Corporate Update

Malayan Cement Berhad

(3794 | LMC MK) Main | Industrial Products & Services

ESG 3 Stars

Maintain **BUY**

Revised Target Price **RM9.53**
(from RM10.00)

4QFY26 Results Review – Earnings Beat RMC Leads Growth; Cement Holds Steady

Maintain BUY. We maintain our **BUY** call with a revised **TP** of **RM9.53** as we peg the group's FY27F EPS of 48.9 sen to a PER of 19.5x, which is +1.2SD above its three-year historical mean. Malayan Cement remains one of our top picks within the construction sector, given its position as a key beneficiary of the construction upcycle. Demand is expected to be supported by a strong pipeline of civil and private projects, including warehouses, data centres, and residential developments, while the anticipated MRT3 rollout offers a multi-year catalyst. Additionally, the Johor-Singapore Special Economic Zone (JS-SEZ) is poised to unlock new growth opportunities, particularly for supporting industries. On the civil front, projects such as the Penang LRT and airport expansions, alongside infrastructure initiatives under Budget 2026 and the 13th Malaysia Plan including roads, schools, and hospitals should sustain robust demand momentum.

Above expectations. Malayan Cement's (MCement) net profit came in at RM222.9m (+34.8%yoy) in 4QFY26, while revenue rose +16.6%yoy to RM1.29b, bolstered by higher turnover in the ready-mixed concrete (RMC) and drymix divisions. For FY26, net profit surged +34.3%yoy to RM904.2m, attributable to lower energy costs and increased adoption of renewable energy and waste heat recovery initiatives. FY26 earnings came in above expectations at 107.7% of ours and 102.6% of consensus' full-year estimates. The group declared a second interim dividend of 9sen/share, bringing FY26 DPS to 15sen from 12sen in FY25.

Cement ASP and volumes remain stable. Cement revenue grew +6.6%yoy to RM802.2m in 4QFY26, with cement ASP remaining broadly stable yoy and qoq at above RM300/t. Sales volume declined c.2%yoy due to the absence of major project rollouts, partly cushioned by a c.15%qoq rise in export volume, albeit from a small base. For FY26, revenue grew +5.4%yoy to RM3.82b, while operating profit rose +20.2%yoy to RM1.20b. The resilient FY26 bottom line were partly supported by lower coal costs (FY26: high-USD60/t vs FY25: high-USD70/t), despite rising qoq (4QFY26: USD70/t vs 3QFY26: USD65/t).

RMC fosters stronger growth. Aggregates & concrete revenue jumped +37.6%yoy to RM490.8m in 4QFY26, spurred by robust demand for high-grade, bespoke RMC. RMC ASP elevated by approximately RM15/t from RM310/t during the quarter, alongside higher volumes. FY26 segment revenue grew +26.3%yoy to RM1.78b, while operating profit soared +71.6%yoy to RM222.9m.

1QFY27 demand holding up despite higher coal costs. According to management, cement volumes remained healthy in Jul-Sep 2026, which we take to indicate broadly stable volumes vs 4QFY26, while RMC ASP could see further upside from the current RM325/t. On costs, coal procured at USD80-90/t, up from USD70/t previously, partly reflects the rebound in Indonesian coal prices following tighter production quotas. The higher costs should flow through into FY27, though MCement's rolling 2 to 3-month procurement strategy should keep the impact manageable.

RETURN STATISTICS	
Price @ 20th Aug 2026 (RM)	6.71
Expected share price return (%)	+42.0
Expected dividend yield (%)	+2.2
Expected total return (%)	+44.2

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	16.7	15.7
3 months	23.9	34.4
12 months	-3.7	-11.9

INVESTMENT STATISTICS

FYE June	2027E	2028F	2029F
Revenue	5,394	5,771	6,175
Operating Profit	1,932	2,067	2,212
Profit Before Tax	1,241	1,270	1,297
Core PATAMI	930	952	973
Core EPS	48.9	50.0	51.1
DPS	15	15	15
Dividend Yield	2.2%	2.2%	2.2%

KEY STATISTICS	
FBM KLCI	1,736.71
Issued shares (m)	3505.17
Estimated free float (%)	80.52
Market Capitalisation (RM'm)	9,814.47
52-wk price range	RM2.04 - RM2.98
3-mth average daily volume (m)	8.64
3-mth average daily value (RM'm)	20.59
Top Shareholders (%)	
Employees Provident Fund Board	20.81
Amanah Saham Nasional Bhd	12.38
Kumpulan Wang Persaraan Diperbadan	10.52

Analyst
Ming San Soong
soong.ms@mbsb.com

Earnings estimates and TP. We are raising our FY27E/FY28F earnings estimates by +3%/+3%, on the back of the higher FY26 earnings base. We maintain **BUY** with a revised TP of **RM9.53** (from RM10.00), pegging FY27F EPS of 48.9 sen to a PER of 19.5x (+1.2SD above its three-year historical mean), as we assign a lower valuation multiple to reflect potential margin compression from rising coal costs.

MALAYAN CEMENT: 4QFY26 RESULT SUMMARY

All in RM'm unless stated otherwise	Quarterly Results					Cumulative		
Income Statement	**4QFY26**	**3QFY26**	**4QFY25**	**QoQ**	**YoY**	**12MFY26**	**12MFY25**	**YoY**
Revenue	1,293.0	1,223.8	1,109.4	**5.7%**	**16.6%**	4,994.3	4,528.2	**10.3%**
Cost of sales	(732.1)	(684.2)	(641.6)	**7.0%**	**14.1%**	(2,871.2)	(2,809.9)	**2.2%**
Gross profit	560.9	539.6	467.7	**4.0%**	**19.9%**	2,123.1	1,718.3	**23.6%**
Other operating income	55.6	36.4	49.0	**52.8%**	**13.5%**	152.7	158.8	**-3.8%**
Other operating expenses	(234.2)	(204.2)	(216.5)	**14.7%**	**8.2%**	(856.5)	(751.5)	**14.0%**
Profit from operations	382.2	371.8	300.3	**2.8%**	**27.3%**	1,419.3	1,125.6	**26.1%**
Finance costs	(28.3)	(28.1)	(40.7)	**0.8%**	**-30.4%**	(117.5)	(172.2)	**-31.8%**
Share of results in joint venture	7.8	4.2	5.7	**85.7%**	**38.1%**	27.1	30.1	**-10.1%**
Profit before tax	361.7	347.9	265.2	**4.0%**	**36.4%**	1,328.9	983.5	**35.1%**
Taxation	(138.5)	(100.9)	(99.9)	**37.3%**	**38.7%**	(424.7)	(310.7)	**36.7%**
Non-controlling interests	0.3	0.3	(0.1)	**-8.1%**	**391.4%**	1.0	0.4	**142.2%**
Reported net profit	222.9	246.7	165.4	**-9.6%**	**34.8%**	903.2	672.4	**34.3%**
Core net profit	227.1	259.0	165.1	**-12.3%**	**37.5%**	938.0	648.7	**44.6%**

Source: Company, MBSBR

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2025A	2026A	2027E	2028F	2029F
Revenue	4,528.2	4,994.3	5,393.9	5,771.4	6,175.4
Gross profit	1,718.3	2,123.1	1,932.0	2,067.3	2,212.0
Operating profit	1,125.6	1,419.3	1,402.4	1,529.4	1,636.5
Profit before tax	983.5	1,328.9	1,240.6	1,269.7	1,296.8
Net profit	672.8	904.2	930.4	952.3	972.6
Core net profit	649.7	938.0	930.4	952.3	972.6
Core EPS (sen)	34.1	49.3	48.9	50.0	51.1
DPS (sen)	12	15	15	15	15
Balance Sheet (RM'm)	**2025A**	**2026A**	**2027E**	**2028F**	**2029F**
Fixed assets	2,699.8	2,672.8	2,646.1	2,619.6	2,593.4
Other investments and assets	5,797.9	5,718.1	5,976.5	5,976.5	5,977.5
Non-current assets	**8,497.7**	**8,390.9**	**8,622.6**	**8,596.1**	**8,570.9**
Cash	162.7	193.5	232.2	278.6	334.4
Trade debtors	736.8	854.5	578.6	578.6	579.6
Current assets	**2,219.5**	**2,986.3**	**2,577.4**	**2,603.9**	**2,629.1**
Trade creditors	668.6	665.9	807.5	807.5	808.5
Short-term debt	428.0	250.5	614.9	537.2	441.8
Current liabilities	**1,250.6**	**1,148.0**	**1,008.0**	**880.7**	**724.3**
Long-term debt	2,157.4	2,190.0	2,080.5	1,976.5	1,877.7
Non-current liabilities	**2,647.9**	**2,655.7**	**2,190.0**	**2,080.5**	**1,976.5**
Share capital	5,460.5	5,583.6	5,345.8	5,345.8	5,346.8
Retained earnings	1,276.5	1,939.5	2,367.9	2,604.7	2,865.1
Equity	**6,818.7**	**7,573.6**	**8,002.0**	**8,238.8**	**8,499.2**

Cash Flow (RM'm)	2025A	2026A	2027E	2028F	2029F
PBT	**983.5**	**1,328.9**	**1,240.6**	**1,269.7**	**1,296.8**
Depreciation & amortisation	261.7	246.0	189.0	189.0	189.0
Changes in working capital	(91.4)	33.0	33.0	33.0	33.0
Operating cash flow	**956.6**	**1,201.2**	**1,112.9**	**1,142.0**	**1,169.1**
Capital expenditure	(178.4)	(268.3)	(130.7)	(130.7)	(130.7)
Investing cash flow	**(127.0)**	**(229.3)**	**(50.0)**	**(50.0)**	**(50.0)**
Debt raised/(repaid)	(588.0)	(136.0)	(136.0)	(136.0)	(136.0)
Dividends paid	(198.8)	(240.3)	(107.0)	(107.0)	(107.0)
Financing cash flow	**(650.5)**	**(300.0)**	**(780.0)**	**(780.0)**	**(780.0)**
Net cash flow	**69.0**	**671.9**	**282.9**	**312.0**	**339.1**
Beginning cash flow	**788.5**	**846.9**	**1,507.0**	**1,789.9**	**2,101.9**
Ending cash flow	**846.9**	**1,507.0**	**1,789.9**	**2,101.9**	**2,441.0**
Profitability Ratios (%)	**2025A**	**2026A**	**2027E**	**2028F**	**2029F**
Operating profit margin	24.9%	25.0%	26.0%	26.5%	26.5%
PBT margin	21.7%	26.6%	23.0%	22.0%	21.0%
PAT margin	14.9%	18.1%	17.3%	16.5%	15.8%
Core PAT margin	14.3%	18.8%	17.3%	17.7%	18.0%

Source: Bloomberg, MBSBR

MBSB RESEARCH is part of MBSB Investment Bank Berhad 197501002077 (24878-X)

(Bank Pelaburan) (A Participating Organisation of Bursa Malaysia Securities Berhad)

DISCLOSURES AND DISCLAIMER

This report is prepared by MBSB Investment Bank (Company Registration No.: 197501002077 (23878-X)) and is for distribution only to the intended readers and under such circumstances as may be permitted by applicable law. Readers should be fully aware that this report is provided solely for informational purposes and does not constitute a Shariah advice nor constitute an investment recommendation or basis for any credit or other evaluation in any manner whatsoever.

The opinions and analyses contained in this report are based on information obtained or derived from sources that MBSB Investment Bank Berhad believes to be reliable. Any forward-looking statements in this report speak only as of the date of such statements. However, MBSB Investment Bank Berhad makes no representation or warranty, expressed or implied, as to the accuracy, completeness, or reliability of such information, and it should not be relied upon as such.

While the information presented in this report may include references to Shariah -compliant and non-compliant securities or other financial instruments, this report is not, and should not be construed as, an offer to buy or sell any securities or other financial instruments or to promote or endorse any specific investment. Investors are strongly advised to conduct their own due diligence and to consult licensed Shariah or financial advisors before making any investment decisions. Any action taken based on this report is at the sole discretion and risk of the investor.

The analyses in this report are based on numerous assumptions, and different assumptions could yield different results. All opinions and estimates in this report are subject to change without notice.

The research analysts will initiate, update, and cease coverage solely at the discretion of MBSB Investment Bank Berhad.

The directors, employees, and representatives of MBSB Investment Bank Berhad and MBSB Berhad may have interests in any of the securities mentioned and may benefit from the information contained herein. Members of MBSB Berhad and their affiliates may provide services to any company or its affiliates whose securities are mentioned in this report.

This report shall not be reproduced, distributed, or published in any form or for any purpose without the prior written consent of MBSB Investment Bank Berhad.

MBSB 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