Plantation

POSITIVE (tactical)

June 2026 Statistics

HIGHLIGHTS

- CPO prices trending lower in tandem with elevated stockpiles
- Production eased by low-single digit against high base last year
- Stock level stay elevated in consequence of lower export numbers
- Maintain Tactical **POSITIVE** with unchanged average CPO Target Price of RM4,300/Mt for CY26

SECTOR RECAP

CPO Price averaged RM4,491/tonne in June (RM4,329/tonne ytd). The local CPO delivery price ended the month at RM4,497/tonne, with an average price of RM4,491/tonne (-0.2%mom, +13.1%yoy). It opened the month on a firmer footing at RM4,546/tonne before gradually easing to RM4,497/tonne towards month-end, as geopolitical tensions in the Middle East moderated, reducing concerns over potential crude oil supply disruptions and weakening the energy-linked support for PO. At the same time, softer export demand and expectations of stronger seasonal output in the coming months weighed on market sentiment. As a result, traders turned more cautious, leading to a gradual pullback in CPO prices throughout the month.

For July, we expect CPO prices to trend slightly higher, with an estimated average of RM4,541/tonne (+1.1%mom). While the pollination period has largely ended and the market is entering a seasonally stronger production phase, prices should continue to find support from the rollout of Malaysia's B15 and Indonesia's B50 biodiesel mandates, targeted for June–July 2026. In addition, the probability of a Very Strong El Niño event has risen to around 80%, keeping concerns over potential supply disruptions firmly on the radar. Further upside risk could emerge should tensions in the SOH escalate again following the expiry of the recent ceasefire. A renewed US-Iran conflict would likely lift crude oil prices and widen the energy-linked premium, potentially supporting a more sustained narrowing of the POGO discount and providing an additional tailwind to CPO prices.

Subdued growth in production. CPO output in June moderated to 1.64m tonnes (+8.1%mom, -3.2%yoy), mainly due to weaker production from Negeri Sembilan (-17.9%yoy), Kelantan (-26.8%yoy) and Pahang (-20.7%yoy). Production trends remained uneven, with Sarawak the only major region still recording growth at +4.4%yoy, while estates across Peninsular Malaysia and Sabah continued to post declines. National FFB yield eased by -2.8%yoy to 1.41 tonnes/ha, resulting in lower FFB deliveries to mills at 8.50m tonnes (-3.3%yoy), which subsequently weighed on overall mill throughput. Despite this, OER remained firm at 19.67% (May-25: 19.80%), supported by drier weather conditions that improved oil quality and reduced fruit moisture content.

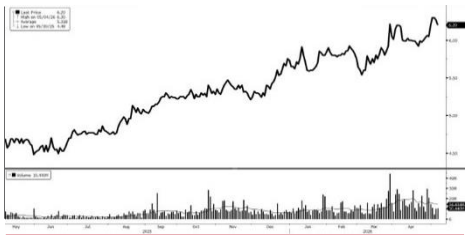
COMPANY *IN FOCUS*

SD Guthrie

Maintain BUY | Target Price: RM7.00
Price @ 10th July 2026: RM6.24

- 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

Massive stockpile. Stockpiles continued its upward march in June, rising to 2.54m tonnes (+4.8%mom, **+25.2%yoy**) as export demand remained lacklustre at 1.20m tonnes (+6.2%mom, **-4.5%yoy**). The softer export performance was largely attributed to major importing countries switching to discounted Indonesian supplies following Jakarta's implementation of its revised export regulations. Consequently, Malaysia's stock-to-usage ratio remained elevated at around 13.0%, signalling ample supply relative to current consumption needs.

Stockpile grew in tandem with lower export in the month.

Export trends were mixed, with CPO exports expanding by +12.2%yoy, while PPO exports declined by -10.0%yoy. The weakness in PPO exports was mainly driven by India's continued preference for CPO imports over refined products. Effective 1 June 2026, India raised the tariff value for CPO to USD1,218/tonne and RBD PO to USD1,222/tonne, while slightly lowering the tariff value for crude SBO. This effectively maintains a wider duty differential between crude and refined PO, encouraging imports of crude feedstock for local refining while protecting margins for domestic refiners.

CPO gains traction, whilst PPO impacted by higher tariff in India.

Maintain (tactical) POSITIVE. Looking ahead, we maintain our (tactical) **POSITIVE** call on the sector. While Brent crude has eased to USD76/bbl from recent highs of USD90–100/bbl, renewed US-Iran tensions could still push energy prices higher, improving biodiesel blending economics and enhancing the viability of Malaysia's B15 and Indonesia's B50 mandates. This would support stronger domestic consumption and absorb excess PO supply.

Energy linked sentiment to stay, maintain (tactical) POSITIVE.

Meanwhile, cost pressures are likely to persist into 2HCY26-1HCY27, driven by elevated urea prices and diesel-linked logistics costs, while downstream players continue to face higher freight and insurance cost in expense of intensified tension in SOH; hence we maintain our **(tactical) POSITIVE** with unchanged CY26 CPO average price assumption of RM4,300/tonne. We also downgraded Sarawak Plantation to NEUTRAL due to recent share price run-up.

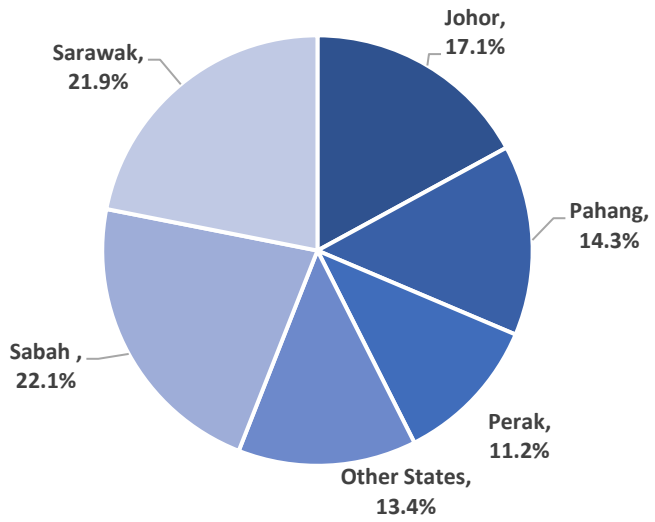
Unchanged average CPO price of RM4,300/tonne for CY26.

Figure 1: Malaysia Palm Oil Statistics for June 2026 ('000 Tonnes)

	June-25	May-26	June-26	mom%	yoy%	1H25	1H26	yoy%
Opening Stocks	1.98	2.31	2.43	5.2%	22.4%	1.71	3.05	78.6%
Production	**1.69**	**1.52**	**1.64**	**8.1%**	**-3.2%**	**8.97**	**9.02**	**0.6%**
Imports	0.07	0.04	0.10	135.3%	47.1%	0.47	0.40	-15.6%
Total Supply	**3.75**	**3.87**	**4.17**	**7.8%**	**11.3%**	**11.15**	**12.47**	**11.9%**
Exports	**1.26**	**1.13**	**1.20**	**6.2%**	**-4.5%**	**6.95**	**7.67**	**10.3%**
Dom Disapp	0.45	0.31	0.42	37.3%	-6.9%	2.16	2.26	4.5%
Total Demand	**1.71**	**1.44**	**1.63**	**12.8%**	**-5.2%**	**9.12**	**9.93**	**8.9%**
End Stocks	**2.03**	**2.43**	**2.54**	**4.8%**	**25.2%**	**2.03**	**2.54**	**25.2%**

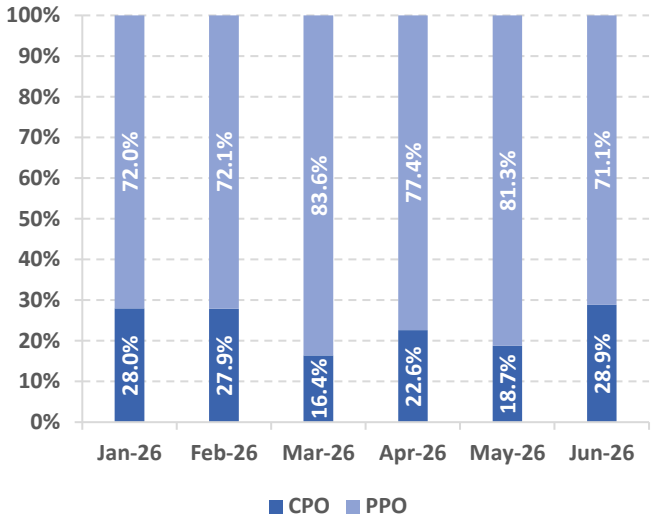
Source: MPOB, MBSBR

Figure 2: CPO Production Breakdown for June 2026



Source: MPOB, MBSBR

Figure 3: PO Exports for June 2026



Source: MPOB, MBSBR

Figure 4: Selected average FFB Yield by state (Mt/Ha)

