

2Q23 Results Roundup

Regaining composure

2Q23 core profits down 3% YoY, flat QoQ

Core net profit of our research universe was down 3% YoY but flattish QoQ in 2Q23, regaining some composure after two sequential quarters of both YoY/QoQ earnings decline. For 1H23, core profit of our universe was down by 2.7% YoY dragged by Petrochems (-85%) and Plantation (-71%) which, on a combined basis, offset stronger earnings by the Banks (+18%), Utilities (+20%), Shipping/Port (+60%) and Gaming (+9x) sectors, and much smaller losses at Aviation (-87% YoY).

Misses > beats, but in a lower ratio of 2.2x

Consistent with the slight improvement in earnings momentum in 2Q23, the ratio of earnings misses-to-beats (vis-à-vis our forecasts) was lower at 2.2x, compared to 3.7x in the 1Q23 results reporting. Core earnings of 3 sectors prominently missed our forecasts - Gloves, Plantation, Petrochem. Among the big-caps, the outliers in terms of earnings delivery included Tenaga, Malakoff and Axiata which disappointed. Notable positive surprises came from Telekom, Malaysia Airports and YTL Power.

Slower earnings growth for 2023E, higher for 2024E

Having incorporated earnings revisions for our coverage that reported, core earnings estimates of our research universe have been lowered by -1.6% for 2023E, but raised by +1.2% for 2024E. For 2023E, we now estimate a slower +5.1% core profit expansion for our universe and +2.8% for the KLCI (vs. +6.5% and +6.2% respectively in early-Jun 2023). As for 2024E, we estimate +16.5% core earnings growth for our universe and +12.3% for the KLCI (vs. +13.3% and +10.6% previously). Ex- Glove stocks, our universe core earnings growth estimates are +7.2% for 2023E and +15.8% for 2024E.

Maintain 2023 YE KLCI target, introduce 2024 target

We remain constructive on MY equities as execution gets underway on the macro frameworks introduced since Jul 2023. However, pressure points remain over the near-term which include slower demand, pressured ASPs, and extended margin pressure. We maintain our 2023E YE KLCI target at 1,520 which implies 13x 12M fwd. PER, and introduce our 2024E YE KLCI target range of 1,600-1,700 (tentative). KLCI's valuations remain attractive from both PER and P/B perspectives, now trading at 12.9x 12M fwd. PER (-1.6SD of LT mean), and 1.3x trailing P/B, a historical low.

Rejigging some sector weights & top BUYs; thematic

With our recent upgrades on Hartalega and Kossan to HOLD from SELL, our Glove sector weight is now NT (previously UW). Amid weaker consumer sentiment, we are NT on Consumer Discretionaries, but OW on the Staples. Among the big caps, we remain OW on the Banks, but NT on Petrochems, Plantation, Telcos and Utilities. In addition to the 5 thematic flagged in our 2H23 Strategy report, we introduce 3 more for the next 6-12 months - rail infra, tourism recovery and green/waste energy. We have also rejigged our top BUY list (Fig.23) and refresh our yield picks (Fig.24).

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Current KLCI: 1,452 (31 Aug 2023)
2023 YE KLCI target: 1,520 (13.0x forward PER)

M'sia equities growth & valuation

		2022A	2023E	2024E
KLCI @ 1,452	PE (x)	14.4	14.0	12.4
Earnings Growth	(%)	(5.9%)	2.8%	12.3%
Research Universe	PE (x)	16.5	15.7	13.5
Earnings Growth	(%)	(1.2%)	5.1%	16.5%

Source: Maybank IBG Research (as of 31 Aug 2023)

Top BUY picks

Stock	BB Ticker	Price (MYR)	Price (MYR)	Upside (%)
Large Caps				
Public Bank	PBK MK	4.23	5.05	19.4%
CIMB Group	CIMB MK	5.63	6.50	15.5%
HL Bank	HLBK MK	19.96	23.00	15.2%
Telekom M'sia	T MK	5.10	6.50	27.5%
MR D.I.Y. Grp	MRDIY MK	1.55	2.40	54.8%
Genting M'sia	GENM MK	2.57	2.77	7.8%
Gamuda	GAM MK	4.50	4.80	6.7%
IJM Corp	IJM MK	1.77	2.18	23.2%
My E.G.	MYEG MK	0.80	1.16	45.9%
UMW Hldgs	UMWH MK	4.77	6.02	26.2%
Mid-small Caps				
SP Setia	SPSB MK	0.92	1.20	30.4%
CTOS Digital	CTOS MK	1.42	1.97	38.7%
Mega First	MFCB MK	3.33	4.30	29.1%
Allianz M'sia	ALLZ MK	16.40	19.20	17.1%
S Oil Palms	SOP MK	2.55	2.81	10.2%
MBM Res	MBM MK	4.15	4.80	15.7%
AEON Co. (M)	AEON MK	1.06	1.75	65.1%
ITMAX Sys	ITMAX MK	1.44	1.71	18.8%
AirAsia X	AAX MK	2.20	3.56	61.8%
Optimax	OPTIMAX MK	0.71	0.86	22.0%

Source: Maybank IBG Research (share px on 31 Aug 2023)

1. 2Q/1H23 results roundup

1.1 2Q23 core profits -3% YoY / -0.3% QoQ

After two sequential quarters of both YoY and QoQ core net profit decline, earnings momentum regained some composure in 2Q23 as core net profit of our research universe (for PLCs that reported for quarters ended May/Jun 2023) was down 3% YoY but flattish QoQ - Fig.1.

That said, the operating environment remains challenging. Among the general observations were (i) weakened consumer spending affecting the discretionaries, (ii) lower sales volume/plant utilisation due to competition affecting the Gloves, (iii) lower ASPs and FFB output in Plantation, and (iv) slowing business confidence and capex spending in key export markets (esp. China) affecting the Tech hardwares. In addition, (v) high production and/or operating costs - material, labour and fuel cost - hit most sectors.

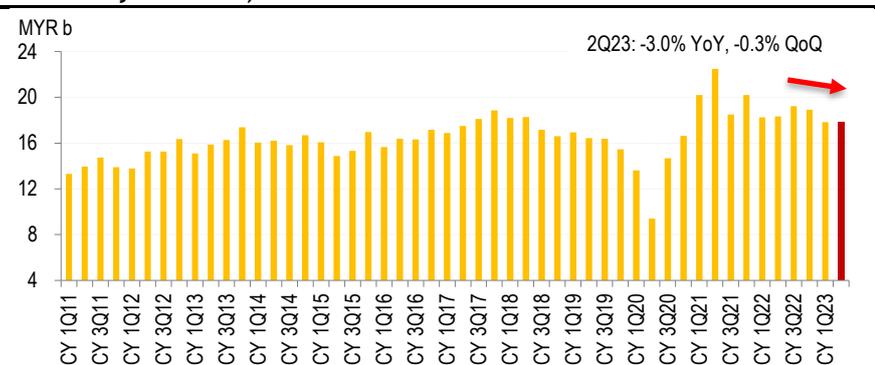
- Compared to 2Q22, our universe’s core earnings declined 3% (-1.3% ex-Glove stocks).

Banks delivered a strong +20% growth despite lower NIMs generally, while Gaming posted an +81% upsurge as it recovers with the reopening of international borders. Aviation’s losses shrunk by -92% YoY, while Shipping/Port’s growth was also a sharp +49%. Auto’s growth was +15%. These were offset by sharp earnings decline in two major sectors, ie. Petrochems (-88%) and Plantation (-74%) - Fig.2.

- Compared to 1Q23, our universe’s core profit was flattish ie. -0.3% QoQ (-0.2% ex- Glove stocks).

Banks’ core profits were stable QoQ. Telcos (+25% QoQ) and Utilities (+5%) posted higher sequential core earnings, but these were offset by weakness in Petrochems (-54%) and Plantation (-15%). Other sectors that posted stronger profits QoQ were Gaming (+101%), Auto (+33%) and Property (+19%)- Fig.2.

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



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

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

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

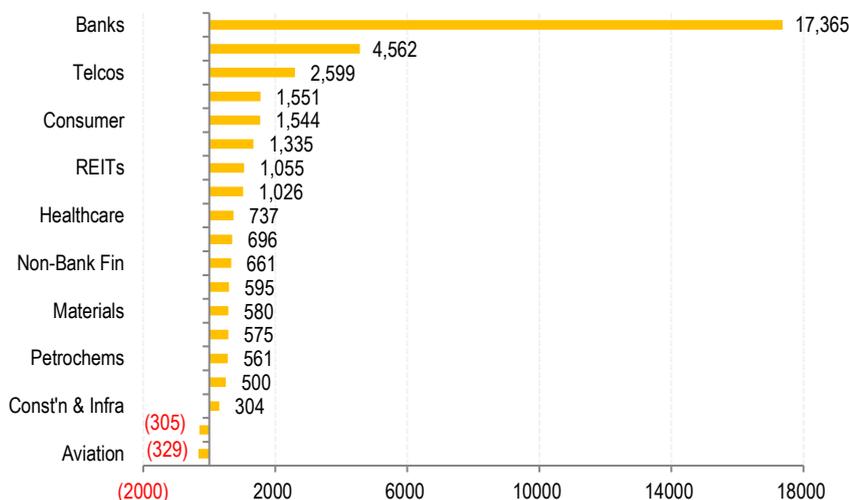
MYR m	CY 3Q20	CY 4Q20	CY 1Q21	CY 2Q21	CY 3Q21	CY 4Q21	CY 1Q22	CY 2Q22	CY 3Q22	CY 4Q22	CY 1Q23	CY 2Q23	QoQ (%)	YoY (%)
Banks	5,881	5,110	7,564	7,314	7,309	6,821	7,461	7,235	8,297	8,813	8,697	8,669	(0%)	20%
Utilities	2,019	1,809	2,353	2,047	2,280	1,521	1,563	2,229	2,427	1,644	2,224	2,337	5%	5%
Telcos	1,434	1,217	1,232	1,286	1,431	1,240	1,562	1,425	1,396	1,021	1,155	1,444	25%	1%
Plantation	742	1,106	1,411	1,851	2,076	2,412	2,161	2,393	1,531	1,757	721	614	(15%)	(74%)
Transport	(743)	(750)	(1,863)	(147)	(284)	1,352	(356)	(1,095)	(139)	710	695	544	(22%)	NM
Petrochems	664	849	1,791	2,261	1,988	2,228	2,146	1,509	1,446	586	384	177	(54%)	(88%)
Gaming	(294)	(50)	(624)	(552)	(660)	(168)	(189)	257	371	344	231	464	101%	81%
Consumer	507	566	629	397	333	749	744	835	739	788	733	810	11%	(3%)
Property	239	274	237	171	29	317	256	370	296	431	272	323	19%	(13%)
REITs	412	397	348	338	334	501	504	495	526	545	552	503	(9%)	2%
Const & Infra	185	194	173	135	85	214	236	150	147	75	183	120	(34%)	(20%)
Gloves	2,071	3,852	5,080	5,361	1,890	664	(21)	150	(1)	(215)	(142)	(163)	15%	NM
Healthcare	272	381	350	473	372	460	432	349	373	408	384	353	(8%)	1%
Materials	126	130	221	248	285	285	422	414	322	260	275	306	11%	(26%)
Non-Bank	284	284	390	316	265	232	301	229	209	322	312	349	12%	53%
Financials														
Technology	259	298	284	340	334	348	313	319	346	364	273	302	10%	(5%)
Oil & Gas	233	407	220	320	269	408	315	549	676	548	462	38	(92%)	(93%)
Auto	397	563	405	344	153	586	393	510	242	505	440	586	33%	15%
Media	0	0	0	0	0	29	4	19	7	11	(15)	9	NM	(53%)
Total	14,688	16,639	20,201	22,502	18,487	20,199	18,250	18,344	19,214	18,915	17,837	17,785	(0.3%)	(3.0%)
QoQ Chg (%)	56.3%	13.3%	21.4%	11.4%	(17.8%)	9.3%	(9.7%)	0.5%	4.7%	(1.6%)	(5.7%)	(0.3%)		
YoY Chg (%)	(10.3%)	7.7%	48.3%	139.4%	25.9%	21.4%	(9.7%)	(18.5%)	3.9%	(6.4%)	(2.3%)	(3.0%)		

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

1.2 1H23 core earnings -2.7% YoY

For 1H23, core profit of our universe was down by 2.7% YoY dragged by Petrochems (-85%) and Plantation (-71%) which, on a combined basis, offset stronger earnings by Banks (+18%), Utilities (+20%), Shipping/Port (+60%) and Gaming (+9x), and much smaller losses at Aviation (-87% YoY) - Fig.4. Telcos' core earnings fell 13% YoY solely due to Axiata which offset double-digit growth at Telekom and Time dotCom. Gloves fell into core losses (vs. profit in 1H22) contributed by all 3 players - Hartalega, Top Glove, Kossan.

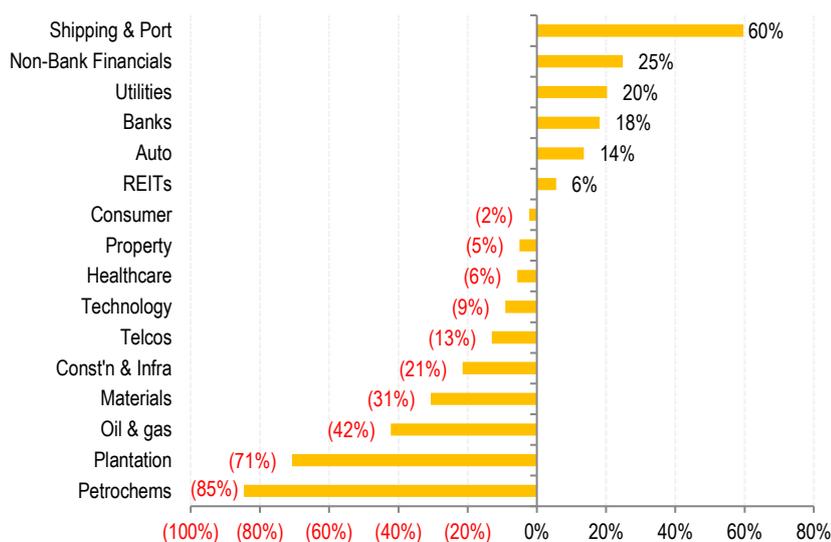
As Banks' earnings surged ahead, its sector earnings were miles ahead of the others; contributing about half (49%) of our universe's core earnings in 1H23 - Fig.3.

Fig 3: 1H23 core profit of research universe (May/Jun 2023 qtrs) - MYRm


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

Source: Company results data, Maybank IBG Research

Fig 4: 1H23 core profit of research universe (May/June 2023 qtrs) - % YoY



Note: Aviation's losses shrunk 87% YoY in 1H23; Gloves fell into losses in 1H23 (vs. small profit in 1H22). Gaming's core profit rose +9x YoY.

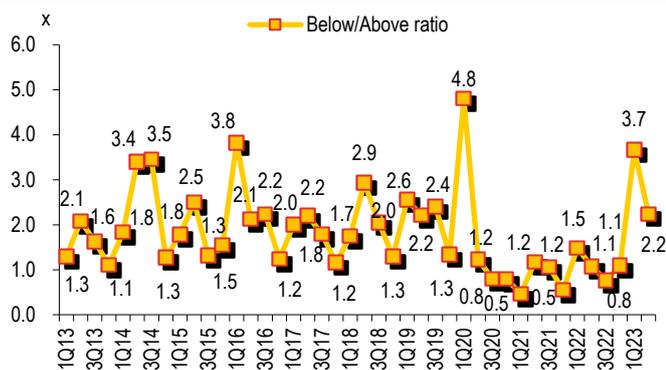
Note: Excl. stocks with FYE Jan, Apr, Jul, Oct

Source: Company results data, Maybank IBG Research

1.3 Misses vs. Beats

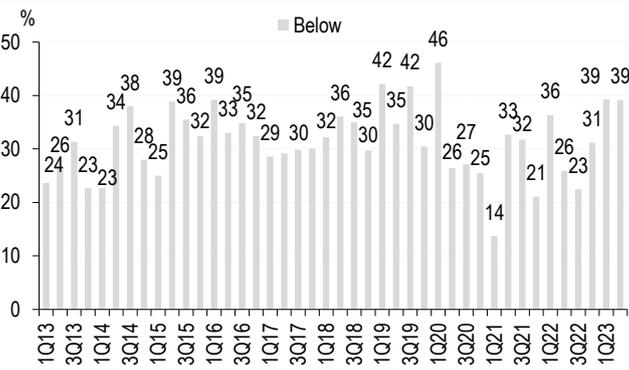
Consistent with the slight improvement in earnings momentum in 2Q23, the ratio of earnings misses-to-beats (vis-à-vis our forecasts) was lower at 2.2x, compared to 3.7x in the 1Q23 results reporting - Fig.5. 18% of the core profits that reported were above our forecasts (1Q23: 11%), 39% fell short (unchanged QoQ), and 43% were in-line (1Q23: 50%) - Fig.6-8.

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



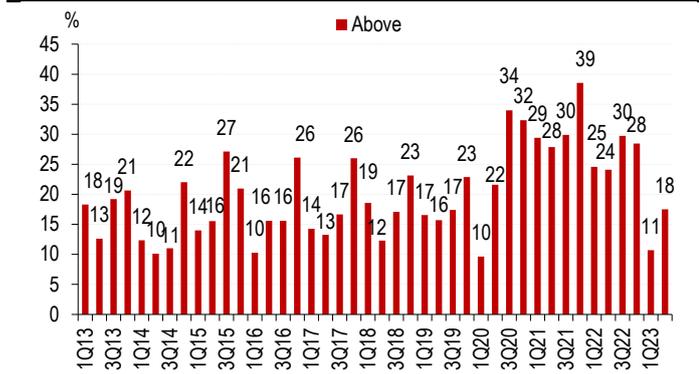
Source: Company results data, Maybank IBG Research

Fig 6: Below expectation (% of research universe)



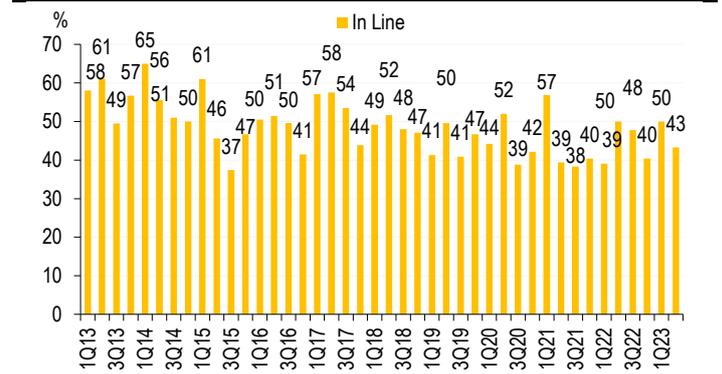
Source: Company results data, Maybank IBG Research

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 for details),

- Core earnings of 3 sectors prominently missed our forecasts (consistent with their earnings trend in 2Q23) - Gloves, Plantation (all PLCs missed expectations except the smaller caps Sarawak Oil Palms and Ta Ann) and Petrochems (both Petronas Chem and Lotte Chemical). Despite Gaming’s profits recovering, they were still short of our forecasts.
- Non-bank financials was the only sector where earnings prominently surprised on the upside, contributed by all 4 PLCs under our research coverage ie. Bursa, Allianz, RCE Capital and MNRB.

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

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

Note: (1) Comprises Bursa, Allianz, RCE, MNRB; (2) Comprises Capital A, AirAsia X, MAHB, MISC, Westports, Swift Haulage

Source: Company results data, Maybank IBG Research

1.4 Analysis, by stocks

Among the big-caps, the outliers in terms of core earnings delivery (Fig.10) included Tenaga which disappointed - 1H23 core net profit was only 42% of our FY23E on negative fuel margins and taxes. Similarly, Malakoff turned in significant losses in 2Q23 due to incrementally negative fuel margins. Axiata's 1H23 core profit was only 20% of our FY23E; the miss came from high finance cost leading to broad misses across all its operating entities/units (except XL, SMART and CelcomDigi) at the net profit level.

Notable positive surprises came from Telekom (1H23 core net profit at 70% of our FY23E, coming from positive taxes), Malaysia Airports (1H at 68% of our FY23E on strong Turkish operations) and YTL Power (12MFY23 core net profit at 145% of our estimate with the beat coming from PowerSeraya).

Fig 10: 2Q 2023 core net profit - QoQ/YoY, vs. Maybank IBG Research's expectations

Sector	Stock	2Q23 (MYR m)	QoQ	YoY	vs. MIBG
Auto	MBM Resouces	52.2	(35%)	(8%)	In-line
	Tan Chong Motor	(18.1)	18%	NM	Below
	UMW Holdings	119.3	(16%)	17%	Above
	Sime Darby	433.0	86%	28%	Below
Banks	CIMB Group	2,338.6	3%	45%	Above
	Public Bank	1,773.1	8%	38%	In-line
	Hong Leong Bank	1,618.6	(6%)	14%	In-line
	HL Financial Group	864.7	(7%)	(5%)	Above
	RHB Bank	626.3	(12%)	(7%)	Below
	AMMB Holdings	808.7	6%	28%	Below
	Alliance Bank	352.0	(16%)	(9%)	Below
Bank Islam	150.5	16%	(29%)	In-line	
Construction	IJM Corporation	66.9	(40%)	(12%)	Below
	Sunway Construction	33.0	19%	2%	In-line
	Cahaya Mata Sarawak	26.3	(38%)	(34%)	In-line
	Pintaras Jaya	(5.9)	NM	NM	Below
Consumer	AEON Co. (M)	30.9	(23%)	(32%)	In-line
	Carlsberg Brewery	88.2	4%	(1%)	In-line
	Heineken Malaysia	90.5	(18%)	5%	In-line
	Nestle (Malaysia)	187.3	(3%)	1%	In-line
	Padini Holdings	53.8	24%	(30%)	In-line
	QL Resources	92.8	27%	13%	In-line
	7-Eleven Malaysia	25.4	62%	(2%)	In-line
	Berjaya Food	20.4	28%	(50%)	Above
	Leong Hup Int'l	64.9	194%	60%	Above
	MR D.I.Y. Group (M)	150.3	18%	6%	In-line
	InNature	1.8	(40%)	(68%)	Below
	Farm Fresh	4.1	(16%)	(75%)	In-line
Gaming	DXN	89.0	19%	15%	In-line
	Genting Bhd	237.6	58%	213%	Below
	Genting Malaysia	120.8	186%	13%	Below
	Berjaya Sports Toto	62.3	174%	29%	In-line
Magnum	43.6	176%	66%	Above	

Source: Company results data, Maybank IBG Research

Fig 10: 2Q 2023 core net profit - QoQ/YoY, vs. Maybank IBG Research's expectations (cont'd)

Sector	Stock	2Q23 (MYR m)	QoQ	YoY	vs. MIBG
Gloves	Hartalega Holdings	(52.2)	NM	NM	Below
	Kossan Rubber	(3.3)	(86%)	NM	In-line
	Top Glove Corp	(107.8)	(33%)	NM	Below
Healthcare	Optimax	3.8	23%	(17%)	Below
Media	Media Prima	8.9	NM	(53%)	Above
Non-Bank Fin	Bursa Malaysia	76.3	36%	28%	Above
	Allianz Malaysia	166.7	(3%)	11%	Above
	RCE Capital	36.9	6%	15%	Above
	MNRB	69.5	45%	NM	Above
Petrochems	Petronas Chemicals	487.0	(20%)	(71%)	Below
	Lotte Chemical Titan	(310.4)	38%	113%	Below
Plantation	Sime Darby Plant	223.0	329%	(60%)	Below
	IOI Corporation	210.8	15%	(66%)	Below
	Kuala Lumpur Kepong	34.9	(90%)	(94%)	Below
	Genting Plantations	67.9	148%	(69%)	Below
	Sarawak Oil Palms	44.6	(5%)	(71%)	In-line
	TSH Resources	17.1	64%	(76%)	Below
	Ta Ann Holdings	32.3	(16%)	(71%)	In-line
	Boustead Plantations	(5.5)	NM	NM	Below
TH Plantation	(10.7)	529%	NM	Below	
Property	Sunway Berhad	153.0	8%	(5%)	Below
	Sime Darby Property	68.6	20%	(34%)	In-line
	SP Setia	60.2	20%	(16%)	Below
	UEM Sunrise	25.0	105%	45%	In-line
	Tambun Indah	16.1	49%	(3%)	In-line
REITs	KLCCP	180.8	0%	9%	In-line
	IGB REIT	81.0	(16%)	(3%)	In-line
	Sunway REIT	67.2	(27%)	(3%)	In-line
	Pavilion REIT	62.9	(10%)	14%	In-line
	Axis REIT	35.5	(1%)	(16%)	In-line
	YTL Hospitality REIT	27.9	(25%)	(24%)	Below
	CapitaLand MT	28.1	41%	31%	Below
	Sentral REIT	17.6	(1%)	(5%)	In-line
	Al-Salam REIT	2.4	(8%)	(31%)	Below
Renewables	Solarvest Holdings	6.7	29%	56%	In-line
Technology	Inari Amertron	66.0	22%	(27%)	In-line
	ViTrox Corporation	33.2	(8%)	(33%)	Below
	Greatech Technology	29.4	(20%)	49%	Below
	Frontken Corporation	29.3	27%	(5%)	Below
	Globetronics	3.5	13%	(68%)	Below
	CTOS Digital	21.4	29%	(5%)	In-line
	My E.G. Services	112.6	6%	27%	Above
	Ramssol	2.1	0%	91%	Above
ITMAX System	15.0	(6%)	63%	In-line	

