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MP Evans Group

Industrials

16 September 2026

Own crop and mill efficiency lift margins

MP Evans grows, mills and sells Indonesian crude palm oil (CPO) and palm kernels (PK). H126 results show that processing more of the group's own harvest is now the main driver of margin improvement, with gross margin reaching 40% (H125: 35%) despite only a 1% rise in the CPO price. The board increased the interim dividend by 39% to 25p and remains confident for the remainder of 2026. Crop momentum has continued into H2, with the harvest up 16% in the eight months to August.

Own crop and extraction rates drive gross margin

Group harvest rose 14% y-o-y to 705,400 tonnes as maturing hectarage and improved agronomy on recently acquired areas lifted yields. This allowed purchases of lower-grade independent crop to fall 22% to just 12% of throughput. The higher proportion of own crop, alongside mill efficiency work, raised the average oil extraction rate to 24.2% from 23.5%, adding c 5,400 tonnes of CPO worth US$4.7m. Unit production cost from the group's own areas fell 8% to US$409/t. Revenue rose 9% to US$196.3m, while gross profit increased 25% to US$78.9m and EPS 21% to 86.5p.

Cash generation funds growth and returns

Cash conversion of 117% took net cash to US$113.5m at 30 June (from US$87.5m at end-December), after considering US$29.6m of dividends paid, US$10.7m of capex and a US$3.2m buyback. In September, the group acquired PT Kalimantan Wahana Berjaya and secured rights over adjacent land at Long Nah for an initial US$2.0m, adding 776 planted hectares with potential to develop a further c 3,000 hectares and to feed spare mill capacity at Kota Bangun. Total investment in the new areas is guided at US$20–25m.

Valuation: Operational gains support the outlook

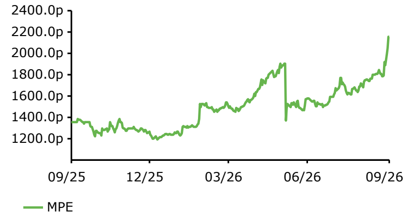
The shares have recovered towards levels seen before uncertainty around Indonesia's proposed export controls, as subsequent clarification indicated that producers can continue to export directly. H126 margin expansion was driven by crop mix, extraction and lower unit costs rather than materially higher CPO prices, while c 7,000 immature hectares provide further volume growth. With US$113.5m of net cash supporting investment and shareholder returns, the continued shift towards own crop should help sustain margins as reliance on independently purchased fruit falls.

Consensus estimates						
Year end	Revenue ($m)	EBIT ($m)	EPS (p)	DPS (p)	P/E (x)	Yield (%)
12/24	352.8	115.7	129.60	52.50	15.8	2.6
12/25	371.0	130.1	161.30	60.00	12.7	2.9
12/26e	378.3	147.0	168.40	55.70	12.1	2.7
12/27e	370.0	146.0	159.97	59.70	12.8	2.9

Source: MP Evans, Bloomberg Intelligence

Price	2,045.00p
Market cap	£1,060m

Share price performance



Share details

Code	MPE
Listing	AIM
Shares in issue	52.3m
Net cash/(debt) at 30 June	$113.5m

Business description

MP Evans Group is a UK-based producer of sustainable Indonesian palm oil. The group manages c 71,000 hectares of planted oil-palm estates, including more than 16,000 hectares on behalf of scheme smallholders, and operates six palm-oil mills. Its plantations are located across Sumatra, Bangka and East Kalimantan, with a small residual property-development interest in Malaysia.

Bull points

- Record order book visibility with strategic crop mix transformation delivering operational leverage.
- Robust commodity pricing environment supporting margin expansion.
- Young plantation-age profile providing decade of yield growth with minimal capex.

Bear points

- Commodity price sensitivity creating earnings volatility.
- Weather dependency affecting crop yields.
- Concentration in Indonesian operations creating geographic and regulatory risk.

Analysts

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