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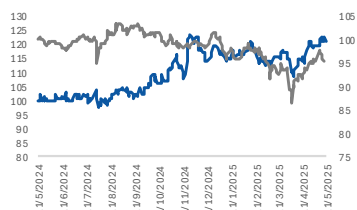
Recommendation:	HOLD
Current Price:	RM2.43
Previous Target Price:	RM2.30
Target Price:	↔ RM2.30
Capital Upside/Downside:	-5.3%
Dividend Yield (%):	6.2%
Total Upside/Downside:	0.8%

Stock information

Board	MAIN
Sector	Plantation
Bursa / Bloomberg Code	5135 / SPLB MK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	279.0
Market Cap (RM' m)	678.0
52-Week Price Range (RM)	2.67-2.04
Beta (x)	0.6
Free float (%)	16.9
3M Average Volume (m)	0.0
3M Average Value (RM' m)	0.1

Top 3 Shareholders

	(%)
Ta Ann Holdings Bhd	29.4
State Financial Secretary	25.5
Amanah Khairat Yayasan B	4.2

Share Price Performance

	1M	3M	12M
Absolute (%)	6.1	4.7	11.5
Relative (%)	2.1	7.9	17.0

Earnings Summary	FY24	FY25F	FY26F
Revenue (RM' m)	551.4	670.7	647.9
PATAMI (RM' m)	92.9	84.7	79.8
CNP (RM' m)	74.0	83.8	78.9
EPS - core (sen)	26.5	30.0	28.3
P/E(x)	8.6	7.6	8.1

Sarawak Plantation Bhd

A Steady Start

- **SPLB reported 1QFY25 CNP of RM 18.5m (+126.9% yoy and -33.2% qoq), which was within expectations, accounting for 22%/23% of ours and consensus forecasts respectively.**
- **FFB and CPO production remain on track, with output expected to accelerate in 2H25 as the Group enters its peak harvesting season.**
- **We re-iterate our HOLD call with a target price of RM2.30, based on 7.6x P/E multiple pegged to FY25 EPS of 30 sen.**

Results within expectations. The Group reported a 1QFY25 CNP of RM18.5m, came in within expectations, accounting for 22% and 23% of our and consensus full-year estimates, respectively. Our CNP figure is derived after excluding gain from fair value adjustments of biological assets of RM4.1m.

YoY. 1QFY25 core CNP surged +126.9% yoy, lifted by stronger operating margin in tandem with the higher realised CPO price. Plantation operation's GP grew +118.6% yoy thanks to the higher CPO ASP (+21.3% yoy). Conversely, the milling segment's GP declined -15.7% yoy, impacted by weaker processing margins due to elevated input costs. Revenue grew +6.4% yoy to RM135.5m, though the increase was modest, mainly due to reduced activity in the milling operations.

QoQ. CNP dropped -33.2% qoq due to a seasonal decline in FFB production by -16.6% qoq which in turn weighed on overall sales volume for both CPO (-4.4% qoq) and PK (-10.8% qoq). In line with the softer volumes, quarterly revenue also fell by -5.6% qoq.

Outlook. During the quarter, harvestable hectareage declined to 19.7k ha (from 21.2k ha in 4QFY24, due to aggressive replanting programs for old palm areas. Nevertheless, the Group expects increasing yields from young mature areas may mitigate the impact. Meanwhile, FFB intake under milling operation is expected to be resilient at 660k MT as the group continues to maintain high utilisation rate. Both FFB and CPO output remain on track, having achieved 20% of our full-year targets of 400k mt and 116k mt, respectively. We expect production to pick up the pace in 2H25 as the Group transitions out of the wet season and enters its peak harvesting period.

Earnings Revision. We make no changes to our earnings forecasts, as our CPO price assumptions remain intact at RM4,300/mt.

Valuation. Re-iterate our **HOLD** recommendation on SPLB with a target price of **RM2.30**, by pegging 7.6x forward P/E multiple to FY25F EPS of 30 sen and 0% ESG factored premium/discount based on three-star ESG rating.

Risk 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.

Results Note

Thursday, 22 May, 2025

Results Comparison

FYE Dec (RM m)	1QFY25	1QFY24	yoy (%)	4QFY24	qoq (%)	3MFY25	3MFY24	yoy (%)	Comments
Revenue	135.5	127.3	6.4	143.6	(5.6)	135.5	127.3	6.4	yoy increase due to higher CPO ASP.
EBITDA	40.3	35.5	13.5	30.6	31.8	40.3	35.5	13.5	
Pre-tax profit	31.0	26.4	17.6	21.8	42.2	31.0	26.4	17.6	
Net profit	22.6	19.1	18.6	16.2	39.7	22.6	19.1	18.6	
Core net profit	18.5	8.1	126.9	27.6	(33.2)	18.5	8.1	126.9	qoq dragged by weaker
Core EPS (sen)	6.6	2.9	126.9	9.9	(33.2)	6.6	2.9	126.9	sales volume
EBITDA margin (%)	29.7	27.9		21.3		29.7	27.9		
PBT margin (%)	22.9	20.7		15.2		22.9	20.7		
Core net profit margin (%)	13.6	6.4		19.2		13.6	6.4		

Source: Company, Apex Securities

Segmental Breakdown

FYE Dec (RM m)	1QFY25	1QFY24	yoy (%)	4QFY24	qoq (%)	3MFY25	3MFY24	yoy (%)	Comments
Revenue									
Plantation	65.6	51.0	28.6	80.6	(18.6)	65.6	51.0	28.6	
Mill Operations	122.3	117.9	3.7	125.7	(2.7)	122.3	117.9	3.7	
Others	0.4	0.2	75.4	0.3	19.9	0.4	0.2	75.4	
Gross Profit (GP)									
Plantation	27.5	12.6	118.6	37.8	(27.2)	27.5	12.6	118.6	
Mill Operations	10.4	12.3	(15.7)	10.5	(0.9)	10.4	12.3	(15.7)	
Others	(0.2)	(0.2)	27.7	(0.2)	9.8	(0.2)	(0.2)	27.7	
GP margin (%)									
Plantation	42.0%	24.7%		46.9%		42.0%	24.7%		Milling margin improved qoq due to cutback in third party purchases
Mill Operations	8.5%	10.5%		8.3%		8.5%	10.5%		
Others	-59.6%	-81.8%		-65.0%		-59.6%	-81.8%		

Source: Company, Apex Securities

Results Note

Thursday, 22 May, 2025

Financial Highlights

Income Statement

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Revenue	570.7	551.4	623.7	625.0	678.4
Gross Profit	133.0	150.0	143.4	143.8	149.2
EBITDA	125.4	160.6	147.4	148.5	151.6
Depreciation & Amortisation	42.3	42.3	42.0	43.2	43.3
EBIT	83.1	118.3	105.4	105.2	108.3
Net Finance Income/ (Cost)	4.3	6.0	6.0	-0.3	-0.3
Associates & JV	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	87.4	124.4	111.4	104.9	108.0
Tax	22.6	31.5	26.7	25.2	25.9
Profit After Tax	64.9	92.9	84.7	79.8	82.1
Minority Interest	0.4	0.8	0.8	0.8	0.8
Net Profit	64.4	92.0	83.8	78.9	81.2
Exceptionals	3.0	-18.0	0.0	0.0	0.0
Core Net Profit	67.4	74.0	83.8	78.9	81.2

Key Ratios

FYE Dec	FY23	FY24	FY25F	FY26F	FY27F
EPS (sen)	24.2	26.5	30.0	28.3	29.1
P/E (x)	9.4	8.6	7.6	8.1	7.8
P/B (x)	0.9	0.8	0.8	0.8	0.8
EV/EBITDA (x)	4.2	3.6	3.9	3.8	3.7
DPS (sen)	15.0	15.0	15.0	15.0	15.0
Dividend Yield (%)	6.6%	6.6%	6.6%	6.6%	6.6%
EBITDA margin (%)	22.0%	29.1%	23.6%	23.8%	22.3%
EBIT margin (%)	14.6%	21.5%	16.9%	16.8%	16.0%
PBT margin (%)	15.3%	22.6%	17.9%	16.8%	15.9%
PAT margin (%)	11.4%	16.8%	13.6%	12.8%	12.1%
NP margin (%)	11.3%	16.7%	13.4%	12.6%	12.0%
CNP margin (%)	11.8%	13.4%	13.4%	12.6%	12.0%
ROE (%)	9.1%	9.4%	10.6%	10.0%	10.2%
ROA (%)	7.1%	7.2%	8.0%	7.5%	7.6%
Gearing (%)	12%	5.2%	5.5%	5.5%	5.5%
Net gearing (%)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

Valuations

	FY25F
Core EPS (RM)	0.300
P/E multiple (x)	7.6
Fair Value (RM)	2.30
ESG premium/discount	0.0%
Implied Fair Value (RM)	2.30

