

06 March 2026

Paramount Corporation

All About Returns

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Maintain **OUTPERFORM** with a TP of RM1.47. Following a slower-than-expected FY25, PARAMON is looking towards improved performance in FY26 as it ramps up property development sales and launches across its core Central and Northern region. That said, we trim our FY26F earnings by 9% to reflect the group's more conservative near-term targets relative to our earlier assumptions. To support its development pipeline, the group may divest its 21.5% stake in EWICAP, though with disposal proceeds unlikely to be returned as special dividends. Alongside efforts to enhance operating efficiency and Envictus' continued expansion of its Texas Chicken outlets, the group remains optimistic about achieving its longer-term ROE target of 10%.

PARAMON hosted its FY25 results briefing, highlighting its targets and strategies to achieve its longer-term goals for 10% ROE by FY30. Key takeaways are as follows:

- **Sales targeted to pick up at RM1.2b, launch pipeline of RM1.1b to make up for slowness in FY25.** FY25 sales and launches came in at RM1.03b (-26% YoY) and RM808m (-63% YoY), respectively, as the group deliberately held back launches amid subdued sentiment in the latter half of the year. Still, the group is hopeful that delayed launches and new projects across the Central and Northern regions will see better reception in FY26 with a greater landed content of RM706m GDV (65% of total target).
- The group is leaning into **familiar markets for growth**, where it believes it can better execute and generate targeted returns. From Dec 2025-Jan 2026, the group acquired several landbanks at RM370m with plans to churn GDV of RM2.89b from them.

In line with this, PARAMON is mulling a **potential divestment of its 21.5% stake in EWICAP** (worth c.RM108m), following the latter's pivot from property development to property investment, including exposure to Australian assets via TrustCapital Advisor's Australian Office Fund No. 3. The group is also prioritising the clearance of its AtWater commercial units as part of its asset monetisation efforts.

Proceeds are likely to be reinvested, as the group indicated a preference to channel any disposal gains back into operations, whether for working capital or future landbank acquisitions. More directly, there is **likely to be no special dividends** mirroring FY22's 12.0 sen payment from the RM120m disposal of its remaining stake in education units. With a FY25 net gearing of 0.59x, this approach appears prudent to prevent the group from overstressing its balance sheet.

- With regards to **cost optimisation initiatives** highlighted in its 4QFY25 release, PARAMON had invested into value engineering initiatives during its slower launch period of the year. This could enable the group to shorten project time-to-market, accelerating revenue realisation while reducing reliance on longer-tenure funding and associated interest costs.
- **Envictus seeing some competitive heat, but will push forward.** The group's 28%-owned associate, Envictus International, is experiencing increased competitive pressure on its Texas Chicken chain as competitors recover from easing boycotts. The group remains reluctant to engage in aggressive promotional pricing that could erode margins, opting instead to drive growth through with network expansion, with store count at 104 outlets as of Dec 2025 and a target of 118 outlets by 3QCY27.

OUTPERFORM ↔

Price : **RM1.02**
Target Price : **RM1.47** ↔

Share Price Performance



KLCI	1,713.20
YTD KLCI chg	2.0%
YTD stock price chg	0.0%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	PAR MK Equity
Market Cap (RM m)	635.2
Shares Outstanding	622.8
52-week range (H)	1.11
52-week range (L)	0.92
3-mth avg. daily vol.	253,970
Free Float	47%
Beta	0.78

Major Shareholders

Paramount Equities Sdn Bhd	24.8%
Southern Palm Industries Sdn Bhd	8.4%
Southern Acids (M) Berhad	4.3%

Summary Earnings Table

FY Dec (RM m)	2025A	2026F	2027F
Turnover	946.9	1,032.8	1,132.8
Operating Profit	199.5	194.4	211.2
Profit Before Tax	157.0	157.5	179.9
Net Profit	121.2	119.1	136.0
Core Net Profit	71.5	119.1	136.0
Consensus (NP)	-	115.5	132.0
Earnings Revision	-	-9%	-1%
Core EPS (sen)	11.5	19.1	21.8
Core EPS Growth (%)	18.6	66.6	14.2
NDPS (sen)	7.5	7.5	8.5
BVPS (RM)	2.4	2.5	2.6
PER (x)	8.9	5.3	4.7
PBV (x)	0.4	0.4	0.4
Net Gearing (x)	0.6	0.5	0.4
Net Div. Yield (%)	7.4	7.4	8.3

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Forecasts. Post update, we lower our FY26F earnings by 9% after revising our sales assumption to align with management's RM1.2b target (from RM1.5b previously). Our FY27F earnings are also trimmed slightly, reflecting lower spillover from unbilled sales with some mitigation from Envictus' outlet expansion being marginally ahead of our earlier assumptions.

Following these revisions and the group's firmer stance on dividend direction, we adjust our FY26F/FY27F dividend forecasts to 7.5 sen/8.5 sen (from 8.5 sen/9.0 sen), based on a more conservative 40% payout ratio versus 45% previously. This aligns more closely with FY25's full-year dividend of 7.5 sen, which came in below our earlier expectation of 8.5 sen, as we had previously assumed a payout of c.45% in line with its two-year average.

Even so, the implied yields of 7.4%/8.3% remain among the highest in the sector.

Maintain OUTPERFORM and TP of RM1.47, against an unchanged discount to RNAV of 50% (in line with the average applied across our sector). PARAMON's product launch pipeline remains relatively stable at (RM1b-RM1.5b/year) but appears more modest as opposed to its competitors (RM3b-RM4b/year). Still, though dividend payouts of c.40% is slightly below our coverage's average of c.45%, the stock offers one of the highest prospective dividend yields of >8% at current price points, backed with ongoing asset monetization as well as support from improving associate contributions in the near-term to support earnings growth.

Risk to our call include: (i) slowing demand for residential properties across price points; (ii) drastic changes in mortgage rates; (iii) elevated inflation; and (iv) changes to project timeline and deliverables.

PARAMON's Property RNAV			
Project	Remaining Landbank (acre)	Remaining GDV (RM m)	NPV of profits (RM m)
<u>Northern</u>			
Bukit Banyan, Sungai Petani	119.6	507.0	40.2
Batu Kawan, Penang	10.4	946.0	68.7
Embun Hills, Penang	43.5	455.0	34.5
Bandar Laguna Merbok, Sungai Petani	14.4	53.0	4.2
	187.9	1,961.0	147.5
<u>Central</u>			
Kemuning Utama, Shah Alam	19.6	371.0	29.4
Sejati Residences, Cyberjaya	-	118.0	9.8
Sekitar26, Shah Alam	-	16.0	1.5
Greenwoods Salak Perdana, Sepang	50.6	564.0	46.8
ATWATER, Section 13, Petaling Jaya	-	225.0	18.7
Berkeley Uptown, Klang	7.7	766.0	60.7
The Atrium, Kuala Lumpur	-	2.0	0.2
The Atera, Petaling Jaya	2.1	503.0	35.0
The Ashwood, Kuala Lumpur	-	4.0	0.3
Greenwoods 2 Salak Perdana, Sepang	64.3	242.0	18.3
	144.3	2,811.0	220.6
Total	332.2	4,772.0	368.1
Unbilled Sales (as of FY25)		1,522.0	88.0
Property Development Net Assets (Audited FY24)			1,378.1
Property Development RNAV (RM m)			1,834.2
Discount ascribed to PD RNAV			50%
Discounted RNAV			917.1
Number of shares (m)			622.8
RNAV/share (RM)			1.47

Source: Company, Kenanga Research

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Income Statement

FY Dec (RM m)	2023A	2024A	2025A	2026F	2027F
Revenue	1,012.3	1,040.2	946.9	1,032.8	1,132.8
Operating Profit	160.0	199.8	199.5	194.4	211.2
Depreciation	-23.3	-26.3	-28.3	-32.4	-34.1
Interest Inc/(Exp)	-27.3	-37.1	-45.8	-48.9	-46.4
Associate Earnings	-2.5	-5.8	3.3	12.0	15.0
Profit Before Tax	130.2	156.9	157.0	157.5	179.9
Taxation	-35.1	-42.0	-35.9	-37.8	-43.2
Minority Interest	0.0	-0.3	0.1	-0.6	-0.7
PATAMI	95.0	114.7	121.2	119.1	136.0
Core PATAMI	82.8	60.3	71.5	119.1	136.0

Balance Sheet

FY Dec (RM m)	2023A	2024A	2025A	2026F	2027F
Fixed Assets	117.2	117.1	116.4	94.8	71.4
Intangible Assets	20.7	22.4	36.7	36.7	36.7
Other Fixed Assets	646.6	708.7	818.1	818.1	818.1
Inventories	280.7	535.7	440.1	707.4	775.9
Receivables	82.4	142.3	152.0	130.4	159.9
Other Current Assets	814.1	866.3	891.9	1,040.7	946.2
Cash	203.2	217.0	331.5	357.6	579.5
Total Assets	2,164.9	2,609.5	2,786.9	3,185.7	3,387.8
Payables	217.2	253.3	241.9	253.8	278.4
ST Borrowings	268.9	353.5	369.4	369.4	369.4
Other ST Liability	249.0	280.0	241.3	92.6	187.0
LT Borrowings	545.3	635.1	843.7	843.7	843.7
Other LT Liability	66.1	60.5	64.8	64.8	64.8
Net Assets	818.3	1,027.0	1,025.7	1,561.3	1,644.4
Shareholders' Equity	1,429.7	1,431.0	1,488.0	1,560.4	1,643.4
Minority Interests	200.8	51.3	1.0	1.0	1.0
Total Equity	1,630.5	1,482.4	1,488.9	1,561.3	1,644.4

Cashflow Statement

FY Dec (RM m)	2023A	2024A	2025A	2026F	2027F
Operating CF	298.2	386.5	95.0	-45.5	128.1
Investing CF	-92.1	-316.3	-116.8	1.3	4.3
Financing CF	-361.1	-88.2	154.3	70.2	89.6
Change In Cash	-154.9	-18.0	132.5	26.0	222.0
Free CF	288.8	375.1	84.3	-56.2	117.3

Source: Kenanga Research

Financial Data & Ratios

FY Dec (RM m)	2023A	2024A	2025A	2026F	2027F
Growth (%)					
Turnover	19.4%	2.8%	-9.0%	9.1%	9.7%
EBITDA	20.5%	23.3%	0.7%	-0.4%	8.2%
Operating Profit	26.0%	24.8%	-0.1%	-2.6%	8.7%
PBT	23.9%	20.5%	0.1%	0.3%	14.2%
Core Net Profit	37.6%	-27.3%	18.6%	66.6%	14.2%
Profitability (%)					
Operating Margin	15.8%	19.2%	21.1%	18.8%	18.6%
PBT Margin	12.9%	15.1%	16.6%	15.2%	15.9%
Core Net Margin	8.2%	5.8%	7.5%	11.5%	12.0%
Effective Tax Rate	27.0%	26.7%	22.8%	24.0%	24.0%
ROA	3.1%	3.8%	3.8%	3.7%	4.1%
ROE	6.6%	8.0%	8.3%	7.8%	8.5%
DuPont Analysis					
Net Margin (%)	8.2%	5.8%	7.5%	11.5%	12.0%
Assets Turnover (x)	0.3	0.3	0.3	0.3	0.3
Leverage Factor (x)	2.1	2.1	2.2	2.0	2.1
ROE (%)	6.6%	4.2%	4.9%	7.8%	8.5%
Leverage					
Debt/Asset (x)	0.3	0.3	0.4	0.4	0.4
Debt/Equity (x)	0.6	0.7	0.8	0.8	0.7
Net (Cash)/Debt	611.1	771.7	881.6	855.5	633.6
Net Debt/Equity (x)	0.4	0.5	0.6	0.5	0.4
Valuations					
Core EPS (sen)	13.3	9.7	11.5	19.1	21.8
NDPS (sen)	7.0	7.5	7.5	7.5	8.5
BV/sh (RM)	2.3	2.3	2.4	2.5	2.6
PER (x)	7.7	10.5	8.9	5.3	4.7
Div. Yield (%)	6.9%	7.4%	7.4%	7.4%	8.3%



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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.
PROPERTY DEVELOPERS																	
ECO WORLD DEVELOPMENT GROUP	OP	2.15	2.24	4.2%	6,919.2	Y	10/2026	15.9	16.2	14.9%	1.5%	13.5	13.3	1.0	7.7%	7.5	3.5%
IOI PROPERTIES GROUP BHD	UP	3.32	3.00	-9.6%	18,280.4	Y	06/2026	13.5	14.3	154.5%	5.9%	24.7	23.3	0.7	5.0%	6.0	1.8%
LBS BINA GROUP BHD	OP	0.455	0.640	40.7%	696.9	Y	12/2026	7.1	8.1	66.5%	15.2%	6.4	5.6	0.3	6.1%	3.3	7.3%
MAH SING GROUP BHD	OP	1.08	1.78	64.8%	2,764.9	Y	12/2026	10.9	11.7	7.0%	7.3%	9.9	9.3	0.7	6.7%	5.5	5.1%
MALAYSIAN RESOURCES CORP BHD	MP	0.300	0.560	86.7%	1,340.3	Y	12/2026	1.8	1.4	19.2%	-18.9%	42.3	22.7	0.3	1.7%	1.0	3.3%
PARAMOUNT CORPORATION BHD	OP	1.02	1.47	44.1%	635.2	Y	12/2026	19.1	21.8	66.6%	14.2%	5.3	4.7	0.4	7.8%	7.5	7.4%
S P SETIA BHD	OP	0.940	1.43	52.1%	4,703.1	Y	12/2026	6.1	7.3	-33.3%	18.9%	15.4	13.0	0.3	2.4%	2.0	2.1%
SIME DARBY PROPERTY BHD	OP	1.42	1.97	38.7%	9,657.2	Y	12/2026	8.2	9.2	8.0%	11.4%	17.3	15.5	0.9	5.1%	3.3	2.3%
SUNWAY BHD	UP	5.70	4.98	-12.6%	38,534.4	Y	12/2026	20.5	19.4	7.8%	-5.4%	27.8	29.4	2.1	7.8%	6.5	1.1%
UOA DEVELOPMENT BHD	MP	1.83	1.91	4.4%	4,858.7	Y	12/2026	13.7	14.5	18.1%	6.0%	13.3	12.6	0.8	5.8%	12.0	6.6%
SECTOR AGGREGATE					88,390.3					24.0%	3.8%	22.6	21.8	0.7	5.4%		4.1%

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	Product Quality & Safety	★	★	★
	Effluent/Water Management	★	★	★
	Waste Management	★	★	★
	Biodiversity & Conservation	★	★	★
	Green Building	★	★	★
	Supply Chain Management	★	★	★
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%

**** The Expected Total Return might contain rounding discrepancy**

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

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