Kuala Lumpur Kepong Berhad

(2445 | KLK MK) Main | Plantation

Maintain **NEUTRAL**

Unchanged Target Price **RM20.23**

Corporate Update

4QFY25 Results Review: Largely on Track

Maintain NEUTRAL with umchanged TP of RM20.23. We are maintaining our **NEUTRAL** call with an unchanged **TP of RM20.23** based on valuation-based year FY26F EPS of 109.4sen pegged to a PER of 18.5x, which is nearly its 5-year historical average mean.

We remain optimistic with its upstream subsegment where recovery in Group's FFB yield and OER projected to maintain above 21.50Mt/ha and 21.50% rate over the next 3 years (back to pre-pandemic level), thanks to the intensive rehabilitation efforts undertaken for the past couple of years. However, margin compression is anticipated to persist in absence of insignificant contribution from downstream products due to higher input cost for its feedstock refineries.

FY25 came in within estimates. KLK FY25's Core PATAMI of RM1.2b (+19.2%yoy) came in within both ours and street estimates, accounting for 98.9% and 98.0%, respectively. Performance was underpinned by a strong upstream contribution (+41.5%yoy), supported by modestly higher FFB output (+2.6%yoy) and lower production cost.

However, the manufacturing division turned into the red, mainly due to elevated feedstock costs. Additionally, property segment earnings declined by -7.1%yoy, reflecting softer revenue recognition during the financial year. Overall, operational delivery remained resilient, with key earnings driver still led by the plantation business.

Upstream. The 4QFY25 group's upstream bottom-line remained sound, at RM619.4m (+19.5%yoy), driven by higher profit contributions across the Malindo estates. Operationally, FFB production inched by +1.8%yoy bringing the CPO production expanded to 349,000 Mt (+2.1%yoy), as estates productivity and standard set of crops improved thanks to the lower rainy days. The group's average CPO and PK realised prices inched to RM3,821/Mt (+1.7%yoy) and RM3,272/Mt (+29.7%yoy), respectively. Meanwhile, the estimated all-in cost of production, was down by -8.8%yoy, attributed to the higher OER and oil yield contents.

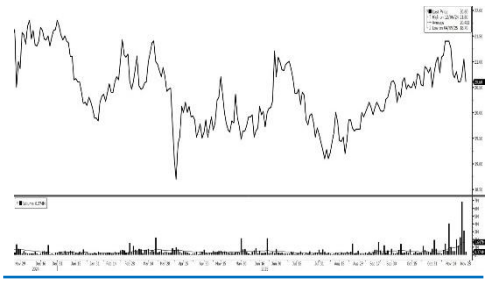
Downstream. The downstream's profitability reversed into the red at -RM74.2m in the quarter due loss incurred by the Oleochemical division, which was impacted by eroded profit margins. This was partially mitigated by lower losses from the non-oleochemical division and refineries.

Dividend. The company declared a final DPS of 40.0 sen, bringing a year-to-date dividend payout to 60.0 sen or 2.9% yield, equates to 53% payout. This remains below the earlier projected of 63 sen, which would have implied a yield of approximately 3.2%.

Earnings forecast. Maintain.

RETURN STATISTICS	
Price @ 26 Nov 2025 (RM)	20.60
Expected share price return (%)	-1.79
Expected dividend yield (%)	+2.96
Expected total return (%)	+1.17

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	0.4	-0.1
3months	0.0	2.1
12 months	-4.7	-5.7

INVESTMENT STATISTICS

FYE Sept	2025A	2026F	2027F
Revenue	25,019.5	26,329.5	26,533.0
Operating Profit	2,326.7	2,027.8	1,972.9
PBT	1,513.6	1,810.9	1,746.2
Core PATAMI	1,213.9	1,178.8	1,135.7
EPS (sen)	113.9	109.4	105.4
DPS (sen)	60.0	61.0	59.0
Dividend Yield (%)	2.9%	3.1%	3.0%

KEY STATISTICS

FBM KLCI	1,624.50
Issue shares (m)	1,096.41
Estimated free float (%)	45.40
Market Capitalisation (RM'm)	22,204.47
52-wk price range	RM18.3 – RM21.8
3-mth average daily volume (m)	0.77
3-mth average daily value (RM'm)	15.94
Top Shareholders (%)	
Batu Kawan	48.24
EPF	17.36
Lembaga Kemajuan Tanah	3.47

KLK: 4QFY25 Results Summary

FYE Sept (RM'm)	Quarterly results					Cumulatively results		
	4Q24	3Q25	4Q25	QoQ (%)	YoY (%)	FY24	FY25	YoY (%)
Revenue	5,679.0	6,432.3	6,304.3	-2.0	11.0	22,273.7	25,019.5	12.3
Operating profit	361.4	706.8	562.8	-20.4	55.7	1,687.9	2,326.7	37.8
Net Finance Cost	-100.9	-107.6	-102.2	-5.1	1.3	-373.6	-419.8	12.4
Associates	-44.0	0.8	-55.1	NM	NM	-125.5	-109.4	NM
JVs	0.5	-2.3	-3.5	NM	NM	-1.1	1.5	>100
PBT	219.6	525.4	294.4	-44.0	34.0	1,183.5	1,513.6	27.9
Tax Expense	-167.9	-137.4	-142.1	3.4	-15.4	-445.4	-540.1	21.3
PATAMI	6.8	346.6	96.0	-72.3	>100	591.0	817.3	38.3
Core PATAMI	415.8	347.9	280.3	-19.4	-32.6	1,018.3	1,213.9	19.2
Core EPS (sen)	37.9	31.2	25.2	-19.4	-33.6	92.9	109.0	17.4
Growth & Margin (%)				+/- ppts				+/- ppts
OP margin (%)	6.4	11.0	8.9	-2.1	2.6	7.6	9.3	1.7
PBT margin (%)	3.9	8.2	4.7	-3.5	0.8	5.3	6.0	0.7
Core PATAMI margin (%)	7.3	5.4	4.4	-1.0	-2.9	4.6	4.9	0.3
Effective tax rate (%)	76.4	26.2	48.3	22.1	-28.2	37.6	35.7	-2.0

Source: Company, MBSBR

KLK: Segmental Breakdown & Operational Stats.

FYE Sept (RM'm)	Quarterly results					Cumulatively results		
	4Q24	3Q25	4Q25	QoQ (%)	YoY (%)	FY24	FY25	YoY (%)
Revenue (RM'm):								
Plantation	925.2	925.3	937.6	1.3	1.3	3,758.0	3,677.3	-2.1
Manufacturing	4,698.1	5,383.8	5,304.1	-1.5	12.9	18,019.4	20,865.6	15.8
Property development	24.2	66.6	32.5	-51.1	34.7	229.4	182.9	-20.3
Investment holding / others	31.5	56.7	30.0	-47.1	-4.6	266.8	293.8	10.1
Recurring Operating Profit								
Plantation	518.2	611.8	619.4	1.2	19.5	1,586.8	2,245.2	41.5
Manufacturing	22.0	66.3	-74.2	NM	NM	219.4	-25.9	NM
Property development	8.2	9.2	21.6	>100	>100	45.9	42.3	-7.9
Investment holding / others	-187.0	19.6	-4.1	NM	NM	-164.2	65.1	>100
Operating Margin (%)								
Plantation	56.0	66.1	66.1	-0.1	10.1	42.2	61.1	18.8
Manufacturing	0.5	1.2	-1.4	-2.6	-1.9	1.2	-0.1	-1.3
Property development	34.0	13.8	66.4	52.6	32.4	20.0	23.1	3.1
Investment holding / others	-593.9	34.5	-13.5	-48.0	580.4	-61.5	22.2	83.7
Operational Stats.								
FFB Production ('000 Mt)	1,417	1,437	1,442	0.3	1.8	5,473	5,617	2.6
CPO Production ('000 Mt)	342	356	349	-2.1	2.1	1,331	1,363	2.4
Avg CO Price Realised (RM/Mt)	3,758	3,912	3,821	-2.3	1.7	3,653	3,964	8.5

