PLANTATION

GENT PLANTATIONS

(GENP MK EQUITY, GENP.KL) **28 Aug 2025**

Fertiliser application to pick up in 2HFY25

AmInvestment Bank

Company Report

BUY

(Maintained)

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Rationale for report: Company Results

Price	**RM4.96**
Target Price	**RM5.84**
52-week High/Low	RM5.79/RM4.75

Key Changes

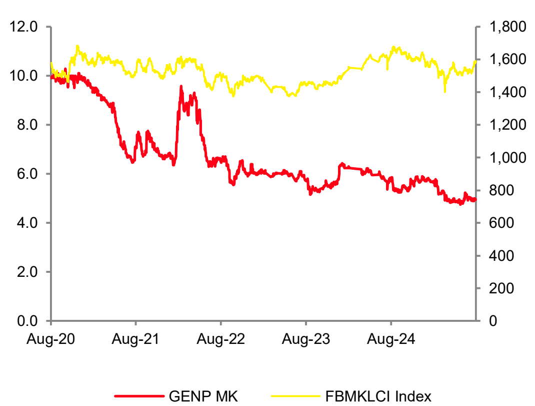
Target Price	⇔
EPS	⇔

YE to Dec	FY24	FY25F	FY26F	FY27F
Revenue (RMmil)	2,937.9	3,175.3	3,162.4	3,253.5
Net Profit (RMmil)	323.1	333.9	349.2	349.5
EPS (sen)	36.0	37.2	38.9	39.0
EPS growth (%)	27.4	3.4	4.6	0.1
Consensus net (RMmil)		366.1	339.5	338.4
DPS (sen)	25.0	28.0	30.0	33.0
PE (x)	13.8	13.3	12.7	12.7
EV/EBITDA (x)	6.4	6.1	5.9	5.7
Div yield (%)	5.0	5.6	6.0	6.7
ROE (%)	6.1	6.3	6.5	6.4
Net gearing (%)	23.5	22.7	23.4	24.5

Stock and Financial Data

Shares Outstanding (million)	897.2
Market Cap (RMmil)	4,450.1
Book Value (RM/Share)	5.88
P/BV (x)	0.8
ROE (%)	6.1
Net Gearing (%)	23.5
Major Shareholders	Genting Bhd (55.4%) EPF (13.3%)
Free Float	44.6
Avg Daily Value (RMmil)	0.8

Price performance	3mth	6mth	12mth
Absolute (%)	+0.0	-10.7	-11.0
Relative (%)	-2.0	-11.4	-8.1



Investment Highlights

Genting Plantations' (GenP) core net profit (ex-asset impairment of RM208.5mil and disposal gains of RM261.2mil) rose by 30.1% YoY to RM161.7mil in 1HFY25 underpinned by stronger palm product prices. Comparing 2QFY25 against 1QFY25 however, core net profit plunged by 52.4% to RM63.6mil dragged by downstream losses and lower CPO prices. In spite of this, we maintain BUY on GenP with a TP of RM5.84/share. The group is expected to benefit from the rise in CPO prices as more than 80% of earnings are from the plantation division.

- **BUY with TP of RM5.84/share.** We derived GenP's TP by assuming a PE of 15x on FY26F's EPS of 38.9 sen. The PE of 15x is one SD below the five-year average of 18x. We applied a discount due to risks in respect of the group's vegetables JV and property development project in Sentul, Jakarta.

- **GenP's 1HFY25 core net profit of RM197.3mil (ex-disposal gains and asset impairment) was within our forecast but 7% below consensus**. We consider GenP's results to be within our estimates as we expect fertiliser application to accelerate in 2HFY25. The group had only applied 33% of its full year fertiliser requirements in 1HFY25 as the weather was too wet at its oil palm estates.

- **Palm product prices improved in 1HFY25.** GenP's average CPO price rose by 6.7% to RM3,969/tonne in 1HFY25 from RM3,721/tonne in 1HFY24. All-in cost of production slid to RM2,520/tonne in 1HFY25 from RM2,880/tonne in 1HFY24 as fertiliser prices declined.

- **Downstream swung into the red in 1HFY25.** This was mainly due to a drop in the sales volume of biodiesel and refined palm products. Downstream recorded a loss of RM2.1mil in 1HFY25 vs.an EBITDA of RM7.5mil in 1HFY24. Average utilisation rates were low at 18% for the biodiesel plant and 32% for the refinery in 1HFY25.

Company profile

Genting Plantations (GenP) is involved in the production and sale of CPO, refined palm oil and biodiesel products. Apart from these, GenP has operations in property development and premium outlets.

GenP's earnings are mainly from upstream activities. In FY24, plantation accounted for 95% of EBITDA (ex-losses in biotech). Property and downstream accounted for the balance 5% of EBITDA.

GenP's customers are mainly refineries in Malaysia and Indonesia such as Wilmar International. Tenants of the premium outlets include Coach and Prada. Customers of property development projects are mainly Malaysians. GenP's main property projects are Bandar Pura Kencana and Indahpura in Johor.

GenP has operations in Malaysia and Indonesia. We believe that 60% of GenP's FFB production come from Indonesia while the balance 40% are from Malaysia.

GenP's competitive advantage lies in its large plantable reserves in Indonesia. We estimate that the group has more than 50,000ha of plantable land in Indonesia. GenP also has a decent age profile of oil palm trees. About 63% of planted areas are in the prime age of eight to 15 years old while another 13% are immature. An additional 13% of the oil palm trees are past prime while the balance 11% are young.

Investment thesis and catalysts

We have a BUY on GenP as it is expected to be a beneficiary of resilient CPO prices. More than 80% of GenP's earnings are from the plantation division.

Share price kickers are a surge in CPO prices and recovery in demand for refined palm products.

Valuation methodology

We applied a FY26F PE of 15x to arrive at GenP's target price of RM5.84/share. The PE of 15x is one SD below GenP's five-year average of 18x.

Risk factors

Key risks are weaker-than-expected FFB production and a fall in CPO prices.

We estimate that GenP's net profit would fall by 2% to 4% for every RM100/tonne decline in CPO price assuming everything else is constant.

EXHIBIT 1: EARNINGS SUMMARY

YE 31 Dec (RMm)	1HFY24	1HFY25	% YoY	1QFY25	2QFY25	% QoQ
Turnover	1,363.0	1,486.4	9.1	719.5	767.0	6.6
EBITDA	349.5	490.1	40.2	249.9	239.9	(4.0)
Interest Income	13.3	28.5		13.1	15.4	
Interest expense	(52.5)	(67.0)	27.6	(32.6)	(34.4)	5.5
Depreciation	(162.5)	(152.7)	(6.0)	(76.8)	(75.9)	(1.2)
Associates	19.8	13.2	(33.3)	8.8	4.4	(50.0)
Pre-exceptional Profit	167.6	312.1	86.2	162.4	149.4	(8.0)
Exceptionals/forex loss	3.6	56.3		(72.3)	128.9	
Pretax Profit	**171.2**	**368.4**	>100	**90.1**	**278.3**	>100
Taxation	(53.2)	(112.6)		(27.1)	(85.5)	
Minorities	9.9	(2.0)		(1.7)	(0.3)	
Net Profit	**127.9**	**253.8**	98.4	**61.3**	**192.5**	>100
ex-forex	124.3	197.5	58.8	133.6	63.6	(52.4)
EPS (sen)	14.3	28.3	98.4	6.8	21.5	>100
Gross DPS (sen)	8.0	10.0		-	10.0	
NTA/Share (RM)	5.86	5.76		5.67	5.76	
EBITDA margin (%)	25.6	30.6		34.7	26.6	
Pretax margin (%)	12.6	24.8		12.5	36.3	
Effective tax rate (%)	31.1	30.6		30.1	30.7	
Average CPO price (RM/tonne)	3,721	3,969	6.7	4,162	3,802	(8.6)
FFB production	941,000	934,000	(0.7)	435,000	499,000	14.7

Source: Bursa Announcement

EXHIBIT 2: VALUATIONS

Target PE (x)	15
CY26F EPS (sen)	38.9
ESG premium	-
12-month target price	5.84

EXHIBIT 3: ESG MATRIX

	Environmental assessment	Parameters	Weightage	Rating					Rationale
1	RSPO certification	100% certification	25%	*	*	*			100% certified in Malaysia, 48% certified in Indonesia in FY24
2	Supply chain auditing	100% traceable	25%	*	*	*			100% traceability to FFB suppliers and 77% traceable to external mills in FY24
3	Fires	Zero incidences	25%	*	*	*			357 fires inside concession and 78 fires outside concession in Indonesia in FY24
4	GHG emissions	Carbon neutrality by FY30F	25%	*	*	*			GHG emissions were 223,635 tCO2eq in FY24 vs 188,944 tCO2eq in FY23
	Weighted score for evironmental assessment		**100%**	*****	*****	*****			
1	Migrant workers welfare	Number of Workers grievances	40%	*	*	*	*		Zero in FY24
2	Work site safety	Zero fatalities	30%	*	*	*			2 fatalities in FY24, same as FY23
3	Total accident cases	Zero fatalities	30%	*	*	*			44 accidents in FY24 vs 43 in FY23
	Weighted score for social assessment		**100%**	*****	*****	*****			
1	Related party transactions	Value of RPTs	40%	*	*	*			RM529.4mil in FY24, mainly in Musim Mas
2	Women in workforce	% in workforce	30%	*	*	*			23% of workforce were women in FY24
3	Remuneration to directors	Total value of remuneration or % of salary costs	30%	*	*	*			Amounted to RM10mil in FY24
	Weighted score for governance assessment		**100%**	*****	*****	*****			
	Environmental score		50%	*	*	*			
	Social score		30%	*	*	*			
	Governance score		20%	*	*	*			
	Overall ESG Score		**100%**	*****	*****	*****			

Source: AmInvestment Bank

EXHIBIT 4: FINANCIAL DATA

Income Statement (RMmil, YE 31 Dec)	**FY23**	**FY24**	**FY25F**	**FY26F**	**FY27F**
Revenue	2,966.5	2,937.9	3,175.3	3,162.4	3,253.5
EBITDA	735.3	844.7	872.6	914.5	933.8
Depreciation/Amortisation	(301.5)	(324.3)	(331.5)	(355.3)	(379.2)
Operating income (EBIT)	433.8	520.4	541.1	559.2	554.6
Other income & associates	27.1	26.6	41.7	52.1	64.5
Net interest	(72.2)	(83.3)	(88.0)	(93.7)	(100.1)
Exceptional items	(4.5)	17.0	0.0	0.0	0.0
Pretax profit	**384.1**	**480.7**	**494.9**	**517.6**	**519.0**
Taxation	(118.4)	(145.7)	(148.5)	(155.3)	(155.7)
Minorities/pref dividends	(12.3)	(11.9)	(12.5)	(13.1)	(13.8)
Net profit	**253.5**	**323.1**	**333.9**	**349.2**	**349.5**
Core net profit	258.0	306.1	333.9	349.2	349.5

Balance Sheet (RMmil, YE 31 Dec)	**FY23**	**FY24**	**FY25F**	**FY26F**	**FY27F**
Fixed assets	4,628.7	4,472.8	4,641.3	4,786.0	4,906.8
Intangible assets	67.4	77.6	77.6	77.6	77.6
Other long-term assets	1,984.0	2,035.4	2,033.1	2,033.1	2,033.1
Total non-current assets	**6,680.1**	**6,585.8**	**6,752.0**	**6,896.7**	**7,017.5**
Cash & equivalent	1,072.4	1,903.9	2,072.5	2,178.6	2,286.7
Stock	193.0	277.4	182.7	181.9	187.2
Trade debtors	519.6	716.3	652.5	649.8	668.5
Other current assets	101.9	141.0	135.2	141.1	147.4
Total current assets	**1,887.0**	**3,038.5**	**3,042.9**	**3,151.4**	**3,289.8**
Trade creditors	470.9	547.5	478.5	476.5	490.3
Short-term borrowings	528.5	1,677.9	1,677.9	1,677.9	1,677.9
Other current liabilities	5.1	11.3	8.3	8.3	8.3
Total current liabilities	**1,004.6**	**2,236.7**	**2,164.7**	**2,162.7**	**2,176.5**
Long-term borrowings	1,554.3	1,466.3	1,612.9	1,774.2	1,951.6
Other long-term liabilities	573.3	589.3	590.1	590.9	591.7
Total long-term liabilities	**2,127.6**	**2,055.6**	**2,203.0**	**2,365.1**	**2,543.3**
Shareholders' funds	**5,334.3**	**5,275.0**	**5,357.7**	**5,437.7**	**5,491.2**
Minority interests	100.6	57.0	69.5	82.6	96.4
BV/share (RM)	5.95	5.88	5.97	6.06	6.12

Cash Flow (RMmil, YE 31 Dec)	**FY23**	**FY24**	**FY25F**	**FY26F**	**FY27F**
Pretax profit	384.1	480.7	494.9	517.6	519.0
Depreciation	301.5	324.3	331.5	355.3	379.2
Net change in working capital	(77.5)	(356.3)	(66.5)	(158.8)	(171.5)
Others	47.9	45.4	(88.5)	(116.8)	(126.1)
Cash flow from operations	**656.1**	**494.1**	**671.3**	**597.2**	**600.6**
Capital expenditure	(416.5)	(358.7)	(450.0)	(450.0)	(450.0)
Net investments & sale of fixed assets	0.4	3.3	0.0	0.0	0.0
Others	7.6	(20.8)	51.4	51.8	52.2
Cash flow from investing	**(408.5)**	**(376.2)**	**(398.6)**	**(398.2)**	**(397.8)**
Debt raised/(repaid)	(372.9)	1,066.3	146.6	161.3	177.4
Equity raised/(repaid)	(0.2)	0.0	0.0	0.0	0.0
Dividends paid	(271.0)	(221.3)	(227.3)	(254.2)	(272.2)
Others	(132.2)	(130.2)	0.0	0.0	0.0
Cash flow from financing	**(776.3)**	**714.8**	**(80.7)**	**(92.9)**	**(94.7)**
Net cash flow	**(528.7)**	**832.8**	**192.1**	**106.1**	**108.1**
Net cash/(debt) b/f	**1,575.7**	**1,048.6**	**1,880.4**	**2,072.5**	**2,178.6**
Forex	**1.6**	**(0.9)**	**0.0**	**0.0**	**0.0**
Net cash/(debt) c/f	**1,048.6**	**1,880.4**	**2,072.5**	**2,178.6**	**2,286.7**

Key Ratios (YE 31 Dec)	**FY23**	**FY24**	**FY25F**	**FY26F**	**FY27F**
Revenue growth (%)	-7.0	-1.0	8.1	-0.4	2.9
EBITDA growth (%)	1.2	14.9	3.3	4.8	2.1
Pretax margin (%)	12.9	16.4	15.6	16.4	16.0
Net profit margin (%)	8.5	11.0	10.5	11.0	10.7
Interest cover (x)	10.2	10.1	9.9	9.8	9.3
Effective tax rate (%)	30.8	30.3	30.0	30.0	30.0
Dividend payout (%)	74.3	69.4	75.2	77.1	84.7
Debtors turnover (days)	64	89	75	75	75
Stock turnover (days)	24	34	21	21	21
Creditors turnover (days)	58	68	55	55	55

Source: Company, AmInvestment Bank

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