

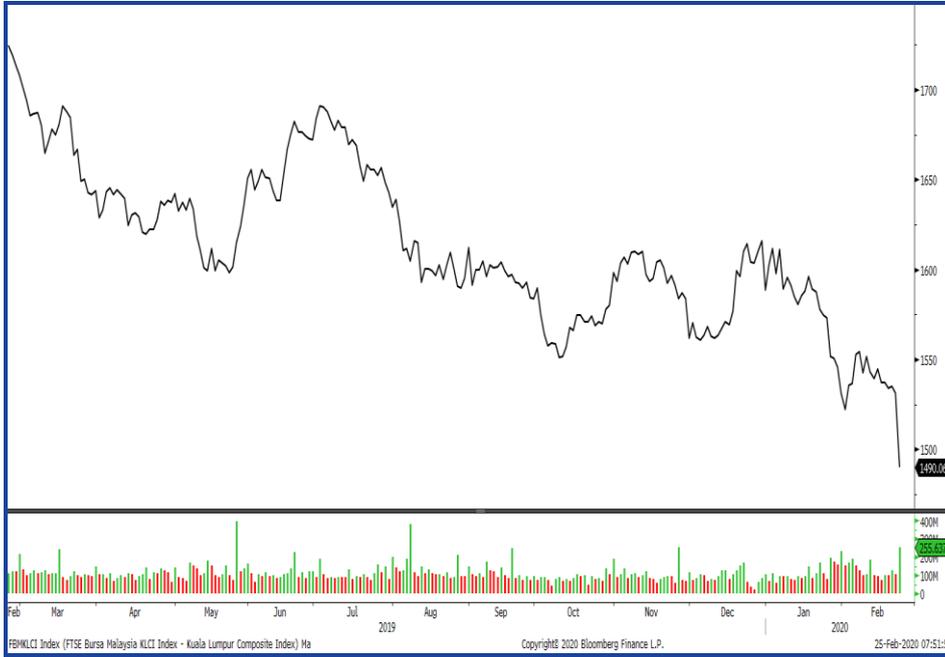
# Market Pulse

Tuesday, 25 Feb, 2020

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

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## FBM KLCI – Daily



## Market Scorecard

	Close 24-Feb-20	Change %
FBM KLCI	1,490.06	-2.69
52-W High	1,726.00	
52-W Low	1,486.71	
FBM EMAS	10,646.10	-2.91
FBM 100	10,438.37	-2.87
FBM Fledgling	14,422.20	-2.76
FBM Small Cap	13,590.11	-3.67
FBM ACE	5,648.14	-1.72
FBM Shariah	11,324.97	-2.85
FBM MidS Cap	14,813.54	-3.68
FBM MidS (Shariah)	14,112.30	-3.78
<b>Market Participation</b>		
Trading Volume (mln)	4,033.48	47.63
Trading Value (RM mln)	3,905.81	82.80
FKLI Spot Futures	1,491.50	-2.64
FKLI Forward Futures	1,480.00	-2.82

## Viral Selldown Expected To Continue

- The FBM KLCI took a beating on Monday after the Ringgit hit a six-month low amid rising political turmoil in Malaysia. All the lower liners – the FBM Small Cap (-3.7%), the FBM Fledgling (-2.8%) and FBM ACE (-1.7%) also tanked, while Construction-linked stocks led the broader market deeper into the red.
- Market breadth was significantly bearish as losers overpowered the winners by more than seven-fold, although traded volumes jumped 47.6% to 4.03 bln shares, boosted by panic-selling in the local equities.
- More than half of the Main Board indices retreated, mainly led by Kuala Lumpur Kepong (-RM1.00), Public Bank (-74.0 sen), Tenaga Nasional (-64.0 sen), PPB (-56.0 sen) and Petronas Dagangan (-40.0 sen). On the broader market, decliners include Carlsberg (-RM3.98), Heineken Malaysia (-RM2.68), Dutch Lady (-RM1.30), Ajinomoto (-74.0 sen) and Gamuda (-47.0 sen).
- In contrast, Panasonic Manufacturing (+22.0 sen), KAB (+7.0 sen), Enra (+6.0 sen), Muar Ban Lee (+6.0 sen) and IQ Group (+5.5 sen) narrowly survived Monday's massacre. Meanwhile, glove makers like Top Glove (+15.0 sen) and Hartalega (-3.0 sen) rebounded from earlier weakness, buoyed by anticipation of stronger demand, alongside Petronas Gas (+4.0 sen) and Hong Leong Financial Group (+2.0 sen).
- Major Asian equities were pummeled as the number of coronavirus infections surged to worrying figures. The Nikkei lost 0.4% after see-sawing through a subdued session, while the Hang Seng Index closed 1.8% lower. The Shanghai Composite also ended in the red,

Dow Jones	27,960.80	-3.56
S&P 500	3,225.89	-3.35
NASDAQ	9,221.28	-3.71
FTSE 100	7,156.83	-3.34
DAX	13,035.24	-4.01
CAC 40	5,791.87	-3.94
FTSE STI	3,142.20	-1.22
Shanghai Composite	3,031.23	-0.28
Hang Seng Index	26,820.88	-1.79
Nikkei 225	23,386.74	-0.39
WTI Crude Oil (USD)	51.47	0.08
Brent Spot (USD)	56.30	-3.76
Gold (USD)	1,655.26	-0.25
CPO (RM)	2,543.00	-3.01
USD	4.2265	-0.83
GBP	5.4617	-0.83
EURO	4.5745	-0.84
SGD	3.0147	-0.64
YEN	26.3640	1.01

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weighed down by Kweichow Moutai amid concerns of supply-chain issues, while majority of the ASEAN stockmarkets retreated.

- Wall Street – the Dow (-3.6%), the S&P 500 (-3.4%) and the Nasdaq (-3.7%) all fell more than 3.0%, as investors fled to safe-haven assets amid the rising risk of a widespread virus outbreak.
- Similarly, the DAX (-4.0%) took the worst beating, compared to its European peers – the FTSE (-3.3%) and the CAC (-3.9%); weighed down by travel and leisure-related stocks.

## THE DAY AHEAD

- Expectedly, Malaysia equities took a dive alongside with the weakness across global equities as concern over the Covid-19 spread took a hit beyond China. Further weakness were exacerbated by jitters over the resignation of Dr. Mahathir as the Prime Minister. The uncertainties which led to the Ringgit falling to the weakest level since September 2019 are prompting many market players, particularly foreign funds to close out their positions to wait for further clarity before determining their next course of action.
- Under the prevailing cautious environment, we think the downside bias on Bursa Malaysia will remain persistent as the wariness will continue to keep market players on the sidelines. With the 1,500 failed to hold, the next supports then move to 1,475 and 1,450 levels. The near term resistances, meanwhile, are at the 1,500-1,515 levels.
- The lower liners and broader market shares have also borne the brunt on recent selldown as investors also took the excuse to lock in gains from the

recent sharp rebound. For now, we think that their near term outlook will be clouded for another session.

## COMPANY UPDATE

- **Serba Dinamik Holdings Bhd** has entered into the completion stage for the underwriting of a RM1.20 bln Islamic syndicated financing with Malaysian and foreign banks to refinance Serba Dinamik's existing loans and fund its working capital requirement. The banks are HSBC Amanah Malaysia Bhd, AmlInvestment Bank Bhd, Bank Islam Malaysia Bhd, MIDF Amanah Investment Bank Bhd, Standard Chartered Saadiq Bhd and United Overseas Bank.
- The five-year syndication was oversubscribed by 67.0%, which enabled the company to increase the facility amount to RM1.20 bln to accommodate part of the oversubscription. Serba Dinamik will be partially utilising RM1.20 bln to refinance our company's existing loans and borrowings and on top of that fulfil our working capital requirement. (The Star Online)

## Comments

- We are neutral on the abovementioned announcement which will not make any significant impact to the group's fundamentals. With no changes made to our earnings forecast, we maintained our **BUY** recommendation on Serba Dinamik with an unchanged target price of RM2.63. We arrive at our target price by ascribing a PER of 15.0x to its forecast 2020 EPS of 17.5 sen. The ascribed target PER is similar to mid-large cap oil & gas peers' average of 16.0x.

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## COMPANY BRIEF

- **MMS Ventures Bhd** expects its sales of semiconductor test equipment to decline by over 10% Y.o.Y in 1Q2020 due to the coronavirus (Covid-19) outbreak. Customers in Malaysia and China were now delaying orders because they were not certain as to whether they needed to invest in new test equipment as there was now a delay in the production and shipment of electronic components manufactured in China. (The Star Online)
- **Aeon Co (M) Bhd**'s 4Q2019 net profit declined 6.8% Y.o.Y to RM49.9 mln, due to higher interest expense and a lower share of results from associates. Revenue for the quarter, however, rose 5.4% Y.o.Y to RM1.17 bln.
- For 2019, cumulative net profit gained 4.0% Y.o.Y to RM109.3 mln. Revenue for the year grew 4.3% Y.o.Y to RM4.54 bln. A final dividend of 4 sen per share for 2019, which is to be approved at its forthcoming AGM was declared. (The Edge Daily)
- **Ann Joo Resources Bhd**'s 4Q2019 net profit dropped 40.9% Y.o.Y to RM19.5 mln, due to lower selling prices and supply-demand imbalance in the domestic steel market. Revenue for the quarter fell 10.7% Y.o.Y to RM603.7 mln.
- For 2019, cumulative net loss stood at RM89.9 mln, from a net profit of RM149.5 mln recorded in 2018. Revenue for the year fell 4.3% Y.o.Y to RM2.22 bln. (The Edge Daily)
- **Globetronics Technology Bhd**'s 4Q2019 net profit slid 33.8% Y.o.Y to RM14.5 mln, due to lower volume offloading of products from customers. Revenue for the quarter declined 28.3% Y.o.Y to RM59.0 mln.
- For 2019, cumulative net profit was down 36.2% Y.o.Y to RM44.7 mln. Revenue for the year contracted 34.0% Y.o.Y to RM216.3 mln. (The Edge Daily)
- **Guan Chong Bhd**'s 4Q2019 net profit declined 30.0% Y.o.Y to RM44.7 mln, as a result of an increased tax provision which included a higher deferred tax liability arising mainly from the utilisation of capital allowance for the capacity expansion at its GCB Cocoa Malaysia plant. Revenue for the quarter, however, grew 20.1% Y.o.Y to RM796.4 mln.
- For 2019, cumulative net profit rose 15.4% Y.o.Y to RM219.4 mln. Revenue for the year gained 29.4% Y.o.Y to RM2.94 bln. A final dividend of one sen per share for 2019, subject to shareholders' approval was declared. (The Edge Daily)
- **Lay Hong Bhd**'s 3QFY20 net profit fell 42.3% Y.o.Y to RM2.2 mln, due to the share of a loss of associate amounting to RM1.14 mln during the quarter, coupled with higher rebates awarded to hypermarkets, and advertising and promotional expenses. Revenue for the quarter, however, rose 3.4% Y.o.Y to RM210.3 mln.
- For 9MFY20, cumulative net profit stood at RM7.1 mln vs. a net loss of RM4.9 mln recorded in the previous corresponding period. Revenue for the period rose 6.7% Y.o.Y to RM629.2 mln. (The Edge Daily)
- **Tiong Nam Logistics Holdings Bhd**'s 3QFY20 net profit jumped 130.6% Y.o.Y to RM1.8 mln, due to higher contributions from its property development and investment segments and lower direct operating expenses. Revenue for the quarter rose 6.6% Y.o.Y to RM155.9 mln.
- For 9MFY20, cumulative net profit fell

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43.7% Y.o.Y to RM5.0 mln. Revenue for the period, however, inched higher by 1.8% Y.o.Y to RM461.5 mln. (The Edge Daily)

- **Press Metal Aluminium Holdings Bhd's** 4Q2019 net profit fell 9.5% Y.o.Y to RM131.5 mln, following lower revenue, which came in 4.4% Y.o.Y lower at RM2.13 bln, due to softer metal prices.
- For 2019, cumulative net profit declined 23.9% Y.o.Y to RM471.0 mln, Revenue for the year slipped 6.7% Y.o.Y to RM8.56 bln. A fourth interim dividend of 1.25 sen, payable on 12th March 2020 was declared. (The Edge Daily)
- **Solarvest Holdings Bhd's** 3QY20 net profit stood at RM4.0 mln on the back of revenue of RM62.1 mln. For 9MFY20, cumulative net profit stood at RM11.9 mln on revenue of RM202.1 mln.
- No comparison figures were present as it is the second interim financial report announced by the group in line with listing requirements. (The Edge Daily)
- **United Plantations Bhd** is to undertake a bonus issue of 208.1 mln shares on the basis of one bonus share for every existing share held with all treasury shares being entitled to bonus shares and such bonus shares eventually to be treated as treasury shares. The bonus issue is expected to be completed in 2Q2020.
- Separately it has declared combined final and special dividends amounting to RM1.05 per share, comprising a final 20 sen dividend and a special dividend of 85 sen per share for 2019. The ex-date for the dividends is on 27th April 2020, while its payment date is on 8th May 2020. (The Edge Daily)

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