

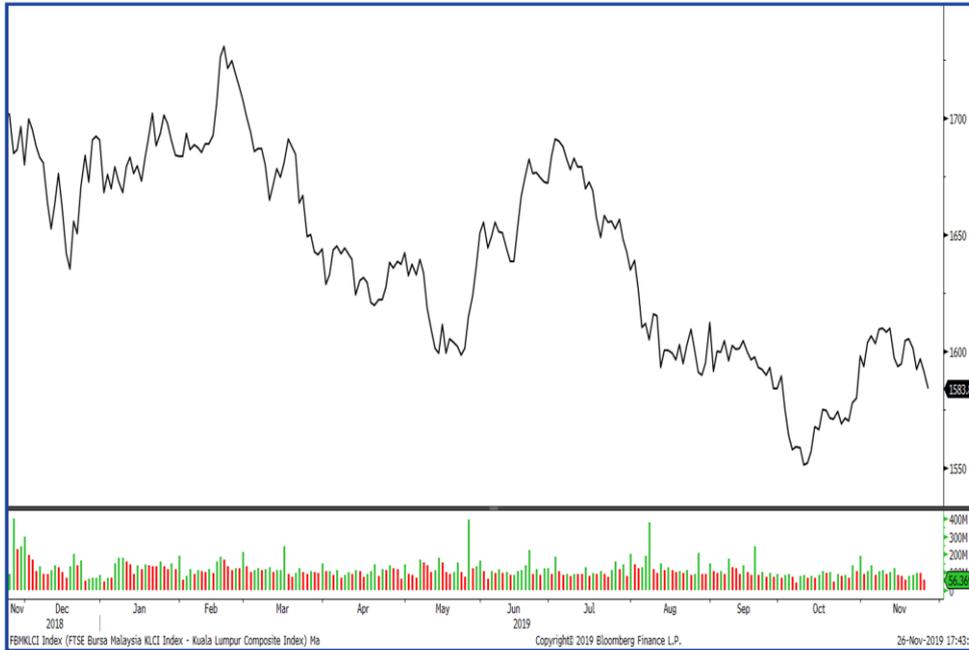
# Market Pulse

Wednesday, 27 Nov, 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 26-Nov-19	Change %
FBM KLCI	1,583.87	-0.47
52-W High	1,732.27	
52-W Low	1,548.45	
FBM EMAS	11,249.53	-0.36
FBM 100	11,064.85	-0.35
FBM Fledgling	14,685.40	-0.54
FBM Small Cap	13,505.12	-0.46
FBM ACE	4,803.98	-0.98
FBM Shariah	11,812.82	-0.10
FBM MidS Cap	14,907.83	0.17
FBM MidS (Shariah)	14,048.07	0.07
Market Participation		
Trading Volume (mln)	3,409.3	35.4
Trading Value (RM mln)	4207.9	173.1
FKLI Spot Futures	1,585.50	-0.06
FKLI Forward Futures	1,587.00	-0.13

## Downside Appears To Take Hold

- The FBM KLCI (-0.5%) trended lower after reversing all its' intraday gains as sentiment turned weaker in the second half of the trading session on Tuesday. The lower liners also followed suit – the FBM Small Cap (-0.5%), FBM Fledgling (-0.5%) and FBM (-1.0%) all extended their losses, while the broader market finished mixed.
- Market breadth remained negative as decliners thumped advancers on a ratio of 529-to-352 stocks, while 386 stocks traded unchanged. Traded volumes jumped 35.4% to 3.41 bln shares as fund managers re-shuffled their portfolio.
- Key losers on the FBM KLCI were Petronas Gas (-50.0 sen), Nestle (-30.0 sen), Public Bank (-30.0 sen), Tenaga (-14.0 sen) and Genting (-10.0 sen). Among the biggest decliners on the broader market were breweries like Carlsberg (-50.0 sen) and Heineken (-32.0 sen), while Syarikat Takaful and Chin Teck Plantations shed 21.0 sen and 16.0 sen respectively.
- In contrast, MPI (+50.0 sen), Hong Leong Industries (+46.0 sen), Vitrox (+44.0 sen) and Fraser & Neave (+20.0 sen) advanced on the broader market, while Solarvest jumped 40.5 sen on its debut on Bursa Malaysia. Leading the FBM KLCI winners list was Petronas Dagangan (+70.0 sen), followed by Hong Leong Financial Group (+18.0 sen), Hartalega (+11.0 sen), Maxis (+11.0 sen) and Press Metal (+10.0 sen).
- Asian benchmark indices trended mostly higher, taking cue from the gains on Wall Street overnight as the Nikkei and Shanghai Composite added 0.4% and 0.03% respectively. The Hang Seng Index, however, fell 0.3% as Chinese

Dow Jones	28,121.68	0.20
S&P 500	3,140.52	0.22
NASDAQ	8,647.93	0.18
FTSE 100	7,403.14	0.09
DAX	13,236.42	-0.08
CAC 40	5,929.62	0.08
FTSE STI	3,207.85	-0.40
Shanghai Composite	2,907.06	0.03
Hang Seng Index	26,913.92	-0.29
Nikkei 225	23,373.32	0.35

WTI Crude Oil (USD)	58.24	-0.29
Brent Spot (USD)	64.27	0.97
Gold (USD)	1,461.83	0.03
CPO (RM)	2,676.00	-2.09

USD	4.18	-0.11
GBP	5.39	-0.18
EURO	4.6110	-0.13
SGD	3.0636	-0.07
YEN	26.0240	0.17

### 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.

authorities have little intention to compromise on the recent protest movements despite a landslide victory of pro-democratic candidates. ASEAN stockmarkets, meanwhile, closed mostly higher yesterday.

- U.S. stockmarkets inched higher to close at another fresh record high level as the Dow climbed 0.2% after U.S. Federal Reserve Chairman pointed that the interest rate would remain low due to the sluggish inflation rate data. On the broader market, the S&P 500 added 0.2%, but gains were capped by the weakness in the energy sector (-1.0%), while the Nasdaq closed 0.2% higher.
- Major European indices closed mostly higher as the FTSE and CAC gained 0.1% respectively to mark their third winning session after recovering all their intraday losses. The DAX, however, fell 0.1% as mild profit taking activities took precedence.

## THE DAY AHEAD

- Once again, it was not to be with the key Malaysian market barometer tipping lower yesterday to not only extend its weakness spell, but to also fall below the 1,590 level which was the lower range of its sideways trend. As a consequence, the near term outlook is looking increasingly frail with the downside bias to persist.
- As it is, the bouts of foreign selling are still prevalent that is placing a lid on the key index's near term performance. In addition, there are also few compelling leads as the ongoing results reporting are still pointing to mixed corporate earnings performances, albeit there are some evident improvements reported by some companies.
- With Malaysian equities still drifting, we

see further decoupling from the improved performance of its regional peers as they continue to react positively to a potential trade deal between the U.S and China. Hence, the key index could re-test the 1,580 support and if it gives way, the next support is at the 1,575 level. The resistances are at the 1,590-1,600 levels, followed by the 1,610 level.

- Similarly, many of the lower liners and broader market shares are also on a pullback phase after an extended overbought streak. We also think that the weakness could prevail for longer as these stocks could undergo a more meaningful consolidation before potentially mounting a year-end window dressing phase next month.

## COMPANY UPDATE

- **Leong Hup International Bhd's** 3Q2019 net profit rose 26.1% Y.o.Y to RM44.4 mln, boosted by the stronger feedmill segment that offset the weakness in the livestock & poultry related segment. Revenue for the quarter added 7.4% Y.o.Y to RM1.53 bln. For 9M2019, cumulative net profit decreased 21.2% Y.o.Y to RM121.1 mln. Revenue for the period, however, gained 7.6% Y.o.Y to RM4.51 bln.

## Comments

- The reported results came below our expectations, making up to only 65.5% of our previous net profit estimate of RM184.9 mln for 2019. The reported revenue, however, came within our expectations, amounting to 75.2% of our full-year forecast of RM6.00 bln.
- With the reported earnings coming below our expectations, we trimmed our earnings forecast by 11.3% and 10.2% to RM164.0 mln and RM199.3 mln for 2019

## **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.*

and 2020 respectively, to reflect the sharp decrease in ASP of chicken and chicken eggs in Indonesia.

- Consequently, we maintain our **HOLD** recommendation, but with a lower fair value of RM0.93 (from RM1.03) as we assigned an unchanged target PER of 17.0x to our revised 2020 EPS of 5.5 sen. The assigned target PER represents a 20.0% discount to its local and regional peers average of 21.5x, after taking into account of the larger market capitalisation of its peers like Charoen Pokphand Foods PLC and ThaiFoods Group PLC in Thailand, JAPFA Ltd in Singapore and **QL Resources Bhd** in Malaysia.

## **COMPANY BRIEF**

- **Sime Darby Bhd's** 1QFY20 net profit grew 9.3% Y.o.Y to RM246.0 mln, from RM225.0 mln last year, following the positive performance of its industrial division and the motors business. Revenue also rose 7.1% Y.o.Y to RM9.48 bln, from RM8.85 bln last year. (The Star Online)
- **IOI Corp Bhd's** 1QFY20 net profit rose 3.6% Y.o.Y to RM149.0 mln, from RM143.8 mln in the previous corresponding year, on higher contribution from its resource-based manufacturing segment, despite weaker quarterly revenue, which fell 5.3% Y.o.Y to RM1.78 bln, from RM1.88 bln last year. (The Star Online)
- **Malaysian Pacific Industries Bhd's (MPI)** 1QFY20 net profit declined about 13.0% Y.o.Y to RM36.8 mln compared to RM42.3 mln previously, as revenue dipped 10.8% Y.o.Y to RM369.1 mln, from RM413.8 mln amid the uncertain global trade conditions. Even so, the group declared an interim dividend of 10.0 sen per share, payable on 24th December 2019. (The Edge Daily)
- **Inari Amertron Bhd's** 1QFY20 net profit was lower by 20.7% Y.o.Y to RM47.7 mln, from RM60.2 mln in 1QFY19, while revenue edged down by 2.8% Y.o.Y to RM316.6 mln, from RM325.7 mln a year ago, due to reduced optoelectronic sales volume. The group, nonetheless, proposed a first single-tier interim dividend of 1.3 sen per share, payable on 9th January 2020. (The Edge Daily)
- **YTL Corp Bhd's** 1QFY20 net profit plunged 87.8% Y.o.Y to RM15.3 mln, from RM125.8 mln previously, despite registering a 29.3% Y.o.Y revenue growth to RM5.28 bln, from RM4.09 bln last year, as several business segments were loss-making, including its cement manufacturing and trading business. (The Edge Daily)
- Its subsidiary, **YTL Power International Bhd** also reported a 47.0% Y.o.Y contraction in its 1QFY20 net profit to RM67.4 mln, from RM126.3 mln last year, despite revenue growing 5.6% to RM2.96 bln vs. RM2.80 bln, following wider losses in its multi utilities and telecommunications businesses. In addition, its power generation and water and sewerage businesses saw lower profits. (The Edge Daily)
- Meanwhile, **YTL Hospitality Real Estate Investment Trust's** 1QFY20 net property income grew 11.4% to RM62.7 mln, compared to RM56.3 mln in the same period last year, helped by higher master leases and management contracts. The trust also declared a final income distribution per unit of 1.96 sen per unit, payable on 27th December 2019. (The Edge Daily)
- **MMC Corp Bhd's** 3Q2019 net profit jumped 70.3% Y.o.Y to RM66.3 mln against RM38.9 mln a year ago, on higher

## **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.*

work progress from Klang Valley Mass Rapid Transit Sungai Buloh-Serdang-Putrajaya (KVMRT-SSP) Line, while revenue grew 32.0% Y.o.Y to RM1.25 bln, from RM944.1 mln previously.

- Cumulative 9M2019 net profit also spiked to RM187.1 mln (+86.4% Y.o.Y), from RM100.4 mln in 9M2018, while revenue grew 5.7% Y.o.Y to RM3.62 bln, from RM3.42 bln in 9M2018. (The Edge Daily)
- **IJM Corp Bhd's** 2QFY20 net profit more than tripled to RM70.1 mln in comparison to RM21.9 mln last year, on improved earnings from the property development, manufacturing and quarrying, plantation and infrastructure divisions. Revenue for the quarter also gained 20.2% Y.o.Y to RM1.57 bln, from RM1.31 bln a year ago. On a cumulative basis, net profit in 2HFY20 also jumped 53.0% Y.o.Y to RM129.5 mln, from RM84.7 mln last year, while revenue increased 13.2% Y.o.Y to RM3.12 bln, from RM2.75 bln previously. (The Star Online)
- **TH Plantations Bhd's** 3Q2019 net loss widened further to RM31.6 mln (+59.6% Y.o.Y), from RM19.8 mln last year, due to impairment losses to property, plant and equipment, lower revenue and higher finance cost. Revenue slipped 3.5% Y.o.Y to RM136.0 mln, from RM140.9 mln last year.
- Cumulative 9M2019 net loss also grew to RM58.9 mln, from RM16.4 mln in the previous corresponding period, while revenue dropped 10.8% Y.o.Y to RM357.4 mln, from RM400.7 mln earlier. (The Edge Daily)
- **Carlsberg Brewery Malaysia Bhd's** 3Q2019 net profit grew 6.5% Y.o.Y to RM69.2 mln vs. RM65.0 mln last year, on the back of higher sales and the continued premiumisation in Malaysia and Singapore. Revenue also improved 10.0% Y.o.Y to RM542.2 mln, from RM492.8 mln earlier. The group declared a single tier interim dividend of 17.0 sen per share, payable on 22th January 2020. (The Star Online)
- Following the recent fire incident at its Kalimantan estates, **TDM Bhd** reported a wider net loss in 3Q2019 to RM41.4 mln, compared to RM3.27 mln last year, mainly due to higher write-offs. This comes despite a 22.4% Y.o.Y growth in revenue to RM106.1 mln, from RM86.7 mln earlier. (The Edge Daily)
- **Green Packet Bhd** made a turnaround in 3Q2019 after ten loss-making quarters, with a net profit of RM5.6 mln, from a net loss of RM13.6 mln last year, while revenue doubled to RM185.6 mln, from RM92.4 mln a year ago. (The Star Online)
- **Ekovest Bhd's** 1QFY20 net profit jumped 44.3% Y.o.Y to RM63.3 mln, from RM43.9 mln in the year-ago quarter, while revenue increased 14.0% Y.o.Y to RM346.8 mln, from RM304.9 mln earlier, helped by the facilitation fund from the government for infrastructures at Jalan Cheras.
- Separately, the group has entered into a "multi-angle, broad-based strategic collaboration" with China's state-owned conglomerate, China Railway Group Ltd (CREC). The collaboration aims to explore new ventures and projects like the construction and development of infrastructure in Malaysia and the Asia Pacific. (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.