

Company Report

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TSH RESOURCES

(TSH MK EQUITY, TSHR.KL)

PLANTATION

20 Nov 2025

Increasing share buy-backs



HOLD

(Maintained)

Rationale for report: Company Results

Price RM1.36
Target Price RM1.33
52-week High/Low RM1.39/RM1.00

Key Changes

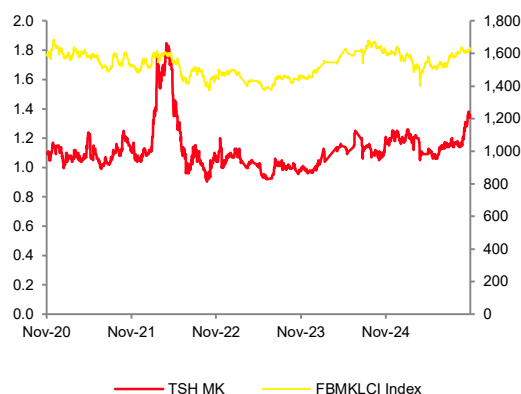
Target Price 
EPS 

YE to Dec	FY24	FY25F	FY26F	FY27F
Revenue (RMmil)	1019.8	1143.2	1242.9	1299.3
Net profit (RMmil)	135.7	204.1	153.4	161.9
EPS (sen)	9.8	14.8	11.1	11.7
EPS growth (%)	42.6	50.5	(24.8)	5.5
Consensus net (RMmil)		160.3	151.3	159.3
DPS (sen)	2.5	0.0	0.0	0.0
PE (x)	13.8	9.2	12.2	11.6
EV/EBITDA (x)	5.9	4.5	5.3	5.0
Div yield (%)	1.8	0.0	0.0	0.0
ROE (%)	6.8	9.2	6.5	6.4
Net gearing (%)	na	3.4	2.2	1.0

Stock and Financial Data

Shares Outstanding (million)	1,380.2
Market Cap (RMmil)	1,877.1
Book Value (RM/Share)	1.45
P/BV (x)	0.9
ROE (%)	6.8
Net Gearing (%)	na
Major Shareholders	Tan Family (46.3%) EPF (3.6%)
Free Float	53.7
Avg Daily Value (RMmil)	3.0

Price performance	3mth	6mth	12mth
Absolute (%)	+0.2	+24.8	+12.4
Relative (%)	+13.4	+18.0	+10.6



Investment Highlights

We have raised TSH Resources' FY26F average CPO price assumption from RM3,950/tonne to RM4,050/tonne. We believe that CPO prices would be supported by the implementation of Indonesia's B50 biodiesel policy in 2H2026. TSH's net profit more than doubled YoY to RM151.4mil in 9MFY25 underpinned by higher CPO prices, lower operating expenses and a decline in the effective tax rate. Comparing 3QFY'25 against 2QFY25, TSH's net profit improved by 15.2% supported by write-back of impairments on trade receivables and fair value gains on biological assets. We maintain HOLD with a target price of RM1.33/share.

- HOLD with a higher TP of RM1.33/share vs. RM1.29/share previously.** We have assumed a FY26F PE of 12x to arrive at TSH's TP of RM1.32/share. The PE of 12x is one SD below the five-year average of 15x. We applied a discount as the average age of TSH's oil palm trees is expected to increase every year due to the lack of replanting. We have raised TSH's FY26F net profit by 3.4% to account for a higher average CPO price of RM4,050/tonne vs. RM3,950/tonne originally.
- TSH's 9MFY25 core net profit of RM151.4mil (ex-unrealised forex gains of RM2.4mil) was 34% above our forecast and 25% above consensus.** TSH exceeded our expectations due to lower-than-expected operating expenses, fair value gains on biological assets and write-backs of impairments on trade receivables. We have raised TSH's FY25F net earnings by 37.7% to account for these.
- Net profit more than doubled YoY to RM151.4mil in 9MFY25.** TSH recorded an average CPO price of RM3,876/tonne in 9MFY25 compared with RM3,657/tonne in 9MFY24. FFB production growth was 3.2% YoY in 9MFY25. On a quarterly basis, TSH's average CPO price inched up to RM3,765/tonne in 3QFY25 from RM3,695/tonne in 2QFY25. However, FFB output edged down by 1.2% QoQ in 3QFY25.
- TSH spent RM94.3mil on share buybacks in 9MFY25 (9MFY24: zero).** In comparison, the group's capex amounted to RM53.9mil in 9MFY25 (9MFY24: RM38.4mil). The group also redeemed investment securities amounting to RM17mil during the period.

Company profile

TSH produces and sells CPO, mainly in Indonesia. The group also exports refined palm products via the jointly owned TSH/Wilmar refinery in Kunak, Sabah.

TSH's earnings are mainly from the production and sale of CPO and PK products. About 6% of the group's FY23 pre-tax profit came from the TSH/Wilmar palm refinery.

TSH's main customers are refineries such as Wilmar International and Musim Mas.

TSH has oil palm estates in Indonesia and Malaysia. More than 90% of FFB production come from Indonesia while the balance 10% are from Malaysia.

TSH's competitive advantage lies in its large plantable reserves. Hence, the group does not need to acquire more landbank to sustain earnings. We estimate that TSH has more than 30,000ha of plantable land in Indonesia.

Investment thesis and catalysts

We have a BUY on TSH as being a pure planter, the group will benefit from a rise in CPO price.

Share price catalysts are a rise in CPO price and stronger-than-expected earnings.

Valuation methodology

We applied a FY26F PE of 12x to arrive at TSH's target price of RM1.33/share. The PE of 12x is one SD below the average of 15x in the past five years. TSH's PE ranged from a low of 7x to a high of 30x in the past five years. We applied a discount due to TSH's growing proportion of ageing oil palm trees.

Risk factors

Key risks are a fall in CPO prices and losses in the TSH/Wilmar palm refinery.

A RM100/tonne decline in CPO price would affect TSH's net profit by 2% to 5% assuming everything else remains the same.

EXHIBIT 1: EARNINGS SUMMARY

YE 31 Dec (RMmil)	9MFY24	9MFY25	%	2QFY25	3QFY25	% QoQ
Revenue	726.8	807.8	11.1	268.8	263.7	-1.9
Cost of sales	(480.4)	(445.4)	-7.3	(150.2)	(145.0)	-3.4
Gross profit	246.5	362.3	47.0	118.6	118.6	0.0
Other op income	25.1	25.0	-0.5	7.8	15.5	97.4
Other op expenses	(160.7)	(157.2)	-2.2	(58.1)	(48.7)	-16.2
Op profit	110.9	230.1	>100	68.3	85.4	25.1
Interest expense	(9.8)	(8.2)	-16.5	(2.7)	(2.8)	0.7
Forex	10.2	2.4	-76.1	0.7	0.5	-28.6
Gain on disposal of investment	0.0	0.0		0.0	0.0	
FV chg on biological assets	0.0	0.0		0.0	0.0	
Loss on discount operations	0.0	0.0		0.0	0.0	
Share of profits in associates	10.9	11.6	5.6	3.2	4.6	45.3
Share of profits in JV	1.2	0.6	-50.7	1.9	(1.3)	>100
Pre-tax profit	123.5	236.5	91.6	71.4	86.5	21.3
Tax	(36.3)	(57.9)	59.6	(15.0)	(22.0)	46.5
Minority interest	(13.3)	(24.8)	85.7	(7.1)	(8.1)	14.1
Net profit	73.8	153.8	>100	49.2	56.4	14.6
Core net profit	63.7	151.4	>100	48.5	55.9	15.2
EPS	5.4	11.6	>100	3.7	4.3	16.7
Gross DPS	2.5	0.0		0.0	0.0	
Average CPO price	3,657.0	3,876	6.0	3,695	3,765	1.9
FFB production (tonnes)	586,610	605,671	3.2	205,049	202,510	-1.2

Source: Bursa Announcement

EXHIBIT 2: VALUATIONS

Target PE (x)	12
CY26F EPS	11.1 (from 10.8 sen)
ESG premium	-
12-month target price	1.33 (from RM1.29)

EXHIBIT 3: CHANGE IN EARNINGS

RMmil	FY25F			FY26F			FY27F		
	Old	New	%	Old	New	%	Old	New	%
Revenue	1,162.2	1,143.2	-1.6	1,202.0	1,242.9	3.4	1,255.0	1,299.3	3.5
Net earnings	148.2	204.1	37.7	148.4	153.4	3.4	153.0	161.9	5.8
Average CPO price	3,950	3,950	-	3,950	4,050	2.5	3,850	4,050	5.2

EXHIBIT 4: ESG MATRIX

Assessment	Parameters	Weightage	Rating					Rationale
RSPO certification	100% certification	33%	*	*	*			No disclosure for RSPO in FY24
Supply chain auditing	100% traceable	33%	*	*	*	*		98% traceable to plantation in FY24
GHG emissions	Net zero by 2050F	33%	*	*	*			242,949 tCO ₂ eq of emissions in FY24
Weighted score for environmental assessment		100%	*	*	*			
Migrant workers welfare	Number of workers grievances	40%	*	*	*	*		Zero in FY24
Fatalities	Zero fatalities	30%	*	*	*	*	*	Zero in FY24
Lost Time Injury Frequency rate	Below 1	30%	*	*	*			LTIFR declined from 14.5 in FY23 to 8.6 in FY24
Weighted score for social assessment		100%	*	*	*	*		
Related party transactions	Value of RPTs	40%	*	*	*			RM285.5mil in FY24 – mainly with TSH/Wilmar palm refinery
Women in workforce	% in workforce	30%	*	*	*			25% of workforce were women in FY24
Remuneration to directors	Total value of remuneration or % of salary costs	30%	*	*	*			RM10.1mil in FY24
Weighted score for governance assessment		100%	*	*	*			
Environmental score		50%	*	*	*			
Social score		30%	*	*	*			
Governance score		20%	*	*	*			
Overall ESG Score		100%	*	*	*			

