

Hot Stock

TH Plantations rises to one-year high, among Bursa top gainers

By Anis Hazim / theedgemalaysia.com

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KUALA LUMPUR (Feb 19): TH Plantations Bhd, the plantation arm of Lembaga Tabung Haji, rose to a one-year high on Monday, as its shares surged as much as 17.73% in early trade, pegging it among Bursa Malaysia's top gainers.

At the time of writing, the counter jumped 12.5 sen to 83 sen from its opening price of 70.5 sen. The counter saw 20.71 million shares traded compared to its 200-day average of 997,594.

Since the start of the year, the stock has jumped 69.39% from 49 sen. At 83 sen, TH Plantations is valued at a market capitalisation of RM728.43 million.

Based on trailing earnings per share (EPS) of 6.49 sen, TH Plantations shares value the company at a price-to-earnings ratio (PER) of 12.78 times.

The reason behind the sudden surge was not clear. The group's last update on Bursa Malaysia was its quarterly productions. As of Dec 31 last year, crude palm oil (CPO) production was down by 7.64% while palm kernel (PK) fell 9.07% as compared to December 2022's productions. Meanwhile, only fresh fruit bunches (FFB) rose by 19.31%.

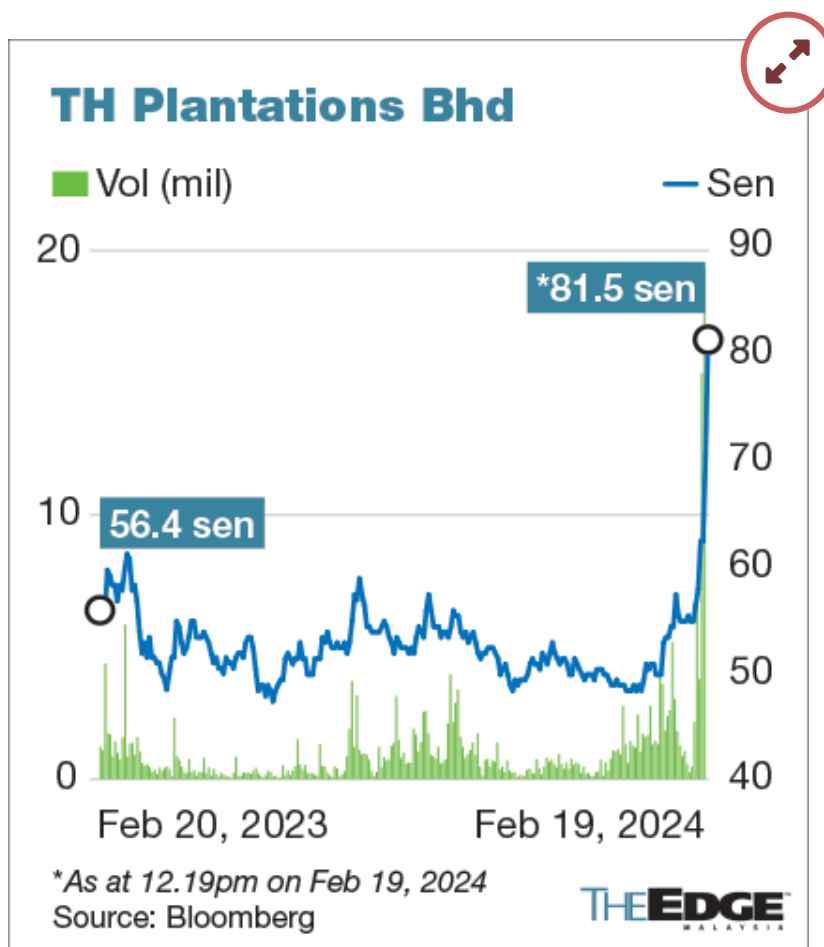
Last Friday, Hong Leong Investment Bank (HLIB), which kept its "neutral" rating on the plantation sector, expects the sector to register flattish weaker quarter-on-quarter upstream earnings due to flattish FFB production growth and lower CPO prices.

However, it said that the earnings performance at the downstream segment will likely remain subdued in the fourth quarter of 2023 driven by weak near-term demand prospects due to the weak global economic environment.

Among HLIB's top picks are Hap Seng Plantations Bhd, with a "buy" call and target price (TP) of RM2.06, and IOI Corp Bhd ("buy"; TP: RM4.66).

In the third quarter ended Sept 30, 2023 (3QFY2023), TH Plantations' net profit increased 22% to RM17.55 million, from RM14.37 million a year prior, on the back of higher operating profit, but partly moderated by lower other income.

Quarterly revenue rose 1.52% to RM216.64 million, from RM213.36 million in 3QFY2022, driven by higher sales volumes for its FFB product and supported by the higher fair value on biological asset which offset the slightly lower average realised prices of palm products and production volume.



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Edited By Surin Murugiah