SD Guthrie Berhad

(5285 | SDG MK) Main | Plantation

Corporate Update

Maintain **BUY**

Unchanged Target Price to **RM7.65**

3QFY26 Results Review: Within Expectations

Maintain BUY. We maintain our **BUY** call on SD Guthrie, with an unchanged SOP-based TP of **RM7.65**. We remain upbeat on SDG, with potential land monetisation gains of c.RM500-700m annually over the next 5 years offering further earnings upside. Upstream momentum should strengthen as FFB yields recover towards 17-22 tonnes/ha in FY26-27, surpassing pre-pandemic levels on better estate productivity and normalised harvesting conditions in Malaysia. Indonesia remains the key watchpoint, with dry weather potentially dragging FY27 output by c.10%. Even so, stronger estate efficiency, high average CPO price realised and continued land monetisation should support the Group's earnings resiliency through the softer production cycle particularly in FY27.

3Q26 earnings. After adjusting for EI of RM83.0m, 3QFY26 core PATAMI stood at RM690.0m, bringing 9M26 earnings to 75.4%/83.8% of our/consensus FY26E estimates - within our expectations but ahead of the Street. Overall, stronger FFB yields, OER, and CPO price lifted upstream contributions, cushioning smaller land sale gains from Industrial Development and weak blended downstream contributions.

Upstream. The Group's 3Q26 upstream operating profit jumped +49.1%yoy to RM935.0m, with Malaysia, Indonesia and PNG/SI all holding firm. Blended FFB yield improved to 5.47 tonnes/ha (+10.7%yoy), while OER rose to 21.23% (+0.7%yoy), lifting CPO output to 531,000 tonnes (+8.4%qoq, +9.0%yoy). Firmer realised CPO and PK prices of RM4,340/tonne (+3.1%yoy) and RM3,342/tonne (+6.9%yoy), respectively, further supported earnings, partly offset by high fertiliser costs. By comparison, 3Q25 realised prices were softer as biodiesel-led optimism faded following Indonesia's B40 implementation.

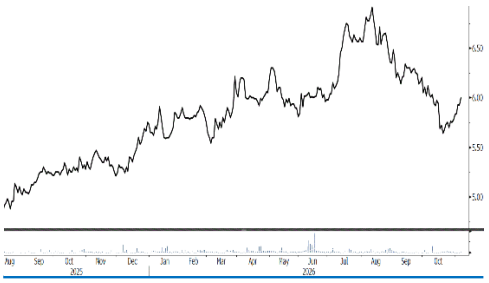
Downstream. Downstream operating profit slid -28.3%yoy to RM109.0m as inventory provisions and squeezed bulk margins weighed alongside wider Emery losses amid competition, softer demand and input costs costs. Stronger Marvesa contributions partly cushioned the decline, while trading remained robust on better physical margins, higher volumes and commodity futures fair-value gains.

Industrial development. Segment operating profit eased to RM82.0m (-79.0%yoy), which we view as a normalisation period following sizeable disposal of RM443.0m for Kulai Estate, Johor, to EBP8 in previous quarter. The disposal brought cumulative land monetisation past RM500.0m, marking further progress in unlocking its landbank value.

Earnings. No changes.

RETURN STATISTICS	
Price @ 05th Nov 2026 (RM)	6.00
Expected share price return (%)	+27.50
Expected dividend yield (%)	+3.25
Expected total return (%)	+30.75

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-0.3	-0.5
3 months	-3.2	-6.4
12 months	13.6	12.5

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 (%)	3.3	3.3	3.3

KEY STATISTICS

FBM KLCI	1,635.86
Issue shares (m)	6,915.71
Estimated free float (%)	58.17
Market Capitalisation (RM'm)	41,494.29
52-wk price range	RM5.18 – RM7.00
3-mth average daily volume (m)	11.27
3-mth average daily value (RM'm)	70.48
Top Shareholders (%)	
ASNB	39.67
EPF	17.56
KWAP	7.62

Table 1: SD Guthrie: 3QFY26 Results Summary

FYE Dec (RM'm)	Quarterly results					Cumulatively results		
	3QFY25	2QFY26	3QFY26	QoQ (%)	YoY (%)	9MFY25	9MFY26	YoY (%)
Revenue	5,411.0	4,943.0	5,393.0	9.1	-0.3	15,397.0	15,026.0	-2.4
Operating profit	1,222.0	1,233.0	1,144.0	-7.2	-6.4	2,850.0	3,181.0	11.6
PBT	1,251.0	1,278.0	1,099.0	-14.0	-12.2	2,833.0	3,166.0	11.8
Tax Expense	-271.0	-267.0	-310.0	16.1	14.4	-688.0	-761.0	NM
PATAMI	935.0	986.0	773.0	-21.6	-17.3	2,007.0	2,320.0	15.6
Core PATAMI	864.0	880.0	690.0	-21.6	-20.1	1,900.0	2,131.0	12.2
Core EPS (sen)	12.5	12.7	10.0	-21.6	-20.1	27.5	30.8	12.2
Growth & Margin (%)				+/- ppts				+/- ppts
OP margin (%)	22.6	24.9	21.2	-3.7	-1.4	18.5	21.2	2.7
PBT margin (%)	23.1	25.9	20.4	-5.5	-2.7	18.4	21.1	2.7
Core PATAMI margin (%)	16.0	17.8	12.8	-5.0	-3.2	12.3	14.2	1.8
Effective tax rate (%)	21.7	20.8	28.0	7.2	6.3	24.6	24.6	0.0

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

FYE Dec (RM'm)	Quarterly results					Cumulatively results		
	3QFY25	2QFY26	3QFY26	QoQ (%)	YoY (%)	9MFY25	9MFY26	YoY (%)
Revenue (RM'm):								
Group Upstream	767.0	584.0	603.0	3.3	-21.4	2,090.0	1,710.0	-18.2
Upstream Malaysia	320.0	161.0	188.0	16.8	-41.3	814.0	546.0	-32.9
Upstream Indonesia	362.0	361.0	350.0	-3.0	-3.3	1,051.0	941.0	-10.5
Upstream PNG	85.0	62.0	65.0	4.8	-23.5	225.0	223.0	-0.9
Downstream	4,615.0	4,327.0	4,762.0	10.1	3.2	13,242.0	13,235.0	-0.1
Other Operations	22.0	27.0	23.0	-14.8	4.5	58.0	68.0	17.2
Recurring Operating Profit								
Group Upstream	627.0	627.0	935.0	49.1	49.1	2,801.0	3,181.0	13.6
Upstream Malaysia	406.0	215.0	517.0	>100	27.3	985.0	865.0	-12.2
Upstream Indonesia	67.0	221.0	264.0	19.5	>100	441.0	637.0	44.4
Upstream PNG	154.0	191.0	154.0	-19.4	0.0	614.0	589.0	-4.1
Downstream	152.0	141.0	109.0	-22.7	-28.3	359.0	356.0	-0.8
Other Operations	-2.0	19.0	14.0	-26.3	>100	7.0	40.0	>100
FFB Production '000 Mt								
Group Upstream	2,303	2,291	2,480	8.2	7.7	6,594	6,681	1.3
Upstream Malaysia	1,335	1,146	1,392	21.5	4.3	3,528	3,493	-1.0
Upstream Indonesia	543	650	670	3.1	23.4	1,678	1,825	8.8
Upstream PNG	425	495	418	-15.6	-1.6	1,388	1,363	-1.8
Avg CPO Price Realised (RM/Mt)								
Average Group	4,210	4,283	4,340	1.3	3.1	4,292	4,259	-0.8
Upstream Malaysia	4,306	4,534	4,548	0.3	5.6	4,378	4,458	1.8
Upstream Indonesia	3,873	3,443	3,727	8.2	-3.8	3,855	3,597	-6.7
Upstream PNG	4,362	4,713	4,870	3.3	11.6	4,587	4,681	2.0

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**	**21,883.6**	**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)	27.3	14.5	14.3	14.2	15.1	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	3.0	3.3	3.3	3.3						

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**						

Source: Bloomberg, MBSBR

Table 4: SOP Valuation

	Basis	Valuation RMm
Plantation	At 20.6x projected FY27F 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 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