

Research Team

(603) 7890 8899

research.dept@apexsecurities.com.my

Recommendation:	BUY
Current Price:	RM0.62
Previous Target Price:	RM 1.27
Target Price:	↔ RM 1.27
Capital Upside/Downside:	104.8%
Dividend Yield (%)	4.6%
Total Upside/Downside	109.5%

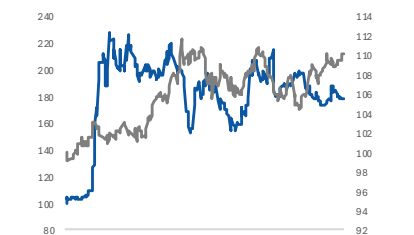
Stock information

Board	MAIN
Sector	Construction
Bursa / Bloomberg Code	9571 / MHB MK
Syariah Compliant	Yes
ESGRating	★★★
Shares issued (m)	728.4
Market Cap (RM' m)	448.0
52-Week Price Range (RM)	0.81-0.34
Beta (x)	1.0
Free float (%)	34.0
3M Average Volume (m)	0.4
3M Average Value (RM' m)	0.3

Top 3 Shareholders (%)

Mitrajaya Trading Sdn Bhd	38.7
Tan Eng Piow	12.4
Oversea-Chinese Banking Corp Ltd	4.1

Share Price Performance vs KLCI



	1M	3M	12M
Absolute (%)	0.8	-3.1	78.3
Relative (%)	-1.2	-5.9	61.9

Earnings Summary	###	FY27F	FY28F
Revenue (RM'm)	1138.9	1522.4	1639.9
PATAMI (RM'm)	126.6	170.1	178.8
CNP (RM'm)	137.0	180.5	189.2
EPS - core (sen)	18.6	24.5	25.7
P/E(x)	3.3	2.5	2.4

Mitrajaya Holdings Berhad

Below Expectations

- MITRA's 1HFY26 core net profit of RM24.8m (-36.5% YoY) accounted for 18% of our FY26F forecast and 18% of consensus estimates, which we deem the results below our expectation.
- The reported PBT of RM25.3m (+179.9% QoQ) is flattered by a RM11.95m reversal of onerous-contract/LAD provisions booked in 1QFY26 – excluding this, underlying 2QFY26 trends actually softened.
- MITRA's outstanding order book fell to c.RM508.4m from RM696.4m, highlighting the need for stronger order replenishment to support future revenue visibility.
- We maintain our FY26F/FY27F/FY28F CNP forecasts at RM137.0m/RM180.5m/RM189.2m, respectively, pending further clarity from management.
- We maintain BUY with an unchanged TP of RM1.27, based on sum-of-parts valuation. We will revisit our valuation upon obtaining further clarity from management.

Results below expectations. MITRA reported 2QFY26 core net profit of RM6.7m (-69.8% YoY, -62.6% QoQ), after adjusting for gain on disposal of PPE (RM0.22m), reversal of provisions for onerous contracts and liquidated ascertained damages (RM11.95m), and forex gain (RM0.13m). This brought 1HFY26 core net profit to RM24.8m (-36.5% YoY), representing only 18% of our FY26F forecast and 18% of consensus estimates. We deem this below our expectations, even though the Group's historical revenue is typically skewed towards 2H of the financial year. The seasonally-expected 2H acceleration now needs to be considerably steeper than previously modelled.

QoQ. Revenue fell 19.3% QoQ to RM185.4m as Construction billings eased from the strong 1QFY26, but reported PBT rose 179.9% QoQ to RM25.3m – almost entirely a function of the RM11.95m provision reversal. Core net profit, once normalised, actually fell 62.6% QoQ to RM6.7m (1QFY26: RM18.0m).

YoY. Group revenue rose 12.2% YoY to RM185.4m, driven by continued Construction division momentum (+24.3% YoY), even as Property Development revenue nearly halved. Core net profit declined 69.8% YoY to RM6.7m (2QFY25: RM22.3m), as the prior year's quarter did not carry a comparable one-off provision credit.

YTD. 1HFY26 revenue rose 39.9% YoY to RM415.0m, led by Construction (+58.5% YoY to RM399.5m), while Property Development fell 72.3% YoY to RM11.5m on lower unit sales. Core net profit fell 36.5% YoY to RM24.8m, as 6MFY25 had benefited from a smaller net provision drag and higher bad-debt-related base effects that flattered the prior year's core adjustment.

Outlook. We remain constructive on MITRA's medium-term trajectory but flag several developments that temper near-term visibility. Order book erosion is a key concern: the disclosed order book has fallen to RM508.4m, down from RM696.4m referenced in our 1QFY26 note — a gap that needs to close via replenishment closer to the RM1.4bn average annual pace assumed in our model, or FY27F to FY28F revenue visibility could come under pressure. On the Property pipeline, the Puchong Prima mixed development has completed earthworks on Phase 1, with piling expected to commence September 2026 – a medium-term Property Development contributor, though not immediate. Separately, the RM54.35m Final Arbitration Award stands out as a clean, one-off positive for cash flow, potentially supporting debt reduction or special dividend capacity, though the timing of the remaining collection depends on enforcement proceedings for two outstanding contracts. The durian plantation, meanwhile, remains loss-making, with contribution still one to two years away as trees reach fruit-bearing maturity. Taken together, for MITRA to hit our current FY26F core net profit of RM137.0m, 2HFY26 would need to deliver more than RM112.2m, which represents a considerable acceleration.

Results Note

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Earnings Revision. We maintain our FY26F/FY27F/FY28F core net profit of RM137.0m/RM180.5m/RM189.2m, respectively. **We will revisit our earnings forecasts upon obtaining further clarity from management.**

Valuation. We maintain our **BUY** recommendation on MITRA with an unchanged TP of **RM1.27**, based on a sum-of-parts valuation, alongside a three-star ESG rating. **We will revisit our sum-of-parts valuation following management updates, particularly on the Group's property development take-up rate.**

Risks. Margin compression from rising input and labour costs, cash flow volatility from working capital requirements, and execution and concentration risk from large projects.

Results Comparison

FYE Dec (RM m)	2QFY26	2QFY25	yoy (%)	1QFY26	qoq (%)	6MFY26	6MFY25	yoy (%)
Revenue	185.4	165.2	12.2	229.6	(19.3)	415.0	296.6	39.9
EBITDA	29.0	25.6	13.0	12.9	124.1	41.9	43.4	(3.5)
Pre-tax profit	25.3	21.4	18.2	9.0	179.9	34.3	33.2	3.4
Net profit	19.0	16.6	14.7	6.3	200.6	25.4	25.2	0.6
Core net profit	6.7	22.3	(69.8)	18.0	(62.6)	24.8	39.0	(36.5)
Core EPS (sen)	0.9	3.0	(69.8)	2.4	(62.6)	3.4	5.3	(36.5)
EBITDA margin (%)	15.6	15.5		5.6		10.1	14.6	
PBT margin (%)	13.6	12.9		3.9		8.3	11.2	
Core net profit margin (%)	3.6	13.5		7.8		6.0	13.1	

Source: Company, Apex Securities

Segmental Breakdown

FYE Dec (RM m)	2QFY26	2QFY25	YoY (%)	1QFY26	QoQ (%)	6MFY26	6MFY25	YoY (%)
Revenue								
Construction	175.3	141.0	24.3	224.2	(21.8)	399.5	252.1	58.5
Property Development	8.3	22.9	(63.6)	3.1	166.6	11.5	41.5	(72.3)
Investment Holdings and Other	1.8	1.3	31.4	2.3	(23.2)	4.1	3.1	30.7
Total	185.4	165.2	12.2	229.6	(19.3)	415.0	296.6	39.9
PBT								
Construction	25.0	15.4	61.9	9.9	151.5	34.9	25.0	39.4
Property Development	2.4	7.2	(67.1)	0.6	327.3	2.9	10.1	(71.1)
Investment Holdings and Other	(2.1)	(1.2)	67.2	(1.5)	42.7	(3.5)	(1.9)	82.3
Total	25.3	21.4	18.2	9.0	179.9	34.3	33.2	3.3
PBT Margin								
Construction	14.2%	10.9%		4.4%		8.7%	9.9%	
Property Development	28.4%	31.4%		17.7%		25.5%	24.4%	
Investment Holdings and Other	-117.9%	-92.6%		-63.5%		-87.1%	-62.4%	
Total	13.6%	12.9%		3.9%		8.3%	11.2%	

Source: Company, Apex Securities

Results Note

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Financial Highlights

Income Statement

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Revenue	372.8	808.5	1,138.9	1,522.4	1,639.9
EBITDA	38.4	136.2	198.4	272.5	300.7
Depreciation & Amortisation	(13.5)	(31.4)	(32.0)	(48.3)	(68.2)
EBIT	25.0	104.8	166.4	224.2	233.1
Net Finance Income/ (Cost)	(1.8)	0.6	0.2	(0.4)	2.1
Associates & JV	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	23.1	105.4	166.6	223.8	235.2
Tax	(2.3)	(23.6)	(40.0)	(53.7)	(56.4)
Profit After Tax	20.8	81.8	126.6	170.1	178.8
Minority Interest	0.0	0.0	0.0	0.0	0.0
Net Profit	20.8	81.8	126.6	170.1	178.8
Exceptionals	13.6	12.4	10.4	10.4	10.4
Core Net Profit	34.4	94.2	137.0	180.5	189.2

Key Ratios

FYE Dec	FY24	FY25	FY26F	FY27F	FY28F
EPS (sen)	4.7	12.8	18.6	24.5	25.7
P/E (x)	13.2	4.8	3.3	2.5	2.4
P/B (x)	0.6	0.5	0.5	0.4	0.4
EV/EBITDA (x)	15.7	3.9	2.8	1.9	1.4
DPS (sen)	0.98	1.01	2.86	3.23	3.76
Dividend Yield (%)	1.6%	1.6%	4.6%	5.3%	6.1%
EBITDA margin (%)	10.3%	16.9%	17.4%	17.9%	18.3%
EBIT margin (%)	6.7%	13.0%	14.6%	14.7%	14.2%
PBT margin (%)	6.2%	13.0%	14.6%	14.7%	14.3%
PAT margin (%)	5.6%	10.1%	11.1%	11.2%	10.9%
NP margin (%)	5.6%	10.1%	11.1%	11.2%	10.9%
CNP margin (%)	9.2%	11.7%	12.0%	11.9%	11.5%
ROE (%)	4.4%	11.1%	14.3%	16.4%	15.1%
ROA (%)	3.3%	8.2%	9.7%	10.7%	10.1%
Gearing (%)	9.2%	1.0%	3.0%	0.9%	0.0%
Net gearing (%)	7.9% Net Cash		2.1% Net Cash	Net Cash	Net Cash

FYE Dec (RM m)	FY26F	FY27F	FY28F
Average orderbook replenishment	1,400.0	1,400.0	1,400.0

Valuation	Valuation Method	Equity Value
Construction Segment	6.45x FY27F PER	735.5
Property Segment	50% discount to RNAV @ 10.6% CoE	198.8
SOP Value		934.3
Issued Shares (m)		736.5
Fair Value (RM)		1.27
ESG premium discount		0%
Implied Fair Value (RM)		1.27

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Cash	10.5	14.5	9.0	37.6	112.5
Receivables	208.6	290.5	409.3	547.1	587.7
Inventories	283.6	293.0	293.0	293.0	293.0
Other current assets	66.6	90.6	184.6	226.6	226.8
Total Current Assets	569.3	688.7	895.9	1,104.2	1,220.0
Fixed Assets	97.9	101.2	152.7	215.8	285.4
Intangibles	0.0	0.0	0.0	0.0	0.0
Other non-current assets	377.7	360.2	360.2	360.2	360.2
Total Non-current assets	475.6	461.4	512.9	576.0	645.5
Short-term Debt	72.3	8.2	28.8	10.0	0.0
Payables	134.1	225.3	311.2	415.2	443.8
Other Current Liabilities	48.8	61.6	101.9	131.0	134.3
Total Current Liabilities	255.2	295.2	441.9	556.2	578.1
Long-term Debt	0.2	0.0	0.0	0.0	0.0
Other non-current liabilities	3.9	3.0	10.6	20.1	32.3
Total Non-current Liabilit	4.1	3.0	10.6	20.1	32.3
Shareholder's equity	697.4	765.5	869.9	1,017.5	1,168.8
Minority interest	88.1	86.4	86.4	86.4	86.4
Equity	785.5	851.9	956.3	1,103.9	1,255.2

Cash Flow

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Pre-tax profit	23.1	105.4	166.6	223.8	235.2
Depreciation & amortisation	13.5	31.4	32.0	48.3	68.2
Changes in working capital	(53.4)	0.2	(86.6)	(46.7)	(8.9)
Others	1.7	(7.5)	(32.6)	(43.7)	(47.0)
Operating cash flow	(15.1)	129.5	79.4	181.7	247.5
Net capex	(41.1)	(35.3)	(83.5)	(111.4)	(137.8)
Others	5.0	(6.9)	1.2	0.7	3.0
Investing cash flow	(36.1)	(42.3)	(82.3)	(110.7)	(134.8)
Changes in borrowings	47.7	(64.0)	20.6	(18.8)	(10.0)
Issuance of shares	(0.2)	(9.3)	0.0	0.0	0.0
Dividends paid	(7.6)	(7.4)	(22.2)	(22.5)	(27.5)
Others	(2.5)	(3.1)	(1.0)	(1.2)	(0.3)
Financing cash flow	37.3	(83.8)	(2.6)	(42.4)	(37.8)
Net cash flow	(13.9)	3.5	(5.5)	28.6	74.9
Forex	0.0	1.0	0.0	0.0	0.0
Others	0.5	(0.5)	(0.0)	0.0	0.0
Beginning cash	23.9	10.5	14.5	9.0	37.6
Ending cash	10.5	14.5	9.0	37.6	112.5

Results Note

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ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★	The Group's total Scope 1 carbon emissions for 2025 were 9,742 metric tonnes .
Waste & Effluent	★★★	In 2025, the Group expanded its construction wastage monitoring scope to include BRC Sheets and BRC Sheets (cut in size) alongside existing materials like steel bars and concrete.
Energy	★★★	Total energy consumption for the Group in 2025 was 39,826.68 Megawatt hours .
Water	★★★	Mitrajaya used a total volume of 101.10 Megalitres of water across its operations in 2025.
Compliance	★★★	The Group maintained a track record of zero fines or penalties for non-compliance with environmental laws and regulations.

Social

Diversity	★★	The Board of Directors includes two female members out of a total of eight directors.
Human Rights	★★★	The Group identifies " Labour Practices and Human Rights " as a material sustainability matter within its materiality assessment framework.
Occupational Safety and Health	★★★	The Kedah Science and Technology Park (KSTP) Phase 2A project achieved a near-perfect SHASSIC® score of 96.75% , earning it a 5-Star Award from CIDB Malaysia.
Labour Practices	★★★	Mitrajaya ensures that its foreign workers' housing is compliant with Act 446 (Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990)

Governance

CSR Strategy	★★★	The Group's CSR initiatives are frequently aligned with festive seasons , focusing on key areas such as education, healthcare, and social welfare for local communities
Management	★★★	Sustainability strategy and implementation are driven by a Sustainability Committee led by an Executive Director
Stakeholders	★★★	Significant stakeholders, including customers, employees, and government agencies , are identified and prioritized through a matrix based on their influence and interdependence with the organization

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

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(a) nil.