



Genting Plantations Berhad

(2291 | GENP MK) Main | Plantation

Better FFB production in the Quarter

KEY INVESTMENT HIGHLIGHTS

- **FFB production grew +190%yoy banking on Indonesia contribution**
- **Downstream profit remained in red due to compressed refining margin**
- **Earnings estimates maintained**
- **Maintain NEUTRAL with a revised TP of RM6.10**

Above expectation. GenP's FY23 core PATAMI softened to RM242.7m (-49.8%yoy) taking a toll from lower CPO average selling price effects and lower contribution from the downstream manufacturing segment on account of margin deterioration amid challenging demand of biodiesel products. Overall, core earnings came in above our expectation, making up 108% of full-year estimate. However, we anticipate earnings will be taper in 1Q24 due to weaker contribution from Upstream segment as sector heading to lower crops seasonality.

Operational performance. During the quarter, FFB production surged to 577,000 Mt (+9%yoy), in which well supported by Indonesia output due to favourable age profile and expanded harvesting area. Whilst Malaysia production remain muted due to ongoing big scale replanting activities carried away c. 4,000 ha. Average selling price on the other hand, were lower CPO and PK, as realised prices were down by -6%yoy to RM3,395/Mt and RM1,841/Mt respectively. The management indicates CPO prices faced a downturn, primarily driven by an unfavorable price spread between palm oil and other edible oils. The market also grappled with subdued demand and lackluster export performance, largely attributed to uncertainties arising from a pessimistic economic outlook and ongoing geopolitical tensions. These factors collectively led to an increase in inventory levels.

Upstream & Downstream. Sales for the upstream remain intact at RM504.0m +33.4yoy) on the back of higher FFB production it recorded, but the optimism were taper by dropped downstream sales, as the segment faced competitive competition against Indonesia refineries. As a results, profit for the downstream, remained in red at -RM1.2m attributable to weaker refining margin on the back of elevated main input costs.

Outlook. We maintained our earnings as this juncture, as Genp upstream performance thus far remain encouraging amidst lower cost production it recorded. In addition, downstream outlook remained unstable due negative refining margin it recorded amid competitive competition from Indonesia refineries.

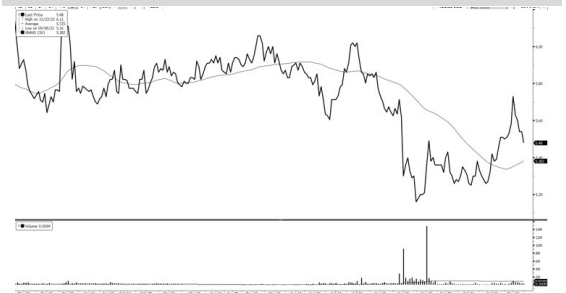
Maintain NEUTRAL. We maintain our NEUTRAL call with a revised TP of RM6.10, derived from PER of 19.5x (circa 5-year average historical mean) pegging FY24F EPS of 31.3sen.

Maintain NEUTRAL**Revised Target Price: RM6.10**
(Previously RM5.76)

RETURN STATISTICS

Price @ 28 th Feb 2024 (RM)	6.16
Expected share price return (%)	+5.11
Expected dividend yield (%)	+2.74
Expected total return (%)	+7.85

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	2.8	1.6
3 months	1.5	-5.1
12 months	-12.2	-13.0

INVESTMENT STATISTICS

FYE Mar	2023A	2024F	2025F
Revenue	2,736.9	2,524.7	2,326.4
EBITDA	381.2	465.8	535.4
Profit Before Tax	286.6	351.0	403.2
Core PATAMI	224.0	278.6	318.8
Core EPS	25.1	31.3	35.9
DPS	15.0	15.0	15.0
Dividend Yield	2.6%	2.6%	2.6%

KEY STATISTICS

FBM KLCI	1,545.59
Issue shares (m)	897.2
Estimated free float (%)	19.4
Market Capitalisation (RM'm)	4,916.5
52-wk price range	RM5.11-RM6.34
3-mth average daily volume (m)	0.9
3-mth average daily value (RM'm)	4.8
Top Shareholders (%)	
Genting Berhad	54.4
EPF	12.7
KWAP	7.4

Genting Plantations: 4Q23 RESULTS SUMMARY

FYE Dec (RM'm)	Quarterly							
	4Q22	3Q22	4Q23	QoQ%	YoY%	FY23	FY22	Ytd%
Income Statement								
Revenue	791.2	775.8	800.5	3.2	1.2	2,966.5	3,189.8	-7.0
EBITDA	138.5	207.1	185.2	-10.6	33.7	717.1	990.6	-27.6
PBT	67.0	123.7	100.5	-18.7	49.9	384.1	688.9	-44.2
Tax expense	-33.9	-36.8	-40.0	8.6	17.8	-118.4	-205.5	-42.4
PATAMI	55.9	80.5	63.2	-21.5	13.1	253.5	471.4	-46.2
Core PATAMI	41.0	72.0	55.4	-23.1	35.2	242.7	484.0	-49.8
EPS (sen)	4.6	8.0	6.2	-23.1	35.2	27.1	53.9	-49.8
				-/+ppt				
EBITDA margin (%)	17.5	26.7	23.1	-3.6	5.6	24.2	31.1	-6.9
PBT margin (%)	8.5	15.9	12.6	-3.4	4.1	13.9	22.3	-8.4
Core PATAMI margin (%)	5.2	9.3	6.9	-2.4	1.7	8.2	15.2	-7.0
Effective tax rate (%)	50.6	29.8	39.8	10.0	-10.8	30.8	29.8	1.0

SEGMENTAL BREAKDOWN & AVERAGE PRICE REALISED

FYE Dec (RM'm)	Quarterly							
	4Q22	3Q22	4Q23	QoQ%	YoY%	FY22	FY23	Ytd%
Revenue								
Plantation	356.7	475.7	504.5	6.1	33.4	1587.7	1745.2	0.8
Downstream	419.5	270.7	264.8	-2.2	-35.5	1512.3	1116.9	-22.0
Property	14.7	29.4	31.0	5.2	99.6	89.0	102.0	-4.3
Agtech	0.2	0.0	0.2	NM	<100	0.9	2.3	>100
Segment Profit								
Plantation	63.6	130.0	106.0	-18.4	>100	644.8	402.7	-49.0
Downstream	12.6	-6.3	-1.2	-80.8	<100	38.3	-6.5	<100
Property	18.1	19.2	22.1	14.9	6.2	69.7	78.4	9.2
Agtech	-2.9	-2.2	-8.3	>100	-22.1	-6.8	-19.0	>100
Segment Margin %								
Plantation	17.8	27.3	21.0	-23.1	9.5	40.6	23.1	-23.3
Downstream	3.0	-2.3	-0.5	-80.4	-5.3	2.5	-0.6	-3.0
Property	122.9	65.4	71.4	9.2	-57.5	78.3	76.9	9.8
Agtech	NM	NM	NM	NM	NM	NM	NM	NM
Avg Price realised (RM/Mt)								
CPO	3,620	3,409	3,395	-0.4%	-5.8%	4,100	3,483	-17.8%
PK	1,841	1,776	1,841	3.7%	-3.5%	2,784	1,875	-39.0%

Source: Genting Plantations., MIDFR

FINANCIAL SUMMARY

Income Statement (RM'm)	2021A	2022A	2023E	2024F	2025F
Revenue	3,130.2	3,189.8	2,736.9	2,524.7	2,326.4
EBITDA	942.6	976.2	381.2	465.8	535.4
PBT	670.4	688.9	287.8	354.3	408.1
PATAMI	432.2	471.4	224.9	281.1	322.5
Core PATAMI	385.4	457.1	224.9	281.1	322.5
EPS (sen)	43.0	50.9	25.1	31.3	35.9
PER (x)	12.8	10.8	21.9	17.5	15.2
DPS (sen)	30.0	34.0	15.0	15.0	15.0
Dividend yield (%)	4.7	6.2	2.7	2.7	2.7

Balance Sheet (RM'm)	2021A	2022A	2023E	2024F	2025F
PPE	4,365.3	4,389.6	4,572.1	4,717.6	4,869.1
Land held for property development	365.4	372.7	372.7	372.7	372.7
Investment properties	21.9	18.4	18.4	18.4	18.4
Non-current assets	6,253.8	6,328.7	6,511.2	6,656.7	6,808.2
Property development costs	11.5	8.1	8.1	8.1	8.1
Inventories	180.2	270.4	194.0	169.6	147.5
Trade & other receivables	634.3	541.5	554.6	511.6	471.4
Current assets	2,510.1	2,463.1	2,267.5	2,054.8	1,893.8
Total Assets	8,764.0	8,791.8	8,778.7	8,711.5	8,702.0
Trade and other payables	431.0	539.5	464.1	405.6	352.8
Amount due to ultimate holding company	2.9	1.8	1.8	1.8	1.8
Current liabilities	843.1	1,144.5	1,069.1	1,010.6	957.8
Borrowings	2,287.1	2,171.9	1,831.6	1,697.7	1,542.4
Lease liabilities	9.7	7.8	6.5	6.5	6.5
Non-current liabilities	2,625.2	2,338.2	2,204.2	2,049.0	1,904.4
Equity	5,295.7	5,309.2	5,505.4	5,651.9	5,839.8
Liabilities & equity	8,764.0	8,791.8	8,778.7	8,711.5	8,702.0

Cash Flow (RM'm)	2021A	2022A	2023E	2024F	2025F
PBT	670.4	688.9	287.8	354.3	408.1
Cash flow from operations	951.2	958.3	455.3	541.5	591.4
Cash flow from investing	208.5	(397.4)	(425.0)	(397.0)	(411.0)
Cash flow from financing	(474.3)	(615.8)	(268.5)	(289.8)	(279.2)
Net cash flow	685.4	(54.9)	(238.2)	(145.3)	(98.7)
Net cash/(debt) b/f	943.6	1,630.3	1,575.8	1,337.6	1,192.3
Net cash/(debt) c/f	1,630.3	1,575.8	1,337.6	1,192.3	1,093.6

Profitability Margins	2021A	2022A	2023E	2024F	2025F
EBITDA margin	30.1%	30.6%	13.9%	18.4%	23.0%
PBT margin	21.4%	21.6%	10.5%	14.0%	17.5%
Core PATMI margin	12.3%	14.3%	8.2%	11.1%	13.9%
Effective tax rate	29.8%	29.8%	21.9%	20.7%	21.0%

Source: Bloomberg, MIDFR

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MIDF AMANAH INVESTMENT BANK: GUIDE TO RECOMMENDATIONS

STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	Stock price is expected to <i>rise</i> by >10% within 3-months after a Trading Buy rating has been assigned due to positive newsflow.
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	Stock price is expected to <i>fall</i> by >10% within 3-months after a Trading Sell rating has been assigned due to negative newsflow.

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