midf RESEARCH

4 March 2025

MALAYSIA EQUITY

EARNINGS WRAP

Review of corporate earnings

Quarter Ended December 2024

KINDLY REFER TO THE LAST PAGE OF THIS PUBLICATION FOR IMPORTANT DISCLOSURES

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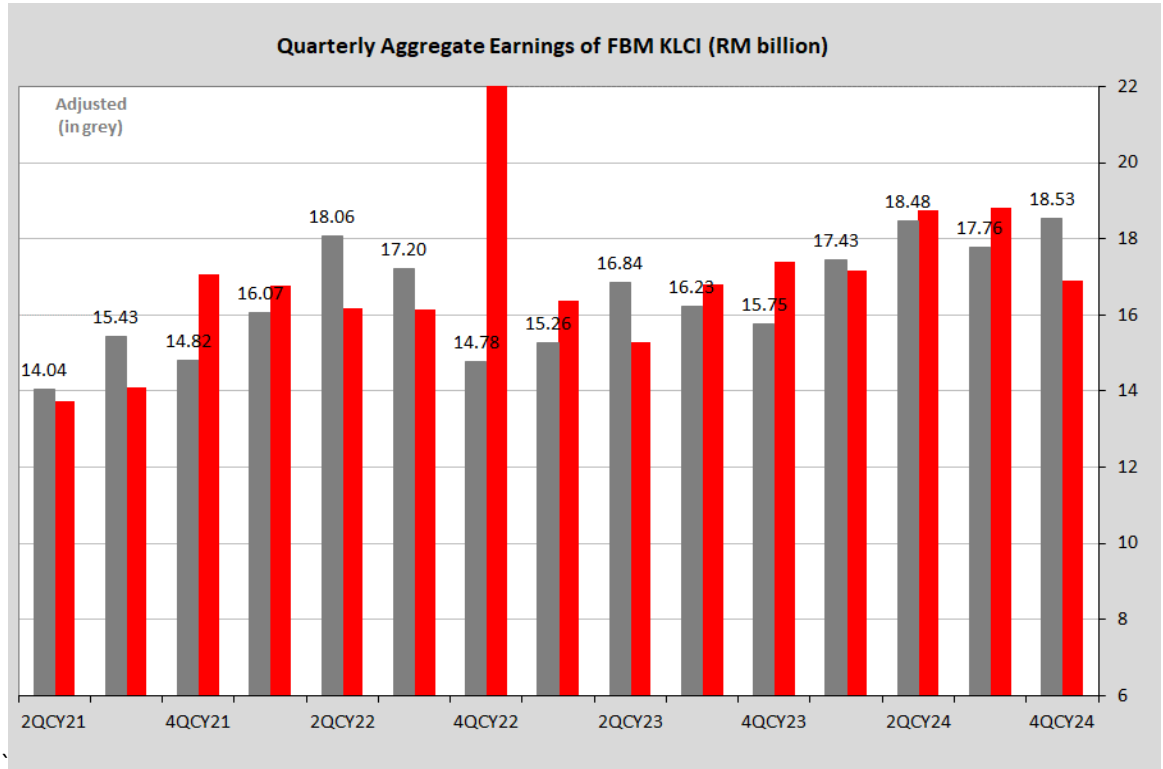
4 March 2025 | Earnings Wrap

No change to overall earnings outlook

- *In 4QCY24, the aggregate normalized earnings of FBM KLCI 30 current constituents registered positive growth both on-quarter and on-year at +4.3%qoq and +17.7%yoy respectively.*
- *Within MIDFR Universe, 22% of stocks under coverage reported higher than expected earnings. Moreover, 29% posted earnings that were lower than expected versus 48% which came within expectations. Target price changes involved 31 upward adjustments and 32 downward adjustments. Furthermore, we made 15 changes to our stock recommendations with 11 upgrades and 4 downgrades.*
- *The aggregate FY2025f earnings of the FBM KLCI constituents under our coverage was virtually unchanged at RM70.8b as the upward revisions to forward earnings were practically matched by the downward revisions. Meanwhile, the aggregate FY2025f earnings of stocks under MIDFR Universe were shaved by merely -0.4% to RM92.2b*
- *The just concluded 4QCY24 earnings season did not alter our overall outlook on earnings this year. Nonetheless, we are reassessing our equity valuation targets for possible downgrade due to rising economic risks particularly surrounding the US tariff threats. The reassessment shall be deliberated in our 2QCY25 outlook report to be published later this month.*
- *We therefore put our 2025 targets for FBM KLCI (of 1,800 points or PER25 of 15.9x), FBM Hijrah (of 14,500 points or PER25 of 23.3x), and FBM70 (of 20,400 points or PER25 of 16.8x) under review for possible downgrade.*

FBM KLCI

In 4QCY24, the aggregate reported earnings of FBM KLCI 30 current constituents came in at RM16.9b. It registered negative growth both on-quarter and on-year at -10.1%qoq and -2.8%yoy respectively.



Source: Bloomberg, MIDFR

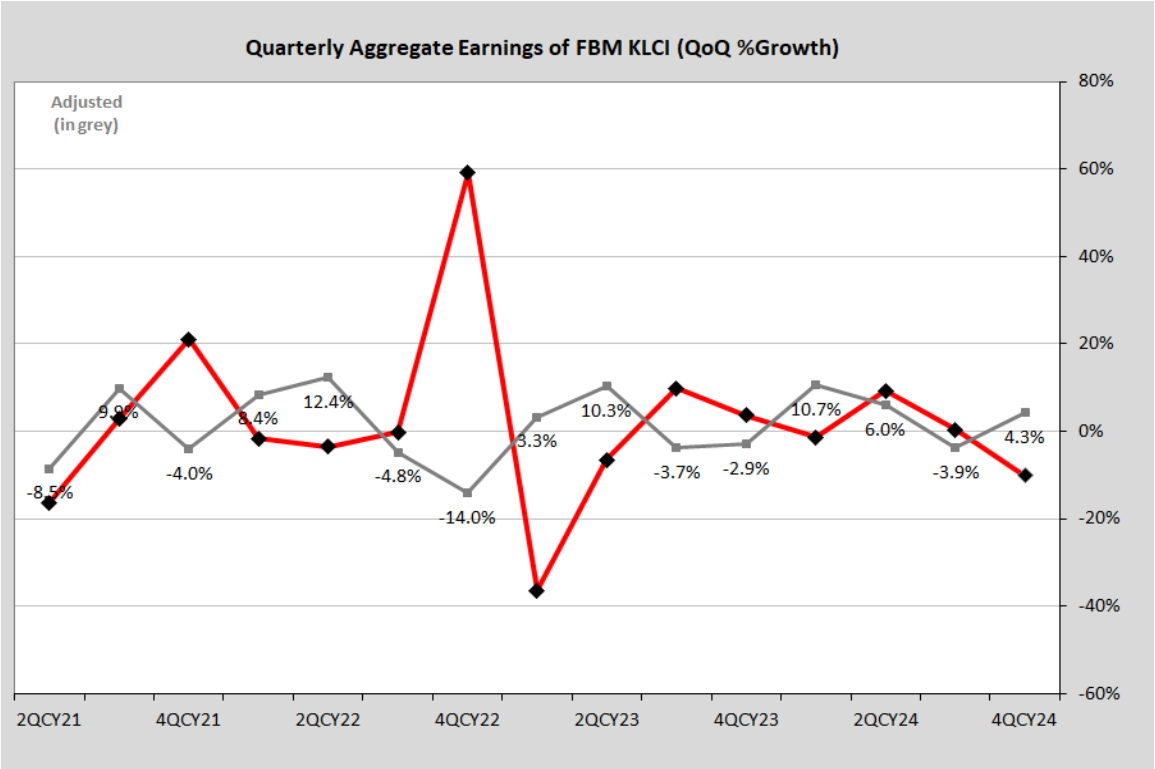
After adjusting for extraordinary (non-recurrence) items incurred during the review quarter, the aggregate normalized quarterly earnings of FBM KLCI 30 current constituents came in at RM18.5b. Moreover, after neutralizing the extraordinary items during relevant quarters (4QCY24: -RM1.6b, 3QCY24: +RM1.0b, 4QCY23: +RM1.6b), the aggregate normalized growth in 4QCY24 registered positive growth both on-quarter and on-year at +4.3%qoq and +17.7%yoy respectively.

FBM KLCI: Normalized Earnings (RM Million)

SECTOR	4QCY24	3QCY24	QoQ	4QCY23	YoY
CONSTRUCTION	199.80	270.71	-26.2%	189.38	5.5%
CONSUMER P&S	1,343.20	1,461.92	-8.1%	1,360.59	-1.3%
FINANCIAL SERVICES	8,953.00	9,252.00	-3.2%	7,779.00	15.1%
HEALTHCARE	317.00	524.00	-39.5%	265.50	19.4%
INDUSTRIAL P&S	1,313.45	1,315.68	-0.2%	722.80	81.7%
PLANTATION	1,096.30	781.20	40.3%	834.50	31.4%
TELCO & MEDIA	1,630.80	1,468.20	11.1%	1,510.50	8.0%
TRANSPORT & LOGISTICS	515.80	344.70	49.6%	575.80	-10.4%
UTILITIES	3,164.70	2,345.20	34.9%	2,511.50	26.0%
TOTAL	**18,534.05**	**17,763.61**	**4.3%**	**15,749.57**	**17.7%**

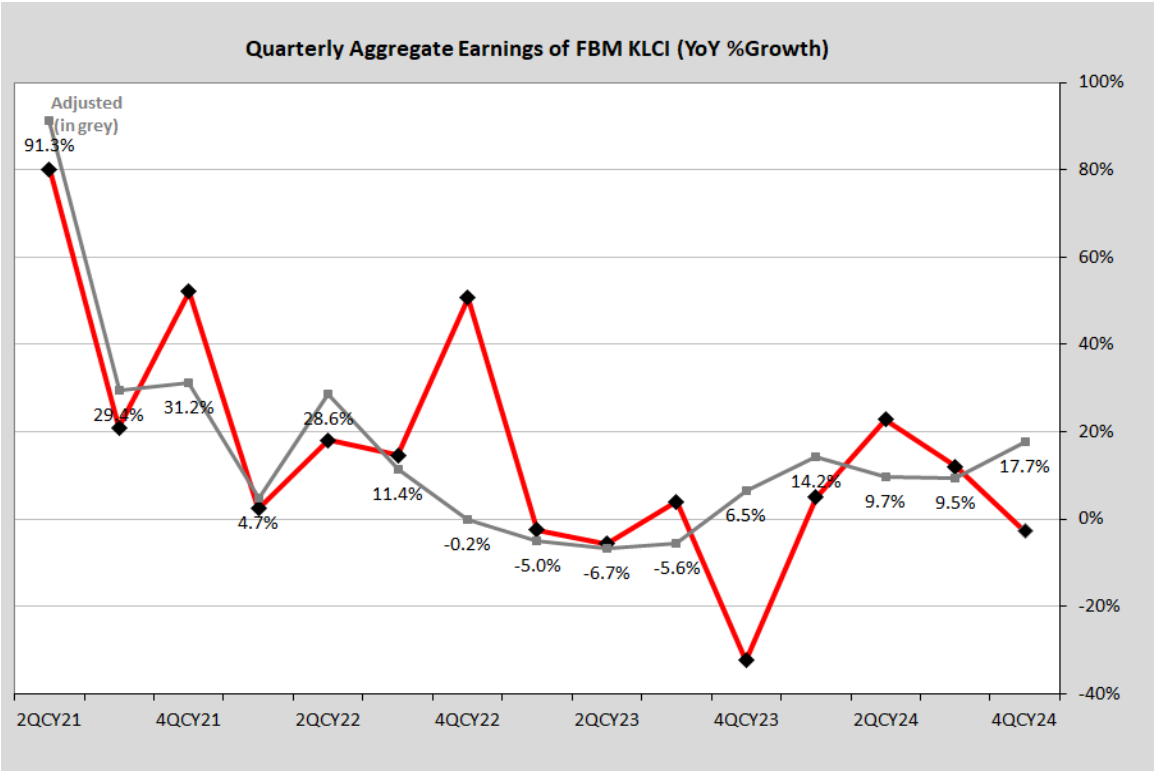
Source: Bloomberg, MIDFR

The positive on-quarter normalized growth performance in 4QCY24 was mainly due to earnings expansion among its Utilities (Tenaga Nasional) and Plantation (SD Guthrie) constituents while moderated by the decline in Financial Services (CIMB Group) and Healthcare (IHH Healthcare) earnings.



Source: Bloomberg, MIDFR

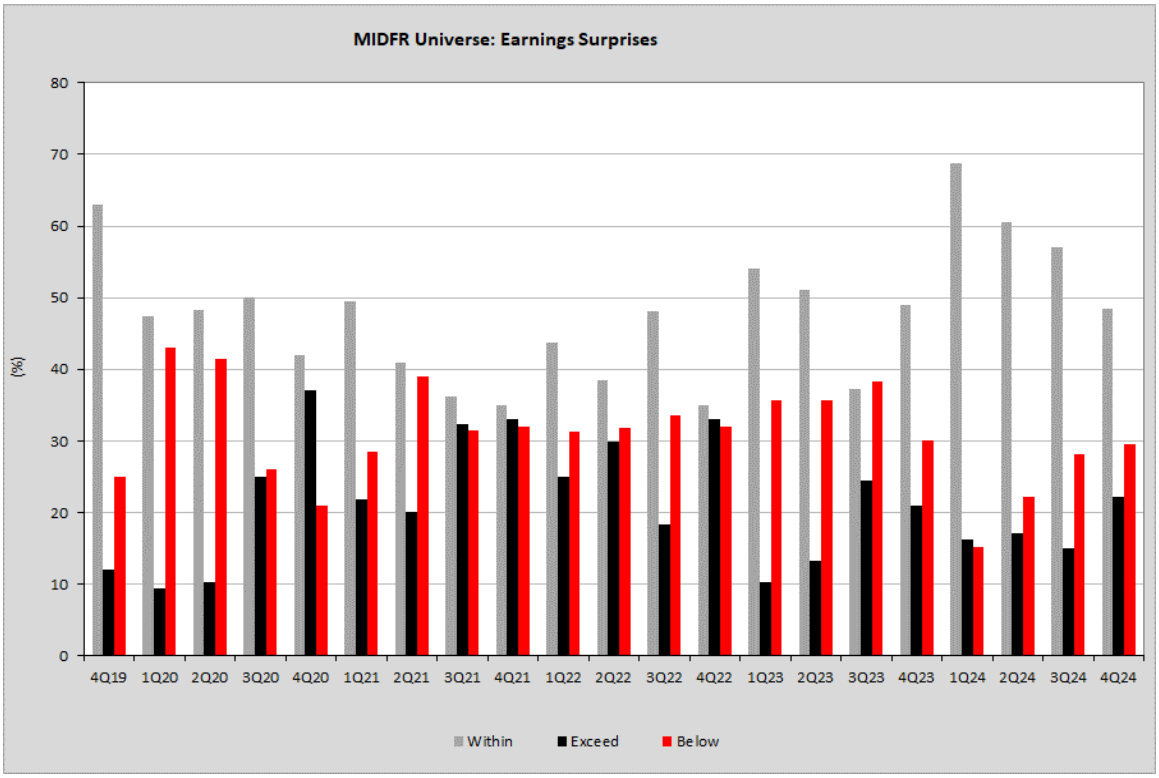
Moreover, the positive on-year normalized growth performance in 4QCY24 was mainly contributed by earnings expansion among its Financial Services (CIMB Group and RHB Bank), Utilities (Tenaga Nasional) and Industrial P&S (Petronas Chemicals and Press Metal) constituents while moderated by the decline in Transport & Logistics (MISC) earnings.



Source: Bloomberg, MIDFR

MIDFR Universe

The percentage of companies in MIDFR Universe that registered earnings above our expectations increased to 22% in 4QCY24 as compared to 15% in the prior quarter. Also, the percentage of negative surprises risen to 29% from 28% in 3QCY24.



Source: MIDFR

Accordingly, the percentage of companies with results which met expectation fell to 48% in 4QCY24 from 57% in the prior quarter. Moreover, Industrial P&S sector recorded the highest percentage of positive surprises at 57% of stocks under our coverage. Meanwhile, Technology sector registered the biggest percentage of underperformers at 80% of companies under our coverage.

MIDFR Universe: Earnings Surprises

	Within	Exceed	Below
CONSTRUCTION	50%	25%	25%
CONSUMER PRODUCTS & SERVICES	29%	24%	47%
ENERGY	25%	0%	75%
FINANCIAL SERVICES	79%	21%	0%
HEALTH CARE	50%	17%	33%
INDUSTRIAL PRODUCTS & SERVICES	14%	57%	29%
PLANTATION	38%	50%	13%
PROPERTY	38%	25%	38%
REITS	100%	0%	0%
TECHNOLOGY	20%	0%	80%
TELECOMMUNICATIONS & MEDIA	75%	25%	0%
TRANSPORTATION & LOGISTICS	50%	0%	50%
UTILITIES	67%	17%	17%
TOTAL	**48%**	**22%**	**29%**

Source: MIDFR

In total, we made 15 changes to our stock recommendations with 11 upgrades and 4 downgrades. Furthermore, target price changes involved 31 upward against 32 downward adjustments. Changes to our stock recommendations were either tactical (i.e. movement in current share price rather than our TP) or fundamentally driven (i.e. change in outlook in earnings). These are:

MIDFR Universe: Change in Recommendations

	Sector	Results vs expectations		Recommendation		TP (RM)		Earnings estimate change	Type of upgrades/downgrades
		MIDF	Consensus	Previous	Current	Previous	Current	Current FY	
MBM Resources	Consumer	Within	Within	NEUTRAL	BUY	5.87	5.87	0%	Tactical
Padini	Consumer	Within	Within	NEUTRAL	BUY	2.19	2.19	0%	Tactical
WCT	Construction	Above	Above	NEUTRAL	BUY	0.97	0.97	0%	Tactical
Tan Chong	Consumer	Below	Below	SELL	NEUTRAL	0.36	0.36	0%	Tactical
Top Glove	Healthcare	Within	Within	SELL	NEUTRAL	0.82	1.24	0%	Tactical
MSM Malaysia	Consumer	Within	Within	NEUTRAL	TRADING BUY	1.24	1.55	-18%	Tactical
TNB	Utilities	Above	Above	NEUTRAL	BUY	14.20	15.13	3%	Fundamental
IHH	Healthcare	Within	Below	NEUTRAL	BUY	7.56	8.18	-8%	Fundamental
RHB Bank	Finance	Above	Above	NEUTRAL	BUY	6.60	7.40	8%	Fundamental
Spritzer	Consumer	Above	Above	NEUTRAL	BUY	1.66	1.75	6%	Fundamental
Dialog	Energy	Below	Below	BUY	NEUTRAL	2.72	1.90	-36%	Fundamental
KLK	Plantation	Below	Below	BUY	NEUTRAL	23.63	20.00	-11%	Fundamental
Affin	Finance	Within	Within	SELL	NEUTRAL	2.35	2.65	9%	Fundamental
Nestle	Consumer	Below	Below	NEUTRAL	SELL	101.90	77.90	-18%	Fundamental
Inari	Technology	Below	Below	NEUTRAL	TRADING SELL	3.08	2.29	-11%	Fundamental

In 4QCY24, the aggregate reported earnings of companies under MIDFR Universe came in at RM19.6b. It recorded positive on-year growth but negative on-quarter growth at +5.7%yoy and -17.7%qoq respectively.

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

	YoY (%)	QoQ (%)	4Q24	3Q24	2Q24	1Q24	4Q23	3Q23	2Q23	1Q23	4Q22	3Q22	2Q22	1Q22
CONSTRUCTION	355.3	(21.4)	445	566	393	563	98	367	370	238	1,315	317	346	244
CONSUMER P&S	(115.4)	(107.4)	-200	2,693	726	1,308	1,299	1,105	2,284	1,356	1,509	681	676	85
ENERGY	(4,876)	(143.3)	-174	403	501	416	4	217	-133	344	379	303	335	330
FINANCIAL SERV	10.5	(3.0)	10,391	10,712	10,132	10,033	9,405	9,671	9,143	9,250	8,919	9,478	7,964	7,937
HEALTH CARE	23.7	20.1	908	756	816	860	734	180	164	953	-584	296	766	501
INDUSTRIAL P&S	105.9	512.1	1,119	-272	1,203	992	544	718	892	790	739	2,223	2,118	2,315
PLANTATION	52.3	(21.5)	1,432	1,823	1,269	563	941	1,866	629	589	2,178	1,721	2,689	2,406
PROPERTY	(11.6)	27.0	475	374	2,098	484	537	399	480	333	619	863	536	215
REITS	44.0	136.5	1,096	463	490	464	761	723	400	434	642	525	378	426
TECHNOLOGY	0.9	9.6	309	282	272	288	306	259	222	197	266	359	408	270
TELCO & MEDIA	328.5	(56.2)	984	2,245	1,293	1,214	230	484	666	1,042	10,410	792	821	831
TRANSP & LOGIS	(99.0)	(98.6)	11	799	966	1,194	1,134	764	772	883	1,291	1,002	116	463
UTILITIES	10.1	(5.5)	2,850	3,015	3,637	2,480	2,589	2,791	2,534	2,466	1,686	1,630	1,585	2,827
TOTAL	**5.7**	**(17.7)**	19,644	23,859	23,795	20,861	18,581	19,543	18,424	18,875	29,368	20,191	18,736	18,849

Source: MIDFR

Healthcare, Industrial P&S, REITs and Technology were the sectors which recorded improved total earnings (as reported) in 4QCY24 when compared to both the preceding quarter and corresponding period last year.

On the other hand, Consumer P&S, Energy and Transport & Logistics sectors registered both negative sequential and on-year earnings (as reported) growth percentages in 4QCY24.

Sectoral commentary

Construction: The fourth quarter saw a positive set of results for the construction sector. Two companies – WCT Holdings Berhad and Malayan Cement exceeded expectations while Cahya Mata Sarawak Berhad, Sunway Construction and IJM Corporation Berhad came in within projections. In contrast, MRCB Holdings reported a significant earnings decline, falling below expectations. Gamuda, which has a July financial year end, will be reporting its 2QFY25 result later this month. Nevertheless, its 1QFY25 result was only slightly below expectations at 15.4 and 16.7% of ours and consensus estimates. We can expect progress billings to improve in upcoming quarters as the construction progress picks up pace, alongside the improving pipeline of jobs, driven by industrial building projects and expectations of a stronger rollout of civil and infrastructure jobs.

Data from the Department of Statistics Malaysia (DOSM) showed that the value of construction work done continued to increase for the 13th consecutive quarter at +23.1%yoy in 4QCY24, recording RM42.0b in terms of value of work done, bringing the total value of construction work done in CY24 to RM158.8b, growing +20.2%yoy. This was driven mainly by the exceptional performance of the special trade activities (which consists of data centres and renewable energy projects amongst others) and residential buildings sub-sectors, which recorded a surge of +44.9%yoy and +38.9%yoy respectively. Of the RM42.0b worth of work done in 4QCY24, the civil engineering sub-sector contributed the highest amount, totalling 37.2% of total output, followed by non-residential buildings (28%), residential buildings (23.5%) and special trade activities (11.3%). Nearly 62.3% of completed works value was concentrated in Selangor, Johor, the Federal Territories and Sarawak, with Selangor recording the highest construction work done value at RM9.4b. We reiterate our POSITIVE stance on the construction sector, with our top picks being Gamuda (BUY, TP: RM5.42), IJM Corp (BUY, TP: RM3.89), Sunway Construction (BUY, TP: RM4.82) and Malayan Cement (BUY, TP: RM7.10)