	June-25	May-26	June-26	mom%	yoy%	1H25	1H26	yoy%
Johor	1.67	1.40	1.67	19.3%	0.0%	8.77	8.47	-3.4%
Pahang	1.69	1.13	1.29	14.2%	-23.7%	8.13	7.37	-9.3%
Perak	1.95	1.65	2.07	25.5%	6.2%	10.49	10.14	-3.3%
Peninsular	1.67	1.27	1.49	17.3%	-10.8%	8.45	7.89	-6.6%
Sabah	1.35	1.27	1.36	7.1%	0.7%	7.64	7.95	4.1%
Sarawak	1.20	1.28	1.32	3.1%	10.0%	7.05	7.27	3.1%
Sabah/Sarawak	1.27	1.28	1.34	4.7%	5.5%	7.33	7.61	3.8%
Average FFB Yield	1.45	1.27	1.41	11.0%	-2.8%	7.83	7.72	-1.4%

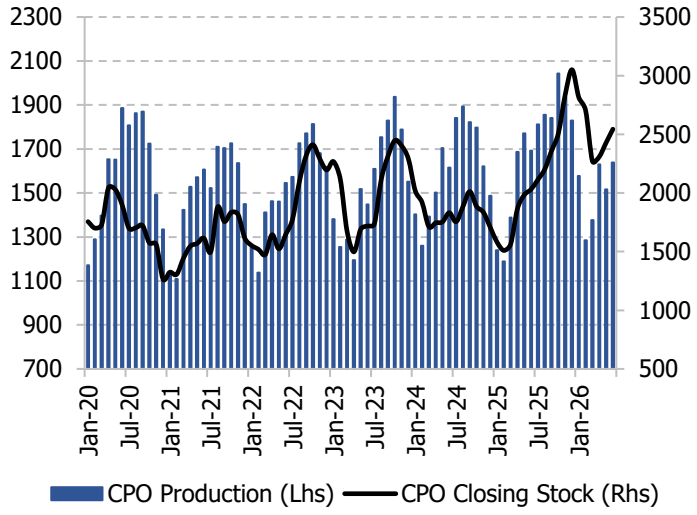
Source: MPOB, MBSBR

Figure 5: Selected average Oil Extraction Rate (OER) by state (%)

	June-25	May-26	June-26	mom%	yoy%	1H25	1H26	yoy%
Johor	19.62	19.66	19.63	-0.2%	0.1%	19.34	20.15	4.2%
Pahang	19.55	20.01	19.67	-1.7%	0.6%	19.32	20.01	3.6%
Perak	19.35	19.07	18.67	-2.1%	-3.5%	19.18	19.41	1.2%
Peninsular	19.55	19.68	19.46	-1.1%	-0.5%	19.27	19.92	3.3%
Sabah	20.45	21.25	20.88	-1.7%	2.1%	19.97	20.94	4.8%
Sarawak	19.87	20.05	19.06	-4.9%	-4.1%	19.40	19.65	1.3%
Sabah/Sarawak	20.16	20.61	19.93	-3.3%	-1.1%	19.68	20.28	3.1%
Average OER	19.80	20.11	19.67	-2.2%	-0.7%	19.45	20.08	3.3%

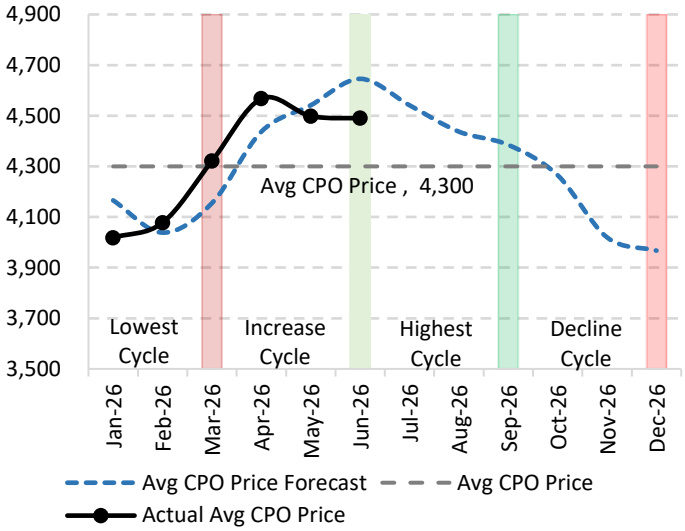
Source: MPOB, MBSBR

Figure 6: Malaysia PO Production VS Closing Stock



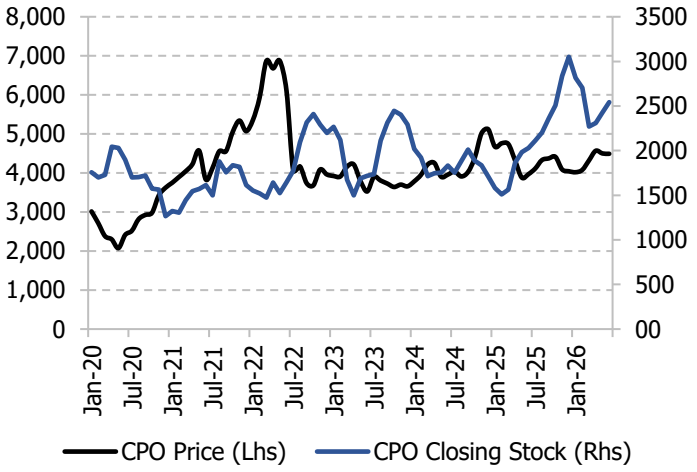
Source: MPOB, MBSBR

Figure 7: Estimated CPO Price Movement VS Actual



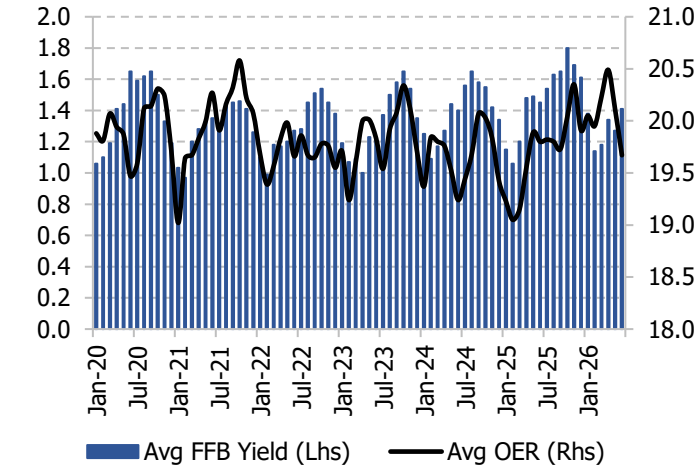
Source: MPOB, MBSBR

Figure 8: PO Closing stock VS CPO Price



Source: MPOB, MBSBR

Figure 9: Average FFB Yield VS OER



Source: MPOB, MBSBR

Figure 10: Peer Comparison

Company	Rating	Price (RM)	TP (RM)	PER (x)		Core EPS (Sen)		Dividend Yield (%)	
				FY26F	FY27F	FY26F	FY27F	FY26F	FY27F
SD Guthrie	BUY	6.24	7.00	15.26	15.41	40.90	40.50	2.9%	2.9%
IOI Corp	NEUTRAL	4.51	4.42	22.00	22.00	20.50	20.50	2.3%	2.2%
Genting Plant.	BUY	5.48	5.80	14.46	14.81	37.90	37.00	4.6%	4.6%
KLK	NEUTRAL	21.60	20.15	19.83	21.22	108.90	101.80	2.8%	2.6%
Ta Ann	BUY	5.71	6.08	10.81	12.33	52.80	46.30	7.0%	6.1%
Sarawak Plant.	NEUTRAL	3.99	3.98	12.20	10.23	32.70	39.00	6.3%	5.0%
TSH	NEUTRAL	1.20	1.28	11.65	10.00	10.30	12.00	2.1%	2.1%
Weighted Avg.				15.2	15.1	43.4	42.4	4.0%	3.6%

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