Corporate Update

Sarawak Plantation Berhad

(5135 | SPLB MK) Main | Plantation

SHARIAH Compliant

Maintain **NEUTRAL**

Unchanged Target Price **RM2.88**

3QFY25 Results Review: Within Expectations

Maintain NEUTRAL with an unchanged TP of RM2.88. We maintain our NEUTRAL call with an unchanged **TP of RM2.88**, based on an unchanged 12x PER pegged to FY26F EPS of 24.0sen. While fundamentals remain intact, we note that valuation has become relatively rich, trading at +1SD and now in the double-digit PER range, versus its peers which have yet to reach near this level, hence we're maintaining **NEUTRAL** call on the stock.

Its earnings outlooks remain stable, driven by expanding harvestable area of nearly about 1,500 ha, while cost of production is still in the downward trend despite the small bump seen in this quarter - due to fertilisers manuring strategy.

9M25 came in within estimates. After adjusting EI's, 3QFY25 core PATAMI of RM56.7m (+22.1%yoy) came in within our and street expectation full year forecast, accounting for 76% and 73%, respectively. Profitability was well supported by higher operating profit circa RM79.0m as margin inched up by +2.5ppts due to decent mills purchasing strategy.

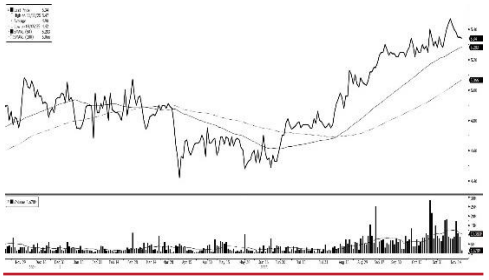
Oil palm profitability. Earnings across the board, were still decent, despite both subsegments recorded narrowed margins. Estate operations registered RM25.6m (-8.4%yoy) as the increase in FFB selling price circa >RM800/Mt could not mitigate the weak FFB sale volume (-14.7yoy), while mills operations earnings fell to RM5.4m (-12.0%yoy), on lower CPO production of 25,750 Mt (-12.0%yoy) despite higher average CPO and PK price realized, circa RM4,175/Mt (+5.8%yoy) and PK of RM3,189/Mt (+29.5%yoy), respectively.

Oil palm operations. Operationally, FFB production was relatively down to 91,031 Mt (-8.1%yoy), as delayed peak corps seasonality have impacted estate activity, due to biological issues that happens in the 1QFY25. While CPO production continued to go down by -12.0%yoy, following reduced FFB processed. This was due to lower FFB external purchased, as the management prioritised higher standard of crops during the elevated CPO prices traded. As a result, this quarter saw a weaker FFB yield and slightly higher estimated all-in cost of production >RM2,500/Mt. Nevertheless, estate and mill margins remained satisfactory.

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

RETURN STATISTICS	
Price @ 21 Nov 2025 (RM)	3.05
Expected share price return (%)	-6.6
Expected dividend yield (%)	+4.9
Expected total return (%)	-1.7

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	7.8	6.9
3months	12.1	12.1
12 months	27.6	26.2

INVESTMENT STATISTICS

FYE Dec	2025E	2026F	2027F
Revenue	602.3	581.4	565.1
EBITDA	104.9	91.4	82.7
PBT	97.6	86.0	79.1
Core NP	75.1	66.2	60.9
EPS (sen)	26.9	23.7	21.8
DPS (sen)	0.2	0.2	0.1
Dividend Yield (%)	5.9%	4.9%	3.9%

KEY STATISTICS

FBM KLCI	1,617.57
Issue shares (m)	279.03
Estimated free float (%)	26.43
Market Capitalisation (RM'm)	851.05
52-wk price range	RM2.18 – RM3.05
3-mth average daily volume (m)	0.07
3-mth average daily value (RM'm)	0.19
Top Shareholders (%)	
Ta Ann Holdings Bhd	28.69
State Financial Secretary	25.52
Amanah Khairat Yayasan Budaya	4.16

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

Sarawak Plantation: 3QFY25 Results Summary

FYE Dec (RM'm)	Quarterly results					Cumulatively results		
	3QFY24	2QFY25	3QFY25	QoQ (%)	YoY (%)	9M24	9M25	YoY (%)
Revenue	149.1	131.0	139.7	6.6	-6.3	407.9	406.2	-0.4
Operating profit	31.0	25.9	27.8	7.1	-10.5	69.2	79.0	14.2
Chg in fair value biological assets	9.2	9.0	6.9	-23.4	-25.2	29.1	20.0	-31.3
PBT	41.8	36.8	36.3	-1.2	-13.0	102.6	104.1	1.5
Tax Expense	-10.5	-9.5	-5.0	NM	NM	-26.2	-22.6	NM
PATAMI	31.1	26.9	31.1	15.8	0.2	75.8	80.6	6.3
Core PATAMI	21.8	17.9	20.4	14.3	-6.5	46.5	56.7	22.1
Core EPS (sen)	7.8	6.4	7.3	14.3	-6.5	16.7	20.3	22.1
Growth & Margin (%)				+/- ppts				+/- ppts
OP margin (%)	20.8	19.8	19.9	0.1	-0.9	17.0	19.5	2.5
PBT margin (%)	28.0	28.1	26.0	-2.1	-2.0	25.2	25.6	0.5
Core PATAMI margin (%)	14.7	13.6	14.6	1.0	0.0	11.4	14.0	2.6
Effective tax rate (%)	25.2	26.0	13.7	-12.3	-11.5	25.5	21.7	-3.8

Source: Company, MBSBR

Sarawak Plantation: Segmental Breakdown & Operational Stats.

