TSH Resources Berhad

(9509 | TSH MK) Main | Plantation

3 Stars

SHARIAH Compliant

Corporate Update

Downgrade to NEUTRAL (from BUY)

Unchanged Target Price **RM1.36**

Expanding in Indonesia

Downgrade to NEUTRAL. TSH is consolidating its Kalimantan footprint via a dual-track approach, near-term optimisation through PT DAS alongside longer-term scale expansion via PT KMS. The latter comes with a total purchase consideration of RM36.3m. This will eventually support a more efficient clustered estate structure and strengthens the case for future in-house milling. That said, following the recent share price run-up, we downgrade our BUY call to NEUTRAL with an unchanged TP of RM1.36, as much of the near-term positives appear to be priced in. While fundamentals remain intact, upside is now more limited, leaving a more balanced risk-reward at current levels.

Acquisition rationale. TSH is expanding its Indonesian landbank via 1) the acquisition of PT DAS (787 ha plantable) and 2) KMSB, which holds a 90% stake in PT KMS with a larger 9,842 ha land area. Both assets are near existing estates in Indonesia, enabling operational integration and improved estate clustering. We believe this will support more efficient field management, optimise resource deployment, and enhance logistics coordination, while providing a clearer pathway for scalable development across its Kalimantan operations over the medium term.

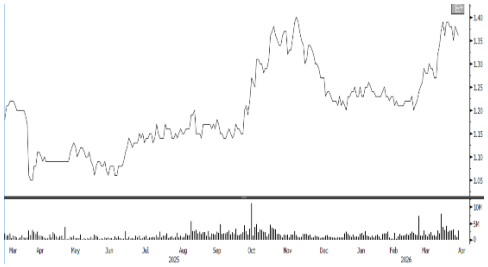
Operational synergies. The PT DAS estate sits within c.40km of PT SPMN's mill, allowing FFB to be processed internally, supporting higher mill utilisation and reducing reliance on third-party processing. Meanwhile, PT KMS complements PT MJC's existing planted area, lifting total plantable land in the vicinity to c.6,000 ha. This enlarged footprint enhances economies of scale, improves estate connectivity, and strengthens the case for establishing a dedicated in-house milling facility as production ramps up over time.

KMSB potential development. Currently, FFB from PT MJC is transported over 160km to PT SPMN's mill, implying elevated logistics and handling costs. The KMSB acquisition supports the potential development of a new mill closer to the estates, which we believe could structurally lower evacuation cost per tonne and improve overall margins. In addition, reduced transport distance may enhance harvesting efficiency, minimise crop losses, and improve turnaround time, particularly during peak production periods when logistics bottlenecks typically emerge.

Earnings impact. Near-term earnings impact is expected to be limited, given the immediate plantable area is 4,299 ha are still at an early development stage with no meaningful earnings contribution as both companies were loss making. However, the acquisitions should enhance medium-term earnings visibility through expanded plantable areas to approximately 42,000 (+11%) ha (vs 2024: 37,599 ha) and improved cost absorption. As estates mature and infrastructure is developed, operational leverage is expected to improve. Importantly, funding is internally sourced, with no material impact on gearing as TSH is a net cash company.

RETURN STATISTICS	
Price @ 13 April 2026 (RM)	1.36
Expected share price return (%)	-0.0
Expected dividend yield (%)	+1.8
Expected total return (%)	+1.8

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	6.3	7.4
3 months	-2.2	12.6
12 months	22.5	8.0

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
Core PATAMI	181.2	170.4	167.8
EPS (sen)	13.1	12.4	12.2
DPS (sen)	5.0	2.5	2.5
Dividend Yield (%)	1.8%	1.8%	1.8%

KEY STATISTICS	
FBM KLCI	1,680.52
Issue shares (m)	1,359.58
Estimated free float (%)	23.60
Market Capitalisation (RM'm)	1,704.48
52-wk price range	RM1.06 – RM1.43
3-mth average daily volume (m)	1.89
3-mth average daily value (RM'm)	2.43
Top Shareholders (%)	
Tan Aik Pen	28.46
Central Depository Pte Ltd	19.37
Tan Aik Yong	5.73

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	480.7	569.2	556.4	538.1	540.2
Operating Profit	209.8	208.0	298.4	280.2	275.8	Operating cash flow	494.1	517.0	750.9	686.1	675.6
PBT	197.8	219.9	298.9	280.7	276.2	Investing cash flow	-376.2	-406.8	-410.0	-410.0	-410.0
PATAMI	95.1	135.7	181.2	170.4	167.8	Financing cash flow	714.8	-822.0	-179.4	-161.5	-161.7
Core PATAMI	80.5	122.7	181.2	170.4	167.8	Net cash flow	832.7	-711.8	161.5	114.6	103.9
EPS (sen)	5.8	8.9	13.1	12.4	12.2	Beginning cash flow	1,048.6	1,880.4	1,164.4	1,390.5	1,505.2
PER (x)	23.3	15.3	10.4	11.0	11.2	Ending cash flow	1,880.4	1,164.4	1,325.9	1,505.2	1,609.0
DPS (sen)	2.5	2.5	5.0	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	OP margin	29.0%	32.8%	39.5%	38.1%	38.5%
ROU assets	253.4	248.5	238.2	228.3	218.8	PBT margin	19.7%	20.4%	28.5%	27.3%	27.7%
Non-current assets	366.0	366.4	365.2	364.0	362.8	PATAMI margin	18.5%	21.6%	28.5%	27.3%	27.7%
Inventories	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%
Receivables	93.7	102.7	105.6	100.3	97.4						
Current assets	36.2	44.1	45.4	43.1	41.9						
Total Assets	0.295	0.298	0.298	0.298	0.298						
Long-term debt	644.6	457.6	617.6	752.2	872.2						
Non-current liabilities	**2,845.0**	**2,747.8**	**2,867.0**	**2,962.4**	**3,047.9**						
Payables	191.2	201.1	201.1	201.1	201.1						
Current liabilities	123.5	108.4	111.4	105.9	102.8						
Share capital	317.9	317.2	320.3	314.8	311.6						
Reserves	111.0	58.6	58.6	58.6	58.6						
Equity	221.9	169.6	169.6	169.6	169.6						

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