UOBKayHian

Country Daily | Malaysia

Thursday, 13 August 2026

Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	53,770.3	(0.0)	(1.1)	2.2	11.9
S&P 500	7,748.5	0.3	0.3	2.3	13.2
FTSE 100	10,833.2	(0.1)	(0.5)	3.2	9.1
AS30	9,404.7	(0.4)	(0.0)	4.5	4.3
CSI 300	4,690.9	0.6	0.7	(0.1)	1.3
FSSTI	5,720.8	(0.6)	1.9	4.6	23.1
HSCEI	8,446.3	(1.0)	(1.8)	4.7	(5.2)
HSI	25,440.2	(0.8)	(1.8)	5.2	(0.7)
JCI	6,373.8	1.7	0.4	5.6	(26.3)
KLCI	1,741.6	0.6	(0.4)	2.5	3.7
KOSPI	6,579.0	3.7	(0.3)	(3.3)	56.1
Nikkei 225	67,524.1	0.8	5.6	0.4	34.1
SET	1,612.6	(0.7)	(0.3)	(0.9)	28.0
TWSE	45,518.1	0.9	2.0	0.3	57.2
BDI	2,939	(3.5)	(4.0)	(0.2)	56.6
CPO (RM/mt)	4,546	0.4	0.7	1.5	15.6
Brent Crude (US$/bbl)	89	0.1	12.0	17.1	46.2

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 | Sunway REIT (SREIT MK/**BUY**/RM2.15/Target: RM2.80)

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- 2Q26 results were within our expectations. A DPU of 6.28 sen was declared for 1H26. Retail and hotel revenue saw solid 11%/8% yoy growth respectively in 2Q26. Looking ahead, management expects mid-single-digit retail reversion, while hotels in Bandar Sunway benefit from forward group bookings and the F1 event at Sepang. Maintain BUY with an unchanged target price of RM2.80. The potential Sunway Velocity Mall injection, alongside further retail and industrial acquisitions, should support SREIT's portfolio expansion towards RM14b-15b by 2027.

Company Results | VSTECS (VST MK/**BUY**/RM1.75/Target: RM2.26)

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- VSTECS' 2Q26 earnings came in strong on robust growth across all three business segments. We expect the growth momentum to extend into 2H26, underpinned by resilient demand in the ICT distribution segment alongside continued public sector spending despite longer large project delivery timelines. Maintain BUY with a revised target price of RM2.26 (previously RM1.70 ex-bonus), pegged to 20x 2027F PE.

Market Spotlight

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- The FBMKLCI rose 10.15pt (+0.2%) to close at 1,741.61 yesterday, in a technical rebound after a few consecutive days of losses.
- US stocks were mixed after the close on Wednesday, as gains in the technology, utilities and healthcare sectors led shares higher while losses in the basic materials, consumer goods and consumer services sectors led shares lower.

Technical Analysis

FBMKLCI, FCPO & FKLI Index Outlook

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Traders' Corner

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Jati Tinggi Group | JTGROUP MK

Page 11 →

- Trading Buy Range: RM0.82-0.86

Malaysia Steel Works (KL) | MSW MK

Page 11 →

- Trading Buy Range: RM0.245-0.25

Malakoff Corporation | MLK MK

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- Trading Buy Range: RM0.86-0.865

Sunway REIT (SREIT MK)

2Q26: In Line; Sunway Velocity Mall Acquisition Drawing Closer

Highlights

- 2Q26 results were within our expectations. A DPU of 6.28 sen was declared for 1H26, implying an annualised distribution yield of 5.7% as of end-Jun 26.
- Retail and hotel revenue saw solid growth of 11%/8% yoy respectively in 2Q26. Looking ahead, management expects mid-single-digit retail reversion, while hotels in Bandar Sunway benefit from forward group bookings and Formula 1 event at Sepang.
- Maintain BUY with unchanged target price of RM2.80. The potential Sunway Velocity Mall injection, alongside further retail and industrial acquisitions, should support SREIT's portfolio expansion towards RM14b-15b by 2027.

2Q26 Results

Year to 31 Dec (RMm)	2Q26	qoq % chg	yoy % chg	1H26	yoy % chg
Gross revenue	**220.3**	**(1.2)**	**4.2**	**443.4**	**3.0**
Retail	177.1	(4.2)	10.7	362.1	10.3
Hotel	18.1	39.3	8.0	31.1	(5.4)
Office	20.4	0.8	0.3	40.7	(0.3)
Others	4.7	(1.5)	(67.1)	9.5	(66.4)
Operating expenses	(57.4)	(2.1)	1.6	(116.0)	(1.9)
Net Property Income	**163.0**	**(0.9)**	**5.2**	**327.4**	**4.9**
Retail	130.4	(4.3)	14.2	266.7	15.5
Hotel	17.0	43.4	8.9	28.8	(5.7)
Office	12.1	(2.3)	(1.2)	24.4	(0.6)
Others	3.6	(9.3)	(72.6)	7.5	(71.3)
Core Net Profit	**112.3**	**(2.2)**	**9.7**	**227.1**	**9.9**
EPU (sen)	3.28	(2.2)	9.7	6.63	9.9
DPU (sen)	6.28	n.m.	10.6	6.28	10.6

Source: SREIT, UOB Kay Hian

Analysis

- **In line.** Sunway REIT (SREIT) reported 2Q26 revenue of RM220m (-1% qoq, +4% yoy) and core net profit of RM112m (-2% qoq, +10% yoy). This brings 1H26 results to RM227m (+10% yoy), accounting for 48% and 50% of our and consensus full year forecasts, in line with our expectations.
- **Gross gearing ratio increased to 40.6% as of end-2Q26** (vs 1Q26: 40.2%). Average cost of debt was at 3.62% as of end-2Q26.

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	767.1	894.3	922.9	962.4	1,011.6
Operating profit	569.7	658.0	676.5	709.3	745.5
Net profit (rep./act.)	524.8	539.4	468.8	486.1	506.6
Net profit (adj.)	364.5	453.6	468.8	486.1	506.6
EPU (sen)	10.6	13.2	13.7	14.2	14.8
DPU (sen)	10.0	14.5	13.4	13.9	14.5
PE (x)	20.2	16.2	15.7	15.1	14.5
P/B (x)	1.4	1.4	1.4	1.4	1.4
DPU yield (%)	4.7	6.7	6.2	6.5	6.7
Net margin (%)	47.5	50.7	50.8	50.5	50.1
Net debt/(cash) to asset (%)	33.7	38.7	36.0	37.2	38.0
Interest cover (x)	3.4	4.0	4.4	4.3	4.1
Consensus DPU (sen)	-	-	12.8	13.2	14.1
UOBKH/Consensus (x)	-	-	1.0	1.1	1.0

Source: SREIT, Bloomberg, UOB Kay Hian

Analyst(s)

Ng Jo Yee
joyee@uobkh.com
+603 2147 1984

BUY (Maintained)

Share Price	RM2.15
Target Price	RM2.80
Upside	30.2%

Stock Data

Sector	Real Estate
Bloomberg ticker	SREIT MK
Shares issued (m)	3,424.8
Market cap (RMm)	7,671.6
Market cap (US$m)	1,883.6
3-mth avg daily t'over (US$m)	2.1

Price Performance (%)

52-week high/low				RM2.67/RM2.02
1mth	**3mth**	**6mth**	**1yr**	**YTD**
0.9	(3.9)	(6.3)	0.9	(3.0)

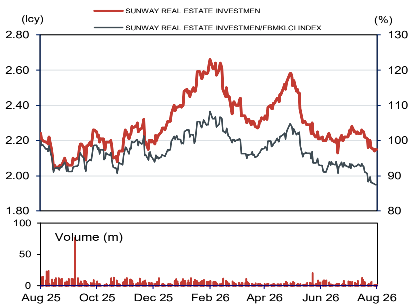
Major Shareholders (%)

Sunway Bhd	40.9
Employees Provident Fund	14.6
Kumpulan Wang Persaraan	4.5

Balance Sheet Metrics

FY26 NAV/Share (RM)	1.87
FY26 Net Debt/Share (RM)	1.19

Price Chart



Source: Bloomberg

Company Description

Sunway Real Estate Investment Trust invests in retail, office, and hotel properties.

- **Solid retail segment.** Excluding Sunway Carnival Mall and AEON Seri Manjung, retail revenue grew at a solid 5% yoy. Rental reversion came in at mid-single-digit range, in line with expectation while guidance for 2H26 remains at mid-single-digit. After a stronger seasonality in 1Q26, retail sales still recorded an encouraging 4% yoy growth in 2Q26 (vs 1Q26: +6% yoy). By asset, Sunway Pyramid and Sunway Carnival Mall's retail revenue grew by a solid 5% yoy and 35% yoy. Separately, Sunway 163's mall AEI Phase 1 has started since May 26 and is expected to be completed by Dec 26. The rental uplift post-AEI is expected at high single-digit.
- **Hotel: Expect a strong yoy growth for 2H26 supported by Formula 1 event at Sepang.** 2Q26 hotel revenue and NPI grew by a commendable 8% yoy and 9% yoy, driven by stronger performance across Sunway Resort Hotel, Sunway Lagoon Hotel and Sunway Putra Hotel, supported by international flight connectivity resumption and stronger MICE demand during the quarter. Looking ahead in 2H26, this segment is expected to record positive growth, underpinned by: a) existing forward bookings for leisure and MICE activities, and b) demand surge ahead of the Formula 1 event at Sepang during 2-4 Oct 26.
- **Improving office occupancy towards end-26.** 2Q26 office revenue (+0.3% yoy) and NPI (-1.2% yoy) were largely stable, with occupancy rate at over 80%. Wisma Sunway remains on track to achieve full occupancy by 4Q26 (vs 86% as of end-2Q26). Looking ahead in 2027, Menara Sunway has 71% of net lettable area (NLA) due for renewal, with 57% of the tenants under Sunway Group. Management shared that renewal discussions have been healthy, with a targeted low-single-digit reversion.
- **Acquisition pipeline remains active.** SREIT continues to evaluate both retail and industrial acquisitions from its sponsor and third parties, targeting yields of mid-6% to low-7% in general. Management noted that Sunway Velocity mall has matured and stabilised, following several AEIs by the sponsor to enhance its offerings and expand NLA, and hopes to see further progress in discussions in the coming quarters. For third-party industrial assets, vendor price expectations have risen, and further negotiations are needed to align pricing expectations.

Valuation/Recommendation

- **Maintain BUY with unchanged target price of RM2.80.** Our target price implies a dividend yield of 4.8%/5.0% for 2026/27 (vs 10-year mean 5.6%). SREIT remains committed to achieving its Transcend 2027 target of RM14b-15b AUM target (vs RM10b as of 2025). Key pipeline assets include Sunway Velocity (about RM2b) and Sunway Square Mall (up to RM1b), supplemented by potential third-party acquisitions.

Earnings Revision/Risk

- No earnings revision.

Environment, Social, Governance (ESG) Updates

Environmental

- SREIT aims to achieve Net Zero Carbon Emissions by 2050.
- Established internal carbon pricing framework at RM15 per tonne of CO2e emitted.

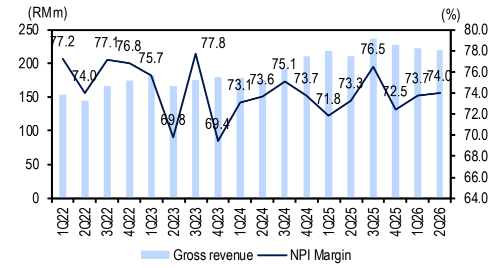
Social

- Established a Sustainability Policy and a Donations, Sponsorships and Corporate Responsibility Policy to guide the execution of sustainability as well as its commitment towards contributing to the communities.
- Formed an Occupational, Health, Safety and Environment Committee at the business segment level.

Governance

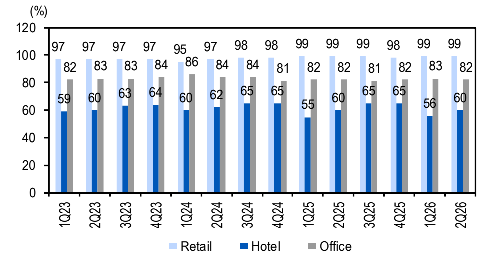
- About 43% of the Board of Directors are women.
- Adopted the Anti-Bribery and Corruption Policy and Procedure and is further supported by the existing Whistleblowing Policy and Procedures.

Revenue And NPI Margin



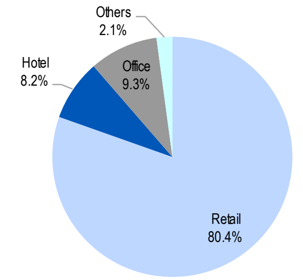
Source: SREIT, UOB Kay Hian

Portfolio Occupancy Rate



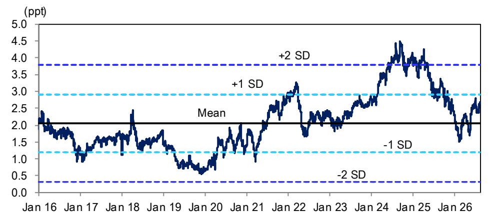
Source: SREIT, UOB Kay Hian

Revenue Breakdown (2Q26)



Source: SREIT, UOB Kay Hian

12-Month Forward Yield Spread



Source: SREIT, UOB Kay Hian

Profit & Loss

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Net turnover	**894.3**	**922.9**	**962.4**	**1,011.6**
EBITDA	658.0	676.5	709.3	745.5
Deprec. & amort.	0.0	0.0	0.0	0.0
EBIT	658.0	676.5	709.3	745.5
Total other non-operating income	(39.5)	(55.3)	(57.0)	(58.8)
Net interest income/(expense)	(164.9)	(152.4)	(166.2)	(180.0)
Pre-tax profit	**547.7**	**468.8**	**486.1**	**506.6**
Tax	(8.4)	0.0	0.0	0.0
Net profit	**539.4**	**468.8**	**486.1**	**506.6**
Net profit (adj.)	453.6	468.8	486.1	506.6

Balance Sheet

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Fixed assets	10,202.9	10,454.1	10,705.3	10,956.5
Other LT assets	0.6	0.6	0.6	0.6
Cash/ST investment	360.9	491.9	637.4	786.7
Other current assets	98.6	40.9	42.7	44.9
Total assets	**10,663.0**	**10,987.5**	**11,386.0**	**11,788.6**
ST debt	2,597.6	2,978.8	3,360.0	3,741.2
Other current liabilities	439.4	403.1	420.3	441.8
LT debt	1,731.4	1,731.4	1,731.4	1,731.4
Other LT liabilities	20.4	0.0	0.0	0.0
Shareholders' equity	5,874.2	5,874.2	5,874.2	5,874.2
Total liabilities & equity	**10,663.0**	**10,987.5**	**11,386.0**	**11,788.6**

Cash Flow

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Operating	**721.1**	**676.5**	**709.3**	**745.5**
Pre-tax profit	1,041.4	922.9	962.4	1,011.6
Deprec. & amort.	0.0	0.0	0.0	0.0
Working capital changes	(349.0)	(246.4)	(253.1)	(266.0)
Other operating cashflows	28.7	0.0	0.0	0.0
Investing	**190.4**	**(251.2)**	**(251.2)**	**(251.2)**
Capex (maintenance)	(181.2)	(181.2)	(181.2)	(181.2)
Investments	472.2	0.0	0.0	0.0
Proceeds from sale of assets	(70.0)	(70.0)	(70.0)	(70.0)
Others	(30.7)	0.0	0.0	0.0
Financing	**(940.3)**	**(194.3)**	**(312.6)**	**(345.0)**
Distribution to unitholders	(509.2)	(468.8)	(486.1)	(506.6)
Issue of shares	0.0	0.0	0.0	0.0
Proceeds from borrowings	2,416.7	200.0	200.0	200.0
Loan repayment	(2,651.9)	0.0	0.0	0.0
Others/interest paid	(195.9)	74.5	(26.5)	(38.4)
Net cash inflow (outflow)	**71.2**	**230.9**	**145.5**	**149.3**
Beginning cash & cash equivalent	**289.8**	**260.9**	**491.9**	**637.4**
Changes due to forex impact	0.0	0.0	0.0	0.0
Ending cash & cash equivalent	**360.9**	**491.9**	**637.4**	**786.7**

Key Metric

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	73.6	73.3	73.7	73.7
Pre-tax margin	61.2	50.8	50.5	50.1
Net margin	60.3	50.8	50.5	50.1
ROA	5.4	4.7	4.7	4.8
ROE	9.5	8.3	8.6	8.9
Growth (% yoy)				
Turnover	16.6	3.2	4.3	5.1
EBITDA	15.5	2.8	4.9	5.1
Pre-tax profit	2.8	(13.1)	3.7	4.2
Net profit	24.4	3.4	3.7	4.2
Net profit (adj.)	24.4	3.4	3.7	4.2
EPU	44.8	(6.4)	3.7	4.2
Leverage				
Debt to total capital	73.7	80.2	86.7	93.2
Debt to total equity	73.7	80.2	86.7	93.2
Net debt/(cash) to equity	67.6	71.8	75.8	79.8
Interest cover (x)	4.0	4.4	4.3	4.1

VSTECS (VST MK)

2Q26: Within Expectations; Growth Momentum To Resume In 2H26

Highlights

- VSTECS' 2Q26 earnings came in strong on robust growth across all three business segments.
- We expect the growth momentum to extend into 2H26, underpinned by resilient demand in ICT distribution segment alongside continued public-sector spending despite longer large project delivery timelines.
- Maintain BUY with a revised target price of RM2.26 (previously RM1.70 ex-bonus), pegged to 20x 2027F PE.

2Q26 Results

Year to 31 Dec	2Q26 (RMm)	1Q26 (RMm)	qoq % chg	yoy % chg	1H26 (RMm)	yoy % chg
Revenue	1,078.2	1,046.9	3.0	31.7	2,125.1	40.7
Gross Profit	63.8	56.4	13.1	28.4	120.2	24.4
EBITDA	37.7	30.2	25.0	52.1	67.9	45.7
EBIT	36.5	28.9	26.0	53.5	65.4	46.5
PBT	40.0	31.1	28.7	49.1	71.0	42.0
Tax expense	(9.7)	(8.2)	18.3	45.5	(17.8)	47.3
PATAMI	30.3	22.9	32.4	50.3	53.2	40.3
Core PATAMI	23.4	22.9	2.3	15.9	46.3	22.4
Margins	%	%	+/- ppt	+/- ppt	%	+/- ppt
Gross Profit	5.9	5.4	0.5	(0.2)	5.7	(0.7)
EBITDA	3.5	2.9	0.6	0.5	3.2	0.1
PBT	3.7	3.0	0.7	0.4	3.3	0.0
Core net profit	2.2	2.2	(0.1)	(0.3)	2.2	(0.3)

Source: VSTECS, UOB Kay Hian

Analysis

- **Within expectations.** VSTECS posted 2Q26 revenue and core net profit of RM1.1b (+32% yoy, +3% qoq) and RM23.4m (+16% yoy; +2% qoq) respectively. This brought 1H26 core net profit to RM46.3m (+22% yoy), accounting for 43% of our full-year estimate. We deem the results to be within expectations, as 1H earnings typically contribute less than 45% of full-year earnings (38-42% in 2024-25). Note that core net profit has been adjusted to exclude the RM6.9m debt recovery from Logicalis, which we deem to be non-recurring in nature.

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	2,901.7	3,608.2	4,094.0	4,761.7	5,548.0
EBITDA	91.0	136.4	139.0	153.1	182.4
Operating profit	87.6	132.0	143.4	161.2	191.8
Net profit (rep./act.)	70.6	98.5	106.6	120.3	143.4
Net profit (adj.)	70.3	98.4	106.6	120.3	143.4
EPS	6.6	9.2	10.0	11.2	13.4
PE	26.6	19.0	17.6	15.6	13.1
P/B	3.7	3.3	2.9	2.6	2.3
EV/EBITDA	5.7	4.1	3.5	3.2	2.6
Dividend yield	1.3	1.5	2.0	2.2	2.7
Net margin	2.4	2.7	2.6	2.5	2.6
Net debt/(cash) to equity	(21.1)	(11.8)	(20.7)	(19.0)	(17.7)
Interest cover	226.4	259.9	143.4	161.2	191.8
ROE	14.0	17.2	16.6	16.7	17.6
Consensus Net Profit			118.0	137.3	147.0
UOBKH/Consensus (x)			0.90	0.88	0.98

Source: VSTECS, Bloomberg, UOB Kay Hian

Analyst(s)

Desmond Chong
desmondchong@uobkh.com
+603 2147 1980

Malaysia Research Team
research@uobkh.com
+603 2147 1988

BUY (Maintained)

Share Price	RM1.75
Target Price	RM2.26
Upside	29.1%
Previous TP	RM1.70

Stock Data

Sector	ICT Distributor
Bloomberg ticker	VST MK
Shares issued (m)	1,069.7
Market cap (RMm)	1,871.9
Market cap (US$m)	457.7
3-mth avg daily t'over (US$m)	0.3

Price Performance (%)

52-week high/low: RM2.18/RM1.05

1mth	3mth	6mth	1yr	YTD
(1.7)	(3.8)	25.0	53.5	28.7

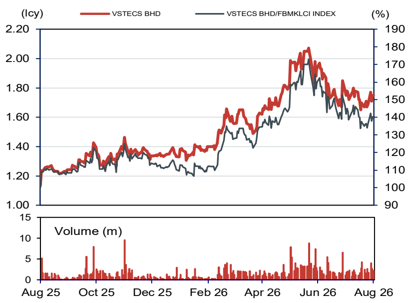
Major Shareholders (%)

VSTECS Holdings Ltd	45.6
Sengin Sdn Bhd	12.2
CGS International Securities	5.3

Balance Sheet Metrics

FY26 NAV/Share (RM)	0.60
FY26 Net Debt/Share (RM)	(0.12)

Price Chart



Source: Bloomberg

Company Description

VSTECS is the leading distributor of ICT products to consumers and enterprises in Malaysia. Founded in 1985, the group distributes a wide range of ICT products to both consumer and enterprise and provides IT services in the form of pre-sales, integration, and post-sales in support of the brands represented.

- **In 1H26,** the strong yoy growth in both revenue and earnings was mainly driven by robust performance across all three segments, including ICT distribution (+20% yoy), enterprise systems (+46% yoy) and ICT services (+14% yoy). Growth was supported by resilient consumer electronics demand, higher volume of public-sector project, increased shipments of AI-related DC equipment, and continued momentum in cloud services adoption. However, 1H26 GP margin contracted 0.74ppt yoy to 5.7% mainly due to unfavourable product mix from the enterprise systems segment.
- **2Q26 revenue rose 3% qoq,** supported by strong growth across all three business segments. Core net profit grew 2% yoy in tandem with higher sales, underpinned by stronger contributions from the enterprise systems (52%), which outpaced the lower margin ICT distribution segment (39%).
- **Temporary blip, but structural AI demand intact.** The global ICT industry continues to grapple with CPU and memory chip shortages, driving higher component costs and vendor price volatility. This has prompted a wait-and-see stance among some customers, particularly in the enterprise segment, where elevated server and storage prices have led private sector customers to defer procurement pending potential price normalisation, creating near-term volatility in order flows and revenue recognition. Nevertheless, ICT distribution demand remains resilient, while enterprise softness should be partly cushioned by public-sector spending and project rollouts.
- **More importantly, we view these headwinds as transitory rather than structural,** with critical investments in digital transformation, AI, cybersecurity and data centre infrastructure unlikely to be materially deferred. Meanwhile, the ICT Services segment provides earnings stability through recurring cloud subscription revenue and growing value-added services, further strengthening earnings quality as cloud migration and IT modernisation accelerate. Overall, the expanding AI/DC infrastructure pipeline and structural digitalisation trend should underpin a compelling medium- to long-term growth outlook.

Valuation/Recommendation

- **Maintain BUY with a revised target price of RM2.26 (from RM1.70 ex-bonus),** based on 1.0x PEG ratio (from 0.85x), which is derived from a rollover 20x 2027F PE. Given the lack of local listed peers for valuation benchmarking, we use a 1.0x PEG ratio, reflecting a three-year net profit CAGR of 20% from 2025. We believe the group has entered a strong growth phase of high earnings delivery by capturing the total addressable market of Malaysia's colocation data centre segment.

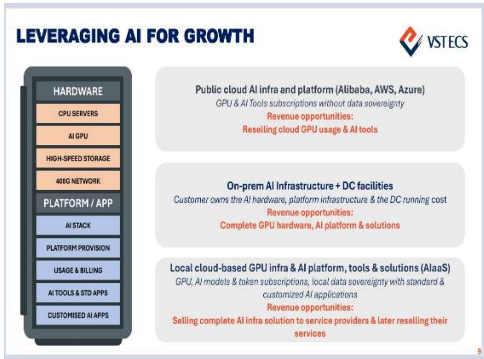
Earnings Revision/Risk

- Post model updates, we tweaked our 2026-27F earnings by +1-2% for house-keeping purposes.

Key Principal Relationships

Source: VSTECS

New AI Opportunities



Source: UOB Kay Hian

Environmental, Social, Governance (ESG) Updates

Environmental
- Electricity withdrawal from main grid reduced by 20% yoy in 2023. - Solar power constituted 41% of total electricity consumed in 2023. - A reduction of about 26% in paper consumption.
Social
- Maintaining a 50% male-female composition among total employees. - The group recorded zero work fatalities over the past nine years. - 100% local employees.
Governance
- Zero confirmed corruption or harassment cases reported. - Zero fines or penalties from regulatory authorities.

Profit & Loss

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Net turnover	**3,608.2**	**4,094.0**	**4,761.7**	**5,548.0**
EBITDA	136.4	139.0	153.1	182.4
Deprec. & amort.	(4.4)	(4.4)	(8.0)	(9.5)
EBIT	132.0	143.4	161.2	191.8
Associates	6.8	3.3	4.3	4.3
Net interest income/(expense)	(0.5)	(1.0)	(1.0)	(1.0)
Pre-tax profit	**129.2**	**139.8**	**157.8**	**188.1**
Tax	(30.7)	(33.2)	(37.4)	(44.6)
Minorities	0.0	0.0	0.0	0.0
Net profit	**98.5**	**106.6**	**120.3**	**143.4**
Net profit (adj.)	98.4	106.6	120.3	143.4

Balance Sheet

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Fixed assets	8.3	11.9	11.9	10.4
Other LT assets	55.5	55.5	57.0	57.0
Cash/ST investment	89.0	154.0	158.2	165.1
Other current assets	936.1	905.0	1,050.8	1,221.6
Total assets	**1,088.9**	**1,126.4**	**1,277.9**	**1,454.1**
ST debt	2.1	2.1	2.1	2.1
Other current liabilities	480.2	451.7	523.9	607.6
LT debt	0.0	0.0	0.0	0.0
Other LT liabilities	0.4	6.3	4.8	3.3
Shareholders' equity	573.5	642.8	721.0	814.2
Minority interest	0.0	0.0	1.0	1.0
Total liabilities & equity	**1,088.9**	**1,126.4**	**1,277.3**	**1,452.7**

Cash Flow

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Operating	**(15.2)**	**108.3**	**52.3**	**63.0**
Pre-tax profit	129.2	139.8	157.8	188.1
Tax	31.9	(33.2)	(37.4)	(44.6)
Deprec. & amort.	0.5	4.4	8.0	9.5
Working Capital Changes	(117.0)	(0.0)	(73.6)	(87.1)
Other operating cashflows	4.3	1.8	5.7	6.7
Investing	**4.8**	**(8.0)**	**(8.0)**	**(8.0)**
Capex (growth)	(6.3)	(8.0)	(8.0)	(8.0)
Investments	0.0	0.0	0.0	0.0
Proceeds from Sale of Assets	0.1	0.0	0.0	0.0
Others	11.0	0.0	0.0	0.0
Financing	**(7.0)**	**(35.3)**	**(40.1)**	**(48.2)**
Dividend payments	(27.5)	(37.3)	(42.1)	(50.2)
Proceed from Borrowings	(0.5)	(1.0)	(1.0)	(1.0)
Loan repayment	(0.5)	0.0	0.0	0.0
Others/interest paid	1.7	2.0	2.0	2.0
Net cash inflow (outflow)	**(17.4)**	**65.0**	**4.2**	**6.8**
Beginning cash & cash equivalent	**106.4**	**89.0**	**154.0**	**158.2**
Changes due to forex impact	(0.0)	0.0	0.0	0.0
Ending cash & cash equivalent	**89.0**	**154.0**	**158.2**	**165.1**

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	3.8	3.4	3.2	3.3
Pre-tax margin	3.6	3.4	3.3	3.4
Net margin	2.7	2.6	2.5	2.6
ROA	9.0	9.5	9.4	9.9
ROE	17.2	16.6	16.7	17.6
Growth				
Turnover	24.3	13.5	16.3	16.5
EBITDA	49.8	1.9	10.1	19.1
Pre-tax profit	38.7	8.2	12.9	19.2
Net profit	39.6	8.2	12.9	19.2
Net profit (adj.)	39.9	8.3	12.9	19.2
EPS	39.9	8.3	12.9	19.2
Leverage				
Debt to total capital	1.9	1.9	1.6	1.4
Debt to equity	3.7	3.3	2.9	2.6
Net debt/(cash) to equity	(11.8)	(20.7)	(19.0)	(17.7)
Interest cover	259.9	143.4	161.2	191.8

Market Spotlight

Market News

The FBMKLCI rose 10.15pt (+0.2%) to close at 1,741.61 yesterday, in a technical rebound after a few consecutive days of losses. Meanwhile, Asian stock markets are trading mixed on Wednesday, following the broadly negative cues from Wall Street overnight, amid continuing uncertainty about the reopening the Strait of Hormuz and the resulting spike in crude oil prices after Tehran indicated the strait will not reopen until its conditions have been met US-Iran dispute over demands for reparation costs kept Middle East tensions alive. The FBMKLCI's top gainers were Petronas Chemicals Group (+4.7%), YTL Corporation (+3.7%) and YTL Power International (+3.4%), while the top losers were Axiata Group (-1.6%), SD Guthrie (-1.6%) and 99 Speed Mart Retail Holdings (-1.1%). In the broader market, gainers outpaced losers 661 to 512 with 600 counters unchanged. Turnover was 3.70b shares valued at RM3.27b.

US stocks were mixed after the close on Wednesday, as gains in the technology, utilities and healthcare sectors led shares higher while losses in the basic materials, consumer goods and consumer services sectors led shares lower. At the close in NYSE, the Dow Jones Industrial Average declined 0.04%, while the S&P 500 Index gained 0.26%, and the NASDAQ Composite Index added 0.54%. Rising stocks outnumbered declining ones on the New York Stock Exchange by 1,441 to 1,250 and 108 ended unchanged; on the Nasdaq Stock Exchange, 1,804 rose and 1,591 declined, while 197 ended unchanged. *(Sources: Investing.com)*

FBMKLCI, FCPO & FKLI Index Outlook

Analyst(s)

Mohd Fakhrul Asyraq, MSTA, CFTe
mohdfakhrulasyraq@uobkh.com
+603 21471994

FBMKLCI

Source: UOBKH ChartGenie

FTSE Bursa Malaysia KLCI

Last close:	1,741.61
Expected moving range:	1,730-1,750

Technical View:

The FBMKLCI is trading within a tight range but recorded a technical rebound yesterday after a few consecutive days of losses. We expect the index to trade sideways in the near term due to the absence of domestic catalysts and uncertainty in the global market. The 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 +1.9% potential downside

Trading SELL range:	RM4,700-4,750
Last price:	RM4,706
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 RM4,706 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 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 BUY with 0.74% potential return

Trading BUY range:	1,730-1,750
Last price:	1,745
Target price:	1,753, 1,758
Support:	1,735
Stop-loss:	1,734

BUY with a target price of 1,758 and stop-loss at 1,735. 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 the MACD. Moving forward, we expect FKLI will continue the upward movement toward the previous high of 1,759 in the near term.

Expected timeframe: One day to three days

Traders' Corner

Analyst(s)

Mohd Fakhrul Asyraq, MSTA, CFTe
mohdfakhrulasyraq@uobkh.com
+603 21471994

Source: UOBKH ChartGenie

Jati Tinggi Group
JTGROUP MK

Technical BUY with +20.9% potential return

Trading BUY range:	RM0.82-0.86
Last price:	RM0.86
Target price:	RM0.995, RM1.04
Support:	RM0.71
Stop-loss:	RM0.705

BUY with a target price of RM1.04 and stop-loss at RM0.705. An Ascending Triangle Pattern was spotted on the daily chart that indicates the bullish continuation pattern. This is supported by an uptick in RSI and bullish crossover in both MACD and DMI indicators. We peg our targets at RM0.895 and RM0.995 in the near term.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading

Source: UOBKH ChartGenie

Malaysia Steel Works (KL)
MSW MK

Technical BUY on breakout with +20.4% potential return

Trading BUY range:	RM0.245-0.25
Last price:	RM0.24
Target price:	RM0.28, RM0.295
Support:	RM0.21
Stop-loss:	RM0.205

BUY on breakout with a target price of RM0.295 and stop-loss at RM0.205. Yesterday, the 7- and 21-day EMAs formed a golden cross, signalling the establishment of a new up-leg. The DMI shows that the growing momentum is set to boost share price in the near term. This is also supported by an uptick in the RSI and bullish crossover in MACD. As such, we expect the stock to retest the psychological resistance of RM0.30 once it breaks the breakout level of RM0.245.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading

Source: UOBKH, ChartGenie

Malakoff Corporation
MLK MK

Technical BUY on breakout with +20.9% potential return

Trading BUY range:	RM0.86-0.865
Last price:	RM0.835
Target price:	RM0.995, RM1.04
Support:	RM0.76
Stop-loss:	RM0.755

BUY on breakout with a target price of RM1.04 and stop-loss at RM0.755. Based on the daily chart, the stock has plunged to a low of RM0.76 in the last few weeks and is making a strong ascent in the current up-leg. The positive readings of the MACD and the DMI suggest buying momentum will remain robust in the near term. Our immediate target prices are RM0.995 and RM1.04 if the share price manages to penetrate above the breakout level of RM0.86.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading