

CAB Cakaran Corporation Berhad (7174)

1QFY25 within expectation

By Tan Jia Hui / jiahui@tradeviewcapital.my

BUY 

TP: RM 0.67 (+34%) 

Current Share Price: RM 0.495

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 1QFY25 core net profit of RM28mil came within expectation at 33% of ours and 29% of consensus. On a QoQ basis, 1QFY25 core net profit increased almost 2x thanks to higher average selling price of broilers and lower feed costs. We expect flattish next quarter due to ramadan period will affect consumption.

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 11% QoQ in 1QFY25 compared to 4QFY24. The group will expand its retail division by increasing 10-15 stores in FY25. 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. Thus, we maintain our FY25F-FY27F earnings forecast. We upgraded our call to BUY (from HOLD) with an unchanged TP of RM0.67 based on FY25F PE of 5.5 due to the slow outcome from the JV with the Salim group

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%

Results Summary

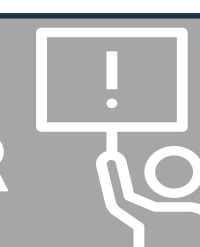
FYE 30 Sep (RMm)	1QFY24	4QFY24	1QFY25	QoQ (%)	YoY (%)
Revenue	548.5	591.9	593.6	0.3	8.2
Gross profit	57.3	47.4	73.6	55.4	28.6
EBITDA	83.8	31.4	58.8	87.4	-29.9
Depreciation	-14.8	-14.9	-14.7	1.4	0.9
EBIT	69.0	16.5	44.1	>100	-36.1
Pretax Profit	65.5	10.9	45.3	>100	-30.8
Taxation	-15.7	-4.3	-11.4	-164.4	27.3
Net Profit	49.8	6.6	33.9	>100	-32.0
Core Net Profit	38.4	9.7	28.2	>100	-26.6
Margin (%)					
GP	10.4	8.0	12.4		
EBITDA	15.3	5.3	9.9		
Pretax	11.9	1.8	7.6		
Core Net Profit	7.0	1.6	4.7		

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



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Tradeview Research Investment Rating System

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