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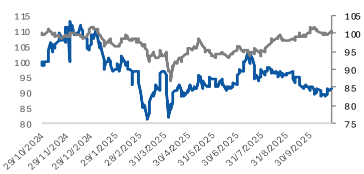
Recommendation:	**BUY**
Current Price:	RM 0.71
Previous Target Price:	N/A
Target Price:	RM 0.94
Capital Upside/Downside:	32.4%
Dividend Yield (%):	1.4%
Total Upside/Downside:	**33.8%**

Stock information	
Board	MAIN
Sector	Property
Bursa / Bloomberg Code	3417 / EASTMK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	2,492.2
Market Cap (RM' m)	1,769.5
52-Week Price Range (RM)	0.999-0.605
Beta (x)	1.3
Free float (%)	30.8
3M Average Volume (m)	3.0
3M Average Value (RM' m)	2.3

Top 3 Shareholders	**(%)**
Amazing Parade Sdn Bhd	27.2
Kerjaya Prospek Dev Sdn Bhd	18.2
Paramount Spring Sdn Bhd	9.3

Share Price Performance



	1M	**3M**	**12M**
Absolute (%)	-11.3	-15.5	-26.8
Relative (%)	-11.0	-17.0	-27.2

Earnings Summary	**FY26F**	**FY27F**	**FY28F**
Revenue (RM'm)	953.58	1069.9	1895.2
PATAMI (RM'm)	216.8	242.1	514.9
CNP (RM'm)	216.8	242.1	270.7
EPS - core (sen)	8.6	9.6	20.5
P/E (x)	9.3	8.3	3.9

Eastern & Oriental Bhd

Results in Line, Strong Pipeline Supports Growth Outlook

- **E&O's 2QFY26 CNP came in at RM60.8m (-0.7% YoY, +34% QoQ), bringing 6MFY26 CNP to RM106.1m (+8% YoY), accounting for 49% of our and consensus full-year forecasts.**
- **We have modestly revised FY26F earnings by 0.1% to RM216.8m, while raising FY27F/FY28F by 6%/5% to RM242.1m/RM270.7m, reflecting higher revised GDV from new launches to our forecast.**
- **Re-iterate our BUY recommendation with a slightly higher target price of RM0.94 (from RM0.93), based on a 55% discount to RNAV and incorporating a three-star ESG rating.**

Results within expectations. Excluding the unrealised loss on foreign exchange (+RM10.5m), 2QFY26 core net profit (CNP) came in at RM60.8m. The results were within expectations, accounting for 49% of ours and consensus estimate of RM216.5m/RM215.0m.

YoY. CNP inched down 0.7% YoY, weighed by weaker hospitality operating profit (-23%; higher operating costs), higher tax expenses (recognition of deferred tax expense), lower JV contributions (-3%; Avira Garden Terraces was fully sold in the prior period. However, these were partly offset by stronger property operating profit (+32.5% on the back of stronger revenue recognition from ongoing projects such as Arica, The Lume and new launches Maris).

QoQ. CNP rose 34% QoQ, supported by stronger contributions from (i) operating profit from properties (+8%; in line with higher revenue (+12.7%) recognised from ongoing projects (Sena & Fera Phase 1 and 2), (ii) improved hospitality operating profit (+2.8%; higher average room rates and occupancy at the E&O Hotel), and (iii) joint ventures (+184.5%; primarily due to a low base in the prior quarter and improved profit recognition at the JV level).

Outlook. The Group's outlook remains positive, underpinned by strong property sales and resilient hospitality performance. Earnings remain supported as construction progresses and healthy sales take-up continues, with unbilled sales rising 1.6% QoQ to RM1,362.7m (from RM1,341.1m), expected to be gradually recognised through FY29. Hospitality remains resilient, aided by elevated room rates, strong occupancy, and improved air connectivity, including new direct flights from Haikou to Penang. FY26 launches totalling RM2,543m—including Senna & Fera Phase 3 & 4, Laman Embun, Seri Embun, and Avea—will support a steady earnings stream and strengthen the Group's property portfolio. The opening of the Gurney Bridge in December 2025 is expected to enhance Andaman Island accessibility, benefiting both current and upcoming developments. Looking further ahead, the Andaman Island 2 reclamation remains on track for completion by end-CY2027, unlocking a potential GDV of RM40bn and providing strong long-term growth visibility. Management has also indicated the possibility of acquiring new landbank, which could further support the Group's growth pipeline.

