FGV Holdings Berhad

(5222 | FGV MK) Main | Plantation

SHARIAH Compliant | FTSE4Good | ESG 4 Stars

Corporate Update

4QFY24 Results Review
Better than Expected

Maintain NEUTRAL with an unchanged TP of RM1.16. We are maintaining our NEUTRAL call with an unchanged TP of RM1.16 based on FY25F BV/PS of 1.66sen pegged to a P/BV of 0.7x, at nearly 2-year historical average. Outlook for the FGV remains mix, as profit from the upstream to be positive riding on elevated CPO price movement however margin compression expected to continue in absence of decent contribution from downstream subsegment due to higher input cost for its feedstock refineries.

Plantation. During the quarter, the segment generated a solid sales and profitability amounted RM4.8b (-5.5%qoq, +13.7%yoy) and RM142.6m (-25.3%qoq, +31.8%yoy), respectively. The higher profit recorded was due to elevated CPO and PK prices realized despite softer OER and CPO production registered. Notably, CPO cost ex-mill moderated by 9% to estimated RM1,900/Mt (-6.5%yoy), on higher utilisation rate as improved in in FFB yield by +15%. Decrease in estate cost because of lower fertiliser and upkeep costs, as well as effective maintenance systems.

Operationally, during the quarter, FFB received declined by -3% due to lower contributions from external parties following a decrease in Malaysia's FFB production during the quarter. The total FFB received in FY2024 increased by 12%, mainly driven by favourable weather conditions. The FFB yield from FGV and Felda Settlers also improved due to enhanced estate practices. Additionally, Labour strength improved to 88%, driven by increased labour availability in Sabah and Sarawak, although challenges persist in Peninsular Malaysia.

Downstream. Earnings was somewhat effected, substantially down by -94%yoy to RM4.0m, mainly dragged by lower margins in the bulk commodities segment. Although the edible oils and chemicals segment performed better, margins were squeezed due to 1) Price ceiling imposed to local cooking oil 2) Intensified price competition in the export market.

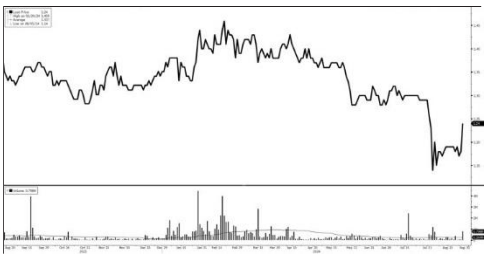
Sugar. On PBT level earnings were improved to RM97.0m as margin improved from higher average selling prices by 6%, increased sales volume by 8%, an 11% reduction in refining cost, and better capacity utilization. Additionally, incentives continued to be received for certain packed sugar sold in the domestic market.

Earnings estimate. We are raising our earnings estimate by +9.7% and 18.7% for FY25-26F, since the earnings came in above ours and consensus estimate, circa 134.4% and 126.5%. Improvement in earnings expected to continue considering elevated CPO price movement, low cost of production and higher sugar subsegment contribution.

Maintain NEUTRAL
Unchanged Target Price **RM1.16**

RETURN STATISTICS	
Price @ 28th Feb 2025 (RM)	1.14
Expected share price return (%)	+1.9
Expected dividend yield (%)	+5.0
Expected total return (%)	+6.9

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-3.9	-6.2
3months	-3.1	-9.5
12 months	-12.7	-23.7

INVESTMENT STATISTICS

FYE Dec (RM'm)	2025E	2026F	2027F
Revenue	24,657.5	24,190.7	23,875.8
Operating Profit	453.6	524.0	637.4
PBZT	433.5	503.9	617.3
PATAMI	279.0	333.7	413.0
EPS (sen)	7.6	9.1	11.3
DPS (sen)	5.0	5.0	4.0
Dividend Yield (%)	4.4	4.4	3.5

KEY STATISTICS	
FBM KLCI	1,574.70
Issue shares (m)	3648.15
Estimated free float (%)	10.24
Market Capitalisation (RM'm)	4,158.90
52-wk price range	RM1.10 – RM1.60
3-mth average daily volume (m)	0.27
3-mth average daily value (RM'm)	0.34
Top Shareholders (%)	
FELDA	81.91
Kerajaan Negeri Pahang	5.00
UBS	1.99

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FGVH: 4QFY24 Results Summary

FYE Dec (RM'm)	Quarterly results					Cumulative results		
	4QFY23	3QFY24	4QFY24	QoQ (%)	YoY (%)	FY23	FY24	YoY (%)
Revenue	5,364.7	6,175.2	5,920.2	-4.1	10.4	19,359.2	22,155.6	5,364.7
Operating profit	169.8	179.1	212.1	18.4	24.9	393.5	627.3	59.4
Associates	0.4	-1.4	0.4	>100	-7.0	-1.5	-1.9	NM
JVs	21.8	10.4	17.8	71.9	-18.4	24.8	31.7	27.6
PBZT	182.1	156.6	218.8	39.7	20.2	339.1	565.8	66.9
Zakat	-15.8	-8.8	-0.7	-91.7	-95.4	-34.2	-11.5	-66.4
Taxation	-67.7	-74.6	-55.5	-25.6	-17.9	-193.1	-230.6	19.4
PATAMI	71.8	87.2	116.2	33.3	61.8	103.0	276.3	>100
Core PATAMI	139.3	199.4	168.6	-15.4	21.0	54.2	453.8	>100
Core EPS (sen)	3.8	5.5	4.6	-15.4	21.0	1.5	12.4	>100
Growth & Margin (%)				+/- ppts				+/- ppts
OP margin (%)	3.2	2.9	3.6	-6.5	0.4	2.0	2.8	-4.9
PBZT margin (%)	3.4	2.5	3.7	-6.2	0.3	1.8	2.6	-4.3
Core PATAMI margin (%)	2.6	3.2	2.8	-6.1	0.3	0.3	2.0	-2.3

Source: Company, MIDFR

FGVH: Segmental Breakdown & Operational Stats.

FYE Dec (RM'm)	Quarterly results					Cumulative results		
	4QFY23	3QFY24	4QFY24	QoQ (%)	YoY (%)	FY23	FY24	YoY (%)
Revenue (RM'm):								
Plantation	4,258.9	5,126.3	4,843.5	-5.5	13.7	15,746.8	18,053.9	14.7
Sugar	949.9	861.3	943.5	9.5	-0.7	3,091.1	3,544.3	14.7
Logistics and Others	146.9	180.4	125.0	-30.7	-14.9	479.5	528.6	10.2
Pre-Tax								
Plantation	108.2	190.8	142.6	-25.3	31.8	294.8	465.9	58.0
Sugar	54.3	-54.2	96.8	>100	78.3	-23.1	79.3	>100
Logistics and Others	45.8	46.5	40.4	-13.3	-11.8	148.4	157.0	5.8
Pre-Tax Margin %								
Plantation	2.5	3.7	2.9	-0.8	0.4	1.9	2.6	0.7
Sugar	5.7	-6.3	10.3	16.6	4.5	-0.7	2.2	3.0
Logistics and Others	31.2	25.8	32.3	6.5	1.1	30.9	29.7	-1.2
Operational Stats								
FFB production ('000 Mt)	1,045.0	1,202.0	1,070.0	-11.0	2.4	3,640.0	3,970.0	9.1
CPO production ('000 Mt)	765.0	880.0	730.0	-17.0	-4.6	2,620.0	2,920.0	11.5
OER%	21.1%	20.7%	20.7%	-0.3	-2.0	20.7%	20.6%	-0.3
Avg CPO Price Realised (RM/Mt)	3,789	3,980	4,344	9.1	14.6	3,901	4,102	5.2

Source: Company, MIDFR

FINANCIAL SUMMARY

Income Statement (RM'm)	2023A	2024A	2025F	2026F	2027F	Cash Flow (RM'm)	2023A	2024A	2025F	2026F	2027F
Revenue	19,359.2	22,155.6	24,657.5	24,190.7	23,875.8	PAT	112.4	323.8	309.4	358.7	438.0
Operating Profit	403.1	627.3	453.6	524.0	637.4	Operating cash flow	1,550.6	1,211.9	886.5	1,138.0	1,229.1
PBZT	336.4	565.8	433.5	503.9	617.3	Investing cash flow	-866.8	-550.0	-550.0	-550.0	-550.0
PATAMI	101.6	276.3	279.0	333.7	413.0	Financing cash flow	-579.6	-109.4	-182.4	-182.4	-182.4
Core PATAMI	52.8	453.8	279.0	333.7	413.0	Net cash flow	104.3	552.5	154.1	405.6	496.7
EPS (sen)	2.8	7.6	7.6	9.1	11.3	Beginning cash flow	1,397.1	1,523.2	2,075.7	2,229.8	2,635.4
PER (x)	40.9	15.1	14.9	12.5	10.1	Ending cash flow	1,523.2	2,075.7	2,229.8	2,635.4	3,132.1
DPS (sen)	3.0	5.0	5.0	5.0	4.0						
Dividend yield (%)	2.6%	4.4%	4.4%	4.4%	3.5%						

Balance Sheet (RM'm)	2023A	2024A	2025F	2026F	2027F	Margins	2023A	2024A	2025F	2026F	2027F
PPE	7,908.3	8,110.4	7,551.0	7,340.1	7,107.7	OP margin	2.1%	2.8%	1.8%	2.2%	2.7%
ROU	2,195.9	2,100.2	2,130.9	2,096.4	2,060.5	PBT margin	1.7%	2.6%	1.8%	2.1%	2.6%
Intangible assets	889.6	889.6	889.6	889.6	889.6	PATAMI margin	0.5%	1.2%	1.1%	1.4%	1.7%
Non-current assets	12,332.5	12,420.8	11,500.0	11,301.8	11,081.7	Core PATAMI margin	0.3%	2.0%	1.1%	1.4%	1.7%
Inventories	1,626.9	2,318.9	1,643.8	1,612.7	1,591.7						
Trade receivables	1,333.7	1,254.7	1,643.8	1,612.7	1,591.7						
Current assets	4,950.2	6,076.6	5,585.3	5,928.7	6,383.3						
Total Assets	17,282.8	18,497.4	17,085.3	17,230.5	17,465.1						
Lease Liabilities	30.6	40.9	40.9	40.9	40.9						
Trade & other payables	1,296.5	2,075.3	1,643.8	1,612.7	1,591.7						
Current liabilities	4,241.4	5,130.3	4,698.9	4,667.7	4,646.8						
Non-current liabilities	5,459.4	5,751.3	5,751.3	5,751.3	5,751.3						
Equity	7,582.0	7,615.8	7,597.1	7,773.4	8,029.1						
Liabilities & equity	17,282.8	18,497.4	17,085.3	17,230.5	17,465.1						

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