

26 February 2026

## SD Guthrie

### Soft 4Q but FY25 Still Good

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SDG's FY25 core net profit (CNP) rose 33% to come within (<1%) Kenanga, but was 9% below consensus, estimate. 4QFY25 performance declined on weaker upstream results and smaller disposal gains, while downstream also slipped QoQ but remain higher YoY. Moving forward, industrial property and renewable energy should gain further momentum to temper soft upstream earnings. We upgrade FY26F core EPS (CEPS) by 5% to 27.8 sen and introduce FY27F CEPS of 28.0 sen. TP is also raised by 7% to RM5.45 on higher PBV rating of 1.8x (from 1.6x) on improving ROEs but maintain our MARKET PERFORM call pending a briefing this morning as ratings suggest that a lot of good news have been factored into its share price.

**FY25.** Excluding various disposal gains (RM540m), foreign exchange loss (RM23m) and fair value loss (RM3m), CNP still grew 33% to RM1,989m. Upstream EBIT slipped 3% YoY on tighter margins. Thinner margins also affected downstream EBIT which fell 16% YoY. However, gains from industrial land which netted in RM430m and a near halving of interest expense helped to lift the overall earnings for FY25.

**4QFY25.** Harvest slipped marginally to 2.287m MT (-1% QoQ, -1% YoY) in 4QFY25 while selling prices eased for CPO (-1% QoQ, -7% YoY). Upstream EBIT thus declined to RM578m (-8% QoQ, -42% YoY). Downstream EBIT also dipped 17% QoQ but managed to stay 24% higher YoY despite competition in bulk products, hence 4QFY25 margins of 2.8% was at the low-end of its historical 3-4% range.

Net debt inched up QoQ, from RM6.45b in 3QFY25 to RM6.84b (38% net gearing). A slightly better final DPS of 10.35 sen was declared, bringing full-year FY25 DPS to 18.1 sen (vs. our estimate of 17.0 sen.)

**Firmer outlook thanks to growing non-plantation earnings.** Upstream earnings are expected to decline on softer CPO prices amidst flattish FFB output and some cost increases but still staying healthy overall. Downstream margins are expected to stay positive even if pressures remain. However, land disposal and/or real estate earnings are likely to result in flattish overall FY26-27F earnings.

**Upstream.** YoY, softer CPO prices are expected for 2026 due to better-than-expected output from palm and soyabean in 2025, thus higher inventory and also supply uptick are expected in 2026. However, overall supply-demand is still expected to remain tight in 2026. For SDG, we are nudging up FY26F average CPO price from RM4,000 to RM4,100 per MT for its Malaysian operations (vs. RM4,370 in FY25). Decent FFB harvest and PK prices should keep overall unit costs manageable despite rising labour and fertiliser costs.

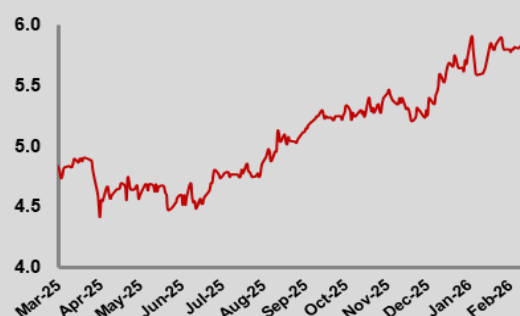
**Downstream** demand and margins are likely to remain weak in FY26 with only tepid recovery expected due to uncertain and modest global economic growth.

**Renewable energy (RE).** SDG is targeting a full-fledged solar business vertical with 1GW of capacity (which may require RM2b-RM3b in capex, possibly more if battery storage is involved). It has partnered Gamuda Bhd (OP: TP: RM6.13) to strengthen future bids including large scale solar (LSS) as well as Corporate Renewable Energy Supply Scheme (CRESS) and other projects. However, even if SDG wins solar project today, no material contribution is likely until FY28 due to current EPCC tightness. Meanwhile, SDG will enjoy RE

## MARKET PERFORM ↔

Price : **RM5.86**  
Target Price : **RM5.45** ↑

### Share Price Performance



KLCI	1,747.81
YTD KLCI chg	4.0%
YTD stock price chg	2.3%

### Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	SDG MK EQUITY
Market Cap (RM m)	40,526.1
Shares Outstanding	6,915.7
52-week range (H)	5.97
52-week range (L)	4.42
3-mth avg daily vol:	8,570,325
Beta	49%

### Major Shareholders

Amanah Saham Nasional	48.5%
Employees Provident	15.5%
Kumpulan Wang Persaraan	8.0%

### Summary Earnings Table
















FYE Dec (RM m)	2025A	2026F	2027F
Turnover	20,895	21,216	21,526
EBIT	3,347	3,485	3,505
PBT	3,530	3,411	3,447
<b>Net Profit (NP)</b>	<b>2,503</b>	<b>2,408</b>	<b>2,418</b>
<b>Core NP</b>	<b>1,989</b>	<b>1,924</b>	<b>1,934</b>
Consensus	2,197	2,160	-
Earnings Revision	-	+5%	-
<b>Core EPS (sen)</b>	<b>28.8</b>	<b>27.8</b>	<b>28.0</b>
Core EPS Growth (%)	32.5	-3.3	0.5
NDPS (sen)	18.1	18.0	18.0
BV/Share (RM)	2.85	3.02	3.19
Core PER (x)	20.4	21.1	21.0
Price/BV (x)	2.1	1.9	1.8
Net Gearing (x)	0.1	0.1	0.0
Dividend Yield (%)	3.1	3.1	3.1

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leasing income and income from its 15MW Bukit Selarong (Kedah) solar farm which started operation in Dec 2025.

**Industrial property.** SDG's move into industrial property should enhance returns and cashflows. It has added RM394m in disposal gain thus far in FY25, giving SDG the flexibility to pare debts or paying more generous dividend payout, or both. FY26-27 should see more disposal gains (RM500m-RM700m a year) and share of development profits (RM50m-RM100m a year) as SDP has announced 15,664 acres (6,339 Ha) of industrial land ventures and partnership to date.

#### SDG Industrial Property Projects Announced To Date

Ref	Date	Location	Size (acres)	JV partner	Status
1	7-May-24	Tali Ayer, Perak	1,000		
2	21-Aug-24	Bukit Pelandok, Negeri Sembilan	464		
3	20-May-25	Bukit Pelandok, Negeri Sembilan	1,195	 	
4	20-Jun-25	Carey Island	2,000		
5	24-Jun-25	Port Dickson	300 (outright purchase) 300 (JV)		
6	8-Jul-25	Carey Island	470		
7	7-Nov-25	Kuala Selangor	3,000		
8	19-Nov-25	Kulai, Johor	935	 	
9	7-Dec-25	Kulim, Kedah	1,000		
10	22-Dec-25	Kulai, Johor	5,000		

**Legends**

 Ongoing review  Definitive agreements signed (i.e. JVA, SSA or SPA)

Source: Company, Kenanga Research

**Forecasts.** No change to core net profit, but we are imputing higher land disposal gains into reported net profit for FY26. Our assumed CPO prices remained RM4,300 per MT for FY25 and RM4,000 per MT for FY26.

**Valuations.** Upgrade TP by 7%, from RM5.10 to RM5.45 based on 1.8x FY26F PBV, instead of 1.6x PBV previously due to the group's much improved ROE. SDG's past 5-year average ROE of 12% is now comparable to sector leader IOI (12%) among the large integrated peers and ahead of KLK (10%). However, based on core profits, SDG's core ROE of 8% is still weaker than KLK (9%) and IOI (12%). As such, we adopted 1.8x PBV which is in between KLK's current target PBV of 1.6x PBV and IOI's target PBV of 2.0x. There is no adjustment to our TP based on ESG given a 3-star rating as appraised by us (see Page 3) at the moment but we are monitoring SDG's improving ESG performance and if sustained, may adjust its ESG rating accordingly.

**Investment case.** With some of its estates ripe for property development, SDG is defensive and undervalued from an asset point of view but long-term expansion plans and productivity management strategies would be viewed positively; though the timing and actual impact on earnings are less clear; hence, we are keeping our **MARKET PERFORM** call.

**Risks to our call include:** (i) Western hostility towards palm oil on sustainability and biodiversity issues, (ii) impact of weather and labour shortages on production, (iii) weak CPO and palm kernel prices, and (iv) cost inflation.

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<b>Results Highlights</b>								
<b>FYE Dec (RM m)</b>	<b>4Q25</b>	<b>3Q25</b>	<b>QoQ</b>	<b>4Q24</b>	<b>YoY</b>	<b>FY25</b>	<b>FY24</b>	<b>YoY</b>
<b>Revenue</b>	<b>5,498</b>	<b>5,411</b>	<b>+2%</b>	<b>5,257</b>	<b>+5%</b>	<b>20,895</b>	<b>19,831</b>	<b>+5%</b>
Gross Profit	636	729	-13%	782	-19%	2,839	2,474	+15%
<b>EBIT</b>	<b>732</b>	<b>833</b>	<b>-12%</b>	<b>843</b>	<b>-13%</b>	<b>3,088</b>	<b>2,623</b>	<b>+18%</b>
Net Interest Expenses	(10)	(13)	-23%	(23)	-57%	(63)	(119)	-47%
Associates & JVs	(45)	-	N.A.	(28)	+61%	(9)	(28)	N.A.
El (to be excluded. fr N Profit)	20	431	-95%	287	-93%	514	663	-22%
<b>Pretax Profit</b>	<b>697</b>	<b>1,251</b>	<b>-44%</b>	<b>1,079</b>	<b>-35%</b>	<b>3,530</b>	<b>3,139</b>	<b>+12%</b>
Taxation	(154)	(271)	-43%	(263)	-41%	(842)	(796)	+6%
Perpetual Sukuk	(31)	(31)	-	(31)	-	(124)	(124)	-
MI	(16)	(14)	+14%	(13)	+23%	(61)	(55)	+11%
<b>Net Profit</b>	<b>496</b>	<b>935</b>	<b>-47%</b>	<b>772</b>	<b>-36%</b>	<b>2,503</b>	<b>2,164</b>	<b>+16%</b>
<b>Core Net Profit</b>	<b>476</b>	<b>504</b>	<b>-6%</b>	<b>485</b>	<b>-2%</b>	<b>1,989</b>	<b>1,501</b>	<b>+33%</b>
EPS (sen)	7.2	13.5	-47%	11.2	-36%	36.2	31.3	+16%
<b>Core EPS (sen)</b>	<b>6.9</b>	<b>7.3</b>	<b>-6%</b>	<b>7.0</b>	<b>-2%</b>	<b>28.8</b>	<b>21.7</b>	<b>+33%</b>
DPS (sen)	10.35	-	N.A.	11.71	N.A.	18.10	4.65	+289%
GP %	12%	13%		15%		14%	12%	
EBIT %	13%	15%		16%		15%	13%	
PBT %	13%	23%		21%		17%	16%	
Tax %	22%	22%		24%		24%	25%	
CPO (RM / MT)	4,156	4,210	-1%	4,477	-7%	4,254	4,101	+4%
PK (RM / MT)	3,200	3,125	+2%	2,966	+8%	3,219	2,418	+33%
FFB Production (MT)	2,287	2,303	-1%	2,307	-1%	8,881	8,769	+1%

Source: Company, Kenanga Research

<b>Segmental Breakdown</b>								
<b>FYE Dec (RM m)</b>	<b>4Q25</b>	<b>3Q25</b>	<b>QoQ</b>	<b>4Q24</b>	<b>YoY</b>	<b>FY25</b>	<b>FY24</b>	<b>YoY</b>
<b>Segmental Revenue:</b>								
Upstream	923	767	+20%	682	+35%	3,013	2,219	+36%
Downstream	4,550	4,615	-1%	4,561	-0%	17,792	17,504	+2%
Others	25	29	-14%	14	+79%	90	108	-17%
<b>Group Revenue</b>	<b>5,498</b>	<b>5,411</b>	<b>+2%</b>	<b>5,257</b>	<b>+5%</b>	<b>20,895</b>	<b>19,831</b>	<b>+5%</b>
<b>Segmental PBT:</b>								
Upstream	578	627	-8%	994	-42%	2,618	2,692	-3%
Downstream	128	154	-17%	103	+24%	484	579	-16%
Others	1	483	-100%	5	-80%	491	(13)	-3877%
Net Interest Expenses	(10)	(13)	-23%	(23)	-57%	(63)	(119)	-47%
<b>Group Pretax Profit</b>	<b>697</b>	<b>1,251</b>	<b>-44%</b>	<b>1,079</b>	<b>-35%</b>	<b>3,530</b>	<b>3,139</b>	<b>+12%</b>

Source: Company, Kenanga Research

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## 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.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.		
<b>PLANTATION</b>																					
GENTING PLANTATIONS BHD	MP	5.14	5.40	5.1%	4,611.4	Y	12/2026	43.7	44.2	10.7%	1.2%	11.8	11.6	0.8	7.2%	28.0	5.4%				
HAP SENG PLANTATIONS HLDNGS	UP	2.31	2.15	-7.0%	1,847.3	Y	12/2026	16.3	16.7	-6.4%	2.2%	14.2	13.9	0.8	5.9%	8.0	3.5%				
IOI CORP BHD	MP	4.04	4.35	7.7%	25,392.2	Y	06/2026	23.9	23.5	18.8%	-1.5%	16.9	17.2	1.9	12.5%	11.0	2.7%				
KUALA LUMPUR KEPONG BHD	OP	19.18	24.00	25.1%	21,360.0	Y	09/2026	127.1	137.8	17.2%	8.4%	15.1	13.9	1.4	9.7%	60.0	3.1%				
PPB GROUP BHD	OP	10.96	12.50	14.1%	15,591.7	Y	12/2025	98.5	115.3	21.5%	17.0%	11.1	9.5	0.5	3.0%	45.0	4.1%				
SD GUTHRIE BHD	MP	5.86	5.45	-7.0%	40,526.1	Y	12/2026	27.8	28.0	-3.3%	0.5%	21.1	21.0	1.9	11.9%	15.0	2.6%				
TA ANN HOLDINGS BHD	MP	4.63	3.90	-15.8%	2,039.3	Y	12/2025	45.5	41.5	20.4%	-8.8%	10.2	11.2	1.1	10.9%	40.0	8.6%				
TSH RESOURCES BHD	OP	1.22	1.55	27.0%	1,538.2	Y	12/2026	12.6	13.0	-9.5%	3.1%	9.6	9.4	0.7	7.9%	5.0	4.1%				
UNITED MALACCA BHD	OP	5.80	6.45	11.2%	1,216.7	Y	04/2026	76.1	70.8	37.2%	-7.0%	7.6	8.2	0.7	10.4%	20.0	3.4%				
<b>Simple Average</b>					<b>114,122.8</b>					<b>10.8%</b>	<b>4.5%</b>	<b>15.8</b>	<b>15.1</b>	<b>1.1</b>	<b>8.8%</b>		<b>4.2%</b>				

Source: Bloomberg, Kenanga Research

	Criterion	Rating			
<b>GENERAL</b>	Earnings Sustainability & Quality	★	★	★	☆
	Corporate Social Responsibility	★	★	★	☆
	Management/Workforce Diversity	★	★	★	
	Accessibility & Transparency	★	★	★	
	Corruption-Free Pledge	★	★	★	☆
	Carbon-Neutral Initiatives	★	★	★	
	<b>SPECIFIC</b>	Biodiversity Conservation	★	★	★
Sustainable Planting		★	★	★	☆
Guest Labour Welfare		★	★	★	★
Supply Chain Auditing		★	★	★	
Occupational Health & Safety		★	★	★	★
Waste Disposal & Pollution Control		★	★	★	☆
<b>OVERALL</b>		★	★	★	

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

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### 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.**

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