Local equities

COMPILED BY **ROSALYNN POH**

Auto and autoparts
NEUTRAL

RHB RESEARCH (MAY 20): The Malaysian Automotive Association (MAA) reported a total industry volume (TIV) of about 72,000 units (+14% month on month, +16% year on year) in April, with total production volume (TPV) reaching around 71,000 units. The stronger sequential performance was a positive surprise, driven mainly by the normalisation of assembly operations. We still expect a stronger 2Q26 (versus 1Q26), although we remain wary of inflationary risks coming from supply disruptions. We remain "neutral" on the sector.

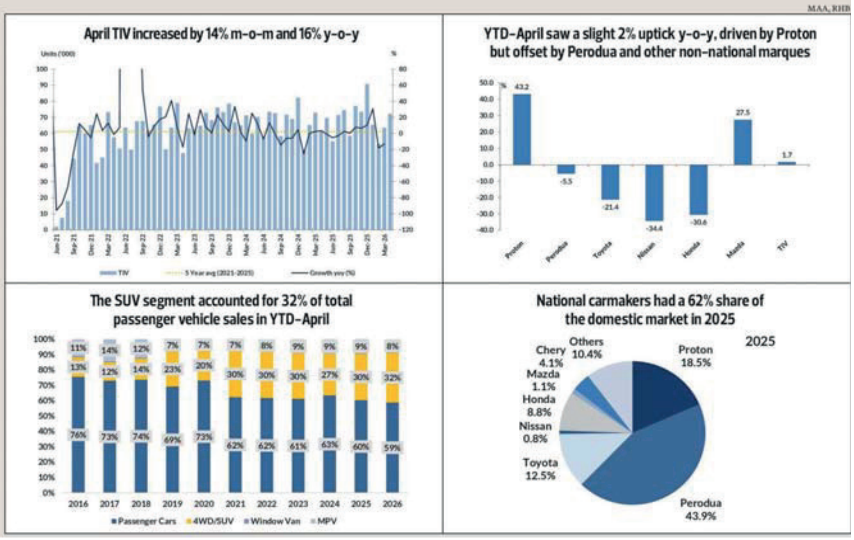
April's TIV brings the cumulative four-month figure to 254,000 units (+2% y-o-y). This was largely within our 2026 estimates (33% of full-year forecast). The m-o-m increase was mainly attributed to higher TPV from the normalisation of assembly operations after the festive season in March, which cleared backlogs from holiday shutdowns during the month. The m-o-m performance was also boosted by promotional campaigns and the launch of new models (for example, Omoda C9 PHEV, Toyota Yaris Cross and Proton X90 MC).

National marques made a comeback, with Perodua and Proton recording 31% and 18% m-o-m increases respectively. Non-national marques like Toyota and Mazda improved 10% and 29% m-o-m respectively, while Honda's sales volume fell 45%.

On the electric vehicle front, Proton remained the top-selling brand in April. Given the recent shift in EV policy, we think there could be front-loading activities by EV players, as well as forward purchases by consumers.

We remain cautious on demand as sentiment could become more subdued amid elevated crude oil prices (US$90 to US$100 per barrel). While there have been discussions on the potential exclusion of fuel subsidies for the T20 group, we note that no further announcements have been made so far. RHB Economics recently increased its 2026 headline inflation estimate to 2.1% from 1.8%, citing concerns about cost-push pressures in the coming months. This may weigh on discretionary purchases.

MAA, RHB



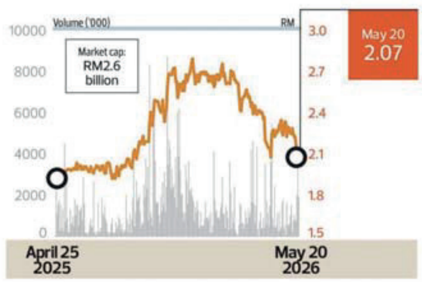
Heineken Malaysia Bhd
Target price: **RM27.12 BUY**

HONG LEONG INVESTMENT BANK RESEARCH (MAY 20): Unlike Carlsberg Brewery Malaysia Bhd's (KL:CARLSBG) strong 1Q26 showing, Heineken Malaysia Bhd (KL:HEIM) reported a core net profit of RM104.5 million (-29.2% quarter on quarter, -15% y-o-y), below our expectations of 22% of our full-year forecast. In our view, the key deviation between the two brewers likely reflects different channel inventory dynamics.

We think upcoming quarters should provide a cleaner gauge of underlying beer demand as the festive boost fades, inventory build-up effect normalises and volumes begin to reflect consumers' response to the November 2025 excise-driven price hikes. Investor focus will likely centre on whether brewers can sustain volume resilience after low- to mid-single-digit average selling price increases, particularly as the US-Iran war weighs on consumer sentiment and tourist arrivals, with flight cancellations across Asia. On a positive note, Heineken will commence exports to its Singapore entity from 3Q26 onwards, adding a new avenue of earnings contribution.

We cut FY26F/FY27F earnings by 2.8%/0.6% after lowering our sales volume assumptions. Consequently, our target price is revised to RM27.12 (from RM28.07), based on 18 times FY26F EPS.

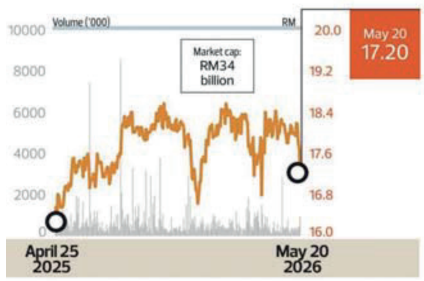
Kerjaya Prospek Group Bhd
Target price: **RM3.10 OUTPERFORM**



PUBLICINVEST RESEARCH (MAY 20): Kerjaya Prospek Group Bhd (KL:KERJAYA) has secured a contract work worth RM174.2 million from a new client, RB Land Sdn Bhd, a subsidiary of IJM Land Bhd, for the construction of a high-rise residential development in Seremban, Negeri Sembilan. The contract involves the main building works of a 44-storey serviced apartment block comprising 778 apartment units and 15 retail lots, among others. This job win brings the group's FY26 new contract wins to RM976.6 million and bolsters its total outstanding order book to RM4.3 billion, providing strong earnings visibility for the next three years. Based on our estimates, this project is expected to contribute about 1.8% per year on average to the group's earnings over the contracted period of 35 months. We keep our forecast unchanged as this makes up part of the order book replenishment assumption of RM2 billion for FY26.

The group continues to strengthen its portfolio by leveraging its core construction expertise while expanding into higher-growth segments such as data centres and industrial developments. We maintain our forecasts and our "outperform" call on Kerjaya Prospek, with an unchanged SOP-based target price of RM3.10.

PETRONAS Gas Bhd
Target price: **RM18.60 HOLD**



CGS INTERNATIONAL (MAY 19): PETRONAS Gas Bhd (KL:PETGAS) saw 1Q26 normalised net profit decline 5% y-o-y, largely due to weaker contributions from its gas processing and gas transport segments, as well as lower interest income. Its gas processing segment saw 1Q26 gross profit fall 10% y-o-y, mainly because of higher maintenance activity during the quarter, coupled with higher depreciation charges, while profit contribution from the gas transport segment declined 8% y-o-y due to higher internal gas consumption costs.

However, profit contribution from its regasification segment increased 9% y-o-y, driven by incremental revenue from LNG storage services in Pengerang, Johor, which commenced in August 2025, coupled with the upward tariff adjustment under Regulatory Period 3 (RP3) effective January 2026. Its utilities segment also saw profit improve 2% y-o-y, primarily driven by lower fuel gas prices (-15% y-o-y).

PetGas' defensive regulated earnings, underpinned by strategic gas infrastructure ownership, and growth from its third regasification terminal (RGT3) are attractive, but we believe these are well reflected in the share price with the stock trading at a 2026F PER of 20 times. Hence, we keep our "hold" call with an unchanged SOP-based target price of RM18.60.