SD Guthrie Berhad

(5285 | SDG MK) Main | Plantation

SHARIAH Compliant | FTSE4Good | ESG 4 Stars

Corporate Update

Maintain BUY

Unchanged Target Price **RM5.43**

4QFY24 Results Review
A Solid Year

Maintain BUY with unchanged TP of RM5.43. We are maintaining our BUY call with an unchanged TP of RM5.43 based on FY25F EPS of 24.7sen pegged to a PER of 22x, nearly 5-year historical average mean. We remain optimistic with its upstream subsegment where recovery in Group's FFB yield. projected to touch 19.00Mt/ha level in FY24, thanks to the intensive rehabilitation efforts undertaken last year in Malaysia side.

Additionally, downstream prospects look promising on reversal of PPO products demand, despite oleo posted weaker demand in the US, however stronger profits from the Asia Pacific bulk operations maintained. While Europe area continues to be the primary driver of SDGI's performance, delivering strong margins.

Upstream. The FY24 group's upstream bottom-line remained healthy, maintaining at RM2.6b (+52.3%yoy) on higher profit contributions across 3 countries. Operationally, Malaysia's FFB production continued its recovery, showing double-digit growth due to decent average age profile of 11.2 years. However, this optimism was tapered by Indonesia and PNG side where the production was declined by -13.6%yoy/-8.8%yoy, respectively no thanks to the lagged El-Niño and La-Niña effect – prolonged dry and wet weather conditions in 9MFY24.

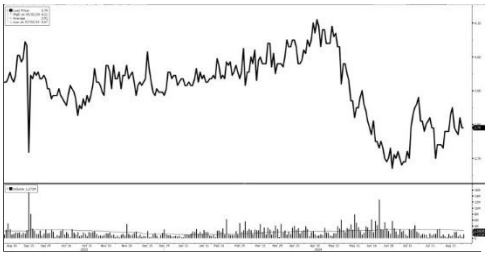
The group's average CPO and PK realised prices increased to RM4,101/Mt (+8.7%yoy) and RM2,418/Mt (+38.1%yoy), respectively. Meanwhile, the all-in cost of production, estimated nearly RM2,400/Mt (+5.0%yoy), attributed to the fall in crops formation amid fixed costs of production.

Downstream. The downstream' s profit settled higher at RM609.0m (+8.4%yoy) in FY24 thanks to the decent sales volume bulk market. Higher margins were seen in its Asia Pacific operations despite the continuation of Indonesia's domestic market obligations (DMO) and escalating feedstock costs – due elevated CPO prices.

Earnings. We are maintaining our earnings estimate at this juncture, despite the earnings came in above ours and consensus estimate, circa 120% and 109%. Earnings for the 1HFY25 expected to be mixed, on combination lower FFB and CPO production inline with pollination cycle months amid elevated CPO price traded.

RETURN STATISTICS	
Price @ 27th Feb 2025 (RM)	4.97
Expected share price return (%)	+9.3
Expected dividend yield (%)	+3.0
Expected total return (%)	+12.4

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	0.3	-1.3
3months	2.4	-5.3
12 months	-5.7	-16.9

INVESTMENT STATISTICS

FYE Dec (RM'm)	2025E	2026F	2027F
Revenue	18,611.5	17,835.8	17,232.1
Operating Profit	2,751.0	2,872.3	2,721.2
PBT	2,678.0	2,799.3	2,648.2
PATAMI	1,708.1	1,791.1	1,687.7
EPS (sen)	24.7	25.9	24.4
DPS (sen)	15.0	15.0	15.0
Dividend Yield (%)	3.0%	3.0%	3.0%

KEY STATISTICS	
FBM KLCI	1,586.60
Issue shares (m)	6917.7
Estimated free float (%)	43.8
Market Capitalisation (RM'm)	34,371.10
52-wk price range	RM4.15 – RM5.19
3-mth average daily volume (m)	2.59
3-mth average daily value (RM'm)	9.81
Top Shareholders (%)	
ASNB	53.29
EPF Board	16.41
KWAP	6.73

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SD Guthrie: 4QFY24 Results Summary

FYE Dec (RM'm)	Quarterly results					Cumulative results		
	4QFY23	3QFY24	4QFY24	QoQ (%)	YoY (%)	FY23	FY24	YoY (%)
Revenue	5,280.0	5,267.0	5,257.0	-0.2	-0.4	18,428.0	19,831.0	7.6
Operating profit	421.0	1,146.0	1,130.0	-1.4	>100	2,887.0	3,286.0	13.8
Associates & JVs	15.0	5.0	-27.0	NM	NM	40.0	-28.0	NM
PBT	395.0	1,119.0	1,079.0	-3.6	>100	2,752.0	3,139.0	14.1
Tax Expense	-151.0	-304.0	-263.0	-13.5	74.2	-719.0	-796.0	NM
PATAMI	200.0	766.0	772.0	0.8	>100	1,860.0	2,164.0	16.3
Core PATAMI	181.0	362.0	506.0	39.8	>100	908.0	1,522.0	67.6
Core EPS (sen)	2.6	5.3	7.3	39.8	>100	13.1	22.0	67.6
Growth & Margin (%)				+/- ppts				+/- ppts
OP margin (%)	8.0	21.8	21.5	-0.3	13.5	15.7	16.6	0.9
PBT margin (%)	7.5	21.2	20.5	-0.7	13.0	14.9	15.8	0.9
Core PATAMI margin (%)	3.4	6.9	9.6	2.8	6.2	4.9	7.7	2.7
Effective tax rate (%)	-17.5	-10.5	-25.7	-15.2	-8.1	74.5	-57.0	-<100

Source: Company, MIDFR

SD Guthrie: Segmental Breakdown & Operational Stats.

FYE Dec (RM'm)	Quarterly results					Cumulative results		
	4QFY23	3QFY24	4QFY24	QoQ (%)	YoY (%)	FY23	FY24	YoY (%)
Revenue (RM'm):								
Group Upstream	539.0	438.0	682.0	55.7	26.5	2,169.0	2,219.0	2.3
Upstream Malaysia	183.0	180.0	123.0	-31.7	-32.8	924.0	765.0	-17.2
Upstream Indonesia	294.0	222.0	462.0	>100	57.1	1,049.0	1,149.0	9.5
Upstream PNG	62.0	36.0	97.0	>100	56.5	196.0	305.0	55.6
Downstream	4,725.0	4,792.0	4,561.0	-4.8	-3.5	16,137.0	17,504.0	8.5
Other Operations	16.0	37.0	14.0	-62.2	-12.5	122.0	108.0	-11.5
Recurring Operating Profit								
Group Upstream	198.0	646.0	748.0	15.8	>100	1,760.0	2,681.0	52.3
Upstream Malaysia	93.0	372.0	277.0	-25.5	>100	275.0	973.0	>100
Upstream Indonesia	132.0	199.0	325.0	63.3	>100	612.0	715.0	16.8
Upstream PNG	-27.0	75.0	146.0	94.7	>100	266.0	395.0	48.5
Downstream	169.0	126.0	132.0	4.8	-21.9	562.0	609.0	8.4
Other Operations	-1.0	-12.0	10.0	>100	>100	45.0	-5.0	NM
FFB Production '000 Mt								
Group Upstream	2,393	2,288	2,307	0.8	-3.6	8,705	8,769	0.7
Upstream Malaysia	1,253	1,323	1,177	-11.0	-6.1	4,149	4,741	14.3
Upstream Indonesia	675	573	714	24.6	5.8	2,685	2,321	-13.6
Upstream PNG	465	392	416	6.1	-10.5	1,871	1,707	-8.8
CPO Production (own) '000 Mt								
Group Upstream	510	478	485	1.5	-4.9	1,846	1,841	-0.3
Upstream Malaysia	259	273	244	-10.6	-5.8	852	976	14.6
Upstream Indonesia	147	120	148	23.3	0.7	581	489	-15.8
Upstream PNG	104	85	93	9.4	-10.6	413	376	-9.0
Average CPO Price Realised (RM/Mt)								
Average Group	3,688	3,949	4,477	13.4	21.4	3,772	4,101	8.7
Upstream Malaysia	3,895	4,053	4,612	13.8	18.4	4,012	4,208	4.9
Upstream Indonesia	3,315	3,721	4,183	12.4	26.2	3,328	3,851	15.7
Upstream PNG	3,796	3,949	4,610	16.7	21.4	3,927	4,163	6.0

Source: Company, MIDFR

FINANCIAL SUMMARY

Income Statement (RM'm)	2023A	2024A	2025E	2026F	2027F
Revenue	18,427.9	19,831.0	18,611.5	17,835.8	17,232.1
Operating Profit	2,887.4	3,286.0	2,751.0	2,872.3	2,721.2
PBT	2,752.5	3,139.0	2,678.0	2,799.3	2,648.2
PATAMI	1,860.0	2,164.0	1,708.1	1,791.1	1,687.7
Core PATAMI	908.0	1,522.0	1,708.1	1,791.1	1,687.7
EPS (sen)	13.1	22.0	24.7	25.9	24.4
PER (x)	37.9	22.6	20.1	19.2	20.4
DPS (sen)	15.0	16.4	15.0	15.0	15.0
Dividend yield (%)	3.0	3.3	3.0	3.0	3.0

Cash Flow (RM'm)	2023A	2024A	2025E	2026F	2027F
PAT	2,033.4	2,343.0	1,929.6	2,016.9	1,908.1
Operating cash flow	3,075.0	2,757.4	2,911.3	3,587.1	3,455.3
Investing cash flow	-629.8	-1,280.0	-1,500.0	-1,500.0	-1,500.0
Financing cash flow	-2,244.1	-1,685.0	-885.7	-816.6	-816.6
Net cash flow	201.1	-207.6	525.6	1,270.6	1,138.8
Beginning cash flow	635.0	830.4	625.8	1,151.4	2,422.0
Ending cash flow	830.4	625.8	1,151.4	2,421.9	3,560.7

Balance Sheet (RM'm)	2023A	2024A	2025E	2026F	2027F
PPE	19,145.3	19,365.0	19,567.5	19,756.5	19,932.8
Right-of-use Assets	2,060.5	1,959.0	1,861.1	1,768.0	1,679.6
Deferred tax assets	442.9	451.0	451.0	451.0	451.0
Non-current assets	25,511.7	25,500.0	25,780.8	25,838.8	25,891.3
Inventories	2,663.9	2,842.0	2,312.0	2,215.6	2,140.6
Trade receivables	2,207.5	2,408.0	2,983.4	2,859.1	2,762.3
Derivative assets	33.6	30.0	30.0	30.0	30.0
Current assets	6,208.9	6,395.9	6,966.9	8,016.8	8,983.8
Total Assets	31,886.5	32,061.8	32,913.5	34,021.4	35,040.9
Loans & borrowings	1,700.6	1,742.0	1,742.0	1,742.0	1,742.0
Trade & other payables	2,385.8	2,384.0	2,099.4	2,011.9	1,943.8
Current liabilities	4,790.5	4,419.0	4,134.4	4,046.9	3,978.8
Non-current liabilities	6,677.3	6,456.4	6,522.9	6,517.9	6,514.0
Equity	20,406.4	21,160.8	22,863.7	24,064.0	25,155.6
Liabilities & equity	31,886.5	32,061.8	32,913.5	34,021.4	35,040.9

Margins	2023A	2024A	2025E	2026F	2027F
OP margin	15.7%	16.6%	14.8%	16.1%	15.8%
PBT margin	14.9%	15.8%	14.4%	15.7%	15.4%
PATAMI margin	10.1%	10.9%	9.2%	10.0%	9.8%
Core PATAMI margin	4.9%	7.7%	9.2%	10.0%	9.8%

Source: Bloomberg, MIDFR

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MIDF AMANAH INVESTMENT BANK: GUIDE TO RECOMMENDATIONS

STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.

SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.

ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology