



THE COST OF
RISING
TENSION

The warning signs are clear, and the risks are building across markets, yet responses remain uneven. Shareholders are beginning to question whether companies are ready to act or simply getting better at saying they are “monitoring”.

> **MSWG AGM/EGM Weekly Watch**

Page 6

ARE BOARDS READY FOR YET ANOTHER CRISIS OR ARE WE STILL ON THE TITANIC?

Here we go again. Another crisis.

If this were a movie, and increasingly, it feels like one, we would be somewhere in the middle of Titanic. The ship is magnificent, the passengers are relaxed, the music is still playing, and somewhere in the distance, there is an iceberg that has already been spotted by a few people who are perhaps not being taken as seriously as they should be.

The officers are aware. The crew is informed. The system is functioning exactly as designed.

And yet, the ship is still moving at full speed.

We have seen this story before. First, the Global Financial Crisis, that moment when the “geniuses” realised the system was built on assumptions that only worked when nothing went wrong. Then came COVID-19, where supply chains collapsed faster than anyone could say “business continuity plan,” and companies discovered that resilience was not a buzzword but a necessity.

Now, geopolitics has taken its turn. Tensions involving Iran are no longer just headlines. They are beginning to show up in oil prices, shipping risks, and supply chain vulnerabilities. Economists have already started outlining the implications. The Asian Development Bank talks about slower growth and rising inflation. The International Monetary Fund explains how energy shocks ripple through economies. AMRO describes the situation as an energy shock scenario. ISIS Malaysia reminds us that Malaysia is not exactly insulated from disruptions in the Middle East.

In other words, the iceberg is not theoretical. It is there.

From Iceberg to Income Statement

The thing about icebergs, whether in movies or in business, is that the real damage is not what you see above the surface. It is what lies beneath. In economic terms, that “below the surface” impact is quite straightforward. When geopolitical tensions escalate, oil prices rise. When oil prices rise, fuel costs increase. Logistics becomes more expensive. Raw materials follow. And gradually, almost quietly, margins begin to compress.

There is no dramatic moment where a company suddenly declares, “We have hit the iceberg.” Instead, it happens in slow motion. Costs inch upwards, profitability tightens, and decisions become harder.

A company that once enjoyed a comfortable 20% margin suddenly finds itself operating closer to 10%, and not because it made a mistake, but because the environment changed faster than expected. And that is precisely why shareholders walked into AGMs this year with a different mindset.

AGM Season: Who is steering the ship?

So we at MSWG went into AGM season like an audience that has seen the trailer. We already know what might happen. We just want to see how the characters respond.

And we asked what we thought were fairly reasonable questions.

At Poh Huat Resources Berhad, where about 90% of revenue comes from exports to North America, the question was simple. What happens if demand softens while shipping costs rise? Because when your business depends on distant markets, every additional mile becomes more expensive when conditions turn.

For Petronas Dagangan Berhad, the focus shifted to supply. Not today's supply, but what happens beyond June 2026. Because in every crisis, the real stress does not show up immediately; it appears when systems begin to stretch.

Meanwhile, S P Setia Berhad, we asked about rising construction costs. Materials do not spike dramatically overnight, but they accumulate. Like water seeping into the lower decks, the impact is gradual until it becomes unavoidable.

In the case of United Plantations Berhad, fertiliser costs became the topic of discussion. Not the most exciting topic, but absolutely critical. When inputs become more expensive, the business does not simply adjust; it absorbs the cost.

At KLCC Property Holdings Berhad, we explored whether geopolitical tensions might affect tourism. After all, confidence is a fragile thing. Last year's 50 million footfall is impressive, but the real question is whether it can be sustained when global sentiment shifts.

And at Nestlé (Malaysia) Berhad, we asked whether prices would go up and how much the company could absorb before passing it on to consumers.

Each question was, in its own way, a version of the same concern: how ready is the ship?

"We are closely monitoring". The Sound of the Orchestra Playing On

Across many AGMs, one phrase surfaced repeatedly, almost like background music: "We are closely monitoring the situation."

Now, to be fair, monitoring is important. On the Titanic, the crew did spot the iceberg. They were not unaware. But awareness alone did not change the outcome. Because monitoring is not the same as steering. Monitoring tells you where the iceberg is. Steering determines whether you avoid it.

And in some cases, the responses felt more like observation than action. Calm, composed, and technically correct, but not entirely reassuring.

That said, not all responses were the same.

At Nestlé (Malaysia), the chairman shared that the board had already discussed the issue in detail, with a dedicated agenda and board paper. That is not just spotting the iceberg; that is calculating distance, speed, and impact.

For S P Setia, there was a clear acknowledgement that cost pressures are already being managed through cost-cutting measures. That is not waiting for water to enter the ship; that is reinforcing the structure early.

You could feel the difference immediately. Some boards spoke as though they were preparing for impact. Others spoke as though they were still assessing whether impact would happen at all.

For shareholders, that distinction matters more than any polished statement.

The Problem: We Only Get One Glimpse of the Bridge

Here is the uncomfortable reality. Shareholders get one AGM a year. One chance to step onto the bridge and see how the ship is being steered. But the journey continues long after that meeting ends.

Markets move. Costs rise. Events unfold. And shareholders are expected to wait another twelve months to find out what happened in between. By then, the ship has already changed course, or worse, hit something.

We are not asking for perfection, nor are we expecting boards to guarantee that nothing will go wrong. What we are asking for is far more reasonable: a clear understanding of whether the risks are fully appreciated, whether meaningful scenarios have been considered, and whether concrete actions are already in motion rather than merely discussed. More importantly, we want to know whether management is prepared to respond before the situation escalates, not after the impact becomes unavoidable.

At MSWG, we also believe that in times like these, communication should not be confined to a once-a-year AGM. Yes, we may all see the iceberg ahead, but the journey is rarely that simple. There are uncertainties along the way, including smaller icebergs, shifting

currents, and a situation that continues to evolve as the parties involved in the war have yet to settle.

In such an environment, it is only fair that shareholders are updated regularly on how the board plans to steer the ship and mitigate these risks. These updates need not be complicated; they can take many forms, such as a letter to shareholders, a press release, a short update on social media, or even a brief TikTok video. The key is timeliness. Shareholders should not have to wait until next year's AGM to understand what is being done today, especially when these decisions directly affect their investments and their ability to make informed choices.

This Time, We Know How the Story Can End

The lesson from the Titanic was never about the iceberg. It was about response. The warnings were there. The information existed. The ship was impressive. But the reaction did not match the risk. And that made all the difference. As shareholders, we are not standing at the edge of the deck watching this unfold passively. We are invested in how this journey plays out.

So as AGM season continues, we will keep asking the questions. We will keep pressing for clarity. And yes, we will continue to make things slightly uncomfortable when necessary. Because after multiple crises, one thing is clear. We already know how this movie can end.

The only question now is whether this time, the ship turns in time, or whether we are once again told, calmly and confidently, that everything is being "closely monitored" while the iceberg gets closer.

[END]

MSWG AGM/EGM WEEKLY WATCH

The following are the AGMs/EGMs of companies on the Minority Shareholders Watch Group's (MSWG) watch list for this week.

The summary of points of interest is highlighted here, while the details of the questions to the companies can be obtained via MSWG's website at www.mswg.org.my.

QUICK-TAKE

Date & Time	Company	Quick-take
05.05.26 (Tue) 10.00 am	Public Bank Berhad (AGM)	<p>In 2025, the Public Bank Group achieved another set of commendable financial results. Its PBT increased by 6.8% to RM9.54 billion, surpassing the RM9 billion mark for the first time. Net profit grew by 1.1% to RM7.22 billion.</p> <p>Public Bank continued to sustain its leading position in the Malaysian banking industry with the highest ROE of 12.8%. Meanwhile, the cost-to-income ratio (CIR) stood at 34.9%, well below the banking industry's CIR of 45.2%.</p> <p>The Group's total gross loans expanded by 5.1%, of which domestic loans grew by 5.9%.</p>
05.05.26 (Tue) 01.00 pm	Public Bank Berhad (EGM)	The EGM seeks to obtain shareholders' approval for its proposal to repurchase up to 10% of its own shares under a proposed share buy-back exercise.
05.05.26 (Tue) 10.00 am	Carlsberg Brewery Malaysia Berhad (AGM)	<p>In FY2025, CARLSBERG recorded a 4.9% decline in revenue to RM2.3 billion. The operating landscape saw the introduction of new fiscal and regulatory measures, including a 10% increase in excise duties on alcoholic beverages, an expanded scope of Sales and Service Tax (SST), and revised electricity tariffs.</p> <p>Despite these external headwinds and rising input costs, CARLSBERG achieved a record net profit of RM375.6 million, up 11.4% year-on-year, reflecting the Group's resilience as it continued its Brewery Transformation journey to strengthen and future-proof the business. Consequently, the Group delivered a record-high dividend payout of RM1.11 per share.</p>
06.05.26 (Wed) 10.00 am	Bank Islam Malaysia Berhad (AGM)	In FY2025, BIMB revenue rose to RM5.1 billion (FY2024: RM4.7 billion), supported by steady financing activity and stronger income diversification. Profit before zakat and tax moderated to RM736.1 million (FY2024: RM773.1 million) while profit after zakat and tax stood at RM557.2 million (FY2024: RM571.1 million). This

Date & Time	Company	Quick-take
		<p>performance not only reflects margin compression, but also ongoing investments made to strengthen the Group's digital and customer service infrastructure, investments that will underpin long-term competitiveness.</p>
<p>06.05.26 (Wed) 10.00 am</p>	<p>RHB Bank Berhad (AGM)</p>	<p>Amid a challenging year, RHB achieved robust performance in FY2025 with total income rising by 2.0% to RM8.8 billion. Net profit correspondingly increased by 7.8% to RM3.4 billion, reflecting the underlying strength of its core operations.</p> <p>The ROE strengthened to 10.5%, up from 10.0% in 2024, while gross impaired loans (GIL) ratio improved by six basis points to a modest 1.41% (FY2024: 1.47%).</p>
<p>07.05.26 (Thur) 09.00 am</p>	<p>British American Tobacco (Malaysia) Berhad (AGM)</p>	<p>BAT saw its revenue decline by 5.7% to RM2.2 billion in FY2025 reflecting a challenging environment marked by unprecedented regulatory developments, persistently high illicit incidence and continued affordability pressures.</p> <p>Despite this, net profit rose 11% to RM202 million, underscoring the Group's focus on sustainable profitability. In recognition of these results, the Group declared a total net dividend of 63.5 sen per share, representing a 90% earnings payout for the year. This corresponds to a dividend yield of 11.6%, based on the average share price for the year.</p>
<p>07.05.26 (Thur) 10.00 am</p>	<p>Dufu Technology Corp. Berhad (AGM)</p>	<p>DUFU recorded a 6.7% increase in revenue to RM277 million in FY2025, driven primarily by higher contributions from the Hard Disk Drive (HDD) segment. Demand for HDD data storage strengthened alongside the rapid adoption of AI, as AI-related workloads require the processing and retention of vast volumes of data for both training and inference.</p> <p>Consequently, the Group's profit after tax (PAT) rose by 24% to RM27.95 million. The PAT margin improved from 8.7% in FY2024 to 10.1% in FY2025, reflecting the benefit of a lower effective tax rate. The Group declared a total dividend of 3.5 sen per share for FY2025, representing a payout ratio of 66%.</p>

POINTS OF INTEREST

Company	Points/Issues to Be Raised
Bank Islam Malaysia Berhad (AGM)	<p>1. FY2025 marks the end of BIMB's LEAP25 five-year strategic roadmap, with most targets reportedly achieved (page 81 of IAR2025). Nonetheless, the Group fell short of sustaining a recently revised cost-to-income ratio (CIR) target of 63%-64%, which is a notable upward revision from the original 57% set at the start of the plan. BIMB ended FY2025 with a CIR of 66.1% compared to 64.5% in the preceding year.</p> <p>a) The increase in CIR was largely driven by higher operating expenses rising at 9% y-o-y, outpacing the 6.4% growth in net income (page 27 of IAR2025).</p> <p>In particular, personnel expenses rose by 7.38% (RM68.9 million) to RM1.0 billion, while establishment expenses increased significantly to RM391.4 million from RM320.3 million, mainly due to higher IT-related investments.</p> <p>I. What were the key drivers behind the Group's inability to contain operating expenses within the revised CIR target, despite the target being adjusted upward during the plan period?</p> <p>II. To what extent were these cost pressures anticipated at the time the CIR target was revised, and does this indicate shortcomings in management's forecasting, cost discipline, or execution?</p> <p>III. Specifically, were the higher establishment expenses, particularly IT and digitalisation investments that require long-term planning, fully incorporated into the revised CIR assumptions? If so, why did actual outcomes still deviate materially from the target?</p> <p>b) Meanwhile, the return on equity (ROE) target at the conclusion of LEAP25 was revised downward to 7% recently, from the original 10%. BIMB delivered an ROE of 7.1% in FY2025.</p> <p>Given the Group's track record of achieving ROE in the range of 7.6% to 8.4% between FY2021 and FY2024 (page 102 of IAR2025), the revised 7% target appears relatively modest and readily attainable.</p> <p>I. How does management justify setting a target that is below the Group's recent historical performance? What were the key assumptions and considerations underpinning the decision to lower the ROE target from 10% to 7%?</p> <p>II. Does the downward revision reflect a reassessment of the Group's structural profitability? What are the underlying constraints limiting the capability to achieve a higher ROE?</p>