IOI Properties Group Berhad

(5249 | IOIPG MK) Main | Property

FTSE4Good | ESG 4 Stars | SHARIAH Compliant

Corporate Update

3QFY26 Results Review
Earnings Lifted by Land Sales

Maintain **BUY**
Unchanged Target Price **RM4.64**

9MFY26 earnings above our expectation. IOI Properties Group 9MFY26 core net income of RM566.8m came in within consensus expectation but above ours, making up 80% and 98% of consensus and our full year forecast respectively. The stronger than expected earnings were due to recognition of land sales in 3QFY26.

Higher sequential earnings. Sequentially, 3QFY26 core net income climbed to RM260.6m (+81.1%qoq) while topline was marginally higher (+0.6%qoq). The improvement in earnings was mainly driven by recognition of the sale of Malacca land amounting to RM130m. The higher earnings were also driven by improving margin and lower interest expenses. Note that gross profit margin expanded to 61.5% in 3QFY26 from 57.6% in 2QFY26 which we think was supported by the land sales. Meanwhile, the lower interest expenses (-6.9%qoq) also supported earnings growth.

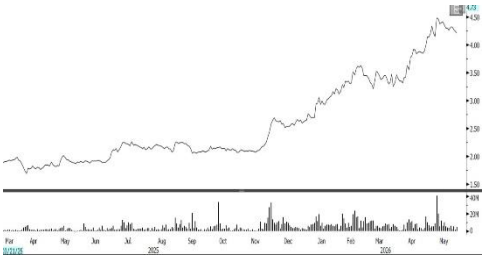
Earnings doubled in 9MFY26. On a yearly basis, 3QFY26 core net income jumped to RM260.6m (+134.7%yoy), bringing 9MFY26 core net income higher at RM566.8m (+101.5%yoy). The strong earnings growth was underpinned by Malacca land sales, contribution from JW Marriott Singapore South Beach, South Beach Avenue and South Beach Tower operations following acquisition of remaining 50.1% equity stake in Scottsdale Properties Pte Ltd. Besides, rental income from IOI Central Boulevard in Singapore and IOI City Mall supported earnings growth.

New sales lifted by land sales. IOI Properties Group recorded strong sales of RM1.7b in 3QFY26, lifted mainly by total land sales of RM1.35b. Note that IOI Properties Group signed agreement for the disposal of land in Banting, Iskandar Malaysia and Jalan Ampang. That lifted total sales to RM2.71b in 9MFY26. Meanwhile, unbilled sales jumped to RM2.1b in 3QFY26 from RM853m in 2QFY26 due to land sales.

Maintain BUY with an unchanged TP of RM4.64. We revise our FY26/27/28 earnings forecast by +22.6%/+16.3%/+14.3% to factor in the earnings from land sales. We maintain our **TP** for IOI Properties at **RM4.64** based on 18% discount to RNAV. We see the active land monetization of non-core landbank to unlock value of its landbank and support earnings growth. That coupled with the listing of IOIPG REIT is expected to reduce net gearing of IOI Properties which is elevated at 0.86x in 3QFY26. Hence, we maintain our **BUY** call on IOI Properties Group.

RETURN STATISTICS	
Price @ 28th May 2026 (RM)	4.21
Expected share price return (%)	+10.2
Expected dividend yield (%)	+1.9
Expected total return (%)	+12.1

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	5.5	8.3
3months	26.8	24.3
12 months	121.6	100.3

INVESTMENT STATISTICS

FYE June	2026E	2027F	2028F
Revenue	4,238	4,378	4,472
Operating Profit	1,231	1,262	1,311
Profit Before Tax	913	939	983
Core PATAMI	707	727	761
Core EPS	12.75	13.12	13.73
DPS	8.00	8.00	8.00
Dividend Yield	1.90%	1.90%	1.90%

KEY STATISTICS	
FBM KLCI	1,684.93
Issue shares (m)	5506.15
Estimated free float (%)	30.40
Market Capitalisation (RM'm)	23,180
52-wk price range	RM1.8 – RM4.62
3-mth average daily volume (m)	7.22
3-mth average daily value (RM'm)	27.62
Top Shareholders (%)	
Vertical Capacity Sdn Bhd	65.68
EPF	6.64

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IOI Properties Group: 3QFY26 RESULTS SUMMARY

FYE June (RM'm, unless otherwise stated)	Quarterly Results			Cumulative	
	3QFY26	%YoY	%QoQ	FY26	%YoY
Revenue	1047.3	38.7%	0.6%	3,056.7	40.7%
Core EBIT	442.1	70.0%	14.7%	1,143.8	57.8%
Core PBT	350.5	93.3%	24.3%	963.8	104.1%
Net Income	258.1	239.0%	-63.6%	1,631.3	579.5%
Core Net Income	260.6	134.7%	81.1%	566.8	101.5%
EPS (sen)	4.7	239.0%	-63.6%	29.6	579.5%
Core EPS (sen)	4.7	134.7%	81.1%	10.3	101.5%
Net DPS (sen)	0.0	NA	N/A	0.0	NA
NTA/share (RM)	4.5	5.8%	NA	4.5	NA
Net Gearing (x)	0.90	NA	NA	0.9	NA
Core EBIT Margin	42.2%	NA	NA	37.4%	NA
Core PBT Margin	33.5%	NA	NA	31.5%	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%	6557	10%	650
Bandar Puchong Jaya, Puchong	100%	1102	10%	147
Bandar Puteri, Puchong	100%	13431	10%	1331
IOI Resort City, Putrajaya	100%	15647	10%	1019
Bandar Puteri Bangi, Selangor	100%	4739	10%	470
Bandar Puteri Warisan, Sepang	100%	3160	10%	354
Banting Industrial Park	100%	1631	10%	263
Johor Projects				
Bandar Putra Kulai, Johor	100%	3823	10%	379
Bandar IOI Segamat, Johor	100%	483	10%	65
Taman Lagenda Putra, Kulai, Johor	100%	56	10%	8
Taman Kempas Utama, Johor Bahru, Johor	100%	743	10%	95
i-Synergy, Senai, Kulai, Johor	100%	1670	10%	204
Other States Projects				
Bandar IOI, Bahau, Negeri Sembilan	100%	140	10%	17
Singapore Projects				
Cape Royale @ Sentosa Cove, Singapore	65%	3082	10%	202
Seascape @ Sentosa Cove	50%	994	10%	66
Marina View	100%	11749	10%	1322
Unbilled sales		853		108
Subtotal				6700
Total				**6700**
Shareholder Funds				24428.8
Total RNAV				31129
Enlarged share base				5506.0
RNAV per share (RM)				5.65
Discount				18%
Target Price (RM)				**4.64**

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2024A	2025A	2026F	2027F	2028F
Revenue	2,940	3,062	4,238	4,378	4,472
EBIT	703	957	1,231	1,262	1,311
PBT	776	687	913	939	983
Net Income	541	1,064	707	727	761
Core Net Income	541	297	707	727	761
Core EPS (sen)	9.8	5.4	12.8	13.1	13.7
Core PER (x)	42.8	78.1	33.0	32.1	30.7
NTA/share	4.38	4.40	4.53	4.70	4.87
P/NTA	0.96	0.96	0.93	0.90	0.86

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	6,907	7,253	7,724
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	172	632	809
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	913	939	983
Net cash from operating activities	1464	1060	488	538	602
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	-358	-36	95
Cash and cash equivalent at 1 January	2711	2224	2474	2122	2092
Cash and cash equivalent at 1 December	2194	2474	2122	2092	2194

Profitability Ratios (%)	2024A	2025A	2026F	2027F	2028F
EBIT margin	23.9%	31.3%	29.0%	28.8%	29.3%
PBT margin	26.4%	22.4%	21.5%	21.5%	22.0%
PAT margin	18.4%	34.7%	16.7%	16.6%	17.0%
Core PATAMI margin	18.4%	9.7%	16.7%	16.6%	17.0%
ROE	2.3%	1.2%	2.8%	2.8%	2.8%
ROA	1.2%	0.6%	1.3%	1.3%	1.4%

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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