Maybank Investment Bank

STRATEGY

Malaysia

Malaysia 1Q23 Results Roundup

Broadly Disappointing

1Q23 core profit: -4.5% QoQ, -0.8% YoY

Notwithstanding 1Q23's resilient GDP performance (+5.6% YoY; we have upgraded 2023E GDP growth forecast to +4.5%, from +4.0% previously), research universe core net profit (quarters ended Feb/Mar 2023) was broadly underwhelming, at -4.5% QoQ (-4.7% ex-Gloves) and -0.8% YoY (flat ex-Gloves), representing a 2nd consecutive quarter of both QoQ and YoY decline (Fig 1). Key drags were Plantations (-59% QoQ, -67% YoY) and Petrochems (-34% QoQ, -82% YoY), with Technology also stumbling (-25% QoQ), with positive offset mostly from Banks (+2% QoQ, +17% YoY) and Utilities (+35% QoQ, +42% YoY), along with some smaller sectors (see Fig 4). Ratio of misses-to-beats jumped to 3.7x (4Q22: 1.1x; Fig 5), mostly due to Plantations, Consumer and Technology, while earnings downgrades-to-upgrades was a similarly bearish 7.3x (4Q22: 1.7x; Fig 11 for sector details). Per Fig 12, 6 stocks were upgraded (4Q22: 2), 5 of which to BUY - Carlsberg, MyEG, RCE, SP Setia, YTL Power; 8 were downgraded (4Q22: 18), of which 3 are now SELLs - Berjaya Food, Leong Hup, Bumi Armada.

2023E earnings growth sharply reduced (halved)

Following sizeable earnings cuts for Telcos, Petrochem, Banks, Gloves and Plantations sectors (Fig 13), we are now forecasting, for 2023E, a sharply reduced +6.5% core profit expansion for our universe and +6.2% for the KLCI (vs. +13.6% and +12.1% estimates previously; Fig 14). Per Fig 16, while most sectors are still seeing earnings expansion, key drags are Petrochem (-45% YoY) and Plantation (-34% YoY), while Gloves will be loss-making. Re positive offsets, earnings are to expand for Banks (+10.2% YoY) and Utilities (+12.5%), Gaming (casino) earnings are to jump 6x on visitorship / capacity normalization and Aviation will approach breakeven. Ex-Gloves, research universe earnings growth is at +8.5% for 2023E (previously +15.3%) and +12.8% for 2024E (+8.5%; this increase is mainly due to low-base effect).

2H23: better market traction despite earnings risks

Per broadly downbeat company guidance, earnings risk is to the downside given a combination of weakening demand (decelerating GDP), pressured ASPs (notably Plantations, Petrochem, Materials) and extended margin pressures due to higher labour and materials input costs (Consumer; Banks via NIMs per deposit competition/declining CASA). Still, we anticipate improved market performance in 2H23 on easing inflation/rate concerns, more tangible macro / corporate earnings uplift from China's reopening and more settled domestic politics post-state elections in July; valuation backdrop is also attractive, with the KLCI now on just 12x forward PER (-2SD vs. mean), historically a short-lived market level/bottom (Fig 17).

Balanced positioning + ESG, Yield Portfolio updates

Reflecting negative earnings revisions and downside risks/overhangs, we reduce end-2023 KLCI target to 1,520, at 13.0x fwd. PER, -1.5SD vs. mean (from 1,660 or 14x/-1SD previously). Re balanced portfolio (Fig 36), we remove downgraded **Farm Fresh**, **Frontken**, **BFood** and **Leong Hup**; and add IHH (demand recovery, M&A). Re Sell list (Fig 42), the NFOs (**Magnum**, **SToto**) and **Bumi Armada** have been added, while **QL Res.** (U/G to HOLD) has dropped out; we add RCE to our 12-stock Dividend portfolio (Fig 46).

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Current KLCI:	1,387 (31 May 2023)
YE KLCI target:	1,520 (13.0x forward PER)

M'sia equities growth & valuation

		2022A	2023E	2024E
KLCI @ 1,387	**PE (x)**	**14.1**	**13.3**	**12.0**
Earnings Growth	(%)	(6.0%)	6.2%	10.6%
Research Universe	**PE (x)**	**15.7**	**14.7**	**13.0**
Earnings Growth	(%)	(2.2%)	6.5%	13.3%

Source: MIBG Research (as of 31 May 2023)

Top BUY picks

Stock	BB Ticker	Price	TP	*Upside (%)*
Large Caps				
IHH	IHH MK	5.74	7.13	24.2%
HL Bank	HLBK MK	19.28	22.70	17.7%
Press Metal	PMAH MK	4.70	5.40	14.9%
Axiata	AXIATA MK	2.80	3.50	24.9%
RHB	RHBBANK MK	5.33	6.40	20.1%
KL Kepong	KLK MK	21.02	23.90	13.7%
Telekom	T MK	5.10	6.50	27.5%
Genting Bhd	GENT MK	4.15	5.61	35.1%
MR DIY	MRDIY MK	1.55	2.40	54.8%
Dialog	DLG MK	2.09	4.90	134.4%
Gamuda	GAM MK	4.26	4.60	8.0%
Inari	INRI MK	2.48	2.45	-1.2%
Yinson	YNS MK	2.61	5.05	93.5%
Alliance Bank	ABMB MK	3.38	4.00	18.3%
Greatech	GREATEC MK	4.12	6.05	46.8%
Mid-small Caps				
CTOS	CTOS MK	1.40	1.97	40.7%
Axis REIT	AXRB MK	1.84	2.16	17.4%
Capital A	CAPITALA MK	0.76	0.90	19.3%
Mega First	MFCB MK	3.30	4.30	30.4%
Allianz	ALLZ MK	14.58	16.75	14.9%
Bermaz Auto	BAUTO MK	2.16	3.55	64.4%
Padini	PAD MK	3.71	5.20	40.2%
Hibiscus	HIBI MK	0.93	1.90	105.4%
AEON Co. (M)	AEON MK	1.30	2.00	53.8%
Aurelius	ATECH MK	2.23	3.90	75.1%
InNature	INNATURE MK	0.53	0.61	16.2%

Source: MIBG Research, FactSet (1 Jun)

1Q23 results roundup

1Q core profits -0.8% YoY / -4.5% QoQ

Earnings momentum softened further in 1Q23 as core net profit of our research universe (for PLCs that reported for quarters ended Feb/Mar 2023) was down both YoY and QoQ, representing the 2nd consecutive quarter of both YoY and QoQ decline – **Fig.1**. This was largely contributed by the Plantation, Petrochem and Technology sectors where core earnings fell both YoY and QoQ.

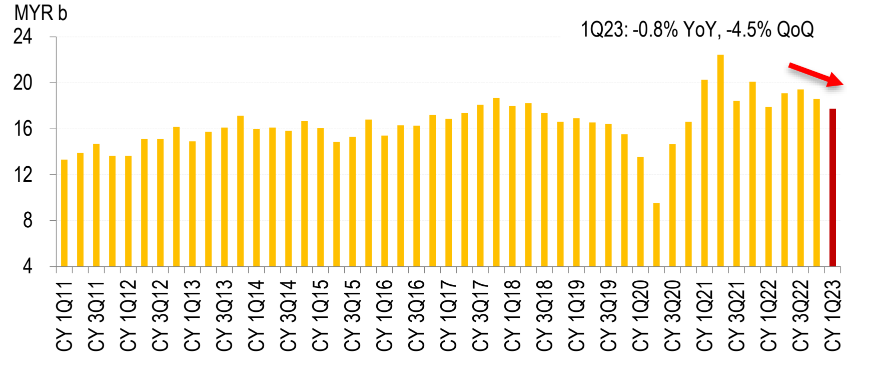
- Compared to 1Q22, our universe's core earnings declined 0.8% (flat, ex-Glove stocks). Among the heavy-weights, double-digit core earnings growth by the Banks (+17%) and Utilities (+42%) were off-set by weaker Telco (-15%), Plantation (-67%) and Petrochem (-82%) profits – **Fig.2, 3, 4**.

  Other sectors with double-digit core profit growth were Shipping & Ports (+69% YoY), Oil & Gas (+47%) and Auto (+12%). Aviation's losses were smaller YoY, Gaming was in the black (losses in 1Q22), Gloves' losses widened, while Technology's core earnings fell 13%.

- Compared to 4Q22, our universe's core profits were down 4.5% (-4.7% ex-Glove stocks).

  Banks' core profit rose 2% QoQ. Higher sequential core profits by Utilities (+35%) and Telco (+13%) were offset by weaker sequential earnings by most other sectors, with double-digit earnings fall in Plantation (-59%), Shipping & Port (-23%), Petrochem (-34%), Gaming (-34%), Property (-37%), Technology (-25%), Oil & Gas (-16%) and Auto (-13%). Gloves' losses were smaller QoQ.

Fig 1: Quarterly core net profit of research universe (PLCs with quarters ended Feb/Mar 2023)



Source: Company results data, Maybank IBG Research (compilation)

Note:

Exclude stocks with FYE Jan, Apr, Jul, Oct, i.e. Gamuda, Yinson, SAPE, ECW, EWI, MyNews, BAuto, Astro, Cypark, VSI, Aurelius.

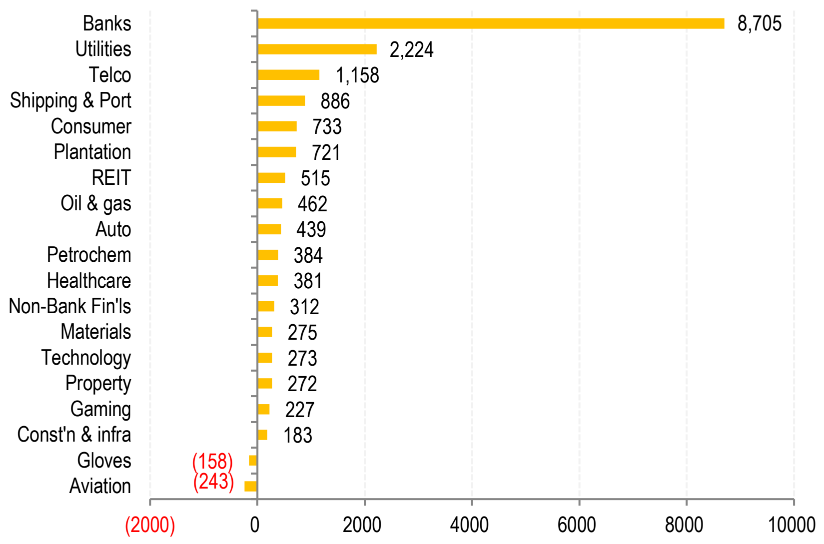
Fig 2: Quarterly core net profit of research universe, by sectors (PLCs with quarters ended Feb/Mar 2023)

MYR m	CY 2Q20	CY 3Q20	CY 4Q20	CY 1Q21	CY 2Q21	CY 3Q21	CY 4Q21	CY 1Q22	CY 2Q22	CY 3Q22	CY 4Q22	CY 1Q23	QoQ (%)	YoY (%)
Banks	5,814	5,881	5,110	7,564	7,314	7,309	6,821	7,461	7,525	8,297	8,565	8,705	*2%*	*17%*
Utilities	1,763	2,019	1,809	2,353	2,047	2,280	1,521	1,563	2,229	2,427	1,644	2,224	*35%*	*42%*
Telco	1,022	1,434	1,217	1,232	1,286	1,431	1,240	1,357	1,425	1,396	1,021	1,158	*13%*	*(15%)*
Plantation	639	742	1,106	1,411	1,851	2,068	2,412	2,161	2,393	1,531	1,757	721	*(59%)*	*(67%)*
Transport	(542)	(743)	(750)	(1,863)	(147)	(287)	1,339	(476)	(454)	(14)	668	643	*(4%)*	*NM*
Petrochem	383	664	849	1,791	2,261	1,988	2,228	2,146	1,509	1,446	586	384	*(34%)*	*(82%)*
Gaming	(1,439)	(294)	(50)	(624)	(552)	(660)	(168)	(189)	257	371	344	227	*(34%)*	*NM*
Consumer	196	507	566	629	397	333	749	744	835	739	788	733	*(7%)*	*(1%)*
Property	(98)	239	274	237	171	29	317	256	352	296	431	272	*(37%)*	*6%*
REITs	244	378	367	318	304	294	464	479	459	491	506	515	*2%*	*7%*
Const & Infra	(27)	174	184	164	108	63	185	235	148	148	76	183	*140%*	*(22%)*
Gloves	699	2,071	3,852	5,170	5,361	1,890	664	(21)	150	(1)	(198)	(158)	*(20%)*	*667%*
Healthcare	(72)	272	381	349	471	366	456	430	345	370	404	381	*(6%)*	*(11%)*
Materials	73	126	130	221	248	285	285	422	414	322	260	275	*6%*	*(35%)*
Non-Bank Financials	277	284	284	390	316	265	232	301	175	209	322	312	*(3%)*	*3%*
Technology	176	259	298	284	340	334	348	313	319	346	364	273	*(25%)*	*(13%)*
Oil & Gas	180	233	407	220	320	269	408	315	549	676	548	462	*(16%)*	*47%*
Auto	229	397	563	405	344	153	586	393	456	372	505	439	*(13%)*	*12%*
Total	**9,518**	**14,644**	**16,598**	**20,250**	**22,439**	**18,409**	**20,087**	**17,891**	**19,086**	**19,424**	**18,587**	**17,748**	***(4.5%)***	***(0.8%)***
QoQ Chg (%)	(29.7%)	53.8%	13.3%	22.0%	10.8%	(18.0%)	9.1%	(10.9%)	6.7%	1.8%	(4.3%)	(4.5%)		
YoY Chg (%)	(42.5%)	(10.7%)	7.0%	49.6%	135.7%	25.7%	21.0%	(11.6%)	(14.9%)	5.5%	(7.5%)	(0.8%)		

Note: Exclude stocks with FYE Jan, Apr, Jul, Oct, Source: Company results data, Maybank IBG Research

3M22 core earnings, by sectors

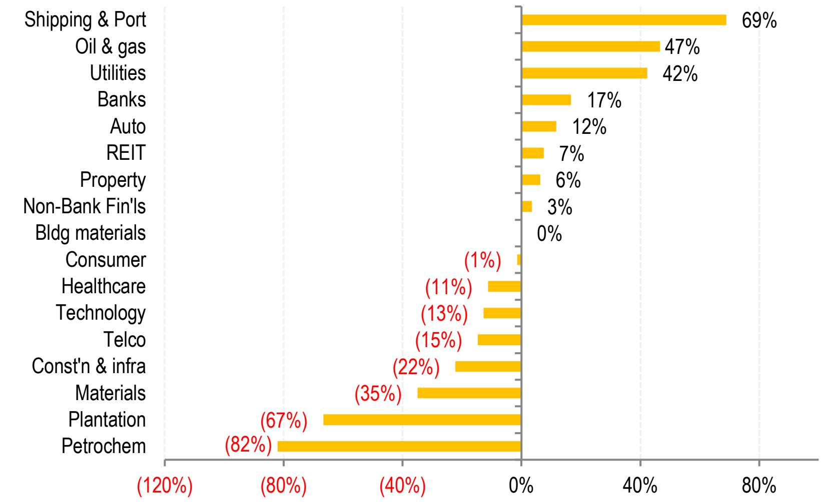
Fig 3: 3M23 core profit of research universe (Feb/Mar 2023 qtrs) - MYRm



Note: Excl. stocks with FYE Jan, Apr, Jul, Oct

Source: Company results data, Maybank IBG Research

Fig 4: 3M23 core profit of research universe (Feb/Mar 2023 qtrs) - % YoY



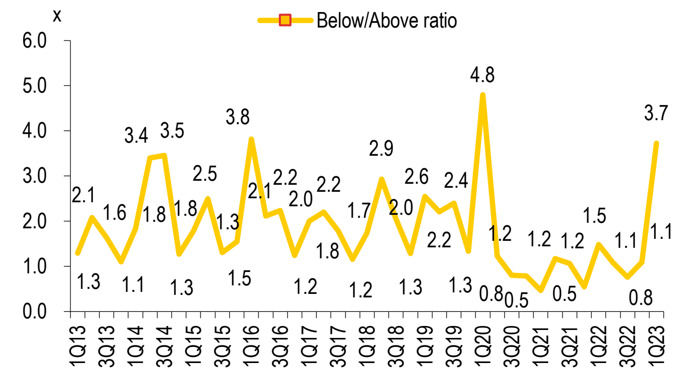
Note: Excl. stocks with FYE Jan, Apr, Jul, Oct

Source: Company results data, Maybank IBG Research

Misses vs. Beats

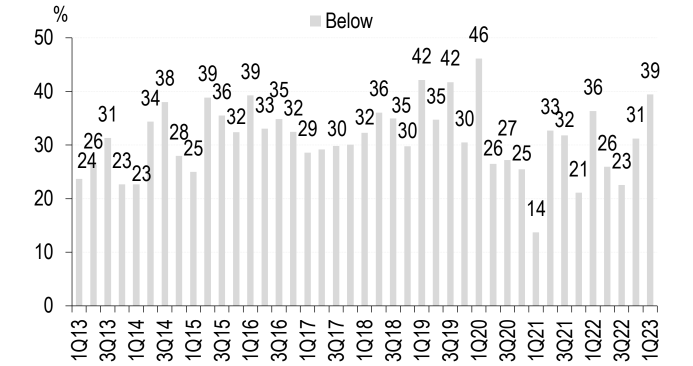
The ratio of earnings misses-to-beats shot up to 3.7x, compared to 1.1x in 4Q22 results reporting. 39% of the core profits fell short of our forecasts, just 11% were above, and 50% were in-line. This compares to 31% below, 28% above and 40% in-line in the previous reporting quarter – **Fig.5-8**.

Fig 5: Below-to-above expectation ratio (research universe)



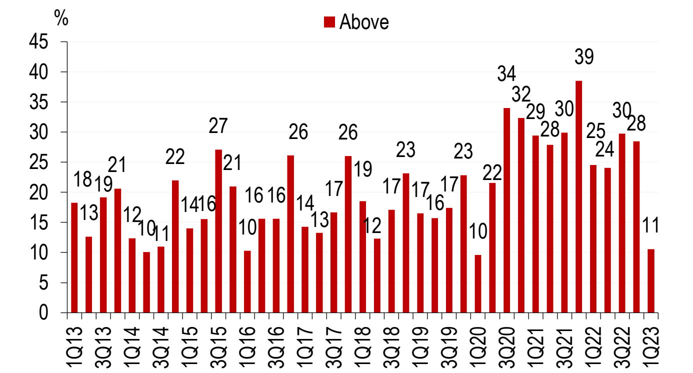
Source: Company results data, Maybank IBG Research

Fig 6: Below expectation (% of research universe)



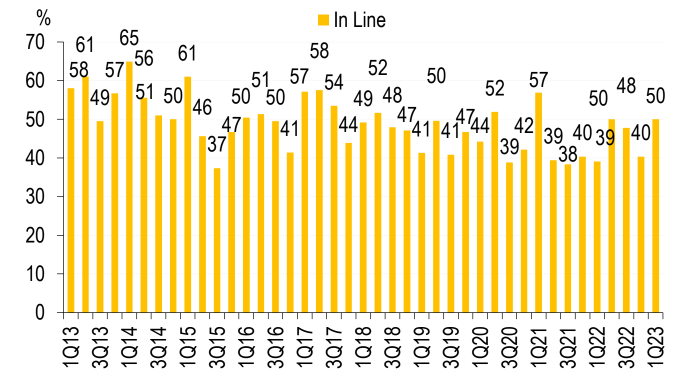
Source: Company results data, Maybank IBG Research

Fig 7: Above expectation (% of research universe)



Source: Company results data, Maybank IBG Research

Fig 8: In-line (% of research universe)



Source: Company results data, Maybank IBG Research

By sectors (**Fig.9-10** for details),

- Three sectors prominently delivered core earnings that missed our forecasts – Materials (contributed by Press Metal), Plantation (Sime Plant, IOI, Genting Plant, TSH, Boustead Plant) and Technology (Inari, Greatec, Frontken, Globe, Revenue, CTOS). In addition, there were also many earnings misses in the Consumer sector (contributed by Nestle, 7-Eleven, Berjaya Food, Leong Hup Int'l, InNature, Farm Fresh) due to topline shortfall and/or higher costs.

- There were no sectors where earnings prominently surprised on the upside.

Fig 9: Sectors that out/underperformed (vs. Maybank IBG Research's expectations)

	CY 1Q20	CY 2Q20	CY 3Q20	CY 4Q20	CY 1Q21	CY 2Q21	CY 3Q21	CY 4Q21	CY 1Q22	CY 2Q22	CY 3Q22	CY 4Q22	CY 1Q23
Auto	Mixed	In-line	In-line	In-line	Mixed	Below	Below	Mixed	Mixed	In-line	In-line	In-line	In-line
Banks	Below	Above	Above	Mixed	Above	Above	Above	Above	Mixed	Mixed	Above	Above	In-line
Construction	Below	In-line	Above	Above	Above	Below	Above	Mixed	Mixed	In-line	Mixed	Mixed	Mixed
Consumer	Below	Below	Mixed	Mixed	Mixed	Below	Below	Mixed	Mixed	Mixed	Above	Mixed	Mixed
Gaming	Mixed	Mixed	Mixed	Below	In-line	In-line	Mixed	Mixed	Below		Mixed	Mixed	Mixed
Gloves	In-line	Above	Above	In-line	In-line	In-line	Mixed	In-line	Mixed	In-line	Below	Below	Mixed
Healthcare	Below	Below	Mixed	Mixed	In-line		Mixed	Mixed	Mixed	In-line	Above	Mixed	In-line
Materials													Below
Non-bank FI (1)	Above	Mixed	In-line	In-line	In-line	Above	Above	In-line	In-line	Below	Mixed	Mixed	In-line
Oil & Gas	In-line	In-line	Mixed	Above	In-line	Mixed	In-line	In-line	Mixed	Mixed	In-line	In-line	Mixed
Petrochem	Below	Mixed	Above	Mixed	Above	Above	Mixed	Mixed	Mixed	Mixed	Mixed	Below	Mixed
Plantation	Mixed	Above	Above	Mixed	Above	Above	Above	Above	Mixed	Mixed	Mixed	In-line	Below
Property dev	Below	Below	Below	Below	Mixed	Mixed	Mixed	Above	Mixed	In-line	Mixed	Mixed	In-line
REITs	In-line	In-line	Below	In-line	In-line	Below	Below	Above	Mixed	Mixed	In-line	In-line	In-line
Technology	In-line	In-line	Mixed	In-line	In-line	In-line	In-line	Mixed	Mixed	Mixed	Mixed	Mixed	Below
Telco	Below	Mixed	Mixed	Mixed	In-line	In-line	Mixed	In-line	In-line	In-line	In-line	Mixed	Mixed
Transport (2)	Mixed	Mixed	Mixed	Above	In-line	Mixed	Mixed	Above	Mixed	Mixed	In-line	Above	In-line
Utilities	In-line	Mixed	Mixed	Mixed	In-line	In-line	Mixed	Mixed	Mixed	Mixed	In-line	In-line	Mixed

Note: (1) Comprises Bursa, Allianz, RCE, MNRB; (2) Comprises Capital A, MAHB, MISC, Westports, Swift Haulage
Source: Company results data, Maybank IBG Research

Analyses by stock

Fig 10: 1Q 2023 core net profit - QoQ/YoY, vs. Maybank IBG Research's expectations

Sector	Stock	1Q23 (MYR m)	QoQ	YoY	vs. MIBG
Auto	MBM Resouces	79.9	39%	61%	In-line
	Tan Chong Motor	(15.3)	(67%)	NM	Below
	UMW Holdings	134.5	28%	24%	In-line
Banks	CIMB Group	1,644.9	24%	12%	In-line
	Public Bank	1,714.0	-	23%	In-line
	Hong Leong Bank	930.0	(11%)	19%	In-line
	HL Financial Group	712.5	(8%)	23%	Above
	RHB Bank	761.7	(4%)	31%	In-line
	AMMB Holdings	427.9	(5%)	9%	Above
	Alliance Bank	130.2	(26%)	26%	In-line
	Bank Islam	118.1	(6%)	12%	Below
Construction	IJM Corporation	112.1	42%	(12%)	Above
	Sunway Construction	27.8	(39%)	(19%)	Below
	Cahya Mata Sarawak	42.6	NM	(41%)	Above
	Pintaras Jaya	1.3	NM	0%	Below

Source: Company results data, Maybank IBG Research

Fig 10: 1Q 2023 core net profit - QoQ/YoY, vs. Maybank IBG Research's expectations (cont'd)

Sector	Stock	1Q23 (MYR m)	QoQ	YoY	vs. MIBG
Consumer	AEON Co. (M)	39.9	(9%)	51%	Above
	Carlsberg Brewery	85.0	22%	(7%)	In-line
	Heineken Malaysia	109.9	5%	(3%)	In-line
	Nestle (Malaysia)	192.3	77%	(7%)	Below
	Padini Holdings	43.4	(43%)	33%	In-line
	QL Resources	73.3	(25%)	6%	In-line
	7-Eleven Malaysia	15.7	504%	(36%)	Below
	Berjaya Food	15.9	(52%)	(50%)	Below
	Leong Hup Int'l	22.1	(76%)	8%	Below
	MR D.I.Y. Group (M)	127.8	(6%)	27%	In-line
	InNature	3.0	(55%)	(33%)	Below
	Farm Fresh	4.9	(74%)	(77%)	Below
Gaming	Genting Bhd	145.8	22%	NM	Below
	Genting Malaysia	42.2	(65%)	NM	In-line
	Berjaya Sports Toto	22.7	(65%)	(71%)	Above
	Magnum	15.8	(58%)	(5%)	Below
Gloves	Hartalega Holdings	44.1	NM	NM	Above
	Kossan Rubber	(24.3)	872%	NM	Below
	Top Glove Corp	(177.9)	9%	NM	Below
Healthcare	IHH Healthcare	329.9	(3%)	(19%)	In-line
	KPJ Healthcare	51.4	(19%)	132%	In-line
	Optimax	3.1	(18%)	19%	In-line
Materials	Press Metal	274.5	6%	(35%)	Below
Media	Media Prima	(18.5)	NM	NM	Below
Non-Bank Fin	Bursa Malaysia	56.2	15%	(17%)	In-line
	Allianz Malaysia	172.7	4%	15%	Above
	RCE Capital	34.8	(1%)	10%	In-line
	MNRB	47.9	(33%)	(6%)	In-line
Oil & Gas	Dialog Group	132.3	3%	1%	Below
	Bumi Armada	199.4	(6%)	8%	In-line
	Velesto Energy	14.9	(31%)	NM	Below
	MMHE	6.8	(76%)	NM	In-line
	Wah Seong Corp	15.4	(37%)	285%	In-line
	Favelle Falco	10.4	(51%)	37%	In-line
	Icon Offshore	(3.8)	(86%)	NM	Below
	Hibiscus Petroleum	87.0	(37%)	148%	In-line
Petrochem	Petronas Chemicals	609.0	(33%)	(70%)	Below
	Lotte Chemical Titan	(224.8)	(29%)	NM	In-line
Plantation	Sime Darby Plant	52.0	(89%)	(93%)	Below
	IOI Corporation	183.5	(69%)	(48%)	Below
	Kuala Lumpur Kepong	358.0	(19%)	(34%)	In-line
	Genting Plantations	27.4	(62%)	(73%)	Below
	Sarawak Oil Palms	47.1	(11%)	(75%)	In-line
	TSH Resources	10.4	(52%)	(80%)	Below
	Ta Ann Holdings	38.6	(39%)	(49%)	In-line
	Boustead Plantations	5.2	(5%)	(95%)	Below
	TH Plantation	(1.7)	NM	NM	In-line

Source: Company results data, Maybank IBG Researc

Fig 10: 1Q 2023 core net profit - QoQ/YoY, vs. Maybank IBG Research's expectations (cont'd)

Sector	Stock	1Q23 (MYR m)	QoQ	YoY	vs. MIBG
Property	Sunway Berhad	141.6	(27%)	10%	In-line
	Sime Darby Property	57.4	(50%)	25%	In-line
	SP Setia	50.3	(49%)	(8%)	In-line
	UEM Sunrise	12.2	6%	3%	In-line
	Tambun Indah	10.8	(11%)	(28%)	In-line
REITs	KLCCP	180.6	(0%)	12%	In-line
	IGB REIT	96.2	15%	13%	In-line
	Sunway REIT	91.5	3%	10%	In-line
	Pavilion REIT	70.1	8%	8%	In-line
	Axis REIT	36.0	(9%)	(9%)	Below
	YTL Hospitality REIT	37.3	(5%)	48%	In-line
	CapitaLand MT	20.0	(13%)	(2%)	In-line
	Sentral REIT	17.7	(8%)	(13%)	In-line
	Al-Salam REIT	2.6	(45%)	(28%)	Below
Renewables	Solarvest Holdings	5.2	0%	41%	Below
Technology	Inari Amertron	54.2	(48%)	(39%)	Below
	ViTrox Corporation	36.0	(46%)	(28%)	In-line
	Greatech Technology	36.8	(9%)	15%	Below
	Frontken Corporation	23.1	(30%)	(10%)	Below
	Globetronics	3.1	(80%)	(66%)	Below
	Revenue Group	(9.0)	(40%)	NM	Below
	CTOS Digital	16.6	2%	33%	Below
	GHL Systems	6.7	(32%)	34%	In-line
	My E.G. Services	105.9	17%	25%	Above
	Ramssol	2.1	320%	110%	Above
Telco	Maxis	320.0	33%	7%	In-line
	Axiata Group	83.2	(84%)	(78%)	Below
	Digi.Com	320.8	650%	36%	Below
	Telekom Malaysia	326.5	252%	(9%)	In-line
	Time dotCom	107.4	(21%)	14%	In-line
Transport	MISC	706.8	(22%)	90%	In-line
	Westports	179.1	(28%)	18%	In-line
	Malaysia Airports	44.0	NM	NM	Below
	Capital A	(286.7)	(2%)	(67%)	In-line
	Swift Haulage	9.1	(3%)	(29%)	Below
Utilities	Tenaga Nasional	1,165.4	72%	2%	In-line
	Petronas Gas	422.5	9%	2%	In-line
	YTL Power	511.0	93%	NM	Above
	Malakoff Corporation	(75.7)	NM	NM	Below
	Gas Malaysia	95.1	(0%)	4%	Below
	Mega First Corp	95.0	(9%)	20%	In-line
	Ranhill Utilities	11.1	(85%)	50%	Below

Source: Company results data, Maybank IBG Research

Stock earnings revisions

Consistent with the high 3.7x earnings misses-to-beats ratio, the number of stocks with earnings downgrade in the recent reporting season exceeded that of upgrade on a ratio of 7.3x; the latter ratio is much higher than the former as we only upgraded earnings for 6% of our coverage that reported (vs. earnings beats of 11%) and downgraded on 42% (vs. earnings misses of 39%). We did not change earnings forecasts for 52% of our coverage which reported (consistent with the 50% of coverage results that met our expectations).

- Sectors with many earnings downgrades were Banks, Consumer, Gloves, Oil & Gas, Technology, Telco and Utilities – **Fig.11**.

- In terms of earnings upgrades, the more prominent one was on YTL Power.

Fig 11: 1Q 2023 results roundup - Core net profit up- & downgrades

Sector	Stock	FYE	FY23E	FY24E
Auto	MBM Resouces	Dec	-	-
	Tan Chong Motor	Dec	(244%)	(76%)
	UMW Holdings	Dec	-	-
Banks	CIMB Group	Dec	(7%)	(8%)
	Public Bank	Dec	-	2%
	Hong Leong Bank	Jun	(2%)	(3%)
	HL Financial Group	Jun	3%	(3%)
	RHB Bank	Dec	(5%)	(5%)
	AMMB Holdings	Mar	NA	(7%)
	Alliance Bank	Mar	NA	(5%)
	Bank Islam	Dec	(4%)	(6%)
Construction	IJM Corporation	Mar	NA	(6%)
	Sunway Construction	Dec	-	-
	Cahya Mata Sarawak	Dec	-	-
	Pintaras Jaya	Jun	-	-
Consumer	AEON Co. (M)	Dec	-	-
	Carlsberg Brewery	Dec	-	-
	Heineken Malaysia	Dec	-	-
	Nestle (Malaysia)	Dec	(5%)	(0%)
	Padini Holdings	Jun	-	-
	QL Resources	Mar	NA	-
	7-Eleven Malaysia	Dec	-	-
	Berjaya Food	Jun	(29%)	(30%)
	Leong Hup Int'l	Dec	(61%)	(40%)
	MR D.I.Y. Group (M)	Dec	-	-
	InNature	Dec	(15%)	(12%)
	Farm Fresh	Dec	(23%)	(21%)
Gaming	Genting Bhd	Dec	(14%)	8%
	Genting Malaysia	Dec	-	-
	Berjaya Sports Toto	Jun	-	-
	Magnum	Dec	-	-

Source: Maybank IBG Research

Fig 11: 1Q 2023 results roundup - Core net profit up- & downgrades (cont'd)

Sector	Stock	FYE	FY23E	FY24E
Gloves	Hartalega Holdings	Mar	NA	(83%)
	Kossan Rubber	Dec	(480%)	(114%)
	Top Glove Corp	Aug	-	(280%)
Healthcare	IHH Healthcare	Dec	-	-
	KPJ Healthcare	Dec	-	-
	Optimax	Dec	-	-
Materials	Press Metal	Dec	(5%)	(5%)
Media	Media Prima	Dec	(87%)	(28%)
Non-Bank Financials	Bursa Malaysia	Dec	(7%)	(11%)
	Allianz Malaysia	Dec	-	-
	RCE Capital	Mar	NA	(1%)
	MNRB	Mar	NA	6%
Oil & Gas	Dialog Group	Jun	(12%)	(12%)
	Bumi Armada	Dec	-	-
	Velesto Energy	Dec	(45%)	(50%)
	MMHE	Dec	-	-
	Wah Seong Corp	Dec	-	-
	Favelle Falco	Dec	-	-
	Icon Offshore	Dec	(21%)	(20%)
	Hibiscus Petroleum	Jun	(18%)	(10%)
Petrochem	Petronas Chemicals	Dec	(24%)	(9%)
	Lotte Chemical Titan	Dec	-	-
Plantation	Sime Darby Plantation	Dec	(28%)	(2%)
	IOI Corporation	Jun	-	-
	Kuala Lumpur Kepong	Sep	-	-
	Genting Plantations	Dec	-	-
	Sarawak Oil Palms	Dec	-	-
	TSH Resources	Dec	-	-
	Ta Ann Holdings	Dec	-	-
	Boustead Plantations	Dec	-	-
	TH Plantation	Dec	-	-
Property	Sunway Berhad	Dec	-	-
	Sime Darby Property	Dec	-	-
	SP Setia	Dec	-	-
	UEM Sunrise	Dec	-	-
	Tambun Indah	Dec	-	-
REITs	KLCCP	Dec	-	-
	IGB REIT	Dec	-	-
	Sunway REIT	Dec	-	-
	Pavilion REIT	Dec	2%	4%
	Axis REIT	Dec	(6%)	(2%)
	YTL Hospitality REIT	Jun	-	-
	CapitaLand MT	Dec	-	-
	Sentral REIT	Dec	(2%)	(2%)
	Al-Salam REIT	Dec	(37%)	(18%)

Source: Maybank IBG Research

Fig 11: 1Q 2023 results roundup - Core net profit up- & downgrades (cont'd)

Sector	Stock	FYE	FY23E	FY24E
Renewables	Solarvest Holdings	Mar	NA	(8%)
Technology	Inari Amertron	Jun	(8%)	(0%)
	ViTrox Corporation	Dec	-	-
	Greatech Technology	Dec	-	(11%)
	Frontken Corporation	Dec	(4%)	(6%)
	Globetronics	Dec	(25%)	(15%)
	Revenue Group	Jun	* 210%	(30%)
	CTOS Digital	Dec	-	-
	GHL Systems	Dec	(4%)	(5%)
	My E.G. Services	Dec	8%	11%
	Ramssol	Dec	-	-
Telco	Maxis	Dec	-	-
	Axiata Group	Dec	(24%)	(2%)
	Digi.Com	Dec	(15%)	19%
	Telekom Malaysia	Dec	-	-
	Time dotCom	Dec	(5%)	(2%)
Transport	MISC	Dec	-	-
	Westports	Dec	-	-
	Malaysia Airports	Dec	(29%)	(16%)
	Capital A	Dec	-	-
	Swift Haulage	Dec	(10%)	(9%)
Utilities	Tenaga Nasional	Dec	-	-
	Petronas Gas	Dec	-	-
	YTL Power	Jun	90%	83%
	Malakoff Corporation	Dec	(62%)	(5%)
	Gas Malaysia	Dec	(9%)	(14%)
	Mega First Corp	Dec	-	-
	Ranhill Utilities	Dec	(21%)	(11%)

** Revenue Group - we project larger losses in FY23E*
Source: Maybank IBG Research

Stock recommendation revisions

In this recent reporting quarter, we have downgraded our recommendation on 8 stocks and upgraded on 6. This compares to 4Q22 reporting where we had upgraded 2 and downgraded a sizeable 18.

- Of the 6 upgrades, 5 were to BUY – Carlsberg, MyEG, RCE, SP Setia and YTL Power.

- For the downgrades, 3 were to SELL – Berjaya Food, Leong Hup Int'l and Bumi Armada.

Fig 12: 1Q 2023 results roundup - Stock upgrades and downgrades

Stock	Old Call	New Call	Old TP	New TP
UPGRADES				
Carlsberg	HOLD	BUY	24.70	24.70
MyEG Services	HOLD	BUY	0.93	1.03
RCE Capital	HOLD	BUY	1.75	2.07
SP Setia	HOLD	BUY	0.70	0.70
YTL Power	HOLD	BUY	1.00	1.50
TH Plantations	SELL	HOLD	0.49	0.49
DOWNGRADES				
Berjaya Food	BUY	SELL	1.50	0.72
Leong Hup Int'l	BUY	SELL	1.00	0.50
Bumi Armada	HOLD	SELL	0.58	0.58
Al-Salam REIT	BUY	HOLD	0.49	0.48
Fronken	BUY	HOLD	4.10	3.35
Gas Malaysia	BUY	HOLD	3.80	3.20
Ranhill Utilities	BUY	HOLD	0.65	0.65
Swift Haulage	BUY	HOLD	0.58	0.51

Source: Maybank IBG Research

Market earnings growth & valuation

Slower 6.5% universe earnings growth in 2023E

Having incorporated earnings revisions for the stocks that reported:

- Core earnings estimates of our research universe have been cut by -4.5% for 2023E, and a smaller -0.9% for 2024E (this compares to our universe earnings estimates 3 months ago, ie. in early-Mar 2023, post 4Q22 results reporting). The sizeable earnings cut in 2023E are in the Telco, Petrochem, Banks, Healthcare and Plantation sectors – **Fig.13**.

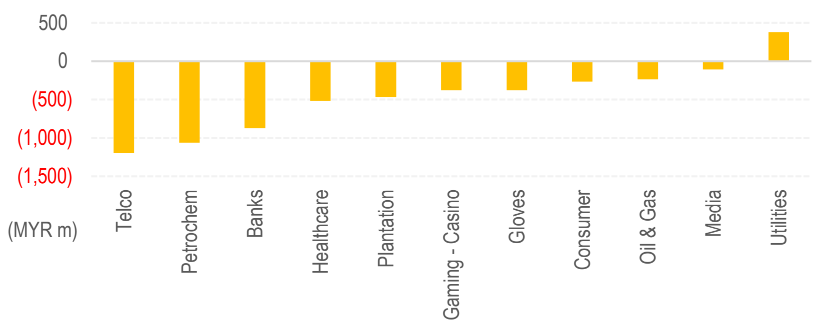
- Growth estimates (**Fig.14**):

  - **2023E.** We now estimate a slower +6.5% core profit expansion for our universe and +6.2% for the KLCI (vs. +13.6% and +12.1% in early-Mar 2023).

  - **2024E.** We estimate +13.3% core earnings growth for our universe and +10.6% for the KLCI (vs. +9.2% and +6.8% estimates previously).

- Excluding the Glove stocks, our research universe's core earnings growth estimates are +8.5% for 2023E (previously +15.3%) and +12.8% for 2024E (previously +8.5%) – **Fig. 14**.

Fig 13: Universe core earnings changes since early-Mar 2023 - by sector



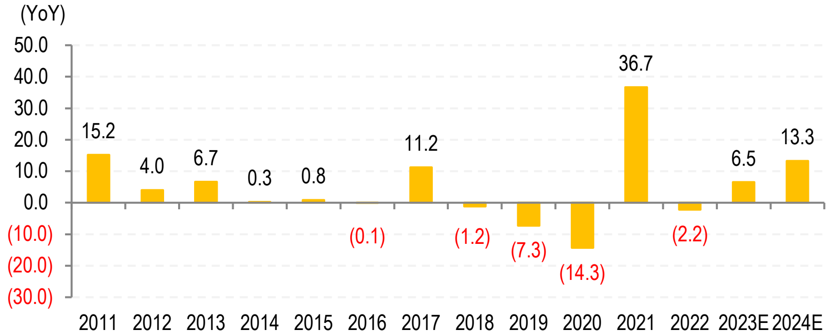
Note: Earnings changes below/above MYR100m per sector are not highlighted here
Source: Maybank IBG Research

Fig 14: KLCI & research universe core earnings growth & valuations

		2022A	2023E	2024E
KLCI @ 1,387.1 on 31 May 2023	**PE (x)**	**14.1**	**13.3**	**12.0**
Earnings Growth (%) - new		(6.0%)	6.2%	10.6%
Earnings Growth (%) - early-Mar '23		(5.6%)	12.1%	6.8%
Earnings Growth (%) - early-Dec '22		(5.0%)	15.1%	-
Maybank KE's Research Universe	**PE (x)**	**15.7**	**14.7**	**13.0**
Earnings Growth (%) - new		(2.2%)	6.5%	13.3%
Earnings Growth (%) - early-Mar '23		(2.9%)	13.6%	9.2%
Earnings Growth (%) - early-Dec '22		(1.7%)	16.0%	-
Maybank KE's Research Universe (ex-Glove stocks)	**PE (x)**	**15.6**	**14.4**	**12.8**
Earnings Growth (%) - new		12.9%	8.5%	12.8%
Earnings Growth (%) - early-Mar '23		12.2%	15.3%	8.5%
Earnings Growth (%) - early-Dec '22		13.4%	17.3%	-

Source: Maybank IBG Research

Fig 15: Research universe core earnings growth



Source: Maybank IBG Research

Sector earnings

- Some highlights for **2023E** (**Fig.16**):
  - Most sectors are expected to post higher earnings in 2023E compared to 2022, except for Petrochem (-45% YoY) and Plantation (-34% YoY; on lower CPO ASPs). In addition, we expect losses at the Gloves in 2023E and continuing onto 2024E, albeit smaller YoY.
  - Among the large-caps, core earnings at the Banks (+10.2% YoY) and Utilities (+12.5%) are expected to be higher.
  - Aviation's core losses are expected to narrow.

Fig 16 (a): Research universe core earnings, growth, PER, P/B and ROE (31 May 2023)

	Core earnings (MYR m)				Core earnings gwth (% YoY)				CAGR (%)
Sector	**CY21A**	**CY22A**	**CY23E**	**CY24E**	**CY21A**	**CY22A**	**CY23E**	**CY24E**	**CY22-24E**
Banks	29,150	31,395	34,608	36,839	28.6	7.7	10.2	6.4	8.3
Non-bank Financials	1,143	955	984	1,061	(4.3)	(16.4)	3.0	7.8	5.4
Consumer	2,161	2,977	3,158	3,554	15.6	37.8	6.1	12.5	9.3
Healthcare	1,654	1,562	1,794	2,022	93.3	(5.5)	14.8	12.7	13.8
Automotive	1,545	1,977	2,179	2,343	(1.6)	28.0	10.2	7.5	8.9
Construction, Infra	1,318	1,385	1,375	1,378	10.3	5.1	(0.7)	0.2	(0.3)
Gaming - NFO	174	282	343	339	(32.3)	62.6	21.4	(1.0)	9.6
Gaming - Casino	(2,108)	323	2,132	3,134	14.1	NA	560.0	47.0	211.5
Gloves	11,416	1,050	(408)	(35)	57.4	(90.8)	NA	(91.3)	NA
Materials	1,009	1,418	1,466	1,691	119.5	40.5	3.3	15.4	9.2
Media	521	299	319	288	(4.2)	(42.6)	6.7	(9.9)	(2.0)
Oil & Gas	(1,443)	1,597	2,818	3,218	NA	NA	76.5	14.2	42.0
Petrochemical	8,179	5,699	3,108	4,834	309.6	(30.3)	(45.5)	55.5	(7.9)
Plantation	7,471	7,564	4,980	5,202	105.1	1.2	(34.2)	4.4	(17.1)
Property - Developer	1,040	1,492	1,890	1,885	18.1	43.4	26.7	(0.2)	12.4
Property - REIT	1,496	2,074	2,291	2,461	(7.4)	38.7	10.5	7.4	8.9
Renewable Energy	71	75	89	97	(15.7)	4.8	19.3	9.1	14.1
Technology	1,535	1,592	1,793	2,099	35.2	3.7	12.6	17.1	14.8
Telco	5,189	5,199	5,207	6,584	8.1	0.2	0.1	26.4	12.5
Transport - Aviation	(3,583)	(3,123)	(513)	871	(15.8)	(12.8)	(83.6)	NA	NA
Transport - Shipping	1,889	2,374	2,415	2,410	(12.5)	25.7	1.7	(0.2)	0.7
Transport - Port & Logistic	783	719	855	899	18.7	(8.2)	18.9	5.1	11.8
Utilities	8,192	8,211	9,240	9,850	8.0	0.2	12.5	6.6	9.5
Stocks under cvrg	**78,801**	**77,099**	**82,124**	**93,024**	**36.7**	**(2.2)**	**6.5**	**13.3**	**9.8**

Source: Bloomberg pricing, Maybank IBG Research

Fig 16 (b): Research universe core earnings, growth, PER, P/B and ROE (31 May 2023) (cont'd)

	PER (x)			P/B (x)			ROE (%)		
Sector	**CY22A**	**CY23E**	**CY24E**	CY22A	CY23E	CY24E	CY22A	CY23E	CY24E
Banks	10.7	9.7	9.1	1.1	1.0	1.0	9.9	10.4	10.5
Non-bank Financials	10.4	10.1	9.3	1.2	1.1	1.0	11.4	11.1	11.2
Consumer	29.2	27.5	24.5	7.4	6.8	6.2	25.4	24.8	25.3
Healthcare	36.1	31.4	27.9	2.0	2.0	1.9	5.5	6.3	6.8
Automotive	11.7	10.7	9.9	0.9	0.9	0.8	7.5	8.0	8.4
Construction, Infra	15.3	15.4	15.4	0.9	0.8	0.8	5.7	5.5	5.3
Gaming - NFO	11.3	9.4	9.4	1.0	0.9	0.9	8.5	10.1	9.8
Gaming - Casino	94.1	14.3	9.7	0.7	0.7	0.7	0.7	4.8	6.8
Gloves	19.8	NA	NA	1.5	1.6	1.6	7.5	NM	NM
Materials	26.8	25.9	22.5	5.7	5.0	4.4	21.3	19.4	19.7
Media	13.2	12.3	13.7	2.3	2.2	2.1	17.2	17.5	15.0
Oil & Gas	18.7	10.6	9.3	1.4	1.2	1.0	7.6	11.0	11.2
Petrochemical	9.7	17.8	11.4	1.1	1.1	1.0	11.2	6.0	8.9
Plantation	11.5	17.4	16.7	1.5	1.4	1.4	13.1	8.3	8.3
Property - Developer	12.4	9.8	9.8	0.4	0.4	0.4	2.9	3.7	3.6
Property - REIT	16.9	15.3	14.2	1.0	0.9	0.9	5.8	5.9	6.3
Renewable Energy	15.9	13.3	12.2	0.9	0.9	0.8	6.0	6.6	6.8
Technology	26.4	23.4	20.0	4.0	3.7	3.3	15.3	15.7	16.7
Telco	26.8	26.8	21.2	2.4	2.4	2.3	9.0	8.9	11.0
Transport - Aviation	NA	NA	17.0	22.6	144.5	20.4	NM	NM	120.5
Transport - Shipping	13.7	13.5	13.5	0.9	0.9	0.8	6.3	6.3	6.2
Transport - Port & Logistic	18.5	15.5	14.8	3.4	3.2	3.0	18.3	20.5	20.4
Utilities	13.3	11.9	11.1	1.1	1.1	1.0	8.4	9.1	9.3
Stocks under cvrg	**15.7**	**14.7**	**13.0**	**1.3**	**1.3**	**1.2**	**8.5**	**8.7**	**9.4**

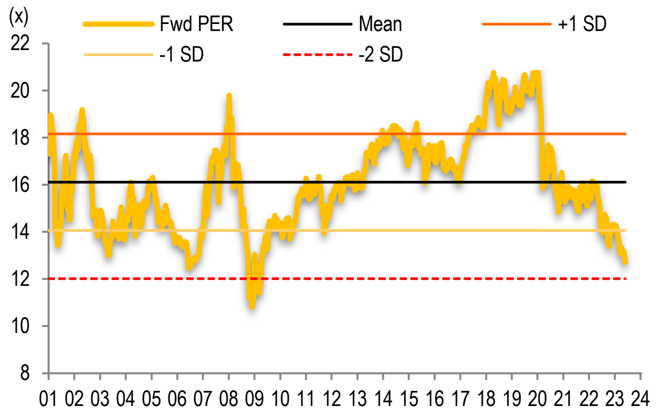
Source: Bloomberg pricing, Maybank IBG Research

KLCI valuations

Based on our revised KLCI core earnings estimates, KLCI's valuations (at 1,387 pts on 31 May 2023) are at:

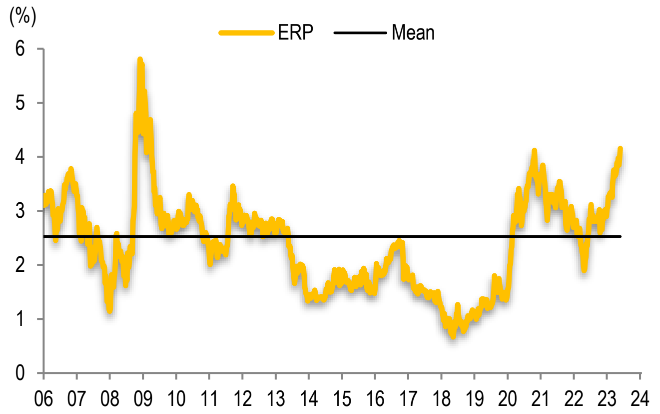
- 12.7x 12M forward PER, which is 1.7SD below its long-term mean (since 2001) of 16.1x (1SD is 2.0x) – **Fig.17**. On 2023/24E core earnings, the KLCI's PER valuations are at 13.3x/12.0x – **Fig.14**.
- 1.31x trailing P/B, which is 1.4SD below its long-term mean of 1.74x – **Fig.19**.

