SD Guthrie Berhad

(5285 | SDG MK) Main | Plantation

SHARIAH Compliant | FTSE4Good | ESG 4 Stars

Corporate Update

1QFY25 Result Review: Rise and Shine

Maintain BUY

Unchanged Target Price **RM5.43**

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 reach 19.00Mt/ha level in FY25, due 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.

Rise and shine. After adjusting EI's of RM17.0m, 1QFY25 Core PATAMI surged >100%yoy to RM551.0m. The better results were driven by higher upstream earnings (>100%yoy), contributed by stronger CPO price PK prices realised, higher FFB output (+1.4%yoy) and eased in cost of production. Downstream EBIT slipped 40% as narrowed refining margins remain a drag to the downstream business (high feedstock cost).

Upstream. The 1QFY25 group's upstream bottom-line remained healthy, maintaining at RM753m (>100%yoy), driven by higher profit contributions across 3 countries. Operationally, although higher CPO prices were realised, Malaysia's FFB production declined by 6.7%yoy, mostly due to difficulties in FFB evacuation process caused by heavy rainfall in eastern and southern regions. However, the impact was partially cushioned by improved production in Indonesia and PNG side, which recorded double digit growth +10.7%yoy/+10.0%yoy, respectively. This improvement was attributed to normalised production following the lagged effects of El-Niño and La-Niña in FY24.

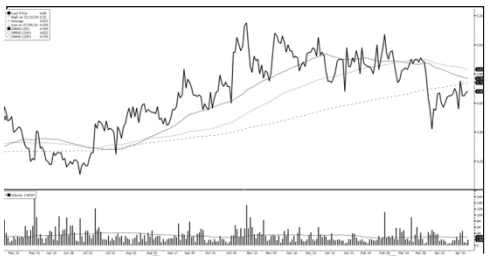
The group's average CPO and PK realised prices increased to RM4,576/Mt (+17.9%yoy) and RM3,342/Mt (+72.3%yoy), respectively. Meanwhile, the all-in cost of production, estimated nearly RM2,689/Mt (-12.0%yoy), attributed to the fall in crops formation amid fixed costs of production.

Downstream. The downstream' s profit settled lower at RM81.0m (-40.0%yoy) in the quarter due to lower profits reported by the Europe refineries and the Asia Pacific bulk operations, on the back of lower margin and volume demand.

Earnings. We are maintaining our earnings estimate at this juncture, since the earnings came in within ours and street's estimate, circa 32% and 34% - in consideration of our expectation of lower results in 2HFY25. Earnings for 1HFY25 are expected to remain on the higher side, supported by elevated CPO prices, which are likely to persist due to lower FFB and CPO production in line with the pollination cycle months.

RETURN STATISTICS	
Price @ 07th May 2025 (RM)	4.68
Expected share price return (%)	+16.1
Expected dividend yield (%)	+3.2
Expected total return (%)	+19.3

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	0.9	-5.8
3months	-4.7	-1.9
12 months	4.5	8.5

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 (%)	3.2%	3.2%	3.2%

KEY STATISTICS	
FBM KLCI	1,549.90
Issue shares (m)	6,915.71
Estimated free float (%)	43.80
Market Capitalisation (RM'm)	32,365.54
52-wk price range	RM4.15 - RM5.19
3-mth average daily volume (m)	2.71
3-mth average daily value (RM'm)	13.02
Top Shareholders (%)	
ASNB	53.24
EPF Board	16.62
KWAP	7.30

Analyst

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SD Guthrie: 1QFY25 Results Summary

FYE Dec (RM'm)	Quarterly results					Cumulative results		
	1QFY24	4QFY24	1QFY25	QoQ (%)	YoY (%)	3M24	3M25	YoY (%)
Revenue	4,342.0	5,257.0	4,817.0	-8.4	10.9	4,342.0	4,817.0	10.9
Operating profit	390.0	1,130.0	826.0	-26.9	>100	390.0	826.0	>100
Associates & JVs	-14.0	-27.0	-5.0	NM	NM	-14.0	-8.0	NM
PBT	346.0	1,079.0	800.0	-25.9	>100	346.0	799.0	>100
Tax Expense	-93.0	-263.0	-183.0	-30.4	96.8	-93.0	-183.0	NM
PATAMI	211.0	772.0	568.0	-26.4	>100	211.0	568.0	>100
Core PATAMI	229.0	506.0	551.0	8.9	>100	229.0	551.0	>100
Core EPS (sen)	3.1	11.2	8.2	-26.4	>100	3.1	8.2	>100
Growth & Margin (%)				+/- ppts				+/- ppts
OP margin (%)	9.0	21.5	17.1	-4.3	8.2	9.0	17.1	8.2
PBT margin (%)	8.0	20.5	16.6	-3.9	8.6	8.0	16.6	8.6
Core PATAMI margin (%)	5.3	9.6	11.4	1.8	6.2	5.3	11.4	6.1
Effective tax rate (%)	25.8	23.8	22.7	-1.0	-3.1	25.8	22.7	-3.2

Source: Company, MIDFR

SD Guthrie: Segmental Breakdown & Operational Stats.

FYE Dec (RM'm)	Quarterly results					Cumulative results		
	1QFY24	4QFY24	1QFY25	QoQ (%)	YoY (%)	3M24	3M25	YoY (%)
Revenue (RM'm):								
Group Upstream	440.0	682.0	593.0	-13.0	34.8	440.0	593.0	34.8
Upstream Malaysia	173.0	123.0	199.0	61.8	15.0	173.0	199.0	15.0
Upstream Indonesia	206.0	462.0	335.0	-27.5	62.6	206.0	335.0	62.6
Upstream PNG	61.0	97.0	59.0	-39.2	-3.3	61.0	59.0	-3.3
Downstream	3,870.0	4,561.0	4,208.0	-7.7	8.7	3,870.0	4,208.0	8.7
Other Operations	32.0	14.0	16.0	14.3	-50.0	32.0	16.0	-50.0
Recurring Operating Profit								
Group Upstream	265.0	748.0	753.0	0.7	>100	400.0	826.0	>100
Upstream Malaysia	118.0	277.0	285.0	2.9	>100	118.0	285.0	>100
Upstream Indonesia	84.0	325.0	209.0	-35.7	>100	84.0	209.0	>100
Upstream PNG	63.0	146.0	259.0	77.4	>100	63.0	259.0	>100
Downstream	135.0	132.0	81.0	-38.6	-40.0	135.0	81.0	-40.0
Other Operations	0.0	10.0	-7.0	NM	NM	0.0	-7.0	NM
FFB Production '000 Mt								
Group Upstream	1,979	2,307	2,006	-13.0	1.4	1,979	2,006	1.4
Upstream Malaysia	1,042	1,177	972	-17.4	-6.7	1,042	972	-6.7
Upstream Indonesia	507	714	561	-21.4	10.7	507	561	10.7
Upstream PNG	430	416	473	13.7	10.0	430	473	10.0
CPO Production (own) '000 Mt								
Group Upstream	420	485	424	-12.6	1.0	420	424	1.0
Upstream Malaysia	215	244	198	-18.9	-7.9	215	198	-7.9
Upstream Indonesia	110	148	118	-20.3	7.3	110	118	7.3
Upstream PNG	95	93	108	16.1	13.7	95	108	13.7
Average CPO Price Realised (RM/Mt)								
Average Group	3,880	4,477	4,576	2.2	17.9	3,880	4,576	17.9
Upstream Malaysia	3,982	4,612	4,693	1.8	17.9	3,982	4,693	17.9
Upstream Indonesia	3,656	4,183	4,062	-2.9	11.1	3,656	4,062	11.1
Upstream PNG	3,924	4,610	4,938	7.1	25.8	3,924	4,938	25.8

Source: Company, MIDFR

FINANCIAL SUMMARY

Income Statement (RM'm)	2023A	2024A	2025E	2026F	2027F	Cash Flow (RM'm)	2023A	2024A	2025E	2026F	2027F
Revenue	18,427.9	19,831.0	18,611.5	17,835.8	17,232.1	PAT	2,033.4	2,343.0	1,929.6	2,016.9	1,908.1
Operating Profit	2,887.4	3,286.3	2,751.0	2,872.3	2,721.2	Operating cash flow	3,075.0	2,757.4	2,911.3	3,587.1	3,455.3
PBT	2,752.5	3,139.3	2,678.0	2,799.3	2,648.2	Investing cash flow	-629.8	-1,280.0	-1,500.0	-1,500.0	-1,500.0
PATAMI	1,869.7	2,164.4	1,708.1	1,791.1	1,687.7	Financing cash flow	-2,244.1	-1,685.0	-885.7	-816.6	-816.6
Core PATAMI	907.7	1,522.4	1,708.1	1,791.1	1,687.7	Net cash flow	201.1	-207.6	525.6	1,270.6	1,138.8
EPS (sen)	13.1	22.0	24.7	25.9	24.4	Beginning cash flow	635.0	830.4	625.8	1,151.4	2,422.0
PER (x)	35.7	21.3	18.9	18.1	19.2	Ending cash flow	830.4	625.8	1,151.4	2,421.9	3,560.7
DPS (sen)	15.0	16.4	15.0	15.0	15.0						
Dividend yield (%)	3.2	3.5	3.2	3.2	3.2						

Balance Sheet (RM'm)	2023A	2024A	2025E	2026F	2027F	Margins	2023A	2024A	2025E	2026F	2027F
PPE	19,145.3	19,365.0	19,567.5	19,756.5	19,932.8	OP margin	15.7%	16.6%	14.8%	16.1%	15.8%
Right-of-use Assets	2,060.5	1,959.0	1,861.1	1,768.0	1,679.6	PBT margin	14.9%	15.8%	14.4%	15.7%	15.4%
Deferred tax assets	442.9	451.0	451.0	451.0	451.0	PATAMI margin	10.1%	10.9%	9.2%	10.0%	9.8%
Non-current assets	25,511.7	25,500.0	25,780.8	25,838.8	25,891.3	Core PATAMI margin	4.9%	7.7%	9.2%	10.0%	9.8%
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						

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