Malayan Cement Berhad

(3794 | LMC MK) Main | Industrial Products & Services

3 Stars

Corporate Update

Maintain BUY

Unchanged Target Price **RM7.49**

4QFY25 Results Review

Solid Earnings, Sustained Momentum

Maintain BUY. We maintain our **BUY** call with an unchanged **TP of RM7.49** as we peg the group's FY26F EPS of 31.2 sen to a two-year mean PER of 24x. Our earnings estimates remain unchanged as the group's cumulative FY25 results were within expectations. Malayan Cement is among our top picks for the construction sector, given its position as the main direct beneficiary of the sectors upcycle. Demand is expected to be underpinned by a robust pipeline of civil and private projects, including warehouses, data centres, and residential developments, while the anticipated rollout of MRT3 is set to provide an additional multi-year catalyst. The upcoming Johor-Singapore Special Economic Zone (JS-SEZ) is also expected to unlock new growth opportunities, particularly for supporting industries. Furthermore, the group is well-placed to capitalise on export demand through its strategically located Langkawi plant, reinforcing utilisation rates and earnings visibility. On the civil side, projects such as the Penang LRT and airport expansions are expected to add to the momentum, while other infrastructure developments under Budget 2025 and 13MP, including roads, schools, and hospitals, should continue to drive demand. With improving job flows anticipated from 2HCY25 and into CY26, Malayan Cement stands to benefit directly, with its strong market leadership and pricing power reinforcing our positive view on its earnings trajectory and long-term prospects.

Within expectations. Malayan Cement recorded a core net profit of RM166.2m in 4QFY25, surging +22.9yoy from the previous year's corresponding quarter. For the cumulative FY25, the group's core net profit grew +29.9%yoy to RM649.7m, coming in within ours and street's expectations, making up 102.3% and 104.9% of full-year estimates respectively. This was mainly attributable to higher revenue contribution from the aggregates & concrete segment as well as increased cement exports. A second interim dividend of 7sen was declared in 4QFY25, bringing the total dividends for FY25 to 12sen per share.

Cement segment. The quarter saw a +2.26%yoy increase in revenue from cement to RM887.9m with operating profit growing +69.4%yoy to RM280.3m, attributable to improved operational efficiency and strengthened margins. For the cumulative FY25, while revenue fell -3.95%yoy to RM3.63b, its operating profit grew +31.0%yoy to RM995.7m. The increase in bottom line was also due to continuous efficiency upgrades, including investments in operational efficiencies and ESG-driven improvements. However, management highlighted that segment sales volume declined by approximately -2.0% during the quarter, largely due to the absence of major project rollouts. On the cost side, coal and electricity prices remained broadly stable, with coal registering a slight decline, which in turn supported margin efficiencies as well.

Aggregates & concrete segment. The segment saw its revenue surge +32.1%yoy in 4QFY25 to RM356.7m, delivering an operating profit of RM 19.9m, a growth of 1.36x as compared to the same quarter a year ago. For the cumulative 12MFY25, revenue grew +29.3%yoy to RM1.41b while the operating profit grew 3.2x yoy to RM129.8m.

RETURN STATISTICS	
Price @ 21st August 2025 (RM)	5.32
Expected share price return (%)	+40.8
Expected dividend yield (%)	+2.3
Expected total return (%)	+43.1

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	2.9	-1.8
3months	6.0	6.3
12 months	-4.0	-1.0

INVESTMENT STATISTICS

FYE June	2025A	2026F	2027F
Revenue	4,528	5,313	5,472
Operating Profit	1,126	1,052	1,094
Profit Before Tax	983.5	833.9	879.7
Core PATAMI	649.7	583.8	615.8
Core EPS	34.7	31.2	32.9
DPS	12	12	12
Dividend Yield	2.26%	2.26%	2.26%

KEY STATISTICS

FBM KLCI	1,592.87
Issued shares (m)	1332.90
Estimated free float (%)	25.31
Market Capitalisation (RM'm)	7,210.33
52-wk price range	RM4.21 - RM5.69
3-mth average daily volume (m)	0.80
3-mth average daily value (RM'm)	4.19
Top Shareholders (%)	
YTL Cement Bhd	66.67
Prudential PLC	7.37
Prudential Assurance Malaysia Bhd	5.71

Analyst
MIDF Research
research@midf.com.my
03-2173 8461

MALAYAN CEMENT: 4QFY25 RESULT SUMMARY

All in RM'm unless stated otherwise	Quarterly Results					Cumulative		
Income Statement	**4Q25**	**3Q25**	**4Q24**	**QoQ**	**YoY**	**12MFY25**	**12MFY24**	**YoY**
Revenue	1,109.4	1,095.2	1,041.4	**1.3%**	**6.5%**	4,528.2	4,446.4	**1.8%**
Cost of sales	(641.6)	(647.3)	(586.2)	**0.9%**	**-9.5%**	(2,809.9)	(2,880.6)	**2.5%**
Gross profit	467.7	447.9	455.2	**4.4%**	**2.7%**	1,718.3	1,565.9	**9.7%**
Other operating income	49.0	20.1	42.5	**>100%**	**15.2%**	158.8	114.2	**39.0%**
Other operating expenses	(216.5)	(178.6)	(317.6)	**-21.2%**	**31.9%**	(751.5)	(878.3)	**14.4%**
Profit from operations	300.3	289.4	180.1	**3.8%**	**66.7%**	1,125.6	801.7	**40.4%**
Finance costs	(40.7)	(35.6)	(45.7)	**-14.2%**	**11.0%**	(172.2)	(194.2)	**11.3%**
Share of results in joint venture	5.7	5.4	9.7	**4.6%**	**-41.6%**	30.1	39.9	**-24.6%**
Profit before tax	265.2	259.2	144.1	**2.3%**	**84.1%**	983.5	647.5	**51.9%**
Taxation	(99.9)	(76.2)	(33.8)	**-31.1%**	**>-100%**	(310.7)	(218.5)	**-42.2%**
Non-controlling interests	(0.1)	0.2	0.1	**>-100%**	**>-100%**	0.4	0.3	**47.7%**
Reported net profit	165.4	182.8	110.2	**-9.5%**	**50.1%**	672.4	428.7	**56.8%**
Core net profit	166.2	183.0	135.2	**-9.2%**	**22.9%**	649.7	500.1	**29.9%**

Source: Company, MBSBR

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2023A	2024A	2025A	2026F	2027F
Revenue	3,757.0	4,446.4	4,528.2	5,312.6	5,472.0
Gross profit	987.5	1,565.9	1,718.3	2,018.8	2,030.1
Operating profit	411.5	801.7	1,125.6	1,051.9	1,094.4
Profit before tax	253.1	647.5	983.5	833.9	879.7
Net profit	159.0	429.0	672.8	583.8	615.8
Core net profit	160.7	500.1	649.7	583.8	615.8
Core EPS (sen)	9.04	26.7	34.7	31.2	32.9
DPS (sen)	6	10	12	12	12
Balance Sheet (RM'm)	**2023A**	**2024A**	**2025A**	**2026F**	**2027F**
Fixed assets	2,862.5	2,675.4	2,699.8	2,672.8	2,646.1
Other investments and assets	5,927.3	5,905.3	5,797.9	6,099.4	5,976.5
Non-current assets	**8,789.8**	**8,580.6**	**8,497.7**	**8,772.2**	**8,622.6**
Cash	263.3	178.7	162.7	195.3	234.4
Trade debtors	614.6	661.9	736.8	397.1	578.6
Current assets	**2,181.4**	**2,109.4**	**2,219.5**	**2,427.8**	**2,577.4**
Trade creditors	790.5	691.4	668.6	878.3	807.5
Short-term debt	907.6	566.1	428.0	1,114.7	919.2
Current liabilities	**1,769.2**	**1,395.7**	**1,250.6**	**1,827.5**	**1,506.9**
Long-term debt	2,834.4	2,579.3	2,157.4	2,049.5	1,947.1
Non-current liabilities	**2,970.9**	**2,982.5**	**2,647.9**	**2,157.4**	**2,049.5**
Share capital	5,345.8	5,406.9	5,460.5	5,345.8	5,345.8
Retained earnings	551.9	802.4	1,276.5	1,672.9	2,101.4
Equity	**5,954.5**	**6,311.9**	**6,818.7**	**7,215.1**	**7,643.6**

Cash Flow (RM'm)	2023A	2024A	2025A	2026F	2027F
PBT	**253.1**	**647.5**	**983.5**	**833.9**	**879.7**
Depreciation & amortisation	271.0	251.3	261.7	189.0	189.0
Changes in working capital	(12.4)	(112.5)	(91.4)	33.0	33.0
Operating cash flow	**418.3**	**809.6**	**956.6**	**807.1**	**852.9**
Capital expenditure	(105.0)	(160.2)	(178.4)	(130.7)	(130.7)
Investing cash flow	**(66.0)**	**(146.4)**	**(127.0)**	**(50.0)**	**(50.0)**
Debt raised/(repaid)	(68.5)	(607.5)	(588.0)	(136.0)	(136.0)
Dividends paid	-	(178.5)	(198.8)	(107.0)	(107.0)
Financing cash flow	**(88.3)**	**(751.3)**	**(760.7)**	**(770.0)**	**(780.0)**
Net cash flow	**264.0**	**(88.1)**	**69.0**	**(12.9)**	**22.9**
Beginning cash flow	**603.7**	**875.8**	**788.5**	**848.3**	**835.4**
Ending cash flow	**875.8**	**788.5**	**848.3**	**835.4**	**858.2**
Profitability Ratios (%)	**2023A**	**2024A**	**2025E**	**2026F**	**2027F**
Operating profit margin	11.0%	18.0%	24.9%	19.8%	20.0%
PBT margin	6.7%	14.6%	21.7%	15.7%	16.1%
PAT margin	4.2%	9.6%	14.9%	11.0%	11.3%
Core PAT margin	4.3%	11.3%	14.3%	11.0%	11.3%

Source: Bloomberg, MBSBR

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STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.

SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.

ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology