

19 JAN, 2026

The leaders and laggards in the first two weeks of 2026

The Edge, Malaysia



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Whether it is because of top-down window-dressing running on extra time, revival of the "sell US assets" trade after US Federal Reserve chair Jerome Powell came under criminal probe, or the tailwind from renewed optimism that Malaysia's economy and the ringgit could stay resilient or even surprise on the upside this year, the bellwether FTSE Bursa Malaysia Kuala Lumpur Composite Index (FBM KLCI) was up 2.1% in the first 10 market days of 2026.

Closing at 1,708.2 points last Tuesday (Jan 13) — above the 1,700-point mark for the first time since March 1, 2019 — the 30-stock FBM KLCI went on to close at 1,710.91 points the next day at 1,715.16 points on Thursday.

Even at Wednesday's close, the FBM KLCI was already up 1.83% from the start of the year, after climbing 4.7% or 75.64 points month on month (m-o-m) in December 2025. In the past seven years, the FBM KLCI's highest close was 1,730.68 points on Feb 21, 2019.

The broader 100-stock FBM Emas Index was also up nearly 3% year to date (YTD).

After gaining 3.3% or 387.7 points m-o-m in December to end 2025 at 1,680.11 points, the FBM Emas added another 2.9% or 352.97 points in just 10 market days this year to close at 12,656.64 points last Thursday. It had already added 322.8 points or 2.6% from the start of the year as it closed at 12,626.47 points last Wednesday.

There were signs of net foreign inflow last week following RM2 billion worth of net selling in December to bring total foreign net outflow for 2025 to RM22.3 billion.

UBS Global Research, in a Jan 5 note, cited the resilient macro environment outlook and potential boosts from pre-election measures when telling clients about its base case end-2026 target for the FBM KLCI of 1,760 points.

A better-than-expected bullish case, however, could point to 1,870 points for the FBM KLCI, which translates into an 8% earnings compound annual growth rate (CAGR) for 2025 to 2027 and forward earnings multiple of 14.8 times, according to UBS.

The FBM KLCI could climb as high as 1,850 points by year-end in a bull-case scenario, underpinned by resilient domestic demand, an ongoing investment cycle upswing and deft policy execution in areas like energy transition and infrastructure, Maybank IB told reporters last Thursday. Its base-case year-end FBM KLCI target is 1,730 points. A stronger Chinese yuan could also help bolster

the ringgit in 2026, its forex strategist says.

CGS International also sees the potential of the FBM KLCI crossing the 1,800-point mark, with an end-2026 FBM KLCI target of 1,810 points, while acknowledging headwinds from geopolitical tensions and potential trade slowdown.

Hong Leong Investment Bank Research, meanwhile, has an end-2026 FBM KLCI target of 1,790 points, assuming a 15.4 times earnings multiple on the back of a 7.1% year-on-year (y-o-y) earnings growth.

Laggards playing catch-up?

With the FBM KLCI at a seven-year-high, we take a closer look at how its 30 components performed in 2025 plus the first two weeks of 2026, and match that against what analysts actively tracking them think the stocks should be worth.

Counting just the stock price movements from the start of the year through to Jan 14, the top three performing FBM KLCI components were M1 DIY Group (M) Bhd (KL:MRDIY), CelcomDigi Bhd (KL:CDB) and YTL Corp Bhd (KL:YTL), according to Bloomberg data. All three saw their stock prices rising between 7.35% and 13.07% in the first fortnight of the year, but over a one-year plus horizon, the counters were still lower compared to where they were at the start of 2025. (See table, columns 5 and 7.)

Of the three, CelcomDigi has the highest implied upside potential if the higher analyst target prices polled by Bloomberg are attainable, back-of-the-envelope calculations show. (See table, columns 11 and 15.)

Fifteen of the 26 analysts tracking Cel-

comDigi have a "hold" recommendation on the stock compared with eight with a "buy" call and three saying "sell". There is a wide gap between Morgan Stanley's RM3.02 target price and Kenanga Investment Bank Research's RM4.67 target price, with consensus at RM3.94, which implies 14.2% upside from Jan 14's close of RM3.45.

Potential clarity on 5G DNB, dividend upside

Reiterating a "neutral" stance on the telecommunications (telecoms) sector in its Jan 6 note, Kenanga Research notes potential dividend yield upside as well as lingering uncertainties about the final ownership and control structure at Digital Nasional Bhd (DNB). The latter clouds earnings visibility, capital expenditure commitments and dividend sustainability for its three mobile network operator (MNO) shareholders — CelcomDigi, Maxis Bhd (KL:MAXIS) and YTL Communications Sdn Bhd. YTL Corp owns 46% of YTL Power International Bhd (KL:YTLPWR), which controls YTL Communications.

A tad more clarity on 5G and DNB may come in the coming two weeks as a two-month deadline on a put option ends on Feb 1, 2026 — unless an extension is given. Minister of Finance (Incorporated) (MoF Inc) had on Dec 1, 2025, exercised its put option on DNB, offering for sale its entire shareholding plus liabilities in DNB in equal portions to the three MNOs, which need to pony up RM327.87 million each.

Kenanga Research, for one, says the RM327.9 million "has negligible impact"

on CelcomDigi and Maxis' balance sheets — causing FY2026 net debt to Ebitda (earnings before interest, tax, depreciation and amortisation) levels to rise slightly from 2.14 times to 2.19 times for CelcomDigi and from 1.94 times to 2.02 times for Maxis. "However, the more meaningful implication lies in the future equity-accounting of DNB's P&L (profit and loss) once it becomes an associate of each MNO," Kenanga Research writes, noting that "uncertainty will persist regarding which MNO would take the lead" if control is not distributed evenly. It did add, though, that DNB's prospects "could improve meaningfully once the MNOs transition from usage-based billing to 5G access to fixed minimum fees payable to DNB".

Maybank Investment Bank Research, which is also "neutral" on the telecoms sector pending guidance on the impact of equity accounting DNB's losses before incorporating them into the MNOs' earnings forecasts, prefers Telekom Malaysia Bhd (KL:TM), whose fibre network capacity is essential infrastructure for industry players and is not a DNB shareholder.

"Upon MoF Inc's exit from DNB, the remaining telco (telecommunications company) shareholders will each own an associate stake, thus requiring them to equity account DNB's losses," Maybank IB tells clients in a Jan 5 note, adding that DNB reported a RM1.2 billion net loss in FY2024 as telcos paid nominal access fees.

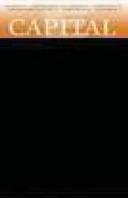
RHB Research, meanwhile, prefers Telekom Malaysia and Axiata Group Bhd (KL:AXIATA) and is looking out for progress on the potential monetisation of the latter's 63%-owned edotoc, whose equity value is estimated to range between RM8 billion and RM13 billion. RHB, which also prefers fixed-line players on stronger earnings outlook and dividend prospects, notes that each MNO would have invested RM678 million for a 33.3% stake in DNB, including the RM327.8 million for MoF Inc's put option.

Working TM's balance sheet

Not surprisingly, there are 16 "buy" calls on TM compared with only five "hold" and two "sell" recommendations, according to Bloomberg data.

RHB has a RM8.30 target price on the counter while Maybank IB has RM8.50. Both are slightly above Bloomberg's consensus of RM8.27.

However, there was profit-taking on TM recently, with the stock becoming a lag-



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Banks, telecommunication companies among top movers as FBM KLCI surged to seven-year high

FBM KLCI COMPONENT	MARKET CAPITALISATION (RM BIL)	JAN 14 CLOSE (RM)	PAST FORTNIGHT PERFORMANCE		ONE YEAR + TWO WEEKS		TOTAL BUY CALLS	TOTAL HOLD CALLS	TOTAL SELL CALLS	HIGHEST TARGET PRICE (RM)	LOWEST TARGET PRICE (RM)	CONSENSUS TARGET PRICE (RM)	IMPLIED UPSIDE/ DOWNSIDE POTENTIAL OF 12-MONTH TARGET VS JAN 14 CLOSE (%)	IMPLIED UPSIDE/ DOWNSIDE POTENTIAL OF 12-MONTH TARGET VS JAN 14 CLOSE (%)	1-YEAR TOTAL RETURN (%)	DIVIDEND YIELD (%)	DIVIDEND FREQUENCY	
			2026 YTD NET CHANGE (RM)	2026 YTD CHANGE (%)	JAN 1, 2025 TO JAN 14, 2026 CHANGE (RM)	JAN 1, 2025 TO JAN 14, 2026 CHANGE (%)												
MR DIY Group M Bhd	16.40	1.73	0.20	13.07	-0.05	-2.63	14	2	1	2.40	1.40	1.96	13.1%	38.7%	-19.1%	2.32	3.47	Quarterly
CelcomDigi Bhd	40.47	3.45	0.26	8.15	-0.02	-0.63	8	15	3	5.60	3.02	3.94	14.2%	62.3%	-12.5%	-2.28	4.34	Quarterly
YTL Corp Bhd	25.42	2.19	0.15	7.35	-0.43	-16.48	1	1	0	3.01	3.01	3.01	37.4%	37.4%	37.4%	2.28	2.27	Annual
Hong Leong Bank Bhd	50.90	23.48	1.34	6.05	3.86	19.65	15	2	0	31.70	22.80	24.73	5.3%	35.0%	-2.9%	23.61	4.09	Semi-annual
RHB Bank Bhd	35.46	8.13	0.42	5.45	2.05	33.79	13	3	1	8.90	7.10	8.01	-15%	9.5%	-12.7%	38.13	5.30	Semi-annual
YTL Power International Bhd	30.12	3.49	0.18	5.44	-0.84	-19.40	10	3	2	5.80	3.30	4.38	25.5%	66.2%	-5.4%	-6.50	2.30	Semi-annual
Malayan Banking Bhd	133.38	11.04	0.56	5.34	1.41	14.63	15	4	1	13.50	8.60	11.17	1.2%	22.3%	-22.1%	15.07	5.61	Semi-annual
Petronas Dagangan Bhd	20.86	21.00	1.04	5.21	2.76	15.15	2	6	3	25.00	16.77	21.60	2.9%	19.0%	-20.1%	13.86	4.43	Quarterly
Maxis Bhd	30.95	3.95	0.16	4.22	0.47	13.40	7	15	1	5.10	3.30	4.09	3.7%	29.1%	-16.5%	14.62	4.30	Quarterly
QL Resources Bhd	14.42	3.95	0.16	4.22	-0.76	-16.08	2	11	2	5.70	3.50	4.39	11.2%	44.3%	-11.4%	-12.79	1.27	Semi-annual
Nestlé Malaysia Bhd	27.79	118.50	4.50	3.95	20.70	2116	5	7	2	131.00	75.30	109.76	-7.4%	10.5%	-36.5%	30.72	1.73	3x per year
99 Speed Mart Retail Holdings	33.26	3.96	0.15	3.94	1.53	63.12	9	3	1	4.84	2.55	3.70	-6.6%	22.2%	-35.6%	75.89	0.51	Irregular
Petronas Gas Bhd	37.00	18.70	0.56	3.09	1.72	10.16	4	12	0	21.81	17.70	19.06	1.9%	16.6%	-5.3%	10.82	3.87	Quarterly
Kuala Lumpur Kepong Bhd	22.92	20.58	0.58	2.90	-0.59	-2.76	5	14	0	24.00	20.23	22.08	7.3%	16.6%	-1.7%	2.66	2.96	Semi-annual
Public Bank Bhd	90.65	4.67	0.13	2.86	0.33	7.59	16	4	1	5.90	4.30	5.02	7.6%	26.3%	-7.9%	11.54	4.59	Semi-annual
Press Metal Aluminium Holdings Bhd	60.15	7.30	0.18	2.53	2.47	51.10	12	2	0	8.60	6.20	7.43	18%	17.8%	-15.1%	58.55	1.06	Quarterly
IOI Corp Bhd	25.58	4.07	0.07	1.75	0.30	7.84	9	8	2	4.75	3.90	4.32	6.2%	16.7%	-4.2%	11.54	2.58	Semi-annual
CIMB Group Holdings Bhd	90.10	8.35	0.10	1.21	0.65	8.50	18	2	0	9.50	7.20	8.61	3.1%	13.8%	-13.8%	11.62	4.75	Semi-annual
Tenaga Nasional Bhd	80.56	13.82	0.10	0.73	-0.56	-3.89	19	4	0	17.84	12.90	15.81	14.4%	29.1%	-6.7%	3.86	3.70	Semi-annual
MISC Bhd	35.04	7.85	0.05	0.64	0.61	8.41	11	4	0	9.80	7.35	8.51	8.4%	24.8%	-6.4%	14.52	4.59	Quarterly
Sunway Bhd	38.20	5.65	0.03	0.53	0.93	19.83	3	9	1	6.10	4.73	5.71	10%	8.0%	-16.3%	35.05	1.42	Semi-annual
AMMB Holdings Bhd	21.60	6.53	0.03	0.46	1.58	31.99	13	5	0	7.20	5.39	6.54	0.1%	10.3%	-17.5%	26.22	4.96	Semi-annual
Axiata Group Bhd	23.24	2.53	0.01	0.40	0.16	6.55	13	8	2	4.10	2.29	2.94	16.2%	62.1%	-9.5%	13.75	3.95	Semi-annual
PPB Group Bhd	15.71	11.04	-0.02	-0.18	-0.92	-7.67	2	2	0	15.80	10.89	12.75	15.5%	43.1%	-14%	-5.93	3.78	Semi-annual
SD Guthrie Bhd	39.42	5.70	-0.03	-0.52	0.94	19.87	14	3	2	6.95	4.30	5.99	5.1%	21.9%	-24.6%	24.89	3.41	Semi-annual
Telekom Malaysia Bhd	30.05	7.83	-0.22	-2.73	1.47	23.08	16	5	2	9.25	6.60	8.26	5.5%	18.1%	-15.7%	24.37	3.20	Semi-annual
Gamuda Bhd	28.39	4.81	-0.17	-3.41	0.16	3.55	20	1	0	7.30	5.79	6.43	33.7%	51.8%	20.4%	3.94	2.08	Semi-annual
IHH Healthcare Bhd	74.67	8.45	-0.30	-3.43	1.26	17.47	16	8	0	9.70	7.50	8.99	6.4%	14.8%	-11.2%	21.10	1.24	Semi-annual
Sime Darby Bhd	14.04	2.06	-0.09	-4.19	-0.15	-6.69	8	8	2	2.50	1.65	2.13	3.5%	21.4%	-19.9%	-0.30	6.31	Semi-annual
Petronas Chemicals Group Bhd	26.16	3.27	-0.36	-9.92	-1.82	-35.81	4	6	11	5.15	2.06	3.24	-10%	57.5%	-37.0%	-29.41	1.85	Semi-annual

gards among the FBM KLCI's 30 component stocks. TM's share price was down 22 sen or 2.73% YTD when it closed at RM7.83 on Jan 14. However, measuring over a one-year-plus horizon from the start of 2025, TM's share price was still up RM1.47 or 23.08%. (See table, columns 6 and 7.)

The current consensus target price of RM8.26 still indicates 5.5% upside potential from its RM7.83 close last Wednesday, while the most bullish target price of RM9.50 by CGS International Research on Jan 14 points to the ceiling being another 21% away.

"Management confirmed it remains committed to sustaining shareholder value and would address the issue of a fast-deleveraging balance sheet [0.6 times net debt to Ebitda as at end-3Q2025 versus local mobile operators at more than 1.9 times], without providing details. We maintain our view that TM will raise its dividend payout ratio above the current 60% to achieve this, and have penned in a payout ratio of 65% for FY2025, and 70% for FY2026 and FY2027," CGS International analyst Prem Jeerajasingam writes in a Jan 14 note, and raises his target price from RM9.25 to RM9.50, citing "continued earnings delivery and capital management" as further re-rating drivers.

He foresees TM's dividend per share rising from 31 sen in FY2024 to 34 sen in FY2025 and FY2026 before rising further to 45 sen in FY2027. TM, which pays dividends twice a year, had declared a dividend of 12.5 sen per share at the end of September 2025, the same as in the previous corresponding period.

Kenanga Research notes that TM had, from the third quarter of 2025, begun recognising revenue from its RM2.4 billion fibre backhaul contract with U Mobile Sdn Bhd, which was selected as the second 5G network operator in late-2024. It is understood that U Mobile is to reach 80% 5G population coverage by the end of 2026 before scaling up to 95% within three years. It remains to be seen if the long-talked-about initial public offering (IPO) of U Mobile will finally take place this year.

It is noteworthy that total returns on TM were 17.7% between the end of 2024 and Jan 14, 2026 (23.3% if dividends were reinvested in its shares) — far outperforming total returns on the FBM KLCI of 4.18% over the same period (8.6% if dividends were reinvested in the index), according to Bloomberg data.

Total returns over the same period were 8.3% (13.4% if dividends were reinvested in its shares) for Maxis and negative 4.7% (-0.66% if dividends were reinvested in its shares) for CelcomDigi, Bloomberg data show.

In December 2025, top purchases by foreign investors included TM, Malayan Banking Bhd (KL:MAYBANK), Press Metal Aluminium Holdings Bhd (KL:PMETAL), Farm Fresh Bhd (KL:FFB) and Public Bank Bhd (KL:PBBANK). Maybank IB tells clients in a recent note, adding that foreign participation moderated to 40.2% versus 42.1% by domestic institutions and 17.8% by domestic retail investors.

Top foreign net sells in December 2025, meanwhile, were Tenaga Nasional

Bhd (KL:TENAGA), IHH Healthcare Bhd (KL:IHH), 99 Speed Mart Retail Holdings Bhd (KL:99SMART), Kuala Lumpur Kepong Bhd (KL:KLK) and YTL Power.

For the whole of 2025, key net buys by foreign investors were Maybank, SD Guthrie Bhd (KL:SDG), Genting Malaysia Bhd (KL:GENM), Westports Holdings Bhd (KL:WPRTS) and Sunway Construction Group Bhd (KL:SUNCON). On the flipside, top foreign net sells by foreign investors were CIMB Group Holdings Bhd (KL:CIMB), Public Bank, Tenaga, IHH and AMMB Holdings Bhd (KL:AMBANK).

Street bullish on Gamuda

Among the FBM KLCI's 30 component stocks, the most popular with analysts is Gamuda Bhd (KL:GAMUDA). As many as 20 out of 21 analysts tracking the stock are calling a "buy" with the remaining one saying "hold" (see table, column 8).

There is still an implied 33.7% upside potential to its RM4.81 close on Jan 14 compared to its Bloomberg consensus target price of RM6.43. Upside potential is nearly 52%, if one believes the most bullish target price of RM7.30 by CGS International is attainable over the coming 12 months.

Even the lowest target price of RM5.79 for Gamuda still implied a 20.4% upside potential, according to Bloomberg data at the time of writing. Gamuda is among only two of the 30 FBM KLCI component stocks to have a positive implied upside when measuring from the lowest price target, alongside YTL Corp that has only two analysts tracking its

stock, compared with 21 for Gamuda.

Some investors had taken profit on Gamuda, with the stock down 17 sen or 3.41% YTD as at Jan 14 even as the bellwether FBM KLCI climbed. Measuring over the past year, however, Gamuda's shares are still up 16 sen or 3.5% from the start of 2025.

Noting that Gamuda's shares had fallen about 10% over three months, partly driven by foreign selling, CGS International, for one, reiterated its "add" call and a RM7.30 target price on Gamuda on its potential pipeline and diversified order book, and told clients it thinks the foreign selling "should reverse".

"Our target price stays at RM7.30, based on one-time market capitalisation/order book, which assumes a sustainable order book of RM42.5 billion," CGS says in a Jan 8 note, adding that key downside risks include delays in contract awards and higher raw material costs.

With Sunway Bhd (KL:SUNWAY) in the process of acquiring rival IJM Corp Bhd (KL:IJM) in a 90% share-10% cash deal worth RM11 billion, investors would be gauging the potential impact on its peer Sunway Construction as well as formidable industry rival Gamuda (see Cover Story on Pages 50 to 53).

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