

20 May 2026

TSH Resources

Rain Drenched 1Q but Recovering

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TSH's 1QFY26 core net profit (CNP) was below expectations, coming in at only 10% of Kenanga, and 12% of consensus, full-year estimate. CNP was dragged down by poor FFB harvest due to heavy rain. However, Apr harvest recovered 31% MoM but weaker profit is still expected for FY26-27 after a very strong FY25. FY26-27F CNPs are downgraded by 11-7%, respectively, but core EPS (CEPS) is trimmed by only 4% to 12.8 sen for FY26 and by 2% to 13.4 sen for FY27 after cancellation of 100m Treasury shares. No change to our PBV-driven TP of RM1.55 and **OUTPERFORM** call.

1QFY26. Excluding fair value gains (RM2m), currency losses (RM0.03m) and net disposal gain (RM0.2m), TSH reported weak 1QFY26 CNP of RM19.1m (-53% QoQ, -63% YoY). Softer CPO price of RM3,527/MT (-4% QoQ, -16% YoY) and lower FFB output of 0.170m MT (-8% QoQ, -14% YoY) led to the weaker 1QFY26 revenue and margins. FFB harvest was particularly weak in 1QFY26 due to very heavy rainfall but April harvest has since recovered by 31% MoM.

Net cash declined 23% QoQ, from RM103m in 4QFY25 to RM80m on share buyback and capex. No dividend was declared in 1QFY26 but we are cutting down FY26F and FY27F annual DPS from 5.0 sen to 4.5 sen and 4.7 sen, respectively, following our profit downgrades.

Brighter outlook ahead. Although CY25 ended with higher-than-expected edible oil inventory, supply concerns have made a comeback after the Middle East conflicts due to rising bio-diesel demand. The risk of a serious or "very strong" El Nino is also rising, from about 1/4 chance last month to 1/3 chance currently. Though still below 50% chance, it is expected to prompt some upfront buying; thus, keeping CPO prices firm. Our respective FY26F and FY27F CPO price assumptions of RM4,250 per MT and RM4,200 are thus left unchanged. In the event a very strong El Nino occurs later in FY26 or early FY27, ensuing CPO prices of RM4,500 per MT cannot be ruled out. Meanwhile, cost is rising. Fertiliser prices have risen by 20%-30% but TSH has locked its fertiliser at lower prices for FY26, and PK prices remain elevated.

Upstream expansion ongoing. TSH stands out as among the rare planters still expanding its oil palm planting meaningfully. It is adding >40% more oil palm area once its existing 15k Ha of land approved for oil palm is fully planted up. Work on about half the area has started. TSH is also in the midst of acquiring 11.3k Ha of land near to its existing mill, out of which an estimated 6.6k Ha can be planted with oil palm. All in, the group's planted up area is expected to grow from 39k Ha currently to 45k Ha by end FY27 and 60k Ha by FY35. Estimated capex of RM600-700m can also be funded internally.

Forecasts. Downgrade FY26F CEPS by 4% from 13.3 sen to 12.8 sen on lower 1Q FFB harvest and FY27F CEPS is trimmed by 2% from 13.7 sen to 13.4 sen on higher fertiliser price assumption (+20% YoY).

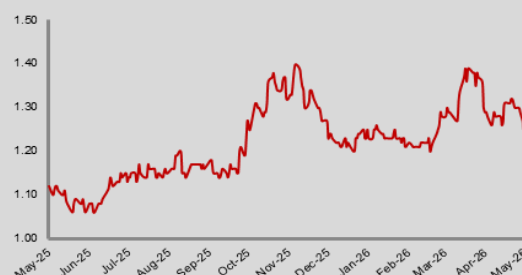
Valuations. Maintain TP at RM1.55 based on PBV of 0.9x. Historically, smaller to mid-sized plantation players trade at a PBV range of 0.9-1.1x. There is no adjustment to our TP based on ESG given a 3-star rating as appraised by us (see Page 3). We like TSH for its long-term expansion, undemanding ratings and cancellation of 100m treasury shares in recent March. No change to our **OUTPERFORM** call.

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

OUTPERFORM ↔

Price : **RM1.23**
Target Price : **RM1.55** ↔

Share Price Performance



KLCI	1,727.27
YTD KLCI chg	2.8%
YTD stock price chg	0.8%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	TSH MK Equity
Market Cap (RM m)	1,537.3
Shares Outstanding	1,249.8
52-week range (H)	1.40
52-week range (L)	1.06
3-mth avg. daily vol.	1,992,310
Free Float	23%
Beta	0.78

Major Shareholders

Tan Aik Pen	28.5%
Central Depository	19.4%
Tan Aik Yong	5.8%

Summary Earnings Table

FYE Dec (RM m)	2025A	2026F	2027F
Turnover	1,060	1,130	1,154
EBIT	319.8	211.3	213.6
PBT	303.2	247.7	253.6
Net Profit (NP)	183.4	161.2	169.5
Core NP	193.6	161.2	169.5
Consensus (CNP)	-	169.3	166.6
Core EPS Revision	-	-4%	-2%
Core EPS (sen)	14.8	12.8	13.4
Core EPS Growth (%)	52.6	-16.7	5.2
NDPS (sen)	5.0	4.5	4.7
BV/Share (RM)	1.60	1.77	1.80
Core PER (x)	8.3	9.6	9.2
Price/BV (x)	0.8	0.7	0.7
Net Gearing (x)	N.Csh	N.Csh	N.Csh
Dividend Yield (%)	4.1	3.7	3.8

