UOBKayHian

Country Daily | Malaysia

Tuesday, 18 August 2026

Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	53,459.8	(0.5)	(1.0)	2.5	11.2
S&P 500	7,745.1	(0.5)	(0.1)	3.9	13.1
FTSE 100	10,720.3	(0.3)	(1.3)	1.1	7.9
AS30	9,279.0	(0.4)	(1.5)	3.3	2.9
CSI 300	4,741.1	1.6	0.8	4.7	2.4
FSSTI	5,768.5	0.4	1.2	4.7	24.2
HSCEI	8,440.0	1.2	(2.1)	3.7	(5.3)
HSI	25,453.2	1.3	(1.9)	3.6	(0.7)
JCI	6,401.9	1.6	(0.1)	3.7	(26.0)
KLCI	1,725.9	(0.1)	(0.5)	(0.3)	2.7
KOSPI	6,977.9	2.4	11.5	2.3	65.6
Nikkei 225	69,220.3	0.7	5.5	7.9	37.5
SET	1,626.4	1.1	0.9	(0.8)	29.1
TWSE	45,857.3	0.1	2.1	7.5	58.3
BDI	2,878	0.5	(6.6)	4.6	53.3
CPO (RM/mt)	4,525	0.1	0.3	0.5	15.0
Brent Crude (US$/bbl)	91	2.7	3.6	3.1	49.3

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
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
Trade Balance	Malaysia	20 Aug
Foreign Reserves	Malaysia	21 Aug

Top Stories

Company Results | 99 Speed Mart Retail Holdings (99SMART MK/**BUY**/RM3.59/Target: RM4.10)

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- Results fell within expectations. SSSG decelerated but remained robust. 2H26 SSSG should moderate alongside a high base effect. Margins were unchanged as earnings grew at a moderate pace as a result. Maintain BUY with an unchanged target price of RM4.10. 99SM is a standout election beneficiary.

What's Inside

Company Results | Malakoff Corporation (MLK MK/**HOLD**/RM0.86/Target: RM0.90)

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- 2Q26 earnings recovered sequentially to RM32m (+58% qoq; -50% yoy) on improved fuel margin for TBP and TBE and higher associate earnings. That said, yoy earnings were still weak due to lower TBP contribution given failure at Unit 30 and Unit 20. 1H26 net profit of RM52m (-47% yoy) is deemed to be inline with expectations as we expect TBP operations to recovery in 2H26. Maintain HOLD with a SOTP-based target price of RM0.90.

Company Results | SkyeChip (SKYECHIP MK/**HOLD**/RM3.25/Target: RM2.93)

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- SkyeChip's 1QFY27 results are within our and consensus expectations. SkyeChip's established silicon IP and custom ASIC businesses remain the key earnings drivers, while its expansion into AI silicon and Arm-based compute platforms could provide a second leg of growth from 2029-30 onwards. Following a 269% surge since our initiation and from its IPO price of RM0.88, we believe the current share price has largely priced in SkyeChip's near-term growth prospects. Downgrade to HOLD. Target price: RM2.93.

Company Results | Sports Toto (SPTOTO MK/**BUY**/RM1.29/Target: RM1.53)

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- SPTOTO's 4QFY26 results exceeded expectations, reflecting lower investment-related and operating expenses despite weaker STM and HR Owen performances. Overall, SPTOTO's compelling yield of 8.2-8.9% through FY27-29 and defensive business nature should provide moderate capital upside amid the current global market uncertainties. Maintain BUY with unchanged target price of RM1.53.

Market Spotlight

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- Despite opening higher, the FBMKLCI closed marginally lower at 1,725.89 (-1.50pt, -0.09%).
- US stocks were lower after the close on Monday, as losses in the consumer goods, consumer services and financials sectors led shares lower.

Technical Analysis

- Trading Buy Range: RM1.41-1.42

- Trading Buy Range: RM0.285-0.29

- Trading Buy Range: RM0.61-0.615

99 Speed Mart Retail Holdings (99SMART MK)

2Q26: Within Expectations As SSSG Starts To Moderate

Highlights

- Results fell within expectations. SSSG decelerated but remained robust. 2H26 SSSG should moderate alongside a high base effect.
- Margins were unchanged as earnings grew at a moderate pace as a result.
- Maintain BUY with an unchanged target price of RM4.10. 99SM is a standout election beneficiary.

2Q26 Results

Year to 31 Dec	2Q26 (RMm)	qoq % chg	yoy % chg	1H26 (RMm)	yoy % chg	Comments
Revenue	**3,075.9**	**0.2**	**13.6**	**61,44.3**	**15.5**	2Q26 yoy growth was driven by enlarged store count of 8.9% and SSSG of 7.2%.
GP	605.3	(3.2)	11.8	1,230.8	15.8	
EBITDA	305.6	(8.7)	11.4	640.3	18.0	
PBT	217.4	(12.8)	11.8	466.8	20.8	
Profit	163.9	(13.1)	13.4	352.5	21.8	
Core Profit	**163.9**	**(13.1)**	**13.4**	**352.5**	**21.8**	Within expectations at 50% and 48% of ours and consensus estimates respectively.
Margins	**%**	**+/- ppt**	**+/- ppt**	**%**	**+/- ppt**	
Gross Profit	19.7	(0.7)	(0.3)	20.0	0.1	Improved product mix.
EBITDA	9.9	(1.0)	(0.2)	10.4	0.2	
Eff. Tax Rate	(24.6)	(0.2)	1.0	(24.5)	0.6	
Core Profit	5.3	(0.8)	0.0	5.7	0.3	

Source: 99SM, UOB Kay Hian

Analysis

- **Within expectations.** 99 Speed Mart Retail Holdings (99SM) posted a 1Q26 core profit of RM163.9m (-13.1% qoq, 7.0% yoy), bringing 1H26 core profit to RM352.5m (+18.2% yoy). The core profit is within expectations at 50% and 48% of our and consensus full-year earnings forecasts respectively. SSSG remained robust, underpinned by Sumbangan Asas Rahmah (SARA) subsidy spending, extended operating hours amid stable margins.

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	9,981.6	11,433.3	12,705.5	14,023.6	15,359.1
EBITDA	104.4	145.2	145.9	196.4	224.6
Operating profit	(141.6)	(131.9)	(127.3)	(106.3)	(125.6)
Net profit (rep./act.)	490.3	614.2	700.1	800.4	868.5
Net profit (adj.)	498.6	614.2	700.1	800.4	868.5
EPS	5.9	7.3	8.3	9.5	10.3
PE (x)	62.3	50.6	44.4	38.8	35.8
P/B (x)	19.7	17.1	15.1	13.4	12.0
EV/EBITDA (x)	291.0	207.9	207.7	153.9	133.7
Dividend yield (%)	0.9	1.2	1.4	1.7	2.0
Net margin (%)	4.9	5.4	5.5	5.7	5.6
Net debt/(cash) to equity (%)	(44.0)	(49.5)	(37.4)	(37.2)	(41.1)
Interest cover (x)	2.3	3.0	2.8	3.5	3.4
ROE (%)	28.9	31.7	36.1	36.5	39.5
Consensus net profit	n.a.	n.a.	734.0	813.7	879.1
UOBKH/Consensus (x)	n.a.	n.a.	1.0	1.0	1.0

Source: 99SM, Bloomberg, UOB Kay Hian

Analyst

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BUY (Maintained)

Share Price	RM3.59
Target Price	RM4.10
Upside	17.8%

Stock Data

Sector	Consumer Staples
Bloomberg ticker	99SMART MK
Shares issued (m)	8,400.0
Market cap (RMm)	29,232.0
Market cap (US$m)	7,377.2
3-mth avg daily t'over (US$m)	8.3

Price Performance (%)

52-week high/low RM4.2/RM2.1

1mth	3mth	6mth	1yr	YTD
7.4	(12.3)	14.2	56.9	(8.7)

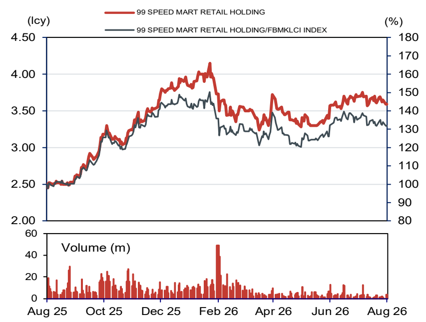
Major Shareholders (%)

Lee Thiam Wah & family	83.0

Balance Sheet Metrics

FY26 NAV/Share (RM)	0.2
FY26 Net Debt/Share (RM)	(0.1)

Price Chart



Source: Bloomberg

Company Description

Homegrown 99 Speed Mart Retail Holdings is the largest mini market player and the leading grocery retailer in Malaysia Apart from groceries, the chain is involved in the retailing o daily necessities.

- **The party continues.** 2Q26 revenue grew 13.6% yoy (0.2% qoq). On a yoy basis, growth was driven by an enlarged store count of 8.9% or 257 new stores to bring its latest store count to 3,151 stores (+65 new stores qoq). 2Q26 SSSG came in at 7.2% yoy. The moderation from 1Q26: 11.1% yoy is due to tapering of the one-off SARA cash assistance programme that kicked off in Feb 26. However, the robust yoy SSSG is attributable to the combination of extended operating hours nationwide, starting from 9am (10am previously), the SARA cash assistance programme, and improved product assortment.
- **SSSG will moderate in 2H26** off a high base effect, especially anchored by 2025's SARA cash assistance and 99SM's extended operating hours, that was implemented in Jul 25. In terms of sentiment, management indicated that prospects appear to have toned down towards a more cautionary outlook as well.
- **Margins hold steady.** 2Q26 gross margin softened marginally by 0.3ppts yoy to 20.7%, likely owing to MySara purchases leading to a less favourable product mix. Coupled with higher economies of scale and a marginally more favourable tax rate, core margins were unchanged yoy at 5.3%.

