



## MGB Bhd

### Keep Buy; Bucket In New Orderbook

MGB has secured a RM186m construction job from CI Medini Sdn Bhd to develop a 2-phased serviced apartment in Iskandar Puteri, Johor. This latest contract lifts FY25 YTD orderbook wins to RM381m, raising the outstanding orderbook to RM1.2bn, representing a healthy 2.1x cover of our FY25 construction sector revenue forecast. As the contract was secured from an external client, we expect margins to be lower than MGB's usual high-rise construction projects, driven by the lack of related-party cost synergies and heightened construction pricing competition in the crowded Johor's property market. We expect MGB to remain on track to achieve our FY25 orderbook replenishment target, supported by upcoming LBS Bina's planned RM2.6bn GDV worth of property launches in 2HFY25 and potential contributions from its own pocket land developments in Puchong and Cameron Highlands. Besides, MGB's first deal with Creed Group could pave the way for future wins from CI Medini's multi-phase Iskandar Puteri projects, diversifying its client base and strengthening revenue resilience. As the win is within our orderbook assumption, we maintain our valuation. We reiterate our BUY call with an unchanged SOP-derived TP of RM1.09, valuing the construction division at 11x FY25E EPS and the property segment at a 40% discount to RNAV.

**Contract details.** MGB's wholly-owned unit, MGB Construction and Engineering Sdn Bhd has secured a RM186m contract from CI Medini Sdn Bhd to build serviced apartments in Iskandar Puteri, Johor. The contract to be conducted in two-phase with the phase 1 entails a 32-storey tower comprising 405 units, a seven-storey podium car park, and facilities on the eighth floor, with construction slated to commence on 1 Sept 2025 and targeted for completion in Nov 2027. While for phase 2, it involves a 31-storey tower with 397 units, scheduled for delivery within 18 months from its yet-to-be-confirmed start date.

**Healthy orderbook.** With this latest win, MGB's YTD job wins total RM381m, boosting its orderbook to RM1.2bn, translating into 2.1x our FY25 construction revenue forecast, enhancing its earnings visibility. As the contract was secured from an external client rather than parent company LBS Bina, we expect project margins to be lower than those of MGB's typical high-rise residential jobs, given the lack of related-party cost synergies and heightened construction job pricing competition in Johor's crowded property market.

**Our takes.** With MGB's YTD orderbook replenishment stood at RM381m (versus our FY25 assumption of RM700m), we believe MGB is on track to secure the remainder, driven by steady inflow of in-house projects, with LBS Bina targeting over RM2.6bn worth of property launches in 2HFY25 and potential contributions from MGB's own pocket land developments, including a 670-unit condominium project in Puchong (GDV: RM271m) and a 324-unit apartment project in Cameron Highlands (GDV: RM107m). Besides, we view this maiden engagement between MGB and Creed Group (the owner of CI Medini) as strategically important, as it potentially open the door for MGB to repeat job wins from CI Medini's sizeable development pipeline in Iskandar Puteri (multi-phases) in the future. This external client diversification could reduce reliance on LBS-related projects, improving revenue mix resilience.

**No changes to our forecast.** We maintain our FY25–26 earnings forecasts and RM700m order book replenishment target, as the latest contract win is within our expectations. We continue to like MGB for its focus on affordable housing and healthy construction order book, complemented by its expertise in IBS solutions.

Main Market

Construction Sector  
BUY

TP: RM1.09 (↔)

Last Closing Price: RM 0.500

#### Share Price Performance



#### Business Overview

MGB provides construction and engineering services, including design and build, project management, civil engineering, value engineering, geotechnical specialization, and manufacturing of IBS precast concrete products.

#### Return Information

KLCI (pts)	1,567.9
YTD KLCI chg.	(4.5)
YTD Stock Price chg.	(32.4)

Price Performance	1M	3M	12M
Absolute (%)	(7.4)	(19.4)	(41.5)
Relative to KLCI (%)	(10.2)	(18.5)	(38.9)

#### Stock Information

Market Cap (RM m)	295.8
Issued Shares (m)	591.7
52-week High (RM)	0.840
52-week Low (RM)	0.500
Est. Free Float (%)	22.3
Beta vs FBM KLCI	0.87
3-month Avg Vol. (m)	0.12
Shariah Compliant	Yes
Bloomberg Ticker	MLG MK

#### Top 3 Shareholders

	%
LBS Bina	57.8
Lim Lit Chek	13.3
Kumpulan Wang	11.1

FY DEC (RM m)	FY24A	FY25E	FY26E
Revenue	1,032.6	1,288.4	1,309.9
EBITDA	115.0	114.5	119.0
PBT	87.1	84.2	92.1
Net Profit	61.7	64.0	70.0
Core Net Profit	61.7	64.0	70.0
Core EPS (sen)	10.4	10.8	11.8
Core EPS Growth (%)	22.2	3.8	9.4
Net DPS (sen)	1.5	3.3	3.6
BV Per Share (sen)	102.3	109.9	118.2
Net Div. Yield (%)	3.0	6.5	7.1
P/E (x)	4.8	4.6	4.2
ROE (%)	10.2	9.8	10.0



## Key Financial Data

### Balance Sheet

FYE Dec	FY22	FY23	FY24	FY25F	FY26F
PPE	21.5	34.1	84.8	71.7	62.1
Rights of use of assets	83.0	93.4	59.1	54.2	49.8
Contract Assets	146.4	62.9	80.7	32.4	52.4
Amount due from related parties	248.4	345.9	280.4	283.6	389.4
Other assets	363.9	534.0	517.9	717.1	634.7
Deposit, bank and cash	53.4	52.6	100.2	75.2	90.0
<b>Assets</b>	<b>916.8</b>	<b>1,123.0</b>	<b>1,123.2</b>	<b>1,234.3</b>	<b>1,278.4</b>
LT borrowings	44.8	38.5	50.9	50.9	50.9
ST borrowings	47.8	30.1	13.9	13.9	13.9
Payables	246.9	377.9	371.8	438.1	433.2
Other liabilities	70.5	121.9	81.3	81.3	81.3
<b>Liabilities</b>	<b>410.1</b>	<b>568.5</b>	<b>517.9</b>	<b>584.2</b>	<b>579.3</b>
Share capital	388.2	388.2	388.2	388.2	388.2
Reserves and retained earning	119.2	164.7	213.9	258.7	307.8
<b>Shareholder's equity</b>	<b>507.4</b>	<b>552.9</b>	<b>602.1</b>	<b>646.9</b>	<b>696.0</b>
NCI	(0.7)	1.6	3.2	3.2	3.2
<b>Equity</b>	<b>506.7</b>	<b>554.5</b>	<b>605.3</b>	<b>650.1</b>	<b>699.1</b>
<b>Equity and Liabilities</b>	<b>916.8</b>	<b>1,123.0</b>	<b>1,123.2</b>	<b>1,234.3</b>	<b>1,278.4</b>

### Cash Flow Statement

FYE Dec	FY22	FY23	FY24	FY25F	FY26F
Profit before taxation	25.6	69.2	87.1	84.2	92.1
Depreciation & amortisation	15.6	18.5	21.8	26.5	23.1
Changes in working capital	(30.9)	(18.1)	18.3	(88.7)	(49.1)
Net interest received/ (paid)	(9.5)	(7.6)	(5.4)	(4.9)	(5.3)
Share of associate profits	0.2	0.2	0.6	-	-
Tax paid	(13.8)	(16.6)	(27.0)	(20.2)	(22.1)
Others	40.5	46.5	47.9	51.8	50.9
<b>Operating Cash Flow</b>	<b>27.7</b>	<b>92.1</b>	<b>143.3</b>	<b>48.8</b>	<b>89.6</b>
Capex	(3.1)	(13.6)	(7.0)	(7.7)	(8.3)
Others	0.2	0.7	(16.4)	-	-
<b>Investing Cash Flow</b>	<b>(2.9)</b>	<b>(12.9)</b>	<b>(23.4)</b>	<b>(7.7)</b>	<b>(8.3)</b>
Issuance of shares	-	-	-	-	-
Changes in borrowings	27.4	(21.3)	-	-	-
Dividends paid	(5.4)	(3.0)	(9.7)	(19.2)	(21.0)
Others	(14.2)	(16.7)	-	-	-
<b>Financing Cash Flow</b>	<b>7.8</b>	<b>(40.9)</b>	<b>(9.7)</b>	<b>(19.2)</b>	<b>(21.0)</b>
Net cash flow	1.3	1.4	51.6	(25.0)	14.7
Forex	-	-	-	-	-
Beginning cash	32.4	33.8	35.0	84.5	59.5
<b>Ending cash</b>	<b>33.8</b>	<b>35.2</b>	<b>86.5</b>	<b>59.5</b>	<b>74.2</b>

### Income Statement

FYE Dec	FY22	FY23	FY24	FY25F	FY26F
Revenue	612.8	971.8	1,032.0	1,288.4	1,390.9
EBITDA	46.1	92.9	115.0	114.5	119.0
Depn & amort	15.6	18.5	21.8	26.5	23.1
Net interest expense	(5.5)	(6.1)	(7.2)	(4.9)	(4.9)
Associates & JV	0.2	0.2	0.6	0.6	0.6
EI	-	-	-	-	-
<b>Pretax profit</b>	<b>25.6</b>	<b>69.2</b>	<b>87.1</b>	<b>84.2</b>	<b>92.1</b>
Taxation	(11.4)	(18.7)	(25.5)	(20.2)	(22.1)
MI	-	-	-	-	-
<b>Net profit</b>	<b>14.2</b>	<b>50.5</b>	<b>61.7</b>	<b>64.0</b>	<b>70.0</b>
<b>Core net profit</b>	<b>14.2</b>	<b>50.6</b>	<b>56.4</b>	<b>64.0</b>	<b>70.0</b>

### Key Statistics & Ratios

FYE Dec	FY22	FY23	FY24	FY25F	FY26F
<b>Growth</b>					
Revenue	3.2%	58.6%	6.2%	24.8%	8.0%
EBITDA	-24.1%	101.5%	23.8%	-0.4%	3.9%
Pretax profit	-35.9%	170.2%	25.9%	-3.3%	9.4%
Net profit	-46.5%	255.1%	22.2%	3.8%	9.4%
Core EPS	-46.5%	255.1%	22.2%	3.8%	9.4%
<b>Profitability</b>					
EBITDA margin	7.5%	9.6%	11.1%	8.9%	8.6%
Net profit margin	2.3%	5.2%	6.0%	5.0%	5.0%
Effective tax rate	44.5%	27.1%	29.2%	24.0%	24.0%
ROA	1.6%	4.5%	5.5%	5.2%	5.5%
ROE	2.8%	9.1%	10.2%	9.8%	10.0%
<b>Leverage</b>					
Debt/ Assets (x)	0.10	0.06	0.06	0.05	0.05
Debt/ Equity (x)	0.18	0.12	0.11	0.10	0.09
Net debt/ equity (x)	0.08	0.03	Net cash	Net cash	Net cash

### Key Drivers

FYE Dec	FY22	FY23	FY24	FY25F	FY26F
Construction order book (RM m)	1,930	1,140	1,100	1,080	1,060
Order book replenishment (RM m)	673	969	396	700	800
PBT margin	4%	5%	2%	6%	6%

### Valuation

FYE Dec	FY22	FY23	FY24	FY25F	FY26F
EPS (sen)	2.4	8.5	10.4	10.8	11.8
Core EPS (sen)	2.4	8.5	10.4	10.8	11.8
P/E (x)	20.8	5.9	4.8	4.6	4.2
EV/ EBITDA (x)	7.3	3.4	2.3	2.5	2.3
Net DPS (sen)	0.5	1.6	1.5	3.2	3.6
Yield	1.0%	3.2%	3.0%	6.5%	7.1%
BV per share (RM)	0.86	0.94	1.02	1.10	1.18
P/BV (x)	0.6	0.5	0.5	0.5	0.4

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