Corporate Update

Johor Plantations Group Berhad

(5323 | JPG MK) Main | Plantation

3 Stars | FTSE4Good | SHARIAH Compliant

Downgrade to NEUTRAL (from BUY)

Revised Target Price to **RM1.86** (from RM2.21)

3QFY26 Results Review: Not out of the Woods Yet

Downgrade to NEUTRAL. We downgrade JPG to **NEUTRAL** (from BUY) and lower our TP to **RM1.86 (from RM2.21)** following our earnings cuts. The recent share price rally has run ahead of fundamentals, with limited scope for an earnings recovery in 4Q26. Aggressive replanting should keep internal FFB output soft through FY27-28, increasing reliance on external crops to sustain mill throughput. Moreover, lower internal volumes weaken fixed-cost absorption, while elevated estate costs keep production costs high. Indirectly greater external crop purchases also dilute premium gains, leaving margins squeezed.

3Q26 earnings. 3QCY26 revenue slid to RM450.7m (-9.2%yoy), despite higher average CPO prices realised, as the gains did not flow through to the bottom-line amid weaker operating performance. Stripping out EI of RM10.6m, core PATAMI fell to RM89.7m (-8.0%yoy), coming below our/street expectations at 60%/65% of full-year estimates. The weakness was largely dragged by softer FFB output and yields, compounded by a double-digit increase in cost of production, which squeezed net margin to teens.

Upstream. The Group's PBZT falling -8.5%yoy to RM142.4m, despite some cushion from higher average CPO and PK prices realised of RM4,683/Mt (+6.6%yoy) and RM3,747/Mt (+6.0%yoy), respectively. FFB production declined -11.9%yoy as yields slipped to 6.3 Mt/ha, resulting in CPO delivery volume falling -15.9%yoy.

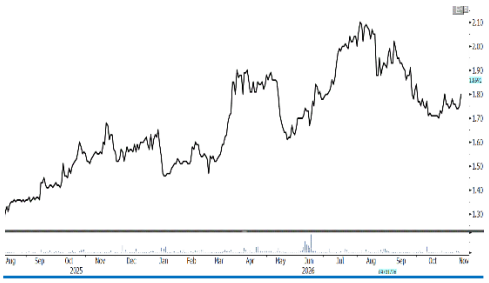
Cost of production. Cost headwinds continued intensify, during the quarter, with cost of production rising to RM2,526/Mt (+13.5%yoy), mainly due to lower internal output and weaker fixed-cost absorption. Estate costs also climbed sharply, led by upkeep and field maintenance costs (+21.7%yoy), which management attributed to windfall tax, utilities and general maintenance activities.

Earnings. Following the latest results, we cut our FY26/27/28 earnings forecasts by 18%/16%/15% respectively to reflect softer CPO and PK premiums and a lower share of internal crops. We expect internal FFB output of 950k–1.0m tonnes, as aggressive replanting reduces harvestable acreage and raises reliance on external purchases.

With fewer internal crops to absorb elevated manuring, upkeep and transportation costs, we expect cost of production to rise by >6% for the abovementioned forecast period. Greater reliance on external FFB also limits the group's ability to capture certification premiums, diluting its lucrative ASP advantage and squeezing margins.

RETURN STATISTICS	
Price @ 12th Nov 2026 (RM)	1.80
Expected share price return (%)	+3.52
Expected dividend yield (%)	+3.11
Expected total return (%)	+6.63

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	5.3	7.7
3 months	-2.2	-4.9
12 months	16.1	19.5

INVESTMENT STATISTICS

FYE Dec	2026E	2027F	2028F
Revenue	1,724.8	1,881.2	1,984.4
Operating Profit	367.1	398.5	392.1
PBT	332.1	363.5	357.1
Core PATAMI	250.3	274.0	269.2
EPS (sen)	10.0	11.0	10.8
DPS (sen)	5.6	5.6	5.6
Dividend Yield (%)	3.1%	3.1%	3.1%

KEY STATISTICS	
FBM KLCI	1,585.96
Issue shares (m)	2,500.00
Estimated free float (%)	42.19
Market Capitalisation (RM'm)	4,485.82
52-wk price range	RM1.43 – RM2.10
3-mth average daily volume (m)	5.74
3-mth average daily value (RM'm)	10.82
Top Shareholders (%)	
Kulim Malaysia Bhd	54.61
EPF	19.20
KWAP	5.54

Table 1: 3QFY26 Results Summary

FYE Dec (RM'm)	Quarterly results					Cumulatively results		
	3QFY25	2QFY26	3QFY26	QoQ (%)	YoY (%)	9MFY25	9MFY26	YoY (%)
Revenue	496.2	415.8	450.7	8.4	-9.2	1,234.9	1,223.3	-0.9
Operating profit	156.6	81.8	144.2	76.3	-7.9	383.5	304.9	-20.5
PBZT	145.8	70.1	133.0	89.7	-8.8	355.1	269.1	-24.2
Tax Expense	-41.2	-16.5	-30.3	NM	NM	-92.8	-61.6	NM
Zakat	-2.0	-2.4	-2.4	NM	NM	-5.9	-5.6	NM
PATAMI	102.9	51.1	100.3	96.0	-2.6	257.2	201.8	-21.5
Core PATAMI	97.5	45.8	89.7	96.0	-8.0	243.6	183.7	-24.6
Growth & Margin (%)				+/- ppts				+/- ppts
OP margin (%)	31.6	19.7	32.0	12.3	0.4	31.1	24.9	-6.1
PBT margin (%)	29.4	16.9	29.5	12.6	0.1	28.8	22.0	-6.8
Core PATAMI margin (%)	19.6	11.0	19.9	8.9	0.2	19.7	15.0	-4.7
Effective tax rate (%)	28.3	23.5	22.8	-0.7	-5.5	26.1	22.9	-3.2

Table 2: Segmental Breakdown & Operational Stats.

FYE Dec (RM'm)	Quarterly results					Cumulatively results		
	3QFY25	2QFY26	3QFY26	QoQ (%)	YoY (%)	9MFY25	9MFY26	YoY (%)
Revenue (RM'm):								
Upstream	360.0	279.7	320.9	14.7	-10.8	894.4	842.5	-5.8
Midstream	133.9	134.9	126.2	-6.4	-5.7	334.6	374.3	11.9
Downstream	0.0	0.0	0.0	NM	NM	0.0	0.0	NM
Energy and Services	2.3	1.3	3.6	>100	56.2	5.9	6.5	9.0
PBZT								
Upstream	155.7	80.4	142.4	77.1	-8.5	371.8	299.8	-19.4
Midstream	0.8	2.8	2.6	-7.8	>100	11.6	8.4	-27.6
Downstream	-0.5	0.1	-0.4	NM	NM	-0.6	-0.5	NM
Energy and Services	0.5	-1.5	-0.4	NM	NM	0.6	-2.8	NM
Net Profit								
Upstream	101.7	49.9	99.0	98.3	-2.7	245.5	197.2	-19.7
Midstream	0.9	2.8	2.6	-7.8	>100	10.9	8.4	-22.7
Downstream	-0.4	0.5	0.1	-72.6	>100	-0.4	0.7	>100
Energy and Services	0.4	-1.9	-1.4	NM	NM	0.4	-4.5	NM
Operational Stats.								
FFB Production (Mt)	467,374	347,997	411,942	18.4	-11.9	1,137,870	1,068,037	-6.1
FFB Yield (Mt/ha)	6.82	4.54	6.25	37.7	-8.4	16.24	15.01	-7.6
CPO Delivery volume (Mt)	93,287	73,860	78,451	6.2	-15.9	224,156	221,599	-1.1
OER %	20.53%	21.50%	21.24%	-1.2	3.5	20.5%	21.2%	3.5
Avg. CPO Price realised (RM/Mt)	4,395	4,644	4,683	0.8	6.6	4,518.0	4,538.0	0.4
Avg. PK Price realised (RM/Mt)	3,514	3,887	3,747	-3.6	6.6	3,688.0	3,727.0	1.1
Cost of production (RM/Mt)	2,225	2,788	2,526	-9.4	13.5	2,306	2,557	10.9

