Ta Ann Holdings Berhad

(5012 | TAH MK) Main | Plantation

SHARIAH Compliant

ESG 1 Star

Corporate Update

Maintain NEUTRAL

Unchanged Target Price **RM4.38**

3QFY25 Results Review: Within Estimates

Maintain NEUTRAL call with an unchanged TP of RM4.38. Taking cue from the latest results, we maintain our call and TP for the stock given the limited near-term catalysts. Current valuation has turned rather rich, particularly when compared with peers that have yet to re-rate into low-teens multiples.

Broadly, earnings visibility appears stable, supported by expanding FFB output across an estimated 769,000 ha and cost of production maintained on the lower side at around RM2,100/Mt. Our valuation is premised on FY26F EPS of 39.8 sen, applying a PER of 11x.

9M25 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 RM61.4m (-3.4%yoy) bringing 9MFY25 core PATAMI to RM147.9m (+14.0%yoy). This is 80% our estimates and we consider it as broadly within expectation. This is in light of our expectation of a weaker 4QFY25 performance stemming from potentially weak FFB production and lower CPO price to be realised.

Oil palm profitability. The Oil palm results were mixed, where topline grew to RM436.5m (+13.4%qoq, +5.0%yoy), whilst bottom-line declined to RM102.8m (+28.8%qoq, -5.2%yoy), no thanks to the fall in FFB sales volume recorded at -5.4%yoy. Margin was slightly under the pressure at 23.5% (-2.5ppts) following a bump in cost of production. It is slightly above our estimation of RM2,000/Mt. Mills margin was squeezed due fall in FFB production.

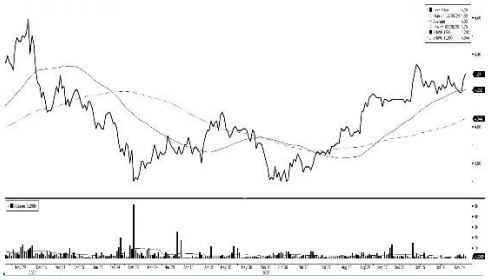
Oil palm operations. Operationally, FFB production was weak at 182,000 Mt level, as peak production have delayed following early-2025 rainfall. While CPO production down by +3.4%yoy, following reduced FFB processed.

Dividend Yield. The company declared a 3rd interim DPS of 10 sen, bringing a year-to-date dividend payout to 30 sen or 7.1% yield, equivalent to 72% payout. This remains below the earlier projected of 32 sen, which would have implied a yield of approximately 8.2%.

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 @ 25 Nov 2025 (RM)	4.25
Expected share price return (%)	+3.0
Expected dividend yield (%)	+5.9
Expected total return (%)	+8.9

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	1.7	0.8
3months	3.4	6.6
12 months	-1.4	-2.5

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)	30.0	25.0	25.0
Dividend Yield (%)	7.1%	5.9%	5.9%

KEY STATISTICS	
FBM KLCI	1,611.74
Issue shares (m)	440.46
Estimated free float (%)	44.45
Market Capitalisation (RM'm)	1,744.23
52-wk price range	RM3.65 - RM4.63
3-mth average daily volume (m)	0.28
3-mth average daily value (RM'm)	1.17
Top Shareholders (%)	
Mountex	16.49
Haji Sepawi	9.43
Wahab Haji Dolah	7.70

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Ta Ann: 3QFY25 Results Summary

FYE Dec (RM'm)	Quarterly results					Cumulatively results		
	3QFY24	2QFY25	3QFY25	QoQ (%)	YoY (%)	9M24	9M25	YoY (%)
Revenue	467.6	432.6	502.2	16.1	7.4	1,186.8	1,341.8	13.1
Operating profit	92.6	67.5	92.6	37.1	0.0	186.0	224.7	20.8
Finance Cost	-1.3	-1.0	-1.3	NM	NM	-4.4	-3.4	NM
PBT	105.1	79.8	105.8	32.6	0.7	216.2	258.6	19.6
Tax Expense	-23.6	-21.6	-25.7	NM	NM	-51.6	-67.6	NM
PATAMI	74.3	54.3	74.9	38.0	0.8	166.3	170.9	2.7
Core PATAMI	63.5	44.5	61.4	38.0	-3.4	129.7	147.9	14.0
Core EPS (sen)	14.4	10.1	13.9	38.0	-3.4	29.5	33.6	14.0
Growth & Margin (%)				+/- ppts				+/- ppts
OP margin (%)	19.8	15.6	18.4	2.8	-1.4	15.7	16.7	1.1
PBT margin (%)	22.5	18.4	21.1	2.6	-1.4	18.2	19.3	1.1
Core PATAMI margin (%)	13.6	10.3	12.4	2.2	-1.2	10.9	11.1	0.2
Effective tax rate (%)	22.4	27.0	24.3	-2.8	1.8	23.9	26.1	2.3

Source: Company, MBSBR

Ta Ann: Segmental Breakdown & Operational Stats.

FYE Dec (RM'm)	Quarterly results					Cumulatively results		
	3QFY24	2QFY25	3QFY25	QoQ (%)	YoY (%)	9M24	9M25	YoY (%)
Revenue								
- Timber products	51.2	46.2	64.1	38.9	25.2	157.9	139.0	-12.0
- Oil palm	416.0	385.2	436.9	13.4	5.0	1,026.6	1,199.8	16.9
Pre-tax								
- Timber products	-3.5	-0.7	2.5	>100	>100	-4.8	-3.5	NM
- Oil palm	108.4	79.8	102.8	28.8	-5.2	219.7	260.4	18.5
Pre-Tax Margins (%)								
- Timber products	-6.8	-1.6	3.8	5.4	10.6	-3.0	-2.5	0.5
- Oil palm	26.1	20.7	23.5	2.8	-2.5	21.4	21.7	0.3
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)	216,462	147,365	182,716	24.0	-15.6	492,720	466,341	-5.4
CPO Production (Mt)	83,334	71,035	80,518	13.3	-3.4	203,814	212,604	4.3
Plywood (Mt)	13,328	15,489	19,426	25.4	45.8	40,378	44,252	9.6
Log (m3)	51,688	51,565	60,753	17.8	17.5	142,472	145,873	2.4

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)	10.2x	11.6x	10.1x	10.7x	11.4x	Ending cash flow	608.7	678.1	742.9	833.1	920.6
DPS (sen)	25.0	35.0	30.0	25.0	25.0						
Dividend yield (%)	5.9%	8.2%	7.1%	5.9%	5.9%						

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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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