CIMB may deliver softer 2Q earnings, needs to catch up in coming quarters — analysts

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KUALA LUMPUR (July 22): CIMB Group Holdings Bhd (KL:CIMB) may deliver weaker earnings in the second quarter from a year earlier amid net interest income drag, analysts said.

Net profit will likely come in slightly below consensus and the second-largest Malaysian banking group by assets will have to play catch-up in the second half, with CIMB pointing to its healthy loan pipeline, RHB Research said following a pre-close period analysts' briefing.

Net interest margin, which measures the difference between the interest earned on loans and the interest paid out to depositors, is also at risk from headwinds in Indonesia, the house flagged.

Net profit was slightly lower at RM1.916 billion in the first quarter, compared with RM1.973 billion in the same quarter last year, as higher non-interest income was not enough to offset lower net interest income.

Net interest margin, meanwhile, was currently closer to the lower end of 2.08%-2.13% guidance for this year after narrowing eight basis points to 2.13% in 2025.

Still, the consensus remained broadly positive on CIMB, with 16 'buy', four 'hold' and no 'sell' recommendations, according to analysts tracked by *Bloomberg*. The average 12-month target price is RM8.94.

For MBSB Research, everything else at CIMB is well managed — the outlook on non-interest income is bright, operating expenditure is under control, the restructuring of its Thai operations is coming to an end, and loan growth remains healthy.

"Most attractive of all, there is a possibility that its remaining special dividends are frontloaded to 2026, which implies a pretty large payout," the research house said, noting that dividend yields remain high, especially when bolstered by special dividends.

Kinergy set for earnings jump this year, gets new 'buy' from Apex Securities

BY ASHLEY CHENG
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KUALA LUMPUR (July 22): Kinergy Advancement Bhd (KL:KINERGY) is set for an earnings jump this year to a new record high as projects in hand generate peak revenue, a research house said.

The energy services firm may see its net profit surging 46% to RM41 million this year from a year earlier, according to Apex Securities' estimates. Nearly one-third of its RM1 billion unbilled jobs to be booked this year as projects enter their peak billing phases, the house noted.

Earnings growth will continue to accelerate, reflecting contract conversions from the current tenderbook and initial contributions from its project pipelines in Kedah and Perak, Apex Securities said in a note.

Apex Securities, the sole research house covering Kinergy, recommends a 'buy' with target price of 67 sen that implies a potential upside of 72% from current price.

Formerly known as Kejuruteraan Asastera Bhd, Kinergy mainly provides renewable energy services, ranging from installing solar panels to energy saving systems, as well as mechanical-and-electrical engineering.

Shares of Kinergy have barely budged this year even as larger rivals charged ahead, as prices of fossil fuels jumped with geopolitical conflict in the Middle East.

However, no single stock on Bursa Malaysia offers Kinergy's combination of renewable energy, clean energy, energy efficiency, and full engineering services simultaneously, Apex Securities highlighted.

The breadth drives an 80% project win rate "that translates into structurally superior margins and minimal competitive friction," the house pointed out.

"We see a compelling entry point" at the current price of 39 sen that values the company at just 21 times its projected 2026 earnings, compared to Solarvest Holdings Bhd's (KL:SLVEST) earnings multiple of 25 times.

CelcomDigi to see flattish core earnings for 2Q amid competitive pricing — analysts

BY NIKAIL REZZA
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KUALA LUMPUR (July 22): CelcomDigi Bhd's (KL:CDB) core earnings are expected to remain broadly flat year-on-year at RM440 to RM445 million, reflecting a stable yet competitive pricing environment, said PhillipCapital.

"The near-term earnings upside remains limited as prepaid ARPU (average revenue per user) stayed at RM28 while postpaid ARPU eased to RM60 in the first quarter ended March 31, 2026 (1QFY2026).

"Nonetheless, we expect the home fibre segment to sustain its double-digit revenue growth, supported by continued convergence momentum and resilient demand for mid- to high-value fibre plans," the research house said in a note on Wednesday.

PhillipCapital noted that CelcomDigi's average revenue per account (ARPA) grew 2% quarter-on-quarter (q-o-q) and 8% year-on-year (y-o-y) in 1QFY2026, while prepaid and postpaid ARPU remained broadly soft.

This growth, PhillipCapital said, is supported by prepaid-to-postpaid migration, stronger convergence adoption, and improved network quality following key integration and modernisation efforts.

"CelcomDigi continues to prioritise subscriber quality and monetisation over subscriber growth, leveraging its 20.4 million subscriber base to drive sustainable growth through higher retention, ARPA expansion and post-merger synergies."

The house recognises CelcomDigi's strides within the fibre sector as demand for mid- to high-value fibre plans remains resilient. The company's fibre ARPU improved to RM103 in 1QFY2026, up from RM95 in 4QFY2025.

However, the earnings contribution from fibre remains limited in the near term, given its small revenue contribution

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