

## Boustead Plantations (BPLANT MK)

# Why is BPLANT a prime privatisation target?

### Privatisation can be self-funded via land disposals

A privatization exercise by BPLANT's immediate holding company (BOUS MK; Not Rated) will result in an "acquisition gain" for the latter. This privatization exercise can be self-funded by disposing some small parcels of land owned by BPLANT. Our core earnings risk is on the upside if CPO ASP is higher than our forecasts of MYR2,400/2,400/t for FY20E/21E. Every MYR100/t change in CPO ASP impacts our FY20E/FY21E core PATMI by MYR17m/18m as it is highly leveraged to CPO price movements. BPLANT trades at an undemanding 0.43x PBV, and 0.26x P/RNAV. Maintain BUY with an unchanged discounted RNAV-TP of MYR0.62/sh.

### We offer few possible reasons

(1) BOUS will record a huge accounting "acquisition gain" if it privatizes BPLANT at a significant discount to its BV. For instance, by our estimate, BOUS will likely record gains of up to MYR389m (subject to BOUS's group consolidation adjustments, if any) for the remaining 30.48% equity stake not owned by BOUS (and LTAT, the ultimate holding company) if it sets an offer price at 0.5x BPLANT's BV. The gains will reduce proportionately if a higher PBV is offered. (2) At 0.5x PBV offer, BOUS will need to fork out up to MYR389m to take BPLANT private. (3) Post-privatisation, BPLANT can sell some of its 98,212 ha land (Fig.17), recognise some disposal gains and pay higher dividends to cover for BOUS's privatisation cost. BPLANT has 18,419 ha of freehold land, of which 10,412 ha are prime land (Fig.3). By our latest estimate, BPLANT's RNAV is worth MYR1.86/sh or MYR4,164m (Fig.1).

### Even a revival of asset monetisation will suffice

Even if BPLANT is not privatized, a revival of its asset monetization exercise would lead to further re-rating as earnings will be lifted by disposal gains and raises the possibility of higher dividend payouts. Since listing in 2014, BPLANT has sold 2,164 ha of land, raised ~MYR1.0b in gross proceeds (Fig.2), and recognized total disposal gains of ~MYR0.9b. It has also paid out ~MYR1.0b in total dividends since listing.

FYE Dec (MYR m)	FY18A	FY19A	FY20E	FY21E	FY22E
Revenue	584	577	691	711	759
EBITDA	119	145	221	221	250
Core net profit	(52)	(82)	5	15	39
Core EPS (sen)	(2.3)	(3.6)	0.2	0.7	1.7
Core EPS growth (%)	nm	nm	nm	225.0	153.5
Net DPS (sen)	7.0	1.0	0.1	0.5	1.0
Core P/E (x)	nm	nm	231.8	71.3	28.1
P/BV (x)	0.6	0.7	0.4	0.4	0.4
Net dividend yield (%)	9.3	1.3	0.2	1.0	2.0
ROAE (%)	(1.8)	(5.5)	0.2	0.6	1.5
ROAA (%)	(1.4)	(2.0)	0.1	0.4	0.9
EV/EBITDA (x)	22.6	20.4	10.4	10.1	8.7
Net gearing (%) (incl perps)	40.3	55.3	53.1	50.4	47.0
Consensus net profit	-	-	5	15	39
MKE vs. Consensus (%)	-	-	0.8	(0.1)	0.0

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# BUY

Share Price	MYR 0.49
12m Price Target	MYR 0.62 (+27%)
Previous Price Target	MYR 0.62

### Company Description

Boustead Plantations is a pure upstream oil palm plantation company with estates located principally in Malaysia.

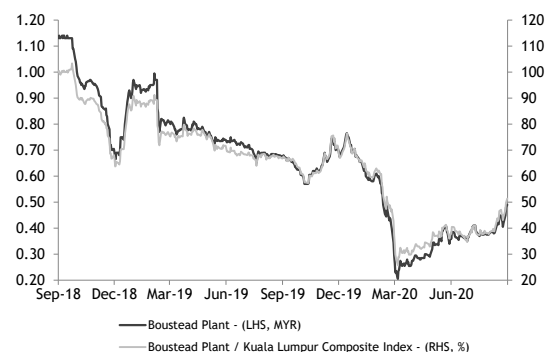
### Statistics

52w high/low (MYR)	0.77/0.21
3m avg turnover (USDm)	0.8
Free float (%)	33.2
Issued shares (m)	2,240
Market capitalisation	MYR1.1B
	USD265M

### Major shareholders:

Boustead Holdings Bhd.	57.4%
Lembaga Tabung Angkatan Tentera	12.1%
Employees Provident Fund	4.6%

### Price Performance



	-1M	-3M	-12M
Absolute (%)	31	34	(27)
Relative to index (%)	33	34	(24)

Source: FactSet

### Terms used in this note:

- BV - Book value
- Ha - hectare
- PATMI - Profit after tax and minority interests
- PBV - Price-to-book value
- P/RNAV - Price-to-Revised Net Asset Value

### Corporate (Bloomberg) tickers:

- BOUS - Boustead Holdings (Not Rated)
- BPLANT - Boustead Plantations
- LTAT - Lembaga Tabung Angkatan Tentera (Not listed)

Fig. 1: Boustead Plantations RNAV

Estates	Owner -ship	Status	Size	NBV	BV	Market value	Market Value (based on equity stake)	SOTP on 50%- disc on estates	SOP/sh
			Hectare	MYR 'm	MYR psf	MYR psf	MYR'm	MYR'm	MYR
Balau (Figs. 4 & 5)	100%	FH	247	280.0	10.51	12.00	319.4	319.4	0.14
Kulai Young (Fig. 6)	100%	FH	671	65.2	0.90	8.00	577.2	577.2	0.26
Bukit Mertajam (Figs. 7 & 8)	100%	FH	2,165	141.6	0.61	4.00	931.7	931.7	0.42
Kuala Muda (Figs. 11 & 12)	50%	FH	**760	27.1	0.33	1.50	122.6	122.6	0.05
Malakoff (Figs. 9 & 10)	100%	FH	562	64.2	1.06	8.00	484.0	484.0	0.22
Telok Sengat (Figs. 15&16)	100%	FH	3,690	266.4	0.67	1.50	595.5	595.5	0.27
Batu Pekaka (Figs. 11 & 12)	100%	FH	969	47.3	0.45	1.50	156.3	156.3	0.07
Taiping Rubber (Figs. 13&14)	100%	FH	1,348	74.4	0.51	1.50	217.5	217.5	0.10
			<b>**10,412</b>	<b>966.2</b>	<b>0.86</b>		<b>3,404.3</b>	<b>3,404.3</b>	<b>1.52</b>
						Replacement cost MYR/ha			
Remaining adjusted planted (ha)			70,988			30,000	<u>2,129.6</u>	<u>2,129.6</u>	<u>0.95</u>
Value of re-valued estates at replacements costs/ market value							<b>5,534.0</b>	<b>5,534.0</b>	2.47
							-	<u>(2,767.0)</u>	<u>(1.24)</u>
<b>Less: 50% discount</b>							<b>5,534.0</b>	<b>2,767.0</b>	<b>1.24</b>
Discounted value of estates									
JV company at book value							34.3	34.3	0.02
Net debt (@ 31 Dec 2020)							(1,304.3)	(1,304.3)	(0.58)
Minority Interest (@ 31 Dec 2020)							<u>(99.7)</u>	<u>(99.7)</u>	<u>(0.04)</u>
<b>RNAV</b>							<b>4,164.3</b>	<b>1,397.3</b>	<b>0.62</b>
No of shares issued ('m)							2,240.0	2,240.0	
RNAV (MYR per share)							<b>1.86</b>	<b>0.62</b>	

\* excludes estimated EBIT of estates with property development potential; \*\* effective stake; FH = Freehold

Source: Company, Maybank KE

Fig.2: Boustead Plantations asset disposals since listing in 2014

Date	Location	Details	Buyers	Size	Market value	EV/ha	Market price
				ha	MYR' m	MYR/ha	MYR psf
May-15	Kulai, Johor	Quarry site	Seng Hong Quarry SB	56	29.1	517,794	4.81
May-15	Kulai, Johor	Quarry site	Bentara Gemilang Industries SB	32	19.9	623,824	5.80
Jun-15	Kulai, Johor	Quarry site	Sanggul Suria SB	57	12.3	215,789	2.00
Jun-15	Kulai, Johor	Quarry site	Hanson Quarry Products (Segamat) SB	102	81.9	802,155	7.45
Sep-15	Kulai, Johor	Quarry site	YTL Cement	104	60.7	581,130	5.40
Dec-16	Kota Tinggi, Johor	76%-equity in Boustead Sedili	Boustead Sedili minority shareholder	996	60.0	83,627	0.78
Dec-16	Seberang Perai Utara, Penang	Part of Malakoff estate	SP Setia	678	620.1	914,932	8.50
Jan-18	Seberang Perai Utara, Penang	Part of Malakoff estate	Sunrich Conquest SB, Titanium Greenview	139	136.0	979,508	9.10
				<b>2,164</b>	<b>1,020.0</b>		

Source: Company, Maybank KE

## Strategically located estates with development potential is BPLANT's key attraction

### 18,419 ha of freehold land in Peninsular Malaysia

BPLANT owns 18,419 ha of freehold estates, all located in Peninsular Malaysia. Of these, 89% are located along the highly populated west coast of Peninsular Malaysia, namely in Selangor (1%), Penang (3%), Johor (45%), Kedah (11%) and Perak (12%). These valuable freehold estates represent ~19% of BPLANT's total land bank in Malaysia.

**Fig.3: Breakdown of freehold land in Peninsular Malaysia by State**

State	Daerah / District	Hectare	%
Selangor	Semenyih	247	1.3
Penang	Tasek Gelugor	562	3.1
Kedah	Kulim, Kuala Muda, Kuala Ketil, Sungai Petani	5,119	27.8
Johor	Kulai, Tangkak, Kota Tinggi, Bekok, Kluang	8,201	44.5
Perak	Trong, Selama	2,254	12.2
Kelantan	Kuala Kerai	2,035	11.1
<b>Total freehold area</b>		<b>18,419</b>	<b>100.0</b>
BPLANT's total oil palm planted area (Fig.17)		<b>79,406</b>	
BPLANT's group land bank (Fig.17)		<b>98,212</b>	

Source: Company, Maybank KE

### ~10,412 ha have more immediate property development potential

Among BPLANT's estates, we have identified eight estates (Fig.1) that have the potential to be developed for property development in the coming years. There are broadly two categories:

- (i) **immediate potential:** Balau Estate (Figs.4 & 5), Kulai Young Estate (Fig.6), Bukit Mertajam Estate (Figs.7 & 8), Malakoff Estate (Figs.9 & 10), and Kuala Muda Estate (a 50% JV with FGV Holdings [FGV MK, Not Rated]; Figs.11 & 12); and
- (ii) **future potential:** Batu Pekaka Estate (Figs.11 & 12), Taiping Rubber Plantation (Figs.13 & 14), and Telok Sengat Estate (Figs.15 & 16).

Collectively, these estates measure 10,412 ha in size or ~11% of BPLANT's total land bank. The location sites of these estates are illustrated in the subsequent pages.

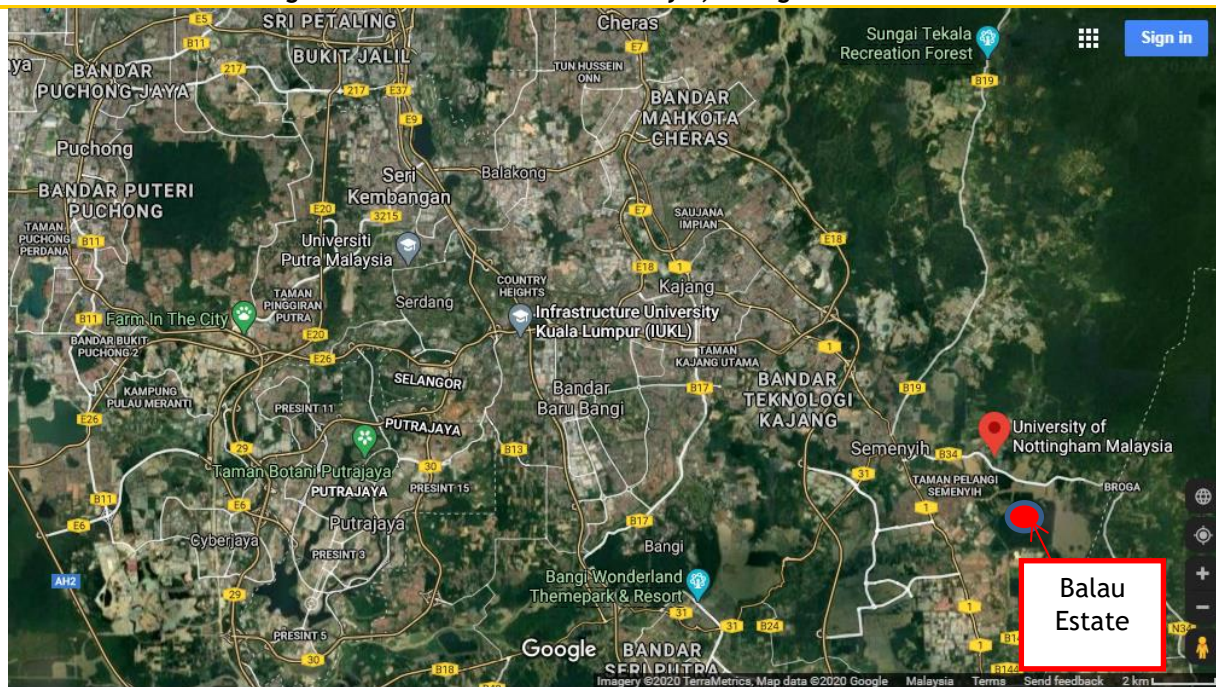
### Balau Estate is the most valuable (in MYR psf) of BPLANT’s estates

The Balau Estate is small in size with just 247 ha remaining. To run an estate economically, it should be at least 2,000-3,000 ha in size. BPLANT’s Annual Report 2019 stated that all plantation activities at Balau estate have ceased operations. Hence, it is just a matter of time before BPLANT monetises this piece of land located in Semenyih, Selangor.

As for recent transactions near Balau Estate, Eco World Development (ECW MK, HOLD, CP MYR0.415, TP MYR0.41) in July 2014 acquired a 492.7-acre freehold agricultural land in Semenyih from Univas S/B (Not Listed) for MYR225.3m cash (MYR10.50psf or ~MYR1.13m/ha). This land is located 3km from Nottingham University and next to BPLANT’s Balau Estate.

In 2016, Sime Darby (SIME MK, BUY, CP MYR2.37, TP MYR2.58) sold a combined 325.8ha of freehold oil palm land in Semenyih, Selangor to Petaling Garden S/B (Not Listed) for MYR428.8m cash (MYR12.22psf or ~MYR1.32m/ha). We have pegged BPLANT’s Balau Estate at MYR12.00 psf.

Fig 4: Aerial view of the remaining 247 ha of Balau Estate in Semenyih, Selangor



Source: Google Map (dated), Maybank KE

Fig 5: Close up view of the remaining 247 ha of Balau Estate in Semenyih, Selangor



Location : Balau Estate, Semenyih (near Nottingham University, Malaysia Campus)

Size : 247 ha

NBV : MYR280m

BV : MYR10.51psf

Est. Mkt Value: MYR319m or MYR12.00psf

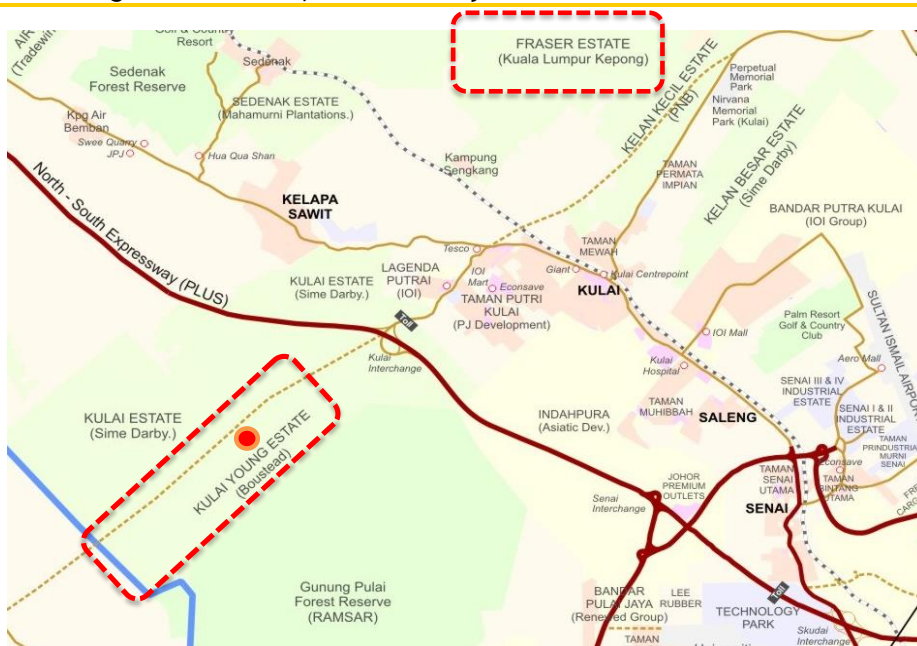
Ownership: 100%-owned

Source: Google map (dated), Company

### Kulai Young Estate potentially worth MYR8psf

In Feb 2014, Kuala Lumpur Kepong (KLK MK, HOLD, CP MYR22.70, TP MYR23.70) and UEM Sunrise (UEMS, HOLD, CP MYR0.39, TP MYR0.43) swapped two parcels of land and formed two JV companies to jointly develop the land. One of the land swap involved KLK’s 2,500 acres land in Fraser Estate, Kulai, about 5-10 minute drive from the Kulai Interchange of the North-South Expressway (NSE). The swap was pegged at MYR8 psf or -MYR861,100 per ha. BPLANT’s Kulai Young Estate is located near the Kulai Interchange with better accessibility from the NSE. We thus peg BPLANT’s Kulai Young Estate at MYR8psf, which is 8.9x higher than its book value of MYR0.90psf.

Fig 6: Kulai Young Estates in Kulai, Iskandar Malaysia



Location : Kulai Young Estate, Johor (near Kulai Interchange)

Size : 671 ha

NBV : MYR65m

BV : MYR0.90psf

Est. Mkt Value: MYR577m or MYR8.00psf

Ownership: 100%-owned

Source: Ho Chin Soon map, Company, Maybank KE

### Bukit Mertajam Estate is near Kulim High-Tech park

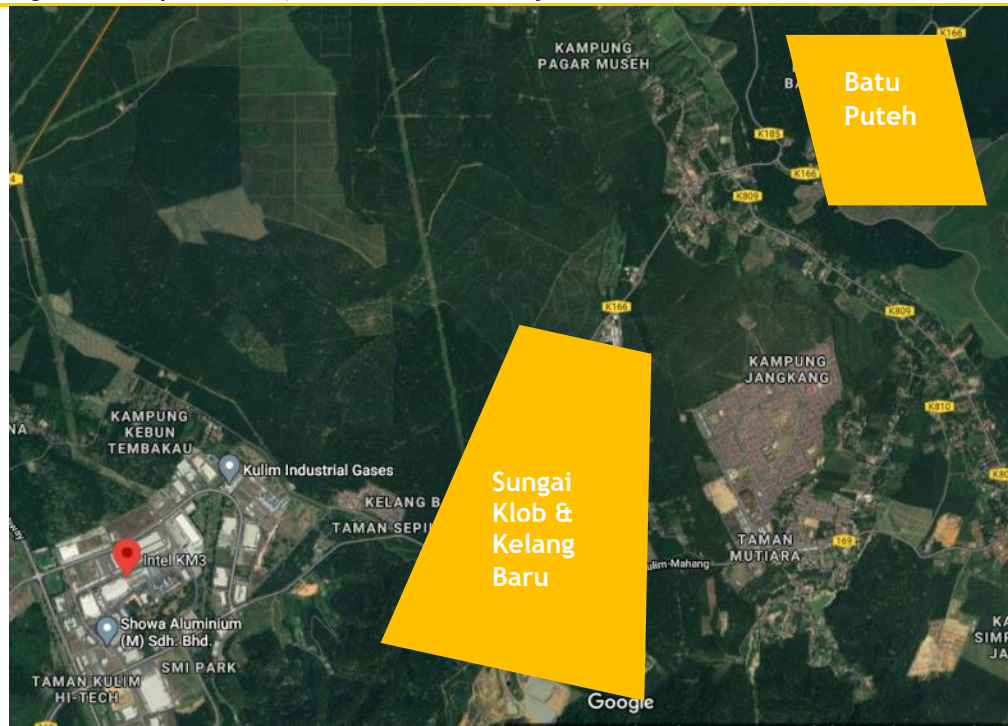
We understand there are two parts to the Bukit Mertajam Estate - Batu Puteh, and Sungai Klob & Kelang Baru. Collectively, the Bukit Mertajam Estate in Kedah measures 2,165 ha. It is located near Kulim High-Tech Park, which was also once part of BPLANT's estate. We pegged a value of MYR4.00psf (or ~MYR430,600/ha) to its Bukit Mertajam Estate, much higher than its current book value of MYR0.61psf or ~MYR65,400/ha.

Fig 7: 2,165 ha of Bukit Mertajam Estates in Kedah



Source: Google Map (dated), Company, Maybank KE

Fig 8: Close up view of 2,165 ha of Bukit Mertajam Estates in Kedah



Location : Bukit Mertajam, Kedah (near Kulim High-Tech Park)

Size : 2,165 ha

NBV : MYR141.6m

BV : MYR0.61psf

Est. Mkt Value:

MYR932m or MYR4.00psf

Ownership: 100%-owned

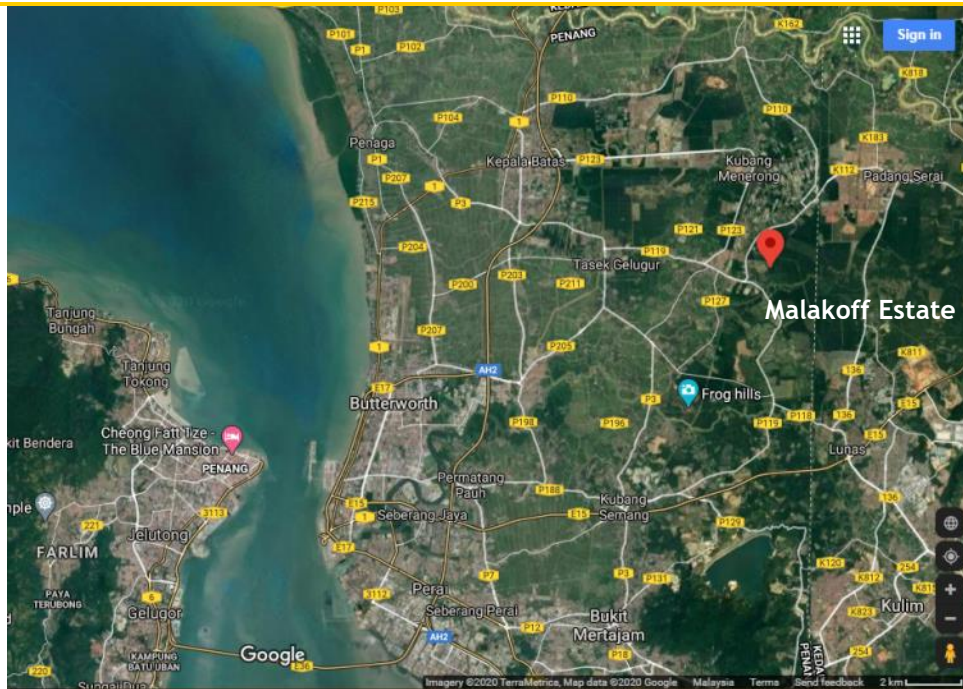
Source: Google Map, Company, Maybank KE

### Malakoff Estate is bordering existing developments

BPLANT has several oil palm estates up north but the Malakoff Estate remains the most valuable. BPLANT sold part of its Malakoff Estate (678 ha) to SP Setia (SPSB MK, BUY, CP MYR0.76, TP MYR1.30) for MYR620m cash or MYR8.50psf in 2016, and another 139 ha to Sunrich Conquest S/B and Titajium Greenview (both Not Listed) in 2018 for MYR136m cash or MYR9.10psf. Post these two disposals, there is remaining 562 ha of Malakoff Estate.

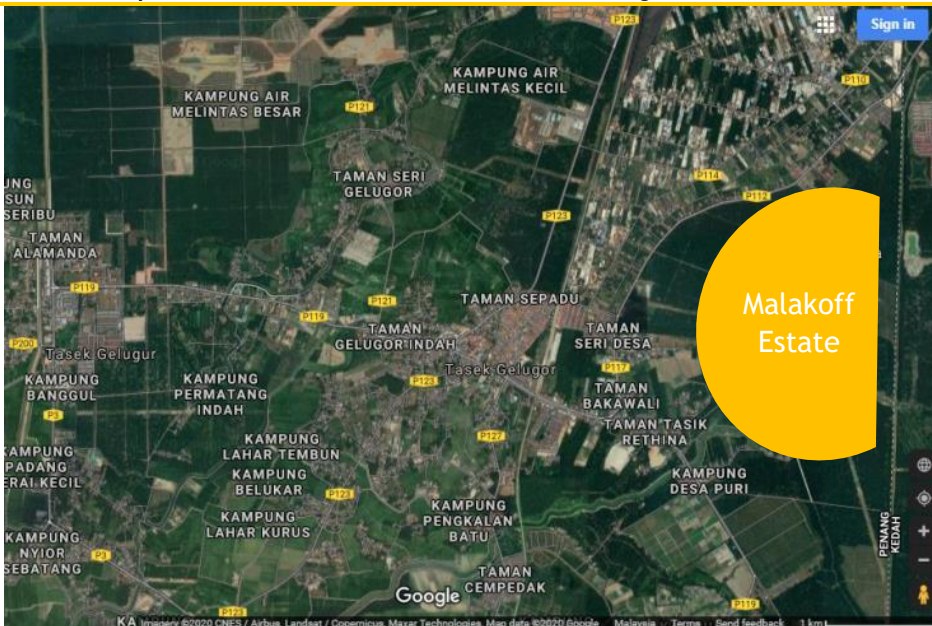
The remaining Malakoff Estate is held in the books at MYR1.06psf or ~MYR114,200/ha. We peg a MYR8psf (or ~MYR860,750/ha) valuation to its Malakoff Estate.

Fig 9: Aerial view of 562 ha of Malakoff Estate in Penang



Source: Google Map (dated), Company, Maybank KE

Fig 10: Close up view of 562 ha of Malakoff Estate in Penang



Location: Malakoff Estate  
 Size : 562.3 ha  
 NBV : MYR64.2m  
 BV : MYR1.06psf  
 Est. Mkt Value:  
 MYR484m or MYR8.00psf  
 Ownership: 100%-owned

Source: Google Map, Company, Maybank KE

### Kuala Muda Estate is held at MYR35,667/ha

Kuala Muda Estate is a 50:50 JV between BPLANT and a subsidiary of FGV Holdings (FGV MK, Not Rated) with BPLANT’s effective stake at 759.8ha. This estate is to the east of Sungai Petani town in Kedah and held in the books at MYR35,667/ha or MYR0.33psf. Applying a value of MYR1.50psf or ~MYR161,400/ha, this is a 4-fold increase in value.

### Batu Pekaka Estate is held at MYR48,828/ha

Nearby Kuala Muda Estate is BPLANT’s Batu Pekaka Estate, also located in Kedah. Measuring 969 ha, Batu Pekaka Estate is located near Kuala Ketil Industrial Park and valued at MYR0.45psf (or MYR48,828/ha) in BPLANT’s book. We too value this Batu Pekaka Estate at MYR1.50psf or ~MYR161,400/ha.

Fig 11: Aerial view of (i) 760 ha of Kuala Muda Estate in Kedah, and (ii) 969 ha of Batu Pekaka Estate in Kedah



Source: Google Map (dated), Company, Maybank KE

Fig 12: Close up view of (i) 760 ha of Kuala Muda Estate in Kedah, and (ii) 969 ha of Batu Pekaka Estate in Kedah

<b>(i) Kuala Muda Estate</b>
Size : 759.8 ha (50% effective stake)
NBV : MYR27.1m
BV : MYR0.33psf
Est. Mkt Value: MYR122.6m or MYR1.50psf
Ownership: 50%-owned
<b>(ii) Batu Pekaka Estate</b>
Size : 969 ha
NBV : MYR47.3m
BV : MYR0.45psf
Est. Mkt Value: MYR156m or MYR1.50psf
Ownership: 100%-owned

Source: Google Map, Company, Maybank KE



## Taiping Rubber Plantation (TRP), a beneficiary of the upcoming West Coast Expressway (WCE)

The 233km WCE is currently under construction and targeted for completion by end-2022. This coastal highway, which cuts across Perak and Selangor, will connect Banting (in the south) to Taiping (in the north). It will have 21 interchanges, of which 10 in Selangor and 11 in Perak. This WCE will link to existing highways like PLUS (or NSE), South Klang Valley Expressway, North Klang Valley Expressway, NNKSB, LATAR and KESAS. When WCE's construction is completed, the connectivity to cities and towns along the WCE alignment will be significantly improved - see alignment below.

Fig 13: West Coast Expressway alignment

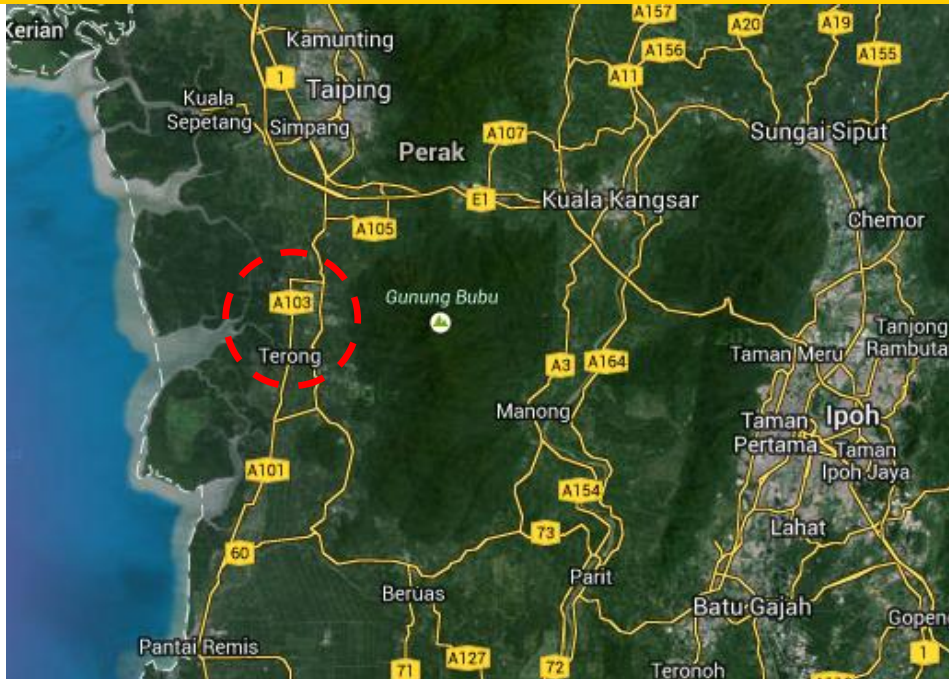


Source: West Coast Expressway

## The proposed inter-change near TRP’s 1,348 ha estate will enhance its estate value over time

BPLANT has a plantation estate - Taiping Rubber Plantation (TRP) measuring 1,348 ha located near Trong town in Perak. According to the alignment of the WCE, there will be an interchange near Trong. We understand that the WCE cuts through part of TRP’s estate near Trong. With anticipated improvement in accessibility, we expect TRP’s land value to increase significantly. TRP is currently held in BPLANT’s books at MYR74.4m or ~MYR55,200/ha or MYR0.51 psf. We peg TRP’s valuation at MYR161,390/ha or MYR1.50psf.

**Fig 14: Aerial view of 1,348 ha of Taiping Rubber Plantation in Perak**



Location: Taiping Rubber Plantation (near Trong town where an interchange has been proposed for the West Coast Highway)

Size : 1,348 ha

NBV : MYR74.4m

BV : MYR0.51psf

Est. Mkt Value:

MYR217.5m or MYR1.50psf

Ownership: 100%-owned

Source: Google Map, Company, Maybank KE

### Telok Sengat Estate is held at ~MYR72,200/ha

Down south (in Johor), BPLANT has 3,690 ha of oil palm estates near the Pengerang oil and gas development area. This Telok Sengat Estate shares a border with Iskandar Malaysia in the east. The Senai-Desaru Highway cuts through a small part of the Telok Sengat estate, at the southern tip. We understand that BPLANT has contributed an unspecified sum of money to the government to eventually build an interchange on its land - see map overleaf.

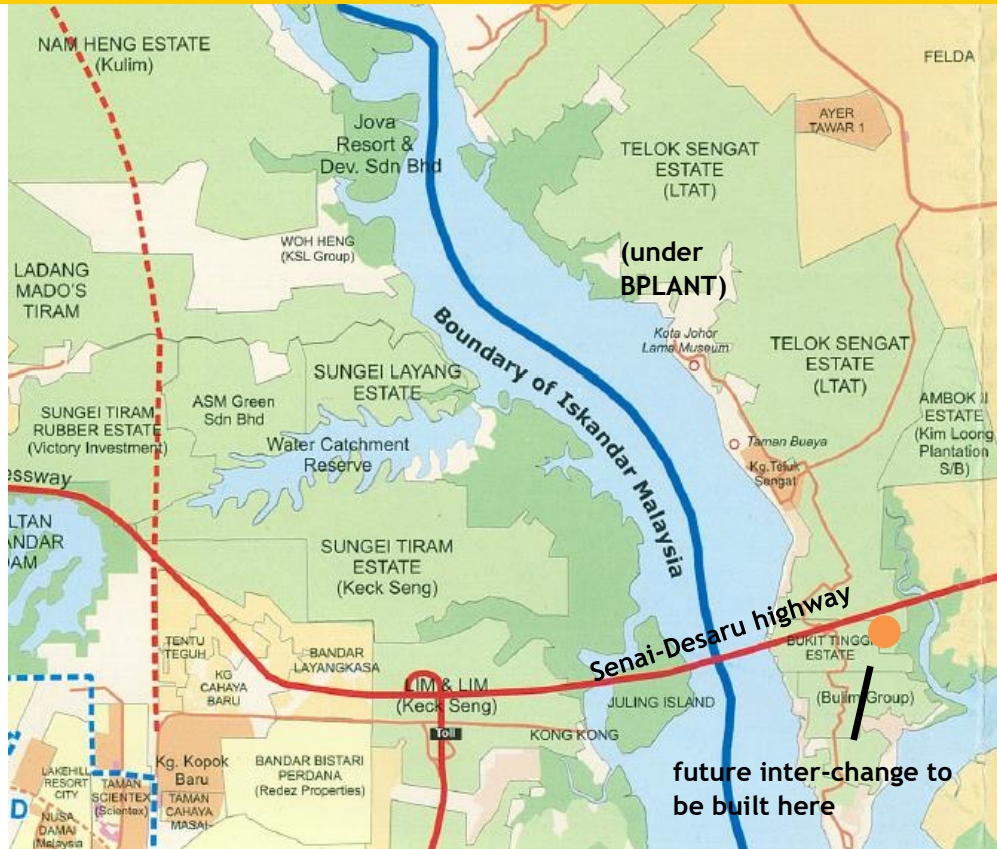
This estate is currently carried in the books at MYR0.67 psf or ~MYR72,200/ha. We have valued this piece of land at MYR1.50 psf or ~MYR161,000/ha.

**Fig 15: Aerial view of 3,690 ha of Telok Sengat Estate in Johor**



Source: Google Map (dated), Company, Maybank KE

Fig 16: Close up view of 3,690 ha of Telok Sengat Estate in Johor



Location: Telok Sengat Estate, Johor (near Desaru and Pengerang)

Size : 3,690 ha

NBV : MYR266.4m

BV : MYR0.67psf

Est. Mkt Value:

MYR595.5m or MYR1.50psf

Ownership: 100%-owned

Source: Ho Chin Soon map (dated)

### Held at less than MYR1psf in the books

The eight estates identified in Fig.1 (in page 2) with property development potentials are currently held in BPLANT’s books at an average psf of ~MYR0.86. Prior to the listing of BPLANT, its immediate holding company - Boustead Holdings (BOUS MK, Not Rated) - has effectively “unlocked” the value of some of these estates via various corporate exercises over the past two decades (including via the Asset Backed Securitisation [ABS] structure, and Al-Hadharah Boustead REIT’s listing in 2007 and subsequent privatization/ de-listing in 2014). Yet, these estates remain reasonably undervalued in BPLANT’s books.

## About BPLANT

### History dates back to 1946

BPLANT was incorporated as The Kuala Sidim Rubber Company, Limited on 4 July 1946 before it changed its name to The Kuala Sidim Rubber Company Berhad on 15 Apr 1966. Subsequently, on 12 Dec 1994, it changed its name to Kuala Sidim Berhad, and on 10 Apr 2004 to Boustead Plantations Berhad (BPLANT). Kuala Sidim Berhad was once listed on Bursa Malaysia until it was taken private by Boustead Holdings Berhad (BOUS) on 29 Aug 2003.

Originally, BPLANT was involved in the cultivation of rubber and the management of rubber plantation estates in Malaya, where the rubber plantations were located in Peninsular Malaysia. In the 1960s, BPLANT began to convert its rubber crops into oil palm. BPLANT was re-listed on Bursa Malaysia on 26 June 2014.

### Benefiting from its long plantation history

Over the decades, townships, property development projects, and major roads and highways have sprouted nearby some of BPLANT's estates especially in the States of Selangor, Johor, Penang and Kedah, and this has lifted the value of some of BPLANT's estates as they have the potential to be converted into property development projects.

Fig 17: Plantation land - by geographical area

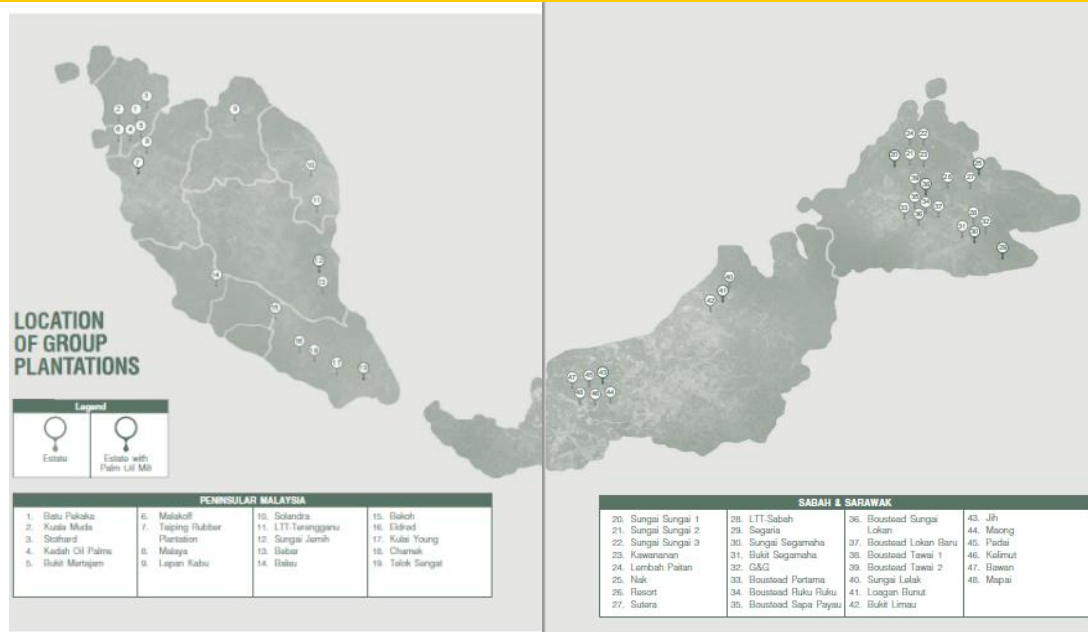
	Pen Malaysia Ha	Sabah Ha	Sarawak Ha	Total Ha
Immature (<3 years)	2,866	3,685	-	6,551
Mature	21,153	38,120	13,582	72,855
<b>Breakdown:-</b>				
- 4-9 years	6,209	6,622	352	13,183
- 10-20 years	9,706	14,419	3,042	27,167
- >20 years	5,238	17,079	10,188	32,505
<b>Planted area</b>	<b>24,019</b>	<b>41,805</b>	<b>13,582</b>	<b>79,406</b>
% planted area by region	30%	53%	17%	
Building sites, roads, unplantable areas, etc				18,806
<b>Total land area</b>				<b>98,212</b>

Source: Company (as at 31 Dec 2019)

### 79,406 ha of planted area spread across Malaysia

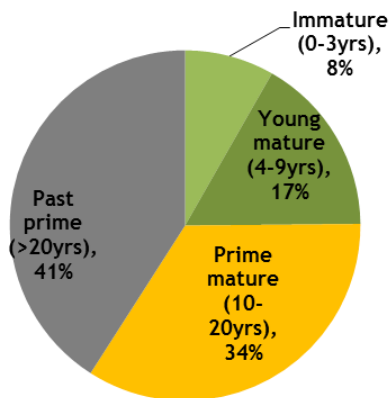
BPLANT group owns a total of 98,212 ha of land in Malaysia (as at 31 Dec 2019) with 79,406 ha planted with oil palm trees. Of the total oil palm planted area, 24,019 ha (or 30%) are located in Peninsular Malaysia, 41,805 ha (or 53%) in Sabah and 13,582 ha (or 17% in Sarawak). The estates are well spread across Malaysia (Fig.18).

Fig 18: Boustead Plantations’ oil palm estates and mills



Source: Company

Fig 19: Tree age profile as at 31 Dec 2019



Sources: Company, Maybank KE (Group average tree age profile est. at ~15 years)

### Risk statement

There are several risk factors for our earnings estimates, target price and rating for BPLANT. Key risks to the palm oil sector and BPLANT are: (i) lack of asset disposal to sustain its high dividend payout; (ii) weather anomalies resulting in poorer-than-expected output growth; (iii) lower-than-expected CPO price achieved; (iv) negative policies imposed by import countries; (v) unfriendly policies imposed by the Malaysian and Indonesian government on upstream or downstream segments; (vi) sharply lower crude oil prices, which make palm biodiesel demand not viable; and (vii) weaker competing oil prices (like soybean and rapeseed).

FYE 31 Dec	FY18A	FY19A	FY20E	FY21E	FY22E
<b>Key Metrics</b>					
P/E (reported) (x)	nm	nm	231.8	71.3	28.1
Core P/E (x)	nm	nm	231.8	71.3	28.1
P/BV (x)	0.6	0.7	0.4	0.4	0.4
P/NTA (x)	0.6	0.7	0.4	0.4	0.4
Net dividend yield (%)	9.3	1.3	0.2	1.0	2.0
FCF yield (%)	nm	nm	11.0	12.6	14.4
EV/EBITDA (x)	22.6	20.4	10.4	10.1	8.7
EV/EBIT (x)	nm	nm	31.8	29.7	20.4
<b>INCOME STATEMENT (MYR m)</b>					
Revenue	584.0	577.2	690.6	710.8	759.3
Gross profit	(20.5)	(21.8)	72.3	75.3	106.2
EBITDA	119.2	145.4	220.9	221.4	249.8
EBIT	(20.5)	(21.8)	72.3	75.3	106.2
Net interest income / (exp)	(35.5)	(63.7)	(65.6)	(63.1)	(60.2)
Associates & JV	5.0	6.6	6.8	6.9	7.0
Exceptionals	0.0	(56.5)	0.0	0.0	0.0
Other pretax income	0.0	0.0	0.0	0.0	0.0
Pretax profit	(51.0)	(135.4)	13.4	19.1	53.0
Income tax	(12.9)	(21.9)	(8.4)	(2.9)	(11.0)
Minorities	12.1	13.3	(0.2)	(0.8)	(2.9)
Discontinued operations	0.0	0.0	0.0	0.0	0.0
Reported net profit	(51.8)	(144.0)	4.7	15.4	39.0
Core net profit	(51.8)	(81.5)	4.7	15.4	39.0
<b>BALANCE SHEET (MYR m)</b>					
Cash & Short Term Investments	57.8	20.5	73.1	136.7	211.8
Accounts receivable	35.2	34.8	41.6	42.8	45.8
Inventory	36.0	28.6	32.2	33.1	34.0
Property, Plant & Equip (net)	3,609.3	4,017.5	3,948.8	3,882.7	3,819.1
Intangible assets	2.3	2.3	2.3	2.3	2.3
Investment in Associates & JVs	29.0	27.5	34.3	41.2	48.2
Other assets	391.6	68.3	68.4	68.8	69.3
<b>Total assets</b>	<b>4,161.3</b>	<b>4,199.5</b>	<b>4,200.7</b>	<b>4,207.7</b>	<b>4,230.5</b>
ST interest bearing debt	744.6	722.5	722.5	722.5	722.5
Accounts payable	33.1	32.8	33.9	34.8	35.8
LT interest bearing debt	373.1	654.9	654.9	654.9	654.9
Other liabilities	379.0	337.0	334.0	335.0	335.0
<b>Total Liabilities</b>	<b>1,530.2</b>	<b>1,747.3</b>	<b>1,745.6</b>	<b>1,747.1</b>	<b>1,748.6</b>
Shareholders Equity	2,717.9	2,552.3	2,554.8	2,559.0	2,575.6
Minority Interest	(86.8)	(100.1)	(99.7)	(98.4)	(93.7)
<b>Total shareholder equity</b>	<b>2,631.1</b>	<b>2,452.2</b>	<b>2,455.1</b>	<b>2,460.6</b>	<b>2,481.9</b>
<b>Total liabilities and equity</b>	<b>4,161.3</b>	<b>4,199.5</b>	<b>4,200.7</b>	<b>4,207.7</b>	<b>4,230.5</b>
<b>CASH FLOW (MYR m)</b>					
Pretax profit	(51.0)	(135.4)	13.4	19.1	53.0
Depreciation & amortisation	139.7	167.2	148.6	146.1	143.7
Adj net interest (income)/exp	35.5	63.7	65.6	63.1	60.2
Change in working capital	(13.0)	65.9	(18.8)	(7.5)	(8.1)
Cash taxes paid	(34.9)	(12.9)	(8.4)	(2.9)	(11.0)
Other operating cash flow	0.0	0.0	0.0	0.0	0.0
Cash flow from operations	76.3	148.5	200.5	217.9	237.8
Capex	(821.4)	(446.8)	(80.0)	(80.0)	(80.0)
Free cash flow	(745.1)	(298.4)	120.5	137.9	157.8
Dividends paid	(176.5)	(67.3)	(2.2)	(11.2)	(22.4)
Equity raised / (purchased)	0.0	0.0	0.0	0.0	0.0
Change in Debt	976.0	265.7	0.0	0.0	0.0
Other invest/financing cash flow	(34.0)	(52.4)	(65.6)	(63.1)	(60.2)
Effect of exch rate changes	0.0	0.0	0.0	0.0	0.0
Net cash flow	36.9	(32.2)	52.6	63.6	75.1

FYE 31 Dec	FY18A	FY19A	FY20E	FY21E	FY22E
<b>Key Ratios</b>					
<b>Growth ratios (%)</b>					
Revenue growth	(23.2)	(1.2)	19.6	2.9	6.8
EBITDA growth	(54.2)	22.0	52.0	0.2	12.8
EBIT growth	nm	nm	nm	4.2	41.0
Pretax growth	nm	nm	nm	42.9	176.8
Reported net profit growth	nm	nm	nm	225.0	153.5
Core net profit growth	nm	nm	nm	225.0	153.5
<b>Profitability ratios (%)</b>					
EBITDA margin	20.4	25.2	32.0	31.2	32.9
EBIT margin	nm	nm	10.5	10.6	14.0
Pretax profit margin	nm	nm	1.9	2.7	7.0
Payout ratio	nm	nm	47.3	72.8	57.4
<b>DuPont analysis</b>					
Net profit margin (%)	nm	nm	0.7	2.2	5.1
Revenue/Assets (x)	0.1	0.1	0.2	0.2	0.2
Assets/Equity (x)	1.5	1.6	1.6	1.6	1.6
ROAE (%)	(1.8)	(5.5)	0.2	0.6	1.5
ROAA (%)	(1.4)	(2.0)	0.1	0.4	0.9
<b>Liquidity &amp; Efficiency</b>					
Cash conversion cycle	26.1	21.4	18.2	20.4	20.0
Days receivable outstanding	25.1	21.8	19.9	21.4	21.0
Days inventory outstanding	18.5	19.4	17.7	18.5	18.5
Days payables outstanding	17.5	19.8	19.4	19.5	19.5
Dividend cover (x)	(0.3)	(6.4)	2.1	1.4	1.7
Current ratio (x)	0.5	0.2	0.3	0.3	0.4
<b>Leverage &amp; Expense Analysis</b>					
Asset/Liability (x)	2.7	2.4	2.4	2.4	2.4
Net gearing (%) (incl perps)	40.3	55.3	53.1	50.4	47.0
Net gearing (%) (excl. perps)	40.3	55.3	53.1	50.4	47.0
Net interest cover (x)	na	na	1.1	1.2	1.8
Debt/EBITDA (x)	9.4	9.5	6.2	6.2	5.5
Capex/revenue (%)	140.6	77.4	11.6	11.3	10.5
Net debt/ (net cash)	1,059.9	1,356.9	1,304.3	1,240.7	1,165.5

Source: Company; Maybank

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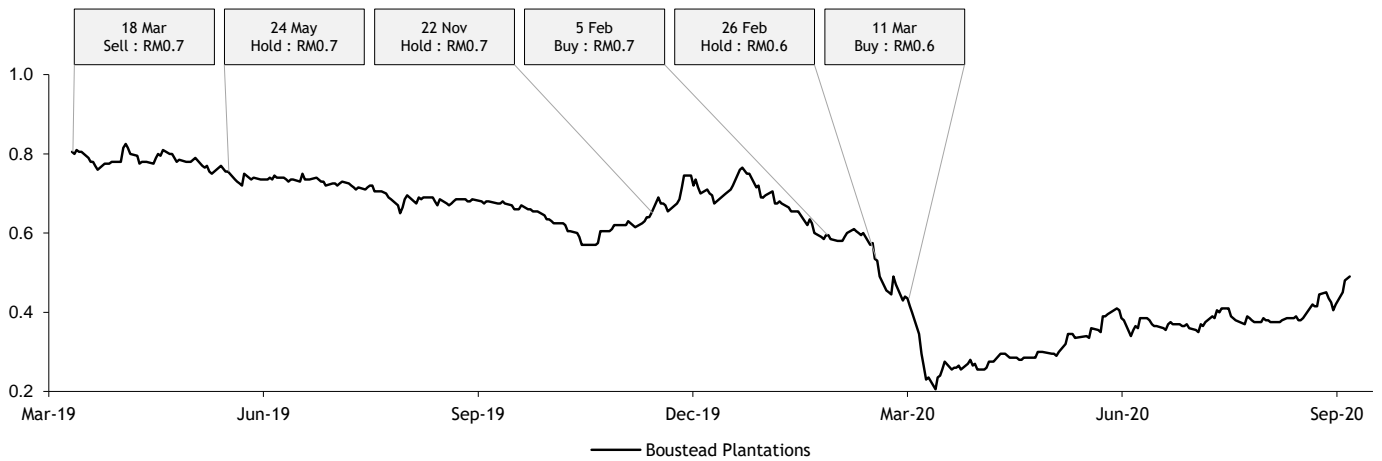
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Historical recommendations and target price: Boustead Plantations (BPLANT MK)



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