



Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	51,231.6	0.1	0.6	(2.9)	6.6
S&P 500	7,765.4	(0.5)	1.3	1.2	13.4
FTSE 100	10,441.6	(0.2)	0.1	(3.4)	5.1
AS30	8,851.8	0.3	(0.0)	(2.8)	(1.9)
CSI 300	4,310.3	(1.1)	(4.6)	(5.7)	(6.9)
FSSTI	5,413.0	(3.5)	(4.5)	(5.5)	16.5
HSCEI	8,010.6	(0.9)	(2.5)	(4.3)	(10.1)
HSI	23,785.8	(1.4)	(3.4)	(6.0)	(7.2)
JCI	6,031.3	(1.9)	0.4	(9.7)	(30.2)
KLCI	1,601.0	(0.7)	(1.8)	(6.6)	(4.7)
KOSPI	6,625.9	(2.6)	(3.1)	(4.1)	57.2
Nikkei 225	69,042.1	(1.4)	0.1	6.0	37.2
SET	1,570.6	(0.9)	0.4	(2.9)	24.7
TWSE	49,313.4	(1.0)	2.0	6.8	70.3
BDI	2,973	(0.7)	(5.3)	(17.0)	58.4
CPO (RM/mt)	4,333	(0.8)	(2.6)	(7.0)	10.2
Brent Crude (US\$/bbl)	104	4.1	1.9	6.5	71.4

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
Small & Mid-Caps Corporate Day	Singapore	21 Oct	21 Oct

Corporate and Macro Calendar

Economic Indicator/Event	Country/Region	Date
Industrial Production	Malaysia	09 Oct
Manufacturing Sales	Malaysia	09 Oct
Malaysia Budget 2027	Malaysia	09 Oct

Top Stories

Company Update | Hume Cement Industries (HUME MK/BUY/RM2.57/Target: RM4.16)

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- While bulk cement ASPs have modestly normalised from the Nov 25 price adjustments (<10%), HUME continues to demonstrate margin resilience. The group remains well-equipped to manage cost headwinds, underpinned by: a) its coal procurement strategy, b) ongoing operational efficiencies, and c) an agile manufacturing mix. HUME trades at an undemanding 7.5x FY27F PE (-1SD from industry mean), and offers attractive dividend yields of 5.4% and 5.7% over FY27-28. Maintain BUY with a target price of RM4.16.

Market Spotlight

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- The FBMKLCI continued to slide by 10.77pt to close at 1,601.01 yesterday amid persistent selling pressure in index-linked counters.
- US stocks were mixed after the close on Thursday, as gains in the oil & gas, telecoms and consumer goods sectors led shares higher while losses in the technology, healthcare and utilities sectors led shares lower.

Technical Analysis

FBMKLCI, FCPO & FKLII Index Outlook

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Traders' Corner

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Sarawak Plantation | SPLB MK

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- Trading Buy Range: RM4.49-4.50

Toyo Ventures Holdings | TOYOVEN MK

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- Trading Buy Range: RM0.21-0.22

YBS International | YBS MK

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- Trading Buy Range: RM0.275-0.28

Hume Cement Industries (HUME MK)

Business Resilience Continues To Cement Its Margin Leadership

Highlights

- While bulk cement ASPs have modestly normalised from the Nov 25 price adjustments (<10%), HUME continues to demonstrate margin resilience.
- The group remains well-equipped to manage cost headwinds, underpinned by: a) its disciplined coal procurement strategy, b) ongoing operational efficiency initiatives, and c) an agile manufacturing mix.
- HUME trades at an undemanding 7.5x FY27F PE (-1SD from industry mean), and offers attractive dividend yields of 5.4% and 5.7% over FY27-28. Maintain BUY with a target price of RM4.16.

