Research Team
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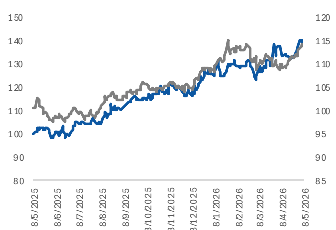
Recommendation:	BUY
Current Price:	RM6.20
Previous Target Price:	RM5.50
Target Price: ↑	RM7.01
Capital Upside/Downside:	13.1%
Dividend Yield (%):	3.1%
Total Upside/Downside:	**16.1%**

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)	42,877.4
52-Week Price Range (RM)	6.45-4.45
Beta (x)	0.9
Free float (%)	50.8
3M Average Volume (m)	13.4
3M Average Value (RM' m)	79.9

Top 3 Shareholders	(%)
Amanah Saham Nasional Bhd	46.2
Employees Provident Fund Board	16.4
Kumpulan Wang Persaraan	8.2

Share Price vs FBM KLCI



	1M	3M	12M
Absolute (%)	3.3	6.9	35.7
Relative (%)	-0.3	5.3	19.0

Earnings Summary	FY25	FY26F	FY27F
Revenue (RM'm)	20895	21770	22529
PATAMI (RM'm)	2503	2673	2947
CNP (RM'm)	1982	2173	2447
EPS - core (sen)	29	31	35
P/E (x)	20.9	19.1	16.9

Sime Darby Guthrie Bhd

1QFY26 Post-briefing: Seasonally Weak Quarter but Higher Productivity ahead

- **SDG's 1QFY26 CNP declined marginally 0.4% YoY to RM548m which had met our and consensus expectations, accounting for 26.3%/24.7% respectively.**
- **YoY 1QFY26 Upstream EBIT declined 29.7% on softer productivity across all three regions. Downstream EBIT increased 39.5% on higher demand and margins. Industrial Development EBIT increased RM160m vs prior year corresponding quarter of no sale.**
- **Based on USD100/bbl, management has issued a guidance of RM 2,600 – RM 2,700 for CPO unit costs. Fertiliser costs remain contained with supply already secured for Indonesia with M'sia and PnG/SI 2HFY26 supply on the way.**
- **We maintain our BUY call with a higher target price of RM7.01 pegged to a 19.8x P/E multiple to FY27F EPS and 0% ESG factored premium/discount based on three-star ESG rating.**

Results met expectations. Adjusting for (i) RM22m FV losses on commodities futures contracts and forward forex contracts, (ii) RM21m disposal gains, (iii) RM3m reversal of impairment, (iv) RM24m unrealised forex gains, and (v) RM14m net write-off/write-backs, 1QFY26 CNP arrived at RM548m and met our and consensus expectations at 26.3%/24.7% respectively.

YoY. 1QFY26 CNP decline marginally 0.4% YoY (1QFY25: RM550m) due to mixed performance arising from a weaker Upstream EBIT performance (-29.7%) which was offset by higher Downstream EBIT (+39.5%) and Industrial Development EBIT (>+100%). Lower average CPO prices (-10%) and weaker seasonal FFB production (-5%) had caused the YoY decline in Upstream. Higher Downstream EBIT contributions arose (+39.5%) primarily from Trading and Bulk thanks to better margins and sales volume which was supported by a recovery in the Asia Pacific Bulk and European operations while Industrial Development saw RM160m gain from third-party sales vs the prior year corresponding quarter of no sale.

QoQ. CNP in 1QFY26 had risen 17.1% due to PBT gains from Industrial Development. As a whole, Upstream EBIT (-6.7%) was weaker with seasonally softer Group FFB production (-16%), lower Group Palm Kernel prices (-4%) and marginally lower CPO prices (-1%). Downstream PBIT declined 17.2% due to softer margins which was partially offset by improved demand and higher JV results.

Operational Highlights YoY. 1QFY26 FFB production for the **Group** had fallen to 1.91m MT (-5%), total CPO output for the Group fell to 498k MT (-2%), and CPO OER is at 21.38% (1QFY25: 21.17%)
Indonesia had softer productivity with FFB production falling to 505k MT (-10%), CPO output dropping to 136k MT (-6%) in addition to a marginally higher CPO OER of 21.13% (1QFY25: 20.99%).
Malaysia productivity saw marginally softer FFB production falling to 955km MT (-2%) although CPO output rose to 235k MT (+7%), and a higher CPO OER of 21.39% (1QFY25: 20.32%).
PNG/SI productivity declined with FFB production falling to 450k MT (-5%), CPO output falling to 127k (-11%), and a lower CPO OER of 21.63% (1QFY25: 22.84%).
As at 31 March 2026, total planted hectares were at 557k ha of oil palm (FY24: 567k) with mature hectares at c.457k or 83% (FY24: 476k). Average ages (years) were 12.2, 11.6, and 13.4 for Malaysia, Indonesia, and PNG/SI respectively.
Based on USD100/bbl, management has issued a guidance of RM 2,600 – RM 2,700 for CPO unit costs owing to increased diesel costs which has impacted 5% of operating costs. Fertiliser costs remain contained with supply already secured for Indonesia while renegotiated prices are not expected to be a risk with suppliers for M'sia and PnG/SI whose 2HFY26 supply are on the way.

Industrial Development. The Group's joint development with PDT & EcoWorld in Kulai, Johor has its Sale & Purchase agreement on track for completion within 1HFY26. Furthermore, c.300 acres in Negeri Sembilan have secured Estate Land Board approval in April 2026. Overall, management believes that Industrial Development is on track to achieving their PATAMI target of RM500m to 700m for FY26.

Outlook. Post a seasonally weaker 1QFY26, revenue should be supported by higher expected CPO prices for FY26/27 and as FFB production normalizes throughout the year. This is also in addition to the likelihood of meeting the Group's Industrial Development PATAMI target alongside expected improvements in Downstream.

Earnings Revision. We note that in addition to previously raising our CPO price assumption to an average of RM4,400 for CY26/27, we had also taken into account the higher Downstream performance expectations for Trading & Bulk, higher productivity for Upstream, and higher cost guidance. We revise our FY26F/27F earnings forecasts marginally upwards owing to housekeeping following the release of the Annual Report 2025.

Valuation. We retain our BUY call with a higher revised target price of RM7.01 (previous RM6.96) based on a P/E of 19.8x on FY27F EPS and 0% ESG factored premium/discount based on a three-star ESG rating.

Risk. EU export ban and regulations, changing weather patterns affecting FFB production, taxation and export ban in Indonesia threatening local CPO demand, frequent labour turnover and rising operational cost.

Results Comparison

FYE Dec (RM m)	1QFY26	1QFY25	YoY (%)	4QFY25	QoQ (%)	3MFY26	3MFY25	YoY (%)	Comments
Revenue	4,690	4,817	*(2.6)*	5,498	*(14.7)*	4,690	4,817	*(2.6)*	
EBITDA	1,154	1,182	*(2.4)*	1,132	*1.9*	1,154	1,182	*(2.4)*	
Pre-tax profit	788	799	*(1.4)*	697	*13.1*	788	799	*(1.4)*	
PATAMI	560	567	*(1.2)*	496	*12.9*	560	567	*(1.2)*	
CNP	548	550	*(0.4)*	468	*17.1*	548	550	*(0.4)*	
Core EPS (sen)	8	8	*(0.4)*	7	*17.1*	8	8	*(0.4)*	
EBITDA margin (%)	24.6	24.5		20.6		24.6	24.5		
PBT margin (%)	16.8	16.6		12.7		16.8	16.6		
Core net profit margin (%)	11.7	11.4		8.5		11.7	11.4		

Source: Company, Apex Securities

Segmental Breakdown

FYE Dec (RM m)	1QFY26	1QFY25	YoY (%)	4QFY25	QoQ (%)	3MFY26	3MFY25	YoY (%)	Comments
Revenue									
Upstream Malaysia	197	199	*(1.0)*	348	*(43.4)*	197	199	*(1.0)*	
Upstream Indonesia	230	335	*(31.3)*	480	*(52.1)*	230	335	*(31.3)*	
Upstream PNG/SI	96	59	*62.7*	95	*1.1*	96	59	*62.7*	
Upstream	523	593	*(11.8)*	923	*(43.3)*	523	593	*(11.8)*	
Downstream	4,146	4,208	*(1.5)*	4,550	*(8.9)*	4,146	4,208	*(1.5)*	
Other	21	16	*31.3*	25	*(16.0)*	21	16	*31.3*	
Total	**4,690**	**4,817**	***(2.6)***	**5,498**	***(14.7)***	**4,690**	**4,817**	***(2.6)***	
EBIT									
Upstream Malaysia	133	285	*(53.3)*	248	*(46.4)*	133	285	*(53.3)*	
Upstream Indonesia	152	209	*(27.3)*	190	*(20.0)*	152	209	*(27.3)*	
Upstream PNG/SI	244	259	*(5.8)*	129	*89.1*	244	259	*(5.8)*	
Upstream	529	753	*(29.7)*	567	*(6.7)*	529	753	*(29.7)*	
Downstream	106	76	*39.5*	128	*(17.2)*	106	76	*39.5*	
Other	169	(11)	*nm*	1	*16,800.0*	169	(11)	*nm*	
Total	**804**	**818**	***(1.7)***	**696**	***15.5***	**804**	**818**	***(1.7)***	

Source: Company, Apex Securities

Financial Highlights

Income Statement

FYE Dec (RM m)	FY23	FY24	FY25	FY26F	FY27F
Revenue	**18428**	**19831**	**20895**	**21770**	**22529**
Operating Profit	**2887**	**3286**	**3602**	**4036**	**4367**
EBITDA	**4275**	**4695**	**5041**	**5514**	**5881**
Depreciation & Amortisation	1388	1409	1439	1478	1514
EBIT	**2887**	**3286**	**3602**	**4036**	**4367**
Net Finance Income/ (Cost)	-175	-119	-63	-210	-187
Associates & JV	40	-28	-9	0	0
Pre-tax Profit	**2752**	**3139**	**3530**	**3826**	**4181**
Tax	-719	-796	-842	-969	-1048
Profit After Tax	**2033**	**2344**	**2688**	**2858**	**3132**
Minority Interest	-173	-180	-185	-185	-185
Net Profit	**1860**	**2164**	**2503**	**2673**	**2947**
Exceptionals	-988	-629	-521	-500	-500
Core Net Profit	**872**	**1535**	**1982**	**2173**	**2447**

Key Ratios

FYE Dec	FY23	FY24	FY25	FY26F	FY27F
EPS (sen)	12.6	22.2	28.7	31.4	35.4
P/E (x)	47.5	27.0	20.9	19.1	16.9
P/B (x)	2.0	2.0	2.0	1.9	1.7
EV/EBITDA (x)	10.8	9.9	9.2	8.1	7.4
DPS (sen)	9.29	16.40	19.46	20.66	22.65
Dividend Yield (%)	1.6%	2.7%	3.2%	3.4%	3.8%
EBITDA margin (%)	23.2%	23.7%	24.1%	25.3%	26.1%
EBIT margin (%)	15.7%	16.6%	17.2%	18.5%	19.4%
PBT margin (%)	14.9%	15.8%	16.9%	17.6%	18.6%
PAT margin (%)	11.0%	11.8%	12.9%	13.1%	13.9%
NP margin (%)	10.1%	10.9%	12.0%	12.3%	13.1%
CNP margin (%)	4.7%	7.7%	9.5%	10.0%	10.9%
ROE (%)	4.3%	7.3%	9.5%	9.7%	10.3%
ROA (%)	2.7%	4.8%	6.2%	6.5%	6.9%
Gearing (%)	25.9%	24.1%	24.1%	21.4%	19.0%
Net gearing (%)	21.8%	21.2%	21.1%	13.4%	6.7%

Valuations	FY27F
Core EPS (RM)	0.354
P/E multiple (x)	19.8
Fair Value (RM)	**7.01**
ESG premium/discount	0.0%
Implied Fair Value (RM)	**7.01**

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY23	FY24	FY25	FY26F	FY27F
Cash	830	625	624	1794	2931
Receivables	2208	2408	2766	2713	2808
Inventories	2664	2842	2802	2883	2950
Other current assets	673	672	348	348	348
Total Current Assets	**6375**	**6547**	**6540**	**7737**	**9037**
Fixed Assets	19145	19365	19341	19863	20349
Intangibles	3055	3055	2995	2732	2732
Other non-current assets	3312	3081	2867	3130	3130
Total Non-current assets	**25512**	**25500**	**25203**	**25725**	**26211**
Short-term Debt	1701	1742	490	0	0
Payables	2386	2384	2366	2496	2554
Other Current Liabilities	716	304	337	337	337
Total Current Liabilities	**4803**	**4430**	**3193**	**2833**	**2891**
Long-term Debt	3582	3360	4539	4778	4526
Other non-current liabilities	3096	3096	3140	3552	3965
Total Non-current Liabilities	**6677**	**6456**	**7679**	**8330**	**8491**
Shareholder's equity	19974	20717	20470	21899	23465
Minority interest	433	443	401	401	401
Equity	**20406**	**21161**	**20871**	**22300**	**23866**

Cash Flow

FYE Dec (RM m)	FY23	FY24	FY25	FY26F	FY27F
Pre-tax profit	**2752**	**3139**	**3530**	**3826**	**4181**
Depreciation & amortisation	1388	1409	1439	1478	1514
Changes in working capital	723	-644	-498	102	-104
Others	-1789	-1145	-873	-347	-449
Operating cash flow	**3075**	**2759**	**3598**	**5059**	**5142**
Net capex	-2129	-2042	-2183	-2000	-2000
Others	1499	760	515	6	18
Investing cash flow	**-630**	**-1282**	**-1668**	**-1994**	**-1982**
Changes in borrowings	-1029	-71	-95	-251	-251
Issuance of shares	0	0	0	0	0
Dividends paid	-642	-1134	-1346	-1429	-1566
Others	-573	-479	-502	-216	-205
Financing cash flow	**-2244**	**-1684**	**-1943**	**-1896**	**-2022**
Net cash flow	**201**	**-208**	**-13**	**1169**	**1137**
Forex	0	0	0	0	0
Others	-6	3	12	0	0
Beginning cash	635	830	625	624	1794
Ending cash	**830**	**625**	**624**	**1794**	**2931**

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★	Scope 1, 2, and 3 emissions stood at 10.3 million tonnes tCO2-e (vs FY24: 11.6 million tonnes tCO2-e.)
Waste & Effluent	★★	Total waste generated for direct disposal fell from 187,678 mt to 159,357 mt.
Energy	★★	Mild increase in energy consumption from 41.2m GJ to 41.8m GJ.
Water	★★★	Water consumption rose from 43,647 to 45,638 megalitres in FY25.
Compliance	★★★	In compliance with local and international environmental regulations

Social

Diversity	★★★	52% 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 stood at 3 as compared to last year @ 2 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 98% and 90% respectively. (vs FY24: TTM: 96.9% and TTP 84.9%)
Management	★★	Average board members age @ 60, 3/11 female board composition, 3/11 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

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

As of **Friday, 08 May, 2026**, the analyst(s), whose name(s) appears on the front page, who prepared this report, has interest in the following securities covered in this report:
(a) nil.