Fig 17: KLCI's 12M forward PER at 12.7x @ 31 May 2023, or -1.7SD of LT mean (mean = 16.1x, 1SD = 2.0x)



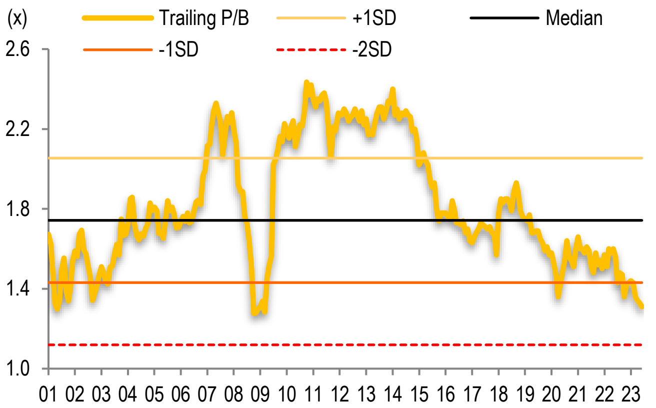
Source: Maybank IBG Research, Bloomberg

Fig 18: KLCI's equity premium (over 10Y MGS) at 416bps @ 31 May 2023 (mean = 253bps)



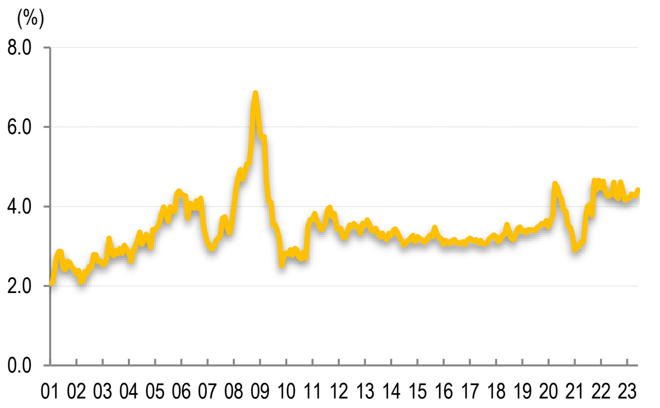
Source: Maybank IBG Research, Bloomberg

Fig 19: KLCI's trailing P/B at 1.31x @ 31 May 2023, or -1.4SD of LT mean (mean = 1.74x, 1SD = 0.31x)



Source: Maybank IBG Research, Bloomberg

Fig 20: KLCI's trailing dividend yield at 4.4% @ 31 May 2023



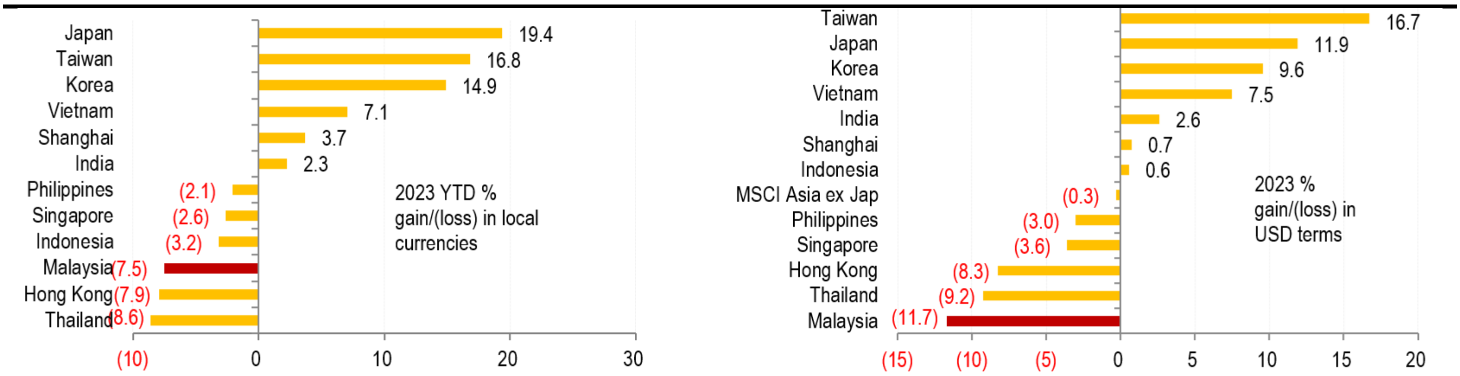
Source: Maybank IBG Research, Bloomberg

Maintaining a balanced portfolio positioning

The disconnect between macro and market performance has been something Malaysia has been grappling with for the past decade. The headline stats paint a grim picture: where Malaysia's nominal GDP expanded from around MYR1.0t in 2012, to c.MYR1.8tr in 2022, an 80% increase, Bursa Malaysia's total capitalization (valuation) over the same period grew just 20%, to c.MYR1.8t (2012: c.MYR1.5t) while total number of listed companies has been stagnant around the 950 mark. The benchmark KLCI, laden with "old economy" stalwarts (i.e. banks, utilities, telcos, plantations), has been especially feeble, now hovering around the 1,400 level, which is almost 20% below where it was a decade ago, with market trading liquidity similarly hobbled. Interconnected reasons for the disconnect include increasingly competitive revenue and margin dynamics typical of a sclerotic middle-income trap country, fading foreign portfolio investor interest being exacerbated by eroding benchmark weightings, and shifting of growth impetus to export-oriented companies/FDI which have thrived on subsidized inputs, a steadily depreciating currency and detachment from local politics. Unfortunately, these reasons do not appear to be at an inflection point.

And so the disconnect continues. Malaysia's 1Q23 real GDP growth was a better-than-expected albeit moderating +5.6% YoY (consensus: +4.8%; 4Q22: +7.1%), underpinned by drawdown of household/individual "excess savings" built up over the pandemic, tourism recovery and positive investment growth momentum as surge in 2021-2022 approved private sector investment is translating into rising actual/realised private investment (see macro update report "*GDP growth moderated further in 1Q 2023*", dated May 13, for details). However, while we have raised our 2023E GDP growth forecast to 4.5% (from 4.0% previously), 1Q23 corporate results as well as guidance were broadly disappointing, as has already been covered in detail in the earlier part of this report. Per Fig 21 below, ASEAN as a whole has been underperforming YTD vs. North Asian peers, the latter boosted by China's reopening, normalizing supply chains / logistics costs and renewed interest in technology stocks as the US interest rate upcycle looks to have peaked with the +25bps hike in May. While slowing economic growth in 2023, in synch with global growth deceleration and a likely US recession, is not unexpected, ASEAN is also facing headwinds in the form of generally uninspiring 1Q23 reporting, political uncertainties (Thailand, Vietnam, Malaysia and with Indonesia revving up for Presidential elections in 2024) and lack of China reopening-related impetut i.e. China's recovery so far has been largely driven by consumption and domestic services, and not manufacturing demand that would have the greatest spillover benefits for ASEAN. Re Malaysia specifically, with the KLCI remaining one of the worst YTD performers (and the worst in USD terms) in the region, the market is also grappling with sustained net foreign selling (May was the 9th straight month of foreign net sell – see Figs 24 and 25), weak crude oil and crude palm oil (CPO) prices and uncertainties relating to the upcoming state elections to be held in July.

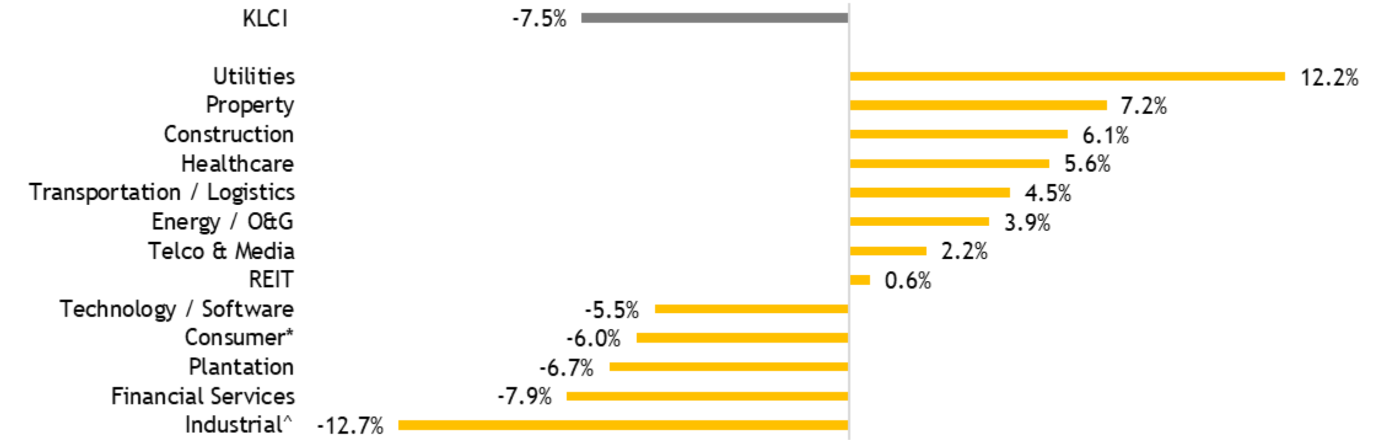
Fig 21: Asia: market performance (per benchmark indices)



Source: Bloomberg (as of 1 Jun), Maybank IBG Research (chart)

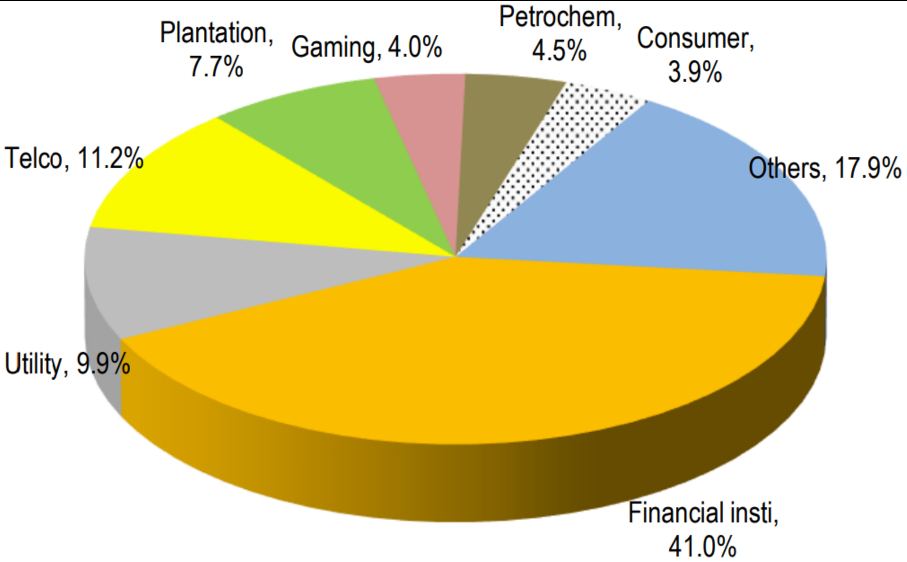
From a Bursa-designated sector index perspective, the biggest drag on the KLCI YTD, bearing in mind the sector compositions per Fig 23, has been the poor performance of the Banks (Financial Services) sector (Fig 22), where profit-taking pressures after strong performances in 2022 has been exacerbated by anticipation of weak NIM delivery this year (on a combination of heightened deposit competition + declining CASA ratios) and rising asset quality concerns as the economy continues to decelerate. Other large-cap sectors which have fared poorly YTD are Plantations (sluggish CPO price outlook, continuing foreign worker-related production bottlenecks), Consumer (higher labour, utility and raw materials costs are squeezing margins even as pricing power is eroded by a slowing economy) and Petrochemicals (Industrial Products & Services; declining ASPs as global supply normalizes in the wake of declining energy costs), with more resilient performances by Utilities and Telcos (Telecommunication and Media) providing some offset. Among the SMIDs sectors which have little representation in the KLCI, Energy (resilient price outlook, especially with planned OPEC+ output cuts) and Transportation & Logistics (regional tourism, supply chain normalisation), as well as domestic economy-geared Property/REITs and Construction, have been relatively strong performers. Technology remains under pressure from a combination of interest rate hikes (pressuring valuations) and weak demand outlook (pressuring earnings expectations) – however, the EMS (Electronics Manufacturing Services) sub-sector is proving relatively resilient given the increasingly powerful US-China tensions/supply chain relocation thematic (see below).

Fig 22: Bursa YTD performance: by individual indices



Source: Bloomberg (as of 1 Jun), Maybank IBG Research (chart)
** Includes Gaming and Auto*
^ includes Petrochem, EMS and Renewables

Fig 23: FMB KLCI sector weights



Source: Maybank IBG Research Estimates

Compounding the KLCI's underperformance has been continuous net foreign selling – per Fig 24, foreign investors sold MYR0.25b (net) of MY equities in Apr 2023, which is the 8th sequential month of foreign net sell, lifting their cumulative net sell for 2023 YTD to April to MYR2.12b (USD0.46b); this further rose to a 5M 2023 cumulative net sell of MYR2.84b after a 9th month of selling in May (MYR0.73b; see latest monthly flows report per "*May 2023: Equity Fund Flows*", dated June 6. It is a striking contrast as compared to Ringgit fixed income which has seen net inflows of MYR12.9b over the 4M 2023 period on safe haven buying (vis-à-vis the volatility induced by concerns relating to the health of US regional banks and political impasse re raising the US debt ceiling) as well as attractive USD-hedges MGS yields. Given the continued foreign institutional selling of Ringgit equities, foreign holdings in Bursa Malaysia declined to a post-GFC record low of 20.0% in April.

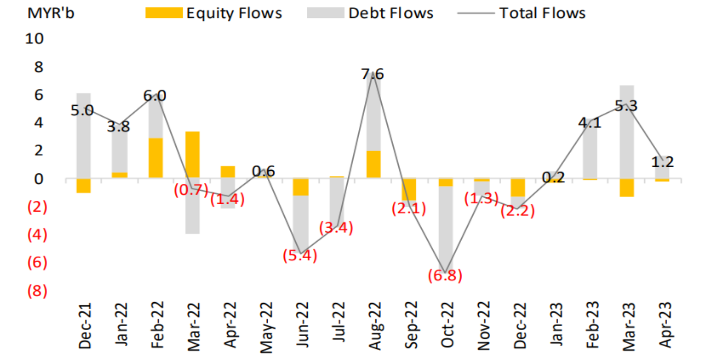
In sum, notwithstanding the positives of a fairly resilient macro growth outlook notwithstanding consumption pressures and reduced fiscal spending stimulus, still-supportive external demand and strong bank sector fundamentals, investors will be awaiting signs of a peaking in growth and earnings stresses / negative revisions stemming from the interrelated combination of revenue pressures from weakening end-demand (made worse by eroding real disposable incomes) and margin squeeze (higher labour, energy and raw materials costs) before a sustained, broad-based rally can be supported. At the same time, investors will also be keeping an eye on the evolving policy positions of Prime Minister Anwar Ibrahim's ruling coalition, and how these, as well the outcome of upcoming state elections in July 2023, may impact corporate sector performance.

Notwithstanding sharp downward market earnings revisions as detailed in Fig 14, we still anticipate a more positive Bursa Malaysia equity market performance in 2H 2023 given the combination of more settled global and domestic inflation / interest rate dynamics, confirmation of peak US rates and related relatively shallow US recession (our base case), as well as more tangible macro / corporate earnings uplift from China's reopening. Domestic politics should also be more settled post-state elections in July, provided there are no major upsets, especially in relation to Selangor, that may once again stir speculation of (yet another) change in the federal government.

Nonetheless, it is clear earnings momentum in 2023 will be significantly lower than initially anticipated, with the risk (per guidance) of sustained headwinds stemming from a combination of weakening demand, pressured ASPs and extended margin pressures due to higher labour and material input costs, the latter potentially exacerbated by ongoing adjustments to subsidies relating to energy / electricity in particular. Lack of policy clarity relating to keeping the fiscal sums / projections on track in the face of declining energy prices (a key revenue generator for the government) and stasis re structurally-desirable subsidy and tax measures are also an overhang, the latter potentially to worsen should the outcome of the state elections leave the government in a weaker position, hence derailing needed social and economic reforms as well as potentially necessitating greater pandering to sub-optimal conservative opposition demands.

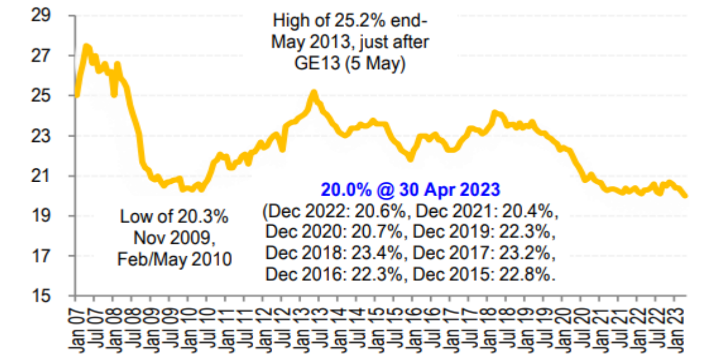
Hence, given the bearish combination of the aforementioned market overhangs and significantly moderated earnings traction, we are revising our end-2023 KLCI target from 1,660 (14x forward PER, -1.0SD vs. mean; as last updated in our 2023 Outlook report "*A New Hope*", dated Dec 15, 2022), to 1,520 (13x forward PER, -1.5SD vs. mean). As per the KLCI's historical PER trading band going back over 20 years (Fig 17), the index has tended to bottom around the 12-13x forward PER level before recovering – given current domestic and external economic and political / policy circumstances, this bottoming process is likely to extend through the rest of the year.

Fig 24: Malaysia: total foreign portfolio flows: equities + bonds (MYR b)



Source: BNM, CEIC

Fig 25: Bursa: Foreign holdings declined to 20.0% as of end-April 2023



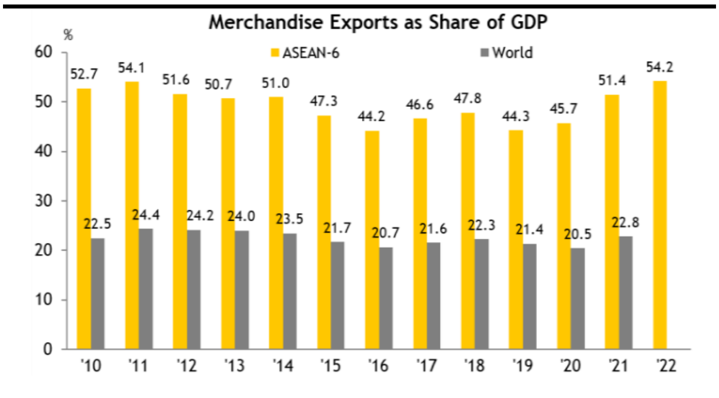
Source: Bursa Malaysia, Maybank IBG Research (Chart)

With regards broad market themes of note, we flag the following:

- **Reopening/Mobility:** economic reopening / ending of lockdowns has normalised intra-country people movement to pre-pandemic levels, while the subsequent relaxation of international borders into 2Q22 has seen a rebound in air traffic albeit from a depressed base. The tailwinds from this rebound in domestic mobility is fading but still tangible into 2023, benefitting the broad economy, particularly consumption-linked sectors such as consumer/retail (e.g. **MRDIY MK, AEON MK, MNHB MK, PAD MK**) and retail REITs (e.g. **PREIT MK**) where footfall is recovering even as rental rebates decline. Other beneficiaries of normalised intra-country worker mobility and operating conditions include the property (**ECW MK**, **SDPR MK, SPSB MK**), construction/building material (**GAM MK, IJM MK**), auto/transport (**BAUTO MK**) and leisure (**GENM MK**) sectors. Reopening of external borders will most directly benefit the aviation sector, especially airport operators (**MAHB MK**) and entrenched regional, volume-driven airlines like **CAPITALA MK.** Tourism proxies will also gain, including hotels/leisure (**GENT MK**), brewery (**HEIM MK**, **CAB MK**), retail (**INNATURE MK**) and hospital groups via more medical tourism (**IHH MK, OPTIMAX MK**).

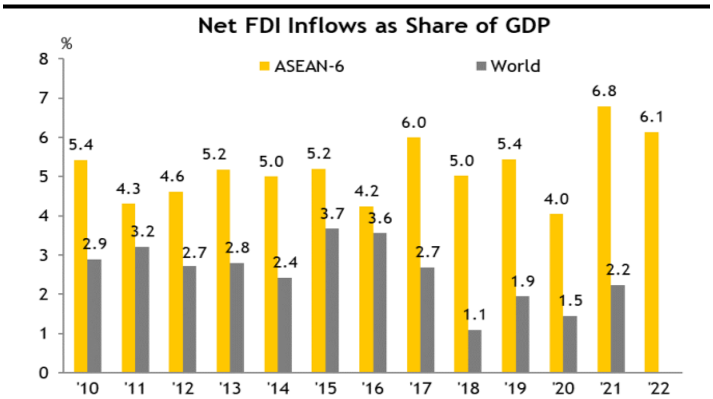
- **Supply Chain Relocation:** As articulated in MIBG's ASEAN X Macro report "*Deepening Supply Chains in a Fragmented World*", dated May 12), the IMF has warned that fragmentation and formation of opposing geopolitical blocs centered on the two largest economies – US and China – could reduce global GDP, undermine trade and increase financial stability risks. ASEAN is not immune to the fallout from fragmentation, but has so far benefited from the rechanneling of trade and investment because of its "neutrality". Of note is the fact that ASEAN has seen large increases in exports to both the US and China (Fig 26), while also benefitting from higher FDI from both countries as well (Figs 27, 28 and 29). ASEANs' increases in exports to the US (Fig 30) and China (Fig 31) are resulting in market share gains that will continue to build as the region attracts further production relocation. In the medium-to-long run, ongoing US-China trade tensions present local players with unprecedented relocation opportunities that is expected to boost future revenue streams. Inari and **Globetronics** have both received enquiries from prospective customers keen to relocate test and assembly supply chains out of China, whilst ViTrox is already benefiting from an increase in firm order flows from India/Mexico/Europe from its EMS customers actively ramping up capacity outside of China to counter US-imposed tariffs - this has more than offset the slowdown in orders from its Chinese customers. Trade diversion is also particularly pronounced in the local EMS sector whereby **VS Industry**, **Aurelius Technology**, **PIE Industrial**, as well as recent listings **Nationgate** and **Cape EMS**, have all received RFQs (order enquiries) either from existing or new customers keen to relocate manufacturing supply chains out of China.

