UOBKayHian

Country Daily | Malaysia

Thursday, 19 November 2026



Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	50,198.2	(1.1)	(4.4)	(3.5)	4.4
S&P 500	7,323.6	(0.2)	(3.9)	(4.4)	7.0
FTSE 100	10,551.2	(1.3)	(2.6)	(3.0)	6.2
AS30	8,858.0	(0.8)	(4.5)	(1.3)	(1.8)
CSI 300	3,983.8	0.2	(2.3)	(4.6)	(14.0)
FSSTI	5,054.9	(1.1)	(4.4)	(6.6)	8.8
HSCEI	7,836.3	(0.9)	(4.1)	(3.6)	(12.1)
HSI	23,294.8	(0.9)	(4.2)	(3.7)	(9.1)
JCI	5,247.9	(1.1)	2.6	5.0	(39.3)
KLCI	1,566.7	(0.5)	(1.8)	(1.8)	(6.7)
KOSPI	5,067.4	2.0	(5.7)	(12.1)	20.2
Nikkei 225	59,024.3	0.3	(3.6)	(9.1)	17.3
SET	1,472.0	(0.2)	(2.0)	(6.3)	16.9
TWSE	40,194.9	0.3	(9.2)	(14.2)	38.8
BDI	2,914	0.7	(1.5)	16.0	55.2
CPO (RM/mt)	4,179	(1.4)	4.9	(6.2)	6.2
Brent Crude (US$/bbl)	91	(1.8)	(1.4)	(16.8)	50.3

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
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 1H27 Strategy Conference	Malaysia	02 Dec	02 Dec

Corporate and Macro Calendar

Economic Indicator/Event	Country/Region	Date
CPI	Malaysia	19 Nov
Trade Balance	Malaysia	20 Nov
Foreign Reserves		20 Nov

Top Stories

Sector Initiate Coverage | Mechanical, Electrical And Plumbing **(**MEP) Page 3 →

- The MEP sector is entering a multi-year upcycle, underpinned by TNB's RM90b grid investment roadmap, accelerating DC expansion, RE integration and semiconductor investments. Strong demand for substations, underground utilities and MEP fit-out underpins our projected 30% segment core earnings CAGR over 2025-28. We initiate coverage with OVERWEIGHT, viewing the recent valuation retracement to 15x 2027F PE as an attractive accumulation opportunity. Our top picks are MN Holdings (BUY/Target: RM4.62), HE Group (BUY/Target: RM1.38) and UUE Holdings (BUY/Target: RM0.95).

Company Results | Inari Amertron (INRI MK/**BUY**/RM2.06/Target: RM2.48) Page 8 →

- Inari's 1QFY27 core net profit came in stronger at RM61.9m (+28% qoq, +13% yoy), accounting for 24%/23% of our/consensus full-year forecasts respectively. While FY26 was weighed by weaker RF volumes, we expect a recovery in FY27 as RF content increases and ChipFab volumes potentially double, supported by 1.6T applications and AI/DC capex. No change to earnings. Upgrade to BUY with an unchanged target price of RM2.48.

Company Results | Pecca Group (PECCA MK/**HOLD**/RM1.42/Target: RM1.35) Page 11 →

- Pecca's 1QFY27 results came in below expectations, accounting for 18% of our forecast, due to softer demand from key automotive customers. We expect a modest earnings recovery over the coming quarters, with more meaningful growth likely to materialise after the launch of Perodua's new model. Maintain HOLD with a lower target price of RM1.35 (from RM1.42).

Company Results | VSTECS (VST MK/**BUY**/RM1.30/Target: RM2.26) Page 14 →

- VSTECS' 3Q26 earnings came in strongly on robust growth across all three business segments. We expect the growth momentum to extend into 4Q26, underpinned by resilient demand in the ICT distribution segment alongside continued public-sector spending. Maintain BUY with an unchanged target price of RM2.26.

What's Inside

Company Results | Hume Cement Industries (HUME MK/**BUY**/RM2.56/Target: RM4.16) Page 17 →

- Hume reported a 1QFY27 net profit of RM64.4m (+5% yoy; +5% qoq). The sequential earnings growth was mainly attributed to strong cement sales volume but was partially dragged by lower ASPs and rising coal prices. Accounting for 26% of our FY27 earnings forecast, we deem the results to be within expectation. The group declared a higher first interim DPS of 7.0 sen, largely in line with our FY27 forecast of 13.8 sen. Maintain BUY with a target price of RM4.16.

Company Results | Kossan Rubber Industries (KRI MK/BUY/RM1.21/Target: RM1.31) Page 18 →

- Kossan reported stronger yoy revenue and core earnings in 3Q26. The earnings strength mainly stems from higher ASPs and better volume sales, besides a marginally stronger MYR/USD rate. For 4Q26-1H27, however, we expect a normalising earnings base as ASPs moderated 15-20% from 3Q26's peak as the ongoing Iran war and raw material prices retraced. Kossan's strong balance sheet and potentially better capital management, alongside cleanroom expansions are still key re-rating catalysts. Maintain BUY and target price of RM1.31.

Company Results | Sports Toto (SPTOTO MK/BUY/RM1.28/Target: RM1.42) Page 20 →

- SPTOTO's 1QFY27 results came in below expectations, reflecting weaker STM operations due to lower ticket sales and higher prize payout. HR Owen performances saw slight improvement following cost rationalisation efforts. Overall, SPTOTO's commendable dividend yield of 7.5-8.3% through FY27-29 and defensive business nature should provide moderate capital upside amid the current global market uncertainties. Maintain BUY with a lower target price of RM1.42.

Market Spotlight

Page 22 →

- The FBMKLCI fell 8.42pt to close at 1,566.73 yesterday following profit-taking in blue chips.
- Wall Street ended mixed in a choppy trading session on Wednesday, with the Nasdaq Composite in particular swinging between gains and losses as questions continued to swirl around Nvidia despite the chipmaker's blowout quarterly results and guidance.

Technical Analysis

FBMKLCI, FCPO & FKLI Index Outlook Page 23 →

Traders' Corner Page 25 →

Genetec Technology | GENE MK Page 25 →

- Trading Buy Range: RM0.305-0.31

JS Solar Holding | JSSOLAR MK Page 25 →

- Trading Buy Range: RM0.225-0.23

Manforce Group | MFGROUP MK Page 26 →

- Trading Buy Range: RM0.315-0.32

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.

Mechanical, Electrical And Plumbing (MEP)

The Electrification Gold Rush

Highlights

- The multi-year upcycle is driven by four structural themes: TNB grid investment, DC expansion, renewable energy integration and semiconductor investments. These underpin strong job visibility and growth prospects for M&E contractors and MEP players.
- Following the recent correction, sector valuations have eased from a peak of 23x to 15x 2027F PE. We view the pullback as an attractive accumulation opportunity, supported by our projected 30% sector core earnings CAGR over 2025-28. Stronger TNB contract flows, sustained hyperscaler investments and improving earnings delivery should reinforce investor confidence and provide catalysts for a further re-rating.
- Initiate coverage with OVERWEIGHT. We like MN Holdings (BUY/Target: RM4.62), HE Group (BUY/Target: RM1.38) and UUE Holdings (BUY/Target: RM0.95).

Analysis

- **We project a robust three-year sector core earnings CAGR of 30%** Growth will be driven by sustained contract replenishment and stronger billings across four demand drivers. Tenaga Nasional's (TNB) RM42.8b Regulatory Period 4 (RP4) capex and potential RM47.2b under RP5 underpin grid-related awards. Beyond regulated spending, we estimate RM3.0b-3.8b of privately-funded data centre (DC) substation works and RM65.0b-80.0b of MEP fit-out opportunities in the next 3-5 years. Large scale solar 6 (LSS6) and the Corporate Renewable Energy Supply Scheme (CRESS) could generate another RM4b-5b of interconnection works, while semiconductor plant expansions and retrofits will broaden the addressable market.
- **Three picks, three ways to play the upcycle. MN Holdings (MN)** is a core, liquid grid proxy with DC and solar exposure, and backed by a RM1.9b orderbook and RM5b tenderbook. It offers 19.7% core earnings CAGR at 13x FY28F PE. **HE Group (HE)** is our high-growth alpha pick, with the highest earnings CAGR of 44.9%. It offers direct exposure to DC electrical fit-out and semiconductor recovery, but trades at just 11x PE. **UUE Holdings (UUE)** offers niche Malaysia–Singapore underground grid exposure and in-house HDPE manufacturing expansion, and has 31.5% earnings CAGR at 12x PE.

*Click here for **Full Report** dated 18 Nov 26*

Analyst(s)

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OVERWEIGHT (Initiate Coverage)

Key Picks

Company	Rec	Share Price (RM)	Target Price (RM)	Implied PE (x)	Upside to TP (%)
MN Holdings	BUY	2.70	4.62	22.0	71
HE Group	BUY	0.80	1.38	19.0	86
UUE Holdings	BUY	0.51	0.95	22.0	73

Source: Bloomberg, UOB Kay Hian

Three-Year Segment PE Band



Source: Bloomberg, UOB Kay Hian

MEP Sector Three-year PE Band



Source: Bloomberg, UOB Kay Hian

Peer Comparison

Company	Ticker	Rec	Share Price 17 Nov 26 (RM)	Target Price (RM)	Upside To TP (%)	Last Year End	PE 2025 (x)	PE 2026F (x)	PE 2027F (x)	Yield 2026F (%)	ROE 2026F (%)	Market Cap (RMm)	Price/ NAV ps (x)
Power Infrastructure													
MN Holdings	MNHLDG MK	BUY	2.70	4.62	71.1	Jun-26	27.2	17.1	13.4	0.0	29.2	1,899.9	3.9
UUE Holdings	UUE MK	BUY	0.51	0.95	86.3	Feb-26	20.7	22.4	12.0	0.0	25.9	475.2	2.2
CBH Engineering Holding	CBHB MK	NOT RATED	0.58	n.a.	n.a.	Dec-25	22.7	11.9	10.1	0.0	30.3	1,090.9	4.1
Cheeding Holdings	CHEEDING MK	NOT RATED	0.45	n.a.	n.a.	Mar-26	10.9	9.4	8.5	0.0	24.5	358.8	2.7
Jati Tinggi Group	JTGROUP MK	NOT RATED	0.78	n.a.	n.a.	Nov-25	30.6	13.0	8.8	0.0	20.8	345.5	3.5
MEP Contractors													
HE Group	HEGROUP MK	BUY	0.80	1.38	72.5	Dec-25	31.2	18.7	11.1	0.9	22.5	352.0	4.2
Kee Ming Group	KEEMING MK	NOT RATED	1.95	n.a.	n.a.	Mar-26	44.5	22.1	14.4	0.0	39.9	633.8	9.3
Critical Holdings	CHB MK	NOT RATED	1.86	n.a.	n.a.	Jun-26	30.3	19.4	12.2	0.0	31.6	760.6	6.6
Southern Score Builders	SSB8 MK	NOT RATED	0.51	n.a.	n.a.	Jun-26	21.1	14.3	11.1	0.0	38.7	1,159.0	6.5
ISF Group	ISF MK	NOT RATED	0.70	n.a.	n.a.	Dec-25	27.6	21.2	16.3	0.0	56.3	700.0	7.0
Mission Critical Power													
EI Power	EIPOWER MK	NOT RATED	0.615	n.a.	n.a.	Dec-25	22.3	16.1	13.1	0.0	25.3	430.5	15.4

** Calendarised data*
Source: Bloomberg, UOB Kay Hian

MN Holdings (BUY/Target: RM4.62)

- **Multi-year grid capex underpins contract replenishment.** MN offers core exposure to Malaysia's power infrastructure upcycle, backed by its integrated underground utilities and HV substation capabilities. TNB's RM42.8b RP4 capex, followed by a potential RM47.2b under RP5, provides a multi-year job pipeline. We estimate RM22.4b of TNB spending over 2H26-2027, of which a 2-5% capture rate could translate into RM450m-1.1b of potential awards. The 500kV National Grid Backbone offers further upside through larger substation packages worth RM300-500m each, with seven 500kV projects that could be launched from 2027 onwards. Beyond TNB, repeat hyperscaler DC connections and LSS6/CRESS solar interconnection projects provide additional avenues for contract replenishment, supported by MN's established high voltage (HV) execution track record. We expect these opportunities to support our replenishment assumptions of RM1.3b/RM1.3b/RM1.4b for FY27-29 respectively.
- **RM1.9b orderbook anchors earnings visibility.** MN's RM1.9b orderbook (2.2x FY26 revenue) provides strong revenue visibility, while its RM5b tenderbook, comprising TNB (54%), DC (29%) and solar (8%) projects, provides strong earnings visibility and diversified replenishment opportunities. Of the 29% DC tender pipeline, around RM500m relates to Customer A, with the balance largely comprising one underground project and three new DC developments. Other MN customers are also expanding across multiple sites, which should lead to repeat project call-ups as each campus moves into subsequent phases. FY27 ytd contract wins amount to RM582.3m with four TNB projects, one DC and one solar.
- **Initiate coverage with a BUY rating and target price of RM4.62**. Our 12-month target price is based on 22x FY28F fully diluted EPS. We believe this premium is justified by MN's industry-leading position, sizeable orderbook, established HV engineering capabilities and entrenched relationships with TNB and DC customers. Trading at 13x FY28F PE (-1SD below its mean), MN offers an attractive valuation against our projected 19.7% core earnings CAGR over FY26-29, with sustained contract wins and earnings delivery providing scope for a re-rating.

Key Financials

Year to 30 Jun (RMm)	FY25	FY26	FY27E	FY28E	FY29E
Net turnover	540.4	871.0	1282.5	1486.4	1700.5
EBITDA	85.8	139.1	176.5	205.8	234.3
Operating Profit	82.7	135.9	172.6	201.3	229.1
Net Profit	47.7	91.7	131.1	153.3	175.6
Net Profit (Adjusted)	61.5	102.3	131.1	153.3	175.6
EPS (sen)	8.4	14.0	18.0	21.0	24.1
PE (x)	32.0	19.2	15.0	12.9	11.2
P/B (x)	9.1	4.6	3.4	2.6	2.1
EV/EBITDA (x)	19.2	10.3	7.7	6.0	4.6
Dividend Yield (%)	0.1	0.1	0.0	0.0	0.0
Net Margin (%)	8.8	10.5	10.2	10.3	10.3
Net Debt/(Cash) to Equity (%)	(62.8)	(85.4)	(77.7)	(79.9)	(81.8)
Interest Cover (x)	47.9	119.3	123.0	143.4	163.2
ROE (%)	30.6	31.8	29.2	25.9	23.2
Consensus Net Profit			137.0	156.0	167.7
UOBKH/Consensus (x)			0.96	0.98	1.05

Source: MN, UOB Kay Hian

MN Three-year PE Band



Source: Bloomberg, UOB Kay Hian

HE Group (BUY/Target: RM1.38)

- **Hyperscaler expansion drives repeat DC opportunities.** HE offers direct exposure to DC electrical distribution and MEP fit-out, supported by continued hyperscaler investments and subsequent campus expansion phases. Notably, its existing Johor DC awards relate to initial development phases, positioning HE for follow-on contracts as campuses expand. Its familiarity with site requirements, technical specifications and commissioning standards should strengthen its competitive edge in securing repeat orders. The maiden RM47m 275kV project further enhances its HV credentials, potentially opening doors to larger electrical packages.
- **Semiconductor recovery offers higher-margin opportunities.** Beyond DCs, semiconductor opportunities should gain traction from 2027 as manufacturers expand capacity and retrofit existing facilities, with such works typically commanding higher margins. The anticipated entry of a major Korean semiconductor player could further strengthen its pipeline, while integrated EPCC packages and CRESS-related projects offer longer-term upside.
- **RM387m orderbook provides earnings visibility into 1Q28.** HE's RM387m orderbook (3Q25: RM96m), equivalent to 3.2x 2025 revenue, provides earnings visibility into 2028, while its RM1.6b tenderbook, comprising DC (63%) and semiconductor opportunities, supports further replenishment. We assume contract wins of RM450m/RM400m/RM400m over 2026-28 respectively, supported by DC electrical infrastructure and semiconductor works.
- **Initiate coverage with BUY and a target price of RM1.38**, pegged to 19x 2027F PE, +1SD above its historical mean. We see HE as an undervalued gem within the sector, with three-year core earnings CAGR projected at 44.9%, underpinned by a record orderbook and the first full year of DC billing at scale in 2027. Notwithstanding this, HE is trading at just 11x 2027F PE, -2SD below sector's three-year mean, leaving room for a re-rating as execution translates into earnings delivery.

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	206.9	123.3	247.7	385.0	410.0
EBITDA	21.4	14.9	23.8	43.1	46.1
Operating Profit	20.6	14.0	23.0	42.3	45.1
Net Profit	13.7	11.0	17.5	31.9	34.4
Net Profit (Adjusted)	16.1	11.3	17.5	31.9	34.4
EPS (sen)	3.7	2.6	4.0	7.3	7.8
PE (x)	21.8	31.2	20.1	11.0	10.2
P/B (x)	5.7	5.0	4.1	3.2	2.6
EV/EBITDA (x)	13.8	19.5	11.5	5.7	4.7
Dividend Yield (%)	0.6	1.3	1.0	1.8	2.0
Net Margin (%)	7.8	9.2	7.1	8.3	8.4
Net Debt/(Cash) to Equity (%)	(91.4)	(86.4)	(91.6)	(96.0)	(97.2)
Interest Cover (x)	34.2	16.3	92.4	138.1	147.4
ROE (%)	36.4	17.0	22.5	32.7	27.7
Consensus Net Profit			19.2	33.2	38.6
UOBKH/Consensus (x)			0.91	0.96	0.89

Source: HE, UOB Kay Hian

HE PE Band Since Listing



Source: Bloomberg, UOB Kay Hian

UUE Holdings (BUY/Target: RM0.95)

- **Benefitting from dual grid capex cycles.** UUE offers niche exposure to underground power infrastructure through its horizontal directional drilling (HDD) expertise and integrated high-density polyethylene (HDPE) pipe manufacturing. Domestically, TNB's accelerating grid investments and established 2+1-year contracting arrangements underpin recurring opportunities across underground distribution networks, DC connections and renewable energy infrastructure. Singapore provides a second growth engine, supported by SP PowerAssets' record S$1.38b capex and ongoing transmission network upgrades. Its planned expansion from 10 to 15 Singapore teams should support stronger execution capacity.
- **HDPE capacity expansion offers additional growth upside.** UUE's in-house HDPE manufacturing provides supply security and cost efficiencies, with 50% of production consumed internally. Utilisation improved to 60% in Sep 26 (from 50.2% in 6MFY27), with further headroom from its third production line, which operated at just 19.3% utilisation. The new factory, targeted to commence operations in 1Q27, will initially house three production lines, with capacity for up to 9nine supporting future volume growth and third-party sales. The EGP substation JV offers another longer-term earnings catalyst.
- **Stronger billings and Singapore mix to drive earnings inflection. This e**arnings inflection will be driven by stronger billings and higher-margin Singapore projects. UUE's RM512m orderbook (2.4x FY26 revenue) provides solid earnings visibility, while our assumed replenishment of RM200m/RM300m/RM300m over FY27-29 respectively supports continued growth. We project a 31.5% core earnings CAGR, driven by stronger project execution, a rising Singapore contribution and manufacturing expansion.
- **Initiate coverage with a BUY rating and target price of RM0.95,** based on a target PE of 22x on FY28F fully diluted EPS, +1SD above its historical mean. The premium is justified by UUE's established relationship with TNB, specialised contracting arrangements and niche expertise in Malaysia's structurally growing underground networks. Its exposure to SP PowerAssets' capex cycle further positions UUE as a proxy for grid investment across Malaysia and Singapore. We expect FY27 to mark an earnings inflection as its Singapore operations turn profitable. Trading at an undemanding 12x forward PE, UUE offers re-rating potential supported by strong earnings growth, superior net margins and sustained infrastructure spending.

Key Financials

Year to 28 Feb (RMm)	FY25	FY26	FY27F	FY28F	FY29F
Net Turnover	170.0	209.0	290.0	322.6	350.8
EBITDA	36.5	23.7	62.8	71.9	78.7
Operating Profit	32.1	18.7	56.5	64.3	69.7
Net Profit	23.0	9.0	39.8	44.5	48.3
Net Profit (Adjusted)	23.0	21.3	39.8	44.5	48.3
EPS (sen)	2.5	2.3	4.4	4.9	5.3
PE (x)	23.0	24.8	13.3	11.8	10.9
P/B (x)	4.1	3.5	2.7	2.1	1.7
EV/EBITDA (x)	12.9	20.2	7.8	6.4	5.9
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0
Net Margin (%)	13.5	10.2	13.7	13.8	13.8
Net Debt/(Cash) to Equity (%)	(5.1)	(22.8)	(11.1)	6.4	18.3
Interest Cover (x)	16.5	8.0	15.1	11.7	10.8
ROE (%)	26.1	17.2	25.9	22.8	20.0
Consensus Net Profit			39.6	44.1	47.8
UOBKH/Consensus (x)			1.00	1.01	1.01

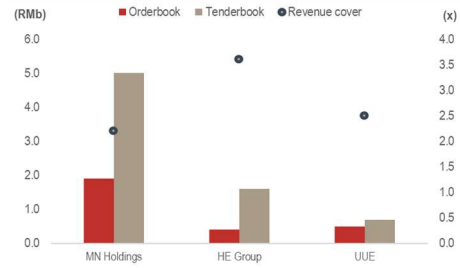
Source: UUE, Bloomberg, UOB Kay Hian

UUE PE Band Since Listing



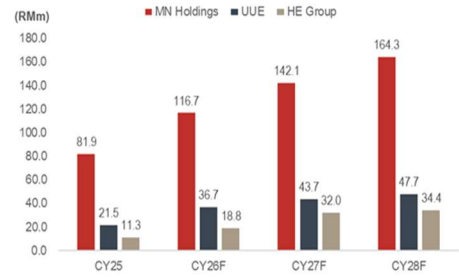
Source: Bloomberg, UOB Kay Hian

Segment Orderbook, Tenderbook And Revenue Cover



Source: Respective companies, UOB Kay Hian

Core Earnings Forecasts For MN, UUE And HE



Source: Respective companies, UOB Kay Hian

Fair Value Range For Stock Under Our Coverage

Company	UOB Target Price (RM)	Ascribed PE	-1SD (RM)	Mean (RM)	+1SD (RM)	+2SD (RM)	Comment
MN Holdings	**4.62**	22x FY28F PE (10% discount to +2SD of 24x)	2.73	3.36	4.20	5.04	+2SD: 24x PE
							+1SD: 20x PE
							Mean: 16x PE
							-1SD: 13x PE
HE Group	**1.38**	19x 2027F PE (+1SD above its mean)	0.36	0.87	1.38	1.89	+2SD: 26x PE
							+1SD: 19x PE
							Mean: 12x PE
							-1SD: 5x PE
UUE Holdings	**0.95**	22x FY28F PE (+1SD above its mean)	0.56	0.78	0.99	1.21	+2SD: 28x PE
							+1SD: 23x PE
							Mean: 18x PE
							-1SD: 13x PE

Source: Respective companies, UOB Kay Hian

Inari Amertron (INRI MK)

1QFY27: Within Expectations; A Better FY27 In The Offing

Highlights

- Inari's 1QFY27 core net profit came in stronger at RM61.9m (+28% qoq, +13% yoy), accounting for 24%/96% of our/consensus full-year forecasts respectively.
- While FY26 was weighed by weaker RF volumes, we expect a recovery in FY27 as RF content increases and ChipFab volumes potentially double, supported by 1.6T applications and AI/DC capex.
- Upgrade to BUY with an unchanged target price of RM2.48.

1QFY27 Results

Year to 30 Jun	1QFY27 (RMm)	qoq % chg	yoy % chg	1QFY27 (RMm)	yoy % chg
Revenue	368.5	27.5	13.1	368.5	13.1
Gross Ppofit	72.9	46.2	10.0	72.9	10.0
EBITDA	97.6	129.0	11.5	97.6	11.5
Operating profit	64.8	512.2	18.9	64.8	18.9
Pre-tax profit	64.2	517.7	18.7	64.2	18.7
Net profit	61.0	892.6	24.0	61.0	24.0
Core net profit	61.9	25.7	19.2	61.9	19.2
Margins	%	+/- ppt	+/- ppt	%	+/- ppt
Gross profit	19.8	2.5	(0.6)	19.8	(0.6)
EBITDA	26.5	11.7	(0.4)	26.5	(0.4)
PBT	17.4	13.8	0.8	17.4	0.8
Core net profit	16.8	(0.2)	0.9	16.8	0.9

Source: Inari, UOB Kay Hian

Analysis

- **Within expectations.** Inari Amertron (Inari) reported stronger 1QFY27 core net profit of RM61.9m (+28% qoq, +13% yoy), accounting for 24%/23% of our/consensus full-year forecasts respectively. The group has also proposed a first interim of 1.0sen and single tier DPS of 0.5sen.

Key Financials

Year to 30 Jun (RMm)	2025	2026	2027F	2028F	2029F
Net turnover	1,352	1,187	1,311	1,541	1,841
EBITDA	360	268	391	462	551
Operating profit	222	139	268	334	420
Net profit (rep./act.)	219	127	260	324	406
Net profit (adj.)	254	188	260	324	406
EPS (sen)	6.7	4.9	6.9	8.6	10.7
PE (x)	30.8	41.6	30.0	24.1	19.2
P/B (x)	2.8	2.8	2.8	2.7	2.7
EV/EBITDA (x)	16.1	21.3	14.8	12.6	10.7
Dividend yield (%)	2.7	2.3	3.0	3.7	4.7
Net margin (%)	16.2	10.7	19.8	21.0	22.1
Net debt/(cash) to equity (%)	(77.5)	(79.7)	(75.7)	(73.9)	(71.9)
Interest cover (x)	187.5	147.3	195.7	230.9	275.4
ROE (%)	9.4	6.0	13.0	17.2	21.4
Consensus net profit			276	339	397
UOBKH/Consensus (x)			0.94	0.96	1.02

Source: Inari, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Upgraded)

Share Price	RM2.06
Target Price	RM2.48
Upside	20.4%

Stock Data

Sector	Information Technology
Bloomberg ticker	INRI MK
Shares issued (m)	3,869.4
Market cap (RMm)	7,971.0
Market cap (US$m)	1,948.9
3-mth avg daily t'over (US$m)	6.5

Price Performance (%)

52-week high/low				RM2.88/RM1.21
1mth	3mth	6mth	1yr	YTD
(20.5)	(13.1)	+9.0	(14.5)	+22.6

Major Shareholders (%)

Employees Provident Fund	19.8
Kumpulan Wang Persaraan	10.2
Insas Bhd	5.6

Balance Sheet Metrics

FY27 NAV/Share (RM)	0.74
FY27 Net Cash/Share (RM)	0.56

Price Chart



Source: Bloomberg

Company Description

Inari is the largest semiconductor company in Malaysia and a top OSAT supplier for Broadcom's Radio Frequency (RF) components. It also manufactures and assembles optoelectronics and fibre-optics related components.

- **1QFY27 revenue rose 13% yoy to RM368.5m,** driven by higher volume loadings in RF (smartphones, +6% yoy) and optoelectronics (datacom and automotive, +30% yoy). Core net profit grew at a faster pace of 19% yoy, supported by lower expenses. Sequentially, revenue rose 28% qoq on seasonally stronger RF loadings, while core net profit increased 26% qoq.
- **Outlook turning constructive into FY27.** FY26 was weighed by the legacy RF shortfall and forex headwinds, but RF content recovery is now underway, with the existing flagship model expected to step up from one to four circuits in FY27, while the next 2gen flagship platforms could support up to nine circuits by the Sep 27 cycle.
- **Meanwhile, ChipFab is poised to become a key growth engine,** with volumes expected to double in FY27, supported by continuous-wave (CW) and electro-absorption modulated laser (EML) technology as applications scale towards 1.6T, riding the hyperscalers' AI/DC capex cycle. Margin profile is expected to improve progressively, with an inflection by mid-FY27 and a clearer uplift into FY28. This is driving a structural shift in segment mix, with optoelectronics' contribution expected to increase to ~38% (from ~30%), while RF should moderate to ~55% (from 60%) in FY27-28.
- **Power management is emerging as a new vertical,** with voltage regulators and amplifiers gaining importance given their broad application across chips, while Inari is exploring external R&D and licensing partnerships to secure IP ownership and supply-chain control. Meanwhile, Inari has invested RM70m since FY25 in system-in-package (SiP) and flip-chip ball grid array (FCBGA), targeting AI applications. This should enable Inari to move beyond its traditional RF-focused offerings (FBAR) into higher-value integrated modules and advanced packaging technologies, strengthening the group's medium-to long-term growth.
- **We see FY27-28 as a key inflection window. The** scaling of Photonics/ChipFab alongside renewed RF design wins, and longer-term optionality in advanced packaging and optical integration will potentially drive a step-change in growth and margins. This will also reposition Inari as a broader AI infrastructure enabler from a traditional handset RF proxy, and supporting a longer-term re-rating.

Valuation/Recommendation

- **Upgrade to BUY with an unchanged target price of RM2.48** based on a 32.0x 2027F PE (at seven-year mean forward PE). The ~20% share price correction over the past month amid a broader indiscriminate semiconductor sell-off offers a more attractive entry point. Higher RF loadings and the ChipFab ramp underpin our constructive FY27 outlook, with power management providing an additional medium-term growth opportunity.

Earnings Revision/Risk

- None.

Environmental, Social, Governance (ESG) Updates

Environmental

- Inari has met globally recognised standards and has been qualified for inclusion into the FTSE4Good Bursa Malaysia Index since 22 Jun 20.

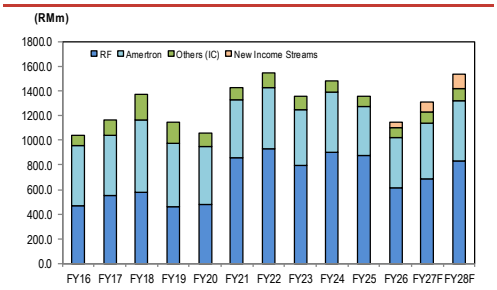
Social

- Only foreign workers with legal work permits are hired, while all employees receive at least minimum wages.

Governance

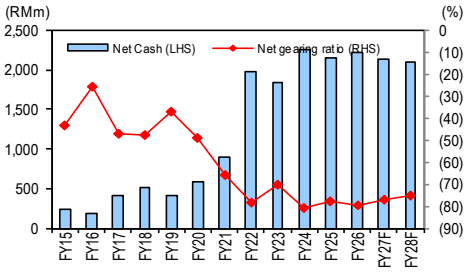
- The company has an Anti-Corruption and Bribery Policy in place which complies with all applicable laws, including the MACC Act 2009 (Amendment 2018). No reported incidents of corruption or breaches against policy in 2020.

Revenue By Segment



Source: *Inari, UOB Kay Hian*

Net Cash And Net Gearing



Source: Inari, UOB Kay Hian

Profit & Loss

Year to 30 Jun (RMm)	2026	2027F	2028F	2029F
Net turnover	**1,187**	**1,311**	**1,541**	**1,841**
EBITDA	268	391	462	551
Deprec. & amort.	129	124	127	131
EBIT	139	268	334	420
Associate contributions	0	0	0	0
Net interest income/(expense)	(2)	(2)	(2)	(2)
Pre-tax profit	**138**	**266**	**332**	**418**
Tax	(15)	(11)	(13)	(17)
Minorities	5	5	5	5
Net profit	**127**	**260**	**324**	**406**
Net profit (adj.)	**188**	**260**	**324**	**406**

Balance Sheet

Year to 30 Jun (RMm)	2026	2027F	2028F	2029F
Fixed assets	743	797	820	840
Other LT assets	4	5	5	5
Cash/ST investment	2,214	2,135	2,102	2,068
Other current assets	485	529	610	717
Total assets	**3,443**	**3,461**	**3,532**	**3,624**
ST debt	0	0	0	0
Other current liabilities	315	285	328	384
LT debt	0	0	0	0
Other LT liabilities	28	28	28	28
Shareholders' equity	2,778	2,822	2,844	2,875
Minority interest	322	327	332	337
Total liabilities & equity	**3,443**	**3,461**	**3,532**	**3,624**

Cash Flow

Year to 30 Jun (RMm)	2026	2027F	2028F	2029F
Operating	**320.6**	**304.8**	**408.2**	**482.0**
Pre-tax profit	138	266	332	418
Tax	(20)	(11)	(13)	(17)
Deprec. & amort.	119	124	127	131
Working capital changes	48	(74)	(38)	(50)
Other operating cashflows	321	305	408	482
Investing	**(395)**	**(150)**	**(150)**	**(150)**
Capex (growth)	(98)	(150)	(150)	(150)
Investments	0	0	0	0
Proceeds from sale of assets	0	0	0	0
Others	(298)	0	0	0
Financing	**(124)**	**(234)**	**(292)**	**(366)**
Dividend payments	(183)	(234)	(292)	(366)
Issue of shares	0	0	0	0
Proceeds from borrowings	0	0	0	0
Loan repayment	0	0	0	0
Others/interest paid	60	0	0	0
Net cash inflow (outflow)	**(198)**	**(79)**	**(33)**	**(34)**
Beginning cash & cash equivalent	**1,800**	**1,574**	**1,495**	**1,461**
Changes due to forex impact	(226)	(79)	(33)	(34)
Ending cash & cash equivalent	**1,574**	**1,495**	**1,461**	**1,428**

Key Metric

Year to 30 Jun (%)	2026	2027F	2028F	2029F
Profitability				
EBITDA margin	22.6	29.8	30.0	29.9
Pre-tax margin	11.6	20.3	21.6	22.7
Net margin	10.7	19.8	21.0	22.1
ROA	4.8	10.5	13.9	17.2
ROE	8.8	13.0	17.2	21.4
Growth				
Turnover				
EBITDA	(12.2)	10.4	17.5	40.4
Pre-tax profit	(25.5)	45.9	18.0	40.7
Net profit	(37.6)	93.1	25.1	57.4
Net profit (adj.)	(41.7)	103.9	24.7	56.3
EPS	(41.7)	103.9	24.7	56.3
Leverage				
Debt to total capital	-	-	-	-
Debt to equity	-	-	-	-
Net debt/(cash) to equity	(79.7)	(75.7)	(73.9)	(71.9)
Interest cover	147.3	195.7	230.9	275.4

Pecca Group (PECCA MK)

1QFY27: Below Expectations

Highlights

- Pecca's 1QFY27 core net profit of RM11.0m (-9% yoy) was below expectations, accounting for 18% of our forecast, due to softer demand from key automotive customers.
- We expect a modest earnings recovery over the coming quarters, with more meaningful growth likely to materialise after the launch of Perodua's new model.
- Additionally, a potential MRO contract award from a local airline would be a key catalyst to the stock.
- Maintain HOLD with a lower target price of RM1.35 (from RM1.42) as current valuation appears fair, in our view.

1QFY27 Results

Year to 30 Jun (RMm)	1QFY27	qoq%	yoy%
Revenue	52.1	1.1	(14.0)
OEM	41.9	2.3	(16.9)
REM	1.5	(26.8)	(1.9)
Others	3.2	(1.2)	(24.7)
PT Gemilang	2.7	(12.2)	51.1
Aviation	1.2	84.9	57.5
EBIT	14.0	3.0	(28.4)
Net Profit	**11.0**	**0.6**	**(28.7)**
Margin	**%**	**+/- ppt**	**+/- ppt**
EBIT	26.9	0.5	(5.4)
Net Profit	21.1	(0.1)	(4.4)

Source: Pecca, UOB Kay Hian

Analysis

- **Below expectations.** Pecca Group (Pecca) reported 1QFY27 net profit of RM11.0m (+0.6% qoq, -28.7% yoy), which came in below expectations, accounting for 18% of our and consensus full-year estimates. The negative deviation was primarily attributable to weaker-than-expected order volume from key customers in the OEM segment.

Key Financials

Year to 30 Jun (RMm)	FY25	FY26	FY27F	FY28F	FY29F
Net turnover	224.5	222.0	238.7	269.3	289.1
EBITDA	77.6	72.4	73.1	88.5	96.6
Operating profit	71.8	65.6	66.1	80.6	89.2
Net profit (rep./act.)	57.1	51.8	52.3	63.3	70.0
Net profit (adj.)	57.1	51.8	52.3	63.3	70.0
EPS	7.9	7.2	7.2	8.7	9.7
PE (x)	17.9	19.9	19.7	16.3	14.7
P/B (x)	5.0	4.8	4.8	4.6	4.3
EV/EBITDA (x)	10.6	11.4	11.3	9.2	8.3
Dividend yield (%)	3.5	4.2	4.2	4.9	5.3
Net margin (%)	25.4	23.4	21.9	23.5	24.2
Net debt/(cash) to equity (%)	(47.7)	(47.5)	(47.3)	(48.8)	(51.3)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.	n.a.
ROE (%)	27.4	24.0	24.3	28.0	29.3
Consensus net profit	n.a.	n.a.	62.2	68.4	70.4
UOBKH/Consensus (x)	n.a.	n.a.	0.84	0.92	1.00

Source: Pecca, Bloomberg, UOB Kay Hian

Analyst(s)

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HOLD (Maintained)

Share Price	RM1.42
Target Price	RM1.35
Upside	-4.9%
Previous TP	RM1.42

Stock Data

Sector	Autoparts
Bloomberg ticker	PECCA MK
Shares issued (m)	752
Market cap (RMm)	1,067.8
Market cap (US$m)	259.5
3-mth avg daily t'over (US$m)	0.1

Price Performance (%)

52-week high/low				RM1.79/RM1.29
1mth	**3mth**	**6mth**	**1yr**	**YTD**
6.0	9.2	(4.7)	(3.4)	(15.5)

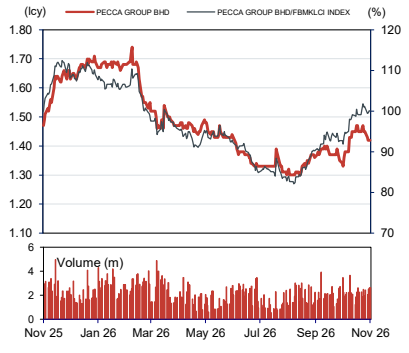
Major Shareholders (%)

MRZ Leather Holdings Sdn Bhd	51.1
Sam Yin Thing	7.3

Balance Sheet Metrics

FY26 NAV/Share (RM)	0.3
FY26 Net Debt/Share (RM)	xx

Price Chart



Source: Bloomberg

Company Description

A leading provider of leather upholstery and interior products, serving automotive and aviation industries with a strong focus on high margin segments and global expansion.

- Net profit declined 28.7% yoy in 1QFY27 mainly due to lower sales contribution from the OEM segment (-16.9% yoy), following softer orders from key customers. EBIT margin contracted 5.4ppt to 26.9% due to unfavourable sales mix from lower proportion of OEM sales, and additional cost incurred for expanding the group's operation into the aviation and railway segments. On qoq basis, sales and earnings were broadly flattish, with lower contribution from Gemilang (-12.2% qoq) offset by higher aviation earnings (+85% qoq).
- A dividend of 1.5 sen was declared, which translates into a 100% payout, above the group's policy of 40%.
- **Perodua sales growth likely to remain limited ahead of potential new model launch.** The lack of new launches and intensifying competition from Proton have weighed on Perodua's sales, which declined 3% yoy in 9M26, based on TIV data. Looking ahead, we expect Perodua's sales to lack meaningful growth, but remain supported by ongoing promotional efforts, ahead of new model launches, potentially in mid-27. Given that OEM remains the largest earnings contributor, we expect only a modest earnings recovery over the coming quarters, with more meaningful growth likely to materialise after the anticipated new model launch.
- **Aviation contribution improved; MRO contract award as a key catalyst.** Revenue from the aviation segment rebounded to above RM1m, after two quarters of soft performance, likely driven by an increased in MRO jobs. Pecca has participated in a tender for an umbrella contract from a local airline, with the award expected in 1Q27. We believe Pecca has a high chance of securing sizeable contract, given its position as a local player with an EASA certificate. A successful award would provide a meaningful boost to the segment's earnings, potentially raising its contribution to double-digit of the group's revenue over the medium term.
- **Serendah facility commissioning delayed to end-27.** We now expect a ramp-up in seat assembly venture could only take place in 2HFY28. The group aims to capitalise on the expanding local assembly plan by Chinese EV makers.

Valuation/Recommendation

- **Maintain HOLD with a lower target price of RM1.35** (previously RM1.42), as we rolled forward our valuation base to 2027F pegged to 17x PE (+0.5SD of five-year mean). Current valuation also appears fair in our view, at 17.8x 2027F PE, having factored in most of the growth opportunity.

Earnings Revision/Risk

- **Reduce our FY27/28 earnings forecasts by 13%/10% respectively,** as we now factor in a more conservative sales growth assumption for the OEM segment considering soft orders from key automotive customers and the delay in commissioning the Serendah facility.

Key Assumption

Segmental Revenue (RMm)	FY26	FY27F	FY28F
OEM	179.3	182.9	205.7
REM	8.2	8	10
PT Gemilang	8.9	12.5	14.0
Aviation	2.8	5	10
Total Revenue	222.0	238.7	269.3

Source: Pecca, UOB Kay Hian

Environmental, Social and Governance (ESG)

Environmental
- Pecca has achieved a 19.8% reduction in GHG emission intensity in FY25 compared to the FY22 baseline. - The waste diversion rate increased to 22.4% in FY25 through reductions in hazardous waste and recycling initiatives.
Social
- Zero workplace fatalities were reported. - Employees received an average of 8.5 hours of training, focusing on technical skill, ISO certificate and personal development.
Governance
- Zero incident of corruption. - 25% female representation aligns with MCGG recommendation.

Profit & Loss

Year to 30 Jun (RMm)	FY26	FY27F	FY28F	FY29F
Net turnover	**222.0**	**238.7**	**269.3**	**289.1**
EBITDA	72.4	73.1	88.5	96.6
Deprec. & amort.	(6.8)	(7.0)	(7.9)	(7.4)
EBIT	65.6	66.1	80.6	89.2
Associate contributions	0.0	0.0	0.0	0.0
Net interest income/(expense)	3.0	2.7	2.7	2.9
Pre-tax profit	**68.5**	**68.8**	**83.2**	**92.1**
Tax	(16.7)	(16.5)	(20.0)	(22.1)
Minorities	0.0	0.0	0.0	0.0
Net profit	**51.8**	**52.3**	**63.3**	**70.0**
Net profit (adj.)	51.8	52.3	63.3	70.0

Balance Sheet

Year to 30 Jun (RMm)	FY26	FY27F	FY28F	FY29F
Fixed assets	85.4	88.4	85.5	83.0
Other LT assets	0.6	0.6	0.6	0.6
Cash/ST investment	116.9	116.0	124.4	136.9
Other current assets	53.3	59.7	66.3	70.5
Total assets	**256.2**	**264.8**	**276.7**	**291.1**
ST debt	2.3	2.3	2.3	2.3
Other current liabilities	18.0	20.1	21.6	22.6
LT debt	11.9	11.9	11.9	11.9
Other LT liabilities	7.5	14.6	14.6	14.6
Shareholders' equity	216.1	215.5	225.9	239.2
Minority interest	0.5	0.5	0.5	0.5
Total liabilities & equity	**256.2**	**264.8**	**276.7**	**291.1**

Cash Flow

Year to 30 Jun (RMm)	FY26	FY27F	FY28F	FY29F
Operating	**50.7**	**54.4**	**66.2**	**74.2**
Pre-tax profit	68.5	68.8	83.2	92.1
Tax	(16.7)	(16.5)	(20.0)	(22.1)
Deprec. & amort.	6.8	7.0	7.9	7.4
Working capital changes	(7.9)	(4.9)	(5.0)	(3.3)
Other operating cashflows				
Investing	**(0.9)**	**(6.5)**	**(1.5)**	**(1.3)**
Capex (maintenance)	(4.5)	(10.0)	(5.0)	(5.0)
Investments	3.5	3.5	3.5	3.7
Proceeds from sale of assets	0.1	0.0	0.0	0.0
Others				
Financing	**(38.1)**	**(46.1)**	**(53.7)**	**(56.6)**
Dividend payments	(45.1)	(45.3)	(52.9)	(56.6)
Issue of shares	0.0	0.0	0.0	0.0
Proceeds from borrowings	7.8	0.0	0.0	0.0
Loan repayment	0.0	0.0	0.0	0.0
Others/interest paid	(0.8)	(0.8)	(0.8)	0.0
Net cash inflow (outflow)	**11.6**	**1.8**	**11.0**	**16.3**
Beginning cash & cash equivalent	**104.9**	**116.9**	**116.0**	**124.4**
Changes due to forex impact				
Ending cash & cash equivalent	**116.9**	**116.0**	**124.4**	**136.9**

Key Metric

Year to 30 Jun (%)	FY26	FY27F	FY28F	FY29F
Profitability				
EBITDA margin	32.6	30.6	32.9	33.4
Pre-tax margin	30.9	28.8	30.9	31.9
Net margin	23.4	21.9	23.5	24.2
ROA	20.2	19.8	22.9	24.0
ROE	24.0	24.3	28.0	29.3
Growth				
Turnover	(1.1)	7.5	12.8	7.3
EBITDA	(6.7)	1.0	21.1	9.1
Pre-tax profit	(9.3)	0.4	21.0	10.6
Net profit	(9.2)	0.9	21.0	10.6
Net profit (adj.)	(9.2)	0.9	21.0	10.6
EPS	(9.2)	0.9	21.0	10.6
Leverage				
Debt to total capital	5.5	5.4	5.1	4.9
Debt to equity	6.6	6.6	6.3	5.9
Net debt/(cash) to equity	(47.5)	(47.3)	(48.8)	(51.3)
Interest cover	n.a.	n.a.	n.a.	n.a.

VSTECS (VST MK)

3Q26: Within expectations; Growth Momentum To Resume In 4Q26

Highlights

- VSTECS' 3Q26 earnings came in strongly on robust growth across all three business segments.
- We expect the growth momentum to extend into 4Q26, underpinned by resilient demand in the ICT distribution segment alongside continued public-sector spending.
- Maintain BUY with an unchanged target price of RM2.26.

3Q26 Results

Year to 31 Dec (RMm)	3Q26	qoq%	yoy%	9M26	yoy%
Revenue	1,133.9	5.2	14.3	3,259.0	30.2
Gross Profit	66.0	3.4	7.7	186.1	17.9
EBITDA	41.1	9.0	24.0	109.0	36.7
EBIT	39.9	9.3	24.8	105.3	37.5
PBT	40.7	1.8	16.4	111.7	31.4
Tax expense	(10.4)	7.4	13.0	(28.2)	32.5
PATAMI	30.3	(0.0)	17.6	83.5	31.1
Core PATAMI	30.3	29.5	17.7	76.6	20.5
Margins	**%**	**+/- ppt**	**+/- ppt**	**%**	**+/- ppt**
Gross Profit	5.8	(0.1)	(0.2)	5.7	(0.6)
EBITDA	3.6	0.1	0.6	3.3	0.2
PBT	3.6	(0.1)	0.3	3.4	0.0
Core net profit	2.7	0.5	0.2	2.4	(0.2)

Source: VSTECS, UOB Kay Hian

Analysis

- **Within expectations**. VSTECS posted 3Q26 revenue of RM1.1b (+5% qoq; +14% yoy) and core net profit of RM30.3m (+30% qoq; +18% yoy;) respectively. This brought 9M26 core net profit to RM76.6m (+21% yoy), accounting for 72% of our full-year estimate. Note that 9M26 core net profit has been adjusted to exclude the RM6.9m debt recovery from Logicalis, which we deem to be non-recurring in nature.

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	2901.7	3608.2	4094.0	4761.7	5548.0
EBITDA	91.0	136.4	139.0	153.1	182.4
Operating profit	87.6	132.0	143.4	161.2	191.8
Net profit (rep./act.)	70.6	98.5	106.6	120.3	143.4
Net profit (adj.)	70.3	98.4	106.6	120.3	143.4
EPS	6.6	9.2	10.0	11.2	13.4
PE	19.8	14.1	13.0	11.6	9.7
P/B	2.8	2.4	2.2	1.9	1.7
EV/EBITDA	3.9	2.9	2.4	2.2	1.8
Dividend yield	1.7	2.0	2.7	3.0	3.6
Net margin	2.4	2.7	2.6	2.5	2.6
Net debt/(cash) to equity	(21.1)	(11.8)	(20.7)	(19.0)	(17.7)
Interest cover	226.4	259.9	143.4	161.2	191.8
ROE	14.0	17.2	16.6	16.7	17.6
Consensus Net Profit			114.8	131.3	152.7
UOBKH/Consensus (x)			0.93	0.92	0.94

Source: VSTECS, Bloomberg, UOB Kay Hian

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BUY (Maintained)

Share Price	RM1.30
Target Price	RM2.26
Upside	73.8%

Stock Data

Sector	ICT Distributor
Bloomberg ticker	VST MK
Shares issued (m)	1,069.7
Market cap (RMm)	1,404.0
Market cap (US$m)	343.3
3-mth avg daily t'over (US$m)	0.3

Price Performance (%)

52-week high/low				RM2.18/RM1.05
1mth	3mth	6mth	1yr	YTD
(17.8)	(26.1)	(34.3)	(4.4)	(4.4)

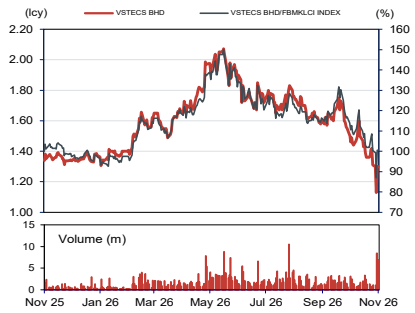
Major Shareholders (%)

VSTECS Holdings Ltd	45.6
Sengin Sdn Bhd	12.2
CGS International Securities	5.3

Balance Sheet Metrics

FY26 NAV/Share (RM)	0.60
FY26 Net Debt/Share (RM)	(0.12)

Price Chart



Source: Bloomberg

Company Description

VSTECS is the leading distributor of ICT products to consumers and enterprises in Malaysia. Founded in 1985, the group distributes a wide range of ICT products to both consumer and enterprise and provides IT services in the form of pre-sales, integration, and post-sales in support of the brands represented.

- **In 9M26,** the strong yoy growth in both revenue and earnings was mainly driven by robust performance across all three segments - ICT distribution (+18% yoy), enterprise systems (+46% yoy) and ICT services (+10% yoy). Growth was supported by resilient consumer electronics demand, higher volume of public-sector projects, increased shipments of AI-related data centre (DC) equipment, and continued momentum in cloud services adoption. However, 9M26 gross profit margin contracted 0.6ppt yoy to 5.7% mainly due to an unfavourable product mix from the enterprise systems segment. 3Q26 revenue rose 5% qoq, supported by healthy growth across all three business segments. Core net profit grow 30% yoy, predominantly driven by higher net gains of financial instruments.
- **Consumer ICT supply improve, while enterprise lead times remain stretched.** Budget 2027 measures supporting digital infrastructure, sovereign AI and technology development could unlock billions of ringgit in new opportunities for Malaysia's ICT sector. In ICT distribution, we understand that consumer endpoint device prices have stabilised and supply has largely normalised, allowing the group to gradually return to normal inventory and ordering levels. However, server and storage supply remains tight, with longer lead times posing a risk to the timing of project deliveries. The group is working with vendors and partners to manage these constraints. Meanwhile, public-sector demand remains robust, supported by the ongoing rollout of major projects. The group aims to fulfil as many of these orders as possible by end-26.
- **ISATEC disposal supports capital recycling.** Recall that VSTECS is monetising its 40% stake in ISATEC for RM48.8m cash, representing a 159% premium to its original RM18.8m investment cost and generating a RM22.0m one-off gain upon completion in 1Q27. While ISATEC expects to contribute about 5% of 2026 PAT, around 94% (RM45.9m) of the proceeds will be redeployed into working capital to support larger AI, DC, cloud and digitalisation projects. Beyond supporting organic growth, the stronger balance sheet provides VSTECS with greater flexibility to pursue strategic opportunities that could complement its existing capabilities and deepen its participation in the broader AI ecosystem. This could broaden VSTECS' capabilities beyond hardware into AI platforms, services and applications.

Valuation/Recommendation

- **Maintain BUY with an unchanged target price of RM2.26** based on 20x 2027F PE. Given the lack of local listed peers for valuation benchmarking, we use a 1.0x PEG ratio, reflecting a three-year net profit CAGR of 20% from 2025. The group is riding on a strong growth phase of high earnings delivery by capturing the total addressable market of Malaysia's colocation DC segment.

Earnings Revision/Risk

- None.

Environmental, Social, Governance (ESG) Updates

Environmental

- Electricity withdrawal from main grid reduced by 20% yoy in 2023.
- Solar power constituted 41% of total electricity consumed in 2023.
- An around 26% reduction in paper consumption.

Social

- Maintaining a 50% male-female composition among total employees.
- The group recorded zero work fatalities over the past nine years.
- 100% local employees.

Governance

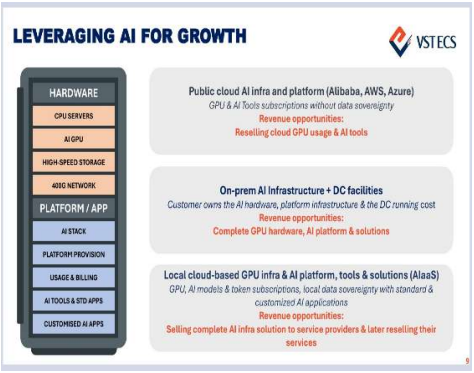
- Zero confirmed corruption or harassment cases reported.
- Zero fines or penalties from regulatory authorities.

Key Principal Relationships



Source: VSTECS

New AI Opportunities



Source: UOB Kay Hian

Profit & Loss

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Net turnover	**3,608.2**	**4,094.0**	**4,761.7**	**5,548.0**
EBITDA	136.4	139.0	153.1	182.4
Deprec. & amort.	(4.4)	(4.4)	(8.0)	(9.5)
EBIT	132.0	143.4	161.2	191.8
Associates	6.8	3.3	4.3	4.3
Net interest income/(expense)	(0.5)	(1.0)	(1.0)	(1.0)
Pre-tax profit	**129.2**	**139.8**	**157.8**	**188.1**
Tax	(30.7)	(33.2)	(37.4)	(44.6)
Minorities	0.0	0.0	0.0	0.0
Net profit	**98.5**	**106.6**	**120.3**	**143.4**
Net profit (adj.)	98.4	106.6	120.3	143.4

Balance Sheet

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Fixed assets	8.3	11.9	11.9	10.4
Other LT assets	55.5	55.5	57.0	57.0
Cash/ST investment	89.0	154.0	158.2	165.1
Other current assets	936.1	905.0	1,050.8	1,221.6
Total assets	**1,088.9**	**1,126.4**	**1,277.9**	**1,454.1**
ST debt	2.1	2.1	2.1	2.1
Other current liabilities	480.2	451.7	523.9	607.6
LT debt	0.0	0.0	0.0	0.0
Other LT liabilities	0.4	6.3	5.5	4.7
Shareholders' equity	573.5	642.8	721.0	814.2
Minority interest	0.0	0.0	1.0	1.0
Total liabilities & equity	**1,088.9**	**1,126.4**	**1,277.9**	**1,454.1**

Cash Flow

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Operating	**(15.2)**	**108.3**	**52.3**	**63.0**
Pre-tax profit	129.2	139.8	157.8	188.1
Tax	31.9	(33.2)	(37.4)	(44.6)
Deprec. & amort.	0.5	4.4	8.0	9.5
Working Capital Changes	(117.0)	(0.0)	(73.6)	(87.1)
Other operating cashflows	4.3	1.8	5.7	6.7
Investing	**4.8**	**(8.0)**	**(8.0)**	**(8.0)**
Capex (growth)	(6.3)	(8.0)	(8.0)	(8.0)
Investments	0.0	0.0	0.0	0.0
Proceeds from Sale of Assets	0.1	0.0	0.0	0.0
Others	11.0	0.0	0.0	0.0
Financing	**(7.0)**	**(35.3)**	**(40.1)**	**(48.2)**
Dividend payments	(27.5)	(37.3)	(42.1)	(50.2)
Proceed from Borrowings	(0.5)	(1.0)	(1.0)	(1.0)
Loan repayment	(0.5)	0.0	0.0	0.0
Others/interest paid	1.7	2.0	2.0	2.0
Net cash inflow (outflow)	**(17.4)**	**65.0**	**4.2**	**6.8**
Beginning cash & cash equivalent	**106.4**	**89.0**	**154.0**	**158.2**
Changes due to forex impact	(0.0)	0.0	0.0	0.0
Ending cash & cash equivalent	**89.0**	**154.0**	**158.2**	**165.1**

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	3.8	3.4	3.2	3.3
Pre-tax margin	3.6	3.4	3.3	3.4
Net margin	2.7	2.6	2.5	2.6
ROA	9.0	9.5	9.4	9.9
ROE	17.2	16.6	16.7	17.6
Growth				
Turnover	24.3	13.5	16.3	16.5
EBITDA	49.8	1.9	10.1	19.1
Pre-tax profit	38.7	8.2	12.9	19.2
Net profit	39.6	8.2	12.9	19.2
Net profit (adj.)	39.9	8.3	12.9	19.2
EPS	39.9	8.3	12.9	19.2
Leverage				
Debt to total capital	1.9	1.9	1.6	1.4
Debt to equity	3.7	3.3	2.9	2.6
Net debt/(cash) to equity	(11.8)	(20.7)	(19.0)	(17.7)
Interest cover	259.9	143.4	161.2	191.8

Hume Cement Industries
(HUME MK/BUY/RM2.56/Target: RM4.16)

1QFY27: Within Expectation; Resilient Earnings Despite Lower ASPs And Rising Input Cost

Highlights

- **1QFY27: Largely within expectations.** Hume Cement Industries (Hume) reported a 1QFY27 net profit of RM64.4m (+5% yoy; +5% qoq). The sequential growth in earnings was mainly attributed to strong cement sales volume but was partially dragged by lower ASPs and rising coal prices. Accounting for 26% of our FY27 earnings forecast, we deem the results to be within expectation.
- **1QFY27 sales continued its strong momentum, but margins were dragged by lower ASPs.** The quarter recorded a 14% qoq and 2% yoy revenue growth to RM296.0m, primarily driven by its expanded product lineup and the company's ability to offer bespoke solutions that address customers' specific operational requirements. Conversely, net profit margin moderated to 21.8% (flat yoy; -2ppt qoq) due to lower product ASPs qoq, but was cushioned by strong interest income (+>100% yoy) and minimal finance cost (-95% yoy).
- **A higher dividend payout.** The group declared a higher first interim DPS of 7.0 sen in 1QFY27 (vs 1QFY26 DPS of 6 sen), owing to its robust net cash position of RM605.1m and debt-free balance sheet. Against this backdrop, we believe Hume is well positioned to deliver a higher dividend distribution for FY27, largely in line with our DPS forecast of 13.8 sen for the financial year. This translates to an attractive dividend yield of 5.4%, based on a 40% payout ratio.
- **Elevated inventories reflect prudent cost management.** In 1QFY27, Hume's inventory levels nearly doubled to RM123.7m (+90% qoq), reflecting a proactive procurement strategy amid rising coal prices. We believe the group is well positioned to mitigate the near-term impact of higher coal costs, supported by its strategic accumulation of coal inventories ahead of expected price increases.
- **Potential relief from elevated coal prices.** On a positive note, Indonesia has scrapped its earlier plan to reduce its 2026 coal production quota to around 600m tonnes (from ~790m tonnes in 2025) and is expected to lift its 2026 coal production quota to exceed 600m tonnes. Overall, while coal prices remain elevated in the near term, the easing of production restrictions should help alleviate earlier concerns over a severe supply crunch for cement producers reliant on Indonesian coal imports.

Earnings Revision/Risk

- No changes to earnings.

Valuation/Recommendation

- **Maintain BUY with a target price of RM4.16.** We peg our fair value to 12x FY27F EPS (industry mean PE), which fairly reflects near-term concerns over rising coal costs, the potential slowdown in construction activities due to surging oil prices from the Middle East conflicts, and absence of government-led mega infrastructure projects. We continue to like Hume for its above-industry-average margins, supported by a solid management and superior plant efficiency. Beyond earnings, there is also capital management potential, as Hume is currently in a net cash position.

1QFY27 Results

Year to 30 Jun (RMm)	1QFY27	4QFY26	1QFY26	qoq%	yoy%
Revenue	**296.0**	**259.1**	**290.1**	**14.2**	**2.1**
EBITDA	97.9	98.5	98.9	(0.6)	(0.6)
EBIT	79.1	79.6	79.6	(0.6)	(0.6)
Finance cost	(0.1)	(0.1)	(1.4)	(1.6)	(95.6)
PBT	**84.8**	**81.5**	**80.2**	**4.0**	**5.7**
Tax	(20.4)	(20.2)	(19.0)	1.1	7.3
Net profit	64.4	61.3	61.2	4.9	5.2
Core net profit	**64.4**	**61.4**	**61.6**	**5.0**	**4.6**
Margins	**%**	**%**	**%**	**+/- ppt**	**+/- ppt**
EBITDA	33.1	38.0	34.1	(4.9)	(1.0)
EBIT	26.7	30.7	27.5	(4.0)	(0.7)
PBT	28.6	31.5	27.7	(2.8)	1.0
Core net profit	21.8	23.7	21.2	(1.9)	0.5

Source: Hume, UOB Kay Hian

Key Financials

Year to 30 Jun (RMm)	2025	2026	2027F	2028F	2029F
Net turnover	1,114.6	1,056.2	1,181.3	1,225.5	1,254.0
EBITDA	374.3	582.2	410.7	438.4	457.8
Operating profit	301.5	506.2	334.3	361.6	380.6
Net profit (rep./act.)	223.2	430.6	250.1	266.6	280.7
Net profit (adj.)	195.8	239.2	250.1	266.6	280.7
EPS	27.1	33.2	34.7	37.0	38.9
PE (x)	9.5	7.8	7.4	7.0	6.6
P/B (x)	2.5	1.7	1.5	1.3	1.2
EV/EBITDA (x)	4.7	2.3	2.9	2.3	1.9
Dividend yield (%)	3.9	5.1	5.4	5.7	6.0
Net margin (%)	17.6	22.6	21.2	21.8	22.4
Net debt/(cash) to equity (%)	(12.3)	(49.5)	(44.9)	(50.9)	(56.2)
Interest cover (x)	24.5	138.7	66.2	35.8	37.7
ROE (%)	26.9	22.4	20.5	19.3	18.1

Source: Hume, UOB Kay Hian

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Kossan Rubber Industries
(KRI MK/BUY/RM1.21/Target: RM1.31)

3Q26: Another Windfall Quarter; Above Expectations

3Q26 Results

Year to 31 Dec	3Q26 (RMm)	qoq % chg	yoy % chg	9M26 (RMm)	yoy % chg	Comments
Revenue	**671.1**	**18.0**	**52.9**	**1,710.3**	**30.7**	Qoq and YoY improvement on stronger demand and higher ASPs across all segments
EBITDA	**145.4**	**39.6**	**111.7**	**322.1**	**56.9**	
EBIT	**115.6**	**47.5**	**156.3**	**240.2**	**82.7**	
Finance costs	(0.2)	57.0	195.2	(0.5)	(36.0)	
Pre-tax profit	**115.3**	**47.5**	**156.2**	**239.7**	**83.4**	
Tax	(27.3)	107.5	303.8	(46.9)	87.2	
Core profit	**81.5**	**10.9**	**171.1**	**186.8**	**119.9**	Improving margin efficiency on better utilization rate, besides higher MYR/USD rate

Margins	%	+/- ppt	+/- ppt	%	+/- ppt	
EBITDA margin	21.7	3.4	6.0	18.8	3.1	
EBIT margin	17.2	3.5	6.9	14.0	4.0	Improving margin efficiency
Eff. tax rate	(23.6)	(6.8)	(8.6)	(19.5)	(0.4)	
Core margin	12.1	(0.8)	5.3	10.9	4.4	Overall lifted by higher economies of scale, lower cost and higher MYR/USD rate

Source: Kossan, UOB Kay Hian

Highlights

- **3Q26 results above our and consensus expectations.** Kossan Rubber Industries (Kossan) reported 3Q26 core profit of RM81.5m (+11% qoq; +171% yoy), after adjusting one-off fair value gains on financial assets, derivatives and unrealised forex amounting to RM6.9m. The yoy results improvement mainly reflects the surge in volume sales, higher average selling prices (ASPs) and margin expansion following better operating efficiency. 9M26 core earnings accounted for 112% of our and 109% of consensus projected 2026 earnings.
- **Declared higher interim dividend of 2.5 sen.** Kossan declared a 2.5 sen interim DPS (3Q25: 2 sen), bringing 9M26 dividends to 4.5 sen (9M25: 2sen). This implies a 9M26 payout ratio of 59% and yield of 3.7%.
- **Gloves, technical rubber and cleanroom segments all saw top-line growth on better volume sales and ASPs.** In 3Q26, the glove segment's revenue grew 21% qoq, which we attribute to the higher sales volume and ASPs as inventory replenishment activities by customers ramped up due to Middle East tensions. Meanwhile, the technical rubber and cleanroom segments delivered qoq revenue improvement of 5% and 1% respectively on seasonality and better sales volume as well. Overall, sales demand and ASP trend for glove products saw qoq strength in 9M26, but are expected to retrace in 4Q26-1H27 as ASPs have now softened 20-25% from peak levels.
- **Core profitability well supported by better operating efficiency. 3**Q26 pre-tax profit for the glove segment increased 46% qoq to RM99.7m (2Q26: RM68.1 m) due to higher revenue (+21% qoq). Positively, the glove segment's pre-tax profit margins also expanded 3ppt yoy to 17.1ppt, reflecting: a) better operating efficiency, b) higher ASP, c) higher volume sale, and d) the strengthening of the US dollar against the ringgit (+1.5% qoq). Overall, the group's EBIT margins expanded 3.5ppt qoq, mainly due to: a) strong surge in the glove segment's ASPs and economies of scale; b) technical rubber and cleanroom segments' higher revenue and earnings; and c) the strengthening of the US dollar against the ringgit (+1.5% qoq).
- **Sequentially weaker 4Q26-1H27 expected.** Following the de-escalation of Iran war, ASP moderated swiftly from its peak of US$26-27/'000 pcs in 2Q26 to US$19-20/'000 pcs for 4Q26 shipments. We also foresee potential margin compression in 4Q26-1H27, as the group may face higher operating costs from raw material inventories which are purchased at higher costs due to the Iran war. Furthermore, the natural gas tariff's upward revision of about 30% in 4Q26 will also lift the energy cost and further pressure operating margins. Overall, we opine that softer ASP and higher input costs will result in weaker earnings through the rest of 4Q26-1H27 for Kossan.
- **Healthy balance sheet with net cash still appealing.** Including cash and short-term money market investments, Kossan is in a cash-rich position of around RM1.58b net cash (around 63 sen/share or 52% of its current market cap). This signifies that the group may further deploy better capital management with more special dividends as earnings momentum improves in 2026-2027.

Earnings Revision/Risk

- We raise our 2026F earnings forecasts by 34% as we recalibrated our volume sales and utilisation rate higher to reflect better operating efficiency and sales demand.

Valuation/Recommendation

- **Maintain BUY with an unchanged target price of RM1.31**, pegged to 12x ex-cash 2027F PE (-1SD below mean) after factoring in the group's RM1.58b net cash position.

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	1,906.8	1,748.0	2,302.2	2,119.8	2,173.9
EBITDA	159.4	176.5	279.6	164.1	153.3
Operating profit	159.4	176.5	198.5	89.2	80.3
Net profit (rep./act.)	97.3	120.6	219.7	145.7	148.6
Net profit (adj.)	97.3	120.6	219.7	145.7	148.6
EPS	3.8	4.7	8.6	5.7	5.8
PE (x)	31.8	25.6	14.1	21.2	20.8
P/B (x)	0.8	0.8	0.8	0.8	0.8
EV/EBITDA (x)	26.5	24.0	15.1	26.0	27.5
Dividend yield (%)	6.6	1.6	4.7	3.6	3.7
Net margin (%)	5.1	6.9	9.5	6.9	6.8
Net debt/(cash) to equity (%)	(25.1)	(24.4)	(24.4)	(23.2)	(24.2)
Interest cover (x)	116.9	126.7	n.a.	n.a.	n.a.
ROE (%)	3.2	4.0	7.1	4.7	4.8
Consensus net profit	n.a.	n.a.	162.5	174.1	193.8
UOBKH/Consensus (x)	n.a.	n.a.	1.4	0.8	0.8

Source: Kossan, Bloomberg, UOB Kay Hian

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Sports Toto
(SPTOTO MK/BUY/RM1.28/Target: RM1.42)

1QFY27: Below Expectations

1QFY27 Results

Year to 30 Jun	1QFY27 (RMm)	qoq % chg	yoy % chg	Comments
Revenue	**1408.1**	**(9.2)**	**(5.9)**	
Toto	676.9	(4.0)	(5.7)	Declined yoy due to lower classic and jackpot sales per draw, despite 2 more draw days
Motor	711.9	(6.0)	(6.0)	Declining new car sales and challenging microenvironment.
Others	19.4	(77.9)	(10.6)	
EBIT	**56.8**	**(53.8)**	**4.4**	
Toto	68.4	(26.8)	(3.1)	Higher yoy prize payout dragged margins
Motor	0.0	(99.2)	(100.6)	Lifted by lower OPEX following strategic cost rationalisation within its workforce
Others	(11.7)	(146.0)	9.8	
PBT	**46.4**	**(52.0)**	**3.0**	
Net profit	**26.4**	**(57.8)**	**19.4**	

Margins	%	+/- ppt	+/- ppt	
EBIT – Toto	10.1	-3.1	0.3	Prize payout ratio higher yoy
EBIT – Motor	0.0	-0.5	0.7	
PBT	3.3	-2.9	0.3	
Net profit	1.9	-2.2	0.4	

Source: SPTOTO, UOB Kay Hian

Highlights

- **1QFY27 results below expectations.** Sports Toto (SPTOTO) reported 1QFY27 revenue of RM1.41b (-9% qoq, -6% yoy) and headline net profit of RM26.4m (-58% qoq, +19% yoy). The yoy revenue decline is mainly attributed to lower sales from both subsidiaries – Sports Toto Malaysia (STM) and HR Owen – but earnings improved on better margin from HR Owen following cost rationalisation efforts. 1QFY27 earnings accounted for only 13% and 14% of our and consensus full-year forecasts respectively.
- **Declared interim dividend of 2 sen.** SPTOTO declared a first interim DPS of 2.0 sen (1QFY26: 2 sen). This represents an about 101% payout and a 1.6% yield.
- **Declining classic sales per draw and higher prize payout dragged earnings qoq.** We estimate that STM's 1QFY27 revenue dropped 4% qoq despite two more draws vs 4QFY26. The qoq revenue decline mainly reflected weaker classic ticket sales per draw (-3% qoq) and jackpot ticket sales per draw (-23% qoq). The steep decline in jackpot sales was mainly due to 4QFY26's exceptionally longer 4D jackpot run and higher accumulated prizes. STM's weakness was also compounded by a higher prize payout of 62.9% (4QFY26: 59.7%). As such, STM recorded weaker EBIT of RM68.4m (-27% qoq) in 1QFY27 following a downtick of 3ppt qoq in EBIT margin.
- **Motor: Lower sales volume, but margin expanded on cost rationalisation efforts.** HR Owen reported revenue of RM677m (-6% yoy) and higher EBIT of RM30,000 (from losses of RM5.6m). The weaker yoy revenue is mainly attributed to longer vehicle product life cycles and transition gaps between new models launches, in addition to cautious consumer spending amid the ongoing economic uncertainties. Nevertheless, the division's EBIT margin surged 0.7ppt yoy due to lower operating expenditures following strategic cost rationalisation within its workforce.
- **STM's ticket sales should chart better momentum for rest of FY27.** Overall, we expect SPTOTO's classic game's ticket sales per draw to grow 3-4% in FY27. While SPTOTO is still facing market share challenges from illegal operators, there is a gradual shift in punters' habits from previously executing bets through illegal bookies as the authorities have accelerated clampdown efforts. Potential tailwinds may also emerge for SPTOTO if the government allows legal operators to enable online operations.
- **Defensive nature and lush dividend yield remain attractive.** SPTOTO should gain more attention as the group delivers lush prospective yields of 7.5-8.3% for FY27-29. Risk-reward remains palatable as current valuations have more than priced in existing downsides, especially when earnings are on course for a sequential recovery in the upcoming quarters. Such valuations are particularly appealing for SPTOTO given: a) its asset-light business model, and b) it doles out most of the domestic cash flows as dividends.

Earnings Revision/Risk

- **We reduced our FY27-29 earnings forecast by 9-10%** to factor in lower-than-expected ticket sales growth and higher prize payout assumptions.

Valuation/Recommendation

- **Maintain BUY with a lower target price of RM1.42 (from RM1.53)**, based on DCF assumptions (WACC: 7%, risk-free rate: 3.5%, terminal growth rate: 1%). Our target price implies 10x FY27F PE (-1.5SD below mean) and a 7% dividend yield.

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	6,307.8	6,461.0	6,037.8	6,181.8	6,365.2
EBITDA	485.3	514.2	444.9	431.1	436.4
Operating profit	400.6	430.1	364.9	357.8	365.7
Net profit (rep./act.)	220.4	237.0	188.9	186.4	195.9
Net profit (adj.)	220.4	237.0	188.9	186.4	195.9
EPS	16.3	17.5	12.7	13.8	14.5
PE (x)	7.8	7.3	10.1	9.3	8.8
P/B (x)	1.5	1.4	1.4	1.4	1.3
EV/EBITDA (x)	13.3	12.6	15.3	14.5	14.1
Dividend yield (%)	5.5	6.2	8.6	7.5	7.9
Net margin (%)	3.5	3.7	2.8	3.0	3.1
Net debt/(cash) to equity (%)	60.2	59.2	50.4	40.8	30.4
Interest cover (x)	6.9	6.3	5.8	6.7	7.7
ROE (%)	23.3	24.6	17.4	18.6	19.0
Consensus net profit	n.a.	n.a.	n.a.	198.0	211.6
UOBKH/Consensus (x)	n.a.	n.a.	n.a.	0.9	0.9

Source: SPTOTO, Bloomberg, UOB Kay Hian

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Market Spotlight

Market News

The FBMKLCI fell 8.42pt to close at 1,566.73 yesterday following profit-taking in blue chips. Meanwhile, Asian stocks traded mixed on Wednesday as investors weighed Nvidia's upbeat revenue outlook against lingering concerns over the sustainability of the artificial intelligence trade, while Japan's latest trade data and upcoming Federal Reserve meeting minutes added to the macroeconomic focus. The FBMKLCI's top gainers were MISC (+2.0%), YTL Corporation (+1.8%) and Maxis (+1.7%), while the top losers were Mr D.I.Y. Group (M) (-3.9%), Press Metal Aluminium Holdings (-3.1%) and Petronas Chemicals Group (-2.3%). In the broader market, gainers outpaced losers 630 to 430 with 476 counters unchanged. Turnover was 3.07b shares valued at RM2.69b.

Wall Street ended mixed in a choppy trading session on Wednesday, with the Nasdaq Composite in particular swinging between gains and losses as questions continued to swirl around Nvidia despite the chipmaker's blowout quarterly results and guidance. The Nasdaq eventually climbed 0.4% to close at 24,429.89 points. The tech-heavy index had earlier gained as much as 0.9% and fallen as much as 0.4%. The benchmark S&P 500 dipped 0.3% to settle at 7,321.18 points, having swung from as high as 0.4% to as low as 0.7%. The blue-chip Dow Jones Industrial Average slid 1.1% to conclude at 50,197.78 points. *(Sources: Investing.com)*

FBMKLCI, FCPO & FKLI Index Outlook

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FBMKLCI



Source: UOBKH ChartGenie

FTSE Bursa Malaysia KLCI

Last close:	1,566.73
Expected moving range:	1,570-1,600

Technical View:

The FBMKLCI continued to drop and penetrated the previous immediate support of 1,572 to close lower at 1,566.73 yesterday. The correction looked set to continue as selling pressure grew as reflected by the negative readings in RSI and MACD. Weaker regional sentiments as well as an absence of domestic catalysts may drag the index lower in the near term. Support and resistance levels are revised as follows:

Support: 1,560, 1,550

Resistance: 1,600, 1,636

FCPO



Source: TradingView

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

Technical BUY with +5.6% potential return

Trading BUY range:	RM4,300-4,400
Last price:	RM4,356
Target price:	RM4,599, RM4,692
Support:	RM4,311
Stop-loss:	RM4,309

BUY with a target price of RM4,692 and stop-loss at RM4,309. Based on the chart, FCPO continues the bullish movement and closed higher at RM4,356 yesterday. 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 RM4,599 and RM4,692 in the near term.

Expected timeframe: One day to three days

FKLI



Source: TradingView

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

Technical SELL with -1.1% downside

Trading BUY range:	1,560-1,580
Last price:	1,559
Target price:	1,554, 1,544
Resistance:	1,581
Stop-loss:	1,582

SELL with a target price of 1,544 and stop-loss at 1,582. Based on the chart, FKLI formed a series of lower highs and lower lows that indicates the downtrend pattern. This bearish movement is supported by the downtick in the RSI and bearish crossovers in both MACD and DMI indicators. We peg our targets at 1,554 and 1,544 in the near term.

Expected timeframe: One day to three days

Traders' Corner

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Source: UOBKH ChartGenie

Genetec Technology
GENE MK

Technical BUY on breakout with +29.5% potential return

Trading BUY range:	RM0.305-0.31
Last price:	RM0.29
Target price:	RM0.365, RM0.395
Support:	RM0.24
Stop-loss:	RM0.235

BUY on breakout with a target price of RM0.395 and stop-loss at RM0.235. Share price has made a healthy correction from the recent high and tested the immediate support of RM0.24 in the last few days. However, GENE rebounded off the support level to close above the BBI line yesterday, which in our view, places the uptrend back on course. A surging momentum as shown by an uptick in the RSI would likely prolong the upward movement. We peg our targets at RM0.365 and RM0.395 once it penetrates above the breakout level RM0.305.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading



Source: UOBKH ChartGenie

JS Solar Holding
JSSOLAR MK

Technical BUY on breakout with +31.1% potential return

Trading BUY range:	RM0.225-0.23
Last price:	RM0.215
Target price:	RM0.265, RM0.295
Support:	RM0.195
Stop-loss:	RM0.19

BUY on breakout with a target price of RM0.295 and stop-loss at RM0.19. PHR's chart shows the uptrend would be intact if the stock penetrates the RM0.225 level on higher trading volumes. This is supported by an uptick in the RSI. Currently, both the MACD and the DMI show positive signals to support the upward momentum. We peg our targets at RM0.265 and RM0.295bin the near term.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading



Source: UOBKH ChartGenie

Manforce Group
MFGROUP MK

Technical BUY on breakout with +25.4% potential return

Trading BUY range:	RM0.315-0.32
Last price:	RM0.30
Target price:	RM0.375, RM0.395
Support:	RM0.265
Stop-loss:	RM0.26

BUY on breakout with a target price of RM0.395 and stop-loss at RM0.26. The breakout above the RM0.315 level coupled with a positive close above the BBI line show further upside ahead. This is supported by positive RSI readings and a bullish crossover on the MACD. Currently, the DMI has just formed a bullish crossover to the positive signal. With the immediate resistance target set at RM0.375, the stock is expected to resume its ascent towards the psychological resistance of RM0.40 in the near term.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading

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