4QCY20 Results Review

A Decent Report Card

FBMKLCI	1,567.14
Target	1,711.00 ↔

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With 121 of the 132 companies we cover having already announced financial results, the prognosis is encouraging; 51 of these 121 results beat estimates while only 22 missed. Against our estimates, the overwhelming beats were found in the tech and plantation sectors where 67% and 73% exceeded expectations, respectively. Of the 28 out of 30 FBMKLCI component stocks we cover, 15 were within, 9 above and 4 were below expectations. Compared to the previous quarter, this final quarter is an improvement in that the percentage of beats were higher at 42% versus 29% a quarter ago, while the misses were less at 18% versus 28% previously. The FY20 actual EPS of 75.5 sen turned out better than 74.1 sen that we had expected. As a result of forward EPS adjustments, our FY21 EPS estimate is raised from 106.3 sen to 110.0 sen and for FY22, from 109.0 sen to 109.2 sen. Our year-end FBMKLCI target remains at 1,711 based on 15.7x FY22E EPS while the sector calls are **OVERWEIGHT: Automotive, Banks, Construction, Gaming, Rubber Gloves, Technology and Utility sectors, UNDERWEIGHT: Media. Our Top Picks are: AIRPORT (OP; TP: RM6.86), AXIATA (OP; TP: RM4.40), DIALOG (OP; TP: RM4.35), GENM (OP; TP: RM3.35), HARTA (OP; TP: RM21.00), INARI (OP; TP: RM4.00), SKPRES (OP; TP: RM3.00), SUNCON (OP; TP: RM2.10), MAYBANK (OP; TP: RM9.10) and TENAGA (OP; TP: RM12.72).**

Year-end FBMKLCI target remains at 1,711: Post results, we adjust FY21E/22E EPS to 110.0/109.2 sen from 106.3/109.0 sen (vs estimated consensus EPS at 113.0/110.9 sen). On our year-end target of 1,711 points, the implied PER on our FY22 EPS estimate is 15.7x which is close to the 10-year mean forward PER of 15.4x. We believe this to be a fair valuation multiple to apply on mean reversion, given that the rubber gloves components' multiple have justifiably mean revert as earnings momentum normalises beyond CY21.

FY21E FBMKLCI EPS estimate raised 3.5%: Post results, we raised the FBMKLCI EPS for FY21 from 106.3 sen to 110.0 sen (consensus estimate: 113.0 sen) and for FY22, slightly, from 109.0 sen to 109.2 sen (consensus estimate: 110.9 sen). Estimates were raised mainly on account of upgrades on the four large cap planters' aggregate FY21E EPS by 22% which more than offset EPS cuts for GENTING (-7%) and GENM (-24%). Another notable earnings upgrade was for PMETAL for which its FY21E EPS was raised 15%.

The latest 4QCY20 results mark the third straight quarter of improvement: The percentage of stocks that exceeded our expectation increased from 29% previously (post 3QCY20 results) to 42% – it was 19% post 2QCY20. The percentage that disappointed declined, from 28% to 18% – it was 32% post 2QCY20. In terms of performance relative to market expectations, those that exceeded exectations increased from 25% to 34% (it was just 16% in 2QCY20), while disappointments fell from 33% to 23% (it was 38% in 2QCY20) (see tables in Appendix 1).

Rubber Gloves beat expectations and the Sin sector too, with signs of a turnaround emerging: All three stocks in the sin sector, BAT, CARLSBG and HEIM beat expectations on better-than-expected volume recovery and excellent cost management. Notable too were dividend surprises from all three. We count the breweries as among the best value plays benefitting directly from easing of lockdowns. Rubber Gloves sector reported results that were mostly above except for KOSSAN that came in within. The extent and swiftness of ASP surges took us and the market by surprise last year. Despite expectation of earnings falling in CY22 on normalising but more sustainable ASPs, we still see value in them, trading as they are on CY22 PEs that are well below pre-pandemic mean based on a low ASP assumption of just US$40/1,000 pieces. Hence, we maintain OVERWEIGHT for this sector.

Tech sector saw overwhelming beats and positive guidance: 6 came in above, 3 within and none disappointed. D&O, INARI, MPI and KGB posted their second straight record high quarterly net profit. And on positive management guidance, FY21E EPS were raised by as much as 44% for UNISEM, 23% for D&O, 15% for MPI and 8% for INARI. We remain OVERWEIGHT on this sector as it continues to ride rising semiconductor demand for web computing, recovery in automotive markets in Europe and China and 5G infrastructure development.

There were several positive surprises on the dividend front: Against muted dividend expectations, there were a few notable surprises among the big caps, namely the Petronas counters where MISC (interim of 12.0 sen brings full-year payout to 33.0 sen vs expected 30.0 sen), PGAS (a special diviend of 5.0 sen and 4th interim of 22.0 sen bringing FY20 to 127.0 sen, exceeding FY19 of 82.0 sen and our 122.0 sen estimate), PETCHEM (12.0 sen for FY20 vs 10.0 sen expectation) and PETDAG (interim 17.0 sen, full-year of 38.0 sen). And MAYBANK's final 38.5 sen well exceeded our expected 22.0 sen – a second straight quarter of better payout. Given the improving economic landscape, we see better chances of raised dividends continuing this year especially from among those largely held by GLICs to help fund the Federal budget as well as from Rubber Gloves on the back of bumper profits.

Banks came in as expected despite the final quarter impacted by elevated provisioning overlays: As this was well flagged, banks' aggregate earnings came in just over 3% higher than our lowered earnings expectation. Post guidance, sector FY21 earnings estimates were raised 2%. During the quarter, besides higher credit costs, we saw some banks' NIMs recovering sequentially after a series of OPR cuts last year. Despite earlier guidance that additional modification losses may be necessary in 4QCY20 (albeit on a reduced scale) to account for further assistance rendered to selective accounts, we did not detect any meaningful provisions as such. Despite adjusting the risk-free rate from 2.70% to 3.10%, we have upgraded the target prices of most banks (except ABMB, AFFIN, CIMB) mainly on rolling over valuations to FY22 and in certain cases raised ROEs, of which we are comfortable given improving economic conditions. OVERWEIGHT maintained.

O&G – Out of 12, 6 came in above, just 2 below: As pointed out previously, Oil & Gas indeed has bottomed out in the 2QCY20 impacted then by plummeting prices to record lows and peak lockdowns.The 4QCY20 marked another sequential quarter of earnings improvement but despite this, we remain NEUTRAL on the sector as we see downside risks to oil price which has risen of late on weather-induced supply squeeze. Additionally, the EIA has forecasted demand to recover to pre-pandemic levels only next year. The other risk is that OPEC+ (due to meet 4th March) are likely to capitalise on the current strong prices by raising production. The outlook for the domestic market remains challenging given Petronas exercising prudence on the capex front this year to conserve cash to help fund the Federal government budget.

Plantation sector mostly outperformed, but Neutral call maintained: 8 out of 10 stocks here beat expectations mainly on our overly conservative projection of RM2,500 average CPO price last year. It came in more in line against consensus with 4 above, 5 within and just 1 below. Looking ahead, we remain NEUTRAL as earnings may not be the catalyst for the 1QCY21 reporting quarter as lower production beyond this quarter could offset higher CPO prices.

Appendix 1

Kenanga's 4QCY20 Results Expectations against Consensus

% of Results Measured Against Expectations of	4QCY20			3QCY20		
Kenanga Research	Above	Within	Below	Above	Within	Below
	42%	40%	18%	29%	43%	28%
	Did not disappoint		Disappointed	Did not disappoint		Disappointed
	82%		18%	72%		28%
Consensus	Above	Within	Below	Above	Within	Below
	34%	43%	23%	25%	42%	33%
	Did not disappoint		Disappointed	Did not disappoint		Disappointed
	77%		23%	67%		33%

4QCY20 Period / Categories	Kenanga Research			Consensus		
	Report Count	%		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**		

3QCY20 Period / Categories	Kenanga Research			Consensus		
	Report Count	%		Report Count	%	
Above	39	29%	72%	32	25%	67%
Within	57	43%		53	42%	
Below	38	28%	28%	42	33%	33%
Sub-total	**134**	**100%**	**100%**	**127**	**100%**	**100%**
N.A	-			7		
Total	**134**			**134**		
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	
			FY19/20	FY20/21	YoY % Chg	FY19/20	FY20/21	YoY % Chg	KNK	Mkt	FY20/21	FY21/22					
	AUTOMOTIVE		**48,525.6**	**47,675.8**	**-1.8%**	**1,325.9**	**869.8**	**-34.4%**	**Within**	**Mix**	**5.0%**	**0.0%**					
1	BERMAZ AUTO BHD	2Q21	992.2	1,048.7	5.7%	70.9	34.0	-52.0%	Within	Below	0.0%	0.0%	Within	1.70	↑	MP	↔
2	DRB-HICOM BHD	4Q20	14,003.0	13,156.0	-6.0%	233.0	-193.0	-182.8%	Within	Within	0.0%	0.0%	Within	2.50	↑	MP	↔
3	MBM RESOURCES BHD	4Q20	2,085.2	1,796.5	-13.8%	207.0	165.8	-19.9%	Above	Above	13.3%	0.0%	Within	4.60	↑	MP	↔
4	SIME DARBY BHD	2Q21	19,685.0	22,120.0	12.4%	560.0	633.0	13.0%	Within	Within	0.0%	0.0%	Above	2.40	↑	MP	↔
5	TAN CHONG MOTOR HOLDINGS BHD																
6	UMW HOLDINGS BHD	4Q20	11,760.2	9,554.6	-18.8%	255.0	230.0	-9.8%	Above	Above	11.8%	0.0%	Within	4.00	↑	OP	↔
	BANKS & NON-BANK FINANCIALS		**80,115.8**	**81,687.0**	**2.0%**	**26,550.4**	**19,524.0**	**-26.5%**	**Within**	**Within**	**-15.2%**	**-0.7%**					
7	AEON CREDIT SERVICE BHD	3Q21	701.0	979.6	39.7%	124.4	73.0	115.2%	Within	Within	-14.0%	-5.0%	Within	11.60	↑	MP	↔
8	AFFIN HOLDINGS BHD	4Q20	1,914.4	2,264.9	18.3%	487.8	230.3	-52.8%	Below	Below	-14.9%	0.0%	Miss	1.40	↓	UP	↓
9	ALLIANCE BANK MALAYSIA BHD	3Q21	1,256.8	1,371.8	9.2%	326.2	308.7	-5.4%	Within	Within	0.0%	-0.8%	Within	2.50	↓	MP	↔
10	AMMB HOLDINGS BHD	3Q21	3,228.0	3,402.0	5.4%	1,093.0	866.0	-20.8%	Within	Within	-245.3%	-3.3%	Below	3.05	↓	MP	↔
11	BIMB HOLDINGS BHD	4Q20	3,190.8	3,300.9	3.5%	786.9	720.2	-8.5%	Within	Within	0.9%	0.0%	Below	5.25	↑	OP	↔
12	BURSA MALAYSIA BHD	4Q20	502.5	799.0	59.0%	185.9	377.7	103.2%	Within	Within	33.0%	0.0%	Within	9.65	↑	MP	↔
13	CIMB GROUP HOLDINGS BHD	4Q20	17,796.0	17,189.0	-3.4%	4,560.0	1,194.0	-73.8%	Below	Below	-5.4%	0.0%	Below	3.60	↓	UP	↓
14	HONG LEONG BANK BHD	2Q21	2,453.0	2,749.0	12.1%	1,390.0	1,400.0	0.7%	Within	Within	0.0%	0.0%	Within	18.50	↔	MP	↓
15	LPI CAPITAL BHD	4Q20	1,602.7	1,621.6	1.2%	322.4	336.7	4.4%	Within	Within	0.0%	0.0%	Above	15.10	↓	OP	↔
16	MALAYAN BANKING BHD	4Q20	24,741.0	24,763.0	0.1%	8,198.0	6,481.0	-20.9%	Within	Within	1.2%	0.0%	Above	9.10	↑	OP	↑
17	MALAYSIA BUILDING SOCIETY BHD	4Q20	1,413.0	1,791.0	26.8%	717.0	269.0	-62.5%	Above	Below	9.6%	0.0%	Within	0.820	↑	OP	↔
18	PUBLIC BANK BHD	4Q20	11,102.0	11,312.0	1.9%	5,512.0	4,872.0	-11.6%	Above	Within	5.0%	0.0%	Above	4.55	↓	OP	↔
19	RHB BANK BHD	4Q20	7,090.0	7,186.0	1.4%	2,482.0	2,033.0	-18.1%	Within	Within	11.2%	0.0%	Below	6.40	↑	OP	↔
20	SYARIKAT TAKAFUL MALAYSIA KELUARGA	4Q20	3,124.6	2,957.2	-5.4%	364.8	362.4	-0.7%	Above	Above	5.8%	0.0%	Below	6.00	↑	OP	↑
	BUILDING MATERIALS		**10,615.8**	**9,050.5**	**-14.7%**	**447.8**	**379.7**	**-15.2%**	**Within**	**Within**	**5.1%**	**3.5%**					
21	ANN JOO RESOURCES BHD	3Q20	1,617.7	1,351.8	-16.4%	-50.2	-71.3	-42.0%	Within	Within	0.0%	0.0%	Within	0.770	↔	UP	↔
22	PRESS METAL BHD	4Q20	8,804.6	7,539.5	-14.4%	499.5	445.4	-10.8%	Within	Within	15.30%	10.40%	Within	11.15	↑	OP	↔
23	UNITED U-LI CORPORATION BHD	4Q20	193.5	159.2	-17.7%	-1.5	5.6	n.m.	Within	n.a.	0.0%	0.0%	Within	1.45	↑	OP	↔
	CONSTRUCTION		**9,414.8**	**7,876.4**	**-16.3%**	**735.4**	**501.2**	**-31.8%**	**Mix**	**Mix**	**-5.1%**	**1.5%**					
24	GAMUDA BHD	1Q21	1,095.8	764.0	-30.3%	173.6	109.3	-37.0%	Below	Below	-20.0%	0.0%	Within	4.17	↑	OP	↔
25	GEORGE KENT (M) BHD	3Q21	253.4	188.4	-25.7%	34.8	23.1	-33.6%	Within	Within	0.0%	0.0%	Within	0.560	↑	UP	↔
26	HOCK SENG LEE BHD	4Q20	683.6	538.3	-21.3%	55.3	32.0	-42.1%	Above	Within	-5.0%	0.0%	Below	1.20	↔	OP	↔
27	IJM CORP BHD	3Q21	4,558.0	4,022.0	-11.8%	190.0	164.0	-13.7%	Above	Above	12.4%	8.8%	Within	2.20	↔	OP	↔
28	KERJAYA PROSPEK GROUP BHD	4Q20	1,055.3	811.0	-23.1%	150.7	90.0	-40.3%	Within	Within	0.0%	0.0%	Within	1.50	↑	OP	↔
29	KIMLUN CORP BHD																
30	MITRAJAYA HOLDINGS BHD																
31	MUHIBBAH ENGINEERING (M) BHD																
32	SUNWAY CONSTRUCTION GROUP BHD	4Q20	1,768.7	1,552.7	-12.2%	131.0	82.8	-36.8%	Above	Above	-18.0%	0.0%	Above	2.10	↓	OP	↔
33	WCT HOLDINGS BHD																
	CONSUMER		**20,343.3**	**19,788.9**	**-2.7%**	**1,418.4**	**1,166.3**	**-17.8%**	**Mix**	**Mix**	**-7.1%**	**-3.6%**					
34	7-ELEVEN MALAYSIA HOLDINGS BHD	4Q20	2,359.4	2,537.6	7.6%	54.1	69.2	27.9%	Above	Above	-2.7%	0	Within	1.55	↑	OP	↑
35	AEON CO (M) BHD	4Q20	4,538.9	4,051.3	-10.7%	109.3	41.4	-62.1%	Below	Below	-2.0%	0.0%	Below	1.30	↑	OP	↔
36	AMWAY (MALAYSIA) HLDGS BHD	4Q20	966.3	1,153.5	19.4%	51.2	46.9	-8.4%	Within	Within	2.2%	0.0%	Within	5.45	↑	MP	↔
37	DUTCH LADY MILK INDS BHD	4Q20	1,066.7	1,100.7	3.2%	103.0	73.4	-28.7%	Above	Within	-14.6%	0.0%	Within	34.55	↓	MP	↔
38	FRASER & NEAVE HOLDINGS BHD	1Q21	1,111.1	1,083.1	-2.5%	128.4	136.8	6.5%	Within	Within	-5.0%	-5.0%	Within	32.55	↓	MP	↓
39	MYNEWS HOLDINGS BHD	4Q20	517.8	490.0	-5.4%	27.6	-9.7	-135.1%	Within	Below	0.0%	0.0%	Within	0.480	↔	UP	↔
40	NESTLE (M) BHD	4Q20	5,518.1	5,412.2	-1.9%	651.9	552.7	-15.2%	Within	Within	-4.1%	0.0%	Within	138.60	↑	MP	↑
41	PADINI HOLDINGS BHD	2Q21	833.2	556.7	-33.2%	75.4	31.4	-58.4%	Below	Below	-35.0%	-21.0%	Below	3.50	↑	OP	↔
42	POWER ROOT BHD	3Q21	258.4	244.2	-5.5%	23.3	26.6	14.2%	Below	Below	-10.0%	-10.0%	Within	1.80	↓	MP	↔
43	QL RESOURCES BHD	3Q21	3,173.4	3,159.6	-0.4%	194.2	197.6	1.8%	Within	Within	0.0%	0.0%	Within	6.60	↔	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 (2 of 3)

