



Genting Plantations Berhad

(2291 | GENP MK) Main | Plantation

Maintain NEUTRAL

Performance Largely In-Line with Seasonal Factors

Unchanged Target Price: RM6.10

KEY INVESTMENT HIGHLIGHTS

- **Flattish FFB production during low crop seasonality**
- **Downstream profit remained in red due to stiff competition**
- **Earnings estimates; maintain**
- **Maintain to NEUTRAL with an unchanged TP of RM6.10**

Seasonally low earnings cycle. After inclusion EIs amounted RM5.6m, GenP's core PATAMI came in at RM48.4m (+35.5%yoy), despite flattish revenue of RM605.8m (+3.7%yoy) being registered. While this was largely considered within our/consensus estimates, making up about 17.2% and 15.9% of full-year estimates, given that 1Q is always the weakest quarter due to low crop seasonality, and we anticipate earnings to play some catch up later in 2HFY24. During the quarter, effective tax rate of 34.7% (above Malaysia's 24% rates) due to expenses not deductible for tax purposes but it is expected to tone down at 30% for the rest of the quarters.

Upstream & Downstream. Profit for upstream remained intact at RM64.3m (+21.4yoy) driven by decent FFB production it recorded, but the optimism was pared by weaker downstream contribution, as the segment faced competitive competition against Indonesia refineries. As a results, profit for the downstream, remained in red at -RM2.7m attributable to weaker refining margin on the back of elevated main input costs and low UR.

Operational performance and Outlook. FFB production of 457,000 Mt was comparable to prior year, which was well supported by Indonesia output due to favourable age profile and expanded harvesting area. Whilst Malaysia production remained muted due to ongoing big scale replanting activities carried away c. 200 ha and dry weather spell in Jan-Feb. Average selling prices on the other hand, were slightly higher at RM3,585/Mt and RM1,983/Mt respectively, for CPO and PK.

The management indicates CPO prices faced a downturn, primarily driven by an unfavorable price spread between palm oil and other edible oils. The FFB production anticipated to pick up in 2HFY24, underpinned by additional and progression of existing mature areas into higher yielding brackets in Indonesia. Nevertheless, the ongoing replanting activities in Malaysia may have a moderating effect on the Group's production growth. Meanwhile, downstream was facing stiffer competition from its Indonesian counterparts, which enjoy competitive pricing for feedstock due to price differential arising from the imposition of export levy.

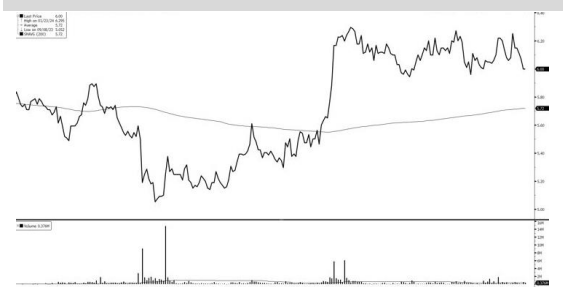
Maintain NEUTRAL. We maintained our earnings estimate and **NEUTRAL** call with an unchanged **TP of RM6.10**, derived from PER of 19.5x (nearly 5y average historical mean) pegging FY24F EPS of 31.3sen.



RETURN STATISTICS

Price @ 29 th May 2024 (RM)	6.00
Expected share price return (%)	+1.7
Expected dividend yield (%)	+3.5
Expected total return (%)	+5.2

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-1.0	-2.8
3 months	-2.4	-3.5
12 months	0.0	-13.0

INVESTMENT STATISTICS

FYE Mar	2023A	2024E	2025F
Revenue	2,966.5	2,524.7	2,326.4
EBITDA	749.7	465.8	535.4
Profit Before Tax	384.1	351.0	403.2
Core PATAMI	258.3	281.1	322.5
Core EPS	28.3	31.3	35.9
DPS	21.0	15.0	15.0
Dividend Yield	3.5%	2.5%	2.5%

KEY STATISTICS

FBM KLCI	1,605.4
Issue shares (m)	897.6
Estimated free float (%)	18.6
Market Capitalisation (RM'm)	5,383.0
52-wk price range	RM5.03-RM6.38
3-mth average daily volume (m)	0.9
3-mth average daily value (RM'm)	2.2
Top Shareholders (%)	
Genting Berhad	54.4
EPF	13.0
KWAP	7.5

Genting Plantations: 1QFY24 RESULTS SUMMARY

FYE Dec (RM'm)	Quarterly					Cumulative		
Income Statement	1QFY23	4QFY23	1QFY24	QoQ%	YoY%	3MFY23	3MFY24	Ytd%
Revenue	584.3	800.5	605.8	-24.3	3.7	584.3	605.8	3.7
Operating Profit	72.7	117.0	75.6	-35.4	4.0	72.7	75.6	4.0
Finance Cos	-27.1	-26.1	-25.7	NM	NM	-27.1	-25.7	NM
PBT	55.6	100.5	60.8	-39.6	9.3	55.6	60.8	9.3
Tax expense	-14.9	-40.0	-21.1	NM	NM	-14.9	-21.1	NM
PATAMI	38.8	63.2	42.8	-32.2	10.4	38.8	42.8	10.4
Core PATAMI	35.7	75.8	48.4	-36.1	35.5	35.7	48.4	35.5
EPS (sen)	4.0	8.7	5.4	-37.6	35.5	4.0	5.4	35.5
				-/+ppt				
OP margin (%)	12.4	14.6	12.5	-2.1	0.0	12.4	12.5	0.0
PBT margin (%)	9.5	12.6	10.0	-2.5	0.5	9.5	10.0	0.5
Core PATAMI margin (%)	6.1	9.5	8.0	-1.5	1.9	6.1	8.0	1.9
Effective tax rate (%)	26.8	39.8	34.7	-5.1	7.9	26.8	34.7	7.9

*NM *Not Meaningful***SEGMENTAL BREAKDOWN & AVERAGE PRICE REALISED**

FYE Dec (RM'm)	Quarterly					Cumulative		
Revenue	1QFY23	4QFY23	1Q24	QoQ%	YoY%	3M23	3M24	Ytd%
Plantation	491.3	650.1	524.9	-19.3	6.8	491.3	524.9	6.8
Downstream	210.4	264.8	184.5	-30.4	-12.3	210.4	184.5	-12.3
Property	22.4	31.0	34.3	10.9	53.6	22.4	34.3	53.6
Agtech	2.7	3.5	3.4	-3.2	26.5	2.7	3.4	26.5
Segment Profit								
Plantation	53.0	106.0	64.3	-39.4	21.4	53.0	64.3	21.4
Downstream	7.8	-1.2	-2.7	NM	NM	7.8	-2.7	NM
Property	19.5	-9.1	20.5	>100	4.9	19.5	20.5	4.9
Agtech	-4.9	-8.3	-5.1	NM	NM	-4.9	-5.1	NM
Segment Margin %								
Plantation	10.8	16.3	12.3	-0.2	5.5	10.8	12.3	0.0
Downstream	3.7	-0.5	-1.5	2.2	-4.1	3.7	-1.5	0.0
Property	87.3	NM	59.6	NM	- NM	87.3	59.6	0.0
Agtech	NM	NM	NM	NM	NM	NM	NM	NM

Source: GenP, MIDFR

FINANCIAL SUMMARY

Income Statement (RM'm)	2021A	2022A	2023A	2024F	2025F
Revenue	3,130.2	3,189.8	2,966.5	2,524.7	2,326.4
EBITDA	942.6	976.2	749.7	465.8	535.4
PBT	670.4	688.9	384.1	354.3	408.1
PATAMI	432.2	471.4	253.5	281.1	322.5
Core PATAMI	385.4	457.1	258.3	281.1	322.5
EPS (sen)	43.0	50.9	28.3	31.3	35.9
PER (x)	14.0	11.8	21.2	19.2	16.7
DPS (sen)	30.0	34.0	21.0	15.0	15.0
Dividend yield (%)	5.0	5.7	3.5	2.5	2.5
Balance Sheet (RM'm)	2021A	2022A	2023A	2024F	2025F
PPE	4,365.3	4,389.6	4,628.7	4,717.6	4,869.1
Land held for property development	365.4	372.7	397.0	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	6,680.1	6,656.7	6,808.2
Property development costs	11.5	8.1	23.1	8.1	8.1
Inventories	180.2	270.4	193.0	169.6	147.5
Trade & other receivables	634.3	541.5	519.6	511.6	471.4
Current assets	2,510.1	2,463.1	1,887.0	2,054.8	1,893.8
Total Assets	8,764.0	8,791.8	8,567.1	8,711.5	8,702.0
Trade and other payables	431.0	539.5	465.3	405.6	352.8
Amount due to ultimate holding company	2.9	1.8	2.3	1.8	1.8
Current liabilities	843.1	1,144.5	1,004.6	1,010.6	957.8
Borrowings	2,287.1	2,171.9	1,554.3	1,697.7	1,542.4
Lease liabilities	9.7	7.8	10.8	6.5	6.5
Non-current liabilities	2,625.2	2,338.2	2,127.6	2,049.0	1,904.4
Equity	5,295.7	5,309.2	5,434.9	5,651.9	5,839.8
Liabilities & equity	8,764.0	8,791.8	8,567.1	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