Analysis

- Well-positioned to navigate elevated coal prices.** The cement sector's share prices have retraced by approximately 26% ytd, largely reflecting the sharp rise in Newcastle coal prices (+42% ytd) and Indonesian coal benchmark prices (+43% ytd). While coal typically represents a significant portion of Hume Cement Industries' (HUME) COGS, the group remains well-equipped to manage cost headwinds, underpinned by: a) its disciplined coal procurement strategy; b) ongoing operational efficiency initiatives; and c) an agile manufacturing mix, prioritising production of high demand products.
- Solid coal procurement strategy.** HUME's fuel cost resilience is underpinned by its advanced technology which enables utilisation of lower-grade coal without compromising product quality. The aforementioned coal generally trades at a discount to Newcastle benchmark coal, enabling the group to benefit from cost advantage. Coupled with HUME's strategy of accumulating coal inventories ahead of anticipated price increases, we believe the group is well positioned to cushion the impact of rising coal costs in the near term, particularly in 1QFY27.
- Investing in structural cost efficiencies.** HUME is currently integrating a waste heat recovery (WHR) system into its cement manufacturing operations, which is expected to generate electricity cost savings of approximately RM2m per month upon commissioning. The RM100m project is slated for completion in Sep 27 (1QFY28), and is expected to help mitigate the impact of current energy cost headwinds from elevated fuel prices. We believe the WHR initiative will further underpin HUME's margin expansion trajectory while enhancing its cost resilience, reinforcing its position as one of the sector's highest-margin players (FY28 net margin: 22%).

Key Financials

Year to 30 Jun (RMm)	2025	2026	2027F	2028F	2029F
Net turnover	1,114.6	1,056.2	1,181.2	1,225.5	1,254.0
EBITDA	374.3	582.2	410.7	438.4	457.8
Operating profit	301.5	506.2	334.2	361.6	380.6
Net profit (rep./act.)	223.2	430.6	250.2	266.6	280.7
Net profit (adj.)	195.8	239.2	250.1	266.6	280.7
EPS	27.1	33.0	34.5	36.8	38.7
PE (x)	9.5	7.8	7.5	7.0	6.6
P/B (x)	2.6	1.7	1.5	1.4	1.2
EV/EBITDA (x)	4.7	2.3	2.9	2.4	1.9
Dividend yield (%)	3.9	5.1	5.4	5.7	6.0
Net margin (%)	17.6	22.6	21.2	21.8	22.4
Net debt/(cash) to equity (%)	(12.3)	(49.5)	(55.2)	(60.0)	(64.3)
Interest cover (x)	24.5	138.7	66.2	35.8	37.7
ROE (%)	26.9	22.4	20.5	19.3	18.1
Consensus net profit	-	-	-	-	-
UOBKH/Consensus (x)	-	-	-	-	-

Source: HUME, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	RM2.57
Target Price	RM4.16
Upside	61.9%

Stock Data

Sector	Materials
Bloomberg ticker	HUME MK
Shares issued (m)	725.5
Market cap (RMm)	1,864.5
Market cap (US\$m)	455.8
3-mth avg daily t'over (US\$m)	0.1

Price Performance (%)

52-week high/low			RM3.92/RM2.52	
1mth	3mth	6mth	1yr	YTD
(7.9)	(9.5)	(15.2)	(23.1)	(23.5)

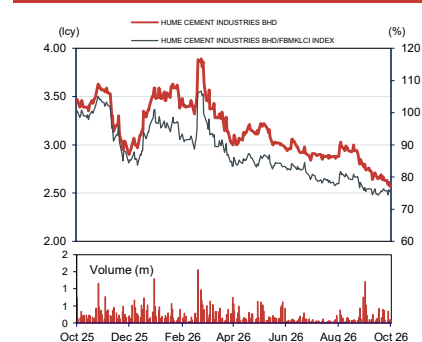
Major Shareholders (%)

Hong Leong Manufacturing Group	72.8
Public Mutual Bhd	3.7
Public Smallcap Fund	1.9

Balance Sheet Metrics

FY27F NAV/Share (RM)	1.7
FY27F Net Cash/Share (RM)	0.9

Price Chart



Source: Bloomberg

Company Description

Hume is an emerging cement player and the third-largest cement player in Malaysia in terms of capacity.

- **Unlocking attractive dividend yields.** Against these backdrops, we expect HUME to adopt a more proactive capital allocation strategy, supported by its robust net cash position of RM529.7m and debt-free balance sheet. This could pave the way for higher dividend distributions alongside strategic growth investments. At current levels, HUME trades at an undemanding 7.5x FY27F PE (-1SD from industry mean), and offers attractive dividend yields of 5.4% and 5.7% over FY27-28 respectively, based on a 40% payout ratio.
- **An agile production mix supports earnings quality.** HUME adopts a highly responsive production planning process, with weekly reviews to align output with current orders and anticipated market demand. This enables management to prioritise higher-demand and higher-margin products, optimise its sales mix, and improve capacity utilisation efficiency. Importantly, the flexibility also supports strategic commercialisation of its industry-specific cement products and helps optimise its sales mix and profitability, even at a modest 60-70% utilisation rate. To add, the company has recently expanded its product offerings with bespoke solutions designed to meet customers' evolving and specific requirements.

Valuation/Recommendation

- **Maintain BUY with a target price of RM4.16.** We peg our fair value to 12x FY27F EPS (industry mean PE), which fairly reflects near-term concerns over rising coal costs, the potential slowdown in construction activities due to surging oil prices from the Middle East conflicts, and less aggressive-than-hoped capital management.
- We continue to like HUME for its above-industry-average margins and as a beneficiary of the execution of large-scale infrastructure developments well into 2027. Beyond earnings, there is also capital management potential, as HUME is currently in a net cash position.

Earnings Revision/Risk

- No changes to earnings.

Share Price Catalyst/Risk

- **Potential relief from elevated coal prices.** On a positive note, Indonesia has scrapped its earlier plan to reduce its 2026 coal production quota to around 600m tonnes (from ~790m tonnes in 2025) and is expected to lift its 2026 coal production quota to exceed 600m tonnes. Overall, while coal prices remain elevated in the near term, the easing of production restrictions should help alleviate earlier concerns over a severe supply crunch for cement producers reliant on Indonesian coal imports.

Environment, Social, Governance (ESG) Updates

Environmental

- In FY26, the group managed to reduce around 10% of its Scope 3 GHG emissions compared with FY25.
- Implementation of waste management protocols successfully led to 306,112 tonnes of waste being recycled in FY26 with a 10% yoy reduction in hazardous waste generation.

Social

- In FY26, the group allocated RM25,662, with employees volunteering 254 hours for community outreach, benefitting 4,010 individuals from local schools, residents' associations, and local enforcement agencies.

Governance

- The board comprises five members consisting of three Independent Directors. Meanwhile, women comprise 20% (one director) of the board.

Cement Sector's Ytd Share Price Performance



Source: Bloomberg, UOB Kay Hian

Ytd Newcastle Coal Prices



Source: Bloomberg, UOB Kay Hian

Profit & Loss

Year to 30 Jun (RMm)	2026	2027F	2028F	2029F
Net turnover	1,056.2	1,181.3	1,225.5	1,254.0
EBITDA	582.2	410.7	438.4	457.8
Deprec. & amort.	(76.0)	(76.5)	(76.8)	(77.2)
EBIT	506.2	334.3	361.6	380.6
Net interest income/(expense)	(3.7)	(5.0)	(10.1)	(10.1)
Pre-tax profit	511.4	338.0	360.3	379.3
Tax	(80.8)	(87.9)	(93.7)	(98.6)
Minorities	-	-	-	-
Net profit	430.6	250.1	266.6	280.7
Net profit (adj.)	239.2	250.1	266.6	280.7

Cash Flow

Year to 30 Jun (RMm)	2026	2027F	2028F	2029F
Operating	394.0	423.8	341.9	357.9
Pre-tax profit	511.4	338.0	360.3	379.3
Tax	(18.1)	(87.9)	(93.7)	(98.6)
Deprec. & amort.	76.0	76.5	76.8	77.2
Working capital changes	16.8	(28.8)	(1.6)	(1.0)
Other operating cashflows	5.0	6.0	7.0	8.0
Investing	(158.4)	(80.0)	(80.0)	(80.0)
Capex (growth)	(36.7)	(80.0)	(80.0)	(80.0)
Capex (maintenance)	0.0	0.0	0.0	0.0
Others	(316.8)	0.0	0.0	0.0
Financing	(241.0)	(0.1)	(106.7)	(111.3)
Dividend payments	(93.8)	(100.1)	(106.7)	(112.3)
Proceeds from borrowings	0.0	100.0	0.0	0.0
Loan repayment	0.0	100.0	0.0	0.0
Others/interest paid	5.0	6.0	7.0	8.0
Net cash inflow (outflow)	(5.4)	343.7	155.3	166.6
Beginning cash & cash equivalent	84.9	79.5	423.3	578.6
Changes due to forex impact	0.0	0.0	0.0	0.0
Ending cash & cash equivalent	79.5	423.3	578.6	746.2

Balance Sheet

Year to 30 Jun (RMm)	2026	2027F	2028F	2029F
Fixed assets	713.8	690.4	693.5	696.3
Other LT assets	53.7	75.6	75.6	75.6
Cash/ST investment	529.7	873.5	1,028.7	1,196.3
Other current assets	102.6	254.6	266.9	275.9
Total assets	1,399.8	1,894.0	2,064.8	2,244.2
ST debt	0.0	100.0	100.0	100.0
Other current liabilities	167.9	296.0	306.8	313.7
LT debt	0.0	100.0	100.0	100.0
Other LT liabilities	161.6	177.7	177.7	178.7
Shareholders' equity	1,070.2	1,220.3	1,380.3	1,549.7
Minority interest	0.0	0.0	0.0	0.0
Total liabilities & equity	1,399.8	1,894.0	2,064.8	2,242.2

Key Metric

Year to 30 Jun (%)	2026	2027F	2028F	2029F
Profitability				
EBITDA margin	55.1	34.8	35.8	36.5
Pre-tax margin	48.4	28.6	29.4	30.2
Net margin	22.6	21.2	21.8	22.4
ROA	17.1	13.2	12.9	12.5
ROE	22.4	20.5	19.3	18.1
Growth				
Turnover	(5.2)	11.8	3.7	2.3
EBITDA	55.6	(29.5)	6.7	4.4
Pre-tax profit	73.3	(33.9)	6.6	5.3
Net profit	22.2	4.6	6.6	5.3
Net profit (adj.)	22.2	4.6	6.6	5.3
EPS	21.9	4.6	6.6	5.3
Leverage				
Debt to total capital	0.0	(30.7)	(30.7)	(30.7)
Debt to equity	0.0	(16.4)	(14.5)	(12.9)
Net debt/(cash) to equity	(49.5)	(55.2)	(60.0)	(64.3)

Market Spotlight

Market News

The FBMKLCI continued to slide by 10.77pt to close at 1,601.01 yesterday amid persistent selling pressure in index-linked counters. Meanwhile, Asian shares slipped on Thursday as strains in sovereign bond markets were aggravated by reports some major tech companies were seeking to raise billions in debt in direct competition for limited funding. The FBMKLCI's top gainers were Petronas Gas (+3.1%), IOI Properties Group (+2.4%) and 99 Speed Mart Retail Holdings (+1.3%), while the top losers were Kuala Lumpur Kepong (-2.7%), Gamuda (-2.6%) and Axiata Group (-2.5%). In the broader market, losers outpaced gainers 813 to 378 with 482 counters unchanged. Turnover was 3.51b shares valued at RM3.46b.

US stocks were mixed after the close on Thursday, as gains in the oil & gas, telecoms and consumer goods sectors led shares higher while losses in the technology, healthcare and utilities sectors led shares lower. At the close in NYSE, the Dow Jones Industrial Average rose 0.10%, while the S&P 500 Index lost 0.47%, and the NASDAQ Composite Index fell 1.25%. Rising stocks outnumbered declining ones on the New York Stock Exchange by 1,659 to 1,039 and 92 ended unchanged; on the Nasdaq Stock Exchange, 1,863 fell and 1,539 advanced, while 212 ended unchanged. (*Sources: Investing.com*)

FBMKLCI, FCPO & FKLI Index Outlook

FBMKLCI



Source: UOBKH ChartGenie

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FTSE Bursa Malaysia KLCI

Last close: 1,601.01
Expected moving range: 1,600-1,630

Technical View:

Given that selling pressure still persists, the FBMKLCI has succumbed and closed in negative territory yesterday as the index closed below both the 7-day and 21-day EMA. Following global political uncertainties and a lack of domestic-driven catalysts, we expect the FBMKLCI to move sideways. However, lingering selling pressure may drag the index lower and potentially retest the psychological support at 1,600 in the near term. Support and resistance levels are still maintained as follows:

Support: 1,600, 1,590

Resistance: 1,651, 1,683

FCPO



Source: TradingView

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

Technical BUY with +2.2% potential return

Trading BUY range:	RM4,500-4,550
Last price:	RM4,696
Target price:	RM4,717, RM4,799
Resistance:	RM4,502
Stop-loss:	RM4,501

BUY with a target price of RM4,799 and stop-loss at RM4,501. Based on the chart, FCPO continues the bullish movement and closed higher at RM4,696. This bullish movement is supported by an uptick in RSI and bullish crossover in both MACD and DMI indicators. We still maintained our targets at RM4,717 and RM4,799 in the near term.

Expected timeframe: One day to three days

FKLI



Source: TradingView

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

Technical SELL with -1.0% downside

Trading SELL range:	1,620-1,630
Last price:	1,592
Target price:	1,581, 1,576
Resistance:	1,602
Stop-loss:	1,603

SELL with a target price of 1,576 and stop-loss at 1,603. Based on the chart, FKLI hit our both previous targets at 1,591 and 1,586 before formed a rebound to the current level. This bearish movement is supported by the downtick in the RSI and bearish crossovers in both MACD and DMI indicators. We peg our new targets at 1,581 and 1,576 in the near term.

Expected timeframe: One day to three days

Traders' Corner



Source: UOBKH ChartGenie

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Sarawak Plantation SPLB MK

Technical BUY on breakout with +11.1% potential return

Trading BUY range:	RM4.49-4.50
Last price:	RM4.45
Target price:	RM4.86, RM4.99
Support:	RM4.15
Stop-loss:	RM4.14

BUY on breakout with a target price of RM4.99 and stop-loss at RM4.14. A breach of the breakout level at RM0.805 would likely spur further buying and potentially catapult the stock higher. This is supported by a bullish crossover in the MACD and a positive reading in the RSI which indicate strong momentum to push share price higher. We peg our targets at RM4.86 and RM4.99 if the stock penetrates the breakout level of RM4.49.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading



Source: UOBKH ChartGenie

Toyo Ventures Holdings TOYOVEN MK

Technical BUY with +34.1% potential return1

Trading BUY range:	RM0.21-0.22
Last price:	RM0.225
Target price:	RM0.255, RM0.295
Support:	RM0.185
Stop-loss:	RM0.18

BUY with a target price of RM0.295 and stop-loss at RM0.185. Based on the daily chart, TOYOVEN penetrated the breakout level of RM0.21 and closed higher at RM0.225 yesterday. Backed by surging trading volumes and positive momentum, there should be an upward follow-through above the breakout level of RM0.21. Furthermore, an uptick in the RSI and bullish crossover in the DMI and the MACD imply a stronger upward move ahead. We peg our targets at RM0.255 and RM0.295 in the near term.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading



Source: UOBKH ChartGenie

YBS International YBS MK

Technical BUY on breakout with +36.4% potential return

Trading BUY range:	RM0.275-0.28
Last price:	RM0.25
Target price:	RM0.335, RM0.375
Support:	RM0.215
Stop-loss:	RM0.21

BUY on breakout with a target price of RM0.375 and stop-loss at RM0.21. Based on the daily chart, the stock has consolidated lower and has been trading sideways over the past few weeks. We expect share price to continue to move up if it penetrates the breakout level of RM0.275. Positive DMI and MACD readings should translate into stronger momentum, which will in turn lift share price. We peg our targets at RM0.335 and RM0.375 in the near term.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading

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