Corporate Update

Genting Plantations Berhad

(2291 | GENP MK) Main | Plantation

SHARIAH Compliant | FTSE4Good | ESG 4 Stars

Maintain BUY

Revised Target Price **RM6.26** (from RM6.10)

4QFY24 Results Review
Spectacular Set of Results

Maintain BUY with revised TP of RM6.26. We are maintaining our BUY call with a revised TP of RM6.26 based on FY25F EPS of 39.1sen pegged to a PER of 16x, at 2-year average historical mean. With a low cost of production among its peers, circa estimated of RM2,500-2,600/Mt in FY24, the company's operating profit remains stable amid weak downstream contribution generated which mostly due overcapacity of refineries in Indonesia.

Note that upstream operating profit accounts for 85-90% of the total group operating profit in FY23-24. With CPO price expected to hinge on the high side, this this likely to support a stable profit margin c. 11-13% over the next 2 years. Therefore, any movement in CPO prices (e.g. tight supply in Malaysia) would provide trading opportunity in the stock.

Upstream & Downstream. Profit for upstream was stronger at RM194.1m, while the downstream reversed to red at -RM0.2m, respectively. Margins for upstream division grew to 34.8% (+13.8 ppt), thanks to the lower manuring costs despite flattish FFB output recorded in the quarter. This resulting cost of production to reduce around RM2,200-2,300/Mt.

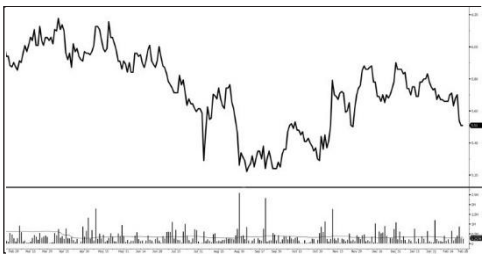
Nonetheless, demand for derivative products remained insignificant, making the utilisation rates for both refinery and biodiesel plant still to 24% and 38% for the full year. This led to margins squeeze due to lower refining margin it was able to fetch.

Operational performance. FFB production experienced a flat number at +1% growth, mainly due to the impact of biological tree rest conditions. However, production in Indonesia remained strong, thanks to the favourable age profile and expanded harvesting areas. Meanwhile, production in Malaysia remained subdued due to large-scale replanting activities, covering almost 27,000 ha since it started back in 2017 exacerbated by a wet weather spell that made the FFB evacuation process more challenging. Average selling prices on the other hand, were higher at RM4,232/Mt (4Q23; RM3,395/Mt) and RM3,111/Mt respectively, for CPO and PK.

Earnings. We are raising our earnings estimate by +9% and 7% for FY25-26, given the earnings came in above ours and consensus estimate, circa 114.9% and 116.7%. Earnings trajectory would remain supported by steady age profile and expanded mature harvestable area coming from Indonesia as well steadfast OER of 21.6-21.8%. Meanwhile cost of production expected to hover RM2,200-2,300 over the next 3 years thanks to stabilised fertiliser prices and higher mills utilisation rate.

RETURN STATISTICS	
Price @ 26th Feb 2025 (RM)	5.51
Expected share price return (%)	+13.6
Expected dividend yield (%)	+3.8
Expected total return (%)	+17.4

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-5.0	-5.9
3months	-6.6	0.9
12 months	-10.2	-12.6

INVESTMENT STATISTICS

FYE June (RM'm)	2025E	2026F	2027F
Revenue	2,884.8	2,922.7	3,054.0
Operating Profit	583.9	609.0	683.3
PBT	509.6	548.4	622.7
Core PATAMI	351.0	376.8	426.3
EPS (sen)	39.1	42.0	47.5
DPS (sen)	25.0	21.0	20.0
Dividend Yield (%)	4.5%	3.8%	3.6%

KEY STATISTICS	
FBM KLCI	1,588.71
Issue shares (m)	895.63
Estimated free float (%)	39.18
Market Capitalisation (RM'm)	4,943.36
52-wk price range	RM5.21 - RM6.33
3-mth average daily volume (m)	0.32
3-mth average daily value (RM'm)	1.85
Top Shareholders (%)	
Genting Berhad	54.44
EPF	13.37
KWAP	7.56

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Genting Plantations: 4QFY24 Results Summary

FYE Dec (RM'm)	Quarterly results					Cumulative results		
	4Q23	3Q24	4Q24	QoQ (%)	YoY (%)	FY23	FY24	YoY (%)
Revenue	800.5	718.5	856.3	19.2	7.0	2,966.5	2,937.9	-1.0
Operating profit	117.0	153.9	202.9	31.8	73.4	448.2	560.8	25.1
Finance Cost	-26.1	-35.2	-36.1	NM	NM	-106.7	-123.7	NM
PBT	100.5	127.5	189.1	48.3	88.1	384.1	480.7	25.1
Tax Expense	-40.0	-36.0	-56.5	NM	NM	-118.4	-145.7	NM
PATAMI	63.2	83.1	119.2	43.5	88.6	253.5	323.1	27.4
Core PATAMI	75.8	107.6	106.3	-1.1	40.2	270.0	342.7	26.9
Core EPS (sen)	7.0	9.3	0.0	-100.0	-100.0	28.3	36.0	27.4
Growth & Margin (%)				+/- ppts				+/- ppts
OP margin (%)	14.6	21.4	23.7	2.3	9.1	15.1	19.1	4.0
PBT margin (%)	12.6	17.7	22.1	4.3	9.5	12.9	16.4	3.4
Core PATAMI margin (%)	9.5	15.0	12.4	-2.6	2.9	9.1	11.7	2.6
Effective tax rate (%)	39.8	28.2	29.9	1.7	-9.9	30.8	30.3	-0.5

Source: Company, MIDFR

Genting Plantations: Segmental Breakdown & Operational Stats.

FYE Dec (RM'm)	Quarterly results					Cumulative results		
	4Q23	3Q24	4Q24	QoQ (%)	YoY (%)	FY23	FY24	YoY (%)
Revenue (RM'm):								
Plantation	504.5	445.2	557.1	25.1	10.4	1,745.2	1,797.9	3.0
Downstream	31.0	32.2	38.2	18.5	23.4	102.0	127.1	24.6
Property	0.2	1.3	1.0	-25.6	>100	2.3	4.4	89.9
Agtech	264.8	239.8	260.0	8.4	-1.8	1,116.9	1,008.5	-9.7
Operating Profit								
Plantation	106.0	116.1	194.1	67.1	83.0	402.7	490.0	21.7
Downstream	-1.2	0.5	-2.0	NM	NM	-6.5	-0.7	NM
Property	22.1	17.9	27.8	55.4	25.5	78.4	80.5	2.7
Agtech	-8.3	-3.5	-4.6	NM	NM	-19.0	-16.8	NM
Segment Margin %								
Plantation	21.0	26.1	34.8	0.3	13.8	23.1	27.3	0.2
Downstream	-3.9	1.7	-5.1	-4.0	-1.2	-6.3	-0.5	-0.9
Property	>100	>100	>100	1.1	NM	>100	>100	-0.5
Agtech	-3.1	-1.5	-1.8	0.2	1.4	-1.7	-1.7	0.0
Operational Stats								
FFB production ('000 mt)	577.0	1,484.0	584.0	-60.6	1.2	2,112.0	2,068.0	-2.1
Avg CPO Price Realised (RM/Mt)	3,395.0	3,725.0	4,232.0	13.6	24.7	4,100.0	3,483.0	-15.0
Avg PK Price Realised (RM/Mt)	1,841.0	2,590.0	3,111.0	20.1	69.0	2,784.0	1,875.0	-32.7

Source: Company, MIDFR

FINANCIAL SUMMARY

Income Statement (RM'm)	2023A	2024A	2025E	2026F	2027F	Cash Flow (RM'm)	2023A	2024A	2025E	2026F	2027F
Revenue	2,966.5	2,937.9	2,884.8	2,922.7	3,054.0	PBT	384.1	480.7	509.6	548.4	622.7
Operating Profit	448.2	560.8	583.9	609.0	683.3	Operating cash flow	656.1	494.1	855.0	673.4	723.9
PBT	384.1	480.7	509.6	548.4	622.7	Investing cash flow	-408.6	-376.2	-410.0	-410.0	-410.0
PATAMI	253.5	323.1	351.0	376.8	426.3	Financing cash flow	-776.3	714.8	-179.4	-179.4	-161.5
Core PATAMI	258.3	342.7	351.0	376.8	426.3	Net cash flow	-528.8	832.7	265.6	84.0	152.5
EPS (sen)	28.3	36.0	39.1	42.0	47.5	Beginning cash flow	1,575.8	1,048.6	1,880.4	2,146.0	2,302.3
PER (x)	19.5x	15.3x	14.1x	13.1x	11.6x	Ending cash flow	1,048.6	1,880.4	2,146.0	2,230.0	2,454.7
DPS (sen)	21.0	25.0	25.0	21.0	20.0						
Dividend yield (%)	3.8%	4.5%	4.5%	3.8%	3.6%						

Balance Sheet (RM'm)	2023A	2024A	2025E	2026F	2027F	Margins	2023A	2024A	2025E	2026F	2027F
PPE	4,628.7	4,472.8	4,865.9	4,973.9	5,075.5	OP margin	15.1%	19.1%	20.2%	20.8%	22.4%
ROU assets	986.6	969.9	982.8	980.7	978.5	PBT margin	12.9%	16.4%	17.7%	18.8%	20.4%
Non-current assets	6,680.1	6,585.8	6,991.7	7,097.6	7,197.0	PATAMI margin	8.5%	11.0%	12.2%	12.9%	14.0%
Inventories	193.0	277.4	187.7	190.2	198.7	Core PATAMI margin	8.7%	11.7%	12.2%	12.9%	14.0%
Receivables	519.6	716.3	505.3	512.0	535.0						
Current assets	1,887.0	3,038.5	2,999.4	3,164.8	3,348.9						
Total Assets	8,567.1	9,624.3	9,991.2	10,262.5	10,545.9						
Long-term debt	1,554.3	1,466.3	1,466.3	1,466.3	1,466.3						
Non-current liabilities	2,127.6	2,055.6	2,055.6	2,055.6	2,055.6						
Payables	465.3	540.7	452.5	458.4	479.0						
Current liabilities	1,004.6	2,236.7	2,148.5	2,154.5	2,175.1						
Share capital	1,724.0	1,724.0	1,724.0	1,724.0	1,724.0						
Reserves	3,611.9	3,552.5	4,827.9	5,405.0	5,276.8						
Equity	5,434.9	5,332.0	5,787.0	6,052.4	6,315.2						

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	The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
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	The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.

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