Plantation

POSITIVE (Maintain)

February 2026 Statistics

HIGHLIGHTS

- CPO prices weakened in tandem with abundant stocks pile
- Production softened by single digit growth in February 2026
- Stock level continued high despite high exports
- Maintain a tactical **POSITIVE** stance with average CPO Price target of RM4,200/Mt for CY26

SECTOR RECAP

CPO Price averagely at RM4,078/tonne in Feb-26. The local CPO price delivery ended the month at RM3,957/tonne with an average price of RM4,078/tonne (+1.5%mom, **-14.3%yoy**), as festive-driven demand optimism began to moderate. Prices continued to move within a narrow band, as the market digested key takeaways from the POC 2026 conference, where consensus projections pointed to a RM3,800–4,400/tonne trading range for CY26F.

After a firmer start to the month, with prices briefly touching RM4,134/tonne, CPO prices gradually eased, declining by -4.3% to RM3,957/tonne by month-end. The pullback reflects a more cautious market tone as participants reassessed near-term supply conditions and demand momentum.

Looking ahead to March, we anticipate the CPO price to edge higher by +3.3%mom to an average of RM4,212/tonne, supported by seasonally softer output during the pollination months and influenced by brent crude price led-sentiment following recent US-Iran tensions that could support a potential B50 biodiesel mandate.

High-single digit growth in production. CPO output in Feb relatively high, at 1.28m tonne (-18.5%mom, **+8.1%yoy**) versus prior year, driven by stronger production eastern Sabah/Sarawak area (+7.8%yoy) as well peninsular estates, particularly Kelantan (+77.6%yoy), Terengganu (+43.3%yoy) and Pahang (+22.8%yoy).

Notably, output growth was mixed, with the east coast areas still recording double-digit growth, while the west coast registered double-digit decline due to wet weather conditions. On average, national FFB yield improved by +7.5%yoy, thanks to the firm FFB deliveries to mills at 6.60m tonne (+3.0%yoy).

The higher yields likely reflect an expansion in mature hectarage, while the increase in mill receipts was underpinned by stronger field productivity, aided by favourable weather conditions across states. As a result, the average OER remained steady at 19.95% (vs Feb25: 19.05%), as drier day, improved harvesting and FFB evacuation efficiency.

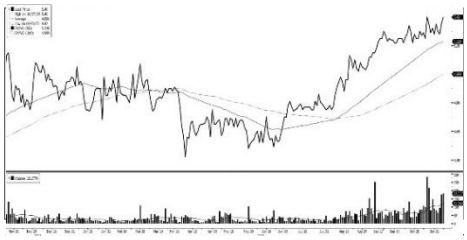
COMPANY *IN FOCUS*

SD Guthrie

Maintain BUY | Target Price: RM6.46
Price @ 10th Feb 2026: RM5.73

- 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

Continuation of elevated stock level. Ending stockpile in Feb-26 remained elevated, above its psychological level of 2.5m tonne at circa 2.70m tonne (-3.9%mom, **+79.1%yoy**), largely due to the steady output volume. This translated into a relatively high stock-to-usage ratio of approximately 12.7%, indicating supply growth has outpaced consumption. That said, export volumes were restored on the back of active restocking activities ahead of the CNY and Ramadhan festive, rising to 1.13m tonne (-22.5%mom, **+13.2%yoy**).

Demand for both CPO and PPO were mixed, with CPO exports surging by >100%yoy while PPO recorded a modest increase of +2.9%yoy. The sharp rise in CPO shipments was largely price-driven, as CPO prices in January were -14.3% lower year-on-year, improving its competitiveness following India's reduction in effective CPO import duties in October 2025. In contrast, PPO demand remained relatively soft, reflecting weaker offtake for refined palm products, particularly within the lauric derivatives and food processing segments. Nonetheless, despite the strong year-on-year growth, CPO's contribution to total exports remained limited, accounting for only 15.2% of overall shipments.

Maintain POSITIVE on tactical basis. Looking ahead, we maintain our tactically based **POSITIVE** call, supported by a narrowing POGO spread. Firmer Brent crude could lift gasoil prices, improve biodiesel economics and make Indonesia's potential B50 mandate more manageable. Higher domestic absorption may tighten PO availability and support CPO prices. That said, cost pressures could emerge in 2H, particularly for upstream planters, from higher fertiliser costs following the spike in urea prices and elevated diesel-linked logistics costs. Downstream players may also face higher freight and insurance premiums, hence our tactically based **POSITIVE** rather than a fundamentally based POSITIVE call.

B50 implementation looms in, upgrade to Tactical Positive

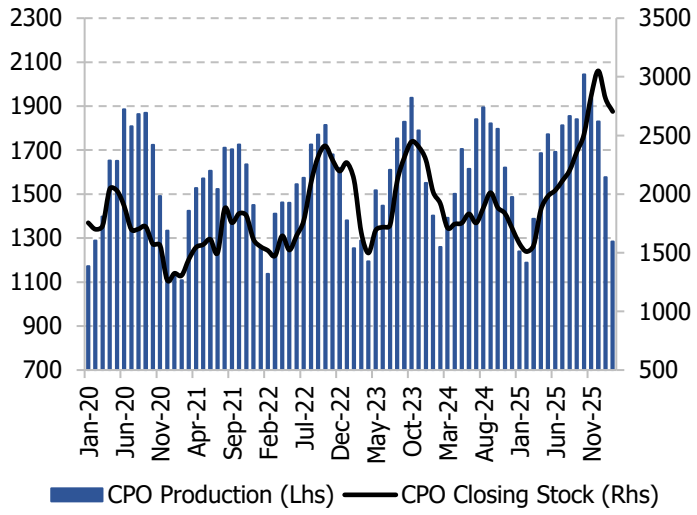
We maintain our CY26 CPO price target at **RM4,200/tonne**, as MPOB spot delivery prices have yet to break our upper resistance band of RM4,500/tonne.

Table 1: Malaysia Palm Oil Statistics for February 2026 ('000 Tonnes)

	Feb-25	Jan-25	Feb-26	mom%	yoy%	2M25	2M26	yoy%
Opening Stocks	1.58	3.05	2.82	-7.7%	78.1%	1.71	3.05	78.6%
Production	**1.19**	**1.58**	**1.28**	**-18.5%**	**8.1%**	**2.43**	**2.86**	**17.9%**
Imports	0.06	0.03	0.08	136.0%	19.3%	0.15	0.11	-28.7%
Total Supply	**2.83**	**4.66**	**4.18**	**-10.4%**	**47.4%**	**4.29**	**6.02**	**40.4%**
Exports	**1.00**	**1.45**	**1.13**	**-22.5%**	**13.2%**	**2.18**	**2.58**	**18.7%**
Dom Disapp	0.33	0.39	0.34	-11.8%	5.4%	0.60	0.74	21.9%
Total Demand	**1.32**	**1.85**	**1.47**	**-20.2%**	**11.2%**	**2.78**	**3.32**	**19.3%**
End Stocks	**1.51**	**2.82**	**2.70**	**-3.9%**	**79.1%**	**1.51**	**2.70**	**79.1%**

