

## Malaysia

**HOLD** (no change)

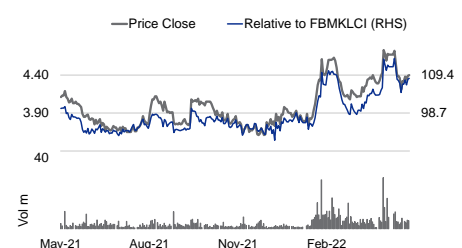
Consensus ratings\*: Buy 10 Hold 9 Sell 1

|                         |            |
|-------------------------|------------|
| Current price:          | RM4.40     |
| Target price:           | RM4.56     |
| Previous target:        | RM4.57     |
| Up/downside:            | 3.6%       |
| CGS-CIMB / Consensus:   | -7.0%      |
| Reuters:                | IOIB.KL    |
| Bloomberg:              | IOI MK     |
| Market cap:             | US\$6,229m |
|                         | RM27,337m  |
| Average daily turnover: | US\$6.02m  |
|                         | RM25.63m   |
| Current shares o/s:     | 6,285m     |
| Free float:             | 32.1%      |

\*Source: Bloomberg

### Key changes in this note

- We revise our FY22-24F EPS to reflect higher CPO and PK price assumptions, lower FFB yields, higher estate costs and lower manufacturing profit.
- Our new average CPO price assumptions for IOI Corp are RM5,000/RM4,400 per tonne in FY22F/FY23F.



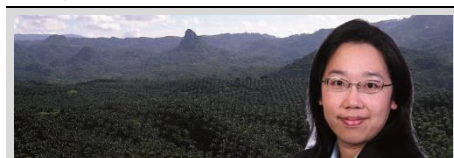
Source: Bloomberg

| Price performance | 1M  | 3M   | 12M |
|-------------------|-----|------|-----|
| Absolute (%)      | 1.6 | -4.6 | 8.1 |
| Relative (%)      | 4.4 | -1.2 | 9.8 |

### Major shareholders

|                          | % held |
|--------------------------|--------|
| Progressive Holdings     | 50.2   |
| Employees Provident Fund | 13.2   |
| Amanah Saham Bumiputera  | 4.5    |

### Analyst(s)



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# IOI Corporation

## Projecting better 4Q due to higher output

- IOI Corp's 9MFY22 core net profit was in line with our estimate but above consensus.
- Plantation earnings were above forecasts but refining margins were below.
- We project IOI Corp to post stronger qoq earnings in 4Q, driven by seasonally higher output and better refining margins. Reiterate Hold.

### 9MFY22 core net profit in line with our estimate, above consensus

IOI Corp's 9MFY22 core net profit (excluding non-core items like forex gain/loss, fair value derivatives gain/loss, biological gain/loss and other one-off gain/losses) jumped 94% yoy to RM1,333m, driven by higher plantation earnings. The result was in line with our full-year estimate but above Bloomberg consensus, at 74% and 79%, respectively. 3QFY22 core net profit rose 78% yoy, thanks to higher CPO price. However, it fell 26% qoq to RM443m due to lower FFB output and refining margins. The reported net profit for 3QFY22 was above core as forex gain of RM46.4m and fv gain on bio assets of RM18m more than offset fv derivatives losses of RM17m and net inventory writedown of RM20.4m.

### Higher plantation profit more than offset weaker refining margin

Plantation EBIT (before FV adjustments) rose 255%/91% yoy in 3Q/9MFY22 to RM416m/RM1,346m, thanks mainly to higher average CPO price achieved. The average CPO price achieved for 3Q/9MFY22 of RM5,064/4,518 per tonne (+58%/56% yoy) was slightly ahead of our previous CPO price forecast for FY22 of RM4,500/tonne. However, 3QFY22 average CPO price achieved of RM5,064/tonne was below MPOB's average for the same period of RM6,051/tonne due to forward sales. Resource-based manufacturing EBIT (ex-associates and JV) fell 57% yoy in 3QFY22 due mainly to FV loss on derivatives of RM17m in 3QFY22 (against FV gain on derivatives of RM43m in 3QFY21). Excluding the FV gain/loss on derivatives, resource-based manufacturing EBIT fell 1% yoy and 50% qoq in 3QFY22 due to lower sales volumes and refining profit. However, 9M22 resource-based manufacturing profit before fv gain/loss on derivatives grew 59% due to higher oleo profit. Associates' earnings tumbled 76%/60% yoy in 3Q/9MFY22 as 3QFY21 recorded RM267.9m in one-off gains from the sale of a refinery by Lodars.

### Reiterate Hold with SOP-based TP of RM4.56

IOI Corp expects CPO price to remain strong in the near term and for plantation and refining margins to improve in 4QFY22F. We forecast IOI Corp to deliver higher qoq earnings, driven by seasonally higher output and stronger sales volumes following Indonesia's move to ban exports of palm oil from 28 Apr to 23 May 22. However, the group is likely to report forex loss on translation on its US\$966.2m debt as the ringgit weakened from US\$4.20/US\$1 as of 30 Mar 22 to RM4.38/US\$1 currently. This will dampen reported net profit for 4QFY22. We revise our FY22-24F earnings forecasts to reflect higher CPO prices but lower downstream contributions. Reiterate Hold on IOI Corp as we see share price supported by its attractive P/E of 15.3x for FY22F and dividend yield of 3.6%. Key upside /downside risks are M&A activities and higher CPO price/lower output and higher costs.

### Financial Summary

|                                | Jun-20A | Jun-21A | Jun-22F | Jun-23F | Jun-24F |
|--------------------------------|---------|---------|---------|---------|---------|
| Revenue (RMm)                  | 7,802   | 11,252  | 11,749  | 12,031  | 12,311  |
| Operating EBITDA (RMm)         | 1,360   | 1,596   | 2,842   | 2,388   | 1,951   |
| Net Profit (RMm)               | 601     | 1,394   | 1,612   | 1,550   | 1,162   |
| Core EPS (RM)                  | 0.13    | 0.17    | 0.29    | 0.25    | 0.18    |
| Core EPS Growth                | 14.9%   | 35.0%   | 65.5%   | (14.2%) | (25.0%) |
| FD Core P/E (x)                | 34.20   | 25.32   | 15.30   | 17.84   | 23.80   |
| DPS (RM)                       | 0.08    | 0.11    | 0.16    | 0.13    | 0.10    |
| Dividend Yield                 | 1.82%   | 2.39%   | 3.64%   | 2.96%   | 2.16%   |
| EV/EBITDA (x)                  | 20.45   | 17.35   | 9.62    | 11.34   | 13.84   |
| P/FCFE (x)                     | 41.93   | 75.50   | 22.14   | 32.71   | 57.84   |
| Net Gearing                    | 27.3%   | 27.9%   | 22.3%   | 18.3%   | 16.8%   |
| P/BV (x)                       | 2.98    | 2.76    | 2.56    | 2.39    | 2.27    |
| ROE                            | 8.7%    | 11.3%   | 17.4%   | 13.8%   | 9.8%    |
| % Change In Core EPS Estimates |         |         | (1.40%) | 8.63%   | 3.18%   |
| CGS-CIMB/Consensus EPS (x)     |         |         | 0.93    | 1.03    | 0.87    |

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## Key results tables

**Figure 1: Results comparison table**

| FYE Jun (RM m)         | 3Q         |            | yoy%      | 2Q         |             | qoq%         | 3QFY22       | 3QFY21    | yoy%         | FY22F  | Comments |
|------------------------|------------|------------|-----------|------------|-------------|--------------|--------------|-----------|--------------|--|----------|
|                        | FY22       | FY21       |           | chg        | FY22        |              |              |           |              |  |          |
| Revenue                | 4,098      | 2,860      | 43        | 4,112      | (0)         | 11,843       | 7,792        | 52        | 11,720       | Higher CPO price and resource-based manufacturing revenue                    |          |
| Operating costs        | (3,446)    | (2,496)    | 38        | (3,257)    | 6           | (9,800)      | (6,701)      | 46        | (8,950)      | Higher costs of production driven by higher raw material costs               |          |
| EBITDA                 | 652        | 365        | 79        | 856        | (24)        | 2,042        | 1,091        | 87        | 2,770        | Driven mainly by higher CPO price and better oleochemical contribution       |          |
| EBITDA margin (%)      | 16         | 13         | 25        | 21         | (23)        | 17           | 14           | 23        | 24           |  |          |
| Depn & amort.          | (90)       | (91)       | (2)       | (89)       | 1           | (268)        | (268)        | 0         | (403)        | Broadly in line with expectations  |          |
| EBIT                   | 563        | 273        | 106       | 767        | (27)        | 1,774        | 823          | 116       | 2,367        |  |          |
| Interest expense       | (39)       | (42)       | (7)       | (40)       | (2)         | (119)        | (123)        | (4)       | (166)        |  |          |
| Interest & invt inc    | 5          | 10         | (51)      | 10         | (49)        | 24           | 30           | (20)      | 72           |  |          |
| Associates' contrib    | 84         | 350        | (76)      | 35         | 143         | 189          | 470          | (60)      | 247          | Absence of one-off gains of RM267.9m from sale of Loders refinery in 3QFY21  |          |
| Exceptionals           | (32)       | (115)      | (72)      | (105)      | (69)        | (173)        | 67           | (358)     | -            | Relates mainly to Net fair value loss on derivatives of RM142.8m             |          |
| <b>Pretax profit</b>   | <b>581</b> | <b>476</b> | <b>22</b> | <b>667</b> | <b>(13)</b> | <b>1,694</b> | <b>1,266</b> | <b>34</b> | <b>2,520</b> | <b>Accounted for only 65% of full year due to fv loss on derivatives</b>     |          |
| Tax                    | (160)      | (73)       | 118       | (159)      | 1           | (475)        | (218)        | 118       | (655)        | entity   |          |
| Tax rate (%)           | 27         | 15         | 79        | 24         | 15          | 28           | 17           | 63        | 26           | Effective tax rate of 28% higher than statutory of 24% due to Cukai Makmur   |          |
| Minority interests     | (10)       | (1)        | 629       | (13)       | (22)        | (35)         | (13)         | 164       | (32)         | Higher profit contribution from subsidiaries                                 |          |
| <b>Net profit</b>      | <b>411</b> | <b>401</b> | <b>2</b>  | <b>495</b> | <b>(17)</b> | <b>1,184</b> | <b>1,035</b> | <b>14</b> | <b>1,833</b> | <b>Reported net profit grew 14% thanks to higher plantation contribution</b> |          |
| <b>Core net profit</b> | <b>443</b> | <b>249</b> | <b>78</b> | <b>600</b> | <b>(26)</b> | <b>1,357</b> | <b>700</b>   | <b>94</b> | <b>1,833</b> | <b>Broadly in line, making up 74% of full year forecasts</b>                 |          |
| EPS (sen)              | 6.5        | 6.4        | 2         | 7.9        | (17)        | 18.8         | 16.5         | 14        | 29           | Above consensus expectation, making up 89% of bloomberg consensus            |          |
| Core EPS (sen)         | 7.1        | 4.0        | 78        | 9.5        | (26)        | 21.6         | 11.1         | 94        | 29           |  |          |

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 2: Segmental breakdown**

| FYE June (RM m)                                    | 3Q         |            | yoy%           | 2Q         |                | qoq%         | 3QFY22       | 3QFY21         | yoy% |
|--|------------|------------|----------------|------------|----------------|--------------|--------------|----------------|------|
|  | FY22       | FY21       |                | chg        | FY22           |              |              |                |      |
| <b>Plantation</b>                                  | <b>434</b> | <b>170</b> | <b>&gt;100</b> | <b>511</b> | <b>(15)</b>    | <b>1,374</b> | <b>720</b>   | <b>91</b>      |      |
| Operating profit before fair value adjustments     | 416        | 160        | >100           | 522        | (20)           | 1,346        | 701          | 92             |      |
| Fair value adjustments*                            | 18         | 10         | 74             | (12)       | nm             | 28           | 19           | 50             |      |
| <b>Resource-based manufacturing</b>                | <b>46</b>  | <b>108</b> | <b>(57)</b>    | <b>183</b> | <b>(75)</b>    | <b>264</b>   | <b>114</b>   | <b>&gt;100</b> |      |
| Operating profit before fair value adjustments     | 64         | 65         | (1)            | 129        | (50)           | 336          | 211          | 59             |      |
| Fair value gain/(loss) on derivatives              | (17)       | 43         | nm             | 55         | nm             | (72)         | (97)         | (26)           |      |
| <b>Other operations</b>                            | <b>3</b>   | <b>0</b>   | <b>&gt;100</b> | <b>2</b>   | <b>17</b>      | <b>8</b>     | <b>4</b>     | <b>&gt;100</b> |      |
| <b>Share of associates/JV</b>                      | <b>84</b>  | <b>350</b> | <b>(76)</b>    | <b>35</b>  | <b>&gt;100</b> | <b>189</b>   | <b>470</b>   | <b>(60)</b>    |      |
| Plantation   | 85         | 16         | >100           | 52         | 62             | 208          | 80           | >100           |      |
| Resource-based manufacturing                       | (1)        | 334        | nm             | (18)       | (97)           | (19)         | 390          | nm             |      |
| <b>Operating profit</b>                            | <b>567</b> | <b>628</b> | <b>(10)</b>    | <b>731</b> | <b>(22)</b>    | <b>1,834</b> | <b>1,307</b> | <b>40</b>      |      |
| Unallocated corporate net expenses                 | 2          | (82)       | nm             | (64)       | nm             | (95)         | (103)        | (7)            |      |
| <b>PBIT</b>  | <b>569</b> | <b>546</b> | <b>4</b>       | <b>667</b> | <b>(15)</b>    | <b>1,739</b> | <b>1,204</b> | <b>44</b>      |      |
| Finance costs                                      | (39)       | (42)       | (7)            | (40)       | (2)            | (119)        | (123)        | (4)            |      |
| Interest income                                    | 5          | 10         | (51)           | 10         | (49)           | 24           | 30           | (20)           |      |
| Net forex translation gain/(loss) on foreign debts | 46         | (38)       | nm             | 30         | 56             | 50           | 155          | (68)           |      |
| <b>Pretax profit</b>                               | <b>581</b> | <b>476</b> | <b>22</b>      | <b>666</b> | <b>(13)</b>    | <b>1,694</b> | <b>1,266</b> | <b>34</b>      |      |

\*Fair value adjustments refers to fair value gain/(loss) on biological assets and derivative instruments

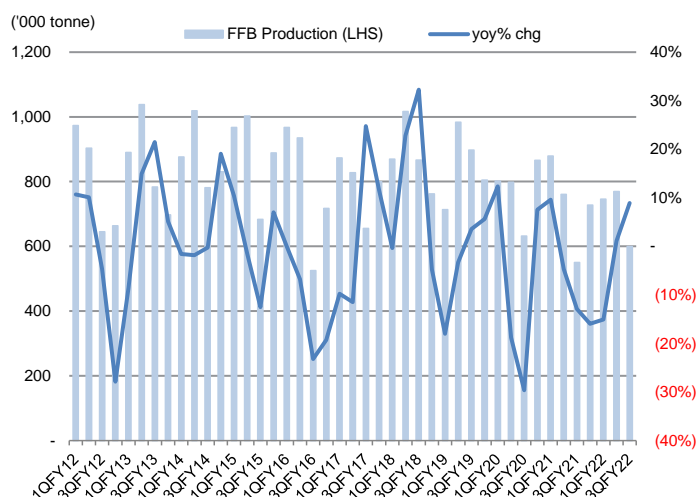
SOURCE: CGS-CIMB RESEARCH, COMPANY

**Figure 3: Plantation statistics**

| FYE Jun                      | 3Q    |       | yoy% | 2Q    |        | qoq%  | 3QFY22 | 3QFY21 | yoy% |
|------------------------------|-------|-------|------|-------|--------|-------|--------|--------|------|
|                              | FY22  | FY21  |      | chg   | FY22   |       |        |        |      |
| Avg CPO price (RM per tonne) | 5,064 | 3,211 | 57.7 | 4,565 | 10.9   | 4,518 | 2,888  | 56.4   |      |
| Avg PK price (RM per tonne)  | 4,588 | 2,616 | 75.4 | 3,678 | 24.7   | 3,521 | 1,939  | 81.6   |      |
| FFB output ('000 tonnes)     | 600   | 551   | 8.9  | 769   | (22.0) | 2,115 | 2,190  | (3.4)  |      |
| CPO output ('000 tonnes)     | 130   | 121   | 6.8  | 173   | (25.0) | 472   | 483    | (2.2)  |      |
| FFB yield (tonne/ha)         | 4     | 4     | 7.6  | 5     | (21.7) | 15    | 16     | (4.0)  |      |

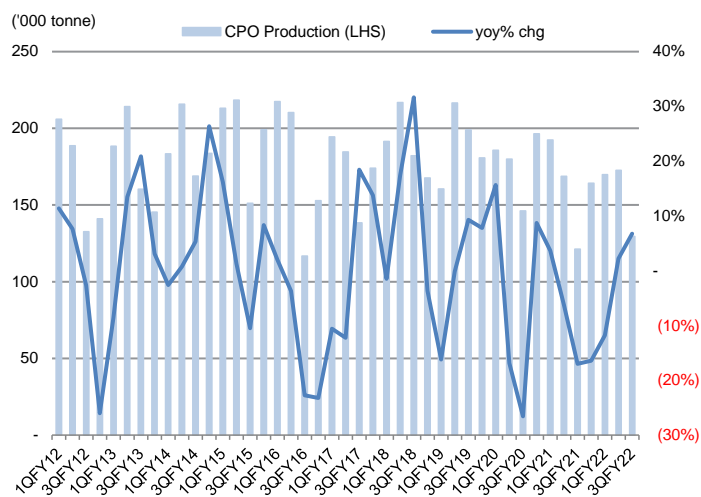
SOURCE: CGS-CIMB RESEARCH, COMPANY

**Figure 4: Quarterly FFB production and yoy growth**



SOURCES: CGS-CIMB, COMPANY REPORTS

**Figure 5: Quarterly CPO production and yoy growth**



SOURCES: CGS-CIMB, COMPANY REPORTS

**Figure 6: Comparison of IOI Corporation production against peers**

| FFB production                      | 1Q           | 1Q           | yoy %     | 4Q           | qoq %        |
|-------------------------------------|--------------|--------------|-----------|--------------|--------------|
| ('000 tonnes)                       | FY22         | FY21         | chg       | FY21         | chg          |
| Sime Darby Plantation               | 1,910        | 2,207        | (13%)     | 2,124        | (10%)        |
| IOI                                 | 600          | 551          | 9%        | 769          | (22%)        |
| KLK                                 | 1,111        | 900          | 23%       | 1,266        | (12%)        |
| FGV                                 | 826          | 742          | 11%       | 1,053        | (22%)        |
| Genting Plantations                 | 437          | 441          | (1%)      | 515          | (15%)        |
| Hap Seng Plantations                | 136          | 130          | 5%        | 165          | (17%)        |
| TH Plantations                      | 130          | 139          | (7%)      | 182          | (29%)        |
| United Malacca                      | 70           | 66           | 6%        | 85           | (17%)        |
| Cepatwawasan Group Bhd              | 22           | 20           | 12%       | 30           | (28%)        |
| Far East Holdings                   | 61           | 60           | 2%        | 85           | (29%)        |
| Sarawak Plantation                  | 62           | 69           | (10%)     | 85           | (27%)        |
| Sarawak Oil Palms Bhd               | 254          | 294          | (14%)     | 315          | (20%)        |
| Ta Ann Holdings Bhd                 | 132          | 137          | (3%)      | 204          | (35%)        |
| Jaya Tiasa                          | 151          | 150          | 1%        | 203          | (25%)        |
| Boustead Plantations                | 196          | 180          | 9%        | 248          | (21%)        |
| <b>Total</b>                        | <b>6,099</b> | <b>6,086</b> | <b>0%</b> | <b>7,330</b> | <b>(17%)</b> |
| MPOB Peninsular CPO production      | 2,092        | 2,031        | 3%        | 2,503        | (16%)        |
| MPOB Sabah CPO production           | 933          | 794          | 17%       | 1,236        | (25%)        |
| MPOB Sarawak CPO production         | 778          | 834          | (7%)      | 1,073        | (28%)        |
| <b>MPOB Malaysia CPO production</b> | <b>3,802</b> | <b>3,658</b> | <b>4%</b> | <b>4,812</b> | <b>(21%)</b> |

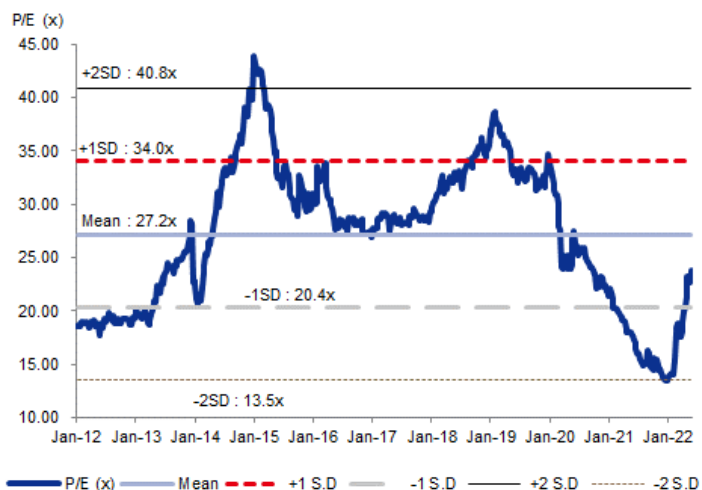
SOURCE: CGS-CIMB RESEARCH, BURSA MALAYSIA, MALAYSIA PALM OIL BOARD

Figure 7: IOI's 12M rolling forward P/BV ratio (x)



SOURCES: CGS-CIMB, COMPANY REPORTS

Figure 8: IOI's 12M rolling forward P/E ratio (x)


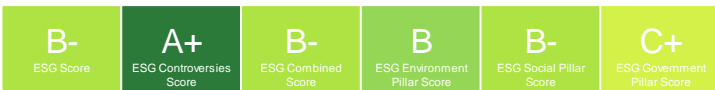


SOURCES: CGS-CIMB, COMPANY REPORTS

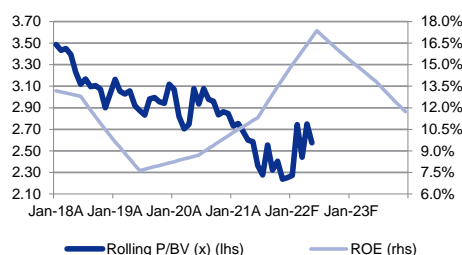
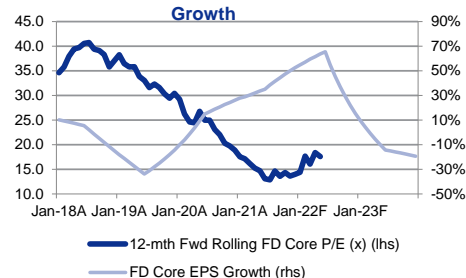
Figure 9: SOP valuation

| Segments                                       | Valuations                          | RMm           |
|--|-------------------------------------|---------------|
| Plantations                                    | 24x forward P/E (-0.5sd to mean PE) | 25,040        |
| Manufacturing (ex- Bunge Lodgers)              | 2x P/BV                             | 6,031         |
| Resource-based manufacturing associates        | 1x carrying amount in balance sheet | 1,715         |
| 31.35% stake in Bumitama Agri                  | Market price of S\$0.58             | 963           |
| Associates (oleo)                              | 3x P/BV                             | 833.1         |
| Cash   | As at 31 June 2021                  | 2,025         |
| Borrowings                                     | As at 31 June 2021                  | (4,898)       |
| <b>Total Sum of Parts (SOP)</b>                |                                     | <b>31,709</b> |
| No of shares after netting treasury shares (m) |                                     | 6,258         |
| <b>SOP per share (RM)</b>                      |                                     | <b>5.07</b>   |
| Less: 10% discount                             |                                     | -10%          |
| <b>Target price (RM per share)</b>             |                                     | <b>4.56</b>   |

SOURCE: CGS-CIMB RESEARCH, COMPANY

| Refinitiv ESG Scores  |   |
|---|---|
|    |   |
|   |   |
| <h2>ESG in a nutshell</h2> <p>IOI Corp's ESG Combined Score as rated by Refinitiv in 2020 was B-, broken down into B for Environmental, B- for Social, and C for Governance. Its combined ESG score of B- is in line with KLK's ESG score of B-, but higher than Sime Darby Plantation's ESG Combined Score of C+. IOI Corp is also a member of the FTSE4Good Bursa Malaysia Index and is ranked top 25% by ESG Ratings amongst PLCs in FBM Emas that have been assessed by FTSE Russell. IOI Corp is a member of the Roundtable on Sustainable Palm Oil (RSPO), and 96% of its estates and all of its 14 Malaysian mills are certified. IOI Corp is committed to achieving 100% RSPO certification for all its estates by 2023. The group's sustainable palm oil policy forms the foundation that outlines its sustainability commitments.</p> |   |
| <h3>Keep your eye on</h3> <p>IOI said it is aware of a letter from the US Customs and Border Protection (CBP) on an investigation into allegations that it uses forced labour. In a letter dated 26 May 2021, the CBP indicated that it had determined that the information was sufficient to investigate the merits of the allegation. As at 25 Jun, IOI Corp had not been contacted by CBP with regards to the investigation.</p>   | <h3>Implications</h3> <p>This news will negatively impact sentiment on IOI Corp's shares due to concerns that the group could be penalised for this controversy through ESG ratings or the issuance of a Withhold Release Order (WRO) by the US CBP. We have applied a 10% discount to our SOP valuation to reflect this risk in our target price.</p>  |
| <h3>ESG highlights</h3> <p>IOI Corp garnered a score of 76.4% (vs. 77.1% in Nov 2020) against an average of 42.7% (vs. 40% in Nov 2020) in its SPOTT assessment in Nov 2021. IOI was ranked 17th (vs. 14<sup>th</sup> in Nov 2020) out of the 100 palm oil producers, processors and traders that were assessed in Nov 2021. It is currently a member of the FTSE4Good Index with an ESG score of 3.1. It is in the 71<sup>st</sup> percentile in the assessment for Dow Jones Sustainability Indices (DJSI) and 90<sup>th</sup> percentile on the EcoVadis Rating. The group has been committed to No Deforestation, No Peat and No Exploitation (NDPE) since 2016 and is a member of the High Carbon Stock Approach (HCSA) group.</p>   | <h3>Implications</h3> <p>Its future ESG score may be impacted by the news about allegations of forced labour at its estates. This could negatively impact its scoring under the 'social' categories. However, IOI Corp's proactive moves to try and address this issue are likely to be viewed positively by the assessor.</p>  |
| <h3>Trends</h3> <p>During 2019, IOI as a group produced 3.014m tCO<sub>2</sub> -e of direct (Scope 1) greenhouse gas (GHG) emissions while indirect (Scope 2) GHG emissions contributed 0.0051m tCO<sub>2</sub> -e. About 51% of the total GHG emissions was from historical land use change during plantation development. IOI forecast that, as a group, it will reduce its GHG emission intensity by 41% by 2025 (from its 2005 baseline), which is likely to surpass the national commitment by Malaysia to reduce its carbon emission intensity by 45% from its 2005 baseline by 2030. However, the emissions reduction achieved in 2020 for plantation under scenario 1 was 14.77% in comparison to the targeted reduction of 21%.</p>  | <h3>Implications</h3> <p>We are positive on the group's commitment to climate change initiatives. Apart from setting targets to reduce GHG emissions through various initiatives, the group plans to promote climate change action practices through innovation and use of technology. It also plans to increase the resilience of its business by forecasting climate scenarios for impact evaluation, thereby managing future climate change risks and opportunities. This will help reduce future earnings risks from climate change, in our view.</p> |

SOURCES: CGS-CIMB RESEARCH, REFINITIV

**BY THE NUMBERS**
**P/BV vs ROE**

**12-mth Fwd FD Core P/E vs FD Core EPS Growth**

**Profit & Loss**

| (RMm)                                     | Jun-20A      | Jun-21A       | Jun-22F       | Jun-23F       | Jun-24F       |
|---|--------------|---------------|---------------|---------------|---------------|
| <b>Total Net Revenues</b>                 | <b>7,802</b> | <b>11,252</b> | <b>11,749</b> | <b>12,031</b> | <b>12,311</b> |
| <b>Gross Profit</b>                       | <b>1,287</b> | <b>4,410</b>  | <b>4,565</b>  | <b>4,488</b>  | <b>4,391</b>  |
| <b>Operating EBITDA</b>                   | <b>1,360</b> | <b>1,596</b>  | <b>2,842</b>  | <b>2,388</b>  | <b>1,951</b>  |
| Depreciation And Amortisation             | -366         | -384          | -403          | -424          | -445          |
| <b>Operating EBIT</b>                     | <b>995</b>   | <b>1,212</b>  | <b>2,438</b>  | <b>1,964</b>  | <b>1,507</b>  |
| Financial Income/(Expense)                | -103         | -126          | -126          | -137          | -149          |
| Pretax Income/(Loss) from Assoc.          | 143          | 261           | 277           | 247           | 197           |
| Non-Operating Income/(Expense)            | 0            | 0             | 0             | 0             | 0             |
| <b>Profit Before Tax (pre-EI)</b>         | <b>1,035</b> | <b>1,346</b>  | <b>2,589</b>  | <b>2,074</b>  | <b>1,555</b>  |
| Exceptional Items                         | -208         | 394           | -274          | 0             | 0             |
| <b>Pre-tax Profit</b>                     | <b>827</b>   | <b>1,740</b>  | <b>2,315</b>  | <b>2,074</b>  | <b>1,555</b>  |
| Taxation                                  | -225         | -324          | -673          | -498          | -373          |
| Exceptional Income - post-tax             |              |               |               |               |               |
| <b>Profit After Tax</b>                   | <b>602</b>   | <b>1,416</b>  | <b>1,642</b>  | <b>1,576</b>  | <b>1,182</b>  |
| Minority Interests                        | -1           | -22           | -29           | -26           | -20           |
| Preferred Dividends                       | 0            | 0             | 0             | 0             | 0             |
| FX Gain/(Loss) - post tax                 |              |               |               |               |               |
| Other Adjustments - post-tax              |              |               |               |               |               |
| <b>Net Profit</b>                         | <b>601</b>   | <b>1,394</b>  | <b>1,612</b>  | <b>1,550</b>  | <b>1,162</b>  |
| Recurring Net Profit                      | 809          | 1,092         | 1,807         | 1,550         | 1,162         |
| <b>Fully Diluted Recurring Net Profit</b> | <b>809</b>   | <b>1,092</b>  | <b>1,807</b>  | <b>1,550</b>  | <b>1,162</b>  |

**Cash Flow**

| (RMm)                            | Jun-20A      | Jun-21A      | Jun-22F       | Jun-23F       | Jun-24F       |
|----------------------------------|--------------|--------------|---------------|---------------|---------------|
| <b>EBITDA</b>                    | <b>1,360</b> | <b>1,596</b> | <b>2,842</b>  | <b>2,388</b>  | <b>1,951</b>  |
| Cash Flow from Inv. & Assoc.     |              |              |               |               |               |
| Change In Working Capital        | -192         | -510         | -202          | -289          | -317          |
| (Incr)/Decr in Total Provisions  |              |              |               |               |               |
| Other Non-Cash (Income)/Expense  |              |              |               |               |               |
| Other Operating Cashflow         | 0            | 0            | 0             | 0             | 0             |
| Net Interest (Paid)/Received     | -103         | -126         | -126          | -137          | -149          |
| Tax Paid                         | -193         | -288         | -673          | -498          | -373          |
| <b>Cashflow From Operations</b>  | <b>872</b>   | <b>672</b>   | <b>1,840</b>  | <b>1,464</b>  | <b>1,112</b>  |
| Capex                            | -392         | -396         | -500          | -500          | -500          |
| Disposals Of FAs/subsidiaries    | 0            | 0            | 0             | 0             | 0             |
| Acq. Of Subsidiaries/investments | 0            | 0            | 0             | 0             | 0             |
| Other Investing Cashflow         | 114          | 120          | 0             | 0             | 0             |
| <b>Cash Flow From Investing</b>  | <b>-279</b>  | <b>-276</b>  | <b>-500</b>   | <b>-500</b>   | <b>-500</b>   |
| Debt Raised/(repaid)             | 66           | -29          | -92           | -119          | -134          |
| Proceeds From Issue Of Shares    | 2            | 1            | -1            | 0             | 0             |
| Shares Repurchased               | 0            | 0            | 0             | 0             | 0             |
| Dividends Paid                   | -534         | -535         | -1,006        | -818          | -598          |
| Preferred Dividends              |              |              |               |               |               |
| Other Financing Cashflow         | -412         | -119         | -425          | -425          | -425          |
| <b>Cash Flow From Financing</b>  | <b>-878</b>  | <b>-682</b>  | <b>-1,523</b> | <b>-1,362</b> | <b>-1,157</b> |
| Total Cash Generated             | -284         | -287         | -183          | -398          | -545          |
| <b>Free Cashflow To Equity</b>   | <b>660</b>   | <b>366</b>   | <b>1,249</b>  | <b>845</b>    | <b>478</b>    |
| <b>Free Cashflow To Firm</b>     | <b>765</b>   | <b>560</b>   | <b>1,498</b>  | <b>1,135</b>  | <b>797</b>    |

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## BY THE NUMBERS... cont'd

### Balance Sheet

| (RMm)                                | Jun-20A       | Jun-21A       | Jun-22F       | Jun-23F       | Jun-24F       |
|--------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Total Cash And Equivalents           | 2,313         | 2,025         | 2,319         | 2,499         | 2,443         |
| Total Debtors                        | 816           | 1,427         | 1,490         | 1,526         | 1,562         |
| Inventories                          | 1,001         | 1,297         | 1,354         | 1,386         | 1,419         |
| Total Other Current Assets           | 760           | 589           | 522           | 524           | 524           |
| <b>Total Current Assets</b>          | <b>4,890</b>  | <b>5,338</b>  | <b>5,685</b>  | <b>5,936</b>  | <b>5,947</b>  |
| Fixed Assets                         | 8,532         | 8,596         | 9,026         | 9,477         | 9,951         |
| Total Investments                    | 2,773         | 3,189         | 3,189         | 3,189         | 3,189         |
| Intangible Assets                    | 424           | 423           | 423           | 423           | 423           |
| Total Other Non-Current Assets       | 113           | 110           | 110           | 110           | 110           |
| <b>Total Non-current Assets</b>      | <b>11,842</b> | <b>12,318</b> | <b>12,748</b> | <b>13,199</b> | <b>13,673</b> |
| Short-term Debt                      | 918           | 3,919         | 3,827         | 3,709         | 3,575         |
| Current Portion of Long-Term Debt    |               |               |               |               |               |
| Total Creditors                      | 657           | 768           | 802           | 821           | 840           |
| Other Current Liabilities            | 260           | 351           | 351           | 351           | 351           |
| <b>Total Current Liabilities</b>     | <b>1,834</b>  | <b>5,037</b>  | <b>4,980</b>  | <b>4,880</b>  | <b>4,765</b>  |
| Total Long-term Debt                 | 4,009         | 979           | 979           | 979           | 979           |
| Hybrid Debt - Debt Component         |               |               |               |               |               |
| Total Other Non-Current Liabilities  | 153           | 153           | 153           | 153           | 153           |
| <b>Total Non-current Liabilities</b> | <b>4,162</b>  | <b>1,131</b>  | <b>1,131</b>  | <b>1,131</b>  | <b>1,131</b>  |
| Total Provisions                     | 1,165         | 1,173         | 1,173         | 1,173         | 1,173         |
| <b>Total Liabilities</b>             | <b>7,161</b>  | <b>7,341</b>  | <b>7,284</b>  | <b>7,184</b>  | <b>7,069</b>  |
| Shareholders' Equity                 | 9,296         | 10,005        | 10,811        | 11,586        | 12,167        |
| Minority Interests                   | 275           | 309           | 338           | 364           | 384           |
| <b>Total Equity</b>                  | <b>9,571</b>  | <b>10,314</b> | <b>11,149</b> | <b>11,950</b> | <b>12,551</b> |

### Key Ratios

|                           | Jun-20A | Jun-21A | Jun-22F | Jun-23F | Jun-24F |
|---------------------------|---------|---------|---------|---------|---------|
| Revenue Growth            | 13.5%   | 44.2%   | 4.4%    | 2.4%    | 2.3%    |
| Operating EBITDA Growth   | 6.0%    | 17.3%   | 78.1%   | (16.0%) | (18.3%) |
| Operating EBITDA Margin   | 17.4%   | 14.2%   | 24.2%   | 19.8%   | 15.9%   |
| Net Cash Per Share (RM)   | -0.42   | -0.46   | -0.40   | -0.35   | -0.34   |
| BVPS (RM)                 | 1.48    | 1.59    | 1.72    | 1.84    | 1.94    |
| Gross Interest Cover      | 5.80    | 7.35    | 15.43   | 11.51   | 8.18    |
| Effective Tax Rate        | 27.2%   | 18.6%   | 29.1%   | 24.0%   | 24.0%   |
| Net Dividend Payout Ratio | 62.2%   | 66.0%   | 53.3%   | 52.8%   | 51.5%   |
| Accounts Receivables Days | 37.28   | 36.38   | 45.32   | 45.76   | 45.90   |
| Inventory Days            | 49.98   | 61.30   | 67.34   | 66.30   | 64.82   |
| Accounts Payables Days    | 35.32   | 38.01   | 39.87   | 39.26   | 38.38   |
| ROIC (%)                  | 9.5%    | 11.3%   | 21.5%   | 16.7%   | 12.3%   |
| ROCE (%)                  | 6.8%    | 7.8%    | 14.8%   | 11.4%   | 8.6%    |
| Return On Average Assets  | 5.5%    | 6.7%    | 11.3%   | 9.1%    | 6.9%    |

### Key Drivers

|                        | Jun-20A   | Jun-21A   | Jun-22F   | Jun-23F   | Jun-24F   |
|------------------------|-----------|-----------|-----------|-----------|-----------|
| Planted Estates (ha)   | 180,496.0 | 177,342.0 | 180,342.0 | 183,342.0 | 186,342.0 |
| Mature Estates (ha)    | 146,856.0 | 143,749.0 | 143,749.0 | 143,749.0 | 143,749.0 |
| FFB Yield (tonnes/ha)  | 22.5      | 20.8      | 20.0      | 20.5      | 21.0      |
| FFB Output Growth (%)  | -8.9%     | -5.8%     | -1.5%     | 2.5%      | 2.4%      |
| CPO Price (US\$/tonne) | 550.1     | 745.6     | 1,171.2   | 1,002.5   | 831.6     |

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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|                     |           |           |         |          |                  |
|---------------------|-----------|-----------|---------|----------|------------------|
| <b>Score Range:</b> | 90 - 100  | 80 – 89   | 70 - 79 | Below 70 | No Survey Result |
| <b>Description:</b> | Excellent | Very Good | Good    | N/A      | N/A              |

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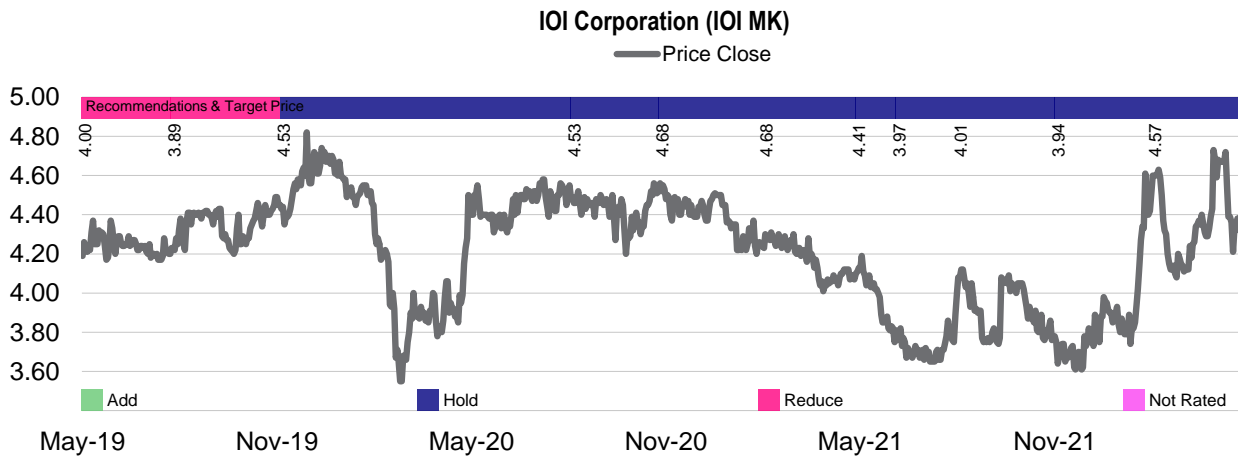
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| Distribution of stock ratings and investment banking clients for quarter ended on 31 March 2022 |                         |                                |
|---|-------------------------|--------------------------------|
| 632 companies under coverage for quarter ended on 31 March 2022                                 |                         |                                |
|   | Rating Distribution (%) | Investment Banking clients (%) |
| Add   | 70.3%                   | 0.8%                           |
| Hold  | 22.0%                   | 0.0%                           |
| Reduce  | 7.8%                    | 0.2%                           |

Spitzer Chart for stock being researched ( 2 year data )



**Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2021, Anti-Corruption 2021**

**ADVANC** – Excellent, Certified, **AMATA** – Excellent, Certified, **ANAN** – Excellent, n/a, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Excellent, n/a, **AWC** – Excellent, Declared, **AU** – Good, n/a, **BAM** – Very Good, Certified, **BAY** – Excellent, Certified, **BBL** – Excellent, Certified, **BCH** – Very Good, Certified, **BCP** - Excellent, Certified, **BCPG** – Excellent, Certified, **BDMS** – Excellent, n/a, **BEAUTY** – Good, n/a, **BEM** – Excellent, n/a, **BH** - Good, n/a, **BJC** – Very Good, n/a, **BLA** – Very Good, Certified, **BTS** - Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – n/a, n/a, **CENTEL** – Excellent, Certified, **CHAYO** – Very Good, n/a, **CHG** – Very Good, n/a, **CK** – Excellent, n/a, **COM7** – Excellent, Certified, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** - Excellent, Certified, **CPNREIT** – n/a, n/a, **CRC** – Excellent, Declared, **DELTA** - Excellent, Certified, **DDD** – Excellent, n/a, **DIF** – n/a, n/a, **DOHOME** – Very Good, Declared, **DREIT** – n/a, n/a, **DTAC** – Excellent, Certified, **ECL** – Excellent, Certified, **EGCO** - Excellent, Certified, **EPG** – Excellent, Certified, **ERW** – Very Good, Certified, **GFPT** - Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Excellent, n/a, **HANA** - Excellent, Certified, **HMPRO** - Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Certified, **III** – Excellent, Declared, **INTUCH** - Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** - Excellent, Certified, **JASIF** – n/a, n/a, **JKN** – n/a, Certified, **JMT** – Very Good, n/a, **KBANK** - Excellent, Certified, **KCE** - Excellent, Certified, **KEX** – Very Good, Declared, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** - Excellent, Certified, **KTC** – Excellent, Certified, **LH** - Excellent, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MAKRO** – Excellent, Certified, **MC** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** - Excellent, Certified, **MTC** – Excellent, Certified, **NETBAY** – Very Good, n/a, **NRF** – Very Good, Declared, **OR** – Excellent, n/a, **ORI** – Excellent, Certified, **OSP** – Excellent, n/a, **PLANB** – Excellent, Certified, **PRINC** – Very Good, Certified, **PR9** – Excellent, Declared, **PSH** – Excellent, Certified, **PTT** - Excellent, Certified, **PTTEP** - Excellent, n/a, **PTTGC** - Excellent, Certified, **QH** – Excellent, Certified, **RAM** – n/a, n/a, **RBF** – Very Good, n/a, **RS** – Excellent, Declared, **RSP** – Good, n/a, **S** – Excellent, n/a, **SAK** – Very Good, Declared, **SAPPE** – Very Good, Certified, **SAWAD** – Very Good, n/a, **SCB** - Excellent, Certified, **SCC** – Excellent, Certified, **SCGP** – Excellent, Declared, **SECURE** – n/a, n/a, **SHR** – Excellent, n/a, **SIRI** – Excellent, Certified, **SPA** – Very Good, n/a, **SPALI** - Excellent, Certified, **SPRC** – Excellent, Certified, **SSP** - Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Very Good, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIDLOR** – n/a, Certified, **TISCO** - Excellent, Certified, **TKN** – Very Good, n/a, **TOP** - Excellent, Certified, **TRUE** – Excellent, Certified, **TTB** - Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Certified, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – n/a, n/a, **WICE** – Excellent, Certified, **WORK** – Good, n/a.

- CG Score 2021 from Thai Institute of Directors Association (IOD)

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| Recommendation Framework   |  |
|--|--|
| <b>Stock Ratings</b>   | Definition:  |
| Add  | The stock's total return is expected to exceed 10% over the next 12 months.  |
| Hold   | The stock's total return is expected to be between 0% and positive 10% over the next 12 months.                              |
| Reduce   | The stock's total return is expected to fall below 0% or more over the next 12 months.                                       |
| <i>The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.</i> |  |
| <b>Sector Ratings</b>  | Definition:  |
| Overweight   | An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.    |
| Neutral  | A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.         |
| Underweight  | An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.   |
| <b>Country Ratings</b>   | Definition:  |
| Overweight   | An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark. |
| Neutral  | A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.           |
| Underweight  | An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark. |