YTL Corporation Berhad

(4677 | YTL MK) Main | Utilities

3 Stars

Corporate Update

Maintain BUY

Revised Target Price **RM3.51**
(from RM3.44)

Dragged by Weaker Power Margins

Maintain BUY. We maintain our **BUY** recommendation on YTL Corp with a revised SOTP-derived **TP** of **RM3.51** from RM3.44 previously, after incorporating the new target prices for all its subsidiaries and associates. 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.

Below expectations. YTL Corp recorded RM284.2m (-53.3%yoy) of core earnings in 4QFY26 despite recording a higher revenue of RM8.82b (+15.3%yoy). The drag came from weaker margins from the utilities segment while the construction, property investment & development and management services divisions posted losses. The cumulative 12MFY26 core net profit came in at RM1.48b (-31.1%), which is below expectations at 86.0% of ours and 87.4% of consensus' full-year estimates. The group declared a dividend of 6 sen per share, translating to a yield of 2.5%.

Utilities. YTL Power continued to anchor revenue and earnings, with stronger water utilities performance by Wessex Water and Ranhill Utilities and rapidly rising data centre contributions partly offsetting weaker Power Seraya profitability due to weaker vesting margins, lower generation volumes and stronger ringgit against the SGD. The utilities segment posted a PBT of RM761.4m (-17.8%yoy) during the quarter.

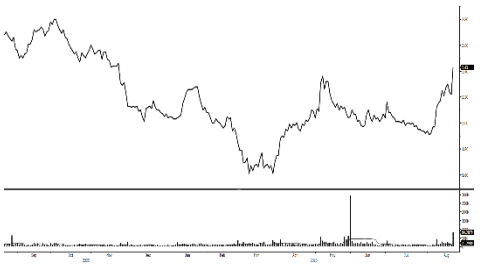
Cement and building materials. The segment was the best performer once again, recording a +34.3%yoy growth in PBT to RM493.1m, with an improvement in PBT margin from 23.8% to 26.0%. This is driven by the continued rigorous cost management and operational efficiencies, on top of the stronger demand for high-grade bespoke ready-mixed concrete products. Newer contracted coal prices were around USD80-90/MT, up from USD70/MT previously, mainly due to the rebound in Indonesian coal prices following tighter production quotas. We expect the impact to be manageable, as management procures coal supply two to three months ahead.

Construction. The construction division remained in the red at -RM27.4m during the quarter due to the completion of third-party contracts, mainly the Gemas-JB double tracking project.

Losses from associate. Despite a stronger revenue of RM135.4m (+42.5%yoy) for the property investment and development segment, the group recorded a loss of -RM88.7m, mainly due to lower FV gains on investment properties and a share of losses from associate Starhill Global REIT. The segment benefited from ongoing developments, land sales and Brabazon during the quarter. Brabazon's FY26 contribution remained small, although FY27 should begin to see greater contribution from residential and student accommodation.

RETURN STATISTICS	
Price @ 20th Aug 2026 (RM)	2.43
Expected share price return (%)	+44.4
Expected dividend yield (%)	+2.5
Expected total return (%)	+46.9

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	22.1	21.0
3months	19.1	13.8
12 months	-9.3	-16.8

INVESTMENT STATISTICS

FYE Jun	2024A	2025A	2026A
Revenue	30,529	30,818	31,614
Operating Profit	6,769	6,356	5,892
Profit Before Tax	4,565	4,581	4,095
Core PATAMI	1,758	2,070	1,485
Core EPS	17.5	14.2	10.8
DPS	4.5	5.0	6.0
Dividend Yield	1.9	2.1	2.5

KEY STATISTICS	
FBM KLCI	1,736.71
Issue shares (m)	11314.28
Estimated free float (%)	38.60
Market Capitalisation (RM'm)	28,276.54
52-wk price range	RM1.58 - RM2.82
3-mth average daily volume (m)	20.44
3-mth average daily value (RM'm)	42.32
Top Shareholders (%)	
Yeoh Tiong Lay & Sons Holdings	47.64
Employees Provident Fund	12.64
Credit Suisse Group AG	4.35

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DC earnings ramping up. YTL Power currently has around 150MW live, with capacity targeted to reach 258MW by end-FY27, while another c.200MW across DC5 and DC11 could lift operating capacity towards 458–500MW thereafter. The new Sedenak development further expands YTL Corp's longer-term DC optionality. YTL Power is acquiring a 145-acre land, which could accommodate up to 1.2GW of DC capacity. There is an option to acquire another 400 acres. YTL Power is establishing a sukuk programme for its DC entity, which could recycle capital previously funded from internal cash and preserve liquidity at the holding-company level. This should give YTL Corp greater flexibility to continue funding DC, power and property opportunities without placing excessive strain on the balance sheet.

Sum-of-the-Parts Valuation

Group's businesses	Stake	Valuation method	Value (RMm)	Value/share (RMm)
Listed Units:				
YTL Power	56%	*MBSBR TP*	26,924.1	2.03
YTL Hospitality REIT	56%	*Consensus TP*	1,173.7	0.09
Starhill Global REIT	37%	*Consensus TP*	1,618.3	0.12
Malayan Cement	76%	*MBSBR TP*	9,517.3	0.72
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			**51,921**	**3.91**
less: holding co net debt			*-5,328*	*-0.40*
Total SOP Value			**46,593**	**3.51**

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

YTL Corp: 4QFY26 Results Summary

FYE Jun (RMm)	4Q25	3Q26	4Q26	YoY	QoQ	12MFY25	12MFY26	YTD
Revenue	7,645.2	7,568.8	8,817.4	15.3%	16.5%	30,796.9	31,614.3	2.7%
EBITDA	2,696.2	2,128.1	2,496.4	-7.4%	17.3%	9,526.3	2,496.4	-74%
Depreciation & Amortisation	**(606.8)**	**(703.4)**	**(725.0)**	19.5%	3.1%	(2,446.2)	(2,745.1)	12%
Operating profit	**1,925.8**	**1,294.9**	**1,697.9**	**-11.8%**	**31.1%**	**6,480.1**	**5,891.5**	**-9%**
Finance cost	(537.8)	(563.1)	(578.5)	7.6%	2.7%	(2,345.3)	(2,305.8)	-2%
Associates	163.7	129.9	73.5	-55.1%	-43.4%	599.9	509.0	-15%
PBT	**1,551.6**	**861.6**	**1,192.8**	**-23.1%**	**38.4%**	**4,734.7**	**4,094.7**	**-14%**
Tax	(380.0)	(232.4)	(442.3)	16.4%	90.3%	(1,149.8)	(1,262.7)	10%
PAT	1,171.6	629.2	750.6	-35.9%	19.3%	3,584.9	2,832.1	-21%
Minority Interest	552.7	303.2	423.0	-23.5%	39.5%	1,619.6	1,394.0	-14%
Net profit	618.9	326.0	327.6	-47.1%	0.5%	1,965.3	1,438.1	-27%
Core net profit	**608.9**	**467.4**	**284.2**	**-53.3%**	**-39.2%**	**2,154.5**	**1,484.8**	**-31.1%**
EPS (sen)	4.66	2.46	2.47	-47.1%	0.5%	14.81	10.84	-26.8%
	5.00	0.00	6.00	20.0%		5.00	6.00	20%
EBIT margin								
Pretax margin	25.2%	17.1%	19.3%			21.0%	18.6%	
Tax rate	20.3%	11.4%	13.5%			15.4%	13.0%	
Net profit margin	24.5%	27.0%	37.1%			24.3%	30.8%	
Segmental Breakdown	**4Q25**	**3Q26**	**4Q26**	**YoY**	**QoQ**	**12MFY25**	**12MFY26**	**YTD**
Revenue (RMm):	**7,645.2**	**7,568.8**	**8,817.4**			**30,796.9**	**31,614.3**	
Construction	123.7	80.3	133.9	8.2%	66.8%	712.6	317.3	-55%
Cement manufacturing	1,543.4	1,771.7	1,899.3	23.1%	7.2%	6,157.6	7,172.6	16%
Property investment & development	95.0	94.7	135.4	42.5%	43.0%	595.5	433.5	-27%
Management services & others	307.3	348.9	427.8	39.2%	22.6%	1,467.7	1,454.9	-1%
Hotels	339.2	513.2	349.6	3.0%	-31.9%	1,643.6	1,686.4	3%
Utilities	5,236.6	4,760.0	5,871.4	12.1%	23.3%	20,219.9	20,549.5	2%
PBT (RMm):	**1,551.6**	**861.6**	**1,192.8**			**4,734.7**	**4,094.7**	
Construction	29.1	(17.3)	(27.4)	-194.0%	58.0%	1.0	(118.3)	-11829%
Cement manufacturing	367.2	402.0	493.1	34.3%	22.6%	1,288.7	1,683.2	31%
Property investment & development	201.9	1.4	(88.7)	-143.9%	-6543.0%	188.8	(67.4)	-136%
Management services & others	(23.1)	(52.3)	(14.3)	-37.8%	-72.6%	(37.3)	(117.5)	215%
Hotels	49.7	139.0	68.7	38.3%	-50.6%	334.8	371.1	11%
Utilities	926.7	388.8	761.4	-17.8%	95.8%	2,958.7	2,343.6	-21%
PBT margin				**ppts**	**ppts**			**ppts**
Construction	23.5%	-21.6%	-20.4%	-44.0	1.1	0.1%	-37.3%	-37.4
Cement manufacturing	23.8%	22.7%	26.0%	2.2	3.3	20.9%	23.5%	2.5
Property investment & development	212.5%	1.5%	-65.5%	-277.9	-66.9	31.7%	-15.5%	-47.2
Management services & others	-7.5%	-15.0%	-3.4%	4.2	11.6	-2.5%	-8.1%	-5.5
Hotels	14.6%	27.1%	19.7%	5.0	-7.4	20.4%	22.0%	1.6
Utilities	17.7%	8.2%	13.0%	-4.7	4.8	14.6%	11.4%	-3.2

Source: Company, MBSBR

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MBSB INVESTMENT BANK BERHAD: 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