

19 May 2026

WCT Holdings

First Win of FY26

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WCT has secured a RM153m highway interchange project in Taiwan, marking its first job win in FY26. This contract helps replenish its depleting order book, which stood at RM2.14b as of Dec 2025. Moving forward, we believe WCT is poised for a brighter earnings outlook backed by the impending rollout of various public infrastructure projects. Furthermore, its financial position has significantly improved following the listing of PARADIGM, which has bolstered its cash flow. We maintain our **OUTPERFORM** call with an unchanged TP of RM1.13.

Bagged RM152.7m highway interchange project in Taiwan. Yesterday, WCT announced that its wholly-owned subsidiary, WCT Bhd Taiwan Branch, secured a highway interchange project in Taiwan worth TWD1.218b (RM152.7m) from Wu En De Construction Co Ltd. The scope of works includes road works, bridge structural works, and drainage works between the Gaoke Interchange (Design Station 344.5K) and Gangshan Interchange (Design Station 348.6K). The project is expected to be completed within 42 months from 1 August 2026.

First win in FY26. We view this contract win positively as it helps replenish WCT's depleting order book, which stood at RM2.14b as of Dec 2025. We understand that the project adopts a conventional remeasurement contract structure, where the contractor is paid based on actual quantities of work performed rather than a fixed lump sum, thereby mitigating inflationary cost risks. The operating margin for the project is expected to be in the high single-digit.

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, and, (v) various government hospitals. Furthermore, the de-gearing exercise should strengthen its balance sheet, enabling growth in its property development segment through value-enhancing projects.

Forecasts. Maintained. Our annual job win assumptions for FY26/FY27 are RM1.5b each.

Valuations. We maintain our SoP-driven TP of RM1.13 (see Page 2) based on 8x FY26F PER for the construction segment to reflect its weak contract flow visibility. This is at a discount to the 22x we ascribed to large contractors given: (i) WCT's much smaller size, (ii) a 75% discount to its property RNAV, which is at the steeper end of our property company valuation to reflect the low realisability of 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 as well as the upcoming REIT listing of its investment properties. **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.

OUTPERFORM ↔

Price: **RM0.495**
Target Price: **RM1.13** ↔

Share Price Performance



KLCI 1,727.71
YTD KLCI chg 2.8%
YTD stock price chg -14.7%

Stock Information

Shariah Compliant Yes
Bloomberg Ticker WCTHG MK
Market Cap (RM m) 771.7
Shares Outstanding 1,558.9
52-week range (H) 0.89
52-week range (L) 0.36
3-mth avg. daily vol. 11,672,140
Free Float 73%
Beta 1.8

Major Shareholders

Dominion Nexus Sdn Bhd 16.5%
Amanah Saham Nasional 9.4%
Vanguard Group Inc 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)	-	66.7	79.0
Earnings Revision (%)	-	-	-
EPS (sen)	3.8	4.5	4.8
EPS Growth (%)	-226.8	19.2	7.2
NDPS (sen)	0.0	0.0	0.0
NTA per Share (RM)	2.37	2.42	2.47
PER (x)	14.7	11.0	10.2
Price to NTA (x)	0.21	0.20	0.20
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 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.				
Stocks Under Coverage																	
GAMUDA	OP	4.39	5.30	20.7%	26,166.5	Y	07/2026	17.8	23.4	5.3%	31.3%	24.6	18.8	2.0	8.5%	10.0	2.3%
IJM	OP	2.18	3.40	56.0%	7,641.3	Y	03/2026	14.4	15.9	11.8%	10.1%	15.1	13.7	0.8	5.1%	8.0	3.7%
KERJAYA	OP	2.09	3.05	45.9%	2,627.8	Y	12/2026	16.7	18.9	29.8%	13.2%	12.5	11.0	2.2	17.8%	12.0	5.7%
KIMLUN	OP	1.08	1.50	38.9%	419.8	Y	12/2026	21.8	20.3	70.1%	-6.8%	5.0	5.3	0.5	10.3%	2.0	1.9%
SUNCON	OP	7.10	7.76	9.3%	9,437.2	Y	12/2026	32.0	33.6	0.3%	5.1%	22.2	21.1	8.6	38.9%	47.2	6.6%
WCT	OP	0.495	1.13	128.3%	771.7	Y	12/2026	4.1	4.4	19.2%	7.3%	12.1	11.2	0.2	1.9%	0.0	0.0%
Sector Aggregate					47,064.2					9.4%	18.3%	19.9	16.8	1.6	7.9%		3.4%

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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