



## Company Report

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# SD GUTHRIE

(SDG MK, SDGU.KL)

6 Nov 2025

*Land monetisation exercise progressing well*

**BUY**

(Upgraded)

### Rationale for report: Company Results

Price	RM5.28
Target Price	RM6.20
52-week High/Low	RM5.44/RM4.42

#### Key Changes

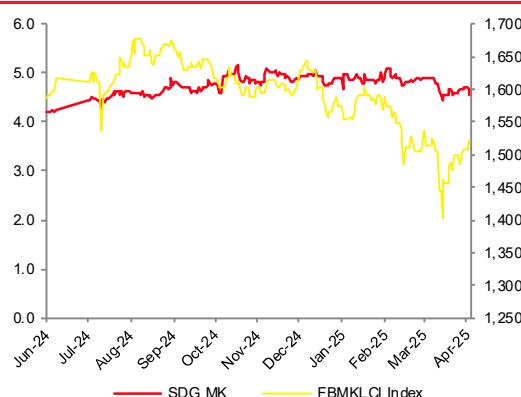
Target Price	↑
EPS	↑

YE to Dec	FY24	FY25F	FY26F	FY27F
Revenue (RMmil)	19,831.0	21,188.5	22,646.6	23,874.1
Net Profit (RMmil)	2,163.8	2,293.0	2,380.4	2,487.1
EPS (sen)	31.3	33.2	34.4	36.0
EPS growth (%)	16.3	6.0	3.8	4.5
Consensus net (RMmil)		1,844.0	1,806.0	1,717.0
DPS (sen)	16.4	17.0	18.0	19.0
PE (x)	16.9	15.9	15.3	14.7
EV/EBITDA (x)	9.2	8.9	9.1	9.1
Div yield (%)	3.1	3.2	3.4	3.6
ROE (%)	12.4	12.0	12.1	12.7
Net Gearing (%)	36.3	32.5	45.6	58.7

#### Stock and Financial Data

Shares Outstanding (million)	6,915.7
Market Cap (RMmil)	36,514.9
Book Value (RM/Share)	3.06
P/BV (x)	1.7
ROE (%)	12.4
Net Gearing (%)	36.3
Major Shareholders	ASB (45.6%) EPF (16.5%)
Free Float	54.4
Avg Daily Value (RMmil)	33.8

Price performance	3mth	6mth	12mth
Absolute (%)	+0.5	+16.2	+11.3
Relative (%)	+4.4	+9.3	+11.6



#### Investment Highlights

**We believe that SD Guthrie (SDG) would be able to execute its land monetisation exercise well as the group has completed one of its proposed disposals within the stipulated timeline. As such, we reckon that the gains on the disposal of landbank are sustainable going forward. Hence, we have imputed disposal gains of RM500mil each in SDG's bottomline from FY25F to FY27F. We have also raised SD Guthrie's (SDG) FY26F average CPO price assumption to RM4,400/tonne from RM4,300/tonne. We believe that the roll-out of the B50 biodiesel policy in 2H2026 in Indonesia would support CPO prices. We upgrade SDG to BUY from HOLD with a target price of RM6.20/share.**

- **BUY with a higher TP of RM6.20/share vs. RM4.89/share previously.** To arrive at SDG's TP, we have assumed a FY26F PE of 18x, which is one SD below the five-year average of 20x for big-cap planters. We applied a discount due to the weak prospects of the refining industry. Despite the poor downstream outlook, SDG's earnings prospects are resilient supported by land disposals. We have raised SDG's FY26F net profit by 26.7% to account for gains of RM500mil from the disposal of land and a higher CPO price of RM4,400/tonne (vs. RM4,300/tonne previously).
- **SDG recognised RM399mil gains of disposal of land in 3QFY25.** The bulk of these comprised the sale of 1,195 acres of land in Negeri Sembilan to a joint venture with Eco World Development Group and NS Corporation. Excluding the disposal gains, SDG's 9MFY25 net profit would have been 7% above our forecast and 6% above consensus due to a higher-than-expected upstream EBIT margin. We have revised SDG's FY25F net earnings upwards by 25.7% to account for the disposal gains and higher upstream EBIT margin.
- **Upstream EBIT climbed by 52.8% YoY to RM2bil in 9MFY25.** This was driven by higher palm product prices and lower fertiliser costs. Average CPO price rose by 8.5% to RM4,292/tonne in 9MFY25 from RM3,957/tonne in 9MFY24. FFB production inched up by 2% YoY in 9MFY25. Fertiliser costs eased by 2% to 5% YoY in 9MFY25.
- **Downstream EBIT slid by 24.7% YoY to RM359mil in 9MFY25.** This was mainly due to poor demand and compression of EBIT margin in the EU operations. We understand that SDG's palm products in the EU faced competition from South America. Downstream EBIT margin eased to 2.6% in 9MFY25 from 3.6% in 9MFY24.

