

22 May 2026

# Ta Ann Holdings

## Slow Start, Smaller 1Q Dividend

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TAANN 1QFY26 core net profit (CNP) of RM39m was 19% of Kenanga, and 17% of consensus, full-year forecasts but we deemed it within expectation as 1Q logging and FFB harvests are often seasonally slow for TAANN. CPO and log prices were also flat or soft in 1QFY26. Higher full year plantation result is expected from stronger CPO prices despite rising costs. Maintain FY26-27F core EPS (CEPS) at 46.4 sen and 45.8 sen, respectively. Our PBV-driven TP of RM4.40 is left unchanged but we downgrade our call from MARKET PERFORM to UNDERPERFORM as a lot of good news may already be reflected in its current share price.

**1QFY26.** Excluding fair value gain (RM10.3m) and net asset write-off (RM0.03m), 1QFY26 CNP fell 39% QoQ and slipped 5% YoY as plantation saw lower PBT of RM68.9m (-44% QoQ, -11% YoY). CPO price was flat QoQ but weakened by 15% YoY while FFB output fell 34% QoQ to 0.146m MT though still up 7% YoY. Timber remained loss making but not worsening. Logging volume of 0.054m m<sup>3</sup> was mix (-16% QoQ, +76% YoY) while plywood exports to the Middle East helped offset soft Japanese demand.

Net cash rose from RM386m in 4QFY25 to RM394m. A dividend of 5.0 sen was declared in 1QFY26 (vs 10.0 sen in 1QFY5). TAANN has no fixed schedule in declaring dividends but rising cash holding suggests higher, more frequent payout is likely. No change to expected annual DPS of 40.0 sen for FY26-27F.

**Plantation earnings should improve.** Following the Middle East conflict, bio-diesel demand has risen. Coupled with a growing El Nino risk, CPO prices are expected to fare better than in 1QFY26. Maintain CPO price for FY26 at RM4,250 per MT and RM4,000 for FY27. However, 2HFY26 fertiliser prices are expected to be 20%-30% higher, raising unit cost by 4%-5% which is manageable as PK prices should stay elevated with FFB harvests expected to increase by 3%-5% YoY over FY26-27.

**Timber losses may be bottoming.** Despite spending on data centre, energy and defense infrastructure capex, timber prices have been soft probably due to slower economic outlook. Hence, flattish log and plywood prices are expected for FY26-27 but costs have risen for logging (diesel) and plywood (adhesive)). Fortunately, the royalty, premium and cess due to the Sarawak state have been halved from 20 Apr 2026 for 12 months. Even so, timber losses are still expected over FY26-27.

**Forecasts.** Maintain FY26-27F CEPS of 46.4 sen and 45.8 sen.

**Valuations.** Maintain TP of RM4.40 based on 1.0x PBV less a 5% ESG discount for its 2-star rating as appraised by us (see Page 3). TAANN's estates are MSPO but not RSPO certified while the timber unit is under Malaysian Timber Certification Scheme and European-based PEFC.

However, we are downgrading our call from MARKET PERFORM to UNDERPERFORM as a lot of good news may be priced in already.

**Risks to our call include:** (i) weather impact on CPO and timber production, (ii) commodity price fluctuations, and (iii) cost inflation.

**UNDERPERFORM** ↓

Price : **RM5.61**  
Target Price : **RM4.40** ↔

### Share Price Performance



KLCI 1,708.36  
YTD KLCI chg 1.7%  
YTD stock price chg 34.9%

### Stock Information

Shariah Compliant Yes  
Bloomberg Ticker TAH MK Equity  
Market Cap (RM m) 2,471.0  
Shares Outstanding 440.5  
52-week range (H) 5.80  
52-week range (L) 3.70  
3-mth avg. daily vol. 461,683  
Free Float 44%  
Beta 0.52

### Major Shareholders

Mountex Sdn Bhd 16.5%  
Wahab Haji Dolah 9.4%  
Haji Sepawi Amar Abd 7.7%

### Summary Earnings Table

FYE Dec (RM m)	2025A	2026F	2027F
Turnover	1,931.9	1,682.9	1,682.8
EBIT	300.1	297.3	279.0
PBT	377.1	343.2	327.5
<b>Net Profit (NP)</b>	<b>218.9</b>	<b>206.3</b>	<b>203.5</b>
<b>Core NP</b>	<b>213.4</b>	<b>204.3</b>	<b>201.5</b>
Consensus (CNP)	-	230.0	225.3
Earnings Revision	-	-	-
Core EPS (sen)	48.4	46.4	45.8
Core EPS Growth (%)	28.2	-4.3	-1.4
NDPS (sen)	40.0	40.0	40.0
NTA/Share (RM)	4.36	4.56	4.60
Core PER (x)	11.6	12.1	12.3
Price/NTA (x)	1.29	1.26	1.23
Net Gearing (x)	N Cash	N Cash	N Cash
Dividend Yield (%)	7.1	7.1	7.1

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### Results Highlights

FYE Dec (RM m)	1Q26	4Q25	QoQ	1Q25	YoY	1QFY26	1QFY25	YoY
<b>Revenue</b>	<b>410.8</b>	<b>590.1</b>	<b>-30%</b>	<b>407.0</b>	<b>0.9%</b>	<b>410.8</b>	<b>407.0</b>	<b>0.9%</b>
Gross Profit	96.8	157.3	-38%	101.4	-4.5%	<b>96.8</b>	101.4	-4.5%
<b>Operating Profit</b>	<b>59.4</b>	<b>98.9</b>	<b>-40%</b>	<b>66.4</b>	<b>-11%</b>	<b>-6.6</b>	<b>66.4</b>	<b>-&gt;100%</b>
Interest expenses	(1.3)	3.4	-138%	(1.1)	14%	(1.3)	(1.1)	14%
Associates & JVs	7.9	10.0	-21%	7.6	4%	<b>7.9</b>	7.6	4%
El (excl in core net profit)	10.4	(16.5)	->100%	0.3	+>100%	10.4	0.3	+>100%
<b>Pretax Profit</b>	<b>76.4</b>	<b>95.8</b>	<b>-20%</b>	<b>73.4</b>	<b>4%</b>	<b>10.3</b>	<b>73.4</b>	<b>-86%</b>
Taxation	(16.7)	(32.6)	-49%	(20.3)	-18%	(16.7)	(20.3)	-18%
MI	(10.0)	(15.1)	-34%	(11.4)	-13%	(10.0)	(11.4)	-13%
<b>Net Profit</b>	<b>49.7</b>	<b>48.0</b>	<b>4%</b>	<b>41.7</b>	<b>19%</b>	<b>(16.3)</b>	<b>41.7</b>	<b>-&gt;100%</b>
<b>Core Net Profit</b>	<b>39.4</b>	<b>64.6</b>	<b>-39%</b>	<b>41.3</b>	<b>-5%</b>	<b>(26.7)</b>	<b>41.3</b>	<b>-165%</b>
Core EPS (sen)	8.9	14.7	-39%	9.4	-5%	(6.1)	9.4	-165%
Net DPS (sen)	5.0	10.0	-50%	10.0	-50%	5.0	10.0	-50%
GP %	24%	27%		25%		24%	25%	
EBIT %	14%	17%		16%		-2%	16%	
PBT %	19%	16%		18%		3%	18%	
Tax %	22%	34%		28%		162%	28%	
Approx CPO (RM / mt)	4,100	4,100	-	4,800	-15%	4,100	4,800	-15%
FFB Production (MT)	145,898	220,199	-34%	136,801	7%	145,898	136,801	7%
CPO Production (MT)	65,434	98,644	-34%	61,050	7%	65,434	61,050	7%
Log Production (m3)	54,106	64,702	-16%	30,677	76%	54,106	30,677	76%

Source: Company, Kenanga Research

### Segmental Breakdown

FYE Dec (RM m)	1Q26	4Q25	QoQ	1Q25	YoY%	1QFY26	1QFY25	YoY
<b>Segmental Revenue:</b>								
Timber	49.2	51.4	-4%	28.6	72%	49.2	28.6	72%
Plantation	360.1	537.9	-33%	377.7	-5%	360.1	377.7	-5%
Others	1.5	0.8	90%	0.7	119%	1.5	0.7	119%
<b>Group Revenue</b>	<b>410.8</b>	<b>590.1</b>	<b>-30%</b>	<b>407.0</b>	<b>1%</b>	<b>410.8</b>	<b>407.0</b>	<b>1%</b>
<b>Segmental Pretax Profit:</b>								
Timber	(3.5)	(11.5)	-69%	(5.2)	-32%	(3.5)	(5.2)	-32%
Plantation	68.9	123.1	-44%	77.8	-11%	68.9	77.8	-11%
Others	11.0	(15.9)	-169%	0.8	1345%	11.0	0.8	1345%
<b>Group Pretax Profit</b>	<b>76.4</b>	<b>95.8</b>	<b>-20%</b>	<b>73.4</b>	<b>4%</b>	<b>76.4</b>	<b>73.4</b>	<b>4%</b>

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.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.
<b>PLANTATION</b>																	
GENTING PLANTATIONS BHD	MP	5.16	5.50	6.6%	4,629.4	Y	12/2026	44.0	44.7	11.5%	1.5%	11.7	11.5	0.9	7.8%	28.0	5.4%
HAP SENG PLANTATIONS HOLDING	UP	2.17	2.00	-7.8%	1,735.3	Y	12/2026	17.6	17.4	0.9%	-1.0%	12.4	12.5	0.8	6.4%	8.0	3.7%
IOI CORP BHD	OP	4.04	4.55	12.6%	25,392.2	Y	06/2026	24.7	24.6	22.8%	-0.5%	16.3	16.4	1.9	12.9%	11.0	2.7%
KUALA LUMPUR KEPONG BHD	OP	20.22	24.50	21.2%	22,518.2	Y	09/2026	133.2	143.0	22.8%	7.3%	15.2	14.1	1.4	10.2%	60.0	3.0%
PPB GROUP BHD	OP	10.20	14.85	45.6%	14,510.5	Y	12/2026	117.7	119.1	23.7%	1.2%	8.7	8.6	0.6	6.9%	42.0	4.1%
SD GUTHRIE BHD	MP	5.92	5.80	-2.0%	40,941.0	Y	12/2026	29.7	27.7	3.2%	-6.7%	19.9	21.4	1.9	12.4%	15.0	2.5%
TA ANN HOLDINGS BHD	MP	5.61	4.40	-21.6%	2,471.0	Y	12/2026	46.4	45.8	-4.3%	-1.4%	12.1	12.3	1.3	10.8%	40.0	7.1%
TSH RESOURCES BHD	OP	1.13	1.60	41.6%	1,411.4	Y	12/2026	11.7	12.3	-16.7%	5.2%	9.7	9.2	0.7	7.3%	5.0	4.4%
UNITED MALACCA BHD	OP	5.86	6.70	14.3%	1,229.2	Y	04/2026	79.3	76.5	43.0%	-3.5%	7.4	7.7	0.8	10.8%	20.0	3.4%
<b>Simple Average</b>					<b>114,838.3</b>					<b>14.6%</b>	<b>-0.2%</b>	<b>14.8</b>	<b>14.8</b>	<b>1.1</b>	<b>9.5%</b>		<b>4.0%</b>

Source: Bloomberg, Kenanga Research

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

☆ 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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