Research
by kenanga

Results Note

25 September 2026

United Malacca

Stronger Prices Should Offset Poor 1Q

By Khoo Teng Chuan l khootc@kenanga.com.my

OUTPERFORM ↔

Price :	RM5.96
Target Price :	RM7.00 ↔

UMCCA's 1QFY27 core net profit (CNP) fell 32% QoQ and 45% YoY to account for just 11% of Kenanga and 16% of consensus full year estimates. YoY, the larger Malaysian operation saw FFB dip by 37%, offsetting otherwise a better CPO price and Indonesian harvest. QoQ, Malaysian harvest declined less (6%) but a RM12.6m realised FX loss counteracted firmer CPO price and Indonesian harvest. The Malaysian production is likely to improve but below our original estimate hence FY27 core EPS (CEPS) are cut by 10% to 79.7 sen but raised FY28 CEPS by 2% to 68.8 sen on firmer CPO price. Maintain 0.9x PBV TP of RM7.00 and our OUTPERFORM call.

1QFY27. Adjusting for unrealized FX gain of RM11.2m, fair value gain of RM0.7m and net disposal gain of RM0.1m, 1QFY27 reported CNP of only RM19.9m (-32% QoQ, -45% YoY). CPO price rose to RM4,111 (+2% QoQ, +6% YoY) to help offset 1QFY27 FFB production of 0.112m MT FFB (+3% QoQ, -17% YoY). The group also suffered a RM12.6m realized FX loss which dampened an already weak CNP further. If we were to exclude this realized FX loss, CNP would be firmer at RM31.0m, up 7% QoQ but still down by 14% YoY.

Net cash rose 9% QoQ, from RM286m in 4QFY26 to RM311m. No dividend was declared for 1QFY27 which is in line with the group's past practice and within expectation. Maintain full-year FY27/FY28 DPS at 30 sen and 20 sen respectively.

A strong year ahead. We are expecting further tightness in edible oil supply for the coming 6-12 months from a severe El Nino. As such, elevated CPO prices is likely from even lower global edible oil inventory. Meanwhile edmand stays firm from good food as well as rising bio-diesel demand. Hence, we are raising UMCCA CPO prices from RM4,450 per MT to RM4,700 for FY27 and from RM4,400 to RM4,500 for FY28. However, due to the weak 1QFY27 harvest and expected negative impact on yields from a severe El Nino, we are cutting FY27 FFB harvest from 0.502m MT to 0.456m MT and raising fertilizer cost by 15% YoY as its lower cost fertilizer inventory is probably depleted. FY28 output is expected to suffer less thanks to UMCCA's young Indonesia estates (10-year) which yield <17 MT of FFB per Ha, remaining below the prime 19-21 MT per Ha yield (or higher).

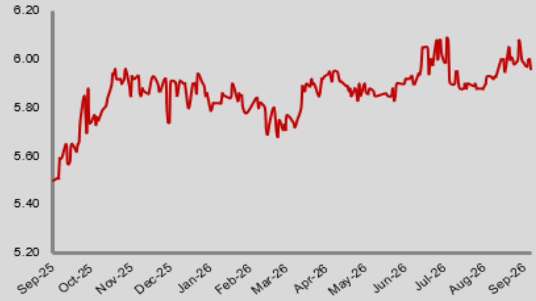
Forecasts. Downgrade FY27 CEPS by 10% from 88.5 sen to 79.7 sen but raise FY28 CEPS by 2% from 67.3 sen to 68.68 sen on higher CPO prices. Higher FY27 DPS of 30 sen is expected, in line with an expected spike in profit but should taper down to 20 sen in FY28.

Valuations. TP maintained at RM7.00 on calendarised 0.9x PBV. We opted not to raise the multiple on a potential El Nino re-rating to 1.1x PBV and will consider doing so if subsequent quarterly recovery surprises our expectation. 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 in UMCCA as its Indonesian estates matures into higher yielding bracket. Its balance sheet is also highly defensive with net cash and good cashflows to sustain generous dividends.

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

Share Price Performance



KLCI	1,672.31
YTD KLCI chg	-0.5%
YTD stock price chg	2.7%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	UMR MK EQUITY
Market Cap (RM m)	1,250.2
Shares outstanding	209.8
52-week range (H)	6.08
52-week range (L)	5.45
3-mth avg. daily vol.	23,234
Free Float	78%
Beta	0.4

Major Shareholders

Oversea-Chinese Bank	17.0%
Prosperity Capital	14.1%
HSBC Holdings Plc	6.7%

Summary Earnings Table

FYE April (RM m)	2026A	2027F	2028F
Turnover	813.4	864.3	853.4
EBIT	171.9	221.7	182.8
PBT	185.0	227.1	193.9
Net Profit (NP)	**144.7**	**167.1**	**144.4**
Core NP	**156.4**	**167.1**	**144.4**
Consensus (CNP)	-	148.0	123.3
Earnings Revision	-	-10%	2%
Core EPS (sen)	74.6	79.7	68.8
Core EPS Growth (%)	34.9	6.8	-13.6
NDPS (sen)	20.0	30.0	20.0
NTA/Share (RM)	7.38	7.87	8.36
Core PER (x)	8.0	7.5	8.7
Price/BV (x)	0.81	0.76	0.71
Net Gearing (x)	N Cash	N Cash	N Cash
Dividend Yield (%)	3.4	5.0	3.4

kenanga

Results Highlights

FYE April (RM m)	1Q27	4Q26	QoQ	1Q26	YoY	1QFY27	1QFY26	YoY
Revenue	**180.1**	**200.4**	**-10%**	**191.6**	**-6%**	**180.1**	**191.6**	**-6%**
Gross Profit	48.8	45.9	6%	56.2	-13%	**48.8**	56.2	-13%
EBIT	44.4	36.2	23%	50.5	-12%	**44.4**	50.5	-12%
Interest expense	(0.0)	(0.0)	-8%	(0.8)	-95%	**(0.0)**	(0.8)	-95%
Associate	0.05	0.06	-7%	0.1	N.A.	**0.1**	0.1	N.A.
EI	0.8	(5.9)	-113%	1.8	-57%	**0.8**	1.8	-57%
Pretax Profit	**45.2**	**30.3**	**49%**	**51.5**	**-12%**	45.2	**51.5**	**-12%**
Taxation	(13.5)	(9.4)	43%	(12.9)	4%	**(13.5)**	(12.9)	4%
MI	0.1	2.3	-97%	(0.9)	-109%	**0.1**	(0.9)	-109%
Net Profit	**31.8**	**23.2**	**37%**	**37.8**	**-16%**	**31.8**	**37.8**	**-16%**
Core Net Profit	**19.9**	**29.1**	**-32%**	**36.0**	**-45%**	**19.9**	**36.0**	**-45%**
EPS (sen)	15.2	11.0	37%	18.0	-16%	15.2	18.0	-16%
Core EPS (sen)	9.5	13.9	-32%	17.1	-45%	9.5	17.1	-45%
NDPS (sen)	-	13.0	N.A.	-	-	-	-	-
GP %	27%	23%		29%		27%	29%	
EBIT %	25%	18%		26%		25%	26%	
PBT %	25%	15%		27%		25%	27%	
Tax %	30%	31%		25%		30%	25%	
FFB (MT)	**112,359**	**109,092**	**3%**	**135,308**	**-17%**	**112,359**	**135,308**	**-17%**
Malaysia FFB (MT)	*72,814*	*77,328*	*-6%*	*107,635*	*-32%*	*72,814*	*107,635*	*-32%*
Indonesia FFB (MT)	*39,545*	*31,764*	*24%*	*27,673*	*43%*	*39,545*	*27,673*	*43%*
Weighted Avg - CPO (RM / MT)	**4,111**	**4,033**	**2%**	**3,892**	**6%**	**4,111**	**3,892**	**6%**
Malaysia CPO (RM / MT)	*4,512*	*4,266*	*6%*	*4,001*	*13%*	*4,512*	*4,001*	*13%*
Indonesia CPO (RM / MT)	*3,372*	*3,465*	*-3%*	*3,470*	*-3%*	*3,372*	*3,470*	*-3%*
Weighted Avg - PK (RM / MT)	**3,370**	**3,502**	**-4%**	**3,130**	**8%**	**3,370**	**3,130**	**8%**
Malaysia PK (RM / MT)	*3,523*	*3,587*	*-2%*	*3,151*	*12%*	*3,523*	*3,151*	*12%*
Indonesia PK (RM / MT)	*3,089*	*3,295*	*-6%*	*3,048*	*1%*	*3,089*	*3,048*	*1%*

Source: Company, Kenanga Research

Segmental Breakdown

FYE April (RM m)	1Q27	4Q26	QoQ	1Q26	YoY	1QFY27	1QFY26	YoY
Segmental Rev:								
Plantation - Malaysia	108.0	118.2	-9%	153.7	-30%	108.0	153.7	-30%
Plantation - Indonesia	72.2	82.2	-12%	37.9	90%	72.2	37.9	90%
Group Rev	**180.1**	**200.4**	**-10%**	**191.6**	**-6%**	**180.1**	**191.6**	**-6%**
Segmental Profit:								
Plantation - Malaysia	24.3	19.0	28%	46.7	-48%	24.3	46.7	-48%
Plantation - Indonesia	20.0	18.6	8%	3.6	453%	20.0	3.6	453%
Investments & Others	1.0	(7.2)	>100%	1.2	-19%	1.0	1.2	-19%
Pretax Profit	**45.2**	**30.3**	**49%**	**51.5**	**-12%**	**45.2**	**51.5**	**-12%**

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	OP	6.08	6.40	5.3%	5,454.1	Y	12/2026	49.8	57.8	26.2%	16.0%	12.2	10.5	1.1	8.8%	28.0	4.6%
HAP SENG PLANTATIONS HOLDINGS	OP	2.48	3.00	21.0%	1,983.2	Y	12/2026	18.9	20.1	8.6%	6.5%	13.1	12.3	0.9	6.1%	9.0	3.6%
IOI CORP BHD	OP	4.78	5.40	13.0%	30,043.3	Y	06/2027	24.0	25.1	19.5%	5.1%	19.9	19.0	2.3	12.6%	11.0	2.3%
KUALA LUMPUR KEPONG BHD	OP	22.48	25.80	14.8%	25,035.1	Y	09/2026	125.6	163.9	15.8%	30.4%	17.9	13.7	1.8	-1.6%	60.0	2.7%
PPB GROUP BHD	OP	9.35	13.40	43.3%	13,288.2	Y	12/2026	103.3	116.2	8.6%	12.5%	9.0	8.0	0.6	6.3%	45.0	4.8%
SD GUTHRIE BHD	MP	6.25	7.20	15.2%	43,223.2	Y	12/2026	33.6	34.1	16.7%	1.7%	18.6	18.3	2.2	16.5%	16.0	2.6%
TA ANN HOLDINGS BHD	UP	5.95	5.00	-16.0%	2,620.7	Y	12/2026	53.9	60.7	11.2%	12.8%	11.0	9.8	1.3	12.3%	40.0	6.7%
TSH RESOURCES BHD	OP	1.43	1.85	29.4%	1,756.3	Y	12/2026	14.2	17.0	-7.4%	19.6%	10.1	8.4	0.9	9.1%	5.0	3.5%
UNITED MALACCA BHD	OP	5.96	7.00	17.4%	1,250.2	Y	04/2027	79.6	68.8	6.8%	-13.6%	7.5	8.7	0.7	10.1%	30.0	5.0%
Sector Aggregate					**124,654.2**					**14.7%**	**10.7%**	**15.9**	**14.4**	**1.3**	**8.9%**		**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	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

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.***

This document has been prepared for general circulation based on information obtained from sources believed to be reliable but we do not make any representations as to its accuracy or completeness. Any recommendation contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may read this document. This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement by addressees. Kenanga Investment Bank Berhad accepts no liability whatsoever for any direct or consequential loss arising from any use of this document or any solicitations of an offer to buy or sell any securities. Kenanga Investment Bank Berhad and its associates, their directors, and/or employees may have positions in, and may effect transactions in securities mentioned herein from time to time in the open market or otherwise, and may receive brokerage fees or act as principal or agent in dealings with respect to these companies. Kenanga Investment Bank Berhad being a full-service investment bank offers investment banking products and services and acts as issuer and liquidity provider with respect to a security that may also fall under its research coverage.

Published by:

KENANGA INVESTMENT BANK BERHAD (15678-H)
Level 17, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia
Telephone: (603) 2172 0880 Website: www.kenanga.com.my E-mail: research@kenanga.com.my