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| Headline | Kenanga Research Downgrades Utilities Sector to Neutral |
| Media Publication | The Edge Markets (www.theedgemarkets.com) |
| Date | 3 April 2019 |

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# KENANGA RESEARCH DOWNGRADES UTILITIES SECTOR TO NEUTRAL

KUALA LUMPUR (April 3): Kenanga IB Research has downgraded the utilities sector to "Neutral" and said it has been bullish on the sector given the resilient earnings, but this has come to an end following lower earnings return under the new phases of regulated periods for Tenaga Nasional Bhd and Petronas Gas Bhd while gas Malaysia Bhd may see lower asset return for new RP2 period next year.

In a note today, the research house said meanwhile, two IPPs (YTL Power and Malakoff) are still waiting for new earnings stream to fill up income gap, which may not happen in the near term.

It said going forward, government's commitment towards ICPT mechanism is a key factor.

"However, the continuation of surcharge after the KWIE fund will be fully utilised, likely in 2020, a key critical factor.

"As such, we are downgrading the Utilities Sector to Neutral from Overweight. However, Pestech International Bhd is still an alternative small cap play," it said.

*Source:* https://www.theedgemarkets.com/article/kenanga-research-downgrades-utilities-sector-neutral