The 2026 boardroom test:

Turning the valuation gap into investor conviction

Spotlight on capital markets and MY Value Up

July 2026

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Executive summary

MY Value Up is a boardroom agenda item — not a compliance exercise

Performance is no longer enough—value creation will be tested

MY Value Up has changed the conversation for Malaysian public-listed companies (PLCs): it is no longer enough to show the company is doing well; the board must show the market why that performance can be sustained and translated into long-term shareholder value.

This matters because one of the board's core responsibilities is to safeguard and grow long-term shareholder value. Through MY Value Up, the Securities Commission Malaysia (SC) and Bursa Malaysia are challenging boards to sharpen strategic focus, strengthen resilience and place value creation as a core corporate priority.

Value Up goes beyond disclosure and capital actions

Delivering MY Value Up requires more than disclosure, capital management or shareholder return actions alone. Boards must integrate strategy, execution, capital allocation, financial targets, governance, and investor communication into one coherent investment case so the market better understands and values the business.

The market won't wait for the board to act

The window for boards to act is narrow. In 2026, boards of the Top 88 PLCs targeted by the programme need to diagnose the valuation gap, identify the levers that matter most, lock in management accountability and build a plan that can withstand investor scrutiny. By 2027, plans will be public and comparison will be unavoidable. Investors will make the distinction between companies with credible value creation agendas from those that publish a document but not a strategy.

1

From corporate strength to market recognition

Malaysia starts from a position of strength. Many PLCs are profitable, well-capitalised and strategically positioned. Yet strong fundamentals do not always translate into fair market recognition. Capital markets do not reward strength in the abstract; they reward companies that can clearly articulate, substantiate, and track their value creation story.

That is where MY Value Up becomes relevant. It challenges boards to ask a more focused question: if we believe the market is undervaluing us, can we explain why—and can we show what we are doing about it?

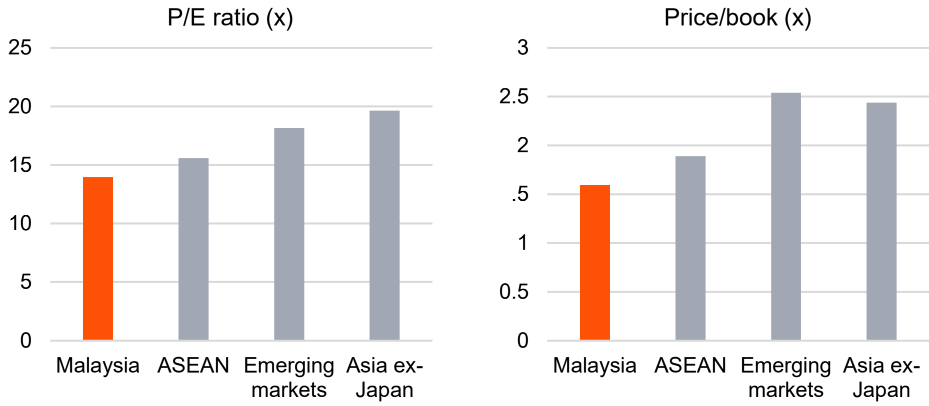
MY Value Up is designed to create value not only for individual companies, but also for Malaysia's broader investment proposition. It encourages companies to diagnose the drivers of undervaluation, while enabling Malaysian PLCs collectively to present a more compelling, comparable and globally-relevant investment opportunities. For companies with regional ambitions, supply-chain relevance or exposure to long-term structural themes, the opportunity is there to move beyond being viewed as domestic champions and earn recognition from deeper pools of long-term capital.

MY Value Up is voluntary, but its position under the Capital Market Masterplan (CMP) 2026–2030 makes clear where expectations are heading in demonstrating and delivering long-term value creation.

The window closes in 2026

By 2027, plans go public — and investors will separate credible strategies from those that merely meet disclosure requirements

Comparative MSCI equity valuation: Malaysia vs regional peers



Source: Bloomberg, 30 June 2026

2

Going beyond strong fundamentals

The market is separating future value creators from value laggards

Investors are increasingly distinguishing between companies that can credibly demonstrate future value creation and those that cannot.

The limits of disclosure in communicating the drivers of future value

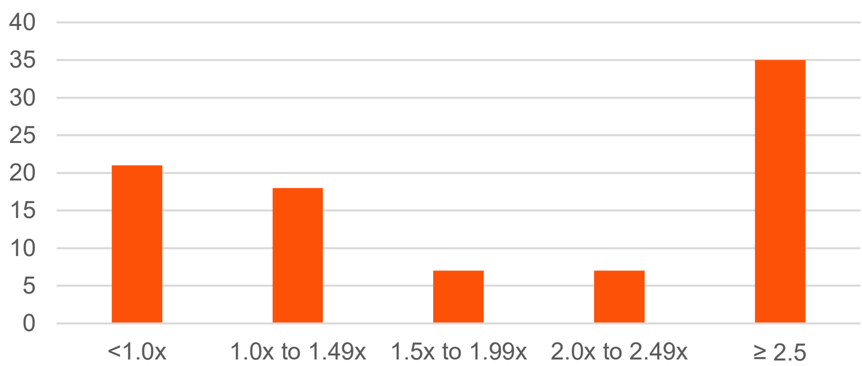
MY Value Up is sometimes viewed as an exercise in producing more disclosure, but boards should resist that interpretation, as this view is too narrow. Most PLCs already disclose significant information through annual reports, sustainability statements, quarterly results, investor decks, and governance disclosures.

The challenge is not a lack of information. Much of a company's value lies beyond the balance sheet, with premiums placed on intangible assets—such as brands, technology, intellectual property, customer relationships, data, and management capabilities—and on management's ability to convert them into future earnings and cash flows. As a result, premium valuations often reflect confidence in a company's future value creation, not just the assets it owns today.

Yet this is where corporate reporting often falls short. While financial statements explain past performance, investors are allocating capital based on future growth. Companies that command premium valuations are those that can clearly articulate how their competitive advantages will translate into sustainable earnings.

For Malaysia, this challenge is particularly relevant. Among Bursa Malaysia's Top 88 PLCs, nearly a quarter trade below book value, with P/B ratios of less than 1x. The distribution reveals a polarisation between companies that command strong valuation premiums and those that do not, with relatively few in between. Investors are increasingly distinguishing between companies that can credibly demonstrate future value creation and those that cannot.

Distribution of Bursa Malaysia Top 88 Companies by P/B ratio



Source: Bloomberg, 24 July 2026

There is also the challenge of fragmented narratives. Strategy may be disclosed in one document, financial targets in another, capital allocation discussed only in fragments, and governance presented in a compliance framework rather than a mechanism for accountability and long-term value creation. Investor communication may be active, but the messages conveyed by the board, management and investor-facing materials are not always aligned.

Boards do not need more disclosures—they need a more coherent value creation narrative. A credible Value Up Plan should bring these elements together into one investment case. It should explain where the company is today, where the board and management intend to take it, how capital will be deployed to support that ambition, and how progress will be governed, reviewed, and communicated.

The capital allocation challenge in building conviction

MY Value Up is also sometimes viewed through the lens of capital allocation. That view is also too narrow. Dividends, buy-backs, portfolio restructuring, asset recycling, and balance sheet optimisation can all support shareholder value. In some cases, they may be necessary. A company that consistently earns below its cost of capital cannot communicate its way out of that problem. Likewise, a group with trapped capital or a complex portfolio may need structural action, not just clearer communication.

But capital action alone will rarely build lasting investor conviction. A buy-back without a clear view of intrinsic value may appear tactical. A dividend reset without a capital allocation framework may appear unsustainable. A divestment without a strategic rationale may seem reactive. Portfolio action without measurable targets may do little to change how investors assess the company's future prospects.

Ultimately, the real question is how the company connects these actions together into a coherent investment case. Disclosure and capital action need to be linked to strategy, execution, governance, and investor communication in a way that investors can understand, evaluate, and trust.

Boards cannot rely on capital action alone to close a valuation gap. While they set direction and accountability, management owns delivery, investor relations translates the plan into a consistent investor narrative, and market stakeholders provide the test of whether the plan is clear, credible, and comparable.

Case study:

A leading South Korean consumer products company

From financial performance to a value creation story

A participant in South Korea's Corporate Value-Up Programme was entering a new growth phase, however, strong revenue gains from overseas expansion and finance lease sales were offset by rising receivables that temporarily suppressed ROE and cash flow.

Management recognised that traditional earnings disclosures no longer told the company's value creation story.

1

Moving beyond financial outcomes

Shifting focus from financial results, the company set clear medium-term targets and explained how they linked to identifiable growth drivers.

These include market expansion, product and service innovation, and sustained investment in technology and customer experience.

2

Making the value creation story visible

By disclosing clear targets across growth, shareholder returns, capital and debt structure, and governance, it translated its strategic ambitions into a set of measurable commitments.

This allowed investors to assess management's priorities and monitor progress over time.

3

Balancing growth and shareholder returns

The company articulated a clear capital allocation framework to show that growth, returns, and resilience can be pursued together.

They set medium-term targets such as shareholder return rate, supported by cash dividends and share buybacks, alongside a debt-to-earnings ratio guardrail for a holistic narrative.

