Healthcare

POSITIVE (Maintain)

3QFY25 Earnings Season – A Preliminary View

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HIGHLIGHTS

- 3QFY25 earnings season in the US, Europe ended mostly positive; supported by high demand in NCD treatments and drugs
- US, Europe hospitals saw mixed results, with positive earnings driven by cost optimization and higher demand for specialized care, but offset by divestments, higher expenses for labour and uncertainties in regulations
- Pharmaceuticals are largely positive due to growing demand, but R&D expenses and pricing pressures dragged earnings growth
- Malaysian healthcare players are expected to follow global performance, with downside risks of higher operational and labour costs for hospitals, higher API prices and lower private sector uptake for pharmaceuticals, and lower ASPs and oversupply for gloves
- TOP PICKS are Pharmaniaga and IHH Healthcare

3QFY25 EARNINGS SUMMARY – US & EUROPE

Overall stable hospitals result. Most healthcare service providers in the US and a few from Europe showed stable growth in earnings for 3QFY25 and 9MFY25. The hospital and services sector displayed signs of operational recovery, largely driven by improved cost management and higher demand for specialized services. Companies that offer all-round services, as well as those niched towards non-communicable disease (NCD) treatments (such as nephrology and oncology) saw the best earnings growth, mainly due to a sustained patient demand from post-pandemic backlog and the ongoing NCD crisis. However, not all hospital networks in the US and Europe have shown positive quarterly growth. Community Health Systems Inc. (CHSI) earnings were impacted by lower overall admissions due to a shrinking footprint from 77 to 70 hospitals, as well as higher expenses and weaker volume recovery for surgeries. Meanwhile, Encompass Health (EHC) and Select Medical Holdings (SMHC), which specializes in rehabilitation services, was plagued with high labour cost and uncertainties in regulations, despite rising patient volumes. As for Tenet Healthcare (THC), the lower earnings from the year prior were largely due to the divestment of 70% stake in one of its hospitals in 3QFY24, inflating last year's earnings.

Pharmaceuticals championed in sector earnings. The pharmaceutical sector was the clear leader in 3QFY25, driven by innovative drugs, especially in specialty and chronic care. Revenue growth is evident for oncology and metabolic health drug manufacturers, in tandem with the growing prevalence for cancer (>42% of population by 2026), diabetes (approximately 11%) and obesity (>30%), due to the growing aging population and better screening technologies. However, a few companies did see a decline in earnings. Pfizer was impacted by softening demand for Covid-19 products and higher R&D expenses.

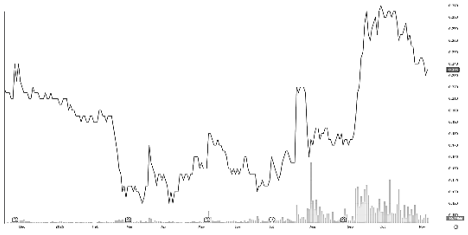
COMPANY *IN FOCUS*

Pharmaniaga Bhd

Maintain **BUY | Target Price: RM0.32**
Price @ 6 Nov 2025: RM0.24

- Strong, stable revenue from concession
- Imminent PN-17 exit
- High potential of dividend resumption
- Government-backed growth in biopharmaceuticals

SHARE PRICE CHART



IHH Healthcare Bhd

Maintain BUY (under review) | Target Price: RM8.18
Price @ 6 Nov 2025: RM8.22

- Stable growth in line with global megatrends
- Premium brand and pricing power
- Clear global expansion in facilities and technologies
- Strong presence in medical tourism

SHARE PRICE CHART



AbbVie Inc's lower 3QFY25 performance was due to: (i) the impact from acquired in-process R&D and milestone expenses, (ii) the collapse of global Humira sales following biosimilar erosion, (iii) soft consumer demand and macroeconomic pressures against aesthetics drugs, and (iv) the IRA pricing pressure on oncology drugs and competition from new oral therapies. Meanwhile, Novartis and Novo Nordisk – both European companies – were hit by higher R&D costs, pricing pressure and US generic erosion. Nevertheless, sales continue to soar, in a range of +8%yoy to +11%yoy, signalling a demand growth but with strained margins.

Refer to Appendix for a table summary of the US and European healthcare companies' 3QFY25 results.

Future headwinds: policies and pricing. Despite the overall positive earnings season for the US and Europe's healthcare sector, we noted that near-term challenges will be centred on macroeconomic uncertainties, geopolitical risks and policy/regulatory changes. Especially in the US, the high demand for metabolic drugs is expected to outpace supply, causing disruptions and delays in treatment and costing the private sectors valuable time and profit. The near-term financial pain points for hospitals remain to be the labour costs, as well as lower elective treatments due to the festive season. For pharmaceuticals, headwinds are more on the long-term, with visible caution in CY26 onwards due to policy and competitive risks.

TABLE 1: FORECASTED SHORT-TERM HEADWINDS AND IMPACT FOR HEALTHCARE SECTOR IN THE US AND EUROPE

HOSPITALS / HEALTHCARE SERVICES		
HEADWINDS		**IMPACT**
Labour shortage	High burnout incidents and retirement rate intensify the shortage of medical workers, notably nurses and medical technicians	This risk would force hospitals to rely on expensive temporary contract labor, sustaining high labor costs (often over 50% of total operating expenses) and squeezing margins.
Cybersecurity threats	As digital transformation continues to shape the healthcare systems, risk of cyberattacks remain, due to high-value patient data and slow adoption of advanced security measures	Significant Financial & Operational Risk: Causes multi-day operational shutdowns, massive cleanup costs, and regulatory fines (e.g., HIPAA, GDPR).
New drug costs	High-value specialty drugs to treat NCDs and rare diseases (e.g. GLP-1, gene therapy drugs) are causing hospitals to increase cost for purchase and administration	Medical Cost Inflation: Puts upward pressure on hospital operational budgets and can force hard choices on formulary coverage.
Lagged digital adoption	Despite the increasing advocacy for AI-based medical technologies, existing systems often could not be integrated, subsequently risk losing patients to more agile competitors in other regions	Lacking upgraded equipment and treatment options would erode patient trust and satisfaction, potentially leading to lower patient volumes.
PHARMACEUTICALS		
HEADWINDS		**IMPACT**
Policy and pricing pressure	The US is looking into drug price negotiations under the Inflation Reduction Act (for Medicare) – increasing uncertainty about long-term revenue streams for certain high-value drugs. In Europe, governments are determined to negotiate lower prices for healthcare products to manage sovereign debt and macroeconomic headwinds	This creates uncertainty for development pipelines and can negatively affect the present value of future drugs, particularly small-molecule drugs. For European companies, there is an increasing pressure to accept lower reimbursement rates or risk losing formulary access to other regions (such as the US, China and Japan), which in turn could impact on profitability
GLP-1 cost management	The massive cost of the new Anti-obesity/Diabetes (GLP-1) drugs is pressuring health plans. This could potentially cause stricter controls, and consequently, increases sales volatility	Slowing the rate of prescription uptake despite immense demand, risking access to actual high-risk patients
Regulatory execution	Companies continue to invest heavily in diversifying API sources (moving production out of high-risk areas) which raises operational costs and execution risk	Increases manufacturing overhead and can lead to short-term delays/ shortages if qualification of new suppliers is slow

3QFY25 EARNINGS PREVIEW – MALAYSIA

Results may mirror the Western earnings trend. We expect the upcoming 3QFY25 earnings for Malaysia's healthcare sector to perform in a steady trajectory, similar to the US and Europe. We believe private hospitals will sustain high patient demand – notably for NCD treatments and high-end services (oncology, cardiology, fertility etc.) – in addition to the support from critical government policy initiatives and incentives, and medical tourism. We also expect the private sector will continue to expand its capacity to cater to this demand. Hence, we believe healthcare services' performance will remain stable in 3QFY25. Meanwhile, for pharmaceuticals, we expect generic drug prices to remain competitive, especially against Indian and Eastern Europe imports, which will drive local selling prices lower for the private sector. This eventually will force local manufacturers to accelerate the shift into high-value products (enhanced generics, biosimilars) and focus on export markets to utilize their low-capacity, high-cost plants efficiently, consequently improving profit margins in the long term. Despite the positive turn for the subsector in the promotion, manufacture and distribution of biopharmaceuticals, we noted that a significant change may not be visible yet in 3QFY25.

But similar challenges will remain for future performance. For healthcare service providers, labour shortage will continue to be a major issue. Malaysia faces a significant brain drain of doctors, nurses and specialists to higher-paying markets. This could increase the cost of recruitment and retaining talents, which could contribute to the expected medical inflation rate of 16% by CY26. Another challenge would be the increase pricing of specialty drugs, mainly GLP-1 to treat diabetes and obesity, and other biologics, as well as the APIs. Similar to the headwinds faced in the US and Europe, the high cost of these drugs is expected to contribute to the rising medical inflation. The high prices could also negatively impact margins for local manufacturers, as they absorb the higher input cost, risking a margin squeeze. As for medical gloves, despite the ongoing oversupply and the risk on profitability for glove manufacturers, the global trend of rising NCD prevalence provides an advantage to glove consumers (both healthcare service providers and drug manufacturers). Margins for glove will remain thin until the end-year as glove companies gradually return to pre-pandemic profitability, due to: (i) rising cost inflation through labour, utilities and raw material, (ii) increased foreign competition and (iii) circumvention of China's glove manufacturer to manoeuvre away from US tariffs. Nevertheless, global demand is expected to recover at small, steady paces until global supply capacity rationalises (approximately 370b pieces per year by CY26).

MAINTAIN POSITIVE

Continuous top-line revenue growth. All in all, we opine that Malaysia's healthcare players will likely see a continuous top-line revenue growth, fuelled by: (i) rising aging population and increasing demand for NCD treatments, (ii) the strong support from government initiatives (HWP, NIMP 2030, MYMT 2026), incentives (Budget 2026) and concessions, (iii) rising consumer spending, and (iv) ongoing digital and AI-technology adaptation. However, we do remain vigilant on the downside risk to the earnings growth, due to cost inflation and domestic price caps.

Our **TOP PICKS** are **Pharmaniaga Bhd (BUY, TP: RM0.32)** and **IHH Healthcare (BUY (under review), TP:RM8.18).**

We like Pharmaniaga for its defensive concession income from its Logistics & Distribution (L&D) segment, making its revenue base highly stable and predictable, regardless of economic cycles. The successful execution of the regularisation plan is also a major catalyst, allowing for the resumption of dividend payments by CY26. The group is also pivoting towards higher-margin biopharmaceuticals moving forward, which could provide a large, profitable growth engine beyond basic generics and L&D. Nevertheless, the downside risk remains on the volatile global API cost and regulatory changes. Meanwhile, IHH remained a main beneficiary to the rise of NCD prevalence and aging population. Healthcare demand is inelastic, securing a long-term and stable revenue for the group. IHH also has strong brands across its network, allowing the group to cater to the growing middle class and medical tourists, insulating from low-margin pricing pressures. However, we remain vigilant on the increase in medical inflation and operational cost due to labour shortage and technology integrations. Nevertheless, IHH's share price had exceeded our target price, as such we are reviewing our BUY call, pending the upcoming earnings announcement.

We expect both companies' 3QFY25 earnings to be within expectation, on the back of a stable topline and higher demand for both pharmaceutical products and NCD treatments.

TABLE 2: 3QFY25 EARNINGS RESULT FOR HEALTHCARE COMPANIES (US & EUROPE)

HOSPITALS / HEALTH SERVICES	Operations and Services	3Q25 (USD b)		Earnings Change		9M25 (USD b)		Earnings Change	Market Cap (USD b)	PER (x)	EV/EBITDA (x)	ROE %	Debt/Equity (x)
		Revenue	Earnings	QoQ (%)	YoY (%)	Revenue	Earnings	YoY (%)					
HCA Healthcare Inc. (NYSE: HCA)	Acute care and surgery, trauma, outpatient, women's services, specialties, behavioral health	19.2	1.6	-1.2	29.4	56.1	4.9	13.5	108.0	16.1	10.2	0.0	0.0
Tenet Healthcare Corp. (NYSE: THC)	Acute care, specialties, ambulatory care	5.3	0.3	18.8	-27.5	15.8	1.0	-64.1	18.3	12.8	6.4	27.4	1.5
Community Health Systems Inc. (NYSE: CYH)	Adult and pediatric medical services, prenatal and maternal care, dental and vision, behaviorial health	3.1	0.1	-53.9	133.2	9.4	0.4	189.5	0.5	1.6	8.0	0.0	0.0
Universal Health Services Inc. (NYSE: UHS)	Acute care, behavioral health, outpatient	4.5	0.4	5.6	44.2	12.9	1.0	28.8	14.5	9.9	7.6	20.0	0.7
Encompass Health Corp (NYSE: EHC)	Rehabilitation, nursing care, therapy, hospice	1.5	0.1	-10.9	16.9	5.8	0.4	25.5	11.6	20.4	10.8	24.4	0.8
Select Medical Holdings Corp. (NYSE: SEM)	Critical illness, rehabilitation, outpatient	1.4	0.0	-29.3	-48.2	4.1	0.1	-45.2	1.7	11.1	11.5	7.7	1.4
Fresenius SE & Co. KGaA (FRA: FRE)	Dialysis, acute care, therapy, outpatient	6.3	0.5	4.2	18.8	19.2	1.7	13.1	31.1	13.1	14.4	0.7	0.0
PHARMACEUTICAL	**Products**	**3Q25 (USD b)**		**Earnings Change**		**9M25 (USD b)**		**Earnings Change**	**Market Cap (USD b)**	**PER (x)**	**EV/EBITDA (x)**	**ROE %**	**Debt/Equity (x)**
		Revenue	**Earnings**	**QoQ (%)**	**YoY (%)**	**Revenue**	**Earnings**	**YoY (%)**					
Eli Lilly and Co. (NYSE: LLY)	Diabetes, obesity, oncology, immunology, neurology, therapeutics	17.6	5.6	-1.7	475.3	45.9	14.0	126.6	812.0	30.5	29.4	96.5	0.0
Pfizer (NYSE: PFE)	Oncology, immunology, vaccines, rare diseases	16.7	5.0	11.6	-18.2	45.0	14.6	3.5	138.2	31.3	8.0	10.6	0.7
Johnson & Johnson (NYSE: JNJ)	Immunology, oncology, neurology	24.0	5.2	1.1	91.2	69.6	21.7	103.9	450.2	16.7	15.0	33.6	0.6
AbbVie Inc. (NYSE: ABBV)	Immunology, oncology, neurology, aesthetics	15.8	0.2	-80.2	-88.1	21.8	44.5	-44.0	381.4	15.8	15.6	0.0	0.0
Bristol-Myers Squibb (NYSE: BMY)	Oncology, haematology, immunology, cardiology	12.2	2.2	67.9	81.8	34.7	6.0	166.2	92.8	7.2	6.6	33.8	2.7
Amgen Inc. (NASDAQ: AMGN)	Orthopaedics, oncology, cardiology, immunology	9.1	3.2	124.6	13.6	25.8	6.4	84.2	159.7	14.1	12.5	81.7	5.7
Sanofi (EPA: SAN)	Vaccines, rare diseases, immunology	14.3	4.1	82.8	4.0	37.2	8.9	5.9	121.7	10.6	9.3	8.8	0.3
Novartis AG (SWX: NOVN)	Cardiology, oncology	13.9	4.3	-8.1	4.8	41.2	13.5	14.4	239.5	14.2	10.6	32.6	0.7
AstraZeneca (LSE: AZN)	Oncology, cardiology, respiratory	15.2	2.5	3.4	76.9	43.2	7.9	42.6	252.6	16.7	15.0	19.7	0.7
GlaxoSmithKline (LSE:GSK)	Vaccines, HIV, respiratory	11.1	3.1	15.9	9.5	31.3	8.4	7.0	93.5	10.1	8.8	41.5	1.1
Novo Nordisk (CPH:NOVO-B)	Diabetes, obesity	11.2	3.0	-24.5	-26.7	34.5	11.3	3.8	210.0	13.0	9.2	79.2	0.6
GLOVES	**Products**	**3Q25 (USD b)**		**Earnings Change**		**9M25 (USD b)**		**Earnings Change**	**Market Cap (USD b)**	**PER (x)**	**EV/EBITDA (x)**	**ROE %**	**Net Gearing (x)**
		Revenue	**Earnings**	**QoQ (%)**	**YoY (%)**	**Revenue**	**Earnings**	**YoY (%)**					
Kimberly-Clark Corp (NYSE: KMB)	Cleanroom, examination	4.2	0.5	-12.4	-50.8	12.4	1.5	-27.5	33.2	13.0	10.2	136.9	5.0
3M Company (NYSE: MMM)	Laboratory, examination, cleanroom	6.5	0.8	15.4	-39.2	18.8	2.7	-22.4	87.3	19.5	15.5	72.9	2.8
*Cardinal Health (NYSE: CAH)**	Surgical, examination	64.0	0.5	88.3	8.2	64.0	0.5	8.2	46.8	19.8	14.5	0.0	0.0

**Note: Quarterly earnings for Cardinal Health ends in June (1Q 2026)*

Source: Bloomberg, Company, MBSBR

IHH HEALTHCARE – FINANCIAL SUMMARY

Profit or Loss (RM'm)	2023A	2024A	2025E	2026F	2027F
Revenue	20,935	24,383	24,866	25,703	26,436
EBIT	1,986	3,736	4,077	4,058	4,102
PBT	4,050	3,756	3,812	3,823	3,861
Taxation	-658	-594	-618	-542	-831
PAT	3,391	3,162	3,194	3,281	3,030
MI	440	505	507	473	544
PATAMI	2,951	2,656	2,687	2,808	3,574
Core PATAMI	2,250	2,304	1,725	1,801	1,854
EPS (sen)	14.5	19.1	19.6	20.4	21.0
PER (x)	56.3	42.8	41.8	40.0	38.9
DPS (sen)	18.6	10.0	10.5	10.9	11.2
Dividend yield (%)	2.3	1.2	1.3	1.3	1.4

Cash Flow (RM'm)	2023A	2024A	2025E	2026F	2027F
PBT	4,050	3,756	3,812	3,823	3,861
Depreciation	1,464	1,681	1,661	1,688	1,725
OP pre-WC changes	4,783	5,623	6,109	6,112	6,169
Change in NWC	-1,024	-1,338	-903	-965	-1,001
Operating cash flow	3,759	4,285	5,206	5,147	5,168
Capital expenditure	-4,005	-9,780	-6,176	-6,413	-7,016
Investing cash flow	-936	-8,247	-5,038	-5,290	-5,801
Debt raised/(repaid)	-470	5,097	1,375	2,963	2,592
Dividends paid	-2,037	-1,224	-1,352	-1,563	-1,857
Financing cash flow	-3,999	3,033	-1,040	391	-295
Net cash flow	-1,176	-929	31	1,213	74
Beginning cash flow	3,662	2,301	1,427	1,363	2,440
Ending cash flow	2,301	1,427	1,363	2,440	2,368

Growth (%)	2023A	2024A	2025E	2026F	2027F
Revenue growth	11.9	14.2	2.5	3.4	2.9
PBT growth	82.7	-7.2	1.5	0.3	1.0
PATAMI growth	90.6	-10.0	1.2	4.5	27.3
Core PATAMI growth	-7.4	31.7	2.4	4.4	2.9

Profitability Ratios (%)	2023A	2024A	2025E	2026F	2027F
EBIT margin	9.3	15.4	16.4	15.8	15.5
PBT margin	19.1	15.5	15.3	14.9	14.6
PATAMI margin	13.9	10.9	10.8	10.9	13.5
Core PATAMI margin	6.0	6.9	6.9	7.0	7.0
ROA	2.5	3.0	3.0	3.1	3.1
ROE	20.5	21.5	22.5	23.5	24.5

Balance Sheet (RM'm)	2023A	2024A	2025E	2026F	2027F
PPE	13,414	16,229	16,416	16,329	16,582
ROU assets	17,259	19,913	20,003	20,095	20,147
Non-current assets	43,479	49,888	50,176	50,404	50,854
Trade receivables	3,084	3,598	3,390	3,483	3,593
Cash & bank balances	2,379	1,510	1,363	2,440	2,368
Current assets	6,713	6,871	6,808	7,774	7,995
Long-term debt	6,651	9,366	9,699	9,734	9,772
Non-current liabilities	10,377	13,275	13,845	14,521	14,554
Short-term debt	1,661	3,560	3,495	3,861	3,960
Trade payables	4,951	5,128	5,405	5,579	5,543
Current liabilities	7,456	9,576	9,762	10,318	10,401
Share capital	19,692	19,739	19,739	19,739	19,739
Reserves	7,840	9,708	9,877	9,999	10,398
Equity	32,359	33,908	33,376	33,340	33,894

Liquidity Ratios (x)	2023A	2024A	2025E	2026F	2027F
Current ratio	0.9	0.7	0.7	0.8	0.8
Quick ratio	0.8	0.6	0.6	0.7	0.7

Leverage Ratios (x)	2023A	2024A	2025E	2026F	2027F
Debt-to-equity	0.6	0.7	0.7	0.7	0.7
Interest coverage	2.1	3.5	4.8	4.8	5.2

Efficiency Ratios (days)	2023A	2024A	2025E	2026F	2027F
Cash conversion cycle	36	33	40	41	36
DIO	13	13	13	12	12
DSO	53	54	50	49	50
DPO	102	100	103	102	98

Source: Bloomberg, MBSBR

PHARMANIAGA – FINANCIAL SUMMARY

Profit or Loss (RM'm)	2024A	2025E	2026F	2027F	2028F
Revenue	3,759.5	3,959.0	4,062.7	4,069.6	4,153.5
EBIT	263.9	186.7	246.1	313.6	316.8
PBT	194.2	139.0	192.8	253.8	255.1
Taxation	-60.4	-26.8	-32.4	-39.1	-38.2
PAT	133.8	110.7	158.7	212.8	214.8
MI	-2.0	-0.7	-0.7	-0.7	-0.8
PATAMI	131.8	110.0	158.0	212.1	214.1
Core PATAMI	127.8	110.0	157.7	210.9	212.1
EPS (sen)	9.2	1.7	2.4	3.2	3.3
PER (x)	3.5	19.3	13.5	10.1	10.0
DPS (sen)	0.0	0.0	1.4	1.9	2.0
Dividend yield (%)	0.0	0.0	4.5	6.0	6.0

Cash Flow (RM'm)	2024A	2025E	2026F	2027F	2028F
PBT	194.2	139.0	192.8	253.8	255.1
Depreciation	-6.3	17.2	17.5	16.5	16.0
OP pre-WC changes	142.4	147.1	152.6	159.6	162.4
Change in NWC	99.7	88.0	83.0	81.6	81.9
Operating cash flow	**42.7**	**59.1**	**69.6**	**78.0**	**80.4**
Capital expenditure	-39.6	-47.5	-50.8	-50.1	-49.7
Investing cash flow	**-39.5**	**-47.2**	**-50.5**	**-49.9**	**-49.4**
Debt raised/(repaid)	18.7	52.8	69.0	69.9	64.0
Dividends paid	-0.2	-45.3	-44.2	-40.0	-38.8
Financing cash flow	**22.1**	**-0.7**	**15.3**	**18.9**	**12.3**
Net cash flow	**25.3**	**11.1**	**34.4**	**47.0**	**43.3**
Beginning cash flow	**127.4**	**152.2**	**163.2**	**197.5**	**244.3**
Ending cash flow	**152.2**	**163.2**	**197.5**	**244.3**	**287.2**

Growth (%)	2024A	2025E	2026F	2027F	2028F
Revenue growth	10.4	5.3	2.6	0.2	2.1
PBT growth	-348.4	-28.4	38.7	31.7	0.5
PATAMI growth	-264.4	-16.5	43.6	34.2	0.9
Core PATAMI growth	415.9	-13.9	43.4	33.7	0.6

Profitability Ratios (%)	2024A	2025E	2026F	2027F	2028F
EBIT margin	7.0	4.7	6.1	7.7	7.6
PBT margin	5.2	3.5	4.7	6.2	6.1
PATAMI margin	3.5	2.8	3.9	5.2	5.2
Core PATAMI margin	3.4	2.8	3.9	5.2	5.1
ROA	6.4	5.4	7.5	9.7	9.5
ROE	-87.6	73.8	68.0	87.6	94.1

Balance Sheet (RM'm)	2024A	2025E	2026F	2027F	2028F
PPE	520.9	526.1	522.5	519.4	518.1
ROU assets	151.3	197.2	215.9	219.1	213.5
Non-current assets	788.0	822.0	831.3	830.0	823.9
Trade receivables	407.5	370.4	355.3	350.5	354.2
Cash & bank balances	152.2	163.2	197.5	244.3	287.2
Current assets	1,204.3	1,212.0	1,264.0	1,334.0	1,410.8
Long-term debt	130.1	108.8	101.5	101.8	106.7
Non-current liabilities	185.2	155.9	150.9	152.4	157.3
Short-term debt	1,055.1	933.1	918.4	964.4	1,022.2
Trade payables	801.0	768.1	764.5	775.1	796.0
Current liabilities	1,953.1	1,729.2	1,712.5	1,770.9	1,851.9
Share capital	200.0	200.0	200.0	200.0	200.0
Reserves	-371.3	-73.9	9.1	18.8	4.2
Equity	-145.9	149.0	231.8	240.7	225.5

Liquidity Ratios (x)	2024A	2025E	2026F	2027F	2028F
Current ratio	0.6	0.7	0.7	0.8	0.8
Quick ratio	0.3	0.3	0.3	0.3	0.3

Leverage Ratios (x)	2024A	2025E	2026F	2027F	2028F
Debt-to-equity	-14.7	12.7	8.0	8.0	8.9
Interest coverage	3.7	3.8	4.5	5.1	5.0

Efficiency Ratios (days)	2024A	2025E	2026F	2027F	2028F
Cash conversion cycle	61	45	39	37	36
DIO	-69	-69	-71	-75	-77
DSO	40	34	32	31	31
DPO	-91	-80	-79	-81	-82

Source: Bloomberg, MBSBR

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MBSB INVESTMENT BANK (formerly known as MIDF Amanah Investment Bank) : GUIDE TO RECOMMENDATIONS

STOCK RECOMMENDATIONS	
BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
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	The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.
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