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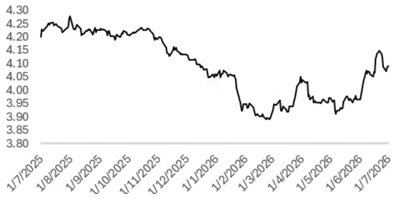
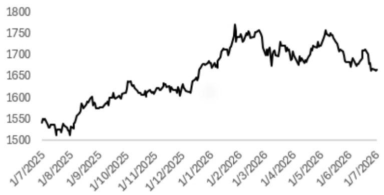
US$/MYR



FBM KLCI



Economic at a glance

2025 GDP Growth	+5.2%
2026 GDP Growth Forecast:	+4.7%
2025 Export Growth:	+6.4%
2026 Export Growth Forecast:	+16.3%
2025 Unemployment Rate	3.0%
2026 Unemployment Rate Forecast:	3.0%
2025 Headline Inflation:	+1.4%
2026 Headline Inflation Forecast:	+2.1%
End-2025 OPR	2.75%
End-2026 OPR Forecast:	2.75%

Market Outlook

Winners / Losers Of MYR Depreciation

- **The FBM KLCI fell 57.96 points, or 3.4% month-on-month, in June 2026 weighed by foreign fund outflows, a stronger U.S. dollar and rising domestic political uncertainty.**
- **The Ringgit is likely to remain under near-term pressure amid a hawkish U.S. Federal Reserve, weaker regional currency performance and rising domestic political uncertainty ahead of the Johor and Negeri Sembilan state elections.**
- **A weaker ringgit favours export-oriented sectors, particularly Technology and Gloves, while sectors with significant USD-denominated costs, including Construction, Aviation, Autos and Consumer, are likely to face margin pressure.**
- **The Johor and Negeri Sembilan state elections will be closely watched as an early indicator of political dynamics ahead of GE16 and could influence investor sentiment toward Malaysian assets.**
- **Maintain our FBM KLCI year-end target of 1,787, supported by expectations of easing geopolitical risks, resilient domestic fundamentals and the potential start of a new market upcycle.**
- **Our top picks are Mi Technovation (BUY, TP: RM6.23), EG Industries (BUY, TP: RM2.69), MSC (BUY, TP: RM3.06) and MITRA (BUY, TP: RM1.28).**

Key events in June 2026 affecting the market

Global

- **10 Jun:** Japan's meteorological agency declared the onset of El Niño, raising the risk of extreme weather, agricultural disruptions and economic losses through the end of the year.
- **11 Jun:** ECB raised interest rates by 25bps.
- **11 Jun:** 2026 FIFA World Cup kicked off, boosting sectors such as consumer goods, travel and beverages globally.
- **12 Jun:** A U.S. federal appeals court allowed the Trump administration to continue enforcing its 10% global tariffs while legal challenges remain ongoing.
- **13 Jun:** SpaceX shares surged 19% on their Nasdaq debut, pushing its market value above US$2 trillion following a record US$75 billion IPO.
- **17 Jun – FOMC Meeting (Kevin Warsh's first meeting as Fed Chair):** The Fed kept rates unchanged at 3.50%-3.75% but adopted a hawkish tone, raising concerns of a potential rate hike later this year.
- **15–23 Jun:** The U.S. and Iran agreed to a 60-day ceasefire framework and a 14-point roadmap, paving the way for negotiations on sanctions relief, the Strait of Hormuz and Iran's nuclear programme. The U.S. subsequently granted a temporary waiver on Iranian oil exports, supporting expectations of improved global oil supply and easing geopolitical risks.
- **Late Jun (28–30 Jun):** The US and Iran agreed on a ceasefire framework, easing geopolitical tensions and improving global market sentiment.

Malaysia

- **6 Jun:** Melaka Chief Minister Ab Rauf Yusoh said the Melaka state election is likely to be held after the Johor and Negeri Sembilan state polls.
- **8 Jun:** Crisis Management Task Force chairman Tan Sri Mohd Hassan Marican said Malaysia must strengthen resilience against prolonged global supply disruptions through government action, greater efficiency, resource conservation, and public cooperation.
- **9 Jun:** Bursa Malaysia and the Securities Commission launched the MY Value Up Programme Guidebook to enhance corporate governance and shareholder value, with EPF, PNB and KWAP supporting companies that adopt its recommendations.
- **12 Jun:** The Election Commission confirmed the 16th Johor and Negeri Sembilan state elections, with polling scheduled for **11 July 2026** and **1 August 2026**, respectively.
- **Foreign investors remained net sellers in June,** recording net outflows of RM2.4bn, although selling moderated from RM3.7bn in May. While a brief net inflow was recorded on 29 June, foreign investors ended the month with cumulative year-to-date net outflows of RM3.1bn.

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Fundamental Outlook and Key events to watch in July 2026

Global

Key market-moving events in the U.S. include the **June unemployment rate report on 2 July**, **June CPI inflation data on 14 July**, **June PPI data on 15 July**, and **the FOMC meeting on 28–29 July**. These releases will play a crucial role in shaping expectations for the Federal Reserve's policy direction and the timing of any potential interest rate adjustments.

Federal Reserve Policy Outlook – Investors will continue to monitor the Fed's policy trajectory following Chair Kevin Warsh's hawkish stance. Markets are increasingly pricing in a higher-for-longer interest rate environment, with Fed Funds futures implying the possibility of at least two further rate hikes. For a more detailed discussion, please refer to our report, *US FOMC Meeting: Hawkish Tilt as Fed Commits to Price Stability* (18 June 2026).

Middle East Geopolitical Developments – We believe the worst of the Iran–U.S. conflict is behind us. This aligns with the view expressed in our *Economics & Market Outlook report, Buy the Dip on Geopolitical Noise* (5 March 2026), where we highlighted that market sell-offs triggered by geopolitical tensions often present attractive opportunities to accumulate fundamentally strong companies. Barring any renewed escalation, geopolitical and macroeconomic uncertainties arising from the conflict should continue to ease, reducing risks to global energy markets and investor sentiment.

Malaysia

The ringgit has been among the weakest-performing currencies in the region against the U.S. dollar, depreciating 4.5% since the beginning of May to a recent peak closing level of 4.149, significantly underperforming the broader Asia Dollar Index (ADXY), which declined just 1% over the same period.

From the technical perspective, the USD/MYR has recently broken above a descending trendline that had been in place since April 2024, signalling a potential reversal of the Ringgit's strengthening trend against the US dollar. The breakout, coupled with improving upward momentum, suggests further near-term upside for the USD/MYR, with immediate resistance seen at 4.20 and 4.30. This technical development supports our view that the Ringgit may face renewed depreciation pressure should the US dollar strengthen further amid a relatively hawkish Federal Reserve stance.

Figure 1: Downtrend line breakout

Source: Bloomberg, Apex Securities

At the same time, increasing local political uncertainty surrounding the Johor and Negeri Sembilan state election could weigh on investor sentiment and limit support for the Ringgit, particularly if concerns emerge over its implications for the broader political landscape ahead of GE16.

That said, the impact on corporate earnings is likely to remain manageable unless the Ringgit weakens further towards the 4.40–4.50 range against the US dollar. At current levels, most export-oriented companies are unlikely to see a material earnings uplift, while import-dependent sectors should remain largely insulated from significant margin pressure. A more pronounced depreciation towards 4.40–4.50 would be required before currency movements become a meaningful earnings driver for Malaysian corporates.

Winners and Losers of a Weak Ringgit against the Greenback

In our view, a weaker ringgit would generally favour **export-oriented sectors and companies** with substantial USD-denominated revenue, particularly those with a meaningful portion of their cost base in ringgit. The key beneficiaries are likely to be sectors such as **Gloves** and **Technology**, where revenue is predominantly USD-based while a significant share of operating costs is incurred in ringgit, providing a natural earnings uplift from currency translation. Companies in the commodities space, including **upstream O&G**, **petrochemicals** and **aluminium producers**, may also benefit as their products are largely priced in USD. **Plantation companies** could similarly see positive earnings translation effects given that CPO prices are closely linked to global commodity markets.

On the other hand, a weaker ringgit is generally negative for sectors that incur significant USD-denominated costs while deriving most of their revenue in ringgit. These include **Aviation**, where jet fuel, aircraft maintenance and lease expenses are largely USD-linked; **Autos**, due to the importation of CBU vehicles and CKD kits; Cement, given its exposure to imported coal; and **Construction**, particularly for projects requiring imported equipment and specialised M&E components. **Consumer companies** that rely on imported raw materials or merchandise may also face margin pressure unless higher costs can be passed on to customers. Similarly, **Media companies** with foreign content costs, **Renewable Energy EPCC contractors** that procure imported solar modules, and **Telcos** with USD-linked network capex and software licensing expenses could see profitability impacted.