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Cash	114.6	104.7	108.4	112.8	123.6
Receivables	18.6	16.6	18.8	18.8	20.4
Inventories	23.8	26.1	29.5	29.5	32.1
Other current assets	105.3	162.2	162.2	162.2	162.2
Total Current Assets	262.3	309.6	318.8	323.4	338.3
Fixed Assets	2618	260.0	267.9	268.4	265.8
Intangibles	0.0	0.0	0.0	0.0	0.0
Other non-current assets	430.6	460.6	460.6	460.6	460.6
Total Non-current assets	692.4	720.6	728.5	729.0	726.4
Short-term Debt	11	2.7	0.0	0.0	0.0
Payables	57.4	65.7	78.1	78.4	85.8
Other Current Liabilities	211	4.3	4.2	4.2	4.2
Total Current Liabilities	79.6	72.7	82.3	82.7	90.0
Long-term Debt	8.0	38.0	43.3	43.6	43.8
Other non-current liabilities	124.4	135.9	133.6	133.6	133.6
Total Non-current Liabilities	132.4	173.9	176.9	177.1	177.4
Shareholder's equity	748.5	779.4	784.2	788.7	793.3
Minority interest	-5.9	4.3	4.3	4.3	4.3
Equity	742.6	783.7	788.5	793.0	797.6

Cash Flow

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Pre-tax profit	87.4	124.4	111.4	104.9	108.0
Depreciation & amortisation	42.3	42.3	42.0	43.2	43.3
Changes in working capital	-18.2	8.0	6.8	0.2	3.2
Others	-29.9	-44.1	-28.6	-26.0	-26.8
Operating cash flow	81.6	130.5	131.6	122.4	127.8
Net capex	-38.2	-61.7	-49.9	-43.8	-40.7
Others	-9.8	-32.7	0.0	0.0	0.0
Investing cash flow	-48.0	-94.4	-49.9	-43.8	-40.7
Changes in borrowings	-2.7	24.3	0.3	0.2	0.3
Issuance of shares	0.0	0.0	0.0	0.0	0.0
Dividends paid	-41.9	-69.8	-79.0	-74.4	-76.6
Others	-0.3	-0.4	0.0	0.0	0.0
Financing cash flow	-44.8	-45.8	-78.8	-74.1	-76.3
Net cash flow	-11.2	-9.7	2.9	4.5	10.8
Forex	-3.0	-2.0	-1.0	0.0	1.0
Others	2.5	1.8	1.7	0.0	-1.0
Beginning cash	126.3	114.6	104.7	108.4	112.8
Ending cash	114.6	104.7	108.4	112.8	123.6

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★	In FY24, Scope 1 and Scope 2 emissions reduced by -7% and -13% respectively, while Scope 3 emissions saw a -7% yoy decline. Emission intensity at palm oil mills improved to 0.45 tCO ₂ e per MT of CPO produced, representing a -13% yoy reduction.
Waste & Effluent	★★★	Waste management showed marked progress with landfilled waste reduced by 33% to 2,272 MT, while recycled waste up by +17% yoy to 5,010 MT.
Energy	★★★	Total energy consumption rose to 14.43m GJ, a +7% yoy increase from the previous year. However, the share of renewable energy declined slightly to 41%, compared to 45% previously.
Water	★★★	Water withdrawal increased marginally to 33.8m m ³ , yet water use efficiency improved, with intensity down -2% yoy to 1.06 m ³ per MT of FFB processed.
Compliance	★★	Complied with MSPO but not RSPO certified

Social

Diversity	★★★	The workforce remains diverse, with women making up 25% of the total headcount and 22% of management roles, reflecting an increase in leadership diversity.
Human Rights	★★★	Enforce and adopts Code of Ethics and Conduct
Occupational Safety and Health	★★	5 workplace fatalities in FY24, down from 7 in the previous year, while the LTIFR improved to 0.36, a -23% yoy reduction.
Labour Practices	★★★	The Group continued aligning pay scales with market rates under the National Wages Consultative Council Act and provided an average of 19.5 training hours per employee.

Governance

CSR Strategy	★★★	Community investment rose significantly to RM5.8m in FY24, benefiting over 46,000 individuals through various outreach and empowerment programs.
Management	★★	Average board members age above 62, 1/6 female board composition, 4/6 Independent Directors.
Stakeholders	★★★★	1x AGM per annum but responsive to enquiries on request.

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 + dividend yield

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.