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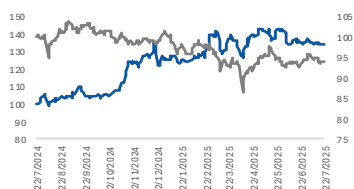
Recommendation:	HOLD
Current Price:	RM 21.52
Previous Target Price:	RM 21.60
Target Price:	↔ RM 21.60
Capital Upside/Downside:	0.4%
Dividend Yield (%):	2.9%
Total Upside/Downside	3.3%

Stock information

Board	MAIN
Sector	Plantation
Bursa / Bloomberg Code	2089 / UPLMK
Syariah Compliant	Yes
ESGRating	★★★
Shares issued (m)	622.2
Market Cap (RM' m)	13,389.3
52-Week Price Range (RM)	23.712-15.521
Beta (x)	0.5
Free float (%)	43.2
3M Average Volume (m)	0.5
3M Average Value (RM' m)	10.6

Top 3 Shareholders

	(%)
Maximum Vista Sdn Bhd	43.7
Employees Provident Fund Board	6.1
Uie Plc	4.7

Share Price Performance

	1M	3M	12M
Absolute (%)	-1.2	-5.2	31.6
Relative (%)	-2.6	-7.6	40.0

Earnings Summary	FY24	FY25F	FY26F
Revenue (RM'm)	114.8	127.0	127.5
PATAMI (RM'm)	715.2	790.4	793.4
CNP (RM'm)	714.5	790.4	793.4
EPS - core (sen)	114.8	127.0	127.5
P/E(x)	18.8	17.0	16.9

United Plantation Bhd

Resilient Results with Seasonal Boost

- UPL's 2QFY25 CNP surged 23.3% yoy and 13.4% qoq to RM228.5m, broadly in line with our expectations, making up 25.5% of our full-year forecast.
- CPO production remains on track, with cumulative output reaching 141k MT, representing 53% of our FY25 target.
- Given that the reported earnings are within expectations, we have kept our forecast unchanged.
- Re-iterate our HOLD recommendation with unchanged target price of RM21.60, based on 17x P/E multiple applied to FY25F EPS of RM1.27.

Within expectations. 6MFY25 CNP stood at RM430.0m, representing 54.5% of our full-year forecast and well within expectations.

YoY. 2QFY25 CNP rose 23.3% YoY to RM228.5m, mainly driven by stronger CPO and PK production and lower production costs. The Plantation segment continued to lead the way, supported by higher output and better cost efficiency. Meanwhile, the Refinery segment improved as well, thanks to increased sales volumes and a reversal of hedging losses from last year. Revenue climbed 16.9% yoy to RM638.4m, lifted by firmer CPO prices and stronger sales volumes across both key segments.

QoQ. CNP rose 13.4% qoq on the back of higher CPO and PK output, coupled with lower manuring costs. While CPO selling prices declined slightly during the quarter (2QFY25: RM4,361 vs 1QFY25: RM4,442), the increase in sales volumes helped cushion the adverse impact. Concurrently, quarterly revenue also jumped 23.3% qoq, reflecting seasonal recovery in harvesting activity and overall improvement in operational performance.

Outlook. CPO production is progressing well, reaching 141k MT so far, which is about 53% of our full-year target. We are keeping a close watch on any developments around US trade tariffs, as they could affect global demand for palm oil. This includes not only the potential for direct tariffs on edible oils but also the broader impact on trade flows and market sentiment. Any escalation in trade tensions may curb buying interest from key importing countries and put additional pressure on prices, particularly during a period of high seasonal supply. Heading into 3QFY25, we expect CPO prices to face some pressure due to higher supply from the peak harvesting season.

Earnings Revision. Given that the reported earnings are within expectations, we have 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. Our assigned PE is justified as it is broadly in line with the selective peer's average of c.17.3x.

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

Results Note

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Results Comparison

FYE Dec (RM m)	2QFY25	2QFY24	yoy (%)	1QFY25	qoq (%)	6MFY25	6MFY24	yoy (%)	Comments
Revenue	638.4	546.1	16.9	517.6	23.3	1,156.1	1,022.8	13.0	Yoy/QoQ lifted by CPO/PK volumes
EBITDA	295.3	261.4	12.9	246.1	20.0	541.4	461.4	17.3	and firm selling prices
Pre-tax profit	329.1	239.2	37.6	222.4	48.0	551.5	417.7	32.1	
Net profit	249.4	185.9	34.1	163.3	52.7	412.6	318.8	29.4	
Corenet profit	228.5	185.4	23.3	201.5	13.4	430.0	346.0	24.3	Margin expanded from 1Q25
Core EPS (sen)	36.7	29.8	23.3	32.3	13.4	69.0	55.5	24.3	on cost savings
EBITDA margin (%)	46.3	47.9		47.5		46.8	45.1		
PBT margin (%)	51.5	43.8		43.0		47.7	40.8		
Corenet profit margin (%)	35.8	33.9		38.9		37.2	33.8		

Source: Company, Apex Securities

Segmental Breakdown

FYE Dec (RM m)	2QFY25	2QFY24	yoy (%)	1QFY25	qoq (%)	6MFY25	6MFY24	yoy (%)	Comments
Revenue									
Plantations	426.7	331.0	28.9	325.0	31.3	751.7	640.5	17.4	Yoy/QoQ spike due to seasonal corp
Palm Oil Refining	395.2	355.0	11.3	351.7	12.4	746.9	674.7	10.7	recovery and higher CPO/PK volumes
Profit before tax (PBT)									
Plantations	277.9	207.4	34.0	211.6	31.3	489.5	365.2	34.0	
Palm Oil Refining	51.4	32.0	60.9	11.4	350.3	62.8	52.5	19.7	Significant QoQ rebound from reversal of hedging losses
PBT margin (%)									
Plantations	65.1%	62.7%		65.1%		65.1%	57.0%		
Palm Oil Refining	13.0%	9.0%		3.2%		8.4%	7.8%		

