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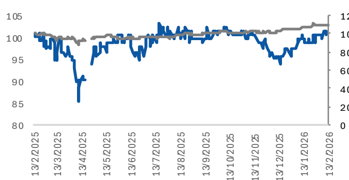
Recommendation:		BUY
Current Price:		RM 1.02
Previous Target Price:		RM 1.40
Target Price:	↔	RM 1.40
Capital Upside/Downside:		37.3%
Dividend Yield (%):		6.9%
Total Upside/Downside:		**44.1%**

Stock information	
Board	MAIN
Sector	Property
Bursa / Bloomberg Code	1724 / PAR MK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	622.8
Market Cap (RM' m)	635.2
52-Week Price Range (RM)	0.9-1.11
Beta (x)	0.8
Free float (%)	47.2
3M Average Volume (m)	0.3
3M Average Value (RM' m)	0.3

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 (%)	-2.9	1.0	-4.7
Relative (%)	-1.7	-4.7	-13.3

Earnings Summary	FY25	FY26F	FY27F
Revenue (RM'm)	946.9	1,092.2	1,231.6
PATAMI (RM'm)	118.8	100.3	126.8
CNP (RM'm)	72.3	100.3	126.8
EPS - core (sen)	11.6	16.1	20.4
P/E (x)	9.0	6.5	5.2

Paramount Corporation Bhd

All Hands on Deck

- **Management aims to expand its total projected landbank GDV to RM10bn this year, up from its current RM7.7bn.**
- **Paramount is actively pursuing its capital recycling program to align with its long-term ROE target of 10% (vs current ROE of 8.3%).**
- **In the coworking segment, the Group is looking to potentially expand its net lettable area (NLA) by 80,000 sq ft, bringing the total footprint to 280,000 sq ft by FY26.**
- **Maintain BUY recommendation with unchanged target price of RM1.40, derived from a 50% discount to RNAV, incorporating a three-star ESG rating.**

Management has identified three core strategies with the goal of reaching 10% ROE by FY30:

Continuous Focus on its Core Property Segment. Management aims to expand its total projected landbank GDV to RM10bn this year, up from its current RM7.7bn (RM4.8bn in undeveloped land and RM2.9bn in proposed acquisitions). This is expected to support the Group's new property launch target of RM1.1bn in FY26, signalling a significant recovery from RM808m in FY25. This outlook is further underpinned by unbilled sales of RM1.5bn, which provides a solid earnings floor as project construction advances. Meanwhile, Paramount continues to prioritize cost optimisation initiatives by maximizing land utilisation, improving operational efficiency and shortening project time-to-market. These initiatives are expected to reduce interest, mobilisation and overhead expenses as the Group embarks on its expansion strategy.

Monetisation of Non-Core Assets. Paramount is actively pursuing its capital recycling program to align with its long-term ROE target of 10% (vs current ROE of 8.3%). A key part of this strategy involves the monetisation of c.RM900m in non-core assets, which currently yield a dilutive 1% ROE. These assets comprise two education campuses, Atwater Towers, the Glenmarie Hotel, Utropolis Marketplace Mall, as well as investments in EWI Capital Bhd. By monetising these low-yielding assets, management intends to shift capital into higher-return property development projects to bridge the current profitability gap and achieve the Group's 10% ROE objective.

Diversification of Earnings Base. Paramount is diversifying its earnings base through its investments and the scaling of its coworking division. As of FY25, the Group owns a 28% stake in Envictus International Holdings Limited (Envictus), which operates a robust network of 104 Texas Chicken restaurants and 50 San Francisco Coffee. Expansion remains aggressive, with 15 additional Texas Chicken outlets slated for opening by the third quarter of 2026. In the coworking segment, the Group is looking to potentially expand its net lettable area (NLA) by 80,000 sq ft, bringing the total footprint to 280,000 sq ft by FY26. The expansion strategy is focused on the Central region, with new locations potentially skewed towards enterprise clients. Currently, two of its five new coworking locations are enterprise-focused, a model that is expected to secure 100% occupancy from the date of launch. While the segment recorded losses in 2025 due to expansion and setup costs, management anticipates a return to profitability this year.

Outlook. The Group's outlook remains constructive, supported by a strategic shift toward stronger capital efficiency and a more diversified earnings base. A pipeline of upcoming launches, including Greenwoods, Paramount Embun Hills and Bukit Banyan, is expected to support the Group's RM1.1bn property launch target in FY26, while the RM1.5bn unbilled sales backlog provides earnings visibility through FY28. Achieving profitability in the coworking division remains a key near-term priority as the Group continues to expand its footprint. While the enterprise-focused model has been effective in driving occupancy, we believe the segment's return to profitability will depend on the pace and efficiency of ramp-up at newly opened locations. Meanwhile, the continued expansion of Envictus' F&B network is expected to gradually broaden the Group's earnings base and provide incremental diversification over the longer term.

Earnings Revision. No change to earnings forecast.

KDN PP13226/06/2024 (035469)

Valuation. We maintain our **BUY** call with an unchanged TP of **RM1.40**, based on a 50% discount to our RNAV of RM1.7bn.

Risk. Failure to monetise non-core assets, exposure to cyclicality of property sector and rising construction costs.

Financial Highlights

Income Statement

FYE Dec (RM m)	FY23	FY24	FY25	FY26F	FY27F
Revenue	**1012.3**	**1040.2**	**946.9**	**1092.2**	**1231.6**
Operating Profit	**160.0**	**199.8**	**199.5**	**321.9**	**363.0**
EBITDA	**183.4**	**226.1**	**273.5**	**200.5**	**226.4**
Depreciation & Amortisation	-23.3	-26.3	-28.3	-27.1	-26.5
EBIT	**160.0**	**199.8**	**245.3**	**173.4**	**200.0**
Net Finance Income/ (Cost)	-27.3	-37.1	-45.8	-43.3	-38.0
Associates & JV	-2.5	-5.8	3.3	10.0	15.0
Pre-tax Profit	**130.2**	**156.9**	**157.0**	**140.0**	**176.9**
Tax	-35.1	-42.0	-35.9	-39.2	-49.5
Profit After Tax	**95.1**	**114.9**	**121.1**	**100.8**	**127.4**
Minority Interest	0.0	0.3	2.3	0.5	0.6
Net Profit	**82.8**	**102.4**	**118.8**	**100.3**	**126.8**
Exceptionals	0.4	-17.0	-46.5	0.0	0.0
Core Net Profit	**83.2**	**85.5**	**72.3**	**100.3**	**126.8**

Key Ratios

FYE Dec (RM m)	FY23	FY24	FY25	FY26F	FY27F
EPS (sen)	13.4	13.7	11.6	16.1	20.4
P/E (x)	7.9	7.6	9.0	6.5	5.2
P/B (x)	0.4	0.4	0.4	0.4	0.4
EV/EBITDA (x)	6.9	6.3	5.6	6.3	4.9
DPS (sen)	7.0	7.5	7.5	7.0	7.0
Dividend Yield (%)	6.7%	7.1%	7.1%	6.7%	6.7%
EBITDA margin (%)	18.1%	21.7%	28.9%	18.4%	18.4%
EBIT margin (%)	15.8%	19.2%	25.9%	15.9%	16.2%
PBT margin (%)	12.9%	15.1%	16.6%	12.8%	14.4%
PAT margin (%)	9.4%	11.1%	12.8%	9.2%	10.3%
NP margin (%)	8.2%	9.8%	12.5%	9.2%	10.3%
CNP margin (%)	8.2%	8.2%	7.6%	9.2%	10.3%
ROE (%)	5.1%	5.8%	4.9%	6.6%	7.9%
ROA (%)	2.8%	2.8%	2.2%	3.0%	3.8%
Gearing (%)	49.9%	66.7%	81.5%	75.7%	64.0%
Net gearing (%)	37.5%	52.1%	59.2%	39.9%	28.5%

Valuations	FY26F	Valuation methodology
Total RNAV (RM' m)	1749.2	(Ke: 10%)
Discount Rate	50.0%	
Discounted RNAV (RM' m)	874.6	
No. of shares	622.8	
Fair Value (RM)	**1.40**	

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY23	FY24	FY25	FY26F	FY27F
Cash and bank balances	203.2	217.0	331.5	543.1	569.1
Receivables	117.1	222.4	317.3	253.3	219.1
Inventories	219.8	327.1	440.1	192.5	233.7
Other current assets	840.3	994.9	711.2	773.4	0.0
Total Current Assets	**1380.4**	**1761.4**	**1800.2**	**1762.2**	**1822.8**
Fixed Assets	137.9	139.4	153.2	130.1	127.7
Intangibles	0.0	0.0	0.0	0.0	0.0
Other non-current assets	1458.8	1164.0	1296.7	1406.4	1408.9
Total Non-Current Assets	**1596.7**	**1303.5**	**1449.9**	**1536.5**	**1536.6**
Short-term debt	268.9	353.5	369.4	409.8	366.6
Payables	459.1	520.6	475.7	557.4	657.4
Other current liabilities	7.1	12.7	7.5	12.7	12.7
Total Current Liabilities	**735.2**	**886.8**	**852.6**	**979.8**	**1036.7**
Long-term debt	545.3	635.1	843.7	739.6	659.5
Other non-current liabilities	66.1	60.5	64.8	60.5	60.5
Total Non-Current Liabilities	**611.4**	**695.6**	**908.6**	**800.1**	**720.0**
Shareholder's equity	1629.3	1481.0	1488.0	1516.6	1599.8
Minority interest	1.2	1.4	1.0	2.3	2.9
Total Equity	**1630.5**	**1482.4**	**1488.9**	**1518.9**	**1602.7**

Cash Flow

FYE Dec (RM m)	FY23	FY24	FY25	FY26F	FY27F
Pre-tax profit	**130.2**	**156.9**	**157.0**	**140.0**	**176.9**
Depreciation & amortisation	23.3	26.3	28.3	27.1	26.5
Changes in working capital	284.9	92.0	12.6	65.5	277.9
Others	-140.2	111.2	-102.8	9.8	-281.4
Operating cash flow	**298.2**	**386.5**	**95.0**	**242.4**	**199.9**
Capex	-9.4	-11.4	-10.7	-11.5	-11.6
Others	-82.6	-304.9	-106.1	-85.9	4.5
Investing cash flow	**-92.1**	**-316.3**	**-116.8**	**-97.3**	**-7.1**
Dividends paid	-115.2	-62.3	-28.0	-43.6	-43.6
Others	-245.9	-25.9	182.3	92.0	-123.2
Financing cash flow	**-361.1**	**-88.2**	**154.3**	**48.4**	**-166.8**
Net cash flow	**-154.9**	**-18.0**	**132.5**	**193.5**	**26.0**
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	256.4	449.9
Ending cash & cash equivalent	141.9	123.8	256.4	449.9	475.9
Fixed deposits and overdraft	61.3	93.2	75.2	93.2	93.2
Total cash & deposits	**203.2**	**217.0**	**331.5**	**543.1**	**569.1**

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: ★★★