

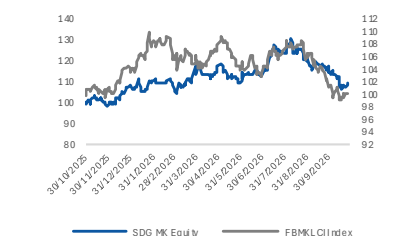
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Recommendation:	BUY
Current Price:	RM5.77
Previous Target Price:	RM7.60
Target Price:	RM 7.71 ↑
Capital Upside/ Downside:	33.6%
Dividend Yield (%):	4.4%
Total Upside/ Downside:	38.0%

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)	39,903.7
52-Week Price Range (RM)	7-5.18
Beta (x)	1.0
Free float (%)	58.2
3M Average Volume (m)	11.4
3M Average Value (RM' m)	71.5

Top 3 Shareholders	(%)
Amanah Saham Nasional Bhd	39.7
Employees Provident Fund Board	17.5
Kumpulan Wang Persaraan	7.6

Share Price vs FBM KLCI



	1M	3M	12M
Absolute (%)	-6.9	-12.6	8.5
Relative (%)	-4.6	-6.6	8.7

Earnings Summary	FY25	FY26F	FY27F
Revenue (RM'm)	20895	21835	22619
PATAMI (RM'm)	2503	2949	3305
CNP (RM'm)	1982	2151	2693
EPS - core (sen)	29	31	39
P/E(x)	20.7	19.1	15.3

Sime Darby Guthrie Bhd

Land sale of RM 933.57m to BKID

- SDG has entered into a strategic joint venture with Bumi Assets Sdn Bhd and YTL Power International Berhad (YTL Power) to develop approximately 1,623 acres of freehold land in Bukit Kerayong, Selangor, into an integrated industrial development.
- We view the development positively as it strengthens SDG's balance sheet through debt reduction, provides a one-off earnings uplift, and supports diversification via Industrial Development through its retained 30% JV stake.
- Maintain our BUY call with a higher target price of RM7.71 (previously RM7.60) pegged to a 19.8x P/E multiple to FY27F EPS and 0% ESG factored premium/discount based on three-star ESG rating.

Land sale consideration of RM 933.57m to BKID. On 29 October 2026, SD Guthrie Berhad (SDG), through its wholly owned subsidiary SD Guthrie Land Ventures Sdn Bhd (SDGLV), entered into a shareholders' agreement with Bukit Kerayong Industrial Venture Sdn Bhd (BKIV), a wholly owned subsidiary of YTL Power International Berhad (YTLPI), Bumi Assets Sdn Bhd (BASB), and Bukit Kerayong Industrial Developments Sdn Bhd (BKID). The agreement establishes BKID as the joint venture vehicle responsible for acquiring approximately 657.09 hectares of land from SDG and undertaking the subsequent industrial development. SDGLV, BASB, and BKIV hold 30%, 35%, and 35% interest in BKID respectively.

BKID's issued share capital will increase from RM100 to RM10.0 million, with SDGLV contributing RM3.0 million for its 30% equity interest. SDG has committed an investment of up to RM101.12 million, comprising the RM3.0 million equity subscription and up to RM98.12 million in short-term advances to BKID for land acquisition and related costs.

SDG intends to utilise the RM933.57 million gross disposal proceeds primarily for the partial repayment of existing bank borrowings, settlement of real property gains tax (RPGT), and reinvestment into BKID (See Figure 1).

Figure 1: Utilisation of land proceeds

Description	RM 'm	Est. Timeframe from receipt of proceeds
Partial repayment of borrowings	744.379	within 3 months
Est. RPGT	88.071	Within 2 months
Investment in BKID	101.12	Within 12 months
Total	933.57	

Source: Company

Three parcels of Subject Land. The subject lands comprise three contiguous freehold parcels within Bukit Kerayong Estate, Kapar, Selangor, covering approximately 657.09 hectares (1,623 acres). The land is currently utilised for oil palm cultivation, with 594.02 hectares planted with mature oil palms aged between seven and 17 years. Although currently used for agricultural purposes, the land is zoned for residential use and possesses industrial development potential, subject to the necessary approvals. The land is located within an established industrial locality, with nearby developments including Golden Valley Industrial Park, H&A Industrial Park and K International Industrial Park @ Kapar 2.

The agreed disposal consideration of RM933.57 million represents a premium of approximately 5.0% over the independent market valuation of RM889.0 million assessed by CBRE WTW Valuation & Advisory Sdn Bhd as at 16 April 2026.

Takeaways. We view the transaction **positively** as it is in line with SDG's strategy of diversifying beyond Plantation earnings via the Industrial Development segment while also strengthening its balance sheet. On a pro forma basis, our FY27F base EPS would rise from 45.59 sen to 47.79 sen (+4.8%) although this includes the one-off disposal gain and should not be treated as recurring earnings run rate. With RM744.4m to paydown credit facilities, we estimate FY27F net finance

costs to reduce 8.65% to RM169m. Forecasted FY27F gearing ratio stands at 15.6% vs 18.8% previously.

Beyond the immediate financial benefits, SDG will retain exposure to the development through a 30% stake in BKID. The JV plans to transform the land into an integrated light-to-medium industrial development with supporting commercial hubs. This offers SDG potential participation in future development profits without having to undertake the entire project independently. Nevertheless, the announcement does not provide a development timeline, project gross development value (GDV), expected development margins or projected earnings contribution. We therefore do not ascribe additional value to the JV at this stage.

Earnings forecast. We retain our core earnings forecast for FY26F while adjusting upwards our core earnings forecast for FY27F/FY28F by 1.53% and 1.41% respectively.

Valuation. We retain our buy call with a higher **target price of RM7.71 (previously RM7.60)** 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.

Financial Highlights

Income Statement

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Revenue	19831	20895	21835	22619	22304
EBITDA	4695	5041	5877	6324	5623
Depreciation & Amortisation	-1409	-1439	-1478	-1510	-1544
EBIT	3286	3602	4399	4814	4079
Net Finance Income/ (Cost)	-119	-63	-210	-169	-133
Associates & JV	-28	-9	0	0	0
Pre-tax Profit	3139	3530	4190	4645	3946
Tax	-796	-842	-1056	-1155	-979
Profit After Tax	2344	2688	3134	3490	2967
Minority Interest	-180	-185	-185	-185	-185
Net Profit	2164	2503	2949	3305	2782
Exceptionals	-629	-521	-798	-611	-500
Core Net Profit	1535	1982	2151	2693	2282

Key Ratios

FYE Dec	FY24	FY25	FY26F	FY27F	FY28F
EPS (sen)	22.2	28.7	31.1	38.9	33.0
P/E (x)	26.0	20.1	18.6	14.8	17.5
P/B (x)	1.9	1.9	1.8	1.7	1.6
EV/EBITDA (x)	9.5	8.9	7.3	6.5	7.1
DPS (sen)	16.40	19.46	22.66	25.23	21.45
Dividend Yield (%)	2.8%	3.4%	3.9%	4.4%	3.7%
EBITDA margin (%)	23.7%	24.1%	26.9%	28.0%	25.2%
EBIT margin (%)	16.6%	17.2%	20.1%	21.3%	18.3%
PBT margin (%)	15.8%	16.9%	19.2%	20.5%	17.7%
PAT margin (%)	11.8%	12.9%	14.4%	15.4%	13.3%
NP margin (%)	10.9%	12.0%	13.5%	14.6%	12.5%
CNP margin (%)	7.7%	9.5%	9.9%	11.9%	10.2%
ROE (%)	7.3%	9.5%	9.6%	11.1%	8.9%
ROA (%)	4.8%	6.2%	6.4%	7.7%	6.2%
Gearing (%)	24.1%	24.1%	21.3%	15.6%	13.8%
Net gearing (%)	21.2%	21.1%	12.7%	4.2%	Net Cash

Valuations	FY27F
Core EPS (RM)	0.3895
P/E multiple (x)	19.8
Fair Value (RM)	7.71
ESG premium/discount	0.0%
Implied Fair Value (RM)	7.71

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Cash	625	624	1924	2772	4003
Receivables	2408	2766	2721	2819	2772
Inventories	2842	2802	2883	2921	2952
Other current assets	672	348	348	348	348
Total Current Assets	6547	6540	7876	8860	10075
Fixed Assets	19365	19341	19863	20293	20749
Intangibles	3055	2995	2732	2732	2732
Other non-current assets	3081	2867	3130	2969	2969
Total Non-current assets	25500	25203	25725	25994	26451
Short-term Debt	1742	490	0	0	0
Payables	2384	2366	2496	2529	2556
Other Current Liabilities	304	337	337	337	337
Total Current Liabilities	4430	3193	2833	2866	2893
Long-term Debt	3360	4539	4778	3782	3530
Other non-current liabilities	3096	3140	3552	4023	4436
Total Non-current Liabilities	6456	7679	8330	7805	7966
Shareholder's equity	20717	20470	22037	23782	25265
Minority interest	443	401	401	401	401
Equity	21161	20871	22438	24183	25666

Cash Flow

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Pre-tax profit	3139	3530	4190	4645	3946
Depreciation & amortisation	1409	1439	1478	1510	1544
Changes in working capital	-644	-498	94	-103	43
Others	-1145	-873	-434	-1127	-434
Operating cash flow	2759	3598	5327	4925	5099
Net capex	-2042	-2183	-2000	-2000	-2000
Others	760	515	6	852	28
Investing cash flow	-1282	-1668	-1994	-1148	-1972
Changes in borrowings	-71	-95	-251	-996	-251
Issuance of shares	0	0	0	0	0
Dividends paid	-1134	-1346	-1567	-1745	-1483
Others	-479	-502	-216	-188	-161
Financing cash flow	-1684	-1943	-2034	-2929	-1896
Net cash flow	-208	-13	1299	848	1231
Forex	0	0	0	0	1
Others	3	12	0	0	-1
Beginning cash	830	625	624	1924	2772
Ending cash	625	624	1924	2772	4003

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

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(a) nil.