

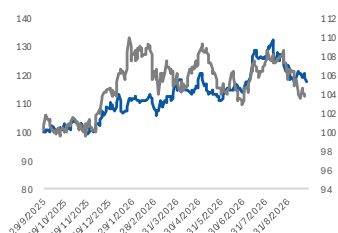
Ong Yong Jen
(603) 7890 8899 (ext 2115)

Recommendation:	BUY
Current Price:	RM6.16
Previous Target Price:	RM7.70
Target Price:	↔ RM 7.70
Capital Upside/ Downside:	25.0%
Dividend Yield (%):	4.0%
Total Upside/ Downside:	29.0%

Stock information	
Board	MAIN
Sector	Plantation
Bursa / Bloomberg Code	5285 / SDGMK
Syariah Compliant	Yes
ESGRating	★★★
Shares issued (m)	6,915.7
Market Cap (RM' m)	42,600.8
52-Week Price Range (RM)	7-5.18
Beta (x)	0.9
Freefloat (%)	58.6
3M Average Volume (m)	12.1
3M Average Value (RM' m)	77.8

Top 3 Shareholders	(%)
Amanah Saham Nasional Bhd	39.2
Employees Provident Fund Board	17.3
Kumpulan Wang Persaraan	7.5

Share Price vs FBM KLCI



	1M	3M	12M
Absolute (%)	-3.1	3.4	17.6
Relative (%)	1.7	4.6	15.3

Earnings Summary	FY25	FY26F	FY27F
Revenue (RM'm)	20895	21835	22619
PATAMI (RM'm)	2503	2949	3190
CNP (RM'm)	1982	2151	2690
EPS - core (sen)	29	31	39
P/E(x)	21.5	19.8	15.8

SD Guthrie Bhd

Entered into term sheet for 21-year Bilateral Energy Supply Contract

- **G3nerasi Kinta Sdn Bhd (GKinta)**, an indirectly 33.5%-owned company, entered into a term sheet for a 21-year Bilateral Energy Supply Contract (BESC) with a US-based multinational technology company. Project involves a minimum net capacity of 680MWac hybrid solar PV plant, 21-year offtake with gross revenue exceeding RM10bn to GKinta over the period.
- **No material near-term earnings impact**, given the project remains at the development stage.
- **Maintain our BUY call** with a target price of RM7.70 pegged to a 19.8x P/E multiple to FY27F EPS and 0% ESG factored premium/discount based on three-star ESG rating.

Preliminary agreement for solar PV plant with Gamuda Energy, Gentari Renewables. G3nerasi Kinta Sdn Bhd (GKinta) entered into a term sheet for a 21-year Bilateral Energy Supply Contract (BESC) with a US-based multinational technology company where electricity will be supplied to the customer's data centres under the Corporate Renewable Energy Supply Scheme (CRESS). The project involves a hybrid utility-scale solar photovoltaic plant with a minimum net capacity of 680MWac in Perak, supported by a four-hour battery energy storage system (BESS). With COD targeted for 2029, GKinta expects the project to generate gross revenue exceeding RM10bn over the 21-year offtake period. GKinta is wholly owned by G3nerasi Mutiara Sdn Bhd, a JV between SD Guthrie Renewable Energy (33.5%), Gamuda Energy (33%) and Gentari Renewables (33.5%). Completion of the BESC and other relevant CRESS agreements is targeted for 1Q27, subject to the Renewable Energy Supply Access Agreement with Tenaga Nasional and the required CRESS approvals.

Our View. We view the term sheet as **positive** for SDG's long-term earnings diversification, reinforcing its strategy of expanding beyond plantation into renewable energy. While the project offers long-term recurring income visibility, the near-term earnings impact should remain limited as the project is still at the development stage, with COD targeted for 2029. Based on SDG's 33.5% effective interest, a 30% illustrative PBT margin would imply c.RM48m in annual attributable PBT, although the actual contribution will depend on the final project economics and financing structure.

The expected use of non-recourse project financing should also limit the direct balance-sheet funding requirement for SDG, although equity contributions will still be required in proportion to its 33.5% interest.

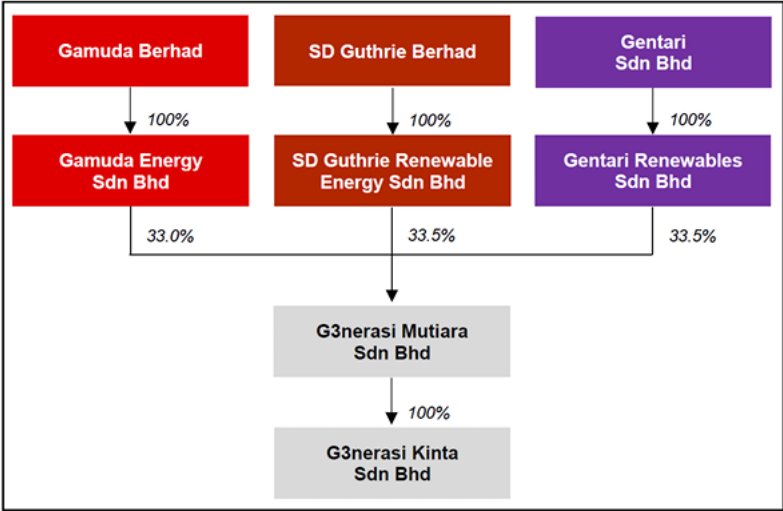
Earnings forecast. No change.

Outlook. We believe that SDG's topline performance will continue to be primarily driven by the Group's core integrated plantation operations. Upstream earnings should remain supported by elevated CPO prices arising from El-Nino supply risks although we note the current peak production period could serve to soften price upside. Downstream margin volatility is expected to continue albeit with resilient performance in Bulk and Trading for 2HFY26 offset by Differentiated performance. Lastly, Industrial Development and RE continue to be pivotal for the Group's long-term diversification strategy.

Valuation. Retain **BUY** with a **target price of RM7.70** 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.

Figure 1: Shareholding Structure of G3nerasi Kinta Sdn Bhd



Source: Company

Financial Highlights

Income Statement

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Revenue	19831	20895	21835	22619	22304
Operating Profit	3286	3602	4399	4685	4383
EBITDA	4695	5041	5877	6199	5931
Depreciation & Amortisation	1409	1439	1478	1514	1548
EBIT	3286	3602	4399	4685	4383
Net Finance Income/ (Cost)	-119	-63	-210	-185	-162
Associates & JV	-28	-9	0	0	0
Pre-tax Profit	3139	3530	4190	4500	4222
Tax	-796	-842	-1056	-1124	-1052
Profit After Tax	2344	2688	3134	3375	3170
Minority Interest	-180	-185	-185	-185	-185
Net Profit	2164	2503	2949	3190	2985
Exceptionals	-629	-521	-798	-500	-500
Core Net Profit	1535	1982	2151	2690	2485

Key Ratios

FYE Dec	FY24	FY25	FY26F	FY27F	FY28F
EPS (sen)	22.2	28.7	31.1	38.9	35.9
P/E (x)	27.8	21.5	19.8	15.8	17.1
P/B (x)	2.0	2.0	1.9	1.8	1.7
EV/EBITDA (x)	10.1	9.4	7.8	7.2	7.2
DPS (sen)	16.40	19.46	22.66	24.40	22.92
Dividend Yield (%)	2.7%	3.2%	3.7%	4.0%	3.7%
EBITDA margin (%)	23.7%	24.1%	26.9%	27.4%	26.6%
EBIT margin (%)	16.6%	17.2%	20.1%	20.7%	19.7%
PBT margin (%)	15.8%	16.9%	19.2%	19.9%	18.9%
PAT margin (%)	11.8%	12.9%	14.4%	14.9%	14.2%
NP margin (%)	10.9%	12.0%	13.5%	14.1%	13.4%
CNP margin (%)	7.7%	9.5%	9.9%	11.9%	11.1%
ROE (%)	7.3%	9.5%	9.6%	11.2%	9.7%
ROA (%)	4.8%	6.2%	6.4%	7.6%	6.7%
Gearing (%)	24.1%	24.1%	21.3%	18.8%	16.6%
Net gearing (%)	21.2%	21.1%	12.7%	5.6%	Net Cash

Valuations

Valuations	FY27F
Core EPS (RM)	0.389
P/E multiple (x)	19.8
Fair Value (RM)	7.70
ESG premium/discount	0.0%
Implied Fair Value (RM)	7.70

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Cash	625	624	1924	3184	4526
Receivables	2408	2766	2721	2819	2772
Inventories	2842	2802	2883	2914	2904
Other current assets	672	348	348	348	348
Total Current Assets	6547	6540	7876	9266	10550
Fixed Assets	19365	19341	19863	20349	20801
Intangibles	3055	2995	2732	2732	2732
Other non-current assets	3081	2867	3130	3130	3130
Total Non-current assets	25500	25203	25725	26211	26663
Short-term Debt	1742	490	0	0	0
Payables	2384	2366	2496	2523	2514
Other Current Liabilities	304	337	337	337	337
Total Current Liabilities	4430	3193	2833	2860	2851
Long-term Debt	3360	4539	4778	4526	4275
Other non-current liabilities	3096	3140	3552	3965	4377
Total Non-current Liabilities	6456	7679	8330	8491	8652
Shareholder's equity	20717	20470	22037	23725	25310
Minority interest	443	401	401	401	401
Equity	21161	20871	22438	24126	25711

Cash Flow

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Pre-tax profit	3139	3530	4190	4500	4222
Depreciation & amortisation	1409	1439	1478	1514	1548
Changes in working capital	-644	-498	94	-102	48
Others	-1145	-873	-434	-527	-478
Operating cash flow	2759	3598	5327	5385	5340
Net capex	-2042	-2183	-2000	-2000	-2000
Others	760	515	6	19	32
Investing cash flow	-1282	-1668	-1994	-1981	-1968
Changes in borrowings	-71	-95	-251	-251	-251
Issuance of shares	0	0	0	0	0
Dividends paid	-1134	-1346	-1567	-1688	-1585
Others	-479	-502	-216	-205	-194
Financing cash flow	-1684	-1943	-2034	-2144	-2030
Net cash flow	-208	-13	1299	1260	1342
Forex	0	0	0	0	1
Others	3	12	0	0	-1
Beginning cash	830	625	624	1924	3184
Ending cash	625	624	1924	3184	4526

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★	Net Scope 1 and Scope 2 emissions were 30% lower than the FY2020 baseline in FY2025.
Waste & Effluent	★★★	Methane generated from palm oil mill effluent (POME) is captured and used to generate electricity across 20 biogas plants, supporting waste-to-value initiatives.
Energy	★★★	87% of operational energy consumption in FY2025 came from internally generated biomass, biogas and solar energy.
Water	★★★	SD Guthrie uses measures such as rainwater harvesting, real-time water-level monitoring and effluent-water reuse to improve water efficiency.
Compliance	★★★	Biological and chemical oxygen demand levels at Malaysian operations were maintained within legal limits, supported by regular effluent testing and monitoring.

Social

Diversity	★★★	Women represented 30% of SD Guthrie's Board, meeting its target for female Board representation.
Human Rights	★★★	100% of workers across SD Guthrie's operations have access to grievance mechanisms.
Occupational Safety and Health	★★★	The Group has a formal escalation framework whereby every occupational fatality is reviewed at Group level and reported directly to the Board, with corrective and preventive measures assessed.
Labour Practices	★★★	In Malaysia, SD Guthrie resolved 1,825 worker grievances by end-2025, representing 99% of cases logged since 2022.

Governance

CSR Strategy	★★★	SD Guthrie's "Beyond Zero" Framework integrates sustainability across three pillars—Zero, Restore and Transform—with objectives covering emissions, nature conservation, human rights and livelihoods.
Management	★★★	In FY2025, 100% of top management's rewards were linked to sustainability performance, through sustainability KPIs incorporated into management scorecards.
Stakeholders	★★★	The Board maintains continuous engagement with investors, policymakers, industry peers and NGOs, using stakeholder expectations to inform the Group's strategy.

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

Disclaimer: The report is for internal and private circulation only and shall not be reproduced either in part or otherwise without the prior written consent of Apex Securities Berhad. The opinions and information contained herein are based on available data believed to be reliable. It is not to be construed as an offer, invitation or solicitation to buy or sell the securities covered by this report.

Opinions, estimates and projections in this report constitute the current judgment of the author. They do not necessarily reflect the opinion of Apex Securities Berhad and are subject to change without notice. Apex Securities Berhad has no obligation to update, modify or amend this report or to otherwise notify a reader thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

Apex Securities Berhad does not warrant the accuracy of anything stated herein in any manner whatsoever and no reliance upon such statement by anyone shall give rise to any claim whatsoever against Apex Securities Berhad. Apex Securities Berhad may from time to time have an interest in the company mentioned by this report. This report may not be reproduced, copied or circulated without the prior written approval of Apex Securities Berhad.

As of **Wednesday, 30 Sep, 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.