UOBKayHian

Country Daily | Malaysia

Monday, 23 November 2026



Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	48,147.3	(1.9)	(8.0)	(7.8)	0.2
S&P 500	6,910.4	(3.7)	(8.6)	(9.4)	0.9
FTSE 100	10,346.3	(1.0)	(5.1)	(3.2)	4.2
AS30	8,651.1	(0.5)	(5.6)	(2.9)	(4.1)
CSI 300	3,954.6	(0.8)	(1.5)	(3.7)	(14.6)
FSSTI	4,975.2	(2.1)	(4.9)	(8.2)	7.1
HSCEI	7,554.4	(1.8)	(4.8)	(2.6)	(15.2)
HSI	22,410.8	(1.9)	(5.2)	(3.0)	(12.6)
JCI	5,146.3	(0.9)	(3.7)	(5.4)	(40.5)
KLCI	1,556.5	(0.6)	(1.6)	(3.4)	(7.4)
KOSPI	4,870.0	(5.2)	(7.9)	(12.3)	15.6
Nikkei 225	56,436.7	(5.1)	(7.7)	(10.0)	12.1
SET	1,453.3	(1.3)	(3.4)	(7.0)	15.4
TWSE	36,033.3	(6.2)	(17.5)	(21.7)	24.4
BDI	2,898	(0.1)	(2.8)	8.9	54.4
CPO (RM/mt)	4,038	(2.1)	(2.9)	(9.4)	2.7
Brent Crude (US$/bbl)	92	(0.7)	(0.6)	(21.3)	51.0

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
Corporate Roadshow with NTT DC REIT (NTTDCR SP)	Bangkok	23 Nov	23 Nov
Corporate Roadshow with NTT DC REIT (NTTDCR SP)	Kuala Lumpur	25 Nov	25 Nov
Virtual Analyst Presentation by Jonathan Koh on S-REITs Results Wrap	Singapore	25 Nov	25 Nov
Regional 1H2027 Strategy Conference	Malaysia	02 Dec	02 Dec

Corporate and Macro Calendar

Economic Indicator/Event	Country/Region	Date
PMI	Malaysia	01 Dec
Foreign Reserves	Malaysia	07 Dec

Top Stories

Strategy | US DC Uncertainty Lifts Market Risk Premium But It Is Not All Gloom Page 3 →

- Trump's 20 November threat to restrict or tax overseas data centre construction by US companies could weigh on sentiment. With policy details pending, we view a blanket ban as unlikely. We retain base-case earnings forecasts and stress-test earnings and valuations. A higher equity risk premium lowers our end-26 FBM KLCI target from 1,760 to 1,600, based on 14.3x P/E (1.5SD below mean), down from 15.6x. We will reassess after the reporting season and the announcement of the 50-stock constituent list.

Company Results | Velesto Energy (VEB MK/**BUY**/RM0.18/Target: RM0.27) Page 9 →

- We deem 9M26 EBITDA to be a slight miss after accounting for an update on 4Q26's outlook. Although 4Q26 EBITDA will be stronger, we moderated our expectations for utilisation. Also, several rigs are up for contract renewal in 1H27 and will likely be referencing current industry DCR. We cut earnings forecasts by 4-34% but this does not impact dividend paying ability. VEB remains inexpensive relative to global peers. Maintain BUY and target price of RM0.27 (7x EV/EBITDA).

Company Update | MN Holdings (MNHLDG MK/**BUY**/RM2.91/Target: RM5.12) Page 12 →

- MN secured RM1.1b in solar EPCC contracts, marking a significant milestone in its diversification beyond core substation and underground utilities engineering services. Its 66% stake translates into RM741m attributable contract value, lifting outstanding orderbook to RM2.7b. With FYTD wins of RM1.3b meeting our initial replenishment target, we raise our FY27F assumption to RM2.0b and FY27-29 earnings forecasts by 15%/10%/5% respectively. Maintain BUY and lift target price to RM5.12. MN trades at an undemanding 13x FY28F PE (-1SD below its mean).

What's Inside

Company Results | Oxford Innotech (OXB MK/**BUY**/RM0.47/Target: RM0.73) Page 15 →

- OXB's 9M26 results beat expectations on stronger-than-expected order loadings from the semiconductor and DC segments. Order backlog increased further by 13% qoq to RM43.9m, providing improved earnings visibility. We expect earnings momentum to accelerate into 1H27, underpinned by capacity expansion and rising demand from semiconductor and DC customers. Raised 2026-2027 earnings by 11-12% Maintain BUY. Target price: RM0.73.

Company Results | Supercomnet Technologies (SCT MK/**CEASE COVERAGE**/RM0.435) Page 16 →

- SCT's 9M26 results met our expectations. The medical segment continued to contribute the lion's share of earnings while the automotive division remained muted. Looking ahead, continued disruptions to global trade stemming from geopolitical developments and US policy changes continue to cloud outlook. CEASE COVERAGE given limited earnings catalysts.

Market Spotlight

Page 17 →

- The FBMKLCI lost 9.65pt last Friday as extended profit-taking activity, particularly in the index-linked counters, sent the index down to close lower at 1,556.51.
- US stocks were lower after the close on Friday, as losses in the technology, industrials and basic materials sectors led shares lower.

Technical Analysis

FBMKLCI, FCPO & FKLI Index Outlook Page 18 →

Traders' Corner Page 20 →

B.I.G. Industries | BIG MK Page 20 →

- Trading Buy Range: RM0.605-0.61

BP Plastics Holdings | BPP MK Page 20 →

- Trading Buy Range: RM0.805-0.81

Magni-Tech Industries | MTI MK Page 21 →

- Trading Buy Range: RM1.45-1.46

Disclaimer: In Traders' Corner, technical analysis is carried out purely based on charting patterns, price movements and trends, and is thus independent of the fundamental research views of our analysts. As a result, and from time to time, we may make a technical recommendation that is opposite to our fundamental BUY/HOLD/SELL rating.

Strategy

US DC Uncertainty Lifts Market Risk Premium But It Is Not All Gloom

Highlights

- **Trump threatens penalties on overseas data centre investment.** At a White House briefing on 20 November, President Trump said US companies should be prevented from building data centres abroad and threatened a substantial tax on those that proceed. As of 22 November, no formal measure had been published specifying its scope, effective date or treatment of existing commitments. For Malaysia, the key concern is whether Trump's threat translates into formal policy and, if so, whether it extends beyond directly owned facilities to third-party leases and colocation commitments.
- **Sentimentally doom, but not all is gloom.** While Trump's 20 November remarks raise the risk of restrictions on US-led overseas data centre investment, which could dent sentiment further, the scope remains unclear, and we see a blanket halt to overseas construction as pragmatically unlikely. Note that redirecting all AI capacity to the US would face practical constraints, including power availability, permitting and local opposition. It is also noteworthy that some Democratic lawmakers have proposed a domestic moratorium on new AI data centres, although Congress has yet to enact one.
- **Stress-test earnings and valuations; retain base-case forecasts.** Given the limited policy detail, we retain our base-case earnings forecasts, but provide sensitivity analysis on earnings acid test and valuations on further risk-off selling (see overleaf for sector-level analysis). Following recent share price capitulations on local DC beneficiaries, construction players, ie Gamuda and Sunway Construction Group, are already trading at mean to -0.5SD below mean while MEP players, ie MN Holdings and HE Group, are already trading at between mean to -1SD. Imminent risks, if any, would be slower approvals and tender awards for selected phases of US-led AI data centre campuses, particularly those awaiting final investment decisions.
- **Lower FBMKLCI target to 1,600 to reflect rising market risk premium.** We apply a lower target PE of 14.3x being -1.5SD below mean (from 15.6x) to the FBM KLCI to reflect a higher equity risk premium, with a new FBMKLCI 30 target of 1,600 (from 1,760). We maintain our earnings forecasts pending the outcome of the reporting season and will reassess the benchmark's earnings and valuation profile once the 50-stock constituent list is announced on 3 December.

Analysis

- **Negative for sentiment, with the greater risk in unawarded projects.** While we view the blanket halt to overseas data centre construction as unpragmatic, we expect the headlines to further weigh on sentiments on Malaysia's DC beneficiaries, particularly property, construction and MEP contractors whose 2027-28 growth assumptions rely on US-led campus awards. While awaiting policy clarity, hyperscalers could defer tenders, delay final investment decisions or stagger subsequent phases, which could result in an overhang in share price. For utilities and renewable energy players, the impact would come through later energisation, slower electricity demand growth and potential delays to associated grid or power procurement projects. For property developers, exposure is concentrated in unclosed DC land sales and parcels earmarked for later phases. We believe projects under construction with firm notices to proceed offer better near-term earnings visibility, subject to contractual suspension, termination and compensation provisions.

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Current FBMKLCI: 1,556
Target end-26 FBMKLCI: 1,600

FBMKLCI PE Band



Source: Bloomberg, UOB Kay Hian

DC Sector Current Trading PE

Sector	PE Band*
Construction	-1.0SD to +1.0SD PE
MEP	-1.0SD to mean PE
Property	-1.5SD to -0.25SD PE
Renewables	-1.0SD to +1.0SD PE
Technology	-1.0SD to +0. 5SD PE

** Based on current price*
Source: Bloomberg, UOB Kay Hian

- **Tech/semicon exposure depends on whether capex is deferred or relocated.** While it is still early to provide a definite impact, a broad slowdown in hyperscaler investment could delay equipment orders and temper loadings for DC-related components such as optical transceivers. On the capex side, semiconductor production equipment suppliers could feel the impact if weaker downstream demand prompts chipmakers to defer capacity additions. On the positive side, if hyperscalers redirect deployment to the US while maintaining overall spending, Malaysian suppliers serving global optical and networking programmes could retain volumes. Suppliers tied to specific overseas deployments would be more exposed to project delays.
- **Maintain base-case earnings and stress-test 2027-28 order replenishment.** In view of the fluid situation, we maintain base-case earnings forecasts on the information available but provide stress-test 2027-28 order intake where growth depends heavily on unawarded data centre work (refer to overleaf for sectorial comments). In our assessment, we show how much of each company's forecast revenue is underpinned by secured orders and how much depends on assumed DC wins. Meanwhile, for valuation stress tests, we provide base-case assumptions on our forecasts, while providing sensitivity analysis on the trough valuations.

Action

- **We lower our end-26 FBM KLCI target to 1,600 from 1,760** based on an ascribed targeted PE of 14.3x being -1.5SD below mean (from 15.6x) to reflect a higher equity risk premium. No change to our earnings forecasts pending the outcome of the reporting season and we will reassess the benchmark's earnings and valuation profile once the 50-stock constituent list is announced on 3 December. Assuming that the market prices the trough valuations at -2 and -2.5SD, the FBMKLCI 30 could drop to as low as 1,522 and 1,488.
- **New FBMKLCI 50 set for introduction,** with energy, REITs and technology sectors likely to gain representation. Recall that Bursa Malaysia and FTSE Russell jointly announced plans to expand the FBMKLCI from 30 to 50 constituents, marking a significant overhaul of Malaysia's benchmark index. To ensure an orderly transition, facilitate portfolio rebalancing and minimise concentrated trading flows and market disruption, the expansion will be implemented in two phases. The 20 additional constituents will initially be included at 50% of their final index weight effective 21 Dec 26, before transitioning to full weighting on 21 Jun 27. The selection of new constituents will be based on market capitalisation rankings as at 23 Nov 26, with the final list scheduled for announcement on 3 Dec 26. Based on indicative index weightings as of last Friday, the expanded benchmark to introduce representation would likely come from the energy, REITs and technology sectors.
- **Strategy: Staying defensive amid heightened policy uncertainty and persistent macroeconomic headwinds.** We expect volatility to remain elevated amid shifting US Congressional dynamics, Trump's unpredictable policy pronouncements, concerns over AI capex sustainability, elevated oil prices, lingering Middle East tensions and higher-for-longer global interest rates. These headwinds could sustain inflationary pressures, dampen corporate earnings and constrain equity valuations. Against this backdrop, we advocate for a defensive strategy, favouring high-quality, large-cap domestic leaders with resilient earnings, robust cash flows and sustainable dividends.
- **Expect risk-off selling in DC beneficiaries to persist,** potentially with indiscriminate selldown even on companies with secured DC orders. Selective opportunities could emerge with names trading at around 2SD below their historical average valuations, particularly where secured orderbooks underpin earnings. Note that our assessment suggests that forecasts for most DC-exposed names under our coverage rely only modestly on unawarded DC contracts.

- **Among our top picks,** 99 Speedmart, CIMB Group, Kuala Lumpur Kepong and MISC align with our defensive investment strategy, offering exposure to high-quality, large-cap domestic leaders with resilient earnings, strong balance sheets, robust cash flow generation and sustainable dividend yields.

Peer Comparison

Company	Ticker	Rec	Share Price 20 Nov 26 (RM)	Target Price (RM)	Upside To TP (%)	Last Year End	PE 2025 (x)	PE 2026F (x)	PE 2027F (x)	Yield 2026F (%)	ROE 2026F (%)	Market Cap (RMm)	Price/ NAV ps (x)
99 Speed Mart Retail Holdings	99SMART MK	BUY	3.04	4.00	31.6	Dec-25	41.6	36.6	32.0	1.5	36.1	25,536.0	12.8
CIMB Group Holdings	CIMB MK	BUY	7.04	8.80	25.0	Dec-25	16.6	14.7	12.6	5.2	11.1	76,054.53	0.9
Eco World Development Group	ECW MK	BUY	1.64	2.70	64.6	Oct-25	12.6	9.9	8.7	5.0	9.9	5,286.4	0.8
Gamuda	GAM MK	BUY	4.56	6.26	37.3	Jul-25	25.8	24.1	19.2	2.5	10.2	26,695.2	2.1
Greatech Technology	GREATEC MK	BUY	2.45	3.00	22.4	Dec-25	55.7	48.0	28.2	0.0	11.3	6,149.5	5.4
Kuala Lumpur Kepong	KLK MK	BUY	21.08	24.65	16.9	Sep-25	22.7	14.5	12.9	3.4	11.4	23,112.1	1.7
MISC	MISC MK	BUY	7.56	9.50	25.7	Dec-25	14.2	12.6	10.9	4.8	6.3	33,746.3	0.9
Solarvest Holdings	SOLAR MK	BUY	3.58	5.30	48.0	Dec-25	38.1	30.3	22.0	0.0	9.7	3,409.2	3.7

Source: Bloomberg, UOB Kay Hian

Sector Impact

Sector	Comments	Stock Impact	Valuations
Construction	- DC contractors under our coverage are mainly involved in the designing, construction and infrastructure stages for US hyperscalers. A complete ban or heavy tax which drives away US hyperscaler's data centre investment plan in Malaysia will result in lower earnings and growth trajectory for several DC-reliant contractors. - From an orderbook perspective, DC projects made up 0-75% of total orderbook for respective stocks within our coverage. From an earnings perspective, DC projects made up 0-85% of our 2027-28F earnings forecasts for respective stocks within our coverage. - Our sector valuations are pegged at +1SD above mean (20x PE) to reflect record-high orderbook and multi-year earnings growth prospects, with DC upcycle being one of the key catalysts. A definite policy on such restriction may result in sector's valuation de-rating and our downward revision of valuations peg to mean levels (17x PE). For now, we maintain our valuations peg, pending a confirmed rollout of such policies.	**Gamuda**: Estimated DC orderbook of RM8.8b, about 13% of total outstanding orderbook of RM66b. **Sunway Construction Group (Suncon):** Estimated DC orderbook of RM9.4b, about 76% of total outstanding orderbook of RM12.5b. **IJM Corporation (IJM):** Estimated DC orderbook of RM2.4b, about 15% of total outstanding orderbook of RM15.8b. **Binastra Corporaiton (Binastra):** Estimated DC orderbook of RM1.3b, about 21% of total outstanding orderbook of RM6.2b. **Kerjaya Prospek Group (Kerjaya):** Estimated DC orderbook of RM0.9b, about 16% of total outstanding orderbook of RM5.8b. **Malaysian Resources Corporation (MRCB):** No DC orderbook, 0% of total outstanding orderbook of RM8.5b. **WCT Holdings (WCT):** No DC orderbook, 0% of total outstanding orderbook of RM4.4b.	<u>Current Valuations</u> **Binastra:** 16x FY28F PE (mean) - **TP:** RM3.05 **Gamuda:**21x FY28F PE (+1SD above mean) - **TP:** RM6.26 **Suncon:** 21.6x 2027F PE (+1SD above mean) - **TP:** RM8.44 **IJM:** 23.6x FY27F PE (+1SD above mean) - **TP:** RM3.15 **Kerjaya:** 15.1x 2026F PE (+1SD above mean) - **TP:** RM 3.54 **WCT:** 11.6x 2026F PE (slightly below mean) - **TP:** RM0.42 **MRCB:** 33x 2027F PE (mean) - **TP:** RM0.39 <u>Downgraded Valuations (DC-related companies from +1SD to mean)</u> **Binastra:** 16x FY28F PE (mean) - **TP:** RM3.05 **Gamuda:** 18x FY28F PE (mean) - **TP:** RM5.36 **Suncon:** 18x 2027F PE (mean) - **TP:** RM7.03 **IJM:** 20x FY27F PE (mean) - **TP:** RM2.67 **Kerjaya:** 12.8x 2026F PE (mean) - **TP:** RM3.00 **WCT:** 11.6x 2026F PE (slightly below mean) - **TP:** RM0.42 **MRCB:** 33x 2027F PE (mean) - **TP:** RM0.39 <u>Downgraded Valuations (all companies to -0.5SD below mean)</u> **Binastra:** 14x FY28F PE (-0.5SD below mean) - **TP:** RM2.67 **Gamuda:** 16.5x FY28F PE (-0.5SD below mean) - **TP:** RM4.91 **Suncon:** 16.2x 2027F PE (-0.5SD below mean) - **TP:** RM6.33 **IJM:** 18.2x FY27F PE (-0.5SD below mean) - **TP:** RM2.43 **Kerjaya:** 10.5x 2026F PE (-0.5SD below mean) - **TP:** RM2.46 **WCT:** 9x 2026F PE (-0.5SD below mean)- **TP:** RM0.33 **MRCB:** 28x 2027F PE (-0.5SD below mean) - **TP:** RM0.33 <u>Downgraded Valuations (all companies to -1SD below mean)</u> **Binastra:** 12x FY28F PE (-1SD below mean) - **TP:** RM2.29 **Gamuda:** 15x FY28F PE (-1SD below mean) - **TP:** RM4.46 **Suncon:** 14.4x 2027F PE (-1SD below mean) - **TP:** RM5.63 **IJM:** 16.4x FY27F PE (-1SD below mean) - **TP:** RM2.19 **Kerjaya:** 8.2x 2026F PE (-1SD below mean) - **TP:** RM1.92 **WCT:** 6.4x 2026F PE (-1SD below mean)- **TP:** RM0.23 **MRCB:** 23x 2027F PE (-1SD below mean) - **TP:** RM0.27

Sector	Comments	Stock Impact	Valuations
MEP	- M&E and MEP players under our coverage operate across different stages of the power infrastructure value chain - grid substations, underground utilities, electrical M&E fit-outs, renewable energy interconnection and semiconductor-related electrical works. While a slowdown in DC investments could affect orderbook replenishment, the earnings impact would vary depending on each company's DC exposure and project execution stage. - MN and UUE are primarily grid infrastructure beneficiaries, with their scope of work generally preceding DC awards. More importantly, grid upgrades are not solely dependent on DC investments. Rising household electricity consumption, EV charging infrastructure, industrial electrification, RE integration and semiconductor capacity additions continue to drive network reinforcement requirements. We believe TNB's RM42.8b RP4 capex and upcoming RP5 should sustain multi-year job flows, cushioning potential weakness in DC-related awards. - DC projects with signed ESAs and committed energisation timelines are likely to proceed, particularly those already under construction. With earlier developments progressing through C&S construction, we have only started seeing a meaningful pickup in downstream MEP fit-out awards this year. We believe the transition of existing DC developments into the fit-out stage should sustain near-term orderbook replenishment for players such as HE Group. Nevertheless, prolonged delays in new developments or capacity activation could weigh on 2028–29 earnings growth. - While DC investments remain one of the key growth catalysts for the sector, we believe it is premature to assess the potential impact without further clarity on the scope and implementation of the proposed restrictions. Pending confirmation of the policy framework, we maintain our existing sector valuation multiples.	**MN Holdings (MN)**: DC orderbook of RM1.2b. 45% of total outstanding orderbook of RM2.7b. Projected 45% DC earnings for FY27, 33% for FY28. **HE Group (HE):** DC orderbook of RM252m. 65% of total outstanding orderbook of RM387m. Projected 50% DC earnings for 2027, 40% for 2028. **UUE Holdings (UUE):** No DC orderbook. 0% of total outstanding orderbook of RM512m. Projected 0% earnings from DC.	**Current Valuations** **MN:** 22x FY28F PE (10% discount to +2SD above mean) - **TP:** RM5.12 **HE:** 19x 2027F PE (+1SD above mean) - **TP:** RM1.38 **UUE:** 22x FY28F PE (+1SD above mean) - **TP:** RM0.95 **Downgraded Valuations (all companies from +1SD to mean)** **MN:** 16x FY28F PE (mean) - **TP:** RM3.72 **HE:** 12x 2027F PE (mean) - **TP:** RM0.87 **UUE:** 18x FY28F PE (mean) - **TP:** RM0.78 **Downgraded Valuations (all companies to -0.5SD below mean)** **MN:** 14x FY28F PE (-0.5SD below mean) - **TP:** RM3.26 **HE:** 9x 2027F PE (-0.5SD below mean) - **TP:** RM0.65 **UUE:** 15x FY28F (-0.5SD below mean) - **TP:** RM0.65 **Downgraded Valuations (all companies to -1SD below mean)** **MN:** 13x FY28F PE (-1SD below mean) - **TP:** RM3.02 **HE:** 5x 2027F PE (-1SD below mean) - **TP:** RM0.36 **UUE:** 13x FY28F PE (-1SD below mean) - **TP:** RM0.56

Sector	Comments	Stock Impact	Valuations
Property	Property developers under our coverage, with industrial exposure, are primarily exposed to the DC sector through land sales to hyperscalers and colocation operators, with limited direct exposure to DC operations through joint ventures. Trump's proposed ban or punitive tax on US companies building DCs overseas could delay new DC land transactions and put pending deals at risk. This could weigh on developers' sales and earnings recognition, increase land holding costs and potentially exert downward pressure on industrial land prices, particularly for developers with significant DC-related land exposure. Existing deals may have some downside protection. Developers typically collect a 10% deposit upon signing the SPA, with the balance payable upon completion of conditions precedent (CPs) or progressively based on infrastructure work milestones. In the event of delays, developers and buyers may mutually agree to extend the CP fulfilment period, potentially deferring rather than cancelling transactions. We also understand that the Google JV agreement includes a material compensation clause should Google decide to terminate the deal, providing some downside protection. Nonetheless, the extent of the impact will depend on the eventual scope of the proposed US restrictions and the terms of individual transactions.	**Eco World Development Group (Eco World):** Two DC landsales each to KNBDC and Tera, with a total estimated net gain of RM240m-280m, pending CP completion. Projected 18%/19% FY27/28 earnings from DC land sale. **MahSing Group (Mah Sing):** One DC landsale with estimated net gain of RM124m-185m, pending CP completion. Not included in earnings forecasts. **SP Setia:** In talks with DC land deals for its Setia Fontaines Industrial Park. No DC earnings forecast projected. **Sunway Bhd:** Exposure to DC through 52.8% stake in Sunway Construction Group.	<u>Current Valuations</u> **Eco World:** TP implies 13.2x FY27F PE (+1SD to mean) - **TP:** RM2.70. **Sunway Bhd:** SOTP-based; implies 26.0x 2027F PE (+1SD to mean) - **TP:** RM5.61 **Mah Sing:** SOTP-based; implies 12.7x 2026F PE (at mean) - **TP:** RM1.42 **SP Setia:** TP implies 8.8x 2027F PE (-1.5SD to mean) - **TP:** RM0.60 <u>Downgraded Valuations</u> **Eco World:** 12.5x/11.2x/9.8x FY27F PE (+0.5SD/mean/-0.5SD) - **TP:** RM2.56/RM2.28/RM2.00 **Sunway Bhd:** 23.2x/20.2x/17.3x 2027F PE (+0.5SD/mean/-0.5SD) - **TP:** RM5.00/RM4.37/RM3.73 **Mah Sing:** 11.8x/10.0x/8.3x 2026F PE (-0.5SD/-1SD/-1.5SD) - **TP:** RM1.32/RM1.12/RM0.92 **SP Setia:** 7.0x/5.1x/3.2x 2027F PE (-2SD/-2.5SD/-3SD) - **TP:** RM0.48/RM0.35/RM0.22
Renewable Energy	- Recently, the Malaysian government has approved a minimum 30% RE requirement for data centres based on either total capacity or energy consumption. This is a key re-rating catalyst for the RE sector as we expect orderbook win to double in the next 2-3 years. - In addition, lower system access charge (SAC) of 2 sen/kwh was set by the government to incentivise data centre operators to undertake solar RE projects by 31 Dec 28. - Naturally, the pull back of existing and future data centre plant up will impede on future orderbook replenishment opportunities and cap near-term share price performance. Nevertheless, we believe the energy transition roadmap for Malaysia will continue to drive revenue and net profit growth for RE players in the next decade.	**Solarvest Holdings (Solarvest):** Currently, RM2.2b orderbook does not include data centre job under CRESS. It is expected that CRESS wins will add bring orderbook to RM5b, with a 300-500MW of CRESS win in the next three months. Positively, we note that the 300-500MW CRESS order is for Western-based data centre operators. Naturally, the group also hopes to win a further 300-500MW of CRESS from a China-based data centre operator. Our fair value is based on 500MW CRESS win from western based data centre operator **Pekat Group (Pekat):** Current orderbook includes 25% (or approximately RM250m) of exposure in the DC space via earthing, lighting and protection works. In terms of future orderbook, we believe Pekat can win up at least 150MW of CRESS in the next three months and with a blue-sky scenario of 2GW of CRESS wins in the next three years. Naturally, future job opportunities will be limited in the event of a change in data centre plant ups. **Northern Solar Holdings (Northern Solar):** Current orderbook of RM203m does not include any CRESS wins. The group has recently received Letter of Agreement (LOA) and is currently working on a Definitive Agreement to supply a minimum of 10 years' worth of energy to a western-based data centre via a CRESS project. In addition to owning a 189MWac CRESS asset, Northern Solar also aims to secure a tenderbook of RM1.4b in the next 2-3 years. Out of this RM1.4b tenderbook, RM500m is for a western-based data centre. Given Northern Solar's working capital, a RM500m orderbook win is adequate and the group will not be competing for more than 1 CRESS EPCC job in the near term.	<u>Current Valuations</u> **Solarvest**: 25x FY29F PE (+0.5SD above mean) - **TP:** RM5.30 **Pekat:** 26x 2028F PE (+2SD above mean) - **TP:** RM3.60 **Northern Solar:** 15x FY28F PE - **TP:** RM1.40 <u>Mean Valuation</u> **Solarvest:** 22x FY28F PE - **TP:** RM3.60 **Pekat:** 18x 2027F PE - **TP:** RM1.90 **Northern Solar:** 10x FY28F PE - **TP:** RM0.95 <u>Downgraded Valuations (all companies to -1SD below mean)</u> **Solarvest:** 16x FY28F PE (-1SD below mean) - **TP:** RM2.66 **Pekat:** 13x 2027F PE (-1SD below mean) - **TP:** RM1.33 **Northern Solar:** 10x FY28F PE - **TP:** RM0.95

Sector	Comments	Stock Impact	Valuations
Technology/ Semiconductor	While it is still early to provide a definite, a broad slowdown in hyperscaler investment could delay engineering work, automated production lines, equipment orders and temper loadings for DC-related components in the photonics segment such as optical transceivers. On the capex side, semiconductor production equipment suppliers, we believe, could feel the impact if weaker downstream demand prompts chipmakers to defer capacity additions. On the positive side, however, if hyperscalers redirect deployment to the US while maintaining overall spending, Malaysian suppliers serving global optical and networking programmes could retain volumes. Suppliers tied to specific overseas deployments would be more exposed to project delays.	**Greatech Technology (Greatech):** Out of the latest orderbook (Aug 26) of RM1.83b which would be depleted by 2H27, 50-55% consists of DC-related jobs tied to a US hyperscaler. **VSTECS:** The group's DC exposure is relatively small, primarily through colocation operators rather than direct US hyperscalers (with most server deployments catering to on-premise infrastructure for banks and telcos). GPU-related sales contribute only a low single-digit percentage of group revenue. Hence, the direct earnings impact from the proposed restrictions should be relatively muted, although this would depend on whether the restrictions extend to capacity leased from third-party overseas operators. **NationGate Holdings (NationGate):** DC related sales, ie CPU sales and optical transceivers are expected to command 90% of total sales in 2027. However, a significant portion of it, especially optical transceivers for US customers, are for global sales. **Oxford Innotech (Oxford):** 40% of the sales in 2027 are expected to be derived from DC-related jobs.	**Current Valuations** **Greatech:** 34x 2027 PE (SPE 7-year mean) - **TP:** RM3.00 **VSTECS:** 20x 2027 PE (1x PEG based on 3-year NP CAGR) - **TP:** RM2.26 **NationGate:** 24x 2027 PE (OSAT & EMS blended 7-year mean) - **TP:** RM1.88 **Oxford:** 25x 2027 PE (25% discount from SPE 7-year mean) - **TP:** RM0.72 **Downgraded Valuations (all companies to -1SD below mean)** **Greatech:** 24x 2027 PE (SPE 7-year -1SD below mean) - **TP:** RM2.12 **VSTECS:** 15x 2027 PE (0.75x PEG based on 3 yr NP CAGR) - **TP:** RM1.70 **NationGate:** 16x 2027 PE (OSAT & EMS blended 7-year -1SD below mean) - **TP:** RM1.25 **Oxford:** 18x 2027 PE (25% discount from SPE 7-year -1SD below mean) - **TP:** RM0.52

Source: Respective Companies, UOB Kay Hian

Velesto Energy (VEB MK)

9M26: Slightly Misses Expectations On 4Q26 Outlook Update

Highlights

- **We deem 9M26 EBITDA to be a slight miss to expectations.** Note that on a profit level, the 9M26 performance was affected by higher-than-expected tax and depreciation charges. Although 4Q26 EBITDA is expected to be stronger, the realities of contract uncertainty regarding Naga 3 (N3) earnings commencement prompted us to adjust 4Q26 utilisation forecasts to 86% vs 95% previously. Also, several rigs are up for contract renewal in 1H27 horizon, with three rig contracts at advanced direct negotiation stages. These contracts will likely be referencing current industry DCR of US$85,000 to US$95,000.
- **This does not eliminate potential for more special DPS.** We cut earnings forecasts by 4-34%. 4Q26 is still expected to be VEB's strongest quarter for 2026. Moreover, we understand management reviews dividends every quarter, and still has the ability to pay surplus dividends. Despite earnings downgrades, VEB remains inexpensive relative to global peers. Maintain BUY and target price of RM0.27 (7x EV/EBITDA).

3Q26 Results

Year to 31 Dec (RMm)	3Q26	% chg	% chg	YTD 2026	% chg	Comments
Revenue	**217.2**	**41.0**	**(9.5)**	**554.6**	**(16.6)**	Negligible income from short term, asset-light
- Drilling	212.3	42.0	8.4	541.7	29.9	rig contract for Hibiscus (completed in Aug)
- Others	5.0	10.1	22.4	13.0	71.0	
EBITDA	83.5	(17.9)	(27.1)	218.3	(32.7)	Depreciation of RM49-50m per quarter
Core EBITDA margin (%)	38.4	5.8	(9.3)	39.4	(9.5)	
Average DCR (US$'000)	99.0	(4.0)	(12.0)	103.0	(17.0)	2Q26: US$103,000; 9M25: US$120,000
Rig Utilisation (%)	83	27.0	2.0	80.0	(6.0)	2Q26: 56%; 9M25: 86%
Finance cost	(5.0)	173.7	162.2	(8.5)	31.9	
Associates/JV	0.1	n.a.	n.a.	0.2	n.a.	3Q26 Exceptional Items (EI): RM2m asset
PBT	**27.8**	**1,145.3**	**(58.2)**	**66.2**	**(65.7)**	write-off, RM0.7m forex loss,
Tax	(7.2)	321.6	(55.9)	(17.3)	(56.7)	3Q26/9M26 foreign taxation:RM2.6m/RM3.3m
Profit	**20.6**	**3,782.1**	**(58.9)**	**49.0**	**(68.0)**	
Core net profit	21.4	(873.8)	(57.0)	44.5	(63.3)	

DCR = Daily Charter Rate
Source: VEB

Analysis

- **9M26 performance snapshot.** As our valuation methodology emphasises EBITDA performance over profits, Velesto Energy's (VEB) RM218m EBITDA ytd met 69% of our full-year forecast. This slightly missed expectations due to the updated 4Q26 outlook. Although 4Q26 EBITDA is expected to be stronger, we now forecast 4Q26 utilisation will likely be 86% vs 95% utilisation previously (to meet our 2026F utilisation assumption of 77%). A declared 2.0 sen special DPS makes up RM0.030 sen DPS ytd, vs our RM0.036 forecast. 9M26 profit is also below expectation (met 39%/44% of our/consensus estimates), with higher depreciation and taxes being the negative deviations.

Key Financials

Year to 30 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	1,360	899	779	824	827
EBITDA	579	413	304	349	362
Operating profit	334	206	108	161	171
Net profit (rep./act.)	207	200	92	121	127
Net profit (adj.)	204	200	92	121	127
EPS (x)	2.5	2.4	1.1	1.5	1.5
PE (x)	7.2	8.8	16.1	12.3	11.7
P/B (x)	0.6	0.6	0.7	0.7	0.8
EV/EBITDA (x)	3.1	4.2	6.0	5.6	5.5
Dividend yield (%)	6.9	16.7	20.0	16.7	16.7
Net margin (%)	15.2	22.2	11.8	14.7	15.4
Net debt/(cash) to equity (%)	-	-	21.0	3.6	6.7
Consensus net profit	-	-	124	138	136
UOBKH/Consensus (x)	-	-	1.02	1.03	1.09

Source: VEB, Bloomberg, UOB Kay Hian

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BUY (Maintained)

Share Price	RM0.18
Target Price	RM0.27
Upside	+54.2%

Stock Data

Sector	Energy
Bloomberg ticker	VEB MK
Shares issued (m)	8,260.0
Market cap (RMm)	1,446.0
Market cap (US$m)	379.5
3-mth avg daily t'over (US$m)	19.9

Price Performance (%

52-week high/low				RM0.37/RM0.16
1mth	**3mth**	**6mth**	**1yr**	**YTD**
(12.5)	(30.0)	(46.9)	(27.1)	(36.6)

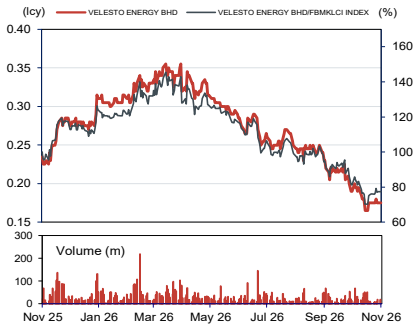
Major Shareholders (%)

Skim Amanah Saham Bumiputera	37.9
Yayasan Pelaburan Bumiputera	11.1

Balance Sheet Metrics

FY26 NAV/Share (RM)	RM0.29
FY26 Net Debt/Share (RM)	n.m.

Price Chart



Source: Bloomberg

Company Description

Velesto Energy, formerly UMW O&G, is the premier local jackup (JU) rig service provider in Malaysia. It operates a fleet of six JU rigs with potential expansion of its new asset-light strategy.

- **Even with moderated utilisation, 4Q26 will still be a strong showing….** With Naga 3 (N3) successfully secured a short-term job from Petronas, all six JU rigs will be utilised by end-26. N3's scope of work entails a one firm plus one well option exploration programme, with each well expected to take 45 days. Earlier, channel checks revealed the job had begun in Oct 26. However, we understand that Oct-Nov 26 is the mobilisation period where N3 was towed to Labuan. N3's first earnings will only be after the rig arrives and drills at location. As of today, we understand the rig remains in Labuan. Based on this, we moderated 4Q26 utilisation closer to 86% (vs 95% previously), and now expect 2026 utilisation of 75%.
- **…to support potential for more special DPS.** We understand management reviews its dividend declaration almost every quarter. This implies there are still more special DPS opportunities, as the current JU rig industry outlook still supports peak cycle EBITDA generation.
- **New updates to rig schedule.** Naga 5's (N5) current job for PTTEP was extended to 1Q27 to include the Sabah drilling campaign. Aside from N3, in comparison to the update provided in Jul 26, Naga 6 (N6) now joins Naga 4 (N4) and Naga 5 (N5) in securing a job in the 1H27 horizon (the latter two rigs had secured jobs for 2H27). These contracts are likely via direct negotiations. VEB is of the view that industry-leading DCR is now ranging between US$85,000-US$95,000. We opine that these contracts will be negotiated at these price levels, regardless of the industry DCR trend in 1H27. VEB is also talking to multiple parties regarding more asset-light/third-party JU rig chartering, but they are only for 2H27.

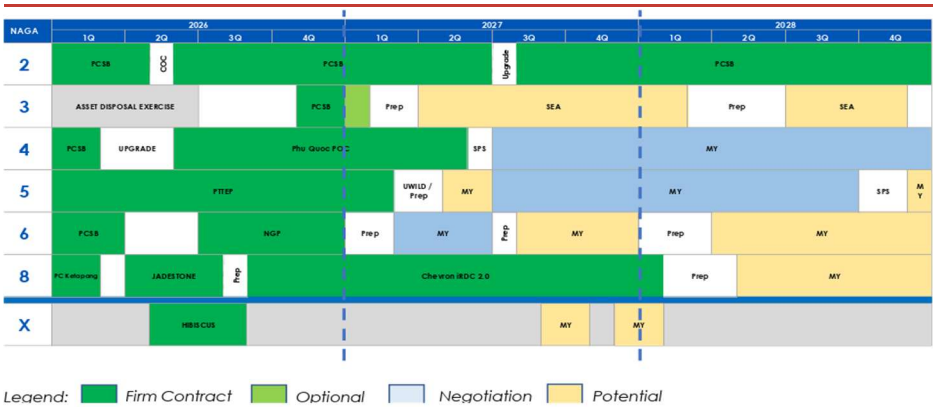
Valuation/Recommendation

- **Maintain BUY, target price of RM0.27 (7x 2027F EV/EBITDA).** This implies 20x 2027F PE and an attractive 11% normalised yield. Despite earnings downgrades, we believe VEB's share value derating since N3 sale termination was overdone. VEB's current 6x EV/EBITDA ran counter to that of other global JU rig players, which are all trading at multi-cycle highs of 7-14x EV/EBITDA. An alternative asset-based valuation shows VEB currently reflects per rig value of US$57m, exactly the same as recent JU rig values in M&A transactions.

Earnings Revision/Risk

- **Cut 2026F-28F earnings by 34%/14%/14%, and 2026F EBITDA by 4%.** Adjustments to depreciation forecasts prompted the earnings cuts, but the bigger cut to 2026F estimates is mainly due to change in utilisation from 77% to 75%. Our unchanged 2027F utilization estimate of 82% compares against management's estimated contract coverage of 88%. This assumes all potential contracts in bidding have been secured. For 4Q26, we also expect a high taxation amount, not only due to higher Malaysia jobs, but also the foreign tax, especially given two rigs are operating on overseas contracts.

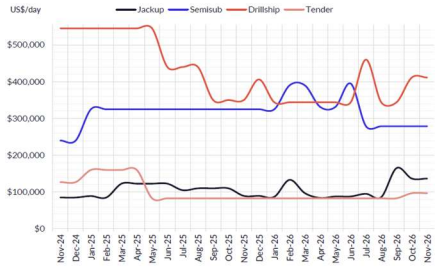
Latest Rig Schedule As Of Nov 26



Legend: Firm Contract | Optional | Negotiation | Potential

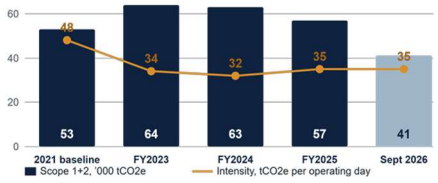
Source: VEB

Asia Pacific (APAC) Rigs Leading DCR



Source: Westwood Global, Riglogix

Net Zero Progress



Note: 2030 targets vs 2021 baseline
Source: VEB

Assumptions, On DCR Basis

Based on 6 JU Rigs Owned	2026F	2027F	2028F
US$/RM forex rate	4.20	4.20	4.20
Utilisation (%)	**75**	**82**	**85**
DCR (US$'000)	**95.0**	**93.0**	**90.0**
Rigs Revenue (RMm)	647.6	693.1	695.3
Workover Revenue (RMm)	65.0	70.0	75.0
Workover Revenue (%)	9.1	9.2	9.7
Daily OPEX (US$'000)	42.9	43.0	41.8
- Utilised (US$,000)	53.7	51.5	49.5
- Stacking (US$,000)	24.3	25.5	26.7
Daily depreciation	21.5	20.7	21.1
Daily finance cost	1.8	3.0	3.2
Daily tax cost (US$'000)	2.5	3.4	3.6
Profit breakeven	**68.7**	**70.0**	**69.7**
Dividend/share (sen)	**3.60**	**3.00**	**3.00**

Source: UOB Kay Hian

Environmental, Social, Governance (ESG) Updates

Environmental

- Greenhouse gas (GHG) emission compliance. Achieved 27% reduction of carbon intensity of operational emissions
- Safety. Loss time injury frequency (LTIF) was 0. Awarded "Best HSE Program" by Petronas Carigali (PCSB) in Nov 2025

Social

- 82% progress achieved across 11 ESG scorecard targets

Governance

- Achieved 4.1 rating (FTSE4Good) and 18.5 Ratings/ Low ESG Risk rated by Sustainalytics

Source: UOB Kay Hian

Profit & Loss

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Net turnover	**899**	**745**	**724**	**711**
EBITDA	413	328	330	332
Deprec. & amort.	207	183	160	166
EBIT	233	151	180	175
Total other non-op. income	(5)	6	10	8
Associate contributions	0	0	0	0
Net interest income/(expense)	0	0	0	0
Pre-tax profit	**233**	**151**	**180**	**175**
Tax	(34)	(32)	(37)	(36)
Minorities	0	0	0	0
Net profit	**207**	**183**	**160**	**166**
Net profit (adj.)	167	119	143	139

Balance Sheet

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Fixed assets	2,125	1,761	1,688	1,611
Other LT assets	2	2	2	2
Cash/ST investment	261	404	250	212
Other current assets	261	404	250	212
Total assets	**2,827**	**2,543**	**2,334**	**2,238**
ST debt	114	126	152	179
Other current liabilities	282	162	157	155
LT debt	7	7	7	7
Other LT liabilities	0	0	0	0
Shareholders' equity	2,393	2,211	1,980	1,860
Minority interest	0	(21)	(41)	(62)
Total liabilities & equity	**2,827**	**2,543**	**2,334**	**2,238**

Cash Flow

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Operating	**395**	**194**	**270**	**270**
Pre-tax profit	233	151	180	175
Tax	(34)	(32)	(37)	(36)
Deprec. & amort.	207	183	160	166
Associates	0	0	0	0
Working capital changes	38	(75)	5	3
Non-cash items	(51)	(33)	(38)	(38)
Other operating cashflows	0	0	0	0
Investing	**(144)**	**230**	**(88)**	**(88)**
Capex (growth)	(176)	(40)	(88)	(88)
Investment				
Proceeds from sale of assets				
Others	5	270	0	0
Financing	**(255)**	**(281)**	**(335)**	**(220)**
Dividend payments	(144)	(293)	(362)	(247)
Proceeds from borrowings	0	0	0	0
Loan repayment	(112)	0	0	0
Others/interest paid	0	75	90	90
Net cash inflow (outflow)	**(4)**	**142**	**(153)**	**(39)**
Beginning cash & cash equivalent	**248**	**261**	**404**	**250**
Changes due to forex impact	18	0	0	0
Ending cash & cash equivalent	**261**	**404**	**250**	**212**

Key Metric

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	3.5	7.1	7.2	7.2
Pre-tax margin	4.6	6.9	7.0	7.1
Net margin	2.1	2.6	2.6	2.7
ROA	1.5	2.1	2.1	2.1
ROE	9.0	12.3	12.2	12.2
Growth (% yoy)				
Turnover	4.1	18.4	6.8	6.8
EBITDA	(14.8)	138.1	8.3	7.0
Pre-tax profit	16.6	78.7	8.5	8.3
Net profit	34.1	49.5	8.5	8.3
Net profit (adj.)	34.1	49.5	8.5	8.3
EPS	34.1	49.5	8.5	8.3
Leverage				
Debt to total capital	26.3	24.5	22.8	21.3
Debt to equity	86.2	78.9	72.4	66.4
Net debt/(cash) to equity	(47.1)	(61.0)	(78.1)	(89.4)
Interest cover (x)	4.4	13.7	14.8	19.0

MN Holdings (MNHLDG MK)

A Solar EPCC Surprise

Highlights

- MN secured RM1.1b in solar EPCC contracts, marking a significant milestone in MN's expansion into large-scale solar projects beyond its core TNB and DC businesses.
- Orderbook expands to RM2.7b, with FYTD wins of RM1.3b having met our initial full-year replenishment assumption in just five months.
- Raise FY27-29 earnings forecasts by by 15%/10%/5% respectvely to reflect solar EPCC contributions. Maintain BUY with a higher target price of RM5.12.

