

27 February 2026

SD Guthrie

Good Earnings May Already Priced In

By Khoo Teng Chuan | khootc@kenanga.com.my

SDG's post-FY25 results briefing suggests that some of our FY26-27 assumptions could be a tad conservative but within range. More importantly, unless CPO prices spike from a severe El Nino, industrial property and renewable energy segments should gain ground to temper flattish to softer upstream earnings. Maintain FY26F and FY27F core EPS (CEPS) of 27.8 sen and 28.0 sen, respectively. Our PBV-driven TP of RM5.45 is also left intact along with our MARKET PERFORM call as ratings suggest a lot of good news may have already been priced in.

Key takeaways from SDG's FY25 results briefing are:

FY26 CPO prices rangebound but severe El Nino may emerge. SDG is expecting 2026 CPO prices of RM4,000-4,200 per MT, which is slightly lower than the group's FY25 average of RM4,254 per MT. However, if a severe El Nino does develop in SE Asia, higher CPO prices can be expected later in 2026 even though the actual impact on harvest will occur only in 2027. Kenanga generally concur with this outlook as evidenced by our CPO price assumption of RM4,100 per MT for 2026-27.

"Low to mid-single digit" growth target for FY26 FFB. Overall, we are a tad more cautious and expect SDG to produce FFB higher by 1% YoY in FY26 to 9m MT. SDG Malaysia produces about half of the group's entire FFB output and the Malaysia upstream operations just yielded 19.73 MT FFB per Ha in FY25, the highest in five years. Its Malaysia upstream unit has yielded above 20 MT FFB per Ha before. FY26 yields can still improve and we are assuming flatter yield in FY26. Instead, we agree that SDG Indonesia should enjoy an uptick of 2% YoY after a weaker FY25.

Downstream to stay challenging. Although SDG noted that specialty products fared better in FY25, the overall business backdrop is one of uncertain demand and intense price competition especially for the bulk to commoditised products which form 75% of SDG downstream volume.

Industrial property could see RM500m-RM800m in profits. SDG foresee closing potentially three land-cum-development deals but details are still being ironed out and timing remain uncertain, hence the FY26 property profit range of RM500m-RM800m vs. our expectation of RM600m.

Indonesian forest land encroachment. SDG clarified that it had already sold the 570 Ha at risk but provided the buyer a warranty that SDG will bear the fine, hence an undisclosed provision was made.

Forecasts. No change to our FY26-27F forecasts.

Valuations. Maintain TP of RM5.45 on 1.8x FY26F PBV. 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, its core ROE of 8% is still weaker than KLK (9%) and IOI (12%), so we adopted 1.8x PBV which is in between KLK's 1.6x target 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 (see Page 3).

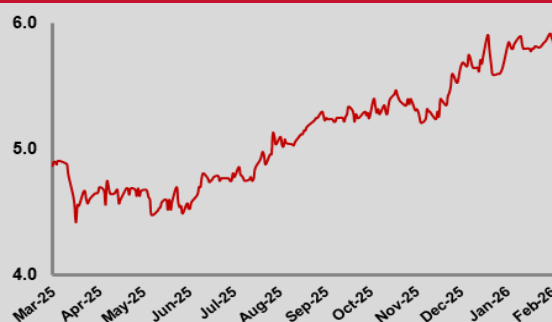
Investment case. HSPLANT's main investment merit is its defensiveness, thanks to its highly cash-generative upstream palm oil operations, solid net cash holding and decent dividend record. Maintain **OUTPERFORM**.

Risks to our call include: (i) weather impact on edible oil supply, (ii) unfavourable commodity prices fluctuations, and (iii) cost inflation.

MARKET PERFORM ↔

Price : **RM5.82**
Target Price : **RM5.45** ↔

Share Price Performance



KLCI	1,740.94
YTD KLCI chg	3.6%
YTD stock price chg	1.6%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	SDG MK EQUITY
Market Cap (RM m)	40,249.5
Shares Outstanding	6,915.7
52-week range (H)	5.97
52-week range (L)	4.42
3-mth avg. daily vol.	8,392,848
Free Float	49%
Beta	1.0

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	3,390	3,485	3,505
PBT	3,530	3,411	3,447
Net Profit (NP)	2,503	2,408	2,418
Core NP	1,989	1,924	1,934
Consensus (CNP)	-	2,197	2,124
Earnings Revision	-	-	-
Core EPS (sen)	28.8	27.8	28.0
Core EPS Grwth (%)	32.5	-3.4	0.7
NDPS (sen)	18.1	18.0	18.0
BV/Share (RM)	2.85	3.02	3.19
Core PER (x)	20.2	21.0	20.8
PBV (x)	2.0	1.9	1.8
Net Gearing (x)	0.1	0.1	0.0
Dividend Yield (%)	3.1	3.1	3.1

27 February 2026

Peer 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.
PLANTATION																	
GENTING PLANTATIONS BHD	MP	5.16	5.40	4.7%	4,629.4	Y	12/2026	43.7	44.2	10.7%	1.2%	11.8	11.7	0.8	7.2%	28.0	5.4%
HAP SENG PLANTATIONS HOLDING	UP	2.18	2.15	-1.4%	1,743.3	Y	12/2026	16.3	16.7	-6.4%	2.2%	13.4	13.1	0.8	5.9%	8.0	3.7%
IOI CORP BHD	MP	4.01	4.35	8.5%	25,203.6	Y	06/2026	23.9	23.5	18.8%	-1.5%	16.8	17.0	1.9	12.5%	11.0	2.7%
KUALA LUMPUR KEPONG BHD	OP	19.24	24.00	24.7%	21,426.8	Y	09/2026	127.1	137.8	17.2%	8.4%	15.1	14.0	1.4	9.7%	60.0	3.1%
PPB GROUP BHD	OP	10.84	12.50	15.3%	15,421.0	Y	12/2025	98.5	115.3	21.5%	17.0%	11.0	9.4	0.5	3.0%	45.0	4.2%
SD GUTHRIE BHD	MP	5.82	5.45	-6.4%	40,249.5	Y	12/2026	27.8	28.0	-3.3%	0.5%	20.9	20.8	1.9	11.9%	15.0	2.6%
TA ANN HOLDINGS BHD	MP	4.62	4.40	-4.8%	2,034.9	Y	12/2026	43.9	45.3	-9.4%	3.1%	10.5	10.2	1.1	10.3%	40.0	8.7%
TSH RESOURCES BHD	OP	1.22	1.55	27.0%	1,537.8	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	5.82	6.45	10.8%	1,220.9	Y	04/2026	76.1	70.8	37.2%	-7.0%	7.6	8.2	0.8	10.4%	20.0	3.4%
Simple Average					113,467.2					9.9%	4.8%	15.7	15.0	1.1	8.8%		4.2%

Source: Bloomberg, Kenanga Research

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

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

27 February 2026

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