** | **923.2** | **826.8** | **1020.3** | **1155.6** |
| Fixed Assets | 2655.3 | 2889.1 | 3386.8 | 3410.5 | 3446.2 |
| Other non-current assets | 1616.5 | 1593.0 | 1564.6 | 1536.2 | 1507.8 |
| **Total Non-current assets** | **4271.8** | **4482.1** | **4951.4** | **4946.6** | **4954.0** |
| Short-term Debt | 56.2 | 7.5 | 0.0 | 0.0 | 0.0 |
| Payables | 180.0 | 241.4 | 255.7 | 309.7 | 311.9 |
| Other Current Liabilities | 16.3 | 30.1 | 30.1 | 30.1 | 30.1 |
| **Total Current Liabilities** | **252.6** | **279.0** | **285.7** | **339.7** | **342.0** |
| Long-term Debt | 1332.0 | 1527.4 | 1757.8 | 1696.4 | 1635.0 |
| Other non-current liabilities | 548.9 | 549.4 | 542.9 | 536.4 | 529.9 |
| **Total Non-current Liabilities** | **1880.9** | **2076.8** | **2300.7** | **2232.8** | **2164.9** |
| Shareholder's equity | 2817.6 | 2993.4 | 3136.5 | 3320.7 | 3510.5 |
| Minority interest | 8.5 | 56.2 | 55.3 | 73.7 | 92.2 |
| **Equity** | **2826.1** | **3049.5** | **3191.8** | **3394.4** | **3602.7** |

**Cash Flow**

| FYE Dec (RM m) | FY24 | FY25 | FY26F | FY27F | FY28F |
|---|---|---|---|---|---|
| **Pre-tax profit** | **346.2** | **468.2** | **384.2** | **520.6** | **535.9** |
| Depreciation & amortisation | 119.6 | 121.1 | 130.7 | 142.5 | 147.2 |
| Changes in working capital | 25.5 | 40.7 | 7.1 | 25.9 | 1.1 |
| Others | 3.0 | -32.2 | -65.0 | -93.9 | -105.1 |
| **Operating cash flow** | **494.4** | **597.7** | **457.0** | **595.1** | **579.1** |
| Net capex | -146.7 | -401.3 | -600.0 | -137.8 | -154.6 |
| Others | -136.5 | 192.0 | 20.7 | 17.6 | 22.5 |
| **Investing cash flow** | **-283.3** | **-209.3** | **-579.3** | **-120.2** | **-132.0** |
| Changes in borrowings | -239.0 | 146.5 | 222.9 | -61.4 | -61.4 |
| Issuance of shares | 9.8 | 49.0 | 0.0 | 0.0 | 0.0 |
| Dividends paid | -62.5 | -168.8 | -143.1 | -184.2 | -189.8 |
| Others | 276.7 | -63.4 | -60.9 | -63.9 | -61.6 |
| **Financing cash flow** | **-15.0** | **-36.7** | **18.8** | **-309.5** | **-312.8** |
| **Net cash flow** | **196.1** | **351.7** | **-103.5** | **165.3** | **134.2** |
| Forex | 0.0 | 1.0 | 2.0 | 3.0 | 4.0 |
| Others | 0.0 | -1.0 | -2.0 | -3.0 | -4.0 |
| Beginning cash | 140.7 | 336.8 | 688.5 | 585.0 | 750.4 |
| **Ending cash** | 336.8 | 688.5 | 585.0 | 750.4 | 884.6 |

**ESG Matrix Framework:**

**Environment**

| Parameters | Rating | Comments |
|---|---|---|
| Climate | ★★★ | Operational carbon emissions intensity was reduced by 53% from the 2012 baseline, surpassing JPG's 50% reduction target. |
| Waste & Effluent | ★★★ | Around 1.93m tonnes of waste were diverted from landfill, including the repurposing of mill by-products into bio-compost and renewable fuel; JPG is also working to reduce effluent generated per tonne of FFB processed. |
| Energy | ★★★ | Renewable-energy consumption increased 7.8% YoY in 2025, with renewable energy accounting for 153,362.68 GJ of energy consumption. |
| Water | ★★★ | Mill water consumption was 1.09 $m^3$/MT FFB, below JPG's ceiling of 1.2 $m^3$/MT FFB. |
| Compliance | ★★★ | JPG reported RM0 in significant fines, zero non-monetary sanctions, and zero cases brought through dispute-resolution mechanisms for non-compliance with environmental laws and regulations in 2025. |

**Social**

| | | |
|---|---|---|
| Diversity | ★★★ | Women represented approximately 36% of the Board as at 18 March 2026, above the MCCG Practice 5.9 benchmark of 30%. The Group also reported zero discrimination cases since 2021. |
| Human Rights | ★★★ | JPG reported zero substantiated human-rights violations for the past four years and continues programmes addressing ethical recruitment and foreign-worker recruitment fees. |
| Occupational Safety and Health | ★★★ | JPG recorded zero work-related fatalities, while its Lost Time Injury Rate improved to 0.79x from 1.9x in the previous year. |
| Labour Practices | ★★★ | 29% of employees were covered by collective bargaining agreements, while JPG completed its Labour Transformation Programme and allocated/utilised more than RM19m to improve workers' basic amenities and living conditions. |

**Governance**

| | | |
|---|---|---|
| CSR Strategy | ★★★ | JPG contributed RM6.66m to CSR initiatives, exceeding its RM5.92m objective, while 80% of direct employees completed 28 hours of community service. |
| Management | ★★★ | The Board Sustainability Committee reviews sustainability targets and performance and endorses sustainability strategies, while management is accountable for implementing risk-management and internal-control frameworks. |
| Stakeholders | ★★★ | JPG maintains structured engagement with employees, workers/unions, government and regulators, customers, investors, local communities and NGOs, supported by mechanisms such as town halls, collective bargaining, investor engagements and community programmes. |

**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 **Friday, 18 Sep, 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.