Analysis

- **Secured RM1.12b solar EPCC contracts.** MN Holdings' (MN) wholly-owned subsidiary, MN Utilities Engineering (MNUESB), has entered into contract agreements as part of a consortium with China Railway 11th Bureau Group Electric Engineering (CRCC11GEE) and DB Energy (DBESB) for the engineering, procurement, construction, testing and commissioning (EPCC) of two Large Scale Solar 5+ (LSS5+) projects awarded by RE Kamaman (REKM1) and RE Kamaman II (REKM2). The projects have contracted export capacities of 250MWac and 150MWac, respectively.
- **RM52m earnings contribution over FY27-28.** The contracts carry a combined value of RM1.1b, with MN serving as consortium leader and holding a 66% share, while CRCC11GEE and DBESB each hold 17%. Scheduled for completion by Jun 28, MN's attributable contract value amounts to RM741m. We assume a 7% net margin, slightly below established solar EPCC peers of 8-10% to reflect MN's maiden venture into solar EPCC. We estimate net profit contributions of RM51.9m over FY27-28, providing further earnings visibility and upside to our forecasts.
- **Orderbook expands to RM2.7b, providing strong earnings visibility.** Following the latest wins, MN's outstanding orderbook has expanded to RM2.7b from RM1.9b in Oct 26, equivalent to 3x FY26's revenue. We expect replenishment momentum to remain robust, supported by its sizeable RM5b tenderbook, comprising TNB (54%), DC (29%), solar (8%), water and sewerage (4%) and others (5%).

Key Financials

Year to 30 Jun (RMm)	FY25	FY26	FY27E	FY28E	FY29E
Net turnover	540.4	871.0	1504.9	1711.8	1864.0
EBITDA	85.8	139.1	202.8	228.1	246.5
Operating Profit	82.7	135.9	198.9	223.6	241.3
Net Profit	47.7	91.7	150.6	169.7	184.8
Net Profit (Adjusted)	61.5	102.3	150.6	169.7	184.8
EPS (sen)	8.4	14.0	20.7	23.3	25.3
PE (x)	34.5	20.7	14.1	12.5	11.5
P/B (x)	9.8	5.0	3.6	2.7	2.1
EV/EBITDA (x)	20.8	11.3	7.4	5.9	4.8
Dividend Yield (%)	0.1	0.1	0.0	0.0	0.0
Net Margin (%)	8.8	10.5	10.0	9.9	9.9
Net Debt/(Cash) to Equity (%)	(62.8)	(85.4)	(74.7)	(78.2)	(81.3)
Interest Cover (x)	47.9	119.3	141.7	159.3	172.0
ROE (%)	30.6	31.8	32.8	27.4	23.2
Consensus Net Profit			135.8	155.4	169.8
UOBKH/Consensus (x)			1.11	1.09	1.09

Source: MN, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	RM2.91
Target Price	RM5.12
Upside	75.8%

Stock Data

Sector	Industrials
Bloomberg ticker	MNHLDG MK
Shares issued (m)	705.1
Market cap (RMm)	2,512.1
Market cap (US$m)	614.7
3-mth avg daily t'over (US$m)	3.8

Price Performance (%)

52-week high/low				RM4.06/RM1.40
1mth	3mth	6mth	1yr	YTD
(23.0)	(20.7)	17.8	69.2	76.4

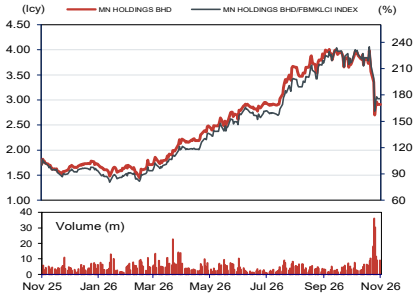
Major Shareholders (%)

Toh Eng Keat	14.4
Loy Siong Hay	13.8
Dang Siong Diang	6.3

Balance Sheet Metrics

FY26 NAV/Share (RM)	0.59
FY26 Net Debt/Share (RM)	(0.5)

Price Chart



Source: Bloomberg

Company Description

MN Holdings is a Malaysian infrastructure engineering group specialising in underground utilities and substation engineering. It installs underground power cables of up to 275kV as well as gas, sewerage and telecommunications pipelines, and provides engineering, procurement, construction and commissioning services for high-voltage substations, serving TNB, data centre developers and solar projects.

- **Revise FY27 replenishment target to RM2.0b.** MN's FYTD contract wins have reached RM1.3b in just five months, having met our initial full-year replenishment assumption. In view of the stronger-than-expected contract wins and healthy tender pipeline across TNB and solar projects, we raise our FY27 replenishment assumption to RM2.0b (from RM1.3b), while maintaining our FY28-29 assumptions at RM1.3b/RM1.4b.

FY27 YTD Contract Wins

Project Details	Location	Announcement Date	Contract Value (RMm)
Solar farm project	Solar	Jul-26	46.6
New double-circuit 132kV underground cable from PMU Tasek Gelugor to PMU Bertam	TNB	Aug-26	97.8
New 132/33kV PMU Blue Valley, Cameron Highlands	TNB	Aug-26	71.0
275kV underground cable reconfiguration for Intel Penang	TNB	Sep-26	53.9
2 275kV consumer landing stations for a DC development in central Peninsular Malaysia	DC	Oct-26	293.9
2 LSS5+ solar EPCC work (250MWac & 150MWac) in Kemaman, Terengganu (66% share)	Solar	Nov-26	741.3
Others			19.1
Total			1323.6

Source: MN, UOB Kay Hian

- **Reinforcing our conviction in MN's diversified growth story.** This latest solar EPCC win reinforces our conviction in MN's increasingly diversified earnings profile, with TNB grid investments and solar projects providing meaningful growth driver beyond the DC space. While concerns over tighter US AI chip restrictions continue to weigh on sentiment, we believe MN's earnings should remain resilient even under a potential delay of a six to nine-month slowdown in new DC-related awards, supported by its sizeable TNB orderbook and growing solar exposure. We gather that approximately half of its outstanding DC works are slated for completion by 4QCY26, with minimal execution risk, given the advanced stage of project progress. More importantly, its ability to secure large-scale contracts across multiple infrastructure segments underscores its competitive edge and reduces dependence on any single end-market.

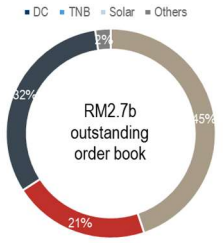
Earnings Revision/Risk

- **We raise our FY27-29 earnings forecasts by 15%/10%/5% respectively.** We raise our earnings forecasts by 10-15% for FY27-28 to incorporate contributions from the newly secured solar EPCC contracts, which provide stronger earnings visibility and further diversify MN's revenue streams beyond TNB and DC-related projects.

Valuation/Recommendation

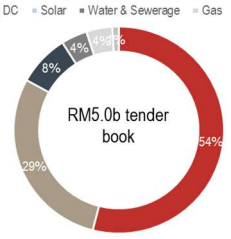
- **Maintain BUY with a higher target price of RM5.12.** Following earnings revision, we raise our target price to RM5.12, based on an unchanged 22x FY28F fully diluted EPS. We believe this premium is justified by MN's sector-leading position, sizeable orderbook, established HV engineering capabilities and entrenched relationships with TNB and DC customers, further strengthened by its expansion into large-scale solar EPCC works.
- **Trading at an undemanding 13x FY28F PE**, MN offers an attractive valuation against our projected three-year earnings CAGR of 21.8%, with further contract wins, earnings delivery and increasing diversification as key catalysts for further re-rating.

Orderbook Breakdown



Source: MN, UOB Kay Hian

Tenderbook Breakdown



Source: MN, UOB Kay Hian

Three-year PE Band



Source: MN, Bloomberg, UOB Kay Hian

Fair Value Range

-1SD	-0.5SD	Mean	+1SD	Ascribed PE
13x	14x	16x	20x	22x
RM3.02	RM3.26	RM3.72	RM4.65	RM5.12

Source: MN, UOB Kay Hian

Profit & Loss

Year to 30 Jun (RMm)	FY26	FY27E	FY28E	FY29E
Net turnover	**871.0**	**1,504.9**	**1,711.8**	**1,864.0**
EBITDA	139.1	202.8	228.1	246.5
Deprec. & amort.	(3.2)	(3.9)	(4.5)	(5.2)
EBIT	135.9	198.9	223.6	241.3
Net interest income/(expense)	4.8	4.5	5.8	8.4
Pre-tax profit	**130.2**	**203.4**	**229.4**	**249.8**
Tax	(38.1)	(52.9)	(59.6)	(64.9)
Minorities	(0.4)	0.0	0.0	0.0
Net profit	**91.7**	**150.6**	**169.7**	**184.8**
Net profit (adj.)	**102.3**	**150.6**	**169.7**	**184.8**

Balance Sheet

Year to 30 Jun (RMm)	FY26	FY27E	FY28E	FY29E
Fixed assets	7.8	7.9	7.4	6.2
Other LT assets	2.3	2.3	2.3	2.3
Cash/ST investment	335.8	406.9	558.5	730.6
Other current assets	362.2	556.6	633.2	689.4
Total assets	**708.0**	**973.7**	**1201.3**	**1428.6**
ST debt	6.3	6.3	6.3	6.3
Other current liabilities	315.5	430.7	488.6	531.0
LT debt	0.3	0.3	0.3	0.3
Other LT liabilities	0.5	0.5	0.5	0.5
Shareholders' equity	384.0	534.5	704.2	889.1
Minority interest	1.3	1.3	1.3	1.4
Total liabilities & equity	**708.0**	**973.7**	**1201.3**	**1428.6**

Cash Flow

Year to 30 Jun (RMm)	FY26	FY27E	FY28E	FY29E
Operating	**112.1**	**75.1**	**155.6**	**176.1**
Pre-tax profit	130.2	203.4	229.4	249.8
Tax	0.0	0.0	0.0	0.0
Deprec. & amort.	3.2	3.9	4.5	5.2
Working Capital Changes	14.2	(79.3)	(18.7)	(13.9)
Other operating cashflows	(35.5)	(52.9)	(59.6)	(64.9)
Investing	**(113.9)**	**(4.0)**	**(4.0)**	**(4.0)**
Capex (growth)	(2.0)	(4.0)	(4.0)	(4.0)
Investments	0.0	0.0	0.0	0.0
Proceeds from Sale of Assets	0.0	0.0	0.0	0.0
Others	(111.9)	0.0	0.0	0.0
Financing	**92.8**	**0.0**	**0.0**	**0.0**
Dividend Payments	(2.0)	0.0	0.0	0.0
Issue of Shares	93.4	0.0	0.0	0.0
Loan Repayment	1.2	0.0	0.0	0.0
Others/Interest Paid	0.0	0.0	0.0	0.0
Net cash inflow (outflow)	**91.0**	**71.1**	**151.6**	**172.1**
Beginning cash & cash equivalent	**126.4**	**217.4**	**288.5**	**440.1**
Changes due to forex impact	(0.0)	0.0	0.0	0.0
Ending cash & cash equivalent	**217.4**	**288.5**	**440.1**	**612.2**

Key Metric

Year to 30 Jun (RMm)	FY26	FY27E	FY28E	FY29E
Profitability				
EBITDA margin	16.0	13.5	13.3	13.2
Pre-tax margin	14.9	13.5	13.4	13.4
Net margin	11.7	10.0	9.9	9.9
ROA	16.7	17.9	15.6	14.1
ROE	31.8	32.8	27.4	23.2
Growth				
Turnover	61.2	72.8	13.7	8.9
EBITDA	62.2	45.8	12.5	8.1
Pre-tax profit	90.0	56.3	12.7	8.9
Net profit	91.0	63.4	12.7	8.9
Net profit (adj.)	66.4	47.2	12.7	8.9
EPS	66.4	47.2	12.7	8.9
Leverage				
Debt to total capital	1.7	1.2	0.9	0.7
Debt to equity	1.7	1.2	0.9	0.7
Net debt/(cash) to equity	(85.4)	(74.7)	(78.2)	(81.3)
Interest cover	119.3	141.7	159.3	172.0

Oxford Innotech
(OXB MK/BUY/RM0.47/Target: RM0.73)

3Q26: Results Beat Expectations; Pivoting Into A Record 2027

Highlights

- **Above expectations.** Oxford Innotech (OXB) delivered a record 3Q26 core net profit of RM5.8m (+40% qoq; +180% yoy), lifting 9M26 core net profit to RM13.2m (+80% yoy), accounting for 86% of our estimates and exceeding expectations. The positive variance was driven by stronger-than-expected revenue contribution from the semiconductor, data centre and E&E industries coupled with better-than-expected margins on improved operational efficiency and a favourable product mix.
- **Record 3Q26 performance; growth momentum extending into 2027.** 3Q26 revenue surged 121% yoy to a record RM30.8m underpinned by robust order fulfilment across the DC, semicon and E&E sectors. Core net profit outpaced by more than double yoy (+180%), supported by an 8.9ppts expansion in EBITDA margin and the absence of one-off listing expenses. Sequentially, revenue grew 26% qoq, primarily driven by higher deliveries for the supply of precision steel and metal components for DC airflow management system alongside better sales from the semiconductor segment. Core net profit rose a further 40% qoq, reflecting stronger operating leverage, improved production efficiency and a higher-margin DC revenue mix.
- **Deepening exposure to high value semiconductor precision engineering.** OXB was recently awarded RM8.8m in purchase orders from a leading US-based mass flow controller (MFC) manufacturer to supply precision-engineered components for semiconductor applications, comprising RM3.2m secured in Jun 26 and a further RM5.6m order in Jul 26. MFCs are mission-critical components that regulate process gases during deposition, etching and other front-end wafer fabrication processes. We view the award positively as it validates OXB's ability to meet semiconductor equipment standards, where customised specifications, tight tolerances and demanding quality requirements support superior margins. Successful execution could unlock repeat orders and deeper customer engagement, positioning OXB to benefit from semiconductor capital expenditure driven by AI infrastructure, advanced packaging and high-bandwidth memory.
- **Aggressive capacity expansion to capture the next wave of growth.** We expect OXB's earnings momentum to accelerate into 1H27, underpinned by robust semiconductor and DC demand, improving order visibility and ongoing capacity expansion. Notably, its outstanding order backlog rose 13% qoq to RM43.9m as at end-Sep 26 (from RM38.9m at end-Jun 26), providing greater earnings visibility into 1H27. To address rising customer demand, OXB has leased an additional factory near its existing SP1 and SP2 facilities, with plans to install 34 additional machines in 2H26, potentially lifting production capacity by 41%. Longer term, the group has earmarked 82.4% of its RM41.6m IPO proceeds for a new manufacturing facility and machinery investments, while Phase 2 of its Penang Science Park Factory 2 expansion, targeted for completion in 2H27, will increase floor space by 50.2% to 202,696 sq ft. We view these investments as timely capacity additions to support a multi-year earnings upcycle, positioning OXB to capture larger and higher-value orders across the DC, semiconductor and E&E supply chains.

Earnings Revision/Risk

- We raised our 2026-2027 earnings by 11%-12% to account for higher loadings from semiconductor and DC-related jobs.

Valuation/Recommendation

- **Maintain BUY with a higher target price of RM0.73 (from RM0.66),** based on 25x 2027F PE, implying a 25% discount to the seven-year average forward PE of semiconductor production equipment peers. Our ascribed 25x multiple implies an attractive 0.4x PEG, supported by a robust two-year NP CAGR of 58%. We anticipate a sharp earnings rebound in 2026, with growth momentum accelerating into 2027, underpinned by the sector's cyclical recovery, deeper alignment with customers' expansion roadmaps and an expanding scope of work.

3Q26 Results

Year to 31 Dec	3Q26 (RMm)	qoq % chg	yoy % chg	9M26 (RMm)	yoy % chg
Revenue	30.8	25.6	121.4	73.2	44.8
EBITDA	9.0	28.6	219.4	21.9	116.0
EBIT	7.6	33.6	373.3	17.8	99.5
Pre-tax profit	7.3	35.1	465.0	17.1	115.9
Net profit	5.8	40.0	374.1	13.2	118.5
Core net profit	5.8	40.0	179.5	13.2	80.1
Margins	**%**	**+/- ppt**	**+/- ppt**	**%**	**+/- ppt**
EBITDA	29.2	0.7	8.9	29.9	9.9
EBIT	24.5	1.5	13.0	24.4	6.7
Pre-tax profit	23.7	1.7	14.4	23.4	7.7
Core net profit	18.9	1.9	3.9	18.1	3.5

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	92.9	63.2	99.3	120.2	136.4
EBITDA	26.6	15.4	28.8	33.7	37.8
Operating profit	20.5	10.4	22.8	27.6	31.4
Net profit (rep./act.)	15.6	7.1	17.1	20.8	23.8
Net profit (adj.)	15.6	8.4	17.1	20.8	23.8
EPS	2.2	1.2	2.4	2.9	3.3
PE (x)	21.4	39.9	19.6	16.0	14.0
P/B (x)	4.2	2.7	2.6	2.3	2.4
EV/EBITDA (x)	12.3	19.7	10.5	8.7	8.0
Dividend yield (%)	3.0	0.0	1.3	1.6	8.9
Net margin (%)	16.8	13.2	17.2	17.3	17.4
Net debt/(cash) to equity (%)	21.1	(25.1)	(24.3)	(28.0)	(23.0)
Interest cover (x)	(21.0)	(8.3)	(18.1)	(22.0)	(24.9)
ROE (%)	19.5	6.8	13.4	14.6	17.4

Source: OXB, UOB Kay Hian

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Supercomnet Technologies (SCT MK/CEASE COVERAGE/RM0.435)

9M26: In Line

Highlights

- **Within our expectations.** Supercomnet Technologies (SCT) reported a core net profit of RM15.3m (-13.3% yoy) in 9M26. We arrive at this number after excluding RM5.0m in fair value gains of financial assets and RM0.4m in unrealised forex gains. This met our expectations but missed consensus, accounting for 74% and 61% of respective full-year forecasts. SCT also declared a 1.2 sen interim dividend (3Q25:1.1 sen).
- **Forex weighs on earnings.** SCT reported revenue of RM98.6m (-9.9% yoy) in 9M26. Overall, revenue declined yoy as the strengthening of the ringgit continued to pressure the top-line. Supercomal Medical Products (SMP) continued to contribute the lion's share of revenue, growing to 92% of the group's overall revenue (9M25: 81%). Positively, orders from the medical segment picked up in 9M26 as both utilisation rates and margins improved. Looking forward, the outlook appears somewhat mixed for the segment. Previous unfavourable forex movements and consecutive disruptions to global trade from geopolitical developments or US policy changes have impacted orders from existing clients. When coupled with delays in key product launches, SMP may face challenging times ahead.
- **Automobile earnings remained muted.** Contributions from Supercomnet Technologies (STB) and Supecomal Advanced Cables (SAC), the automobile arms of SCT, remained underwhelming in 3Q26. STB and SAC contributed 7% and 1% of overall revenue respectively. Orders for its automotive arms remained depressed with the segment remaining loss-making and dragging earnings overall. Looking forward, securing any new customers remains a key catalyst for the automobile segment. SCT had previously commented that it has cleared an audit by a French Tier 1 automotive parts supplier for Maserati and Tesla. However, given the limited news thus far, we remain conservative of any major growth in the segment.

Earnings Revision/Risk

- None

Valuation/Recommendation

- **Cease coverage on SCT** given the limited catalysts. Note that our recommendation, target price and estimates are no longer valid following the cessation of coverage.

3QFY26 Results

Year to 31 Dec	3Q26 (RMm)	qoq % chg	yoy % chg	9M26 (RMm)	yoy % chg
Revenue	**35.1**	**3.7**	**(6.5)**	**98.6**	**(9.9)**
Gross Profit	12.3	4.3	1.5	33.7	(0.8)
EBITDA	**11.9**	**9.7**	**(1.6)**	**30.2**	**(6.2)**
EBIT	**10.4**	**12.3**	**0.6**	**26.9**	**(2.0)**
Profit Before Tax	10.4	12.3	0.6	26.9	(2.0)
Taxation	(2.6)	18.3	(1.0)	(6.4)	3.7
PATMI	**7.8**	**11.1**	**1.1**	**20.5**	**(3.8)**
Core Net Profit	**6.13**	**15.8**	**4.6**	**15.3**	**(13.3)**
Margins	**%**	**+/- ppt**	**+/- ppt**	**%**	**+/- ppt**
Gross Margins	35.0	0.2	2.8	34.1	3.1
EBITDA Margin	34.0	1.9	1.7	30.7	1.2
Net Profit Margin	29.6	2.3	2.1	27.3	2.2
Revenue	29.6	2.3	2.1	27.3	2.2

Source: SCT, UOB Kay Hian

Key Financials

Year to 31 Dec (RMm)	2021	2022	2023	2024	2025
Net Turnover	144	158	138	177	159
EBIT	38	49	42	49	34
Net Profit (Reported)	25	33	29	34	22
Net Profit (Adjusted)	25	33	29	34	22
EPS (sen)	3.1	4.0	3.5	3.9	2.6
PE (x)	13.9	10.8	12.3	11.1	16.7
P/B (x)	1.1	1.1	1.0	1.0	0.9
EV/EBITDA (x)	5.9	4.0	3.8	3.1	4.4
Dividend Yield (%)	3.4	4.6	4.6	2.7	1.8
Net Margin (%)	17.6	20.8	21.0	19.0	14.1
Net Gearing (%)	(42.3)	(49.5)	(53.5)	(52.5)	(51.6)
ROE (%)	9.2	10.3	8.4	9.4	6.1
Consensus Net Profit	-	-	-	-	-
UOBKH/Consensus (x)	-	-	-	-	-

Source: SCT, Bloomberg, UOB Kay Hian

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Market Spotlight

Market News

The FBMKLCI lost 9.65pt last Friday as extended profit-taking activity, particularly in the index-linked counters, sent the index down to close lower at 1,556.51. Meanwhile, Asian stocks slumped to a seven-month low on Friday with South Korea and Taiwan logging heavy losses amid a continued, deep unwinding in artificial intelligence and technology valuations. The FBMKLCI's top gainers were Maxis (+1.1%), 99 Speed Mart Retail Holdings (+0.66%) and Tenaga Nasional (+0.63%), while the top losers were Press Metal Aluminium Holdings (-6.3%), CelcomDigi (-5.2%) and Mr D.I.Y. Group (M) (-2.5%). In the broader market, losers outpaced gainers 844 to 329 with 454 counters unchanged. Turnover was 2.92b shares valued at RM2.47b.

US stocks were lower after the close on Friday, as losses in the technology, industrials and basic materials sectors led shares lower. At the close in NYSE, the Dow Jones Industrial Average lost 1.93% to hit a new 6-months low, while the S&P 500 Index lost 3.69%, and the NASDAQ Composite Index fell 5.28%. Falling stocks outnumbered advancing ones on the New York Stock Exchange by 2,345 to 518 and 56 ended unchanged; on the Nasdaq Stock Exchange, 2,869 fell and 634 advanced, while 152 ended unchanged. *(Sources: Investing.com)*

FBMKLCI, FCPO & FKLI Index Outlook

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FBMKLCI



Source: UOBKH ChartGenie

FTSE Bursa Malaysia KLCI

Last close:	1,556.51
Expected moving range:	1,570-1,600

Technical View:

Based on the daily candlestick chart, the FBMKLCI continued to form lower highs and lower lows with the RSI registering a bearish crossover, which implies further weakness ahead. The index penetrated the previous immediate support of 1,560 and closed lower at 1.556.51 last Friday. This bearish movement is supported by a bearish crossover in MACD. Support and resistance levels are revised as follows:

Support: 1,550, 1,540

Resistance: 1,576, 1,600

FCPO



Source: TradingView

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

Technical SELL with +3.0% potential return

Trading SELL range:	RM4,250-4,300
Last price:	RM4,217
Target price:	RM4,435, RM4,091
Support:	RM4,300
Stop-loss:	RM4,301

SELL with a target price of RM4,091 and stop-loss at RM4,301. Based on the chart, FCPO formed a series of lower highs and lower lows that indicates the downtrend pattern. This bearish movement is supported by the downtick in RSI and bearish crossover in both MACD and DMI indicators. We peg our targets at RM4,435 and RM4,091 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 -0.51% downside

Trading BUY range:	1,560-1,580
Last price:	1,546
Target price:	1,539, 1,524
Resistance:	1,564
Stop-loss:	1,565

SELL with a target price of 1,524 and stop-loss at 1,565. Based on the chart, FKLI hit our both previous targets before continuing the bearish movement 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 1,539 and 1,524 in the near term.

Expected timeframe: One day to three days

Traders' Corner

Analyst(s)

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Source: UOBKH ChartGenie

B.I.G. Industries
BIG MK

Technical BUY on breakout with +23.1% potential return

Trading BUY range:	RM0.605-0.61
Last price:	RM0.58
Target price:	RM0.71, RM0.745
Support:	RM0.53
Stop-loss:	RM0.525

BUY on breakout with a target price of RM0.745 and stop-loss at RM0.525. Based on the chart, share price has recovered gradually and moved above the 7- and 21-day EMAs, effectively reversing its sideways trend. This is supported by the rising RSI and DMI, which indicate positive momentum would strengthen in the near term. We peg our targets at RM0.71 and RM0.745 once it manages to penetrate the breakout level of RM0.605.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading



Source: UOBKH ChartGenie

BP Plastics Holdings
BPP MK

Technical BUY on breakout with +14.9% potential return

Trading BUY range:	RM0.805-0.81
Last price:	RM0.79
Target price:	RM0.885, RM0.925
Support:	RM0.75
Stop-loss:	RM0.745

BUY on breakout with a target price of RM0.925 and stop-loss at RM0.745. Based on the daily chart, BPP formed higher highs and higher lows that indicates an uptrend. This bullish movement is supported by an uptick in the RSI and a bullish crossover in the both MACD and DMI indicators. We expect BPP will continue moving up once it penetrates the breakout level of RM0.805.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading



Source: UOBKH ChartGenie

Magni-Tech Industries
MTI MK

Technical BUY with +11.6% potential return

Trading BUY range:	RM1.45-1.46
Last price:	RM1.46
Target price:	RM1.54, RM1.63
Support:	RM1.40
Stop-loss:	RM1.39

BUY with a target price of RM1.63 and stop-loss at RM1.39. Currently, MTI's share price has consolidated within the immediate support of RM1.40, before last Friday's positive closing above the BBI set a new tone for the short-term outlook. The bullish bias has been established following an uptick in RSI and bullish crossover in both DMI and MACD. We peg our targets at RM1.54 and RM1.63 in the near term.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading

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