# WCT Holdings Berhad

(9679 | WCTHG MK) Main | Construction

4 Stars | SHARIAH Compliant | FTSE4Good

Maintain **BUY**

Unchanged Target Price **RM0.60**

Corporate Update

## Bags RM153m Taiwan Highway Job

**Maintain BUY.** We maintain our BUY call on WCT with an unchanged **target price** of **RM0.60**, pegging its FY26E EPS of 4.1 sen to its two-year mean PER of 14x. We anticipate earnings contributions to strengthen in the coming quarters, supported by progressive recognition from its North-South Expressway additional lane contracts and ongoing works on Phase 1 and 2 of the Pavilion Damansara Heights development and from property development, with unbilled sales of RM1.01b and RM1.54b of planned launches in FY26.

**Strengthens Taiwan construction footprint.** WCT Holdings Bhd's wholly-owned subsidiary, WCT Berhad Taiwan Branch, has secured a RM152.7m contract for the National Highway No.1 – Addition of Gangshan Second Interchange Project (Lot I108R) in Kaohsiung, Taiwan. The project was awarded by WU En De Construction Co. Ltd and involves road works, bridge structural works and drainage works spanning a 4.1km stretch between the Gaoke and Gangshan interchanges. Construction is slated to commence on 1 Aug-26 with completion targeted within 42 months, providing earnings visibility up to FY30.

**Broadens overseas infrastructure exposure.** The latest contract reinforces WCT's foothold in Taiwan's infrastructure construction market, particularly in civil engineering and transport-related works. While relatively modest in size, the project demonstrates the group's continued ability to secure overseas infrastructure jobs amid a competitive tender landscape. We understand the project is likely to contribute progressively from FY27 onwards upon commencement of construction activities.

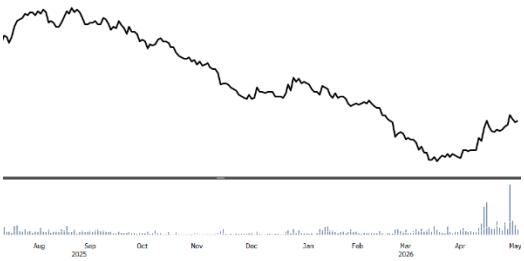
**Order book replenishment remains gradual.** The RM152.7m win lifts WCT's outstanding order book to RM2.29b, providing earnings visibility through FY27 onwards. Nonetheless, replenishment momentum remains relatively gradual compared to larger domestic peers, in our view. We continue to see execution and conversion of its existing pipeline as key to sustaining earnings recovery.

**Valuation remains undemanding.** WCT is currently trading at around 16x forward PE, which remains below most construction peers, while its 0.2x PNAV is among the lowest within the sector. In our view, the steep discount continues to reflect lingering concerns over earnings consistency, balance sheet strength and monetisation of its asset base. Nevertheless, any sustained improvement in order book replenishment and execution could potentially support a gradual re-rating going forward.

**Earnings estimates and TP.** We keep our revenue and earnings estimates for FY26E projections. We are also maintaining our TP to RM0.60, pegging WCT's FY26E EPS of 4.1 sen to a two-year forward mean PER of 14x.

| RETURN STATISTICS | |
|---|---|
| Price @ 18th May 2026 (RM) | 0.495 |
| Expected share price return (%) | +21.2 |
| Expected dividend yield (%) | +0.0 |
| Expected total return (%) | +21.2 |

**SHARE PRICE CHART**




| Price performance (%) | Absolute | Relative |
|---|---|---|
| 1 month | 25.3 | 23.0 |
| 3months | 37.5 | -10.4 |
| 12 months | -27.7 | -34.9 |

**INVESTMENT STATISTICS**

| FYE Dec | 2026E | 2027F | 2027F |
|---|---|---|---|
| Revenue | 1,933.5 | 1,991.5 | 2,091.1 |
| Operating Profit | 212.7 | 229.0 | 250.9 |
| Profit Before Tax | 143.1 | 153.6 | 176.9 |
| Core Net Profit | 64.5 | 70.9 | 80.5 |
| Core EPS (sen) | 4.1 | 4.5 | 5.2 |
| DPS (sen) | 0 | 0 | 0 |
| Dividend Yield | - | - | - |

| KEY STATISTICS | |
|---|---|
| FBM KLCI | 1,727.71 |
| Issued shares (m) | 1558.90 |
| Estimated free float (%) | 72.58 |
| Market Capitalisation (RM'm) | 771.66 |
| 52-wk price range | RM0.35 - RM0.90 |
| 3-mth average daily volume (m) | 11.67 |
| 3-mth average daily value (RM'm) | 5.32 |
| Top Shareholders (%) | |
| Dominion Nexus Sdn Bhd | 16.50 |
| Amanah Saham Nasional Bhd | 9.44 |
| Vanguard Group Inc/The | 3.84 |

**Analyst**

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## FINANCIAL SUMMARY

| Profit or Loss (RM'm) | 2024A | 2025A | 2026E | 2027F | 2028F |
|---|---|---|---|---|---|
| Revenue | 1,834.0 | 1,973.0 | 1,933.5 | 1,991.5 | 2,091.1 |
| Gross profit | 307.9 | 336.8 | 338.4 | 358.5 | 386.9 |
| Operating profit | 381.9 | 203.3 | 212.7 | 229.0 | 250.9 |
| Finance cost | (158.0) | (149.0) | (131.5) | (129.4) | (135.9) |
| Profit before tax | 274.1 | 117.1 | 143.1 | 153.6 | 176.9 |
| Tax | 47.2 | (39.7) | (28.6) | (30.7) | (44.2) |
| PATAMI | 277.9 | 47.8 | 64.5 | 70.9 | 80.5 |
| Core PATAMI | 92.1 | 48.9 | 64.5 | 70.9 | 80.5 |

| 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** | **150.8** | **161.9** | **186.4** |
| **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% | 2.7% | 2.9% | 3.5% |
| Core PAT margin | 5.0% | 2.5% | 2.7% | 2.9% | 3.5% |

*Source: Bloomberg, 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 |

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology