

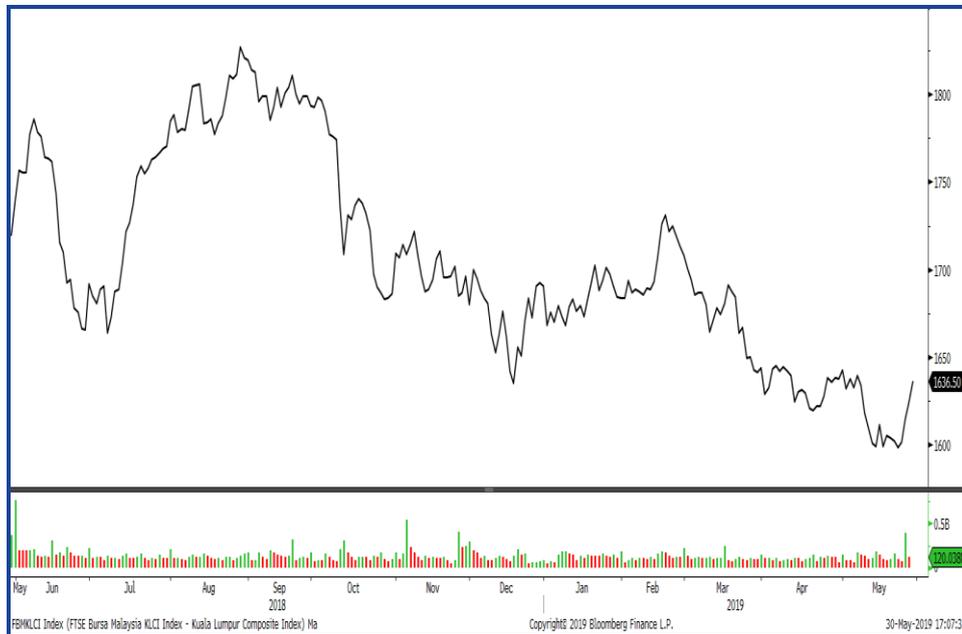
Market Pulse

Friday, 31 May, 2019

M+Online
Equipping Traders For The Win

Malacca Securities Sdn Bhd
(A Participating Organisation of Bursa Malaysia Securities Berhad)
Hotline: 1300 22 1233
Email: support@mplusonline.com.my
Website: www.mplusonline.com.my

FBM KLCI – Daily



Market Scorecard

	Close 30-May-19	Change %
FBM KLCI	1,636.50	0.79
52-W High	1,826.90	
52-W Low	1,572.03	
FBM EMAS	11,487.48	1.05
FBM 100	11,343.11	1.04
FBM Fledgling	14,695.90	0.51
FBM Small Cap	12,609.47	1.22
FBM ACE	4,306.28	0.35
FBM Shariah	11,671.36	1.00
Volume (mln)	2,467.52	26.45
Value (RM mln)	2,670.86	45.60

Market Participation	%	Net (RM mln)
Institution	N/A	N/A
Retail	N/A	N/A
Foreign	N/A	N/A

Becoming Toppish

- The Main Board extended its winning streak for the fourth session, buoyed by extended buying-support in selected heavyweights as the earnings season heads towards the finish line. All the lower liners - the FBM Small Cap (+1.2%), the FBM Ace (+0.4%), the FBM Fledgling (+0.5%) closed higher amid a mostly positive broader market.
- Market breadth was still upbeat as gainers beat decliners on a ratio of 513-to-366 stocks, while traded volumes gained 26.5% to 2.47 bln shares, supported by portfolio re-shuffling activities.
- Top gainers on the Main bourse include energy giants like Petronas Gas (+74.0 sen), Petronas Dagangan (+52.0 sen), alongside Public Bank (+60.0 sen), PPB Group (+18.0 sen) and Axiata (+15.0 sen). Telekom Malaysia (+74.0 sen), Carlsberg (+52.0 sen), Can-One (+28.0

sen), Airasia (+22.0 sen) and Sarawak Consolidated (+18.5 sen), meanwhile outperformed their broader market peers.

- In contrast, BAT (-RM1.72) fell after reporting a weak set of corporate earnings, followed by Perusahaan Sadur Timah (-43.0 sen), BLD Plantation (-34.0 sen), Panasonic Manufacturing (-26.0 sen) and United Plantations (-24.0 sen). Significant Main Board underperformers, meanwhile, were Nestle (-20.0 sen), Hap Seng Consolidated (-12.0 sen) Petronas Chemicals (-10.0 sen), Sime Darby Plantation (-6.0 sen) and Top Glove (-6.0 sen).
- Asian stockmarkets were mostly in the negative territory amid worries of an extended trade war between the world's two largest economies – the U.S. and China. The Nikkei (-0.3%) rebounded in

Futures		
FKLI Spot	1,637.00	1.11
FKLI Forward	1,636.50	1.21

Foreign		
Dow Jones	25,169.88	0.17
S&P 500	2,788.86	0.21
NASDAQ	7,567.72	0.27
FTSE 100	7,218.16	0.46
DAX	11,902.08	0.54
CAC 40	5,248.91	0.51
FTSE STI	3,143.00	-0.64
Shanghai Composite	2,905.81	-0.31
Hang Seng Index	27,114.88	-0.44
Nikkei 225	20,942.53	-0.29

Commodities		
WTI Crude Oil (USD)	56.22	-0.65
Brent Spot (USD)	66.87	-3.71
Gold (USD)	1,289.45	0.06
CPO (RM)	2,084.00	-1.00

Currency		
USD	4.1920	0.05
GBP	5.2989	0.14
EURO	4.6724	0.20
SGD	3.0412	-0.21
YEN	26.1420	-0.42

Disclaimer

This report is prepared exclusively for Malacca Securities Sdn Bhd's (MSSB) clients and is not intended to be distributed to any other party in any form or manner. All information, assumptions, estimates and opinions contained in this report is based on available data and the information is believed to be reliable at the time of writing. MSSB and/or its associated persons does not warrant, represent and/or guarantee the accuracy of any opinions and information herein in any manner whatsoever and no reliance upon the report and/or any parts thereof by anyone shall give rise to any claim whatsoever against MSSB. This report is for information purposes only and shall not be construed as an offer, invitation or solicitation to buy or sell the securities or any related investment or financial instruments mentioned in this report. MSSB and/or its associated persons may from time to time have an interest in the securities mentioned herein.

the eleventh hour, albeit closing in the red, weighed down by losses in consumer staples-related counters. The Hang Seng index and the Shanghai Composite also tumbled, down by 0.4% and 0.3% respectively, while ASEAN stockmarkets closed broadly lower.

- Wall Street took a breather from its recent sell-down, although financials-related stocks remained downward pressured amid prospects of potentially lower interest rates. The Dow (+0.2%), the S&P 500 (+0.2%) and the Nasdaq (+0.3%) posted muted gains at Thursday's closing bell.
- Key benchmark European indices - the FTSE, DAX and the CAC closed higher, boosted by strong gains in media firms as investors digested developments from the M&A front. Trade sensitive stocks like auto firms, however, was negative amid the rising concerns of higher tariffs on car exports to the U.S.

THE DAY AHEAD

- After the streak of gains, prompted by above expectation corporate results, rotational plays and bouts of portfolio adjustment exercises, we see the key index headed tethering near the overbought region, albeit there are still few signs of a pullback as yet.
- While the recent gains are welcomed to break the downward spell, there remains little change to the country's economic and corporate fundamentals. Hence, we see the gains as bargain hunting activities after the key index dipped below the 1,600 points level. It also remains to be seen how much more strength the key index could muster after the current round of gains as the global equity market environment is still cautious that is likely to see continuing

volatility.

- Therefore, we continue to think that the recent gains are unlikely to prolong and that the volatility is set to make a comeback. The resistances are now at the 1,640 level, followed by the 1,645 level, before the 1,650 level comes into play. The supports, meanwhile, are at 1,625 and 1,620 respectively.
- Amid the improved performance of the index linked stocks, the lower liners and broader market shares are also making headway as bouts of fresh buying emerges. However, we still think that further gains could be more measured ahead of the holiday-shortened week.

COMPANY UPDATE

- **Kimlun Corporation Bhd's** 1Q2019 net profit added 26.0% Y.o.Y to RM15.9 mln, cushioned by the higher contribution from the construction and manufacturing & trading segment that offset the weakness in the property development segment. Revenue for the quarter rose 44.2% Y.o.Y to RM310.7 mln.
- The reported earnings came within our expectations, accounting to 25.3% of our full year estimated net profit of RM63.0 mln. Meanwhile, the reported revenue came above our expectation, accounting to 31.5% of our full year revenue of RM1.01 bln. The better-than-expected revenue was due to higher contribution in the manufacturing & trading segment in delivery for the KVMRT Line 2 project and quarry products supplied.

Comments

- As the reported earnings are within our estimates, we made no changes to our earnings forecast and we maintain our **BUY** recommendation with an unchanged

Disclaimer

This report is prepared exclusively for Malacca Securities Sdn Bhd's (MSSB) clients and is not intended to be distributed to any other party in any form or manner. All information, assumptions, estimates and opinions contained in this report is based on available data and the information is believed to be reliable at the time of writing. MSSB and/or its associated persons does not warrant, represent and/or guarantee the accuracy of any opinions and information herein in any manner whatsoever and no reliance upon the report and/or any parts thereof by anyone shall give rise to any claim whatsoever against MSSB. This report is for information purposes only and shall not be construed as an offer, invitation or solicitation to buy or sell the securities or any related investment or financial instruments mentioned in this report. MSSB and/or its associated persons may from time to time have an interest in the securities mentioned herein.

target price of RM1.65. We reckon that prospective PER valuations of 7.3x and 6.3x for 2019 and 2020 respectively are attractive, being at the lower-end of the construction industry average of 9.0x.

- Our target price is derived from ascribing an unchanged target PER of 9.0x to its 2019 fully diluted construction earnings and PER of 6.0x (unchanged) to its fully diluted manufacturing earnings, while its property development segment's valuation remains unchanged at 0.6x its BV due to its relatively small-scale development projects.

COMPANY BRIEF

- **Malayan Banking Bhd's** 1Q2019 net profit fell 3.3% Y.o.Y RM1.81 bln due to higher allowance of RM604.0 mln for impairment losses on loans, advances, financing and other debts. Revenue for the quarter, however, rose 12.6% Y.o.Y to RM12.97 bln. (The Star Online)
- **Telekom Malaysia Bhd's** 1Q2019 net profit jumped 96.2% Y.o.Y to RM308.3 mln, mainly due to a reduction in operating costs. Revenue for the quarter, however, declined 2.4% Y.o.Y to RM2.78 bln. (The Star Online)
- **Mah Sing Group Bhd's** 1Q2019 net profit dropped 14.3% Y.o.Y to RM55.0 mln due to lower property development segment contributions. Revenue for the quarter fell 23.0% Y.o.Y to RM450.3 mln. (The Edge Daily)
- **IHH Healthcare Bhd's** 1Q2019 net profit expanded 56.4% Y.o.Y to RM89.5 mln on stronger operational performance and lower foreign exchange losses. Revenue for the quarter increased 27.6% Y.o.Y to RM3.64 bln. (The Edge Daily)
- **Media Prima Bhd's** 1Q2019 net loss

widened to RM40.4 mln, from RM21.8 mln recorded in 1Q2018, due to declining advertising expenditure (adex) and newspaper sales. Revenue for the quarter fell 14.8% Y.o.Y to RM239.1 mln. (The Edge Daily)

- **Sunsuria Bhd's** 2QFY19 net profit surged 14.6x to RM91.6 mln, due to changes from the adoption of Malaysian Financial Reporting Standards 15 (MFRS 15). Revenue for the quarter soared 269.6% Y.o.Y to RM249.0 mln.
- For 1HFY19, cumulative net profit skyrocketed 29.7x to RM102.3 mln. Revenue for the quarter jumped 183.6% Y.o.Y RM332.0 mln. (The Edge Daily)
- **Malaysian Resources Corp Bhd's** (MRCB) 1Q2019 net profit declined 80.8% Y.o.Y to RM4.1 mln on the deferment and re-timing of income recognition from the Light Rail Transit Line 3 (LRT3) project. Revenue for the quarter decreased 45.3% Y.o.Y to RM234.1 mln. (The Edge Daily)
- **Affin Bank Bhd's** 1Q2019 net profit declined 3.0% Y.o.Y to RM137.2 mln, weighed down by its commercial banking and insurance segments. Revenue for the quarter fell marginally by 0.9% Y.o.Y to RM472.5 mln. (The Edge Daily)
- **Mulpha International Bhd's** 1Q2019 net profit jumped 113.5% Y.o.Y to RM69.2 mln, on the back of better earnings from its hospitality and investment division, while its property segment saw moderating bottom line growth. Revenue for the quarter, however, declined 19.4% Y.o.Y to RM146.6 mln. (The Edge Daily)

Disclaimer

This report is prepared exclusively for Malacca Securities Sdn Bhd's (MSSB) clients and is not intended to be distributed to any other party in any form or manner. All information, assumptions, estimates and opinions contained in this report is based on available data and the information is believed to be reliable at the time of writing. MSSB and/or its associated persons does not warrant, represent and/or guarantee the accuracy of any opinions and information herein in any manner whatsoever and no reliance upon the report and/or any parts thereof by anyone shall give rise to any claim whatsoever against MSSB. This report is for information purposes only and shall not be construed as an offer, invitation or solicitation to buy or sell the securities or any related investment or financial instruments mentioned in this report. MSSB and/or its associated persons may from time to time have an interest in the securities mentioned herein.