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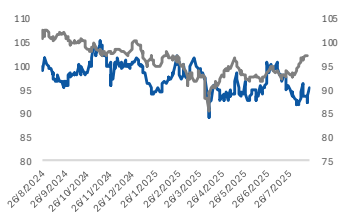
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Recommendation:	HOLD
Current Price:	RM 19.86
Previous Target Price:	RM 21.60
Target Price:	RM 19.90
Capital Upside/ Downside:	0.2%
Dividend Yield (%):	1.0%
Total Upside/ Downside	1.2 %

Stock information	
Board	MAIN
Sector	Plantation
Bursa / Bloomberg Code	2445 / KLK MK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	1,113.7
Market Cap (RM' m)	22,117.3
52-Week Price Range (RM)	22.66- 18.34
Beta (x)	0.8
Free float (%)	45.4
3M Average Volume (m)	0.3
3M Average Value (RM' m)	6.8

Top 3 Shareholders	(%)
Batu Kawan Bhd	48.2
Employees Provident Fund Board	16.2
Lembaga Kemajuan Tanah Neg	3.5

Share Price Performance



	1M	3M	12M
Absolute (%)	-0.4	0.1	-6.4
Relative (%)	-4.4	-3.8	-4.2

Earnings Summary	FY24	FY25F	FY26F
Revenue (RM' m)	22274	25013	24804
PATAMI (RM' m)	591	1291	1124
CNP (RM' m)	781	1291	1124
EPS - core (sen)	72	119	103
P/E(x)	27.7	16.8	19.2

Kuala Lumpur Kepong Berhad

Promising Start for KLK Industrial Park

- **BYD is establishing its first automotive assembly plant in Malaysia at KLK Tech Park (Tanjung Malim), spanning 150 acres of the planned 1,500-acre integrated industrial hub.**
- **Assuming a conservative PAT margin of 50%, Phase 1 contribution is expected to be modest at RM11.8m–19.6m annually, translating to c.1%–2% of FY25F–FY27F core earnings. More meaningful upside should emerge as further phases are developed and additional tenants are secured.**
- **No change to our earnings forecasts. Downgrade our recommendation to HOLD (from BUY) with a lower target price of RM19.90 (previously RM21.60) after rolling forward our valuation base year to FY26F. Our TP is derived after raising our P/E multiple to 19.3x (from 18.2x), in line with the updated 5-year historical trading average.**

BYD as first anchor tenant in KLK Tech Park. BYD is setting up its first CKD assembly plant in Malaysia at KLK Tech Park, occupying 150 acres (Phase 1) within the larger 1,500-acre master-planned industrial hub. According to Perak's state tourism, industry, investment, and corridor development committee chairman Loh Sze Yee, construction of the plant is expected to take place between June and December 2026, with vehicle manufacturing expected to commence in 2026. The plant is set to serve as a key catalyst, attracting ancillary suppliers and service providers to the park and fostering a comprehensive, advanced EV manufacturing ecosystem.

Our Take. We view BYD's commitment as a **positive** development and a significant milestone for KLK. This anchor tenancy reinforces the strategic value of the entire KLK Tech Park masterplan, potentially unlocking substantial follow-on development opportunities. The credibility bestowed by a global leader like BYD significantly enhances the prospects for the remaining land bank, which we believe will evolve into a core, non-cyclical earnings pillar for KLK over the next decade.

In the absence of official disclosure, we benchmark against prevailing industrial land lease rates, which are in the range of c.RM0.30-RM0.50 psf/month. Applying this to Phase 1 (150 acres) implies an estimated lease income of RM23.5m-39.2m annually (0.1%-0.2% of FY24 revenue). Assuming a conservative PAT margin of 50%, this translates into RM11.8m-19.6m, or 1%-2% of FY25F-FY27F core earnings. We therefore expect near-term earnings contribution from KLK's industrial park to remain modest, with more meaningful upside only emerging once development phases scale up and ancillary tenants are secured.

Earnings revision. We are maintaining our earnings forecasts for now, pending further updates from management.

Valuation & Recommendation. We downgrade our call to **HOLD** (from BUY) with a lower target price of **RM19.90** (from RM21.60) after rolling forward our valuation base to FY26F and applying a higher P/E multiple of 19.3x (vs. 18.2x previously), in line with the updated 5-year historical trading average. The downward revision in target price reflects softer benchmark CPO price assumptions (RM4,000/mt in 2026), while lingering geopolitical risks may continue to pressure downstream margins.