Figure 1: FY26 Launches

Projects	Details	Location	Launch date	Expected completion	GDV (RM m')
Senna & Fera - Phase 3&4	68 units of 3 storey semi-d and terrace houses (freehold)	Andaman island	Q2 2026 (Launched)	Q2 2028	288
Laman Embun	133 units of 2 storey and 3 storey shophouses (freehold)	Elmina	Q3 2026	Q1 2029	309
Seri Embun	360 units 3 storey terrace houses (freehold)	Elmina	Q4 2026	Q1 2029	676
Avea	1,080 units serviced apartments and 10 units shop lots (freehold)	Andaman Island	Q3 2026	CY 2029	1,270
				TOTAL	**2,543**

Earnings Revision. We raised FY26/27/28F earnings by 0.1%/6%/5% to RM216.8m/RM242.1m/RM270.7m, on higher revised GDV from upcoming launches of RM2.3bn (previously RM2.0bn).

KDN PP13226/06/2024 (035469)

Valuation. We maintain our BUY call with a higher TP of RM0.94 (from RM0.93), based on a 55% discount to our revised RNAV and incorporating a three-star ESG rating.

Risk. Affordability concerns amid premium positioning, SST exposure on construction services, and Syariah-compliant status risk.

Results Comparison

FYE Mar (RM m)	2QFY26	2QFY25	yoy (%)	1QFY26	qoq (%)	6MFY26	6MFY25	yoy (%)	Comments
Revenue	204.4	171.0	19.5	183.5	11.4	387.9	336.7	15.2	
Cost of sales	(114.5)	(90.4)	26.6	(102.7)	11.5	(217.3)	(177.7)	22.3	
Other income	7.9	4.2	86.7	7.4	6.4	15.3	9.6	59.5	
Administrative expenses	(10.7)	(11.0)	(2.1)	(11.4)	(6.0)	(22.2)	(22.0)	0.6	
Selling and marketing expenses	(3.1)	(3.2)	(2.4)	(4.0)	(20.9)	(7.1)	(7.8)	(8.5)	
Other expenses	(16.7)	(28.2)	(40.7)	(5.6)	196.4	(22.3)	(42.2)	(47.1)	
Operating profit	67.1	42.4	58.1	67.1	(0.0)	134.2	96.6	39.0	
EBIT	65.6	40.2	63.3	64.2	2.3	129.8	92.0	41.1	
Depreciation and amortisation	5.5	5.2	6.7	5.5	0.6	11.0	11.0	0.7	
EBITDA	72.6	47.6	52.5	72.6	0.0	145.3	107.5	35.1	
Finance income	1.5	2.3	(34.5)	4.2	(64.4)	4.4	4.6	(3.4)	
Finance cost	(7.8)	(8.0)	(2.1)	(7.9)	(1.0)	(15.8)	(16.9)	(6.7)	
Share of JV	11.8	12.2	(3.0)	4.2	184.5	16.0	19.2	(16.8)	
Pre-tax profit	71.1	46.6	52.5	63.4	12.2	134.5	98.9	35.9	
Taxation	(15.6)	(13.0)	20.1	(13.2)	17.9	(28.9)	(24.3)	18.6	
Net profit	50.2	30.4	65.3	45.4	10.6	95.7	67.9	40.9	
Core net profit	**60.8**	**61.2**	**(0.7)**	**45.4**	**34.0**	**106.1**	**98.3**	**8.0**	
Core EPS (sen)	3.2	3.3	(0.7)	2.4	34.0	5.7	5.2	8.0	
EBITDA margin (%)	35.5	27.8		39.6		37.5	31.9		
PBT margin (%)	34.8	27.3		34.5		34.7	29.4		
Core net profit margin (%)	29.7	35.8		24.7		27.4	29.2		

Source: Company, Apex Securities

Segmental Breakdown

FYE Mar (RM m)	2QFY26	2QFY25	yoy (%)	1QFY26	qoq (%)	6MFY26	6MFY25	yoy (%)	Comments
Revenue									
Properties	180.5	146.4	23.3	160.1	12.7	340.6	287.1	18.6	
Hospitality	25.7	25.7	0.1	25.1	2.2	50.8	49.3	3.1	
Investments and others	8.6	5.3	61.0	10.2	(16.1)	18.8	9.7	94.8	
Elimination	(10.5)	(6.3)	64.8	(12.0)	(12.9)	(22.5)	(9.4)	138.3	
Total	**204.4**	**171.0**	**19.5**	**183.5**	**11.4**	**387.9**	**336.7**	**15.2**	
Operating profit									
Properties	61.9	46.8	32.5	57.4	7.9	119.4	99.4	20.1	
Hospitality	5.0	6.4	(22.5)	4.8	2.8	9.8	10.8	(9.2)	
Investments and others	2.6	(6.0)	nm	10.4	(75.4)	12.9	(7.8)	nm	
Elimination	(2.4)	(4.7)	(49.7)	(5.5)	(56.9)	(7.9)	(5.8)	36.5	
Total	**67.1**	**42.4**	**58.1**	**67.1**	**(0.0)**	**134.2**	**96.6**	**39.0**	
Operating profit margin			%-pts		%-pts			%-pts	
Properties	34.3%	31.9%	2.4%	35.9%	-1.5%	35.0%	34.6%	0.0	
Hospitality	19.4%	25.1%	-5.7%	19.3%	0.1%	19.3%	22.0%	(0.0)	
Investments and others	29.7%	-112.7%	142.4%	101.3%	-71.6%	68.6%	-81.0%	1.5	
Elimination	22.7%	74.4%	-51.7%	45.9%	-23.2%	35.1%	61.4%	(0.3)	
Aggregate Total	**32.8%**	**24.8%**	**8.0%**	**36.6%**	**-3.7%**	**34.6%**	**28.7%**	**0.1**	

Source: Company, Apex Securities

Financial Highlights

Income Statement

FYE Mar (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Revenue	**422.8**	**741.1**	**953.6**	**1069.9**	**1895.2**
Gross Profit	**204.5**	**306.5**	**394.3**	**442.4**	**851.0**
EBITDA	**220.0**	**224.7**	**311.7**	**346.2**	**652.8**
Depreciation & Amortisation	-20.2	-23.2	-23.7	-22.0	-21.9
EBIT	**199.7**	**201.6**	**288.0**	**324.1**	**630.9**
Net Finance Income/ (Cost)	-21.5	-23.7	-26.1	-26.9	-22.7
Associates & JV	-11.1	38.7	15.6	12.6	9.1
Pre-tax Profit	**167.2**	**216.6**	**277.5**	**309.9**	**617.3**
Tax	-26.0	-34.9	-44.4	-49.6	-86.4
Profit After Tax	**141.1**	**181.7**	**233.1**	**260.3**	**530.9**
Minority Interest	7.5	13.1	16.3	18.2	15.9
Net Profit	**133.6**	**168.6**	**216.8**	**242.1**	**514.9**
Exceptionals	60.9	-26.2	0.0	0.0	0.0
Core Net Profit	**72.7**	**194.9**	**216.8**	**242.1**	**514.9**
CNP (Excluding sales of land)	**72.7**	**194.9**	**216.8**	**242.1**	**270.7**

Key Ratios

FYE Mar (RM m)	FY24	FY25	FY26F	FY27F	FY28F
EPS (sen)	2.9	7.7	8.6	9.6	20.5
P/E (x)	27.7	10.3	9.3	8.3	3.9
P/B (x)	0.9	0.9	0.8	0.7	0.6
EV/EBITDA (x)	4.3	2.7	1.6	1.4	1.2
DPS (sen)	0.0	1.0	1.0	1.7	2.0
Dividend Yield (%)	0.0%	1.3%	1.2%	2.2%	2.5%
EBITDA margin (%)	52.0%	30.3%	32.7%	32.4%	34.4%
EBIT margin (%)	47.2%	27.2%	30.2%	30.3%	33.3%
PBT margin (%)	39.5%	29.2%	29.1%	29.0%	32.6%
PAT margin (%)	33.4%	24.5%	24.4%	24.3%	28.0%
NP margin (%)	31.6%	22.8%	22.7%	22.6%	27.2%
CNP margin (%)*	17.2%	26.3%	22.7%	22.6%	27.2%
ROE (%)	3.4%	8.3%	8.5%	8.8%	15.9%
ROA (%)	1.8%	4.3%	4.4%	4.6%	9.4%
Gearing (%)	67.7%	73.3%	72.9%	69.1%	53.0%
Net gearing (%)	49.9%	61.4%	61.3%	57.3%	39.7%

* Inclusive sales of land

Valuations	FY28F	Valuation methodology
Total RNAV (RM' m)	5259.1	(ke: 12%)
Discount Rate	55.0%	
Discounted RNAV (RM' m)	2366.6	
Enlarged Sharebase	2539.5	
Fair Value (RM)	**0.94**	

Source: Company, Apex Securities

Balance Sheet

FYE Mar (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Cash	385.4	278.5	295.4	327.0	433.8
Receivables	25.7	104.1	115.3	107.4	121.0
Inventories	462.7	572.6	714.5	695.6	688.5
Other current assets	107.8	184.5	191.3	201.6	210.1
Total Current Assets	**981.7**	**1139.7**	**1316.5**	**1331.6**	**1453.5**
Fixed Assets	226.1	227.0	219.3	217.2	213.4
Intangibles	0.2	0.1	0.1	0.1	0.1
Other non-current assets	2835.0	3208.3	3423.9	3686.5	3812.0
Total Non-Current Assets	**3061.2**	**3435.4**	**3643.3**	**3903.9**	**4025.5**
Short-term debt	197.4	244.5	264.9	272.6	245.5
Payables	143.0	375.3	408.5	412.3	366.6
Other current liabilities	99.1	47.9	48.2	49.1	47.0
Total Current Liabilities	**439.5**	**667.7**	**721.6**	**734.0**	**659.1**
Long-term debt	1265.1	1468.2	1590.8	1636.6	1474.2
Other non-current liabilities	179.0	102.8	101.9	102.6	103.0
Total Non-Current Liabilities	**1444.0**	**1570.9**	**1692.7**	**1739.2**	**1577.1**
Shareholder's equity	2152.1	2316.3	2508.9	2707.4	3172.0
Minority interest	7.2	20.3	36.6	54.8	70.8
Total Equity	**2159.4**	**2336.5**	**2545.5**	**2762.3**	**3242.8**

Cash Flow

FYE Mar (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Pre-tax profit	**167.2**	**216.6**	**277.5**	**309.9**	**617.3**
Depreciation & amortisation	20.2	23.2	23.7	22.0	21.9
Changes in working capital	-158.9	-443.4	-326.7	-229.8	-360.7
Others	-122.4	-131.6	-60.0	-62.2	-339.7
Operating cash flow	**-93.9**	**-335.2**	**-85.5**	**40.0**	**-61.2**
Capex	-2.8	-13.3	-10.0	-12.0	-10.0
Others	-33.8	16.9	1.1	1.1	425.5
Investing cash flow	**-36.6**	**3.6**	**-8.9**	**-10.9**	**415.5**
Dividends paid	0.0	-24.9	-24.9	-43.6	-50.4
Others	-34.4	151.4	136.1	46.0	-197.1
Financing cash flow	**-34.4**	**126.6**	**111.2**	**2.5**	**-247.4**
Net cash flow	**-164.9**	**-205.1**	**16.9**	**31.6**	**106.8**
Forex	-17.8	10.6	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash	537.0	354.4	159.9	176.8	208.3
Ending cash & cash equivalent	354.4	159.9	176.8	208.3	315.2
Bank overdraft and cash restricted	31.1	118.6	118.6	118.6	118.6
Total cash and bank	**385.4**	**278.5**	**295.4**	**327.0**	**433.8**

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★	Scope 2 emissions rose 7.4% yoy to 6.7m/kg in FY23
Waste & Effluent	★★★	Co2 emissions reduced from 3.0m kg in FY21 to 2.5m kg in FY23
Energy	★★★	Energy consumption reduced from 8,014,556 kWh to 7,810,114 kWh
Water	★★★	Water consumption rose 5.4% yoy to 112,658m3 in FY23
Compliance	★★★	In compliance with local and international environmental regulations

Social

Diversity	★★★	73% of average employees age below 40, 21% of employees are female
Human Rights	★★★	Enforce and adopts Code of Ethics and Conduct
Occupational Safety and Health	★★	292 hours of OSH trainings completed, one worksite incidence in FY23
Labour Practices	★★★	Pay scale based on prevailing industry market rates as stipulated by the Act 732 National Wages Consultative Council Act

Governance

CSR Strategy	★★★	Donation to Sekolah Semangat Maju and participated in the Pesta Makanan Amal 2023
Management	★★	Average board members age @ 53, 2/9 female board composition, 4/9 Independent Directors
Stakeholders	★★★	4x analyst briefings per annum, 1x AGM per annum

Overall ESG Scoring: ★★★

Recommendation Framework:
BUY: Total returns* are expected to exceed 10% within the next 12 months.
HOLD: Total returns* are expected to be within +10% to – 10% within the next 12 months.
SELL: Total returns* are expected to be below -10% within the next 12 months.
TRADING BUY: Total returns* are expected to exceed 10% within the next 3 months.
TRADING SELL: Total returns* are expected to be below -10% within the next 3 months.
*Capital gain + dividend yield

Sector Recommendations:
OVERWEIGHT: The industry defined by the analyst is expected to exceed 10% within the next 12 months.
NEUTRAL: The industry defined by the analyst is expected to be within +10% to – 10% within the next 12 months.
UNDERWEIGHT: The industry defined by the analyst, is expected to be below -10% within the next 12 months.

ESG Rating Framework:
★★★★★ : Appraised with 3% premium to fundamental fair value
★★★★ : Appraised with 1% premium to fundamental fair value
★★★ : Appraised with 0% premium/discount to fundamental fair value
★★ : Appraised with -1% discount to fundamental fair value
★ : Appraised with -5% discount to fundamental fair value

As of **Monday, 01 Dec, 2025**, the analyst(s), whose name(s) appears on the front page, who prepared this report, has interest in the following securities covered in this report:
(a) nil.