

Company Name : Kimlun Corporation Berhad
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Kimlun poised to surge with RM3bil order book

PETALING JAYA: Kimlun Corp Bhd has posted its strongest quarterly results since listing as its first-quarter earnings surpasses core earnings for financial year 2024 (FY24), according to Hong Leong Investment Bank (HLIB) Research.

With an outstanding order book of RM3.2bil, it appears poised for further growth this year.

The company's management is targeting RM1.5bil to RM2bil in new construction contracts, according to the research house.

Kimlun is also backed by a RM3bil to RM4bil tender book, which consists of Johor's commercial and residential projects and other types of infrastructure jobs.

"The property segment will also capitalise on the hot Johor market, where it aims to launch RM1.4bil worth of projects in

FY25. Precast revenue is set to rise post-Johor plant expansion, with full utilisation and potential upside from Singapore's infrastructure cycle," HLIB Research said.

The research house said it might be a matter of time before the company delivers numbers to commensurate with its golden period, which was from FY15 to FY18, whereby core net profits ranged between RM61.1mil and RM81.9mil despite a lower order book of RM2bil and minimal property segment contribution.

Meanwhile, the company is anticipating further tender wins in Sabah and Sarawak, which are expected to be known in the second half of the year.

"We think the Sabah and Sarawak tenders will likely consist of major road projects with phase two to their current Sarawak-Sabah Link Road project making up some RM1bil.

"In Johor, building work opportunities remain healthy as developers rush to capitalise on a booming market.

"We continue to expect vibrant pipeline in Johor anchored by the prime rapid transit system or RTS area as developers launch ahead of the upcoming RTS link project," it said.

Its recent first-quarter results had beaten both HLIB Research's and consensus expectations at 46% and 62% of full-year forecasts.

Positive deviation came from stronger-than-expected pick-up at its property segment, while numbers from construction and pre-cast were also above the research house's assumed run rate.

HLIB Research maintained its "buy" call on Kimlun with a target price of RM1.42, based on a nine times FY25 forward price-to-earnings ratio.