IOI Corporation Berhad

(1961 | IOI MK) Main | Plantation

4 Stars | FTSE4Good | SHARIAH Compliant

Maintain **BUY**

Unchanged Target Price **RM4.42**

Corporate Update

1QFY26 Results Review: Solid Earnings Execution

Maintain BUY with unchanged TP of RM4.42. We are maintaining our **BUY** call with an unchanged **TP of RM4.42** based on FY26F EPS of 20.5sen pegged to a PER of 21.6x, slightly above 5-year historical mean.

The upstream division is projected to account for over 90% of group operating profit in FY26 - FY28F, supported by sustained margin strength of above 40%. This is underpinned by a relatively low cost of production of around RM1,900–2,000/Mt, which is competitive versus peers.

In the near term, earnings will remain largely influenced by CPO price movements, with any price recovery likely to further support the Group's profitability trajectory.

Plantation. 1QFY26 core PATAMI came in at RM361.5m (+10.6%qoq; +20.6%yoy) accounted for 28.5% and 23.8% of consensus and of full-year estimates. The favourable results were driven by robust estates contribution that seen +13.7%yoy increase in profit, which mostly supported by higher average selling price of CPO and PK, respectively. Margin on the other hand, was stable at 50.1% (+1.9pts yoy), as net cost of production fell by -6.0%yoy.

Operationally, the harvested average mature area now reduced to 135,485 c. 81% (vs: 1Q25 141,529 ha or 83%). The decline was attributed to the ongoing of replanting program. Meanwhile, FFB and CPO production grew to approximately 777,000 Mt (+2.3%yoy) and 169,000 Mt (+1.9%yoy), respectively, driven by higher set of crops quality due lesser wet weather days.

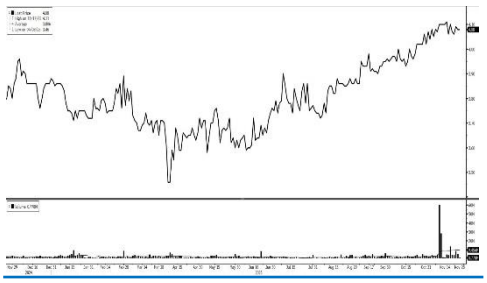
CPO cost of production dropped to RM1,816/Mt during the quarter, reflecting the seasonally higher output and lower unit cost due supportive OER of 21.34% recorded still within average industry peers.

RBM. Stronger profit was registered, at RM131.2m (+>100%yoy), mainly driven higher margins from refining sub-segment, share of associates results, aided by stronger margins from oleochemical sub-segment.

Earnings. We are maintaining our earnings estimate at this juncture, as the results came in within expectations.

RETURN STATISTICS	
Price @ 26 Nov 2025 (RM)	4.07
Expected share price return (%)	+8.7
Expected dividend yield (%)	+2.5
Expected total return (%)	+11.2

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	1.5	1.0
3months	3.3	3.4
12 months	7.4	6.2

INVESTMENT STATISTICS

FYE June	2026E	2027F	2028F
Revenue	10,773.7	10,804.8	11,046.8
Operating Profit	1,497.1	1,487.2	1,469.2
PBT	1,693.3	1,691.4	1,681.8
Core PATAMI	1,269.1	1,270.0	1,265.4
EPS (sen)	20.5	20.5	20.4
DPS (sen)	10.5	10.0	10.0
Dividend Yield (%)	2.6%	2.5%	2.5%

KEY STATISTICS	
FBM KLCI	1,624.50
Issue shares (m)	6,285.20
Estimated free float (%)	34.99
Market Capitalisation (RM'm)	25,269.41
52-wk price range	RM3.42– RM4.13
3-mth average daily volume (m)	3.99
3-mth average daily value (RM'm)	16.09
Top Shareholders (%)	
Progressive Hlds Sdn Bhd	49.79
EPF	17.18
ASNB	9.05

IOI Corp: 1QFY26 Results Summary

FYE June (RM'm)	Quarterly results					Cumulatively results		
	1Q26	4Q25	1Q26	QoQ (%)	YoY (%)	3M25	3M26	YoY (%)
Revenue	2,673.2	2,960.1	4,334.0	46.4	62.1	2,673.2	4,334.0	62.1
Operating profit	277.8	308.3	436.3	41.5	57.1	277.8	436.3	57.1
Associates	106.7	72.7	99.1	36.3	-7.1	106.7	99.1	-7.1
JVs	0.5	0.9	-0.5	NM	NM	0.5	-0.5	NM
PBT	808.6	512.9	487.0	-5.0	-39.8	808.6	487.0	-39.8
Tax Expense	-89.3	-77.2	-112.0	NM	NM	-89.3	-112.0	NM
PATAMI	710.7	436.5	369.4	-15.4	-48.0	710.7	369.4	-48.0
Core PATAMI	299.7	327.0	361.5	10.6	20.6	299.7	361.5	20.6
Core EPS (sen)	4.8	5.3	5.8	10.6	20.6	4.8	5.8	20.6
Growth & Margin (%)				+/- ppts				+/- ppts
OP margin (%)	10.4	10.4	10.1	-0.3	-0.3	10.4	10.1	-0.3
PBT margin (%)	30.2	17.3	11.2	-6.1	-19.0	30.2	11.2	-19.0
Core PATAMI margin (%)	11.2	11.0	8.3	-2.7	-2.9	11.2	8.3	-2.9
Effective tax rate (%)	11.0	15.1	23.0	7.9	12.0	11.0	23.0	12.0

Source: Company, MBSBR

IOI Corp: Segmental Breakdown & Operational Stats.

FYE June (RM'm)	Quarterly results					Cumulatively results		
	1Q26	4Q25	1Q26	QoQ (%)	YoY (%)	3M25	3M26	YoY (%)
Revenue (RM'm):								
Plantation	731.5	792.0	800.8	1.1	9.5	731.5	800.8	9.5
RBM	2,560.9	2,812.7	2,887.0	2.6	12.7	2,560.9	2,887.0	12.7
Other Operations	4.6	4.8	5.1	6.3	10.9	4.6	5.1	10.9
Segmental results								
Plantation	353.1	411.5	401.6	-2.4	13.7	353.1	401.6	13.7
RBM	37.6	48.1	131.2	>100	>100	37.6	131.2	>100
Other Operations	0.3	-89.6	-1.2	NM	NM	0.3	-1.2	NM
Segmental Margin (%)								
Plantation	48.3	52.0	50.1	-1.8	1.9	48.3	50.1	1.9
RBM	1.5	1.7	4.5	2.8	3.1	1.5	4.5	3.1
Other Operations	6.5	-1866.7	-23.5	>100	-30.1	6.5	-23.5	-30.1
Operational Stats.								
FFB Production ('000 Mt)	760	736	777	5.7	2.3	760	777	2.3
FFB Yield Mt/Ha	5.4	5.4	0.0	-	-	5.4	5.4	-
CPO Production ('000 Mt)	166	160	169	5.5	1.9	166	169	1.9
Avg CPO Price Realised (RM/Mt)	4,059	4,208	4,169	-0.9	2.7	4,059	4,169	2.7

Source: Company, MBSBR

FINANCIAL SUMMARY

Income Statement (RM'm)	2024A	2025A	2026E	2027F	2028F	Cash Flow (RM'm)	2024A	2025A	2026E	2027F	2028F
Revenue	9,603.6	11,334.7	10,773.7	10,804.8	11,046.8	PBT	1,398.5	1,877.5	1,693.3	1,691.4	1,681.8
Operating Profit	1,180.1	1,349.2	1,497.1	1,487.2	1,469.2	Operating cash flow	1,233.8	1,043.1	1,602.1	1,507.8	1,471.3
PBT	1,398.5	1,869.7	1,693.3	1,691.4	1,681.8	Investing cash flow	-493.1	-637.1	-450.0	-450.0	-450.0
PATAMI	1,109.4	1,505.7	1,269.1	1,270.0	1,265.4	Financing cash flow	-796.3	-931.0	-651.4	-620.4	-620.4
Core PATAMI	1,115.7	1,260.7	1,269.1	1,270.0	1,265.4	Net cash flow	-55.6	-525.0	500.7	437.4	400.9
EPS (sen)	18.0	20.5	20.5	20.5	20.4	Beginning cash flow	2,235.0	2,181.7	1,578.4	2,079.1	2,516.6
PER (x)	22.6	19.8	19.9	19.9	20.0	Ending cash flow	2,181.7	1,578.4	2,079.1	2,516.6	2,917.5
DPS (sen)	9.5	10.5	10.5	10.0	10.0						
Dividend yield (%)	2.3%	2.6%	2.6%	2.5%	2.5%						

Balance Sheet (RM'm)	2024A	2025A	2026E	2027F	2028F	Margins	2024A	2025A	2026E	2027F	2028F
Cash	2,181.7	1,578.4	2,079.1	2,516.6	2,917.5	OP margin	12.3%	11.9%	13.9%	13.8%	13.3%
Receivables	1,283.4	1,393.3	1,346.7	1,350.6	1,380.9	PBT margin	14.6%	16.6%	15.7%	15.7%	15.2%
Inventories	1,221.2	1,419.8	1,267.5	1,271.2	1,299.6	PATAMI margin	11.6%	13.4%	11.8%	11.8%	11.5%
PPE	9,229.1	9,432.6	9,425.4	9,404.7	9,370.5	Core PATAMI margin	11.6%	11.2%	11.8%	11.8%	11.5%
Others	4,026.8	4,279.4	4,518.1	4,764.8	5,019.9						
Assets	17,942.2	18,130.7	18,664.0	19,335.1	20,015.6						
Payables	788.5	821.9	718.2	720.3	736.5						
Debt	3,704.7	3,214.6	3,214.6	3,214.6	3,214.6						
Others	1,439.3	1,458.0	1,458.0	1,458.0	1,458.0						
Liabilities	5,932.5	5,497.9	5,394.2	5,396.3	5,412.5						
Shareholders' equity	11,678.6	12,294.0	12,911.7	13,561.4	14,206.4						
NCI interests	331.1	338.8	358.1	377.4	396.7						
Equity	12,009.7	12,632.8	13,269.8	13,938.8	14,603.1						

Source: Bloomberg, MBSBR

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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