Corporate Update

Ta Ann Holdings Berhad

(5012 | TAH MK) Main | Plantation

SHARIAH Compliant

ESG 1 Star

Upgrade to BUY

(from NEUTRAL)

Revised Target Price **RM6.08**
(from RM5.02)

1QFY26 Results Review: Within Estimates

Upgrade to BUY. Taking cue from the latest results, we upgrading Ta Ann to BUY with a revised TP of RM6.08 (previously RM5.02), based on FY26F EPS of 49.7 sen, applying to PER of 11.5x (previously 9x), closer to 5y average historical +2SD. we believe the premium valuation remains justified, as the Group continues to stand out against peers on several fronts, particularly its more resilient FFB production profile, which was less impacted by recent dry weather conditions, alongside relatively steadier realised CPO prices. Coupled with improving operational visibility and firmer earnings defensiveness, we believe the ongoing re-rating towards +2SD above its 5-year historical forward PER average is supported by stronger market confidence and differentiated execution versus peers.

Notably, Ta Ann's share price has historically demonstrated a strong correlation with CPO price movements, while it appeals continues to be underpinned by consistent cash returns, as reflected by the FY25 dividend of 40 sen per share, translating into a dividend yield of above 7% and payout ratio of nearly 80% of earnings.

Within expectations. Ta Ann chalked in 1QFY26 revenue of RM410m (-30,4%qoq; +0.9%yoy) and PATANCI of RM49.7m (-37.8%qoq; +19.3%yoy), within expectations, accounting for 21% and 25% of both our and consensus full-year estimates. The improved performance was mainly supported by stronger PO earnings, driven by higher FFB output (+6.7%yoy) alongside lower cost of production. That said, timber operating loss remained a drag, weighed down softer ASP for both log and plywood despite higher production and sales volume recorded. As anticipated, a 5.0 sen dividend was declared, in line with the group's typical payout cycle in the first quarter.

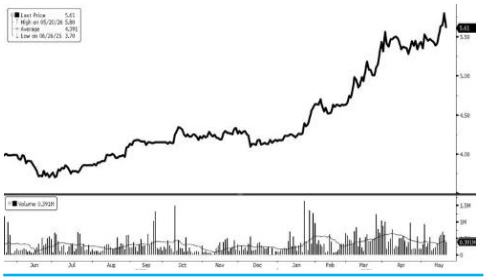
Oil palm. The PO segment recorded revenue of RM360.1m (-33.1%qoq, -4.7%yoy), broadly in line with weaker CPO sales volumes and softer realised prices during the quarter. Consequently, PBT level narrowed to RM68.9m (-44.0%qoq, -11.4%yoy), with margins softening to 19.1% (-1.5 ppts), dragged by maintained unit production cost due FFB external purchase.

Operational performance. Operationally, FFB production improved to 145,898 tonnes (+6.7%yoy), while CPO output expanded to 65,434 tonnes (+7.2%yoy), supported by more favourable weather conditions and stable harvesting activities. Nonetheless, sales volumes were weaker sequentially, with FFB and CPO sales declining by -47.6%qoq and -33.4%qoq respectively, largely due to timing differences in deliveries.

Earnings. Maintained.

RETURN STATISTICS	
Price @ 21 May 2026 (RM)	5.61
Expected share price return (%)	+8.32
Expected dividend yield (%)	+7.13
Expected total return (%)	+15.45

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	6.2	6.4
3 months	3.3	24.3
12 months	40.6	25.7

INVESTMENT STATISTICS			
FYE Dec	2026E	2027F	2028F
Revenue	2,234.5	2,190.5	2,098.6
Operating profit	362.2	323.4	311.6
PBT	399.5	360.1	346.5
Core NP	232.7	204.0	194.1
EPS (sen)	52.8	46.3	44.0
DPS (sen)	40.0	35.0	30.0
Dividend Yield (%)	7.1%	6.2%	5.3%

KEY STATISTICS	
FBM KLCI	1,708.36
Issue shares (m)	440.46
Estimated free float (%)	44.45
Market Capitalisation (RM'm)	2,470.99
52-wk price range	RM3.68 - RM4.80
3-mth average daily volume (m)	0.46
3-mth average daily value (RM'm)	2.41
Top Shareholders (%)	
Mountex	16.49
Haji Sepawi	9.43
Wahab Haji Dolah	7.70

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Ta Ann: 1QFY26 Results Summary

FYE Dec (RM'm)	Quarterly results					Cumulatively results		
	1QFY25	4QFY25	1QFY26	QoQ (%)	YoY (%)	3M25	3M26	YoY (%)
Revenue	407.0	590.1	410.8	-30.4	0.9	407.0	410.8	0.9
Operating profit	64.6	98.8	56.8	-42.5	-12.1	64.6	56.8	-12.1
Finance Cost	-1.1	-1.4	-1.3	NM	NM	-1.1	-1.3	NM
PBT	72.9	112.1	66.1	-41.1	-9.4	72.9	66.1	-9.4
Tax Expense	-20.3	-32.6	-16.7	NM	NM	-20.3	-16.7	NM
PATANCI	41.7	79.9	49.7	-37.8	19.3	41.7	49.7	19.3
Core PATANCI	42.1	95.5	40.5	-57.6	-3.9	42.1	40.5	-3.9
Core EPS (sen)	9.6	21.7	9.2	-57.6	-3.9	9.6	9.2	-3.9
Growth & Margin (%)				+/- ppts				+/- ppts
OP margin (%)	15.9	16.7	13.8	-2.9	-2.0	15.9	13.8	-2.0
PBT margin (%)	17.9	19.0	16.1	-2.9	-1.8	17.9	16.1	-1.8
Core PATAMI margin (%)	10.3	16.2	9.9	-6.3	-0.5	10.3	9.9	-0.5
Effective tax rate (%)	27.9	29.1	25.3	-3.8	-2.5	27.9	25.3	-2.5

Source: Company, MBSBR

Ta Ann: Segmental Breakdown & Operational Stats.

FYE Dec (RM'm)	Quarterly results					Cumulatively results		
	1QFY25	4QFY25	1QFY26	QoQ (%)	YoY (%)	3M25	3M26	YoY (%)
Revenue								
- Timber products	28.6	51.4	49.2	-4.4	71.8	28.6	49.2	71.8
- Oil palm	377.7	537.9	360.1	-33.1	-4.7	377.7	360.1	-4.7
Pre-tax								
- Timber products	-5.2	-11.5	-3.5	NM	NM	-5.2	-3.5	NM
- Oil palm	77.8	123.1	68.9	-44.0	-11.4	77.8	68.9	-11.4
Pre-Tax Margins (%)								
- Timber products	-18.2	-22.3	-7.2	15.2	11.0	-18.2	-7.2	11.0
- Oil palm	20.6	22.9	19.1	-3.8	-1.5	20.6	19.1	-1.5
Operational Stats.								
Average CPO Price (RM/Mt)	4,781	4,165	4,101	-1.5	-14.2	4,781	4,101	-14.2
Average Plywood Price (USD cu m)	471	464	437	-5.8	-7.2	471	437	-7.2
FFB Production (Mt)	136,800	220,197	145,898	-33.7	6.7	136,800	145,898	6.7
CPO Production (Mt)	61,050	97,355	65,434	-32.8	7.2	61,050	65,434	7.2
FFB Production Sales Volume (Mt)	135,404	217,685	114,082	-47.6	-15.7	135,404	114,082	-15.7
CPO Production Sales Volume (Mt)	61,604	99,506	66,240	-33.4	7.5	61,604	66,240	7.5

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	1,932.0	2,234.5	2,190.5	2,098.6	PBT	313.6	380.1	399.5	360.1	346.5
EBITDA	218.8	322.6	362.2	323.4	311.6	Operating cash flow	293.8	325.7	452.9	345.1	327.8
PBT	313.6	380.1	399.5	360.1	346.5	Investing cash flow	-72.3	-6.9	-44.0	-43.0	-42.0
PATAMI	180.6	218.6	232.7	204.0	194.1	Financing cash flow	-334.9	-193.1	-187.2	-164.2	-141.1
Core PATAMI	161.5	211.3	232.7	204.0	194.1	Net cash flow	-113.3	125.7	221.7	137.9	144.7
EPS (sen)	36.7	48.0	52.8	46.3	44.0	Beginning cash flow	486.4	372.7	498.3	720.0	857.9
PER (x)	15.3x	11.7x	10.6x	12.1x	12.8x	Ending cash flow	372.7	498.3	720.0	857.9	1,002.5
DPS (sen)	35.0	40.0	40.0	35.0	30.0						
Dividend yield (%)	6.2%	7.1%	7.1%	6.2%	5.3%						

Balance Sheet (RM'm)	2024A	2025A	2026E	2027F	2028F	Margins	2024A	2025A	2026E	2027F	2028F
PPE	651.2	631.9	659.6	630.7	600.2	EBITDA margin	13.3%	16.7%	16.2%	14.8%	14.8%
ROU assets	193.1	192.7	207.7	222.7	237.7	EBIT margin	19.0%	19.7%	17.9%	16.4%	16.5%
Non-current assets	1,888.3	1,881.2	1,923.9	1,910.0	1,894.5	PBT margin	10.9%	11.3%	10.4%	9.3%	9.3%
Inventories	111.8	128.1	151.9	148.9	142.6	Core PATAMI margin	9.8%	10.9%	10.4%	9.3%	9.3%
Receivables	40.9	82.1	94.9	93.1	89.2						
Current assets	784.9	950.4	799.4	858.8	927.1						
Total Assets	2,673.2	2,831.5	2,723.2	2,768.7	2,821.6						
Long-term debt	14.1	12.8	12.8	12.8	12.8						
Non-current liabilities	317.7	331.8	331.8	331.8	331.8						
Payables	158.6	187.7	222.6	218.2	209.1						
Current liabilities	318.5	377.4	412.3	407.9	398.8						
Share capital	444.8	444.8	444.8	444.8	444.8						
Reserves	1,394.7	1,477.7	1,534.2	1,584.1	1,646.1						
Equity	2,036.9	2,122.3	1,979.1	2,028.9	2,091.0						

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