

22 August 2025

Sime Darby Property

More Bricks for Industrial

By Clement Chua | clement.chua@kenanga.com.my

SIMEPROP's 1HFY25 results came in within expectations, with the group also being well positioned to meet its RM3.6b sales target (YTD: RM2.0b). Recent joint ventures lean towards a heavier composition of industrial products in the group's pipeline. Maintain **OUTPERFORM** and TP of RM1.79 (based on 50% RNAV discount). SIMEPROP is our sector Top Pick.

Within expectations. SIMEPROP's 1HFY25 core net profit of RM262.0m made up 51% of our full-year forecast and 47% of consensus full-year estimates.

YoY, 1HFY25 revenue declined by 11% on the back of softer property development revenue (-13%) from lower financial progress from industrial products as well as comparative lower sales in the current period. Operating profits came off to 22.5% (-1.9 ppt) as administrative expenses increased. However, this was cushioned by lower losses from its Battersea JV (-49%), which led SIMEPROP's 1HFY25 net profit to close at RM262m (-8%).

QoQ, 2QFY25 revenue rose by 22% led by higher contributions from its township offerings. This spilled over into a higher net profit of RM143.5m (+21%).

Outlook. SIMEPROP's continued focus on industrial and township development is likely to make up the majority of its sales and launches going forward. Fuelling the industrial segment in the near term is its recent joint venture with SD Guthrie in Carey Island, Selangor. The development is expected to span 2,000 acres with plans to build an industrial and logistics hub there, which we had earlier anticipated a GDV of RM20b-30b over a potential development period of 20-30 years. Meanwhile, key townships for delivery include City of Elmina, Serenia City and Nilai Impian.

As of 1HFY25, the group had secured sales of RM2.0b (2QFY25: RM1.07b) which is on track to meet its FY25 target of RM3.6b.

Forecast. Maintained.

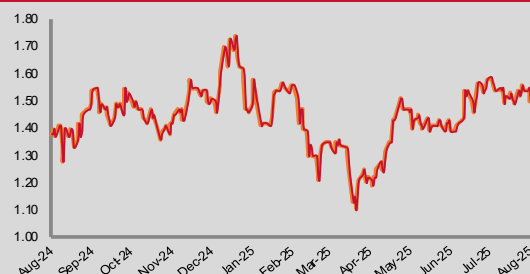
Maintain OUTPERFORM and TP of RM1.79. Our TP is based on an unchanged 50% discount to RNAV (in line with our applied industry average). There is no adjustment to our TP based on ESG given a 3-star rating as appraised by us.

We like SIMEPROP for: (i) its diversified portfolio in both landed residential and industrial products, reducing its dependency on residential high-rise products, (ii) a strong foothold in matured townships, and (iii) proactive initiatives to boost recurring income via strategic investments. **SIMEPROP is our Top Pick for the sector.**

OUTPERFORM ↔

Price : **RM1.51**
Target Price : **RM1.79** ↔

Share Price Performance



KLCI	1,592.87
YTD KLCI chg	-3.01%
YTD stock price chg	-10.7%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	SDPR MK Equity
Market Cap (RM m)	10,269.3
Shares Outstanding	6,800.8
52-week range (H)	1.81
52-week range (L)	1.07
3-mth avg. daily vol.	11,971,380
Free Float	35%
Beta	1.72

Major Shareholders

Amanah Saham Nasional	53.6%
Employees Provident Fund	13.6%
Kumpulan Wang Persaraan	6.3%

Summary Earnings Table

FY Dec (RM m)	2024A	2025F	2026F
Turnover	4,250.8	4,484.6	4,544.0
Operating Profit	899.8	984.6	996.5
Profit Before Tax	780.0	801.2	861.4
Net Profit	502.2	518.2	557.1
Core Net Profit	502.2	518.2	557.1
Consensus (NP)	-	549.8	596.4
Earnings Revision	-	-	-
Core EPS (sen)	7.4	7.6	8.2
Core EPS Growth (%)	26.1	3.2	7.5
NDPS (sen)	3.0	3.0	3.0
BVPS (RM)	1.5	1.5	1.6
PER (x)	19.9	19.3	17.9
PBV (x)	1.0	1.0	0.9
Net Gearing (x)	0.3	0.2	0.2
Net Div. Yield (%)	2.0	2.0	2.0



22 August 2025

Results Highlight

FYE Dec (RM m)	2Q		QoQ Chg	2Q		YoY Chg	6M		YoY Chg
	FY25	1Q FY25		FY24	6M FY25		6M FY24		
Revenue	1,062.3	871.6	21.9%	1,203.2	-11.7%	1,933.9	2,181.9	-11.4%	
Cost of Sales	-700.9	-588.3	19.1%	-770.9	-9.1%	-1,289.2	-1,446.0	-10.8%	
Gross Profit	361.3	283.3	27.5%	432.3	-16.4%	644.7	735.9	-12.4%	
Selling and marketing expenses	-42.5	-27.7	53.3%	-31.6	34.3%	-70.2	-69.7	0.7%	
Administrative Expenses	-81.3	-73.1	11.2%	-68.4	18.9%	-154.4	-138.4	11.6%	
Other income/(expenses)	8.1	6.6	23.1%	3.3	143.4%	14.7	4.4	232.8%	
Operating Profit	245.7	189.1	29.9%	335.6	-26.8%	434.8	532.2	-18.3%	
JV Contributions	-35.0	-21.6	62.4%	-87.9	-60.2%	-56.6	-111.5	-49.3%	
Associate Contributions	0.5	0.1	886.8%	1.3	-59.3%	0.6	1.5	-61.8%	
Other Gains	0.4	0.2	170.3%	4.4	-89.9%	0.6	4.0	-84.7%	
Net Interest Income/(Expense)	7.1	11.8	-39.7%	12.1	-41.0%	19.0	20.1	-5.7%	
Extraordinary items	0.0	0.0	N.M	0.0	N.M.	0.0	0.0	N.M	
Profit Before Tax	218.8	179.6	21.8%	265.5	-17.6%	398.4	446.3	-10.7%	
Taxation	-71.3	-57.4	24.0%	-99.8	-28.6%	-128.7	-153.3	-16.0%	
Minority Interest	-4.0	-3.7	6.2%	-3.8	5.5%	-7.7	-7.5	2.6%	
Net Profit	143.5	118.4	21.2%	162.0	-11.4%	262.0	285.5	-8.3%	
Adjustments	0.0	0.0	N.M	0.0	N.M.	0.0	0.0	N.M	
Core Net Profit	143.5	118.4	21.2%	162.0	-11.4%	262.0	285.5	-8.3%	
Gross Profit Margin	34.0%	32.5%		35.9%		33.3%	33.7%		
Operating Margin	23.1%	21.7%		27.9%		22.5%	24.4%		
Pretax Margin	20.6%	20.6%		22.1%		20.6%	20.5%		
Net Margin	13.5%	13.6%		13.5%		13.5%	13.1%		
Effective Tax Rate	-32.6%	-32.0%		-37.6%		-32.3%	-34.3%		
Net Gearing (x)	0.32	0.28		0.22		0.32	0.22		

Source: Company, Kenanga Research

Results Highlight

FYE Dec (RM m)	2Q		QoQ Chg	2Q		YoY Chg	6M		YoY Chg
	FY25	1Q FY25		FY24	6M FY25		6M FY24		
Revenue									
Property Development	995.2	808.3	23.1%	1,147.6	-13.3%	1,803.6	2,073.2	-13.0%	
Investment and Asset Management	39.3	38.7	1.4%	29.0	35.2%	78.0	58.1	34.3%	
Leisure	27.7	24.5	13.0%	26.5	4.6%	52.3	50.5	3.4%	
Total Revenue	1,062.3	871.6	21.9%	1,203.2	-11.7%	1,933.9	2,181.9	-11.4%	
Operating Profit									
Property Development	264.9	231.8	14.3%	328.0	-19.2%	496.7	518.6	-4.2%	
Investment and Asset Management	1.6	11.6	-85.9%	6.1	-73.3%	13.2	13.8	-4.2%	
Leisure	-1.1	-3.1	-63.6%	1.6	-171.8%	-4.2	-0.2	2214.9%	
Eliminations	-19.7	-51.2	-61.4%	0.0	N.M.	-70.9	0.0	N.M	
Total Operating Profit	245.7	189.1	29.9%	335.6	-26.8%	434.8	532.2	-18.3%	
Operating Margin									
Property Development	26.6%	28.7%		28.6%		27.5%	25.0%		
Investment and Asset Management	4.1%	29.9%		21.0%		16.9%	23.7%		
Leisure	-4.0%	-12.5%		5.9%		-8.0%	-0.4%		
Total Operating Margin	23.1%	21.7%		27.9%		22.5%	24.4%		

Source: Company, Kenanga Research

22 August 2025

SIMEPROP's RNAV			
Project	Remaining Landbank (acres)	Outstanding GDV (RM b)	Effective NPV of profit (RM m)
Guthrie Corridor	4,020.0	42.10	3,701.5
Klang	2,336.0	24.80	2,329.7
Negeri Sembilan	3,865.0	13.70	1,377.8
Serenia City	838.0	7.20	776.6
Other Klang Valley	343.0	21.60	2,329.9
Johor	2,184.0	6.40	715.5
Total	13,586.0	115.80	11,231.0
Unbilled Sales (as of 2QFY25)		3,900.0	213.5
Shareholders Fund (FY24)			10,265.6
Total RNAV (RM m)			21,710.1
Discount to RNAV			50%
Discounted RNAV			10,855.1
Data Centre DCF valuation			1,347.1
Total SoP value			12,202.1
Number of shares (m)			6,800.8
SoP-TP (RM)			1.79

