

28 November 2025

Malakoff Corporation

3QFY25 Disappointing

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MALAKOF delivered a dismal 3QFY25, with core profit plunging 55% QoQ as Tanjung Bin Energy (TBE) suffered an unplanned outage caused by a steam turbine crossover pipe leakage. The disruption is expected to extend further following a subsequent failure of the flue gas desulphurisation (FGD) system in Oct, with plant resumption targeted only end-Dec. We cut our FY25 earnings forecast by 36% and trim our TP slightly to RM1.04 (from RM1.05). **OUTPERFORM** maintained.

9MFY25 results came in below expectations, with core profit of RM125.0m making up only 56%/54% of house/street's FY25 estimates. The shortfall was mainly due to the unplanned outage at TBE. No dividend was declared, as expected, given it is half-yearly payout schedule.

QoQ. 3QFY25 core profit fell 55% to RM28.2m (from RM62.8m), as revenue contracted 16% following TBE's unplanned outage caused by a steam turbine crossover pipe leakage. Meanwhile, associate and JV contributions declined 49% to RM13.6m, largely due to the drop in SWEC earnings (RM5m vs. RM24m) as the plant underwent decommissioning in May 2025.

YoY. 9MFY25 core profit dropped 30% YoY to RM125m (from RM179.6m), primarily due to TBE's unplanned outage and the significantly lower share of profit from SWEC following its decommissioning. Additionally, capacity payments from Prai Power Plant fell 32% to RM53.3m under its extended PPA, which carries lower payment terms.

Outlook. In addition to the earlier outage, TBE continued to face unplanned downtime due to a failure in its flue gas desulphurisation (FGD) system. This will negatively impact MALAKOF, with guided revenue loss of RM100m and repair costs of RM25m–RM30m, which will be capitalised and amortised. Insurance covers both physical damage and business interruption, but any recovery is only expected in 2026. TBE is anticipated to resume operations by end-December this year.

Forecasts. We cut FY25 earnings forecasts by 36% to account for the loss in capacity payment for TBE while maintaining our FY26 estimate which do not incorporate any insurance claims.

Valuations. Accordingly, we lowered our RNAV-driven TP slightly to RM1.04 (from RM1.05). There is no adjustment to our TP based on ESG given a 3-star rating as appraised by us (see Page 5).

Investment case. We like MALAKOF for its earnings stability underpinned by IPPs and concessions, though improvements in risk management are needed to mitigate unnecessary volatility from issues such as unplanned outages. On the flipside, strong electricity demand is creating opportunities for new plant developments and PPA extensions, positioning MALAKOF to benefit meaningfully. We therefore upgrade the stock to **OUTPERFORM** from MARKET PERFORM, supported by a decent dividend yield of >3%.

Risks to our recommendation include: (i) failure to secure new power plant projects and PPA extensions, (ii) regulatory risks, (iii) unplanned outages leading to lower capacity payment and thus affecting earnings, (iv) non-compliance of ESG standards set by various stakeholders, and (v) earnings volatility stemming from fuel market gains or losses.

OUTPERFORM ↔

Price: RM0.895
Target Price: RM1.04 ↓

Share Price Performance



KLCI 1,617.46
YTD KLCI chg -1.5%
YTD stock price chg 5.9%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	MLK MK Equity
Market Cap (RM m)	4,373.8
Shares outstanding	4,887.0
52-week range (H)	1.12
52-week range (L)	0.73
3-mth avg. daily vol.	9,413,188
Free Float	39%
Beta	1.0

Major Shareholders

Anglo Oriental Annuity	20.1%
MMC Corp Bhd	18.4%
Employees Provident Fund	17.9%

Summary Earnings Table

FY Dec (RM m)	2024A	2025F	2026F
Revenue	8,970.1	8,489.8	8,151.1
EBIT	785.6	562.4	672.5
PBT	459.7	232.7	373.7
Net Profit	268.7	142.0	214.6
Core Profit	228.3	142.0	214.6
Consensus	-	231.4	275.8
Earnings Revision (%)	-	-36.4	-
Core EPS (sen)	4.6	2.8	4.3
Core EPS Growth (%)	-127.3	-37.8	51.1
NDPS (sen)	4.4	2.3	3.4
BV/Share (RM)	0.90	0.91	0.92
NTA/Share (RM)	0.50	0.58	0.65
Core PER (x)	18.5	31.5	20.9
PBV (x)	0.99	0.98	0.97
Price/NTA (x)	1.68	1.54	1.38
Net Gearing (x)	1.47	1.36	1.22
Net Yield (%)	5.2	2.5	3.8

