Corporate Update

S P Setia Berhad

(8664 | SPSB MK) Main | Property

SHARIAH Compliant | ESG 3 Stars | FTSE4Good

Maintain **NEUTRAL**

Revised Target Price **RM0.63**
(from RM0.75)

3QFY26 Results Review
Subdued Earnings Outlook

9MFY26 earnings below expectations. S P Setia 9MFY26 core net income of RM156.7m came in below expectations, making up 48% and 45% of our and consensus expectations. The earnings miss was mainly due to weaker-than-expected progress billings and higher-than-expected tax rate in 3QFY26.

Earnings weakened sequentially. On a sequential basis, core net income was lower at RM37.6m (-43.7%qoq), in tandem with the lower topline (-18.1%qoq). The weaker earnings were mainly owing to lower progress billing, marginally lower gross profit margin and higher tax rate. The lower progress billings could be due to slower pace of construction activities at ongoing developments during the quarter. Meanwhile, gross profit margin narrowed marginally to 37.8% in 3QFY26 from 39% in 2QFY26. On the other hand, tax rate was higher at 48.3% in 3QFY26 compared with 35.9% in 2QFY26, dragged earnings lower. Earnings were further impacted by higher administrative expenses, which more than offset the decline in finance costs.

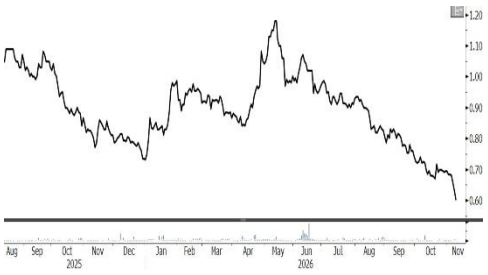
Softer earnings in 9MFY26. On a yearly basis, 3QFY26 core net income was lower at RM37.6m (-45.6%yoy), bringing cumulative earnings in 9MFY26 weaker at RM156.7m (-36.3%yoy). The weaker earnings were owing to slower sales conversion in domestic projects and lower earnings recognition from land sale. The lower earnings were also pressured by the lower margin with gross profit margin narrowed to 35.2% in 9MFY26 from 38.2% in 9MFY25. Earnings were further impacted by a 15.8%yoy decline in joint venture contributions, which partly offset the savings from lower finance costs (-7.6%yoy).

Sales target unchanged despite modest pace. S P Setia registered marginally higher new sales of RM918m in 3QFY26 from RM865m in 2QFY26. That brought total new sales to RM2.34b in 9MFY26 which makes up 51% of new sales target of RM4.6b for FY26. Property development contributed the bulk of sales at 95%, while land sales made up a modest 5%. Meanwhile, latest new sales as of 10th November 2026 stood at RM2.96b and management maintained its new sales target of RM4.6b for FY26.

We maintain NEUTRAL with a revised TP of RM0.63. We revise our FY26/27/28 earnings forecast by -35%/-20%/-18% to factor in the lower progress billing and higher tax rate. We revise our **TP** for S P Setia to **RM0.63** from RM0.75 as we widen our RNAV discount to 84% from 81% in view of the muted earnings visibility. While earnings visibility remains limited, the potential successful completion and recognition of the land sale in Semenyih could provide a meaningful uplift to 4QFY26 earnings. Meanwhile, the slight delay in the REIT listing to 3QFY27 from 2QFY27 may limit near-term share price catalysts. Hence, we maintain our **NEUTRAL** call on S P Setia.

RETURN STATISTICS	
Price @ 11th Nov 2026 (RM)	0.605
Expected share price return (%)	+4.1
Expected dividend yield (%)	+2.5
Expected total return (%)	+6.6

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-16.7	-16.4
3months	-18.9	-27.9
12 months	-26.4	-25.3

INVESTMENT STATISTICS

FYE Dec	2026E	2027F	2028F
Revenue	3,277	3,950	3,975
Operating Profit	802	896	930
Profit Before Tax	348	452	476
Core PATAMI	211	292	307
Core EPS	4.22	5.83	6.14
DPS	1.50	1.80	2.00
Dividend Yield	2.5%	3.0%	3.3%

