IOI Corporation Berhad

(1961 | IOI MK) Main | Plantation

Corporate Update

Maintain BUY

Unchanged Target Price **RM4.42**

4QFY25 Results Review: Earnings Staying on Course

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, slightly above 5-year historical mean.

The upstream division is expected to contribute over 90% of total group operating profit for FY26-FY28F. As such, any upward movement in the CPO price trajectory is expected to have a material impact on the company's earnings and, by extension, its share price performance.

The upstream margin remains resilient (>40%), underpinned by relatively low cost of production compared to peers - estimated at approximately RM1,900 - 2,000/Mt.

Plantation. 4Q25 core PATAMI came in at RM327.0m (+17.2%qoq; +25.7%yoy, +14.3%ytd) accounted for 96.8% and 109.5% of consensus and of full-year estimates. The decent results were driven by robust upstream contribution that seen +33.5%yoy increase in profit, which mostly supported by higher average selling price of CPO and PK, respectively. Margin on the other hand, was stable at 11.0% (+0.83pts yoy), as cost of production fell by -8.0%yoy.

Operationally, the harvested average mature area now reduced to 138,597 c. 81% (vs: 4Q24 144,959 ha or 84%). The decline is attributed to the ongoing replanting program. FFB and CPO production grew exponentially to approximately 736,000 Mt (+14.1%yoy) and 160,000 Mt (+13.5%yoy), respectively, driven by higher set of crops quality due lesser wet weather days.

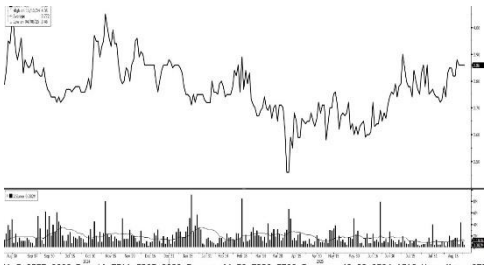
CPO cost of production dropped to RM2,004/Mt during the quarter (-8.0%yoy), reflecting the seasonally higher output and lower unit cost due steady OER of 21.53% recorded. Nevertheless, for the full year, the average cost of sales was marginally higher at RM2,623/Mt (+1.5%yoy), but still within industry peers.

RBM. Smaller profit was registered, at RM48.1m (-40.1%yoy), mainly dragged by refinery sub-segment with lower margin, lower sales volume from oleochemical sub-segment as well as lower share of associate results.

Earnings. We are maintaining our earnings estimate at this juncture, as we deem FY25's core PATAMI of RM1.3b (+14.3%yoy) broadly within expectations.

RETURN STATISTICS	
Price @ 28 Aug 2025 (RM)	3.88
Expected share price return (%)	+13.97
Expected dividend yield (%)	+2.71
Expected total return (%)	+16.68

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	2.1	-2.2
3months	3.2	0.8
12 months	1.8	4.0

INVESTMENT STATISTICS

FYE June	2026E	2027F	2028F
Revenue	10,773.7	10,804.8	11,046.8
Operating Profit	1,497.1	1,487.2	1,469.2
PBT	1,693.3	1,691.4	1,681.8
Core PATAMI	1,269.1	1,270.0	1,265.4
EPS (sen)	20.5	20.5	20.4
DPS (sen)	10.5	10.5	10.5
Dividend Yield (%)	2.7%	2.7%	2.7%

KEY STATISTICS	
FBM KLCI	1,587.07
Issue shares (m)	6,208.70
Estimated free float (%)	35.20
Market Capitalisation (RM'm)	24,089.76
52-wk price range	RM3.42– RM4.08
3-mth average daily volume (m)	1.36
3-mth average daily value (RM'm)	5.06
Top Shareholders (%)	
Progressive Hlds Sdn Bhd	50.45
EPF	14.24
ASNB	6.48

IOI Corp: 4QFY25 Results Summary

FYE June (RM'm)	Quarterly results					Cumulatively results		
	4Q24	3Q25	4Q25	QoQ (%)	YoY (%)	FY24	FY25	YoY (%)
Revenue	2,539.6	2,735.6	2,960.1	8.2	16.6	9,603.6	11,334.7	18.0
Operating profit	273.8	317.8	308.3	-3.0	12.6	1,134.7	1,325.4	16.8
Associates	90.7	60.9	72.7	19.4	-19.8	350.9	348.0	-0.8
JVs	0.7	0.8	0.9	12.5	28.6	4.3	3.4	-20.9
PBT	428.5	335.2	512.9	53.0	19.7	1,398.5	1,877.5	34.3
Tax Expense	-80.8	-69.0	-77.2	NM	NM	-282.2	-341.1	NM
PATAMI	346.9	262.3	436.5	66.4	25.8	1,109.4	1,520.6	37.1
Core PATAMI	260.1	279.1	327.0	17.2	25.7	1,115.7	1,275.6	14.3
Core EPS (sen)	4.2	4.5	5.3	17.2	25.7	18.0	20.6	14.3
Growth & Margin (%)				+/- ppts				+/- ppts
OP margin (%)	10.8	11.6	10.4	-1.2	-0.4	11.8	11.7	-0.1
PBT margin (%)	16.9	12.3	17.3	5.1	0.5	14.6	16.6	2.0
Core PATAMI margin (%)	10.2	10.2	11.0	0.8	0.8	11.6	11.3	-0.4
Effective tax rate (%)	18.9	20.6	15.1	-5.5	-3.8	20.2	18.2	-2.0

Source: Company, MBSBR

IOI Corp: Segmental Breakdown & Operational Stats.

FYE June (RM'm)	Quarterly results					Cumulatively results		
	4Q24	3Q25	4Q25	QoQ (%)	YoY (%)	FY24	FY25	YoY (%)
Revenue (RM'm):								
Plantation	655.9	663.1	792.0	19.4	20.8	2,759.8	3,077.4	11.5
RBM	2,442.2	2,614.8	2,812.7	7.6	15.2	9,172.5	10,833.7	18.1
Other Operations	3.9	4.5	4.8	6.7	23.1	18.1	19.4	7.2
Segmental results								
Plantation	308.2	307.6	411.5	33.8	33.5	1,201.3	1,571.2	30.8
RBM	80.3	-10.2	48.1	>100	-40.1	291.9	109.9	-62.4
Other Operations	0.1	91.1	-89.6	NM	NM	1.3	2.1	61.5
Segmental Margin (%)								
Plantation	47.0	46.4	52.0	5.6	5.0	43.5	51.1	7.5
RBM	3.3	-0.4	1.7	2.1	-1.6	3.2	1.0	-2.2
Other Operations	2.6	>100	<100	NM	NM	7.2	10.8	3.6
Operational Stats.								
FFB Production ('000 Mt)	645	576	736	27.8	14.1	2,804	2,840	1.3
FFB Yield Mt/Ha	4.5	4.2	5.4	28.6	20.8	19.3	20.5	5.9
CPO Production ('000 Mt)	143	122	160	31.7	12.5	625	616	-1.4
Avg CPO Price Realised (RM/Mt)	4,118	4,667	4,208	-9.8	2.2	3,856	4,332	12.3

Source: Company, MBSBR

FINANCIAL SUMMARY

Income Statement (RM'm)	2024A	2025A	2026E	2027F	2028F	Cash Flow (RM'm)	2024A	2025A	2026E	2027F	2028F
Revenue	9,603.6	11,334.7	10,773.7	10,804.8	11,046.8	PBT	1,398.5	1,869.7	1,693.3	1,691.4	1,681.8
Operating Profit	1,180.1	1,349.2	1,497.1	1,487.2	1,469.2	Operating cash flow	1,233.8	1,291.9	1,604.4	1,510.1	1,473.6
PBT	1,398.5	1,869.7	1,693.3	1,691.4	1,681.8	Investing cash flow	-493.1	-637.1	-450.0	-450.0	-450.0
PATAMI	1,109.4	1,505.7	1,269.1	1,270.0	1,265.4	Financing cash flow	-796.3	-918.5	-403.3	-403.3	-403.3
Core PATAMI	1,115.7	1,260.7	1,269.1	1,270.0	1,265.4	Net cash flow	-55.6	-263.7	751.1	656.8	620.3
EPS (sen)	18.0	20.3	20.5	20.5	20.4	Beginning cash flow	2,235.0	2,181.7	1,578.4	2,329.5	2,986.4
PER (x)	21.6	19.1	19.0	19.0	19.0	Ending cash flow	2,181.7	1,578.4	2,329.5	2,986.4	3,606.7
DPS (sen)	9.5	10.5	10.5	10.5	10.5						
Dividend yield (%)	2.4%	2.7%	2.7%	2.7%	2.7%						

Balance Sheet (RM'm)	2024A	2025A	2026E	2027F	2028F	Margins	2024A	2025A	2026E	2027F	2028F
Cash	2,181.7	1,578.4	2,329.5	2,986.4	3,606.7	OP margin	12.3%	11.9%	13.9%	13.8%	13.3%
Receivables	1,283.4	1,393.3	1,346.7	1,350.6	1,380.9	PBT margin	14.6%	16.5%	15.7%	15.7%	15.2%
Inventories	1,221.2	1,419.8	1,267.5	1,271.2	1,299.6	PATAMI margin	11.6%	13.3%	11.8%	11.8%	11.5%
PPE	9,229.1	9,432.6	9,223.4	9,200.3	9,163.7	Core PATAMI margin	11.6%	11.1%	11.8%	11.8%	11.5%
Others	4,026.8	4,279.4	4,515.5	4,762.3	5,017.5						
Assets	17,942.2	18,130.7	18,709.8	19,598.0	20,495.6						
Payables	788.5	821.9	718.2	720.3	736.5						
Debt	3,704.7	3,214.6	3,214.6	3,214.6	3,214.6						
Others	1,439.3	1,458.0	1,458.0	1,458.0	1,458.0						
Liabilities	5,932.5	5,497.9	5,390.8	5,392.9	5,409.1						
Shareholders' equity	11,678.6	12,294.0	13,177.4	14,044.2	14,906.3						
NCI interests	331.1	338.8	358.1	377.4	396.7						
Equity	17,942.2	18,130.7	18,709.8	19,598.0	20,495.6						

Source: Bloomberg, MBSBR

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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