Corporate Update

TSH Resources Berhad

(9059 | TSH MK) Main | Plantation

4 Stars

SHARIAH Compliant

Maintain **NEUTRAL**

Revised Target Price **RM1.20**

(from RM1.28)

3QFY26 Results Review: Cloudy Outlook

Maintain NEUTRAL with revised TP of RM1.20. We maintain NEUTRAL on TSH with a revised TP of RM1.20 (previously RM1.28), based on FY27F EPS of 12.0 sen and a 10.0x PER, broadly close to -0.5SD below its 5-year historical forward mean. The lower multiple reflects growing near-to medium-term earnings risks as uncertainty over Indonesia's Agrarian Law and ongoing haze investigations clouds the outlook for TSH's Indonesian CPO output. Elevated CPO prices should still cushion earnings volatility, but until we see greater clarity on production, upside looks limited. At current valuations, risk-reward remains finely balanced.

Below expectations. TSH chalked in 3QFY26 revenue of RM277.7m (+10.6%qoq; +5.3%yoy) but reported PATAMI fell to RM17.8m (-66.1%qoq; -68.5%yoy). This brought 9MFY26 earnings to 68.0%/66.0% of our/consensus full-year estimates. Overall, the quarter came in weaker, dragged by administrative fine, higher Indonesia Export Levy and Duty, while softer realised prices and persistent production costs squeezed margins despite the decent top line.

As aforementioned above, the weak set of results was also due huge operating loss from the Other segment, which comprises timber, electricity and wood products, fell -85.6%yoy, exacerbated by softer average selling prices realised, with average CPO and PK prices recorded at RM3,689/Mt (-2.0%yoy) and RM3,128/Mt (-0.3%yoy), respectively. Operationally, FFB output remained modest at 217,151 tonnes, at the level where, despite having a good OER c.20%, CPO volumes produced still offered little scope to lower unit production costs, leaving the operating profit margin muted by -0.3pts to 36.9% for the quarter.

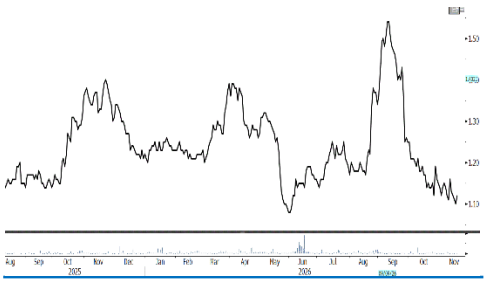
In 3QFY26, softer Sabah output was recorded, due smaller harvesting area following accelerated replanting activities over the last 2 year. While to-date basis, group output remained lower, reflecting the weaker crop in 1QFY26 arising from biological stress after the high crop cycle in prior years, the continuing impact of the serious flooding in the Sumbar Region from 4QFY25 to 1QFY26, and the additional replanting carried out in recent years.

TSH/Wilmar. Earnings for the JV refinery maintained in red, albeit at lower loss of -RM0.5m compared to -RM1.3m loss in prior year. We attribute the modest results due stabilised feedstock procurement cost following relatively steady CPO prices that have been traded in the 3Q2FY6.

Earnings. Maintain.

RETURN STATISTICS	
Price @ 18 Nov 2025 (RM)	1.12
Expected share price return (%)	+6.94
Expected dividend yield (%)	+2.23
Expected total return (%)	+9.17

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-4.3	-2.5
3months	-10.4	2.3
12 months	-15.8	-12.7

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	1,566.73
Issue shares (m)	1,268.86
Estimated free float (%)	28.07
Market Capitalisation (RM'm)	1,357.83
52-wk price range	RM1.07 – RM1.56
3-mth average daily volume (m)	2.11
3-mth average daily value (RM'm)	2.76
Top Shareholders (%)	
Tan Aik Pen	29.42
Central Depository Pte Ltd	20.04
Tan Aik Yong	5.93

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TSH Resources: 3QFY26 Results Summary

FYE Dec (RM'm)	Quarterly results					Cumulatively results		
	3Q25	2Q26	3Q26	QoQ (%)	YoY (%)	9M25	9M26	YoY (%)
Revenue	263.7	251.0	277.7	10.6	5.3	807.8	733.9	-9.1
Operating profit	78.8	76.8	88.5	15.2	12.3	230.1	216.8	-5.8
JVs	-1.3	4.5	-0.5	NM	NM	0.6	-1.6	NM
PBT	86.5	81.7	46.8	-42.7	-45.9	236.5	175.9	-25.7
Tax Expense	-22.0	-21.5	-17.9	-17.0	-18.9	-57.9	-57.8	-0.3
PAT	64.5	60.2	29.0	-51.9	-55.1	178.6	118.1	-33.9
PATAMI	56.4	52.5	17.8	-66.1	-68.5	153.8	91.6	-40.5
EPS (sen)	4.3	4.2	1.4	-65.7	-66.8	11.6	7.3	-36.8
Growth & Margin (%)				+/- ppts				+/- ppts
OP margin (%)	29.9	30.6	31.9	1.3	2.0	28.5	29.5	1.1
PBT margin (%)	30.3	32.6	16.9	-15.7	-13.5	29.3	24.0	-5.3
PATAMI margin (%)	21.4	20.9	6.4	-14.5	-15.0	19.0	12.5	-6.6

Source: Company, MBSBR

TSH Resources: Segmental Breakdown & Operational Stats.

FYE Dec (RM'm)	Quarterly results					Cumulatively results		
	3Q25	2Q26	3Q26	QoQ (%)	YoY (%)	9M25	9M26	YoY (%)
Revenue								
- Palm product	249.9	243.2	267.8	10.1	7.1	767.5	708.0	-7.7
- Others	13.7	7.8	9.9	27.2	-27.7	40.3	25.8	-35.8
Operating Profit								
- Palm product	92.9	87.7	98.7	12.6	6.2	254.7	245.5	-3.6
- Others	-3.2	-4.8	-5.9	NM	NM	-10.4	-15.0	NM
Operating Profit Margins (%)								
- Palm product	37.2	36.1	36.9	0.8	-0.3	33.2	34.7	1.5
- Others	-23.1	-61.1	-59.2	1.9	-36.2	-25.9	-58.0	-32.0
Operational Stats.								
FFB Production	202,510	204,951	217,151	6.0	7.2	605,671	592,045	-2.2
Avg CPO Price Realised (RM/Mt)	3,765	3,580	3,689	3.0	-2.0	3,876	3,605	-7.0
Avg PK Price Realised (RM/Mt)	3,138	3,331	3,128	-6.1	-0.3	3,219	3,157	-1.9

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
EPS (sen)	8.9	14.0	10.3	12.0	12.4	Net cash flow	76.2	189.5	121.3	177.7	179.2
PER (x)	13.8	8.8	12.0	10.3	9.9	Beginning cash flow	251.0	258.5	396.3	517.6	695.3
DPS (sen)	2.5	5.0	2.5	2.5	2.5	Ending cash flow	261.9	396.3	517.6	695.3	874.5
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

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

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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