KEY STATISTICS

FBM KLCI	1,595.19
Issue shares (m)	5,003
Estimated free float (%)	49.77
Market Capitalisation (RM'm)	3,056
52-wk price range	RM0.6– RM1.21
3-mth average daily volume (m)	5.25
3-mth average daily value (RM'm)	4.06
Top Shareholders (%)	
Amanah Saham Nasional Bhd	28.15
Yayasan Pelaburan Bumiputra	20.68
EPF	15.73
KWAP	8.40

Analyst
Jessica Low Jze Tieng
jessica.lowjt@mbsb.com
03-2173 8391

S P Setia Berhad: 3QFY26 RESULTS SUMMARY

FYE Dec (RM'm, unless otherwise stated)	Quarterly Results			Cumulative	
	3QFY26	%YoY	%QoQ	FY26	%YoY
Revenue	672.6	-22.9%	-18.1%	2320.5	-10.3%
Core EBIT	194.1	-28.8%	-24.0%	675.9	-19.2%
Core PBT	98.2	-39.4%	-38.3%	386.2	-24.2%
Net Income	32.6	-52.1%	-66.7%	161.8	-31.1%
Core Net Income	37.6	-45.6%	-43.7%	156.7	-36.3%
EPS (sen)	0.65	-52.5%	-66.9%	3.2	-31.4%
Core EPS (sen)	0.75	-46.1%	-44.0%	3.1	-36.8%
Net DPS (sen)	0.00	0.0%	NA	0.0	0.0%
NTA/share (RM)	2.93	NA	NA	2.9	NA
Net Gearing (x)	0.32	NA	NA	0.32	NA
Core EBIT Margin	28.9%	NA	NA	29.1%	NA
Core PBT Margin	14.6%	NA	NA	16.6%	NA

Source: Company, MBSB Research

S P Setia RNAV

	Stake	Est remaining GDV (RM m)	WACC (%)	Value (RM m)
Projects				
Setia Alam	100%	1294	10%	76.69
Setia City	100%	5233	10%	310.15
Setia Alaman	100%	1793	10%	96.97
Setia Ecohill	100%	1820	10%	90.11
Setia Ecohill 2	100%	3246	10%	147.60
Glengowrie	100%	2160	10%	90.49
Setia Mayuri	100%	736	10%	39.80
Setia Eco Park	50%	2231	10%	63.40
Precinct Arundina @ Setia Eco Park	100%	258	10%	16.81
Setia Eco Glades	70%	782	10%	29.60
Setia Safiro	70%	179	10%	7.43
Setia Eco Templer	100%	833	10%	41.24
Setia Warisan Tropika	100%	626	10%	33.85
KL Eco City	100%	2203	10%	130.60
Setia Federal Hill	100%	21134	10%	576.29
Setia Federal Hill JV with MF	51%	751	10%	21.68
Setia Alamsari North	100%	986	10%	44.84
Setia Alamsari South	100%	2876	10%	115.79
Setia Putrajaya	60%	362	10%	13.49
Setia Trio	70%	1.2	10%	0.06
Bandar Kinrara	51%	2465	10%	74.51
Setia Bayuemas (I&P)	52%	2228	10%	57.25
Setia Bayuemas (PG)	100%	373	10%	21.10
Alam Damai	70%	544	10%	24.82
Setia AlamImpian	99.9%	7115	10%	323.21
Temasya Glenmarie	66%	2151	10%	62.03
Setia Fontaines	100%	12017	10%	338.33
Setia Eco Forest @ Tanjung Bungah	100%	960	10%	54.33
Setia Pearl Island	100%	635	10%	35.94
Bukit Dumbar	100%	539	10%	35.12

Setia Sky Vista	100%	450	10%	32.59
Setia Sky Hill	100%	37.6	10%	2.13
Seri Bayu	100%	240	10%	13.58
Setia Raintree Residence	100%	200	10%	11.32
Setia Sky Ville	100%	323	10%	18.28
Setia Miracca (Setia Sky Cubes)	100%	235	10%	14.60
Pangsapuri Rimbun	100%	18	10%	1.02
Setia Indah Johor	100%	268	10%	17.46
Setia Tropika	100%	1108	10%	62.70
Setia Eco Cascadia	100%	1360	10%	76.97
Setia Business Park II	100%	394	10%	25.68
Bukit Indah Johor	100%	449	10%	27.89
Setia Eco Gardens	70%	1303	10%	51.62
Setia Business Park I	70%	280	10%	11.09
Taman Perling	100%	333	10%	21.70
Taman Pelangi	100%	735	10%	45.66
Taman Rinting	89%	735	10%	37.06
Taman Pelangi Indah I	100%	2043	10%	92.92
Mukim Tanjung Kupang	100%	1390	10%	60.65
Mukim Serkat, Pontian	100%	20	10%	1.13
Aeropod @ Tanjung Aru	100%	1390	10%	65.93
Lintas Land	100%	1689	10%	80.11
383 La Trobe Melbourne	100%	2462	10%	152.94
St Leonards Sydney	100%	655	10%	42.71
Battersea Power Station	40%	28201	10%	558.50
EcoLakes, My Phuoc	57%	492	10%	18.36
EcoXuan, Lai Thieu	95%	750	10%	42.34
Setia Izumisano City Centre	100%	2488	10%	134.58
Unbilled sales		3900		229.54
Total				4,924.6
Shareholder Funds (RM)				14,613.0
Total RNAV (RM)				**19,537.57**
Fully Diluted Number of shares				4974
RNAV per share				3.93
Discount				84%
Target Price (RM)				**0.63**

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2024A	2025A	2026E	2027F	2028F
Revenue	5,294	4,218	3,277	3,950	3,975
EBIT	1,486	1,257	802	896	930
PBT	1,032	812	348	452	476
Net Income	576	510	211	292	307
Core Net Income	486	663	211	292	307
Core EPS (sen)	10.6	13.3	4.2	5.8	6.1
Core PER (x)	5.7	4.6	14.3	10.4	9.9
NTA/share	2.99	2.95	2.97	2.99	3.01
P/NTA	0.20	0.20	0.20	0.20	0.20

Balance Sheet (RM'm)	2024A	2025A	2026E	2027F	2028F
Investment properties	2,001	2,060	2,081	2,101	2,123
Inventories	12,279	11,696	11,907	12,121	12,339
Total non-current assets	18,978	18,292	18,329	18,732	19,144
Inventories - Property dev cost	2,437	2,819	2,847	2,875	2,904
Short term deposits	733	419	100	70	258
Cash and bank balances	2,408	2,019	2,161	2,196	2,125
Other assets	3,048	3,534	3,874	3,678	3,375
Total Assets	27,604	27,083	27,311	27,552	27,807
LT Borrowings	6,383	4,887	5,229	5,595	5,987
ST Borrowings	2,204	3,031	2,964	2,899	2,835
Other Liabilities	3,174	3,077	2,830	2,566	2,282
Total Liability	11,760	10,995	11,023	11,060	11,105
Share capital	9,238	9,239	9,239	9,239	9,239
Other Equity	6,606	6,850	7,048	7,253	7,463
Total Equity	15,844	16,089	16,287	16,492	16,702
Equity + Liability	27,604	27,083	27,311	27,552	27,807

Cash Flow (RM'm)	2024A	2025A	2026E	2027F	2028F
Cash flows from operating activities					
Net income before taxation	1122	969	348	452	476
Net cash from operating activities	3417	1459	1443	1427	1411
Cash flows from investing activities					
Addition to inventories	-771	-422	-363	-345	-327
Net cash used in investing activities	-537	-656	-367	-206	-115
Cash flows from financing activities					
Drawndown of bank borrowings	1301	1193	1074	1098	1122
Net cash from/(used in) financing activities	-2157	-1292	-1253	-1216	-1179
Net increase/(decrease) in cash and cash equivalents	723	-489	-178	6	117
Cash and cash equivalent at 1 January	2255	2938	2438	2261	2266
Cash and cash equivalent at 1 December	2938	2438	2261	2266	2383

Profitability Ratios (%)	2024A	2025A	2026E	2027F	2028F
EBIT margin	28.1%	29.8%	24.5%	22.7%	23.4%
PBT margin	19.5%	19.3%	10.6%	11.4%	12.0%
PAT margin	10.9%	12.1%	6.4%	7.4%	7.7%
Core PATAMI margin	9.2%	15.7%	6.4%	7.4%	7.7%
ROE	3.3%	4.5%	1.3%	1.8%	1.8%
ROA	1.8%	2.4%	0.8%	1.1%	1.1%

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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