SD Guthrie Berhad

(5285 | SDG MK) Main | Plantation

Corporate Update

Maintain BUY

Revised Target Price to **RM6.46**
(from RM6.15)

4QFY25 Results Review: Within Estimates

Maintain BUY. We are maintaining our **BUY** recommendation on SD Guthrie, with a revised SOP-based target price of **RM6.46**, as we roll forward our plantation valuation base year to FY26F. 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), due to the intensive rehabilitation efforts undertaken for the past couple of years in Malaysia area.

Our TP also incorporated stronger upstream earnings and recurring gains from ongoing land monetisation, estimated at approximately RM500m p.a. over the next 5 years.

Sustained earnings momentum. After adjusting EI's of RM30.0m, 4QFY25 Core PATAMI came to RM466.0m (-7.9%yoy) bringing FY25 core PATAMI to RM2,360m (+55.1%yoy), accounting to 103%/107% of ours and consensus full-year estimates, respectively.

The decent set of results was mainly driven by a robust upstream performance (+32.1%yoy), supported by higher realised CPO and PK prices alongside a modest improvement in group FFB output (+1.3%yoy) as well as gains of land monetisation. Meanwhile, downstream earnings softened -12.6%yoy, dragged by losses from JV companies and exacerbated by weaker performance across most regions which reflected softer demand.

Upstream. The group's upstream bottom-line for FY25 remained decent, holding steady at RM3.5b (+32.1%yoy), driven by improved labour efficiency and aided by normalised weather-disruptions particularly in Malaysia areas.

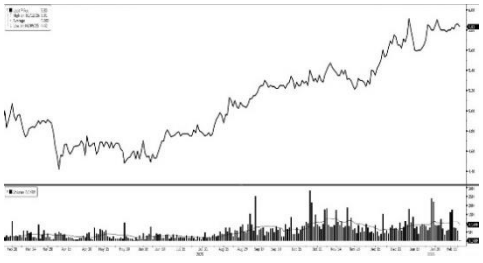
Operationally, estates activities maintained intact, well supported by effective field recovery efforts, favourable harvesting conditions and faster FFB evacuation processes which led to FFB and OER growth of +1.3%yoy and +1.0%yoy, respectively. The group's average CPO and PK realised prices strengthened to RM4,254/Mt (+3.7%yoy) and RM3,219/Mt (+33.1%yoy), respectively.

Downstream. Contrarily, the downstream's FY25 profit eased to RM532.0m (-12.6%yoy) on weaker performance across most regions, reflecting softer demand. This was partially offset by improved performance in Oceania and the differentiated refinery operations in the Asia Pacific, where profits increased mainly due to higher sales volume. However, share of losses from joint ventures were also higher.

Earnings. Maintained, as results came in within expectations.

RETURN STATISTICS	
Price @ 25th Feb 2026 (RM)	5.86
Expected share price return (%)	+10.2
Expected dividend yield (%)	+3.1
Expected total return (%)	+13.3

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	2.3	0.3
3 months	1.7	-0.4
12 months	19.7	8.6

INVESTMENT STATISTICS

FYE Dec	2025E	2026F	2027F
Revenue	20,895.0	18,637.1	17,979.3
Operating Profit	3,602.0	3,311.6	3,034.5
PBT	3,530.0	3,238.5	2,961.5
Core PATAMI	2,360.0	2,591.5	2,402.0
EPS (sen)	34.1	37.5	34.7
DPS (sen)	18.8	18.0	18.0
Dividend Yield (%)	3.2%	3.1%	3.1%

KEY STATISTICS

FBM KLCI	1,747.81
Issue shares (m)	6,915.71
Estimated free float (%)	48.50
Market Capitalisation (RM'm)	40,526.08
52-wk price range	RM4.42 - RM5.97
3-mth average daily volume (m)	8.59
3-mth average daily value (RM'm)	48.25
Top Shareholders (%)	
ASNB	48.55
EPF	15.40
KWAP	7.97

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Table 1: SD Guthrie: 4QFY25 Results Summary

FYE Dec (RM'm)	Quarterly results					Cumulatively results		
	4QFY24	3QFY25	4QFY25	QoQ (%)	YoY (%)	FY24	FY25	YoY (%)
Revenue	5,257.0	5,411.0	5,498.0	1.6	4.6	19,831.0	20,895.0	5.4
Operating profit	1,130.0	1,222.0	752.0	-38.5	-33.5	3,286.0	3,602.0	9.6
PBT	1,079.0	1,251.0	697.0	-44.3	-35.4	3,139.0	3,530.0	12.5
Tax Expense	-263.0	-271.0	-154.0	-43.2	-41.4	-796.0	-842.0	NM
PATAMI	772.0	935.0	496.0	-47.0	-35.8	2,164.0	2,503.0	15.7
Core PATAMI	506.0	865.0	466.0	-46.1	-7.9	1,522.0	2,360.0	55.1
Core EPS (sen)	7.3	12.6	6.8	-46.1	-7.9	22.0	34.1	55.1
Growth & Margin (%)				+/- ppts				+/- ppts
OP margin (%)	21.5	22.6	13.7	-8.9	-7.8	16.6	17.2	0.7
PBT margin (%)	20.5	23.1	12.7	-10.4	-7.8	15.8	16.9	1.1
Core PATAMI margin (%)	9.6	16.0	8.5	-7.5	-1.1	7.7	11.3	3.6
Effective tax rate (%)	23.8	21.7	20.8	-0.9	-3.0	25.1	23.8	-1.3

Source: Company, MBSBR

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

FYE Dec (RM'm)	Quarterly results					Cumulatively results		
	4QFY24	3QFY25	4QFY25	QoQ (%)	YoY (%)	FY24	FY25	YoY (%)
Revenue (RM'm):								
Group Upstream	682.0	767.0	923.0	20.3	35.3	2,219.0	3,013.0	35.8
Upstream Malaysia	123.0	320.0	348.0	8.7	>100	765.0	1,162.0	51.9
Upstream Indonesia	462.0	362.0	480.0	32.6	3.9	1,149.0	1,531.0	33.2
Upstream PNG	97.0	85.0	95.0	11.8	-2.1	305.0	320.0	4.9
Downstream	4,561.0	4,615.0	4,550.0	-1.4	-0.2	17,504.0	17,792.0	1.6
Other Operations	14.0	22.0	23.0	4.5	64.3	108.0	81.0	-25.0
Recurring Operating Profit								
Group Upstream	748.0	627.0	567.0	-9.6	-24.2	2,681.0	3,542.0	32.1
Upstream Malaysia	277.0	406.0	248.0	-38.9	-10.5	973.0	1,233.0	26.7
Upstream Indonesia	325.0	67.0	190.0	>100	-41.5	715.0	631.0	-11.7
Upstream PNG	146.0	154.0	129.0	-16.2	-11.6	395.0	743.0	88.1
Downstream	132.0	152.0	173.0	13.8	31.1	609.0	532.0	-12.6
Other Operations	10.0	-2.0	1.0	>100	-90.0	-5.0	8.0	>100
FFB Production '000 Mt								
Group Upstream	2,307	2,303	2,287	-0.7	-0.9	8,769	8,881	1.3
Upstream Malaysia	1,177	1,335	1,295	-3.0	10.0	4,741	4,823	1.7
Upstream Indonesia	714	543	573	5.5	-19.7	2,321	2,251	-3.0
Upstream PNG	416	425	419	-1.4	0.7	1,707	1,807	5.9
Average CPO Price Realised (RM/Mt)								
Average Group	4,477	4,210	4,156	-1.3	-7.2	4,101	4,254	3.7
Upstream Malaysia	4,612	4,306	4,352	1.1	-5.6	4,208	4,370	3.8
Upstream Indonesia	4,183	3,873	3,566	-7.9	-14.8	3,851	3,776	-1.9
Upstream PNG	4,610	4,362	4,391	0.7	-4.8	4,163	4,538	9.0
CPO Extraction rate (%)								
Average Group	21.01	21.08	21.26	0.9	1.2	20.97	21.18	1.0
Upstream Malaysia	20.58	20.99	21.19	1.0	3.0	20.45	20.85	2.0
Upstream Indonesia	20.78	20.59	20.95	1.7	0.8	21.10	20.95	-0.7
Upstream PNG	22.38	21.94	21.85	-0.4	-2.4	22.03	22.19	0.7

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)	44.6	26.6	17.8	15.6	16.9	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 (%)	2.6	2.8	3.2	3.1	3.1						

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 20x projected FY26 core net profit	41,829.9
Property development	20% Discount to RNAV	2,822.7
Total		**44,652.6**
Issued shares (m)		6,915.7
Sum-of-parts TP (RM/share)		**6.46**

Source: 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