

## Company Report

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03-2036 2305

# JOHOR PLANTATIONS

(JPG MK EQUITY, JPG.KL)

PLANTATION

20 Nov 2025

*Benefiting from a premium selling price*



**BUY**

(Maintained)

**Rationale for report: Company Results**

Price RM1.59  
Target Price RM2.00  
52-week High/Low RM1.60/RM0.975

### Key Changes

Target Price   
EPS 

YE to Dec	FY24	FY25F	FY26F	FY27F
Revenue (RMmil)	1,524.9	1,561.3	1,673.4	1,678.8
Net Profit (RMmil)	257.3	328.4	331.1	332.2
EPS (sen)	10.3	13.1	13.2	13.3
EPS growth (%)	53.8	27.6	0.8	0.3
Consensus net (RMmil)		283.3	284.8	287.3
DPS (sen)	5.3	5.5	6.0	6.3
PE (x)	15.4	12.1	12.0	12.0
EV/EBITDA (x)	9.9	8.6	8.2	7.9
Div yield (%)	3.3	3.5	3.8	3.9
ROE (%)	10.2	11.3	10.7	10.1
Net gearing (%)	37.3	35.1	30.4	26.4

### Stock and Financial Data

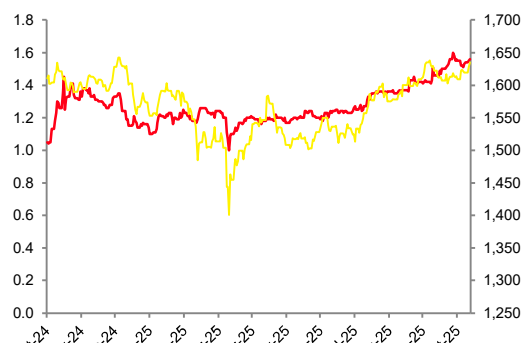
Shares Outstanding (million) 2,500.0  
Market Cap (RMmil) 3,975.0  
Book Value (RM/Share) 1.13  
P/BV (x) 1.4  
ROE (%) 10.2  
Net Gearing (%) 37.3

Major Shareholders Johor Corporation (65.0%)  
EPF (11.4%)

Free Float 45.0  
Avg Daily Value (RMmil) 9.3

Price performance	3mth	6mth	12mth
Absolute (%)	+0.2	+32.2	+7.6
Relative (%)	+12.5	+25.1	+5.9

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### Investment Highlights

*We have raised our FY26F average CPO price assumption for Johor Plantations Group (JPG) from RM4,450/tonne to RM4,550/tonne. We believe that CPO prices would be supported by the roll-out of Indonesia's B50 biodiesel policy in 2H2026. JPG's net profit climbed by 45.4% YoY to RM257.1mil in 9MFY25 on the back of an increase in palm product prices and a decline in fertiliser costs. We maintain BUY with a target price of RM2.00/share. Compared to other planters, JPG is expected to benefit more from the rise in CPO prices due to its high RSPO premium.*

- **BUY at a higher TP of RM2.00/share vs. RM1.72/share previously.** Our TP was derived by assuming a FY26F PE of 15x. The PE of 15x is the same multiple that we have used to value Genting Plantations (GenP). We believe that JPG should trade at the same PE as GenP due to the strategic location of its oil palm estates in Johor and purer exposure to CPO prices. We have raised JPG's FY26F net earnings by 15.3% to account for a higher gross profit margin and an average CPO price of RM4,550/tonne vs. RM4,450/tonne originally.
- **JPG's annualised 9MFY25 net profit was 12% above our forecast and 16% above consensus.** JPG exceeded our estimates due to a stronger-than-expected gross profit margin. We have raised JPG's FY25F net profit by 12% to account for a gross profit margin of 37% compared with 35% previously.
- **JPG's selling price is higher than MPOB spot prices.** JPG recorded an average CPO price of RM4,518/tonne in 9MFY25 (9MFY24: RM4,149/tonne), RM168/tonne higher than MPOB's average price of RM4,350/tonne. We attribute the premium to strong demand for RSPO-certified palm products.
- **FFB production fell by 4.7% YoY in 9MFY25.** This was mainly due to floods in 1QFY25, which affected harvesting. Comparing 3QFY25 against 2QFY25, JPG's FFB output rebounded by 27%.
- **Palm refinery would be commissioned in 2HFY26.** JPG's 51%-owned 150,000 tonnes/year palm refinery is anticipated to commence operations in July or August 2026. Fuji Oils has guaranteed an off-take of half of the installed production capacity of 150,000 tonnes per year. We believe that the refinery's earnings would only be meaningful in FY27F.

### **Company profile**

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Johor Plantations Group (JPG) is involved in the upstream segment of the palm oil supply chain. Going forward, the group plans to venture into palm refining. Construction of the refinery started in FY24 and is expected to be completed in 2HFY26.

JPG's earnings are from the sale of palm products.

JPG's customers are refineries in Johor, which include Intercontinental Specialty Fats, Palmaju Edible Oils and PGEO Group.

JPG's operations are mainly in Johor.

JPG's competitive advantage lies in the strategic location of its estates in Johor and Identity Preserved (IP) RSPO- certification of its palm products. Due to the surge in land prices in Johor, JPG's estates are worth more than their book values. The IP certification allows the group to sell CPO at a RM150/tonne to RM250/tonne premium above MPOB prices.

### **Investment thesis and catalysts**

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We have a BUY on JPG as it would benefit from resilient CPO prices.

Share price catalysts are a jump in CPO prices and plantation earnings. We think that an acquisition or disposal of land would also be a share price kicker.

### **Valuation methodology**

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We applied a PE of 15x on JPG's FY26F EPS to arrive at its TP of RM2.00/share. The PE of 15x is the same PE that we have applied to arrive at Genting Plantations' (GenP) fair value. We believe that JPG deserves to trade at the same PE as GenP due to its premium selling prices and high leverage to CPO prices.

### **Risk factors**

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Key risks are a fall in CPO prices and rise in costs of fertiliser and wages.

A fall of RM100/tonne in CPO price would affect JPG's net profit by 2% to 5% assuming everything else remains constant.

**EXHIBIT 1: VALUATIONS**

Target PE (x)	15
FY26F EPS (sen)	13.2 (from 11.5 sen)
ESG premium	-
12-month target price (RM)	2.00 (from RM1.72)

**EXHIBIT 2: EARNINGS SUMMARY**

YE 31 Dec (RMm)	9MFY24	9MFY25	% YoY	2QFY25	3QFY25	% QoQ
Turnover	1,060.0	1,234.9	16.5	398.3	496.2	24.6
Cost of sales	(677.2)	(775.0)	14.4	(256.9)	(304.2)	18.4
Gross profit	382.7	459.9	20.2	141.4	191.9	35.7
Other income	33.4	26.6	(20.4)	7.8	10.1	30.0
Admin expenses	(118.0)	(102.7)	(13.0)	(32.3)	(42.1)	30.6
Other expenses	(0.6)	(0.4)	(31.4)	(0.0)	(0.2)	>100
Finance income	3.9	13.3		3.4	5.1	
Finance costs	(59.5)	(41.7)	(30.0)	(12.6)	(15.9)	
Pre-tax profit	242.0	355.0	46.7	107.8	149.0	38.2
Tax	(62.7)	(92.8)	47.9	(29.7)	(41.2)	38.7
Zakat	(3.0)	(5.9)		(2.7)	(2.0)	
Minority interests	0.6	0.7		(0.2)	0.3	
<b>Net profit</b>	176.8	257.1	45.4	75.2	106.0	41.0
EPS	9.0	10.3		3.0	4.2	
DPS	2.5	4.0		1.3	1.8	
Gross profit margin	36.1	37.2		35.5	38.7	
Effective tax rate	25.9	26.1		27.6	27.7	
FFB production (tonnes)	848,313.0	808,621	(4.7)	263,431	334,482	27.0
CPO price (RM/tonne)	4,149	4,518	8.9	4,331	4,395	1.5

Source: Company

**EXHIBIT 3: CHANGE IN EARNINGS**

RMmil	FY25F			FY26F			FY27F		
	Old	New	%	Old	New	%	Old	New	%
Revenue	1,561.3	1,561.3	0.0	1,604.7	1673.4	4.3	1,609.9	1678.8	4.3
Net earnings	293.3	328.4	12.0	287.2	331.1	15.3	289.4	332.2	14.8
Average CPO price	4,450	4,450	-	4,450	4,550	2.2	4,450	4,550	2.2

## EXHIBIT 4: ESG MATRIX

	Assessment	Parameters	Weightage	Rating				Rationale
1	RSPO certification	100% certification	25%	*	*	*	*	All of JPG's estates and mills are RSPO-certified; 14% of smallholders were RSPO-certified in FY24 vs. 12% in FY23
2	Supply chain auditing	100% traceable	25%	*	*	*	*	94% traceable to plantation and 74.9% traceable to external suppliers' plantations in FY24
3	Fires	Zero incidences	25%	*	*	*		One in FY24, same as FY23
4	GHG emissions	Reduce carbon footprint by 50% in 2025F from 2012's levels and achieve net zero by 2050F	25%	*	*	*		Carbon emissions intensity was 0.9/tCO <sub>2</sub> e in FY24 vs. 1.8/tCO <sub>2</sub> e in FY23
	<b>Weighted score for environmental assessment</b>		<b>100%</b>	*	*	*	*	
1	Migrant workers welfare	Number of Workers grievances	40%	*	*			12 cases in FY24 vs. 5 in FY23
2	Work site safety	Zero fatal fatalities	30%	*	*	*		30 hours in FY24 vs. 27 in FY23
3	Lost Time Injury Frequency	Below 5	30%	*	*			1.9 in FY24 vs. 1.4 in FY23
	<b>Weighted score for social assessment</b>		<b>100%</b>	*	*			
1	Related party transactions	Value of RPTs	40%	*	*	*	*	RM11mil in FY24, comprising mainly rental of estates from Jcorp
2	Women in workforce	% in workforce	30%	*	*	*		12% of permanent employees were women in FY24, same as FY23
3	Remuneration to directors	Total value of remuneration or % of salary costs	30%	*	*	*	*	RM3.4mil in FY24 vs. RM2.3mil in FY23
	<b>Weighted score for governance assessment</b>		<b>100%</b>	*	*	*		
	Environmental score		50%	*	*	*	*	
	Social score		30%	*	*			
	Governance score		20%	*	*	*		
	<b>Overall ESG Score</b>		<b>100%</b>	*	*	*		

Source: Company

## EXHIBIT 5: FINANCIAL DATA

Income Statement (RMmil, YE 31 Dec)	FY23	FY24	FY25F	FY26F	FY27F
Revenue	1,253.4	1,524.9	1,561.3	1,673.4	1,678.8
EBITDA	368.4	507.2	583.6	604.4	611.9
Depreciation	(108.7)	(119.6)	(123.0)	(127.5)	(133.5)
Operating income (EBIT)	259.7	387.5	460.6	476.9	478.5
Other income & associates	15.0	25.2	20.0	20.0	20.0
Net interest	(87.8)	(66.5)	(43.0)	(49.7)	(49.8)
Exceptional items	0.0	0.0	0.0	0.0	0.0
<b>Pretax profit</b>	<b>186.9</b>	<b>346.2</b>	<b>437.6</b>	<b>447.2</b>	<b>448.7</b>
Taxation	(21.2)	(90.2)	(109.4)	(116.3)	(116.7)
Minorities/pref dividends	1.6	1.3	0.2	0.2	0.2
<b>Net profit</b>	<b>167.3</b>	<b>257.3</b>	<b>328.4</b>	<b>331.1</b>	<b>332.2</b>
Balance Sheet (RMmil, YE 31 Dec)	FY23	FY24	FY25F	FY26F	FY27F
Fixed assets	2,540.1	2,655.3	2,810.7	2,911.5	3,006.4
Intangible assets	-	-	-	-	-
Other long-term assets	1,684.3	1,616.7	1,616.7	1,616.7	1,616.7
<b>Total non-current assets</b>	<b>4,224.4</b>	<b>4,272.1</b>	<b>4,427.4</b>	<b>4,528.3</b>	<b>4,623.1</b>
Cash & equivalent	140.7	336.8	201.1	348.0	493.6
Stock	29.9	39.6	29.9	32.1	32.2
Debtors	56.2	65.1	72.7	77.9	78.2
Other current assets	131.2	245.9	245.9	245.9	245.9
<b>Total current assets</b>	<b>358.0</b>	<b>687.4</b>	<b>549.7</b>	<b>703.9</b>	<b>849.9</b>
Creditors	135.7	180.0	141.2	153.8	154.3
Short-term borrowings	213.5	56.2	57.3	58.5	59.7
Other current liabilities	4.3	16.3	12.7	12.7	12.7
<b>Total current liabilities</b>	<b>353.4</b>	<b>252.6</b>	<b>211.2</b>	<b>225.0</b>	<b>226.7</b>
Long-term borrowings	1,413.7	1,332.0	1,198.8	1,258.7	1,321.6
Other long-term liabilities	571.5	548.9	548.9	548.9	548.9
<b>Total long-term liabilities</b>	<b>1,985.2</b>	<b>1,880.9</b>	<b>1,747.7</b>	<b>1,807.6</b>	<b>1,870.5</b>
<b>Shareholders' funds</b>	<b>2,243.7</b>	<b>2,817.6</b>	<b>3,008.5</b>	<b>3,189.6</b>	<b>3,365.6</b>
Minority interests	0.0	8.5	9.8	10.0	10.2
BV/share (RM)	0.90	1.13	1.20	1.28	1.35
Cash Flow (RMmil, YE 31 Dec)	FY23	FY24	FY25F	FY26F	FY27F
Pretax profit	186.9	346.2	437.6	447.2	448.7
Add:					
Adjustments for non cash items	196.7	195.3	141.5	148.6	154.6
Working capital	1.7	(47.1)	(146.1)	(111.0)	(116.5)
<b>Cash flow from operations</b>	<b>385.3</b>	<b>494.4</b>	<b>432.9</b>	<b>484.8</b>	<b>486.7</b>
Capital expenditure	(167.9)	(145.2)	(250.0)	(200.0)	(200.0)
Net investments & sale of fixed assets	0.1	0.5	5.0	5.0	5.0
Others	(0.6)	(138.6)	0.0	0.0	0.0
<b>Cash flow from investing</b>	<b>(168.4)</b>	<b>(283.3)</b>	<b>(245.0)</b>	<b>(195.0)</b>	<b>(195.0)</b>
Debt raised/(repaid)	(155.0)	(267.6)	(132.1)	61.1	64.1
Equity raised/(repaid)	0.0	0.0	0.0	0.0	0.0
Dividends paid	0.0	(62.5)	(137.5)	(150.0)	(156.3)
Others	50.7	315.1	(54.0)	(54.0)	(54.0)
<b>Cash flow from financing</b>	<b>(104.3)</b>	<b>(15.0)</b>	<b>(323.6)</b>	<b>(142.9)</b>	<b>(146.2)</b>
<b>Net cash flow</b>	<b>112.6</b>	<b>196.1</b>	<b>(135.7)</b>	<b>146.9</b>	<b>145.6</b>
<b>Net cash/(debt) b/f</b>	<b>25.5</b>	<b>140.7</b>	<b>336.8</b>	<b>201.1</b>	<b>348.0</b>
<b>Forex</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Net cash/(debt) c/f</b>	<b>138.1</b>	<b>336.8</b>	<b>201.1</b>	<b>348.0</b>	<b>493.6</b>
Key Ratios (YE 31 Dec)	FY23	FY24	FY25F	FY26F	FY27F
Revenue growth (%)	-28.4	21.7	2.4	7.2	0.3
EBITDA growth (%)	-49.8	37.7	15.1	3.6	1.2
Pretax margins (%)	14.9	22.7	28.0	26.7	26.7
Net profit margins (%)	13.3	16.9	21.0	19.8	19.8
Interest cover (x)	4.2	7.6	13.6	12.2	12.3
Effective tax rate (%)	11.3	26.0	25.0	26.0	26.0
Net dividend payout (%)	41.7	51.0	41.9	45.3	47.0
Trade debtors turnover (days)	16	16	17	17	17
Stock turnover (days)	7	7	7	7	7
Trade creditors turnover (days)	56	68	55	55	55

Source: Company, AmlInvestment Bank Bhd estimates

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