

26 February 2026

WCT Holdings

FY25 Below; Construction Drags Earnings

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WCT delivered disappointing FY25 results, primarily due to slower project progress and legacy contracts that dragged the construction unit into a loss during 4QFY25. Despite this, the group's financial position has significantly improved following the listing of PARADIGM (Not Rated). The strategic move has bolstered cash flows and paved the way for lower interest costs moving forward following the Sukuk redemption. We maintain our **OUTPERFORM** rating with a revised TP of RM1.13.

FY25 results below expectations. WCT's FY25 core profit of RM53.7m missed our expectations, coming in 24% below our forecasts. This underperformance was primarily driven by the construction division slipping into a loss in 4QFY25 due to slower progress on projects nearing completion, including several legacy contracts. Notably, no dividend was declared for FY25, marking the third consecutive year of no payouts since FY23.

4QFY25 impacted by construction losses. While 4QFY25 core profit jumped 47% sequentially to RM15.8m (compared to RM10.7m in 3QFY25, which was weighed down by RM14.7m in Sukuk interest), earnings would have been higher if not for the construction segment. The division reported an operating loss of RM8.2m, a sharp decline from the previous quarter's RM2.0m profit. On a positive note, property development earnings rose to RM32.8m (from RM24.7m) as revenue grew 16%.

Stronger YoY performance and de-gearing. WCT turned in a core profit of RM53.7m in FY25, a significant recovery from the RM42.3m core loss in FY24. The previous year was severely impacted by project prolongations and escalating material and labour costs. Furthermore, Sukuk interest expenses decreased by 31% following redemptions. Following the listing of PARADIGM in June 2025, total gearing improved to 0.77x (net: 0.62x) from 1.25x (net: 1.08x) in FY24.

Outlook. We believe WCT is poised for a brighter earnings outlook, on the impending roll-out of various public infrastructure projects such as: (i) Penang International Airport expansion project (terminal building), (ii) Pan Borneo Sabah highway, (iii) Subang Airport Regeneration plan, (iv) Penang Mutiara LRT – System package, (v) Johor Bahru E-ART, and (vi) various government hospitals. Furthermore, the de-gearing exercise should strengthen its balance sheet, enabling growth in its property development segment through value-enhancing projects.

As at Dec 2025, its outstanding order book stood at RM2.14b from RM2.32b three months ago, while its tender book stands at >RM11b currently, comprising mainly civil and infrastructure works both locally and abroad. In property development, it achieved RM599m sales in FY25 with unbilled sales of RM1.01b. WCT currently has four ongoing projects. These unbilled sales should help sustain near-term property development earnings.

Forecasts. We maintain our RM1.5b job win assumption for FY26 but lowered construction operating margins due to continued weakness. Consequently, we are cutting our FY26 forecasts by 20%. We introduce our FY27 forecasts, expecting 7% earnings growth. We no longer expect a dividend payout (previously 0.5 sen).

Valuations. Accordingly, we lower our SoP-driven TP to RM1.13 (see Page 3) from RM1.25 with: (i) 8x construction FY26 PER, which is at a discount to 22x ascribed to large contractors given WCT's much smaller size, (ii) 75% discount to its property RNAV, which is at the steeper end of our property company valuation to reflect the low realisability of

OUTPERFORM ↔

Price: **RM0.545**
Target Price: **RM1.13** ↓

Share Price Performance



KLCI 1,747.81
YTD KLCI chg 4.0%
YTD stock price chg -6.0%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	WCTHG MK
Market Cap (RM m)	849.6
Shares Outstanding	1,558.9
52-week range (H)	0.91
52-week range (L)	0.54
3-mth avg. daily vol.	4,350,665
Free Float	73%
Beta	1.7

Major Shareholders

Dominion Nexus Sdn Bhd	16.5%
Amanah Saham Nasional	9.4%
Lim Choon Siew	3.8%

Summary Earnings Table

FY Dec (RM m)	2025A	2026F	2027F
Turnover	1973.0	2581.4	2595.7
EBIT	266.1	300.0	307.1
PBT	117.1	170.0	177.1
PAT	77.4	111.5	116.2
Net Profit	47.8	64.0	68.6
Core Profit	53.7	64.0	68.6
Consensus (NP)	-	68.9	77.1
Earnings Revision (%)	-	-19.8	NEW
EPS (sen)	3.8	4.5	4.8
EPS Growth (%)	>100.0	19.2	7.2
NDPS (sen)	0.0	0.0	0.0
NTA per Share (RM)	2.37	2.42	2.47
PER (x)	13.5	15.0	14.0
Price to NTA (x)	0.28	0.28	0.27
Net Gearing (x)	1.05	0.93	0.81
ROA (%)	0.6	0.9	1.0
ROE (%)	1.6	1.9	2.0
Net Div. Yield (%)	0.0	0.0	0.0

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WCT's GDV, and (iii) the RM2.44b PARADIGM listing. There is no adjustment to our TP based on ESG given a 3-star rating as appraised by us (Page 5).

Investment case. We like WCT for: (i) the improved prospects of the local construction sector with the anticipated roll-out of public projects, (ii) the recovery of its construction profits with the completion of low-margin legacy projects, and (iii) a potential re-rating on a lower risk premium as it de-gears its balance sheet via land disposals and the listing of PARADIGM in Jun 2025. **OUTPERFORM** maintained.

Risks to our call include: (i) weak flow of construction jobs from public and private sectors, (ii) prolonged slowdown in the local property market, (iii) project cost overrun and liabilities arising from liquidated ascertained damages (LAD), and (iv) rising building material cost.

Income Statement

FYE Dec (RM m)	4Q	3Q	QoQ	4Q	YoY	12M	12M	YoY
	FY25	FY25	Chg	FY24	Chg	FY25	FY24	Chg
Revenue	465.5	482.6	-4%	542.6	-14%	1,973.0	1,823.8	8%
Operating profit	26.7	34.2	-22%	24.3	10%	203.3	360.1	-44%
Finance cost	-30.6	-28.3	8%	-44.9	-32%	-149.0	-158.0	-6%
Associates	25.0	18.0	39%	-2.3	N/A	49.0	20.5	139%
JV	5.8	4.3	36%	11.3	-48%	13.9	31.5	-56%
EI	-5.8	-0.2	2958%	116.3	-105%	-5.9	320.3	-102%
PBT	26.8	28.1	-5%	-11.6	N/A	117.1	274.1	-57%
Tax	-16.4	-3.4	381%	68.1	-124%	-39.7	47.2	-184%
PAT	10.4	24.7	-58%	56.6	-82%	77.4	321.3	-76%
Minority interests	-1.1	-0.5	125%	-0.8	47%	-2.6	-3.5	-26%
Perpetual sukuk	1.6	14.7	-89%	0.0	N/A	32.1	46.8	-31%
Net Profit	10.0	10.5	-5%	57.3	-83%	47.8	278.0	-83%
Core Profit	15.8	10.7	47%	-59.0	N/A	53.7	-42.3	N/A
DPS (sen)	0.0	0.0	N/A	0.0	N/A	0.0	0.0	N/A
EPS (sen)	1.1	0.8	47%	-4.2	N/A	3.8	-3.0	N/A
EBIT margin	5.7%	7.1%		4.5%		10.3%	19.7%	
PBT margin	5.8%	5.8%		-2.1%		5.9%	15.0%	
Net margin	2.1%	2.2%		10.6%		2.4%	15.2%	
Core margin	3.4%	2.2%		-10.9%		2.7%	-2.3%	
Effective tax	61.2%	12.1%		587.6%		33.9%	-17.2%	

Source: Company, Kenanga Research

Segmental Breakdown

FYE Dec (RM m)	4Q	3Q	QoQ	4Q	YoY	12M	12M	YoY
	FY25	FY25	Chg	FY24	Chg	FY25	FY24	Chg
Revenue								
Engineering and Construction	203.9	264.1	-23%	339.4	-40%	940.6	1,039.1	-9%
Property Development	209.8	180.3	16%	131.9	59%	806.8	516.2	56%
Property Investment	51.7	38.2	35%	71.3	-27%	225.6	268.5	-16%
Total	465.5	482.6	-4%	542.6	-14%	1,973.0	1,823.8	8%
Operating Profit								
Engineering and Construction	-8.3	2.0	-511%	-53.6	-85%	2.9	-18.8	N/A
Property Development	32.8	24.7	33%	0.0	n.a.	133.3	36.9	261%
Property Investment	2.2	7.5	-71%	78.0	-97%	67.1	362.1	-81%
Total	26.7	34.2	-22%	24.3	10%	203.3	380.1	-47%
Operating margins								
Engineering and Construction	-4.1%	0.8%		-15.8%		0.3%	-1.8%	
Property Development	15.6%	13.7%		0.0%		16.5%	7.1%	
Property Investment	4.2%	19.5%		109.4%		29.7%	134.9%	
Total	5.7%	7.1%		4.5%		10.3%	20.8%	

Source: Company, Kenanga Research

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WCT's Sum-of-Parts Valuation			
Project	Remaining Landbank (acres)	Outstanding GDV (RM m)	NPV of Profit (RM m)
Land Banks			
W City OUG @ KL	41	3,360	97
W City JGCC @ JB	10	1,016	52
Mont Kiara KL	3	808	46
Bukit Tinggi 1,2,3 (Klang)	69	1,000	29
Medini Iskandar, Johor	39	300	14
Inaman Kota Kinabalu	29	0	0
	191	6,484	238
Unbilled Sales (as of Jun 2024)			749
Prop development NAV (FY23A)			2,129.2
Total RNAV (RM m)			3,115.8
Discount to RNAV			75%
Property development Discounted RNAV			779
Construction*			130
Equity Value of Property Investment			174
Paradigm REIT			680
SoP			1,762
Number of shares (m)			1,559
SoP/share (RM)			1.13

*8x FY26F PER

Source: Company, Kenanga Research

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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	4.19	5.30	26.5%	24,844.3	Y	07/2026	17.8	23.4	5.3%	31.3%	23.5	17.9	1.9	8.5%	10.0	2.4%
IJM	OP	2.54	3.40	33.9%	8,903.1	Y	03/2026	14.4	15.9	11.8%	10.1%	17.6	16.0	0.9	5.1%	8.0	3.1%
KERJAYA	OP	2.59	3.05	17.8%	3,256.5	Y	12/2025	16.7	18.9	29.8%	13.2%	15.5	13.7	2.7	17.8%	12.0	4.6%
KIMLUN	OP	1.27	1.50	18.1%	493.6	Y	12/2025	21.8	20.3	70.1%	-6.8%	5.8	6.2	0.6	10.3%	2.0	1.6%
SUNCON	OP	6.90	7.76	12.5%	9,126.8	Y	12/2026	32.0	33.6	0.3%	5.1%	21.6	20.5	8.4	38.9%	32.0	4.6%
WCT	OP	0.545	1.13	107.3%	849.6	Y	12/2025	4.1	4.4	19.2%	7.3%	13.3	12.4	0.2	1.9%	0.0	0.0%
Sector Aggregate					47,473.9					9.4%	18.3%	20.1	17.0	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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