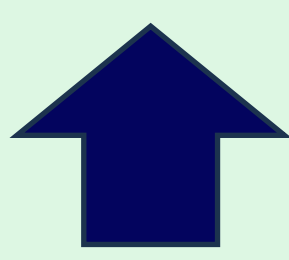


Farm Price Holdings Berhad (0304)

Promising year ahead

By Tan Jia Hui / jiahui@tradeviewcapital.my

BUY 

TP: RM 0.55 (+33%) 

Current Share Price: RM 0.415

Result Report

Growth

**Investment Horizon
12 months**

Valuation

Our target price is based on:

DCF valuation with TG of 1.5% and WACC of 8.6%. We are projecting stronger earnings growth from its wholesale distribution segment.

Results Review



FPHB's FY24 core net profit of RM11.6mil came within our expectation at 100%. On a QoQ basis, 4QFY24 core net profit rose by 11% despite revenue improved by 2%, due to better gross profit margin. The better gross profit margin was likely due to lower purchase costs and better margins on seasonal vegetables due to festive season.

Outlook



We anticipate more robust performance in the coming quarters with a 18% revenue growth in FY25F, supported by the new distribution centers in Nilai, Cameron Highlands, and Sabah, which commenced in 4Q24. This expansion enables the group to penetrate a broader geographic market, reaching more potential customers while enhancing service delivery to both existing and new clients. In the long term, we expect the new plant, which is targeted to be completed by 4QFY25, will drive higher revenue in the wholesale segment with new capacities. Additionally, introducing automated lines for prepacked and fresh-cut vegetables will improve margins and reduce reliance on manual labour. Thus, we reiterate our robust revenue growth assumption of 23% in FY26F. We maintain our forecast and introduce FY27F numbers. We upgrade our call to BUY (from HOLD) but maintain TP at RM0.55 based on DCF valuation.

Key Assumptions

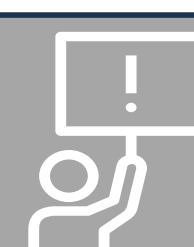
	Before			After		
	FY2025E	FY2026E	FY2027E	FY2025E	FY2026E	FY2027E
Wholesale Distribution Segment	18%	23%	9%	18%	23%	9%
Retailing Segment	5%	5%	5%	5%	5%	5%

Results Summary

FYE 31 Dec (RM'mil)	1QFY24	2QFY24	3QFY24	4QFY24	QoQ (%)	FY24
Revenue	30.7	30.6	30.6	31.1	1.6	123.0
Gross profit	7.0	7.5	6.6	7.3	11.4	28.4
EBITDA	3.9	5.0	4.2	4.9	17.3	18.1
Depreciation	-0.5	-0.5	-0.5	-0.5	0.0	(1.9)
EBIT	3.5	4.6	3.7	4.4	19.6	16.2
Pretax Profit	3.3	4.4	3.6	4.2	18.1	15.6
Taxation	-0.7	-1.5	-0.7	-1.1	-47.3	(4.0)
Net Profit	2.7	2.9	2.9	3.2	10.7	11.6
Core Net Profit	2.7	2.9	2.9	3.2	10.7	11.6
Margin (%)						
GP	23.0	24.6	21.4	23.5		23.1
EBITDA	12.8	16.5	13.7	15.8		14.7
Pretax	10.9	14.6	11.7	13.6		12.7
Core Net Profit	8.6	9.5	9.3	10.2		9.4

Financial Exhibits

FYE 31 Dec	FY2023A	FY2024A	FY2025E	FY2026E	FY2027E
Revenue (RMm)	114.2	123.0	145.7	177.6	192.7
EBITDA (RMm)	12.0	14.8	17.1	21.8	23.3
Pretax profit (RMm)	11.8	14.0	18.7	23.8	26.0
Net profit (RMm)	8.7	10.3	14.0	17.6	19.3
EPS (sen)	2.50	2.30	3.12	3.91	4.28
PER (x)	21.6	23.5	17.3	13.8	12.6
Core net profit (RMm)	8.7	11.6	14.0	17.6	19.3
Core EPS (sen)	2.5	2.6	3.1	3.9	4.3
Core EPS growth (%)	83.3	3.2	21.0	25.4	9.4
Core PER (x)	21.6	20.9	17.3	13.8	12.6
Net DPS (sen)	0.0	0.0	0.0	0.0	0.0
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0
ROE (%)	35.2	17.6	19.1	19.4	0.0
P/BV (x)	9.8	4.1	3.3	2.7	2.2



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Equity:

BUY: Total stock return expected to exceed +15% over 12-month period

HOLD: Total stock return to be between -15% and +15% over a 12-month period

SELL: Total stock return expected to below -15% over a 12-month period

TRADING BUY: Total stock return expected to exceed +10% over 6-month period

TRADING SELL: Total stock return expected to below -10% over a 6-month period