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KEY SECTORS STAY RESILIENT

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KEY SECTORS STAY RESILIENT

Plantation, banking, construction and consumer companies met or exceeded expectations, say analysts

Kenny Yee

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THE August reporting season wrapped up broadly positive, reinforcing Corporate Malaysia's resilience and revealing fresh opportunities as investors head into the final quarter.

Analysts said corporate earnings will continue the momentum of the first half, albeit at a slower pace, as businesses are more prudent on the back of slower global growth.

Rakuten Trade Sdn Bhd said despite persistent global macroeconomic uncertainties, earnings momentum across key blue-chip sectors continues to validate the strong fundamentals of the domestic equity market.

Research head Kenny Yee said the latest reporting season highlighted the resilience of key sectors such as plantation, banking, construction and consumer retail.

All continued to post steady results despite external headwinds, he said.

Plantation heavyweights IOI Corporation Bhd, SD Guthrie Bhd and Kuala Lumpur Kepong Bhd met expectations, supported by firmer crude palm oil prices and improved downstream margins.

Banks were standout performers, with Malayan Banking Bhd, CIMB Group Holdings Bhd and Public Bank Bhd posting robust results driven by healthy loan growth and stable asset quality.

Consumer counters also impressed. Nestle (M) Bhd reported more than 20 per cent net profit growth to RM112.1 million in its second quarter on stronger sales and tight cost control.

99 Speed Mart Retail Holdings Bhd recorded a 22 per cent earnings jump in its second quarter, while Mr DIY Group (M) Bhd notched a 2.2 per cent increase from new outlet contributions.

Construction leaders Sunway Construction Group Bhd and Gamuda Bhd extended their winning streaks with strong order books and consistent project wins, while the telecommunications sector held steady on firm subscriber bases.

Technology results were mixed. NationGate Holdings Bhd posted a RM27.8 million net profit in its second quarter, in line with forecasts on robust data-computing demand.

ITMAX Systems Bhd outperformed with more than 20 per cent year-on-year earnings growth in its second quarter from its digital infrastructure business, while PIE Industrial Bhd lagged, reaching only 28 per cent of consensus' first-half earnings due to delayed orders and an unfavourable product mix.

Energy counters diverged sharply. Tenaga Nasional Bhd disappointed with a 32 per cent year-on-year drop in its second quarter core profit to RM1.01 billion as higher non-fuel operating costs hit margins.

YTL Power International Bhd beat consensus estimates by 12 per cent, posting a strong core profit of RM2.9 billion in its 2025 fiscal year on robust power and water operations.

"Even within the more volatile technology space, companies like NationGate and ITMAX delivered results that either met or exceeded expectations, underscoring opportunities for selective positioning. We see recent market weakness as a chance for investors to accumulate quality counters, particularly in sectors with visible earnings catalysts," said Yee.

STEADY GROWTH, SELECTIVE OPPORTUNITIES

Rakuten Trade chief executive officer Kazumasa Mise said earnings seasons often spark key market shifts, creating windows for strategic moves.

"We continue to encourage investors to rebalance their portfolios, locking in gains from over-performers while reallocating towards resilient sectors like plantation, banking, construction and consumer staples, and keeping an eye on emerging leaders in technology."

Rakuten Trade expects corporate earnings growth to remain healthy going into 2026, supported by stable macro conditions and firm commodity prices.

It said defensive sectors, such as plantations, banking and consumer staples, should provide steady dividends, while selective technology and construction counters offer upside potential.

Conversely, energy and semiconductor players may face pressure from rising costs and potential order delays, the firm added.

SUPPORTIVE POLICIES

Universiti Kuala Lumpur Business School economic analyst Assoc Prof Aimi Zulhazmi Abdul Rashid said domestic businesses will likely be supported by fiscal and monetary policies.

Retail and wholesale, logistics and transportation, financial services and tourism-related sectors would continue to drive economic growth, he added.

Tourism stands out as a key contributor, with the rising number of foreign visitors positively impacting economic growth and helping to strengthen the ringgit.

Aimi said there are still adjustments to the United States tariffs as global supply chains continue restructuring to reduce dependency on the American market.

Semiconductors, Malaysia's largest export to the US, are expected to face further challenges.

"Proposed tariffs could trigger a domino effect across the semiconductor supply chain."