Source: Company results data, Maybank IBG Research

Fig 10: 2Q 2023 core net profit - QoQ/YoY, vs. Maybank IBG Research's expectations (cont'd)

Sector	Stock	2Q23 (MYR m)	QoQ	YoY	vs. MIBG
Telcos	Maxis	330.0	3%	0%	In-line
	Axiata Group	44.1	(47%)	(87%)	Below
	Digi.Com	343.5	8%	56%	In-line
	Telekom Malaysia	629.4	93%	39%	Above
	Time dotCom	97.0	(10%)	6%	In-line
Transport	MISC	470.3	(33%)	65%	In-line
	Westports	194.8	9%	20%	Below
	Malaysia Airports	88.2	100%	NM	Above
	Capital A	(182.8)	(36%)	(78%)	Above
	AirAsia X	(33.8)	NM	(95%)	Below
	Swift Haulage	7.1	(22%)	(43%)	Below
Utilities	Tenaga Nasional	945.2	(19%)	(30%)	Below
	Petronas Gas	499.9	18%	16%	In-line
	YTL Power	1,012.8	98%	680%	Above
	Malakoff Corporation	(318.7)	321%	NM	Below
	Gas Malaysia	97.8	3%	(9%)	In-line
	Mega First Corp	88.0	(7%)	(7%)	In-line
	Ranhill Utilities	12.1	9%	73%	Below

Source: Company results data, Maybank IBG Research

1.5 Earnings revisions

In-line with the 2.2x earnings misses-to-beats ratio, the number of stocks with earnings downgrades in the 2Q23 reporting season exceeded that of upgrade on a ratio of 1.6x. We have upgraded earnings for 22% of our coverage that reported (vs. earnings beats of 18%) and downgraded on 35% (vs. earnings misses of 39%). We maintained forecasts for 43% of our coverage which reported (vs. 43% of coverage results that were in-line).

- Sectors with most earnings downgrades were Plantation, Petrochemicals and Gloves - Fig.11.
- For earnings upgrades, there was no prominent sector/(s).

Fig 11: 2Q 2023 results roundup - Core net profit up- & downgrades

Sector	Stock	FYE	FY23E	FY24E
Auto	MBM Resources	Dec	-	-
	Tan Chong Motor	Dec	-	-
	UMW Holdings	Dec	19%	18%
	Sime Darby	Jun	NA	(4%)
Banks	CIMB Group	Dec	2%	2%
	Public Bank	Dec	-	-
	Hong Leong Bank	Jun	NA	-
	HL Financial Group	Jun	NA	3%
	RHB Bank	Dec	(6%)	(8%)
	AMMB Holdings	Mar	NA	(7%)
	Alliance Bank	Mar	NA	(5%)
	Bank Islam	Dec	4%	2%

Source: Maybank IBG Research

Fig 11: 2Q 2023 results roundup - Core net profit up- & downgrades (cont'd)

Sector	Stock	FYE	FY23E	FY24E
Construction	IJM Corporation	Mar	NA	-
	Sunway Construction	Dec	-	-
	Cahaya Mata Sarawak	Dec	-	-
	Pintaras Jaya	Jun	NA	-
Consumer	AEON Co. (M)	Dec	(10%)	(8%)
	Carlsberg Brewery	Dec	-	-
	Heineken Malaysia	Dec	-	-
	Nestle (Malaysia)	Dec	-	-
	Padini Holdings	Jun	NA	4%
	QL Resources	Mar	NA	-
	7-Eleven Malaysia	Dec	-	-
	Berjaya Food	Jun	NA	(8%)
	Leong Hup Int'l	Dec	90%	39%
	MR D.I.Y. Group (M)	Dec	-	-
	InNature	Dec	(51%)	(17%)
	Farm Fresh	Dec	-	-
	DXN	Feb	-	-
Gaming	Genting Bhd	Dec	(3%)	-
	Genting Malaysia	Dec	(14%)	(3%)
	Berjaya Sports Toto	Jun	NA	5%
	Magnum	Dec	-	-
Gloves	Hartalega Holdings *	Mar	NA	(137%)
	Kossan Rubber *	Dec	(12%)	(122%)
	Top Glove Corp *	Aug	15%	68%
Healthcare	Optimax	Dec	-	-
Media	Media Prima	Jun	NA	(9%)
Non-Bank Financials	Bursa Malaysia	Dec	12%	-
	Allianz Malaysia	Dec	10%	9%
	RCE Capital	Mar	NA	-
	MNRB	Mar	NA	-
Petrochem	Petronas Chemicals	Dec	(24%)	(18%)
	Lotte Chemical Titan *	Dec	160%	(279%)
Plantation	Sime Darby Plantation	Dec	(3%)	7%
	IOI Corporation	Jun	NA	-
	Kuala Lumpur Kepong	Sep	(22%)	4%
	Genting Plantations	Dec	(3%)	2%
	Sarawak Oil Palms	Dec	4%	4%
	TSH Resources	Dec	2%	3%
	Ta Ann Holdings	Dec	1%	6%
	Boustead Plantations	Dec	-	-
TH Plantation	Dec	(42%)	13%	

* Hartalega - we expect losses in FY24 (vs. profit previously); Kossan - we expect lower losses in FY23 and profit in FY24 (vs. losses previously); Top Glove - we expect higher losses in FY23/FY24; Lotte Chemical Titan - we expect higher losses in FY23 persisting into FY24 (vs. profit previously)

Source: Maybank IBG Research

Fig 11: 2Q 2023 results roundup - Core net profit up- & downgrades (cont'd)

Sector	Stock	FYE	FY23E	FY24E
Property	Sunway Berhad	Dec	(9%)	3%
	Sime Darby Property	Dec	4%	15%
	SP Setia	Dec	(61%)	40%
	UEM Sunrise	Dec	-	4%
	Tambun Indah	Dec	-	-
REITs	KLCCP	Dec	-	-
	IGB REIT	Dec	-	-
	Sunway REIT	Dec	-	-
	Pavilion REIT	Dec	-	-
	Axis REIT	Dec	-	-
	YTL Hospitality REIT	Jun	(4%)	(4%)
	CapitaLand MT	Dec	(13%)	(12%)
	Sentral REIT	Dec	-	-
Al-Salam REIT	Dec	(28%)	(14%)	
Renewables	Solarvest Holdings	Mar	NA	-
Technology	Inari Amertron	Jun	-	-
	ViTrox Corporation	Dec	(17%)	(8%)
	Greatech Technology	Dec	(19%)	(14%)
	Frontken Corporation	Dec	(8%)	5%
	Globetronics	Dec	(16%)	(8%)
	CTOS Digital	Dec	-	-
	My E.G. Services	Dec	6%	2%
	Ramssol	Dec	-	-
	ITMAX System	Dec	-	-
Telco	Maxis	Dec	-	-
	Axiata Group	Dec	(45%)	(16%)
	Digi.Com	Dec	-	-
	Telekom Malaysia	Dec	21%	23%
	Time dotCom	Dec	-	-
Transport	MISC	Dec	-	-
	Westports	Dec	(3%)	(3%)
	Malaysia Airports	Dec	59%	24%
	Capital A *	Dec	(35%)	38%
	AirAsia X	Dec	(16%)	(29%)
	Swift Haulage	Dec	(28%)	(26%)
Utilities	Tenaga Nasional	Dec	-	-
	Petronas Gas	Dec	-	-
	YTL Power	Jun	45%	71%
	Malakoff Corporation *	Dec	(196%)	(23%)
	Gas Malaysia	Dec	-	-
	Mega First Corp	Dec	-	-
	Ranhill Utilities	Dec	(14%)	(2%)

* Capital A - we expect lower losses in FY23, higher profit in FY24; Malakoff - we expect losses in FY23 (vs. profit previously) and lower profit in FY24

Source: Maybank IBG Research

1.6 Recommendation revisions

During the 2Q23 results reporting season, we have cut our recommendation on 8 stocks and raised on 10. This compares to 1Q23 reporting where we had downgraded 8 and upgraded 6 - Fig.12.

- Of the 10 upgrades, 7 were to BUY including large cap Public Bank; the others were Leong Hup Int'l, Boustead Plant, Malaysia Airports, Pintaras Jaya, RCE Capital and Sarawak Oil Palms.
- For the 8 downgrades, just TH Plant was to SELL. We have lowered our recommendation on 2 Banks - AMMB and RHB Bank - to HOLD.

Fig 12: 2Q 2023 results roundup - Stock upgrades and downgrades

Stock	Old Call	New Call	Old TP	New TP
<u>UPGRADES</u>				
Leong Hup Int'l	SELL	BUY	0.50	0.78
Boustead Plantations	HOLD	BUY	0.92	1.55
Malaysia Airports	HOLD	BUY	6.99	7.96
Pintaras Jaya	HOLD	BUY	1.70	1.70
Public Bank	HOLD	BUY	4.30	5.05
RCE Capital	HOLD	BUY	2.38	2.38
Sarawak Oil Palms	HOLD	BUY	2.73	2.81
7-Eleven Malaysia	SELL	HOLD	1.90	2.10
Hartalega	SELL	HOLD	1.35	2.12
Kossan Rubber	SELL	HOLD	1.00	1.47
<u>DOWNGRADES</u>				
AMMB Holdings	BUY	HOLD	4.15	4.20
Berjaya Food	BUY	HOLD	0.72	0.65
Capital A	BUY	HOLD	0.90	1.01
InNature	BUY	HOLD	0.61	0.50
KL Kepong	BUY	HOLD	23.90	23.00
RHB Bank	BUY	HOLD	4.15	4.20
Sime Darby	BUY	HOLD	2.70	2.26
TH Plantation	HOLD	SELL	0.49	0.48

Source: Maybank IBG Research

2. Market earnings growth & valuation

2.1 Slower +5.1% universe earnings growth in 2023E, higher +16.5% in 2024E

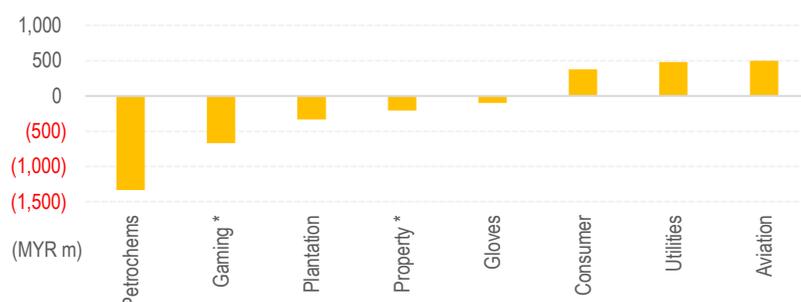
Having incorporated earnings revisions for our coverage that reported:

- Core earnings estimates of our research universe have been lowered by -1.6% for 2023E, but raised by +1.2% for 2024E (this is compared to our estimates in early-Jun 2023, post 1Q23 results reporting) (Fig.13).
 - Our universe earnings downgrade for 2023E (-1.6%) was largely contributed by Petronas Chem (where we had cut core profit by -24%), Lotte Chemical (expecting larger losses by +1.6x), KL Kepong (-22% for FYE9/23), SP Setia (-61%) and Axiata (-45%).
 - For 2024E, a substantial earnings upgrade for YTL Power (+71% for FYE6/24 and +52% for FYE6/25) offset earnings cut for Petronas Chem (-18%) and the other relatively smaller earnings revisions.
- Growth estimates (Fig.14):
 - **2023E.** We now estimate a slower +5.1% core profit expansion for our universe and +2.8% for the KLCI (vs. +6.5% and +6.2% respectively in early-Jun 2023).
 - **2024E.** We estimate +16.5% core earnings growth for our universe and +12.3% for the KLCI (vs. +13.3% and +10.6% previously).

Note that the lower growth estimates for KLCI core earnings relative to our universe for both 2023E and 2024E is mainly due to our sizeable earnings cut for Petronas Chem and Axiata (both KLCI constituents) which contributed c.9% to the KLCI free-floated core earnings in 2022 but down to c.3% in 2023E, based on our estimates.

- Excluding the Glove stocks, our research universe core earnings growth estimates are +7.2% for 2023E (previously +8.5%) and +15.8% for 2024E (previously +12.8%) - Fig.14.
- Compared to pre-pandemic, our universe core earnings estimate for 2023E is 21% above 2019's level, implying a 4.8% CAGR. This is despite disruptions caused by lockdowns and a slower work pace during the pandemic phase (mainly in 2020-21), and supply chain disruption and cost inflation since 2022. Growth drivers are the Banks, Plantation and Utilities, while Gaming (Casino), Gloves and Petrochem earnings (in 2023E) would still be substantially below 2019's level. Telcos' core earnings in 2023E are flat vs. 2019, while Aviation's losses in 2023E would narrow towards 2019's level.

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



* Gaming - Casino; Property - Developers

Note: Earnings changes below/above MYR100m per sector are not highlighted here

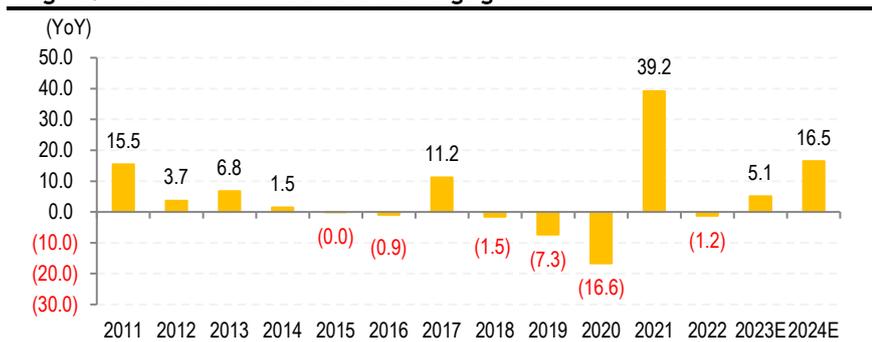
Source: Maybank IBG Research

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

		2022A	2023E	2024E
KLCI @ 1,451.9 on 31 Aug 2023	PE (x)	14.4	14.0	12.4
Earnings Growth (%) - new		(5.9%)	2.8%	12.3%
Earnings Growth (%) - early-Jun '23		(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)	16.5	15.7	13.5
Earnings Growth (%) - new		(1.2%)	5.1%	16.5%
Earnings Growth (%) - early-Jun '23		(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)	16.5	15.4	13.3
Earnings Growth (%) - new		14.2%	7.2%	15.8%
Earnings Growth (%) - early-Jun '23		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

2.2 Sector earnings

Some highlights for 2023E (Fig.16):

- Most sectors are expected to post higher earnings in 2023E compared to 2022, except for Petrochem (-69% YoY) and Plantation (-37% YoY). We expect losses at the Gloves in 2023E and continuing onto 2024E, albeit smaller YoY.
- Among the large-caps, core earnings at the Banks (+9.9% YoY) and Utilities (+14.2%) are expected to be higher YoY, hence, driving our universe earnings growth.
- Aviation's core losses are expected to narrow.

For 2024E, we expect smaller losses at the Gloves, and Aviation to return to the black.

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

Sector	Core earnings (MYR m)				Core earnings growth (% YoY)				CAGR (%)
	CY21A	CY22A	CY23E	CY24E	CY21A	CY22A	CY23E	CY24E	CY22-24E
Banks	29,150	31,444	34,541	36,643	28.6	7.9	9.9	6.1	8.0
Non-bank Financials	1,143	955	1,059	1,110	(4.3)	(16.4)	10.9	4.7	7.8
Consumer	2,358	3,276	3,535	3,961	26.1	38.9	7.9	12.1	10.0
Healthcare	1,654	1,562	1,794	2,022	93.3	(5.5)	14.8	12.7	13.8
Automotive	1,630	2,032	2,193	2,384	3.8	24.6	7.9	8.7	8.3
Construction, Infra	1,317	1,401	1,440	1,635	10.2	6.4	2.8	13.6	8.0
Gaming - NFO	174	293	382	382	(32.3)	68.4	30.5	(0.1)	14.2
Gaming - Casino	(2,108)	323	1,465	2,858	14.1	NA	353.3	95.1	197.4
Gloves	11,416	1,024	(507)	(68)	57.4	(91.0)	NA	(86.5)	NM
Materials	1,009	1,418	1,466	1,691	119.5	40.5	3.3	15.4	9.2
Media	524	304	277	237	(9.3)	(41.9)	(9.0)	(14.4)	(11.8)
Oil & Gas	(1,443)	1,597	2,818	3,218	NA	NA	76.5	14.2	42.0
Petrochemical	8,179	5,699	1,772	3,816	309.6	(30.3)	(68.9)	115.3	(18.2)
Plantation	7,471	7,420	4,647	5,398	105.1	(0.7)	(37.4)	16.2	(14.7)
Property - Developer	1,040	1,487	1,682	2,149	18.1	43.0	13.1	27.8	20.2
Property - REIT	1,496	2,071	2,264	2,445	(7.4)	38.5	9.3	8.0	8.6
Renewable Energy	72	99	77	68	(11.0)	37.3	(22.6)	(11.4)	(17.2)
Technology	1,565	1,610	1,738	2,087	37.8	2.9	8.0	20.1	13.8
Telco	5,189	5,199	5,236	6,758	8.1	0.2	0.7	29.1	14.0
Transport - Aviation	(4,857)	(3,905)	(4)	1,397	(19.4)	(19.6)	(99.9)	NA	NM
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	819	863	18.7	(8.2)	13.9	5.3	9.5
Utilities	8,192	8,510	9,722	10,743	8.0	3.9	14.2	10.5	12.4
Stocks under coverage	77,842	76,914	80,830	94,204	39.2	(1.2)	5.1	16.5	10.7

Source: Bloomberg pricing, Maybank IBG Research

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

Sector	PER (x)			P/B (x)			ROE (%)		
	CY22A	CY23E	CY24E	CY22A	CY23E	CY24E	CY22A	CY23E	CY24E
Banks	11.5	10.5	9.9	1.1	1.1	1.0	9.9	10.3	10.4
Non-bank Financials	11.5	10.4	9.9	1.3	1.2	1.1	11.4	11.8	11.5
Consumer	26.7	24.8	22.1	6.9	6.3	5.7	25.9	25.3	25.6
Healthcare	37.0	32.3	28.6	2.0	2.0	2.0	5.5	6.3	6.8
Automotive	12.9	11.9	11.0	1.0	1.0	0.9	7.7	8.0	8.4
Construction, Infra	15.8	15.4	13.6	0.9	0.9	0.8	5.7	5.7	6.2
Gaming - NFO	12.6	9.6	9.6	1.1	1.0	1.0	8.7	10.8	10.6
Gaming - Casino	97.2	21.4	11.0	0.7	0.7	0.7	0.7	3.3	6.3
Gloves	15.7	NM	NM	1.1	1.2	1.2	7.3	NM	NM
Materials	28.2	27.3	23.6	6.0	5.3	4.7	21.3	19.4	19.7
Media	10.4	11.4	13.3	1.8	1.7	1.6	17.5	14.7	12.1
Oil & Gas	18.0	10.2	8.9	1.4	1.1	1.0	7.6	11.0	11.2
Petrochemical	10.5	33.7	15.7	1.2	1.2	1.1	11.2	3.5	7.2
Plantation	12.5	19.9	17.1	1.6	1.5	1.5	12.9	7.7	8.6
Property - Developer	18.4	16.3	12.8	0.5	0.5	0.5	2.9	3.4	4.2
Property - REIT	16.9	15.5	14.3	1.0	0.9	0.9	5.8	5.9	6.2
Renewable Energy	15.0	19.4	21.9	1.4	1.4	1.3	9.4	7.3	6.1
Technology	29.6	27.4	22.8	4.5	4.1	3.7	15.1	14.8	16.2
Telco	25.8	25.6	19.8	2.3	2.3	2.2	9.0	8.9	11.3
Transport - Aviation	NM	NM	12.4	NM	18.6	8.6	NM	NM	69.4
Transport - Shipping	13.5	13.3	13.3	0.9	0.8	0.8	6.3	6.3	6.2
Transport - Port & Logistic	17.2	15.1	14.3	3.1	3.0	2.8	18.3	19.7	19.7
Utilities	14.0	12.2	11.1	1.2	1.1	1.1	8.7	9.4	9.9
Stocks under coverage	16.5	15.7	13.5	1.4	1.3	1.3	8.4	8.5	9.5

Source: Bloomberg pricing, Maybank IBG Research

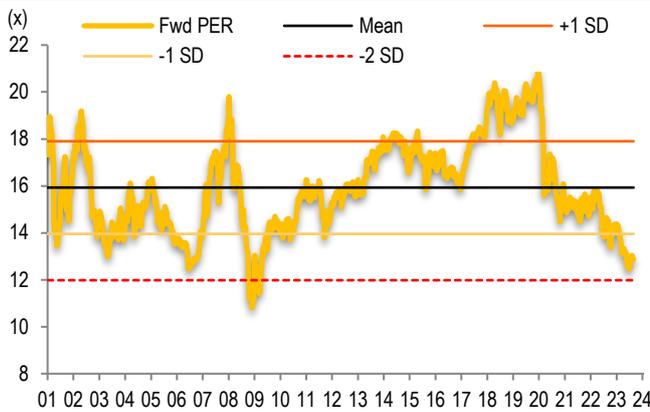
2.3 Universe and KLCI valuations

Based on our revised KLCI core earnings estimates, KLCI’s valuations (at 1,452 pts on 31 Aug 2023) are at:

- 12.9x 12M forward PER, which is 1.6SD 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 14.0x/12.4x - Fig.14.
- 1.31x trailing P/B, which is 1.4SD below its long-term mean of 1.74x - Fig.19.

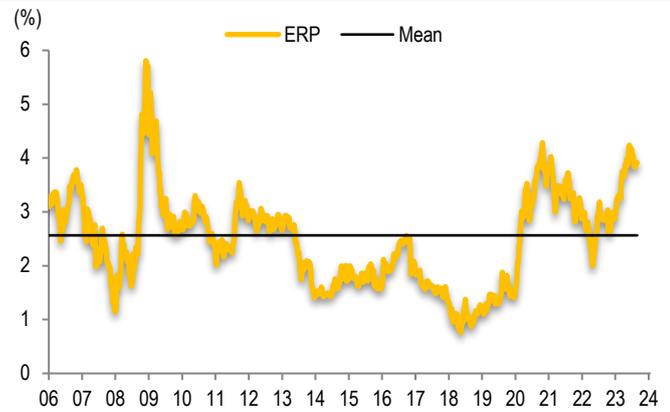
Meanwhile, KLCI equity risk premium (ERP) over the 10-year MGS yield was at 391bps vs. its long-term mean of 256bps.

Fig 17: KLCI’s 12M forward PER at 12.9x @ 31 Aug 2023, or - 1.6SD of LT mean (mean = 15.9x, 1SD = 2.0x)



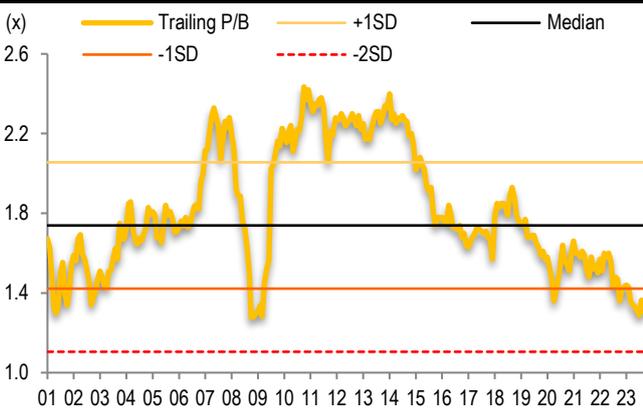
Source: Maybank IBG Research, Bloomberg

Fig 18: KLCI’s equity premium (over 10Y MGS yield) at 391bps @ 31 Aug 2023 (mean = 256bps)



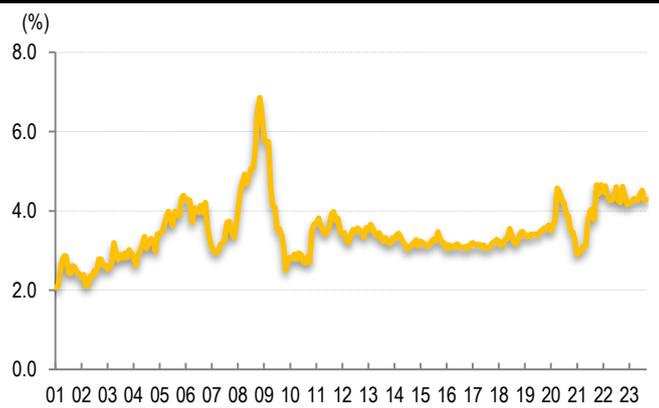
Source: Maybank IBG Research, Bloomberg

Fig 19: KLCI’s trailing P/B at 1.31x @ 31 Aug 2023, or -1.4SD of LT mean (mean = 1.74x, 1SD = 0.32x)



Source: Maybank IBG Research, Bloomberg

Fig 20: KLCI’s trailing dividend yield at 4.3% @ 31 Aug 2023



Source: Maybank IBG Research, Bloomberg

3. Market strategy

3.1 Positive on macro blueprints direction

Macro blueprints launched since July and a quicker pace of execution observed after the state elections (on 12 Aug) are positive developments being growth tailwinds. While the MADANI Economy Framework (launched on 27 Jul) emphasizes leveraging on Malaysia’s inherent strength to be a leading Asian economy - top-12 in global competitiveness ranking (2022: #27); top-30 largest economy in the world (2022: #36) - the National Energy Transition Roadmap (NETR; launched on 27 Jul) offers a pathway in driving Malaysia’s next phase of economic growth (by transforming the economy) and sustainability agenda as the country transits to renewable energy. The New Industrial Master Plan 2030 (NIMP2030; 1 Sep) - another key enabler to the MADANI Economy Framework - will drive manufacturing industry transformation via advancing economic complexity, amongst others.

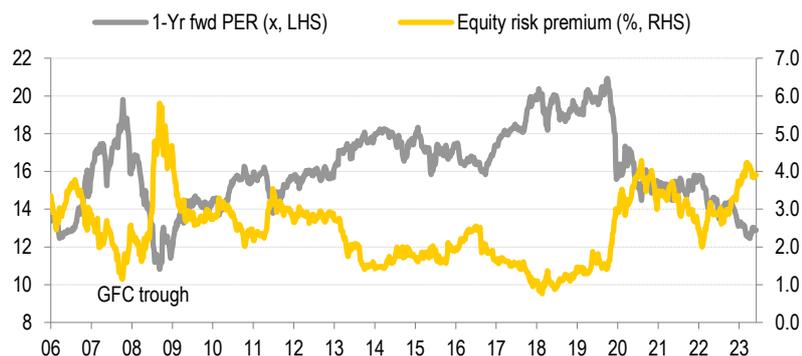
Other upcoming frameworks include the 12th Malaysia Plan (2021-25) Mid-Term Review (likely in Sep 2023) which will involve making modifications and creating a transition for sustainable development, and 2024 National Budget (on 13 Oct). In addition, upcoming legislations like the Fiscal Responsibility Act and Government Procurement Act (by end-2023) would support fiscal consolidation to bring down the budget deficit to 3% of GDP (targeted under the MADANI Economy Framework), from estd. 5% this year.

3.2 Maintain 2023 YE KLCI target, introduce 2024 YE target

We maintain our 2023 YE KLCI target at 1,520 which implies 13x 12M forward PER, and offers a 4.7% upside from the current level. We also introduce our 2024 YE KLCI target range of 1,600-1,700 (tentative), based on 13-14x 12M fwd. PER. As highlighted earlier, KLCI’s valuations are attractive from both PER and P/B perspective - what has been lacking is ‘catalyst’. At 1,452 now, the KLCI is trading at 12.9x 12M forward PER, which is -1.6SD of its LT mean (since 2000) - this has been a short-lived market bottom in the past (Fig.21), while at 1.3x trailing P/B presently, valuation is at a historical low (Fig.19).

We remain constructive on MY equities as execution gets underway on the macro frameworks. A re-rating beyond the 12+x PER is possible as economic and institutional reforms are instituted to facilitate new growth drivers, leading to improved risk-reward profile. However, pressure points remain over the near-term which include slower demand (including slower growth in China compounded by its troubled real estate market), pressured ASPs, and extended margin pressure due to higher labour and material costs.

Fig 21: KLCI’s 12M forward PER vs. equity risk premium



Source: Maybank IBG Research, Bloomberg

3.3 Tweaking sector weights - Gloves & NFOs raised

Our recommended sector weightings are tweaked from that in our 2H23 Strategy report, “*Clearer Skies Ahead*”, 12 Jul 2023. With our recent upgrades on Hartalega and Kossan to HOLD from SELL, our Glove sector weight is now NT (previously UW). Also, risk of outlets shutting down in the Gaming NFOs sector has dissipated with a status quo outcome of the 12 Aug state elections, hence, our NT weight (previously UW) on the NFOs. In view of weaker consumer sentiment evident in the 2Q23 results reporting which is expected to persist for another few quarters (affecting expansion plans too), we are NT on Consumer Discretionaries, but OW on the Staples.

Among the big caps, we remain OW on the Banks (BUYs on 3 of the largest banks, ie. CIMB, Public and HL Bank - in order of preference), but NT on Petrochems, Plantation, Telcos and Utilities. Within the Tech sector, we remain OW on EMS and Software, and NT on Semicon.

Fig 22: Recommended sector weighting

OVERWEIGHT (OW)	NEUTRAL (NT)	UNDERWEIGHT (UW)
Automotive	Consumer (Discretionaries)	Media
Aviation	Gaming (NFOs) *	
Banks	Gloves *	
Construction	Petrochems	
Consumer (Staples)	Plantation	
Gaming (Casinos)	Ports & Shipping	
Mid-cap Financials / Insurers	Property	
Technology (EMS)	REITs	
Technology (Software)	Renewables	
	Technology (Semicon)	
	Telcos	
	Utilities	

* previously UW

Source: Maybank IBG Research

3.4 Thematics to watch out for

In addition to the 5 thematics flagged in our 2H23 Strategy report, “*Clearer Skies Ahead*”, 12 Jul 2023 relating to 1) GLC restructuring; 2) Inflation and interest rates; 3) Interest rates vs. dividend yields; 4) Sustainability / ESG investing; 5) Capex revival and supply chain relocation, we introduce 3 more thematics for the next 6-12 months.

3.4.1 “Rail, Rail, and Rail”: Spill-over effects (beneficiaries: Construction, Property, Plantation)

We expect a quicker pick-up in the execution/award of major infrastructure projects especially that relating to rail infra, with the state elections (on 12 Aug) out of the way. The Government, via MRT Corp, has called for a Request for Proposal (RFP) for the appointment of consultants (design, connectivity & mobility study) for the Penang LRT project on 21 Aug, 9 days after the state elections. We think that contractor appointment is likely in 4Q23 while construction could start by early-2024. Elsewhere, decision on the KVMRT3 project is long overdue, having returned to the planning table to lower its cost. Expectations are for the 3 main civil construction packages to be awarded towards end-2023 and construction to start in 2H23.

Meanwhile, newsflow on the **KL-SG HSR** revival has gained momentum after Malaysia's Transport Minister, in an Invest Malaysia conference in Mar 2023, said that the project remains under consideration for implementation in the medium term but it has to be a private sector led implementation, to be funded by the private sector and not the Government. Following that, the Government has launched a formal Request For Information (RFI) exercise on 12 July (closing date: 15 Nov) to solicit private sector's interest in constructing the HSR via a public-private partnership (PPP) model.

These 3 mega/large rail projects will spur interests in property developers that have landbank along the track alignment and around/near their station stops - this is especially so for the Penang LRT and KL-SG HSR.

- For the Penang LRT, likely beneficiaries are **Gamuda (BUY)**, **SCGB (HOLD)** and **IJM (BUY)** in construction, and **E&O (EAST MK, Not Rated)**, **SPSB (BUY)**, **Mah Sing (MSGB MK, Not Rated)** and **IJM (BUY)** that have landbank along the track alignment. It is also worth noting that the reclamation of 2,300 acres of land for a new Silicon Island in southern Penang island could redefine the future dynamics of Penang's property sector, offering multiple development opportunities. (See our report, "[Penang LRT: Beyond improving connectivity](#)", 23 Aug 2023).
- For the KVMRT3, **Gamuda**, **IJM** and **SCGB** have tendered for the main civil work packages and/or system works. Based on their track record, they are strong contenders for the civil works. Other construction players whom were involved in sections of works for the earlier KVMRT2 - viaducts/guideways and stations - may also benefit - **Ahmad Zaki (AZR MK)**, **WCT (WCTHG MK)**, **TRC Synergy (TRC MK)**, **Gadang (GADG MK)**, **Mudajaya (MDJ MK)**, and **MRCB (MRC MK)** - all Not Rated.
- For the KL-SG HSR, real estate values would also get a lift. For plantation estate land, the presence of a HSR station stop will catalyze their development potential and enhance their commercial value. In addition, property demand pattern could shift from the urban areas to the suburban or rural areas due to the shorter travel time.

Under the previous (2016) HSR track alignment, property developers whom were potential prime beneficiaries include **SDPR (BUY)**, **Matrix Concept (MCH MK, Not Rated)** and **UEMS (HOLD)**, while secondary beneficiary include **IOI Prop (IOIPG MK, Not Rated)**. On the plantation players, potential prime beneficiaries were **GENP (HOLD)** and **KLK (HOLD)**, followed by **SDPL (HOLD)** as secondary beneficiary with spill over benefits. (See our report, "[KL-SG HSR to be revived?](#)", 9 Aug 2023).

3.4.2 Tourism recovery: Still room to catch-up (beneficiaries: Hospitality, Healthcare, Consumer Discretionary)

1H23 inbound tourist arrivals of 9.16m is half-way in meeting the revised target of 18m for 2023 (16.1m initially), which represents a +79% YoY growth (2022: 10.1m) but still 31% below the pre-pandemic level of 26.1m (in 2019). The average per capita spending of an international tourist to Malaysia grew 5.3% to MYR3,288 in 1H23 from MYR3,121 in 2019. Short haul markets (visitors mainly from ASEAN countries) were the top contributor to 1H23 inbound tourist arrivals, while the medium-haul markets (mainly from China, South Korea, India and Japan), and long-haul markets (mainly from Australia, UK, and US) also contributed to 1H23 arrivals. (Source: "[Middle Eastern tourists spend the most in Malaysia](#)", *The Star*, 31 Aug 2023).

Despite fewer arrivals from China compared to pre-pandemic (1H23: 0.5m, 2019: 3.1m), there is a positive trend in Chinese tourist arrivals, according to Tourism Malaysia - in terms of a steady increase in the number of pax post-pandemic and preferences for niche tourism vs. big group travels.

Recent initiatives to drive up the tourist numbers include opening of new flight routes to India, and increasing flight frequencies from China, Australia and ASEAN, announced by Malaysia Airlines on 1 Sep (*source: Malaysia Airlines' media statement, 1 Sep 2023*). OAG data indicates that Aug 2023 seat capacity from China to Malaysia has recovered to 57% of Aug 2019 levels; this compares to 41% of 2019's levels as of Jun 2023, per Malaysia Aviation Commission (Mavcom). In addition, AirAsia will return to service 31 aircraft in 2H23 for its Malaysia operations, raising its active fleet size by 47% for its Malaysia ops by end-2023. Mavcom meanwhile expects a 75%-80% recovery in flights in 2023 compared to 2019, and passenger traffic to return to pre-pandemic levels in late-2024/2025 (*source: The Changing Trends of Travel, StarBiz, 2 Sep 2023*); 2025 is also a Visit Malaysia Year.

Beneficiaries of higher tourist arrivals are broad-based, including the 1) Hospitality sector [**GENM (BUY)** - Singaporean and Chinese tourists made up 6% and 4% of total 24.2m visitors to RWG in 2019), **MAHB (BUY)** - international passenger traffic accounted for 51% of total passenger traffic in Malaysia in 2019, **CAPITALA (HOLD)** - foreign destinations accounted for 46% of MAA's total passengers carried (MAA historically contributes c.80% of group earnings) and **AAX (BUY)** - AAX only flies to international destinations]; 2) Healthcare sector [medical tourism - **IHH (BUY)**, **KPJ (HOLD)**, **Optimax (BUY)**]; 3) Consumer Discretionary [**InNature (HOLD)**, **Bonia (BON MK, Not Rated)**, **Atlan (ALN MK, Not Rated)**]. Indirectly, the retail REITs will also gain from higher turnover rent [**KLCCP (HOLD)**, **Pav REIT (BUY)**, **Sunway REIT (HOLD)**, **IGB REIT (HOLD)**, **YTL REIT (BUY)**].

3.4.3 Green energy: Turning Waste into Energy

While focus has been very much on the renewable energy (RE) segment of late driven by the NETR, we believe the green/waste energy (WE) segment could come into focus next, especially after **YTL Power (BUY)** confirms that it is developing a 2,400-tonne per day waste-to-energy (WTE) plant in Selangor, with a gross generating capacity of 58MW, together with KDEB Waste Management (100%-unit of the Selangor state government) (*source: Bursa announcement, 21 Aug 2023*). Believed to be the Sultan Idris Shah WTE Green Energy Plant in Rawang costing MYR4.5b, the WTE plant's investment proposition also involves its by-products - ash - generated during the production process which can be used for cement (under **YTL Cement (Not Listed)**) and bricks production.

In the waste management space, **Malakoff (HOLD)** which bought a 97% stake in Alam Flora (Not Listed) from **DRB-Hicom (DRB MK, Not Rated)** in Dec 2019, is worth looking out for. Alam Flora's concession areas in Peninsular Malaysia are the Federal Territory of KL and Putrajaya, and Pahang.

In the RE space, our stock preference is **Mega First (BUY)** which has a 260MW hydro plant in Laos and it also won a 30MW solar farm project under the Corporate Green Power Program in Malaysia in Aug 2023.

3.5 Top BUYs, and yield picks

We have re-jigged our top BUY list from that in our 2H23 Strategy report - Fig.22. We also refresh our yield picks - Fig.23.

Fig 23: Top BUYs

	Price	TP	Rec	Mkt Cap	PER (x)	PER (x)	ROE (%)	Div Yld (%)	P/B (x)	Px chg (%)
	MYR	MYR		MYRm	CY23E	CY24E	CY23E	CY23E	CY23E	YTD
Large caps										
Public Bank	4.23	5.05	Buy	82,107	12.1	11.8	12.6	4.5	1.5	(2.1)
CIMB Group	5.63	6.50	Buy	60,045	9.2	8.5	9.5	5.9	0.9	(2.9)
Hong Leong Bk	19.96	23.00	Buy	43,268	10.8	10.4	11.1	3.1	1.2	(2.9)
Telekom M'sia	5.10	6.50	Buy	19,492	10.9	10.6	19.9	3.7	2.2	(5.6)
MR D.I.Y. Group	1.55	2.40	Buy	14,632	25.4	21.2	33.2	1.9	8.4	(22.5)
Genting Malaysia	2.57	2.77	Buy	14,566	25.2	15.3	4.7	5.8	1.2	(4.5)
Gamuda	4.50	4.80	Buy	11,992	14.2	12.5	7.5	7.6	1.2	20.0
IJM Corp	1.77	2.18	Buy	6,206	18.6	16.1	3.4	3.7	0.6	10.6
My E.G. Services	0.80	1.16	Buy	5,886	14.5	13.7	19.0	2.0	2.7	(7.8)
UMW Hldgs	4.77	6.02	Buy	5,573	11.1	10.7	10.6	3.6	1.2	37.5
Mid-small caps										
SP Setia	0.92	1.20	Buy	3,754	13.5	6.3	2.3	1.6	0.3	53.3
CTOS Digital	1.42	1.97	Buy	3,280	28.4	26.8	20.6	1.8	5.8	-
Mega First Corp	3.33	4.30	Buy	3,140	8.2	7.6	12.6	2.6	1.0	0.3
Allianz Malaysia	16.40	19.20	Buy	2,919	10.5	9.7	11.6	5.2	0.7	15.8
S'wak Oil Palms	2.55	2.81	Buy	2,270	10.0	9.4	6.6	3.0	0.7	(1.9)
MBM Resources	4.15	4.80	Buy	1,622	6.6	6.4	11.7	11.7	0.8	26.5
AEON Co. (M)	1.06	1.75	Buy	1,488	11.8	11.2	6.7	3.8	0.8	(22.6)
ITMAX System	1.44	1.71	Buy	1,481	22.5	18.9	19.4	0.9	4.4	1.4
AirAsia X	2.20	3.56	Buy	984	6.8	3.7	29.2	-	12.3	286.0
Optimax	0.71	0.86	Buy	381	29.4	29.4	26.4	3.4	6.4	(10.2)

Source: Maybank IBG Research

Fig 24: Top-yield stocks

Name	Price	Rec	Div. Yield 2022A (%)	Div. Yield 2023F (%)	Div. Yield 2024F (%)	FCF Yield 2022A (%)	FCF Yield 2023F (%)	FCF Yield 2024F (%)	Net Gearing 2022A (%)
	MYR								
RCE Capital	2.36	Buy	5.8%	16.5%	5.9%	NA	NA	NA	NA
MBM Resources	4.15	Buy	11.3%	11.7%	8.6%	0.2%	2.9%	2.9%	Net cash
Bermaz Auto	2.24	Buy	4.9%	9.5%	9.1%	13.6%	3.8%	10.3%	Net cash
Magnum	1.19	Buy	3.9%	7.6%	7.6%	9.2%	9.7%	11.3%	29.4%
Gas Malaysia	3.05	Hold	7.0%	7.4%	7.4%	11.3%	6.8%	2.9%	Net cash
YTL REIT	0.99	Buy	3.8%	7.1%	9.1%	1.6%	19.2%	16.4%	70.5%
Ta Ann	3.63	Buy	10.6%	7.0%	6.7%	24.4%	21.4%	15.0%	Net cash
RHB Bank	5.61	Hold	6.9%	6.7%	7.0%	NA	NA	NA	NA
Alliance Bank	3.45	Buy	4.9%	6.5%	6.0%	NA	NA	NA	NA
Bank Islam M'sia	2.09	Hold	5.1%	6.4%	6.6%	NA	NA	NA	NA
Sentral REIT	0.82	Buy	6.9%	6.3%	7.2%	9.9%	11.3%	13.9%	56.1%
Tambun Indah Land	0.88	Hold	7.3%	6.2%	6.2%	23.3%	14.5%	14.6%	Net cash
Heineken M'sia	23.80	Buy	5.5%	6.0%	6.2%	3.9%	6.1%	6.2%	24.0%
IGB REIT	1.63	Hold	5.4%	5.9%	6.1%	7.2%	7.1%	7.8%	24.7%
Sunway REIT	1.49	Hold	5.7%	5.9%	6.5%	1.7%	7.2%	9.7%	59.4%
CIMB Group	5.63	Buy	4.5%	5.7%	6.1%	NA	NA	NA	NA
Pavilion REIT	1.22	Buy	6.2%	5.7%	6.4%	9.4%	7.3%	7.0%	44.4%
Allianz Malaysia	16.40	Buy	6.0%	5.2%	5.2%	NA	NA	NA	NA

Source: Maybank IBG Research

Research universe

Ticker	Company	FYE	Price 31 Aug MYR	Market Cap MYR m	TP MYR	Rec	Core Net Profit			EPS			CAGR 22-24E (%)	PER			ROE CY23E (%)	Div Yld CY23E (%)	PBV CY23E (x)	Px chg YTD (%)	
							CY22	CY23E	CY24E	CY22	CY23E	CY24E		CY22	CY23E	CY24E					
<u>Auto</u>																					
BAUTO MK	Bermaz Auto	*	4	2.24	2,609	3.53	Buy	254.1	312.4	334.1	21.8	26.8	28.7	14.7	10.3	8.4	7.8	38.9	9.3	3.2	5.2
MBM MK	MBM Resources	*	12	4.15	1,622	4.80	Buy	224.2	247.4	253.9	57.3	63.3	65.0	6.5	7.2	6.6	6.4	11.7	11.7	0.8	26.5
TCM MK	Tan Chong Motor		12	1.07	697	0.88	Sell	(28.7)	(57.9)	13.5	(4.5)	(9.0)	2.1	n.a.	n.a.	n.a.	51.0	(2.0)	2.8	0.2	(9.3)
UMWH MK	UMW Holdings	*	12	4.77	5,573	6.02	Buy	421.0	502.8	519.5	36.0	43.0	44.4	11.1	13.3	11.1	10.7	10.6	3.6	1.2	37.5
SIME MK	Sime Darby	*	6	2.30	15,676	2.26	Hold	1,161.0	1,188.2	1,262.6	17.1	17.5	18.6	4.3	13.5	13.2	12.4	7.0	5.3	0.9	0.0
<u>Banks</u>																					
AMM MK	AMMB Holdings		3	3.73	12,351	4.20	Hold	1,656.9	1,581.9	1,634.0	49.8	47.5	49.0	(0.8)	7.5	7.9	7.6	8.4	4.4	0.7	(9.9)
BIMB MK	Bank Islam M'sia	*	12	2.09	4,737	2.20	Hold	491.7	503.3	537.8	20.0	22.0	23.0	7.2	10.5	9.5	9.1	6.9	6.2	0.6	(23.4)
ABMB MK	Alliance Bank		3	3.45	5,341	4.10	Buy	651.6	647.3	674.5	42.3	41.8	43.3	1.2	8.2	8.3	8.0	9.1	6.2	0.8	(6.0)
CIMB MK	CIMB Group		12	5.63	60,045	6.50	Buy	5,439.9	6,339.5	6,833.4	52.0	61.0	66.0	12.7	10.8	9.2	8.5	9.5	5.9	0.9	(2.9)
HLBK MK	Hong Leong Bk		6	19.96	43,268	23.00	Buy	3,553.8	3,899.8	4,170.0	173.5	185.0	192.5	5.3	11.5	10.8	10.4	11.1	3.1	1.2	(2.9)
HLFG MK	HL Fin Group		6	18.22	20,866	21.70	Buy	2,621.8	2,791.1	2,894.9	231.0	246.0	255.5	5.2	7.9	7.4	7.1	10.0	2.8	0.7	(2.0)
PBK MK	Public Bank		12	4.23	82,107	5.05	Buy	6,119.5	6,714.5	7,008.2	32.0	35.0	36.0	6.1	13.2	12.1	11.8	12.6	4.5	1.5	(2.1)
RHBBANK MK	RHB Bank		12	5.61	24,046	6.20	Hold	2,707.7	2,625.6	2,789.1	68.0	61.0	64.0	(3.0)	8.3	9.2	8.8	8.7	6.8	0.8	(3.1)
<u>Construction</u>																					
GAM MK	Gamuda	*	7	4.50	11,992	4.80	Buy	829.9	828.4	946.5	32.4	31.6	36.1	5.6	13.9	14.2	12.5	7.5	7.6	1.2	20.0
IJM MK	IJM Corp	*	3	1.77	6,206	2.18	Buy	318.6	336.5	388.4	9.0	9.5	11.0	10.4	19.6	18.6	16.1	3.4	3.7	0.6	10.6
CMS MK	Cahaya Mata Swak	*	12	1.17	1,257	1.47	Buy	106.7	140.0	157.7	9.9	13.0	14.7	21.9	11.8	9.0	8.0	4.2	2.6	0.4	9.3
SCGB MK	Sunway Con	*	12	1.91	2,463	1.73	Hold	135.2	135.4	135.8	10.5	10.5	10.5	-	18.2	18.2	18.2	16.9	2.9	3.1	22.4
PINT MK	Pintaras	*	6	1.61	267	1.70	Buy	10.7	(0.7)	6.3	6.5	(0.4)	3.8	(23.2)	25.0	n.a.	42.4	(0.2)	2.2	0.7	(22.6)
<u>Consumer</u>																					
AEON MK	AEON Co. (M)	*	12	1.06	1,488	1.75	Buy	133.5	126.7	134.0	9.5	9.0	9.5	-	11.2	11.8	11.2	6.7	3.8	0.8	(22.6)
CAB MK	Carlsberg Brew		12	20.20	6,176	24.70	Buy	326.5	346.2	361.1	106.8	113.2	118.1	5.2	18.9	17.8	17.1	164.9	4.6	28.7	(11.7)
HEIM MK	Heineken Msia		12	23.80	7,190	30.80	Buy	412.8	427.7	437.3	136.7	141.6	144.8	2.9	17.4	16.8	16.4	85.7	5.9	14.7	(5.6)
PAD MK	Padini Holdings	*	6	3.95	2,599	5.25	Buy	185.7	224.8	234.1	28.2	34.2	35.6	12.4	14.0	11.6	11.1	20.0	2.7	2.3	17.9
NESZ MK	Nestle (Malaysia)	*	12	130.50	30,602	118.80	Sell	662.9	688.4	775.0	282.7	293.6	330.5	8.1	46.2	44.4	39.5	108.8	2.2	48.4	(6.8)
QLG MK	QL Resources	*	3	5.40	13,142	5.90	Hold	314.4	391.1	426.3	13.0	16.1	17.5	16.3	41.7	33.5	30.8	13.8	0.8	4.5	(2.0)
SEM MK	7 - Eleven Msia		12	1.92	2,129	1.90	Hold	68.6	75.4	83.7	6.2	6.8	7.5	10.0	31.0	28.2	25.6	46.1	2.2	13.0	(0.5)
MNHB MK	Mynews Holdings		10	0.52	386	0.51	Hold	(19.0)	(13.1)	3.2	(2.8)	(1.9)	0.5	n.a.	n.a.	n.a.	106.6	(6.4)	0.0	1.7	(18.3)
BFD MK	Berjaya Food	*	6	0.68	1,193	0.65	Hold	118.2	98.6	93.0	6.6	5.5	5.2	(11.3)	10.4	12.5	13.2	18.9	4.0	2.2	(34.6)
LHIB MK	Leong Hup Intl.		12	0.55	2,008	0.78	Buy	218.9	185.5	220.3	6.0	5.1	6.0	-	9.2	10.8	9.2	8.7	2.7	0.9	11.1
MRDIY MK	MR D.I.Y. Group	*	12	1.55	14,632	2.40	Buy	479.6	575.9	685.7	5.1	6.1	7.3	19.6	30.4	25.4	21.2	33.2	1.9	8.4	(22.5)
INNATURE MK	InNature	*	12	0.47	328	0.50	Hold	21.3	10.5	20.0	3.0	1.5	2.8	(3.4)	15.5	31.0	16.6	7.6	6.5	2.0	(20.5)
FFB MK	Farm Fresh	*	3	1.20	2,246	1.20	Hold	58.0	61.7	96.5	3.1	3.3	5.2	28.4	38.4	36.4	23.3	9.2	0.7	3.3	(11.1)
DXN MK	DXN Holdings	*	2	0.70	3,465	0.90	Buy	294.5	335.7	390.9	6.1	7.0	8.1	15.5	11.5	10.0	8.6	28.0	4.6	2.4	(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 Aug MYR	Market Cap MYR m	TP MYR	Rec	Core Net Profit			EPS CY23E MYR sen	CAGR 22-24E (%)	PER CY23E (x)	ROE CY23E (%)	Div Yld CY23E (%)	PBV CY23E (x)	Px chg YTD (%)					
							CY22	CY23E	CY24E												
Gaming																					
SPTOTO MK	Sports Toto	6	1.48	1,971	1.53	Hold	192.0	221.3	222.1	14.3	16.5	16.6	7.6	10.3	9.0	8.9	20.1	7.1	1.8	(8.6)	
MAG MK	Magnum	12	1.19	1,710	1.25	Buy	100.5	160.5	159.4	7.0	11.2	11.1	25.9	17.0	10.6	10.7	6.6	7.6	0.7	(7.8)	
GENT MK	Genting Bhd	12	4.37	16,827	5.36	Buy	87.2	888.6	1,908.1	2.3	23.1	49.6	364.4	190.0	18.9	8.8	2.8	3.4	0.5	(2.5)	
GENM MK	Genting Msia	12	2.57	14,566	2.77	Buy	235.9	576.0	949.4	4.2	10.2	16.8	100.0	61.2	25.2	15.3	4.7	5.8	1.2	(4.5)	
Glove																					
HART MK	Hartalega Hldgs	*	3	1.95	6,664	2.12	Hold	905.4	26.9	68.2	26.3	0.8	2.0	(72.6)	7.4	251.6	98.7	0.6	0.0	1.4	14.7
KRI MK	Kossan Rubber	*	12	1.29	3,292	1.47	Hold	156.6	(57.0)	3.5	6.1	(2.2)	0.1	(87.2)	21.1	n.a.	1290.0	(1.5)	2.3	0.9	17.3
TOPG MK	Top Glove Corp	*	8	0.77	6,126	0.80	Sell	(37.9)	(476.7)	(140.1)	(0.4)	(5.8)	(1.7)	n.a.	n.a.	n.a.	n.a.	(9.7)	0.0	1.2	(15.5)
Healthcare																					
IHH MK	IHH Healthcare	*	12	5.95	52,402	7.13	Buy	1,380.7	1,559.9	1,742.6	15.7	17.7	19.8	12.3	37.9	33.6	30.1	6.0	3.0	2.0	(4.3)
KPJ MK	KPJ Healthcare	*	12	1.16	5,063	1.20	Hold	167.0	217.5	263.0	3.7	4.8	5.8	25.2	31.4	24.2	20.0	9.4	2.5	2.3	14.9
OPTIMAX MK	Optimax	*	12	0.71	381	0.86	Buy	14.7	16.2	16.2	2.2	2.4	2.4	4.4	32.0	29.4	29.4	26.4	3.4	6.4	(10.2)
Materials																					
PMAH MK	Press Metal Ind	*	12	4.85	39,962	5.40	Buy	1,418.0	1,465.5	1,690.6	17.2	17.8	20.5	9.2	28.2	27.2	23.7	19.4	1.4	5.3	(0.6)
Media																					
ASTRO MK	Astro Msia Hldgs		1	0.51	2,662	0.59	Sell	288.9	259.1	202.6	5.5	4.9	3.8	(17.1)	9.2	10.4	13.4	21.7	4.8	2.2	(21.5)
MPR MK	Media Prima		6	0.45	494	0.41	Hold	15.1	17.5	34.2	1.2	1.6	3.1	64.2	38.7	28.1	14.4	2.6	2.8	0.8	6.0
Non-Banking Financials																					
BURSA MK	Bursa Malaysia	*	12	6.90	5,584	6.55	Hold	226.6	251.4	229.7	28.0	31.1	28.4	0.7	24.6	22.2	24.3	30.1	3.8	6.8	3.8
ALLZ MK	Allianz Malaysia		12	16.40	2,919	19.20	Buy	472.8	538.0	588.1	136.6	155.5	169.9	11.5	12.0	10.5	9.7	11.6	5.2	0.7	15.8
RCE MK	RCE Capital	*	3	2.36	1,730	2.38	Buy	137.4	135.8	139.2	18.8	18.3	18.8	-	12.6	12.9	12.6	16.4	7.6	2.1	39.6
MNRB MK	MNRB		3	1.02	799	1.09	Hold	118.5	134.3	152.6	15.1	17.2	19.5	13.6	6.7	5.9	5.2	5.0	2.2	0.3	15.9
Oil & Gas																					
DLG MK	Dialog Group	*	6	2.05	11,567	4.90	Buy	518.4	555.8	621.8	9.2	9.9	11.0	9.3	22.3	20.8	18.6	9.1	1.8	2.1	(16.3)
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	0.94	724	1.20	Buy	61.7	92.3	109.7	8.0	11.9	14.2	33.2	11.7	7.9	6.6	13.7	0.0	1.1	50.8
MMHE MK	MMHE	*	12	0.49	776	0.85	Buy	48.6	77.3	83.5	3.0	4.8	5.2	31.7	16.2	10.1	9.3	4.2	0.0	0.4	(18.5)
BAB MK	Bumi Armada		12	0.51	3,021	0.58	Sell	821.7	829.5	842.8	13.9	14.0	14.3	1.4	3.7	3.6	3.6	13.9	0.0	0.5	6.3
YNS MK	Yinson Hldgs		1	2.51	7,296	5.05	Buy	551.8	846.7	996.7	18.5	27.8	32.6	32.9	13.6	9.0	7.7	15.2	0.8	1.7	3.3
SAPE MK	Sapura Energy	*	1	0.05	799	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	(0.3)	42.9
VEB MK	Veleso Energy	*	12	0.24	1,931	0.20	Sell	(49.8)	80.6	119.4	(0.6)	1.0	1.5	n.a.	n.a.	23.5	15.7	3.4	0.0	0.8	56.7
FAVCO MK	Favelle Favco	*	12	1.86	435	1.85	Hold	46.1	56.9	73.7	20.0	24.6	31.9	26.3	9.3	7.6	5.8	7.5	2.3	0.6	8.1
HIBI MK	Hibiscus Petro	*	6	0.96	1,922	1.90	Buy	391.6	474.3	517.8	19.5	23.6	25.8	15.1	4.9	4.0	3.7	14.8	1.3	0.7	(10.7)

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Ticker	Company	FYE	Price 31 Aug MYR	Market Cap MYR m	TP MYR	Rec	Core Net Profit			EPS CY23E MYR sen	CAGR 22-24E (%)	PER CY23E (x)	ROE CY23E (%)	Div Yld CY23E (%)	PBV CY23E (x)	Px chg YTD (%)					
							CY22	CY23E	CY24E												
Petrochemical																					
PCHEM MK	Petronas Chem	*	12	7.12	56,960	7.00	Hold	6,411.0	2,605.2	3,919.9	80.1	32.6	49.0	(21.8)	8.9	21.8	14.5	6.5	2.3	1.4	(17.2)
TTNP MK	Lotte Chemical	*	12	1.23	2,801	1.01	Sell	(712.1)	(832.8)	(103.6)	(31.3)	(36.6)	(4.6)	n.a.	n.a.	n.a.	n.a.	(7.8)	0.0	0.3	(13.4)
Plantation																					
GENP MK	Genting Plant	*	12	5.38	4,827	6.08	Hold	491.1	287.2	288.1	54.7	32.0	32.1	(23.4)	9.8	16.8	16.8	5.4	3.6	0.9	(15.9)
IOI MK	IOI Corp	*	6	4.03	25,001	3.85	Hold	1,519.1	1,314.4	1,285.2	24.5	21.2	20.7	(8.0)	16.5	19.0	19.5	11.3	3.0	2.2	(0.5)
KLK MK	KL Kepong	*	9	21.54	23,230	23.00	Hold	1,947.5	1,256.6	1,474.7	180.7	116.6	136.8	(13.0)	11.9	18.5	15.7	8.4	3.2	1.7	(3.7)
SDPL MK	Sime Plantation	*	12	4.39	30,360	4.44	Hold	2,180.1	1,192.2	1,727.4	31.5	17.2	25.0	(10.9)	13.9	25.5	17.6	6.9	3.4	1.8	(5.6)
BPLANT MK	Boustead Plant	*	12	1.51	3,382	1.55	Buy	185.3	52.4	51.0	8.3	2.3	2.3	(47.4)	18.2	65.7	65.7	1.8	0.9	1.1	134.1
SOP MK	Swak Oil Palms	*	12	2.55	2,270	2.81	Buy	490.0	227.2	242.0	55.6	25.5	27.2	(30.1)	4.6	10.0	9.4	6.6	3.0	0.7	(1.9)
TSH MK	TSH Resources	*	12	1.03	1,422	0.96	Hold	189.6	120.1	128.4	13.7	8.7	9.3	(17.6)	7.5	11.8	11.1	5.9	4.0	0.7	(3.7)
THP MK	TH Plantations	*	12	0.54	473	0.48	Sell	69.3	13.3	24.6	7.8	1.5	2.8	(40.1)	6.9	35.7	19.1	1.9	0.0	0.7	1.9
TAH MK	Ta Ann Hldgs	*	12	3.63	1,599	3.75	Buy	348.3	183.7	176.6	79.1	41.7	40.1	(28.8)	4.6	8.7	9.1	10.1	6.9	0.9	(4.0)
Property Dev																					
SPSB MK	SP Setia	*	12	0.92	3,754	1.20	Buy	286.8	276.7	590.6	7.0	6.8	14.5	43.9	13.1	13.5	6.3	2.3	1.6	0.3	53.3
UEMS MK	UEM Sunrise	*	12	0.73	3,693	0.59	Hold	73.2	83.5	132.1	1.4	1.7	2.6	36.3	52.1	42.9	28.1	1.2	0.7	0.5	186.3
SWB MK	Sunway Berhad	*	12	1.99	9,860	1.92	Hold	637.8	731.4	782.7	10.7	12.3	13.2	11.1	18.6	16.2	15.1	5.6	2.5	0.9	22.8
ECW MK	Eco World Devt	*	10	1.03	3,033	1.02	Buy	239.5	280.0	294.3	8.2	9.5	10.0	10.5	12.6	10.8	10.3	5.7	4.9	0.6	59.7
ECWI MK	Eco World Intl	*	10	0.71	1,704	0.66	Hold	(139.2)	(52.8)	(47.8)	(5.8)	(2.2)	(2.0)	n.a.	n.a.	n.a.	n.a.	(2.0)	0.0	0.7	82.1
TILB MK	Tambun Indah	*	12	0.88	384	0.98	Hold	61.2	58.4	58.5	14.0	13.3	13.3	(2.5)	6.3	6.6	6.6	7.5	6.1	0.5	14.4
SDPR MK	Sime Darby Prop	*	12	0.74	4,999	0.75	Buy	328.0	304.8	338.5	4.8	4.5	5.0	2.1	15.3	16.3	14.7	3.1	2.7	0.5	63.3
REIT																					
AXRB MK	Axis REIT	*	12	1.87	3,256	2.16	Buy	157.9	162.2	205.5	9.6	9.3	11.8	10.9	19.5	20.1	15.8	5.9	4.5	1.2	4.5
SALAM MK	Al-Salam REIT	*	12	0.46	267	0.46	Hold	15.7	12.0	19.1	2.7	2.1	3.3	10.6	17.0	21.9	13.9	1.9	3.7	0.4	24.3
KLCCSS MK	KLCCP Staped	*	12	6.70	12,096	7.00	Hold	684.9	756.8	769.9	37.9	41.9	42.6	6.0	17.7	16.0	15.7	5.5	5.3	0.8	(0.1)
SENTRAL MK	Sentral REIT		12	0.82	879	0.91	Buy	76.2	72.3	82.9	7.1	6.0	6.9	(1.4)	11.5	13.7	11.9	5.2	6.3	0.7	(8.4)
CLMT MK	Capitaland MT		12	0.53	1,430	0.53	Hold	86.5	116.6	127.8	4.0	3.7	4.0	-	13.3	14.3	13.3	4.0	6.2	0.5	(0.9)
SREIT MK	Sunway REIT		12	1.49	5,103	1.54	Hold	328.7	334.9	369.7	9.6	9.8	10.8	6.1	15.5	15.2	13.8	6.4	5.9	1.0	2.1
IGBREIT MK	IGB REIT		12	1.63	5,864	1.70	Hold	336.2	370.1	382.8	9.4	10.3	10.6	6.2	17.3	15.8	15.4	9.5	6.3	1.5	(1.2)
PREIT MK	Pavilion REIT		12	1.22	4,456	1.51	Buy	246.4	297.2	341.0	8.1	7.3	8.3	1.2	15.1	16.7	14.7	5.5	5.7	0.9	0.8
YTLREIT MK	YTL REIT		6	0.99	1,687	1.01	Buy	139.0	142.3	146.3	8.2	8.4	8.6	2.7	12.1	11.9	11.5	5.0	8.0	0.6	7.6
Renewable Energy																					
CYP MK	Cypark Res	*	10	0.78	612	0.77	Hold	82.7	50.0	27.1	12.9	7.8	4.2	(42.6)	6.1	10.0	18.4	6.0	0.0	0.3	66.0
SOLAR MK	Solarvest	*	3	1.31	875	1.40	Hold	16.5	26.7	40.9	2.4	4.0	6.0	57.6	54.0	33.2	21.7	12.8	0.6	4.0	53.2

* 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 Aug MYR	Market Cap MYR m	TP MYR	Rec	Core Net Profit			EPS			CAGR 22-24E (%)	PER			ROE CY23E (%)	Div Yld CY23E (%)	PBV CY23E (x)	Px chg YTD (%)	
							CY22	CY23E	CY24E	CY22	CY23E	CY24E		CY22	CY23E	CY24E					
<u>Technology</u>																					
INARI MK	Inari Amertron	*	6	3.15	11,780	3.00	Hold	364.4	372.8	439.1	9.5	9.7	11.5	9.8	33.2	32.5	27.5	14.1	2.8	4.5	20.7
VITRO MK	ViTrox Corp	*	12	7.58	7,166	8.10	Hold	217.2	175.5	250.0	22.9	18.5	26.4	7.4	33.1	41.0	28.7	17.5	0.6	7.1	(0.9)
GTB MK	Globetronics	*	12	1.59	1,067	1.13	Sell	47.2	26.0	36.1	7.1	3.9	5.4	(12.8)	22.4	40.8	29.4	8.3	2.5	3.5	37.1
VSI MK	V.S. Industry	*	7	0.96	3,690	0.80	Hold	198.0	211.2	260.9	4.8	5.1	6.1	13.6	20.2	18.9	15.6	8.9	2.3	1.6	9.1
GREATEC	Greatech Tech	*	12	4.50	5,641	5.20	Buy	126.6	150.6	185.8	10.1	12.0	14.8	21.1	44.6	37.5	30.4	20.4	0.0	7.6	(7.0)
FRCB MK	Frontken Corp	*	12	3.50	5,503	3.50	Hold	122.5	136.9	168.5	7.8	8.7	10.7	17.1	44.9	40.2	32.7	25.4	1.3	9.0	13.6
GHL MK	GHL Systems	*	12	0.75	856	0.82	Hold	28.8	31.1	35.5	2.5	2.7	3.1	11.4	30.0	27.8	24.2	5.7	0.0	1.6	(12.8)
MYEG MK	My E.G. Services	*	12	0.80	5,886	1.16	Buy	353.0	412.3	434.9	4.7	5.5	5.8	11.1	16.9	14.5	13.7	19.0	2.0	2.7	(7.8)
REVENUE MK	Revenue Group	*	6	0.24	130	0.27	Hold	(9.7)	(14.2)	5.6	(1.6)	(2.3)	0.9	n.a.	n.a.	n.a.	26.1	(11.3)	0.0	0.8	(65.2)
CTOS MK	CTOS Digital	*	12	1.42	3,280	1.97	Buy	74.0	116.6	122.7	3.2	5.0	5.3	28.7	44.4	28.4	26.8	20.6	1.8	5.8	0.0
ATECH MK	Aurelius Tech	*	1	2.63	1,036	2.61	Buy	39.8	46.8	60.9	10.1	11.9	15.5	23.6	26.0	22.1	17.0	14.4	2.2	3.7	43.7
RAMSSOL MK	Ramssol	*	12	0.39	94	0.46	Buy	4.0	7.2	8.9	1.8	2.9	3.6	41.4	21.4	13.3	10.7	11.5	0.0	1.4	(12.5)
ITMAX MK	ITMAX System	*	12	1.44	1,481	1.71	Buy	44.5	65.6	78.4	4.3	6.4	7.6	32.9	33.5	22.5	18.9	19.4	0.9	4.4	1.4
<u>Telecommunication</u>																					
CDB MK	CelcomDigi	*	12	4.38	51,384	4.60	Hold	763.5	1,308.7	2,131.2	9.4	11.2	18.2	39.1	46.6	39.1	24.1	8.1	2.6	3.2	9.5
T MK	Telekom Msia	*	12	5.10	19,492	6.50	Buy	1,245.9	1,794.9	1,830.6	32.9	47.0	47.9	20.7	15.5	10.9	10.6	19.9	3.7	2.2	(5.6)
AXIATA MK	Axiata Group	*	12	2.36	21,662	3.40	Buy	1,586.7	342.4	876.6	17.3	3.7	9.6	(25.5)	13.6	63.8	24.6	1.5	4.2	0.9	(23.6)
MAXIS MK	Maxis	*	12	4.01	31,407	4.00	Hold	1,182.0	1,370.5	1,477.0	15.1	17.5	18.9	11.9	26.6	22.9	21.2	21.4	4.2	4.9	4.4
TDC MK	Time dotCom	*	12	5.50	10,158	5.30	Hold	421.1	419.3	442.8	23.0	22.8	24.1	2.4	23.9	24.1	22.8	11.5	14.1	4.8	12.2
<u>Transport</u>																					
CAPITALA MK	Capital A	*	12	0.97	4,085	1.01	Hold	(2,717.1)	(457.7)	519.3	(65.2)	(6.6)	9.7	n.a.	n.a.	n.a.	10.0	7.4	0.0	(0.7)	55.2
AAX MK	AirAsia X	*	12	2.20	984	3.56	Buy	(781.2)	144.4	265.5	(188.3)	32.3	59.4	n.a.	n.a.	6.8	3.7	29.2	0.0	12.3	286.0
MAHB MK	Msia Airports	*	12	7.37	12,297	7.96	Buy	(406.2)	308.8	611.8	(24.5)	18.5	36.7	n.a.	n.a.	39.8	20.1	4.7	1.3	1.6	12.3
WPRTS MK	Westports	*	12	3.50	11,935	3.68	Hold	673.5	785.5	823.9	19.8	23.0	24.2	10.6	17.7	15.2	14.5	22.6	4.9	3.4	(7.9)
MISC MK	MISC	*	12	7.20	32,139	7.19	Hold	2,374.3	2,414.9	2,409.8	53.2	54.1	54.0	0.7	13.5	13.3	13.3	6.3	4.6	0.8	(4.0)
SWIFT MK	Swift Haulage	*	12	0.47	414	0.52	Hold	45.6	33.9	38.8	5.1	3.8	4.4	(7.1)	9.2	12.4	10.7	5.0	2.8	0.6	(2.1)
<u>Utilities</u>																					
TNB MK	Tenaga Nasional	*	12	9.84	56,947	10.00	Hold	4,702.9	5,019.7	5,255.9	81.4	86.9	91.0	5.7	12.1	11.3	10.8	8.3	4.9	0.9	2.2
PTG MK	Petronas Gas	*	12	17.12	33,876	17.00	Hold	1,696.2	1,787.2	1,810.9	85.7	90.3	91.5	3.3	20.0	19.0	18.7	13.2	4.2	2.5	0.0
GMB MK	Gas Msia	*	12	3.05	3,916	3.20	Hold	389.5	383.8	338.4	30.3	29.9	26.4	(6.7)	10.1	10.2	11.6	27.9	7.3	2.8	(6.4)
MLK MK	Malakoff Corp	*	12	0.59	2,859	0.55	Hold	302.2	(173.0)	299.0	6.2	(3.5)	6.1	(0.8)	9.4	n.a.	9.6	(2.8)	3.4	0.5	(10.0)
YTLP MK	YTL Power	*	6	2.14	17,339	2.30	Buy	950.7	2,269.1	2,582.4	11.8	28.0	31.9	64.6	18.2	7.6	6.7	12.7	2.8	1.0	199.3
MFCB MK	Mega First Corp	*	12	3.33	3,140	4.30	Buy	372.0	386.1	412.7	39.4	40.8	43.7	5.3	8.5	8.2	7.6	12.6	2.6	1.0	0.3
RAHH MK	Ranhill Utilities	*	12	0.67	863	0.60	Hold	96.7	49.1	43.8	7.5	3.8	3.4	(32.7)	8.9	17.6	19.7	6.3	3.7	1.1	47.3

* 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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