1QCY21 Results Review

Within Expectation

FBMKLCI	1,585.90
Target	1,710.00 ↔

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The closing of 1QCY21 results season saw us cutting the FBMKLCI's FY21E/FY22E EPS from 112.8/111.8 sen to 110.2/111.5 sen. However, the drop in earnings estimates was mainly due to the impact of the upcoming FBMKLCI rebalancing, where we expect MRDIY to replace SUPERMX effective 21st June. Were it not for this rebalancing, EPS estimates would have been raised to 114.9/113.6 sen – not surprisingly so, as of 28 out of the existing 30 FBMKLCI components that we cover; 15 came within, 9 above, and only 4 were below, expectations. Seen in that light, it has been an encouraging conclusion for the basket of key bell-weathers to have net EPS upgrades. However, the broader picture sees only 22 out of our 128 covered stocks that reported results beating our estimates, while 39 missed. Despite a higher number of disappointers versus outperformers, 67 stocks or more than half met expectations. For this reason, we deem the 1QCY21 season to have delivered a "Within Expectation" performance. Leading the misses were the Construction, Media and Gaming sectors. The sector which surprised pleasantly was Building Materials. Our year-end FBMKLCI target remains at 1,710 based on an unchanged forward multiple of 15.3x (10-year mean) on FY22E EPS. **Our Top Picks are: AXREIT (OP; TP: RM2.30), GAMUDA (OP; TP: RM4.17), GENTING (OP; TP: RM5.58), INARI (OP; TP: RM4.00), KLCC (OP; RM8.15), MAYBANK (OP; TP: RM10.75), PTRANS (OP; TP: RM1.15), RHBBANK (OP; TP: RM6.25), TENAGA (OP; TP: RM11.76), TGUAN (OP; TP: RM3.80).**

Year-end FBMKLCI target remains at 1,710: Post results, we adjust FY21E/FY22E EPS to 110.2/111.5 sen from 112.8/111.8 sen (vs. estimated consensus EPS of 107.4/108.8 sen). On our year-end target of 1,710 points, the implied forward PE multiple on our FY22E EPS estimate is 15.3x (at 10-year mean).

Underlying earnings trend of KLCI components are generally positive: Of the 28 out of the existing 30 FBMKLCI components that we cover, 15 came within, 9 above, and only 4 were below, expectations (GENT, GENM, HARTA, SUPERMX). Based on the current FBMKLCI components and weights, FY21E/FY22E EPS would have been raised from 112.8/111.8 sen to 114.9/113.6 sen due mainly to huge upgrades in the EPS of PETDAG (+51%/+13%), PCHEM (+51%/+16%), SIMEPLT (+12%/+12%), KLK (+13%/+7%), DIGI (+22%/+20%) and material upgrades in the two large banks MAYBANK (+9%/+5%) and CIMB (+10%/+7%), overwhelming sharp downgrades in GENTING (-40%/-7%) and GENM (-140%/-15%). The only components for which our projections were previously far below consensus were PETDAG and DIGI. For the rest, we were within the packs' estimates and believe the street to have upgraded estimates along with us.

Banks' results were within expectations – Maintain OVERWEIGHT: Bell-weather MAYBANK stood out for exceeding both our and consensus expectations, making up 32% of full-year estimates. CIMB also exceeded. Both banks' TPs were raised on bumped-up book values following earnings upgrades. Small-cap bank Alliance was upgraded to MP on share price weakness and valuation roll-over to CY22. Except for AMBANK's FY22E EPS trimmed 5%, there were no other notable cuts in estimates. Among general observable trends noted, NIMs expanded YoY with most also reporting QoQ expansions thanks to stabilising OPR and uptrending CASA-to-deposit ratios. All reported credit costs that were sequentially lower due to frontloading provisions in the 4QCY20, with MAYBANK and HLBANK even reporting YoY declines. The absence of dividends was no surprise given that banks typically do not declare payout in a March quarter. The challenges posed by the pandemic appear to have succeeded in containing costs as evidenced by pedestrian increases in operating expenses, with HLBANK and MAYBANK even reporting lower YoY expenses. With improved top-line, the CIR ratios for almost all banks reflected YoY improvements. Going forward, the guidances generally carried a positive tone despite renewed challenges posed by the return to lockdown mode which we believe will likely be shortlived.

Building Materials – the star, maintain OVERWEIGHT: Two (ANNJOO and ULICORP) of three stocks in this space exceeded expectations riding on the commodity price boom which saw steel prices staying elevated longer than expected. We believe steel prices have already peaked as China has recently put measures to curb its rise. Hence, our UP call on ANNJOO, but we keep OP call on ULICORP given its dominance in the cable support system market where the competition is weak. Being a user of steel, it benefits from expectations of steel prices correcting, and its incoming new plant capacity in FY22. PMETAL's 1QFY21 earnings met our and consensus expectations at 18% of full-year estimate each. We expect subsequent quarters to exceed even this record 1Q profit as aluminium prices should remain elevated in the near term from a combination of tight supply and increased demand as economies re-open. Maintain OP on PMETAL and ULICORP and OW this sector.

Construction – disappointed, in need of catalysts but maintain OVERWEIGHT: An overwhelming seven out of 10 covered stocks that reported results came in below target, with Gamuda and GKENT meeting expectations and only IJM exceeding (helped by better-than-expected result of IJMPLT). This is the highest in terms of number and percentage of stocks within a particular sector that reported below expectations leading to huge EPS cuts almost across the board. We were not alone in overestimating prospects as the sector's earnings generally missed consensus expectations too. Largely to blame for the underperformance were slower billings, weaker-than-expected margins, lower-than-expected on-site productivity due to COVID-related disruptions and adverse impact of elevated steel prices. Despite the estimates cuts and target price downgrades for a few, we keep the OVERWEIGHT call on the sector due to the deep value that this sector presents. We maintained all our calls where the same eight stocks are still rated OP with only GKENT and MITRA rated UP.

Gaming – double down on misses, maintain OVERWEIGHT: Overwhelmingly disappointing, three (GENM, GENTING and MAGNUM) out of the four covered stocks missed expectations. We had underestimated the impact of MCO 2.0 closures for casino operator GENM while GENTING was also dampened by uneven recovery of GENS' patronage. As a result, losses for the quarter hit worse than expected. Lowered expectation for 2QFY21 from impact of MCO 3.0 and now, FMCO prompting further cuts. Despite these, we maintain OP for both on expectations of a delayed recovery, pushed towards late 2021 on easing of movement restrictions. A silver lining here is that the pandemic situation has been improving in the UK and the US where operations are set to resume. Both GENM and GENTING are deeply undervalued as is BJTOTO.

Media - Below expectations, maintain NEUTRAL: This sector disappointed as MEDIA, STAR and MEDIAC performed weaker than expected whereas Astro was the only media player that met expectations. Despite performing weaker than our more bullish advertising revenue assumptions, MEDIA still remained profitable for a third consecutive quarter. On the other hand, our UNDERPERFORM call on STAR remains as the group continued to post losses with 1QFY21 reporting a loss of RM13.7m which is almost 50% of losses the group made back in MCO 1.0 in 2020. With MCO 3.0 and FMCO in 2QCY21, we believe the adex industry will be adversely impacted in the near term as businesses shut down and marketing expenditures curtailed as well as consumers holding back on spending in times of crises. However, with more widespread vaccine deployment, 2HCY21 holds promise of a better outlook for the media players.

Technology did not disappoint – Maintain OVERWEIGHT: Most reports were within expectations with many reporting impressive profits in a seasonally weak quarter, thanks to robust demand for semiconductors as web computing activities are surging due to pervasive WFH practices and recovery of automotive markets in China and Europe for which electronic contents in cars are rising which bode well for the likes of MPI, UNISEM, D&O, KESM and JHM. OSATS like INARI and MPI continued to benefit from development of new 5G-enabled smartphones and infrastructures that require more RF testing and packaging.

Automotive drove in mostly within expectation, downgraded to NEUTRAL: Except for BAUTO which disappointed, the remaining five auto stocks came in within our expectations. However, the implementation of lockdown and re-assessment of sales prospects for the rest of the year impacted by fragile consumer sentiment have prompted cuts in EPS estimates of all stocks (i.e. 10% for MBMR and 40% for TCHONG, for CY21). As a result, the sector call was downgraded from OW to NEUTRAL. The just announced extension of SST exemption by six months to 31 Dec 2021 is a balm to current industry woes, but we see this more as a supportive policy than one that will boost sales in a big way.

Telecommunications – maintain NEUTRAL: Sector came in within expectations amidst an increasingly competitive cellular segment. Evident were the declines in postpaid ARPUs across all three cellcos due to a slew of entry-level postpaid plans introduced last year which helped maintain marginal growth in subscribers for all. The prepaid front looks just as competitive with the unlimited data prepaid plans offered by Maxis and Celcom keeping subscriber base up at the expense of declining ARPUs. Beside the impact of competition, Digi's prepaid subscriber numbers declined off a high base that was dominated by outflowing migrant subscribers. Amidst the competitive cellular space, the Big 3 are increasingly turning to: (i) enterprise offerings for growth, and (ii) FTTH to push their convergence offerings. With customers opting for more "value" offerings and a competitive cellular space, we favor TM, where we have an OP call for it being best placed to benefit from the national push for digitalisation via: (i) leasing of its extensive fibre network for 5G deployment and 4G expansion, (ii) growth in data centre and cloud businesses, and (iii) strong Unifi subscriber growth.

Plantation – Maintain NEUTRAL: While no way a resounding beat, the plantations sector performed fairly well in that the numbers that exceeded and those that met expectations were even while none disappointed. It is worthy to note that bell-weather large caps Sime Plantation and KLK led the way among the outperformers where SIMEPLT's 1QFY21 made up 33% of our FY estimates and KLK's 1HFY21 at 56%. For the former, the boost came from higher-than-expected realised CPO selling prices and for the latter, better-than-expected downstream margins.

Rubber Gloves – mixed results, maintain OVERWEIGHT: The gloves sector reported mixed results, as TOPGLOV and KOSSAN outperformed while HARTA and SUPERMX underperformed. Except for SUPERMX, up-trending quarterly sequential ASPs were strong enough to more than offset falls in sales volume disrupted by Covid-19 outbreaks at factories across the entire industry, leading to continued rise in revenue. The common key message underlying management guidance from the four leading manufacturers suggests that ASP has peaked in 1QCY21 and should soften, albeit gradually, in the face of still healthy demand even as lead time has fallen from 300 days in January to about 150 days currently. Compared to pre-COVID days when 20-30 days were the norm, the current demand is no doubt firm by historical standards. Even as the pandemic is easing in developed markets with rapid deployment of vaccines, the world will in our view, settle into a situation where observance of higher hygiene standards will be the new norm. Hence the usage of masks, rubber gloves and such will remain elevated. We continue to OVERWEIGHT the sector.

