

Research Team

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Recommendation:	BUY
Current Price:	RM 0.49
Previous Target Price:	RM 1.27
Target Price:	↓ RM 0.85
Capital Upside/Downside:	73.5%
Dividend Yield (%)	2.3%
Total Upside/Downside	75.8%

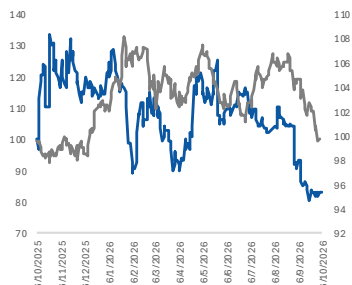
Stock information

Board	MAIN
Sector	Construction
Bursa / Bloomberg Code	9571/ MHB MK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	736.5
Market Cap (RM' m)	355.9
52-Week Price Range (RM)	0.81-0.47
Beta (x)	1.0
Free float (%)	33.8
3M Average Volume (m)	0.3
3M Average Value (RM' m)	0.2

Top 3 Shareholders (%)

Mitrajaya Trading Sdn Bhd	38.8
Tan Eng Piow	12.4
Oversea-Chinese Banking Corp Ltd	4.1

Share Price Performance vs KLCI



	1M	3M	12M
Absolute (%)	-8.4	-23.4	-16.9
Relative (%)	-4.2	-21.1	-16.7

Earnings Summary	FY26F	FY27F	FY28F
Revenue (RM'm)	581.4	595.2	856.8
PATAMI (RM'm)	47.8	36.5	52.1
CNP (RM'm)	58.2	46.9	62.5
EPS - core (sen)	7.9	6.4	8.5
P/E(x)	6.2	7.7	5.8

Mitrajaya Holdings Berhad

Order Book Pressures Persist

- MITRA's outstanding order book fell to c.RM400.0m from RM508.4m, against a RM1.2bn tender book, highlighting the need for stronger order replenishment to support future revenue visibility.
- Property Development remained soft, with unsold inventory of RM532.7m and unrecognised sales of RM37.6m, with the Amber project in Bukit Sentos being a key contributor.
- We lower our FY26F/FY27F/FY28F CNP forecasts by 57.5%/74.0%/67.0% respectively, to RM58.2m/RM46.9m/RM62.5m.
- We maintain BUY with a lower TP of RM0.85 (from RM1.27), based on a revised sum-of-parts valuation, alongside a three-star ESG rating.

Order Book & Replenishment. The current order book stands at approximately RM400 million, alongside a tender book of RM1.2 billion. While the tender book size offers some optionality, the gap to our RM1.4bn average annual replenishment assumption remains wide, while the timing and conversion of these tenders remain uncertain. On data centre opportunities specifically, MITRA is tendering selectively, but management noted that competition remains elevated, including from overseas contractors. On costs, only minor wage inflation is expected for the remainder of FY26, which has already been factored into tender pricing and is not expected to affect the bottom line.

Property Development Segment. The revenue decline is a genuine take-up rate slowdown – specifically at the Amber project in Bukit Sentosa – rather than a timing issue around unit handovers. We view the slower take-up as a factor that could weigh on near-term property earnings visibility. Unsold inventory currently stands at RM532.74 million, against unrecognised sales of only RM37.60 million, suggesting the inventory overhang may take time to clear. On the pipeline, Puchong Prima's first plot (1,112 affordable serviced apartments, priced at RM250,000 per unit) is expected to launch in Q1 2027, with the project slated for completion within three years and to contribute meaningfully from FY27 through FY29. Separately, a new industrial project in Banting has been disclosed, though its launch remains subject to regulatory approval. Landbank stands at approximately RM250 million, with a selective approach indicated for further acquisitions, prioritising land with near-term development potential.

Arbitration Award & Cash Deployment. The remaining balance of the RM54.35m Final Arbitration Award is expected to be collected within 4-6 months, pending enforcement proceedings on the two outstanding contracts. Once collected, the cash is earmarked for working capital to support construction execution.

Durian Plantation. The division continues to incur development costs of approximately RM180,000 per month in development costs, with positive contribution still expected to remain one to two years away as trees reach fruit-bearing maturity.

Outlook. We now take a more **measured view** on MITRA's medium-term outlook, with several developments affecting near-term earnings visibility. Despite the recent share price decline, management noted that the Group's financial performance remains healthy, underpinned by a sound balance sheet and a net cash position, with an NTA per share of approximately RM1.20 offering a solid underlying asset base. While acknowledging the lower construction order book as a key area of concern, management expressed confidence in its ability to replenish the order book, citing its track record in delivering major construction projects, technical capabilities and experienced execution team, and said it continues to pursue suitable projects while maintaining discipline in project selection and pricing. New property launches at strategic locations were also cited as a further avenue for earnings and cash flow contribution, reiterating that its focus remains on strengthening fundamentals, replenishing the order book and executing the property pipeline to create long-term shareholder value.

Earnings Revision. Following further clarification from management after our [last below-expectation quarter result](#), we cut our order book replenishment assumption to **RM800m/RM1.0bn/RM1.2bn for FY26F/FY27F/FY28F** (from RM1.4bn per annum previously), reflecting management's lack of firm visibility on conversion timelines for the RM1.2bn tender book. **We correspondingly lower our FY26F/FY27F/FY28F core net profit forecasts to RM58.2m/RM46.9m/RM62.5m**, from RM137.0m/RM180.5m/RM189.2m previously.

Valuation. We maintain our **BUY** recommendation on MITRA with a **lower TP of RM0.85 (from RM1.27)**, based on a revised sum-of-parts valuation, alongside a three-star ESG rating.

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

Financial Highlights

Income Statement

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Revenue	372.8	808.5	581.4	595.2	856.8
EBITDA	38.4	136.2	94.7	96.7	134.6
Depreciation & Amortisation	(13.5)	(31.4)	(32.0)	(48.3)	(68.2)
EBIT	25.0	104.8	62.7	48.4	66.4
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	62.9	48.1	68.5
Tax	(2.3)	(23.6)	(15.1)	(11.5)	(16.4)
Profit After Tax	20.8	81.8	47.8	36.5	52.1
Minority Interest	0.0	0.0	0.0	0.0	0.0
Net Profit	20.8	81.8	47.8	36.5	52.1
Exceptionals	13.6	12.4	10.4	10.4	10.4
Core Net Profit	34.4	94.2	58.2	46.9	62.5

Key Ratios

FYE Dec	FY24	FY25	FY26F	FY27F	FY28F
EPS (sen)	4.7	12.8	7.9	6.4	8.5
P/E (x)	10.5	3.8	6.2	7.7	5.8
P/B (x)	0.5	0.4	0.4	0.4	0.4
EV/EBITDA (x)	13.3	3.2	4.9	4.4	2.5
DPS (sen)	0.98	1.01	1.15	0.66	1.10
Dividend Yield (%)	2.0%	2.1%	2.3%	1.4%	2.2%
EBITDA margin (%)	10.3%	16.9%	16.3%	16.2%	15.7%
EBIT margin (%)	6.7%	13.0%	10.8%	8.1%	7.8%
PBT margin (%)	6.2%	13.0%	10.8%	8.1%	8.0%
PAT margin (%)	5.6%	10.1%	8.2%	6.1%	6.1%
NP margin (%)	5.6%	10.1%	8.2%	6.1%	6.1%
CNP margin (%)	9.2%	11.7%	10.0%	7.9%	7.3%
ROE (%)	4.4%	11.1%	6.5%	5.1%	6.5%
ROA (%)	3.3%	8.2%	5.3%	4.1%	4.6%
Gearing (%)	9.2%	1.0%	3.2%	1.1%	0.0%
Net gearing (%)	7.9%	Net Cash	2.2%	Net Cash	Net Cash

FYE Dec (RM m)	FY26F	FY27F	FY28F
Average orderbook replenishment	800.0	1,000.0	1,200.0

Valuation	Valuation Method	Equity Value
Construction Segment	6.62x FY27F PER	424.0
Property Segment	50% discount to RNAV @ 10.6% CoE	202.3
SOP Value		626.3
Issued Shares (m)		736.5
Fair Value (RM)		0.85
ESG premium discount		0%
Implied Fair Value (RM)		0.85

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Cash	10.5	14.5	9.1	29.9	112.5
Receivables	208.6	290.5	186.9	166.5	223.8
Inventories	283.6	293.0	293.0	293.0	293.0
Other current assets	66.6	90.6	88.3	74.0	90.9
Total Current Assets	569.3	688.7	577.2	563.5	720.2
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	172.0
Other Current Liabilities	48.8	61.6	101.9	131.0	53.7
Total Current Liabilities	255.2	295.2	218.6	180.2	225.7
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 Liabilities	4.1	3.0	10.6	20.1	32.3
Shareholder's equity	697.4	765.5	805.0	836.7	880.7
Minority interest	88.1	86.4	86.4	86.4	86.4
Equity	785.5	851.9	891.3	923.0	967.1

Cash Flow

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Pre-tax profit	23.1	105.4	62.9	48.1	68.5
Depreciation & amortisation	13.5	31.4	32.0	48.3	68.2
Changes in working capital	(53.4)	0.2	11.1	12.7	(18.7)
Others	1.7	(7.5)	(7.8)	(1.6)	(6.4)
Operating cash flow	(15.1)	129.5	98.3	107.4	111.6
Net capex	(41.1)	(35.3)	(83.5)	(111.4)	(137.8)
Others	5.0	(6.9)	1.2	1.9	1.3
Investing cash flow	(36.1)	(42.3)	(82.3)	(109.5)	(136.5)
Changes in borrowings	47.7	(64.0)	1.8	0.0	17.0
Issuance of shares	(0.2)	(9.3)	0.0	0.0	0.0
Dividends paid	(7.6)	(7.4)	(8.4)	(4.8)	(8.0)
Others	(2.5)	(3.1)	(0.4)	(0.6)	(1.1)
Financing cash flow	37.3	(83.8)	(7.0)	(5.4)	7.8
Net cash flow	(13.9)	3.5	8.9	(7.5)	(17.1)
Forex	0.0	1.0	0.0	0.0	0.0
Others	0.5	(0.5)	(14.4)	28.4	99.7
Beginning cash	23.9	10.5	14.5	9.1	29.9
Ending cash	10.5	14.5	9.1	29.9	112.5

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.