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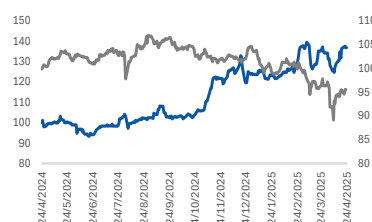
<b>Recommendation:</b>	<b>HOLD</b>
Current Price:	RM 22.84
Previous Target Price:	RM 21.60
Target Price:	↔ RM 21.60
Capital Upside/Downside:	-5.4%
Dividend Yield (%):	2.8%
<b>Total Upside/Downside:</b>	<b>-2.7%</b>

**Stock information**

Board	MAIN
Sector	Plantation
Bursa / Bloomberg Code	2089 / UPL MK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	622.2
Market Cap (RM' m)	14,210.5
52-Week Price Range (RM)	24-15.577
Beta (x)	0.5
Free float (%)	43.2
3M Average Volume (m)	0.8
3M Average Value (RM' m)	16.5

**Top 3 Shareholders**

	(%)
Maximum Vista Sdn Bhd	43.7
Employees Provident Fund Board	5.7
Uie Plc	4.7

**Share Price Performance**

	1M	3M	12M
Absolute (%)	1.2	10.7	34.2
Relative (%)	1.3	16.0	40.5

# United Plantation Bhd

## Earnings Within Expectations

### Executive Summary

- UPL's 1QFY25 CNP surged +25.5% yoy and +8.7% qoq to RM201.5m, coming in broadly within our expectations, making up 25.5% of our full-year forecast.
- Given that the reported earnings are deemed within expectations, we kept our forecast unchanged.
- Re-iterate our HOLD recommendation with unchanged target price of RM21.60, based on 17x P/E multiple pegged to FY25F EPS of RM1.27.

**Results within expectations.** 1QFY25 CNP was within our expectations at 25.5% of our full year forecast.

**YoY.** 1QFY25 CNP rose +25.5% yoy to RM201.5m, thanks to higher CPO and PK average selling prices, which also led to better margins in the plantation segment. Similarly, revenue grew by +8.6% yoy to RM517.6m.

**QoQ** CNP rose +8.7% qoq in tandem with the higher CPO and PK ASP. On the other hand, quarterly revenue fell -17.5% qoq, dragged by lower CPO production due to wet weather and weaker demand from the refinery segment.

**Outlook.** CPO production is currently on track, hitting 24% of our target at 267k MT. That said, we reckon global market uncertainties led by the ongoing tensions between US and China, are likely to exert pressure on CPO prices. At this stage, we are keeping our FY25 CPO price forecast unchanged at RM4,300, which is consistent with bearish outlook, driven by rising palm oil supply as production continues to recover from last year's dry spell.

**Earnings Revision.** Given that the reported earnings are deemed within expectations, we kept our forecast unchanged.

**Valuation.** Re-iterate our **HOLD** recommendation on UPL with a target price of **RM21.60**, by pegging 17x P/E multiple to FY25F EPS of RM1.27 and 0% ESG factored premium/discount based on three-star ESG rating.

**Risk.** EU export ban and regulations, changing weather patterns affect FFB production, taxation and export ban in Indonesia threatens local CPO demand, shortage of labours and rising operational cost.

**Earnings Summary**

FYE Dec (RM m)	FY22	FY23	FY24	FY25F	FY26F
Revenue	2514.8	2014.2	2197.8	2408.8	2477.6
EBITDA	939.9	1014.7	1025.4	1135.2	1147.2
Pre-tax profit	846.5	74.4	71.2	74.1	79.7
Net profit	597.8	704.5	710.8	785.6	790.2
Core net profit	608.7	722.6	714.5	788.8	793.5
Core EPS (sen)	97.8	116.1	114.8	126.8	127.5
P/E (x)	22.1	18.6	18.8	17.0	16.9
P/B (x)	4.9	5.0	5.0	5.1	4.9
EV/EBITDA (x)	14.6	13.5	13.4	12.2	12.1
Dividend Yield (%)	4.8%	2.6%	3.2%	2.8%	2.7%
Net Gearing (%)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

Source: Company, Apex Securities

# Results Note

Thursday, 24 Apr, 2025

## Results Comparison

FYE Dec (RM m)	1QFY25	1QFY24	yoy (%)	4QFY24	qoq (%)	3MFY25	3MFY24	yoy (%)	Comments
Revenue	517.6	476.7	8.6	627.3	(17.5)	517.6	627.3	(17.5)	Buoyed by CPO price rally
EBITDA	246.1	199.9	23.1	260.5	(5.5)	246.1	260.7	(5.6)	
Pre-tax profit	222.4	178.4	24.6	240.5	(7.5)	222.4	240.6	(7.6)	
Net profit	164.5	133.5	23.2	183.0	(10.1)	164.5	182.9	(10.1)	
Core net profit	201.5	160.6	25.5	185.4	8.7	201.5	185.4	8.7	
Core EPS (sen)	32.3	25.8	25.5	29.8	8.7	32.3	25.8	25.5	
EBITDA margin (%)	47.5	41.9		41.5		47.5	41.6		
PBT margin (%)	43.0	37.4		38.3		43.0	38.4		
Core net profit margin (%)	38.9	33.7		29.6		38.9	29.6		

Source: Company, Apex Securities

## Segmental Breakdown

FYE Dec (RM m)	1QFY25	1QFY24	yoy (%)	4QFY24	qoq (%)	3MFY25	3MFY24	yoy (%)	Comments
<b>Revenue</b>									
Plantations	325.0	309.4	5.0	345.6	(6.0)	325.0	309.4	5.0	
Palm Oil Refining	351.7	319.7	10.0	433.5	(18.9)	351.7	319.7	10.0	
<b>Profit before tax (PBT)</b>									
Plantations	211.6	157.8	34.1	215.4	(1.8)	211.6	157.8	34.1	
Palm Oil Refining	11.4	20.5	(44.4)	23.8	(52.0)	11.4	20.5	(44.4)	Margin dragged by hedging losses
<b>PBT margin (%)</b>									
Plantations	65.1%	51.0%		62.3%		65.1%	51.0%		
Palm Oil Refining	3.2%	6.4%		5.5%		3.2%	6.4%		

Source: Company, Apex Securities

# Results Note

Thursday, 24 Apr, 2025

## Financial Highlights

### Income Statement

FYE Dec (RM m)	FY22	FY23	FY24	FY25F	FY26F
<b>Revenue</b>	<b>2514.8</b>	<b>2014.2</b>	<b>2197.8</b>	<b>2408.8</b>	<b>2477.6</b>
<b>Gross Profit</b>	<b>1605.6</b>	<b>1433.7</b>	<b>1455.2</b>	<b>1638.0</b>	<b>1664.9</b>
<b>EBITDA</b>	<b>939.9</b>	<b>1014.7</b>	<b>1025.4</b>	<b>1135.2</b>	<b>1147.2</b>
Depreciation & Amortisation	102.7	107.0	109.5	108.7	115.9
<b>EBIT</b>	<b>837.2</b>	<b>907.7</b>	<b>915.9</b>	<b>1026.5</b>	<b>1031.3</b>
Net Finance Income/(Cost)	9.3	25.8	23.1	15.6	17.0
Associates & JV	13.3	10.5	22.7	22.7	22.7
<b>Pre-tax Profit</b>	<b>846.5</b>	<b>933.5</b>	<b>939.0</b>	<b>1042.2</b>	<b>1048.3</b>
Tax	-240.9	-222.5	-219.5	-250.1	-251.6
<b>Profit After Tax</b>	<b>597.8</b>	<b>704.5</b>	<b>710.8</b>	<b>785.6</b>	<b>790.2</b>
Minority Interest	-3.9	-3.3	-4.3	-3.3	-3.3
<b>Net Profit</b>	<b>601.7</b>	<b>707.8</b>	<b>715.2</b>	<b>788.8</b>	<b>793.5</b>
Exceptionals	-7.0	-14.8	0.6	0.0	0.0
<b>Core Net Profit</b>	<b>608.7</b>	<b>722.6</b>	<b>714.5</b>	<b>788.8</b>	<b>793.5</b>