Source: Company, MBSBR

Table 3: FINANCIAL SUMMARY

Income Statement (RM'm)	2024A	2025A	2026E	2027F	2028F	Cash Flow (RM'm)	2024A	2025A	2026E	2027F	2028F
Revenue	1,524.9	1,724.7	1,724.8	1,881.2	1,984.4	PBT	346.2	468.2	332.1	363.5	357.1
Operating Profit	412.7	503.6	367.1	398.5	392.1	Operating cash flow	494.4	597.7	362.0	423.2	419.7
PBZT	346.2	468.2	332.1	363.5	357.1	Investing cash flow	-283.3	-209.3	-600.0	-170.0	-170.0
PATAMI	257.3	345.0	250.3	274.0	269.2	Financing cash flow	-15.0	-36.7	-165.0	-140.0	-140.0
Core PATAMI	257.3	345.0	250.3	274.0	269.2	Net cash flow	196.1	351.7	-403.0	113.2	109.7
EPS (sen)	11.4	13.8	10.0	11.0	10.8	Beginning cash flow	140.7	336.8	688.5	285.5	398.7
PER (x)	15.8x	13.0x	18.0x	16.4x	16.7x	Ending cash flow	336.8	688.5	285.5	398.7	508.5
DPS (sen)	5.3	7.0	5.6	5.6	5.6						
Dividend yield (%)	2.9%	3.9%	3.1%	3.1%	3.1%						

Balance Sheet (RM'm)	2024A	2025A	2026E	2027F	2028F	Margins	2024A	2025A	2026E	2027F	2028F
PPE	2,655.3	2,889.1	3,380.4	3,437.5	3,490.3	OP margin	27.1%	29.2%	21.3%	21.2%	19.8%
ROU assets	1,616.5	1,593.0	1,564.0	1,535.0	1,506.0	PBT margin	22.7%	27.1%	19.3%	19.3%	18.0%
Non-current assets	4,271.8	4,482.1	4,944.4	4,972.5	4,996.3	PATAMI margin	16.9%	20.0%	14.5%	14.6%	13.6%
Inventories	1,881.0	1,881.0	1,881.0	1,881.0	1,881.0	Core PATAMI margin	16.9%	20.0%	14.5%	14.6%	13.6%
Receivables	65.1	57.0	57.0	62.2	65.6						
Current assets	687.4	923.2	545.2	671.9	790.5						
Total Assets	4,959.5	5,405.2	5,489.5	5,644.3	5,786.8						
Long-term debt	1,332.0	1,527.4	1,527.4	1,527.4	1,527.4						
Non-current liabilities	1,880.9	2,076.8	2,076.8	2,076.8	2,076.8						
Payables	180.0	241.4	241.4	263.3	277.7						
Current liabilities	252.6	279.0	279.0	300.9	315.3						
Share capital	1,881.0	1,881.0	1,881.0	1,881.0	1,881.0						
Retained Earnings	1,553.8	1,728.9	1,814.2	1,948.2	2,077.4						
Equity	2,826.1	3,049.5	3,133.8	3,266.7	3,394.8						

Source: MBSBR

MBSB RESEARCH is part of MBSB Investment Bank Berhad 197501002077 (24878-X)

(Bank Pelaburan) (A Participating Organisation of Bursa Malaysia Securities Berhad)

DISCLOSURES AND DISCLAIMER

This report is prepared by MBSB Investment Bank Berhad (Company Registration No.: 197501002077 (23878-X)) and is for distribution only to the intended readers and under such circumstances as may be permitted by applicable law. Readers should be fully aware that this report is provided solely for informational purposes and does not constitute a Shariah advice nor constitute an investment recommendation or basis for any credit or other evaluation in any manner whatsoever.

The opinions and analyses contained in this report are based on information obtained or derived from sources that MBSB Investment Bank Berhad believes to be reliable. Any forward-looking statements in this report speak only as of the date of such statements. However, MBSB Investment Bank Berhad makes no representation or warranty, expressed or implied, as to the accuracy, completeness, or reliability of such information, and it should not be relied upon as such.

While the information presented in this report may include references to Shariah -compliant and non-compliant securities or other financial instruments, this report is not, and should not be construed as, an offer to buy or sell any securities or other financial instruments or to promote or endorse any specific investment. Investors are strongly advised to conduct their own due diligence and to consult licensed Shariah or financial advisors before making any investment decisions. Any action taken based on this report is at the sole discretion and risk of the investor.

The analyses in this report are based on numerous assumptions, and different assumptions could yield different results. All opinions and estimates in this report are subject to change without notice.

The research analysts will initiate, update, and cease coverage solely at the discretion of MBSB Investment Bank Berhad.

The directors, employees, and representatives of MBSB Investment Bank Berhad and MBSB Berhad may have interests in any of the securities mentioned and may benefit from the information contained herein. Members of MBSB Berhad and their affiliates may provide services to any company or its affiliates whose securities are mentioned in this report.

This report shall not be reproduced, distributed, or published in any form or for any purpose without the prior written consent of MBSB Investment Bank Berhad.

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