FYE Dec (RM'm)	Quarterly results					Cumulatively results		
	3QFY24	2QFY25	3QFY25	QoQ (%)	YoY (%)	9M24	9M25	YoY (%)
Revenue								
- Estate Operations	71.8	65.9	72.6	10.0	1.1	181.8	204.1	12.2
- Mill Operations	133.9	119.9	124.7	4.0	-6.9	372.3	367.0	-1.4
Operating Profit								
- Estate Operations	28.0	23.8	25.6	7.9	-8.4	61.0	74.6	22.2
- Mill Operations	6.2	6.5	5.4	-16.6	-12.0	17.2	16.1	-6.1
Operating Profit Margins (%)								
- Estate Operations	39.0	36.0	35.3	-0.7	-3.7	33.6	36.5	3.0
- Mill Operations	4.6	5.4	4.3	-1.1	-0.3	4.6	4.4	-0.2
Operational Stats.								
FFB Production 'Mt	99,095	84,510	91,032	7.7	-8.1	249,033	249,482	0.2
CPO Production 'Mt	29,253	24,495	25,750	5.1	-12.0	82,819	72,351	-12.6
Avg CPO Price Realised (RM/Mt)	3,945	4,039	4,175	3.4	5.8	3,950	4,300	8.9
Avg PK Price Realised (RM/Mt)	2,462	3,175	3,189	0.4	29.5	2,265	3,264	44.1

Source: Company, MBSBR

FINANCIAL SUMMARY

Income Statement (RM'm)	2023A	2024A	2025E	2026F	2027F	Cash Flow (RM'm)	2023A	2024A	2025E	2026F	2027F
Revenue	570.7	551.4	602.3	581.4	565.1	PBT	87.4	124.4	97.6	86.0	79.1
EBITDA	134.1	196.8	104.9	91.4	82.7	Operating cash flow	42.3	42.0	14.0	14.0	13.9
PBT	87.4	124.4	97.6	86.0	79.1	Investing cash flow	-19.4	5.7	14.1	-0.1	-0.3
PATAMI	64.4	92.0	75.1	66.2	60.9	Financing cash flow	81.6	130.5	103.2	80.2	74.5
Core PATAMI	60.1	73.8	75.1	66.2	60.9	Net cash flow	-14.4	-10.0	-12.7	-12.4	-11.7
EPS (sen)	21.5	26.4	26.9	23.7	21.8	Beginning cash flow	-48.2	-94.6	-12.7	-12.4	-11.7
PER (x)	14.2x	11.5x	11.3x	12.8x	14.0x	Ending cash flow	-41.9	-69.8	-50.2	-41.9	-33.5
DPS (sen)	0.10	0.20	0.18	0.15	0.12						
Dividend yield (%)	3.3%	6.6%	5.9%	4.9%	3.9%						

Balance Sheet (RM'm)	2023A	2024A	2025E	2026F	2027F	Margins	2023A	2024A	2025E	2026F	2027F
PPE	261.8	260.0	258.7	257.1	254.9	EBITDA margin	23.5%	35.7%	17.4%	15.7%	14.6%
ROU assets	91.8	89.7	89.7	89.7	89.7	EBIT margin	15.3%	22.6%	16.2%	14.8%	14.0%
Non-current assets	692.4	720.6	719.2	717.6	715.5	PBT margin	11.3%	16.7%	12.5%	11.4%	10.8%
Inventories	23.8	26.1	36.6	36.0	35.5	Core PATAMI margin	10.5%	13.4%	12.5%	11.4%	10.8%
Receivables	18.6	20.3	22.2	21.4	20.8						
Current assets	0.0	0.0	0.0	0.0	0.0						
Total Assets	**954.7**	**1,030.2**	**1,081.5**	**1,104.6**	**1,130.6**						
Long-term debt	8.0	38.0	38.0	38.0	38.0						
Non-current liabilities	132.4	173.9	173.9	173.9	173.9						
Borrowings	1.1	2.7	2.7	2.7	2.7						
Current liabilities	79.6	72.7	99.1	97.7	96.3						
Share capital	341.0	341.0	341.0	341.0	341.0						
Reserves	407.6	438.4	463.3	487.7	515.1						
Equity	**742.6**	**783.7**	**808.5**	**832.9**	**860.4**						

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