Healthcare

POSITIVE (Maintain)

The Rise of Pharmaceuticals and Medtech

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HIGHLIGHTS

- 4QFY25 earnings season in the US and Europe as of writing ended mostly positive; supported largely by the pharmaceutical subsector over the increase in demand for GLP-1 drugs
- US hospitals saw strong inpatient volumes despite labour crisis; medical devices and equipment saw higher demand for high-margin treatments; and pharmaceuticals are 4QFY25 winners contributed by higher demand for diabetes, obesity and oncology drugs
- Malaysian healthcare players are expected to follow global performance, with additional upside on medical tourism, government initiatives to reduce medical cost, glove sector's recovery and halal pharmaceutical market

4QFY25 EARNINGS SUMMARY – US & EUROPE

Strong patient volumes supported hospitals. The major healthcare service providers in the US had shown a surge in earnings for 4QFY25 and FY25. The hospital and services sector saw a shift towards more complex surgeries, especially cardiovascular and orthopaedic procedures, which offer higher reimbursement rates. HCA Healthcare (HCA) reported an increase of +3%qoq in revenue per admission due to an influx of patients requiring longer and intensive care. For Tenet Healthcare (Tenet), the change into a specialist company of ambulatory surgery centre (ASC) as well as the surge in demand for lower-cost, same-day surgeries (notably total joint replacement) had contributed positively to its 4QFY25 earnings. Encompass Health (EHC), which had been facing high labour costs over the nursing crisis had seen the impact softening in 4QFY25. Premium labour costs i.e. expensive contract nurses had dropped significantly, which supported its cost management for the reporting quarter, although we expect this cooling down period would be temporary. This is also considering EHC's additional 127 beds in FY25.

Imaging device Supercycle. Hospitals globally are accelerating the refreshing of aging equipment in 4QFY25. GE Healthcare Technologies (GETech) saw a +7%qoq increase in demand for its imaging unit, driven by AI-enhanced CT and MRI scanners. Similarly, Siemens Healthineers (SiemensH) reported a +6%yoy jump in imaging demand, led by their Photon-Counting CT technology which provides a significantly higher image resolution. Meanwhile, Abbott Lab (Abbott) saw its medical device segment growing +12%qoq, contributed by its own glucose monitor FreeStyle Libre, which now generates over USD7b annually. GETech and SiemensH had been focusing on expanding their margins through cost management by localizing manufacturing and expanding to high-margin treatments such as oncology therapy.

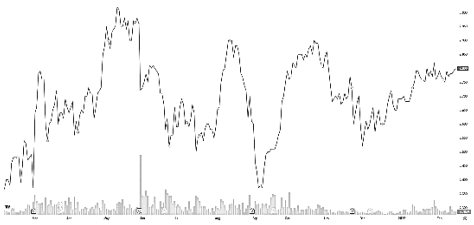
COMPANY *IN FOCUS*

KPJ Healthcare Bhd

Maintain **NEUTRAL| Target Price: RM2.65(under review)**
Price @ 16 Feb 2026: RM2.80

- Strong earnings fundamentals
- Positive asset optimisation
- High-acuity inpatient revenue
- Improved digital transformation and AI data analytics

SHARE PRICE CHART

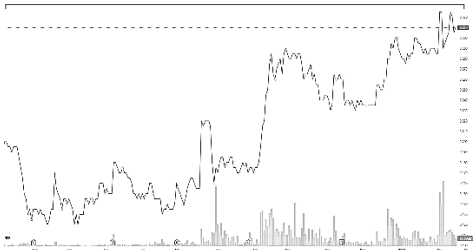


Pharmaniaga Bhd

Maintain **BUY | Target Price: RM0.32(under review)**
Price @ 16 Feb 2026: RM0.31

- Stable revenue from concession
- Imminent PN17 exit with potential of dividend resumption
- Secured human insulin tender
- Positive riding on Big Pharma trend

