UOBKayHian

Country Daily | Malaysia

Friday, 4 September 2026

Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	53,686.1	1.2	0.2	1.0	11.7
S&P 500	7,747.7	1.1	0.2	1.9	13.2
FTSE 100	10,831.5	0.7	(0.4)	(0.2)	9.1
AS30	9,198.3	0.4	(0.5)	(1.2)	2.0
CSI 300	4,552.6	0.1	(1.7)	(1.1)	(1.7)
FSSTI	5,747.7	0.1	1.1	2.4	23.7
HSCEI	8,385.2	(0.8)	(1.2)	(2.2)	(5.9)
HSI	25,213.3	(0.4)	(1.4)	(3.1)	(1.6)
JCI	6,667.9	1.1	2.2	5.5	(22.9)
KLCI	1,715.1	0.4	(1.9)	(1.0)	2.1
KOSPI	6,579.5	0.3	(4.8)	3.5	56.1
Nikkei 225	64,214.5	(0.2)	(2.9)	0.4	27.6
SET	1,576.9	0.1	(1.5)	(2.5)	25.2
TWSE	45,857.7	(0.7)	(0.3)	5.8	58.3
BDI	3,488	4.7	14.1	22.7	85.8
CPO (RM/mt)	4,660	(0.2)	1.4	3.6	18.5
Brent Crude (US$/bbl)	96	(0.1)	6.5	14.0	57.0

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
Foreign Reserves	Malaysia	07 Sep
Industrial Production	Malaysia	09 Sep
Manufacturing Sales	Malaysia	09 Sep

Top Stories

Sector Update | Construction Page 2 →

- The Malaysian construction sector charted improving earnings in 2Q26, while we expect accelerated progress billing from higher orderbook to support our 15-18% earnings growth in 2026. This is largely supported by robust DC pipelines, as evidenced by strong DC project approvals in 1H26. Overall, we still like the sector for its earnings visibility and commendable dividend yields. Maintain OVERWEIGHT; top picks are Gamuda, Kerjaya Prospek Group, Binastra Corporation and IJM Corporation.

Market Spotlight

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- The FBMKLCI closed marginally at 1,715.13 (+6.39pt) yesterday in tandem with most Asian regional benchmark indices.
- US stocks were higher after the close on Thursday, as gains in the financials, technology and consumer goods sectors led shares higher.

Technical Analysis

FBMKLCI, FCPO & FKLI Index Outlook Page 5 →

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Cuckoo International (M) | CKI MK Page 7 →

- Trading Buy Range: RM0.44-0.445

Deleum | DLUM MK Page 7 →

- Trading Buy Range: RM1.32-1.33

Eco-Shop Marketing | ECOSHOP MK Page 8 →

- Trading Buy Range: RM1.50-1.51

Construction

2Q26 Results Wrap-up: Largely Positive; DC Still Charging Growth

Highlights

- The sector's 2Q26 earnings charted commendable earnings growth (+3% yoy, +6% qoq).
- MIDA's statistics shown that approvals for DC and cloud-computing projects remained strong in 1H26, while around RM9b of DC contracts have been secured by companies under our coverage in 2H26 thus far.
- **Maintain OVERWEIGHT;** top picks are Gamuda, IJM Corporation, Binastra Corporation and Kerjaya Prospek Group.

Analysis

- **2Q26 results round-up showing decent growth, largely within expectations.** Under our coverage, Gamuda, Sunway Construction Group, Kerjaya Prospek Group, WCT Holdings and Binastra Corporation's results were within expectations. Meanwhile, IJM Corporation beat expectations while Malaysian Resources Corporation (MRCB) underperformed. Overall, the sector charted decent earnings growth (+3% yoy, +6% qoq), as most of the companies continued to register better earnings yoy on the back of: a) accelerated progress billings, particularly from data centres (DC), b) improved profit margins, and c) robust orderbooks on hand due to sustained ytd job flows.
- **Potential re-activation of VOP may alleviate rising cost pressure.** In Aug 26, the Deputy Works Minister said that the government does not rule out the possibility of reactivating the Variation of Price (VOP) clause if there is strong evidence showing a sudden increase in construction material prices. The VOP will allow the government to partially cover increases in materials costs until the applicable government-related projects are completed. Nevertheless, we are of the view that building material prices have remained largely stable despite being slightly elevated ytd, and smaller contractors with infrastructure-focused orderbooks may have to absorb the margin compression over 2H26 results.
- **MIDA's statistics revealed robust approvals for DC and cloud-computing projects in 1H26.** Based on the Malaysian Investment Authority (MIDA), DC and cloud-computing projects attracted RM95.8b/44% investments out of 1H26's overall approved investment of RM218.5b (+12% yoy). As of end-2Q26, Malaysia's total electricity demand for DC had reached 8,350 MW for 61 DC projects. 42 of these projects are completed (5,650 MW). Meanwhile, total electricity demand for uncompleted projects is around 2,700MW (19 projects). Such robust DC investments will continue to support orderbook opportunities for local contractors with DC exposure, anchoring a multi-year earnings upcycle.

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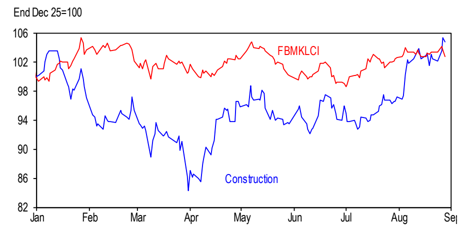
OVERWEIGHT (Maintained)

Sector Picks

Company	Ticker	Rec	Share Price (RM)	Target Price (RM)
Gamuda	GAM MK	BUY	4.60	5.25
IJM Corp	IJM MK	BUY	2.93	3.15
Kerjaya Prospek	KPG MK	BUY	3.06	3.54
Binastra Corp	Binastra MK	BUY	2.43	2.68

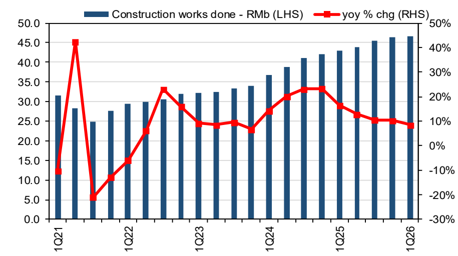
Source: Bloomberg, UOB Kay Hian

Construction Index vs FBMKLCI



Source: UOB Kay Hian

Value Of Construction Works Done (In 7M26)



Source: Department of Statistics Malaysia, UOB Kay Hian

Peer Comparison

Company	Ticker	Rec	Share Price 3 Sep 26 (RM)	Target Price (RM)	Market Cap (RMm)	PE FY25 (x)	PE FY26F (x)	PE FY27F (x)	ROE 2026F (%)	Price/NTA 2026F (%)	Div Yield 2026F (%)
Binastra Corporation	BNASTRA MK	BUY	2.43	2.68	2,652.1	21.8	16.8	14.0	53.6	9.0	3.3
Gamuda	GAM MK	BUY	4.60	5.25	26,929.3	29.7	27.8	22.8	10.2	2.1	2.5
IJM Corporation	IJM MK	BUY	2.93	3.15	10,273.2	27.3	24.0	21.7	4.3	1.0	6.1
Kerjaya Prospek Group	KPG MK	BUY	3.06	3.54	3,847.3	18.7	17.4	15.1	21.1	1.1	4.6
Malaysian Resources Corporation	MRC MK	BUY	0.30	0.39	1,341.0	35.5	32.5	24.4	5.4	0.4	3.3
Sunway Construction Group	SCGB MK	HOLD	7.94	8.44	10,496.7	23.3	21.6	20.3	50.6	9.4	5.8
WCT Holdings	WCTHG MK	HOLD	0.41	0.42	639.6	10.2	11.7	11.7	25.2	0.2	0.0

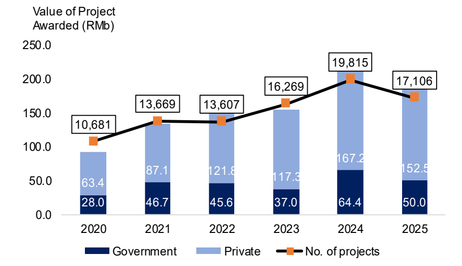
Source: Bloomberg, UOB Kay Hian

- **Sector to deliver commendable earnings growth in 2026-27, backed by strong outstanding orderbooks.** We expect companies under our coverage to deliver an average earnings growth of 15-18% in 2026. This will be largely underpinned by accelerated progress billings and improved profit margins from existing orderbooks secured over last 1-2 years. Our optimistic view on the sector is further supported by an upswing in project rollouts from the private sector particular within the DC segment, besides a selective rollout of domestic infrastructure projects.
- **Valuations above average, but remain palatable given earnings upcycle.** The current valuations of the companies under our coverage (average 2026F PE of 18.6x) are now above their five-year mean PE (average of 17x), but this is justifiable given the multi-year high orderbook and rising optimism on the near-term earnings outlook. However, they are still lower than the elevated valuations in the last construction supercycle in 2017-18 (average of 19-20x), when the sector was flooded with mega projects, including the Kuala Lumpur-Singapore High Speed Rail (HSR) and Mass Rapid Transit Phase 3 (MRT3), both of which are currently inactive. Should companies continue to secure more projects from the public and private sectors, sector valuations could trend up further to the 2017-18 levels.
- **DC job flows remain strong; over RM9b in contracts awarded for companies under our coverage in 2H26 thus far.** Note that: a) Sunway Construction Group secured two separate DC projects worth RM1.04b and 1.02b in Johor in August; b) Gamuda secured four DC contracts worth RM5.7b (three in Negeri Sembilan and one in Cyberjaya); c) Binastra Corporation secured a RM491m DC contract in Cheras; and d) Kerjaya Prospek Group secured two DC-related works worth RM911m in total (RM53m subcontract works for a Klang Valley DC, and 858m MEP works in Johor).
- **Rollout of mega projects may be selectively put on hold, with some delays expected…** We opine that several domestic developments are not in the sector's favour in terms of mega-project rollout, and we may see slower progress due to the financial constraints faced by the federal government. Note that the rollout of domestic projects has been slower in 7M26, with the total value of projects awarded standing at around RM131b (-7% yoy). Out of this, only RM29b (22%) are projects awarded by the government, far below 2025's government projects (at only 50%).
- **…despite certain large infrastructure projects coming on-stream this year.** Notable mega infrastructure projects awarded ytd include: a) Phase 1 of the Ulu Padas water supply scheme in Sabah (RM5.98b); b) Penang LRT Mutiara Line project system packages (RM3.03b); and c) Tanah Rata bypass and federal road upgrade (RM430m). Some key mega projects anticipated in 4Q26-2027 are: a) EPCC contract for Perak-Penang Water Supply Scheme (e.RM4b); b) Penang LRT Mutiara Line Segment 2 (~RM4b); c) Johor's Elevated Autonomous Rapid Transit (e-ART) project (RM7b-10b); d) East Coast Rail Link-Port Klang extension (RM0.7b-0.9b), and e) more water-related infrastructure projects in the pipeline.

Valuation/Recommendation

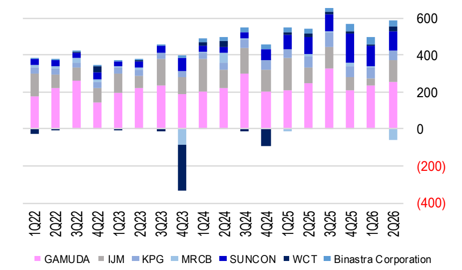
- **Maintain OVERWEIGHT on the sector**, despite the KLCON Index having charted a 9% return since July and outperforming the KLCI Index by 6%. Most contractors under our coverage are poised to deliver resilient earnings throughout 2026-27, backed by record-high private job flows from the residential and DC segments.
- **Our sector top picks are Gamuda (BUY/Target: RM5.25), IJM Corporation (BUY/Target: RM3.15), Binastra Corporation (BUY/Target: RM2.68) and Kerjaya Prospek Group (BUY/Target: RM3.54).** We like these companies for their DC growth aspects and internal project visibility. Ratings and target price of other stocks under coverage are in the RHS table.

Domestic Projects Awarded



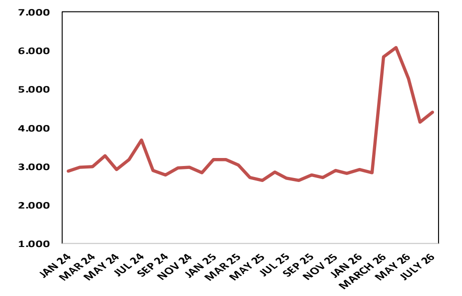
Source: Construction Industry Development Board, UOB Kay Hian

Construction Firms' Earnings Trend



Source: Respective companies, UOB Kay Hian

Diesel Price (RM/litre)



Source: UOB Kay Hian

Valuations and Target Price

Company	Ratings	Implied Valuations	Implied TP (RM)
Binastra Corp	BUY	16.8x FY27F PE (mean)	2.68
Gamuda	BUY	22x FY27F PE (+1.5SD above mean)	5.25
Sunway Construction Group	HOLD	21.6x 2026F PE (+1SD above mean)	8.44
IJM Corp	BUY	23.6x FY27F PE (+1SD above mean)	3.15
Kerjaya Prospek Group	BUY	15.1x 2026F PE (+1SD above mean)	3.54
WCT Holdings	HOLD	11.6x 2026F PE (slightly below mean)	0.42
Malaysian Resources Corp	BUY	33x 2027F PE (mean)	0.39

Source: UOB Kay Hian

Market Spotlight

Market News

The FBMKLCI closed marginally at 1,715.13 (+6.39pt) yesterday in tandem with most Asian regional benchmark indices. Meanwhile, Asian stocks swung between gains and losses on Thursday as tech stocks remained volatile, while investors awaited US jobs data for clues on the Federal Reserve's rate path. The FBMKLCI's top gainers were Public Bank (+1.4%), IOI Properties Group (+1.0%) and AMMB Holdings (+0.73%), while the top losers were MISC (-2.9%), CelcomDigi (-2.5%) and MR D.I.Y Group (M) (-2.2%). In the broader market, gainers outpaced losers 625 to 497 with 591 counters unchanged. Turnover was 3.91b shares valued at RM3.22b.

US stocks were higher after the close on Thursday, as gains in the financials, technology and consumer goods sectors led shares higher. At the close in NYSE, the Dow Jones Industrial Average added 1.18%, while the S&P 500 Index climbed 1.06%, and the NASDAQ Composite Index climbed 1.40%. Rising stocks outnumbered declining ones on the New York Stock Exchange by 1,650 to 1,047 and 112 ended unchanged; on the Nasdaq Stock Exchange, 1,893 rose and 1,498 declined, while 229 ended unchanged. *(Sources: Investing.com)*

FBMKLCI, FCPO & FKLI Index Outlook

Analyst

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FBMKLCI

Source: UOBKH ChartGenie

FTSE Bursa Malaysia KLCI

Last close:	1,715.13
Expected moving range:	1,677-1,720

Technical View:

The FBMKLCI has established a new support at the previous low, with more moderate movements ahead expected, given the lack of domestic catalysts. However, the downside bias remains but a positive closing above the immediate resistance may change the short-term outlook. For now, we expect the index to trade sideways within the immediate support and Immediate resistance. Support and resistance levels are still maintained as follows:

Support: 1,677, 1,652

Resistance: 1,753, 1,770

FCPO

Source: TradingView

Futures Crude Palm Oil (FCPO) Active Contract, 1 Hour Chart

Technical BUY with +3.8% potential return

Trading BUY range:	RM4,900-5,020
Last price:	RM4,910
Target price:	RM5,029, RM5,099
Support:	RM4,795
Stop-loss:	RM4,794

BUY with a target price of RM5,099 and stop-loss at RM4,794. Based on the chart, FCPO continued the bullish movement and closed higher at RM4,910 yesterday. 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 RM5,029 and RM5,099 in the near term.

Expected timeframe: One day to three days

FKLI

Source: TradingView

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

Technical BUY with 1.5% potential return

Trading BUY range:	1,650-1,670
Last price:	1,687
Target price:	1,699, 1,713
Support:	1,650
Stop-loss:	1,649

BUY with a target price of 1,713 and stop-loss at 1,649. Based on the chart, FKLI continued the bullish movement and closed higher at 1,687 yesterday. This bullish movement is supported by an uptick in the RSI and bullish crossovers in the MACD. We still maintained our targets at 1,699 and 1,713 in the near term.

Expected timeframe: One day to three days

Traders' Corner

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Source: UOBKH ChartGenie

Cuckoo International (M)
CKI MK

Technical BUY on breakout with +23.9% potential return

Trading BUY range:	RM0.44-0.445
Last price:	RM0.425
Target price:	RM0.495, RM0.545
Support:	RM0.39
Stop-loss:	RM0.385

BUY on breakout with a target price of RM0.545 and stop-loss at RM0.385. On yesterday's movement, the share price managed to close above the BBI line to maintain the bullish momentum towards the breakout level of RM0.44. This is supported by the DMI's bullish crossover and is consistent with the uptick in the RSI, which suggests stronger buying momentum ahead. We peg our targets at RM0.495 and RM0.545 in the short term.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading

Source: UOBKH ChartGenie

Deleum
DLUM MK

Technical BUY on breakout with +23.4% potential return

Trading BUY range:	RM1.32-1.33
Last price:	RM1.30
Target price:	RM1.44, RM1.51
Support:	RM1.23
Stop-loss:	RM1.22

BUY on breakout with a target price of RM1.51 and stop-loss at RM1.22. DLUM's chart shows that the upside movement would be intact if the price can penetrate the RM1.32 level. This is supported by an uptick in RSI. Currently, both indicators such as the MACD and DMI are showing a positive signal to support the upward momentum. We peg our targets at RM1.44 and RM1.51 in short term.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading

Source: UOBKH ChartGenie

Eco-Shop Marketing
ECOSHOP MK

Technical BUY with +11.9% potential return

Trading BUY range:	RM1.50-1.51
Last price:	RM1.51
Target price:	RM1.62, RM1.69
Support:	RM1.40
Stop-loss:	RM1.39

BUY with a target price of RM1.69 and stop-loss at RM1.39. Based on the daily chart, ECOSHOP has just exited the consolidation phase and on yesterday's movement, the share price managed to penetrate the BBI line with higher trading volume. The uptick in the RSI, together with the increase in trading volume suggests that buying momentum is set to continue in the near term. We expect the stock to continue trending upwards towards our targets in the near term.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading