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2 September 2022

MALAYSIA EQUITY

EARNINGS WRAP

Review of corporate earnings

Quarter Ended June 2022

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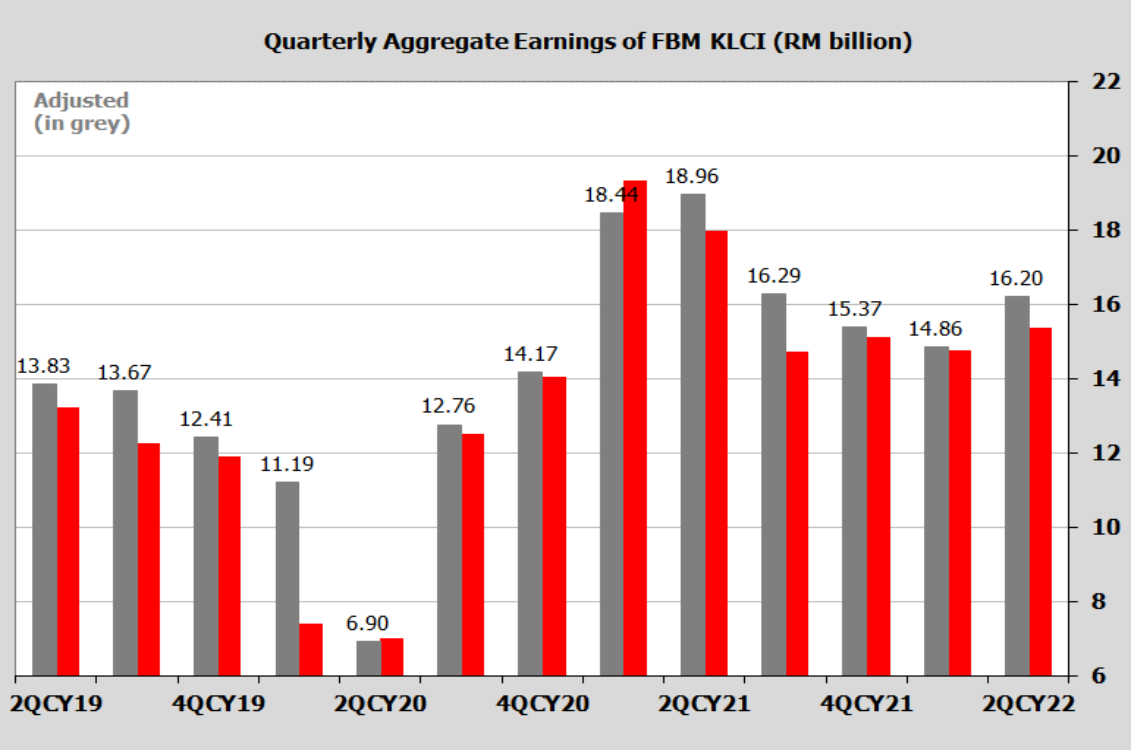
2 September 2022 | Earnings Wrap

Sequential earnings bounce post-omicron + border reopening

- *In 2QCY22, the aggregate reported quarterly earnings of FBM KLCI 30 constituents improved vis-à-vis preceding quarter at 4.2%qoq but declined against corresponding quarter last year at -14.5%yoy to RM15.4b*
- *On adjusted basis, the aggregate normalized earnings of FBM KLCI 30 constituents in 1QCY22 improved sequentially at 9.0%qoq while declined on-year at -14.6%yoy to RM16.2b*
- *Within MIDFR Universe, 30% of stocks under coverage reported higher than expected earnings. Of the rest, 32% posted earnings that were lower than expected versus 38% which came within expectations*
- *Target price changes involved 24 upward adjustments and 35 downward adjustments. Moreover, we made 12 changes to our stock recommendations with 5 upgrades and 7 downgrades*
- *The aggregate FY2022 and FY2023 earnings estimate and forecast of the FBM KLCI constituents under our coverage were tweaked higher by 1.4% to RM65.4b and by 0.6% to RM68.4b respectively*
- *We maintain our FBM KLCI end-2022 baseline target at 1,600 points amid concerns over the pace of global monetary tightening and geopolitical conflicts while supported by Malaysia's ostensibly resilient macro recovery*

FBM KLCI

In 2QCY22, the aggregate reported quarterly earnings of FBM KLCI 30 constituents improved vis-à-vis preceding quarter but declined against corresponding quarter last year to RM15.4b. It registered positive sequential growth at +4.2%qoq and negative on-year at -14.5%yoy.



Source: Bloomberg, MIDFR

After adjusting for non-operational items (mainly extraordinaries incurred by Axiata, Genting, IHH, Sime Darby and TNB), the aggregate normalized quarterly earnings of FBM KLCI 30 constituents came in higher at RM16.2b in 2QCY22. After neutralizing the non-operational items (2QCY22: -823m, 1QCY22: -111m, 2QCY21: -RM984m), the aggregate normalized growth in 2QCY22 improved sequentially at +9.0%qoq while declined on-year at -14.6%yoy. Also, looking

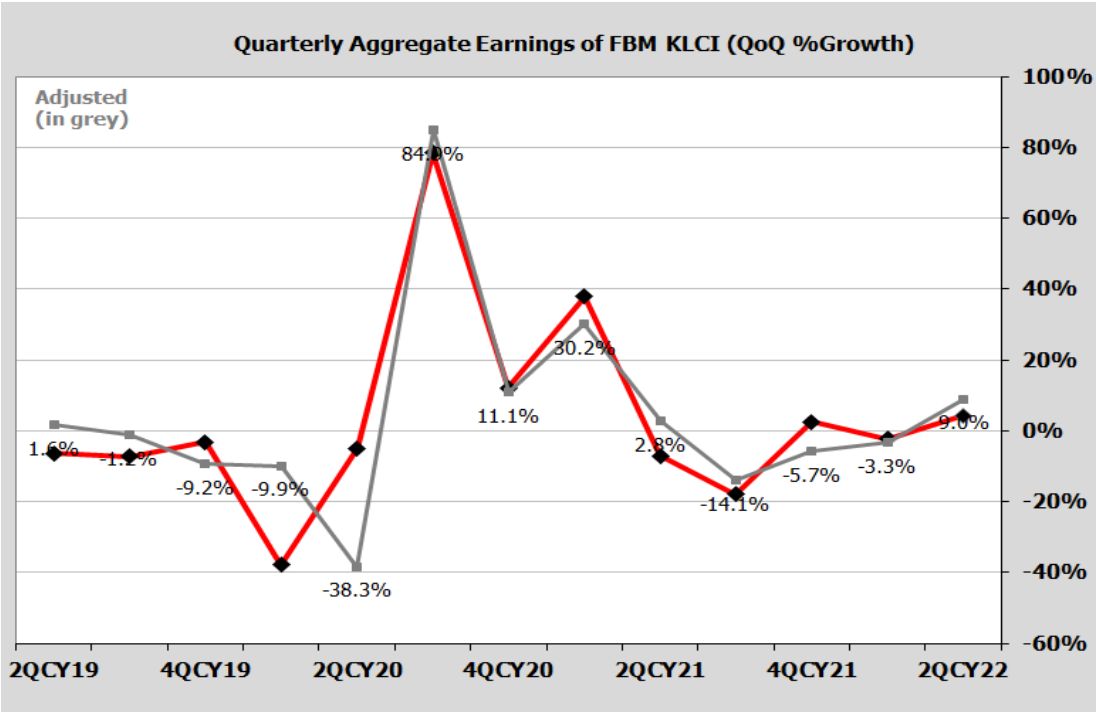
at above chart, it is notable that the aggregate quarterly earnings in both 2021 and thus far 2022 are superior vis-à-vis the pre-pandemic quarters in 2019. Manifestly, a V-shaped corporate earnings recovery.

FBM KLCI: Normalized Earnings (RM Million)

SECTOR	2QCY22	1QCY22	QoQ	2QCY21	YoY
CONSUMER P&S	1,692.29	447.48	278.2%	164.88	926.4%
ENERGY	118.20	133.10	-11.2%	138.50	-14.7%
FINANCIAL SERVICES	6,817.00	6,878.00	-0.9%	6,589.83	3.4%
HEALTHCARE	442.90	468.31	-5.4%	4,759.20	-90.7%
INDUSTRIAL P&S	2,284.46	2,490.63	-8.3%	2,115.97	8.0%
PLANTATION	1,962.20	1,448.80	35.4%	1,656.80	18.4%
TECHNOLOGY	69.20	86.50	-20.0%	88.36	-21.7%
TELCO & MEDIA	1,323.30	1,267.10	4.4%	1,197.90	10.5%
TRANSPORT & LOGISTICS	-19.10	376.40	-105.1%	578.80	-103.3%
UTILITIES	1,506.00	1,261.40	19.4%	1,666.10	-9.6%
TOTAL	**16,196.45**	**14,857.72**	**9.0%**	**18,956.34**	**-14.6%**

