

28 November 2025

PPB Group

Recovery Trajectory On Track

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PPB's 9MFY25 core net profit (CNP) came within Kenanga and consensus' expectations. 3QFY25 results were excellent; excluding a penalty in Indonesia, 19% associate Wilmar International Limited (WIL) shined, along with PPB's own Grains & Agribusiness (G&A) and Consumer Products (CP) divisions. Golden Screen Cinemas (GSC)'s performance though slipped QoQ was still strong YoY. Recent legal cases and fines surrounding WIL have dampened market sentiment on PPB. However, we believe such sentiment is receding, thus FY25-26F core EPS (CEPS) is maintained along with TP of RM12.50 and OUTPERFORM call.

9MFY25. Adjusting for fair value gain (RM28.7m), forex loss (RM3.7m), net gain (RM0.8m) and WIL legal fine of USD712m or RM538m at PPB's level, PPB's 9MFY25 CNP of RM968.6m (+18% YoY) came to 70% and 74% of Kenanga and consensus full-year estimates, respectively. Broadly, 9MFY25 saw better earnings except for WIL which fell 73% YoY to RM192.5m due to a USD712m Indonesian court penalty. Excluding this fine, PPB's share of WIL's core earnings for 9MFY25 is about RM730m or 2% firmer YoY. 9MFY25 property earnings was essentially flat (-2% YoY).

3QFY25. PPB saw better 3QFY25 CNP of RM330.4m (+16% QoQ, +40% YoY) on stronger contributions from: (a) WIL's core earnings of RM273m (+25% QoQ, +21% YoY) which excludes its court fine of USD712m, (b) G&A's PBT soared to RM111m (+67%QoQ, +866% YoY) on lower wheat price firmer MYR, and (c) GSC which saw weaker QoQ but stronger YoY performance on better line up of blockbuster titles. Smaller contributors such as CP also fared better while property earnings were mix, up QoQ but yet to match last year's level. 3QFY25 ended with net cash, of RM1.28b (-1% QoQ, +52% YoY). As expected, no 3Q dividend was declared. Maintain FY25-26 annual DPS of 45 sen.

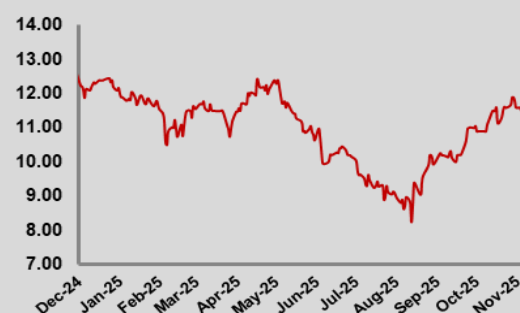
Recovery trajectory over FY25-26 looks on track. Although FY25 still has another quarter to conclude, it looks increasingly likely the poor years of FY23-24 are firmly behind. Core FY25 earnings should recover by 21.5% YoY followed by 17% growth in FY26, underpinned by growing Asia-Pacific middle-income group's demand for more convenient FMCG food and mass entertainment.

- Slow and steady outlook for G&A.** Due to its trading exposure in the grains market, earnings can be volatile. However, demand growth for flour (and feed) looks robust in the long term. Favourable demographics, urbanisation and rising affluence are supportive of PPB's five flour mills (largest in Malaysia with 2,820MT in daily capacity), two mills in Vietnam (2,050MT/day) and 43%-stake in a 1,070MT/day mill in Thailand. In China, PPB holds 20% associate stakes in seven mills (17,950MT/day in total capacity) which are controlled by WIL. FY25-26 margins should also be healthy on soft input prices especially wheat.
- GSC earnings are on the mend.** GSC has been reporting losses since FY20, initially from Covid lockdowns, followed by blockbuster releases affected by actors and writers strike in Hollywood. However, thanks to PPB's strong balance sheet, GSC bought over the third largest cinema chain in Malaysia (MBO Cinemas) in 2021 which was operationally restructured. Overall, GSC post-Covid recovery has been slower than expected. Nonetheless, earnings are recovering and should grow by 5% a year on better blockbuster line ups, new lifestyle formats (AURUM & Velvet) and more efficient sites.

OUTPERFORM ↔

Price : **RM11.30**
Target Price : **RM12.50** ↔

Share Price Performance



KLCI	1,617.46
YTD KLCI chg	-1.5%
YTD stock price chg	-8.9%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	PEP MK EQUITY
Market Cap (RM m)	16,075.4
Shares Outstanding	1,422.6
52-week range (H)	13.40
52-week range (L)	8.23
3-mth avg. daily vol.	3,182,439
Free Float	42%
Beta	0.7

Major Shareholders

Kuok Brothers Sdn Bhd	50.6%
Employees Provident	17.4%
Nai Seng Sdn Berhad	3.4%

Summary Earnings Table

FYE Dec (RM m)	2024A	2025F	2026F
Turnover	5,385.9	5,448.0	5,790.9
EBIT	309.1	291.4	374.8
PBT	1,332.5	919.5	1,715.6
Net Profit (NP)	1,219.4	850.0	1,639.4
Core NP	1,153.0	1,401.1	1,639.4
Consensus NP	-	1,313	1,473
Earnings Revision	-	-	-
Core EPS (sen)	81.0	98.5	115.2
Core EPS Growth (%)	0.7	21.5	17.0
NDPS (sen)	42.0	45.0	45.0
BV/Share (RM)	18.7	18.8	19.5
Core PER (x)	13.6	11.2	9.6
Price/BV (x)	0.6	0.6	0.6
Net Gearing (x)	(0.0)	(0.0)	(0.1)
Dividend Yield (%)	3.8	4.1	4.1

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- Higher property profits within sight.** Earnings from its five malls and property development should grow in 4QFY25 and into FY26. Lumina Bedong, a 228-acre township with GDV of RM900m in north Sg. Petani, Kedah was launched in Dec 2024 and has started contributing this year, albeit small. Being planned is a 4-acre low-density condominium project at Kwasa Damansara, Selangor.
- Consumer products.** A small contributor but strategic to the group as it markets and distributes FMCG products (for both the group and third parties). A beneficiary of MySara and Visit Malaysia 2026, the unit should fare better in FY26.
- Headwinds at WIL should recede.** WIL has had a tumultuous two years, from sector-wide cooking oil contamination fear in China and Australian sugar mill union disputes to paying a USD712m fine in Indonesia. Last week, WIL announced it was facing a USD265m legal claim in China together with another party. Assuming, WIL has to pay half of that, the impact on PPB is about RM94m or 6% of FY26 CNP even though in practice we would have excluded such one-off, lumpy non-core items from CNP. In any case, WIL is contesting against the court decision.

Forecasts. Maintained.

Valuations. We are also maintaining our TP of RM12.50, which still have discounts for WIL other legal cases. We arrived at the TP of RM12.50 after taking the following into considerations:

- Using the long term average of larger integrated planters target PER of 16x gives us a base price of RM18.45 for PPB.
- Applying a 20% discount for PPB's holding company status, the above base TP of RM18.45 is cut to RM14.70.
- As 65%-75% of PPB earnings is from WIL, due to uncertainties from recent WIL legal case and cases, we applied another 15% discount to arrive at out eventual TP of RM12.50.

Investment case. PPB's 9MFY25 earnings suggest that the recovery trajectory is on track even if sometimes slow and/or bumpy. Earnings can still be volatile due to the trading positions in commodities undertaken by WIL as well as PPB's G&A unit but the group has attractive long-term exposure to the Asia-Pacific growing middle-class consumer markets, from agriculture products to branded ready-to-eat meals and even mass entertainment. WIL has strong food FMCG presence in China and India while PPB has flour, feed, food and film exhibition businesses in SE Asia. Trading deeply below book value with prospective PER of <10x and GDY of around 5% we believe the downside is limited while a resolution of WILs legal cases or further earnings recovery could spur more market interest in PPB.

Risks to our recommendation include: (i) weather impact on commodity supply and prices, (ii) regulatory changes affecting prices of essential goods, and (iii) production cost inflation.

Results Highlights								
FYE Dec (RM m)	3Q25	2Q25	QoQ	3Q24	YoY	9MFY25	9MFY24	YoY
Revenue	1,378.4	1,359.8	1%	1,348.7	2%	4,089.4	3,955.3	3%
Gross Profit	196.5	193.8	1%	131.8	49%	562.1	436.3	29%
EBIT	79.6	82.2	-3%	4.9	1510%	226.2	89.1	154%
Interest expenses	(6.9)	(7.8)	-11%	(10.7)	-35%	(23.2)	(30.9)	-25%
Associates & JVs	(264.5)*	218.5	-221%	224.8	-218%	263.6*	756.6	-65%
Misc	38.5	20.6	87%	(9.9)	-488%	104.0	95.4	9%
EI (to be excluded fr N Profit)	(571.6)	(5.9)	9632%	(28.5)	1909%	(554.2)	32.8	-1788%
Pretax Profit	(153.2)	313.4	-149%	209.1	-173%	570.5	910.2	-37%
Taxation	(30.3)	(24.5)	24%	(17.7)	71%	(72.1)	(58.5)	23%
MI & Discontinued ops	(16.0)	(9.1)	0%	16.8	-195%	(42.3)	2.6	-1760%
Net Profit	(199.6)	279.8	-171%	208.1	-196%	456.1	854.2	-47%
Core Net Profit	330.4	285.7	16%	236.6	40%	968.6	821.4	18%
Core EPS (sen)	23.2	20.1	16%	16.6	40%	68.1	57.7	18%
DPS (sen)	-	12.0	N.A.	-	N.A.	12.0	12.0	0%
Wilmar's contribution	(288.6)	197.3	-246%	205.1	-241%	192.5	719.1	-73%
% share of PBT	188%	63%		98%		34%	79%	
GP %	14%	14%		10%		14%	11%	
EBIT %	6%	6%		0%		6%	2%	
PBT %	-11%	23%		16%		14%	23%	
Tax %	-20%	8%		8%		13%	6%	

*After accounting for WIL's Indonesia court fine of which PPB's share amounts to approximately RM538m.

Source: Company, Kenanga Research

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Segmental Breakdown								
FYE Dec (RM m)	3Q25	2Q25	QoQ	3Q24	YoY	9MFY25	9MFY24	YoY
Segmental Revenue:								
Grains & Agribusiness	951.7	929.6	2%	1,008.3	-6%	2,875.7	2,884.5	0%
Consumer Products	246.1	196.0	26%	187.2	31%	652.7	582.4	12%
Film Exhibition & Distr.	165.3	210.0	-21%	138.9	19%	505.9	438.9	15%
Property	13.7	18.1	-24%	12.7	8%	46.9	39.7	18%
Others	1.7	6.1	-73%	1.6	2%	8.1	9.8	-17%
Group Revenue	1,378.4	1,359.8	1%	1,348.7	2%	4,089.4	3,955.3	3%
Segmental Pretax Profit:								
Grains & Agribusiness	111.0	66.3	67%	11.5	866%	301.8	181.3	66%
Consumer Products	5.0	2.2	122%	4.8	4%	7.8	7.6	3%
Cinema & Film Distribution	15.7	37.6	-58%	(0.7)	-2309%	48.3	0.5	9289%
Property	3.2	2.1	56%	4.0	-20%	7.4	7.5	-2%
Investments & Others	9.7	17.5	-45%	(6.3)	-255%	40.2	20.6	95%
Wilmar's contribution	(288.6)*	197.3	-246%	205.1	-241%	192.5*	719.1	-73%
Unallocated Corp Exp	(9.2)	(9.6)	-4%	(9.3)	-1%	(27.5)	(26.5)	4%
Group Pretax Profit	(153.2)	313.4	-149%	209.1	-173%	570.5	910.2	-37%

*After accounting for WIL's Indonesia court fine of which PPB's share amounts to approximately RM538m.

Source: Company, Kenanga Research

Peer Table Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside	Market Cap (RM m)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) - Core Earnings		PBV (x)	ROE	Net Div. (sen)	Net Div Yld
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.
PLANTATION																	
GENTING PLANTATIONS BHD	MP	5.04	5.10	1.2%	4,521.7	Y	12/2025	34.6	42.6	1.9%	23.0%	14.6	11.8	0.8	8.0%	25.0	5.0%
HAP SENG PLANTATIONS HOLDING	MP	2.12	2.40	13.2%	1,695.3	Y	12/2025	14.8	15.6	-20.4%	5.2%	14.3	13.6	0.8	5.6%	11.0	5.2%
IOI CORP BHD	MP	4.04	4.20	4.0%	25,392.2	Y	06/2026	22.9	22.5	13.1%	-1.8%	17.6	17.9	1.9	11.2%	11.0	2.7%
KUALA LUMPUR KEPONG BHD	OP	20.20	24.00	18.8%	22,495.9	Y	09/2026	141.3	142.2	30.3%	0.7%	14.3	14.2	1.4	10.8%	60.0	3.0%
PPB GROUP BHD	OP	11.30	12.50	10.6%	16,075.4	Y	12/2025	98.5	115.2	21.5%	17.0%	11.5	9.8	0.6	3.0%	45.0	4.0%
SD GUTHRIE BHD	MP	5.25	5.10	-2.9%	36,307.5	Y	12/2025	28.7	26.5	32.3%	-7.5%	18.3	19.8	1.8	13.0%	17.0	3.2%
TA ANN HOLDINGS BHD	MP	4.33	3.90	-9.9%	1,907.2	Y	12/2025	45.5	41.5	20.4%	-8.8%	9.5	10.4	1.0	10.9%	40.0	9.2%
TSH RESOURCES BHD	OP	1.34	1.55	15.7%	1,704.9	Y	12/2025	13.3	12.7	39.3%	-4.2%	10.1	10.5	0.8	8.3%	3.0	2.2%
UNITED MALACCA BHD	OP	5.88	6.00	2.0%	1,233.4	Y	04/2026	56.4	54.8	1.6%	-2.8%	10.4	10.7	0.8	7.8%	18.0	3.1%
Simple Average					111,333.6					22.1%	1.7%	15.3	15.1	1.1	8.7%		4.2%

Source: Bloomberg, Kenanga Research

	Criterion	Rating				
GENERAL	Earnings Sustainability & Quality	★	★	★		
	Corporate Social Responsibility	★	★	★		
	Management/Workforce Diversity	★	★	★		
	Accessibility & Transparency	★	★	★		
	Corruption-Free Pledge	★	★	★		
	Carbon-Neutral Initiatives	★	★	★	☆	
	SPECIFIC	Biodiversity Conservation	★	★	★	☆
Sustainable Planting		★	★	★	☆	
Guest Labour Welfare		★	★	★	★	
Supply Chain Auditing		★	★	★	★	
Occupational Health & Safety		★	★	★	★	
Waste Disposal & Pollution Control		★	★	★	★	
OVERALL		★	★	★		

☆ denotes half-star
★ -10% discount to TP
★★ -5% discount to TP
★★★ TP unchanged
★★★★ +5% premium to TP
★★★★★ +10% premium to TP

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Stock Ratings are defined as follows:**Stock Recommendations**

OUTPERFORM	: A particular stock's Expected Total Return is MORE than 10%
MARKET PERFORM	: A particular stock's Expected Total Return is WITHIN the range of -5% to 10%
UNDERPERFORM	: A particular stock's Expected Total Return is LESS than -5%

Sector Recommendations***

OVERWEIGHT	: A particular sector's Expected Total Return is MORE than 10%
NEUTRAL	: A particular sector's Expected Total Return is WITHIN the range of -5% to 10%
UNDERWEIGHT	: A particular sector's Expected Total Return is LESS than -5%

*****Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.**

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