EARNINGS WRAP

Review of Corporate Earnings

Quarter Ended June 2026

- In 2QCY26, the aggregate normalized earnings of FBM KLCI 30 current constituents came in at RM18.7b. It registered positive quarter-on-quarter growth of +3.0%qoq and positive year-on-year at +11.8%yoy.
- Within MBSBR Universe, 22% of stocks under coverage reported higher than expected earnings versus 26% which came in lower than expected. Moreover, 52% of stocks under coverage reported earnings within expectations. Target price changes involved 31 upward adjustments and 22 downward adjustments. Furthermore, we made 10 changes to our stock recommendation with 5 upgrades and 5 downgrades.
- The aggregate FY2026 and FY2027 forecast earnings of stocks under MBSBR coverage were revised higher by +0.5% to RM96.3b and +1.6% to RM104.0b, respectively.
- Overall, the recently concluded 2QCY26 earnings season was largely on target while the minor upward revisions to aggregate forecast earnings were partly attributable to positive guidance against the backdrop of resilient macroeconomic performance.
- Going forward, we reckon the equity market would remain largely sanguine underpinned by continued resilient GDP as well as positive earnings growth in 2026. Nonetheless, the conflict in the Middle East remains unsettling. We are keeping our eyes on the various potential outcomes. At this juncture, we remain cautiously positive hence maintain our 2026 price target for FBM KLCI at 1,770 points. Likewise, we also maintain our 2026 price targets for FBM Emas Shariah at 12,900 points and FBM70 at 18,600 points.

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Kindly refer to the last page of this publication for important disclosures

2 September 2026 | Strategy

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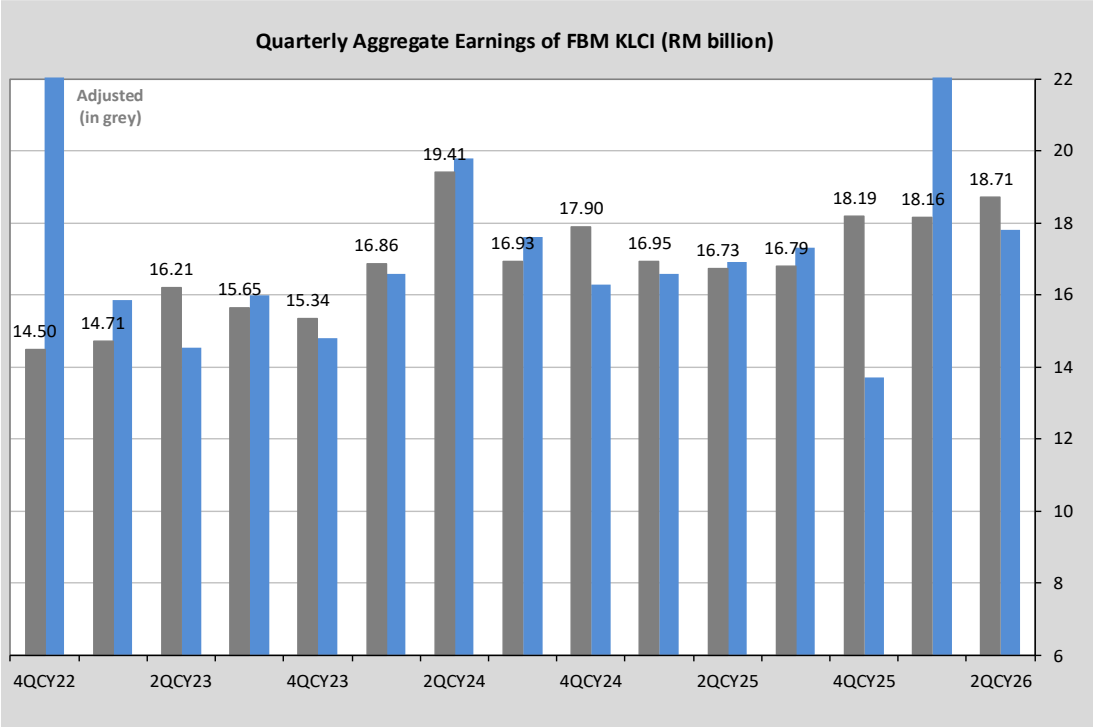
Earnings Wrap

FBM KLCI

In 2QCY26, the aggregate reported earnings of FBM KLCI 30 current constituents came in at RM17.8b. It registered quarter-on-quarter decline of -33.2%qoq and year-on-year growth at +5.1%yoy.



Source: Bloomberg, MBSBR

After adjustment for extraordinary items during the review quarter (particularly a -RM1.6b impairment by KLK), the aggregate normalized quarterly earnings of FBM KLCI 30 current constituents came in at RM18.7b.

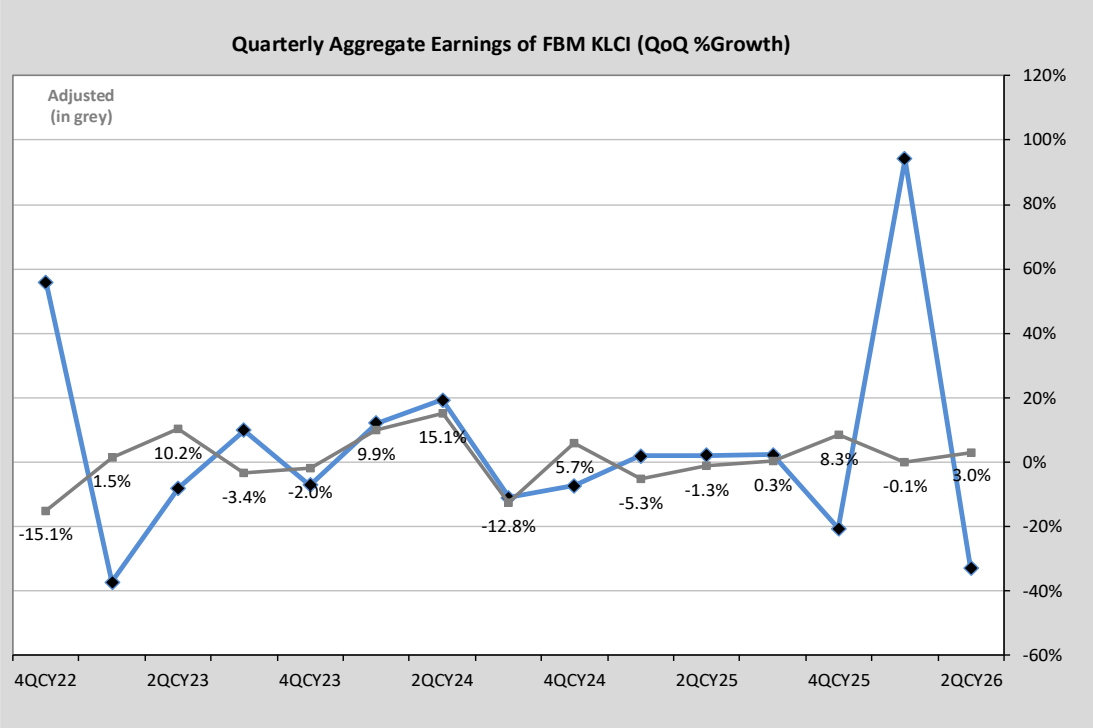
FBM KLCI: Normalized Earnings (RM Million)

SECTOR	2QCY26	1QCY26	QoQ	2QCY25	YoY
CONSTRUCTION	258.00	235.40	9.6%	246.80	4.5%
CONSUMER P&S	1,168.80	1,110.50	5.2%	968.80	20.6%
FINANCIAL SERVICES	9,023.00	8,555.00	5.5%	8,686.17	3.9%
HEALTHCARE	648.66	791.31	-18.0%	438.00	48.1%
INDUSTRIAL P&S	1,439.50	1,198.66	20.1%	581.01	147.8%
PLANTATION	1,558.70	1,064.80	46.4%	1,153.90	35.1%
PROPERTY	277.70	260.60	6.6%	15.50	1691.6%
TELCO & MEDIA	1,562.10	1,713.70	-8.8%	1,433.80	8.9%
TRANSPORT & LOGISTICS	817.20	802.80	1.8%	600.90	36.0%
UTILITIES	1,957.60	2,426.90	-19.3%	2,608.80	-25.0%
TOTAL	**18,711.26**	**18,159.67**	**3.0%**	**16,733.68**	**11.8%**

Source: Bloomberg, MBSBR

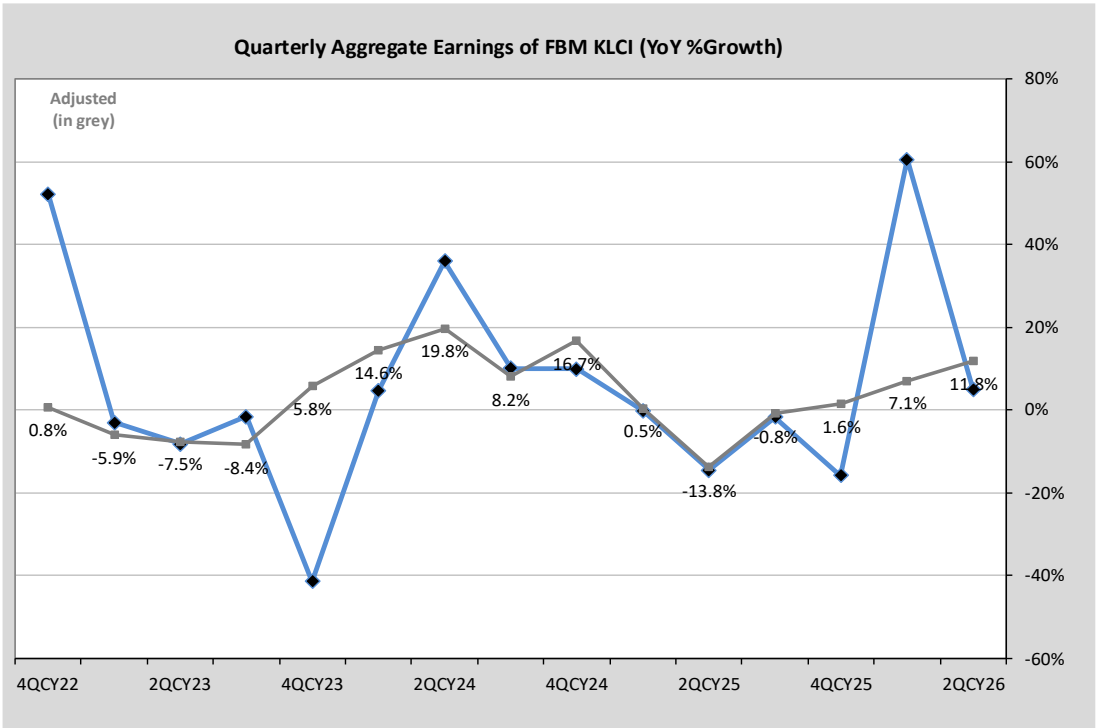
Moreover, after neutralizing the extraordinary items during relevant quarters (2QCY26: -RM911m, 1QCY26: +RM8.5b, 2QCY25: +RM199m), the aggregate normalized earnings in 2QCY26 registered quarter-on-quarter growth of +3.0%qoq and year-on-year at +11.8%yoy.

The positive quarter-on-quarter normalized growth performance in 2QCY26 was mainly contributed by higher earnings among its Plantation (SD Guthrie, IOI Corp), Financial Services (HL Bank, Maybank) and Industrial P&S (Sunway) constituents while moderated by the decline in Utilities (Tenaga Nasional, YTL Corp, YTL Power) and Healthcare (IHH Healthcare) earnings.



Source: Bloomberg, MBSBR

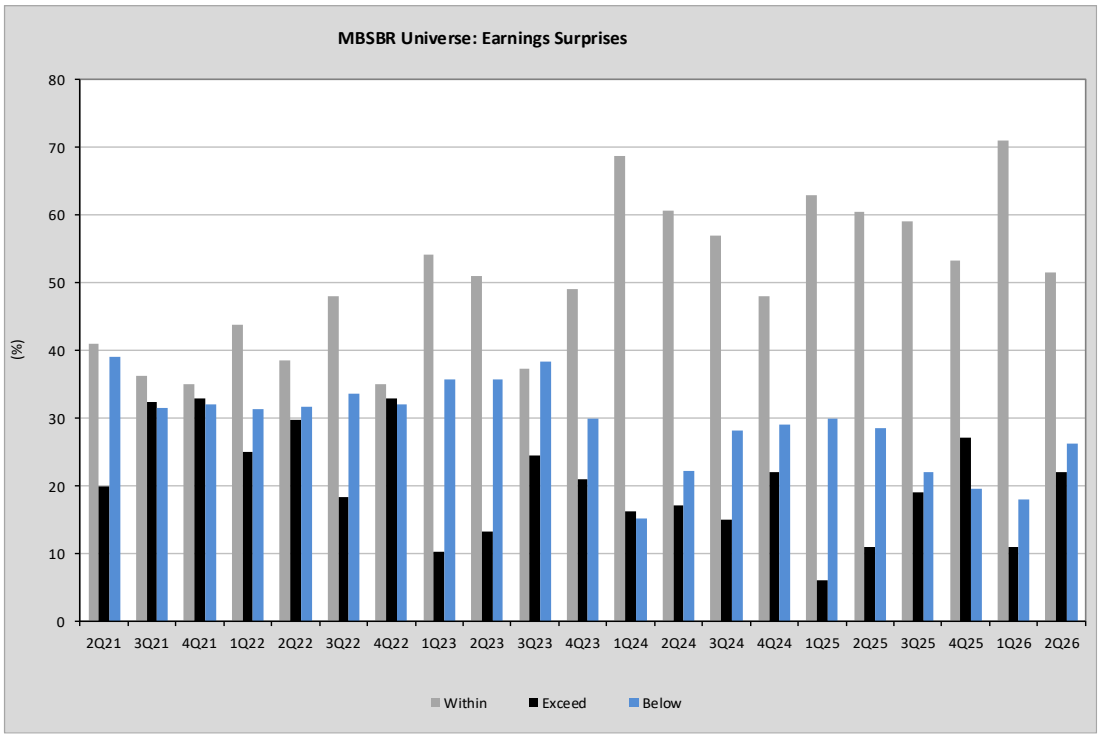
Moreover, the positive year-on-year normalized growth performance in 2QCY26 was mainly due to higher earnings among its Industrial P&S (Petronas Chemicals, Press Metal) and Plantation (SD Guthrie) constituents while moderated by the fall in Utilities (YTL Power, YTL Corp) earnings.



Source: Bloomberg, MBSBR

MBSBR Universe

The percentage of companies in MBSBR Universe that registered earnings above our expectations increased to 22% in 2QCY26 compared to 11% in the prior quarter. Likewise, the percentage of negative surprises increased to 26% from 18% in 1QCY26.



Source: MBSBR

Accordingly, the percentage of companies with results which met expectation fell to 52% in 2QCY26 from 71% in the prior quarter.

Moreover, Energy sector recorded the highest percentage of outperformers at 50% of stocks under our coverage. Meanwhile, Utilities sector registered the biggest percentage of underperformers at 83% of companies under our coverage.

MBSBR Universe: Earnings Surprises

	Within	Exceed	Below
CONSTRUCTION	50%	25%	25%
CONSUMER PRODUCTS & SERVICES	33%	33%	33%
ENERGY	0%	50%	50%
FINANCIAL SERVICES	79%	0%	21%
HEALTH CARE	57%	43%	0%
INDUSTRIAL PRODUCTS & SERVICES	56%	22%	22%
PLANTATION	50%	38%	13%
PROPERTY	57%	14%	29%
REITS	83%	17%	0%
TECHNOLOGY	75%	0%	25%
TELECOMMUNICATIONS & MEDIA	50%	25%	25%
TRANSPORTATION & LOGISTICS	50%	25%	25%
UTILITIES	17%	0%	83%
TOTAL	**52%**	**22%**	**26%**

Source: MBSBR

In total, we made 10 changes to our stock recommendation with 5 upgrades and 5 downgrades. Furthermore, target price changes involved 31 upward against 22 downward adjustments.

In 2QCY26, the aggregate reported earnings of companies under MBSBR Universe came in at RM23.4b. It recorded positive year-on-year growth of +0.9%yoy but negative quarter-on-quarter at -25.7%qoq. The tepid year-on-year figure was mainly due to -

RM1.6b one-off loss by KLK in 2QCY26 while the massive quarter-on-quarter decline was compounded by +RM9.2b one-off gain by Sunway in 1QCY26.

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

	YoY (%)	QoQ (%)	2Q26	1Q26	4Q25	3Q25	2Q25	1Q25	4Q24	3Q24	2Q24	1Q24	4Q23	3Q23
CONSTRUCTION	15.9	187.6	514	179	359	492	443	435	445	566	393	563	98	367
CONSUMER P&S	(39.6)	(2.1)	1,698	1,734	8,315	1,689	2,809	2,464	8	2,986	1,032	1,528	1,391	1,254
ENERGY	20.3	46.1	309	212	287	286	257	342	-174	403	501	416	4	217
FINANCIAL SERV	5.2	5.8	10,861	10,261	10,840	10,922	10,321	10,153	10,391	10,712	10,132	10,033	9,405	9,671
HEALTH CARE	48.9	22.3	905	740	785	812	607	681	908	756	816	860	734	180
INDUSTRIAL P&S	258.7	(90.0)	1,007	10,107	23	298	-634	399	1,119	-272	1,203	992	544	718
PLANTATION	(72.6)	(66.1)	441	1,300	1,523	1,649	1,611	1,157	1,316	1,736	1,182	576	869	1,834
PROPERTY	(22.3)	67.6	1,002	598	1,434	1,088	1,289	415	514	434	2,144	541	594	459
REITS	9.2	(9.4)	494	545	1,348	483	452	455	1,052	396	429	404	704	659
TECHNOLOGY	0.6	14.2	260	227	317	122	258	243	282	264	245	249	290	241
TELCO & MEDIA	(17.8)	(13.2)	1,242	1,430	913	1,412	1,511	1,316	984	2,245	1,293	1,214	230	484
TRANSP & LOGIS	115.1	41.3	1,532	1,084	278	830	712	932	-170	586	760	1,003	863	670
UTILITIES	(24.0)	(4.4)	2,236	2,339	3,039	2,293	2,942	2,543	2,850	3,015	3,637	2,480	2,589	2,791
TOTAL	0.9	(25.7)	23,361	31,434	30,151	23,055	23,148	22,086	20,062	24,313	24,330	21,325	18,638	19,860

Source: MBSBR

Construction, Energy, Financial Services, Healthcare and Transport & Logistics sectors recorded improved total earnings (as reported) in 2QCY26 when compared to both the preceding quarter and corresponding period last year.

On the other hand, Consumer P&S, Plantation, Telco & Media and Utilities sectors registered both negative sequential and year-on-year earnings (as reported) growth in 2QCY26.

Sector commentary

Construction: In 2QCY26, construction and materials sectors delivered a mixed set of results, with SunCon (BUY, TP: RM9.18) and Malayan Cement (BUY, TP: RM9.53) reporting above-expectation earnings. SunCon benefited from stronger construction margins on a more favourable mix of higher-margin data centre projects, while Malayan Cement was underpinned by resilient cement ASPs, stronger RMC demand and lower energy costs. Meanwhile, IJM (BUY, TP: RM3.32), MRCB (BUY, TP: RM0.40) and Press Metal (BUY, TP: RM9.56) delivered largely in-line results. IJM saw stronger construction progress and manufacturing volumes, while MRCB recorded a strong sequential earnings recovery despite weaker construction activities following LRT3 completion. Press Metal delivered a strong quarter, with core earnings rising +42%yoy, underpinned by stronger realised aluminium prices, higher MJP premiums and VAP mix reaching 57%, which lifted EBITDA margin to 26.7%. WCT (NEUTRAL, TP: RM0.43) came in slightly below expectations as its E&C division remained loss-making amid projects nearing completion. Overall, sector fundamentals remain favourable heading into 2HCY26, with recent DC and infrastructure awards strengthening orderbook visibility and providing better earnings visibility into FY27. Nonetheless, execution margins remain a key watch for contractors, while higher coal costs could weigh on cement margins.

Healthcare (Devices & Consumables): Malaysia's medical devices and consumables sector saw sustained growth in 2QCY26, driven by rising public and private healthcare budgets, high hospital bed occupancy rates, and expanding medical tourism. This broader industry tailwind directly supported UMediC (BUY, TP: RM0.42) in its 9MFY26 financial results. Revenue added +10%yoy to RM40m, while core earnings +4%yoy to RM6m. As an integrated distributor of brand-name medical devices and manufacturer of proprietary medical consumables, the group's recent performance closely tracks domestic healthcare activities, largely in the higher demand for medical consumables and devices in tandem with hospital expansions and Centre of Excellence establishments.

Healthcare (Gloves): Following years of inventory destocking and price wars, Malaysia's glove industry experienced a structural turning point in 2QCY26. The sector benefited from a temporary spike in nitrile raw material costs – which allowed manufacturers to raise prices – and the implementation of 120% US tariffs on Chinese competitors, which returns substantial North American order volumes to Malaysian producers. Combined with plant automation and reduced utility usage, production costs had fallen by approximately 20% compared to 2 years prior, cementing sector profitability. Top Glove's (BUY, TP: RM0.88) 9MFY26 revenue was up by +15%yoy to RM3.0b, while core earnings surged to RM210m (from RM39m in 9MFY25), due to factory line reactivations,

higher ASPs (up to USD29 per 1000 pieces) and lower production cost. Similarly, Hartalega (BUY, TP: RM1.73) saw its 1QFY27 revenue added +10%yoy to RM606m, while core earnings gained to RM73m (from RM9m in 1QFY26). This is consistent with the group's high plant utilization and temporary spikes in raw material costs (nitrile), which a rise in ASPs to USD28 per 1,000 pieces. Kossan Rubber Industries (BUY, TP: RM1.79) also saw improved 1HFY26 results, with revenue growth of +20%yoy to RM1.0b, while core earnings surged +89%yoy to RM105m. The group's non-glove operations—specifically Technical Rubber Products (TRP) and cleanroom division—maintained stable, high-margin cash flows, insulating the overall performance.

Healthcare (Hospitals): Malaysian private hospital operators reported strong top-line and bottom-line expansion in 1HCY26. Both IHH Healthcare (BUY, TP: RM10.18) and KPJ Healthcare (BUY, TP: RM3.35) reported strong 1HFY26 performances, driven by higher inpatient volumes, a structural shift toward complex high-acuity treatments, price adjustments to absorb medical inflation, and expanding health tourism (particularly from Indonesia and Indo-China). IHH saw 1HFY26 revenue growth of +8%yoy to RM13.6b, while core earnings climbed +22%yoy to RM1.0b. This was heavily contributed by its Malaysian operations, acute procedure focus and price recalibrations. Meanwhile, KPJ's 1HFY26 revenue gained +13%yoy to RM2.2b, while core earnings added +33%yoy to RM182m. KPJ benefits from high domestic bed occupancy rates, brownfield bed expansions, and growing insurance penetration across Malaysia's middle-income segment.

Healthcare (Pharmaceuticals): The local pharmaceutical sector experienced a distinct earnings recovery in 1HCY26, driven by public sector concession stability and expanded private clinic and pharmacy demand. Pharmaniaga's (BUY, TP: RM1.44) 1HFY26 revenue gained +12%yoy and core earnings added +41%yoy to RM41m. This robust performance reflected the group's improved inventory management, operational restructuring under its PN17 regularization strategy, and steady offtake from MOH concession contracts. The group's also mitigated challenges during 2QCY26 through active expansion into biosimilars, local API sourcing to mitigate currency volatility, and consistently high public hospital demand for generic drugs.

Oil & Gas: Upstream activity remains selective rather than expansive, despite 2QCY26 average Brent crude oil price rising to approximately USD95pb (+23%qoq). Near-term floating system awards are tightly scrutinized, favouring players with proven execution track records, while structural platform fabrication sees stable selective momentum. For Bumi Armada (BUY, TP: RM0.42), 1HFY26 core earnings saw a climb +34%yoy to RM104m, despite revenue dropping by -27%yoy to M642m. The group's performance was supported by steady FPSO charter operations and favourable forex movements, offset by lower contribution from FPSOs Kraken and Olombendo. Likewise, Malaysia Marine and Heavy Engineering (BUY, TP: RM0.59) delivered a blowout 1HFY26 performance, led by its Heavy Engineering division. 1HFY26 core earnings climbed +225%yoy to RM76m, while revenue added +71%yoy to RM1.5b. Despite this, its Marine division saw weaker earnings due to a temporary slowdown in dry-docking vessel counts, partially caused by the ongoing geopolitical conflict in West Asia.

Meanwhile, Oil and Gas Services and Equipment (OGSE) players saw heavily pivoted workflows toward Maintenance, Construction, and Modification (MCM), Hook-Up and Commissioning (HUC), and gas turbine engine overhauls. Asset aging drives a longer-term wave of decommissioning (over 30 platforms targeted heading into 2027–2030). In 1HFY26, Deleum (BUY, TP: RM1.22) saw a temporary slowdown in its divisions, driven by delayed project rollouts as field operators underwent internal transitions. 1HFY26 revenue slipped -10%yoy to RM376m, while core profit was down by -31%yoy to RM20m. Nevertheless, 2HCY26's maintenance season for upstream players is likely to give the group better leverage on demands for its services.

Tankers and LNG shipping had seen an elevated seaborne ton-mile demand due to shifting global trade routes, caused by the disruptions in the Straits of Hormuz. Additionally, strong middle distillate and LNG transport needs fuelled the demand within ASEAN. Long-term charter rates also continue to support fleet owners like MISC (BUY, TP: RM9.22), with a push toward dual-fuel and lower-emission vessels. MISC saw its 1HFY26 revenue adding +39%yoy to RM7.7b and core earnings gaining +41%yoy to RM1.6b. This was driven by its Petroleum & Product Shipping division on the back of the elevated spot and term rates for Aframax and VLCC vessels. Likewise, onshore terminals saw a higher demand for independent storage, blending facilities, and strategic inventory buffers amidst market volatility. Terminal hubs maintain stable earnings and high utilization via long-term take-or-pay contracts. Dialog (BUY, TP: RM2.57) saw FY26 revenue up by +15%yoy to RM2.9b, while core earnings climbed +39%yoy to RM587m. The strong performance was attributed to tight global storage supply, as well as a steady demand for product blending and sustainable fuel storage.

Conversely, Malaysia's gas distribution and transmission players experienced a notable split in performance. Petronas Gas (BUY, TP: RM19.25), which operates primarily under regulated asset frameworks and long-term contracts, had maintained stable 1HFY26 core earnings at RM893m, contributed by the IBR framework and RP3 tariffs impact on its Gas Transportation and Regasification divisions. In contrast, Gas Malaysia (NEUTRAL, TP: RM5.21), which operates as a merchant distributor exposed to market reference pricing, saw earnings compressed by lower gas selling prices. The group saw its 1HFY26 core earnings slipping by -17%yoy to RM165m. While industrial gas intake volume improved slightly across rubber glove and manufacturing sectors, it was insufficient to offset the lower tariff spread.

Malaysia's targeted subsidy rationalization framework shifts consumer fuel dynamics, prompting retail operators to focus on non-fuel retail revenue, loyalty platforms, and biofuel blending initiatives. Petronas Dagangan (BUY, TP: RM23.79) saw 1HFY26 revenue surging by +50%yoy while core earnings adding +21%yoy to RM664m, reflecting a 44% increase in ASPs and 4% growth in sales volume. Meanwhile, basic petrochemical margins remain squeezed by global capacity additions and fluctuating feedstock costs.

Operators continue to pivot toward high-value specialty chemicals, bio-based refining, and specialized cooling/thermal fluids targeted at emerging technologies like data centres and electric vehicles. For Petronas Chemicals (BUY, TP: RM5.28), Fertilisers & Methanol remains its primary profit engine, largely contributing to the surge in 1HFY26 core earnings to RM780m from a deficit of RM8m in 1HFY25. Its Specialties segment had also rebounded back to net profit, driven by higher demand for high-value specialty solutions and thermal management fluids.

Plantation: For 2QCY26, planter performance under our coverage was mixed, with three companies beating expectations, four broadly in line and one falling short. Earnings remained relatively satisfactory, supported by elevated CPO prices, with Malaysia's average realised price strengthening to RM4,519/tonne (+9.2%qoq, +11.4%yoy), while margins faced pressure from higher manuring costs amid volatile fertiliser prices. Operationally, softer CPO output during the seasonally low crop period weakened fixed-cost absorption, pushing processing costs per tonne higher, although stronger realised prices provided a meaningful earnings cushion. Looking ahead, a seasonal production recovery could rebuild stockpiles, leaving a potential overhang on further CPO price upside, while cost pressures may continue high in 2H26 from elevated fertiliser, diesel-linked logistics, freight, and insurance costs. Nevertheless, supply risks remain tilted to the upside, underpinned by Indonesia's B50 rollout and potential Super El Nino in 2H26. Hence, we maintain our (tactical) POSITIVE sector call, with an unchanged CY26 CPO price assumption of RM4,400/tonne.

Property: For the recently concluded earnings reporting season, earnings of property companies were mixed. Out of seven property companies under our coverage, four reported earnings that came in within expectations, one reported earnings that beat expectation while two reported earnings that missed expectations. Notable, IOI Properties Group reported earnings that beat expectations as earnings were boosted by recognition of land sales in Ampang. On the contrary, S P Setia and UOA Development Group reported earnings that missed expectations due to margin contraction in 1HFY26. Generally, earnings of property companies accelerated on a sequential basis due to pick up of progress billing from a quieter 1Q. Similarly, property sales also accelerated in 2QFY26 following the quieter sales in 1QFY26 amid festive periods. Overall, earnings trends among property companies were uneven, with profitability for some companies boosted by land sale gains, while others reported weaker results due to contracting margins and operational challenges. In a nutshell, we maintain our NEUTRAL call on property sector, as earnings visibility remains mixed and we do not anticipate strong growth across the broader property sector in the near term.

REITs: Earnings of REITs were largely in line in 2QFY26. Out of six REITS under our coverage, five REITS reported earnings that came in within expectations while IGB REIT reported earnings that slightly above expectation. The earnings surprise was mainly due to stronger than expected rental income from its retail assets. We have upgraded IGB REIT to BUY from NEUTRAL as the recent share price weakness presents a buying opportunity while earnings outlook remains decent. Generally, earnings of retail REITs were weaker on a sequential basis due to normalised earnings from a higher base in 1QFY26 which benefited by festive boost. On a cumulative basis, earnings of retail REITs leading growth with IGB REIT recorded highest EPU growth of 25%yoy, followed by Pavilion REIT at 10.9%yoy and Sunway REIT at 9.9%yoy, showing that retail backdrop in Malaysia remains resilient. On the other hand, Axis REIT saw lower earnings contribution from its industrial assets due to expiry of one tenancy at Axis Shah Alam Distribution Centre 3 as well as rental suspension for Wisma Kemajuan following fire incident in February 2026. Nevertheless, earnings are expected to recover in 2HFY26 as tenants have been secured for Axis Shah Alam Distribution Centre 3. Overall, we maintain our POSITIVE call on REITs mainly due to earnings resilience of REITs with average gross distribution yield of 5.6%.

Technology: In 2QCY26, semiconductor companies under our coverage showed mixed earnings performance. Inari amertron Bhd (Buy, TP:RM2.95) continue to post lower quarterly earnings due to persistent lower volume loading in radio frequency (RF) business segment. Meanwhile, both Unisem (M) Bhd (Neutral, TP:RM3.91) and D&O Green Technologies Bhd (Sell, TP:RM0.39) showed year-over-year improvement in quarterly performance. Unisem's result was mainly due higher revenue contribution as utilisation rate trend higher as well as continued operating efficiency. D&O loss has narrowed in view of higher production utilisation, improved manufacturing efficiency and better cost control. Nonetheless, the pace of improvement was rather tepid which came in below our expectation while Inari and Unisem's results manage to kept pace with our expectation. On a separate note, Zetrix AI Bhd (Buy, TP:RM0.90) quarterly earnings came in within our expectations, supported by better contribution from blockchain and AI segment. All-in-all, our top pick resides with Inari. Despite weak 2QCY26 financial performance, we anticipate a commendable revival in the group's business moving into 2HCY26.

Telecommunications: For 2QCY26, the telcos shown mixed financial performance. Maxis bhd (Buy, TP:RM4.31) and Axiata Bhd (Neutral, TP:RM1.90) recorded high normalised earnings of +9%yoy and +82.2%yoy). Maxis' results was supported by higher revenue as well as expansion in profit margin while Axiata's profitability was lifted by the reduction in depreciation and amortisation cost. On the contrary, Telekom Malaysia Bhd (TM) (Neutral, TP:RM8.31) and Celcomdigi bhd (Buy, TP:RM3.54) posted lower 2QCY26 earnings of -8.8%yoy and -1.1%yoy. TM's financial performance was affected by the additional cost of broadcasting FIFA World Cup in Malaysia while we observed some revenue pressure for Celcomdigi. All in, Celcomdigi and Axiata's results came in within our expectation. Maxis, on the other hand, posted better than expected results. TM is the only telco that underperformed our expectations. Premised on these, we only downgrade TM to Neutral from Buy previously while keeping our target price unchanged. Nevertheless, we maintain our preference on the mobile number operators (MNO) namely Celcomdigi and Maxis. Among the two, we anticipate Celcomdigi's 2HCY26 financial performance looks promising as the group embarks on driving structural efficiency across organisation for better cost base.

Utilities: Earnings for the utilities sector and renewable energy subsector were mixed in 2QFY26. Tenaga Nasional (BUY, TP: RM16.31) was below expectations due to higher non-fuel related costs while electricity demand rose to another record quarterly high of 36.62TWh (+8.4%yoy), backed by stronger demand across all sectors. While the earnings of YTL Power (BUY, TP: RM5.98) came in lower due to the weaker contribution from Power Seraya, the quarter was supported by the stronger water and sewerage segment and the group's growing data centre business. This also led to a weaker quarterly results for YTL Corp (BUY, TP: RM3.51), though this was cushioned by stronger cement earnings. Ranhill Utilities (BUY, TP: RM2.84) came in below expectations as margins for the water segment normalised. For the renewable energy subsector, Pekat Group (BUY, TP: RM2.46) continues to deliver in its earnings as expected, led by its stronger solar, earthing and lightning protection (ELP) and power distribution equipment segments. Meanwhile, Samaiden (BUY, TP: RM2.45) came in above expectations due to the accelerated progress on its LSS5 EPCC projects. Sunview (SELL, TP: RM0.32) came in below, with losses across both its EPCC and power generation divisions. We continue to like the renewable energy sub-sector as the key immediate-term beneficiaries of RE initiatives/policies such as the National Energy Transition Roadmap (NETR), the ongoing LSS5, LSS5+ and the upcoming LSS6 which has mandated BESS as a requirement.

Outperformer versus underperformer

There was a sequential improvement in the number of outperformers among FBM KLCI constituents under our coverage from 3 to 5 in 2QCY26. Likewise, the number of underperformers was sequentially higher from 1 to 4 in the review quarter.

In 2QCY26, the 5 outperformers were IOI Properties, IOI Corp, Maxis, Nestle and Petronas Dagangan. Meanwhile, the 4 underperformers were Telecom Malaysia, Tenaga Nasional, YTL Corp and YTL Power.

FBM KLCI: Outperformer versus Underperformer

Financial Quarter	No. of Outperformer	No. of Underperformer
2QCY26	5	4
1QCY26	3	1
4QCY25	5	6
3QCY25	2	2
2QCY25	3	5

Source: MBSBR

Earnings revision

The aggregate FY2026 estimated earnings of FBM KLCI constituents under our coverage was revised higher by mere +RM36m to RM74.2b as upward revisions to earnings of numerous constituents along various sectors were nullified by sizable underperformance among Utilities constituents. Meanwhile, the aggregate FY2027 forecast earnings of FBM KLCI constituents under our coverage was revised higher by +RM818m or +1.0% to RM79.0b due to positive tweaks among numerous constituents along various sectors.

FBM KLCI: Earnings Revisions (RM million)

SECTOR	Constituents	FY2026	FY2027
CONSTRUCTION	(1) - Gamuda	(26)	(102)
CONSUMER P&S	(5) - Nestle, Pet Dagang, PPB, Mr DIY, 99SMart	187	165
FINANCIAL SERVICES	(6) - Maybank, Public, CIMB, RHB, HLB, AMMB	232	132
HEALTHCARE	(1) - IHH Health	0	0
INDUSTRIAL P&S	(3) - Pet Chem, Sunway, Press Metal	205	122
PLANTATION	(3) - SD Guthrie, IOI Corp, KLK	71	132
PROPERTY	(1) - IOI Prop	138	135

TELCO & MEDIA	(4) - Axiata, Maxis, Digi, TM	(10)	70
TRANSPORT & LOGISTICS	(1) - MISC	0	0
UTILITIES	(4) - TNB, Pet Gas, YTL Corp, YTL Power	(761)	164
TOTAL	**(29)**	**36**	**818**

Source: MBSBR

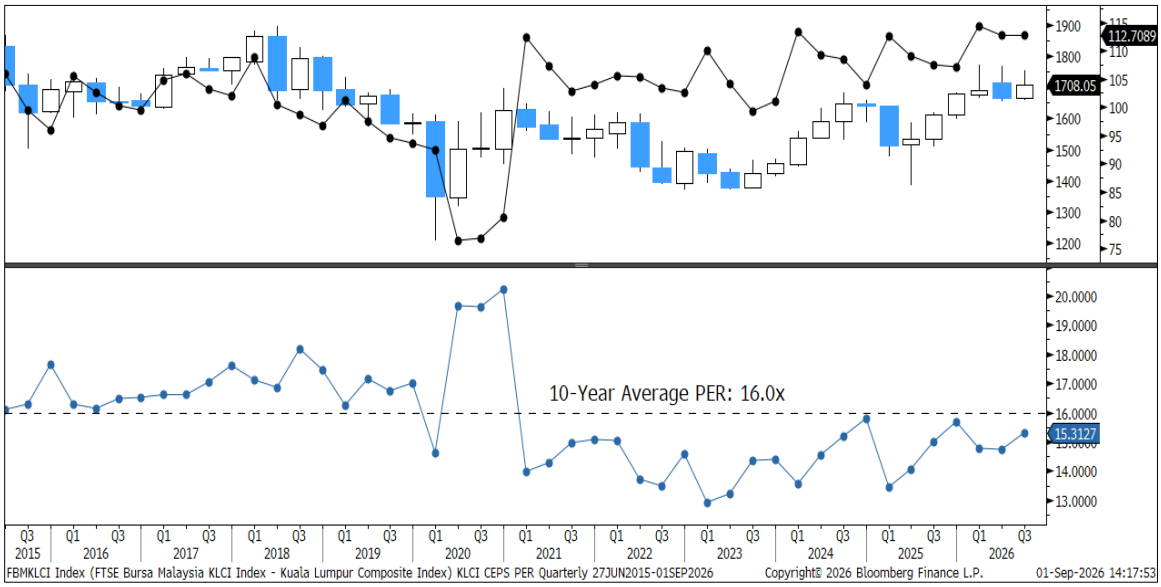
Moreover, the aggregate FY2026 and FY2027 forecast earnings of stocks under MBSBR coverage were revised higher by +0.5% to RM96.3b and +1.6% to RM104.0b, respectively.

Refer to APPENDIX for further details.

Earnings and valuation

FBM KLCI: As of early September 2026, the consensus EPS26 forecast for FBM KLCI stands at 112.7 points (early June 2026: 115.2 points). The prevailing PER valuation of FBM KLCI (which represents large-cap stocks) at 15.3x is relatively cheap vis-à-vis its 10-Year historical average of 16.0x.

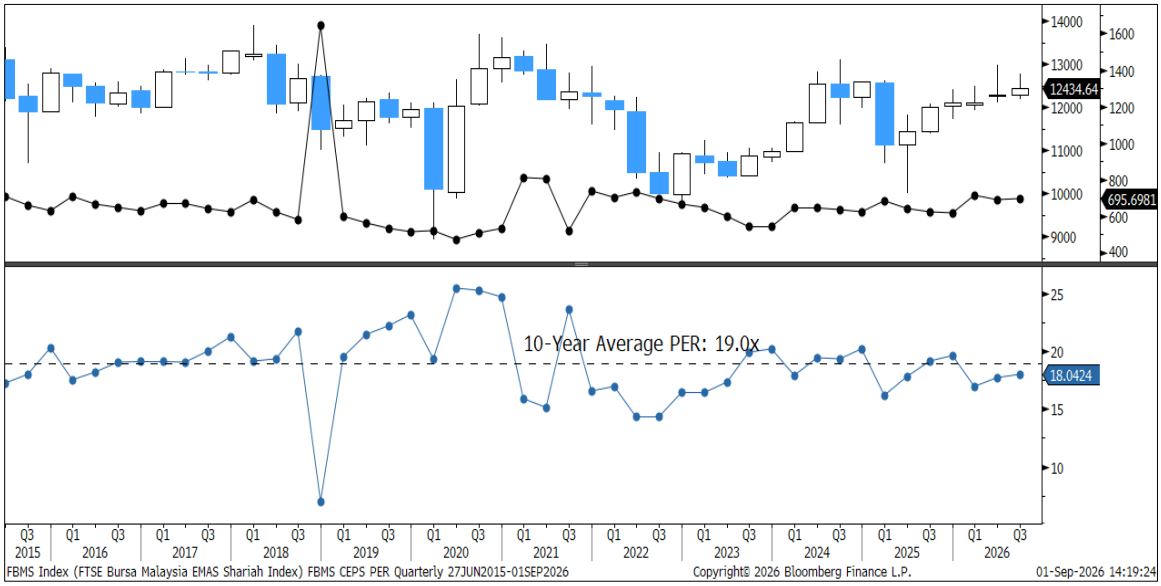
FBM KLCI: Price, Earnings and PER valuation



Source: MBSBR, Bloomberg (G5)

FBM Emas Shariah: As of early September 2026, the consensus EPS26 forecast for FBM Emas Shariah stands at 695.7 points (early June 2026: 695.0 points). The prevailing PER valuation of FBM Emas Shariah (which represents all shariah stocks) at 18.0x is relatively cheap vis-à-vis its 10-Year historical average of 19.0x.

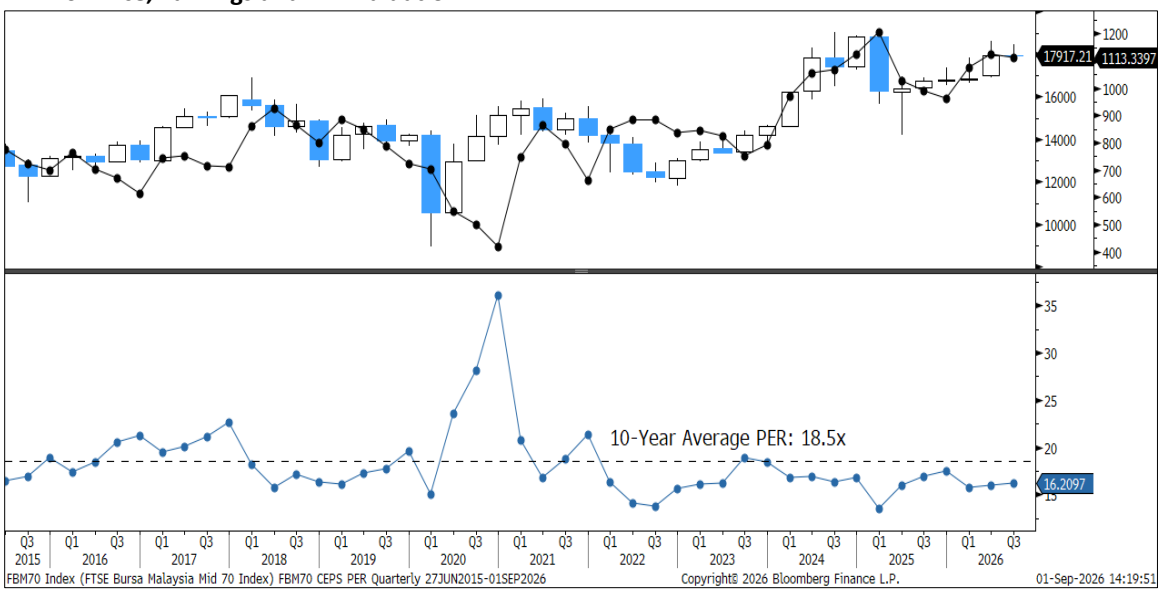
FBM Emas Shariah: Price, Earnings and PER valuation



Source: MBSBR, Bloomberg (G6)

FBM70: As of early September 2026, the consensus EPS26 forecast for FBM70 stands at 1,113.3 points (early June 2026: 1,049.1 points). The prevailing PER valuation of FBM70 (which represents mid-cap stocks) at 16.2x is relatively cheap vis-à-vis its 10-Year historical average of 18.5x.

FBM70: Price, Earnings and PER valuation



Source: MBSBR, Bloomberg (G7)

Index target

Overall, the recently concluded 2QCY26 earnings season was largely on target while the minor upward revisions to aggregate forecast earnings were partly attributable to positive guidance against the backdrop of resilient macroeconomic performance.

Going forward, we reckon the equity market would remain largely sanguine underpinned by continued resilient GDP as well as positive earnings growth in 2026. Moreover, further market upside this year shall also be supported by relatively inexpensive equity valuations.

Nonetheless, the conflict in the Middle East remains unsettling. An extended closure/blockade (lasting months rather than weeks) of the Strait of Hormuz and Bab El-Mandeb could further deplete the world's crude oil inventories, potentially leading to substantially higher energy prices and tighter monetary conditions.

We are keeping our eyes on the various potential outcomes. At this juncture, we remain cautiously positive hence maintain our 2026 price target for FBM KLCI at **1,770** points (or PER26 of 15.7x). Likewise, we also maintain our 2026 price targets for FBM Emas Shariah at **12,900** points (or PER26 of 18.5x) and FBM70 at **18,600** points (or PER26 of 16.7x).

Notable call revision

Following an upward revision of our recommendation, we believe the following stocks are worth considering:

Companies	Result vs. Expectation	Old Recommendation	New Recommendation	TP (RM)
IGB REIT	Above	NEUTRAL	BUY	2.90
KPJ	Within	NEUTRAL	BUY	3.35
Nestle	Above	NEUTRAL	BUY	116.10
Public Bank	Within	NEUTRAL	BUY	5.53

APPENDIX

MBSBR: Changes in Aggregate Earnings Forecasts

	EARNINGS (RM mn)				EARNINGS *(% Chg)*	
	FY2026		FY2027		FY2026	FY2027
	Old	New	Old	New		
TOTAL (MBSBR Universe)	95,838.9	96,334.1	102,284.8	103,953.5	*0.5*	*1.6*
Annual % Change	*7.7*	*8.3*	*6.7*	*7.9*		
TOTAL (FBM KLCI)*	74,137.8	74,173.8	78,161.2	78,978.9	*0.0*	*1.0*
Annual % Change	*9.9*	*9.9*	*5.4*	*6.5*		

Source: MBSBR; * Aggregate earnings of 29 FBM KLCI constituents under MBSBR coverage

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MBSB INVESTMENT BANK BERHAD: GUIDE TO RECOMMENDATIONS	
STOCK RECOMMENDATIONS	
BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	Stock prices are 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 prices are 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