TSH Resources Berhad

(9059 | TSH MK) Main | Plantation

4 Stars

SHARIAH Compliant

Corporate Update

Upgrade to BUY

Revised Target Price **RM1.48**
(from RM1.23)

3QFY25 Results Review: Decent Results

Upgrade to BUY with revised TP of RM1.48. We revised our NEUTRAL to **BUY** call with a new TP of RM1.48 (previously RM1.23), after taking into account our newly FY26 EPS forecast of 12.4sen, pegged to a PER of 12x, nearly -5-year forward average mean. The stock is currently trading at a reasonable 10.4x FY25F PER, which we view as undervalued and deserve to be re-rate.

Momentum carries through. After adjusting EI's, 3QFY25 reported PATAMI increased to RM49.8m (+50.3%yoy). The strong results driven by expanded CPO (+12.6%yoy) and PK sales volume (+8.6%yoy), aided by the relative high average CPO price and PK prices realised, circa RM3,765/Mt (+2.2%yoy) and PK of RM3,138/Mt (+26.3%yoy), respectively.

PK price expected to be sustainably high for the remaining of the month's due shortage in rival coconut oil in Philippines. While FFB production relatively better, at 202,510 tonnes, as the peak production months have kicked in, indicating the recovery is still on track - to be taper in 4QFY25.

Notably, CPO and PK sales volumes expanded by +12.6%yoy and +8.6%yoy, respectively, subsequently reducing operational costs, as a results operating margin inched by +9.6pts to 29.9%.

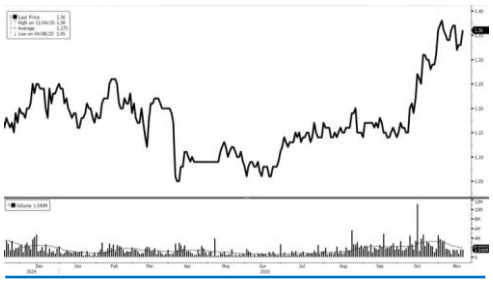
Despite the improvement, quarterly profit was also actually impacted by increased in Indonesia Export levy and duty cost circa RM28.2m, coupled with maintained operating losses for others segment.

TSH/Wilmar. Earnings for the JV refinery turned to red, at -RM1.3m compared to RM0.6m profit in prior year. We attribute the weaker results due high feedstock procurement cost due to high CPO prices that have been traded in the 3Q25.

Earnings. We tweaking higher earnings estimate for FY25-FY27F, as the results came in above ours and streets estimates. Our newly set earnings were RM181.2m/RM170.4m/RM167.8m reflecting newly cost of production of less than RM2,000/Mt. Sector-wide in Malaysia, average CPO should be >RM4,300-4,200/Mt for CY25-26; by contrast, TSH will likely be realised less than that circa RM3,653-3,576/Mt given its Indonesian mix.

RETURN STATISTICS	
Price @ 19 Nov 2025 (RM)	1.36
Expected share price return (%)	+9.00
Expected dividend yield (%)	+1.84
Expected total return (%)	+10.83

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	1,027.9	996.8
Operating Profit	298.4	280.2	275.8
PBT	298.9	280.7	276.2
PATAMI	181.2	170.4	167.8
EPS (sen)	13.1	12.4	12.2
DPS (sen)	2.5	2.5	2.5
Dividend Yield (%)	1.8%	1.8%	1.8%

KEY STATISTICS	
FBM KLCI	1,623.89
Issue shares (m)	1,367.01
Estimated free float (%)	24.95
Market Capitalisation (RM'm)	1,731.68
52-wk price range	RM1.00 – RM1.39
3-mth average daily volume (m)	2.45
3-mth average daily value (RM'm)	3.01
Top Shareholders (%)	
Tan Aik Pen	28.01
Central Depository Pte Ltd	19.07
Tan Aik Yong	5.64

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TSH Resources: 3QFY25 Results Summary

FYE Dec (RM'm)	Quarterly results					Cumulatively results		
	3Q24	2Q25	3Q25	QoQ (%)	YoY (%)	9M24	9M25	YoY (%)
Revenue	231.9	268.8	263.7	-1.9	13.7	726.8	807.8	11.1
Operating profit	47.0	68.3	78.8	15.4	67.5	137.8	230.1	67.1
JVs	0.6	1.9	-1.3	NM	NM	1.2	0.6	-50.7
PBT	52.5	71.4	79.9	12.0	52.2	145.5	236.5	62.6
Tax Expense	-15.8	-15.0	-22.0	46.5	39.4	-36.3	-57.9	59.6
PATAMI	33.1	49.2	49.8	1.2	50.3	95.8	153.8	60.5
Core PATAMI	21.3	49.7	42.9	-13.6	>100	86.8	152.7	75.9
Core EPS (sen)	1.5	3.6	3.1	-13.6	>100	6.3	11.1	75.9
Growth & Margin (%)				+/- ppts				+/- ppts
OP margin (%)	20.3	25.4	29.9	4.5	9.6	19.0	28.5	9.5
PBT margin (%)	22.6	26.6	30.3	3.8	7.7	20.0	29.3	9.3
Core PATAMI margin (%)	9.2	18.5	16.3	-2.2	7.1	11.9	18.9	7.0

Source: Company, MBSBR

TSH Resources: Segmental Breakdown & Operational Stats.

FYE Dec (RM'm)	Quarterly results					Cumulatively results		
	3Q24	2Q25	3Q25	QoQ (%)	YoY (%)	9M24	9M25	YoY (%)
Revenue								
- Palm product	218.9	255.2	249.9	-2.1	14.2	686.6	767.5	11.8
- Others	13.1	13.6	13.7	1.4	5.1	40.3	40.3	0.0
Operating Profit								
- Palm product	55.8	79.4	92.9	17.0	66.5	161.2	254.7	58.0
- Others	-1.8	-5.5	-3.2	NM	NM	-7.4	-10.4	NM
Operating Profit Margins (%)								
- Palm product	25.5	31.1	37.2	6.1	11.7	23.5	33.2	9.7
- Others	-13.8	-40.8	-23.1	17.8	-9.3	-18.3	-25.9	-7.7
Operational Stats.								
FFB Production	184,947	205,049	202,510	-1.2	9.5	586,610	605,671	3.2
Avg CPO Price Realised (RM/Mt)	3,683	3,695	3,765	1.9	2.2	3,657	3,876	6.0
Avg PK Price Realised (RM/Mt)	2,485	3,315	3,138	-5.3	26.3	2,214	3,219	45.4

Source: Company, MBSBR

FINANCIAL SUMMARY

Income Statement (RM'm)	2023A	2024A	2025E	2026F	2027F	Cash Flow (RM'm)	2023A	2024A	2025E	2026F	2027F
Revenue	1,066.5	1,019.8	1,048.5	1,027.9	996.8	PBT	197.8	219.9	298.9	280.7	276.2
Operating Profit	209.8	208.0	298.4	280.2	275.8	Operating cash flow	246.4	249.0	315.6	301.8	295.3
PBT	197.8	219.9	298.9	280.7	276.2	Investing cash flow	-8.7	-24.1	-55.0	-55.0	-55.0
PATAMI	95.1	135.7	181.2	170.4	167.8	Financing cash flow	-331.1	-148.7	-34.5	-34.5	-34.5
Core PATAMI	80.5	122.7	181.2	170.4	167.8	Net cash flow	-93.5	76.2	226.1	212.3	205.8
EPS (sen)	23.3	15.3	10.4	11.0	11.2	Beginning cash flow	376.2	251.0	261.9	488.0	700.3
PER (x)	19.9	13.0	10.2	10.3	10.5	Ending cash flow	251.0	261.9	488.0	700.3	906.2
DPS (sen)	5.0	2.5	2.5	2.5	2.5						
Dividend yield (%)	3.7%	1.8%	1.8%	1.8%	1.8%						

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%	39.5%	38.1%	38.5%
Right-of-use Assets	253.4	248.5	238.2	228.3	218.8	EBIT margin	19.7%	20.4%	28.5%	27.3%	27.7%
Biological assets	366.0	366.4	365.2	364.0	362.8	PBT margin	18.5%	21.6%	28.5%	27.3%	27.7%
Non-current assets	2,200.4	2,290.2	2,249.4	2,210.2	2,175.7	Core PATAMI margin	7.5%	12.0%	17.3%	16.6%	16.8%
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

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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