UOBKayHian

Country Daily | Malaysia

Monday, 2 November 2026



Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	51,770.3	(1.1)	(0.9)	1.2	7.7
S&P 500	7,580.1	(1.8)	(0.6)	(1.8)	10.7
FTSE 100	10,729.8	0.1	0.4	2.6	8.0
AS30	9,025.4	0.1	1.3	1.9	0.1
CSI 300	3,985.5	(1.4)	(2.9)	(8.5)	(13.9)
FSSTI	5,376.7	(0.4)	(0.8)	(4.6)	15.7
HSCEI	7,862.2	1.4	1.4	(2.1)	(11.8)
HSI	23,294.4	1.5	0.9	(2.8)	(9.1)
JCI	5,057.1	(0.8)	(7.0)	(16.2)	(41.5)
KLCI	1,615.6	0.3	0.3	(0.9)	(3.8)
KOSPI	5,730.7	(3.5)	3.3	(18.2)	36.0
Nikkei 225	63,290.1	(2.1)	1.0	(7.3)	25.7
SET	1,518.6	(1.7)	(2.8)	(3.4)	20.6
TWSE	45,211.8	(2.5)	(3.6)	(6.7)	56.1
BDI	2,714	0.1	2.0	(13.8)	44.6
CPO (RM/mt)	4,344	(2.1)	(2.2)	(2.2)	10.4
Brent Crude (US$/bbl)	113	2.4	(2.8)	9.6	86.4

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
TNFD Conference: Nature Means Business – Navigating Nature-Related Risks with TNFD	Malaysia	05 Nov	05 Nov
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
Regional 1H2027 Strategy Conference	Malaysia	02 Dec	02 Dec

Corporate and Macro Calendar

Economic Indicator/Event	Country/Region	Date
PMI	Malaysia	2 Nov
BNM OPR	Malaysia	5 Nov
Foreign Reserves	Malaysia	6 Nov

Top Stories

Sector Update | Banking Page 3 →

- Sep 26 loan growth accelerated on stronger business lending and approvals, while deposit growth held steady. Asset quality improved, although LLC eased further. Maintain OVERWEIGHT. We expect sector earnings to grow by a decent 6% in 2027.

Company Results | IGB REIT (IGBREIT MK/**BUY**/RM2.72/Target: RM2.92) Page 6 →

- 3Q26 results were in line with expectations, with a DPU of 3.51 sen declared. Management maintained its mid-single-digit reversion guidance for 2027, and we believe this is conservative as MVS is seeing reversion well above 5%. Historically, IGB REIT has mostly exceeded its reversion guidance. Maintain BUY with a lower target price of RM2.92 as we increase our cost of equity assumption and roll over our valuation base to 2027. IGB REIT currently offers 5.4-5.6% yields for 2026-27.

Company Update | Pekat Group (PEKAT MK/**BUY**/RM2.93/Target: RM3.60) Page 9 →

- A 150MW CRESS win is highly probable by Dec 26, as we believe Pekat can capture blue-sky 2GW of CRESS projects over the next three years. As such, we lift our 2028 net profit forecasts by 25% to capture CRESS win potential. We expect the completion of main board transfer by end-Nov 26. Maintain BUY with a higher SOTP-based fair value of RM3.60/share, assuming a 500MW CRESS win. A blue-sky fair value of RM6.30/share pencils in 2GW of CRESS assets.

Company Update | Solarvest Holdings (SOLAR MK/**BUY**/RM4.31/Target: RM5.30) Page 12 →

- We expect earnings to peak in FY29 as management drives ROE to an impressive 15.5% (from 10%) against the doubling of its orderbook to RM5b. We raise our FY29 net profit forecasts by 29% to RM200m, in line with market. We also lift our target price to RM5.30/share, capturing 500MW CRESS asset ownership. Our blue-sky fair value is RM7.50/share assuming 2GW CRESS ownership. Maintain BUY; target price: RM5.30.

What's Inside

Company Results | SkyeChip (SKYECHIP MK/**HOLD**/RM2.69/Target: RM2.93) Page 15

- Skyechip's 6MFY27 results are within our and consensus expectations. SkyeChip's established silicon IP and custom ASIC businesses remain the key earnings drivers, while its expansion into AI silicon and Arm-based compute platforms could provide a second leg of growth from 2029-30 onwards. Following a 205% surge since our initiation and from its IPO price of RM0.88, we believe the current share price has largely priced in SkyeChip's near-term growth prospects. Maintain HOLD. Target price: RM2.93.

Market Spotlight

Page 16 →

- The FBMKLCI rose 4.44pt and closed at 1,615.60 last Friday.
- US stocks were lower after the close on Friday, as losses in the technology, industrials and basic materials sectors led shares lower.

Technical Analysis

FBMKLCI, FCPO & FKLI Index Outlook Page 17 →

Traders' Corner Page 19 →

Affin Bank | ABANK MK Page 19 →

- Trading Buy Range: RM2.04-2.05

Carimin Petroleum | CARIP MK Page 19→

- Trading Buy Range: RM0.40-0.405

TMC Life Sciences | TMCL MK Page 20 →

- Trading Buy Range: RM0.43-0.435

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.

Banking

Sep 26 BNM Statistics: Firmer Lending; Steady Asset Quality

Highlights

- Loan growth accelerated on stronger business lending and approvals, while deposit growth held steady. Asset quality improved, although LLC eased further.
- We expect sector earnings to grow by a decent 6% in 2027. Earnings resilience will be underpinned by modest loans growth, stable credit costs and relatively stable NIM with banks' asset liability management helping to offset some of the headwinds from yield pressure.
- Maintain OVERWEIGHT. Amid the ongoing Middle East geopolitical uncertainties, we adopt a barbell strategy, favouring Hong Leong Bank for its defensive profiles and capital management upside, while CIMB offers attractive value with one of the sector's highest dividend yields at around 6.5%.

Analysis

- **Loan growth accelerates on business momentum.** Total loan growth strengthened to 6.1% yoy in Sep 26 (Aug 26: 5.7%), driven by business loans accelerating to 7.7% (Aug 26: 6.8%), while household growth was stable at 5.0%. Working-capital growth jumped to 7.4% (Aug 26: 5.3%), while mortgage and hire-purchase growth held near 5.3% and 5.2%; credit-card growth eased to 3.0%. SME growth also improved to 3.9% (Aug 26: 3.6%).
- **Approvals signal a firmer pipeline.** Approved loan growth surged to 31.1% yoy in Sep 26 (Aug 26: 13.6%), led by business approvals rising to 50.8% (Aug 26: 36.4%). Working-capital approvals remained robust at 55.3%, while SME approvals rebounded to 22.4% (Aug 26: -5.6%). Household approvals also recovered to 4.7% (Aug 26: -10.8%), supported by stronger hire-purchase and credit-card approvals, broadening pipeline support.
- **Deposit growth holds steady as CASA momentum softens.** Total deposit growth was stable at 5.2% yoy in Sep 26, trailing loan growth of 6.1%. CASA growth moderated to 5.1% (Aug 26: 7.9%) and CASA mix eased to 30.9% (Aug 26: 31.1%), although fixed-deposit growth turned positive at 0.3% (Aug 26: -1.4%). LDR remained broadly stable at 89.8%, signalling mildly tighter system funding conditions.
- **Asset quality improves despite lower coverage.** Total GIL declined to 1.42% in Sep 26 (Aug 26: 1.44%), while household GIL was broadly stable at 1.11% and business GIL improved to 1.87% (Aug 26: 1.92%). SME GIL also fell to 3.55% (Aug 26: 3.63%). However, LLC eased to 80.8% (Aug 26: 81.4%), indicating a modestly thinner coverage buffer despite contained impairment ratios overall.

Analysts

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OVERWEIGHT (Maintained)

Segmental Rating

Segment	Rating
Bank	OVERWEIGHT (MAINTAINED)

Source: UOB Kay Hian

Sector Picks

Company	Ticker	Rec	Share Price (RM)	Target Price (RM)
Hong Leong Bank	HLBANK MK	BUY	21.14	24.50
CIMB Group	CIMB MK	BUY	6.91	8.80

Source: Bloomberg, UOB Kay Hian

Summary Of Banking Data

	yoy % chg		
	Jul-26	Aug-26	Sep-26
Loan Outstanding	5.6	5.7	6.1
- Business	6.4	6.8	7.7
- Household	5.1	5.0	5.0
Loan Applied	17.1	(0.3)	20.2
- Business	37.6	5.6	27.4
- Household	1.6	(5.1)	14.0
Loan Approved	24.8	13.7	31.1
- Business	51.9	36.1	50.8
- Household	(2.5)	(10.4)	4.7
Loan Disbursed	7.6	16.3	91.4
- Business	9.1	20.7	14.1
- Household	2.9	2.1	7.5
Loan Repaid	6.0	9.9	7.9
- Business	6.9	12.1	9.4
- Household	2.9	2.9	3.0
Impaired Loans	4.8	6.1	6.5
- Business	1.6	2.6	3.8
- Household	8.8	10.5	9.8

Source: BNM

Peer Comparison

Company	Ticker	Rec	Share Price 30 Oct 26 (RM)	Target Price (RM)	Upside To TP (%)	FYE	PE 2025 (x)	PE 2026F (x)	PE 2027F (x)	Yield 2026F (%)	ROE 2026F (%)	Market Cap (US$m)	Price/ NAV ps (x)
CIMB Group Holdings	CIMB MK	BUY	6.91	8.80	27.4	Dec-25	9.5	9.3	8.7	6.8	11.1	18,299	1.0
Hong Leong Bank	HLBK MK	BUY	21.14	24.50	15.9	Jun-25	9.4	9.7	9.2	5.2	10.8	11,287	1.1
Hong Leong Financial Group	HLFG MK	BUY	17.50	22.00	195.3	Jun-25	2.6	2.5	2.1	13.0	9.9	4,960	0.2
Malayan Banking	MAY MK	HOLD	10.02	11.58	(33.8)	Dec-25	18.7	17.9	17.5	3.8	11.0	29,963	2.0
Public Bank	PBK MK	HOLD	4.75	5.54	16.6	Dec-25	12.8	12.3	11.4	6.1	12.4	22,710	1.5
RHB Bank	RHBBANK MK	HOLD	7.45	9.10	(9.2)	Dec-25	13.0	12.4	11.8	5.3	10.2	8,009	1.3
AMMB Holdings	AMM MK	HOLD	6.30	7.30	15.9	Mar-25	9.9	9.5	9.0	6.3	9.7	5,139	0.9
Alliance Bank Malaysia	ABMB MK	HOLD	4.56	5.20	14.0	Mar-25	9.5	9.1	8.5	6.1	9.3	1,943	0.9
Affin Bank	ABANK MK	HOLD	2.02	2.48	22.8	Dec-25	9.1	8.4	7.6	4.8	4.8	1,310	0.4
Bank Islam Malaysia	BIMB MK	HOLD	2.06	2.45	18.9	Dec-25	7.5	7.5	8.3	6.6	7.1	1,150	0.5

Source: Bloomberg, UOB Kay Hian

Valuation/Recommendation

- **Maintain OVERWEIGHT.** We remain constructive on the sector, underpinned by: a) potential dividend upside, supporting attractive yields of around 5.5%; b) a relatively defensive earnings profile compared with export sectors exposed to tariff risks; c) potential inflows from emerging market MSCI rebalancing; and d) strong provision buffers across the sector. The sector's 1.0x P/B remains undemanding relative to its ROE of about 10%. By comparison, Singapore banks trade at a significantly higher P/B of about 1.65x, despite delivering only a modestly stronger ROE of around 13%.
- **Stock picks.** Amid the ongoing geopolitical uncertainties in the Middle East, we adopt a barbell investment approach. We favour Hong Leong Bank for its defensive earnings profiles and near-term capital management upside following the adoption of Basel III reforms in Jun 26. On the other end, we like CIMB as a high-beta and liquid laggard that is likely to recover the fastest once geopolitical tensions ease.

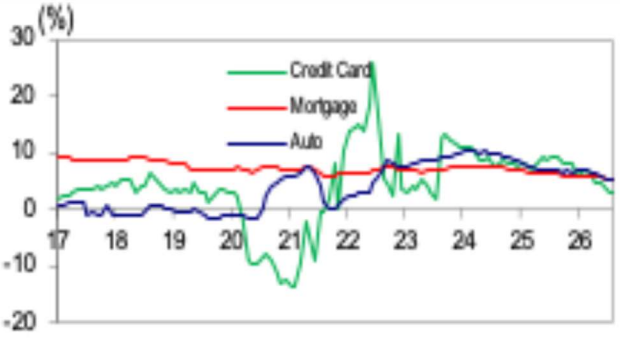
Total Loans, Household And Business Loans



- Total loan growth accelerated to 6.1% yoy in Sep 26 (Aug 26: 5.7%), above 5.5% in Sep 25.
- Business loan growth climbed to 7.7% (Aug 26: 6.8%), widening its lead over household growth of 5.0%.
- Household loan growth remained stable around 5.0%, below 5.5% in Sep 25.
- The growth mix has turned decisively business-led, versus near-equal household and business growth a year earlier.

Source: BNM

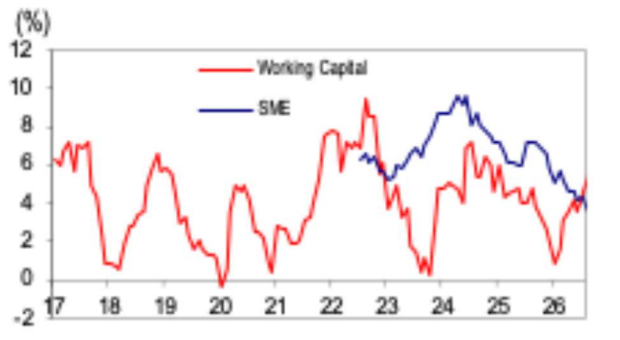
Household Loan Sub-Segment: Mortgage, Auto And Credit Card



- Mortgage growth held at 5.3%, but remained below 6.1% in Sep 25.
- Hire-purchase growth was stable at 5.2%, down from 6.7% in Sep 25.
- Credit-card growth eased to 3.0% (Aug 26: 3.1%), well below 8.0% a year earlier.
- All three major household sub-segments are growing more slowly than a year ago, keeping household momentum subdued.

Source: BNM

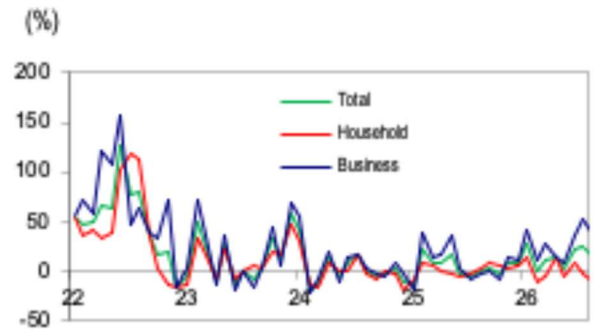
Key Business Loan Sub-Segments: Working Capital And Small And Medium Enterprises (SME)



- Working-capital growth jumped to 7.4% (Aug 26: 5.3%), nearly double 3.8% in Sep 25.
- SME growth improved to 3.9% (Aug 26: 3.6%), but remained below 7.2% in Sep 25.
- The divergence suggests working-capital demand, rather than SME borrowing, is driving the acceleration in business lending.
- Total business growth of 7.7% exceeds both sub-segments, indicating additional support from other corporate lending categories.

Source: BNM

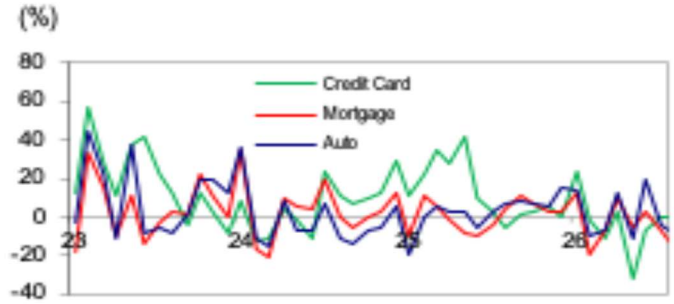
Total Approved Loans, Household And Business Approved Loans



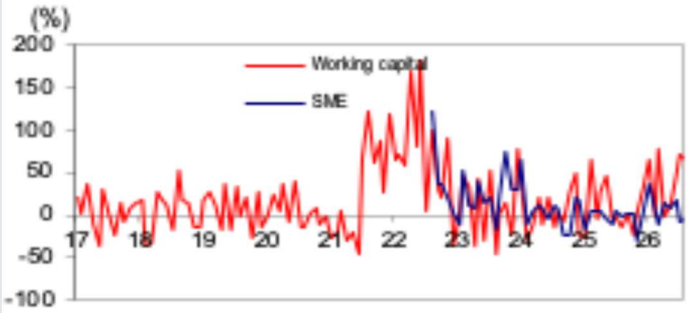
- Total approvals surged to 31.1% yoy in Sep 26 (Aug 26: 13.6%), materially strengthening the near-term pipeline.
- Business approvals rose to 50.7% (Aug 26: 36.4%), with working-capital approvals remaining robust at 55.3%.
- SME approvals rebounded to 22.4% (Aug 26: -5.6%), broadening support beyond working-capital financing.
- Household approvals recovered to 4.7% (Aug 26: -10.8%), supported by stronger hire-purchase and credit-card approvals.

Source: BNM

Household Approved Loan Sub-Segment: Mortgage, Auto And Credit Card

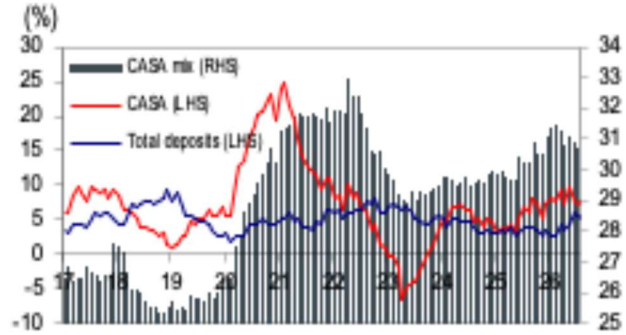


Key Business Approved Loan Sub-Segments: Working Capital And SME



Source: BNM

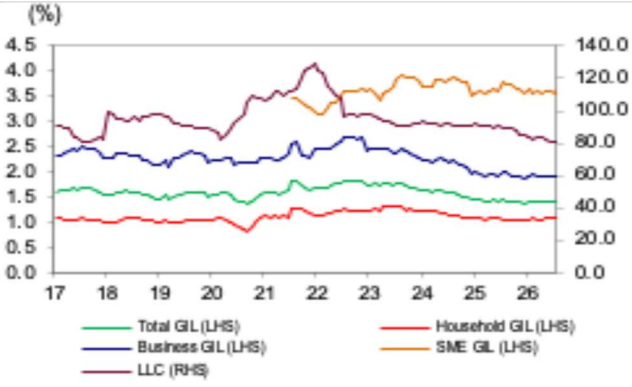
Total Deposits, CASA Growth And CASA Mix



- Deposit growth was stable at 5.2% yoy, below loan growth of 6.1% and above 4.0% in Sep 25.
- CASA growth slowed to 5.1% (Aug 26: 7.9%), below 8.1% in Sep 25.
- CASA mix eased to 30.9% (Aug 26: 31.1%), broadly matching its level a year earlier.
- Fixed-deposit growth turned positive at 0.3% (Aug 26: -1.4%), while LDR remained stable at 89.8%.

Source: BNM

Industry, Household, Business And SME GIL Vs Loan-Loss Coverage (LLC)



- Total GIL improved to 1.42% (Aug 26: 1.44%), broadly similar to 1.41% in Sep 25.
- Household GIL was stable near 1.11%, while business GIL improved to 1.87% (Aug 26: 1.92%).
- SME GIL fell to 3.55% (Aug 26: 3.63%), below 3.74% in Sep 25.
- LLC eased to 80.8% (Aug 26: 81.4%), materially below 89.0% in Sep 25 despite contained GIL ratios.

Source: BNM

IGB REIT (IGBREIT MK)

3Q26: In Line; Southkey Remains The Growth Engine

Highlights

- 3Q26 results were in line with expectations, with a DPU of 3.51 sen declared.
- Management maintained its mid-single-digit reversion guidance for 2027, and we believe this is conservative as MVS is seeing reversion well above 5%. Historically, IGB REIT has mostly exceeded its reversion guidance.
- Maintain BUY with a lower target price of RM2.92 as we increase our cost of equity assumption and rollover our valuation base to 2027. IGB REIT currently offers 5.4-5.6% yields for 2026-27.

3Q26 Results

Year to 31 Dec (RMm)	3Q26 (RMm)	qoq % chg	yoy % chg	9M26 (RMm)	yoy % chg
Total Revenue	249.3	3.5	50.9	751.6	51.3
Property Expenses	(64.1)	7.2	59.1	(178.2)	49.9
Net Property Income	185.2	2.3	48.3	573.4	51.7
Other Income	3.26	6.3	56.2	9.0	42.4
Trust expenses	(17.9)	5.1	66.0	(53.7)	63.9
Finance costs	(23.5)	1.1	72.5	(69.7)	72.5
Core PAT	147.1	2.2	43.4	459.0	47.6
Core EPU (sen)	3.40	2.1	20.0	10.6	23.5
Core DPU (sen)	3.51	2.0	26.7	11.0	24.7
Margins (%):		ppt chg	ppt chg		ppt chg
Net property income	74.3	(0.9)	(1.3)	76.3	0.2
Core PAT	59.0	(0.7)	(3.1)	61.1	(1.5)

Source: IGB REIT, Bloomberg, UOB Kay Hian

Analysis

- **Results in line.** IGB REIT reported 3Q26 revenue of RM249m (+3.5% qoq; +50.9% yoy) and core net profit of RM147m (+2% qoq; +43% yoy). This brings 9M26 core net profit to RM459m (+47.6% yoy), within our expectation and accounting for 74%/75% of our/consensus full-year estimates.
- **Declared 3.51 sen dividend for 3Q26,** with a payout ratio of 97.4%. 9M26 DPU of 10.95 sen represents an annualised distribution yield of 5.5%.

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	626.1	687.8	1,000.4	1,037.5	1,075.2
EBITDA	414.9	469.1	684.6	702.4	730.3
Operating profit	414.0	468.5	684.0	701.1	728.5
Net profit (rep./act.)	579.8	643.2	617.7	640.7	670.9
Net profit (adj.)	368.7	418.2	617.7	640.7	670.9
EPU (sen)	10.2	9.7	14.2	14.7	15.4
DPU (sen)	10.7	11.8	14.7	15.2	15.9
PE (x)	26.7	28.2	19.1	18.5	17.7
P/B (x)	2.3	1.9	1.9	1.8	1.8
DPU Yld (%)	3.9	4.3	5.4	5.6	5.8
Net margin (%)	58.9	60.8	61.7	61.8	62.4
Net debt/(cash) to asset (%)	16.7	22.2	19.6	18.4	17.0
Interest cover (x)	9.1	9.3	10.3	11.6	12.7
ROE (%)	14.4	12.8	12.2	12.6	13.0
Consensus DPU (sen)			14.1	14.9	15.4
UOBKH/Consensus (x)			1.0	1.0	1.0

Source: IGB REIT, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	RM2.72
Target Price	RM2.92
Upside	7.4%
Previous TP	RM3.16

Stock Data

Sector	Real Estate
Bloomberg ticker	IGBREIT MK
Shares issued (m)	4,331.8
Market cap (RMm)	11,869.2
Market cap (US$m)	2,908.6
3-mth avg daily t'over (US$m)	1.6

Price Performance (%)

52-week high/low				RM3.16/RM2.51
1mth	3mth	6mth	1yr	YTD
(0.4)	0.7	(2.1)	1.5	0.4

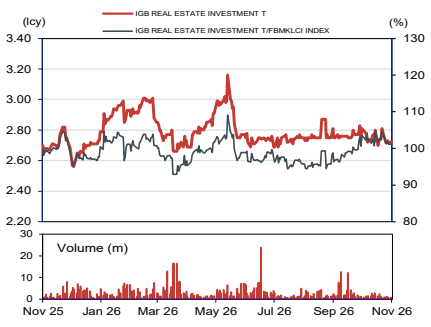
Major Shareholders (%)

IGB Bhd	40.0
EPF	10.4

Balance Sheet Metrics

2026 NAV/Share (RM)	1.89
2026 Net Debt/Share (RM)	0.50

Price Chart



Source: Bloomberg

Company Description

IGB REIT is a real estate investment trust. Its portfolio consists of the Mid Valley Megamall and The Gardens Mall in Malaysia.

- **Operating expenses to normalise.** Margin dip from one-off NPI margin eased to 74.3% (-0.9ppt qoq; -1.3ppt yoy) as property expenses rose 7% qoq, mainly due to car park epoxy resurfacing at all three malls. Management expects full-year opex to normalise with no other major opex items this year, while the higher minimum wage should not materially impact costs.
- **Mid-single-digit rental reversion guidance maintained for 2027.** IGB REIT recorded positive mid-single-digit retail rental reversion yoy in 2026 and kept the same guidance for next year. Tenant sales grew at a high single-digit rate at MVM and TGM, while MVS should see double-digit growth. All four major tenancies expiring in 2026, namely AEON and Golden Screen Cinemas at MVM and Fitness First and Red Box at TGM, have been renewed.
- **Mid Valley Megamall (MVM): Stable with near-full occupancy.** MVM's 3Q26 revenue rose 2.5% yoy to RM116.9m, while NPI was flat (+0.6% yoy) with NPI margin easing to 76.9% (-1.4ppt yoy). Occupancy rate remained resilient at 99.6% (2Q26: 99.4%), while average gross monthly rental rose to RM18.84psf (3Q25: RM18.55psf).
- **The Gardens Mall: AEIs and maintenance weighed on NPI.** TGM revenue grew 5.1% yoy to RM53.7m, supported by higher average gross monthly rental of RM16.96psf (3Q25: RM15.94psf). Notably, management noted that luxury sales have improved yoy, supported by brands such as Rolex. However, NPI declined 5.9% yoy and NPI margin narrowed to 62.2% (-7.3ppt yoy) on AEI works. Occupancy dipped to 97.0% (3Q25: 98.6%).
- **MVS: Reversion well above 5%.** MVS recorded 3Q26 revenue of RM78.7m (+4.8% qoq) and NPI of RM61.9m (+4.2% qoq), with NPI margin at 78.7%. Average gross monthly rental rose to RM15.17psf (2Q26: RM15.03psf), with occupancy at 98.9%. Given that MVS only opened in 2019, we see further room for rental catch-up, particularly with 60% of NLA due for renewal in 2028. Footfall should be further supported by the progressive development of Mid Valley Southkey, where only two of four office towers have been completed, and an additional hotel under construction by the sponsor.

Valuation/Recommendation

- **Maintain BUY with a lower target price of RM2.92 (from RM3.16),** as we increase our cost of equity assumption from 6.4% and rollover our valuation base to 2027. Our target price is based on a dividend discount model (required rate of return: 6.9%, terminal growth: 1.5%), with an implied dividend yield of 5.2%/5.4% for 2026/27.

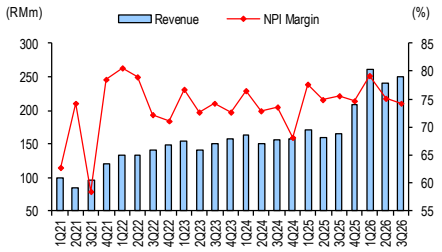
Earnings Revision/Risk

- No earnings revision.

Environment, Social, Governance (ESG) Updates

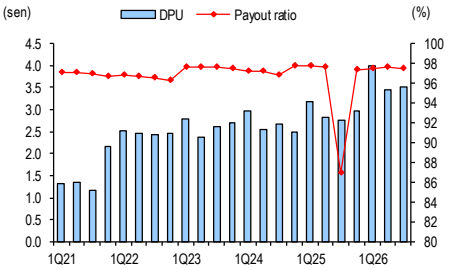
- Environment – Remains committed to exploring ways to continue to reduce energy consumption and monitor total electricity consumed monthly. Electricity consumption has been on a downtrend since 2016 (base year).
- Social – Regular cybersecurity training through e-portals as well as ad hoc social engineering tests throughout the year.
- Governance – The Board comprises four independent directors and five non-independent directors. There are four Board Committees – Audit Committee, Nomination Committee, Remuneration Committee and Sustainability Committee.

Revenue And NPI Margin



Source: IGBREIT, UOB Kay Hian

DPU And Payout Ratio



Source: IGBREIT, UOB Kay Hian

12-month Forward Yield At 5.3%



Source: Bloomberg, UOB Kay Hian

Profit & loss

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Net turnover	**687.8**	**1,000.4**	**1,037.5**	**1,075.2**
EBITDA	468.5	684.0	701.1	728.5
Deprec. & amort.	0.6	1.3	1.8	0.0
EBIT	468.5	684.0	701.1	728.5
Associate contributions	0.0	0.0	0.0	0.0
Net interest income/(expense)	(50.3)	(66.3)	(60.4)	(57.6)
Pre-tax profit	**643.2**	**617.7**	**640.7**	**670.9**
Tax	0.0	0.0	0.0	0.0
Minorities	0.0	0.0	0.0	0.0
Net profit	**643.2**	**617.7**	**640.7**	**670.9**
Net profit (adj.)	418.2	617.7	640.7	670.9

Balance Sheet

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Fixed assets	8,369.2	8,369.2	8,369.2	8,369.2
Other LT assets	2.1	4.5	6.1	7.3
Cash/ST investment	305.4	492.7	579.8	685.5
Other current assets	81.6	89.6	105.9	102.6
Total assets	**8,758.2**	**8,955.9**	**9,061.1**	**9,164.5**
ST debt	18.8	18.8	18.8	18.8
Other current liabilities	242.5	398.7	406.6	408.5
LT debt	2,228.8	2,228.8	2,228.8	2,228.8
Other LT liabilities	0.0	0.0	0.0	0.0
Shareholders' equity	6,268.2	6,309.7	6,406.9	6,508.5
Minority interest	0.0	0.0	0.0	0.0
Total liabilities & equity	**8,758.2**	**8,955.9**	**9,061.0**	**9,164.5**

Cash flow

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Operating	**530.4**	**832.8**	**694.0**	**735.5**
Pre-tax profit	418.2	617.7	640.7	670.9
Tax	0.0	0.0	0.0	0.0
Deprec. & amort.	0.6	0.6	1.3	1.8
Associates	0.0	0.0	0.0	0.0
Working capital changes	(65.1)	148.2	(8.4)	5.2
Other operating cashflows	176.8	66.3	60.4	57.6
Investing	**(1,050.5)**	**(3.0)**	**(3.0)**	**(3.0)**
Capex (growth)	(0.7)	(3.0)	(3.0)	(3.0)
Investments	0.0	0.0	0.0	0.0
Others	(1,049.8)	0.0	0.0	0.0
Financing	**565.6**	**(586.3)**	**(603.8)**	**(626.9)**
Distribution to unitholders	(408.6)	(510.3)	(527.8)	(550.9)
Issue of shares	0.0	0.0	0.0	0.0
Proceeds from borrowings	1,030.0	0.0	0.0	0.0
Loan repayment	0.0	0.0	0.0	0.0
Others/interest paid	(55.8)	(76.0)	(76.0)	(76.0)
Net cash inflow (outflow)	**45.5**	**243.5**	**87.2**	**105.6**
Beginning cash & cash equivalent	**203.6**	**249.2**	**492.7**	**579.8**
Changes due to forex impact	56.2	0.0	0.0	0.0
Ending cash & cash equivalent	**305.4**	**492.7**	**579.8**	**685.5**

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	68.2	68.4	67.7	67.9
Pre-tax margin	93.5	61.7	61.8	62.4
Net margin	93.5	61.7	61.8	62.4
ROA	9.2	8.7	9.0	9.3
ROE	12.8	12.2	12.6	13.0
Growth				
Turnover	9.9	45.5	3.7	3.6
EBITDA	13.1	45.9	2.6	4.0
Pre-tax profit	13.1	45.9	2.6	4.0
Net profit	13.1	45.9	2.6	4.0
Net profit (adj.)	13.4	47.7	3.7	4.7
EPU	(5.1)	47.4	3.3	4.4
Leverage				
Debt to total capital	35.9	35.6	35.1	34.5
Debt to equity	35.9	35.6	35.1	34.5
Net debt/(cash) to equity	22.2	19.6	18.4	17.0
Interest cover (x)	9.3	10.3	11.6	12.7

Pekat Group (PEKAT MK)

Riding The CRESS Wave Into The Next Growth Chapter

Highlights

- A 150MW CRESS win is highly probable by Dec 26, as we believe Pekat can capture blue-sky 2GW of CRESS projects over the medium term.
- Against this backdrop, we lift 2028 net profit by 25%, as we expect orderbook to rise from RM780m currently to RM2b by 2028.
- We continue to like Pekat. Maintain BUY with a higher SOTP-based fair value of RM3.60/share, assuming 500MW CRESS wins. Blue-sky fair value of RM6.30/share pencils in 2GW of CRESS assets.

Analysis

- **CRESS beneficiary; lift 2028 net profit by 25%.** We believe Pekat Group (Pekat) is well positioned to benefit from a blue-sky 2GW of Corporate Renewable Energy Supply Scheme (CRESS) wins in the next three years. We expect Pekat to capture majority earnings of the engineering, procurement, construction, and commissioning (EPCC) while taking a minority or associate stake in the CRESS asset. **A 150MW CRESS win is highly probable by Dec 26.** This is supported by strategic landbank. To recap, Pekat recently announced that it has secured a 24-year lease over a 470-acre site in Sungai Petani, Kedah. Based on this size, there is potential to host a 150MWac/200MWp solar-plus-BESS project on the site.
- **Earnings to double in 2028.** We are pencilling in 500MW of CRESS and LSS6 contract win by 2029, lifting orderbook from the current RM780m to RM2.2b. Against the backdrop of heightened solar EPCC opportunities (CRESS/ LSS6), we raise 2027 and 2028 net profit forecasts by 14% and 25% respectively. We now project a three-year earnings CAGR of 29% (2026-28). We believe Pekat may be able to secure strategic landbank and stay ahead of the curve, potentially accommodating up to 2GW of CRESS/LSS6 potential.
- **Fair value of RM3.60; blue-sky RM6.30.** In tandem with the increase in earnings, we raised our fair value to RM3.60/share. We transition from PER to SOTP valuation to capture the intrinsic value of CRESS power assets. Our SOTP captures: a) a RM2.70/share for RE EPCC orderbook; and b) a RM0.90/share for long-term CRESS power assets. We assume Pekat can win 500MW CRESS contracts in the near term. Our blue-sky fair value for Pekat is RM6.30/share, assuming 2GW of power generation assets. See our fair value analysis overleaf.

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	287.0	609.9	686.3	890.1	1,203.5
EBITDA	38.9	82.0	145.7	173.7	219.2
Operating profit	36.5	74.1	90.4	117.8	151.7
Net profit (rep./act.)	22.0	45.0	54.7	72.8	96.6
Net profit (adj.)	22.0	44.9	54.7	72.8	96.6
EPS	3.4	6.3	7.7	10.3	13.7
PE (x)	85.9	46.2	37.9	28.4	21.4
P/B (x)	9.7	6.0	4.1	3.1	2.4
EV/EBITDA (x)	55.2	26.7	14.3	11.4	8.7
Dividend yield (%)	0.0	0.3	0.3	0.3	0.3
Net margin (%)	7.7	7.4	8.0	8.2	8.0
Net debt/(cash) to equity (%)	19.2	20.5	(7.2)	(23.2)	(27.0)
Interest cover (x)	40.6	15.3	12.5	17.7	27.0
ROE (%)	11.3	13.0	10.9	10.8	11.0
Consensus net profit			57.1	73.2	82.6
UOBKH/Consensus (x)			1.0	1.0	1.2

Source: Pekat, Bloomberg, UOB Kay Hian

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BUY (Maintained)

Share Price	RM2.93
Target Price	RM3.60
Upside	23.0%
Previously TP	RM2.30

Stock Data

Sector	Industrials
Bloomberg ticker	PEKAT MK
Shares issued (m)	710.2
Market cap (RMm)	2,081.0
Market cap (US$m)	512.9
3-mth avg daily t'over (US$m)	1.3

Price Performance (%)

52-week high/low				RM3.01RM1.11
1mth	3mth	6mth	1yr	YTD
(1.7)	65.5	77.6	63.7	85.4

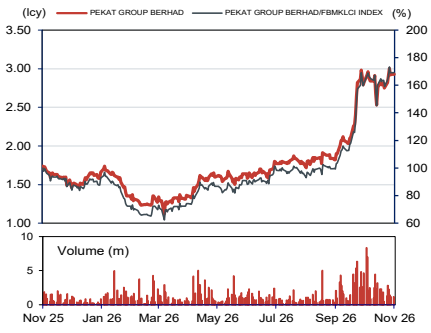
Major Shareholders (%)

Chin Soo Mau	31.7
Tai Yee Chee	8.0
AIA Bhd	4.4

Balance Sheet Metrics

FY26 NAV/Share (RM)	0.7
FY26 Net Debt/Share (RM)	0.1

Price Chart



Source: Bloomberg

Company Description

Pekat Group is an established solar PV and earthing & lightning protection solutions provider based in Malaysia.

Pekat Fair Value Of RM3.60/share; based on 500MW CRESS Win

	Potential CRESS Win	Fair Value (RM/share)	Key Assumptions
Base Case	500MW	RM3.60	• We value Pekat's EPCC business at 20x PER; • We value brownfield CRESS power purchase agreement (PPA) at 28x PER • Equity stake in CRESS assets is 30% • 500MW brownfield CRESS contract yields an estimated net profit of RM45m annually.
Scenario 1	1GW	RM4.50	• 1GW brownfield CRESS contract yields an estimated net profit of RM90m annually. • Assume Pekat takes an associate stake of 30%.
Blue Sky	2GW	RM6.30	• 2GW brownfield CRESS contract yields an estimated net profit of RM180m annually. • Assume Pekat takes an associate stake of 30%.

Source: UOB Kay Hian

- **Existing workforce can deliver around 500MW of EPCC jobs.** Management reiterated its confidence in the group's ability to deliver up to three utility-scale solar projects across multiple sites, implying an in-house EPCC execution capacity exceeding 500MW.
- **EPE switchgear: Potential contract win by 1Q27.** We understand that Pekat's 60%-owned subsidiary, EPE Switchgear, has submitted its bid for Tenaga Nasional Berhad's (TNB) tender involving the supply and commissioning of medium-voltage (MV) switchgears. We expect the tender outcome to be announced by end-Dec 26/ early-Jan 27. The group is well positioned to secure 20-25% of the estimated RM500m-600m tender value, underpinned by its established track record and longstanding relationship with TNB. A successful tender win would reinforce the group's earnings visibility over 2027-28, supported by its favourable net margin of approximately 10% (vs the group's average net margin of 7-9%).

Valuation/Recommendation

- **Maintain BUY with a higher SOTP-based target price of RM3.60.** At our target price, the stock would trade at an implied 26x 2028 EPS (+2SD above its mean PER of 18x). Main board listing is expected by end-Nov 26.

Earnings Revision/Risk

- Raised 2027-28 net profit forecasts by 14% and 25% respectively. This assumes a total orderbook of RM2b, based on 500MW CRESS win and LSS6.

Share Price Catalyst

- **Key re-rating catalysts for the stock include:** a) maiden CRESS EPCC contract win, b) growing dividend payout from its annual 1 sen/share net DPS, c) planned mainboard listing, and d) earnings-accretive M&A(s).

Environment, Social, Governance (ESG) Updates

Environmental

- Pekat installed solar PV systems with a cumulative capacity of 230.7MWp for its customers in 2025, resulting in an impressive estimated reduction of 260,727 tonnes of carbon dioxide emissions.

Social

- Pekat provided a total contribution of RM43,000 in financial aid and non-financial resources to NGOs, educational institutions, and children's welfare homes in 2025.

Governance

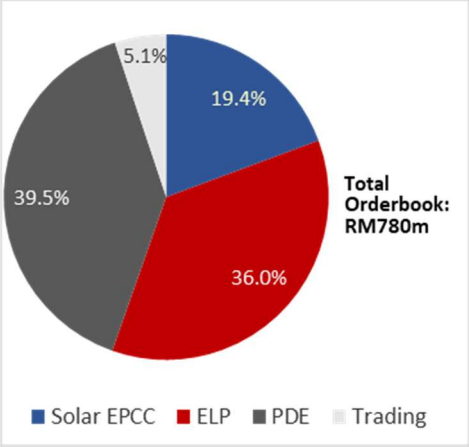
- The board comprises six members consisting of four Independent Directors and two Non-Independent Directors including GCEO. Meanwhile, women comprise 33% (two directors) of the board.

Fair Value Of RM3.60/share

	Equity Value (RMm)	% SOTP
Current Business Segments		
-Based on orderbook of RM2b over 2027-28 -8% net profit margin - 20x PER	1,932	75%
CRESS Assets		
- Based on 500MW CRESS win; 30% equity stake - 28x PER	630	25%
Total Equity Value	2,562	
Target price (RM)	**3.60**	

Source: UOB Kay Hian

Current Orderbook



Source: Pekat, UOB Kay Hian

PE Band



Source: Bloomberg, UOB Kay Hian

Profit & Loss

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Net turnover	**610**	**686**	**890**	**1,204**
EBITDA	82	146	174	219
Deprec. & amort.	(8)	(55)	(56)	(68)
EBIT	74	90	118	152
Associate contributions	1	2	2	2
Net interest income/(expense)	(5)	(7)	(7)	(6)
Pre-tax profit	**70**	**85**	**113**	**148**
Tax	(19)	(23)	(31)	(41)
Minorities	(6)	(7)	(9)	(11)
Net profit	**45**	**55**	**73**	**97**
Net profit (adj.)	45	55	73	97

Balance Sheet

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Fixed assets	167	199	217	272
Other LT assets	58	58	60	61
Cash/ST investment	90	169	269	334
Other current assets	399	423	522	674
Total assets	**715**	**850**	**1,068**	**1,341**
ST debt	40	33	28	24
Other current liabilities	192	199	264	352
LT debt	120	100	84	72
Other LT liabilities	17	17	16	16
Shareholders' equity	344	500	676	878
Minority interest	49	58	0	0
Total liabilities & equity	**715**	**849**	**1,068**	**1,341**

Cash Flow

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Operating	**43**	**105**	**108**	**115**
Pre-tax profit	70	85	113	148
Tax	(20)	(23)	(31)	(41)
Deprec. & amort.	8	55	56	68
Associates	(1)	(2)	(2)	(2)
Working capital changes	(23)	(17)	(35)	(63)
Other operating cashflows	8	7	7	6
Investing	**(160)**	**(44)**	**(73)**	**(122)**
Capex (growth)	(97)	(44)	(73)	(122)
Others	(62)	0	0	0
Financing	**170**	**58**	**65**	**72**
Dividend payments	(8)	(7)	(7)	(7)
Issue of shares	102	0	0	0
Proceeds from borrowings	82	72	79	84
Others/interest paid	(7)	(7)	(7)	(6)
Net cash inflow (outflow)	**53**	**120**	**100**	**65**
Beginning cash & cash equivalent	**34**	**88**	**166**	**266**
Changes due to forex impact	0	41	0	0
Ending cash & cash equivalent	**88**	**166**	**266**	**331**

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	13.4	21.2	19.5	18.2
Pre-tax margin	11.5	12.3	12.7	12.3
Net margin	7.4	8.0	8.2	8.0
ROA	13.0	10.9	10.8	11.0
ROE	6.3	6.4	6.8	7.2
Growth				
Turnover	112.5	12.5	29.7	35.2
EBITDA	103.1	22.0	30.3	28.8
Pre-tax profit	102.2	20.5	33.2	31.1
Net profit	104.7	21.4	33.2	32.6
Net profit (adj.)	103.9	21.8	33.2	32.6
EPS	103.9	21.8	33.2	32.6
Leverage				
Debt to total capital	0.3	0.2	0.1	0.1
Debt to equity	46.7	26.6	16.6	11.0
Net debt/(cash) to equity	20.5	(7.2)	(23.2)	(27.0)
Interest cover	15.3	12.5	17.7	27.0

Solarvest Holdings (SOLAR MK)

Transforming Into A Formidable Green Power Producer By 2030

Highlights

- We raised FY29 net profit forecasts by 29%, capturing RM5b orderbook against a backdrop of 300-500MW CRESS wins and 20-25% LSS6 EPCC market share.
- Net profit will gradually peak at RM200m in FY29, driving ROE to an impressive 15.5% (FY26: 10%). This underscores Solarvest's management prowess in driving earnings growth over time.
- We lift our target price to RM5.30/ share, ahead of the market. This captures: a) a RM4.60/share valuation for EPCC business; and b) a RM0.70/share valuation for 500MW CRESS asset ownership. Our blue-sky fair value is RM7.50/share assuming 2GW CRESS ownership. Maintain BUY.

Analysis

- **500MW CRESS; raised FY28 net profit by 26%.** Solarvest Holdings (Solarvest) looks to double orderbook from RM2.5b to RM5b in the near term. This comes on the back of the CRESS Acceleration Package announced in September, with a potential 300-500MW CRESS contract win in 4Q26/1Q27 as well as Large Scale Solar 6 (LSS6) wins. Importantly, we believe the group is also well positioned to win an additional 300-500MW of CRESS contracts from other DC players, lifting base case RM5b orderbook to RM7b (blue sky).
- **Earnings to peak in FY29.** Based on its RM5b orderbook and an 8% net margin assumption, we raise FY29 net profit forecasts by 26% (from RM160m to RM200m), as we spread the RM5b base case orderbook over FY28-29. We now project a three-year earnings CAGR of 36% (FY27-29). Sizeable landbank access is a key advantage to all solar players and we believe Solarvest is well ahead of the curve in terms of strategic landbanking activity.
- **Fair value of RM5.30; blue-sky RM7.30.** In tandem with the increase in earnings, we raised our fair value to RM5.30/share. We transition from PER to SOTP valuation to capture the intrinsic value of CRESS power assets. Essentially, sizeable power asset ownership pivots Solarvest into a green independent power producer (IPP) in the long run. This underpins long-term earnings visibility, and cashflow prowess will pave the way for lush dividend payouts. Our SOTP methodology captures: a) RM4.60/share for RE EPCC orderbook; and b) RM0.70/share for long-term CRESS power assets. We assume Solarvest can win 500MW CRESS contracts in the near term. Our blue-sky fair value for Solarvest is RM7.30/share, assuming 2GW of power generation assets. See our fair value analysis overleaf.

Key Financials

Year to 31 Mar (RMm)	2025	2026F	2027F	2028F	2029F
Net turnover	536.8	757.1	1,312.5	1,977.4	2,510.2
EBITDA	97.0	141.3	191.2	255.7	322.3
Operating profit	83.7	126.0	173.1	233.9	296.9
Net profit (rep./act.)	51.9	79.8	112.7	156.2	200.9
Net profit (adj.)	51.9	79.8	112.7	156.2	200.9
EPS	7.0	9.4	11.8	16.3	21.0
PE (x)	75.4	56.5	45.0	32.4	25.2
P/B (x)	9.5	6.2	5.4	4.6	3.9
EV/EBITDA (x)	42.5	35.5	26.2	19.1	14.6
Dividend yield (%)	-	-	-	-	-
Net margin (%)	9.7	10.5	8.6	7.9	8.0
Net debt/(cash) to equity (%)	48.9	(6.5)	(7.1)	(16.0)	(27.7)
Interest cover (x)	5.7	4.6	4.9	6.3	7.5
ROE (%)	12.5	9.7	12.0	14.3	15.5
Consensus net profit			111.5	159.1	203.7
UOBKH/Consensus (x)			1.01	0.98	0.99

Source: Solarvest, Bloomberg, UOB Kay Hian

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BUY (Maintained)

Share Price	RM4.31
Target Price	RM5.30
Upside	23.0%
Previous TP	RM4.20

Stock Data

Sector	Industrials
Bloomberg ticker	SOLAR MK
Shares issued (m)	952.3
Market cap (RMm)	4,223.3
Market cap (US$m)	1,041.0
3-mth avg daily t'over (US$m)	5.5

Price Performance (%)

52-week high/low				RM4.57RM1.82
1mth	3mth	6mth	1yr	YTD
(4.0)	43.7	57.9	39.9	30.6

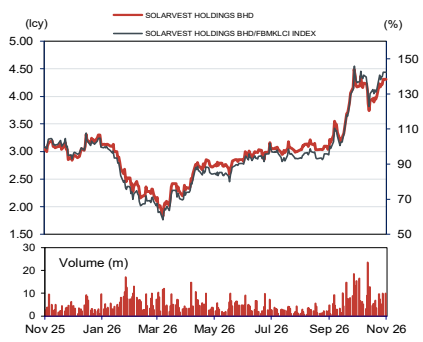
Major Shareholders (%)

Atlantic Blue Holdings	16.7
Lim Chin Siu	5.7
Eastspring Investments	5.3

Balance Sheet Metrics

FY27F NAV/Share (RM)	1.0
FY27F Net Debt/Share (RM)	0.1

Price Chart



Source: Bloomberg

Company Description

A renewable energy EPCC, operation and maintenance and asset ownership company.

Solarvest Fair Value Of RM5.30/share; Based On 500MW CRESS Win

	Potential CRESS Win	Fair Value (RM/share)	Key Assumptions
Bear Case	300MW	RM5.00	• 300MW brownfield CRESS yields an estimated net profit of RM27m annually.
Base Case	500MW	RM5.30	• We value Solarvest's EPCC business at mean 22x PER; • We value brownfield CRESS power purchase agreement (PPA) at 28x PER • Equity stake in CRESS assets is 50% • 500MW brownfield CRESS contract yields an estimated net profit of RM45m annually.
Scenario 1	1GW	RM6.00	• 1GW brownfield CRESS contract yields an estimated net profit of RM90m annually.
Scenario 2	1.5GW	RM6.60	• 1.5GW brownfield CRESS contract yields an estimated net profit of RM135m annually.
Blue Sky	2GW	RM7.30	• 2GW brownfield CRESS contract yields an estimated net profit of RM180m annually.

Source: UOB Kay Hian

- **Asset monetisation beyond 2030, long-term catalyst for the stock.** The Brookfield joint venture aims to secure 1.5GW of CRESS contracts over 3-5 years, with boost sizeable power generation assets to be eventually monetised either through a trade sale or listing exercise. CRESS assets are expected to generate healthy profits, cashflow and eventually, dividends. As such, asset monetisation is positive for Solarvest. We estimate a 1.5GW CRESS asset may generation healthy net profit of RM135m and Solarvest's 50% stake will lift FY29 net profit by 35%.

Valuation/Recommendation

- **Maintain BUY with a higher SOTP-derived target price of RM5.30.** At our target price, the stock would trade at 25x FY29 EPS. This is +0.5SD above the stock's five-year mean PER of 22x. We believe Solarvest's partnership with Brookfield is a strong lever that will pivot Solarvest into the next phase of growth.

Earnings Revision/Risk

- Raised FY28-FY29 net profit forecasts by 17% and 26% respectively. This assumes a total orderbook of RM5b, based on 300-500MW CRESS win and LSS6.

Share Price Catalyst

- **Key re-rating catalysts** for the stock include: a) a stronger ringgit to offset rising solar PV costs, b) cost discipline to drive sustainable profit margins, c) pioneer CRESS contract wins, and d) eventual monetisation of solar assets either via listing or trade sale.

Environment, Social, Governance (ESG) Updates

Environmental

- Solarvest installed solar PV systems with a cumulative capacity of 1,164MWp for its customers as of FY26, resulting in an impressive estimated reduction of 1,100,482 tonnes of carbon dioxide emissions.

Social

- In FY26, the group allocated RM130,099 to community programmes that benefitted 4,636 individuals, across education, donations, and sponsorships.

Governance

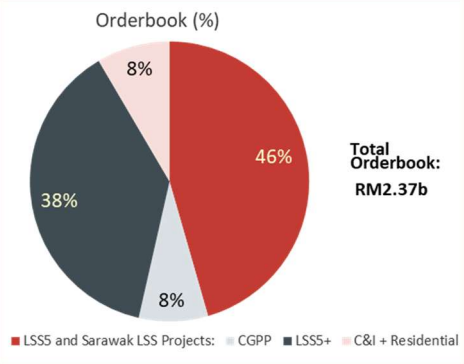
- The board comprises nine members consisting of six Independent Directors and three Non-Independent Directors. Meanwhile, women comprise 33% (three directors) of the board.

Fair Value Of RM5.30/share

	Equity Value (RMm)	% SOTP
Solar EPCC Segment		
-Based on orderbook of RM5b; RM200m net profit in FY29	4,416	88%
CRESS Assets		
- Based on 500MW CRESS win; 50% equity stake	630	12%
Total Equity Value	5,046	
Target price (RM)	**5.30**	

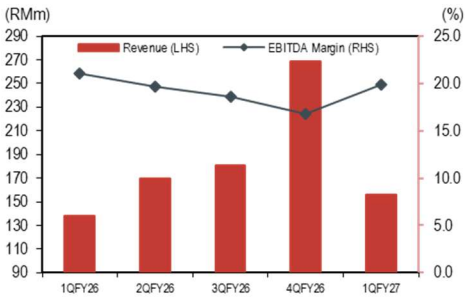
Source: UOB Kay Hian

Current Orderbook



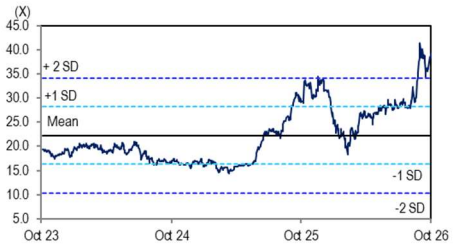
Source: Solarvest, UOB Kay Hian

Revenue And Margins Trend



Source: Solarvest, UOB Kay Hian

Solarvest Three-year PE Band



Source: Bloomberg, Solarvest, UOB Kay Hian

Profit & Loss

Year to 31 Mar (RMm)	2026	2027F	2028F	2029F
Net turnover	**757**	**1,313**	**1,977**	**2,510**
EBITDA	141	191	256	322
Deprec. & amort.	(15)	(18)	(22)	(25)
EBIT	126	173	234	297
Associate contributions	9	14	17	19
Net interest income/(expense)	(9)	(7)	(4)	(1)
Pre-tax profit	**117**	**166**	**230**	**296**
Tax	(35)	(50)	(69)	(89)
Minorities	(2)	(3)	(5)	(6)
Net profit	**80**	**113**	**156**	**201**
Net profit (adj.)	80	113	156	201

Balance Sheet

Year to 31 Mar (RMm)	2026	2027F	2028F	2029F
Fixed assets	324	385	462	537
Other LT assets	225	225	225	225
Cash/ST investment	195	193	295	472
Other current assets	851	991	1,058	1,077
Total assets	**1,595**	**1,794**	**2,040**	**2,311**
ST debt	66	63	60	57
Other current liabilities	315	412	504	574
LT debt	346	335	331	328
Other LT liabilities	36	36	36	36
Shareholders' equity	823	936	1,092	1,293
Minority interest	9	12	17	23
Total liabilities & equity	**1,595**	**1,794**	**2,040**	**2,311**

Cash Flow

Year to 31 Mar (RMm)	2026	2027F	2028F	2029F
Operating	**91**	**91**	**208**	**284**
Pre-tax profit	117	166	230	296
Tax	(31)	(50)	(69)	(89)
Deprec. & amort.	15	18	22	25
Associates	-	-	-	-
Working capital changes	(98)	(43)	25	51
Other operating cashflows	86	-	-	-
Investing	**(200)**	**(79)**	**(99)**	**(100)**
Capex (growth)	(80)	(79)	(99)	(100)
Investments	0	-	-	-
Proceeds from sale of assets	(32)	-	-	-
Others	**447**	**(66)**	**(7)**	**(6)**
Financing	1	-	-	-
Dividend payments	377	-	-	-
Proceeds from borrowings	83	(14)	(7)	(6)
Loan repayment	(14)	(51)	-	-
Net cash inflow (outflow)	**337**	**(53)**	**102**	**178**
Beginning cash & cash equivalent	**87**	**425**	**371**	**473**
Changes due to forex impact	0	-	-	-
Ending cash & cash equivalent	**425**	**371**	**473**	**651**

Key Metric

Year to 31 Mar (%)	2026	2027F	2028F	2029F
Profitability				
EBITDA margin	18.7	14.6	12.9	12.8
Pre-tax margin	15.5	12.6	11.6	11.8
Net margin	10.5	8.6	7.9	8.0
ROA	5.0	6.3	7.7	8.7
ROE	9.7	12.0	14.3	15.5
Growth				
Turnover				
EBITDA	41.0	73.4	50.7	26.9
Pre-tax profit	45.7	35.3	33.7	26.0
Net profit	58.1	41.5	38.7	28.6
Net profit (adj.)	53.7	41.2	38.7	28.6
EPS	53.7	41.2	38.7	28.6
Leverage	53.7	41.2	38.7	28.6
Debt to total capital				
Debt to equity				
Net debt/(cash) to equity	0.4	0.3	0.3	0.2
Interest cover	0.5	0.4	0.4	0.3

SkyeChip
(SKYECHIP MK/HOLD/RM2.69/Target: RM2.93)

2QFY27: In Line; On Track To Spearhead Another Record Year

Highlights

- **Within expectations.** SkyeChip recorded 2QFY27 core net profit of RM18.6m (+13% qoq), bringing 6MFY27 core net profit to RM35.0m (no yoy comparison) on the back of revenue of RM103.8m, accounting for 54% of our/consensus full-year estimates respectively. Note that the 1H core net profit has been excluded for the one-off IPO expenses of RM3.3m.
- **2QFY27 revenue improved 9% qoq,** mainly due to higher contribution from the lion-share silicon IP segment (+30% qoq), off the low base in 1QFY27 which was impacted by project timing delays back then. Geographically, the US remained the largest revenue contributor at 45% in 1HFY27, followed by China at 40%. Core net profit improved 13% qoq, reflecting higher revenue yielding to better operational leverage.
- **SkyeChip's two recent Japanese collaborations mark a positive step in expanding its presence in the global AI semiconductor value chain.** Its appointment as a design solution associate under Rapidus CORE provides an opportunity to participate in the development of next-generation AI and HPC chips based on Rapidus' targeted 2nm platform. This could create opportunities for SkyeChip to monetise its proprietary silicon IP through licensing and customised IC design engagements, while strengthening its exposure to Japan's advanced semiconductor ecosystem.
- Separately, its design and engineering engagement with SAIMEMORY to support the development of Z-Angle Memory (ZAM) offers exposure to the next-generation AI memory market. ZAM aims to address the memory bottleneck in AI computing through higher memory capacity and bandwidth, alongside improved power efficiency. SkyeChip will contribute its silicon design capabilities and customised IP solutions, positioning it to participate in the development of emerging memory architectures. Overall, we view both collaborations positively as they strengthen SkyeChip's technological credentials and broaden its addressable market, both of which remain at an early stage, with revenue visibility and commercialisation timelines yet to be established. Subsequent design wins, IP licensing and commercialisation progress are key catalysts to watch.

Earnings Revision/Risk

- No earnings revision.
- **Maintain HOLD with a target price of RM2.93.** Following a 205% surge since our initiation and from its IPO price of RM0.88, we believe the current share price has largely priced in SkyeChip's near-term growth prospects, leaving limited upside. Our target price is based on 65.0x FY28F PE, representing a 30% premium to global peers. We believe this premium is warranted, given SkyeChip's differentiated position as one of the few listed Malaysian companies offering proprietary silicon IP exposure at the front end of the semiconductor value chain, supported by a robust three-year net profit CAGR of 26%.

2QFY27 Results Key Financials

Year to 31 Mar	2QFY27 (RMm)	qoq % chg	yoy % chg	6MFY27 (RMm)	yoy % chg
Revenue	54.2	9.1	n.a.	103.8	n.a.
EBITDA	21.7	26.1	n.a.	38.9	n.a.
EBIT	18.4	31.8	n.a.	32.4	n.a.
Pre-tax Profit	18.9	30.7	n.a.	33.3	n.a.
Tax	(1.1)	124.3	n.a.	(1.7)	n.a.
Net Profit	17.7	27.2	n.a.	31.6	n.a.
Core Net Profit	18.6	12.6	n.a.	35.0	n.a.
Margins	%	+/- ppt	+/- ppt	%	+/- ppt
EBITDA	40.1	5.4	n.a.	37.5	n.a.
EBIT	34.0	5.8	n.a.	31.2	n.a.
Pre-tax Profit	34.8	5.7	n.a.	32.1	n.a.
Core Net Profit	34.3	1.1	n.a.	33.8	n.a.

Year to 31 Mar (RMm)	2025	2026	2027F	2028F	2029F
Net turnover	119.5	155.0	197.9	249.4	304.3
EBITDA	43.4	60.3	63.2	92.4	104.9
Operating profit	36.5	49.2	49.7	82.7	97.9
Net profit (rep./act.)	35.9	48.5	49.1	81.1	95.9
Net profit (adj.)	35.9	48.2	63.4	81.1	95.9
EPS	2.0	2.7	3.5	4.5	5.3
PE	134.4	100.3	76.2	59.6	50.4
P/B	38.2	24.7	8.2	7.5	6.8
EV/EBITDA	112.4	81.5	82.7	56.1	49.0
Dividend yield	0.3	0.0	0.4	0.6	0.7
Net margin	30.1	31.1	32.0	32.5	31.5
Net debt/(cash) to Equity (%)	(33.6)	(42.2)	(66.3)	(53.4)	(43.5)
Interest cover	77.2	58.6	62.2	103.3	122.4
ROE	28.4	24.6	10.7	12.6	13.5
UOBKH/Consensus (x)			0.99	0.97	0.90

Source: SkyeChip, Bloomberg, UOB Kay Hian

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Market Spotlight

Market News

The FBMKLCI rose 4.44pt and closed at 1,615.60 last Friday. Meanwhile, Asian stocks tumbled on Friday, with artificial intelligence-related shares leading losses after disappointing results from US technology companies, while the Bank of Japan held interest rates steady as expected. The FBMKLCI's top gainers were MR D.I.Y Group (M) (+4.4%), Petronas Chemicals Group (+2.8%) and Kuala Lumpur Kepong (+2.1%), while the top losers were Axiata Group (-3.0%), Gamuda (-1.6%) and Hong Leong Bank (-1.2%). In the broader market, losers outpaced gainers 648 to 430 with 501 counters unchanged. Turnover was 3.15b share valued at RM2.68b.

US stocks were lower after the close on Friday, as losses in the technology, industrials and basic materials sectors led shares lower. At the close in NYSE, the Dow Jones Industrial Average declined 1.09%, while the S&P 500 Index lost 1.82%, and the NASDAQ Composite Index fell 2.86%. Falling stocks outnumbered advancing ones on the New York Stock Exchange by 1,865 to 974 and 86 ended unchanged; on the Nasdaq Stock Exchange, 2,611 fell and 838 advanced, while 190 ended unchanged. (*Sources: Investing.com)*

FBMKLCI, FCPO & FKLI Index Outlook

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FBMKLCI



Source: UOBKH ChartGenie

FTSE Bursa Malaysia KLCI

Last close:	1,615.60
Expected moving range:	1,600-1,630

Technical View:

Despite opening a tad higher, the FBMKLCI was unable to move up further and traded in a tight range of 1,607-1,621 last Friday, suggesting that investors remain cautious on the uncertain market. We believe the index will be traded sideways in the near term and the 1,600 psychological level would be a strong support. Support and resistance level are still maintained as follows:

Support: 1,590, 1,585

Resistance: 1,624, 1,651

FCPO



Source: TradingView

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

Technical BUY with +3.6% potential return

Trading BUY range:	RM4,500-4,550
Last price:	RM4,682
Target price:	RM4,769, RM4,852
Support:	RM4,590
Stop-loss:	RM4,589

BUY with a target price of RM4,852 and stop-loss at RM4,589. Based on the chart, FCPO continues the bullish movement and closed higher at RM4,682 last Friday. This bullish movement is supported by an uptick in RSI and bullish crossover in both MACD and DMI indicators. We still maintained our targets at RM4,769 and RM4,852 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 +0.62% potential return

Trading BUY range:	1,600-1,610
Last price:	1,617
Target price:	1,622, 1,627
Support:	1,591
Stop-loss:	1,589

BUY with a target price of 1,627 and stop-loss at 1,589. Based on the chart, FKLI hit our first target at 1,622 before formed a pullback to the current level last Friday. This bullish movement is supported by an uptick in the RSI and bullish crossovers in both MACD and DMI indicators. We still maintained our targets at 1,622 and 1,627 in the near term.

Expected timeframe: One day to three days

Traders' Corner

Analyst(s)

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Source: UOBKH ChartGenie

Affin Bank
ABANK MK

Technical BUY on breakout with +9.8% potential return

Trading BUY range:	RM2.04-2.05
Last price:	RM2.02
Target price:	RM2.19, RM2.24
Support:	RM1.94
Stop-loss:	RM1.93

BUY on breakout with a target price of RM2.24 and stop-loss at RM1.93. A breach of the breakout level at RM2.04 would likely spur further buying interest, potentially catapulting the stock higher. This is supported by a bullish crossover in the MACD while a positive reading in the RSI indicates a strong momentum, which could push share price higher. We peg our targets at RM2.19 and RM2.24 in the near term.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading



Source: UOBKH ChartGenie

Carimin Petroleum
CARIP MK

Technical BUY with +22.2% potential return

Trading BUY range:	RM0.40-0.405
Last price:	RM0.405
Target price:	RM0.455, RM0.495
Support:	RM0.375
Stop-loss:	RM0.37

BUY with a target price of RM0.495 and stop-loss at RM0.37. Based on the daily chart, share price is climbing gradually after having established support at RM0.375. Positive readings in both the MACD and the RSI should translate into stronger momentum for the share price. We peg our targets at RM0.455 and RM0.495 in the near term.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading



Source: UOBKH ChartGenie

TMC Life Sciences
TMCL MK

Technical BUY on breakout with +24.4% potential return

Trading BUY range:	RM0.43-0.435
Last price:	RM0.42
Target price:	RM0.495, RM0.535
Support:	RM0.40
Stop-loss:	RM0.395

BUY on breakout with a target price of RM0.535 and stop-loss at RM0.395. Based on the daily chart, share price has recovered gradually and moved above the 7- and 21-day EMAs following last Friday's spike to a high of RM2.15. This is supported by an uptick in the RSI. A bullish crossover in both the MACD and DMI indicates that positive momentum would strengthen in the near term. We peg our targets at RM0.495 and RM0.535 once the stock penetrates above RM0.43.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading

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