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Results Highlights								
FYE Dec (RM m)	1Q26	4Q25	QoQ	1Q25	YoY	1QFY26	1QFY25	YoY
Revenue	205.2	254.4	-19%	275.3	-25%	205.2	275.3	-25%
Gross Profit	87.0	100.6	-14%	125.2	-30%	87.0	125.2	-30%
EBIT	52.6	76.5	-31%	84.0	-37%	52.6	84.0	-37%
Finance Cost	(2.6)	(2.8)	-5%	(2.7)	-2%	(2.6)	(2.7)	-2%
Associates & JV	(0.8)	5.0	-115%	3.7	-120%	(0.8)	3.7	-120%
Misc	(4.143)	(1.831)	126%	(2.991)	39%	(4.1)	(3.0)	39%
El (excl. fr core net profit)	2.2	(11.2)	-120%	(3.4)	-166%	2.2	(3.4)	-166%
Pretax Profit	47.3	65.7	-28%	78.6	-40%	47.3	78.6	-40%
Taxation	(18.4)	(22.0)	-16%	(20.9)	-12%	(18.4)	(20.9)	-12%
MI	(7.6)	(14.7)	-48%	(9.6)	-21%	(7.6)	(9.6)	-21%
Net Profit	21.3	29.1	-27%	48.2	-56%	21.3	48.2	-56%
Core Net Profit	19.1	40.3	-53%	51.6	-63%	19.1	51.6	-63%
Core EPS (sen)	1.5	3.2	-52%	3.8	-60%	1.5	3.8	-60%
DPS (sen)	-	5.0	N.A.	-	-	-	-	-
Gross Profit	42%	40%		45%		42%	45%	
EBIT	26%	30%		31%		26%	31%	
PBT	23%	26%		29%		23%	29%	
Tax	39%	33%		27%		39%	27%	
FFB Production (MT)	169,943	184,554	-8%	198,112	-14%	169,943	198,112	-14%
CPO (RM / MT)	3,527.0	3,686	-4%	4,193	-16%	3,527.0	4,193	-16%
PK (RM / MT)	2,980.0	3,137	-5%	3,203	-7%	2,980.0	3,203	-7%

Source: Company, Kenanga Research

Segmental Breakdown								
FYE Dec (RM m)	1Q26	4Q25	QoQ	1Q25	YoY	1QFY26	1QFY25	YoY
Segmental Revenue:								
Palm Products	197.1	242.9	-19%	262.4	-25%	197.1	262.4	-25%
Others	8.1	11.5	-30%	13.0	-38%	8.1	13.0	-38%
Group Revenue	205.2	254.4	-19%	275.3	-25%	205.2	275.3	-25%
Segmental PBT:								
Palm Products	59.1	70.6	-16%	82.4	-28%	59.1	82.4	-28%
Others	(4.3)	(5.3)	-18%	(1.7)	148%	(4.3)	(1.7)	148%
Finance Cost	(2.6)	(2.8)	-5%	(2.7)	-2%	(2.6)	(2.7)	-2%
Associates & JV	(0.8)	5.0	-115%	3.7	-120%	(0.8)	3.7	-120%
Misc	(4.1)	(1.8)	126%	(3.0)	39%	(4.1)	(3.0)	39%
Pretax Profit	47.3	65.7	-28%	78.6	-40%	47.3	78.6	-40%

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)		
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.
PLANTATION																				
GENTING PLANTATIONS BHD	MP	5.24	5.50	5.0%	4,701.1	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 HOLDING	UP	2.20	2.00	-9.1%	1,759.3	Y	12/2026	17.6	17.4	0.9%	-1.0%	12.5	12.6	0.8	6.4%	8.0	3.6%			
IOI CORP BHD	OP	4.05	4.55	12.3%	25,455.1	Y	06/2026	24.7	24.6	22.8%	-0.5%	16.4	16.5	1.9	12.9%	11.0	2.7%			
KUALA LUMPUR KEPONG BHD	OP	20.56	24.50	19.2%	22,896.8	Y	09/2026	133.2	143.0	22.8%	7.3%	15.4	14.4	1.4	10.2%	60.0	2.9%			
PPB GROUP BHD	OP	10.48	14.85	41.7%	14,908.8	Y	12/2026	117.7	119.1	23.7%	1.2%	8.9	8.8	0.6	6.9%	42.0	4.0%			
SD GUTHRIE BHD	MP	5.95	5.80	-2.5%	41,148.5	Y	12/2026	29.7	27.7	3.2%	-6.7%	20.0	21.5	2.0	12.4%	15.0	2.5%			
TA ANN HOLDINGS BHD	MP	5.65	4.40	-22.1%	2,488.6	Y	12/2026	46.4	45.8	-4.3%	-1.4%	12.2	12.3	1.3	10.8%	40.0	7.1%			
TSH RESOURCES BHD	OP	1.23	1.55	26.0%	1,537.3	Y	12/2026	12.6	13.0	-9.5%	3.1%	9.7	9.4	0.7	7.9%	5.0	4.1%			
UNITED MALACCA BHD	OP	5.87	6.70	14.1%	1,231.3	Y	04/2026	79.3	76.5	43.0%	-3.5%	7.4	7.7	0.8	10.8%	20.0	3.4%			
Simple Average					116,126.9						15.2%	-0.4%	14.9	14.9	1.2	9.6%		4.0%		

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

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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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