

01 April 2026

United Malacca

Good 9M Despite Seasonally Soft 3Q

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UMCCA reported good 9MFY26 earnings that exceeded expectations, accounting for 80% of Kenanga and 97% of consensus full year's estimates. Despite a seasonal QoQ dip, 3QFY26 FFB production still rose YoY albeit short of compensating for lower CPO and PK prices. 3QFY26 core net profit (CNP) thus dipped QoQ but was better YoY. Accordingly, 9MFY26 CNP rose 50% YoY. FY26F and FY27F core EPS (CEPS) have been raised by 4% to 79.3 sen and 8% to 76.5 sen respectively. Maintain TP at RM6.70 and our **OUTPERFORM** call.

9MFY26. Excluding unrealized forex loss (RM4.7m), fair value loss (RM1.1m) and net write down (RM0.1m), 9MFY26 CNP of RM127.4m came in above Kenanga expectation and almost matching consensus full year 12-month estimate. CPO price slipped (-7%), but revenue grew 16% YoY on stronger FFB production (+28%) and PK price (+17%) with PBT margin also improving YoY, from 19% to 25% in 9MFY26.

3QFY26. Typically, harvest peaks in 2Q and 3Q is seasonally slower, where UMCCA saw its harvest decline by 8% QoQ (+21% YoY). CPO prices were also weaker (-7% QoQ, -16% YoY), pulling down 3QFY26 revenue and margins, resulting in a weaker quarterly CNP of RM37.3m (-31% QoQ, +6% YoY). Indonesia reported a small loss due to forex as its harvest was weaker than expected due to droughts in 2024 which led to too many male flowers coupled with heavy rain in Dec 2025 and Jan 2026. Nonetheless, UMCCA's net cash continued to rise from RM204m as of end 2QFY26 to RM235m in 3QFY26. Consistent with its practice, no 3Q dividend was declared.

Expecting a strong FY26. With 9MFY26 CNP already up by 50% YoY, current strength in CPO prices and rising yields, UMCCA is likely to see a firm to stronger 4Q to lift full year FY26 CNP by 43% YoY followed by a slightly weaker FY27 on the back of the following.

- Global edible oil prices, including palm oil, were already firm due to supply tightness but soared when the Middle East conflicts started in late Feb. We are expecting CPO prices of RM4,200 per MT for FY26 and RM4,000 in FY27 compared to RM4,241 achieved in FY25.
- UMCCA's Indonesia upstream is still young (10-years) and expanding (8k Ha out of 11k Ha). As such its Indonesia operation has yet to hit prime yields as yet (14-15 MT FFB per Ha vs 18-20 MT per Ha in more fully matures estates).
- Cost to rise but staying contained. Fertilizer prices have increased since the start of the Middle East conflict but UMCCA has also locked it in both price and volume for 1HFY27. Meanwhile, rising yields and still-good PK prices are helping to contain cost uptick.

Forecasts. Upgrade FY26F CEPS by 4% to 79.3 sen and FY27F CEPS by 8% to 76. sen.

Valuations. Our TP is based on 0.9x PBV, which is the 10-year average for mid-sized planters. We used to apply a 10% discount to TP due to UMCCA's ROE remaining below the 10% sector average but forward FY26-27F ROEs are expected to start hovering at 10%. No change to our TP based on its 3-star ESG rating as appraised by us (see Page 3). Maintain **OUTPERFORM** as we see deep value at current levels.

OUTPERFORM ↔

Price : **RM5.89**
Target Price : **RM6.70** ↔

Share Price Performance



KLCI	1,690.36
YTD KLCI chg	0.6%
YTD stock price chg	0.5%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	UMR MK EQUITY
Market Cap (RM m)	1,235.5
Shares outstanding	209.8
52-week range (H)	6.03
52-week range (L)	4.84
3-mth avg. daily vol.	49,247
Free Float	75%
Beta	0.4

Major Shareholders

Oversea-Chinese Bank	18.3%
Prosperity Capital	14.1%
HSBC Holdings Plc	6.7%

Summary Earnings Table

FYE April (RM m)	2025A	2026F	2027F
Turnover	711.2	852.2	840.9
EBIT	435.7	229.3	212.0
PBT	131.5	227.2	218.3
Net Profit (NP)	97.0	169.4	160.6
Core NP	116.4	166.4	160.6
Consensus (CNP)	-	132.0	116.0
Earnings Revision	-	4%	8%
Core EPS (sen)	55.5	79.3	76.5
Core EPS Growth (%)	92.0	42.9	-3.5
NDPS (sen)	18.0	20.0	20.0
NTA/Share (RM)	6.89	7.50	8.06
Core PER (x)	10.6	7.4	7.7
Price/BV (x)	0.86	0.79	0.73
Net Gearing (x)	N Cash	N Cash	N Cash
Dividend Yield (%)	3.1	3.4	3.4

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Risks to our call include: (i) adverse weather, (ii) softer CPO prices, and (iii) rising cost of labour, fertiliser and fuel.

