SD Guthrie Berhad

(5285 | SDG MK) Main | Plantation

Corporate Update

Upgrade to BUY

Revised Target Price to **RM6.15**
(from RM5.43)

3QFY25 Results Review: Rise and Shine

Upgrade to BUY with new TP of RM6.15. Post earnings revision, we upgrade SDG to BUY with new SOP-based TP of RM6.15. We switched our valuation method after factoring higher profit from upstream contribution and recurring profit from land monetisation RM500m p.a. over the next 5 year. We remain optimistic with its upstream subsegment where recovery in Group's FFB yield projected to reach 19-20Mt/ha level in FY25-26 (back to pre-pandemic level), thanks to the intensive rehabilitation efforts undertaken for the past couple of years in Malaysia area.

Sustained earnings momentum. After adjusting EI's of RM70.0m, 3QFY25 Core PATAMI surged to RM865.0m (>100%yoy) bringing 9MFY25 core PATMI to MYR1,894m (+86.4%yoy), accounting to 100% of ours and consensus full-year estimates, respectively. The strong set of results was mainly driven by a robust upstream performance (+75.1%yoy), supported by higher realised CPO and PK prices alongside a modest improvement in group FFB output (+0.7%yoy) as well gains of land monetisation. Meanwhile, downstream earnings rose +20.6%yoy, as stabilised bulk margins and stronger sales performance in selected markets helped offset the impact of margin differentiation across refineries.

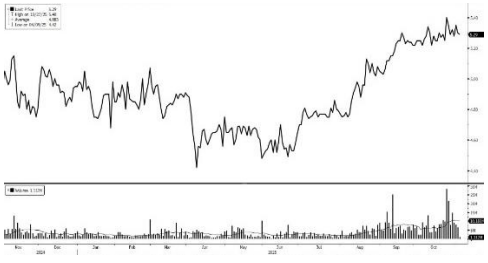
Upstream. The group's upstream bottom-line in the quarter, remained decent, holding steady at RM627.0m (-2.9%yoy), driven by improved labour efficiency, whilst Indonesia was still on recovery mode from weather-related disruptions. Operationally, estates activities maintained intact, well supported by effective field recovery efforts, favourable harvesting conditions and reinforced field supervision. The group's average CPO and PK realised prices increased to RM4,210/Mt (+6.6%yoy) and RM3,125/Mt (+27.6%yoy), respectively. Meanwhile, the all-in cost of production, estimated to stabilised c. RM2,500/Mt, attributed to the higher OER and oil yield.

Downstream. The downstream's 3QFY25 profit rose to RM152.0m (+20.6%yoy) driven by higher trading segment's profits as it benefited from higher trading spreads, however differentiated market segment, particularly the European operations, suffered from intense competition with aggressive pricing.

Earnings. We are tweaking our earnings forecasts by +33.1%yoy/+23.9%yoy for FY25E-26F, after considering new average CPO TP revision of RM4,300/Mt, RM4,200/Mt (previously RM4,000/Mt, RM3,800/Mt). Our adjustments also factor in variations in FFB yield and OER from the Indonesia and PNG operations, alongside recurring profit of approximately RM500m p.a., as guided by SDG, in line with its ongoing landbank monetisation programme over the next 5 years.

RETURN STATISTICS	
Price @ 05 Nov 2025 (RM)	5.28
Expected share price return (%)	+16.6
Expected dividend yield (%)	+3.4
Expected total return (%)	+20.0

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	0.8	1.9
3months	1.3	5.3
12 months	4.8	5.0

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
Core PATAMI	2,273.2	2,591.5	2,402.0
EPS (sen)	32.9	37.5	34.7
DPS (sen)	18.8	18.0	18.0
Dividend Yield (%)	3.6%	3.4%	3.4%

KEY STATISTICS	
FBM KLCI	1,621.55
Issue shares (m)	6,915.71
Estimated free float (%)	46.38
Market Capitalisation (RM'm)	36,514.97
52-wk price range	RM4.42 - RM5.44
3-mth average daily volume (m)	7.09
3-mth average daily value (RM'm)	36.84
Top Shareholders (%)	
ASNB	50.67
EPF	15.81
KWAP	7.50