## Company profile

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SD Guthrie (SDG) is involved in upstream and downstream segments of the palm oil supply chain. Apart from these, SDG sells palm oil seedlings.

About 82% of SDG's FY24 operating profit came from the upstream division i.e. sale of CPO and PK (palm kernel). Another 19% came from the downstream unit i.e trading and sale of bulk and differentiated products.

SDG's upstream customers are refineries and cooking oil companies in India, Africa and EU. SDG's downstream customers are consumer companies in the EU, Africa and Asia Pacific.

SDG's operations are in Malaysia, Indonesia, Papua New Guinea, United Kingdom and Africa.

SDG's competitive advantage is its diversified upstream operations, which smoothens out seasonal volatility and differentiated downstream products, which have higher margins and more resilient demand.

## Investment thesis and catalysts

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We have a BUY on SDG due to its land monetisation exercise, which would generate cash of more than RM550mil per year. These would be used to finance new solar projects, capex and working capital.

Share price catalysts are a rise in CPO prices and improved outlook for the downstream operations.

## Valuation methodology

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We applied a FY26F PE of 18x to arrive at our target price of RM6.20/share for SDG. The PE of 18x is one SD below the five-year average of 20x for big-cap plantation companies. We applied a discount to account for a weak refining outlook.

## Risk factors

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Key risks are a drop in CPO prices and fall in demand for palm products, which would affect earnings of the downstream division.

We estimate that a RM100/tonne decline in CPO price would affect SDG's net profit by 3% to 5% assuming everything else remains the same.

## EXHIBIT 1: EARNINGS SUMMARY

	9MFY24	9MFY25	YoY	2QFY25	3QFY25	QoQ
Revenue	14,574.0	15,397.0	5.6%	5,169.0	5,411.0	4.7%
Operating expenses	(12,882.0)	(13,194.0)	2.4%	(4,434.0)	(4,682.0)	5.6%
Other operating income	493.0	637.0	29.2%	41.0	499.0	>100%
Other gains/(losses)	(29.0)	10.0	>100%	26.0	(6.0)	(>100)
Operating profit	2,156.0	2,850.0	32.2%	802.0	1,222.0	52.4%
Share of results in JV	(3.0)	32.0		(3.0)	42.0	
Share of results in associates	3.0	4.0		5.0	-	
Profit before interest and tax	2,156.0	2,886.0	33.9%	804.0	1,264.0	57.2%
Finance income	19.0	17.0	-10.5%	5.0	6.0	20.0%
Finance costs	(115.0)	(70.0)	-39.1%	(26.0)	(19.0)	-26.9%
Pre-tax profit	2,060.0	2,833.0	37.5%	783.0	1,251.0	59.8%
Tax expense	(533.0)	(688.0)	29.1%	(234.0)	(271.0)	15.8%
Sukuk holders	(93.0)	(93.0)		(31.0)	(31.0)	
Minority interest	(42.0)	(45.0)	7.1%	(13.0)	(14.0)	7.7%
Net profit	1,392.0	2,007.0	44.2%	505.0	935.0	85.1%
Net profit (ex-disposal gains)	1,033.0	1,559.0	50.9%	505.0	487.0	-3.6%
EPS	20.1	29.0	44.3%	7.3	13.5	84.9%
Gross DPS	4.7	7.8		7.8	-	
Operating profit margin	14.8%	18.5%		15.5%	22.6%	
Effective tax rate	25.9%	24.3%		29.9%	21.7%	
Average CPO price	3,957.0	4,292	8.5%	4,146	4,210	1.5%
FFB production	6,462,000	6,594,000	2.0%	2,286,000	2,303,000	0.7%

