Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	52,485.0	0.5	1.0	(0.8)	9.2
S&P 500	7,489.7	0.7	1.0	0.1	9.4
FTSE 100	10,868.1	(0.3)	1.2	1.8	9.4
AS30	9,137.0	0.2	2.2	1.0	1.3
CSI 300	4,588.2	0.8	(1.3)	(5.2)	(0.9)
FSSTI	5,628.5	(0.8)	0.7	7.3	21.1
HSCEI	8,612.2	(0.4)	4.1	11.8	(3.4)
HSI	25,884.4	0.1	3.7	10.9	1.0
JCI	6,236.1	0.8	0.6	6.1	(27.9)
KLCI	1,724.9	0.3	1.4	2.7	2.7
KOSPI	6,595.5	17.9	(1.4)	(18.5)	56.5
Nikkei 225	64,362.0	4.0	(0.4)	(7.7)	27.9
SET	1,623.6	1.6	(1.0)	0.8	28.9
TWSE	43,119.8	8.0	(1.2)	(7.8)	48.9
BDI	2,732	2.2	(0.4)	0.6	45.6
CPO (RM/mt)	4,498	(0.4)	(1.0)	0.0	14.4
Brent Crude (US$/bbl)	84	(3.9)	(4.4)	17.1	38.8

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
Virtual Meeting with i-Tail Corporation Public Company Limited (ITC TB)	Thailand	05 Aug	05 Aug
Virtual Meeting with UOB-Kay Hian Holdings Ltd (UOBK SP)	Singapore	11 Aug	11 Aug
Hybrid Meeting with UltraGreen.ai Ltd (UGAI SP)	Singapore	13 Aug	13 Aug
Analyst Marketing by Julia Pan on Greater China Internet Sector	Singapore	07 Sep	08 Sep

Corporate & Macro Calendar

Economic Indicator/Event	Country/Region	Date
PMI	Malaysia	3 Aug
Foreign Reserves	Malaysia	7 Aug
Industrial Production	Malaysia	11 Aug
Manufacturing Sales	Malaysia	11 Aug

Please click on the page number to move to the relevant page

Top Stories

Sector Update | Banking Page 3

The banking sector's stats remained resilient in Jun 26 despite macro headwinds. Loan growth eased but leading indicators have rebounded strongly. Deposit growth accelerated while asset quality was stable. Maintain OVERWEIGHT.

Company Results | Fraser & Neave Holdings (FNH MK/**BUY**/RM27.90/Target: RM38.70) Page 5

Earnings were within our expectations but below consensus estimates. The Cambodia-Thailand border conflict outweighed growth in the key domestic markets. Margins were largely intact as Thailand was relatively resilient amid start-up costs arising from its new dairy plant in Cambodia. Maintain BUY and target price of RM38.70. F&N's earnings are due to gradually recover against a backdrop of bargain valuations.

What's Inside

Strategy | The Blue Wave Sweeps Negeri Sembilan State Election Page 8

Unsurprisingly, the BN (UMNO-led)-PN (Pas-led) combo gained majority state control (exceeding a two-third majority) by winning 25 seats, extending their combined pre-election of 17 out of 36 seats. Pakatan Harapan (PH) faced losses with prominent defeats of incumbent Chief Minister Aminuddin Hurun and federal Transport Minister Anthony Loke.

Company Update | Oxford Innotech (OXB MK/**BUY**/RM0.405/Target: RM0.530) Page 9

Deepening exposure to high value semiconductor precision engineering.

Market Spotlight

Page 10

- Despite selling pressure, the FBMKLCI added 4.50pt to close at 1,724.90 last Friday on the back of rejuvenated buying interest.
- US stocks were higher after the close on Friday, as gains in the consumer services, oil & gas and telecommunications sectors led shares higher.

Technical Analysis

FBMKLCI, FCPO & FKLI Index Outlook Page 11

Traders' Corner Page 13

Globaltec Formation | GBLF MK
Trading Buy Range: RM0.90-0.925

JF Technology | JFTB MK
Trading Buy Range: RM0.67-0.675

JHM Consolidation | JHMC MK
Trading Buy Range: RM0.405-0.41

Disclaimer: *In Traders' Corner, technical analysis is carried out purely based on charting patterns, price movements and trends, and is thus independent of the fundamental research views of our analysts. As a result, and from time to time, we may make a technical recommendation that is opposite to our fundamental BUY/HOLD/SELL rating*

Banking

Jun 26 BNM Statistics: Loan Growth Eases, Pipeline Firms

OVERWEIGHT
(Maintained)

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Highlights

- The banking sector's stats remained resilient in Jun 26 despite macro headwinds. Loan growth eased but leading indicators have rebounded strongly. Deposit growth accelerated while asset quality was stable.
- We expect sector earnings to grow a decent 3% and 6% in 2026 and 2027 respectively. Earnings resilience will be underpinned by modest loans growth, stable credit costs and relatively stable NIM with banks' asset liability management helping to offset some of the headwinds from yield pressure.
- Maintain OVERWEIGHT. Amid the ongoing Middle East geopolitical uncertainties, we adopt a barbell strategy, favouring Public Bank and Hong Leong Bank for their defensive profiles and capital management upside, while CIMB Group offers attractive value with one of the sector's highest dividend yields at around 6.5%.

Analysis

- **Loan growth moderated slightly,** easing to 5.5% yoy in Jun 26 (May 26: 5.7%). Business and household loan growth slowed to 6.1% and 5.0% respectively, while mortgage growth remained healthy at 5.4%. We maintain our 2026 loan growth forecast at 5.0–5.5%, supported by continued household lending demand.
- **Leading loan growth indicators rebounds.** Loan applications and approvals rose 27.0% and 22.8% yoy respectively in Jun 26 (May 26: -2.8% and +2.7%). Business lending remained key, with applications and approvals increasing 45.9% and 35.3% respectively, while household applications and approvals grew 12.5% and 8.6%.
- **Deposit growth accelerated to 6.0% yoy** in Jun 26 (May 26: 4.4%), despite CASA growth moderating to 7.7% from 9.6%. Consequently, the loans-to-deposits ratio improved to 88.3% from 89.3% in May 26. Overall liquidity remains healthy, with banks retaining flexibility to access bond markets as a cheaper alternative to wholesale deposits.
- **Asset quality was stable** with GIL ratio unchanged at 1.43%, remaining low by historical standards. Business GIL improved marginally by 1bp to 1.91%. in contrast to household GIL edging 1bp higher to 1.11%. Loan-loss coverage eased to 81.3% from 82.6%, but continues to provide a decent buffer (pre-pandemic: ~80%) against potential asset-quality deterioration.

Segmental Rating

Segment	Rating
Bank	OVERWEIGHT (Maintained)

Source: UOB Kay Hian

Sector Picks

Company	Ticker	Rec	Share Price (RM)	Target Price (RM)
Public Bank	PBK MK	BUY	5.17	5.65
CIMB Group	CIMB MK	BUY	7.89	9.30
Hong Leong Bank	HLBK MK	BUY	22.04	24.40
RHB Bank	RHB MK	BUY	8.55	9.10

Source: Bloomberg, UOB Kay Hian

Summary Of Banking Data

	yoy % chg		
	Apr-26	May-26	Jun-26
Loan Outstanding	**5.6**	**5.7**	**5.5**
- Business	6.2	6.4	6.1
- Household	5.2	5.2	5.0
Loan Applied	**18.2**	**(2.8)**	**27.0**
- Business	27.9	(4.2)	45.9
- Household	10.5	(1.4)	12.5
Loan Approved	**14.6**	**2.7**	**22.8**
- Business	15.1	8.8	35.3
- Household	14.1	(5.3)	8.6
Loan Disbursed	**10.4**	**1.6**	**(10.5)**
- Business	11.0	0.8	8.0
- Household	8.2	4.0	3.3
Loan Repaid	**8.5**	**2.9**	**12.4**
- Business	9.6	2.9	13.9
- Household	5.1	3.1	7.2
Impaired Loans	**3.6**	**3.8**	**6.2**
- Business	3.6	3.3	4.8
- Household	3.5	4.3	7.8

Source: Bank Negara Malaysia (BNM)

Peer Comparison

Company	Ticker	Rec	Share Price 31 Jul 26 (RM)	Target Price (RM)	Upside To TP (%)	Last Year End	PE 2025 (x)	PE 2026F (x)	PE 2027F (x)	Yield 2026F (%)	ROE 2026F (%)	Market Cap (US$m)	Price/ NAV ps (x)
Public Bank	PBK MK	BUY	5.17	5.65	9.3	Dec-25	13.9	13.0	12.1	5.8	12.7	24,536	1.6
CIMB Group Holdings	CIMB MK	BUY	7.89	9.30	17.9	Dec-25	10.8	10.2	9.5	6.4	11.6	20,852	1.2
Hong Leong Bank	HLBK MK	BUY	22.04	24.40	10.7	Jun-25	10.7	10.2	9.4	4.9	10.8	11,681	1.1
RHB Bank	RHBBANK MK	BUY	8.55	9.10	6.4	Dec-25	11.1	10.6	10.1	6.2	10.2	9,125	1.1
Hong Leong Financial Group	HLFG MK	BUY	18.52	22.00	18.8	Jun-25	6.8	6.5	6.1	3.8	9.5	5,186	0.6
Malayan Banking	MAY MK	HOLD	10.90	11.58	6.2	Dec-25	11.7	11.1	10.9	6.1	11.0	32,235	1.2
AMMB Holdings	AMM MK	HOLD	6.76	6.70	(0.9)	Mar-25	10.7	10.2	9.6	5.4	9.7	5,476	1.0
Alliance Bank Malaysia	ABMB MK	HOLD	4.76	5.20	9.2	Mar-25	10.0	9.4	8.9	5.3	9.4	2,014	0.9
Affin Bank	ABANK MK	HOLD	2.21	2.60	17.6	Dec-25	9.9	9.2	8.3	4.4	4.8	1,419	0.4
Bank Islam Malaysia	BIMB MK	HOLD	2.13	2.45	15.0	Dec-25	7.8	7.8	8.6	6.4	7.1	1,180	0.6

