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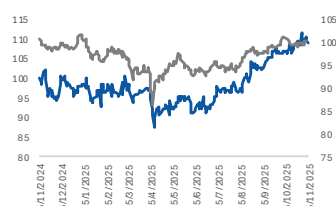
Recommendation	BUY
Current Price:	RM 5.28
Previous Target Price:	RM 5.50
Target Price:	RM 5.70 ↑
Capital Upside/Downside:	8.0%
Dividend Yield (%):	3.4%
Total Upside/Downside	11.4%

Stock information

Board	MAIN
Sector	Plantation
Bursa / Bloomberg Code	5285 / SDGMK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	6,915.7
Market Cap (RM' m)	36,515.0
52-Week Price Range (RM)	5.44-4.42
Beta (x)	0.9
Free float (%)	46.4
3M Average Volume (m)	7.1
3M Average Value (RM' m)	36.8

Top 3 Shareholders

	(%)
Amanah Saham Nasional Bhd	50.7
Employees Provident Fund Board	15.8
Kumpulan Wang Persaraan	7.5

Share Price Performance

	1M	3M	12M
Absolute (%)	0.6	10.5	4.6
Relative (%)	1.4	4.8	4.5

Earnings Summary	FY24	FY25F	FY26F
Revenue (RM' m)	19831	20676	22236
PATAMI (RM' m)	2164	1905	1926
CNP (RM' m)	1535	1905	1926
EPS - core (sen)	22.2	27.5	27.8
P/E(x)	24.1	19.4	19.2

Sime Darby Guthrie Bhd

Solid 9MFY25; Earnings on Track

- SDG's 9MFY25 CNP rose 49.2% YoY to RM1,514m, within our expectations but above consensus forecasts, accounting for 80.0% and 87.4% of ours and consensus expectations respectively.
- FFB production is projected to grow modestly in FY26, aided by yield improvement from maturing replanted areas.
- No major updates on the landbank dispute in Indonesia, though management views the likelihood of a provision is low, citing strong legal grounds as the land was lawfully acquired from the government.
- We maintain our BUY call with a higher target price of RM5.70 (previously RM5.50) based on 20.4x FY26F EPS and 0% ESG factored premium/discount based on three-star ESG rating.

Results within expectations. 9MFY25 CNP stood at RM1,514.0m, which was within our expectations but above consensus forecast, accounting for 80.0% of ours and 87.4% of consensus forecasted CNP respectively. We anticipate softer earnings in 4QFY25, driven by weaker FFB production as wet weather conditions set in.

YoY. 3QFY25 revenue grew 2.7% YoY while CNP climbed 34.3% YoY, led by stronger performance from the Downstream segment that more than offset weaker contributions from Upstream. Upstream EBIT eased 2.2% YoY due to reduced FFB output in Indonesia following adverse weather. Downstream EBIT, on the other hand, rose 18.5% YoY as Asia Pacific bulk operations benefited from firmer margins and higher sales in Oceania region. The differentiated products operations, particularly in Europe, continued to face margin pressure amid intense competition and the influx of lower-cost feedstock.

QoQ. Revenue advanced 4.7% QoQ while CNP inched up 1.3% QoQ. The improvement stemmed from the Downstream segment (EBIT: +22.2% QoQ), where Asia Pacific bulk operations recorded better price and sales volumes. Meanwhile, Upstream EBIT slipped 4.1% QoQ on weaker PK prices and a slight decline in OER to 21.08% (from 21.19%).

Outlook. FFB production is projected to grow modestly at low single digit (3%-5%) in FY26, aided by yield improvement from maturing replanted areas. For industrial development, management maintained its full-year land sale gain target of RM500m for FY25, with c.RM65-70m remaining after RM435m was booked this quarter. Looking ahead to FY26, land sale gains are expected to be at the range of RM700-900m, with a minimum of RM500m recognised annually.

Indonesia regulatory update. To recap, c.4,200 ha, or 3% of SDG's planted landbank in Indonesia, have been identified by the authorities for potential overlap with forest-designated areas. SDG asserts that the land was lawfully acquired from the government and is actively engaging with the relevant authorities while seeking legal counsel to address the matter. Management remains confident in its legal standing and does not consider a financial provision necessary at this point.

Earnings Revision We have raised our FY25F/26F earnings forecasts by +0.7%/+3.6%, to reflect the upward revision in our CPO price assumptions from RM4,250/RM4,000 to RM4,350/RM4,300.

Valuation We maintain our **BUY** call with a higher target price of **RM5.70** (previously RM5.50) based on 20.4x FY26F EPS and 0% ESG factored premium/discount based on three-star ESG rating.

Risk. EU export ban and regulations, changing weather patterns affect FFB production, taxation and export ban in Indonesia threatens local CPO demand, shortage of labours and rising operational cost

Results Comparison

FYE Dec (RM m)	3QFY25	3QFY24	yoy (%)	2QFY25	qoq (%)	9M FY25	9M FY24	yoy (%)
Revenue	5,411	5,267	2.7	5,169	4.7	15,397	14,574	5.6
EBITDA	1,571	1,498	4.9	1,156	35.9	3,909	3,238	20.7
Pre-tax profit	1,251	1,119	11.8	783	59.8	2,833	2,060	37.5
PATAMI	935	766	22.1	505	85.1	2,007	1,392	44.2
CNP	485	361	34.3	479	1.3	1,514	1,015	49.2
Core EPS (sen)	58	43	34.3	57	1.3	181	121	49.2
EBITDA margin (%)	29.0	28.4		22.4		25.4	22.2	
PBT margin (%)	23.1	21.2		15.1		18.4	14.1	
Core net profit margin (%)	9.0	6.9		9.3		9.8	7.0	

Source: Company, Apex Securities

Segmental Breakdown

FYE Dec (RM m)	3QFY25	3QFY24	yoy (%)	2QFY25	qoq (%)	9M FY25	9M FY24	yoy (%)
Revenue								
Upstream Malaysia	320	180	77.8	295	8.5	814	642	26.8
Upstream Indonesia	362	222	63.1	354	2.3	1,051	687	53.0
Upstream PNG/SI	85	36	136.1	81	4.9	225	208	8.2
Upstream	767	438	75.1	730	5.1	2,090	1,537	36.0
Downstream	4,615	4,792	(3.7)	4,419	4.4	13,242	12,943	2.3
Other	29	37	(21.6)	20	45.0	65	94	(30.9)
Total	5,411	5,267	2.7	5,169	4.7	15,397	14,574	5.6
EBIT								
Upstream Malaysia	410	371	10.5	292	40.4	987	695	42.0
Upstream Indonesia	67	199	(66.3)	165	(59.4)	441	390	13.1
Upstream PNG/SI	154	75	105.3	201	(23.4)	614	249	146.6
Upstream	631	645	(2.2)	658	(4.1)	2,042	1,334	53.1
Downstream	154	130	18.5	126	22.2	356	490	(27.3)
Other	430	(10)	nm	20	2,050.0	439	(13)	nm
Total	1,215	765	58.8	804	51.1	2,837	1,811	56.7

Source: Company, Apex Securities

Results Note

Thursday, 06 Nov, 2025

Financial Highlights

Income Statement

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Revenue	18428	19831	20676	22236	24018
Operating profit	7226	8094	8094	8462	8939
EBITDA	4319	4739	4402	4526	4724
Depreciation & Amortisation	-1432	-1453	-1469	-1547	-1634
Associates & JV	40	-28	-28	-28	-29
EBIT	2927	3258	2904	2950	3062
Net Finance Income/ (Cost)	-175	-119	-140	-156	-159
Pre-tax Profit	2752	3139	2764	2794	2903
Tax	-719	-796	-701	-708	-736
Profit After Tax	2033	2344	2063	2086	2167
Minority Interest	-173	-180	-158	-160	-166
Net Profit	1860	2164	1905	1926	2001
Exceptionals	-988	-629	0	0	0
Core Net Profit	872	1535	1905	1926	2001

Key Ratios

FYE Dec	FY23	FY24	FY25F	FY26F	FY27F
EPS (sen)	12.6	22.2	27.5	27.8	28.9
P/E (x)	42.3	24.1	19.4	19.2	18.5
P/B (x)	18	17	17	17	16
EV/EBITDA (x)	9.7	8.8	9.6	9.6	9.4
DPS (sen)	15.0	16.4	16.5	18.1	18.8
Dividend Yield (%)	2.8%	3.1%	3.1%	3.4%	3.5%
EBITDA margin (%)	23.4%	23.9%	21.3%	20.4%	19.7%
EBIT margin (%)	15.9%	16.4%	14.0%	13.3%	12.7%
PBT margin (%)	14.9%	15.8%	13.4%	12.6%	12.1%
PAT margin (%)	11.0%	11.8%	10.0%	9.4%	9.0%
NP margin (%)	10.1%	10.9%	9.2%	8.7%	8.3%
CNP margin (%)	4.7%	7.7%	9.2%	8.7%	8.3%
ROE (%)	4.3%	7.3%	8.8%	8.7%	8.8%
ROA (%)	2.7%	4.8%	5.7%	5.5%	5.4%
Gearing (%)	25.9%	24.1%	27.0%	30.0%	35.0%
Net gearing (%)	218%	212%	23.4%	26.7%	30.3%

Valuations	FY26F
Core EPS (RM)	0.278
P/E multiple (x)	20.4
Fair Value (RM)	5.70
ESG premium/discount	0.0%
Implied Fair Value (RM)	5.70

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Cash	830	625	787	734	1059
Receivables	2208	2408	2520	2726	2934
Inventories	2664	2842	2974	3217	3462
Other current assets	507	520	520	520	520
Total Current Assets	6209	6395	6802	7196	7975
Fixed Assets	1945	19365	20386	21533	22798
Intangibles	3055	2995	2995	2995	2995
Other non-current assets	3477	3292	3292	3292	3292
Total Non-current assets	25678	25652	26673	27820	29085
Short-term Debt	1701	1742	1997	2270	2711
Payables	2386	2384	2568	2806	3037
Other Current Liabilities	704	293	293	293	293
Total Current Liabilities	4790	4419	4858	5369	6041
Long-term Debt	3582	3360	3851	4378	5229
Other non-current liabilities	3108	3107	3107	3107	3107
Total Non-current Liabilities	6690	6467	6958	7485	8336
Shareholder's equity	19974	20718	21216	21718	22241
Minority interest	433	443	443	443	443
Equity	20406	21161	21659	22161	22684

Cash Flow

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Pre-tax profit	2752	3139	2764	2794	2903
Depreciation & amortisation	1432	1453	1469	1547	1634
Changes in working capital	451	-380	-60	-210	-223
Others	-1561	-1455	-859	-868	-902
Operating cash flow	3075	2757	3314	3262	3412
Net capex	-2129	-2042	-2491	-2694	-2899
Others	1499	762	0	0	0
Investing cash flow	-630	-1280	-2491	-2694	-2899
Changes in borrowings	-1028	-71	746	801	1291
Issuance of shares	0	0	0	0	0
Dividends paid	-642	-1134	-1408	-1423	-1478
Others	-574.0	-480.0	0.0	0.0	0.0
Financing cash flow	-2244.1	-1685.0	-661.9	-622.3	-187.4
Net cash flow	201.1	-208.0	162.0	-53.4	325.6
Forex	-5.7	3.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash	635.0	830.4	625.0	787.0	733.6
Ending cash	830.4	625.4	787.0	733.6	1059.2

Results Note

Thursday, 06 Nov, 2025

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★	Total carbon emissions stood at 7,050,245 tCO ₂ -e (vs FY23: 6,843,700 tCO ₂ -e.)
Waste & Effluent	★★	Total waste generated for direct disposal rose from 167,394 mt to 187,678 mt.
Energy	★★	Mild increase in energy consumption from 11,426,567MW to 11,459,559 MW.
Water	★★★	Water consumption slid -17.6% yoy to 19,481 megalitres in FY24.
Compliance	★★★	In compliance with local and international environmental regulations

Social

Diversity	★★★	55% of executive employees age below 38, 28% are female
Human Rights	★★★	Enforce and adopts Code of Ethics and Conduct
Occupational Safety and Health	★★	Work related fatalities reduce to 2 as compared to last year @ 5 times p.a.
Labour Practices	★★★	Pay scale based on prevailing industry market rates as stipulated by the Act 732 National Wages Consultative Council Act

Governance

CSR Strategy	★★★	In FY24, Traceability to Mill (TTM) and Traceability to Plantations (TTP) stood at 96.9% and 84.9% respectively. (vs FY23: TTM: 95.7% and TTP 81.5%)
Management	★★	Average board members age @ 60, 4/10 female board composition, 2/10 Independent Directors
Stakeholders	★★★	4x analyst briefings per annum, 1x AGM per annum

Overall ESG Scoring: ★★★

Recommendation Framework:

BUY: Total returns* are expected to exceed 10% within the next 12 months.

HOLD: Total returns* are expected to be within +10% to – 10% within the next 12 months.

SELL: Total returns* are expected to be below -10% within the next 12 months.

TRADING BUY: Total returns* are expected to exceed 10% within the next 3 months.

TRADING SELL: Total returns* are expected to be below -10% within the next 3 months.

*Capital gain + dividend yield

Sector Recommendations:

OVERWEIGHT: The industry defined by the analyst is expected to exceed 10% within the next 12 months.

NEUTRAL: The industry defined by the analyst is expected to be within +10% to – 10% within the next 12 months.

UNDERWEIGHT: The industry defined by the analyst, is expected to be below -10% within the next 12 months.

ESG Rating Framework:

★★★★★ : Appraised with 3% premium to fundamental fair value

★★★★ : Appraised with 1% premium to fundamental fair value

★★★ : Appraised with 0% premium/discount to fundamental fair value

★★ : Appraised with -1% discount to fundamental fair value

★ : Appraised with -5% discount to fundamental fair value

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(a) nil.