Corporate Update

Genting Plantations Berhad

(2445 | KLK MK) Main | Plantation

2QFY25 Results Review: Earnings within Expectation

Maintain BUY with a revised TP of RM5.81. We are maintaining our **BUY** call with a revised **TP of RM5.81** (previously RM6.26), as we rollover our valuation-based year to FY26F EPS of 38.7 sen, pegged to a PER of 15x, at 2-year average historical mean. With a low cost of production of <RM2,400/MT in FY25F/26F, the group's operating profit remains decent supported by steady age profile and expanded mature harvestable area coming from Indonesia as well steadfast OER of 21.6-21.8%. Historically, upstream contributed 85 - 90% of profit, and with CPO prices expected to stay elevated, margins will firm within 12 - 13% over the next 2 years. Any CPO price movement offers trading opportunities in the stock.

Upstream & Downstream. After excluding the gain on disposal landbank and impairment losses, GENP's core PATAMI came in at RM33.8m brings 1HFY25 to RM166.2m (+22.2%yoy). This came within our but below consensus estimates, making up about 47.3% and 41.9% of full-year estimates.

Upstream & Downstream. Profit for upstream rose to RM449.2m, while the downstream reversed to red at -RM10.1m, respectively. Margins for upstream division grew to 64.3% (+36.1 ppts), thanks to the land disposal recognition despite softer CPO price realised in the quarter. While cost of production down to estimated RM2,400/Mt. For the downstream, earnings reverted to red, dragged by weak margins across both segment (biodiesel and refinery) amid lower sales volume for biodiesel.

Operational performance. FFB production softened to 499,000 Mt (+3.1%yoy), aided by mixed weather conditions. Malaysian estates experienced mixed weather; high rainfall in Sabah and southern peninsular, dry spells in northern/central peninsular. Meanwhile, central Kalimantan saw >350mm rain in the 1H25; July saw more normalization, but some regions still had erratic patterns and low rainfall. Weather disruptions may have some effect, but production outlook remains about 3-5% FFB growth targeted. Average selling price on the other hand, were flattish at RM3,802/Mt (2Q24; RM3,797/Mt) and RM3,404/Mt respectively, for CPO and PK.

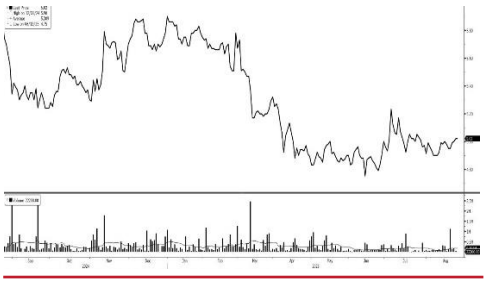
Earnings. Maintained at this juncture for FY25, however trimmed down by -7.8%yoy/-21.5%yoy for FY26F/FY27F in anticipation of weaker CPO price in FY27F, high export levy in Indonesia and lower contribution from downstream segment.

Maintain BUY

Revised Target Price **RM5.81**
(from **RM6.26**)

RETURN STATISTICS	
Price @ 27 Aug 2025 (RM)	4.96
Expected share price return (%)	+17.04
Expected dividend yield (%)	+4.23
Expected total return (%)	+21.27

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-2.2	-3.4
3months	-8.6	-10.5
12 months	-17.9	-13.0

INVESTMENT STATISTICS			
FYE Dec	2025E	2026F	2027F
Revenue	2,884.8	2,922.7	2,989.2
Operating Profit	583.9	609.0	545.4
PBT	509.6	548.4	484.7
PATAMI	351.0	347.3	334.5
EPS (sen)	39.1	38.7	37.3
DPS (sen)	25.0	21.0	20.0
Dividend Yield (%)	5.1%	4.0%	4.0%

KEY STATISTICS	
FBM KLCI	1,587.91
Issue shares (m)	895.63
Estimated free float (%)	39.18
Market Capitalisation (RM'm)	4,450.10
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

Genting Plantations: 2QFY25 Results Summary

FYE Dec (RM'm)	Quarterly results					Cumulatively results		
	2Q24	1Q25	2Q25	QoQ (%)	YoY (%)	1H24	1H25	YoY (%)
Revenue	757.2	719.5	767.0	6.6	1.3	1,363.0	1,486.4	9.1
Operating profit	128.3	114.0	308.2	>100	>100	203.9	422.2	>100
Finance Cost	-26.8	-32.7	-34.3	NM	NM	-52.5	-67.0	NM
PBT	110.5	90.1	278.3	>100	>100	171.2	368.4	>100
Tax Expense	-32.2	-27.1	-85.5	NM	NM	-53.2	-112.6	NM
PATAMI	85.1	61.3	192.6	>100	>100	128.0	253.8	98.4
Core PATAMI	88.1	132.4	33.8	-74.4	-61.6	136.0	166.2	22.2
Core EPS (sen)	9.5	6.8	21.5	>100	>100	15.2	18.5	22.2
Growth & Margin (%)				+/- ppts				+/- ppts
OP margin (%)	17.0	15.8	40.2	24.4	23.2	15.0	28.4	13.4
PBT margin (%)	14.6	12.5	36.3	23.8	21.7	12.6	24.8	12.2
Core PATAMI margin (%)	11.6	18.4	4.4	-14.0	-7.2	10.0	11.2	1.2
Effective tax rate (%)	29.1	30.1	30.7	0.6	1.6	31.1	30.6	-0.5

Source: Company, MBSBR

Genting Plantations: Segmental Breakdown & Operational Stats.

FYE Dec (RM'm)	Quarterly results					Cumulatively results		
	2Q24	1Q25	2Q25	QoQ (%)	YoY (%)	1H24	1H25	YoY (%)
Revenue (RM'm):								
Plantation	409.7	425.5	449.2	5.6	9.7	795.6	874.8	10.0
Downstream	324.2	264.6	226.4	-14.5	-30.2	56.6	119.4	>100
Property	22.3	28.7	90.7	>100	>100	2.2	1.2	-42.4
Agtech	1.1	0.6	0.6	-2.1	-42.0	508.6	491.0	-3.5
Recurring Operating Profit								
Plantation	115.5	94.8	289.1	>100	>100	19.8	13.2	-33.3
Downstream	3.4	3.5	-10.1	NM	NM	-4.3	-5.2	NM
Property	14.4	16.1	26.2	63.2	81.5	0.3	0.3	12.7
Agtech	-3.6	-5.0	-5.2	NM	NM	23.8	18.0	-24.3
Operating Margin (%)								
Plantation	28.2	22.3	64.3	1.9	36.1	2.5	1.5	-0.4
Downstream	1.0	1.3	-4.5	-4.3	-5.5	-7.6	-4.4	-0.4
Property	64.7	56.0	28.9	-0.5	-35.8	12.8	25.1	1.0
Agtech	-336.9	-792.0	-839.6	0.1	-502.7	4.7	3.7	-0.2
Operational Stats.								
FFB production ('000 mt)	484	435	499	14.7	3.1	941.0	934.0	-0.7
Avg CPO Price Realised (RM/Mt)	3,797	4,162	3,802	-8.6	0.1	3,721.0	3,969.0	6.7
Avg PK Price Realised (RM/Mt)	2,299	3,311	3,404	2.8	48.1	2,154.0	3,361.0	56.0

Source: Company, MBSBR

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	2,989.2	PBT	384.1	480.7	509.6	504.0	484.7
Operating Profit	448.2	560.8	583.9	564.6	545.4	Operating cash flow	656.1	494.1	855.0	642.4	632.8
PBT	384.1	480.7	509.6	504.0	484.7	Investing cash flow	-408.6	-376.2	-410.0	-410.0	-410.0
PATAMI	253.5	323.1	351.0	347.3	334.5	Financing cash flow	-776.3	714.8	-179.4	-179.4	-161.5
Core PATAMI	258.3	342.7	351.0	347.3	334.5	Net cash flow	-528.8	832.7	265.6	52.9	61.3
EPS (sen)	28.3	36.0	39.1	38.7	37.3	Beginning cash flow	1,575.8	1,048.6	1,880.4	2,146.0	2,271.2
PER (x)	17.2x	13.5x	12.7x	12.8x	13.3x	Ending cash flow	1,048.6	1,880.4	2,146.0	2,198.9	2,332.5
DPS (sen)	21.0	25.0	25.0	21.0	20.0						
Dividend yield (%)	4.3%	5.1%	5.0%	4.2%	4.0%						

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%	19.3%	18.2%
ROU assets	986.6	969.9	982.8	980.7	978.5	PBT margin	12.9%	16.4%	17.7%	17.2%	16.2%
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%	11.9%	11.2%
Inventories	193.0	277.4	187.7	190.2	194.5	Core PATAMI margin	8.7%	11.7%	12.2%	11.9%	11.2%
Receivables	519.6	716.3	505.3	512.0	523.6						
Current assets	1,887.0	3,038.5	2,999.4	3,133.8	3,211.1						
Total Assets	8,567.1	9,624.3	9,991.2	10,231.4	10,408.1						
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	468.9						
Current liabilities	1,004.6	2,236.7	2,148.5	2,154.5	2,164.9						
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	6,021.4	6,187.6						

Source: Bloomberg, MBSBR

MBSB RESEARCH (formerly known as MIDF RESEARCH) is part of MBSB Investment Bank Berhad (formerly known as MIDF Amanah Investment Bank Berhad)

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

DISCLOSURES AND DISCLAIMER

This report has been prepared by MBSB Investment Bank Berhad (formerly known as 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. MBSB INVESTMENT BANK BERHAD (formerly known as 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 MBSB INVESTMENT BANK BERHAD (formerly known as MIDF AMANAH INVESTMENT BANK BERHAD). The directors, employees and representatives of MBSB INVESTMENT BANK BERHAD (formerly known as 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 MBSB 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.

MBSB INVESTMENT BANK (formerly known MIDF 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