4

Transparency in decision-making

Rather than treating disclosure as a standalone objective, management used it to enhance visibility into management priorities, trade-offs, and decision-making.

As a result, the clearer value creation narrative built greater conviction in the company's broader investment case.

Boardroom takeaway:

Converting cash flow and capital allocation into shareholder value

The company's Value-Up Plan shifted the conversation from 'What did we earn?' to 'How are we deploying capital to create future value?'.

The result was a more credible explanation of how management decisions today are expected to translate into long-term shareholder value.

3

The board's role in making value visible

Boards play a critical role in enabling higher company valuations by looking beyond incremental disclosures or capital return decisions. While these may be important, they are unlikely to have a lasting impact unless they form a coherent case that the market can trust.

To achieve this, boards are accountable for shaping and reinforcing the company's key drivers of valuation through a clear, trustworthy narrative about its future. This involves active oversight and strategic guidance across five core areas.

Key value drivers for MY Value Up

Strategy: If valuation reflects future earnings, then strategy is the process of building the capabilities and assets that make those earnings possible.

Return, risk and capital: The market rewards companies that can earn returns above their cost of capital, remain resilient through uncertainty, and consistently deploy capital into high-return opportunities.

Execution: Growth strategies may drive valuation multiples, but execution is what converts them into earnings, cash flows, and shareholder value.

Governance: It is how boards oversee management execution. Strong governance gives investors confidence that value will endure—underlined by succession planning and sustainable practices that show value creation is a long-term commitment.

Communication: Drives connection between intangible assets and valuation. Premium valuations are earned when companies can clearly articulate how their strategy, capabilities, and intangible assets come together in a coherent story that drives future value.

A clear understanding of the company's value drivers will help boards address key investor concerns and strengthen transparency on how sustainable value creation is governed and tracked.

Six questions that the market will ask

These aren't questions the boardroom answers once. They're the questions investors are already asking, whether or not a plan has been published.

Therefore, clarity on these six questions is imperative.

01

Background

Is our position clear enough to defend?

Establish a baseline to assess the company's current and future position across strategy, execution, capital efficiency, market and financial performance, and valuation.

02

Strategy

Is our strategy credible enough to believe?

Develop a clear view of its long-term vision, mid-term plans, growth ambitions, target markets, and competitive positioning to create value for shareholders.

03

Execution

Is our execution disciplined enough to deliver?

Understand the actions, investments, and execution priorities needed to deliver growth, improve performance, and create value.

04

Return, risk and capital

Is our capital discipline strong enough?

Assess how capital will be deployed to drive growth and resilience, and how capital and debt management can be optimised to increase shareholder value.

05

Governance and accountability

How will success be measured? Is our governance strong enough to trust?

Understand the KPIs, milestones, oversight, incentives, and succession planning that ensure execution and delivery of results, now and over the long term.

06

Communication

Is our valuation clear enough to justify?

Do investors have a clear understanding of what drives the company's valuation: growth, performance, capital efficiency, portfolio quality, governance, and future opportunities?

4

A window in 2026 to act

MY Value Up, under the CMP, aims to support the medium-term expansion of Malaysia's capital market over the medium term. For boards, however, the significance is not only in the destination but in the timeline.

Although MY Value Up is voluntary, the official implementation pathway provides a clear roadmap for action. In 2026, the focus is on familiarisation and alignment. In 2027, it shifts to publication and engagement for targeted PLCs. Boards, therefore, have a defined window to diagnose valuation gaps, align priorities, and make critical internal decisions before their plans become more visible to investors and the wider market.

2026

- Assess
- Decide
- Align
- Communicate and track

2027

- Visibility
- Clarity
- Refinement

Boards and management should use 2026 to move decisively from awareness to action. The priority is not the disclosure itself; it is making the internal strategic, capital allocation, and governance decisions that underpin their Value Up initiatives.

By 2027, as publication and engagement increase, the market will have a clearer basis to assess and distinguish credible plans from those that lack substance. The window to shape that narrative is now, before the market delivers its verdict.

A practical board agenda for a strong Value Up Plan

A practical board agenda can help directors move from diagnosing the valuation gap to closing it and demonstrating to the market how value will be created. This means identifying the factors shaping market perception, making deliberate choices about growth and capital deployment, and assigning clear accountability for outcomes. By the time companies engage the market, investors should be able to understand not only what management intends to do, but how progress will be sustained over time.

A four-step board agenda for 2026

1

Assess

Start by understanding what the market may be discounting, including the company's current and future position, valuation, peer positioning, capital efficiency, investor perception, and its view of value creation constraints.

The output should be a clear diagnosis: what is the gap, why does it exist, and which parts are within management's control?

2

Decide

Then decide which value creation levers matter most. These may include growth investment, productivity improvement, capital recycling, portfolio simplification, shareholder return policy, balance sheet actions, governance enhancements or investor communication.

