Kimlun Corporation

FY25 Results Beat Expectations

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KIMLUN delivered another strong set of results, with FY25 core profit of RM104.1m (+105% YoY) beating expectations on the back of stronger-than-expected property earnings in 4QFY25. While we anticipate a weaker FY26 due to the normalisation of property earnings, construction earnings are expected to improve further, driven by higher work progress and margin recovery. Reflecting this robust performance, it doubled its NDPS to 4 sen (vs. 2 sen in FY24). We maintain our OUTPERFORM rating with an unchanged TP of RM1.50.

FY25 result beat expectation. KIMLUN's FY25 core profit of RM104.1m beat expectations, coming in 23% and 22% above our and consensus forecasts, respectively. This outperformance was largely driven by stronger-than-expected property earnings in 4QFY25. Consequently, it declared a full-year NDPS of 4 sen, doubling the 2 sen paid in FY24 and exceeding our initial 2 sen projection.

QoQ. 4QFY25 core profit jumped 110% to RM37.7m on the back of a 21% hike in revenue. This was propelled by a surge in property segment gross profit to RM31.1m (from RM4.1m in 3QFY25). Conversely, construction earnings normalised, declining 18% as gross margins moderated to 7.1% (from an exceptionally high 9.2% in the preceding quarter which benefited from superior economies of scale).

YoY. FY25 core profit doubled to RM104.1m as revenue rose 59%. This growth was underpinned by: (i) a strong turnaround in property earnings (RM77.1m vs. a RM0.1m loss) following the launch of Pinegate Phase 1 in January, and (ii) a 77% jump in construction earnings, driven by higher activity levels and a recovery in gross margins to 7.8% (up from 6.3% in FY24).

Outlook. As at Dec 2025, KIMLUN's construction outstanding order book stood at RM4.47b (vs. RM4.2b in Sep 2025) and manufacturing order book declined to RM300m (from RM350m). We expect a weaker FY26 (-22% YoY) given FY25 earnings were boosted by exceptional property earnings from Pinegate Phase 1. However, construction will continue to grow higher on higher work progress and margin improvement. Meanwhile, KIMLUN is bidding for work packages and precast product orders from road upgrading work in Johor and affordable housing projects.

Forecasts. Following a housekeeping exercise, we raise our FY26 earnings forecast by 2% and introduce our FY27 forecasts, reflecting a projected growth of 10%. Our annual job-win assumption remains unchanged at RM1.2b. Additionally, we raise our projected NDPS to 4 sen per year, in line with the FY25 payout.

Valuations. We maintain our SoP-derived TP of RM1.50, valuing 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: **RM1.30**
Target Price: **RM1.50** ↔

Share Price Performance

KLCI	1,725.10
YTD KLCI chg	2.7%
YTD stock price chg	-0.8%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	KICB MK
Market Cap (RM m)	505.3
Shares Outstanding	388.7
52-week range (H)	1.52
52-week range (L)	0.81
3-mth avg. daily vol.	158,830
Free Float	37%
Beta	1.3

Major Shareholders

Phin Sdn Bhd	28.5%
Pang Khang Hau	9.0%
Pang Yon Tin	5.5%

Summary Earnings Table

FY Dec (RM m)	2025A	2026F	2027F
Turnover	1924.1	1677.5	1622.2
EBIT	168.0	114.5	120.5
PBT	137.4	105.2	115.9
Net Profit (NP)	**106.4**	**80.8**	**89.0**
Core Net Profit	**104.1**	**80.8**	**89.0**
Consensus (NP)	-	82.2	88.1
Earnings Revision (%)	-	+2.2	NEW
Core EPS (sen)	26.8	20.8	22.9
Core EPS Growth (%)	105.1	-22.4	10.1
NDPS (sen)	4.0	4.0	4.0
BVPS (RM)	2.26	2.43	2.62
NTA/share (RM)	2.26	2.43	2.62
PER (x)	4.9	6.3	5.7
PBV (x)	0.57	0.53	0.50
P/NTA (x)	0.57	0.53	0.50
Net Gearing (x)	0.71	0.63	0.55
Net Div. Yield (%)	3.1	3.1	3.1

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)	4Q FY25	3Q FY25	Q-o-Q Chg	4Q FY24	Y-o-Y Chg	12M FY25	12M FY24	Y-o-Y Chg
Turnover	565.4	466.8	21%	396.2	43%	1,924.1	1,207.4	59%
EBITDA	69.1	46.3	49%	33.4	107%	218.9	74.0	196%
Depreciation	-14.1	-13.7	3%	-10.0	41%	-50.8	-31.7	60%
EBIT	55.0	32.6	69%	23.4	135%	168.0	42.3	297%
Interest & other income	1.2	1.1	9%	4.1	-71%	4.0	51.2	-92%
Interest expense	-10.2	-10.6	-3%	-7.8	30%	-35.7	-25.4	40%
JV Incomes	0.7	0.8	-22%	0.6	2%	2.4	0.6	269%
Associate Income	-0.7	-0.6	19%	-0.3	99%	-1.4	-0.3	316%
Exceptional items	0.0	0.0	N/A	0.0	N/A	0.0	0.0	N/A
Pretax profit	46.0	23.4	97%	20.0	130%	137.4	68.4	101%
Taxation	-4.4	-4.9	-10%	-3.4	30%	-28.7	-17.6	63%
Profit after tax	41.6	18.5	125%	16.6	151%	108.6	50.8	114%
Minority interest	-2.2	-0.2	913%	0.1	-2982%	-2.2	0.5	-583%
Net profit	39.3	18.2	116%	16.6	136%	106.4	51.2	108%
Core net profit	37.7	18.0	110%	16.6	128%	104.1	50.8	105%
EPS (sen)	9.7	4.6	110%	4.3	128%	26.8	13.1	105%
NDPS (sen)	4.00	0.00	N/A	2.00	100%	4.00	2.00	100%
NTA/share (RM)	2.35	2.25	4%	2.15	9%	2.35	2.15	9%
EBITDA margin	12.2%	9.9%		8.4%		11.4%	6.1%	
EBIT margin	9.7%	7.0%		5.9%		8.7%	3.5%	
Pretax margin	8.1%	5.0%		5.0%		7.1%	5.7%	
Core net margin	6.7%	3.8%		4.2%		5.4%	4.2%	
Effective tax rate	9.7%	21.1%		17.1%		20.9%	25.8%	

Source: Company/Bloomberg

Segment Breakdown

FYE Mar (RM m)	4Q FY25	3Q FY25	Q-o-Q Chg	4Q FY24	Y-o-Y Chg	12M FY25	12M FY24	Y-o-Y Chg
Turnover								
Construction	408.7	382.3	7%	321.2	27%	1,419.4	998.8	42%
Manufacturing & Trading	57.9	68.5	-15%	70.3	-18%	238.7	200.1	19%
Property Development	98.5	15.8	524%	4.7	2003%	265.4	8.6	2999%
Investment	0.3	0.1	127%	0.0	4050%	0.5	0.0	2463%
Elimination	0.0	0.0	N/A	0.0	N/A	0.0	0.0	N/A
Group Turnover	**565.4**	**466.8**	**21%**	**396.2**	**43%**	**1,924.1**	**1,207.4**	**59%**
Segment Results								
Construction	28.9	35.3	-18%	23.3	24%	111.1	62.9	77%
Manufacturing & Trading	17.3	21.7	-20%	19.2	-10%	70.2	56.5	24%
Property Development	31.1	4.1	665%	0.0	182906%	77.1	-0.1	N/A
Investment	2.0	31.7	-94%	1.5	29%	40.1	10.0	303%
Elimination	1.3	-44.7	N/A	-7.4	N/A	-55.0	-30.8	79%
Group Gross	**80.6**	**48.1**	**68%**	**36.7**	**120%**	**243.5**	**98.5**	**147%**
Operating Expenses	-11.5	-1.9	518%	-3.3	255%	-24.6	-24.5	0%
EBITDA	**69.1**	**46.3**	**49%**	**74.0**	**-7%**	**218.9**	**74.0**	**196%**
Gross Margin								
Construction	7.1%	9.2%		7.3%		7.8%	6.3%	
Manufacturing & Trading	29.9%	31.7%		27.3%		29.4%	28.3%	
Property Development	31.6%	25.8%		0.4%		29.0%	-1.4%	
Group Gross Margin	**14.3%**	**10.3%**		**9.3%**		**12.7%**	**8.2%**	

Source: Company

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. (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	4.26	5.30	24.4%	25,259.3	Y	07/2026	17.8	23.4	5.3%	31.3%	23.9	18.2	2.0	8.5%	10.0	2.3%
IJM	OP	2.57	3.40	32.3%	9,008.3	Y	03/2026	14.4	15.9	11.8%	10.1%	17.8	16.2	0.9	5.1%	8.0	3.1%
KERJAYA	OP	2.61	3.05	16.9%	3,281.7	Y	12/2026	16.7	18.9	29.8%	13.2%	15.6	13.8	2.7	17.8%	12.0	4.6%
KIMLUN	OP	1.30	1.50	15.4%	505.3	Y	12/2026	21.8	20.3	70.1%	-6.8%	6.0	6.4	0.6	10.3%	2.0	1.5%
SUNCON	OP	7.25	7.76	7.0%	9,589.8	Y	12/2026	32.0	33.6	0.3%	5.1%	22.7	21.6	8.8	38.9%	32.0	4.4%
WCT	OP	0.540	1.13	109.3%	841.8	Y	12/2026	4.1	4.4	19.2%	7.3%	13.2	12.3	0.2	1.9%	0.0	0.0%
Sector Aggregate					**48,486.1**					**9.4%**	**18.3%**	**20.5**	**17.3**	**1.6**	**7.9%**		**2.7%**

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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