TSH Resources

Solid FY25 Performance

OUTPERFORM ↔

Price :	**RM1.22**
Target Price :	**RM1.55 ↔**

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TSH reported strong FY25 core net profit (CNP) of RM193m, 8% above Kenanga's forecast and 3% higher than consensus estimate. 4QFY25 CNP was weak from lower CPO prices and poor FFB harvest due to heavy rain. FY26-27 earnings are expected to stay muted on softer CPO prices amidst recovering FFB production. Nonetheless, we are upgrading FY26F core EPS (CEPS) by 5% to 13.3 sen as we nudge up our CPO price for 2026 from RM4,000 per MT to RM4,100. TSH PBV-driven TP is maintained at RM1.55 along with our OUTPERFORM call.

FY25. Excluding currency losses (RM3m), fair value losses (RM3m) and net asset impairments (RM4m), TSH reported stronger CNP of RM193m (+53% YoY) despite weak 4QFY25 results. Full-year prices rose YoY for CPO (+1%) and PK (+34%) while FFB output held flattish (-1%) which helped nudged up FY25 revenue and margins.

4QFY25. CNP of RM49m (-7% QoQ, -21% YoY) was weak due to softer CPO price of RM3,686/MT (-2% QoQ, -12% YoY) as well as lower FFB output of 0.185m MT (-9% QoQ, -11% YoY) which dampened 4QFY25 revenue and margins despite declining QoQ.

Net cash rose 26% QoQ, from RM82m in 3QFY25 to RM103m as of end-4QFY25. A 5.0 sen dividend was declared in 4Q which exceeded our estimate of 3.0 sen as the group raise its minimum dividend payout from 20-30% to 30%. TSH is also proposing to cancel up to 100m of the 121m treasury shares it is presently holding.

Muted outlook for a year or two. Better-than-expected palm and soyabean harvest in 2HFY25 eased supply tightness a little. CY26 supply should also pick up from larger South American soya planting along with recovering European rapeseed and sunflower harvests after poor weather last year. However, we expect rising demand to absorb most of this supply uptick, hence firm CPO prices are still expected. We are raising 2026 CPO price from around RM4,000 per MT to RM4,100 but lower for TSH, averaging about RM3,800 over FY26-27 due to lower Indonesian prices. Meanwhile, higher cost is expected due to rising minimum wages, fertiliser prices as well as weaker even if still good PK prices.

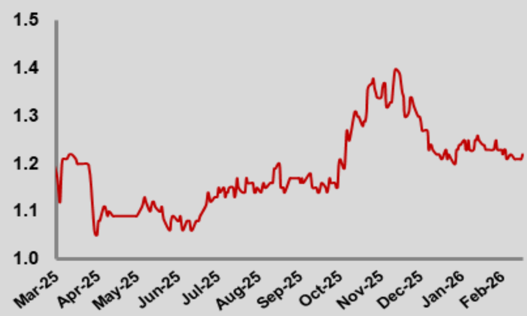
Longer term, upstream expansion ongoing. After selling less strategic assets to de-gear coupled with ongoing cash flows, TSH is embarking to develop approximately 15,000 Ha approved for oil palm planting. TSH has started work on about 8,000 Ha already and we expect TSH's upstream to expand from 39k Ha currently to 47k-48k Ha over the next 12-24 months and 54k-55k Ha before FY28/FY29.

Forecasts. Upgrade FY26 CEPS by 5% from 12.7 sen to 13.3 sen on slight upward revision in CPO price from RM4,000 to RM4,100 per MT. We also introduced FY27F CEPS of 13.7 sen.

Valuations. Maintain TP at RM1.55 based on PBV of 0.9x. Historically, smaller to mid-sized plantation players trade at a PBV range of 0.9-1.1x. There is no adjustment to our TP based on ESG given a 3-star rating as appraised by us (see Page 3). Maintain **OUTPERFORM** call.

Risks to our call include: (i) weather impact on edible oil supply, (ii) unfavourable commodity prices fluctuations, and (iii) cost inflation.

Share Price Performanonce



KLCI	1,747.81
YTD KLCI chg	4.0%
YTD stock price chg	0.0%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	TSH MK EQUITY
Market Cap (RM m)	1,538.2
Shares Outstanding	1,260.8
52-week range (H)	1.40
52-week range (L)	1.00
3-mth avg. daily vol.	1,186,529
Free Float	24%
Beta	0.9

Major Shareholders

Tan Aik Pen	28.3%
Central Depository	19.3%
Tan Aik Yong	5.7%

Summary Earnings Table

FYE Dec (RM m)	2025A	2026F	2027F
Turnover	1,062	1,128	1,142
EBIT	319.8	220.6	225.3
PBT	302.3	257.7	265.9
Net Profit (NP)	**182.9**	**174.7**	**180.2**
Core NP	**193.1**	**174.7**	**180.2**
Consensus (CNP)	190.3	171.4	169.7
Earnings Revision	-	5%	NEW
Core EPS (sen)	14.7	13.3	13.7
Core EPS Growth (%)	46.6	-9.5	3.1
NDPS (sen)	5.0	5.0	5.0
BV/Share (RM)	1.81	1.92	1.95
Core PER (x)	8.3	9.2	8.9
Price/BV (x)	0.7	0.6	0.6
Net Gearing (x)	N.Csh	N.Csh	N.Csh
Dividend Yield (%)	4.1	4.1	4.1

Results Highlights

FYE Dec (RM m)	*4Q25*	*3Q25*	*QoQ*	*4Q24*	*YoY*	*FY25*	*FY24*	*YoY*
Revenue	**254.4**	**263.7**	**-4%**	**293.0**	**-13%**	**1,062.2**	**1,019.8**	**4%**
Gross Profit	100.6	118.6	-15%	129.2	-22%	463.0	402.5	15%
EBIT	**76.5**	**85.9**	**-11%**	**87.1**	**-12%**	**319.8**	**209.7**	**53%**
Finance Cost	(2.8)	(2.8)	1%	(2.8)	-1%	(11.0)	(12.6)	-13%
Associates & JV	5.0	3.4	49%	15.2	-67%	17.2	27.3	-37%
Misc	(1.831)	(3.828)	-52%	(2.838)	-35%	(13.5)	(13.6)	-1%
EI (excl. fr core net profit)	(11.2)	3.9	-387%	(0.2)	5661%	(10.2)	9.1	-212%
Pretax Profit	**65.7**	**86.5**	**-24%**	**96.4**	**-32%**	**302.3**	**219.9**	**37%**
Taxation	(22.0)	(22.0)	-0%	(25.3)	-13%	(79.9)	(61.6)	30%
MI	(14.7)	(8.1)	81%	(9.3)	58%	(39.4)	(22.6)	74%
Net Profit	**29.1**	**56.4**	**-48%**	**61.8**	**-53%**	**182.9**	**135.7**	**35%**
Core Net Profit	**48.8**	**52.5**	**-7%**	**62.0**	**-21%**	**193.1**	**126.6**	**53%**
Core EPS (sen)	3.8	4.0	-5%	4.9	-21%	14.7	9.2	60%
DPS (sen)	5.0	-	N.A.	-	N.A.	5.0	2.5	100%
Gross Profit	40%	45%		44%		44%	39%	
EBIT	30%	33%		30%		30%	21%	
PBT	26%	33%		33%		28%	22%	
Tax	33%	25%		26%		26%	28%	
FFB Production (MT)	184,554	202,510	-9%	208,392	-11%	790,225	795,002	-1%
CPO (RM / MT)	3,686	3,765	-2%	4,195	-12%	3,829	3,793	1%
PK (RM / MT)	3,137	3,138	-0.03%	2,915	8%	3,199	2,396	34%

Source: Company, Kenanga Research

Segmental Breakdown

FYE Dec (RM m)	*4Q25*	*3Q25*	*QoQ*	*4Q24*	*YoY*	*FY25*	*FY24*	*YoY*
Segmental Revenue:								
Palm Products	242.9	249.9	-3%	279.9	-13%	1,010.4	966.5	5%
Others	11.5	13.7	-16%	13.0	-11%	51.8	53.3	-3%
Group Revenue	**254.4**	**263.7**	**-4%**	**293.0**	**-13%**	**1,062.2**	**1,019.8**	**4%**
Segmental PBT:								
Palm Products	70.6	92.9	-24%	91.693	-23%	325.3	231.0	41%
Others	(5.3)	(3.2)	66%	-4.842	9%	(15.7)	(12.2)	29%
Finance Cost	(2.8)	(2.8)	1%	-2.779	0%	(11.0)	(12.6)	-13%
Associates & JV	5.0	3.4	49%	15.158	-67%	17.2	27.3	-37%
Misc	(1.8)	(3.8)	-52%	-2.838	-35%	(13.5)	(13.6)	-1%
Pretax Profit	**65.7**	**86.5**	**-24%**	**96.4**	**-32%**	**302.3**	**219.9**	**37%**

.

Source: Company, Kenanga Research

Peer Table Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside	Market Cap (RM m)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) - Core Earnings		PBV (x)	ROE	Net. Div. (sen)	Net Div Yld
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.
PLANTATION																	
GENTING PLANTATIONS BHD	MP	5.14	5.40	5.1%	4,611.4	Y	12/2026	43.7	44.2	10.7%	1.2%	11.8	11.6	0.8	7.2%	28.0	5.4%
HAP SENG PLANTATIONS HOLDING	UP	2.31	2.15	-7.0%	1,847.3	Y	12/2026	16.3	16.7	-6.4%	2.2%	14.2	13.9	0.8	5.9%	8.0	3.5%
IOI CORP BHD	MP	4.04	4.35	7.7%	25,392.2	Y	06/2026	23.9	23.5	18.8%	-1.5%	16.9	17.2	1.9	12.5%	11.0	2.7%
KUALA LUMPUR KEPONG BHD	OP	19.18	24.00	25.1%	21,360.0	Y	09/2026	127.1	137.8	17.2%	8.4%	15.1	13.9	1.4	9.7%	60.0	3.1%
PPB GROUP BHD	OP	10.96	12.50	14.1%	15,591.7	Y	12/2025	98.5	115.3	21.5%	17.0%	11.1	9.5	0.5	3.0%	45.0	4.1%
SD GUTHRIE BHD	MP	5.86	5.45	-7.0%	40,526.1	Y	12/2026	27.8	28.0	-3.3%	0.5%	21.1	21.0	1.9	11.9%	15.0	2.6%
TA ANN HOLDINGS BHD	MP	4.63	3.90	-15.8%	2,039.3	Y	12/2025	45.5	41.5	20.4%	-8.8%	10.2	11.2	1.1	10.9%	40.0	8.6%
TSH RESOURCES BHD	OP	1.22	1.55	27.0%	1,538.2	Y	12/2026	12.6	13.0	-9.5%	3.1%	9.6	9.4	0.7	7.9%	5.0	4.1%
UNITED MALACCA BHD	OP	5.80	6.45	11.2%	1,216.7	Y	04/2026	76.1	70.8	37.2%	-7.0%	7.6	8.2	0.7	10.4%	20.0	3.4%
Simple Average					**114,122.8**					**10.8%**	**4.5%**	**15.8**	**15.1**	**1.1**	**8.8%**		**4.2%**

Source: Bloomberg, Kenanga Research

	Criterion	Rating				
GENERAL	Earnings Sustainability & Quality	★	★	★	★	
	Corporate Social Responsibility	★	★	★	☆	
	Management/Workforce Diversity	★	★	★	☆	
	Accessibility & Transparency	★	★	★		
	Corruption-Free Pledge	★	★	★		
	Carbon-Neutral Initiatives	★	★	★		
SPECIFIC	Product Safety to Users	★	★	★		
	Product Safety to the Public	★	★	★		
	Guest Labour Welfare	★	★	★		
	Supply Chain Auditing	★	★	★		
	Work Site Safety	★	★	★	☆	
	Industrial Waste Disposal	★	★	★		
	OVERALL	★	★	★		

☆ denotes half-star
★ -10% discount to TP
★★ -5% discount to TP
★★★ TP unchanged
★★★★ +5% premium to TP
★★★★★ +10% premium to TP

Stock Ratings are defined as follows:

Stock Recommendations

OUTPERFORM	: A particular stock's Expected Total Return is MORE than 10%
MARKET PERFORM	: A particular stock's Expected Total Return is WITHIN the range of -5% to 10%
UNDERPERFORM	: A particular stock's Expected Total Return is LESS than -5%

Sector Recommendations***

OVERWEIGHT	: A particular sector's Expected Total Return is MORE than 10%
NEUTRAL	: A particular sector's Expected Total Return is WITHIN the range of -5% to 10%
UNDERWEIGHT	: A particular sector's Expected Total Return is LESS than -5%

******Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.***

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