UOBKayHian

Country Daily | Malaysia

Tuesday, 1 September 2026

Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	53,185.9	(0.7)	(0.4)	1.3	10.7
S&P 500	7,686.1	(0.3)	0.4	2.6	12.3
FTSE 100	10,824.3	0.3	0.1	(0.4)	9.0
AS30	9,271.4	(0.2)	(0.5)	1.5	2.8
CSI 300	4,625.1	0.3	1.4	0.8	(0.1)
FSSTI	5,755.4	1.0	1.3	2.3	23.9
HSCEI	8,513.2	0.3	0.5	(1.1)	(4.5)
HSI	25,567.0	(0.1)	0.2	(1.2)	(0.2)
JCI	6,525.5	0.1	(0.0)	4.6	(24.5)
KLCI	1,725.9	(0.9)	(0.6)	0.1	2.7
KOSPI	6,820.0	0.5	1.8	3.4	61.8
Nikkei 225	66,311.9	(0.1)	1.2	3.0	31.7
SET	1,595.2	0.4	(0.4)	(1.8)	26.6
TWSE	46,128.5	(0.4)	3.1	7.0	59.3
BDI	3,186	2.5	12.1	16.6	69.7
CPO (RM/mt)	4,613	0.4	(0.6)	1.8	17.3

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 | Axiata Group (AXIATA MK/**BUY**/RM1.82/Target: RM2.50) Page 3 →

- 2Q26 net profit came in weak at RM42.5m (-84% yoy; -85% qoq). This was due to lower ringgit translated earnings, elevated withholding tax expense, and an increase in interest and depreciation expenses. Edotco also booked a one-off commercial settlement cost relating to discounts given for early contract extensions. Axiata declared a 5.5 sen interim DPS and remains on track to deliver 11 sen net DPS in 2026. Maintain BUY with an SOTP-based target price of RM2.50.

Company Results | CIMB Group (CIMB MK/**BUY**/RM7.80/Target: RM9.30) Page 6 →

- CIMB reported 2Q26 earnings that are broadly in line. Excluding forex impact, 2Q26 earnings growth accelerated to 7.3% yoy (1Q26: +1.7%), bringing 1H26 growth to 4.5% yoy. Maintain BUY and target price of RM9.30.

Company Results | IOI Corporation (IOI MK/**BUY**/RM4.68/Target: RM5.15) Page 9 →

- IOI's 4QFY26 core net profit of RM408m (+38.2% qoq, +26.2% yoy) was the strongest quarter of FY26, taking full-year core earnings to RM1,512m (+14.6% yoy) or 103%/104% of our/consensus forecasts. The swing factor for the year was downstream: resource-based manufacturing underlying profit rose 173% yoy to RM407m. A 7.0 sen second interim dividend lifted FY26 DPS to 12.5 sen. We maintain BUY with a higher SOTP-based target price of RM5.15 rolled forward to FY27.

Company Results | Kerjaya Prospek Group (KPG MK/**BUY**/RM2.96/Target: RM3.54) Page 12 →

- KPG's 1H26 broadly met expectations. Revenue came in soft due to project completions but clawbacks from said projects saw margins improve across the board. Looking forward, the outlook appears bright as potential to secure further contracts beyond the already record replenishments signal for stronger construction earnings. However, revenue may remain weak in 3Q26 as the lag in early milestone recognitions for new contracts is expected to last into 4Q26. Maintain BUY with a higher target price of RM3.54 (from RM3.20).

Company Results | Mah Sing Group (MSGB MK/**BUY**/RM1.18/Target: RM1.42) Page 15 →

- Results were in line and we expect stronger 2H26 on higher progressive billings. 1H26 sales arrived at RM1.32b and is on track to meet the full-year target of RM2.76b, with upcoming launches of RM1.7b. Meanwhile, sales gallery of Corus site should be ready by 4Q26 and launch in 1Q27. Manufacturing segment EBIT turned positive in 2Q26 on higher utilisation for glove production lines and cost pass-through. Maintain BUY on Mah Sing with an unchanged target price of RM1.42.

Company Results | RHB Bank (RHBBANK MK/**HOLD**/RM8.68/Target: RM9.10) Page 18 →

- 1H26 earnings came in within expectations, supported by higher NII, positive JAWS and lower credit costs. 2Q26 earnings fell qoq on weaker NOII and NIM compression, partly cushioned by higher NII and lower NCC. Downgrade RHB to HOLD with an unchanged target price of RM9.10 (1.11x 2027F P/B, 10.3% ROE). Risk-reward is now more balanced following the strong ytd performance. The stock offers a dividend yield of 5.6-6.1%.

What's Inside

- Farm Fresh's 1QFY27 core profit of RM26.5m (-5.1% qoq, -19.3% yoy) was broadly in line, representing 18% of our and consensus full-year forecasts. Strong sales growth was offset by margin compression. Distribution expansion, exports and new products should sustain sales momentum, while price hikes support partial margin recovery. Maintain HOLD and target price of RM2.05.

- MRCB's results came in below expectations. The weaker results mainly reflect the softer property development and construction segment, dragged by lower sales and progress billings. Nevertheless, several positive developments such as securing the Penang LRT system turnkey contracts, developing an AI DC in Bukit Jalil, and the disposal of Cyberjaya landbanks will drive 2027-28 earnings growth. Upgrade to BUY with a higher target price of RM0.39 as we increased our construction progress billings for 2027-28.

- Northern Solar reported a 1QFY27 core net profit of RM3.7m (+18% qoq). Earnings were driven by maiden LSS5 contribution and improved demand for C&I solar installations. Accounting for 17% of our full-year estimate, we deem the results to be in line. We expect stronger quarterly earnings, supported by its RM120m LSS5 progress billing. Maintain BUY with a target price of RM1.00.

- Oriental Kopi's 3QFY26 core profit of RM17.0m brought 9MFY26 earnings to RM49.3m (+7.4% yoy), below expectations. Outlet expansion supported sales growth, but weaker sales per outlet and softer margins weighed on profitability. We cut our earnings forecast by approximately 10% and downgrade to HOLD, lowering our target price to RM1.05.

- SKP's 1QFY27 results were below expectations, recorded a core net loss of RM3.8m amid weaker customer orders, softer demand and tariff-related cost-down initiatives. While sales rose 11% qoq on higher order volumes, profitability remained under pressure. We expect near-term earnings headwinds from softer consumer demand and margin compression, prompting a 19-24% cut to FY27-28 forecasts. We maintain HOLD with a lower target price of RM0.29 (from RM0.36).

Market Spotlight

- The FBMKLCI fell 15.84pt to close at 1,725.88 last Friday, as the sell-off in global stocks that briefly looked to have ended mid-week has come back, tipping markets from the US.
- US stocks were lower after the close on Friday, as losses in the industrials, utilities and technology sectors led shares lower.

Technical Analysis

- Trading Buy Range: RM0.45-0.48

- Trading Buy Range: RM1.41-1.42

- Trading Buy Range: RM1.48-1.50

Axiata Group (AXIATA MK)

2Q26: In Line; Partial Monetisation Of Edotco Remains A Key Catalyst

Highlights

- Axiata recorded a weak 2Q26 net profit of RM42.5m (-84% yoy; -85% qoq) attributed to low er ringgit translated earnings, elevated withholding tax expense, and an increase in interest and depreciation expenses.
- Axiata declared a 5.5 sen interim DPS and remains on track to deliver 11 sen net DPS in 2026. Net debt/EBITDA expanded to 2.63x in 2Q26 (1Q26: 2.51x).
- Maintain BUY with an SOTP-based target price of RM2.50. At its current valuation, the stock offers an attractive dividend yield of 6% for 2026.

2Q26 Results

Year to 31 Dec (RMm)	2Q26	qoq%	yoy%	1H26	yoy%
Revenues	**2,870.3**	**2.5**	**(3.2)**	**5,670.2**	**(3.2)**
Reported EBITDA	1,349.1	(0.5)	(6.3)	2,704.9	1.7
Reported EBITDA Margin (%)	47.0	(1.4)	(1.5)	47.7	2.3
Reported Pre-tax profit	348.9	(32.7)	54.5	867.4	86.0
Reported Net profit (from continued operations)	**42.5**	**(84.5)**	**(84.3)**	**316.3**	**(26.5)**
Cost Structure (% of revenue)	**2Q25**	**3Q25**	**4Q25**	**1Q26**	**2Q26**
Direct Expenses	7.6%	10.3%	8.2%	10.4%	11.3%
S&M	6.0%	7.3%	7.5%	7.0%	7.7%
Staff cost	7.9%	11.7%	10.6%	10.1%	10.0%
G&A +others	29.8%	23.5%	25.6%	23.1%	22.9%

Source: Axiata, UOB Kay Hian

Analysis

- **2Q26: In line.** Axiata Group (Axiata) reported a 2Q26 net profit of RM42.5m (-84% yoy; -85% qoq). The weaker quarter was due to: a) RM43m forex loss on financing activity; b) lower ringgit translated earnings due to the ringgit strengthening; c) elevated withholding tax (~RM50m) vs a one-off tax credit in 1Q26 (~RM12m); and d) higher depreciation expenses. Qoq revenue growth was supported by healthy performance across all OpCos and associates. 1H26 net profit of RM316.3m (-27% yoy) represents 51% and 47% of house and consensus full-year forecasts respectively.

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	22,334.6	11,758.0	11,858.6	12,183.3	12,519.4
EBITDA	11,129.0	5,460.0	5,771.2	6,054.9	6,322.0
Operating profit	3,787.8	1,566.6	1,764.2	2,269.0	2,686.9
Net profit (rep./act.)	946.8	364.6	622.3	1,050.4	1,263.1
Net profit (adj.)	852.2	364.6	622.3	1,050.4	1,263.1
EPS	9.3	4.0	6.8	11.4	13.8
PE (x)	19.6	45.8	26.9	15.9	13.2
P/B (x)	0.8	0.8	0.8	0.8	0.8
EV/EBITDA (x)	3.7	5.8	5.5	5.3	5.1
Dividend yield (%)	5.5	5.5	6.0	6.6	7.3
Net margin (%)	3.8	3.1	5.2	8.6	10.1
Net debt/(cash) to equity (%)	86.5	55.5	55.2	54.8	54.6
Interest cover (x)	1.5	1.8	2.6	3.6	4.8
ROE (%)	4.0	1.8	3.1	5.3	6.3
Consensus net profit			712.0	961.5	1,114.0
UOBKH/Consensus (x)			0.9	1.1	1.1

Source: Axiata, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	RM1.82
Target Price	RM2.50
Upside	+37.4%

Stock Data

Sector	Communication Services
Bloomberg ticker	AXIATA MK
Shares issued (m)	9,188.2
Market cap (RMm)	16,722.6
Market cap (US$m)	4,156.7
3-mth avg daily t'over (US$m)	4.5

Price Performance (%)

52-week high/low: RM2.79/RM1.81

1mth	3mth	6mth	1yr	YTD
(8.1)	(8.1)	(21.6)	(31.1)	(27.8)

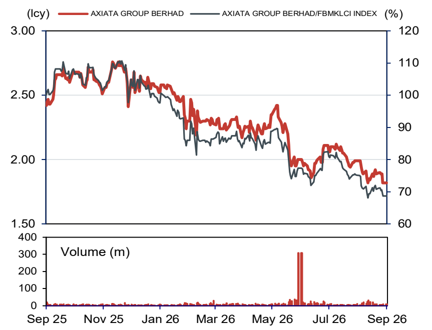
Major Shareholders (%)

Khazanah Nasional Bhd	36.4
Employee Provident Fund	20.2
Skim Amanah Saham	13.9

Balance Sheet Metrics

FY26F NAV/Share (RM)	2.2
FY26F Net Cash/Share (RM)	1.2

Price Chart



Source: Bloomberg

Company Description

Mobile operator.

- **Dividend in line.** Axiata declared a 5.5 sen interim DPS, broadly in line, and remains on track to deliver 11 sen net DPS in 2026. This is underpinned by the receipt of the RM297m deferred consideration for XL Axiata's disposal in 2Q26, and healthy dividends from OpCos/associates.
- **Balance sheet optimisation.** Axiata's balance sheet remains healthy despite reporting a higher net debt/EBITDA of 2.63x in 2Q26 (1Q26: 2.51x), primarily due to Robi and Dialog leveraging up to fund their network modernisation and 5G rollout. To recap, management targets a net debt/EBITDA of 2.5x by end-26 and a run-rate of < 2.0x by 2028, excluding InfraCo monetisation prospects.

1H26 Performance Of Operating Companies (OpCos)

Robi (Bangladesh)	- On a constant currency (CC) basis, 1H26 revenue rose 8% yoy, driven by strong data demand, reflected by its 7% increase in prepaid data revenue. EBITDA (+16% yoy) and PATAMI (+29% yoy) reflected cost discipline, partly offset by higher interest cost. - Robi saw its net debt/EBITDA expanding to 1.2x to finance its network modernisation investments within the Dhaka region.
Dialog (Sri Lanka)	- On a CC basis, 1H26 revenue rose 9% yoy owing to strong mobile growth momentum and rising prepaid data revenue (+9% yoy) driven by strong demand for sports events streaming. - PATAMI (+>100% yoy) reflected cost discipline, with its net debt/EBITDA rising to 0.6x as the company looks to fund its 5G rollout to maintain network and ARPU leadership. - Dialog continues to deliver its quarterly dividend commitments, with 1H26 dividends amounting to SLR1.40/share.
SMART (Cambodia)	- On a CC basis, ytd revenue rose 8% yoy, thanks to prepaid data growth. - EBITDA was up 3% yoy but PATAMI fell 1% yoy due to elevated finance cost.
Edotco	- Revenue fell 8% yoy in 1H266 due to lower Ringgit translated earnings. - EBITDA (-12% yoy) and PATAMI (-51% yoy) owing to a one-off commercial settlement cost relating to discounts given for early contract extensions. Management remains optimistic of performance improving in 2H26.

Source: Axiata, UOB Kay Hian

Valuation/Recommendation

- **Maintain BUY with an SOTP-based target price of RM2.50.** Against a backdrop of timeline uncertainties regarding the infraco's monetisation, we have raised the holding company discount from 15% to 30%. We reiterate our BUY rating for its deep asset value. Downside will be supported by an attractive near-term dividend yield of close to 6%.

Earnings Revision/Risk

- No changes to earnings.

Share Price Catalyst

- **Edotco monetisation at a potential valuation of RM8b-17b.** Based on our estimated blended trade-sale valuation of 7-10x EV/EBITDA, we believe the Edotco's Malaysian tower assets would command a premium relative to its frontier market operations, which management has guided could be valued at 4.0-4.5x EV/EBITDA. At 10x EV/EBITDA, the transaction is expected to be earnings accretive.

Environment, Social, Governance (ESG) Updates

Environmental

- Committed to achieving net-zero emission by no later than 2050 and absolute reductions of 42% in Scope 1 and 2 GHG emissions, and 25% in Scope 3 GHG emissions by 2030 from a 2022 base year.

Social

- Achieved 34% women's representation in senior management across the group in 2025.

Governance

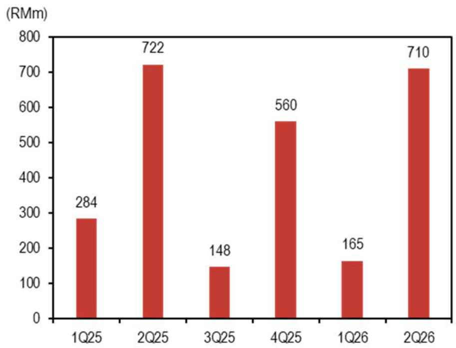
- Over 95% training completion for anti-bribery and anti-corruption, whistleblowing, data privacy and cyber security yearly.

Fair Value At RM2.50/Share

	Equity Value (RMm)	% of SOTP
Operating Companies		
Celcom	16,646	50%
XL Axiata	3,959	12%
SMART	3,748	11%
Robi	3,997	12%
Dialog	212	1%
Total OPCOs	**28,562**	**87%**
Edotco	8,316	25%
ADA	635	2%
Boost	534	2%
Link Net	1,500	5%
Holding company debt	(6,533)	(20%)
Total (RMm)	**16,646**	
Axiata's SOTP (RM/share)	3.60	
Axiata's Fair Value (RM/share)	**2.50**	**30% discount**

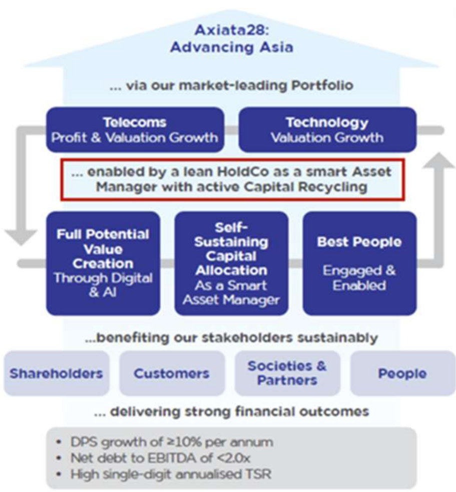
Source: UOB Kay Hian

Dividend Upstream From OpCos



Source: Axiata, UOB Kay Hian

Axiata28



Source: Axiata

Profit & Loss

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Net turnover	**11,758**	**11,859**	**12,183**	**12,519**
EBITDA	5,460	5,771	6,055	6,322
Deprec. & amort.	(3,893)	(4,007)	(3,786)	(3,635)
EBIT	1,567	1,764	2,269	2,687
Total other non-operating income	-	-	-	-
Associate contributions	19	417	753	759
Net interest income/(expense)	(548)	(403)	(387)	(386)
Pre-tax profit	**996**	**1,779**	**2,635**	**3,060**
Tax	(656)	(889)	(1,317)	(1,530)
Minorities	(267)	(267)	(267)	(267)
Net profit	**365**	**622**	**1,050**	**1,263**
Net profit (adj.)	365	622	1,050	1,263

Balance Sheet

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Fixed assets	14,457	13,415	12,675	12,169
Other LT assets	27,848	28,266	29,018	29,778
Cash/ST investment	3,747	3,522	2,652	1,666
Other current assets	3,716	3,748	3,849	3,953
Total assets	**49,768**	**48,950**	**48,194**	**47,566**
ST debt	6,651	6,401	5,901	5,401
Other current liabilities	7,196	6,999	7,037	7,102
LT debt	8,402	8,152	7,652	7,152
Other LT liabilities	3,451	3,451	3,451	3,451
Shareholders' equity	20,357	19,969	19,908	19,949
Minority interest	3,711	3,978	4,245	4,512
Total liabilities & equity	**49,768**	**48,950**	**48,194**	**47,566**

Cash Flow

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Operating	**3,706**	**4,653**	**4,675**	**4,752**
Pre-tax profit	996	1,779	2,635	3,060
Tax	(656)	(889)	(1,317)	(1,530)
Deprec. & amort.	3,893	4,007	3,786	3,635
Associates	(19)	(417)	(753)	(759)
Working capital changes	(1,264)	(229)	(63)	(40)
Non-cash items	209	-	-	-
Investing	548	403	387	386
Capex (growth)	**(20)**	**(2,821)**	**(2,924)**	**(3,045)**
Investments	(2,041)	(2,965)	(3,046)	(3,130)
Others	2,021	143	122	85
Financing	**4,187**	**(2,057)**	**(2,620)**	**(2,694)**
Dividend payments	(919)	(1,010)	(1,111)	(1,223)
Issue of shares	10	-	-	-
Proceeds from borrowings	(8,139)	(500)	(1,000)	(1,000)
Others/interest paid	13,235	(546)	(509)	(471)
Net cash inflow (outflow)	**7,873**	**(225)**	**(869)**	**(987)**
Beginning cash & cash equivalent	**3,542**	**2,573**	**2,348**	**1,479**
Changes due to forex impact	(470)	-	-	-
Ending cash & cash equivalent	**2,573**	**2,348**	**1,479**	**492**

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	46.4	48.7	49.7	50.5
Pre-tax margin	8.5	15.0	21.6	24.4
Net margin	3.1	5.2	8.6	10.1
ROA	0.7	1.3	2.2	2.7
ROE	1.8	3.1	5.3	6.3
Growth				
Turnover	(47.4)	0.9	2.7	2.8
EBITDA	(50.9)	5.7	4.9	4.4
Pre-tax profit	(61.2)	78.7	48.1	16.2
Net profit	(61.5)	70.7	68.8	20.3
Net profit (adj.)	(57.2)	70.7	68.8	20.3
EPS	(57.2)	70.7	68.8	20.3
Leverage				
Debt to total capital	41.9	40.9	38.4	35.8
Debt to equity	73.9	72.9	68.1	62.9
Net debt/(cash) to equity	55.5	55.2	54.8	54.6
Interest cover	1.8	2.6	3.6	4.8

CIMB Group (CIMB MK)

2Q26: Resilient Showing Despite Forex And NIM Headwinds

Highlights

- 2Q26 earnings are in line (+3% yoy, +1% qoq), supported by strong non-interest income growth and solid cost discipline.
- Healthy asset growth, strong non-interest income and solid cost discipline helped cushion the weaker-than-expected NIM trend.
- Maintain BUY and target price of RM9.30 (1.28x 2026F P/B, 11.7% ROE). The stock offers a lush dividend yield of 6.5% for 2026.

2Q26 Results

Year to 31 Dec (RMm)	2Q26	2Q25	yoy%	1H26	yoy%
Net Interest Income	2,724.7	2,798.2	(2.6)	5,390.7	(4.1)
Islamic Banking	1,227.5	1,266.7	(3.1)	2,416.2	(2.6)
Fees & Commissions	592.6	581.7	1.9	1,187.9	(0.7)
Other Operating Income	1,027.7	965.3	6.5	1,996.4	9.8
Modification loss	(10.4)	(10.2)	1.4	(18.9)	17.3
Total Income	5,562.1	5,601.8	(0.7)	10,972.4	(1.2)
Operating Expenses	(2,514.7)	(2,551.2)	(1.4)	(5,069.5)	(1.2)
PPOP	3,047.4	3,050.5	(0.1)	5,902.8	(1.1)
Allowance for impairment on loans	(441.1)	(408.5)	8.0	(798.4)	14.7
Impairment on securities	(27.1)	4.4	n.m.	(25.9)	n.m.
PBT	2,617.8	2,657.8	(1.5)	5,177.3	(2.1)
Net Profit	1,948.6	1,899.0	2.6	3,873.6	(0.1)
EPS (sen)	18.0	17.5	2.7	35.8	(0.1)
DPS (sen)	19.7	19.8	(0.5)	19.7	(0.5)
Financial Ratios (%)	**2Q26**	**2Q25**	**yoy +/- ppt**	**1Q26**	**qoq +/- ppt**
NIM	2.04	2.15	(0.11)	2.08	(0.04)
Loan Growth, yoy	2.0	1.0	1.0	1.1	0.9
Cost/Income Ratio	45.1	45.5	(0.3)	47.1	(2.0)
Reported ROE	11.1	10.8	0.3	11.0	0.1
NPL Ratio	1.6	2.1	(0.5)	1.7	(0.0)
Credit Costs (bp)	38.5	36.4	2.1	31.4	7.1
CET-1 CAR	13.9	14.7	(0.8)	13.8	0.1

Source: CIMB Group, UOB Kay Hian

Analysis

- **In line.** CIMB Group (CIMB) reported 2Q26 net profit of RM1.92b (+3% yoy, +1% qoq), bringing 1H26 earnings to RM3.87b (flattish yoy). We deem the results broadly in line, at 47%/48% of our/consensus full-year forecasts respectively, and expect earnings to be stronger hoh in 2H26, driven by continued non-interest income momentum, normalisation in credit costs at CIMB Niaga and positive forex translation from regional currencies strengthening against the ringgit. Overall, healthy asset growth, strong non-interest income and solid cost discipline helped cushion the weaker-than-expected NIM trend in 2Q26.
- **Displays solid growth traction ex-forex impact.** Reported earnings were weighed by negative forex translation from the stronger ringgit against regional currencies. On a constant-currency basis, however, 2Q26 earnings growth accelerated to 7.3% yoy (1Q26: +1.7%), bringing 1H26 growth to 4.5% yoy, despite a sharp 10bp yoy compression in 1H26 NIM. Growth was supported by strong non-interest income (+8% yoy, +7% qoq) and continued cost discipline, with opex declining 1% yoy, partly offset by higher provisions and NIM compression.

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net interest income	11,367	11,319	11,904	12,878	13,984
Non-Interest Income	6,197	6,245	6,533	6,855	7,155
Net profit (rep./act.)	7,728	7,860	8,319	8,980	9,697
Net profit (adj.)	7,728	7,860	8,319	8,980	9,697
EPS (sen)	71.8	73.0	77.3	83.4	90.6
PE (x)	11.1	10.9	10.3	9.5	8.8
P/B (x)	1.2	1.2	1.2	1.1	1.1
Dividend yield (%)	5.9	5.9	6.3	6.9	7.4
Net int margin (%)	2.29	2.24	2.25	2.25	2.26
Cost/income Ratio (%)	46.7	47.2	47.5	47.2	46.8
Loan loss cover (%)	105.3	103.2	140.5	223.3	567.7
Consensus net profit	-	-	8,038	8,660	9,259
UOBKH/Consensus (x)	-	-	1.04	1.04	1.05

Source: CIMB Group, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	RM7.96
Target Price	RM9.30
Upside	22.3%

Stock Data

Sector	Financials
Bloomberg ticker	CIMB MK
Shares issued (m)	10,810.0
Market cap (RMm)	86,047.8
Market cap (US$m)	21,060.7
3-mth avg daily t'over (US$m)	23.0

Price Performance (%)

52-week high/low				RM8.95/RM7.01
1mth	**3mth**	**6mth**	**1yr**	**YTD**
1.7	6.4	(1.0)	8.1	(3.5)

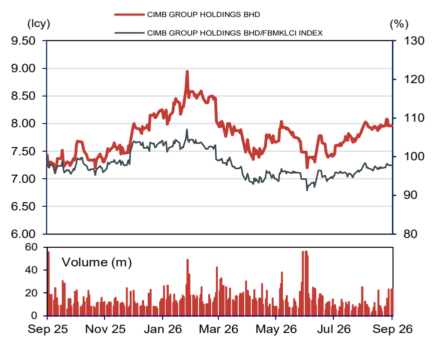
Major Shareholders (%)

Khazanah Nasional Bhd	21.4
EPF	18.4

Balance Sheet Metrics

FY26F NAV/Share (RM)	6.78
FY26F CAR Tier -1 (%)	15.2

Price Chart



Source: Bloomberg

Company Description

CIMB Group is Malaysia's largest investment bank and second-largest consumer bank and one of Southeast Asia's leading universal banking groups.

- **Strong growth momentum in PPOP.** Pre-provision operating profit (PPOP) grew by a robust 6% qoq in 2Q26, underpinned by a 6% qoq growth in non-interest income from stronger fee income and positive operating JAWS from continued cost discipline. Net interest income also grew a commendable 1% qoq despite a 4bp NIM compression, underpinned by a commendable asset growth of 3% qoq. However, 2Q26 earnings grew a modest 1% qoq, as the strong PPOP growth was largely offset by higher net credit costs, which rose to 38bp (1Q26: 31bp), reflecting: a) additional management overlays and lumpy provisions in Indonesia that should reverse in subsequent quarters, b) 4bp qoq NIM compression, and c) forex headwinds.
- More importantly, ex-FX impact, revenue grew a solid 4% qoq, while opex declined 2%, translating into 6ppt of positive operating JAWS. As credit costs normalise lower in subsequent quarters coupled with forex tailwinds from Singapore and Indonesia against the ringgit, as observed since June, we expect the group's strong underlying earnings momentum to increasingly translate into stronger sequential growth in reported earnings.
- **NIM eases; NIM guidance revised downwards.** Group NIM declined 4bp qoq to 2.04%, with pressure across Malaysia, Indonesia and Singapore. Malaysia was impacted by higher wholesale funding costs, while Indonesia saw deposits reprice faster than loans amid the sharper-than-expected rise in interest rates. Singapore was affected by lower SORA. Against this backdrop, management has revised its 2026 NIM guidance down from -5 to +5bp to stable to -10bp. To mitigate the pressure, the group is looking to replace more expensive wholesale deposits with cheaper retail fixed deposits in Malaysia, alongside loan repricing in Indonesia. Management expects these initiatives to help stabilise NIM on a hoh basis in 2H26.
- **Greater flexibility to navigate NIM headwinds**. Additionally, we believe CIMB has sufficient balance sheet flexibility to navigate the industry-wide NIM headwinds by optimising its healthy loan-to-deposit ratio of 88%, which remains below the >90% peer average.
- **Improving asset quality trend.** GIL ratio improved to 1.6% (1Q26: 1.7%), while LLC remained comfortable at 100%, above the industry average of ~80%. However, net credit cost increased to 38bp (1Q26: 31bp), mainly due to additional management overlays and a lumpy one-off provision at CIMB Niaga following the OJK's revised treatment of repossessed vehicles. This provision should reverse as the underlying assets are subsequently disposed of. Despite the higher overlays in 2Q26, management retained its 2026 net credit cost guidance of 25–35bp, supported by stable asset quality and recoveries in Singapore, which should help offset the elevated provisioning.
- **2026 guidance.** Apart from NIM, management has retained all of its key 2026 guidance is as follows: a) ROE: 11.0-11.5%, b) asset growth: 5-7%, c) net credit cost: 25-35bp, and d) Cost to income ratio: less than 47%. Meanwhile NIM guidance down from -5 to +5bp to stable to -10bp.

Valuation/Recommendation

- **Maintain BUY and target price of RM9.30 (1.28x 2027F P/B, 11.7% ROE).** The stock offers an attractive dividend yield of 6.5-6.9% for 2026–27, above the sector average of 5.5-6.0%. Beyond its ongoing RM2b special dividend programme, we see further potential for capital management upside from up to RM1.3b of potential capital upstream from CIMB Thai. Together with its undemanding valuations - 1.15x 2026F P/B for an 11.7% ROE and 10.9x/10.1x 2026/27 PE - we believe the risk-reward remains skewed to the upside.

Earnings Revision/Risk

- No revision to earnings.
- **Risks.** Key downside risks include a sharper-than-expected depreciation of the rupiah, which could weigh on revenue translation from CIMB Niaga; weaker-than-anticipated asset quality trends; and heightened deposit competition, which may exert further pressure on NIM.

Share Price Catalyst

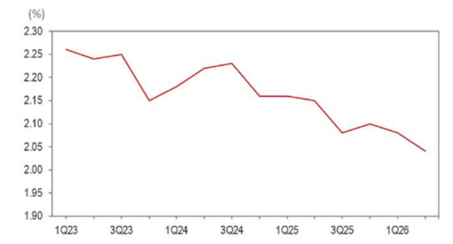
- Stronger-than-expected trading income.
- Higher-than-expected NIM.

Key Assumptions

(%)	2026F	2027F	2028F
Loan Growth	5.0	5.2	5.5
Credit Cost (bp)	25.0	25.0	25.0
ROE	11.3	11.7	12.1

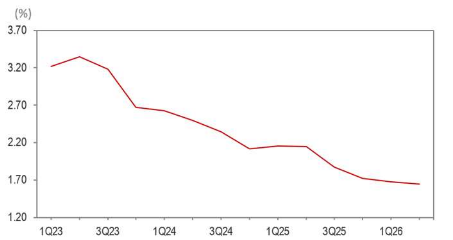
Source: UOB Kay Hian

CIMB Group NIM Trend



Source: CIMB Group, UOB Kay Hian

CIMB Group GIL Ratio Trend



Source: CIMB Group, UOB Kay Hian

Environmental, Social, Governance (ESG) Updates

Environmental
- **Green loan commitment.** To provide RM30b in sustainable financing by 2040.
- **Zero new coal financing.** Transition all stakeholders to zero carbon emission by 2050.

Social
- **Board and upper management gender diversity.** Maintained 30% female directors on the Board.
- **Enhanced financial inclusion to B40.** Provide greater financial inclusion for vulnerable communities (affordable housing financing) and welfare assistance to vulnerable communities, especially the B40 consumers.

Governance
- **Non-independent board of directors composition.** Composition of Independent Non-Executive Directors (INED) – 60%.

Source: Maybank, UOB Kay Hian

Profit & Loss

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Interest income	25,145	26,273	27,834	29,554
Interest expense	(13,826)	(14,369)	(14,956)	(15,570)
Net interest income	11,319	11,904	12,878	13,984
Fees & commissions	2,380	2,666	2,986	3,284
Net Trading Income	92	94	96	98
Other income	3,773	3,773	3,773	3,773
Income from islamic banking	4,959	5,256	5,572	5,906
Total income	**22,523**	**23,693**	**25,305**	**27,046**
Staff costs	(6,344)	(6,849)	(7,397)	(7,991)
Other operating expense	(4,283)	(4,416)	(4,544)	(4,666)
Pre-provision profit	11,896	12,428	13,364	14,389
Loan loss provision	(1,382)	(1,183)	(1,243)	(1,305)
Other provisions	128	(149)	(140)	(140)
Associated companies	94	74	75	75
Other non-operating income	(56)	0	0	0
Pre-tax profit	10,680	11,170	12,057	13,019
Tax	(2,652)	(2,681)	(2,894)	(3,125)
Minorities	(169)	(170)	(183)	(198)
Net profit	**7,860**	**8,319**	**8,980**	**9,697**
Net profit (adj.)	7,860	8,319	8,980	9,697

Balance Sheet

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Cash with central bank	8,217	16,567	17,395	18,265
Govt treasury bills & securities	16,557	16,888	17,226	17,570
Interbank loans	4,658	5,081	5,544	6,048
Customer loans	444,920	464,120	486,545	510,090
Investment securities	214,202	239,621	267,949	299,519
Derivative receivables	15,266	17,097	19,149	21,447
Associates & JVs	2,381	2,500	2,625	2,756
Fixed assets (incl. prop.)	2,567	2,454	2,339	2,221
Other assets	69,956	76,561	83,937	92,181
Total assets	**778,724**	**840,890**	**902,708**	**970,098**
Interbank deposits	49,908	53,232	56,789	60,596
Customer deposits	510,047	530,449	551,667	573,734
Derivative payables	58,457	60,953	63,555	66,271
Debt equivalents	29,410	29,410	29,410	29,410
Other liabilities	58,994	92,335	123,440	158,643
Total liabilities	**706,817**	**766,379**	**824,862**	**888,653**
Shareholders' funds	70,561	72,994	76,146	79,547
Minority interest - accumulated	1,347	1,516	1,700	1,898
Total equity & liabilities	**778,724**	**840,890**	**902,708**	**970,098**

Cash Flow

Year to 31 Dec (RMm)	2024	2025F	2026F	2027F
Capital Adequacy				
Tier-1 CAR	14.3	15.2	14.8	14.5
Total CAR	18.0	19.9	19.3	18.6
Total assets/equity (x)	11.0	11.5	11.9	12.2
Tangible assets/tangible common equity (x)	12.3	12.8	13.1	13.5
Asset Quality				
NPL Ratio	1.7	1.4	0.9	0.4
Loan Loss Coverage	103.2	140.5	223.3	567.7
Loan Loss Reserve/Gross Loans	1.8	1.9	2.1	2.3
Increase in NPLs	(18.7)	(15.7)	(28.6)	(55.8)
Credit Cost (bp)	31.1	25.0	25.0	25.0
Liquidity				
Loan/Deposit Ratio	87.2	87.5	88.2	88.9
Liquid Assets/Short-Term Liabilities	5.2	6.6	6.6	6.6
Liquid Assets/Total Assets	3.8	4.6	4.4	4.3

Key Metric

Year to 31 Dec (%)	2024	2025F	2026F	2027F
Growth				
Net Interest Income, yoy Chg	(0.4)	5.2	8.2	8.6
Fees & Commissions, yoy Chg	1.3	12.0	12.0	10.0
Pre-Provision Profit, yoy Chg	0.1	4.5	7.5	7.7
Net Profit, yoy Chg	1.7	5.9	7.9	8.0
Customer Loans, yoy Chg	0.6	4.3	4.8	4.8
Customer Deposits, yoy Chg	2.8	4.0	4.0	4.0
Profitability				
Net Interest Margin	2.24	2.25	2.25	2.26
Cost/Income Ratio	47.2	47.5	47.2	46.8
Adjusted ROA	1.0	1.0	1.0	1.0
Reported ROE	11.2	11.6	12.0	12.5
Adjusted ROE	11.2	11.6	12.0	12.5
Valuation				
P/BV (x)	1.2	1.1	1.1	1.0
P/NTA (x)	1.3	1.3	1.2	1.1
Adjusted P/E (x)	10.5	9.9	9.2	8.5
Dividend Yield	6.1	6.6	7.1	7.7
Payout ratio	64.5	65.4	65.4	65.0

IOI Corporation (IOI MK)

4QFY26: Strong Finish To FY26; Downstream Turnaround Delivers

Highlights

- IOI's 4QFY26 core net profit of RM408m rose 38.2% qoq and 26.2% yoy, the strongest quarter of FY26, on higher realised CPO and PK prices, a 22.67% OER and a much-improved downstream contribution.
- FY26 core net profit of RM1,512m (+14.6% yoy) is 103%/104% of our/consensus full-year forecasts, slightly above expectations. A second interim dividend of 7.0 sen takes FY26 DPS to 12.5 sen (FY25: 10.5 sen).
- Maintain BUY with a higher SOTP-based target price of RM5.15 (previously RM4.90), rolled forward to FY27.

4QFY26 Results

Year to 30 Jun (RMm)	4QFY26	4QFY25	qoq%	yoy%	FY26	yoy%
Revenue	3,041.7	2,960.1	13.7	2.8	11,779.1	3.9
EBIT	456.9	352.0	46.5	29.8	1,647.1	15.0
Plantation	359.0	344.7	27.9	4.1	1,416.4	6.6
Manufacturing	116.2	(4.3)	25.2	n.m.	406.9	172.9
Net finance cost	(23.6)	(24.8)	(4.5)	(4.8)	(101.3)	(5.5)
Associate & JV	90.6	73.6	10.8	23.1	392.2	11.6
Profit Before Tax	616.2	512.9	73.6	20.1	2,108.3	12.3
Net Profit	**500.8**	**436.5**	**76.8**	**14.7**	**1,682.0**	**10.6**
Core Net Profit	**408.3**	**323.5**	**38.2**	**26.2**	**1,511.7**	**14.6**
Margin (%)						
EBIT	15.0	11.9	28.9	26.3	14.0	10.7
Core net profit	13.4	10.9	21.5	22.8	12.8	10.2

Source: IOI, UOB Kay Hian

Analysis

- **Slightly above expectations.** IOI Corporation's (IOI) 4QFY26 core net profit of RM408m (+38.2% qoq, +26.2% yoy) took FY26 core earnings to RM1,512m, +14.6% yoy and 103%/104% of our/consensus full-year forecasts. Reported PATAMI was RM501m for the quarter and RM1,682m for the year, carrying RM93m and RM123m of non-underlying gains respectively. Based on reported figures, underlying PBT of RM524m in 4QFY26 was 32% higher yoy and 27% higher qoq, and FY26 underlying PBT of RM1,985m was 23% higher yoy. 4QFY26 was the strongest quarter of the year on every measure, and 2HFY26 accounted for 46% of FY26 core earnings.

Key Financials

Year to 30 Jun (RMm)	FY25	FY26	FY27F	FY28F	FY29F
Net turnover	11,335	11,779	12,144	12,388	12,671
EBITDA	1,837	2,068	2,267	2,347	2,452
Operating profit	1,432	1,647	1,811	1,876	1,965
Net profit (rep./act.)	1,521	1,682	1,725	1,788	1,887
Net profit (adj.)	1,320	1,512	1,725	1,788	1,887
EPS (sen)	21.0	24.1	27.5	28.5	30.0
PE (x)	22.3	19.5	17.0	16.4	15.6
P/B (x)	2.4	2.2	2.1	2.0	1.8
EV/EBITDA (x)	16.9	14.8	13.4	12.7	12.0
Dividend yield (%)	2.2	2.7	3.1	3.2	3.3
Net margin (%)	13.4	14.3	14.2	14.4	14.9
Net debt/(cash) to equity (%)	13.3	9.4	7.7	4.0	0.5
Interest cover (x)	13.4	16.3	19.3	21.8	27.1
ROE (%)	12.7	13.2	12.6	12.3	12.2
Consensus net profit	-	-	1,550	1,606	1,654
UOBKH/Consensus (x)	-	-	1.1	1.1	1.1

Source: IOI, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	RM4.68
Target Price	RM5.15
Upside	+10.0%
Previous TP	RM4.90

Stock Data

Sector	Consumer Staples
Bloomberg ticker	IOI MK
Shares issued (m)	6,285.2
Market cap (RMm)	29,414.7
Market cap (US$m)	7,243.3
3-mth avg daily t'over (US$m)	1.2

Price Performance (%)

52-week high/low: 4.87/3.80

1mth	3mth	6mth	1yr	YTD
7.1	15.6	18.2	17.0	20.6

Major Shareholders (%)

Progressive Holdings Sdn Bhd	50.5
Employees Provident Fund	17.1

Balance Sheet Metrics

FY26 NAV/Share (RM)	2.11
FY26 Net Debt/Share (RM)	0.20

Company Description

Integrated palm oil player with upstream estates in Malaysia and Indonesia and downstream refining, oleochemical and specialty fats operations.

- **Downstream led earnings growth.** Plantation operating profit (excluding associates and fair-value items) rose 27.9% qoq and 4.1% yoy to RM359m. Realised CPO improved to RM4,487/tonne (+11.6% qoq, +6.6% yoy) and palm kernel to RM3,716/tonne (+13.1% qoq, +7.4% yoy), and OER reached 22.67% against 21.53% a year ago. That more than offset an 8.6% yoy fall in 4QFY26 FFB output to 673,000 tonnes and a 10.6% yoy rise in CPO production cost to RM2,216/tonne. Over the full-year, the larger contribution came from resource-based manufacturing, where underlying profit rose 173% yoy to RM407m as refinery swung to RM147m (FY25: RM3m) and oleochemical to RM146m (FY25: RM56m) on better margins. Associates contributed RM389m for the year, up 11.8% yoy, led by Bunge Loders Croklaan and 32%-owned Bumitama.
- **Balance sheet and dividend.** Net debt fell to RM1.25b at end-FY26 from RM1.64b and net gearing eased to 9.4% from 13.3%. Operating cash flow rose to RM1.67b (FY25: RM1.04b) and the group raised RM334m by reselling its entire 81.5m treasury shares at an average RM4.10. Capex was RM755m, with RM357m more on acquisitions. NAV/share ended at RM2.11 (FY25: RM1.98) and FY26 DPS at 12.5 sen, up 19.0% yoy.
- **FY27 rests on price as well as volume.** Management guides for moderate single-digit FFB growth as the seven-year Sabah replanting programme enters its final year, and notes CPO has risen to RM4,800-5,000/tonne since mid-August. We raise our group realised CPO to about RM4,383/tonne in FY27 against RM4,229 in FY26, remaining below spot levels since realisation lags the market and Indonesian volumes net less after the levy. Downstream guidance stays cautious on Indonesian competition and US tariffs.

Valuation/Recommendation

- **Maintain BUY with a higher SOTP-based target price of RM5.15** (previously RM4.90), rolled forward to FY27. We continue to assume a 19x PE for plantations (RM3.73/share), 15x for manufacturing (RM0.54) and 18x for associate Bunge Loders Croklaan (RM0.46), and raise our Bumitama valuation to S$2.15/share (RM0.59), less FY26 net debt (RM0.20). The target price implies 18.8x FY27F PE, in line with IOI's five-year average; at RM4.68, the stock trades at 17.0x on a 3.1% yield.

Earnings Revision/Risk

- **Raising our FY27 forecast by 2.0%, but cutting our FY28 forecast by 2.1%.** We have rebased the model to FY26 reported segment results, which lifts the plantation cost base but is offset by a higher realised price and a downstream EBIT margin of 2.5% (previously 1.5%). FY27 core net profit is lifted by 2.0% to RM1,725m (previously RM1,692m), and FY28 is cut by 2.1% to RM1,788m (previously RM1,827m).
- **CPO is the swing factor.** Every RM100/tonne on our CPO assumption is worth about RM60m to FY27 core net profit and 18 sen to fair value. At RM4,800/tonne, FY27 core net profit would be RM1,876m and fair value RM5.59.

Operational Statistics

	4QFY26	3QFY26	4QFY25
FFB ('000 tonnes)	673	636	736
CPO output ('000 tonnes)	153	142	160
OER (%)	22.67	22.27	21.53
CPO price (RM/t)	4,487	4,019	4,208
PK price (RM/t)	3,716	3,287	3,461
Cost of production (RM/t)	2,216	2,166	2,004

Key Assumptions

	FY27F	FY28F	FY29F
FFB growth (% yoy)	4.4	3.8	4.6
CPO price (RM/mt)	4,550	4,550	4,550
Realised CPO (RM/mt)	4,383	4,383	4,383
OER (%)	22.0	22.0	22.0
Production cost (RM/mt)	2,427	2,489	2,552
Downstream margin (%)	2.5	2.5	2.5

Source: IOI Corporation, UOB Kay Hian

Environmental, Social, Governance (ESG) Updates

Environmental
All Malaysian estates are MSPO-certified and 96% of estates are RSPO-certified. Net zero by 2040; GHG emissions were 50% below the 2015 baseline as at 4QFY26, ahead of the 40% short-term target.
Social
Community programmes covering health, education and medical assistance; pre-employment orientation for migrant workers with IOM, and child education support with Bunge for workers' children in Sabah.
Governance
Transparent governance along with an Anti-Bribery and Anti-Corruption Policy.

Profit & Loss

Year to 30 Jun (RMm)	FY26	FY27F	FY28F	FY29F
Net turnover	**11,779**	**12,144**	**12,388**	**12,671**
EBITDA	2,068	2,267	2,347	2,452
Deprec. & amort.	421	456	471	486
EBIT	1,647	1,811	1,876	1,965
Associate & JV contributions	392	448	468	490
Net interest income/(expense)	(101)	(94)	(86)	(72)
Non-underlying items	170	-	-	-
Pre-tax profit	**2,108**	**2,165**	**2,258**	**2,382**
Tax	(399)	(422)	(452)	(476)
Minorities	(28)	(17)	(18)	(19)
Net profit	**1,682**	**1,725**	**1,788**	**1,887**
Net profit (adj.)	1,512	1,725	1,788	1,887

Balance Sheet

Year to 30 Jun (RMm)	FY26	FY27F	FY28F	FY29F
Total non-current assets	14,062	14,428	14,773	15,101
Cash/ST investment	1,844	1,816	2,113	2,445
Other current assets	3,209	3,794	3,863	3,944
Total assets	**19,115**	**20,038**	**20,749**	**21,490**
ST debt	1,035	1,035	1,035	1,035
Other current liabilities	905	1,164	1,184	1,208
LT debt	2,055	1,867	1,678	1,490
Other LT liabilities	1,487	1,493	1,496	1,477
Shareholders' equity	13,283	14,111	14,969	15,875
Minority interest	351	368	386	405
Total liabilities & equity	**19,115**	**20,038**	**20,749**	**21,490**

Cash Flow

Year to 30 Jun (RMm)	FY26	FY27F	FY28F	FY29F
Operating	**1,668**	**1,630**	**1,988**	**2,073**
EBIT	1,647	1,811	1,876	1,965
Deprec. & amort.	421	456	471	486
Net interest	(101)	(94)	(86)	(72)
Tax paid	(269)	(422)	(452)	(476)
Working capital changes	(140)	(325)	(50)	(57)
Other operating cashflows	111	204	228	228
Investing	**(862)**	**(558)**	**(558)**	**(558)**
Capex	(755)	(800)	(800)	(800)
Acquisitions	(357)	-	-	-
Financing	**(538)**	**(1,100)**	**(1,133)**	**(1,184)**
Dividend payments	(702)	(897)	(930)	(981)
Proceeds from borrowings	399	4	4	4
Loan repayment	(422)	(193)	(193)	(193)
Net cash inflow (outflow)	**268**	**(28)**	**297**	**331**
Beginning cash & cash equivalent	**1,578**	**1,844**	**1,816**	**2,113**
Ending cash & cash equivalent	**1,844**	**1,816**	**2,113**	**2,445**

Key Metric

Year to 30 Jun (%)	FY26	FY27F	FY28F	FY29F
Profitability				
EBITDA margin	17.6	18.7	18.9	19.3
Pre-tax margin	17.9	17.8	18.2	18.8
Net margin	14.3	14.2	14.4	14.9
ROA	9.0	8.8	8.8	8.9
ROE	13.2	12.6	12.3	12.2
Growth				
Turnover	3.9	3.1	2.0	2.3
EBITDA	12.6	9.6	3.6	4.4
Pre-tax profit	12.3	2.7	4.3	5.5
Net profit	10.6	2.6	3.6	5.5
Net profit (adj.)	14.6	14.1	3.6	5.5
Leverage				
Debt to total capital	16.2	14.5	13.1	11.7
Debt to equity	23.3	20.6	18.1	15.9
Net debt/(cash) to equity	9.4	7.7	4.0	0.5
Interest cover (x)	16.3	19.3	21.8	27.1

Kerjaya Prospek Group (KPG MK)

1H26: Broadly In Line; Higher Replenishments, New Opportunities

Highlights

- KPG's 1H26 results broadly met expectations as the construction segment continued to deliver.
- Looking forward, revenue may remain soft in 3Q26 due to a lag between project completions and early milestones for the newer jobs
- However, replenishments could hit a record RM3.0b in 2026 should KPG successfully secure the remaining jobs in its pipeline.
- We lift our 2027/28 forecasts by 5%/10% as we impute the higher replenishments from 2026 onwards. Maintain BUY with a higher target price of RM3.54 (from RM3.20)

1H26 Results

Year to 31 Dec	2Q26 (RMm)	qoq % chg	yoy % chg	1H26 (RMm)	yoy % chg
Revenue	**403.1**	**(9.8)**	**(25.3)**	**849.9**	**(16.0)**
Gross profit	77.9	(21.0)	(12.7)	176.6	9.0
EBITDA	89.8	11.0	7.0	169.4	7.1
EBIT	**76.2**	**86.2**	**13.0**	**162.4**	**11.2**
PBT	76.0	85.4	12.4	161.4	10.9
PATAMI	66.3	15.6	21.9	123.7	22.4
Core net profit	**54.4**	**(12.4)**	**(2.5)**	**116.6**	**16.7**
Margins	**(%)**	**+/- ppt**	**+/- ppt**	**(%)**	**+/- ppt**
Gross profit	19.3	(2.7)	2.8	20.8	4.8
EBIT	21.4	4.3	6.2	19.1	4.7
PBT	21.2	4.2	6.0	19.0	4.6
Core net profit	13.5	(0.4)	3.2	13.7	3.8

Source: KPG, UOB Kay Hian

Analysis

- **Broadly in line.** Kerjaya Prospek Group (KPG) reported a core net profit of RM116.6m (+16.7% yoy). We arrive at this after excluding a reversal for expected credit losses of RM7.0m and fair value gains on funds of RM0.1m. This broadly met expectations, coming in at 45% of our and 46% of consensus full-year forecasts. An interim dividend of 3.5 sen was announced, bringing the total to 7.0 sen for 1H26 (1H25: 6.0 sen)

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	1,835	2,249	2,661	2,975	3,629
EBITDA	250	339	359	412	483
Operating profit	218	308	341	394	465
Net profit (rep./act.)	160	225	257	298	352
Net profit (adj.)	174	239	257	298	352
EPS (sen)	13.7	18.9	20.3	23.5	27.7
PE (x)	21.6	15.7	14.6	12.6	10.7
P/B (x)	3.3	3.1	2.9	2.6	2.3
EV/EBITDA (x)	15.0	10.6	9.3	7.7	6.1
Dividend yield (%)	5.1	4.2	4.7	4.7	4.7
Net margin (%)	8.7	10.0	9.7	10.0	9.7
Net debt/(cash) to equity (%)	(20.2)	(24.6)	(30.7)	(39.7)	(47.8)
Interest cover (x)	169.0	382.4	244.7	281.0	329.4
ROE (%)	14.2	19.2	21.1	23.0	25.2
Consensus net profit	-	-	254	286	302
UOBKH/Consensus (x)	-	-	1.0	1.0	1.2

Source: KPG, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	RM2.96
Target Price	RM3.54
Upside	+19.6%
Previous TP	RM3.20

Stock Data

GICS sector	Industrials
Bloomberg ticker:	KPG MK
Shares issued (m):	1,257.3
Market cap (RMm):	3,712.3
Market cap (US$m):	922.4
3-mth avg daily t'over (US$m):	0.7

Price Performance (%)

52-week high/low				RM2.96/RM2.07
1mth	**3mth**	**6mth**	**1yr**	**YTD**
23.9	33.9	14.7	37.7	11.3

Major Shareholders (%)

Egovision Sdn Bhd	50.0
Amazing Parade Sdn Bhd	18.0
Amanah Saham Nasional	2.6

Balance Sheet Metrics

FY27 NAV/Share (RM)	0.95
FY27 Net Debt/Share (RM)	0.12

Company Description

Kerjaya Prospek Group is a construction company which specialises in high-rise building construction.

- **Construction: Clawbacks lift soft revenue.** KPG's construction segment posted PAT of RM 115.3m (+20.6% yoy) on revenue of RM733.6m (-17.8% yoy) in 1H26. Revenue remained soft for another quarter as project completions resulted in lower recognitions during 2Q26. However, earnings were lifted by clawbacks from completed projects, resulting in margins expanding 4-5ppt yoy in 1H26. Looking forward, revenue is expected to remain soft until 4Q26 where the newly secured projects are expected to hit their major initial milestones. However, the outlook for 2027 onwards appears brighter as KPG continues to surprise on its orderbook replenishments. KPG has already surpassed its RM2.0b target for 2026 and mentioned that the pipeline of remaining projects (both internal and external) could see new jobs surpass RM3.0b for the year should they successfully materialise. Near-term earnings also appear well supported by its existing orderbook of RM5.0b.
- **Property: Existing projects nearing finish line.** The property segment posted earnings of RM121m (-34.2% yoy) on revenue of RM115.4m (-2.1% yoy). Both of its existing projects, namely The Vue @ Monterez and Papyrus @ North Kiara, are nearly fully sold with take-up rates coming in at 99.8% and 99.5% respectively. Earnings contributions from both projects are nearing completion with The Vue having been fully handed over in May 26 while Papyrus is expected to be complete in the coming months. Overall, 2027 revenue is likely to come in soft as the remaining RM110.5m in unbilled sales is forecast to be completed by early-27. While earnings may be lifted by clawbacks following the handover, we expect the segment to remain muted until the launch of its new projects from late-27 onwards.
- **New projects, new opportunities.** Looking forward to 2027, the outlook appears solid with new opportunities for both segments on the horizon. On the construction side, the record-beating replenishments could continue into 2027 with KPG exploring jobs beyond its residential development niche. KPG mentioned that it is currently looking to diversify further into industrial and infrastructure projects with recently secured jobs like the Sena Letrik hospital and the DC-subcontract marking its first steps. Should the group succeed, we believe the potential RM3.0b replenishments could be sustainable beyond 2026. Looking to the property segment, earnings contribution from the current RM1.6b GDV in the pipeline is expected to kick-in from 2028 onwards. KPG had recently purchased the remaining stake from Aspen Vision for the Tanjung Bungah development and is expected to begin developing the RM830m GDV parcel by end-27. Otherwise, the three parcels of Puchong land are projected to launch in 2028.
- **Colour on the ES Sunlogy acquisition.** We view KPG's recently acquired 31% stake in ES Sunlogy (ESS) as largely synergistic for the group. We understand the two companies are looking to jointly tender for upcoming projects, utilising KPG's and ESS' respective expertise in traditional construction and M&E works to secure contracts.

Valuation/Recommendation

- **Maintain BUY with a higher SOTP-based target price of RM3.54 (from RM3.20)** as we roll over our valuations to 2027. This represents 15.1x 2026F PE or near +1.0SD to KPG's five-year mean. This is also in line with our target multiple for its mid-cap peers. We believe the premium is justified given the strong outlook and improving operational matrices.

Earnings Revision/Risk

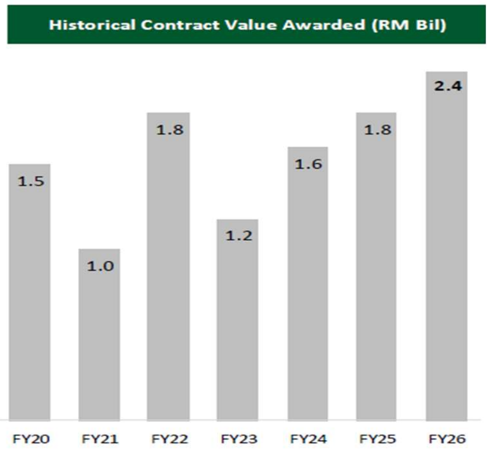
- **We lift our 2027/28 earnings estimates by 5%/10% respectively,** imputing higher replenishments.
- We also lift our dividend forecasts to 14 sen (from 12.5 sen previously).

Replenishment Assumptions

Year	
2025	1,800
2026F	2,500
2027F	2,800
2028F	3,000

Source: UOB Kay Hian

Ytd Orderbook Replenishment



Source: KPG

SOTP Valuation

	Value (RMm)	Remarks
Construction	4,071.2	18x FY27F PE
Property development	121.8	
Net cash	295.1	Cost of equity 8%
Fair value	**4,488.1**	40% discount to RNAV
TP (RM)	**3.54**	
Implied PE (x)	15.1	End-FY26

Source: UOB Kay Hian

Environmental, Social, Governance (ESG) Updates

Environmental
- Certified and registered against the provisions of ISO 14001:2015.
- 6.7% yoy reduction in Scope 1 and 2 emissions in 2024.

Social
- Well-diversified workforce in terms of gender: female (46%) and male (54%).

Governance
- 170 employees and directors attended Anti Bribery and Corruption training.
- High dividend payout ratio of above 70% (77% in 2024).

Profit & Loss

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Net turnover	**2,249**	**2,661**	**2,975**	**3,629**
EBITDA	339	359	412	483
Deprec. & amort.	18	18	18	18
EBIT	308	341	394	465
Net interest income/(expense)	(1)	(1)	(1)	(1)
Pre-tax profit	**307**	**339**	**393**	**464**
Tax	(81)	(81)	(94)	(111)
Minorities	(1)	(1)	(1)	(1)
Net profit	**225**	**257**	**298**	**352**
Net profit (adj.)	239	257	298	352

Balance Sheet

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Fixed assets	103	138	180	236
Other LT assets	228	228	228	228
LT debt	n.a.	n.a.	n.a.	n.a.
Cash/ST investment	313	420	596	809
Other current assets	1,427	1,617	1,725	2,003
Total assets	**2,072**	**2,404**	**2,730**	**3,277**
ST debt	18	18	18	18
Other current liabilities	559	733	885	1,167
Other LT liabilities	3	3	3	3
Shareholders' equity	1,201	1,306	1,452	1,652
Minority interest	1	1	2	3
Total liabilities & equity	**2,072**	**2,404**	**2,730**	**3,277**

Cash Flow

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Operating	**264**	**312**	**388**	**438**
Pre-tax profit	307	339	393	464
Tax	(81)	(81)	(94)	(111)
Deprec. & amort.	17	18	18	18
Working capital changes	(3)	36	72	68
Other operating cashflows	10	-	-	-
Investing	**(35)**	**(53)**	**(60)**	**(74)**
Capex (growth)	(11)	(53)	(60)	(74)
Investments	-	-	-	-
Proceeds from sale of assets	0	-	-	-
Others	(24)	-	-	-
Financing	**(166)**	**(152)**	**(152)**	**(152)**
Dividend payments	(151)	(152)	(152)	(152)
Issue of shares	-	-	-	-
Proceeds from borrowings	-	-	-	-
Others/interest paid	(15)	-	-	-
Net cash inflow (outflow)	**62**	**107**	**176**	**212**
Beginning cash & cash equivalent	**252**	**313**	**420**	**596**
Changes due to forex impact	(1)	0	0	0
Ending cash & cash equivalent	**313**	**420**	**596**	**809**

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	14.5	13.5	13.8	13.3
Pre-tax margin	13.6	12.8	13.2	12.8
Net margin	10.0	9.7	10.0	9.7
ROA	11.2	11.8	12.7	13.5
ROE	19.2	21.1	23.0	25.2
Growth				
Turnover	22.5	18.3	11.8	22.0
EBITDA	38.2	10.2	14.9	17.2
Pre-tax profit	41.8	10.6	15.7	18.1
Net profit	40.9	14.5	15.7	18.1
Net profit (adj.)	37.3	7.8	15.7	18.1
EPS	37.3	7.8	15.7	18.1
Leverage				
Debt to total capital	1.5	1.4	1.3	1.1
Debt to equity	1.5	1.4	1.3	1.1
Net debt/(cash) to equity	(24.6)	(30.7)	(39.7)	(47.8)
Interest cover (x)	382.4	244.7	281.0	329.4

Mah Sing Group (MSGB MK)

2Q26: In Line; Manufacturing EBIT Turns Positive On Higher Glove Utilisation

Highlights

- Results were in line and we expect a stronger 2H26 on higher progressive billings.
- 1H26 sales arrived at RM1.32b and is on track to meet the full-year target of RM2.76b, with upcoming launches of RM1.7b. Meanwhile, sales gallery of the Corus site should be ready by 4Q26 and launch in 1Q27.
- Maintain BUY with an unchanged target price of RM1.42.

2Q26 Results

Year to 31 Dec (RMm)	2Q26	qoq%	yoy%	1H26	yoy%
Revenue	656.3	16.5	16.0	1,219.4	0.3
Property	530.3	15.1	19.7	990.8	2.8
Plastic	114.6	28.2	5.0	204.0	(8.2)
Operating profit	**117.8**	**6.0**	**11.2**	**228.9**	**6.6**
Property	104.3	(4.0)	(3.5)	212.9	0.7
Plastic	11.2	(824.2)	(393.2)	9.7	(287.3)
Pretax profit	99.6	6.9	4.2	192.7	3.0
PATAMI	72.5	6.5	9.9	140.6	6.5
Core PATAMI	67.4	(0.9)	0.2	135.5	3.6
Margins (%)	%	ppt	ppt	%	ppt
Property EBIT	19.7	(3.9)	(4.7)	21.5	(0.5)
PBT	15.2	(1.4)	(1.7)	15.8	0.4
Core (%)	11.1	(1.0)	(0.6)	11.1	0.4

Source: Mah Sing, UOB Kay Hian

Analysis

- **In line.** Mah Sing Group's (Mah Sing) 2Q26 core PATAMI came in at RM67m (-1% qoq; +0.2% yoy) on the back of a revenue of RM656m (+17% qoq, +16% yoy). This brings 1H26 core PATAMI to RM136m (+4% yoy), accounting for 47% of our and consensus full-year forecasts. Although 1H26 results were slightly below our earlier preview of RM140m-143m, we deem the results in line as 2H26 should be stronger hoh, supported by higher progressive billings, with unbilled sales rising 8.2% qoq to RM3.57b as of end-2Q26.
- **Net gearing ratio was flattish qoq** at 0.39x as of end-2Q26 (vs 0.23x/0.39x as of end-2Q25/1Q26).

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	2,520	2,517	2,840	2,998	3,179
EBITDA	442	503	506	557	606
Operating profit	392	441	462	498	532
Net profit (rep./act.)	241	260	287	312	336
Net profit (adj.)	241	274	287	312	336
EPS (sen)	9.6	10.7	11.2	12.2	13.1
PE (x)	12.3	11.0	10.5	9.7	9.0
P/B (x)	0.8	0.7	0.7	0.7	0.7
EV/EBITDA (x)	7.0	6.9	7.0	6.3	5.9
Dividend yield (%)	3.8	4.2	4.7	5.1	5.5
Net margin (%)	9.6	10.9	10.1	10.4	10.6
Net debt/(cash) to equity (%)	16.0	25.8	25.5	24.0	23.1
Interest cover (x)	8.1	8.6	8.0	8.4	8.9
ROE (%)	6.5	7.3	7.4	7.9	8.3
Consensus net profit			292	310	329
UOBKH/Consensus (x)			1.0	1.0	1.0

Source: Mah Sing, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	RM1.18
Target Price	RM1.42
Upside	20.3%

Stock Data

Sector	Real Estate
Bloomberg ticker	MSGB MK
Shares issued (m)	2,560.1
Market cap (RMm)	3,021.0
Market cap (US$m)	750.5
3-mth avg daily t'over (US$m)	1.7

Price Performance (%)

52-week high/low RM1.24/RM0.925

1mth	3mth	6mth	1yr	YTD
18.0	21.0	(2.5)	1.7	22.3

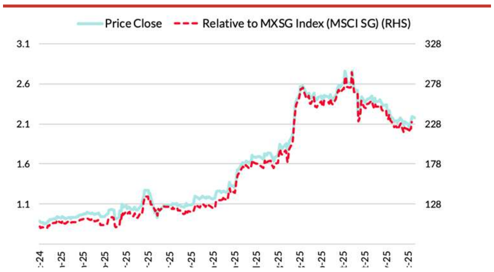
Major Shareholders (%)

Mayang Teratai	32.5
LTH	3.3
AIA	2.1

Balance Sheet Metrics

FY26 NAV/Share (RM)	1.65
FY26 Net Debt/Share (RM)	0.48

Price Chart



Source: Bloomberg

Company Description

One of the leading property developers in Malaysia, famous for its quick turnaround strategy.

- **Property development EBIT margin narrowed to 19.7% in 2Q26** (-3.9ppt qoq; -4.7ppt yoy), mainly due to higher marketing and promotional expenses while impact from rising construction cost was minimal, according to management.
- **Sales on track.** 1H26 property sales came in at RM1.32b (+15% yoy), tracking 48% and on track to meet the full-year sales target of RM2.76b. 1H26 sales mainly came from M Series in Klang Valley (65%), followed by Johor (28%) and Penang (7%). Upcoming launches of RM1.7b for the rest of 2026 include M Mira, M Hana, M Cora, M Tiara 2, and MS Industrial Park @ Kulai (4Q26). We understand that the sales gallery for the Corus redevelopment will be ready in 4Q26 and is set for official launch in 1Q27.
- **Expanding footprint into industrial.** Recall that Mah Sing's recent proposed data centre land disposal of RM617.9m in Southville City to WG Malaysia X should provide additional headroom for landbank replenishment. We estimate a potential net gain of RM124m-185m, accounting for 40-60% of our 2027 earnings forecast with gross proceeds of RM617.9m, which is expected to be completed by Aug 27. On MS Industrial Park @ Kulai, the first phase launch remains unchanged for 4Q26, covering 97.8 acres out of 419.2 acres in total. We also understand that around 200 acres of land are identified for data centre plot land sales, lifting the current GDV of RM2.26b.
- **Manufacturing segment EBIT turned profitable in 2Q26,** at RM11m with EBIT margin of 9.8%, boosted by the glove business. Specifically, the glove segment's utilisation improved with seven out of 12 production lines currently running. Meanwhile, higher raw material costs are being passed through via ASP adjustments. 3Q26-to-date, ASPs have increased from US$16-18/1,000 pcs previously to US$19 currently, as raw material prices have started trending higher again. Meanwhile, plastics remains the key contributor to the manufacturing segment, with management expanding into a third plant in Klang and continuing to explore further domestic M&A opportunities.

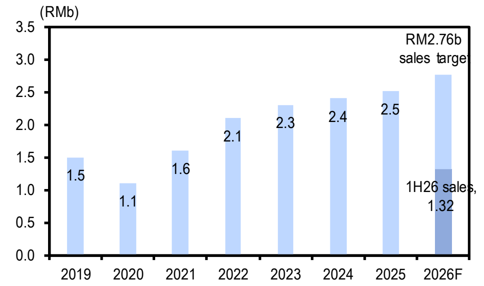
Valuation/Recommendation

- **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.

Earnings Revision/Risk

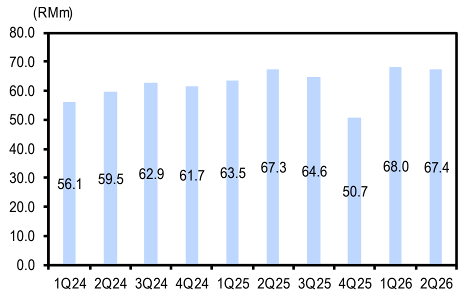
- We raise our earnings forecasts for 2027/28 by 1%/2% for housekeeping purposes.

Quarterly Sales



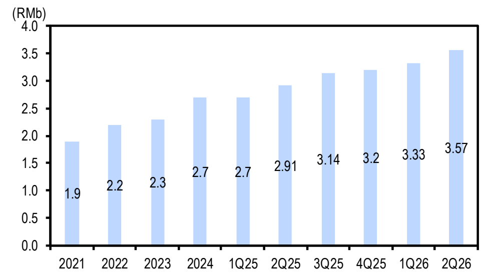
Source: Mah Sing, UOB Kay Hian

Quarterly Core Net Profit Trend (RMm)



Source: Mah Sing, UOB Kay Hian

Unbilled Sales



Source: Mah Sing, UOB Kay Hian

Environment, Social, Governance (ESG) Updates

Environmental

Awarded GreenRE Bronze certification for M Minori, M Panora, M Astra and others.

Social

M Adora completed 2,200,000 man-hours without any incidents.

Governance

Good company transparency along with an anti-bribery and anti-corruption policy.

Profit & loss

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Net turnover	**2,517**	**2,840**	**2,998**	**3,179**
EBITDA	503	506	557	606
Deprec. & amort.	(61)	(44)	(59)	(75)
EBIT	441	462	498	532
Total other non-operating income	48	21	35	28
Net interest income/(expense)	(59)	(63)	(66)	(68)
Pre-tax profit	**383**	**398**	**432**	**463**
Tax	(105)	(96)	(104)	(111)
Minorities	(18)	(16)	(16)	(16)
Net profit	**260**	**287**	**312**	**336**
Net profit (adj.)	274	287	312	336

Balance Sheet

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Fixed assets	3,273	3,513	3,754	3,997
Other LT assets	489	489	489	489
Cash/ST investment	1,211	1,253	1,349	1,427
Other current assets	3,090	3,216	3,284	3,356
Total assets	**8,063**	**8,471**	**8,876**	**9,268**
ST debt	333	333	333	333
Other current liabilities	1,600	1,770	1,907	2,015
LT debt	1,930	2,001	2,076	2,155
Other LT liabilities	99	99	99	99
Shareholders' equity	4,069	4,234	4,411	4,601
Minority interest	18	34	50	66
Total liabilities & equity	**8,063**	**8,471**	**8,876**	**9,268**

Cash flow

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Operating	**387**	**454**	**522**	**531**
Pre-tax profit	383	398	432	463
Tax	(105)	(96)	(104)	(111)
Deprec. & amort.	61	44	59	75
Associates	-	-	-	-
Working capital changes	504	44	68	36
Non-cash items	59	63	66	68
Other operating cashflows	(514)	-	-	-
Investing	**(621)**	**(265)**	**(281)**	**(299)**
Capex (growth)	(640)	(284)	(300)	(318)
Others	19	19	19	19
Financing	**346**	**(134)**	**(145)**	**(154)**
Dividend payments	(159)	(141)	(154)	(166)
Issue of shares	-	-	-	-
Proceeds from borrowings	286	71	75	79
Others/interest paid	219	(63)	(66)	(68)
Net cash inflow (outflow)	**112**	**55**	**96**	**78**
Beginning cash & cash equivalent	**1,347**	**1,211**	**1,253**	**1,349**
Ending cash & cash equivalent	**1,211**	**1,253**	**1,349**	**1,427**

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	20.0	17.8	18.6	19.1
Pre-tax margin	15.2	14.0	14.4	14.6
Net margin	10.9	10.1	10.4	10.6
ROA	5.2	6.2	6.3	6.8
ROE	7.3	7.4	7.9	8.3
Growth				
Turnover	-0.1	12.9	5.6	6.0
EBITDA	13.8	0.6	10.2	8.8
Pre-tax profit	12.7	4.6	7.8	6.7
Net profit	8.0	10.4	8.8	7.7
Net profit (adj.)	13.6	4.7	8.8	7.7
EPS	11.9	4.7	8.8	7.7
Leverage				
Debt to total capital	55.4	54.7	54.0	53.3
Debt to equity	55.6	55.1	54.6	54.1
Net debt/(cash) to equity	25.8	25.5	24.0	23.1
Interest cover (x)	8.6	8.0	8.4	8.9

RHB Bank (RHBBANK MK)

1H26: Resilient 1H26, Better 2H26 Ahead

Analyst(s)

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Highlights

- 1H26 earnings came in within expectations, supported by higher NII, positive JAWS and lower credit costs.
- 2Q26 earnings fell qoq on weaker NOII and NIM compression, partly cushioned by higher NII and lower NCC.
- Downgrade to HOLD with an unchanged RM9.10 target price (1.11x 2027F P/B, 10.3% ROE). Risk-reward is now more balanced following the strong ytd performance.

2Q26 Results

Year to 31 Dec (RMm)	2Q26 (RMm)	2Q25 (RMm)	yoy % chg	1H26 (RMm)	yoy % chg
Net Interest Income	1,038.4	953.0	9.0	2,045.8	6.4
Islamic Banking	694.0	345.2	101.1	1,355.8	50.2
Fees & Commissions	269.8	232.4	16.1	556.6	22.2
Net Trading Income	120.3	160.6	(25.1)	255.7	5.3
Other Operating Income	38.4	463.8	(91.7)	142.8	(79.0)
Total Income	2,160.8	2,155.0	0.3	4,356.8	3.7
Operating Expenses	(1,022.3)	(1,015.5)	0.7	(2,037.4)	2.6
PPOP	1,138.5	1,139.5	(0.1)	2,319.4	4.6
Provision on loans	(80.1)	(89.4)	(10.4)	(170.4)	(12.7)
PBT	1,058.4	1,050.0	0.8	2,149.0	6.3
Net Profit	807.2	803.5	0.5	1,664.0	7.1
EPS (sen)	20.1	20.0	0.5	41.5	7.1
DPS (sen)	15.0	15.0	0.0	15.0	0.0
BVPS (RM)	7.81	7.66	1.9	7.81	1.9
Financial Ratios (%)	**2Q26 %**	**2Q25 %**	**yoy +/-ppt**	**1H26**	**yoy +/-ppt**
NIM	1.82	1.81	0.01	1.82	0.01
Loan Growth, yoy	7.0	5.9	1.1	5.7	1.3
Deposit Growth, yoy	6.9	4.4	2.5	4.0	2.9
Loan/Deposit Ratio	95.3	95.1	0.2	97.2	(1.9)
Cost/Income Ratio	47.3	47.1	0.2	46.2	1.1
ROE	9.6	9.8	(0.2)	10.2	(0.6)
NPL Ratio	1.5	1.5	(0.0)	1.5	(0.0)
Credit Costs (bp)	12.4	14.8	(2.4)	14.3	(1.9)
Loan Loss Cov	73.5	77.5	(4.0)	38.7	34.8
CET-1 CAR	14.8	15.9	(1.1)	14.7	0.1

Source: RHB Bank, UOB Kay Hian

Analysis

- **In line.** RHB Bank (RHB) posted 2Q26 net profit of RM807m (+0.5% yoy, -5.8% qoq), lifting 1H26 earnings to RM1,664.0m (+7.1% yoy). Results are in line, at 47%/48% of our/consensus full- year estimates respectively. 1H26 earnings grew 7.1% yoy, supported by higher NII (+5.3%), lower credit allowances and positive operating JAWS. Net credit cost improved to 13bps, while flat NOII reflected a weaker treasury income that was offset by stronger wealth fees.

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net interest income	3,869	3,880	4,285	4,573	4,870
Non-Interest Income	2,560	2,735	2,865	2,951	3,010
Net profit (rep./act.)	3,120	3,365	3,541	3,699	3,856
Net profit (adj.)	3,120	3,365	3,541	3,699	3,856
EPS (sen)	71.4	77.0	81.0	84.6	88.2
PE (x)	12.2	11.3	10.7	10.3	9.8
P/B (x)	1.2	1.1	1.1	1.1	1.0
Dividend yield (%)	5.0	5.8	5.6	5.8	6.1
Net int margin (%)	1.82	1.74	1.80	1.79	1.78
Cost/income Ratio (%)	46.7	47.3	46.9	47.0	47.0
Loan loss cover (%)	78.6	76.6	82.6	87.8	92.6
Consensus net profit	-	-	3,420	3,628	3,811
UOBKH/Consensus (x)	-	-	1.04	1.02	1.01

Source: RHB Bank, Bloomberg, UOB Kay Hian

HOLD (Downgraded)

Share Price	RM8.68
Target Price	RM9.10
Upside	4.8%

Stock Data

Sector	Financials
Bloomberg ticker	RHBBANK MK
Shares issued (m)	4,360.0
Market cap (RMm)	37,893.7
Market cap (US$m)	9.402.4
3-mth avg daily t'over (US$m)	57.0

Price Performance (%)

52-week high/low				RM8.88/RM6.54
1mth	**3mth**	**6mth**	**1yr**	**YTD**
2.2	2.7	2.9	32.0	12.9

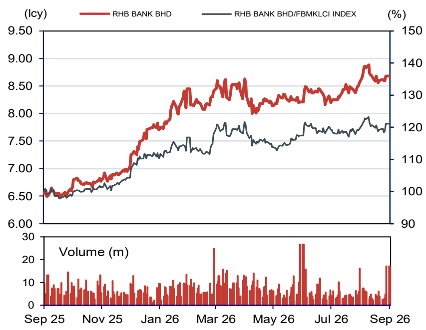
Major Shareholders (%)

EPF	39.0
OSK Holdings	10.3

Balance Sheet Metrics

FY26F NAV/Share (RM)	8.1
FY26F CAR Tier -1 (%)	17.9

Price Chart



Source: Bloomberg

Company Description

Fifth largest fully integrated financial services groups in Malaysia by total assets size. Provides universal banking services to customers.

- **2Q26 earnings rose 0.5% yoy**, supported by higher NII (+6.0%) and lower credit allowances (-10.4%). This was partly offset by weaker NOII (-12.6%), dragged by treasury income (-36.4%). NIM improved 1bp yoy to 1.82%, while mildly negative operating JAWS kept PPOP broadly flat (-0.1%).
- **2Q26 earnings fell 5.8% qoq,** mainly due to weaker NOII (-9.4%), dragged by lower treasury income. NII still rose 1.6%, supported by 1.7% loan growth, despite a 4bp NIM compression to 1.82%. A lower net credit cost of 12bps (1Q26: 14bps) provided some cushion, but negative operating JAWS drove PPOP down 3.6%.
- **NIM softened qoq.** Group NIM fell 4bps to 1.82% in 2Q26, as reduced benefits from fixed deposit repricing and higher interbank funding costs weighed on domestic margins, partly cushioned by an improvement in Singapore NIM on lower SORA. Management expects 2H26 NIM to improve off a better funding mix and higher-yielding loan growth, and maintains its 2026 guidance of 1.83–1.86%.
- **Loan growth remained healthy.** RHB's 1H26 loan growth stood at 6.1% annualised, slightly ahead of management's 5-6% guidance, with yoy growth at 7.0%. Key contributors were mortgages (+7.0% yoy), auto financing (+8.9%), corporate (+9.0%) and commercial banking (+12.4%), while SME loans remained soft (-0.7%). Singapore was also strong at +13.2% yoy.
- **NOII remained subdued.** 2Q26 NOII fell 9.4% qoq and 12.6% yoy, dragged by weaker treasury income (-12.5% qoq, -36.4% yoy) as securities gains declined sharply and forex/derivative income softened. This was partly cushioned by resilient fee income (+20.4% yoy), led by wealth management (+74.5%). Management expects wealth income to remain supportive in 2H26.
- **GIL ratio stable.** Group GIL held steady qoq at 1.47% in 2Q26, while domestic GIL improved 1bp to 1.27%, mainly from a sharp recovery in commercial banking, with SME and corporate asset quality also improving. Stage 2 loans eased to 4.60%. LLC stood at 73.5%, or a healthy 115.4% including regulatory reserves, while management retained its RM339m overlay.
- **Net credit cost continued to improve.** Net credit cost fell 2bps qoq to 12bps in 2Q26, bringing 1H26 to 13bps vs 18bps in 1H25 and within management's 13-14bps guidance. The improvement reflected corporate rating upgrades and RM26m of recoveries, alongside the absence of last year's RM35m US-tariff overlay. Management expects 2H26 credit cost to remain around current levels or potentially improve further.
- **Aligning payout assumption.** We lower our dividend payout assumption to 60% from 65%, to better align with management's 50-60% payout guidance. While RHB's capital position remains comfortable, a more measured payout is appropriate as the group balances its capital management priorities and growth in higher-yielding segments, which are relatively more capital-intensive.
- **Outlook.** 2026 key guidance are as follows: a) Loans growth: 5-6%, b) net credit cost: 13-14bp, c) ROE: 10.8-11.0%, d) GIL ratio: 1.35-1.40%, e) CIR: 46-47%, and f) NIM: 1.83-1.86%.
- **Stronger 2H26 expected.** Expect ROE momentum to improve in 2H26, supported by: a) NIM recovery from a better CASA mix and higher-yielding commercial/middle-market loan growth, b) stronger NOII from wealth management, c) further credit recoveries, and d) continued cost optimisation.

Valuation/Recommendation

- **Downgrade to HOLD with an unchanged target price of RM9.10 (1.11x 2027F P/B, 10.3% ROE).** Valuations have become less compelling following its stellar ytd share price performance, making it the best performing bank. The stock now trades at 1.1x P/B, in line with the sector average but above +2SD of RHB's own seven-year historical P/B band, despite offering a comparable 10.3% ROE and dividend yield of 5.6-6.1%. With much of the re-rating already reflected in the share price, we see a more balanced risk-reward from current levels.

Earnings Revision/Risk

- No revision to earnings.
- **Risks.** Key downside risks include: a) weaker-than-expected SME asset quality trends, particularly from second-order oil price/geopolitical spillovers; b) heightened deposit competition which could pressure NIM; and c) softer market-sensitive NOII, especially from weaker brokerage, trading income and forex gains.

Key Assumptions

(%)	2026F	2027F	2028F
Loan Growth	5.5	5.0	4.8
Credit Cost (bp)	13	13	13
ROE	10.1	10.3	10.5

Source: UOB Kay Hian

Environmental, Social, Governance (ESG) Updates

Environmental

- Green loan commitment. RHB remains committed to Net Zero by 2050 and Carbon Neutral Operations by 2030. Operational GHG emissions were reduced by 49.9% against its 2016 baseline, ahead of its 2025 target of 47.5%.

Social

- Board and upper management gender diversity. RHB maintained strong diversity progress, with women accounting for 39.9% of top and senior management, ahead of its 33.3% target by 2027.
- Community impact initiatives supported over 1.5m cumulative beneficiaries, 29,916 SMEs, 228,198 individuals through financial literacy and 1,073 micro-SMEs, with RHB Foundation and RHB Bank investing RM5.4m and RM6.8m respectively.

Governance

- Non-independent board of directors composition. Board independence remained healthy, with Independent Directors making up 60% of the Board in 2025. The Chairman and GMD/CEO roles are held by separate individuals, supporting independent oversight and avoiding concentration of authority.

Source: RHB Bank, UOB Kay Hian

Profit & Loss

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Interest income	9,812	8,957	9,577	10,148
Interest expense	(5,931)	(4,672)	(5,005)	(5,277)
Net interest income	**3,880**	**4,285**	**4,573**	**4,870**
Fees & commissions	991	1,040	1,071	1,093
Net Trading Income	608	633	652	665
Other income	1,136	1,193	1,228	1,253
Income from Islamic banking	2,159	2,224	2,291	2,360
Total income	**8,774**	**9,374**	**9,815**	**10,240**
Staff costs	(2,466)	(2,664)	(2,837)	(2,993)
Other operating expense	(1,688)	(1,732)	(1,777)	(1,823)
Pre-provision profit	4,620	4,979	5,201	5,424
Loan loss provision	(214)	(344)	(361)	(378)
Other provisions	0	0	0	0
Associated companies	(28)	(28)	(28)	(28)
Pre-tax profit	**4,378**	**4,607**	**4,812**	**5,017**
Tax	(1,010)	(1,062)	(1,110)	(1,157)
Minorities	(4)	(4)	(4)	(4)
Net profit	**3,365**	**3,541**	**3,699**	**3,856**
Net profit (adj.)	3,365	3,541	3,699	3,856

Balance Sheet

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Cash with central bank	2,286	1,817	1,938	2,059
Govt treasury bills & securities	89,698	97,548	106,092	115,395
Interbank loans	549	604	664	731
Customer loans	247,910	261,349	274,204	287,139
Investment securities	0	0	0	0
Derivative receivables	2,453	2,344	2,235	2,127
Associates & JVs	65	65	65	65
Fixed assets (incl. prop.)	1,101	1,117	1,134	1,153
Other assets	14,042	14,769	15,602	16,583
Total assets	**358,104**	**379,613**	**401,935**	**425,251**
Interbank deposits	31,018	33,499	36,179	39,074
Customer deposits	252,537	267,689	283,751	300,776
Derivative payables	283	295	306	319
Debt equivalents	7,020	7,020	7,020	7,020
Other liabilities	33,056	36,178	38,790	41,188
Total liabilities	**323,914**	**344,681**	**366,046**	**388,376**
Shareholders' funds	34,146	34,883	35,836	36,818
Minority interest - accumulated	44	48	53	57
Total equity & liabilities	**358,104**	**379,613**	**401,935**	**425,251**

Cash Flow

Year to 31 Dec (RMm)	2024	2025F	2026F	2027F
Capital Adequacy				
Tier-1 CAR	15.2	17.8	17.3	16.9
Total CAR	17.6	20.1	19.5	19.0
Total assets/equity (x)	10.5	10.9	11.2	11.6
Tangible assets/tangible common equity (x)	11.6	12.0	12.3	12.6
Asset Quality				
NPL Ratio	1.4	1.4	1.4	1.4
Loan Loss Coverage	76.6	82.6	87.8	92.6
Loan Loss Reserve/Gross Loans	1.1	1.2	1.2	1.3
Increase in NPLs	1.5	4.5	5.3	5.7
Credit Cost (bp)	8.5	13.0	13.0	13.0
Liquidity				
Loan/Deposit Ratio	98.2	97.6	96.6	95.5
Liquid Assets/Short-Term Liabilities	32.6	33.2	33.9	34.7
Liquid Assets/Total Assets	25.8	26.3	27.0	27.8

Key Metric

Year to 31 Dec (%)	2024	2025F	2026F	2027F
Growth				
Net Interest Income, yoy Chg	0.3	10.4	10.4	10.4
Fees & Commissions, yoy Chg	1.5	5.0	5.0	5.0
Pre-Provision Profit, yoy Chg	0.8	7.8	7.8	7.8
Net Profit, yoy Chg	7.8	5.2	5.2	5.2
Customer Loans, yoy Chg	5.5	5.4	5.4	5.4
Customer Deposits, yoy Chg	1.2	6.0	6.0	6.0
Profitability				
Net Interest Margin	1.74	1.80	1.79	1.78
Cost/Income Ratio	47.3	46.9	47.0	47.0
Adjusted ROA	1.1	1.0	1.0	1.0
Reported ROE	9.9	10.2	10.3	10.5
Adjusted ROE	9.9	10.2	10.3	10.5
Valuation				
P/BV (x)	1.1	1.1	1.1	1.0
P/NTA (x)	1.2	1.2	1.2	1.1
Adjusted P/E (x)	11.3	10.7	10.3	9.8
Dividend Yield	5.8	5.6	5.8	6.1
Payout ratio	65.0	60.0	60.0	60.0

Farm Fresh

(FFB MK/HOLD/RM2.07/Target: RM2.05)

1QFY27: Slow Start To The Year But Within Expectations

Highlights

- **Broadly within expectations.** Farm Fresh reported a 1QFY27 core net profit of RM26.5m (-5.1% qoq, -19.3% yoy). This accounts for 18% of both our and consensus full-year earnings estimates respectively. We expect sequential sales growth and margin recovery over the following quarters to shore up full-year earnings. 1QFY27 sales were robust, underpinned by a breakthrough into sales channel expansion and increased export contributions but earnings were curtailed by compressed margins.
- **Sales gathers momentum...** Sequentially, 1QFY2Y sales grew at a robust 11.4% qoq owing to a recovery after seasonal sales slowdown due to the fasting month in the preceding quarter and increased export sales to Cambodia. Sales grew 17.6% yoy, fuelled by a breakthrough into new sales channels, sales to Cambodia and the Philippines, and new product launches. Near-term sales growth should remain supported by distribution expansion, new product launches and rising overseas contributions, with additional growth opportunities from ice cream and bottled water.
- **…but margins get hit.** 1QFY27 group gross margin dipped 2.7ppt yoy to 31.6% (-1.3 ppt qoq) due to margin dilution from sales in the Philippines and Cambodia, higher input costs and unfavourable forex. Excluding the impact of higher fuel and plastic bottle prices, gross margin would have been 32.0%. Farm Fresh's price increase, implemented in response to higher input costs, took effect towards the end of the quarter and will only be fully reflected in the upcoming 2QFY27. Following higher opex, financing cost and effective tax rate, core margin declined further by 3.9ppt yoy to 8.6% (-1.5ppt qoq). Upcoming margins should see a partial recovery following its ASP hike in June.

Valuation/Recommendation

- **Maintain HOLD and target price of RM2.05.** F&N's influx of supply over the next 1-2 years will disproportionately impact Farm Fresh, given the latter's dominant market share in Malaysia. Valuations have since moderated, largely reflecting its near-term prospects. Our target price is based on a 26x FY2027 PE multiple, in line with the mean of its historical trading band.

Earnings Revision/Risk

- **No changes to earnings.** Downside risks include elevated raw material prices, enhanced competition, milk quality and yield, and US dollar foreign exchange rate.

Share Price Catalyst

- **Packaging bottleneck.** The Middle East conflict has somewhat disrupted Farm Fresh's operations via packaging availability. The company highlighted disruptions in PET resin supply – a petroleum-based material used for its core 1-litre and 2-litre "red cap" milk bottles – alongside rising diesel, logistics and electricity expenses. This was further compounded by two weeks of inventory on hand. However, management indicated the directly impacted cost component only accounts for roughly 4% of total COGS, thereby limiting the overall impact even if resin prices remain elevated. Management had passed on the cost with a 3% ASP hike on plastic packaged products in June.
- **Temporary and digestible impact.** The impact, however, appears temporary. "Red cap" products contribute 12-13% of revenue, with management actively encouraging customers to shift towards paper carton and UHT packaging formats to mitigate resin-related disruptions. While prolonged tensions could pressure margins and supply chains, the financial impact appears digestible amid resilient demand.
- **Expansion into premium mineral water.** Farm Fresh is investing RM55m in its Vocanic 8.0 mineral-water facility, comprising two production lines with combined capacity of around 1m bottles per day. Leveraging its existing distribution network across modern trade, general trade and HORECA should improve delivery economics and accelerate market penetration, with management expecting the venture to be margin- and earnings-accretive.
- **Enhanced competition at Farm Fresh's doorstep.** F&N has made significant investments and headway into upstream dairy production. Over the next 5-8 years, F&N is expected to ramp up milk production to 200m litres of fresh milk p.a.. F&N's maiden commercial dairy production had come on-stream in 1Q26. Even the completion of its Phase 1 (100m litres of fresh milk output) would already position F&N as the largest dairy producer in the nation. Farm Fresh's dominant market share of 60% in the chilled dairy segment is likely to be most at risk. In addition, adjacent category dairy products such as ice cream and butter, which Farm Fresh currently produces, could be well within F&N's wheelhouse eventually.

1QFY27 Results

Year to 31 Mar	1QFY27 (RMm)	qoq % chg	yoy % chg
Revenue	**306.4**	**11.4**	**17.6**
Gross profit	93.6	7.8	8.2
EBITDA	54.1	5.8	(3.3)
Pre-tax profit	30.4	9.2	(15.8)
Core PATAMI	**26.5**	**(5.1)**	**(19.3)**
Margin	**%**	**+/- ppt**	**+/- ppt**
Gross margin	30.5	(1.0)	(2.6)
EBITDA margin	17.7	(0.9)	(3.8)
Effective tax rate	(12.8)	(1.6)	(5.0)
Core margin	8.6	(1.5)	(3.9)

Key Financials

Year to 31 Mar (RMm)	2025	2026	2027F	2028F	2029F
Net turnover	981	1,116	1,273	1,286	1,299
EBITDA	193	228	261	276	282
Operating profit	132	161	182	186	190
Net profit (rep./act.)	107	130	144	148	151
Net profit (adj.)	107	130	144	148	151
EPS (sen)	5.7	7.0	7.8	8.0	8.2
PE (x)	37.5	30.8	27.5	26.8	26.2
P/B (x)	5.5	4.8	4.4	4.0	3.6
EV/EBITDA (x)	23.2	20.8	18.9	17.8	17.5
Dividend yield (%)	1.0	1.3	1.4	1.5	1.5
Net margin (%)	10.8	11.6	11.4	11.6	11.8
Net debt/(cash) to equity (%)	46.6	65.5	56.2	52.3	50.2
Interest cover (x)	11.2	12.6	10.6	11.3	11.5
ROE (%)	15.6	17.7	18.7	18.1	17.6
Consensus net profit	-	-	147.8	168.4	190.5
UOBKH/Consensus (x)	-	-	0.98	0.88	0.79

Source: Farm Fresh, Bloomberg, UOB Kay Hian

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Malaysian Resources Corporation
(MRC MK/BUY/RM0.31/Target: RM0.39)

2Q26: Below Expectations, But Several Positive Developments Anchoring Growth Prospects

2Q26 Results

Year to 31 Dec	2Q26 (RMm)	qoq % chg	yoy % chg	1H26 (RMm)	yoy % chg
Revenue	**174.5**	**(45.3)**	**(41.4)**	**493.7**	**(4.3)**
- Property Development	48.8	19.7	71.1	89.6	20.2
- Construction	103.3	(60.0)	(58.4)	361.2	(9.9)
- Others	22.5	9.6	6.8	42.9	6.0
EBIT	**55.2**	**66.4**	**99.9**	**88.4**	**53.7**
- Property Development	(7.4)	16.0	(161.7)	(16.3)	(309.7)
- Construction	(56.1)	(245.1)	(490.6)	(17.4)	(178.2)
- Others	118.7	3,376.1	9,836.6	122.2	344.7
PBT	**12.6**	**38.3**	**285.4**	**21.7**	**167.1**
PATAMI	**14.5**	**314.5**	**(3.8)**	**18.0**	**(23.9)**
Core PATAMI/(LATAMI)	**(59.5)**	**(1,801.6)**	**(495.0)**	**(56.0)**	**(336.8)**
Margins	%	+/- ppt	+/- ppt	%	+/- ppt
EBIT - Property Development	(15.3)	6.5	(57.6)	(18.2)	(28.7)
EBIT - Construction	(54.3)	(69.3)	(60.1)	(4.8)	(10.4)
PBT	7.2	4.4	6.1	4.4	2.8
PATAMI	8.3	7.2	3.2	3.6	(0.9)
Core PATAMI	(34.1)	(35.2)	(39.2)	(11.3)	(15.9)

Source: MRCB, UOB Kay Hian

Key Financials

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Net Turnover	1,198	1,170	1,897	1,921
Net Profit (Adjusted)	47	(10)	66	69
EPS (sen)	1.1	(0.2)	1.5	1.6
PE (x)	43.7	n.a.	21.7	20.6
PB (x)	0.4	0.2	0.1	0.0

Highlights

- **Below expectations.** Malaysia Resources Corporation (MRCB) reported a 2Q26 net profit of RM14.5m (+315% qoq; -4% yoy) and revenue of RM175m (-45% qoq, +41% yoy). 2Q26 core earnings declined yoy, mainly dragged by the construction segment's lower progress billing (LRT3 completed in mid-May, while newly-secured projects are at their early stages). Furthermore, the property segment's earnings were also much lower due to due to higher operating and marketing expenses relating to new project launches.
- **1H26 earnings were below our and consensus expectations,** with core losses of RM56m falling short of our and consensus full-year earnings forecasts of RM40m.
- **Property development segment: Earnings weakness may only see better improvement towards 4Q26-27.** The property development segment posted operating losses (LBIT) of RM7.4m (from RM12.1m EBIT in 2Q25) despite higher revenue of RM49m (+71% yoy) in 2Q26. The stronger revenue mainly reflects stronger sales of completed unsold units in Sentral Suites, VIVO 9 Seputeh, TRIA 9 Seputeh, and Alstonia, besides ongoing projects including Residensi Tujuh and Adonis. Nevertheless, LBIT of RM7.4m (from RM12.1m EBIT in 2Q25) mainly stems from higher operating and marketing expenses relating to new project launches. In 1H26, the group recorded property sales of RM150.8m (-67% yoy), with 75% from ongoing projects and 25% from completed projects.
- Near-term earnings may gradually improve with better sales of unsold projects under development and completed unsold units (total value of RM601.3m). Although the group's unbilled sales surged to RM1,485.7m (1Q26: RM1,467.9m), we think that the bulk of these unbilled sales are from the Australian projects (VISTA, Gold Coast) which can only be booked in late-26 or early-27 upon project completion. Positively, the group also targets to launch several new property projects with a total GDV of RM1.9b in 2026, which shall contribute positively to the property segment's earnings moving forward.
- **Construction segment: Lower progress billings and earnings following LRT3 completion.** On the other hand, the construction division recorded LBIT of RM56.1m (from RM14.4m EBIT in 2Q25) in tandem with lower revenue of RM103m (-58% yoy) in 2Q26. This mainly reflects lower progress billings as the LRT3 project is near completion, while the reinstatement of 5 LRT3 stations and other infrastructure works are still in the design phase.
- As of 2Q26, the group had an unbilled construction orderbook of RM5.5b and tenderbook of RM11b. Total orderbook also stood tall at RM18.1b. These will continue to support earnings and provide long-term growth opportunities.
- **Better earnings outlook in 2027-28.** Notably, MRCB has seen several positive developments such as: a) securing the RM3.03b Penang LRT Mutiara Line system turnkey contract in Aug 26; b) developing a 65MW IT load capacity AI data centre (DC) in Bukit Jalil with an estimated gross development cost of RM2.1b; and c) disposal of seven land parcels at Cyberjaya for RM419m, with RM81.4m disposal gain.

Earnings Revision/Risk

- **Cut our 2026 earnings forecasts,** from RM40m core net profit into RM10m core net losses, after lowering progress billing and EBIT margin assumptions for both the construction and property segments.
- **Raise our 2027-28 earnings forecasts by 57% and 50% respectively** as we increased our construction progress billings to reflect higher revenue from the recently secured Penang LRT contract and interest savings following the disposal of the group's seven Cyberjaya land parcels.

Valuation/Recommendation

- **Upgrade to BUY with a higher target price of RM0.39 (from RM0.32).** Our target price is based on a 25% discount to our SOTP valuation of RM0.52/share, implying 33x 2027F PE (five-year mean).

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Northern Solar Holdings
(NORTHERN MK/BUY/RM0.70/Target: RM1.00)

1QFY27: In Line; LSS5 Upfront Costs Booked In the Quarter

Highlights

- **Northern Solar reported 1QFY27 net profit of RM4.0m** (+3% yoy; +28% qoq). Earnings were driven by healthy execution on its utility-scale large-scale solar 5 (LSS5) project and higher commercial and industrial (C&I) solar installation projects. Stripping out a one-off gain on financial assets impairment, fair value loss on derivative liabilities and PPE write-off during the quarter, core net profit came in at RM3.7m (+8% yoy; +18% qoq). 1QFY27 earnings accounted for 17% of our full-year FY27 forecast. We deem the results to be within expectations as we expect strong quarterly earnings in 2HFY27.
- **Upfront cost a drag to 1QFY27 gross margin…** The group saw a sharp drop in gross margin to 27.4% (-11ppt yoy; -13ppt qoq). We understand this is due to upfront cost deployed for the group’s RM120m LSS5 engineering, procurement, construction and commissioning (EPCC) contract. This led to 1QFY27 net margin of 9.5% (-3ppt qoq; -6ppt qoq). Earnings were also partly dragged by higher depreciation charges from its expanded 15MW solar rooftop asset (+18% yoy; +11% qoq).
- **…but company is on track to meet 10% net margin target in FY27.** Having incurred elevated upfront costs, higher progress billings for the LSS5 project in coming quarters are expected. We project that the group will achieve a full-year FY27 core net profit margin of 10% with the inclusion of utility-scale projects (from FY26’s core net margin of 13.5%).
- **EPCC of solar PV systems.** For 1QFY27, the EPCC of solar photovoltaics (PV) systems division recorded robust top-line growth of RM37.4m (+37% yoy; +97% qoq). This was driven by maiden LSS5 project contribution and growing demand for C&I solar and battery energy storage system.
- **Generation of renewable energy.** This division saw its 1QFY27 revenue moderate qoq to RM0.7m (+26% yoy; -57% qoq) due to the absence of renewable energy certificates (RECs) sales during the quarter. This was partly offset by growing renewable energy generation from its expanded solar rooftop asset portfolio of 15MW to date.

Earnings Revision/Risk

- No changes to earnings.

Valuation/Recommendation

- **We reiterate our BUY rating with a PE-based target price of RM1.00.** Our target price is pegged to 11x FY28F EPS (-1SD from mean PE). Northern Solar is currently trading at an attractive valuation of 12.3x FY27F PE with a three-year earnings CAGR of 51% over FY26-29 and a blue-sky fair value of RM1.35 (mean PE).
- **Main Board listing and Shariah status reinstatement by 4Q26.** Northern Solar announced that it has secured approval from the Securities Commission Malaysia for its proposed transfer to Bursa Malaysia's Main Market, which is expected to materialise by end-Sep 26 or Oct 26. In addition, the group remains confident of regaining its Shariah-compliant status following the biannual Shariah compliance review in Nov 26. We believe these corporate developments will enhance the stock's attractiveness to a broader investor base, prompting us to revise our target price to our blue-sky fair value.

1QFY27 Results

Year to 31 Mar (RMm)	1QFY27	4QFY26	1QFY26	qoq%	yoy%
Revenue	**38.2**	**20.7**	**28.0**	**84.1**	**36.1**
Gross Profit	10.5	8.3	10.8	25.9	(2.9)
EBITDA	6.2	5.6	6.1	11.0	1.0
EBIT	5.7	5.1	5.7	11.0	(0.1)
Profit Before Tax	**5.6**	**5.0**	**5.6**	**11.2**	**0.5**
Tax	(1.6)	(1.9)	(1.7)	(15.4)	(5.4)
Net Profit	4.0	3.1	3.9	27.8	3.0
Core Net Profit	**3.7**	**3.1**	**3.4**	**18.3**	**8.3**
Segmental Revenue					
EPCC of solar PV systems	37.4	19.0	27.4	96.7	36.6
Generation of renewable energy	0.7	1.6	0.6	(56.6)	25.7
O&M of solar PV equipment & systems	0.0	0.1	0.1	(82.6)	(84.2)
Total	**38.2**	**20.7**	**28.0**	**84.1**	**36.1**

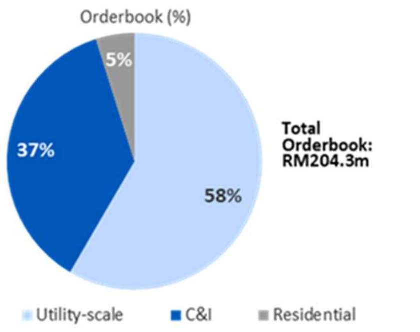
Source: Northern Solar, UOB Kay Hian

Key Financials

Year to 31 Mar (RMm)	2025	2026	2027F	2028F	2029F
Net turnover	84.9	113.0	224.3	402.3	600.4
EBITDA	18.7	24.0	34.1	56.5	78.0
Operating profit	17.8	22.4	32.7	54.5	75.4
Net profit (rep./act.)	11.4	15.3	22.5	37.7	52.3
Net profit (adj.)	13.9	15.3	22.5	37.7	52.3
EPS	3.5	3.9	5.7	9.5	13.2
PE (x)	19.9	18.1	12.3	7.3	5.3
P/B (x)	4.1	3.3	2.6	1.9	1.4
EV/EBITDA (x)	12.5	10.1	6.9	3.7	2.5
Dividend yield (%)	-	-	-	-	-
Net margin (%)	16.4	13.5	10.0	9.4	8.7
Net debt/(cash) to equity (%)	(62.0)	(42.2)	(33.6)	(41.7)	(38.0)
Interest cover (x)	22.4	35.5	58.6	86.8	102.9
ROE (%)	20.6	18.4	21.3	26.4	26.8

Source: Northern Solar, UOB Kay Hian

Current Orderbook



Source: Northern Solar, UOB Kay Hian

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Oriental Kopi Holdings
(KOPI MK/HOLD/RM1.05/Target: RM1.05)

3QFY26: Expansion Outpaces Earnings

Highlights

- **Below expectations.** Oriental Kopi Holdings (Oriental Kopi) 3QFY26 registered a core profit of RM17.0m. This brought 9MFY26 core profit to RM49.3m (+7.4% yoy). Earnings were below our and consensus expectations, accounting for 67% and 68% of our and consensus full-year earnings forecasts respectively. The negative variance is attributed to the lower-than-expected sales and margin.
- **Sales growth off new outlets.** Oriental Kopi's 3QFY26 recorded sales came in at RM156.6m, up 34.2% yoy. Growth was primarily driven by an enlarged stores count of +42%, or 10 new stores, which saw the company end the quarter with 34 stores. While SSSG appears positive, sales per outlet has declined 7.2% yoy. This could be because newer, albeit profitable, stores are less sales-generative than legacy outlets in Tier 1 malls and prime locations such as Pavilion KL, Mid Valley and KLCC.
- **Softer margins curtail earnings growth.** Oriental Kopi's gross margins saw some sequential recovery by 1.7ppt to 23.5% but remains 2.5ppt lower yoy. Sequential improvement in margins could be seasonal as the fasting month fell in the preceding quarter. Higher financing costs partially offset leaner opex as PBT margins expanded further by 2.1ppt qoq to 15.6% (-4.5ppt yoy). A marginally higher effective tax rate limited core margin gains to +0.5ppt qoq to 10.9% (-3.6ppt yoy).

Valuation/Recommendation

- **Downgrade to HOLD with a lower target price of RM1.05** (from RM1.15), reflecting our reduced earnings forecasts. While Oriental Kopi's regional expansion offers longer-term growth potential, near-term earnings contributions are likely to remain limited. Current valuations appear to fairly reflect its domestic growth prospects, while execution challenges warrant a more cautious stance. Our target price is based on 25.9x FY27F PE, in line with the market cap-weighted average of its peers.

Earnings Revision/Risk

- We cut FY26-29 earnings by around 10% to account for lower sales and margins. Key risks are execution and identification of new outlets and containing costs.

Share Price Catalyst

- **Overseas expansion gathers pace.** Oriental Kopi signed agreements on 6 August to expand into Indonesia and Mauritius. In Indonesia, the group will invest RM1.96m for a 40% stake in a JV with Era Boga Nusantara, which holds the remaining 60%. The venture will prioritise Jakarta, excluding Medan and Indonesian airports, with restaurant operations required to commence within one year. Oriental Kopi expects its first outlet by end-26 at Central Park Mall in Jakarta. Oriental Kopi will also receive a collaboration fee for brand rights and operational support. In Mauritius, Coffee Time has been granted exclusive franchise rights, with the first outlet required to open within 300 days. The initial term extends six years from the first restaurant's opening, generating franchise fees and monthly royalties for Oriental Kopi.
- **Precision in expansion, proven playbook – but requires time.** Previously, management indicated of the initial rollout to be paced, with only a handful of outlets in the first two years before scaling to around 10 outlets over the medium term. We view this measured approach favourably, given the execution risks inherent in overseas F&B expansion. Encouragingly, its Singapore operations turned profitable during the first full quarter of its maiden outlet's operations, underscoring management's disciplined approach and execution. This lends confidence that a multi-country rollout remains manageable, with limited initial losses, if any. Notably, FMCG sales are excluded from the JV structure, allowing Oriental Kopi to retain full profitability from this income stream.

3QFY26 Results

Year to 30 Sep	1QFY27 (RMm)	qoq % chg	yoy % chg	9MFY26 (RMm)	yoy % chg
Revenue	**156.6**	**6.4**	**34.2**	**443.1**	**39.4**
Gross profit	**36.8**	**14.9**	**21.3**	**100.9**	**24.3**
EBITDA	**30.5**	**20.6**	**10.6**	**83.7**	**19.7**
Exceptionals	0.0	16.5	57.8	0.0	68.2
Pre-tax profit	**24.5**	**23.0**	**4.3**	**66.8**	**12.9**
PAT	17.0	11.8	(5.3)	49.3	9.6
Core PAT	**17.0**	**11.8**	**0.6**	**49.3**	**7.4**
Margin	%	+/- ppt	+/- ppt	%	+/- ppt
Gross margin	23.5	1.7	(2.5)	22.8	(2.8)
EBITDA margin	19.4	2.3	(4.1)	18.9	(3.1)
Effective tax rate	(30.6)	(7.0)	(7.0)	(26.2)	(2.3)
Core Margin	10.9	0.5	(3.6)	11.1	(3.3)

Key Financials

Year to 30 Sep (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	277.3	450.9	638.1	753.1	837.1
EBITDA	80.2	117.1	138.0	169.5	182.1
Operating profit	60.9	87.5	93.1	110.0	119.7
Net profit (rep./act.)	43.1	60.8	66.8	79.9	86.3
Net profit (adj.)	43.1	62.1	66.8	79.9	86.3
EPS (sen)	2.2	3.1	3.3	4.0	4.3
PE (x)	48.7	33.8	31.4	26.3	24.3
P/B (x)	39.2	7.2	6.2	5.3	4.7
EV/EBITDA (x)	26.0	16.7	13.3	10.3	9.1
Dividend yield (%)	1.0	1.0	1.0	1.2	1.3
Net margin (%)	15.6	13.8	10.5	10.6	10.3
Net debt/(cash) to equity (%)	(1.1)	(0.9)	(0.9)	(1.0)	(1.1)
Interest cover (x)	17.6	19.8	27.5	34.3	25.9
ROE (%)	79.4	25.5	18.6	20.4	19.3
Consensus net profit	-	-	73.1	91.6	105.4
UOBKH/Consensus (x)	-	-	0.91	0.87	0.82

Source: Oriental Kopi, Bloomberg, UOB Kay Hian

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SKP Resources
(SKP MK/HOLD/RM0.285/Target: RM0.29)

1QFY27: Below Expectations; Near-Term Outlook Remains Challenging

Highlights

- **Below expectations.** SKP Resources (SKP) reported 1QFY27 revenue of RM338.2m (+11% qoq, -34% yoy), and operating loss of RM4.9m (-81% qoq, -114% yoy) leading to a core net loss of RM3.8m (-84% qoq, -114% yoy), below our and consensus forecasts respectively. The earnings miss was primarily driven by weaker-than-expected customer orders amid softer end-demand conditions following the Middle East geopolitical tensions, compounded by cost-down initiatives undertaken by a key customer to mitigate tariff-related pressures.
- **1QFY27 sales improved 11% qoq** on higher order volume from customers. However, the group's operating loss narrowed by 80% qoq, aided by the absence of the prior quarter's PPE impairment and improved capacity utilisation, which allowed better absorption of fixed manufacturing overheads.
- **Near-term headwinds persist.** While tariff clarity has improved visibility, we still anticipate earnings headwinds for EMS players from softer consumer demand and margin compression. Accordingly, we have further trimmed our forecasts, on top of our already conservative assumptions. Notably, SKP is in active discussions to on-board a new prospect, in addition to securing new model awards from customers acquired in recent years.
- **Short-term cost-down initiatives driving long-term opportunities.** Management noted that while tariff-related pressures may continue to affect profitability across the CM/EMS industry at least in the near term, the group has adopted a strategic approach to partially share the tariff cost burden with customers in exchange for higher order volumes. This cost-down initiative may lead to near-term margin compression, but it also positions the company to capture growth opportunities, as the current industry landscape encourages consolidation and allows established, resilient players like SKP to strengthen their market presence.

Earnings Revision/Risk

- After our model updates, we cut our FY27-28 earnings forecasts by 19-24% to account for lower loadings and cost-down initiatives.

Valuation/Recommendation

- **Maintain HOLD with a lower target price of RM0.29 (from RM0.36),** based on 13x FY27F PE (at -0.5SD below seven-year mean PE). Key risks include: a) single customer concentration risk, given that its largest customer will account for over 75% of FY26-27 total sales; and b) new production lines not coming on stream in time.

1QFY27 Results

Year to 31 Mar	1QFY27 (RMm)	qoq % chg	yoy % chg	1QFY27 (RMm)	yoy % chg
Revenue	**338.2**	**10.9**	**(34.1)**	**338.2**	**(34.1)**
EBITDA	9.8	(184.1)	(80.8)	9.8	(80.8)
Operating profit	(4.9)	(80.9)	(113.6)	(4.9)	(113.6)
Pre-tax profit	**(5.0)**	**(87.5)**	**(114.0)**	**(5.0)**	**(114.0)**
Net profit	(3.8)	(89.8)	(114.0)	(3.8)	(114.0)
Core net profit	**(3.8)**	**(83.6)**	**(114.0)**	**(3.8)**	**(114.0)**
Margin	%	+/- ppt	+/- ppt	%	+/- ppt
EBITDA	2.9	6.7	(1.0)	2.9	(7.0)
EBIT	(1.5)	7.0	(1.8)	(1.5)	(8.5)
Pre-tax profit	(1.5)	11.6	(2.0)	(1.5)	(8.5)
Core net profit	(1.1)	6.5	(1.6)	(1.1)	(6.4)

Key Financials

Year to 31 Mar (RMm)	2025	2026	2027F	2028F	2029F
Net turnover	2,222.6	1,812.7	1,477.3	1,839.9	2,086.6
EBITDA	206.8	112.8	90.8	120.5	145.4
Operating profit	151.4	54.4	41.0	70.7	95.6
Net profit (rep./act.)	117.0	33.6	34.7	57.5	76.7
Net profit (adj.)	117.0	47.6	34.7	57.5	76.7
EPS (sen)	7.5	3.0	2.2	3.7	4.9
PE (x)	3.7	9.2	12.6	7.6	5.7
P/B (x)	0.5	0.5	0.5	0.4	0.4
EV/EBITDA (x)	1.2	1.8	2.5	2.2	1.8
Dividend yield (%)	13.4	5.4	4.0	6.6	8.8
Net margin (%)	5.3	1.9	2.3	3.1	3.7
Net debt/(cash) to equity (%)	0.3			0.8	0.7
Interest cover (x)	267.2	87.2			
ROE (%)	12.8	3.7	3.8	6.2	8.0
Consensus net profit			37.8	55.5	64.2
UOBKH/Consensus (x)			0.92	1.04	1.19

Source: SKP, UOB Kay Hian

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Market Spotlight

Market News

The FBMKLCI fell 15.84pt to close at 1,725.88 last Friday, as the sell-off in global stocks that briefly looked to have ended mid-week has come back, tipping markets from the US. Meanwhile, most Asian stocks moved in a tight range on Friday, with South Korea's KOSPI losing ground as a rally in technology shares lost steam ahead of more cues on US interest rates. The FBMKLCI's top gainers were IOI Properties Group (+1.5%), IHH Healthcare (+1.2%) and RHB Bank (+0.93%), while the top losers were MISC (-6.6%), Axiata Group (-3.7%) and YTL Corporation (-3.5%). In the broader market, losers outpaced gainers 917 to 405 with 461 counters unchanged. Turnover was 5.07b shares valued at RM5.96b.

US stocks were lower after the close on Friday, as losses in the industrials, utilities and technology sectors led shares lower. At the close in NYSE, the Dow Jones Industrial Average fell 0.02%, while the S&P 500 Index fell 0.25%, and the NASDAQ Composite Index declined 0.52%. Falling stocks outnumbered advancing ones on the New York Stock Exchange by 1,553 to 1,137 and 114 ended unchanged; on the Nasdaq Stock Exchange, 2,229 fell and 1,194 advanced, while 189 ended unchanged. *(Sources: Investing.com)*

FBMKLCI, FCPO & FKLI Index Outlook

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FBMKLCI

Source: UOBKH ChartGenie

FTSE Bursa Malaysia KLCI

Last close:	1,725.88
Expected moving range:	1,720-1,750

Technical View:

Given that selling pressure still persists, the FBMKLCI has succumbed and closed in negative territory last Friday as the index closed below both the 7-day and 21-day EMA. Following global political uncertainties and a lack of domestic-driven catalysts, we expect the FBMKLCI to move sideways. However, lingering selling pressure may drag the index lower and potentially retest the psychological support at 1,700 in the near term. 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 +2.8% potential return

Trading BUY range:	RM4,900-5,020
Last price:	RM4,890
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 RM4,890 on last Friday's movement. This bullish movement is supported by an uptick in RSI and bullish crossover in both MACD and DMI indicators. We still maintained 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 SELL with -1.1% downside

Trading SELL range:	1,730-1,750
Last price:	1,700
Target price:	1,691, 1,681
Resistance:	1,721
Stop-loss:	1,722

SELL with a target price of 1,681 and stop-loss at 1,722. Based on the chart, FKLI formed a series of lower highs and lower lows that indicates the downtrend pattern. This bearish movement is supported by the downtick in the RSI and bearish crossovers in the MACD. We peg our targets at 1,691 and 1,681 in the near term.

Expected timeframe: One day to three days

Traders' Corner

Analyst(s)

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GIIB Holdings
GII MK

Technical BUY with +40.2% potential return

Trading BUY range:	RM0.45-0.48
Last price:	RM0.48
Target price:	RM0.58, RM0.625
Support:	RM0.38
Stop-loss:	RM0.375

Source: UOBKH ChartGenie

BUY with a target price of RM0.625 and stop-loss at RM0.375. Last Friday's gain could be considered a significant breakthrough as the breakout has placed share price in new territory. Backed by surging trading volumes and positive momentum, there should be an upward follow-through from here. Furthermore, an uptick in the RSI and a bullish crossover in the DMI and MACD imply a stronger upward move ahead. We peg our targets at RM0.58 and RM0.625 in the near term.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading

Keyfield International
KEYFIELD MK

Technical BUY on breakout with +19.1% potential return

Trading BUY range:	RM1.41-1.42
Last price:	RM1.40
Target price:	RM1.59, RM1.68
Support:	RM1.31
Stop-loss:	RM1.29

Source: UOBKH ChartGenie

BUY on breakout with a target price of RM1.68 and stop-loss at RM1.29. Based on the daily chart, KEYFIELD formed higher highs and higher lows that indicate an uptrend. This bullish movement is supported by an uptick in the RSI and a bullish crossover in the MACD. Currently, DMI is on the verge of making a golden cross to the psoisitve signal. We expect KEYFIELD will continue moving up once it penetrates the breakout level of RM1.41.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading

Source: UOBKH ChartGenie

Lianson Fleet Group
LFG MK

Technical BUY with +19.3% potential return

Trading BUY range:	RM1.48-1.50
Last price:	RM1.50
Target price:	RM1.69, RM1.79
Support:	RM1.38
Stop-loss:	RM1.37

BUY with a target price of RM1.79 and stop-loss at RM1.37. Based on the chart, share price has recovered gradually and moved above the 7- and 21-day EMAs, effectively reversing its sideways trend. This is supported by the rising RSI and DMI, which indicate positive momentum would strengthen in the near term. We peg our targets at RM1.69 and RM1.78 in the near term.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading

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