Corporate Update

Ta Ann Holdings Berhad

(5012 | TAH MK) Main | Plantation

SHARIAH Compliant

ESG 1 Star

Maintain **NEUTRAL**

Revised Target Price **RM4.47**

(Previously RM4.38)

4QFY25 Results Review: Momentum Continues

Maintaining NEUTRAL call with a revised TP of RM4.47. Taking cue from the latest results, we maintain our call but with a revised TP for the stock. Current valuation has turned rather rich, particularly when compared with peers.

Broadly, earnings visibility appears stable, supported by expanding FFB output across an estimated 686,000 ha and cost of production maintained on the lower side at nearly RM2,000/Mt level. Our valuation is premised on revised FY26F EPS of 49.7 sen, applying to PER of 9x (previously 11x), closer to 5y average historical mean.

FY25 came in above estimates. After adjusting changes in fair value of biological assets and forex gain, Ta Ann's core PATAMI came in at RM95.5m (>100%yoy), bringing the full year to RM243.5m (+29.5%yoy). The result exceeded both our and consensus estimates, largely driven by stronger-than-expected FFB output growth and firmer CPO prices, which lifted margins and operating leverage during the year.

Oil palm profitability. Both topline and bottom-line were higher, where topline rose to RM537.9m (+23.1%qoq, +27.2%yoy), while bottom-line strengthened to RM123.1m (+19.8%qoq, +47.7%yoy), thanks to the resilient in FFB production and sales volume c. at 26.8%yoy. Margin expanded to 22.9% (+3.2pts) aided by lower cost of production and high CPO prices realised.

Oil palm operations. Operationally, FFB production grew by +3.1%yoy, supporting the CPO production to be around 309,000 Mt. Notably, Ta Ann achieved higher average selling prices of CPO and PK, circa RM4,280/Mt (+4.0%yoy) and RM3,421/Mt (+31.2%yoy) respectively. On the cost front, cost of production cost reduced to nearly RM2,000/Mt to approximately RM2,050/Mt. The decrease was mainly driven lower unit per cost on the mills due supportive OER approximately above 20.0%, which led to stronger margin in the mills.

Earnings. In light of the latest results, we revise our FY26E/FY27F earnings forecasts to RM218.9m/RM220.3m, respectively. The adjustments reflect the latest set of assumptions, incorporating conservative ASPs, normalise OER, modest FFB output and lower cost of production.

RETURN STATISTICS	
Price @ 26 Feb 2025 (RM)	4.62
Expected share price return (%)	-3.18
Expected dividend yield (%)	+8.66
Expected total return (%)	+5.48

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	6.4	4.2
3 months	11.3	-0.1
12 months	20.6	9.2

INVESTMENT STATISTICS			
FYE Dec	2026E	2027F	2028F
Revenue	2,145.2	2,214.0	2,313.2
Operating profit	370.2	371.9	390.0
PBT	377.2	379.1	397.2
Core NP	218.9	220.3	233.6
EPS (sen)	49.7	50.0	52.9
DPS (sen)	40.0	40.0	40.0
Dividend Yield (%)	8.7%	8.7%	8.7%

KEY STATISTICS	
FBM KLCI	1,740.94
Issue shares (m)	440.46
Estimated free float (%)	44.45
Market Capitalisation (RM'm)	2,034.93
52-wk price range	RM3.65 - RM4.77
3-mth average daily volume (m)	0.31
3-mth average daily value (RM'm)	1.37
Top Shareholders (%)	
Mountex	16.49
Haji Sepawi	9.43
Wahab Haji Dolah	7.70

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Ta Ann: 4QFY25 Results Summary

FYE Dec (RM'm)	Quarterly results					Cumulatively results		
	4QFY24	3QFY25	4QFY25	QoQ (%)	YoY (%)	FY24	FY25	YoY (%)
Revenue	463.1	502.2	590.1	17.5	27.4	1,649.9	1,931.9	17.1
Operating profit	51.1	92.6	98.8	6.7	93.1	243.4	323.4	32.9
Finance Cost	-1.2	-1.3	-1.4	NM	NM	-5.6	-4.8	NM
PBT	61.9	105.8	112.1	6.0	81.1	284.3	370.7	30.4
Tax Expense	-18.6	-25.7	-32.6	NM	NM	-70.2	-100.2	NM
PATAMI	17.4	74.9	79.9	6.7	>100	207.1	250.8	21.1
Core PATAMI	34.8	61.4	95.5	55.7	>100	188.0	243.5	29.5
Core EPS (sen)	7.9	13.9	21.7	55.7	>100	42.7	55.3	29.5
Growth & Margin (%)				+/- ppts				+/- ppts
OP margin (%)	11.0	18.4	16.7	-1.7	5.7	14.8	16.7	2.0
PBT margin (%)	13.4	21.1	19.0	-2.1	5.6	17.2	19.2	2.0
Core PATAMI margin (%)	7.5	12.2	16.2	4.0	8.7	11.4	12.6	1.2
Effective tax rate (%)	30.1	24.3	29.1	4.8	-1.0	24.7	27.0	2.3

Source: Company, MBSBR

Ta Ann: Segmental Breakdown & Operational Stats.

FYE Dec (RM'm)	Quarterly results					Cumulatively results		
	4QFY24	3QFY25	4QFY25	QoQ (%)	YoY (%)	FY24	FY25	YoY (%)
Revenue								
- Timber products	39.0	64.1	51.4	-19.8	32.0	196.8	190.4	-3.3
- Oil palm	423.0	436.9	537.9	23.1	27.2	1,449.6	1,737.7	19.9
Pre-tax								
- Timber products	-21.6	2.5	-11.5	NM	NM	-26.4	-15.0	NM
- Oil palm	83.4	102.8	123.1	19.8	47.7	303.0	383.6	26.6
Pre-Tax Margins (%)								
- Timber products	-55.5	3.8	-22.3	-26.1	33.2	-13.4	-7.9	5.6
- Oil palm	19.7	23.5	22.9	-0.6	3.2	20.9	22.1	1.2
Operational Stats.								
Average CPO Price (RM/Mt)	4,596	4,194	4,165	-0.7	-9.4	4,114	4,280	4.0
Average Plywood Price (USD cu m)	468	495	464	-6.3	-0.9	496	485	-2.2
FFB Production (Mt)	173,285	182,716	220,197	20.5	27.1	666,005	686,538	3.1
CPO Production (Mt)	69,447	80,518	97,355	20.9	40.2	273,261	309,959	13.4
FFB Production Sales Volume (Mt)	10,229	19,426	19,876	2.3	94.3	50,607	64,128	26.7
CPO Production Sales Volume (Mt)	43,265	60,753	64,585	6.3	49.3	185,737	210,458	13.3

Source: Company, MBSBR

FINANCIAL SUMMARY

Income Statement (RM'm)	2024A	2025A	2026E	2027F	2028F	Cash Flow (RM'm)	2024A	2025A	2026E	2027F	2028F
Revenue	1,649.8	1,931.9	2,145.2	2,214.0	2,313.2	PBT	313.6	377.1	377.2	379.1	397.2
EBITDA	218.8	321.8	370.2	371.9	390.0	Operating cash flow	276.6	349.6	13.3	169.6	191.2
PBT	313.6	377.1	377.2	379.1	397.2	Investing cash flow	-72.3	-7.1	-54.0	-53.0	-52.0
PATAMI	180.6	218.9	218.9	220.3	233.6	Financing cash flow	-334.9	-192.4	-193.3	-192.3	-189.3
Core PATAMI	161.5	211.6	218.9	220.3	233.6	Net cash flow	-113.3	125.6	-234.1	-75.7	-50.1
EPS (sen)	36.7	48.0	49.7	50.0	52.9	Beginning cash flow	486.4	372.7	498.4	264.3	188.6
PER (x)	12.6x	9.6x	9.3x	9.2x	8.7x	Ending cash flow	372.7	498.4	264.3	188.6	138.5
DPS (sen)	35.0	40.0	40.0	40.0	40.0						
Dividend yield (%)	7.6%	8.7%	8.7%	8.7%	8.7%						

Balance Sheet (RM'm)	2024A	2025A	2026E	2027F	2028F	Margins	2024A	2025A	2026E	2027F	2028F
PPE	651.2	632.3	696.2	717.6	737.0	EBITDA margin	13.3%	16.7%	17.3%	16.8%	16.9%
ROU assets	193.1	192.4	207.4	222.4	237.4	EBIT margin	19.0%	19.5%	17.6%	17.1%	17.2%
Non-current assets	1,888.3	1,882.9	1,961.8	1,998.2	2,032.5	PBT margin	10.9%	11.3%	10.2%	10.0%	10.1%
Inventories	111.8	128.6	155.1	160.1	167.2	Core PATAMI margin	9.8%	11.0%	10.2%	10.0%	10.1%
Receivables	40.9	187.2	41.1	42.5	44.4						
Current assets	784.9	949.9	634.9	630.9	646.6						
Total Assets	2,673.2	2,832.8	2,596.7	2,629.0	2,679.1						
Long-term debt	14.1	12.6	108.7	93.1	78.5						
Non-current liabilities	317.7	333.1	429.2	413.6	399.0						
Payables	158.6	190.1	168.4	173.8	181.6						
Current liabilities	318.5	377.5	242.5	246.4	253.6						
Share capital	444.8	444.8	444.8	444.8	444.8						
Reserves	1,394.7	1,477.8	1,480.1	1,524.2	1,581.7						
Equity	2,036.9	2,122.2	1,924.9	1,969.1	2,026.5						

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