



## Genting Plantations Berhad

(2291 | GENP MK) Main | Plantation

### Maintain NEUTRAL

### Land Acquisition in Sentul City Township

### Unchanged Target Price: RM6.10

#### KEY INVESTMENT HIGHLIGHTS


- Land acquisition in Sentul City
- Indonesia expansion
- Low net gearing
- Earnings forecast maintained
- Maintain NEUTRAL with an unchanged TP of RM6.10

**Land acquisition in Sentul City Township.** Genting Plantations (GenP) announced that through its indirect wholly-owned subsidiaries had entered into a conditional sale and purchase agreement with PT Sentul City TBK and related companies for the proposed acquisition of total 152 hectare of land in Sentul City Township, Bogor, Greater Jakarta for a total purchase consideration of RM593m. The land acquisition is expected to be completed in 1QCY25.

**Indonesia expansion.** We view the land acquisition positively, as it will continue strengthen GenP's footprint in Jakarta, Indonesia. This is especially significant following the maiden commercial project; Jakarta Premium Outlets in Alam Sutera, which is expected to be completed by the end 2024 with a soft opening targeted for early 1QCY25. We opine, the venture into residential development aligns with GenP's strategic expansion into Indonesia, focusing on building middle-high end residential units. The land is strategically located in Sentul City with future direct access to a new regional toll road and a wide range of amenities such as the AEON Sentul City shopping mall and IKEA.

The purchase consideration of RM593m translates into RM390.49psf, in which we believe the acquisition price is fair, being slightly lower than the market value of RM413.63 (-5.6%). The land located in a high-altitude area, which is a popular weekend getaway for golfers. Additionally, the land's value is expected to appreciate, especially after accessibility will be further enhanced with the upcoming LRT with a station scheduled to be operational in Sentul City by 2026.

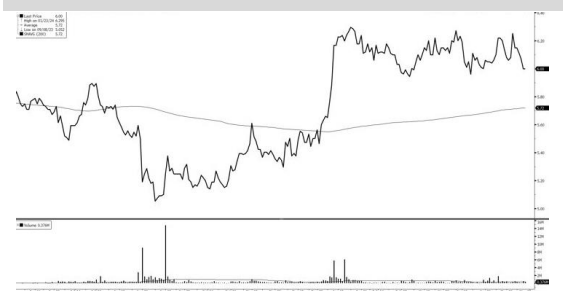
**Low net gearing.** GenP intends to fund the acquisition through a combination of internally generated funds and bank borrowings after the deposit. We estimate net gearing of GenP to go up to 0.21x from 0.15x in FY24E – we deem it is still healthy and just slightly higher of FY23 gearing circa 0.19x.

**Maintain NEUTRAL.** We maintain our earnings forecast for FY24F/25F/26F and **NEUTRAL** call with an unchanged **TP of RM6.10**, derived from PER of 19.4x (nearly 5y average historical mean) pegging FY24F EPS of 31.4sen at this juncture pending from more clarity of the projects from the management. 

#### RETURN STATISTICS

|   |       |
|---|-------|
| Price @ 19 <sup>th</sup> July 2024 (RM) | 5.88  |
| Expected share price return (%)         | +3.69 |
| Expected dividend yield (%)             | +3.57 |
| Expected total return (%)               | +7.26 |

#### SHARE PRICE CHART



| Price performance (%) | Absolute | Relative |
|-----------------------|----------|----------|
| 1 month               | -1.0     | -2.8     |
| 3 months              | -2.4     | -3.5     |
| 12 months             | 0.0      | -13.0    |

#### INVESTMENT STATISTICS

| FYE Dec           | 2024E   | 2025F   | 2026F   |
|-------------------|---------|---------|---------|
| Revenue           | 2,911.9 | 2,866.2 | 2,895.5 |
| Operating Profit  | 483.0   | 540.9   | 573.9   |
| Profit Before Tax | 410.7   | 466.6   | 513.3   |
| Core PATAMI       | 281.8   | 322.5   | 353.5   |
| Core EPS          | 31.4    | 35.9    | 39.4    |
| DPS               | 21.0    | 20.0    | 20.0    |
| Dividend Yield    | 3.6%    | 3.4%    | 3.4%    |

#### KEY STATISTICS

|                                  |               |
|----------------------------------|---------------|
| FBM KLCI                         | 1,637.0       |
| Issue shares (m)                 | 897.6         |
| Estimated free float (%)         | 18.6          |
| Market Capitalisation (RM'm)     | 5,275.5       |
| 52-wk price range                | RM5.03-RM6.38 |
| 3-mth average daily volume (m)   | 0.9           |
| 3-mth average daily value (RM'm) | 2.2           |
| Top Shareholders (%)             |               |
| Genting Berhad                   | 54.4          |
| EPF                              | 13.0          |
| KWAP                             | 7.5           |

**FINANCIAL SUMMARY**

| <b>Income Statement (RM'm)</b> | <b>2022A</b> | <b>2023A</b> | <b>2024E</b> | <b>2025F</b> | <b>2026F</b> |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|
| Revenue                        | 3,189.8      | 2,966.5      | 2,911.9      | 2,866.2      | 2,895.5      |
| Operating Profit               | 744.6        | 448.2        | 483.0        | 540.9        | 573.9        |
| PBT                            | 688.9        | 384.1        | 410.7        | 466.6        | 513.3        |
| PATAMI                         | 471.4        | 253.5        | 281.8        | 322.5        | 353.5        |
| Core PATAMI                    | 483.6        | 258.3        | 281.8        | 322.5        | 353.5        |
| EPS (sen)                      | 52.5         | 28.3         | 31.4         | 35.9         | 39.4         |
| PER (x)                        | 11.2x        | 20.8x        | 18.7x        | 16.4x        | 14.9x        |
| DPS (sen)                      | 34.0         | 21.0         | 21.0         | 20.0         | 20.0         |
| Dividend yield (%)             | 5.8%         | 3.6%         | 3.6%         | 3.4%         | 3.4%         |

| <b>Balance Sheet (RM'm)</b> | <b>2022A</b> | <b>2023A</b> | <b>2024E</b> | <b>2025F</b> | <b>2026F</b> |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|
| PPE                         | 4,389.6      | 4,628.7      | 4,751.0      | 4,865.9      | 4,973.9      |
| ROU assets                  | 960.3        | 986.6        | 984.8        | 982.8        | 980.7        |
| Non-current assets          | 6,328.7      | 6,680.1      | 6,800.6      | 6,913.5      | 7,019.4      |
| Inventories                 | 270.4        | 193.0        | 189.5        | 186.5        | 188.4        |
| Receivables                 | 541.5        | 519.6        | 510.1        | 502.1        | 507.2        |
| Current assets              | 2,463.1      | 1,887.0      | 1,841.2      | 1,857.2      | 1,926.5      |
| Total Assets                | 8,791.8      | 8,567.1      | 8,641.9      | 8,770.7      | 8,946.0      |
| Long-term debt              | 1,831.6      | 1,554.3      | 1,554.3      | 1,554.3      | 1,554.3      |
| Non-current liabilities     | 2,338.2      | 2,127.6      | 2,127.6      | 2,127.6      | 2,127.6      |
| Payables                    | 539.5        | 465.3        | 456.7        | 449.6        | 454.2        |
| Current liabilities         | 1,144.5      | 1,004.6      | 996.1        | 988.9        | 993.5        |
| Share capital               | 1,724.0      | 1,724.0      | 1,724.0      | 1,724.0      | 1,724.0      |
| Reserves                    | 3,486.9      | 3,611.9      | 4,252.8      | 4,863.8      | 5,440.8      |
| Equity                      | 5,309.2      | 5,434.9      | 5,518.2      | 5,654.2      | 5,824.9      |

| <b>Cash Flow (RM'm)</b>   | <b>2022A</b> | <b>2023A</b> | <b>2024E</b> | <b>2025F</b> | <b>2026F</b> |
|---------------------------|--------------|--------------|--------------|--------------|--------------|
| PBT                       | 688.9        | 384.1        | 410.7        | 466.6        | 513.3        |
| Cash flow from operations | 958.3        | 656.1        | 567.1        | 616.4        | 649.6        |
| Cash flow from investing  | -397.4       | -408.6       | -410.0       | -410.0       | -410.0       |
| Cash flow from financing  | -615.8       | -776.3       | -188.4       | -179.4       | -179.4       |
| Net cash flow             | -54.9        | -528.8       | -31.3        | 26.9         | 60.1         |
| Net cash/(debt) b/f       | 1,630.3      | 1,575.8      | 1,048.6      | 1,017.3      | 1,044.2      |
| Net cash/(debt) c/f       | 1,575.8      | 1,048.6      | 1,017.3      | 1,044.2      | 1,104.3      |

| <b>Profitability Margins</b> | <b>2022A</b> | <b>2023A</b> | <b>2024E</b> | <b>2025F</b> | <b>2026F</b> |
|------------------------------|--------------|--------------|--------------|--------------|--------------|
| Operating margin             | 23.3%        | 15.1%        | 16.6%        | 18.9%        | 19.8%        |
| PBT margin                   | 21.6%        | 12.9%        | 14.1%        | 16.3%        | 17.7%        |
| Core PATMI margin            | 14.8%        | 8.5%         | 9.7%         | 11.3%        | 12.2%        |
| Effective tax rate           | 15.2%        | 8.7%         | 9.7%         | 11.3%        | 12.2%        |

Source: Bloomberg, MIDFR

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### MIDF AMANAH INVESTMENT BANK: GUIDE TO RECOMMENDATIONS

#### STOCK RECOMMENDATIONS

|              |  |
|--------------|--|
| BUY          | Total return is expected to be >10% over the next 12 months.   |
| TRADING BUY  | Stock price is expected to <i>rise</i> by >10% within 3-months after a Trading Buy rating has been assigned due to positive newsflow.  |
| NEUTRAL      | Total return is expected to be between -10% and +10% over the next 12 months.  |
| SELL         | Total return is expected to be <-10% over the next 12 months.  |
| TRADING SELL | Stock price is expected to <i>fall</i> by >10% within 3-months after a Trading Sell rating has been assigned due to negative newsflow. |

#### SECTOR RECOMMENDATIONS

|          |  |
|----------|--|
| POSITIVE | The sector is expected to outperform the overall market over the next 12 months.   |
| NEUTRAL  | The sector is to perform in line with the overall market over the next 12 months.  |
| NEGATIVE | The sector is expected to underperform the overall market over the next 12 months. |

#### ESG RECOMMENDATIONS\* - source Bursa Malaysia and FTSE Russell

|      |  |
|------|--|
| ☆☆☆☆ | Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell      |
| ☆☆☆  | Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell   |
| ☆☆   | Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell |
| ☆    | Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell   |

\* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology