Plantation

April Statistics

Neutral (Maintain)

HIGHLIGHTS

- CPO prices fell on higher CPO production number.
- CPO output increased in line with end of pollination months and favourable weather.
- Export volumes weaken due to price effects.
- Maintain **NEUTRAL** with average CPO Price target of RM4,300/Mt for CY25.

SECTOR RECAP

CPO Price fell, tracking an increase in output. The local CPO price delivery ended the month at RM3,975/Mt with an average price of RM4,320/Mt (--8.9%mom, +1.5%yoy) on higher production as concerns over limited supply risks dissipated. Prices were firmer at the beginning of the month, reaching a high of RM4,835/Mt, but moderated by -17.8% to RM3,974/Mt towards the end as the market have fully assessed the prospect of extensive supply. Moving forward, we forecast the average local CPO delivery prices will stabilise, hovering around +1.5%mom to approximately RM4,383/Mt in May, pressured by a recovery in output as production begins to normalise - potentially leading to an increase in closing stock levels.

CPO production reaches 6-month high. CPO output in Apr-25 surged to 1.69m tonne (+21.1%mom, +12.3%yoy) versus prior year, driven by robust growth across most states, particularly in Kedah (+33.6%yoy), Perak (+19.1%yoy) and the eastern Sabah/Sarawak region (+15.1%yoy). The FFB received by mills jumped to 8.93m tonne (+14.6%yoy) well supported by strong average yield of 1.48 tonne/ha. Despite the optimism, the average OER in the mills was slower at 19.54%, interrupted by poor set of crops observed in most in most estates compounded by delays in the FFB evacuation activity due continuous mixed weather, particularly in the Sabah area.

Looking ahead, with the end of the inter-monsoon and pollination periods, drier weather and a faster recovery in FFB evacuation activities expected from May onwards, this allows estate productivity to gain momentum - particularly in terms of harvesting and manuring activities. Note that, local CPO production is projected to reach 19.5m Mt in CY25F (+1.0%yoy), with the bulk of the recovery anticipated to materialise in 2H25, driven by improved set of crops and estate efficiencies.

Substantial Stockpiles. Ending stockpiles spiked to 1.87m tonne (+8.9%mom, +6.9%yoy

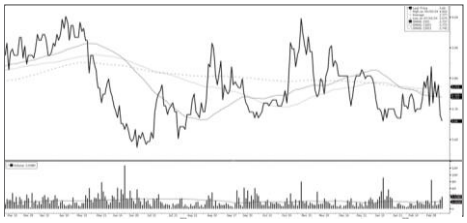
COMPANY *IN FOCUS*

IOI Corp.

Maintain BUY | Target Price: RM4.42
Price @ 13 May 2025: RM3.71

- production growth c. +5% supported by strong FFB yield of 19.5tonne/ha and OER 22%
- Lowest cost of production among its peers c. RM2,400-2,600 / Mt

SHARE PRICE CHART



Abbreviation.

FFB: Fresh Fruit bunches
CPO: Crude Palm Oil
SBO: Soybean Oil
SFO: Sunflower Oil
ASP: Average Selling Price
OER: Oil Extraction rate

MET Malaysia: Meteorology Malaysia
EL- Niño: Warm and dry weather
La-Niña: Cold and wet weather

) tandem with robust production and weaker exports numbers recorded at 1.1m Mt (-17.1%mom, -10.9%yoy). There was a continuation of greater decrease in CPO (-31.2%yoy) and PO (-10.9%yoy) exports. With the current elevated CPO price traded, feedstock costs for most of the refinery hinged on the high side, resulting higher CPO based derivatives products and softer exports volume of Oleo (-5.5%yoy), PKC (-36.2%yoy) and biodiesel (-33.2%yoy).

Export volumes weaken due to price effects

PKC sales volume weakens to about 140,833 Mt (-36.2%yoy, -18.1%ytd) following improved coconut output in Philippines within the lauric segment. Demand for CPO narrowed due to the price effect of elevated average CPO price of RM4,320/Mt. Broadly, April and March's spread discount between the SBO and PO price were approximately around USD122/Mt and -USD56/Mt respectively.

Maintain NEUTRAL. We opine sector's top-line to continue uptick in 1HY25 in-line with higher average CPO price assumptions. However, margins are likely to remain under pressure due to the persistent elevated cost of production, caused by higher locked in fertiliser costs of 2HCY24, coupled with elevated external FFB purchase expenses amid low mills utilisation rates. We are maintaining **NEUTRAL** call at this juncture, while CPO prices are expected to remain relatively sticky, production is likely to underperform, leading to a ceteris paribus performance for CY25. Therefore, we foresee only a handful of players likely to benefit from elevated CPO prices. Hence, we recommend avoiding smaller players with significant exposure to external FFB purchases, as the aforementioned factors could risk their CPO production, particularly during the current biological tree rest environment. Instead, we suggest focusing on larger players like **IOI Corp (BUY, TP: RM4.42)** and **SD Guthrie (BUY, TP: RM5.43),** whose CPO procurement (>50%) from their own estates offers more stability in realizing CPO prices.

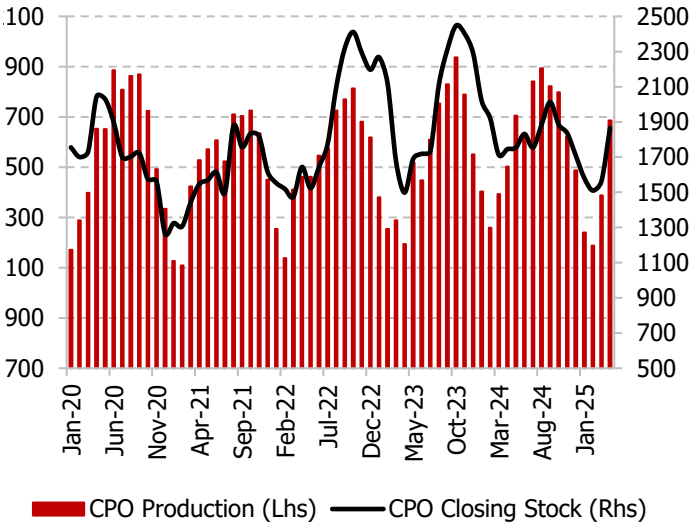
Maintain NEUTRAL as cost of production remains sticky on the back higher locked fertiliser costs.

Table 1: Malaysia Palm Oil Statistics for April 2025 ('000 MT)

	Apr-24	Mar-25	Apr-25	MoM%	YoY%	4M24	4M25	YoY%
Opening Stocks	1.71	1.51	1.71	13.4%	0.0%	2.20	2.29	4.3%
Production	**1.50**	**1.39**	**1.69**	**21.1%**	**12.3%**	**5.56**	**5.50**	**-1.0%**
Imports	0.03	0.02	0.06	166.2%	67.7%	0.12	0.33	180.2%
Total Supply	**3.25**	**2.92**	**3.46**	**18.2%**	**6.4%**	**7.9**	**8.1**	**3.2%**
Exports	1.24	1.33	1.10	-17.1%	-10.9%	4.94	4.28	-13.4%
Dom Disapp	0.27	0.29	0.34	15.8%	26.6%	1.28	1.40	9.1%
Total Demand	**1.50**	**1.62**	**1.44**	**-11.1%**	**-4.2%**	**6.22**	**5.68**	**-8.7%**
End Stocks	**1.74**	**1.71**	**1.87**	**8.9%**	**6.9%**	**1.65**	**2.45**	**48.3%**
Stock/Usage Ratio	9.7%	8.8%	10.8%	-	-	2.2%	3.6%	-

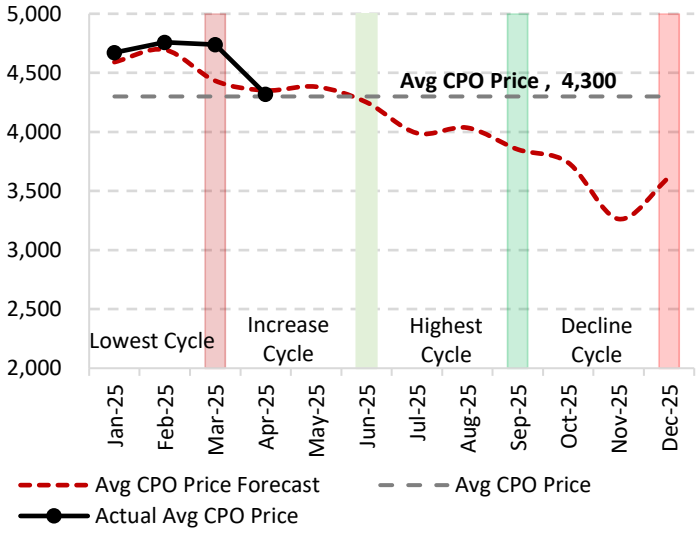
Source: MPOB, MIDFR

Chart 1: Malaysia PO Production VS Closing Stock



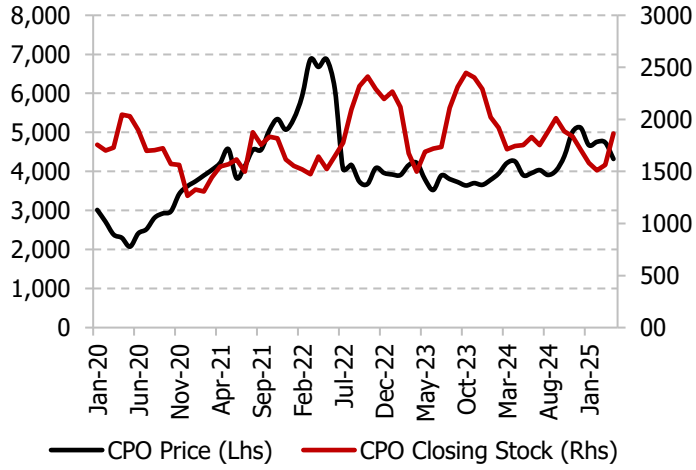
ource: MPOB, MIDFR

Chart 2: CPO Price Movement Forecast VS Actual



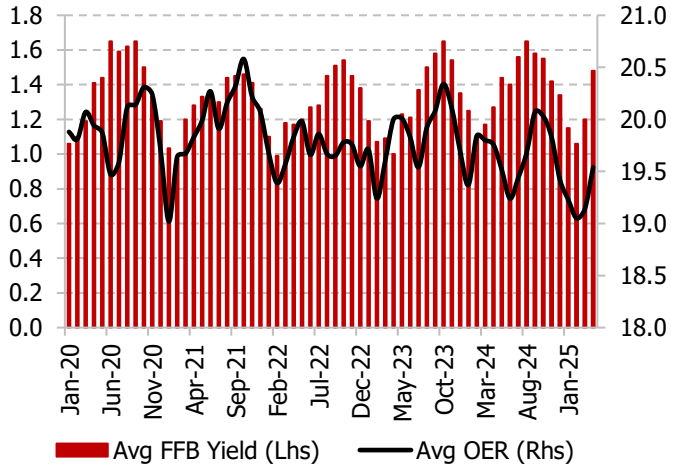
Source: MPOB, MIDFR

Chart 3: PO Closing stock VS CPO Price



Source: MPOB, MIDFR

Chart 4: Average FFB Yield VS OER



Source: MPOB, MIDFR

Table 2: PEER COMPARISON

Company	Rating	Price (RM)	TP (RM)	PER (x)		Core EPS (Sen)		Dividend Yield (%)	
				FY25F	FY26F	FY25F	FY26F	FY25F	FY26F
IOI Corp	BUY	3.70	4.42	19.7	18.0	18.8	20.5	2.3%	2.3%
SD Guthrie	BUY	4.69	5.43	19.0	18.1	24.7	25.9	3.2%	3.2%
Genting Plant.	BUY	4.94	6.26	12.6	11.8	39.1	42.0	4.3%	4.0%
KLK	NEUTRAL	20.24	20.00	20.2	19.9	100.0	101.7	2.8%	2.9%
Ta Ann	NEUTRAL	12.40	4.34	14.0	13.5	88.4	91.6	2.8%	2.8%
PPB	NEUTRAL	2.41	10.61	12.1	11.7	27.0	24.0	2.8%	2.8%
Sarawak Plant.	NEUTRAL	1.31	2.29	17.2	14.4	7.6	9.1	3.8%	3.8%
TSH Resources	NEUTRAL	4.08	1.24	8.0	8.4	51.1	48.3	4.9%	4.9%
FGV Holdings	NEUTRAL	1.11	1.16	11.6	10.2	9.6	10.9	1.8%	1.8%
Weighted Avg.				**14.6**	**13.8**	**40.7**	**41.6**	**3.3**	**3.3**

Source: Bloomberg, MIDFR

MIDF RESEARCH is part of MIDF Amanah Investment Bank Berhad

197501002077 (24878-X).

(Bank Pelaburan) (A Participating Organisation of Bursa Malaysia Securities Berhad)

DISCLOSURES AND DISCLAIMER

This report has been prepared by MIDF AMANAH INVESTMENT BANK BERHAD 197501002077 (24878-X).

It is for distribution only under such circumstances as may be permitted by applicable law. Readers should be fully aware that this report is for information purposes only. The opinions contained in this report are based on information obtained or derived from sources that we believe are reliable. MIDF AMANAH INVESTMENT BANK BERHAD makes no representation or warranty, expressed or implied, as to the accuracy, completeness or reliability of the information contained therein and it should not be relied upon as such. This report is not, and should not be construed as, an offer to buy or sell any securities or other financial instruments. The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results. All opinions and estimates are subject to change without notice. The research analysts will initiate, update and cease coverage solely at the discretion of MIDF AMANAH INVESTMENT BANK BERHAD. The directors, employees and representatives of MIDF AMANAH INVESTMENT BANK BERHAD may have interest in any of the securities mentioned and may benefit from the information herein. Members of the MIDF Group and their affiliates may provide services to any company and affiliates of such companies whose securities are mentioned herein This document may not be reproduced, distributed or published in any form or for any purpose.

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