

15 June 2026

## SD Guthrie

### Second Land Disposal for FY26

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SDG has concluded the disposal of 942 acres of land for RM815m with a disposal gain of RM364m. The proposal was first announced in Nov 2025, and its 1QFY26 results briefing further guided that the deal was pending completion this year. As such, we maintain our FY26-27 earnings forecasts, TP of RM5.90 as well as MARKET PERFORM call.

**Eco Business Park 8 Sdn Bhd (EBP8).** In Nov and Dec 2025, SDG announced the disposal of 942 acres of land in Kulai, Johor to EBP8 for RM815m. EBP8 is a JV comprising three partners with the following equity holdings; (a) 45% under SDG, (b) 45% under Eco World Development Group Berhad (45%), and (c) 10% under Permodalan Darul Ta'zim, a wholly owned company of the Johor state government.

**Eco Business Park VIII.** EBP8, will develop the 942 acres into an industrial park to be called "Eco Business Park VIII." The project is expected to be stretched over 10 years with an estimated GDV of RM3.75b. Located in Kulai and falling within the Johor-Singapore Special Economic Zone, the project has good connectivity to Senai Airport, major highways and ports.

**Impact on earnings.** SDG has guided for an estimated disposal gain of RM364m but the current announcement only indicated that the proposed disposal to EBP8 turned unconditional on 11 June 2026. Actual completion of the sales and purchase agreement (SPA) hinges on the payment of the remaining 85% of the consideration (15% deposit was settled earlier). As such, we are not clear whether the disposal gain will be reported in 2QFY26 or 3QFY26 as EBP8 has three months to settle the remaining 85% consideration starting 11 June 2026.

**Forecasts.** Maintain FY26-27F earnings as our forecasts have imputed in land disposal gains amounting to RM500-600m each year already.

**Valuation. SDG TP of RM5.90 is also left intact.** Its TP is based on 1.8x FY26F PBV, higher than KLK's 1.6x target PBV but below IOI's target PBV of 2.0x. Among the larger integrated planters, the group's reported 5-year average ROE of 12% is comparable to sector leader IOI (12%) and beats KLK (10%). However, adjusting out lumpy disposal gains, SDG's core ROE of 8% is still a tad below KLK (9%) and IOI (12%). Nevertheless, in recognition of our 4-star ESG rating for SDG (see page 3), a 5% premium to TP has been imputed.

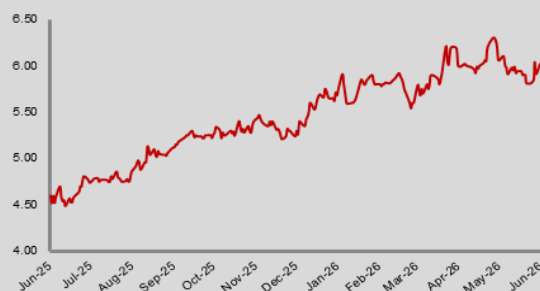
**Investment case.** SDG is defensive with deeply undervalued land bank, which it is selectively unlocking the value. Together with the pursue of upstream productivity and efficiency gains, SDG should see improving ROE over the coming years. Debt repayment and higher dividend payout are also likely. However, we do not see strong growth over the coming two to three years given the scale of its operations (703k Ha) and maturity of the palm oil sector hence, we are keeping our MARKET PERFORM call.

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

## MARKET PERFORM ↔

Target Price : **RM6.00**  
**RM5.90** ↔

### Share Price Performance



KLCI 1,683.63  
YTD KLCI chg 0.2%  
YTD stock price chg 4.7%

### Stock Information

Shariah Compliant Yes  
Bloomberg Ticker SDG MK Equity  
Market Cap (RM m) 41,494.3  
Shares Outstanding 6,915.7  
52-week range (H) 6.30  
52-week range (L) 4.49  
3-mth avg. daily vol. 13,949,300  
Beta 55%

### Major Shareholders

Amanah Saham Nasiona 43.3%  
Employees Provident 11.7%  
Kumpulan Wang Persar 8.0%

### Summary Earnings Table

FYE Dec (RM m)	2025A	2026F	2027F
Turnover	19,831	21,559	20,953
EBIT	3,258	3,351	3,388
PBT	3,139	3,548	3,314
<b>Net Profit (NP)</b>	<b>2,164</b>	<b>2,485</b>	<b>2,319</b>
<b>Core NP</b>	<b>1,501</b>	<b>1,985</b>	<b>1,835</b>
Consensus (CNP)	-	2,142	2,141
Earnings Revision	-	-	-
Core EPS (sen)	21.7	28.7	26.5
Core EPS Growth (%)	73.7	32.3	-7.5
NDPS (sen)	15.0	17.0	15.0
NTA/Share (RM)	2.67	2.86	3.05
Core PER (x)	24.9	18.8	20.4
Price/NTA (x)	2.0	1.9	1.8
Net Gearing (x)	0.2	0.1	0.1
Dividend Yield (%)	2.8	3.1	2.8

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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. 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>PLANTATION</b>																	
GENTING PLANTATIONS BHD	MP	5.24	5.70	8.8%	4,701.1	Y	12/2026	46.7	49.3	18.2%	5.6%	11.2	10.6	0.9	8.3%	30.0	5.7%
HAP SENG PLANTATIONS HOLDINGS	MP	2.22	2.00	-9.9%	1,775.3	Y	12/2026	18.5	18.5	6.2%	0.3%	12.0	12.0	0.8	5.7%	8.0	3.6%
IOI CORP BHD	OP	4.20	4.65	10.7%	26,397.8	Y	06/2026	24.0	25.1	19.5%	5.1%	17.5	16.7	2.0	12.6%	11.0	2.6%
KUALA LUMPUR KEPONG BHD	OP	20.76	25.20	21.4%	23,119.6	Y	09/2026	134.0	154.7	23.6%	15.4%	15.5	13.4	1.5	10.4%	60.0	2.9%
PPB GROUP BHD	OP	9.35	13.00	39.0%	13,288.2	Y	12/2026	109.2	114.4	14.7%	4.8%	8.6	8.2	0.6	6.7%	42.0	4.5%
SD GUTHRIE BHD	MP	6.00	5.90	-1.7%	41,494.3	Y	12/2026	30.2	30.6	4.9%	1.4%	19.9	19.6	2.1	13.6%	15.0	2.5%
TA ANN HOLDINGS BHD	UP	5.31	4.55	-14.3%	2,338.9	Y	12/2026	49.9	52.2	2.9%	4.7%	10.6	10.2	1.2	11.8%	40.0	7.5%
TSH RESOURCES BHD	OP	1.15	1.60	39.1%	1,429.9	Y	12/2026	12.4	14.0	-11.5%	13.2%	9.3	8.2	0.7	7.7%	5.0	4.3%
UNITED MALACCA BHD	OP	5.90	6.80	15.3%	1,237.6	Y	04/2026	79.3	88.8	43.0%	12.0%	7.4	6.6	0.8	10.8%	20.0	3.4%
<b>Sector Aggregate</b>					<b>115,782.7</b>					<b>13.6%</b>	<b>6.2%</b>	<b>15.0</b>	<b>14.1</b>	<b>1.2</b>	<b>9.7%</b>		<b>4.1%</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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