UOBKayHian

Country Daily | Malaysia

Monday, 24 August 2026

Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	53,277.0	1.0	(0.8)	2.6	10.8
S&P 500	7,674.4	0.4	(1.4)	3.5	12.1
FTSE 100	10,816.6	0.6	0.6	0.7	8.9
AS30	9,269.7	(0.3)	(0.5)	3.7	2.8
CSI 300	4,618.9	0.6	(1.0)	(0.7)	(0.2)
FSSTI	5,689.0	0.3	(1.0)	1.8	22.4
HSCEI	8,634.3	1.0	3.5	4.4	(3.1)
HSI	26,009.5	1.2	3.6	4.2	1.5
JCI	6,525.7	0.4	3.6	5.3	(24.5)
KLCI	1,736.5	(0.0)	0.5	2.1	3.4
KOSPI	6,913.0	0.9	1.5	3.3	64.0
Nikkei 225	66,016.4	(0.3)	(3.9)	2.2	31.1
SET	1,613.8	0.2	0.3	(1.9)	28.1
TWSE	45,224.3	0.6	(1.3)	3.6	56.1
BDI	2,841	1.8	(0.8)	3.6	51.4
CPO (RM/mt)	4,643	1.0	2.7	2.6	18.0

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
Analyst Marketing by Julia Pan on Greater China Internet Sector	Singapore	07 Sep	08 Sep
Analyst Marketing by Julia Pan on Greater China Internet Sector	Malaysia	09 Sep	11 Sep

Corporate and Macro Calendar

Economic Indicator/Event	Country/Region	Date
Malaysia Manufacturing PMI	Malaysia	1 Sep
BNM Overnight Policy Rate Decision	Malaysia	3 Sep

Top Stories

Company Results | Malaysia Marine And Heavy Engineering Holdings (MMHE MK/**BUY**/RM0.38/Target: RM0.53)

Page 3 →

- 1H26 core earnings beat expectation, mainly due to better project close-outs for the offshore segment, coinciding with the sailaway of several platforms. Marine repair still appears weaker yoy on account of lower vessel repair/conversion jobs relative to 1H25, but 2H26 will see better traction. Sustaining its execution and building up a higher marine repair profit base are key for a re-rating. Maintain BUY with a target price of RM0.53 adjusted from RM0.50 as we roll over to 2027 horizon (0.5x P/B).

Company Results | NationGate Holdings (NATGATE MK/**BUY**/RM1.41/Target: RM1.88)

Page 6 →

- NatGate's results missed our expectations as a revenue and margin recovery lagged our earlier optimistic 2026 assumptions. That said, we expect an earnings inflection from 4Q26, driven by new optical module programmes, booming AI data centre demand and improving yields. Growth should accelerate further into 2027 as a higher volume ramp-up, better yields and operating leverage drive an S-curve earnings recovery. Upgrade to BUY with a revised RM1.88 target price (from RM0.82), following an earnings recalibration and a rollover to 24x 2027F PE.

Company Results | Velesto Energy (VEB MK/**BUY**/RM0.25/Target: RM0.29)

Page 9 →

- 2Q26 core loss/weak EBITDA are temporary blips within expectation, reflecting downtrending DCR and a low 56% utilisation in 2Q26. While N3 will remain idle until mid-4Q26, VEB's unique track record again appeals to regional oil majors seeking domestic rig security demand. As its remaining five rigs are fully contracted for 2H26, we expect 2H26 utilisation at >85% – superior even to Borr's 2H26 contract coverage of 70%. We retain our forecasts. Maintain BUY with an unchanged target price of RM0.29.

What's Inside

Market Spotlight

Technical Analysis

Malaysia Marine And Heavy Engineering Holdings (MMHE MK)

2Q26: Positive Surprise From Sailaway Finalisation

Analyst(s)
Kong Ho Meng
homeng@uobkh.com
+603 2147 1987

Highlights

- **1H26/2Q26 core earnings were materially above expectations.** This was mainly due to substantial profits from the offshore segment, coinciding with the sailaway of several projects including Kasawari Carbon Capture Storage (CCS) and the Vestigo Wellhead Platforms (WHP). This demonstrates that MMHE's ability to close out project completions has improved materially. Marine repair still appears weaker yoy on account of lower vessel repair jobs and a lack of substantial conversion jobs relative to 1H25.
- **2H26 will see better marine repair contributions.** Despite a lower orderbook of RM4.1b (vs RM4.7b qoq), we expect marine repair to pick up traction in 2H26, on LNGC repairs and floater conversion jobs that have already begun at the JV level. Sustaining its current execution track record and building up a higher marine repair profit base are key for a re-rating. Maintain BUY with a target price of RM0.53 adjusted from RM0.50 as we roll over to 2027 horizon (0.5x P/B).

2Q26 Results

Year to 31 Dec (RMm)	2Q26	% chg	% chg	YTD 2026	% chg	Comments
Revenue	**986.7**	**89.1**	**128.6**	**1,508.7**	**70.5**	
- Offshore	870.2	105.6	180.7	1,293.4	105.2	High earnings recognised in tandem with
- Marine	116.6	18.1	(4.2)	215.3	(15.4)	project sailaways
EBIT	**67.4**	**272.9**	**412.9**	**85.4**	**199.8**	
- Offshore	62.0	502.6	4,040.5	72.3	nm	
- Marine	7.5	11.1	(31.4)	14.3	(49.6)	Lower no of high-margin LNGC vessel repairs
Operating margin (%)	6.8%	3.4%	3.8%	5.7%	2.4%	
JV/associate	(1.4)	nm	nm!	(1.4)	nm)	
PBT	**61.2**	**316.3**	**(394.6)**	**75.9**	**229.7**	
Tax	(0.6)	50.4	113.1	(1.0)	39.6	
Net Profit	60.6	323.9	502.6	74.9	235.9	2Q26 Exceptional Items (EI): RM0.9m net
Core Profit	**60.1**	**269.2**	**784.5**	**76.4**	**220.8**	unrealised forex loss, RM0.4m allowance

Source: Velesto Energy (VEB)

Analysis

- **1H26 above expectations, primarily driven by post-sailaway projects.** The exceptionally strong 2Q26 showing from the offshore segment lifted 1H26 core profit, accounting for 85%/72% of our/consensus forecasts respectively. EBITDA expanded more than 2x qoq from RM38m in 1Q26 to RM80m in 2Q26, which was comparable to 4Q25's RM71m. Malaysia Marine and Heavy Engineering's (MMHE) project execution and ability to close out project completions has improved substantially. 2Q26 is also a rare quarter whereby the yard celebrated several offshore project sailaways at once.

Key Financials

Year to 30 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	3,609	1,976	1,715	1,685	1,805
EBITDA	219	197	207	198	217
Operating profit	141	116	124	112	128
Net profit (rep./act.)	121	103	115	102	119
Net profit (adj.)	112	103	115	102	119
EPS (x)	7.0	6.4	7.2	6.4	7.4
PE (x)	5.4	5.9	5.3	6.0	5.1
P/B (x)	0.4	0.4	0.4	0.4	0.4
EV/EBITDA (x)	1.9	2.1	2.2	2.2	1.6
Dividend yield (%)	3.9	4.2	5.3	5.3	5.3
Net margin (%)	3.4	5.2	6.7	6.0	6.6
Net debt/(cash) to equity (%)	-	-	-	-	-
Consensus net profit	-	-	106	108	116
UOBKH/Consensus (x)	-	-	1.08	0.94	1.03

Source: MMHE, Bloomberg, UOB Kay Hian

BUY (Maintained)

Share Price	RM0.38
Target Price	RM0.53
Upside	+39.5%
Previous TP	RM0.50

Stock Data

Sector	Energy
Bloomberg ticker	MMHE MK
Shares issued (m)	1,600
Market cap (RMm)	608.0
Market cap (US$m)	150.5
3-mth avg daily t'over (US$m)	0.5

Price Performance (%)

52-week high/low				RM0.49/RM0.31
1mth	**3mth**	**6mth**	**1yr**	**YTD**
8.6	4.1	5.6	10.1	4,1

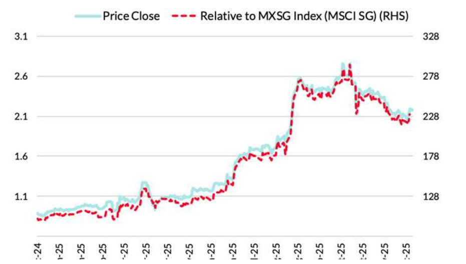
Major Shareholders (%)

MISC Bhd	66.5
Technip SA	8.5

Balance Sheet Metrics

FY26 NAV/Share (RM)	RM0.98
FY26 Net Debt/Share (RM)	n.m.

Price Chart



Source: Bloomberg

Company Description

Petronas-owned deepwater offshore oil and gas fabricator. The offshore/ heavy engineering division is capable of performing Engineering, Procurement, Construction, Installation and Commissioning (EPCIC) scope of works, for platforms like Central Processing Platform (CPP) and Wellhead Platform (WHP). Marine division is being recognized by Clarksons as a leading yard for Liquefied Natural Gas Carrier (LNGC) repairs

- **Marine repair: Lower activities relative to 1H25…** This division completed 36 vessels in 1H26 (1Q26:18; 1H25:41). Out of these, eight were high-margin LNGC completions (1Q26: 2; 1H25: 9). MMHE attributed the lower number of vessel repairs to vessels opting for charters to favourable freight rates following the Middle East conflict, although this was not the only key factor behind the lower marine repair revenue and profit vs 1H25. Although not disclosed previously, MMHE acknowledged that 1H25 also recognized the finalisation of a floating storage and offloading (FSO) vessel conversion. We believe this was related to the conversion of FPSO Bunga Kertas, which was one of the most technically challenging conversion jobs. Effective 2026, major conversion projects will be reflected as JV profit (as per next paragraph).
- **…but set to pick up in 2H26.**. MMHE will allocate a similar level of capex as in 2025 (RM165m), which appears relatively high, but this will be mainly for its yard modernisation plans. Given there is no organic expansion of dry dock capacity, we continue to believe maintaining its execution (to deliver repair jobs ahead of schedule) is the most crucial factor to improve the marine repair segment's profit sustainably, which used to deliver a quarterly profit of RM15m-20m before 2017. In 1Q26, five vessels were completed ahead of schedule, and eight job were assessed as having a "perfect score" by clients. In 1H26, 12 vessels were completed ahead of schedule, and 15 achieved a "perfect score". MMHE has secured 24 LNGC repair jobs ytd, putting it on track to match 2025's milestone of 26 LNGC repairs.
- **JV unit (FPS) began contributions**. We understand the two conversion projects secured by MISC - FPU Kelidang (Brunei) and FSO Santos (PNG) - are projects allocated to the JV unit between MMHE and MISC, Floating Production Systems (FPS). A small loss incurred in 2Q26 represents pre-operating costs for the conversion projects.
- **Orderbook stands at RM4.1b (vs RM4.7b in 1Q26).** Offshore and marine split was 75%/25%, implying that the marine orderbook was unchanged qoq at RM1b. We believe O&G orderbook stands at around RM0.7b, comprising four confirmed WHP work orders for Petroleum Authority of Thailand (PTT), as part of a four-year contract for up to 11 WHPs. The remainder offshore orderbook is largely renewables, ie two high voltage direct current (HVDC) offshore wind systems worth RM2.7b in total.

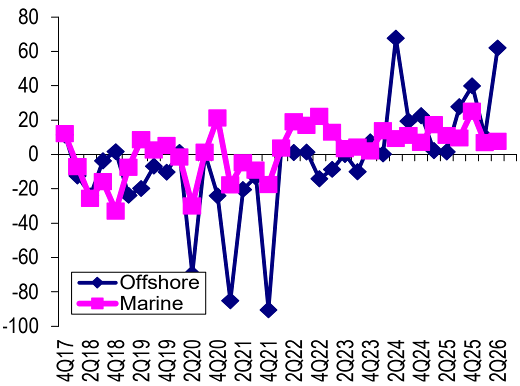
Valuation/Recommendation

- **Maintain BUY; target price raised to RM0.53 from RM0.50 (0.5x P/B).** We roll over valuations to 2027 horizon. Our new target price implies 8x 2027F PE. We believe the depressed valuations, vs 0.7x P/B historically and regional peer average, have conservatively priced in past execution risk in mega fabrication projects. We believe the valuation discount will improve over time provided MMHE is able to sustain its current execution track record, and rebuild its marine repair base by capitalising on the global trend of marine repair demand and FPSO supercycle. Under MHB30, a "floor target price" based on dividend yield is RM0.40, where the implied target DPS appears to be 2.0 sen.

Earnings Revision/ Risk

- **Raise 2026-28 earnings forecasts by 28%/5%/9% respectively**. We have upgraded offshore EBIT contributions from RM55m-58m p.a. to RM63m-80m p.a., while leaving marine repair EBIT forecasts unchanged at RM44m-61m p.a, across our forecast years. Subsequently, we have upgraded 2026-28 DPS from 1.7sen/1.8sen1.9sen respectively to 2sen per year, which is the target payout implied by its MHB30 five-year masterplan, and found that at this DPS and capex of >RM150 p.a., MMHE can still grow its cash flow.

Segmental EBIT Performance (RMm)



Source: MMHE

Project Status

% completion as of	2Q26	Sailaway date
Kasawari CCS	82	Topside: 17 June 26
Irong Timur	89	Jacket: 25 Apr 26 Topside: 21 Apr 26
Berantai East	89	Jacket: 19 Apr 26 Topside: 21 Apr 26
Kurma Manis	94	Jacket: 24 May 26 Topside: 9 May 26
IJmuiden Ver Alpha	32	Target 4Q26 sailaway
Nederwiek 1	Na	Expecting 4Q26 start

Source: MMHE

Environmental, Social, Governance (ESG) Updates

Environmental

- Carbon (CO2) emission reduction. 8.3MWp Solar panel installation to generate RM30m savings over 21 years
- - Safety (HSE). Lost Time Injury (LTI) Frequency of 0.05 in 2025, better than the limit/ target of 0.21

Social

- Diversity. 18% female representation amongst employees

Governance

- Achieved 4 rating (FTSE4Good) and aligning to MISC's ESG and Responsible Supply Chain programme

Source: UOB Kay Hian

Profit & loss

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Net turnover	**1,976**	**1,715**	**1,685**	**1,805**
EBITDA	197	207	198	217
Deprec. & amort.	81	83	86	88
EBIT	116	124	112	128
Associate contributions	0	0	0	0
Net interest income/(expense)	(11)	(14)	(15)	(15)
Pre-tax profit	**105**	**110**	**97**	**114**
Tax	(2)	5	5	5
Minorities	0.0	0.0	0.0	0.0
Net profit	**103**	**115**	**102**	**119**
Net profit (adj.)	103	115	102	119

Balance Sheet

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Fixed assets	1,627	1,676	1,725	1,774
Other LT assets	274	270	261	247
Cash/ST investment	458	415	424	496
Other current assets	770	878	863	924
Total assets	**3,133**	**3,242**	**3,275**	**3,444**
ST debt	72	84	93	100
Other current liabilities	1,383	1,416	1,391	1,490
LT debt	187	169	148	125
Other LT liabilities	0	0	0	0
Shareholders' equity	1,489	1,572	1,642	1,489
Minority interest	1	1	1	1
Total liabilities & equity	**3,133**	**3,242**	**3,275**	**3,444**

Cash flow

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Operating	**173**	**127**	**181**	**248**
Pre-tax profit	105	110	97	114
Tax	(2)	5	5	5
Deprec. & amort.	81	83	86	88
Associates	0	0	0	0
Working capital changes	(14)	(75)	(9)	37
Other operating cashflows	3	3	3	3
Investing	**(151)**	**(150)**	**(150)**	**(151)**
Capex (growth)	(165)	(150)	(150)	(150)
Investments	0	0	0	0
Others	14	0	0	0
Financing	**(3)**	**(20)**	**(23)**	**(25)**
Dividend payments	(26)	(32)	(32)	(32)
Issues of shares	0	0	0	0
Proceeds from borrowings	33	30	30	30
Loan repayment	(10)	(18)	(21)	(23)
Others/interest paid	0	0	0	0
Net cash inflow (outflow)	**19**	**(43)**	**9**	**73**
Beginning cash & cash equivalent	**458**	**458**	**415**	**424**
Changes due to forex impact	33	0	0	0
Ending cash & cash equivalent	**509**	**415**	**424**	**496**

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	10.0	12.1	11.7	12.0
Pre-tax margin	5.3	6.4	5.7	6.3
Net margin	5.2	6.7	6.0	6.6
ROA	3.1	3.4	3.0	3.4
ROE	5.1	5.6	4.9	5.6
Growth (% yoy)				
Turnover	65.9	44.0	41.4	7.1
EBITDA	(10.3)	5.5	(4.7)	9.5
Pre-tax profit	(15.2)	5.4	(12.4)	17.7
Net profit	(7.9)	12.2	(11.8)	16.8
Net profit (adj.)	(7.9)	12.2	(11.8)	16.8
EPS	(7.9)	12.2	(11.8)	16.8
Leverage				
Debt to total capital	17.4	16.1	14.7	13.0
Debt to equity	17.4	16.1	14.7	13.0
Net debt/(cash) to equity	-	-	-	-
Interest cover (x)	17.1	14.9	12.8	14.7

Company – Results | Malaysia

Monday, 24 August 2026

NationGate Holdings (NATGATE MK)

1H26: Below Expectations, But Clear Earnings Acceleration In 2027

Highlights

- Results missed our expectation as the recovery in both revenue and margins progressed more slowly than anticipated against our earlier optimistic assumptions for 2026.
- That said, we see an earnings inflection from 4Q26, driven by new optical module programmes, booming AI data centre demand and improving yields.
- We expect the growth trajectory to accelerate further into 2027, as higher ramp-up, better yields and stronger operating leverage drive an anticipated S-curve earnings recovery.
- Upgrade to BUY with a revised target price of RM1.88 (previously RM0.82), following earnings recalibration based on a rollover 24x 2027F PE.

1H26 Results

Year to 31 Dec (RMm)	2Q26	qoq%	yoy%	1H26	yoy%
Revenue	**1,768.9**	**2.8**	**(32.1)**	**3,488.9**	**(35.9)**
EBITDA	35.8	91.7	(63.1)	54.4	(71.1)
EBIT	18.2	416.1	(78.6)	21.7	(86.6)
Profit Before Tax	**8.1**	**(195.6)**	**(90.3)**	**(0.4)**	**(100.2)**
Tax	3.0	322.2	(112.4)	3.7	(108.2)
Net Profit	10.9	2,025.3	(79.1)	11.4	(89.2)
Core Net Profit	**22.7**	**230.9**	**(1.5)**	**29.5**	**(71.4)**
Margins	**%**	**+/- ppt**	**+/- ppt**	**%**	**+/- ppt**
EBITDA	2.0	0.9	(1.7)	1.6	(1.9)
EBIT	1.0	0.8	(2.2)	0.6	(2.4)
Profit Before Tax	0.5	0.9	(2.7)	(0.0)	(2.9)
Net profit	0.6	0.6	(1.4)	0.3	(1.6)
Core Net Profit	1.3	0.9	0.4	0.8	(1.0)

Source: NationGate, UOB Kay Hian

Analysis

- **Below expectation.** NationGate Holdings (NatGate) reported a 2Q26 net profit of RM10.9m (21x qoq, -79% yoy), bringing 1H26 net profit to RM11.4m (-89% yoy). Excluding both the unrealised and realised forex factors and other one-off items, adjusted net profit came in stronger at RM22.7m in 2Q26 (+231% qoq; -2% yoy) and RM29.5m in 1H26 (-71% yoy).
- This accounts for 38%/51% of our and consensus full-year expectations respectively. The deviation to our numbers was due to the slower-than-expected recovery in both revenue and margins against our earlier optimistic assumptions for 2026. The group declared a 0.25 sen interim dividend, implying a ytd net DPS of 0.50 sen and a 105% payout.

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	5270.8	7612.3	6635.1	8133.8	9393.8
EBITDA	286.9	265.3	141.7	337.4	519.5
Operating profit	237.3	210.7	87.4	283.6	466.3
Net profit (rep./act.)	160.2	125.1	39.2	178.8	308.8
Net profit (adj.)	121.4	69.1	39.2	178.8	308.8
EPS (sen)	5.3	3.0	1.7	7.9	13.6
PE (x)	26.4	46.4	81.9	18.0	10.4
P/B (x)	3.1	2.8	2.6	2.5	2.6
EV/EBITDA (x)	7.8	12.9	25.2	11.1	7.3
Dividend yield (%)	1.4	1.4	0.3	1.4	12.0
Net margin (%)	2.3	0.9	0.6	2.2	3.3
Net debt/(cash) to equity (%)	(98.5)	20.7	34.8	44.1	52.1
Interest cover (x)	(35.9)	(14.8)	(2.7)	(8.9)	(14.9)
ROE (%)	15.2	11.8	3.8	15.1	27.6
Consensus net profit			57.6	131.2	129.6
UOBKH/Consensus (x)			0.68	1.36	2.38

Source: NationGate, UOB Kay Hian

Analyst(s)

Desmond Chong
desmondchong@uobkh.com
+603 2147 1980

Malaysia Research Team
research@uobkh.com
+603 2147 1988

BUY (Upgraded)

Share Price	RM1.41
Target Price	RM1.88
Upside	+33.3%
Previous TP	RM0.82

Stock Data

Sector	Electrical Components
Bloomberg ticker	NATGATE MK
Shares issued (m)	2,262.1
Market cap (RMm)	3190.0
Market cap (US$m)	789.8
3-mth avg daily t'over (RMm)	34.1

Price Performance (%)

52-week high/low RM1.60/RM0.56

1mth	3mth	6mth	1yr	YTD
20.5	84.3	40.3	16.3	60.8

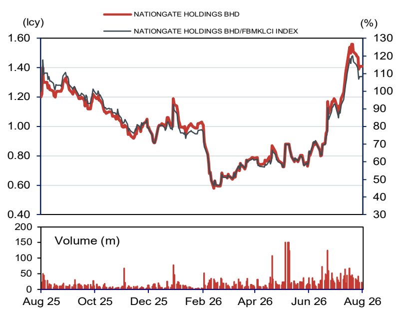
Major Shareholders (%)

Ooi Eng Leong	48.8
Tan Ah Goek	6.5
Amanah Saham Nasional Bhd	5.1

Balance Sheet Metrics

2026 NAV/Share (RM)	0.46
2026 Net Debt/Share (RM)	0.20

Price Chart



Source: Bloomberg

Company Description

NationGate focuses on the assembly and testing of: a) electronic components andproducts producing the completed printedcircuit boards (PCB), semi-finished subassemblies and fully assembled electronics products; and b) semiconductor devices.

- **Yoy, 1H26 revenue declined 36% to RM3.5b,** mainly due to a 41% yoy contraction in the data computing segment, reflecting slower uptake of its GPU server business. This was partly offset by an 8% yoy increase in the networking and telco segment which we belive was driven by the ramp-up of optical module-related business. Core net profit dropped 71% yoy, due to higher administrative expenses (+41% yoy) and lower operational leverage.
- **Sequentially, 2Q26 revenue edged up 3% qoq** to RM1.8b, driven by a strong 49% qoq increase in the networking and telco segment, which we believe reflected the ongoing ramp-up of its optical module-related business. This more than offset the 1% qoq decline in its core data computing segment. Adjusted net profit surged 231% qoq, underpinned by a higher contribution from the better-margin networking and telco segment, coupled with improved operating leverage on higher utilisation.
- **Structural industry tailwinds underpin the medium-term execution.** AI infrastructure is broadening beyond GPUs into high-speed networking, as inter-GPU communication emerges as the binding constraint in large-scale AI clusters. This is accelerating the transition from 800G to 1.6T optical interconnects. This backdrop should support the ramp of NatGate's networking and telco segment as hyperscalers accelerate AI data centre deployments and migrate toward higher-speed connectivity, with additional upside from a proposed US restriction on Chinese-made optical transceivers providing a positive spillover for non-China-based suppliers.
- **Moving further up the optical networking value chain.** NatGate is progressively broadening its role beyond conventional PCB-level assembly for optical transceiver applications into more specialised optical component and sub-assembly manufacturing. Its capabilities now extend to CoC (chip-on-carrier), CoS (chip-on-submount), and TOSA/ROSA/TROSA assembly, bringing the group closer to the optical engine and increasing its manufacturing content per programme. These higher-value processes typically involve longer qualification cycles and tighter customer integration, which should support stronger customer stickiness and improve revenue quality as production volumes ramp up.
- While we expect margins to improve progressively as the business moves beyond the initial gestation period and volumes ramp up, we see this as a potentially game-changing growth avenue, with significant opportunities emerging upon successful yield optimisation and large-scale rollout from 2027 onwards.

Earnings Revision/Risk

- We recalibrate our 2026/27 earnings forecasts to reflect: a) 2026: A reduction to RM39.2m (from RM78.2m), primarily due to a longer-than-expected gestation period for its new optical module programmes; and b) 2027: An anticipated S-curve earnings inflection from RM98.1m to RM178.8m, driven by improving production yields, stronger operating leverage and a higher-volume ramp-up as Natgate progresses into higher-value optical transceiver module assembly supported by robust customer programme ramps.

Valuation/Recommendation

- **Upgrade to BUY with a higher target price of RM1.88 (from RM0.82),** based on a rollover 24x 2027F PE. This is based on average blended 50:50 PE, referencing the average seven-year mean forward PE of electronic manufacturing services and outsourced semiconductor assembly and test.
- While we expect 2026 to remain a gestation year, we believe the risk-reward profile is increasingly skewed toward the upside spilling over into 2027, supported by the significant growth potential of NatGate's optical module business and our view that the worst of the earnings weakness is behind us.
- **Risks:** a) slower-than-expected ramp-up of the optical module and data computing (CPU/GPU) businesses; b) adverse foreign exchange fluctuations; and c) higher-than-expected component costs.

Adjustment for 2Q26 Net Profit

2Q26	
Reported PAT	**11.1**
Adjustment for:	
Realised forex gains/(loss)	-22.9
Unrealised forex gain	7.0
Fair value loss on derivative	-1.8
Fixed assets written off	0.0
Fair value gain on investment securities	0.0
Allowance for slow moving inventories	5.9
2Q26 adjusted PAT	**22.8**
2Q26 adjusted PATMI	**22.7**

Source: NationGate

Environmental, Social, Governance (ESG) Updates

Environmental
- Solar installations generated RM505k in electricity cost savings and reduced emissions by c.964 tCO_2e at Plants P3 and P5 in 2025. - AI-driven HVAC system reduced energy consumption by 20–27% at Plant 5, equivalent to c.620 tonnes of Scope 2 CO_2 reduction annually. - 93% of total waste was diverted from disposal.
Social
- Female employees accounted for 44% of the workforce, while women represented 33% of the Board. - Zero work-related fatalities were recorded in 2025, with 1,528 employees trained on health and safety standards.
Governance
- Zero confirmed corruption or harassment cases reported. - Zero breaches of data privacy and zero substantiated complaints concerning customer privacy breaches or loss of customer data were recorded.

Profit & Loss

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Net turnover	**7,612**	**6,635**	**8,134**	**9,394**
EBITDA	265	142	337	519
Deprec. & amort.	55	54	54	53
EBIT	211	87	284	466
Associates				
Net interest income/(expense)	(14)	(32)	(32)	(31)
Pre-tax profit	**196**	**55**	**252**	**435**
Tax	(54)	(13)	(60)	(104)
Minorities	17	3	13	22
Net profit	**125**	**39**	**179**	**309**
Net profit (adj.)	69	39	179	309

Balance Sheet

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Fixed assets	386	382	378	374
Other LT assets	136	119	119	119
Cash/ST investment	418	265	94	25
Other current assets	2,032	2,032	2,529	2,684
Total assets	**2,972**	**2,798**	**3,120**	**3,203**
ST debt	634	624	614	605
Other current liabilities	1,134	1,011	1,199	1,355
LT debt	3	3	3	3
Other LT liabilities	36	12	12	12
Shareholders' equity	1,143	1,215	1,306	1,229
Minority interest	47	3	13	22
Total liabilities & equity	**2,972**	**2,798**	**3,120**	**3,200**

Cash Flow

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Operating	(1,050)	(83)	(66)	376
Pre-tax profit	196	55	252	435
Tax	(99)	(13)	(60)	(104)
Deprec. & amort.	55	54	54	53
Working Capital Changes	0	0	0	1
Other operating cashflows	(1,165)	(96)	(229)	74
Investing	(51)	(51)	(51)	(51)
Capex (growth)	(169)	(50)	(50)	(49)
Investments	(212)	(50)	(50)	(49)
Proceeds from Sale of Assets	0	0	0	0
Others	0	0	0	0
Financing	42	0	0	0
Dividend payments	(291)	(20)	(55)	(395)
Proceed from Borrowings	(24)	(46)	(10)	(45)
Loan repayment	0	0	0	0
Others/interest paid	77	0	0	0
Net cash inflow (outflow)	(302)	(10)	(10)	(9)
Beginning cash & cash equivalent	(20)	0	0	0
Changes due to forex impact	(1,510)	(153)	(171)	(68)
Ending cash & cash equivalent	1,928	418	265	94

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	3.5	2.1	4.1	5.5
Pre-tax margin	2.6	0.8	3.1	4.6
Net margin	0.9	0.6	2.2	3.3
ROA	4.2	1.4	5.7	9.6
ROE	11.8	3.8	15.1	27.6
Growth				
Turnover				
EBITDA	44.4	-12.8	22.6	15.5
Pre-tax profit	-7.5	-46.6	138.1	54.0
Net profit	-14.8	-71.9	356.2	72.7
Net profit (adj.)	-21.9	-68.7	356.2	72.7
EPS	-43.1	-43.3	356.2	72.7
Leverage	-43.1	-43.3	356.2	72.7
Debt to total capital				
Debt to equity				
Net debt/(cash) to equity	24.9	26.1	23.1	22.2
Interest cover	69.9	70.1	60.8	63.6

Velesto Energy (VEB MK)

2Q26: Blips Reflected; Execution Remains Key For Stronger 2H26

Highlights

- **2Q26 core loss/weak EBITDA are temporary blips within expectation.** 1H26 EBITDA, which met 40% of market forecasts, reflected downtrending DCR and a low 56% utilisation in 2Q26. Note that this is based on a rig fleet of six since the Naga 3 (N3) disposal has been cancelled. The financials and outlook are very similar to global player Borr Drilling (trading at 14x EV/EBITDA)
- **2H26 utilisation expecting to surge to >85%.** While N3 will remain idle until mid 4Q26 at best, we see VEB's unique track record again appeals to regional oil majors seeking domestic rig security demand, as evidenced by the remaining five rigs being almost fully contracted for 2H26. This is superior even to Borr's 2H26 contract coverage of 70%. Hence, we make no changes to forecasts, expecting a stronger 2H26 showing that will also support more generous dividend payments. Maintain BUY, and target price of RM0.29 (7x EV/EBITDA; 10% normalised yield).

2Q26 Results

Year to 31 Dec (RMm)	2Q26	% chg	% chg	YTD 2026	% chg	Comments
Revenue	**154.0**	**(16.0)**	**(23.0)**	**337.4**	**(20.5)**	
- Drilling	149.5	(16.9)	(23.7)	329.4	(21.0)	Asset-light JU contract for Hibiscus started in
- Integrated Oilfield Services	4.5	30.4	11.2	8.0	5.3	mid-May 26; revenue/ margins not revealed
EBITDA	**50.3**	**18.7**	**(46.4)**	**134.7**	**(35.8)**	**1H26 met 40% of ours/ market forecast**
Core EBITDA margin (%)	32.7	(13.3)	(14.3)	39.9	(9.5)	
Average DCR*, US$'000	**103.0**	**(5.0)**	**(20.0)**	**105.0**	**(20.0)**	**Against US$123,000-125,000 yoy**
Rig Utilisation (%)	**56**	**(19.0)**	**(1.0)**	**66.0**	**4.0**	**Based on rig fleet of 6. Equivalent ratios**
Finance cost	(1.8)	5.6	(11.1)	(3.5)	(22.3)	excluding N3, are 66%/ 78% for 2Q26/1H26
Associates/ JV	0.1	N.a	N.a	0.1	N.a	
PBT	2.2	(93.8)	(96.4)	38.5	(69.6)	2Q26 Exceptional Items (EI): RM1.5m net
Tax	(1.7)	(79.7)	(84.4)	(10.1)	(57.3)	forex gain, RM1.5m asset write-off, RM6.4m
Profit	0.5	(98.1)	(98.9)	28.4	(72.5)	provision reversal of Naga 7 (2025: RM28.2m)
Core net profit	**(2.8)**	**(110.7)**	**(114.2)**	**23.1**	**(67.7)**	**1H26 met 20%/19% of ours/market forecast**

Source: VEB, UOB Kay Hian

Analysis

- **2Q26 core loss and EBITDA – A temporary blip well within expectations.** Velesto Energy's (VEB) share price downtrend since Jun 26, especially after the announcement of the Naga 3 (N3) sale cancellation, has adequately factored in the weak 2Q26 showing. 2Q26's utilisation of 56% (66% if based on a rig fleet of five excluding N3) is within our earlier expectation of 60%. This included a one-month zero-rated period for Naga 2 (N2), two idle months for Naga 4 (N4), and full quarter of idle periods for N3 and Naga 6 (N6). Average realised daily charter rate (DCR) trended 20% lower yoy but is close to US$96,000 in the region. VEB's 0.25 sen interim DPS makes up RM0.01 DPS for 1H26 vs our RM0.046 forecast.

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	1,360	899	796	824	827
EBITDA	579	413	337	370	384
Operating profit	267	233	154	189	198
Net profit (rep./act.)	207	200	129	143	148
Net profit (adj.)	204	167	129	143	148
EPS (x)	2.5	2.0	1.6	1.7	1.8
PE (x)	10.0	12.3	15.9	14.4	13.9
P/B (x)	0.8	0.9	0.9	1.0	1.1
EV/EBITDA (x)	4.4	6.0	7.6	7.4	7.3
Dividend yield (%)	5.0	12.0	18.4	12.0	12.0
Net margin (%)	15.2	22.2	16.2	17.3	17.9
Net debt/(cash) to equity (%)	6.9	4.8	21.0	25.0	28.0
Consensus net profit	-	-	124	138	136
UOBKH/Consensus (x)	-	-	1.02	1.03	1.09

Source: VEB, Bloomberg, UOB Kay Hian

Analyst(s)

Kong Ho Meng

homeng@uobkh.com

+603 2147 1987

BUY (Maintained)

Share Price	RM0.25
Target Price	RM0.29
Upside	+16.0%

Stock Data

Sector	Energy
Bloomberg ticker	VEB MK
Shares issued (m)	8,260.0
Market cap (RMm)	2,066.0
Market cap (US$m)	511.4
3-mth avg daily t'over (US$m)	22.8

Price Performance (%

52-week high/low				RM0.37/RM0.20
1mth	**3mth**	**6mth**	**1yr**	**YTD**
(2.0)	(24.2)	(20.6)	28.2	(9.1)

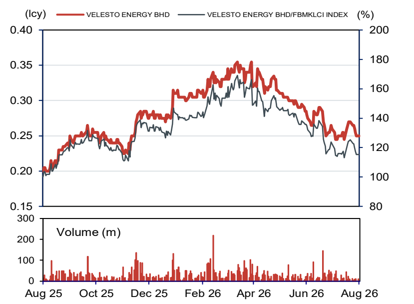
Major Shareholders (%)

Skim Amanah Saham Bumiputera	37.9
Yayasan Pelaburan Bumiputera	11.1

Balance Sheet Metrics

FY26 NAV/Share (RM)	RM0.29
FY26 Net Debt/Share (RM)	n.m.

Price Chart



Source: Bloomberg

Company Description

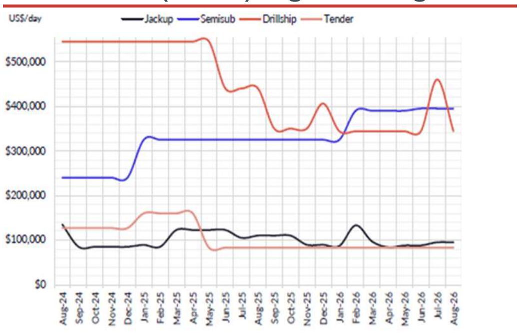
Velesto Energy (VEB), formerly UMW O&G, is the premier local jackup (JU) rig service provider in Malaysia. It operates a fleet of six JU rigs with potential expansion of its new asset-light strategy.

- **Expecting 2H26 utilisation of over 85%.** N3 is expected to remain idle until mid-4Q26 at best. However, positively and confirming our earlier channel checks, VEB secured a job for N6 in Thailand from Northern Gulf Petroleum (NGP) and had been mobilised since Jul 26, keeping the rig busy for approximately 4-5 months until the end of 2026. For Naga 8 (N8), VEB's latest rig schedule suggests N8 is going through a contract preparation period, which is likely to be zero-rated (in terms of DCR). However, channel checks indicate that N8 had been towed to the Bunga Kangsar platform in North Malay Basin and deemed "on hire" for Chevron's 18-month job since the first week of Aug 26. This positive development suggests the contract preparation period was faster than the 2-4 weeks implied in the rig schedule.
- **Financials appear similar to peer Borr Drilling (Borr)...** One of VEB's fiercest foreign competitors in the global JU rig landscape, Borr, also reported a core loss in 2Q26, with adjusted EBITDA for 2Q26/1H26 falling by 51%/ 42% to US$44m/US$132m respectively. Borr explained that it was hit by additional rig preparation work and six of its rigs were transitioning contracts. The contract transition had a double whammy effect: a) a loss in revenue, and b) a spike in insurance and fuel costs (an indirect impact of the Middle East conflict). The affected rigs are now operational.
- **…but with a better outlook.** Borr expects 73%/70% contract coverage for 2026/2H26 respectively, at an average DCR of US$134,000. This compared with Borr's average DCR of US$136,000-US$145,000 realised in 2025. Eight out of Borr's 29 rigs are in APAC, with six being employed. Although VEB's DCR is naturally less superior as its rigs are predominantly in Southeast Asia, while Borr (being a truly global JU rig player) has market presence in America/Africa which demand higher DCR), it is also precisely this unique track record that has enabled VEB to better appeal with those seeking domestic rig security and to secure stronger 2H26 utilisation.
- **ESG updates.** VEB shared that it is on track to meet the mandatory ESG reporting of full compliance of IFRS S2 (climate-related disclosures) and reasonable assurance on Scope 1+2 emissions from Jan 28. Its internal assessment checklist shows compliance readiness at 48%.

Valuation/Recommendation

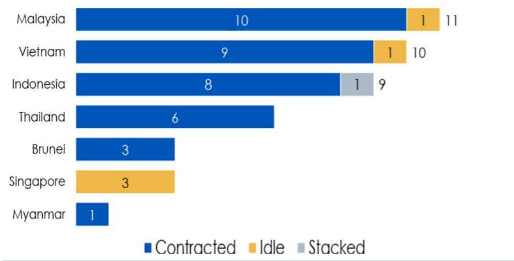
- **Maintain BUY; target price at RM0.29 (7x 2027F EV/EBITDA).** With no change to our forecasts, this implies 18x 2027F PE and an attractive 10% normalised yield. In comparison, Borr is trading at annualised EV/EBITDA of 14x. An alternative asset-value based valuation implies EV per rig of US$94m, which is at a premium vs other global rig peers and rig sale transactions averaging between US$54m to US$100m.

Asia Pacific (APAC) Rigs Leading DCR



Source: Westwood Global, Riglogix

Rig Requirements in SEA*



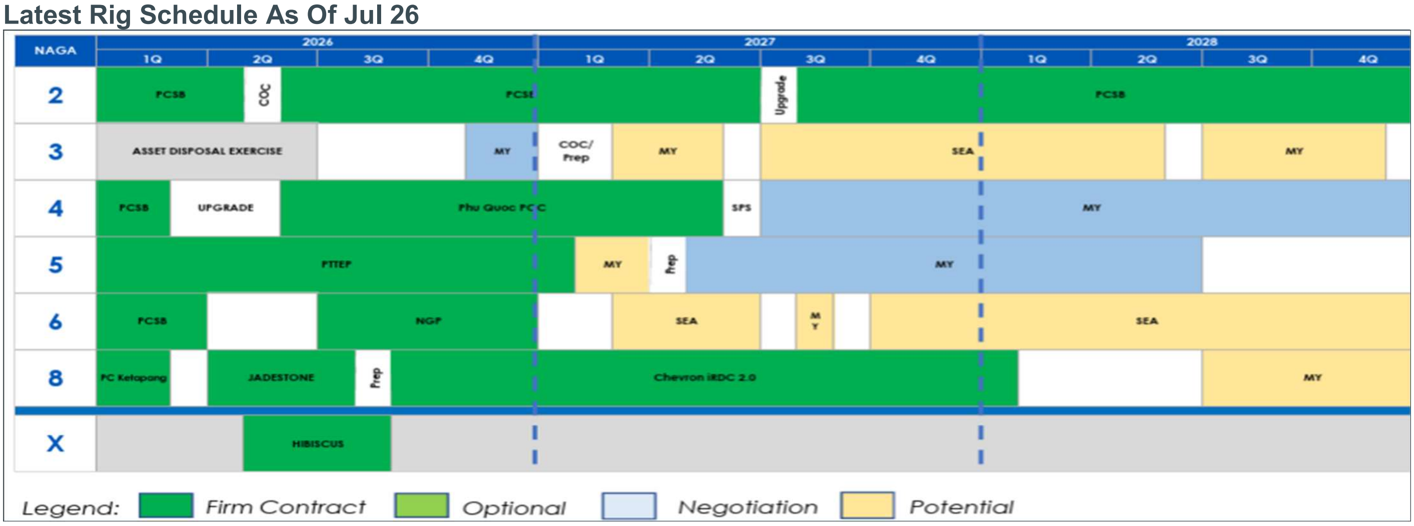
*Source: S&P Petrodata as of July 26 *Note: Southeast Asia (SEA)*

Environmental, Social, Governance (ESG) Updates

Environmental
- Greenhouse gas (GHG) emission compliance. Achieved 27% reduction of carbon intensity of operational emissions - Safety. Loss time injury frequency (LTIF) was 0. Awarded "Best HSE Program" by Petronas Carigali (PCSB) in Nov 2025
Social
- 82% progress achieved across 11 ESG scorecard targets
Governance
- Achieved 4.1 rating (FTSE4Good) and 18.5 Ratings/ Low ESG Risk rated by Sustainalytics

Source: UOB Kay Hian

Latest Rig Schedule As Of Jul 26



Source: VEB

Profit & loss

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Net turnover	899	745	724	711
EBITDA	413	328	330	332
Deprec. & amort.	207	183	160	166
EBIT	233	151	180	175
Total other non-op. income	(5)	6	10	8
Associate contributions	0	0	0	0
Net interest income/(expense)	0	0	0	0
Pre-tax profit	233	151	180	175
Tax	(34)	(32)	(37)	(36)
Minorities	0	0	0	0
Net profit	207	183	160	166
Net profit (adj.)	167	119	143	139

Cash flow

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Operating	**395**	**194**	**270**	**270**
Pre-tax profit	233	151	180	175
Tax	(34)	(32)	(37)	(36)
Deprec. & amort.	207	183	160	166
Associates	0	0	0	0
Working capital changes	38	(75)	5	3
Non-cash items	(51)	(33)	(38)	(38)
Other operating cashflows	0	0	0	0
Investing	**(144)**	**230**	**(88)**	**(88)**
Capex (growth)	(176)	(40)	(88)	(88)
Investment				
Proceeds from sale of assets				
Others	5	270	0	0
Financing	**(255)**	**(281)**	**(335)**	**(220)**
Dividend payments	(144)	(293)	(362)	(247)
Proceeds from borrowings	0	0	0	0
Loan repayment	(112)	0	0	0
Others/interest paid	0	75	90	90
Net cash inflow (outflow)	**(4)**	**142**	**(153)**	**(39)**
Beginning cash & cash equivalent	**248**	**261**	**404**	**250**
Changes due to forex impact	18	0	0	0
Ending cash & cash equivalent	**261**	**404**	**250**	**212**

Balance Sheet

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Fixed assets	2,125	1,761	1,688	1,611
Other LT assets	2	2	2	2
Cash/ST investment	261	404	250	212
Other current assets	261	404	250	212
Total assets	**2,827**	**2,543**	**2,334**	**2,238**
ST debt	114	126	152	179
Other current liabilities	282	162	157	155
LT debt	7	7	7	7
Other LT liabilities	0	0	0	0
Shareholders' equity	2,393	2,211	1,980	1,860
Minority interest	0	(21)	(41)	(62)
Total liabilities & equity	**2,827**	**2,543**	**2,334**	**2,238**

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	3.5	7.1	7.2	7.2
Pre-tax margin	4.6	6.9	7.0	7.1
Net margin	2.1	2.6	2.6	2.7
ROA	1.5	2.1	2.1	2.1
ROE	9.0	12.3	12.2	12.2
Growth (yoy)				
Turnover	4.1	18.4	6.8	6.8
EBITDA	(14.8)	138.1	8.3	7.0
Pre-tax profit	16.6	78.7	8.5	8.3
Net profit	34.1	49.5	8.5	8.3
Net profit (adj.)	34.1	49.5	8.5	8.3
EPS	34.1	49.5	8.5	8.3
Leverage				
Debt to total capital	26.3	24.5	22.8	21.3
Debt to equity	86.2	78.9	72.4	66.4
Net debt/(cash) to equity	(47.1)	(61.0)	(78.1)	(89.4)
Interest cover (x)	4.4	13.7	14.8	19.0

Oxford Innotech

(OXB MK/BUY/RM0.49/Target: RM0.66)

1H26: Results In Line; Pivoting Into A Stronger 2H26 And Record 2027

Highlights

- **Within expectations.** Oxford Innotech (OXB) reported a 2Q26 core net profit of RM4.2m (+28% qoq; +106% yoy), bringing 1H26 core net profit to RM7.4m (+41% yoy), in line with expectations and accounting for 48% of our estimates.
- **Strong 2Q26 performance, with momentum building into 2H26.** 2Q26 revenue rose by 44% yoy to RM24.5m, driven by stronger contributions from orders across the DC, semiconductor and E&E sectors. Core net profit more than doubled yoy (+106%), supported by a 6.3ppts expansion in EBITDA margin and the absence of one-off listing expenses. On a qoq basis, revenue grew 38%, contributed mainly by DC customer for the supply of precision steel and metal components for DC airflow management system alongside better sales from the semiconductor segment. Core net profit soared 28% qoq on better operational efficiency and higher profitability from the DC segment. We expect earnings momentum to strengthen into 2H26, supported by the capacity expansion completed in 2H25 to cater to the rising demand from its semiconductor and DC customers. Note that the group's order backlog as of end-Jun 26 had improved to RM38.9m (+30% from RM30.0m as of end-Mar 26), providing better earnings visibility on the back of robust customer loadings.
- **Deepening exposure to high value semiconductor precision engineering.** OXB was recently awarded RM8.8m in purchase orders from a leading US-based mass flow controller (MFC) manufacturer to supply precision-engineered components for semiconductor applications, comprising RM3.2m secured in Jun 26 and a further RM5.6m order in Jul 26. MFCs are mission-critical components that regulate process gases during deposition, etching and other front-end wafer fabrication processes. We view the award positively as it validates OXB's ability to meet semiconductor equipment standards, where customised specifications, tight tolerances and demanding quality requirements support superior margins. Successful execution could unlock repeat orders and deeper customer engagement, positioning OXB to benefit from semiconductor capital expenditure driven by AI infrastructure, advanced packaging and high-bandwidth memory.
- **Aggressive capacity expansion to capture the next wave of growth.** OXB is concurrently expanding its manufacturing footprint to support future demand. Of its RM41.6m listing proceeds, 55.5% allocated to a new manufacturing facility and 26.9% for additional equipment, raising production capacity by 16%. Phase 2 of Penang Science Park Factory 2, targeted for completion in 2H27, will expand floor space by 50.2% to 202,696 sf. Together with a semiconductor and data centre backlog and order visibility into 1H27, these investments strengthen OXB's ability to capture higher-value opportunities across digital infrastructure and semiconductor growth cycles. As at 30 Jun 26, OXB's order backlog stood at RM38.9m (+30% qoq) which includes repeat orders from the data centre customer, reflecting its strong project execution capabilities and successful delivery of earlier projects, which have strengthened customer confidence.

Earnings Revision/Risk

- No change in earnings.

Valuation/Recommendation

- **Maintain BUY with a higher target price of RM0.66 (from RM0.53)**, based on a higher rollover 25x 2027F PE (from 20x), implying a narrower 25% discount (from 40%) to the seven-year average forward PE of semiconductor production equipment peers. Our revised 25x multiple is also broadly in line with valuations ascribed to peers and translates into an attractive 0.5x PEG, supported by a robust two-year NP CAGR of 50%. We anticipate a sharp earnings rebound in 2026, with growth momentum accelerating into 2027, underpinned by the sector's cyclical recovery, deeper alignment with customers' expansion roadmaps and an expanding scope of work.

2Q26 Results

Year to 31 Dec	2Q26 (RMm)	qoq % chg	yoy % chg	1H26 (RMm)	yoy % chg
Revenue	24.5	37.7	43.7	42.37	15.73
EBITDA	7.0	17.8	84.3	12.92	76.33
EBIT	5.7	22.6	116.8	10.27	39.93
Pre-tax Profit	5.4	22.8	138.7	9.81	47.87
Net Profit	4.2	27.7	162.5	7.41	53.50
Core Net Profit	4.2	27.7	105.8	7.41	40.78
Margins	**%**	**+/- ppt**	**+/- ppt**	**%**	**+/- ppt**
EBITDA	28.5	(4.8)	6.3	30.50	10.48
EBIT	23.0	(2.8)	7.8	24.24	4.19
Pre-tax Profit	22.0	(2.7)	8.8	23.14	5.03
Core Net Profit	16.9	(1.3)	5.1	17.48	3.11

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	92.9	63.2	90.4	108.8	123.3
EBITDA	26.6	15.4	26.7	31.1	34.8
Operating profit	20.5	10.4	20.8	25.0	28.4
Net profit (rep./act.)	15.6	7.1	15.4	18.8	21.4
Net profit (adj.)	15.6	8.4	15.4	18.8	21.4
EPS	2.2	1.2	2.2	2.6	3.0
PE (x)	22.3	41.6	22.6	18.5	16.3
P/B (x)	4.3	2.8	2.7	2.5	2.6
EV/EBITDA (x)	12.8	20.6	11.9	9.9	9.1
Dividend yield (%)	2.9	0.0	1.1	1.3	7.7
Net margin (%)	16.8	13.2	17.1	17.3	17.4
Net debt/(cash) to equity (%)	21.1	(25.1)	(24.3)	(27.7)	(23.0)
Interest cover (x)	(21.0)	(8.3)	(16.5)	(19.9)	(22.5)
ROE (%)	19.5	6.8	12.1	13.3	15.7

Source: OXB, UOB Kay Hian

Analyst

Desmond Chong

desmondchong@uobkh.com

+603 2147 1980

Market Spotlight

Market News

The FBMKLCI took a breather last Friday, sliding 0.23pt to close at 1,736.48 following mild profit-taking in blue chips, in-line with weakness across the region. Meanwhile, Asian stocks were mostly higher on Friday, with South Korea leading a regional rebound as technology shares recovered, although elevated oil prices and rising global bond yields kept the outlook cautious and left several major benchmarks on track for weekly declines. The FBMKLCI's top gainers were YTL Power International (+4.7%), PPB Group (+3.8%) and YTL Corporation (+2.5%), while the top losers were Telekom Malaysia (-4.1%), Axiata Group (-1.6%) and Nestle (Malaysia) (-0.95%). In the broader market, losers outpaced gainers 637 to 578 with 571 counters unchanged. Turnover was 3.92b shares valued at RM3.31b.

US stocks were higher after the close on Friday, as gains in the basic materials, consumer goods and healthcare sectors led shares higher. At the close in NYSE, the Dow Jones Industrial Average gained 0.98%, while the S&P 500 Index climbed 0.43%, and the NASDAQ Composite Index added 0.44%. Rising stocks outnumbered declining ones on the New York Stock Exchange by 1,662 to 1,032 and 109 ended unchanged; on the Nasdaq Stock Exchange, 2,120 rose and 1,303 declined, while 196 ended unchanged. *(Sources: Investing.com)*

FBMKLCI, FCPO & FKLI Index Outlook

Analyst(s)

Mohd Fakhrul Asyraq, MSTA, CFTe
mohdfakhrulasyraq@uobkh.com
+603 21471994

FBMKLCI

Source: UOBKH ChartGenie

FTSE Bursa Malaysia KLCI

Last close:	1,736.48
Expected moving range:	1,720-1,750

Technical View:

Despite our expectations of a follow-through rebound, the FBMKLCI made a pullback last Friday. Although shaky, support levels were maintained as persistent buying absorbed selling pressure. However, the index has formed a "spinning top" pattern, which suggests indecisive moves ahead. We advise investors to approach the market cautiously. Support and resistance levels are still maintained as follows:

Support: 1,677, 1,652

Resistance: 1,753, 1,770

FCPO

Source: TradingView

Futures Crude Palm Oil (FCPO) Active Contract, 1 Hour Chart

Technical BUY with +1.6% potential return

Trading BUY range:	RM5,000-5,020
Last price:	RM5,020
Target price:	RM5,039, RM5,099
Support:	RM4,924
Stop-loss:	RM4,923

BUY with a target price of RM5,099 and stop-loss at RM4,923. Based on the chart, FCPO hit our first target at RM4,999 and closed higher at RM5,020 last Friday. This bullish movement is supported by an uptick in RSI and bullish crossover in both MACD and DMI indicators. We peg our targets at RM5,039 and RM5,099 in the near term.

Expected timeframe: One day to three days

FKLI

Source: TradingView

FTSE Bursa Malaysia KLCI Futures (FKLI), 1 Hour Chart

Technical BUY with 0.89% potential return

Trading BUY range:	1,730-1,750
Last price:	1,741.5
Target price:	1,747, 1,757
Support:	1,734
Stop-loss:	1,733

BUY with a target price of 1,757 and stop-loss at 1,733. Based on the chart, FKLI continued the bullish movement and hit our first target at 1,739 before continuing the bullish movement to the current level last Friday. This bullish movement is supported by an uptick in the RSI and bullish crossovers in the MACD. We peg our targets at 1,747 and 1,757 in the near term.

Expected timeframe: One day to three days

Traders' Corner

Analyst(s)
Mohd Fakhrul Asyraq, MSTA, CFTe
mohdfakhrulasyraq@uobkh.com
+603 21471994

Source: UOBKH ChartGenie

Eco World Development Group ECW MK

Technical BUY on breakout with +8.5% potential return

Trading BUY range:	RM2.11-2.12
Last price:	RM2.09
Target price:	RM2.24, RM2.29
Support:	RM2.04
Stop-loss:	RM2.03

BUY on breakout with a target price of RM2.29 and stop-loss at RM2.03. The successful close above the BBI line last Friday suggests improving sentiment as ECW looks set to resume the short-term uptrend. This is supported by an uptick in the RSI and bullish crossover in MACD. Currently, DMI is on the verge of making a golden cross to the positive signal. We peg our targets at RM2.24 and RM2.29 once the stock penetrates the breakout level of RM2.11.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading

Source: UOBKH ChartGenie

Focus Point Holdings FOCUSP MK

Technical BUY on breakout with +20.6% potential return

Trading BUY range:	RM0.535-0.54
Last price:	RM0.525
Target price:	RM0.595, RM0.645
Support:	RM0.50
Stop-loss:	RM0.495

BUY on breakout with a target price of RM0.645 and stop-loss at RM0.495. Share price has recovered from the strong support region of RM0.50 as it continues to climb along the rising trendline. The bullish bias has been established following an uptick in the DMI and bullish crossover in the MACD. We peg our targets at RM0.595 and RM0.645 once it penetrates above the breakout level of RM0.535.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading

Source: UOBKH ChartGenie

MCE Holdings
MCE MK

Technical BUY on breakout with +10.9% potential return

Trading BUY range:	RM1.56-1.57
Last price:	RM1.52
Target price:	RM1.68, RM1.73
Support:	RM1.47
Stop-loss:	RM1.46

BUY on breakout with a target price of RM1.73 and stop-loss at RM1.46. The rising momentum as shown by a bullish crossover in the 7- and 21-day EMAs along with an uptick in both the +DI and ADX lines suggest an upward trend from here. This bullish movement is supported by an uptick in the RSI and bullish crossover in MACD. We peg our targets at RM1.68 and RM1.73 once it manages to penetrate above the breakout level of RM1.56.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading