



Corporate earnings to sustain uptrend

Sentiment	Positive	Frequency	Daily
Outlet Country	Malaysia	Outlet Language	English
Impressions	582,136	Circulation	291,068
PR Value	174,641	Page	3



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PETALING JAYA: Maybank Investment Bank Research (Maybank IB) expects earnings of companies under its coverage to continue recording positive growth into 2025, albeit at a slower pace.

It said core earnings of companies for the quarter ended December 2024 continued on their year-on-year (y-o-y) uptrend for the seventh consecutive quarter.

The research house said the strong y-o-y growth was helped by sizeable reversals of receivables impairment at Tenaga Nasional Bhd (RM816mil) and tax credit at Telekom Malaysia Bhd (RM470mil).

Maybank IB saw an 11% increase in core profit within its universe for the fourth quarter of 2024 (4Q24) results, lifting the 12-month growth to 13.5%.

On a y-o-y basis, the research outfit stated that most sectors delivered stronger core earnings, except petrochemical and gaming, as both fell into the red.

On the other hand, consumer stocks were down by 4%, gloves declined by 59%, technology dropped by 5%, oil and gas (O&G) slipped 17% and media decreased by 52%.

Sectors with both higher y-o-y and quarter-on-quarter (q-o-q) core earnings were utilities, telecommunications, plantations, property, real estate investment trusts, materials and non-bank financials; while O&G core profit was weaker both y-o-y and q-o-q," Maybank IB said.

"We now estimate 6.5% core profit growth for our universe in 2025 and 6.1% expansion for the FBM KLCI. Excluding the two big reversals in 2024 (base effect), core profit growth of our universe would have been a higher 8.1% in 2025.

"For 2026, we now estimate 7.8% core profit growth for our universe and 7% for the FBM KLCI. We expect all sectors to deliver core earnings growth in 2025 except media, O&G, property and utilities," the research house said.

Maybank IB has trimmed its 2025 year-end FBM KLCI target to 1,700 (from 1,740) based on an unchanged price-to-earnings ratio (PER) of 15 times 2026 estimate.

"In a bear case scenario, assuming 2026 estimated earnings growth drops to 5% and a moderation in terms of applicable PER to 14 times, the index could be as low as 1,560. Positively, in a bull case scenario, at 16 times PER and 8% 2026 estimated earnings growth, it could surge as high as 1,830."