

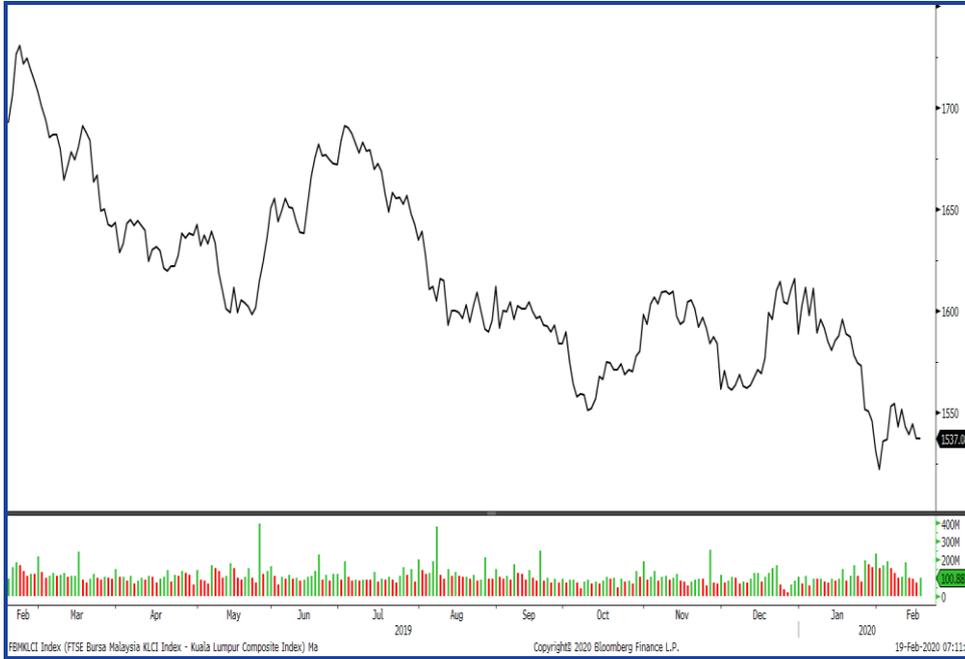
# Market Pulse

Wednesday, 19 Feb, 2020

**M+Online**  
Equipping Traders For The Win

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## FBM KLCI – Daily



## Market Scorecard

	Close 18-Feb-20	Change %
FBM KLCI	1,537.08	0.00
52-W High	1,732.27	
52-W Low	1,517.61	
FBM EMAS	10,999.29	-0.27
FBM 100	10,789.84	-0.22
FBM Fledgling	14,721.67	-0.88
FBM Small Cap	13,916.12	-1.20
FBM ACE	5,540.60	-1.73
FBM Shariah	11,756.23	-0.57
FBM MidS Cap	15,218.97	-1.25
FBM MidS (Shariah)	14,498.99	-1.39
<b>Market Participation</b>		
Trading Volume (mln)	2,784.90	-4.27
Trading Value (RM mln)	2,055.43	8.22
FKLI Spot Futures	1,540.50	-0.06
FKLI Forward Futures	1,532.00	-0.07

## Weakness Prevails

- Although the selling pressure wasn't as severe as regional peers, the FBM KLCI (-0.04%) extended its losses after lingering mostly in the negative territory yesterday. The lower liners – the FBM Small Cap (-1.2%), FBM Fledgling (-0.9%) and FBM ACE (-1.7%), all sank, while the broader market finished mostly lower with the technology sector (-2.7%) being the weakest link.
- Market breadth was negative as decliners outstripped the advancers on a ratio of 598-to-254 stocks. Traded volumes declined 4.3% to 2.78 shares as traders opted for less aggressive stance.
- Underperformers on the local bourse were KLK (-60.0 sen), Nestle (-40.0 sen), MISC (-14.0 sen), Maxis (-12.0 sen) and Press Metal (-9.0 sen). Amongst the biggest decliners on the broader market include Panasonic (-54.0 sen), MPI (-46.0 sen), MPI (-46.0 sen), Heng Yuan (-37.0 sen) and Fraser & Neave (-30.0 sen).
- On the other side of the trade, Dutch Lady (+86.0 sen), Ajinomoto (+66.0 sen), Carlsberg (+30.0 sen) and Allianz (+20.0 sen) rose on the broader market. Luxchem added 2.5 sen after delivering a strong set of quarterly earnings. Meanwhile, Petronas Gas (+16.0 sen), Hong Leong Bank (+14.0 sen), Hap Seng Consolidated (+10.0 sen), Tenaga (+10.0 sen) and Genting (+8.0 sen) anchored the FBM KLCI winners list.
- Asia benchmark indices ended mostly lower, bogged down by the concern over the economic impact from the Covid-19 virus outbreak as the Nikkei and the Hang Seng Index sank 1.4% and 1.5% respectively. The Shanghai Composite, however, manage to buck the region's

Dow Jones	29,232.19	-0.56
S&P 500	3,370.29	-0.29
NASDAQ	9,732.74	0.02
FTSE 100	7,382.01	-0.69
DAX	13,681.19	-0.75
CAC 40	6,056.82	-0.48
FTSE STI	3,196.63	-0.51
Shanghai Composite	2,984.97	0.05
Hang Seng Index	27,530.20	-1.54
Nikkei 225	23,193.80	-1.40
WTI Crude Oil (USD)	52.16	0.21
Brent Spot (USD)	57.75	0.14
Gold (USD)	1,601.46	-0.01
CPO (RM)	2,639.00	-0.38
USD	4.1535	-0.24
GBP	5.3912	0.24
EURO	4.4973	-0.06
SGD	2.9819	0.00
YEN	26.4220	0.33

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weakness to edge just 0.1% higher after the country would accept applications for tariff exemptions from U.S. companies from 2nd March 2020. ASEAN stockmarkets, meanwhile, closed mostly lower yesterday.

- U.S. stockmarkets resumed trading on a downbeat manner as the Dow fell 0.6% after Apple Inc warned of a profit warning due to the Covid-19 outbreak. On the broader market, the S&P 500 slipped 0.3%, but the Nasdaq managed to inch 0.02% higher after climbing into the positive territory in the final trading hour.
- European benchmark indices – the FTSE (-0.7%), CAC (-0.5%) and DAX (-0.8%), all retreated, mirroring the weakness across global equities. Market sentiment was also affected by the ZEW Indicator of Economic Sentiment for Germany that decreased sharply in February 2020, falling to a new reading of 8.7 points.

## THE DAY AHEAD

- It was a firmer performance on Bursa Malaysia as the FBM KLCI managed to close on a flat note yesterday, despite the sharp selling activities across the region. We see the consolidation spell to remain in place for the time being as investors continue to monitor for developments on the government's stimulus measures, whilst gains will be kept in check on the recent sluggish economic data.
- The lackluster trading performance on Bursa Malaysia is expected to prolong in absence of any positive developments on the Covid-19 virus situation. For now, we reckon that the range bound trend will be in place as the FBM KLCI looks to hover between the 1,535-1,555 levels. However, a pullback below the 1,535 level may see further weakness towards the 1,515 level.

- On the broader market, the lower liners recent rally took a break as traders' looks to book in recent profits following the hefty gains since the start of the month. We expect quick profit taking may linger for the time being as investors may also opt to stay in the sidelines and monitor on the recent batch of corporate earnings.

## COMPANY UPDATE

- **Leong Hup International Bhd's** (LHI) 4Q2019 net profit fell 9.5% Y.o.Y to RM29.5 mln, dragged down by the lower contribution from the livestock and poultry related products segment in the Malaysia, Indonesia and Singapore market. Revenue for the quarter declined marginally by 0.7% Y.o.Y to RM1.54 bln.
- For 2019, cumulative net profit declined 19.1% Y.o.Y to RM150.6 mln. Revenue for the year, however, expanded 5.4% Y.o.Y to RM6.05 bln.

## Comments

- With the reported earnings coming below our expectations, we trimmed our earnings forecast by 11.0% and 7.0% to RM173.6 mln and RM192.0 mln for 2020 and 2021 respectively, to reflect the steeper-than-expected decrease in ASP of chicken and chicken eggs in Indonesia and Malaysia.
- We maintain our **HOLD** recommendation on LHI, but with a lower fair value of RM0.81 (from RM0.93) as we assigned an unchanged target PER of 17.0x to our revised 2020 estimated EPS of 4.8 sen..

## COMPANY BRIEF

- **Wah Seong Corp Bhd's** 4Q2019 net loss

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widened to RM30.6 mln, from RM10.0 mln in the previous corresponding period as revenue fell nearly 40.0% Y.o.Y to RM429.3 mln, from RM706.4 mln a year earlier. Even so, the group declared a first interim dividend of one sen per share, payable on 8th April this year.

- Full year net profit weakened to RM24.1 mln (-62.8% Y.o.Y) compared with RM64.8 mln in the preceding year, weighed down by the soft quarterly results. Annual revenue also trimmed 15.1% Y.o.Y to RM2.51 bln, from RM2.96 bln in 2018. (The Edge Daily)
- **KKB Engineering Bhd's** 4Q2019 net profit more than doubled to RM20.3 mln, from RM7.6 mln a year ago, backed by on the back of better performance from both its engineering and manufacturing sectors. Revenue for the quarter also rose 9.5% Y.o.Y to RM156.0 mln vs RM142.5 mln earlier. The group has proposed a first and final dividend of six sen per share.
- The upbeat quarterly performance also lifted the group's full-year net profit up 2.7 times to RM48.3 mln, from RM17.6 mln in the previous year, while revenue grew 35.5% Y.o.Y to RM559.0 mln in comparison to RM412.5 mln earlier.
- Moving forward, the group expects the demand for steel water pipes to remain firm, buoyed by ongoing and upcoming water-related infrastructure projects planned under the Sarawak Water Supply Grid Programme. (The Edge Daily)
- **Bina Darulaman Bhd** has secured a from the Water, Land and Natural Resources Ministry to undertake construction works under the national non-revenue water programme in Perlis worth RM39.8 mln. The contract will run for 104 weeks until 16th February, 2022. (The Edge Daily)
- **IOI Corp Bhd's** 2QFY20 net profit for the gained 9.2% Y.o.Y to RM213.5 mln, from RM195.5 a year earlier, thanks to higher crude palm oil (CPO) prices. Revenue for the quarter also grew marginally by 4.0% Y.o.Y to RM1.96 bln, from RM1.88 bln previously. The group declared a dividend of four sen, payable on 13th March, 2020.
- Cumulative 1HFY20, net profit rose 6.8% Y.o.Y to RM362.5 mln, from RM339.3 mln in the previous corresponding period, albeit revenue fell marginally lower at RM3.73 bln, from RM3.76 bln previously.
- Going forward, the group expects palm oil price to be volatile due to the uncertainty on the extent and duration of the coronavirus outbreak, but underpinned by low palm oil inventory and expected higher demand before and during Ramadan in April and May 2020. (The Edge Daily)
- **Matrix Parking Solution Holdings Bhd** has proposed to undertake a bonus issue of 100.0 mln new warrants on the basis of one warrant-for-every two existing shares held at an entitlement date to be determined later.
- Assuming the exercise price of the warrants is 15.0 sen, which represents a discount of 11.8% to the five-day volume weighted average market price up to 17th February, 2020 of 17.0 sen per share, the gross proceeds to be raised upon full exercise of the warrants is approximately RM15.0 mln.
- The proceeds will be used to fund working capital or may be utilised to finance, among others, the group's day-to-day operating cost. (The Edge Daily)
- **Alam Maritim Resources Bhd** has secured a work order worth RM28.0

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mln for the provision of anchor handling tug and supply for Petronas Carigali Sdn Bhd.

- The 630- day project has commenced on 4th January, 2020. (The Edge Daily)
- **Seacera Group Bhd**'s major subsidiary Duta Skyline Sdn Bhd is being sued by the Inland Revenue Board (IRB) for RM25.6 mln in outstanding tax payments.
- The latter was served with a statement of claim and writ of summons by IRB. Duta Skyline holds assets of more than 70.0% within the Seacera group.
- IRB is also seeking interest at the rate of 5.0% per year from the date of judgment until the full realisation date, costs and any other relief the court may deem fit.
- The company is currently seeking professional legal advice and will make further announcement on any material development on this matter. For now, the group does not see any operational and financial impacts from this legal suit. (The Edge Daily)
- **Eastern & Oriental Bhd (E&O)** returned to the black with a 3QFY20 net profit of RM18.8 mln, from a net loss of RM8.8 mln a year ago, thanks to an unrealised forex gain of RM23.1 mln. Revenue for the quarter, however, plunged 53.6% Y.o.Y to RM119.2 mln, from RM257.0 mln a year ago.
- Cumulative 9MFY20 net profit also plummeted to RM8.1 mln (-65.9% Y.o.Y), from RM23.7 mln in 9MFY19, while revenue lost 38.6% Y.o.Y to RM390.6 mln, from RM636.3 mln previously. (The Star Online)

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