TSH Resources Berhad

(9059 | TSH MK) Main | Plantation

4 Stars

SHARIAH Compliant

Corporate Update

Maintain NEUTRAL

Revised Target Price **RM1.23**
(from RM1.16)

2QFY25 Results Review: Momentum Carries Through

Maintain NEUTRAL with revised TP of RM1.23. We are maintaining our NEUTRAL call with a new TP of RM1.23 (previously RM1.16), as we rollover our valuation-based year to FY26F EPS of 11.2sen, pegged to a PER of 11x, nearly - 0.75SD 5-year historical average mean. The stock trades at a fair 10x of FY25F PER, within its peer range of 7-12x.

Momentum carries through. After adjusting EI's, 2QFY25 reported PATAMI increased to RM49.2m (+15.6%yoy). The decent results driven by expanded revenue from both region Malaysia (+3.9%yoy) and Indonesia (+8.8%yoy), thanks to the relative high CPO price and PK prices realised, circa RM3,695/Mt (-0.2%yoy) and PK of RM3,315/Mt (+47.3%yoy), respectively.

PK price expected to be continued high for the rest of the year due short shortage in rival coconut oil in Philippines. While FFB production relatively flat, at 205,049 tonnes, indicating the recovery is still on track, as the peak production months have not kicked in - will only start in 3QFY25.

Notably, CPO and PK sales volumes jumped by +5.1%yoy and +3.2%yoy, respectively, largely attributable to the widened price discount of PO against SBO. This price disparity improves demand dynamics, subsequently encouraging the sales volume growth.

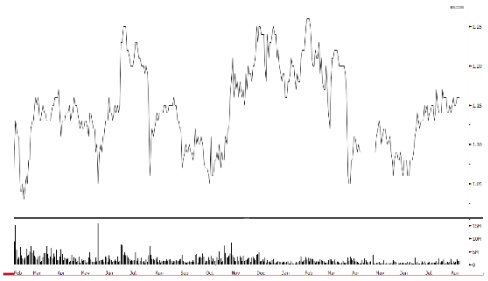
Despite the improvement, quarterly profit was also actually impacted by the increased of Indonesia Export levy and duty, which stood around RM25.9m (+22.3%yoy).

TSH/Wilmar. Earnings for the JV refinery remained subdued, narrowing down to RM1.9m compared to RM2.4m prior year. We attribute the weaker results due high feedstock procurement cost due to high CPO prices that have been traded.

Earnings. We tweaking higher earnings estimate for FY25-FY27F, as the results came in >60% of ours and streets estimates. Our newly set earnings were RM157.3m/RM154.8m/RM152.8m reflecting newly cost of production of less than RM2,000/Mt. Sector-wide in Malaysia, average CPO should be >RM4,000/Mt for CY25 - 26; by contrast, TSH will likely see less than that given its Indonesian mix.

RETURN STATISTICS	
Price @ 20 Aug 2025 (RM)	1.16
Expected share price return (%)	+6.38
Expected dividend yield (%)	+2.16
Expected total return (%)	+8.53

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	0.9	-3.2
3months	4.5	1.6
12 months	1.8	4.8

INVESTMENT STATISTICS

FYE Dec	2025E	2026F	2027F
Revenue	1,048.5	996.6	967.2
Operating Profit	258.0	253.7	250.4
PBT	258.5	254.2	250.8
PATAMI	157.3	154.8	152.8
EPS (sen)	11.4	11.2	11.1
DPS (sen)	2.5	2.5	2.5
Dividend Yield (%)	2.2%	2.2%	2.2%

KEY STATISTICS

FBM KLCI	1,588.21
Issue shares (m)	1,367.01
Estimated free float (%)	26.32
Market Capitalisation (RM'm)	1,504.55
52-wk price range	RM1.00 – RM1.28
3-mth average daily volume (m)	0.85
3-mth average daily value (RM'm)	0.96
Top Shareholders (%)	
Tan Aik Pen	27.50
Central Depository Pte Ltd	18.72
Tan Aik Yong	5.54

