PUBLIC INVESTMENT BANK

PublicInvest Research Daily

Friday, August 28, 2020

KDN PP17686/03/2013(032117)

INDICES

	LAST CLOSE	CHG	% CHG
KLCI	1,554.78	5.20	0.3
DOW	28,492.27	160.35	0.6
S&P 500	3,484.55	5.82	0.2
NASDAQ	11,625.34	-39.72	-0.3
FTSE-100	5,999.99	-45.61	-0.8
SHANGHAI	3,350.11	20.37	0.6
HANG SENG	25,281.15	-210.64	-0.8
STI	2,519.81	-22.27	-0.9
NIKKEI 225	23,208.86	-82.00	-0.4
JCI	5,371.47	31.14	0.6

MARKET ACTIVITY

VOL(m)	VAL(RMm)
13,713.47	5,559.77

BURSA'S MARKET SHARE (%)

Retail	40.6%
Institutional	46.7%
Foreign	12.7%

KEY COMMODITIES

	LAST CLOSE	CHG	% CHG
KLCI FUTURES (August)	1,557.00	8.00	0.5
OIL - BRENT (USD/b)	45.09	-0.55	-1.2
CPO FUTURE (RM/ton)	2,682.00	37.00	1.4
RUBBER (RM/kg)	472.50	1.50	0.3
GOLD (USD/Ounce)	1,920.73	-22.77	-1.2

FOREX

	LAST CLOSE	% CHG
MYR/USD	4.17	0.1
MYR/SGD	3.06	0.3
YUAN/MYR	1.65	0.1
YEN/MYR	25.42	-0.2
MYR/EURO	4.94	0.3
MYR/GBP	5.51	0.5

TOP MOVERS IN MALAYSIA MARKET

TOP 5 VOLUME	LAST CLOSE	VOL (m)
XOX BHD	0.32	1,560.61
PEGASUS HEIGHTS	0.04	450.92
GPA HOLDINGS BHD	0.21	435.44
PA RESOURCES BHD	0.10	388.72
KEY ALLIANCE GRO	0.12	381.03

TOP 5 GAINERS	LAST CLOSE	RM (+)
NESTLE (MALAY)	140.00	0.80
KUMP POWERNET	3.39	0.45
TELEKOM MALAYSIA	4.13	0.34
KWANTAS CORP BHD	0.56	0.02
SERN KOU RESOURC	2.00	0.28

TOP 5 LOSERS	LAST CLOSE	RM (-)
SUPERMAX CORP	20.20	-1.08
CARLSBERG BREWER	21.82	-0.70
HEINEKEN MALAYSI	20.50	-0.68
COMFORT GLOVE BH	4.28	-0.27
CAREPLUS GROUP	3.52	-0.23

Gainers – 545 Losers – 580 Unchanged – 374

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HIGHLIGHTS

Alliance Bank: Encouraging Start (ABMB MK, Trading Buy, TP: RM2.30)

The Group started off its new financial year on an encouraging note, with 1QFY21 net profit of RM104.3m (+36.0% YoY, +6.4% QoQ) coming in within our anad consensus estimates at 24% and 26% of full-year numbers respectively, this coming about despite RM27.5m in net modification losses booked in. Of note is the Group's decision to make further pre-emptive provisions during the quarter, reflective of heightened caution ahead post-expiry of the 6-month loan moratorium. We cut FY21/FY22/FY23 estimates by an average 8.3% to account for more conservative credit cost assumptions, while also imputing deeper margin compressions. We continue to like the Group's prospects however, with above-average net interest margins and its business initiatives underpinning longer-term earnings growth prospects. We retain our ***Trading Buy*** call with a slightly lowered target price of RM2.30 (RM2.50 previously) due to the earnings cut.

CJ Century: Expect Improvement in 2H (CLH MK, Trading Buy, TP: RM0.56)

CJ Century Logistics (CLH) reported narrower net loss of RM0.7m for 2QFY20, cushioned by higher margin from Total Logistics segment and deferred tax income of RM1.9m. This however was partly offset by one-off provision for doubtful debt of RM2.6m, of which CLH had filed a legal suit to claim back the outstanding balance. Excluding one-off items, its 1HFY20 core net loss was at RM4.4m, worse than our expectations of full-year net loss of RM2.7m. The weaker-than-expected results were mainly due to ongoing costs from the expansion of the courier operation and lower margin from Procurement Logistics due to restricted operations from Movement Control Order (MCO). Nevertheless, we maintain our forecast for now, as we expect the Group's earnings to be cushioned in 2HFY20 from completion of merger with CJ Korea Express Malaysia (CJKX) on 30th June 2020. We maintain our ***Trading Buy*** call on CLH with unchanged TP of RM0.56 pegged to 0.8x FY20F BVPS.

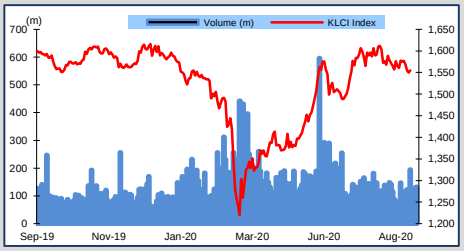
Uzma: Below Expectations (UZMA MK, Trading Buy, TP: RM0.76)

Uzma ended its 4QFY20 quarter in the red, attributed to impairments on assets and higher cost incurred due to Covid-19 as well as additional accruals on certain projects. Stripping-out exceptional items amounting to RM23.2m, Uzma reported core net loss of RM22.1m in 4QFY20 against core net profit of RM5.3m in 4QFY19. This is despite topline growth of 6.9% YoY. With the 4QFY20 loss, Uzma reported a marginal profit of only RM2.7m (+38% YoY) for FY20. The numbers are below our and consensus expectations, accounting for <10% of projections. We are leaving our forecasts unchanged at this juncture pending further guidance from the management on its current operations. We believe this quarter's weak performance is one-off in nature. Orderbook is expected to remain healthy at RM2bn, inclusive of five new contracts it secured this year. Our ***Trading Buy*** call with an unchanged TP of RM0.76 (8x FY21 EPS) is maintained.

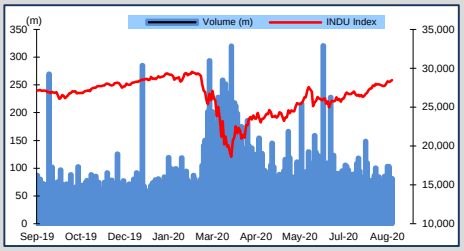
KPJ Healthcare: Rebounding from the Virus Trough (KPJ MK, Outperform, TP: RM1.05)

KPJ's reported a 1HFY20 net profit of RM51.2m, down 37% YoY, as the

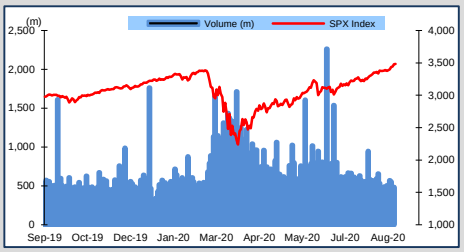
FBM KLCI



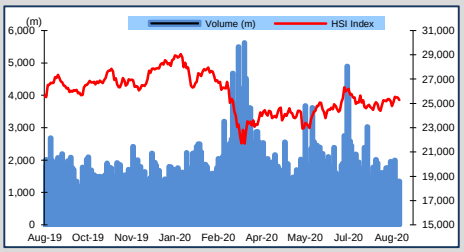
DOW JONES



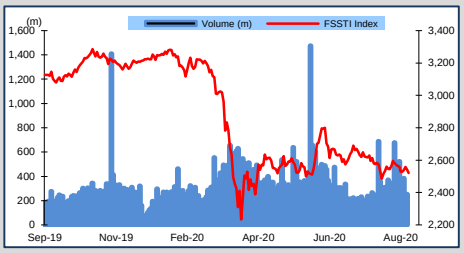
S&P 500



HANG SENG



STRAITS TIMES



Source: Bloomberg, PublicInvest Research

Group was negatively impacted by the implementation of the Movement Control Order (MCO). The results were below both our and consensus estimates at 32% and 35% of full year estimates respectively. The discrepancy in our estimates were mostly due to lower-than-expected revenue. During the MCO, patients deferred seeking elective medical treatment in hospital, in fear of the risk of possible cross infection, hence resulting in a drop in patient footfall. With that, we cut our earnings forecast for FY20F by 20% as we lower our revenue assumption. As we roll over our valuations to FY21F, our TP is subsequently raised to RM1.05 (based on 26x FY21F EPS). Reiterate ***Outperform*** on KPJ.

