SD Guthrie Berhad

(5285 | SDG MK) Main | Plantation

4 Stars | FTSE4Good | SHARIAH Compliant

Maintain **NEUTRAL**

Unchanged Target Price **RM5.43**

Corporate Update

A Win-Win Deal

Maintain NEUTRAL call with an unchanged TP of RM5.43. We maintain our **NEUTRAL** at this juncture as we believe that positives have been priced in. Meanwhile, **TP** of **RM5.43** was maintained, pegged to PER of 22x - nearly 5y average mean based on FY25F EPS of 24.7sen. Pending further clarity on the earnings guidance of this collaboration. We are positive on this development, as the collaboration is well-positioned to support SDG's growth outside its core business. It offers diversification into industry park while unlocking the value of its unproductive and underutilised land nationwide by leveraging its partner's expertise in the sector.

New special vehicle for Industrial Park development. SDG, Eco World, and NS Corporation have completed the acquisition of about 1,195 acres of freehold land in PD, Negeri Sembilan through their JV, Eco Business Park 7 Sdn Bhd (EBP7) from SDG. Notably, EBP7 will be led by Eco World with a 55% stake, followed by SDG Land Ventures Sdn Bhd c. 30%, and NS Corp of 15%. Recall back, the collaboration was first formalised through an MoU on 18 December 2024, followed by a Shareholders' Agreement on 20 May 2025, which became effective upon completion of the land purchase.

Monetizing its own landbank while securing recurring income with 30% stake in JV company. The SPA, signed on 18 April 2025, was completed for a total cash consideration of RM572.76m, translating to about RM11 psf. While this reflects a 56% discount to Gamuda's recent land disposal at RM25 psf, we view the valuation is fair given SDG gained 30% stake in the JV, which allows participation in the industrial land development and provides a platform for future earnings accretion to its recurring income base.

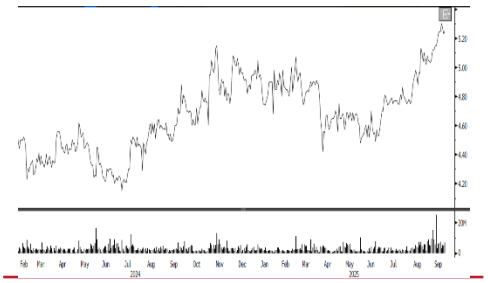
We estimate SDG could recognise a net disposal gain of at least RM378.0m - after assuming a 10% disposal-related costs and 24% tax. The proceeds may enhance shareholder value, either through potential special dividends payout or via reinvestment into new brownfield estates, as we mentioned in our N9 Thematic Report.

Unlocking Mukim Jimah landbank potential. We view EBP7 Sdn Bhd is on track to develop an integrated industrial park within Parcel C of MVV 2.0, with an estimated GDV of RM2.95b. Managed by Eco World Project Management, the project is strategically positioned with planned access to the Nilai-Labu Expressway, connecting to KLIA, Port Klang, Nilai and the PLUS Highway. We view its prime location and strong connectivity enhance its appeal to industrial and commercial tenants to seeks business expansion outside the Klang valley area.

Earnings Forecast. Maintain for now, pending further updates from management. We anticipate, any contribution from the development will be unlikely to materialise in near term, aside if there were a potential land disposal gains, which we view as non-core.

RETURN STATISTICS	
Price @ 25 Sep 2025 (RM)	5.25
Expected share price return (%)	+3.5
Expected dividend yield (%)	+3.6
Expected total return (%)	+7.1

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	4.2	3.1
3months	13.1	9.6
12 months	10.5	15.6

INVESTMENT STATISTICS

FYE Dec	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)	18.8	18.0	18.0
Dividend Yield (%)	3.6%	3.4%	3.4%

KEY STATISTICS	
FBM KLCI	1,598.47
Issue shares (m)	6,915.71
Estimated free float (%)	43.84
Market Capitalisation (RM'm)	36,307.50
52-wk price range	RM4.42 - RM5.30
3-mth average daily volume (m)	4.35
3-mth average daily value (RM'm)	21.74
Top Shareholders (%)	
ASNB	52.20
EPF	17.03
KWAP	7.39

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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	3,286.3	2,751.0	2,872.3	2,721.2
PBT	2,752.5	3,139.3	2,678.0	2,799.3	2,648.2
PATAMI	1,869.7	2,164.4	1,708.1	1,791.1	1,687.7
Core PATAMI	907.7	1,522.4	1,708.1	1,791.1	1,687.7
EPS (sen)	13.1	22.0	24.7	25.9	24.4
PER (x)	40.0	23.8	21.3	20.3	21.5
DPS (sen)	15.0	16.4	18.8	18.0	18.0
Dividend yield (%)	2.9	3.1	3.6	3.4	3.4

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, MBSBR

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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