

# CAB Cakaran Corporation Berhad (7174)

## Counting on regional expansion

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**HOLD** ↔

**TP: RM 0.67 (+12%)** ↓

**Current Share Price: RM 0.595**

**Result Report**

**Value**

Investment Horizon

**12 months**

### Valuation

Our target price is based on:

FY25F PE of 5.5x, which is lower than its peer's forward PE of 11x, given the longer-than-expected outcome from its JV with Salim group and smaller market size than its peers.

### Results Review



CAB's FY24 core net profit of RM75.5mil came below expectation at 94% of ours and 92% of consensus. The negative variance was due to lower revenue impacted by the average selling prices for chicks and broilers. On a QoQ basis, 4QFY24 core net profit dropped by 20% despite revenue improved by 2%, due margins declined on a higher operational cost and higher feed cost as well as continuous loss making in both retail and fast food division. We expect margins to improve in the subsequent quarter as eased of feed cost

### Outlook



Moving forward, we expect chicken consumption to remain robust as it is a basic need of protein and broiler average selling price has improved in 4QCY24 compared to 3QCY24. The group will expand its retail division by increasing 10-15 stores in FY25 (YTD 14 stores). This will help to increase the output by horizontal integration. We hope the partnership with the Salim group will be carried out in FY25 to improve the financial performance. We cut our FY25F-FY26F earnings forecast by 9-14% to reflect higher operational cost and introduce the FY27F forecast. We trimmed our TP to RM0.67 (from RM0.73) based on FY25F PE of 5.5 due to the slow outcome from the JV with the Salim group.

### Peers Comparison

Name	Last price	Market Cap	FYE	Earnings Growth			PE		Div. Yield	ROE
				1-yr Fwd	2-yr Fwd	Hist.	1-yr Fwd	2-yr Fwd		
LEONG HUP INTERNATIONAL BHD	0.645	2355.3	12/2024	18.4	0.6	6.4	6.6	6.5	4.2	16.2
CCK CONSOLIDATED HOLDINGS BH	1.55	962.4	12/2024	-2.2	9.3	10.1	11.9	10.3	2.8	22.1
QL RESOURCES BHD	4.85	17704.0	03/2025	7.4	4.9	39.1	36.2	34.4	0.9	15.5
<b>Simple Avg</b>				<b>7.8</b>	<b>5.0</b>	<b>18.5</b>	<b>18.3</b>	<b>17.1</b>	<b>2.6</b>	<b>17.9</b>
CAB CAKARAN CORP BHD	0.595	417.6	09/2025	32.3	13.3	5.5	4.4	3.8	0.0	12.0

As 29 November 2024

## Results Summary

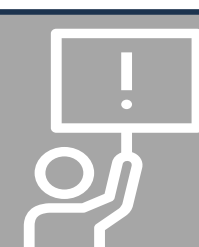
FYE 30 Sep (RMm)	4QFY23	3QFY24	4QFY24	QoQ (%)	YoY (%)	FY23	FY24	YoY (%)
Revenue	557.2	581.8	591.9	1.7	6.2	2246.1	2297.1	2.3
Gross profit	54.5	66.8	47.4	-29.1	-13.0	262.6	233.3	-11.2
EBITDA	57.3	50.5	31.4	-37.9	-45.3	265.6	209.1	-21.3
Depreciation	-14.7	-14.8	-14.9	-0.3	-1.0	-57.7	-59.2	-2.7
EBIT	42.6	35.7	16.5	-53.7	-61.3	207.9	149.9	-27.9
Pretax Profit	33.3	25.5	10.9	-57.3	-67.3	189.5	131.5	-30.6
Taxation	-20.0	-8.7	-4.3	50.4	78.4	-47.9	-38.3	20.0
Net Profit	13.3	16.8	6.6	-60.9	-50.7	141.6	93.2	-34.2
Core Net Profit	10.7	12.2	9.7	-20.4	-9.0	107.3	75.5	-29.7
Margin (%)								
GP	9.8	11.5	8.0			11.7	10.2	
EBITDA	10.3	8.7	5.3			11.8	9.1	
Pretax	6.0	4.4	1.8			8.4	5.7	
Core Net Profit	1.9	2.1	1.6			4.8	3.3	

## Financial Exhibits

FYE 30 Sep	FY2023A	FY2024A	FY2025E	FY2026E	FY2027E
Revenue (RMm)	2,246.0	2,297.1	2,449.0	2,581.1	2,718.4
EBITDA (RMm)	264.1	209.1	225.8	238.0	245.2
Pretax profit (RMm)	189.3	131.5	151.0	162.8	184.4
Net profit (RMm)	107.1	75.5	84.9	91.6	103.7
EPS (sen)	15.3	10.8	12.1	13.1	14.8
PER (x)	3.9	5.5	4.9	4.6	4.0
Core net profit (RMm)	107.1	75.5	84.9	91.6	103.7
Core EPS (sen)	15.3	10.8	12.1	13.1	14.8
Core EPS growth (%)	85.6	(29.6)	12.5	7.9	13.2
Core PER (x)	3.9	5.5	4.9	4.6	4.0
Net DPS (sen)	0.0	1.0	0.0	0.0	0.0
Dividend Yield (%)	0.0	0.6	0.0	0.0	0.0
ROE (%)	17.5	11.1	12.0	12.4	13.4
P/BV (x)	0.5	0.5	0.5	0.5	0.5

## Key Assumptions

Revenue Growth	Before			After		
	FY2025E	FY2026E	FY2027E	FY2025E	FY2026E	FY2027E
Integrated poultry growth	4%	4%	4%	4%	4%	4%
# of supermarket	20	22	25	20	22	25
SSSG of supermarket	2%	2%	2%	2%	2%	2%
Overall GP margin	13%	14%	14%	13%	14%	14%



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