Table 1: SD Guthrie: 3QFY25 Results Summary

FYE Dec (RM'm)	Quarterly results					Cumulatively results		
	3QFY24	2QFY25	3QFY25	QoQ (%)	YoY (%)	9M24	9M25	YoY (%)
Revenue	5,267.0	5,169.0	5,411.0	4.7	2.7	14,574.0	15,397.0	5.6
Operating profit	1,146.0	802.0	1,222.0	52.4	6.6	2,156.0	2,850.0	32.2
PBT	1,118.0	783.0	1,251.0	59.8	11.9	2,060.0	2,833.0	37.5
Tax Expense	-304.0	-234.0	-271.0	15.8	-10.9	-533.0	-688.0	NM
PATAMI	765.0	505.0	935.0	85.1	22.2	1,392.0	2,007.0	44.2
Core PATAMI	361.0	479.0	865.0	80.6	>100	1,016.0	1,894.0	86.4
Core EPS (sen)	11.1	7.3	13.6	85.1	22.2	20.1	29.0	44.2
Growth & Margin (%)				+/- ppts				+/- ppts
OP margin (%)	21.8	15.5	22.6	7.1	0.8	14.8	18.5	3.7
PBT margin (%)	21.2	15.1	23.1	8.0	1.9	14.1	18.4	4.3
Core PATAMI margin (%)	6.9	9.3	16.0	6.7	9.1	7.0	12.3	5.3
Effective tax rate (%)	27.3	30.0	21.7	-8.3	-5.6	25.9	24.6	-1.3

Source: Company, MBSBR

Table 2: SD Guthrie: Segmental Breakdown & Operational Stats.

FYE Dec (RM'm)	Quarterly results					Cumulatively results		
	3QFY24	2QFY25	3QFY25	QoQ (%)	YoY (%)	9M24	9M25	YoY (%)
Revenue (RM'm):								
Group Upstream	438.0	730.0	767.0	5.1	75.1	1,537.0	2,090.0	36.0
Upstream Malaysia	180.0	295.0	320.0	8.5	77.8	642.0	814.0	26.8
Upstream Indonesia	222.0	354.0	362.0	2.3	63.1	687.0	1,051.0	53.0
Upstream PNG	36.0	81.0	85.0	4.9	>100	208.0	225.0	8.2
Downstream	4,792.0	4,419.0	4,615.0	4.4	-3.7	12,943.0	13,242.0	2.3
Other Operations	37.0	20.0	22.0	10.0	-40.5	94.0	58.0	-38.3
Recurring Operating Profit								
Group Upstream	646.0	660.0	627.0	-5.0	-2.9	1,797.0	2,801.0	55.9
Upstream Malaysia	372.0	294.0	406.0	38.1	9.1	696.0	985.0	41.5
Upstream Indonesia	199.0	165.0	67.0	-59.4	-66.3	390.0	441.0	13.1
Upstream PNG	75.0	201.0	154.0	-23.4	>100	249.0	614.0	>100
Downstream	126.0	126.0	152.0	20.6	20.6	477.0	359.0	-24.7
Other Operations	-12.0	16.0	-2.0	NM	NM	-15.0	7.0	>100
FFB Production '000 Mt								
Group Upstream	2,288	2,285	2,303	0.8	0.7	6,462	6,594	2.0
Upstream Malaysia	1,323	1,221	1,335	9.3	0.9	3,564	3,528	-1.0
Upstream Indonesia	573	574	543	-5.4	-5.2	1,607	1,678	4.4
Upstream PNG	392	490	425	-13.3	8.4	1,291	1,388	7.5
CPO Production (own) '000 Mt								
Group Upstream	478	483	487	0.8	1.9	1,356	1,395	2.9
Upstream Malaysia	273	254	282	11.0	3.3	732	734	0.3
Upstream Indonesia	120	121	112	-7.4	-6.7	341	351	2.9
Upstream PNG	85	108	93	-13.9	9.4	283	309	9.2
Average CPO Price Realised (RM/Mt)								
Average Group	3,949	4,146	4,210	1.5	6.6	3,957	4,292	8.5
Upstream Malaysia	4,053	4,232	4,306	1.7	6.2	4,062	4,378	7.8
Upstream Indonesia	3,721	3,643	3,873	6.3	4.1	3,691	3,855	4.4
Upstream PNG	3,949	4,494	4,362	-2.9	10.5	4,015	4,587	14.2

Source: Company, MBSBR

Table 3: 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	18,957.6	18,637.1	17,979.3	PAT	2,033.4	2,343.5	1,998.2	2,333.2	2,133.7
Operating Profit	2,887.4	3,286.3	2,846.3	3,311.6	3,034.5	Operating cash flow	3,075.0	2,758.6	3,548.1	3,811.3	3,668.4
PBT	2,752.5	3,139.3	2,773.3	3,238.5	2,961.5	Investing cash flow	-629.8	-1,280.0	-1,500.0	-1,500.0	-1,500.0
PATAMI	1,869.7	2,164.4	1,773.2	2,091.5	1,902.0	Financing cash flow	(2,244.1)	(1,684.3)	(1,421.7)	(1,369.8)	(1,369.8)
Core PATAMI	907.7	1,522.4	2,273.2	2,591.5	2,402.0	Net cash flow	201.1	(207.9)	626.4	941.5	798.6
EPS (sen)	13.1	22.0	32.9	37.5	34.7	Beginning cash flow	635.0	830.4	625.4	1,251.8	2,193.3
PER (x)	40.2	24.0	16.1	14.1	15.2	Ending cash flow	830.4	625.4	1,251.8	2,193.3	2,991.9
DPS (sen)	15.0	16.4	18.8	18.0	18.0						
Dividend yield (%)	2.8	3.1	3.6	3.4	3.4						

Balance Sheet (RM'm)	2023A	2024A	2025E	2026F	2027F	Margins	2023A	2024A	2025E	2026F	2027F
PPE	19,145.3	19,364.7	19,567.2	19,756.2	19,932.6	OP margin	15.7%	16.6%	15.0%	17.8%	16.9%
Right-of-use Assets	2,060.5	1,959.3	1,861.4	1,768.3	1,679.9	PBT margin	14.9%	15.8%	14.6%	17.4%	16.5%
Deferred tax assets	442.9	450.5	450.5	450.5	450.5	PATAMI margin	10.1%	10.9%	9.4%	11.2%	10.6%
Non-current assets	25,511.7	25,500.0	25,573.9	25,641.2	25,699.8	Core PATAMI margin	4.9%	7.7%	12.0%	13.9%	13.4%
Inventories	2,663.9	2,841.7	2,716.6	2,670.6	2,576.4						
Trade receivables	2,207.5	2,407.8	2,301.8	2,262.9	2,183.0						
Derivative assets	33.6	29.9	29.9	29.9	29.9						
Current assets	6,208.9	6,395.2	6,790.5	7,647.1	8,271.5						
Total Assets	31,886.5	32,047.0	32,516.1	33,440.1	34,123.1						
Loans & borrowings	1,700.6	1,741.9	1,741.9	1,741.9	1,741.9						
Trade & other payables	2,385.8	2,384.4	2,279.4	2,240.9	2,161.8						
Current liabilities	31,886.5	32,047.0	32,516.1	33,440.1	34,123.1						
Non-current liabilities	6,677.3	6,456.0	6,453.7	6,452.8	6,451.1						
Equity	20,406.4	21,160.6	21,737.1	22,700.4	23,464.3						
Liabilities & equity	31,886.5	32,047.0	32,516.1	33,440.1	34,123.1						

Source: Bloomberg, MBSBR

Table 4: SOP Valuation

	Basis	Valuation RMm
Plantation	At 19x projected FY26 core net profit	39,738.4
Property development	20% Discount to RNAV	2,822.7
Total		**42,561.1**
Issued shares (m)		6,915.7
Sum-of-parts TP (RM/share)		**6.15**

Source: MBSBR

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MBSB INVESTMENT BANK (formerly known MIDF 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