Ta Ann Holdings Berhad

(5012 | TAH MK) Main | Plantation

SHARIAH Compliant

ESG 1 Star

Corporate Update

Maintain NEUTRAL

Revised Target Price **RM3.98** (Previously RM4.34)

1QFY25 Results Review
Below Estimates

Maintain NEUTRAL with a revised TP of RM3.98. We maintain our **NEUTRA**L call with a revised **TP of RM3.98** (previously RM4.34) based on FY26F EPS of 39.8sen pegged to a PER of 10x, nearly 5-year average historical mean. Note that Ta Ann is purely upstream player, and the share price might benefit from CPO movement. Nonetheless, since cost of production remains sticky, on the back of flattish OER and dropped in FFB external purchased, this is likely to exert its profit margin within single digit over the next 2 years.

Below expectations. Ta Ann chalked in 1QFY25 revenue of RM407m (-12.1%qoq; +15.5%yoy) and core PATANCI of RM42.1m (+21.0%qoq; +15.6%yoy), accounting for 19% and 21% of both our and consensus full-year estimates. We deem the results was below expectations, as the jumped in earnings were somehow offset by high cost of production, due low OER recorded. As anticipated, a 1.0 sen dividend was declared, in line with the group's typical payout cycle in the first quarter.

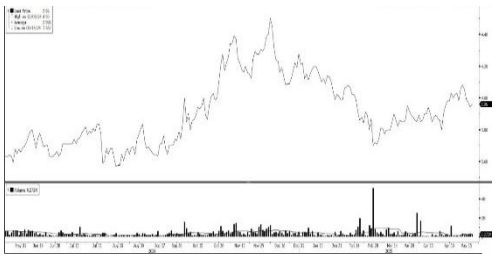
Oil palm. The Oil Palm segment recorded revenue of RM377.7m (-10.7%qoq, +29.1%yoy), supported by stronger ASP for both CPO and PK. Despite a sequential decline, the year-on-year growth was notable. Whilst earnings for the segment rose to RM77.8m (+48.8%yoy), with margins improving by +2.7 ppts. The modest margin expansion was constrained by the persistently high all-in production costs, which remained elevated, approximately above the RM3,000/Mt level.

Operational performance. FFB production inched by +7.6%yoy to 135K tonne, mainly better weather conditions in March. While CPO output maintained its momentum, thanks to the favourable age profile and expanded harvesting areas. Average selling prices on the other hand, were higher at RM4,781/Mt (4Q24; RM4,596/Mt) and RM3,422/Mt respectively, for CPO and PK. Despite the optimism, All-in cost of production increased by +18.9yoy to approximately of RM3,500/Mt, dragged softened OER of 19.26%.

Earnings. We have tweaked our earnings estimate by -22% and -23% for FY25-26F to align with the new management baseline projection. We are projecting a prudent approach by cutting the OER to 19.50-19.55%, in light of the softer external FFB purchased over FY25-27F, due biological tree rest conditions and mixed weather conditions in eastern area.

RETURN STATISTICS	
Price @ 22nd May 2025 (RM)	4.00
Expected share price return (%)	-0.55
Expected dividend yield (%)	+8.75
Expected total return (%)	+8.20

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	2.1	-1.2
3months	1.0	3.9
12 months	0.5	5.6

INVESTMENT STATISTICS

FYE June (RM'm)	2025E	2026F	2027F
Revenue	1,966.9	1,864.9	1,789.3
Operating Profit	260.3	247.7	233.0
PBT	312.0	299.7	285.3
Core PATANCI	184.5	175.2	164.4
EPS (sen)	41.9	39.8	37.3
DPS (sen)	35.0	25.0	25.0
Dividend Yield (%)	8.8%	6.3%	6.3%

KEY STATISTICS	
FBM KLCI	1,527.02
Issue shares (m)	440.46
Estimated free float (%)	39.79
Market Capitalisation (RM'm)	4,943.36
52-wk price range	RM3.60 – RM4.67
3-mth average daily volume (m)	0.48
3-mth average daily value (RM'm)	1.85
Top Shareholders (%)	
Mountex	21.26
Wahab Haji Dolah	9.43
Haji Sepawi	7.52

Analyst

Research Team

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Ta Ann: 1QFY25 Results Summary

FYE Dec (RM'm)	Quarterly results					Cumulative results		
	1Q24	4Q24	1Q25	QoQ (%)	YoY (%)	3M24	3M25	YoY (%)
Revenue	352.4	463.1	407.0	-12.1	15.5	352.4	407.0	15.5
Operating profit	49.4	51.1	64.6	26.2	30.8	49.4	64.6	30.8
Finance Cost	-1.6	-1.2	-1.1	NM	NM	-1.6	-1.1	NM
PBT	56.8	61.9	72.9	17.8	28.3	56.8	72.9	28.3
Tax Expense	-14.2	-18.6	-20.3	NM	NM	-14.2	-20.3	NM
PATANCI	43.2	17.4	41.7	>100	-3.6	43.2	41.7	-3.6
Core PATANCI	36.4	34.8	42.1	21.0	15.6	36.4	42.1	15.6
Growth & Margin (%)				+/- ppts				+/- ppts
OP margin (%)	14.0	11.0	15.9	4.8	1.9	14.0	15.9	1.9
PBT margin (%)	16.1	13.4	17.9	4.6	1.8	16.1	17.9	1.8
Core PATAMI margin (%)	10.3	7.5	10.3	2.8	0.0	10.3	10.3	0.0
Effective tax rate (%)	-25.0	-30.1	-27.9	2.2	-2.8	-25.0	-27.9	-2.8

Source: Company, MIDFR

Ta Ann: Segmental Breakdown & Operational Stats.

FYE Dec (RM'm)	Quarterly results					Cumulative results		
	1Q24	4Q24	1Q25	QoQ (%)	YoY (%)	3M24	3M25	YoY (%)
Revenue (RM'm):								
Timber products	59.8	39.0	28.6	-26.6	-52.2	59.8	28.6	-52.2
Oil palm	292.5	423.0	377.7	-10.7	29.1	292.5	377.7	29.1
Others	0.1	1.1	0.7	-40.6	>100	0.1	0.7	>100
Pre-Tax								
Timber products	4.5	-21.6	-5.2	NM	NM	4.5	-5.2	NM
Oil palm	52.3	83.4	77.8	-6.6	48.8	52.3	77.8	48.8
Others	0.0	0.2	0.3	78.7	>100	0.0	0.3	>100
Pre-Tax Margins %								
Timber products	7.6	-55.5	-18.2	37.3	-25.7	7.6	-18.2	-25.7
Oil palm	17.9	19.7	20.6	0.9	2.7	17.9	20.6	2.7
Others	23.1	15.1	45.5	30.4	22.5	23.1	45.5	22.5
ASP Realised								
Avg CPO Price (RM/Mt)	3,869	4,596	4,781	4.0	23.6	3,869	4,781	23.6
Avg Plywood Price (USD cu m)	530	468	471	0.6	-11.1	530	471	-11.1
Operational Stats								
FFB production ('000 mt)	127,174	173,285	136,800	-21.1	7.6	124,623	135,404	8.7
CPO Production ('000 mt)	56,783	69,447	61,050	-12.1	7.5	57,535	61,604	7.1
Plywood	13,117	10,229	9,337	-8.7	-28.8	14,514	7,394	-49.1
Log	49,682	43,265	30,677	-29.1	-38.3	14,926	7,410	-50.4

Source: Company, MIDFR

FINANCIAL SUMMARY

Income Statement (RM'm)	2023A	2024A	2025E	2026F	2027F	Cash Flow (RM'm)	2023A	2024A	2025E	2026F	2027F
Revenue	1,680.7	1,649.8	1,966.9	1,864.9	1,789.3	PBT	270.1	313.6	312.0	299.7	285.3
Operating Profit	265.2	218.8	260.3	247.7	233.0	Operating cash flow	236.3	276.6	290.1	271.5	266.8
PBT	270.1	313.6	312.0	299.7	285.3	Investing cash flow	-110.1	-169.8	-171.3	-127.3	-126.3
PATAMI	157.2	180.6	184.5	175.2	164.4	Financing cash flow	-110.1	-169.8	-171.3	-127.3	-126.3
Core PATAMI	183.8	161.5	184.5	175.2	164.4	Net cash flow	85.0	69.4	64.8	90.2	87.5
EPS (sen)	41.7	36.7	41.9	39.8	37.3	Beginning cash flow	523.6	608.7	678.1	742.9	833.1
PER (x)	9.6x	10.9x	9.5x	10.1x	10.7x	Ending cash flow	608.7	678.1	742.9	833.1	920.6
DPS (sen)	25.0	35.0	35.0	25.0	25.0						
Dividend yield (%)	6.3%	8.8%	8.8%	6.3%	6.3%						

Balance Sheet (RM'm)	2023A	2024A	2025E	2026F	2027F	Margins	2023A	2024A	2025E	2026F	2027F
PPE	691.1	651.2	727.4	745.5	761.7	OP margin	15.8%	13.3%	13.2%	13.3%	13.0%
ROU assets	191.8	193.1	240.2	255.2	270.2	PBT margin	16.1%	19.0%	15.9%	16.1%	15.9%
Non-current assets	1,924.1	1,888.3	1,994.9	2,028.1	2,059.3	PATAMI margin	9.4%	10.9%	9.4%	9.4%	9.2%
Inventories	120.3	111.8	127.3	120.7		Core PATAMI margin	10.9%	9.8%	9.4%	9.4%	9.2%
Receivables	70.4	40.9	37.7	35.8	34.3						
Current assets	803.9	784.9	558.3	565.9	566.5						
Total Assets	2,728.0	2,673.2	2,553.2	2,594.0	2,625.7						
Long-term debt	20.5	14.1	131.7	116.1	100.5						
Non-current liabilities	315.8	317.7	433.1	417.5	401.9						
Payables	137.4	158.6	138.2	131.0	125.7						
Current liabilities	404.9	318.5	250.3	241.5	234.7						
Share capital	444.8	444.8	444.8	444.8	444.8						
Reserves	1,366.8	1,394.7	1,425.0	1,490.1	1,544.3						
Equity	2,007.3	2,036.9	1,869.9	1,935.0	1,989.2						

Source: Bloomberg, MIDFR

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MIDF AMANAH INVESTMENT BANK: GUIDE TO RECOMMENDATIONS

STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.

SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.

ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology