

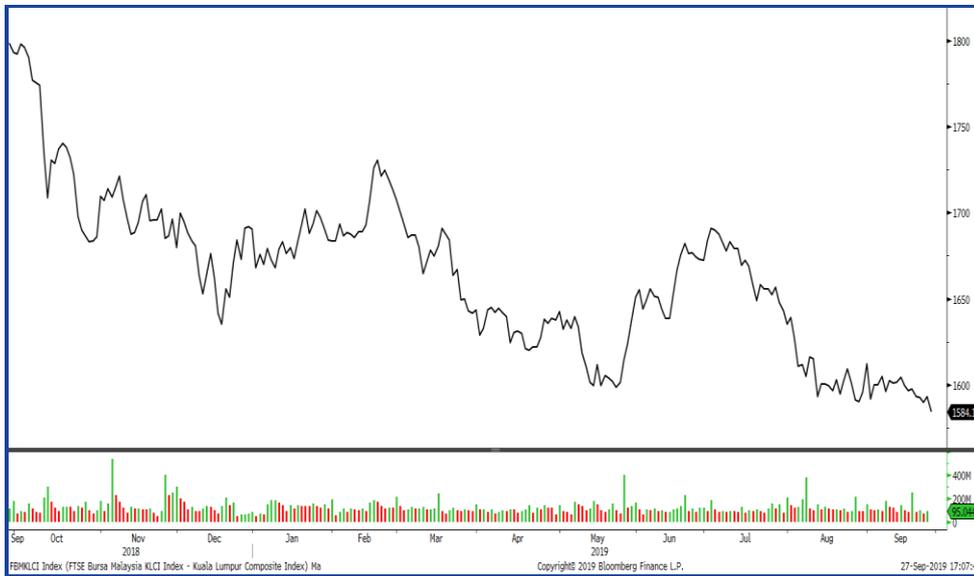
Market Pulse

Monday, 30 Sep, 2019

M+Online
Equipping Traders For The Win

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FBM KLCI – Daily



Market Scorecard

	Close 27-Sep-19	Change %
FBM KLCI	1,584.14	-0.56
52-W High	1,799.80	
52-W Low	1,572.03	
FBM EMAS	11,205.89	-0.58
FBM 100	11,038.61	-0.59
FBM Fledgling	14,244.85	0.03
FBM Small Cap	13,016.43	-0.29
FBM ACE	4,552.83	-0.71
FBM Shariah	11,761.17	-0.48
FBM MidS Cap	14,106.70	-0.17
FBM MidS (Shariah)	13,452.52	0.22
Market Participation		
Trading Volume (mln)	1,881.2	3.8
Trading Value (RM mln)	1329.3	-17.5
FKLI Spot Futures	1,581.00	-0.22
FKLI Forward Futures	1,581.50	-0.19

Meek And Weak

- Malaysian stocks ended the week on a dour note, hampered by renewed selling despite FTSE Russell providing another six month's grace for Malaysian government bonds to meet liquidity requirements to stay on the World Bond Index. The selling was also widespread with most sub-indices ending the week on a dour note, except for the FBM Fledgling Index.
- Market breadth was decidedly negative with losers overwhelming the gainers 483-to-287 stocks. Market participation also remained thin with just 1.88 bln shares changing hands, some 4.0% more than the previous day's volume as most market players continue to stay on the sidelines amid the lack of fresh catalysts.
- The main losers were AEON Credit (-60.0 sen) after the release of weaker results, followed by Hai O (-47.0 sen), BAT (-36.0 sen) and Carlsberg (-32.0 sen). Among FBM KLCI listed stocks, Top Glove (-12.0 sen) fell after reporting reduced earnings, while Hong Leong Financial Group (-28.0 sen) and Petronas Gas (-10.0 sen) were among the other big losers.
- Key index gainers, meanwhile, were Tenaga (+18.0 sen), Petronas Dagangan (+12.0 sen) and Maxis (+3.0 sen). In the broader market, the winners include Dutch Lady (+42.0 sen), Pentamaster (+22.0 sen) and Scientex (+11.0 sen) – the latter continuing to gain ground after it reported stronger earnings for FY19.
- Asian equities reversed their gains a day earlier, taking cue from the weaker Wall Street overnight. The Nikkei shed 0.8%, falling to its two-week low, spooked by president Trump's impeachment concerns. The Hang Seng (-0.3%) also

