UOBKayHian

Country Daily | Malaysia

Thursday, 27 August 2026

Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	53,463.9	(0.2)	0.0	2.9	11.2
S&P 500	7,675.7	(0.0)	(0.4)	3.6	12.1
FTSE 100	10,878.1	(0.1)	1.3	1.3	9.5
AS30	9,338.8	(0.4)	0.9	3.0	3.5
CSI 300	4,590.8	0.9	0.0	(2.4)	(0.8)
FSSTI	5,721.6	(0.2)	0.5	1.8	23.1
HSCEI	8,533.8	1.0	0.7	2.0	(4.3)
HSI	25,653.0	0.6	0.6	2.8	0.1
JCI	6,405.7	(1.5)	(0.7)	3.6	(25.9)
KLCI	1,748.5	0.7	0.9	2.1	4.1
KOSPI	6,808.2	1.0	5.2	0.8	61.6
Nikkei 225	66,262.2	0.6	1.4	2.0	31.6
SET	1,601.9	0.4	(0.5)	(1.4)	27.2
TWSE	45,832.6	1.5	2.5	5.0	58.2
BDI	3,056	4.4	10.1	11.4	62.8
CPO (RM/mt)	4,647	(0.9)	2.7	0.9	18.2
Brent Crude (US$/bbl)	88	(0.8)	(4.1)	(9.2)	44.4

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
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
17th Asian Gems Conference 2026 (Virtual)	Singapore	22 Sep	23 Sep
Post-results NDR with Sunny Optical (2382 HK)	Taipei	22 Sep	23 Sep

Corporate and Macro Calendar

Economic Indicator/Event	Country/Region	Date
Malaysia Manufacturing PMI	Malaysia	01 Sep
BNM Overnight Policy Rate Decision	Malaysia	03 Sep

Top Stories

Company Results | IJM Corporation (IJM MK/**BUY**/RM2.86/Target: RM3.15) Page 3 →

- IJM's 1QFY27 results beat our expectations. Core earnings were lifted by strong recognitions from the construction segment as the fast-track projects resulted in margin expansion. Otherwise, the property division remained muted in 1Q26 while infrastructure earnings improved off lower amortisation costs and forex losses. Looking forward, IJM will continue to make progress in its monetisation efforts, with the special dividend announced during 1QFY27 marking its first major step since outlining its distribution plan. Maintain BUY with a higher target price of RM3.15.

Company Results | Public Bank (PBK MK/**HOLD**/RM5.18/Target: RM5.54) Page 6 →

- Public Bank reported 2Q26 results that were marginally below expectations due to higher-than-expected credit costs. Following stealer share price performance, we downgrade the stock to a HOLD with a lower target price of RM5.54 from RM5.65.

What's Inside

Company Results | Alliance Bank Malaysia (ABMB MK/**HOLD**/RM4.92/Target: RM5.20) Page 9 →

- Alliance Bank delivered in-line 1QFY27 earnings, with resilient loan growth and sharply lower credit costs offsetting NIM pressure. Basel III capital uplift supports higher dividends. Maintain HOLD with a target price of RM5.20.

Company Update | Axis REIT (AXRB MK/**BUY**/RM1.85/Target: RM2.21) Page 11 →

- Axis REIT is acquiring three adjoining industrial parcels spanning 7.19 acres in Pulau Indah, Selangor, with completion targeted for 1Q27. The property is leased back to Megalift for five years at RM3.8m annual rent, implying 6.23% gross yield and ~6.0% NPI yield. We estimate ~RM1m earnings accretion (<1% of 2027F), while gearing will rise to 33.4%. Contractual rental step-ups during the lease period should support longer-term yield improvement. Maintain BUY with an unchanged target price of RM2.21.

Company Results | Deleum (DLUM MK/**BUY**/RM1.14/Target: RM1.45) Page 12 →

- 1H26 core earnings missed expectations, impacted by ongoing deferrals in downstream turnarounds that impact the higher-margin P&M businesses like valves, and lower slickline activities in East Malaysia. The declared interim DPS of 3.5 sen (lower vs 4 sen yoy) also implies that management is now expecting that full-year profit may not match 2025's RM71m. We cut earnings forecasts by 16-28% but still expect stronger 2H26 on evidence of pickup in turnaround activities. Retain BUY with adjusted target price of RM1.45.

Company Results | Greatech Technology (GREATEC MK/**BUY**/RM2.67/Target: RM3.00) Page 13 →

- Greatech's 1H26 core earnings came in below expectations at 29%/27% of our/consensus estimates, mainly due to slower-than-expected project recognition. Nevertheless, its outstanding orderbook strengthened to RM1.83b (3x yoy; 10% qoq), providing solid visibility into 2027. We expect stronger 2H26 earnings as DC deliveries accelerate and utilisation improves. We cut our 2026-27 earnings forecasts by 5-25% and maintain BUY, with a lower target price of RM3.00 (from RM3.10), based on 34.0x 2027F PE.

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.

Company Results | Hap Seng Plantations (HAPL MK/HOLD/RM2.54/Target: RM2.70) Page 14 →

- Hap Seng Plantations 2Q26 earnings came broadly within expectations, accounting for 37%/42% of our and consensus full-year estimates. We expect earnings momentum to accelerate in 2H26, underpinned by firmer CPO prices and stronger FFB production during the peak cropping season. Maintain HOLD with a higher target price of RM2.70 (previously RM2.47), based on 11x 2026F.

Company Results | KLCCP Stapled Group (KLCCSS MK/**HOLD**/RM8.70/Target: RM9.46) Page 15 →

- Results were in line. KLCCSS declared a 9.3 sen DPU for 2Q26. The office segment remained stable, recording an operating profit of RM129m (+0.6% yoy). Suria KLCC's reversion is expected to be positive, and management does not foresee pressure from the opening of Ombak KLCC given the two mall's distinct offerings. We expect the hotel segment to gradually improve towards end-26 with year-end holidays and completion of Phase 1 & 2 renovation. Maintain HOLD; target price of RM9.46.

Company Update | Mah Sing Group (MSGB MK/**BUY**/RM1.18/Target: RM1.42) Page 16 →

- Mah Sing announced the acquisition of 14.38 acres in Ampang, Selangor for RM186.2m, earmarked for the RM1.92b M Araya development. The acquisition price translates to a land cost to GDV ratio of 9.7%, at the lower end of its typical range. Assuming a 10% net margin and earnings recognition from 4Q27, we estimate potential earnings contribution of RM10m/RM38m in 2027/28. Pro-forma target price will increase by 3% to RM1.46. Maintain BUY with an unchanged target price of RM1.42.

Company Results | PPB Group (PEP MK/**BUY**/RM10.26/Target: RM13.60) Page 17 →

- PPB Group's 1H26 earnings came in broadly in line with expectations, accounting for 43% of our full-year estimate. We expect PPB's core operation to sustain its current performance into 2H26 while Wilmar is anticipated to deliver higher contributions to the group, underpinning a stronger 2H26. Maintain BUY with a target price of RM13.60.

Company Results | QL Resources (QLG MK/**HOLD**/RM4.00/Target: RM4.00) Page 18 →

- QL's 1QFY27 earnings were within expectations. Earnings were flat yoy, as exceptional fishmeal earnings offset weaker margins across livestock, convenience stores and clean energy. Recent appreciation appears to fairly value its future prospects, prompting us to downgrade QL to a HOLD with an unchanged target price of RM4.00.

Company Results | WCT Holdings (WCTHG MK/**HOLD**/RM0.405/Target: RM0.42) Page 20 →

- WCT's 1H26 results met expectations. While earnings were broadly down across most segments, interest savings following the repayment of short-term borrowings softened the impact at the PATAMI level. Looking forward, WCT still appears operationally shaky with the construction segment reporting losses for the third quarter in a row. Maintain HOLD with a lower target price of RM0.42.

Market Spotlight

Page 21 →

- The FBMKLCI closed marginally higher at 1,748.54 (+12.21pt, +0.70%) yesterday, backed by gains in blue chips.
- US stocks were lower after the close on Wednesday, as losses in the healthcare, consumer services and consumer goods sectors led shares lower.

Technical Analysis

FBMKLCI, FCPO & FKLI Index Outlook Page 22 →

Traders' Corner Page 24 →

Aeon Co. (M) | AEON MK Page 24 →

- Trading Buy Range: RM1.06-1.07

Cahya Mata Sarawak | CMS MK Page 24 →

- Trading Buy Range: RM1.06-1.07

P.I.E. Industrial | PIE MK Page 25 →

- Trading Buy Range: RM1.65-1.70

IJM Corporation (IJM MK)

1QFY27: Above Expectations; Construction Shines Through

Highlights

- IJM's 1QFY27 earnings beat our expectations on higher-than-expected construction contributions.
- We raise our FY27/28/29 forecasts by 34%/26%/25% respectively as we impute faster recognitions following the predominantly industrial job pipeline.
- Maintain BUY with a higher target price of RM3.15 (from RM2.48 previously).

1QFY27 Results

Year to 31 Mar	1QFY27 (RMm)	qoq % chg	yoy % chg
Revenue	**2,292.3**	**22.8**	**32.2**
EBIT	**292.9**	**n.m.**	**28.9**
PBT	**201.8**	**(459.1)**	**32.1**
Tax	(59.7)	(55.4)	32.6
Non-controlling interests	6.3	(80.0)	n.m.
Perpetual sukuk	(11.0)	(27.9)	(5.7)
PATAMI	**137.4**	**(179.0)**	**43.7**
Core PATAMI	**116.7**	**216.8**	**31.8**
Margins	**1QFY27 (%)**	**qoq (+/- ppt)**	**yoy (+/- ppt)**
EBIT	12.8	12.9	(0.3)
PBT	8.8	11.8	(0.0)
Core PATAMI	5.1	3.1	(0.0)

Source: IJM, UOB Kay Hian

Analysis

- **Above our expectations.** IJM Corporation (IJM) reported a core net profit of RM116.7m (+216.8% qoq, +31.8% yoy) in 1QFY27. We arrived at this after adjusting for: a) RM4.3m in allowance for impairments, b) RM1.1m in allowance for write-downs, c) RM1.1m in disposal gains, d) RM21.0m in unrealised forex losses, and e) RM3.9m in fair value gains on financial assets. 1QFY27 core net profit beat our expectations but met consensuses, accounting for 33% and 26% of respective full-year forecasts. The positive deviation stemmed largely from stronger-than-expected construction earnings following a sharp uptick in recognitions. A surprise 10 sen special dividend was also announced following the sale of treasury shares earlier in August.

