Plantation

POSITIVE (Maintain)

March 2026 Statistics

HIGHLIGHTS

- CPO prices strengthened influenced by Brent-linked sentiment.
- Production eased by low-single digit on lesser working days due to Raya festive.
- Stock level eased in tandem with softened output.
- Maintain Tactical **POSITIVE** with new average CPO Price target of RM4,300/Mt for CY26.

SECTOR RECAP

CPO Price averagely at RM4,321/tonne in March. The local CPO price delivery ended the month at RM4,700/tonne with an average price of RM4,321/tonne (+6.0%mom, **-8.8%yoy**). Prices traded within a wider range as the market digested geopolitical developments in the Gulf. We saw heightened US-Iran tensions lifted sentiment on the energy market, supporting gasoil prices and marginally improving biodiesel economics via a narrower POGO spread.

For April, we expect CPO prices to trend modestly higher, with an estimated average of RM4,437/tonne (+2.7%mom). Support is likely to come from seasonally softer output during the pollination phase, alongside firmer Brent-linked sentiment, which could reinforce biodiesel policy momentum - particularly ahead of Indonesia's B50 rollout targeted for 1 July 2026.

Subdued growth in production. CPO output in March relatively subdued on less working days due to celebration of Raya, at 1.38m tonne (+7.2%mom, **-0.8%yoy**) reflecting weaker production in Peninsular Malaysia (-4.9%yoy). Declines were most pronounced in Selangor (-15.0%yoy), Perak (-11.0%yoy) and Johor (-5.5%yoy). Output trends were mixed overall, with East Coast regions still posting mid-single digit growth, while Peninsular estates were affected by drier weather conditions.

On average, national FFB yield eased by -0.8%yoy to 1.19 tonne/ha, in line with lower FFB deliveries to mills at 6.89m tonne (-5.7%yoy). The softer yield profile reflects a temporary reduction in mature hectarage, particularly from past-prime areas which undergoing active replanting activities during the dry spell in Peninsular, which in turn weighed on overall mill receipts.

That said, OER remained firm, surpassing the 20% mark at 20.23% (vs Mar25: 19.15%). The improvement was supported by drier weather conditions, which enhanced oil quality and reduced moisture content, alongside smoother harvesting cycles and more efficient FFB evacuation, ultimately supporting higher oil extraction efficiency across most mills.

COMPANY *IN FOCUS*

SD Guthrie

Maintain BUY | Target Price: RM6.46
Price @ 10th Apr 2026: RM5.99

- 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
PPO: Processed Palm 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

Narrowed stockpile. Ending stockpile in March slipped, hitting 2.27m tonne (-16.1%mom, **+45.0%yoy**), inline with softer output during this pollination cycle. This translates into a relatively stable stock-to-usage ratio of approximately 10.0%, indicating ample supply to the consumption. That said, export volumes restored on the back of active restocking activities linked to Ramadhan and Raya festivals, rising to 1.55m tonne (+40.7%mom, **+54.3%yoy**, 29.1%ytd).

Demand improved on active restocking activities linked to Ramadhan and Raya festivals.

Demand for both CPO and PPO were strong, supported by festive-related restocking activities, with exports rising by +96.7%yoy and +48.0%yoy, respectively. While the surge in shipments was largely seasonal, it was also aided by improved price competitiveness of Malaysian palm oil relative to Indonesian supply, following Indonesia's increase in CPO export levy to 12.5% (from 10%) and a 2.5pts hike on refined products in early March 2026. That said, despite the strong year-on-year growth, CPO's share of total palm oil exports remained modest at 16.4%, indicating that refined products continue to dominate the overall export mix.

Indonesia raised their CPO export levy in early March.

Maintain POSITIVE (tactical). Looking ahead, we maintain our POSITIVE call, albeit on a tactical basis, 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.

B50 implementation looms in, maintain (Tactical) Positive.

That said, cost pressures could emerge in 2HCY26, particularly for upstream planters, from higher fertiliser costs following the spike in urea prices and elevated diesel-linked logistical costs. Downstream players may also face higher freight and insurance premiums, hence the tactical basis of our **POSITIVE** call rather than on a fundamental basis. We revise our CY26 CPO price assumption to RM4,300/tonne to incorporate potential upside from firmer energy prices, although demand visibility remains limited at this stage.

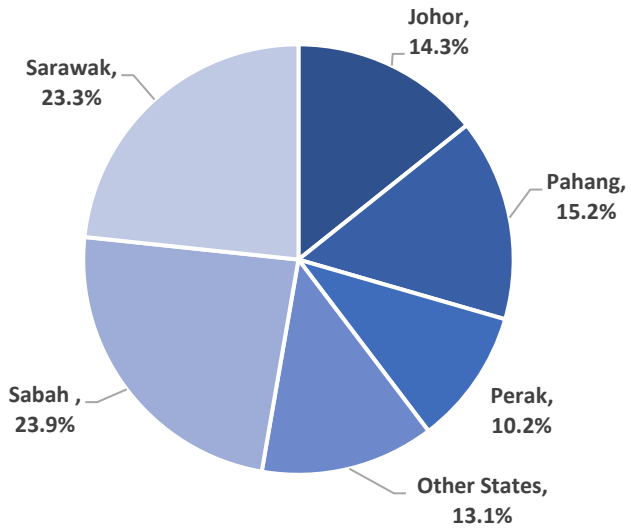
New average CPO price of RM4,300/tonne.

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

	Mar-25	Feb-26	Mar-26	mom%	yoy%	3M25	3M26	yoy%
Opening Stocks	1.51	2.81	2.70	-3.9%	79.1%	1.71	3.05	78.6%
Production	**1.39**	**1.28**	**1.38**	**7.2%**	**-0.8%**	**3.82**	**4.24**	**11.1%**
Imports	0.12	0.08	0.07	-12.4%	-45.2%	0.27	0.18	-36.1%
Total Supply	**3.02**	**4.18**	**4.15**	**-0.7%**	**37.4%**	**5.80**	**7.46**	**28.7%**
Exports	**1.01**	**1.10**	**1.55**	**40.7%**	**54.3%**	**3.18**	**4.11**	**29.1%**
Dom Disapp	0.45	0.37	0.33	-10.9%	-26.9%	1.05	1.09	3.4%
Total Demand	**1.46**	**1.47**	**1.88**	**27.8%**	**29.2%**	**4.24**	**5.20**	**22.7%**
End Stocks	**1.56**	**2.70**	**2.27**	**-16.1%**	**45.0%**	**1.56**	**2.27**	**45.0%**

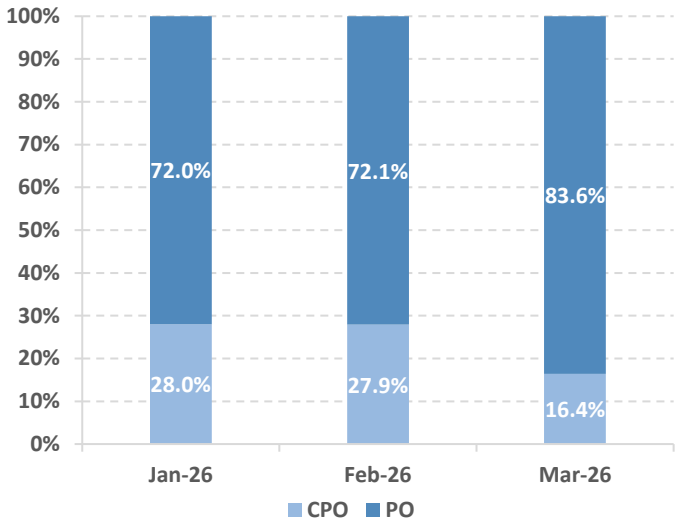
Source: MPOB, MBSBR

Chart 1: CPO Production Breakdown for March 2026



Source: MPOB, MBSBR

Chart 2: PO Exports for March 2026



Source: MPOB, MBSBFR

Table 2: Average FFB Yield by state (Mt/Ha)

	Mar-25	Feb-26	Mar-26	mom%	yoy%	3M25	3M26	yoy%
Johor	1.29	1.27	1.17	-7.9%	-9.3%	3.86	3.95	2.3%
Pahang	1.18	1.14	1.15	0.9%	-2.5%	3.18	3.72	17.0%
Perak	1.68	1.48	1.56	5.4%	-7.1%	4.64	4.65	0.2%
Peninsular	1.26	1.19	1.19	0.0%	-5.6%	3.50	3.78	8.0%
Sabah	1.18	1.21	1.24	2.5%	5.1%	3.35	3.94	17.6%
Sarawak	1.13	1.02	1.13	10.8%	0.0%	3.34	3.41	2.1%
Sabah/Sarawak	1.15	1.11	1.18	6.3%	2.6%	3.34	3.66	9.6%
Average FFB Yield	**1.20**	**1.14**	**1.19**	**4.4%**	**-0.8%**	**3.41**	**3.71**	**8.8%**

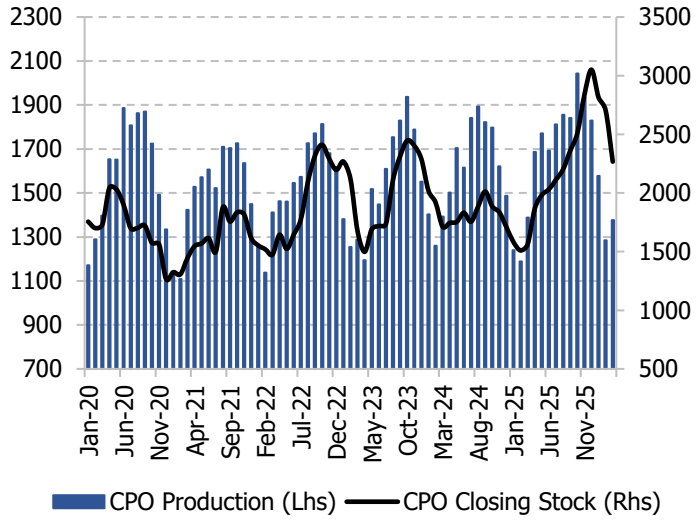
Source: MPOB, MBSBR

Table 3: Average Oil Extraction Rate by state (%)

	Mar-25	Feb-26	Mar-26	mom%	yoy%	3M25	3M26	yoy%
Johor	19.03	20.59	20.41	-0.9%	7.3%	19.17	20.45	6.7%
Pahang	19.05	20.17	20.18	0.0%	5.9%	19.19	20.03	4.3%
Perak	18.98	19.49	19.72	1.2%	3.9%	18.97	19.70	3.8%
Peninsular	18.99	20.11	20.13	0.1%	6.0%	19.08	20.08	5.3%
Sabah	19.43	20.14	20.83	3.4%	7.2%	19.61	20.65	5.3%
Sarawak	19.26	19.35	19.86	2.6%	3.1%	18.86	19.46	3.1%
Sabah/Sarawak	19.34	19.76	20.34	2.9%	5.2%	19.22	20.07	4.4%
Average OER	**19.15**	**19.95**	**20.23**	**1.4%**	**5.6%**	**19.14**	**20.08**	**4.9%**

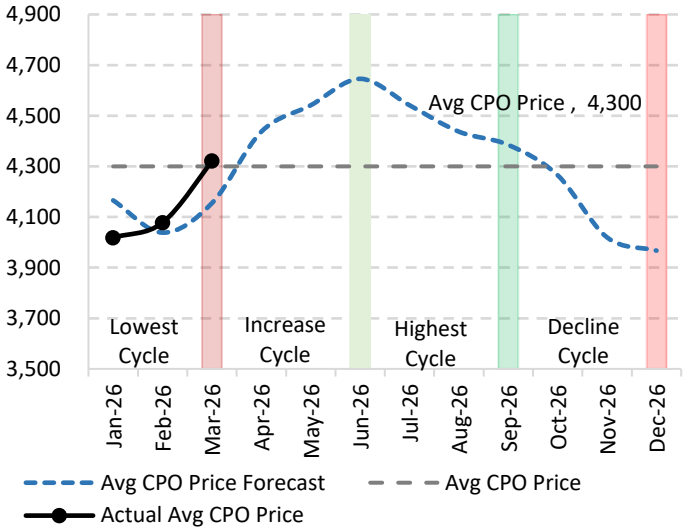
Source: MPOB, MBSBR

Chart 3: Malaysia PO Production VS Closing Stock



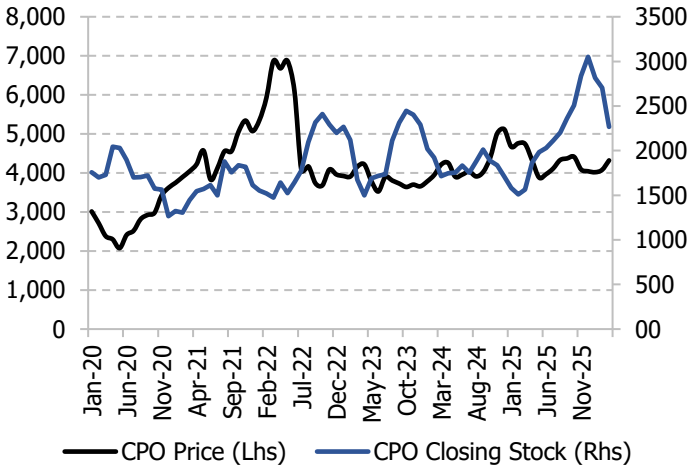
Source: MPOB, MBSBR

Chart 4: Estimated CPO Price Movement VS Actual



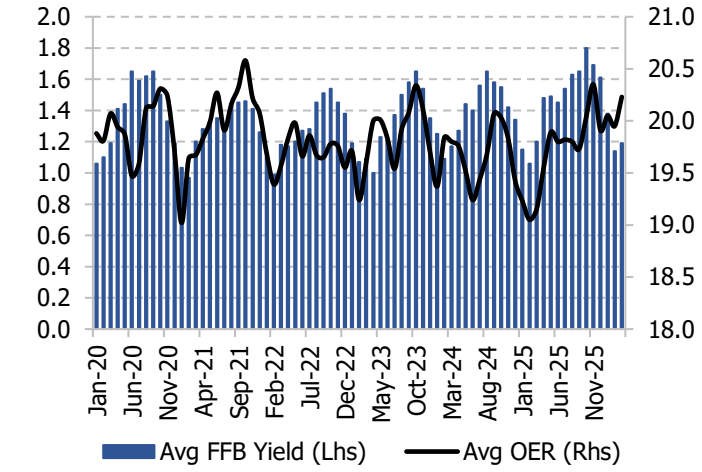
Source: MPOB, MBSBFR

Chart 5: PO Closing stock VS CPO Price



Source: MPOB, MBSBR

Chart 6: Average FFB Yield VS OER



Source: MPOB, MBSBR

Table 4: Peer Comparison

Company	Rating	Price (RM)	TP (RM)	PER (x)		Core EPS (Sen)		Dividend Yield (%)	
				FY26F	FY27F	FY26F	FY27F	FY25F	FY26F
SD Guthrie	BUY	5.99	6.46	16.0	17.3	37.5	34.7	3.0%	3.0%
IOI Corp	BUY	4.25	4.42	20.7	20.8	20.5	20.4	2.4%	2.4%
Genting Plant.	BUY	5.29	5.80	14.0	14.3	37.9	37.1	4.7%	4.7%
TSH	BUY	1.37	1.36	11.0	11.2	12.4	12.2	1.5%	1.5%
Ta Ann	NEUTRAL	5.50	4.47	11.0	10.4	50	52.9	7.3%	7.3%
KLK	NEUTRAL	21.94	20.15	20.1	21.6	108.9	101.8	2.8%	2.6%
S.Plant	TRADING SELL	3.61	2.91	11.2	11.5	32.3	31.5	5.5%	5.5%
Weighted Avg.				14.7	15.0	43.7	42.7	4.0%	4.0%

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