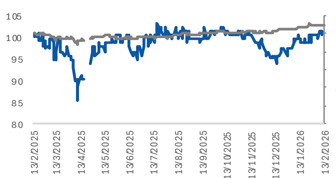
Tan Wai Wern
(603) 7890 8888 (ext 2092)
waiwern.tan@apexsecurities.com.my

Recommendation:	BUY
Current Price:	RM 1.05
Previous Target Price:	N.A
Target Price:	RM 1.46
Capital Upside/Downside:	39.0%
Dividend Yield (%):	6.7%
Total Upside/Downside:	**45.7%**

Stock information	
Board	MAIN
Sector	Property
Bursa / Bloomberg Code	1724 / PARMK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	622.8
Market Cap (RM' m)	653.9
52-Week Price Range (RM)	1.12-0.9
Beta (x)	0.7
Free float (%)	47.2
3M Average Volume (m)	0.2
3M Average Value (RM' m)	0.2

Top 3 Shareholders	(%)
Paramount Equities Sdn Bhd	24.8
Southern Palm Ind Sdn Bhd	8.4
Southern Acids Malaysia Bhd	4.3

Share Price Performance



	1M	3M	12M
Absolute (%)	1.0	0.0	-3.7
Relative (%)	-1.5	-6.8	-12.4

Earnings Summary	FY24	FY25F	FY26F
Revenue (RM'm)	1040.2	1012.6	1134.8
PATAMI (RM'm)	102.4	83.0	105.8
CNP (RM'm)	85.5	83.0	105.8
EPS - core (sen)	13.7	13.3	17.0
P/E (x)	7.6	7.9	6.2

Paramount Corporation Berhad

Building Shareholder Value Through a 10% ROE Commitment

- **PARAMON is positioned to benefit from a 332.2 acre undeveloped landbank (GDV RM3.3bn) across Central and Northern regions, supporting multi-year revenue visibility and resilience.**
- **Dividend visibility remains strong, with payouts consistently above the 20% policy threshold (7 sen), underpinned by stable earnings.**
- **Core earnings growth will be driven by (i) Recognition of RM1.6bn in unbilled sales, sustaining earnings visibility until FY28F, (ii) Targeted annual launches of RM1bn, with revenue recognised over 3–5 years, (iii) Strategic expansion in the northern and central region through new land acquisitions, with an estimated GDV of c.RM2.6bn.**
- **We initiate coverage on PARAMON with a BUY recommendation and a target price of RM1.46 derived from a 50% discount to RNAV of RM1.8bn, incorporating a three-star ESG rating.**

Key Investment Highlights

Solid Dividend Visibility. PARAMON has delivered dividend payouts consistently above its 20% policy threshold. We expect dividends to be maintained at the c.7 sen per share level, allowing shareholders to participate in the Group's earnings growth while ensuring sufficient capital is retained to fund ongoing operations and future land acquisition initiatives.

Strong Landbank Strategy to Drive Multi-Year Growth. PARAMON has set a target to replenish its landbank with RM6bn in new acquisitions over FY25–FY26. As at 30 Sept 2025, the Group maintains an undeveloped landholding of 332.2 acres, which carries a projected GDV of RM3.3bn. To date, the Group has successfully replenished RM2.6bn GDV worth of landbank through various acquisitions. Together with the Group's launched developments of RM1.7bn available for sale, the total potential GDV for the Group amounts to RM5.0bn at the end of 3QFY25.

ROE Improvement Goals. The Group is targeting to improve its ROE to 10% by 2030 (FY24: 7.2%). This is expected to be driven by: (i) higher mix of landed projects of 30% and compressing the development cycle from land acquisition to cash settlement of projects, (ii) recurring income targeted for 30% by 2030 via co-working and hospitality, and (iii) monetisation of non-core assets to recycle capital into higher-yield recurring assets.

Strong development outlook with RM1bn GDV annual launches. The group is committed to sustaining c.RM1bn in annual project launches, underpinning multi-year revenue visibility. A strategic pivot toward landed properties enhances margins and accelerates cash conversion, supporting healthier ROE and capital efficiency.

Strong Positioning in Core Markets with Diversified Regional Exposure. PARAMON's landbank is strategically diversified across the Central and Northern regions, reducing concentration risk and providing resilience across market cycles. Recently, PARAMON acquired land in Lunas, Kedah for a new township development. Based on our checks, industrial activity in Kulim, Kedah is accelerating, supported by strong manufacturing expansion and ongoing supply-chain relocation. PARAMON is positioning itself to capture spillover demand from Penang, underpinned by rising employment, population inflows, and improving infrastructure links within the northern economic corridor.

Valuation & Recommendation. We initiate coverage on Paramount Corporation Berhad with a **BUY** recommendation and a target price of RM1.46 based on a 50% discount to RNAV of RM1.8bn, incorporating a three-star ESG rating.

Business Overview

Business Model. PARAMON operates a balanced, multi-engine business model centred on property development, supported by selective recurring income streams. Its core business focuses on property development across the Central and Northern regions, providing both scale and geographical risk diversification. In addition to its property development activities, PARAMON operates co-working spaces alongside its other investments that generates recurring income. This integrated model provides both steady cash flow visibility and long-term development-driven growth.

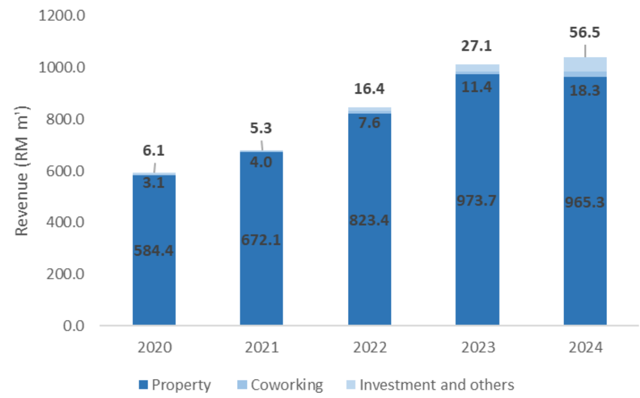
Figure 1: Business Activities

Business Divisions	Explanation
Property	Development and construction of residential and commercial properties.
Coworking	Operation and leasing of flexible workspace solutions across eight Co-labs locations.
Investment & Others	Investment holding, overseas property investment, hotel operations, food & beverages, digital businesses, and interest in tertiary education and campus operations.

Source: Company, Apex Securities

The Property segment remains the group's core earnings driver, contributing 93% of total revenue in 2024, while the Coworking segment accounted for 2% and Investment & Others contributed 5%. (Figure 2)

Figure 2: Revenue Breakdown



Source: Company, Apex Securities

Diverse Investments Portfolio. In addition to its core businesses, the Group has several significant investments. This includes a 49.0% stake in Navarang Charoennakhon Company Limited (a property developer in Thailand), a 21.5% stake in EWI Capital Berhad (formally known as Eco World International Berhad) and a recent acquired 28.0% stake in Envictus International Holdings Limited (listed on the main board of SGX). Envictus is principally involved in the F&B industry in Malaysia, with an established portfolio of businesses and brands operating under three key business divisions. Under its Food Services Division, as at 31 Dec 2025, Envictus operates 104 Texas Chicken restaurants and 50 San Francisco Coffee outlets in Malaysia. Its Trading and Frozen Food Division comprises Pok Brothers, a leading frozen food and premium food wholesaler for several major restaurants, while the Dairies Division is involved in the sale and distribution of the SuJohan brand of creamer.

Ongoing Projects. PARAMON currently has 8 ongoing projects and 3 recently completed developments. We estimate that approximately RM3.6bn in revenue will be progressively recognised from these projects, providing earnings visibility up to FY29F.

Figure 3-5: Northern Projects

Figure 3: Utropolis Batu Kawan

Utropolis Batu Kawan

Details	Utropolis Batu Kawan is Paramount's first integrated mixed development in Penang, spanning 33.8 acres near Batu Kawan Industrial Park. The township comprises residential apartments, commercial and retail components, and the UOW Malaysia KDU Penang University College campus. It enjoys strong connectivity via the North–South Expressway and the Second Penang Bridge, while key amenities such as IKEA, Design Village Outlet Mall, F&B drive-throughs, hospitals, and educational institutions are within easy reach. Three earlier residential phases—Sensasi, Suasana, and Sinaran—have been completed and fully sold out. The latest residential phase, Savana (Phase 4), launched in March 2023 and features a three-storey facility deck, earning Honours in the Family-Friendly (High-Rise) – Beyond Greater KL category at the StarProperty Awards 2023. In November 2024, Seiras Avenue (Phase 5) was launched, comprising 10 shop units to support the 411-unit Seiras serviced apartments launched in 2Q2025, which offer dual- and triple-key layouts (slated for completion in 2028).
Type	Residential apartments, commercial and retail lots
Price^	RM306K – RM837K
Location	Pulau Pinang
Ongoing and recently completed phases	Seiras, Savana
Total GDV*	RM2.6bn
Land size	33.8 acre
Launch date	2016
Expected completion	2030

^ Reflects products since first launch up to 31 Dec 2025
* Represents completed, ongoing and future launches
Source: Company, Apex Securities

Figure 4: Bukit Banyan

Bukit Banyan

Details	Bukit Banyan township in Sungai Petani spans 657 acres, thoughtfully developed as a premium lifestyle destination. It comprises Bukit Banyan I (520 acres), which is 96% developed, and Bukit Banyan II (137.1 acres), which has recently been launched, with 93.7 acres remaining to date. The earlier phases have seen strong demand for its bungalow and semi-detached units. This development was awarded the prestigious StarProperty Award in 2024.
Type	Mixed township development with bungalows, semi detached and double storeys, and commercial shophouses
Price^	RM300k - RM1.5m
Location	Kedah
Ongoing and recently completed phases	The Ridge, Cassia, Aspera (20x70), Aspera Elite (20 x 75), Meera Grand
Total GDV*	RM1.9bn
Land size	657.1 acre
Launch date	2012
Expected completion	2028

^ Reflects products since first launch up to 31 Dec 2025
* Represents completed, ongoing and future launches
Source: Company, Apex Securities

Figure 5: Paramount Embun Hills

Paramount Embun Hills

Details	The 69.2-acre township, located adjacent to the Bukit Mertajam rainforest, experiences spillover demand from Penang Island and attracts buyers from Kulim Hi-Tech Park, offering a more premium living environment. It is only 4 km from Kulim Town Centre, 5 km from Bukit Mertajam and Alma Town Centre, 16 km from the Penang Bridge, and 18 km from the 2nd Penang Bridge.
Type	Double-storey terrace homes, cluster houses, semi-detached homes, low-cost apartments and commercial lots
Price^	RM803k – RM1.1m
Location	Pulau Pinang
Ongoing phases	Shop office, double-stories terraces & cluster homes
Total GDV*	RM547m
Land size	69.2 acre
Launch date	2025
Expected completion	2029

^ Reflects products since first launch up to 27 Aug 2025
* Represents complete, ongoing and future launches
Source: Company, Apex Securities