Oil & Gas – Maintain NEUTRAL: Overall a satisfactory quarter**.** Results-wise, we deem the quarter to be overall satisfactory, although SERBADK's issue with its auditors was a huge negative surprise. Many of the downstream and E&P players (e.g. PCHEM, PETDAG, HIBISCS, LCTITAN) posted outstanding results, benefiting from the surge in crude oil prices during the quarter, which resulted in super-normal product margins and spreads. Nonetheless, with oil prices stabilising, we believe margin spreads will become more normalised in the next quarter, especially for names with floating feedstock costs (e.g. LCTITAN, PETDAG). Meanwhile, local contractors (e.g. DIALOG, DAYANG, UZMA, VELESTO) suffered from slower activity levels during the quarter. We believe that with suppressed Petronas capex spending and stricter movement restrictions, many local contractors could still suffer from a momentary jobs drought.

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Appendix 1

Kenanga's 1QCY21 Results Expectations against Consensus

% of Results Measured Against Expectations of	1QCY21			4QCY21		
Kenanga Research	Above	Within	Below	Above	Within	Below
	17%	52%	30%	42%	40%	18%
	Did not disappoint		Disappointed	Did not disappoint		Disappointed
	70%		30%	82%		18%
Consensus	Above	Within	Below	Above	Within	Below
	17%	52%	32%	25%	42%	33%
	Did not disappoint		Disappointed	Did not disappoint		Disappointed
	68%		32%	67%		33%

1QCY21 Period / Categories	Kenanga Research Report Count	%		Consensus Report Count	%	
Above	22	17%	70%	20	17%	68%
Within	67	52%		62	52%	
Below	39	30%	30%	38	32%	32%
Sub-total	**128**	**100%**	**100%**	**120**	**100%**	**100%**
N.A	3			11		
Total	**131**			**131**		
Verdict	**Within**			**Withn**		

4QCY20 Period / Categories	Kenanga Research Report Count	%		Consensus Report Count	%	
Above	51	42%	82%	39	34%	77%
Within	48	40%		49	43%	
Below	22	18%	18%	27	23%	23%
Sub-total	**121**	**100%**	**100%**	**115**	**100%**	**100%**
N.A	11			17		
Total	**132**			**132**		
Verdict	**Mix**			**Mix**		

Source: Bloomberg, Kenanga Research

Appendix 2

Recent Reported Results vs. Our Expectations and Market Consensus (1 of 3)

No.	Company	Period under review	Cumulative Revenue (RM'm)			Cumulative NP (RM'm)			Against estimates		Earnings revision quantum (%)		Dividends against KNK estimates	Target Price (RM)		Call	
			FY20/21	FY21/22	YoY % Chg	FY20/21	FY21/22	YoY % Chg	KNK	Mkt	FY21/22	FY22/23					
	AUTOMOTIVE		**35,537.2**	**42,264.3**	**18.9%**	**742.6**	**1,057.6**	**42.4%**	**Within**	**Within**	**-4.5%**	**-4.2%**					
1	BERMAZ AUTO BHD	3Q21	1,459.7	1,646.7	12.8%	98.1	67.1	-31.6%	Below	Below	-27.0%	-25.0%	Within	1.30	↓	MP	↔
2	DRB-HICOM BHD	1Q21	2,737.0	3,511.0	28.3%	-113.0	-17.0	-85.0%	Within	Within	0.0%	0.0%	Within	2.20	↓	OP	↑
3	MBM RESOURCES BHD	1Q21	374.0	418.3	11.8%	27.4	47.1	71.9%	Within	Within	0.0%	0.0%	Within	3.50	↓	OP	↑
4	SIME DARBY BHD	3Q21	28,113.0	33,141.0	17.9%	717.0	873.0	21.8%	Within	Within	0.0%	0.0%	Within	2.35	↓	MP	↔
5	TAN CHONG MOTOR HOLDINGS BHD	1Q21	734.3	593.1	-19.2%	-8.1	7.4	-191.4%	Within	Within	0.0%	0.0%	Within	1.10	↓	MP	↔
6	UMW HOLDINGS BHD	1Q21	2,119.2	2,954.2	39.4%	21.2	80.0	277.4%	Within	Within	0.0%	0.0%	Within	3.10	↓	MP	↓
	BANKS & NON-BANK FINANCIALS		**29,573.0**	**33,024.4**	**11.7%**	**8,925.5**	**10,228.5**	**14.6%**	**Within**	**Mix**	**2.4%**	**1.3%**					
7	AEON CREDIT SERVICE BHD	4Q21	1,419.5	1,349.1	-5.0%	274.4	223.8	115.2%	Below	Above	-1.0%	New	Below	13.05	↑	MP	↔
8	AFFIN HOLDINGS BHD	1Q21	624.8	537.6	-14.0%	123.6	68.9	-44.3%	Within	Below	-0.4%	-0.2%	Within	1.35	↓	UP	↔
9	ALLIANCE BANK MALAYSIA BHD	4Q21	1,691.0	1,818.0	7.5%	424.0	359.0	-15.3%	Within	Below	-0.1%	0.0%	Within	2.40	↓	MP	↔
10	AMMB HOLDINGS BHD	4Q21	4,230.0	4,509.0	6.6%	1,341.0	962.0	-28.3%	Below	N.A.	-4.5%	0.0%	Within	2.45	↓	UP	↓
11	BIMB HOLDINGS BHD	1Q21	849.0	831.0	-2.1%	209.0	202.0	-3.3%	Within	Within	0.9%	0.0%	Within	5.15	↓	OP	↔
12	BURSA MALAYSIA BHD	1Q21	104.8	173.4	65.5%	64.7	121.4	87.6%	Above	Above	9.0%	3.0%	Within	8.80	↓	MP	↔
13	CIMB GROUP HOLDINGS BHD	1Q21	4,143.0	5,952.0	43.7%	508.0	1,302.0	156.3%	Above	Above	10.3%	6.6%	Within	4.00	↑	MP	↑
14	HONG LEONG BANK BHD	3Q21	3,582.0	4,135.0	15.4%	1,925.0	2,171.0	12.8%	Within	Within	0.0%	0.2%	Within	17.80	↓	MP	↔
15	LPI CAPITAL BHD	1Q21	403.9	440.8	9.1%	77.9	82.3	5.6%	Within	Within	0.0%	0.0%	Within	15.10	↔	OP	↔
16	MALAYAN BANKING BHD	1Q21	6,724.0	6,825.0	1.5%	2,050.0	2,392.0	16.7%	Above	Above	9.0%	5.3%	Within	10.75	↑	OP	↔
17	MALAYSIA BUILDING SOCIETY BHD	1Q21	363.0	388.0	6.9%	-73.0	63.0	-186.3%	Below	Below	9.6%	0.0%	Within	0.65	↓	MP	↓
18	PUBLIC BANK BHD	1Q21	2,796.0	3,227.0	15.4%	1,329.0	1,530.0	15.1%	Within	Within	1.8%	1.6%	Within	4.40	↓	OP	↔
19	RHB BANK BHD	1Q21	1,729.0	1,923.0	11.2%	571.0	650.0	13.8%	Within	Within	-0.4%	0.4%	Within	6.25	↓	OP	↔
20	SYARIKAT TAKAFUL MALAYSIA KELUARGA	1Q21	913.0	915.5	0.3%	100.9	101.1	0.2%	Within	Within	0.0%	0.0%	Within	5.85	↓	OP	↔
	BUILDING MATERIALS		**2,315.7**	**2,727.6**	**17.8%**	**87.7**	**303.8**	**246.4%**	**Above**	**Mix**	**62.1%**	**21.8%**					
21	ANN JOO RESOURCES BHD	1Q21	445.7	576.7	29.4%	-17.6	73.6	518.2%	Above	Above	115.0%	36.0%	Within	1.60	↑	UP	↔
22	PRESS METAL BHD	1Q21	1,830.0	2,101.7	14.8%	105.9	220.5	108.2%	Within	Within	15.30%	10.40%	Within	6.50	↓	OP	↔
23	UNITED U-LI CORPORATION BHD	1Q21	40.0	49.2	23.0%	-0.6	9.7	n.m.	Above	n.a.	56.0%	19.0%	Within	2.00	↑	OP	↔
	CONSTRUCTION		**10,858.3**	**9,395.4**	**-13.5%**	**788.8**	**712.3**	**-9.7%**	**Mix**	**Below**	**-50.4%**	**-28.0%**					
24	GAMUDA BHD	2Q21	2,186.5	1,659.4	-24.1%	348.8	232.4	-33.4%	Within	Within	0.0%	0.0%	Within	4.17	↔	OP	↔
25	GEORGE KENT (M) BHD	4Q21	335.8	276.2	-17.7%	41.6	37.4	-10.1%	Within	Above	0.0%	NEW	Above	0.56	↔	UP	↔
26	HOCK SENG LEE BHD	1Q21	112.4	159.5	41.9%	7.6	9.1	19.7%	Below	Below	-24.0%	-6.0%	Below	1.20	↔	OP	↔
27	IJM CORP BHD	4Q21	6,605.0	5,623.0	-14.9%	338.0	367.0	8.6%	Above	Above	6.1%	NEW	Above	2.20	↔	OP	↔
28	KERJAYA PROSPEK GROUP BHD	1Q21	211.8	268.7	26.9%	26.2	26.4	0.8%	Below	Below	-15.0%	0.0%	Within	1.75	↑	OP	↔
29	KIMLUN CORP BHD	1Q21	245.3	210.3	-14.3%	7.0	9.1	30.0%	Below	Below	-44.0%	-20.0%	Within	1.30	↔	OP	↔
30	MITRAJAYA HOLDINGS BHD	1Q21	99.1	81.0	-18.3%	-1.1	-1.1	0.0%	Below	N.A.	-180.0%	-140.0%	Within	0.205	↓	UP	↔
31	MUHIBBAH ENGINEERING (M) BHD	1Q21	333.5	218.0	-34.6%	3.1	-5.7	-283.9%	Below	Below	-176.0%	-39.0%	Within	1.25	↔	OP	↔
32	SUNWAY CONSTRUCTION GROUP BHD	1Q21	365.8	455.2	24.4%	17.6	20.3	15.3%	Below	Below	-23.0%	-9.0%	Within	1.85	↓	OP	↔
33	WCT HOLDINGS BHD	1Q21	363.1	444.1	22.3%	0.0	17.4	n.m.	Below	Below	-48.5%	-10.0%	Within	0.64	↓	OP	↔
	CONSUMER		**11,710.2**	**11,507.6**	**-1.7%**	**855.8**	**858.7**	**0.3%**	**Mix**	**Mix**	**-8.0%**	**64.2%**					
34	7-ELEVEN MALAYSIA HOLDINGS BHD	1Q21	619.3	657.1	6.1%	11.4	11.7	2.6%	Below	Below	-5.7%	5.3	Within	1.50	↓	MP	↓
35	AEON CO (M) BHD	1Q21	1,190.9	1,013.5	-14.9%	7.5	22.0	193.3%	Within	Within	-4.0%	-2.0%	Within	1.20	↓	MP	↓
36	AMWAY (MALAYSIA) HLDGS BHD	1Q21	234.6	353.7	50.8%	10.2	20.1	97.1%	Above	Above	14.5%	-8.6%	Within	5.90	↑	OP	↑
37	DUTCH LADY MILK INDS BHD	1Q21	251.2	258.6	2.9%	22.7	16.9	-25.6%	Within	Below	0.0%	0.0%	Below	35.65	↑	MP	↔
38	FRASER & NEAVE HOLDINGS BHD	2Q21	2,116.7	2,175.0	2.8%	230.5	240.3	4.3%	Within	Within	0.0%	0.0%	Within	33.15	↑	OP	↑
39	MYNEWS HOLDINGS BHD	1Q21	140.6	98.7	-29.8%	4.4	-10.6	-340.9%	Below	Below	-67.0%	-13.0%	Within	1.00	↑	OP	↑
40	NESTLE (M) BHD	1Q21	1,434.5	1,448.8	1.0%	186.3	175.2	-6.0%	Within	Within	0.0%	0.0%	Within	142.90	↑	MP	↔
41	PADINI HOLDINGS BHD	3Q21	1,180.5	819.6	-30.6%	92.0	43.6	-52.6%	Below	Below	-25.0%	7.0%	Within	3.60	↑	OP	↔
42	POWER ROOT BHD	4Q21	386.1	309.2	-19.9%	51.5	28.1	-45.4%	Below	Below	3.0%	New	Below	1.90	↑	OP	↑
43	QL RESOURCES BHD	4Q21	4,155.8	4,373.4	5.2%	239.3	311.4	30.1%	Within	Within	4.5%	New	Below	6.90	↑	OP	↑

** Note: Yellow highlighted results have yet to be released*

Source: Bursa Malaysia, Bloomberg, Kenanga Research

Recent Reported Results vs. Our Expectations and Market Consensus (2 of 3)

			Cumulative Revenue (RM'm)			Cumulative NP (RM'm)			Against estimates		Earnings revision quantum (%)						
No.	Company	Period under review	FY20/21	FY21/22	YoY % Chg	FY20/21	FY21/22	YoY % Chg	KNK	Mkt	FY21/22	FY22/23	Dividends against KNK estimates	Target Price (RM)		Call	
	GAMING		**10,853.0**	**6,962.6**	**-35.8%**	**210.8**	**-433.7**	**-305.7%**	**Mix**	**Below**	**-11.9%**	**-0.9%**					
44	BERJAYA SPORTS TOTO BHD	3Q21	4,178.4	3,702.2	-11.4%	177.5	151.6	-14.6%	Within	Within	-24.5%	0.0%	Within	2.45	↔	OP	↔
45	GENTING BHD	1Q21	4,109.2	2,253.1	-45.2%	395.7	-109.2	-127.6%	Below	Below	-3.1%	0.0%	Within	5.58	↓	OP	↔
46	GENTING MALAYSIA BHD	1Q21	1,955.9	623.4	-68.1%	-418.0	-483.6	15.7%	Below	Below	-2.6%	0.0%	Within	3.00	↓	OP	↔
47	MAGNUM BHD	1Q21	609.5	383.9	-37.0%	55.6	7.5	-86.5%	Below	Below	-17.2%	-3.7%	Within	2.05	↓	MP	↔
	HEALTHCARE		**5,040.9**	**5,345.2**	**6.0%**	**250.3**	**371.3**	**48.3%**	**Within**	**Within**	**-4.0%**	**-3.0%**					
48	IHH HEALTHCARE BHD	1Q21	3,555.2	3,945.8	11.0%	189.4	335.8	77.3%	Within	Within	0.0%	0.0%	Within	6.05	↑	OP	↔
49	KPJ HEALTHCARE BHD	1Q21	665.8	605.9	-9.0%	38.5	13.0	-66.2%	Below	Below	-12.0%	-9.0%	Below	1.03	↑	MP	↔
50	PHARMANIAGA BHD	1Q21	819.9	793.5	-3.2%	22.4	22.5	0.4%	Within	Within	0.0%	0.0%	Within	2.50	↓	UP	↔
	MEDIA		**6,208.0**	**5,136.7**	**-17.3%**	**653.2**	**511.2**	**-21.7%**	**Mix**	**Mix**	**-23.6%**	**-10.8%**					
51	ASTRO MALAYSIA HOLDINGS BHD	4Q21	4,912.0	4,360.0	-11.2%	657.0	534.0	-18.7%	Within	Within	24.0%	N.A.	Above	1.12	↑	OP	↑
52	MEDIA CHINESE INTERNATIONAL	4Q21	991.8	479.6	-51.6%	29.3	-14.3	-148.8%	Below	Above	-72.0%	N.A.	Above	0.19	↑	MP	↑
53	MEDIA PRIMA BHD	1Q21	238.4	254.5	6.8%	-29.5	5.2	-117.6%	Below	Below	-30.0%	-17.0%	Within	0.69	↑	MP	↑
54	STAR MEDIA GROUP BHD	1Q21	65.8	42.6	-35.3%	-3.6	-13.7	280.6%	Below	Below	-16.4%	-4.6%	Within	0.28	↓	UP	↔
	OIL & GAS		**29,853.0**	**30,927.4**	**3.6%**	**1,097.0**	**2,352.8**	**114.5%**	**Mix**	**Mix**	**-4.1%**	**-7.6%**					
55	BUMI ARMADA BHD	1Q21	552.6	562.7	1.8%	89.8	147.9	64.7%	Above	Above	3.3%	3.0%	Within	0.50	↑	OP	↔
56	DAYANG ENTERPRISE BHD	1Q21	172.1	84.1	-51.1%	13.6	-34.5	-353.7%	Within	Within	0.0%	0.0%	Within	1.80	↑	OP	↑
57	DIALOG GROUP BHD	3Q21	1,763.5	1,087.8	-38.3%	445.1	392.6	-11.8%	Below	Below	-9.5%	-6.3%	Within	3.50	↓	OP	↔
58	MISC BHD	1Q21	2,513.8	2,540.9	1.1%	827.6	454.0	-45.1%	Within	Within	0.0%	0.0%	Within	8.10	↔	OP	↔
59	PETRONAS CHEMICALS GROUP BHD	1Q21	3,891.0	4,675.0	20.1%	393.0	1,328.0	237.9%	Above	Above	51.1%	16.0%	Within	8.90	↑	MP	↔
60	PETRONAS DAGANGAN BHD	1Q21	6,553.9	5,103.3	-22.1%	11.5	184.2	1501.7%	Above	Above	51.4%	12.7%	Within	19.80	↑	MP	↑
61	SAPURA ENERGY BHD	4Q21	6,449.2	5,347.8	-17.1%	-1,325.2	-302.9	-77.1%	Below	Below	0.0%	-8.6%	Within	0.21	↑	OP	↑
62	SERBA DINAMIK HOLDINGS BHD	1Q21	4,528.6	6,014.1										0.95		UP	
63	UZMA BHD	3Q21	406.3	285.4	-29.8%	27.0	20.1	-25.6%	Within	Within	0.0%	0.0%	Within	1.00	↑	OP	↔
64	VELESTO ENERGY BHD	1Q21	176.3	43.9	-75.1%	20.4	-55.9	-374.0%	Below	Below	-141.4%	-100.0%	Within	0.11	↓	UP	↓
65	WAH SEONG CORP BHD	1Q21	326.7	333.4	2.1%	-43.8	-0.7	-98.4%	Within	Within	0.0%	0.0%	Within	0.72	↔	UP	↓
66	YINSON HOLDINGS BHD	4Q21	2,519.0	4,849.0	92.5%	638.0	220.0	-65.5%	Within	Within	0.0%	0.0%	Within	6.95	↔	OP	↔
	PACKAGING MANUFACTURERS		**2,263.2**	**2,264.0**	**0.0%**	**209.9**	**251.8**	**20.0%**	**Within**	**Below**	**-6.8%**	**0.0%**					
67	SCGM BHD	3Q21	160.8	180.8	12.4%	10.2	26.1	155.9%	Within	N.A.	0.0%	0.0%	Within	2.62	↓	OP	↔
68	SCIENTEX BHD	2Q21	1,791.7	1,708.8	-4.6%	181.4	194.1	7.0%	Below	Below	0.0%	0.0%	Within	3.75	↓	MP	↔
69	SLP RESOURCES BHD	1Q21	34.1	46.0	34.9%	4.0	6.0	50.0%	Within	N.A.	-7.0%	N.A.	Within	1.22	↑	OP	↑
70	THONG GUAN INDUSTRIES BHD	1Q21	244.0	282.1	15.6%	18.3	22.7	24.0%	Within	N.A.	3.0%	N.A.	Within	3.38	↑	OP	↔
71	TOMYPAK HOLDINGS BHD	1Q21	32.6	46.3	42.0%	-4.0	2.9	-172.5%	Above	N.A.	-30.0%	N.A.	Within	0.57	↑	MP	↑
	PLANTATION		**22,620.2**	**27,209.8**	**20.3%**	**1,129.5**	**2,372.6**	**110.1%**	**Within**	**Within**	**7.6%**	**3.7%**					
72	FELDA GLOBAL VENTURES HOLDINGS BH	1Q21	2,783.1	3,393.5	21.9%	-156.7	-25.7	-83.6%	Within	Within	0.0%	0%	Within	1.30	↔	MP	↑
73	GENTING PLANTATIONS BHD	1Q21	569.0	536.6	-5.7%	74.2	60.8	-18.1%	Within	Within	0.0%	0%	Within	8.65	↓	MP	↔
74	HAP SENG PLANTATIONS BHD	1Q21	101.9	121.3	19.0%	3.6	22.9	536.1%	Within	Within	0.0%	0%	Within	2.15	↔	OP	↔
75	IJM PLANTATIONS BHD	4Q21	739.1	935.7	26.6%	34.8	122.7	252.6%	Above	Above	34.0%	NEW	Above	2.30	↑	OP	↑
76	IOI CORPORATION BHD	3Q21	5,764.6	7,792.0	35.2%	607.2	712.1	17.3%	Within	Within	0.0%	0.0%	Within	4.20	↓	MP	↓
77	KUALA LUMPUR KEPONG BHD	2Q21	7,881.0	8,809.0	11.8%	358.0	567.0	58.4%	Above	Within	13.0%	7.0%	Within	25.10	↓	OP	↔
78	PPB GROUP BHD	1Q21	1,068.0	1,117.7	4.7%	205.7	351.8	71.0%	Within	Within	0.0%	0%	Within	19.80	↓	MP	↓
79	SIME DARBY PLANTATION BHD	1Q21	3,044.0	3,673.0	20.7%	6.0	495.0	8150.0%	Above	Above	12.0%	12%	Within	5.65	↑	OP	↔
80	TA ANN HOLDINGS BHD	1Q21	252.6	340.6	34.8%	13.1	28.5	117.6%	Above	Within	19.0%	15.0%	Within	3.05	↓	MP	↓
81	TSH RESOURCES BHD	1Q21	209.1	198.7	-5.0%	12.4	16.8	35.5%	Within	Below	0.0%	0%	Within	0.97	↓	UP	↓
82	UNITED MALACCA BHD	3Q21	207.8	291.7	40.4%	-28.8	20.7	-171.9%	Above	Above	6.0%	3.0%	Within	5.30	↔	MP	↔
	PROPERTY		**5,562.7**	**6,029.3**	**8.4%**	**641.5**	**776.0**	**21.0%**	**Within**	**Within**	**-26.3%**	**-13.2%**					
83	ECO WORLD DEVELOPMENT GROUP BHI	1Q21	537.9	507.4	-5.7%	36.5	62.5	71.2%	Within	Within	0.0%	0.0%	Within	0.66	↑	MP	↔
84	IOI PROPERTIES GROUP BHD	3Q21	1,505.9	1,830.0	21.5%	445.3	475.7	6.8%	Within	Within	0.0%	0.0%	Within	1.32	↔	MP	↔
85	MAH SING GROUP BHD	1Q21	371.1	413.3	11.4%	11.7	39.5	237.6%	Within	Within	0.0%	0.0%	Within	1.05	↔	OP	↔
86	MALAYSIAN RESOURCES CORP BHD	1Q21	425.8	226.7	-46.8%	15.6	5.2	66.7%	Below	Below	-82.0%	-37.0%	Within	0.65	↔	OP	↔
87	SIME DARBY PROPERTY BHD	1Q21	476.7	589.5	23.7%	8.2	61.8	653.7%	Within	Within	0.0%	0.0%	Within	0.61	↑	MP	↔
88	SP SETIA BHD	1Q21	702.7	1,052.8	49.8%	-43.1	40.4	-193.7%	Within	Within	-16.0%	0.0%	Within	1.19	↑	OP	↑
89	SUNWAY BHD	1Q21	971.4	1,016.7	4.7%	62.4	58.2	-6.7%	Below	Below	-58.0%	-29.0%	Within	1.77	↑	MP	↔
90	UEM SUNRISE BHD	1Q21	195.9	252.7	29.0%	-21.9	-4.3	-80.4%	Below	Below	-34.0%	-13.0%	Within	0.40	↓	UP	↔
91	UOA DEVELOPMENT BHD	1Q21	375.3	140.2	-62.6%	126.8	37.0	-70.8%	Below	Below	-47.0%	-40.0%	Within	1.76	↔	MP	↔
	REITS		**1,238.9**	**971.2**	**-21.6%**	**555.6**	**376.2**	**-32.3%**	**Within**	**Within**	**-3.3%**	**-2.1%**					
92	AXIS REAL ESTATE INVESTMENT	1Q21	56.4	58.4	3.5%	30.2	32.2	6.6%	Within	Within	0.0%	0.0%	Within	2.30	↑	OP	↔
93	CAPITAMALLS MALAYSIA TRUST	1Q21	74.5	56.7	-23.9%	20.1	7.6	-62.2%	Below	Below	-9%	-15.0%	Within	0.61	↑	MP	↔
94	IGB REIT	1Q21	125.0	99.4	-20.5%	68.4	43.7	-36.1%	Within	Within	0.0%	0.0%	Within	1.90	↑	OP	↑
95	KLCC STAPLED GROUP	1Q21	355.0	282.0	-20.6%	176.0	151.0	-14.2%	Within	Within	0.0%	0.0%	Within	8.15	↑	OP	↑
96	SENTRAL REIT	1Q21	41.7	41.0	-1.7%	19.8	20.7	4.5%	Within	Within	0.0%	0.0%	Within	0.98	↑	OP	↔
97	PAVILION REIT	1Q21	134.3	126.2	-6.0%	34.6	31.3	-9.5%	Within	Within	0.0%	0.0%	Within	1.40	↑	MP	↑
98	SUNWAY REAL ESTATE INVESTMENT	3Q21	452.0	307.5	-32.0%	206.5	89.7	-56.6%	Within	Within	-14.0%	0.0%	Within	1.45	↑	MP	↑

** Note: Yellow highlighted results have yet to be released*

Source: Bursa Malaysia, Bloomberg, Kenanga Research

Recent Reported Results vs. Our Expectations and Market Consensus (3 of 3)

No.	Company	Period under review	Cumulative Revenue (RM'm)			Cumulative NP (RM'm)			Against estimates		Earnings revision quantum (%)		Dividends against KNK estimates	Target Price (RM)		Call	
			FY20/21	FY21/22	YoY % Chg	FY20/21	FY21/22	YoY % Chg	KNK	Mkt	FY21/22	FY22/23					
	RUBBER GLOVES		**7,177.1**	**24,300.5**	**238.6%**	**851.5**	**12,058.2**	**1316.1%**	**Mix**	**Mix**	**9.0%**	**2.8%**					
99	HARTALEGA HOLDINGS BHD	4Q21	2,924.0	6,695.9	129.0%	433.6	2,885.4	565.5%	Below	Below	-12%	0.0%	Within	15.76	↓	OP	↔
100	KOSSAN RUBBER INDUSTRIES BHD	1Q21	611.5	2,192.1	258.5%	64.8	1,091.8	1584.9%	Above	Above	37%	0.0%	Within	5.84	↓	OP	↔
101	SUPERMAX CORP BHD	3Q21	1,202.7	5,288.7	339.7%	126.0	2,854.2	2165.2%	Below	Below	-6%	-6.0%	Within	6.49	↓	OP	↔
102	TOP GLOVE CORP BHD	2Q21	2,438.9	10,123.8	315.1%	227.1	5,226.8	2201.5%	Above	Above	17%	17.0%	Within	6.49	↓	OP	↔
	SIN		**1,586.9**	**1,646.3**	**3.7%**	**180.8**	**202.6**	**12.1%**	**Within**	**Within**	**0.0%**	**0.0%**					
103	BRITISH AMERICAN TOBACCO BHD	1Q21	481.1	566.6	17.8%	50.8	63.1	24.2%	Within	Within	0.0%	0.00%	Within	14.80	↑	MP	↑
104	CARLSBERG BREWERY MALAYSIA BHD	1Q21	589.9	532.0	-9.8%	73.0	66.5	-8.9%	Within	Within	0.0%	0.0%	Below	24.10	↓	OP	↔
105	HEINEKEN MALAYSIA BHD	1Q21	515.9	547.7	6.2%	57.0	73.0	28.1%	Within	Within	0.0%	0.0%	Within	25.15	↑	MP	↔
	TELECOMMUNICATION		**12,604.2**	**12,765.4**	**1.3%**	**953.6**	**1,147.1**	**20.3%**	**Within**	**Within**	**5.6%**	**8.2%**					
106	AXIATA GROUP BHD	1Q21	6,037.0	6,064.0	0.4%	125.0	218.0	74.4%	Within	Within	3%	14.0%	Within	4.20	↓	OP	↔
107	DIGI.COM BHD	1Q21	1,560.0	1,550.0	-0.6%	295.0	288.0	-2.4%	Above	Within	22%	20.0%	Above	3.75	↑	MP	↔
108	MAXIS BHD	1Q21	2,341.0	2,228.0	-4.8%	362.0	340.0	-6.1%	Within	Within	-5%	-3.0%	Below	4.90	↔	MP	↔
109	OCK GROUP BHD	1Q21	109.2	113.4	3.8%	5.6	7.1	26.8%	Within	Within	6%	5.0%	Within	0.59	↑	OP	↑
110	TELEKOM MALAYSIA BHD	1Q21	2,557.0	2,810.0	9.9%	166.0	294.0	77.1%	Within	Within	2%	5.0%	Within	7.00	↑	OP	↔
	TECHNOLOGY		**4,951.6**	**5,334.8**	**7.7%**	**276.0**	**531.0**	**92.4%**	**Within**	**Within**	**-3.7%**	**-1.4%**					
111	D&O GREEN TECHNOLOGIES BHD	1Q21	118.2	205.7	74.0%	3.9	26.5	579.5%	Within	Within	0.0%	0.0%	Within	5.50	↑	OP	↔
112	INARI AMERTRON BHD	3Q21	824.6	1,067.4	29.4%	120.3	238.9	98.6%	Within	Within	0.0%	0.0%	Within	4.00	↔	OP	↔
113	JHM CONSOLIDATION BHD	1Q21	256.8	251.0										2.35		MP	
114	KELINGTON GROUP BHD	1Q21	84.7	104.8	23.7%	4.1	5.5	34.1%	Within	Within	0.0%	0.0%	Within	2.60	↓	OP	↔
115	KESM INDUSTRIES BHD	3Q21	194.7	190.2	-2.3%	3.4	5.5	61.8%	Below	Below	-32.0%	-16.0%	Within	12.00	↑	MP	↔
116	MALAYSIAN PACIFIC INDUSTRIES BHD	3Q21	1,451.1	1,159.1	-20.1%	103.9	196.7	89.3%	Above	Above	6.0%	6.0%	Within	47.50	↑	OP	↔
117	P.I.E. INDUSTRIAL BHD	1Q21	246.9	263.2	6.6%	35.1	12.1	-65.5%	Within	Within	0.0%	0.0%	Within	4.00	↔	OP	↔
118	SKP RESOURCES BHD	4Q21	1,400.7	1,838.2										3.00		OP	
119	UNISEM (M) BHD	1Q21	373.9	255.2	-31.7%	5.3	45.8	764.2%	Within	Within	0.0%	0.0%	Within	10.00	↔	OP	↔
	TRANSPORT & LOGISTICS		**5,394.3**	**2,917.8**	**-45.9%**	**-657.1**	**-732.5**	**11.5%**	**Mix**	**Mix**	**-18.3%**	**1.2%**					
120	AIRASIA GROUP BHD	1Q21	2,312.0	298.2	-87.1%	-803.8	-767.4	-4.5%	Below	Below	28.0%	0.0%	Within	0.70	↑	UP	↔
121	MALAYSIA AIRPORT HOLDINGS BHD	1Q21	933.8	336.9	-63.9%	-20.4	-221.3	984.8%	Below	Below	-240.0%	-7.0%	Within	7.00	↑	OP	↔
122	MMC CORP BHD	1Q21	1,086.8	1,143.7	5.2%	57.9	105.9	82.9%	Within	Within	0.0%	0.0%	Within	1.05	↔	MP	↓
123	PERAK TRANSIT BHD	1Q21	29.7	35.5	19.5%	8.6	13.4	55.8%	Within	Within	7.0%	5.0%	Above	1.15	↑	OP	↔
124	POS MALAYSIA BHD	1Q21	558.5	595.3	6.6%	-52.2	-51.4	-1.5%	Below	Below	95.4%	9.2%	Within	0.80	↓	MP	↔
125	WESTPORTS HOLDINGS BHD	1Q21	473.5	508.2	7.3%	152.8	188.3	23.2%	Within	Within	0.0%	0.0%	Within	4.20	↔	MP	↔
	UTILITIES		**25,373.4**	**23,735.2**	**-6.5%**	**2,200.6**	**2,531.1**	**15.0%**	**Mix**	**Mix**	**3.4%**	**8.0%**					
126	GAS MALAYSIA BHD	1Q21	1,606.2	1,152.7	-28.2%	47.9	55.6	16.1%	Within	Within	0.0%	0.0%	Within	2.91	↔	OP	↔
127	MALAKOFF CORPORATION BHD	1Q21	1,774.0	1,351.2	-23.8%	89.2	60.4	-32.3%	Below	Below	-11.3%	0.0%	Within	1.05	↔	OP	↔
128	PESTECH INTERNATIONAL BHD	3Q21	597.0	657.4	10.1%	39.3	41.2	4.8%	Below	N.A.	0.0%	0.0%	Above	1.39	↓	OP	↔
129	PETRONAS GAS BHD	1Q21	1,396.1	1,340.0	-4.0%	520.0	554.3	6.6%	Above	Above	0.0%	0.0%	Within	17.06	↑	OP	↑
130	TENAGA NASIONAL BHD	1Q21	11,654.5	11,478.0	-1.5%	1,205.0	1,473.8	22.3%	Within	Within	0.0%	0.0%	Within	11.76	↓	OP	↔
131	YTL POWER INTERNATIONAL BHD	3Q21	8,345.6	7,755.9	-7.1%	299.2	345.8	15.6%	Above	Above	31.9%	47.8%	Above	0.90	↑	OP	↑
	Total/Average		**230,721.8**	**254,465.6**	**10.3%**	**19,953.6**	**35,476.6**	**77.8%**	**Within**	**Within**	**-3.7%**	**2.0%**					

** Note: Yellow highlighted results have yet to be released*

Source: Bursa Malaysia, Bloomberg, Kenanga Research

Appendix 3

Sector commentaries

Sector	Brief Results Review	Forward Expectation / Outlook	Stock Call
Automotive	**Generally in-line.** For 1QCY21 reporting season, almost all came within expectations (DRBHCOM, MBMR, SIME, TCHONG and UMW) except for one (BAUTO) which was affected by ending of its warranty promotion and MCO 2.0. Overall, all Automotive players recorded significant increase in profit buoyed by sales exemption sales, albeit weaker QoQ following the implementation of MCO 2.0 in January 2021 and partly due to the much higher demand towards the end of last year as consumers were rushing to purchase cars ahead of the anticipated end of the SST on 31 December 2020 (which was subsequently extended until 30 June 2021).	**Looking forward to 2QCY21**, we expect most of the auto players to chart a slower drive with total lockdown in June 2021 and all the marques' show rooms, vehicle productions and deliveries temporarily closed, halted and delayed for the Phase 1 period. We still believe the new volume-driven launches could help spur sales along with overflowing back-logged bookings and further boosted by the extension of SST exemption until end of the year, and seasonal promotions in 2HCY21. **Maintain NEUTRAL with 2021 TIV target of 545k units (+3% YoY)**	**OP** • DRBHCOM (OP ↔; TP:RM2.20↔) • MBMR (OP ↔; TP: RM3.50↔) **MP** • BAUTO (MP ↔; TP: RM1.30↔) • SIME (MP ↔; TP: RM2.35↔) • TCHONG (MP ↔; TP: RM1.10↔) • UMW (MP↔; TP: RM3.10 ↔)
Aviation	The recently reported 1QFY20 result saw both AirAsia and Malaysia Airport coming in below expectations due to lower-than-expected passengers carried arising from worse-than-expected prolonged Movement Control Order (MCO) and interstate travel ban. However, QoQ, both AirAsia and Malaysia Airports registered narrower losses due to lower operatings expenses from cost containment strategy.	**Maintain Neutral.** The availability of vaccines has renewed optimism for air travel to return to normal sooner than expected, and we expect air travel to improve at a gradual pace starting from 2H 2021. The yet to be signed Operating Agreement (OA) could be an impetus as a re-rating catalyst for MAHB. No changes to our FY21E earning forecast. For the sector, we prefer Malaysia Airport Holdings Berhad (MAHB), being a monopolistic airport operator in the country.	**OP** • AIRPORTS (OP ↔; TP: RM7.00 ↔) **UP** • AIRASIA (UP ↔; TP: RM0.70↔)
Banking	1QCY21 reporting season was a mixed bag as we saw 2 earnings surprises (CIMB and MAYBANK) and 2 disappointments (AMBANK and MBSB). Our coverages performed within our expectations (ABMB, AFFIN, BIMB, HLBANK, PBBANK, RHBBANK). CIMB's better performance was thanks to better NOII derivative income, though this could wane off in the coming periods. Meanwhile, MAYBANK registered stronger results as its repriced deposits generated much lower cost of funds, hence better-than-expected NIMs. On the flipside, AMBANK and MBSB disappointed as they book larger-than-expected impairments allowances to buffer against Covid-19 uncertainties. Broadly, most banks have repriced their products fully to reflect the stable OPR of 1.75% with most banks seeing easing cost of funds. CIRs have also taken a step back with physical operations being leaner to accommodate more remote working arrangements. At the same time,	Maintain OVERWEIGHT with preference to quality banks to ride through prolonged uncertainties from Covid-19. The ongoing lockdown could push low quality assets to default, which are typical for smaller banks with higher GIL ratios. Top preferences are MAYBANK and RHBBANK for solid ROEs and dividend yields under current market environments	**OP** • BIMB (OP ↔; TP: RM5.15 ↔) • MAYBANK (OP ↔; TP: RM10.75 ↑) • PBBANK (OP ↑; TP: RM4.40 ↔) • RHBBANK (OP ↔; TP: RM6.25 ↔) **MP** • ABMB (MP ↑; TP: RM2.40 ↑) • CIMB (MP ↑; TP: RM4.00 ↑) • HLBANK (MP ↔; TP: RM17.80 ↔) • MBSB (MP ↔; TP: RM0.650 ↓) **UP** • AFFIN (UP ↔; TP: RM1.35 ↔) • AMBANK (UP ↔; TP: RM2.45 ↑)

Sector	Brief Results Review	Forward Expectation / Outlook	Stock Call
	having frontloaded most of their provisions in 4QCY21, impairments reported were much lighter in this reporting quarter.		
Banking – Non-banking Financial Institutions	Generally, in line. The stocks' performances in NBFI universe were generally in line with the exception of Bursa exceeding expectations on renewed share trading interest on certain sectors on account of the prolonged pandemic. Post results however, we reiterate Takaful and LPI at OUTPERFORM premised on the gradual economic recovery given the vaccination roll-out and their undemanding valuations. For the rest, Neutral call maintained; AEON with higher TP of RM13.05 (on higher PER given the vaccine roll-out) with Bursa retained at MARKET PERFORM with a lower TP as we expect normalizing ADV volumes on account of the positive vaccine developments.	Generally, we view the NBFIs benefitting from the vaccine developments and Budget 2021 with the exception of Bursa. Given the gradual recovery momentum with the vaccine roll-out we upgrade the sector to OUTPERFORM.	**<u>OP</u>** • TAKAFUL (OP ↔; TP: RM5.85 ↓) • LPI (OP ↔ ; TP: RM15.10 ↔) **<u>MP</u>** • AEONCR (MP ↔; TP: RM13.05 ↑) • BURSA (MP ↔; TP: RM8.80 ↓)
Building Materials	PMETAL's 1QFY21 results met expectation with 1QFY21 core profit of RM220.5m hitting a record high on the back of 9% hike in aluminium prices sequentially. However, earnings could have been higher if not for sales volume which dropped 5% given the logistic problem which led to a small 1% drop in revenue. In addition, raw material cost i.e. alumina price only increased by 4% which helped to expand earnings. Meanwhile, both steel counters (Ulicorp, Annjoo) came in above mainly due to the sharp rise in steel prices which brought about higher-than-expected margins from the inventory lag effect.	**Reiterate OVERWEIGHT.** After a record 1QFY21, we believe the best is yet to come for PMETAL given that current aluminium prices are still >+10% over 1QFY21 levels. Aluminium prices are expected to stay high in the near term on upcoming tight supply trailing behind high demand as economies reopen. YTD, average aluminium price of USD2,247/MT and currently above USD2,300/MT are well above our FY21/FY22 price assumptions of USD2,050-2,100/MT. As such, there is still an upside to our forecasts. Ulicorp is expected to register stronger margins ahead as they (i) command further pricing power within the cable support systems space as competition fades during the Covid-19 crisis and (ii) undergo plant expansion with further automation. With dividend yields of >10%, we continue to advocate the name in the cyclical steel space. However, the same cannot be said for Annjoo, the long steel player under our coverage. We expect Annjoo's earnings to come off in the subsequent quarters as long steel prices are faltering after the Chinese government steps in to curb the rising prices. With share price having a meteoric rise YTD (+61%) we foresee more risk than reward at this juncture.	**<u>OP</u>** • PMETAL (OP ↔; TP: RM6.50 ↔) • ULICORP (OP ↔; TP: RM2.00 ↑) **<u>UP</u>** • ANNJOO (UP ↔; TP: RM1.60 ↑)

Sector	Brief Results Review	Forward Expectation / Outlook	Stock Call
Construction	**Resurgence foils recovery.** 7 out of 10 contractors came below expectations largely due to our overly optimistic recovery projections set out earlier in the year which can no longer pan out given the harsher lockdowns (MCO 3.0, FMCO) imposed which will impede construction productivity and progress billings. The only contractor which came above is IJM largely attributable to stronger contributions from its plantation division IJMPLNT.	**The longer the pandemic drags, the less fiscal space for infra spending.** With every lockdown requiring further direct injection, the less debt can be raised by the government before hitting the statutory debt limit of 60%. We foresee greater responsibility to be shouldered by contractors with debt heardroom to take on PFIs - Gamuda, IJM, MRCB. **Pain before gain.** At this juncture, we continue to remain optimistic, albeit more cautiously. We believe the harsh lockdowns and vaccination drives to achieve herd immunity will help the contractors see a strong rebound once everything is brought under control. **Contract roll-outs will likely be deferred** until cases comes off with economic activities resuming. However, once over, visibility for construction jobs for the next 5 years would be clear with 12MP. Among key mega projects we are anticipating for further details are MRT3, Pan Borneo Sabah, and Sabah Sarawak Link Road. **Keep OVERWEIGHT premised on a strong rebound in earnings and contract roll-outs ahead.**	**OP** • GAMUDA (OP ↔; TP: RM4.17 ↔) • HSL (OP ↔; TP: RM1.20 ↔) • KERJAYA (OP ↔; TP: RM1.75 ↔) • KIMLUN (OP ↔; TP: RM1.30 ↓) • MUHIBAH (OP ↔; TP: RM1.25 ↔) • SUNCON (OP ↔; TP: RM1.85 ↓) • IJM (OP ↔; TP: RM2.20 ↔) • WCT (OP↔ ; TP: RM0.640 ↓) **UP** • GKENT (UP ↔; TP: RM0.560 ↔) • MITRA (UP ↔; TP: RM0.205 ↓)
Consumer	A mixed bag of positive bias. The sector remained positive in this reporting quarter despite the prolonged pandemic with 69% of the stocks reporting above/within expectations results. Only AMWAY was above, with AEON, MYNEWS, PADINI and PWROOT below, expectations. The rest were within expectations. 7-11, MYNEWS and PADINI were hit by lower footfalls given the prolonged pandemic with PWROOT dragged by its weak export on account of the pandemic. AMWAY was above given strong growth from its health products underpinned by strong growth in ABOs.	Premised on a resurgence in the pandemic with a challenging vaccination roll-out, we maintain the sector at NEUTRAL. While we acknowledge that earnings will be challenging in 2QCY21 we are cautiously optimistic on pent-up demand in 2HCY21 premised on easing of movements in tandem with the full-blown vaccination roll-out coupled with historically strong demand in the festive season in 4QCY21. We have an OP call for AMWAY, F&N, MYNEWS, PADINI premised on gradual recovery and solid balance sheet. OP on CARLSBERG given its inelastic beer demand (pre-COVID) & sturdier Singapore operation) with PWROOT at OP premised on better recovery ahead from its exports, and QL at OP on its diversified revenue stream	**OP** • AMWAY (OP ↑; TP: RM5.90 ↑) • CARLSBG (OP↔; TP: RM24.10 ↓) • F&N (OP ↑; TP: RM33.15↑) • MYNEWS (OP↑; TP: RM1.00 ↑) • PADINI (OP↔; TP: RM3.60↑) • PWROOT (OP ↑; TP: RM1.90 ↑) • QL (OP↑; TP: RM6.90 ↑) **MP** • AEON (MP ↓; TP: RM1.20 ↓) • BAT (MP ↓; TP: RM14.80↑) • HEIM (MP↔; TP: RM25.15 ↑) • DLADY (MP ↔; TP: RM35.65 ↑) • NESTLE (MP ↔ TP: RM142.90 ↑) • SEM (MP ↓; TP: RM1.50 ↓)
Gaming	A disappointing quarter. In a quarter already highly expected to be weak owing to MCO 2.0 closures, 1QCY21 results for gaming stocks came weaker-than-expected with only	With the nationwide MCO 3.0 from 12 May and the full lockdown from 01 Jun, all gaming activities are closed down which will hit the industry players badly again after the MCO	**OP** • BJTOTO (OP ↔; TP: RM2.45 ↔) • GENM (OP ↔; TP:

Sector	Brief Results Review	Forward Expectation / Outlook	Stock Call
	BJTOTO's 3QFY21 results meeting forecasts. MCO 2.0 lockdown hit GENM's 1QFY21 results missed forecasts as losses widened to RM426.3m from RM152.6m in the preceding quarter. Meanwhile, losses for its UK unit were fairly flattish as all land-based casinos were still closed while earnings for its North America unit also remained flat following the re-opening of RWNYC operations in early Sep last year. This led GENTING's 1QFY21 sinking into the red again with core loss of RM109.2m. In addition, GENS saw weaker earnings in the absence of one-off items while GENP also reported lower earnings as its downstream turned to losses which added pressure to GENTING. In all, we expect GENM to post a net loss of RM175.9m in FY21 from RM390.9m previously as MCO 3.0 delayed an expected earnings recovery. We also cut FY22E earnings by 15% but keep NDPS unchanged. Thus, TP is reduced to RM3.00 from RM3.35 with an unchanged OP rating. Following this, GENTING's FY21E/FY22E earnings are cut by 40%/7% with unchanged NDPS. New TP is RM5.58 and still an OP. For the NFO players, MAGNUM's 1QFY21 net profit which plunged 81% QoQ to RM7.5m came in weaker than expected as ticket sales declined 27%, affected heavily by the outlets closure due to MCO 2.0. Post-result, we reduced FY21E/FY22E earnings by 27%/7% on the back of lower ticket sales assumption. As such, TP is cut to RM2.05 from RM2.15. It is in the price, keep MP. Lastly, BJTOTO is the only gaming stock reported in-line results with 3QFY21 net profit falling 71% to RM18.7m. Thus no changes to OP/TP: RM2.45/estimates.	1.0 last year but we believe the magnitude of seriousness this round likely to be lesser. Besides Malaysia, Singapore also went into movement restriction given the resurgence of cases in the island state. However, on the bright side, the UK and USA operations are reopened as the high vaccination rates helped to curb the infection and fatality rates. As such, we are of the opinon that with vaccination progress improving back home, we should see a meaningful recovery toward the later part of 2HCY21 before a full recovery in 2022 as vaccination should be in the advanced stage by then. Therefore, this sector remains as a good proxy for recovery play with NFO players offering attractive yields of >5%. We keep our OVERWEIGHT rating for the sector.	RM3.00 ↓) • GENTING (↔; TP: RM5.58 ↓) **MP** • MAGNUM (MP ↔; TP: RM2.05 ↓)
Healthcare	The just concluded 1QCY21 results season saw IHH and Pharmaniaga came in within expectations. However, KPJ came in below due to lower-than-expected patients. IHH recorded a solid 1QFY21 on the back of India and Acibadem registered second consecutive quarterly profits.	Neutral. We like IHH for its strong management, well diversified earnings base across several markets and turnaround to profitability for India and Acibadem. Although patient volume is impacted by the resurgence of COVID-19 cases across the globe and by the various movement restrictions implemented, the Group's diversified earnings base across 10 markets provides it more resilience as key markets are at different phases of the COVID-19 pandemic. The Group took pro-active initiatives to partially mitigate the effects of lower patient volumes by improving case-mix and by providing COVID-19 screening services. COVID-19 related services contributed between 5% - 17% of 1QFY21 revenues from the Group's operations in its home markets. In Malaysia, the Group's hospitals will allocate approximately 10% of bed capacity to treat COVID-19 patients and in May, that was increased to	**OP** • IHH (OP ↔; TP: RM6.05 ↔) **MP** • KPJ (MP ↔; TP: RM1.03 ↔) **UP** • PHARMA (UP ↔; TP: RM2.50 ↔)

Sector	Brief Results Review	Forward Expectation / Outlook	Stock Call
		13% and of also more than doubling of ICU beds committed for COVID-19 patients. We highlight that foreign patient revenues at the Group's hospitals in Turkey have exceeded pre-COVID-19 levels since 4QFY20 after Turkey reopened its borders on June 2020. The group is hopeful and targeting EBITDA breakeven in Gleneagles HK. In India, the group will continue to drive cost savings and ramped up productivity and increase bed occupancy ratio currently averaging at 60%. In India, specifically, non-COVID-19 related activities saw month-on-month recovery on inpatient admission. However, KPJ remains a Market Perform due to its lack of re-rating catalyst and the new hospitals under gestation period could continue to be a drag to earnings.	
Media	**Results were mainly below expectations** with MEDIA, STAR and MEDIAC performing weaker than expected with Astro being the only media player to perform within expectations. Despite performing weaker than expected against bullish expectation for advertising revenue, MEDIA still remained profitable for a third consecutive quarter. On the other hand, our UNDERPERFORM call on STAR remains as the group continued to make losses with 1QFY21 reporting a loss of RM13.7m which is almost 50% of losses the group made back in MCO 1.0 in 2020.	**Maintain NEUTRAL.** With MCO 3.0 and a 2-week full lockdown implemented in 2QCY21, we believe this may badly affect the adex industry which is very much correlated to the economy, thus, with businesses closed and cutting down on marketing as well as consumers holding back on spending in times of crises, this may negatively affect the media players in 2QCY21. However, the government is currently working on ramping up efforts to achieve herd immunity by setting up more vaccination centres, involving private hospitals and clinics in the vaccination programme and many more. With that said, we stand by our view that 2HCY21 will be a better outlook for the media players as Malaysia works towards achieving hear immunity at a faster pace as well as media players practising cost rationalisation.	**OP** • ASTRO (OP↔; TP: RM1.12↑) **MP** • MEDIA (MP↓; TP: RM0.690↓) • MEDIAC (MP↔; TP: RM0.185↓) **UP** • STAR (UP↔; TP: RM0.280↓)
MREITs	**Mostly within expectations, 1QCY21 weakened by MCO 2.0**. MREITs with prime malls (namely PAVREIT, IGBREIT, SUNREIT) reported results that came in broadly within as we anticipated stronger quarters ahead as 1QCY21 was dampened by MCO 2.0 as expected. Meanwhile, our TOP PICKs AXREIT and KLCC, and our other OP call SENTRAL's results were solid, coming in at c.23-26% of our estimates while CMMT came in below. As a result, we trimmed CMMT's earnings by 9%, while SUNREIT's FP21E earnings cut by 14% in anticipation of a weaker quarter ahead as the Covid-19 situation has worsened in late May 2021 when SUNREIT's results were announced.	**2QCY21 should see earnings improving, followed by a weaker 3QCY21.** We initially anticipated a better 2H 2021, but in light of the fluid Covid-19 situation, it appears that the worsening situation in May 2021 which led to a full 2-week lockdown starting 1st June 2021 (MCO 4.0) would impact 3QCY21 earnings. Furthermore, we believe that MCO 4.0 may extend beyond the 2-week period. Most malls would be operating at 15-25% of NLA; and using MCO 1.0 as a benchmark, we could potentially trim FY21E earnings for retail MREITS by 8-52% with the weakest being CMMT (-52%) and KLCC at (-8%). Our preferred picks AXREIT and SENTRAL are expected to maintain mildly positive earnings growth. **Maintain NEUTRAL** as earnings weaknesses are short lived while our valuations are more forward looking,	**OP** • AXREIT (OP↔ ; TP: RM2.30 ↑) • KLCC (OP ↔; TP: RM8.15 ↑) • GBREIT (OP ↔; TP: RM1.90↑) • SENTRAL (OP ↔; TP: RM0.975 ↑) **MP** • CMMT (MP ↔; TP: RM0.605 ↓) • PAVREIT (MP↔; TP: RM1.40 ↔) • SUNREIT (MP ↔; TP: RM1.45 ↓)

Sector	Brief Results Review	Forward Expectation / Outlook	Stock Call
		and as such our FY22E CNP should remain intact for now. We believe the imposition of a full lockdown is necessary and is a positive to curb the worsening Covid-19 situation, and coupled with a speed up in the roll-out of the national vaccination plan in coming months should bode well for the retail sector. As such, our FY22E numbers remain unchanged. However, we may look to increase our spreads to the 10-year MGS of 3.3% to +1SD from (+0.5SD for retail MREITs) to account for the uncertainty to earnings in the near term, but maintain the average SD for more stable REITs (i.e. AXREIT and SENTRAL),	
Oil & Gas	Within our sector coverage universe, only three companies reported results that were deemed below expectations during this results season. While this is a slight deterioration from last quarter's two, we still deem this quarter to be largely satisfactory. Do note that only 11 of our 12 coverages had reported their financial results, as SERBADK had opted to announce their results in June 2021. Among the disappointers include: (i) DIALOG, which disappointed for a second consecutive quarter, bucking its trend of historically being a company which usually delivers in terms of earnings growth, (ii) SAPNRG, given delays in activities, and (iii) VELESTO, dragged by weak rig utilisations. Meanwhile, DAYANG and WASEONG also reported weak 1QCY21 numbers, but were deemed to be broadly within expectations in hopes of better quarters ahead in the year. We will have to also keep a watchful eye on these names. As for positive surprises, these include ARMADA, on the back of higher Kraken FPSO uptime, and the two Petronas-named counters, namely PETDAG and PCHEM, on the back of the recovery in crude oil prices leading to an expansion in product margin spreads. However, we note that given stabilising oil prices, we believe margin spreads will normalise in the coming quarter, especially for PETDAG, which will also suffer from weak volume sales given the imposition of tighter movement restrictions. Post results, changes to our calls include: (i) PETDAG, upgraded from UP to MP, given the strong 1Q21 earnings, and	The strong rebound in crude oil prices in 1QCY21 is expected to inspire confidence for the revival of activity levels. However, given the resurging Covid-19 pandemic, and stricter movement controls, oil majors may find it challenging to rapidly ramp up activity levels at this juncture. As seen in Petronas Group's results, despite the healthy crude oil prices nursing the group's bottom-line into profitability during the quarter, the group saw a drop of 39% QoQ/21% YoY in capex spending to RM6.7b in 1QCY21, with the group finding it difficult to increase project spending given the pandemic and movement restrictions. This was in contradiction to the group's earlier guidance that it would seek to increase capex investments to RM40-45b per annum for the next five years (from RM33b in 2020). As such, we believe the prolonged pandemic may pose as challenges for a ramp-up of activities, and may see a trickle-down effect on service contracts and asset providers across the board to see slower job flows. Meanwhile, while downstream counters e.g. PCHEM, PETDAG, LCTITAN managed to benefit from the jump in oil prices in 1QCY21, we believe the stabilisation in the underlying oil price may lead to a normalisation in margins for the coming quarter. This is especially true for counters such as LCTITAN and PETDAG, given their floating feedstock cost, while PCHEM may continue to enjoy elevated margins as its feedstock cost is relatively more fixed. Overall, we maintain NEUTRAL on the sector, but with no outright top picks for this quarter. Nonetheless, traders seeking for trading ideas may look to bargain hunt from our list of	**OP** • ARMADA (TP: RM0.50) • DAYANG (TP: RM1.80) • DIALOG (TP: RM3.50) • MISC (TP: RM8.10) • SAPNRG (TP: RM2.10) • UZMA (TP: RM1.00) • YINSON (TP: RM6.95) **MP** • PCHEM (TP: RM8.90) • PETDAG (TP: RM19.80) **UP** • SERBADK (TP: RM0.95) • VELESTO (TP: RM0.11) • WASEONG (TP: RM0.72)

Sector	Brief Results Review	Forward Expectation / Outlook	Stock Call
	(ii) WASEONG, downgraded from MP to UP, as we believe fundamentals have run ahead of its share price. Non-results related, we have also downgraded SERBADK by two notches to UP, from OP previously, given issues with its auditors KPMG, putting its reported financials into uncertainty.	OP calls, given their relatively attractive valuations coupled with the prospects of potential recovery, with MISC as a blue-chip dividend play.	
Plantation	A decent quarter where out of 11* plantation companies under our coverage, 5 exceeded our forecasts (4QCY20: 8), none missed our forecasts. For consensus 1 missed (4QCY20: 1), while 3 exceeded (4QCY20: 4) expectations. YoY, the planters reported a median earnings improvement of 71% for 1QCY21 on higher average CPO realised price (+20%), while average FFB output was flat. QoQ, despite higher average CPO price (+11%), planters registered median earnings decline (-14%) due to lower average FFB output (-19%). This round, we adjusted FY21-22E earnings by a mean of 7-4%. * UMCCA - FYE Apr, results release in June	Generally, we expect sequential 2QCY21 earnings improvement on higher CPO price (QTD 2QCY21 MPOB: +12% QoQ) alongside seasonal production recovery. From what we understand, planters are seeing plenty of fruits on the trees in both Malaysia and Indonesia, alluding to strong production in June-July 2021. For Malaysia, we believe Sabah will likely register the strongest production recovery in 2QCY21. For as long as CPO price remains elevated, the preference for upstream-centric Malaysian planters (which can fully capitalise on higher CPO price) remains. Indonesia's upstream planters' realised CPO price continues to be capped due to its biodiesel levy and export tax structure. Should the biodiesel levy and export tax structure be lowered, the Indonesia-Malaysia realised CPO price discount will narrow, making Indonesian upstream-centric planters the key winners. However, CPO price has recently shown some weakness - declining c.10% from its mid-May peak. As production picks up in 2Q-3Q, we expect the build-up in inventory levels to continue pressuring CPO price. In such an environment, integrated players will be better picks to weather through the price volatility. **Stay NEUTRAL on the planation sector with a CY21 CPO price forecast of RM3,000/MT.**	**OP** • HSPLANT (OP ↔; TP: RM2.15 ↔) • IJMPLNT (OP↑; TP: RM2.30 ↑) • KLK (OP ↔; TP: RM25.10 ↓) • SIMEPLT (MP ↔; TP: RM5.50 ↑) **MP** • FGV (MP ↔; TP: RM1.30 ↔) • GENP (MP ↔; TP: RM9.50 ↓) • IOICORP (MP ↔; TP: RM4.20 ↓) • PPB (MP ↓; TP: RM19.80 ↓) • TAANN (MP ↔; TP: RM3.05 ↑) • UMCCA (MP ↔; TP: RM5.30 ↔) **UP** • TSH (UP ↔; TP: RM0.970 ↓)

Sector	Brief Results Review	Forward Expectation / Outlook	Stock Call
Plastic & Packaging	**A mixed bag.** Against our estimates, Tomypak surpassed, TGUAN, SCGM and SLP came in within, while Scientex came below. Scientex and SCGM both last reported in March and May 2021, respectively, and will have their next results released in June 2021. Tomypak delivered a positive bottom-line due to better sales volume in both local and export markets, relief on freight issue and cost efficiency. TGUAN maintained resilient earnings against resin price fluctuation thanks to higher ASP and increase in sales volume of plastic packaging segment and F&B segment. Having a company update in May, SCGM management guided that ASP have risen in tandem with spike in resin prices and strong growth in high margin products for takeaway packaging likely generated by lockdowns. SLP's margins rose across the board due to higher manufacturing and trading ASPs and contribution from new packaging product. According to Scientex's 2QFY21 report, it faced slower manufacturing sales and margin compression was the main drag while its property segment signalled recovery growth, QoQ and YoY.	**Moving forward,** We expect resin prices to flatten due to the recovery in petrochemical production and ASPs' gradual decline along with the fall in resin prices. However, we expect ASPs to remain elevated for the 1HFY21 due to sustained robust demand for plastic products, enabling players to maintain their ASPs. We believe that all plastic manufacturers will have better earnings due to the hike of resin prices allowing them to adjust their ASPs and venture into higher margin products. **We maintain NEUTRAL on the plastics manufacturing sector**, as ventures into higher-margin products are faced with stubbornly high resin costs. We continue to favor **TGUAN (OP, TP: RM3.38) as our sector top pick** as it has surprised us with their resilience against high resin costs and continued growth into higher margin products.	<u>**OP**</u> • TGUAN (OP ↔ ; TP: RM3.38 ↑) • SCGM (OP ↔; TP: RM2.62 ↔) • SLP (OP ↔ ; TP: RM1.22 ↔) <u>**MP**</u> • SCIENTEX (MP ↔ ; TP: RM3.75 ↓) • TOMYPAK (MP ↑; TP:0.57 ↑)
Ports & Logistics	**Cautious quarter.** MMCCORP and WPRTS broadly performed within expectation affected by container congestion at ports from disruption in the global supply chain limiting its container take-up rate. PTRANS came within expectation, largely unaffected by delays in economic recovery and further lockdowns as its IPTT segment remains resilient with its recurring income. On the other hand, POS despite coming below expectation, narrowed its losses. All 4 companies under our coverage benefitted from the gradual opening of economy.	**Maintain NEUTRAL.** MMCCORP's earnings are expected to be mainly driven by its ports operations and utilities namely Malakoff. Meanwhile, for WPRTS, in terms of dividends, payout ratio guidance is revised back to 75% in FY21 from 60% in FY20 with the approved new container terminal expansion project pending only land conversion preparation and concession agreement negotiation with the Government of Malaysia. On the other hand, we expect POS Malaysia to continue facing tough operating environment near-term but stronger postal services contribution is expected this year with the anticipated full-reopening of the economy. Moving forward, we expect PTRANS to stay resilient against delays in economic recovery and further lockdowns.	<u>**OP**</u> • PTRANS (OP ↔; TP: RM1.15↔) <u>**MP**</u> • MMCCORP (MP ↔,TP: RM1.05 ↔) • POS (MP ↔; TP: RM0.800↓) • WPRTS (MP ↔, RM4.20 ↔)
Property Developers	**Clamped down by lockdowns.** Out of the 9 developers under our coverage, 5 came within while 4 were below expectation. The ones which came in below were mostly due to the imposition of fresh lockdowns which thwarted construction productivity and consequently billings progress for their on-going developments. As for property sales target, 1 came above (Sunway), 6 within and 2 were below (Uoadev and Mrcb). Sunway came above largely due to the strong demand from its Singapore properties while the UOADEV and MRCB were below due to deferred launches for the	**Maintain NEUTRAL** as we do not foresee catalyst to lift valuations beyond current levels. We believe affordability issues will still persist coupled with oversupply concerns. Developers continue to downtrade into affordable homes with lower absolute prices and incentive buyers interest through attractive discounts. All these would point to lower margins for the sector in the immediate future.	<u>**OP**</u> • MRCB (OP ↔; TP: RM0.65 ↔) • MAHSING (OP ↔; TP: RM1.05 ↑) <u>**MP**</u> • IOIPG (MP ↔, TP: RM1.32 ↔) • ECOWLD (MP ↔; TP: RM0.660 ↔) • SIMEPROP (MP ↔ ; TP: RM0.605 ↑) • SPSETIA (MP ↔; TP: RM1.19 ↔) • SUNWAY (MP ↔; TP:

Sector	Brief Results Review	Forward Expectation / Outlook	Stock Call
	remainder of the year.		RM1.77 ↑) • UOADEV (MP ↔; TP: RM1.76 ↔) **UP** • UEMS (UP ↔; TP: RM0.40 ↔)
Rubber Gloves	The recently concluded 1QCY21 results season for glove makers under our coverage came below expectations except for Kossan which was outperformed. All players recorded higher ASPs. However sequential volume growth came in flat due to a combination of factors including shipment availability caused by the global container shortages and temporary shutdown of certain production lines as a preventive measure and safety precaution in dealing with Covid-19 cases.	**Maintain OVERWEIGHT**. Despite diminishing sentiment on the sector, we believe the market has factored in decline in ASP making current valuations in glove stocks palatable. Based on our earnings forecast where we conservatively factored in ASP of USD40/1,000 peices assumption in our FY22E earnings forecasts, glove stocks under our coverage are currently trading at 5x-12x FY22E PER compared to normalised mean PER of 15-28x and offering dividend yield of 5-8%.	**OP** • TOPGLOV (MP ↔ ; TP: RM6.49↔) • KOSSAN (OP↔; TP: RM5.84↔) • HARTA (OP↔; TP: RM15.76↔) • SUPERMX (OP↔; TP: RM6.49↔)
Technology	**Mostly in line.** The recently concluded 1QCY21 results season for technology players was mostly within expectation. Despite a seasonally weaker quarter for tech players, companies like INARI, KGB, and D&O managed to post earnings that were near their previous 4QCY20 numbers which were at record high levels. MPI stood out from the crowd as the only one under our coverage to pull off a QoQ growth which is unprecedented given the typical seasonality of the tech space. This was possible thanks to the group's continuous effort in the recent years to realign its product portfolio to focus on high margin business and automate its production line. Conversely, KESM was the only one that came below expectations as its earnings continued to lag behind the bullish global car sales numbers due to delayed ramp-up. We raised MPI earnings by 6% for FY21/FY22 each and cut KESM earnings by -32%/-16% for FY21/FY22. All other company earnings were maintained. We remain OVERWEIGHT on the sector.	• We remain positive on the technology sector going into 3QCY21 as the smartphone segment continues to see healthy shipment. 1QCY21 global volume was up 26% YoY while Apple alone saw 50% YoY higher volume on continuous replacement cycle as 5G connectivity gets more readily available. Beneficiary is INARI as more RF components are needed for 5G phones. • With the rise in Covid-19 cases again, the work from home culture is being re-emphasised. This just piles on to the already overwhelming demand for laptop and tablets (AsusTek sees 25-30% undersupply) as many consumers are seeing the need to either upgrade existing outdated laptops or even own their first laptop. This will then increase web computing activity (eg. video conferencing, e-learning and media streaming), leading to data centres seeing urgent need to expand capacity. MPI continues to benefit from having its power packaging in both laptop and data centres. Beneficiary for end-point devices will be VSTECS (unrated; OR). • On the automotive side, sales in China continue to soar with 12-month growth streak while Europe market came roaring back in Mar and Apr. D&O's orders are lined up till 3QCY21 with discussion for 4QCY21 orders already taking place.	**OP** • KGB (OP ↔, TP: RM2.60 ↔) • INARI (OP ↔, TP: RM4.00 ↔) • MPI (OP ↔, TP: RM47.50 ↑) • D&O (OP ↔, TP: RM5.50 ↔) • UNISEM (OP ↔, TP: RM10.00 ↔) • PIE (OP ↔, TP: RM4.00 ↔) • SKPRES (OP ↔, TP: RM2.40 ↔) **MP** • KESM (MP ↔, TP: RM12.00↓) • JHM (MP ↔, TP: RM2.35 ↔)

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Telecommunications	**As expected.** The sector came within expectations amidst an increasingly competitive cellular segment. Postpaid ARPUs across all 3 MNOs continued declining due to a slew of entry-level postpaid plans introduced last year, which helped maintain marginal growth in postpaid subscribers for all 3. The prepaid front is just as competitive with Maxis and Celcom's unlimited data prepaid plans keeping their subscriber base up, but at the expense of declining ARPUs. Besides the impact of competition, Digi's prepaid subscribers declined off a high base that was dominated by outflowing migrant subscribers. TM delivered a fourth consecutive quarter of net adds in Unifi, doing more than just converting its Streamyx subs into its unifi fibre subs. TM's data centre and cloud services continued to gain traction while it continued benefiting from wholesale-leasing its extensive fibre and submarine cable assets.	**Moving forward,** we foresee continued ARPU declines as the MNOs continue their value offerings to feed subscribers' hunger for data and preference for cheaper packages. In our view, MCO 3.0 will have a minimal impact on the MNOs' subscriber base as both parties are accustomed to new digital channels. To continue driving growth, the big 3 are increasingly turning to enterprise offerings and pushing their convergence offerings. Amidst the competitive cellular space, we favor TM, where we have an OP call for it being best placed to benefit from the national push for digitalization via: (i) leasing of its extensive fibre network for 5G deployment and 4G expansion, (ii) growth in data centre and cloud businesses, and (iii) strong Unifi subscriber growth. We also have an OP call on OCK, where we see growth coming from its expanding tower portfolio and more managed services projects from a greater number of sites required for 5G. In the near term, we expect to hear more about the Digi and Celcom merger, which we believe should rationalise competition. However, any cost savings (namely from procuring network equipment/other network costs), will not be felt immediately as it may take some time to reconcile their different procurement policies and vendors. We are also expecting some positive news flow from Axiata regarding its application for the Digital Banking License (deadline: end-June) to BNM. Overall, we remain **NEUTRAL** on the telecommunications sector as the stiff competition in the mobile space will continue to put pressure on the MNOs' revenue. Our **top pick is TM (OP; TP: RM7.00).**	**OP** • AXIATA (OP↔ ; TP: RM4.20↓) • OCK (OP↑ ; TP: RM0.59↑) • TM (OP ↔ ; TP: RM7.00 ↑) **MP** • DIGI (MP↔; TP: RM3.75↑) • MAXIS (MP ↔ ; TP: RM4.90↔)

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Utility	A mixed results with the six results equally split between above/in-line/below expectations. For outperformers, PETGAS' 1QFY21 came slightly above forecasts on the back of continued cost rationalisation and interest cost savings from the capital restructuring exercise. Operationally, top-lines were fairly on track thanks to the regulated business framework which proved its earnings resiliency even during this pandemic period. We upped FY21E/FY22E earnings by 7%/6% as we lowered opex as well as interest cost assumptions. We upgraded the stock to OP from MP with a higher TP of RM17.96 on recent price weakness coupled with substainable >5% yield. Meanwhile, YTLPOWR's 3QFY21 was yet another solid quarter with continued improvement from PowerSeraya and YES which seem sustainable. This led us to upgrade FY21E/FY22E earnings by 8%/5% while cut our targeted discount to SoP valuation to 20% from 30% to adjust for the earnings risk on PowerSeraya. As such, the new TP is RM0.90 from RM0.72 and the stock upgraded to OP from MP. However, despite a strong recovery by 45% QoQ, MALAKOF's 1QFY21 net profit of RM60.4m still came below expectation on planned outage which pushed O&M costs higher for TBE and TBP while lowered water and energy payment affecting associate incomes. With that, we cut FY21E/FY22E earnings by 8%/2% but OP maintained at RM1.05. PESTECH's 3QFY21 earnings also missed forecast which was distorted by MI but at PAT level, earnings were fairly on track. Thus, we adjusted solely for higher MI portion which led to a 20%/6% cut in FY21E/FY22E earnings. Still OP with a lower TP of RM1.39 from RM1.46. Meanwhile, TENAGA's 1QFY21 results, which met expectations, while a solid set of results with core profit surging 51% QoQ to RM1.49b thanks to higher monsoon-driven hydro revenue, is unlikely to be repeated. During the quarter, no record of COVID-19 impact. Lastly, GASMSIA's 1QFY21 core profit of RM55.6m was fairly solid while sales volume has already normalised to pre-COVID-19.	Meanwhile, there was no COVID-19 impact in TENAGA's 1QFY21 but there will be a small RM13m contribution by way of tariff discount in the upcoming 2QFY21. Therefore, the COVID-19 impact which hit FY20 results could be over. As such, we remain optimistic on TENAGA given the earnings resiliency of its regulated business. Meanwhile, PETGAS and GASMSIA have shown earnings resiliency during this pandemic period owning to the IBR framework and we see little earnings risk for the next two years on RP1 base tariffs. Elsewhere, for the two IPPs, MALAKOF is seeing earnings stability improving with the acquisition of Alam Flora and inceased stake in Shuaibah which should help to plug its earnings gap while a better earnings outlook for YTLPOWR is anticipated given the recovery of PowerSeraya which we believe is sustainable given the improved business operating environment for the industry in Singapore. The other wildcard - YES is expected to see improving results from better economies of scale from higher subscriber base. Lastly, PESTECH's earnings are expected to accelerate in FY21 as the delayed billing claims in 2HFY20 are likely to be pushed forward while the commencement of recognising BT construction profit should lead earnings higher. We maintain our OVERWEIGHT rating on the sector for now.	**OP** • GASMSIA (OP ↔; TP: RM2.91↔) • MALAKOF (OP↔; TP: RM1.05 ↔) • PESTECH (OP ↔; TP: RM1.39 ↓) • PETGAS (OP ↑; TP: RM17.06 ↑) • TENAGA (OP ↔; TP: RM11.76 ↔) • YTLPOWR (OP ↑; TP: RM0.90 ↑)

Source: Kenanga Research

Stock Ratings are defined as follows:

Stock Recommendations

OUTPERFORM	: A particular stock's Expected Total Return is MORE than 10%
MARKET PERFORM	: A particular stock's Expected Total Return is WITHIN the range of -5% to 10%
UNDERPERFORM	: A particular stock's Expected Total Return is LESS than -5%

Sector Recommendations***

OVERWEIGHT	: A particular sector's Expected Total Return is MORE than 10%
NEUTRAL	: A particular sector's Expected Total Return is WITHIN the range of -5% to 10%
UNDERWEIGHT	: A particular sector's Expected Total Return is LESS than -5%

*******Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.***

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