Plantation

NEUTRAL (Maintain)

October Statistics

HIGHLIGHTS

- CPO prices softened in tandem with abundant stocks pile
- Strongest production levels since Aug 2015
- Stock level surge to 6.5 year high in October
- Maintain **NEUTRAL** with average CPO Price target of RM4,300/Mt for CY25

SECTOR RECAP

CPO Price averagely at RM4,413/Mt in Oct and RM4,357/Mt to-date. The local CPO price delivery ended the month at RM4,215/Mt with an average price of RM4,412/Mt (+0.9%mom, +0.6%yoy) as earlier concerns over supply tightness eased. Production growth in both Malaysia and Indonesia remained firm, supported by stable yields and improved mill operations, tempering further price upside. Prices were firmer at the start of the month, hitting a high of RM4,346/Mt, before easing by -3.1% to RM4,215/Mt toward month-end.

Looking ahead to October, we anticipate that the average CPO price to marginally lower by -4.4% to an average of RM4,220/Mt supported by strong production, weaker export performance and continuation of elevated closing stock levels. The price sentiment expected to taper off in tandem with astronomical of stock level.

Strongest production number since Aug 2015. CPO output spiked to 2.04m tonne (+11.0%mom, **+13.7%yoy**) versus prior year, driven by stronger production eastern and peninsular estates, particularly Sarawak (+22.2%yoy) and Pahang (+16.4%yoy) and Johor(+10.9%yoy). Notably, the Oct' FFB yield improved by +16.0%yoy, bringing the accumulated yield rose to 14.45 tonne/ha (+3.5%yoy), thanks to the higher FFB delivered to mills fell to 10.4m tonne (+14.9%yoy).

The higher yield likely reflects an expansion in mature hectarage, while the increase in mill receipts was underpinned by stronger field productivity across all states, aided by drier weather conditions that facilitated harvesting and crop evacuation.

Meanwhile, the average OER improved to 20.04%, supported by normalized weather patterns that enhanced FFB evacuation efficiency. This comes despite Met Malaysia's latest projection indicating a short-lived La Niña episode from October onwards, with a 71% probability of persisting through December.

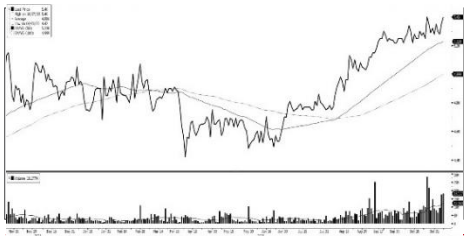
COMPANY *IN FOCUS*

SD Guthrie

Maintain BUY | Target Price: RM6.15
Price @ 10th Nov 2025: RM5.44

- Malaysia production growth c. +5% supported by strong FFB yield of 19.63tonne/ha and OER 21.3%
- Less downstream earnings volatility
- Net Gearing at 19x – the lowest since listing

SHARE PRICE CHART



Abbreviation.

FFB: Fresh Fruit bunches
CPO: Crude Palm Oil
SBO: Soybean Oil
PKO: Palm Kernel Oil
ASP: Average Selling Price
OER: Oil Extraction rate

MET Malaysia: Meteorology Malaysia
EL- Niño: Warm and dry weather
La-Niña: Cold and wet weather

Stock level surge to 6.5 year high in October.

Ending stockpile in Oct remain astronomical, above its psychological level of 2.0m circa 2.46m tonne (+4.4mom, +30.7%yoy), due to the robust output volume, softened PO exports number, which fell to 1.69m tonne (-2.9%yoy, -9.5%ytd). Meanwhile, total export volume declined -7.7%yoy, dragged by a steep contraction in crude-based products - particularly CPO (-31.6%) and CPKO (-68.1%) - suggesting lower spot purchases from traditional buyers such as India, China, and the EU amid narrow POGO spreads and ample alternative oil supplies (notably soybean and sunflower oil).

Derivative products fell, following high import duty in India amid stiff competition against coconut oil

The weakness in crude exports also signals refiners' cautious procurement approach due to margin compression and higher freight rates. Among refined and downstream products, performance was mixed. Processed palm oil (PPO) held up relatively better, growing +8.0%yoy, likely benefiting from India's import duty structure that favours refined products. However, PPKO (-15.1%yoy), oleochemicals (-3.5%yoy), and biodiesel (-16.2%yoy) all registered declines, implying subdued industrial and biofuel demand amid elevated feedstock prices. Similarly, palm kernel oil (-33.0%yoy) and palm kernel cake (-20.5%) continued to underperform, mirroring weaker lauric-oil demand in the oleochemical sector.

NEUTRAL sector view maintained as CPO price outlook softens, tweaked SDG as a new Top Pick.

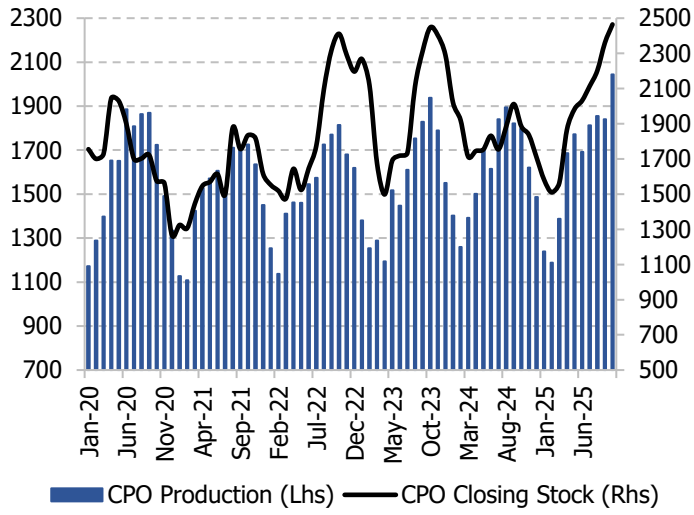
Maintain NEUTRAL. Looking ahead, we maintain our **NEUTRAL** call on the sector with average CPO price of **RM4,300/Mt** and **RM4,200/Mt** for CY25 and CY26 respectively. The outlook remains hazy in between supply and demand dynamic, where shortage in PO might be coming by neighbour aggressiveness policy such as impending B50 implementation in 2HCY26 by government of Indonesia. Meanwhile, demand failed to gain traction despite widened spread discount between the SBO, reflecting cautious sentiment. We like **SD Guthrie** (**BUY**, TP: **RM6.15**) given rerating catalyst on the stock.

Table 1: Malaysia Palm Oil Statistics for October 2025 ('000 MT)

	Oct-24	Sep-25	Oct-25	mom%	yoy%	10M24	10M25	yoy%
Opening Stocks	2.01	2.20	2.36	7.2%	17.3%	2.29	1.71	-25.4%
Production	**1.80**	**1.84**	**2.04**	**11.0%**	**13.7%**	**16.23**	**16.52**	**1.8%**
Imports	0.01	0.08	0.04	-53.7%	>100%	0.19	0.70	>100%
Total Supply	**3.82**	**4.12**	**4.44**	**7.7%**	**16.1%**	**18.7**	**18.9**	**1.1%**
Exports	**1.74**	**1.43**	**1.69**	**18.6%**	**-2.9%**	**14.07**	**12.73**	**-9.5%**
Dom Disapp	0.19	0.33	0.28	-15.4%	45.3%	2.76	3.73	35.3%
Total Demand	1.94	1.76	1.98	12.1%	1.9%	16.83	16.46	-2.2%
End Stocks	**1.89**	**2.36**	**2.46**	**4.4%**	**30.7%**	**1.89**	**2.46**	**30.7%**

