



## IOI Corporation Berhad

(1961 | IOI MK) Main | Plantation

**Maintain BUY**

### The Outlook Remains Promising

**Unchanged Target Price: RM4.50**

#### KEY INVESTMENT HIGHLIGHTS

- **Upstream; FFB and CPO production remain intact**
- **Downstream profitability bounces stronger**
- **Earnings estimates; maintained**
- **Maintain BUY call with an unchanged TP of RM4.50**


**Above expectations.** IOI's 4QFY24 core PATAMI jumped to RM257.6m (+9.2%yoy) brings FY24 to RM1.1b (-24.3%yoy) which is above/below ours/consensus expectations at 110%/89% of full-year estimates. Operating profit maintained its stability at RM273.8m (+51.4%yoy), with the margin inched to 11% (+1.5pts) level, thanks to the elevated CPO prices were traded, aided by decent FFB and CPO output, during the dry weather days.

**Plantation.** During the quarter, the segment continued to generate solid sales and operating profit amounting to RM655.9m (+12.1yoy) and RM258.6m (+47.4yoy), respectively. The higher profit reported was due to higher CPO and PK prices realised amid decent FFB production (4QFY24 – 0.65m Mt vs 4QFY23 – 0.62m Mt) as well as lower estate costs registered.

Operationally, the total planted area were reduced by -1.0%yoy to 172,107 ha due to a replanting program carried out, but the harvestable area remained intact at 144,959 c. 85% (vs 4Q23: 83%). The FFB and CPO production, on the other hand, grew higher to 644,987Mt (+4.2%yoy) and 142,666Mt (+3.8%yoy) respectively, as high crop seasonality kicked-in, leaving OER strengthened to 21.77% on better FFB evacuation activities due to dry weather. Notably, all-in cost of production softened to approximately RM2,300/Mt (-12.3%yoy), on reduced fertilizer price components.

**RBM.** Its profit continue bounce, grew by double digit growth, to RM38.5m (>100%yoy), mainly driven by higher margins from refining sub-segment as well as higher share of associates results, partially offset by lower margins from oleochemical sub-segment.

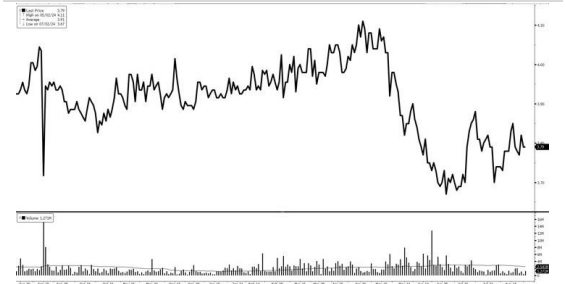
**Earnings Forecast.** We kept our earnings estimates at this juncture pending more update on the upcoming company briefing.

**Recommendation.** We are maintaining our **BUY** call with a **TP** of **RM4.50** pegged to a PE valuation of 28.1x nearly 5-year historical +1SD based on FY25F EPS of 16.0sen. With a low cost of production among its peers, circa RM2,400-2,600/Mt, the company's operating profit remains stable amid the uncertainty in the downstream subsegment. Note that upstream operating profit accounts for 60-75% of the total group operating profit in FY23-24F. Therefore, any increase in the trajectory of CPO prices will significantly benefit the company. 

#### RETURN STATISTICS

Price @ 26 <sup>th</sup> Aug 2024 (RM)	3.79
Expected share price return (%)	+18.6
Expected dividend yield (%)	+1.7
<b>Expected total return (%)</b>	<b>+20.3</b>

#### SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	0.3	-1.3
3 months	2.4	-5.3
12 months	-5.7	-16.9

#### INVESTMENT STATISTICS

FYE Mar	2024E	2025F	2026F
Revenue	11,345.2	11,027.0	11,040.0
EBITDA	1,755.8	1,965.8	2,149.5
Profit Before Tax	1,471.4	1,628.7	1,817.7
Core PATAMI	1,108.9	1,205.5	1,340.9
Core EPS	17.9	16.0	14.8
DPS	7.5	6.5	6.5
Dividend Yield	2.0%	1.9%	1.7%

#### KEY STATISTICS

FBM KLCI	1,638.96
Issue shares (m)	6203.70
Estimated free float (%)	20.00
Market Capitalisation (RM'm)	23,512.01
52-wk price range	RM3.67 - RM4.14
3-mth average daily volume (m)	2.59
3-mth average daily value (RM'm)	9.81
Top Shareholders (%)	
Progressive Holdings Sdn Bhd	50.45
EPF	13.06
Amanah Saham Nasional Bhd	6.99

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**IOI Corp: 4Q24 RESULTS SUMMARY**

FYE June (RM'm)	Quarterly					Cumulative		
Income Statement	4QFY23	3QFY24	4QFY24	QoQ	YoY	FY23	FY24	Ytd
Revenue	1,950.7	2,463.0	2,539.6	3.1	30.2	11,583.8	9,603.6	-17.1
Operating profit	180.9	280.8	273.8	-2.5	51.4	1,614.1	1,134.7	-29.7
Associates	101.9	77.1	90.7	17.6	-11.0	272.8	350.9	28.6
Net Finance cost	-29.3	-29.5	-28.9	-2.0	-1.4	-115.0	-117.9	NM
PBT	93.1	184.3	428.5	>100	>100	1,526.0	1,398.5	-8.4
Tax expense	-52.7	-60.6	-80.8	NM	NM	-396.0	-282.2	NM
PATAMI	37.2	123.1	346.9	>100	>100	1,114.2	1,109.4	-0.4
Core PATAMI	235.8	244.1	257.6	5.5	9.2	1,471.0	1,113.2	-24.3
Core EPS	3.8	3.9	4.2	5.5	9.3	23.7	17.9	-24.3
				-/+pts				
Operating margin (%)	9.3	11.4	10.8	-0.6	1.5	13.9	11.8	-2.1
PBT margin (%)	4.8	7.5	16.9	9.4	12.1	13.2	14.6	1.4
Core PATAMI margin (%)	12.1	9.9	10.1	0.2	-1.9	12.7	11.6	-1.1

\*NM Not Meaningful

**SEGMENTAL BREAKDOWN & OPERATIONAL STATS.**

FYE June (RM'm)	Quarterly					Cumulative		
Revenue	4QFY23	3QFY24	4QFY24	QoQ	YoY	FY23	FY24	Ytd
Plantation	585.1	674.0	655.9	-2.7	12.1	2,676.4	2,759.8	3.1
RBM	1,876.2	2,354.8	2,442.2	3.7	30.2	11,252.2	9,172.5	-18.5
Other Operations	3.8	4.7	3.9	-17.0	2.6	19.6	18.1	-7.7
<b>Operating profit</b>								
Plantation	175.5	216.8	258.6	19.3	47.4	980.3	995.7	1.6
RBM	9.0	55.3	38.5	-30.4	>100	660.6	142.3	-78.5
Other Operations	-2.0	0.8	0.1	-87.5	>100	-1.1	1.3	>100
<b>Segmental results before FV adj.</b>								
Plantation	252.4	248.6	308.2	24.0	22.1	1,166.1	1,201.3	3.0
RBM	34.8	101.7	80.3	-21.0	>100	749.1	291.9	-61.0
Other Operations	-2.0	0.8	0.1	-87.5	>100	-1.1	1.3	>100
<b>Results before FV adj. Margin %</b>								
Plantation	43.1	36.9	47.0	10.1	3.9	43.6	43.5	0.0
RBM	1.9	4.3	3.3	-1.0	1.4	6.7	3.2	-3.5
Other Operations	-52.6	17.0	2.6	-14.5	55.2	-5.6	7.2	12.8
<b>Operational Stats.</b>								
FFB production ('000 mt)	619	606	645	6.4	4.2	2,686	2,804	4.4
CPO production ('000 mt)	137	133	143	7.3	3.8	581	625	7.7
Avg CPO Price Realised (RM/Mt)	3,906	3,882	4,118	6.1	5.4	4,118	3,856	-6.4

Source: IOI Corp, MIDFR

## FINANCIAL SUMMARY

Income Statement (RM'm)	2022A	2023A	2024E	2025F	2026F
Revenue	15,578.7	11,583.8	11,345.2	11,027.0	11,040.0
EBITDA	2,511.6	1,914.9	1,755.8	1,965.8	2,149.5
PBT	2,352.6	1,526.0	1,471.4	1,628.7	1,817.7
PATAMI	1,725.3	1,114.2	1,108.9	1,205.5	1,340.9
Core PATAMI	1,979.9	1,471.0	1,108.9	1,205.5	1,340.9
EPS (sen)	31.8	23.7	17.9	16.0	14.8
PER (x)	11.9	16.0	21.2	23.7	25.6
DPS (sen)	14.0	11.0	7.5	6.5	6.5
Dividend yield (%)	3.7%	2.9%	2.0%	1.9%	1.7%
Balance Sheet (RM'm)	2022A	2023A	2024E	2025F	2026F
PPE	8,709.2	8,995.2	9,012.0	9,015.3	9,005.1
Intangible Assets	416.0	414.8	406.4	398.0	389.6
Deferred tax assets	39.3	18.6	18.6	18.6	18.6
Non-current assets	12,488.4	12,655.6	12,904.2	13,085.1	13,257.3
Inventories	1,601.5	1,113.9	1,334.7	1,297.3	1,298.8
Trade receivables	1,607.6	1,307.1	1,418.2	1,378.4	1,380.0
Derivative assets	534.5	50.6	50.6	50.6	50.6
Current assets	6,679.4	4,926.3	5,258.9	5,815.1	6,601.5
Total Assets	19,167.8	17,581.9	18,163.1	18,900.2	19,858.8
Loans & borrowings	2,155.4	861.5	861.5	861.5	861.5
Trade & other payables	940.8	711.1	756.3	735.1	736.0
Current liabilities	2,826.6	2,895.7	2,895.7	2,895.7	2,895.7
Lease liabilities	56.9	54.9	54.9	54.9	54.9
Deferred tax liabilities	1,167.7	1,206.7	1,206.7	1,206.7	1,206.7
Non-current liabilities	4,131.7	4,235.8	4,235.8	4,235.8	4,235.8
Equity	11,284.5	11,670.6	12,206.6	12,964.9	13,922.6
Liabilities & equity	19,167.8	17,581.9	18,163.1	18,900.2	19,858.8
Cash Flow (RM'm)	2022A	2023A	2024E	2025F	2026F
PBT	2,352.6	1,526.0	1,471.4	1,628.7	1,817.7
Cash flow from operations	1,799.9	2,073.2	1,043.5	1,552.0	1,639.9
Cash flow from investing	-222.8	89.5	-450.0	-450.0	-450.0
Cash flow from financing	-1,059.2	-2,503.3	-589.8	-465.7	-403.6
Net cash flow	517.9	-340.6	3.7	636.3	786.3
Net cash/(debt) b/f	2,024.9	2,552.9	2,235.0	2,238.7	2,875.1
Net cash/(debt) c/f	2,552.9	2,235.0	2,238.7	2,875.1	3,661.4
Profitability Margins	2022A	2023A	2024E	2025F	2026F
EBITDA margin	16.1%	16.5%	15.5%	17.8%	19.5%
PBT margin	15.1%	13.2%	13.0%	14.8%	16.5%
Core PATAMI margin	12.7%	12.7%	9.8%	10.9%	12.1%

Source: Company, 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