Results Highlights

<i>FYE April (RM m)</i>	3Q26	2Q26	QoQ	3Q25	YoY	9MFY26	9MFY25	YoY
Revenue	180.9	240.5	-25%	181.4	0%	613.0	528.7	16%
Gross Profit	53.1	75.0	-29%	53.9	-2%	184.2	129.6	42%
EBIT	45.2	66.3	-32%	49.7	-9%	161.9	119.2	36%
Interest expense	(0.1)	(0.6)	-80%	(1.6)	-92%	(1.5)	(5.3)	-72%
Associate	0.04	0.04	0%	(0.03)	N.A.	0.1	0.02	N.A.
El	(8.9)	1.3	-793%	(6.1)	46%	(5.8)	(11.7)	-50%
Pretax Profit	36.2	67.0	-46%	42.0	-14%	154.7	102.2	51%
Taxation	(7.8)	(12.5)	-37%	(12.0)	-35%	(33.3)	(30.6)	9%
MI	0.0	0.9	-98%	(1.1)	-101%	0.1	1.6	-96%
Net Profit	28.4	55.4	-49%	29.0	-2%	121.5	73.2	66%
Core Net Profit	37.3	54.1	-31%	35.1	6%	127.4	84.9	50%
EPS (sen)	13.5	26.4	-49%	13.8	-2%	57.9	34.9	66%
Core EPS (sen)	17.8	25.8	-31%	16.7	6%	60.7	40.5	50%
NDPS (sen)	-	7.0	N.A.	-	-	7.0	5.0	40%
GP %	29%	31%		30%		30%	25%	
EBIT %	25%	28%		27%		26%	23%	
PBT %	20%	28%		23%		25%	19%	
Tax %	22%	19%		28%		21%	30%	
FFB (MT)	130,649	141,407	-8%	107,781	21%	407,364	344,181	18%
Malaysia FFB (MT)	99,505	110,084	-10%	75,800	31%	317,224	265,336	20%
Indonesia FFB (MT)	31,144	31,323	-1%	31,981	-3%	90,140	78,845	14%
Weighted Avg - CPO (RM / MT)	3,916	4,219	-7%	4,687	-16%	4,017	4,196	-4%
Malaysia CPO (RM / MT)	4,073	4,370	-7%	4,921	-17%	4,149	4,313	-4%
Indonesia CPO (RM / MT)	3,414	3,687	-7%	4,134	-17%	3,553	3,801	-7%
Weighted Avg - PK (RM / MT)	3,114	3,538	-12%	3,491	-11%	3,270	2,791	17%
Malaysia PK (RM / MT)	3,212	3,580	-10%	3,736	-14%	3,326	2,862	16%
Indonesia PK (RM / MT)	2,799	3,392	-17%	2,909	-4%	3,071	2,553	20%

Source: Company, Kenanga Research

Segmental Breakdown

<i>FYE April (RM m)</i>	3Q26	2Q26	QoQ	3Q25	YoY	9MFY26	9MFY25	YoY
Segmental Rev:								
Plantation - Malaysia	131.6	165.2	-20%	125.9	4%	450.5	363.3	24%
Plantation - Indonesia	49.3	75.3	-34%	55.4	-11%	162.5	165.4	-2%
Group Rev	180.9	240.5	-25%	181.4	0%	613.0	528.7	16%
Segmental Profit:								
Plantation - Malaysia	37.3	55.5	-33%	28.7	30%	142.3	99.8	43%
Plantation - Indonesia	(1.1)	15.0	-107%	13.4	-108%	12.3	2.4	403%
Investments & Others	0.0	(3.5)	>100%	(0.0)	-250%	0.1	0.0	543%
Pretax Profit	36.2	67.0	-46%	42.0	-14%	154.7	102.2	51%

Source: Company, Kenanga Research

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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.				
PLANTATION																	
GENTING PLANTATIONS BHD	MP	5.25	5.50	4.8%	4,710.1	Y	12/2026	46.9	46.1	18.8%	-1.8%	11.2	11.4	0.9	7.8%	30.0	5.7%
HAP SENG PLANTATIONS HOLDINGS	UP	2.38	2.00	-16.0%	1,903.3	Y	12/2026	17.6	17.4	0.9%	-1.0%	13.5	13.7	0.9	6.4%	8.0	3.4%
IOI CORP BHD	MP	4.22	4.55	7.8%	26,523.5	Y	06/2026	24.7	24.6	22.8%	-0.5%	17.1	17.2	2.0	12.9%	11.0	2.6%
KUALA LUMPUR KEPONG BHD	OP	21.50	24.50	14.0%	23,943.7	Y	09/2026	133.2	143.0	22.8%	7.3%	16.1	15.0	1.5	10.2%	60.0	2.8%
PPB GROUP BHD	OP	12.00	14.85	23.8%	17,071.2	Y	12/2026	117.7	119.1	23.7%	1.2%	10.2	10.1	0.7	6.9%	42.0	3.5%
SD GUTHRIE BHD	MP	6.05	5.55	-8.3%	41,840.1	Y	12/2026	29.7	27.7	3.2%	-6.7%	20.4	21.8	2.0	12.4%	15.0	2.5%
TA ANN HOLDINGS BHD	MP	5.43	4.40	-19.0%	2,391.7	Y	12/2026	46.4	45.8	-4.3%	-1.4%	11.7	11.9	1.2	10.8%	40.0	7.4%
TSH RESOURCES BHD	OP	1.39	1.55	11.5%	1,745.4	Y	12/2026	12.6	13.0	-9.5%	3.1%	11.0	10.7	0.8	7.9%	5.0	3.6%
UNITED MALACCA BHD	OP	5.89	6.70	13.8%	1,235.5	Y	04/2026	79.3	76.5	43.0%	-3.5%	7.4	7.7	0.8	10.8%	20.0	3.4%
Sector Aggregate					121,364.4					15.2%	-0.4%	15.5	15.6	1.2	9.6%		3.9%

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	Biodiversity Conservation	★	★
Sustainable Planting		★	★	★
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

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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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