Sarawak Plantation Berhad

(5135 | SPLB MK) Main | Plantation

SHARIAH Compliant

Corporate Update

1QFY25 Results Review
Positive Momentum Continues

Maintain **Neutral**

Unchanged Target Price **RM2.29**

Maintain NEUTRAL with unchanged TP of RM2.29. We maintain our NEUTRAL call with a TP of RM2.29 by pegging FY25F EPS of 27.0sen based on valuation PER of 8.5x - nearly 2y average mean. Note that SPB is purely upstream player, and the share price is highly connected with CPO movement c. 0.89 correlation, hence any upward trajectory in CPO prices would provide trading opportunity in the stock.

Its earnings outlooks remain stable due expanding harvestable area which nearly about 1,500 ha, however cost of production remains sticky, on the back of flattish OER and dropped in FFB external purchased.

Within expectations. After excluding certain Eis, SPB's core PATAMI came in at RM18.5m (>100%yoy), well supported by robust operating profit of RM25.4m (+80.1%yoy). While the results are largely within our estimates, accounting for about 25% of full-year estimates - 1QFY25 was somewhat unique. The impact of low seasonally output was offset by relatively high CPO prices. Overall earnings were better due to higher average CPO selling price on top of the higher harvestable area of 1,500 ha.

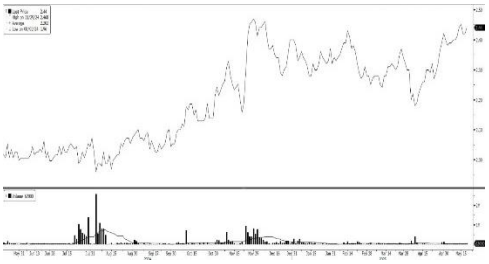
Oil palm profitability. Profitability across segments was somewhat mixed. Estate operations remained resilient, delivering earnings of RM25.2m. However, mill profitability declined to RM4.2m (-30%yoy), primarily attributed to a lower OER of 19.05%, which resulted from a deterioration in crop quality. This was mainly due to delays in the evacuation of FFB, caused by prolonged wet weather conditions experienced from mid-January to late February.

Oil palm operations. Operationally, FFB production grew by +6.1%yoy, supporting the FFB yield to be around 3.74Mt/Wha. Notably, SPB achieved higher average selling prices of CPO and PK, circa RM4,728/Mt (+21.3%yoy) and RM3,451/Mt (+67.4%yoy) respectively. On the cost front, all-in production cost rose to approximately RM3,300/Mt, compared to RM2,900/Mt in the previous year. This increase was mainly driven by the implementation of the revised minimum wage policy and a reduction in external FFB purchases, which impacted its input cost per unit.

Earnings Forecast. We are retaining our earnings estimate as it aligns with the baseline projection.

RETURN STATISTICS	
Price @ 21st May 2025 (RM)	2.43
Expected share price return (%)	-5.59
Expected dividend yield (%)	+6.17
Expected total return (%)	+0.58

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	6.1	2.6
3months	4.3	5.3
12 months	11.4	17.0

INVESTMENT STATISTICS

FYE SEPT (RM'm)	2025E	2026F	2027F
Revenue	602.3	581.4	565.1
EBITDA	105.8	93.5	85.6
PBT	97.8	87.0	80.6
Core PATANCI	75.3	67.0	62.1
Core EPS (sen)	27.0	24.0	22.2
DPS (sen)	0.2	0.1	0.1
Dividend Yield (%)	6.4	4.2	4.2

KEY STATISTICS	
FBM KLCI	1,544.80
Issue shares (m)	279.03
Estimated free float (%)	16.94
Market Capitalisation (RM'm)	678.05
52-wk price range	RM2.04 – RM2.67
3-mth average daily volume (m)	0.05
3-mth average daily value (RM'm)	0.11
Top Shareholders (%)	
Ta Ann Holdings Bhd	29.41
State Financial Secretary	25.52
Urusharta Jamaah Sdn Bhd	4.16

Analyst

Research Team

reseach@midf.com.my

Sarawak Plantation: 1QFY25 Results Summary

FYE Dec (RM'm)	Quarterly results					Cumulatively results		
	1QFY24	4QFY24	1QFY25	QoQ (%)	YoY (%)	3M24	3M25	YoY (%)
Revenue	127.3	143.6	135.5	-5.6	6.4	127.3	135.5	-3.4
Operating profit (EBIT)	14.1	31.0	25.4	-18.1	80.1	14.1	25.4	14.5
Chg in fair value of biological assets	10.9	-10.9	4.1	>100	-62.8	10.9	4.1	>100
PBT	26.4	21.8	31.0	42.2	17.6	26.4	31.0	29.3
PATANCI	19.1	16.2	22.6	39.7	18.6	19.1	22.6	25.8
Core PATANCI	**7.9**	**27.3**	**18.5**	**-32.3**	**>100**	**7.9**	**18.5**	**7.2**
Core EPS (sen)	2.8	9.8	6.6	-32.3	>100	2.8	6.6	7.2
Growth & Margin (%)				+/- ppts				+/- ppts
Operating Profit Margin	11.1	21.6	18.7	-2.9	7.7	11.1	18.7	7.7
PBT Margin	20.7	15.2	22.9	7.7	2.2	20.7	22.9	2.2
Core PATANCI Margin	6.2	19.0	13.6	-5.4	7.4	6.2	13.6	7.4
Effective Tax rate	26.9	24.5	26.1	1.6	-0.7	26.9	26.1	-0.7

Source: Company, MIDFR

Sarawak Plantation: Breakdown by operating segment

FYE Dec (RM'm)	Quarterly results					Cumulatively results		
	1QFY24	4QFY24	1QFY25	QoQ (%)	YoY (%)	3M24	3M25	YoY (%)
Revenue (RM'm):								
Estate Operations	51.0	80.6	65.6	-18.6	28.6	51.0	65.6	28.6
Mill Operations	117.9	125.7	122.3	-2.7	3.7	117.9	122.3	3.7
Segment Profit (RM'm):								
Estate Operations	11.6	34.3	25.2	-26.7	>100	11.6	25.2	>100
Mill Operations	6.0	4.1	4.2	1.9	-30.0	6.0	4.2	-30.0
Segment profit margin (%):				+/- ppts				+/- ppts
Estate Operations	22.8	42.6	38.4	-4.2	15.6	22.8	38.4	15.6
Mill Operations	5.1	3.3	3.5	0.2	-1.7	5.1	3.5	-1.7
Operational Stats.								
FFB Production (Mt)	69,671	88,628	73,940	-16.6	6.1	69,671	73,940	6.1
CPO Production (Mt)	26,604	23,220	22,106	-4.8	-16.9	26,604	22,106	-16.9
Avg CPO Price Realised (RM/Mt)	3,898	4,652	4,728	1.6	21.3	3,898	4,728	21.3
Avg PK Price Realised (RM/Mt)	2,062	3,103	3,451	11.2	67.4	2,062	3,451	67.4

Source: Company, MIDFR

FINANCIAL SUMMARY

Income Statement (RM'm)	2023A	2024A	2025E	2026F	2027F	Cash Flow (RM'm)	2023A	2024A	2025E	2026F	2027F
Revenue	570.7	551.4	602.3	581.4	565.1	PBT	87.4	124.4	97.8	87.0	80.7
EBITDA	134.1	196.8	105.8	93.5	85.6	Operating cash flow	81.6	130.5	103.4	80.9	75.7
PBT	87.4	124.4	97.8	87.0	80.6	Investing cash flow	-48.2	-94.6	-12.7	-12.4	-11.7
PATANCI	64.4	92.0	75.3	67.0	62.1	Financing cash flow	-44.8	-45.8	-41.9	-27.9	-27.9
Core PATANCI	**60.1**	**73.8**	**75.3**	**67.0**	**62.1**	Net cash flow	-11.4	-9.9	48.9	40.6	36.1
EPS (sen)	21.5	26.4	27.0	24.0	22.2	Beginning cash flow	126.0	114.6	104.7	153.6	194.2
PER (x)	11.3x	9.2x	9.0x	10.1x	10,9x	Ending cash flow	114.6	104.7	153.6	194.2	230.3
DPS (sen)	0.10	0.20	0.15	0.10	0.10						
Dividend yield (%)	4.1%	8.2%	6.2%	4.1%	4.1%						

Balance Sheet (RM'm)	2023A	2024A	2025E	2026F	2027F	Margins	2023A	2024A	2025E	2026F	2027F
PPE	261.8	260.0	258.7	257.1	254.9	EBITDA margin	23.5%	35.7%	17.6%	16.1%	15.2%
ROU assets	91.8	89.7	89.7	89.7	89.7	PBT margin	15.3%	22.6%	16.2%	15.0%	14.3%
Non-current assets	692.4	720.6	719.2	717.6	715.5	PATANCI margin	11.3%	16.7%	12.5%	11.5%	11.0%
Inventories	23.8	26.1	36.6	36.0	35.5	Core PATANCI margin	10.5%	13.4%	12.5%	11.5%	11.0%
Receivables	18.6	20.3	22.2	21.4	20.8						
Current assets	0.0	0.0	0.0	0.0	0.0						
Total Assets	**954.7**	**1,030.2**	**1,090.1**	**1,127.8**	**1,160.6**						
Long-term debt	8.0	38.0	38.0	38.0	38.0						
Non-current liabilities	132.4	173.9	173.9	173.9	173.9						
Borrowings	1.1	2.7	2.7	2.7	2.7						
Current liabilities	79.6	72.7	99.1	97.7	96.3						
Share capital	341.0	341.0	341.0	341.0	341.0						
Reserves	407.6	438.4	471.9	510.9	545.1						
Equity	742.6	783.7	817.1	856.2	890.4						
Total Equity & Liabilities	**954.7**	**1,030.2**	**1,090.1**	**1,127.8**	**1,160.6**						

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 an 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