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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	1,690.5	2,019.8	-16%	2,219.2	-24%	5,738.2	6,807.1	-16%
EBITDA	358.2	423.9	-15%	467.5	-23%	1,189.4	1,466.5	-19%
Depreciation	-222.5	-264.2	-16%	-252.5	-12%	-754.9	-809.7	-7%
EBIT	135.7	159.7	-15%	215.0	-37%	434.5	656.8	-34%
Interest income	13.9	16.5	-15%	19.4	-28%	45.4	54.9	-17%
Interest expense	-115.5	-117.5	-2%	-125.4	-8%	-350.4	-383.3	-9%
Associates	13.6	26.4	-49%	35.2	-61%	61.6	75.0	-18%
Pretax profit	47.7	85.0	-44%	144.2	-67%	191.1	403.4	-53%
Taxation	-7.1	-14.1	-50%	-44.0	-84%	-37.1	-121.8	-70%
Profit after tax	40.6	70.9	-43%	100.2	-59%	154.0	281.6	-45%
Minority interest	-12.4	-8.1	53%	-13.3	-7%	-29.0	-39.0	-26%
Net profit	28.2	62.8	-55%	86.9	-68%	125.0	242.7	-48%
Core net profit	28.2	62.8	-55%	33.7	-16%	125.0	179.6	-30%
EPS (sen)	0.6	1.3	-55%	0.7	-16%	2.5	3.6	-30%
NDPS (sen)	0.6	1.3	-55%	0.7	-16%	2.5	3.6	-30%
NTA/share (RM)	0.0	1.5	-100%	0.0	N/A	1.5	2.2	-33%
EBITDA margin	21%	21%		21%		21%	22%	
EBIT margin	8%	8%		10%		8%	10%	
Pretax margin	3%	4%		6%		3%	6%	
Effective tax rate	15%	17%		31%		19%	30%	

Source: Company

Segmental Breakdown								
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
Segment revenue:								
Power Generation - Local	1463.9	1768.3	-17%	1955.2	-25%	5033.0	6012.1	-16%
Power Generation - Foreign	0.0	0.0	N/A	0.0	N/A	0.0	0.0	N/A
Waste mgmt & env. services	219.1	233.1	-6%	220.3	-1%	670.7	660.1	2%
Other - Local	7.5	18.3	-59%	43.7	-83%	34.4	134.8	-74%
Other - Foreign	0.0	0.0	N/A	0.0	N/A	0.0	0.0	N/A
Eliminations	0.0	0.0	N/A	0.0	N/A	0.0	0.0	N/A
Group revenue	1690.5	2019.8	-16%	2219.2	-24%	5738.2	6807.1	-16%
Segment result:								
Power Generation - Local	88.2	45.8	92%	193.4	-54%	211.3	400.6	-47%
Power Generation - Foreign	7.6	20.6	-63%	26.6	-72%	46.6	65.1	-28%
Waste mgmt & env. services	29.1	34.5	-16%	29.7	-2%	94.5	91.0	4%
Other - Local	-4.5	155.8	-103%	-86.6	-95%	106.7	14.8	619%
Other - Foreign	30.5	24.2	26%	52.2	-41%	86.3	232.5	-63%
Eliminations	-110.3	-210.1	-48%	-115.0	-4%	-391.4	-522.5	-25%
Group PAT	40.6	70.9	-43%	100.2	-59%	154.0	281.6	-45%
PAT margin:								
Power Generation - Local	6%	3%		10%		4%	7%	
Power Generation - Foreign	N/A	N/A		N/A		N/A	N/A	
Waste mgmt & env. services	13%	15%		13%		14%	14%	
Other - Local	-60%	851%		-198%		310%	11%	
Other - Foreign	N/A	N/A		N/A		N/A	N/A	
Eliminations	N/A	N/A		N/A		N/A	N/A	
Group PAT margin	2%	4%		5%		3%	4%	

Source: Company

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MALAKOF's Valuations				
	Equity Stake (%)	Valuations		Basis
		RM m	RM/share	
SEV	93.8	53	0.01	FCFF @ 6.8% discount rate
Prai Power	100	70	0.01	FCFF @ 8.9% discount rate
TBP	90	1,646	0.33	FCFF @ 9.6% discount rate
TBE	100	1,134	0.23	FCFF @ 10.8% discount rate
New IPP	100	1,421	0.28	FCFF @ 6.8% discount rate
Small Hydropower Plants	70	69	0.01	FCFF @ 7.0% discount rate
Alam Flora	97.4	533	0.11	FCFF @ 8.4% discount rate
Teknik Janakuasa	100	223	0.04	FCFF @ 8.4% discount rate
Associates		1,299	0.26	Book value @ FY24A
Net Cash/(Debt)		-1,267	-0.25	Adjusted for subsidiary's loan
		5,181	RM1.04	

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. (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																	
GAS MALAYSIA BHD	MP	4.22	4.45	5.5%	5,418.5	Y	12/2025	31.1	32.1	-9.7%	3.5%	13.6	13.1	3.4	25.8%	24.9	5.9%
KJTS GROUP BHD	OP	1.36	2.12	55.9%	937.2	Y	12/2025	2.3	4.0	20.8%	71.1%	57.9	33.9	9.9	16.4%	0.5	0.4%
MALAKOFF CORP BHD	OP	0.895	1.04	16.2%	4,373.8	Y	12/2025	2.8	4.3	-37.8%	51.1%	31.5	20.9	1.0	3.1%	2.3	2.6%
PEKAT GROUP BHD	OP	1.60	1.68	5.0%	1,130.0	Y	12/2025	7.2	8.5	109.0%	17.5%	22.2	18.9	3.9	24.0%	0.0	0.0%
PETRONAS GAS BHD	MP	17.86	18.70	4.7%	35,340.2	Y	12/2025	93.8	97.5	-0.1%	3.9%	19.0	18.3	2.5	13.1%	72.0	4.0%
SAMAIDEN GROUP BHD	OP	1.49	2.08	39.6%	743.7	Y	06/2026	6.9	8.4	24.0%	21.6%	21.5	17.7	6.0	29.8%	0.0	0.0%
SOLARVEST HOLDINGS BHD	OP	3.04	3.45	13.5%	2,855.5	Y	03/2026	10.3	14.3	51.9%	39.2%	29.5	21.2	6.0	22.7%	0.0	0.0%
SWIFT ENERGY TECHNOLOGY BHD	OP	0.200	0.470	135.0%	200.2	Y	09/2025	1.3	2.0	-29.3%	53.8%	15.4	10.0	2.5	19.1%	0.0	0.0%
TENAGA NASIONAL BHD	OP	13.28	17.10	28.8%	77,411.0	Y	12/2025	82.9	88.8	-2.0%	7.1%	16.0	15.0	1.2	7.7%	41.0	3.1%
YTL POWER INTERNATIONAL BHD	OP	3.56	4.40	23.6%	30,710.4	N	06/2026	30.3	31.6	-14.2%	4.3%	11.7	11.3	1.2	10.8%	8.0	2.2%
SECTOR AGGREGATE					159,120.5					-5.6%	6.8%	16.2	15.2	3.8	17.3%		1.8%

Source: Kenanga Research

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Stock ESG Ratings:

	Criterion	Rating				
GENERAL	Earnings Sustainability & Quality	★	★			
	Community Investment	★	★	★		
	Workers Safety & Wellbeing	★	★	★		
	Corporate Governance	★	★	★		
	Anti-Corruption Policy	★	★	★		
	Emissions Management	★	★	★		
SPECIFIC	Transition to Renewables	★				
	Reliable Energy & Fair Tariff	★	★	★		
	Effluent/Waste Management	★	★	★		
	Ethical Practices	★	★	★		
	Supply Chain Management	★	★	★		
	Customer Satisfaction	★	★	★		
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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