Corporate Update

TSH Resources Berhad

(9059 | TSH MK) Main | Plantation

3 Stars

SHARIAH Compliant

Maintain NEUTRAL

Unchanged Target Price **RM1.28**

2QFY26 Results Review: Within Expectations

Maintain Neutral. We maintain our NEUTRAL call with an unchanged TP of **RM1.28**, based on FY26F EPS of 10.3 Sen, pegged to a 12.5x PER, broadly inline with its 5-year historical mean. The lower TP reflects rising near-term earnings risks, mainly premised on softer CPO production outlook, despite OER expected to remain relatively firm at around the 20% level in FY26. While elevated CPO prices could continue to provide some earnings support, weaker output visibility is likely to cap upside, leaving a balanced risk-reward profile at current valuations.

Within expectations. TSH booked 2QFY26 revenue of RM251.0m (+22.3%qoq; -6.6%yoy) and core PATANCI of RM51.1m (>100%qoq; +0.8%yoy), bringing 1HFY26 earnings to 52.3%/50.7% of our/consensus full-year estimates. Overall, the quarter was broadly stable yoy, underpinned by largely unchanged FFB output and softer realised ASPs. Nevertheless, margins held relatively steady as cost of production remained well contained, cushioning the impact from weaker selling prices.

As aforementioned, the within results were largely driven by well-contained production costs rather than top-line growth, with revenue declining -6.6%yoy. Notably, CPO and PK sales volumes fell to 51,407 Mt (-4.9%yoy) and 10,324 Mt (-5.8%yoy), respectively, compounded by softer realised CPO prices of RM3,580/Mt (-3.1%yoy), while PK prices were broadly stable at RM3,331/Mt (+0.5%yoy).

Operationally, FFB output was broadly flat at 204,951 Mt (+0.8%yoy) in 2QFY26 with Indonesia recorded stronger OER/KER of 22.27%/4.05%, improving milling efficiency and keeping unit production costs in check. As a results, operating profit rose 10.5%yoy to RM87.7m despite the weaker top line.

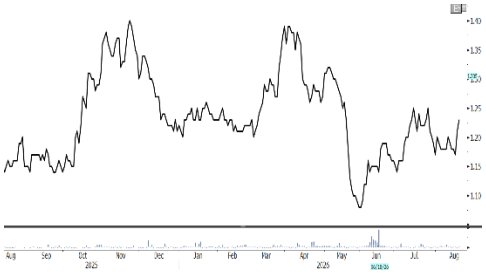
That said, the upside was partially impacted by higher Indonesia Export Levy and Duty on CPO that surged to RM45.8m (+76.8%yoy), largely reflected Indonesia's higher export levy of 12.5% effective March 2026, coupled with elevated reference prices that lifted the absolute export duty payable during the quarter.

TSH/Wilmar. Earnings from the JV refinery grew to RM4.5m for the quarter, mainly underpinned by normalising feedstock procurement costs, which continued to support refining margins and downstream profitability throughout 2Q26.

Earnings. Maintain.

RETURN STATISTICS	
Price @ 19th August 2026 (RM)	1.23
Expected share price return (%)	+4.31
Expected dividend yield (%)	+2.03
Expected total return (%)	+6.34

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	1.7	1.1
3 months	6.0	-0.8
12 months	6.0	-2.7

INVESTMENT STATISTICS

FYE Dec	2026E	2027F	2028F
Revenue	990.6	1,008.2	1,050.2
Operating Profit	229.6	267.7	274.7
PBT	222.9	260.9	269.9
PATAMI	134.6	157.1	162.6
EPS (sen)	10.3	12.0	12.4
DPS (sen)	2.5	2.5	2.5
Dividend Yield (%)	2.0%	2.0%	2.0%

KEY STATISTICS

FBM KLCI	1,731.32
Issue shares (m)	1,268.86
Estimated free float (%)	29.32
Market Capitalisation (RM'm)	1,517.44
52-wk price range	RM1.07 - RM1.43
3-mth average daily volume (m)	1.34
3-mth average daily value (RM'm)	1.56
Top Shareholders (%)	
Tan Aik Pen	28.91
Central Depository Pte Ltd	19.69
Tan Aik Yong	5.82

Analyst
MBSB Research
research@mbsb.com
03-2173 8463

TSH Resources: 2QFY26 Results Summary

FYE Dec (RM'm)	Quarterly results					Cumulatively results		
	2Q25	1Q26	2Q26	QoQ (%)	YoY (%)	1H25	1H26	YoY (%)
Revenue	268.8	205.2	251.0	22.3	-6.6	544.1	456.2	-16.2
Operating profit	68.3	51.5	76.8	49.2	12.5	144.7	128.3	-11.4
JVs	1.9	-5.7	4.5	>100	>100	1.9	-1.1	NM
PBT	71.4	47.3	81.7	72.9	14.6	150.0	129.0	-14.0
Tax Expense	-15.0	-18.4	-21.5	17.1	43.1	-35.9	-39.9	11.2
PATANCI	49.2	21.3	52.5	>100	6.7	97.4	73.8	-24.2
Core PATANCI	50.7	19.3	51.1	>100	0.8	104.2	70.4	-32.5
Core EPS (sen)	3.7	1.4	3.7	>100	0.8	7.6	5.1	-32.5
Growth & Margin (%)				+/- ppts				+/- ppts
OP margin (%)	25.4	25.1	30.6	5.5	5.2	26.6	28.1	1.5
PBT margin (%)	26.6	23.0	32.6	9.5	6.0	27.6	28.3	0.7
Core PATAMI margin (%)	18.9	9.4	20.4	11.0	1.5	19.2	15.4	-3.7

Source: Company, MBSBR

TSH Resources: Segmental Breakdown & Operational Stats.

FYE Dec (RM'm)	Quarterly results					Cumulatively results		
	2Q25	1Q26	2Q26	QoQ (%)	YoY (%)	1H25	1H26	YoY (%)
Revenue								
- Palm product	255.2	197.1	243.2	23.4	-4.7	517.6	440.3	-14.9
- Others	13.6	8.1	7.8	-3.5	-42.4	26.5	15.9	-40.1
Operating Profit								
- Palm product	79.4	59.1	87.7	48.3	10.4	161.8	146.8	-9.2
- Others	-5.5	-4.3	-4.8	NM	NM	-7.3	-9.1	NM
Operating Profit Margins (%)								
- Palm product	31.1	30.0	36.1	6.1	4.9	31.3	33.3	2.1
- Others	-40.8	-53.4	-61.1	-7.7	-20.3	-27.4	-57.2	-29.8
Operational Stats.								
FFB Production	205,049	169,943	204,951	20.6	0.0	403,161	374,894	-7.0
Avg CPO Price Realised (RM/Mt)	3,695	3,527	3,580	1.5	-3.1	3,932	3,556	-9.6
Avg PK Price Realised (RM/Mt)	3,315	2,980	3,331	11.8	0.5	3,261	3,175	-2.6

Source: Company, MBSBR

FINANCIAL SUMMARY

Income Statement (RM'm)	2024A	2025A	2026E	2027F	2028F	Cash Flow (RM'm)	2024A	2025A	2026E	2027F	2028F
Revenue	1,019.8	1,060.4	990.6	1,008.2	1,050.2	PBT	219.9	303.2	222.9	260.9	269.9
Operating Profit	208.0	297.0	229.6	267.7	274.7	Operating cash flow	249.0	321.3	245.3	265.5	266.9
PBT	219.9	303.2	222.9	260.9	269.9	Investing cash flow	-24.1	-14.1	-55.0	-55.0	-55.0
PATAMI	135.7	183.4	134.6	157.1	162.6	Financing cash flow	-148.7	-117.7	-69.0	-32.8	-32.8
Core PATAMI	122.7	182.5	134.6	157.1	162.6	Net cash flow	76.2	189.5	121.3	177.7	179.2
EPS (sen)	8.9	14.0	10.3	12.0	12.4	Beginning cash flow	251.0	258.5	396.3	517.6	695.3
PER (x)	13.8	8.8	12.0	10.3	9.9	Ending cash flow	261.9	396.3	517.6	695.3	874.5
DPS (sen)	2.5	5.0	2.5	2.5	2.5						
Dividend yield (%)	2.0%	4.1%	2.0%	2.0%	2.0%						

Balance Sheet (RM'm)	2024A	2025A	2026E	2027F	2028F	Margins	2024A	2025A	2026E	2027F	2028F
PPE	1,338.0	1,181.5	1,156.4	1,132.9	1,110.9	EBITDA margin	32.8%	37.5%	32.2%	35.2%	34.3%
Right-of-use Assets	248.5	229.1	220.2	211.7	203.5	EBIT margin	20.4%	28.0%	23.2%	26.5%	26.2%
Biological assets	366.4	364.8	363.6	362.4	362.2	PBT margin	21.6%	28.6%	22.5%	25.9%	25.7%
Non-current assets	2,290.2	2,105.4	2,081.6	2,062.1	2,047.1	Core PATAMI margin	12.0%	17.2%	13.6%	15.6%	15.5%
Inventories	102.7	87.7	81.9	83.4	86.9						
Trade receivables	44.1	49.6	46.3	47.1	49.1						
Derivative assets	0.3	0.0	0.0	0.0	0.0						
Current assets	457.6	565.5	677.8	857.7	1,042.3						
Total Assets	2,747.8	2,670.9	2,759.3	2,919.8	3,089.5						
Loans & borrowings	201.1	225.5	225.5	225.5	225.5						
Trade & other payables	108.4	102.5	95.8	97.5	101.5						
Current liabilities	317.2	342.8	336.0	337.7	341.8						
Loans & borrowings	58.6	70.7	70.7	70.7	70.7						
Non - Current liabilities	169.6	181.4	181.4	181.4	181.4						
Liabilities & equity	2,747.8	2,670.9	2,759.3	2,919.8	3,089.5						

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