Source: Company, MBSBR

FINANCIAL SUMMARY

Income Statement (RM'm)	2023A	2024A	2025A	2026F	2027F	Cash Flow (RM'm)	2023A	2024A	2025A	2026F	2027F
Revenue	23,647.6	22,273.7	25,019.5	26,329.5	26,533.0	PBT	1,152.2	1,183.5	1,513.6	1,810.9	1,746.2
Operating Profit	1,753.4	1,763	2,326.7	2,027.8	1,972.9	Operating cash flow	1,958.3	1,684.6	1,291.0	2,426.9	2,094.7
PBT	1,152.2	1,183.5	1,513.6	1,810.9	1,746.2	Investing cash flow	-1,581.0	-1,986.1	-1,021.0	-850.0	-850.0
PATAMI	834.3	591.0	817.3	1,178.8	1,135.7	Financing cash flow	-713.1	519.4	-183.3	-679.1	-657.5
Core PATAMI	1,111.0	421.3	1,213.9	1,178.8	1,135.7	Net cash flow	-335.7	217.9	84.6	897.8	587.1
EPS (sen)	103.1	39.1	73.4	109.4	105.4	Beginning cash flow	2,614.9	2,298.0	2,380.7	2,434.0	2,518.3
PER (x)	20.0	21.8	28.1	18.8	19.6	Ending cash flow	2,298.0	2,380.7	2,434.0	2,518.3	2,602.3
DPS (sen)	60.0	60.0	60.0	61.0	59.0						
Dividend yield (%)	2.9%	2.9%	2.9%	3.0%	2.9%						

Balance Sheet (RM'm)	2023A	2024A	2025A	2026F	2027F	Margins	2023A	2024A	2025A	2026F	2027F
Cash	2,499.9	2,391.6	2,480.6	2,606.5	3,193.6	OP margin	7.4%	7.9%	9.3%	7.7%	7.4%
Receivables	3,470.1	3,034.3	3,945.8	3,863.7	3,893.6	PBT margin	4.9%	5.3%	6.0%	6.9%	6.6%
Inventories	4,969.0	5,231.8	6,186.7	5,532.5	5,575.3	PATAMI margin	3.5%	2.7%	3.3%	4.5%	4.3%
PPE	12,905.6	13,186.9	12,958.9	13,154.2	13,228.6	Core PATAMI margin	4.7%	1.9%	4.9%	4.5%	4.3%
Others	6,256.9	6,634.5	6,337.5	6,247.2	6,133.0						
Assets	30,126.4	30,529.8	31,737.6	31,404.1	32,024.1						
Payables	1,970.1	1,902.2	2,098.7	2,028.0	2,043.7						
Debt	9,894.0	11,225.3	11,694.8	11,225.3	11,225.3						
Others	2,118.6	2,395.3	2,457.4	2,395.3	2,395.3						
Liabilities	13,982.6	15,522.8	16,250.9	15,648.6	15,664.3						
Shareholders' equity	14,318.7	13,704.3	14,243.7	14,131.2	14,609.4						
Non-controlling interests	1,825.0	1,302.6	1,243.0	1,570.0	1,696.2						
Equity & liabilities	30,126.4	30,529.8	31,737.6	31,404.1	32,024.1						

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 is prepared by MBSB Investment Bank Berhad (formerly known as MIDF Amanah Investment Bank Berhad) (Company Registration No.: 197501002077 (23878-X)) and is for distribution only to the intended readers and under such circumstances as may be permitted by applicable law. Readers should be fully aware that this report is provided solely for informational purposes and does not constitute a Shariah advice nor constitute an investment recommendation or basis for any credit or other evaluation in any manner whatsoever.

The opinions and analyses contained in this report are based on information obtained or derived from sources that MBSB Investment Bank Berhad believes to be reliable. Any forward-looking statements in this report speak only as of the date of such statements. However, MBSB Investment Bank Berhad makes no representation or warranty, expressed or implied, as to the accuracy, completeness, or reliability of such information, and it should not be relied upon as such.

While the information presented in this report may include references to Shariah -compliant and non-compliant securities or other financial instruments, this report is not, and should not be construed as, an offer to buy or sell any securities or other financial instruments or to promote or endorse any specific investment. Investors are strongly advised to conduct their own due diligence and to consult licensed Shariah or financial advisors before making any investment decisions. Any action taken based on this report is at the sole discretion and risk of the investor.

The analyses in this report are based on numerous assumptions, and different assumptions could yield different results. All opinions and estimates in this report are subject to change without notice.

The research analysts will initiate, update, and cease coverage solely at the discretion of MBSB Investment Bank Berhad.

The directors, employees, and representatives of MBSB Investment Bank Berhad and MBSB Berhad may have interests in any of the securities mentioned and may benefit from the information contained herein. Members of MBSB Berhad and their affiliates may provide services to any company or its affiliates whose securities are mentioned in this report.

This report shall not be reproduced, distributed, or published in any form or for any purpose without the prior written consent of MBSB Investment Bank Berhad.

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