UOBKayHian

Country Daily | Malaysia

Wednesday, 9 September 2026

Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	52,786.1	(1.2)	(0.8)	(2.3)	9.8
S&P 500	7,673.5	(0.6)	(0.2)	(1.1)	12.1
FTSE 100	10,811.7	(0.1)	0.2	(0.8)	8.9
AS30	9,114.3	(0.9)	(1.6)	(3.5)	1.1
CSI 300	4,558.7	(0.4)	(1.1)	(2.9)	(1.5)
FSSTI	5,767.5	(0.4)	1.0	1.2	24.1
HSCEI	8,397.3	(0.4)	(0.8)	(1.6)	(5.8)
HSI	25,317.2	(0.4)	(0.0)	(1.4)	(1.2)
JCI	6,686.4	1.0	1.3	4.3	(22.7)
KLCI	1,714.4	(0.0)	0.8	(1.2)	2.0
KOSPI	6,954.5	(0.6)	1.7	11.1	65.0
Nikkei 225	65,269.3	(1.7)	(1.4)	(0.5)	29.7
SET	1,621.9	0.2	2.1	0.6	28.8
TWSE	47,105.8	(0.5)	0.3	6.5	62.6
BDI	3,575.0	(1.5)	13.2	15.7	90.5
CPO (RM/mt)	4,659.5	0.7	1.1	3.3	18.5
Brent Crude (US$/bbl)	97.9	0.9	3.5	17.2	60.9

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
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
Industrial Production	Malaysia	09 Sep
Manufacturing Sales	Malaysia	09 Sep

Top Stories

Company Update | KPJ Healthcare (KPJ MK/**BUY**/RM2.61/Target: RM3.85) Page 2 →

- KPJ's leadership transition following Chin Keat Chyuan's departure is unlikely to derail the group's longer-term growth trajectory, with its five-year strategic plan and RM4b-5b brownfield expansion remaining firmly implemented by the interim management team. Maintain BUY with a target price of RM3.85.

What's Inside

Company Update | Public Bank (PBK MK/**HOLD**/RM5.00/Target: RM5.54) Page 5 →

- Public Bank announced that it will acquire the remaining stake of 27% in Public Financial Holdings Limited. We view the transaction as broadly neutral to slightly positive. Maintain HOLD and target price of RM5.54.

Market Spotlight

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- The FBMKLCI dropped 0.39pt to close at 1,714.40 yesterday.
- US stocks were lower after the close on Tuesday, as losses in the healthcare, consumer services and financials sectors led shares lower.

Technical Analysis

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- Trading Buy Range: RM0.53-0.535

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- Trading Buy Range: RM0.95-0.955

Richtech Digital | RTECH MK Page 10 →

- Trading Buy Range: RM0.205-0.23

KPJ Healthcare (KPJ MK)

Strategic Roadmap Intact Despite Leadership Transition

Highlights

- KPJ's five-year strategic plan, centred on brownfield expansion, remains firmly implemented by the current interim management team led by the group's Chief Medical Director.
- CoE expansion remains on track and should drive higher-acuity cases, a richer case mix and stronger revenue intensity.
- Maintain BUY and target price of RM3.85. We like KPJ for its inflection point of gestating hospitals and aggressive multi-year brownfield expansion.

Analysis

- KPJ Healthcare (KPJ) organised a briefing to update on its strategic priorities following the resignation of Chin Keat Chyuan (Chin) as President and Managing Director of KPJ Healthcare, effective 1 Sep 26. The briefing was anchored by Chief Medical Director Prof. Dato' Dr. Hanafiah Harunarashid, who stepped in as Officer-in-Charge, and Mohd Khairul Izzad (CFO).
- **Loss of policy bridge.** To recap, Chin resigned to pursue other interests. Beyond his direct corporate role, Chin also holds prominent industry governance positions, serving as Vice President of the Association of Private Hospitals of Malaysia (APHM). His leadership at APHM positioned KPJ directly at the policy table during critical discussions on Malaysia's transition to a Diagnosis-Related Group (DRG) payment model. While his exit removes a direct policy bridge with regulators during this implementation window, it does not derail KPJ's operational readiness, as internal DRG framework preparation, led by the group's CFO, remains well underway.
- **Echoes of CEO churn but KPJ is on solid bedding.** The series of brief CEO tenures preceding Chin – Ahmad Shahizam (Jul 20-Mar 22, ~20 months) and Datuk Mohd Shukrie Salleh (Apr 22-Sep 22, five months) – inevitably raises questions regarding long-term leadership continuity. Given that filling the CEO position prior to Chin's appointment required nearly a year-long search, finding a permanent successor may similarly involve an extended timeline without an immediate front-runner. Nonetheless, Chin's three-year tenure successfully addressed historical operational bottlenecks, established institutional stability, and formalised a structured roadmap via the Strategic Plan (2026-2030). This groundwork provides a solid foundation for Chief Medical Director Prof. Datuk Dr. Hanafiah Harunarashid as interim Officer-in-Charge, supporting a smooth operational transition.

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	3,922.2	4,258.4	4,746.7	5,293.3	5,927.8
EBITDA	935.5	998.0	1,091.0	1,202.3	1,306.6
Operating profit	656.5	687.8	773.5	847.9	910.3
Net profit (rep./act.)	331.1	366.0	414.8	469.7	516.3
Net profit (adj.)	331.1	366.0	414.8	469.7	516.3
EPS	7.4	8.1	9.2	10.4	11.5
PE (x)	47.4	42.8	37.8	33.4	30.4
P/B (x)	6.2	5.7	5.4	5.0	4.7
EV/EBITDA (x)	20.2	18.9	17.1	15.7	14.7
Dividend yield (%)	1.2	1.3	1.6	1.8	2.0
Net margin (%)	8.4	8.6	8.7	8.9	8.7
Net debt/(cash) to equity (%)	41.9	22.6	27.1	30.5	34.3
Interest cover (x)	5.4	5.8	5.7	6.2	6.7
ROE (%)	14.2	15.0	16.4	17.9	19.0
Consensus net profit	n.a.	n.a.	410.5	450.9	488.6
UOBKH/Consensus (x)	n.a.	n.a.	1.0	1.0	1.1

Source: KPJ, Bloomberg, UOB Kay Hian

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BUY (Maintained)	
Share Price	RM2.61
Target Price	RM3.85
Upside	47.5%

Stock Data

Sector	Health Care
Bloomberg ticker	KPJ MK
Shares issued (m)	4,426.3
Market cap (RMm)	11,810.6
Market cap (US$m)	2,964.4
3-mth avg daily t'over (US$m)	4.8

Price Performance (%)

52-week high/low				RM3.50/RM2.40
1mth	**3mth**	**6mth**	**1yr**	**YTD**
(15.8)	(25.4)	(15.5)	9.6	(3.0)

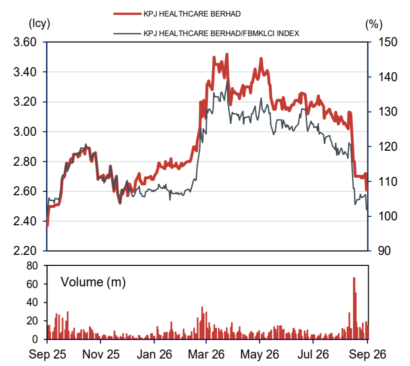
Major Shareholders (%)

Johor Corporation	44.6
Employees Provident Fund	15.2

Balance Sheet Metrics

FY26 NAV/Share (RM)	0.6
FY26 Net Debt/Share (RM)	0.2

Price Chart



Source: Bloomberg

Company Description

Malaysia's largest private hospital operator.

- **KPJ's five-year strategic plan (2026-2030) remains a key priority.** To recap, the strategic plan marks a shift from KPJ's traditional network of hospitals to an integrated health system focused on clinical excellence, research and education with an aim to deepen clinical capability and drive sustainable long-term earnings growth. Management assured that KPJ remains committed on executing the strategic plan, governed by the Board Executive Committee, with its target of 2,200-bed brownfield expansion and committed capex of RM4b-5b remain unchanged.
- **CoE implementation is progressing well.** KPJ's focus towards complex and specialised care through its COEs has been the key driver of operational growth, as evidenced by the rise in revenue intensity (+6.9% yoy) and inpatient volume (+9.7% yoy) in 2Q26. In particular, Johor Specialist Hospital's (JSH) Heart and Lung CoE has delivered improved revenue growth driven by higher case complexity. The two upcoming CoEs – JSH second COE (oncology) and KPJ Selangor (orthopedic) – are also on track for launch targeted by end-26.
- **Healthcare tourism as a structural growth engine.** KPJ recorded RM146m (+21% yoy) in healthcare tourism revenue in 1H26, accounting for 6.5% of its total revenue. Management remains positive on achieving full-year double-digit growth in revenue in this segment. KPJ is also looking to expand its patient base tapping into high growth emerging market such as Cambodia and the Middle East. While we remain positive on the segment as a structural growth engine for KPJ, given its relatively low penetration rate versus peers such as IHH (~15% of revenue) and Sunway Healthcare (~14%), we expect some near-term softness in medical tourist arrivals amid current higher logistic and travel costs.

Valuation/Recommendation

- **Maintain BUY and target price of RM3.85,** pegged to a PE of 36.8x, reflecting +1.5SD to its pre-pandemic five-year mean. Overall, we believe the near-term uncertainty surrounding management continuity should not derail KPJ's underlying fundamentals, with the strategic plan remaining firmly in place under the current management. That said, the pace of execution will be a key monitorable should the search for a permanent MD is prolonged.

  We continue to like KPJ for its: a) strong execution capabilities, as exhibited by the record gestation of KPJ Kuala Selangor; b) inflection point of gestating hospitals; c) aggressive multi-year brownfield expansion that is margin accretive; and d) highly domesticated and defensive shield against uncertain externalities.

Earnings Revision/Risk

- **No changes to earnings.** Key downside risks include: a) tightening of regulatory policy, b) slow progress in executing the expansion plan, and c) inability to pass on operating cost increases to customers.

Revenue Assumptions

	2026F	2027F	2028F
Inpatient volume growth (%)	6.7	8.3	8.7
Outpatient volume growth (%)	3.0	3.0	3.0
Occupancy rate (%)	66.0	66.0	66.0
Average Length of Stay (days)	2.5	2.5	2.5
Average no. of beds	4,234	4,584	4,984

Source: UOB Kay Hian

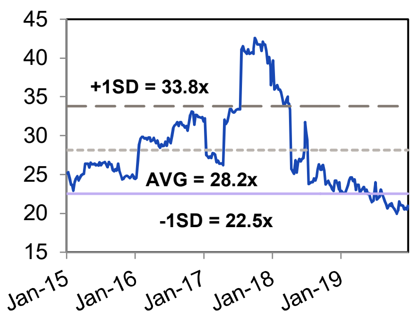
Strategic Plan (2026-30)

ONE SYSTEM • ONE PURPOSE • ONE STANDARD

15	Centres of Excellence targeted by 2030
~2,200	Additional beds upon completion
RM4-5bn	Cumulative capital investment

Source: KPJ

Historical PE Band (Pre-pandemic)



Source: Bloomberg

Environmental, Social, Governance (ESG)

<u>Environmental</u>

- **Greenhouse gas emissions**. Reduce greenhouse gas (GHG) emissions by 25% across 42 facilities by 2025, supported by energy optimisation projects, renewable energy adoption and green electricity procurement.
- **Climate change**. Net Zero emissions by 2050, guided by KPJ's ESG roadmap and phased decarbonisation strategy.

<u>Social</u>

- **Community contribution. Expand access to affordable healthcare,** particularly for underserved communities through initiatives such as **Klinik Waqaf An-Nur (KWAN)** and outreach programmes.
- **Maintain high patient satisfaction levels**, supported by continuous monitoring of service quality and patient-centric healthcare delivery.

<u>Governance</u>

- **Transparency and accountability** are enhanced through **ESG reporting aligned with Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB) and Bursa Malaysia sustainability frameworks.**

Source: KPJ

Profit & Loss

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Net turnover	**4,258**	**4,747**	**5,293**	**5,928**
EBITDA	998	1,091	1,202	1,307
Deprec. & amort.	310	318	354	396
EBIT	688	773	848	910
Associate contributions	49	49	49	49
Net interest income/(expense)	(173)	(192)	(194)	(195)
Pre-tax profit	**563**	**630**	**703**	**764**
Tax	(162)	(175)	(188)	(196)
Minorities	(36)	(41)	(45)	(51)
Net profit	**366**	**415**	**470**	**516**
Net profit (adj.)	366	415	470	516

Balance Sheet

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Fixed assets	2,792	3,283	3,811	4,420
Other LT assets	3,256	3,096	3,188	3,306
Cash/ST investment	1,006	837	681	492
Other current assets	990	1,074	1,185	1,316
Total assets	**8,045**	**8,290**	**8,865**	**9,534**
ST debt	269	269	269	269
Other current liabilities	1,048	1,086	1,159	1,301
LT debt	1,360	1,360	1,360	1,360
Other LT liabilities	2,364	2,366	2,636	2,908
Shareholders' equity	2,758	2,922	3,109	3,313
Minority interest	247	288	333	384
Total liabilities & equity	**8,045**	**8,290**	**8,865**	**9,534**