Key Financials

Year to 31 Mar (RMm)	2025	2026	2027F	2028F	2029F
Net turnover	6,252	6,859	8,344	8,963	9,332
EBITDA	1363	782	1194	1261	1326
Operating profit	1094	535	944	1009	1071
Net profit (rep./act.)	403	3	479	529	579
Net profit (adj.)	527	320	479	529	579
EPS (sen)	14.4	8.8	13.1	14.5	15.9
PE (x)	19.8	32.6	21.8	19.7	18.0
P/B (x)	1.0	1.0	1.0	1.0	1.0
EV/EBITDA (x)	10.3	16.9	13.3	13.5	13.7
Dividend yield (%)	2.8	2.8	6.2	3.0	3.3
Net margin (%)	6.5	0.0	5.7	5.9	6.2
Net debt/(cash) to equity (%)	30.4	24.4	48.0	58.0	66.3
Interest cover (x)	4.8	2.8	3.5	3.3	3.1
ROE (%)	3.6	0.0	4.3	4.7	5.1
Consensus net profit	-	-	445	492	551
UOBKH/Consensus (x)	-	-	1.1	1.1	1.1

Source: IJM, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	RM2.86
Target Price	RM3.15
Upside	+10.1%
Previous TP	RM2.48

Stock Data

GICS sector	Industrials
Bloomberg ticker:	IJM MK
Shares issued (m):	3,648
Market cap (RMm):	10,432.0
Market cap (US$m):	2,591.2
3-mth avg daily t'over (US$m):	4.0

Price Performance (%)

52-week high/low RM2.98/RM2.07

1mth	3mth	6mth	1yr	YTD
17.7	33.0	11.3	(2.72)	26.0

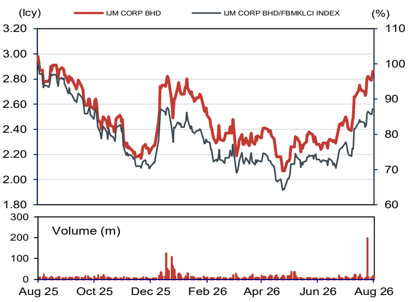
Major Shareholders (%)

Employees Provident Fund	20.0
Amanah Saham Nasional	11.9
KWAP	10.2

Balance Sheet Metrics

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

Price Chart



Source: Bloomberg

Company Description

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

- **Construction hitting its stride.** IJM's construction segment reported revenue of RM1.3b (+36.1% qoq, +36.2% yoy) and pre-tax profit of RM73.3m (+154.9% qoq, +112.0% yoy) in 1QFY27. The segment was largely lifted by a strong performance from IJM Construction (IJMC), comprising the group's local and Singapore operations. The recognition of high-margin, fast-track industrial contracts saw earnings more than double both sequentially and yoy. Looking forward, the segment appears well supported by its local orderbook and tenderbook of RM7.2b and RM18.0b respectively, comprised predominantly of industrial contracts with similar timelines. Otherwise, its overseas operations (ie India and the UK) saw losses narrow by 53.3%. We understand that the overseas construction arms are mostly supporting IJM's projects in their respective countries, resulting in losses as inter-segment earnings are adjusted.
- **Property showing improving signs.** The property segment reported minor earnings of RM10.4m (4QFY26: RM93.4m losses, -61.7% yoy) in 1QFY27. We note that positively, property sales in 1QFY27 picked up, coming in at RM603.5m (1QFY26: RM187.0m), marking a strong start to its RM1.8b-2.0b sales target. However, earnings for the segment were dragged by costs associated with the gestation of key investment assets (eg The Light and Finsbury Circus). We believe these assets could drag property earnings for the coming quarters, offsetting the improvement in property sales and resulting in a more modest earnings growth.
- **Infrastructure outlook mixed.** IJM's infrastructure arm reported pre-tax profit of RM55.3m (4QFY26: RM33.2m losses, +12.5% yoy) in 1QFY27. Looking to the individual segments, the toll segment posted PBT of RM31.0m (4QFY26: RM48.9m loss, +47.6% yoy) as earnings from Besraya and NPE improved off lower amortisation and finance costs, offset partially by higher losses overseas.
- Looking to the ports, cargo throughput remained depressed as shipments from Alliance Steel have yet to fully recover despite the completion of maintainence in Apr 26. We understand that steel production has yet to return to full capacity and is only expected to recover in 2HFY27.
- **Monetisation updates.** Following the results announcement, key updates on the monetisation efforts are as follows:
  1) **Construction:** The listing of IJMC appears to be progressing steadily with IJM having already selected a principal advisor. The target of 3Q27 still appears within reach with the rumoured RM4.0b-5.0b appearing largely reasonable, especially following the strong 1QFY27.
  2) **Special dividend:** The 10 sen special dividend distributed during 1QFY27 represents the monetisation of IJM's treasury shares that the group had previously outlined. The distribution was entirely funded by the stake sale on 20 August and represents the entirety of the treasury portion.
  3) **India exit.** IJM has successfully disposed of the first parcel of its Vijayawada land for INR800m (RM33.8m) with the sale of the second parcel currently underway. However, IJM mentioned that there are outstanding debts of around INR4.0b (RM169.1m) that will need to be repaid. The transition out of the region is still expected to be gradual with a majority exit expected within two years.

Valuation/Recommendation

- **Maintain BUY with a higher target price of RM3.15 (from RM2.48).** Our SOTP-based target price implies 23.6x FY27 PE, roughly +1.5SD to its five-year mean.

Earnings Revision/Risk

- **We raise our FY27/28/29 earnings forecasts by 34%/26%/25% respectively** as we impute faster recognitions following the predominantly industrial job pipeline

1QFY27 PBT Breakdown

	1QFY27 (RMm)	qoq % chg	yoy % chg
Construction*	73.3	154.9	112.0
Property dev.*	10.4	111.1	(61.7)
Industrial	61.7	14.5	13.7
Infrastructure	55.3	266.5	12.5
Others	1.0	108.5	108.2
Total	201.8	459.1	32.1
PBT Margins	**%**	**+/- ppt**	**+/ -ppt**
Construction	5.6	2.6	2.0
Property dev.	3.1	26.5	(8.2)
Industrial	13.9	(3.2)	(3.5)
Infrastructure	29.9	49.3	5.8

** Adjusted for unrealised forex losses*
Source: UOB Kay Hian

Outstanding Orderbook

Source: Bloomberg, UOB Kay Hian

SOTP Valuation

	Value (RMm)	Remarks
Construction	5,777	18x FY27F PE
Industry	3,454	
Infrastructure assets	3,529	Cost of equity 8%
Property	2,663	40% discount to RNAV
Other Investments	583	
Less: Net debt	-1,755	End-FY26
Total SOP value	**14,250**	
Enlarged sharebase	3,648	
FD SOP/share	**3.91**	
Discount	20%	
Fair value/share (RM)	**3.15**	
Implied FY27F PE (x)	23.6	

Source: UOB Kay Hian

Environmental, Social, Governance (ESG) Updates

Environmental
• Achieved emissions avoidance of 5,176 tCO2e in FY25 from renewable energy generation, waste recycled and the purchase of renewable energy certificates
Social
• Spent RM2.4m in social contributions to support the community in FY25.
Governance
• Aligned with the principles of the Malaysian Code on Corporate Governance.

Source: UOB Kay Hian

Profit & Loss

Year to 31 Mar (RMm)	2026	2027F	2028F	2029F
Net turnover	**6,859**	**8,344**	**8,963**	**9,332**
EBITDA	782	1,194	1,261	1,326
Deprec. & amort.	247	250	252	255
EBIT	535	944	1,009	1,071
Associate contributions	39	76	116	161
Net interest income/(expense)	**(276)**	**(343)**	**(385)**	**(426)**
Pre-tax profit	298	677	741	805
Tax	(301)	(162)	(178)	(193)
Minorities	**57**	**15**	**17**	**18**
Preferred dividends	(51)	(51)	(51)	(51)
Net profit	**3**	**479**	**529**	**579**
Net profit (adj.)	320	479	529	579

Balance Sheet

Year to 31 Mar (RMm)	2026	2027F	2028F	2029F
Fixed assets	4,973	6,398	7,821	9,242
Other LT assets	5,466	5,542	5,658	5,819
Cash/ST investment	1,962	2,325	2,031	1,868
Other current assets	10,551	12,922	13,662	14,080
Total assets	**22,952**	**27,187**	**29,173**	**31,009**
ST debt	833	2,288	2,566	2,843
Other current liabilities	6,393	7,348	8,179	8,856
LT debt	3,770	5,339	5,986	6,634
Other LT liabilities	972	1,052	1,086	1,108
Shareholders' equity	10,845	11,036	11,248	11,480
Minority interest	139	124	107	89
Total liabilities & equity	**22,952**	**27,187**	**29,173**	**31,009**

Cash Flow

Year to 31 Mar (RMm)	2026	2027F	2028F	2029F
Operating	**288**	**1,150**	**523**	**685**
Pre-tax profit	298	677	741	805
Tax	(292)	(162)	(178)	(193)
Deprec. & amort.	247	250	252	255
Associates	(39)	(76)	(116)	(161)
Working capital changes	(39)	350	(288)	(133)
Other operating cashflows	**113**	**113**	**113**	**113**
Investing	(1,052)	(1,052)	(1,052)	(1,052)
Capex (growth)	(1,675)	(1,675)	(1,675)	(1,675)
Proceeds from sale of assets	610	610	610	610
Others	13	13	13	13
Financing	**303**	**292**	**262**	**231**
Dividend payments	(280)	(287)	(317)	(348)
Proceeds from borrowings	925	925	925	925
Others/interest paid	(342)	(346)	(346)	(346)
Net cash inflow (outflow)	(462)	390	(268)	(136)
Beginning cash & cash equivalent	**2,450**	**1,962**	**2,325**	**2,031**
Changes due to forex impact	(26)	(26)	(26)	(26)
Ending cash & cash equivalent	1,962	2,325	2,031	1,868

Key Metric

Year to 31 Mar (%)	2026	2027F	2028F	2029F
Profitability				
EBITDA margin	11.4	14.3	14.1	14.2
Pre-tax margin	4.3	8.1	8.3	8.6
Net margin	0.0	5.7	5.9	6.2
ROA	0.0	1.9	1.9	1.9
ROE	0.0	4.3	4.7	5.1
Growth				
Turnover	9.7	21.7	7.4	4.1
EBITDA	(42.6)	52.7	5.7	5.1
Pre-tax profit	(62.3)	127.0	9.5	8.7
Net profit	(99.2)	14,629.3	10.5	9.6
Net profit (adj.)	(39.4)	49.8	10.5	9.6
EPS	(39.4)	49.8	10.5	9.6
Leverage				
Debt to total capital	41.9	68.3	75.3	81.9
Debt to equity	42.4	69.1	76.0	82.6
Net debt/(cash) to equity	24.4	48.0	58.0	66.3
Interest cover (x)	2.8	3.5	3.3	3.1

Public Bank (PBK MK)

2Q26: Capital Management Upside Priced In; Downgrade To HOLD

Highlights

- 2Q26 earnings were marginally below expectations due to higher-than-expected credit costs.
- We downgrade the stock to HOLD, with a lower target price of RM5.54 (1.74x 2027F P/B; ROE: 13.1%) from RM5.65 following our earnings revisions. Given its strong share price performance (+15% ytd vs +3% for the sector), making it the sector's top performer, we see limited near-term upside and take the opportunity to downgrade our recommendation.
- Even factoring in potential special dividends of up to RM3.5b, subject to BNM approval, the stock's dividend yield remains broadly in line with peers. As such, we believe the current valuation adequately reflects its capital return prospects, which have been the key catalyst for its share price performance.

2Q26 Results

Year to 31 Dec	2Q26 (RMm)	2Q25 (RMm)	yoy (% chg)	1H26 (RMm)	yoy (% chg)
Net Interest Income	**2,406.8**	**2,410.7**	**(0.2)**	**4,794.3**	**0.1**
Islamic Banking	474.7	462.9	2.5	943.8	3.6
Fees & Commissions	648.4	525.6	23.4	1,190.5	11.4
Net Investment Income	60.9	73.4	(17.0)	83.4	(22.3)
Other Operating Income	234.4	179.1	30.9	462.9	23.7
Total Income	**3,825.2**	**3,651.6**	**4.8**	**7,475.0**	**3.1**
Operating Expenses	(1,325.8)	(1,299.5)	2.0	(2,620.9)	2.4
PPOP	2,499.4	2,352.1	6.3	4,854.1	3.4
Provision on loans and investments	(120.5)	(33.6)	258.6	(176.5)	129.4
PBT	**2,393.1**	**2,333.6**	**2.5**	**4,708.4**	**1.3**
Net Profit	**1,824.6**	**1,760.2**	**3.7**	**3,576.3**	**2.0**
EPS (sen)	9.4	9.1	3.7	18.5	2.0
DPS (sen)	10.5	10.5	0.0	10.5	0.0
BVPS (RM)	3.17	3.03	4.6	3.17	4.6
Financial Ratios	**2Q26 (%)**	**2Q25 (%)**	**yoy (+/- ppt)**	**1Q26 (%)**	**qoq (+/- ppt)**
NIM	2.08	2.18	(0.1)	2.11	(0.03)
Loan Growth, yoy	5.5	5.8	(0.3)	5.1	0.4
Deposit Growth, yoy	3.8	3.8	0.0	3.7	0.1
Loan/Deposit Ratio	99.5	97.8	1.7	99.0	0.5
Cost/Income Ratio	34.7	35.6	(0.9)	35.5	(0.8)
ROE	12.1	12.2	(0.1)	11.8	0.3
NPL Ratio	0.5	0.5	0.0	0.5	0.0
Credit Costs (bp)	10.0	3.1	6.9	4.6	5.4
CET-1 CAR	13.9	14.0	(0.1)	13.7	0.2

Source: Public Bank, UOB Kay Hian

Analysis

- **Marginally below expectations.** Public Bank delivered a 2Q26 net profit of RM1.82b (+3.7% yoy, +4.1% qoq), bringing 1H26 earnings to RM3.58b (+2.0% yoy). 1H26 earnings came in marginally below expectations, at 46%/47% of our/consensus 2026 estimates, primarily due to higher-than-expected credit costs. 1H26 earnings rose 2% yoy, underpinned by a robust 11% yoy increase in non-interest income, driven by stronger wealth management fees and forex income, alongside positive operating jaws. This was partly offset by a 10bp yoy NIM compression and higher credit costs, which tempered overall earnings growth.

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net interest income	9,451	9,584	9,824	10,417	11,052
Non-Interest Income	2,853	3,272	3,499	3,719	3,953
Net profit (rep./act.)	7,147	7,224	7,512	8,096	8,683
Net profit (adj.)	7,147	7,224	7,512	8,096	8,683
EPS (sen)	36.8	37.2	38.7	41.7	44.7
PE (x)	14.0	13.8	13.3	12.4	11.5
P/B (x)	1.7	1.7	1.6	1.6	1.6
Dividend yield (%)	4.1	4.4	5.6	6.1	6.5
Net int margin (%)	2.20	2.14	2.10	2.09	2.09
Cost/income Ratio (%)	34.5	34.9	35.0	34.6	34.5
Loan loss cover (%)	166.2	149.9	142.2	126.4	108.3
Consensus net profit			7,451	7,898	8,381
UOBKH/Consensus (x)			1.01	1.03	1.04

Source: Public Bank, Bloomberg, UOB Kay Hian

Analyst(s)

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HOLD (Downgraded)

Share Price	RM5.15
Target Price	RM5.54
Upside	7.6%
Previous TP	RM5.65

Stock Data

Sector	Financials
Bloomberg ticker	PBK MK
Shares issued (m)	19,410.7
Market cap (RMm)	99,965.1
Market cap (US$m)	24,805.2
3-mth avg daily t'over (US$m)	29.7

Price Performance (%)

52-week high/low				RM5.29/RM4.18
1mth	**3mth**	**6mth**	**1yr**	**YTD**
(0.6)	7.3	3.0	16.5	14.7

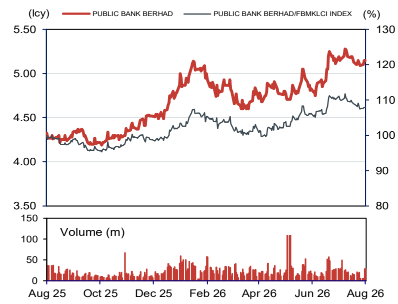
Major Shareholders (%)

Consolidated Teh Holdings Sdn Bhd	21.6
EPF	17.3

Balance Sheet Metrics

FY26F NAV/Share (RM)	3.17
FY26F CAR Tier -1 (%)	15.4

Price Chart



Source: Bloomberg

Company Description

Public Bank is the third-largest domestic banking group in Malaysia by assets with about 14.8% of system assets and 16.2% loan market share.

- **2Q26 earnings.** 2Q26 earnings grew 3% yoy, driven by a strong 21% yoy increase in non-interest income, led by wealth management (+54%) and forex income (+29%), alongside positive operating jaws. This was partly offset by a 10bp NIM compression and higher credit costs. Qoq, earnings were again supported by a 22% surge in non-interest income, which more than offset NIM and credit cost headwinds.
- **NIM edged downwards.** 2Q26 NIM slipped **3bp qoq**, mainly due to yield compression on new mortgage loans and an increase in deposit competition within the wholesale segment. Management is guiding for **mid-single-digit NIM compression in 2026,** while seeking to mitigate elevated wholesale deposit costs by tapping cheaper fixed-income securities as an alternative funding source.
- **Loan growth remained firm.** 2Q26 group loan growth accelerated with 1H26 annualised loans growth coming in at 5.9% (in line with our full-year estimate) vs 5.7% in 1Q26, driven by domestic loan growth of 6.2%. By segment, SME and auto financing were the key growth drivers, expanding 12% and 6% respectively. Management alluded that loan growth is expected to remain resilient, supported by a healthy approval SME pipeline despite more cautious business investment sentiment amid elevated oil prices and ongoing geopolitical uncertainty. That said, management maintained its 2026 4-5% loan growth guidance.
- **GIL uptick from Cambodia while domestic asset quality remained stable.** Public Bank's group GIL ratio edged up to 0.54% in 2Q26 from 0.51% in 1Q26, primarily driven by deterioration in its Cambodia portfolio (1% of group loans), where GIL rose to 5.46% from 4.87%. Importantly, domestic loans which comprise 95% of group loans experienced fairly stable asset quality with GIL ratio steady at 0.35%. Domestic asset quality was broadly stable across key loan segments, including SMEs, with only a marginal uptick in the auto portfolio. Encouragingly, the domestic loan ageing profile continued to improve, with loans more than one month past due declining to 1.6% in 2Q26 from 2.0% in 1Q26, well below the 3.8% pre-pandemic average.
- **Raising net credit cost assumption.** Net credit cost increased qoq to 10bp in 2Q26 from 5bp in 1Q26, driven by higher ECL charges for the Cambodia portfolio, domestic auto and lower recoveries during the quarter. This brought 1H26 net credit cost to 7bp, above our previous 2026 assumption of 4bp. Given the above, we prudently raise our 2026-27 net credit cost assumptions to 6bp and 4bp, respectively, from 4bp and 2bp previously. Loan loss coverage remained robust at 139%, rising to 240% including regulatory reserves, with both metrics comfortably above the industry average. Management overlays remained stable at RM800m, with our forecasts assuming no write-backs in 2026 and only a marginal write-back in 2027.
- **2026 key guidance retained:** a) ROE: 12.0-13.0%, b) loan growth: 4-5%, c) non-interest income: double-digit percentage growth, d) net credit cost: single-digit, e) NIM: mid-single-digit compression, f) double-digit non-interest income growth, and g) recurring dividend payout ratio of around 60%.

Valuation/Recommendation

- **Downgrade to HOLD with lower target price of RM5.54 (1.74x 2027F P/B, ROE: 13.1%)** from RM5.65 following the earnings revision. Given the stock's strong share price performance (+15% ytd vs +3% for the sector), making it the sector's top performer, we take the opportunity to downgrade our recommendation to HOLD. Even factoring in potential special dividends of up to RM3.5b, subject to BNM approval, the stock's dividend yield remains broadly in line with peers at 5.5% for 2026 and 5.9% for 2027, based on our assumed 75% payout ratio (ex-special dividend payout ratio: 60%). In our view, this suggests the market has largely priced in the group's medium-term capital management upside. Structurally lower yields from its sizeable mortgage exposure may continue to weigh on NIM, alongside a rising cost-to-income ratio, remain longer-term concerns that could constrain further share price outperformance.

Earnings Revision/Risk

- We trim our 2026-27 earnings forecasts by 2% each to factor in our higher credit cost assumption.
- Weaker-than-expected NIM.

Share Price Catalyst

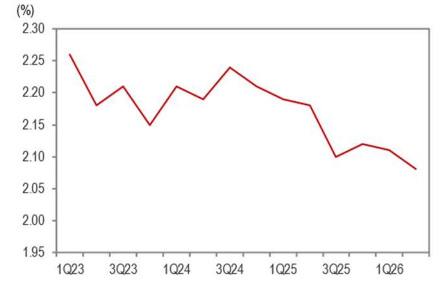
- Stronger-than-expected non-interest income growth.
- Provision write-backs from robust provision buffers.

Key Assumptions

(%)	2026F	2027F	2028F
Loan Growth	6.0	6.0	6.3
Credit Cost (bp)	6.0	4.0	2.0
ROE	12.4	13.1	13.8

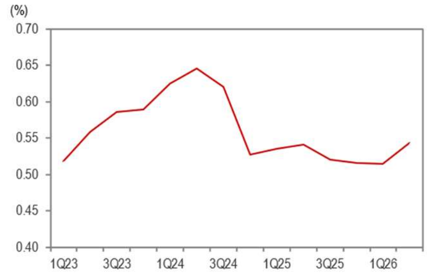
Source: UOB Kay Hian

NIM Trend



Source: Public Bank, UOB Kay Hian

GIL Ratio Trend



Source: Maybank, UOB Kay Hian

Environmental, Social, Governance (ESG) Updates

Environmental
- **Green loan commitment.** Launched a campaign in 2020 offering preferential rates for selected energy efficient vehicles (EEV) under its AITAB Hire Purchase-i, to promote the usage of EEVs. - **Paperless initiative.** Moving towards paperless operations with its enhanced Go Green initiatives in its daily operations, such as migrating reports to online verification module, issuing electronic statements and notices as well as introducing electronic signatures (eSignature) in new deposit account openings.
Social
- **Board and upper management gender diversity.** Maintained 33% female directors on the Board and 48% for top and senior management.
Governance
- **Non-independent board of directors' composition.** Composition of Independent Non-Executive Directors – 55%.

Profit & Loss

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Interest income	18,896	17,546	18,605	19,731
Interest expense	(9,312)	(7,722)	(8,189)	(8,678)
Net interest income	9,584	9,824	10,417	11,052
Fees & commissions	2,226	2,404	2,572	2,752
Net Trading Income	739	773	808	846
Other income	3,272	3,499	3,719	3,953
Income from Islamic banking	1,839	1,931	2,028	2,129
Total income	**14,695**	**15,254**	**16,163**	**17,135**
Staff costs	(3,696)	(3,807)	(3,997)	(4,277)
Other operating expense	(1,433)	(1,540)	(1,596)	(1,633)
Pre-provision profit	9,566	9,908	10,570	11,225
Loan loss provision	(67)	(284)	(200)	(106)
Other provisions	(13)	0	0	0
Associated companies	56	62	68	75
Pre-tax profit	9,543	9,686	10,438	11,193
Tax	(2,136)	(2,168)	(2,336)	(2,505)
Minorities	(183)	(6)	(6)	(5)
Net profit	**7,224**	**7,512**	**8,096**	**8,683**
Net profit (adj.)	7,224	7,512	8,096	8,683

Balance Sheet

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Cash with central bank	4,441	9,450	10,017	10,618
Govt treasury bills & securities	24,520	25,010	25,511	26,021
Interbank loans	0	0	0	0
Customer loans	442,333	469,297	497,878	528,274
Investment securities	60,478	65,361	70,597	76,211
Derivative receivables	225	318	411	504
Associates & JVs	441	495	544	598
Fixed assets (incl. prop.)	1,310	1,510	1,710	1,910
Other assets	27,903	35,294	50,399	107,994
Total assets	**561,651**	**606,735**	**657,066**	**752,131**
Interbank deposits	14,625	15,894	17,274	18,772
Customer deposits	447,114	474,835	504,274	534,531
Derivative payables	156	159	162	165
Debt equivalents	642	577	520	468
Other liabilities	36,673	51,941	70,564	132,921
Total liabilities	499,210	543,406	592,793	686,858
Shareholders' funds	59,938	60,819	61,757	62,753
Minority interest - accumulated	2,504	2,510	2,516	2,521
Total equity & liabilities	**561,651**	**606,735**	**657,066**	**752,131**

Cash Flow

Year to 31 Dec (RMm)	2024	2025F	2026F	2027F
Capital Adequacy				
Tier-1 CAR	13.9	15.2	14.7	13.9
Total CAR	16.6	17.3	16.7	15.8
Total assets/equity (x)	9.4	10.0	10.6	12.0
Tangible assets/tangible common equity (x)	9.8	10.5	11.3	12.8
Asset Quality				
NPL Ratio	0.5	0.5	0.5	0.5
Loan Loss Coverage	149.9	142.2	126.4	108.3
Loan Loss Reserve/Gross Loans	0.8	0.7	0.6	0.5
Increase in NPLs	2.7	(1.3)	4.4	3.2
Credit Cost (bp)	1.8	6.0	4.0	2.0
Liquidity				
Loan/Deposit Ratio	98.9	98.8	98.7	98.8
Liquid Assets/Short-Term Liabilities	6.3	7.0	6.8	6.6
Liquid Assets/Total Assets	5.2	5.7	5.4	4.9

Key Metric

Year to 31 Dec (%)	2024	2025F	2026F	2027F
Growth (yoy chg)				
Net Interest Income	1.4	2.5	6.0	6.1
Fees & Commissions	1.8	8.0	7.0	7.0
Pre-Provision Profit	4.2	3.6	6.7	6.2
Net Profit	1.1	4.0	7.8	7.3
Customer Loans	5.2	6.1	6.1	6.1
Customer Deposits	3.2	6.2	6.2	6.0
Profitability				
Net Interest Margin	2.1	2.1	2.1	2.1
Cost/Income Ratio	34.9	35.0	34.6	34.5
Adjusted ROA	1.3	1.2	1.3	1.3
Reported ROE	12.1	12.4	13.1	13.8
Adjusted ROE	12.1	12.4	13.1	13.8
Valuation				
P/BV (x)	1.7	1.6	1.6	1.6
P/NTA (x)	1.8	1.7	1.7	1.7
Adjusted P/E (x)	13.8	13.3	12.4	11.5
Dividend Yield	4.4	5.6	6.1	6.5
Payout ratio	60.5	75.0	75.0	75.0

Alliance Bank Malaysia
(ABMB MK/HOLD/RM4.92/Target: RM5.20)

1QFY26: Earnings Steady; Dividend Outlook Improves

Highlights

- **1QFY27 earnings in line.** Alliance Bank Malaysia (Alliance Bank) reported a 1QFY27 net profit of RM248.3m (+25.0% yoy, +20.5% qoq). 1QFY27 earnings are deemed in line, representing 28% and 29% of our/consensus full-year forecasts respectively. We expect earnings momentum to moderate in the remaining quarters as net credit cost normalises from the exceptionally low 0.3bp recorded in 1QFY27.
- **Qoq trend.** 1QFY27 earnings rose 20.5% qoq, supported by a 37.1% rebound in non-interest income from higher client fees and treasury income. Revenue grew 6.4% while expenses declined 2.5%, producing positive operating jaws of around 9ppt and lifting pre-provision operating profit by 15.9%. Net interest income rose 1.1% despite NIM contracting 5bp to 2.26%. Net credit cost fell to 0.3bp from 2.7bp.
- **Yoy trend.** Earnings increased 25.0% yoy, driven mainly by substantially lower credit costs. Revenue rose 2.5%, with net interest and non-interest income both growing 2.5%. Strong 8.1% loan growth offset a 16bp NIM contraction to 2.26%, while 23% growth in client fees was largely offset by lower treasury income. Expenses rose 7.8%, resulting in negative operating jaws of 5.3ppt and a 1.8% decline in pre-provision operating profit. Nevertheless, net credit cost fell to 0.3bp from 14.4bp, mainly due to corporate recoveries.
- **NIM guidance lowered.** In 1QFY27, NIM declined 5bp qoq to 2.26% (4QFY26: 2.31%; FY26: 2.34%) and 16bp yoy. Management revised its FY27 guidance to 2.23-2.28% from 2.28-2.35%, trimming expectations by 5-7bp. The adjustment reflects the OPR reduction, expected elevated deposit competition and a deliberate shift towards lower-yielding, lower-risk assets. 1QFY27 NIM sits near the midpoint of the revised range.
- **Broad-based loan growth remained within guidance.** Gross loans grew 8.1% yoy in 1QFY27 (vs 7.5% in 4QFY26), led by commercial loans (+19.1%), mortgages (+9.0%) and SMEs (+6.4%), while consumer loans rose 3.5%. Corporate loans declined 0.6%, although corporate exposure including unrated bonds increased 12.7%, lifting overall corporate loans growth including unrated bonds to 9.5%. Sequential growth moderated to 1.0% qoq from 2.1% in 4QFY26. The current run-rate remains within management's FY27 loan growth guidance of 7.5-10.0%.
- **GIL rises qoq, but recoveries suppress NCC.** Asset quality softened as the gross impaired loan (GIL) ratio rose 10bp qoq to 1.83% in 1QFY27 (4QFY26: 1.73%), although it remained 13bp lower yoy. The deterioration was concentrated in consumer loans, where the GIL ratio increased to 2.2% from 1.8%, particularly mortgages. Net credit cost fell to 0.3bp from 2.7bp qoq, mainly due to corporate recoveries (excluding recoveries, NCC was 10.1bp). Management lowered its FY27 NCC guidance to 20-25bp from 27-32bp, reflecting improving portfolio quality and a shift towards lower-risk assets. Pre-emptive provisions declined to RM160m from RM185m, while LLC eased to 112.9% from 123.1% qoq, largely reflecting the increase in GIL.
- **Basel III uplift is supportive of higher dividend payout. Common Equity Tier 1 (**CET1) stood at 13.0% in 1QFY27 and should benefit from a 60-70bp uplift from the Basel III Standardised Approach for Credit Risk, which took effect from July 2026. This would add 60-70bp to the upper end of management's 12.5-13.0% comfortable CET1 range. While FY27 dividend payout guidance remains unchanged at 40-50%, management sees scope for a higher payout than in the past two years should earnings visibility, asset quality and growth remain supportive. Notably, management favours a sustainably higher recurring payout rather than a one-off special dividend. Following the Basel III capital uplift and stronger capital headroom, we raise our dividend payout assumption from 45% to 50%/55%/55% for FY27-29F.

Valuation/Recommendation

- **Maintain HOLD with a target price of RM5.20.** The stock currently trades at around +1.0SD above its historical mean P/B, which we believe reflects its higher beta and strong loan growth trajectory. However, with earnings growth expected to moderate to single-digits, we see limited scope for further valuation re-rating and view the stock as fairly valued at current levels. Our target price is derived from 1.0x FY27F P/B, supported by a 9.8% ROE assumption.

Earnings Revision/Risk

- We fine tune our NCC and NIM assumptions in tandem with management's updated guidance but our FY27-29 earnings estimates remain broadly unchanged. Following the increase in our dividend payout assumption, we now forecast a yield of 5.7-7.0% for FY27-29F.

1QFY27 Results

Year to 31 Mar (RMm)	1QFY27	1QFY26	yoy%	4QFY26	qoq%
Net Interest Income	381.8	369.7	3.3	371.4	2.8
Ismaic Banking	142.2	143.6	(1.0)	148.4	(4.1)
Fees & Commissions	56.3	33.4	68.8	37.5	50.1
Net Trading Income	66.3	84.1	(21.2)	20.8	218.6
Other Operating Income	(15.7)	(15.5)	1.2	15.0	(204.7)
Total Income	630.9	615.3	2.5	593.1	6.4
Operating Expenses	(299.3)	(277.6)	7.8	(307.0)	(2.5)
PPOP	331.7	337.7	(1.8)	286.1	15.9
Provison	(1.9)	(90.0)	(97.9)	(19.8)	(90.3)
PBT	329.8	247.7	33.1	266.4	23.8
Net Profit	248.3	198.7	25.0	206.0	20.5
EPS (sen)	16.0	12.8	25.0	13.3	20.5
DPS (sen)	0.0	0.0	n.a.	9.7	n.a.
BVPS (RM)	5.14	5.04	2.0	5.10	0.8
Financial Ratios (%)	**1QFY27**	**1QFY26**	**yoy ppt**	**4QFY26**	**qoq ppt**
NIM	2.29	2.49	(0.20)	2.37	(0.08)
Loan Growth	8.1	9.9	(1.8)	7.5	0.6
Deposit Growth	8.4	12.5	(4.1)	8.8	(0.4)
Loan/Deposit Ratio	94.7	94.8	(0.1)	92.2	2.5
Cost/Income Ratio	47.4	45.1	2.3	51.8	(4.3)
ROE	11.2	10.3	0.9	9.4	1.8
NPL Ratio	1.86	1.98	(0.1)	1.75	0.1
Credit Costs (bp)	1.1	57.2	(56.1)	11.7	(10.6)
Loan Loss Coverage	103.7	103.8	(0.0)	113.1	(9.3)
CET-1 CAR	13.0	12.4	0.6	13.2	(0.2)

Source: Alliance Bank, UOB Kay Hian

Key Financials

Year to 31 Mar (RMm)	2026	2027F	2028F	2029F
Net interest income	1,484	1,521	1,620	1,720
Non-interest income	400	418	440	462
Net profit (rep./act.)	827	866	925	981
Net profit (adj.)	827	866	925	981
EPS (sen)	47.8	50.0	53.4	56.7
PE (x)	10.3	9.8	9.2	8.7
P/B (x)	1.0	0.9	0.9	0.8
Dividend yield (%)	3.9	5.7	6.0	6.4
Net int margin (%)	2.40	2.32	2.33	2.34
Cost/income (%)	47.9	49.4	49.2	49.2
Loan loss cover (%)	113.1	104.5	100.6	98.2
Consensus net profit		862	918	976
UOBKH/Consensus (x)		1.00	1.01	1.01

Source: Alliance Bank, UOB Kay Hian

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Axis REIT
(AXRB MK/BUY/RM1.85/Target: RM2.21)

Acquisition Of Warehousing Facility In Pulau Indah

Highlights

- Axis REIT has announced the proposed acquisition of three adjoining parcels spanning 7.19 acres of industrial leasehold land in Pulau Indah, Selangor from Megalift Sdn Bhd. for RM61m.
- Acquisition completion is targeted for 1Q27, pending fulfilment of conditions precedent including relevant authority approvals and the consent letter from Tenaga Nasional Berhad for the transfer of Land 2.
- The property will be leased back to Megalift Sdn Bhd with a fixed period of five years and monthly rent of RM316,826, implying an annual rent of RM3.8m. In terms of location, the property is accessible to major highways through Pulau Indah Highway, New Klang Valley Expressway (NKVE) and North South Expressway (NSE), and sits within Taman Perindustrian Pulau Indah, nearby to the three major shipping terminals within Port Klang.
- The acquisition is in line with Axis REIT's portfolio expansion strategy. While the initial gross yield of 6.23% is slightly below its around 6.5% acquisition yield target, we estimate an initial NPI yield of about 6.0%, which remains above its funding cost and should be earnings accretive. Assuming acquisition completion by end-1Q27, we estimate a pro-forma earnings uplift of about RM0.9m (around 0.4% of our 2027F forecast). Longer term, asset yield could improve through contractual rental step-ups and positive reversion upon lease expiry. The acquisition will be funded via existing bank facilities, increasing Axis REIT's financing ratio to 33.4% (from 32.4% as of end 2Q26).

Earnings Revision/Risk

- No earnings revision, pending the completion of conditions precedent.

Valuation/Recommendation

- **Maintain BUY with an unchanged target price of RM2.21.** Our target price is based on a dividend discount model (required rate of return: 6.5%, terminal growth: 1.5%) and implies a dividend yield of 4.8% for 2026 (vs 10-year mean of 4.8%).

Analyst

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Deleum
(DLUM MK/BUY/RM1.14/Target: RM1.45)

1H26: Below Expectations On Turnaround Deferrals And Operationship Transition

Highlights

- **1H26 results below expectations, comprising 24%/26% of our/consensus forecasts respectively. First interim DPS of 3.5 sen is also lower vs 4 sen yoy.** Although OIS profitability sustains, overall results missed expectation. 1H26 EBITDA of RM84m is lower vs RM90m yoy and our previous 2026F forecast of RM192m. Firstly, we believe Deleum will miss its RM1b revenue target. Further, the lower declared interim DPS suggests management is now expecting a low likelihood for full-year profit to matchSsssssss 2025's RM71m. Negative deviations are due to:
- a) Ongoing deferrals in downstream turnarounds that impact the higher-margin P&M businesses like valves and flow regulators; b) operationship transition whereby the handover process had resulted in temporary disruptions in field activities. This term was publicly mentioned by Deleum for the first time, and we believe they are likely referring to the Searah Eni-Petronas JV and the ownership changes of PRefChem due to Aramco's exit; and c) ongoing geopolitical disputes between Petronas and East Malaysia that still appear to be the overarching factor against the importance of energy security and production enhancement for the case of East Malaysia, especially slickline.
- **Analysing by segments** starting with P&M, the sales of gas turbines declined further qoq to RM87m (1Q26: RM99m, 2Q25: RM114m), while after-sales/retrofits of valves and flow regulators were similar qoq at RM36m (1Q26:RM37m, 2Q25: RM45m). Revenue contribution from OSA Industries Indonesia (OSAII) was higher vs RM3.9m qoq (amount undisclosed). Within OIS, the Modification, Construction and Maintenance (MCM) revenues picked up pace from the previous quarter, growing to RM26m (1Q26: RM9m; 3Q24: nil). Specialty chemicals are also sustaining a quarterly revenue of RM7m (vs RM2m-3m per quarter previously). Slickline contracts revenues were similar qoq at RM27m (1Q26: RM28m, 3Q24: RM36m). Notably, slickline activities in East Malaysia remained subdued while slickline activities in West Malaysia improved.
- **Higher gearing, though still in net cash position.** We noted that Deleum's cash declined qoq from RM250m base in 1Q26 to RM140m, and loans surged qoq from RM46m in 1Q26 to RM57m. Out of these, secured loans amounting to RM44m carries interest rate of 4% while unsecured loans of RM13m interest rate range up to 8%.

Earnings Revision/Risk

- **Cut 2026F-28F earnings and DPS by 28%/16%/16%**, as we cut revenue assumptions mainly for P&M. We expect a better 2H26, on the evidence that key downstream turnarounds are picking up pace.
- **Retain BUY with adjusted target price of RM1.45 (from RM1.55)**, based on 8x 2027F PE after rolling over to 2027 horizon (vs 10x valuation benchmark before mid-24), while implying a 5-6% dividend yield. Deleum's balance sheet remains lean, and P&M still benefits on structural demand growth for both upstream and downstream production.

2Q26 Results

Year to 31 Dec	2Q26 (RMm)	qoq % chg	yoy % chg	1H27 (RMm)	yoy % chg
Revenue	191.5	3.6	(15.2)	376.4	(9.6)
- Power & Machinery (P&M)	127.2	(6.9)	(28.0)	263.8	(11.2)
- Oilfield Integrated Services (OIS)*	64.1	33.3	29.0	112.2	(5.5)
EBIT	18.1	(7.0)	(51.9)	37.5	(44.9)
- Power & Machinery (P&M)	15.1	2.3	(50.4)	29.9	(46.9)
- Oilfield Integrated Services (OIS)	2.9	(35.9)	(58.4)	7.4	(36.0)
Operating Margin	9.5%	0.0	0.0	0.2	84.5
Impairment Loss	0.0	-	-	-	-
Net finance Cost	(1.3)	-	-	(1.7)	-
Associates	1.2	30.0	(41.3)	2.1	(29.0)
PBT	15.7	(11.5)	(58.0)	33.5	(48.0)
Tax	(4.1)	0.7	(57.7)	(8.8)	(48.6)
Net Profit	10.3	14.8	(53.9)	19.3	(38.9)
Core Profit	10.6	20.1	(47.4)	19.4	(39.7)
EPS (sen)	2.6			4.8	
DPS (sen)	3.5			3.5	

** Effective 2Q24, Deleum combined the Oilfield Service (OS) segment and Integrated Corrosion Solution (ICS) segment into OIS.*
Source: Deleum, UOB Kay Hian

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net Turnover	907	997	918	974	1,032
EBIT	130	130	108	135	143
Net Profit (Reported)	80	71	59	72	77
Net Profit (Adjusted)	74	71	59	72	77
EPS (sen)	18.5	17.8	14.7	18.1	19.2
PE (x)	6.1	6.4	7.8	6.3	5.9
P/B (x)	1.0	0.9	0.9	0.8	0.8
EV/EBITDA (x)	1.9	2.0	2.1	1.6	1.4
Dividend Yield (%)	8.2	7.8	6.4	7.9	8.4
Net Margin (%)	8.2	7.1	6.4	7.4	7.4
Net Gearing (%)	-	-	-	-	-
ROE (%)	19.4	17.8	14.2	16.8	17.0
Consensus Net Profit			73	90	113
UOBKH/Consensus (x)			0.81	0.80	0.68

Source: Deleum, Bloomberg, UOB Kay Hian

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Greatech Technology
(GREATEC MK/BUY/RM2.67/Target: RM3.00)

1H26: Below Expectations; Robust Order Backlog Supports A Stronger 2027

Highlights

- **Below expectations.** Greatech Technology (Greatech) reported a sequentially stronger 2Q26 core net profit of RM31.0m (+75% qoq, -17% yoy), bringing 1H26 core net profit to RM48.7m (-37% yoy), which came in below our and street expectations at 29%/27%. Core earnings were mainly adjusted for unrealised forex gains of RM1.7m. The negative deviation was due to slower-than-expected project recognition alongside lower margin during the initial prototyping phase, ahead of the anticipated S-curve earnings ramp-up. However, we expect earnings momentum to strengthen in 2H26, supported by: a) the progressive delivery of DC-related projects, and b) improved operational efficiency driven by higher production utilisation and scaling effects as order execution accelerates in the coming quarters.
- **1H26 revenue declined 5% yoy,** as weaker contributions from the e-mobility, life sciences and solar segments, amid delayed investment decisions, were negated by higher contributions from the DC and semiconductor segments. Core net profit fell 37% yoy, with core net margin contracted to 12.5% (-6.3ppts) due to unfavourable project mix and higher staff cost. Qoq, revenue rose 17% primarily driven by the DC, life science and semiconductor segments, while core net profit surged 75%, partly supported by a swing to a RM2.4m realised forex gain, versus a RM7.5m realised forex loss in 1Q26, resulting in a 4.9ppt improvement on net margin to 14.8%.
- **Orderbook turning firmer.** Greatech's outstanding orderbook surged 3x yoy and rose 10% qoq to RM1.83b, among the strongest within the sector, and provides visibility up to 2H27. Around RM1.0b is expected to carry into 2027 with DC accounting for 50-55% of the orderbook. The DC segment should emerge as the key earnings driver into 2027, supported by stronger deliveries and robust demand visibility over the next three years. Meanwhile, e-mobility demand remains healthy, while life sciences is supported by a growing customer base with RM300m/RM400m orderbook targets for 2026/27. Semiconductor opportunities remain focused on wafer fab equipment, while energy and nuclear could provide additional growth avenues, with nuclear orders targeted at RM150m-200m in 2027 and potentially carry higher margins given the sector's high entry barriers and stringent regulatory requirements.

Earnings Revision/Risk

- **We cut our 2026-2027F earnings forecasts by 5-25%** to reflect slower-than-expected project execution on early stage manufacturing ramp-up, particularly for the nascent DC segment.

Valuation/Recommendation

- **Maintain BUY with a lower target price of RM3.00 (from RM3.10),** based on 34.0x 2027F PE, at the industry's seven-year forward PE to reflect the group's expanding orderbook visibility and anticipated acceleration in job deliveries.

2Q26 Results

Year to 31 Dec	2Q26 (RMm)	qoq % chg	yoy % chg	1H26 (RMm)	yoy % chg
Revenue	209.6	17.1	(9.9)	388.6	(4.8)
Gross profit	52.0	13.3	(20.4)	97.8	(20.9)
EBITDA	47.2	23.7	27.7	85.3	(2.6)
Operating profit	38.9	30.7	31.2	68.7	(5.7)
Finance cost	(0.6)	(2.1)	(19.4)	(1.2)	18.9
Pre-tax profit	38.3	31.4	32.5	67.5	(6.1)
Net Profit	33.6	24.8	29.5	60.5	(3.8)
Core Net Profit	31.0	75.0	(17.4)	48.7	(36.6)
Margins	**%**	**+/- ppt**	**+/- ppt**	**%**	**+/- ppt**
Gross Profit	24.8	(0.8)	(3.3)	25.2	(5.1)
EBITDA	22.5	1.2	6.6	22.0	0.5
PBT	18.3	2.0	5.9	17.4	(0.2)
Net Profit	16.0	1.0	4.9	15.6	0.2
Core Net Profit	14.8	4.9	(1.3)	12.5	(6.3)