Source: Bloomberg, UOB Kay Hian

Valuation/Recommendation

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

Sector Catalyst/Risk

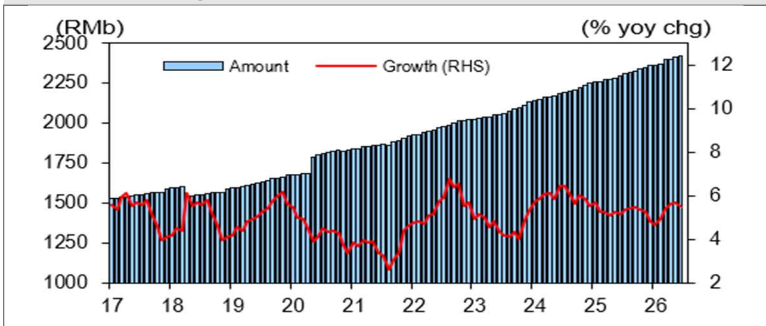
- **Catalysts:** Stronger-than-expected dividend payouts, stronger-than-expected NIM recovery.
- **Risks:** Higher-than-expected asset quality deterioration from the sustained spike in oil prices on businesses.

Banks' Share Price Performance

Company	Share Price (RM)	yoy % chg	ytd % chg
Public Bank	5.17	22.8	13.9
RHB Bank	8.55	39.5	10.9
Malayan Banking	10.90	16.1	4.0
AMMB Holdings	6.76	33.9	4.0
Hong Leong Bank	22.04	16.0	(0.5)
Hong Leong Financial Group	18.52	14.7	(2.8)
CIMB Group	7.89	21.5	(4.4)
Alliance Bank Malaysia	4.76	6.0	(5.7)
Affin Bank	2.21	(7.1)	(6.0)
Bank Islam Malaysia	2.13	(4.9)	(7.0)

Source: Bloomberg, UOB Kay Hian

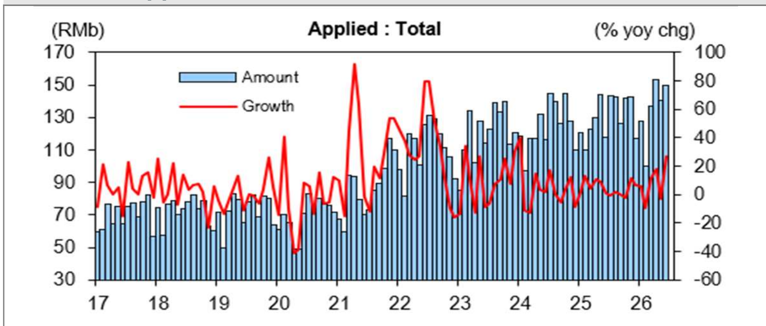
Total Outstanding Loans



- Jun 26 loan growth edged downwards to +5.5% yoy, from +5.7% in May 26.
- The softer loan growth was driven by weaker business loan expansion, which moderated to 6.1% in June from 6.4% in May.
- The household segment also eased to 5.1% from 5.2% in May 26.

Source: BNM

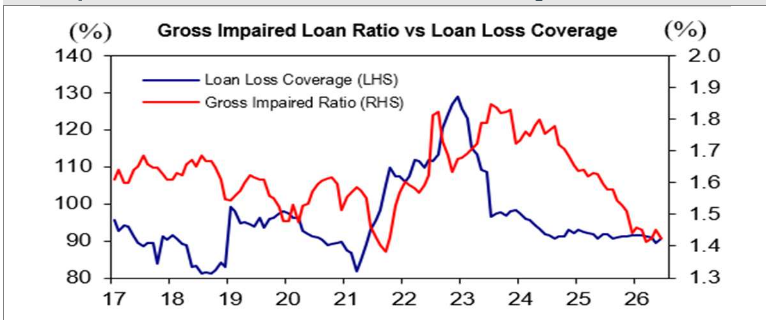
Total Loan Applications



- Loan application spiked 27.0% in Jun 26 following a 2.8% contraction in May 26.
- The recovery was driven primarily by business loan applications, which surged 45.9% following a 4.2% decline in May.
- Residential mortgage and auto loan applications also improved, rising 11.6% and 16.8% respectively, after contracting 0.7% and 7.8% in May.

Source: BNM

Net Impaired Loan Ratio Vs Loan-Loss Coverage



- Asset quality was unchanged at 1.43%. Business GIL improved marginally by 1bp to 1.91%, in contrast to household GIL edging 1bp higher to 1.11%.

Source: BNM

Fraser & Neave Holdings (FNH MK)

3QFY26: Mixed Quarter But Within Our Expectations

BUY (Maintained)

Share Price	RM27.90
Target Price	RM38.70
Upside	38.7%

Analyst(s)
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Highlights

- Earnings were within our expectations but below consensus estimates. The Cambodia-Thailand border conflict outweighed growth in the key domestic markets.
- Margins were largely intact as Thailand was relatively resilient amid start-up costs arising from its new dairy plant in Cambodia.
- Maintain BUY and target price of RM38.70. F&N earnings are due to gradually recover against a backdrop of bargain valuations.

3QFY26 Results

Year to 30 Sep	3QFY26 (RMm)	qoq % chg	yoy % chg	9MFY26 (RMm)	yoy % chg	Comments
Revenue	**1,198.8**	**(2.7)**	**(3.8)**	**3,734.7**	**(5.9)**	Domestic growth in Thailand and Malaysia posts growth but outweighed by decline in Cambodia sales.
GP	**365.5**	**(3.5)**	**(2.3)**	**1,166.9**	**(7.2)**	
EBIT	**135.5**	**(5.6)**	**4.3**	**455.0**	**(13.8)**	
PBT	134.5	(7.8)	2.2	456.0	(18.8)	
Net profit	93.6	(1.1)	10.3	300.4	(23.8)	
Core profit	**93.6**	**(1.1)**	**8.7**	**299.2**	**(24.6)**	Within ours but below consensus expectations.
Margins	%	+/- ppt	+/- ppt	%	+/- ppt	
Gross profit	30.5	(0.2)	0.4	31.2	(0.4)	
EBIT	11.3	(0.3)	0.9	15.6	(0.4)	
Eff. tax rate	(28.5)	6.6	6.0	(33.5)	(4.1)	
Core profit	7.8	0.1	0.9	8.0	(2.0)	

Source: F&N, UOB Kay Hian

Analysis

- **Within our expectations but below consensus estimates.** Fraser & Neave Holdings (F&N) reported a 3QFY26 core net profit of RM93.6m (-1.1% qoq, 8.7% yoy). This brought 9MFY26 core profit to RM299.2m (-24.6%). This is within our expectations but below consensus estimates, accounting for 70% and 64% of our and consensus full-year earnings forecasts respectively. Despite domestic markets registering growth, it is outweighed by the Cambodia-Thailand border conflict dragging on Cambodia sales. Margins were largely intact despite the start-up in dairy plant operations in Cambodia.

Key Financials

Year to 30 Sep (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	5,245.6	5,196.6	5,208.8	5,993.8	6,332.8
EBITDA	900.5	1,859.2	1,760.8	2,110.5	2,156.8
Operating profit	846.7	896.6	806.3	1,012.1	996.3
Net profit (rep./act.)	542.8	508.5	427.2	556.3	588.0
Net profit (adj.)	543.7	517.3	427.2	556.3	588.0
EPS	162.6	401.1	376.7	458.9	476.7
PE	18.9	19.9	24.1	18.5	17.5
P/B	2.9	2.7	2.5	2.3	2.2
EV/EBITDA	11.7	11.2	12.7	10.0	9.8
Dividend yield	2.2	2.3	1.9	2.5	2.6
Net margin	10.4	10.0	8.2	9.3	9.3
Net debt/(cash) to equity	(12.0)	(0.9)	(2.3)	(5.7)	(10.8)
Interest cover	23.3	25.4	25.0	37.8	62.7
ROE	15.7	13.3	10.5	12.9	12.6
Consensus net profit	n.a.	n.a.	467	572	655
UOBKH/Consensus (x)	n.a.	n.a.	0.92	0.97	0.90

Source: F&N, Bloomberg, UOB Kay Hian

Stock Data

GICS Sector	Consumer Staples
Bloomberg ticker	FNH MK
Shares issued (m)	366.8
Market cap (RMm)	10,842.0
Market cap (US$m)	2,736.2
3-mth avg daily t'over (US$m)	4.0

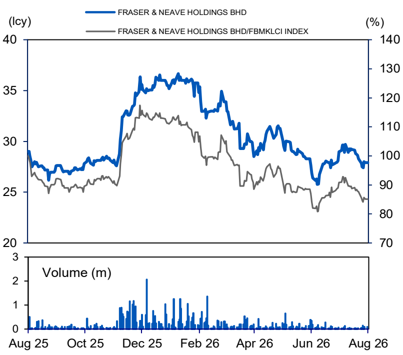
Price Performance (%)

52-week high/low RM29.46/RM23.30

1mth	3mth	6mth	1yr	YTD
3.7	(12.8)	6.3	9.6	(16.7)

Major Shareholders	%
Fraser and Neave Ltd	55.5

Price Chart



Source: Bloomberg

Company Description

Leading beverage player which is principally involved in the manufacture, sale and marketing of soft drinks, dairies, and non-carbonated drinks.

3QFY26 Results By Segment

Year to 30 Sep	3QFY26 (RMm)	qoq (%)	yoy (%)	9MFY26 (RMm)	yoy (%)	Comments
Revenue						
Malaysia	736.2	(4.8)	8.4	2,322.0	4.1	Encouraging growth across the board, including export sales, dairy and beverage.
Thailand	461.8	0.8	(18.4)	1,410.2	(18.8)	Cambodia-Thailand border conflict continues to weigh on topline. But domestic sales see growth.
EBIT						
Malaysia	42.2	(24.8)	64.7	185.0	(5.5)	Growth off a low base effect.
Thailand	93.0	0.4	(18.7)	276.6	(24.8)	Decline in tandem with sales.
EBIT Margin	%	+/- ppt	+/- ppt	%	+/- ppt	
Malaysia	5.7	(1.5)	2.0	8.0	(0.8)	Initial batch of heifers had just arrived in 3QFY25, weighing on margins.
Thailand	20.1	(0.1)	(0.1)	19.6	(1.6)	

Source: F&N, UOB Kay Hian

- **Malaysia: Encouraging sales as earnings rebound off a low.** 3QFY26 sales in Malaysia saw an encouraging growth of 8.4% yoy. Apart from expanded dairy milk sales, stronger channel execution resulted in growth across the beverage categories and export sales (Cambodia) as well. F&N continues encouraging headway into wider distribution reach for its fresh milk products. Meanwhile, operational earnings grew by 65% yoy for 3QFY26. This is attributed to a low base effect, following start-up expenses tied to the initial importing of heifers to F&N's Agrivalley.
- **Thailand: Border conflict continues to weigh on sales.** Revenue contraction persisted, declining by -18.4% yoy (2QFY26: 16.9%) due to disruptions to exports to Cambodia. Positively, domestic sales improved following successful marketing campaigns for F&N's condensed milk products. Despite the lower revenue from Cambodia and start-up costs associated with the set-up of new dairy plant operations in Cambodia, margins held relatively steady -0.1ppt yoy to 20.1% as operational earnings declined by a similar quantum (-18.7% yoy) to softer revenue.

Valuation/Recommendation

- **Maintain BUY and target price of RM38.70.** Undeniably, FY26 is a challenging year given the perfect storm of dairy project losses, border conflict weighing on Cambodia sales and headwinds in Thailand. However, valuations are at a rock bottom and earnings are expected to gradually improve and in turn catalyse interest in F&N. For a large-cap consumer staple, F&N continues to trade at bargain valuations. Our target price is based on DCF implying 25.3x FY27F PE, which is slightly above its seven-year mean of 24.6x.

Earnings Revision/Risk

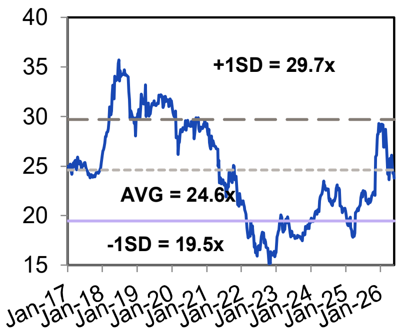
- No changes to earnings forecast. Key downside risks are spiralling commodities prices and US$/RM forex rates.

Key Assumptions

	2026F	2027F	2028F
Sales (RMm)	**5,209**	**5,994**	**6,333**
Malaysia – ex dairy (% yoy)	-2.5	0.0	0.0
Dairy (% yoy)	n.a.	155	25
Dairies Thailand (% yoy)	-16.0	5.0	3.0
EBIT	**806**	**1,012**	**996**
Margin (%)	12.2	13.6	12.4

Source: UOB Kay Hian

Forward PE Band



Source: Bloomberg, UOB Kay Hian

Environmental, Social, Governance (ESG)

Environmental

- **Emissions management.** Reduced solid waste intensity ratio by 62% from 2017.

Social

- **Wellbeing.** Lowered the amount of sugar contained per ml in all its beverages by 59% since 2004.
- **Diversity & inclusion.** Fosters a diverse and inclusive work environment, ensuring that all patients and employees are treated with respect and dignity.

Governance

- **Board balance and composition.** Six board members are independent directors, amounting to 55% of the board members.

Source: F&N, UOB Kay Hian

Profit & Loss

Year to 30 Sep (RMm)	2025	2026F	2027F	2028F
Net turnover	**5,197**	**4,928**	**5,274**	**5,436**
EBITDA	1,859	1,709	1,970	1,991
Deprec. & amort.	137	151	172	199
EBIT	897	806	1,003	995
Associate contributions	0	0	0	0
Net interest income/(expense)	(15)	(18)	(12)	(1)
Pre-tax profit	**731**	**616**	**772**	**785**
Tax	(216)	(183)	(208)	(188)
Minorities	(6)	(6)	(6)	(6)
Net profit	**508**	**427**	**557**	**590**
Net profit (adj.)	517	427	557	590

Balance Sheet

Year to 30 Sep (RMm)	2025	2026F	2027F	2028F
Fixed assets	2,221	2,449	2,475	2,491
Other LT assets	1,034	1,023	1,010	998
Cash/ST investment	626	630	654	688
Other current assets	1,733	1,614	1,716	1,779
Total assets	**5,614**	**5,715**	**5,856**	**5,956**
ST debt	254	204	104	4
Other current liabilities	919	896	942	981
LT debt	338	288	188	38
Other LT liabilities	224	224	224	224
Shareholders' equity	3,863	4,094	4,394	4,712
Minority interest	16	10	4	-3
Total liabilities & equity	**5,614**	**5,715**	**5,856**	**5,956**

Cash Flow

Year to 30 Sep (RMm)	2025	2026F	2027F	2028F
Operating	**733**	**604**	**683**	**694**
Pre-tax profit	731	616	772	785
Tax	(216)	(183)	(208)	(188)
Deprec. & amort.	137	151	172	199
Working capital changes	11	(147)	96	(55)
Other operating cashflows	70	167	(148)	(45)
Investing	**(254)**	**(717)**	**(382)**	**(213)**
Capex (growth)	(258)	(737)	(400)	(225)
Investments	0	0	0	0
Proceeds from sale of assets	0	0	0	0
Others	4	20	18	12
Financing	**(365)**	**(405)**	**(297)**	**(457)**
Dividend payments	(294)	(231)	(197)	(257)
Issue of shares	0	0	0	0
Loan repayment	0	(114)	(100)	(200)
Others/interest paid	(71)	(59)	0	0
Net cash inflow (outflow)	**114**	**(517)**	**4**	**25**
Beginning cash & cash equivalent	**1,032**	**1,135**	**626**	**630**
Changes due to forex impact	(10)	8	0	0
Ending cash & cash equivalent	**1,135**	**626**	**630**	**655**

Key Metrics

Year to 30 Sep (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	17.3	16.4	19.0	18.3
Pre-tax margin	14.2	12.5	14.6	14.4
Net margin	10.0	8.7	10.6	10.8
ROA	9.2	7.5	9.6	10.0
ROE	13.3	10.5	12.8	12.6
Growth				
Turnover	(0.9)	(5.2)	7.0	3.1
EBITDA	5.9	(10.1)	24.5	(0.8)
Pre-tax profit	6.0	(16.7)	25.2	1.7
Net profit	(6.3)	(16.0)	30.3	5.9
Net profit (adj.)	(4.9)	(17.4)	30.3	5.9
EPS	(4.9)	(17.4)	30.3	5.9
Leverage				
Debt to total capital	10.5	8.6	5.0	0.7
Debt to equity	15.3	12.0	6.6	0.9
Net debt/(cash) to equity	(0.9)	(3.4)	(8.2)	(13.7)
Interest cover	25.4	25.0	37.5	62.6

Strategy – Malaysia

The Blue Wave Sweeps Negeri Sembilan State Election

Highlights

- Unsurprisingly, the BN(UMNO-led)-PN(Pas-led) combo gained majority state control (exceeding a two-third majority) by winning 25 seats, extending their combined pre-election of 17 out of 36 seats. Pakatan Harapan (PH) faced losses with prominent defeats of incumbent Chief Minister Aminuddin Hurun and federal Transport Minister Anthony Loke.

Essentials

- **Market implications:** Defensive sentiment continues to dominate the Malaysian equity scene, given the uncertainties relating to domestic politics and unfavourable external concerns. In particular, there appears to be further upside risk to the UST10 yield of 4.71%, which is close to its ytd high and approaching a 20-month high, presumably caused by crowding out effects by both the federal government and AI-related ventures aggressively tapping the bond market.
- Meanwhile, Malaysia's domestic political uncertainty concerns relate to the BN-led 'blue wave' domination in the Johor and past weekend's Negeri Sembilan state elections. While BN's momentum may not necessarily suggest an impending snap general election, GE16 could still be held in 4Q26 (but the timing could be closer to year-end instead of October).
- Against this backdrop, we expect the market to maintain a risk-off bias, with investors closely monitoring geopolitical developments surrounding the US-Iran conflict, alongside post-election market reactions. We continue to favour large-cap defensive names offering resilient earnings visibility, superior liquidity and sustainable dividend yields. Top picks: 99 Speed Mart Retails Holdings, CIMB Group Holdings, Eco World Development Group, Kuala Lumpur Kepong, MISC, Greatech Technology, Solarvest Holdings and Tenaga Nasional.

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Oxford Innotech
(OXB MK/BUY/RM0.405/Target: RM0.530)

Deepening Exposure To High Value Semiconductor Precision Engineering

Highlights

- **Deepening exposure to high value semiconductor precision engineering.** Oxford Innotech (OXB) announced that its wholly-owned subsidiary, CG Solutions Enterprise Sdn Bhd, has secured purchase orders with an aggregate value of RM8.8m to supply precision-engineered components for mass flow controllers (MFCs) used in the semiconductor industry. The customer is a leading US-based manufacturer of mass flow controllers which we believe mainly for advanced wafer fabrication, with manufacturing operations in Malaysia, serving global customers across other sectors, ie renewable energy, optical solutions and aerospace industries. The RM8.8m comprises three purchase orders, including the latest RM5.6m order secured on 30 Jul 26, following two earlier orders totalling RM3.2m received in Jun 26.
- **Riding the structural semiconductor capex upcycle.** We view this award as a strategically important milestone that further strengthens OXB's participation in the ongoing semiconductor capital expenditure cycle. Note that MFCs are mission-critical components in advanced wafer fabrication, enabling the highly precise delivery of process gases across deposition, etching and other front-end semiconductor manufacturing processes, making them an integral part of the semiconductor equipment ecosystem. We believe the award validates OXB's manufacturing capabilities in a high-specification industry where precision engineering typically commands superior margins, supported by stringent quality standards, customised product requirements and tight execution tolerances.
- **Beyond the immediate earnings uplift**, **with the RM8.8m contract topping up about 9% of our 2026 revenue forecast,** we believe its strategic significance is substantially greater than its near-term financial contribution. The award represents a meaningful proof-of-concept that validates OXB's capabilities in meeting the stringent quality and precision requirements of the semiconductor equipment industry, while broadening its exposure to a structurally resilient and potentially recurring revenue stream. Meanwhile, successful execution could pave the way for repeat orders, larger programme awards and deeper customer engagement. More importantly, the secular expansion of AI infrastructure, advanced packaging and high-bandwidth memory (HBM) is driving sustained investments in leading-edge wafer fabrication capacity, which should translate into a growing pipeline of higher-value opportunities for integrated precision engineering providers with proven execution capabilities and established customer relationships.
- **Aggressive capacity expansion to capture the next wave of growth.** OXB is concurrently expanding its manufacturing footprint to support future demand. From the RM41.6m in gross proceeds raised, 55.5% has been earmarked for the construction of a new manufacturing facility, while 26.9% will be utilised to acquire additional production equipment, expanding manufacturing capacity by approximately 16%. In Jun 26, the group commenced Phase 2 construction of its Penang Science Park Factory 2, with completion targeted in 2H27. Upon completion, total manufacturing floor space will increase to 202,696 sf, representing a 50.2% expansion from the existing 134,974 sf, significantly strengthening OXB's ability to capitalise on growth opportunities across the semiconductor, data centre and other high-value industries. Meanwhile, management continues to ramp up mass production to fulfil its growing order backlog, particularly from semiconductor and data centre customers, while ongoing discussions with key customers indicate healthy order visibility extending into 1H27. Collectively, these expansion initiatives position OXB to capture the next wave of growth arising from the structural digital infrastructure and semiconductor investment cycle.

Earnings Revision/Risk

- We raised our 2026-2027 earnings forecasts by 9-10% to account for higher job wins related to semiconductor industries.
- **Maintain BUY with a higher target price of RM0.53 (from RM0.48)**, still based on a conservative 20.0x 2027F PE which is at a 40% discount to the seven-year average forward PE of semiconductor production equipment players. We anticipate a sharp rebound in 2026 with momentum extending into 2027, driven by the sector's cyclical recovery, deeper alignment with customers' growth roadmaps, and an expanded job scope.

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Market Spotlight

Market News

Despite selling pressure, the FBMKLCI added 4.50pt to close at 1,724.90 last Friday on the back of rejuvenated buying interest. Meanwhile, Asian stock markets rose on Friday, led by a sharp rebound in South Korean shares, while investors digested the Bank of Japan's decision to leave interest rates unchanged and a fresh batch of regional economic data. The FBMKLCI's top gainers were AMMB Holdings (+2.7%), CelcomDigi (+1.7%) and 99 Speed Mart Retail Holdings (+1.7%), while the top losers were MISC (-1.6%), Mr D.I.Y. Group (M) (-1.3%) and YTL Power International (-1.2%). In the broader market, gainers outpaced losers 713 to 407 with 558 counters unchanged. Turnover was 3.10b shares valued at RM3.55b.

US stocks were higher after the close on Friday, as gains in the consumer services, oil & gas and telecoms sectors led shares higher. At the close in NYSE, the Dow Jones Industrial Average rose 0.53%, while the S&P 500 Index gained 0.70%, and the NASDAQ Composite Index gained 1.00%. Falling stocks outnumbered advancing ones on the New York Stock Exchange by 1,483 to 1,247 and 81 ended unchanged; on the Nasdaq Stock Exchange, 1,892 fell and 1,492 advanced, while 183 ended unchanged. *(Sources: Investing.com)*

FBMKLCI, FCPO & FKLI Index Outlook

FBMKLCI

Source: UOBKH ChartGenie

FTSE Bursa Malaysia KLCI

Last close: 1,724.90

Expected moving range: 1,700– 1,730

Technical view:

From the technical perspective, the index continued to climb higher last Friday in tandem with the gradual rise in momentum. With the momentum gradually picking up, the index could, in our view, nudge higher in the remaining days of this week with a small pullback potentially unfolding on profit-taking expectations. Support and resistance levels are still maintained as follows:

Support: 1,677, 1,650

Resistance: 1,750, 1,770

FCPO

Source: Tradingview

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

Technical SELL with 2.2% potential downside

Trading SELL range: RM4,600-4,700

Last price: RM4,642

Target price: RM4,571, RM4,538

Resistance: RM4,694

Stop-loss: RM4,695

SELL with a target price of RM4,538 and stop-loss at RM4,695. Based on the chart, FCPO continued the bearish movement and closed lower at RM4,642 on last Friday's movement. This bearish movement is supported by a downtick in the RSI and a bearish crossover in both the MACD and DMI indicators. We still maintained our targets at RM4,571 and RM4,538 in the near term.

Expected timeframe: One day to three

FKLI

Source: Tradingview

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

Technical BUY with +0.64% potential return

Trading buy range: 1,725-1,735

Last price: 1,732.5

Target price: 1,739, 1,743

Support: 1,717

Stop-loss: 1,716

BUY with a target price of 1,743 and stop-loss at 1,716. 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 peg our targets at 1,739 and 1,743 in the near term.

Expected timeframe: One day to three days

Traders' Corner

Source: UOBKH ChartGenie

Globaltec Formation (GBLF MK)

Technical BUY with +33.0% potential return

Trading buy range: RM0.90-0.925

Last price: RM0.925

Target price: RM1.09, RM1.23

Support: RM0.855

Stop-loss: RM0.845

BUY with a target price of RM1.23 and stop-loss at RM0.845. Based on the daily chart, the share formed a bullish movement and penetrated the BBI line and closed higher at RM0.925 on last Friday's movement. This is supported by an uptick in the RSI and a bullish crossover in the MACD and the DMI, indicating the positive momentum will strengthen in the near term. We peg our targets at RM1.09 and RM1.23 in the near term.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading

Source: UOBKH ChartGenie

JF Technology (JFTB MK)

Technical BUY on breakout with +22.4% potential return

Trading buy range: RM0.67-0.675

Last price: RM0.645

Target price: RM0.755, RM0.82

Support: RM0.585

Stop-loss: RM0.58

BUY on breakout with a target price of RM0.82 and stop-loss at RM0.58. Based on the daily chart, JFTB has just exited the consolidation phase. On last Friday's movement, share price managed to penetrate above the BBI line with higher trading volume. The uptick in the RSI, together with the increase in trading volume, suggests that buying momentum is set to continue in the near term. We expect the stock to continue trending upward towards our targets once it breaks above the breakout level of RM0.67.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading

Source: UOBKH ChartGenie

JHM Consolidation (JHMC MK)

Technical BUY on breakout with +27.2% potential return

Trading buy range: RM0.405-0.41

Last price: RM0.38

Target price: RM0.49, RM0.515

Support: RM0.35

Stop-loss: RM0.345

BUY on breakout with a target price of RM0.515 and stop-loss at RM0.345. Based on the daily chart, share price is recovering gradually and moved above the 7- and 21-day EMA to close higher at RM0.655 last Friday. Last Friday's gain was also accompanied by high trading volume as well as rising DMI and MACD indicators, which show that positive momentum will strengthen in the near term. We peg our targets at RM0.49 and RM0.515 once it breaks above the breakout level of RM0.405.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading

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