



AmInvestment Bank

Company report

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KIM LOONG

(KIML MK, KIML.KL)

30 Sep 2025

Boosted by higher milling processing charges

BUY

(Maintained)

Rationale for report: Company Results

Price RM2.33
Target price RM2.91
52-week High/Low RM2.65/RM2.12

Key Changes

Target price
EPS

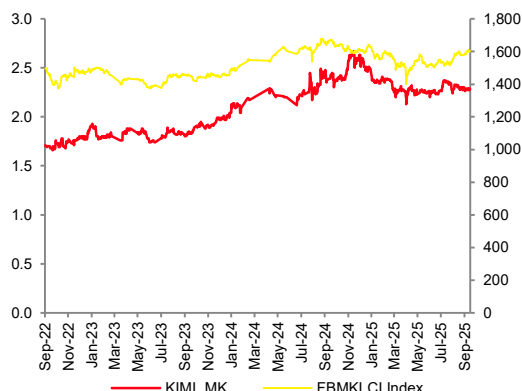


YE to Jan	FY25	FY26F	FY27F	FY28F
Revenue (RMmil)	1,684.0	1,740.7	1,759.7	1,770.5
Net Profit (RMmil)	161.4	175.6	179.2	184.1
FD EPS (sen)	16.7	17.9	18.2	18.7
EPS growth (%)	9.2	7.3	2.0	2.7
Consensus net (RMmil)		175.5	169.3	170.5
DPS (sen)	15.0	16.0	17.0	18.0
FD PE (x)	14.0	13.0	12.8	12.4
EV/EBITDA (x)	7.1	6.4	6.1	5.7
Div yield (%)	6.4	6.9	7.3	7.7
ROE (%)	18.5	19.7	19.8	20.1
Net gearing (%)	na	na	na	na

Stock and Financial Data

Shares Outstanding (million)	982.1
Market Cap (RM mil)	2,288.3
Book value (RM/share)	0.91
P/BV (x)	2.6
ROE (%)	18.5
Net Gearing (%)	na
Major Shareholders	Sharikat Kim Loong (64.4%) Teo Chuan Keng (2.1%)
Free Float (%)	35.6
Avg Daily Value (RM mil)	0.2

Price performance	3mth	6mth	12mth
Absolute (%)	+0.1	+0.9	-3.5
Relative (%)	-2.9	-5.3	+0.2



Investment Highlights

Kim Loong Resources' (KLR) net profit was relatively flat YoY at RM89.2mil in 1HFY26. Although plantation earnings rose by 26.6% YoY to RM85.7mil in 1HFY26, this was offset by a 15.1% decline in milling EBIT. We expect the group's earnings to improve in 2HFY26 as FFB production picks up. KLR's FFB output usually reaches the highest level in September or October. We maintain BUY on KLR with a target price of RM2.91/share. KLR is expected to benefit from the uptrend in CPO prices. FY26F dividend yield is also decent at 6.9%.

- **BUY with a higher TP of RM2.91/share vs. RM2.75/share originally.** Our TP is based on a CY26F PE of 16x, which is slightly below the five-year average of 18x. We applied a discount to account for KLR's ageing oil palm trees. More than 44% of the group's planted areas are more than 16 years old.
- **KLR's 1HFY26 results were 7% above our forecast.** KLR exceeded our estimates due to a stronger-than-expected other income. KLR's other income consists of interest and investment income. We have raised KLR's FY26F net profit by 4.4% and FY27F net earnings by 3.6% to account for this.
- **KLR recorded a revenue growth of 6.7% in 1HFY26.** This was driven mainly by higher CPO price and production. Average CPO price realised rose by 4.9% to RM4,288/tonne in 1HFY26 from RM4,087/tonne in 1HFY25. FFB output growth was 4.6% YoY in 1HFY26.
- **Milling EBIT (milling and biogas) fell by 15.1% YoY to RM56.4mil in 1HFY26.** The milling division was affected by a low extraction rate in 1QFY26. However, comparing 2QFY26 against 1QFY26, milling earnings improved by 59.1% to RM34.6mil as KLR had raised the processing charges by RM15/tonne to RM95/tonne. Also, sales volume of CPO jumped by 21% QoQ in 2QFY26. Milling accounted for 40% of KLR's pre-tax profit in 1HFY26 while plantation made up a larger 60%.

Company profile

Kim Loong Resources (KLR) is involved in the milling and sale of CPO. The group also sells electricity generated from the biogas plants to Tenaga Nasional (TNB).

Plantation generated 51% of FY24 EBIT while milling (milling and sale of electricity) accounted for the balance 49%. KLR does not have downstream operations.

KLR's customers are TNB and palm refineries in Sabah and Johor.

KLR has planted areas of 16,596ha. About 78% of the landbank are located in Sabah. Another 7% are located in Kota Tinggi, Johor while the balance 15% are in Sarawak. In Sabah, KLR's oil palm estates are in Keningau, Sandakan and Telupid.

KLR has three palm oil mills with total milling capacity of 240 tonnes per hour. The mills are located in Keningau, Telupid and Kota Tinggi. KLR also has three biogas plants. They are located next to the group's palm oil mills in Sabah and Johor. Net export capacity of the biogas plants is 5.3MW.

KLR's competitive advantage lies in its pure exposure to CPO prices and recurring income from the sale of electricity to TNB. KLR's balance sheet is healthy. The group was in a net cash of RM363.7mil as at end-January 2025.

Investment thesis and catalysts

We have a BUY on KLR as being a pure planter, the group would benefit from rising CPO prices.

Share price kickers are stronger-than-expected earnings and acquisition of a plantation estate.

Valuation methodology

We applied a CY26F PE of 16x to arrive at KLR's fair value of RM2.91/share. The PE of 16x is below the five-year average of 18x. We applied a discount as future FFB yields may be affected by ageing oil palm trees.

Risk factors

Key risks are weaker-than-expected FFB production and a fall in CPO prices. We estimate that KLR's net profit would fall by 5% to 7% for every RM100/tonne decline in CPO price.

EXHIBIT 1: EARNINGS TABLE

YE 31 Jan (RMm)	1HFY25	1HFY26	% YoY	1QFY26	2QFY26	% QoQ
Turnover	794.3	847.9	6.7	411.7	436.2	5.9
Cost of sales	(641.1)	(687.3)	7.2	(334.8)	(352.5)	5.3
Gross profit	153.2	160.7	4.9	77.0	83.7	8.7
Other income	11.7	14.5	24.5	7.0	7.5	6.7
Operating expenses	(24.4)	(27.3)	-12.0	(13.1)	(14.3)	-9.5
Finance costs	(1.2)	(3.9)	(>100)	(2.0)	(1.9)	2.3
Pre-tax profit	139.3	144.0	3.4	69.0	75.0	8.7
Tax	(32.3)	(33.9)	-4.9	(16.4)	(17.5)	-6.5
Minority interest	(18.0)	(20.9)	-16.0	(10.7)	(10.2)	4.2
Net profit	89.0	89.2	0.2	41.9	47.3	12.8
FD EPS (sen)	9.1	9.1	(0.2)	4.3	4.8	12.6
DPS (sen)	5.0	5.0		-	5.0	
Gross profit margin (%)	19.3	18.9		18.7	19.2	
Effective tax rate (%)	23.2	23.5		23.8	23.3	
Average CPO price (RM/tonne)	4,087	4,288	4.9	4,622	4,012	(13.2)
FFB production (tonnes)	159,211	166,610	4.6	79,668	86,942	9.1

Source: Bursa Announcement

EXHIBIT 2: VALUATIONS

Target PE (x)	16
CY26F EPS (sen)	18.2 (from 17.2)
ESG premium	-
12-month target price (RM)	2.91 (from 2.75)

EXHIBIT 3: CHANGE IN EARNINGS

RMmil	FY26F			FY27F			FY28F		
	Old	New	%	Old	New	%	Old	New	%
Revenue	1740.7	1740.7	0.0	1759.7	1759.7	0.0	1770.5	1770.5	0.0
Net earnings	168.2	175.6	4.4	172.9	179.2	3.6	183.8	184.1	0.2

EXHIBIT 4: ESG MATRIX

	Environmental assessment	Parameters	Weightage	Rating					Rationale
1	RSPO certification	100% certification	33%	*	*				MSPO, ISCC and INS certified
2	Supply chain auditing	100% traceable	33%	*	*	*	*	*	Full traceability of FFB
3	GHG emissions	Netzero by 2050F	33%	*	*	*			Recorded 31mil cubic metres of GHG captured in FY25 (FY24: 34mil)
	Weighted score for environmental assessment		100%	*	*	*			
	Social assessment								
1	Migrant workers welfare	Number of Workers grievances	40%	*	*				No disclosure
2	Work site safety	Zero fatalities	30%	*	*	*	*	*	Zero in FY25
3	Accident frequency rate for mil hours worked	Below 10	30%	*	*	*	*		6.2 in FY25 vs. 11.4 in FY24
	Weighted score for social assessment		100%	*	*	*			
	Governance assessment								
1	Related party transactions	Value of RPTs	40%	*	*	*			RM21.9mil in FY25vs. RM16.3mil in FY24, mainly purchases of goods and services with holding co
2	% of women in workforce	% of women	30%	*	*	*			45% of executives were women in FY25 vs. 43% in FY24
3	Remuneration to directors	Total value of remuneration or % of salary costs	30%	*	*	*			RM10.7mil in FY25 vs. RM9.7mil 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 5: FINANCIAL DATA

Income Statement (RMmil, YE 31 Jan)	2024	2025	2026F	2027F	2028F
Revenue	1,526.1	1,684.0	1,740.7	1,759.7	1,770.5
EBITDA	252.5	267.8	293.4	299.2	309.7
Depreciation	(43.6)	(43.2)	(45.8)	(48.0)	(49.2)
Operating income (EBIT)	208.9	224.6	247.6	251.2	260.6
Other income & associates	17.6	25.1	24.0	24.0	24.0
Net interest	5.8	5.7	7.5	9.6	11.8
Exceptional items	0.0	0.0	0.0	0.0	0.0
Pretax profit	232.3	255.3	279.0	284.8	296.4
Taxation	(54.4)	(60.7)	(67.0)	(65.5)	(68.2)
Minorities/pref dividends	(30.1)	(33.2)	(36.5)	(40.1)	(44.1)
Net profit	147.8	161.4	175.6	179.2	184.1
Balance Sheet (RMmil, YE 31 Jan)	2024	2025	2026F	2027F	2028F
Fixed assets	275.1	289.4	293.6	295.6	296.4
Intangible assets	-	-	-	-	-
Other long-term assets	468.0	459.5	459.5	459.5	459.5
Total non-current assets	743.1	748.9	753.1	755.1	755.9
Cash & equivalent	418.8	524.2	583.0	648.1	714.4
Stock	43.0	38.6	47.7	48.2	48.5
Debtors	43.1	51.2	47.7	48.2	48.5
Other current assets	8.7	9.3	9.3	9.3	9.3
Total current assets	513.6	623.4	687.7	753.8	820.7
Creditors	91.8	93.2	100.8	101.7	101.5
Short-term borrowings	16.0	25.1	25.1	25.1	25.1
Other current liabilities	41.8	20.6	20.6	20.6	20.6
Total current liabilities	149.5	138.9	146.6	147.4	147.3
Long-term borrowings	35.5	135.3	148.9	163.8	180.1
Other long-term liabilities	91.3	97.6	90.0	90.0	90.0
Total long-term liabilities	126.8	232.9	238.9	253.8	270.1
Shareholders' funds	864.9	882.0	900.5	912.7	920.0
Minority interests	115.5	118.4	154.9	195.0	239.2
BV/share (RM)	0.89	0.91	0.92	0.93	0.94
Cash Flow (RMmil, YE 31 Jan)	2024	2025	2026F	2027F	2028F
Receipts from customers	1,537.4	1,683.4	1,740.7	1,759.7	1,770.5
Payments to suppliers and employees	(1,249.4)	(1,390.0)	(1,481.4)	(1,493.6)	(1,497.1)
Interest paid	(2.5)	(2.2)	(3.0)	(3.0)	(3.0)
Income tax (paid)/refunded	(50.6)	(43.0)	(67.0)	(65.5)	(68.2)
Cash flow from operations	234.9	248.2	189.4	197.7	202.3
Capital expenditure	(44.5)	(54.6)	(55.0)	(55.0)	(55.0)
Net investments & sale of fixed assets	(71.5)	(23.4)	0.0	0.0	0.0
Others	0.0	(9.0)	(9.0)	(9.0)	(9.0)
Cash flow from investing	(116.0)	(87.0)	(64.0)	(64.0)	(64.0)
Debt raised/(repaid)	(7.0)	109.5	13.5	14.9	16.4
Equity raised/(repaid)	8.1	5.2	0.0	0.0	0.0
Dividends paid	(179.5)	(203.6)	(78.6)	(83.5)	(88.4)
Others	0.0	(0.7)	0.0	0.0	0.0
Cash flow from financing	(178.4)	(89.7)	(65.0)	(68.6)	(72.0)
Net cash flow	(59.5)	71.5	60.3	65.1	66.3
Net cash/(debt) b/f	233.9	174.4	247.4	307.7	372.8
Forex	0.0	0.0	0.0	0.0	0.0
Net cash/(debt) c/f	174.4	245.9	307.7	372.8	439.1
Key Ratios (YE 31 Jan)	2024	2025	2026F	2027F	2028F
Revenue growth (%)	-20.0	10.3	3.4	1.1	0.6
EBITDA growth (%)	-8.0	6.0	9.6	2.0	3.5
Pretax margins (%)	15.2	15.2	16.0	16.2	16.7
Net profit margins (%)	9.7	9.6	10.1	10.2	10.4
Interest cover (x)	na	na	na	na	na
Effective tax rate (%)	23.4	23.8	24.0	23.0	23.0
Net dividend payout (%)	85.6	90.9	89.5	93.2	96.0
Trade debtors turnover (days)	10	11	10	10	10
Stock turnover (days)	10	8	10	10	10
Trade creditors turnover (days)	27	25	26	26	26

Source: Company, AmInvestment Bank estimates

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