Source: Company

## EXHIBIT 2: VALUATIONS

Target PE (x)	18
CY26F EPS	34.4
ESG premium	-
12-month target price	6.20

## EXHIBIT 3: CHANGE IN EARNINGS

RMmil	FY25F			FY26F			FY27F		
	Old	New	%	Old	New	%	Old	New	%
Revenue	20,625.5	21,188.5	2.7	21,003.2	22,646.6	7.8	22,269.1	23,874.1	7.2
Net earnings	1,823.5	2,293.0	25.7	1,878.1	2,380.4	26.7	1,976.6	2,487.1	25.8
Average CPO price	4,200	4,200	-	4,300	4,400	2.3	4,300	4,450	3.5

## EXHIBIT 4: ESG MATRIX

	Environmental assessment	Parameters	Weightage	Rating				Rationale
1	RSPO certification	100% certification	25%	*	*	*		100% of mills certified; 42% of smallholders were certified in FY24 vs. 36% in FY23
2	Supply chain auditing	100% traceable	25%	*	*	*		84.9% (FY23: 81.5%) traceable to plantation and 96.9% (FY23: 95.7%) traceable to mills in FY24
3	Fires	Zero incidences	25%	*	*	*		44 fires (FY23: 67) in concession areas and 276 (FY23: 745) outside concession areas in FY24
4	GHG emissions	Net zero by 2050F	25%	*	*	*		18.6mil tonnes of CO2e under Scope 1, 2 and 3 in FY24 vs. 19.5mil in FY23
	<b>Weighted score for environmental assessment</b>		<b>100%</b>	*	*	*		
	<b>Social assessment</b>							
1	Migrant workers welfare	Number of Workers grievances	40%	*	*	*		364 cases in FY24 vs. 566 in FY23
2	Work site safety	Zero fatal fatalities	30%	*	*	*		2 work-related fatalities in FY24 vs. 5 in FY23
3	Lost Time Injury Frequency	Below 5	30%	*	*	*		5.9 in FY24 vs. 8.7 in FY23
	<b>Weighted score for social assessment</b>		<b>100%</b>	*	*	*		
	<b>Governance assessment</b>							
1	Related party transactions	Value of RPTs	40%	*	*	*		RM60.1mil in FY24, mainly purchase of heavy equipment from sister companies
2	Women in workforce	% in workforce	30%	*	*	*		19.5% of women in workforce in FY24 vs. 17.5% in FY23
3	Remuneration to directors	Total value of remuneration or % of salary costs	30%	*	*	*		RM13.5mil in FY24 vs. RM10.4mil in FY23
	<b>Weighted score for governance assessment</b>		<b>100%</b>	*	*	*		

Source: AmlInvestment Bank

## EXHIBIT 4: FINANCIAL DATA

Income Statement (RMmil, YE 31 Dec)	FY23	FY24	FY25F	FY26F	FY27F
Revenue	18,427.9	19,831.0	21,188.5	22,646.6	23,874.1
EBITDA	1,779.2	3,267.8	4,671.2	4,844.3	5,130.7
Depreciation	(1,387.8)	(1,408.8)	(1,482.6)	(1,530.2)	(1,665.7)
Operating income (EBIT)	391.5	1,859.0	3,188.6	3,314.1	3,465.1
Other income & associates	1,431.5	820.3	240.0	240.0	240.0
Interest expense	(197.5)	(144.9)	(140.2)	(146.7)	(152.6)
Exceptional items	1,127.0	605.0	-	-	-
<b>Pretax profit</b>	<b>2,752.5</b>	<b>3,139.3</b>	<b>3,288.4</b>	<b>3,407.4</b>	<b>3,552.5</b>
Taxation	(719.1)	(795.8)	(789.2)	(817.8)	(852.6)
Minorities/pref dividends	(173.3)	(179.7)	(206.2)	(209.2)	(212.8)
<b>Net profit</b>	<b>1,860.0</b>	<b>2,163.8</b>	<b>2,293.0</b>	<b>2,380.4</b>	<b>2,487.1</b>
Balance Sheet (RMmil, YE 31 Dec)	FY23	FY24	FY25F	FY26F	FY27F
Fixed assets	19,145.3	19,364.7	20,382.0	22,882.0	25,382.0
Intangible assets	3,054.7	2,995.1	2,995.1	2,995.1	2,995.1
Other long-term assets	3,477.5	3,292.0	3,466.7	3,468.7	3,470.7
<b>Total non-current assets</b>	<b>25,677.5</b>	<b>25,651.8</b>	<b>26,843.8</b>	<b>29,345.8</b>	<b>31,847.8</b>
Cash & equivalent	830.4	625.4	2,498.6	1,910.5	1,941.1
Stock	2,663.9	2,841.7	2,786.4	2,978.2	3,139.6
Trade debtors	2,207.6	2,408.2	2,322.0	2,481.8	2,616.3
Other current assets	507.0	520.0	520.0	520.0	520.0
<b>Total current assets</b>	<b>6,208.9</b>	<b>6,395.2</b>	<b>8,127.1</b>	<b>7,890.5</b>	<b>8,217.0</b>
Trade creditors	2,800.2	2,404.5	2,561.8	2,752.2	2,905.1
Short-term borrowings	1,700.6	1,741.9	2,264.4	2,943.8	3,826.9
Other current liabilities	289.7	272.9	398.6	398.6	398.6
<b>Total current liabilities</b>	<b>4,790.5</b>	<b>4,419.3</b>	<b>5,224.9</b>	<b>6,094.6</b>	<b>7,130.6</b>
Long-term borrowings	3,581.7	3,360.2	4,368.3	5,678.8	7,382.4
Other long-term liabilities	3,107.9	3,106.8	3,017.6	3,017.6	3,017.6
<b>Total long-term liabilities</b>	<b>6,689.6</b>	<b>6,467.0</b>	<b>7,385.9</b>	<b>8,696.4</b>	<b>10,400.0</b>
Shareholders' funds	17,742.6	18,486.0	19,603.3	19,603.3	19,603.3
Minority interests	2,663.9	2,674.7	2,756.9	2,842.1	2,930.9
BV/share (RM)	2.95	3.06	3.23	3.25	3.26
Cash Flow (RMmil, YE 31 Dec)	FY23	FY24	FY25F	FY26F	FY27F
Pretax profit	2,752.5	2,343.5	3,288.4	3,407.4	3,552.5
Depreciation/Amortisation	1,432.0	1,452.8	1,482.6	1,530.2	1,665.7
Net change in working capital	(307.2)	(1,296.0)	(512.3)	(975.3)	(985.8)
Others	(802.3)	258.4	(40.0)	(40.0)	(40.0)
<b>Cash flow from operations</b>	<b>3,075.0</b>	<b>2,758.6</b>	<b>4,218.7</b>	<b>3,922.3</b>	<b>4,192.3</b>
Capital expenditure	(2,096.5)	(1,967.9)	(2,500.0)	(2,500.0)	(2,500.0)
Net investments & sale of fixed assets	1,466.0	726.8	20.0	20.0	20.0
Others	0.6	(41.2)	3.5	3.5	3.5
<b>Cash flow from investing</b>	<b>(629.8)</b>	<b>(1,282.2)</b>	<b>(2,476.5)</b>	<b>(2,476.5)</b>	<b>(2,476.5)</b>
Debt raised/(repaid)	(1,028.7)	(70.7)	522.6	679.3	883.1
Equity raised/(repaid)	0.0	0.0	0.0	0.0	0.0
Dividends paid	(696.5)	(1,155.9)	(587.8)	(622.4)	(657.0)
Others	(518.9)	(457.6)	196.4	(2,090.8)	(1,911.4)
<b>Cash flow from financing</b>	<b>(2,244.1)</b>	<b>(1,684.3)</b>	<b>131.1</b>	<b>(2,033.9)</b>	<b>(1,685.3)</b>
Net cash flow	201.0	(207.9)	1,873.3	(588.1)	30.6
Net cash/(debt) b/f	634.9	830.3	625.3	2,498.6	1,910.5
Forex	(5.7)	2.9	0.0	0.0	0.0
Net cash/(debt) c/f	830.3	625.3	2,498.6	1,910.5	1,941.1
Key Ratios (YE 31 Dec)	FY23	FY24	FY25F	FY26F	FY27F
Revenue growth (%)	-12.4	7.6	6.8	6.9	5.4
EBITDA growth (%)	-12.6	9.8	3.1	3.5	5.8
Pretax margin (%)	0.1	0.2	0.2	0.2	0.1
Net profit margin (%)	0.1	0.1	0.1	0.1	0.1
Interest cover (x)	21.6	32.4	34.5	34.1	34.7
Effective tax rate (%)	26.1	25.3	24.0	24.0	24.0
Dividend payout (%)	55.8	52.3	51.3	52.3	52.8
Debtors turnover (days)	45	44	44	40	40
Stock turnover (days)	48	53	52	48	48
Creditors turnover (days)	49	61	51	52	52

Source: Company, AInvestment Bank

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