UOBKayHian

Country Daily | Malaysia

Friday, 27 November 2026



Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	50,183.0	0.3	(0.0)	(4.2)	4.4
S&P 500	7,182.8	(0.3)	(1.9)	(7.0)	4.9
FTSE 100	10,609.3	1.7	1.5	(1.5)	6.8
AS30	8,866.1	0.8	0.3	(1.1)	(1.7)
CSI 300	3,900.6	0.1	(2.1)	(3.7)	(15.8)
FSSTI	4,962.6	0.6	(2.3)	(8.0)	6.8
HSCEI	7,493.3	1.5	(2.6)	(3.5)	(15.9)
HSI	22,226.9	1.2	(2.7)	(4.2)	(13.3)
JCI	5,242.2	0.9	0.9	(0.5)	(39.4)
KLCI	1,571.0	0.6	0.3	(2.5)	(6.5)
KOSPI	4,711.2	0.3	(8.3)	(16.4)	11.8
Nikkei 225	57,499.2	0.9	(2.6)	(9.1)	14.2
SET	1,414.4	(1.0)	(4.0)	(10.2)	12.3
TWSE	39,151.8	2.5	1.9	(15.1)	35.2
BDI	3,152	1.4	8.7	19.9	67.9
CPO (RM/mt)	4,015	2.8	(2.7)	(9.6)	2.1
Brent Crude (US$/bbl)	97	2.1	5.0	(16.6)	58.7

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 | Hong Leong Bank (HLBK MK/**BUY**/RM21.28/Target: RM24.50) Page 4 →

- HLB's 1QFY27 net profit of RM1.15b was broadly in line, accounting for 24% of our full-year forecast. Loans grew 7.5% yoy, ahead of industry growth, while asset quality remained sound with a 0.57% GIL ratio and 1bp net credit cost. NIM stood at 1.82%. Maintain BUY and target price of RM24.50 (11.5% ROE and 1.19x FY26F P/B). Valuation remains compelling at 1.0SD below its historical mean P/B.

Company Results | IJM Corporation (IJM MK/**BUY**/RM2.25 /Target: RM3.15) Page 7 →

- IJM's 1HFY27 results beat expectations. Lumpy recognitions in 2Q26 saw construction earnings surge qoq while property contributions were lifted by land sales. Otherwise, the infrastructure segment also broadly improved following lower forex losses and higher cargo throughput. Looking forward, margins are expected to normalise for the construction segment as it returns to the standard billing cycle. Maintain BUY with an unchanged target price of RM3.15 as we widen our SOTP discount.

Company Results | Press Metal Aluminium Holdings (PMAH MK/**BUY**/RM6.40/Target: RM9.13) Page 10 →

- PMETAL's results were above expectations, backed by strong aluminium prices and improving VAP sales mix. 3Q26 saw alumina prices normalising to USD345/tonne (+13% qoq), underpinned by gradual resumption of Middle Eastern smelters' capacity and rising global supply. The group declared a third interim dividend of 2.5sen. We raise 2026 earnings by 6% but cut our 2027/28 earnings forecasts by 14%/16% respectively, mainly to reflect lower aluminium price and regional premium assumptions. Maintain BUY with a lower target price of RM9.13.

Company Update | Sime Darby (SIME MK/**HOLD**/RM2.10/Target: RM2.25) Page 13 →

- Sime Darby's 1QFY27 results came in below expectations at 20%/19% of our and consensus full-year estimates respectively. Industrial margins were hit by parts price reduction while demand remained subdued as miners continued to scale back maintenance activities. We cut our FY27/28F earnings forecast by 11%/6% respectively. Maintain HOLD with a lower target price of RM2.25 (previously RM2.67).

Company Update | Tenaga Nasional (TNB MK/**HOLD**/RM12.50/Target: RM14.60) Page 16 →

- TNB recorded 3Q26 core net profit of RM1,082m (+4% yoy; +3% qoq) on higher regulatory asset base but EBITDA margin fell 2ppts yoy to 27% on higher staff, repair and maintenance cost and higher IT expenses. 9M26 net profit of RM3,388m (+5% yoy) is in line with expectations. We also expect 2026 effective tax rate to land at 24-25%, suggesting low effective tax rate in 4Q26. Maintain HOLD with a DCF-based target price of RM14.60.

What's Inside

Company Results | AMMB Holdings (AMM MK/**HOLD**/RM6.70/Target: RM7.30) Page 19 →

- AMMB's 2QFY27 net profit of RM540m (+1% yoy) was broadly within expectations. Loans grew 7% yoy, lifting net interest income despite NIM narrowing 3bp qoq to 1.90% amid deposit competition. Asset quality improved, with GIL falling to 1.64%, although quarterly credit cost rose to about 25bp. Management flagged continued funding pressure. Maintain HOLD and RM7.30 target price, with valuations near +1SD of historical P/B.

Company Results | Genting Bhd (GENT MK/**HOLD**/RM1.35/Target: RM1.53) Page 21 →

- GENT's 3Q26 results came in within expectations, with the earnings decline reflecting reduced contributions from subsidiaries GENS and GENM. Negatively, softer RWLV performance due to seasonality also partially dragged earnings. We opine that GENT is facing headwinds arising from the ongoing Middle East tensions which impacted consumer discretionary spending and visitations. Downgrade to HOLD as we cut our target price to RM1.53.

Company Results | Genting Malaysia (GENMMK/**BUY**/RM1.15/Target: RM1.38) Page 23 →

- GENM's 3Q26 results came in within expectations, as RWNYC's official commercial casino transition continues to lift earnings significantly despite weakening RWG operations. We anticipate stronger quarters ahead as RWNYC's robust earnings growth continue to take centre stage. Nevertheless, we lowered our valuations peg from -1SD below mean to -2SD, reflecting structural de-rating and weakening investors' sentiment. Maintain BUY but with a lower target price of RM1.38.

Company Results | Hong Leong Financial Group (HLFG MK/**BUY**/RM17.20/Target: RM22.00) Page 25 →

- HLFG's 1QFY27 net profit fell 4.6% yoy and 15.1% qoq to RM802.7m, broadly within expectations at 23% of both our FY27 forecast and consensus. Weaker investment returns pushed the insurance division into a pre-tax loss, partly offset by higher associate contributions and lower impairments at Hong Leong Bank. Maintain BUY and target price of RM22.00.

Company Results | Malaysia Smelting Corporation (SMELT MK/**BUY**/RM1.37/Target: RM2.01) Page 26 →

- MSC booked a 3Q26 core net profit of RM32.0m (-23% qoq; +55% yoy). This brings 9M26 core net profit to RM118.2m (+179% yoy), representing 70% of our full-year forecast. We deem the results to be within expectations, and project the group to end the year on a strong footing. The board declared an interim dividend of 5.0 sen/share during the quarter, making up a full-year dividend of 9.0 sen/share. Upgrade to BUY with a target price of RM2.01.

Company Results | NationGate Holdings (NATGATE MK/**BUY**/RM1.35/Target: RM1.98) Page 27 →

- Results beat expectations on higher-than-expected volume loadings from the data-computing segment. NatGate has commenced qualification builds for its photonics products, with mass production expected to begin in 1H27. This should anchor growth in 2027 on a higher volume ramp-up, better yields and operating leverage that drives an S-curve earnings recovery. Maintain BUY with a higher target price of RM1.98 (from RM1.88).

Company Results | Oriental Kopi Holdings (KOPI MK/**BUY**/RM0.78/Target: RM1.05) Page 28 →

- Oriental Kopi's FY26 results broadly met expectations. Outlet expansion remained the main driver throughout FY26 but it came at the expense of margins and sales per outlet. Looking forward, the extension of VMY into 2027 should drive footfall to key outlets while the recent international franchise deals are also expected to begin contributing. Maintain BUY and target price of RM1.05.

Company Results | QL Resources (QLG MK/**HOLD**/RM3.82/Target: RM4.00) Page 29 →

- QL's 1HFY27 earnings met expectations. Earnings were up marginally yoy, as exceptional fishmeal earnings offset weaker margins across livestock, convenience stores and clean energy. Maintain HOLD with an unchanged target price of RM4.00.

Company Results | Uzma (UZMA MK/**BUY**/RM0.28/Target:RM0.36) Page 30 →

- 1QFY27 results missed expectations at 14%/12% of our/consensus forecasts respectively. While we expected the weak quarter, the key negative deviations were updated guidance on longer-than-expected effects of the operatorship transition, higher-than-expected finance costs and depreciation. We understand 2QFY27 utilisation will be stronger qoq, as the monsoon effects are muted (but delayed to 3QFY27). Overall, we cut earnings forecasts by 19-28%. Maintain BUY with an adjusted target price of RM0.36 on 5x PE.

Company Update | Zetrix AI (ZETRIX MK/**CEASE COVERAGE**/RM0.05) Page 31 →

- Cease coverage on ZETRIX due to a reallocation of team resources. Note that our recommendation, along with target prices and estimates should not be relied upon following the cessation of this report.

Market Spotlight

Page 32 →

- The FBMKLCI jumped 8.69pt and closed at 1,570.98, lifted by persistent buying momentum in selected blue-chip counters.
- US market closed for public holiday.

Technical Analysis

FBMKLCI, FCPO & FKLI Index Outlook Page 33 →

Traders' Corner Page 35 →

MNRB Holdings | MNRB MK Page 35 →

- Trading Buy Range: RM2.46-2.47

Padini Holdings | PAD MK Page 35 →

- Trading Buy Range: RM1.13-1.14

Uchi Technologies | UCHI MK Page 36 →

- Trading Buy Range: RM2.35-2.38

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.

Hong Leong Bank (HLBK MK)

1QFY27: Within Expectations With NIM Easing Amid Strong Lending

Highlights

- HLB's 1QFY27 net profit of RM1.15b was broadly in line, accounting for 24% of our full-year forecast.
- Loans grew 7.5% yoy, ahead of industry growth, while asset quality remained sound with a 0.57% GIL ratio and 1bps net credit cost. NIM stood at 1.82%.
- Maintain BUY and target price of RM24.50 (11.5% ROE and 1.19x FY26F P/B). Valuations remains compelling at 1.0SD below its historical mean P/B.

1QFY27 Results

Year to 30 Jun (RMm)	1QFY26	4QFY26	1QFY27	qoq%	yoy%
Net Interest Income	1,025.1	1,036.4	1,066.3	2.9	4.0
Islamic Banking	317.7	315.8	313.0	(0.9)	(1.5)
Fees & Commissions	187.6	236.9	224.4	(5.3)	19.6
Trading Income	123.3	93.2	58.6	(37.2)	(52.5)
Other Income	31.1	78.8	47.7	(39.5)	53.4
Total Income	**1,684.8**	**1,761.2**	**1,709.9**	**(2.9)**	**1.5**
Operating Expenses	(606.9)	(681.2)	(616.8)	(9.4)	1.6
PPOP	1,078.0	1,080.0	1,093.0	1.2	1.4
Provisions	(38.0)	32.6	(28.3)	n.a.	(25.5)
Associate	311.1	352.7	348.4	(1.2)	12.0
PBT	**1,351.1**	**1,465.3**	**1,413.1**	**(3.6)**	**4.6**
Net Profit	**1,091.0**	**1,242.7**	**1,146.9**	**(7.7)**	**5.1**
EPS (sen)	53.2	60.6	55.9	(7.8)	5.1
DPS (sen)	0.0	80.0	0.0	n.a.	n.a.
BVPS (sen)	19.0	20.4	20.1	(1.3)	5.9
Financial Ratios (%)	**1QFY26**	**4QFY26**	**1QFY27**	**qoq +/- ppt**	**yoy +/- ppt**
NIM	1.84	1.85	1.82	(0.03)	(0.02)
Loan Growth, yoy	9.1	7.7	7.5	(0.2)	(1.6)
Deposit Growth, yoy	7.7	5.5	4.5	(1.0)	(3.2)
Loan/Deposit Ratio	88.1	88.7	90.6	1.9	2.5
Cost/Income Ratio	36.0	38.7	36.1	(2.6)	0.1
ROE	11.2	12.1	11.0	(1.1)	(0.2)
NPL Ratio	0.57	0.57	0.57	0.0	0.0
Credit Costs (bp)	7.1	(5.7)	4.9	10.6	(2.2)
CET-1 CAR	12.7	12.9	13.0	0.1	0.3

Source: Hong Leong Bank, UOB Kay Hian

Analysis

- **In line.** Hong Leong Bank (HLB) reported 1QFY27 net profit of RM1.15b (+0.1% yoy, +0.2% qoq). Earnings are deemed in line, with the quarter representing 24% of our full-year forecast. Net interest income rose 4.5% yoy and associate contributions grew 12.0%, offsetting a 7.9% decline in non-interest income, while impairment allowances fell 25.5%.

Key Financials

Year to 30 Jun (RMm)	2025	2026	2027F	2028F	2029F
Net interest income	3,988	4,062	4,116	4,245	4,536
Non-Interest Income	1,251	1,389	1,499	1,590	1,656
Net profit (rep./act.)	4,681	4,531	4,768	5,082	5,419
Net profit (adj.)	5,089	4,531	4,768	5,082	5,419
EPS (sen)	225.2	218.0	229.4	244.5	260.7
PE (x)	8.6	9.7	9.2	8.6	8.1
P/B (x)	1.1	1.1	1.0	1.0	0.9
Dividend yield (%)	4.5	5.2	6.0	6.4	6.8
Net int margin (%)	1.79	1.75	1.73	1.72	1.73
Cost/income Ratio (%)	38.7	37.6	37.4	37.0	37.0
Loan loss cover (%)	96.8	79.5	76.7	121.8	123.7
Consensus net profit	-	-	4,765	5,050	5,369
UOBKH/Consensus (x)	-	-	1.00	1.01	1.01

Source: Hong Leong Bank, UOB Kay Hian

Analyst

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BUY (Maintained)

Share Price	RM21.28
Target Price	RM24.50
Upside	15.1%

Stock Data

Sector	Financials
Bloomberg ticker	HLBK MK
Shares issued (m)	2,167.7
Market cap (RMm)	46,129.0
Market cap (US$m)	11,201.4
3-mth avg daily t'over (US$m)	6.7

Price Performance (%)

52-week high/low				RM25.80/RM20.80
1mth	**3mth**	**6mth**	**1yr**	**YTD**
0.4	(7.5)	(2.8)	(1.0)	(3.9)

Major Shareholders (%)

Hong Leong Financial Group Berhad	61.8
Employees Provident Fund Board	9.2

Balance Sheet Metrics

FY27F NAV/Share (RM)	21.02
FY27F CAR Tier -1 (%)	14.1

Price Chart



Source: Bloomberg

Company Description

This is fourth largest bank in term of asset size focusing on retail banking with presence in China through 18% owned Bank of Chengdu.

- **1QFY27 earnings trend.** Net profit rose 5.1% yoy to RM1.15b. Net interest income grew 4.5% on stronger loans, while lower impairment charges and a 12.0% increase in BOCD associate contribution supported earnings. Non-interest income fell 7.9% on lower treasury gains. Operating JAWS was broadly neutral, with income up 1.5% against a 1.6% rise in expenses.
- **Softer qoq earnings despite positive JAWS.** Net profit fell 7.7% qoq as non-interest income declined 19.1% and loan impairments swung from a RM33m reversal to a RM28m charge. Operating expenses fell 9.4%, outpacing the 2.9% decline in income and lifting pre-provision operating profit 1.2%. BOCD associate contribution eased 1.2% qoq.
- **Above-industry loans growth sustained.** Gross loans expanded 7.5% yoy, ahead of the domestic industry's growth rate, supported by retail, business and overseas operations. Residential mortgages, transport vehicle loans and unsecured loans grew 6.4%, 7.8% and 4.2% yoy respectively. Domestic business loans rose 12.2% yoy, including 10.9% growth in SME loans. International loans increased 26.2% yoy, led by Singapore (+33.7%) and Vietnam (+17.0%).
- **NIM compressed amid persistent deposit competition.** NIM fell 3bps qoq to 1.82% in 1QFY27 as higher funding costs outweighed the continued CASA growth of 6.5% yoy. Management maintained its full-year NIM guidance of 1.80-1.90%, but now expects to land at the lower end of the range. Funding costs and loan pricing are being managed to defend margins, while deposit competition could keep NIM under pressure over the near term.
- **Asset quality broadly stable.** GIL ratio held at 0.57% in 1QFY27. Domestic GIL was unchanged at 0.50%, while the overseas ratio improved to 1.40% from 1.47% in 4QFY26. SME GIL eased to 0.96%, although transport vehicle GIL edged up to 0.53%. Loan-impairment coverage stood at 79% (4QFY26: 80%), or 248% including regulatory reserves (4QFY26: 244%). Net credit cost remained low at 1bp.
- **Outlook.** FY27 key guidance are as follows: a) loans growth: 6-7%, b) net credit cost: <10bp, c) ROE: 11.0-11.5%, d) GIL ratio: <0.65%, e) CIR: <39%, f) NIM: 1.80-1.90%
- **Data centre exposure remains limited.** HLB primarily finances contractors building supporting infrastructure, with negligible direct lending to data centres. Management said the wider ecosystem exposure is below 1% of total loans.

Valuation/Recommendation

- **Maintain BUY and target price of RM24.50** (10.9% ROE and 1.11x FY27F P/B). Our target P/B multiple of 1.11x is broadly in line with the stock's historical mean. We continue to favour Hong Leong Bank given its unique position of delivering above-industry growth while maintaining impeccable asset quality. It also offers a compelling dividend yield of 6.0-6.8%, with scope to potentially raise payouts further.

Earnings Revision/Risk

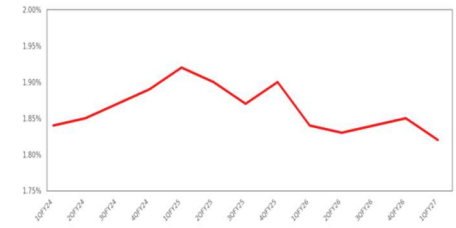
- No revision to our forecasts.

Key Assumptions

(%)	2027F	2028F	2029F
Loan Growth	6.4	6.2	6.5
Credit Cost (bp)	6.3	3.9	3.3
ROE	10.9	11.1	11.3

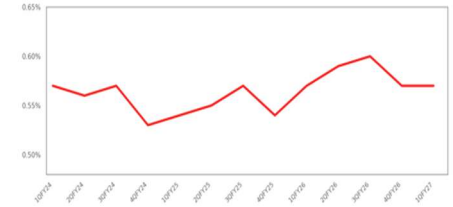
Source: UOB Kay Hian

NIM Trend



Source: Hong Leong Bank, UOB Kay Hian

GIL Ratio Trend



Source: Hong Leong Bank, UOB Kay Hian

Environmental, Social, Governance (ESG) Updates

Environmental

- **Carbon emission commitment**. Reduce Scope 1 and 2 emissions by 40%-50% by 2031
- **Raising market share for hybrid vehicle financing**. HLBank's market share for hybrid vehicle financing has rose to 9% in 2021, comprising 2.8% of the group's outstanding HP loans.

Social

- **Gender diversity**. Female comprises 40% of the group's upper management.

Governance

- Non-independent board of directors composition. *Composition of Independent Non-Executive Directors (INED) – 55 %*

Source: Hong Leong Bank, UOB Kay Hian

Profit & Loss

Year to 30 Jun (RMm)	2026	2027F	2028F	2029F
Interest income	8,831	10,032	10,486	11,092
Interest expense	(4,768)	(5,917)	(6,241)	(6,556)
Net interest income	4,062	4,116	4,245	4,536
Fees & commissions	816	881	952	1,009
Net Trading Income	377	414	427	431
Other income	196	204	212	216
Income from islamic banking	1,242	1,379	1,531	1,607
Total income	**6,693**	**6,994**	**7,366**	**7,799**
Staff costs	(1,378)	(1,447)	(1,519)	(1,626)
Other operating expense	(1,136)	(1,170)	(1,205)	(1,263)
Pre-provision profit	4,179	4,378	4,642	4,911
Loan loss provision	(79)	(24)	(26)	(27)
Other provisions	0	4	5	5
Associated companies	1,380	1,518	1,640	1,787
Pre-tax profit	5,480	5,876	6,261	6,676
Tax	(949)	(1,107)	(1,180)	(1,258)
Minorities	0	0	0	0
Net profit	**4,531**	**4,768**	**5,082**	**5,419**
Net profit (adj.)	4,531	4,768	5,082	5,419

Balance Sheet

Year to 30 Jun (RMm)	2026	2027F	2028F	2029F
Cash with central bank	2,143	4,816	5,129	5,462
Govt treasury bills & securities	44,521	46,302	48,154	50,081
Interbank loans	24	25	26	27
Customer loans	225,265	239,722	254,684	271,267
Investment securities	25,061	26,189	27,367	28,599
Derivative receivables	2,217	2,217	2,217	2,217
Associates & JVs	10,352	10,352	10,352	10,352
Fixed assets (incl. prop.)	1,175	1,222	1,271	1,322
Other assets	17,652	20,436	24,592	28,919
Total assets	**328,411**	**351,281**	**373,793**	**398,245**
Interbank deposits	7,356	7,798	8,266	8,762
Customer deposits	254,738	270,022	283,523	297,700
Derivative payables	2,324	2,510	2,711	2,928
Debt equivalents	5,181	5,175	5,174	5,174
Other liabilities	17,021	22,004	28,241	35,560
Total liabilities	**286,621**	**307,510**	**327,916**	**350,124**
Shareholders' funds	41,790	43,771	45,877	48,122
Minority interest - accumulated	0	0	0	0
Total equity & liabilities	**328,411**	**351,281**	**373,793**	**398,245**

Operating Ratios

Year to 30 Jun (RMm)	2026	2027F	2028F	2029F
Capital Adequacy				
Tier-1 CAR	12.9	14.5	14.7	14.8
Total CAR	16.2	18.2	18.2	18.2
Total assets/equity (x)	7.9	8.0	8.1	8.3
Tangible assets/tangible common equity (x)	8.2	8.4	8.5	8.6
Asset Quality				
NPL Ratio	0.6	0.6	0.6	0.5
Loan Loss Coverage	79.5	76.7	121.8	123.7
Loan Loss Reserve/Gross Loans	0.5	0.4	0.7	0.7
Increase in NPLs	13.6	6.3	3.9	3.3
Credit Cost (bp)	3.5	1.0	1.0	1.0
Liquidity				
Loan/Deposit Ratio	88.4	88.8	89.8	91.1
Liquid Assets/Short-Term Liabilities	17.8	18.4	18.2	18.1
Liquid Assets/Total Assets	14.2	14.6	14.3	14.0

Key Metric

Year to 30 Jun (%)	2026	2027F	2028F	2029F
Growth				
Net Interest Income, yoy Chg	1.9	1.3	3.1	6.9
Fees & Commissions, yoy Chg	13.4	8.0	8.0	6.0
Pre-Provision Profit, yoy Chg	6.6	4.7	6.0	5.8
Net Profit, yoy Chg	(3.2)	5.2	6.6	6.6
Customer Loans, yoy Chg	7.8	6.4	6.2	6.5
Customer Deposits, yoy Chg	5.6	6.0	5.0	5.0
Profitability				
Net Interest Margin	1.8	1.7	1.7	1.7
Cost/Income Ratio	37.6	37.4	37.0	37.0
Adjusted ROA	1.4	1.4	1.4	1.4
Reported ROE	10.8	10.9	11.1	11.3
Adjusted ROE	10.8	10.9	11.1	11.3
Valuation				
P/BV (x)	1.1	1.0	1.0	0.9
P/NTA (x)	1.1	1.1	1.0	1.0
Adjusted P/E (x)	9.8	9.3	8.7	8.2
Dividend Yield	5.2	5.9	6.3	6.7
Payout ratio	50.5	55.0	55.0	55.0

IJM Corporation (IJM MK)

1HFY27: Firing On All Cylinders

Highlights

- IJM's 1QFY27 earnings beat our expectations on higher-than-expected construction contributions.
- We raise our FY27/28/29 forecasts by 23%/10%/8% respectively following the strong recognitions in 2QFY26.
- Maintain BUY with an unchanged target price of RM3.15 as we widen our SOTP discount in light of the recent geopolitical developments.

1HFY27 Results

Year to 31 Mar	2QFY27	qoq	yoy	1HFY27	yoy
(RMm)	(RMm)	% chg	% chg	(RMm)	% chg
Revenue	**2,389.0**	**4.2**	**42.7**	**4,681.3**	**37.4**
EBIT	**442.5**	**51.1**	**161.4**	**735.4**	**85.4**
PBT	**310.9**	**54.1**	**157.3**	**512.6**	**87.4**
Tax	(87.4)	46.3	54.4	(147.1)	44.7
Non-controlling interests	20.7	228.0	55.1	27.0	109.3
Perpetual sukuk	(11.0)	0.6	(6.6)	(22.0)	(6.1)
PATAMI	**233.2**	**69.7**	**254.5**	**370.6**	**129.6**
Core PATAMI	**223.9**	**91.8**	**84.3**	**340.6**	**62.2**
Margins	**(%)**	**+/- ppt**	**+/- ppt**	**(%)**	**+/- ppt**
EBIT	18.5	5.7	8.4	15.7	4.1
PBT	13.0	4.2	5.8	11.0	2.9
Core PATAMI	9.4	4.3	2.1	7.3	1.1

Source: IJM, UOB Kay Hian

Analysis

- **Above expectations.** IJM Corporation (IJM) reported a core net profit of RM340.6m (+62.2 yoy) in 1HFY27. We arrived at this after adjusting for: a) RM15.8m in allowance for impairments, b) RM25.0m in allowance for write-downs, c) RM45.9m in disposal gains, d) RM16.5m in unrealised forex gains, and e) RM4.5m in fair value gains on financial assets. 1HFY27 earnings blew past expectations, accounting for 96% and 83% of our and consensus respective full-year forecasts. The positive deviation stemmed largely from stronger-than-expected construction earnings following a sharp uptick in recognitions. An interim dividend of 2 sen was also announced (1H25: 2 sen).

Key Financials

Year to 31 Mar (RMm)	2025	2026	2027F	2028F	2029F
Net turnover	6,252	6,859	8,739	9,658	9,932
EBITDA	1363	782	1333	1331	1386
Operating profit	1094	535	1083	1079	1131
Net profit (rep./act.)	403	3	587	583	626
Net profit (adj.)	527	320	587	583	626
EPS (sen)	14.4	8.8	16.1	16.0	17.2
PE (x)	15.6	25.7	14.0	14.1	13.1
P/B (x)	0.8	0.8	0.8	0.8	0.8
EV/EBITDA (x)	8.7	14.1	10.4	11.4	11.7
Dividend yield (%)	3.6	3.6	8.7	4.3	4.6
Net margin (%)	6.5	0.0	6.7	6.0	6.3
Net debt/(cash) to equity (%)	30.4	24.4	49.6	60.7	68.1
Interest cover (x)	4.8	2.8	3.9	3.5	3.2
ROE (%)	3.6	0.0	5.3	5.2	5.4
Consensus net profit	-	-	478	547	607
UOBKH/Consensus (x)	-	-	1.2	1.1	1.0

Source: IJM, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	RM2.25
Target Price	RM3.15
Upside	+40.0%

Stock Data

GICS sector	Industrials
Bloomberg ticker:	IJM MK
Shares issued (m):	3,647.6
Market cap (RMm):	8,207.0
Market cap (US$m):	1,994.2
3-mth avg daily t'over (US$m):	6.0

Price Performance (%)

52-week high/low				RM2.97/RM1.97
1mth	**3mth**	**6mth**	**1yr**	**YTD**
(15.4)	(18.6)	8.7	(5.0)	3.0

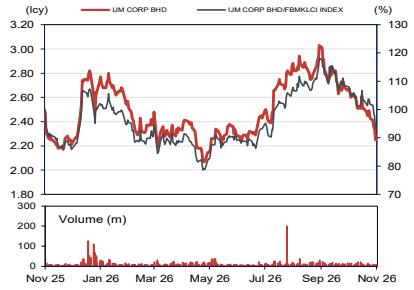
Major Shareholders (%)

Employees Provident Fund	19.3
Amanah Saham Nasional	12.5
KWAP	9.6

Balance Sheet Metrics

FY27 NAV/Share (RM)	2.85
FY27 Net Debt/Share (RM)	0.69

Price Chart



Source: Bloomberg

Company Description

A conglomerate with exposure in construction, property and concession assets.

- **Construction surged on lumpy recognitions.** IJM's construction segment reported pre-tax profit of RM117.1m (+59.8% qoq, >3x yoy) on revenue of RM1.1b (-14.5% qoq, +36.8% yoy) in 2QFY26. Despite the sequentially lower top-line, earnings were lifted by a combination of project completions and initial milestone recognitions for new projects during the quarter, resulting in margins expanding by 5ppt. Local orderbook and tenderbook came in at RM7.7b and RM17b respectively during 2QFY26 while ytd replenishments stood at RM3.5b. Looking ahead, IJM's focus remains on DC/industrial contracts with the segment making up 64% and 50% of IJM's local orderbook and tenderbook respectively. We also understand that the customer base for IJM's existing contracts and tenders are predominantly US hyperscalers and the pipeline has yet to see any disruptions following the news on GPU shipment restrictions. Margins are also expected to normalise in coming quarters following the stellar results as the billing cycle returns to the usual rates.
- **Property lifted by land sales.** The property segment reported earnings of RM46.2m (>4x qoq, >5x yoy) in 2QFY27. Revenue and earnings were largely lifted by land sales and disposals of investment properties during 2QFY26 with net gains totalling RM44.8m. Otherwise, property sales slowed sequentially to RM355.5m (-58.9% qoq) but are still broadly on track to meet IJM's RM1.8b-RM2.0b sales target. Barring any further disposals, earnings for the segment are likely to remain modest as gestation costs for IJM's investment assets (eg The Light, Finsbury Circus) offset the gains from property sales.
- **Infrastructure outlook brightens.** IJM's infrastructure arm reported pre-tax profit of RM73.4m (+32.6% qoq, >2x yoy) in 2QFY27. Looking to the individual segments, the toll segment posted PBT of RM37.5m (+20.9% qoq, >3x yoy) as earnings from Besraya and NPE improved off lower amortisation and finance costs while overseas losses narrowed due to lack of unfavourable forex. Looking to the ports, cargo throughput improved as Alliance Steel resumed shipments following the completion of its maintainence. Looking ahead, throughput is expected to continue recovering as Alliance Steel ramps shipments back up in 2HFY27.
- **Monetisation updates.** IJM continues to make steady progress on its monetisation efforts with no major changes to its timeline thus far. The group also shared that the structure for the toll monetisation will likely be decided by 1QCY27. IJM's exit from India is also proceeding as planned as the disposal for the first parcel of Vijayawada land is already complete with the second parcel in progress. The progressive exit is still expected to be substantially achieved within the next two years.
- **Navigating Washington, DC woes.** Following the recent newsbreak that Nvidia has stopped shipments of GPUs to Southeast Asia, concerns on Malaysia's runway for DC expansion have been rising as US policy changes continue to disrupt the market. So far, channel checks indicate that work continues as normal on the existing contracts and tenders are still open. For IJM, we believe earnings outlook leading up to the construction listing is still largely intact. However, given that DC and semiconductor demand underpin its medium-term growth, a significant disruption may affect the group's ability to command upcycle valuations going forward. As the situation remains extremely fluid, we reserve final judgement until the extent of the impact becomes clearer.

Valuation/Recommendation

- **Maintain BUY with an unchanged target price of RM3.15** as we widen our SOTP discount, erring on the side of caution in light of the recent disruptions. Our SOTP-based target price implies 19.2x FY27 PE, roughly +0.25SD to its five-year mean.

Earnings Revision/Risk

- **We raise our FY27/28/29 earnings forecasts by 23%/10%/8% respectively** as we impute the lumpy earnings and faster recognitions.

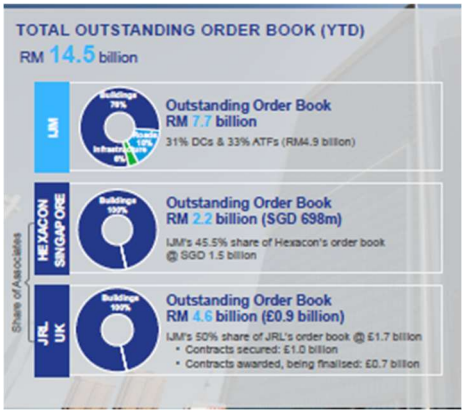
2QFY27 PBT Breakdown

	1QFY27 (RMm)	qoq % chg	yoy % chg
Construction*	117.1	59.8	213.9
Property dev.*	46.2	343.8	552.0
Industrial	71.4	15.7	35.9
Infrastructure	73.4	32.6	165.7
Others	2.8	172.4	174.8
Total	**310.9**	**54.1**	**157.4**
PBT Margins (%)		**+/-ppt**	**+/-ppt**
Construction	10.4	4.8	5.9
Property dev.	8.7	5.6	6.6
Industrial	14.2	0.3	(2.7)
Infrastructure	34.8	5.0	21.0

**Adjusted for unrealised forex losses*

Source: UOB Kay Hian

Outstanding Orderbook



Source: Bloomberg, UOB Kay Hian

SOTP Valuation

	Value (RMm)	Remarks
Construction	7,530	18x FY27F PE
Industry	3,454	
Infrastructure assets	3,529	Cost of equity 8%
Property	2,663	40% discount to RNAV
Other Investments	583	
Less: Net debt	-1,755	End-FY26
Total SOP value	**16,003**	
Enlarged sharebase	3,648	
FD SOP/share	**4.39**	
Discount	28%	
Fair value/share (RM)	**3.15**	
Implied FY27F PE (x)	19.2	

Source: UOB Kay Hian

Environmental, Social, Governance (ESG) Updates

Environmental

- Achieved emissions avoidance of 5,176 tCO2e in FY25 from renewable energy generation, waste recycled and the purchase of renewable energy certificates

Social

- Spent RM2.4m in social contributions to support the community in FY25.

Governance

- Aligned with the principles of the Malaysian Code on Corporate Governance.

Source: UOB Kay Hian

Profit & Loss

Year to 31 Mar (RMm)	2026	2027F	2028F	2029F
Net turnover	**6,859**	**8,739**	**9,658**	**9,932**
EBITDA	782	1,333	1,331	1,386
Deprec. & amort.	247	250	252	255
EBIT	535	1,083	1,079	1,131
Associate contributions	39	76	116	161
Net interest income/(expense)	**(276)**	**(343)**	**(385)**	**(426)**
Pre-tax profit	298	816	810	865
Tax	(301)	(196)	(194)	(208)
Minorities	**57**	**19**	**18**	**20**
Preferred dividends	(51)	(51)	(51)	(51)
Net profit	**3**	**587**	**583**	**626**
Net profit (adj.)	320	587	583	626

Balance Sheet

Year to 31 Mar (RMm)	2026	2027F	2028F	2029F
Fixed assets	4,973	6,398	7,821	9,242
Other LT assets	5,466	5,542	5,658	5,819
Cash/ST investment	1,962	2,130	1,684	1,600
Other current assets	10,551	13,426	14,545	14,838
Total assets	**22,952**	**27,497**	**29,709**	**31,500**
ST debt	833	2,288	2,566	2,843
Other current liabilities	6,393	7,597	8,619	9,237
LT debt	3,770	5,339	5,986	6,634
Other LT liabilities	972	1,072	1,123	1,140
Shareholders' equity	10,845	11,080	11,313	11,564
Minority interest	139	121	102	82
Total liabilities & equity	**22,952**	**27,497**	**29,709**	**31,500**

Cash Flow

Year to 31 Mar (RMm)	2026	2027F	2028F	2029F
Operating	**288**	**1,021**	**404**	**792**
Pre-tax profit	298	816	810	865
Tax	(292)	(196)	(194)	(208)
Deprec. & amort.	247	250	252	255
Associates	(39)	(76)	(116)	(161)
Working capital changes	(39)	115	(461)	(72)
Other operating cashflows	**113**	**113**	**113**	**113**
Investing	(1,052)	(1,052)	(1,052)	(1,052)
Capex (growth)	(1,675)	(1,675)	(1,675)	(1,675)
Proceeds from sale of assets	610	610	610	610
Others	13	13	13	13
Financing	**303**	**226**	**229**	**203**
Dividend payments	(280)	(352)	(350)	(376)
Proceeds from borrowings	925	925	925	925
Others/interest paid	(342)	(346)	(346)	(346)
Net cash inflow (outflow)	(462)	195	(420)	(58)
Beginning cash & cash equivalent	**2,450**	**1,962**	**2,130**	**1,684**
Changes due to forex impact	(26)	(26)	(26)	(26)
Ending cash & cash equivalent	1,962	2,130	1,684	1,600

Key Metric

Year to 31 Mar (%)	2026	2027F	2028F	2029F
Profitability				
EBITDA margin	11.4	15.3	13.8	14.0
Pre-tax margin	4.3	9.3	8.4	8.7
Net margin	0.0	6.7	6.0	6.3
ROA	0.0	2.3	2.0	2.0
ROE	0.0	5.3	5.2	5.4
Growth				
Turnover	9.7	27.4	10.5	2.8
EBITDA	(42.6)	70.5	(0.2)	4.1
Pre-tax profit	(62.3)	173.7	(0.7)	6.8
Net profit	(99.2)	17,980.7	(0.8)	7.4
Net profit (adj.)	(39.4)	83.8	(0.8)	7.4
EPS	(39.4)	83.8	(0.8)	7.4
Leverage				
Debt to total capital	41.9	68.1	74.9	81.4
Debt to equity	42.4	68.8	75.6	82.0
Net debt/(cash) to equity	24.4	49.6	60.7	68.1
Interest cover (x)	2.8	3.9	3.5	3.2

Press Metal Aluminium Holdings (PMAH MK)

3Q26: Above Expectations; Aluminum Prices Normalising From Recent Highs

Highlights

- PMETAL's results were above expectations, backed by strong aluminium prices and improving mix of VAP sales. 3Q26 saw alumina prices normalising to USD345/tonne (+13% qoq), underpinned by gradual resumption of Middle Eastern smelters' capacity and rising global supply.
- The group declared a third interim dividend of 2.5 sen. We raise 2026 earnings by 6% and cut our 2027/28 earnings forecasts by 14%/16% respectively, mainly to reflect lower aluminium price and regional premium assumptions.
- Maintain BUY with a lower target price of RM9.13, pegged to a 27.0x 2027F PE (10-year mean).

3Q26 Results

Year to 31 Dec (RMm)	3Q26	qoq%	yoy%	9M26	yoy%
Revenue	**5,126.1**	**9.3**	**25.7**	**13,912.5**	**14.4**
EBITDA	1,180.0	(13.5)	25.6	3,608.1	51.1
EBIT	980.6	(15.8)	33.6	3,009.2	65.7
PBT	981.6	(15.3)	24.1	3,012.4	45.7
Net profit	855.0	6.7	51.8	2,280.5	51.2
Core net profit	**930.2**	**25.6**	**63.0**	2,268.0	49.2
Margins	**%**	**+/- ppt**	**+/- ppt**	**%**	**+/- ppt**
EBIT margin	19.1	(5.7)	1.1	21.6	6.7
PBT margin	19.1	(5.6)	(0.3)	21.7	4.6
Core net margin	18.1	2.35	4.14	16.3	3.8

Source: PMETAL, UOB Kay Hian

Analysis

- **Above expectations.** Press Metal Aluminium Holdings (PMETAL) reported 3Q26 core net profit of RM930.2m (+26% qoq, +63% yoy). This excluded a RM550m impairment loss and RM464m remeasurement gain from its PMB Tech acquisition during the quarter. 9M26 core net profit came in at RM2,268m (+49% yoy), which also excluded a RM115m gain from its Nanshan Aluminium divestment in 2Q26. This accounts for 84%/86% of our and consensus full-year estimates respectively, deemed above expectations.

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	14,909.6	16,199.7	16,668.0	17,064.2	18,154.8
EBITDA	2,784.3	3,345.5	4,434.2	3,913.8	4,311.2
Operating profit	2,044.9	2,570.0	3,865.1	3,305.4	3,666.2
Net profit (rep./act.)	1,761.4	2,135.6	2,874.1	2,772.2	2,979.5
Net profit (adj.)	1853.2	2100.8	2,874.1	2,772.2	2,979.5
EPS	22.6	25.6	35.1	33.8	36.4
PE (x)	28.3	25.0	18.3	18.9	17.6
P/B (x)	6.2	5.6	4.6	3.9	3.4
EV/EBITDA (x)	20.4	16.8	12.7	14.2	12.8
Dividend yield (%)	1.1	1.3	1.6	1.6	1.7
Net margin (%)	11.8	13.2	17.2	16.2	16.4
Net debt/(cash) to equity (%)	27.8	16.0	9.4	(0.2)	(8.5)
Interest cover (x)	13.2	25.4	22.4	23.2	30.8
ROE (%)	23.2	26.7	27.7	22.4	20.7
Consensus net profit	n.a.	n.a.	2,650.0	2,910.0	3,060.0
UOBKH/Consensus (x)	n.a.	n.a.	1.1	1.0	1.0

Source: PMETAL, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	RM6.40
Target Price	RM9.13
Upside	42.7%
Previous TP	RM10.67

Stock Data

Sector	Materials
Bloomberg ticker	PMAH MK
Shares issued (m)	8,239.6
Market cap (RMm)	52,733.6
Market cap (US$m)	12,810.9
3-mth avg daily t'over (US$m)	15.7

Price Performance (%)

52-week high/low				RM9.38/RM6.08
1mth	**3mth**	**6mth**	**1yr**	**YTD**
(5.2)	(19.5)	(28.9)	(1.5)	(10.1)

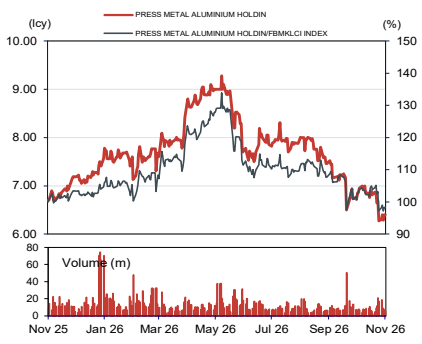
Major Shareholders (%)

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

Balance Sheet Metrics

FY26F NAV/Share (RM)	1.4
FY26F Net Cash/Share (RM)	0.1

Price Chart



Source: Bloomberg

Company Description

Principally involved in the manufacture and trading of primary aluminium and other aluminium-based products.

- **A strong quarter.** 3Q26 yoy earnings growth was largely driven by higher aluminium prices (LME aluminium prices: US$3,228/tonne in 3Q26 vs US$2,620/tonne in 3Q25) while qoq growth was underpinned by the improving mix of value-added products (VAP) sales (3Q26: 58%; 2Q26: 57%). Earnings remained resilient despite seeing an uptrend in carbon anode and alumina prices (+13% qoq), with the current alumina-to-aluminium ratio expanding to 11% (2Q26: 9%). A third interim single-tier DPS of 2.5 sen was declared.
- **9M26 sales jumped 14% yoy** primarily due to higher sales volume and higher all-in aluminium prices (LME aluminium prices: US$3,329/tonne in 9M26 vs US$2,567/tonne in 9M25). Meanwhile, core net profit rose 49% yoy driven by the aforementioned factors, coupled with lower yoy alumina costs (alumina prices: US$319/tonne in 9M26 vs US$336/tonne in 9M25).
- **Raw material costs normalising from recent lows.** 1H26 recorded a sharp yoy drop in alumina prices (at US$307/tonne in 1H26 vs US$355/tonne in 1H25), which led the alumina-to-aluminium cost ratio to decline to as low as 10% in 1H26 (vs the historical 14–16%). However, 3Q26 saw alumina prices normalising to USD345/tonne (+13% qoq), underpinned by gradual resumption of Middle Eastern smelters' capacity and rising global supply. We foresee alumina prices continuing its normalising uptrend, driven by expectations of new incoming smelter capacity in Indonesia and total capacity resumption of Middle Eastern smelters by 1Q27. According to our sensitivity analysis, a US$20/tonne reduction in our alumina assumption of US$413/tonne in 2027 would increase PMETAL's earnings by RM37m, assuming that no hedging is done on a fixed US$2,950/tonne aluminium price, and vice versa. As of Nov 26, the group had hedged 65% of its aluminium prices at more than US$2,950/tonne for 2027, 40% at US$2,950/tonne for 2028 and 25% at US$3,000/tonne for 2029.
- **Elevated aluminium prices are behind us.** LME aluminium prices have normalised from a previous high of US$3,562/tonne in 2Q26, which was mainly driven by: a) supply disruptions to global aluminium output after Iran's missile and drone strikes hit major Gulf aluminium producers; and b) elevated logistics cost due to route diversions and port congestions. 3Q26 recorded early signals of a normalising trend with LME aluminium prices dropping 9% qoq to US$3,228/tonne. Current LME aluminium prices have dropped below the US$3,000/tonne mark, underpinned by growing supply capacity worldwide and a hawkish Federal Reserve outlook.

Valuation/Recommendation

- **Maintain BUY with a lower target price of RM9.13, in tandem with the earnings revision, based on a 27.0x 2027F PE,** which is its 10-year forward PE mean. Should aluminium prices swing from our conservative forecast, based on our sensitivity analysis, every US$100/tonne increase to our current spot aluminium price assumption of US$2,950/tonne in 2027 would increase PMETAL's earnings by 11% annually, assuming alumina cost ratio of 14% and carbon anode prices of Rmb6,048/MT.

Earnings Revision/Risk

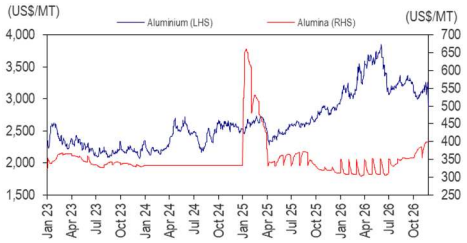
- We raise 2026 earnings forecasts by 6% to account for a more favourable alumina-to-aluminium ratio during the year. Conversely, we cut our 2027/28 earnings forecasts by 14%/16% respectively, mainly to reflect lower aluminium price and regional premium assumptions.

Key Assumptions

Year to 31 Dec	2025	2026F	2027F	2028F
Production volume (MT p.a.)	1,080,000	1,080,000	1,080,000	1,080,000
Aluminium spot price (US$)	2,632	2,900	2,950	3,000
Alumina (US$/tonne)	394	348	413	420
EBIT margin (%)	15.9	23..2	19.4	20.2
US$/RM rate	4.30	4.05	4.05	4.05
Effective Tax Rate (%)	14.4	13.0	13.0	13.0

Source: PMETAL, UOB Kay Hian

Aluminium And Alumina Spot Prices



Source: PMETAL, UOB Kay Hian

Sensitivity Analysis

- **Alumina:** Every US$20/tonne reduction in our alumina assumption of US$413/tonne in 2027 would increase PMETAL's earnings by RM37m, assuming that no hedging is done on a fixed US$2,950/tonne aluminium price, and vice versa.
- **Aluminium:** Every US$100/tonne increase to our current spot aluminium price assumption of US$2,950/tonne in 2027 would increase PMETAL's earnings by 11% annually, assuming alumina cost ratio of 14% and carbon anode prices of Rmb6,048/MT.

Source: PMETAL, UOB Kay Hian

Profit & Loss

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Net turnover	**16,199.7**	**16,668.0**	**17,064.2**	**18,154.8**
EBITDA	3345.5	4434.2	3913.8	4311.2
Deprec. & amort.	(775.5)	(569.1)	(608.4)	(645.0)
EBIT	2,570.0	3,865.1	3,305.4	3,666.2
Associate contributions	426.2	399.3	700.7	729.0
Net interest income/(expense)	(131.8)	(197.6)	(168.8)	(140.0)
Pre-tax profit	**2899.2**	**4066.8**	**3837.2**	**4255.1**
Tax	(357.2)	(528.7)	(498.8)	(553.2)
Minorities	2,126	2,143	2,478	2,583
Net profit	**2,135.6**	**2,874.1**	**2,772.2**	**2,979.5**
Net profit (adj.)	2100.8	2,874.1	2,772.2	2,979.5

Balance Sheet

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Fixed assets	7,839.8	8,420.6	8,962.2	9,467.2
Other LT assets	3,719.8	4,333.7	5,062.7	5,838.7
Cash/ST investment	2,620.3	2,283.7	3,072.8	4,220.5
Other current assets	4,994.2	5,691.7	6,044.9	6,490.1
Total assets	**19,174.1**	**20,895.9**	**22,881.1**	**25,188.8**
ST debt	1,014.0	714.0	414.0	114.0
Other current liabilities	2,215.0	1,900.0	1,968.4	2,079.7
LT debt	3,103.7	2,803.7	2,503.7	2,203.7
Other LT liabilities	1,335.2	1,335.2	1,335.2	1,335.2
Shareholders' equity	9,366.7	11,262.5	13,530.2	16,013.1
Minority interest	2,139.5	2,714.3	3,391.2	4,270.9
Total liabilities & equity	**19,174.1**	**20,895.9**	**22,881.1**	**25,188.8**

Cash Flow

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Operating	**3469.7**	**3489.0**	**3739.3**	**4031.1**
Pre-tax profit	2899.2	4066.8	3837.2	4255.1
Tax	(357.2)	(528.7)	(498.8)	(553.2)
Deprec. & amort.	775.5	569.1	608.4	645.0
Associates	(426.2)	(399.3)	(700.7)	(729.0)
Working capital changes	76.8	(945.2)	(174.5)	(280.1)
Non-cash items	10.6	-	-	-
Investing	**(1,570.1)**	**(1,150.0)**	**(1,150.0)**	**(1,150.0)**
Capex (growth)	(1,618.4)	(1,150.0)	(1,150.0)	(1,150.0)
Investments	468.6	1,082.4	1,811.4	2,587.4
Others	(425.2)	(1,082.4)	(1,811.4)	(2,587.4)
Financing	**(561.7)**	**(1,608.8)**	**(1,740.7)**	**(1,804.2)**
Dividend payments	(827.2)	(811.2)	(971.8)	(1,064.1)
Issue of shares	651.4	0.0	0.0	0.0
Proceeds from borrowings	(700.0)	(600.0)	(600.0)	(600.0)
Others/interest paid	314.1	(197.6)	(168.9)	(140.1)
Net cash inflow (outflow)	**1,216.4**	**(339.6)**	**789.1**	**1,147.6**
Beginning cash & cash equivalent	**1,431.8**	**2,620.3**	**2,283.7**	**3,072.8**
Changes due to forex impact	(27.8)	3.0	0.0	0.0
Ending cash & cash equivalent	**2,620.4**	**2,283.7**	**3,072.8**	**4,220.4**

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	20.7	26.6	22.9	23.7
Pre-tax margin	17.9	24.4	22.5	23.4
Net margin	13.2	17.2	16.2	16.4
ROA	11.9	14.3	12.7	12.4
ROE	23.9	27.7	22.4	20.7
Growth				
Turnover	8.7	6.3	8.8	15.8
EBITDA	20.2	70.1	50.1	65.3
Pre-tax profit	26.0	108.4	96.6	118.0
Net profit	21.2	104.3	97.1	111.8
Net profit (adj.)	15.2	104.3	97.1	111.8
EPS	8.7	104.3	97.1	111.8
Leverage				
Debt to total capital	26.4	24.8	17.5	11.9
Debt to equity	43.9	30.9	21.9	15.0
Net debt/(cash) to equity	16.0	9.4	(0.2)	(8.5)
Interest cover	25.4	22.4	23.2	30.8

Sime Darby (SIME MK)

1QFY27: Below Expectations; Another Industrial Parts Price Cut

Highlights

- Sime's 1QFY27 earnings came in below expectations due to weaker-than-expected industrial earnings and widened losses in China Motors' operation.
- We foresee a soft near-term earnings outlook as pickup in maintenance demand remains slow; while data centre-related earnings will only be recognised progressively.
- We cut our FY27/28F earnings forecast by 11%/6% respectively. Maintain HOLD with a lower target price of RM2.25 (previously RM2.67).

1QFY27 Results

Year to 30 Jun (RMm)	1QFY27	1QFY26	qoq%	yoy%
Revenue	16,702	18,031	(0.0)	(7.4)
Industrials	4,543	4,465	(21.3)	1.7
Motors	8,010	9,167	(0.3)	(12.6)
UMW	4,139	4,385	8.8	(5.6)
Core PBIT	731	665	(15.0)	9.9
Industrials	219	293	(47.1)	(25.3)
Motors	100	126	(59.8)	(20.6)
UMW	432	261	97.3	65.5
Net Profit	416	355	29.2	17.2
Core Net Profit	304	335	(41.4)	(9.4)
Margins	%	%	+/- ppt	+/- ppt
PBIT	4.4	3.7	(0.8)	0.7
Industrials	4.8	6.6	(2.3)	(1.7)
Motors	1.2	1.4	(1.9)	(0.1)
UMW	10.4	6.0	4.7	4.5
Core Net Profit	1.8	1.9	(1.3)	(0.0)

Source: Sime Darby, UOB Kay Hian

Analysis

- **Below expectations.** Sime Darby's (Sime) 1QFY27 core net profit of RM304m (-41.4% qoq, -9.4% yoy), excluding non-recurring profit from sale of property development amounted to RM148m, came in below expectations, accounting for 20%/19% of our and consensus forecasts respectively. The negative deviation was mainly attributable to weaker-than-expected industrial earnings and widened losses in China Motors' operation.

Key Financials

Year to 30 Jun (RMm)	FY25	FY26	FY27F	FY28F	FY29F
Net turnover	70,061	69,467	69,543	70,520	71,427
EBITDA	4,348	3,966	4,074	4,040	4,022
Operating profit	3,079	1,910	2,018	2,149	2,269
Net profit (rep./act.)	2,054	1,178	1,333	1,462	1,556
Net profit (adj.)	1,160	1,547	1,333	1,462	1,556
EPS	17.0	22.7	19.5	21.5	22.8
PE (x)	12.3	9.3	10.8	9.8	9.2
P/B (x)	0.7	0.7	0.7	0.7	0.7
EV/EBITDA (x)	5.7	6.2	5.7	5.3	5.1
Dividend yield (%)	6.7	6.7	6.2	6.7	7.1
Net margin (%)	1.7	1.7	1.9	2.1	2.2
Net debt/(cash) to equity (%)	20.0	20.0	15.9	10.0	8.3
Interest cover (x)	8.0	9.7	10.4	10.5	11.4
ROE (%)	11.0	6.3	7.1	7.6	8.1
Consensus net profit	n.a.	n.a.	1,684	1,771	1,615
UOBKH/Consensus (x)	n.a.	n.a.	0.80	0.83	0.96

Source: Sime Darby, Bloomberg, UOB Kay Hian

Analyst(s)

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HOLD (Maintained)

Share Price	RM2.10
Target Price	RM2.25
Upside	7.1%
Previous TP	RM2.67

Stock Data

Sector	Industrials
Bloomberg ticker	SIME MK
Shares issued (m)	6815.6
Market cap (RMm)	14,312.8
Market cap (US$m)	3,477.7
3-mth avg daily t'over (US$m)	2.0

Price Performance (%)

52-week high/low				RM2.68/RM1.84
1mth	**3mth**	**6mth**	**1yr**	**YTD**
(12.1)	(16.3)	0.0	11.1	2.4

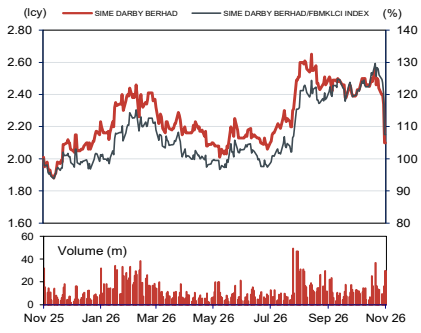
Major Shareholders (%)

Permodalan Nasional Berhad	51.1
Employees Provident Fund	7.3

Balance Sheet Metrics

FY27 NAV/Share (RM)	2.6
FY27 Net Debt/Share (RM)	0.5

Price Chart



Source: Bloomberg

Company Description

A conglomerate company, involved in businesses including motor vehicle and heavy equipment distribution across Asia and Australasia regions.

- **Earnings dragged by industrial segment.** Core net profit declined qoq mainly due to significant dropped in the industrial segment's PBIT (-47% qoq) following: a) negative parts price reduction, b) continued soft demand from miners, and c) lower equipment delivery. In addition, PBIT of the motors division fell 60% qoq due to the absence of BMW dividend and losses in China operations (-RM48m) amid heavy discounting in the local automotive market.
- **Industrial: Margin pressured by lower parts price revision.** Australia industrial margin slipped from 7.6% to 5.2% following Caterpillar's parts price reduction, which took effect in Jul 26. The price revision is determined by several factors, namely operating costs, inflation and foreign exchange movement. The next revision, expected in Jan 27, will be a key factor to watch for potential margin recovery. This quarter also saw demand normalise following the strong sales pickup in 4QFY26, as miners remained cautious amid an elevated cost environment. That said, Sime has observed a slight pickup in maintenance and rental demand, although we remain uncertain on sustained demand recovery.
- **DC-related earnings contribution may take time to materialise.** While Malaysia's industrial orderbook grew 78% qoq to RM2,403m, the orderbook has a lead time of up to 2.5 years, suggesting that earnings contribution will be recognised progressively. We note that most of the orderbook is from Tier 1 US customers, which should limit the risk of project scale-backs following the recent ban on Nvidia chip exports to Malaysia. Separately, Sime guided for a significant increase in power equipment deliveries in 2H26, which should provide near-term support to the segment's earnings.
- **New model launches to support China recovery, while BYD awaits CKD transition.** The introduction of BMW's Neue Klasse lineup in China, comprising the iX3L (deliveries from Dec 26), i3 (Feb 27) and X5 (Apr 27), is expected to drive a modest improvement in China Motors' performance despite continued intense price competition. Meanwhile, BYD sales in Malaysia have softened in recent months amid a lack of new model launches and the transition towards local assembly, which is expected to commence in 1Q27. Nevertheless, we expect sales to recover as local assembly operations should enhance BYD's price competitiveness and support its positioning in the domestic market.

Valuation/Recommendation

- **Maintain HOLD with a lower target price of RM2.25** (previously RM2.67), following the downward revision in our earnings forecast. Our SOTP target price implies 11.5x FY27 PE (slightly above 5-year mean of 11x).
- While management has observed a slight pickup in demand for the industrial division, we prefer to see clearer evidence of a sustained demand recovery before turning more constructive on the stock.

Earnings Revision/Risk

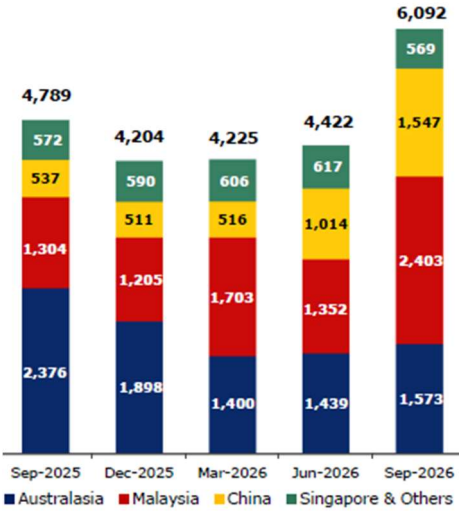
- **We reduce our FY27/28 earnings forecasts by 11%/6% respectively,** as we impute a lower margin assumption for the industrial segment, due to the parts price reduction and subdued near-term outlook.

Key Assumption

Segmental PBIT (RMm)	FY26	FY27F	FY28F
Industrial	1,252	994	1,112
Motors	727	587	607
UMW	945	994	994
Core PBIT	2,924	2,575	2,714
Core Net Profit	1,547	1,333	1,462

Source: Sime Darby, UOB Kay Hian

Industrial Orderbook



Source: Sime Darby, UOB Kay Hian

SOTP Valuation

	Value (RMm)	Description
Industrial	9,598	FY27 PE of 16x
Motors	2,933	FY27 PE of 11x
UMW	6,065	FY27 PE of 13x
MVV Land	1,830	4,200 acres of land valued at RM10 psf
Net cash/(debt)	(3,400)	
Total Valuation	17,026	
	2.50	10% conglomerate discount
Target Price (RM/share)	**2.25**	

Source: UOB Kay Hian

Profit & Loss

Year to 30 Jun (RMm)	FY26	FY27F	FY28F	FY29F
Net turnover	**69,467**	**69,543**	**70,520**	**71,427**
EBITDA	3,966	4,074	4,040	4,022
Deprec. & amort.	2,056	2,056	1,890	1,753
EBIT	1,910	2,018	2,149	2,269
Associate contributions	584	556	564	571
Net interest income/(expense)	(409)	(405)	(387)	(389)
Pre-tax profit	**2,085**	**2,169**	**2,326**	**2,451**
Tax	(586)	(488)	(512)	(539)
Minorities	(251)	(278)	(282)	(286)
Net profit	**1,178**	**1,333**	**1,462**	**1,556**
Net profit (adj.)	1,547	1,333	1,462	1,556

Balance Sheet

Year to 30 Jun (RMm)	FY26	FY27F	FY28F	FY29F
Fixed assets	23,056	23,056	21,899	21,754
Other LT assets	1,737	880	880	880
Cash/ST investment	3,039	4,157	5,286	5,853
Other current assets	1,441	862	862	862
Total assets	**47,417**	**45,634**	**46,838**	**47,500**
ST debt	2,231	2,031	1,831	1,631
Other current liabilities	3,117	682	682	682
LT debt	4,891	4,391	3,891	3,391
Other LT liabilities	2,787	3,057	4,023	4,404
Shareholders' equity	20,385	20,844	21,352	21,911
Minority interest	2,960	3,238	3,520	3,806
Total liabilities & equity	**47,417**	**45,634**	**46,838**	**47,500**

Cash Flow

Year to 30 Jun (RMm)	FY26	FY27F	FY28F	FY29F
Operating	**4,707**	**4,345**	**4,370**	**3,846**
Pre-tax profit	2,085	2,184	2,326	2,483
Tax	(789)	(491)	(512)	(546)
Deprec. & amort.	1269	2,056	1,909	1,788
Working capital changes	1,152	771	831	343
Other operating cashflows	1,574	381	379	349
Investing	**(215)**	**(1,109)**	**(1,129)**	**(1,105)**
Capex (maintenance)	(1,088)	(1,200)	(1,200)	(1,200)
Investments	(1,088)	(1,200)	(1,200)	(1,200)
Proceeds from sale of assets	(111)	91	71	95
Others	(4,970)	(2,068)	(2,112)	(2,174)
Financing	**(954)**	**(886)**	**(954)**	**(1,022)**
Dividend payments	(215)	(1,109)	(1,129)	(1,105)
Issue of shares	0	0	0	0
Proceeds from borrowings	0	0	0	0
Loan repayment	(2,722)	(700)	(700)	(700)
Others/interest paid	(1,294)	(482)	(458)	(452)
Net cash inflow (outflow)	**(478)**	**1,168**	**1,129**	**566**
Beginning cash & cash equivalent	**2,882**	**2,989**	**4,157**	**5,286**
Changes due to forex impact	1	0	0	0
Ending cash & cash equivalent	**2,405**	**4,157**	**5,286**	**5,853**

Key Metric

Year to 30 Jun (%)	FY26	FY27F	FY28F	FY29F
Profitability				
EBITDA margin	5.7	5.9	5.8	5.7
Pre-tax margin	3.0	3.1	3.3	3.5
Net margin	1.7	1.9	2.1	2.2
ROA	2.8	3.3	3.5	3.7
ROE	6.3	7.1	7.6	8.1
Growth				
Turnover	(0.8)	0.1	1.4	1.3
EBITDA	4.6	1.8	(0.2)	0.1
Pre-tax profit	(12.5)	(18.2)	6.5	6.7
Net profit	(14.2)	(19.7)	8.3	7.7
Net profit (adj.)	32.6	(13.1)	8.8	8.1
EPS	32.6	(13.1)	8.8	8.1
Leverage				
Debt to total capital	30.5	26.7	23.0	19.5
Debt to equity	34.9	30.8	26.8	22.9
Net debt/(cash) to equity	21.3	11.5	2.2	(4.0)
Interest cover	9.7	10.4	10.5	11.4

Tenaga Nasional (TNB MK)

9M26: In Line; Earnings Growing 5% As Regulated Asset Base Expands

Highlights

- TNB booked in 3Q26 core net profit of RM1,082m (+4% yoy; +3% qoq). This reflected a higher regulatory asset base (RAB: RM80b versus RM78b in 2Q26) while EBITDA margin fell 2ppts yoy to 27% on higher staff, repair and maintenance cost and higher IT expenses.
- 9M26 net profit of RM3,388m (+5% yoy) is in line with expectations. We also expect 2026 effective tax rate to land at 24-25%, suggesting low effective tax rate in 4Q26.
- Maintain HOLD with a DCF-based target price of RM14.60.

3Q26 Results

Year to 31 Dec	3Q26 (RMm)	3Q25 (RMm)	qoq % chg	yoy % chg	9M26 (RMm)	yoy % chg
Revenue	18,528	17,250	1.6	7.4	53,868	7.5
EBITDA	5,353	4,816	1.8	11.2	16,132	6.9
EBITDA margin (%)	27.3	29.7	-0.7	-2.4	29.6	(1.7)
Pretax profit	1,240	1,205	(1.1)	2.9	4,059	(6.9)
Net profit	864	877	(2.8)	(1.5)	2,850	(7.8)
Core net profit	1,082	1,037	2.7	4.3	3,388	4.7
Operating Matrix:						
Coal prices (US$)	122.1	97.4	5.5	25.4	113.4	2.6
Coal consumption	9.4	9.0	5.6	4.4	26.7	(1.1)
LNG prices (RM)	47.0	38.8	2.3	21.2	43.5	7.9
Daily gas allocation	1,106	866	(2.1)	27.7	1,082.0	27.9
PM elec. sales gwth (yoy)	9.3	3.9	0.8	5.4	8.3	6.7
Average tariff (sen/kwh)	45.4	43.6	(0.4)	4.4	45.3	9.6

Source: TNB, UOB Kay Hian

Analysis

- **3Q26 results in line.** Tenaga Nasional (TNB) reported higher non-fuel opex as a result of additional authority charges provision, higher staff and repair & maintenance costs, and higher computer expenses. Consequently, EBITDA margin was lower at 27.3% (-2.4ppts yoy; -0.7ppts qoq). 9M26 normalised net profit of RM3,388m (+5% yoy) accounts for 70% of our full-year estimates and we deem the results to be in line with expectations.

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	56,737	67,723	69,555	71,480	73,306
EBITDA	19,953	20,518	22,854	23,652	24,323
Operating profit	8,720	8,532	10,202	11,027	11,666
Net profit (rep./act.)	3,978	4,768	4,927	5,078	5,164
Net profit (adj.)	4,126	4,767	4,927	5,078	5,164
EPS	72.6	81.8	84.5	87.1	88.6
PE (x)	19.7	17.5	16.9	16.4	16.1
P/B (x)	1.6	1.6	1.6	1.5	1.5
EV/EBITDA (x)	5.9	6.3	5.9	5.8	5.8
Dividend yield (%)	3.6	3.7	4.0	4.3	4.6
Net margin (%)	6.2	5.8	7.1	7.1	0.0
Net debt/(cash) to equity (%)	75.0	90.7	97.0	99.6	102.6
Interest cover (x)	4.2	4.4	4.6	4.4	4.3
ROE (%)	7.6	9.5	9.5	9.6	9.5
Consensus net profit			4,597	5,116	5,483
UOBKH/Consensus (x)			1.07	0.99	0.94

Source: TNB, Bloomberg, UOB Kay Hian

Analyst(s)

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HOLD (Maintained)

Share Price	RM12.50
Target Price	RM14.60
Upside	+16.8%

Stock Data

Sector	Utilities
Bloomberg ticker	TNB MK
Shares issued (m)	5,829.1
Market cap (RMm)	72,952.2
Market cap (US$m)	17,952.2
3-mth avg daily t'over (US$m)	20.9

Price Performance (%)

52-week high/low				RM14.90/RM12.40
1mth	**3mth**	**6mth**	**1yr**	**YTD**
(5.9)	(12.6)	(11.7)	(4.7)	(8.9)

Major Shareholders (%)

Employee Provident Fund	24.9
Khazanah Nasional	16.3
Amanah Saham Nasional	11.5

Balance Sheet Metrics

FY26F NAV/Share (RM)	9.0
FY26F Net Debt/Share (RM)	8.7

Price Chart



Source: Bloomberg

Company Description

Generates and distributes electricity in Peninsular Malaysia and Sabah.

- **Expect to see lower ETR in 4Q26.** The effective tax rate for full-year 2026 should land at 24-25%, suggesting a low effective tax rate in 4Q26. To recap, in Nov 25, TNB received a letter from the Ministry of Finance (MOF) granting approval for Investment Allowance (IA) in respect of capex which will be deducted against future income.
- **Continued strong 3Q26 electricity demand growth of 9% yoy and 3% qoq** on the back of 19% yoy and 8% qoq increases in commercial demand, from data centre, retail and business service. Peninsular Malaysia's peak demand hit a new high of 22,014MW on 6 Aug 26.
- **Gas and coal prices remain elevated throughout the year.** We continue to see higher generation cost in 3Q26 (+22% ypy; +5% qoq) on the back of higher Tier 2 gas and coal prices. Global coal prices jumped to US$122/MT, an increase of 25% yoy and 5% qoq while blended gas prices jumped to RM47/mmbtu, higher by 21% yoy and 2% qoq.
- **TNB genco saw higher revenue and profits in 9M26** of RM18.5b and RM475m respectively. This is due to: a) positive fuel margin of RM120m, most of which was booked in 3Q26; b) higher units generation; and c) improved plant performance.

Valuation/Recommendation

- **Maintain HOLD with a DCF-based target price of RM14.60** (discount rate: 8.2%, growth rate: 4%). At our target price, the stock trades at mean valuation.
- **Regulatory overhang.** TNB is absorbing RM120m-150m of subsidy as government expands electricity bill protection for domestic users up to 800kwh a month from Sep-Dec 26. Earnings impact is 2% to 2026's forecast. However, the decision above implies that the AFA mechanism may be subject to government intervention in the near future, and we expect investors to gradually discount the sanctity of the Incentive Based Regulation and cost pass-through framework as we await further clarity on the AFA mechanism in 2027.
- Based on our previous discussion with TNB, the government may impose a tiered AFA structure from 2027 onwards. This is similar to the imbalanced-cost-pass-through mechanism where the government continues to subsidise domestic tariffs (via a Kumpulan Wang Industri Elektrik, KWIE fund, payable to TNB) while allowing commercial and industrial tariff rates to float. This may lead to rising regulatory trade receivables (which have been reduced from RM1.9b in Dec 25 to RM0.9b in Jun 26 as the government has been paying down its payables to TNB via the KWIE fund).

Earnings Revision/Risk

- No changes to earnings.
- **Key risks** include: a) lumpy and unprofitable overseas renewable energy (RE) projects, and b) forex risk to operating cashflow.

Environment, Social, Governance (ESG) Updates

Environmental

- Besides targeting 8,300MW in RE generation capacity by 2025 (1.5x from 3,398MW in Dec 20), TNB has also made new pledges to reduce emission intensity by 2035 and being coal-free by 2050.

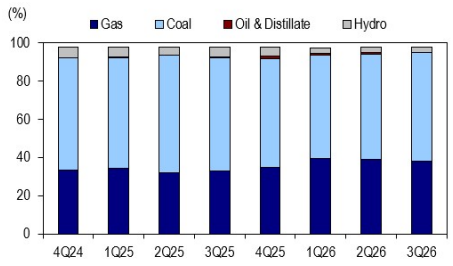
Social

- TNB contributed RM101.3m towards education, economic social, environment and sports, benefitting 713,748 individuals nationwide.

Governance

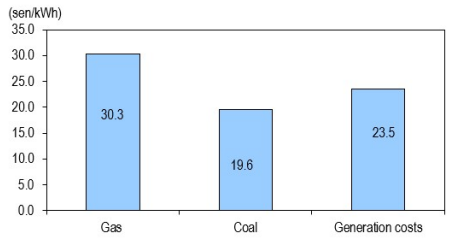
- The board comprises 11 members consisting of six Independent Directors and four Non-Independent Non-Executive Directors. Meanwhile, women comprise 36% (four directors) of the board.

Generation Mix



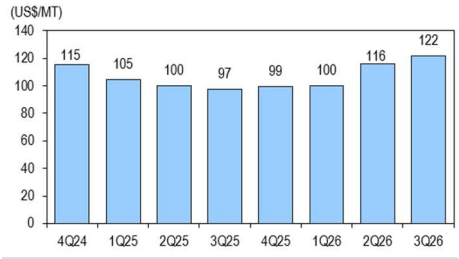
Source: TNB, UOB Kay Hian

Generation Unit Cost (3Q26)



Source: TNB, UOB Kay Hian

Quarterly Coal Prices



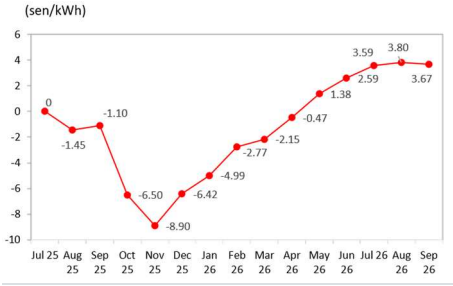
Source: TNB, UOB Kay Hian

TNB's RE Portfolio (capacity, MW)



Source: TNB

TNB's AFA Rate



Source: TNB

Profit & Loss

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Net turnover	**67,723**	**69,555**	**71,480**	**73,306**
EBITDA	20,518	22,854	23,652	24,323
Deprec. & amort.	11,986	12,653	12,625	12,657
EBIT	24,277	23,810	24,908	25,825
Associate contributions	88	92	97	102
Net interest income/(expense)	(3,363)	(3,976)	(4,612)	(5,145)
Pre-tax profit	**6,177**	**6,318**	**6,512**	**6,623**
Tax	(1,407)	(1,390)	(1,433)	(1,457)
Minorities	(2)	(2)	(2)	(2)
Net profit	**4,768**	**4,927**	**5,078**	**5,164**
Net profit (adj.)	4,767	4,927	5,078	5,164

Balance Sheet

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Fixed assets	132,885	137,099	141,340	145,550
Other LT assets	36,953	37,045	37,142	37,244
Cash/ST investment	12,867	7,908	4,893	1,734
Other current assets	15,650	18,255	18,518	18,767
Total assets	**198,355**	**200,307**	**201,893**	**203,295**
ST debt	11,952	11,852	11,752	11,652
Other current liabilities	24,636	25,186	25,474	25,770
LT debt	47,134	47,034	46,934	46,834
Other LT liabilities	61,659	61,659	61,659	61,659
Shareholders' equity	50,790	52,391	53,887	55,192
Minority interest	2,185	2,186	2,188	2,190
Total liabilities & equity	**198,355**	**200,307**	**201,893**	**203,295**

Cash Flow

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Operating	**15,570**	**21,764**	**22,245**	**22,912**
Pre-tax profit	6,177	6,318	6,512	6,623
Tax	(1,407)	(1,390)	(1,433)	(1,457)
Deprec. & amort.	11,986	12,653	12,625	12,657
Associates	(88)	(92)	(97)	(102)
Working capital changes	945	300	25	46
Non-cash items	0	0	0	0
Investing	**(13,192)**	**(16,366)**	**(16,463)**	**(16,618)**
Capex (growth)	(16,246)	(16,867)	(16,867)	(16,867)
Investments	7	0	0	0
Others	3,047	500	404	249
Financing	**(6,994)**	**(8,002)**	**(8,798)**	**(9,453)**
Dividend payments	(3,089)	(3,326)	(3,582)	(3,859)
Issue of shares	110	0	0	0
Proceeds from borrowings	1,679	(200)	(200)	(200)
Others/interest paid	(5,693)	(4,476)	(5,016)	(5,394)
Net cash inflow (outflow)	**(4,616)**	**(2,604)**	**(3,015)**	**(3,159)**
Beginning cash & cash equivalent	**15,213**	**10,512**	**7,908**	**4,893**
Changes due to forex impact	(85)	0	0	0
Ending cash & cash equivalent	**10,512**	**7,908**	**4,893**	**1,734**

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	30.3	32.9	33.1	33.2
Pre-tax margin	9.1	9.1	9.1	9.0
Net margin	6.2	5.8	7.1	7.1
ROA	2.4	2.5	2.5	2.5
ROE	9.5	9.5	9.6	9.5
Growth				
Turnover	19.4	2.7	5.5	8.2
EBITDA	2.8	11.4	3.5	2.8
Pre-tax profit	6.2	2.3	3.1	1.7
Net profit	19.9	3.3	3.1	1.7
Net profit (adj.)	15.5	3.3	3.1	1.7
EPS	15.5	3.3	3.1	1.7
Leverage				
Debt to total capital	0.4	0.4	0.4	0.4
Debt to equity	1.2	1.1	1.1	1.1
Net debt/(cash) to equity	0.9	1.0	1.0	1.0
Interest cover	4.4	4.6	4.4	4.3

AMMB Holdings
(AMM MK/HOLD/RM6.70/Target: RM7.30)

1QFY27: Loan Momentum Meets Softened NIM

Highlights

- **Within expectations.** AMMB Holdings (AMMB) reported 2QFY27 earnings of RM540m (+1.0%yoy), bringing 1HFY27 earnings to RM1,060m (+0.9% yoy). Earnings are broadly within our and consensus expectations, with earnings representing 48% and 50% of our and consensus full-year estimates respectively.
- **2QFY27 earnings trend.** Earnings rose 1% yoy, as 7% growth in net interest income and positive operating JAWS of 2.2 ppts offset a 21% decline in non-interest income from softer trading and insurance contributions. NIM fell 6bp yoy to 1.90%. Qoq, earnings increased 4%, driven by a 67% reduction in net impairment charges and positive operating JAWS of 0.8ppt, despite a 20% decline in non-interest income and 3bp NIM compression.
- **Loan growth remained robust.** Gross loans rose 7% yoy to RM150.9b, ahead of the industry's 6% growth, led by wholesale banking (+19%) and business banking (+10%). Retail loans grew 2% yoy, with mortgages and auto financing each up 1%. On a ytd basis, loans expanded 3%, driven by 4% growth in both wholesale and business banking, alongside 2% growth in retail banking.
- **NIM pressure from funding competition.** Group NIM fell 3bp qoq to 1.90% (-6bp yoy), taking 1HFY27 NIM to 1.92% (-7bp yoy). The earlier OPR cut weighed on asset yields, while competition for corporate and wholesale deposits pushed up funding costs. CASA mix declined to 32.6% from 35.4% at end-FY26. Management aims to shift towards cheaper SME and business deposits but cautioned that persistent funding pressure could take the exit NIM below 1.90%. Loan growth nevertheless lifted 1HFY27 net interest income by 6% yoy.
- **Asset quality improved despite higher credit cost.** Group GIL fell 6bp qoq to 1.64%, while Stage 2 loans eased to 7.5% from 8.1%. Annualised quarterly net credit cost rose to approximately 25bp (1QFY27: 19%), as gross loan ECL charges increased to RM165m from RM142m and loan recoveries slipped to RM70m from RM73m. Overlay writebacks also moderated to RM30m from RM40m. 1HFY27 net credit cost of 22bp remained within management's 20–25bp guidance. Total overlays were retained at RM312m, while LLC, including regulatory reserves, improved to 100.6% from 97.6% qoq. Management remains watchful of SME and mid-tier corporate exposures.
- **Limited direct data centre exposure.** Management said AMMB has no direct AI data centre financing, having avoided long-term funding for the initial build-out. Its exposure is mainly through short-term loans to construction contractors, for which management did not quantify the outstanding exposure.

Valuation/Recommendation

- **Maintain HOLD and target price of RM7.30.** We view the group's risk-reward as balanced with valuations currently close to +1SD to historical mean P/B. Our target price is derived from a 1.08 P/B peg based on a 10.2% ROE. AMMB offers a dividend yield of 5.5-7.3% throughout FY27-29F.

2QFY27 Results

Year to 31 Mar (RMm)	2QFY27	2QFY26	yoy%	1HFY27	qoq%
Net Interest Income	668.7	606.5	10.3	1,313.1	8.0
Ismaic Banking	364.7	362.7	0.5	760.4	5.5
Fees & Commissions	172.4	148.1	16.4	338.0	12.6
Net Trading Income	56.8	137.7	(58.8)	161.5	(40.5)
Other Operating Income	6.6	6.2	7.7	13.5	1.6
Core Total Income	1,269.2	1,261.3	0.6	2,586.4	2.6
Operating Expenses	(552.5)	(567.8)	(2.7)	(1,128.0)	(0.3)
Core PPOP	716.7	693.4	3.4	1,458.4	5.0
Provison	(23.4)	(23.7)	(1.4)	(93.2)	(3.0)
Core PBT	709.4	700.3	1.3	1,391.6	2.7
Core Net Profit	540.1	534.5	1.0	1,060.3	0.9
EPS (sen)	16.3	16.1	1.0	32.0	0.9
DPS (sen)	15.0	12.5	20.0	15.0	20.0
BVPS (RM)	6.52	6.37	2.4	6.52	2.4
Financial Ratios (%)	**2QFY27**	**2QFY26**	**yoy%**	**1QFY27**	**qoq%**
NIM	1.97	2.02	(0.06)	2.04	(0.07)
Loan Growth	7.4	4.5	2.9	7.0	0.4
Deposit Growth	8.8	2.8	5.9	6.3	2.4
Loan/Deposit Ratio	97.9	98.9	(1.0)	99.7	(1.8)
Cost/Income Ratio	43.5	45.0	(1.5)	43.7	(0.2)
ROE	10.0	10.4	(0.4)	9.7	0.4
NPL Ratio	1.6	1.8	(0.1)	1.7	(0.1)
Credit Costs (bp)	25.1	59.4	(34.3)	18.8	6.4
CET-1 CAR	14.2	15.2	(1.1)	14.4	(0.2)

Source: AMMB, UOB Kay Hian

Key Financials

Year to 31 Mar (RMm)	2026	2027F	2028F	2029F
Net interest income	2,449	2,615	2,804	2,981
Non-interest income	1,157	1,215	1,275	1,339
Net profit (rep./act.)	2,101	2,193	2,330	2,481
Net profit (adj.)	2,101	2,193	2,330	2,481
EPS (sen)	63.5	66.1	70.2	74.7
PE (x)	11.3	10.9	10.2	9.6
P/B (x)	1.1	1.1	1.0	1.0
Dividend yield (%)	4.9	5.5	6.9	7.3
Net int margin (%)	45.6	44.8	44.2	43.8
Cost/income (%)	1.99	2.00	2.01	2.01
Loan loss cover (%)	68.4	66.6	74.7	76.8
Consensus net profit	-	2,124	2,302	2,452
UOBKH/Consensus (x)	-	1.03	1.01	1.01

Source: AMMB, UOB Kay Hian

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Genting Bhd
(GENT MK/HOLD/RM1.35/Target: RM1.53)

3Q26: Earnings Below Expectations; Downgrade To Hold On Multiple Headwinds

3Q26 Results

Year to 31 Dec	3Q26 (RMm)	qoq % chg	yoy % chg	9M26 (RMm)	yoy % chg	Remarks
Revenue	**8,023**	**3.6**	**7.3**	**22,433.4**	**8.0**	
Core Adjusted EBITDA	**1,874**	**(15.8)**	**(17.2)**	**5,988.2**	**(6.5)**	Dragged by weaker GENM and GENS performances
Leisure & Hospitality	1,495	(18.2)	(19.6)	4,866.4	(6.9)	Declined on GENM and GENS' softening visitation and gaming volume
Power	107	7.4	(13.5)	293.7	(1.5)	Lower, as RM strengthened against USD.
Plantation	260	(6.3)	27.4	726.9	13.6	Stronger palm product prices and improved margins
Property	13	(42.9)	(6.6)	48.5	(0.8)	
Oil & Gas	(1)	n.a.	(101.7)	52.7	(72.5)	Lower due to expiration of the Petroleum Contract of Genting CDX Singapore in the Chengdaoxi Block
Investment & Others	(146)	36.8	38.1	(315.7)	83.8	Higher net unrealised foreign exchange translation losses
Pre-tax profit	**270**	**(52.7)**	**(57.8)**	**1,302.5**	**(43.6)**	Deducting exceptional items
Net Profit	**(161)**	**495.6**	**(633.2)**	**(87.4)**	**(131.5)**	
Core net profit	**(58.4)**	**(173.7)**	**(134.3)**	**150.1**	**(67.2)**	
Margins	**%**	**+/- ppt**	**+/- ppt**	**%**	**+/- ppt**	
Core Adjusted EBITDA	23.4	(5.4)	(6.9)	25.3	(4.7)	
Core Net Profit	(0.7)	(1.8)	(3.0)	0.7	(1.5)	

Source: GENT, UOB Kay Hian

Highlights

- **Below expectations.** Genting Berhad (GENT) reported a 3Q26 core adjusted EBITDA of RM1.97b (-17% yoy, -16% qoq), after adjusting for exceptional items. 9M26 core EBITDA represents only 70% and 73% of our and consensus full-year forecasts. The yoy earnings weakness mostly reflects lower contributions from Genting Singapore (GENS), Malaysia operations, and RWLV. GENS' weaker earnings mainly reflected lower gaming statistics and higher operating expenses, while its US operations were lifted by Resorts World New York City (RWNYC)'s commercial casino transition.
- **GENS: Declining gaming volume and higher operating expenses dragged earnings.** Resort World Sentosa's (RWS) earnings weakness mainly reflects lower footfall, impacted by the lower number of hotel rooms available due to the ongoing renovation and modernisation efforts. This resulted in weakening VIP rolling chip volume (-32% yoy) and win percentage of 2.74% (3Q25: 3.1%), which have dragged down VIP's gross gaming revenue (GGR) by 40% yoy. Meanwhile, mass GGR is estimated to have also fell by 5% yoy. Moving forward, we also opine that the scheduled refreshments of RWS' hotel assets such as the Hotel Michael and Crockfords Tower will reduce GENS' available rooms to about 950-1,000 rooms (from 1,300 rooms), which may temporarily result in a reduction of overall gaming volume and non-gaming revenue.
- **GENM: Strong US performances, but softening RWG operation lowered earnings.** Genting Malaysia (GENM) delivered lower core adjusted EBITDA of RM777m (-10% yoy, -14% qoq) in 3Q26, as Resorts World Genting's (RWG) revenue fell 14% yoy and EBITDA dropped 23% yoy due to overall weaker visitations (hilltop visitors: -9% yoy) and lower discretionary spending resulting from the Middle East conflict. This largely offset a stronger US operation following RWNYC's official commencement of its commercial casino operations.
- **RWLV: Weaker qoq operating statistics in 3Q26 on seasonality.** In 3Q26, Resorts World Las Vegas (RWLV) delivered revenue of about US$158m and EBITDA of US$12m (2Q26 revenue: US$181m; EBITDA: US$24m). EBITDA was lower qoq on: a) lower visitations due to FIFA World Cup and Las Vegas did not host matches, and b) seasonality as 3Q visitations are usually slower. Meanwhile, management alluded that its F&B and hotel operations were also softer qoq with a lower hotel occupancy rate of 81% (2Q26: 88%) and average daily rates of US$247 (2Q26: US$274). We expect RWLV to chart a modest earnings recovery in the coming quarters on more convention events, leveraging on its close proximity to the Las Vegas Convention Center which completed its expansion (30% higher capacity) at the end of 2025.

Earnings Revision/Risk

- None.

Valuation/Recommendation

- **Downgrade to HOLD with a lower SOTP-based target price of RM1.53 (from RM2.66),** after lowering the target prices for subsidiaries GENM and GENS. Our target price implies 5.2x 2027 EV/EBITDA (-1.5SD below mean) and 0.2x 2027F P/B.

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026	2027F	2028F
Net turnover	27,717.0	27,711.9	30,973.6	31,122.3	31,683.4
EBITDA	8,099.1	7,879.8	8,725.3	9,252.9	9,610.8
Operating profit	4,186.9	4,027.8	4,721.8	5,217.2	5,544.9
Net profit (rep./act.)	200.2	(122.0)	734.6	848.1	1,000.4
Net profit (adj.)	200.2	(122.0)	734.6	848.1	1,000.4
EPS	5.2	(3.2)	19.0	21.9	25.8
PE (x)	4.2	9.0	4.6	3.6	3.3
P/B (x)	0.2	0.2	0.2	0.2	0.2
EV/EBITDA (x)	4.9	5.7	5.2	5.1	5.1
Dividend yield (%)	8.2	3.7	4.4	6.7	7.4
Net margin (%)	0.7	(0.4)	2.4	2.7	3.2
Net debt/(cash) to equity (%)	52.9	74.3	70.7	73.3	75.1
Interest cover (x)	6.8	5.2	5.7	6.1	6.3
ROE (%)	0.6	(0.4)	2.2	2.5	3.0
Consensus net profit	n.a.	n.a.	705.4	885.8	953.3
UOBKH/Consensus (x)	n.a.	n.a.	1.0	1.0	1.0

Source: GENT, Bloomberg, UOB Kay Hian

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Genting Malaysia
(GENM MK/BUY/RM1.15/Target: RM1.38)

3Q26: Well Within Expectations; But Valuations De-rated Significantly

3Q26 Results

Year to 31 Dec	3Q26 (RMm)	qoq % chg	yoy % chg	9M26 (RMm)	yoy % chg	Remarks
Revenue	**4336.1**	**12.5**	**29.1**	**11056.3**	**24.6**	Improved yoy on higher RWNYC and Empire's consolidation
Adjusted EBITDA	**777.1**	**(13.6)**	**(10.3)**	**2328.7**	**(1.6)**	
Leisure – Malaysia	486.4	(20.9)	(22.5)	1613.5	(7.9)	Dropped yoy due to lower visitations and higher costs.
Leisure – UK	83.8	21.8	(2.9)	203.5	(4.0)	Impacted by geopolitical tensions in the Middle East, and higher payroll costs
Leisure – US	200.5	(7.4)	32.6	497.6	28.0	Lifted by RWNYC's commercial casino commencement
Others	(27.6)	(51.1)	3.0	(82.8)	(132.8)	
Pre-tax Profit	**80.2**	**(44.2)**	**(68.8)**	**267.1**	**(71.7)**	
Net Profit	40.6	(14.3)	(66.1)	84.2	(86.2)	
Core Net Profit	**100.1**	**(44.0)**	**(46.8)**	**311.1**	**(32.1)**	Deducting exceptional items
Margins	**%**	**+/- ppt**	**+/- ppt**	**%**	**+/- ppt**	
Core Adjusted EBITDA	17.9	(5.4)	(7.9)	21.1	(5.6)	
Core Net Profit	2.3	(2.3)	(3.3)	2.8	(2.4)	

Source: GENM, UOB Kay Hian

Highlights

- **3Q26: Within expectations.** Genting Malaysia (GENM) reported lower core adjusted EBITDA of RM777m (-10% yoy, -14% qoq) in 3Q26. 9M26 EBITDA was within expectations, making up 75% and 77% of our and consensus full-year forecasts respectively.
- **RWG charted weaker earnings, dragged by weaker visitations and higher costs.** Resorts World Genting's (RWG) revenue dropped 14% yoy, while EBITDA declined 23% yoy. On gaming statistics, non-VIP wins (-9% yoy) and VIP wins (-20% yoy), due to overall weaker visitations (hilltop visitors -9% yoy) and lower discretionary spending resulting from the Middle East conflict. Furthermore, this is compounded by persistent inflationary cost pressures, resulting in weaker EBITDA margin compression of 3.1ppt yoy to 28.3ppt.
- **For RWG's non-gaming operations,** Genting SkyWorlds theme park ticket attendance declined 34% yoy as ticket prices normalised from 3Q25's lower levels. 3Q25 ticket prices were discounted in tandem with Genting Group's 60th Anniversary and attracted more crowds. Meanwhile, hotel occupancy rate was also slightly lower yoy at 96% (3Q25: 98%).
- **US operations: Revenue and EBITDA surged, but margin declined on higher RWNYC ramp-up costs.** GENM's US operations − comprising Resorts World New York City (RWNYC), Bimini (Bahamas) and Empire Resorts − delivered an EBITDA of RM201m (+33% yoy, -7% qoq) with higher revenue of RM2.02b (+161% yoy, +32% qoq). The much stronger revenue mainly reflects higher contribution from RWNYC following the commencement of its commercial casino operations, but EBITDA margin declined 9.6ppt yoy to 9.9ppt due to higher ramp-up cost for RWNYC's transformation into a full-fledged commercial casino.
- **UK and Egypt operations: Flattish yoy earnings despite new acquisition, dragged by Middle East tensions.** EBITDA dropped 3% yoy in tandem with slightly lower revenue (-1% yoy) despite being cushioned by the newly acquired Genting Casino Stratford (formerly known as Aspers Stratford) in Apr 25. The slight earnings decline was mainly due to softer visitations and VIP gaming volume due to the ongoing Middle East tensions, as well as higher payroll costs from the increase in minimum wages. These headwinds were compounded by the strengthening of the pound against the ringgit.

Earnings Revision/Risk

- None.

Valuation/Recommendation

- **Maintain BUY but with lower SOTP-based target price of RM1.38 (from RM2.36).** We reduced our valuation peg from 7.3x 2027F EV/EBITDA (-1SD below historical mean) to 5.2x 2027F EV/EBITDA (-2SD below historical mean) as we factor in sector's structural de-rating, GENM's net gearing ratio (1.29x), and weak investor sentiment.

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026	2027F	2028F
Net turnover	10,911.8	11,884.3	15,972.8	16,673.2	17,066.1
EBITDA	2,550.2	3,297.6	3,083.8	3,323.6	3,493.9
Operating profit	1,309.9	1,983.1	1,682.5	1,938.2	2,138.9
Net profit (rep./act.)	(108.9)	754.8	485.2	677.8	804.4
Net profit (adj.)	290.0	566.9	485.2	677.8	804.4
EPS	4.9	9.6	8.2	11.4	13.5
PE (x)	23.6	12.0	14.1	10.1	8.5
P/B (x)	0.6	0.5	0.5	0.5	0.5
EV/EBITDA (x)	5.7	4.8	4.9	4.7	4.5
Dividend yield (%)	8.7	6.1	6.1	7.0	8.7
Net margin (%)	(1.0)	6.4	3.0	4.1	4.7
Net debt/(cash) to equity (%)	73.0	73.2	66.4	67.8	67.8
Interest cover (x)	3.2	3.9	2.8	3.1	3.2
ROE (%)	(0.7)	4.8	3.0	4.2	4.9
Consensus net profit	n.a.	n.a.	418.6	714.9	819.3
UOBKH/Consensus (x)	n.a.	n.a.	1.2	1.0	1.0

Source: GENT, Bloomberg, UOB Kay Hian

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Hong Leong Financial Group
(HLFG MK/BUY/RM17.20/Target: RM22.00)

1QFY27: Insurance Losses Weigh On Earnings

Highlights

- **Broadly within expectations.** Hong Leong Financial Group (HLFG) reported 1QFY27 net profit of RM802.7m (-4.6% yoy, -15.1% qoq), accounting for 23% of our and consensus forecasts respectively. The earnings are deemed to be broadly within expectations. We expect bond yields to moderate, supporting a recovery in insurance earnings following 1QFY27's mark-to-market losses.
- **Insurance swung to a loss on lower investment returns.** Insurance recorded a pre-tax loss of RM9.7m in 1QFY27, compared with PBT of RM217.0m in 1QFY26 and RM227.0m in 4QFY26. Net investment income fell RM224.6m yoy as a sharp rise in bond yields led to mark-to-market losses on fixed income investments. Higher interest and dividend income partly cushioned the impact.
- **Commercial banking earnings supported by higher associate contributions.** Commercial banking PBT rose 4.6% yoy to RM1.41b, supported by a RM37.3m increase in associate earnings, higher revenue and lower impairment losses. On a qoq basis, PBT fell 3.6% on higher impairments and softer revenue. Meanwhile, Hong Leong Capital's PBT declined 31.6% yoy to RM16.8m on lower gains on equity investments, partly offset by stronger stockbroking and fund management earnings.

Valuation/Recommendation

- **Maintain BUY and SOTP-based target price of RM22.00.** Our target price implies a 25% holding company discount, in line with the 10-year historical mean discount.

Earnings Revision/Risk

- No revisions to our forecast.

Share Price Catalyst

- Stronger-than-expected wealth management and insurance income from improving market sentiment.

1QFY27 Results

Year to 30 Jun (RMm)	1QFY26	4QFY26	1QFY27	qoq%	yoy%
Net interest income	1,042.7	1,054.7	1,085.0	2.9	4.1
Islamic banking	317.7	315.8	313.0	(0.9)	(1.5)
Insurance income	192.7	215.2	(34.9)	n.m.	n.m.
Brokerage income	13.2	14.0	13.6	(2.9)	3.1
Unit trust & AM income	10.7	19.3	10.9	(43.4)	1.9
Fee income	190.0	244.3	229.9	(5.9)	21
Net income from securities	140.6	115.6	73.3	(36.5)	(47.9)
Other income	32.9	71.9	40.8	(43.3)	23.9
Total income	**1,940.5**	**2,050.8**	**1,731.6**	**(15.6)**	**(10.8)**
Operating expenses	(645.8)	(722.2)	(654.9)	(9.3)	1.4
Property	1,294.7	1,328.6	1,076.7	(19)	(16.8)
Credit costs	(37.5)	32.4	(28.3)	n.m.	(24.7)
Associate	332.9	366.3	371.7	1.5	11.7
PBT	1,589.5	1,727.4	1,419.8	(17.8)	(10.7)
Net profit	**841.3**	**945.5**	**802.7**	**(15.1)**	**(4.6)**

Source: HLFG, UOB Kay Hian

Key Financials

Year to 30 Jun (RMm)	2026	2027F	2028F	2029F
Net interest income	5375	5625	5912	6203
Non-interest income	2228	2334	2412	2495
Net profit (rep./act.)	3435	3570	3795	3997
Net profit (adj.)	3435	3570	3795	3997
EPS (sen)	289.0	310.5	329.7	347.2
PE (x)	5.9	5.6	5.2	4.9
P/B (x)	0.5	0.5	0.4	0.4
Dividend yield (%)	4.6	4.8	5.1	5.3
Net int margin (%)	1.58	1.59	1.59	1.60
Cost/income (%)	35.7	36.6	36.4	35.9
Loan loss cover (%)	79.5	93.6	90.6	88.0
Consensus net profit	-	3,552	3,754	3,967
UOBKH/Consensus (x)	-	1.01	1.01	1.01

Source: HLFG, UOB Kay Hian

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Malaysia Smelting Corporation
(SMELT MK/BUY/RM1.37/Target: RM2.01)

3Q26: Within Expectations; Strong Tin Prices And Resumption Of RHT Mine Operations To Drive Earnings Catch-Up In 4Q26

Highlights

- **Within expectations.** Malaysia Smelting Corporation (MSC) booked a 3Q26 core net profit of RM32.0m (-23% qoq; +55% yoy). Core net profit excluded a RM1.8m PPE write-off and RM2.9m in forex gains. This brings 9M26 core net profit to RM118.2m (+179% yoy), representing 70% of our full-year forecast. We deem the results to be within expectations, and project the group to end the year on a strong footing, driven by elevated tin prices and resumption of its Rahman Hydraulic Tin (RHT) mine operations. The sequential growth in earnings was primarily driven by higher refined tin sales and a higher average tin price of RM221,600/mt (vs RM208,400/mt in 2Q26).
- **9M26 core net profit surged 179% yoy,** mainly bolstered by higher tin production quantity and a higher average tin price of RM207,600/mt (vs RM141,900/mt in 9M25) alongside higher encashment of tin intermediates. The strong yoy performance was also attributed to the disruption of production at the Pulau Indah Smelter, following a gas supply interruption caused by a pipeline fire incident at Putra Heights during the preceding year.
- **A higher than expected dividend.** The board has declared an interim single-tier dividend of 5.0 sen/share during the quarter. This complements the special single-tier dividend of 4.0 sen/share announced in 1Q26. Positively, this makes up a full-year dividend of 9.0 sen/share, coming above our full-year 2026 dividend forecast of 8.5 sen/share. At current valuations, the 9.0 sen/share dividend reflects an attractive dividend yield of 6.6%.
- **Smelting division reported promising improvements.** The smelting division recorded an operating profit of RM15.2m in 3Q26 (+84% qoq; +518% yoy). The strong performance was attributed to: a) robust sales volume and encashment of tin intermediates, b) elevated average tin prices, and c) encouraging cost savings from the cessation of its Butterworth plant. Moving forward, the new mining technologies and new tin resources from ABSB will help to contribute to the smelting operations.
- **Mining division saw qoq weakness due to forced mine closure.** The mining division recorded an operating profit of RM37.2m (-38% qoq, +11% yoy) in 3Q26. The quarter involved a temporary suspension of its mining operations in its RHT Mine from 12 Aug 26 to 10 Sep 26, ordered by the Perak Department of Minerals and Geosciences due to flooding concerns. This led to tin production quantity declining qoq but was the impact was partially cushioned by the higher tin prices. Positively, the group has resumed its RHT mining operations since 11 Sep 26, which is expected to favourably drive 4Q26 earnings.

Earnings Revision/Risk

- No changes to earnings forecast.

Valuation/Recommendation

- **Amid the recent sell-down due to the disruption of its mining operations (-38% since disclosure), we upgrade our recommendation from HOLD to BUY with a target price of RM2.01,** based on 10x 2026F mean PE. We believe MSC will end 2026 on a strong footing, driven by the monetisation of higher-margin tin intermediate reserves and resumption of its mining operations. Nevertheless, despite ongoing near-term challenges in securing tin ore, earnings should remain supported by the mining division, underpinned by sustained higher tin prices and the continued capitalisation of its tin intermediate reserves.

3Q26 Results

Year to 31 Dec (RMm)	3Q26	qoq%	yoy%	9M26	yoy%
Revenue	**712.2**	**11.8**	**34.5**	**1,806.5**	**41.3**
Sale of Tin	**710.5**	**11.9**	**47.1**	1,770.8	49.6
Smelting Revenue	1.7	(44.3)	31.1	7.0	43.3
Mining	100.8	(21.9)	14.6	346.9	39.0
Operating Profit	62.7	2.8	58.5	193.8	92.5
Associates	0.4	(50.4)	(3.5)	2.1	71.9
PBT	54.9	(2.9)	55.6	177.6	105.6
Net Profit	33.1	(2.7)	62.3	110.1	161.6
Core Net Profit	32.0	(23.1)	54.9	118.2	178.8
Margins	**%**	**+/- ppt**	**+/- ppt**	**%**	**+/- ppt**
EBIT Margin	8.8	(0.8)	1.3	10.7	2.9
Core Net Margin	4.5	(2.0)	0.6	6.5	3.2

Source: MSC, UOB Kay Hian

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	1,691.8	1,759.0	1,881.0	1,890.8	1,922.8
EBITDA	165.1	172.5	377.6	352.5	362.7
Operating profit	151.5	157.7	359.4	333.0	341.6
Net profit (rep./act.)	79.4	82.0	169.1	147.7	153.9
Net profit (adj.)	75.6	80.4	169.1	147.7	153.9
EPS	9.0	9.6	20.1	17.6	18.3
PE (x)	15.2	14.3	6.8	7.8	7.5
P/B (x)	1.5	1.4	1.3	1.2	1.1
EV/EBITDA (x)	4.8	4.6	2.0	2.0	1.8
Dividend yield (%)	22.6	5.8	6.6	6.5	6.6
Net margin (%)	4.5	4.6	9.0	7.8	8.0
Net debt/(cash) to equity (%)	22.4	21.1	5.0	(10.8)	(26.1)
Interest cover (x)	7.9	7.6	15.6	13.9	14.6
ROE (%)	10.7	11.0	22.2	19.3	19.8
Consensus net profit	n.a.	n.a.	142.3	162.0	190.7
UOBKH/Consensus (x)	n.a.	n.a.	1.2	0.9	0.8

Source: MSC, Bloomberg, UOB Kay Hian

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NationGate Holdings
(NATGATE MK /BUY/RM1.35/Target: RM1.98)

9M26: Above Expectations; Clear Earnings Acceleration In 2027

Highlights

- **Beat expectations.** NationGate Holdings (NatGate) reported a 3Q26 net profit of RM21.0m (+92% qoq, +66% yoy), bringing 9M26 net profit to RM32.4m (-73% yoy). Excluding both the unrealised and realised forex factors and other one-off items, adjusted net profit came in at RM24.4m in 3Q26 (+8% qoq; +75% yoy) and RM53.9m in 9M26 (-54% yoy). This accounts for 137%/112% of our and consensus full-year expectations respectively. The positive variance was due to higher-than-expected volume loadings from its data computing segment which was predominantly driven by higher CPU sales. The group declared a 0.25 sen interim dividend, implying a ytd net DPS of 0.75 sen and a 31% payout.
- **Yoy, a much stronger 3Q26 revenue was recorded, narrowing the 9M26 revenue drop to 2%** (from -36% in 1H26) to RM6.3b, mainly due to a 217% yoy gain in the data computing segment in 3Q26. Meanwhile, commendable growth was also evidenced in the networking and telco segment with 50% yoy growth in 3Q, which we believe was driven by the ramp-up of optical module-related business. That said, core net profit in 9M26 still dropped 54% yoy, due to lower gross profit margin -1.1ppts on lower operational efficiency and higher administrative expenses (+22% yoy).
- **Sequentially, 3Q26 revenue soared 57% qoq** to RM2.8b, driven by a strong 67% qoq increase in the data computing segment, which we believe reflected the higher demand for its CPU servers. Adjusted net profit gained by a narrower 8% qoq, on unfavourable product mix.
- **Moving up the optical networking value chain.** NatGate is expanding from PCB-level assembly for optical transceivers into specialised optical components and sub-assemblies, including chip-on-carrier (CoC), chip-on-submount (CoS) and TOSA, ROSA and TROSA assembly. This brings the group closer to the optical engine and increases its manufacturing content per customer programme. These higher-value processes typically involve longer qualification cycles and tighter customer integration, which should support stronger customer stickiness and improve revenue quality as production volumes ramp up.
- **Photonics could become a meaningful earnings driver from 2027.** The group has commenced qualification builds for its photonics products, with mass production expected to begin in 1H27. We expect margins to improve gradually as production yields stabilise, volumes ramp up and higher throughput improves fixed-cost absorption. The transition to mass production is the next catalyst, while sustained yield improvement and a broader commercial rollout will determine the scale and timing of the earnings contribution.

Earnings Revision/Risk

- We recalibrate our 2026/27 earnings forecasts to reflect: a) 2026: earnings raised to RM72.7m (from RM39.2m), to account for higher CPU servers demand; and b) 2027 minor tweak of +5% to RM187.0m for higher CPU servers demand.

Valuation/Recommendation

- **Maintain BUY with higher target price of RM1.98** (from RM1.88)**,** based on 24x 2027F PE. This is based on average blended 50:50 PE, referencing the average seven-year mean forward PE of electronic manufacturing services and outsourced semiconductor assembly and test.
- While we expect 2026 to remain a gestation year, we believe the risk-reward profile is increasingly skewed toward the upside spilling over into 2027, supported by the significant growth potential of NatGate's optical module business and our view that the worst of the earnings weakness is behind us.
- **Risks:** a) slower-than-expected ramp-up of the optical module and data computing (CPU/GPU) businesses; b) adverse foreign exchange fluctuations; and c) higher-than-expected component costs.

3Q26 Results

Year to 31 Dec	3Q26 (RMm)	qoq % chg	yoy % chg	9M26 (RMm)	yoy % chg
Revenue	2,774.7	56.9	187.4	6,263.6	(2.3)
EBITDA	32.8	(8.3)	5.8	87.2	(60.2)
EBIT	15.9	(12.5)	(12.0)	37.6	(79.2)
Pre-tax Profit	1.1	(86.3)	(92.8)	0.7	(99.6)
Tax	11.5	287.4	(1,168.4)	15.2	(133.1)
Net Profit	21.0	92.4	65.7	32.4	(72.7)
Core Net Profit	24.4	7.6	75.3	53.9	(53.9)
Margins	**%**	**+/- ppt**	**+/- ppt**	**%**	**+/- ppt**
EBITDA	1.2	(0.8)	(2.0)	1.4	(2.0)
EBIT	0.6	(0.5)	(1.3)	0.6	(2.2)
Profit Before Tax	0.0	(0.4)	(1.6)	0.0	(2.7)
Net profit	0.8	0.1	(0.6)	0.5	(1.3)
Core Net Profit	0.9	(0.4)	(0.6)	0.9	(1.0)

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	5270.8	7612.3	8052.6	9551.3	10811.3
EBITDA	286.9	265.3	189.0	348.9	531.0
Operating profit	237.3	210.7	134.6	295.1	477.8
Net profit (rep./act.)	160.2	125.1	72.7	187.0	316.9
Net profit (adj.)	121.4	69.1	72.7	187.0	316.9
EPS (sen)	5.3	3.0	3.2	8.2	13.9
PE (x)	25.3	44.5	42.3	16.4	9.7
P/B (x)	2.9	2.7	2.5	2.3	2.4
EV/EBITDA (x)	7.3	12.4	19.2	10.9	7.2
Dividend yield (%)	1.5	1.5	0.6	1.5	12.9
Net margin (%)	2.3	0.9	0.9	2.0	2.9
Net debt/(cash) to equity (%)	(98.5)	20.7	52.1	58.6	63.7
Interest cover (x)	(35.9)	(14.8)	(4.2)	(9.3)	(15.3)
ROE (%)	15.2	11.8	6.8	15.4	27.6
Consensus net profit			49.5	195.4	270.0
UOBKH/Consensus (x)			1.47	0.96	1.17

Source: NationGate, UOB Kay Hian

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Oriental Kopi Holdings
(KOPI MK/BUY/RM0.78/Target: RM1.05)

FY26: In Line

Highlights

- **Within expectations.** Oriental Kopi Holdings (Oriental Kopi) registered a core profit of RM69.5m in FY26. This was broadly within expectations, accounting for 104% of our and 103% of consensus full-year forecasts. An interim dividend of 1.05 sen was also announced, bringing the total to 2.05 sen for the year. Overall, earnings were largely lifted by new store openings as both SSSG and margins declined in FY26.
- **Sales growth off new outlets.** Oriental Kopi's FY26 recorded sales came in at RM614.2m, up 36.2% yoy. Growth was primarily driven by the enlarged stores count following the 14 store openings during FY26 which saw the company end the quarter with 34 stores. While SSSG appears positive, sales per outlet has declined 17.2% yoy. We believe the decline in per store metrics is largely due to the new (albeit profitable) outlets are being less sales-generative than legacy stores in high-traffic malls and prime locations.
- **Margins on the mend.** While top-line growth was robust, impact on earnings was softened by a 2ppt yoy decline in margins in FY26. Higher operating costs as well as marketing expenses and staff bonuses saw EBITDA margins slip to 20.5% while net earnings were also hit by higher depreciation following the new store openings. Positively, 4QFY26 saw another sequential improvement with both gross and net margins now on par with end-FY25.
- **VMY extension a potential boon.** The extension of Visit Malaysia Year (VMY) into 2027 could be a potential catalyst for Oriental Kopi. Our previous channel checks indicated that prior to the escalation of the Iran war, footfalls in key outlets were meaningfully improving as the tourism boost drove traffic towards Oriental Kopi's most profitable stores. While flight costs still remain somewhat elevated vs pre-Iran war, we believe the extension of the campaign could still boost tourism to a meaningful degree.
- **International rollout ramping up.** Following the recent announcement on the Cambodia franchise rights, we believe Oriental Kopi's international expansion should begin to ramp up going forward. Management previously indicated that the initial rollout would be paced, with only a handful of outlets in the first two years before scaling to around 10 outlets over the medium term. We view this measured approach favourably, given the execution risks inherent in overseas F&B expansion. Encouragingly, its Singapore operations turned profitable during the first full quarter of its maiden outlet's operations, underscoring management's disciplined approach and execution. This lends confidence that a multi-country rollout remains manageable, with limited initial losses, if any. However, between Cambodia and Indonesia, both new markets may only see contributions from 2HFY27 to 1QFY28 based on the terms of the agreements.

Valuation/Recommendation

- **Maintain BUY and target price of RM1.05.** While Oriental Kopi's regional expansion offers longer-term growth potential, near-term earnings contributions are likely to remain limited. Current valuations appear to fairly reflect its domestic growth prospects, while execution challenges warrant a more cautious stance. Our target price is based on 25.9x FY27F PE, in line with the market cap-weighted average of its peers.

Earnings Revision/Risk

- No changes to our earnings forecasts.
- We introduce our FY28 forecasts.

FY26 Results

Year to 30 Sep	4QFY27 (RMm)	qoq % chg	yoy % chg	FY26 (RMm)	yoy % chg
Revenue	**171.1**	**9.3**	**28.5**	**614.2**	**36.2**
Gross profit	**42.2**	**14.9**	**28.6**	**142.9**	**25.4**
EBITDA	**42.2**	**38.4**	**47.3**	**125.7**	**27.6**
Exceptionals	0.0	202.9	329.7	0.0	146.5
Pre-tax profit	**26.5**	**8.2**	**9.1**	**93.1**	**11.6**
PAT	20.4	20.1	29.4	69.5	14.4
Core PAT	**20.4**	**20.1**	**29.4**	**69.5**	**12.7**
Margins	**%**	**+/- ppt**	**+/- ppt**	**%**	**+/- ppt**
Gross margin	24.7	1.2	0.0	23.3	(2.0)
EBITDA margin	24.6	5.2	3.1	20.5	(1.4)
Effective tax rate	(23.0)	7.6	12.1	(25.3)	1.8
Core margin	11.9	1.1	0.1	11.3	(2.4)

Key Financials

Year to 30 Sep (RMm)	2025	2026	2027F	2028F	2029F
Net turnover	450.9	614.2	753.1	837.1	880.7
EBITDA	117.1	125.7	169.5	182.1	201.5
Operating profit	87.5	93.1	110.0	119.7	137.8
Net profit (rep./act.)	60.8	69.5	79.9	86.3	95.4
Net profit (adj.)	62.1	69.5	79.9	86.3	95.4
EPS (sen)	3.1	3.5	4.0	4.3	4.8
PE (x)	28.8	25.8	22.4	20.7	18.8
P/B (x)	5.3	4.6	4.0	3.4	3.0
EV/EBITDA (x)	11.8	9.2	7.0	6.0	4.1
Dividend yield (%)	1.3	1.4	1.6	1.8	2.0
Net margin (%)	13.8	11.3	10.6	10.3	10.8
Net debt/(cash) to equity (%)	(0.9)	(0.9)	(1.0)	(1.1)	(1.5)
Interest cover (x)	19.8	27.5	34.3	25.9	12.3
ROE (%)	25.5	19.3	20.3	19.2	17.4
Consensus net profit	-	-	89.4	107.1	-
UOBKH/Consensus (x)	-	-	0.89	0.81	-

Source: Oriental Kopi, Bloomberg, UOB Kay Hian

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QL Resources
(QLG MK/HOLD/RM3.82/Target: RM4.00)

1HFY27: In Line

Highlights

- **Results are within expectations.** QL Resources' (QL) 1HFY27 core net profit was up marginally at RM218.8m (+0.9% yoy), representing approximately 47% and 46% of our and consensus full-year forecasts respectively. 1HFY27 revenue rose 15.5% yoy, but PBT increased by only 4.4% as exceptional Marine Product Manufacturing (MPM) earnings were partly offset by weaker profitability across ILF and CVS. PATAMI was also impacted by an increase to effective tax rate to 26.2% from 25.7%.
- **MPM: Exceptional fishmeal cycle drives earnings.** MPM revenue grew 18.4% yoy to RM798.3m, while PBT surged 53.3% to RM171.8m, expanding the PBT margin by 4.9ppt to 21.5%. Fishmeal continued to drive earnings as high production and sales coupled with elevated selling prices driven by the global supply constraints resulted in a record quarter. Conversely, while fishing recorded encouraging landings, performance was impacted by higher costs due to elevated fuel prices. Aquaculture also improved as stronger grow out farm (GOF) and hatchery contributions offset disease-related losses in Kudat. Management expects fishing earnings to remain strong, supported by full vessel mobilisation, encouraging landings and stable prices.
- **ILF: Farming margins under pressure.** Integrated livestock farming (ILF) revenue rose 19.2% yoy to RM2.1b, driven mainly by higher sales volume and feed raw-material trading volumes. However, PBT declined 28.4% yoy to RM101.8m, as margin narrowed 3.2ppt to 4.9%. Despite egg prices improving in the Malaysia and Vietnam layer operations, higher feed costs and lower ASPs in Indonesia resulted in the continued decline in earnings. These were partly offset by stronger feed trading stable feedmill profits. Going forward, ILF recovery is likely to remain gradual. as rising feed costs offset improving egg pricing. Stable feed trading and better Malaysia layer performance should soften the impact marginally.
- **Convenience store (CVS): Softness prevails.** Revenue grew marginally (1.8%) yoy to RM657.3m despite 38 net new stores (10.0% yoy), as average store sales were impacted by softer consumer spending and intensifying competition. PBT plunged 32.5%, with the margin contracting to 2.9% from 4.4%, due mainly to softer sales and higher rental and logistics expenses. Positively, earnings improved 12% sequentially, mainly reflecting improved operational efficiency. Management is pursuing targeted promotions, service improvements and a broader product range to lift average store sales. However, it is likely to be outweighed by near-term cautious sentiment.
- **POCE: CPO normalises following 1QFY26 delays.** Palm oil and clean energy (POCE) revenue grew 17.1% yoy to RM431.4m, while PBT grew 11.5% to RM34.3m. CPO sales tonnage improved as deliveries spilled over in 2QFY26 from the earlier June shipment delay, albeit at a lower CPO price. Clean energy earnings also grew following higher project progress recognitions for the bio-energy division. Looking ahead, palm oil earnings should benefit from stable CPO prices, fresh fruit bunches (FFB) output and oil extraction rate (OER) as well as tighter production constraints following the haze and El Nino impacts. Meanwhile, clean energy is supported by a healthy orderbook across renewable energy, battery energy storage system (BESS) and water infrastructure projects.

Earnings Revision/Risk

- No changes to earnings. Risks include: a) unfavourable weather conditions affecting fishing yields, b) outbreak of poultry diseases, and c) a sharp collapse in CPO prices.

Valuation/Recommendation

- **Maintain HOLD with an unchanged target price of RM4.00.** The implied PE to 2027 earnings from our target price is 30.3x or close to -1.0SD to its five-year PE mean. We value QL's long-established businesses at 30x 2027F PE or a 25% discount to Nestle's historical PE valuations. Meanwhile, Family Mart is valued on a DCF basis (WACC: 8.3%, terminal growth: 2.0%).

1HFY27 Results

Year to 31 Mar	2QFY27 (RMm)	qoq % chg	yoy % chg	1HFY27 (RMm)	yoy % chg
Revenue	**2,126.1**	**14.8**	**23.2**	**3,977.7**	**15.5**
MPM	414.1	7.8	18.5	798.3	18.4
POCE	233.5	18.0	38.5	431.4	17.1
ILF	1,147.7	21.7	28.9	2,090.7	19.2
FM	330.8	1.3	4.4	657.3	1.8
Core EBIT	**186.0**	**16.5**	**6.4**	**345.5**	**4.9**
PBT	**175.4**	**15.9**	**5.5**	**326.7**	**4.4**
MPM	89.4	8.6	54.9	171.8	53.3
POCE	22.7	95.3	78.3	34.3	11.5
ILF	53.3	9.7	(38.7)	101.8	(28.4)
FM	10.0	14.1	11.9	18.8	(32.5)
Core Net Profit	**118.0**	**17.1**	**1.5**	**218.8**	**0.9**
Margins	**%**	**+/- ppt**	**+/- ppt**	**%**	**+/- ppt**
EBIT	8.7	0.1	(1.4)	8.7	(0.9)
PBT	8.2	0.1	(1.4)	8.2	(0.9)
Core Net Profit	5.6	0.1	(1.2)	5.5	(0.8)
Effective Tax Rate	(25.7)	1.1	(1.1)	(26.2)	(1.2)

Key Financials

Year to 31 Mar (RMm)	2025	2026	2027F	2028F	2029F
Net turnover	7,073	7,047	7,474	7,959	9,086
EBITDA	990	970	1057	1118	1091
Operating profit	711	677	750	806	773
Net profit (rep./act.)	456	450	470	501	528
Net profit (adj.)	456	450	470	501	528
EPS (sen)	12.5	12.3	12.9	13.7	14.5
PE (x)	30.6	31.0	29.7	27.8	26.4
P/B (x)	4.4	4.2	3.7	3.4	3.1
EV/EBITDA (x)	13.7	13.6	12.4	11.5	11.5
Dividend yield (%)	1.0	1.0	1.0	1.1	1.2
Net margin (%)	6.4	6.5	6.3	6.3	5.8
Net debt/(cash) to equity (%)	8.7	0.3	-5.3	-12.8	-16.9
Interest cover (x)	21.2	18.8	20.3	21.4	20.9
ROE (%)	17.9	17.5	16.6	16.5	16.3
Consensus net profit	-	-	475	506	530
UOBKH/Consensus (x)	-	-	0.99	0.99	1.00

Source: QL, Bloomberg, UOB Kay Hian

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Uzma
(UZMA MK/BUY/RM0.28/RM0.36)

1QFY27: Profits Missed Expectations Although Stronger 2Q Expected On Muted Monsoon Impact

Highlights

- **1QFY27 results missed expectations, comprising 14%/12% of our/consensus forecasts respectively**. In addition, 1QFY27 EBITDA of RM35m (1QFY26: RM43m) comprised merely 16% of our previous FY27F assumption. FY26 EBITDA was RM164m (+3% yoy). We expected the weak quarter given management guidance on potential disruptions arising from upstream operatorship transition, ie the restructuring of the Petronas Carigali portfolio to other Production Sharing Contract (PSC) players including Enquest, Vestigo and Searah (the new Petronas-Eni JV). However, the key negative deviations were updated guidance on longer-than-expected effects of the operatorship transition, higher-than-expected finance costs and depreciation.
- **O&G: 2QFY27 utilisation to be higher qoq although operatorship transition effects linger**. We understand that the aforementioned disruptions caused the group's assets to record an overall utilisation of merely 58% in 1QFY27. The affected upstream contract novations were completed by early-3QFY27, but there were still some administrative-related delays in terms of finalising the revised work order/schedules. Nevertheless, Uzma guided that utilisation had recovered to 78-79% up till early-Dec 26.
- **Also, the monsoon effects may be delayed to 3QFY27**. Another reason for the stronger-than-expected 2QFY27 outlook is that the typical seasonal effects of the monsoon in this quarter are muted, as the real impact of 2026's monsoon season is expected to hit later, likely from late-Dec 26 onwards. Officially, The National Disaster Management Agency (NADMA), acting based on forecasts by the Malaysian Meteorological Department (MetMalaysia), said the 2026/2027 Northeast Monsoon began on 27 Oct 26 and will persist until Mar 27, with 3-5 episodes of continuous heavy rain (that has the potential to cause floods) expected.

Earnings Revision/Risk

- **Cut FY27F/FY28F/FY29F earnings by 28%/27%/19%.** We cut O&G revenues and earnings forecasts to reflect new updates, while also conservatively assuming uncertainties in 2HFY27 on monsoon effects, and raising our depreciation and finance costs forecasts.
- **Maintain BUY and cut target price to RM0.36 from RM0.70**, following forecast updates and amended 2027F P/E valuation from 8x to 5x. Given the steep share price decline, we think markets have adequately factored the earnings and balance sheet risks, we see value now as the O&G orderbook remains strong. Hence, we advise a wait-and-see approach until earnings delivery and its long-term ESG investment theme (remote sensing satellite, Battery Energy Storage System, Solar) are translated into share price gains.

1QFY27 Results

Year to 30 Jun	1QFY27 (RMm)	qoq % chg	yoy % chg	Comments
Revenue	246.5	(43.2)	20.1	Segmental EBIT 1QFY27/4QFY26:
- Oil & Gas (O&G)	184.5	(40.3)	5.7	O&G: RM12.8m/RM21.1m
- Non-O&G*	62.0	(50.3)	101.7	Trading: RM1.8m/RM2.3m
EBIT	16.2	(26.7)	(38.1)	New Energy:RM1.8m/RM0.1m loss
- Oil & Gas (O&G)	12.8	(36.4)	(44.7)	Digital Earth: RM0.3m loss/0
- Non-O&G*	3.4	75.3	12.8	
Operating Margin	6.6%	1.5%	-6.2%	O&G: Low asset utilization due to
Impairment Loss				operatorship transition
Net finance Cost	(9.0)	13.3	23.8	
Associates	0.0	-	-	New Energy: Muted EPCC revenue
PBT	7.2	(43.4)	(63.3)	However, higher income qoq due to
Tax	(0.9)	(113.1)	(82.1)	finalisation of completed projects
Net Profit	5.1	(74.2)	(64.8)	
Core Profit	7.4	(59.6)	(47.3)	Trading: Loss of one Third-Party
EPS (sen)	0.84			Access (TPA) customer
DPS (sen)	-			

** Comprises three divisions namely Energy Trading, New Energy, and Digital Earth*
Source: Uzma, UOB Kay Hian

Key Financials

Year to 30 June (RMm)	2025	2026	2027F	2028F	2029F
Net Turnover	717	1,352	967	1,001	1,131
EBIT	106	95	82	98	117
Net Profit (Reported)	42	56	43	53	62
Net Profit (Adjusted)	42	56	43	53	62
EPS (sen)	7.2	9.5	7.2	9.0	10.6
PE (x)	3.9	2.9	3.9	3.1	2.6
P/B (x)	0.4	0.3	0.2	0.2	0.2
EV/EBITDA (x)	5.5	4.8	5.3	5.1	5.1
Dividend Yield (%)	-	-	-	-	-
Net Margin (%)	5.9	4.1	4.4	5.3	5.5
Net Gearing (%)	(135.1)	(111.0)	(110.1)	(112.2)	(118.8)
ROE (%)	6.9	8.6	6.3	7.6	8.6
Consensus Net Profit			61	71	79
UOBKH/Consensus (x)			0.70	0.75	0.79

Source: Uzma, Bloomberg, UOB Kay Hian

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Zetrix AI
(ZETRIX MK/CEASE COVERAGE/RM0.05)

Cessation Of Coverage

Highlights

- **Structural derating on a confluence of fundamental and sentimental concerns.** Zetrix AI's share price has plunged from RM0.66 in mid-August to near an all-time low of 5.5 sen currently. This could be attributed to a confluence of fundamental and sentimental factors such as: a) margin calls involving shares held through accounts linked to the group's managing director, b) suspension of its Road Transport Department (JPJ) services after failing to remit approximately RM314m in collections, and c) concerns on the group's RM2b debt instruments' repayment.

Earnings Revision/Risk

- There is a scarcity of details in reaching a conclusive forecast towards 2026-28F earnings outlook following recent developments and limited earnings visibility.

Valuation/Recommendation

- **Cease coverage on ZETRIX** due to a reallocation of team resources. Note that our recommendation, along with target prices and estimates should not be relied upon following the cessation of this report.

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Market Spotlight

Market News

The FBMKLCI jumped 8.69pt and closed at 1,570.98, lifted by persistent buying momentum in selected blue-chip counters. Meanwhile, Asian shares eked out a rare rally on Thursday after Wall Street fought back from deep lows, though concerns over the circular financing of AI and a new round of US tariffs made for a muted mood in a holiday-thinned session. Treasuries gained as investors sought safer assets. The FBMKLCI's top gainers were 99 Speed Mart Retail Holdings (+7.4%), PP Group (+5.6%) and CelcomDigi (+2.6%), while the top losers were YTL Power International (-8.6%), YTL Corporation (-6.6%) and Telekom Malaysia (-5.0%). In the broader market, losers outpaced gainers 749 to 443 with 410 counters unchanged. Turnover was 3.46b shares valued at RM3.31b.

US market closed for public holiday

FBMKLCI, FCPO & FKLI Index Outlook

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FBMKLCI



Source: UOBKH ChartGenie

FTSE Bursa Malaysia KLCI

Last close:	1,570.98
Expected moving range:	1,560-1,570

Technical View:

From a technical perspective, the FBMKLCI continued its impressive recovery after closing higher at 1,570.98 yesterday. Strong gains on the back of higher trading volume signify a genuine bullish momentum, potentially prolonging the upward movement. However, the remarkable gains in the last few days may attract conservative investors to lock in gains. 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 BUY with +3.3% potential return

Trading BUY range:	RM4,260-4,300
Last price:	RM4,303
Target price:	RM4,385, RM4,445
Support:	RM4,168
Stop-loss:	RM4,167

BUY with a target price of RM4,445 and stop-loss at RM4,167. Based on the chart, FCPO penetrated the downtrend line to close higher at RM4,303 on yesterday's movement. This bullish movement is supported by an uptick in RSI and bullish crossover in both MACD and DMI indicators. We peg our targets at RM4,385 and RM4,445 in the near term.

Expected timeframe: One day to three days

FKLI



Source: TradingView

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

Technical BUY with +1.1% potential return

Trading BUY range:	1,570-1,585
Last price:	1,587
Target price:	1,599, 1,605
Support:	1,564
Stop-loss:	1,563

BUY with a target price of 1,605 and stop-loss at 1,563. Based on the chart, FKLI formed a series of higher highs and higher lows that indicates an uptrend pattern. This bullish movement is supported by an uptick in the RSI and bullish crossovers in both MACD and DMI indicators. We maintained our targets at 1,599 and 1,605 in the near term.

Expected timeframe: One day to three days

Traders' Corner

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Source: UOBKH ChartGenie

MNRB Holdings
MNRB MK

Technical BUY on breakout with +11.4% potential return

Trading BUY range:	RM2.46-2.47
Last price:	RM2.36
Target price:	RM2.68, RM2.74
Support:	RM2.29
Stop-loss:	RM2.28

BUY on breakout with a target price of RM2.74 and stop-loss at RM2.28. After hovering between RM2.30-2.40, MNRB looks set to break out to new territory, supported by a positive closing above its BBI line. This is supported by an uptick in RSI. The bullish bias has also been established following the golden crossover in both the MACD and DMI. We peg our targets at RM2.68 and RM2.74 once it manages to penetrate above the breakout level of RM2.46.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading



Source: UOBKH ChartGenie

Padini Holdings
PAD MK

Technical BUY with +18.6% potential return

Trading BUY range:	RM1.13-1.14
Last price:	RM1.14
Target price:	RM1.27, RM1.34
Support:	RM1.00
Stop-loss:	RM0.995

BUY with a target price of RM1.34 and stop-loss at RM0.995. A successful closing above the BBI line alongside the uptick in the RSI suggest that positive momentum is building up. Meanwhile, the golden crossover in both the MACD and DMI suggest that the uptrend could resume from here. We expect PAD to continue the bullish momentum toward our targets at RM1.27 and RM1.34 in the near term.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading



Source: UOBKH ChartGenie

Uchi Technologies
UCHI MK

Technical BUY with +14.7% potential return

Trading BUY range:	RM2.35-2.38
Last price:	RM2.35
Target price:	RM2.62, RM2.73
Support:	RM2.13
Stop-loss:	RM2.12

BUY with a target price of RM2.73 and stop-loss at RM2.12. Based on the daily chart, share price has recovered gradually and moved above the 7- and 21-day EMA after spiking to close at RM2.35 yesterday. This is supported by an uptick in the RSI and a bullish crossover in the DMI, which indicate that the positive momentum would strengthen in the near term. We peg our targets at RM2.62 and RM2.73 in the near term.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading

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