SHARE PRICE CHART



GLP-1 and oncology drugs boosting pharmaceuticals

4QFY25 saw a massive transformation amongst the pharmaceutical companies. Companies with FLP-1 and immunology blockbusters are hitting record highs. Eli Lilly saw a triple-digit surge in sales for its Mounjaro, Zepbound and Tirzepatide (GIP and GLP-1 products), exceeding its peers. Likewise, Novo Nordisk also saw higher sales volume for Wegovy (semaglutide) and Ozempic (GLP-1) due to higher international adoption of the drugs, offset by pricing pressures in the US and Europe. Meanwhile, AstraZeneca saw cancer drugs sales rising by +14%qoq following a boost of +11%qoq in its Rare Disease segment. GlaxoSmithKline (GSK) also saw strong performance in their specialty medicines (HIV and oncology). However, not all pharmaceuticals were seeing positive earnings growth. Bristol-Myers Squibb (BMS) faced a flattish revenue and a slip in earnings due to intense competition in generic drugs, in addition to its recent acquisition and integration with Karuna and RayzeBio.

Refer to Appendix for a table summary of the US and European healthcare companies' 4QFY25 results.

Moving forward: implementing CY26 strategies to sustain CY25 highs

Overall, global healthcare companies are expected to continue implementing strategies to curb future headwinds in FY26. Labor shortages are expected to be stabilized but offset by medical supply inflation which is forecasted to stay high throughout the year. This may cause a slowdown for hospitals to return to pre-pandemic margins. As such, we believe that most healthcare service providers would consider rationalizing assets by undertaking high-margin specialties instead of focusing on just general health. For medical devices, the setback lies in China's deep price cuts for diagnostics which could impact 1HFY26 earnings before stabilizing based on: (i) ongoing M&A activities between giants and smaller tech companies, (ii) expansion and integration of AI into the equipment, and (iii) increasing demand for lab tests and imaging. For pharmaceuticals, the surging growth in revenues are expected to be supported by the unyielding demand for GLP-1 and oncology drugs. However, unprecedented pricing pressures and competition among the Big Pharma may pose risks to companies with more focus in internal cost management and non-US market. Table 1 summarizes the headwinds and the possible strategies undertaken by the US and European companies.

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

HOSPITALS / HEALTHCARE SERVICES			
HEADWINDS		**IMPACT**	**POSSIBLE STRATEGIES**
Expiring subsidies	Obamacare subsidies are expected to be a USD600m-900m drag on earnings for hospitals	This risk is expected to impact patient volumes and utilisation rates as some patients would lose medical coverage	• Utilising AI and automation to streamline treatment throughputs and reduce patient length of stay to offset policy hits • Continuous selling of low-margin facilities and reinvesting in high-margin specialties (oncology, orthopedics, mental health) • Investing in denial management divisions to combat fair reimbursement • Leverage on high demand for mental health and ambulatory services
Payer mix shift	Enrolment for premiums is projected to reduce by 1 million people as they skyrocket up to an average of 26%	Increase in out-of-pocket and uninsured patients, which could lead to bad debts in non-expansion states	
Observation vs Inpatient	Insurers may classify hospital stays as observation, which pays the hospital less	This will compress the net revenue per admission	

MEDICAL DEVICES			
HEADWINDS		**IMPACT**	**POSSIBLE STRATEGIES**
Tariff whiplash	The volatility in trade policy between the US, Europe and China could hit earnings (latest rate is about ~15%-30%)	Companies may see a hit on earnings margin by 17%-26%	• Localizing production to bypass tariff and utilize existing duty-free infrastructure • Moving away from selling devices and robotics and instead, offering leasing and pay-per-use models as part of obtaining predictive and continuous income • Deploying autonomous AI agents to execute complex regulatory filings and supply chain logistics to reduce admin costs • M&A and strategic collaboration on niched and precise equipment companies to minimise impact from hospital spending cycles
China's volume-based procurement	China is expanding its centralised volume-for-price strategy into high-value consumables and in-vitro diagnostics	Winning a volume-based procurement bid often requires 50%-90% price cuts, when upon losing the bid would risk companies to be locked out of up to 70% of public hospital markets in China	
Ambulatory Surgery Centres (ASCs) migration	ASCs do not pay premium prices for implants and equipment	This risk would create a mix shift between ASCs and hospitals which can dilute profit margins, notably if demand for short-term surgeries increases	
PHARMACEUTICALS			
HEADWINDS		**IMPACT**	
Inflation Reduction Act	The maximum fair prices had officially gone into effect in Jan CY26 for the first 10 Medicare Part D drugs (Medicare Part D is a voluntary prescription drug benefit available to anyone enrolled in Medicare)	This may cut prices by 38%-79% on major brands, leading to margin compression for pharmaceutical companies (Pfizer and BMS being the most exposed)	• Acquiring late-stage, de-risked assets (Phase 3) rather than early-stage moonshots • Moving production of APIs and finished drugs to the US to bypass the 15% import tariffs • Using Agentic AI to simulate clinical trials, cutting drug discovery which can potentially cut timelines by up to 2 years • Divesting low-margin generic or consumer health units to focus on high-margin oncology and GLP-1s
Front-loading hangover	To avoid the 15% pharmaceutical import tariffs and 25% API tariffs from China prompted stockpiling activities in CY25	The frontloading may be over by 1HCY26 (about -2% slowdown) with a high-cost inventory	
Loss of exclusivity (LOE)	Blockbuster drugs are losing exclusivity faster than new pipelines can replace them	An estimated USD230b per annum of revenue is at risk of LOE by CY30, prompting companies to accelerate R&D and M&A to remain breakeven while adding to additional cost	

4QFY25 EARNINGS PREVIEW – MALAYSIA

Similar to HCA and Tenet's shifted focus to high-acuity surgeries, we believe domestic hospital players are also weighing more on complex treatments than depending only on case-mix. This is in line with the increasing demand for high-value treatments amid the tailwinds of Visit Malaysia Year 2026 and Malaysia Year of Medical Tourism (MYMT) 2026. Additionally, the collaboration with the public sector has the potential to boost inpatient revenue from local patients. However, we also noted that medical pricing inflation and insurance payer issues would take the negative centre stage in 1HCY26. MOH, MOF and BNM had been working on ensuring that local patients - especially of the aged and aging population - can be medically insured, subsequently reducing both medical pricing and claims inflation. We expect healthcare service providers, especially one catering for domestic patients, to see a short-term margin compression following the continuous resolving of the issue but would still see higher and sustained inpatient volumes moving forward.

Medical tourism and increasing inpatient volume may mitigate cost inflation

Medical devices and equipment may see emerging interest

Glove industry is expected to see a sustained recovery in 1QCY26 onwards as inventory correction seems to have ended. Additionally, the impending US tariffs on Chinese gloves would give a slight advantage to local glovemakers, although the demand from the US market might see a slight dip following the increasing call for US manufacturers to localise operations and reduce exports. Nevertheless, high-value medical devices such as pacemakers, stents and implants are expected to increase in both export and local distribution, as global demand is expected to grow at a 9%-9.5% CAGR. The demand for automation under the New Industrial Master Plan (NIMP) 2030 is also believed to see a surge for medical equipment, especially ones integrated with AI, IoT and maintenance services. This could not only protect hospital earnings margins but also sustain medical equipment companies in CY26 onwards.

Riding on the Big Pharma trend

We opine that local pharmaceutical players would mirror the Big Pharma trend, with a focus on high-margin specialty products, including insulins, GLP-1, flu vaccines and oncology drugs. The shift from generics to biosimilars and oncology had been adopted from Pfizer and AbbVie's post-patent cliff strategy, and we believe that the strategy could further enhance R&D for local products while contributing to the ASEAN halal market. However, we remain vigilant on the global pricing for exported drugs, despite exports projected to hit about RM1.5b in CY26, given the localisation of US drug production and their divestments from generics.

MAINTAIN POSITIVE

CY26 a launchpad for healthcare improvements

All in all, we expect Malaysia's ongoing 4QFY25 earnings season to be a narrative of recovery and modernisation. We opine that CY26 will be the launchpad for high-acuity medical tourism and self-sufficient biopharmaceutical manufacturing and distribution. These are further supported by: (i) rising aging population and increasing demand for precise treatments, (ii) sustained support from government initiatives, incentives and concessions for both public and private healthcare sectors, and (iii) ongoing digital and AI-technology adaptation for hospital administration and medical equipment. Nevertheless, we remain cautious on the downside risks that include medical cost inflation, drug policy shifts and pricing pressures from trade tariffs.

Our focus for the Healthcare sector is **KPJ Healthcare Bhd (Maintain NEUTRAL, TP: RM2.65** – *under review***)** and **Pharmaniaga Bhd (Maintain BUY, TP: RM0.32** – *under review***)**. Nevertheless, both companies are under review pending their earnings release scheduled for next week.

KPJ is expected to move towards becoming a premium, high-tech healthcare provider. By focusing on sub-specialties, we believe the revenue per patient would gradually increase even if patient volume growth were marginal. KPJ is also in an advantageous position to capture the overflow from local insurance and takaful patients seeking faster, high-quality and relatively affordable care outside of the usually congested public hospitals. In terms of the upcoming earnings, we do expect that the group's newer hospitals would begin moving out of their gestation phase, which would support KPJ's bottom-line in the quarters to come. Meanwhile, we like Pharmaniaga for its defensive income from its Logistics & Distribution segment and the upcoming contribution from its biopharmaceutical division following the secured RM3m in tenders for human insulin. The expected exit from PN17 in 1QCY26 is also a major catalyst, allowing for the resumption of dividend payments by CY26 of about 50-70% of profits. Nevertheless, the downside remains on the volatile global API cost and currency risks. We expect both companies' 4QFY25 earnings to be within or above expectation, on the back of a stable topline and higher volume for both sales of pharmaceutical products and inpatient treatments during 4QCY25.

TABLE 2: 4QFY25 EARNINGS RESULT FOR HEALTHCARE COMPANIES (US & EUROPE)

HOSPITALS / HEALTH SERVICES	Operations and Services	4Q25 (USD b)		Earnings Change		FY25 (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	19.5	1.9	15.9	30.6	75.6	6.8	17.8	120.8	18.8	10.1	140.0	2.3
Tenet Healthcare Corp. (NYSE: THC)	Acute care, specialties, ambulatory care	5.5	1.2	306.8	12.9	21.5	3.5	11.0	20.3	15.6	7.9	31.4	1.6
Universal Health Services Inc. (NYSE: UHS)	Acute care, behavioral health, outpatient	4.6	0.4	19.5	15.0	17.0	1.4	28.0	14.7	11.0	8.8	19.9	0.5
Encompass Health Corp (NYSE: EHC)	Rehabilitation, nursing care, therapy, hospice	1.5	0.2	48.1	23.7	5.9	5.5	23.0	11.1	19.9	11.2	28.0	1.1
MEDICAL DEVICES	**Products**	**4Q25 (USD b)**		**Earnings Change**		**FY25 (USD b)**		**Earnings Change**	**Market Cap (USD b)**	**PER (x)**	**EV/EBITDA (x)**	**ROE %**	**Debt/Equity (x)**
		Revenue	**Earnings**	**QoQ (%)**	**YoY (%)**	**Revenue**	**Earnings**	**YoY (%)**					
GE Healthcare Technologies Inc. (NASDAQ: GEHC)	Imaging, ultrasound, patient monitoring, pharma diagnostics	5.5	0.6	32.1	-18.2	20.6	2.1	5.0	37.4	17.6	9.8	17.1	0.7
Siemens Healthineers (ETR:SHL) *	Imaging, lab diagnostics, radiotherapy	11.5	0.6	7.4	4.0	23.4	2.2	10.7	53.7	18.1	13.0	11.7	0.7
Abbotts Lab (NYSE:ABT)	Cardiovascular, nutrition, diagnostics	11.5	1.8	-2.7	12.0	44.3	9.1	10.3	195.9	30.4	14.5	13.2	0.3
PHARMACEUTICAL	**Products**	**4Q25 (USD b)**		**Earnings Change**		**FY25 (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	19.3	6.8	21.9	41.0	55.1	13.4	45.0	981.1	45.2	31.8	114.6	0.5
Pfizer (NYSE: PFE)	Oncology, immunology, vaccines, rare diseases	17.6	3.7	0.0	14.0	62.6	18.4	3.5	156.8	16.0	9.8	8.5	0.6
Johnson & Johnson (NYSE: JNJ)	Immunology, oncology, neurology	24.6	6.0	17.6	21.5	94.2	26.8	90.0	586.7	21.9	12.8	34.9	0.2
AbbVie Inc. (NYSE: ABBV)	Immunology, oncology, neurology, aesthetics	16.6	4.8	-0.8	25.0	61.2	15.1	11.0	409.2	174.1	13.1	880.4	2.0
Bristol-Myers Squibb (NYSE: BMY)	Oncology, haematology, immunology, cardiology	12.5	2.7	-18.2	-25.0	48.2	12.7	-9.0	123.7	17.5	8.2	25.9	1.0
Amgen Inc. (NASDAQ: AMGN)	Orthopaedics, oncology, cardiology, immunology	9.9	2.9	16.0	xx	36.8	11.8	10.0	199.0	25.8	12.4	96.7	1.4
Sanofi (EPA: SAN)	Vaccines, rare diseases, immunology	13.3	2.2	-51.7	26.7	51.4	13.2	10.0	118.1	9.5	8.1	14.7	28.5
Novartis AG (SWX: NOVN)	Cardiology, oncology	13.3	4.5	15.4	1.0	51.3	15.6	14.0	311.2	22.6	14.2	24.3	0.2
AstraZeneca (LSE: AZN)	Oncology, cardiology, respiratory	15.5	3.6	16.1	11.0	58.7	14.2	11.0	318.6	31.1	14.5	22.1	0.6
GlaxoSmithKline (LSE:GSK)	Vaccines, HIV, respiratory	11.8	3.1	0.0	12.0	41.4	12.5	11.0	118.6	15.9	8.4	18.5	0.5
Novo Nordisk (CPH:NOVO-B)	Diabetes, obesity	12.5	4.1	39.5	32.0	46.7	15.2	21.0	624.5	31.4	24.1	61.1	0.2
Merck & Co Inc. (NYSE:MRK)	Generics, vaccines, biologics, oncology	16.4	5.2	-10.3	10.0	65.0	20.1	12.0	301.3	16.0	11.2	36.3	0.4

**Note: Quarterly earnings for Siemens Healthineers ends in Sept (1Q 2026)*

Source: Bloomberg, Company, MBSBR

KPJ HEALTHCARE – FINANCIAL SUMMARY

Profit or Loss (RM'm)	2024A	2025E	2026F	2027F	2028F
Revenue	3,922	4,037	4,261	4,387	4,553
EBIT	657	548	612	677	714
PBT	531	425	483	538	627
Taxation	-166	-133	-154	-172	-182
PAT	365	292	330	366	445
MI	42	25	32	38	9
PATAMI	407	316	361	404	455
Core PATAMI	400	312	356	399	456
EPS (sen)	8.8	6.9	7.9	8.8	10.1
PER (x)	31.4	43.5	38.1	34.1	27.6
DPS (sen)	5.5	4.4	4.8	5.4	6.7
Dividend yield (%)	2.0	1.6	1.7	1.9	2.4

Cash Flow (RM'm)	2024A	2025E	2026F	2027F	2028F
PBT	531.0	425.1	483.2	537.9	627.2
Depreciation	208.4	207.2	208.4	211.3	204.2
OP pre-WC changes	959.7	859.1	966.5	1043.6	1170.7
Change in NWC	67.2	42.2	-37.2	-0.4	-48.5
Operating cash flow	**1026.9**	**901.4**	**929.3**	**1043.2**	**1122.2**
Capital expenditure	-478.6	-469.6	-470.4	-458.2	-471.3
Investing cash flow	**-232.1**	**-207.1**	**-252.2**	**-302.6**	**-273.5**
Debt raised/(repaid)	-256.3	-102.4	22.3	128.4	57.5
Dividends paid	-181.1	-143.7	-134.9	-153.8	-227.9
Financing cash flow	**-569.7**	**-464.5**	**-338.4**	**-250.6**	**-461.9**
Net cash flow	**42.6**	**37.2**	**17.3**	**135.9**	**59.4**
Beginning cash flow	**552.5**	**594.3**	**630.9**	**649.1**	**785.0**
Ending cash flow	**594.3**	**630.9**	**649.1**	**785.0**	**844.4**

Growth (%)	2024A	2025E	2026F	2027F	2028F
Revenue growth	14.7	2.9	5.5	3.0	3.8
PBT growth	40.5	-19.9	13.7	11.3	16.6
PATAMI growth	50.6	-22.3	14.1	12.0	12.5
Core PATAMI growth	32.5	-22.0	14.1	11.9	14.3

Profitability Ratios (%)	2024A	2025E	2026F	2027F	2028F
EBIT margin	7.0	3.3	5.4	7.4	7.5
PBT margin	5.2	10.5	11.3	12.3	13.8
PATAMI margin	3.5	7.8	8.5	9.2	10.0
Core PATAMI margin	3.4	7.7	8.4	9.1	10.0
ROA	5.4	4.0	4.6	5.1	5.6
ROE	14.6	10.5	12.3	14.4	15.3

Balance Sheet (RM'm)	2024A	2025E	2026F	2027F	2028F
PPE	2,949	3,212	3,182	2,980	3,247
ROU assets	1,640	1,598	1,650	1,734	1,622
Non-current assets	**5,799**	**6,079**	**6,044**	**5,978**	**6,194**
Trade receivables	782	793	837	862	895
Cash & bank balances	594	631	649	785	844
Current assets	**1,604**	**1,661**	**1,731**	**1,867**	**1,959**
Long-term debt	1,347	1,245	1,267	1,396	1,453
Non-current liabilities	**3,369**	**3,291**	**3,329**	**3,472**	**3,547**
Short-term debt	329	474	545	562	611
Trade payables	828	769	774	796	780
Current liabilities	**1,297**	**1,465**	**1,547**	**1,597**	**1,633**
Share capital	999	999	999	999	999
Reserves	1,693	1,958	1,878	1,864	1,848
Equity	**2,738**	**2,983**	**2,898**	**2,777**	**2,974**

Liquidity Ratios (x)	2024A	2025E	2026F	2027F	2028F
Current ratio	1.2	1.1	1.1	1.2	1.2
Quick ratio	0.3	0.3	0.3	0.3	0.3

Leverage Ratios (x)	2024A	2025E	2026F	2027F	2028F
Debt-to-equity	1.7	1.6	1.7	1.8	1.7
Interest coverage	3.7	2.9	4.2	5.0	5.0

Efficiency Ratios (days)	2024A	2025E	2026F	2027F	2028F
Cash conversion cycle	199	184	178	181	171
DIO	-13	-8	-8	-8	-8
DSO	73	72	72	72	72
DPO	-139	-120	-115	-117	-107

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