Source: Company, Apex Securities

Peers comparison

Company	Market Cap (RM 'b)	P/E (x) FY25FY26F	Dividend Yield (%)	ROE (%)
United Plantation	13.4	17.0 16.8	3.0%	28.3
KLK Bhd	22.7	18.8 17.3	2.9%	8.5
IOI Corp Bhd	23.4	18.1 17.1	2.8%	10.8
SD Guthrie	33.0	19.6 19.1	3.0%	8.7
FGV Holdings	4.8	17.2 15.6	3.2%	5.4
Genting Plantations	4.5	13.0 13.4	4.5%	6.8
Average		17.3 16.5	3.3%	15.2

Source: Company, Apex Securities

Results Note

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Financial Highlights

Income Statement

FYE Dec (RM m)	FY22	FY23	FY24	FY25F	FY26F
Revenue	2514.8	2014.2	2197.8	2413.8	2477.6
Gross Profit	1605.6	1433.7	1455.2	1641.4	1664.9
EBITDA	939.9	1014.7	1025.4	1137.4	1147.2
Depreciation & Amortisation	102.7	107.0	109.5	108.7	115.9
Associates & JV	13.3	10.5	22.7	22.7	22.7
EBIT	837.2	907.7	915.9	1028.7	1031.3
Net Finance Income/ (Cost)	9.3	25.8	23.1	15.6	16.9
Pre-tax Profit	846.5	933.5	939.0	1044.3	1048.2
Tax	-240.9	-222.5	-219.5	-250.6	-251.6
Profit After Tax	605.6	711.0	719.5	793.7	796.7
Minority Interest	-3.9	-3.3	-4.3	-3.3	-3.3
Net Profit	601.7	707.8	715.2	790.4	793.4
Exceptionals	7.0	14.8	-0.6	0.0	0.0
Core Net Profit	608.7	722.6	714.5	790.4	793.4

Key Ratios

FYE Dec	FY22	FY23	FY24	FY25F	FY26F
EPS (sen)	97.8	116.1	114.8	127.0	127.5
P/E (x)	22.1	18.6	18.8	17.0	16.9
P/B (x)	4.9	5.0	5.1	5.1	4.9
EV/EBITDA (x)	14.7	13.6	13.5	12.3	12.2
DPS (sen)	110.0	60.0	74.0	63.7	61.6
Dividend Yield (%)	477.4%	260.4%	321.2%	276.4%	267.3%
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 (%)	24.1%	35.3%	32.7%	32.9%	32.2%
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%	24.5%	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

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

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY22	FY23	FY24	FY25F	FY26F
Cash	537.2	579.9	484.5	332.3	360.1
Receivables	147.5	191.9	304.7	334.6	343.5
Inventories	219.5	245.9	228.5	250.9	257.6
Other current assets	342.2	168.2	116.0	116.0	116.0
Total Current Assets	1246.4	1186.0	1133.7	1033.8	1077.1
Fixed Assets	1241.8	1250.8	1261.5	1345.9	1428.2
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
Total Non-current assets	2072.4	2077.7	2109.6	2194.0	2276.3
Short-term Debt	0.2	0.0	0.0	0.0	0.0
Payables	25.6	19.2	141.9	152.8	159.3
Other Current Liabilities	183.3	167.6	80.3	80.3	80.3
Total Current Liabilities	209.1	186.8	222.2	233.0	239.6
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
Total Non-current Liabilities	204.9	209.4	203.8	203.8	203.8
Shareholder's equity	2890.7	2850.4	2799.8	2773.5	2892.5
Minority interest	14.0	17.0	17.5	17.5	17.5
Equity	2904.8	2867.4	2817.2	2791.0	2910.0

Cash Flow

FYE Dec	FY22	FY23	FY24	FY25F	FY26F
Pre-tax profit	846.5	933.5	939.0	1044.3	1048.2
Depreciation & amortisation	102.7	107.0	109.5	108.7	115.9
Changes in working capital	14.5	-77.2	-14.1	-14.1	-8.9
Others	-39.4	-272.4	-345.7	-281.3	-254.8
Operating cash flow	924.3	690.8	688.6	857.5	900.5
Net capex	-138.7	-109.4	-125.3	-193.1	-198.2
Others	-51.7	222.3	13.2	0.0	0.0
Investing cash flow	-190.4	112.9	-112.0	-193.1	-198.2
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	-816.7	-674.4
Others	21.9	-16.0	-7.2	0.0	0.0
Financing cash flow	-496.6	-762.6	-712.3	-816.7	-674.4
Net cash flow	237.3	41.1	-135.8	-152.2	27.8
Forex	0.0	0.0	0.0	0.0	0.0
Others	36.8	1.6	40.4	0.0	0.0
Beginning cash	263.2	537.2	579.9	484.5	332.3
Ending cash	537.2	579.9	484.5	332.3	360.1

Results Note

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ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★★	UPL 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, a 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 our soils and displacing the use of 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 joined UPL.
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 UPL.

Governance

CSR Strategy	★★★	Actively engaged in the Indonesian government's Plasma Scheme, which aims to support smallholders in becoming independent growers. In FY23, 1,377.08 hectares 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 + 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.