IOI Corporation Berhad

(1961 | IOI MK) Main | Plantation

Corporate Update

Downgrade to **NEUTRAL**
(from BUY)
Unchanged Target Price **RM4.42**

4QFY26 Results Review: Decent Results

Downgrade to NEUTRAL. Taking cue from the latest results, we downgrade IOI Corp to **NEUTRAL** from BUY, with an unchanged TP of **RM4.42**, following the recent share price run-up. At current levels, valuation appears rather rich relative to peers, with our TP already pegged to 21.6x FY27F PER, close to its above 5-year historical +1SD, based on FY27F EPS of 20.5 Sen.

The upstream division is projected to account for over 90% of group operating profit in FY27 - FY28F, supported by sustained margin strength of above 40%. This is underpinned by a relatively low cost of production of around RM1,900-2,100/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.

Above expectations. 4Q26 core PATAMI came in at RM509.9m (+42.6%qoq; +24.3%yoy) accounted for 116.4% and 99.1% ahead/within 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 >100%yoy. As a result, core profit margin expanded to 13.4% (+2.3pts yoy), in line with higher PBT level.

Plantation. Upstream contribution remained resilient during the quarter, with segment profit rising to RM440.5m (+7.0%yoy), while margins held firm at 51.8% (-0.1 pts yoy). The decent performance was underpinned by stronger average realised CPO and PK prices of RM4,487/Mt (+6.6%yoy) and RM3,716/Mt (+7.4%yoy), respectively, which helped cushion higher CPO cost of production of RM2,216/Mt (+10.6%yoy). Despite cost pressure and softer sales volumes, favourable pricing provided sufficient earnings support, keeping upstream profitability and margins largely intact.

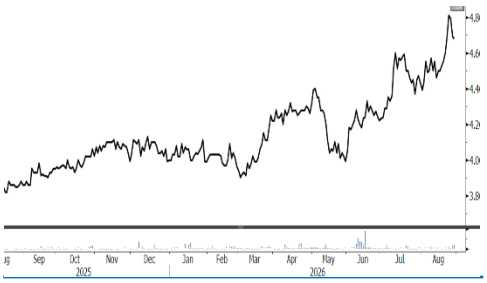
Notably, FFB and CPO production fell to 673,000 Mt (-8.5%yoy) and 153,000 Mt (-4.7%yoy), respectively, largely due to significant rainfall deficits across the Indonesian estates, with Sabah and Johor similarly affected, albeit to a lesser extent. Consequently, CPO cost of production surged to RM2,216/Mt (+10.6%yoy) despite a healthy OER of 22.67% recorded, mainly due to lower CPO output which resulted in poorer fixed-cost absorption and higher processing cost per tonne.

RBM. Higher profits were recorded at RM116.2m (>100%yoy), driven by higher contribution from oleochemical sub-segment as well as higher share of associates results, and recovery in refinery sub-segment.

Earnings. Maintained.

RETURN STATISTICS	
Price @ 28 August 2026 (RM)	4.68
Expected share price return (%)	-5.51
Expected dividend yield (%)	+2.14
Expected total return (%)	-3.38

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	5.6	5.6
3 months	10.9	14.4
12 months	21.2	10.7

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 (%)	2.2%	2.1%	2.1%

KEY STATISTICS

FBM KLCI	1,725.88
Issue shares (m)	6,285.20
Estimated free float (%)	34.99
Market Capitalisation (RM'm)	29,414.73
52-wk price range	RM3.80– RM4.87
3-mth average daily volume (m)	4.82
3-mth average daily value (RM'm)	21.22
Top Shareholders (%)	
Progressive Hlds Sdn Bhd	49.79
EPF	17.25
ASNB	9.05

IOI Corp: 4QFY26 Results Summary

FYE June (RM'm)	Quarterly results					Cumulatively results		
	4Q25	3Q26	4Q26	QoQ (%)	YoY (%)	FY25	FY26	YoY (%)
Revenue	2,960.1	2,675.5	3,041.7	13.7	2.8	11,334.7	11,779.1	3.9
Operating profit	308.3	370.5	499.7	34.9	62.1	1,325.4	1,735.9	31.0
Associates	72.7	80.0	90.4	13.0	24.3	348.0	389.0	11.8
JVs	0.9	1.8	0.2	-88.9	-77.8	3.4	3.2	-5.9
PBT	512.9	354.9	616.2	73.6	20.1	1,877.5	2,108.3	12.3
Tax Expense	-77.2	-66.7	-106.3	NM	NM	-341.1	-398.7	NM
PATAMI	436.5	283.3	500.8	76.8	14.7	1,520.6	1,682.0	10.6
Core PATAMI	327.0	284.9	406.3	42.6	24.3	1,275.6	1,477.6	15.8
Core EPS (sen)	5.3	4.5	6.5	42.6	22.6	20.6	23.6	14.9
Growth & Margin (%)				+/- ppts				+/- ppts
OP margin (%)	10.4	13.8	16.4	2.6	6.0	11.7	14.7	3.0
PBT margin (%)	17.3	13.3	20.3	7.0	2.9	16.6	17.9	1.3
Core PATAMI margin (%)	11.0	10.6	13.4	2.7	2.3	11.3	12.5	1.3
Effective tax rate (%)	15.1	18.8	17.3	-1.5	2.2	18.2	18.9	0.7

Source: Company, MBSBR

IOI Corp: Segmental Breakdown & Operational Stats.

FYE June (RM'm)	Quarterly results					Cumulatively results		
	4Q25	3Q26	4Q26	QoQ (%)	YoY (%)	FY25	FY26	YoY (%)
Revenue (RM'm):								
Plantation	792.0	716.8	850.0	18.6	7.3	3,077.4	3,270.4	6.3
RBM	2,812.7	2,509.9	2,894.0	15.3	2.9	10,833.7	11,160.2	3.0
Other Operations	4.8	4.3	3.3	-23.3	-31.3	19.4	15.0	-22.7
Segmental results								
Plantation	411.5	338.3	440.5	30.2	7.0	1,571.2	1,681.0	7.0
RBM	48.1	92.8	116.2	25.2	>100	109.9	406.9	>100
Other Operations	-89.6	2.5	-1.8	NM	NM	2.1	-4.1	NM
Segmental Margin (%)								
Plantation	52.0	47.2	51.8	4.6	-0.1	51.1	51.4	0.3
RBM	1.7	3.7	4.0	0.3	2.3	1.0	3.6	2.6
Other Operations	NM	58.1	-54.5	-112.7	>100	10.8	-27.3	-38.2
Operational Stats.								
FFB Production ('000 Mt)	736	636	673	5.9	-8.5	2,840	2,960	4.2
CPO Production ('000 Mt)	160	142	153	7.9	-4.7	616	660	7.1
PK Production ('000 Mt)	27	25	25	-0.2	-9.9	107	112	5.0
Avg CPO Price Realised (RM/Mt)	4,208	4,019	4,487	11.6	6.6	4,332	4,229	-2.4

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)	26.0	22.8	22.9	22.9	22.9	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 (%)	2.0%	2.2%	2.2%	2.1%	2.1%						

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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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