IOI Corporation Berhad

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4 Stars

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SHARIAH Compliant

Corporate Update

Maintain BUY

Unchanged Target Price **RM4.42**

3QFY26 Results Review: Solid Fundamental

Maintain BUY with unchanged TP of RM4.42. We are maintaining our BUY call with an unchanged TP of RM4.42 based on FY26F EPS of 20.5sen pegged to a PER of 21.6x, slightly above 5-year historical-forward +1SD. The upstream division is projected to account for over 90% of group operating profit in FY26 - FY28F, supported by sustained margin strength of above 40%.

This is underpinned by a relatively low cost of production of around RM1,800–2,000/Mt, which is among the lowest with industry peers. In the near term, earnings will remain largely influenced by CPO price movements, with any price recovery likely to further support the Group's profitability trajectory.

Within expectations. 3Q26 core PATAMI came in at RM284.9m (-32.9%qoq; +2.1%yoy) accounted for 84.4% and 81.3% ahead of ours and consensus of full-year estimates. The favourable results were driven by both engines; upstream and the downstream. FFB production remains robust while recovery in the downstream were unexpected - as profit seen rising >92.8%yoy. Core profit margin however, lowered at 4.3% (-5.9ppts yoy), in line with reduced PBT level.

Plantation. Upstream contribution remained resilient during the quarter, with segment profit rising to RM338.3m (+10.0%yoy), while margins improved to 47.2% (+0.8ppts yoy). This was achieved despite weaker average realised prices for both CPO and PK, which eased to RM4,019/Mt (-13.9%yoy) and RM3,287/Mt (-11.5%yoy), respectively. The softer pricing environment was largely offset by stronger production and sales volumes, which helped sustain earnings momentum and supported margin expansion during the quarter.

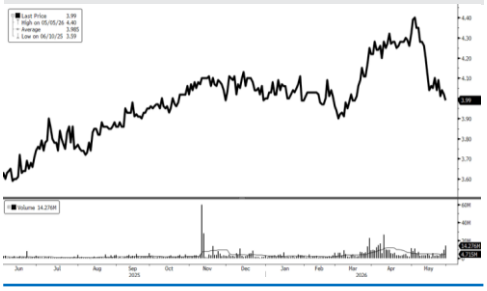
Notably, FFB and CPO production increased to 636,000 tonnes (+10.4%yoy) and 142,000 tonnes (+16.4%yoy), respectively, mainly driven by more harvesting days and smoother crop evacuation activities amid fewer rainy days during the quarter. Meanwhile, CPO cost of production continued to ease, declining to RM2,197/Mt (-13.2%yoy), supported by stronger milling efficiency as OER improved to 22.27%.

RBM. Higher profits were recorded at RM92.8m (>100%yoy), driven by higher contribution from oleochemical sub-segment as well as higher share of associates results, partially offset by lower contribution from refinery sub-segment with lower margin.

Earnings. We maintain our earnings forecasts at this juncture, pending a softer 4Q performance as seasonal low-crop effects set in, compounded by weaker average CPO prices realised.

RETURN STATISTICS	
Price @ 29 May 2026 (RM)	3.99
Expected share price return (%)	+10.75
Expected dividend yield (%)	+2.51
Expected total return (%)	+13.26

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-7.6	-5.5
3 months	-5.5	4.1
12 months	9.9	-1.8

INVESTMENT STATISTICS

FYE June	2026E	2027F	2028F
Revenue	10,773.7	10,804.8	11,046.8
Operating Profit	1,497.1	1,487.2	1,469.2
PBT	1,693.3	1,691.4	1,681.8
Core PATAMI	1,269.1	1,270.0	1,265.4
EPS (sen)	20.5	20.5	20.4
DPS (sen)	10.5	10.0	10.0
Dividend Yield (%)	2.6%	2.5%	2.5%

KEY STATISTICS	
FBM KLCI	1,683.07
Issue shares (m)	6,285.20
Estimated free float (%)	34.99
Market Capitalisation (RM'm)	25,077.94
52-wk price range	RM3.56– RM4.45
3-mth average daily volume (m)	6.55
3-mth average daily value (RM'm)	27.35
Top Shareholders (%)	
Progressive Hlds Sdn Bhd	49.79
EPF	16.72
ASNB	9.05

IOI Corp: 3QFY26 Results Summary

FYE June (RM'm)	Quarterly results					Cumulatively results		
	3Q25	2Q26	3Q26	QoQ (%)	YoY (%)	9M25	9M26	YoY (%)
Revenue	2,735.6	3,010.1	2,675.5	-11.1	-2.2	8,374.6	8,737.4	4.3
Operating profit	317.8	429.4	370.5	-13.7	16.6	1,017.1	1,236.2	21.5
Associates	60.9	119.5	80.0	-33.1	31.4	275.3	298.6	8.5
JVs	0.8	1.7	1.8	5.9	>100	2.5	3.0	20.0
PBT	335.2	650.2	354.9	-45.4	5.9	1,364.6	1,492.1	9.3
Tax Expense	-69.0	-113.7	-66.7	NM	NM	-263.9	-292.4	NM
PATAMI	262.3	528.5	283.3	-46.4	8.0	1,084.1	1,181.2	9.0
Core PATAMI	279.1	424.9	284.9	-32.9	2.1	948.6	1,071.3	12.9
Core EPS (sen)	4.5	6.8	4.5	-33.3	0.8	15.3	17.2	12.2
Growth & Margin (%)				+/- ppts				+/- ppts
OP margin (%)	11.6	14.3	5.6	-8.6	-6.0	12.1	9.8	-2.4
PBT margin (%)	12.3	21.6	5.4	-16.2	-6.9	16.3	11.8	-4.5
Core PATAMI margin (%)	10.2	14.1	4.3	-9.8	-5.9	11.3	8.5	-2.9
Effective tax rate (%)	20.6	17.5	18.8	1.3	-1.8	19.3	19.6	0.3

Source: Company, MBSBR

IOI Corp: Segmental Breakdown & Operational Stats.

FYE June (RM'm)	Quarterly results					Cumulatively results		
	3Q25	2Q26	3Q26	QoQ (%)	YoY (%)	9M25	9M26	YoY (%)
Revenue (RM'm):								
Plantation	663.1	902.8	716.8	-20.6	8.1	2,285.4	2,420.4	5.9
RBM	2,614.8	2,869.3	2,509.9	-12.5	-4.0	8,021.0	8,266.2	3.1
Other Operations	4.5	2.3	4.3	87.0	-4.4	14.6	11.7	-19.9
Segmental results								
Plantation	307.6	500.6	338.3	-32.4	10.0	1,159.7	1,240.5	7.0
RBM	-10.2	66.7	92.8	39.1	>100	61.8	290.7	>100
Other Operations	91.1	-3.6	2.5	>100	-97.3	91.7	-2.3	NM
Segmental Margin (%)								
Plantation	46.4	55.4	47.2	-8.3	0.8	50.7	51.3	0.5
RBM	-0.4	2.3	3.7	1.4	4.1	0.8	3.5	2.7
Other Operations	2024.4	-156.5	58.1	>100	NM	628.1	-19.7	NM
Operational Stats.								
FFB Production ('000 Mt)	576	874	636	-27.2	10.4	2,104	2,287	8.7
CPO Production ('000 Mt)	122	196	142	-27.7	16.4	456	507	11.3
PK Production ('000 Mt)	21	34	25	-27.9	16.0	80	88	10.1
Avg CPO Price Realised (RM/Mt)	4,667	4,224	4,019	-4.9	-13.9	4,377	4,144	-5.3

Source: Company, MBSBR

FINANCIAL SUMMARY

Income Statement (RM'm)	2024A	2025A	2026E	2027F	2028F	Cash Flow (RM'm)	2024A	2025A	2026E	2027F	2028F
Revenue	9,603.6	11,334.7	10,773.7	10,804.8	11,046.8	PBT	1,398.5	1,877.5	1,693.3	1,691.4	1,681.8
Operating Profit	1,180.1	1,349.2	1,497.1	1,487.2	1,469.2	Operating cash flow	1,233.8	1,043.1	1,602.1	1,507.8	1,471.3
PBT	1,398.5	1,869.7	1,693.3	1,691.4	1,681.8	Investing cash flow	-493.1	-637.1	-450.0	-450.0	-450.0
PATAMI	1,109.4	1,505.7	1,269.1	1,270.0	1,265.4	Financing cash flow	-796.3	-931.0	-651.4	-620.4	-620.4
Core PATAMI	1,115.7	1,260.7	1,269.1	1,270.0	1,265.4	Net cash flow	-55.6	-525.0	500.7	437.4	400.9
EPS (sen)	18.0	20.5	20.5	20.5	20.4	Beginning cash flow	2,235.0	2,181.7	1,578.4	2,079.1	2,516.6
PER (x)	22.2	19.4	19.5	19.5	19.6	Ending cash flow	2,181.7	1,578.4	2,079.1	2,516.6	2,917.5
DPS (sen)	9.5	10.5	10.5	10.0	10.0						
Dividend yield (%)	2.4%	2.6%	2.6%	2.5%	2.5%						

Balance Sheet (RM'm)	2024A	2025A	2026E	2027F	2028F	Margins	2024A	2025A	2026E	2027F	2028F
Cash	2,181.7	1,578.4	2,079.1	2,516.6	2,917.5	OP margin	12.3%	11.9%	13.9%	13.8%	13.3%
Receivables	1,283.4	1,393.3	1,346.7	1,350.6	1,380.9	PBT margin	14.6%	16.6%	15.7%	15.7%	15.2%
Inventories	1,221.2	1,419.8	1,267.5	1,271.2	1,299.6	PATAMI margin	11.6%	13.4%	11.8%	11.8%	11.5%
PPE	9,229.1	9,432.6	9,425.4	9,404.7	9,370.5	Core PATAMI margin	11.6%	11.2%	11.8%	11.8%	11.5%
Others	4,026.8	4,279.4	4,518.1	4,764.8	5,019.9						
Assets	17,942.2	18,130.7	18,664.0	19,335.1	20,015.6						
Payables	788.5	821.9	718.2	720.3	736.5						
Debt	3,704.7	3,214.6	3,214.6	3,214.6	3,214.6						
Others	1,439.3	1,458.0	1,458.0	1,458.0	1,458.0						
Liabilities	5,932.5	5,497.9	5,394.2	5,396.3	5,412.5						
Shareholders' equity	11,678.6	12,294.0	12,911.7	13,561.4	14,206.4						
NCI interests	331.1	338.8	358.1	377.4	396.7						
Equity	12,009.7	12,632.8	13,269.8	13,938.8	14,603.1						

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