Company Report

JOHOR PLANTATIONS

(JPG MK EQUITY, JPG.KL) **28 Oct 2025**

Benefiting from high RSPO premium

BUY

(Maintained)

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Rationale for report: Company Update

Price	**RM1.60**
Target Price	**RM1.72**
52-week High/Low	RM1.54/RM0.975

Key Changes

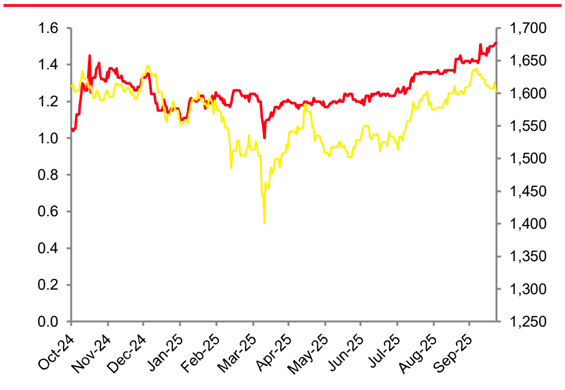
Target Price	⇔
EPS	⇧

YE to Dec	FY24	FY25F	FY26F	FY27F
Revenue (RMmil)	1,524.9	1,561.3	1,604.7	1,609.9
Net Profit (RMmil)	257.3	293.3	287.2	289.4
EPS (sen)	10.3	11.7	11.5	11.6
EPS growth (%)	53.8	14.0	(2.1)	0.7
Consensus net (RMmil)		283.3	284.8	287.3
DPS (sen)	5.3	5.5	6.0	6.3
PE (x)	15.5	13.6	13.9	13.8
EV/EBITDA (x)	10.0	9.5	9.3	9.1
Div yield (%)	3.3	3.4	3.8	3.9
ROE (%)	10.2	10.1	9.4	9.1
Net gearing (%)	37.3	36.4	33.5	31.0

Stock and Financial Data

Shares Outstanding (million)	2,500.0
Market Cap (RMmil)	4,000.0
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)	7.7

Price performance	3mth	6mth	12mth
Absolute (%)	+0.3	+28.6	+43.0
Relative (%)	+17.8	+20.4	+46.5



Investment Highlights

We believe that Johor Plantations Group's (JPG) net profit would improve by 5% to 10% QoQ in 3QFY25 underpinned by higher palm product prices and FFB production. According to Bursa Announcement, JPG's internal FFB output surged by more than 10% QoQ in 3QFY25. According to the MPOB, average CPO price rose by 5.3% to RM4,271/tonne in 3Q2025 from RM4,056/tonne in 2Q2025. We maintain BUY with a target price of RM1.72/share.

- **BUY at a TP of RM1.72/share.** We have assumed a FY26F PE of 15x to arrive at our TP of RM1.72/share for JPG. The PE of 15x is the same multiple that we have used to value Genting Plantations. We believe that JPG deserves to trade at the same PE as GenP due to the strategic location of its oil palm estates in Johor.

- **FY25F net profit raised by 2.9%.** This is to account for a stronger gross profit margin of 37% vs. 36.5% previously (1HFY25: 36.3%). The enhancement in gross profit margin in FY25F is underpinned by higher palm kernel credits and RSPO premium. According to the MPOB, average palm kernel price climbed by 42.7% YoY to RM3,453/tonne in 9MFY25. JPG's RSPO premiums were RM245/tonne in 1QFY25 and RM275/tonne in 2QFY25.

- **CPO internal cost of production per tonne may be marginally higher in 3QFY25.** We think that JPG's internal cost of production would be RM2,150/tonne to RM2,160/tonne in 3QFY25 vs. RM2,147/tonne in 2QFY25. Although fertiliser costs may rise QoQ in 3QFY25 due to increased volume of application, this would be partly offset by higher tonnage of CPO output and palm kernel credits. Looking ahead to 4QFY25, cost of CPO production per tonne may inch up due to EPF contribution for foreign workers and the seasonal fall in FFB production. We believe that JPG has 4,000 estate workers.

- **JPG's 51%-owned palm refinery would be commissioned in 2HFY26.** Assuming a net profit of RM50/tonne, we estimate that the refinery's net earnings would be RM7.5mil per year. JPG's 51% share of the net profit would be RM3.8mil. We have not imputed contribution from the refinery into JPG's FY27F net profit yet. The refinery is expected to command a production capacity of 150,000 tonnes/year upon completion.

Company profile

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 RM100/tonne to RM250/tonne premium above MPOB prices.

Investment thesis and catalysts

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

We applied a PE of 15x on JPG's FY26F EPS to arrive at its TP of RM1.72/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

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 5% to 7% assuming everything else remains constant.

EXHIBIT 1: VALUATIONS

Target PE (x)	15
FY26F EPS (sen)	11.5
ESG premium	-
12-month target price (RM)	1.72

EXHIBIT 3: CHANGE IN EARNINGS

RMmil	FY25F			FY26F			FY27F		
	Old	**New**	**%**	**Old**	**New**	**%**	**Old**	**New**	**%**
Revenue	1,561.3	1,561.3	-	1,604.7	1604.7	-	1,609.9	1,609.9	-
Net earnings	285.1	293.3	2.9	287.2	287.2	-	289.4	289.4	-

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/tCO2e in FY24 vs. 1.8/tCO2e in FY23
	Weighted score for environmental assessment		**100%**	*	*	*	*		
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
	Weighted score for social assessment		**100%**	*	*				
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
	Weighted score for governance assessment		**100%**	*	*	*			
	Environmental score		50%	*	*	*	*		
	Social score		30%	*	*				
	Governance score		20%	*	*	*			
	Overall ESG Score		**100%**	*	*	*			

Source: Company

EXHIIBIT 5: FINANCIAL DATA

Income Statement (RMmil, YE 31 Dec)	FY23	FY24	FY25F	FY26F	FY27F
Revenue	1,253.4	1,524.9	1,561.3	1,604.7	1,609.9
EBITDA	368.4	507.2	536.7	539.9	548.8
Depreciation	(108.7)	(119.6)	(123.0)	(127.5)	(133.5)
Operating income (EBIT)	259.7	387.5	413.7	412.4	415.3
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
Pretax profit	**186.9**	**346.2**	**390.7**	**382.7**	**385.5**
Taxation	(21.2)	(90.2)	(97.7)	(95.7)	(96.4)
Minorities/pref dividends	1.6	1.3	0.2	0.2	0.2
Net profit	**167.3**	**257.3**	**293.3**	**287.2**	**289.4**

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
Total non-current assets	**4,224.4**	**4,272.1**	**4,427.4**	**4,528.3**	**4,623.1**
Cash & equivalent	140.7	336.8	173.1	274.0	376.5
Stock	29.9	39.6	29.9	30.8	30.9
Debtors	56.2	65.1	72.7	74.7	75.0
Other current assets	131.2	245.9	245.9	245.9	245.9
Total current assets	**358.0**	**687.4**	**521.6**	**625.4**	**728.2**
Creditors	135.7	180.0	148.2	154.3	154.5
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
Total current liabilities	**353.4**	**252.6**	**218.2**	**225.4**	**226.9**
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
Total long-term liabilities	**1,985.2**	**1,880.9**	**1,747.7**	**1,807.6**	**1,870.5**
Shareholders' funds	**2,243.7**	**2,817.6**	**2,973.3**	**3,110.6**	**3,243.7**
Minority interests	0.0	8.5	9.8	10.0	10.2
BV/share (RM)	0.90	1.13	1.19	1.24	1.30

Cash Flow (RMmil, YE 31 Dec)	FY23	FY24	FY25F	FY26F	FY27F
Pretax profit	186.9	346.2	390.7	382.7	385.5
Add:					
Adjustments for non cash items	196.7	195.3	141.5	148.6	154.6
Working capital	1.7	(47.1)	(127.4)	(92.5)	(96.5)
Cash flow from operations	**385.3**	**494.4**	**404.8**	**438.8**	**443.7**
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
Cash flow from investing	**(168.4)**	**(283.3)**	**(245.0)**	**(195.0)**	**(195.0)**
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)
Cash flow from financing	**(104.3)**	**(15.0)**	**(323.6)**	**(142.9)**	**(146.2)**
Net cash flow	**112.6**	**196.1**	**(163.8)**	**100.9**	**102.5**
Net cash/(debt) b/f	**25.5**	**140.7**	**336.8**	**173.1**	**274.0**
Forex	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Net cash/(debt) c/f	**138.1**	**336.8**	**173.1**	**274.0**	**376.5**

Key Ratios (YE 31 Dec)	FY23	FY24	FY25F	FY26F	FY27F
Revenue growth (%)	-28.4	21.7	2.4	2.8	0.3
EBITDA growth (%)	-49.8	37.7	5.8	0.6	1.7
Pretax margins (%)	14.9	22.7	25.0	23.8	23.9
Net profit margins (%)	13.3	16.9	18.8	17.9	18.0
Interest cover (x)	4.2	7.6	12.5	10.9	11.0
Effective tax rate (%)	11.3	26.0	25.0	25.0	25.0
Net dividend payout (%)	41.7	51.0	46.9	52.2	54.0
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, AmInvestment Bank Bhd estimates

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