Fig 26: ASEAN Export to GDP Ratio rising



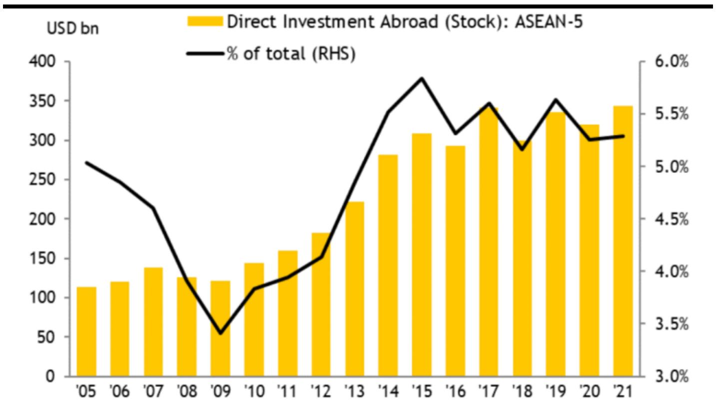
Source: CEIC, World Bank

Fig 27: ASEAN FDI to GDP Ratio hits new highs



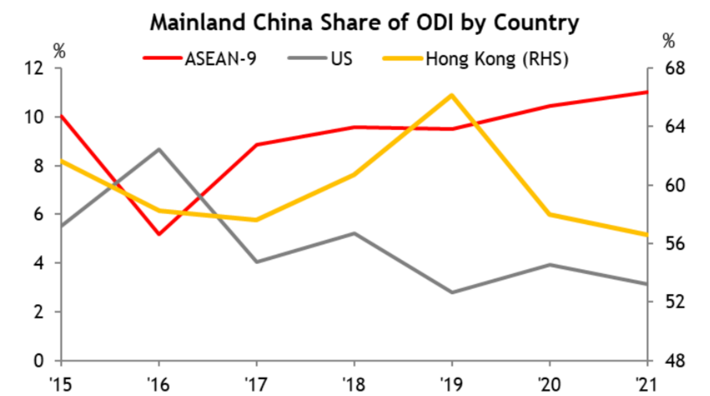
Source: CEIC, World Bank

Fig 28: US Cumulative Direct Investment to ASEAN-5



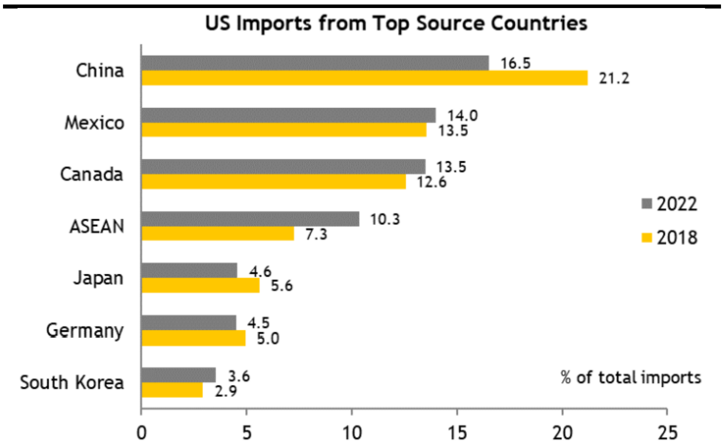
Source: CEIC, Bureau of Economic Analysis

Fig 29: ASEAN's share of China Outward Direct Investments Rising



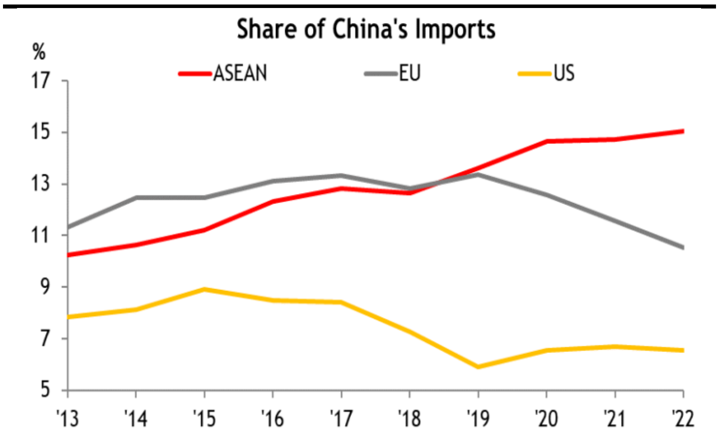
Source: China Ministry of Commerce

Fig 30: US: share of imports from China (falling) and ASEAN (rising)



Source: CEIC

Fig 31: China: imports from ASEAN outpacing EU, US and overall imports



Note: in USD terms

Source: China General Administration of Customs

- **Inflation:** while rising cost pressures is resulting in margin pressures across multiple sectors, winners in an inflationary environment with sustained growth would include commodities exposures such as oil & gas (**DLG MK**, **YNS MK**, **HIBI MK**), aluminium smelting (**PMAH MK**) and palm oil (**KLK MK**), consumer staples where demand is relatively inelastic and pricing power is strong (**FFB MK**, **LHIB MK**), consumer brands and financiers that benefit from down trading as real disposable incomes / affordability is eroded (**MRDIY MK, PAD MK, RCE MK**), banks from the perspective of higher inflation leading to higher interest rates, which are good for net interest margins (**HLBK MK, RHBBANK MK**, **ABMB MK**) and green energy stocks as transition plans accelerate in the face of surging energy prices (**SOLAR MK**, **CYP MK**). A key loser from eroding real incomes is consumer discretionary stocks where demand is elastic and pricing power weak. In a bear case, stagflation scenario, a more defensive approach via utilities (**GMB MK**, **T MK, MLK MK, MFCB MK**) and healthcare (**IHH MK, OPTIMAX MK**) would be warranted.

- **Interest Rates:** with ASEAN rate hikes, including Malaysia, continuing to lag the Fed, and commodity prices remaining soft on global growth concerns, weaker Ringgit bias is a boon for local-cost exporters, especially the tech and manufacturing sectors, but equates to a margin squeeze for importers of USD inputs (e.g. coal imports for **Tenaga**, auto parts imports for USD-priced components, media content imports for **Astro**). While most sectors will see earnings drag from higher finance costs, especially property/REITs-centric leveraged operating models, the impact is relatively modest given broadly subdued corporate net gearing. However, sectors enjoying both an interest income uplift stemming from net cash balance sheets and FX tailwind given USD-exports are petrochemicals (**PChem**) and technology (**INRI MK**, **VITRO MK**, **FRCB MK, GREATEC MK**).

- **Politics and Policy:** while Prime Minister Anwar Ibrahim's ruling coalition appears to have a comfortable majority in Parliament, policymaking will nonetheless require consensus among the component parties and this could prove unwieldy and sub-optimal. Investors will be watching the following policy issues particularly closely given potential impact on corporate earnings trajectory: **i)** revision of current <u>blanket subsidies</u> for petrol – the expectation is a more targeted subsidy mechanism will be introduced so that prices can remain capped for the lower-income while generating fiscal savings; some inflationary impact is anticipated, with corporates likely to see production costs rise; **ii)** to <u>widen the tax base</u>, new taxes may be introduced – while carbon tax and capital gains tax have been mentioned, we do not see these as particularly imminent or sufficiently impactful; most probably, GST will need to be reintroduced, likely at a more immediately palatable lower rate than the 6% when it was first introduced in April 2015 (and subsequently abolished in 2018); again, there is likely to be an inflationary impact on cost of production;

  And **iii)** <u>GLC Reform</u> may resurface as an important thematic for the market should there be clear political appetite for the same – bearing in mind the lessons learned from the first 10-year GLC Transformation Programme launched in 2004, we would advocate a second and more aggressive transformation programme (i.e. GLCT 2.0), that focuses on the matching of capable, performance-linked and empowered management teams with these asset-rich but efficiency-lacking entities. In essence, there should be a comprehensive review of the unwieldy GLC-GLIC construct, with a view to boosting ROI via a combination of leadership revamps, asset restructuring and fund diversification. Given their outsized weightage in the equity market as well as broader economy, such GLC reforms, if well-executed, represent the most potent, internally-driven opportunity to reinvigorate middle-income "trapped" Malaysia's broad economic dynamism.

On ASEAN peer basket valuation comparison per Fig 32 below, bearing in mind the KLCI's aforementioned YTD underperformance, the historical average 20% PE multiple premium the Malaysian market used to command over regional peers is unlikely to be revisited, with the offshoot being PB and dividend yield measures have become relatively attractive. The market's gradual structural de-rating is attributable to a combination of factors, in particular sustained foreign selling as Bursa Malaysia's weighing in benchmark global indices continues to decline, an erosion of Malaysia's historical policy and political stability premium, as well as uncertain medium-long term growth potential (i.e. middle-income trap concerns), the latter already an issue pre-Covid per the KLCI's negative earnings growth over 2018 and 2019 (and continuing in pandemic-impacted 2020) notwithstanding sustained underlying GDP expansion. Improving sentiment towards the KLCI as a defensive draw vis-à-vis volatile global economic and market conditions, underpinned by its aforementioned heavy 'old economy' financials, utilities and commodities weightings, has seen performance gap vis-à-vis ASEAN peers momentarily narrow. However, without deeper structural reforms to facilitate new growth drivers, this narrowing valuation gap trend is likely to be transient.

For a by-country rundown on 2023 equity market strategies and sector/stock positioning by MKE's ASEAN country Heads of Research, please refer to our bi-monthly ASEAN+ Strategy publication, the most recent being that dated June 2 ("ASEAN+ Fortnightly: Highlights (22 May – 2 June))".

Fig 32: ASEAN: regional market valuations

	Index	PER (x)		Growth (%)		ROE (%)		P/B (x)		Yield (%)	
		2023F	2024F	2023F	2024F	2023F	2024F	2023F	2024F	2023F	2024F
Malaysia	1,383	13.2	12.3	6.4	7.7	9.4	9.7	1.2	1.2	4.5	4.7
Singapore	3,166	10.3	10.0	22.9	3.2	9.9	10.0	1.0	1.0	5.2	5.5
Indonesia	6,633	13.7	12.6	2.6	9.4	13.2	13.1	1.8	1.7	4.2	4.3
Thailand	1,521	14.5	13.5	14.8	7.4	10.1	11.0	2.3	2.1	2.0	2.2
Philippines	6,431	14.3	11.9	22.3	18.6	11.5	11.6	1.4	1.3	2.6	2.7
Vietnam	1,078	10.5	8.6	14.7	22.2	15.2	16.2	1.6	1.4	-	-

Source: Maybank IBG Research, MSCI, Bloomberg (as of 1 Jun)

A snapshot of recommended sector weightings is per Fig 35 below - recent sectoral developments of note going into 2023 are detailed below:

- **Auto:** total industry volume (TIV) sales momentum for the Malaysian automotive sector has been strong YTD, as detailed in sector update report "*Marching strong in March*", dated April 19. TIV hit an all-time monthly high of 78.8k units in March, and is on track to reach the 700k units mark in 2023 (YTD: 28% realized). This is a realistic target, for bookings are still strong post pandemic/ SST-holidays, underpinned by various new launches and still-high order backlog across the marques. While we do not expect 2023's TIV to exceed 2022's 721k units, owing to the absence of the much popular SST-holidays incentive that ended end-June 2022, it is on track to closely match it; potentially reaching 700k units (avg: 56.4k units/mth in Apr-Dec 2023), for bookings (based on our channel checks) is still very much achievable across most of the key franchises. In the national segment, Perodua (P2) is targeting record vehicle sales of 314k units (+27% YoY) while Proton can match P2's achievement too, should it sustain monthly sales of 13.3k units. Non-national leader Toyota could also match 2022's 100k units performance.

  On a related note, we see Malaysia's e-mobility movement gaining traction. For one thing, the retabled Budget in Feb 2023 made some notable changes vis-à-vis the earlier proposed Budget (tabled in Oct 2022). Firstly, tax exemptions for both CBU and CKD EVs were extended for another 2 years, as well as components for locally assembled EVs. Secondly, there is a greater emphasis on CKD EVs vs. CBU EVs, which should attract new CKD EV investments to the country while providing a greater push, with regards to building out an EV ecosystem. Secondly, MITI has approved Tesla's application to import BEVs into Malaysia. Note Tesla is the maiden applicant for MITI's BEV Global Leaders Initiative program, which aims to boost BEV demand in the local market. Under this program, Tesla will be directly accorded the franchise AP without a local partner, an atypical arrangement vis-à-vis the existing franchise APs holders. Among approval requirements is entering into discussions with MIDA with regards to setting up manufacturing factory for: **(i)** CKD BEVs; **(ii)** EV chargers, **(iii)** critical components, and **(iv)** battery reuse repair, recycle or remanufacturing (4R) services for energy storage and generation technology in Malaysia at the end of 2nd year of approval.

  While Tesla is a positive start, Malaysia still needs to formulate a long-term strategy to develop its e-mobility ecosystem in an integrated and comprehensive manner so that more prospective BEV players (especially from China: Nio; X-Peng) will consider Malaysia as their preferred CKD BEV hub in this region. Our Auto sector top picks are as follows:

i) **Bermaz Auto**: has arguably the highest EBIT/unit economics in the industry and targets a higher: (i) 18k-23k units of vehicle sales (FY22: 14k units); & (ii) DPR of 70% in FY23-24 (vs. 65% previously). Possible to exceed these targets, given high bookings, attractive incentives and new models rollout. Medium-term target is 30k units (Mazda, Kia, Peugeot);

ii) **UMW:** its' Perodua (P2) ops is targeting record vehicle sales of 314k units (+11% YoY), backed by ~220k units backlog. Toyota is conservatively aiming for 90k units (-11% YoY) in FY23. Non-core asset disposals could boost dividend; and

iii) **MBM Resources:** provides 3-tier exposure as a: (i) shareholder; (ii) dealer; and (iii) supplier of auto parts to P2. Backed by a net cash balance sheet, our DPS estimates offer attractive dividend yield of >9%, based on a 55% DPR.

- **Numbers Forecast Operators (NFOs):** as articulated in detail in sector update note "*Quantifying the potential impact of a 2nd green wave Part II*", dated May 15, the states of Selangor, Penang, Negeri Sembilan, Kedah, Kelantan and Terengganu are expected to dissolve their state assemblies in late June, paving the way for state elections in July 2023. Recall that NFO outlets in Kelantan and Terengganu were shut in the 1990s following changes in state governments. All 45 NFO outlets in Kedah were recently shut on 1 Jan 2023 following a change in state government on 16 May 2020. We flag the risk of NFO outlets in Selangor, Penang and Negeri Sembilan being shut should their state governments change at the upcoming state elections, and thus leading to the anti-gaming Islamic party PAS (green wave) playing a more prominent role in state matters. For **Sports Toto**, NFO outlets in Selangor, Penang and Negeri Sembilan account for 22%/8%/5% of its total NFO outlets (Fig 33). For **Magnum**, NFO outlets in Selangor, Penang and Negeri Sembilan account for 18%/9%/6% of its total NFO outlets. Assuming average NFO sales/draw/outlet are uniform throughout the country and NFO outlets are shut on 1 Jan 2024, our long-term earnings estimates for SPTOTO/MAG could be cut by 52%/48% should all the aforementioned state governments change. Should just Selangor state government change, our SPTOTO/MAG long term earnings estimates could be cut by a still-deep 33%/26%. There is no positive offset at the operational level either. Google Trends imply to us that NFO sales for SPTOTO and MAG remain plateaued at c.80% and c.70% of pre-COVID levels. As such, we have tactically downgraded the NFO subsector to NEGATIVE from NEUTRAL, with both SPTOTO and MAG cut to SELL (from HOLD previously).

Fig 33: Distribution of NFO outlets by states or territories

	Sports Toto		Magnum		Da Ma Cai	
	# of outlets	%	# of outlets	%	# of outlets	%
Selangor	***144***	***21.9%***	***85***	***18.0%***	***78***	***23.6%***
Johor	89	13.5%	59	12.5%	42	12.7%
Sabah	33	5.0%	0	0.0%	0	0.0%
Sarawak	52	7.9%	53	11.2%	0	0.0%
Perak	66	10.0%	83	17.5%	55	16.6%
Labuan	4	0.6%	2	0.4%	0	0.0%
Kuala Lumpur	113	17.2%	69	14.6%	70	21.1%
Penang	***54***	***8.2%***	***41***	***8.7%***	***39***	***11.8%***
Pahang	40	6.1%	17	3.6%	9	2.7%
Negeri Sembilan	***32***	***4.9%***	***30***	***6.3%***	***17***	***5.1%***
Perlis	4	0.6%	1	0.2%	1	0.3%
Melaka	26	4.0%	33	7.0%	20	6.0%
Total	**657**	**100.0%**	**473**	**100.0%**	**331**	**100.0%**

Source: Department Of Statistics Malaysia

- **Aviation/Tourism:** as articulated in ASEAN Tourism update report "*Tracking the Chinese outbound tourism dragon*", dated April 13, after a tepid start to the year due to lack of seat capacity (Fig 34) and high airfares, the recovery in Chinese outbound tourism is accelerating and will reach more meaningful levels by mid-2023. Based on insights from Dragon Trail International, 60% of its surveyed respondents in China (n=1,058) intend to travel overseas, most during the summer holidays in Jul and Aug (42%) and the mid-autumn festival and national day holidays otherwise known as Golden Week (32%). 71% intend to travel overseas for 5 to 10 days. Data from Trip.com also reveals 59% have booked 4-5 star accommodations. In summary, Chinese tourists are travelling for longer and spending more relative to pre-COVID times. Country-wise, we recommend positioning as follows:

  - **Malaysia:** actual travel from China to Malaysia ranks 8th in the 1H23 top 10 Chinese outbound departures relative to 2019 list despite not being in the top 10 preferred Chinese outbound destinations list of any survey. Potential beneficiaries: **Capital A** and **MAHB** (aviation), as well as **Pavilion REIT** and **KLCCP Stapled** (shopping).

  - **Singapore:** by mid-2023, seat capacity from China to Singapore will recover to c.65% of 2019 levels. Moreover, Singapore has emerged as a preferred outbound destination for high net worth Chinese and single Chinese women. Potential beneficiaries are **Genting Singapore** (gaming), **CDL Hospitality Trusts**, **Far East Hospitality Trust**, **Frasers Hospitality Trust** (hoteliers) and **CapitaLand Int. Comm. Trust** (shopping). Non-rated potential beneficiaries are **SIA** (aviation) and **Shangri-La Asia** (hotelier).

  - **Thailand:** actual travel from China to Thailand is not in the 1H23 top 10 Chinese outbound departures relative to 2019 list, due to slow recovery in seat capacity (TH has always been a top ASEAN destination). Potential beneficiaries: **Erawan** (hotelier), **Airports Of Thailand** (aviation). Non-rated potential winners: **Dusit Thani** (hotelier), **Siam Wellness** (spa chain).

Fig 34: Seat capacity from China to selected countries relative to 2019

	Jan-23	Feb-23	Mar-23
Hong Kong	23%	33%	40%
Thailand	4%	12%	22%
Macau	62%	78%	85%
Taiwan	19%	22%	28%
South Korea	12%	11%	16%
Singapore	12%	17%	37%
Japan	8%	8%	9%
Malaysia	5%	10%	21%
United Arab Emirates	12%	28%	46%
Cambodia	11%	22%	26%
Australia	7%	23%	31%
Philippines	8%	17%	34%
Vietnam	4%	10%	19%
Indonesia	12%	12%	26%

Source: OAG

- **Technology:** the impact of the US Chips Act on indigenous Malaysian semiconductor companies has been two-fold – negative in the short-run, but positive in the longer run. In the near-term, demand destruction due to BAU uncertainties stemming from the Act's enactment has adversely affected Malaysia listed companies' Chinese customers and led to a broad-based decline in 2H22 sales from the region. This trend is guided to persist through to 2H23, when fortunes are expected to turnaround once the Chinese reopening is underway and the US Fed turns dovish on interest rates. **ViTrox**, Malaysia's largest ATE manufacturer and a global market leader in machine vision technology saw China's contribution to its overall revenue pie dip from 33% in 2021 to 28% in 2022 due to its customers adopting a more cautious approach to investing in capacity growth. Inari, Malaysia's leading OSAT, has seen a sequential slowdown in its optoelectronics segment whilst also having to delay progress on its China JV with SMIC-backed YSIC.

In the medium-to-long run however, ongoing US-China trade tensions has presented local players with unprecedented relocation opportunities that is expected to boost future revenue streams. Inari and Globetronics have both received enquiries from prospective customers keen to relocate test and assembly supply chains out of China, whilst **ViTrox** is already benefiting from an increase in firm order flows from India/Mexico/Europe from its EMS customers actively ramping up capacity outside of China to counter US-imposed tariffs - this has more than offset the slowdown in orders from its Chinese customers. Trade diversion is also particularly pronounced in the local EMS sector whereby **VS Industry**, **Aurelius Technology**, **PIE Industrial**, as well as recent listings N**ationgate** and **Cape EMS**, have all received RFQs (order enquiries) either from existing or new customers keen to relocate manufacturing supply chains out of China. Optimism should be, however, tempered by the reality that although many local semiconductor and EMS companies increased capex by varying degrees during the height of the pandemic, it is still unlikely that additional capacities will be able to cater to all prospective trade diversion clients. Meanwhile, for new prospective customers that are successfully on-boarded, the lengthy qualification and pilot production stage (6-12 months) in semiconductor and electronic manufacturing could imply that they may not contribute meaningfully to the local players' top/bottom-line over the immediate horizon.

Fig 35: Recommended sector weightings

Overweight	Neutral	Underweight
Automotive	Aviation	Healthcare (Gloves)
Construction	Consumer	Gaming (NFOs)
EMS	Healthcare (Hospitals)	
Gaming (Casinos)	Large-cap Banks	
Large-cap Oil & Gas	Media	
cap Financials / Banks / Insurers	Mid-cap Oil & Gas	
Technology (Semicon)	Petrochemicals	
Technology (Software)	Plantations	
	Ports & Shipping	
	Property	
	REITs	
	Renewables	
	Telcos	
	Utilities	

Source: Maybank IBG Research

Re our Top BUYs (Fig 36), we flag notable initiations/rating changes, deletions and additions over the last quarter vis-à-vis the recommendations in our 4Q22 Results Roundup report "*Downbeat Finish*", dated March 5:

Notable initiations/rating changes:

- **Press Metal (PMAH MK):** we have initiated coverage (see report "*Largest aluminium producer in Southeast Asia*", dated April 5) on local integrated aluminium producer PMAH with a BUY and SOTP-based TP of MYR5.65, noting 12.9% FY22- 25E 3-year earnings CAGR. Its entrenched position as the largest aluminium smelter in Southeast Asia (SEA), strategically located within close proximity to raw materials and having significant energy cost advantage via its hydro-powered facility in Sarawak are its strong attributes. Elevated energy costs since 2H21 have resulted in the reduction of aluminium output, mostly across EU smelters as closures prolonged. Additionally, the crackdown on Chinese coal-powered smelters - as the country moves to more sustainable energy - has also capped supply influx. This, combined with steady annual demand growth of 3-4% for aluminium products should support aluminium price of c.USD2,500/t in FY23-25E, in our view. Aluminium is also a key metal component for electric vehicles (EV), solar energy and recyclable packaging, thus ensuring rising demand over the long-term as sustainable products become more prevalent.

1Q23 results, per report "A weak start", dated May 31, disappointed, making up just 16/18% of our/consensus FY estimates, due to subdued aluminium price and weak associates contribution. However, while we lower FY23-25E earnings by c.5% and SOTP-derived TP to MYR5.40 (-4%), we maintain our BUY call on likely continued supply-demand tightness that could support aluminium prices ahead. The group's cost structure could also improve on the back of growing VAP sales mix and declining carbon anode prices.

- **Petronas Chemicals (PCHEM MK):** as articulated in our upgrade report "*Mixed fortunes*", dated April 4, PCHEM's O&D (Olefins & Derivatives) division ASPs have likely found a bottom following modest 1Q23 gains and further supported by OPEC+'s decision to scale back production through to Dec 2023; however, its' F&M (Fertiliser & Methanol) division outlook appears gloomier, with ASPs having declined sharply to 2-year lows. We also note that PIC has since restarted test-runs since the latest fire incident in Oct 2022, with full COD still slated for late-3Q23. Assuming no further hiccups, we estimate PIC (Pengerang Integrated Complex) may only achieve an annualised PU (plant utilisation) rate of c.30-35% and is unlikely to be profitable till 2H24. Whilst making no changes to our forecasts and TP of MYR7.35, we upgrade the stock to a HOLD (albeit still pegged to 6x FY24E EV/EBITDA, at -1SD to the LT Mean) on a balanced present risk-reward proposition.

  Subsequent 1QFY23 results, as detailed in "*1Q23: Supercycle well and truly over*", dated May 30, largely reflected aforementioned concerns, with 1Q23 core PATMI coming in at MYR609m (-70% YoY, -33% QoQ). The results were below both ours and the street's expectations, at 14%/12% of full-year estimates respectively. EBITDA margins continued to compress (-22ppts YoY, -6ppts QoQ) from higher unit cost of production (+28% YoY) whilst ASPs in both key segments (O&D/F&M) remained relatively weak QoQ. With product prices now appearing to revert to its downtrend mean, we slash our FY23- 25E forecasts by 9-24% and lower our TP by 7% to MYR6.85 (pegged to 6x FY24E EV/EBITDA at -1SD to the LT Mean). Our HOLD rating is maintained.

- **Carlsberg (CAB MK):** while CAB's sequential quarters could see subdued sales volume as inflationary pressure dampens consumer spending, we flag in our results update report "*1Q23 results: In-line*", dated May 10, that eventual recovery in international tourism is a key sales catalyst while softening commodity spot prices may lead to group margin accretion towards end-FY23. CAB's group volumes are now hovering at c.70% of pre-pandemic levels. Hence, its focus in the near-term will be on growing domestic sales, defending its mainstream brand share, and expanding its premium brand share through ongoing brand investments and marketing campaigns. Separately, recent news on Family Mart halting alcohol sales will not materially affect CAB given that convenience store sales as a whole contribute <5% of group sales. Upgraded to BUY (from HOLD).

- **RCE Capital (RCE MK):** as detailed in results report "*A gift that keeps on giving*", dated May 24, while 4QFY23 (March YE) earnings were within our expectations, RCE positively surprised by raising its DPR policy to 60-80% from 20-40% i.e. the FY23 recurring DPS of 12sen translated into 63% DPR or 9ppts more than we expected. While cost of funds is on an uptrend, RCE has managed to pass it on to new customers via higher profit rates - thus, we expect earnings to be stable going forward. We raise DPS estimates by 2sen p.a. (+20%) to reflect a higher DPR of 65% (54% previously) and also raise our end-CY23E target P/BV by a similar 20% to 1.8x from 1.5x – this lifts our TP to MYR2.07 from MYR1.75. Coupled with dividend yields of ≥6.3% p.a., we have upgraded RCE to BUY (from HOLD).

- **YTL Power (YTLP MK):** as detailed in results update report "*Record core earnings*", dated May 26, YTLP's 3QFY23 results again beat our/consensus expectations due to an exceptionally strong PowerSeraya performance. We expect the group's positive earnings momentum to sustain in the near term notwithstanding continuing losses at its mobile division as **i)** Singapore generation trends seasonally higher, **and ii)** Wessex's tariff hike takes effect next quarter. YTLP is also a potential beneficiary of RE exports longer term. We have raised our FY23/24/25 net profit forecasts by 90%/83%/90% respectively to incorporate latest run rates. Our TP (based on a sum-of-parts, with the operating entities each valued by DCF) is consequently raised to MYR1.50 (from MYR1.00).

- **My EG Services (MYEG MK):** as articulated in results report "*1Q23 above expectations; U/G to BUY*", dated May 31, 1Q23 earnings exceeded expectations (+25% YoY) due to stronger-than-expected margins and stable JPJ-related business despite recent policy headwinds. The immigration segment benefited from the pickup in job matching of foreign workers as the country addresses the worker shortages across the country. The transportation segment was relatively stable despite the introduction of digital roadtax and driver license options by the Ministry of Transport in Feb 2023 as the adoption was rather gradual. We raise FY23-25E earnings by 8-12% and tactically upgrade the stock from HOLD to BUY as the recent share price weakness provides greater upside to our new TP of MYR1.03 (+10sen), based on sum-of-parts methodology. The immigration and new cross-border blockchain solutions (i.e. Malaysia-China customs and supply chain financing) segments are near-term growth drivers, which could offset decline in transport revenue.

- **Berjaya Food (BFD MK):** as articulated in downgrade report "*The party is over*", dated May 19, when we cut our rating to SELL (from BUY), BFD's 3QFY23 results disappointed on lower operational margins, with EBIT declining 38% YoY due to c.30-50% increases in raw material costs (eg. coffee, syrups, milk, packaging) and higher labour expenses. We understand that Starbucks Intl. had previously hedged its major raw material components for a two-year period during the onset of the pandemic. As it moves into its next hedging cycle, raw material ASPs have climbed by 30-50% and is expected to stay elevated for at least 9M from early-CY2023.Hence, the group's cost environment is likely to remain high in the near-term whilst it also has less room to pass on additional costs through price hikes. We cut FY23E-FY25E earnings by 28%-30%, deriving a lower TP of MYR0.72 on an updated 5-year mean PER of 13x (19x FY24E PER previously).

- **Bumi Armada (BAB MK):** per downgrade report "*1Q23 results in line; priced in*", dated May 25, while 1Q23 results met expectations, we believe BAB's turnaround story (centered on de-gearing sustainably, improving cashflows and monetizing non-core assets) has been more than priced in following its recent sharp share price re-rating. To catalyse sustained growth and re-rate, BArmada needs to win a BOO FPSO project. We reckon that while securing an EPC FPSO job will offer a mid-term earnings boost (3 years; provided execution is on par, no delay in deliveries and/or minimal cost overruns), it is insufficient to catalyst growth longer term. FPSO chartering model typically offers visibility re steady cashflow. Inability to secure a BOO contract in a booming market does not reflect well re prospective client(s) confidence in BAB's execution capabilities, track record, cost management and financing abilities, in our view. Downgraded to SELL (from HOLD).

- **QL Resources (QLG MK):** after being on our SELL list for an extended period of time, we have upgraded QLG to HOLD per update report "*Calmer waters ahead*", dated May 23. While we believe QLG's MPM (marine products) segment could experience margin compression in 4QFY23 (March YE) given lower fish catch from unfavourable weather conditions and festivity disruptions, we note the following positives in the pipeline: **i)** despite ongoing volatility in feed raw material ASPs (corn & soybean), we believe QLG's cost pass-through mechanism at its ILF (integrated livestock) segment will be more efficient after egg price control is lifted from end-Jun 2023; **ii)** demand-supply dynamics will improve with stabilised egg ASPs in the medium-term; **iii)** QLG is in the process of divesting its palm oil operations in Tawau and Indonesia; **and iv)** there are signs of gradual sales improvement in its CVS segment though we expect recovery to be slow given demand has not yet improved sufficiently for its stores to revert to 24hr operations.

  Subsequent 4QFY23 results, as detailed in "*4QFY23 results: In-line*", dated May 30, met our aforementioned expectations, with projected FY24E earnings growth of 17% YoY largely driven by stable growth in surimi and surimi-based product sales in MPM, and ongoing ILF earnings recovery from higher poultry demand and improved cost-pass through mechanism once poultry price controls are lifted by end-Jun 2023.

Deletions:

- **Frontken (FRCB MK):** as articulated in results update report "*1Q23: Subdued performance*", dated May 5, higher opex and demand softness from FRCB's memory fab customers dragged EBIT margins at its TW ops below the 40% mark for the first time since 4Q21. Persisting weakness in the market for consumer electronics (esp. amongst FRCB's leading memory fab customers) meant that 1Q23 semicon revenue only came in at 77% of group turnover (vs. 81%/85% in FY22/21). Lower revenue and an additional MYR3.6m cost for opex at its new Kaohsiung plant also posed a 4.0/2.8 ppts YoY drag on group/TW's operating margins (TW was 83% of group EBIT in FY22). With its Kaohsiong plant now fully operational, management had previously guided for it to achieve breakeven capacity by 3Q23 – this however, looks increasingly unlikely with softness in the memory market set to persist through to mid-2H23. Separately, management also disclosed that talks for its US-based strategic acquisition have fallen through. We have revised down our FY23-25E forecasts by 4-6% and lowered our valuation peg to 33x FY24 PER, at the LT Mean (vs. 38x FY23 PER, at +0.5SD to the Mean previously). Imputing for both, we have downgraded the stock to a HOLD with a revised TP of MYR3.35 (-18%) in view of decelerating growth.
- **Farm Fresh (FFB MK):** per results update report "*4QFY23 results: Fell short*", dated May 31, 4QFY23 (March YE) core net profit of MYR5m (-78% YoY, -75% QoQ) brought FY23 core net profit to MYR52m (-36% YoY), reflecting just 81%/77% of our/consensus full-year earnings estimates. The earnings shortfall was mainly from higher-than-expected dairy raw material costs. 1QFY24E earnings may remain weak as dairy raw material costs are likely to stay elevated given that FFB has not fully pared down its existing (higher cost) milk inventory levels yet. That said, 2QFY24E earnings should improve in tandem with its recently announced price hike for its chilled category products (+5% effective Jul 2023). FFB is also anticipating for 10%-14% lower raw milk ASPs (new contract to be signed end-Jun 2023) but input cost savings are only expected to flow through

in Aug 2023 at the earliest. We cut FY23E earnings by 21% - coupled with near-term challenges, we have downgraded FFB to HOLD with a lower TP of MYR1.60 (previously MYR1.75).

- **Leong Hup International (LHIB MK):** after having upgraded the stock following decent 4Q22 results, we now once again downgrade to SELL (from BUY) after 1Q23 results fell short on depressed poultry ASPs in Indonesia and lower-than-expected feedmill sales in Vietnam. As articulated in results note "*1Q23 results: Below expectations*", dated June 1, although Malaysia's livestock and feedmill operations are expected to see continued recovery and poultry ASPs have begun to rise in Indonesia, we believe the prolonged demand-supply imbalances in the latter market will continue to hinder the group's earnings recovery in sequential quarters. Further, feed sales in Vietnam are expected to remain subdued given the swine flu outbreak. Hence, our FY23E-FY25E earnings are cut by 17%-61% upon adjusting for lower broiler and DOC (day old chicks) ASPs in Indonesia. Rolling over valuation to FY24 base year, we derive a lower TP of MYR0.50 based on a lower PER of 12x (-1SD to mean, 15x previously).
- **Berjaya Food (BFD MK):** per flagged / articulated rating downgrade above, we also remove BFD from our Top Buys stock list.

Additions:

- **Aurelius Technologies (ATECH MK):** per results update report "*Exceeding expectations*", dated March 29, FY23 (Jan YE) earnings beat expectations, with revenue surging +31% YoY, thanks to maiden contribution from new capacity added post-IPO (plant 3 capacity), as it ramped up production for its new and existing customers - this lifted FY23 core net profit to MYR41.2m (+71% YoY). Apart from the four new customers secured, ATECH is also increasing its new product initiatives (NPI) activities, with plans to add 2 more general lines to cater for strong demand, an upside risk to our forecasts. Should ATECH be able to fully utilise its new capacity by FY26E (vs. our current assumption of FY28E), this will translate to a stronger 3Y CAGR of 60% (vs. our current assumption of 41%). We have raised our FY24/25E CNP forecasts by 7%/16% and also raise our TP to MYR3.90 by pegging revised CY24E EPS of 19.2sen to a PER of 20x (vs. previous MYR2.40 TP based on 15.9sen CY23E EPS and PER of 15x). We impute a 20% PER premium vs. peer average to reflect ATECH's much stronger growth prospects as compared to peers (per undemanding PEG of 0.5x), its business diversification into providing OSAT services (which typically command a higher PER as compared to the traditional EMS players), and its more resilient prospects (underpinned by its exposure to industrial electronic products and being a beneficiary of the supply chain diversification trend). Maintain BUY.
- **IHH (IHH MK):** per results update note "*Within expectations*", dated June 1, 1Q23 results came in within expectations as we believe subsequent quarters could be stronger as patient volumes in Singapore recover as the COVID-19 situation improves, while the group could also benefit from the recent disposal of loss-making Gleneagles Chengdu. Singapore revenue intensity grew by 20% YoY due to sustained high acute treatment mix while the other markets recorded strong patient volume growth due to the strong return of elective treatments. Revenue intensity also picked up substantially in Turkey's Acibadem, up 31% YoY, as prices were raised to reflect the hyperinflationary pressure. Appetite for inorganic expansions remains strong as the group is sitting on net gearing of 17% (post special DPS payout). The outcome of the open offer on the additional Fortis shares is a key stock overhang but this appears to already be discounted in the share price, with IHH now trading at 33.1x FY23E PER, 1SD below its 5Y historical average. Reiterate BUY.
- **Press Metal (PMAH MK):** per flagged / articulated initiation of coverage above, we add PMAH to our Top Buys stock list.

- **RCE Capital (RCE MK):** we have added RCE to our Top Dividend Yield Stocks per Fig 46.

Fig 36: Malaysia: Stock Recommendations (General Portfolio)

Stock	BBG Code	Mkt. cap (MYRm)	Rec.	Price (MYR)	TP (MYR)	Upside (%)	PER (x) 2023E	PER (x) 2024E	P/B (x) 2023E	P/B (x) 2024E	ROE (%) 2023E	ROE (%) 2024E	Div. Yield (%) 2023E	Div. Yield (%) 2024E
Large caps														
IHH Healthcare	IHH MK	50,552	Buy	5.74	7.13	24.2%	32.4	29.0	1.9	1.9	6.0%	6.4%	3.1%	1.6%
Hong Leong Bank	HLBK MK	41,794	Buy	19.28	22.70	17.7%	10.4	9.9	1.2	1.2	11.8%	11.5%	3.4%	3.5%
Press Metal Aluminium	PMAH MK	38,726	Buy	4.70	5.40	14.9%	26.4	22.9	5.1	4.5	19.4%	19.7%	1.5%	1.7%
Axiata Group	AXIATA MK	25,701	Buy	2.80	3.50	24.9%	41.3	24.6	1.1	1.1	2.6%	4.4%	3.6%	3.6%
RHB Bank	RHBBANK MK	22,846	Buy	5.33	6.40	20.1%	8.2	7.8	0.8	0.7	9.5%	9.8%	7.5%	8.0%
Kuala Lumpur Kepong	KLK MK	22,669	Buy	21.02	23.90	13.7%	15.0	16.1	1.5	1.5	10.2%	9.1%	4.0%	3.7%
Telekom Malaysia	T MK	19,492	Buy	5.10	6.50	27.5%	13.1	13.1	2.2	2.1	17.1%	15.8%	3.8%	3.8%
Genting Bhd	GENT MK	15,980	Buy	4.15	5.61	35.1%	13.2	7.7	0.5	0.5	3.8%	6.2%	4.8%	4.8%
MR D.I.Y. Group (M)	MRDIY MK	14,622	Buy	1.55	2.40	54.8%	25.4	21.3	8.5	7.0	33.2%	32.8%	1.9%	2.2%
Dialog Group	DLG MK	11,793	Buy	2.09	4.90	134.4%	22.2	20.3	2.0	1.9	9.8%	10.1%	1.7%	1.9%
Gamuda	GAM MK	11,335	Buy	4.26	4.60	8.0%	14.5	18.2	1.1	1.0	16.7%	5.7%	11.7%	2.8%
Inari Amertron	INRI MK	9,258	Buy	2.48	2.45	-1.2%	25.3	20.9	3.7	3.6	14.6%	17.1%	3.4%	4.1%
Yinson Holdings	YNS MK	7,586	Buy	2.61	5.05	93.5%	13.8	9.1	1.6	1.4	11.7%	15.5%	0.8%	0.8%
Alliance Bank	ABMB MK	5,233	Buy	3.38	4.00	18.3%	7.8	7.8	0.8	0.7	10.3%	9.6%	6.5%	6.4%
Greatech	GREATEC MK	5,162	Buy	4.12	6.05	46.8%	27.6	23.8	6.7	5.2	24.2%	21.9%	0.0%	0.0%
Mid-small caps														
CTOS Digital	CTOS MK	3,234	Buy	1.40	1.97	40.7%	27.7	26.4	5.7	5.3	20.6%	20.0%	1.9%	2.3%
Axis REIT	AXRB MK	3,204	Buy	1.84	2.16	17.4%	19.7	15.6	1.2	1.2	5.9%	7.5%	4.6%	5.8%
Capital A	CAPITALA MK	3,147	Buy	0.76	0.90	19.3%	nm	8.4	nm	nm	71.4%	nm	0.0%	0.0%
Mega First Corp.	MFCB MK	3,117	Buy	3.30	4.30	30.4%	8.1	7.6	1.0	0.9	12.6%	12.2%	2.6%	2.9%
Allianz Malaysia	ALLZ MK	2,595	Buy	14.58	16.75	14.9%	8.2	7.1	1.1	1.0	11.1%	11.2%	5.8%	5.8%
Bermaz Auto	BAUTO MK	2,522	Buy	2.16	3.55	64.4%	8.6	7.8	3.0	2.7	35.3%	34.8%	8.7%	9.6%
Padini	PAD MK	2,441	Buy	3.71	5.20	40.2%	11.3	11.0	2.3	2.0	20.7%	18.5%	2.7%	2.7%
Hibiscus Petroleum	HIBI MK	1,861	Buy	0.93	1.90	105.4%	4.2	3.7	0.6	0.5	12.5%	14.3%	2.7%	0.0%
AEON Co. (M)	AEON MK	1,825	Buy	1.30	2.00	53.8%	13.0	12.5	1.0	0.9	7.4%	7.4%	3.1%	3.1%
Aurelius Technologies	ATECH MK	879	Buy	2.23	3.90	75.1%	24.8	14.0	4.4	2.6	16.1%	18.4%	0.8%	3.6%
InNature	INNATURE MK	371	Buy	0.53	0.61	16.2%	17.3	15.4	2.5	2.4	14.4%	15.9%	5.7%	5.7%

Source: Maybank IBG Research, FactSet, Bloomberg (as of 1 Jun)

As articulated in our maiden 123-page Malaysia ESG Compendium entitled "*Sustainability: No longer optional*", dated April 8, 2021, the MIBG equity research team across ASEAN (30+ analysts covering over 200+ stocks) has been publishing one-page ESG tear sheets for companies under coverage since mid-2020. As at end-2021, all of Maybank Investment Bank (MIB)'s ASEAN equity research coverage, spanning across all sectors, now comes with a qualitative-centric ESG tear sheet insert (ESG 1.0; Fig 37) that outlines key E, S and G considerations for the company, and how these feed into the company's core business model in terms of recognition of material ESG issues and strategies on addressing related risks and opportunities.

Since 2Q21, these qualitative tear sheets have included a quantitative scoring element for a more complete consideration of the company's ESG issues and dynamics, hence providing both a backward looking/current quantitative view and a forward-looking, MIBG analyst-driven qualitative outlook. The quantitative ESG inputs are sourced from Sustainalytics which, as mentioned, is a leading external ESG research and data provider that the MIBG has partnered with for ESG services that range from company-focused ESG ratings reports, through to portfolio ESG and carbon analytics. Sustainalytics also acts as the data source for other service providers such as Morningstar (ESG fund ratings and indices) and FTSE Russell (ESG ratings and customized indices, including FTSE4Good indices).

Most recently, in parallel with the publication of the maiden Regional Utilities report ("*Geopolitics accelerating transition to renewables*", dated April 24) by the newly-established MIBG Sustainability Research Team based in India, we have launched our own proprietary ESG scoring model per the addition of a quantitative-focused tear sheet (ESG 2.0, example per Fig 38 below), with the target being to roll out ESG 2.0 to all ASEAN big-caps coverage (>USD1b market cap) by end-2022. Re methodology, we evaluate the ESG ratings based on quantitative, qualitative and ESG targets. We assign a score for each of these three parameters. The overall rating is based on the weighted average of the scores: quantitative (50%), qualitative (25%) and ESG target (25%).

For the quantitative, qualitative and ESG target, the sub-parameters are assigned a score - '0' for data not available, '+1' for improving trajectory, positive change, 'Yes', better than peers or a positive number if historical is not available and '-1' for declining trajectory, negative change, 'No', lower than peers or a negative number. The total of the scores of all the sub-parameters is divided by the total number of sub-parameters is the score of each of the three parameters. The sub-parameters may be different for different industries depending on the key areas to monitor for each industry. A company should achieve a minimum score of 50 for an average ESG rating.

Fig 37: PChem Tear Sheet: Qualitative (Original ESG 1.0)

Petronas Chemicals

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Risk Rating & Score[1]	28.0 (Medium)
Score Momentum[2]	+1.1
Last Updated	07 Dec 2021
Controversy Score[3] (Updated: 30 Nov 2021)	0 - No reported incidents

Business Model & Industry Issues

- As an integrated chemicals producer, PCHEM's biggest ESG challenge lies in the negative sentiment surrounding single-use plastics. However, we note that its single-use plastic capacity is only <5% of its total capacity and PCHEM is actively expanding its bio-friendly product portfolio. Meanwhile, much of the world's recyclable plastics end up in landfills/oceans due to low recycling rates. Hence, via its New Plastic Economy (NPE) initiatives, PCHEM hopes to raise awareness amongst the local communities whilst simultaneously investing in infrastructure to enable recycling initiatives in the future.
- PCHEM primarily uses natural gas as its fuel, which is the cleaner option. Its key 2024 targets include: (i) capping GHG emissions at 6.98 million tonnes (2021: 7.0 million tonnes) and (ii) increasing its waste recycling (3R) rate to 82% (2021: 75%).
- We are positive on the sector's long-term growth as we believe the demand for plastics will remain robust given that there is no real alternative.
- PCHEM also scores above-average in our proprietary scoring methodology (see Pg. 3) with an overall score of 69/100.

Material E issues

- Energy intensity was 15.76 GJ/T in 2021 (2020: 15.73 GJ/T), representing a 11% reduction against the baseline in 2014. It had achieved its 10% reduction target in 2020.
- GHG emission intensity increased to 0.67 tonne CO_2e/tonne (+2% YoY). Its target is to cap its Scope 1/2 emissions at 6.92 million tonnes by 2024 (FY21: 7.0 million tonnes).
- In 2021, its freshwater withdrawal intensity was up to 3.69m^3/tonne (+5% YoY), while its wastewater discharge was lower at 171.4 tonnes (-4% YoY) due to lower discharge from plant turnarounds and ongoing improvements. PCHEM is currently in the midst of setting water reduction targets.
- PCHEM's hazardous waste recycling (3R) rate was 75% in 2021 (2020: 85%) - It has a formal target of increasing and maintaining the 3R rate to 82% by 2024.
- Its SO_x emissions were markedly lower in 2021, with a YoY reduction of 21%. Overall emissions intensity (inc. NO_x) was however up 10% YoY in 2021 from higher flaring activities.
- PCHEM aims to recover plastic waste that is the equivalent of 100% of its domestic polymer sales volume by 2030.

Material S issues

- Recorded a third straight year of zero fatalities across its scope of operations in 2021.
- Lost time injury frequency (LTIF) halved YoY to 0.07 incidents per million man-hours in 2021 (2020: 0.14).
- Women made up only c.17% of its workforce in 2021 as its manufacturing ops workers are mostly male. Encouragingly, 1/4 hires were female in FY21 while female representation at Senior Mgmt/Mgmt Committee level was 25%/36% respectively.
- Its CSR initiatives' (e.g. *ecoCare, Be Green, Back To School*) reach was 295,000 people in 2021 (2020: 70,000). It has set itself a new target to reach 1 million people by 2024.

Key G metrics and issues

- As of 31 Dec 2021, the Board had a total of 8 Directors, out of which, 4 (or 50%) were Independent Non-Executive Directors (INEDs).
- The Board has 2 female Directors, representing 25% of the Board's composition (lower than the minimum of 30%). PCHEM is considering hiring another female Director within a year in order to achieve the minimum target of 30%.
- PCHEM's major shareholder is PETRONAS, which holds a 64.4% equity stake. PETRONAS has 4 Directors on the Board (or 50% of the Board's composition).
- Datuk Md Arif Mahmood was the Non-Independent Non-Executive Chairman and also represents PETRONAS. His remuneration package was MYR326,500 in 2021. However, as a PETRONAS appointee, the remuneration was paid to PETRONAS instead.
- The Top 5 Senior Management (MD/CEO, CFO, Chief Manufacturing Officer, Chief Commercial Officer and Head of Strategic Planning and Ventures) are seconded from PETRONAS. Their remuneration packages are benchmarked against the industry but PCHEM does not disclose the remuneration amounts as it is subject to the Personal Data Protection Act (PDPA) 2010.
- KPMG PLT is the external auditor and has served PCHEM for more than 10 years.
- PCHEM has numerous related party transactions (RPTs) with PETRONAS as the businesses are inter-related. PETRONAS explores and produces gas while PCHEM uses the gas as feedstock and fuel to produce a wide range of chemical products. In FY21, the largest RPT was for the purchase of processed gas and natural gas from PETRONAS, which amounted to MYR3.8b (or 36% of its COGS in FY21). Transactions with Government related entities are also considered RPTs as the ultimate holding company of PCHEM and PETRONAS is the Government of Malaysia. Examples of these RPTs include the purchase of electricity from Tenaga Nasional (TNB MK, HOLD, TP: MYR9.30) and sale of petro-chemical products to Pertubuhan Peladang Kebangsaan.

[1] ***Risk Rating & Score*** - derived by Sustainalytics and assesses the company's exposure to unmanaged ESG risks. Scores range between 0 - 50 in order of increasing severity with low/high scores & ratings representing negligible/significant risk to the company's enterprise value, respectively, from ESG-driven financial impacts. [2] ***Score Momentum*** - indicates changes to the company's score since the last update - a negative integer indicates a company's improving risk score; a positive integer indicates a deterioration. [3] ***Controversy Score*** - reported periodically by Sustainalytics in the event of material ESG-related incident(s), with the impact severity scores of these events ranging from Category 0-5 (0 - no reports; 1 - negligible risks; ...; 5 - poses serious risks & indicative of potential structural deficiencies at the company).

Source: Company, Maybank IBG Research (Tear Sheet)

Fig 38: PChem Tear Sheet: Quantitative (Expanded ESG 2.0)

Petronas Chemicals

ESG@MAYBANK IBG

Quantitative parameters (Score: 39)

	Particulars	Unit	2019	2020	2021	TPIA IJ (2021)
E	Scope 1 GHG emissions	m tCO2e	5.73	5.77	5.67	1.96
	Scope 2 GHG emissions	m tCO2e	1.29	1.33	1.33	0.47
	Total	**m tCO2e**	**7.02**	**7.10**	**7.00**	**2.43**
	Scope 3 GHG emissions	m tCO2e	N/A	3.06	3.27	N/A
	Total	**m tCO2e**	**7.02**	**10.16**	**10.27**	**N/A**
	GHG intensity (Scope 1 and 2)	tCO2e/t	0.68	0.66	0.67	0.63
	Energy intensity	GJ/ton	15.37	15.73	15.76	11.43
	Share of renewable energy use in operations	%	N/A	N/A	N/A	N/A
	Wastewater discharge (chemical O_2 demand)	tonnes	153.7	177.8	171.4	22.7
	Hazardous waste 3R rate	%	70%	85%	75%	98%
	Air emissions intensity	ton/kT	2.83	2.21	2.42	N/A
	NPE (New Plastic Economy) investments	MYR m	8	3	3	N/A
	Cases of environmental non-compliance	number	0	0	0	N/A
S	% of women in workforce	%	17.4%	17.2%	17.3%	15.2%
	% of women in management roles	%	30.8%	30.2%	21.9%	21.3%
	Lost time injury frequency (LTIF) rate	number	0.08	0.14	0.07	0.11
	Lives impacted by CSR outreach ('000)	number	20	70	295	N/A
G	MD/CEO salary as % of reported net profit	%	N/A	0.10%	0.02%	N/A
	Board salary as % of reported net profit	%	0.06%	0.21%	0.04%	N/A
	Independent directors on the Board	%	50%	50%	50%	33%
	Female directors on the Board	%	25%	25%	25%	0%

Qualitative Paramaters (Score: 100)

a) is there an ESG policy in place and whether there is a standalone ESG committee or is it part of a risk committee?

Yes - as of FY21, it has an established framework and a working sustainability committee that reports quarterly to the Board.

b) is the senior management salary linked to fulfilling ESG targets?

Yes - in FY21, sustainability KPIs were introduced in top management performance appraisals.

c) Does the company follow the task force of climate related disclosures (TCFD) framework for ESG reporting?

Yes

e) Does the company have a mechanism to capture Scope 3 emissions - which parameters are captured?

Yes - purchased goods and services (Cat. I) and use of sold products (Cat. II); calculated using Simplified IPCC Tier 1 method.

f) What are the 2-3 key carbon mitigation/water/waste management strategies adopted by the company?

It has a framework to reduce 20%/80% of emissions by 2030/40 based on the 2020 baseline, in line with its 2050 NCZE aspiration. It conducted a feasibility study with a private firm to turn non-recyclable plastic waste into crude naphtha and also invested MYR40m in a plant that produces Bio-MEG from palm biomass. To reduce air emissions, it utilises UHPM fuel cell applications (24% lower CO_2 emissions) while for water mgmt, it deployed mobile reverse osmosis tech to reduce raw water consumption by 16% and has invested MYR3m in an automated water quality management system powered by renewable energy.

g) Does carbon offset form part of the net zero/carbon neutrality target of the company?

Yes

Target (Score: 100)

Particulars	Target	Achieved
Reduce Scope 1 & 2 GHG emissions (tonnes) by 2024	6.98	7.00
Reduce energy intensity (GJ/tonne) vs 2014 baseline	10%	11%
Recover plastic waste from total MY polymer production volume by 2030	100%	N/A
Increase hazardous waste 3R (reduce, reuse, recycle) rate by 2024	82%	75%
Increase number of people reached by CSR outreach initiatives ('000)	1,000	295
Reduce 2030/40 carbon emissions vis-a-vis 2020 baseline	20%/80%	N/A
Net-zero carbon emissions by 2050	Net 0	N/A

Impact

NA

Overall score: 69

As per our ESG matrix, Petronas Chemicals Group (PCHEM MK) has an overall score of 69.

ESG score	Weights	Scores	Final Score
Quantitative	50%	39	19
Qualitative	25%	100	25
Target	25%	100	25
Total			69

As per our ESG assessment, PCHEM has an established framework, internal policies, and tangible mid/long-term targets but needs to make headway in improving its quantitative "E" metrics YoY. PCHEM's overall ESG score is 69, which makes its ESG rating above average in our view (average ESG rating = 50; refer to Appendix I for our ESG Assessment Scoring).

Source: Company, Maybank IBG Research (Tear Sheet)

To recap on our ESG Portfolio stock selection process, we combined the granular insights from the ESG 1.0 Tear Sheets with data and risk scoring from Sustainalytics to generate our maiden 16-stock ESG Portfolio in April 2021. We have since, per our recently-published Malaysia ESG Compendium 2022 "*Shifting into higher gear*" report dated Nov 29, utilised a combination of insights from our completed ESG 2.0 Tear Sheets and three Sustainalytics-based stock filters namely **i)** ESG risk ratings (negligible-low-medium only); **ii)** quality of management (average-high only); **and iii)** level of controversies (0-1 only), to guide us in refreshing the constituent make-up of our ESG portfolio, together with consideration for the following combination of factors and parameters:

- **Analyst stock rating:** as ESG factors lend support and de-risk existing business models that are fundamental drivers of long-term shareholder returns, we include both BUY and HOLD-rated companies with attractive business models and long-term growth outlooks, but exclude SELL-rated stocks, the latter notably including some companies with attractive ESG credentials / scores such as filters-satisfying Nestle and UEM Sunrise;

- **Sustainalytics risk score and category:** for many of the constituents we have chosen, there is clear positive correlation or cross-check between the analysts' fundamental stock rating and the risk score from the external ESG research provider – examples are across a diverse set of sectors and include BUY-rated names like Bermaz and Inari, as well as HOLD-rated Westports and Sunway, all of which also have strong Sustainalytics risk scores /low risk ratings;

- **Momentum assessment:** while Sustainalytics momentum indicators are useful for flagging near-term changes in risk score, and where they are coming from (i.e. exposure or management issues), the analysts may, from their frequent dialogues with company management and deep understanding of the underlying business, have greater insights into management's commitment and plans to address and improve the company's ESG factors. This bottom-up, forward-looking understanding underscores portfolio picks that are not currently in the filtered 38 stocks list (see Appendix 1 for full list) but show strong signs of joining this list over the medium-term i.e. where current relatively high ESG risk scores have scope to improve significantly on positively pivoting business models and improving ESG factor measurements and disclosures.

  We have chosen 5 such "momentum" stocks to include in our refreshed ESG portfolio notwithstanding these names not satisfying all the 3 aforementioned Sustainalytics filters, namely telco **Telekom** (controversy score of 2 relating to Bribery and Corruption events over the past decade, the last being in 2019), banking group **RHB Bank** (controversy score of 2 relating to being on the 2022 Global Coal Exit List over financial relationships with the coal industry), construction company **Gamuda** (high overall ESG Risk Score / Rating), shipper **MISC** (controversy score of 2 relating to Emissions, Effluents and Waste issues from environmentally-damaging shipbreaking activities, the last such report being in Feb 2022) and tech play **ViTrox** (weak management score related to poor disclosures, and lack of policies and programmes to manage risks related to its material ESG issues).

- **FTSE4Good membership:** considering whether portfolio constituent stocks are in Bursa's FTSE4Good Bursa Malaysia Index is a useful cross-check - recall this index adopts best-in-class positive screening and inclusion criteria are consistent with the global ESG model that FTSE has developed. However, we note that the 30-stock KLCI substantially overlaps with the 98-stock FTSE4Good index (as at end-Dec 2022; 26 of the KLCI constituent stocks are also in the FTSE4Good) – hence, there is a very high positive correlation between the two indices – therefore, for investors looking to capture differentiated performance vs. the KLCI benchmark, a more refined ESG portfolio appears to be required; and

- **Risk scores and ESG Tear Sheet completion:** we have required constituent stocks to have both a Sustainalytics risk score as well as completed ESG Tear Sheets (1.0 and 2.0). We note that this results at the moment in exclusion of smaller-cap stocks with prima facie promising ESG underpinnings such as Allianz and Aurelius Technologies.

Per Fig 39, as compared to the 15-stock portfolio as constituted in the recently-published Malaysia ESG Compendium 2022 "*Shifting into higher gear*" report dated Nov 29, we make no changes to the constituents post-1Q23 reporting. While the bulk of our updated ESG Portfolio (10 out of the 15 stocks) are constituted of stocks which satisfy the three quantitative/qualitative Sustainalytics-derived filters as previously articulated, we have also included 5 "momentum" stocks (**MISC**, **RHB**, **Telekom**, **Gamuda**, **ViTrox**) which, while they do not immediately satisfy all three filters, are, per our on-the-ground research assessment, showing positive momentum re closing the implied disclosure and operational gaps to improve their ESG metrics / scoring over the medium-term.

Fig 39: MY ESG portfolio: recommended constituents

Stock	BBG Code	Mkt Cap. (MYRm)	Rec.	Price (MYR)	TP (MYR)	PER (x) FY23E	PER (x) FY24E	ROE (%) FY23E	Yield (%) FY23E	Risk Rating*	Risk Score*	Management Rating*	Controversy Score*	MIBG ESG Score	In FBM4G Index?^
Filtered Stocks															
Petronas Chemicals	PCHEM MK	51,920	Hold	6.49	6.85	15.1	10.9	8.4%	3.3%	22.6	Medium	Strong	0	69	Yes
CelcomDigi	CDB MK	51,384	Hold	4.38	4.60	39.3	24.1	8.1%	2.5%	24.2	Medium	Average	0	67	Yes
Hong Leong Bank	HLBK MK	41,794	Buy	19.28	22.70	10.4	9.9	11.8%	3.4%	18.7	Low	Strong	0	76	Yes
Westports	WPRTS MK	12,890	Hold	3.78	3.85	15.9	15.2	23.3%	4.7%	10.4	Low	Strong	1	62	Yes
Inari	INRI MK	9,258	Buy	2.48	2.45	25.3	20.9	14.6%	3.4%	27.7	Medium	Average	0	70	Yes
Sunway	SWB MK	7,878	Hold	1.59	1.72	11.6	12.3	6.4%	2.7%	8.8	Negligible	Strong	0	74	No
Yinson	YNS MK	7,586	Buy	2.61	5.05	13.8	9.1	11.7%	0.8%	16.6	Low	Strong	1	78	Yes
Bursa	BURSA MK	5,018	Hold	6.20	6.20	22.4	21.8	27.8%	4.3%	15.2	Low	Strong	0	69	Yes
Axis REIT	AXRB MK	3,204	Buy	1.84	2.16	19.7	15.6	5.9%	4.6%	14.0	Low	Average	0	59	Yes
Bermaz Auto	BAUTO MK	2,522	Buy	2.16	3.55	8.6	7.8	35.3%	8.7%	10.8	Low	Average	0	65	Yes
Momentum Stocks															
MISC	MISC MK	31,916	Hold	7.15	7.19	13.2	13.2	6.3%	4.6%	17.7	Low	Strong	2	71	Yes
RHB Bank	RHBBANK MK	22,846	Buy	5.33	6.40	8.2	7.8	9.5%	7.5%	25.8	Medium	Average	2	65	Yes
Telekom	T MK	19,492	Buy	5.10	6.50	13.1	13.1	17.1%	3.8%	27.8	Medium	Average	2	67	Yes
Gamuda	GAM MK	11,335	Buy	4.26	4.60	14.5	18.2	16.7%	11.7%	35.5	High	Average	1	68	No
ViTrox	VITRO MK	7,430	Hold	7.86	8.60	35.2	27.5	20.5%	0.7%	14.3	Low	Strong	0	55	Yes

Source: Maybank IBG Research, Sustainalytics, FactSet, Bloomberg (as of 1 Jun)
** derived from leading external ESG research & data provider Sustainalytics*
^ FTSE4Good Bursa Malaysia (F4GBM) Index (98 constituents as of Dec 2022)

Turning to performance, in Fig 40 below, we have updated (to end-March 2023) the backtesting of the performance of the 15-stock ESG Portfolio against Sustainalytics and MIBG Malaysia overall and filtered coverage. When considering relative performance vs. the benchmark MSCI Malaysia, both overall and filtered coverage generated significantly superior returns. Further, while there has been a narrowing of the outperformance gap since our last update (for period to end-Dec 2022 per 4Q22 Results Roundup report "*Downbeat Finish*", dated March 5), the MIBG 15-stock ESG portfolio continues to modestly outperform the 51 filtered Sustainalytics stocks. In sum, the backtested 15-stock ESG Portfolio generated returns of -4.3%/11.5%/1.4% over 1/3/5 years, beating both overall market coverage baskets as well as the 38 filtered Malaysian stocks covered by MIBG.

Fig 40: Backtesting our 15-stock ESG Portfolio performance vs. both MSCI and broad coverage (end-March 2023)

		MCAP weighted return								
		MSCI Malaysia			annualised returns			Out/underperformance		
	no of companies	5Y Ann. Ret	3Y Ann. Ret	1Y Ret	5Y Ann. Ret	3Y Ann. Ret	1Y Ret	5Y Ann. Ret	3Y Ann. Ret	1Y Ret
Malaysia										
Total companies - Sustainalytics	**141**	**-5.6%**	**3.0%**	**-10.9%**	**-0.1%**	**12.0%**	**-4.6%**	**5.5%**	**9.0%**	**6.3%**
ESG risk score -- low/medium + controversy (no or 1) + mgmt (medium or strong)	51	-5.6%	3.0%	-10.9%	-0.3%	11.8%	-5.3%	5.3%	8.8%	5.6%
MIBG coverage (overlaps with Sustainalytics)	**87**	**-5.6%**	**3.0%**	**-10.9%**	**-1.4%**	**9.2%**	**-6.6%**	**4.2%**	**6.2%**	**4.3%**
ESG risk score -- low/medium + controversy (no or 1) + mgmt (medium or strong)	38	-5.6%	3.0%	-10.9%	-0.6%	11.5%	-6.3%	5.0%	8.5%	4.6%
MIBG 15-stock ESG Portfolio	15	-5.6%	3.0%	-10.9%	1.4%	11.5%	-4.3%	7.0%	8.5%	6.6%

Source: Sustainalytics, Maybank IBG Research

In conclusion, the ESG Tear Sheets 1.0 and 2.0 for the 15 ESG Portfolio constituent stocks, as well as for all MIBG Malaysia Research coverage thus far completed (summarised in Fig 41 below), can be referenced in our recently-published Malaysia ESG Compendium 2022 "*Shifting into higher gear*" report dated Nov 29; refer to pages 45-147 for details on ESG qualitative fundamentals and quantitative Sustainalytics and MIBG proprietary scoring, and how these relate to risks and opportunities that impact the core business model.

Fig 41: MIBG Malaysia Research Coverage: 56 stocks now have MIBG ESG Scores

Stock	BBG Code	Mkt Cap. MYRm	Rec.	Price MYR	TP MYR	PER (x) FY22E	PER (x) FY23E	ROE (%) FY23E	Yield (%) FY23E	MIBG ESG Score (total)	*QuantScore*	*Qual Score*	*Target Score*	Sust. Risk Score*	In FBM4G Index?^
Yinson Holdings	YNS MK	7,586	Buy	2.61	5.05	13.8	9.1	11.7%	0.8%	78	56	100	100	16.6	Yes
Hong Leong Bank	HLBK MK	41,794	Buy	19.28	22.70	10.4	9.9	11.8%	3.4%	76	69	67	100	18.7	Yes
Sunway	SWB MK	7,878	Hold	1.59	1.72	11.6	12.3	6.4%	2.7%	74	47	100	100	8.8	No
Allianz	ALLZ MK	2,595	Buy	14.58	16.75	8.2	7.1	11.1%	5.8%	73	80	33	100	25.3	No
MISC Bhd	MISC MK	31,916	Hold	7.15	7.19	13.2	13.2	6.3%	4.6%	71	43	100	100	17.7	Yes
Sunway REIT	SREIT MK	5,411	Hold	1.58	1.54	16.2	14.6	6.6%	5.6%	71	50	83	100	12.7	Yes
Inari Amertron	INRI MK	9,258	Buy	2.48	2.45	25.3	20.9	14.6%	3.4%	70	47	86	100	27.7	Yes
Bursa Malaysia	BURSA MK	5,018	Hold	6.20	6.20	22.4	21.8	27.8%	4.3%	69	54	100	67	15.2	Yes
IOI Corporation	IOI MK	23,026	Hold	3.71	3.85	16.2	17.4	12.4%	3.7%	69	39	100	100	24.7	Yes
Petronas Chemicals	PCHEM MK	51,920	Hold	6.49	6.85	15.1	10.9	8.4%	3.3%	69	39	100	100	22.6	Yes
Axiata Group	AXIATA MK	25,701	Buy	2.80	3.50	41.3	24.6	2.6%	3.6%	68	62	83	67	29.9	Yes
Gamuda	GAM MK	11,335	Buy	4.26	4.60	14.5	18.2	16.7%	11.7%	68	53	100	67	35.5	No
CIMB Group	CIMB MK	51,832	Buy	4.86	5.85	8.1	7.5	9.6%	6.0%	67	50	67	100	19.2	Yes
CelcomDigi	CDB MK	51,384	Hold	4.38	4.60	39.3	24.1	8.1%	2.5%	67	43	83	100	24.2	Yes
My EG Services	MYEG MK	6,221	Buy	0.84	1.03	16.2	15.0	18.1%	1.9%	67	67	33	100	20.2	Yes
Telekom Malaysia	T MK	19,492	Buy	5.10	6.50	13.1	13.1	17.1%	3.8%	67	50	67	100	27.8	Yes
Astro	ASTRO MK	3,494	Hold	0.67	0.65	11.8	11.4	24.2%	4.9%	66	76	50	60	13.4	Yes
Hong Leong FG	HLFG MK	19,996	Buy	17.46	21.00	7.3	7.3	10.7%	3.0%	66	73	17	100	27.4	Yes
Sunway Construction	SCGB MK	2,179	Hold	1.69	1.73	16.1	16.0	16.9%	3.3%	66	31	100	100	24.2	No
Bermaz Auto	BAUTO MK	2,522	Buy	2.16	3.55	8.6	7.8	35.3%	8.7%	65	71	57	60	10.8	Yes
RHB Bank	RHBBANK MK	22,846	Buy	5.33	6.40	8.2	7.8	9.5%	7.5%	65	80	0	100	25.8	Yes
AMMB Holdings	AMM MK	12,038	Buy	3.64	4.15	7.2	7.4	9.9%	4.9%	63	30	8	25	27.1	Yes
IJM Corp	IJM MK	5,761	Buy	1.64	2.18	16.7	17.2	1.6%	5.0%	63	44	83	80	31.1	No
Public Bank	PBK MK	74,343	Hold	3.83	4.30	11.1	10.6	13.0%	5.0%	63	60	33	100	26.8	Yes
Tenaga Nasional	TNB MK	54,424	Hold	9.46	10.00	10.8	10.4	8.3%	5.1%	63	25	100	100	32.2	Yes
CapitaLand Malaysia	CLMT MK	1,363	Hold	0.51	0.55	12.0	11.1	4.6%	7.5%	62	36	100	75	N/A	No
Westports Holdings	WPRTS MK	12,890	Hold	3.78	3.85	15.9	15.2	23.3%	4.7%	62	30	88	100	10.4	Yes
Hartalega	HART MK	7,963	Sell	2.33	1.35	50.5	412.0	nm	0.0%	61	47	50	100	17.1	Yes
KLCCP Stapled Group	KLCCSS MK	12,673	Hold	7.02	7.00	16.7	16.5	5.5%	5.1%	61	47	50	100	12.3	No
Malaysia Airports	MAHB MK	11,563	Hold	6.93	6.99	59.4	23.3	3.0%	0.9%	61	38	67	100	21.5	Yes
Axis REIT	AXRB MK	3,204	Buy	1.84	2.16	19.7	15.6	5.9%	4.6%	59	38	60	100	14.0	Yes
Greatech Technology	GREATEC MK	5,162	Buy	4.12	6.05	27.6	23.8	24.2%	0.0%	57	65	100	0	18.6	Yes
Dialog Group	DLG MK	11,793	Buy	2.09	4.90	22.2	20.3	9.8%	1.7%	56	27	71	100	26.1	Yes
V.S Industry	VSI MK	3,050	Hold	0.80	0.80	15.8	12.9	8.4%	2.5%	56	37	67	83	9.5	Yes
Nestle (Malaysia)	NESZ MK	31,517	Sell	134.40	118.80	45.8	40.7	108.8%	2.2%	55	26	67	100	19.6	No
Petronas Gas	PTG MK	32,768	Hold	16.56	17.00	18.3	18.1	13.2%	4.3%	55	19	83	100	29.8	Yes
ViTrox Corp	VITRO MK	7,430	Hold	7.86	8.60	35.2	27.5	20.5%	0.7%	55	67	86	0	14.3	Yes
Heineken Malaysia	HEIM MK	8,084	Buy	26.76	30.80	18.9	18.5	85.7%	5.3%	54	50	33	83	21.9	No
Alliance Bank	ABMB MK	5,233	Buy	3.38	4.00	7.8	7.8	10.3%	6.5%	52	21	67	100	27.2	Yes
Carlsberg Malaysia	CAB MK	6,415	Buy	20.98	24.70	18.5	17.8	nm	4.4%	52	21	67	100	15.5	No
Kuala Lumpur Kepong	KLK MK	22,669	Buy	21.02	23.90	15.0	16.1	10.2%	4.0%	52	28	50	100	37.9	Yes
MR D.I.Y. Group (M)	MRDIY MK	14,622	Buy	1.55	2.40	25.4	21.3	33.2%	1.9%	52	29	67	83	31.4	Yes
Sime Darby Plantation	SDPL MK	29,184	Hold	4.22	4.30	23.9	18.1	7.8%	2.3%	52	35	83	50	27.7	Yes
Genting Malaysia	GENM MK	14,226	Buy	2.51	2.96	15.5	13.3	7.2%	6.0%	51	36	33	100	28.9	Yes
IHH Healthcare	IHH MK	50,552	Buy	5.74	7.13	32.4	29.0	6.0%	3.1%	48	20	50	100	34.7	No
Top Glove	TOPG MK	9,049	Sell	1.13	0.57	nm	nm	nm	0.0%	47	11	67	100	20.3	No
Genting Bhd	GENT MK	15,980	Buy	4.15	5.61	13.2	7.7	3.8%	4.8%	46	15	67	86	26.8	No
QL Resources	QLG MK	13,263	Hold	5.45	5.90	40.8	32.7	13.1%	1.2%	45	63	33	20	41.8	No
Bank Islam Malaysia	BIMB MK	4,102	Hold	1.81	2.05	8.5	8.1	6.9%	7.0%	43	36	0	100	29.0	No
YTL Power	YTLP MK	10,695	Buy	1.32	1.50	8.1	7.0	8.7%	3.8%	42	9	50	100	54.1	No
TIME dotCom	TDC MK	9,800	Hold	5.33	5.40	23.3	22.0	11.0%	12.8%	38	67	17	0	23.9	No
Genting Plantations	GENP MK	5,428	Hold	6.05	6.30	18.3	19.1	5.6%	3.3%	35	6	67	60	42.4	No
IGB REIT	IGBREIT MK	5,787	Hold	1.61	1.70	15.6	15.2	9.5%	6.0%	31	20	33	50	16.8	No
Maxis Bhd	MAXIS MK	32,887	Hold	4.20	4.00	24.0	22.3	22.2%	4.8%	31	46	33	0	27.8	Yes
MNRB	MNRB MK	767	Hold	0.98	1.09	6.1	5.5	4.7%	0.0%	29	16	13	0	N/A	No
Cahya Mata Sarawak	CMS MK	1,149	Buy	1.07	1.48	8.2	7.3	4.2%	2.8%	18	19	33	0	36.1	No

** derived from leading external ESG research & data provider Sustainalytics*

^ FTSE4Good Bursa Malaysia (F4GBM) Index (88 constituents as of Dec 2022)

Source: Sustainalytics, Maybank IBG Research. Bloomberg (as at 1 Jun)

In regard to our Top Sells (Fig 42), which remains anchored by our continuing Underweight stance on the gloves sector (i.e. reiterate SELL ratings for **Hartalega**, **Top Glove** and **Kossan**), the list has become longer vs. our 4Q22 Results Roundup report "*Downbeat Finish*", dated March 5, following:

i) downgrading of **Berjaya Food** to SELL (from HOLD) – as detailed earlier, per downgrade report "*The party is over*", dated May 19, BFD's 3QFY23 results disappointed on lower operational margins and as it moves into its next hedging cycle, raw material ASPs have climbed by 30-50% and are expected to stay elevated for at least 9M from early-CY2023.Hence, the group's cost environment is likely to remain high in the near-term whilst it also has less room to pass on additional costs through price hikes. We cut FY23E-FY25E earnings by 28%-30%, deriving a lower TP of MYR0.72 on an updated 5-year mean PER of 13x (19x FY24E PER previously);

ii) downgrading of **Bumi Armada** to SELL (from HOLD) – as detailed earlier, per results review report "*Hard to repeat FY22's impressive deliveries*", dated Feb 24, while while 1Q23 results met expectations, we believe BAB's turnaround story (centered on de-gearing sustainably, improving cashflows and monetizing non-core assets) has been more than priced in following its recent sharp share price re-rating. Inability to secure a BOO FPSO contract in a booming market does not reflect well re prospective client(s) confidence in BAB's execution capabilities, track record, cost management and financing abilities, in our view. Our preferred FPSO play is **Yinson (YNS MK)**;

iii) downgrading of both NFO (Numbers Forecast Operator) stocks, namely **Magnum** and **Sports Toto**, to SELL (from HOLD), which underscores a tactical downgrade of the NFO sector to NEGATIVE (from NEUTRAL) – as detailed earlier, per sector update note "*Quantifying the potential impact of a 2nd green wave Part II*", dated May 15, we flag the risk of NFO outlets in Selangor, Penang and Negeri Sembilan being shut should their state governments change at the upcoming state elections. Assuming average NFO sales/draw/outlet are uniform throughout the country and NFO outlets are shut on 1 Jan 2024, our long-term earnings estimates for SPTOTO/MAG could be cut by 52%/48% should all aforementioned state governments change. Should only Selangor flip, our SPTOTO/MAG long term earnings estimates could be cut by a still-deep 33%/26%. There is no positive offset at the operational level, with NFO sales for SPTOTO and MAG remaining plateaued at c.80% and c.70% of pre-COVID levels; *and*

iv) **Leong Hup International (LHIB MK):** as articulated in results note "*1Q23 results: Below expectations*", dated June 1, although Malaysia's livestock and feedmill operations are expected to see continued recovery and poultry ASPs have begun to rise in Indonesia, we believe the prolonged demand-supply imbalances in the latter market will continue to hinder the group's earnings recovery in sequential quarters, continuing the trend of disappointing earnings delivery per 1Q23 underperformance. Further, feed sales in Vietnam are expected to remain subdued given the swine flu outbreak. Hence, our FY23E-FY25E earnings are cut by 17%-61% upon adjusting for lower broiler and DOC (day old chicks) ASPs in Indonesia, while TP is slashed to MYR0.50 (from MYR1.00) based on a lower PER of 12x (-1SD to mean; 15x previously).

Dropping out of our SELL list are:

- **Petronas Chemicals (PCHEM MK):** as detailed earlier, per upgrade report "*Mixed fortunes*", dated April 4, PCHEM's O&D (Olefins & Derivatives) division ASPs have likely found a bottom following modest 1Q23 gains and further supported by OPEC+'s decision to scale back production through to Dec 2023. Whilst making no changes to our forecasts and TP of MYR7.35, we upgraded the stock to a HOLD on a presently balanced risk-reward proposition. We have maintained the HOLD rating notwithstanding undershooting 1QFY23 reporting, and subsequent earnings (FY23- 25E forecasts cut by 9-24%) and TP (reduced by 7% to MYR6.85) revisions, as detailed in results note "*1Q23: Supercycle well and truly over*", dated May 30; *and*

- **QL Resources (QLG MK):** as detailed earlier, we have upgraded QLG to HOLD per results report "*Calmer waters ahead*", dated May 23, noting the following positives in the pipeline: **i)** despite ongoing volatility in feed raw material ASPs (corn & soybean), we believe QLG's cost pass-through mechanism at its ILF (integrated livestock) segment will be more efficient after egg price control is lifted from end-Jun 2023; **ii)** demand-supply dynamics will improve with stabilised egg ASPs; **iii)** QLG is in the process of divesting its palm oil operations in Tawau and Indonesia; **and iv)** there are signs of gradual sales improvement in its CVS segment though we expect recovery to be slow given demand has not yet improved sufficiently for its stores to revert to 24hr operations. 4QFY23 results were in-line, per results note "*4QFY23 results: In-line*", dated May 30, with projected FY24E earnings growth of 17% YoY driven by stable growth in surimi and surimi-based product sales, and ongoing earnings recovery from higher poultry demand and improved cost-pass through mechanism once poultry price controls are lifted by end-Jun 2023.

- **TH Plantations (THP MK):** per results update note "*1Q core LATMI within our expectation*", dated May 30, while 1Q23 was a loss and 2Qwe core earnings are likely to remain lacklustre, we expect earnings to play significant catch up in 2H23 on sharply stronger output (on improving labour situation) and lower cost (especially in Q4). Given now-limited downside to our TP, we tactically upgrade THP to HOLD (from SELL) as we believe most of the negatives have been priced-in by the market. Our TP is unchanged at MYR0.49 on 0.6x FY23E PBV, -1SD 5Y mean. We prefer Ta Ann Holdings (TAH MK) re plantation SMID caps.

Fig 42: Malaysia: Sell-rated stocks

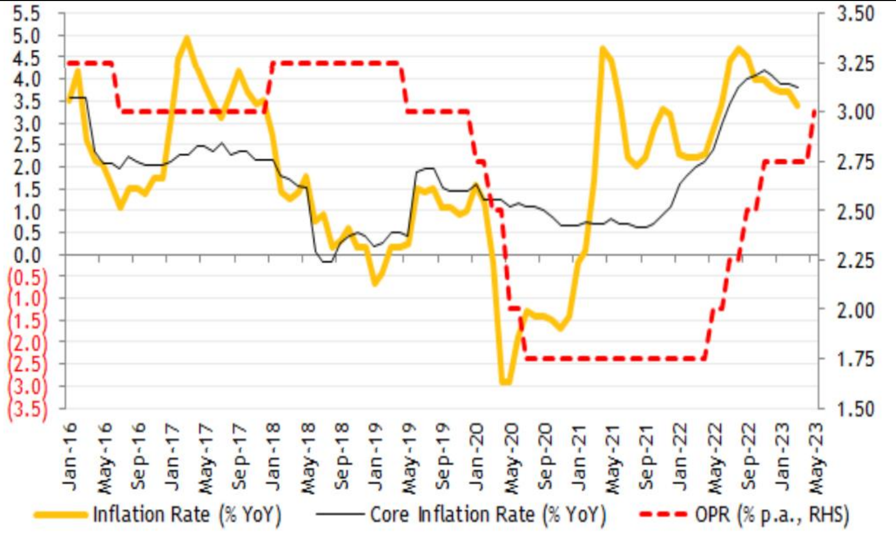
Stock	BBg Code	Mkt. cap (MYRm)	Rec.	Price (MYR)	TP (MYR)	Downside (%)	PER (x) 2023E	PER (x) 2024E	P/B (x) 2023E	P/B (x) 2024E	ROE (%) 2023E	ROE (%) 2024E	Div. Yield (%) 2023E	Div. Yield (%) 2024E
Nestle Malaysia	NESZ MK	31,540	Sell	134.40	118.80	-11.6%	45.8	40.7	49.8	49.2	108.8%	nm	2.2%	2.4%
Bumi Armada	BAB MK	13,872	Sell	0.63	0.58	-7.2%	4.5	4.4	0.6	0.5	13.9%	12.4%	0.0%	0.0%
Velesto	VEB MK	8,568	Sell	0.23	0.20	-13.0%	23.5	15.8	0.8	0.8	3.4%	4.8%	0.0%	0.0%
Leong Hup	LHIB MK	7,621	Sell	0.51	0.50	-1.0%	18.9	11.6	0.9	0.8	4.7%	7.2%	1.6%	2.6%
Top Glove	TOPG MK	3,496	Sell	1.13	0.57	-49.6%	nm	nm	1.5	1.5	nm	nm	0.0%	0.0%
Hartalega	HART MK	2,665	Sell	2.33	1.35	-42.1%	50.5	412.0	1.4	1.7	nm	nm	0.0%	0.0%
Kossan Rubber	KRI MK	1,878	Sell	1.46	1.00	-31.5%	nm	nm	1.0	1.0	nm	nm	2.1%	2.1%
Lotte Chemical Titan	TTNP MK	1,866	Sell	1.23	1.19	-3.3%	nm	48.5	0.3	0.3	nm	0.5%	0.0%	0.9%
TSH Resources	TSH MK	1,495	Sell	0.94	0.94	0.5%	11.0	10.4	0.6	0.6	9.2%	5.9%	4.4%	2.9%
Tan Chong Motor	TCM MK	1,467	Sell	1.06	0.88	-17.0%	nm	50.5	0.2	0.2	nm	0.5%	2.8%	2.8%
Globetronics	GTB MK	1,408	Sell	1.18	0.87	-26.3%	25.6	20.2	2.5	2.3	9.7%	11.6%	2.0%	2.5%
Sapura Energy	SAPE MK	750	Sell	0.04	0.03	-25.0%	nm	nm	nm	nm	102.7%	17.2%	0.0%	0.0%
Berjaya Food	BFD MK	691	Sell	0.62	0.72	17.1%	11.5	11.3	2.1	2.0	18.6%	17.7%	5.7%	5.7%

Source: Maybank IBG Research, FactSet, Bloomberg (as of 1 Jun)

Kicking off with BNM's hiking of the OPR by +25bps to 2.0% at the 10-11 May 2022 Monetary Policy Committee meeting, this was then followed by +25bps hikes in July, Sept and Nov (Fig 44); however, Jan 2023 saw a "pause" as BNM opted to keep the OPR flat at 2.75%, with the Central Bank citing the need to assess the impact of the cumulative +100bps increase over May-Nov 2022 before deciding on further potential policy rate adjustments. BNM then surprised the market by raising the OPR again in May, by +25bps, to 3.0%, stating that it sees it timely to normalise the degree of monetary accommodation given underlying economic resilience. At the current level, the monetary policy stance is slightly accommodative and remains supportive of the economy.

While the OPR is now back to pre-Covid levels and is expected to stay at 3.0% through to end-2023, it is still barely keeping up with inflation, with 2022/2023E headline CPI of +3.3%/+3.0%. This indicates there is still some "passive easing" remaining in place via marginally negative monthly real OPR (Fig 43) through to end-2023, and potentially beyond that if inflation overshoots, as would be the case if there is some dismantling of energy and food subsidies due to fiscal pressures. Note the latter is not our base case – we expect such disruptive subsidy roll-backs by the new government to only occur in 2024 at the earliest given current elevated cost-of-living pressures.

Fig 43: Malaysia: OPR vs. Inflation Rates



Source: Dept. of Statistics, Maybank IBG Research (chart)

Fig 44: BNM's MPC Meetings, 2020-2023

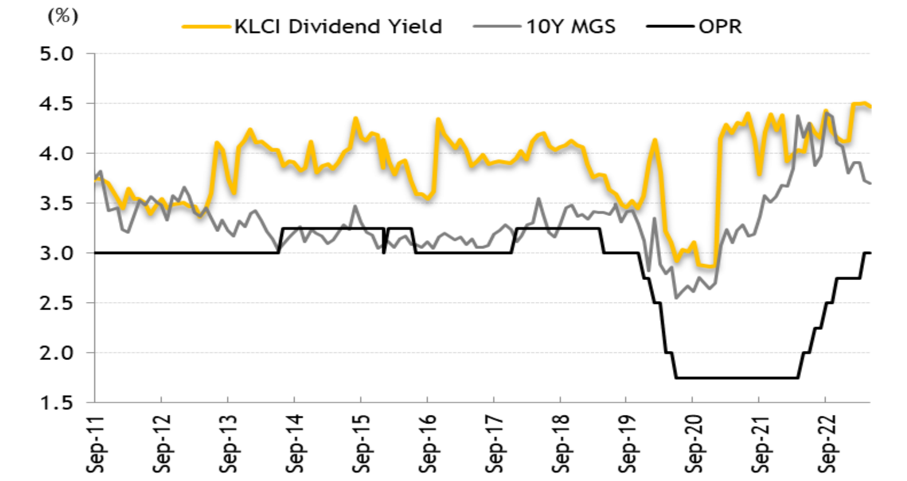
Date	Outcome
21-22 January 2020	OPR cut by 25bps to 2.75%
2-3 March 2020	OPR cut by 25bps to 2.50%
4-5 May 2020	OPR cut by 50bps to 2.00%
6-7 July 2020	OPR cut by 25bps to 1.75%
9-10 September 2020	OPR maintained at 1.75%
2-3 November 2020	OPR maintained at 1.75%
19-20 January 2021	OPR maintained at 1.75%
3-4 March 2021	OPR maintained at 1.75%
5-6 May 2021	OPR maintained at 1.75%
7-8 July 2021	OPR maintained at 1.75%
8-9 September 2021	OPR maintained at 1.75%
2-3 November 2021	OPR maintained at 1.75%
19-20 January 2022	OPR maintained at 1.75%
2-3 March 2022	OPR maintained at 1.75%
10-11 May 2022	OPR raised by 25bps to 2.00%
5-6 July 2022	OPR raised by 25bps to 2.25%
7-8 September 2022	OPR raised by 25bps to 2.50%
2-3 November 2022	OPR raised by 25bps to 2.75%
18-19 January 2023	OPR maintained at 2.75%
8-9 March 2023	OPR maintained at 2.75%
2-3 May 2023	OPR raised by 25bps to 3.00%
5-6 July 2023	TBA
6-7 September 2023	TBA
1-2 November 2023	TBA

Source: BNM

While interest rates have been rising, the equity market's underperformance / discounted valuations means market yield has been increasing. Hence, the dividend thematic for the equity market will remain a powerful one, especially as the pace of earnings recovery (i.e. capital gains) remains volatile. Average KLCI forward dividend yield (c.4.5%; Fig 45) is now once again significantly above that of the benchmark 10-year MGS yield, which has trended lower after the sharp increase over 2022 due to a combination of tapering concerns, moderating net foreign buying interest, rising government debt issuance per >6% fiscal deficits, heightened fiscal stress points and negative revision of Malaysia's sovereign debt rating outlook to negative (from stable) by both S&P and Fitch (which was followed by an actual rating downgrade by Fitch in Dec 2020, from A- to BBB+; S&P has, in

June 2022, raised its rating outlook to stable, after two years on negative watch). Hence, the relative attractiveness (i.e. implied undervaluation) of equity market high-dividend stocks vis-a-vis yield alternatives of bonds and cash remains intact.

Fig 45: KLCI dividend yield vs. OPR, 10-year MGS yield



Source: Bloomberg (as of 1 Jun)

As detailed in our maiden yield strategy report ('*Yield Dynamics and top picks*', dated 23rd Aug 2019) and reiterated since, we screen for stocks under our coverage that are forecast to have a cash yield of over 4% and, for these stocks, assess the following dividend-relevant parameters:

- **Dividend frequency:** higher payout frequency is indicative of confidence in cashflow generation/resilience, and management focus on maximising ROE via continual returning of excess cash (capital) to shareholders;
- **Payout ratio:** while prima facie a primary indicator of potential headroom to raise total dividend paid, note corporates can also opt for share buybacks (for example, power utility stocks such as Malakoff have active programmes) as another means, albeit indirect, to return cash to shareholders;
- **Free cash flow yield:** this is calculated as operating cash flow after deducting capex, with the positive gap to dividend yield being the available cushion to absorb potential cash-flow shortfalls without necessitating dividend cuts (note total net debt is assumed to be constant);
- **Net gearing:** an indicator of how much balance sheet slack is available to support dividend payout, though note geared companies can further boost cash flow support by refinancing their debt as interest rates decline; and
- **Net debt to EBITDA:** to be read in conjunction with the net gearing ratio, i.e. where the latter is a snapshot of the balance sheet and would be biased higher by aggressive capital management policies that suppress balance sheet equity growth (MNCs-owned companies like DiGi, Nestle and BAT are good examples of this), this ratio provides colour on actual cash flow coverage for debt at any given gearing level.

Re dividend portfolio (Fig 46), we consumer financier RCE Capital (RCE MK) to our picks – as detailed in results report "*A gift that keeps on giving*", dated May 24, while 4QFY23 (March YE) earnings were within our expectations, RCE positively surprised by raising its DPR policy to 60-80% from 20-40% i.e. the FY23 recurring DPS of 12sen translated into 63% DPR or 9ppts more than we expected. While cost of funds has been on an uptrend, RCE has managed to pass this funding pressure on to new customers via higher profit rates - thus, we expect earnings to be stable going forward, supporting underlying dividend yields of ≥6.3% p.a.

Re existing constituents, 1Q23 reporting has largely reinforced or strengthened our dividend convictions – in particular, we note i) Allianz (ALLZ) per results update report "*1Q23 results above expectations*", dated May 29, delivered 1Q23 results above expectations, at 35% of full-year forecast, driven primarily by higher investment returns; surprising positively as well was a 1Q interim DPS of 31.5 sen (which is already 37% of our full-year DPS forecast) which appears to indicate the start of quarterly dividend payments; **ii) RHB Bank (RHBBANK MK)** reported within expectations 1Q23 results (see "*1Q23 results within expectations*", dated May 28), with NIM weakness being mitigated by undershooting credit costs; importantly, capital ratios remain strong, with group CET1 ratio of 16.9% being the highest in the sector, and supportive of upside risk to dividend payouts, with current forecast base case yields already >7%; **and iii)** auto distributor **MBM Resources** reported 1Q23 core earnings grew +61% YoY, making up 32% of our FY estimate - our DPS forecast of 35 sen-36 sen for FY23-24E reflects a DPR forecast of 55% (with upside bias; note FY22's DPR was 65%), which takes forecast net dividend yield >10%. See 1Q23 results review report "*1Q23 results in line*", dated May 25, for details.

Fig 46: Malaysia: Top-yield stocks

Stock	Ticker	Div. Yield (%)			FCF Yield (%)			Net Gearing (%)
		2022A	2023E	2024E	2022A	2023E	2024E	2022A
RCE Capital	RCE MK	5.8%	16.5%	5.9%	nm	nm	nm	nm
MBM Resources	MBM MK	11.3%	9.9%	10.2%	0.2%	3.4%	3.5%	net cash
RHB Bank	RHBBANK MK	6.9%	7.5%	8.0%	nm	nm	nm	nm
Gas Malaysia	GMB MK	7.0%	7.3%	7.3%	11.3%	6.8%	2.9%	net cash
Sime Darby	SIME MK	5.7%	6.9%	7.1%	17.0%	15.4%	15.6%	net cash
Sentral REIT	SENTRAL MK	6.9%	6.8%	6.9%	9.9%	11.8%	11.9%	56.1%
Malakoff Corp	MLK MK	8.1%	6.1%	9.1%	nm	68.2%	49.7%	97.6%
Allianz	ALLZ MK	6.0%	5.8%	5.8%	nm	nm	nm	nm
Tenaga Nasional	TNB MK	4.8%	5.1%	5.3%	1.7%	21.7%	14.6%	83.4%
Astro Malaysia	ASTRO MK	7.0%	4.9%	6.7%	20.1%	35.2%	31.2%	211.4%
MISC	MISC MK	4.4%	4.6%	4.6%	2.1%	7.6%	7.8%	28.0%
Axis REIT	AXRB MK	4.9%	4.6%	5.8%	7.8%	6.9%	8.3%	58.4%

Source: Maybank IBG Research, FactSet (as of 1 Jun)

APPENDIX 1: Malaysia: MIBG coverage companies satisfying all 3 filters

List of the 38 companies within Maybank IBG Research coverage that satisfy all the three filters namely:

1. Sustainalytics ESG risk ratings (negligible, Low and medium risk only)
2. Controversy score (no mention and score 1 only)
3. Management quality (high and average only)

Stock	BBG Code	Mkt Cap. (MYRm)	Rec.	Price (MYR)	TP (MYR)	Sustainalytics Risk Score	Management Quality	Controversy Score
Public Bank	PBK MK	74,343	Hold	3.83	4.30	Medium	Average	1
Petronas Chemicals	PCHEM MK	51,920	Hold	6.49	6.85	Medium	Strong	0
Celcomdigi	CDB MK	51,384	Hold	4.38	4.60	Medium	Average	0
Hong Leong Bank	HLBK MK	41,794	Buy	19.28	22.70	Low	Strong	0
Petronas Gas	PTG MK	32,768	Hold	16.56	17.00	Medium	Strong	1
Nestle (Malaysia)	NESZ MK	31,517	Sell	134.40	118.80	Low	Strong	1
Hong Leong Financial Group	HLFG MK	19,996	Buy	17.46	21.00	Medium	Average	0
Genting Malaysia	GENM MK	14,226	Buy	2.51	2.96	Medium	Average	1
Westports Holdings	WPRTS MK	12,890	Hold	3.78	3.85	Low	Strong	1
AMMB Holdings	AMM MK	12,038	Buy	3.64	4.15	Medium	Average	1
Dialog Group	DLG MK	11,793	Buy	2.09	4.90	Medium	Average	0
TIME dotCom	TDC MK	9,800	Hold	5.33	5.40	Medium	Average	0
Inari Amertron	INRI MK	9,258	Buy	2.48	2.45	Medium	Average	0
Heineken Malaysia	HEIM MK	8,084	Buy	26.76	30.80	Medium	Average	0
Sunway	SWB MK	7,878	Hold	1.59	1.72	Negligible	Strong	0
Yinson Holdings	YNS MK	7,586	Buy	2.61	5.05	Low	Strong	1
My EG Services	MYEG MK	6,221	Buy	0.84	1.03	Medium	Average	0
IGB REIT	IGBREIT MK	5,787	Hold	1.61	1.70	Low	Average	0
Sunway REIT	SREIT MK	5,411	Hold	1.58	1.54	Low	Average	0
Alliance Bank	ABMB MK	5,233	Buy	3.38	4.00	Medium	Average	1
Greatech Technology	GREATEC MK	5,162	Buy	4.12	6.05	Low	Average	0
KPJ Healthcare	KPJ MK	5,063	Hold	1.16	1.20	Medium	Average	0
Bursa Malaysia	BURSA MK	5,018	Hold	6.20	6.20	Low	Strong	0
Frontken Corp. Bhd	FRCB MK	5,016	Hold	3.19	3.35	Medium	Average	0
UMW Holdings	UMWH MK	4,545	Buy	3.89	5.30	Medium	Average	0
Bank Islam Malaysia	BIMB MK	4,102	Hold	1.81	2.05	Medium	Average	0
Bumi Armada	BAB MK	3,699	Sell	0.63	0.58	Medium	Strong	1
Astro Malaysia	ASTRO MK	3,494	Hold	0.67	0.65	Low	Average	1
Axis REIT	AXRB MK	3,204	Buy	1.84	2.16	Low	Average	0
Sime Darby Property	SDPR MK	3,128	Buy	0.46	0.58	Low	Strong	0
V.S. Industry	VSI MK	3,050	Hold	0.80	0.80	Negligible	Strong	0
Bermaz Auto Berhad	BAUTO MK	2,522	Buy	2.16	3.55	Low	Average	0
Padini	PAD MK	2,441	Buy	3.71	5.20	Low	Average	0
Sunway Construction Group	SCGB MK	2,179	Hold	1.69	1.73	Medium	Strong	1
SP Setia	SPSB MK	2,163	Buy	0.53	0.70	Low	Average	0
AEON Co. (M)	AEON MK	1,825	Buy	1.30	2.00	Medium	Average	0
Magnum Berhad	MAG MK	1,480	Sell	1.03	0.91	Medium	Average	0
Ta Ann	TAH MK	1,471	Buy	3.34	3.72	Medium	Average	0

Source: Sustainalytics, Bloomberg (as at 1 Jun)

Research universe

Ticker	Company		FYE	Price 31 May MYR	Market Cap MYR m	TP MYR	Rec	Core Net Profit CY22 (MYR m)	Core Net Profit CY23E (MYR m)	Core Net Profit CY24E (MYR m)	EPS CY22 (MYR sen)	EPS CY23E (MYR sen)	EPS CY24E (MYR sen)	CAGR 22-24E (%)	PER CY22 (x)	PER CY23E (x)	PER CY24E (x)	ROE CY23E (%)	Div Yld CY23E (%)	PBV CY23E (x)	*Px chg YTD (%)*
<u>Auto</u>																					
BAUTO MK	Bermaz Auto	*	4	2.17	2,534	3.55	Buy	245.8	312.2	340.4	21.1	26.9	29.3	17.7	10.3	8.1	7.4	35.0	9.3	3.3	*1.9*
MBM MK	MBM Resources	*	12	3.49	1,364	4.80	Buy	224.2	247.4	254.5	57.3	63.3	65.1	6.6	6.1	5.5	5.4	11.4	10.0	0.6	*6.4*
TCM MK	Tan Chong Motor		12	1.08	704	0.88	Sell	(28.7)	(57.9)	13.5	(4.5)	(9.0)	2.1	n.a.	n.a.	n.a.	51.4	(2.0)	2.8	0.2	*(8.5)*
UMWH MK	UMW Holdings	*	12	3.85	4,498	5.30	Buy	421.0	423.9	438.9	36.0	36.3	37.5	2.1	10.7	10.6	10.3	9.1	3.8	1.0	*11.0*
<u>Banks</u>																					
AMM MK	AMMB Holdings		3	3.64	12,038	4.15	Buy	1,656.9	1,661.9	1,716.6	52.8	50.8	52.0	(0.7)	6.9	7.2	7.0	8.8	4.7	0.6	*(12.1)*
BIMB MK	Bank Islam M'sia	*	12	1.85	4,193	2.05	Hold	491.7	484.6	528.2	20.0	21.0	22.0	4.9	9.3	8.8	8.4	6.7	7.0	0.6	*(32.2)*
ABMB MK	Alliance Bank		3	3.45	5,341	4.00	Buy	651.6	674.2	737.2	42.3	43.3	47.5	6.0	8.2	8.0	7.3	9.4	6.4	0.8	*(6.0)*
CIMB MK	CIMB Group		12	4.82	51,406	5.85	Buy	5,439.9	6,229.9	6,725.4	52.0	60.0	65.0	11.8	9.3	8.0	7.4	9.3	6.0	0.8	*(16.9)*
HLBK MK	Hong Leong Bk		6	19.36	41,967	22.70	Buy	3,545.0	3,893.4	4,172.0	173.5	190.5	204.0	8.4	11.2	10.2	9.5	11.2	3.4	1.1	*(5.8)*
HLFG MK	HL Fin Group		6	17.32	19,836	21.00	Buy	2,582.3	2,710.2	2,834.7	227.5	239.0	250.0	4.8	7.6	7.2	6.9	9.9	3.0	0.7	*(6.9)*
PBK MK	Public Bank		12	3.81	73,955	4.30	Hold	6,119.5	6,714.5	7,008.2	32.0	35.0	36.0	6.1	11.9	10.9	10.6	12.6	5.0	1.4	*(11.8)*
RHBBANK MK	RHB Bank		12	5.35	22,932	6.40	Buy	2,707.7	2,801.1	3,015.8	68.0	65.0	69.0	0.7	7.9	8.2	7.8	9.3	7.5	0.8	*(7.6)*
<u>Construction</u>																					
GAM MK	Gamuda	*	7	4.44	11,814	4.60	Buy	806.5	705.5	696.1	31.5	26.9	26.5	(8.2)	14.1	16.5	16.7	6.7	7.7	1.2	*18.4*
IJM MK	IJM Corp	*	3	1.64	5,761	2.18	Buy	318.6	389.0	382.0	9.0	9.5	11.0	10.4	18.2	17.2	14.9	3.9	4.0	0.6	*2.5*
CMS MK	Cahya Mata Swak	*	12	1.09	1,171	1.48	Buy	106.7	140.0	157.7	9.9	13.0	14.7	21.9	11.0	8.4	7.4	4.2	2.8	0.4	*1.9*
SCGB MK	Sunway Con	*	12	1.68	2,166	1.73	Hold	135.2	135.4	135.8	10.5	10.5	10.5	-	16.0	16.0	16.0	16.9	3.3	2.7	*7.7*
PINT MK	Pintaras	*	6	1.72	285	1.70	Hold	18.3	5.7	6.3	11.0	3.4	3.8	(41.2)	15.6	50.6	45.3	1.4	0.0	0.7	*(17.3)*
<u>Consumer</u>																					
AEON MK	AEON Co. (M)	*	12	1.32	1,853	2.00	Buy	133.5	140.2	146.2	9.5	10.0	10.4	4.6	13.9	13.2	12.7	7.4	3.0	1.0	*(3.6)*
CAB MK	Carlsberg Brew		12	20.68	6,323	24.70	Buy	326.5	346.2	361.1	106.8	113.2	118.1	5.2	19.4	18.3	17.5	164.9	4.5	29.4	*(9.6)*
HEIM MK	Heineken Msia		12	26.54	8,018	30.80	Buy	412.8	427.7	437.3	136.7	141.6	144.8	2.9	19.4	18.7	18.3	85.7	5.3	16.4	*5.3*
PAD MK	Padini Holdings	*	6	3.72	2,447	5.20	Buy	184.0	219.0	227.4	28.0	33.3	34.6	11.2	13.3	11.2	10.8	19.5	2.7	2.2	*11.0*
NESZ MK	Nestle (Malaysia)	*	12	134.00	31,423	118.80	Sell	662.9	688.4	775.0	282.7	293.6	330.5	8.1	47.4	45.6	40.5	108.8	2.2	49.6	*(4.3)*
QLG MK	QL Resources	*	3	5.55	13,507	5.90	Hold	314.4	391.1	426.3	13.0	16.1	17.5	16.3	42.9	34.5	31.7	13.8	0.8	4.7	*0.7*
SEM MK	7 - Eleven Msia		12	2.03	2,253	1.90	Hold	68.6	75.4	83.7	6.2	6.8	7.5	10.0	32.7	29.9	27.1	46.1	2.1	13.8	*5.2*
MNHB MK	Mynews Holdings		10	0.47	317	0.59	Hold	(16.2)	2.9	15.5	(2.4)	0.4	2.3	n.a.	n.a.	107.3	20.7	1.3	0.0	1.4	*(26.2)*
BFD MK	Berjaya Food	*	6	0.62	1,079	0.72	Sell	113.0	97.3	102.5	6.3	5.5	5.7	(4.9)	9.8	11.3	10.8	18.1	5.7	2.1	*(40.9)*
LHIB MK	Leong Hup Intl.		12	0.56	2,044	0.50	Sell	218.9	97.7	158.7	6.0	2.7	4.3	(15.3)	9.3	20.7	13.0	4.7	1.4	1.0	*13.1*
MRDIY MK	MR D.I.Y. Group	*	12	1.57	14,810	2.40	Buy	479.6	575.9	685.7	5.1	6.1	7.3	19.6	30.8	25.7	21.5	33.2	1.8	8.5	*(21.5)*
INNATURE MK	InNature	*	12	0.51	360	0.61	Buy	21.3	21.4	24.1	3.0	3.0	3.4	6.5	17.0	17.0	15.0	14.4	5.9	2.1	*(12.8)*
FFB MK	Farm Fresh	*	3	1.34	2,508	1.60	Hold	58.0	74.4	110.3	3.1	4.0	5.9	37.4	42.9	33.7	22.7	11.0	0.7	3.7	*(0.7)*

** Shariah compliant, based on Securities Commission's latest Shariah compliant list effective 26 May 2023; Source: Bloomberg pricing, Maybank IBG Research*

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Ticker	Company		FYE	Price 31 May MYR	Market Cap MYR m	TP MYR	Rec	Core Net Profit CY22 (MYR m)	Core Net Profit CY23E (MYR m)	Core Net Profit CY24E (MYR m)	EPS CY22 (MYR sen)	EPS CY23E (MYR sen)	EPS CY24E (MYR sen)	CAGR 22-24E (%)	PER CY22 (x)	PER CY23E (x)	PER CY24E (x)	ROE CY23E (%)	Div Yld CY23E (%)	PBV CY23E (x)	*Px chg YTD (%)*
Gaming																					
SPTOTO MK	Sports Toto		6	1.30	1,753	1.04	Sell	181.8	197.2	194.4	13.5	14.6	14.4	3.3	9.6	8.9	9.0	20.5	8.7	1.8	*(19.8)*
MAG MK	Magnum		12	1.01	1,452	0.91	Sell	100.5	145.5	144.8	7.0	10.1	10.1	20.1	14.4	10.0	10.0	6.0	7.9	0.6	*(21.7)*
GENT MK	Genting Bhd		12	4.20	16,172	5.61	Buy	87.2	1,212.7	2,067.9	2.3	31.5	53.7	383.2	182.6	13.3	7.8	3.8	4.8	0.5	*(6.3)*
GENM MK	Genting Msia		12	2.51	14,226	2.96	Buy	235.9	919.6	1,066.5	4.2	16.2	18.8	111.6	59.8	15.5	13.4	7.2	6.0	1.1	*(6.7)*
Glove																					
HART MK	Hartalega Hldgs	*	3	2.30	7,860	1.35	Sell	905.4	46.8	59.5	26.3	1.4	1.7	(74.4)	8.7	167.3	133.3	1.0	0.0	1.7	*35.3*
KRI MK	Kossan Rubber	*	12	1.48	3,776	1.00	Sell	156.6	(64.9)	(15.6)	6.1	(2.5)	(0.6)	n.a.	24.3	n.a.	n.a.	(1.7)	2.0	1.0	*34.5*
TOPG MK	Top Glove Corp	*	8	1.14	9,129	0.57	Sell	(11.7)	(389.5)	(79.2)	(0.1)	(4.8)	(1.0)	n.a.	n.a.	n.a.	n.a.	(7.7)	0.0	1.8	*26.0*
Healthcare																					
IHH MK	IHH Healthcare	*	12	5.77	50,816	7.13	Buy	1,380.7	1,559.9	1,742.6	15.7	17.7	19.8	12.3	36.8	32.6	29.1	6.0	3.1	1.9	*(7.2)*
KPJ MK	KPJ Healthcare	*	12	1.18	5,150	1.20	Hold	167.0	217.5	263.0	3.7	4.8	5.8	25.2	31.9	24.6	20.3	9.4	2.5	2.3	*16.8*
OPTIMAX MK	Optimax	*	12	0.72	386	0.86	Buy	14.7	16.2	16.2	2.2	2.4	2.4	4.4	32.5	29.8	29.8	26.4	3.4	6.5	*(8.9)*
Materials																					
PMAH MK	Press Metal Ind	*	12	4.61	37,985	5.40	Buy	1,418.0	1,465.5	1,690.6	17.2	17.8	20.5	9.2	26.8	25.9	22.5	19.4	1.5	5.0	*(5.5)*
Media																					
ASTRO MK	Astro Msia Hldgs		1	0.67	3,494	0.65	Hold	288.9	303.0	250.8	5.5	5.8	4.8	(6.9)	12.1	11.7	14.0	26.7	6.5	3.1	*3.1*
MPR MK	Media Prima		6	0.41	449	0.38	Hold	10.3	16.4	36.9	1.0	1.5	3.3	86.4	42.6	27.0	12.3	2.4	1.0	0.7	*(3.6)*
Non-Banking Financials																					
BURSA MK	Bursa Malaysia	*	12	6.20	5,018	6.20	Hold	226.6	224.4	229.7	28.0	27.7	28.4	0.7	22.1	22.4	21.8	27.8	4.3	6.3	*(6.8)*
ALLZ MK	Allianz Malaysia		12	14.54	2,588	16.75	Buy	472.8	489.0	538.4	136.6	141.3	155.5	6.7	10.6	10.3	9.4	10.6	5.8	0.6	*2.7*
RCE MK	RCE Capital	*	3	2.08	1,524	2.07	Buy	137.4	136.6	140.3	18.8	18.3	18.8	-	11.1	11.4	11.1	16.2	7.9	1.8	*23.1*
MNRB MK	MNRB		3	0.98	767	1.09	Hold	118.5	134.3	152.6	15.1	17.2	19.5	13.6	6.5	5.7	5.0	5.0	2.3	0.3	*11.4*
Oil & Gas																					
DLG MK	Dialog Group	*	6	2.16	12,188	4.90	Buy	518.4	555.8	621.8	9.2	9.9	11.0	9.3	23.5	21.9	19.6	9.1	1.7	2.2	*(11.8)*
ICON MK	Icon Offshore	*	12	0.08	217	0.10	Buy	(9.0)	26.1	30.7	(0.3)	1.0	1.1	n.a.	n.a.	8.0	7.3	6.1	0.0	0.5	*(15.8)*
WSC MK	Wah Seong Corp	*	12	0.89	685	1.20	Buy	61.7	92.3	109.7	8.0	11.9	14.2	33.2	11.1	7.4	6.2	13.7	0.0	1.0	*42.7*
MMHE MK	MMHE	*	12	0.53	848	0.85	Buy	48.6	77.3	83.5	3.0	4.8	5.2	31.7	17.7	11.0	10.2	4.2	0.0	0.5	*(10.9)*
BAB MK	Bumi Armada		12	0.63	3,699	0.58	Sell	821.7	829.5	842.8	13.9	14.0	14.3	1.4	4.5	4.5	4.4	13.9	0.0	0.6	*30.2*
YNS MK	Yinson Hldgs		1	2.60	7,557	5.05	Buy	551.8	846.7	996.7	18.5	27.8	32.6	32.9	14.1	9.4	8.0	15.2	0.8	1.7	*7.0*
SAPE MK	Sapura Energy	*	1	0.04	559	0.03	Sell	(784.3)	(221.7)	(177.6)	(4.9)	(1.4)	(1.1)	n.a.	n.a.	n.a.	n.a.	17.2	0.0	(0.2)	*0.0*
VEB MK	Velesto Energy	*	12	0.23	1,890	0.20	Sell	(49.8)	80.6	119.4	(0.6)	1.0	1.5	n.a.	n.a.	23.0	15.3	3.4	0.0	0.8	*53.3*
FAVCO MK	Favelle Favco	*	12	1.84	430	1.85	Hold	46.1	56.9	73.7	20.0	24.6	31.9	26.3	9.2	7.5	5.8	7.5	2.3	0.6	*7.0*
HIBI MK	Hibiscus Petro	*	6	0.91	1,831	1.90	Buy	391.6	474.3	517.8	19.5	23.6	25.8	15.1	4.7	3.9	3.5	14.8	1.4	0.7	*(15.0)*

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Ticker	Company		FYE	Price 3 Mar MYR	Market Cap MYR m	TP MYR	Rec	Core Net Profit CY22	CY23E	CY24E	EPS CY22	CY23E	CY24E	CAGR 22-24E (%)	PER CY22	CY23E	CY24E	ROE CY23E (%)	Div Yld CY23E (%)	PBV CY23E (x)	*Px chg YTD (%)*
								|---------- MYR m ----------|			|--------- MYR sen --------|			|------------- (x) ------------|					
Petrochemical																					
PCHEM MK	Petronas Chem	*	12	6.56	52,480	6.85	Hold	6,411.0	3,428.2	4,776.5	80.1	42.9	59.7	(13.7)	8.2	15.3	11.0	8.4	3.3	1.3	*(23.7)*
TTNP MK	Lotte Chemical	*	12	1.19	2,710	1.19	Sell	(712.1)	(320.2)	57.8	(31.3)	(14.1)	2.5	n.a.	n.a.	n.a.	47.6	(2.9)	0.0	0.2	*(16.2)*
Plantation																					
GENP MK	Genting Plant	*	12	6.00	5,383	6.30	Hold	491.1	297.3	283.7	54.7	33.1	31.6	(24.0)	11.0	18.1	19.0	5.6	3.3	1.0	*(6.3)*
IOI MK	IOI Corp	*	6	3.69	22,901	3.85	Hold	1,581.5	1,377.9	1,280.5	25.4	22.2	20.6	(9.9)	14.5	16.7	17.9	11.7	3.6	1.9	*(8.9)*
KLK MK	KL Kepong	*	9	20.88	22,518	23.90	Buy	2,029.1	1,487.9	1,425.5	188.2	138.0	132.2	(16.2)	11.1	15.1	15.8	9.9	4.0	1.6	*(6.6)*
SDPL MK	Sime Plantation	*	12	4.22	29,184	4.30	Hold	2,180.1	1,223.7	1,616.9	31.5	17.7	23.4	(13.8)	13.4	23.8	18.0	7.2	2.3	1.7	*(9.2)*
BPLANT MK	Boustead Plant	*	12	0.67	1,501	0.72	Hold	185.3	52.4	51.0	8.3	2.3	2.3	(47.4)	8.1	29.1	29.1	1.8	2.1	0.5	*3.9*
SOP MK	Swak Oil Palms	*	12	2.42	2,154	2.73	Hold	490.0	218.5	232.4	55.6	24.8	26.4	(31.1)	4.4	9.8	9.2	6.3	3.1	0.6	*(6.9)*
TSH MK	TSH Resources	*	12	0.94	1,290	0.94	Sell	189.6	117.8	124.1	13.7	8.5	9.0	(18.9)	6.8	11.0	10.4	5.8	4.4	0.7	*(12.6)*
THP MK	TH Plantations	*	12	0.49	429	0.49	Hold	69.3	23.0	21.7	7.8	2.6	2.5	(43.4)	6.2	18.7	19.4	3.2	0.0	0.6	*(7.6)*
TAH MK	Ta Ann Hldgs	*	12	3.38	1,489	3.72	Buy	348.3	181.9	166.1	79.1	41.3	37.7	(31.0)	4.3	8.2	9.0	10.0	7.3	0.8	*(10.6)*
Property Dev																					
SPSB MK	SP Setia	*	12	0.53	2,163	0.70	Buy	286.8	402.4	399.2	7.0	9.9	9.8	18.3	7.6	5.4	5.4	3.2	1.7	0.2	*(11.7)*
UEMS MK	UEM Sunrise	*	12	0.27	1,340	0.27	Hold	73.2	81.3	106.5	1.4	1.6	2.1	22.5	18.9	16.6	12.6	1.2	1.9	0.2	*3.9*
SWB MK	Sunway Berhad	*	12	1.57	7,779	1.72	Hold	637.8	801.9	758.9	10.7	13.5	12.8	9.4	14.7	11.6	12.3	6.1	2.7	0.7	*(3.1)*
ECW MK	Eco World Devt	*	10	0.75	2,194	1.02	Buy	239.3	280.0	300.0	8.2	9.5	10.2	11.7	9.1	7.9	7.3	5.7	6.7	0.4	*15.5*
ECWI MK	Eco World Intl	*	10	0.61	1,452	0.66	Buy	(134.3)	(26.2)	(32.0)	(5.6)	(1.1)	(1.3)	n.a.	n.a.	n.a.	n.a.	(1.0)	0.0	0.6	*55.1*
TILB MK	Tambun Indah	*	12	0.86	378	0.98	Hold	61.2	58.4	58.5	14.0	13.3	13.3	(2.5)	6.1	6.5	6.5	7.5	6.2	0.5	*12.4*
SDPR MK	Sime Darby Prop	*	12	0.47	3,162	0.58	Buy	328.0	291.8	294.3	4.8	4.3	4.3	(5.4)	9.7	10.8	10.8	3.0	4.1	0.3	*3.3*
REIT																					
AXRB MK	Axis REIT	*	12	1.85	3,221	2.16	Buy	157.9	162.2	205.5	9.6	9.3	11.8	10.9	19.3	19.9	15.7	5.9	4.5	1.2	*3.4*
SALAM MK	Al-Salam REIT	*	12	0.48	276	0.48	Hold	15.7	16.7	22.3	2.7	2.9	3.8	18.6	17.6	16.4	12.5	2.6	5.1	0.4	*28.4*
KLCCSS MK	KLCCP Stapled	*	12	6.95	12,547	7.00	Hold	684.9	756.8	769.9	37.9	41.9	42.6	6.0	18.3	16.6	16.3	5.5	5.2	0.8	*3.6*
SENTRAL MK	Sentral REIT		12	0.85	906	0.89	Hold	76.2	71.7	73.0	7.1	6.7	6.8	(2.1)	11.9	12.6	12.4	5.5	6.7	0.7	*(5.6)*
CLMT MK	Capitaland MT		12	0.51	1,363	0.55	Hold	86.5	133.4	144.7	4.0	4.2	4.5	6.1	12.6	12.0	11.2	4.6	7.5	0.5	*(5.6)*
SREIT MK	Sunway REIT		12	1.63	5,582	1.54	Hold	328.7	334.9	369.7	9.6	9.8	10.8	6.1	17.0	16.6	15.1	6.4	5.4	1.1	*11.6*
IGBREIT MK	IGB REIT		12	1.57	5,643	1.70	Hold	336.2	370.1	382.8	9.4	10.3	10.6	6.2	16.7	15.2	14.8	9.5	6.6	1.5	*(4.8)*
PREIT	Pavilion REIT		12	1.28	3,915	1.51	Buy	246.4	297.2	341.0	8.1	7.3	8.3	1.2	15.8	17.5	15.4	5.5	5.4	1.0	*5.8*
YTLREIT MK	YTL REIT		6	0.94	1,602	1.03	Buy	141.7	148.0	152.3	8.3	8.7	9.0	3.8	11.3	10.8	10.5	5.4	9.0	0.6	*2.2*
Renewable Energy																					
CYP MK	Cypark Res	*	10	0.63	493	1.01	Buy	58.1	66.2	75.0	9.3	10.7	12.1	14.0	6.8	5.9	5.2	5.8	0.0	0.3	*34.0*

** Shariah compliant, based on Securities Commission's latest Shariah compliant list effective 26 May 2023; Source: Bloomberg pricing, Maybank IBG Research*

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Ticker	Company		FYE	Price 31 May MYR	Market Cap MYR m	TP MYR	Rec	Core Net Profit CY22	CY23E	CY24E	EPS CY22	CY23E	CY24E	CAGR 22-24E (%)	PER CY22	CY23E	CY24E	ROE CY23E (%)	Div Yld CY23E (%)	PBV CY23E (x)	*Px chg YTD* (%)
								|---------- MYR m ----------|			|--------- MYR sen --------|			|------------- (x) ------------|					
Technology																					
INARI MK	Inari Amertron	*	6	2.52	9,407	2.45	Buy	390.6	415.9	483.0	10.2	10.9	12.6	11.1	24.7	23.2	20.0	15.9	3.7	3.6	*(3.4)*
VITRO MK	ViTrox Corp	*	12	7.80	7,373	8.60	Hold	217.2	211.3	270.3	22.9	22.3	28.6	11.8	34.1	35.0	27.3	20.5	0.7	7.1	*2.0*
GTB MK	Globetronics	*	12	1.18	790	0.87	Sell	47.2	30.8	39.1	7.1	4.6	5.9	(8.8)	16.6	25.7	20.0	9.7	1.9	2.5	*1.7*
VSI MK	V.S. Industry	*	7	0.80	3,070	0.80	Hold	198.0	211.2	260.9	4.8	5.1	6.1	13.6	16.8	15.8	13.0	8.9	2.8	1.3	*(9.1)*
GREATEC	Greatech Tech	*	12	4.13	5,174	6.05	Buy	126.6	186.8	216.7	10.1	14.9	17.3	30.9	40.9	27.7	23.9	24.1	0.0	6.7	*(14.7)*
FRCB MK	Frontken Corp	*	12	3.11	4,890	3.35	Hold	122.5	148.5	161.2	7.8	9.4	10.2	14.4	39.9	33.1	30.5	27.2	1.6	7.9	*1.0*
GHLS MK	GHL Systems	*	12	0.79	896	0.82	Hold	28.8	31.1	35.5	2.5	2.7	3.1	11.4	31.4	29.1	25.3	5.7	0.0	1.7	*(8.7)*
MYEG MK	My E.G. Services	*	12	0.84	6,221	1.03	Buy	353.0	387.1	419.4	4.7	5.2	5.6	9.2	17.9	16.2	15.0	18.1	1.9	2.9	*(2.6)*
REVENUE MK	Revenue Group	*	6	0.25	136	0.27	Hold	(9.7)	(14.2)	5.6	(1.6)	(2.3)	0.9	n.a.	n.a.	n.a.	27.8	(11.3)	0.0	0.9	*(63.0)*
CTOS MK	CTOS Digital	*	12	1.34	3,095	1.97	Buy	74.0	116.6	122.7	3.2	5.0	5.3	28.7	41.9	26.8	25.3	20.6	1.9	5.5	*(5.6)*
ATECH MK	Aurelius Tech	*	1	2.23	879	3.90	Buy	39.8	61.0	75.8	10.1	15.5	19.2	37.6	22.0	14.4	11.6	18.4	3.4	3.1	*21.9*
RAMSSOL MK	Ramssol	*	12	0.33	80	0.46	Buy	4.0	7.2	8.9	1.8	2.9	3.6	41.4	18.1	11.2	9.0	11.5	0.0	1.2	*(26.1)*
Telecommunication																					
CDB MK	CelcomDigi	*	12	4.47	52,440	4.60	Hold	763.5	1,308.7	2,131.2	9.4	11.2	18.2	39.1	47.6	39.9	24.6	8.1	2.5	3.2	*11.8*
T MK	Telekom Msia	*	12	5.10	19,492	6.50	Buy	1,245.9	1,485.8	1,491.3	32.9	38.9	39.0	8.9	15.5	13.1	13.1	17.1	3.8	2.2	*(5.6)*
AXIATA MK	Axiata Group	*	12	2.78	25,517	3.50	Buy	1,586.7	622.3	1,044.8	17.3	6.8	11.4	(18.8)	16.1	40.9	24.4	2.6	3.6	1.1	*(10.0)*
MAXIS MK	Maxis	*	12	4.11	32,182	4.00	Hold	1,182.0	1,370.5	1,471.7	15.1	17.5	18.8	11.6	27.2	23.5	21.9	22.2	4.9	5.2	*7.0*
TDC MK	Time dotCom	*	12	5.37	9,873	5.40	Hold	421.1	419.3	444.7	23.0	22.8	24.2	2.6	23.3	23.6	22.2	11.0	12.7	4.3	*9.6*
Transport																					
CAPITALA MK	Capital A	*	12	0.78	3,251	0.90	Buy	(2,717.1)	(707.1)	375.8	(65.2)	(10.7)	7.3	n.a.	n.a.	n.a.	10.7	10.9	0.0	(0.5)	*24.8*
MAHB MK	Msia Airports		12	6.91	11,530	6.99	Hold	(406.2)	194.6	495.3	(24.5)	11.7	29.7	n.a.	n.a.	59.1	23.3	3.0	0.9	1.5	*5.3*
WPRTS MK	Westports	*	12	3.78	12,890	3.85	Hold	673.5	808.3	846.5	19.8	23.7	24.8	11.9	19.1	15.9	15.2	23.3	4.7	3.7	*(0.5)*
MISC MK	MISC	*	12	7.30	32,585	7.19	Hold	2,374.3	2,414.9	2,409.8	53.2	54.1	54.0	0.7	13.7	13.5	13.5	6.3	4.5	0.8	*(2.7)*
SWIFT MK	Swift Haulage	*	12	0.45	396	0.51	Hold	45.6	47.0	52.2	5.1	5.3	5.9	7.6	8.8	8.5	7.6	6.8	4.2	0.6	*(6.2)*
Utilities																					
TNB MK	Tenaga Nasional	*	12	9.51	54,712	10.00	Hold	4,702.9	5,019.7	5,255.9	81.4	86.9	91.0	5.7	11.7	10.9	10.5	8.3	5.0	0.9	*(1.2)*
PTG MK	Petronas Gas	*	12	16.74	33,124	17.00	Hold	1,696.2	1,787.2	1,810.9	85.7	90.3	91.5	3.3	19.5	18.5	18.3	13.2	4.3	2.5	*(2.2)*
GMB MK	Gas Msia	*	12	3.10	3,980	3.20	Hold	389.5	383.8	338.4	30.3	29.9	26.4	(6.7)	10.2	10.4	11.7	27.9	7.2	2.9	*(4.9)*
MLK MK	Malakoff Corp	*	12	0.61	2,957	0.60	Hold	302.2	180.6	386.6	6.2	3.7	7.9	12.9	9.8	16.4	7.7	2.8	6.1	0.5	*(6.9)*
YTLP MK	YTL Power		6	1.36	11,019	1.50	Buy	651.5	1,426.2	1,601.2	8.1	17.6	19.8	56.6	16.9	7.7	6.9	9.0	3.7	0.7	*90.2*
MFCB MK	Mega First Corp	*	12	3.30	3,117	4.30	Buy	372.0	386.1	412.7	39.4	40.8	43.7	5.3	8.4	8.1	7.6	12.6	2.6	1.0	*(0.6)*
RAHH MK	Ranhill Utilities	*	12	0.55	702	0.65	Buy	96.7	56.9	44.7	7.5	4.4	3.5	(31.7)	7.3	12.4	15.6	7.2	4.6	0.9	*19.8*

** Shariah compliant, based on Securities Commission's latest Shariah compliant list effective 26 May 2023; Source: Bloomberg pricing, Maybank IBG Research*

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