

28 November 2025

Kimlun Corporation

9MFY25 Above Expectation

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KIMLUN delivered another strong performance, in 9MFY25, with core profit rising 94% YoY to RM66.4m and beating expectations on stronger-than-expected construction earnings, supported by higher activity levels and economies-of-scale-driven margin expansion. We raise our FY25-FY26 forecasts by 12% each and lift our TP to RM1.50 (from RM1.37). OUTPERFORM reiterated.

9MFY25 results beat expectations, with core earnings of RM66.4m accounting for 88%/90% of house/street full-year forecasts. The outperformance was driven by stronger-than-expected construction earnings (9MFY25 revenue of RM66.4m vs. our FY25F forecast of RM74.9m) and a higher gross margin of 8.1% (vs. FY25F assumption of 7.0%). No dividend was declared, consistent with the company's practice of only paying a final dividend in 4Q.

QoQ. 3QFY25 core profit fell 23% to RM18m, despite an 8% rise in revenue, due to weaker property earnings as most of Pinegate Phase 1 revenue was recognised in 1HFY25. The revenue growth was driven by the construction segment (+16%) on higher progress, while better economies of scale and value engineering in design-and-build works lifted segment gross profit (+48%) and expanded segment gross margin to 9.2% (from 7.2%).

YoY. 9MFY25 core profit surged 94% to RM66.4m on a 67% jump in revenue, underpinned by: (i) a strong turnaround in property earnings (RM46m vs. a loss of RM0.1m), following the launch of Pinegate Phase 1 in January; and (ii) a doubling of construction earnings on higher activity levels and margin recovery (8.1% vs. 5.8%).

Outlook. As at Sep 2025, KIMLUN's construction outstanding order book stood at RM4b (vs. RM2.76b in Jun) and manufacturing order book declined to RM300m (from RM350m). We expect a weaker 4QFY25 as compared to 1HFY25, led by slower property earnings (RM40m unbilled sales from Pinegate Phase 1) while construction margins should normalise from the exceptional 3QFY25. On the property front, two key projects are in the pipeline: the 49%-owned Arden (launched in Mar) and Pinegate Phase 2 (launched in Oct). Meanwhile, KIMLUN is bidding for work packages and precast product orders from road upgrading work in Johor and affordable housing projects.

Forecasts. We raise our FY25–FY26 earnings forecasts by 12% each, reflecting higher construction revenue assumptions of RM1.3b–RM1.4b (from RM1b–RM1.3b) and a firmer construction gross margin assumption of 7.5%–8.0% (from 7.0%–8.0% previously). We maintain our job win assumption at RM1.2b and NDPS of 2 sen per year.

Valuations. Post earnings revision, Our SoP-derived TP is increased to RM1.50 from RM1.37 (or RM1.51 before adjusting for the 10% new placement shares). We value the construction business at 12x FY26F PER, at a discount to the 22x applied to large contractors given KIMLUN's smaller scale and relatively lower earnings quality. No ESG adjustment is applied, based on our 3-star rating (see Page 5).

Investment case. We like KIMLUN as: (i) it is a beneficiary of the roll-out of public infrastructure projects, (ii) it capitalises on the stable public infrastructure sector in Singapore with its precast concrete products manufactured in Johor, and (iii) its strong earnings visibility is backed by a construction outstanding order book of RM4.20b which will keep it busy for the next 2–3 years. Maintain **OUTPERFORM**.

OUTPERFORM ↔

Price: **RM1.32**
Target Price: **RM1.50** ↑

Share Price Performance



KLCI	1,617.46
YTD KLCI chg	-1.5%
YTD stock price chg	10.0%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	KICB MK EQUITY
Market Cap (RM m)	513.1
Shares Outstanding	388.7
52-week range (H)	1.52
52-week range (L)	0.81
3-mth avg. daily vol.	787,954
Free Float	36%
Beta	1.4

Major Shareholders

Phin Sdn Bhd	33.8%
Pang Khang Hau	5.5%
Pang Yon Tin	5.0%

Summary Earnings Table

FY Dec (RM m)	2024A	2025F	2026F
Turnover	1207.4	1722.1	1677.5
EBIT	41.3	133.9	111.9
PBT	67.5	114.2	102.9
Net Profit (NP)	50.3	84.8	79.0
Core Net Profit	49.8	84.8	79.0
Consensus (NP)	-	74.1	74.2
Earnings Revision (%)	-	+11.7	+11.8
Core EPS (sen)	14.1	21.8	20.3
Core EPS Growth (%)	709.3	70.1	-6.8
NDPS (sen)	2.0	2.0	2.0
BVPS (RM)	2.16	2.26	2.45
NTA/share (RM)	2.16	2.26	2.45
PER (x)	8.5	6.1	6.5
PBV (x)	0.56	0.58	0.54
P/NTA (x)	0.56	0.58	0.54
Net Gearing (x)	0.79	0.72	0.62
Net Div. Yield (%)	1.7	1.5	1.5

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Risks to our call include: (i) delays in the roll-out of public infrastructure projects, (ii) liquidated ascertained damages (LAD) arising from cost overrun and delays, (iii) rising cost of building materials; and (iv) labour shortages.

Income Statement								
FYE Dec (RM m)	3Q FY25	2Q FY25	Q-o-Q Chg	3Q FY24	Y-o-Y Chg	9M FY25	9M FY24	Y-o-Y Chg
Turnover	466.8	432.2	8%	323.9	44%	1,358.7	811.2	67%
EBITDA	46.3	52.6	-12%	17.9	158%	149.8	40.6	269%
Depreciation	-13.7	-12.0	14%	-8.6	60%	-36.8	-21.7	69%
EBIT	32.6	40.6	-20%	9.4	248%	113.0	18.9	499%
Interest & other income	1.1	0.8	42%	1.6	-31%	2.8	47.1	-94%
Interest expense	-10.6	-9.2	15%	-6.4	65%	-25.4	-17.6	45%
JV Incomes	0.8	0.5	77%	0.1	698%	1.7	0.0	24543%
Associate Income	-0.6	0.0	N/A	0.0	N/A	-0.7	0.0	N/A
Exceptional items	0.0	0.0	N/A	0.0	N/A	0.0	0.0	N/A
Pretax profit	23.4	32.7	-28%	4.7	401%	91.4	48.4	89%
Taxation	-4.9	-9.1	-46%	-2.0	152%	-24.3	-14.2	71%
Profit after tax	18.5	23.6	-22%	2.7	581%	67.1	34.2	96%
Minority interest	-0.2	0.1	-364%	0.1	-436%	0.0	0.4	-97%
Net profit	18.2	23.6	-23%	2.8	557%	67.1	34.6	94%
Core net profit	18.0	23.3	-23%	2.6	598%	66.4	34.2	94%
EPS (sen)	4.6	6.0	-23%	0.7	598%	17.1	8.8	94%
NDPS (sen)	0.00	0.00	N/A	0.00	N/A	0.00	0.00	N/A
NTA/share (RM)	2.25	2.07	9%	2.11	7%	2.25	2.11	7%
EBITDA margin	9.9%	12.2%		5.5%		11.0%	5.0%	
EBIT margin	7.0%	9.4%		2.9%		8.3%	2.3%	
Pretax margin	5.0%	7.6%		1.4%		6.7%	6.0%	
Core net margin	3.8%	5.4%		0.8%		4.9%	4.2%	
Effective tax rate	21.1%	27.9%		42.0%		26.6%	29.3%	

Source: Company/Bloomberg

Segment Breakdown								
FYE Mar (RM m)	3Q FY25	2Q FY25	Q-o-Q Chg	3Q FY24	Y-o-Y Chg	9M FY25	9M FY24	Y-o-Y Chg
Turnover								
Construction	382.3	329.6	16%	276.7	38%	1,010.7	677.6	49%
Manufacturing & Trading	68.5	56.7	21%	46.8	46%	180.8	129.8	39%
Property Development	15.8	45.9	-66%	0.4	4283%	167.0	3.9	4200%
Investment	0.1	0.0	2820%	0.0	4767%	0.2	0.0	1309%
Elimination	0.0	0.0	N/A	0.0	N/A	0.0	0.0	N/A
Group Turnover	466.8	432.2	8%	323.9	44%	1,358.7	811.2	67%
Segment Results								
Construction	35.3	23.9	48%	19.0	86%	82.2	39.6	108%
Manufacturing & Trading	21.7	15.9	36%	15.0	45%	52.8	37.3	42%
Property Development	4.1	12.7	-68%	0.0	13457%	46.0	-0.1	N/A
Investment	31.7	5.0	537%	5.5	477%	38.1	8.4	352%
Elimination	-44.7	-3.9	1043%	-12.0	272%	-56.3	-23.4	141%
Group Gross	48.1	53.5	-10%	27.5	75%	162.8	61.8	163%
Operating Expenses	-1.9	-1.0	94%	-9.6	-81%	-13.1	-21.3	-39%
EBITDA	46.3	52.6	-12%	40.6	14%	149.8	40.6	269%
Gross Margin								
Construction	9.2%	7.2%		6.9%		8.1%	5.8%	
Manufacturing & Trading	31.7%	28.1%		32.0%		29.2%	28.7%	
Property Development	25.8%	27.6%		8.3%		27.5%	-3.6%	
Group Gross Margin	10.3%	12.4%		8.5%		12.0%	7.6%	

Source: Company

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KIMLUM's Sum-of-Parts Valuation			
Segment	Value (RM m)	RM	Valuation Basis
Construction	646.5	1.66	12x CY26F PER
Property	34.2	0.09	40% discount to RNAV
Net Debt	-98.0	-0.25	Estimated FY26F
	582.6	1.50	
Issued share (m)	388.7		
Ex-placement Target Price	RM1.50		

Source: Kenanga Research

Peer Table Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside	Market Cap (RM m)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) - Core Earnings		PBV (x)	ROE	Net Div. Div. (sen)	Net Div Yld
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.
Stocks Under Coverage																	
GAMUDA	OP	5.45	6.13	12.5%	31,926.0	Y	07/2026	23.8	33.7	37.3%	41.6%	22.9	16.2	2.4	11.0%	10.0	1.8%
IJM	OP	2.48	3.40	37.1%	8,692.8	Y	03/2026	14.4	15.9	11.8%	10.1%	17.2	15.6	0.9	5.1%	8.0	3.2%
KERJAYA	MP	2.80	2.60	-7.1%	3,520.5	Y	12/2025	16.7	18.1	29.8%	8.0%	16.7	15.5	2.9	17.8%	12.0	4.3%
KIMLUN	OP	1.32	1.50	13.6%	513.1	Y	12/2025	21.8	20.3	70.1%	-6.8%	6.1	6.5	0.6	10.3%	2.0	1.5%
SUNCON	OP	5.90	6.50	10.2%	7,789.3	Y	12/2025	27.0	28.1	115.4%	3.9%	21.8	21.0	12.0	46.2%	48.0	8.1%
WCT	OP	0.620	1.25	101.6%	966.5	Y	12/2025	5.0	5.6	67.4%	12.7%	12.4	11.0	0.3	2.1%	0.5	0.8%
Sector Aggregate					53,408.2					45.1%	25.2%	20.4	16.3	1.8	8.8%		3.3%

Source: Kenanga Research

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Stock ESG Ratings:

	Criterion	Rating				
GENERAL	Earnings Sustainability & Quality	★	★	☆		
	Corporate Social Responsibility	★	★	★	☆	
	Management/Workforce Diversity	★	★	★		
	Accessibility & Transparency	★	★	★		
	Corruption-Free Pledge	★	★	★		
	Carbon-Neutral Initiatives	★	★	★	★	
SPECIFIC	Migrant Worker Welfare	★	★	★	☆	
	Waste Disposal/Pollution Control	★	★	★		
	Work Site Safety	★	★	★	☆	
	Environmentally Friendly Construction Technology	★	★	★	☆	
	Supply Chain Auditing	★	★	★		
	Energy Efficiency	★	★	★	★	
	OVERALL		★	★	★	

☆ denotes half-star
 ★ -10% discount to TP
 ★★ -5% discount to TP
 ★★★ TP unchanged
 ★★★★ +5% premium to TP
 ★★★★★ +10% premium to TP

Stock Ratings are defined as follows:

Stock Recommendations

OUTPERFORM : A particular stock’s Expected Total Return is MORE than 10%
 MARKET PERFORM : A particular stock’s Expected Total Return is WITHIN the range of -5% to 10%
 UNDERPERFORM : A particular stock’s Expected Total Return is LESS than -5%

Sector Recommendations***

OVERWEIGHT : A particular sector’s Expected Total Return is MORE than 10%
 NEUTRAL : A particular sector’s Expected Total Return is WITHIN the range of -5% to 10%
 UNDERWEIGHT : A particular sector’s Expected Total Return is LESS than -5%

*****Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.**

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Published by:

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