UOBKayHian

Country Daily | Malaysia

Tuesday, 10 November 2026



Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	52,389.8	2.2	0.8	1.4	9.0
S&P 500	7,549.9	2.3	0.1	(3.3)	10.3
FTSE 100	10,782.9	1.0	0.2	2.2	8.6
AS30	9,233.4	0.8	2.5	4.0	2.4
CSI 300	4,056.1	0.0	1.0	(6.0)	(12.4)
FSSTI	5,179.2	(2.2)	(3.7)	(4.1)	11.5
HSCEI	8,260.2	(0.2)	4.5	1.4	(7.3)
HSI	24,449.0	(0.1)	4.5	1.0	(4.6)
JCI	5,073.8	0.5	(0.5)	(16.7)	(41.3)
KLCI	1,616.6	(1.2)	0.1	0.5	(3.8)
KOSPI	5,018.9	(0.8)	(14.3)	(24.3)	19.1
Nikkei 225	58,775.5	2.3	(7.1)	(14.9)	16.8
SET	1,473.1	0.5	(2.3)	(6.6)	16.9
TWSE	41,661.7	4.9	(7.3)	(15.5)	43.8
BDI	2,854	1.7	7.8	(2.2)	52.1
CPO (RM/mt)	4,210	(1.9)	(3.1)	(3.6)	7.0
Brent Crude (US$/bbl)	92	(6.1)	(11.9)	(11.9)	51.7

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
Virtual Meeting with UUE Holdings Berhad (UUE MK)	Malaysia	10 Nov	10 Nov
1HFY27 Post Results briefing with Valuetronics Holdings Ltd (VALUE SP)	Singapore	11 Nov	11 Nov
Analyst Marketing by Johnny Yum on GC AI Sector	Taipei	17 Nov	18 Nov
Corporate Roadshow with NTT DC REIT (NTTDCR SP)	Bangkok	23 Nov	23 Nov
Corporate Roadshow with NTT DC REIT (NTTDCR SP)	Kuala Lumpur	25 Nov	25 Nov
Virtual Analyst Presentation by Jonathan Koh on S-REITs Results Wrap	Singapore	25 Nov	25 Nov
Regional 1H2027 Strategy Conference	Malaysia	02 Dec	02 Dec

Corporate and Macro Calendar

Economic Indicator/Event	Country/Region	Date
Industrial Production	Malaysia	10 Nov
Manufacturing Sales	Malaysia	10 Nov
GDP 3Q26	Malaysia	18 Nov

Top Stories

Company Results | Maxis (MAXIS MK/**BUY**/RM3.50/Target: RM4.20) Page 3

- Maxis recorded strong 3Q26 results, with net profit reported at RM447m (+9% yoy; +3% qoq) on the back of cost discipline and a higher service and enterprise revenue base. This brought 9M26 net profit to RM1,300m, which beat expectations. Maxis declared a higher third interim DPS of 4.5 sen/share. We raise 2026 earnings forecasts by 2% to reflect a lower-than-expected earnings drag from DNB. Maintain BUY with a DCF-based target price of RM4.20. The stock offers a 5.3% dividend yield.

Company Results | Public Bank (PBK MK/**HOLD**/RM4.90/Target: RM5.20) Page 6 →

- Public Bank's 3Q26 results were marginally below expectations due to higher-than-expected credit cost. Maintain HOLD with a lower target price of RM5.20, down from RM5.45 after earnings revision.

Company Update | MISC (MISC MK/**BUY**/RM8.01/Target: RM9.50) Page 10 →

- Having Yinson as a partner will: a) add value to MISC, considering how Yinson had added value to its clients and collaborative partners in the past, and b) grant MISC's FPSO business immediate access into the Africa region, where MISC previously did not have presence. This collaboration/value-add proposition extends to the non-FPSO business as well. For now, the incremental earnings is expected to be small at 1.4% of 2027 earnings. Retain BUY, target price of RM9.50.

Company Update | Yinson Holdings (YNS MK/**BUY**/RM2.26/Target: RM2.50) Page 13 →

- The privatisation price of RM2.50 is the best deal yet, reflecting an EV/EBITDA multiple that aligns with RCPS. MISC will treat YNS like an associate, but the timing of MISC's entry is impeccable - it will gradually reduce blended financing costs over time, and also address the possibility of YNS securing three new FPSOs (Tangkulo, Albacora and ZabaZaba). We assume that third time will be the charm, and advocate shareholders to support. Retain BUY; revised target price of RM2.50.

Market Spotlight

Page 16 →

- The FBMKLCI continued to slide by 19.28pt to close at 1,616.58 last Friday amid persistent selling pressure across index counters.
- US stocks were mixed after the close on Friday, as gains in the technology, industrials and consumer goods sectors led shares higher while losses in the consumer services, financials and healthcare sectors led shares lower.

Technical Analysis

FBMKLCI, FCPO & FKLI Index Outlook Page 17 →

Traders' Corner Page 19 →

Ancom Nylex | ANCOMNY MK Page 19 →

- Trading Buy Range: RM0.835-0.84

Favelle Favco | FAVCO MK Page 19 →

- Trading Buy Range: RM1.50-1.53

Power Root | PWRT MK Page 20 →

- Trading Buy Range: RM1.18-1.19

Disclaimer: In Traders' Corner, technical analysis is carried out purely based on charting patterns, price movements and trends, and is thus independent of the fundamental research views of our analysts. As a result, and from time to time, we may make a technical recommendation that is opposite to our fundamental BUY/HOLD/SELL rating.

Maxis (MAXIS MK)

3Q26: Above Expectations; ARPU Uplift To Cushion Prepaid Subscriber Rationalisation

Highlights

- Maxis recorded strong 3Q26 results, with net profit reported at RM447m (+9% yoy; +3% qoq) on the back of cost discipline and higher service and enterprise revenue base. This brings 9M26 net profit to RM1,300m, which came in above expectations.
- Maxis declared a higher third interim DPS of 4.5 sen/share. We raise 2026 earnings forecasts by 2% to reflect lower-than-expected earnings drag from DNB.
- Maintain BUY with a DCF-based target price of RM4.20. The stock offers a 5.3% dividend yield.

3Q26 Results

Year to 31 Dec (RMm)	3Q26	qoq%	yoy%	9M26	yoy%
Revenues	**2,684**	**1.1**	**3.7**	**8,071**	**4.0**
Reported EBITDA	1,142	1.6	3.6	3,365	3.5
EBITDA Margin (%)	42.5	0.2 ppt	(0.0) ppt	41.7	(0.2) ppt
Pre-tax profits	603	3.1	10.8	1,748	10.6
Net profit	**447**	**2.5**	**8.5**	**1,300**	**10.1**
EPS (sen)	5.7	1.8	7.5	16.6	9.9
DPS (sen)	4.5	12.5	12.5	12.5	4.2
Subscribers ('000)	10,403	(3.6)	(2.4)		
Cost Structure (% of revenue)	**3Q25**	**4Q25**	**1Q26**	**2Q26**	**3Q26**
Traffic, commissions & other direct costs	42.3%	54.7%	47.7%	45.7%	46.4%
Network & Spectrum	9.5%	9.3%	9.8%	8.8%	9.6%
Resource	8.6%	7.4%	8.3%	7.9%	8.0%
O&M	5.3%	5.1%	5.2%	4.9%	4.3%
Marketing	2.0%	2.1%	1.9%	2.0%	1.9%

Source: Maxis, UOB Kay Hian

Analysis

- **Strong 3Q26 results.** Maxis' 3Q26 net profit grew to RM447m (+9% yoy; +3% qoq), underpinned by robust cost discipline through operational digitalisation and network optimisation stronger service, coupled with healthy revenue growth driven by robust enterprise connectivity demand and resilient ARPUs. During the quarter, operations and maintenance saw a one-off true-up adjustment leading to a 17% yoy and 12% qoq reduction, respectively. 9M26 net profit came in at RM1,300m (+10% yoy) accounting for 79% and 81% of our and consensus full-year estimates respectively, which we deem to be above expectations.

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	10,536.0	10,635.0	10,957.9	11,363.1	11,715.6
EBITDA	4,122.0	4,329.0	4,438.2	4,446.6	4,485.6
Operating profit	2,324.0	2,499.0	2,632.2	2,737.2	2,864.2
Net profit (rep./act.)	1,396.0	1,561.0	1,645.5	1,672.4	1,823.7
Net profit (adj.)	1,396.0	1,561.0	1,645.5	1,672.4	1,823.7
EPS	17.8	19.9	21.0	21.3	23.3
PE (x)	19.6	17.6	16.7	16.4	15.0
P/B (x)	4.6	4.5	4.3	4.2	4.1
EV/EBITDA (x)	8.8	8.3	7.9	7.8	7.6
Dividend yield (%)	4.9	5.0	5.3	5.4	5.9
Net margin (%)	13.2	14.7	15.1	15.6	16.0
Net debt/(cash) to equity (%)	149.4	138.6	122.9	108.0	97.3
Interest cover (x)	4.5	4.9	5.3	5.6	5.8
ROE (%)	23.6	25.4	25.9	25.6	27.0
Consensus net profit	n.a.	n.a.	1,639.0	1,670.0	1,756.0
UOBKH/Consensus (x)	n.a.	n.a.	1.0	1.0	1.0

Source: Maxis, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	RM3.50
Target Price	RM4.20
Upside	20.0%

Stock Data

Sector	Communication Services
Bloomberg ticker	MAXIS MK
Shares issued (m)	7,841.9
Market cap (RMm)	27,446.7
Market cap (US$m)	6,761.9
3-mth avg daily t'over (US$m)	1.6

Price Performance (%)

52-week high/low				RM4.36/RM3.22
1mth	**3mth**	**6mth**	**1yr**	**YTD**
(0.3)	(4.6)	(4.4)	(10.9)	(7.7)

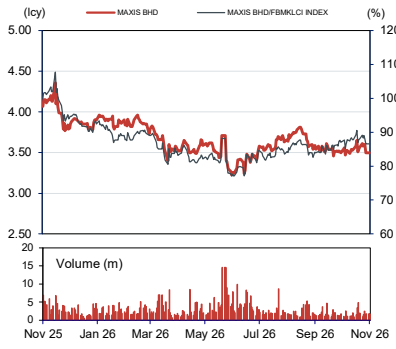
Major Shareholders (%)

Binariang GSM Sdn Bhd	62.2
Employees Provident Fund	13.7
Skim Amanah Saham	10.5

Balance Sheet Metrics

FY26F NAV/Share (RM)	0.8
FY26F Net Debt/Share (RM)	1.0

Price Chart



Source: Bloomberg

Company Description

Mobile operator in Malaysia, providing GSM, 4G and 5G services.

- **A slightly higher interim DPS of 4.5 sen/share.** Maxis declared a slightly higher third interim DPS of 4.5 sen/share (79% earnings payout), within our expectations. The group aims to consistently grow its annual dividend payout, reflecting its robust cash flow management. This is in line with our full-year net DPS projection of 18.5 sen/share, translating to a net dividend yield of 5.3%.
- **Postpaid revenue continues its uptrend to RM979m** (+3% yoy; +1% qoq) underpinned by strategic segment pricing and healthy subscriber growth (3Q26: 31,000 net adds), on the back of targeted plan offerings. This helped cushion the marginal softness in postpaid average revenue per user (ARPU), which moderated to RM70.10/month (2Q26: RM70.50/month).
- **Prepaid revenue remained stable at RM611m** (-1% yoy; flat qoq), despite reporting a massive subscriber reduction of 425,000 during the quarter. This was cushioned by encouraging ARPU improvement to RM36.30/month (2Q26: RM35.60/month; 3Q25: RM35.80/month). The significant drop in subscribers reflected the recently enforced new prepaid registration guidelines (effective end-Aug 26), which essentially enforces a five prepaid SIM card limit per individual and requires official identification documents for registration. Maxis remains positive on the enforcement, projecting a more rational market and reduction in rotational SIM practices, on top of forecasted cost savings from reduced dealer incentives.
- **Robust demand for its Network Solutions offering from DCs and AI workloads.** Enterprise revenue marginally rose 1% yoy and flat qoq to RM419m, primarily driven by network solutions offerings to enterprises and DCs. Management remains upbeat on the enterprise connectivity demand, underpinned by: a) growing inter-DC and cross-border connectivity, and b) redundancy requirements by DCs. Maxis is well positioned to capture this demand growth supported thanks to: a) existing connectivity infrastructure to 55 DCs nationwide; and b) a healthy RM1.3b orderbook, comprising long-term contracts involving DCs, telco operators and satellite providers (contract period ranging from 3-15 years).

Valuation/Recommendation

- **Maintain BUY with a DCF-based target price of RM4.20** (discount rate: 7%; growth: 2%). At our target price, the stock trades at 9.0x 2027F EV/EBITDA (mean valuation of 9.4x). The stock offers a decent dividend yield of 5.3%.

Earnings Revision/Risk

- We raise 2026 earnings forecasts by 2% to reflect lower-than-expected earnings drag from the equity accounting of DNB as an associate, which is expected to materialise by end-26.

Share Price Catalyst

- **2026 guidance.** The group revised its capex intensity guidance to around 10% (from a 10-12% range) as Maxis focuses on fibre footprint expansion (for both consumer and enterprise/data centre connectivity) and mobile network infrastructure capacity and modernisation upgrades.

Environment, Social, Governance (ESG) Updates

Environmental

- Reduced Scope 1 GHG emissions by 8% yoy and emission intensity by 6.7% yoy in 2025, through off-grid solar installations, infrastructure decommissioning and server consolidations.

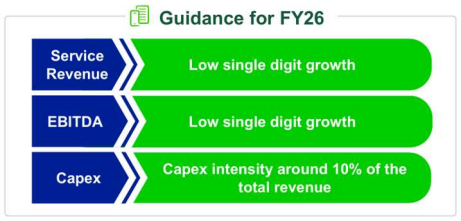
Social

- Community outreach involving 3,865 hours of employee volunteering and providing humanitarian relief during natural disasters amounting to RM0.1m in 2025.

Governance

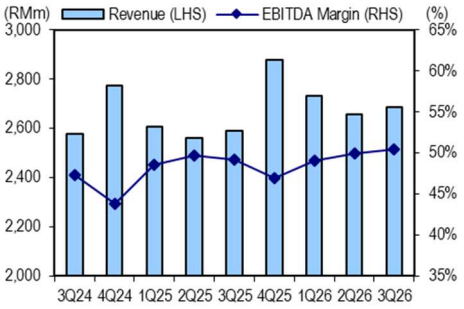
- The board comprises nine members consisting of four Independent Directors and five Non-executive Directors. Meanwhile, women comprise 22% (two directors) of the board.

Performance Guidance For 2026



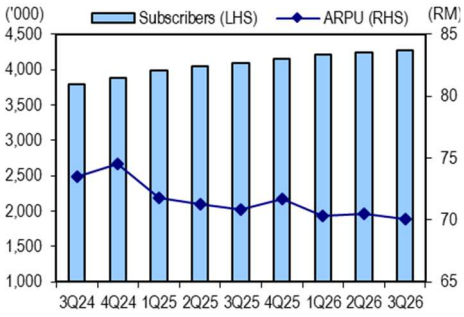
Source: Maxis

Revenue And EBITDA Margin



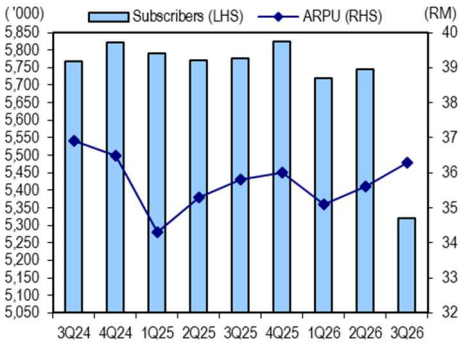
Source: Maxis, UOB Kay Hian

Postpaid Trend



Source: Maxis, UOB Kay Hian

Prepaid Trend



Source: Maxis, UOB Kay Hian

Profit & Loss

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Net turnover	**10,635**	**10,958**	**11,363**	**11,716**
EBITDA	4,329	4,438	4,447	4,486
Deprec. & amort.	(1,830)	(1,806)	(1,709)	(1,621)
EBIT	2,499	2,632	2,737	2,864
Net interest income/(expense)	(432)	(426)	(407)	(383)
Pre-tax profit	**2,067**	**2,206**	**2,330**	**2,482**
Tax	(506)	(548)	(557)	(608)
Minorities	-	-	-	-
Net profit	**1,561**	**1,645**	**1,672**	**1,824**
Net profit (adj.)	1,561	1,645	1,672	1,824

Balance Sheet

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Fixed assets	5,022	4,531	4,185	3,970
Other LT assets	14,319	14,319	14,319	14,319
Cash/ST investment	458	960	1,479	1,777
Other current assets	2,723	2,836	2,941	3,032
Total assets	**22,522**	**22,647**	**22,925**	**23,098**
ST debt	1,886	1,886	1,886	1,886
Other current liabilities	4,694	4,844	5,129	5,276
LT debt	7,094	6,871	6,664	6,471
Other LT liabilities	2,701	2,701	2,701	2,701
Shareholders' equity	6,147	6,344	6,545	6,764
Minority interest	-	-	-	-
Total liabilities & equity	**22,522**	**22,647**	**22,925**	**23,098**

Cash Flow

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Operating	**3,583**	**3,914**	**3,969**	**3,884**
Pre-tax profit	2,067	2,194	2,230	2,432
Tax	(506)	(548)	(557)	(608)
Deprec. & amort.	1,830	1,806	1,709	1,621
Associates	-	-	-	-
Working capital changes	(75)	37	180	56
Other operating cashflows	267	426	407	383
Investing	**(1,156)**	**(1,279)**	**(1,321)**	**(1,349)**
Capex (maintenance)	(1,316)	(1,315)	(1,364)	(1,406)
Proceeds from sale of assets	-	-	-	-
Others	160	35	43	57
Financing	**(2,432)**	**(2,132)**	**(2,129)**	**(2,237)**
Dividend payments	(1,371)	(1,448)	(1,472)	(1,605)
Issue of shares	-	-	-	1
Proceeds from borrowings	(305)	(223)	(207)	(193)
Others/interest paid	(756)	(461)	(450)	(441)
Net cash inflow (outflow)	**(5)**	**502**	**519**	**298**
Beginning cash & cash equivalent	**453**	**448**	**950**	**1,469**
Changes due to forex impact	-	-	-	-
Ending cash & cash equivalent	**448**	**950**	**1,469**	**1,767**

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	40.7	40.5	39.1	38.3
Pre-tax margin	19.4	20.1	20.5	21.2
Net margin	14.7	15.1	15.6	16.0
ROA	6.9	7.3	7.3	7.9
ROE	25.4	25.9	25.6	27.0
Growth				
Turnover	0.9	3.0	3.7	3.1
EBITDA	5.0	2.5	0.2	0.9
Pre-tax profit	10.1	6.7	5.6	6.5
Net profit	11.8	5.4	1.6	9.0
Net profit (adj.)	11.8	5.4	1.6	9.0
EPS	11.8	5.4	1.6	9.0
Leverage				
Debt to total capital	0.6	0.6	0.5	0.5
Debt to equity	1.5	1.4	1.3	1.2
Net debt/(cash) to equity	1.4	1.2	1.1	1.0
Interest cover	4.9	5.3	5.6	5.8

Public Bank (PBK MK)

3Q26: Below Forecasts Due To NIM Pressure And Higher Credit Cost

Highlights

- 3Q26 earnings were marginally below expectations due to higher-than-expected credit cost.
- Maintain HOLD, with a lower target price of RM5.20 (1.64x 2027F P/B; ROE: 12.5%) from RM5.45 following our earnings revisions.
- Even factoring in potential special dividends of up to RM3.5b, subject to BNM approval, the stock's dividend yield remains broadly in line with peers. As such, we believe the current valuation adequately reflects its capital return prospects, which were the key catalyst to its share price performance.

3Q26 Results

Year to 31 Dec (RMm)	3Q26	3Q25	yoy%	9M26	yoy%
Net Interest Income	2,438.7	2,370.8	2.9	7,233.0	1.0
Islamic Banking	472.2	466.6	1.2	1,416.0	2.8
Fees & Commissions	611.6	565.0	8.3	1,802.1	10.3
Net Investment Income	(1.5)	89.2	(101.7)	81.9	(58.4)
Other Operating Income	262.3	233.2	12.5	725.2	19.4
Total Income	3,783.2	3,724.8	1.6	11,258.2	2.6
Operating Expenses	(1,315.7)	(1,268.7)	3.7	(3,936.5)	2.8
PPOP	2,467.6	2,456.1	0.5	7,321.7	2.4
Provision on loans and investments	(138.2)	(15.3)	803.2	(314.7)	241.1
PBT	2,345.0	2,452.6	(4.4)	7,053.4	(0.6)
Net Profit	1,773.1	1,842.6	(3.8)	5,349.4	0.0
EPS (sen)	9.2	9.5	(3.8)	27.6	0.0
DPS (sen)	0.0	0.0	n.a.	10.5	0.0
BVPS (RM)	3.13	3.02	3.8	3.17	4.6
Financial Ratios (%)	**3Q26**	**3Q25**	**yoy +/- ppt**	**2Q26**	**qoq +/- ppt**
NIM	2.03	2.10	(0.07	2.08	(0.05)
Loan Growth, yoy	4.9	6.5	(1.5)	5.5	(0.6)
Deposit Growth, yoy	3.3	5.0	(1.6)	3.8	(0.5)
Loan/Deposit Ratio	100.4	98.1	2.3	99.5	0.9
Cost/Income Ratio	34.8	34.1	0.7	34.7	0.1
ROE	11.6	12.6	(1.0)	12.1	(0.5)
NPL Ratio	0.6	0.5	0.0	0.5	0.0
Credit Costs (bp)	11.0	1.0	10.0	10.0	0.9
CET-1 CAR	14.5	13.8	0.7	13.9	0.6

Source: Public Bank, UOB Kay Hian

Analysis

- **Marginally below expectations.** Public Bank delivered 3Q26 net profit of RM1.77b (-3.8% yoy, -2.8% qoq), bringing 9M26 earnings to RM5.34b (flattish yoy). 3Q26 earnings came in below expectations, with 9M26 earnings accounting for 72% and 73% of our and consensus full-year estimates, respectively. The earnings shortfall was primarily attributable to higher-than-expected credit costs, largely pre-emptive in nature to account for potential macro shocks.

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net interest income	9,451	9,584	9,460	9,935	10,369
Non-Interest Income	2,853	3,272	3,499	3,791	4,110
Net profit (rep./act.)	7,147	7,224	7,120	7,700	8,109
Net profit (adj.)	7,147	7,224	7,120	7,700	8,109
EPS (sen)	36.8	37.2	36.7	39.7	41.8
PE (x)	13.3	13.2	13.4	12.4	11.7
P/B (x)	1.7	1.6	1.6	1.5	1.5
Dividend yield (%)	4.3	4.6	5.6	6.1	6.4
Net int margin (%)	2.20	2.14	2.03	2.01	1.98
Cost/income Ratio (%)	34.5	34.9	35.9	35.5	35.6
Loan loss cover (%)	166.2	149.9	124.0	117.4	100.8
Consensus net profit			7,162	7,791	8,288
UOBKH/Consensus (x)			0.99	0.99	0.98

Source: Public Bank, Bloomberg, UOB Kay Hian

Analyst(s)

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HOLD (Maintained)

Share Price	RM4.90
Target Price	RM5.20
Upside	6.2%
Previous TP	RM5.45

Stock Data

Sector	Financials
Bloomberg ticker	PBK MK
Shares issued (m)	19,410.7
Market cap (RMm)	95,112.4
Market cap (US$m)	23,433.6
3-mth avg daily t'over (US$m)	24.4

Price Performance (%)

52-week high/low				RM5.29/RM4.24
1mth	**3mth**	**6mth**	**1yr**	**YTD**
4.9	(6.3)	2.2	14.0	7.9

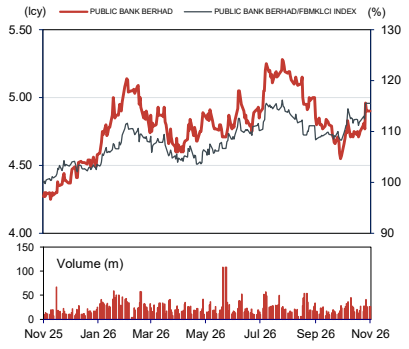
Major Shareholders (%)

Consolidated Teh Holdings Sdn Bhd	20.1
EPF	15.1

Balance Sheet Metrics

FY26F NAV/Share (RM)	3.17
FY26F CAR Tier -1 (%)	15.4

Price Chart



Source: Bloomberg

Company Description

Public Bank is the third-largest domestic banking group in Malaysia by assets with about 14.8% of system assets and 16.2% loan market share.

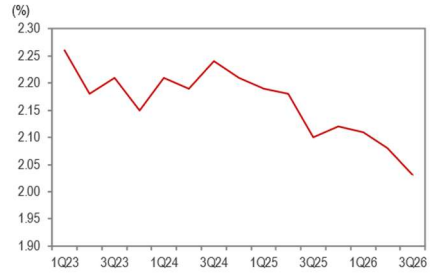
- **9M26 earnings remained broadly flat yoy,** as a 7% increase in non-interest income, driven by stronger wealth management fees and forex income, was offset by an 8bps yoy contraction in NIM and higher credit costs, amid the absence of management overlay writebacks.
- **3Q26 earnings.** 3Q26 earnings declined 4% yoy, weighed by lower trading income amid higher bond yields, higher credit costs arising from additional pre-emptive provisioning, and a 7bps NIM compression. These were partly cushioned by a robust 20% yoy growth in unit trust income, supporting a 7% increase in overall fee income. On a qoq basis, earnings fell 3%, primarily due to higher credit costs and 5bps NIM compression.
- **NIM edged downwards.** 3Q26 NIM declined 5bps qoq, reflecting mortgage yield compression and stiffer deposit competition, bringing 9M26 compression to 8bps. Management guides for a 9-10bps full-year NIM decline in 2026, implying further compression in 4Q26 amid intensified seasonal year-end deposit campaigns. Expectations of a potential 25bps OPR hike in 1Q27 could provide some relief in 2027, with every 25bps hike estimated to lift NIM by 4bps on a full-year basis. Meanwhile, the bank is gradually repricing new mortgages upwards and targeting stronger SME loan growth to improve portfolio yields. We pencil in NIM compression of 11bps/3bps in 2026/27, respectively.
- **Loans growth remains firm.** 3Q26 group loan growth accelerated with 9M26 annualised loans growth coming in at 6.2% (in line with our full-year estimates) vs 5.9% in 2Q26, driven by domestic loan growth of 6.5%. By segment, SME and auto financing were the key growth drivers, expanding 12% and 6% respectively. Management maintained its 2026's 4-5% loan growth guidance.
- **GIL remains stable.** Public Bank Group's GIL ratio remained stable at 0.55% (2Q26: 0.54%)**.** Domestic loans, which comprise 95% of group loans, experienced fairly stable asset quality with GIL ratio steady at 0.35%. Domestic asset quality was broadly stable across key loan segments, including SMEs, with only a marginal uptick in the auto portfolio. Encouragingly, the domestic loan ageing profile continued to improve, with loans more than one month past due declining to 1.5% in 3Q26 from 1.6% in 2Q26, well below the 3.8% pre-pandemic average.
- **Raising net credit cost assumption.** Net credit cost edged upwards qoq to 11bps in 3Q26 from 10bps in 2Q26, driven by higher pre-emptive provisions for macro risks. This brought 9M26 net credit cost to 9bps, above our 6bp full-year estimates. Consequently, we raise our 2026-28 net credit cost assumption to 9bp/6bp/6bp from 6bp/4bp/4bp respectively. Loan loss coverage remained robust at 135%, rising to 234% including regulatory reserves, with both metrics comfortably above the industry average. Management overlays remained stable at RM800m, with our forecasts assuming no write-backs.
- **2026 key guidance retained:** a) ROE: 12.0%-13.0%; b) loan growth: 4-5%; c) Non-interest income: Double-digit percentage growth; d) Net credit cost: Single-digit; e) NIM: 9-10bp compression; f) Double-digit non-interest income growth; and g) Recurring dividend payout ratio of about 60%.

Key Assumptions

(%)	2026F	2027F	2028F
Loan Growth	6.0	6.0	6.3
Credit Cost (bp)	9.0	6.0	6.0
ROE	11.7	12.5	12.9

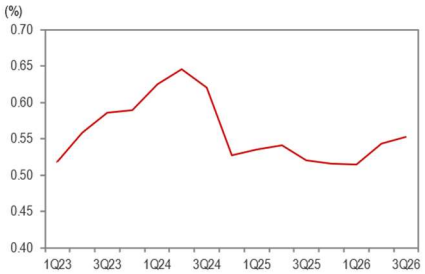
Source: UOB Kay Hian

NIM Trend



Source: Public Bank, UOB Kay Hian

GIL Ratio Trend



Source: Maybank, UOB Kay Hian

Environmental, Social, Governance (ESG) Updates

Environmental
- **Green loan commitment.** Launched a campaign in 2020 offering preferential rates for selected energy efficient vehicles (EEV) under its AITAB Hire Purchase-i, to promote the usage of EEVs. - **Paperless initiative.** Moving towards paperless operations with its enhanced Go Green initiatives in its daily operations, such as migrating reports to online verification module, issuing electronic statements and notices as well as introducing electronic signatures (eSignature) in new deposit account openings.
Social
- **Board and upper management gender diversity.** Maintained 33% female directors on the Board and 48% for top and senior management.
Governance
- **Non-independent board of directors' composition.** Composition of Independent Non-Executive Directors – 55%.

Source: Public Bank, UOB Kay Hian

Valuation/Recommendation

- **Maintain HOLD with a lower target price of RM5.20 (1.64x 2027F P/B, ROE: 12.4%)** from RM5.54 after earnings revision. The stock's current dividend yield of 5.7% is broadly in line with peers, even after factoring in RM3.5b of special dividends spread evenly over three years. In our view, this suggests that the market has largely priced in the group's medium-term capital management upside. Structurally lower yields from its sizeable mortgage portfolio, coupled with an above-industry loans-to-funding ratio of 96% (vs industry: 84%), are likely to remain a drag on NIM. On balance, however, the group's sound asset quality, above-industry provisioning buffers and share buyback programme, on top of its committed special dividends, should provide downside support to the share price.

Earnings Revision/Risk

- We trim our 2026-28 earnings by 4-5% to factor in our higher credit cost and lower NIM assumption.
- Weaker-than-expected NIM.

Share Price Catalyst

- Stronger-than-expected non-interest income growth.
- Provision writebacks from robust provision buffers.

Profit & Loss

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Interest income	18,896	17,378	18,487	19,541
Interest expense	(9,312)	(7,918)	(8,551)	(9,172)
Net interest income	9,584	9,460	9,935	10,369
Fees & commissions	2,226	2,404	2,644	2,908
Net Trading Income	739	773	808	846
Other income	3,272	3,499	3,791	4,110
Income from Islamic banking	1,839	1,931	2,028	2,129
Total income	**14,695**	**14,891**	**15,754**	**16,608**
Staff costs	(3,696)	(3,807)	(3,997)	(4,277)
Other operating expense	(1,433)	(1,540)	(1,596)	(1,633)
Pre-provision profit	9,566	9,544	10,161	10,698
Loan loss provision	(67)	(425)	(301)	(319)
Other provisions	(13)	0	0	0
Associated companies	56	62	68	75
Pre-tax profit	9,543	9,181	9,928	10,454
Tax	(2,136)	(2,055)	(2,222)	(2,340)
Minorities	(183)	(6)	(6)	(5)
Net profit	**7,224**	**7,120**	**7,700**	**8,109**
Net profit (adj.)	7,224	7,120	7,700	8,109

Balance Sheet

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Cash with central bank	4,441	9,450	10,017	10,618
Govt treasury bills & securities	24,520	25,010	25,511	26,021
Interbank loans	0	0	0	0
Customer loans	442,333	469,297	497,878	528,274
Investment securities	60,478	65,361	70,597	76,211
Derivative receivables	225	318	411	504
Associates & JVs	441	495	544	598
Fixed assets (incl. prop.)	1,310	1,510	1,710	1,910
Other assets	27,903	35,294	50,399	107,994
Total assets	**561,651**	**606,735**	**657,066**	**752,131**
Interbank deposits	14,625	15,894	17,274	18,772
Customer deposits	447,114	474,835	504,274	534,531
Derivative payables	156	159	162	165
Debt equivalents	642	577	520	468
Other liabilities	36,673	51,979	70,639	133,052
Total liabilities	499,210	543,444	592,869	686,988
Shareholders' funds	59,938	60,781	61,681	62,622
Minority interest - accumulated	2,504	2,510	2,516	2,521
Total equity & liabilities	**561,651**	**606,735**	**657,066**	**752,131**

Cash Flow

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Capital Adequacy				
Tier-1 CAR	13.9	15.2	14.6	13.8
Total CAR	16.6	17.3	16.7	15.7
Total assets/equity (x)	9.4	10.0	10.7	12.0
Tangible assets/tangible common equity (x)	9.8	10.5	11.3	12.8
Asset Quality				
NPL Ratio	0.5	0.6	0.5	0.5
Loan Loss Coverage	149.9	124.0	117.4	100.8
Loan Loss Reserve/Gross Loans	0.8	0.7	0.6	0.5
Increase in NPLs	2.7	13.2	(2.0)	2.9
Credit Cost (bp)	1.8	9.0	6.0	6.0
Liquidity				
Loan/Deposit Ratio	98.9	98.8	98.7	98.8
Liquid Assets/Short-Term Liabilities	6.3	7.0	6.8	6.6
Liquid Assets/Total Assets	5.2	5.7	5.4	4.9

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Growth				
Net Interest Income, yoy Chg	1.4	(1.3)	5.0	4.4
Fees & Commissions, yoy Chg	1.8	8.0	10.0	10.0
Pre-Provision Profit, yoy Chg	4.2	(0.2)	6.5	5.3
Net Profit, yoy Chg	1.1	(1.4)	8.1	5.3
Customer Loans, yoy Chg	5.2	6.1	6.1	6.1
Customer Deposits, yoy Chg	3.2	6.2	6.2	6.0
Profitability				
Net Interest Margin	2.1	2.0	2.0	2.0
Cost/Income Ratio	34.9	35.9	35.5	35.6
Adjusted ROA	1.3	1.2	1.2	1.2
Reported ROE	12.1	11.7	12.5	12.9
Adjusted ROE	12.1	11.7	12.5	12.9
Valuation				
P/BV (x)	1.6	1.6	1.5	1.5
P/NTA (x)	1.7	1.7	1.6	1.6
Adjusted P/E (x)	13.2	13.4	12.4	11.7
Dividend Yield	4.6	5.6	6.1	6.4
Payout ratio	60.5	75.0	75.0	75.0

MISC (MISC MK)

Entering A New Era Via Yinson Privatisation

Highlights

- **Having Yinson as a partner will add value to MISC**. Although MISC appears to be taking on a lot of debt burden without being granted operational control, we opine this deal will be long-term positive for the MISC group, considering how Yinson had added value to its clients and collaborative partners in the past. Having Yinson as a partner will grant MISC's FPSO business immediate access into the Africa region, where MISC previously did not have presence. Similar to the satellite model adopted by Petronas and Eni through independently established JVs, we see scope for YP and MISC to apply a similar approach in potential markets such as Brazil, allowing them to combine resources without putting undue strain on their balance sheets. This collaboration/ value-add proposition extends to the non-FPSO business as well.
- **Retain BUY and RM9.50 target price**. For now, the incremental earnings is expected to be small at merely 1.4% of MISC's 2027 earnings.

Analysis

- **Sweetened RM2.50/share cash buyout.** The Yinson privatisation deal runs through a vehicle MY Offshore Holdings, in which MISC and the Lim family each hold 41.5% and Employees Provident Fund (EPF) retains 17.1%. This structure follows the details revealed during the preliminary exclusive negotiations with the consortium that started about two months ago. The price is 6.4% above the preliminary RM2.35/share offer floated on 28 Aug 26. Privatising Yinson Holdings (YNS) at RM2.50/share implies a firm value of RM7.3b (US$1.8b). The consortium plans to buy the remaining 1.6b shares for RM4.03b under a court-sanctioned scheme of arrangement. MISC's portion amounts to RM3.03b, of which MISC envisage 75% debt funding.
- **We deem the implied valuation to be fair**... According to MISC's announcement and with reference to YNS' 1HFY27 financials, the deal implies 8.7x EV/EBITDA and 1.4x P/B. The enterprise value (EV) includes RM16b in YNS' group loans, RM3.3b in Redeemable Convertible Preference Shares (RCPS) and RM1.9b in perpetual securities. It is well within peer average EV/EBITDA multiples eg Bumi Armada (4x), BW Offshore (12x), and Modec (3x), and nearly a mirror image to SBM Offshore's (7.8x EV/EBITDA; 1.5x P/B). We note that YNS' historical EV/EBITDA trading range of 6-8x seems to be at a discount relative to other offshore peers that are valued closer to 10x. Using a PE comparison is not meaningful due to finance lease distortions.

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	13,237	11,146	12,889	13,613	13,727
EBITDA	4,223	4,780	4,692	5,285	5,199
Operating profit	1,284	2,226	2,987	3,432	3,181
Net profit (rep./act.)	1,194	1,700	2,676	3,109	2,865
Net profit (adj.)	2,340	2,368	2,676	3,109	2,865
EPS (x)	52.4	53.1	60.0	69.6	64.2
PE (x)	16.8	16.7	14.8	12.6	13.8
P/B (x)	1.1	1.2	1.1	1.1	1.1
EV/EBITDA (x)	10.0	10.0	8.9	8.2	7.5
Dividend yield (%)	4.1	4.1	4.4	4.1	4.4
Net margin (%)	14.9	9.0	18.5	20.8	22.8
Net debt/(cash) to equity (%)	23.4	19.9	23.0	23.4	24.0
Consensus net profit			2,481	2,668	2,781
UOBKH/Consensus (x)			1.08	1.16	1.03

Source: MISC, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	RM8.01
Target Price	RM9.50
Upside	+12.0%

Stock Data

Sector	Energy
Bloomberg ticker	MISC MK
Shares issued (m)	4,463.7
Market cap (RMm)	35,755.0
Market cap (US$m)	8,806.0
3-mth avg daily t'over (US$m)	1.25

Price Performance (%

52-week high/low				RM9.04/RM7.22
1mth	3mth	6mth	1yr	YTD
4.2	4.8	(7.7)	2.8	2.7.

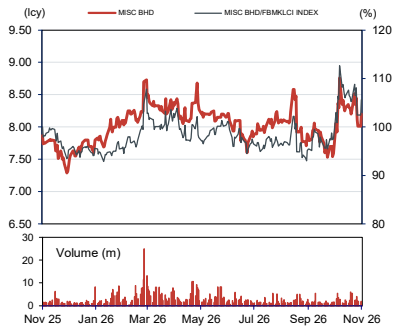
Major Shareholders (%)

Petronas	51.1
EPF	15.5

Balance Sheet Metrics

FY26 NAV/Share (RM)	RM6.15
FY26 Net Debt/Share (RM)	n.m.

Price Chart



Source: Bloomberg

Company Description

Shipping company. It employs finance lease accounting for assets in which it has long-term charter contracts, especially Liquefied Natural Gas Carriers (LNGC) and Very Large Ethane Carriers (VLEC). Within its petroleum fleet, it operates Very Large Crude Carriers (VLCC), mid-sized tankers (MST), and Dynamic Positioning Shuttle Tankers (DPST). The offshore division operates Floating, Production, Storage and Offloading (FPSO) vessels, including FPSO Marechal Duque de Caxias (Mero-3). It is also the parent company of Malaysia Marine Heavy Engineering (MMHE).

- **…especially against private equity (pre-IPO growth capital). I**mportantly, we note that the deal is also aligned to YNS' RCPS holders' investment on YP back in Jan 25. The US$1b RCPS was valued at 8.9x EV/EBITDA, at a pre-subscription equity value of US$2.6b for YP (leading to post-subscription value of >US$3.6b).
- **Clear role of MISC as JV shareholder without unilateral control...** The announcements did not specify whether YNS will be classified as a subsidiary or associate for MISC, except a commentary that MISC will not have unilateral control. In accounting terms, unilateral control is a key element that defines a subsidiary. Owning YNS as an associate benefits MISC as it provides an immediate incremental profit base but avoids the heavy debt burden in its books. Also, in the RCPS terms, it is a key condition that the Lim family must remain in control (or for YNS to have at least 25% in shareholding). We assume that MISC's offshore unit and YP will continue as separate FPSO operations, including bidding for projects.
- **…but as reliable capital provider.** We also opine that the privatisation timing is impeccable, given that YP recently guided it can take on five new projects simultaneously. More importantly, YP is at the late stage phases for at least three FPSOs, namely Tangkulo (Indonesia), Albacora (Brazil) and Zabazaba (Nigeria). Although we reiterate that MISC will not likely intervene in YP's business, we highlight another RCPS term – for the construction of a third new FPSO, YP is obliged to redeem US$280m of that RCPS.
- **Having Yinson as a partner will be add value to MISC**. Although MISC appears to be taking on a lot of debt burden without being granted operational control, we opine this deal will be long-term positive for the MISC group, considering how Yinson has added value to its clients and collaborative partners in the past. Having Yinson as a partner will grant MISC's FPSO business immediate access into the Africa region, where MISC previously did not have presence. Similar to the satellite model adopted by Petronas and Eni through independently established JVs, we see scope for YP and MISC to apply a similar approach in potential markets such as Brazil, allowing them to combine resources without putting undue strain on their balance sheets.
- **Having can also extend to the non-FPSO business.** Although the energy transition pathways for both companies are distinct, and YNS' non-FPSO segments' cash flow generation is still small relative to the group, we opine that those businesses are relatively advanced. This gives MISC an opportunity to close the gap with its MISC2030 target of having the New Energy Division to generate 25% of operating cash flow (from 2022 base).

Valuation/Recommendation

- **Maintain BUY, with an SOTP-based target price of RM9.50** implying 14x 2027F PE. We retain our 25% LNG discount in our SOTP that accounts for LNGC impairment risks in the 2026 horizon, despite LNGC earnings having reached a bottom at this juncture. We retain the high 1.4x P/B valuation for petroleum to factor in positive trading sentiment even though spot rates have reverted to pre-war levels.

Earnings Revision/Risk

- **Maintain forecasts.** The privatisation is only expected to increase MISC's 2027 earnings by just 1.4%. This is based on MISC's 41% stake on our YNS FY28 earnings forecast of RM344m, negated by about RM100m in additional interest expenses. Note that our YNS forecast is not based on the finance lease method.

Third Time Is The Charm

The current structure is YNS's third formal attempt on privatisation. At its core, the motivation to privatise YNS stems from frustration with public market perception on YNS' share price which was heavily discounted. This can be traced as early as 2022, when YNS started to consider IPO plans overseas for its FPSO subsidiary, YP. The negative share price reaction after YNS secured the US$1b RCPS in Jan 25, elevated the public-private market disconnect, and led to first two privatisation attempts with Stonepeak in 2025 (for a deal price of RM9b

Source: Yinson

Delisting May Take Up To One Year

Naturally, YNS's board accepted the proposal, paving way for the group to be delisted likely by 2H27. However, it is more realise to expect the long timeline. A court process has to pass, although we do not see any risk of dissenting shareholders. Funds like KWAP may hold a blocking stake, but we assume they will support the deal given the precedence of other privatisation of long-term infrastructure assets like Malaysia Airports.

Source: Yinson

Potential Risks

The bigger complication may arise from uncertainty of antitrust watchdogs and merger control clearance from several country's commission. One of them is the Brazil's Administrative Council for Economic Defense (CADE) given the significance of MISC's and Yinson's FPSO presence in Brazil. We noted precedence like the Saipem/Subsea merger (which happened recently). Initially CADE approved without conditions, however Petrobras appealed against this decision, citing that it will be unhealthy to have a lesser vendor pool, and subsequently CADE amended to a conditional approval requiring the consortium to sell off one of their flagship subsea vessel. If this happens on YNS, it is possible for a risk of one of the Brazil FPSO disposal to fulfil merger antitrust conditions

Profit & Loss

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Net turnover	**11,146**	**12,889**	**13,613**	**13,727**
EBITDA	4,780	4,692	5,285	5,199
Deprec. & amort.	18,865	18,159	17,704	17,602
EBIT	5,859	6,188	6,239	3,181
Associate contributions	29	312	330	312
Pre-tax profit	**2,226**	**2,987**	**3,432**	**3,181**
Tax	(124)	(63)	(72)	(71)
Minorities	(38)	(249)	(251)	(245)
Net profit	**1,700**	**2,676**	**3,109**	**2,865**
Net profit (adj.)	2,368	2,676	3,109	2,865

Balance Sheet

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Fixed assets	20,863	22,963	25,063	27,163
Other LT assets	-	-	-	-
Cash/ST investment	6,096	6,252	6,320	6,320
Other current assets	-	-	-	-
Total assets	**53,014**	**55,228**	**57,607**	**59,979**
ST debt	1,921	2,800	2,800	2,800
Other current liabilities	5,742	5,715	4,154	4,536
LT debt	11,747	12,307	12,867	13,427
Other LT liabilities	885	885	885	885
Shareholders' equity	53,014	55,228	57,607	59,979
Minority interest	697	946	1,197	1,443
Total liabilities & equity	**53,014**	**55,228**	**57,607**	**59,979**

Cash Flow

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Operating	**4,277**	**4,753**	**5,296**	**5,904**
Pre-tax profit	1,284	2,746	3,041	3,482
Tax	74	(58)	(64)	(73)
Other operating cashflows	2,919	2,064	2,319	2,495
Investing	**(1,192)**	**(2,627)**	**(3,827)**	**(3,827)**
Capex (growth)	(1,985)	(4,620)	(4,620)	(4,620)
Others	793	1,993	793	793
Financing	**(4,166)**	**(2,011)**	**(2,011)**	**(2,011)**
Others/interest paid	(4,166)	(2,011)	(2,011)	(2,011)
Net cash inflow (outflow)	**(1,080)**	**115**	**(542)**	**67**
Beginning cash & cash equivalent	**7,732**	**6,677**	**6,793**	**6,252**
Changes due to forex impact	25	1	1	1
Ending cash & cash equivalent	**6,677**	**6,793**	**6,252**	**6,320**

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	31.8	29.6	39.2	39.7
Pre-tax margin	9.7	16.9	22.2	23.1
Net margin	9.0	14.9	19.7	20.8
ROA	2.0	4.1	4.6	5.2
ROE	3.2	6.3	7.0	7.9
Growth				
Turnover		69.2	42.4	56.8
EBITDA	0.5	15.0	28.1	42.9
Pre-tax profit	(54.4)	(2.4)	8.1	23.8
Net profit	(53.8)	(6.4)	4.5	21.4
Net profit (adj.)	(6.3)	3.2	11.7	16.1
EPS	20.2	24.0	38.5	60.8
Leverage				
Debt to total capital	40.4	40.2	40.4	40.2
Debt to equity	41.2	41.3	41.7	41.6
Net debt/(cash) to equity	23.4	23.6	25.9	26.2
Interest cover	5.8	7.0	7.6	8.2

Yinson Holdings (YNS MK)

Privatisation: Third Time Is The Charm

Highlights

- **Privatisation price of RM2.50 is fair and the best deal yet**. We deem the valuation multiple on EV/EBITDA to be fair, as it is well within peer average and more importantly aligns with the implied multiple of the RCPS. MISC's role is clearly not to take control of YNS as a subsidiary but as an associate, and it will be business as usual for both FPSO players. Having MISC as a platform will allow YNS to gradually reduce its blended financing costs over time. The timing of MISC's entry and as a capital provider is impeccable, given that Yinson Production (YP) recently guided it can take on five projects at once, but in reality is in late stage negotiations for at least three new FPSOs - Tangkulo, Albacora and ZabaZaba.
- **Revising target price to match privatisation, as we assume third time is the charm.** YNS has pursued privatisation for years, driven by the valuation gap between its public and private market valuations. The RCPS private investors valued YNS at US$3.7b, which is a sharp contrast to YNS' market cap. The current deal may not be as lucrative as the previous attempts, but will allow YNS to have a quality, diversified funding platform ie founders' capital, pension money and a strategic FPSO partner. Hence, we encourage investors to support this privatisation. Retain BUY with an adjusted target price RM2.50.

Analysis

- **Sweetened RM2.50/share cash buyout.** The deal runs through a vehicle MY Offshore Holdings, in which MISC and the Lim family each hold 41.5% and Employees Provident Fund (EPF) retains 17.1%. This structure follows the details revealed during the preliminary exclusive negotiations with the consortium that started about two months ago. The price is 6.4% above the preliminary RM2.35/share offer floated on 28 Aug 26. Privatising Yinson Holdings (YNS) at RM2.50/share implies a firm value of RM7.3b (US$1.8b). The consortium plans to buy the remaining 1.6b shares for RM4.03b under a court-sanctioned scheme of arrangement. MISC's portion amounts to RM3.03b.
- **We deem the implied valuation to be fair**... According to MISC's announcement and with reference to YNS' 1HFY27 financials, the deal implies 8.7x EV/EBITDA and 1.4x P/B. The enterprise value (EV) includes RM16b in group loans, RM3.3b in Redeemable Convertible Preference Shares (RCPS) and RM1.9b in perpetual securities. It is well within peer average EV/EBITDA multiples eg Bumi Armada (4x), BW Offshore (12x), and Modec (3x), and nearly a mirror image to SBM Offshore's (7.8x EV/EBITDA; 1.5x P/B). We note that YNS' historical EV/EBITDA trading range of 6-8x seems to be at a discount relative to other offshore peers that are valued closer to 10x. Using a PE comparison is not meaningful due to finance lease distortions.

Key Financials

Year to 31 Jan (RMm)	2025	2026	2027F	2028F	2029F
Net turnover	7,605	5,375	4,295	4,710	4,781
EBITDA	2,052	3,189	3,477	3,568	3,645
Operating profit	1,675	2,812	2,586	2,605	2,751
Net profit (rep./act.)	1,075	771	340	344	465
Net profit (adj.)	510	899	340	344	465
PE	15.0	8.5	22.5	22.2	16.4
P/B	1.4	1.5	1.6	1.6	1.6
EV/EBITDA	10.4	6.7	6.5	6.8	7.2
Dividend yield	1.3	2.2	2.2	2.2	2.2
Net margin	14.1	14.3	7.9	7.3	9.7
Net debt/(cash) to equity	176.4	150.1	163.7	185.5	206.3
Interest cover	1.2	1.8	2.0	2.0	2.1
ROE	18.2	11.6	5.2	5.3	7.1
Consensus net profit	-	-	867	946	1,011
UOBKH/Consensus (x)	-	-	0.39	0.36	0.45

Source: YNS, Bloomberg, UOB Kay Hian

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BUY (Maintained)

Share Price	RM2.26
Target Price	RM2.50
Upside	+10.6%
Previous TP	RM2.40

Stock Data

Sector	Energy
Bloomberg ticker	YNS MK
Shares issued (m)	3,220.4
Market cap (RMm)	7,273.0
Market cap (US$m)	1,773.8
3-mth avg daily t'over (US$m)	3.9

Price Performance (%

52-week high/low				RM2.48/RM1.71
1mth	3mth	6mth	1yr	YTD
6.6	(5.2)	7.6	(6.6)	(4.2)

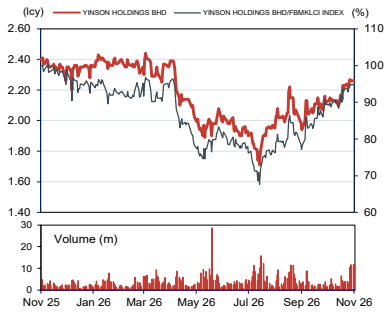
Major Shareholders (%)

Yinson Legacy	27.1
EPF	17.1

Balance Sheet Metrics

FY27 NAV/Share (RM)	1.50
FY27 Net Debt/Share (RM)	4.58

Price Chart



Source: Bloomberg

Company Description

One of the largest global Floating, Production, Storage and Offloading (FPSO) operators. Since 2025, its FPSO subsidiary Yinson Production (YP) begun adopting Enterprise Reporting (ER), as a complementary disclosure to the statutory IFRS reporting that uses Finance Lease (FL) method. Under ER, YP adopted operating lease method and applied proportional consolidation based on YP's share in assets. ER profits include non-recurring revenues like progress milestone and bonus incentives for early delivery, whereas adjusted ER EBITDA excludes these items.

- **…especially against private equity (pre-IPO growth capital). I**mportantly, we note that the deal is also aligned to the RCPS holders' investment on YP back in Jan 25. The US$1b RCPS was valued at 8.9x EV/EBITDA, at a pre-subscription equity value of US$2.6b for YP (leading to post-subscription value of >US$3.6b)
- **Justifying YNS' rationale.** According to YNS, having a private ownership structure is better aligned with the long-term nature of YNS business and provides flexibility in capital requirements, without the constraints associated with it being a listed company. We acknowledge the constraints highlighted, which can reflect the persistent valuation gap that remains even at YNS' current business phase, despite having moved past the heavy capital-intensive stage for the majority of its FPSO fleet to stable, long-term operating generation. However, YNS remains serious on expanding its green energy platform.
- Private infrastructure investors tend to appreciate long-term contracted cash flow generation and value creation. However, public markets will tend to assign lower valuation consistently. One key reason is that long-duration contracted FPSOs are usually paired with heavy debt requirements, and the heavy financing costs associated will discount incoming quarterly earnings expectation. Leaving this structure this way will lead to a never-ending cycle of valuation gap; assuming equity funding is raised from public markets, the new projects will be funded entirely by loans, but under-funded by equity, which in turn overinflates gearing.
- **Clear role of MISC as JV shareholder without unilateral control...** The announcements did not specify whether YNS will be classified as a subsidiary or associate for MISC, except a commentary that MISC will not have unilateral control. In accounting terms, unilateral control is a key element that defines a subsidiary. Owning YNS as associate benefits MISC for immediate incremental profit base and avoiding the heavy debt burden in its books. Also, in the RCPS terms, it is a key condition that the Lim family must remain in control (or for YNS to have at least 25% in shareholding). We assume that MISC's offshore unit and YP will continue as separate FPSO operations, including bidding for projects..
- **…but as reliable capital provider.** We also opine that the privatisation timing is impeccable, given that YP recently guided it can take on five new projects simultaneously. More importantly, YP is at the late stage phases for at least tjree FPSOs, namely Tangkulo (Indonesia), Albacora (Brazil) and Zabazaba (Nigeria). Although we reiterate that MISC will not likely intervene in YP's business, we highlight another RCPS term – for the construction of a third new FPSO, YP is obliged to redeem US$280m of that RCPS. Last but not least, as in the case of Petronas and Eni forming independent JVs as "satellite model", we also see that the same business model can be applied in some potential markets where it makes sense for YP and MISC to join forces without stressing their balance sheet.
- **Having direct access to MISC's and Petronas' competitive funding platform would reasonably lower blended interest cost over time**. We exclude scenarios of YNS immediately redeeming the RCPS (which carries an expensive distribution rate of >12%), because this action will violate a key RCPS clause stating that no RCPS can be redeemed from the date the RCPS holders were notified of a IPO plan (which has to be executed by Jun 30). However, this structure can be used to refinance project bonds such as the FPSO Anna Nery and Agogo, which carries financing rates of 7-9%.

Valuation/Recommendation

- **Maintain BUY, with an adjusted SOTP-based target price of RM2.50 (from RM2.40).** Our SOTP valuation implies 25x FY27F PE (from 24x), which is slightly adjusted to match the privatisation deal. This is consistent with our long-term view, and we assume the deal will be successful.

Earnings Revision/Risk

- **None.**

YNS' Privatisation Attempts

Year	Remarks
2022	Strategic review of YP, prompting YNS to favour separating the FPSO division and relisting it overseas. At that time, Oslo Stock Exchange was favoured, as the Norwegian market was mature and FPSO-friendly, that comes with improved access to finance. In addition, Oslo is the right b,…G, the headquarter of YP's global FPSO operations YP inherited a strong team of Norwegians after acquiring Fred Olsen pre-2014. Few years later, YNS shifted target IPO market to the US, but Norway remains an active market for bonds.
Jun 25	Bloomberg revealed the Lim family had engaged with US-based Stonepeak to privatise YNS at per-share valuation of RM2.76-RM3.11. This valued YNS at a max of RM9b. A push factor enabling this exercise was likely due to public-private market disconnect. YNS' share price plunged after raising US$1b RCPS in early 25.
Mar-May 26	Lim family re-engaged with Stonepeak and local pension funds, on a RM8b take-private through scheme of arrangement. The partners withdrawn by late May, likely due to lack of commitment
Nov 26	The current deal with EPF and MISC offers a balanced and diversified funding platform, that we believe Stonepeak would not able to match. Founders' capital, pension money and strategic Offshore/ FPSO partner.

*Source: Yinson *Note: Yinson Production (YP),*

Third Time Is The Charm

The current structure is YNS's third formal attempt on privatisation. At its core, the motivation to privatise YNS stems from frustration with public market perception on YNS' share price which was heavily discounted. This can be traced as early as 2022, when YNS started to consider IPO plans overseas for its FPSO subsidiary, YP. The negative share price reaction after YNS secured the US$1b RCPS in Jan 25, elevated the public-private market disconnect, and led to first two privatisation attempts with Stonepeak in 2025 (for a deal price of RM9b

Source: Yinson

Delisting May Take Up To One Year

Naturally, YNS's board accepted the proposal, paving way for the group to be delisted likely by 2H27. However, it is more realise to expect the long timeline. A court process has to pass, although we do not see any risk of dissenting shareholders. Funds like KWAP may hold a blocking stake, but we assume they will support the deal given the precedence of other privatisation of long-term infrastructure assets like Malaysia Airports.

Source: Yinson

Potential Risks

The bigger complication may arise from uncertainty of antitrust watchdogs and merger control clearance from several country's commission. One of them is the Brazil's Administrative Council for Economic Defense (CADE) given the significance of MISC's and Yinson's FPSO presence in Brazil. We noted precedence like the Saipem/Subsea merger (which happened recently). Initially CADE approved without conditions, however Petrobras appealed against this decision, citing that it will be unhealthy to have a lesser vendor pool, and subsequently CADE amended to a conditional approval requiring the consortium to sell off one of their flagship subsea vessel. If this happens on YNS, it is possible for a risk of one of the Brazil FPSO disposal to fulfil merger antitrust conditions

*Source: Yinson *Note: Yinson Production (YP),*

Profit & Loss

Year to 31 Jan (RMm)	2026	2027F	2028F	2029F
Net turnover	**5,375**	**4,295**	**4,710**	**4,781**
EBITDA	3,189	3,477	3,568	3,645
Deprec. & amort.	377	445	482	447
EBIT	2,812	2,586	2,605	2,751
Total other non-operating income	-	0	0	0
Associate contributions	328	82	99	119
Net interest income/(expense)	(1,769)	(1,749)	(1,775)	(1,731)
Pre-tax profit	**1,117**	**920**	**928**	**1,138**
Tax	(276)	(296)	(308)	(389)
Minorities	(70)	(283)	(276)	(283)
Net profit	**899**	**340**	**344**	**465**

Balance Sheet

Year to 31 Jan (RMm)	2026	2027F	2028F	2029F
Fixed assets	3,396	3,764	4,060	4,425
Other LT assets	16,847	16,947	16,947	16,947
Cash/ST investment	4,528	4,535	2,965	1,694
Other current assets	2,851	2,274	3,735	5,181
Total assets	**29,182**	**28,892**	**29,146**	**29,698**
ST debt	779	303	379	231
Other current liabilities	2,589	2,230	2,609	2,847
LT debt	15,433	16,829	16,613	16,951
Other LT liabilities	337	284	298	298
Shareholders' equity	8,988	8,874	8,764	8,775
Minority interest	259	372	483	596
Total equity and liabilities	**29,182**	**28,892**	**29,146**	**29,698**

Cash Flow

Year to 31 Jan (RMm)	2026	2027F	2028F	2029F
Operating	**(412)**	**51**	**670**	**763**
Pre-tax profit	1,029	920	928	1,138
Tax	(237)	(296)	(308)	(389)
Deprec. & amort.	377	891	963	894
Associates	(328)	(82)	(99)	(119)
Working capital changes	(2,934)	(1,381)	(814)	(761)
Other operating cashflows	1,681	(0)	0	0
Investing	**(1,298)**	**(500)**	**(500)**	**(500)**
Capex (growth)	(2,040)	(500)	(500)	(500)
Investments	112	0	0	0
Others	630	0	0	0
Financing	**4,440**	**456**	**(1,741)**	**(1,534)**
Dividend payments	(140)	(171)	(171)	(171)
Issue of shares	2,080	0	0	0
Proceeds from borrowings	3,892	(3,986)	(1,680)	(4,476)
Loan repayment	(1,205)	4,500	0	3,000
Others/interest paid	(187)	113	111	113
Net cash inflow (outflow)	**2,730**	**7**	**(1,571)**	**(1,271)**
Beginning cash & cash equivalent	**2,679**	**4,528**	**4,535**	**2,965**
Changes due to forex impact	(881)	0	0	0
Ending cash & cash equivalent	**4,528**	**4,535**	**2,965**	**1,694**

Key Metric

Year to 31 Jan (%)	2026	2027F	2028F	2029F
Profitability				
EBITDA margin	59.3	81.0	75.7	76.2
Pre-tax margin	20.8	31.8	29.9	33.2
Net margin	14.3	14.9	14.1	15.9
ROA	3.5	2.9	3.0	3.3
ROE	11.6	9.6	9.8	10.9
Growth				
Turnover	49.0	19.1	30.6	32.5
EBITDA	212.3	240.6	249.5	257.0
Pre-tax profit	56.0	90.6	96.9	121.3
Net profit	92.2	60.1	65.9	89.3
Net profit (adj.)	92.2	60.1	65.9	89.3
EPS	92.2	60.1	65.9	89.3
Leverage				
Debt to total capital	194.9	199.6	194.8	192.4
Debt to equity	200.5	207.7	204.8	204.3
Net debt/(cash) to equity	150.1	159.8	176.4	191.5
Interest cover (x)	1.8	2.0	2.0	2.1

Market Spotlight

Market News

The FBMKLCI continued to slide by 19.28pt to close at 1,616.58 last Friday amid persistent selling pressure across index counters. Meanwhile, Asian stocks tumbled Friday, with Japan and South Korea leading a broad regional selloff, as investors dumped tech shares amid growing concerns about artificial intelligence investment after the US midterm elections. There was only one FBMKLCI's top gainer; Petronas Dagangan (+0.69%), while the top losers were YTL Power International (-4.9%), YTL Corporation (-3.3%) and Sunway Bhd (-3.1%). In the broader market, losers outpaced gainers 964 to 273 with 404 counters unchanged. Turnover was 3.64b share valued at RM3.49b.

US stocks were mixed after the close on Friday, as gains in the technology, industrials and consumer goods sectors led shares higher while losses in the consumer services, financials and healthcare sectors led shares lower. At the close in NYSE, the Dow Jones Industrial Average lost 0.26%, while the S&P 500 Index climbed 0.65%, and the NASDAQ Composite Index climbed 1.46%. Rising stocks outnumbered declining ones on the New York Stock Exchange by 1,623 to 1,193 and 47 ended unchanged; on the Nasdaq Stock Exchange, 2,045 rose and 1,295 declined, while 92 ended unchanged. (*Sources: Investing.com)*

FBMKLCI, FCPO & FKLI Index Outlook

Analyst(s)

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FBMKLCI



Source: UOBKH ChartGenie

FTSE Bursa Malaysia KLCI

Last close:	1,616.58
Expected moving range:	1,610-1,650

Technical View:

The FBMKLCI formed a bearish Marubozu bar and continued its pullback to close lower at 1,616.58 last Friday. The correction looks set to continue as selling pressure grows as reflected by the negative reading in RSI. The index slipped below the BBI lines last Friday, suggesting the short-term trend remains vulnerable to further corrections. The support and resistance levels are still maintained as follows:

Support: 1,593, 1,585

Resistance: 1,651, 1,683

FCPO



Source: TradingView

Futures Crude Palm Oil (FCPO) Active Contract, 1 Hour Chart

Technical SELL with -1.8% downside

Trading SELL range:	RM4,500-4,540
Last price:	RM4,258
Target price:	RM4,201, RM4,181
Resistance:	RM4,400
Stop-loss:	RM4,401

SELL with a target price of RM4,181 and stop-loss at RM4,401. Based on the chart, FCPO hit our both targets at RM4,301 and RM4,266 before continuing the bearish movement to the current level at RM4,258 last Friday. This bearish movement is supported by the downtick in RSI and bearish crossover in both MACD and DMI indicators. We peg our new targets at RM4,201 and RM4,181 in the near term.

Expected timeframe: One day to three days

FKLI



Source: TradingView

FTSE Bursa Malaysia KLCI Futures (FKLI), 1 Hour Chart

Technical BUY with +2.8% potential return

Trading BUY range:	1,600-1,620
Last price:	1,614.5
Target price:	1,649, 1,659
Support:	1,607
Stop-loss:	1,606

BUY with a target price of 1,659 and stop-loss at 1,606. Based on the chart, FKLI continues the bullish movement and closed higher at 1,614.5 last Friday. This bullish movement is supported by an uptick in the RSI and bullish crossovers in both MACD and DMI indicators. We maintained our targets at 1,649 and 1,659 in the near term.

Expected timeframe: One day to three days

Traders' Corner

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Source: UOBKH ChartGenie

Ancom Nylex
ANCOMNY MK

Technical BUY on breakout with +7.2% potential return

Trading BUY range:	RM0.835-0.84
Last price:	RM0.83
Target price:	RM0.88, RM0.895
Support:	RM0.80
Stop-loss:	RM0.795

BUY on breakout with a target price of RM0.895 and stop-loss at RM0.795. Last Friday's share price gain provides confirmation that share price has reversed its near-term sideways trend. Positive readings of the MACD and DMI also suggest the presence of fresh buying interest. Moving forward, we expect ANCOMNY to continue the bullish movement towards our targets at RM0.88 and RM0.895 once it manages to penetrate above the breakout level of RM0.835.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading



Source: UOBKH ChartGenie

Favelle Favco
FAVCO MK

Technical BUY with +10.5% potential return

Trading BUY range:	RM1.50-1.53
Last price:	RM1.53
Target price:	RM1.66, RM1.69
Support:	RM1.47
Stop-loss:	RM1.46

BUY on breakout with a target price of RM1.69 and stop-loss at RM1.46. The stock is consolidating within the immediate support of RM1.47 and last Friday's positive closing above the BBI has set a new tone for the short-term outlook. A bullish bias has been established following an uptick in the RSI as well as a bullish crossover in the MACD and the DMI. We peg our targets at RM1.66 and RM1.69 in the near term.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading



Source: UOBKH ChartGenie

Power Root
PWRT MK

Technical BUY on breakout with +9.3% potential return

Trading BUY range:	RM1.18-1.19
Last price:	RM1.15
Target price:	RM1.27, RM1.29
Support:	RM1.07
Stop-loss:	RM.06

BUY on breakout with a target price of RM1.29 and stop-loss at RM1.06. A bullish crossover from the DMI could lift share price while a closing above RM1.18 should create the base for a new up-leg. This bullish movement is also supported by an uptick in the RSI and bullish crossover in the MACD. Going forward, we expect PWRT to move higher and retest the psychological resistance at RM1.30 in the near term.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading

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