

27 February 2026

# Sime Darby Property

## RM4b Sales Target for FY26

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Although SIMEPROP beat our sales estimate, its FY25 results missed expectations, weighed by lower-than-expected property development contribution, and higher-than-expected opex incurred. After achieving RM4.2b sales surpassing its RM3.6b sales target in FY25, SIMEPROP unveiled a target of RM4b for FY26 which we also expect to be attainable. Industrial developments remain as key earnings drivers, supported by two recent SD Guthrie collaborations to develop large-scale industrial and logistics hubs in East Klang Valley. We thus lower our FY26F earnings growth to 5% to reflect potentially softening in its residential landed products sales and higher administrative expenses, before EPS acceleration of 11% in FY27, supported by its growing industrial segment development and the anticipated gradual recovery in the Battersea JV. Maintain our TP of RM1.97 and an OUTPERFORM call.

**Below expectations.** SIMEPROP's FY25 net earnings of RM517.7m made up only 92% of our full-year forecast and 90% of consensus full-year estimate. The negative deviation from our numbers was due to lower-than-expected contribution from industrial and residential landed products, coupled with higher-than-expected administrative expenses incurred in 4QFY25.

**YoY,** FY25 revenue dipped by 2% from softer property development revenues (-3%) due to lower revenue recognition from both industrial and landed residential products. On the flipside, its net profit grew by 3%, supported by improved performances from the property investment segment alongside narrowing losses from the Battersea JV.

**QoQ,** 4QFY25 revenue fell 14% likely due to slower launches in the quarter and a lower contribution from industrial products. Its net profit was reduced sharper by 48% on lower margins due to lower industrial product mix in revenue and partially burdened by higher administrative expenses (+35%).

**Outlook.** SIMEPROP's FY25 sales of RM4.2b exceeded its sales target of RM3.6b by 17%. For FY26, the group has set a sales target of RM4b and planned launches of RM4.7b in GDV.

The group has entered into a 50:50 JV with SDG to develop 3,000 acres in Kuala Selangor into an industrial and logistics hub. While further project details (e.g., GDV, timeline) have yet to be disclosed, we estimate that the initial 1,000-acre phase could deliver a GDV of c.RM8.7b, supporting a 7-10 years development runway. This marks the group's second venture with SDG, following their earlier 2,000-acre Carey Island collaboration, which we estimate to carry a GDV potential of RM20b-RM30b over 20-30 years.

Unbilled sales stood at RM3.9b as at 8 Feb 2026.

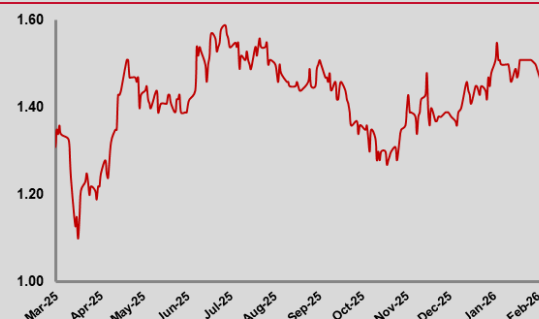
As of 3QFY26, SIMEPROP also reported positive momentum across its key projects, including the imminent commencement of Battersea Phase 3C, steady progress on its two data centre developments slated for completion in FY26 (49-acre site) and FY27 (77-acre site), as well as its new venture in Melbourne, capitalising on the city's tight residential supply and growing demand for Purpose-Built Student Accommodation.

**Forecast.** Post results, we revise our FY26F earnings lower by 5% from more conservative property revenue recognition and rising administrative expenses. We also introduce FY27 earnings forecasts that imply 11% net profit growth, supported by its growing industrial segment development and the anticipated gradual recovery in the Battersea JV.

**OUTPERFORM** ↔

Price : **RM1.47**  
Target Price : **RM1.97** ↔

### Share Price Performance



KLCI	1,740.94
YTD KLCI chg	3.6%
YTD stock price chg	5.8%

### Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	SDPR MK EQUITY
Market Cap (RM m)	9,997.2
Shares Outstanding	6800.8
52-week range (H)	1.61
52-week range (L)	1.07
3-mth avg. daily vol.	7,048,953
Free Float	49%
Beta	1.3

### Major Shareholders

Amanah Saham Nasional	39.9%
Employees Provident Fund	14.8%
Kumpulan Wang Persaraan	7.4%

### Summary Earnings Table

FY Dec (RM m)	2025A	2026F	2027F
Turnover	4,184.2	4,504.6	4,929.9
Operating Profit	895.3	949.2	1,015.6
Profit Before Tax	803.4	864.2	962.4
<b>Net Profit</b>	<b>517.7</b>	<b>558.9</b>	<b>622.5</b>
<b>Core Net Profit</b>	<b>517.7</b>	<b>558.9</b>	<b>622.5</b>
Consensus (NP)	-	620.5	675.0
Earnings Revision	-	-5%	NEW
Core EPS (sen)	7.6	8.2	9.2
Core EPS Growth (%)	3.1	8.0	11.4
NDPS (sen)	3.2	3.3	3.3
BVPS (RM)	1.55	1.59	1.65
PER (x)	19.3	17.9	16.1
PBV (x)	0.95	0.92	0.89
Net Gearing (x)	0.39	0.36	0.31
Net Div. Yield (%)	2.2	2.2	2.2



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**Maintain OUTPERFORM with the TP of RM1.97.** Our TP is based on an unchanged 45% discount to RNAV (better than our industry applied average of 50%). 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 1QCY26 Top Pick for the sector.**

**Risks to our call include:** (i) weak demand in the property sector, (ii) changes in mortgage rates boosting affordability, (iii) construction cost increases, and (iv) risks associated with overseas operations.

### Results Highlight

	4Q	3Q	QoQ	4Q	YoY	12M	12M	YoY
FYE Dec (RM m)	FY25	FY25	Chg	FY24	Chg	FY25	FY24	Chg
<b>Revenue</b>	<b>1,037.9</b>	<b>1,212.4</b>	<b>-14.4%</b>	<b>977.0</b>	<b>6.2%</b>	<b>4,184.2</b>	<b>4,250.8</b>	<b>-1.6%</b>
Cost of Sales	-705.9	-795.1	-11.2%	-697.5	1.2%	-2,790.3	-2,894.3	-3.6%
<b>Gross Profit</b>	<b>332.0</b>	<b>417.3</b>	<b>-20.4%</b>	<b>279.5</b>	<b>18.8%</b>	<b>1,393.9</b>	<b>1,356.5</b>	<b>2.8%</b>
Selling and marketing expenses	-54.0	-42.7	26.6%	-50.2	7.7%	-166.8	-160.4	4.0%
Administrative Expenses	-126.1	-93.2	35.4%	-89.2	41.4%	-373.7	-330.2	13.2%
Other income/(expenses)	21.0	6.3	231.5%	30.0	-30.1%	42.0	33.9	23.8%
<b>Operating Profit</b>	<b>172.8</b>	<b>287.8</b>	<b>-39.9%</b>	<b>170.2</b>	<b>1.5%</b>	<b>895.3</b>	<b>899.8</b>	<b>-0.5%</b>
JV Contributions	-37.5	-33.1	13.4%	-22.9	64.1%	-127.2	-181.2	-29.8%
Associate Contributions	-2.9	1.3	-328.6%	-0.2	1234.7%	-1.0	1.7	-162.3%
Other Gains	8.0	-0.8	-1091.3%	-12.8	-162.4%	7.8	17.6	-55.8%
Net Interest Income/(Expense)	4.0	5.6	-29.3%	8.9	-55.6%	28.5	42.3	-32.5%
Extraordinary items	0.0	0.0	N.M	0.0	N.M.	0.0	0.0	N.M
<b>Profit Before Tax</b>	<b>144.3</b>	<b>260.7</b>	<b>-44.7%</b>	<b>143.3</b>	<b>0.7%</b>	<b>803.4</b>	<b>780.0</b>	<b>3.0%</b>
Taxation	-51.3	-88.5	-42.0%	-51.3	-0.1%	-268.4	-262.4	2.3%
Minority Interest	-5.5	-4.0	35.8%	-3.6	52.7%	-17.2	-15.4	11.9%
<b>Net Profit</b>	<b>87.6</b>	<b>168.2</b>	<b>-48.0%</b>	<b>88.4</b>	<b>-1.0%</b>	<b>517.7</b>	<b>502.2</b>	<b>3.1%</b>
Adjustments	0.0	0.0	N.M	0.0	N.M.	0.0	0.0	N.M
<b>Core Net Profit</b>	<b>87.6</b>	<b>168.2</b>	<b>-48.0%</b>	<b>88.4</b>	<b>-1.0%</b>	<b>517.7</b>	<b>502.2</b>	<b>3.1%</b>
Gross Profit Margin	32.0%	34.4%		28.6%		33.3%	31.9%	
Operating Margin	16.7%	23.7%		17.4%		21.4%	21.2%	
Pretax Margin	13.9%	21.5%		14.7%		19.2%	18.4%	
Net Margin	8.4%	13.9%		9.0%		12.4%	11.8%	
Effective Tax Rate	-35.5%	-33.9%		-35.8%		-33.4%	-33.6%	
Net Gearing (x)	0.35	0.34		0.24		0.35	0.24	

Source: Company, Kenanga Research

### Results Highlight

	4Q	3Q	QoQ	4Q	YoY	12M	12M	YoY
FYE Dec (RM m)	FY25	FY25	Chg	FY24	Chg	FY25	FY24	Chg
<b>Revenue</b>								
Property Development	950.4	1,140.8	-16.7%	908.1	4.7%	3,894.8	4,011.7	-2.9%
Investment and Asset Management	60.9	45.1	35.1%	43.3	40.5%	183.9	139.2	32.2%
Leisure	26.6	26.5	0.3%	25.7	3.8%	105.5	100.0	5.5%
<b>Total Revenue</b>	<b>1,037.9</b>	<b>1,212.4</b>	<b>-14.4%</b>	<b>977.0</b>	<b>6.2%</b>	<b>4,184.2</b>	<b>4,250.8</b>	<b>-1.6%</b>
<b>Operating Profit</b>								
Property Development	268.1	315.9	-15.1%	310.2	-13.6%	1,080.7	1,060.4	1.9%
Investment and Asset Management	23.1	4.5	419.3%	6.4	260.3%	40.8	11.9	243.7%
Leisure	-3.2	-4.4	-26.8%	-3.6	-11.2%	-11.8	-29.8	-60.3%
Eliminations	-115.2	-28.2	308.6%	-142.8	-19.3%	-214.4	-142.8	50.2%
<b>Total Operating Profit</b>	<b>172.8</b>	<b>287.8</b>	<b>-39.9%</b>	<b>170.2</b>	<b>1.5%</b>	<b>895.3</b>	<b>899.8</b>	<b>-0.5%</b>
<b>Operating Margin</b>								
Property Development	28.2%	27.7%		34.2%		27.7%	26.4%	
Investment and Asset Management	38.0%	9.9%		14.8%		22.2%	8.5%	
Leisure	-12.1%	-16.6%		-14.1%		-11.2%	-29.8%	
<b>Total Operating Margin</b>	<b>16.7%</b>	<b>23.7%</b>		<b>17.4%</b>		<b>21.4%</b>	<b>21.2%</b>	

Source: Company, Kenanga Research

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<b>SIMEPROP's RNAV</b>			
<b>Project</b>	<b>Remaining Landbank (acres)</b>	<b>Outstanding GDV (RM b)</b>	<b>Effective NPV of profit (RM m)</b>
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
<b>Total</b>	<b>13,586.0</b>	<b>115.80</b>	<b>11,231.0</b>
<b>Unbilled Sales (as of 3QFY25)</b>		<b>4,100.0</b>	<b>224.4</b>
<b>Shareholders Fund (3QFY25)</b>			<b>10,506.8</b>
<b>Total RNAV (RM m)</b>			<b>21,962.2</b>
Discount to RNAV			45%
<b>Discounted RNAV</b>			<b>12,079.2</b>
Data Centre DCF valuation			1,347.1
<b>Total SoP value</b>			<b>13,426.3</b>
Number of shares (m)			6,800.8
<b>SoP-TP (RM)</b>			<b>1.97</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.
<b>PROPERTY DEVELOPERS</b>																	
Eco World Development Group	OP	2.22	2.24	0.9%	7,144.4	Y	10/2026	15.9	16.2	14.9%	1.5%	13.9	13.7	1.0	7.7%	7.5	3.4%
IOI Properties Group Bhd	MP	3.57	2.81	-21.3%	19,656.9	Y	06/2026	11.2	12.4	112.3%	10.1%	31.8	28.9	0.8	4.5%	5.0	1.4%
LBS Bina Bhd	OP	0.445	0.640	43.8%	681.5	Y	12/2026	7.1	8.1	66.5%	15.2%	6.3	5.5	0.3	6.1%	3.3	7.4%
Mah Sing Group Bhd	OP	1.22	1.78	45.9%	3,123.4	Y	12/2025	10.5	11.0	12.0%	4.7%	11.7	11.1	0.8	6.4%	5.0	4.1%
Malaysian Resources Corp Bhd	MP	0.315	0.560	77.8%	1,407.3	Y	12/2025	1.8	1.4	19.2%	-18.9%	44.4	23.9	0.3	1.7%	1.0	3.2%
Paramount Corporation Bhd	OP	1.09	1.47	34.9%	678.8	Y	12/2026	21.0	22.0	82.8%	4.7%	5.2	5.0	0.4	8.6%	8.5	7.8%
S P Setia Bhd	OP	0.945	1.43	51.3%	4,728.1	Y	12/2025	6.1	7.3	-33.3%	18.9%	15.5	13.0	0.3	2.4%	2.0	2.1%
Sime Darby Property Bhd	OP	1.47	1.97	34.0%	9,997.2	Y	12/2025	8.2	9.2	8.0%	11.4%	17.9	16.1	0.9	5.1%	3.3	2.2%
Sunway Bhd	UP	5.95	4.98	-16.3%	40,224.5	Y	12/2026	20.5	19.4	7.8%	-5.4%	29.0	30.6	2.2	7.8%	6.5	1.1%
UOA Development Bhd	MP	1.91	1.91	0.0%	5,071.1	Y	12/2026	13.7	14.5	18.1%	6.0%	13.9	13.1	0.8	5.8%	12.0	6.3%
<b>SECTOR AGGREGATE</b>					<b>92,713.3</b>					<b>20.9%</b>	<b>3.9%</b>	<b>24.5</b>	<b>23.5</b>	<b>0.8</b>	<b>5.4%</b>		<b>4.0%</b>

Source: Kenanga Research

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**Stock ESG Ratings:**

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

☆ 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.**

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