Genting Plantations Berhad

(2291 | GENP MK) Main | Plantation

SHARIAH Compliant | FTSE4Good | ESG 4 Stars

Corporate Update

Maintain BUY

Unchanged Target Price **RM6.26**

1QFY25 Results Review
Remains Steady

Maintain BUY with unchanged TP of RM6.26. We are maintaining our **BUY** call with an unchanged **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 profit in FY23-24. With CPO price expected to hinge on the high side, this is 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.

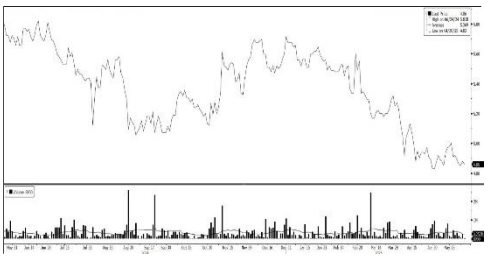
Upstream & Downstream. Profit for upstream was stronger at RM94.8m, while the downstream reversed to black at RM3.5m, respectively. Margins for upstream division grew to 22.3% (+5.6 ppts), thanks to the lower manuring costs despite softer FFB output recorded in the quarter. This resulting cost of production to reduce around RM2,500-2,600/Mt. For the downstream, earnings managed return to black, driven by stronger selling prices and higher sales quantity for refinery, partially moderated by lower sales volume for biodiesel.

Operational performance. FFB production softened to 435,000 Mt (-4.8%yoy), mainly due to the impact of wet weather conditions. Production in Indonesia remained strong, thanks to the favourable age profile and expanded harvesting areas. In contrast, Malaysia remained subdued due to large-scale replanting activities, covering almost 27,000 ha since it began in 2017 exacerbated by a wet weather spell that made widespread flooding at some estates leaving the FFB evacuation process more challenging particularly in Sabah. Average selling prices on the other hand, were higher at RM4,162/Mt (1Q24; RM3,643/Mt) and RM3,311/Mt respectively, for CPO and PK.

Earnings. Maintained at this juncture, as we deem PATAMI of RM61.3m (+43.0%yoy) within expectations, as we anticipate earnings to play some catch up in upcoming quarters due to higher output amid normalise estates activity. 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 @ 28th May 2025 (RM)	4.87
Expected share price return (%)	+28.55
Expected dividend yield (%)	+4.31
Expected total return (%)	+32.86

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-2.2	-3.4
3months	-8.6	-10.5
12 months	-17.9	-3.0

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 (%)	5.1%	4.3%	4.1%

KEY STATISTICS	
FBM KLCI	1,523.48
Issue shares (m)	895.63
Estimated free float (%)	39.18
Market Capitalisation (RM'm)	4,369.35
52-wk price range	RM4.81 - RM6.02
3-mth average daily volume (m)	0.34
3-mth average daily value (RM'm)	1.76
Top Shareholders (%)	
Genting Berhad	54.44
EPF	13.46
KWAP	7.59

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Genting Plantations: 1QFY25 Results Summary

FYE Dec (RM'm)	Quarterly results					Cumulative results		
	1Q24	4Q24	1Q25	QoQ (%)	YoY (%)	3M24	3M25	YoY (%)
Revenue	605.8	856.3	719.5	-16.0	18.8	605.8	719.5	18.8
Operating profit	75.6	202.9	114.0	-43.8	50.8	75.6	114.0	50.8
Finance Cost	-25.7	-36.1	-32.7	NM	NM	-25.7	-32.7	NM
PBT	60.8	189.1	90.1	-52.4	48.3	60.8	90.1	48.3
Tax Expense	-21.1	-56.5	-27.1	NM	NM	-21.1	-27.1	NM
PATAMI	42.8	119.2	61.3	-48.6	43.0	42.8	61.3	43.0
Core PATAMI	47.9	106.3	61.2	-42.4	27.7	47.9	61.2	27.7
Core EPS (sen)	4.8	13.3	6.8	-48.6	43.0	4.8	6.8	43.0
Growth & Margin (%)				+/- ppts				+/- ppts
OP margin (%)	12.5	23.7	15.8	-7.9	3.4	12.5	15.8	3.4
PBT margin (%)	10.0	22.1	12.5	-9.6	2.5	10.0	12.5	2.5
Core PATAMI margin (%)	7.9	12.4	8.5	-3.9	0.6	7.9	8.5	0.6
Effective tax rate (%)	34.7	29.9	30.1	0.2	-4.6	34.7	30.1	-4.6

Source: Company, MIDFR

Genting Plantations: Segmental Breakdown & Operational Stats.

FYE Dec (RM'm)	Quarterly results					Cumulative results		
	1Q24	4Q24	1Q25	QoQ (%)	YoY (%)	3M24	3M25	YoY (%)
Revenue (RM'm):								
Plantation	385.9	557.1	425.5	-23.6	10.3	385.9	425.5	10.3
Downstream	34.3	38.2	28.7	-25.0	-16.6	34.3	28.7	-16.6
Property	1.1	1.0	0.6	-34.5	-42.8	1.1	0.6	-42.8
Agtech	184.5	260.0	264.6	1.8	43.5	184.5	264.6	43.5
Operating Profit								
Plantation	64.3	194.1	94.8	-51.2	47.4	64.3	94.8	47.4
Downstream	-2.7	-2.0	3.5	>100	>100	-2.7	3.5	>100
Property	20.5	27.8	16.1	-42.2	-21.6	20.5	16.1	-21.6
Agtech	-5.1	-4.6	-5.0	NM	NM	-5.1	-5.0	NM
Segment Margin %								
Plantation	16.7	34.8	22.3	-0.4	5.6	16.7	22.3	0.3
Downstream	-7.8	-5.1	12.3	-3.4	20.1	-7.8	12.3	-2.6
Operational Stats								
FFB production ('000 mt)	457	584	435	-25.5	-4.8	457.0	435.0	-4.8
Avg CPO Price Realised (RM/Mt	3,643	4,232	4,162	-1.7	14.2	3,643	4,162	14.2
Avg PK Price Realised (RM/Mt)	2,011	3,111	3,311	6.4	64.6	2,011	3,311	64.6

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)	17.2x	13.5x	12.4x	11.6x	10.3x	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 (%)	4.3%	5.1%	5.1%	4.3%	4.1%						

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