FGV Holdings Berhad

(5222 | FGV MK) Main | Plantation

SHARIAH Compliant | FTSE4Good | ESG 4 Stars

Corporate Update

Accept Offer

Offer Price **RM1.30**

1QFY25 Results Review
A Good Start

Accept the offer price of RM1.30. We recommend that investors accept the offer price, as the RM1.30 offer price represents a 12% premium over our house fair value of RM1.16. Currently, the stock is valued at 17.0x PER based on the forecasted FY25 EPS of 7.6sen, 7.1% below the integrated plantation sector average PER of 18.3x. If valuation were instead based on FY24 earnings, the implied PER would be 17.2x. Although, the historical and forward implied P/E are notably below FGV's 5-year average of 20.5x and lag behind sector valuations, we view this as a fair benchmark given the company's mixed outlook.

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 decent sales and profitability amounted RM4.2b (-14.0%qoq, +18.2%yoy) and RM33.0m (-76.8%qoq, >100%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 inched by +5.1% to estimated RM3,040/Mt, dragged by low OER of 19.94%, following poor quality standard of crops due to wet weather situations.

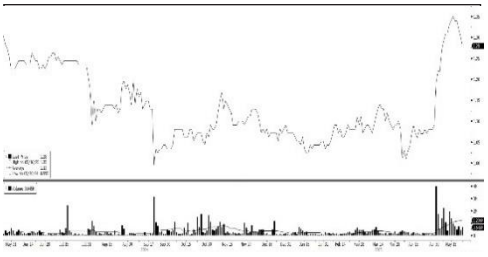
Downstream. Earnings were somewhat effected, reversed to red circa -RM11.6m, mainly dragged by lower demand and reduced margins in the bulk commodities segment. Biodiesel sales volume dropped by 27%yoy, primarily due to weaker demand for diesel and refined glycerine. Meanwhile, Oleochemical sales volume decreased by 6%yoy due to the lower consumer demand across all market segments.

Sugar. PBT was softened to RM11.0m (-84.0%yoy) on the back of 1) a 10%yoy decline in ASP, 2) dropped in sales volume (-8.0%yoy) across the wholesale and export segments. Operationally, the average UF stood at 47%, impacted by scheduled plant shutdowns at MSM Prai and MSM Johor for maintenance. Additionally, incentives continued to be received for certain packed sugar sold in the domestic market.

Earnings estimate. We are maintaining our earnings estimate at this juncture, as we deem 1QFY25's PATAMI of RM36.5m (-68.6%qoq, >100%yoy) within expectations. Earnings expected to catch up in upcoming quarters tracking high seasonally output in 2H25.

RETURN STATISTICS	
Price @ 28th May 2025 (RM)	1.30
Expected share price return (%)	+0.00
Expected total return (%)	+0.00

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	21.3	19.9
3months	20.2	17.3
12 months	-3.7	2.1

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 (%)	3.8	3.8	3.8

KEY STATISTICS	
FBM KLCI	1,523.48
Issue shares (m)	3648.15
Estimated free float (%)	10.24
Market Capitalisation (RM'm)	4,742.60
52-wk price range	RM1.00 – RM1.37
3-mth average daily volume (m)	0.48
3-mth average daily value (RM'm)	0.59
Top Shareholders (%)	
FELDA	81.91
Kerajaan Negeri Pahang	5.00
UBS	1.99

Analyst

Research Team

reseach@midf.com.my

FGVH: 1QFY25 Results Summary

FYE Dec (RM'm)	Quarterly results					Cumulative results		
	1QFY24	4QFY25	1QFY25	QoQ (%)	YoY (%)	3M24	3M25	YoY (%)
Revenue	4,544.6	5,920.2	5,035.9	-14.9	10.8	4,544.6	5,035.9	10.8
Operating profit	66.8	212.1	90.3	-57.4	35.2	66.8	90.3	35.2
Associates	-0.3	0.4	0.2	-55.6	>100	-0.3	0.2	>100
JVs	3.2	17.8	15.4	-13.7	>100	3.2	15.4	>100
PBZT	49.7	218.8	83.4	-61.9	67.8	49.7	83.4	67.8
Zakat	-0.5	-0.7	-0.4	-43.2	-12.3	-0.5	-0.4	-12.3
Taxation	-45.9	-55.5	-35.6	-35.9	-22.5	-45.9	-35.6	-22.5
PATAMI	-13.5	116.2	36.5	-68.6	>100	-13.5	36.5	>100
Core PATAMI	6.0	168.6	24.7	-85.3	>100	6.2	23.3	>100
EPS (sen)	-0.4	3.2	1.0	-68.6	>100	-0.4	1.0	>100
Growth & Margin (%)				+/- ppts				+/- ppts
OP margin (%)	1.5	3.6	1.8	-5.4	0.3	1.5	1.8	-3.3
PBZT margin (%)	1.1	3.7	1.7	-5.4	0.6	1.1	1.7	-2.7
Core PATAMI margin (%)	0.1	2.8	0.5	-3.3	0.4	0.1	0.5	-0.6

Source: Company, MIDFR

FGVH: Segmental Breakdown & Operational Stats.

FYE Dec (RM'm)	Quarterly results					Cumulative results		
	1QFY24	4QFY25	1QFY25	QoQ (%)	YoY (%)	3M24	3M25	YoY (%)
Revenue (RM'm):								
Plantation	3,523.9	4,843.5	4,165.9	-14.0	18.2	3,523.9	4,165.9	18.2
Sugar	906.9	943.5	749.5	-20.6	-17.4	906.9	749.5	-17.4
Logistics and Others	106.7	125.0	117.7	-5.9	10.3	106.7	117.7	10.3
Pre-Tax								
Plantation	-35.5	142.6	33.0	-76.8	>100	-35.5	33.0	>100
Sugar	67.2	96.8	11.5	-88.2	-82.9	67.2	11.5	-82.9
Logistics and Others	32.6	40.4	32.5	-19.6	-0.4	32.6	32.5	-0.4
Pre-Tax Margin %								
Plantation	-1.0	2.9	0.8	-2.2	1.8	-1.0	0.8	1.8
Sugar	7.4	10.3	1.5	-8.7	-5.9	7.4	1.5	-5.9
Logistics and Others	30.5	32.3	27.6	-4.7	-2.9	30.5	27.6	-2.9
Operational Stats								
FFB production ('000 Mt)	737.0	1,070.0	772.0	-27.9	4.7	737.0	772.0	4.7
CPO production ('000 Mt)	569.0	730.0	516.0	-29.3	-9.3	569.0	516.0	-9.3
OER%	20.6%	20.7%	19.9%	-3.4	-3.2	20.6%	19.9%	-3.2
Avg CPO Price Realised (RM/Mt	3,907	4,344	4,784	10.1	22.4	3,907	4,784	22.4

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)	46.7	17.2	17.0	14.2	11.5	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 (%)	2.3%	3.8%	3.8%	3.8%	3.8%						

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