SD Guthrie Berhad

(5285 | SDG MK) Main | Plantation

Corporate Update

Maintain BUY

Unchanged Target Price **RM7.65**

Land Monetisation Continues

Maintain BUY. We remain positive on SDG's latest tripartite agreement with YTLP and BASB to jointly develop a 1,623-acres integrated industrial park in Bukit Kerayong, Selangor. The partnership is mutually beneficial and strategically positioned to enhance SDG's industrial business, with the proposed land sale expected to deliver a one-off profit of approximately RM586.3m – treated as a recurring income, in line with management's RM500-700m guidance. The collaboration capitalises on SDG's sizeable landbank while leveraging on YTLP's DC development capabilities and strong brand equity. We maintain our earnings forecasts and **TP** of **RM7.65**. Reiterate **BUY**.

SDG expands its industrial footprint in Selangor. SDG Land Venture (SDGLV), YTL Power (YTLP) and Bumi Assets (BASB) have signed a tripartite agreement to develop 1,623 acres of prime land in Bukit Kerayong, Selangor, through their joint venture, Bukit Kerayong Industrial Development (BKID). SDGLV will hold 30%, with BASB and YTLP owning 35% each. With up to RM101.1m earmarked for investment in the JV, this maiden collaboration advances SDG's land monetisation and industrial development ambitions, supporting Malaysia's push for higher-value industrial investments under the NIMP 2030 and NETR.

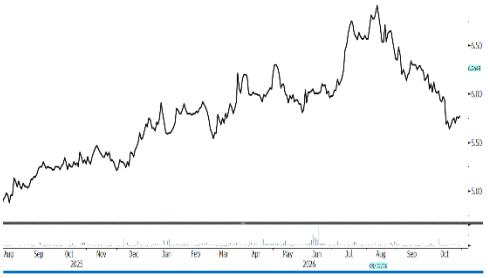
Land monetization continues with 30% stake in JV company. BKID has concurrently entered into SPA with SDGLV to acquire 1,623 acres (Exhibit 1), for a total cash consideration of RM933.6m, translating to about RM13.2psf. While this reflects a +5.6% premium to independent price tag of RM12.5psf, reflecting the site's premium growth location. 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.

Leaner balance sheets ahead. SDG plans to use RM744.4m, or 80% of disposal proceeds, to repay part of its RM7.5b borrowings at 1HFY26. Net gearing remained manageable at 0.37x, up from 0.21x in 1HFY25, mainly following the perpetual sukuk refinancing. With other balance-sheet items unchanged, repayment could bring gearing down by -11% to 0.33x, easing interest savings cost approximately by RM18.3m while leaving room to fund replanting and its industrial and RE ventures as the group continues to diversify its future earnings base.

A bigger industrial play in Bukit Kerayong. The latest 1,623-acre JV with YTL Power and Bumi Assets builds on SDG's earlier collaboration with Sime Property for a 3,000-acre master development, with an initial 1,021.93-acre land transaction formalised in July 2026. Together, these partnerships should accelerate industrial development across the wider Kuala Selangor corridor, supported by WCE and NKVE connectivity and proximity to Port Klang, while unlocking further value from SDG's strategic landbank.

RETURN STATISTICS	
Price @ 29 Oct 2026 (RM)	5.77
Expected share price return (%)	+32.58
Expected dividend yield (%)	+3.38
Expected total return (%)	+35.96

SHARE PRICE CHART



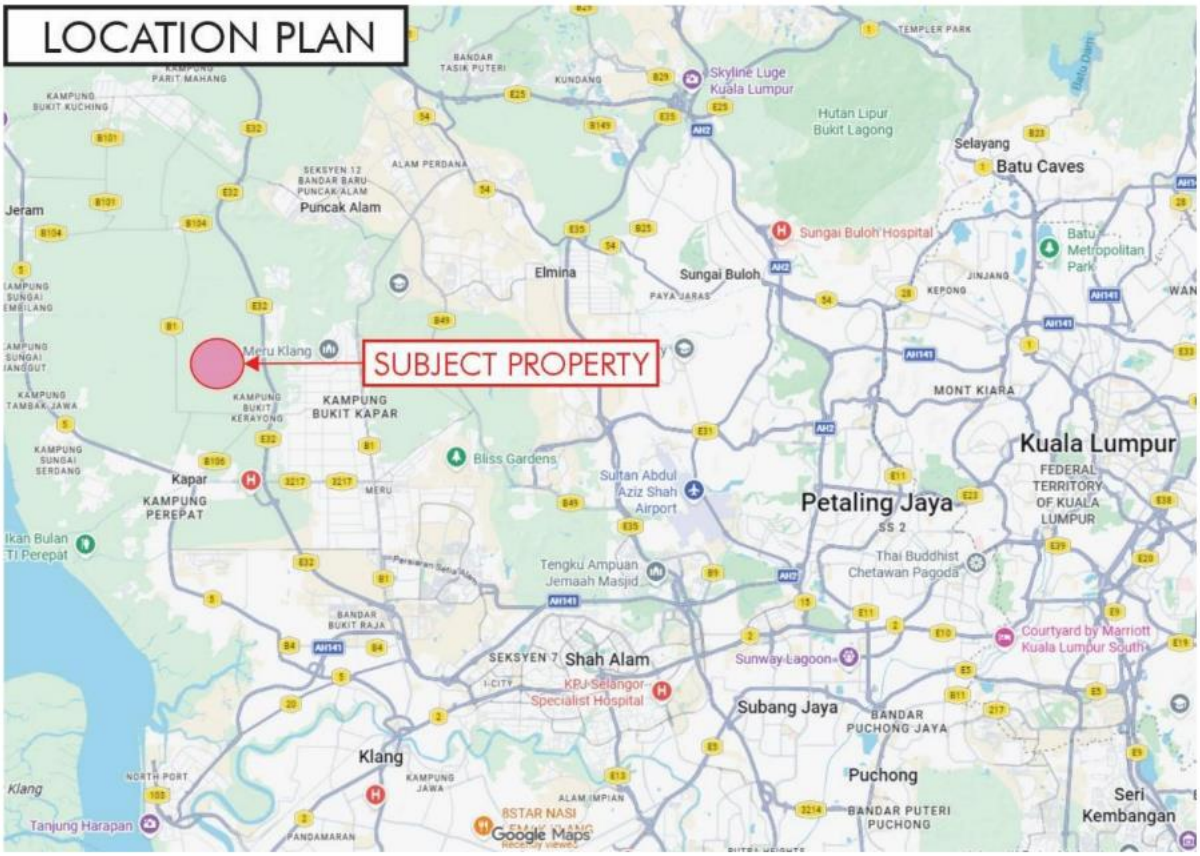
Price performance (%)	Absolute	Relative
1 month	-6.3	-4.0
3months	-6.9	-6.2
12 months	9.1	9.3

INVESTMENT STATISTICS

FYE Dec	2026E	2027F	2028F
Revenue	21,883.6	22,163.0	22,126.4
Operating Profit	3,757.9	3,808.1	3,532.4
PBT	3,684.9	3,735.0	3,459.4
Core PATAMI	2,896.8	2,931.1	2,742.6
EPS (sen)	41.9	42.4	39.7
DPS (sen)	19.5	19.5	19.5
Dividend Yield (%)	3.4	3.4	3.4

KEY STATISTICS	
FBM KLCI	1,611.16
Issue shares (m)	6,915.71
Estimated free float (%)	58.17
Market Capitalisation (RM'm)	39,903.67
52-wk price range	RM5.18 – RM7.00
3-mth average daily volume (m)	11.32
3-mth average daily value (RM'm)	71.22
Top Shareholders (%)	
ASNB	39.66
EPF	17.46
KWAP	7.59

Exhibit 1: Land Area





Source: Company, MBSBR

Exhibit 2: 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	21,883.6	22,163.0	22,126.4	PAT	2,343.5	2,688.3	2,654.5	2,690.6	2,492.2
Operating Profit	3,286.3	3,601.9	3,757.9	3,808.1	3,532.4	Operating cash flow	2,758.6	3,317.7	3,969.3	4,120.5	3,976.3
PBT	3,139.3	3,530.1	3,684.9	3,735.0	3,459.4	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	2,396.8	2,431.1	2,242.6	Financing cash flow	(1,684.3)	(1,790.1)	(1,473.6)	(1,473.6)	(1,473.6)
Core PATAMI	1,521.8	2,843.0	2,896.8	2,931.1	2,742.6	Net cash flow	(207.9)	(13.7)	995.7	1,146.9	1,002.7
EPS (sen)	22.0	41.1	41.9	42.4	39.7	Beginning cash flow	830.4	625.4	623.7	1,619.4	2,766.3
PER (x)	26.2	14.0	13.8	13.6	14.5	Ending cash flow	625.4	623.7	1,619.4	2,766.3	3,769.0
DPS (sen)	16.4	18.1	19.5	19.5	19.5						
Dividend yield (%)	2.8	3.1	3.4	3.4	3.4						

Balance Sheet (RM'm)	2024A	2025A	2026E	2027F	2028F	Margins	2024A	2025A	2026E	2027F	2028F
Cash	625.4	623.7	1,619.4	2,766.3	3,769.0	OP margin	16.6%	17.2%	17.2%	17.2%	16.0%
Receivable	2,470.0	2,813.5	2,946.7	2,984.3	2,979.4	PBT margin	15.8%	16.9%	16.8%	16.9%	15.6%
Inventories	2,841.7	2,801.9	2,934.5	2,972.0	2,967.1	PATAMI margin	10.9%	12.0%	11.0%	11.0%	10.1%
PPE	21,575.8	21,372.3	21,444.8	21,510.1	21,568.8	Core PATAMI margin	7.7%	13.6%	13.2%	13.2%	12.4%
Others	4,534.1	4,131.4	4,092.8	4,054.9	4,017.8						
Assets	32,047.0	31,742.9	33,038.2	34,287.6	35,302.0						
Payables	2,437.2	2,416.8	2,531.2	2,563.5	2,559.3						
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	10,986.4	11,018.8	11,014.5						
Shareholder's equity	18,486.0	18,238.5	19,286.7	20,369.2	21,263.2						
Perpetual sukuk	2,231.4	2,231.4	2,231.4	2,231.4	2,231.4						
Minority interests	443.3	400.9	533.7	668.2	792.8						
Equity & Liabilities	32,047.0	31,742.9	33,038.2	34,287.6	35,302.0						
Liabilities & equity	18,486.0	18,238.5	19,286.7	20,369.2	21,263.2						

Source: Bloomberg, MBSBR

Exhibit 3: SOP Valuation

	Basis	Valuation RMm
Plantation	At 20.6x projected FY27 core net profit	50,806.6
Property development	20% Discount to RNAV	2,822.7
Total		**52,903.3**

Issued shares (m)	6,915.7
Sum-of-parts TP (RM/share)	**7.65**

Source: MBSBR

MBSB RESEARCH is part of MBSB Investment Bank Berhad 197501002077 (24878-X).

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MBSB 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