YTL Corporation Berhad

(4677 | YTL MK) Main | Utilities

Corporate Update

Hidden Value in Plain Sight

Maintain BUY. We maintain our **BUY** recommendation on YTL Corp with an unchanged SOTP-derived **TP** of **RM3.44**. 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.

Briefing takeaways. YTL Corp held an investor briefing yesterday, where one the main messages was that the stock is currently undervalued, in the sense that the market may be overlooking its unlisted entities and landbank. We concur with management's view, as our **TP** of **RM3.44** implies a +64.6% upside from the current share price. We think potential monetisation, listings or partial stake sales could help crystallise this hidden value and narrow the valuation gap over time. At its share price as of yesterday's closing of RM2.09, YTL is trading at a PE of 15.4x.

Underappreciated value. Management highlighted the group's landbank as a major source of the underappreciated value. Key examples include Sentul, where its land was acquired at c.RM200m, which now carries a book value of c.RM1.25b; Brabazon in the UK, where the former Filton Airfield was acquired for GBP65m and now has an estimated GDV of GBP6.5b; and Niseko in Japan, where the land was acquired for c.RM223m and is now estimated to be worth RM800-RM900m. In Johor/Kulai, YTL's c.1,700-acre landbank, including c.500 acres for its data centre campus, has also become increasingly strategic as data centre demand accelerates, while YTL Cement owns another c.258 acres opposite the site. YTL has about 3,330 acres of land, both in Malaysia and abroad.

Updates on cement and CEPCO acquisition. The recent acquisition of Concrete Engineering Products Berhad (CEPCO) which is still undergoing the mandatory general offer process, is expected to strengthen YTL Cement's broader ecosystem across cement, ready-mix, aggregates, quarries and integrate with existing precast platforms such as NSL, allowing the group to capture more value across the construction supply chain. On cement pricing, management did not indicate any aggressive ASP hikes, as it remains cautious not to burden developers and consumers.

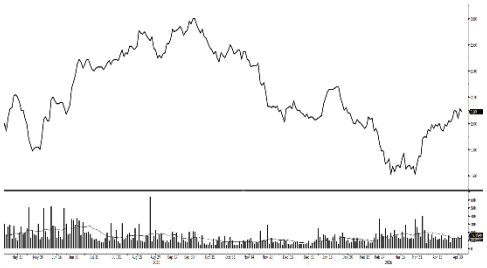
Construction. The construction segment, under the unlisted entity Syarikat Pembenaan Yeoh Tiong Lay Sdn Bhd (SPYTL), currently has an outstanding order book of up to RM5b and substantial tender pipeline of RM20-25b. Management remains positive on the sector, with ongoing investments in public transportation projects, nationwide water infrastructure upgrades and fibre projects aligned with the Jalinan Digital Negara (Jendela) initiative. We believe the group is well-positioned to capture this demand. Assuming a conservative 10%-win rate, that would add RM2.5b of external jobs to the group's order book.

Maintain **BUY**

Unchanged Target Price **RM3.44**

RETURN STATISTICS	
Price @ 5th May 2026 (RM)	2.09
Expected share price return (%)	+64.6
Expected dividend yield (%)	+2.4
Expected total return (%)	+67.0

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	11.2	7.9
3months	23.7	3.5
12 months	4.5	-7.9

INVESTMENT STATISTICS

FYE Jun	2024A	2025A	2026F
Revenue	30,529	30,818	35,067
Operating Profit	6,769	6,356	6,129
Profit Before Tax	4,565	4,581	4,686
Core PATAMI	1,758	2,070	1,804
Core EPS	17.5	14.2	13.6
DPS	4.5	5.0	5.0
Dividend Yield	1.7	1.9	1.9

KEY STATISTICS	
FBM KLCI	1,747.43
Issue shares (m)	11314.28
Estimated free float (%)	38.52
Market Capitalisation (RM'm)	24,279.85
52-wk price range	RM1.58 - RM2.82
3-mth average daily volume (m)	15.09
3-mth average daily value (RM'm)	27.81
Top Shareholders (%)	
Yeoh Tiong Lay & Sons Holdings	47.67
Employees Provident Fund	9.97
Credit Suisse Group AG	4.28

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Power and water remain core earnings anchor. YTL Power remains a key pillar of the group's recurring earnings base, supported by Wessex Water in the UK and Power Seraya in Singapore. Management highlighted Power Seraya as a strategic asset, not only as a stable earnings contributor but also as a source of SGD-denominated income, which provides a natural hedge against the ringgit. The group's power expertise is also increasingly relevant to its data centre strategy, as access to reliable power remains one of the key constraints for data centre development. In our view, this gives YTL an important structural advantage as it can integrate power supply with its digital infrastructure rollout.

Earnings estimates and TP. We make no changes to our earnings estimates and maintain our SOTP-derived TP of RM3.44.

Sum-of-the-Parts Valuation

Group's businesses	Stake	Valuation method	Value (RMm)	Value/share (RMm)
Listed Units:				
YTL Power	56%	*MIDF TP*	25,348.3	1.91
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*	9,986.6	0.75
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			**50,955**	**3.84**
less: holding co net debt			*-5,328*	*-0.40*
Total SOP Value			**45,627**	**3.44**

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

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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