PPB Group Berhad

(4065 | PEP MK) Main | Food & Beverages

SHARIAH Compliant | FTSE4Good | ESG 3 Stars

Corporate Update

1QFY25 Results Review
Within Expectations

Maintain NEUTRAL with an unchanged TP of RM10.61. We are maintaining our **NEUTRAL** call with an unchanged **TP of RM4.42** based on FY25F EPS of 88.4sen pegged to a PER of 12x, at nearly 5-year historical -1SD. Outlook for the FY25 remains hazy, on lower estate related contribution from its Wilmar. Previously we also have toned-down Wilmar's earnings assumption for Food, Feed and Industrial products over the next 2 years, after taking into account of slower growth of China economy that have seen indirectly hit the F&B and HORECA market recently.

Grains and agribusiness. During the quarter, the segment PBT improved to RM124.5m (+22.8%yoy), mainly contributed by the improvement in flour sub-segment.

Consumer products. Topline remained relatively flat at RM201.7m (+2.0%yoy) despite festive quarter. Profitability, however, returned to the black with marginal earnings of RM0.6m. Despite the optimism, the segment continued to face elevated operational costs on top of high trade promotion expenses.

Film exhibition and distribution. Thanks to the CNY break, footfall in cinemas improved, generating a topline of RM130.5m (+9.8%yoy). whilst bottom-line losses reduced to -RM5.0m. Lower operating costs was well supported by higher admissions and concession income and net box office collection.

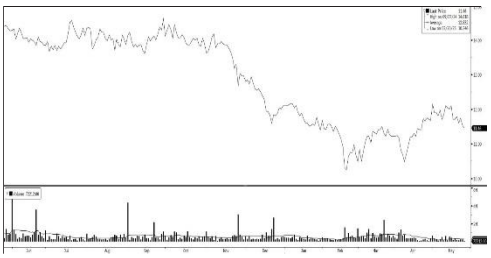
Associates. Wilmar's earnings contribution in the quarter was decent, inched by +4.5%yoy to RM296.9m. Notably, sales volumes across 2 business segments were mixed. The food products segments inched by 2.5%yoy, whilst feed and industrial products sales volume fell by -2.8%yoy. Sugar contribution to the Industrial products, dropped substantially by 41.5%yoy dragged by lower refining margin. Notably, core earnings were flat by -4.4%yoy, primarily mixed results between food products and feed & industrial subsegment.

Earnings. We are maintaining our earnings estimate at this juncture, as the earnings came in within ours and consensus estimates, circa 28.2% and 26.4%.

Maintain NEUTRAL
Unchanged Target Price **RM10.61**

RETURN STATISTICS	
Price @ 28th May 2025 (RM)	11.42
Expected share price return (%)	-7.10
Expected dividend yield (%)	+3.06
Expected total return (%)	-4.03

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-4.8	-5.9
3months	-0.3	8.6
12 months	-23.0	-18.4

INVESTMENT STATISTICS

FYE Dec (RM'm)	2025E	2026F	2027F
Revenue	5,175.8	5,150.3	5,127.4
Operating Profit	258.8	267.8	148.7
PBT	1,354.8	1,402.8	1,318.6
PATAMI	1,257.7	1,303.1	1,246.0
EPS (sen)	88.4	91.6	87.6
DPS (sen)	35.0	35.0	36.0
Dividend Yield (%)	3.1	3.1	3.2

KEY STATISTICS	
FBM KLCI	1,523.48
Issue shares (m)	1422.60
Estimated free float (%)	42.38
Market Capitalisation (RM'm)	16,246.08
52-wk price range	RM10.3 – RM15.0
3-mth average daily volume (m)	0.53
3-mth average daily value (RM'm)	6.04
Top Shareholders (%)	
Kuok Brothers Sdn Bhd	50.57
EPF	13.27
Nai Seng Sdn Bhd	3.44

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PPB Group: 1QFY25 Results Summary

FYE Dec (RM'm)	Quarterly results					Cumulative results		
	1Q24	4Q24	1Q25	QoQ (%)	YoY (%)	3M24	3M25	YoY (%)
Revenue	1,287.6	1,430.6	1,351.1	-5.6	4.9	1,287.6	1,351.1	4.9
Operating profit	100.0	128.5	109.2	-15.0	9.3	100.0	109.2	9.3
Share of results of associates	276.3	302.9	309.7	2.2	12.1	276.3	309.7	12.1
Finance Cost	-9.8	-9.2	-8.5	NM	NM	-9.8	-8.5	NM
PBT	367.6	422.3	410.3	-2.8	11.6	367.6	410.3	11.6
Tax Expense	-18.3	-32.0	-17.3	NM	NM	-18.3	-17.3	NM
PATAMI	337.2	365.2	375.8	2.9	11.5	337.2	375.8	11.5
Core PATAMI	291.3	326.0	354.3	8.7	21.6	291.3	354.3	21.6
Core EPS (sen)	20.5	22.9	24.9	8.7	21.6	20.5	24.9	21.6
Growth & Margin (%)				+/- ppts				+/- ppts
OP margin (%)	7.8	9.0	8.1	-0.9	0.3	7.8	8.1	0.3
PBT margin (%)	28.6	29.5	30.4	0.9	1.8	28.6	30.4	1.8
Core PATAMI margin (%)	22.6	22.8	26.2	3.4	3.6	22.6	26.2	3.6

Source: Company, MIDFR

PPB Group: Segmental Breakdown & Operational Stats.

FYE Dec (RM'm)	Quarterly results					Cumulative results		
	1Q24	4Q24	1Q25	QoQ (%)	YoY (%)	3M24	3M25	YoY (%)
Revenue (RM'm):								
Grains and agribusiness	948.2	1,064.2	994.4	-6.6	4.9	948.2	994.4	4.9
Consumer Products	206.5	201.8	210.7	4.4	2.0	206.5	210.7	2.0
Film exhibition and distribution	118.8	148.2	130.5	-11.9	9.8	118.8	130.5	9.8
Property	13.8	12.5	15.2	21.8	9.8	13.8	15.2	9.8
Other operations	0.2	3.9	0.3	-91.3	61.0	0.2	0.3	61.0
Pre-Tax								
Grains and agribusiness	101.4	140.0	124.5	-11.0	22.8	101.4	124.5	22.8
Consumer Products	2.9	-1.1	0.6	>100	-79.4	2.9	0.6	-79.4
Film exhibition and distribution	-14.5	3.1	-5.0	NM	NM	-14.5	-5.0	NM
Property	1.6	4.0	2.1	-46.2	30.4	1.6	2.1	30.4
Other operations ~ Wilmar	284.0	285.9	296.9	3.8	4.5	284.0	296.9	4.5
Pre-tax Margin %								
Grains and agribusiness	10.7	13.2	12.5	-0.6	1.8	10.7	12.5	17.1
Consumer Products	1.4	-0.6	0.3	0.8	-1.1	1.4	0.3	-79.8
Film exhibition and distribution	-12.2	2.1	-3.8	NM	NM	-12.2	-3.8	NM
Property	11.9	31.9	14.1	-55.8	18.7	11.9	14.1	18.7
Pre-Tax Stats.								
% Core Business contribution to PBT	24.3	33.8	29.2	-4.6	19.8	24.3	29.2	4.8
% Wilmar contribution to PBT	75.7	66.2	70.8	4.6	-6.4	75.7	70.8	-4.8

Source: Company, MIDFR

FINANCIAL SUMMARY

Income Statement (RM'm)	2023A	2024A	2025F	2026F	2027F	Cash Flow (RM'm)	2023A	2024A	2025F	2026F	2027F
Revenue	5,720.7	5,385.9	5,175.8	5,150.3	5,127.4	PBT	1,488.5	1,332.5	1,354.8	1,402.8	1,318.6
Operating Profit	224.2	313.1	258.8	267.8	148.7	Operating cash flow	746.9	146.7	395.6	628.7	570.4
PBT	1,488.5	1,332.5	1,354.8	1,402.8	1,318.6	Investing cash flow	679.2	541.6	-150.0	-150.0	-150.0
PATAMI	1,394.3	1,219.4	1,257.7	1,303.1	1,246.0	Financing cash flow	-1,406.0	-734.8	-492.9	-492.9	-505.1
Core PATAMI	1,096.8	1,182.5	1,257.7	1,303.1	1,246.0	Net cash flow	20.2	-46.5	-247.3	-14.2	-84.8
EPS (sen)	77.1	83.1	88.4	91.6	87.6	Beginning cash flow	1,596.6	1,629.3	1,576.7	1,329.4	1,315.2
PER (x)	14.8x	13.9x	12.9x	12.5x	13.0x	Ending cash flow	1,629.3	1,576.7	1,329.4	1,315.2	1,230.5
DPS (sen)	42.0	42.0	35.0	35.0	36.0						
Dividend yield (%)	3.7%	3.7%	3.1%	3.1%	3.2%						

Balance Sheet (RM'm)	2023A	2024A	2025F	2026F	2027F	Margins	2023A	2024A	2025F	2026F	2027F
PPE	1,206.6	1,183.7	1,261.1	1,252.7	1,238.2	OP margin	3.9%	5.8%	5.0%	5.2%	2.9%
ROU assets	484.2	426.9	514.2	529.2	544.2	PBT margin	26.0%	24.7%	26.2%	27.2%	25.7%
Non-current assets	26,077.7	25,206.7	26,162.3	26,168.9	26,169.4	PATAMI margin	24.4%	22.6%	24.3%	25.3%	24.3%
Inventories	764.5	922.0	701.9	698.5	703.1	Core PATAMI margin	19.2%	22.0%	24.3%	25.3%	24.3%
Receivables	884.9	677.8	567.2	564.4	561.9						
Current assets	3,330.6	3,580.7	4,688.1	5,490.5	6,231.5						
Total Assets	29,408.4	28,787.4	30,850.4	31,659.3	32,400.9						
Long-term debt	55.4	23.7	53.7	48.7	44.7						
Non-current liabilities	680.6	607.9	678.8	673.8	669.8						
Borrowings	377.7	364.8	1,308.5	1,318.5	1,328.5						
Current liabilities	916.6	965.0	1,653.2	1,662.0	1,673.6						
Share capital	1,429.3	1,429.3	1,429.3	1,429.3	1,429.3						
Retained earnings	21,057.6	20,494.1	4,649.7	4,649.7	4,649.7						
NCI	674.5	641.4	0.0	0.0	0.0						
Equity	27,136.6	26,573.2	28,518.4	29,323.5	30,057.4						

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