UOBKayHian

Country Daily | Malaysia

Wednesday, 12 August 2026

Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	53,791.9	(0.3)	(0.5)	2.2	11.9
S&P 500	7,728.2	(0.3)	(0.1)	2.0	12.9
FTSE 100	10,844.2	(0.2)	(0.3)	3.3	9.2
AS30	9,443.7	0.2	1.4	4.9	4.7
CSI 300	4,663.8	(0.8)	1.4	(2.4)	0.7
FSSTI	5,754.2	1.0	2.5	5.2	23.8
HSCEI	8,528.1	(1.1)	(0.5)	6.1	(4.3)
HSI	25,652.8	(1.1)	(0.8)	6.1	0.1
JCI	6,267.9	(1.5)	(0.8)	5.8	(27.5)
KLCI	1,731.5	(0.2)	(0.1)	2.4	3.1
KOSPI	6,345.5	0.7	(0.2)	(15.1)	50.6
Nikkei 225	66,970.2	2.1	5.0	(2.3)	33.0
SET	1,612.6	(0.7)	(0.3)	(0.9)	28.0
TWSE	45,120.7	0.4	4.1	(0.5)	55.8
BDI	3,046	(1.2)	3.7	3.5	62.3
CPO (RM/mt)	4,530	0.4	0.6	1.1	15.2
Brent Crude (US$/bbl)	89	1.4	12.0	17.0	46.1

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
Hybrid Meeting with UltraGreen.ai Ltd (UGAI SP)	Singapore	13 Aug	13 Aug
Virtual Meeting on Indonesia Economic Outlook by Mr. Enrico Tanuwidjaja	Indonesia	19 Aug	19 Aug
Analyst Marketing by Julia Pan on Greater China Internet Sector	Singapore	07 Sep	08 Sep
Analyst Marketing by Julia Pan on Greater China Internet Sector	Malaysia	09 Sep	11 Sep

Corporate and Macro Calendar

Economic Indicator/Event	Country/Region	Date
GDP 2Q26	Malaysia	14 Aug
CPI	Malaysia	17 Aug
Trade Balance	Malaysia	20 Aug
Foreign Reserves	Malaysia	21 Aug

Top Stories

Company Results | Mr D.I.Y. Group (M) (MRDIY MK/**BUY**/RM1.52/Target: RM1.70) Page 2 →

- Earnings disappointed as SSSG bucked the recent trend to contract against expectations. A price-lock campaign and lumpy costs further weighed on margins as earnings contracted yoy. Maintain BUY with a lower target price of RM1.70 (from RM2.30). MRDIY offers a yield of 5.6-6.4% for 2026-28.

Company Results | SD Guthrie (SDG MK/**BUY**/RM6.91/Target: RM7.65) Page 5 →

- SDG's 1H26 results were broadly in line with expectations, as stronger CPO prices and resilient downstream earnings offset weaker Malaysian FFB production. We expect plantation earnings to improve in 2H26 as Malaysian output recovers during the peak production season, although weather-related risks remain a key concern for 2027. We raise our 2026-28 earnings forecasts by 10%/8%/8% respectively as we think SDG is highly likely to meet its RM700m earnings target for the industrial division. Maintain BUY; target price: RM7.65.

Market Spotlight

Page 8 →

- The FBMKLCI slid 3.91pt to close at 1,731.46 yesterday as profit-taking across the board sent the index lower.
- US stocks were lower after the close on Tuesday, as losses in the consumer services, technology and healthcare sectors led shares lower.

Technical Analysis

FBMKLCI, FCPO & FKLI Index Outlook Page 9 →

Traders' Corner Page 11→

Adventa | ADV MK Page 11 →

- Trading Buy Range: RM0.145-0.15

Comfort Gloves | CG MK Page 11 →

- Trading Buy Range: RM0.14-0.15

Dancomech Holdings | DMEC MK Page 12 →

- Trading Buy Range: RM0.345-0.35

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.

Mr D.I.Y. Group (M) (MRDIY MK)

2Q26: Earnings Disappoint As SSSG Contracts

Analyst(s)

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Highlights

- Earnings disappointed as SSSG bucked the recent trend to contract against expectations.
- A price-lock campaign and lumpy costs further weighed on margins as earnings contracted yoy.
- Maintain BUY with a lower target price of RM1.70 (from RM2.30). MRDIY offers a yield of 5.6-6.4% for 2026-28.

2Q26 Results

Year to 31 Dec	2Q26 (RMm)	qoq % chg	yoy % chg	1H26 (RMm)	yoy % chg	Comments
Revenue	**1,257.3**	**(8.5)**	**3.6**	**2,631.0**	**6.5**	2Q26 sales eked a gain off enlarged store count (+9.1%) but declined SSSG (-3.7%).
GP	596.2	(10.7)	2.9	1,263.6	7.0	
EBITDA	302.2	(19.0)	(4.6)	675.4	3.2	
PBT	180.8	(30.0)	(14.7)	439.1	(1.6)	
Core profit	**134.4**	**(30.0)**	**(15.2)**	**326.4**	**(1.9)**	Below expectations.
Store count	1646	1.9	9.1			
Revenue per store	764	(10.2)	(5.1)			
Margins	**%**	**+/- ppt**	**+/- ppt**	**%**	**+/- ppt**	
Gross profit	47.4	(1.2)	(0.3)	48.0	0.3	
EBIT	24.0	(3.1)	(2.1)	25.7	(0.8)	
Effective tax rate	(25.7)	0.0	(0.5)	(25.7)	(0.2)	
Core profit	10.7	(3.3)	(2.4)	12.4	(1.1)	

Source: MRDIY, UOB Kay Hian

Analysis

- **Below expectations.** Mr D.I.Y. Group (M) (MRDIY) posted a 2Q26 core net profit of RM134.4m (-30.0% qoq, -15.2% yoy), bringing 1H26 core profit to RM326.4m (-1.9% yoy). This disappointed expectations at 45% and 46% of our and consensus full-year earnings forecasts respectively. An interim DPS of 3.2 sen was declared, bringing 1H26 DPS to 4.8 sen (1H25: 2.9 sen). The negative variance arose from softer-than-expected SSSG.

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	4,651.4	4,954.0	5,299.7	5,696.7	6,046.2
EBITDA	1,165.0	1,281.9	1,448.3	1,551.8	1,613.9
Operating profit	835.5	921.8	982.7	1,062.0	1,104.9
Net profit (rep./act.)	572.6	632.7	671.9	731.9	764.2
Net profit (adj.)	572.6	632.7	671.9	731.9	764.2
EPS	6.1	6.7	7.1	7.8	8.1
PE (x)	25.0	22.6	21.3	19.6	18.7
P/B (x)	7.4	7.1	7.6	8.3	9.1
EV/EBITDA (x)	12.2	11.1	9.8	9.2	8.9
Dividend yield (%)	3.3	5.3	5.6	6.1	6.4
Net margin (%)	12.3	12.8	12.7	12.8	12.6
Net debt/(cash) to equity (%)	(7.1)	(6.0)	(4.7)	(1.1)	1.9
Interest cover (x)	9.7	11.1	10.6	11.7	12.2
ROE (%)	30.1	31.5	33.1	39.8	44.9
Consensus net profit	n.a.	n.a.	700.0	762.0	803.0
UOBKH/Consensus (x)	n.a.	n.a.	0.96	0.96	0.95

Source: MRDIY, Bloomberg, UOB Kay Hian

BUY (Maintained)

Share Price	RM1.52
Target Price	RM1.70
Upside	11.8%
Previous TP	RM2.30

Stock Data

Sector	Consumer Discretionary
Bloomberg ticker	MRDIY MK
Shares issued (m)	9,477.5
Market cap (RMm)	15,448.3
Market cap (US$m)	3,727.7
3-mth avg daily t'over (US$m)	7.2

Price Performance (%)

52-week high/low				RM1.9/RM1.5
1mth	**3mth**	**6mth**	**1yr**	**YTD**
1.2	(1.8)	8.0	1.2	6.5

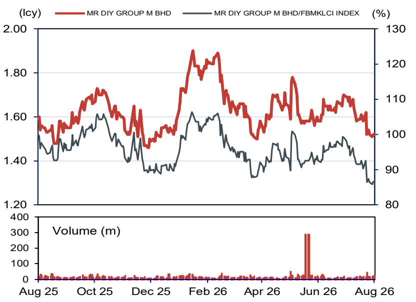
Major Shareholders (%)

Tan Yu Yeh	50.4
EPF	11.1

Balance Sheet Metrics

FY26 NAV/Share (RM)	0.2
FY26 Net Debt/Share (RM)	0.0

Price Chart



Source: Bloomberg

Company Description

Homegrown Mr DIY Group (M) is the largest home improvement retailer in Malaysia, with more than 40% of the home improvement market share and growing. It also operates in Brunei and is involved in toy and dollar concept stores.

- **SSSG turns negative against expectations.** 2Q26 revenue eked out a gain of 3.6% yoy. The increase in store count (+9.1%, or 137 net new stores) to 1,646 stores was partially offset by an unexpected sharply lower same-store sales growth (SSSG) of -3.7% (1Q26: 1.6%). Despite a low-base effect in 2Q25 (-7.2%), SSSG softened further due to: a) an earlier Raya run-in that shifted sales to 1Q26, and b) lower ASPs arising from its price-lock campaign. We had initially expected SSSG to have bottomed out seeing that SSSG had been contracting for three consecutive years (2023-25), and even turned positive in the past two quarters. It appears that operating conditions for MRDIY stores are more challenging than we had initially anticipated.
- **Price-lock campaign and lumpy costs further weigh on earnings.** 2Q26 gross margin softened sequentially by 1.2ppt to 47.4% (0.3ppt yoy). Despite its price-lock campaign, 1H26 gross margin of 48.0% is still at the top end of management's 46-48% target gross margin range. A host of additional lumpy cost attributed to additional labour and depreciation due to adjustments at its automated warehouse, charitable spending and SST on rental expense that amounted to RM12m. These alongside lower gross margins further weighed on core margins by -3.3ppt to 10.7%.

Valuation/Recommendation

- **Maintain BUY but with a lower target price of RM1.70 (from RM2.30)** as we trim our forecast and lower our PE peg to 21.8x (from 30x or -0.5SD) or its -1.0SD of its mean PE to 2027 earnings, to reflect a fundamental shift in its operating condition. That said, MRDIY offers deep value with its attractive dividend yield of 5.6-6.4%.

Earnings Revision/Risk

- We lower our 2026-28 earnings by 7% due to lower SSSG assumptions. Key downside risks are a sharp weakening of the ringgit against the renminbi, trade restrictions by China, and a sharp reversal in consumer sentiment.

Share Price Catalyst

- **Forex tailwind.** As MRDIY does not hedge its purchases - with approximately 70% of COGS sourced from China - earnings remain highly sensitive to currency movements. Given an average five-month inventory lag, forex benefits are realised with a delay. We estimate that every 1% strengthening of the ringgit against the renminbi could increase 2027 earnings by approximately 2.2%.
- **East Malaysia driving superior store economics.** Management emphasised expansion with an increased focus on East Malaysia owing to lower store density, limited competition and superior economics. The retailer targets around 20 new East Malaysian stores in 2026. East Malaysian stores are generating 2.0x sales-to-target ratio (Peninsula Malaysia: 1.3x).

Key Assumptions

	2026F	2027F	2028F
Revenue (RMm)	**5,300**	**5,697**	**6,046**
Growth yoy (%)	7.0%	7.5%	6.1%
Avg store count for the year	**1,662**	**1,804**	**1,934**
Net store addition	**155**	**130**	**130**
Growth yoy (%)	10.3%	8.6%	7.2%
Revenue per store (in '000)	**3,190**	**3,158**	**3,126**
Growth yoy (%)	-3.0%	-1.0%	-1.0%

Source: UOB Kay Hian

PE Band

Source: Bloomberg, UOB Kay Hian

Environmental, Social, Governance (ESG)

Environmental
- Energy management. MRDIY targets to increase renewable energy sources by 30% from base year 2021 for its warehouses. - Emission. By 2030, MRDIY aims to reduce Scope 1 and 2 emissions by 20% and 30% respectively from base year 2021.
Social
- Diversity & inclusion. Among its workforce, 57% are male, while 43% are female. MRDIY also employs 26 less-abled and four Orang Asli employees.
Governance
- Board gender diversity. Male to female ratio of 4:2. - Board balance and composition. Three board members are independent directors, equivalent to 50% of the board members.

Source: MRDIY, UOB Kay Hian

Profit & Loss

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Net turnover	**4,954**	**5,300**	**5,697**	**6,046**
EBITDA	1,282	1,448	1,552	1,614
Deprec. & amort.	360	466	490	509
EBIT	922	983	1,062	1,105
Total other non-operating income	41	44	47	50
Associate contributions	4	4	4	4
Net interest income/(expense)	(77)	(85)	(84)	(84)
Pre-tax profit	**849**	**901**	**982**	**1,025**
Tax	(216)	(229)	(250)	(261)
Minorities	1	2	3	4
Net profit	**633**	**672**	**732**	**764**
Net profit (adj.)	633	672	732	764

Balance Sheet

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Fixed assets	893	873	850	835
Other LT assets	1,462	1,811	1,948	2,098
Cash/ST investment	225	193	124	124
Other current assets	1,341	1,371	1,478	1,568
Total assets	**3,921**	**4,248**	**4,400**	**4,625**
ST debt	95	95	95	95
Other current liabilities	578	577	633	690
LT debt	10	10	10	60
Other LT liabilities	1,222	1,685	1,927	2,198
Shareholders' equity	2,017	1,882	1,736	1,583
Total liabilities & equity	**3,921**	**4,248**	**4,400**	**4,625**

Cash Flow

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Operating	**1,331**	**1,497**	**1,601**	**1,663**
Pre-tax profit	849	901	982	1,025
Tax	(210)	(229)	(250)	(261)
Deprec. & amort.	360	466	490	509
Associates	(4)	(4)	(4)	(4)
Working capital changes	(143)	(31)	(87)	(74)
Other operating cashflows	478	395	470	467
Investing	**(137)**	**(124)**	**(104)**	**(104)**
Capex (growth)	(118)	(124)	(104)	(104)
Proceeds from sale of assets	1	2	3	4
Others	(19)	0	0	0
Financing	**(888)**	**(1,144)**	**(1,229)**	**(1,224)**
Dividend payments	(568)	(806)	(878)	(917)
Issue of shares	1	2	3	4
Proceeds from borrowings	0	0	0	0
Loan repayment	(168)	0	0	50
Others/interest paid	(152)	(340)	(354)	(361)
Net cash inflow (outflow)	**(47)**	**(32)**	**(69)**	**1**
Beginning cash & cash equivalent	**276**	**225**	**193**	**124**
Changes due to forex impact	(4)	0	0	0
Ending cash & cash equivalent	**225**	**193**	**124**	**124**

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	25.9	27.3	27.2	26.7
Pre-tax margin	17.1	17.0	17.2	17.0
Net margin	12.8	12.7	12.8	12.6
ROA	16.1	15.8	16.6	16.5
ROE	31.5	33.1	39.8	44.9
Growth				
Turnover	6.5	7.0	7.5	6.1
EBITDA	10.0	13.0	7.1	4.0
Pre-tax profit	10.7	6.2	8.9	4.4
Net profit	10.5	6.2	8.9	4.4
Net profit (adj.)	10.5	6.2	8.9	4.4
EPS	10.5	6.2	8.9	4.4
Leverage				
Debt to total capital	4.9	5.3	5.7	8.9
Debt to equity	5.2	5.5	6.0	9.8
Net debt/(cash) to equity	(6.0)	(4.7)	(1.1)	1.9
Interest cover	11.1	10.6	11.7	12.2

SD Guthrie (SDG MK)

1H26: Within Expectations; Land Monetisation Gaining Momentum

Highlights

- SDG's 1H26 results were broadly in line with core earnings supported by stronger CPO prices and improved downstream performance.
- The group has announced two proposed outright land disposals worth a combined RM500m, supporting industrial development's earnings pipeline.
- We raise our 2026-28 earnings forecasts by 10%/8%/8% as we think SDG is highly likely to meet its RM700m earnings target for the industrial division.
- Maintain BUY with a higher target price of RM7.65 (previously RM7.25), pegged to 20x 2027F PE.

1H26 Results

Year to 31 Dec	2Q26 (RMm)	2Q25 (RMm)	qoq % chg	yoy % chg	1H26 (RMm)	yoy % chg
Revenue	**4,943**	**5,169**	**5.4**	**(4.4)**	**9,633**	**(3.5)**
EBIT	176	358	30.3	8.3	1,518	(4.2)
Upstream	627	660	18.5	(5.0)	1,156	(18.2)
Downstream	136	126	24.8	7.9	245	18.4
Industrial Development	529	-			689	
Profit Before Tax	**1,279**	**783**	**62.3**	**63.3**	**2,067**	**30.7**
Net Profit	**987**	**496**	**76.3**	**95.4**	**1,547**	**44.3**
Core Net Profit (excl. gain on land disposal)	**533**	**496**	**28.4**	**7.5**	**948**	**(4.2)**
Margin	**%**	**%**	**+/- ppt**	**+/- ppt**	**%**	**+/- ppt**
EBIT	17.4	15.3	23.6	13.3	15.8	1.8
Core net profit	10.8	9.6	21.8	12.4	9.8	(0.7)

Source: SDG, UOB Kay Hian

Analysis

- **Within expectations.** SD Guthrie's (SDG) 1H26 net profit of RM1,547m (+44% yoy) was broadly in line with expectations, accounting for 61%/65% of our and consensus full-year estimates, underpinned by a RM529m gain from land disposal in 2Q26. Excluding the disposal gain, 1H26 core net profit came in at RM948m (-0.7% yoy), representing 44% of our full-year core earnings forecast.

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	19,831	20,895	24,922	24,994	25,361
EBITDA	4,102	4,487	5,507	5,205	5,307
Operating profit	2,649	3,048	3,916	3,614	3,716
Net profit (rep./act.)	1,527	2,503	2,761	2,650	2,668
Net profit (adj.)	1,527	1,949	2,166	2,055	2,073
EPS	22.5	28.2	39.9	38.3	38.6
PE (x)	24.9	19.8	14.0	14.6	14.5
P/B (x)	1.9	1.9	1.9	1.9	1.9
EV/EBITDA (x)	14.4	13.1	9.8	10.0	9.5
Dividend yield (%)	2.5	2.7	3.0	2.9	2.9
Net margin (%)	7.7	12.0	11.1	10.6	10.8
Net debt/(cash) to equity (%)	22.8	25.7	24.6	23.7	23.7
Interest cover (x)	34.5	71.2	84.4	85.1	89.5
ROE (%)	8.3	13.8	15.2	14.6	14.7
Consensus net profit	n.a.	n.a.	2,388	2,492	2,347
UOBKH/Consensus (x)	n.a.	n.a.	1.16	1.06	1.14

Source: SDG, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	RM6.91
Target Price	RM7.65
Upside	10.7%
Previous TP	RM7.25

Stock Data

Sector	Consumer Staples
Bloomberg ticker	SDG MK
Shares issued (m)	6,915.7
Market cap (RMm)	47,790.0
Market cap (US$m)	10,995.3
3-mth avg daily t'over (US$m)	20.2

Price Performance (%)

52-week high/low				RM6.95/RM4.85
1mth	3mth	6mth	1yr	YTD
7.1	8.6	19.1	40.7	22.3

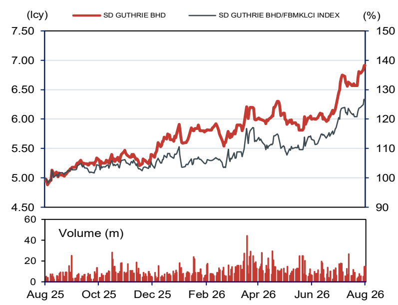
Major Shareholders (%)

Amanah Saham Nasional Bhd	40.4
Employees Provident Fund	18.4

Balance Sheet Metrics

FY26 NAV/Share (RM)	2.80
FY26 Net Debt/Share (RM)	0.57

Price Chart



Source: Bloomberg

Company Description

The largest oil palm plantation company in Malaysia.

- 2Q26 net profit rose to RM533m (+7.5% yoy), driven by firmer CPO prices of RM4,283 per tonne (+3% yoy) and an improvement in downstream earnings (+8% yoy). This more than offset higher operating costs in Malaysia's upstream operations, mainly due to accelerated upkeep and maintenance activities, which partly contributed to lower upstream EBIT (-5% yoy).
- SDG declared a higher interim dividend of 11.8 sen per share (1H25: 10.35 sen), which translates into a 50% payout ratio.
- **Malaysia FFB production set for recovery in 2H26.** The group's FFB production declined 2% yoy in 1H26, mainly dragged by Malaysian estates (-4% yoy) affected by prolonged dry weather conditions earlier this year. However, management highlighted a strong recovery in Malaysian output in June, which is expected to sustain through the peak production season in Aug-Oct 26. Overall, SDG guided for a slight positive yoy growth in FFB production, with Malaysia expected to be the key growth driver in 2H26. This is broadly in line with our 2.5% FFB growth assumption for 2026.
- **Weather risk remains a key concern for 2027 production.** Management remains cautious on the FFB production outlook for 2027, particularly for its Indonesian estates with the increasing likelihood of a strong El Nino. Indonesia's rainfall outlook points to drier conditions in Aug-Sep 26 while Malaysia is still expected to receive adequate rainfall. SDG projects that the production hit will materialise in 2H27 or 1H28.
- **Mixed downstream outlook.** The bulk and trading segments are expected to sustain their positive performance, supported by favourable market conditions and stronger margins. However, the differentiated segment is likely to remain soft in the near term amid margin pressure and weaker demand from key customers, particularly in the FMCG sector.
- **Accelerating land monetisation.** SDG recognised a RM529m gain in 2Q26 from the disposal of 935 acres in Kulai to its Eco World JV (EBP8), bringing cumulative land disposal gains to RM689m in 1H26. We believe SDG could exceed its RM500m-700m annual industrial development earnings target in 2026 if it completes the disposal of the 1,000-acre Bukit Kerayong land, announced in Jul 26.
- **Strong pipeline supports visibility of recurring land monetisation gains.** The group has announced two proposed outright land disposals: a) 557 acres in Kulai for RM418m to Sime Darby Property, and b) 170 acres in Kluang for RM82.8m to a private developer. The group has also earmarked more than 10,000 acres of land for this new venture, currently at various stages of planning and execution. Given the accelerating pace of land monetisation and the sizeable development pipeline, we believe SDG is well positioned to reach the upper end of its earnings target over the next two years. We have therefore raised our earnings assumption for the industrial development segment from RM500m to RM700m p.a..

Valuation/Recommendation

- **Maintain BUY with a higher target price of RM7.65** (previously RM7.25), pegged to 20x 2027F PE (+0.5SD) on our revised earnings forecast.

Earnings Revision/Risk

- **We raise our 2026-28 earnings forecasts by 10%/8%/8% respectively,** reflecting a higher assumption for industrial development earnings, which we have raised from RM500m to RM700m p.a. over the next three years.
- We expect core earnings to trend sequentially higher in 2H26, in tandem with the peak production cycle and recovering Malaysian estate yields, alongside support from firmer CPO prices.

FFB Production

FFB Production ('000 MT)	2Q FY2026	1H FY2026
Upstream Malaysia	1,146	2,101
	2Q FY2025: 1,222 (-6%)	*1H FY2025: 2,193 (-4%)*
Upstream Indonesia	651	1,155
	2Q FY2025: 574 (13%)	*1H FY2025: 1,135 (2%)*
Upstream PNG and SI	494	945
	2Q FY2025: 490 (1%)	*1H FY2025: 963 (-2%)*
Total	**2,291**	**4,201**
	2Q FY2025: 2,286 (0.2%)	*1H FY2025: 4,291 (-2%)*

Source: SD Guthrie

Downstream PBIT

Recurring PBIT (RM'mn)	2Q FY2026	1H FY2026
Downstream		
Differentiated	38	97
	2Q FY2025: 93 (-59%)	*1H FY2025: 147 (-34%)*
Bulk	43	64
	2Q FY2025: -3 (>100%)	*1H FY2025: 10 (>100%)*
Trading	74	115
	2Q FY2025: 56 (32%)	*1H FY2025: 82 (40%)*
Others*	(14)	(29)
	2Q FY2025: (19) (26%)	*1H FY2025: (32) (9%)*
Total PBIT	141	247
	2Q FY2025: 126 (12%)	*1H FY2025: 207 (19%)*
JV Companies	(5)	(2)
	2Q FY2025: 0 (>100%)	*1H FY2025: (5) (60%)*
Grand Total PBIT	136	245
	2Q FY2025: 126 (8%)	*1H FY2025: 202 (21%)*

Source: SDG

Key Assumption

	2026F	2027F	2028F
FFB growth (% yoy)	2.5	3.0	3.0
CPO prices (RM/mt)	4,500	4,400	4,400
Downstream margin (%)	3.0	3.2	3.5
Industrial earnings (RMm)	700	700	700

Source: UOB Kay Hian

Profit & Loss

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Net turnover	**20,895**	**24,922**	**24,994**	**27,361**
EBITDA	4,487	5,507	5,205	5,307
Deprec. & amort.	1,439	1,591	1,591	1,591
EBIT	3,048	3,916	3,614	3,716
Associate contributions	(9)	(6)	51	54
Net interest income/(expense)	(63)	(65)	(61)	(59)
Pre-tax profit	**3,530**	**3,845**	**3,604**	**3,711**
Tax	(842)	(855)	(802)	(891)
Minorities	(185)	(229)	(152)	(152)
Net profit	**2,503**	**2,761**	**2,650**	**2,668**
Net profit (adj.)	1,949	2,166	2,055	2,073

Balance Sheet

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Fixed assets	19,341	19,750	20,160	20,569
Other LT assets	4,582	4,724	4,724	4,724
Cash/ST investment	624	863	630	152
Other current assets	7,196	7,174	6,850	7,253
Total assets	**31,743**	**32,511**	**32,364**	**32,698**
ST debt	546	361	177	177
Other current liabilities	5,364	6,227	6,236	6,543
LT debt	4,713	4,676	4,676	4,676
Other LT liabilities	271	271	271	271
Shareholders' equity	20,470	20,470	20,470	20,470
Minority interest	401	506	534	562
Total liabilities & equity	**31,765**	**32,511**	**32,364**	**32,698**

Cash Flow

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Operating	**3,598**	**4,437**	**3,917**	**3,670**
Pre-tax profit	3,530	3,210	2,965	3,070
Tax	(842)	(855)	(802)	(891)
Deprec. & amort.	1,439	1,591	1,591	1,591
Working capital changes	(510)	325	(8)	(273)
Other operating cashflows	(19)	167	171	173
Investing	**(1,668)**	**(1,184)**	**(1,196)**	**(1,184)**
Capex (maintenance)	(2,125)	(2,000)	(2,000)	(2,000)
Investments	(365)	2	2	2
Proceeds from sale of assets	711	800	800	800
Others	111	14	2	14
Financing	**(1,943)**	**(3,009)**	**(2,948)**	**(2,958)**
Dividend payments	(1,346)	(1,519)	(1,458)	(1,468)
Issue of shares	0	0	0	0
Proceeds from borrowings	(95)	0	0	0
Loan repayment	(502)	10	10	10
Others/interest paid	**(13)**	**245**	**(227)**	**(472)**
Net cash inflow (outflow)	**625**	**624**	**863**	**630**
Beginning cash & cash equivalent	12	(6)	(6)	(6)
Changes due to forex impact	**624**	**863**	**630**	**152**
Ending cash & cash equivalent	**3,598**	**4,437**	**3,917**	**3,670**

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	21.5	22.1	20.8	19.4
Pre-tax margin	16.9	15.4	14.4	13.6
Net margin	12.0	11.1	10.6	9.8
ROA	8.3	9.1	8.7	8.7
ROE	13.8	15.2	14.6	14.7
Growth				
Turnover	5.4	19.3	0.3	9.5
EBITDA	9.4	22.7	(5.5)	2.0
Pre-tax profit	12.5	8.9	(6.3)	3.0
Net profit	15.7	10.3	(4.0)	0.7
Net profit (adj.)	15.7	10.3	(4.0)	0.7
EPS	27.1	41.7	(4.0)	0.7
Leverage				
Debt to total capital	25.2	24.0	23.1	23.1
Debt to equity	25.7	24.6	23.7	23.7
Net debt/(cash) to equity	22.6	20.4	20.6	23.0
Interest cover	71.2	84.4	85.1	89.5

Market Spotlight

Market News

The FBMKLCI slid 3.91pt to close at 1,731.46 yesterday as profit-taking across the board sent the index lower. Meanwhile, Asian stocks were mixed on Tuesday, with South Korea and Singapore shares leading gains, while investors weighed the Reserve Bank of Australia's decision to keep interest rates unchanged and renewed concerns over inflation and higher oil prices. The FBMKLCI's top gainers were Nestle (Malaysia) (+3.0%), YTL Power International (+2.1%) and Hong Leong Bank (+1.9%), while the top losers were Axiata Group (-3.1%), Petronas Dagangan (-1.8%) and RHB Bank (-1.7%). In the broader market, losers outpaced gainers 581 to 562 with 585 counters unchanged. Turnover was 3.44b shares valued at RM2.94b.

US stocks were lower after the close on Tuesday, as losses in the consumer services, technology and healthcare sectors led shares lower. At the close in NYSE, the Dow Jones Industrial Average declined 0.34%, while the S&P 500 Index declined 0.32%, and the NASDAQ Composite Index lost 0.60%. Rising stocks outnumbered declining ones on the New York Stock Exchange by 1,442 to 1,266 and 93 ended unchanged; on the Nasdaq Stock Exchange, 1,954 rose and 1,449 declined, while 206 ended unchanged. *(Sources: Investing.com)*

FBMKLCI, FCPO & FKLI Index Outlook

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FBMKLCI

Source: UOBKH ChartGenie

FTSE Bursa Malaysia KLCI	
Last close:	1,731.46
Expected moving range:	1,730-1,750

Technical View:

Despite yesterday's negative closing, our outlook remains neutral for the short term as we expect further consolidation. We expect the FBMKLCI to hover in the range of 1,730-1,750 for the time being and violation of either limit would spark a follow-through. Support and resistance levels are still maintained as follows:

Support: 1,677, 1,652

Resistance: 1,753, 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:	RM4,700-4,750
Last price:	RM4,719
Target price:	RM4,657, RM4,615
Resistance:	RM4,770
Stop-loss:	RM4,771

SELL with a target price of RM4,615 and stop-loss at RM4,771. Based on the chart, FCPO continued the bearish movement and closed lower at RM4,719 on yesterday'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 maintained our targets at RM4,657 and RM4,615 in the near term.

Expected timeframe: One day to three days

FKLI

Source: TradingView

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

Technical SELL with 0.92% potential downside	
Trading SELL range:	1,730-1,750
Last price:	1,735
Target price:	1,724, 1,719
Resistance:	1,746
Stop-loss:	1,747

SELL with a target price of 1,719 and stop-loss at 1,747. Based on the chart, FKLI continued the bearish movement and closed lower at 1,735 on yesterday'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 1,724 and 1,719 in the near term.

Expected timeframe: One day to three days

Traders' Corner

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Source: UOBKH ChartGenie

Adventa
ADV MK

Technical BUY on breakout with +34.5% potential return

Trading BUY range:	RM0.145-0.15
Last price:	RM0.135
Target price:	RM0.175, RM0.195
Support:	RM0.115
Stop-loss:	RM0.11

BUY on breakout with a target price of RM0.195 and stop-loss at RM0.11. We expect the stock to continue moving up if it penetrates the breakout level of RM0.145. Positive readings in both the DMI and MACD should translate into stronger momentum for share price. This bullish movement is also supported by an uptick in the RSI. We peg our targets at RM0.175 and RM0.195 in the near term.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading

Source: UOBKH ChartGenie

Comfort Gloves
CG MK

Technical BUY with +34.5% potential return

Trading BUY range:	RM0.14-0.15
Last price:	RM0.145
Target price:	RM0.18, RM0.195
Support:	RM0.12
Stop-loss:	RM0.115

BUY with a target price of RM0.195 and stop-loss at RM0.115. A successful rebound from the major support of RM0.12 has sent the stock higher. Yesterday's movement and closing above the BBI line have kick-started a new up-leg. Given higher trading volumes and positive readings from both the MACD and the DMI, we expect an uptrend from hereon. We peg our targets at RM0.18 and RM0.195 in the near term.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading

Source: UOBKH ChartGenie

Dancomech Holdings
DMEC MK

Technical BUY on breakout with +17.4% potential return

Trading BUY range:	RM0.345-0.35
Last price:	RM0.34
Target price:	RM0.395, RM0.405
Support:	RM0.315
Stop-loss:	RM0.31

BUY on breakout with a target price of RM0.405 and stop-loss at RM0.31. Based on the daily chart, DMEC has seen its share price recover gradually and move above the 7- and 21-day EMAs following yesterday's spike to close higher at RM0.34. This is supported by an uptick in the RSI as well as a bullish crossover in the MACD, indicating that positive momentum would strengthen in the near term. We peg our targets at RM0.395 and RM0.405 once it manages to penetrate above RM0.345.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading

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