Figure 6-10: Central Projects

Figure 6: Greenwoods Salak Perdana

Greenwoods Salak Perdana

Details	Greenwoods Salak Perdana is a freehold township in Salak Perdana, Sepang, built around a community-centric living concept. The development comprises double-storey terrace homes, townhouses, and shop offices, complemented by natural features such as hills and parks, including Laman Rimba with dedicated hiking trails. Within the township, Greenwoods Senna spans 18 acres and was launched in 2024, offering 368 semi-detached townhouses with lot sizes ranging from 34' × 65' to 44' × 75'. It is a gated and guarded enclave designed with an open-plan layout and terrace spaces for outdoor use. Three earlier phases within the township have already been completed: Greenwoods Seraya (260 freehold townhouses, completed 2024), Greenwoods Cendana (double-storey terraces, completed January 2023), and Greenwoods Keranji, an earlier terrace-home phase that won the 2019 StarProperty.my Starter Home Award (Best Affordable Home). The township is well-connected via major highways and the ERL.
Type	2-storey terrace homes, townhouses & shop offices
Price^	RM479k – RM1.3m
Location	Selangor
Ongoing phases	Senna
Total GDV*	RM1.6bn
Land size	237 acre
Launch date	2015
Expected completion	2027

^ Reflects products since first launch up to 31 Dec 2025
* Represents completed, ongoing and future launches

Source: Company, Apex Securities

Figure 7: The Atera

The Atera

Details	A leasehold, transit-oriented mixed-development located just 400 meters from the Asia Jaya LRT station. The development has achieved GreenRE Silver certification, featuring sustainable initiatives such as rainwater harvesting, solar-powered common areas, and electric vehicle charging stations. Each home is semi-furnished and equipped with a smart home system. Designed for couples and young families, The Atera offers a variety of facilities and is strategically located near malls, grocery stores, commercial hubs, hospitals, universities, colleges, and public and private schools. The development enjoys strong connectivity via major highways, including the Federal Highway, New Klang Valley Expressway (NKVE), Sprint Highway, and New Pantai Expressway. Phase 1, comprising 760 serviced apartment units, was launched in 2022. Phase 2, with 788 serviced apartment units and five retail units, was launched in 2024.
Type	Serviced apartments & retail units
Price^	RM634k – RM1.3m (Residential units)
Location	Selangor
Ongoing phases	Phase 1 & 2
Total GDV*	RM1.3bn
Land size	9.7 acre
Launch date	2025
Expected completion	2031

^ Reflects products since first launch up to 31 Dec 2025
* Represents completed, ongoing and future launches

Source: Company, Apex Securities

Figure 8: Berkeley Uptown

Berkeley Uptown

Details	Berkeley Uptown is a freehold mixed-use development located in the central business district of Klang, comprising serviced apartments, retail shops, offices, and a public park. The development is anchored by Sri KDU International School. Uptown Residences 1, completed in 2024, offers a range of unit sizes for first-time buyers, small families, and larger households, with 16 facilities and multi-tiered security, including 24-hour CCTV. Uptown Residences 2, launched in December 2024, occupies 7.37 acres of prime freehold land with two towers of serviced apartments and park villas. Units range from 910 sq ft to 1,556 sq ft, offering up to 4+1 bedrooms, three bathrooms, and four car parks per unit. The development supports intergenerational living with a central park, recreational podium deck, private rooftop garden, 2.9 acres of landscaped greenery, 40 lifestyle facilities, and a 10,000 sq ft indoor community space. The commercial hub spans 7.69 acres and includes Malaysia's first Family Mart drive-through, with additional lifestyle tenants planned. Berkeley Uptown is strategically located near schools, malls, commercial centres, medical facilities, highways, and train lines, with accessibility further enhanced by the upcoming LRT 3 line.
Type	Serviced apartments, retail shops, offices
Price^	RM270k – RM956k
Location	Selangor
Ongoing phases	Phase 2
Total GDV*	RM1.2bn
Land size	33.1 acre
Launch date	2019
Expected completion	2028

^ Reflects products since first launch up to 31 Dec 2025
* Represents completed, ongoing and future launches

Figure 9: The Ashwood

The Ashwood

Details	Aa freehold luxury residential development offering stunning views of the Kuala Lumpur cityscape and the Royal Selangor Golf Club. Located in the prestigious U-Thant enclave, also known as Embassy Row, in the heart of Kuala Lumpur, the development comprises condominiums, duplexes, and low-rise villas, complemented by a range of premium amenities. The project sits on 3.59 acres of freehold land and is surrounded by foreign embassies, high commissions, upscale residences, international schools, medical centres, dining options, and premium grocers.
Type	Serviced apartment
Price	RM1.6m – RM4.3m
Location	Kuala Lumpur
Total GDV	RM780.7m
Land size	3.59 acre
Launch date	2024
Expected completion	2028

Source: Company, Apex Securities

Figure 10: Sejati Residences

Sejati Residences

Details	The final phase of Sejati Residences features a low-density enclave of 170 three-storey Park Homes on 10.1 acres of prime freehold land. Designed for intergenerational living, each home offers five bedrooms with en-suite bathrooms and flexible layouts. Residents enjoy six private parks across 1.5 acres, a 1.9 km interconnected walkway, and seven outdoor amenities that promote an active and healthy lifestyle.
Type	3 storey terraces
Price	RM1.1m – RM1.6m
Location	Selangor
Total GDV	RM208m
Land size	10.1 acre
Launch date	2024
Expected completion	2027

Source: Company, Apex Securities

Figure 11-13: Recently Completed Projects

Figure 11: Sejati Lakeside 2

Sejati Lakeside 2

Details	A freehold landed development by a 45-acre lake in Cyberjaya, the project offers convenient access to nearby commercial hubs, malls, universities, international schools, sports facilities, banks, hospitals, and restaurants. Phase 1 (122 units) launched in Nov 2022 and completed in 2024, while Phase 2 (112 units) launched in June 2023 and has recently completed. Both phases are fully sold. The development also won the StarProperty 2023 Excellence Award for Family-Friendly (Landed) within Greater KL.
Type	Double storey semi-detached
Price^	RM1.5m – RM2.1m
Location	Selangor
Phases	Phase 2
Total GDV*	RM385m
Land size	32.7 acre
Launch date	2022
Expected completion	2025

^ Reflects products since first launch up to 31 Dec 2025
* Represents completed, ongoing and future launches

Source: Company, Apex Securities

Figure 12: Arinna Kemuning Utama

Arinna Kemuning Utama

Details	Positioned around the theme of smart, connected living, Arinna Kemuning Utama is a freehold and low-density residential enclave within Kemuning Utama, Shah Alam. The development features two towers with spacious unit layouts ranging from 1,011 sq ft to 1,528 sq ft, complemented by integrated smart home functions and a multi-tier security framework. A small retail component at the frontage enhances day-to-day convenience by offering access to groceries, F&B options, and essential services. The wider neighbourhood is well supported by established amenities, including public and international schools, commercial centres, banks, and medical facilities.
Type	Serviced apartment
Price	RM523k – RM793k
Location	Selangor
Total GDV	RM201.2m
Total number of units	356
Land size	6.02 acre
Launch date	2022
Expected completion	2025

Source: Company, Apex Securities

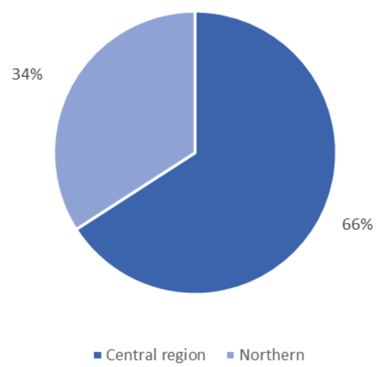
Figure 13: Paramount Palmera Industrial Park

	Details	Located in Bukit Minyak, Penang, Paramount Palmera Industrial Park offers freehold modern light industrial units designed to support business growth. The development comprises 52 semi-detached and six detached units with expandable space, allowing businesses to scale operations as needed. The park is strategically positioned next to Bukit Mertajam and just 4.5 km to the Bukit Tambun Utara toll plaza on the North–South Expressway, providing excellent connectivity for logistics and commercial activities.
	Type	52 semi-detached and 6 detached light industrial units.
	Location	Pulau pinang
	Price	RM2.7m – RM5.8m
	Total GDV	RM173m
	Land size	17.87 acre
Paramount Palmera Industrial Park	Launch date	2023
	Expected completion	2025

Source: Company, Apex Securities

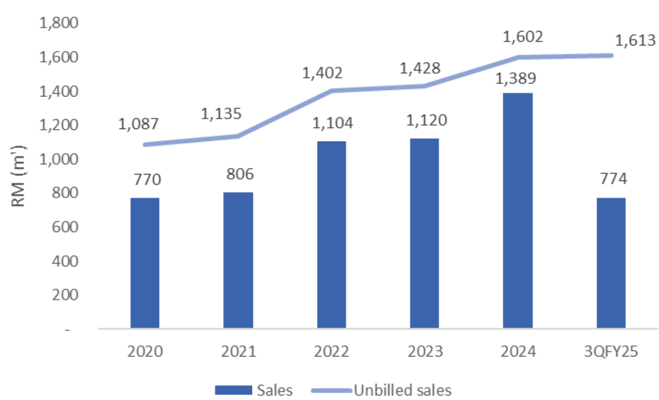
Sales and Unbilled Sales. Reflecting the strength of its core property segment, PARAMON recorded RM774.0m in sales and RM1.6bn in unbilled sales as of 3QFY25. Of the total sales, 65.9% came from the Central region, while the Northern region contributed 34.1% (Figure 14). Unbilled sales were similarly concentrated, with 82.8% in the Central region versus 17.2% in the Northern region. The trends in sales and unbilled sales are illustrated below (Figure 15). The FY25 launch target of RM1.0bn, with RM0.7bn launched up to 9M2025 and RM0.3bn scheduled for 4QFY25.

Figure 14: Breakdown of Sales by Region



Source: Company, Apex Securities

Figure 15: Historical Trend of Sales and Unbilled Sales



Source: Company, Apex Securities

Landbank. The group's undeveloped landbank totals 332.2 acres, carrying a GDV of RM3.3bn (Figure 16).

Figure 16: Undeveloped Landbank as at 30 Sept 2025

Location	Land size (acre)	GDV (RM bn')
Central	144.3	1.7
Northern	187.9	1.6
TOTAL	**332.2**	**3.3**

Source: Company, Apex Securities

Future pipeline. The Group recently acquired four land parcels (Figure 17), two each in the Northern and Central regions, at an average land to GDV ratio of 13.1%. We view these acquisitions as attractively priced, especially when benchmarked against the Group's historical land purchases, which typically ranged between 18% and 20% of GDV. The lower entry cost should support healthier development margins with parcels slated for launches from CY2026 onwards. Together with the Group's launched developments of RM1.7bn available for sale, this provides medium to long term revenue visibility for the Group.

Figure 17: New Proposed Landbank Acquisitions in FY25-FY26

Date of acquisition	Location	Land size (acre)	Purchase price (RM m')	Price psf (RM)	GDV (RM m')	Land cost/GDV (%)
31-Jul-25	Batu Kawan, Penang	18.97	57.8	70.0	744.0	7.8%
8-Aug-25	Bandar Lunas, Kulim, Kedah	295.55	128.7	10.0	946.0	13.6%
17-Dec-25	Shah Alam, Selangor	48.49	113.5	53.7	579.0	19.6%
7-Jan-26	Putrajaya	2.62	40	350.0	323.0	12.4%
	TOTAL	**365.6**	**340.0**	**21.4**	**2592.0**	**13.1%**

Source: Company, Apex Securities

Batu Kawan, Penang. First launched in 2016, Utropolis Batu Kawan (UBK) is an integrated town development strategically located within the expanding Batu Kawan industrial corridor. Its masterplan combines residential, commercial, and education components, catering to students, staff, and the growing workforce in the area. Nearby low-cost housing by SkyWorld targets a different buyer segment, focusing on affordability for first-time homeowners and industrial workers (price range: RM225k – Rm420k), and is unlikely to overlap with UBK's lifestyle-oriented offerings (price starting from RM500k). UBK differentiates itself through products such as dual-key and flexible-layout units, appealing to families, investors, and buyers seeking rental income opportunities or multigenerational living arrangements. Including the newly acquired parcel (GDV: RM744m) together with the ongoing phase, we estimate a remaining future GDV of about RM3.3bn, underscoring UBK's mid- to upper-market positioning with diversified offerings and lifestyle-centric amenities.

Bandar Lunas, Kulim, Kedah. Paramon's proposed acquisition of a 296-acre freehold parcel in Bandar Lunas underscores its renewed focus on the northern region and is poised to become a key growth driver for Kedah. The land comprises four adjoining plots situated 12 km from Lunas town and 4 km north of Kulim Hi-Tech Park (KHTP). Given Kulim's strengthening industrial profile and improving connectivity, the acquisition aligns with Paramon's aim to expand its landbank in high-potential locations. The rising concentration of industries and workforce in KHTP is expected to fuel population growth and, in turn, support demand for quality residential and commercial offerings in Bandar Lunas. The SPA is targeted to be completed in 2026 with the planned development within the same year comprising indicatively a mix of 39% industrial, 7% commercial, and 54% residential properties.

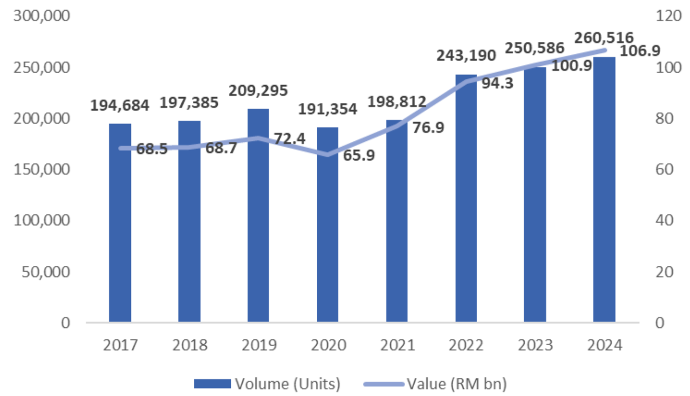
Shah Alam, Selangor. Recently, the group proposed to acquire three contiguous parcels of leasehold land totalling approximately 48.5 acres in Mukim Bukit Raja, Selangor, from SJ Properties Sdn Bhd for RM113.5m in cash. The land, designated for residential development, is strategically located near the Guthrie Corridor Expressway and DASH interchange, enabling a quick launch of Paramount's signature residential projects with approvals already obtained. The acquisition, valued at RM113.5m, is expected to enhance the Group's future earnings with a projected GDV of RM579m over six years. The acquisition is expected to be completed within 12 months, aligning it with Paramount's strategy of replenishing its landbank in high-growth areas. The land cost represents 19.6% of the total GDV, translating to RM54 psf, which is below the market value of around RM80 psf. Launches will be in FY26, with construction starting in FY27. Therefore, we expect significant contribution to only be in FY28 onwards as construction progresses.

Putrajaya. Paramount Group is expanding its portfolio through the acquisition of a 2.6 acre freehold land parcel in Putrajaya for RM40m. The transaction, executed by its wholly owned subsidiary Phoenix Blanc Sdn Bhd via a sale and purchase agreement with Cahaya Nusantara Sdn Bhd, will be financed through a combination of bank borrowings and internal funds. Planned for a CY27 launch, the site is earmarked for a high-rise residential development with an estimated GDV of RM323m. Strategically positioned within the Putrajaya Sentral masterplan, the development offers exceptional connectivity as it sits adjacent to the city's primary integrated transportation hub, providing seamless access to the MRT Putrajaya Line, KLIA Transit, and major bus networks. Furthermore, the site benefits from direct links to the Putrajaya–Cyberjaya Expressway and Lingkaran Putrajaya. Notably, this acquisition represents a high-margin opportunity for the Group with the land cost accounting for only 12.4% of the projected GDV, a significant improvement over the Group's traditional acquisition benchmark of 18%–20%.

Industry Overview

Property Market Overview. NAPIC data shows that residential property transactions have been steadily increasing, reflecting strong and sustained demand for housing across the country. The trend suggests that buyers remain active in the market, supported by factors such as population growth, urbanisation, and expansion of employment hubs. This continued activity highlights the resilience of the residential property sector and its importance in Malaysia's property market (Figure 18).

Figure 18: Residential Property Sales Trend



Source: NAPIC, Apex Securities

Economic Strength. Batu Kawan's economic momentum is closely tied to its role as Penang's industrial hub, supported by steady FDI inflows and the expansion of multinational manufacturers. The growth of industrial activity has accelerated investment, production capacity, and job creation with the ultimate aim of lifting household incomes and strengthening purchasing power among skilled professionals. In 2023, Penang recorded RM71.9bn in approved investments, with RM63.4bn attributable to manufacturing. This strong manufacturing investment continues to support demand for residential and commercial developments in Batu Kawan. Penang's GDP sectoral trends over the years are presented in Figure 19. The upcoming Batu Kawan Industrial Park 2 is expected to further expand the employment base, supporting longer-term housing demand (Figure 20).

Figure 19: Penang's GDP Performance

	2020		2021		2022		2023	
Total GDP (m)	92,691		99,124		112,281		115,957	
Sectors:								
Services	45,979	50%	47,080	47%	52,490	47%	55,658	48%
Manufacturing	41,627	45%	46,768	47%	54,188	48%	53,893	46%
Construction	2,234	2%	2,521	3%	2,721	2%	3,364	3%
Agriculture	2,049	2%	2,000	2%	2,095	2%	2,231	2%
Others	803	1%	755	1%	787	1%	812	1%

Source: DOSM, Apex Securities

Figure 20: Batu Kawan Industrial Park

Source: Company

Manufacturing sector. Penang, known as the "Silicon Valley of the East," is anchored by a strong Electrical & Electronics (E&E) industry. Key hubs include Bayan Lepas and Perai FIZ, which host over 300 MNCs, while newer clusters such as Batu Kawan Industrial Park, Penang Science Park, and Digital Penang further support growth. In 2024, the state secured RM17.3bn in approved manufacturing investments across 182 projects, generating nearly 16,254 jobs and reinforcing Penang's role as a global trading hub.

Key Investment Highlights

Solid Dividend Visibility. Paramount continues to demonstrate a strong commitment to shareholder returns, consistently delivering dividend payouts that exceed its established 20% policy threshold. Looking ahead, the Group expects to sustain dividend levels of c.7 sen per share, underpinned by stable earnings performance. This balanced capital allocation strategy allows shareholders to benefit directly from the Group's growth while ensuring that sufficient capital is retained to support core operations and fuel future land acquisition initiatives.

Strong Landbanking Strategy to Drive Multi-Year Growth. Paramount has set a target to replenish its landbank with RM6bn in new acquisitions over FY25–FY26. At present, the Group maintains an undeveloped landholding of 332.2 acres, which carries a projected GDV of RM3.3bn. To date, the Group has successfully replenished RM2.6bn GDV worth of landbank through various acquisitions. Together with launched developments of RM1.7bn available for sale, the total potential GDV for the Group amounts to RM5.0bn.

ROE Improvement Goals. With ROE of 10% aimed by 2030 (FY24: 7.2%), it is expected to be driven by: (i) higher mix of landed projects of 30% and compressing the development cycle from land acquisition to cash settlement of projects, (ii) recurring income targeted for 30% by 2030 via co-working and hospitality, and (iii) monetisation of non-core assets to recycle capital into higher-yield recurring assets.

Robust development outlook with RM1bn annual launches. The group is committed to sustaining c.RM1bn in annual project launches, underpinning multi-year revenue visibility. A strategic pivot toward landed properties enhances margins and accelerates cash conversion, supporting healthier ROE and capital efficiency.

Favourable positioning with diversified regional exposure. PARAMON's landbank is strategically diversified across the Central and Northern regions, reducing concentration risk and providing resilience across market cycles. Recently, PARAMON acquired land in Lunas, Kedah for a new township development. Based on our checks, industrial activity in Kulim, Kedah is accelerating, supported by strong manufacturing expansion and ongoing supply-chain relocation. PARAMON is positioning itself to capture spillover demand from Penang, underpinned by rising employment, population inflows, and improving infrastructure links within the northern economic corridor.

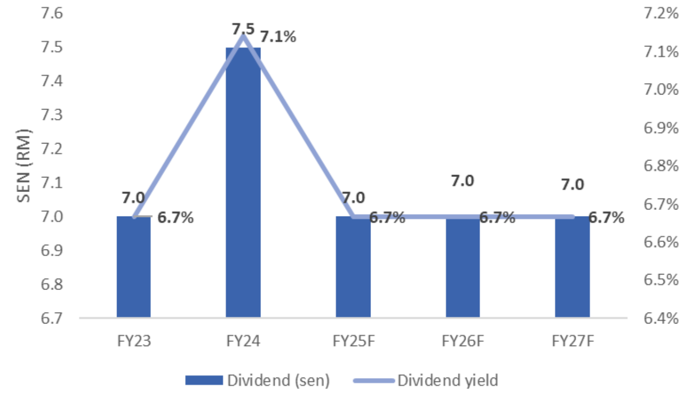
Financial Highlights

Strong unbilled sales. In 9MFY25, PARAMON recorded a 27.0% YoY increase in CNP to RM62.1m (from RM48.9m), driven by a 2.1% rise in revenue as all segments improved. The Group's unbilled sales of RM1.6bn are expected to sustain earnings visibility until FY29F, supported by a yearly targeted launch of RM1.0bn.

Earnings Outlook. We project core net profit growth of -2.9%/+27.5%/+11.4% in FY25F/FY26F/FY27F, respectively. Growth will be driven by the progressive recognition of unbilled sales of RM1.6bn, new land acquisition with an estimated GDV of c.RM2.6bn. Net gearing is expected to remain stable at c.0.5x, in line with the industry average of 0.4x–0.8x.

Dividend. PARAMON's formal dividend policy stipulates a payout of 20% of net profit. Dividends are typically distributed on a biannual basis, with the group historically paying above the policy level. We project dividends of 7 sen per share for FY26F-FY28F, translating to an attractive dividend yield of 6.7% based on current share price. This strategy allows shareholders to participate in the Group's earnings growth while ensuring sufficient capital is retained to fund ongoing operations and future land acquisition initiatives. (Figure 21).

Figure 21: Trend of Dividend Yield and Dividend per Share



Source: Company, Apex Securities

Sensitivity Analysis. Given that operating profit is influenced by both project value and cost efficiency, we conducted a sensitivity analysis to assess the impact of changes in GDV launches for FY25F and operating profit margin on our base-case FY25F operating profit of RM158.0m, which assumes a GDV of launches of RM1.0bn and a 16% margin. Our findings indicate that at the RM1.0bn launches level, every 2% fluctuation in operating margin triggers a ±12.0% swing in FY25F net profit. Conversely, maintaining a steady 16.0% operating margin shows that every RM200m change new launches shifts earnings by ±3.0%. These results highlight the substantial disproportionate impact of cost management and efficiency on the Group's bottom line compared to pure sales volume.

Figure 22: Earnings Sensitivity to GDV and Margin (RM m)

		Operating profit margin (%)				
		12%	14%	16%	18%	20%
GDV of launches (RM m)	600	112	130	149	167	185
	800	115	134	153	172	191
	1,000	119	139	158	178	197
	1,200	123	143	163	183	203
	1,400	126	147	167	188	209

Source: Company, Apex Securities

Figure 23: Percentage Change in Earnings under Varying GDV and Margins

		Operating profit margin (%)				
		12%	14%	16%	18%	20%
GDV of launches (RM m)	600	-29%	-18%	-6%	6%	17%
	800	-27%	-15%	-3%	9%	21%
	1,000	-25%	-12%	0%	12%	25%
	1,200	-22%	-10%	3%	16%	28%
	1,400	-20%	-7%	6%	19%	32%

Source: Company, Apex Securities

Valuation & Recommendation

Initiation Coverage. We initiate coverage on PARAMON with a BUY recommendation and a target price of RM1.46 based on 50% discount to RNAV and three-star ESG rating. We apply a 50% discount to our RNAV to derive the target price, reflecting (i) long gestation period required to monetise undeveloped landbank, (ii) sensitivity to property cycles and (iii) uncertainty over the timing and quantum of value realization of its non-core assets to shareholders.

We favour PARAMON for its: (i) long term ROE target of 10% reflecting the Group's investor focus strategy, (ii) strong unbilled sales of RM1.6bn with launched & completed available development worth RM1.7bn available for sale, (iii) sustained earnings visibility supported by a low-cost, strategically located undeveloped landbank with potential GDV of c.RM3.3bn (332.2 acres), and (iv) diversified business segments, including hospitality and co-working spaces, providing multiple streams of recurring income.

We performed a DuPont analysis on PARAMON's trailing ROE for FY24 to assess the key drivers of ROE, decomposing it into net profit margin, asset turnover and equity multiplier.

ROE = Net profit margin x Asset turnover x Equity Multiplier

Profitability	9.8%
Efficiency	34.4%
Leverage	1.94x

A 9.8% net margin indicates that the Group retains about 10 cents for every RM1 of revenue after all expenses, highlighting its ability to translate sales to actual profit. Its asset turnover of 34.4% indicates efficient revenue generation from assets. Financial leverage is moderate at 1.94x, with approximately 52% of assets funded by shareholders' equity and 48% by borrowings, suggesting prudent use of debt without overreliance on external financing.

Peers Comparison

Figure 24: Selected Peers Engaged in Property Development, listed on Bursa Malaysia

Company	Market Group	FYE	Price (RM)	Market Cap (RM' m)	P/E (x)		P/B (x)		Dividend Yield (%)*	Revenue (RM' m)*	Core Net Profit (RM' m)*
					2024[1]	2025F[2]	2024[1]	2025F[2]			
Paramount Corporation Berhad	**MAIN**	**Dec**	**1.05**	**653.9**	**7.6**	**7.9**	**0.4**	**0.4**	**7.1**	**1,040.2**	**85.5**
IOI Properties Group Bhd	MAIN	Jun	3.30	18,170.3	11.0	26.6	0.4	0.7	2.4	3,062.2	1064.9
Sime Darby Property Bhd	MAIN	Dec	1.51	10,269.3	19.8	18.0	1.1	1.0	2.0	4,250.8	504.7
SP Setia Bhd	MAIN	Dec	0.96	4,778.2	18.6	12.9	0.5	0.3	3.0	5,293.6	454.8
UEM Sunrise Bhd	MAIN	Dec	0.63	3,161.5	27.3	31.3	0.8	0.5	2.0	1,340.3	91.2
Matrix Concepts Holdings Bhd	MAIN	Mar	1.46	2,740.5	12.1	10.2	1.2	1.1	4.3	1,150.7	205.4
LBS Bina Group Bhd	MAIN	Dec	0.41	620.4	8.0	6.2	0.5	0.4	5.2	1,434.7	112.5
Skyworld Development Bhd	MAIN	Mar	0.48	480.0	11.3	10.7	0.5	1.2	1.7	445.5	56.2
Average ex-PCB				**5,745.7**	**15.4**	**16.6**	**0.7**	**0.7**	**2.9**	**2,425.4**	**355.7**

[1]*Denotes last FY*

[2]*Denotes current FY*

**Figure taken from last audited financial statement*

Source: Bloomberg, Apex Securities

Investment Risk

Failure to Monetise Non-Core Assets. Paramount's current non-core assets is estimated at RM986m, comprising of (i) two education campuses valued at RM386m, (ii) Atwater Towers at RM300m, (iii) Glenmarie Hotel and Mall at RM200m, and (iv) investments in EWI Capital Berhad at RM100m. Delays or inability to monetise these assets could limit the Group's capital recycling, constrain ROE improvement and impact shareholder returns.

Affordability Concerns Amid Premium Positioning. PARAMON's northern0region projects are priced at a premium, in a market with generally lower purchasing power compared to the Central region.

Rising Construction Costs: Higher raw material prices (cement, sand) and stricter enforcement of heavy vehicle load limits may raise logistics expenses, putting long-term upward pressure on project pricing and margins, potentially reducing affordability for buyers

Income Statement

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Revenue	**1012.3**	**1040.2**	**1012.6**	**1134.8**	**1168.3**
Gross Profit*	**290.9**	**341.5**	**298.4**	**334.5**	**344.3**
EBITDA	**183.4**	**226.1**	**185.8**	**208.5**	**214.6**
Depreciation & Amortisation	-23.3	-26.3	-27.8	-27.1	-26.5
EBIT	**160.0**	**199.8**	**158.0**	**181.4**	**188.1**
Net Finance Income/ (Cost)	-27.3	-37.1	-37.7	-43.6	-38.6
Associates & JV	-2.5	-5.8	0.0	10.0	15.0
Pre-tax Profit	**130.2**	**156.9**	**120.3**	**147.7**	**164.5**
Tax	-35.1	-42.0	-33.7	-41.4	-46.1
Profit After Tax	**95.1**	**114.9**	**86.6**	**106.4**	**118.4**
Minority Interest	0.0	0.3	0.4	0.5	0.6
Net Profit	**82.8**	**102.4**	**83.0**	**105.8**	**117.9**
Exceptionals	-0.4	17.0	0.0	0.0	0.0
Core Net Profit	**83.2**	**85.5**	**83.0**	**105.8**	**117.9**

Key Ratios

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
EPS (sen)	13.4	13.7	13.3	17.0	18.9
P/E (x)	7.9	7.6	7.9	6.2	5.5
P/B (x)	0.4	0.4	0.4	0.4	0.4
EV/EBITDA (x)	6.9	6.3	7.4	7.0	6.1
DPS (sen)	7.0	7.5	7.0	7.0	7.0
Dividend Yield (%)	6.7%	7.1%	6.7%	6.7%	6.7%
EBITDA margin (%)	18.1%	21.7%	18.3%	18.4%	18.4%
EBIT margin (%)	15.8%	19.2%	15.6%	16.0%	16.1%
PBT margin (%)	12.9%	15.1%	11.9%	13.0%	14.1%
PAT margin (%)	9.4%	11.1%	8.6%	9.4%	10.1%
NP margin (%)	8.2%	9.8%	8.2%	9.3%	10.1%
CNP margin (%)	8.2%	8.2%	8.2%	9.3%	10.1%
ROE (%)	5.1%	5.8%	5.5%	6.9%	7.3%
ROA (%)	2.8%	2.8%	2.7%	3.2%	3.5%
Gearing (%)	49.9%	66.7%	66.3%	75.3%	64.6%
Net gearing (%)	37.5%	52.1%	46.7%	51.7%	40.3%

Valuations	FY26F	Valuation methodology
Total RNAV (RM' m)	1813.5	(Ke: 10%)
Discount Rate	50.0%	
Discounted RNAV (RM' m)	906.7	
No. of shares	622.8	
Fair Value (RM)	**1.46**	

Estimates based on Audited Financial Report

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Cash and bank	203.2	217.0	297.9	362.4	391.5
Receivables	117.1	222.4	204.6	238.2	209.9
Inventories	219.8	327.1	231.4	218.0	263.5
Other current assets	840.3	994.9	935.2	926.3	0.0
Total Current Assets	**1380.4**	**1761.4**	**1669.0**	**1744.9**	**1821.6**
Fixed Assets	137.9	139.4	133.9	130.1	127.7
Intangibles	0.0	0.0	0.0	0.0	0.0
Other non-current assets	1458.8	1164.0	1279.6	1406.4	1408.9
Total Non-Current Assets	**1596.7**	**1303.5**	**1413.4**	**1536.5**	**1536.6**
Short-term debt	268.9	353.5	360.6	412.2	371.4
Payables	459.1	520.6	478.1	516.8	635.5
Other current liabilities	7.1	12.7	12.7	12.7	12.7
Total Current Liabilities	**735.2**	**886.8**	**851.4**	**941.7**	**1019.6**
Long-term debt	545.3	635.1	648.3	744.2	668.3
Other non-current liabilities	66.1	60.5	60.5	60.5	60.5
Total Non-Current Liabilities	**611.4**	**695.6**	**708.8**	**804.7**	**728.8**
Shareholder's equity	1629.3	1481.0	1520.4	1532.7	1607.0
Minority interest	1.2	1.4	1.8	2.3	2.9
Total Equity	**1630.5**	**1482.4**	**1522.2**	**1535.0**	**1609.9**

Cash Flow

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Pre-tax profit	**130.2**	**156.9**	**120.3**	**147.7**	**164.5**
Depreciation & amortisation	23.3	26.3	27.8	27.1	26.5
Changes in working capital	284.9	164.1	-11.3	71.2	283.2
Others	-140.2	39.2	137.6	-138.1	-277.6
Operating cash flow	**298.2**	**386.5**	**274.4**	**107.9**	**196.6**
Capex	-9.4	-11.4	-11.4	-11.5	-11.6
Others	-82.6	-304.9	-155.6	-85.9	4.5
Investing cash flow	**-92.1**	**-316.3**	**-167.0**	**-97.3**	**-7.1**
Dividends paid	-115.2	-62.3	-43.6	-43.6	-43.6
Others	-245.9	-25.9	17.1	97.6	-116.8
Financing cash flow	**-361.1**	**-88.2**	**-26.5**	**54.0**	**-160.4**
Net cash flow	**-154.9**	**-18.0**	**80.9**	**64.6**	**29.1**
Forex	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash	296.8	141.9	123.8	204.7	269.3
Ending cash & cash equivalent	141.9	123.8	204.7	269.3	298.4
Fixed deposits and overdraft	61.3	93.2	93.2	93.2	93.2
Total cash & deposits	**203.2**	**217.0**	**297.9**	**362.4**	**391.5**

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Emissions	★★	Actively tracks carbon emissions across its reported entities
Energy	★★★	Reduced average Building Energy Intensity (BEI) from 136 kWh/m^2/year to 127 kWh/m^2/year in FY24
Water	★★★	Reduced average Water Intensity (WI) from 1.056m^3/m^2/year to 0.604m^3/m^2/year in FY24
Waste	★★★	Reduced construction waste from 10,135 mT to 6,278 mT in FY24

Social

Diversity	★★★	Balanced gender across workforce with 52% male and 48% female
Occupational Safety and Health	★★★	40 health and safety training attended by 77 employees at construction sites
Labour Practices	★★★	Zero injuries and fatalities across construction sites
Training and Development	★★★	Employees averaged 39 training hours in FY24

Governance

CSR Strategy	★★★	Committed RM571,635 in community investments benefitting 51 organisations and communities
Oversight	★★	The Board undertakes an oversight role of the Group's sustainability efforts
Directors	★★	25% female representation across directors
ESG Ratings	★★★	Constituent of FTSE4Good Index Series with 3-star rating

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