Cash Flow

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Operating	**893**	**868**	**981**	**1,095**
Pre-tax profit	563	630	703	764
Tax	(141)	(175)	(188)	(196)
Deprec. & amort.	233	234	267	304
Associates	(49)	(49)	(49)	(49)
Working capital changes	25	(34)	(14)	10
Other operating cashflows	263	262	262	262
Investing	**13**	**(708)**	**(776)**	**(894)**
Capex (growth)	(270)	(708)	(776)	(894)
Proceeds from sale of assets	241	0	0	0
Others	42	0	0	0
Financing	**(509)**	**(329)**	**(362)**	**(390)**
Dividend payments	(185)	(251)	(283)	(312)
Issue of shares	0	0	0	0
Proceeds from borrowings	83	0	0	0
Loan repayment	(193)	0	0	0
Others/interest paid	(214)	(78)	(78)	(78)
Net cash inflow (outflow)	**397**	**(169)**	**(156)**	**(189)**
Beginning cash & cash equivalent	**614**	**1,006**	**837**	**681**
Changes due to forex impact	(5)	0	0	0
Ending cash & cash equivalent	**1,006**	**837**	**681**	**492**

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	23.4	23.0	22.7	22.0
Pre-tax margin	13.2	13.3	13.3	12.9
Net margin	8.6	8.7	8.9	8.7
ROA	5.3	5.7	6.0	6.2
ROE	12.2	13.2	13.7	14.0
Growth				
Turnover	8.6	11.5	11.5	12.0
EBITDA	6.7	9.3	10.2	8.7
Pre-tax profit	6.1	11.9	11.5	8.6
Net profit	10.1	13.5	13.1	10.1
Net profit (adj.)	10.1	13.5	13.1	10.1
EPS	10.1	13.5	13.1	10.1
Leverage				
Debt to total capital	35.1	33.7	32.1	30.6
Debt to equity	54.2	50.7	47.3	44.0
Net debt/(cash) to equity	20.7	24.6	27.5	30.7
Interest cover	3.3	3.3	3.6	3.9

Public Bank
(PBK MK/HOLD/RM5.00/Target: RM5.54)

Aquires Remaining Stake In Hong Kong Outfit

Highlights

- **Privatises Hong Kong outfit.** Public Bank announced the acquisition of the remaining 27% stake in Public Financial Holdings Limited (PFHL) in Hong Kong for HK$2.50/share, implying a cash outlay of around RM380m.
- **Highly niche lending franchise in Hong Kong.** PFHL operates a differentiated credit portfolio across three core segments: a) consumer finance and personal lending, through Public Finance Limited, focused on higher-yield unsecured personal, tax and salary loans; b) property mortgage financing, through Public Bank (Hong Kong), covering residential and commercial property loans; and c) taxi and public light-bus financing, through Winton Group, a specialised asset-backed business financing taxi licences, minibuses and commercial vehicles. This gives PFHL a distinctive niche lending franchise spanning higher-yield consumer credit, property financing and specialised commercial vehicle lending.
- **Immaterial financial impact to Public Bank group.** While the offer price represents a 60% premium to the last traded price, the transaction remains undemanding on book value at just 0.35x P/B, albeit against a meagre ~1% ROE, but expensive on earnings at >30x PE. The acquisition is immaterial to the group, accounting for just 0.1% of Public Bank's total assets, while the incremental earnings contribution from the remaining stake is estimated at only 0.1% of group earnings.
- **Strategic rationale.** Strategically, management's key rationale for privatising PFHL is to eliminate the ongoing compliance and administrative costs associated with maintaining its listed status, particularly given the stock's relatively poor trading liquidity. Over the longer term, owning 100% of PFHL could also provide the group with greater strategic flexibility to facilitate a potential disposal of the business, in our view, potentially enabling Public Bank to command a higher valuation premium for the asset.
- **Potential for capital optimisation?** PFHL is very well capitalised, with a CET1 ratio of 27%, significantly above the Hong Kong banking sector average of 14% and at the upper end of its mid-sized peers operating in similar niche lending segments. For comparison, its closest peer, Dah Sing Banking Group, has a CET1 ratio of 19%, while other mid-sized banking groups typically maintain CET1 ratios of around 23%. PFHL's recent loan growth has remained largely flat to slightly contractionary, with management opting to deploy surplus liquidity into highly secure but low-yielding cash placements and sovereign instruments rather than aggressively expanding its loan book, which is one of the reasons behind its elevated CET1 ratio. In our view, this leaves scope for PFHL to optimise its excess capital towards peer levels. Assuming CET1 is reduced to around 20%, broadly in line with the mid- to small-sized bank peer average, we estimate this could potentially release c.RM414m of excess capital for upstreaming to Public Bank, equivalent to an additional 0.4% dividend yield.

Valuations and Recommendation.

- **Maintain HOLD and target price of RM5.54 (1.74x 2027F P/B, ROE: 13.1%).** We view the transaction as broadly neutral to Public Bank group at this juncture, with the potential to turn slightly positive should PFHL's excess capital be upstreamed to the group in the future. That said, with Public Bank's current dividend yield, including potential special dividends, broadly in line with peers, we see a balanced risk-reward profile at current levels and maintain our HOLD recommendation. We would advise investors to accumulate below RM5.00, where the risk-reward becomes more compelling.

Analyst

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Market Spotlight

Market News

The FBMKLCI dropped 0.39pt to close at 1,714.40 yesterday. Meanwhile, Asian markets are mixed on Tuesday, following the mixed cues from Europe and lack of cues from Wall Street overnight, as traders remain concerned about the Middle East conflict and the spike in crude oil prices which is heightening inflation and economic growth concerns. The FBMKLCI's top gainers were Gamuda (+4.6%), Petronas Chemicals Group (+4.0%) and IOI Corporation (+1.1%), while the top losers were Petronas Gas (-1.5%), AMMB Holdings) (-1.3%) and Sunway Bhd (-1.2%). In the broader market, losers outpaced gainers 549 to 547 with 597 counters unchanged. Turnover was 4.13b shares valued at RM3.13b.

US stocks were lower after the close on Tuesday, as losses in the healthcare, consumer services and financials sectors led shares lower. At the close in NYSE, the Dow Jones Industrial Average declined 1.17%, while the S&P 500 index declined 0.58%, and the NASDAQ Composite index lost 0.32%. Falling stocks outnumbered advancing ones on the New York Stock Exchange by 1,775 to 938 and 90 ended unchanged; on the Nasdaq Stock Exchange, 2,181 fell and 1,261 advanced, while 171 ended unchanged. (*Sources: Investing.com)*

FBMKLCI, FCPO & FKLI Index Outlook

Analyst(s)

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FBMKLCI

Source: UOBKH ChartGenie

FTSE Bursa Malaysia KLCI

Last close:	1,714.40
Expected moving range:	1,677-1,720

Technical View:

Despite rising on Monday, the FBMKLCI was unable to continue moving up and closed lower yesterday. This suggests investors remaining cautious in the uncertain market. We expect the index will trade sideways at 1,700-1,730. We still maintained support and resistance levels 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 +3.0% potential return

Trading BUY range:	RM4,900-5,020
Last price:	RM4,949
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 RM4,949 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 1.3% potential return

Trading BUY range:	1,650-1,670
Last price:	1,679
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 1,679 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

Analyst(s)

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Source: UOBKH ChartGenie

AWC
AWCF MK

Technical BUY on breakout with +26.4% potential return

Trading BUY range:	RM0.53-0.535
Last price:	RM0.52
Target price:	RM0.64, RM0.67
Support:	RM0.445
Stop-loss:	RM0.44

BUY on breakout with a target price of RM0.67 and stop-loss at RM0.44. Share price has been consolidating within the immediate support of RM0.445 before yesterday's positive closing above the BBI set a new tone for the short-term outlook. We expect AWCF to continue moving up if it penetrates the breakout level of RM0.53. A bullish bias has been established following a bullish crossover in the MACD and the DMI. We peg our targets at 0.64 and RM0.67 in the near term.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading

Source: UOBKH ChartGenie

CCK Consolidated Holdings
CCK MK

Technical BUY with +24.6% potential return

Trading BUY range:	RM0.95-0.955
Last price:	RM0.955
Target price:	RM1.12, RM1.19
Support:	RM0.90
Stop-loss:	RM0.895

BUY with a target price of RM1.19 and stop-loss at RM0.895. Yesterday, the stock penetrated the BBI line and closed higher at RM0.955 to keep the bullish momentum. This was supported by the MACD's bullish crossover and is consistent with the uptick in the RSI, which suggests stronger buying momentum ahead. Currently, DMI is on the verge of making a golden cross to the positive signal. We expect CCK to continue to move towards our targets at RM1.12 and RM1.19 in the near term.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading

Source: UOBKH ChartGenie

Richtech Digital
RTECH MK

Technical BUY with +28.3% potential return

Trading BUY range:	RM0.205-0.23
Last price:	RM0.23
Target price:	RM0.27, RM0.295
Support:	RM0.17
Stop-loss:	RM0.165

BUY with a target price of RM0.295 and stop-loss at RM0.165. Share price has recovered from the strong support region of RM0.17 as it continues to climb along the rising trendline. Additionally, positive readings in the RSI and the DMI should push share price higher as RTECH looks set to resume its uptrend. This is also supported by a bullish crossover in the MACD. We peg our targets at RM0.27 and RM0.295 in the near term.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading