# SD Guthrie Berhad

(5285 | SDG MK) Main | Plantation

Corporate Update

## Maintain BUY

Unchanged Target Price **RM7.65**

# Reenergising the RE Division

**Maintain BUY** with unchanged **TP of RM7.65.** We remain positive on SDG's 3rd growth engine following 33.5%-owned GKinta's signing of 21-year BESC term sheet under the CRESS scheme with an undisclosed US-based offtaker. The tie-up combines SDG's sizeable landbank with Gamuda and Gentari's energy expertise, strengthening project execution and tangible visibility on scaling its RE business while rewarding long-term recurring earnings. We maintain our earnings forecasts and **RM7.65 TP**, pending further details. Maintain **BUY**.

**Scaling Up Perak's Solar Footprint.** While KIGIP illustrates SDG's broader land transformation strategy in Perak, GKinta advances its solar expansion, aligned with Perak Sejahtera 2030's solar and hydropower agenda. This proposed 680 MW capacity alone, exceeds by 1.25x Perak's operating LSS capacity of 542.18 MW. Assuming no overlap, GKinta could lift combined operating and planned capacity to 2.12GW by 2030, subject to project completion, including its targeted 2029 commissioning.

**Land-Lease & Energy Strategy.** SDG's RE division is gaining momentum, building on its earlier role as a landlord to third-party solar developers under LSS4 and CGPP, covering 336MW and 227MW, respectively. Through CRESS and its partnership with Gamuda and Gentari, the group is moving into co-developing, owning and operating utility-scale solar assets, broadening its earnings base beyond land rentals.

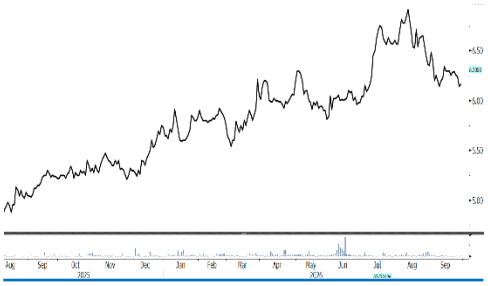
GKinta could support this shift, with recurring earnings expected from 2029 onwards upon commissioning. While project capex, tariff and financing terms remain undisclosed pending execution of the definitive BESC, assuming capex of RM3.5-4.0m/MWac places the 680MWac solar-plus-storage development at RM2.4-2.7bn. Based on an assumed 80:20 debt-to-equity structure, total equity funding would amount to RM480-545m, implying an estimated RM160-180m commitment from SDG over the construction period, proportionate to its 33.5% stake.

**Perak land balance.** Following the BESC term sheet, we estimate GKinta could require around 1,700 ha based on an indicative assumption of 2.5ha/MWac, potentially rising to 2,000 ha after allowing for BESS and supporting infrastructure. This represents approximately 4.1-4.8% of SDG's 41,397 ha Perak upstream landbank. For context, TNB's Sepang LSS plant occupies 98ha for 50MW, equivalent to 1.96ha/MW, although the cited disclosure does not specify its AC/DC capacity basis - an actual land requirement remain subject to the final layout.

With Perak's total landbank of 42,117 ha accounting for 12.4% of SDG's Malaysian landbank, the estimated conversion usage could account just 0.5-0.6% of its 339,867-ha domestic footprint, suggesting limited land exposure at group level.

| RETURN STATISTICS | |
|---|---|
| Price @ 29 Sept 2026 (RM) | 6.16 |
| Expected share price return (%) | +24.18 |
| Expected dividend yield (%) | +3.17 |
| Expected total return (%) | +27.35 |

**SHARE PRICE CHART**



| Price performance (%) | Absolute | Relative |
|---|---|---|
| 1 month | -3.1 | 1.7 |
| 3months | 3.0 | 4.6 |
| 12 months | 17.6 | 15.3 |

**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 (%) | 3.2 | 3.2 | 3.2 |

| KEY STATISTICS | |
|---|---|
| FBM KLCI | 1,643.96 |
| Issue shares (m) | 6,915.71 |
| Estimated free float (%) | 58.58 |
| Market Capitalisation (RM'm) | 42,600.80 |
| 52-wk price range | RM5.18 – RM7.00 |
| 3-mth average daily volume (m) | 12.13 |
| 3-mth average daily value (RM'm) | 77.80 |
| **Top Shareholders (%)** | |
| ASNB | 39.22 |
| EPF | 17.26 |
| KWAP | 7.45 |

## Table 1: 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) | 28.0 | 15.0 | 14.7 | 14.5 | 15.5 | 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 (%) | 2.7 | 2.9 | 3.2 | 3.2 | 3.2 | | | | | | |

| 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*

## Table 2: SOP Valuation

| | Basis | Valuation RMm |
|---|---|---|
| Plantation | At 20.6x projected FY27 core net profit | 50,080.6 |
| 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*

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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 rturn 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