Ta Ann Holdings Berhad

(5012 | TAH MK) Main | Plantation

SHARIAH Compliant

ESG 1 Star

Corporate Update

Upgrade to BUY

Revised Target Price **RM4.38**
(from RM3.98)

2QFY25 Results Review Within Estimates

Upgrading to BUY with a revised TP of RM4.38. Taking cue from the latest results, we upgraded our call and TP for the stock, given the current valuation are still attractive at high single-digit, versus to peers which already in the low teens. This presents buying opportunity. The earnings outlooks remain stable, underpinned by expanding FFB production estimated at around 769,000 ha, while cost of production is on the lower side c. RM2,100/Mt.

Hence, we upgrade our recommendation on Ta Ann to **BUY** (from NEUTRAL) with a higher **TP RM4.38** (previously RM3.98). Our valuation is based on FY26F EPS of 39.8 sen, pegged to a PER of 11x at +1SD above its 5-year historical average. Given the stock's high correlation with CPO prices (c. 0.82), any upward movement in CPO would provide further trading opportunities.

1HFY25 came in within estimates. After excluding the change in fair value of biological assets and forex gain, Ta Ann's core PATAMI came in at RM44.5m (+18.0%yoy) brings 1HFY25 to RM86.2m (+30.8%yoy). This came within our/consensus estimates, making up about 47% of full-year estimates.

Oil palm profitability. The Oil palm topline and bottom-line surged to RM385.2m (+2.0%qoq, +21.1%yoy) and RM79.8m (+2.6%qoq, +35.3%yoy), due to the decent FFB and CPO sales volume recorded at +0.5%yoy and +15.2%yoy, respectively. Margin was kept at 20.7% (+2.2pts) following elevated average CPO price realized c. RM4,102/Mt (+2.6%yoy) as well softer cost of production of which estimated RM2,100/Mt level.

Oil palm operations. Operationally, FFB production relatively maintained at >145,000 Mt, well supported by productive estate activity, as uneven weather seems normalised. CPO production on the other hand, ups by +11.1%yoy, following higher standard of crops quality. As a results, OER jumped to 19.96% (Vs 2Q24: 19.38%) bringing the estate and mill margins remain satisfactory.

Earnings. We are retaining our earnings estimate as it aligns with baseline projection. Note that, Ta Ann is purely local company and well insulated from Indonesia's regulatory risk.

RETURN STATISTICS	
Price @ 26 Aug 2025 (RM)	3.96
Expected share price return (%)	+10.50
Expected dividend yield (%)	+6.31
Expected total return (%)	+16.81

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	2.6	-1.8
3months	6.2	-4.6
12 months	3.9	6.1

INVESTMENT STATISTICS

FYE Dec	2025E	2026F	2027F
Revenue	1,966.9	1,864.9	1,789.3
EBITDA	260.3	247.7	233.0
PBT	312.0	299.7	285.3
Core NP	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	1,581.59
Issue shares (m)	440.46
Estimated free float (%)	44.47
Market Capitalisation (RM'm)	1,744.23
52-wk price range	RM3.65 - RM4.67
3-mth average daily volume (m)	0.25
3-mth average daily value (RM'm)	0.98
Top Shareholders (%)	
Mountex	16.49
Haji Sepawi	9.43
Wahab Haji Dolah	7.70

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Ta Ann: 2QFY25 Results Summary

FYE Dec (RM'm)	Quarterly results					Cumulatively results		
	2QFY24	2QFY25	2QFY25	QoQ (%)	YoY (%)	1H24	1H25	YoY (%)
Revenue	366.7	407.0	432.6	6.3	18.0	719.1	839.6	16.8
Operating profit	44.0	64.6	67.5	4.6	53.4	93.4	132.1	41.4
Finance Cost	-1.5	-1.1	-1.0	NM	NM	-3.1	-2.1	NM
PBT	54.2	72.9	79.8	9.4	47.1	111.1	152.7	37.5
Tax Expense	-13.8	-20.3	-21.6	NM	NM	-28.0	-41.9	NM
PATAMI	48.7	41.7	54.3	30.2	11.4	92.0	95.9	4.3
Core PATAMI	29.8	42.1	44.5	5.5	49.3	66.2	86.6	30.8
Core EPS (sen)	366.7	407.0	432.6	6.3	18.0	719.1	839.6	16.8
Growth & Margin (%)				+/- ppts				+/- ppts
OP margin (%)	12.0	15.9	15.6	-0.3	3.6	13.0	15.7	2.7
PBT margin (%)	14.8	17.9	18.4	0.5	3.7	15.4	18.2	2.7
Core PATAMI margin (%)	8.1	10.3	10.3	-0.1	2.2	9.2	10.3	1.1
Effective tax rate (%)	25.4	27.9	27.0	-0.8	1.6	25.2	27.4	2.2

Source: Company, MBSBR

Ta Ann: Segmental Breakdown & Operational Stats.

FYE Dec (RM'm)	Quarterly results					Cumulatively results		
	2QFY24	1QFY25	2QFY25	QoQ (%)	YoY (%)	1H24	1H25	YoY (%)
Revenue								
- Timber products	46.8	28.6	46.2	61.4	-1.3	106.6	74.8	-29.9
- Oil palm	318.1	377.7	385.2	2.0	21.1	610.6	762.9	24.9
Pre-tax								
- Timber products	-5.8	-5.2	-0.7	NM	NM	-1.3	-5.9	NM
- Oil palm	59.0	77.8	79.8	2.6	35.3	111.3	157.6	41.7
Pre-Tax Margins (%)								
- Timber products	-12.5	-18.2	-1.6	16.6	10.9	-1.2	-7.9	-6.7
- Oil palm	18.5	20.6	20.7	0.1	2.2	18.2	20.7	2.4
Operational Stats.								
Average CPO Price (RM/Mt)	4,000	4,781	4,102	-14.2	2.6	3,935	4,442	12.9
Average Plywood Price (USD cu m)	473	471	505	7.2	6.8	502	488	-2.7
FFB Production (Mt)	149,054	136,800	147,365	7.7	-1.1	276,228	284,165	2.9
CPO Production (Mt)	63,697	61,050	71,035	16.4	11.5	120,480	132,085	9.6
Plywood (Mt)	14,059	9,337	15,489	65.9	10.2	27,176	24,826	-8.6
Log (m3)	41,102	33,984	51,565	51.7	25.5	90,784	85,549	-5.8

Source: Company, MBSBR

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
EBITDA	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)	9.5x	10.8x	9.5x	10.0x	10.6x	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	EBITDA margin	15.8%	13.3%	13.2%	13.3%	13.0%
ROU assets	191.8	193.1	240.2	255.2	270.2	EBIT 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	PBT 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, MBSBR

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MBSB INVESTMENT BANK (formerly known MIDF 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