In addition, companies with substantial USD-denominated borrowings may face higher finance costs and foreign exchange translation losses in the absence of adequate hedging arrangements.

For investors who are interested to capitalize on the trading opportunity, we prefer the Glove and Technology sectors. MSC and Southern Cable may also attract interest.

Having said that, **our economist expects the US federal funds rate (FFR) to be hiked by 25bp this year**, less hawkish than the Fed Funds futures expectations of at least two hikes. This is based on the expectation that inflationary pressures will gradually ease as lower energy prices temper headline inflation, reducing the need for a more aggressive tightening cycle despite the Fed's increased focus on restoring price stability.

Closer to home, **we maintain our view that BNM will keep the OPR unchanged at 2.75% through 2026 to preserve growth**. The extent of spillovers from elevated crude oil prices into broader inflation, alongside the resilience of domestic demand, will remain key policy considerations.

Johor & Negeri Sembilan Polls: A Test of Coalition Strength Ahead of GE16

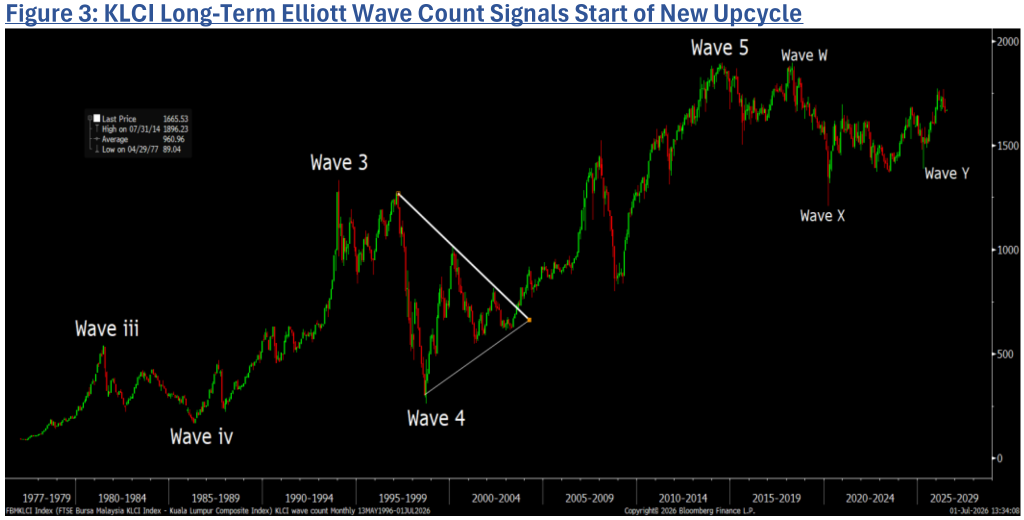
The Johor and Negeri Sembilan state elections will serve as an important gauge of voter sentiment ahead of GE16 and may have broader implications for the political dynamics within the Unity Government. While the elections are unlikely to alter state-level policy direction significantly, the relative performance of UMNO and PH will be closely scrutinised as an indicator of bargaining power within the coalition. Given the underlying tensions between the two parties and the absence of a long-term coalition framework, a strong showing by either side could reshape strategic considerations regarding candidate allocations, coalition arrangements and the timing of the next general election. As such, investors should view these elections not simply as state contests, but as an early test of the political landscape heading into GE16. **We expect GE16 to be held during the second half of 2026.**

Maintain KLCI target at 1,787. The local bellwether index and the ringgit have generally moved in tandem over the past decade, with both weakening during periods of heightened market uncertainty and recovering as investor sentiment improved (Figure 2). Retain our KLCI target at 1,787 based on our Elliott Wave framework (Figure 3). With the complex WXY correction likely complete, we expect the index to transition into a new five-wave impulsive uptrend. **Our top picks are Mi Technovation (BUY, TP: RM6.23), EG Industries (BUY, TP: RM2.69), MSC (BUY, TP: RM3.06) and MITRA (BUY, TP: RM1.28).**

Figure 2: Historical Correlation: FBM KLCI & Ringgit

Source: Bloomberg, Apex Securities

Figure 3: KLCI Long-Term Elliott Wave Count Signals Start of New Upcycle



Source: Bloomberg, Apex Securities

Figure 4: Impact on Selected Companies

Company	Rec	Target Price (RM)	Impact	Summary
Technology				
EG Industries	BUY	2.69	Positive	**EG** screens as one of our highest USD-sensitive names under our operating assumptions, given its 87% export-heavy revenue mix, with estimated FY26 PBT uplift of about RM4.2m / RM21.0m / RM42.1m under a 1% / 5% / 10% stronger USD against MYR, implying cumulative FY26 EPS upside of roughly +3.9% / +19.5% / +39% from our FY26's base case. The operating case for EG is that the business is still highly export-oriented. In FY25, the Group generated revenue of RM 1.09bil, with RM 566mil generated from the U.S. and another RM266.9m from other overseas markets, while the group's asset base is concentrated in Malaysia and Thailand. That supports the argument that EG is highly exposed to the USD on the revenue line.
Skyechip Berhad	BUY	4.67	Positive	**SkyeChip** is a clear net beneficiary of a stronger USD, as the group earns the vast majority or 92% of its revenue in foreign currency—mainly USD—and its core engineering cost base remains largely in USD. Balance-sheet risk is also relatively light. Historical financials show lease liabilities but no material FX borrowings, and the group says it has already utilised foreign exchange hedging facilities to manage currency volatility. Based on our assumption, a 1% / 5% / 10% stronger USD lifts FY26 PBT by about RM0.9m / RM4.4m / RM8.7m, translating into cumulative FY26 EPS upside of roughly +1.7% / +8.7% / +17.5% from the base case.
Inari Amertron	HOLD	2.11	Positive	Inari is a clear net beneficiary of a stronger USD. The group's sales and purchases are principally USD-denominated, reported net USD exposure stood at RM314.1m at FY25 year-end, and management disclosed that every 1% strengthening in USD/MYR would lift profit/equity by RM3.141m. That said, part of the upside is moderated by natural hedges and forward contracts. The offset is that Inari does carry partial hedges. The group says it maintains USD and RMB bank accounts as a natural hedge and had RM42.2m of notional foreign-currency forward contracts outstanding at FY25 year-end, equivalent to USD10.0m. So the stronger-USD upside is real, but it is not fully unhedged. Based on our assumption, a 1% / 5% / 10% stronger USD implies cumulative FY26 EPS upside of around +1.7% / +8.4% / +16.8% from the base case.
Mi Technovation	BUY	6.23	Positive	**Mi Technovation** is a moderate net beneficiary of a stronger USD, given its extensive overseas operations and export-oriented semiconductor equipment business. The group operates across Malaysia, China, Taiwan, Singapore, South Korea and the United States, serving global semiconductor customers. The positive translation impact is partially moderated by the group's sizeable operations in China and Taiwan, which create natural cost offsets through RMB and TWD-denominated operating expenses. Based on our scenario analysis, a 1% / 5% / 10% appreciation in USD/MYR is estimated to increase FY26 earnings by approximately +2% / +10.1% / +20.1%, making MiTB one of the mid-tier beneficiaries within our technology coverage universe.
Wentel	BUY	0.39	Positive	**Wentel** is a moderate beneficiary of USD strength, supported by its export-oriented precision engineering business serving the semiconductor, security screening and medical industries. The United States remains one of the group's key end markets, particularly within the security and semiconductor segments. While manufacturing activities are predominantly based in Malaysia, a significant portion of customers are multinational corporations whose procurement activities are linked to USD-based end demand. This creates indirect positive exposure when USD strengthens against MYR. Our scenario analysis suggests a 1% / 5% / 10% appreciation in USD/MYR could increase FY26 earnings by approximately +1.3% / +6.4% / +12.9%.
ViTrox Corporation	BUY	9.35	Positive	**ViTrox** is a moderate-to-strong beneficiary of a stronger USD, given its highly international customer base and global sales network spanning the semiconductor, electronics manufacturing and industrial automation sectors. The group maintains a broad global presence across North America, Europe and Asia. Revenue is largely generated from overseas customers through sales of automated optical inspection ("AOI"), machine vision and semiconductor inspection solutions, while a substantial portion of research, engineering and corporate costs remain Malaysia-based. This creates a structurally positive USD operating exposure. The balance sheet is generally conservative with significant cash resources and limited gearing, reducing the risk of USD-denominated borrowings offsetting operating gains. Based on our scenario analysis, a 1% / 5% / 10% appreciation in USD/MYR could increase FY26 earnings by approximately +1.1% / +5.4% / +10.7%.
Aurelius Technologies	BUY	0.87	Positive	**ATech** benefits moderately from USD strength due to its US-heavy EMS revenue base, with c.59% of FY25 revenue from the US market, although part of the gain is naturally offset by USD input costs and hedging. Based on our scenario analysis, a 1% / 5% / 10% appreciation in USD/MYR could increase FY26 earnings by approximately +0.7% / +3.4% / +6.8%
QES	BUY	0.74	Positive	**QES** is a moderate beneficiary of USD strength, with positive net USD exposure, although the earnings uplift is partly moderated by matching USD costs and diversified currency exposure. Based on our sensitivity test, c.29.0% of revenue, c.26.4% of costs and c.3.6% of borrowings are USD-linked. Every 1%/5%/10% stronger USD is estimated to lift FY26 PBT by RM0.2m/RM0.9m/RM1.7m, translating into FY26 EPS uplift of +0.9%/+4.3%/+8.7%.
Frontken	BUY	5.71	Positive	**Frontken** is a clean USD beneficiary from a balance-sheet and revenue-exposure perspective, but the EPS uplift is moderate relative to its larger earnings base. The group's annual report supports the positive FX thesis, with disclosed USD sensitivity showing a RM6.95m profit-after-tax/equity impact for a 5% USD move. Based on our sensitivity test, every 1%/5%/10% stronger USD is estimated to lift FY26 PAT by RM1.4m/RM6.9m/RM13.9m, translating into FY26 EPS uplift of +0.7%/+3.5%/+7.0%.
Construction and Property				
HSS Engineers	BUY	0.48	Positive	HSS is the sole net beneficiary in the coverage universe. With c.12% of revenue derived from USD/foreign-currency-denominated engineering advisory mandates against a predominantly MYR cost base of domestic professional salaries and overheads, the group carries a net positive USD operating exposure of 7%. A **1%/5%/10%** ringgit depreciation adds **+RM0.01m/+RM0.07m/+RM0.15m** to FY26F core net profit of RM20.9m, or **+0.07%/+0.35%/+0.70%** respectively. All borrowings are confirmed MYR-denominated per the FY2025 annual report; the finance cost channel is entirely absent.

Eastern & Oriental	BUY	0.96	Negative	Eastern & Oriental (E&O MK), Mitrajaya Holdings (MITRA MK), Paramount Corporation (PARAMON MK) and Kerjaya Prospek Property (KPPROP MK) are collectively classified as mildly adversely affected, with total EPS sensitivity ranging from -0.33% to -0.75% under a 5% depreciation scenario. As none of the four carry USD-denominated borrowings, the impact is confined entirely to the operating P&L channel in each case. E&O's partial hedge and its RM252.6m FY26F CNP base limit the 5% depreciation impact to -RM0.83m (-0.33%) — the most contained absolute impact of the four. Mitrajaya's 1%/5%/10% impact at -RM0.10m (-0.08%)/-RM0.49m (-0.39%)/-RM0.97m (-0.78%) on FY26F CNP of RM124.7m. Paramount's 5% impact is -RM0.65m (-0.50%) on FY26F CNP of RM129.8m — its RM1.28b total borrowings are confirmed wholly MYR instruments (term loans, Sukuk Wakalah, Sukuk Murabahah, PDS) with no foreign currency tranches. KPPROP, with a smaller CNP base of RM10.8m, sees the highest percentage sensitivity in this tier at -0.75% (-RM0.08m) at 5% depreciation, driven by its –15% net USD cost exposure on imported premium fittings and M&E for high-rise residential projects; its RM492m borrowings are confirmed wholly MYR floating-rate.
Mitrajaya Holdings	BUY	1.28	Negative	
Paramount Corporation	BUY	1.46	Negative	
Kerjaya Prospek Property	BUY	0.40	Negative	
Kerjaya Prospek Group	BUY	3.34	Negative	Kerjaya Prospek Group (KERJAYA MK), GDB Holdings (GDB MK) and Southern Score Builders (SSB8 MK) sit in the adversely affected band, with EPS sensitivity of -1.20% to -1.35% at 5% depreciation and -2.40% to -2.70% at 10%. All three generate revenue almost entirely in MYR while absorbing USD-linked costs on structural steel, M&E systems, curtain wall, and specialist subcontracting, with no formal hedging programme in place. KERJAYA carries the largest absolute RM impact given its scale — -RM3.06m (-1.20%) at 5% on FY26F CNP of RM255.4m — compounded by its in-house manufacturing sector which imports raw materials in both USD and CNY, adding a second layer of FX cost exposure beyond the construction division's M&E materials. GDB's 5% impact of -RM0.97m (-1.35%) on FY26F CNP of RM72.0m is amplified by its debt-free balance sheet providing no offsetting interest income from USD assets — though the same debt-free status means zero balance sheet FX amplification. SSB8's 5% impact is -RM0.93m (-1.30%) on FY26F CNP of RM71.9m; the near debt-free gearing similarly eliminates finance cost FX risk, though its subsidiary SJEE Engineering acquisition (data centre M&E) directionally increases USD cost intensity going into FY27F.
GDB Holdings	BUY	0.57	Negative	
Southern Score Builders	BUY	0.81	Negative	
ISF Group	BUY	0.62	Negative	ISF Group (ISF MK) is the most adversely affected name in the coverage universe by a clear margin. Raw materials — steel pipes, copper pipes, PVC fittings, and valves — constitute c.48% of cost of sales, with underlying prices tracking USD commodity benchmarks (LME copper, global steel indices) despite local MYR invoicing. Against revenue that is 100% domestic MYR and with no hedging programme in place, the net USD operating exposure is -43%, the widest in coverage. A 1%/5%/10% ringgit depreciation reduces FY26F CNP of RM27.6m by -RM0.12m/-RM0.59m/-RM1.19m, or -0.43%/-2.15%/-4.30% respectively — the steepest EPS sensitivity in coverage. The balance sheet has no USD borrowings, confining the impact to the operating P&L channel. Critically, as the data centre piping segment (highest copper and stainless steel content) grows as a proportion of revenue, the group's underlying USD cost exposure will intensify structurally.
Renewable Energy				
Southern Cable Group	BUY	2.68	Positive	Southern Cable is a clear net beneficiary of a weaker ringgit. They have a dominant USD-denominated balance sheet: USD trade receivables of RM72.8m (up 4.4x on the US export surge) and USD cash of RM31.6m against just RM12.8m of USD payables, a net positive position of RM91.6m that revalues upward straight through the P&L. Every 1%/5%/10% depreciation adds c.RM695,953/RM3.48m/RM6.96m to core earnings, representing +0.5%/+2.6%/+5.3% of FY25 PATMI. This translates to a direct EPS uplift of +0.07/+0.36/+0.72 sen (on a base of 13.6 sen). The cost base does not work against this, as while copper and aluminum are USD/LME-priced (c.80%+ of COGS), they are passed through on the domestic book via daily repricing, so the dollar cost is recovered and the conversion margin stays in ringgit. On the 13% export book, the USD margin will scale up in ringgit as it weakens, which is an additional upside not captured in the figure above. On the balance sheet, SCGBHD carries no USD-denominated borrowings and moved to a net cash position in FY25 (from 0.33x net gearing). As of 1QFY26, the company has also entered forward forex contracts to manage foreign currency exposure and payables denominated in USD, it is to mature within the year.
Pekat	BUY	1.87	Negative	Pekat is a net loser. Revenue is essentially all domestic ringgit (RM609.5m) while it imports TNB-specification components in RMB and USD, leaving a net short foreign position of RM53.7m (RMB RM45.0m in liabilities, USD RM11.3m in payables). Every 1%/5%/10% depreciation cuts core earnings by c.RM0.08m/RM0.42m/RM0.84m, or -0.2%/-0.9%/-1.9% of FY25 PATMI, effectively reducing EPS by -0.01/-0.06/-0.13 sen (on a base of 6.85 sen). Fixed-price supply also means limited pass-through, hence the operating impact will exceed the year-end revaluation. Pekat uses forward exchange contracts to manage short term transaction exposures within the year, the Group held forward currency contracts with a total notional amount of RM15,886,955. Gearing is 0.59x on RM161.6m of mostly-ringgit debt, but note it drew an RM8.4m onshore foreign-currency loan in FY25. As disclosed, this is a short-term, unsecured USD facility carrying a fixed interest rate of 8.07% per annum.
Solarvest	BUY	3.57	Negative	Solarvest is another net loser from ringgit weakness. Revenue is 92% RM (RM493.1m) while PV modules are sourced mostly from China, settled in RMB and quoted in USD; trade payables are RM38.4m in RMB and RM7.7m in USD (25% and 5% of payables). On the disclosed exposure net of forwards, every 1%/5%/10% depreciation reduces core earnings by c.RM0.13m/RM0.67m/RM1.35m, or -0.3%/-1.3%/-2.6% of FY25 PATMI, creating an EPS drag of -0.02/-0.10/-0.19 sen (on a base of 7.35 sen). Similar to other EPCCs, fixed-price contracts mean the module cost is not passed through, so the full-year margin impact runs ahead of the year-end figure. Solarvest also runs an active hedge using forward contracts (the disclosed exposure is already net of RM15.5m USD and RM20.3m RMB notional) and holds working-capital in a basket of foreign currencies such as SGD, TWD, VND, PHP, IDR and includes RM5.4m in USD cash. Borrowings of RM323.7m are rising with the IPP build but are ringgit-denominated except for a RM3.1m USD loan, to which the terms were unclear, and subsequent inquiries were still unanswered. Crucially, this rising debt load carries effective interest rates ranging from 4.00% to 5.13% on term loans, 4.33% on short-term Islamic Commercial Papers (ICPs), and 5.50% on Islamic Medium Term Notes (IMTNs), resulting in RM12.1m in total finance costs for FY25, adding a definitive annual interest drag on their bottom line as they continue to fund their asset expansion.
Samaiden	BUY	1.55	Negative	Samaiden is the most exposed loser on a cash basis. It earns 98.9% of revenue in ringgit (RM349.7m domestic) but procures modules and inverters in USD and RMB, leaving a net short foreign-currency position of c.RM30.2m (USD RM23.8m, CNY RM6.7m). Every 1%/5%/10% depreciation cuts core earnings by c.RM0.18m/RM0.91m/RM1.81m, or -0.9%/-4.5%/-9.0% of FY25 PATMI on the disclosed year-end exposure, hitting EPS by -0.04/-0.21/-0.43 sen (on a base of 4.75 sen). The aggravator is the absence of any hedge: FX is monitored only "from time to time" with no forward programme, and EPCC contracts are fixed-price, so the cost increase is absorbed in margin, not passed on. The full-year operating impact is therefore larger than the revaluation figure, which captures only the snapshot of unpaid USD/RMB bills. On the balance sheet, funding is an RM103m Islamic MTN plus term loans, all ringgit-denominated, with no foreign-currency debt. The entire impact is operating margin.
Tenaga Nasional Berhad	BUY	16.77	Negative	While TNB carries the largest nominal USD exposure in our coverage universe, the actual impact of a weaker ringgit is effectively a rounding error against its massive RM4.77 billion earnings base. Revenue is regulated domestic ringgit, and USD fuel (coal, LNG) is structurally passed through to tariffs via the ICPT mechanism, completely insulating the operating margin. The sole transmission mechanism for FX risk is the non-cash translation of its c.RM1.97bn in foreign-currency borrowings (of which USD is now only RM0.34bn, alongside JPY RM1.16bn and EUR RM0.47bn, representing just 3.3% of its total RM59.1bn debt book). A 1%/5%/10% depreciation translates to a non-cash core earnings reduction of c.RM2.46m/RM12.30m/RM24.59m. In the context of TNB's scale, even a severe 10% currency shock shaves off a mere 0.52% of FY25 PATMI. This translates to an EPS translation impact of -0.04/-0.21/-0.42 sen. The cash impact on finance costs is even more minute. USD interest on the amortized RM0.34bn principal sits at roughly RM118.8m annually. A worst-case 10% currency shock adds only c.RM11.9m to the annual ringgit interest bill. When viewed against TNB's group-level cash flows—and factoring in their policy to hedge at least 50% of known FX exposures up to 12 months.

Plantation				
Kuala Lumpur Kepong	**BUY**	**22.06**	Positive	With CPO and CPO-derivatives mostly transacted in USD outside Malaysia, for financial year 2025 ending September, 84% of KLK's revenues were derived from customers located outside Malaysia. Assuming all 84% was USD-denominated, a 1%/5%/10% depreciation in the MYR against the USD will lead to a 0.8%/4.2%/8.4% increase in FY26F revenue. The Group manages USD exposure via forward foreign exchange contacts. Assuming an 84%/70% USD-denominated exposure applied to revenues/operating expenses (excl-Finance costs) as well as 50% hedged exposure, our FY26F CNP is expected to increase by 0.6%/2.8%/5.5%. KLK's USD-denominated borrowings amount to c.RM323m and at a 4.0% interest rate, the impact on FY26F CNP from a 1%/5%/10% depreciation in MYR is expected to be negligible with just 0.01%/0.03%/0.06% decline to FY26F CNP holding all other variables constant.
SD Guthrie	**BUY**	**7.01**	Positive	Similar to KLK, SDG holds a significant exposure to USD fluctuations. For FY25 ending December, c.74% of SDG's revenues were derived from customers located outside Malaysia. With the assumption that all 74% was USD-denominated, a 1%/5%/10% depreciation in the MYR against the USD will lead to a 0.7%/3.7%/7.4% increase in FY26F revenue. Cost-wise, fertilizer costs (c.30% of opex) for the Group's plantations are transacted in USD. SDG utilizes natural hedging and forward FX contracts to mitigate USD fluctuations. Assuming an 74%/40% USD-denominated exposure applied to revenues/operating expenses (excl-Finance costs) as well as 50% hedged exposure, our FY26F CNP is expected rise by 0.36%/1.78%/3.57%. SDG's USD-denominated borrowings amount to c.RM915m and at a 4.0% interest rate, the impact on FY26F CNP from a 1%/5%/10% depreciation in MYR is expected to be negligible with just 0.01%/0.05%/0.10% decline to FY26F CNP holding all other variables constant.
Others				
Malaysia Smelting Corp	**BUY**	**3.06**	Positive	MSC is a clear net beneficiary of a weaker ringgit. Both revenue and raw material costs (c.92% of COGS) are priced off USD-denominated LME tin prices, but the MYR-fixed cost base (c.RM128.5m) does not scale with FX, meaning USD-linked gross profit translates into a larger ringgit figure as the MYR depreciates. Every 1%/5%/10% depreciation adds RM3.6m/RM18.2m/RM36.4m to FY26F core PATAMI, or +2.3%/+11.7%/+23.5% respectively. On the balance sheet side, MSC carried USD35.7m (c.RM148m) in USD-denominated short-term trade financing as at 1Q2026, or 32% of total borrowings. At the disclosed 4.1% weighted average rate, this implies c.RM6.1m in annualised interest, with a 1%/5%/10% ringgit depreciation adding a marginal c.RM0.06m/RM0.3m/RM0.6m to finance costs. This is immaterial relative to the RM3.6m/RM18.2m/RM36.4m earnings uplift on the revenue side, and the debt itself is naturally hedged as it funds USD-priced tin concentrate purchases.
AGX Group	**BUY**	**0.69**	Positive	AGX is a moderate net beneficiary of ringgit weakness, with c.75% of 1Q2026 revenue derived from overseas subsidiaries under a cost-plus pricing model. Assuming c.75% of FY26F CNP (RM21.8m) is foreign-currency-denominated, a 1%/5%/10% ringgit depreciation would lift CNP by c.RM0.16m/RM0.82m/RM1.64m (+0.8%/+3.8%/+7.5%). Foreign-denominated borrowings of RM24.0m (predominantly PHP, no USD debt) carry c.RM1.6m in annualised interest, with a 1%/5%/10% depreciation adding a negligible c.RM0.02m/RM0.08m/RM0.16m to finance costs. The group maintains a natural hedge through its foreign currency positions and has no formal hedging policy in place.

Recommendation Framework:
BUY: Total returns* are expected to exceed 10% within the next 12 months.
HOLD: Total returns* are expected to be within +10% to – 10% within the next 12 months.
SELL: Total returns* are expected to be below -10% within the next 12 months.
TRADING BUY: Total returns* are expected to exceed 10% within the next 3 months.
TRADING SELL: Total returns* are expected to be below -10% within the next 3 months.
*Capital gain + dividend yield

Sector Recommendations:
OVERWEIGHT: The industry defined by the analyst is expected to exceed 10% within the next 12 months.
NEUTRAL: The industry defined by the analyst is expected to be within +10% to – 10% within the next 12 months.
UNDERWEIGHT: The industry defined by the analyst, is expected to be below -10% within the next 12 months.

ESG Rating Framework:
★★★★★ : Appraised with 3% premium to fundamental fair value
★★★★ : Appraised with 1% premium to fundamental fair value
★★★ : Appraised with 0% premium/discount to fundamental fair value
★★ : Appraised with -1% discount to fundamental fair value
★ : Appraised with -5% discount to fundamental fair value

As of **Thursday, 02 Jul, 2026**, the analyst(s), whose name(s) appears on the front page, who prepared this report, has interest in the following securities covered in this report:
(a) nil.