



MGB Bhd

Secures RM34.8m Project in Saudi Arabia

MGB Berhad continues to strengthen its Middle Eastern foothold with a second FY26 contract win through a RM34.8m villa project for the PIF backed ROSHN Group in Saudi Arabia. This award elevates year to date replenishments to RM233.7m, reaching 26% of our RM900m target, and bolsters an outstanding order book of RM1.32bn to ensure clear earnings visibility through 2027. While we maintain our earnings forecasts as this win falls within our replenishment assumptions, the strategic validation of MGB's IBS technology in the Saudi giga project ecosystem remains a key growth catalyst. Consequently, we reiterate our BUY call with an unchanged SOP derived TP of RM0.82, supported by undemanding valuations and an exciting >7% dividend yield.

Contract Details. MGB International For Industry, an indirect wholly-owned subsidiary of MGB, had secured a RM34.8m construction contract from ROSHN Group Company, a prominent developer backed by Saudi Arabia's Public Investment Fund (PIF). This contract involves the construction of 75 villa units specifically for Phase 1A Zone B within Blocks 104, 105, and 106 of the Marafy Al Arous Development. While the commencement date is yet to be specified, the project is slated for completion within an eight-month window from commencement.

Robust Orderbook. This latest Saudi villa award marks the second job win for the Group in the FY26, lifting the total YTD contract replenishments to c.RM233.7m. This steady progress represents roughly 26% of our RM900m replenishment target for FY26E (RM600m for domestic projects and RM300m for overseas ventures).

No changes to our forecast. We maintain our earnings estimates and RM900m order book replenishment target, as this latest contract win remains well within our full-year expectations. Consequently, we reiterate our BUY call with an unchanged SOP-based target price of RM0.82. Our valuation continues to peg the construction business at 11x FY26E P/E while maintaining a 75% RNAV discount for the property segment. We remain positive on MGB for its undemanding valuations and an exciting dividend yield of over c.7%.

Moving Forward. MGB enters 2026 with an accelerated growth outlook, reinforced by two contract wins secured YTD, supporting its c.RM5.0bn future revenue pipeline and strengthening medium-term earnings visibility. The construction division remains backed by a solid RM1.3bn outstanding order book, providing clear visibility through 2027, with additional uplift from the recent wins. Management continues to target order book replenishment of RM600m for its Malaysian construction segment, RM300m from its Saudi Arabia (KSA) operations, and RM1bn for its property development arm over FY27–FY29. On the overseas front, the Group is advancing EPC works for Project Alia and a 95-unit luxury development in Irqah, Riyadh (c.RM170m), while its domestic pipeline remains robust with upcoming launches carrying an estimated GDV of c.RM2.0bn, including Idaman Kita (est. GDV: RM269m).

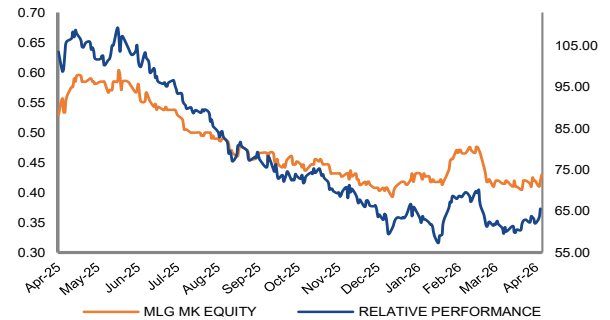
Key risk include: i) escalating war in the Middle East, (ii) failure to replenish its construction order book, (iii) subdued property sales, and (iv) fluctuation in construction cost.

Main Market
Construction Sector
BUY (↔)

TP: RM0.82 (↔)

Last Closing Price: RM0.43

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) | 1,683.42 |
| YTD KLCI chg. | 0.2% |
| YTD Stock Price chg. | 0.0% |

| Price Performance | 1M | 3M | 12M |
|----------------------|-----|-------|--------|
| Absolute (%) | 3.6 | (0.5) | (19.5) |
| Relative to KLCI (%) | 4.4 | 1.4 | (32.7) |

Stock Information

| | |
|----------------------|---------|
| Market Cap (RM m) | 254.4 |
| Issued Shares (m) | 591.7 |
| 52-week High (RM) | 0.65 |
| 52-week Low (RM) | 0.40 |
| Est. Free Float (%) | 20 |
| Beta vs FBM KLCI | 0.8 |
| 3-month Avg Vol. (m) | 240,084 |
| Shariah Compliant | Yes |
| Bloomberg Ticker | MLG MK |

Top 3 Shareholders

| | % |
|--------------------|------|
| LBS Bina | 57.9 |
| Lim Lit Chek | 13.3 |
| Kenanga Unit Trust | 2.0 |

| FY DEC (RM m) | FY25A | FY26E | FY27E |
|-----------------------|-------|---------|---------|
| Revenue | 916.9 | 1,395.3 | 1,624.7 |
| EBITDA | 92.9 | 115.0 | 95.7 |
| PBT | 69.8 | 91.8 | 111.3 |
| Net Profit | 50.3 | 69.7 | 84.6 |
| Core Net Profit | 50.2 | 66.1 | 80.2 |
| Consensus Net Profit | - | 52.8 | 60.9 |
| Earnings Revision (%) | - | - | - |
| Core EPS (sen) | - | 11.2 | 13.5 |
| Core EPS Growth (%) | - | 31.3% | 21.3% |
| Net DPS (sen) | 3.1 | 3.4 | 4.1 |
| BV Per Share (sen) | 107.0 | 114.8 | 124.3 |
| Net Div. Yield (%) | 7.1% | 7.8% | 9.5% |
| P/E (x) | 5.1 | 3.9 | 3.2 |
| ROE (%) | 8.0% | 9.7% | 10.9% |



SOP Valuation Table

| | FY26E |
|--|--------------|
| Construction: | |
| PAT (RM m) | 31.2 |
| Target P/E (x) | 11 |
| Total value (RM m) | 343.5 |
| | |
| Precast concrete: | |
| PAT (RM m) | 9.4 |
| Target P/E (x) | 7.0 |
| Total value (RM m) | 66.0 |
| | |
| Property development: | |
| RNAV | 137.4 |
| | |
| Net Cash/ (Debt) (RM m) | (61.2) |
| Total SOP (RM m) | 485.7 |
| Share base (m) | 591.7 |
| Target Price (RM) | 0.82 |
| <i>Source: Company, Mercury Securities</i> | |

This section is left blank intentionally



Disclaimer & Disclosure of Conflict of Interest

The information contained in this report is based on data obtained from data and sources believed to be reliable at the time of issue of this report. However, the data and/or sources have not been independently verified and as such, no representation, express or implied, are made as to the accuracy, adequacy, completeness or reliability of the information or opinions in this report.

This report may contain forward-looking statements which are often but not always identified by the use of words such as “believe”, “estimate”, “intend” and “expect” and statements that an event or result “may”, “will” or “might” occur or be achieved and other similar expressions. Such forward-looking statements are based on assumptions made and information currently available to Mercury Securities Sdn Bhd. (“Mercury Securities”) and are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievement to be materially different from any future results, performance or achievement, expressed or implied by such forward-looking statements. Caution should be taken with respect to such statements and recipients of this report should not place undue reliance on any such forward-looking statements. Mercury Securities expressly disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

Accordingly, neither Mercury Securities nor any of its holding company, related companies, directors, employees, agents and/or associates nor person connected to it accept any liability whatsoever for any direct, indirect, or consequential losses (including loss of profits) or damages that may arise from the use or reliance on the information or opinions in this publication. Any information, opinions or recommendations contained herein are subject to change at any time without prior notice. Mercury Securities has no obligation to update its opinion or the information in this report.

This report does not have regard to the specific investment objectives, financial situation and particular needs of any specific person. Accordingly, investors are advised to make their own independent evaluation of the information contained in this report and seek advice from, amongst others, tax, accounting, financial planner, legal or other business professionals regarding the appropriateness of investing in any securities or the investment strategies discussed or recommended in this report. Nothing in this report constitutes investment, legal, accounting or tax advice or a representation that any investment or strategy is suitable or appropriate to your individual circumstances or otherwise represents a personal recommendation to you. This report is not intended, and should not under no circumstances be considered as an offer to sell or a solicitation of any offer or a solicitation or expression of views to influence any one to buy or sell the securities referred to herein or any related financial instruments.

Mercury Securities and its holding company, related companies, directors, employees, agents, associates and/or person connected with it may, from time to time, hold any positions in the securities and/or capital market products (including but not limited to shares, warrants and/or derivatives), trade or otherwise effect transactions for its own account or the account of its customers or be materially interested in any securities mentioned herein or any securities related thereto, and may further act as market maker or have assumed underwriting commitment or deal with such securities and provide advisory, investment, share margin facility or other services for or do business with any companies or entities mentioned in this report. In reviewing the report, investors should be aware that any or all of the foregoing among other things, may give rise to real or potential conflict of interests and should exercise their own judgement before making any investment decisions.

This research report is being supplied to you on a strictly confidential basis solely for your information and is made strictly on the basis that it will remain confidential. All materials presented in this report, unless specifically indicated otherwise, are under copyright to Mercury Securities. This research report and its contents may not be reproduced, stored in a retrieval system, redistributed, transmitted, or passed on, directly or indirectly, to any person or published in whole or in part, or altered in any way, for any purpose.

This report may provide the addresses of, or contain hyperlinks to websites. Mercury Securities takes no responsibility for the content contained therein. Such addresses or hyperlinks (including addresses or hyperlinks to Mercury Securities own website material) are provided solely for your convenience. The information and the content of the linked site do not in any way form part of this report. Accessing such website or following such link through the report or Mercury Securities' website shall be at your own risk.

This report is not directed to or intended for distribution or publication outside Malaysia. If you are outside Malaysia, you should have regard to the laws of the jurisdiction in which you are located.

The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.



Recommendation Rating

Mercury Securities maintains a list of stock coverage. Stock can be added or dropped subject to needs with or without notice. Hence, the recommendation rating only applicable to stocks under the list. Stocks out of the coverage list will not carry recommendation rating as the analyst may not follow the stocks adequately.

Mercury Securities has the following recommendation rating:

| | |
|-------------|---|
| BUY | Stock's total return is expected to be +10% or better over the next 12 months (including dividend yield) |
| HOLD | Stock's total return is expected to be within +10% or -10% over the next 12 months (including dividend yield) |
| SELL | Stock's total return is expected to be -10% or worse over the next 12 months (including dividend yield) |

Published & Printed By:

MERCURY SECURITIES SDN BHD
Registration No. 198401000672 (113193-W)
L-7-2, No 2, Jalan Solaris, Solaris Mont' Kiara, 50480 Kuala Lumpur
Telephone: (603) - 6203 7227
Website: www.mercurysecurities.com.my
Email: mercurykl@mersec.com.my