### Key Ratios

FYE Dec	FY22	FY23	FY24	FY25F	FY26F
EPS (sen)	97.8	116.1	114.8	126.8	127.5
P/E (x)	22.1	18.6	18.8	17.0	16.9
P/B (x)	4.9	5.0	5.0	5.1	4.9
EV/EBITDA (x)	14.6	13.5	13.4	12.2	12.1
DPS (sen)	110.0	60.0	74.0	63.8	61.7
Dividend Yield (%)	4.8%	2.6%	3.2%	2.8%	2.7%
EBITDA margin (%)	37.4%	50.4%	46.7%	47.1%	46.3%
EBIT margin (%)	33.3%	45.1%	41.7%	42.6%	41.6%
PBT margin (%)	33.7%	46.3%	42.7%	43.3%	42.3%
PAT margin (%)	23.8%	35.0%	32.3%	32.6%	31.9%
NP margin (%)	23.9%	35.1%	32.5%	32.7%	32.0%
CNP margin (%)	24.2%	35.9%	32.5%	32.7%	32.0%
ROE (%)	21.0%	25.2%	25.4%	28.3%	27.3%
ROA (%)	18.3%	22.1%	22.0%	24.4%	23.7%
Gearing (%)	0.0%	0.0%	0.0%	0.0%	0.0%
Net gearing (%)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

### Valuations FY25F

Core EPS (RM)	1.27
P/E multiple (x)	17.0
<b>Fair Value (RM)</b>	<b>21.56</b>
ESG premium/discount	0.0%
<b>Implied Fair Value (RM)</b>	<b>21.60</b>

Source: Company, Apex Securities

### Balance Sheet

FYE Dec (RM m)	FY22	FY23	FY24	FY25F	FY26F
Cash	537.2	579.9	484.5	333.7	360.6
Receivables	147.5	191.9	304.7	333.9	343.5
Inventories	219.5	245.9	228.5	250.4	257.6
Other current assets	342.2	168.2	116.0	116.0	116.0
<b>Total Current Assets</b>	<b>1246.4</b>	<b>1186.0</b>	<b>1133.7</b>	<b>1034.0</b>	<b>1077.6</b>
Fixed Assets	1241.8	1250.8	1261.5	1345.5	1427.8
Intangibles	0.0	0.0	0.0	0.0	0.0
Other non-current assets	830.6	826.8	848.1	848.1	848.1
<b>Total Non-current assets</b>	<b>2072.4</b>	<b>2077.7</b>	<b>2109.6</b>	<b>2193.6</b>	<b>2275.9</b>
Short-term Debt	0.2	0.0	0.0	0.0	0.0
Payables	25.6	19.2	141.9	152.5	159.3
Other Current Liabilities	183.3	167.6	80.3	80.3	80.3
<b>Total Current Liabilities</b>	<b>209.1</b>	<b>186.8</b>	<b>222.2</b>	<b>232.7</b>	<b>239.6</b>
Long-term Debt	0.0	0.0	0.0	0.0	0.0
Other non-current liabilities	204.9	209.4	203.8	203.8	203.8
<b>Total Non-current Liabilities</b>	<b>204.9</b>	<b>209.4</b>	<b>203.8</b>	<b>203.8</b>	<b>203.8</b>
Shareholder's equity	2890.7	2850.4	2799.8	2773.6	2892.6
Minority interest	14.0	17.0	17.5	17.5	17.5
<b>Equity</b>	<b>2904.8</b>	<b>2867.4</b>	<b>2817.2</b>	<b>2791.0</b>	<b>2910.0</b>

### Cash Flow

FYE Dec	FY22	FY23	FY24	FY25F	FY26F
<b>Pre-tax profit</b>	<b>846.5</b>	<b>933.5</b>	<b>939.0</b>	<b>1042.2</b>	<b>1048.3</b>
Depreciation & amortisation	102.7	107.0	109.5	108.7	115.9
Changes in working capital	14.5	-77.2	-13.2	-13.2	-9.8
Others	-39.4	-272.4	-346.7	-280.8	-254.8
<b>Operating cash flow</b>	<b>924.3</b>	<b>690.8</b>	<b>688.6</b>	<b>856.8</b>	<b>899.5</b>
Net capex	-138.7	-109.4	-125.3	-192.7	-198.2
Others	-51.7	222.3	13.2	0.0	0.0
<b>Investing cash flow</b>	<b>-190.4</b>	<b>112.9</b>	<b>-112.0</b>	<b>-192.7</b>	<b>-198.2</b>
Changes in borrowings	0.0	0.0	0.0	0.0	0.0
Issuance of shares	0.0	0.0	0.0	0.0	0.0
Dividends paid	-518.5	-746.6	-705.1	-815.0	-674.4
Others	21.9	-8.3	-22.3	0.0	0.0
<b>Financing cash flow</b>	<b>-496.6</b>	<b>-755.0</b>	<b>-727.5</b>	<b>-815.0</b>	<b>-674.4</b>
<b>Net cash flow</b>	<b>237.3</b>	<b>48.7</b>	<b>-150.9</b>	<b>-150.9</b>	<b>26.9</b>
Forex	0.0	7.6	-15.2	0.0	0.0
Others	36.8	23.4	101.8	0.0	0.0
Beginning cash	263.2	500.5	549.2	484.5	333.7
<b>Ending cash</b>	<b>537.3</b>	<b>580.2</b>	<b>484.9</b>	<b>333.7</b>	<b>360.6</b>

**ESG Matrix Framework:****Environment**

Parameters	Rating	Comments
Climate	★★★★	UP has achieved a 63% reduction in GHG emissions per kilogram of palm oil produced from 2004 to 2023, accounting for indirect land use change (iLUC), nature conservation, and scope 1, 2, and 3 emissions. In FY23, new investments were made to further expand the light railway network, which consumes only 1/10th of the fossil fuels compared to tractor or lorry transportation for moving Fresh Fruit Bunches from the fields to its four mills in Malaysia.
Waste & Effluent	★★★★	In FY23, total of 789,113 MT of biomass residues were generated through UP's various field and mill operations in Malaysia. Almost all of the total biomass generated (99.6%) or 785,934 MT were utilised as organic mulch in the nurseries and fields or as fuel source, thereby enriching soils and displacing fossil fuels whilst enhancing the value the biomass generated.
Energy	★★★	In FY23, a total of 7,585 MWh of green electricity was generated from the UIE biogas plant and sold to the grid, which represents an increase of 14% yoy compared to FY22
Water	★★★	Mill water consumption rose from 1.5MT/FFB processed to 1.7 MT/FFB processed in FY23.
Compliance	★★★	In compliance with local and international environmental regulations

**Social**

Diversity	★★★	47% of total employees age below 50, 37% are female
Human Rights	★★★	Enforce and adopts Code of Ethics and Conduct
Occupational Safety and Health	★★	Lost Time Injury Frequency Rate increased in FY23 due to new inexperienced guest workers who have recently on board
Labour Practices	★★★	All recruitment is guided by Ethical Recruitment Procedures, which are regularly witnessed and assessed by Dignity in Work for All as well as other NGOs and Human Rights Activists, and includes the Employer Pays Principle stating that no Guest Worker should pay for a job in UP

**Governance**

CSR Strategy	★★★	Actively engaged in the Indonesian government's Plasma Scheme, which aims to support smallholders in becoming independent plantation growers. In FY23, 1,377.08-ha of Plasma were developed for 853 smallholders under the scheme
Management	★★	1/9 female board composition, 4/9 Independent Directors
Stakeholders	★★	Lack of analyst briefing, 1x AGM per annum

**Overall ESG Scoring:** ★★★**Recommendation Framework:****BUY:** Total returns\* are expected to exceed 10% within the next 12 months.**HOLD:** Total returns\* are expected to be within +10% to – 10% within the next 12 months.**SELL:** Total returns\* are expected to be below -10% within the next 12 months.**TRADING BUY:** Total returns\* are expected to exceed 10% within the next 3 months.**TRADING SELL:** Total returns\* are expected to be below -10% within the next 3 months.

\*Capital gain

**Sector Recommendations:****OVERWEIGHT:** The industry defined by the analyst is expected to exceed 10% within the next 12 months.**NEUTRAL:** The industry defined by the analyst is expected to be within +10% to – 10% within the next 12 months.**UNDERWEIGHT:** The industry defined by the analyst, is expected to be below -10% within the next 12 months.**ESG Rating Framework:**

★★★★★ : Appraised with 3% premium to fundamental fair value

★★★★ : Appraised with 1% premium to fundamental fair value

★★★ : Appraised with 0% premium/discount to fundamental fair value

★★ : Appraised with -1% discount to fundamental fair value

★ : Appraised with -5% discount to fundamental fair value

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(a) nil.