IOI Corporation Berhad

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Corporate Update

Maintain BUY

Unchanged Target Price **RM4.42**

3QFY25 Results Review
Upstream Strength Anchors 3Q25

Maintain BUY with unchanged TP of RM4.42. We are maintaining our **BUY** call with an unchanged **TP of RM4.42** based on FY26F EPS of 20.5sen pegged to a PER of 21.6x, at 5-year historical mean. Notably, the upstream division contributes over 90% of total group operating profit for FY25–FY27F. As such, any upward movement in the CPO price trajectory is expected to have a materially positive impact on the company's earnings and, by extension, its share price performance.

The upstream margin remains resilient (above 30%), underpinned by a relatively low cost of production compared to peers - estimated at approximately RM1,900 - 2,100/Mt.

3QFY25 core PATAMI came in at RM279.1m (-24.5%qoq; +14.3%yoy, +10.9%ytd) accounted for 72.0%/81.4% of consensus/our full-year estimates. We deem the results within expectations, as earnings are likely to normalise in the upcoming quarter in line with current softer palm oil prices trend. Margin on the other hand, was stable at 10.2% (+0.3ppts yoy), thanks to the robust upstream contribution which mostly supported by higher average selling price of CPO and PK, respectively.

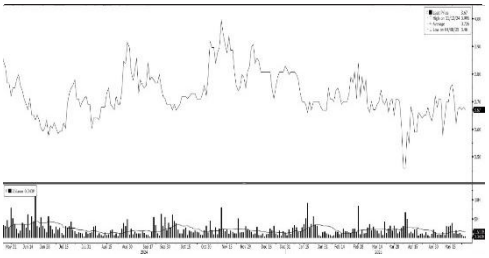
Operationally, the total planted area stood at 171,201 ha, with 139,432 ha (approximately 81%) classified as mature, down from 84% in 3Q24. The decline was attributed to the ongoing replanting program. FFB and CPO production declined to approximately 576,000 Mt (-5.0%yoy) and 122,000 Mt (-8.3%yoy), respectively, affected by poor set of crops that were seen in eastern region due wet weather conditions. Although, CPO cost of production increased to RM2,459/Mt during the quarter (+7.8%yoy), reflecting the seasonally lower output, on a to-date basis, the average cost was marginally lower at RM2,042/Mt (+1.5%yoy), which remains in line with industry peers.

RBM. Smaller profit was registered, at RM81.4m (-20.0%yoy), mainly dragged by lower contribution from oleochemical sub-segment with lower sales volume and lower share of associate results, partially mitigated by higher contribution from refinery sub-segment with higher margin.

Earnings. We are maintaining our earnings estimate at this juncture, as we deem 3QFY25's core PATAMI of RM279.1m (-24.5%qoq, +14.3%yoy) within expectations. Earnings expected to normalize in upcoming quarter tracking lower palm oil prices traded.

RETURN STATISTICS	
Price @ 27th May 2025 (RM)	3.82
Expected share price return (%)	+18.79
Expected dividend yield (%)	+2.28
Expected total return (%)	+21.07

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-0.3	-1.4
3months	0.5	1.4
12 months	-7.1	-1.6

INVESTMENT STATISTICS

FYE June (RM'm)	2025E	2026F	2027F
Revenue	11,155.9	10,773.7	10,804.8
Operating Profit	1,425.3	1,497.1	1,487.2
PBT	1,549.9	1,693.3	1,691.4
PATAMI	1,165.3	1,269.1	1,270.0
EPS (sen)	18.8	20.5	20.5
DPS (sen)	8.5	8.5	8.5
Dividend Yield (%)	2.3%	2.3%	2.3%

KEY STATISTICS	
FBM KLCI	1,526.16
Issue shares (m)	62285.20
Estimated free float (%)	35.14
Market Capitalisation (RM'm)	23,096.40
52-wk price range	RM3.42 – RM4.08
3-mth average daily volume (m)	2.02
3-mth average daily value (RM'm)	7.42
Top Shareholders (%)	
Progressive Holdings Sdn Bhd	50.45
EPF	13.99
ASNB	6.48

Analyst

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IOI Corp: 3QFY25 Results Summary

FYE June (RM'm)	Quarterly results					Cumulative results		
	3QFY24	2QFY25	3QFY25	QoQ (%)	YoY (%)	9M24	9M25	YoY (%)
Revenue	2,463.0	2,965.8	2,735.6	-7.8	11.1	7,064.0	8,374.6	18.6
Operating profit	280.8	421.5	317.8	-24.6	13.2	860.9	1,017.1	18.1
Associates	77.1	107.7	60.9	-43.5	-21.0	260.2	275.3	5.8
Net Finance Cost	-29.5	-25.1	-27.8	10.8	-5.8	-89.0	-82.4	NM
PBT	184.3	220.8	335.2	51.8	81.9	970.0	1,364.6	40.7
Tax Expense	-60.6	-105.6	-69.0	NM	NM	-201.4	-263.9	NM
PATAMI	123.1	111.1	262.3	>100	>100	762.5	1,084.1	42.2
Core PATAMI	244.1	369.8	279.1	-24.5	14.3	855.6	948.6	10.9
Core EPS (sen)	3.9	6.0	4.5	-24.5	14.3	13.8	15.3	10.9
Growth & Margin (%)				+/- ppts				+/- ppts
OP margin (%)	11.4	14.2	11.6	-2.6	0.2	12.2	12.1	0.0
PBT margin (%)	7.5	7.4	12.3	4.8	4.8	13.7	16.3	2.6
Core PATAMI margin (%)	9.9	12.5	10.2	-2.3	0.3	12.1	11.3	-0.8
Effective tax rate (%)	32.9	47.8	20.6	-27.2	-12.3	20.8	19.3	-1.4

Source: Company, MIDFR

IOI Corp: Segmental Breakdown & Operational Stats.

FYE June (RM'm)	Quarterly results					Cumulative results		
	3QFY24	2QFY25	3QFY25	QoQ (%)	YoY (%)	9M24	9M25	YoY (%)
Revenue (RM'm):								
Plantation	674.0	890.8	663.1	-25.6	-1.6	2,103.9	2,285.4	8.6
RBM	2,354.8	2,845.3	2,614.8	-8.1	11.0	6,730.3	8,021.0	19.2
Other Operations	4.7	5.5	4.5	-18.2	-4.3	14.2	14.6	2.8
Operating Profit								
Plantation	216.8	419.6	263.8	-37.1	21.7	737.1	984.2	33.5
RBM	55.3	4.9	63.5	>100	14.8	103.8	51.1	-50.8
Other Operations	0.8	0.3	-0.5	NM	NM	1.2	0.1	-91.7
Segmental results before FV ad								
Plantation	248.6	499.0	307.6	-38.4	23.7	893.1	1,159.7	29.9
RBM	101.7	34.4	81.4	>100	-20.0	211.6	153.4	-27.5
Other Operations	0.8	0.3	-0.5	NM	NM	1.2	0.1	-91.7
Results before FV adj. Margin %								
Plantation	36.9	56.0	46.4	-9.6	9.5	42.4	50.7	8.3
RBM	4.3	1.2	3.1	1.9	-1.2	3.1	1.9	-1.2
Operational Stats								
FFB production ('000 Mt)	606	768	576	-25.0	-5.0	2,159	2,104	-2.5
FFB Yield (Mt/Ha)	4.2	5.5	4.2	-23.9	0.7	14.9	15.1	1.5
CPO production ('000 Mt)	133	168	122	-27.4	-8.3	482	456	-5.5
Avg CPO Price Realised (RM/Mt	3,882	4,470	4,667	4.4	20.2	3,781	4,377	15.8

Source: Company, MIDFR

FINANCIAL SUMMARY

Income Statement (RM'm)	2023A	2024A	2025F	2026F	2027F
Revenue	**11,583.8**	**9,603.6**	**11,155.9**	**10,773.7**	**10,804.8**
Operating Profit	1,541.2	1,180.1	1,425.3	1,497.1	1,487.2
PBT	1,526.0	1,398.5	1,549.9	1,693.3	1,691.4
PATAMI	1,114.2	1,109.4	1,165.3	1,269.1	1,270.0
Core PATAMI	**1,471.0**	**1,113.2**	**1,165.3**	**1,269.1**	**1,270.0**
EPS (sen)	23.7	17.9	18.8	20.5	20.5
PER (x)	15.7	20.7	19.8	18.2	18.2
DPS (sen)	11.0	7.5	8.5	8.5	8.5
Dividend yield (%)	3.0%	2.0%	2.3%	2.3%	2.3%

Cash Flow (RM'm)	2023A	2024A	2025F	2026F	2027F
PBT	1,526.0	1,398.5	1,549.9	1,693.3	1,691.4
Operating cash flow	2,073.2	1,233.8	1,150.7	1,576.5	1,510.1
Investing cash flow	89.5	-493.1	-450.0	-450.0	-450.0
Financing cash flow	-2,503.3	-796.3	-589.4	-403.3	-403.3
Net cash flow	-340.6	-55.6	111.3	723.2	656.8
Beginning cash flow	2,552.9	2,235.0	2,181.7	2,293.0	3,016.2
Ending cash flow	2,235.0	2,181.7	2,293.0	3,016.2	3,673.1

Balance Sheet (RM'm)	2023A	2024A	2025F	2026F	2027F
PPE	8,995.2	9,229.1	9,233.0	9,223.4	9,200.3
Intangible Assets	18.6	15.9	15.9	15.9	15.9
Deferred tax assets	18.6	15.9	15.9	15.9	15.9
Non-current assets	12,655.6	12,957.6	13,195.7	13,427.9	13,654.6
Inventories	1,113.9	1,221.2	1,312.5	1,267.5	1,271.2
Trade receivables	1,307.1	1,283.4	1,394.5	1,346.7	1,350.6
Derivative assets	50.6	41.6	41.6	41.6	41.6
Current assets	4,926.3	4,984.6	5,295.3	5,922.7	6,584.2
Total Assets	**17,581.9**	**17,942.2**	**18,491.0**	**19,350.6**	**20,238.8**
Loans & borrowings	861.5	708.7	708.7	708.7	708.7
Trade & other payables	711.1	788.5	743.7	718.2	720.3
Current liabilities	1,675.5	1,580.8	1,536.0	1,510.5	1,512.6
Non-current liabilities	4,235.8	4,351.7	4,351.7	4,351.7	4,351.7
Equity	1,465.1	1,496.4	1,472.0	1,554.9	1,650.4
Liabilities & equity	**17,581.9**	**17,942.2**	**18,491.0**	**19,350.6**	**20,238.8**

Margins	2023A	2024A	2025F	2026F	2027F
OP margin	13.3%	12.3%	12.8%	13.9%	13.8%
PBT margin	13.2%	14.6%	13.9%	15.7%	15.7%
PATAMI margin	9.6%	11.6%	10.4%	11.8%	11.8%
Core PATAMI margin	12.7%	11.6%	10.4%	11.8%	11.8%

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