

HLIB Research

PP 9484/12/2012 (031413)

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BUY (Maintain)

Target Price: **RM5.76**
Previously: **RM5.76**
Current Price: **RM5.08**

Capital upside	13.4%
Dividend yield	2.4%
Expected total return	15.7%

Sector coverage: Plantation

Company description: Genting Plantations operates oil palm plantations and property development businesses.

Share price


Historical return (%)	1M	3M	12M
Absolute	1.6	4.7	-8.5
Relative	-1.2	-1.7	-16.3

Stock information

Bloomberg ticker	GENP MK
Bursa code	2291
Issued shares (m)	897
Market capitalisation (RM m)	4,558
3-mth average volume ('000)	218
SC Shariah compliant	Yes
F4GBM Index member	Yes
ESG rating	★ ★ ★

Major shareholders

Genting Bhd	54.4%
Employees Provident Fund	14.5%
Kumpulan Wang Persaraan Diperbadanan	7.6%

Earnings summary

FYE (Dec)	FY24	FY25F	FY26F
PATMI - core (RM m)	317.2	354.4	337.7
EPS - core (sen)	35.4	39.5	37.6
P/E (x)	12.9	11.5	12.1

Genting Plantations

Hit by RM97m Indonesia fine

PT SP, a 95%-owned subsidiary of GENP, has been fined RP396bn (approximately RM96.6m) by Indonesia's Forest Area Enforcement Task Force for alleged non-compliance in forest-designated areas. While details of the alleged breach remain undisclosed, we believe that the fine is related to the same Indonesian forestry risk issue for which GENP made a provision in 1H25. At the time of writing, we are unsure of the timing of the recognition of the fine. Based on our estimates, the fine will result in a loss of interest income of RM3-4m (~<1.5% of our projected FY25 core net profit), assuming that the provision of the fine will be recognised in its 4Q25 financial results. Maintain earnings forecasts, TP of RM5.76, and BUY rating.

NEWSBREAK

RM97m fine from Indonesia's Forest Area Enforcement Task Force. PT Susantri Permai (PT SP) a 95%-owned subsidiary of GENP, has been fined RP396bn (approximately RM96.6m) by Indonesia's Forest Area Enforcement Task Force for alleged non-compliance in forest-designated areas. The company disclosed that PT SP had received an interim notice from the task force and has since settled the fine, with the matter pending finalisation by the authority.

Fine likely tied to previous Indonesian forestry provisions. While details of the alleged breach remain undisclosed, we believe the fine could be related to the same Indonesian forestry risk issue for which GENP made a provision in 1H25. To recap, GENP recognised a RM66m provision in 1Q25 for potential income loss from parts of its Indonesian planted estates that Indonesian authorities had demarcated as forest land under its new forestry regulations, followed by a further RM94m provision in 2Q25.

HLIB's VIEW

Financial impact. At the time of writing, we are unsure of the timing of the recognition of the fine. Based on our estimates, the fine will result in a loss of interest income of RM3-4m (roughly less than 1.5% of our projected FY25 core net profit), assuming that the provision of the fine will be recognised in its 4Q25 financial results (due out in end Feb-26).

Forecast. No change to our earnings forecast, pending further clarification from management.

Maintain BUY with unchanged TP of RM5.76. Maintain BUY rating on GENP with unchanged sum-of-parts TP of RM5.76 (see # Figure 1).

Financial Forecast

All items in (RM m) unless otherwise stated

Balance Sheet

FYE Dec	FY23	FY24	FY25f	FY26f	FY27f
Cash	1,049	1,880	2,215	2,816	3,229
Receivables	520	716	605	492	489
Inventories	193	277	363	295	293
PPE	5,615	5,443	5,181	4,936	4,705
Others	1,191	1,308	1,315	1,378	1,443
Assets	8,567	9,624	9,679	9,916	10,160
Payables	465	541	454	451	453
Debt	2,096	3,158	3,158	3,158	3,158
Others	570	594	594	594	594
Liabilities	3,132	4,292	4,205	4,203	4,205
Shareholder's equity	5,334	5,275	5,405	5,635	5,866
Minority interest	101	57	68	78	89
Equity	5,435	5,332	5,473	5,713	5,955

Cash Flow Statement

FYE Dec	FY23	FY24	FY25f	FY26f	FY27f
Profit before taxation	384.1	480.7	496.1	470.2	471.0
D&A	301.5	324.3	261.9	245.4	231.1
Working capital	68.5	(239.4)	(7.6)	177.8	6.7
Taxation	(139.5)	(118.2)	(130.7)	(122.1)	(121.4)
Others	41.5	46.7	41.9	39.0	35.9
CFO	656.1	494.1	661.5	810.4	623.3
Capex	(416.5)	(358.7)	-	-	-
Others	17.1	2.0	19.3	19.3	19.3
CFI	(399.4)	(356.7)	19.3	19.3	19.3
Changes in debt	(372.9)	1,066.3	-	-	-
Shares issued	-	-	-	-	-
Dividends	(242.2)	(188.4)	(224.3)	(107.7)	(107.7)
Others	(161.2)	(163.1)	(121.5)	(121.5)	(121.5)
CFF	(776.3)	714.8	(345.8)	(229.2)	(229.2)
Net cash flow	(519.6)	852.2	335.0	600.5	413.4
Forex	1.6	(0.9)	-	-	-
Others	-	-	-	-	-
Beginning cash	1,575.8	1,048.6	1,880.4	2,215.4	2,815.9
Ending cash	1,048.6	1,880.4	2,215.4	2,815.9	3,229.3

Income Statement

FYE Dec	FY23	FY24	FY25f	FY26f	FY27f
Revenue	2,966.5	2,937.9	2,137.3	2,138.6	2,170.5
EBITDA	715.2	844.8	799.9	754.6	738.0
EBIT	413.7	520.5	538.0	509.2	506.9
Finance cost	(72.2)	(83.3)	(102.2)	(102.2)	(102.2)
Associates & JV	42.7	43.6	60.3	63.2	66.3
Profit before tax	384.1	480.7	496.1	470.2	471.0
Tax	(118.4)	(145.7)	(130.7)	(122.1)	(121.4)
PAT	265.8	335.0	365.4	348.1	349.6
Minority interest	(12.3)	(11.9)	(11.0)	(10.4)	(10.5)
Reported PATMI	253.5	323.1	354.4	337.7	339.1
Exceptionals	4.8	(5.8)	-	-	-
Core PATMI	258.3	317.2	354.4	337.7	339.1
Consensus core PATMI			338.0	347.4	343.9
HLIB/ Consensus			104.9%	97.2%	98.6%

Valuation & Ratios

FYE Dec	FY23	FY24	FY25f	FY26f	FY27f
Core EPS (sen)	28.8	35.4	39.5	37.6	37.8
P/E (x)	15.8	12.9	11.5	12.1	12.1
EV/EBITDA (x)	8.0	6.7	7.1	7.6	7.7
DPS (sen)	21.0	25.0	12.0	12.0	12.0
Dividend yield	4.1	4.9	2.4	2.4	2.4
BVPS (RM)	5.9	5.9	6.0	6.3	6.5
P/B (x)	0.9	0.9	0.8	0.8	0.8
EBITDA margin	24.1%	28.8%	37.4%	35.3%	34.0%
EBIT margin	13.9%	17.7%	25.2%	23.8%	23.4%
PBT margin	12.9%	16.4%	23.2%	22.0%	21.7%
Net margin	8.7%	10.8%	16.6%	15.8%	15.6%
ROE	4.9%	6.0%	6.6%	6.1%	5.9%
ROA	3.0%	3.5%	3.7%	3.4%	3.4%
Net gearing	19.3%	24.0%	17.2%	6.0%	net cash

Assumptions

FYE Dec	FY25f	FY26f	FY27f
FFB production ('000 mt)	2,187	2,251	2,291
Average selling price (RM/mt)			
CPO	3,481	3,386	3,434
PK	1,914	1,862	1,889

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Figure #1 SOP valuation for Genting Plantations

	Valuation Basis	RMm
Plantation	14x FY26 earnings	4,356.5
Property	RNAV	1,510.7
Joint ventures	10x FY26 earnings	578.4
		6,445.7
Net debt		-1,277.5
Sum-of-parts value		5,168.2
Issued shares (m)		897.4
SOP/share (RM)		5.76

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Stock rating guide

BUY	Expected absolute return of +10% or more over the next 12 months.
HOLD	Expected absolute return of -10% to +10% over the next 12 months.
SELL	Expected absolute return of -10% or less over the next 12 months.
UNDER REVIEW	Rating on the stock is temporarily under review which may or may not result in a change from the previous rating.
NOT RATED	Stock is not or no longer within regular coverage.

Sector rating guide

OVERWEIGHT	Sector expected to outperform the market over the next 12 months.
NEUTRAL	Sector expected to perform in-line with the market over the next 12 months.
UNDERWEIGHT	Sector expected to underperform the market over the next 12 months.

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