Corporate Update

PPB Group Berhad

(4065 | PEP MK) Main | Food & Beverages

3 Stars | FTSE4Good | SHARIAH Compliant

4QFY25 Results Review: Earnings Rebound on Wilmar Contributions

Upgrade to BUY with a revised TP of RM12.33. PPB Group's 4QFY25 results came in above expectations, driven by a strong rebound in associate contributions, particularly from Wilmar, alongside improving underlying performances across key operating segments. Considering the better-than-anticipated earnings delivery, we raise our FY26F/FY27F forecasts by +13.2%/+17.7%, respectively. Accordingly, we revise our TP higher to RM12.33, based on a revised FY26F EPS of 94.8 sen and an unchanged 13x PER. We upgrade our call to **BUY**, underpinned by firmer associate earnings from Wilmar, a recovery in the Film Exhibition & Distribution segment, and sustained full-year margin improvements in Grains & Agribusiness, which collectively reinforce a stronger earnings trajectory ahead.

Above expectations. PPB reported FY25 core PATAMI of RM1.35bn, exceeding expectations at 220% of ours but coming at 91% of consensus full-year forecasts. The outperformance was primarily driven by a sharp rebound in associate contributions, particularly from Wilmar, which more than offset softer performances in certain operating segments and lifted overall group profitability materially. At the same time, excluded from our core PATAMI calculations was a one-off impairment of RM4.17b that the Group recognised on its Wilmar investment, to reflect adjusted growth assumptions.

Grains & Agribusiness. Segment PBT came in at RM91.2m in 4QFY25, declining -34.9%yoy amid softer revenue and margin pressures across certain sub-segments. For FY25, however, segment PBT rose to RM393.0m, up +22.3%yoy. The full-year improvement was supported by better cost management and firmer contributions from flour, feed and livestock operations, despite quarterly volatility toward year-end.

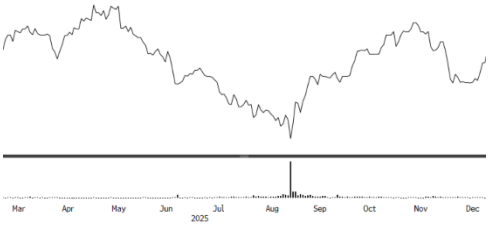
Consumer Products. The segment slipped into a small loss of -RM1.1m in 4QFY25, reflecting margin pressures and higher operating costs despite improved revenue momentum year-on-year. For FY25, segment PBT edged up to RM6.7m, rising +3.1%yoy, supported by stronger topline growth and disciplined cost management.

Upgrade to BUY (from NEUTRAL)

Revised Target Price **RM12.33** (from RM10.89)

RETURN STATISTICS	
Price @ 27th Feb 2026 (RM)	10.88
Expected share price return (%)	+23.54
Expected dividend yield (%)	+3.54
Expected total return (%)	+27.22

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-3.7	-2.4
3 months	-1.6	-2.3
12 months	1.3	-7.1

INVESTMENT STATISTICS

FYE Dec	2026F	2027F	2028F
Revenue	5,550.3	5,526.8	5,581.9
Operating Profit	388.5	392.4	401.9
PBT	1,484.0	1,557.1	1,496.4
Core PATAMI	1,348.8	1,471.5	1,414.1
EPS (sen)	94.8	103.4	99.3
DPS (sen)	40.0	40.0	41.0
Dividend Yield (%)	3.7%	3.7%	3.8%

KEY STATISTICS

FBM KLCI	1,716.61
Issued shares (m)	1422.60
Estimated free float (%)	42.33
Market Capitalisation (RM'm)	15,477.89
52-wk price range	RM8.23 - RM12.5
3-mth average daily volume (m)	0.76
3-mth average daily value (RM'm)	8.09
Top Shareholders (%)	
Kuok Brothers Sdn Bhd	50.61
Employees Provident Fund Board	18.85
NAI SENG SDN BERHAD	3.44

Film Exhibition & Distribution. The segment delivered a stronger performance in 4QFY25, with PBT rising to RM20.3m, up +546.1%yoy, driven by improved box office receipts, higher concession sales and better cost absorption. The stronger quarterly showing reflects a more favourable film slate and healthier cinema attendance compared to the low base last year. For FY25, segment PBT surged to RM68.6m from RM3.7m in FY24, underscoring a broad-based recovery in cinema operations on the back of improved content pipeline and traffic.

Associates (Wilmar). Wilmar's contribution rebounded sharply in 4QFY25, rising to RM883.1m, +208.8%yoy, driven by stronger underlying performance during the period. According to Wilmar's FY2025 release, core net profit increased by +10%yoy to US$1.28bn, supported by improved contributions from its Feed & Industrial Products segment as well as joint ventures and associates. For FY25, PPB's Wilmar contribution amounted to RM1.12bn, up +8.8%yoy, underscoring the associate's continued significance to group earnings despite ongoing regulatory and macroeconomic headwinds.

Outlook. We are constructive on PPB's prospects, anchored by the anticipated recovery and sustained strength in Wilmar's earnings contributions. Wilmar has reported firmer core profitability, supported by stronger performances in its Feed & Industrial Products segment and improved associate and joint venture contributions, which should continue to underpin PPB's associate income stream. Meanwhile, PPB's core segments are expected to remain resilient, supported by stable domestic demand, ongoing operational enhancements and a firmer Malaysian economic backdrop. While external risks such as policy shifts, global trade uncertainties and developments surrounding Wilmar's regulatory matters remain key watchpoints, we believe earnings momentum is on a firmer footing. Overall, improving associate contributions and steady core operations position PPB for a stronger earnings trajectory ahead, supporting our positive stance on the stock.

PPB: 4QFY25 Results Summary

FYE Dec (RM'm)	Quarterly results					Cumulatively results		
	4Q24	3Q25	4Q25	QoQ (%)	YoY (%)	FY24	FY25	YoY (%)
Revenue	1,430.6	1,378.4	1,342.5	(2.6)	(6.2)	5,385.9	5,431.8	0.9
Operating profit	128.5	118.2	95.9	(18.8)	(25.4)	313.1	426.1	36.1
Share of results of associates	302.9	(264.4)	862.2	(426.2)	184.6	1,055.6	1,126.0	6.7
Finance Cost	(9.2)	(6.9)	(4.5)	(35.0)	(51.0)	(40.1)	(27.7)	(30.8)
PBT	422.3	(153.2)	(3,228.9)	2,007.3	(864.6)	1,332.5	(2,648.8)	NM
Tax Expense	(32.0)	(30.3)	(31.8)	5.0	(0.6)	(90.6)	(103.9)	14.8
PATAMI	365.2	(199.6)	(3,272.0)	1,539.7	(995.9)	1,219.4	(2,806.3)	NM
Core PATAMI	**326.0**	**(207.3)**	**910.6**	**(539.4)**	**179.3**	**1,165.9**	**1,351.3**	**15.9**
Core EPS (sen)	22.9	(14.6)	64.0	(539.4)	179.3	82.0	95.0	15.9
Growth & Margin (%)				**+/- ppts**				**+/- ppts**
OP margin (%)	9.0	8.6	7.1	(1.4)	(1.8)	5.8	7.8	2.0
PBT margin (%)	29.5	(11.1)	(240.5)	(229.4)	(270.0)	24.7	(48.8)	(73.5)
Core PATAMI margin (%)	22.8	(15.0)	67.8	82.9	45.0	21.6	24.9	3.2
Effective tax rate (%)	7.6	(19.8)	(1.0)	18.8	(8.6)	6.8	(3.9)	(10.7)

Source: Company, MBSBR

PPB: Segmental Breakdown & Operational Stats.

FYE Dec (RM'm)	Quarterly results					Cumulatively results		
	4Q24	3Q25	4Q25	QoQ (%)	YoY (%)	FY24	FY25	YoY (%)
Revenue (RM'm):								
Grains and agribusiness	1,064.2	951.7	916.0	-3.8	-13.9	3,948.7	3,791.7	-4.0
Consumer Products	201.8	246.1	233.4	-5.1	15.7	784.2	886.2	13.0
Film exhibition and distribution	148.2	165.3	175.8	6.3	18.6	587.1	681.6	16.1
Property	12.5	13.7	15.7	14.8	25.8	52.2	62.6	20.0
Other operations	3.9	1.7	1.7	0.5	-57.7	13.7	9.8	-28.9
Pre-Tax	**4Q24**	**3Q25**	**4Q25**	**QoQ (%)**	**YoY (%)**	**FY24**	**FY25**	**YoY (%)**
Grains and agribusiness	140.0	111.0	91.2	-17.8	-34.867	321.3	393.0	22.3
Consumer Products	-1.1	5.0	-1.1	NM	NM	6.5	6.7	3.1
Film exhibition and distribution	3.1	15.7	20.3	29.6	546.1	3.7	68.6	>100
Property	4.0	3.2	-0.6	NM	NM	11.5	6.8	-41.1
Other operations / Wilmar Contribution	285.9	-278.9	883.1	>100	208.8	1,025.7	1,115.9	8.8
Pre-Tax Margin (%)	**4Q24**	**3Q25**	**4Q25**	**QoQ (%)**	**YoY (%)**	**FY24**	**FY25**	**YoY (%)**
Grains and agribusiness	13.2	11.7	10.0	-1.7	-3.2	8.1	10.4	27.4
Consumer Products	-0.6	2.0	-0.5	-2.5	0.1	0.8	0.8	-8.8
Film exhibition and distribution	2.1	9.5	11.6	21.9	>100	0.6	10.1	>100
Property	31.9	23.5	-3.9	NM	NM	22.1	10.8	-50.9
Pre-Tax Stats.								
% Core Business contribution to PBT	33.8	-93.6	11.1	104.6	-67.3	25.1	29.9	4.8
% Wilmar contribution to PBT	66.2	193.6	88.9	-104.6	34.3	74.9	70.1	-4.8

Source: Company, MBSBR

FINANCIAL SUMMARY

Income Statement (RM'm)	2024A	2025A	2026F	2027F	2028F
Revenue	5,385.9	5,431.8	5,550.3	5,526.8	5,581.9
Operating Profit	313.1	426.1	388.5	392.4	401.9
PBT	1,332.5	-2,574.9	1,484.0	1,557.1	1,496.4
PATAMI	1,219.4	-2,732.4	1,348.8	1,471.5	1,414.1
Core PATAMI	1,165.9	1,351.3	1,348.8	1,471.5	1,414.1
EPS (sen)	82.0	100.2	94.8	103.4	99.3
PER (x)	13.3x	10.9x	11.5x	10.5x	11.0x
DPS (sen)	42.0	25.0	40.0	40.0	41.0
Dividend yield (%)	3.9%	2.3%	3.7%	3.7%	3.8%

Cash Flow (RM'm)	2024A	2025A	2026F	2027F	2028F
PBT	1,332.5	-2,574.9	1,484.0	1,557.1	1,496.4
Operating cash flow	146.7	755.1	774.8	784.0	759.6
Investing cash flow	541.6	-446.0	-150.0	-150.0	-151.0
Financing cash flow	-734.8	-880.1	-564.0	-562.0	-573.3
Net cash flow	-46.5	-570.9	60.8	72.0	35.3
Beginning cash flow	1,629.3	1,576.7	1,116.5	1,177.3	1,249.3
Ending cash flow	1,576.7	1,116.5	1,177.3	1,249.3	1,284.7

Balance Sheet (RM'm)	2024A	2025A	2026F	2027F	2028F
PPE	1,183.7	1,187.7	1,252.7	1,238.2	1,217.7
ROU assets	426.9	356.6	529.2	544.2	559.2
Non-current assets	25,206.7	20,490.8	26,106.9	26,107.4	26,101.9
Inventories	922.0	768.4	737.7	733.7	740.2
Receivables	677.8	631.6	608.2	605.7	611.7
Current assets	3,580.7	3,626.6	5,463.5	6,369.6	6,418.4
Total Assets	28,787.4	24,117.4	31,570.4	32,477.0	32,520.4
Long-term debt	23.7	53.7	48.7	44.7	41.7
Non-current liabilities	607.9	522.8	673.8	669.8	666.8
Borrowings	364.8	192.9	1,318.5	1,328.5	1,339.5
Current liabilities	965.0	843.7	1,676.2	1,684.8	1,698.1
Share capital	1,429.3	1,429.3	1,429.3	1,429.3	1,429.3
Retained earnings	20,494.1	20,688.4	4,649.7	4,649.7	4,649.7
NCI	641.4	633.2	0.0	0.0	0.0
Equity	26,573.2	22,117.7	25,450.3	26,352.7	27,183.5

Profitability Margins	2024A	2025A	2026F	2027F	2028F
OP margin	7.8%	7.0%	7.1%	7.2%	5.8%
PBT margin	-47.4%	26.7%	28.2%	26.8%	24.7%
PATAMI margin	-50.3%	24.3%	26.6%	25.3%	22.6%
Core PATAMI margin	26.2%	24.3%	26.6%	25.3%	21.6%

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