

25 May 2026

# Paramount Corporation

## Priming Up for Busier 2H

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PARAMON's 1QFY26 net profit of RM14.4m is broadly within expectations, with significant projects (RM1.1b high-end residential development at U-Thant) slated to be launched in 2HFY26. Associate contributions turned positive, thanks to Envictus International Holdings Limited (Envictus), although its outlet expansion plans could be undermined by higher logistics cost. Maintain **OUTPERFORM** and TP of RM1.47.

**1QFY26 broadly within expectations.** PARAMON's 1QFY26 net profit of RM14.4m made up 12% of our full-year forecast and 14% of consensus full-year estimate. The seasonally lower period was attributed to fewer launches owing to early year festivities.

**YoY**, 1QFY26 net profit was flattish. Although revenue declined by 30% from fewer ongoing projects in addition to softer launches, relatively better product mix (mainly from commercial units from the Atwater development) in addition to positive associate contributions via its 28%-stake in Envictus, cushioned the softer topline. Normalised tax rates of 22.6% (from 31.0%) also helped with earnings.

**QoQ**, 1QFY26 core net profit expanded by 40%, adjusting for the one-off net-gain of disposal of RM47.3m during the prior quarter. Similarly due to the sales of completed commercial units from the Atwater development, core margins meaningfully improved.

**Outlook.** Going into FY26, PARAMON is targeting a launch pipeline of RM1.8b, above its typical range of RM1.0b-RM1.5b. This will be largely driven by a high-end residential project in U-Thant, Kuala Lumpur, with an estimated GDV of RM1.1b. Following the strong reception of its previous premium development, The Ashwood (also RM1.1b GDV) along Jalan Ampang, the new project is expected to further strengthen PARAMON's positioning within the premier residential segment.

Meanwhile, associate Envictus is expanding its Texas Chicken network in Malaysia, increasing outlet count to 107 as of Apr 2026 (from 104 in Jan 2026). However, potential delays to its broader expansion target of another 15 outlets, as elevated oil prices could drive higher distribution and logistics costs.

**Forecast.** Unchanged for now.

**Maintain OUTPERFORM and TP of RM1.47.** Our TP is based on an unchanged discount to RNAV of 50% (in line with the average applied across our sector). PARAMON's product launch pipeline remains relatively stable but appears more modest as opposed to its competitors (RM3b-RM4b/year). Still, though dividend payouts of c.40% is slightly below than our coverage's average of c.45%, the stock offers one of the highest prospective dividend yields of 7%-8% at current price points, backed with ongoing asset monetization as well as support from improving associate contributions in the near-term.

**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.

# OUTPERFORM ↔

Price : **RM1.03**  
Target Price : **RM1.47** ↔

### Share Price Performance



KLCI	1,712.67
YTD KLCI chg	1.9%
YTD stock price chg	1.0%

### Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	PAR MK Equity
Market Cap (RM m)	641.5
Shares Outstanding	622.8
52-week range (H)	1.11
52-week range (L)	0.98
3-mth avg. daily vol.	279,989
Free Float	47%
Beta	0.75

### 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
<b>Turnover</b>	<b>946.9</b>	<b>1,032.8</b>	<b>1,132.8</b>
Operating Profit	199.5	194.4	211.2
Profit Before Tax	157.0	157.5	179.9
<b>Net Profit</b>	<b>121.2</b>	<b>119.1</b>	<b>136.0</b>
<b>Core Net Profit</b>	<b>71.5</b>	<b>119.1</b>	<b>136.0</b>
Consensus (NP)	-	100.0	125.2
Earnings Revision	-	-	-
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)	9.0	5.4	4.7
PBV (x)	0.4	0.4	0.4
Net Gearing (x)	0.6	0.5	0.4
Net Div. Yield (%)	7.3	7.3	8.3

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### Results Highlights

	1Q	4Q	QoQ	1Q	YoY	3M	3M	YoY
FYE Dec (RM m)	FY26	FY25	Chg	FY25	Chg	FY26	FY25	Chg
<b>Revenue</b>	<b>152.2</b>	<b>258.0</b>	<b>-41%</b>	<b>216.5</b>	<b>-30%</b>	<b>152.2</b>	<b>216.5</b>	<b>-30%</b>
<b>Operating Profit</b>	<b>28.4</b>	<b>78.6</b>	<b>-64%</b>	<b>34.5</b>	<b>-18%</b>	<b>28.4</b>	<b>34.5</b>	<b>-18%</b>
Net Finance Income/(expense)	-11.2	-13.5	-17%	-11.0	1%	-11.2	-11.0	1%
Associate, JV Contributions	1.3	4.1	-68%	-0.9	-239%	1.3	-0.9	-239%
<b>Profit Before Tax</b>	<b>18.6</b>	<b>69.3</b>	<b>-73%</b>	<b>22.6</b>	<b>-18%</b>	<b>18.6</b>	<b>22.6</b>	<b>-18%</b>
Taxation	-4.2	-11.7	-64%	-7.0	-40%	-4.2	-7.0	-40%
Minority interest	0.0	0.0	N.M	0.0	0%	0.0	0.0	0%
<b>Net Profit</b>	<b>14.4</b>	<b>57.6</b>	<b>-75%</b>	<b>15.6</b>	<b>-8%</b>	<b>14.4</b>	<b>15.6</b>	<b>-8%</b>
One-off Adjustments*	0.0	-47.3	-100%	-1.2	-100%	0.0	-1.2	-100%
<b>Core Net Profit</b>	<b>14.4</b>	<b>10.3</b>	<b>40%</b>	<b>14.4</b>	<b>0%</b>	<b>14.4</b>	<b>14.4</b>	<b>0%</b>
Operating Margin	18.7%	30.5%		16.0%		18.7%	16.0%	
Pretax Margin	12.2%	26.9%		10.4%		12.2%	10.4%	
Net Margin	9.5%	22.3%		7.2%		9.5%	7.2%	
Effective Tax Rate	22.6%	16.8%		31.0%		22.6%	31.0%	
Net Gearing (x)	0.61	0.59		0.56		0.61	0.56	

\* Includes private debt security payments and net gains/(losses) on disposals

Source: Company, Kenanga Research

### PARAMON's Property RNAV

Project	Remaining Landbank (acre)	Remaining GDV (RM m)	NPV of profits (RM m)
<b>Northern</b>			
Bukit Banyan, Sungai Petani	119.6	483.0	38.3
Batu Kawan, Penang	10.4	927.0	67.3
Embun Hills, Penang	43.5	442.0	33.5
Bandar Laguna Merbok, Sungai Petani	14.4	53.0	4.0
	<b>187.9</b>	<b>1,905.0</b>	<b>143.1</b>
<b>Central</b>			
Kemuning Utama, Shah Alam	19.6	371.0	24.7
Sejati Residences, Cyberjaya	-	98.0	8.1
Sekitar26, Shah Alam	-	16.0	1.5
Greenwoods Salak Perdana, Sepang	114.9	797.0	52.4
ATWATER, Section 13, Petaling Jaya	-	220.0	18.2
Berkeley Uptown, Klang	7.7	755.0	59.8
The Atrium, Kuala Lumpur	-	2.0	0.2
The Atera, Petaling Jaya	2.1	485.0	33.7
The Ashwood, Kuala Lumpur	-	-	-
	<b>144.3</b>	<b>2,744.0</b>	<b>198.7</b>
<b>Total</b>	<b>332.2</b>	<b>4,649.0</b>	<b>341.8</b>
<b>Unbilled Sales (as of FY25)</b>		<b>1,522.0</b>	<b>88.0</b>
<b>Property Development Net Assets (Audited FY25)</b>			<b>1,404.0</b>
<b>Property Development RNAV (RM m)</b>			<b>1,833.9</b>
Discount ascribed to PD RNAV			50%
<b>Discounted RNAV</b>			<b>916.9</b>
Number of shares (m)			622.8
<b>RNAV/share (RM)</b>			<b>1.47</b>

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.
<b>PROPERTY DEVELOPERS</b>																	
ECO WORLD DEVELOPMENT GROUP	OP	2.09	2.35	12.4%	6,734.9	Y	10/2026	17.9	18.1	28.9%	1.4%	11.7	11.5	1.0	8.6%	8.0	3.8%
IOI PROPERTIES GROUP BHD	UP	4.32	3.00	-30.6%	23,786.5	Y	06/2026	13.5	14.3	154.5%	5.9%	32.1	30.3	0.9	5.0%	6.0	1.4%
LBS BINA GROUP BHD	OP	0.470	0.640	36.2%	724.5	Y	12/2026	8.1	8.8	15.2%	8.3%	5.8	5.3	0.3	6.9%	3.3	7.0%
MAH SING GROUP BHD	OP	0.990	1.78	79.8%	2,534.5	Y	12/2026	10.9	11.7	7.0%	7.3%	9.1	8.5	0.6	6.7%	5.5	5.6%
MALAYSIAN RESOURCES CORP BHD	MP	0.340	0.560	64.7%	1,519.0	Y	12/2026	1.8	1.4	19.2%	-18.9%	47.9	25.8	0.3	1.7%	1.0	2.9%
PARAMOUNT CORPORATION BHD	OP	1.03	1.47	42.7%	641.5	Y	12/2026	19.1	21.8	66.6%	14.2%	5.4	4.7	0.4	7.8%	7.5	7.3%
S P SETIA BHD	OP	0.990	1.43	44.4%	4,953.4	Y	12/2026	6.1	7.3	-33.3%	18.9%	16.2	13.7	0.3	2.4%	2.0	2.0%
SIME DARBY PROPERTY BHD	OP	1.45	1.97	35.9%	9,861.2	Y	12/2026	8.2	9.2	8.0%	11.4%	17.6	15.8	0.9	5.1%	3.3	2.3%
SUNWAY BHD	MP	5.40	5.32	-1.5%	36,506.3	Y	12/2026	20.5	19.4	7.8%	-5.4%	26.3	27.8	2.0	7.8%	6.5	1.2%
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%
<b>SECTOR AGGREGATE</b>					<b>92,120.5</b>					<b>22.8%</b>	<b>3.6%</b>	<b>23.5</b>	<b>22.6</b>	<b>0.7</b>	<b>5.5%</b>		<b>4.0%</b>

Source: Kenanga Research

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**Stock ESG Ratings:**

	Criterion	Rating		
<b>GENERAL</b>	Earnings Sustainability & Quality	★	★	★
	Community Investment	★	★	★
	Workers Safety & Wellbeing	★	★	★
	Corporate Governance	★	★	☆
	Anti-Corruption Policy	★	★	☆
	Emissions Management	★	★	☆
<b>SPECIFIC</b>	Product Quality & Safety	★	★	★
	Effluent/Water Management	★	★	★
	Waste Management	★	★	★
	Biodiversity & Conservation	★	★	★
	Green Building	★	★	★
	Supply Chain Management	★	★	★
<b>OVERALL</b>		★	★	★

☆ 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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