YTL Corporation Berhad

(4677 | YTL MK) Main | Utilities

Corporate Update

Within Expectations

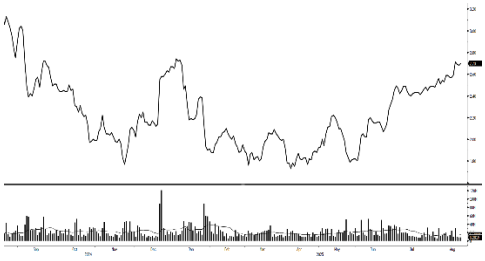
Maintain **BUY**

Revised Target Price **RM3.26**

(from RM3.01)

RETURN STATISTICS	
Price @ 26th Feb 2026 (RM)	1.92
Expected share price return (%)	+69.8
Expected dividend yield (%)	+2.6
Expected total return (%)	+72.4

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-12.7	-12.6
3months	-5.9	-22.4
12 months	1.6	-7.3

Maintain BUY. We maintain our **BUY** recommendation on YTL Corp on the with a revised SOTP-derived **TP of RM3.26** from RM3.01 previously after incorporating our new target prices for YTL Power International and Malayan Cement, and the consensus target price for Starhill Global REIT. We continue to like YTL as it is well-positioned to ride the infrastructure upcycle as well as its strategic venture into data centers and renewable energy via its utilities division. The group's cement and building materials business is also a direct beneficiary of a strong construction sector, with projects such as warehouses, data centres and residential projects, with the upcoming Johor-Singapore Special Economic Zone (SEZ) set to serve as a new growth catalyst.

Within expectations. YTL Corp recorded a core net profit of RM540.0m (-6.4%yoy) in 2QFY26 on the back of a slightly lower revenue of RM7.59b (-0.7%yoy) in a quarter that continues to be driven by cement and water. The cumulative 6MFY26 core net profit came in at RM875.2m (-15.5%yoy), which is within our expectations at 50.7% of our full-year estimates.

Key takeaways. Utilities, being the main earnings contributor, saw a decline in PBT during the quarter by -22.9%yoy to RM563.6m as the power generation division was affected by lower retail and pool prices. The impact was cushioned by the water and sewerage division, with Wessex Water benefitting from the 21% price increase in the UK, on top of the contribution from Ranhill Utilities, also benefitting from a recent tariff increase starting Aug-25. The cement and building materials division was again the top performer, with PBT growth of +6.0%yoy to RM413.3m, on the back of stronger sales volumes of ready-mixed concrete, specialised cement products and higher cement exports. Its stronger PBT was also due to ongoing cost management and efficiency enhancements, on top of the increased adoption of renewable energy and waste-heat recovery plants. The construction segment remained in the red at -RM39.6m, on the back of a lower revenue after the Gemas-JB double-track project was completed. Nevertheless, the division's main focus is on the internal jobs within the YTL group.

DCs start to contribute profit. Under management services and others, the quarter saw a +19.9%yoy increase in revenue to RM484.9m, with a PBT of RM16.6m (-165.0%yoy). This was mainly due to an unrealised forex loss from a shareholder loan extended to the Jordan project entity, but the impact was cushioned by the data centre business, which has started to generate profit. Management guided that 62MW of capacity is already in service and they have recently delivered another 48MW, bringing the total to 110MW. The entire 188MW will be fully in service by FY28.

INVESTMENT STATISTICS

FYE Jun	2024A	2025A	2026F
Revenue	30,529	30,818	33,067
Operating Profit	6,769	6,356	5,928
Profit Before Tax	4,565	4,581	4,485
Core PATAMI	1,758	2,070	1,727
Core EPS	17.5	14.2	13.0
DPS	4.5	5.0	5.0
Dividend Yield	1.7	1.9	1.9

KEY STATISTICS

FBM KLCI	1,740.94
Issue shares (m)	11314.28
Estimated free float (%)	38.49
Market Capitalisation (RM'm)	22,294.70
52-wk price range	RM1.68 - RM2.82
3-mth average daily volume (m)	10.16
3-mth average daily value (RM'm)	21.41
Top Shareholders (%)	
Yeoh Tiong Lay & Sons Holdings	47.67
Employees Provident Fund	9.97
Credit Suisse Group AG	4.28

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Sum-of-the-Parts Valuation

Group's businesses	Stake	Valuation method	Value (RMm)	Value/share (RMm)
Listed Units:				
YTL Power	56%	*MIDF TP*	22,241.7	1.68
YTL Hospitality REIT	56%	*Consensus TP*	1,183.3	0.09
Starhill Global REIT	37%	*Consensus TP*	1,748.8	0.13
Malayan Cement	76%	*MIDF TP*	10,785.6	0.81
Non-Listed Units:				
ERL concession	45%	*NPV*	383	0.03
Construction	100%	*12x PER*	992	0.07
Landbank	93%	*20% discount to RNAV*	11,313	0.85
Gross Value			**48,647**	**3.67**
less: holding co net debt			*-5,328*	*-0.40*
Total SOP Value			**43,319**	**3.26**

*Source: Company, MIDFR *SGD/share ^Converted to RM*

YTL Corp: 2QFY26 Results Summary

FYE Jun (RMm)	2Q25	1Q26	2Q26	YoY	QoQ	6MFY25	6MFY26	YTD
Revenue	8,058.9	7,641.5	7,586.6	-5.9%	-0.7%	15,832.8	15,228.1	-3.8%
EBITDA	2,531.8	2,196.6	2,324.1	-8.2%	5.8%	4,669.8	4,520.7	-3%
Depreciation & Amortisation	**(620.6)**	**(636.0)**	**(680.3)**	9.6%	7.0%	(1,258.3)	(1,316.3)	5%
Operating profit	**1,781.3**	**1,417.3**	**1,481.4**	**-16.8%**	**4.5%**	**3,128.4**	**2,898.7**	**-7%**
Finance cost	(615.1)	(584.8)	(579.4)	-5.8%	-0.9%	(1,216.2)	(1,164.2)	-4%
Associates	129.8	143.3	162.4	25.1%	13.4%	283.1	305.7	8%
PBT	**1,296.1**	**975.8**	**1,064.5**	**-17.9%**	**9.1%**	**2,195.3**	**2,040.3**	**-7%**
Tax	(277.3)	(311.5)	(276.5)	-0.3%	-11.2%	(526.4)	(588.0)	12%
PAT	1,018.8	664.3	788.0	-22.7%	18.6%	1,668.8	1,452.2	-13%
Minority Interest	438.8	317.8	349.9	-20.2%	10.1%	755.1	667.7	-12%
Net profit	580.0	346.5	438.0	-24.5%	26.4%	913.7	784.5	-14%
Core net profit	**577.2**	**335.2**	**540.0**	**-6.4%**	**61.1%**	**1,035.6**	**875.2**	**-15.5%**
EPS (sen)	4.37	2.61	3.30	-24.5%	26.4%	6.88	5.91	-14.1%
EBIT margin	22.1%	18.5%	19.5%			19.8%	19.0%	
Pretax margin	16.1%	12.8%	14.0%			13.9%	13.4%	
Tax rate	21.4%	31.9%	26.0%			24.0%	28.8%	
Net profit margin	7.2%	4.4%	7.1%			5.8%	5.2%	
Segmental Breakdown	**2Q25**	**1Q26**	**2Q26**	**YoY**	**QoQ**	**6MFY25**	**6MFY26**	**YTD**
Revenue (RMm):	**8,058.6**	**7,641.5**	**7,586.6**			**15,832.8**	**15,228.1**	
Construction	215.8	83.1	20.1	-90.7%	-75.9%	456.6	103.2	-77%
Cement manufacturing	1,658.5	1,717.5	1,784.1	7.6%	3.9%	3,042.9	3,501.5	15%
Property investment & development	214.3	109.4	94.0	-56.1%	-14.1%	310.2	203.3	-34%
Management services & others	404.3	386.0	484.9	19.9%	25.6%	848.5	870.9	3%
Hotels	425.9	382.4	441.3	3.6%	15.4%	801.1	823.7	3%
Utilities	5,139.8	4,963.2	4,762.3	-7.3%	-4.0%	10,373.4	9,725.4	-6%
PBT (RMm):	**1,500.7**	**975.8**	**1,064.5**			**3,128.4**	**2,040.3**	
Construction	5.1	(34.0)	(39.6)	-870.6%	16.5%	12.1	(73.7)	-709%
Cement manufacturing	390.0	374.7	413.3	6.0%	10.3%	686.1	788.0	15%
Property investment & development	14.1	7.9	12.0	-15.0%	52.0%	49.2	19.9	-59%
Management services & others	268.6	(25.6)	16.6	-93.8%	-165.0%	182.2	(9.0)	-105%
Hotels	91.4	64.9	98.5	7.7%	51.7%	142.7	163.4	14%
Utilities	731.4	587.9	563.6	-22.9%	-4.1%	2,056.2	1,151.6	-44%
PBT margin				**ppts**	**ppts**			**ppts**
Construction	2.4%	-40.9%	-197.5%	-199.9	-156.6	2.6%	-71.4%	-74.0
Cement manufacturing	23.5%	21.8%	23.2%	-0.3	1.4	22.5%	22.5%	-0.0
Property investment & development	6.6%	7.2%	12.8%	6.2	5.6	15.8%	9.8%	-6.0
Management services & others	66.4%	-6.6%	3.4%	-63.0	10.1	21.5%	-1.0%	-22.5
Hotels	21.5%	17.0%	22.3%	0.8	5.3	17.8%	19.8%	2.0
Utilities	14.2%	11.8%	11.8%	-2.4	-0.0	19.8%	11.8%	-8.0

Source: Company, 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