Corporate Update

WCT Holdings Berhad

(9679 | WCTHG MK) Main | Construction

4 Stars | SHARIAH Compliant | FTSE4Good

1QFY26 Results Review

Softer Earnings; Near-Term Weakness Persists

Downgrade to NEUTRAL. We downgrade our recommendation on WCT to **NEUTRAL** with a revised target price of **RM0.47**, pegging its revised FY27F EPS of 4.3 sen to its mean PER of 11x. We anticipate earnings contributions to remain under pressure in the coming quarters, partially supported by stronger progress billings from ongoing infrastructure projects, particularly the PLUS highway expansion works and Pavilion Damansara Heights Phase 2. Property earnings visibility also remains supported by unbilled sales of RM1.02b and planned FY26 launches with a combined GDV of RM1.54b.

Below expectations. WCT recorded a revenue of RM445.3m (-5.7%yoy) in 1QFY26 while net profit plunged to RM4.6m (-61.7%yoy). The sluggish earnings were mainly dragged by losses in the engineering and construction segment as several projects reached advanced completion stages. The revenue decline was mainly due to the absence of contributions from Paradigm Mall JB and Bukit Tinggi Shopping Centre following their injection into Paradigm REIT. Results came in below expectations, accounting for around 6% of our and consensus full-year estimates.

Engineering and construction. The segment's revenue rose modestly to RM246.2m (+9.3%yoy), mainly supported by accelerated construction progress across ongoing projects. However, the division slipped into an operating loss of -RM5.4m versus a profit of RM7.2m in 1QFY25, largely due to margin pressure and project completion effects.

Order book. The group's outstanding order book stood at RM1.91b as at Mar-26, providing earnings visibility through FY27. Current projects include the PLUS Yong Peng-Senai highway expansion works, Pavilion Damansara Heights Phase 2, Sapangar Bay Container Port expansion and Taiwan highway infrastructure works. Meanwhile, tender book has expanded to above RM14.0b, comprising over RM5.0b civil and infrastructure jobs and over RM9.0b building works.

Property development. The segment remained the key earnings contributor, with operating profit dipped to RM27.6m (-6.3%yoy) while revenue declining -13.3%yoy to RM152.2m, mainly supported by land sales. Unbilled sales remained healthy at RM1.02b while unsold inventories further declined to RM97m as at Mar-26. 1QFY26 property sales stood at RM69m versus its FY26 sales target of RM1.25b. Ongoing projects such as Adison at W City Larkinton and Pavilion Mont' Kiara continued to record healthy take-up rates of 72%-98%, while planned FY26 launches carry total GDV of RM1.54b.

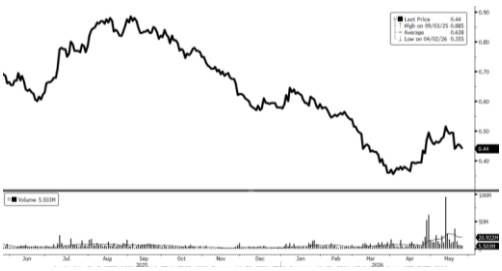
Property Investment and Management. The segment recorded a plunge in operating profit to RM9.0m (-75.5%yoy) while revenue declining -35.0%yoy to RM46.9m following the absence of contributions from malls injected into Paradigm REIT.

Downgrade to **NEUTRAL**
(from BUY)

Revised Target Price **RM0.47**
(from RM0.60)

RETURN STATISTICS	
Price @ 26th May 2026 (RM)	0.44
Expected share price return (%)	+7.9
Expected dividend yield (%)	+0.0
Expected total return (%)	+7.9

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	3.5	5.4
3 months	22.2	-17.7
12 months	-36.2	-42.8

INVESTMENT STATISTICS

FYE Dec	2026E	2027F	2027F
Revenue	1,874.3	1,930.6	2,027.1
Operating Profit	206.2	222.0	243.3
Profit Before Tax	138.7	148.9	171.5
Core Net Profit	61.1	67.3	76.6
Core EPS (sen)	3.9	4.3	4.9
DPS (sen)	0	0	0
Dividend Yield	-	-	-

KEY STATISTICS	
FBM KLCI	1,699.02
Issued shares (m)	1558.90
Estimated free float (%)	72.58
Market Capitalisation (RM'm)	685.92
52-wk price range	RM0.35 - RM0.90
3-mth average daily volume (m)	12.57
3-mth average daily value (RM'm)	5.72
Top Shareholders (%)	
Dominion Nexus Sdn Bhd	16.50
Amanah Saham Nasional Bhd	9.44
Vanguard Group Inc/The	3.85

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Earnings estimates and TP. We are slashing our earnings estimates for FY26E/FY27F by -5%/-5%, after factoring in the lacklustre outlook. Hence, we downgrade our recommendation from **BUY** to **NEUTRAL** and revise our **TP** downwards to **RM0.47** from RM0.60 previously, pegging its revised FY27F EPS of 4.3 sen to its mean PER of 11x.

WCT HOLDINGS BERHAD: 1QFY26 RESULTS SUMMARY

All in RM'm unless stated otherwise	Quarterly Results				
Income Statement	**1QFY26**	**4QFY25**	**1QFY25**	**QoQ**	**YoY**
Revenue	445.3	465.5	472.1	**-4.3%**	**-5.7%**
Cost of sales	(377.3)	(393.4)	(376.7)	**-4.1%**	**0.2%**
Gross profit	68.0	72.1	95.4	**-5.7%**	**-28.7%**
Operating Expenses	(36.8)	(45.4)	(21.9)	**-19.0%**	**67.8%**
Operating Profit	31.2	26.7	73.5	**17.1%**	**-57.5%**
Finance Costs	(30.1)	(30.6)	(45.8)	**-1.6%**	**-34.2%**
Shares of JV & Assoc.	27.4	30.8	5.7	**-10.9%**	**380.0%**
Profit Before Tax	28.5	26.8	33.4	**6.2%**	**-14.6%**
Tax	(10.5)	(16.4)	(7.8)	**-36.2%**	**34.5%**
Minority Interest	(0.8)	(1.1)	(0.7)	**33.3%**	**-7.5%**
Perps.	14.2	1.6	14.3	**800.1%**	**-0.7%**
PATAMI	4.6	10.0	12.0	**-54.1%**	**-61.7%**

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2024A	2025A	2026E	2027F	2028F
Revenue	1,834.0	1,973.0	1,874.3	1,930.6	2,027.1
Gross profit	307.9	336.8	328.0	347.5	375.0
Operating profit	381.9	203.3	206.2	222.0	243.3
Finance cost	(158.0)	(149.0)	(127.5)	(125.5)	(131.8)
Profit before tax	274.1	117.1	138.7	148.9	171.5
Tax	47.2	(39.7)	(27.7)	(29.8)	(42.9)
PATAMI	277.9	47.8	61.1	67.3	76.6
Core PATAMI	92.1	48.9	61.1	67.3	76.6

Balance Sheet (RM'm)	2024A	2025A	2026E	2027F	2028F
Fixed assets	385.8	374.7	384.0	393.7	403.5
Intangible assets	2,847.4	3,778.7	3,873.1	3,969.9	4,069.2
Non-current assets	**3,233.2**	**4,153.3**	**4,257.2**	**4,363.6**	**4,472.7**
Cash	567.4	587.4	602.1	617.1	632.6
Trade debtors	636.9	753.4	772.3	791.6	811.3
Current assets	**4,068.0**	**3,631.2**	**3,784.8**	**3,911.4**	**3,961.8**
Trade creditors	1,092.7	967.0	991.1	1,015.9	1,041.3
Short-term debt	2,730.5	1,496.0	1,570.8	1,649.3	1,731.8
Current liabilities	**4,101.5**	**2,646.0**	**2,745.0**	**2,848.3**	**2,956.1**
Long-term debt	847.1	937.9	984.8	1,034.1	1,085.8
Non-current liabilities	**1,205.0**	**1,304.3**	**1,351.2**	**1,400.4**	**1,452.1**
Share capital	3,337.1	3,337.1	3,212.8	3,212.8	3,212.8
Retained earnings	1,447.9	1,495.7	1,604.2	1,684.7	1,684.7
Equity	**3,777.5**	**3,837.3**	**3,945.8**	**4,026.3**	**4,026.3**

Cash Flow (RM'm)	2024A	2025A	2026E	2027F	2028F
PBT	**274.1**	**117.1**	**138.7**	**148.9**	**171.5**
Operating cash flow	**85.1**	**273.0**	**279.8**	**286.8**	**294.0**
Capital expenditure	-23.6	-52.8	-54.1	-55.5	-56.9
Investing cash flow	**-34.3**	**-56.2**	**-57.5**	**-58.9**	**-60.3**
Debt raised/(repaid)	176.6	-65.0	-65.0	-65.0	-64.0
Dividends paid	-1.5	-	-	-	-
Financing cash flow	**81.5**	**-239.4**	**-246.6**	**-254.0**	**-261.6**
Net cash flow	**132.3**	**-22.6**	**-24.3**	**-26.0**	**-27.9**
	324.5	**462.4**	**439.8**	**415.5**	**389.5**
Beginning cash flow	5.5	-	-	-	-
Forex differences	**462.4**	**439.8**	**415.5**	**389.5**	**361.6**
Ending cash flow	**274.1**	**117.1**	**150.8**	**161.9**	**186.4**

Profitability Ratios (%)	2024A	2025A	2026E	2027F	2028F
Gross profit margin	16.8%	17.1%	17.5%	18.0%	18.5%
Operating profit margin	20.8%	10.3%	11.0%	11.5%	12.0%
PBT margin	14.9%	5.9%	8.6%	8.5%	8.5%
PAT margin	15.2%	2.4%	3.3%	3.5%	3.8%
Core PAT margin	5.0%	2.5%	3.3%	3.5%	3.8%

Source: Bloomberg, MIDFR

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MBSB INVESTMENT BANK (formerly known MIDF AMANAH INVESTMENT BANK): GUIDE TO RECOMMENDATIONS

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