Source: AmlInvestment Bank

EXHIBIT 5: FINANCIAL DATA

Income Statement (RMmil, YE 31 Dec)	FY23	FY24	FY25F	FY26F	FY27F
Revenue	1,066.5	1,019.8	1,143.2	1,242.9	1,299.3
EBITDA	273.9	315.0	432.2	363.0	381.3
Depreciation/Amortisation	(100.0)	(127.0)	(134.4)	(150.6)	(166.8)
Operating income (EBIT)	173.9	187.9	297.8	212.4	214.5
Other income & associates	8.2	27.2	29.9	32.5	35.7
Net interest	(6.7)	0.2	6.9	6.7	15.3
Exceptional items	22.5	4.5	0.0	0.0	0.0
Pretax profit	197.8	219.9	334.6	251.5	265.5
Taxation	(72.0)	(61.6)	(80.3)	(60.4)	(63.7)
Minorities/pref dividends	(30.7)	(22.6)	(50.2)	(37.7)	(39.8)
Net profit	95.2	135.7	204.1	153.4	161.9
Core net profit	72.7	131.1	204.1	153.4	161.9
Balance Sheet (RMmil, YE 31 Dec)	FY23	FY24	FY25F	FY26F	FY27F
Fixed assets	1277.8	1338.0	1497.7	1646.9	1778.2
Intangible assets	44.3	42.1	42.1	42.1	42.1
Other long-term assets	878.4	910.0	939.9	972.4	1008.1
Total non-current assets	2,200.5	2,290.1	2,479.7	2,661.4	2,828.4
Cash & equivalent	255.5	266.3	245.1	347.7	477.2
Stock	108.4	102.7	140.9	153.2	160.2
Trade debtors	36.2	44.1	219.2	238.4	249.2
Other current assets	244.5	44.5	44.5	44.5	44.5
Total current assets	644.6	457.6	649.8	783.8	931.0
Trade creditors	123.9	108.4	174.6	219.2	229.5
Short-term borrowings	191.2	201.1	241.3	289.6	347.5
Other current liabilities	2.8	7.4	7.4	7.4	7.4
Total current liabilities	317.9	316.9	423.3	516.2	584.4
Long-term borrowings	111.0	58.6	79.1	110.7	155.0
Other long-term liabilities	110.9	111.3	111.8	111.8	111.8
Total long-term liabilities	221.9	169.9	190.8	222.5	266.8
Shareholders' funds	2047.0	2003.7	2207.8	2361.2	2523.2
Minority interests	258.3	257.4	307.6	345.3	385.1
BV/share (RM)	1.48	1.45	1.60	1.71	1.83
Cash Flow (RMmil, YE 31 Dec)	FY23	FY24	FY25F	FY26F	FY27F
Pretax profit	197.8	219.9	334.6	251.5	265.5
Depreciation/Amortisation	100.0	127.0	134.4	150.6	166.8
Net change in working capital	(57.2)	(66.0)	(220.4)	65.2	75.5
Others	(14.0)	(40.3)	(189.7)	(339.7)	(375.5)
Cash flow from operations	226.6	240.6	58.9	127.7	132.3
Capital expenditure	(59.4)	(53.9)	(105.0)	(105.0)	(105.0)
Net investments & sale of fixed assets	33.0	2.8	0.0	0.0	0.0
Others	(9.5)	(15.6)	0.0	0.0	0.0
Cash flow from investing	(35.9)	(66.7)	(105.0)	(105.0)	(105.0)
Debt raised/(repaid)	(284.0)	(40.4)	60.7	79.9	102.2
Equity raised/(repaid)	0.0	(16.3)	0.0	0.0	0.0
Dividends paid	(51.1)	(77.0)	(34.5)	0.0	0.0
Others	6.8	(15.0)	0.0	0.0	0.0
Cash flow from financing	(328.4)	(148.7)	26.2	79.9	102.2
Net cash flow	(137.6)	25.1	(19.9)	102.6	129.5
Net cash/(debt) b/f	376.3	251.1	262.0	242.2	344.7
Net cash/(debt) c/f	238.7	276.3	242.2	344.7	474.2
Key Ratios (YE 31 Dec)	FY23	FY24	FY25F	FY26F	FY27F
Revenue growth (%)	-18.3	-4.4	12.1	8.7	4.5
EBITDA growth (%)	-25.4	15.0	37.2	-16.0	5.0
Pretax margin (%)	18.5	21.6	29.3	20.2	20.4
Net profit margin (%)	8.9	13.3	17.9	12.3	12.5
Interest cover (x)	40.6	na	na	na	na
Effective tax rate (%)	36.4	28.0	24.0	24.0	24.0
Dividend payout (%)	36.3	25.4	0.0	0.0	0.0
Debtors turnover (days)	12	16	70	70	70
Stock turnover (days)	37	37	45	45	45
Creditors turnover (days)	68	62	100	100	100

Source: Company, AmlInvestment Bank

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