Consumer (Staples): The consumer staples sector delivered a mixed performance, with three companies exceeding expectations, one meeting, and two underperforming. F&N (BUY, TP: RM36.77) posted earnings within expectations, with 1QFY25 earnings declining -9.4%yoy but rebounding +42.2%qoq due to strong festive sales in Malaysia and a recovery in Thailand. Hup Seng (NEUTRAL, TP: RM1.09) exceeded expectations, with FY24 earnings rising +27.7%yoy, driven by strong biscuit and export sales alongside better cost management. Nestlé (SELL, TP: RM77.90) underperformed, with FY24 core earnings plunging -42.9% yoy due to weak domestic demand and higher input costs, leading to a 15-year low dividend payout. Spritzer (BUY, TP: RM1.75) exceeded

expectations, with FY24 earnings surging +56.2%yoy to RM79.3m, backed by strong sales, higher pricing, lower raw material costs, and efficiency gains. Poultry players saw solid results, with Leong Hup (BUY, TP: RM0.90) surpassing expectations as FY24 core PATANCI surged +66.4%yoy on lower feed costs and robust poultry demand, while QL Resources (NEUTRAL, TP: RM4.40) missed expectations as POCE led growth while MPM suffered margin erosion.

Consumer (Discretionary): The consumer discretionary sector posted varied results, with one company exceeding expectations, three meeting, and one underperforming. AEON (BUY, TP: RM1.77) outperformed, with FY24 core PATANCI rising +18.7% yoy to RM151.4m, driven by strong festive retail sales and resilient property management revenue. Padini (BUY, TP: RM2.19) met expectations, with 2QFY25 earnings surging +177.3%qoq, though higher staff costs and depreciation pressured margins. Oriental Kopi (NEUTRAL, TP: RM0.83) met expectations, posting 1QFY25 core PATAMI of RM13.5m, supported by strong café operations and a growing FMCG segment. Rhong Khen (BUY, TP: RM1.60) maintained steady performance, with 1HFY25 core PATANCI up +76.0%yoy, benefiting from cost efficiencies and export demand. Asia File (SELL, TP: RM1.25) underperformed as 3QFY25 core PATANCI turned negative (-RM1.4m) due to weak demand and rising costs. Overall, the consumer sectors saw growth driven by strong festive demand, cost efficiencies, and market recovery, while challenges included weak domestic demand, margin pressures, and rising costs.

Financial Services: We observed that NOII continue to be the main driver for bank's earnings this quarter when compared on a year-on-year perspective. This has led to some better-than-expected performance. Most banks reported strong NOII growth in 4QCY24 and subsequently for the cumulative quarter earnings. Main contributors for NOII growth have been fees & commission due to active capital markets and treasury income. Nevertheless, we have started to see some moderation on quarterly basis. This is within our expectations given the volatility of the market in the quarter. Meanwhile, NII growth was stable as we observed some NIM improvements. This was due to either liability management (tapping capital markets for instance) or rebalancing of loans portfolio or rebalancing of deposits. We observed that there was segmentation of banks i.e. banks focusing on different segments and not competing on a broad front. We opine that this somewhat allowed for NIM compression to be manageable even if we found some banks saw lower CASA and higher FDs. In terms of asset quality, there was overall continued improvements in quarter-on-quarter and year-on-year basis. One concern that we have was the continued higher OPEX, but this was due to spending on IT. Going forward, we believe that there will be moderation in NOII and slight pressure on NIMs. However, gross loans will continue growing due to robust economic activities. Asset quality will be stable and improving barring any unforeseen circumstances. All-in, we continue to be POSITIVE on the banking sector. Our top picks are Maybank (BUY, TP: RM12.12) due to its excellent dividend yield, Hong Leong Bank (BUY, TP: RM24.60) and Public Bank (BUY, TP: RM5.35) due to their strong asset quality.

Healthcare (Gloves): For 4QCY24, the earnings of glove companies under our coverage generally came below our expectations. Both Hartalega and Kossan underperformed while Top Glove's result was largely within expectations. From the revenue perspective, all recorded strong double-digit growth of between 30% to 80%, signalling that recovery still persist. Despite this, the operating cost has been increasing at an alarming rate as well, especially on the raw material costs. This has led to varied earnings performance. Looking the earnings performance, Hartelaga outperformed its peers, growing by + 33.5yoy. Meanwhile, Kossan and Hartalega quarterly profit dropped by –25.0%yoy and -91.2%yoy respectively. In view of this, we will reduce our earnings and target price for both Kossan and Hartalega. This was mainly to take into account the expectancy of higher pace of competition for the non-U.S. markets as well as elevated operating costs. Nonetheless, we are keeping our NEUTRAL recommendation for all glove stocks under our coverage.

Plantation: For the 4QCY24, planter performance under our coverage was mixed, with 1 company performing below expectations, 2 within and 3 were above expectations. The earnings mostly robust to partly lifted by the average CPO price realized, despite softer FFB production and CPO sales volume registered. During the period, the average selling price (ASP) of CPO rose to RM4,480/Mt (+21.3%qoq, +32.0%yoy, +10.0%ytd) as supply risks came into play. Notably, in Malaysia, FFB production weakened by -11.7%qoq, while in Indonesia, it improved by an estimated +5.0-8.0% on subsidized La-Niña effect towards end of the year. As a result, Malaysia's CPO cost of production increased, leading to squeezed margins due to low CPO sales volume, low mills utilisation rates, and fixed input cost in cost production items. Looking ahead, we maintain **Tactical POSITIVE** call on the sector with average CPO price of RM4,300/Mt for the year. Our top pick remains IOI Corp (BUY, TP: RM4.42) and SDG (BUY, TP: RM5.43). IOI Corp outlook maintains steadfast and is well supported by both upstream and downstream profitability. Its refinery and oleo plant are well insulated from high input costs due to their strategic locations they operated in, unlike their peers that were operating in Europe, that mostly are impacted by high production costs - high natural gas. Note that SDG remains in a stronger position due to its large, planted area. With over 50% of its FFB processed and around 67% of its PBIT still coming from Malaysia, the company benefits from economies of scale and is better positioned to realize elevated CPO prices.

Property: Earnings of property companies in 4QCY24 were mixed. Out of seven property companies that released earnings except for Glomac Berhad, three property companies (Sunway Berhad, UOA Development and Eco World Development Group) reported earnings that beat expectations, three property companies (Mah Sing Group and S P Setia) reported earnings that met expectation,

and two property companies (IOI Properties Group and Matrix Concepts) reported earnings that missed expectations. Earnings of property companies were largely positive in CY24, underpinned by higher progress billings. On the other hand, new property sales were generally stronger in FY24 as buying interest on property was resilient. Looking ahead, companies set flattish or better new sales target for CY25. Notably, Mah Sing set sales target higher at RM2.65b for FY25 after achieving new sales of RM2.41b in FY24. Similarly, Sunway Berhad aims to achieve new sales of RM3.6b in FY25 after recording new sales of RM3b in FY24. In a nutshell, we maintain POSITIVE on property sector as we expect buying interest on property to be better in CY25 which should support new sales and earnings growth of property companies.

REITs: Earnings of REIT came in within expectations as all six REIT under our coverage reported earnings that met expectations. Most of REIT except for Pavilion REIT and IGB REIT reported earnings growth on yearly basis in 4QCY24 as earnings were spurred by higher rental income. Notably, earnings of Pavilion REIT and IGB REIT were impacted by higher expenses. Nevertheless, all REIT expect for Al-`Aqar Healthcare REIT reported higher earnings in CY24 as earnings of REIT continues to recover post pandemic with earnings supported by positive rental reversion, higher tourist arrivals and higher shopper footfall. Looking ahead, we expect earnings of REIT to grow organically by positive rental reversion in CY25 and higher shopper tenant sales which should translate into higher turnover rent. Meanwhile, yield of REIT remains attractive with average yield of 5%. Hence, we maintain POSITIVE on REIT.

Technology: In 4QCY24, semiconductor companies under our coverage continues to underperform. Revenue came in weaker for both Inari and D&O mainly due to weaker demand. Inari's RF business has taken a greater hit while D&O saw inventory overhang situation, leading to softer demand. However, Unisem's revenue grew by approximately +17%yoy mainly supported by its China operation while the Ipoh operation activities remained slow. Nonetheless, we note that Unisem's volume loading was towards the lower margin products. Given the weakness aforementioned, we saw the quarterly earnings performance contracted by between -35%yoy to -63%yoy. There was also pressure on the operating expenses, mainly due to rising depreciation and amortisation, staff and utilities costs.

Premised on the above, we view that the anticipated recovery has not been forthcoming. This in-line with our NEUTRAL recommendation for the sectors. Moreover, during this earnings season, we downgraded our recommendation for Inari to TRADING SELL. Meanwhile, for D&O and Unisem, we are keeping our NEUTRAL and SELL recommendations respectively. We continue to opine that sector-wide recovery could only be seen in 2026, supported by recovery in end demand as well as stabilising trade war situation between the U.S. and China.

On a separate note, ICT solutions provider namely Myeg and Datasonic continue to show stronger earnings growth. With the former slightly surpassed our expectations while the latter performed as anticipated. The optimism was mainly a flow through from the strong revenue growth as well as profit margin expansion. Myeg's revenue was mainly driven by its blockchain platform while Datasonic's benefitted from the continuous supply of smart card, passport and personalisation services. This, however, was not reflected in the share price performance. Note that we have BUY recommendation for both stocks. We view that the divergence was mainly caused by the high dependency on government contract. Nonetheless, we acknowledge the effort to diversify the earnings base.

Telecommunications: For FY2024, the financial performance of almost all the telecommunication companies under coverage came in line with our expectations. Only Telekom Malaysia's (TM) results surpassing our expectations as the group utilised its tax credit to significantly reduced its effective tax rate. In terms of revenue, we opine that growing revenue remains a challenge as most of the telcos recorded stagnant revenue as compared to FY2023. Only Maxis manage to outpace its peers as it grew the revenue by about +3.5%yoy, supported by postpaid, home connectivity and the enterprise segments.

In view of this, cost management remains an important aspect to sustain the profitability. The profit margin of Axiata and TM recorded marginal improvement of between 1% to 2%. Meanwhile, Maxis managed to sustain its profit margin. Only Celcomdigi (CDB) saw a contraction in profit margin as the integration synergies, at this juncture, showed more positive traction in capex avoidance as compared to P&L savings.

In terms of dividend, Axiata maintain its annual dividend payout. However, TM, Maxis and CDB announced higher dividend payout. Notably, TM and Maxis announced special dividend in 4QCY24. Due to weakness in share price performance, the dividend yield of telcos currently ranges between 4 to 5%. All-in-all, we made no changes to our recommendations for telcos under coverage. We maintain our NEUTRAL recommendation on the sector. Maxis remains our sole BUY recommendation on the sector while the rest have Neutral recommendations.

Utilities: The utilities sector largely came in within expectations for the quarter, except for Tenaga Nasional that came in above expectations, with core earnings rising +32.1% on the back of stronger demand from the commercial and domestic sectors. We have upgraded our recommendation for TNB to BUY (TP: RM15.13) on the back of higher demand assumptions. YTL Power's results was within expectations, as earnings from Power Seraya normalises while Wessex Water in the UK continued to benefit from the 12% tariff hike from Apr-24. YTL Power's subsidiary Ranhill Utilities was below our estimates, dragged by higher amortisation on

water services concessions assets and a cost overrun, relating to an FPSO project. For the renewable energy subsector, performances were mixed, with Pekat coming in above expectations, benefitting from stronger margins of solar EPCC projects and earthing and lightning protection (ELP) projects, which has been benefitting from the rise in data centre projects. Samaiden came in within expectations while Sunview came in below. We expect better quarters ahead as the outstanding order books of solar EPCC companies remain strong, given a recent boost from Corporate Green Power Programme (CGPP) solar farm projects. We expect the upcoming EPCC awards for LSS5 solar farms and the subsequent iterations namely LSS5+ and LSS6 to provide strong replenishment prospects. We like the renewable energy sub-sector as the key immediate-term beneficiaries of RE initiatives/policies such as the National Energy Transition Roadmap (NETR), CGP, LSS5 and the upcoming LSS5+ and LSS6. Our top picks are Samaiden (BUY, TP: RM1.69) and Pekat (BUY, TP: RM1.51)

Outperformer versus underperformer

There was a sequential rise in the number of outperformers among the FBM KLCI constituents under our coverage from 3 to 6 in 4QCY24. Conversely, the number of underperformers fell from 7 to 6.

In 4QCY24, the 6 outperformers were Public Bank, RHB Bank, SD Guthrie, Sunway, Telekom Malaysia and Tenaga Nasional. Meanwhile, the 6 underperformers were Gamuda, KL Kepong, Nestle, Petronas Chemicals, PPB Group and QL Resources.

FBM KLCI: Outperformer versus Underperformer

Financial Quarter	No. of Outperformer	No. of Underperformer
4QCY24	6	6
3QCY24	3	7
2QCY24	7	5
1QCY24	5	0
4QCY23	7	5

Source: MIDFR

Earnings revision/variation

The aggregate FY2025f earnings of the FBM KLCI constituents under our coverage was virtually unchanged at RM70.8b as the upward revisions to forward earnings of Financial Services and Telco & Media constituents were practically matched by the downward revisions to forward earnings of Consumer P&S, Healthcare, Industrial P&S, Plantation, Transport & Logistics & Utilities constituents.

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

SECTOR	Stocks	FY2025 (F)
CONSTRUCTION	Gamuda	0
CONSUMER P&S	Nestle, Petronas Dagangan, PPB, QL Res	-173
FINANCIAL SERVICES	Maybank, Public, CIMB, RHB, HLB, HLFG	1,154
HEALTHCARE	IHH Health	-152

SECTOR	Stocks	FY2025 (F)
INDUSTRIAL P&S	Petronas Chemicals, Sunway	-389
PLANTATION	SD Guthrie, IOI Corp, KLK	-135
TELCO & MEDIA	Axiata, Maxis, Digi, Telekom Malaysia	198
TRANSPORT & LOGISTICS	MISC	-166
UTILITIES	TNB, Petronas Gas, YTL Corp, YTL Power	-332
TOTAL		**6**

Source: MIDFR

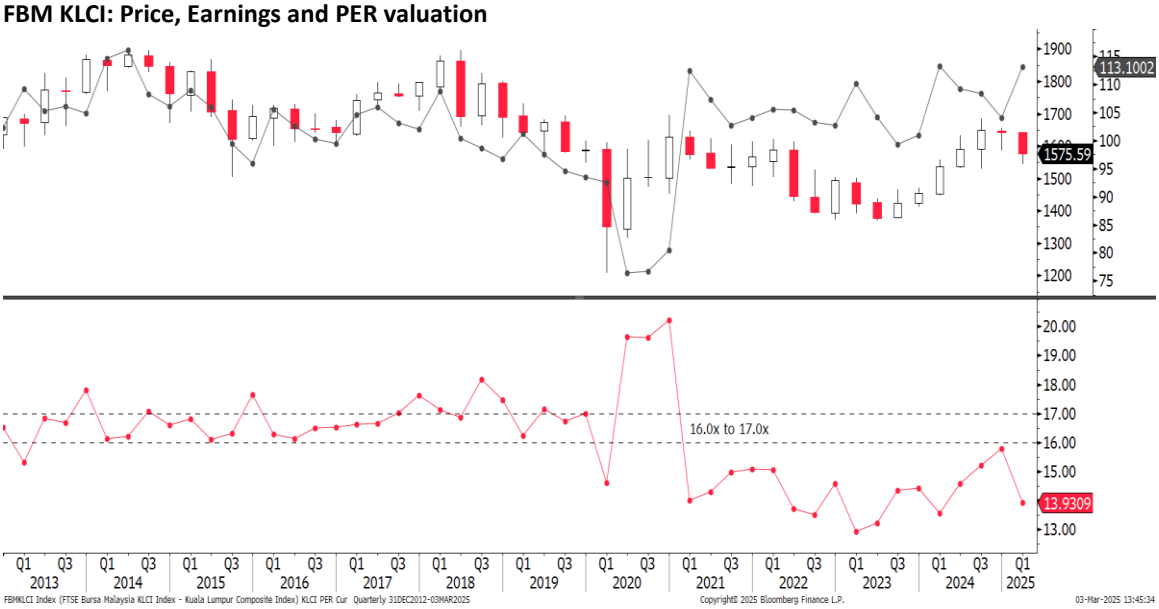
Meanwhile, the aggregate FY2025f earnings of stocks under MIDFR Universe were shaved by merely -0.4% to RM92.2b.

Refer to APPENDIX for further details.

Earnings and valuation

FBM KLCI: Post-4QCY24 earnings season, the consensus EPS25 forecast for FBM KLCI stands at 113.1 points (early 2025: 113.5 points). The prevailing PER valuation of FBM KLCI (which represents large-cap stocks) at 13.9x is relatively cheap vis-à-vis its historical range of 16.0x to 17.0x.

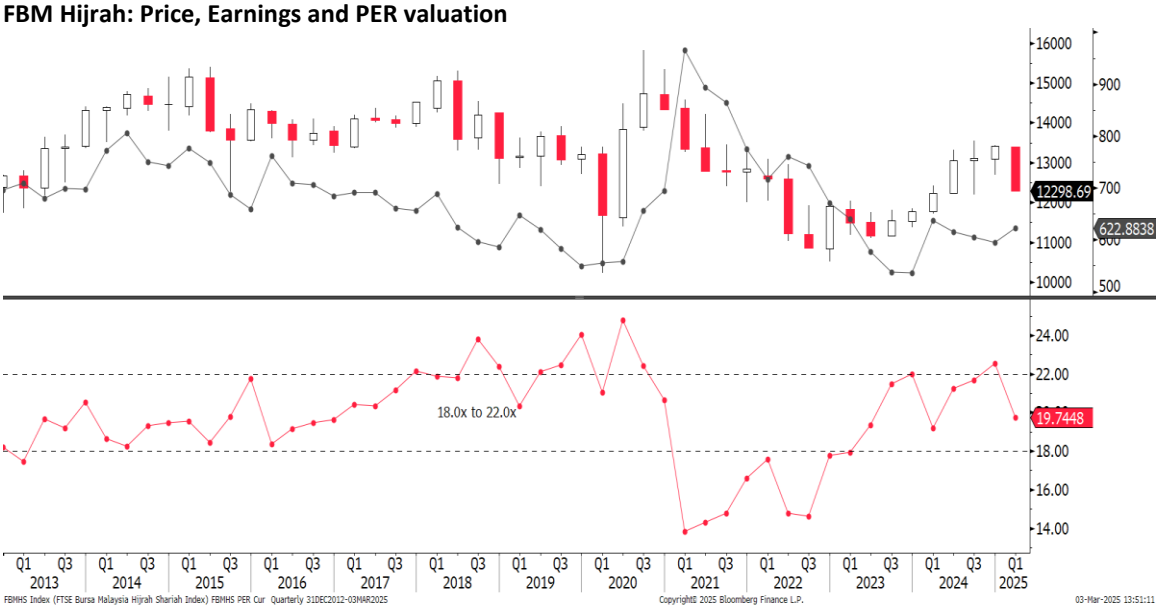
FBM KLCI: Price, Earnings and PER valuation



Source: MIDFR, Bloomberg (G658)

FBM Hijrah: Post-4QCY24 earnings season, the consensus EPS25 forecast for FBM Hijrah stands at 622.9 points (early 2025: 689.3 points). The prevailing PER valuation of FBM Hijrah (which represents large cap shariah stocks) at 19.7x is within the lower half of its historical range between 18.0x to 22.0x.

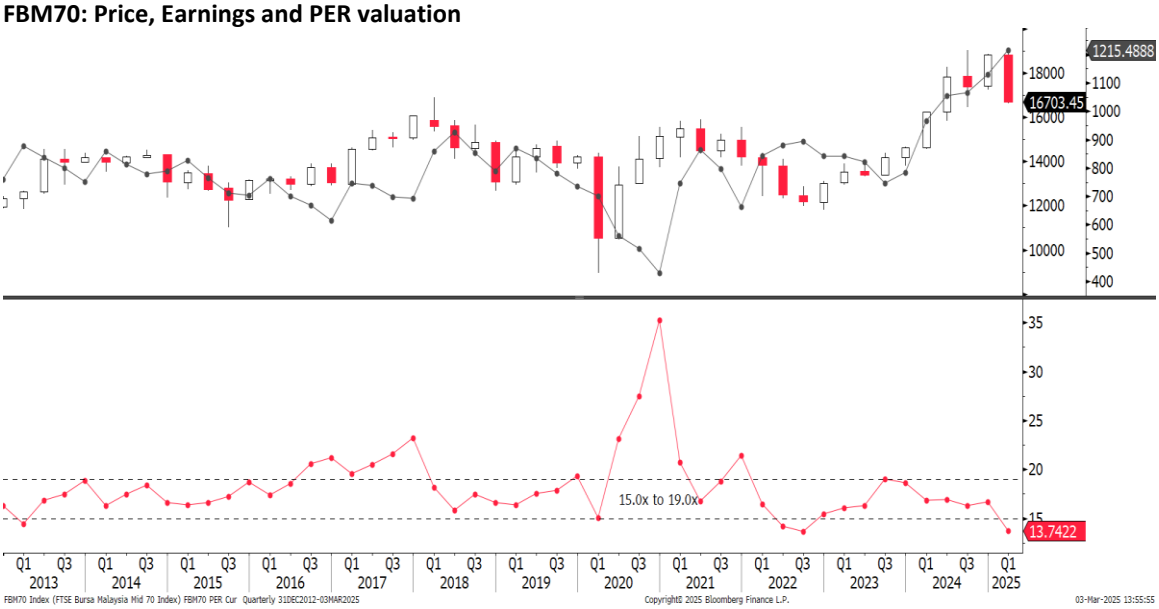
FBM Hijrah: Price, Earnings and PER valuation



Source: MIDFR, Bloomberg (G725)

FBM70: Post-4QCY24 earnings season, the consensus EPS25 forecast for FBM70 stands at 1,215.5 points (early 2025: 1,228.8 points). The prevailing PER valuation of FBM70 (which represents mid-cap stocks) at 13.7x is below its historical range between 15.0x to 19.0x.

FBM70: Price, Earnings and PER valuation



Source: MIDFR, Bloomberg (G715)

Price targets

The just concluded 4QCY24 earnings season did not alter our overall outlook on earnings this year. This is attested by the virtually unchanged aggregate FY2025f earnings of both the FBM KLCI constituents under our coverage and MIDFR Universe.

Nonetheless, we are reassessing our equity valuation for possible downgrade with direct implication on our index price targets. This is in view of the prevailing downward pressure on local and regional equity markets engendered by incessant outflow of foreign funds arguably due to rising economic risks particularly surrounding the US tariff threats. The reassessment shall be deliberated in our 2Q25 outlook report to be published later this month.

We therefore put our 2025 targets for FBM KLCI (of 1,800 points or PER25 of 15.9x), FBM Hijrah (of 14,500 points or PER25 of 23.3x), and FBM70 (of 20,400 points or PER25 of 16.8x) under review for possible downgrade.

APPENDIX

MIDFR: Changes in Aggregate Earnings Forecasts

	EARNINGS (RM mn)				EARNINGS *(% Chg)*	
	FY2024		FY2025		FY2024	FY2025
	Old (E)	New (A)	Old (F)	New (F)		
TOTAL (MIDFR Universe)	85,383.5	87,865.6	92,608.0	92,242.5	*2.9*	*(0.4)*
Annual % Change	*12.4*	*15.7*	*8.5*	*5.0*		
TOTAL (FBM KLCI)*	64,722.1	67,524.1	70,761.3	70,767.0	*4.3*	*0.0*
Annual % Change	*6.4*	*11.0*	*9.3*	*4.8*		

Source: MIDFR; * Aggregate earnings of 26 FBM KLCI constituents under MIDFR coverage

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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