Corporate Update

Genting Plantations Berhad

(2291 | GENP MK) Main | Plantation

4 Stars | FTSE4Good | SHARIAH Compliant

Upgrade to BUY

(from NEUTRAL)

Revised Target Price **RM5.80**
(from RM5.14)

Moderate Growth

Upgrade to BUY. Post management meeting, we upgrade GENP to BUY call with a revised TP of **RM5.80** (previously RM5.14), based on FY26F EPS of 37.9sen pegged to a PER of 13x - discounted on operational risk, nearly 5-year average historical mean. Note that upstream operating profit accounts for 85-90% of the total group profit in FY24-25. With CPO price expected to hinge on the high side, this will likely support a stable profit margin c. 10-11% over the next 2 years. Therefore, any movement in CPO prices due higher B50 blending rate in Indonesia would provide trading opportunity in the stock.

Upstream outlook is relatively stable, underpinned by modest FFB growth expectations of 3-5%, contingent on weather normalisation. Sabah conditions have improved, with reduced flooding and quicker monsoon dissipation, which should support crop quality and maintain OER within historical ranges 21-22%. Growth continues to be driven by Indonesia's improving age profile and Malaysia's maturing replanted areas. With circa 60% of trees in prime age, the group remains well-positioned to sustain output, barring any adverse weather disruptions.

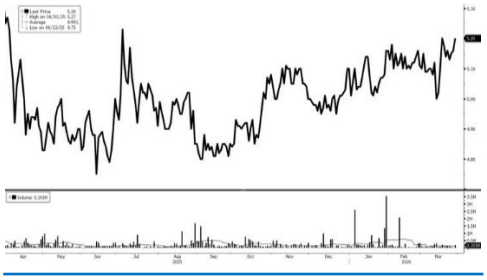
Downstream conditions remain soft, with biodiesel and refinery utilisation rates still subdued at below 20% and circa 40%, respectively, reflecting weak domestic offtake. Demand continues to be largely localised, with minimal export traction currently, amid softer global pull-particularly from China given stronger soybean substitution. Seasonal demand uplift appears modest and largely confined to festive-driven logistics activity. As such, downstream margin recovery remains contingent on a sustained pickup in domestic consumption and clearer policy direction on blending mandates.

Biodiesel demand remains structurally supportive, though near-term execution in Malaysia is still constrained by policy inertia. While higher blending (beyond B10/B20) would be incrementally positive for demand, implementation hinges largely on fiscal capacity and political will, with B20 rollout still limited to select regions. In contrast, Indonesia's pathway toward B45, and potentially B50, appears more actionable, supported by favourable POGO dynamics. Overall, this divergence suggests Malaysia may lag in demand uplift, while Indonesia continues to drive regional biodiesel-led consumption growth.

Cost of production. Cost dynamics are turning incrementally cautious, particularly on fertiliser, as potential urea price upside could compress margins into 2HCY26. While 1HCY26 requirements are largely secured, the upcoming 2H tender introduces timing risk, especially if prices remain elevated. Fertiliser cost, historically around 12% of total cost, could trend higher, though still manageable relative to prior peaks - Russia-Ukraine war.

RETURN STATISTICS	
Price @ 30 March 2026 (RM)	5.20
Expected share price return (%)	+11.6
Expected dividend yield (%)	+4.8
Expected total return (%)	+16.4

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	4.6	6.4
3 months	4.9	4.4
12 months	0.5	-9.9

INVESTMENT STATISTICS

FYE Dec	2026E	2027F	2028F
Revenue	3,211.4	3,173.8	3,160.7
Operating Profit	626.6	597.9	599.9
PBT	556.4	538.1	540.2
Core PATAMI	339.7	332.7	333.9
EPS (sen)	37.9	37.1	37.2
DPS (sen)	25.0	25.0	25.0
Dividend Yield (%)	4.8%	4.8%	4.8%

KEY STATISTICS	
FBM KLCI	1,687.90
Issue shares (m)	897.16
Estimated free float (%)	39.18
Market Capitalisation (RM'm)	4,665.24
52-wk price range	RM4.61 – RM5.26
3-mth average daily volume (m)	0.30
3-mth average daily value (RM'm)	1.52
Top Shareholders (%)	
Genting Berhad	54.44
EPF	15.54
KWAP	7.57

On corporate matters, no major exercises are expected near term. Balance sheet remains stable, with past impairments and regulatory fines largely behind. Dividend payout should stay above historical levels of 60%, supported by resilient earnings and manageable capex requirements, despite limited share liquidity.

Earnings. We trim our FY26 earnings forecast by 2.2%, as we assume cost of production remains broadly in line with FY25 levels, factoring in higher fertiliser costs expected to materialise in 2HCY26.

FINANCIAL SUMMARY

Income Statement (RM'm)	2024A	2025A	2026E	2027F	2028F	Cash Flow (RM'm)	2024A	2025A	2026E	2027F	2028F
Revenue	2,937.9	3,367.6	3,211.4	3,173.8	3,160.7	PBT	480.7	569.2	556.4	538.1	540.2
Operating Profit	560.8	657.9	626.6	597.9	599.9	Operating cash flow	494.1	517.0	750.9	686.1	675.6
PBT	480.7	569.2	556.4	538.1	540.2	Investing cash flow	-376.2	-406.8	-410.0	-410.0	-410.0
PATAMI	323.1	354.5	339.7	332.7	333.9	Financing cash flow	714.8	-822.0	-179.4	-161.5	-161.7
Core PATAMI	342.7	381.3	339.7	332.7	333.9	Net cash flow	832.7	-711.8	161.5	114.6	103.9
EPS (sen)	36.0	39.5	37.9	37.1	37.2	Beginning cash flow	1,048.6	1,880.4	1,164.4	1,390.5	1,505.2
PER (x)	14.4x	13.2x	13.7x	14.0x	14.0x	Ending cash flow	1,880.4	1,164.4	1,325.9	1,505.2	1,609.0
DPS (sen)	25.0	28.0	25.0	25.0	25.0						
Dividend yield (%)	4.8%	5.4%	4.8%	4.8%	4.8%						

Balance Sheet (RM'm)	2024A	2025A	2026E	2027F	2028F	Margins	2024A	2025A	2026E	2027F	2028F
PPE	4,472.8	4,215.0	4,973.9	5,075.5	5,171.0	OP margin	19.1%	19.5%	19.5%	18.8%	19.0%
ROU assets	969.9	886.5	980.7	978.5	976.2	PBT margin	16.4%	16.9%	17.3%	17.0%	17.1%
Non-current assets	6,585.8	6,623.6	7,476.7	7,576.1	7,669.3	PATAMI margin	11.0%	10.5%	10.6%	10.5%	10.6%
Inventories	277.4	305.7	212.0	209.8	208.4	Core PATAMI margin	11.7%	11.3%	10.6%	10.5%	10.6%
Receivables	716.3	646.7	570.7	564.7	560.9						
Current assets	3,038.5	2,392.7	2,447.7	2,554.2	2,717.5						
Total Assets	9,624.3	9,016.3	9,924.4	10,130.3	10,386.8						
Long-term debt	1,466.3	2,135.2	2,135.2	2,135.2	2,135.2						
Non-current liabilities	2,055.6	2,768.6	2,768.6	2,768.6	2,768.6						
Payables	540.7	622.3	511.0	505.7	502.3						
Current liabilities	2,236.7	1,219.5	1,108.2	1,102.9	1,099.4						
Share capital	1,724.0	1,724.0	1,724.0	1,724.0	1,724.0						
Reserves	3,552.5	3,270.2	4,159.5	4,375.3	4,637.5						
Equity	5,332.0	5,028.2	6,047.6	6,258.8	6,518.7						

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