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

Company Update

Monday, 25 Aug, 2025

Financial Highlights

Income Statement

FYE Sep (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Revenue	23648	22274	25013	24804	24872
Operating Profit	1277	1341	2025	1835	1813
EBITDA	2640	2731	3448	3332	3378
Depreciation & Amortisation	966	1048	1071	1134	1190
EBIT	1674	1684	2378	2198	2188
Net Finance Income/ (Cost)	-326	-374	-406	-397	-379
Associates & JV	-196	-127	-128	-129	-130
Pre-tax Profit	1152	1183	1844	1672	1678
Tax	-162	-445	-406	-401	-403
Profit After Tax	991	738	1438	1271	1275
Minority Interest	156	147	147	147	147
Net Profit	834	591	1291	1124	1128
Exceptionals	108	190	0	0	0
Core Net Profit	942	781	1291	1124	1128

Key Ratios

FYE Sep	FY23	FY24	FY25F	FY26F	FY27F
EPS (sen)	86.5	718	118.6	103.2	103.6
P/E (x)	23.0	27.7	16.8	19.2	19.2
P/B (x)	13	14	13	13	12
EV/EBITDA (x)	117	116	9.3	9.5	9.3
DPS (sen)	20.0	20.0	20.0	20.0	20.0
Dividend Yield (%)	10%	10%	10%	10%	10%
EBITDA margin (%)	112%	12.3%	13.8%	13.4%	13.6%
EBIT margin (%)	7.1%	7.6%	9.5%	8.9%	8.8%
PBT margin (%)	4.9%	5.3%	7.4%	6.7%	6.7%
PAT margin (%)	4.2%	3.3%	5.7%	5.1%	5.1%
NP margin (%)	3.5%	2.7%	5.2%	4.5%	4.5%
CNP margin (%)	4.0%	3.5%	5.2%	4.5%	4.5%
ROE (%)	5.8%	5.2%	8.0%	6.6%	6.3%
ROA (%)	3.1%	2.6%	4.0%	3.3%	3.3%
Gearing (%)	613%	74.8%	74.8%	72.0%	68.0%
Net gearing (%)	46.5%	58.9%	56.8%	52.3%	48.3%

Valuations	FY26F
Core EPS (RM)	1032
P/E multiple (x)	19.3
Fair Value (RM)	19.90
ESG premium/discount	0.0%
Implied Fair Value (RM)	19.90

Source: Company, Apex Securities

Balance Sheet

FYE Sep (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Cash	2382	2384	2898	3346	3523
Receivables	2268	2131	2393	2373	2379
Inventories	2957	3217	3613	3582	3592
Other current assets	1874	1596	1596	1596	1596
Total Current Assets	9481	9327	10500	10897	11090
Fixed Assets	12906	13187	13964	14662	15308
Intangibles	53	47	47	47	47
Other non-current assets	7687	7969	7969	7969	7969
Total Non-current assets	20646	21203	21979	22678	23324
Short-term Debt	2891	4783	5126	5209	5182
Payables	818	745	818	817	820
Other Current Liabilities	1422	1482	1482	1482	1482
Total Current Liabilities	5131	7011	7426	7509	7484
Long-term Debt	7003	6442	6903	7016	6978
Other non-current liabilities	1849	2070	2070	2070	2070
Total Non-current Liabilities	8851	8512	8973	9086	9048
Shareholder's equity	14319	13704	14778	15676	16579
Minority interest	1825	1303	1303	1303	1303
Equity	16144	15007	16080	16979	17882

Cash Flow

FYE Sep (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Pre-tax profit	1152	1183	1844	1672	1678
Depreciation & amortisation	966	1048	1071	1134	1190
Changes in working capital	528	-196	-584	49	-13
Others	-688	-351	-553	-548	-550
Operating cash flow	1958	1685	1777	2307	2305
Net capex	-1702	-1645	-1847	-1832	-1837
Others	121	-341	0	0	0
Investing cash flow	-1581	-1986	-1847	-1832	-1837
Changes in borrowings	458	1504	803	197	-65
Issuance of shares	17	0	0	0	18
Dividends paid	-1078	-296	-218	-225	-226
Others	-110	-689	0	0	-18
Financing cash flow	-713	519	585	-28	-291
Net cash flow	-336	218	515	447	178
Forex	19	-135	0	0	0
Others	-86	-81	0	0	0
Beginning cash	2785	2382	2384	2898	3346
Ending cash	2382	2384	2898	3346	3523

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★	GHG intensity fell 21% yoy to 0.22mt CO2 eq/ mt in FY24. Close to hitting its FY30 target of 0.21 mt CO2 eq/mt.
Waste & Effluent	★★★	Total waste generated was down by 5% to 52,208 mt in FY24.
Energy	★★★	Energy consumption rose from 26,631,237 GJ to 26,703,310 GJ, where the bulk was generated from renewable fuel.
Water	★★★	Water consumption increased 4% yoy to 16,310,311 m3 in FY24.
Compliance	★★★	In compliance with local and international environmental regulations.

Social

Diversity	★★★	20% of total workforce are female with most of them at executive level.
Human Rights	★★★	Enforce and adopts Code of Ethics and Conduct
Occupational Safety and Health	★★★	While LTI h reduced by 23% from FY20-FY24, the group has reported 4 fatal incidents in FY24.
Labour Practices	★★★	Pay scale based on prevailing industry market rates as stipulated by the Act 732 National Wages Consultative Council Act

Governance

CSR Strategy	★★★	Allocated RM11.8m to sustain and manage more than 200 childcare centres, learning centres, and schools within the Group's estates in FY24.
Management	★★	Average board members age @ 64, 2/8 female board composition, 4/8 Independent Directors
Stakeholders	★★	Lack of proactiveness in analyst engagement, 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.