Corporate Update

Ta Ann Holdings Berhad

(5012 | TAH MK) Main | Plantation

SHARIAH Compliant

ESG 1 Star

Downgrade to **NEUTRAL**
(from BUY)
Unchanged Target Price **RM6.08**

2QFY26 Results Review: Within Estimates

Downgrade to Neutral. Taking cue from the latest results, we downgrade Ta Ann to **NEUTRAL** from BUY, with an unchanged TP of **RM6.08**, following the recent share price run-up. At current levels, valuation appears rather stretched relative to peers, with our TP already pegged to 11.5x FY26F PER, close to its 5-year historical +2SD, based on FY26F EPS of 49.7 Sen.

While the share price should continue to track CPO price movements closely, downside is partly cushioned by its attractive cash returns. FY25 DPS of 40 sen translates into a yield of >7%, backed by a payout ratio of nearly 80%.

Within expectations. Ta Ann chalked up 2QFY26 revenue of RM501.4m (+22.1%qoq; +15.9%yoy) and PATANCI of RM64.8m (+30.2%qoq; +19.4%yoy), bringing 1HFY26 earnings to 49%/50% of our/consensus full-year estimates. The stronger showing was largely driven by its PO segment, backed by higher FFB (+7.5%yoy) and CPO (+6.3%yoy) output alongside firmer selling prices. In contrast, timber remained loss-making, dragged by weaker output and selling prices despite higher sales volume.

Oil palm segment. The PO segment delivered stronger revenue of RM440.8m (+22.4%qoq, +14.4%yoy), driven by higher CPO sales volume and realised prices. PBT rose in tandem to RM89.3m (+29.6%qoq, +11.9%yoy), while margin remained healthy at 20.3% (-0.5pts qoq), supported by contained unit processing costs and OER sustained above 19%.

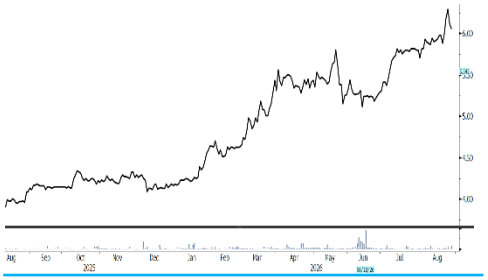
Operational performance. Operationally, FFB production improved to 145,898 tonnes (+6.7%yoy), while CPO output expanded to 65,434 tonnes (+7.2%yoy), supported by more favourable weather conditions and stable harvesting activities. Nonetheless, sales volumes were weaker sequentially, with FFB and CPO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

Timber segment. Unfavourable weather continued to weigh on timber output, with logs and plywood production falling to 45,278m³ (-11.5%yoy) and 13,296Mt (-14.2%qoq), respectively. While sales volumes improved, with log exports more than doubling yoy and plywood rising 49.4%yoy, this was insufficient to cushion weaker ASPs. Log and plywood ASPs fell to USD176/m³ (-25.1%yoy) and RM437/Mt (-13.5%yoy), respectively, resulting in timber losses widening by 5.4%yoy.

Earnings. Maintained.

RETURN STATISTICS	
Price @ 27th August 2026 (RM)	6.05
Expected share price return (%)	+0.44
Expected dividend yield (%)	+6.61
Expected total return (%)	+7.05

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	4.0	2.2
3 months	14.4	13.6
12 months	48.3	35.1

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 (%)	6.6%	5.8%	5.0%

KEY STATISTICS	
FBM KLCI	1,741.72
Issue shares (m)	440.46
Estimated free float (%)	43.61
Market Capitalisation (RM'm)	2,664.73
52-wk price range	RM4.01 - RM6.33
3-mth average daily volume (m)	0.39
3-mth average daily value (RM'm)	2.20
Top Shareholders (%)	
Mountex Sdn Bhd	16.49
Wahab Haji Dolah	9.43
Haji Sepawi	7.70

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Ta Ann: 2QFY26 Results Summary

FYE Dec (RM'm)	Quarterly results					Cumulatively results		
	2Q25	1Q26	2Q26	QoQ (%)	YoY (%)	1H25	1H26	YoY (%)
Revenue	432.6	410.8	501.4	22.1	15.9	839.6	912.2	8.6
Operating profit	67.5	56.8	69.8	22.9	3.3	132.1	126.5	-4.2
Finance Cost	-1.0	-1.3	-1.2	NM	NM	-2.1	-2.5	NM
PBT	79.8	66.1	85.9	30.1	7.7	152.7	152.0	-0.5
Tax Expense	-21.6	-16.7	-19.4	NM	NM	-41.9	-36.1	NM
PATANCI	54.3	49.7	64.8	30.2	19.4	95.9	114.5	19.4
Core PATANCI	42.8	38.3	52.7	37.5	23.0	83.2	91.0	9.4
Core EPS (sen)	9.7	8.7	12.0	37.5	23.0	18.9	20.7	9.4
Growth & Margin (%)				+/- ppts				+/- ppts
OP margin (%)	15.6	13.8	13.9	0.1	-1.7	15.7	13.9	-1.9
PBT margin (%)	18.4	16.1	17.1	1.1	-1.3	18.2	16.7	-1.5
Core PATAMI margin (%)	9.9	9.3	10.5	1.2	0.6	9.9	10.0	0.1
Effective tax rate (%)	27.0	25.3	22.5	-2.8	-4.5	27.4	23.7	-3.7

Source: Company, MBSBR

Ta Ann: Segmental Breakdown & Operational Stats.

FYE Dec (RM'm)	Quarterly results					Cumulatively results		
	2Q25	1Q26	2Q26	QoQ (%)	YoY (%)	1H25	1H26	YoY (%)
Revenue								
- Timber products	46.2	49.2	59.9	21.9	29.7	74.8	109.1	45.8
- Oil palm	385.2	360.1	440.8	22.4	14.4	762.9	800.9	5.0
Pre-tax								
- Timber products	-0.7	-3.5	-4.2	NM	NM	-5.9	-7.7	NM
- Oil palm	79.8	68.9	89.3	29.6	11.9	157.6	158.3	0.4
Pre-Tax Margins (%)								
- Timber products	-1.6	-7.2	-7.0	0.2	-5.4	-7.9	-7.1	0.9
- Oil palm	20.7	19.1	20.3	1.1	-0.5	20.7	19.8	-0.9
Operational Stats.								
Average CPO Price (RM/Mt)	4,102	4,101	4,486	9.4	9.4	4,194	4,305	2.6
Average Plywood Price (USD cu m)	505	437	437	0.0	-13.5	492	437	-11.2
FFB Production (Mt)	147,365	145,898	158,451	8.6	7.5	284,165	304,349	7.1
CPO Production (Mt)	71,035	65,434	75,530	15.4	6.3	132,085	140,964	6.7
FFB Production Sales Volume (Mt)	145,655	114,082	156,816	37.5	7.7	145,655	156,816	7.7
CPO Production Sales Volume (Mt)	71,592	66,240	74,516	12.5	4.1	71,592	74,516	4.1

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)	16.5x	12.8x	11.4x	13.1x	13.8x	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 (%)	5.8%	6.6%	6.6%	5.8%	5.0%						

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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MBSB INVESTMENT BANK: GUIDE TO RECOMMENDATIONS

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