Analyst
MBSB Research
research@midf.com.my
03-2173 8463

TSH Resources: 2QFY25 Results Summary

FYE Dec (RM'm)	Quarterly results					Cumulatively results		
	2QFY24	2QFY25	2QFY25	QoQ (%)	YoY (%)	1H24	1H25	YoY (%)
Revenue	252.5	275.3	268.8	-2.4	6.4	494.9	544.1	9.9
Operating profit	53.2	76.4	68.3	-10.7	28.4	90.7	144.7	59.5
JVs	2.4	0.0	1.9	>100	-20.2	0.6	1.9	>100
PBT	57.9	78.6	71.4	-9.3	23.2	71.0	150.0	>100
Tax Expense	-10.6	-20.9	-15.0	-27.9	41.4	-20.5	-35.9	75.2
PATAMI	42.6	48.2	49.2	2.2	15.6	40.7	97.4	>100
Core PATAMI	42.5	53.6	49.7	-7.3	16.8	43.5	103.2	>100
Core EPS (sen)	3.1	3.9	3.6	-7.3	16.8	3.2	7.5	>100
Growth & Margin (%)				+/- ppts				+/- ppts
OP margin (%)	21.1	27.8	25.4	-2.4	4.3	18.3	26.6	8.3
PBT margin (%)	22.9	28.6	26.6	-2.0	3.6	14.3	27.6	13.2
Core PATAMI margin (%)	16.8	19.5	18.5	-1.0	1.6	8.2	18.0	9.8

Source: Company, MBSBR

TSH Resources: Segmental Breakdown & Operational Stats.

FYE Dec (RM'm)	Quarterly results					Cumulatively results		
	2QFY24	1QFY25	2QFY25	QoQ (%)	YoY (%)	1H24	1H25	YoY (%)
Revenue								
- Palm product	235.9	262.4	255.2	-2.7	8.2	467.7	517.6	10.7
- Others	16.6	13.0	13.6	4.5	-18.3	27.2	26.5	-2.5
Operating Profit								
- Palm product	59.3	82.4	79.4	-3.6	34.0	105.4	161.8	53.5
- Others	-1.7	-1.7	-5.5	NM	NM	-5.6	-7.3	NM
Operating Profit Margins (%)								
- Palm product	25.1	31.4	31.1	-0.3	6.0	22.5	31.3	8.7
- Others	-10.4	-13.4	-40.8	-27.4	-30.4	-20.4	-27.4	-7.0
Operational Stats.								
FFB Production	205,097	198,112	205,049	3.5	0.0	401,663	403,161	0.4
Avg CPO Price Realised (RM/Mt)	3,704	4,193	3,695	-11.9	-0.2	3,645	3,932	7.9
Avg PK Price Realised (RM/Mt)	2,250	3,203	3,315	3.5	47.3	2,088	3,261	56.2

Source: Company, MBSBR

FINANCIAL SUMMARY

Income Statement (RM'm)	2023A	2024A	2025E	2026F	2027F	Cash Flow (RM'm)	2023A	2024A	2025E	2026F	2027F
Revenue	1,066.5	1,019.8	1,048.5	996.6	967.2	PBT	197.8	219.9	201.3	180.0	163.1
Operating Profit	209.8	208.0	258.0	253.7	250.4	Operating cash flow	226.7	240.6	245.4	231.5	213.7
PBT	197.8	219.9	258.5	254.2	250.8	Investing cash flow	-35.9	-66.8	-55.0	-55.0	-55.0
PATAMI	95.1	135.7	157.3	154.8	152.8	Financing cash flow	-328.4	-148.7	-34.5	-34.5	-34.5
Core PATAMI	80.5	122.7	157.3	154.8	152.8	Net cash flow	-137.6	25.1	155.9	142.0	124.2
EPS (sen)	5.8	8.9	11.4	11.2	11.1	Beginning cash flow	376.2	251.0	261.9	417.8	559.8
PER (x)	19.9	13.0	10.2	10.3	10.5	Ending cash flow	251.0	261.9	417.8	559.8	684.1
DPS (sen)	5.0	2.5	2.5	2.5	2.5						
Dividend yield (%)	4.3%	2.2%	2.2%	2.2%	2.2%						

Balance Sheet (RM'm)	2023A	2024A	2025E	2026F	2027F	Margins	2023A	2024A	2025E	2026F	2027F
PPE	1,277.8	1,338.0	1,287.3	1,240.4	1,197.1	EBITDA margin	29.0%	32.8%	30.2%	29.2%	28.0%
Right-of-use Assets	253.4	248.5	238.2	228.3	218.8	EBIT margin	19.7%	20.4%	19.2%	18.0%	16.8%
Biological assets	366.0	366.4	365.2	364.0	362.8	PBT margin	18.5%	21.6%	19.2%	18.1%	16.9%
Non-current assets	2,200.4	2,290.2	2,249.4	2,210.2	2,175.7	Core PATAMI margin	9.7%	11.8%	11.8%	11.1%	10.4%
Inventories	93.7	102.7	105.6	100.3	97.4						
Trade receivables	36.2	44.1	45.4	43.1	41.9						
Derivative assets	0.295	0.298	0.298	0.298	0.298						
Current assets	644.6	457.6	617.6	752.2	872.2						
Total Assets	**2,845.0**	**2,747.8**	**2,867.0**	**2,962.4**	**3,047.9**						
Loans & borrowings	191.2	201.1	201.1	201.1	201.1						
Trade & other payables	123.5	108.4	111.4	105.9	102.8						
Current liabilities	317.9	317.2	320.3	314.8	311.6						
Loans & borrowings	111.0	58.6	58.6	58.6	58.6						
Non - Current liabilities	221.9	169.6	169.6	169.6	169.6						
Liabilities & equity	**2,845.0**	**2,747.8**	**2,867.0**	**2,962.4**	**3,047.9**						

Source: Bloomberg, MBSBR

MBSB RESEARCH (formerly known as MIDF RESEARCH) is part of MBSB Investment Bank Berhad (formerly known as MIDF Amanah Investment Bank Berhad)

(Bank Pelaburan) (A Participating Organisation of Bursa Malaysia Securities Berhad)

DISCLOSURES AND DISCLAIMER

This report has been prepared by MBSB Investment Bank Berhad (formerly known as MIDF AMANAH INVESTMENT BANK BERHAD) 197501002077 (24878-X).

It is for distribution only under such circumstances as may be permitted by applicable law. Readers should be fully aware that this report is for information purposes only. The opinions contained in this report are based on information obtained or derived from sources that we believe are reliable. MBSB INVESTMENT BANK BERHAD (formerly known as MIDF AMANAH INVESTMENT BANK BERHAD) makes no representation or warranty, expressed or implied, as to the accuracy, completeness or reliability of the information contained therein and it should not be relied upon as such. This report is not, and should not be construed as, an offer to buy or sell any securities or other financial instruments. The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results. All opinions and estimates are subject to change without notice. The research analysts will initiate, update and cease coverage solely at the discretion of MBSB INVESTMENT BANK BERHAD (formerly known as MIDF AMANAH INVESTMENT BANK BERHAD). The directors, employees and representatives of MBSB INVESTMENT BANK BERHAD (formerly known as MIDF AMANAH INVESTMENT BANK BERHAD) may have an interest in any of the securities mentioned and may benefit from the information herein. Members of the MBSB Group and their affiliates may provide services to any company and affiliates of such companies whose securities are mentioned herein This document may not be reproduced, distributed or published in any form or for any purpose.

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