Maybank: Remaining Cautious (MAY MK, Neutral,TP: RM7.20)

The Group reported a weaker 2QFY20 net profit of RM941.7m (-51.5% YoY, -54.5% QoQ), weighed in part by RM314m in net modification losses and higher loan loss provisions. Cumulative 1HFY20 net profit of RM2.9bn is in line with consensus expectations at 48% of full-year estimates, though below ours at 40%, the discrepancy coming from credit cost assumptions which compel us to trim FY20-FY22 estimates by an average 11%. Slightly deeper margin compressions are also accounted for. While there are pockets of success seen in certain of its key growth initiatives, near-term earnings will continue to be hampered by margin compressions and asset quality challenges. Our ***Neutral*** call is kept though with a lower target price of RM7.20 (RM7.50 previously) as a result of the earnings cut.

IHH: Embarking on the Road to Recovery (IHH MK, Neutral, TP: RM5.90)

IHH registered a 1HFY20 core net profit of RM105.2m, declined sharply by 75% YoY as the Group's operations were adversely impacted by the pandemic. The results were below both our and consensus forecasts at 13% and 16% respectively. The discrepancy in our projections was predominantly due to the lower-than-expected revenue contribution, as the Group has suffered from lower patient volume following lockdowns in all its key markets. We cut our earnings forecast for FY20-22F by 18-32% as we assume lower patient footfall. As we roll over valuations to FY21F, our TP is revised to RM5.90. We maintain our ***Neutral*** call on IHH.

SD Plantations: Expecting Stronger Contribution in 2H (SDPL MK, Neutral, TP: RM0.4.71)

Sime Darby Plantation saw its 1HFY20 core earnings jumped 178% YoY to RM354m on the back of stronger plantation earnings from all operating countries. The positive results made up 54% of our full-year expectations but surpassed consensus, making up 59%. We expect to see stronger earnings performance in the 2H on the back of a pick-up in FFB production and better CPO prices. A first interim dividend of 2.57sen and a special interim dividend of 1.45 were declared for the quarter. Given the stretched valuations, we maintain our ***Neutral*** with an unchanged TP of RM4.71.

Axiata: Dragged By Further Losses at Axiata Digital And Higher Depreciation (AXIATA MK, Neutral, TP: RM3.70)

Axiata Group (Axiata) reported RM80m of headline net profit for 2QFY20, down 63.7% YoY mainly due to impact of the Covid-19 pandemic on business volume, higher depreciation charges, lower one-off gains and further losses at Axiata Digital. Stripping out non-operating items, normalised net profit stood at RM47.4m, dropping 79.3% YoY. 1HFY20 normalised net profit was significantly below expectations, accounting for only 23% and 21% of our and consensus full-year

estimates respectively. We cut our FY20F core earnings forecasts by 24%, factoring in lower contribution from Malaysia and Nepal as well as larger losses for Axiata Digital. We, however, retain our FY21-22F earnings. Although we do not expect an immediate recovery to pre-Covid-19 levels, FY21F should deliver stronger earnings against the backdrop of a rebound in economic activities. We maintain our ***Neutral*** rating on Axiata. Our SOTP-based TP, which is based on FY21F, remains unchanged at RM3.70.

TM: Higher Earnings On Lower Costs (T MK, Neutral, TP: RM4.00)

Telekom Malaysia (TM) reported headline 2QFY20 net profit of RM274.7m, jumping by 140% YoY on lower operating cost and net interest cost as well as recognition of impairment loss in 2QFY19. Stripping out non-operational items, TM posted a normalised 2QFY20 net profit of RM267.6m (+18% YoY), mainly due to lower direct and manpower costs. For 1HFY20, results were in line with our estimate but beat consensus, accounting for 61% of full-year forecast. We make no changes to our earnings forecasts. Maintain ***Neutral*** on TM with an unchanged TP of RM4.00. An interim dividend of 6.8sen per share was declared.

Genting: Leisure & Hospitality Segment Hit By Temporary Closure Of Operations (GENT MK, Neutral, TP: RM4.20)

Genting Bhd (GENT) reported headline net loss of RM786.1m for 2QFY20 due to lower contribution from all business segments, particularly the leisure & hospitality segment following an extended period of lockdown to contain the spread of Covid-19. Having adjusted for non-operating items, GENT's 1HFY20 core net loss worked out to be RM352m, compared to our and consensus full-year net profit forecast of RM182m and RM515m respectively. Given the larger-than-expected losses due to temporary closure of operations, we slash our FY20F projection to a net loss of RM613m while retaining our FY21-22F earnings forecasts. Not all is gloom however as we see some YoY earnings growth from the plantation division on higher palm product prices. We maintain our ***Neutral*** rating with an unchanged TP of RM4.20, which is based FY21F. Despite a weak set of results, an interim dividend of 6.5sen per share was declared.

Sime Darby: Commendable Performance Despite Covid-19 (SIME MK, Neutral, TP: RM2.23)

Sime Darby posted lower net profit for 4QFY20 at RM177m (-4% YoY) due to the adverse impact from the Covid-19 outbreak and impairment assets during the quarter. Excluding one-off items, its core net profit was higher at RM202m, bringing its full year FY20 core net profit to RM926m (+16%), surpassing our forecast at 117% of full-year estimate, but was within consensus estimates. The discrepancy in our forecast was mainly due to better-than-expected contribution from Industrial and Motor segments despite challenging environment of Covid-19. We adjust upward our numbers accordingly, which increased our earnings forecasts by an average of 12% for FY21-22F. As a consequence, our SOP-target price is now raised to RM2.23 (previously RM2.01). A second interim and special dividend per share of 7 sen and 1 sen respectively were declared, making it a total of 10 sen for the full-year FY20. We maintain our ***Neutral*** call on Sime Darby.

LBS Bina: Lockdown Woes (LBS MK, Neutral, TP: RM0.41)

LBS Bina (LBS) reported another weak set of quarterlies, with 2QFY20 net profit of only RM2.7m (-80.4% YoY, -70.6% QoQ) coming as no major surprise given various phases of the Movement Control Order in

effect during the period. While cumulative 1HFY20 net profit of RM12.1m makes up only 23% and 25% of our and consensus full-year expectations respectively, we deem the number broadly in line on expectation of recoveries in 2HFY20, underpinned by its RM2.18bn in unbilled sales. While we see no major issues in the Group achieving its sales target for the year with the bulk of its launches priced in the affordable range, we retain our ***Neutral*** call with an unchanged target price of RM0.41 (70% discount to fully-diluted RNAV) owing to the lack of near-term re-rating catalysts. LBS is an attractive longer-term proposition however given its entrenched position as a leading player in the domestic mass-market affordable housing segment.

E&O: Within Expectations (EAST MK, Neutral, TP: RM0.50)

Eastern & Oriental's (E&O) 1QYFY21 net losses narrowed to RM3.3m, primarily dragged by forex losses of RM5.9m and provision for E&O Residences operations totaling RM5m. Stripping-out the one-off items, E&O would have registered RM7.4m net profit which is within our and consensus estimates at ~23% of full year estimates. Sales achieved in 1QFY21 was RM88.4m, mainly contributed by proceeds from land disposal totaling RM55m. Unbilled sales as at 1QFY21 stood at RM143m which will progressively be recognised over FY21–FY24. FY21 earning is adjusted downwards nonetheless by ~33% to account for the one-off items. We maintain our ***Neutral*** call and fair value of RM0.50 TP (at ~70% discount to RNAV, excluding STP2B&C) due to the lack of re-rating catalysts.

Star Media: Times Of Adversity (STAR MK, Neutral, TP: RM0.35)

Star Media Group (Star) reported a net loss of RM26.9m for 2QFY20 mainly dragged by the tumbling newspaper circulation and the decline in advertising revenue for both traditional and digital medium. Results were worse-than-expected as 1HFY20 core net loss came in at RM30.9m, well above our and consensus full year net loss forecast of RM11m. In view of the subdued adex environment amid a weaker consumer confidence going forward, we are slashing our earnings estimates to account for weaker adex. Following the earnings revision, our TP for Star is reduced to RM0.34 (previously RM0.37) based on a P/BV multiple of 0.35x. Maintain ***Neutral***.

Wah Seong: Better Numbers in 2H (WSC MK, Neutral, TP: RM0.50)

Wah Seong reported core net loss of RM33.5m in 2QFY20, widening its core net loss for 1HFY20 to RM77.3m as compared to the 1HFY19 core net profit of RM33.2m reported. The weak performance was mainly due to global lockdowns, attributed to the Covid-19 pandemic which slowed project executions as well as deferred some projects. While losses in 2QFY20 are largely anticipated, we are of the view that recovery may take some time, considering the level of oil prices currently as well as the new operating environment after the pandemic. We cut our FY20F estimates to a loss of RM37.9m from a profit of RM35.3m. Meanwhile, we also slash FY22F/23F earnings projections by 37.7% and 3.2% respectively. The Group's outstanding orderbook of RM870.2m is relatively unchanged, likely be executed mostly in 2HFY20. Tenderbook remains at RM4.5bn though timing of the awards remain a question given the planned capex reduction by oil majors globally. We maintain our ***Neutral*** rating for Wah Seong with a lower TP of RM0.50 (10x FY21 EPS) due to the earnings cut.

Media Prima: Dragged by Drop In Advertising Spending (MPR MK, Neutral, TP: RM0.19)

Media Prima (MPR) 2QFY20 revenue declined by 20.4% YoY, while its

core net loss widened from RM10m to RM17m, mainly due to the lower advertising revenue in both traditional and digital medium. However, MPR's profit margins improved mainly driven by its ongoing cost optimization initiatives. The results were below our expectation but in-line with consensus estimates. In light of the declining adex given the challenging economic conditions, we raise our net loss projection by 7%-22.6% to account for the considerable drop in advertising and circulation revenue. As such, our TP is subsequently reduced to RM0.19 based on a 0.5x P/BV multiple on its 3-year average forward rolling book value of RM0.38. Maintain ***Neutral***.

Yong Tai: Another Tough Year (YTB MK, Neutral, TP: RM0.14)

Yong Tai saw another weak financial quarter, with its 4QFY20 reflecting the full brunt of the Movement Control Order (MCO) which halted operations at its property site and curtailed visitor arrival to its Encore Melaka Theatre. Revenue of only RM577,000 (-94.2% YoY, -92.4% QoQ) speaks volumes. As a result, RM27.5m (-56.3% YoY. +141.9% QoQ) in net losses were booked in for the quarter. Cumulative FY20 net loss of RM44.8m (-44.3% YoY) is above our expectations at 130% of full-year net loss estimates and consensus at 210%. We leave FY21 estimates unchanged though we now expect FY22 to also be in a loss position owing to slower recoveries. The Group continues to hold longer-term promise (FY23 onwards) particularly with the planned development of an international cruise terminal in Impression City playing a significant part in the turnaround of the Encore Melaka theatre. Near to medium-term prospects are muted however with property-related contributions overwhelmed by theatre-related losses. We retain our ***Neutral*** call, though we raise our target price to RM0.14 as we lower the discount to our sum-of-parts valuation given the improvement in market multiples.

Genting Malaysia: Massive Losses Due To Lockdown (GENM MK, Trading Sell, TP: RM2.00)

Genting Malaysia (GENM) reported an RM900.4m net loss for 2QFY20, compared to a profit of RM416.5m in 2QFY19. This was largely due to temporary closure of all operations following a period of lockdown to contain the spreading of Covid-19. The group also incurred a redundancy cost amounting to RM71.5m during the quarter as it cut headcount to cushion the impact of revenue loss. For 1HFY20, core net loss stood at RM870.7m compared to our and consensus full-year net loss forecasts of RM392m and RM227m respectively. Although most of its operations have resumed, tighter standard operating procedures and the fear of a new wave re-emerging should restrict visitor arrival and business volume in the near term. We widen our FY20F net loss forecast to RM1,135m, though we expect losses to narrow in the coming quarters. For FY21-22F, our earnings forecasts are lowered slightly by 2-4%. Generally, we believe the worst may be over but earnings are not expected to revert to pre-Covid-19 level until FY22F. Our SOTP-based TP, which is based on FY21F, remains unchanged at RM2.00. Maintain ***Trading Sell*** on GENM. An interim dividend of 6.0sen per share was declared.

Technicals: Ageson – Possible For Sideways Breakout (7145, Technical Buy)

AGES is staging a potential breakout of its sideways channel. Improving RSI and MACD indicators currently signal reasonable entry level, with anticipation of continuous improvement in both momentum and trend in near term. Should resistance level of RM0.180 be broken with renewed buying interest, it may continue to lift price higher to subsequent resistance level of RM0.190. However, failure to hold on to support level of RM0.155 may indicate weakness in the share price and hence, a cut-loss signal.

Technicals: AE Multi Holdings – Possible For Further Upside (7146, Technical Buy)

AEM is attempting to pick up its prior uptrend. Improving MACD indicator currently signals reasonable entry level, with anticipation of continuous improvement in both momentum and trend in near term. Should resistance level of RM0.180 be broken with renewed buying interest, it may continue to lift price higher to subsequent resistance level of RM0.190. However, failure to hold on to support level of RM0.150 may indicate weakness in the share price and hence, a cut-loss signal.

HEADLINES

Economy

- **US: GDP plunges 31.7% in 2Q, slightly less than initially estimated**. Economic activity in the US contracted slightly less than initially estimated in 2Q, according to a report released by the Commerce Department, although the report still showed a sharp drop in GDP. The report said real gross domestic product plummeted by 31.7% in the 2Q compared to the previously reported 32.9% nosedive. Economists had expected the plunge in GDP to be revised to 32.5%. (RTT)

- **US: Labour market recovery slowing; economists urge more fiscal stimulus**. The number of Americans filing new claims for unemployment benefits hovered around one million last week, suggesting the labour market recovery was stalling as the Covid-19 pandemic drags on and financial aid from the government dries up. The government also confirmed that the economy suffered its sharpest contraction in at least 73 years in the second quarter, because of the disruptions from the coronavirus, with corporate profits sinking deeper. (Reuters)

- **US: Fed adopts average inflation target, elevates focus on jobs.** The Fed rolled out an aggressive new strategy to restore the US to full employment and lift inflation back to healthier levels, in a world where weak inflation, low interest rate, and slow growth appear here to stay. Under the new approach, laid out in a fresh statement on the Fed's longer-run goals and monetary policy strategy approved by all 17 of its policymakers, the US central bank will seek to achieve inflation averaging 2% over time, offsetting below-2% periods with higher inflation "for some time." (Reuters)

- **EU: Car sales fall modestly in July on demand surge for EVs**. European new car registrations declined modestly in July amid a jump in demand for electric vehicles and rebound in some markets, signaling a recovery from the coronavirus-triggered slump, figures from the automotive market data provider JATO Dynamics. New car registrations decreased just 4% YoY, JATO reported based on data from 27 markets. The sales total of 1,278,521 new passenger cars was the highest monthly volume thus far this year and also the highest since September last year. (RTT)

- **China: Economic rebound picks up speed on car and home sales**. China's economy picked up speed in Aug as a strong industrial sector and stock market, better business confidence and home and car sales combined to boost the first economy globally to emerge from the Covid-19 slump. That's the assessment from the earliest available indicators, which showed China's economy continuing to improve. New home sales in China's four biggest cities accelerated in the first three weeks of Aug, continuing July's pickup. (Bloomberg)

Markets

- **Gamuda (Neutral, TP: RM3.55): Shortlisted for AUD20bn rail project in Sydney.** A JV between Gamuda Australia and Laing O'Rourke has been shortlisted for the first stages of the AUD20bn Sydney Metro West project. The Gamuda Australia-Laing O'Rourke JV is one of three successful consortia shortlisted for the project's first two major tunnelling packages. Early works are expected to begin on the Sydney Metro West project later this year (subject to planning approval), with the aim of having tunnel boring machines in the ground by the 4Q of 2022. (Business Times)

  Comment: *The project could be Gamuda's largest project in Australia and the region has been identified as part of the Group's strategy to expand and diversify its construction business regionally, having extensive experience in the fields of engineering, transportation infrastructure and property development. The project with estimated RM60bn contract value could substantially bump up its outstanding orderbook which as at 3QFY20 stood at RM7.5bn. Earnings estimates are kept unchanged for now pending the bidding results.*

- **Kumpulan Powernet: Bags RM192.7m contract for Nepal hydropower project.** Kumpulan Powernet has secured a contract worth USD46.2m (RM192.7m) for a hydropower project at Mahakulung VDC, Nepal. The group said its wholly-owned subsidiary KPower International Ltd received a letter of award yesterday from Apex Makalu Hydro Power Pvt Ltd for the 22MW Mid Hongu Khola-A hydropower project in Nepal. The target completion date for the project is within 36 months from the commencement date, or not later than Aug 31, 2023. (The Edge)

- **Rubberex: Achieves record earnings of RM23m for 2Q, announces 2-for-1 bonus issue.** Rubberex Corp (M), posted an all-time-high quarterly net profit of RM23m or earnings per share of 8.96 sen for its 2QFY20 which spanned the height of the Covid-19 pandemic. To add on to the good news, it announced a 2-for-1 bonus issue entailing the issuance of 554.85m new shares, which will swell its issued share capital to 832.28m, although the entitlement date has not been set yet. "The group's next capacity expansion, which is expected to commence later this year, should also contribute to the group's earnings in the 4Q of 2020 onwards," it said. (The Edge)

- **PPB: 2Q net profit doubles to RM333m, pays eight sen dividend.** PPB Group's net profit more than doubled in the 2QFY20 to RM332.7m, from RM160m a year earlier, boosted by performance of its 18% associate Wilmar International Ltd and its agribusiness segment. Wilmar's contribution more than offset the group's weaker core profit, resulting in earnings per share rising to 23.39 sen. PPB declared an interim dividend of eight sen per share, to be paid on Sept 29. On prospects, PPB sees its cinema and property businesses remaining as its biggest drag, while its other main business segments are expected to perform satisfactorily. (The Edge)

- **UMW: In red with RM78.4m net loss, revenue at RM1.5bn.** UMW Holdings (UMW) slipped into the red with a net loss of RM78.4m in the 2QFY20, from a net profit of RM57.2m a year ago. It said this was due to the prolonged Covid-19 pandemic and share losses of RM44.1m from its associate companies. (Business Times)

MARKET UPDATE

§ The FBM KLCI might open flat today as US stocks ended a choppy session mostly higher Thursday, with the S&P 500 index notching another record finish, after Federal Reserve Chairman Jerome Powell said policy makers would no longer pre-emptively hike interest rates to stave off inflation. The Dow Jones Industrial Average rose 160.35 points, or 0.6%, to close at 28,492.27, after trading as high as 28,633.85. The S&P 500 ended with a gain of 5.82 points, or 0.2%, at 3,484.55. The Nasdaq Composite, which closed at a record on Wednesday, fell 39.72 points, or 0.3%, to close at 11,625.34, after hitting an all-time intraday high of 11,730.01. The Stoxx Europe 600 closed 0.6% lower, while UK's FTSE 100 benchmark lost 0.8%.

Back home, the FBMKLCI closed higher, snapping three consecutive days of declines, mainly lifted by Telekom Malaysia Bhd (TM) and Sime Darby Plantation Bhd, which announced strong quarterly results. At 5pm, the benchmark index was up 5.2 points or 0.34% at 1,554.78. Japan's Nikkei 225 fell 0.4%, while the Shanghai Composite advanced 0.6% and the Hong Kong's Hang Seng Index declined 0.8%.

TECHNICAL OUTLOOK

FBM KLCI: 1554.78 (+5.20; +0.34%)

Resistance: 1580, 1600, 1610

Support: 1551, 1515, 1485

FBM KLCI Daily Chart

Returning above its 1551 horizon, the local benchmark rebounded mildly yesterday. At the close, the FBM KLCI gained 5.20 points to end at 1554.78. Nonetheless, market breadth turned negative as decliners outpaced gainers 580 to 545. At this juncture, the index is anticipated to trend sideways between the 1551 and 1580 marks. Support levels for the index are at 1551, 1515 and 1485, while the resistance levels are at 1580, 1600 and 1610. On the broader market, while the property sector index is inching up, telecommunications (& media) as well as transportation (& logistics) sectoral indices are also staging recoveries from their prior pullbacks. There are also plenty of other trading opportunities across the board.

ECONOMIC MONITOR (Announcements over next 7 days)

Date	Economic Release	Period	Consensus	Previous
28-Aug-20	Malaysia Exports YoY	Jul	-1.4%	8.8%
28-Aug-20	Malaysia Imports YoY	Jul	-4.5%	-5.6%
28-Aug-20	Euro-Zone Consumer Confidence	Aug	--	-14.7
31-Aug-20	China Non-manufacturing PMI	Aug	54.1	54.2
31-Aug-20	China Manufacturing PMI	Aug	51.1	51.1
01-Sep-20	Euro-Zone Markit PMI Manufacturing	Aug	51.7	51.7
01-Sep-20	US Markit PMI Manufacturing	Aug	--	53.6
01-Sep-20	Euro-Zone Unemployment Rate	Jul	8.0%	7.8%
01-Sep-20	US ISM Manufacturing	Aug	54.4	54.2
02-Sep-20	Euro-Zone PPI YoY	Jul	--	-3.7%
03-Sep-20	Euro-Zone Markit PMI Services	Jul	50.1	50.1
04-Sep-20	Malaysia Foreign Reserves	28-Aug	--	USD104.3bn

CORPORATE MONITOR

RESULTS

Company	Financial Quarter	Date
Bumi Armada	2QFY20	28 Aug 20
DRB-Hicom	2QFY20	28-Aug-20
LBS BIna	2QFY20	28-Aug-20
Ta Ann	2QFY20	28-Aug-20
Axiata	2QFY20	28-Aug-20
Tenaga Nasional	2QFY20	28-Aug-20

COMPANY VISITS / BRIEFING

Company	Date	Time
Bumi Armada	28-Aug-20	1.00 pm

IPO LISTING

Company	Listing Sought	Issue Price (RM/Share)	No. Of Shares		Closing Application Date		Listing Date
			Public Issue	Offer For Sale	Retail	Institutional	

CORPORATE MONITOR

OFF-MARKET TRANSACTIONS (>1,000,000)

27-Aug-2020

Company	Volume	Value (RM)	Average Price (RM)
Perak Transit	5,000,000	1,380,000	0.28
Digistar Corp	12,548,316	1,510,000	0.12
Iconic Worldwide	6,826,000	3,070,000	0.45
JHM Consolidation	6,200,000	9,920,000	1.60
Perak Transit	22,000,000	6,060,000	0.28
Greatech Technology	1,744,000	11,340,000	6.50

ENTITLEMENTS

Company	Particulars	Gross DPS (RM)	Announcement Date	Ex-Date	Lodgement Date	Payment Date
Symphony Life	Interim single-tier dividend of RM0.02 per ordinary share	0.020	21-Jul	25-Aug	26-Aug	24-Sep
DiGi.Com	Second interim (single-tier) dividend of 3.7 sen per ordinary share	0.037	14-Jul	25-Aug	26-Aug	25-Sep
Sapura Industrial	Final Single Tier Dividend of 2 sen per ordinary share	0.020	29-Jun	25-Aug	26-Aug	10-Sep
CCK Consolidated	Final single-tier dividend of 0.5 sen per ordinary share	0.005	13-Jul	26-Aug	27-Aug	22-Sep
KKB Engineering	A First and Final Single Tier Dividend of 6 sen per ordinary share	0.060	8-Jul	26-Aug	27-Aug	15-Sep
MISC	Second Tax Exempt Dividend of 7 sen per ordinary share	0.070	13-Aug	27-Aug	28-Aug	15-Sep
Muda Holdings	First and Final Single Tier Dividend of 4.0 sen per share	0.040	24-Jun	27-Aug	28-Aug	23-Sep
Engtex Group	Final Single Tier Dividend of 0.625 sen per ordinary share	0.006	20-May	27-Aug	28-Aug	21-Sep
Pantech Group	First Interim Single Tier Dividend of 0.30 sen per ordinary share	0.003	23-Jul	27-Aug	28-Aug	25-Sep
Maxis	Second Interim Single-tier Dividend of 4.0 sen per ordinary share	0.040	23-Jul	27-Aug	28-Aug	24-Sep
Kumpulan Fima	Interim single-tier dividend of 9.0 sen	0.090	23-Jun	27-Aug	28-Aug	14-Sep
Thong Guan Industries	Final Single Tier Dividend of 9 sen per ordinary share	0.090	29-Jun	27-Aug	28-Aug	18-Sep
Dufu Technology	Single Tier Interim Dividend of 1.25 sen per share	0.013	4-Aug	27-Aug	28-Aug	25-Sep
Perak Transit	Special single tier dividend of RM0.0025 per ordinary share	0.025	27-Jul	28-Aug	1-Sep	15-Sep
Cahya Mata Sarawak	First and final tax exempt (single-tier) dividend of 3.0 sen per ordinary share	0.030	26-Feb	28-Aug	1-Sep	17-Sep
WTK Holdings	Final Single-Tier Dividend of 1.00 sen net per share	0.010	5-Jun	28-Aug	1-Sep	25-Sep
Ornapaper	A Final Single Tier Dividend of 3 sen per ordinary share	0.030	25-Feb	28-Aug	1-Sep	15-Sep
Duopharma Biotech	Interim Single-Tier Dividend of 0.5 sen per ordinary share	0.005	13-Aug	28-Aug	1-Sep	11-Sep
Lysaght Galvanized Steel	Final single tier dividend of 5 sen per ordinary share	0.050	29-Jun	28-Aug	1-Sep	15-Sep

TE- Tax Exempt

RATING CLASSIFICATION

STOCKS

OUTPERFORM	The stock return is expected to exceed a relevant benchmark's total of 10% or higher over the next 12months.
NEUTRAL	The stock return is expected to be within +/- 10% of a relevant benchmark's return over the next 12 months.
UNDERPERFORM	The stock return is expected to be below a relevant benchmark's return by -10% over the next 12 months.zxc
TRADING BUY	The stock return is expected to exceed a relevant benchmark's return by 5% or higher over the next 3 months but the underlying fundamentals are not strong enough to warrant an Outperform call.
TRADING SELL	The stock return is expected to be below a relevant benchmark's return by -5% or more over the next 3 months.
NOT RATED	The stock is not within regular research coverage.

SECTOR

OVERWEIGHT	The sector is expected to outperform a relevant benchmark over the next 12 months.
NEUTRAL	The sector is expected to perform in line with a relevant benchmark over the next 12 months.
UNDERWEIGHT	The sector is expected to underperform a relevant benchmark over the next 12 months.

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