Dow Jones	26,820.25	-0.26
S&P 500	2,961.79	-0.53
NASDAQ	7,939.63	-1.13
FTSE 100	7,426.21	1.02
DAX	12,380.94	0.75
CAC 40	5,640.58	0.36
FTSE STI	3,125.63	-0.01
Shanghai Composite	2,932.17	0.11
Hang Seng Index	25,954.81	-0.33
Nikkei 225	21,878.90	-0.77
WTI Crude Oil (USD)	55.91	-0.89
Brent Spot (USD)	61.91	-1.32
Gold (USD)	1,497.01	-0.52
CPO (RM)	2,149.00	-0.92
USD	4.19	0.20
GBP	5.15	0.51
EURO	4.5749	0.30
SGD	3.0303	0.26
YEN	25.7720	-0.47

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fell on concerns over sustained anti-government protest over the weekend. China stocks, however, ended the week with marginal gains. Elsewhere, ASEAN stocks were broadly lower, with only Thai stocks making headway for the day.

- U.S. stocks retreated last Friday after President Trump is said to be considering limiting investments into and from China that could ratchet up the already frail political conditions between the two countries. This saw the Dow falling 0.3%, while the broader S&P 500 eased 0.5%.
- Key European indices, however, gained ground on firmer performances from mining companies that helped the FTSE climb 1.0%. Meanwhile, the CAC rose 0.4% and the DAX gained 0.8% to end the week on a positive note.

THE DAY AHEAD

- Although we expected stocks to react positively to the extension granted by FTSE Russell for Malaysian government bonds to meet the listing requirements, the renewed selling was overwhelming to send stocks lower instead.
- It would appear that market players are still unconvinced of Malaysian stocks near term direction with the bearish trend sustaining amid the lack of fresh buying. Consequently, we think that the near term outlook will remain and the key index is still poised for further downside bias over the near term.
- As it is, the broad market conditions are staying dour with fewer impetuses to drive market sentiments and this could also mean that the key index could retest the 1,580 level again. If the level also fails to hold, the year low of 1,572 level could be retested. The resistances, on the other hand, are at the 1,590-1,600 levels.

- Although the FBM Small Cap is remaining largely rangebound, there are also few impetuses to sustain the buying momentum and we also think that the mixed-to-lower trend is likely to continue for now. The same conditions could also prevail in the other broader market and lower liner shares.

COMPANY UPDATE

- **Comfort Gloves Bhd's** (CGB) 2QFY20 net profit surged 73.8% Y.o.Y to RM7.1 mln, from RM4.1 mln previously, owing to a stronger revenue of RM117.6 mln (+7.1% Y.o.Y) vs. RM109.8 mln a year ago as well as lower logistics costs incurred due to the FDA issue last year.
- Also, cumulative 1HFY20 net profit grew 35.7% Y.o.Y to RM15.5 mln, from RM11.4 mln in the same period last year, on the back of lower selling and marketing, as well as administrative expenses. Revenue also rose 9.8% Y.o.Y to RM15.5 mln, from RM11.4 mln in 1HFY19.

Comments

- The latest earnings met our expectations with net profit accounting for 47.8% of our full-year net profit, while revenue accounted for 51.8% of our estimated sales. With that, we keep our forecasts unchanged for now.
- We also maintain our **BUY** recommendation on CGB with an unchanged target price of RM0.95 by ascribing to an unchanged target price of 17.0x to its FY20 EPS of 5.6 sen, driven by higher sales volumes, improving margins and resilient demand for gloves.
- The ascribed target PER remains at a discount to the PER of industry bellwethers like **Hartalega Holdings Bhd** and **Top Glove Corporation Bhd** due to

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CGB's smaller market capitalisation and capacity.

- **Kim Loong Resources Bhd's** 2QFY20 net profit fell 13.3% Y.o.Y to RM10.4 mln, dragged down by the decline in average selling prices (ASP) of fresh fruit bunches (FFB) and crude palm oil (CPO), coupled with approximately one month operational disruption at its Kota Tinggi mill. Revenue for the quarter decreased 26.6% Y.o.Y to RM154.3 mln.
- For 1HFY20, cumulative net profit slipped 22.5% Y.o.Y to RM24.9 mln. Revenue for the period contracted 27.6% Y.o.Y to RM323.3 mln.

Comments

- The results came in below expectations with its net profit only amounting to 32.5% of our previous full-year forecast of RM76.7 mln, while its revenue also came below our expectations, amounting to 36.9% of our previous FY20 estimate of RM876.5 mln. The bottom line's variance is due to the lower CPO average selling prices.
- As the reported earnings came below our expectations, we trimmed our net profit forecast by 19.2% and 3.4% to RM61.5 mln and RM76.8 mln for FY20 and FY21 respectively to account for disruption of Kota Tinggi mill production, coupled with the lower turnover from the slowdown in global demand growth.
- Despite that, we maintain our **HOLD** recommendation on KLR, with an unchanged target price of RM1.15 as we rolled over our valuation metrics to FY21. Our target price is derived by ascribing an unchanged target PER of 14.0x to its revised FY21 EPS of 8.2 sen. The ascribed target PER is in line with the industry average of around 13.5x-15.5x.

COMPANY BRIEF

- **Gamuda Bhd's** 4QFY19 net profit stood at RM185.0 mln vs. a net loss of RM103.6 mln recorded in the previous corresponding quarter, bolstered by the strong property sales in Vietnam that cushioned the impact of lower income from its construction division. Revenue for the quarter rose 23.7% Y.o.Y to RM1.50 bln.
- For FY19, cumulative net profit grew 33.2% Y.o.Y to RM706.1 mln. Revenue for the year rose 8.3% Y.o.Y to RM4.57 bln. (The Star Online)
- **Salcon Bhd** secured an RM50.9 mln sub-contract from China Geo Engineering Corporation for a water supply construction project in Sri Lanka. The contract is to carry out mechanical and electrical work for the Valachchenai Water Supply Project. The project will be for 36 months from the date of commencement and has no option for renewal. The commencement date has yet to be determined. (The Edge Daily)
- Singapore-based private equity firm Kendall Court, has emerged as a substantial shareholder of **Green Packet Bhd** with a 7.2% equity stake in the company. This came after Kendall acquired 65.0 mln shares at 70 sen per share. (The Edge Daily)
- **Sapura Energy Bhd's** 2QFY20 net loss narrowed to RM116.3 mln, from a net loss of RM126.1 mln recorded in the previous corresponding quarter, on improved topline. Revenue for the quarter jumped 87.4% Y.o.Y to RM1.93 bln.
- For 1HFY20, cumulative net loss narrowed to RM225.4 mln, from a net loss of RM261.8 mln recorded in the previous corresponding period. Revenue for the quarter rose 89.4% Y.o.Y to RM3.56 bln. (The Edge Daily)