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	752.4	771.5	885.0	1315.0	1495.0
EBITDA	202.9	139.5	187.7	297.7	353.5
Operating profit	180.6	107.5	151.9	254.1	305.9
Net profit (rep./act.)	155.0	86.9	128.2	218.3	261.4
Net profit (adj.)	153.4	110.2	128.2	218.3	261.4
EPS (sen)	6.1	4.4	5.1	8.7	10.4
PE (x)	43.7	60.9	52.3	30.7	25.7
P/B (x)	7.4	6.7	5.9	5.0	4.2
EV/EBITDA (x)	32.0	46.7	34.1	20.8	16.8
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
Net margin (%)	20.4	14.3	14.5	16.6	17.5
Net debt/(cash) to equity (%)	(0.2)	(0.2)	(0.3)	(0.4)	(0.5)
Interest cover (x)	(177.7)	(46.2)	(53.7)	(55.1)	(42.5)
ROE (%)	17.0	8.7	11.3	16.2	16.2
Consensus net profit			181.7	247.0	273.4
UOBKH/Consensus (x)			0.71	0.88	0.96

Source: Greatech, UOB Kay Hian

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Hap Seng Plantations
(HAPL MK/HOLD/RM2.54/Target: RM2.70)

Within Expectations; Anticipate Stronger 2H26

Highlights

- **Within expectations.** Hap Seng Plantations (HAPL) reported 2Q26 core net profit of RM39.3m (+23% qoq, +30% yoy), lifting 1H26 earnings to RM71.3m (+8.8% yoy). We deem the results broadly in line with expectations, with 1H26 core net profit accounting for 37%/42% of our and consensus full-year forecasts, as we expect a stronger 2H26 driven by both seasonally higher FFB production and firmer CPO prices.
- **Stronger CPO price offsets soft production.** 2Q26 revenue rose 29% yoy, driven by increased CPO sales volume (+23%) and higher realised CPO prices of RM4,630 per tonne (+7.3%), representing a RM150 per tonne premium to the average MPOB price. Core net profit increased 30% yoy to RM39.3m in tandem with the revenue growth. On a qoq basis, revenue grew 5%, driven by higher CPO prices (+8.3%), which more than offset lower CPO sales volume (-3%) amid a 7% contraction in FFB production. Core net profit grew at a faster pace of 23%, which we believe was supported by higher margins, primarily from stronger ASPs and lower production costs.
- **2H26 earnings set for stronger recovery.** We expect a significant improvement in 2H26 earnings, driven by firmer CPO prices on top of stronger production during the peak production cycle. HAPL has observed a shift in its cropping pattern, with the peak production cycle is expected to move from 3Q to 4Q. Despite seasonally softer production in 2Q26, FFB production improved by 12%/7% yoy in Jun/Jul 26 respectively, and we expect this momentum to sustain in the coming months in line with our assumption of high single-digit FFB production growth for 2026. On costs, management has previously guided for production cost to ease to RM2,300 per tonne in 2026 (-6% yoy) supported by higher production alongside limited impact from higher fertiliser costs, as the group has secured its full-year fertiliser requirement.

Earnings Revision/Risk

- No changes to earnings. Our earnings forecasts are based on key assumptions of: a) FFB production growth of 9%/2% in 2026/27, and b) realised CPO prices of RM4,600 per tonne for 2026/27.

Valuation/Recommendation

- **Maintain HOLD with a higher target price of RM2.70 (previously RM2.47)**, pegged to a higher PE of 11x (from 10x), based on HAPL's five-year average PE. While we like HAPL's for its high earnings leverage to CPO prices, 8-9% increase in net profit for a RM100/tonne increase in CPO price, and substantial net cash position of RM780m (38% of market caps), we foresee limited upside to the current share price, which is trading at 10.5x 2026F.

2Q26 Results

Year to 31 Dec (RMm)	2Q26	qoq%	yoy%	1H26	yoy%
Revenue	201.7	4.8	29.2	394.2	17.5
EBITDA	76.2	15.9	56.0	142.0	24.7
EBIT	53.0	22.3	94.3	96.3	36.3
Net Profit	39.3	294.4	100.0	49.3	16.9
Core Net Profit	39.3	23.0	30.5	71.3	8.8
Margins					
EBITDA	37.8	10.6	20.7	36.0	6.1
Core Net Profit	19.0	14.1	(1.7)	19.5	8.7
Operational Highlights					
FFB production (tonne)	142,197	(7.1)	(1.4)	295,193	6.8
CPO sales volume (tonne)	37,388	(3.1)	22.8	75,966	22.9
CPO Price (RM/tonne)	4,630	8.3	7.3		

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	752.4	702.4	841.7	866.2	872.6
EBITDA	492.9	252.2	339.7	343.4	346.1
Operating profit	407.8	165.4	252.7	257.3	260.9
Net profit (rep./act.)	204.6	124.9	194.8	200.4	203.1
Net profit (adj.)	204.6	151.7	194.8	200.4	203.1
EPS	42.7	15.6	24.4	25.1	25.4
PE (x)	4.8	13.1	8.3	8.2	8.1
P/B (x)	0.8	0.8	0.7	0.7	0.6
EV/EBITDA (x)	2.5	4.7	2.8	2.3	1.8
Dividend yield (%)	4.9	3.0	4.8	4.9	4.9
Net margin (%)	27.1	17.8	23.1	23.1	23.3
Net debt/(cash) to equity (%)	(30)	(34)	(42)	(45)	(48)
Interest cover (x)	0.0	0.0	1.0	2.0	0.0
ROE (%)	16.8	6.1	9.2	9.0	8.7
Consensus net profit	-	-	170.0	171.0	174.0
UOBKH/Consensus (x)	-	-	1.15	1.17	1.16

Source: HAPL, Bloomberg, UOB Kay Hian

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KLCCP Stapled Group
(KLCCSS MK/HOLD/RM8.70/Target: RM9.46)

2Q26: Results In Line; Declares Dividend Of 9.3 Sen

Highlights

- **Results in line.** KLCCP Stapled Group (KLCCSS) reported a 2Q26 revenue of RM416m (+1% qoq, +1% yoy) and core net profit of RM204m (+0.1% qoq, +2% yoy). This brings 1H26 core net profit to RM409m (+2% yoy), in line and representing 48%/47% of our/consensus full-year estimates. KLCCSS declared a 9.3 sen dividend for 2Q26 (+1.1% yoy).
- **Office: Stable.** The office segment remained resilient, recording a revenue of RM147m (+0.2% yoy) in 2Q26. Net property income margin remained steady at 87.8% (2Q25: 87.4%). During the quarter, it has renewed Menara Exxon Mobile lease for another three years with positive rental reversion.
- **Retail:** 2Q26 revenue and operating profit grew to RM144m (+4.2% yoy) and RM120m (+4% yoy) respectively, with NPI margin narrowing to 83.3% (+0.1ppt yoy). Suria KLCC mall saw narrowing tenant sales decline (-3% yoy vs -5% yoy as of end-1Q26), while footfall grew 6% yoy in 1H26 (vs 1Q26: +13% yoy). Management does not foresee pressure for positive retail rental reversion for remainder of the year amid the opening of Ombak KLCC given the distinct offering compared with Suria KLCC.
- **Hotel:** Mandarin Oriental's 2Q26 operating profit shrank to RM1m (-76% yoy), weighed by softer demand and ongoing room renovations, whereby Phase 1 and 2 renovation (34 units) is targeted for completion by 1 Oct 26. The segment recorded a loss of RM2.2m (vs RM2.3m/RM1.1m in 1Q26/2Q25). Hotel occupancy is slightly above 60% as of end-2Q26 (vs its typical range of 60-65%). We expect the hotel segment to gradually improve towards end-26 with year-end holidays and completion of Phase 1 & 2 renovation.

Earnings Revision/Risk

- No changes to earnings forecast.

Valuation/Recommendation

- **Maintain HOLD with an unchanged target price of RM9.46.** Our DDM-based target price is based on a required rate of return of 6.8% and implied yield of 5.1%/5.3% for 2026/27F, vs its 10-year historical mean of 5.2%.

2Q26 Results

Year to 31 Dec (RMm)	2Q26	qoq%	yoy%	1H26	yoy%
Total revenue	**415.7**	**1.0**	**1.3**	**827.5**	**1.3**
Office	146.7	0.2	0.2	293.0	0.1
Retail	143.7	0.1	4.2	287.4	2.2
Hotel	46.7	(4.9)	(7.6)	95.8	(1.7)
Management services	99.5	8.0	3.9	191.6	3.1
Operating expenses	(150.7)	2.4	1.7	(298.0)	1.8
Operating profit	**265.0**	**0.2**	**1.1**	**529.5**	**1.0**
Office	128.7	(0.3)	0.6	257.8	0.5
Retail	119.7	0.6	4.3	238.8	1.8
Hotel	1.1	14.8	(76.2)	2.1	(49.3)
Management services	20.9	3.0	2.6	41.2	3.6
Core net profit	**204.4**	**0.1**	**2.0**	**408.6**	**1.7**
EPU (sen)	11.32	0.1	2.0	22.6	1.7
DPU (sen)	9.30	0.0	1.1	18.6	1.1

Source: KLCCSS, UOB Kay Hian

Key Financials

Year to 31 Dec (RMm)	2025	2026	2027F	2028F	2029F
Net turnover	1,711	1,740	1,738	1,807	1,872
Operating profit	1,067	1,077	1,093	1,121	1,150
Net profit (rep./act.)	1,017	1,280	859	893	920
Net profit (adj.)	782	816	859	893	920
EPU (sen)	43.3	45.2	47.6	49.5	50.9
DPU (sen)	44.5	47.0	48.0	50.0	51.5
PE (x)	21.3	20.4	19.4	18.7	18.1
P/B (x)	3.0	2.8	2.8	2.8	2.8
DPU Yld (%)	4.8	5.1	5.2	5.4	5.6
Net margin (%)	45.7	46.9	49.4	49.4	49.1
Net gearing (%)	22.8	20.9	21.3	21.4	21.5
Interest cover (x)	9.5	9.0	9.9	10.0	10.4
Consensus DPU (sen)	-	-	47.5	49.4	51.4
UOBKH/Consensus (x)	-	-	1.0	1.0	1.0

Source: KLCCSS, Bloomberg, UOB Kay Hian

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Mah Sing Group
(MSGB MK/BUY/RM1.18/Target: RM1.42)

M Araya – First Landbank Replenishment For 2026

Highlights

- **Land acquisition in Ampang, Selangor.** On 26 Aug 26, Mah Sing Group (Mah Sing) announced that its wholly-owned subsidiary had entered into three conditional sale and purchase agreement (SPAs) with Chin & Tan Holdings Sdn Bhd (CTHSB) to acquire 14.38 acres of adjoining land in Ampang, Selangor for RM186.17m.
- **The site is earmarked for M Araya,** a mixed development (with 10% commercial component) with an estimated GDV of RM1.92b. The project targets young professionals, first-time homeowners, growing families and upgraders, with prices starting from RM399,000 and indicative apartment sizes of 700sf and 1,000sf. Upon completion, Mah Sing's total remaining GDV will rise by 5% to RM35.1b (vs as of end-1Q26: RM33.2b).
- **Established location with improving connectivity.** M Araya marks Mah Sing's third development in Ampang after the fully sold M Suites and M City. The site is located opposite AEON BiG Ampang and is surrounded by established retail, healthcare, education and recreational amenities. It is about 3km from Ampang LRT Station and has access to SUKE and AKLEH, while connectivity should improve further with the eventual completion of EKVE Section 2.

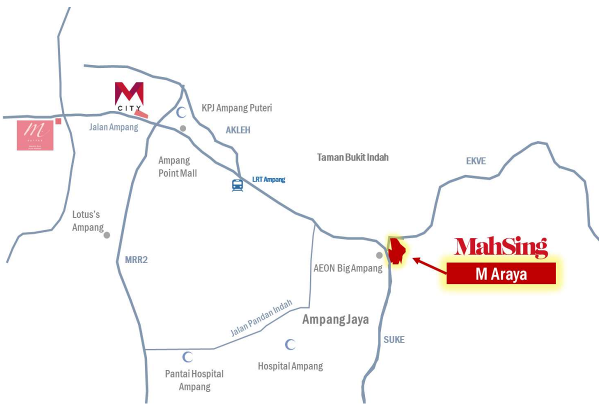
Earnings Revision/Risk

- No earnings revision, pending the completion of conditions precedent. This includes amendments of the local plan, issuance of leasehold title for Land 2 (1.98 acres), and approval for state authority's consent for the land transfer.

Valuation/Recommendation

- **More landbank replenishment is likely.** This is Mah Sing's first land acquisition in 2026. Given that the group replenished about 5.5b-6.4b of GDV per annum over 2023-25, we expect further landbank replenishment for the remainder of 2026, supported by its healthy balance sheet.
- **Attractive land entry cost.** The RM186.17m purchase consideration translates into RM297psf and land cost to GDV ratio of 9.7%, at the lower end of Mah Sing's recent acquisition range. Nevertheless, management indicated that, based on preliminary feasibility studies and value engineering, project margins should be broadly comparable with its existing M-Series development.
- **Earnings contribution from late-27.** The acquisition is expected to be completed within 12 months, with registration of interest targeted for 1Q27 and launch in 2027. Assuming a net margin of 10%, earnings recognition from 4Q27 and a 4-5 year development period, we estimate M Araya could contribute RM10m/RM38m or 3%/12% of our 2027/28 earnings forecast. Our pro forma target price would rise by around 3% to RM1.46 (from RM1.42).
- **Maintain BUY with an unchanged target price of RM1.42.** Our SOTP-based target price implies 0.9x 2026F P/B (10-year mean: 0.7x) and 12.7x 2026F PE (10-year mean: 13.9x). The stock currently offers an attractive value, on the back of: a) solid property sales and take-up rates, and b) acceleration of industrial/DC land monetisation.

Location Map



Source: Mah Sing, UOB Kay Hian

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PPB Group
(PEP MK/BUY/RM10.26/Target: RM13.60)

Within Expectations; Anticipate Stronger Contribution from Wilmar

Highlights

- **Within expectations.** PPB Group (PPB) reported 2Q26 core net profit of RM307.8m (+23% qoq, +9% yoy), bringing 1H26 earnings to RM556.8m (-12% yoy). We deem the results as largely within our expectations, with 1H26 earnings accounting for 43%/44% of our/consensus full-year estimates, as we expect a better performance in 2H26 mainly driven by higher contributions from Wilmar.
- **2Q26 results came in higher yoy and qoq.** PPB's core operations delivered higher earnings of RM128m in 2Q26 (+116% qoq), mainly driven by improved performance across its agribusiness and film segments. Wilmar's contribution to PPB rose to RM255m (+30% yoy, +31% qoq) driven by stronger contribution from its food products segment, following the consolidation of AWL. However, earnings from Wilmar were slightly impacted by the stronger ringgit (Wilmar's 1H26 net profit (US$): +2% yoy, Wilmar's 1H26 contribution to PBB (RM): -6% yoy).
- **Operating segments highlights:**
  a) Grains & agribusiness. PBT doubled qoq to RM78.2m due to improved performance and higher margin in the flour and feed sub-segments, which more than offset a softer performance in the maize, feed and livestock sub-segments.
  b) Consumer products remained at loss due to lower sales volume and higher trade promotion expenses.
  c) Film exhibition & distribution. Turnover rose 48% qoq to RM185m, which also helped drive a strong rebound in PBT contribution to RM19.5m (1Q26: -RM10.2m). However, the segment's performance remained lower yoy (-43%) due to lower net box office collection as well as higher operating costs.
  d) Property. Improvement in mall performance and profit from sales of properties drove a higher segment revenue (+11% yoy) and PBT of RM2m (+70% yoy).
- **Outlook.** Management maintained its cautiously optimistic tone on the overall group's performance, citing rising operating costs environment as the key challenge in 2H26. Overall, PPB expects its main operating segments, namely agribusiness, consumer and film, to deliver satisfactory performance in 2H26. Nonetheless, we are positive on the group's prospect of delivering stronger earnings in 2H26 from higher contributions from Wilmar, driven by the associate's resilient food products business and higher earnings from palm oil division.

Earnings Revision/Risk

None.

Valuation/Recommendation

- **Maintain BUY with an unchanged target price of RM13.60.** Our current valuation of PPB is based on the sum-of-the-parts methodology, which translates into 2026F PE of 14.8x, close to the stock's five-year average PE.

2Q26 Results

Year to 31 Dec (RMm)	2Q26	qoq%	yoy%	1H26	yoy%
Revenue	1,318.4	2.6	(3.0)	2,603.7	(4.0)
EBIT	**119.4**	**165.2**	**14.3**	**164.5**	**(23.1)**
Grains & agribusiness	78.2	73.2	55.2	123.4	(20.0)
Consumer products	(1.2)	(61.7)	(205)	(4.5)	(>100)
Film exhibition	19.5	191	(43.3)	9.3	(63.8)
Property	2.00	-2.3	74.8	3.8	49.8
Associates	273.6	25.0	25.3	492.5	(6.7)
PBT	**383.3**	**50.2**	**22.3**	**638.6**	**(11.8)**
Net profit	338.1	44.5	20.8	572.1	(12.7)
Core net profit	**307.8**	**23.6**	**9.2**	**556.8**	**(12.8)**
Margins	%	+/- ppt	+/- ppt	%	+/- ppt
EBIT	9.1	158.5	17.9	6.3	(20.0)
Core net profit	23.3	20.5	12.6	21.4	(9.2)

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	5,386	5,432	5,727	5,841	5,958
EBITDA	309	(3,739)	474	518	538
Operating profit	309	(3,739)	344	374	387
Net profit (rep./act.)	1,219	(2,733)	1,308	1,425	1,443
Net profit (adj.)	1,135	1,288	1,308	1,425	1,443
EPS	79.8	90.4	91.9	100.1	101.3
PE (x)	13.6	12.0	11.2	10.3	10.1
P/B (x)	0.6	0.7	0.7	0.6	0.6
EV/EBITDA (x)	76.9	-	66.8	64.7	62.5
Dividend yield (%)	4.1	4.1	4.1	4.1	4.1
Net margin (%)	22.6	(50.3)	22.8	24.4	24.2
Net debt/(cash) to equity (%)	1.0	(3.1)	(2.1)	(2.0)	(2.0)
Interest cover (x)	4.8	5.9	5.7	5.5	5.3
ROE (%)	4.8	5.1	5.8	6.1	6.1
Consensus net profit	-	-	1,276	1,378	1,383
UOBKH/Consensus (x)	-	-	1.02	1.03	1.04

Source: PPB, Bloomberg, UOB Kay Hian

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

1QFY27: Exceptional MPM Performance Masks Broad-Based Margin Pressure

Highlights

- **Results are within expectations.** QL Resources' (QL) 1QFY27 core net profit was broadly flat yoy at RM100.8m (-11.1% qoq, +0.2% yoy), representing approximately 21% of our and consensus full-year forecasts respectively. 1Q earnings typically account for 23% of full-year earnings. 1QFY27 revenue rose 7.8% yoy, but PBT increased by only 3.2% as exceptional MPM earnings were partly offset by weaker profitability across ILF, CVS and POCE. PATAMI remained flat as the effective tax rate rose to 26.8% from 25.5%.
- **MPM: Exceptional fishmeal cycle drives earnings.** Marine Product Manufacturing (MPM) revenue grew 18.2% yoy to RM384.3m, while PBT surged 51.5% to RM82.4m, expanding the PBT margin by 4.7ppt to 21.4%. Fishmeal benefitted from higher production and sales volumes alongside record selling prices, as Peru's fishing quota was 24% lower yoy and severe El Niño conditions led to a temporary fishing ban. Fishing recorded encouraging landings, while tighter global supply supported surimi prices and margins. Aquaculture also improved as stronger grow out farm (GOF) and hatchery contributions offset disease-related losses in Kudat. Management expects fishing earnings to remain strong, supported by full vessel mobilisation, encouraging landings and stable prices.
- **ILF: Trading growth masks continued egg-price pressure.** Integrated livestock farming (ILF) revenue rose 9.2% yoy to RM943.0m, driven mainly by higher feed raw-material trading volumes. However, PBT declined 12.3% yoy to RM48.6m, compressing the margin by 1.3ppt to 5.1%. Peninsular Malaysia's layer operations were affected by temporary industry oversupply, weaker egg prices and the full removal of egg subsidies from Aug 25. Vietnam's losses widened amid weak demand and very low egg prices, while Indonesia's layer earnings moderated despite higher volumes. These were partly offset by stronger feed trading and improved overall broiler and Indonesian contributions. Going forward, ILF recovery is likely to remain gradual. Malaysia and Vietnam layer earnings remain pressured by weak egg prices and rising feed costs. This should be partly offset by stable feed trading, branded eggs and improving Indonesian layer and broiler operations.
- **Convenience store (CVS): Softness prevails.** Revenue was flattish (0.7%) yoy to RM326.6m despite 45 net new stores (10.0% yoy), as lower average store sales persisted amid cautious consumer spending and intensifying competition. PBT plunged 53.5%, with the margin contracting to 2.7% from 5.7%, due mainly to softer sales and higher rental and logistics expenses. Sequentially, revenue rebounded 8.9% on Hari Raya spending, but PBT declined 31.5% due to increased promotional expenditure. Management is pursuing targeted promotions, service improvements and a broader product range to lift average store sales. However, it is likely to be outweighed by near-term cautious sentiment.
- **POCE: Project margin compression overshadows positive orderbook outlook.** Palm oil and clean energy (POCE) revenue declined 1.0% yoy to RM197.8m, while PBT fell 35.6% to RM11.6m. Higher bioenergy and solar revenue was offset by lower CPO sales tonnage following a shipment delay. BM Greentech was affected by weaker margins across its operating divisions, intercompany profit eliminations and legal and financing costs relating to the final settlement with PT Pipit Mutiara Indah and QL's minority-interest acquisition. Over the following quarters, palm oil earnings should benefit from favourable CPO prices, stable fresh fruit bunches (FFB) output and oil extraction rate (OER), despite elevated fertiliser costs. Meanwhile, clean energy is supported by a healthy orderbook across renewable energy, battery energy storage system (BESS) and water infrastructure projects.

Earnings Revision/Risk

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

Valuation/Recommendation

- **Downgrade to HOLD with an unchanged target price of RM4.00.** QL's valuation has appreciated by about 20% over the past three months. We believe it largely fairly reflects its future prospects at this juncture. The implied PE to 2027 earnings from our target price is 30.3x or close to -1.0SD to its five-year PE mean. We value QL's long-established businesses at 30x 2027F PE or a 25% discount to Nestle's historical PE valuations. Meanwhile, Family Mart is valued on a DCF basis (WACC: 8.3%, terminal growth: 2.0%).

1QFY27 Results

Year to 31 Mar	1QFY27 (RMm)	qoq % chg	yoy % chg
Revenue	**1,851.7**	**2.5**	**7.8**
MPM	384.3	18.5	18.2
POCE	197.8	(17.6)	(1.0)
ILF	943.0	0.1	9.2
FM	326.6	8.9	(0.7)
Core EBIT	**159.6**	**8.3**	**3.1**
PBT	**151.3**	**0.6**	**3.2**
MPM	82.4	45.2	51.5
POCE	11.6	(75.7)	(35.6)
ILF	48.6	47.1	(12.3)
FM	8.8	(31.5)	(53.5)
Core Net Profit	**100.8**	**(1.6)**	**0.2**
Margins	%	+/- ppt	+/- ppt
EBIT	8.6	0.5	(0.4)
PBT	8.2	(0.2)	(0.4)
Core Net Profit	5.4	(0.2)	(0.4)
Effective Tax Rate	(26.8)	(10.2)	(1.3)

Key Financials

Year to 31 Mar (RMm)	2025	2026	2027F	2028F	2029F
Net turnover	7,073	7,047	7,474	7,959	9,086
EBITDA	990	970	1057	1118	1091
Operating profit	711	677	750	806	773
Net profit (rep./act.)	456	450	470	501	528
Net profit (adj.)	456	450	470	501	528
EPS (sen)	12.5	12.3	12.9	13.7	14.5
PE (x)	32.1	32.4	31.1	29.2	27.7
P/B (x)	4.6	4.4	3.9	3.5	3.2
EV/EBITDA (x)	13.7	13.6	12.4	11.5	11.5
Dividend yield (%)	0.9	0.9	1.0	1.1	1.1
Net margin (%)	6.4	6.5	6.3	6.3	5.8
Net debt/(cash) to equity (%)	8.7	0.3	(5.3)	(12.8)	(16.9)
Interest cover (x)	21.2	18.8	20.3	21.4	20.9
ROE (%)	17.9	17.5	16.6	16.5	16.3
Consensus net profit	-	-	479	504	530
UOBKH/Consensus (x)	-	-	0.98	0.99	1.00

Source: QL, Bloomberg, UOB Kay Hian

Analyst

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WCT Holdings
(WCTHG MK/HOLD/RM0.405/Target: RM0.420)

1H26: In Line; Interest Savings Offset Broad Softness

Highlights

- **Broadly within expectations.** WCT Holdings (WCT) reported a core net profit of RM26.7m in 1H26 (-9.7% yoy). We arrive at this core number after removing: a) allowance for impairments of RM0.1m, b) gains on disposals of RM3.6m, and c) forex gains of RM1.6m. Earnings broadly met expectations, making up 56% of our and 51% of consensus full-year forecasts. While earnings declined yoy across most segments, core net profit was lifted by a 34.6% decline in interest costs following the repayment of short-term debt. We note that despite short-term borrowings being pared down RM313.0m in 1H26, long-term borrowings increased by RM686.4m during the same period.
- **Construction continued to incur losses.** WCT's construction segment reported LBIT of RM10.7m (1H25: RM9.2m profit) on revenue of RM438.6m (-7.2% yoy) in 1H26. Outstanding orderbook came in at RM3.7b while tenderbook came in at RM14.0b. Overall, the segment remained in the red for the third quarter in a row as recognitions slowed alongside the minimal replenishments. Looking forward, the recently secured international projects in Taiwan and the Middle East could signal a rejuvenation of the construction arm. However, given previous struggles with earnings delivery, we remain conservative on the segment for now.
- **Property sales declining.** Looking to WCT's property segment, the group's property development arm saw EBIT contract to RM45.6m (39.8% yoy). As of end-1H26, unbilled sales stood at RM869m while unsold completed inventories stood at RM88m. Overall, property sales remained soft in 1H26, coming in at only RM203m (vs RM568m in 1H25). Given that 1H26 sales only made up 17% of WCT's RM1.2b sales target for 2026, we believe earnings for the segment may remain soft going forward given as the group had also missed its 2025 sales target.
- **Looking to the retail segment,** EBIT declined 67.6% yoy largely due to the disposal of three malls (Paradigm Mall PJ, Paradigm Mall JB and AEON Bukit Tinggi) as part of its REIT listing. While this was partially offset by higher associate income from its stake in Paradigm REIT, the dilution of interest in the three properties resulted in an overall earnings decline.

Earnings Revision/Risk

- We lift our 2026/27/28 earnings by 8%/8%/9% respectively, imputing lower interest costs.

Valuation/Recommendation

- **Maintain HOLD with a lower SOTP-based target price of RM0.42 (from RM0.50)** as we increase our RNAV discount to 35% from 30% previously. Our target price implies a 2026F PE ratio of 11.6x, around its five-year mean.

2QFY26 Results

Year to 31 Mar	2Q26 (RMm)	qoq % chg	yoy % chg	1H27 (RMm)	yoy % chg
Revenue	**370.3**	**(16.8)**	**(33.0)**	**815.6**	**(20.4)**
Construction	192.3	(21.9)	(22.3)	438.6	(7.2)
Property Development	127.9	(16.0)	(47.0)	280.1	(32.8)
Investment Proproty	50.1	6.9	(21.4)	97.0	(28.5)
EBIT	**22.4**	**(28.4)**	**(67.6)**	**53.5**	**(62.4)**
Construction	(5.2)	(3.6)	(349.3)	(10.7)	(216.0)
Property Development	18.0	(34.6)	(61.1)	45.6	(39.8)
Investment Property	9.6	5.6	(53.4)	18.6	(67.6)
PBT	**21.7**	**(23.8)**	**(24.6)**	**50.2**	**(19.2)**
PATAMI	**14.7**	**220.9**	**(4.0)**	**31.8**	**16.6**
Core PATAMI	**22.6**	**447.8**	**31.3**	**26.7**	**(9.7)**
Margins	%	+/- ppt	+/- ppt	%	+/- ppt
EBIT - Construction	(2.7)	(0.5)	(3.6)	(2.4)	(4.4)
EBIT - Property	14.1	(4.0)	(5.1)	16.3	(1.9)
EBIT - Investment	19.1	(0.2)	(13.1)	19.2	(23.1)
EBIT - Construction	(2.7)	(0.5)	(3.6)	(2.4)	(4.4)

Source: WCT, UOB Kay Hian

Key Financials

Year to 31 Mar (RMm)	2024	2025	2026F	2027F	2028F
Net Turnover	1,824	1,973	1,632	1,377	1,205
EBIT	380	203	185	183	179
Net Profit (Reported)	278	48	51	51	49
Net Profit (Adjusted)	(39)	57	51	51	49
EPS (sen)	(2.8)	4.1	3.6	3.6	3.4
PE (x)	n.m.	10.9	12.1	12.2	12.8
P/B (x)	0.2	0.2	0.2	0.2	0.2
EV/EBITDA (x)	7.3	10.9	11.9	12.2	12.9
Dividend Yield (%)	n.a.	n.a.	n.a.	n.a.	n.a.
Net Margin (%)	15.2	2.4	3.1	3.7	4.0
Net Gearing (%)	0.7	0.5	0.5	0.5	0.6
ROE (%)	2.6	1.6	1.5	1.5	1.4
Consensus Net Profit			52.0	61.0	66.0
UOBKH/Consensus (x)			1.0	0.8	0.7

Source: WCT, Bloomberg, UOB Kay Hian

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Market Spotlight

Market News

The FBMKLCI closed marginally higher at 1,748.54 (+12.21pt, +0.70%) yesterday, backed by gains in blue chips. Meanwhile, Asian stocks stuttered on Wednesday as a drop in oil prices dragged bond yields lower on hopes that the critical Strait of Hormuz could reopen, while investors braced for yet another make-or-break earnings report from AI bellwether Nvidia.The FBMKLCI's top gainers were YTL Power International (+9.9%), YTL Corporation (+6.6%) and Petronas Dagangan (+2.6%), while the top losers were Petronas Chemicals Group (-3.2%), Mr D.I.Y. Group (M) (-2.7%) and MISC (-1.9%). In the broader market, gainers outpaced losers 777 to 466 with 582 counters unchanged. Turnover was 4.17b shares valued at RM4.20b.

US stocks were lower after the close on Wednesday, as losses in the healthcare, consumer services and consumer goods sectors led shares lower. At the close in NYSE, the Dow Jones Industrial Average fell 0.21%, while the S&P 500 Index lost 0.02%, and the NASDAQ Composite Index fell 0.08%. Falling stocks outnumbered advancing ones on the New York Stock Exchange by 1,465 to 1,245 and 98 ended unchanged; on the Nasdaq Stock Exchange, 1,949 fell and 1,421 advanced, 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:	1,748.54
Expected moving range:	1,720-1,750

Technical View:

The FBMKLCI has pared down earlier losses as it managed to close in green territory yesterday. Given the positive follow-through from the successful closing above the BBI line, the index may rise higher. RSI just penetrated above the 50ppt threshold and may send the index higher. But overall, we expect the index will move in a sideways mode ranging from 1,720-1,750 afterward. 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 BUY with +3.2% potential return

Trading BUY range:	RM4,900-5,020
Last price:	RM4,872
Target price:	RM4,948, RM5,029
Support:	RM4,795
Stop-loss:	RM4,794

BUY with a target price of RM5,029 and stop-loss at RM4,794. Based on the chart, FCPO continued the bullish movement and closed higher at RM4,872 on yesterday's movement. This bullish movement is supported by an uptick in RSI and bullish crossover in both MACD and DMI indicators. We peg our targets at RM4,948 and RM5,029 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 1.2% potential return

Trading BUY range:	1,730-1,750
Last price:	1,747.5
Target price:	1,764, 1,769
Support:	1,736
Stop-loss:	1,734

BUY with a target price of 1,769 and stop-loss at 1,734. Based on the chart, FKLI hit our both previous targets at 1,747 and 1,757 before formed a pullback to the current level. This bullish movement is supported by an uptick in the RSI and bullish crossovers in the MACD. We peg our new targets at 1,764 and 1,769 in the near term.

Expected timeframe: One day to three days

Traders' Corner

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Source: UOBKH ChartGenie

Aeon Co. (M)
AEON MK

Technical BUY on breakout with +16.0% potential return

Trading BUY range:	RM1.06-1.07
Last price:	RM1.02
Target price:	RM1.17, RM1.23
Support:	RM0.99
Stop-loss:	RM0.985

BUY on breakout with a target price of RM1.23 and stop-loss at RM0.985. Following the earlier correction, share price has rebounded and moved above the BBI line, implying that the recent correction is over. The steady incline in the RSI points to a gradual rise in momentum. This is supported by the positive readings in both the MACD and DMI. As such, we expect the upward movement to be sustainable, and thus peg our upside targets at RM1.17 and RM1.23 once it breaks above the breakout level of RM1.06.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading

Source: UOBKH ChartGenie

Cahya Mata Sarawak
CMS MK

Technical BUY with +19.8% potential return

Trading BUY range:	RM1.06-1.07
Last price:	RM1.04
Target price:	RM1.19, RM1.27
Support:	RM0.98
Stop-loss:	RM0.975

BUY with a target price of RM1.27 and stop-loss at RM0.975. Based on the daily chart, the share price managed to penetrate the breakout level of RM1.06 with higher trading volume on yesterday's movement. This is supported by an uptick in the RSI and DMI, which show that buying pressure has overcome selling pressure. We peg our short- and medium-term targets at RM1.19 and RM1.27 respectively.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading

Source: UOBKH ChartGenie

P.I.E Industrial
PIE MK

Technical BUY with +15.0% potential return

Trading BUY range:	RM1.65-1.70
Last price:	RM1.73
Target price:	RM1.87, RM1.99
Support:	RM1.45
Stop-loss:	RM1.44

BUY with a target price of RM1.99 and stop-loss at RM1.44. 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 our targets at RM1.87 and RM1.99 in the near term.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading