UOBKayHian

Country Daily | Malaysia

Tuesday, 24 November 2026



Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	49,595.3	3.0	(3.9)	(5.0)	3.2
S&P 500	7,237.2	4.7	(2.4)	(5.1)	5.7
FTSE 100	10,480.8	1.3	(3.7)	(2.0)	5.5
AS30	8,671.0	(0.3)	(5.4)	(2.6)	(3.9)
CSI 300	3,958.3	0.1	(0.5)	(3.6)	(14.5)
FSSTI	4,953.8	(0.4)	(4.4)	(8.6)	6.6
HSCEI	7,528.0	(0.3)	(5.7)	(2.9)	(15.5)
HSI	22,383.7	(0.1)	(5.8)	(3.1)	(12.7)
JCI	5,215.9	1.4	(2.0)	(4.1)	(39.7)
KLCI	1,549.1	(0.5)	(2.5)	(3.9)	(7.8)
KOSPI	4,708.5	(3.3)	(7.7)	(15.2)	11.7
Nikkei 225	56,436.7	(5.1)	(7.7)	(10.0)	12.1
SET	1,454.5	0.1	(3.0)	(6.9)	15.5
TWSE	36,811.9	2.2	(10.3)	(20.0)	27.1
BDI	3,000	3.5	2.7	12.8	59.8
CPO (RM/mt)	4,065	0.7	(2.5)	(9.2)	3.4
Brent Crude (US$/bbl)	89	(3.5)	(3.4)	(23.5)	46.8

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
Corporate Roadshow with NTT DC REIT (NTTDCR SP)	Kuala Lumpur	25 Nov	25 Nov
Virtual Analyst Presentation by Jonathan Koh on S-REITs Results Wrap	Singapore	25 Nov	25 Nov
Regional 1H2027 Strategy Conference	Malaysia	02 Dec	02 Dec

Corporate and Macro Calendar

Economic Indicator/Event	Country/Region	Date
PMI	Malaysia	01 Dec
Foreign Reserves	Malaysia	07 Dec

Top Stories

Company Results | KPJ Healthcare (KPJ MK/**BUY**/RM2.66/Target: RM3.85) Page 3 →

- KPJ's 3Q26 results came in within expectations, with robust patient volume managing to offset a slight decline in revenue intensity. We view the moderation in 3Q26 revenue intensity as temporary, with the longer-term upward trend remaining intact, underpinned by the ongoing expansion of the group's COEs. Maintain BUY and target price of RM3.85.

Company Results | Malayan Banking (MAY MK/**BUY**/RM9.89/Target: RM11.58) Page 6 →

- Maybank's 3Q26 net profit is in line with expectations. Upgrade to BUY with an unchanged target price of RM11.58 (1.27x 2027F P/B, ROE:11.2%) for its valuation and resilient earnings delivery. The stock is currently trading at -1SD to its historical mean P/B.

What's Inside

Company Results | KLCCP Stapled Group (KLCCSS MK/**BUY**/RM8.29/Target: RM8.78) Page 9 →

- Results were below expectations, on lower margins from retail and management services. KLCCSS declared a 9.5 sen DPU for 3Q26. The office segment remained stable, while retail margins were weighed by higher promotional spending, which management expects to ease in 4Q26. The hotel segment rebounded qoq on stronger F&B, and we expect further improvement in 4Q26 and 2027 as refurbished serviced apartments return to inventory. Upgrade to BUY from HOLD with a lower target price of RM8.78.

Company Results | SKP Resources (SKP MK/**HOLD**/RM0.315/Target: RM0.29) Page 10 →

- SKP's 2QFY27 earnings of RM13.6m came in within expectations, lifting 1HFY27 earnings back to black at RM9.8m. While tariff clarity has improved visibility, we still expect earnings headwinds for EMS players from softer consumer demand and margin compression. Notably, SKP is in active discussions to on-board a new prospect, in addition to securing new model awards from customers acquired in recent years and two new models from an existing key customer. Maintain HOLD with an unchanged target price of RM0.29.

Market Spotlight

Page 11 →

- The FBMKLCI fell 7.46pt on Monday to close lower at 1,549.05 as as the AI-led rout in regional markets gained speed.
- US stocks were higher after the close on Monday, as gains in the technology, industrials and basic materials sectors led shares higher.

Technical Analysis

FBMKLCI, FCPO & FKLI Index Outlook Page 12 →

Traders' Corner Page 14 →

Wasco | WSC MK Page 14 →

- Trading Buy Range: RM0.74-0.75

Leong Hup International | LHIB MK Page 14 →

- Trading Buy Range: RM0.75-0.76

MSM Malaysia Holdings | MSM MK Page 15 →

- Trading Buy Range: RM0.69-0.70

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.

KPJ Healthcare (KPJ MK)

3Q26: Within Expectations; Robust Patient Volume

Highlights

- KPJ's 3Q26 earnings are deemed in line with expectations, accounting for 67%/69% of our/consensus full-year forecasts respectively, as we expect a seasonally stronger 4Q26, supported by improved case mix and revenue intensity.
- We view the moderation in 3Q26 revenue intensity as temporary, with the longer-term upward trend remaining intact, underpinned by the ongoing expansion of the group's COEs.
- Maintain BUY and target price of RM3.85, pegged to a PE of 36.8x (+1.5SD to its pre-pandemic five-year mean).

3Q26 Results

Year to 31 Dec	3Q26 (RMm)	qoq % chg	yoy % chg	9M26 (RMm)	yoy % chg
Revenue	1,248.5	4.3	11.8	3,495.0	12.3
Cost of sales	(704.2)	6.5	13.0	(1,959.6)	0.4
Gross profit	544.3	1.6	10.4	1,535.3	12.8
EBITDA	274.1	3.2	6.4	760.8	8.7
Pretax profit	207.8	28.9	36.8	477.5	25.5
Core Net Profit	106.3	2.3	13.2	279.9	20.1
Margins	%	+/- ppt	+/- ppt	%	+/- ppt
Gross margin	43.6	(1.2)	(0.6)	43.9	0.2
EBITDA margin	22.0	(0.2)	(1.1)	21.8	(0.7)
Effective tax rate	22.7	(5.2)	(7.8)	25.8	(5.1)
Core margin	8.5	(0.2)	0.1	8.0	0.5

Source: KPJ, UOB Kay Hian

Analysis

- **Within expectations.** KPJ Healthcare (KPJ) reported a 3Q26 net profit of RM106.3m (+2.3% qoq, +13.2% yoy), bringing 9M26 net profit to RM279.9m (+20.1% yoy). We deem the results to be in line with expectations, accounting for 67%/69% of our/consensus full-year forecasts respectively, as we expect a seasonally stronger 4Q26, supported by improved case mix and revenue intensity. In the past, 4Q has contributed the largest share of annual earnings, with 4Q24/4Q25 accounting for 34%/35% respectively of the group's 2024/25 earnings.
- An interim DPS of 1.1 sen was declared, bringing 9M26 DPS to 3.45 sen (9M26: 3 sen).

Key Financials

Year to 31 Dec (RMm)	FY25	FY26	FY27F	FY28F	FY29F
Net turnover	3,922.2	4,258.4	4,746.7	5,293.3	5,927.8
EBITDA	935.5	998.0	1,091.0	1,202.3	1,306.6
Operating profit	656.5	687.8	773.5	847.9	910.3
Net profit (rep./act.)	331.1	366.0	414.8	469.7	516.3
Net profit (adj.)	331.1	366.0	414.8	469.7	516.3
EPS	7.4	8.1	9.2	10.4	11.5
PE (x)	47.4	42.8	37.8	33.4	30.4
P/B (x)	6.2	5.7	5.4	5.0	4.7
EV/EBITDA (x)	20.2	18.9	17.1	15.7	14.7
Dividend yield (%)	1.2	1.3	1.6	1.8	2.0
Net margin (%)	8.4	8.6	8.7	8.9	8.7
Net debt/(cash) to equity (%)	41.9	22.6	27.1	30.5	34.3
Interest cover (x)	5.4	5.8	5.7	6.2	6.7
ROE (%)	14.2	15.0	16.4	17.9	19.0
Consensus net profit	n.a.	n.a.	407	455	501
UOBKH/Consensus (x)	n.a.	n.a.	1.02	1.03	1.03

Source: KPJ, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	RM2.66
Target Price	RM3.85
Upside	44.7%

Stock Data

Sector	Health Care
Bloomberg ticker	KPJ MK
Shares issued (m)	4,426.3
Market cap (RMm)	12,040.8
Market cap (US$m)	2,920.6
3-mth avg daily t'over (US$m)	4.8

Price Performance (%)

52-week high/low				RM3.53/RM2.31
1mth	**3mth**	**6mth**	**1yr**	**YTD**
11.7	(5.0)	(15.5)	2.3	(1.1)

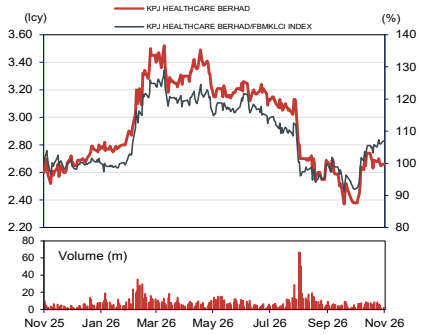
Major Shareholders (%)

Johor Corporation	44.6
Employees Provident Fund	15.2

Balance Sheet Metrics

FY26 NAV/Share (RM)	0.6
FY26 Net Debt/Share (RM)	0.2

Price Chart



Source: Bloomberg

Company Description

Malaysia's largest private hospital operator.

- **Robust patient volume offset by softer revenue intensity.** Revenue grew 4.3% qoq primarily due to higher inpatient admissions (+7.9% qoq), with bed occupancy rate improving 6ppt to 74% (2Q26: 68%). However, this was partially offset by a moderation in revenue intensity (-4% qoq), likely due to lower case complexity, despite recording a higher number of surgeries (+6.1% qoq). On a yoy basis, revenue growth remained decent (+11.8% yoy) supported by both higher inpatient volume (+9.7%) and revenue intensity (+1.5%).
- **Lower effective tax rate supported net margin.** 3Q26 gross margin declined by 1.2ppt qoq to 43.6%, likely reflecting lower revenue intensity. Nonetheless, net margin remained relatively stable at 8.5% (-0.2ppt) supported by a lower effective tax rate of 22.7% (9M26: 25.8%).
- **Long-term revenue intensity trend remains on an uptrend.** We view the moderation in 3Q26 revenue intensity as temporary, with the longer-term upward trend remaining intact. This is underpinned by KPJ's ongoing efforts to broaden its subspecialty offerings and expand its Centres of Excellence (CoE) across its hub-and-spoke hospital network, with the fourth CoE at Johor Specialist Hospital (cancer) slated for launch in 4Q26. We believe the growing contribution from higher-acuity and more complex cases will continue to drive revenue intensity upwards, supporting a stronger earnings mix and sustained earnings growth.

Valuation/Recommendation

- **Maintain BUY and target price of RM3.85,** pegged to a PE of 36.8x, reflecting +1.5SD to its pre-pandemic five-year mean. We continue to like KPJ for its: a) strong execution capabilities, as exhibited by the record gestation of KPJ Kuala Selangor; b) inflection point of gestating hospitals; c) aggressive multi-year brownfield expansion that is margin accretive; and d) highly domesticated and defensive shield against uncertain externalities.

Earnings Revision/Risk

- **No changes to earnings.**
- **Key downside risks include**: a) tightening of regulatory policy, b) slow progress in executing the expansion plan, and c) inability to pass on operating cost increases to customers.

Share Price Catalyst

- **Strategic direction remains intact despite leadership transition.** KPJ has reiterated its commitment to executing its existing Strategic Plan, with the current management team continuing to drive key initiatives, particularly brownfield expansion and the development of its CoEs. We expect limited near-term operational disruption, with earnings growth continuing to be supported by healthy patient volumes and ongoing capacity expansion. Nevertheless, the pace of execution remains a key monitorable, particularly if the appointment of a permanent Managing Director is prolonged.
- **Long-term growth pipeline.** By 2030, the group targets to add 2,200 new beds to its current base of 3,934 operating beds (2025), representing a 56% capacity increase or a 9.3% five-year CAGR across nine hospitals. The expansion will be focused on high-occupancy facilities and align with KPJ's regional hub-and-spoke model, enabling more efficient scaling of capacity and better utilisation of resources across its network.

Key Assumptions

	2026F	2027F	2028F
Inpatient volume growth (%)	6.7	8.3	8.7
Outpatient volume growth (%)	3.0	3.0	3.0
Occupancy rate (%)	72	68	66.0
Average no.. of beds	3,900	4,234	4,584

Source: KPJ, UOB Kay Hian

Environmental, Social and Governance (ESG)

Environmental

- **Greenhouse gas emissions**. Reduce greenhouse gas (GHG) emissions by 25% across 42 facilities by 2025, supported by energy optimisation projects, renewable energy adoption and green electricity procurement.
- **Climate change**. Net Zero emissions by 2050, guided by KPJ's ESG roadmap and phased decarbonisation strategy.

Social

- **Community contribution. Expand access to affordable healthcare,** particularly for underserved communities through initiatives such as **Klinik Waqaf An-Nur (KWAN)** and outreach programmes.
- **Maintain high patient satisfaction levels**, supported by continuous monitoring of service quality and patient-centric healthcare delivery.

Governance

- **Transparency and accountability** are enhanced through **ESG reporting aligned with Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB) and Bursa Malaysia sustainability frameworks.**

Profit & Loss

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Net turnover	**4,258**	**4,747**	**5,293**	**5,928**
EBITDA	998	1,091	1,202	1,307
Deprec. & amort.	310	318	354	396
EBIT	688	773	848	910
Associate contributions	49	49	49	49
Net interest income/(expense)	(173)	(192)	(194)	(195)
Pre-tax profit	**563**	**630**	**703**	**764**
Tax	(162)	(175)	(188)	(196)
Minorities	(36)	(41)	(45)	(51)
Net profit	**366**	**415**	**470**	**516**
Net profit (adj.)	366	415	470	516

Balance Sheet

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Fixed assets	2,792	3,283	3,811	4,420
Other LT assets	3,256	3,096	3,188	3,306
Cash/ST investment	1,006	837	681	492
Other current assets	990	1,074	1,185	1,316
Total assets	**8,045**	**8,290**	**8,865**	**9,534**
ST debt	269	269	269	269
Other current liabilities	1,048	1,086	1,159	1,301
LT debt	1,360	1,360	1,360	1,360
Other LT liabilities	2,364	2,366	2,636	2,908
Shareholders' equity	2,758	2,922	3,109	3,313
Minority interest	247	288	333	384
Total liabilities & equity	**8,045**	**8,290**	**8,865**	**9,534**

Cash Flow

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Operating	**893**	**868**	**981**	**1,095**
Pre-tax profit	563	630	703	764
Tax	(141)	(175)	(188)	(196)
Deprec. & amort.	233	234	267	304
Working capital changes	(49)	(49)	(49)	(49)
Other operating cashflows	25	(34)	(14)	10
Investing	263	262	262	262
Capex (maintenance)	**13**	**(708)**	**(776)**	**(894)**
Investments	(270)	(708)	(776)	(894)
Proceeds from sale of assets	241	0	0	0
Others	42	0	0	0
Financing	**(509)**	**(329)**	**(362)**	**(390)**
Dividend payments	(185)	(251)	(283)	(312)
Issue of shares	0	0	0	0
Proceeds from borrowings	83	0	0	0
Loan repayment	(193)	0	0	0
Others/interest paid	(214)	(78)	(78)	(78)
Net cash inflow (outflow)	**397**	**(169)**	**(156)**	**(189)**
Beginning cash & cash equivalent	**614**	**1,006**	**837**	**681**
Changes due to forex impact	(5)	0	0	0
Ending cash & cash equivalent	**1,006**	**837**	**681**	**492**

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	23.4	23.0	22.7	22.0
Pre-tax margin	13.2	13.3	13.3	12.9
Net margin	8.6	8.7	8.9	8.7
ROA	5.3	5.7	6.0	6.2
ROE	12.2	13.2	13.7	14.0
Growth				
Turnover	8.6	11.5	11.5	12.0
EBITDA	6.7	9.3	10.2	8.7
Pre-tax profit	6.1	11.9	11.5	8.6
Net profit	10.1	13.5	13.1	10.1
Net profit (adj.)	10.1	13.5	13.1	10.1
EPS	10.1	13.5	13.1	10.1
Leverage				
Debt to total capital	35.1	33.7	32.1	30.6
Debt to equity	54.2	50.7	47.3	44.0
Net debt/(cash) to equity	20.7	24.6	27.5	30.7
Interest cover	3.3	3.3	3.6	3.9

Malayan Banking (MAY MK)

3Q26: Cost Discipline And Improving Asset Quality

Highlights

- Maybank's 3Q26 net profit is in line with expectations.
- Solid cost discipline and lower provisions underpinned 3Q26 earnings.
- Upgrade to BUY with an unchanged target price of RM11.58 (1.27x 2027F P/B, ROE:11.2%) for its valuation and resilient earnings delivery. The stock is currently trading at -1SD to its historical mean P/B.

3Q26 Results

Year to 31 Dec (RMm)	3Q26	3Q25	yoy%	9M26	yoy%
Net Interest Income	3,125.7	3,268.0	(4.4)	9,490.0	(1.8)
Islamic Banking	2,328.6	2,092.8	11.3	6,806.4	6.9
Fees & Commissions	559.1	1,068.1	(47.7)	2,679.3	(9.6)
Net insurance income	551.0	(642.3)	(185.8)	278.4	(140.1)
Net trading income	(720.8)	883.6	(181.6)	556.2	(61.1)
Other Operating Income	1,657.1	793.5	108.8	2,301.3	(26.4)
Total Income	7,500.7	7,463.8	0.5	22,111.5	(3.3)
Operating Expenses	(3,808.6)	(3,652.9)	4.3	(11,043.3)	(1.2)
PPOP	3,692.0	3,810.9	(3.1)	11,068.2	(5.2)
Provisions	(232.8)	254.4	(191.5)	(1,031.0)	86.4
Writeback/(Impairment)	17.6	(608.3)	(102.9)	379.4	(154.1)
Associate	72.7	49.3	47.6	65.8	(64.9)
PBT	3,549.5	3,506.2	1.2	10,482.5	(1.2)
Net Profit	2,744.7	2,621.4	4.7	7,915.7	1.0
EPS (sen)	24.4	23.3	4.7	70.3	1.0
DPS (sen)	0.0	0.0	n.a.	31.0	3.3
Financial Ratios (%)	**3Q26**	**3Q25**	**yoy +/- ppt**	**2Q26**	**qoq +/- ppt**
Loan Growth, yoy	2.5	2.7	(0.3)	2.8	(0.3)
Loan/Deposit Ratio	100.0	94.9	2.1	97.9	5.1
Cost/Income Ratio	50.8	48.9	1.7	49.1	1.8
ROE	12.1	11.2	0.4	11.7	0.9
Gross Impairment Loan Ratio	1.3	1.3	(0.1)	1.3	(0.1)
Credit Costs (bp)	13.1	(15.0)	(5.0)	18.0	28.0

Source: Maybank, UOB Kay Hian

Analysis

- **In line**. Malayan Banking (Maybank) reported 3Q26 net profit of RM2.74b (+4.6% yoy, +2.0% qoq), bringing 9M26 net profit to RM7.91b (+1.0% yoy). 3Q26 results are in line, with 9M26 earnings accounting for 74% of our/consensus 2026 estimates.
- **9M26 earnings trend**. Maybank reported 9M26 net profit of RM7.92b (+1.0% yoy), underpinned by a 2.5% increase in net interest income, 10.6% growth in core fee income and a 48% reduction in net impairment losses. These were partly offset by a 14% decline in non-interest income, largely reflecting softer market-related income. Operating expenses declined 1.2% yoy, reflecting disciplined cost management, which helped cushion the weaker revenue performance.

Key Financials

Year to 31 Dec (RM m)	2024	2025	2026F	2027F	2028F
Net interest income	12,807	13,157	12,818	13,506	14,279
Non-Interest Income	8,419	8,569	8,922	9,326	9,611
Net profit (rep./act.)	10,089	10,514	10,669	11,090	11,743
Net profit (adj.)	10,089	10,514	10,669	11,090	11,743
EPS (sen)	89.7	93.5	97.8	99.9	103.9
PE (x)	11.0	10.6	10.1	9.9	9.5
P/B (x)	1.2	1.2	1.1	1.1	1.1
Dividend yield (%)	6.2	6.4	6.7	7.0	7.4
Net int margin (%)	2.17	2.20	2.20	2.21	2.22
Cost/income Ratio (%)	48.9	48.8	50.4	50.4	50.7
Loan loss cover (%)	122.4	98.3	124.0	129.9	131.2
Consensus net profit	-	-	10,454	11,134	11,777
UOBKH/Consensus (x)	-	-	1.02	1.00	1.00

Source: Maybank, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Upgraded)

Share Price	RM9.89
Target Price	RM11.58
Upside	17.1%

Stock Data

Sector	Financials
Bloomberg ticker	MAY MK
Shares issued (m)	12,140.9
Market cap (RMm)	120,073.0
Market cap (US$m)	29,583.4
3-mth avg daily t'over (US$m)	36.0

Price Performance (%)

52-week high/low				RM12.42/RM9.78
1mth	**3mth**	**6mth**	**1yr**	**YTD**
(1.7)	(6.7)	(10.1)	(0.5)	(5.6)

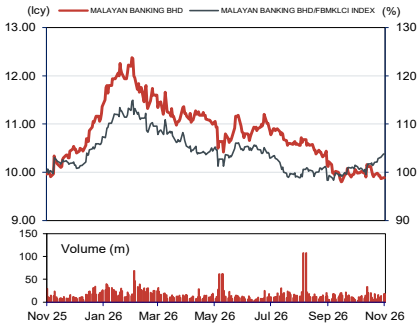
Major Shareholders (%)

Amanah Saham Nasional	34.3
Employees Provident Fund Board	11.8

Balance Sheet Metrics

FY26F NAV/Share (RM)	8.64
FY26F CAR Tier -1 (%)	16.0

Price Chart



Source: Bloomberg

Company Description

The largest banking group in Malaysia in terms of asset size. Maybank also has sizeable exposure to foreign markets, with foreign loans, mainly in Singapore and Indonesia, making up 33% of its loan base.

- **3Q26 net profit rose 2.0% qoq and 4.7% yoy to RM2.74b.** Sequentially, earnings were supported by a 2.0% increase in net interest income and lower impairment losses (-6.7% qoq), partly offset by a 4.4% decline in non-interest income and a 3.2% increase in operating expenses. On a yoy basis, the earnings growth was supported by higher net interest income (+2.3%) and lower impairment charges, which helped offset weaker non-interest income. NIM eased 3bps qoq to 2.07%, although it remained 5bps higher yoy.
- **NIM moderates but remains above FY26 guidance.** Group NIM declined 3bps qoq to 2.07% in 3Q26, reflecting broad-based pressure across Malaysia, Singapore and Indonesia. In Malaysia, stiffer deposit competition and mortgage yield compression weighed on margins. In Singapore, declining SORA rates saw assets reprice faster than deposits, while in Indonesia, rising funding costs amid faster deposit repricing pressured NIM. 9M26 NIM averaged 2.11%, up 7bps yoy and above management's 2026 guidance of 2.05–2.10%. Management expects further sequential compression in 4Q26, bringing full-year NIM broadly within guidance. To mitigate funding cost pressure, the group is gradually repricing selected wholesale loans and mortgagees and also diversifying its funding mix by locking in cheaper wholesale funding through the bond market.
- **Loans growth momentum strengthens**. Group loans grew 2.5% qoq and 4.6% yoy to RM713.3b, with growth broad-based across Malaysia (+4.9% ytd annualised), Singapore (+4.9%) and Indonesia (+4.9%). Excluding the forex impact, group loans grew 5.8% yoy and 2.0% qoq. Management maintained its 2026 loan growth guidance of 4-5% on a constant-currency basis.
- **Data centre exposure risk negligible**. The group has capped its total data centre loan exposure at RM8b, equivalent to approximately 1% of its loan book, with current drawdowns accounting for just 0.3%. Exposure to China-related data centres and offtakers represents around 30% of outstanding data centre loans, or a modest 0.1% of total group loans.
- **Asset quality improves.** Asset quality remained broadly stable, with the group's GIL ratio improving 8bps qoq to 1.27%, driven by corporate recoveries in Malaysia and Singapore. Both markets recorded lower GIL ratios, while Indonesia saw a marginal 1bp qoq uptick.
- **Overlay reversal drives credit cost improvement**. Management released RM200m of overlays in 3Q26, reducing the balance to RM2.4b following model changes and a reassessment of emerging portfolio risks. This supported a 4bps qoq improvement in net credit cost to 14bps. Despite the overlay release, the group's loan-loss coverage ratio, including regulatory reserves, strengthened to 123% in 3Q26 from 118% in 2Q26 on the back of improved GIL.
- **Capital takes a hit, but dividends remain intact.** The group's CET1 ratio declined 180bps qoq to 13.1% in 3Q26, largely due to higher bond yields (-60bps), the acquisition of the remaining Etiqa stake (-100bps) and forex impact (-20bps). However, as its fixed-income securities are predominantly MGS, the yield impact is largely reversible, with MGS yields already moderating qoq. Management also indicated that dividend payouts should remain largely intact even with a further deterioration in bond yields and hence capital ratio (subjected to BNM approval), given the flexibility to increase the DRP component if necessary. We have conservatively assumed a 68% payout ratio, below 1H26's 72% and the five-year average of 76%. As such, we believe the group's attractive dividend yield of above 6% remains sustainable despite the latest capital ratio decline.
- **2026 guidance is largely retained as follows**: a) ROE: 11.8%, b) loans growth: 4-5% (constant currency), c) net credit cost: 20bp, d) NIM: stable to +5bp, and e) cost-to-income ratio of around 49%.

Valuation/Recommendation

- **Upgrade to BUY with an unchanged target price of RM11.58 (1.27x 2027F P/B; ROE: 11.2%).** We take the opportunity to upgrade the stock to BUY following its recent share price retracement, which has brought valuations down to an attractive 1SD below its historical mean. Coupled with an attractive dividend yield of 6.6% and above-industry provisioning buffers, we believe the risk-reward profile has become increasingly compelling.

Earnings Revision/Risk

- No changes to our earnings forecasts.

Share Price Catalyst

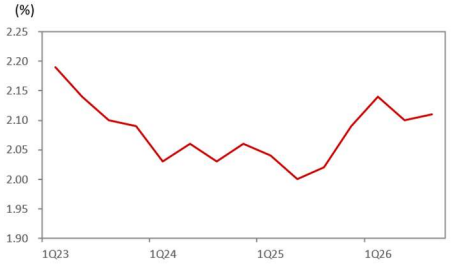
- Stronger-than-expected wealth management income.
- Lower-than-expected provisions.

Key Assumptions

(%)	2026F	2027F	2028F
Loan Growth	5.0	5.0	5.5
Credit Cost (bp)	20.0	20.0	20.0
ROE	11.0	11.2	11.6

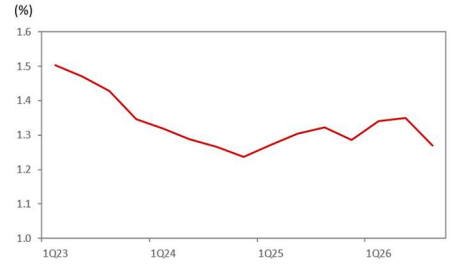
Source: UOB Kay Hian

Maybank NIM Trend



Source: Maybank, UOB Kay Hian

Maybank GIL Ratio Trend



Source: Maybank, UOB Kay Hian

Environmental, Social, Governance (ESG) Updates

Environmental

- **Green loan commitment.** To provide RM50b in sustainable financing by 2025.
- **Zero new coal financing.** Transition all stakeholders to zero carbon emission by 2050.

Social

- **Board and upper management gender diversity.** Maintained 25% female directors on the Board and 40% females in senior management.
- **Enhanced financial inclusion to B40.** Provide greater financial inclusion for vulnerable communities (affordable housing financing) and welfare assistance to vulnerable communities, especially the B40 consumers.

Governance

- **Composition of independent directors.** Composition of Independent Directors (INED) – 75%.

Source: Maybank, UOB Kay Hian

Profit & Loss

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Interest income	29,351	29,496	31,040	32,754
Interest expense	(16,194)	(16,678)	(17,534)	(18,475)
Net interest income	13,157	12,818	13,506	14,279
Fees & commissions	3,995	4,195	4,446	4,580
Other income	4,574	4,727	4,880	5,031
Non-interest income	8,569	8,922	9,326	9,611
Income from islamic banking	8,653	9,432	9,998	10,598
Total income	**30,380**	**31,172**	**32,830**	**34,487**
Staff costs	(8,734)	(9,433)	(9,999)	(10,599)
Other operating expense	(6,105)	(6,291)	(6,536)	(6,873)
Pre-provision profit	15,540	15,448	16,294	17,016
Loan loss provision	(562)	(1,440)	(1,519)	(1,603)
Other provisions	(919)	0	0	0
Associated companies	274	291	308	327
Other non-operating income	0	0	0	0
Pre-tax profit	14,334	14,299	15,084	15,740
Tax	(3,502)	(3,335)	(3,686)	(3,670)
Minorities	(317)	(296)	(308)	(326)
Net profit	**10,514**	**10,669**	**11,090**	**11,743**
Net profit (adj.)	10,514	10,669	11,090	11,743

Balance Sheet

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Cash with central bank	11,959	7,199	7,595	8,013
Govt treasury bills & securities	52,572	53,623	54,696	55,790
Interbank loans	14,030	14,171	14,312	14,456
Customer loans	676,981	708,576	747,505	788,527
Investment securities	204,151	218,349	233,518	249,725
Derivative receivables	17,640	17,640	17,640	17,640
Associates & JVs	1,832	1,832	1,832	1,832
Fixed assets (incl. prop.)	4,382	4,601	4,832	5,073
Other assets	70,035	74,623	79,686	85,287
Total assets	**1,053,584**	**1,100,615**	**1,161,616**	**1,226,342**
Interbank deposits	42,587	43,865	45,181	46,536
Customer deposits	730,993	767,543	809,758	854,294
Derivative payables	24,536	24,536	24,536	24,536
Debt equivalents	16,030	16,030	16,030	16,030
Other liabilities	142,595	147,746	161,018	175,434
Total liabilities	**956,742**	**999,719**	**1,056,523**	**1,116,830**
Shareholders' funds	93,445	97,202	101,091	105,184
Minority interest - accumulated	3,397	3,694	4,002	4,328
Total equity & liabilities	**1,053,584**	**1,100,615**	**1,161,616**	**1,226,342**

Cash Flow

Year to 31 Dec (RMm)	2024	2025F	2026F	2027F
Capital Adequacy				
Tier-1 CAR	16.4	16.0	15.7	15.5
Total CAR	20.0	21.3	20.9	20.5
Total assets/equity (x)	11.2	11.3	11.4	11.6
Tangible assets/tangible common equity (x)	12.0	12.0	12.2	12.4
Asset Quality				
NPL Ratio	1.3	1.3	1.2	1.2
Loan Loss Coverage	98.3	124.0	129.9	131.2
Loan Loss Reserve/Gross Loans	1.6	1.6	1.6	1.6
Increase in NPLs	5.8	3.9	1.0	5.2
Credit Cost (bp)	8.2	20.0	20.0	20.0
Liquidity				
Loan/Deposit Ratio	92.6	92.3	92.3	92.3
Liquid Assets/Short-Term Liabilities	10.1	9.2	8.9	8.7
Liquid Assets/Total Assets	7.5	6.8	6.6	6.4

Key Metric

Year to 31 Dec (%)	2024	2025F	2026F	2027F
Growth (yoy chg)				
Net Interest Income	2.7	(2.6)	5.4	5.7
Fees & Commissions	4.3	5.0	6.0	3.0
Pre-Provision Profit	2.8	(0.6)	5.5	4.4
Net Profit	4.2	1.5	4.0	5.9
Customer Loans	0.0	0.0	0.0	0.0
Customer Deposits	2.1	4.7	5.5	5.5
Profitability	(1.5)	5.0	5.5	5.5
Net Interest Margin				
Cost/Income Ratio	2.20	2.20	2.21	2.22
Adjusted ROA	48.8	50.4	50.4	50.7
Reported ROE	1.0	1.0	1.0	1.0
Adjusted ROE	11.3	11.0	11.2	11.6
Valuation	11.3	11.0	11.2	11.6
P/BV (x)				
P/NTA (x)	1.2	1.1	1.1	1.1
Adjusted P/E (x)	1.3	1.2	1.2	1.1
Dividend Yield	10.6	10.1	9.9	9.5
Payout ratio	6.4	6.7	7.0	7.4

KLCCP Stapled Group
(KLCCSS MK/BUY/RM8.29/Target: RM8.78)

3Q26: Below Expectations On Weaker Services Margin; Upgrade To BUY On Share Price Weakness

Highlights

- **Below expectations.** KLCCP Stapled Group (KLCCSS) reported 3Q26 revenue of RM444m (+7% qoq, +3% yoy) and core net profit of RM204m (-0.3% qoq, -3% yoy). This brings 9M26 core net profit to RM613m (+0.2% yoy), representing 71%/70% of our/consensus full-year estimates. The shortfall was mainly from weaker retail and management services margins. KLCCSS declared a 9.5 sen dividend for 3Q26 (flat yoy).
- **Office: Stable.** At full occupancy, the office segment recorded 3Q26 revenue of RM147m (+0.8% yoy) and operating profit of RM128m (flat yoy). Net property income margin was steady at 86.9% (3Q25: 87.6%), while PBT rose 1% yoy on lower financing costs post refinancing. Lease renewals for Menara 3 PETRONAS (end-Dec 26) and PETRONAS Twin Towers (Sep 27) are still under negotiation.
- **Retail: Tenant sales improved.** 3Q26 revenue edged up to RM142m (+0.4% yoy), but operating profit fell to RM117m (-1.4% yoy) on higher promotional and advertising spending, with NPI margin narrowing to 82.4% (-1.5ppt yoy). Occupancy held at 98%, footfall grew 4% yoy in 9M26, and MAT tenant sales decline narrowed to -1% yoy as of Sep 26 (vs -3% yoy as of end-1H26), supported by jewellery and watch sales. Rental reversion is running at mid-single-digits, and promotional expenses should ease in 4Q26.
- **Hotel: Mandarin Oriental's 3Q26 operating profit recovered to RM7.8m** (2Q26: RM1.1m; 3Q25: RM9.6m) on stronger F&B, mitigating reduced room inventory from the serviced apartment refurbishment. YTD occupancy stood at 65%, while 9M26 RevPAR rose 7% yoy to RM617. Of the 51 serviced apartments under renovation, 10 have reopened, 24 are due by end-Nov 26 and 17 in 1H27. Management expects higher ARR in 4Q26 and a better 2027.
- **Management services:** Revenue rose 14% yoy to RM117m on car park expansion and planned maintenance, but operating profit fell 2% yoy. Management explained that costs were previously shared with contractors during defect liability periods, and KLCC Urusharta now bears them in full under a cost-plus arrangement.

Earnings Revision/Risk

- We cut our 2026F-28F earnings forecast by 5% to factor in a weaker margin from the management services segment.

Valuation/Recommendation

- **Upgrade from HOLD to BUY with a lower target price of RM8.78 (from RM9.46),** as we revised our earnings forecast and our cost of equity assumption from 6.8% to 6.9%. 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 5.5%/5.7% for 2027/28.

3Q26 Results

Year to 31 Dec (RMm)	3Q26	qoq%	yoy%	9M26	yoy%
Total Revenue	**443.7**	**6.7**	**3.3**	**1,271.2**	**2.0**
Office	147.4	0.5	0.8	440.4	0.3
Retail	142.5	(0.9)	0.4	429.9	1.6
Hotel	58.8	25.9	(1.7)	154.6	(1.7)
Management Services	116.9	17.5	13.7	308.6	6.9
Operating expenses	(175.7)	16.6	12.0	(473.7)	5.3
Operating profit	**268.0**	**1.1**	**(1.8)**	**797.5**	**0.0**
Office	128.1	(0.5)	(0.0)	386.0	0.3
Retail	117.4	(2.0)	(1.4)	356.2	0.7
Hotel	7.8	580.0	(18.6)	9.9	(28.0)
Management Services	21.2	1.4	(1.7)	62.4	1.8
Core net profit	**203.9**	**(0.3)**	**(2.5)**	**612.5**	**0.2**
EPU (sen)	11.29	(0.3)	(2.5)	33.9	0.2
DPU (sen)	9.50	2.2	0.0	28.1	0.7

Source: KLCCSS, UOB Kay Hian

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	1,711	1,740	1,748	1,810	1,878
Operating profit	1,067	1,077	1,049	1,073	1,098
Net profit (rep./act.)	1,017	1,280	820	850	873
Net profit (adj.)	782	816	820	850	873
EPU (sen)	43.3	45.2	45.4	47.1	48.3
DPU (sen)	44.5	47.0	46.8	48.5	49.8
PE (x)	19.1	18.3	18.2	17.6	17.2
P/B (x)	2.7	2.5	2.5	2.5	2.5
DPU Yld (%)	5.4	5.7	5.6	5.8	6.0
Net margin (%)	45.7	46.9	46.9	46.9	46.5
Net gearing (%)	22.8	20.9	21.5	21.7	21.9
Interest cover (x)	9.5	9.0	9.5	9.6	9.8
Consensus DPU (sen)	-	-	46.6	48.4	51.3
UOBKH/Consensus (x)	-	-	1.0	1.0	1.0

Source: KLCCSS, Bloomberg, UOB Kay Hian

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SKP Resources
(SKP MK/HOLD/RM0.315/Target: RM0.29)

2QFY27: Within Expectations; Near-Term Outlook Remains Challenging

Highlights

- **Within expectations.** SKP Resources (SKP) reported 2QFY27 revenue of RM502.8m (+49% qoq, -6% yoy), and core net profit of RM13.6m (+4.6x qoq, -51% yoy), lifting 1HFY27 earnings back to black at RM9.8m (-82% yoy).
- **2QFY27 sales improved 49% qoq** on higher order volume from customers. Alongside improved capacity utilisation, which allowed better absorption of fixed manufacturing overheads, the group registered core net profit of RM13.6m, with 1HFY27 bottom line swinging back to profit at RM9.8m.
- **Near-term headwinds persist but negated by new model awards.** While tariff clarity has improved visibility, we still expect earnings headwinds for EMS players from softer consumer demand and margin compression. Accordingly, we have based our forecasts on conservative assumptions. Notably, SKP is in active discussions to on-board a new prospect, in addition to securing new model awards from customers acquired in recent years and two new models from an existing key customer.
- **Short-term cost-down initiatives driving long-term opportunities.** Management noted that while tariff-related pressures may continue to affect profitability across the CM/EMS industry at least in the near term, the group has adopted a strategic approach to partially share the tariff cost burden with customers in exchange for higher order volumes. This cost-down initiative may lead to near-term margin compression, but it also positions the company to capture growth opportunities, as the current industry landscape encourages consolidation and allows established, resilient players like SKP to strengthen their market presence.

Earnings Revision/Risk

- None.

Valuation/Recommendation

- **Maintain HOLD with an unchanged target price of RM0.29,** still based on 13x FY27F PE (at -0.5SD below seven-year mean PE). Key risks include: a) single customer concentration risk, given that its largest customer will account for over 75% of FY26-27 total sales; and b) new production lines not coming on stream in time.

2QFY27 Results

Year to 31 Mar	2QFY27 (RMm)	qoq % chg	yoy % chg	1HFY27 (RMm)	yoy % chg
Revenue	**502.8**	**48.6**	**(6.4)**	**841.0**	**(19.9)**
EBITDA	33.3	241.2	(31.3)	43.1	(57.8)
Operating profit	18.0	465.9	(46.7)	13.1	(82.0)
Pre-tax profit	**17.7**	**452.1**	**(51.1)**	**12.7**	**(82.4)**
Net profit	13.6	455.5	(50.6)	9.8	(82.2)
Core net profit	**13.6**	**455.5**	**(50.6)**	**9.8**	**(82.2)**
Margins	**%**	**+/- ppt**	**+/- ppt**	**%**	**+/- ppt**
EBITDA	6.6	3.7	(2.4)	5.1	(4.6)
EBIT	3.6	5.0	(2.7)	1.6	(5.4)
Pre-tax profit	3.5	5.0	(3.2)	1.5	(5.3)
Core net profit	2.7	3.8	(2.4)	1.2	(4.0)

Key Financials

Year to 31 Mar (RMm)	2025	2026	2027F	2028F	2029F
Net turnover	2,222.6	1,812.7	1,477.3	1,839.9	2,086.6
EBITDA	206.8	112.8	90.8	120.5	145.4
Operating profit	151.4	54.4	41.0	70.7	95.6
Net profit (rep./act.)	117.0	33.6	34.7	57.5	76.7
Net profit (adj.)	117.0	47.6	34.7	57.5	76.7
EPS (sen)	7.5	3.0	2.2	3.7	4.9
PE (x)	4.2	10.4	14.2	8.6	6.4
P/B (x)	0.5	0.5	0.5	0.5	0.5
EV/EBITDA (x)	1.4	2.0	2.8	2.4	2.0
Dividend yield (%)	11.9	4.8	3.5	5.8	7.8
Net margin (%)	5.3	1.9	2.3	3.1	3.7
Net debt/(cash) to equity (%)	0.3			0.8	0.7
Interest cover (x)	267.2	87.2			
ROE (%)	12.8	3.7	3.8	6.2	8.0
Consensus net profit			31.5	53.1	64.8
UOBKH/Consensus (x)			1.10	1.08	1.18

Source: SKP, UOB Kay Hian

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Market Spotlight

Market News

The FBMKLCI fell 7.46pt on Monday to close lower at 1,549.05 as as the AI-led rout in regional markets gained speed. Meanwhile, Asian stocks slumped as concerns that the AI boom is losing steam dog major players in tech. The FBMKLCI's top gainers were MISC Berhad (+1.6%), Mr D.I.Y. Group (M) (+1.5%) and Sunway Berhad (+0.5%), while the top losers were YTL Corporation (-5.3%), IOI Properties Group (-4.7%) and Petronas Chemicals Group (-3.8%). In the broader market, losers outpaced gainers 851 to 293 with 457 counters unchanged. Turnover was 3.11b shares valued at RM2.82b.

US stocks were higher after the close on Monday, as gains in the technology, industrials and basic materials sectors led shares higher. At the close in NYSE, the Dow Jones Industrial Average added 3.01%, while the S&P 500 index climbed 4.74%, and the NASDAQ Composite index climbed 6.51%. Rising stocks outnumbered declining ones on the New York Stock Exchange by 2399 to 487 and 55 ended unchanged; on the Nasdaq Stock Exchange, 2804 rose and 746 declined, while 126 ended unchanged. *(Sources: Investing.com)*

FBMKLCI, FCPO & FKLI Index Outlook

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FBMKLCI



Source: UOBKH ChartGenie

FTSE Bursa Malaysia KLCI

Last close:	1,549.05
Expected moving range:	1,570-1,600

Technical View:

Based on the daily candlestick chart, the FBMKLCI continued to form lower highs and lower lows with the RSI registering a bearish crossover, which implies further weakness ahead. The index penetrated the previous immediate support of 1,550 and closed lower at 1.549.05 on Monday. This bearish movement is supported by a bearish crossover in MACD. Support and resistance levels are revised as follows:

Support: 1,550, 1,540

Resistance: 1,576, 1,600

FCPO



Source: TradingView

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

Technical BUY with +3.7% potential return

Trading SELL range:	RM4,180-4,220
Last price:	RM4,198
Target price:	RM4,275, RM4,352
Support:	RM4,147
Stop-loss:	RM4,146

BUY with a target price of RM4,352 and stop-loss at RM4,146. Based on the chart, FCPO reversed its earlier bearish movement and closed higher at RM4,198 on yesterday's movement. This bullish movement is supported by an uptick in the RSI and a bullish crossover in both the MACD and DMI indicators. We peg our targets at RM4,275 and RM4,352 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 +1.3% potential return

Trading BUY range:	1,550-1,560
Last price:	1,555
Target price:	1,563, 1,575
Resistance:	1,564
Stop-loss:	1,545

BUY with a target price of 1,575 and stop-loss at 1,545. Based on the chart, FKLI continues the bullish movement and closed higher at 1,555 on Monday. This bullish movement is supported by an uptick in the RSI and bullish crossovers in the MACD. We peg our targets at 1,563 and 1,575 in the near term.

Expected timeframe: One day to three days

Traders' Corner

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Source: UOBKH ChartGenie

Wasco
WSC MK

Technical BUY with +30.9% potential return

Trading BUY range:	RM0.74-0.75
Last price:	RM0.745
Target price:	RM0.86, RM0.975
Support:	RM0.695
Stop-loss:	RM0.69

BUY with a target price of RM0.975 and stop-loss at RM0.69. The stock has gradually recovered and established a bullish bias again after closing above the BBI line yesterday. The bullish crossover in the MACD points to growing momentum which could fuel further upside in the near term. Additionally, an uptick in the +DI line was supported by the ADX, indicating a stronger uptrend ahead. We peg our targets at RM0.86 and RM0.975 in the near term.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading



Source: UOBKH ChartGenie

Leong Hup International
LHIB MK

Technical BUY with +13.2% potential return

Trading BUY range:	RM0.75-0.76
Last price:	RM0.755
Target price:	RM0.815, RM0.855
Support:	RM0.70
Stop-loss:	RM0.695

BUY with a target price of RM0.855 and stop-loss at RM0.695. Based on the chart, LHIB moved above the 7- and 21-day EMA to close higher at RM0.755 on Monday. This is supported by the RSI and DMI indicators showing a positive signal to support the upward momentum. We expect the stock will continue the upward movement to our targets at RM0.815 and RM0.855 in the near term.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading



Source: UOBKH ChartGenie

MSM Malaysia Holdings
MSM MK

Technical BUY with +14.4% potential return

Trading BUY range:	RM0.69-0.70
Last price:	RM0.695
Target price:	RM0.74, RM0.795
Support:	RM0.65
Stop-loss:	RM0.645

BUY with a target price of RM0.795 and stop-loss at RM0.645. Despite consolidating within RM0.65 to RM0.67 in the past few weeks, share price has shown signs of resuming an uptrend. The stock has been climbing up gradually and penetrated above the BBI line on Monday. This is supported by an uptick in the RSI which is currently in a bullish mode. Additionally, the positive MACD and DMI readings suggest stronger momentum, which should lift the stock toward our targets of RM0.74 and RM0.795 in the near term.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading

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