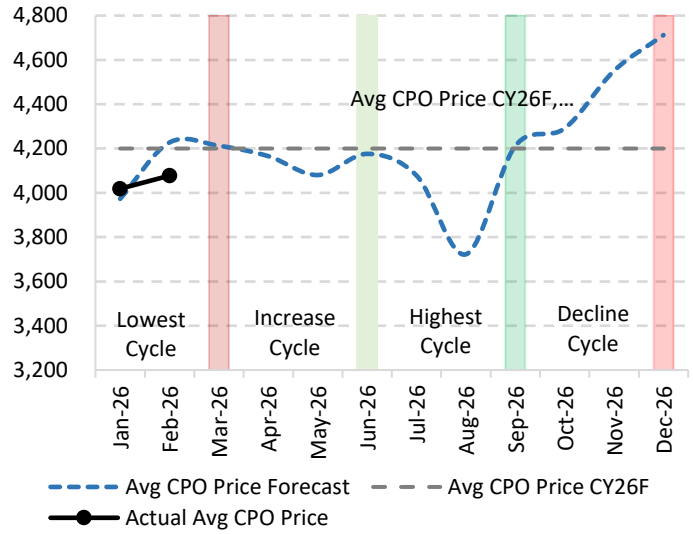
Source: MPOB, MBSBR

Chart 1: Malaysia PO Production VS Closing Stock



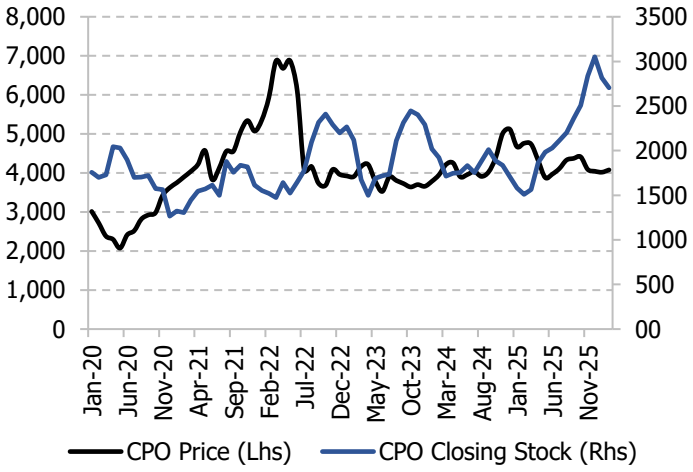
Source: MPOB, MBSBR

Chart 2: Estimated CPO Price Movement VS Actual



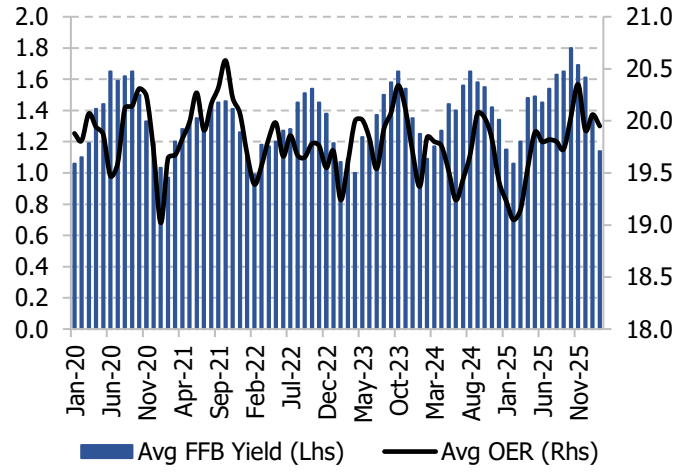
Source: MPOB, MBSBFR

Chart 3: PO Closing stock VS CPO Price



Source: MPOB, MBSBR

Chart 4: Average FFB Yield VS OER



Source: MPOB, MBSBR

Table 2: Peer Comparison

Company	Rating	Price (RM)	TP (RM)	PER (x)		Core EPS (Sen)		Dividend Yield (%)	
				FY26F	FY27F	FY26F	FY27F	FY25F	FY26F
SD Guthrie	BUY	5.73	6.46	15.3	16.5	37.5	34.7	3.1%	3.1%
IOI Corp	BUY	3.95	4.42	19.3	19.3	20.5	20.5	2.5%	2.5%
Genting Plant.	BUY	1.25	1.36	10.1	10.2	12.4	12.2	1.6%	1.6%
TSH	NEUTRAL	5.08	5.14	13.1	13.6	38.7	37.3	4.1%	3.9%
Ta Ann	NEUTRAL	4.85	4.47	9.8	9.7	49.7	50.0	8.2%	8.2%
KLK	NEUTRAL	19.54	20.15	17.9	19.2	108.9	101.8	3.1%	2.9%
S.Plant	TRADING SELL	3.63	2.91	11.2	11.5	32.3	31.5	6.9%	6.9%
Weighted Avg.				**14.1**	**14.3**	**42.9**	**41.1**	**4.4%**	**4.4%**

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