Source: Company, Kenanga Research

This section is intentionally left blank

22 August 2025

Peer Table Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside	Market Cap (RM m)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) - Core Earnings		PBV (x)		ROE		Net Div. (sen)		Net Div Yld	
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.
PROPERTY DEVELOPERS																					
ECO WORLD DEVELOPMENT GROUP	OP	2.12	2.00	-5.7%	6,337.9	Y	12/2025	11.1	11.7	25.9%	5.3%	19.2	18.2	1.3	6.3%	6.0	2.8%				
IOI PROPERTIES GROUP BHD	UP	2.14	1.69	-21.0%	11,783.2	Y	06/2025	9.8	10.5	5.1%	8.0%	21.9	20.3	0.5	2.2%	4.5	2.1%				
MAH SING GROUP BHD	OP	1.22	2.46	101.6%	3,123.4	Y	12/2025	10.2	11.0	14.6%	8.5%	12.0	11.1	0.8	6.5%	4.0	3.3%				
S P SETIA BHD	OP	1.06	1.25	17.9%	5,303.3	Y	12/2025	6.1	7.3	-33.3%	18.9%	17.4	14.6	0.3	2.4%	2.0	1.9%				
SIME DARBY PROPERTY BHD	OP	1.51	1.79	18.5%	10,269.3	Y	12/2025	7.6	8.2	3.2%	7.3%	19.8	18.5	1.0	4.9%	3.0	2.0%				
SUNWAY BHD	UP	4.75	3.35	-29.5%	29,570.5	Y	12/2025	14.7	15.4	27.2%	5.0%	32.3	30.8	1.8	6.7%	6.0	1.3%				
UOA DEVELOPMENT BHD	MP	1.76	1.82	3.4%	4,672.8	Y	12/2025	10.5	11.0	4.9%	4.9%	16.8	16.0	0.8	4.5%	10.0	5.7%				
SECTOR AGGREGATE					71,060.2					5.0%	7.8%	26.2	24.3	0.8	4.5%		2.7%				

Source: Kenanga Research

This section is intentionally left blank

Stock ESG Ratings:

	Criterion	Rating				
GENERAL	Earnings Sustainability & Quality	★	★	★		
	Community Investment	★	★	★		
	Workers Safety & Wellbeing	★	★	★		
	Corporate Governance	★	★	☆		
	Anti-Corruption Policy	★	★	☆		
	Emissions Management	★	★	☆		
SPECIFIC	Product Quality & Safety	★	★	★		
	Effluent/Water Management	★	★	★	☆	
	Waste Management	★	★	★		
	Biodiversity & Conservation	★	★	★	☆	
	Green Building	★	★	★		
	Supply Chain Management	★	★	★		
OVERALL		★	★	★		

☆ denotes half-star
 ★ -10% discount to TP
 ★★ -5% discount to TP
 ★★★ TP unchanged
 ★★★★ +5% premium to TP
 ★★★★★ +10% premium to TP

Stock Ratings are defined as follows:

Stock Recommendations

OUTPERFORM : A particular stock’s Expected Total Return is MORE than 10%
 MARKET PERFORM : A particular stock’s Expected Total Return is WITHIN the range of -5% to 10%
 UNDERPERFORM : A particular stock’s Expected Total Return is LESS than -5%

Sector Recommendations***

OVERWEIGHT : A particular sector’s Expected Total Return is MORE than 10%
 NEUTRAL : A particular sector’s Expected Total Return is WITHIN the range of -5% to 10%
 UNDERWEIGHT : A particular sector’s Expected Total Return is LESS than -5%

*****Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.**

This document has been prepared for general circulation based on information obtained from sources believed to be reliable but we do not make any representations as to its accuracy or completeness. Any recommendation contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may read this document. This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement by addressees. Kenanga Investment Bank Berhad accepts no liability whatsoever for any direct or consequential loss arising from any use of this document or any solicitations of an offer to buy or sell any securities. Kenanga Investment Bank Berhad and its associates, their directors, and/or employees may have positions in, and may effect transactions in securities mentioned herein from time to time in the open market or otherwise, and may receive brokerage fees or act as principal or agent in dealings with respect to these companies. Kenanga Investment Bank Berhad being a full-service investment bank offers investment banking products and services and acts as issuer and liquidity provider with respect to a security that may also fall under its research coverage.

Published by:

KENANGA INVESTMENT BANK BERHAD (15678-H)
 Level 17, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia
 Telephone: (603) 2172 0880 Website: www.kenanga.com.my E-mail: research@kenanga.com.my

