UOBKayHian

Country Daily | Malaysia

Thursday, 26 November 2026



Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	50,183.0	0.3	(0.0)	(3.9)	4.4
S&P 500	7,182.8	(0.3)	(1.9)	(5.8)	4.9
FTSE 100	10,426.9	(0.4)	(1.2)	(2.5)	5.0
AS30	8,815.7	0.2	(0.2)	(1.2)	(2.3)
CSI 300	3,898.2	(1.7)	(2.1)	(5.0)	(15.8)
FSSTI	4,930.8	(0.6)	(2.5)	(9.0)	6.1
HSCEI	7,384.9	(0.9)	(5.8)	(5.3)	(17.2)
HSI	21,966.0	(1.1)	(5.7)	(4.9)	(14.3)
JCI	5,197.6	(0.8)	(1.0)	(3.3)	(39.9)
KLCI	1,562.3	0.0	(0.3)	(2.6)	(7.0)
KOSPI	4,697.5	(6.2)	(7.3)	(14.1)	11.5
Nikkei 225	57,011.6	(2.8)	(3.1)	(8.3)	13.3
SET	1,428.5	(1.6)	(3.0)	(9.5)	13.4
TWSE	38,195.4	(4.8)	(5.0)	(17.0)	31.9
BDI	3,107	1.3	6.6	16.8	65.5
CPO (RM/mt)	3,907	(1.9)	(6.5)	(12.1)	(0.7)
Brent Crude (US$/bbl)	95	3.7	3.1	(18.8)	55.7

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
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 | CIMB Group Holdings (CIMB MK/**BUY**/RM7.12/Target: RM8.80) Page 4 →

- CIMB's reported 3Q26 earnings are broadly in line. Earnings was impacted by NIM pressure, forex headwinds, and lower trading gains. Positively, the group declared RM596m in special dividends payable in Dec 26. Maintain BUY and target price of RM8.80.

Company Results | Genting Plantations (GENP MK/**BUY**/RM4.74/Target: RM6.54) Page 8 →

- GENP's 9M26 core net profit of RM307.4m (+15.5% yoy) was below our expectations but in line with consensus, at 72%/76% of our/consensus full-year forecasts respectively. 3Q26 core net profit fell 26.5% qoq to RM104.3m on higher upstream costs and a weaker property contribution. We cut 2026-28F net profit forecasts by 12% each. Maintain BUY with a lower target price of RM6.54 (previously RM7.42), based on 14x 2027F PE.

Company Results | Kerjaya Prospek Group (KPG MK/**BUY**/RM2.96/Target: RM4.00) Page 11 →

- KPG's 9M26 results broadly met our expectations. Construction earnings came in strong as margins grew off project completions while the property side remained expectedly quiet. Looking forward, the outlook appears bright with the continuous record-breaking replenishments and strong pipeline of contracts underpinning our growth assumptions. Maintain BUY with a higher target price of RM4.00 as we lift our 2027-2028 earnings to account for the higher replenishments.

Company Results | Kuala Lumpur Kepong (KLK MK/**BUY**/RM21.06/Target: RM28.14) Page 14 →

- KLK's FY26 core PATAMI of RM1,536m (+53.1% yoy) was 99.8% of our full-year forecast and 15% above consensus. A record FFB yield of 22.66 mt/ha offset a realised CPO price of RM3,787/tonne that fell 4.5% yoy. The reported net loss of RM118m reflects the RM1.61b Synthomer impairment. We roll our valuation base to FY27F and trim our target price to RM28.14. Maintain BUY.

Company Results | Pekat Group (PEKAT MK/**BUY**/RM2.13/Target: RM3.60) Page 17 →

- Pekat reported 3Q26 net profit of RM13m, driven by: a) robust ELP project execution, b) strong revenue contribution from EPE Switchgear, and c) healthy sales order from the trading division. The solar PV segment remained weak during the quarter, with the trading division growing as the second-largest top-line contributor. The PDE segment remains Pekat's largest orderbook constituent, making up 40% of its RM780m orderbook. Maintain BUY with an SOTP-based fair value of RM3.60/share.

Company Results | Sunway Bhd (SWB MK/**BUY**/RM4.10/Target: RM5.58) Page 20 →

- Results were in line, with yoy core PATAMI growth driven by new contributions from Sunway MCL and healthcare. 9M26 property sales of RM3.4b remain on track, while Malaysian launches could moderate in 2027 as management fine-tunes its product offerings. Singapore is expected to anchor growth, with a larger launch pipeline guided for 2027. Upgrade to BUY with a lower target price of RM5.58 (from RM5.61), as the recent share price weakness offers an attractive entry point.

Company Results | Telekom Malaysia (T MK/**BUY**/RM7.63/Target: RM8.60) Page 23 →

- TM reported a 3Q26 core net profit of RM443m (-16% yoy; +7% qoq). This excludes: a) a write-down on 5G access prepayment; b) Prihatin employee separation cost; c) FIFA World Cup broadcasting expense; d) copper monetisation; and e) forex loses and other non-recurring items. 9M26 core earnings came within expectation. The group declared a higher third interim dividend of 10.0 sen/share and revised its 2026 capex guidance lower to 16-18%. Maintain BUY with a DCF-based target price of RM8.60.

What's Inside

Company Results | Alliance Bank Malaysia (ABMB MK/**BUY**/RM4.62/Target: RM5.20) Page 26 →

- 2QFY27 net profit of RM208.5m (-16.0% qoq) brought 1HFY27 earnings to 53%/52% of our/consensus forecasts, in line. Loans grew 9.1% yoy, while NIM fell to 2.19%, prompting a cut in FY27 NIM guidance. NCC should normalise in 2H, though management expects it towards the lower end of 20–25bp. Upgrade to BUY; target price unchanged at RM5.20.

Company Results | Carlsberg Brewery Malaysia (CAB MK/**BUY**/RM12.56/Target: RM20.50) Page 28 →

- Carlsberg's 9M26 results met expectations. While 3Q26 headline numbers came in strong, sales volume was front loaded into the quarter ahead of a migration to a new inventory management system in October. As a result, inventory levels are currently elevated, which is expected to negatively impact sales volume going into 4Q26. Looking ahead, we trim our forecasts marginally, imputing softer volumes in the short-term following the migration. Maintain BUY with a lower target price of RM20.50.

Company Results | Coraza Integrated Technology (CORAZA MK/**BUY**/RM1.06/Target: RM1.45) Page 29 →

- Coraza's 9M26 results were above expectations thanks to stronger-than-expected demand from semiconductor equipment customers. 3Q26 revenue marks the group's 10th consecutive quarter of yoy growth and another record quarterly revenue achievement, supported by sustained demand from front-end and back-end semiconductor customers. Its outstanding orderbook currently stands at RM300m, +88% qoq, with the majority comprising robust semiconductor order loadings. We raise 2027 earnings forecast by 9-14% to account for higher sales assumption for the semiconductor segment. Maintain BUY. Target price: RM1.45.

Company Results | ITMAX System (ITMAX MK/**BUY**/RM4.07/Target: RM6.10) Page 30 →

- ITMAX's 3Q26 core net profit rose 28% yoy to RM32.6m, bringing 9M26 earnings to RM87.2m (74% of our full-year forecast), in line with expectations. Digital infrastructure solutions led growth, supported by Kuala Lumpur CCTV contracts and higher smart parking collections in Johor and Selangor. We expect earnings momentum to strengthen in the coming quarters, supported by higher contributions from the smart parking contract, delivery in CCTV and PERKESO employment portal project. Maintain BUY; target price: RM6.10.

Company Results | Northeast Group (NE MK/**BUY**/RM0.89/Target: RM1.36) Page 31 →

- FY26 results came in within expectations, with core net profit rising 45% yoy driven by robust semiconductor and photonics loadings, favourable product mix and stronger operating leverage. Outstanding orderbook rose 10% to >RM90m from RM82m last quarter, reinforcing earnings visibility. NE remains well positioned to capture accelerating AI infrastructure demand, supported by capacity expansion and continued migration up the value chain. Trimmed FY27-28 earnings forecasts by 4% each for house-keeping purposes. Maintain BUY with a lower target price of RM1.36.

Company Results | PPB Group (PEP MK/**BUY**/RM8.42/Target: RM11.60) Page 32 →

- PPB Group's 9M26 earnings came in below expectations, due to a weaker Wilmar contribution despite an encouraging performance from the cinema business. We cut our 2026/2027 earnings forecasts by 10%/9%, respectively. Maintain BUY with a lower target price of RM11.60 (from RM12.55), as we believe the subdued earnings outlook is largely priced in at the current valuation.

Company Results | WCT Holdings (WCTHG MK/**HOLD**/RM0.26/Target: RM0.27) Page 33 →

- WCT's 9M26 results missed expectations. The construction segment fell further into losses while finance costs picked up sequentially. Looking forward, WCT still appears operationally shaky with 3Q26 marking a full year since the construction segment fell into losses. Maintain HOLD with a lower target price of RM0.27 (from RM0.42).

Market Spotlight

Page 34 →

- The FBMKLCI rebounded by 0.61pt (+0.04%) to close at 1,562.29 yesterday.
- US stocks were mixed after the close on Wednesday, as gains in the basic materials, industrials and oil & gas sectors led shares higher while losses in the technology, healthcare and consumer services sectors led shares lower.

Technical Analysis

FBMKLCI, FCPO & FKLI Index Outlook Page 35 →

Traders' Corner Page 37 →

AirAsia Group | AAGB MK Page 37 →

- Trading Buy Range: RM0.525-0.53

Mega Fortis | MEGAFB MK Page 37 →

- Trading Buy Range: RM2.01-2.05

MHC Plantations | MHC MK Page 38 →

- Trading Buy Range: RM1.72-1.73

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.

CIMB Group Holdings (CIMB MK)

3Q26: Resilient Showing Despite Forex And NIM Headwinds

Highlights

- 3Q26 earnings are in line (-10% yoy, +3% qoq), impacted by NIM pressure, forex headwinds and lower trading gains.
- Healthy asset growth, strong fee income, and solid cost discipline helped cushion the weaker-than-expected NIM trend.
- The group declared an interim special dividend of RM596m.
- Maintain BUY and target price of RM8.80 (1.25x 2027F P/B, 11.5% ROE). The stock offers a lush dividend yield of 7.0% for 2026/27.

3Q26 Results

Year to 31 Dec (RMm)	3Q26	3Q25	yoy%	9M26	yoy%
Net Interest Income	2,735.3	2,818.7	(3.0)	8,126.0	(3.7)
Islamic Banking	1,203.2	1,307.1	(7.9)	3,619.4	(4.5)
Fees & Commissions	650.6	614.5	5.9	1,838.5	1.5
Other Operating Income	854.5	1,233.0	(30.7)	2,850.9	(6.6)
Modification loss	(21.2)	(25.6)	(17.0)	(40.1)	(3.8)
Total Income	5,422.3	5,947.7	(8.8)	16,394.6	(3.8)
Operating Expenses	(2,521.1)	(2,791.5)	(9.7)	(7,590.6)	(4.2)
PPOP	2,901.1	3,156.2	(8.1)	8,804.0	(3.5)
Allowance for impairment on loans	(452.7)	(433.7)	4.4	(1,251.1)	10.7
Impairment on securities	27.8	103.2	(73.1)	1.9	(97.7)
PBT	2,559.0	2,868.1	(10.8)	7,736.4	(5.2)
Net Profit	1,900.7	2,103.5	(9.6)	5,774.3	(3.5)
EPS (sen)	0.0	19.3	(100.0)	35.8	(35.1)
DPS (sen)	5.5	7.0	(21.4)	25.2	(6.0)
Financial Ratios (%)	**3Q26**	**3Q25**	**yoy +/- ppt**	**2Q26**	**qoq +/- ppt**
NIM	1.99	2.08	(0.09)	2.04	(0.05)
Loan Growth, yoy	4.1	2.0	1.5	2.6	2.1
Cost/Income Ratio	46.3	45.1	(0.4)	46.7	1.2
Reported ROE	10.8	11.1	(1.0)	11.8	(0.4)
NPL Ratio	1.6	1.6	(0.3)	1.9	(0.1)
Credit Costs (bp)	38.8	38.5	0.1	38.7	0.3
CET-1 CAR	13.6	13.9	(1.2)	14.8	(0.3)

Source: CIMB Group, UOB Kay Hian

Analysis

- **In line.** CIMB Group reported 3Q26 net profit of RM1.90b (-10% yoy, -1% qoq), bringing 9M26 earnings to RM5.77bb (-3.5% yoy). We deem the results **broadly in line,** at 73%/74% of our/consensus 2026 forecasts respectively. 9M26 earnings was impacted by NIM pressure, higher provisions from Niaga, and lower trading income. However, lower opex (-4% yoy) and strong wealth management fee income (10% yoy) helped to cushion the headwinds.

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net interest income	11,367	11,319	11,340	11,895	12,683
Non-Interest Income	6,197	6,245	6,533	6,855	7,155
Net profit (rep./act.)	7,728	7,860	7,961	8,559	9,227
Net profit (adj.)	7,728	7,860	7,961	8,559	9,227
EPS (sen)	71.8	73.0	73.9	79.5	86.2
PE (x)	9.9	9.8	9.6	9.0	8.3
P/B (x)	1.1	1.1	1.1	1.0	1.0
Dividend yield (%)	6.6	6.6	7.1	7.1	7.6
Net int margin (%)	2.29	2.24	2.17	2.13	2.11
Cost/income Ratio (%)	46.7	47.2	47.3	46.4	45.5
Loan loss cover (%)	105.3	103.2	125.8	143.6	158.3
Consensus net profit	-	-	7,772	8,361	8,901
UOBKH/Consensus (x)	-	-	1.02	1.02	1.04

Source: CIMB Group, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	RM7.12
Target Price	RM8.80
Upside	23.6%

Stock Data

Sector	Financials
Bloomberg ticker	CIMB MK
Shares issued (m)	10,751.8
Market cap (RMm)	76,552.5
Market cap (US$m)	18,860.9
3-mth avg daily t'over (US$m)	25.2

Price Performance (%)

52-week high/low				RM8.95/RM6.83
1mth	**3mth**	**6mth**	**1yr**	**YTD**
(0.4)	(10.6)	(7.9)	(3.8)	(13.7)

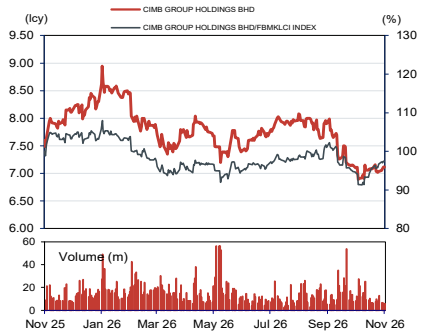
Major Shareholders (%)

Khazanah Nasional Bhd	21.5
EPF	17.9

Balance Sheet Metrics

FY26F NAV/Share (RM)	6.78
FY26F CAR Tier -1 (%)	15.2

Price Chart



Source: Bloomberg

Company Description

CIMB Group is Malaysia's largest investment bank and second-largest consumer bank and one of Southeast Asia's leading universal banking groups.

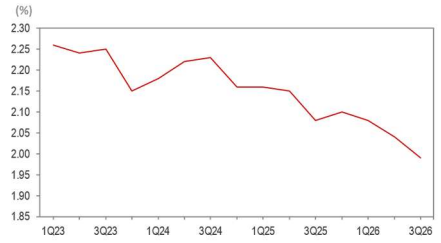
- **Underlying performance was more resilient after adjusting for forex translation.** On a reported basis, 9M26 total income declined 3.8% yoy, comprising a 3.0% decline in net interest income and a 6% decline in NOII. However, on a constant currency basis, total income grew a commendable 1.0% yoy, despite the sharp 10bp compression in NIM and impact of higher bond yields on trading income.
- **3Q26 earnings trend**. Group earnings declined 1% qoq**.** The key drags were a 5bp contraction in group NIM to 1.99% and a 7.4% decline in NOII. The decline in NOII was partly due to the high-base effect in 2Q26 which included a lumpy other income item. These were partly offset by lower total provisions (-9.2% qoq) and broadly stable operating expenses (+0.2%). On a yoy basis, 3Q26 earnings declined 10% yoy, dragged by 9bp in NIM, lower trading income, lower writebacks on impairment in securities, and higher provisions. The earnings pressure was partly cushioned by a 9.7% reduction in operating expenses, 5% fee income growth and strong 14% yoy growth in treasury client sales (forex hedging products).
- **NIM – Margin compression remains the key earnings headwind but management expects this to stabilise in 4Q26**. Group NIM declined another 5bp qoq to 1.99% in 3Q26, bringing the 9M26 average to 2.03%, down 10bp yoy (broadly in line with our forecast and the lower end of management guidance). Margin pressure was broad-based across the group's key markets, with Malaysia's NIM declining 2bp qoq to 1.72%, Indonesia's easing 7bp to 3.78%, Thailand's falling 6bp to 1.92% and Singapore's moderating 2bp to 1.18%. The continued pressure reflects a combination of more intense deposit competition, lower SORA in Singapore and rising interest rate cycle in Indonesia.
- **Asset quality – Group indicators remain healthy.** Group asset quality remained broadly stable, with gross impaired loan (GIL) ratio holding at a record-low 1.6% in 3Q26, while annualised loan loss charge (LLC) remained unchanged qoq at 38bp (35bp for 9M26). 9M26 net credit cost of 35bp came in at the upper end of guidance due largely to lumpy one-off provisions at CIMB Niaga following the OJK's revised treatment of repossessed vehicles. This provision should gradually reverse as the underlying assets are subsequently disposed.
- **Data centre exposure risk negligible**. The group's total data centre loan exposure stood at RM3.8b (0.8% of group loans). Exposure to China-related data centres and offtakers represents around 10% of outstanding data centre loans, or a modest 0.1% of total group loans.
- **Declares special dividend for 3Q26**. The group declared an interim special dividend of RM596m, payable in Dec 26, leaving RM200m of committed capital returns to be either distributed in 4Q26 or carried forward to 2027. The frontloading of special dividends into 2026 could lift our estimated 2026 DPS to 50sen (assuming the remaining RM200m is returned in 2027), from our previous estimate of 46sen, implying a dividend yield of ~7%. We retain our 2027 DPS assumption, with the revised estimates translating into an attractive dividend yield of around 7% for both 2026 and 2027.
- **Capital management outlook – maintaining our 2027 dividend payout assumption despite front-loading of special dividends in 2026.** Despite the front-loading of its committed RM2b special dividends into 2026, we retain our 2027 dividend payout ratio assumption of 62%, above the group's recurring minimum payout policy of 55% (2026: 68%).

Key Assumptions

(%)	2026F	2027F	2028F
Loan Growth	5.0	5.2	5.5
Credit Cost (bp)	30.0	30.0	30.0
ROE	11.1	11.5	11.8

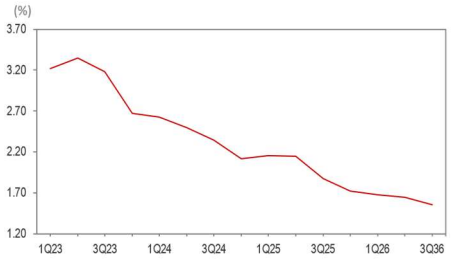
Source: UOB Kay Hian

CIMB Group NIM Trend



Source: CIMB Group, UOB Kay Hian

CIMB Group GIL Ratio Trend



Source: CIMB Group, UOB Kay Hian

Environmental, Social, Governance (ESG) Updates

Environmental

- **Green loan commitment.** To provide RM30b in sustainable financing by 2040.
- **Zero new coal financing.** Transition all stakeholders to zero carbon emission by 2050.

Social

- **Board and upper management gender diversity.** Maintained 30% female directors on the Board.
- **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

- **Non-independent board of directors composition.** Composition of Independent Non-Executive Directors (INED) – 60%.

Source: CIMB Group, UOB Kay Hian

- **This is supported by several factors**: a) the ongoing RWA optimisation has successfully lowered the group's RWA density, helping to preserve a stable and healthy 14.1% CET1 ratio in 3Q26 despite mark-to-market losses on bond holdings, with management confident of sustaining further optimisation; b) the full adoption of Basel III reforms in 2028 is expected to provide a slight positive uplift to CET1, creating additional capacity for capital distribution; c) optionality to potentially to return part of its Bt700b (RM840m) from CIMB Thai excess capital through special dividends; and d) its established track record of returning surplus capital over the past three years reinforces our confidence in continued shareholder distributions. Importantly, the current CET1 ratio of 14.1%, even before the anticipated Basel III uplift, remains comfortably above management's guided optimal level of 13%, providing sufficient capital headroom to sustain our payout assumption.
- **2026 guidance.** Management has retained all of its key 2026 guidance is as follows: a) ROE: 11.0-11.5%, b) asset growth: 5-7%, c) net credit cost: 25-35bp, d) NIM: stable to -10bp, and e) cost to income ratio: less than 47%.

Valuation/Recommendation

- **Maintain BUY and target price of RM8.80 (1.25x 2027F P/B, 11.5% ROE).** The stock offers a lush dividend yield of 7% for 2026. Valuations also remain inexpensive on both P/B (1.05x vs 11.1% ROE) and PE metrics (10.0x 2026).

Earnings Revision/Risk

- No revision to earnings.
- **Risks.** Key downside risks include: a) a sharper-than-expected depreciation of the rupiah, which could weigh on revenue translation from CIMB Niaga; b) weaker-than-anticipated asset quality trends; and c) heightened deposit competition, which may exert further pressure on NIM.

Share Price Catalyst

- Stronger-than-expected trading income.
- Higher-than-expected NIM.

Profit & Loss

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Interest income	25,145	26,269	27,822	29,533
Interest expense	(13,826)	(14,929)	(15,927)	(16,850)
Net interest income	11,319	11,340	11,895	12,683
Fees & commissions	2,380	2,666	2,986	3,284
Net Trading Income	92	94	96	98
Other income	3,773	3,773	3,773	3,773
Income from islamic banking	4,959	5,256	5,572	5,906
Total income	**22,523**	**23,129**	**24,321**	**25,744**
Staff costs	(6,344)	(6,849)	(7,397)	(7,991)
Other operating expense	(4,283)	(4,097)	(3,877)	(3,734)
Pre-provision profit	11,896	12,183	13,047	14,019
Loan loss provision	(1,382)	(1,420)	(1,491)	(1,566)
Other provisions	128	(149)	(140)	(140)
Associated companies	94	74	75	75
Other non-operating income	(56)	0	0	0
Pre-tax profit	10,680	10,688	11,491	12,389
Tax	(2,652)	(2,565)	(2,758)	(2,973)
Minorities	(169)	(162)	(175)	(188)
Net profit	**7,860**	**7,961**	**8,559**	**9,227**
Net profit (adj.)	7,860	7,961	8,559	9,227

Balance Sheet

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Cash with central bank	8,217	16,567	17,395	18,265
Govt treasury bills & securities	16,557	16,888	17,226	17,570
Interbank loans	4,658	5,081	5,544	6,048
Customer loans	444,920	463,883	486,059	509,344
Investment securities	214,202	239,621	267,949	299,519
Derivative receivables	15,266	17,097	19,149	21,447
Associates & JVs	2,381	2,500	2,625	2,756
Fixed assets (incl. prop.)	2,567	2,454	2,339	2,221
Other assets	69,956	76,561	83,937	92,181
Total assets	**778,724**	**840,653**	**902,223**	**969,352**
Interbank deposits	49,908	53,232	56,789	60,596
Customer deposits	510,047	530,449	551,667	573,734
Derivative payables	58,457	60,953	63,555	66,271
Debt equivalents	29,410	29,410	29,410	29,410
Other liabilities	58,994	92,471	123,312	158,243
Total liabilities	**706,817**	**766,515**	**824,734**	**888,253**
Shareholders' funds	70,561	72,630	75,805	79,227
Minority interest - accumulated	1,347	1,509	1,684	1,872
Total equity & liabilities	**778,724**	**840,653**	**902,223**	**969,352**

Cash Flow

Year to 31 Dec (RMm)	2024	2025F	2026F	2027F
Capital Adequacy				
Tier-1 CAR	(0.4)	0.2	4.9	6.6
Total CAR	1.3	12.0	12.0	10.0
Total assets/equity (x)	0.1	2.4	7.1	7.5
Tangible assets/tangible common equity (x)	1.7	1.3	7.5	7.8
Asset Quality	0.6	4.3	4.8	4.8
NPL Ratio	2.8	4.0	4.0	4.0
Loan Loss Coverage				
Loan Loss Reserve/Gross Loans	2.24	2.17	2.13	2.11
Increase in NPLs	47.2	47.3	46.4	45.5
Credit Cost (bp)	1.0	1.0	1.0	1.0
Liquidity	11.2	11.1	11.5	11.9
Loan/Deposit Ratio	11.2	11.1	11.5	11.9
Liquid Assets/Short-Term Liabilities				
Liquid Assets/Total Assets	1.1	1.1	1.0	1.0

Key Metric

Year to 31 Dec (%)	2024	2025F	2026F	2027F
Growth (yoy chg)				
Net Interest Income	(0.4)	0.2	4.9	6.6
Fees & Commissions	1.3	12.0	12.0	10.0
Pre-Provision Profit	0.1	2.4	7.1	7.5
Net Profit	1.7	1.3	7.5	7.8
Customer Loans	0.6	4.3	4.8	4.8
Customer Deposits	2.8	4.0	4.0	4.0
Profitability				
Net Interest Margin	2.24	2.17	2.13	2.11
Cost/Income Ratio	47.2	47.3	46.4	45.5
Adjusted ROA	1.0	1.0	1.0	1.0
Reported ROE	11.2	11.1	11.5	11.9
Adjusted ROE	11.2	11.1	11.5	11.9
Valuation				
P/BV (x)	1.1	1.1	1.0	1.0
P/NTA (x)	1.2	1.2	1.1	1.1
Adjusted P/E (x)	9.8	9.6	9.0	8.3
Dividend Yield	6.6	7.1	7.1	7.6
Payout ratio	64.5	68.4	63.4	63.0

Genting Plantations (GENP MK)

3Q26: Below Expectations On Higher Upstream Costs

Highlights

- GENP's 9M26 core net profit of RM307.4m (+15.5% yoy) was below our expectations but in line with consensus, at 72%/76% of our/consensus full-year forecasts. Higher upstream costs and a weaker property contribution were the main drags.
- 3Q26 core net profit fell 26.5% qoq to RM104.3m. Plantation EBITDA fell 2.7% qoq despite 6.3% higher FFB output and a 3.3% higher CPO price, as costs per tonne rose, while property EBITDA dropped to RM6.8m from RM20.6m.
- We cut 2026-28F net profit forecasts by 12% each. Maintain BUY with a lower target price of RM6.54 (previously RM7.42), based on 14x 2027F PE.

3Q26/9M26 Results

Year to 31 Dec (RMm)	3Q26	qoq %	yoy %	9M26	9M25	yoy %
Revenue	**938.5**	**(5.8)**	**10.8**	**2,655.5**	**2,333.4**	**13.8**
Adjusted EBITDA	267.1	(11.6)	21.2	767.8	678.1	13.2
- Plantation	260.0	(2.7)	27.0	713.1	646.5	10.3
- Property	6.8	(67.0)	(44.3)	35.3	36.9	(4.3)
- Downstream manufacturing	0.9	(92.0)	(30.8)	17.3	(0.8)	n.m.
Minority interests	32.5	157.8	n.m.	51.1	4.9	n.m.
Core net profit	**104.3**	**(26.5)**	**4.0**	**307.4**	**266.2**	**15.5**
Adj. EBITDA margin (%)	**28.5**	**30.3ppt**	**26.0ppt**	**28.9**	**29.1**	**-0.2ppt**

Source: GENP, UOB Kay Hian

Analysis

- **Below our expectations, in line with consensus.** Genting Plantations' (GENP) 9M26 revenue rose 13.8% yoy to RM2,655.5m, adjusted EBITDA rose 13.2% to RM767.8m and core net profit rose 15.5% to RM307.4m. Core net profit excludes one-off items, mainly impairments on plasma receivables (RM23.3m in 9M26). 9M26 core net profit makes up 72% of our previous full-year forecast of RM425.0m and 76% of consensus (RM405.8m).
- **Higher upstream cost per tonne.** Plantation EBITDA rose 27.0% yoy to RM260.0m on 13.8% higher fresh fruit bunch (FFB) output and a 2.7% higher achieved CPO price. It fell 2.7% qoq, however, even though FFB output rose 6.3% and the CPO price 3.3%. EBITDA per tonne of FFB dropped 8% qoq to about RM437 (2Q26: RM477). This reflects heavier fertiliser application in 2H26, which GENP had locked in at 20-25% higher prices.

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	2,937.9	3,367.6	3,663.5	3,785.9	3,890.9
EBITDA	845.0	942.2	966.4	1,038.1	1,039.6
Net profit (rep./act.)	323.1	354.5	374.8	419.2	422.6
Net profit (adj.)	323.3	381.3	374.8	419.2	422.6
EPS (sen)	36.0	39.5	41.8	46.7	47.1
PE (x)	13.2	12.0	11.3	10.1	10.1
P/B (x)	0.8	0.9	0.8	0.8	0.8
EV/EBITDA (x)	6.6	6.2	6.1	5.6	5.5
Dividend yield (%)	5.3	5.9	6.1	6.3	6.8
ROE (%)	6.1	6.9	7.4	8.1	7.9
Consensus net profit	n.a.	n.a.	405.8	425.4	427.6
UOBKH/Consensus (x)	n.a.	n.a.	0.92	0.99	0.99

Source: GENP, Bloomberg, UOB Kay Hian

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BUY (Maintained)

Share Price	RM4.74
Target Price	RM6.54
Upside	+38.0%
Previous TP	RM7.42

Stock Data

Sector	Consumer Staples
Bloomberg ticker	GENP MK
Shares issued (m)	897.1
Market cap (RMm)	4,252.1
Market cap (US$m)	1,047.9
3-mth avg daily t'over (US$m)	0.3

Price Performance (%)

52-week high/low				RM6.13/RM4.70
1mth	**3mth**	**6mth**	**1yr**	**YTD**
(7.2)	(17.9)	(9.2)	(6.1)	(7.1)

Major Shareholders (%)

Genting Berhad	53.6
Employees Provident Fund	15.4

Balance Sheet Metrics

FY26 NAV/Share (RM)	5.69
FY26 Net Debt/Share (RM)	1.87

Price Chart



Source: Bloomberg

Company Description

Genting Plantations is a Malaysia-based oil palm planter with a landbank of about 64,100ha in Malaysia and 179,100ha (including plasma) in Indonesia, and seven oil mills in each country. It also has property development in Johor, AgTech, and downstream palm-based manufacturing businesses.

- **Weaker property quarter.** Property revenue fell 34.6% yoy and 30.9% qoq to RM56.2m, and EBITDA dropped to RM6.8m (2Q26: RM20.6m). 9M26 property EBITDA is only 45% of our previous full-year forecast. New U.Reka launches at Bandar Genting Indahpura should help in 2027.
- **Downstream margins back to normal.** Downstream EBITDA fell to RM0.9m from RM11.3m in 2Q26, which had benefitted from high-margin sales during the period of price volatility. Management expects margin pressure to continue because of excess refining capacity and competition from Indonesian refiners.
- **Minority interests are the key swing factor.** MI rose to RM51.1m in 9M26 from RM4.9m in 9M25, with RM32.5m in 3Q26 alone. Non-controlling interests on the balance sheet rose to RM263.4m from RM35.6m, mainly through a RM208m capital contribution that brought in no cash, while intangible assets rose to RM210.8m from RM0.8m.
- **Production growth to moderate.** FFB output rose 13.8% yoy to 595,000 tonnes in 3Q26 and 10.6% yoy in 9M26. October output of 205,000 tonnes was 7% higher yoy. Management expects El Niño to start weighing on output towards the end of 2026, partly offset by estates moving into higher-yielding age profiles.

Valuation/Recommendation

- **Maintain BUY with a lower target price of RM6.54,** based on an unchanged 14x 2027F PE (+0.5SD above the two-year average). The share price has fallen 22% since our upgrade on 23 Sep 26. At RM4.74, GENP trades at 11.3x 2026F and 10.1x 2027F PE with a 6.3% 2027F dividend yield.
- **CPO price assumptions unchanged.** We keep our CPO price assumptions at RM4,500/tonne for 2026 and RM4,700/tonne for 2027. GENP expects near-term price pressure from higher output, elevated stocks and lower crude oil prices, but sees it as temporary given Indonesian biodiesel demand and El Niño.

Earnings Revision/Risk

- **We cut our 2026-28F net profit forecasts by 12% each year** to RM374.8m/RM419.2m/RM422.6m, after raising MI to 14.5% of after-tax profit (9M26 level) from 3%. We continue to treat plasma impairments (RM23.3m in 9M26) as one-off; if they recur at the 9M26 rate, 2027F EPS would be about 6% lower. Our forecast implies 4Q26 core net profit of RM67.4m, below 3Q26's RM104.3m.
- **Key risks:** a) MI staying at the 3Q26 level of 26% of after-tax profit, which would cut 2027F EPS by a further 13%; b) a sharper fall in CPO prices; c) a bigger El Niño hit to 2027 output; and d) a wider discount on Indonesian CPO from the higher export levy and the export centralisation policy.

3Q26 Operating Summary

	3Q26	3Q25	yoy %
FFB ('000 tonnes)	**595**	**523**	**13.8**
CPO price (RM/tonne)	3,881	3,779	2.7
PK price (RM/tonne)	3,344	3,294	1.5
EBITDA (RMm)			
- Plantation	260.0	204.8	27.0
- Property	6.8	12.2	(44.3)
- Downstream	0.9	1.3	(30.8)
Plantation EBITDA/t (RM)	**437**	**392**	**11.6**

Source: GENP, UOB Kay Hian

Environmental, Social, Governance (ESG) Updates

Environmental
Committed to a zero-burning policy for all land clearing, and to no deforestation, no peat and no exploitation (NDPE). Member of the Roundtable on Sustainable Palm Oil (RSPO).
Social
Provides educational support to schools within its plantation areas in Malaysia and Indonesia, and helps smallholders gain access to certified markets.
Governance
Transparent governance, with an Anti-Bribery and Anti-Corruption Policy.

Source: GENP, UOB Kay Hian

Profit & Loss

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Net turnover	**3,367.6**	**3,663.5**	**3,785.9**	**3,890.9**
EBITDA	942.2	966.4	1,038.1	1,039.6
Deprec. & amort.	(305.4)	(296.3)	(299.8)	(302.6)
EBIT	636.9	670.0	738.2	736.9
Associate contributions	33.1	36.4	41.9	48.1
Net interest income/(expense)	(74.0)	(80.6)	(80.1)	(79.3)
Exceptional items	(26.8)	-	-	-
Pre-tax profit	**569.2**	**625.9**	**700.0**	**705.8**
Tax	(200.7)	(187.8)	(210.0)	(211.7)
Minorities	(14.0)	(63.3)	(70.8)	(71.4)
Net profit	**354.5**	**374.8**	**419.2**	**422.6**
Net profit (adj.)	381.3	374.8	419.2	422.6

Source: GENP, UOB Kay Hian

Balance Sheet

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Fixed assets	4,215.0	4,260.5	4,302.5	4,341.7
Other LT assets	2,408.7	2,445.1	2,486.9	2,535.1
Cash/ST investment	1,186.2	1,124.9	1,245.6	1,351.2
Other current assets	1,206.4	1,418.5	1,457.4	1,490.8
Total assets	**9,016.3**	**9,248.9**	**9,492.4**	**9,718.8**
ST debt	571.6	571.6	571.6	571.6
Other current liabilities	647.9	702.6	725.2	744.6
LT debt	2,135.2	2,135.2	2,135.2	2,135.2
Other LT liabilities	633.4	633.4	633.4	633.4
Shareholders' equity	4,992.7	5,107.3	5,257.3	5,392.9
Minority interest	35.5	98.9	169.7	241.1
Total liabilities & equity	**9,016.3**	**9,248.9**	**9,492.4**	**9,718.8**

Source: GENP, UOB Kay Hian

Cash Flow

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Operating	**517.0**	**540.6**	**731.7**	**734.6**
EBIT	636.9	670.0	738.2	736.9
Tax	(200.7)	(187.8)	(210.0)	(211.7)
Deprec. & amort.	305.4	296.3	299.8	302.6
Working capital changes	122.9	(157.4)	(16.3)	(14.0)
Other operating cashflows	(347.3)	(80.6)	(80.1)	(79.3)
Investing	**(406.8)**	**(341.9)**	**(341.9)**	**(341.9)**
Capex	(341.9)	(341.9)	(341.9)	(341.9)
Financing	**(822.0)**	**(260.1)**	**(269.1)**	**(287.1)**
Dividend payments	(242.2)	(260.1)	(269.1)	(287.1)
Net change in debt	(402.5)	-	-	-
Net cash inflow/(outflow)	**(711.8)**	**(61.4)**	**120.7**	**105.6**
Beginning cash & cash equivalent	**1,880.4**	**1,164.4**	**1,103.1**	**1,223.7**
Ending cash & cash equivalent	**1,164.4**	**1,103.1**	**1,223.7**	**1,329.4**

Source: GENP, UOB Kay Hian

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	28.0	26.4	27.4	26.7
Pre-tax margin	16.9	17.1	18.5	18.1
Net margin	10.5	10.2	11.1	10.9
ROE	6.9	7.4	8.1	7.9
Growth				
Turnover	14.6	8.8	3.3	2.8
EBITDA	11.5	2.6	7.4	0.1
Net profit (adj.)	17.9	(1.7)	11.8	0.8
Leverage				
Debt to equity	56.2	55.0	53.4	52.0
Net debt/(cash) to equity	32.5	32.9	29.7	27.0
Interest cover (x)	5.7	6.1	6.8	6.8
Operating				
FFB harvested ('000 tonnes)	2,014	2,181	2,154	2,238
FFB growth (%)	(2.6)	8.3	(1.3)	3.9
CPO price assumption (RM/t)	**4,300**	**4,500**	**4,700**	**4,600**

Source: GENP, UOB Kay Hian

Kerjaya Prospek Group (KPG MK)

9M26: In Line; Construction Continues To Deliver

Highlights

- KPG's 9M26 results met our expectations as the growing construction earnings offset the shortfall from the property segment.
- Looking forward, earnings should improve as KPG begins work on its newly secured contracts.
- We tweak our 2026/27/28 forecasts by -1%/+7%/+2% as we account for the higher replenishments in 2026.
- Maintain BUY with a higher target price of RM4.00 (from RM3.54).

9M26 Results

Year to 31 Dec	3Q26 (RMm)	qoq % chg	yoy % chg	9M26 (RMm)	yoy % chg
Revenue	**396.1**	**(1.7)**	**(30.1)**	**1,246.0**	**(21.0)**
Gross profit	105.1	34.9	5.2	281.7	7.5
EBITDA	111.3	27.0	49.4	280.7	20.6
EBIT	**106.5**	**23.6**	**47.6**	**268.9**	**23.3**
PBT	105.5	23.5	46.3	266.9	22.7
PATAMI	**69.9**	**5.4**	**21.1**	**193.5**	**22.4**
Core net profit	**65.4**	**20.1**	**(16.4)**	**182.0**	**2.2**
Margins	**%**	**+/- ppt**	**+/- ppt**	**%**	**+/- ppt**
Gross profit	26.5	7.2	8.9	22.6	6.0
EBIT	26.9	5.5	14.1	21.6	7.8
PBT	26.6	5.5	13.9	21.4	7.6
Core net profit	16.5	3.0	2.7	14.6	3.3

Source: KPG, UOB Kay Hian

Analysis

- **Broadly in line.** Kerjaya Prospek Group (KPG) reported a core net profit of RM182.0m (+2.2% yoy). We arrive at this after excluding a reversal for expected credit losses of RM3.7m and fair value gains on investments of RM7.8m. This broadly met our expectations but missed consensus, coming in at 71% and 68% of our and consensus full-year forecasts. An interim dividend of 3.5 sen was announced, bringing the total to 10.5 sen for 1H26 (9M25: 9.0 sen).

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	1,835	2,249	2,032	2,495	2,829
EBITDA	250	339	355	437	490
Operating profit	218	308	337	420	472
Net profit (rep./act.)	160	225	255	317	357
Net profit (adj.)	174	239	255	317	357
EPS (sen)	13.7	18.9	20.1	25.0	28.2
PE (x)	21.6	15.7	14.7	11.8	10.5
P/B (x)	3.3	3.1	2.9	2.5	2.2
EV/EBITDA (x)	15.0	10.6	9.1	7.0	5.8
Dividend yield (%)	5.1	4.2	4.7	4.7	4.7
Net margin (%)	8.7	10.0	12.5	12.7	12.6
Net debt/(cash) to equity (%)	(20.2)	(24.6)	(40.8)	(46.7)	(55.6)
Interest cover (x)	169.0	382.4	242.0	298.5	334.5
ROE (%)	14.2	19.2	20.9	24.4	25.4
Consensus net profit	-	-	268	324	348
UOBKH/Consensus (x)	-	-	0.9	1.0	1.0

Source: KPG, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	RM2.96
Target Price	RM4.00
Upside	+35.1%
Previous TP	RM3.54

Stock Data

GICS sector	Industrials
Bloomberg ticker:	KPG MK
Shares issued (m):	1,254.2
Market cap (RMm):	3,712.3
Market cap (US$m):	901.0
3-mth avg daily t'over (US$m):	1.5

Price Performance (%)

52-week high/low				RM3.74/RM2.06
1mth	**3mth**	**6mth**	**1yr**	**YTD**
(12.9)	7.2	35.8	7.6	11.3

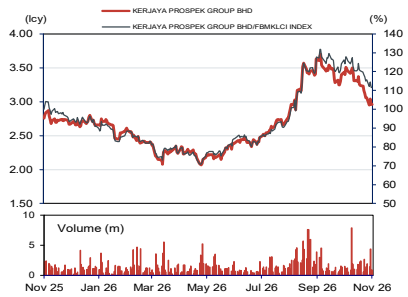
Major Shareholders (%)

Egovision Sdn Bhd	50.0
Amazing Parade Sdn Bhd	18.0
Amanah Saham Nasional	2.6

Balance Sheet Metrics

FY27 NAV/Share (RM)	0.95
FY27 Net Debt/Share (RM)	0.12

Price Chart



Source: Bloomberg

Company Description

Kerjaya Prospek Group is a construction company which specialises in high-rise building construction.

- **Construction: Soft revenue but margins shine through.** KPG's construction segment posted PAT of RM 199.9m (+23.4% yoy) on revenue of RM1.1b (-20.0% yoy) in 9M26. While revenue remained soft, margin expansion across the board saw earnings for the segment outpace the top-line decline. KPG had previously guided that the shortfall in revenue was largely due to a timing mismatch between the completion of its previous contracts and the initial recognitions of its new jobs. However, clawbacks from completed projects would offset the decline. Looking forward, the outlook appears brighter as record-breaking orderbook replenishments signal for better times ahead. Despite already surpassing its ytd target, KPG continued to surpass expectations, securing RM3.6b in new contracts (vs 2026 target of RM2.0b). Near-term earnings also appear well supported by its existing orderbook of RM6.1b.
- **Property: New projects in 2027.** The property segment posted earnings of RM14.5m (-44.7% yoy) on revenue of RM148.8m (-27.6% yoy). Earnings came in expectedly soft as both of its existing projects, namely The Vue @ Monterez and Papyrus @ North Kiara, are nearly fully sold and handed over. Earnings contributions from both projects are expected to taper as the remaining unbilled sales are forecasted to be completed by early-27. While earnings may be lifted by clawbacks following the handover, we expect the segment to remain muted until the launch of its new projects from late-27 onwards.
- **Growing industrial presence.** Following its landmark DC win earlier in Sep 26, KPG has continued to grow its industrial contract base. The group has also recently secured a RM568.2m contract for the construction of a transmission main intake for Tenaga Nasional as part of a consortium with Jati Tinggi and Betapac. KPG had previously commented that it would diversify beyond residential works as industrial contracts and infrastructure become the main driver for growth. While it is still early days for the new venture, the recent wins have been an encouraging start with execution and track record now in focus.

Valuation/Recommendation

- **Maintain BUY with a higher SOTP-based target price of RM4.00 (from RM3.54).** This represents 16.0x 2026F PE or near +1.0SD to KPG's five-year mean. This is also in line with our target multiple for its mid-cap peers. We believe the premium is justified given the strong outlook and improving operational matrices.

Earnings Revision/Risk

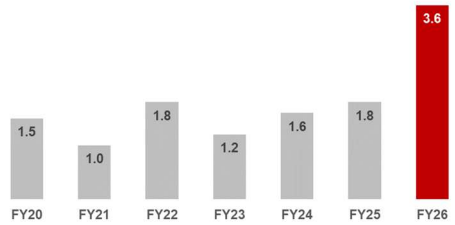
- We tweak our 2026/2027/2028 forecasts by -1%/+7%/+2%, imputing the higher replenishments and marginally lower recognitions in 2026.

Replenishment Assumptions

Year	RMm
2025	1,800
2026F	3,600
2027F	3,500
2028F	3,500

Source: UOB Kay Hian

Ytd Orderbook Replenishment



Source: KPG

SOTP Valuation

	Value (RMm)	Remarks
Construction	4,660.3	18x FY27F PE
Property development	109.4	30% discount to RNAV
Net cash	295.1	End-25
Fair value	**5,064.9**	
TP (RM)	**4.00**	
Implied PE (x)	16.0	End-FY26

Source: UOB Kay Hian

Environmental, Social, Governance (ESG) Updates

Environmental
- Certified and registered against the provisions of ISO 14001:2015.
- 6.7% yoy reduction in Scope 1 and 2 emissions in 2024.

Social
- Well-diversified workforce in terms of gender: female (46%) and male (54%).

Governance
- 170 employees and directors attended Anti Bribery and Corruption training.
- High dividend payout ratio of above 70% (77% in 2024).

Profit & Loss

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Net turnover	**2,249**	**2,032**	**2,495**	**2,829**
EBITDA	339	355	437	490
Deprec. & amort.	18	18	18	18
EBIT	308	337	420	472
Net interest income/(expense)	(1)	(1)	(1)	(1)
Pre-tax profit	**307**	**336**	**418**	**471**
Tax	(81)	(81)	(100)	(113)
Minorities	(1)	(1)	(1)	(1)
Net profit	**225**	**255**	**317**	**357**
Net profit (adj.)	239	255	317	357

Balance Sheet

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Fixed assets	103	125	158	198
Other LT assets	228	228	228	228
LT debt	n.a.	n.a.	n.a.	n.a.
Cash/ST investment	313	550	705	950
Other current assets	1,427	1,249	1,457	1,576
Total assets	**2,072**	**2,154**	**2,549**	**2,953**
ST debt	18	18	18	18
Other current liabilities	559	566	747	916
Other LT liabilities	3	3	3	3
Shareholders' equity	1,201	1,304	1,469	1,674
Minority interest	1	1	2	3
Total liabilities & equity	**2,072**	**2,154**	**2,549**	**2,953**

Cash Flow

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Operating	**264**	**429**	**357**	**455**
Pre-tax profit	307	336	418	471
Tax	(81)	(81)	(100)	(113)
Deprec. & amort.	17	18	18	18
Working capital changes	(3)	156	22	79
Other operating cashflows	10	-	-	-
Investing	**(35)**	**(41)**	**(50)**	**(58)**
Capex (growth)	(11)	(41)	(50)	(58)
Investments	-	-	-	-
Proceeds from sale of assets	0	-	-	-
Others	(24)	-	-	-
Financing	**(166)**	**(152)**	**(152)**	**(152)**
Dividend payments	(151)	(152)	(152)	(152)
Issue of shares	-	-	-	-
Proceeds from borrowings	-	-	-	-
Others/interest paid	(15)	-	-	-
Net cash inflow (outflow)	**62**	**236**	**155**	**245**
Beginning cash & cash equivalent	**252**	**313**	**550**	**705**
Changes due to forex impact	(1)	0	0	0
Ending cash & cash equivalent	**313**	**550**	**705**	**950**

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	14.5	17.5	17.5	17.3
Pre-tax margin	13.6	16.5	16.8	16.6
Net margin	10.0	12.5	12.7	12.6
ROA	11.2	12.4	14.1	14.6
ROE	19.2	20.9	24.4	25.4
Growth				
Turnover	22.5	(9.7)	22.8	13.4
EBITDA	38.2	9.0	23.3	12.1
Pre-tax profit	41.8	9.4	24.6	12.6
Net profit	40.9	13.2	24.6	12.7
Net profit (adj.)	37.3	6.5	24.6	12.7
EPS	37.3	6.5	24.6	12.7
Leverage				
Debt to total capital	1.5	1.4	1.2	1.1
Debt to equity	1.5	1.4	1.2	1.1
Net debt/(cash) to equity	(24.6)	(40.8)	(46.7)	(55.6)
Interest cover (x)	382.4	242.0	298.5	334.5

Kuala Lumpur Kepong (KLK MK)

FY26: Within Expectations; Record Yields Offset Softer Prices

Highlights

- FY26 core PATAMI of RM1,536m rose 53.1% yoy and came in at 99.8% of our full-year forecast and 115% of consensus. 4QFY26 core of RM490m was the strongest quarter of the year, +40.4% qoq and +166% yoy.
- The reported net loss of RM118m reflects the RM1.61b impairment on Synthomer plc. A record FFB yield of 22.66 mt/ha, against 21.12 in FY25, offset a realised CPO price of RM3,787/tonne that was 13% below our assumption.
- We roll our valuation base to FY27F and trim our target price to RM28.14 from RM28.50, still pegged to 17x PE. Maintain BUY.

4QFY26 Results

Year to 30 Sep (RMm)	4QFY26	4QFY25	qoq%	yoy%	FY26	yoy%
Revenue	7,544	6,304	6.9	19.7	27,496	9.9
EBIT	909	532	44.7	70.8	2,911	34.2
Plantation	819	626	24.0	30.9	2,474	8.6
Manufacturing	35	(109)	(64.8)	n.m.	136	n.m.
Property	29	22	277.3	35.2	42	0.4
Net finance cost	(123)	(119)	7.0	3.5	(468)	(4.2)
Associate & JV	32	(59)	n.m.	n.m.	(127)	17.5
Profit Before Tax	**825**	**294**	**n.m.**	**180.3**	**703**	**(53.5)**
Net Profit	**550**	**96**	**n.m.**	**472.7**	**(118)**	**N/M**
Core Net Profit	**490**	**184**	**40.4**	**166.3**	**1,536**	**53.1**
Margin (%)						
EBIT	12.0	8.4	35.3	42.3	10.6	22.1
Core net profit	6.5	2.9	31.0	122.4	5.6	39.3

Source: KLK, UOB Kay Hian

Analysis

- **Within expectations.** FY26 core PATAMI of RM1,536m rose 53.1% yoy and landed at 99.8% of our full-year forecast and 115% of consensus. 4QFY26 core of RM490m was the strongest quarter of the year, up 40.4% qoq and 166% yoy, as manufacturing swung to a RM35m profit from a RM109m loss a year earlier. The reported full-year net loss of RM118m carries the RM1.61b impairment on Synthomer plc, finalised after a RM7.9m reversal in 4Q, together with a RM175.8m share of its equity loss. Both are non-cash and neither touches operating cash flow, debt servicing or dividend capacity.

Key Financials

Year to 30 Sep (RMm)	2024	2025	2026	2027F	2028F
Net turnover	22,274	25,020	27,496	30,231	28,680
EBITDA	2,857	3,216	3,932	4,202	4,093
Operating profit	1,817	2,170	2,911	3,190	3,031
Net profit (rep./act.)	591	817	(118)	1,844	1,676
Net profit (adj.)	899	1,003	1,536	1,844	1,675
EPS (sen)	83.3	91.5	138.0	165.5	150.4
PE (x)	25.3	23.0	15.3	12.7	14.0
P/B (x)	1.6	1.6	1.8	1.7	1.6
EV/EBITDA (x)	11.8	10.5	8.8	8.2	8.2
Dividend yield (%)	2.8	2.8	2.8	3.4	3.1
Net margin (%)	2.7	3.3	(0.4)	6.1	5.8
Net debt/(cash) to equity (%)	50.2	64.6	77.9	67.6	57.3
Interest cover (x)	8.0	7.7	9.7	11.2	9.1
ROE (%)	6.4	7.1	11.3	13.7	11.6
Consensus net profit	-	-	1,334	1,439	1,417
UOBKH/Consensus (x)	-	-	1.15	1.28	1.18

Source: KLK, Bloomberg, UOB Kay Hian

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BUY (Maintained)

Share Price	RM21.06
Target Price	RM28.14
Upside	+33.6%
Previous TP	RM28.50

Stock Data

Sector	Consumer Staples
Bloomberg ticker	KLK MK
Shares issued (m)	1,113.7
Market cap (RMm)	23,453.7
Market cap (US$m)	5,330.4
3-mth avg daily t'over (US$m)	3.4

Price Performance (%)

52-week high/low				RM23.18/RM18.60
1mth	3mth	6mth	1yr	YTD
5.3	9.8	14.3	10.4	10.7

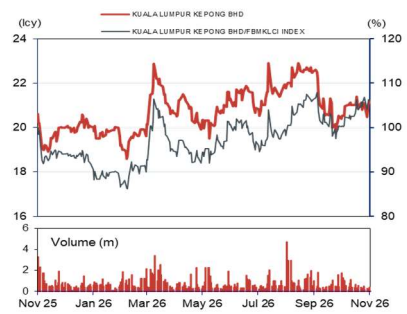
Major Shareholders (%)

Batu Kawan Bhd	47.9

Balance Sheet Metrics

FY26 NAV/Share (RM)	11.61
FY26 Net Debt/Share (RM)	9.05

Price Chart



Source: Bloomberg

Company Description

Plantation company also engaged in downstream manufacturing and property development.

- **Yields did the heavy lifting.** Fresh fruit bunch (FFB) yield reached a record 22.66 mt/ha against 21.12 in FY25, and oil yield was at 4.95 mt/ha against 4.46, which management attributes to operational efficiencies and the rehabilitation of laggard estates. That lifted FFB output an estimated 7.3% yoy and is the reason plantation PBT still rose 8.6% to RM2.47b in a year when the realised CPO price fell. We carry the gain forward but taper it to zero by FY29, on the view that catch-up gains do not repeat, which leaves FFB flat to slightly down across the forecast. Manufacturing turned around to a RM136m profit from a RM174m loss, on an oleochemical recovery in the second half, though management warns that refining margins will stay negative and may weigh on FY27.
- **Balance sheet and dividend.** Net debt closed at RM10.08b and net gearing at 77.9%, up from 64.6% at FY25, as the impairment took shareholders' funds to RM12.94b and NAV per share to RM11.61 from RM12.99. Working capital absorbed RM2.02b over the year as inventories rose 28% and receivables 36%, holding operating cash flow to RM783m against RM1.29b. A final dividend of 40 sen takes FY26 to 60 sen, unchanged on the year and a 43% payout on core earnings.

Valuation/Recommendation

- **Maintain BUY,** with a target price of RM28.14 from RM28.50. We roll our valuation base to FY27F and keep the peg at 17x (-1SD to the five-year mean of 23x), giving RM28.14 on FY27F core EPS of 165.5 sen. At RM21.06 the stock trades at 12.7x FY27F and 15.3x FY26. We continue to like Kuala Lumpur Kepong (KLK) as a laggard sector play: Upstream is yielding at a record high, while the downstream segment has now delivered three consecutive quarters of recovery against the RM174m pre-tax loss booked in FY25. Additionally, the Synthomer overhang is gone, with a residual carrying value that limits further downside.

Earnings Revision/Risk

- **No change to core earnings forecasts.** FY27F core net profit is left unchanged at RM1,843m and FY28F eases 3% to RM1,675m. The target price eases chiefly because we have corrected the share base to the 1,113.7m confirmed in the results, from a stale 1,081.5m, which on its own trims EPS by 3%.
- Our forecasts still sit above consensus. Our FY27F core net profit of RM1,843m is 1.28x the consensus forecast of RM1,439m, and FY28F is 1.18x. This gap is mostly explained by higher sales volume and the M.P. Evans contribution.

Key Assumptions

	2026	2027F	2028F
FFB growth (% yoy)	7.3	(3.3)	(3.3)
Realised CPO (RM/mt, ex-mill)	3,787	4,060	3,969
CPO extraction rate (%)	21.8	22.0	22.0
Production cos (RM/mt, incl. levies)	3,032	3,158	3,177

Source: UOB Kay Hian

Environmental, Social, Governance (ESG) Updates

Environmental
All Malaysian estates are MSPO certified, while Indonesian estates are 80% ISPO certified. Committed to no deforestation, no peat land and no exploitation.
Social
Smallholders' development and best practices training programme.
Governance
Transparent governance along with an Anti-Bribery and Anti-Corruption Policy.

Profit & Loss

Year to 30 Sep (RMm)	2025	2026	2027F	2028F
Net turnover	**25,020**	**27,496**	**30,231**	**28,680**
EBITDA	3,216	3,932	4,202	4,093
Deprec. & amort.	1,046	1,021	1,012	1,062
EBIT	2,170	2,911	3,190	3,031
Total other non-op. income	-	-	-	-
Associate contributions	(108)	(127)	100	100
Net interest income/(expense)	(488)	(468)	(375)	(450)
Exceptional items	(60)	(1,613)	1	1
Pre-tax profit	**1,514**	**703**	**2,916**	**2,682**
Tax	(540)	(652)	(822)	(756)
Minorities	(156)	(169)	(249)	(249)
Net profit	**817**	**(118)**	**1,844**	**1,676**
Net profit (adj.)	1,003	1,536	1,844	1,675

Balance Sheet

Year to 30 Sep (RMm)	2025	2026	2027F	2028F
Total non-current assets	21,105	18,757	18,644	18,482
Cash/ST investment	2,492	2,338	4,676	7,292
Other current assets	8,140	10,607	11,662	11,064
Total assets	**31,738**	**31,702**	**34,983**	**36,837**
ST debt	5,246	6,228	5,928	5,628
Other current liabilities	2,486	3,100	3,364	2,298
LT debt	6,449	6,190	8,207	10,224
Other LT liabilities	2,070	2,046	2,046	2,046
Shareholders' equity	14,244	12,935	13,986	14,941
Minority interest	1,243	1,203	1,452	1,701
Total liabilities & equity	**31,738**	**31,702**	**34,983**	**36,837**

Cash Flow

Year to 30 Sep (RMm)	2025	2026	2027F	2028F
Operating	**1,291**	**783**	**2,636**	**2,768**
Pre-tax profit	1,514	703	2,916	2,682
Tax	(540)	(652)	(822)	(756)
Deprec. & amort.	1,046	1,021	1,012	1,062
Working capital changes	(1,165)	(2,022)	(350)	(100)
Other operating cashflows	437	1,733	(120)	(120)
Investing	**(1,023)**	**(834)**	**(900)**	**(900)**
Capex (growth)	(1,014)	(875)	(900)	(900)
Financing	**(152)**	**(89)**	**675**	**748**
Dividend payments	(510)	(851)	(1,042)	(969)
Proceeds from borrowings	2,113	1,420	2,017	2,017
Loan repayment	(1,755)	(658)	(300)	(300)
Net cash inflow (outflow)	**85**	**(169)**	**2,411**	**2,615**
Beginning cash & cash equivalent	**2,381**	**2,434**	**2,265**	**4,676**
Ending cash & cash equivalent	**2,465**	**2,265**	**4,676**	**7,292**

Key Metric

Year to 30 Sep (%)	2025	2026	2027F	2028F
Profitability				
EBITDA margin	12.9	14.3	13.9	14.3
Pre-tax margin	6.0	2.6	9.6	9.4
Net margin	3.3	(0.4)	6.1	5.8
ROA	2.6	(0.4)	5.5	4.7
ROE	7.1	11.3	13.7	11.6
Growth				
Turnover	12.3	9.9	9.9	(5.1)
EBITDA	8.2	22.3	6.9	(2.6)
Pre-tax profit	27.9	(53.5)	314.6	(8.0)
Net profit	38.4	n.m.	n.m.	(9.1)
Net profit (adj.)	11.6	53.2	20.0	(9.1)
Leverage				
Debt to total capital	43.0	46.8	47.8	48.8
Debt to equity	82.1	96.0	101.1	106.1
Net debt/(cash) to equity	64.6	77.9	67.6	57.3
Interest cover (x)	7.7	9.7	11.2	9.1

Pekat Group (PEKAT MK)

3Q26: In Line; Robust Contributions From ELP and Trading Divisions

Highlights

- Pekat reported a 3Q26 net profit of RM13m, driven by: a) robust ELP project execution (primarily from data centre jobs), b) strong revenue contribution from EPE Switchgear, and c) healthy sales order from the trading division.
- The solar PV segment remained weak during the quarter with the trading division growing as the second-largest top-line contributor. The PDE segment remains Pekat's largest orderbook constituent, making up 40% of its RM780m orderbook.
- Maintain BUY with an SOTP-based fair value of RM3.60/share.

3Q26 Results

Year to 31 Dec (RMm)	3Q26	qoq%	yoy%	9M26	yoy%
Revenue	**177.4**	**1.1**	**25.2**	**520.8**	**24.3**
Gross Profit	39.7	(2.1)	24.7	117.9	11.4
EBIT	23.5	3.4	47.9	65.8	20.1
Profit Before Tax	21.0	(3.0)	38.6	61.3	18.4
Core Net Profit	**13.0**	**(8.2)**	**26.9**	**39.7**	**18.9**
Segmental Revenue	**3Q26**	**qoq%**	**yoy%**	**9M26**	**yoy%**
Solar Photovoltaics	51.5	(38.7)	(29.3)	238.9	4.7
ELP	35.5	42.6	112.7	75.7	58.6
Trading	49.5	151.7	191.5	85.5	89.6
Power Distribution Equipment	41.0	(12.5)	16.4	120.7	23.2
Total	**177.4**	**1.1**	**25.2**	**520.8**	**24.3**

Source: Pekat, UOB Kay Hian

Analysis

- **9M26: Earnings in line.** Pekat Group (Pekat) recorded a 3Q26 net profit of RM13m (+27% yoy; -9% qoq). Earnings were driven by: a) robust ELP project execution (primarily from data centre jobs), b) strong revenue contribution from EPE Switchgear (+16% yoy), and c) healthy sales order from the trading division (+191% yoy). The quarter saw net margin moderating to 7.3% (-0.7ppt qoq), on the back of higher interest cost (+91% qoq) and elevated tax expense (+33% qoq). 9M26's net profit of RM39.7m accounts for 73% of our full-year estimate, which we deem to be within expectations.

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	287.0	609.9	686.3	890.1	1,203.5
EBITDA	38.9	82.0	145.7	173.7	219.2
Operating profit	36.5	74.1	90.4	117.8	151.7
Net profit (rep./act.)	22.0	45.0	54.7	72.8	96.6
Net profit (adj.)	22.0	44.9	54.7	72.8	96.6
EPS	3.4	6.3	7.7	10.3	13.7
PE (x)	62.4	33.6	27.5	20.7	15.6
P/B (x)	7.0	4.4	3.0	2.2	1.7
EV/EBITDA (x)	40.6	19.8	10.4	8.1	6.1
Dividend yield (%)	0.0	0.5	0.5	0.5	0.5
Net margin (%)	7.7	7.4	8.0	8.2	8.0
Net debt/(cash) to equity (%)	19.2	20.5	(7.2)	(23.2)	(27.0)
Interest cover (x)	40.6	15.3	12.5	17.7	27.0
ROE (%)	11.3	13.0	10.9	10.8	11.0
Consensus net profit	n.a	n.a	57.7	76.7	88.4
UOBKH/Consensus (x)	n.a	n.a	0.9	0.9	1.1

Source: Pekat, Bloomberg, UOB Kay Hian

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BUY (Maintained)

Share Price	RM2.13
Target Price	RM3.60
Upside	69.0%

Stock Data

Sector	Industrials
Bloomberg ticker	PEKAT MK
Shares issued (m)	710.2
Market cap (RMm)	1,512.9
Market cap (US$m)	367.4
3-mth avg daily t'over (US$m)	1.7

Price Performance (%)

52-week high/low				RM3.12/RM1.11
1mth	**3mth**	**6mth**	**1yr**	**YTD**
(22.5)	13.3	36.5	34.0	34.8

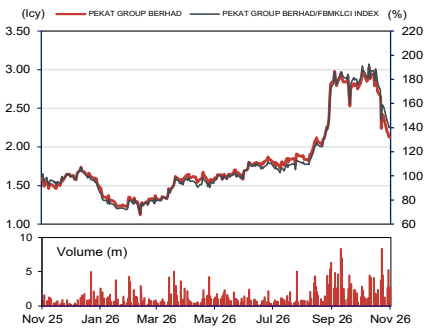
Major Shareholders (%)

Chin Soo Mau	31.7
Tai Yee Chee	8.0
AIA Bhd	4.4

Balance Sheet Metrics

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

Price Chart



Source: Bloomberg

Company Description

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

- **The solar PV segment continues its downtrend.** The solar photovoltaics (PV) division continued to record another weaker quarter, contributing a revenue of RM51m (-29% yoy; -39% qoq). The decline was primarily attributed to higher revenue contribution from large-scale solar engineering, procurement, construction and commissioning (EPCC) project in the preceding quarter and strong progress on the Corporate Green Power Programme (CGPP) project delivery back in 3Q25.
- **The earthing, lighting and protection (ELP) division reported another record-high revenue of RM36m** (+113% yoy; +43% qoq), driven by strong project delivery, primarily from data centre jobs. The ELP orderbook currently stands at a record RM239m.
- **The trading division surged nearly threefold** to RM50m (+192% yoy; +152% qoq), accounting for 28% of total group revenue during the quarter. The division became the second-largest top-line contributor, on the back of robust sales volume for its ELP and power distribution equipment (PDE) products.
- **EPE Switchgear.** The PDE division reported a strong 3Q26 revenue of RM47m (+35% yoy; +43% qoq), accounting for 27% of total group revenue. The segment remains Pekat's largest orderbook constituent, making up 40% of its RM780m orderbook.
- **RM780m orderbook to grow to a record RM2.2b.** The combined orderbook of the solar, power distribution equipment (EPE Switchgear), and ELP divisions currently stands at a robust RM780m. We have penciled in 500MW of CRESS and LSS6 contract win by 2029, lifting orderbook from the current RM780m to RM2.2b. Against the backdrop of heightened solar EPCC opportunities (CRESS/LSS6), we now project a three-year earnings CAGR of 29% (2026-28). We believe Pekat may be able to secure strategic landbank and stay ahead of the curve, potentially accommodating up to 2GW of CRESS/LSS6 projects.

Valuation/Recommendation

- **Maintain BUY with an SOTP-based target price of RM3.60.** At our target price, the stock would trade at an implied 26x 2028 EPS (+2SD above its mean PE of 18x). Its Mainboard listing has been approved by Bursa Malaysia and the transfer is expected to materialise by end-Nov 26.

Earnings Revision/Risk

- No changes to earnings.

Share Price Catalyst

- **EPE Switchgear: Potential contract win in 1Q27.** We understand that Pekat's 60%-owned subsidiary, EPE Switchgear, has submitted its bid for Tenaga Nasional Berhad's (TNB) tender involving the supply and commissioning of medium-voltage (MV) switchgears. We expect the tender outcome to be announced by end-Dec 26/early-Jan 27. The group is well positioned to secure 20-25% of the estimated RM500m-600m tender value, underpinned by its established track record and longstanding relationship with TNB.

Environment, Social, Governance (ESG) Updates

Environmental

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

Social

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

Governance

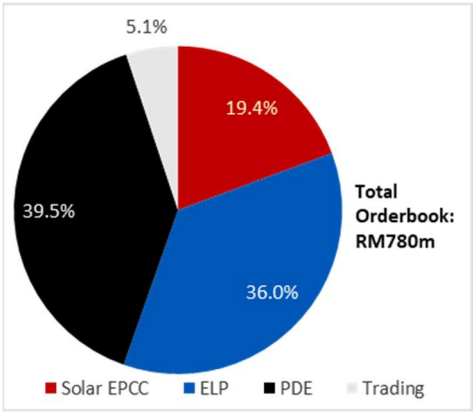
- The board comprises six members consisting of four Independent Directors and two Non-Independent Directors including GCEO. Meanwhile, women comprise 33% (two directors) of the board.

Value Of RM3.60/share

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

Source: UOB Kay Hian

Current Orderbook



Source: Pekat, UOB Kay Hian

PE Band



Source: Pekat, Bloomberg, UOB Kay Hian

Profit & Loss

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

Balance Sheet

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

Cash Flow

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

Key Metric

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

Sunway Bhd (SWB MK)

3Q26: In Line; Upgrade To BUY On Recent Weakness

Highlights

- Results were within our expectations. 9M26 core PATAMI of RM894.6m (+20% yoy) made up 70% and 73% of our and the street's full-year forecasts.
- Property sales of RM3.4b in 9M26 (82% of the RM4.2b full-year target) remain on track. Malaysian launches could be lower yoy in 2027 as management refines its product offerings, while Singapore is expected to see a larger launch contribution.
- Upgrade to BUY with a lower target price of RM5.58 (from RM5.61) as we updated valuations for SunREIT. The recent share price weakness presents an attractive entry point, with Singapore to anchor 2027 sales growth.

3Q26 Results

Year to 31 Dec (RMm)	2Q26	qoq%	yoy%	9M26	yoy%
Revenue	3,027.0	4.2	18.0	8,490.2	13.3
Gross Profit	380.2	(0.6)	74.2	917.4	47.7
EBIT	487.6	17.6	47.0	10,354.9	1,119.4
PBT	518.5	4.5	8.8	10,572.9	798.7
PATAMI	314.1	(1.4)	(7.1)	10,046.2	1,153.2
Core PATAMI	342.1	1.6	10.6	894.6	19.9
Margins	%	ppt	ppt	%	ppt
GP	12.6	(0.6)	4.1	10.8	2.5
EBIT	16.1	1.8	3.2	122.0	110.6
PBT	17.1	0.1	(1.4)	124.5	108.8
Core PATAMI	11.3	(0.3)	(0.8)	10.5	0.6

Source: Sunway, UOB Kay Hian

Analysis

- **In line.** Sunway Bhd (Sunway) reported 3Q26 core PATAMI of RM342.1m (+1.6% qoq, -7.1% yoy) on revenue of RM3.0b (+4.2% qoq, +18.0% yoy). This brings 9M26 core PATAMI to RM894.6m (+25% yoy), representing 70% and 73% of our and consensus full-year forecasts, which we deem in line as 4Q26 is typically a stronger season. By segment, profit before tax (PBT) growth was largely driven by newly acquired MCL and healthcare segments.

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	7,882.5	9,813.0	11,499.6	14,011.0	15,286.2
EBITDA	1,031.4	1,469.5	1,662.0	2,046.8	2,199.7
Operating profit	887.3	1,317.3	1,472.6	1,812.4	1,918.1
Net profit (rep./act.)	1,205.6	1,304.0	1,271.4	1,431.9	1,548.0
Net profit (adj.)	1,057.2	1,147.7	1,271.4	1,431.9	1,548.0
EPS (sen)	16.0	17.1	18.8	21.2	22.9
PE (x)	25.6	24.0	21.8	19.4	17.9
P/B (x)	1.8	1.7	1.6	1.5	1.5
EV/EBITDA (x)	30.0	22.3	18.6	15.4	14.6
Dividend yield (%)	1.5	1.5	1.4	1.5	1.7
Net margin (%)	13.4	11.7	11.1	10.2	10.1
Net debt/(cash) to equity (%)	43.5	51.1	35.9	35.1	33.2
Interest cover (x)	164.3	866.0	12.9	21.0	26.4
ROE (%)	9.4	9.8	10.4	11.3	11.7
Consensus net profit	-	-	1,223.0	1,393.0	1,500.0
UOBKH/Consensus (x)	-	-	1.0	1.0	1.0

Source: Sunway, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Upgraded)

Share Price	RM4.10
Target Price	RM5.58
Upside	36.1%
Previous TP	RM5.61

Stock Data

Sector	Industrials
Bloomberg ticker	SWB MK
Shares issued (m)	6,760.4
Market cap (RMm)	29,813.5
Market cap (US$m)	7,320.1
3-mth avg daily t'over (US$m)	4.6

Price Performance (%)

52-week high/low				RM6.09/RM4.11
1mth	**3mth**	**6mth**	**1yr**	**YTD**
0.2	(14.4)	(19.7)	(18.0)	(21.5)

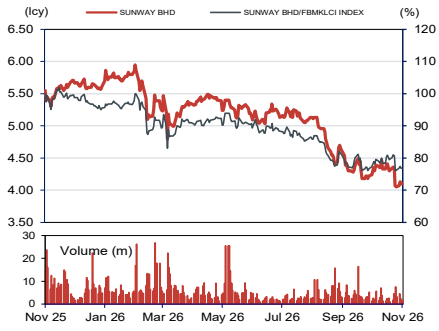
Major Shareholders (%)

Sungei Way Corp Sdn Bhd	47.7
EPF	11.9
Jef-San Enterprise Sdn Bhd	9.5

Balance Sheet Metrics

FY26 NAV/Share (RM)	2.51
FY26 Net Debt/Share (RM)	0.90

Price Chart



Source: Bloomberg

Company Description

A conglomerate in Malaysia with various diversified businesses in areas such as property development, property investment, leisure, hospitality, construction trading and manufacturing, quarry, building materials and healthcare.

- **Slower Malaysian launches as management fine-tunes product offerings...** 10M26 launches reached RM3.4b (~70% of full-year target of RM4.8b). Management is refining its product offerings and Malaysian launches could be lower yoy in 2027, given current market conditions. Meanwhile, Klang Valley launches saw steady take-up, with Sunway Cochrane Tower A at 46% (vs 33% at end-Jul 26) and Sunway Velocity 3 (Tower C) at about 20% since its Oct 26 launch.
- **…with growth from Singapore.** Singapore projects are largely sold, with most above 90% take-up. Sunway MCL and progressive recognition from private condominiums should support earnings, while two executive condominiums (ECs), Novo Place and Otto Place, are expected to provide lumpier contributions in 2027-28 upon handover. Management guided for a substantially larger launch pipeline in 2027, with Singapore making up the bulk, including Chuan Grove (1H27) and River Valley Green (2H27). Management intends to continue growing its Singapore landbank despite higher SORA, noting that a 25bp hike would not be detrimental to project economics.
- **Property development:** PBT grew to RM80m (+46% yoy), driven by: a) progressive recognition from Singapore's private condominium Nava Grove and Elta, and b) handover of Sunway Flora Residences. Revenue fell to RM329m (-14% yoy) on lower local progress billings. Nevertheless, Malaysian property sales rose 11% yoy to RM1.4b in 9M26, while group sales of RM3.4b (82% of RM4.2b full-year target) remain on track. Malaysian unbilled sales rose to RM2.2b (+3% qoq, +35% yoy), while total unbilled sales were RM8.2b as of end-3Q26 (vs RM8.3b as of end-2Q26).
- **Healthcare:** PBT grew to RM119m in 3Q26 (+19% qoq), with higher patient volumes and licensed beds. Foreign patient volumes recovered qoq after slight softness in 2Q26 from geopolitical uncertainty affecting the Indonesian market.
- **Construction:** PBT came in at RM138m (+13% yoy), with a higher PBT margin of 17.7% (+7.4ppt yoy), partly due to the finalisation of accounts for completed projects. Ytd contract wins of RM9.8b have exceeded the full-year replenishment target of RM7b-9b, lifting the outstanding orderbook to a record RM12.5b. Data centres make up 76% of the orderbook, split about evenly between colocation operators and MNCs, which management expects to translate into earnings over 2027-28.
- **Property investment:** PBT came in at RM104m (-12% yoy) due to a high base in 3Q25, from a RM26.1m disposal gain of Sunway University campus by Sunway REIT. Excluding this, PBT grew 12% yoy, driven by new contributions from Sunway Wangsa Mall and Sunway Square. On Sunway Velocity Mall, management indicated that rental reversion in 9M26 was at high single-digits, while noting there is no urgency to divest the asset, as the decision depends mainly on gearing at the Sunway Bhd level.

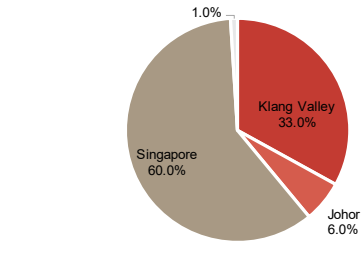
Valuation/Recommendation

- **Upgrade to BUY with a lower target price of RM5.58 (from RM5.61)** as we incorporate updated valuations for Sunway REIT. Our target price is based on SOTP valuation with a 5% conglomerate discount, which implies 26x 2027F PE (+1SD above its five-year mean of 20x) and 2.1x 2027F P/B (+1SD above its five-year mean of 1.3x).

Earnings Revision/Risk

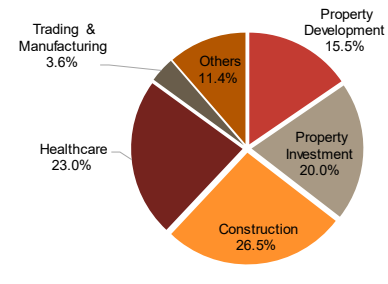
- We finetune our earnings forecast for 2026-28 by -0.3%/-2.2%/-0.4% respectively.

Property Sales By Geogrpahy (9M26)



Source: Sunway, UOB Kay Hian

Core PBT Breakdown (3Q26)



Source: Sunway, UOB Kay Hian

SOTP-Based Valuation

Segment	(RMm)	Remarks
Property development	12,321	25% discount to property RNAV
REIT (40.9% stake)	3,361	Valuation based on TP of RM2.8, based on DDM
Construction (52.8% stake)	5,923	Valuation based on TP of RM8.44, 22x 2027F PE
Quarry & building materials	958	15x PE 2027F quarry profits
Trading	1,745	15x PE 2027F trading profits
Investment Properties	3,744	Market Value
Healthcare (69.4% stake)	11,201	20x EV/EBITDA 2027F
Less: Holding co (debt)/ cash	436	
Total SOTP Value	**39,690**	
Enlarged Sharebase (m)	6,760	
Discount (%)	5.0%	
Target Price (RM/share)	**5.58**	

Source: Sunway, UOB Kay Hian

Environment, Social, Governance (ESG) Updates

Environmental
- Installed photovoltaic solar panels at most of its properties.

Social
- Launched Sunway Cancer Support Fund.

Governance
- Good company transparency along with an anti-bribery and anti-corruption policy.

Profit & loss

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Net turnover	**9,813.0**	**11,499.6**	**14,011.0**	**15,286.2**
EBITDA	1,469.5	1,662.0	2,046.8	2,199.7
Deprec. & amort.	152.3	189.4	234.4	281.6
EBIT	1,317.3	1,472.6	1,812.4	1,918.1
Associate contributions	558.8	428.5	543.4	705.1
Net interest income/(expense)	(1.7)	(129.2)	(97.7)	(83.2)
Pre-tax profit	**1,874.4**	**1,771.9**	**2,258.1**	**2,540.0**
Tax	(353.8)	(230.3)	(383.9)	(457.2)
Minorities	(216.7)	(270.1)	(442.3)	(534.8)
Net profit	**1,304.0**	**1,271.4**	**1,431.9**	**1,548.0**
Net profit (adj.)	1,147.7	1,271.4	1,431.9	1,548.0

Balance Sheet

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Fixed assets	8,483.2	8,146.8	8,786.4	9,458.2
Other LT assets	8,988.2	8,680.9	9,224.3	9,929.4
Cash/ST investment	6,788.3	9,218.6	9,303.7	9,574.5
Other current assets	14,543.5	14,383.3	16,309.8	17,288.0
Total assets	**38,803.2**	**40,429.6**	**43,624.2**	**46,250.1**
ST debt	8,829.3	8,829.3	8,829.3	8,829.3
Other current liabilities	6,058.5	6,224.8	7,674.7	8,382.3
LT debt	6,172.1	6,472.1	6,772.1	7,072.1
Other LT liabilities	605.4	605.4	605.4	605.4
Shareholders' equity	16,057.3	16,947.3	17,949.6	19,033.2
Minority interest	1,080.7	1,350.7	1,793.1	2,327.8
Total liabilities & equity	**38,803.2**	**40,429.6**	**43,624.2**	**46,250.1**

Cash flow

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Operating	**2,715.1**	**1,341.4**	**1,186.3**	**1,471.9**
Pre-tax profit	1,874.4	1,771.9	2,258.1	2,540.0
Tax	(353.8)	(230.3)	(383.9)	(457.2)
Deprec. & amort.	152.3	189.4	234.4	281.6
Associates	(558.8)	(428.5)	(543.4)	(705.1)
Working capital changes	380.6	(90.2)	(476.6)	(270.7)
Non-cash items	1,220.4	129.2	97.7	83.2
Investing	**(3,717.1)**	**1,299.4**	**(873.9)**	**(953.5)**
Capex (growth)	(532.0)	(717.3)	(873.9)	(953.5)
Investments	(2,313.9)	1,281.0	0.0	0.0
Proceeds from sale of assets	1.5	735.7	0.0	0.0
Others	(872.7)	0.0	0.0	0.0
Financing	**3,450.7**	**(210.6)**	**(227.3)**	**(247.6)**
Dividend payments	(347.5)	(381.4)	(429.6)	(464.4)
Issue of shares	0.0	0.0	0.0	0.0
Proceeds from borrowings	4,140.0	300.0	300.0	300.0
Others/interest paid	(341.8)	(129.2)	(97.7)	(83.2)
Net cash inflow (outflow)	**2,448.7**	**2,430.3**	**85.1**	**270.8**
Beginning cash & cash equivalent	**4,339.6**	**6,788.3**	**9,218.6**	**9,303.7**
Changes due to forex impact	0.0	0.0	0.0	0.0
Ending cash & cash equivalent	**6,788.3**	**9,218.6**	**9,303.7**	**9,574.5**

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	15.0	14.5	14.6	14.4
Pre-tax margin	19.1	15.4	16.1	16.6
Net margin	11.7	11.1	10.2	10.1
ROA	4.0	4.3	4.6	4.8
ROE	9.8	10.4	11.3	11.7
Growth				
Turnover	24.5	17.2	21.8	9.1
EBITDA	42.5	13.1	23.2	7.5
Pre-tax profit	23.0	(5.5)	27.4	12.5
Net profit	8.2	(2.5)	12.6	8.1
Net profit (adj.)	8.6	10.8	12.6	8.1
EPS	6.6	9.9	12.6	8.1
Leverage				
Debt to total capital	87.5	83.6	79.0	74.4
Debt to equity	93.4	90.3	86.9	83.5
Net debt/(cash) to equity	51.1	35.9	35.1	33.2
Interest cover (x)	866.0	12.9	21.0	26.4

Telekom Malaysia (T MK)

3Q26: In Line; UniFi ARPU Lifts Earnings

Highlights

- TM reported 3Q26 core net profit of RM443m (-16% yoy; +7% qoq). This excludes: a) a write-down on 5G access prepayment; b) Prihatin employee separation cost; c) FIFA World Cup broadcasting expense; d) copper monetization; and e) forex loses and other non-recurring items.
- 9M26 core net profit of RM1,279m (flat yoy) is within expectation. Positively, TM declared a higher third interim DPS of 10.0 sen/share and revised downward its 2026 capex guidance to 16-18%.
- Maintain BUY with a DCF-based target price of RM8.60.

3Q26 Results

Year to 31 Dec (RMm)	3Q26	qoq%	yoy%	9M26	yoy%
Turnover	**3,002.2**	**1.4**	**0.3**	**8,897.3**	**3.3**
COGS	(1,971.8)	2.4	1.7	(5,895.9)	8.1
EBITDA	1,220.9	14.3	6.0	3,247.8	(3.8)
Pre-Tax Profit	663.6	33.0	(8.6)	1,584.3	(13.0)
Tax	(171.6)	28.3	424.8	(408.1)	26.2
Reported Net Profit	494.0	35.2	(28.0)	1,181.0	(20.8)
Core Net profit	**443.3**	**6.5**	**(16.3)**	**1,287.8**	**1.0**
Margins	**%**	**+/- ppt**	**+/- ppt**	**%**	**+/- ppt**
EBITDA Margin	36.0	(1.7)	(0.6)	36.7	(2.9)
PBT Margin	22.8	5.1	2.7	18.6	(1.3)
Core Net Margin	14.8	0.7	(2.9)	14.5	(0.3)

Source: TM, UOB Kay Hian

Analysis

- **Results in line.** Telekom Malaysia (TM) reported 3Q26 core net profit of RM494m (-16% yoy; +7% qoq). This excludes: a) RM127m write-down on the prepayment of unutilised 5G capacity; b) Prihatin employee separation cost; c) FIFA World Cup broadcasting expense; d) copper asset gain; and e) forex loses and other non-recurring items. This brings 9M26 core net profit to RM1,289m (+1% yoy). Accounting for 77% and 76% of our and consensus estimates respectively, we deem the results to be within expectations.

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	11,712.4	11,872.0	13,007.7	13,502.8	13,944.0
EBITDA	4,474.0	4,204.3	4,426.5	4,793.9	4,858.1
Operating profit	2,324.6	2,025.6	2,226.6	2,557.1	2,644.6
Net profit (rep./act.)	2,016.9	1,713.0	1,669.0	1,923.8	1,928.3
Net profit (adj.)	1,584.5	1,749.7	1,669.0	1,923.8	1,928.3
EPS	41.3	45.6	43.5	50.1	50.2
PE (x)	19.6	17.8	18.6	16.2	16.1
P/B (x)	3.1	2.9	2.8	2.7	2.6
EV/EBITDA (x)	7.1	7.3	6.9	6.3	6.1
Dividend yield (%)	3.8	3.8	4.0	4.6	4.7
Net margin (%)	13.5	14.7	12.8	14.2	13.8
Net debt/(cash) to equity (%)	3.9	(5.3)	(6.3)	(8.2)	(13.8)
Interest cover (x)	5.4	4.7	10.0	10.8	10.0
ROE (%)	15.7	16.5	15.2	16.7	16.1
Consensus net profit	n.a	n.a	1,696.0	1,885.0	2,001.0
UOBKH/Consensus (x)	n.a	n.a	1.0	1.0	1.0

Source: TM, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	RM7.63
Target Price	RM8.60
Upside	12.7%

Stock Data

Sector	Communication Services
Bloomberg ticker	T MK
Shares issued (m)	3,837.7
Market cap (RMm)	29,281.9
Market cap (US$m)	7,111.1
3-mth avg daily t'over (US$m)	7.0

Price Performance (%)

52-week high/low				RM8.30/RM6.93
1mth	**3mth**	**6mth**	**1yr**	**YTD**
(2.2)	(2.9)	2.4	5.2	(5.2)

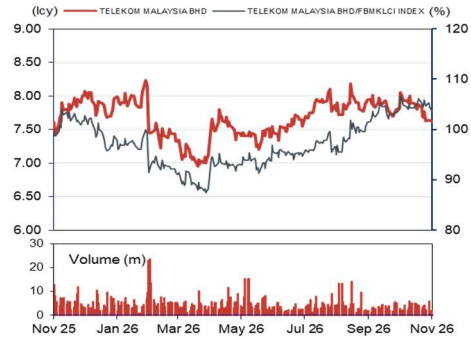
Major Shareholders (%)

Employees Provident Fund	24.0
Khazanah Nasional Bhd	20.1
Kumpulan Wang Persaraan	10.2

Balance Sheet Metrics

FY26F NAV/Share (RM)	2.8
FY26F Net Cash/Share (RM)	0.1

Price Chart



Source: Bloomberg

Company Description

Fixed line operator that provides services including fixed voice, mobile, fixed broadband, and leasing of fibre optics. It also provides ICT solutions to corporates/SMEs.

- **A 10 sen/share third quarterly dividend.** The group has declared a higher third interim net DPS of 10.0 sen/share (2Q26: 7.0 sen/share), following its dividend payout policy revision in Apr 26 (minimum 75% payout of reported PATAMI). This brings 9M26 net DPS to 23.5 sen/share, reflecting a 76% dividend payout from 9M26 reported net profit. We expect TM to pay out a total of 32.6 sen net DPS (based on 75% dividend payout), translating to a net dividend yield of 4%.
- **Unifi's 3Q26 remained resilient at RM14,507m** (+3% yoy; +1% qoq), despite seeing a net reduction of 8,000 subscribers during the quarter to 3.224m subscribers. The decline was primarily due to adjusted made for non-paying customers, but management also alluded that coming quarter subscriber net adds are encouraging. ARPU rose 2% yoy to RM133/month (+1% qoq), supported by healthy take-up of convergence offerings.
- **TM One: A weaker quarter.** Revenue moderated to RM675m (-1% yoy; -3% qoq), due to the variance from the timing of project deliveries and a one-off project revenue recognition in 3Q25. The quarter saw promising new order intakes amounting to RM1.6b-1.7b (includes contract renewals), driven by connectivity contract renewals within the banking and defence sector.
- **TM Global reported another robust quarter,** with revenue growing 9% qoq to RM849m (-1% yoy). Key drivers include demand for data centre interconnection, cross-border data connectivity services and accelerated 5G backhaul deployment.

3Q26 Segmental Revenue Breakdown

Year to 31 Dec (RMm)	3Q26	qoq%	yoy%	9M26	yoy%
Unifi	1,457.1	0.5	2.9	4,364.5	4.4
TM One	674.9	(2.6)	(1.2)	2,039.4	0.8
TM Global	848.5	9.1	(1.1)	2,403.1	3.9
Others	21.7	(44.6)	(39.2)	90.3	(10.7)
Total Revenue	**3,002.2**	**1.4**	**0.3**	**8,897.3**	**3.3**

Source: TM, UOB Kay Hian

Valuation/Recommendation

- **Maintain BUY with a DCF-based target price of RM8.60.** Our target price has factored in a RM1.30/share valuation for TM- Nxera DC.

Earnings Revision/Risk

- No changes to earnings.
- **A lower-than-expected 2026 capex.** Management has revised TM's capex intensity guidance to a lower range of 16-18% of total revenue (from 18-20%). The downwards revision reflects ongoing capex optimisation initiatives, including: a) cost efficiencies from optimised infrastructure design; b) favourable forex benefitting overseas submarine cable projects; and c) investment deferment to 2027 due to longer server delivery lead times for its cloud infrastructure.

Environment, Social, Governance (ESG) Updates

Environmental

- Achieved 34% carbon emission reduction from 2019 baseline in 2025 through managing direct emissions, reducing energy-related emissions and adopting renewable energy generation (20% of total electricity consumption).

Social

- Contributed nearly RM17.6m (through Yayasan TM and partnerships) to provide humanitarian relief efforts nationwide, assisting over 130,220 people from the affected communities.

Governance

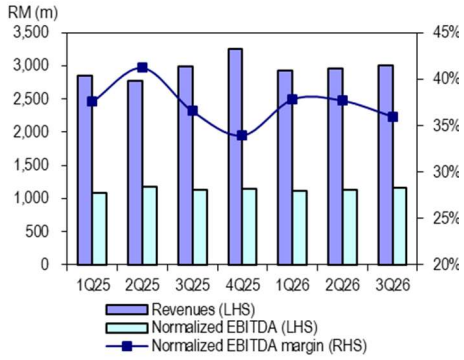
- Integrity screening of new vendors' background through MACC's Integrity Screening E-System.

Performance Guidance For 2026

	2026 Guidance	YTD Progress
Revenue growth	Low single-digit growth	+ 3.3% yoy
EBIT	Similar to 2025 at RM2b	RM1.7b
Capex intensity	Revised to 16-18% (from 18-20%)	9.6%

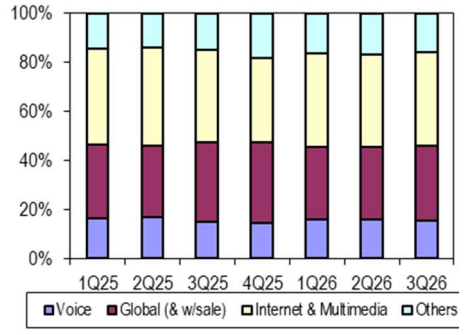
Source: TM

Revenue And EBITDA Margin



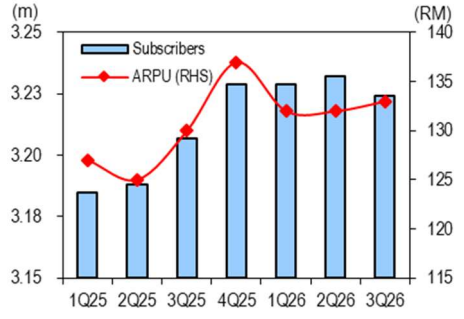
Source: TM, UOB Kay Hian

Revenue By Segment



Source: TM, UOB Kay Hian

Unifi Subscriber And ARPU



Source: TM, UOB Kay Hian

Profit & Loss

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Net turnover	**11,872**	**13,008**	**13,503**	**13,944**
EBITDA	4,204	4,426	4,794	4,858
Deprec. & amort.	2,179	2,200	2,237	2,214
EBIT	2,026	2,227	2,557	2,645
Associate contributions	4	4	4	4
Net interest income/(expense)	(229)	(88)	(83)	(66)
Pre-tax profit	**2,126**	**2,143**	**2,478**	**2,583**
Tax	(392)	(450)	(520)	(620)
Minorities	(21)	(24)	(34)	(35)
Net profit	**1,713**	**1,669**	**1,924**	**1,928**
Net profit (adj.)	1,750	1,669	1,924	1,928

Balance Sheet

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Fixed assets	11,408	11,549	11,743	11,621
Other LT assets	2,847	2,851	2,856	2,860
Cash/ST investment	2,623	2,239	2,544	3,293
Other current assets	3,582	4,002	4,118	4,221
Total assets	**20,459**	**20,641**	**21,260**	**21,995**
ST debt	511	526	542	558
Other current liabilities	5,220	5,472	5,529	5,699
LT debt	1,551	1,025	1,055	1,087
Other LT liabilities	2,416	2,416	2,416	2,416
Shareholders' equity	10,587	11,004	11,485	11,967
Minority interest	174	198	232	267
Total liabilities & equity	**20,459**	**20,641**	**21,260**	**21,995**

Cash Flow

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Operating	**3,519**	**3,720**	**4,132**	**4,239**
Pre-tax profit	2,126	2,143	2,478	2,583
Tax	(392)	(450)	(520)	(620)
Deprec. & amort.	2,179	2,200	2,237	2,214
Associates	(4)	(4)	(4)	(4)
Working capital changes	433	(168)	(58)	66
Non-cash items	(822)	-	-	-
Investing	**(1,197)**	**(2,341)**	**(2,431)**	**(2,092)**
Capex (growth)	(1,915)	(2,341)	(2,431)	(2,092)
Investments	3	-	-	-
Others	715	-	-	-
Financing	**(2,619)**	**(1,763)**	**(1,396)**	**(1,398)**
Dividend payments	(1,190)	(1,252)	(1,443)	(1,446)
Issue of shares	0	-	-	-
Proceeds from borrowings	(1,429)	(511)	47	48
Others/interest paid	-	-	-	(0)
Net cash inflow (outflow)	**(297)**	**(384)**	**305**	**749**
Beginning cash & cash equivalent	**2,973**	**2,486**	**2,102**	**2,407**
Changes due to forex impact	0	-	-	-
Ending cash & cash equivalent	**2,486**	**2,102**	**2,407**	**3,156**

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	35.4	34.0	35.5	34.8
Pre-tax margin	35.0	33.6	37.3	37.5
Net margin	14.7	12.8	14.2	13.8
ROA	8.6	8.1	9.0	8.8
ROE	16.5	15.2	16.7	16.1
Growth				
Turnover	1.4	9.6	3.8	3.3
EBITDA	(6.0)	5.3	8.3	1.3
Pre-tax profit	(2.3)	0.8	15.6	4.2
Net profit	(15.1)	(2.6)	15.3	0.2
Net profit (adj.)	10.4	(4.6)	15.3	0.2
EPS	10.4	(4.6)	15.3	0.2
Leverage				
Debt to total capital	0.1	0.1	0.1	0.1
Debt to equity	0.2	0.1	0.1	0.1
Net debt/(cash) to equity	0.1	0.1	0.1	0.1
Interest cover	4.7	10.0	10.8	10.0

Alliance Bank Malaysia
(ABMB MK/BUY/RM4.62/Target: RM5.20)

2QFY26: In Line As Strong Loans Growth And Lower NCC Offset Softer Margins

Highlights

- **2QFY27 earnings in line.** Alliance Bank Malaysia (Alliance Bank) reported a 2QFY27 net profit of RM208.5m (+0.9% yoy, -16.0% qoq). 1HFY27 earnings are deemed in line, representing 53% and 52% of our/consensus full-year forecasts respectively. We expect earnings momentum to moderate in the remaining quarters as net credit cost normalises towards management's guidance of 20-25bps from 9.2bps recorded in 1H27.
- **Qoq trend.** 2QFY27 earnings declined 16.0% qoq, mainly as net credit cost rose to 9.0bp from 0.3bp, reflecting higher BAU ECL and smaller pre-emptive provision writebacks. Net interest income grew 4.1% qoq, supported by gross loans growth of 2.8% qoq, despite NIM slipping 7bp to 2.19%. NOII fell 3.1% qoq as lower client-based fees outweighed higher treasury and investment income. Against negative JAWS of -3.0ppt, PPOP was flat qoq.
- **Yoy trend.** 2QFY27 earnings edged up 0.9% yoy. Net interest income rose 7.6% yoy, supported by 9.1% loans growth despite NIM compression of 13bp. However, NOII declined 11.9% yoy as weaker treasury and investment income outweighed higher client-based fees. Against negative JAWS of -2.5ppt, PPOP grew 1.3% yoy. Net credit cost was broadly stable at 9.0bp versus 8.8bp, while lower tax helped lift net profit.
- **NIM softens; guidance revised down.** In 2QFY27, NIM eased 7bp qoq to 2.19%, bringing 1HFY27 NIM to 2.22% (FY26: 2.34%). Management attributed about 4bp of the quarterly decline to a lower share of higher-yielding personal financing and 3bp to higher treasury funding costs. Management lowered FY27 NIM guidance to 2.18–2.23% from 2.23–2.28%, citing its shift towards lower-risk assets and continued deposit competition into 2HFY27. However, we retain our previously conservative assumption of -14bps NIM compression, which now comes in at management's revised NIM midpoint guidance.
- **Broad-based loan growth accelerated.** Gross loans grew 9.1% yoy in 2QFY27 (vs 8.1% in 1QFY27), led by commercial loans (+20.9%), corporate loans (+9.7%), mortgages (+8.1%) and SMEs (+7.5%). Consumer loans rose 6.7%, although personal financing declined 6.7% as Alliance Bank continued to shift towards lower-risk lending. Including unrated bonds, corporate exposure increased 18.7%, lifting overall loans growth to 10.2% yoy. Sequential gross loans growth accelerated to 2.8% qoq from 1.0% in 1QFY27. Management retained its FY27 loans growth guidance of 7.5-10.0%, despite the current yoy run-rate sitting slightly above the upper end.
- **Asset quality remains manageable, but credit cost to normalise.** The GIL ratio rose 3bp qoq to 1.86% in 2QFY27, although it remained below 1.91% a year ago. SME and commercial/corporate GIL ratios each increased by 10bp qoq, while the consumer ratio was unchanged. NCC rose to 9.0bp from 0.3bp in 1QFY27 as BAU ECL increased and pre-emptive provision writebacks eased. The 1HFY27 NCC of 9.2bp still benefitted from an earlier corporate recovery. Management retained its FY27 NCC guidance of 20–25bp, implying higher credit cost in 2HFY27 but also indicated that it could come in towards the lower end, as underlying BAU credit cost has improved following the shift towards lower-risk assets. Loan-loss coverage eased to 112.2% from 112.9% in 1QFY27.

Valuation/Recommendation

- **Upgrade to BUY with an unchanged target price of RM5.20.** The stock currently trades at around -0.5SD of its pre-pandemic mean following the retracement in its valuations. In addition, Alliance Bank is an inclusion candidate for the expanded FBMKLCI that could provide a catalyst for a valuation recovery. Our target price is derived from 0.94x FY27F P/B, supported by a 9.6% ROE assumption.

Earnings Revision/Risk

- No revisions to our forecast. Key risks: Higher-than-expected margin squeeze and sharp deterioration in asset quality.

2QFY27 Results

Year to 31 Mar (RMm)	2QFY27	qoq %	yoy %	1HFY27	yoy %
Net Interest Income	395.6	3.6	8.2	777.4	5.7
Islamic Banking	158.9	11.7	10.5	301.1	4.8
Fees & Commissions	37.8	(32.9)	6.5	94.1	36.7
Net Trading Income	74.7	12.7	3.5	141.0	(9.8)
Other Operating Income	(18.6)	18.5	(306.7)	(34.2)	426.0
Total Income	648.5	2.8	3.6	1,279.4	3.1
Operating Expenses	(316.7)	5.8	6.1	(616.0)	6.9
PPOP	331.8	0.0	1.3	663.4	(0.3)
Provision	(61.3)	4,863.1	6.4	(62.5)	(57.6)
PBT	270.5	(18.0)	(0.2)	600.2	15.7
Net Profit	208.5	(16.0)	0.9	456.8	12.7
EPS (sen)	12.0	(16.7)	(0.8)	26.4	6.0
DPS (sen)	11.88	n.a.	26.8	11.88	26.8
BVPS (RM)	5.18	0.8	4.0	5.18	4.0
Financial Ratios (%)	**2QFY27**	**qoq ppt**	**yoy ppt**	**1HFY27**	**yoy ppt**
NIM	2.19	(0.07)	(0.13)	2.22	(0.15)
Loan Growth	9.1	1.0	1.0	9.1	1.0
Deposit Growth	9.0	0.6	(3.5)	9.0	(3.5)
Loan/Deposit Ratio	96.4	0.2	0.1	96.4	0.1
Cost/Income Ratio	48.8	1.4	1.1	48.1	1.7
ROE	9.5	(1.8)	(0.8)	10.5	0.4
NPL Ratio	1.86	0.03	(0.05)	1.86	(0.05)
Credit Costs (bp)	9.0	8.7	0.2	9.2	(14.0)
Loan Loss Coverage	112.2	(0.7)	(4.5)	112.2	(4.5)
CET-1 CAR	13.5	0.5	(0.1)	13.5	(0.1)

Source: Alliance Bank, UOB Kay Hian

Key Financials

Year to 31 Mar (RMm)	2026	2027F	2028F	2029F
Net interest income	1,484	1,543	1,642	1,782
Non-interest income	982	1,007	1,067	1,128
Net profit (rep./act.)	827	866	926	986
Net profit (adj.)	827	866	926	986
EPS (sen)	49.3	51.6	55.2	58.8
PE (x)	9.5	9.4	9.0	8.4
P/B (x)	0.9	0.9	0.8	0.8
Dividend yield (%)	4.2	4.3	5.6	6.6
Net int margin (%)	2.51	2.37	2.33	2.33
Cost/income (%)	48.0	47.9	48.9	48.5
Loan loss cover (%)	113.1	95.3	104.1	113.2
Consensus net profit		877	921	988
UOBKH/Consensus (x)		0.99	1.01	1.00

Source: Alliance Bank, UOB Kay Hian

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Carlsberg Brewery Malaysia
(CAB MK/BUY/RM12.56/Target: RM20.50)

9M26: In Line; Expecting A Shortfall In 4Q26

Highlights

- **9M26 within expectations**. Carlsberg Brewery Malaysia (Carlsberg) reported 9M26 net profit of RM294.4m (+4.2% yoy) on revenue of RM1.8b (+5.0% yoy). While headline numbers appear strong, accounting for 78% of our and 81% of consensus full-year forecasts, we deem this within expectations as sales volume is expected to normalise going into 4Q26. A 27 sen interim dividend was announced, bringing the total for the year to 72 sen (1H25: 68 sen).
- **Malaysia: Robust but 4Q26 volumes likely to be soft.** Carlsberg's Malaysian operations reported operating profit of RM323.0m (+13.9% yoy) on revenue of RM1.4b (+9.2% yoy) in 9M26. Overall, local demand remained largely resilient despite the price hike following the excise increase at the start of the year. However, we note that 3Q26 sales volume came in exceptionally strong with revenue growing 14.4% qoq. While this is partially attributable to seasonality, Carlsberg has also commented that sales were front-loaded into 3Q26 ahead of a migration to a new, integrated inventory management system in October. Consequently, distributor inventory levels currently remain elevated with Carlsberg guiding that 4Q26 sell-in will likely be negatively impacted by the build-up. Otherwise, the segment continues to appear robust with Carlsberg also picking up an additional 6ppt in market share during 9M26.
- **Singapore still soft.** Carlsberg's Singapore segment reported revenue of RM440.9m (-6.4% yoy) and operating profit of RM34.0m (-35.1% yoy) during 9M26. While headline numbers appear weak, we note that the yoy decline was magnified by a segmental accounting adjustment in 2Q26 and a one-off trade offer adjustment in 9M25. Nonetheless, Carlsberg's outlook for Singapore remains challenging with the segment remaining persistently soft following the loss of the Asahi distributorship.
- **VMY extension a boon for brewers.** As part of Budget 2027, the government announced that Visit Malaysia Year (VMY) would be extended to 2027 as the Iran war had disrupted this year's campaign. We view this as broadly positive for brewers as our previous ground checks indicated that VMY did result in an uptick in consumption prior to the Iran war escalation. Broader measures such as the increased cash handouts and higher wages should also help bolster sentiment with impact on the brewers expected to be minimal given most of its workforce earns above the minimum wage.

Earnings Revision/Risk

- We trim our 2026/27/28 earnings by 5%/4%/2% respectively as we account for the short-term weakness in sales volume following the strong 3Q26 numbers. Based on our estimates, we believe the excess inventory should be cleared within 1H27.

Valuation/Recommendation

- **Maintain BUY with a lower DCF-based target price of RM20.50 (from RM21.10).** We use a WACC estimate of 7.8% and terminal growth rate of 3.0% to arrive at our fair value estimates. Our DCF-derived target price implies 16.0x 2027F PE, broadly in line with its five-year mean.
- We view current prices as an attractive entry point. Carlsberg trades at near -2.0SD to mean PE and offers yields of 9-10% through 2027-28.

9M26 Results

Year to 31 Dec	3Q26 (RMm)	qoq % chg	yoy % chg	9M26 (RMm)	yoy % chg
Revenue	**589.2**	**14.4**	**1.0**	**1,810.0**	**4.2**
Malaysia	453.8	13.0	5.2	1,401.4	8.2
Singapore	135.4	19.4	(10.9)	412.6	(6.4)
Operating Profit	**138.1**	**41.1**	**10.6**	**357.2**	**7.0**
Malaysia	123.7	36.8	26.9	323.0	13.9
Singapore	14.4	88.5	(47.3)	34.0	(35.1)
Share of Associate	8.6	(2.6)	(22.0)	25.8	(4.2)
Pre-tax Profit	146.3	36.5	8.4	381.9	5.5
Core Net Profit	**112.4**	**35.2**	**8.5**	**294.4**	**4.9**
Margins	**%**	**+/- ppt**	**+/- ppt**	**%**	**+/- ppt**
EBIT Margin	23.4	4.4	2.0	19.7	0.5
Malaysia	27.3	4.7	4.7	23.1	1.1
Singapore	10.7	3.9	(7.4)	8.2	(3.6)
PBT Margin	24.8	4.0	1.7	21.1	0.3
Core Net Profit	(23.2)	(0.7)	0.1	(22.9)	0.3

Source: Carlsberg, UOB Kay Hian

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net Turnover	2,376	2,260	2,232	2,318	2,397
EBIT	416	450	426	464	497
Net Profit (Reported)	337	376	358	390	417
Net Profit (Adjusted)	337	376	358	390	417
EPS (sen)	109.6	122.1	116.5	126.7	135.4
PE (x)	11.5	10.3	10.8	9.9	9.3
P/B (x)	13.9	12.0	11.0	10.0	9.1
EV/EBITDA (x)	8.1	7.6	7.9	7.3	6.8
Dividend Yield (%)	8.0	8.9	8.5	9.2	9.8
Net Margin (%)	14.2	16.6	16.1	16.8	17.4
Net Gearing (%)	(2.7)	0.1	(9.6)	(16.2)	(22.1)
ROE (%)	114.2	118.6	107.8	111.5	113.3
Consensus Net Profit			365	382	415
UOBKH/Consensus (x)			0.98	1.02	1.00

Source: Carlsberg, Bloomberg, UOB Kay Hian

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Coraza Integrated Technology
(CORAZA MK/BUY/RM1.06/Target: RM1.45)

9M26: Above Expectations; Strong Momentum Ahead On Rising Mass-Pro

Highlights

- **Beat expectations.** Coraza Integrated Technology (Coraza) posted its highest ever revenue of RM60.0m (+17% qoq; +50% yoy). 3Q26 core net profit came in at RM7.0m (+73% qoq, +140% yoy), bringing 9M26 core net profit to RM14.7m (+41%) accounting for 84%/71% of our/consensus full-year estimates respectively. The positive variance was due to stronger-than-expected demand from both front-end and back-end semiconductor equipment customers.
- **9M26 revenue surged 31% yoy** with 3Q26 revenue marking the group's 10th consecutive quarter of yoy growth and another record quarterly revenue achievement, supported by sustained demand from both front-end and back-end semiconductor customers. Core net profit soared on better product mix alongside better operational efficiency. Qoq, revenue increased 17% with core net profit soaring 73% on better operational leverage alongside the absence of realised forex losses vs last quarter.
- **Multi-pronged growth drivers to underpin 2027 outlook.** Coraza remains well positioned to capitalise on the semiconductor upcycle, supported by robust demand across front-end, metrology and ATE applications. Its pre-emptive capacity expansion is progressing as planned, with utilisation expected to ramp up in 2H26 alongside the transition of several NPIs into mass production, driving stronger contributions through 2027. Meanwhile, the group continues to pursue new programmes and localisation opportunities arising from global supply-chain diversification, while evaluating further capacity investments to support its expanding pipeline. Semiconductor programmes will remain the near-term priority, while the test instrumentation business continues to progress steadily. Its outstanding orderbook currently stands at RM300m, 88% higher than last quarter, with the majority comprising robust semiconductor order loadings.

Earnings Revision/Risk

- We raise our 2026-27 earnings forecast by 9-14% to account for higher sales assumption for the semiconductor segment.

Valuation/Recommendation

- **Maintain BUY with a higher target price of RM1.45 (from RM1.33),** based on an unchanged 25x 2027F PE (at a 25% discount to semiconductor production equipment's seven-year mean PE of 34x).

3Q26 Results

Year to 31 Dec (RMm)	3Q26	qoq%	yoy%	9M26	yoy%
Revenue	60.0	17.4	50.1	155.1	31.2
Gross Profit	17.7	15.0	53.8	46.4	40.2
EBITDA	12.1	7.8	50.7	32.9	49.7
EBIT	8.2	6.6	58.9	22.1	62.3
Pre-tax Profit	7.6	5.9	62.7	20.5	65.5
Tax	(1.8)	(2.9)	(58.5)	(5.0)	(65.7)
Net Profit	5.8	6.9	64.0	15.6	65.4
Core Net Profit	7.0	72.8	139.7	14.7	40.8
Margins	**%**	**+/- ppt**	**+/- ppt**	**%**	**+/- ppt**
Gross Profit	29.5	(0.6)	0.7	29.9	1.9
EBITDA	20.1	(1.8)	0.1	21.2	2.6
EBIT	13.6	(1.4)	0.8	14.2	2.7
PBT	12.7	(1.4)	1.0	13.2	2.7
Core Net profit	11.7	3.8	4.4	9.5	0.6

Source: Coraza, UOB Kay Hian

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	109.0	160.2	203.5	270.6	326.4
EBITDA	11.3	32.5	54.1	68.7	76.3
Operating profit	2.3	20.8	40.7	55.7	63.7
Net profit (rep./act.)	4.4	14.2	20.0	28.9	33.0
Net profit (adj.)	7.3	14.5	20.0	28.9	33.0
EPS	1.5	2.9	4.0	5.8	6.7
PE	78.7	40.0	29.0	20.1	17.6
P/B	4.4	4.0	3.5	3.0	2.6
EV/EBITDA	43.2	15.1	9.0	6.7	5.8
Dividend yield	0.0	0.0	0.0	0.0	0.0
Net margin	6.7	9.1	9.8	10.7	10.1
Net debt/(cash) to Equity (%)	(9.9)	(6.2)	(8.9)	(19.9)	(25.0)
Interest cover	(1.7)	(12.6)	(40.7)	(55.7)	(63.7)
ROE	3.4	9.8	12.1	14.9	14.5
UOBKH/Consensus (x)			0.97	1.03	1.05

Source: Coraza, UOB Kay Hian

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ITMAX System
(ITMAX MK/BUY/RM4.07/Target: RM6.10)

3Q26: Within Expectation; Earnings Drivers Firming Up

Highlights

- **Within expectations.** ITMAX System (ITMAX) reported a 3Q26 core net profit of RM32.6m (+9% qoq, +28% yoy) on revenue of RM86.5m (+15% qoq, +32% yoy). This brought 9M26 core net profit to RM87.2m, making up 74%/72% of our and consensus forecasts respectively, in line with expectations.
- **9M26 revenue rose 30% yoy to RM227.3m,** led by a 52% yoy increase in the digital infrastructure solutions (DIS) segment, underpinned by revenue recognition from its KL CCTV contracts, alongside higher parking collections from smart parking deployments in both Johor and Selangor. Core net profit grew 27% yoy with the stronger DIS segment mix. On a sequential basis, earnings improved by 9% on a 15% increase in revenue, largely due to higher contribution from digital infrastructure solutions (+27% qoq).
- **Smart parking gains scale in Selangor and Johor.** In Selangor, ITMAX has secured appointments from three councils under Phase 1 and manages about 133,000 bays, equivalent to roughly one-third of the state's around 400,000-bay addressable market. Ongoing upgrades to the remaining gazetted bays should support higher collections, while further council awards could expand its operating footprint. In Johor, ITMAX reported appointments across seven councils as at end-FY25. We expect a fuller contribution from Johor Bahru and higher collections in Selangor to support near-term earnings growth.
- **Strong expansion runway across Kuala Lumpur and Johor.** Following the delivery of its 10,000-unit DBKL CCTV contract, we expect further awards of at least 5,000 units, potentially scaling to 10,000 units, in line with the government's target of 20,000 CCTVs by 2028. Management estimates Kuala Lumpur ultimately needs at least 50,000 units to fully support traffic, safety and city management functions, suggesting substantial headroom versus Singapore (~109,000 units) and Bangkok (~78,000 units). Meanwhile, the addition of 2,000 new CCTV units in Johor Bahru could serve as a benchmark for further rollouts across other local councils such as Iskandar Puteri, Kulai and other municipalities. Beyond volume growth, we expect ITMAX to achieve higher ASPs per unit as value-added modules such as Digital Twin, Super App and AI-enabled features are layered in, creating a dual growth engine of volume and value across both markets.

Earnings Revision/Risk

- No change in earnings.

Valuation/Recommendation

- **Maintain BUY with an unchanged DCF-based target price of RM6.10 (WACC: 7%; LTG: 3%)**, which implies 40x 2027F PE. ITMAX continues to offer enormous potential across both East and West Malaysia, underpinned by a solid orderbook. Beyond that, the company leverages AI technologies and its unique database as key competitive advantages to continue delivering superior solutions.

9M26 Results

Year to 31 Dec	3Q26 (RMm)	qoq % chg	yoy % chg	9M26 (RMm)	yoy % chg
Revenue	86.5	15.3	32.7	227.3	30.4
EBITDA	63.5	15.2	43.4	164.7	35.9
EBIT	56.6	15.4	39.6	146.5	36.1
Pre-tax Profit	49.3	14.9	33.4	128.5	34.9
Net Profit	33.0	10.1	29.0	88.1	28.0
Core Net Profit	32.6	9.3	27.9	87.2	26.8
Margins	%	+/- ppt	+/- ppt	%	+/- ppt
EBITDA	73.5	(0.1)	5.5	72.4	67.0
EBIT	65.4	0.1	3.2	64.4	61.2
Pre-tax Profit	57.0	(0.2)	0.3	56.5	56.2
Core Net Profit	37.7	(2.1)	(1.4)	38.3	39.8

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	220.2	247.0	264.2	339.8	384.8
EBITDA	120.0	149.3	171.7	229.4	259.7
Operating profit	104.1	130.4	152.9	201.2	227.8
Net profit (rep./act.)	80.4	93.5	118.5	155.2	175.9
Net profit (adj.)	80.5	93.1	118.5	155.2	175.9
EPS	7.8	9.1	11.5	15.1	17.1
PE (x)	52.0	44.9	35.3	27.0	23.8
P/B (x)	10.4	8.3	7.1	5.9	5.0
EV/EBITDA (x)	55.6	44.9	39.0	29.3	25.9
Dividend yield (%)	0.5	0.6	0.7	0.9	1.1
Net margin (%)	36.5	37.7	44.8	45.7	45.7
Net debt/(cash) to equity (%)	(38.6)	(27.8)	(24.1)	(28.8)	(35.3)
Interest cover (x)	33.7	85.8	50.9	67.9	61.8
ROE (%)	20.0	18.5	20.0	21.9	20.9
Consensus Net Profit	-	-	120.7	157.3	187.7
UOBKH/Consensus (x)	-	-	0.98	0.99	0.94

Source: ITMAX, UOB Kay Hian

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Northeast Group
(NE MK/BUY/RM0.89/Target: RM1.36)

FY26: Within Expectation; Still Ample Runway For Growth

Highlights

- **Within expectations.** Northeast Group (NE) delivered another record quarter, posting 4QFY26 core net profit of RM10.9m (+19% qoq; +23% yoy), bringing FY26 core net profit to RM35.2m (+45% yoy). This accounted for 98%/96% of our and consensus full-year estimates respectively. Core earnings were adjusted for scrap income of RM4.7m, a net gain on impairment on trade receivables of RM3.2m, unrealised forex losses of RM1.3m and others at RM3.0m.
- **FY26 revenue surged 41% yoy,** attributable to stronger loadings from its semiconductor and photonics customers, coupled with enhanced manpower productivity. Meanwhile, core net profit grew 45% yoy, reflecting a more favourable product mix and stronger operating leverage on the back of robust top-line growth. Qoq, revenue inched up 19%, while core net profit grew at a similar 19%. Looking ahead, we expect NE to continue delivering stellar earnings ahead, following a two-year period involving: a) the restructuring of its major customer business structure, b) inventory adjustments, and c) product portfolio diversification.
- **Riding the AI upcycle; translating into earnings visibility.** NE is increasingly monetising its indirect AI exposure, having progressed from first-article qualification to mass production of precision-engineered components embedded in AI infrastructure. This is spearheaded by its positioning within the supply chain of a contract manufacturer, serving a key US optical solutions provider to the world's leading GPU player. With optical demand accelerating and the customer relationship deepening, order momentum is building, providing visibility for a multi-year growth runway potentially extending through 2027. While related revenue contribution remains sub-20% at this juncture, this segment is poised to emerge as the primary driver of its photonics division. Meanwhile, its outstanding orderbook surged by another 10% to over RM90m from August's quantum of RM82m.
- **Upping the ante to capture the next wave of growth.** NE is stepping beyond its traditional role as a precision component manufacturer, with ambitions to become an integrated engineering solutions provider at the sub-modular level. To drive this strategic shift, the group has unveiled ambitious expansion plans, including the construction of a new factory (expected to boost production capacity by 50% and targeted for completion by 2H29) which will be outfitted with state-of-the-art Computer Numerical Control machinery, alongside the development of a dedicated warehouse facility. On the segment front, the group is positioning itself to seize emerging opportunities in the 6G wireless network, advanced cooling systems for data centres, and entry into new product markets.

Earnings Revision/Risk

- After the earnings adjustment, we trimmed our FY27-28F earnings forecasts by 3-4% for house-keeping purposes.

Valuation/Recommendation

- **Maintain BUY with a lower target price of RM1.36 (from RM1.42)** based on an unchanged 25.0x FY27F PE (which is at -25% discount to SPE's seven-year mean PE).

9MFY26 Results

Year to 30 Sep	4QFY26 (RMm)	qoq % chg	yoy % chg	FY26 (RMm)	yoy % chg
Revenue	51.2	19	41	169.3	41
EBITDA	17.5	15	47	60.9	71
EBIT	15.1	17	53	51.4	88
Pre-tax Profit	14.9	17	54	50.9	91
Net Profit	9.4	-5	32	38.8	89
Core Net Profit	10.9	1%	23	35.2	45
Margins	**%**	**+/- ppt**	**+/- ppt**	**%**	**+/- ppt**
EBITDA	34.3	-1.3	1.4	36.0	6.2
EBIT	29.5	-0.5	2.4	30.4	7.5
Pre-tax Profit	29.2	-0.5	2.5	30.0	7.8
Core Net Profit	21.3	0.0	-3.0	20.8	0.5

Key Financials

Year to 30 Sep (RMm)	2025	2026	2027F	2028F	2029F
Net turnover	119.6	169.3	185.6	213.5	243.9
EBITDA	35.7	60.9	65.5	75.2	86.5
Operating profit	27.4	51.4	54.2	61.5	70.1
Net profit (rep./act.)	20.5	38.8	40.4	45.9	52.5
Net profit (adj.)	23.0	35.2	40.4	45.9	52.5
EPS (sen)	3.1	4.8	5.5	6.2	7.1
PE (x)	28.6	18.7	16.3	14.4	12.6
P/B (x)	2.5	2.2	1.9	1.7	1.5
EV/EBITDA (x)	16.0	9.1	7.5	5.6	3.9
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
Net margin (%)	19.2	20.8	21.7	21.5	21.5
Net debt/(cash) to equity (%)	(33.4)	(35.9)	(49.8)	(61.8)	(73.4)
Interest cover (x)	n.m.	n.m.	n.m.	n.m.	n.m.
ROE (%)	8.9	11.8	11.9	11.9	12.0
Consensus net profit			41.5	46.0	
UOBKH/Consensus (x)			0.97	1.00	

Source: NE, UOB Kay Hian

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PPB Group
(PEP MK/BUY/RM8.42/Target: RM11.60)

3Q26: Below Expectations

Highlights

- **Below expectations.** PPB Group (PPB) reported 3Q26 core net profit of RM286.7m (-6.4% qoq, -18.4% yoy), bringing 9M26 core net profit to RM841.8m (-14.9% yoy), accounting for 66%/67% of our/consensus forecasts respectively. The earnings shortfall was primarily attributable to weaker-than-expected contribution from associate Wilmar.
- **Core operating earnings weakened in 3Q26.** Earnings from PPB's core operations declined to RM75.6m in 3Q26 (-36% qoq, -37% yoy), mainly due to weaker performance in the grains & agribusiness segment, which more than offset the improvement in the cinema business. Meanwhile, Wilmar's contribution fell 16% qoq to RM255.9m, as earnings were weighed down by higher raw material costs and weaker soybean crushing margins.
- **Operating segments highlights:**
  a) Grains & agribusiness segment earnings declined both qoq and yoy to RM34.8m, mainly due to lower sales across the flour, feed, maize and livestock sub-segments, alongside RM16m in fair value losses on derivative instruments used for hedging. The segment's operating margin narrowed to 5.5% (3Q25: 9.5%), likely reflecting elevated grain prices and freight costs.
  b) Consumer products remained at a loss due to lower sales volume and higher trade promotion expenses.
  c) Film exhibition & distribution: Earnings more than doubled yoy to RM26.3m due to higher net box office collection and concession income, following strong pipeline of films released in 2H26.
  d) Property: Higher sales and project progress for the Lumina Bedong Township development drove the segment's revenue (+65% yoy). However, PBT (-38% yoy) was dragged by share of losses in associates.
- **Outlook.** While global wheat prices have retreated from their Aug 26 peaks, prices are likely to remain volatile in the near-term amid supply disruptions in the Black Sea region and potential El Niño-related risks to crop yields. Against this backdrop, we expect margins in the grains & agribusiness segment to remain under pressure over the coming quarters, as previously favourable hedging arrangements gradually expire. On a positive note, the film exhibition segment should sustain its recovery, supported by the strong momentum from the summer blockbuster season and a healthier pipeline of Hollywood and local film releases. PPB's Vietnam operations also remain encouraging, underpinned by resilient demand for local films.

Earnings Revision/Risk

- **We cut our FY26/FY27 earnings forecasts by 10%/9%,** respectively, to reflect a lower-than-expected earnings contribution from associate Wilmar.

Valuation/Recommendation

- **Maintain BUY with a lower target price of RM11.60** (previously RM12.55), as we incorporate the recent revision in Wilmar's target price from S$3.80 to S$3.60 into our SOTP valuation. While PPB's near-term earnings outlook remains challenging amid elevated commodity prices and sustained margin pressures in its grains & agribusiness segment, we believe these headwinds are largely priced in at current levels, with the stock currently trading at 9.8x 2027 PE (close to -1sd of 5-year mean).

3Q26 Results

Year to 31 Dec (RMm)	3Q26	qoq%	yoy%	9M26	yoy%
Revenue	1,407.3	6.7	2.1	4,011.0	(1.9)
EBIT	75.6	(36.7)	(37.3)	240.0	(28.2)
Grains & agribusiness	34.8	(55.5)	(62.5)	158.1	(35.9)
Consumer products	(2.2)	75.4	(>100)	(6.7)	(>200)
Film exhibition	26.3	34.4	114.3	35.5	(6.3)
Property	2.2	15.9	(3.4)	6.0	24.7
Associates	234.2	(14.4)	188.6	726.7	175.5
Net profit	271.2	(19.8)	235.9	843.3	84.9
Core net profit	286.7	(6.4)	(18.4)	841.8	(14.9)
Margins	**%**	**+/- ppt**	**+/- ppt**	**%**	**+/- ppt**
EBIT	5.4	(3.7)	(3.4)	6.0	(2.2)
Core net profit	20.4	(2.9)	(5.1)	21.0	3.5

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	5,385.9	5,431.8	5,661.0	5,774.2	5,889.7
EBITDA	449.1	421.8	409.9	414.4	431.9
Operating profit	309.1	281.8	280.6	270.6	280.8
Net profit (rep./act.)	1,219.4	(2,732.4)	1,150.7	1,221.9	1,272.9
Net profit (adj.)	1,135.1	1,288.0	1,150.7	1,221.9	1,272.9
EPS	85.7	90.5	80.8	85.8	89.4
PE (x)	9.8	9.3	10.4	9.8	9.4
P/B (x)	0.5	0.5	0.5	0.5	0.5
EV/EBITDA (x)	25.0	25.4	26.5	26.8	26.4
Dividend yield (%)	5.0	5.0	5.1	5.1	5.2
Net margin (%)	21.1	23.7	20.3	21.2	21.6
Net debt/(cash) to equity (%)	0.0	(0.1)	(0.1)	(0.1)	0.0
Interest cover (x)	48.9	15.2	21.2	15.8	13.9
ROE (%)	4.6	5.3	5.1	5.2	5.2
Consensus net profit	-	-	1,256.0	1,355.0	1,380.0
UOBKH/Consensus (x)	-	-	0.92	0.90	0.92

Source: PPB, Bloomberg, UOB Kay Hian

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WCT Holdings
(WCTHG MK/HOLD/RM0.26/Target: RM0.27)

9M26: Below Expectations

Highlights

- **Below expectations.** WCT Holdings (WCT) fell back into the red in 9M26, reporting a core net loss of RM2.9m (9M25: profit of RM40.5m). We arrive at this number after stripping out: a) RM1.5m in write-offs, b) RM0.3m in reversals of impairment allowances, c) RM3.9m in disposal gains, d) RM0.2m in forex gains, e) RM66.4m in acquisition losses following WCT's acquisition of the remaining stake of Jelas Puri from EPF, and f) Sukuk payments of RM30.4m. This missed expectations as both we and the consensus were forecasting profits for 2026. The negative deviation stemmed largely from wider-than-expected construction losses and higher-than-expected finance costs. We note that WCT's borrowings have begun to climb with net debt rising 28% since the REIT listing (9M26: RM2.3b vs end-25: RM1.8b).
- **Construction continued to incur losses.** WCT's construction segment reported LBIT of RM39.1m (9M25: RM11.2m profit) on revenue of RM675.9m (-8.3% yoy) in 9M26. Outstanding orderbook came in at RM4.2b while tenderbook came in at RM24.0b. Overall, this quarter marked a full year in the red for the construction segment with losses also widening over 5x sequentially during 3Q26. Looking forward, the recently secured international projects in Taiwan and the Middle East could signal a rejuvenation of the construction arm. However, given the continued struggles with earnings delivery, we remain conservative on the segment for now.
- **Property sales declining.** Looking to WCT's property segment, the group's property development arm saw EBIT contract to RM75.3m (-25.1% yoy). As of end-9M26, unbilled sales stood at RM790m while unsold completed inventories stood at RM72m. Overall, property sales remained soft in 9M26, coming in at only RM383m (vs RM1.1b in 9M25). Given that 9M26 sales only made up 31% of WCT's RM1.2b sales target for 2026, we believe earnings for the segment may remain soft going forward given as the group had also missed its 2025 sales target.
- **Investment properties also loss-making.** The segment reported LBIT of RM34.5m in 9M26. We note that the sharp decline is largely due to the recognition of acquisition losses following WCT's purchase of the remaining stake in its Jelas Puri JV with EPF. Excluding said losses, EBIT still declined 51% yoy following the disposal of three malls (Paradigm Mall PJ, Paradigm Mall JB and AEON Bukit Tinggi) as part of its REIT listing. While this was partially offset by higher associate income from its stake in Paradigm REIT, the dilution of interest in the three properties resulted in an overall earnings decline.

Earnings Revision/Risk

- We cut our 2026/27/28 forecasts by 85%/50%/34% as we impute wider construction losses and higher interest costs.

Valuation/Recommendation

- **Maintain HOLD with a lower SOTP-based target price of RM0.27 (from RM0.42).** Following the consistent losses, we change our valuation methodology for the construction segment, ascribing a 0.3x PB ratio given the underperformance of the segment. We also impute a 20% SOTP discount to reflect the inconsistent earnings delivery.
- Our target price implies a 2027F PB ratio of 0.1x. While WCT appears deceptively cheap, we remain conservative given that a significant rerating may be a long way out.

9M26 Results

Year to 31 Dec	3Q26 (RMm)	qoq % chg	yoy % chg	1H27 (RMm)	yoy % chg
Revenue	**427.0**	**15.3**	**(11.5)**	**1,242.6**	**(17.6)**
Construction	237.3	23.4	(10.1)	675.9	(8.3)
Property Dev.	138.1	7.9	(23.4)	418.2	(30.0)
Investment Prop.	51.5	2.9	34.9	148.5	(14.6)
EBIT	**(51.8)**	**(331.9)**	**(251.6)**	**1.7**	**(99.0)**
Construction	(28.4)	442.3	(1,509.5)	(39.1)	(448.4)
Property Dev.	29.7	64.9	20.4	75.3	(25.1)
Investment Prop.	(53.1)	(656.0)	(813.0)	(34.5)	(153.2)
PBT	**(59.9)**	**(376.1)**	**(313.2)**	**(9.7)**	**(110.8)**
PATAMI	**(85.7)**	**(682.6)**	**(912.3)**	**(66.4)**	**(275.5)**
Core PATAMI	**(29.6)**	**(231.0)**	**(370.8)**	**(2.9)**	**(107.1)**
Margins	**%**	**+/- ppt**	**+/- ppt**	**%**	**+/- ppt**
EBIT - Construction	(12.0)	(9.2)	(12.7)	-5.8	(7.3)
EBIT - Property	21.5	7.4	7.8	18.0	1.2
EBIT - Investment	(103.1)	(122.2)	(122.6)	-23.3	(60.6)

Source: WCT, UOB Kay Hian

Key Financials

Year to 31 Mar (RMm)	2024	2025	2026F	2027F	2028F
Net Turnover	1,824	1,973	1,632	1,377	1,205
EBIT	380	203	130	148	155
Net Profit (Reported)	278	48	7	23	29
Net Profit (Adjusted)	(39)	57	7	23	29
EPS (sen)	(2.8)	4.1	0.5	1.6	2.1
PE (x)	n.m.	6.7	52.3	16.4	13.0
P/B (x)	0.1	0.1	0.1	0.1	0.1
EV/EBITDA (x)	6.7	9.9	14.7	13.6	13.8
Dividend Yield (%)	n.a.	n.a.	n.a.	n.a.	n.a.
Net Margin (%)	15.2	2.4	0.4	1.7	2.4
Net Gearing (%)	0.7	0.5	0.6	0.6	0.6
ROE (%)	7.3	1.2	0.2	0.6	0.8
Consensus Net Profit			45	62	66
UOBKH/Consensus (x)			0.2	0.4	0.4

Source: WCT, Bloomberg, UOB Kay Hian

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Market Spotlight

Market News

The FBMKLCI rebounded by 0.61pt (+0.04%) to close at 1,562.29 yesterday. Meanwhile, most Asian stocks fell on Wednesday as renewed selling in technology shares erased much of the previous session's AI-driven rebound, with fresh US tariff threats and concerns over the returns from artificial-intelligence investments further undermining risk appetite. Treasuries gained as investors sought safer assets. The FBMKLCI's top gainers were 99 Speed Mart Retail Holdings (+3.3%), Mr D.I.Y. Group (M) (+2.0%) and SD Guthrie (+1.5%), while the top losers were YTL Power International (-5.1%), YTL Corporation (-2.9%) and Press Metal Alumnium Holdings (-1.7%). In the broader market, losers outpaced gainers 692 to 345 with 456 counters unchanged. Turnover was 2.34b shares valued at RM2.30b.

US stocks were mixed after the close on Wednesday, as gains in the basic materials, industrials and oil & gas sectors led shares higher while losses in the technology, healthcare and consumer services sectors led shares lower. At the close in NYSE, the Dow Jones Industrial Average gained 0.33%, while the S&P 500 Index fell 0.25%, and the NASDAQ Composite Index declined 0.62%. Rising stocks outnumbered declining ones on the New York Stock Exchange by 2,018 to 825 and 73 ended unchanged; on the Nasdaq Stock Exchange, 1,960 rose and 1,493 declined, while 175 ended unchanged. (Sources: Investing.com*)*

FBMKLCI, FCPO & FKLI Index Outlook

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FBMKLCI



Source: UOBKH ChartGenie

FTSE Bursa Malaysia KLCI

Last close:	1,562.29
Expected moving range:	1,560-1,570

Technical View:

The FBMKLCI is trading within a tight range but managed to make a technical rebound yesterday. We expect the index to trade sideways as the RSI indicator suggests flattish momentum. The index is likely to continue moving within the 1,560-1,570 range. If the index fails to stay at above this level, the next support level is at 1,550. Support and resistance levels are still maintained 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 SELL with -3.4% potential return

Trading SELL range:	RM4,250-4,260
Last price:	RM4,224
Target price:	RM4,137, RM4,080
Resistance:	RM4,300
Stop-loss:	RM4,301

SELL with a target price of RM4,080 and stop-loss at RM4,301. Based on the chart, FCPO continues the bearish movement and close lower at RM4,224 yesterday. This bearish movement is supported by the downtick in RSI and bearish crossover in both MACD and DMI indicators. We peg our targets at RM4,137 and RM4,080 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 -2.5% downside

Trading BUY range:	1,560-1,580
Last price:	1,562.5
Target price:	1,539, 1,524
Resistance:	1,573
Stop-loss:	1,574

SELL with a target price of 1,524 and stop-loss at 1,574. 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 maintained our targets at 1,539 and 1,524 in the near term.

Expected timeframe: One day to three days

Traders' Corner

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Source: UOBKH ChartGenie

AirAsia Group
AAGB MK

Technical BUY on breakout with +29.5% potential return

Trading BUY range:	RM0.525-0.53
Last price:	RM0.50
Target price:	RM0.64, RM0.68
Support:	RM0.41
Stop-loss:	RM0.405

BUY on breakout with a target price of RM0.68 and stop-loss at RM0.405. Having sustained above the BBI line over the past few days, AAGB surged on renewed buying interest to retest the breakout level of RM0.525 yesterday. Growing bullish divergence in the DMI suggests the bullish trend will continue in the near term, while the steep upward movement of the RSI suggests buying momentum will continue to pick up going forward. We peg our targets at RM0.64 and RM0.68 once the stock penetrates above the breakout level of RM0.525.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading



Source: UOBKH ChartGenie

Mega Fortis
MEGAFB MK

Technical BUY with +42.0% potential return

Trading BUY range:	RM2.01-2.05
Last price:	RM1.98
Target price:	RM2.56, RM2.91
Support:	RM1.55
Stop-loss:	RM1.54

BUY with a target price of RM2.91 and stop-loss at RM1.54. Yesterday's price spike saw MEGAFB breaking out to stage a convincing move above the 7- and 21-day EMAs. Yesterday's gain was also on high trading volume while the rising MACD and RSI indicators imply that positive momentum would strengthen further in the near term. We expect the share price to continue the upward movement towards our targets at RM2.56 and RM2.91 the near term.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading



Source: UOBKH ChartGenie

MHC Plantations
MHC MK

Technical BUY on breakout with +12.8% potential return

Trading BUY range:	RM1.72-1.73
Last price:	RM1.65
Target price:	RM1.87, RM1.94
Support:	RM1.58
Stop-loss:	RM1.57

BUY on breakout with a target price of RM1.94 and stop-loss at RM1.57. Share price has consolidated above the immediate support of RM1.58, and yesterday's positive closing above the BBI has set a new tone for the short-term outlook. We expect MHC to continue to make a higher high and higher low towards our target once it penetrates the RM1.72 level. The bullish bias has been established following an uptick in the RSI and a bullish crossover in the DMI.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading

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