The key is prioritisation. A credible Value Up Plan should not list everything the company is doing. It should show what matters most.

3

Align

The board and management should align on ownership, targets, and accountability. This includes the role of the board, the role of management, how progress will be reviewed, and how performance measures support the value creation agenda.

This is where governance becomes part of the investment case. Investors are more likely to believe a plan when accountability is visible.

4

Communicate and track

Translate the investment case into a market-facing plan only once it is clear. The plan should be clear enough for investors to assess, compare, and track, while remaining proportionate and commercially sensible.

Strong Value Up Plans will not simply describe ambition. They will show how ambition translates into decisions, metrics, and accountability.

Value in motion

Where will future value be created?

Businesses are entering a period of profound economic reconfiguration, driven by AI, climate change, geopolitical shifts, and changing customer needs. Companies that fail to reinvent themselves risk being left behind, while those that adapt stand to unlock new sources of growth and value creation.

PwC's Value in Motion argues that value is increasingly shifting into new ‘domains of growth’ centred on human needs rather than traditional industry boundaries—such as how we make, build, move, feed, care, govern and serve. In this environment, businesses will be defined less by what they produce and more by the problems they solve.

As industries converge, value creation will increasingly depend on ecosystems. Companies will need to identify unmet human and societal needs, forge partnerships with organisations that bring complementary capabilities, and collaborate in new ways to create value beyond the boundaries of a single enterprise.

The trend is already evident in Malaysia. According to PwC's 29th Global CEO Survey, Malaysian CEOs seeking growth beyond their core businesses are targeting adjacent and fast-growing sectors such as retail, consumer goods, and technology. Over the past five years, the proportion of Malaysian companies entering entirely new sectors has risen sharply, reflecting a growing recognition that future growth may lie beyond traditional industry boundaries.

Future valuation premiums are likely to favour companies that can demonstrate reinvention, ecosystem participation and a credible pathway to sustainable value creation.

New domains of growth centred on fundamental human needs

1. **Make** – manufacturing
2. **Build** – construction
3. **Care** – health
4. **Feed** – foods
5. **Move** – mobility
6. **Fuel and power** – energy
7. **Fund and insure** – finance
8. **Govern and serve** – government
9. **Connect and compute** – information

5

Early leadership in setting the benchmark

MY Value Up is about more than proving that value exists. It is about making value investable.

And that is the boardroom test for 2026.

MY Value Up gives Malaysian PLCs a structured opportunity to close the gap between value created and value recognised. Not all companies will capture this opportunity in the same way.

Value Up as a board-level catalyst

Some companies will treat MY Value Up as another disclosure requirement. They may produce a plan, but struggle to change investor perception. Others will use it as a board-level catalyst. They will diagnose the sources of undervaluation, make clear choices on strategy and capital, strengthen governance accountability, and communicate progress in a way investors can understand and track.

Tailor Value Up Plans

Proportionality matters. Boards should ensure that the plan is fit for purpose. A Value Up Plan for a large diversified group will not look the same as one for a smaller or more focused PLC. The level of detail, targets, and investor engagement should reflect the company's size, complexity, sector, and market position. What should be consistent is the discipline behind the plan: a clear diagnosis, prioritised value creation levers, visible ownership, and a credible basis for investors to track progress.

Stay ahead or risk being sidelined

These companies will be better placed to shape expectations and define the market benchmark. The question for boards is therefore not simply whether to participate. It is whether the company is prepared to build and defend a value creation story that investors are willing to underwrite.

Use the 2026 window deliberately. Boards that act early can strengthen the investment case and shape market perceptions before comparisons are made. Boards that wait may still publish a plan, but risk being assessed against standards set by more proactive peers.

How we can support

We can help boards, management, and investor-facing teams turn MY Value Up from a disclosure exercise into a practical value creation agenda.

Assess: Identify where value is trapped or under-recognised through valuation analysis, peer benchmarking, capital efficiency review, and investor perception assessment.

Decide: Prioritise the value creation levers that matter most across strategy, growth investment, productivity improvement, portfolio choices, capital allocation, and shareholder returns.

Align: Align ambition, targets, and accountability by defining relevant KPIs, milestones, the financial logic, and governance arrangements.

Communicate: Create a coherent investment case through an investor-ready Value Up Plan that connects strategy, capital discipline, governance and progress tracking.

Track: Monitor delivery over time through a practical tracking framework, regular updates, and refreshed targets.

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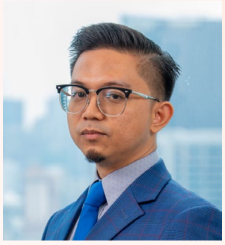

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