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- **IOI Corp Bhd** is planning to use part of the proceeds from its divestment of a 70.0% stake in its specialty oils and fat business IOI Loders Croklaan to acquire more oil palm plantations.
- The group is especially interested in purchasing plantations close to its existing ones in Sabah and Kalimantan, Indonesia, as part of its move to invest further into its upstream business. (The Edge Daily)
- **Sarawak Consolidated Industries Bhd's** largest shareholder, Datuk Mohd Abdul Karim Abdullah, has been made the group's Non-Executive and Non-Independent Chairman effective 1st October 2019, replacing the current chairman Tan Sri Dr Hamid Bugo, who has resigned. Executive Director Rewi Hamid Bugo will also be resigning from the board effective 1st October 2019. (The Edge Daily)
- **Yee Lee Corp Bhd** is acquiring 9.6-ha. land in Ulu Selangor for RM25.9 mln from Panaheights Development Sdn Bhd for the construction of an aerosol can factory and a regional distribution centre for future expansion. Yee Lee will fund the acquisition with internally generated funds and/or bank borrowings. (The Edge Daily)
- **Hiap Teck Venture Bhd's** 4QFY19 net profit stood at RM29.6 mln vs. a net loss of RM20.0 mln recorded in the previous corresponding quarter, thanks to higher share in profits from a joint venture. Revenue for the quarter, however, declined 4.8% Y.o.Y to RM309.9 mln.
- For FY19, cumulative net profit declined 9.5% to RM25.3 mln. Revenue for the year, however, grew 5.2% Y.o.Y to RM1.19 bln. A first and final dividend of 0.5 sen for FY19 was declared. (The Edge Daily)

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Stock	Entitlement Subjects	Description	Ex-Date	Commencement Date	Last Trading Date
DOMINANT ENTERPRISE BERHAD	Interim	RM0.02	30/9/2019	-	-
SIME DARBY BERHAD	2nd Interim	RM0.07	30/9/2019	-	-
SIME DARBY BERHAD	Special Cash	RM0.01	30/9/2019	-	-
PETRA ENERGY BHD	Interim	RM0.02	30/9/2019	-	-
XIN HWA HOLDINGS BHD	Interim	RM0.01	30/9/2019	-	-
CHIN HIN GROUP BHD	Interim	RM0.01	30/9/2019	-	-
SUNWAY BHD	Stock Dividend	1:100	1/10/2019	-	-
LB ALUMINIUM BHD	Regular Cash	RM0.02	2/10/2019	-	-
HUP SENG INDUSTRIES BHD	Interim	RM0.02	2/10/2019	-	-
DATASONIC GROUP BHD	1st Interim	RM0.01	2/10/2019	-	-
TOPVISION EYE SPECIALIST BHD	Interim	RM0.01	2/10/2019	-	-
ASIA FILE CORP BHD	Final	RM0.07	3/10/2019	-	-
SKP RESOURCES BHD	Final	RM0.04	3/10/2019	-	-
LTKM BHD	Final	RM0.01	3/10/2019	-	-
CIMB GROUP HOLDINGS BHD	1st Interim	RM0.14	4/10/2019	-	-
NTPM HOLDINGS BHD	Final	RM0.01	4/10/2019	-	-
LAND & GENERAL BHD	Final	RM0.01	7/10/2019	-	-
MINHO M BHD	Regular Cash	RM0.01	7/10/2019	-	-
TECHFAST HOLDINGS BHD	Interim	RM0.01	7/10/2019	-	-
SCGM BHD	Interim	RM0.00	8/10/2019	-	-
GAS MALAYSIA BHD	Interim	RM0.05	8/10/2019	-	-
GEORGE KENT (MALAYSIA) BHD	1st Interim	RM0.02	9/10/2019	-	-
UEM EDGENTA BHD	Regular Cash	RM0.06	9/10/2019	-	-
MAGNI-TECH INDUSTRIES BHD	Final	RM0.05	9/10/2019	-	-
MAGNI-TECH INDUSTRIES BHD	Interim	RM0.07	9/10/2019	-	-
BERMAZ AUTO BHD	1st Interim	RM0.03	9/10/2019	-	-
CRG INC BHD	Interim	RM0.00	9/10/2019	-	-
PACIFIC & ORIENT BERHAD	5th Interim	RM0.01	11/10/2019	-	-

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