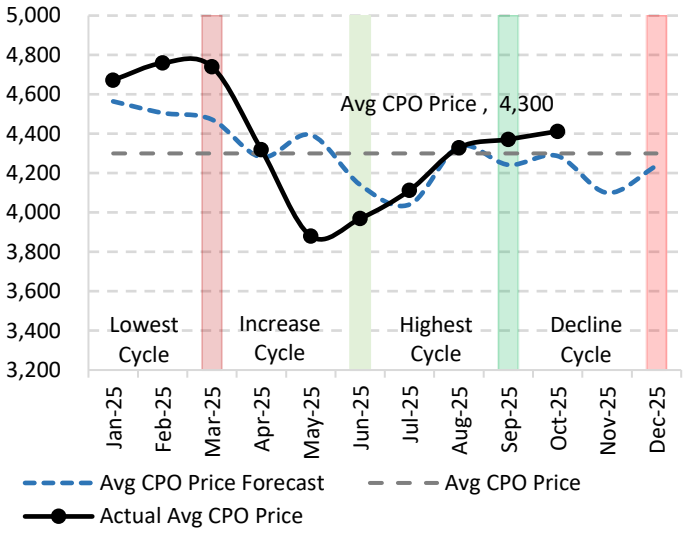
Source: MPOB, MBSBR

Chart 1: Malaysia PO Production VS Closing Stock



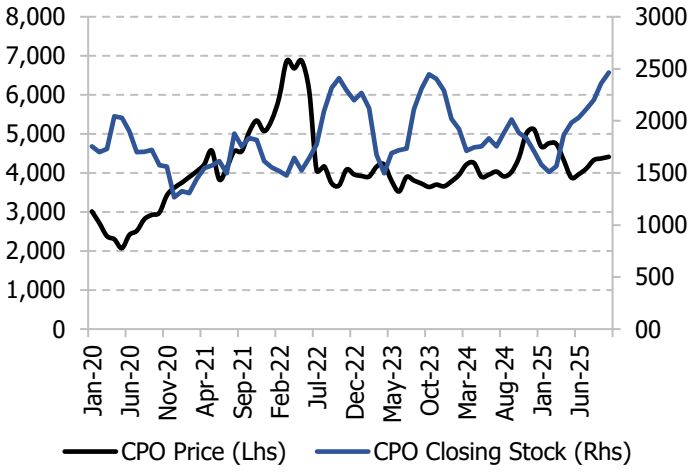
Source: MPOB, MBSBR

Chart 2: Estimated CPO Price Movement VS Actual



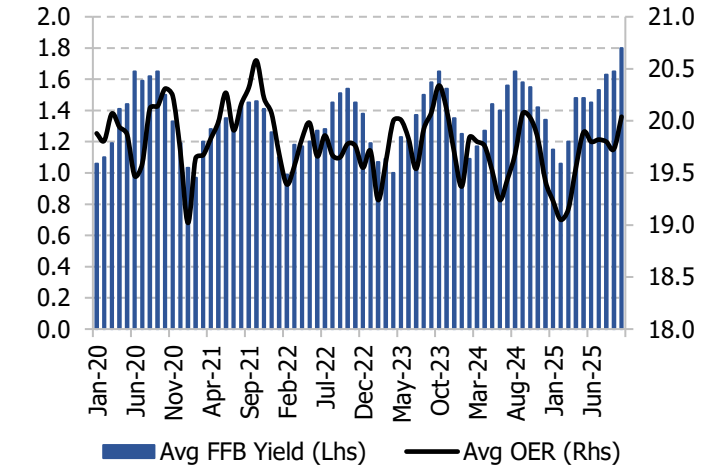
Source: MPOB, MBSBR

Chart 3: PO Closing stock VS CPO Price



Source: MPOB, MBSBR

Chart 4: Average FFB Yield VS OER



Source: MPOB, MBSBR

Table 2: Peer Comparison

Company	Rating	Price (RM)	TP (RM)	Upside (%)	PER (x)		Core EPS (Sen)		Dividend Yield (%)	
					FY25F	FY26F	FY25F	FY26F	FY25F	FY26F
SD Guthrie	BUY	5.44	6.15	16.5	16.5	14.5	32.9	37.5	3.5%	3.3%
IOI Corp	BUY	4.07	4.42	11.2	20.0	19.9	20.3	20.5	2.6%	2.6%
Genting Plant.	BUY	5.10	5.81	18.0	13.0	13.2	39.1	38.7	4.9%	4.1%
Ta Ann	NEUTRAL	4.22	4.38	9.7	10.1	10.6	41.9	39.8	8.3%	5.9%
KLK	NEUTRAL	21.12	20.23	-1.3	18.5	19.3	113.9	109.4	3.0%	2.9%
Sarawak Plant.	NEUTRAL	3.00	2.88	1.0	11.2	12.7	26.9	23.7	6.0%	5.0%
TSH Resources	NEUTRAL	1.34	1.23	-6.3	11.8	12.0	11.4	11.2	1.9%	1.9%
Weighted Avg.					**14.4**	**15.0**	**40.9**	**40.1**	**4.3%**	**3.7%**

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