Corporate Update

IOI Properties Group Berhad

(5249 | IOIPG MK) Main | Property

FTSE4Good | ESG 4 Stars | SHARIAH Compliant

Maintain **NEUTRAL**

Revised Target Price **RM3.17**
(from RM2.97)

2QFY26 Results Review

Singapore Operations Lifted Earnings

1HFY26 earnings within our expectation. IOI Properties Group 1HFY26 core net income of RM306.2m came in within our expectation but below consensus forecast, making up 53% and 41% of our and consensus full year estimates respectively. Note that we have excluded one-off fair value gain and remeasurement gain in our core net income calculations.

Lower sequential earnings. Sequentially, 2QFY26 core net income declined to RM143.9m (-11.3%qoq) despite higher topline (+7.4%qoq). The earnings decline was mainly due to higher marketing expenses (+45.3%qoq) and higher other operating expenses (+26%qoq). Besides, the earnings were also dragged by the higher tax rate of 16.1% in 2QFY26 compared to tax rate of 11.5% in 1QFY26.

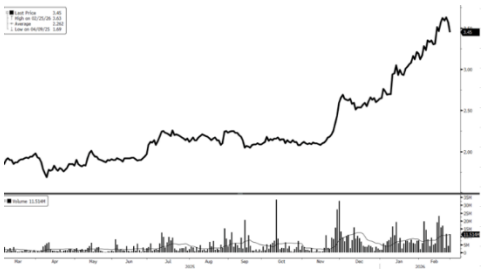
Higher earnings in 1HFY26. On a yearly basis, 2QFY26 core net income was higher (+50.6%yoy), bringing 1HFY26 core net income higher at RM306.2m (+79.8%yoy). The earnings growth in 1HFY26 was mainly due to contribution from JW Marriott Singapore South Beach, South Beach Avenue and South Beach Tower operations following acquisition of remaining 50.1% equity stake in Scottsdale Properties Pte Ltd. Besides, rental contribution from IOI Central Boulevard in Singapore has also lifted earnings. Meanwhile, rental income from IOI City Mall remains resilient, underpinning earnings growth of property investment division.

1HFY26 new sales at RM1b. New property sales was marginally higher at RM526m in 2QFY26, up from RM474m in 1QFY26. That brought total new sales to RM1b in 1HFY26, driving mainly by local projects which contributed 80% of total new sales. Going forward, we expect FY26 new sales to remain within RM2b range. Meanwhile, unbilled sales increased to RM853m in 2QFY26 from RM780m in 1QFY26.

Maintain NEUTRAL with a revised TP of RM3.17. We maintain our earnings forecast for FY26/27 /28. We revise our **TP** for IOI Properties to **RM3.17** from RM2.97 as we narrow RNAV discount to 38% from 42% in view of the stable outlook for new sales and earnings. The listing of REIT by IOI Properties by CY26 will remain the near-term catalyst. The recent land sales in Banting Industrial Park also bodes well to unlock value of its landbank. Nevertheless, net gearing of IOI Properties is elevated at 0.9x as of 2QFY26. Besides, we think its valuation is stretched, trading at price to book of 0.76x which is above its +2 standard deviation of 9-year mean price-to-book ratio of 0.66x. Hence, we maintain our **NEUTRAL** call on IOI Properties.

RETURN STATISTICS	
Price @ 27th Feb 2026 (RM)	3.45
Expected share price return (%)	-8.1
Expected dividend yield (%)	+2.3
Expected total return (%)	-5.8

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	3.3	2.9
3months	5.7	1.9
12 months	0.0	-1.8

INVESTMENT STATISTICS

FYE June	2026E	2027F	2028F
Revenue	3,573	3,858	3,962
Operating Profit	1,062	1,130	1,188
Profit Before Tax	744	807	860
Core PATAMI	576	625	666
Core EPS	10.40	11.28	12.01
DPS	8.00	8.00	8.00
Dividend Yield	2.3%	2.3%	2.3%

KEY STATISTICS	
FBM KLCI	1,716.61
Issue shares (m)	5506.15
Estimated free float (%)	31.46
Market Capitalisation (RM'm)	18,996
52-wk price range	RM1.63 – RM3.72
3-mth average daily volume (m)	8.9
3-mth average daily value (RM'm)	26.4
Top Shareholders (%)	
Vertical Capacity Sdn Bhd	65.68
EPF	6.34

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IOI Properties Group: 2QFY26 RESULTS SUMMARY

FYE June (RM'm, unless otherwise stated)	Quarterly Results			Cumulative	
	2QFY26	%YoY	%QoQ	FY26	%YoY
Revenue	1040.8	42.8%	7.4%	2,009.5	41.8%
Core EBIT	385.4	62.1%	21.9%	701.6	50.9%
Core PBT	281.9	85.9%	-15.0%	613.3	110.9%
Net Income	708.8	647.9%	6.7%	1,373.2	737.6%
Core Net Income	143.9	50.6%	-11.3%	306.2	79.8%
EPS (sen)	12.9	647.9%	6.7%	24.9	737.6%
Core EPS (sen)	2.6	50.6%	-11.3%	5.6	79.8%
Net DPS (sen)	0.0	NA	N/A	0.0	NA
NTA/share (RM)	4.5	6.4%	NA	4.5	NA
Net Gearing (x)	0.9	NA	NA	0.9	NA
Core EBIT Margin	37.0%	NA	NA	34.9%	NA
Core PBT Margin	27.1%	NA	NA	30.5%	NA

Source: Company, MBSB Research

IOI Properties Group RNAV

	Stake	Est remaining GDV (RM m)	WACC (%)	Value (RM m)
Klang Valley Projects				
16 Sierra, South Puchong	100%	5600	11%	532
Bandar Puchong Jaya, Puchong	100%	500	11%	66
Bandar Puteri, Puchong	100%	12000	11%	1140
IOI Resort City, Putrajaya	100%	14900	11%	920
Bandar Puteri Bangi, Selangor	100%	5400	11%	513
Bandar Puteri Warisan, Sepang	100%	3400	11%	369
BC Industrial Park	100%	2100	11%	339
Johor Projects				
Bandar Putra Kulai, Johor	100%	5400	11%	513
Bandar IOI Segamat, Johor	100%	500	11%	66
Taman Lagenda Putra, Kulai, Johor	100%	100	11%	15
Taman Kempas Utama, Johor Bahru, Johor	100%	800	11%	100
i-Synergy, Senai, Kulai, Johor	100%	1800	11%	215
Other States Projects				
Desaria , Sungai Ara, Penang	100%	200	11%	26
Bandar IOI, Bahau, Negeri Sembilan	100%	200	11%	24
Singapore Projects				
Cape Royale @ Sentosa Cove, Singapore	65%	4760	11%	299
Seascape @ Sentosa Cove	50%	1020	11%	67
Marina View	100%	8840	11%	995
China Projects				
IOI Palm International Parkhouse, Xiamen, PRC	100%	715	11%	94
IOI Palm City, Xiamen, PRC	100%	195	11%	22
Unbilled sales		1500		69
Subtotal				6380
Remaining Landbank		Size (acre)		Net Surplus (RM m)
Nusa Jaya	100%	7		0
Mukim of Pulai	100%	16		0
Segamat	100%	1254		0
Kulai Jaya	100%	467		0
Ayer Keroh	100%	1338		0
Bandar IOI, Bahau	100%	745		0
Investment Properties	100%			0
Total				6380
Shareholder Funds				21742.3
Total RNAV				28123
Enlarged share base				5506.0
Fully-diluted RNAV per share (RM)				5.11
Discount				42%
Target Price (RM)				**3.17**

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2024A	2025A	2026F	2027F	2028F
Revenue	2,940	3,062	3,573	3,858	3,962
EBIT	703	957	1,062	1,130	1,188
PBT	776	687	744	807	860
Net Income	541	1,064	576	625	666
Core Net Income	541	297	576	625	666
Core EPS (sen)	9.8	5.4	10.4	11.3	12.0
Core PER (x)	35.1	64.0	33.2	30.6	28.7
NTA/share	4.38	4.40	4.53	4.70	4.87
P/NTA	0.79	0.78	0.76	0.73	0.71

Balance Sheet (RM'm)	2024A	2025A	2026F	2027F	2028F
Property, plant and equipment	3,848	4,359	7,933	8,100	8,221
Land held for property development	5,549	5,725	5,650	5,577	5,504
Total non-current assets	35,269	36,116	42,978	43,451	44,363
Property development costs	5,738	6,167	6,559	7,249	7,452
Inventories	1,920	1,272	1,297	1,323	1,350
Cash and bank balances	2,050	1,902	1,942	2,002	2,064
Other assets	1,101	1,459	519	636	1,081
Total Assets	**46,078**	**46,915**	**53,295**	**54,661**	**56,310**
Long Term Borrowings	18,684	16,926	17,519	17,922	18,334
Short-term Borrowings	483	2,663	8,310	8,493	8,679
Other Liabilities	2,636	2,804	2,257	2,111	2,179
Total Liability	21,803	22,393	28,086	28,525	29,192
Share capital	18,514	18,514	18,514	18,514	18,514
Other Equity	5,760	6,008	6,696	7,621	8,604
Total Equity	24,275	24,522	25,210	26,135	27,118
Equity + Liability	**46,078**	**46,915**	**53,295**	**54,661**	**56,310**

Cash Flow (RM'm)	2024A	2025A	2026F	2027F	2028F
Cash flows from operating activities					
Net income before taxation	2296	1464	744	807	860
Net cash from operating activities	1464	1060	355	434	504
Cash flows from investing activities					
Net cash used in investing activities	-1911	-833	-190	-200	-207
Cash flows from financing activities					
Drawdown of borrowings	16825	2048	-218	63	136
Net cash from/(used in) financing activities	-47	86	-656	-374	-300
Net increase/(decrease) in cash and cash equivalents	-494	313	-491	-140	-3
Cash and cash equivalent at 1 January	2711	2224	2474	1989	1855
Cash and cash equivalent at 1 December	2194	2474	1989	1855	1859

Profitability Ratios (%)	2024A	2025A	2026F	2027F	2028F
EBIT margin	23.9%	31.3%	29.7%	29.3%	30.0%
PBT margin	26.4%	22.4%	20.8%	20.9%	21.7%
PAT margin	18.4%	34.7%	16.1%	16.2%	16.8%
Core PATAMI margin	18.4%	9.7%	16.1%	16.2%	16.8%
ROE	2.3%	1.2%	2.3%	2.4%	2.5%
ROA	1.2%	0.6%	1.1%	1.1%	1.2%

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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