SD Guthrie Berhad

(5285 | SDG MK) Main | Plantation

Maintain BUY

Unchanged Target Price **RM6.46**

Corporate Update

Catalysing the RS-1 Blueprint

Maintain BUY with unchanged **TP of RM6.46.** We remain positive on SDG's 2nd MOU this year (1st back in February), with Menteri Besar Selangor Incorporation (MBI) to jointly develop a 2,500-acre strategic mixed-use industrial project within Sepang Estate, Selangor, adjacent to KLIA Aeropolis. The tie-up leverages SDG's sizeable landbank while drawing MBI's state-linked backing, which should support the onboarding of strategic partners. We maintain our earnings forecasts and **TP of RM6.46**, pending further details. Maintain **BUY**.

Catalysing the RS-1 Blueprint. We believe the proposed land transformation is broadly in line with the Rancangan Selangor 1 (RS-1) framework. In our November 2023 thematic report, we noted that under Theme 1: Economy, the state government identified Ports & Logistics and Aerospace among its nine priority sectors. Fast-forward, against this backdrop, SDG appears well positioned to unlock value from its strategic landbank through the Integrated Development Region in South Selangor (IDRISS). Following the earlier Carey Island initiative linked to the 3rd port proposal, the latest Sepang Estate MOU extends RS-1 strategy into the aerospace and industrial ecosystem near KLIA.

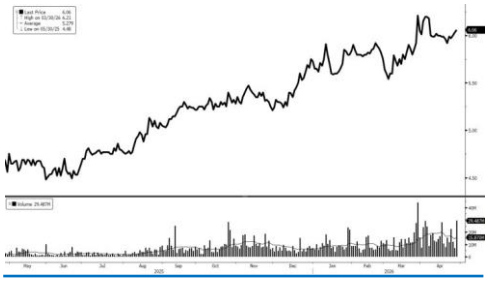
Developing 2,500-acre Sepang Estate. As disclosed, the 2,500-acre development carries an estimated GDV of RM20bn, with full realisation expected over a 20-year horizon. The project is intended to complement the next phase of KLIA's growth, supporting higher-value sectors such as aerospace and logistics, alongside commercial and residential components. Development of SD Guthrie's Sepang Estate would also benefit from nearby established townships such as Sunsuria City and Serenia City, existing infrastructure, and direct access via ELITE Expressway linked to North-South Expressway, strengthening its industrial and logistics appeal.

Similar structure. We expect a similar land monetisation structure to be adopted, broadly mirroring the EcoWorld - NS Corp alliance, with the sale and purchase agreement likely to be concluded in 2HCY26–1HCY27. Upon completion of the SPA, SD Guthrie is expected to retain a 50% equity interest via SD Guthrie Land Ventures Sdn Bhd (SDGLV). This would be consistent with the group's earlier land JV precedents, namely EBP7 in Negeri Sembilan and EBP8 in Johor.

Selangor land balance. Following this MOU, we anticipate SD Guthrie's Selangor landbank (freehold and leasehold) may ease to 29,940 ha from 33,615 ha, after factoring in the earlier MOU and JV involving Carey Island acreage. Importantly, the effect on its total Malaysia upstream landbank of 336,575 ha remains minimal, as the conversion area accounts only about 1.1% based on our estimates.

RETURN STATISTICS	
Price @ 28 April 2026 (RM)	6.06
Expected share price return (%)	+6.6
Expected dividend yield (%)	+3.0
Expected total return (%)	+9.6

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	2.4	1.4
3 months	0.2	6.1
12 months	29.8	14.2

INVESTMENT STATISTICS

FYE Dec	2026E	2027F	2028F
Revenue	18,637.1	17,979.3	18,093.7
Operating Profit	3,311.6	3,034.5	3,065.1
PBT	3,238.5	2,961.5	2,992.1
Core PATAMI	2,591.5	2,402.0	2,422.9
EPS (sen)	37.5	34.7	35.0
DPS (sen)	18.0	18.0	18.0
Dividend Yield (%)	3.0%	3.0%	3.0%

KEY STATISTICS

FBM KLCI	1,729.60
Issue shares (m)	6,915.71
Estimated free float (%)	50.22
Market Capitalisation (RM'm)	41,909.23
52-wk price range	RM4.45 – RM6.45
3-mth average daily volume (m)	13.16
3-mth average daily value (RM'm)	77.94
Top Shareholders (%)	
ASNB	46.61
EPF	15.78
KWAP	8.22

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 (%)	2.5	2.9	3.1	3.0	3.0						

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