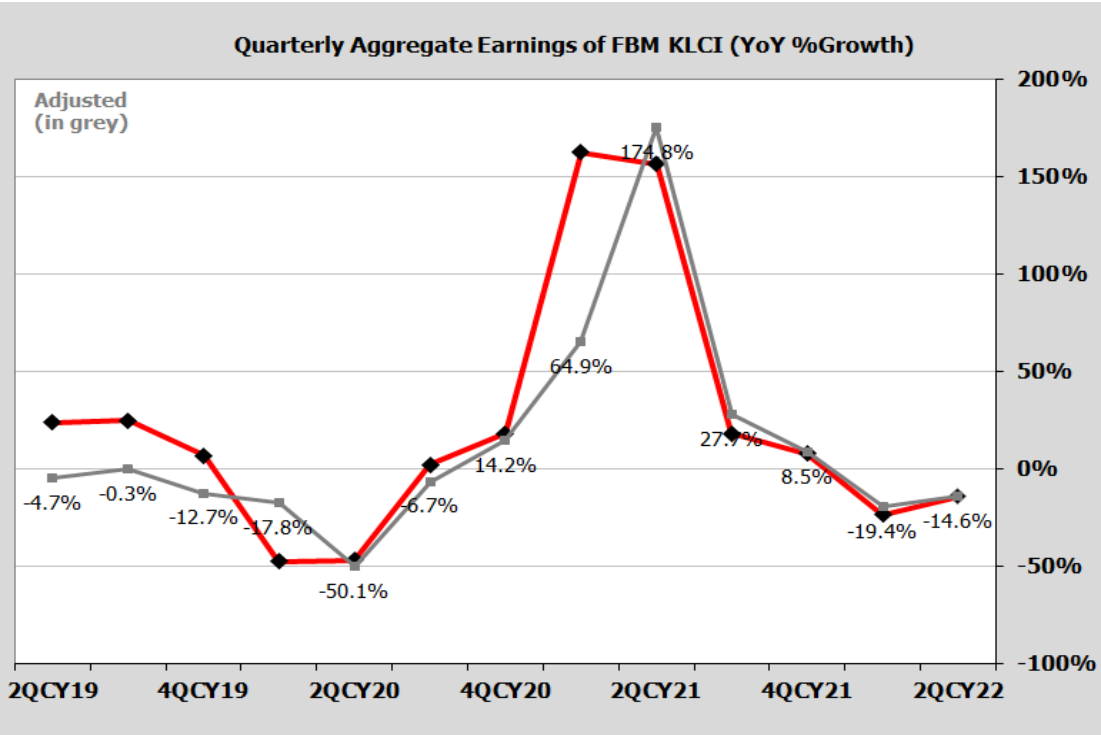
Source: Bloomberg, MIDFR

The sequential rebound in 2QCY22 could be attributed to economic/border reopening as well as subsiding impact from the Omicron variant. The positive on-quarter growth performance was mainly attributable to material earnings improvement and recovery among its Consumer (such as Genting, Mr DIY, Petronas Dagangan, PPB and Sime Darby) as well as Plantation (namely IOI Corp and Sime Darby Plant) constituents.



Source: Bloomberg, MIDFR

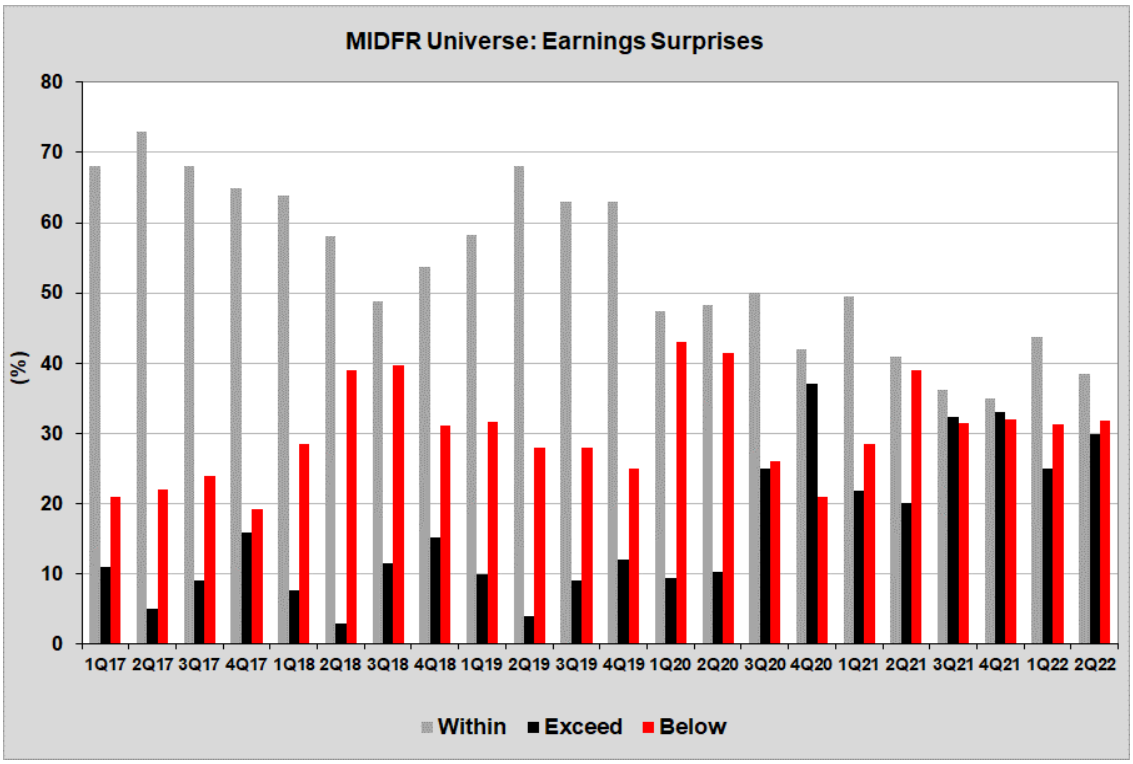
Meanwhile, the negative on-year growth performance in 2QCY22 was principally due to the sharp drop in earnings of its Healthcare (especially Glove companies, Top Glove and Hartalega, due to tumbling ASPs) as well as Transport (namely MISC) constituents.



Source: Bloomberg, MIDFR

MIDFR Universe

The percentage of companies in MIDFR Universe that registered earnings above our expectations increased to 30% in 2QCY22 as compared to 25% in the prior quarter. Likewise, the percentage of negative surprises increased to 32% in 2QCY22 from 31% in the prior quarter.



Source: MIDFR

Accordingly, the percentage of companies with results which met expectation declined to 38% in 2QCY22 from 44% in the prior quarter. Moreover, Energy sector registered the highest percentage of positive surprises at 75% of stocks under our coverage while Healthcare and Telco & Media sectors led the percentage of underperformers each at 57% of companies under our coverage.

MIDFR Universe: Earnings Surprises

	Within	Exceed	Below
CONSTRUCTION	29%	29%	43%
CONSUMER PRODUCTS & SERVICES	29%	47%	24%
ENERGY	25%	75%	0%
FINANCIAL SERVICES	50%	17%	33%
HEALTH CARE	14%	29%	57%
INDUSTRIAL PRODUCTS & SERVICES	56%	22%	22%
PLANTATION	57%	29%	14%
PROPERTY	38%	25%	38%
REITS	67%	33%	0%
TECHNOLOGY	50%	0%	50%
TELECOMMUNICATIONS & MEDIA	0%	43%	57%
TRANSPORTATION & LOGISTICS	50%	13%	38%
UTILITIES	33%	33%	33%
TOTAL	**38%**	**30%**	**32%**

Source: MIDFR

In total, we made 12 changes to our stock recommendations with 5 upgrades and 7 downgrades. Moreover, target price changes involved 24 upward against 35 downward adjustments.

The aggregate reported earnings of companies under MIDFR Universe declined -14.4%yoy while the sequential growth figure increased 0.7%qoq to RM19.0b in 2QCY22.

MIDFR Universe: Sectoral Quarterly Net Profit (as reported, RM Million)

	YoY (%)	*QoQ (%)*	2Q22	1Q22	4Q21	3Q21	2Q21	1Q21	4Q20	3Q20	2Q20	1Q20	4Q19	3Q19
CONSTRUCTION	*46.7*	*48.2*	371	250	373	865	253	419	26	97	-60	271	241	348
CONSUMER P&S	*636.9*	*275.6*	757	202	642	-169	103	649	-1,323	280	-518	538	804	1,028
ENERGY	*36.4*	*1.6*	335	330	149	258	246	200	265	244	-132	-65	-59	326
FINANCIAL SERV	*5.4*	*3.0*	7,890	7,663	7,231	5,959	7,483	4,352	5,261	6,172	4,518	6,155	7,464	6,970
HEALTH CARE	*(88.2)*	*55.5*	799	514	1,246	3,279	6,801	6,425	5,395	3,184	977	86	248	513
INDUSTRIAL P&S	*6.2*	*(8.8)*	2,141	2,348	4,640	2,117	2,017	1,642	761	696	216	597	560	854
PLANTATION	*14.7*	*12.5*	2,659	2,363	2,348	2,163	2,318	1,544	1,120	942	1,061	457	526	-133
PROPERTY	*128.2*	*137.5*	557	234	322	132	244	202	191	146	-380	-10	581	418
REITS	*81.7*	*(9.3)*	331	365	287	179	182	198	-47	234	198	277	535	328
TECHNOLOGY	*67.0*	*50.2*	419	279	303	262	251	237	274	232	143	129	120	86
TELCO & MEDIA	*(25.1)*	*(2.9)*	938	966	899	1,299	1,253	1,159	770	1,541	1,013	1,136	1,046	1,241
TRANSP & LOGIS	*(68.5)*	*(64.5)*	173	487	623	479	548	464	96	218	360	-977	476	693
UTILITIES	*265.8*	*(43.9)*	1,585	2,827	1,426	1,796	433	1,673	1,945	1,745	862	1,252	1,308	1,777
TOTAL	***(14.4)***	***0.7***	18,955	18,828	20,489	18,619	22,131	19,165	14,736	15,731	8,260	9,846	13,849	14,450

Source: MIDFR

Construction, Consumer P&S, Energy, Financial Services, Plantation, Property and Technology were the sectors which recorded improved total earnings (as reported) in 2QCY22 when compared to both the preceding quarter and corresponding period last year.

On the other hand, Telecommunications & Media and Transport & Logistics were the sectors which registered both negative sequential and on-year earnings (as reported) growth percentages in 2QCY22.

Sectoral commentary

Construction: Construction players generally displayed a rebound in top and bottom lines in 2QCY22, as compared to the corresponding period last year due to the lower base as a result of Covid-related restrictions that disrupted operations. The better quarterly performance is attributable to the normalisation of operations as construction sites have since been allowed to ramp up their operations to full capacity, which is in line with the rebound in value of construction work done for the quarter to 6.1%, with a value of work done at RM30b. Nine out of the 10 construction companies under our coverage that announced their quarterly results posted a year-on-year growth in their core earnings. Despite that, only two companies came in within our expectations, which are our sector top picks - **IJM Corp (BUY, TP: RM2.18)** and **Sunway Construction (BUY, TP: RM1.87)**. Six were below expectations while the other two that came in above expectations were **Cahya Mata Sarawak (BUY, TP: RM1.37)** and **WCT Holdings (BUY, TP: RM0.87)**. Most companies sang the same tune in terms of high raw material costs affecting their margins, which was expected as average steel bar and cement prices peaked in June at RM3,901.81 per tonne and RM21.05 per 50kg bag respectively and only started to soften in July, which should be able to get margins to improve by 3QCY22. While some were unable to pass on the costs to their clients, we note that most companies under our coverage were able to do so with variation of price (VOP) and renegotiation of contracts. Some also highlighted issues of insufficient foreign labour affecting productivity but we view that this situation is only a short-term pain that would improve moving forward, with the Government allowing the sector to hire from all 15 permitted source countries. We foresee a better 3QCY22 as companies register higher progress billings, better margins coming from moderating raw material prices and an expected slew of positive news flows on infrastructure projects with upcoming tabling of Budget 2023 next month and the impending award of MRT3 tenders by the year end.

Consumer (Retail, F&B): Mixed 2QCY22 report card for companies under Consumer (Retail, F&B) sector. Out of the 9 companies under our coverage, only 4 came in within our expectations. Meanwhile, QL Resources **(BUY, TP: RM5.62), Aeon Co (BUY, TP: RM1.87)**, and **Padini (NEUTRAL, TP: RM3.00)** performed better than we had anticipated. The better performance was driven by better-than-expected sales and successful cost-management that increased. The underperformance of **Panasonic Manufacturing (SELL, TP: RM21.20)** and **F&N (BUY, TP: RM29.70)** was ascribed to greater labour, raw material, and production costs. Topline-wise, most companies recorded an improved revenue on both quarterly and yearly basis driven by: (i) the reopening of the economy and border, which encourages the resumption of business activities and relatively stable demand for the products, (ii) continuation of retail spending for Hari Raya sales, and (iii) modification of pricing in Malaysia. Panasonic Malaysia was badly affected by the worldwide supply chain disruption, as well as fewer sales due to the discontinuation of some of its products. The increasing input costs brought on by higher labour, fuel, and raw material prices continued to have an impact on every company's bottom line. Moving forward, we think that companies in the consumer staples, retail, and agricultural products subsectors will continue to enjoy strong top-line growth in the near term, supported by economic recovery and the revival of social activities. Given the recent decrease in commodity prices and the mild supply chain interruption, we anticipate a stable trajectory for COGS inflation. Reiterate **POSITIVE** call for the sector.

Financial Services: We observe several trends: a) NII (Net Interest Income): Local NIM (Net Interest Margins) generally widen on a sequential quarter basis, mainly due to OPR hikes and lightly assisted by the unwinding modification losses. With the expectation of 1-2 further rate hikes in CY22, Banks generally believe that NIM trends are skewed

towards the positive, b) Foreign exposure: Banks with sizeable foreign exposure face the headwind of narrowing NIMs in the coming quarters as deposit rates catch up to loans. Nonetheless, most banks would have likely reaped the benefits of significant loan growth and improved non-interest incomes (NOII), c) Net credit costs are generally milder this quarter -- most players allocate BAU provisions much lower than original full-year guidance, some of which are nullified by one-off recoveries or management overlay release. Banks are more split between maintaining/adding to pre-existing overlays or performing writebacks. Most banks use a ~18 month "watch-period" to assess repayment assistance (RA) loans as lenders undergo the graduation process -- this implies a gradual release of overlays over the course of several years, d) Most banks are happy with RA loan graduation figures: >90% of PEMULIH programme candidates have resumed payments on a regular or semi-regular basis, with +30dpd rates in the mid-single digit range. As a sector, gross impaired loan (GIL) ratio did tick upwards, as Malaysian consumer RA loans graduate -- the exceptions were when major impaired loans were written-off, e) Several banks reported high loan growth of >6%, as banks seek to utilise their excess liquidity as interest rates hikes threaten to lift cost of funds. We see similarly strong deposit growth signs, as most banks trying to lock in long-duration deposits as a means of cheaper funding since the beginning of the year, under expectations of multiple OPR hikes in the year, f) In terms of operating costs (OPEX), we see most banks encounter a moderate to high hike in both revenue spend and fixed costs -- additional personnel, establishment, marketing, and IT costs. Generally, we believe the positives outweigh the headwinds and thus maintain our **POSITIVE** call on the sector.

Healthcare (Gloves): The 2QCY22 results for glove companies under our coverage was mostly below expectations. 2 out of the 4 companies we cover reported results that were below both our and the market's expectation, else Supermax's earnings came in within our expectation. Top Glove's 2QCY22 earnings are scheduled for release in September 2022. The disappointing performance was brought on by growing input costs (higher energy and labour costs), normalised average selling prices (ASPs), and decreased customer demand. Even though this quarter's ASP reduction was slower than those of the previous two, we turned cautious that ASPs may have fallen to pre-pandemic levels, before the imbalanced demand-supply dynamics restored to normal. The buying activity has continued to be mild in tandem with consumption levels falling as major buyers overstocked their inventory during the pandemic. **Supermax (SELL, TP: RM0.65)**'s topline remain low with the ongoing Withhold Release Order (WRO) imposed by the US customs and Border Protection (USCBP) and the Canadian government suspended orders due to forced labour allegations. Hence, we maintain **NEUTRAL** call for the sector.

Media: The 2QCY22 result season for media companies under our coverage displayed mixed performance with Star coming above expectation while Media Prima, on the other hand, underperformed. The better-than-expected core earnings from Star were mainly attributed from higher-than-expected performance advertising spending following the resumption of economic activities. Star's better performance was driven by its Print & Digital and Radio segments. Meanwhile, Media Prima's PAT improved owing to an increase in advertising income and fewer operating expenditures, but the Group still coming below ours and consensus expectation due to lower-than-expected revenue growth in sales of home shopping goods as consumers returned to brick-and-mortar shopping. Overall, we remain positive on the media business, as better economic development would likely stimulate spending and, as a result, enhance the adex environment.

Plantation: For the 1HCY22, planter's performance under our coverage was mixed with 3 stocks performed better than expected, 4 within and 2 came in below our expectations. The overall improvement in earnings were in line with higher CPO price realized, which hovered at around 6k/mt levels during the 2QCY22. The average selling price (ASP) of CPO in 2QCY22 was RM6,552.3/mt (+55.7%yoy), representing a huge improvement from RM4,207.3/mt in 2QCY21. Among those that reported results that were below our expectations were Ta Ann and MSM. Ta Ann earnings were dragged by losses of biological assets of -RM20.3m coupled with lower sales volume, whilst MSM continued losses were hammered by higher production cost, mainly attributed by high gas costs, weakening Ringgit against USD, higher freight, as well as higher refining cost from lower utilization rate factor (UF). While the others, namely Sime Darby Plant, KLK, FGV, IOI, Genting Plant, TSH and PPB recorded resilient performance mainly driven by higher margins fueled by

higher average CPO price realized. Nevertheless, majority of PO producers were having slower FFB production and yield due to unusual heavy rainfall pattern during Jan to early June months compounded by acute harvester. We expect production level to slightly improve tracking high cycle months (3-4Q) ahead, on better weather conditions as well as returning of foreign workers in early August. On the other hand, subdued production outlook still ongoing for soybean on the back of drought in USA and South America, in contrast there is a positive development of sunflower oil as the 3 Black Sea ports in Ukraine were reopened prompting possibly around 100-150 cargo ships to be out per month indicating gradual improvement on local agricultural exports. The CPO price expected to trading sideways c. RM4,000/mt-RM4,500/mt benefited from price disparity between CPO against SBO price which is now around USD531 in July, based on USDA data. However, we also recognized its downside risk on fragile demand outlook on the back inflationary pressure coupled with tight household spending on high base interest rate locally and globally. All factored in considered, we still maintain our **POSITIVE** stance on the sector for 2HCY22 but with a NEUTRAL bias towards CY23.

Property: Earnings of property companies were largely in line in 2QCY22 with three companies namely IOI Properties Group, UEM Sunrise and Sunway Berhad reported earnings that were higher than expected. Earnings of IOI Properties Group were stronger than expected due to lower operating expenses while earnings of UEM Sunrise were supported by land sales. Similarly, earnings of Sunway Berhad beat expectations due to the higher than expected earnings from property investment division. New property sales of property companies were largely on track to meet management new sales target while new sales momentum in 2HCY22 is expected to sustain by the reopening of economy. In a nutshell, we maintain our Neutral call on property sector as we see margin of property companies may slightly compress by the rising cost of materials going forward.

REITs: Earnings of REITs were mostly in line with our expectation except for IGB REIT which reported higher than expected earnings. Earnings of IGB REIT were driven by higher shopper footfall as a result of festive season. Retail REITs reported earnings recovery in 2QCY22 due to minimal rental rebates to tenants following recovery in shopper footfall and tenant sales. Looking ahead, earnings outlook for retail REITs is improving due to positive rental reversion outlook. Meanwhile, earnings of healthcare REIT and industrial REITs remain stable due to steady rental income from healthcare and industrial assets. In a nutshell, we maintain our Positive call on REIT as we see the sector would continue to stage earnings recovery driven by reopening of economy.

Technology: The performance of technology companies under our coverage were mixed with 3 companies registering earnings within expectations and 3 came in below. The poor performance was attributed to a difficult business environment for technology companies, including rising inflation, Federal Reserve rate hikes, global supply chain issues, and changes in spending patterns due to the COVID-19 pandemic, as well as geopolitical instability in Russia and Ukraine. Nonetheless, given that 5G is expected to generate multi-year growth, similar to the 3G to 4G transition cycle, we believe that our tech businesses will continue to be the primary beneficiaries of 5G technology. Overall, we are optimistic about our industry since the fundamentals remain intact, and semiconductors continue to be in high demand across a wide range of applications and sectors.

Telecommunication: The 2QCY22 performance under our coverage was mixed with 2 stocks beat expectations and 2 came in below. TM and Axiata fared well, since the former, as the nation's main fixed-line player, has many commercial prospects under MyDigital Initiatives, while the latter has regional exposure in growing markets with high development potential. Nonetheless, we believe that the implementation of the SWN model would increase the pressure on our telcos to adjust to shifting dynamics in an already competitive business. The companies may be required to pay upfront wholesale fees to DNB. We believe 5G adoption will be gradual since the entire ecosystem is still in its infancy. To date, Maxis is the only company under our coverage that refuse to take an equity stake in DNB while worth to mention that the Group is still committed to offering 5G services and continues to negotiate with DNB to get a 5G Access Agreement in place. Overall, we remain neutral in this sector, owing to the possibility of delays in Malaysia's 5G deployment plan.

Transportation: For the port sector, both the earnings reported by Suria Capital and Westports were within our expectations, despite both recording a year-on-year decline in profits. Suria Capital has incurred higher operating and administrative expenses, while Westports was mainly impacted by the loss in transshipment volume due to the change in the operational patterns of container liner shipping, the high cost of unsubsidised diesel and the impact of Prosperity Tax. Meanwhile, the losses recorded by both MAHB and Capital A were wider than our estimates. For MAHB, it was due to weaker than expected recovery of Malaysia's passenger traffic relative to 2019 levels, especially international passengers. Part of the reason was due to China not fully lifting its travel restrictions. The Chinese tourists market was a significant contributor to MAHB prior to the pandemic due to their volume and strong spending power. Interestingly, the Turkey's operations fared better with its international segment outperforming its pre-Covid volume. Meanwhile, Capital A's recovery was chained down by the higher than expected share of loss from its associate, AirAsia Thailand as the entity has experienced a lower start compared to the other markets. However, they are expected to perform better on the back of the removal of the Thailand Pass registration scheme in July. Key potential headwinds for Capital A are the elevated fuel costs (they were not able to fully pass on the increase to customers via the fuel surcharges) and the inability to secure maintenance slots to service its previously-grounded aircraft as well as the high costs associated with this. Lastly, we saw a mixed bag of earnings performance by the logistics players under our coverage. Tasco's performance was ahead of our expectation as the international business segment continued to outperform, benefitting from the high freight rates which are expected to remain elevated. As for Swift, earnings saw an improvement attributed to the increased goods shipment as its customers fully resumed their operations and 2HFY22 is expected to be stronger given that it is seasonally a stronger period for the container haulage business. Meanwhile, Tiong Nam posted a rather disappointing set of results due to the high operating expenses which was largely caused by its robust business expansion.

Outperformer versus underperformer

In comparison to preceding quarter, there was a drop in the number of outperformers among the FBM KLCI constituents under our coverage in 2QCY22 from 10 to 7 while the number of underperformers was unchanged at 10.

FBM KLCI: Outperformer versus Underperformer

Financial Quarter	No. of Outperformer	No. of Underperformer
2QCY22	7	10
1QCY22	10	10
4QCY21	6	5
3QCY21	8	2
2QCY21	8	4

Source: MIDFR

In 2QCY22, the outperformers among FBM KLCI constituents under our coverage comprised of two telco companies namely Axiata and Telekom Malaysia, two consumer counters namely Petronas Dagangan and PPB Group, as well as CIMB Group, IHH Healthcare and IOI Corp. Meanwhile, the underperformers comprised of two healthcare companies namely Top Glove and Hartalega, two utilities namely Petronas Gas and TNB, two telcos namely Digi and Maxis, two financial services counters namely Maybank and RHB Bank, as well as Inari and MISC.

Earnings revision/ variation

The aggregate FY2022 and FY2023 earnings estimate and forecast of the FBM KLCI constituents under our coverage were tweaked higher by 1.4% to RM65.4b and by 0.6% to RM68.4b respectively.

FBM KLCI Constituents: Earnings Revision/Variation (RM million)

SECTOR	Stocks	FY2022 (E)	FY2023 (F)
CONSUMER P&S	Nestle, Petronas Dagangan, PPB	140	8
ENERGY	Dialog	-135	2
FINANCIAL SERVICES	Maybank, Public, CIMB, RHB, HLB, HLFG	390	583
HEALTHCARE	Top Glove, Hartalega, IHH	-536	-564
INDUSTRIAL P&S	Petronas Chemicals	0	0
PLANTATION	Sime Darby Plantations, IOI Corp, KLK	2,154	1,244
TECHNOLOGY	Inari Amertron	-26	-14
TELCO & MEDIA	Axiata, Maxis, Digi, Telekom Malaysia	105	177
TRANSPORT & LOGISTICS	MISC	-748	-780
UTILITIES	TNB, Petronas Gas	-443	-268
TOTAL		**902**	**387**

Source: MIDFR; (E) – Estimate, (F) – Forecast

The higher aggregate figures for both FY2022 and FY2023 were mainly contributed by upward earnings revisions of Plantation (pursuant to recent change to CPO target levels), Financial Services and Telecommunications constituents but moderated by downward revisions of Healthcare, Transport and Utilities constituents.

Likewise, the aggregate FY2022 and FY2023 earnings estimate and forecast of the stocks under MIDFR Universe were revised higher by 4.3% to RM83.3b and by 1.3% to RM88.6b respectively.

Refer to Appendix for further details.

Maintain FBM KLCI end-2022 baseline target at 1,600 points

In gist, the 2QCY22 results season turned out largely within expectation while the upward revisions in aggregate earnings estimate and forecast of both (i) FBM KLCI constituents under our coverage, as well as (ii) stocks under MIDFR Universe were mainly pursuant to recent change to CPO target levels.

We maintain our **FBM KLCI end-2022 baseline target at 1,600 points** amid concerns over the pace of global monetary tightening and geopolitical conflicts while supported by Malaysia's ostensibly resilient macro recovery as attested by the better than expected 2QCY22 GDP growth.

APPENDIX

MIDFR: Changes in Aggregate Earnings Estimates

	EARNINGS (RM mn)				EARNINGS *(% Chg)*	
	FY2022 (E)		FY2023 (F)		FY2022	FY2023
	Old	New	Old	New		
TOTAL (MIDFR Universe)	79,847.3	83,266.0	87,393.4	88,547.6	*4.3*	*1.3*
Annual % Change	*(2.1)*	*2.1*	*9.5*	*6.3*		
TOTAL (FBM KLCI)*	64,478.1	65,380.6	68,067.2	68,454.0	*1.4*	*0.6*
Annual % Change	*(2.5)*	*(1.1)*	*5.6*	*4.7*		

Source: MIDFR; * Aggregate earnings of 25 FBM KLCI constituents under MIDFR coverage; (E) – Estimate, (F) – Forecast

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MIDF AMANAH INVESTMENT BANK : GUIDE TO RECOMMENDATIONS	
STOCK RECOMMENDATIONS	
BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	Stock price is expected to *rise* by >10% within 3-months after a Trading Buy rating has been assigned due to positive newsflow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	Stock price is expected to *fall* by >10% within 3-months after a Trading Sell rating has been assigned due to negative newsflow.
SECTOR RECOMMENDATIONS	
POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.
ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell	
☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology