Plantation

NEUTRAL (Maintain)

MPOB 2026 Conference Updates

HIGHLIGHTS

- We attended POC ~ R&O 2026's Conference
- Malaysia oil palm output to see stagnant growth in 2026
- SIMS to be integrated into SKN in 2026
- Maintain **NEUTRAL** with average CPO Price target of RM4,200/Mt for CY26F

PO Seminar and Conference 2026. Recently, we went to Malaysia Palm Oil Conference & Seminar 2026 (R&O 2026) to get better understanding of last year performance and the outlook of 2026 from MPOB perspective. The key highlights from the conference as below:

	2023	2024	2025	Diff	Chg%
Planted Area (m Ha)	5.67	5.61	5.70	0.09	1.6
CPO Production (m Mt)	18.45	19.34	20.28	0.95	4.9
FFB Yield (T/Ha)	15.49	16.70	17.77	1.07	6.4
Oil Extraction Rate (%)	19.70	19.67	19.74	0.07	0.4
PO Imports (m Mt)	1.14	0.25	0.76	0.51	3.0 folds
PO Exports (m Mt)	15.71	16.90	15.26	(1.65)	(9.7)
Ending Stocks (m Mt)	2.20	1.71	3.05	1.34	78.5
CPO Price (RM / Mt)	5,087.50	4,179.50	4,292.5	113.0	2.7
Export Revenue (RM B)	137.99	109.33	112.51	3.12	2.9

Source: MPOB Conference 2025 & 2026, MBSBR

2025 PO Performance in Retrospect. Compared with CY24, planted area increased by +1.6%yoy, supported by higher replanting activity, mainly undertaken by private estates and government agencies. This expansion was broad-based across all three regions, with Peninsular c. 2.54m Ha (+1.6%yoy) Sarawak c. 1.66m Ha (+2.2%yoy), and Sabah c. 1.50m Ha (+0.9%yoy). While CPO production reached a record 20.3 m tonnes, the highest level since 2017, underpinned by a +6.4% improvement in FFB yield. This was driven by a larger proportion of mature trees and continued normalisation in labour availability.

Yields have now reverted to pre-pandemic levels of around 17.7 t/ha, last seen was back in 2019. Meanwhile, OER improved mainly due to stronger labour productivity in harvesting and FFB evacuation, with output rising from 1.39 to 1.49 tonnes per man-day, which reflecting operational and workforce efficiency gains.

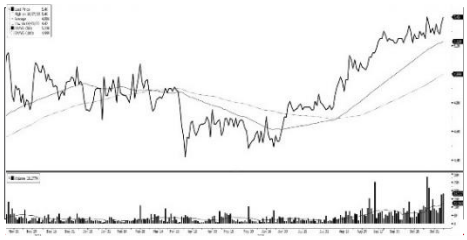
COMPANY *IN FOCUS*

SD Guthrie

Maintain BUY | Target Price: RM6.15
Price @ 14th Jan 2026: RM5.70

- 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

Notably, import increased, largely due to higher intake by Malaysian oleochemical plants, as integrated local planters seeking for cost optimisation - lower feedstock costs.

Meanwhile, exports slipped to 15.3m Mt (-9.7%yoy) mainly due to a narrower discount against rival veg-oils particularly in the 1HCY25, when CPO price traded in a range of 4,500-5,000/Mt. This was exacerbated by weaker imports from major buyers such as India, China and EU. Which has led to astronomical ending stocks of 3.1m Mt, the highest level since February 2019.

In 2025, PO production remains the largest against its competitor at 32% share, followed by soybean oil c. 26%, rapeseed oil c. 12% and sunflower oil c. 8%. Key producers for PO remain Indonesia with a share of 58% while Malaysia accounted for 24%. Exports wise, PO constituted more than half of vegetable oil market with 49% c. 49.18m Mt. PO consumption in the major oils & fats industry continues to be popular, with a 31% share, followed by soybean oil c. 25.6%, rapeseed oil c. 12% and sunflower oil c. 8%. The top 5 major consuming nations, accounting for 54% of global consumption c. 44.85m Mt, were Indonesia c. 28%, India c. 10%, China c. 6%, EU c. 5%, and Malaysia at 5% share.

Since the average CPO prices managed to end on a high note c. RM4,292.50/Mt, the speaker emphasized the industry should be investing back to mechanisation and replanting activity to improve the estate efficiency and the planted area. He also emphasized the funding for replanting programme for independent smallholders' budget now increased to RM100m (vs 2025: RM50m) to help 1,500 (vs2024: 750) independent smallholders.

Table 1: 2025's Vegetable Oils Market Share

Vegetable Oils	2023	2024	2025	Chg %	Remarks
Production (Mt)	**254.42m**	**260.38m**	**269.40m**		
Palm Oil	32%	30%	32%	+2%	Better age profile bracket
Soybean Oil	23%	25%	26%	+1%	Decent output on favourable weather
Rapeseed Oil	12%	12%	12%	-	Normal trend, nothing peculiar
Sunflower Oil	9%	9%	8%	-1%	Russia-Ukraine war
Others	24%	24%	23%	-1%	
Export (Mt)	**96.75m**	**98.48m**	**100.8m**		
Palm Oil	53%	49%	49%	-	Normal trend, nothing peculiar
Sunflower Oil	15%	16%	16%	-	Normal trend, nothing peculiar
Soybean Oil	12%	14%	7%	-7%	Slower export to China
Rapeseed Oil	7%	7%	14%	+7%	Wider price discount against soybean oil
Others	13%	14%	14%	-	
Consumption	**252.81m**	**260.62m**	**266.86m**		
Palm Oil	32%	31%	31%	-	Normal trend, nothing peculiar
Soybean Oil	24%	24%	26%	+2%	Higher blending rate in US

Rapeseed Oil	12%	12%	12%	-	Normal trend, nothing peculiar
Sunflower Oil	8%	9%	8%	-1%	Substitution effects
Others	24%	24%	23%	-1%	
Major Palm Oil Producers (Mt)	**81.52m**	**79.31m**	**85.05m**		
Indonesia	59%	58%	58%	-	Normal weightage, nothing peculiar
Malaysia	23%	24%	24%	-	Normal weightage, nothing peculiar
Others	18%	18%	18%	-	
Major Palm Oil Exporters (Mt)	**51.10m**	**48.25m**	**49.18m**		
Indonesia	56%	53%	54%	+1%	Competitive local CPO price
Malaysia	30%	32%	31%	-1%	Reduced share due to premium
Others	14%	15%	15%	-	
Major PO Consuming Countries (Mt)	**81.54m**	**80.22m**	**83.06m**		
Indonesia	24%	26%	28%	+2%	Increased in Biodiesel Mandate (B40)
India	12%	12%	10%	-2%	Increased in import levy
China	8%	7%	6%	-1%	Weak China PMI
EU	8%	6%	5%	-1%	Was down on EUDR preparations
Malaysia	5%	4%	5%	+1%	Substitution effects
Others	43%	45%	46%	+1%	

Source: MPOB Conference 2025 & 2026, MBSBR

SIMS to be complement SKN unified system

The National Traceability System (SKN). MPOB also mentioned that the previous application of Sawit Intelligent Management System (SIMS) app which has been enforced from 1 July 2024, to facilitate the transactional data along the supply chain - from FFB dealers to refineries. Will be integrated into 1 unified system integration between GeoSAWIT (used for plantation mapping & geolocation) and e-MSPO (sustainable practices certification) platform under the National Traceability System (SKN).

The full rollout expected in 2026. This will benefit international players particularly within EU market to provide them full-fledged EU requirement. Notably, the objective of the integration is for 1) Provide end-to-end data visibility from FFB sellers to importers, 2) Ensure the compliance with global market requirements, including the EU Deforestation Regulation (EUDR) and 3) Enable the automated analytical dashboards and API linkages with external systems.

GeoSAWIT a platform to tracking deforestation-free supply chains and big type mapping

In regards with GeoSAWIT platform, the speaker mentioned the needs of the platform due growing demand of deforestation-free supply chains and big type mapping of palm oil cultivation as well historical used and verification. Built on the pillars of transparency, traceability and trusted data, the platform consolidates multi-agency geospatial evidence, integrates with land and survey authorities, and supports the SKN through high-accuracy polygon mapping, forest-age monitoring and satellite-based verification.

GeoSAWIT will also enhances MSPO certification via a spatial engine aligned with MS 1759 standards and integrates global forest datasets to assess deforestation risks. As

of the latest update, polygon mapping coverage is advanced in Peninsular Malaysia and Sabah but remains a key challenge in Sarawak due to land legality issues requiring deeper state collaboration. Ongoing upgrades aim to improve data accuracy, resolve overlaps and complete system integration, with future enhancements including AI-assisted image processing

Table 1: High production and elevated stockpile to put pressure on CPO price in 1H26

		MBSBR		MPOB	
	CY25A	**CY26F**	**YoY%**	**CY26F**	**YoY%**
Opening Stocks 'm Mt	**1.71**	**3.05**	**+78.4**	**3.05**	**+78.4**
Production 'm Mt	20.28	20.48	+1.0	19.5-19.8	-2.4% to -3.8%
Exports 'm Mt	15.26	15.11	-1.0	15.8-16.0	+3.5% to 4.8%
End Stocks 'm Mt	**3.05**	**3.18**	**+4.1**	**2.0**	**-34.4**
CPO Price Target (RM/Mt)	**4,293**	**4,200**		**4,000 - 4,300**	

Source: MPOB Conference 2026, MBSBR

Stock level surge to a stay nearly 7-year high in CY26F

CY2026 Outlook. Based on the latest data released, we estimate production growth for this year to grow by +1.0%yoy to 20.48m Mt, capped by the tree rest condition. Exports are expected to remain soft, declining by -1.0%yoy drop to 15.1m Mt, amid continued weak demand from India and China particularly in 2HCY26. This coincides with CPO prices likely to trade in a range of RM4,000-4,500/Mt from Jun, following the implementation of at least B45 in Indonesia, which expected to narrow the discount spread against competing rival veg-oils. Overall, despite our conservative production and export growth estimates, ending stock for CY26F are still projected to remain above the physiological threshold level of 3.18m Mt (+4.1%yoy).

NEUTRAL sector view maintained as CPO price outlook softens, maintain SDG as a Top Pick

In consequence, we are maintaining our **NEUTRAL** call at this juncture as we believe the current environment warrants a tactical profit-taking stance, in light of the aforementioned factors. We also noticed a continued divergence between the KLPLN Index and CPO spot prices since Oct-25, highlighting that plantation equities have decoupled from core commodity fundamentals. These suggest the current divergence could also normalise soon, particularly if CPO prices remain range-bound RM3,900-4,000/Mt - remain under pressure from weak exports and alarming stock level that reached nearly 7-year high. Our top pick is **SDG (BUY, TP: RM6.15)**.

Table 2: Peer Comparison

Company	Rating	Price (RM)	TP (RM)	PER (x)		Core EPS (Sen)		Dividend Yield (%)	
				FY26F	FY27F	FY26F	FY27F	FY26F	FY27F
SD Guthrie	BUY	5.70	6.15	15.2	16.4	32.9	37.5	3.2%	3.2%
IOI Corp	BUY	4.07	4.42	19.9	20.0	20.5	20.5	2.5%	2.5%
Genting Plant.	BUY	5.14	5.81	13.3	13.8	39.1	38.7	4.1%	3.9%
TSH Resources	BUY	1.23	1.48	9.9	10.1	13.1	12.4	2.0%	2.0%
Ta Ann	NEUTRAL	4.23	4.38	10.6	11.3	41.9	39.8	5.9%	5.9%
KLK	NEUTRAL	20.58	20.23	18.8	19.5	113.9	109.4	3.0%	2.9%
Sarawak Plant.	NEUTRAL	3.26	2.88	13.8	15.0	26.9	23.7	4.6%	3.7%
Weighted Avg.				**14.4**	**14.9**	**42.6**	**40.8**	**3.7%**	**3.5%**

Source: Bloomberg, MBSBR

MBSB Research (formerly known as MIDF Research) is part of MBSB Investment Bank Berhad (formerly known as MIDF Amanah Investment Bank Berhad) 197501002077 (24878-X).

(Bank Pelaburan) (A Participating Organisation of Bursa Malaysia Securities Berhad)

DISCLOSURES AND DISCLAIMER

This report is prepared by MBSB Investment Bank Berhad (formerly known as MIDF Amanah Investment Bank Berhad) (Company Registration No.: 197501002077 (23878-X)) and is for distribution only to the intended readers and under such circumstances as may be permitted by applicable law. Readers should be fully aware that this report is provided solely for informational purposes and does not constitute a Shariah advice nor constitute an investment recommendation or basis for any credit or other evaluation in any manner whatsoever.

The opinions and analyses contained in this report are based on information obtained or derived from sources that MBSB Investment Bank Berhad believes to be reliable. Any forward-looking statements in this report speak only as of the date of such statements. However, MBSB Investment Bank Berhad makes no representation or warranty, expressed or implied, as to the accuracy, completeness, or reliability of such information, and it should not be relied upon as such.

While the information presented in this report may include references to Shariah -compliant and non-compliant securities or other financial instruments, this report is not, and should not be construed as, an offer to buy or sell any securities or other financial instruments or to promote or endorse any specific investment. Investors are strongly advised to conduct their own due diligence and to consult licensed Shariah or financial advisors before making any investment decisions. Any action taken based on this report is at the sole discretion and risk of the investor.

The analyses in this report are based on numerous assumptions, and different assumptions could yield different results. All opinions and estimates in this report are subject to change without notice.

The research analysts will initiate, update, and cease coverage solely at the discretion of MBSB Investment Bank Berhad.

The directors, employees, and representatives of MBSB Investment Bank Berhad and MBSB Berhad may have interests in any of the securities mentioned and may benefit from the information contained herein. Members of MBSB Berhad and their affiliates may provide services to any company or its affiliates whose securities are mentioned in this report.

This report shall not be reproduced, distributed, or published in any form or for any purpose without the prior written consent of MBSB Investment Bank Berhad.

MBSB INVESTMENT BANK (formerly known as MIDF Amanah Investment Bank): GUIDE TO RECOMMENDATIONS

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