Corporate Update

Malayan Cement Berhad

(3794 | LMC MK) Main | Industrial Products

3 Stars

1QFY26 Results Review
Solid Start

Maintain **BUY**

Revised Target Price **RM7.60**
(from RM7.49)

Maintain BUY. We reaffirm our **BUY** recommendation with an upgraded **target price of RM7.60**, derived by applying a two-year mean PER of 24x to FY26F EPS of 37.2 sen, incorporating a 15% discount to account for potential project rollout delays. 1QFY26 earnings were encouraging, achieving 35.3% of our full-year forecast and 31.8% of consensus estimates, prompting us to raise our earnings projections for the year. Malayan Cement remains one of our top picks within the construction sector, given its position as a key beneficiary of the industry upcycle. Demand is expected to be supported by a strong pipeline of civil and private projects, including warehouses, data centres, and residential developments, while the anticipated MRT3 rollout offers a multi-year catalyst. Additionally, the Johor-Singapore Special Economic Zone (JS-SEZ) is poised to unlock new growth opportunities, particularly for supporting industries. On the civil front, projects such as the Penang LRT and airport expansions, alongside infrastructure initiatives under Budget 2025 and the 13th Malaysia Plan—including roads, schools, and hospitals—should sustain robust demand momentum.

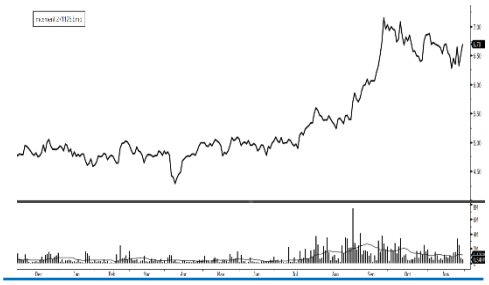
Above Expectations. Malayan Cement delivered core net profits of RM206.5m in 1QFY26, marking a robust +42.9%yoy increase from the previous corresponding quarter. The earnings uplift was driven by improved operating margins, which expanded to 25.9% during the current period from 21.5% recorded in 1QFY25, alongside with a +3.5%yoy increase in revenue. The stronger top-line performance was primarily supported by higher contributions from the cement segment.

Cement segment performance. Revenue for the quarter edged up +0.7%yoy to RM955.7m, while operating profit surged +33.6%yoy to RM284.0m, supported by improved operational efficiency and stronger margins. The bottom-line uplift was driven by ongoing efficiency enhancements, including investments in process optimisation and ESG-focused initiatives. On the cost front, coal and electricity prices remained broadly stable, with coal registering a slight decline, further reinforcing margin gains.

Aggregates & Concrete segment. Revenue for the segment rose +18.1%yoy in 1QFY26 to RM406.7m, while operating profit declined -22.3%yoy to RM30.2m. The softer profitability was offset at the group level by stronger performance in the cement segment, which drove overall operating margin improvement of 4.3 percentage points to 25.9%.

RETURN STATISTICS	
Price @ 27th Nov 2025 (RM)	6.70
Expected share price return (%)	+13.4
Expected dividend yield (%)	+2.7
Expected total return (%)	+16.1

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	4.7	4.7
3months	-4.7	21.8
12 months	39.0	37.9

INVESTMENT STATISTICS			
FYE Dec	2026F	2027F	2028F
Revenue	5,887	6,181	5,472
Operating Profit	1,192	1,252	1,192
Profit Before Tax	989.9	989.9	989.9
Core PATAMI	696.8	696.8	696.8
Core EPS	37.2	37.2	0.0
DPS	12	12	12
Dividend Yield	2.47%	2.47%	2.47%

KEY STATISTICS	
FBM KLCI	1,617.46
Issue shares (m)	1352.85
Estimated free float (%)	29.63
Market Capitalisation (RM'm)	9,238.47
52-wk price range	RM4.21-RM7.20
3-mth average daily volume (m)	1.62
3-mth average daily value (RM'm)	10.34
Top Shareholders (%)	
YTL Cement Bhd	65.53
Prudential PLC	8.37
Prudential Assurance Malaysia	6.50

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Malayan Cement: 1QFY26 RESULTS SUMMARY

All in RM'm unless stated otherwise	Quarterly Results			
Income Statement	**1QFY26**	**4QFY25**	**1QFY25**	**QoQ**
Revenue	1,215.4	1,109.4	1,170.4	**9.6%**
Cost of sales	(738.4)	(641.6)	(767.2)	**-15.1%**
Gross profit	477.0	467.7	403.2	**2.0%**
Other operating income	30.2	49.0	32.0	**-38.4%**
Other operating expenses	(193.0)	(216.5)	(183.7)	**10.9%**
Profit from operations	314.2	300.3	251.5	**4.7%**
Finance costs	(30.9)	(40.7)	(57.9)	**24.0%**
Share of results in joint venture	6.2	5.7	9.4	**10.0%**
Profit before tax	289.5	265.2	203.1	**9.2%**
Taxation	(88.8)	(99.9)	(63.4)	**11.1%**
Non-controlling interests	0.2	(0.1)	0.2	**273.1%**
Reported net profit	200.6	165.4	139.4	**21.2%**
Core net profit	206.5	166.2	144.5	**24.3%**

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2024A	2025A	2026F	2027F	2028F
Revenue	4,446.4	4,528.2	5,886.6	6,181.0	6,490.0
Gross Profit	1,565.9	1,718.3	2,108.5	2,214.0	2,324.7
Net Operating Expenses	114.2	158.8	170.4	178.9	187.8
Operating Profit	801.7	1,125.6	1,192.2	1,251.8	1,314.4
Finance Cost	(194.2)	(172.2)	(247.1)	(259.4)	(272.4)
PBT	39.9	30.1	44.8	47.0	49.4
Tax	647.5	983.5	989.9	1,039.4	1,091.3
PAT	(218.5)	(310.7)	(314.4)	(330.2)	(346.7)
Net Profit	429.0	672.8	675.4	709.2	744.7
Balance Sheet (RM'm)	2024A	2025A	2026E	2027F	2028F
Fixed assets	2,675.4	2,699.8	2,672.8	2,646.1	2,619.6
Intangible assets	5,905.3	5,797.9	6,099.4	5,976.5	5,976.5
Non-current assets	**8,580.6**	**8,497.7**	**8,772.2**	**8,622.6**	**8,596.1**
Cash	178.7	162.7	195.3	234.4	281.2
Trade debtors	661.9	736.8	397.1	578.6	578.6
Current assets	**2,109.4**	**2,219.5**	**2,427.8**	**2,577.4**	**2,603.9**
Trade creditors	691.4	668.6	878.3	807.5	807.5
Short-term debt	566.1	428.0	1,114.7	919.2	853.5
Current liabilities	**1,395.7**	**1,250.6**	**1,827.5**	**1,506.9**	**1,399.3**
Long-term debt	2,579.3	2,157.4	2,049.5	1,947.1	1,849.7
Non-current liabilities	**2,982.5**	**2,647.9**	**2,157.4**	**2,049.5**	**1,947.1**
Share capital	5,406.9	5,460.5	5,345.8	5,345.8	5,345.8
Retained earnings	802.4	1,276.5	1,672.9	2,101.4	2,311.5
Equity	**6,311.9**	**6,818.7**	**7,215.1**	**7,643.6**	**7,853.7**

Cash Flow (RM'm)	2024A	2025A	2026F	2027F	2028F
PBT	647.5	983.5	989.9	1,039.4	1,091.3
Operating cash flow	251.3	261.7	189.0	189.0	189.0
Capital expenditure	(112.5)	(91.4)	33.0	33.0	33.0
Investing cash flow	809.6	956.6	963.0	1,012.5	1,064.5
Debt raised/(repaid)	(160.2)	(178.4)	(130.7)	(130.7)	(130.7)
Dividends paid	(146.4)	(127.0)	(50.0)	(50.0)	(50.0)
Financing cash flow	(607.5)	(588.0)	(136.0)	(136.0)	(136.0)
Net cash flow	(178.5)	(198.8)	(107.0)	(107.0)	(107.0)
Beginning cash flow	(751.3)	(760.7)	(770.0)	(780.0)	(780.0)
Ending cash flow	(88.1)	69.0	143.0	182.5	234.5

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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