Plantation

Maintain **NEUTRAL**

3QCY26 Results Preview

HIGHLIGHTS

- 3QCY26 earnings across our coverage should broadly track expectations
- Both MPOB and our coverage reported decent CPO output
- Cost of production is likely to remain sticky, driven by elevated fertilizer prices unless planters delay application.
- Remain NEUTRAL on supply glut risks
- Average CPO Price target maintained at RM4,400/Mt for CY26F

3QCY26 Preview. Overall, 3QCY26 earnings across our coverage should broadly track expectations, despite weaker year on year FFB and CPO output from SPB, JPG and TSH (*Figure 1*). The impact of softer production is likely to be cushioned by a higher industry average CPO price realized c. RM4,552/tonne (+0.7%qoq, +6.6%yoy). Upstream margins remain could under pressure as fertiliser prices, while easing, are still above 3QCY25 levels (*Figure 2*). Meanwhile, Downstream players continue to face elevated freight and insurance costs amid heightened tensions in the SOH, however, given an uptick in PK prices, margins expected steady. We maintain our **NEUTRAL** stance with an unchanged CY26 CPO price assumption of RM4,400/tonne.

FFB Production. MPOB reported higher FFB output of 29.1m tonnes (+20.6%qoq, **+2.6%yoy**), while production across our coverage has generally held up better c.9.9%yoy, likely supported by stronger Indonesian output among the integrated players. Resulting, a modest of 9MCY26 production of +4.1%ytd, following the weak 1Q26 start.

CPO Production. MPOB's CPO production jumped to 5.7m tonnes (+19.7%qoq, **+4.0%yoy**), in line with higher FFB receipts. Within our coverage, JPG recorded weaker output (-10.8%yoy; -3.7%ytd), partly reflecting a disproportioned of prime age profile due high replanting rate carry into the quarter, in which above normal practise of 4-5% c.7% for this year.

CPO Price. With CPO prices averaging RM4,552/tonne during the quarter, earnings across our coverage should benefit from stronger realised CPO prices. That said, the upside could be partly offset by lower-than-expected CPO production and sticky production costs, as fertiliser prices, despite easing, remain above 3QCY25 levels.

Fertiliser Price. Industry's cost of production is likely to remain sticky RM2,500-2,600/tonne, driven by continuation of elevated fertiliser prices unless planters delay application. In 2QCY26, DAP (root growth) averaged USD752/tonne (+4.3%qoq, **+2.8%yoy**), and Potash (fruit formation) USD384/tonne (-4.8%qoq, **+7.4%yoy**), whilst Urea (canopy growth) USD399/tonne (-42.2%qoq, **-18.2%yoy**).

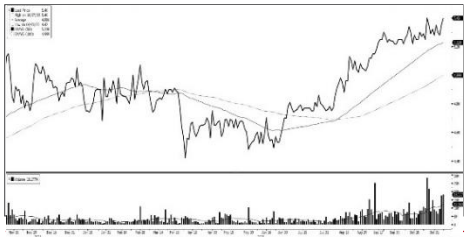
COMPANY *IN FOCUS*

SD Guthrie

Maintain BUY | Target Price: RM7.65
Price @ 29th Oct 2026: RM5.77

- Malaysia production growth c. +5% supported by strong FFB yield of 19.63tonne/ha and OER 21.3%
- Less downstream earnings volatility due to stable PK prices
- Recurring RM500-700m/annum from land monetization activities

SHARE PRICE CHART



Abbreviation.

FFB: Fresh Fruit bunches
CPO: Crude Palm Oil
SBO: Soybean 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

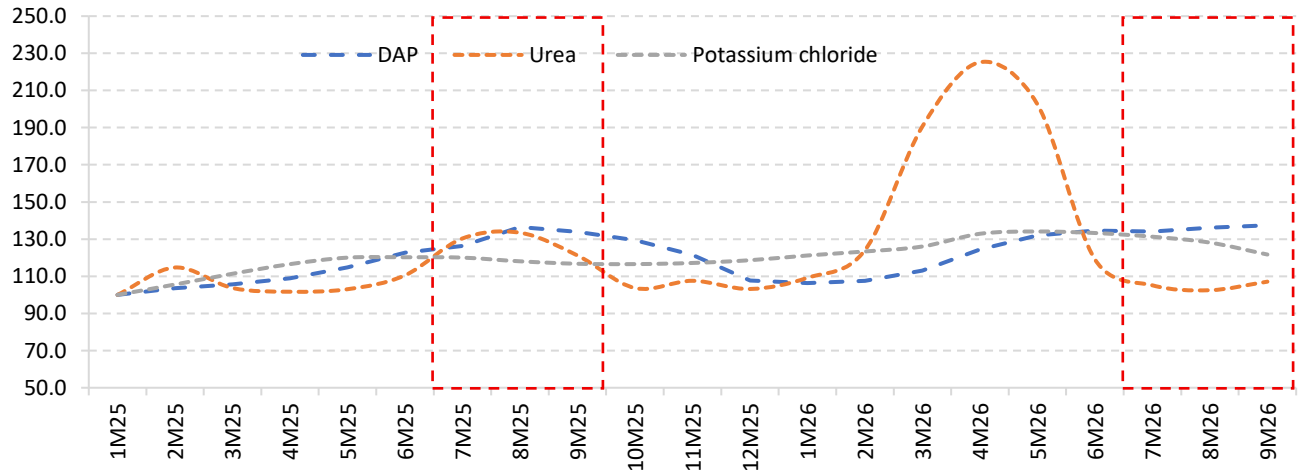
Figure 1: FFB, CPO Output and average MPOB SPOT CPO price registered in 3Q26 ('000 tonne)

FFB Production	3Q25	2Q26	3Q26	qoq%	yoy%	9M25	9M26	yoy%
SD Guthrie	2,303	2,292	2,480	8.2	7.7	6,594	6,681	1.3
IOI Corp	777	673	848	26.0	9.2	2,089	2,157	3.3
Genting Plant.	523	559	595	6.4	13.8	1,457	1,612	10.6
KLK	1,442	1,466	1,679	14.6	16.4	4,134	4,480	8.3
Ta Ann	182	158	236	49.2	29.8	466	541	16.0
Sarawak Plant.	91	95	112	17.9	23.2	249	286	14.8
Johor Plant.	467	348	412	18.4	(11.9)	1,138	1,068	(6.1)
TSH	203	205	217	6.0	7.2	606	592	(2.2)
MBSB Universe	**5,989**	**5,796**	**6,580**	**13.5**	**9.9**	**16,734**	**17,417**	**4.1**
MPOB	**28,360**	**24,120**	**29,090**	**20.6**	**2.6**	**75,425**	**74,668**	**(1.0)**

CPO Production	3Q25	2Q26	3Q26	qoq%	yoy%	9M25	9M26	yoy%
SD Guthrie	568	602	656	8.8	15.4	1,475	1,756	19.0
IOI Corp	169	153	184	20.3	8.6	452	479	6.0
Genting Plant.	134	150	160	6.7	19.0	378	434	14.7
KLK	349	367	416	13.4	19.2	1,005	1,118	11.2
Ta Ann	79	76	98	29.2	23.0	211	239	12.8
Sarawak Plant.	26	26	25	(3.6)	(2.8)	72	70	(3.1)
Johor Plant.	94	72	84	16.3	(10.8)	229	221	(3.7)
TSH	53	52	56	8.0	6.5	157	154	(2.3)
MBSB Universe	1,472	1,497	1,678	12.1	14.0	3,980	4,470	12.3
MPOB	**5,508**	**4,784**	**5,727**	**19.7**	**4.0**	**14,475**	**14,749**	**1.9**
Avg CPO Price	**4,271**	**4,519**	**4,552**	**0.7**	**6.6**	**4,350**	**4,403**	**1.2**

Source: Bursa Malaysia, MPOB, MBSBR

Figure 2: Despite the recent pullback in fertiliser prices, they remain higher than 3Q25 levels. (Rebase 100)



Fertilisers	3Q25	2Q26	3Q26	qoq%	yoy%	9M25	9M26	yoy%
Urea	488	694	399	(42.4)	(18.2)	431	543	26.2
Potassium	357	403	384	(4.8)	7.4	345	387	12.0
DAP	771	760	792	4.3	2.8	681	729	6.9
Simple Avg.	539	619	525	(15.2)	(2.6)	486	553	13.8

Source: World bank, MBSBR

Figure 3: Peer Comparison

Company	Rating	Price (RM)	TP (RM)	PER (x)		Core EPS (Sen)		Dividend Yield (%)	
				FY26F	FY27F	FY26F	FY27F	FY26F	FY27F
SD Guthrie	BUY	5.77	7.65	13.77	13.61	41.90	42.40	3.1%	3.1%
IOI Corp	NEUTRAL	4.43	4.42	18.77	21.61	23.60	20.50	2.4%	2.3%
KLK	NEUTRAL	20.52	20.15	18.84	20.16	108.90	101.80	3.0%	2.8%
GenP	BUY	5.05	6.94	11.22	10.84	45.00	46.60	5.0%	5.0%
SPB	BUY	4.12	5.36	10.30	8.46	40.00	48.70	6.1%	4.9%
JPG	BUY	1.76	2.21	14.31	13.54	12.30	13.00	4.5%	4.5%
Ta Ann	BUY	5.78	6.72	9.63	10.32	60.00	56.00	6.9%	6.1%
TSH	NEUTRAL	1.15	1.28	11.17	9.58	10.30	12.00	2.2%	2.2%
Weighted Average				**13.5**	**13.5**	**42.8**	**42.6**	**4.1%**	**3.8%**

Source: 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