Valuation/Recommendation

- **Maintain BUY with an unchanged target price of RM4.10.** Since our downgrade in January, 99SM's share price has corrected to an attractive entry point, supported by a three-year earnings CAGR of 11.3%, underpinned by sustained store rollouts and resilient SSSG. Its low-cost leadership and staple-focused offerings should continue to anchor defensive demand, despite emerging consumer headwinds. Our PE peg is based on 42.0x 2027, or Nestlé's seven-year historical mean PE.

Earnings Revision/Risk

- No changes to earnings.
- Risks include a sharp hike in minimum wage in the supply chain, foreign labour policy and unfavourable publicity or fails in internal controls.

Share Price Catalyst

- **Election beneficiary.** Historically, retailers outperformed the FBMKLCI by 8.8% on average in the three months before past elections and 4.5% in the three months after. Furthermore, 99SM is especially well positioned to capture election-related cash handouts. Its broad essential goods offering and comprehensive store network allowed it to capture an estimated 15% of one-off SARA allocations.

Assumption Drivers

	2026F	2027F	2028F
Revenue Growth (%)	**14.5**	**11.1**	**10.4**
Store Count Average	2,908	3,167	3,427
Net Addition	259	260	260
Growth yoy (%)	9.6	8.9	8.2
Revenue Per Store (%)	4.5	2.0	2.0
Core Profit (RMm)	**614.2**	**700.1**	**780.3**
Core Proft Growth (%)	23.2	14.0	11.5
Core Proft Margin (%)	5.4	5.5	5.6

Source: UOB Kay Hian

Store Penetration Remains Low In Certain Regions

Region	Outlets/ Million Population
Peninsular Malaysia	**89.3**
Central	109.5
East Coast	25.2
Northern	87.1
Southern	109.3
East Malaysia	**40.2**

Source: 99SM

Environmental, Social, Governance (ESG)

Environmental

- **Energy efficiency.** Enhancing energy efficiency in outlets and properties helps achieve significant savings and emissions reductions; for example, installing solar panels at 15 out of its 17 distribution centres.
- **Waste management.** Since May 23, the company's "Say No to Plastic Bags" campaign in Peninsular Malaysia has been promoting a zero plastic bag policy, with plans to expand it to East Malaysia. Some 21,500 tonnes of packaging waste were recycled in 2023, generating RM42m in proceeds.

Social

- **Community contribution.** 99SM's presence spans across the country, extending to small towns and rural areas, where employment opportunities may be limited. As such, 99SM aims to prioritise employment of the locals. 99SM employs over 21,000 Malaysians, who make up more than 95% of its workforce.
- **Diversity and inclusion.** Approximately 49.7% of 99SM's workforce are female and the remaining 50.3% are male.

Governance

- **Transparency and accountability.** 99SM has put in place practices in accordance with the principles provided in the Malaysian Code on Corporate Governance (MCCG) issued by the Securities Commission.
- **Board independence.** 99SM meets MCCG's recommendations to have at least 30% female directors and a majority of independent directors.

Source: UOB Kay Hian

Profit & Loss

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Net turnover	**11,433**	**12,706**	**14,024**	**15,359**
EBITDA	145	146	196	225
Deprec. & amort.	277	273	303	350
EBIT	(132)	(127)	(106)	(126)
Total other non-operating income	993	1,107	1,223	1,342
Associate contributions	0	0	0	0
Net interest income/(expense)	(48)	(52)	(57)	(66)
Pre-tax profit	**814**	**927**	**1,060**	**1,150**
Tax	(199)	(227)	(260)	(282)
Minorities	0	0	0	0
Net profit	**614**	**700**	**800**	**869**
Net profit (adj.)	614	700	800	869

Balance Sheet

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Fixed assets	1,615	1,355	1,396	1,306
Other LT assets	8	100	192	319
Cash/ST investment	898	776	867	1,063
Other current assets	1,555	1,929	2,123	2,320
Total assets	**4,076**	**4,161**	**4,577**	**5,008**
ST debt	0	3	3	3
Other current liabilities	1,419	1,662	1,904	2,189
LT debt	0	0	0	0
Other LT liabilities	842	432	346	236
Shareholders' equity	1,815	2,063	2,323	2,579
Minority interest	0	0	0	0
Total liabilities & equity	**4,076**	**4,161**	**4,577**	**5,008**

Cash Flow

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Operating	**900**	**682**	**1,019**	**1,132**
Pre-tax profit	814	927	1,060	1,150
Tax	(198)	(227)	(260)	(282)
Deprec. & amort.	260	273	303	350
Associates	0	0	0	0
Working capital changes	28	(279)	(70)	(69)
Other operating cashflows	(2)	(12)	(14)	(18)
Investing	**(142)**	**(178)**	**(196)**	**(100)**
Capex (growth)	(173)	(190)	(210)	(118)
Investments	0	0	0	0
Proceeds from sale of assets	0	0	0	0
Others	31	12	14	18
Financing	**(559)**	**(626)**	**(733)**	**(836)**
Dividend payments	(378)	(452)	(541)	(613)
Issue of shares	0	0	0	0
Proceeds from borrowings	0	0	0	0
Loan repayment	0	0	0	0
Others/interest paid	(181)	(174)	(192)	(223)
Net cash inflow (outflow)	**200**	**(122)**	**90**	**196**
Beginning cash & cash equivalent	**698**	**898**	**776**	**867**
Changes due to forex impact	0	0	0	0
Ending cash & cash equivalent	**898**	**776**	**867**	**1,063**

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	1.3	1.2	1.4	1.5
Pre-tax margin	7.1	7.3	7.6	7.5
Net margin	5.4	5.5	5.7	5.6
ROA	14.9	17.0	18.3	19.1
ROE	31.7	36.1	36.5	39.5
Growth				
Turnover	(10.0)	11.1	10.4	34.3
EBITDA	(0.5)	0.5	34.6	54.7
Pre-tax profit	(12.3)	14.0	14.3	41.4
Net profit	(12.3)	14.0	14.3	41.4
Net profit (adj.)	23.2	14.0	14.3	8.5
EPS	(12.3)	14.0	14.3	41.4
Leverage				
Debt to total capital	0.0	0.2	0.2	0.1
Debt to equity	0.0	0.2	0.2	0.1
Net debt/(cash) to equity	(49.5)	(37.4)	(37.2)	(41.1)
Interest cover	3.0	2.8	3.5	3.4

Malakoff Corporation
(MLK MK/HOLD/RM0.86/Target: RM0.90)

2Q26: Improved Fuel Margin At Coal Plants Drove Sequential Earnings Recovery

Highlights

- 2Q26 net profit recovered to RM32m in the quarter (+58% qoq; -50% yoy) as a result of improved fuel margin recorded at Tanjong Bin Power (TBP) and Tanjong Bin Energy (TBE) as well as higher associate earnings.
- 1H26 net profit of RM52m (-47% yoy) reflects lower TBP contribution due to the failures in Unit 30 and Unit 20. We gather that operations will fully resume in mid-August, suggesting a recovery in earnings in 2H26. As such, while 1H26 net profit accounts for 31% and 41% of house and street estimates respectively, we deem the results in line with expectations.
- Maintain HOLD with an SOTP-based target price of RM0.90. No dividends were declared for 1H26 (1H25: 1.5 sen/share).

Analysis

- Malakoff Corporate (Malakoff) recorded a 2Q26 net profit of RM31.7m, surging 58% qoq on the back of: a) insurance claims receivables, b) higher associate earnings, and c) improved fuel margins from TBP and TBE during the quarter.
- Earnings were lower yoy due to lower contribution from TBP following the steam turbine generator rotor failure at Unit 30 and generator hydrogen cooler leakage at Unit 20. This was partly offset by insurance claims receivables and higher contribution from investment in associates. Positively, dispatch at Malakoff's Segari Energy Ventures and Prai was higher in the quarter.
- Alam Flora earnings were also lower in the quarter, recording a revenue of RM213m (-9% yoy; -1% qoq) and net profit of RM31m (-9% yoy; -2% qoq). Net margin was stable at 14.7% in the quarter.
- TBP making a milestone recovery with its coal handling system fully restored to its full design capacity of up to 5,000 tonnes per hour following the successful recommissioning of all three conveyor belt lines at the jetty. Coal inventory remains adequate to meet the plant operational requirements. Repair works for TBP Unit 30 rotor are advancing as planned with reinstallation of the unit expected to complete in mid-Aug 26.

Valuation/Recommendation

- **Maintain HOLD with an SOTP-based target** price of RM0.90. A key re-rating catalyst for the stock includes winning a new gas-fired power plant award from the government. In arriving at our target price, we have included a 1,400MW thermal power plant win. Our blue-sky fair value is RM1.25/share, in the event Malakoff wins two 1,400MW power plants. We do not expect the coal unloader collapse at Tanjong Bin Complex Jetty to derail plans for new power plant awards, with Malakoff potentially winning one 1,400MW gas-fired power plant in the near term. The new thermal power plants are slated for commercial operations in 2029-30. The potential wins will increase Malakoff's power generation capacity by 20% and help to replenish expiring power plants.

Earnings Revision/Risk

- No change to earnings.

2Q26 Results

Year to 31 Dec (RMm)	2Q26	2Q25	qoq %	yoy %	1H26	yoy %
Revenue	1,910.2	2,019.8	39.1	(5.4)	3,283.7	3,283.7
EBITDA	390.0	439.8	28.5	(11.3)	693.5	693.5
EBIT	109.8	159.7	16.4	(31.2)	204.1	204.1
Associates	57.6	26.4	101.6	118.5	86.2	86.2
Pre-tax profit	70.6	85.0	165.1	(17.0)	97.2	97.2
Tax	(35.9)	(14.1)	n.a.	155.5	(38.5)	(38.5)
Net profit	31.7	62.8	57.6	(49.5)	51.8	51.8
Core net profit	31.7	62.8	57.6	(49.5)	51.8	51.8
	2Q26 (%)	2Q25 (%)	qoq (ppt)	yoy (ppt)	1Q26 (%)	yoy (ppt)
EBITDA margin	20.4	21.8	(1.7)	(1.4)	21.1	0.2
EBIT margin	5.7	7.9	(1.1)	(2.2)	6.2	(1.2)

Source: Malakoff, UOB Kay Hian

Key Financials

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Net turnover	7,209	8,187	8,392	8,451
EBITDA	1,793	1,889	2,052	2,067
Operating profit	483	767	966	1,029
Net profit (rep./act.)	96	163	289	349
Net profit (adj.)	96	163	289	349
EPS (sen)	1.9	3.3	5.8	7.0
PE (x)	44.8	26.4	14.9	12.3
P/B (x)	1.0	1.0	0.9	0.9
EV/EBITDA (x)	5.7	5.1	4.4	3.9
Dividend yield (%)	2.7	3.5	4.9	6.0
Net margin (%)	1.3	2.0	3.4	4.1
Net debt/(cash) to equity (%)	109.3	99	83	64
Interest cover (x)	1.0	1.2	1.6	1.8
ROE (%)	1.8	3.0	5.1	6.0
Consensus net profit		139	267	294
UOBKH/Consensus (x)		1.2	1.1	1.2

Source: Malakoff, UOB Kay Hian

Analyst

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SkyeChip
(SKYECHIP MK/HOLD/RM3.25/Target: RM2.93)

1QFY27: In Line; On Track To Spearhead Another Record Year; Downgrade To HOLD

Highlights

- **Within expectations.** SkyeChip recorded 1QFY27 core net profit of RM16.5m (-48% qoq) on the back of revenue of RM49.6m (-16% qoq), accounting for 26%/25% of our/consensus full-year estimates respectively. Note that the 1Q core net profit has been excluded for the one-off IPO expenses of RM2.5m.
- **1QFY27 revenue declined 16% qoq,** mainly due to lower contribution from the silicon IP segment (-23% qoq) amid project timing delays, while the custom ASIC segment declined 6% qoq. Geographically, the US remained the largest revenue contributor at 55% (4QFY26: 49%), followed by China at 42% (4QFY26: 48%). Core net profit fell 48% qoq, reflecting lower revenue and higher operating expenses primarily from the increased employee benefit expenses.
- **Expanding beyond IP into higher-value AI silicon.** SkyeChip's recent engagement with Cerebras Systems for custom interface IP further demonstrates its ability to participate in advanced AI compute platforms. Separately, we see growing adoption of chiplet-based architectures as another key opportunity for SkyeChip, given its D2D interface IP capabilities, which should position the group to capture higher-value silicon IP and custom ASIC opportunities.
- To recap, SkyeChip has entered into a definitive agreement with MIDA for access to Arm's Flexible Access (AFA) token, providing access to Arm's comprehensive IP portfolio through an asset-light model. It is also targeting the finalisation of the Arm Compute Subsystems (CSS) definitive agreement by FY27. These initiatives support its expansion into: a) custom compute and AI hardware accelerators, including purpose-built ASICs for specialised workloads such as tensor processing and data preprocessing, and b) high-performance CPUs and AI platforms for server and edge applications. We expect revenue contribution from these initiatives to remain limited in the near term, with more meaningful earnings likely to materialise only following successful tape-out and volume production. In the meantime, SkyeChip's established silicon IP and custom ASIC businesses should remain the key earnings drivers, while its expansion into AI silicon and Arm-based compute platforms could provide a second leg of growth from 2029-30 onwards.

Earnings Revision/Risk

- We tweaked our FY27-29 earnings forecasts by +2% post house-keeping adjustments.
- **Downgrade to HOLD with a rolled-over target price of RM2.93 (from RM2.08).** Following a 269% surge since our initiation and from its IPO price of RM0.88, we believe the current share price has largely priced in SkyeChip's near-term growth prospects, leaving limited upside. Our target price is based on 65.0x FY28F PE, representing a 30% premium to global peers. We believe this premium is warranted, given SkyeChip's differentiated position as one of the few listed Malaysian companies offering proprietary silicon IP exposure at the front end of the semiconductor value chain, supported by a robust three-year net profit CAGR of 26%.

1QFY27 Results

Year to 31 Mar	1Q27 (RMm)	qoq % chg	yoy % chg	1Q27 (RMm)	yoy % chg
Revenue	49.6	(15.7)	n.a.	49.6	n.a.
EBITDA	17.2	(50.2)	n.a.	17.2	n.a.
EBIT	14.0	(56.1)	n.a.	14.0	n.a.
Pre-tax Profit	14.4	(55.0)	n.a.	14.4	n.a.
Tax	(0.5)	(10.7)	n.a.	(0.5)	n.a.
Net Profit	13.9	(55.8)	n.a.	13.9	n.a.
Core Net Profit	16.5	(47.5)	n.a.	16.5	n.a.
Margins	**%**	**+/- ppt**	**+/- ppt**	**%**	**+/- ppt**
EBITDA	34.7	(24.0)	n.a.	34.7	n.a.
EBIT	28.1	(25.9)	n.a.	28.1	n.a.
Pre-tax Profit	29.1	(25.4)	n.a.	29.1	n.a.
Core Net Profit	33.2	(20.1)	n.a.	33.2	n.a.

Key Financials

Year to 31 Mar (RMm)	2025	2026	2027F	2028F	2029F
Net turnover	119.5	155.0	197.9	249.4	304.3
EBITDA	43.4	60.3	63.2	92.4	104.9
Operating profit	36.5	49.2	49.7	82.7	97.9
Net profit (rep./act.)	35.9	48.5	49.1	81.1	95.9
Net profit (adj.)	35.9	48.2	63.4	81.1	95.9
EPS	2.0	2.7	3.5	4.5	5.3
PE	154.4	115.2	87.6	68.4	57.9
P/B	43.9	28.4	9.4	8.6	7.8
EV/EBITDA	129.0	93.4	94.0	63.8	55.9
Dividend yield	0.3	0.0	0.4	0.5	0.6
Net margin	30.1	31.1	32.0	32.5	31.5
Net debt/(cash) to Equity (%)	(33.6)	(42.2)	(66.3)	(53.4)	(43.5)
Interest cover	77.2	58.6	62.2	103.3	122.4
ROE	28.4	24.6	10.7	12.6	13.5
UOBKH/Consensus (x)	-	-	0.9	0.9	0.8

Source: SkyeChip, Bloomberg, UOB Kay Hian

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Sports Toto
(SPTOTO MK/BUY/RM1.29/Target: RM1.53)

4QFY26: Well Within Expectations

4QFY26 Results

Year to 30 Jun	4QFY26 (RMm)	qoq % chg	yoy % chg	FY26 (RMm)	yoy % chg	Comments
Revenue	**1,550.0**	**2.3**	**(4.9)**	**6,037.8**	**(6.6)**	
Toto	705.1	(5.8)	(4.5)	2,948.4	(5.3)	Declined yoy due to one lesser draw day and lower sales per draw
Motor	757.3	2.1	(13.5)	2,929.1	(10.2)	Declining new car sales and challenging microenvironment
Others	87.6	248.2	475.1	160.2	84.9	
EBIT	**122.9**	**22.8**	**36.4**	**364.9**	**(15.2)**	
Toto	93.5	(18.1)	8.1	385.9	(10.8)	Lower yoy prize payout lifted margins
Motor	4.0	(40.0)	(75.4)	(3.7)	(111.2)	Dragged by softer sales and weak consumer sentiment
Others	25.4	(222.8)	(303.3)	(17.2)	(51.3)	
PBT	**96.6**	**10.7**	**33.7**	**303.4**	**(18.2)**	
Net profit	**62.5**	**5.8**	**55.0**	**188.9**	**(20.3)**	
Margins	**%**	**+/- ppt**	**+/- ppt**	**%**	**+/- ppt**	
EBIT – Toto	13.3	-2.0	1.5	13.1	(0.8)	Prize payout ratio lower yoy
EBIT – Motor	0.5	-0.4	-1.3	(0.1)	(1.1)	
PBT	6.2	0.5	1.8	5.0	(0.7)	
Net profit	4.0	0.1	1.6	3.1	(0.5)	

Source: SPTOTO Toto, UOB Kay Hian

Highlights

- **4QFY26 results above expectations.** Sports Toto (SPTOTO) reported 4QFY26 revenue of RM1.55b (+2.3% qoq, -4.9% yoy) and headline net profit of RM62.5m (+6% qoq, +55% yoy). The yoy revenue decline is mainly attributed to lower sales from both subsidiaries - Sports Toto Malaysia (STM) and HR Owen - but earnings improved significantly on lower investment-related and operating expenses. FY26 earnings accounted for 110% and 114% of our and consensus full-year forecasts respectively.
- **Declared interim dividend of 3 sen.** SPTOTO declared an interim DPS of 3.0 sen (4QFY25: 2 sen), bringing FY26 DPS to 11 sen (FY25: 8 sen). This represents an about 78% payout and an 8.3% yield for FY26.
- **Declining classic sales per draw and higher prize payout dragged earnings qoq.** We estimate that STM's 4QFY26 revenue dropped 5% qoq due to one fewer draw vs 3QFY26. The qoq revenue decline mainly reflected weaker classic ticket sales per draw (-13% qoq). Nevertheless, this was partially offset by improving jackpot ticket sales per draw (+29% qoq) due to a longer 4D jackpot run and higher accumulated prizes. STM's weakness was also compounded by a higher prize payout of 59.7% (3QFY26: 58.1%). As such, STM recorded weaker EBIT of RM93.5m (-18% qoq) in 4QFY26 following a downtick of 2ppt qoq in EBIT margin.
- **Motor: Lower sales volume and margin compression.** HR Owen reported revenue of RM757m (-14% yoy) and lower EBIT of RM4m (-75% yoy). The weaker yoy revenue is mainly attributed to longer vehicle product life cycles and transition gaps between new models launches, in addition to cautious consumer spending amid the ongoing economic uncertainties. Subsequently, the division's EBIT margin plunged 1.3ppt yoy due to margin compression from the abovementioned reasons.
- **STM's ticket sales maintaining commendable momentum.** Overall, we expect SPTOTO's classic game's ticket sales per draw to grow 3-4% in FY27. While SPTOTO is still facing market share challenges from illegal operators, there is a gradual shift in punters' habits from previously executing bets through illegal bookies as the authorities have accelerated clampdown efforts. Potential tailwinds may also emerge for SPTOTO if the government allows legal operators to enable online operations.
- **Defensive nature and lush dividend yield remain attractive.** SPTOTO should gain more attention as the group delivers lush prospective yields of 8.2-8.9% for FY27-29. Risk-reward remains palatable as current valuations have more than priced in existing downsides, especially when earnings are on course for a sequential recovery in the upcoming quarters. Such valuations are particularly appealing for SPTOTO given: a) its asset-light business model, and b) it doles out most of the domestic cash flows as dividends.

Earnings Revision/Risk

- We introduce our FY29 earnings forecast.

Valuation/Recommendation

- **Maintain BUY with unchanged target price of RM1.53,** based on DCF assumptions (WACC: 7%, risk-free rate: 3.5%, terminal growth rate: 1%). Our target price implies 10x FY27F PE (-1.5SD below mean) and a 7% dividend yield.

Key Financials

Year to 30 Jun (RMm)	2024	2025	2026	2027F	2028F
Net turnover	6,307.8	6,461.0	6,037.8	6,340.3	6,525.3
EBITDA	485.3	514.2	444.9	467.3	473.5
Operating profit	400.6	430.1	364.9	394.0	402.8
Net profit (rep./act.)	220.4	237.0	188.9	207.7	217.8
Net profit (adj.)	220.4	237.0	188.9	207.7	217.8
EPS	16.3	17.5	12.7	15.4	16.1
PE (x)	8.1	7.5	10.4	8.6	8.2
P/B (x)	1.6	1.6	1.4	1.3	1.3
EV/EBITDA (x)	13.3	12.6	15.3	13.4	12.9
Dividend yield (%)	5.3	6.1	8.3	8.3	8.5
Net margin (%)	3.5	3.7	2.8	3.3	3.3
Net debt/(cash) to equity (%)	60.2	59.2	50.4	38.0	26.3
Interest cover (x)	6.9	6.3	5.8	7.3	8.4
ROE (%)	23.3	24.6	17.4	20.4	20.6
Consensus net profit	n.a.	n.a.	n.a.	198.0	211.6
UOBKH/Consensus (x)	n.a.	n.a.	n.a.	1.0	1.0

Source: SPTOTO, Bloomberg, UOB Kay Hian

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Market Spotlight

Market News

Despite opening higher, the FBMKLCI closed marginally lower at 1,725.89 (-1.50pt, -0.09%). Meanwhile, Asian stocks mostly rose on Monday, led by gains in China and Hong Kong, as investors extended the recent risk-on move while awaiting a fresh batch of Chinese economic data and monitoring developments around the Strait of Hormuz.The FBMKLCI's top gainers were CelcomDigi (+2.8%), Axiata Group (+2.7%) and PPB Group (+2.1%), while the top losers were AMMB Holdings (-2.0%), IOI Properties Group (-1.7%) and 99 Speed Mart Retail Holdings (-1.6%). In the broader market, losers outpaced gainers 625 to 559 with 548 counters unchanged. Turnover was 3.45b shares valued at RM2.75b.

US stocks were lower after the close on Monday, as losses in the consumer goods, consumer services and financials sectors led shares lower. At the close in NYSE, the Dow Jones Industrial Average fell 0.51%, while the S&P 500 Index fell 0.52%, and the NASDAQ Composite Index fell 0.32%. Falling stocks outnumbered advancing ones on the New York Stock Exchange by 1,831 to 905 and 78 ended unchanged; on the Nasdaq Stock Exchange, 2,148 fell and 1,291 advanced, while 191 ended unchanged. *(Sources: Investing.com)*

FBMKLCI, FCPO & FKLI Index Outlook

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FBMKLCI

Source: UOBKH ChartGenie

FTSE Bursa Malaysia KLCI

Last close:	1,725.89
Expected moving range:	1,720-1,750

Technical View:

Given persistent selling pressure, the FBMKLCI closed in negative territory yesterday and was below both the 7-day and 21-day EMA lines yet again after hovering higher last week. Given the downtick in the RSI which signals growing selling momentum, we expect the index to test the psychological support level at 1,700 in the near term. A rebound from this level could reverse the current weakness. Support and resistance levels are 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 +2.7% potential downside

Trading SELL range:	RM4,800-4,850
Last price:	RM4,800
Target price:	RM4,713, RM4,672
Resistance:	RM4,872
Stop-loss:	RM4,873

SELL with a target price of RM4,672 and stop-loss at RM4,873. Based on the chart, FCPO continued the bearish movement and closed lower at RM4,800 yesterday. This bearish movement is supported by a downtick in the RSI and a bearish crossover in both the MACD and DMI indicators. We peg our targets at RM4,713 and RM4,672 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 1.4% potential return

Trading BUY range:	1,730-1,750
Last price:	1,724.5
Target price:	1,753, 1,758
Support:	1,721
Stop-loss:	1,720

BUY with a target price of 1,758 and stop-loss at 1,720. Based on the chart, FKLI continued the bullish movement and closed at 1,724.5 on yesterday's movement. This bullish movement is supported by an uptick in the RSI and bullish crossovers in the MACD. We still maintained our targets at 1,753 and 1,758 in the near term.

Expected timeframe: One day to three days

Traders' Corner

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Source: UOBKH ChartGenie

AME Elite Consortium
AME MK

Technical BUY on breakout with +12.8% potential return

Trading BUY range:	RM1.41-1.42
Last price:	RM1.38
Target price:	RM1.53, RM1.59
Support:	RM1.32
Stop-loss:	RM1.31

BUY on breakout with a target price of RM1.59 and stop-loss at RM1.31. Based on the daily chart, the stock has been trading above the BBI line. Given profit-taking, AME rebounded yesterday and established a new up-leg. Persistent buying interest as shown by the RSI and the DMI should drive share price higher. We peg our targets at RM1.53 and RM1.59 if the stock penetrates above the breakout level of RM1.41.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading

Source: UOBKH ChartGenie

Hiap Teck Venture
HTVB MK

Technical BUY on breakout with +21.1% potential return

Trading BUY range:	RM0.285-0.29
Last price:	RM0.27
Target price:	RM0.315, RM0.345
Support:	RM0.25
Stop-loss:	RM0.245

BUY on breakout with a target price of RM0.345 and stop-loss at RM0.245. HTVB has been on a gradual decline in the last few weeks and managed to close at RM0.27 yesterday. Nevertheless, the stock appears to have formed a base near the support level of RM0.25. This is supported by an uptick in the RSI and a bullish crossover in the MACD. We peg our targets at RM0.315 and RM0.345 once the stock breaks above RM0.285.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading

Source: UOBKH ChartGenie

Hartanah Kenyalang
HKB MK

Technical BUY on breakout with +30.3% potential return

Trading BUY range:	RM0.61-0.615
Last price:	RM0.60
Target price:	RM0.74, RM0.795
Support:	RM0.53
Stop-loss:	RM0.525

BUY on breakout with a target price of RM0.795 and stop-loss at RM0.525. We expect a positive follow-through to validate a new up-leg if HKB penetrates above the breakout level of RM0.61. This is supported by an uptick in the RSI. The rising momentum, as shown by a bullish crossover in the 7- and 21-day EMAs, along with bullish crossover in MACD suggests upward continuation from here on. We peg our targets at RM0.74 and RM0.795 in the near term.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading