

Farm Price Holdings Berhad (0304)

Ceased coverage

By Tan Jia Hui / jiahui@tradeviewcapital.my

Not Rated

TP: RM 0.50 (+28%)

Current Share Price: RM 0.39

Results Report

Growth

Investment Horizon

N.A.

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 1HFY25 core earnings of RM5.6m came in below expectations, at 43% of our full-year forecast. The shortfall was primarily due to lower revenue contribution. Accordingly, we cut our FY25F earnings by 9% to reflect softer contributions from the wholesale distribution segment. Quarter-on-quarter, 2QFY25 core earnings improved by 7.1% on better gross margin as the average purchase cost of fresh vegetables declined.

Outlook



We remain cautious on earnings growth given slower-than-expected contributions from the Nilai, Cameron Highlands, and Sabah distribution centres. The new plant remains on track for completion by 4Q25, with operations targeted for mid-2026. This should expand capacity and storage; we expect more meaningful contribution in FY27 as the facility ramps up and the group captures additional market share.

Due to limited interest and resource allocation for the Bursa RISE+ scheme, we are ceasing active coverage of FPHB. The stock is now Not Rated (from Hold); our last published TP was RM0.50 based on DCF.

Key Assumptions

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

Results Summary

FYE 31 Dec	2QFY24	1QFY25	2QFY25	QoQ (%)	QoQ (%)	1HFY24	1HFY25	YoY (%)
Revenue	30.6	29.8	30.6	2.8	0.3	61.3	60.5	-1.3
Gross profit	7.5	6.2	7.8	26.7	3.8	14.6	14.0	-4.1
EBITDA	5.0	4.0	5.0	24.3	-0.5	9.0	9.0	0.8
Depreciation	-0.5	-0.6	-0.6	-9.1	-34.4	-0.9	-1.2	-30.5
EBIT	4.6	3.5	4.4	26.8	-4.1	8.0	7.8	-2.6
Pretax Profit	4.4	3.3	4.2	27.1	-6.2	7.8	7.5	-4.4
Taxation	-1.5	-0.8	-1.0	-17.1	38.1	-2.2	-1.8	20.7
Net Profit	2.9	2.5	3.2	30.4	10.7	5.6	5.7	2.2
Core Net Profit	2.9	2.5	3.1	24.5	7.1	5.6	5.6	0.9
Margin (%)								
GP	24.6	20.7	25.5			23.8	23.1	
EBITDA	16.5	13.5	16.3			14.6	14.9	
Pretax	14.6	11.0	13.6			12.7	12.3	
Core Net Profit	9.5	8.4	10.2			9.1	9.3	

Financial Exhibits

FYE 31 Dec	FY2023A	FY2024A	FY2025F	FY2026F	FY2027F
Revenue (RMm)	114.2	123.0	135.4	164.8	178.7
EBITDA (RMm)	12.0	14.8	14.4	18.4	19.6
Pretax profit (RMm)	11.8	14.0	16.0	20.4	22.3
Net profit (RMm)	8.7	10.3	12.0	15.1	16.5
EPS (sen)	2.50	2.30	2.67	3.35	3.67
PER (x)	15.6	17.0	14.6	11.6	10.6
Core net profit (RMm)	8.7	11.6	12.0	15.1	16.5
Core EPS (sen)	2.5	2.6	2.7	3.4	3.7
Core EPS growth (%)	83.3	3.2	3.5	25.6	9.5
Core PER (x)	15.6	15.1	14.6	11.6	10.6
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	16.8	17.5	16.1
P/BV (x)	7.1	3.0	2.5	2.0	1.7



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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