SD Guthrie Berhad

(5285 | SDG MK) Main | Plantation

Corporate Update

1QFY26 Results Review: Broadly within Expectations

Maintain BUY. We are maintaining our BUY recommendation on SD Guthrie, with a revised SOP-based target price of **RM7.00**, as we incorporate our newly earnings estimates derived from higher average CPO price in FY26-27F. Our optimism on SDG also incorporated resilient downstream earnings from its Asia Pacific bulk operations, steady JV contributions and recurring land monetisation gains, estimated at c.RM500m p.a. over the next 5 years. Meanwhile, upstream prospects are expected to improve, with FFB yields projected to recover towards 17–22 Mt/ha in FY26–27, above pre-pandemic levels, supported by better estate productivity and more normalised harvesting conditions. Fertiliser requirements for FY26 have also been largely secured, providing better cost visibility and supporting margin stabilisation, despite elevated input prices across the industry.

1QFY26 earnings. After adjusting EI's of RM30.0m, 1QFY26 Core PATAMI came in at RM531.0m, accounting for 19% of ours full-year estimates, which we deem broadly within expectations given the anticipated stronger earnings recognition in 2HFY26. The supportive performance was underpinned by stronger upstream operations in PNG, supported a modest recovery in group OER and contribution from land monetisation gains. Meanwhile, downstream earnings rebounded by +30.9%yoy, driven by higher JV contributions and improved operating performance across most regions, amid steady underlying demand.

Upstream. The 1QFY26 group's upstream performance, remained supportive, although it eased to RM529.0m (-29.7%yoy). However, this was inline with the seasonal low-cropping seasons, as FFB output typically moderates during the pollination cycle, resulting in lower production volumes. The group's average CPO and PK realised prices declined to RM4,115/Mt (-10.1%yoy) and RM3,073/Mt (-8.0%yoy), respectively, broadly tracking the softer spot market environment. Comparatively, 1QFY25 prices were relatively firmer, mainly supported by stronger biodiesel-led sentiment following Indonesia's B40 implementation.

Downstream. Contrarily, the downstream's profit jumped to RM106.0m (+30.9%yoy) on recovery in the Asia Pacific bulk and European operations, underpinned by both higher sales volumes and margins, as well as higher share of profits from joint ventures.

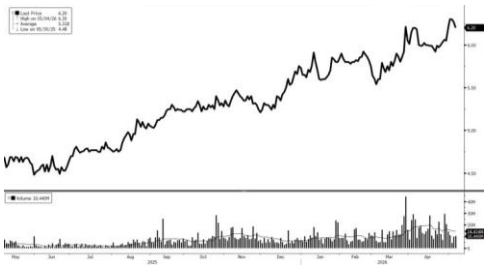
Earnings. We are tweaking FY26-27F earnings forecasts higher to RM2.82b and RM2.79b, respectively. The adjustments reflect a latest set of assumptions, incorporating new ASPs of RM4,300-4,200/Mt, ~20% OER, modest FFB output, recurring gains from land disposal and a slightly higher cost of production in anticipation of an increase in fertiliser cost components.

Maintain BUY

Revised Target Price to **RM7.00**
(from RM6.46)

RETURN STATISTICS	
Price @ 07th May 2026 (RM)	6.20
Expected share price return (%)	+12.91
Expected dividend yield (%)	+2.90
Expected total return (%)	+15.81

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	0.3	-4.4
3 months	2.5	5.3
12 months	32.5	16.7

INVESTMENT STATISTICS

FYE Dec	2026E	2027F	2028F
Revenue	21,374.0	21,455.0	20,906.5
Operating Profit	3,654.5	3,615.3	3,103.2
PBT	3,581.5	3,542.3	3,030.1
Core PATAMI	2,826.1	2,799.2	2,448.9
EPS (sen)	40.9	40.5	35.4
DPS (sen)	18.0	18.0	18.0
Dividend Yield (%)	2.9	2.9	2.9

KEY STATISTICS

FBM KLCI	1,758.85
Issue shares (m)	6,915.71
Estimated free float (%)	50.85
Market Capitalisation (RM'm)	42,877.43
52-wk price range	RM4.45 – RM6.45
3-mth average daily volume (m)	13.35
3-mth average daily value (RM'm)	79.50
Top Shareholders (%)	
ASNB	46.20
EPF	16.43
KWAP	8.18

Table 1: SD Guthrie: 1QFY26 Results Summary

FYE Dec (RM'm)	Quarterly results					Cumulatively results		
	1QFY25	4QFY25	1QFY26	QoQ (%)	YoY (%)	3MFY25	3MFY26	YoY (%)
Revenue	4,817.0	5,498.0	4,690.0	-14.7	-2.6	4,817.0	4,690.0	-2.6
Operating profit	826.0	752.0	804.0	6.9	-2.7	826.0	804.0	-2.7
PBT	799.0	697.0	789.0	13.2	-1.3	799.0	789.0	-1.3
Tax Expense	-183.0	-154.0	-184.0	19.5	0.5	-183.0	-184.0	NM
PATAMI	567.0	496.0	561.0	13.1	-1.1	567.0	561.0	-1.1
Core PATAMI	550.0	466.0	531.0	13.9	-3.5	550.0	531.0	-3.5
Core EPS (sen)	8.0	6.8	7.7	13.9	-3.5	8.0	7.7	-3.5
Growth & Margin (%)				+/- ppts				+/- ppts
OP margin (%)	17.1	13.7	17.1	3.5	0.0	17.1	17.1	0.0
PBT margin (%)	16.6	12.7	16.8	4.1	0.2	16.6	16.8	0.2
Core PATAMI margin (%)	11.4	8.5	11.3	2.8	-0.1	11.4	11.3	-0.1
Effective tax rate (%)	22.8	20.8	23.4	2.6	0.6	22.7	23.4	0.7

Source: Company, MBSBR

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

FYE Dec (RM'm)	Quarterly results					Cumulatively results		
	1QFY25	4QFY25	1QFY26	QoQ (%)	YoY (%)	3MFY25	3MFY26	YoY (%)
Revenue (RM'm):								
Group Upstream	593.0	923.0	523.0	-43.3	-11.8	593.0	523.0	-11.8
Upstream Malaysia	199.0	348.0	197.0	-43.4	-1.0	199.0	197.0	-1.0
Upstream Indonesia	335.0	480.0	230.0	-52.1	-31.3	335.0	230.0	-31.3
Upstream PNG	59.0	95.0	96.0	1.1	62.7	59.0	96.0	62.7
Downstream	4,208.0	4,550.0	4,146.0	-8.9	-1.5	4,208.0	4,146.0	-1.5
Other Operations	16.0	23.0	18.0	-21.7	12.5	16.0	18.0	12.5
Recurring Operating Profit								
Group Upstream	753.0	567.0	529.0	-6.7	-29.7	826.0	804.0	-2.7
Upstream Malaysia	285.0	248.0	133.0	-46.4	-53.3	285.0	133.0	-53.3
Upstream Indonesia	209.0	190.0	152.0	-20.0	-27.3	209.0	152.0	-27.3
Upstream PNG	259.0	129.0	244.0	89.1	-5.8	259.0	244.0	-5.8
Downstream	81.0	173.0	106.0	-38.7	30.9	81.0	106.0	30.9
Other Operations	-7.0	1.0	7.0	>100	>100	-7.0	7.0	>100
FFB Production '000 Mt								
Group Upstream	2,006	2,287	1,910	-16.5	-4.8	2,006	1,910	-4.8
Upstream Malaysia	972	1,295	955	-26.3	-1.7	972	955	-1.7
Upstream Indonesia	561	573	505	-11.9	-10.0	561	505	-10.0
Upstream PNG	473	419	450	7.4	-4.9	473	450	-4.9
Average CPO Price Realised (RM/Mt)								
Average Group	4,576	4,156	4,115	-1.0	-10.1	4,576	4,115	-10.1
Upstream Malaysia	4,693	4,352	4,241	-2.6	-9.6	4,693	4,241	-9.6
Upstream Indonesia	4,062	3,566	3,562	-0.1	-12.3	4,062	3,562	-12.3
Upstream PNG	4,938	4,391	4,431	0.9	-10.3	4,938	4,431	-10.3
CPO Extraction rate (%)								
Average Group	21.17	21.26	21.38	0.6	1.0	21.17	21.38	1.0
Upstream Malaysia	20.32	21.19	21.39	0.9	5.3	20.32	21.39	5.3
Upstream Indonesia	20.99	20.95	21.13	0.9	0.7	20.99	21.13	0.7
Upstream PNG	22.84	21.85	21.63	-1.0	-5.3	22.84	21.63	-5.3

Source: Company, MBSBR

Table 3: FINANCIAL SUMMARY

Income Statement (RM'm)	2024A	2025A	2026E	2027F	2028F	Cash Flow (RM'm)	2024A	2025A	2026E	2027F	2028F
Revenue	19,831.0	20,894.7	21,374.0	21,455.0	20,906.5	PAT	2,343.5	2,688.3	2,580.1	2,551.8	2,183.1
Operating Profit	3,286.3	3,601.9	3,654.5	3,615.3	3,103.2	Operating cash flow	2,758.6	3,317.7	3,972.8	4,012.0	3,745.5
PBT	3,139.3	3,530.1	3,581.5	3,542.3	3,030.1	Investing cash flow	-1,282.2	-1,541.3	-1,500.0	-1,500.0	-1,500.0
PATAMI	2,163.8	2,503.0	2,326.1	2,299.2	1,948.9	Financing cash flow	-1,684.3	-1,790.1	-1,369.8	-1,369.8	-1,369.8
Core PATAMI	**1,521.8**	**2,860.0**	**2,826.1**	**2,799.2**	**2,448.9**	Net cash flow	-207.9	-13.7	1,103.0	1,142.2	875.7
EPS (sen)	22.0	41.4	40.9	40.5	35.4	Beginning cash flow	830.4	625.4	623.7	1,726.7	2,868.9
PER (x)	28.2	15.0	15.2	15.3	17.5	Ending cash flow	625.4	623.7	1,726.7	2,868.9	3,744.6
DPS (sen)	16.4	18.1	18.0	18.0	18.0						
Dividend yield (%)	2.6	2.9	2.9	2.9	2.9						

Balance Sheet (RM'm)	2024A	2025A	2026E	2027F	2028F	Margins	2024A	2025A	2026E	2027F	2028F
Cash	625.4	623.7	1,726.7	2,868.9	3,744.6	OP margin	16.6%	17.2%	17.1%	16.9%	14.8%
Receivable	2,470.0	2,813.5	2,878.1	2,889.0	2,815.1	PBT margin	15.8%	16.9%	16.8%	16.5%	14.5%
Inventories	2,841.7	2,801.9	2,866.2	2,877.0	2,803.5	PATAMI margin	10.9%	12.0%	10.9%	10.7%	9.3%
PPE	21,575.8	21,372.3	21,444.8	21,510.1	21,568.8	Core PATAMI margin	7.7%	13.7%	13.2%	13.0%	11.7%
Others	4,534.1	4,131.4	4,092.8	4,054.9	4,017.8						
Assets	32,047.0	31,742.9	33,008.6	34,199.9	34,949.8						
Payables	2,437.2	2,416.8	2,472.3	2,481.7	2,418.2						
Debt	5,320.5	5,251.8	5,251.8	5,251.8	5,251.8						
Others	3,128.7	3,203.5	3,203.5	3,203.5	3,203.5						
Liabilities	10,886.4	10,872.1	10,927.5	10,936.9	10,873.4						
Shareholder's equity	18,486.0	18,238.5	19,319.7	20,374.1	21,078.3						
Perpetual sukuk	2,231.4	2,231.4	2,231.4	2,231.4	2,231.4						
Minority interests	443.3	400.9	529.9	657.5	766.7						
Equity & Liabilities	32,047.0	31,742.9	33,008.6	34,199.9	34,949.8						
Liabilities & equity	18,486.0	18,238.5	19,319.7	20,374.1	21,078.3						

Source: Bloomberg, MBSBR

Table 4: SOP Valuation

	Basis	Valuation RMm
Plantation	At 19.6x projected FY26F net profit	45,590.9
Property development	20% Discount to RNAV	2,822.7
Total		**48,413.6**
Issued shares (m)		6,915.7
Sum-of-parts TP (RM/share)		**7.00**

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