No.	Company	Period under review	Cumulative Revenue (RM'm) FY19/20	FY20/21	YoY % Chg	Cumulative NP (RM'm) FY19/20	FY20/21	YoY % Chg	Against estimates KNK	Mkt	Earnings revision quantum (%) FY20/21	FY21/22	Dividends against KNK estimates	Target Price (RM)		Call	
	GAMING		**37,574.0**	**20,345.9**	**-45.9%**	**4,050.1**	**-985.7**	**-124.3%**	**Mix**	**Below**	**-11.9%**	**-0.9%**					
44	BERJAYA SPORTS TOTO BHD	2Q21	2,844.9	2,579.8	-9.3%	128.9	132.9	3.1%	Within	Within	-24.5%	0.0%	Within	2.45	↔	OP	↔
45	GENTING BHD	4Q20	21,616.5	11,564.1	-46.5%	2,377.1	207.7	-91.3%	Below	Below	-3.1%	0.0%	Above	5.97	↑	OP	↔
46	GENTING MALAYSIA BHD	4Q20	10,406.9	4,528.8	-56.5%	1,305.4	-1,428.3	-209.4%	Above	Below	-2.6%	0.0%	Above	3.35	↑	OP	↑
47	MAGNUM BHD	4Q20	2,705.7	1,673.2	-38.2%	238.7	102.0	-57.3%	Below	Below	-17.2%	-3.7%	Within	2.15	↑	MP	↔
	HEALTHCARE		**17,650.4**	**15,802.0**	**-10.5%**	**1,132.1**	**846.3**	**-25.2%**	**Mix**	**Mix**	**0.0%**	**0.0%**					
48	IHH HEALTHCARE BHD	4Q20	14,912.5	13,404.6	-10.1%	920.7	715.3	-22.3%	Above	Above	0.0%	0.0%	Within	5.85	↑	OP	↑
49	KPJ HEALTHCARE BHD	4Q20	2,737.9	2,397.4	-12.4%	211.4	131.0	-38.0%	Below	Below	0.0%	0.0%	Within	1.00	↔	MP	↔
50	PHARMANIAGA BHD																
	MEDIA		**5,914.4**	**4,835.1**	**-18.2%**	**509.8**	**302.6**	**-40.6%**	**Mix**	**Mix**	**70.1%**	**-0.3%**					
51	ASTRO MALAYSIA HOLDINGS BHD	3Q21	3,686.0	3,251.0	-11.8%	529.0	380.0	-28.2%	Within	Within	0.0%	0.0%	Within	0.830	↔	MP	↓
52	MEDIA CHINESE INTERNATIONAL	3Q21	806.5	345.7	-57.1%	35.5	-14.1	-139.7%	Within	Within	-3.5%	-1.3%	Within	0.155	↑	UP	↓
53	MEDIA PRIMA BHD	4Q20	1,106.0	1,042.0	-5.8%	-62.0	-5.0	-91.9%	Above	Above	292.0%	0.0%	Within	0.365	↑	UP	↔
54	STAR MEDIA GROUP BHD	4Q20	315.9	196.4	-37.8%	7.3	-58.3	-898.6%	Above	Above	-8.0%	0.0%	Within	0.295	↑	UP	↔
	OIL & GAS		**74,796.9**	**63,265.8**	**-15.4%**	**6,463.9**	**6,032.1**	**-6.7%**	**Mix**	**Mix**	**14.7%**	**5.8%**					
55	BUMI ARMADA BHD	4Q20	2,070.7	2,339.9	13.0%	281.8	474.9	68.5%	Above	Above	1.9%	0.0%	Within	0.490	↑	OP	↑
56	DAYANG ENTERPRISE BHD	4Q20	1,046.2	731.4	-30.1%	209.7	61.3	-70.8%	Within	Within	0.0%	0.0%	Within	1.45	↑	MP	↓
57	DIALOG GROUP BHD	2Q21	1,258.1	682.6	-45.7%	294.1	256.4	-12.8%	Below	Below	-5.6%	-2.8%	Within	4.35	↔	OP	↔
58	MALAYSIA MARINE AND HEAVY ENGINEERI	4Q20	1,009.5	1,566.8	55.2%	-34.2	-96.8	183.0%	Within	Below	100.0%	0.0%	Within	Cease Coverage		Cease Coverage	
59	MISC BHD	4Q20	8,962.7	9,401.2	4.9%	1,609.5	2,158.8	34.1%	Above	Above	7.4%	0.0%	Above	8.10	↓	OP	↔
60	PANTECH GROUP HOLDINGS BHD	3Q21	458.6	350.0	-23.7%	28.6	13.9	-51.4%	Within	Within	0.0%	0.0%	Within	Cease Coverage		Cease Coverage	
61	PETRONAS CHEMICALS GROUP BHD	4Q20	16,370.0	14,362.0	-12.3%	2,897.0	1,919.0	-33.8%	Above	Above	2.4%	0.0%	Above	7.50	↑	MP	↔
62	PETRONAS DAGANGAN BHD	4Q20	30,293.6	18,710.9	-38.2%	822.1	284.6	-65.4%	Below	Below	-25.9%	0.0%	Above	17.60	↑	UP	↔
63	SAPURA ENERGY BHD	3Q21	5,337.3	3,904.3	-26.8%	-377.5	-124.5	-67.0%	Within	Within	0.0%	0.0%	Within	0.050	↔	UP	↔
64	SERBA DINAMIK HOLDINGS BHD	4Q20	4,528.6	6,014.1	32.8%	496.6	631.7	27.2%	Above	Above	12.6%	0.0%	Above	2.80	↑	OP	↔
65	UZMA BHD	2Q21	283.3	191.9	-32.3%	16.0	12.0	-25.0%	Within	Within	0.0%	0.0%	Within	0.83	↑	OP	↔
66	VELESTO ENERGY BHD																
67	WAH SEONG CORP BHD	4Q20	2,514.9	1,409.1	-44.0%	70.3	-54.9	-178.1%	Above	Above	42.4%	0.0%	Within	0.720	↑	MP	↔
68	YINSON HOLDINGS BHD	3Q21	663.4	3,601.6	442.9%	149.9	495.7	230.7%	Above	Above	55.6%	77.6%	Within	6.95	↑	OP	↔
	PACKAGING MANUFACTURERS		**2,247.9**	**2,357.6**	**4.9%**	**184.4**	**219.4**	**19.0%**	**Mix**	**Within**	**-6.8%**	**0.0%**					
69	SCGM BHD	2Q21	109.2	118.2	8.2%	7.4	17.8	140.5%	Within	N.A.	0.0%	0.0%	Within	3.85	↔	OP	↔
70	SCIENTEX BHD	1Q21	877.4	802.3	-8.6%	81.6	92.2	13.0%	Within	Within	0.0%	0.0%	Within	3.78	↓	MP	↔
71	SLP RESOURCES BHD	4Q20	147.0	179.8	22.3%	16.2	19.7	21.6%	Below	N.A.	-7.0%	N.A.	Within	0.950	↔	MP	↔
72	THONG GUAN INDUSTRIES BHD	4Q20	960.6	1,084.0	12.8%	79.1	87.4	10.5%	Above	N.A.	3.0%	N.A.	Below	3.00	↓	OP	↑
73	TOMYPAK HOLDINGS BHD	4Q20	153.7	173.3	12.8%	0.1	2.3	2200.0%	Below	N.A.	-30.0%	N.A.	Within	0.415	↔	UP	↔
	PLANTATION		**41,880.3**	**45,200.8**	**7.9%**	**2,792.8**	**3,663.7**	**31.2%**	**Above**	**Mix**	**34.9%**	**40.5%**					
74	FELDA GLOBAL VENTURES HOLDINGS BH	4Q20	13,259.0	14,075.7	6.2%	51.5	247.0	379.6%	Above	Above	14.0%	N.A.	Above	1.30	↑	Accept Offer	
75	GENTING PLANTATIONS BHD	4Q20	2,266.4	2,498.2	10.2%	140.2	238.5	70.1%	Above	Within	1.0%	N.A.	Above	9.50	↓	MP	↔
76	HAP SENG PLANTATIONS BHD	4Q20	418.6	467.6	11.7%	21.0	69.3	230.0%	Above	Within	24.0%	N.A.	Above	2.15	↔	OP	↔
77	IJM PLANTATIONS BHD	3Q21	543.7	689.3	26.8%	21.8	61.4	181.7%	Above	Above	52.0%	42.0%	Within	1.95	↑	MP	↑
78	IOI CORPORATION BHD	2Q21	3,730.7	4,931.9	32.2%	436.2	542.4	24.3%	Above	Above	8.0%	8.0%	Within	4.95	↔	OP	↔
79	KUALA LUMPUR KEPONG BHD	1Q21	4,077.0	4,300.0	5.5%	179.0	275.0	53.6%	Above	Within	10.0%	5.0%	Within	26.80	↑	OP	↔
80	PPB GROUP BHD	4Q20	4,683.8	4,190.7	-10.5%	1,152.6	1,308.8	13.6%	Within	Within	0.0%	N.A.	Above	20.70	↑	OP	↑
81	SIME DARBY PLANTATION BHD	4Q20	12,062.0	13,081.0	8.4%	786.0	839.0	6.7%	Above	Below	68.0%	N.A.	Above	5.50	↑	OP	↑
82	TA ANN HOLDINGS BHD																
83	TSH RESOURCES BHD	4Q20	718.8	781.7	8.8%	35.2	72.2	105.1%	Within	Within	18.0%	N.A.	Within	1.10	↔	MP	↔
84	UNITED MALACCA BHD	2Q21	120.3	184.7	53.5%	-30.7	10.1	-132.9%	Above	Above	154.0%	107.0%	Within	5.30	↑	MP	↔
	PROPERTY		**14,889.2**	**12,113.5**	**-18.6%**	**2,058.9**	**970.5**	**-52.9%**	**Mix**	**Below**	**-17.7%**	**-7.7%**					
85	ECO WORLD DEVELOPMENT GROUP BHI	4Q20	2,462.3	1,996.7	-18.9%	201.0	240.2	19.5%	Above	Above	2%%	0%%	Above	0.490	↔	MP	↓
86	IOI PROPERTIES GROUP BHD	2Q21	1,104.4	1,251.0	13.3%	363.2	321.6	-11.5%	Within	Within	0.0%	0.0%	Within	1.32	↑	MP	↔
87	MAH SING GROUP BHD	4Q20	1,789.7	1,530.8	-14.5%	109.1	62.8	-42.4%	Above	Below	0.0%	0.0%	Above	1.05	↔	OP	↔
88	MALAYSIAN RESOURCES CORP BHD	4Q20	1,319.4	1,199.5	-9.1%	-31.3	-0.8	97.4%	Below	Below	-87.0%	-46.0%	Above	0.650	↔	OP	↔
89	SIME DARBY PROPERTY BHD	4Q20	3,180.0	2,062.8	-35.1%	798.4	-13.3	-101.7%	Below	Below	0.0%	0.0%	Below	0.560	↑	MP	↔
90	SP SETIA BHD	4Q20	3,928.9	3,228.1	-17.8%	253.9	53.9	-78.8%	Above	Below	0.0%	0.0%	Within	0.94	↑	MP	↑
91	SUNWAY BHD																
92	UEM SUNRISE BHD																
93	UOA DEVELOPMENT BHD	4Q20	1,104.5	844.6	-23.5%	364.6	306.1	-16.0%	Below	Below	-19.0%	0.0%	Above	1.76	↓	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) FY19/20	Cumulative Revenue (RM'm) FY20/21	Cumulative Revenue (RM'm) YoY % Chg	Cumulative NP (RM'm) FY19/20	Cumulative NP (RM'm) FY20/21	Cumulative NP (RM'm) YoY % Chg	Against estimates KNK	Against estimates Mkt	Earnings revision quantum (%) FY20/21	Earnings revision quantum (%) FY21/22	Dividends against KNK estimates	Target Price (RM)		Call	
	REITS		**3,598.7**	**3,016.9**	**-16.2%**	**1,749.5**	**1,229.0**	**-29.8%**	**Mix**	**Mix**	**-6.5%**	**0.0%**					
94	AXIS REAL ESTATE INVESTMENT	4Q20	222.5	232.2	4.4%	115.2	125.6	9.0%	Within	Within	0.0%	0.0%	Within	2.15	↔	OP	↑
95	CAPITAMALLS MALAYSIA TRUST	4Q20	342.4	261.4	-23.7%	122.8	61.1	-50.2%	Above	Above	-17.0%	0.0%	Above	0.565	↔	MP	↔
96	IGB REIT	4Q20	552.1	465.2	-15.7%	315.9	236.8	-25.0%	Above	Above	0.0%	0.0%	Above	1.60	↔	MP	↔
97	KLCC STAPLED GROUP	4Q20	1,423.0	1,239.0	-12.9%	730.0	550.0	-24.7%	Below	Below	-11%%	0.0%	Below	7.30	↓	MP	↓
98	SENTRAL REIT	4Q20	162.1	165.7	2.2%	72.1	81.0	12.3%	Within	Within	0.0%	0.0%	Within	0.940	↑	OP	↔
99	PAVILION REIT	4Q20	585.4	450.2	-23.1%	247.6	116.7	-52.9%	Above	Above	-22%	0.0%	Above	1.15	↓	UP	↓
100	SUNWAY REAL ESTATE INVESTMENT	2Q21	311.2	203.2	-34.7%	145.9	57.8	-60.4%	Within	Within	0.0%	0.0%	Broadly Within	1.10	↓	UP	↓
	RUBBER GLOVES		**6,327.8**	**16,160.0**	**155.4%**	**709.8**	**7,027.5**	**890.1%**	**Above**	**Above**	**25.8%**	**4.0%**					
101	HARTALEGA HOLDINGS BHD	3Q21	2,146.1	4,396.0	104.8%	319.2	1,766.3	453.4%	Above	Above	13.0%	0.0%	Within	21.00	↓	OP	↔
102	KOSSAN RUBBER INDUSTRIES BHD	4Q20	2,217.2	3,653.5	64.8%	224.3	1,036.4	362.1%	Within	Within	23.0%	0.0%	Above	6.00	↓	OP	↔
103	SUPERMAX CORP BHD	2Q21	755.4	3,351.2	343.6%	54.9	1,849.0	3267.9%	Above	Above	27.0%	16.0%	Within	7.80	↓	OP	↔
104	TOP GLOVE CORP BHD	1Q21	1,209.1	4,759.3	293.6%	111.4	2,375.8	2032.7%	Above	Above	40.0%	0.0%	Above	8.50	↓	OP	↔
	SIN		**7,085.4**	**5,862.9**	**-17.3%**	**968.1**	**613.1**	**-36.7%**	**Above**	**Above**	**-2.3%**	**0.0%**					
105	BRITISH AMERICAN TOBACCO BHD	4Q20	2,508.6	2,315.5	-7.7%	361.1	260.7	-27.8%	Above	Above	1.3%	0.00%	Above	11.45	↑	UP	↓
106	CARLSBERG BREWERY MALAYSIA BHD	4Q20	2,256.6	1,785.0	-20.9%	294.0	177.0	-39.8%	Within	Within	-3.1%	0.0%	Above	25.65	↓	OP	↔
107	HEINEKEN MALAYSIA BHD	4Q20	2,320.2	1,762.4	-24.0%	313.0	175.4	-44.0%	Above	Above	-5.1%	0.0%	Above	22.35	↓	MP	↓
	TELECOMMUNICATION		**50,635.1**	**52,107.6**	**2.9%**	**4,547.6**	**4,537.8**	**-0.2%**	**Mix**	**Within**	**-2.3%**	**0.0%**					
108	AXIATA GROUP BHD	4Q20	24,203.0	24,999.0	3.3%	865.0	938.0	8.4%	Above	Above	33.0%	0.0%	Within	4.40	↑	OP	↑
109	DIGI.COM BHD	4Q20	6,153.0	6,054.0	-1.6%	1,284.0	955.0	-25.6%	Within	Within	-31.0%	0.0%	Below	3.55	↓	MP	↓
110	MAXIS BHD	4Q20	8,966.0	9,379.0	4.6%	1,382.0	1,496.0	8.2%	Below	Within	-4.3%	0.0%	Above	4.90	↔	MP	↔
111	OCK GROUP BHD	4Q20	473.1	531.6	12.4%	25.6	30.8	20.3%	Below	Below	-9.0%	0.0%	Within	0.540	↓	MP	↓
112	TELEKOM MALAYSIA BHD	4Q20	10,840.0	11,144.0	2.8%	991.0	1,118.0	12.8%	Within	Within	0.0%	0.0%	Below	6.85	↑	OP	↔
	TECHNOLOGY		**5,685.6**	**6,679.5**	**17.5%**	**357.1**	**665.4**	**86.3%**	**Above**	**Above**	**10.6%**	**1.1%**					
113	D&O GREEN TECHNOLOGIES BHD	4Q20	504.3	575.8	14.2%	34.9	49.7	42.4%	Above	Above	23.0%	0.0%	Within	4.20	↑	OP	↔
114	INARI AMERTRON BHD	2Q21	582.0	724.5	24.5%	85.2	160.8	88.7%	Above	Above	8.0%	0.0%	Within	4.00	↑	OP	↔
115	JHM CONSOLIDATION BHD	4Q20	256.8	251.0	-2.3%	33.0	24.6	-25.5%	Within	Within	0.0%	0.0%	Within	2.35	↑	MP	↔
116	KELINGTON GROUP BHD	4Q20	379.8	389.8	2.6%	26.4	21.8	-17.4%	Above	Above	0.0%	0.0%	Within	3.10	↑	OP	↔
117	KESM INDUSTRIES BHD																
118	MALAYSIAN PACIFIC INDUSTRIES BHD	2Q21	782.9	924.5	18.1%	81.9	122.3	49.3%	Above	Above	0.0%	0.0%	Within	43.00	↑	OP	↔
119	P.I.E. INDUSTRIAL BHD	4Q20	659.3	686.4	4.1%	36.6	45.8	25.1%	Above	Above	10.0%	0.0%	Within	4.00	↑	OP	↑
120	SKP RESOURCES BHD	3Q21	1,400.7	1,838.2	31.2%	68.6	97.6	42.3%	Within	Within	0.0%	9.0%	Within	3.00	↑	OP	↑
121	UNISEM (M) BHD	4Q20	1,119.8	1,289.3	15.1%	-9.5	142.8	-1603.2%	Above	Above	44.0%	0.0%	Within	10.00	↑	OP	↔
	TRANSPORT & LOGISTICS		**14,109.9**	**10,799.0**	**-23.5%**	**1,085.3**	**-215.1**	**-119.8%**	**Mix**	**Mix**	**5.4%**	**0.0%**					
122	AIRASIA GROUP BHD																
123	MALAYSIA AIRPORT HOLDINGS BHD	4Q20	5,213.1	1,866.3	-64.2%	537.0	-1,116.2	-307.9%	Below	Below	0.0%	0.0%	Within	6.86	↑	OP	↔
124	MMC CORP BHD	4Q20	4,717.3	4,489.4	-4.8%	188.7	333.7	76.8%	Above	Above	24.0%	0.0%	Within	1.05	↑	OP	↔
125	PERAK TRANSIT BHD	4Q20	119.4	136.0	13.9%	41.8	49.1	17.5%	Above	Above	3.0%	0.0%	Below	1.08	↑	OP	↔
126	POS MALAYSIA BHD	4Q20	2,277.2	2,332.3	2.4%	-273.1	-127.2	-53.4%	Below	Below	0.0%	0.0%	Within	1.00	↔	MP	↔
127	WESTPORTS HOLDINGS BHD	4Q20	1,782.9	1,975.0	10.8%	590.9	645.5	9.2%	Within	Within	0.0%	0.0%	Within	4.20	↔	MP	↔
	UTILITIES		**76,775.7**	**68,078.6**	**-11.3%**	**7,689.6**	**6,539.4**	**-15.0%**	**Mix**	**Mix**	**3.4%**	**8.0%**					
128	GAS MALAYSIA BHD	4Q20	6,886.5	6,686.9	-2.9%	176.0	223.4	26.9%	Above	Above	0.0%	0.0%	Above	2.91	↑	OP	↑
129	MALAKOFF CORPORATION BHD	4Q20	7,357.9	6,276.8	-14.7%	210.4	253.5	20.5%	Below	Below	-11.3%	0.0%	Below	1.05	↓	OP	↔
130	PESTECH INTERNATIONAL BHD	2Q21	378.2	427.4	13.0%	29.3	33.3	13.7%	Within	N.A.	0.0%	0.0%	Above	1.46	↑	OP	↔
131	PETRONAS GAS BHD	4Q20	5,458.3	5,592.1	2.5%	1,884.2	2,001.0	6.2%	Within	Within	0.0%	0.0%	Above	16.97	↑	MP	↔
132	TENAGA NASIONAL BHD	4Q20	50,939.7	43,976.0	-13.7%	5,194.2	3,804.3	-26.8%	Within	Within	0.0%	0.0%	Above	12.72	↑	OP	↔
133	YTL POWER INTERNATIONAL BHD	2Q20	5,755.1	5,119.4	-11.0%	195.5	223.9	14.5%	Above	Above	31.9%	47.8%	Within	0.720	↑	MP	↔
	Total/Average		**528,186.6**	**492,703.8**	**-6.7%**	**64,776.9**	**53,887.0**	**-16.8%**	**Mix**	**Mix**	**5.0%**	**2.6%**					

** 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 4QCY20 reporting season, two (MBMR & UMW) performed above expectations, and three (BAUTO, DRBHCOM, & SIME) within expectations while one (TCHONG) results have been delayed to March 2021. Overall, all Automotive players recorded significant increase in profit buoyed by sales exemption sales and tredemodous production level contribution from associates, especially Perodua with full-capacity stretch to meet back-logged demand.	**Looking forward to 1QCY2021,** we expect most of the auto players to chart a slower drive with sales growth coming off from a higher 4QCY2021 base on pre-emptive buying driven by exciting year-end promotional campaign, sluggish showroom activity from MCO 2.0, and shortage of components & parts for some players especially during the temporary closure of automotive factories in the 1st week of MCO 2.0 that began 13th January. Nevertheless, all new model launches in March 2021 especially the highly anticipated all-new Perodua ATIVA (booking opened, delivery March 2021) should cushioned the negative impacts. **Maintain OVERWEIGHT with 2021 TIV target of 585k units (+11% YoY).**	**OP** • BAUTO (OP ↔; TP: RM1.70 ↔) • DRBHCOM (OP ↔; TP:2.50) • MBMR (OP ↔; TP: RM4.60 ↑) • SIME (OP ↑; TP: RM2.40 ↔) • UMW (OP ↔; TP: RM4.00 ↑) **MP** • TCHONG (MP ↔; TP: RM1.30 ↔)
Aviation	The recently reported 4QFY20 result saw Airport coming in slightly above expectation due to better-than-expected cost optimisation. Malaysia Airports Holdings' 4QFY20 reported losses were hit by a one-off RM500m impairment loss. However, 4QFY20 core losses narrowed to RM185m compared to RM320m in 3QFY20 cushioned by the recognition of deferred tax asset arising from Investment Tax Allowance (ITA) amounting to RM247m.	**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 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. For the sector, we prefer Malaysia Airport Holdings Berhad (MAHB), being a monopolistic airport operator in the country.	**OP** • AIRPORTS (OP ↔; TP: RM6.86 ↔) **UP** • AIRASIA (UP ↔; TP: RM0.380 ↔)
Banking	The recently completed 4QCY20 reporting season was an overall positive, with only 2 disappointments (AFFIN, CIMB). We saw two earnings surprises (MSBS, PBBANK) while the rest were within expectations. Generally, we saw OPR cuts being a net positive to the banks as the repricing of deposits elevated NIMs. CIRs also benefitted as cost reduction came mostly from lower establishment and marketing costs as physical activities were withheld by movement controls. Certain banks had also trimmed personnel costs which	**Maintain OVEREWEIGHT** with preference for quality banks to ride through prolonged uncertainties from Covid-19. Top picks are **MAYBANK**, **PBBANK** and **RHBBANK** for solid ROEs and dividend yields in current market environment.	**OP** • BIMB (OP ↔; TP: RM5.25 ↑) • MBSB (OP ↔; TP: RM0.820 ↑) • MAYBANK (OP ↑; TP: RM9.10 ↑) • PBBANK (OP ↑; TP: RM4.55 ↑) • RHBBANK (OP ↔; TP: RM6.40 ↑) **MP** • ABMB (MP ↔; TP: RM2.50 ↓) • AMBANK (MP ↓; TP:

Sector	Brief Results Review	Forward Expectation / Outlook	Stock Call
	contributed to their leaner operating environment. Provisionings were the biggest concern with most banks seeking to book them pre-emptively on fears of prolonged movement controls aggravating the health of their at-risk loans. Despite the front loading, most banks step into CY21 cautiously as a trying business landscape. Targeted assistance comprise of either deferred payments or reduction.		RM3.05 ↓) • HLBANK (MP ↔; TP: RM18.50 ↔) **UP** • AFFIN (UP ↔; TP: RM1.40 ↓) • CIMB (UP ↓ ; TP: RM3.60 ↓)
Banking – Non-banking Financial Institutions	Generally, in line. The stocks in NBFI universe were generally in line with the exception of Takaful exceeding expectations on account of lower claims incurred given the further imposition of controlled movements. Post-results, however, we reiterate Takaful and LPI as OUTPERFORM premised on the gradual economic recovery given the vaccination rollout. However LPI's TP is reduced on lower valuation as we do not see lofty ROEs ahead post pandemic but retained OUTPERFORM as valuation is undemanding. For the rest, Neutral call are maintained; AEON with higher TP of RM11.60 (on higher PER given the vaccine rollout) with Bursa retained at MARKET PERFORM with a higher TP as we expect normalizing ADV volumes on account of the positive vaccine rollout and spectre of rising interest rates.	Generally, we view all the NBFI to benefit from the vaccine deployment and Budget 2021 with the exception of Bursa. Given the gradual recovery momentum with the vaccine rollout, **we upgrade the sector to OVERWEIGHT.**	**OP** • LPI (OP ↔ ; TP: RM15.10 ↓) • TAKAFUL (OP ↔; TP: RM6.00 ↑) **MP** • AEONCR (MP ↔; TP: RM11.60 ↑) • BURSA (MP ↔; TP: RM9.65 ↑)
Building Materials	Ulicorp and Press Metal's results were in line while Annjoo's results have been postponed to mid-March. PMETAL's 4QFY20 met expectation with core profit rising 11% QoQ to RM140.4m on the back of rising aluminium prices which leapt 12% over the quarter. The improved results were also partly due to a slower pace of increase in raw material alumina prices which rose 8% and made up only 15.4% of aluminium price as opposed to 16.0% in 3QFY20. Meanwhile Ulicorp was in line but could have come in stronger if not for the 10-day plant shut down due to Covid infections in late December.	**Reiterate Neutral.** Ulicorp to continue registering healthier margins as they emerge as the price leader within the cable support systems product as competition fades during the Covid-19 crisis. Meanwhile, the rebound in commodity prices globally as economies emerge out from lockdowns has lifted aluminium prices to currently above USD2,100/MT level which is a new high since Aug 2018. We have raised our aluminium price assumption to USD2,000/MT for FY21-FY22 from USD1,950/MT with unchanged alumina-to-aluminium price ratio of 16.5%. Together with its new additional 42% capacity at Samalaju's Phase 3 which	**OP** • PMETAL (OP ↔; TP: RM11.15 ↑) • ULICORP (OP ↔; TP: RM1.45 ↔) **UP** • ANNJOO (UP ↔; TP: RM0.77 ↔)

Sector	Brief Results Review	Forward Expectation / Outlook	Stock Call
		started operating since end last Dec, we are anticipating record FY21 earnings for PMETAL. On the other hand, despite the rally seen for the long steel sector, we believe Annjoo may not fully benefit from the rising commodity prices due to a structural shift in business context for them. The emergence of Alliance Steel with huge 3.5m tonnes capacity within our local shores would absorb the rise in steel demand (from construction) anticipated in FY21; severely limitting upside potential in terms of sales tonnage and to a lesser extend, steel prices.	
Construction	Bright spots emerging for the sector as 4QCY20 saw 3 out of 6 coverages (IJM, HSL and Suncon) coming above expectations due to higher progress billings from construction despite the CMCO imposed in Oct 14th. Note that four results (Mitra, Kimlun, Muhibah and WCT) were postponed to end-March.	MCO 2.0 is a temporary setback as contractors had to scale back productivity to meet with the stricter compliance imposed. That said, with the vaccine gradually being rolled out and Covid-19 cases coming off peak, we believe 2QCY20 would see a strong ramp-up in productivity - providing stronger evidence for a recovery. Also, with 12th Malaysian Plan to be around the corner once the Covid-19 situation is dealt with, the line-up of construction jobs for the next 5 years would be clear and visible. Among key mega projects we are anticipating further details are MRT3, Pan Borneo Sabah, and Sabah Sarawak Link Road. **Maintain Overweight.**	**OP** • GAMUDA (OP ↔; TP: RM4.17 ↔) • HSL (OP ↔; TP: RM1.20 ↓) • KERJAYA (OP ↔; TP: RM1.50 ↔) • KIMLUN (OP ↔; TP: RM1.30 ↔) • MUHIBAH (OP ↔; TP: RM1.25 ↔) • SUNCON (OP ↔; TP: RM2.10 ↓) • IJM (OP ↔; TP: RM2.20 ↔) • WCT (OP↔ ; TP: RM0.710 ↔) **MP** • MITRA (MP ↔; TP: RM0.215 ↔) **UP** • GKENT (UP ↔; TP: RM0.560 ↔)
Consumer	A mixed bag but positively biased. Despite the prevailing restricted movements, the Consumer sector was largely positive in this reporting quarter with 69% of the stocks performed above or within expectations. Those that outperformed are: BAT, DLADY and SEM. SEM exceeded expectations on account of resilient contribution from its pharmaceutical segment with BAT and DLADY's shine coming from a sustained demand and better product mix (DLADY). Those that came in below were; AEON, HEIM, PADINI and	On the premised of a recovery momentum given the vaccination rollout, **we raised the sector to OVERWEIGHT from NEUTRAL.** While we acknowledge that earnings remain challenging in 1HCY21 we are positive on pent-up demand in 2HCY21 premised on easing of movement controls in tandem with the vaccination roll-out expanding by then coupled with historically strong demand in the festive demand in 4QCY21. We have OP calls for AEON, HEIM, CARLSBERG, PADINI and SEM. We have UP call for	**OP** • AEON (OP↔; TP: RM1.30 ↑) • CARLSBG (OP↔; TP: RM25.65 ↓) • HEIM (OP↔; TP: RM23.55 ↑) • PADINI (OP↔; TP: RM3.50↑) • SEM (OP ↑; TP: RM1.55↑) **MP** • AMWAY (MP ↔ ; TP: RM5.45↑) • DLADY (MP ↔; TP: RM34.55 ↓)

Sector	Brief Results Review	Forward Expectation / Outlook	Stock Call
	PWROOT (dragged by lower exports).	MYNEWS (uncertainties on its loss-making food processing center) and BAT (opaque outlook in its operating environment).	• F&N (OP ↔; TP: RM32.55 ↓) • NESTLE (MP;↑ TP: RM138.60 ↑) • QL (MP↔; TP: RM6.60↔) • PWROOT (MP↔; TP: RM1.80 ↓) **UP** • MYNEWS (UP↔; TP: RM0.480↔) • BAT (UP ↔; TP: RM11.45↑)
Gaming	A mixed bag of results with NFO players seeing steady recovery of ticket sales while casino operators received yet again another hit by CMCO in Malaysia and 2nd lockdown in the UK but GENS posted steady business volume while RWNYC reported strong pent-up volume after a 2nd reopening in end-Sep. For NFO, BJTOTO's 2QFY21 met expectations while MAGNUM's 4QFY20 missed forecasts on non-core business but both operators registered commendable ticket sales trend which were at 80%-85% of pre-COVID levels. With almost all NFO outlet closed for a month under the current MCO 2.0, we trimmed BJTOTO's FY21E earnings by 25% and MAGNUM's FY21E earnings by 10% to account for this. However, NFO ticket sales should normalise in 2HCY21. While keeping BJTOTO's TP at RM2.45, we upped MAGNUM's TP to RM2.15 from RM2.10 on valuation base rollover. On the other hand, GENM reported lower-than-expected losses in 4QFY20 than that of 3QFY20 despite RWG being hit by CMCO while GENTING's 4QFY20 missed forecasts which was distorted by MI. However, operationally, GENTING's earnings came higher than expected given the better-than-expected GENM's earnings, while GENS showed steady recovery while higher CPO prices boosted GENP's earnings. Overall, casino volumes should recover strongly in 2HFY21 as vaccination should be in a more mature stage by then. Thus, we	With the on-going MCO 2.0, NFO outlets and casino operations were shut down for about a month, hence all players are expected to post weaker results in the traditionally strong CNY-quarter in 1QCY21. Likewise, the UK's 2nd lockdown is still on-going resulting in casino operations still closed. On the bright spot, GENS and its North American unit are still open and have been reporting resilient and pent-up volume. Nonetheless, we expect a strong recovery in 2HCY21 before a full recovery in 2022 as vaccination should be in the advanced stage by then. Therefore, this sector is a good proxy for recovery play with NFO players offering attractive yields of >5%. **We keep our OVERWEIGHT rating for the sector.**	**OP** • BJTOTO (OP ↔; TP: RM2.45 ↔) • GENM (OP ↑; TP: RM3.35 ↑) • GENTING (OP ↔; TP: RM5.93 ↑) **MP** • MAGNUM (MP ↔; TP: RM2.15 ↑)

Sector	Brief Results Review	Forward Expectation / Outlook	Stock Call
	upgrade GENM to OP with a higher TP of RM3.35 from RM2.45 to ride on the recovery theme. GENTING's TP os also increased to RM5.93 from RM5.80.		
Healthcare	The just concluded 4QCY20 results season saw IHH beating our and consensus expectations by 10% and 34%, respectively. Specifically, after several quarters in the red, both India and Acibadem turned into the black, prompting us to turn positive. Acibadem's solid performance was due to strong pent-up demand and ramp-up of EU business that drove revenue and lower finance cost from deleveraging of non-LIRA denominated debt. India's performance was helped by cost savings and ramped-up productivity as non-COVID related activities saw month-on-month recovery on inpatient admission. KPJ's 4QFY20 result came in below our expectation due to lower-than-expected bed occupancy ratio.	**Upgrade from UNDERWEIGHT to OVERWEIGHT**. The latest quarter results of IHH prompted us to turn positive on the stock. With the gradual easing of local movement restrictions starting in June 2020, the Group has seen local patient volumes recovering and occupancy rising to between 45%-75%. Occupancy at the Group's hospitals in Malaysia and Singapore have recovered to about 64% and 85% of pre-COVID-19 levels in 4QFY20, respectively. The Group took pro-active initiatives to partially mitigate the effects of lower patient volumes by improving case-mix and diversifying into new revenue streams by providing COVID-19 screening services. COVID-19-related services contributed about 11%, 12% and 21% of the 4QFY20 revenues in Singapore, Central Eastern Europe and India, respectively. In Malaysia, the Group's hospitals will allocate approximately 10% of bed capacity to treat COVID-19 patients and have also taken in non-COVID-19 patients decanted from public hospitals, and will be setting aside about 200 beds for this purpose. We highlight that foreign patient revenues at the Group's hospitals in Turkey exceeded pre-COVID-19 levels in 4QFY20 after Turkey reopened its borders on June 2020. Thus far, the group has further deleveraged its non-lira debt in its Turkish operations from EUR288m as at Dec 2019 to EUR37m as at Dec 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 room to increase bed occupancy ratio currently averaged 60%. In India, specifically, non-COVID related activities saw month-on-	**OP** • IHH (OP ↔; TP: RM5.85 ↔) **MP** • KPJ (MP ↔; TP: RM1.00 ↔) **UP** • PHARMA (UP ↔; TP: RM3.15 ↔)

Sector	Brief Results Review	Forward Expectation / Outlook	Stock Call
		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 mainly in line with MEDIA and STAR performing better than expected.** STAR came in slightly above expectations possibly due to the our over-estimation of the group's operating cost whereas MEDIA beat expectations due to the group's success in cost rationalization exercises that took place in 2QFY20 and 4QFY20 which helped lower down its operating expenses. Interestingly, MEDIA's WOWSHOP recorded its very first net profit of RM10.2m since its inception in 2016. Overall, we see adex revenue improving for all media players, most likely due to the easing of movement restrictions which encouraged advertisers to invest in adex. It is noted that ASTRO's adex revenue from television and radio helped to mitigate the losses from ASTRO's declining subscriptions. Despite STAR performing slighly better than expected, the group's digital initiatives have yet to offset the losses incured from their traditional print segment. Thus, with the group still relying heavily on tradtional media channels, STAR was the weakest amongst its peers by being the only Media stock incurring losses in 4QCY20.	**Maintain UNDERWEIGHT.** Though we see adex revenue rising, we fear 1QCY21 may be a poor start for the media players due to the reimplementation of MCO from January 2021 till March 2021. Thus, adex revenue from the traditional channels may take a hit once again which will impact the media players's earnings. However, with the rolling out of vaccinations globally and media players practising cost rationalisation, we believe that 2HCY21 will present a better outlook for the media players.	**MP** • ASTRO (MP ↓; TP: RM0.830 ↔) **UP** • MEDIA (UP ↔; TP: RM0.365 ↑) • STAR (UP ↔; TP: RM0.295 ↑) • MEDIAC (UP ↔; TP: RM0.150 ↔)
MREITs	**Better-than-expected results from pure retail players**, with PAVREIT, IGBREIT and CMMT coming in above estimates, SUNREIT, SENTRAL and AXREIT within, while KLCC came in below due to weakness from hospitality as well as retail. 4QFY20 results were not as bad as expected as some malls managed to capture better-than-expected sales due to limited restrictions on the MCO, and boosted by year-end holiday season shopping. Industrial and	**Rebound poised for 2HFY21**. Given the challenges brought about in FY20 by the Covid-19 pandemic, we believe FY21 will certainly be a better year with the absence of strict MCOs and weighing on the recovery brought about by the proper roll out of vaccines which should intensify from Feb 2021 to March 2022, as scheduled. As such, 2HCY21 should see improvements to shopper and hospitality traffic which we have priced into our earings	**OP** • SENTRAL (OP ↑; TP: RM0.935 ↑) **MP** • CMMT (MP ↔; TP: RM0.565 ↔) • KLCC (MP ↔; TP: RM7.30 ↓) • IGBREIT (MP ↔; TP: RM1.60↔) • AXREIT (MP↔ ; TP: RM2.15 ↔) **UP**

Sector	Brief Results Review	Forward Expectation / Outlook	Stock Call
	office continued to remain stable for now. YoY-Ytd, earnings were down for MREITs by 24-60% due to the various MCOs that affected shopper and tourist traffic. The only MREITs that were safe were industrial REIT such as AXREIT (CNP +9% YoY), and SENTRAL (CNP +12% YoY) on a stable topline but lower financing cost. All in, we trimmed FY21E CNP for MREIT that may still struggle ahead namely CMMT (-17%), KLCC (-11%) and PAVREIT (-22%) due to weakness of their specific assets.	estimates. Industrial-based AXREIT will remain stable on sustained demand for the segment, while office MREITs should see improved occupancy across the board. All in, we expect FY21-22E DPU growth of 7.8-7.9%. **Maintain NEUTRAL.** We have applied a +0.5 to +1.5SD spread to MREITs under our coverage to account for any potential weakness to earnings given the still uncertain Covid-19 situation, but all in, we are optimistic that the situation should gradually improve over the year. Maintain 10-year MGS target of 3.1% which is close to current levels.	• SUNREIT (UP ↔; TP: RM1.10 ↔) • PAVREIT (UP ↓; TP: RM1.15 ↓)
Oil & Gas	Amidst the Covid-19 pandemic and oil downturn, almost all of the companies within our sector coverages posted deteriorated results. In fact, only ARMADA, MISC, SERBADK and YINSON posted better top-lines and bottom-lines, YoY. Against expectations, however, almost half (6 out of 13) actually posted better-than-expected results, signalling analysts' over-estimating the severity of the downturn. In fact, most of the stocks have started to see sequential recovery in earnings starting in 2HCY20. Note that VELESTO has deferred its results announcement to March 2021. Meanwhile, for post-results changes to our calls, we upgraded ARMADA to OUTPERFORM following its stellar results, and reduced risks of debt repayments. The rest of our calls remained unchanged after results announcements.	Petronas has just recently announced its worst-ever financial results, for FY20. Nonetheless, with the recent improvement on crude oil prices and gradual resumption of economic activities, the group is looking forward to a gradual recovery in the coming years. As a result, it announced a ramping up of capex to RM40-45b per annum for the next five years, up from RM33b in FY20 (-30% YoY). While still shy of pre-pandemic levels, we note that this could be a much needed catalyst to drive a gradual recovery among the local players. We identify immediate beneficiaries of Petronas' capex to be fabricators (e.g. MHB, SAPNRG, SERBADK), drilling rig providers (e.g. VELESTO) and hook-up and commissioning contractors (e.g. DAYANG). **We maintain NEUTRAL on the sector,** sensing possible downside risks on oil prices from current levels. While recovery of sector activities is underway, we note that it will not resume to pre-pandemic levels in the coming few years. Top picks for the sector includes SERBADK and DIALOG, while we also have high potential recovery "trading" plays such as UZMA and ARMADA.	**<u>OP</u>** • ARMADA (OP ↑; TP: RM0.49 ↑) • DIALOG (OP ↔; TP: RM4.35 ↔) • MISC (OP ↔; TP: RM8.10 ↓) • SERBADK (OP ↔; TP: RM2.70 ↑) • YINSON (OP ↔; TP: RM6.95 ↔) **<u>MP</u>** • DAYANG (MP ↔, TP: RM1.45 ↑) • PCHEM (MP ↔; TP: RM7.50 ↑) • VELESTO (MP ↔; TP: RM0.13 ↔) • WASEONG (MP ↔; TP: RM0.72 ↑) **<u>UP</u>** • PETDAG (UP ↔; TP: RM17.60 ↑) • SAPNRG (UP ↔; TP: RM0.05 ↔)

Sector	Brief Results Review	Forward Expectation / Outlook	Stock Call
Plantation	A commendable quarter where out of 11** plantation companies under our coverage, 8 exceeded our forecasts (3QCY20: 2), and none missed our forecasts. Against consensus, 1 missed (3QCY20: 1), while 4 exceeded (2QCY20: 5) expectations. YoY, the planters reported a median earnings improvement of 29% for 4QCY20 on higher average CPO realised price (+26%) alongside an average 2% increase in FFB output. QoQ, despite lower FFB output (-12%), median earnings for the planters improved by 32% on higher CPO price of 13%. This round, we adjusted FY21E earnings by a mean of +32% after raising our CY21 CPO price forecast. *** TAANN - Under review, yet to release results.*	Generally, we expect seasonally lower FFB output in 1QCY21 to offset the impact of higher CPO prices (QTD 1QCY21 MPOB: +14% QoQ). We believe Indonesia's production has peaked in November 2020, while Malaysia's production has bottomed in January 2021. Indonesia's upstream planters' realised CPO price continues to be capped at c.RM2,600/MT due to its biodiesel levy and export tax structure. For as long as CPO price remains elevated, the preference for upstream-centric Malaysian planters (fully capitalise on higher CPO price) remains. However, when CPO price reverses (key industry speakers and management believe in 2HCY21), 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 ↔) • IOICORP (OP ↔; TP: RM4.95 ↔) • KLK (OP ↔; TP: RM26.80 ↑) • PPB (OP ↑; TP: RM20.70 ↑) • SIMEPLT (OP ↑; TP: RM5.50 ↑) **MP** • GENP (MP ↔; TP: RM9.50 ↓) • IJMPLNT (MP ↑; TP: RM1.95 ↑) • TSH (MP ↔; TP: RM1.10 ↔) • UMCCA (MP ↔; TP: RM5.25 ↑) **Accept Offer** • FGV (Offer Price: RM1.30) **Under Review** • TAANN (OP ↔; TP: RM3.45 ↔)
Plastic & Packaging	**A mixed bag.** TGUAN exceeded our expectations, Scientex and SCGM came in within, while SLP and TomyPak both fell short. Note that Scientex and SCGM both last reported their results in December 2020, and will release the latest results in March 2021. TGUAN defied the odds, as their margins remained stable amidst an environment of sky-rocketing resin costs, thanks to their burgeoning premium-stretch film and courier bag segments, both of which fetch higher than group average margins. Scientex's lower progress billings from its property segment weighed on its 1QFY21 results. They look to continue growing their plastics manufacturing segment through M&As. Having reported their 2QFY21 results in December, SCGM's margins rose across the board due to better product mix. We suspect that lower resin prices during 2QFY21 also boosted margins. SLP's plastics packaging sales were affected by shortages in shipping containers, but their resin trading segment saw a spike, as resin	**Moving forward,** we expect resin prices to remain elevated at current levels or even higher in the coming months, as: (i) US resin producers remain shut on winter storm, (ii) crude oil prices remain elevated, (iii) further crude oil boost from recovery of tourism, (iv) disrupted petrochemical plants requiring weeks/months to resume production. In the long term (over the next few years), we believe that the higher frequency of natural disasters (which have dealt consecutive blows to US petrochemical plants) will cause greater volatility in resin prices. We believe TomyPak will face difficulties recovering with high resin prices. While the other 4 plastic manufacturers have, in recent years, ventured into higher margin products, some efforts have not borne fruit, such as SLP's. **We maintain NEUTRAL on the plastics manufacturing sector**, as ventures into higher-margin products face stubbornly high resin costs. We continue to favor **TGUAN (OP, TP: RM3.00) as our sector top**	**OP** • TGUAN (OP ↔ ; TP: RM3.00 ↓) • SCGM (OP ↑; TP: RM3.85 ↔) **MP** • SCIENTEX (MP ↔ ; TP: RM11.35 ↑) • SLP (MP ↔ ; TP: RM0.950 ↔) **UP** • TOMYPAK (UP ↔; TP:0.415 ↔)

Sector	Brief Results Review	Forward Expectation / Outlook	Stock Call
	buyers loaded on resin stock in fear of higher prices. QoQ, their margins have also fallen across the board, showing adverse impacts of high resin costs. TomyPak delivered a core net loss after two consecutive quarters of profitability, making FY20 barely profitable at RM0.1m CNP. They, too, suffered from lower margins, likely from higher resin costs.	**pick** as it surprised us with their resilience against high resin costs and continued growth into higher margin products.	
Ports & Logistics	**An exciting quarter with MMCCORP coming above expectation, and WPRTS broadly within expectation.** On the other hand, POS despite coming below expectation, narrowed its losses. All three companies under our coverage benefitted from the gradual opening of economy in 4QCY20. MMCCorp came in strong, from higher-than-expected port & logistics contribution. WPRTS soared higher on higher gateway volume (+4%), and the tariff hike (full-year tariff hike impact from a 13% gateway tariff revision which took effect from March 2019) but offset by lower transhipment (-7%) on Covid-19 induced slowdown). POS' net loss narrowed but we deemed the results to be below our expectation due to unexpected shutdown of its main parcel processing centre due to COVID-19 outbreak.	**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 will continue to face tough operating environment in the near-term but stronger postal services contribution is expected this year with the anticipated full-reopening of the economy.	<u>**OP**</u> • MMCCORP (OP ↔,TP: RM1.05 ↑) <u>**MP**</u> • WPRTS (MP ↔, RM4.20 ↔) • POS (MP ↔; TP: RM1.00 ↔)
Property Developers	A mixed bag. Out of the 7 property developers which released results, 3 were above (Ecowld, Mahsing, SPSetia), 1 in line (IOIPG) and 3 below (SIMEPROP, UOADEV, MRCB). Meanwhile, 2 (Sunway, Uems) postponed results to end-March. The mixed results were mainly due to progress billings where some actually came in stronger while some weaker during this CMCO period. That said, property sales were encouraging with most coming in above or	**Maintain NEUTRAL** as we do not foresee a strong catalyst to lift valuations from current levels. We believe affordability issues still persist coupled with oversupply concerns. Developers continue to downtrade into affordable homes of lower absolute prices and incentivise 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: RM0.490 ↔) • SIMEPROP (MP ↑ ; TP: RM0.56 ↑) • SPSETIA (MP ↔; TP:

Sector	Brief Results Review	Forward Expectation / Outlook	Stock Call
	inline with expectations save UOADEV which was below.		RM0.940 ↑) • SUNWAY (MP ↔; TP: RM1.54 ↔) • UOADEV (MP ↓; TP: RM1.76 ↓) **UP** • UEMS (UP ↔; TP: RM0.43 ↔)
Rubber Gloves	The recently concluded 4QCY20 results season for glove makers under our coverage came above expectations except for Kossan which was in line with expectations. All in, all players recorded marked improvement for the 3rd consecutive quarterly earnings which we believe is gathering momentum for a good year going into 2021. All players recorded higher ASPs coupled with mid to high teens sequential volume growth.	**Maintain OVERWEIGHT**. The stage is set for a solid FY21. Despite diminishing sentiment on the sector, we believe the share price retracements in glove stocks present a buying opportunity. Based on our earnings forecast where we conservatively factored in a normalised ASP assumption in our FY22E earnings, glove stocks under our coverage are currently trading at 6-9x FY22 PER compared to normalised mean PER of 15-28x and offering dividend yields of 7-10%.	**OP** • HARTA (OP↔; TP: RM21.00↔) • KOSSAN (OP↔; TP: RM6.00↔) • SUPERMX (OP↔; TP: RM7.80↔) • TOPGLOV (OP ↔ ; TP: RM8.50↔)
Technology	The recently concluded 4QCY20 results season for technology players was mostly above expectation. In addtion, companies like INARI, MPI, KGB, and D&O posted back-to-back record high quarterly net profit. OSATs like INARI and MPI benefited from the iPhone 12 launch as the adoption of 5G requires more RF back-end testing and packaging. KGB's order-book remain elevated at RM358m even after recognizing an all-time high revenue this quarter. Despite the pandemic, KGB still managed to clinch RM490m worth of new jobs and is anticipating another tremendous earnings growth in FY21 thanks to its exposure to the front-end semicon players which are scambling to expand capacity and has hinted of more UHP-job awards, paticularly from SMIC. D&O experienced all-time high orders from the V-shaped recovery in China's automotive sales which has logged growth for 7 consecutive months, and encouraging recovery in the US and EU car sales. EV sales are growing at a larger quantum thanks to government policies which are emphasising	We remain positive on the technology sector going into 2QCY21 as the latest Apple iPhone 12 are still enjoying high demand as Apple regained the number one spoy in most shipped devices in 4QCY20, outpacing the likes of Samsung, Huawei and Xiaomi thanks to the impementation of 5G. We believe the replacement cycle will continue and this is just the start of the 5G supercycle. We expect INARI and MPI to continue benefiting from this. The work-from-home practice is also expected to remain as a norm going forward, increasing web computing (eg. video conferencing, e-learning and media streaming). Hence, MPI will continue to benefit from the increase in demand for its power packages as data centres are seeing the need to expand as a result of increased storage demand to facilitate higher web computing traffic. Beneficiaries for end-point devices include VSTECS (unrated; OR). On the automotive side, China has recorded seven consecutive month of car sales growth while Europe is showing very encouraging signs of	**OP** • KGB (OP ↔, TP: RM3.10 ↔) • INARI (OP ↔, TP: RM4.00 ↔) • MPI (OP ↔, TP: RM43.00 ↑) • D&O (OP ↔, TP: RM4.20 ↑) • UNISEM (OP ↑, TP: RM10.00 ↑) • PIE (OP ↑, TP: RM4.00 ↑) • SKP (OP ↑, TP: RM3.00 ↑) **MP** • KESM (MP ↔, TP: RM10.60 ↔) • JHM (MP ↔, TP: RM2.35 ↔)

Sector	Brief Results Review	Forward Expectation / Outlook	Stock Call
	the reduction of carbon emission per vehicle. Overall, we raise earnings forecasts and target price for MPI, D&O, PIE, SKP and maintain TP for KGB and INARI. **We remain OVERWEIGHT on the sector.**	rebounding. This has translated into a back-to-back record orders for D&O and it will be another record quarter again in 1QCY21. More importantly, the global chip shortage (as highlighted in our sector outlook two quarters ago) is getting more serious and this will definitly be a great catalyst for KGB. Despite the pandemic, KGB had managed to clinch RM490m worth of new jobs and is anticipating another tremendous earnings growth in FY21 thanks to its exposure to the front-end semicon players which are scambling to expand capacity and hinted more UHP-job awards, paticularly from SMIC. Also, being the one of only two local supplier for LCO2, KGB is seeing increased demand from its Singaporean client that the group needed to ramp up utilisation to 100%. KGB is on the verge of getting its halal-certificate which will enable the group to penetrate the F&B sector. Note that industrial gas commands double the margins for UHP jobs. Our top picks are KGB (OP; RM3.10), MPI (OP; RM43.00), INARI (OP; RM4.00) and PIE (OP; RM4.00).	
Telecommunications	**Mixed bag.** For the 4QCY20 results season, only AXIATA exceeded our expectations. DIGI and TM came in within, while MAXIS and OCK fell short of our expectations. AXIATA's OpCos continued to recover well and Axiata's Digital Services portfolio, including the likes of Boost, are gaining traction. DIGI came within but continued to struggle with its subscriber base as the loss of migrant subscribers is inflicting a harder-than-expected hit. TM's voice segment continued declining, but its Internet and Data segments remain resilient with potential for growth from JENDELA, 5G rollout, and growth of Cloud services/Data Centers. OCK's telecommunication network services, with its recurring income, powered through the pandemic with a 9% YoY growth. However, its non-recurring trading and M&E	**Moving forward**, mobile network operators (MNOs) will continue fighting for market share in the mobile space. With the MoF-owned 5G SPV, all MNOs will have equal wholesale access to 5G spectrum capacity, providing the telcos less opportunities to differentiate themselves in network quality. With limited avenues for differentiation, we expect competition in the mobile space to remain stiff. However, we do see a few bright spots in the sector, namely: (i) growth in fibre broadband, (ii) growth in enterprise offerings, (iii) other non-telco services such as e-wallets, cloud services and data centers. With the government's MyDigital initiative, the speeding up of digitalization and strengthening of connectivity will benefit those with direct exposure, such as AXIATA (OP) and TM (OP).	**OP** • TM (OP ↑ ; TP: RM6.85 ↔) • AXIATA (OP↔ ; TP: RM4.40↑) **MP** • MAXIS (MP ↔ ; TP: RM4.90↔) • DIGI (MP↑; TP: RM3.55↔) • OCK (MP ↔; TP: RM0.540 ↔)

Sector	Brief Results Review	Forward Expectation / Outlook	Stock Call
	engineering services fell short.	With regards to OCK, we believe that whether it's the 5G SPV or the previously-planned 5G-consortium, that will own the 5G spectrum and is responsible for the rollout, OCK would still benefit from 5G rollout higher demand for infrastructure regardless. Therefore, in our view, the 5G SPV news doesn't add much more excitement to OCK. However, the counter could benefit from other positive news flow, and we may upgrade it should any material news significantly boost its prospects. **We maintain NEUTRAL on the telecommunications sector, with AXIATA (OP, TP: RM4.40) being our top pick.**	
Utility	A mixed results but skewed toward the positive side with two results coming above, one below, and three others within, expectations. GASMSIA's 4QFY20 beat expectations on the recognition of revenue cap adjustment as demand volume dipped below preset level as in the IRB. This proves that earnings are fairly resilent under the GCPT and recent price weakness prompted us to upgrade the stock to OP with a higher TP of RM2.91 from RM2.85 on valuation base rollover. Meanwhile, YLTPOWR's 2QFY21 earnings also beat forecast, boosted by 2nd quarterly surprise from PowerSeraya as it remained in the black after a turnaround in 1QFY21 which seems sustainable with the improved business environment. As such, we raised FY21/FY22E earnings by 32%/48% and TP to RM0.72 from RM0.67. But, with positives priced in; maintain OP. Despite FY20 core profit rising 20% to RM253.5m, MALAKOF's earnings still missed forecasts again due to the unplanned outage at TBE which was extended to 4QFY20. We cut FY21E earnings by 11% to reflect a higher base of O&M costs for scheduled maintenance and TP to RM1.05 from RM1.15. For in-line results, TENAGA saw no more COVID-19 related financial impact in	COVID-19-related financial impact is likely over with no more sales discount and contribution in 4QFY20. 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 three 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 YTLPOWR is still facing declining earnings due to the expiring of its local IPP extension coupled with new lower rates for Wessex Water. Business environment for PowerSeraya has also improved significantly. 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 start 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: RM1.46 ↔) • TENAGA (OP ↔; TP: RM12.72 ↑) **MP** • PETGAS (MP ↔; TP: RM16.97 ↑) • YTLPOWR (MP ↔; TP: RM0.72 ↑)

Sector	Brief Results Review	Forward Expectation / Outlook	Stock Call
	4QFY20 with earnings starting to normalise. While keeping our forecast, we raised TP to RM12.72 from RM12.40 on valuation base rollover. PETGAS's 4QFY20 results matched expectation with earnings growing steadily by 6% but NDSP beat forecasts on additional special dividend. TP is raised to RM16.97 from RM16.85 on valuation base rollover. Lastly, PESTECH's 2QFY21 results met expectation with earnings falling 8% QoQ on lower job claims but a stronger 2HFY21 is expected on seasonality.		

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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