



PublicInvest Research Daily

KDN PP17686/03/2013(032117)

Thursday, December 01, 2022

INDICES

	LAST CLOSE	CHG	% CHG
KLCI	1,488.80	11.84	0.8
DOW	34,589.77	737.24	2.2
S&P 500	4,080.11	122.48	3.1
NASDAQ	11,468.00	484.22	4.4
FTSE-100	7,573.05	61.05	0.8
SHANGHAI	3,151.34	1.59	0.1
HANG SENG	18,597.23	392.55	2.2
STI	3,290.49	14.13	0.4
NIKKEI 225	27,968.99	-58.85	-0.2
JCI	7,081.31	69.24	1.0

MARKET ACTIVITY

	VOL(m)	VAL(RMm)
	4,709.77	4,410.46

BURSA'S MARKET SHARE (%)

Retail	15.5%
Institutional	35.6%
Foreign	48.9%

KEY COMMODITIES

	LAST CLOSE	CHG	% CHG
KLCI FUTURES (Nov)	1,483.00	14.50	1.0
OIL - BRENT (USD/b)	85.43	2.40	2.9
CPO FUTURE (RM/ton)	4,234.00	15.00	0.4
RUBBER (RM/kg)	463.00	1.00	0.2
GOLD (USD/Ounce)	1,752.88	1.82	0.1

FOREX

	LAST CLOSE	% CHG
MYR/USD	4.45	-1.4
MYR/SGD	3.25	-1.0
YUAN/MYR	1.59	0.3
YEN/MYR	31.22	1.9
MYR/EURO	4.61	-1.5
MYR/GBP	5.34	-1.2

TOP MOVERS IN MALAYSIA MARKET

TOP 5 VOLUME	LAST CLOSE	VOL (m)
MMAG HOLDINGS BH	0.03	515.76
MQ TECHNOLOGY BH	0.05	280.38
ADV SYNERGY BHD	0.19	274.27
SMTRACK BHD	0.06	137.69
LEFORM BHD	0.19	115.62

TOP 5 GAINERS	LAST CLOSE	RM (+)
NESTLE (MALAY)	138.90	8.50
PETRONAS DAGANGA	23.78	1.38
PPB GROUP BERHAD	17.20	0.98
MALAYSIAN PAC IN	27.80	0.80
TENAGA NASIONAL	9.42	0.40

TOP 5 LOSERS	LAST CLOSE	RM (-)
HENGYUAN REFINI	3.57	-0.98
DUTCH LADY MILK	30.54	-0.52
HONG LEONG FINAN	18.52	-0.48
BATU KAWAN BHD	20.88	-0.38
SAM ENGINEERING	5.30	-0.25

Gainers – 524 Losers – 468 Unchanged – 382

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HIGHLIGHTS

Uzma: Commendable Start (UZMA MK, Trading Buy, TP: RM0.49)

Excluding exceptional items amounting to RM4.8m, Uzma reported core net profit of RM13.6m in 1QFY23, increasing >100% YoY from a core net profit of RM4m in 1QFY22. This is in line with topline growth of +20.1% YoY, attributed to higher contribution from the trading and energy segments. Gross and net profit margin expanded 2.8 and 7.3 pts respectively as efficiency was further improved in absence of restrictive COVID-19 SOPs. Overall, 1QFY23 results are above our and consensus expectations of RM15.2m and RM17.1m respectively in full year FY23 earnings. We are leaving our forecasts unchanged at this juncture pending clarity from management on its current state of operations, though we flag for possible upward revisions as we foresee the remaining quarters' earnings to be stable on the back of higher construction progress on its renewable energy (RE) project as well as increased oil and gas sector activities. Our **Trading Buy** call for Uzma with TP of RM0.49 is retained, based on 10x PER over CY23 EPS.

CIMB Group: Strong Quarter (CIMB MK, Outperform, TP: RM6.70)

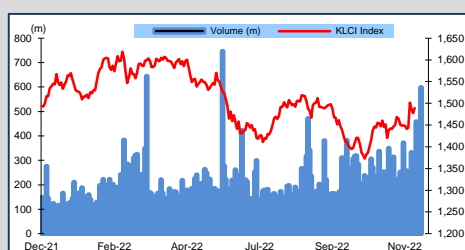
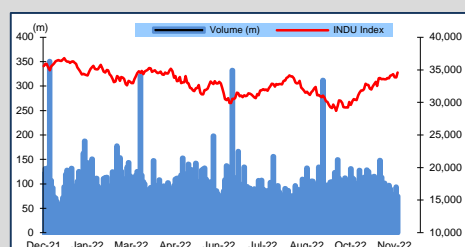
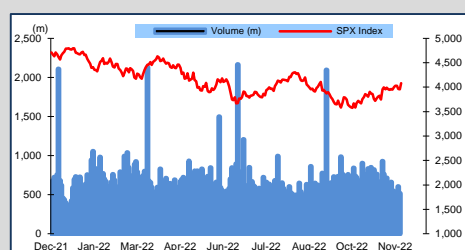
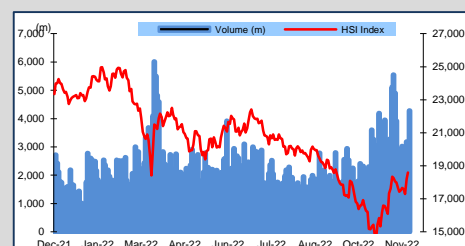
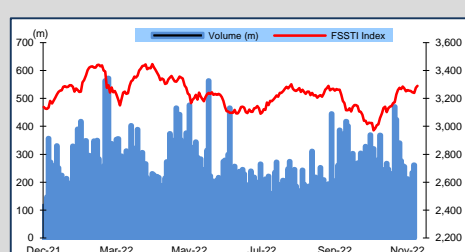
The Group reported another strong set of quarterly numbers, with 3QFY22 net profit of RM1.41bn (+>100% YoY, +9.9% QoQ) contributing to a cumulative 9MFY22 net profit of RM4.14bn (+19.6% YoY) which beat both our and consensus estimates at 85% and 80% of full-year forecasts respectively. A major factor has been the robust expansion in its loans book, underpinning healthy income growth amid this rate hike cycle. While we continue to err on the side of conservatism and keep loan loss provision assumptions elevated, we nevertheless raise FY22-FY24 estimates by ~12% on average to factor in a higher loans growth assumption. We continue to remain optimistic over CIMB's longer-term prospects, underpinned by its F23+ initiatives and retain our **Outperform** call with a raised target price of RM6.70 (RM6.00 previously) due to the earnings lift.

SKP Resources: Momentum Picking Up (SKP MK, Outperform, TP: RM2.01)

The Group reported a sequentially stronger 2QFY23 net profit of RM46.5m (+15.9% YoY, +25.1% QoQ), a reflection of its healthy order flows from a key customer even amid reported weakness in global consumption spending. Cumulative 1HFY23 net profit of RM83.7m (+15.3% YoY), while only making up 46% and 45% of our and consensus full-year estimates, is still deemed as in line as we head into a seasonally stronger 3QFY23. The Group is also expected to see steadier earnings growth going forward, underpinned by the rollout of new products for key customers, contributing to a multi-year growth spurt. We trim FY23 estimates by 8.3% however, to account for commissioning delays in a product line, though we keep FY24/FY25 estimates unchanged. Our **Outperform** call is affirmed with a slightly-lowered PE-derived target price of RM2.01 (RM2.04 previously), based on a 15x multiple to CY23 earnings.

AMMB Holdings: Operationally Steady (AMM MK, Neutral, TP: RM4.20)

AMMB's 2QFY23 headline net profit came in at a commendable RM435.4m (+35.6% YoY, +3.9% QoQ) despite being marred by

FBM KLCI

DOW JONES

S&P 500

HANG SENG

STRAITS TIMES


Source: Bloomberg, PublicInvest Research

impairment losses for its discontinued insurance (AmGen) operations. Nonetheless, cumulative 1H FY23 net profit of RM854.6m (+20.8% YoY) is still broadly in line with our and consensus expectations at 56% and 54% of full-year numbers respectively, underpinned by healthy loans growth and margin expansions. We still note with some caution on the formation of newly-impaired loans, though these exposures may be adequately provided for by its macro overlays. We maintain our estimates, with expectations of stronger loans growth, lower credit costs and margin expansions already accounted for. Our target price is raised slightly to RM4.20 as we make adjustments to dividend payout assumptions. We retain our **Neutral** call however.

FGV Holdings: Dragged By Bigger Losses from Sugar (FGV MK, Neutral, TP: RM1.61)

Stripping out i) net unrealized FX gain (RM26m), ii) reversal of impairment on asset held for sale (RM15.1m) and iii) net impairment loss on property, plant and equipment (RM29.1m) as well as adjustment for the LLA, FGV posted 9MFY22 core earnings of RM876m, mainly led by stronger plantation earnings despite losses from sugar segment. The results were above our full-year forecast, making up 81% but it met market expectations. We make no changes for our earnings projection as plantation earnings are likely to be weaker in 4QFY22 due to higher production cost. Nevertheless, we think its share price performance would be clouded by the likelihood of privatization due to lower free float. Maintain **Neutral** with an unchanged TP of RM1.61.

Apex Equity Holdings: Lower Brokerage Income (APX MK, Neutral, TP: RM1.03)

Apex Equity Holdings (Apex Equity) reported an 88% decline in 3QFY22 net profit to RM1m, mainly due to lower brokerage income and securities transactions. Excluding non-operating items which include a gain on disposal of an associate company, core net profit for 9MFY22 stood at RM4.1m. This only accounted for 61% of our full-year estimates, mainly due to lower-than-expected contribution from the stock and securities broking business. As such, we cut our FY22-24F earnings estimates by an average of 14% as we forecast a lower brokerage income due to lower securities transactions. Given uncertainties surrounding global economies amid the rising interest rate environment, we believe equity markets would remain sluggish in the medium term. We maintain our **Neutral** rating on Apex Equity with a revised TP of RM1.03 based on 0.65x FY23F PBR.

Technical: Star Media Group - Possible For Sideways Breakout (6084, Technical Buy)

STAR is potentially staging a breakout from its sideways channel, with anticipation of continuous improvement in both momentum and trend in the near term. Should immediate resistance level of RM0.305 be broken with renewed buying interest, it may continue to lift price higher to subsequent resistance level of RM0.320. However, failure to hold on to support level of RM0.285 may indicate weakness in the share price and hence, a cut-loss signal.



HEADLINES

Economy

- § **US: Key gauges of US economy paint mixed third-quarter picture.** The government's primary measures of US third-quarter economic activity painted a mixed picture of the economy's momentum after a lackluster first half of the year. Inflation-adjusted GDP, or the total value of all goods and services produced in the economy, increased at a 2.9% annualised rate during the period, Commerce Department data showed. (Bloomberg)
- § **US: Pending home sales decrease for fifth straight month in Oct.** Pending home sales in the US decreased for the fifth consecutive month in Oct, according to a report released by the National Association of Realtors. NAR said its pending home sales index tumbled by 4.6% to 77.1 in Oct after plunging by 8.7% to a revised reading of 80.8 in Sept. Economists had expected pending home sales to slump by 5.2% compared to the 10.2% nosedive originally reported for the previous month. (RTT)
- § **EU: Inflation finally slows in sign of hope for ECB.** Eurozone inflation slowed for the first time in one-and-a-half years, offering a glimmer of hope to ECB in its struggle to quell the worst consumer-price shock in a generation. The reading for Nov was 10%, Eurostat said, less than the 10.4% median estimate of economists surveyed by Bloomberg. The drop, from 10.6% in Oct, was the biggest since 2020 and was thanks to slower advances in energy and service costs, even as food prices grew more quickly. (Bloomberg)
- § **EU: German unemployment increases more than expected.** Germany's unemployment increased more than expected in November as energy crisis and weaker demand dampened activity particularly in the manufacturing sector. The number of people out of work increased by 17,000, which was larger than economists' forecast of 13,000 and also Oct's rise of 9,000, data from the Federal Labor Agency revealed. (RTT)
- § **China: Home sales slump persists even as rescue efforts mount.** China's home sales slump persisted in Nov, underscoring the challenge for policy makers as they seek to revive the embattled industry. The 100 biggest real estate developers saw new-home sales drop 25.5% from a year earlier to CNY559bn (USD78.9bn) in Nov, according to preliminary data from China Real Estate Information Corp. That narrowed from a 28% decline in Oct. (Bloomberg)
- § **South Korea: GDP expands 0.3% on quarter in 3Q.** South Korea's GDP added a seasonally adjusted 0.3% on quarter in the third quarter of 2022, the Bank of Korea said - in line with expectations following the 0.7% growth in the three months prior. On an annualized basis, GDP climbed 4.1% - again matching forecasts and up from 2.9% in the previous three months. (RTT)
- § **New Zealand: House prices suffer biggest annual drop in 13 years.** New Zealand house prices suffered their biggest annual decline in more than 13 years in Nov as the central bank stepped up its inflation fight with a record interest-rate increase. Prices fell 2.9% from a year earlier, the largest YoY drop since July 2009, CoreLogic New Zealand said. Values fell for an eighth consecutive month, sliding 0.6% from Oct. The average house price eased to NZD958,622 (RM2.66m). (Bloomberg)

Markets

§ **Genting Bhd (Outperform, TP: RM5.80): Plans to sell some of its Miami real estate.**

Comment: Genting is seeking over USD1bn for the 15.5-acre waterfront assemblage. It is one of the largest pieces of undeveloped land in South Florida that Genting acquired in 2011 during the Miami-Dade County land sales, which was reported to cost USD236m. This is not the first time Genting is exploring the possibility of selling its Miami land. Should it materialise this time round, we are positive as it helps to monetize this non-core asset and will be able to re-deploy resources to its core gaming operations. It plans to bid on one of the three new casino licenses in New York, which will be awarded next year. We maintain our Outperform call on Genting.

§ **Axiata (Neutral, TP: RM3.60), Digi.Com (Neutral, TP: RM3.83): Telenor announce completion of Celcom-Digi merger.** The merger of Celcom Axiata Bhd and Digi.com Bhd's telco operations have been completed, according to a joint statement from Axiata Group Bhd, Digi.com and the latter's parent company, Telenor Asia Pte Ltd. With the merger completion, Axiata and Telenor (parties) now have equal ownership of 33.1% each in the newly-merged entity named Celcom Digi. (The Edge)

§ **Capital A (Neutral, TP: RM0.69): Posts bigger loss in 3Q, maintains positive outlook.** Capital A's net loss for the 3QFY22 ballooned to RM901.3m, from RM887m in the same quarter last year due to one-off items and unrealised foreign exchange losses. Excluding one-off items, the net operating loss amounted to RM322m. (StarBiz)

§ **MAHB: Oct 2022 passenger traffic at 71% of pre-Covid levels.** Malaysia Airports Holdings Bhd (MAHB) recorded 8.3m passengers across its network of airports in Oct 2022, amounting to 71.1% of 11.7m passengers recorded in the pre-pandemic period of Oct 2019. (The Edge)

§ **TCS: Bags RM120m contract for service condo project in PJ.** TCS Group Holdings announced its wholly owned subsidiary TCS Construction SB has bagged a RM119.6m contract from Eupe PJ South Development SB for the construction and completion of main building works for a service condominium project known as Helix2. (The Edge)

§ **MRCB: Returns to black in 3Q.** Malaysian Resources Corp Bhd (MRCB) registered a net profit of RM23.7m for the 3QFY22, versus RM32.2m net loss in last year's corresponding quarter, as revenue jumped 524% YoY to RM860m. (The Edge)

§ **NCT Alliance: Nine-month earnings jump 73% to RM30.4m.** NCT Alliance's net profit for the 9MFY22 rose 73% to RM30.4m from RM17.6m a year earlier. (The Edge)

§ **IPO: TTV signs underwriting agreement for ACE Market listing.** TT Vision Holdings Bhd (TTV) which will soon be listed on the Ace Market intends to utilise the proceeds gained from the IPO to expedite its growth and pursue its business plans. (StarBiz)



MARKET UPDATE

§ The FBM KLCI might open higher today after US stocks had the first streak of back-to-back monthly gains since 2021, with a gradual upward trend punctuated with a sharp rally on the last day of November. Wall Street's benchmark S&P 500 closed 3.1% higher on Wednesday, bringing gains in November to 5.4%. The tech-heavy Nasdaq Composite index added 4.4% on the day and also rose a total of 4.4% last month. Wednesday's strong performance came after a speech from Federal Reserve chair Jay Powell in which he suggested that it may be appropriate to slow the pace of interest rate increases. Powell suggested that the US central bank is preparing to raise its benchmark rate by 0.5 percentage points when its monetary policy committee gathers in December, after a string of 0.75-point increases. European stocks also rose on Wednesday, with the regional Stoxx Europe 600 up 0.6% and London's FTSE 100 gaining 0.8%.

Back home, Bursa Malaysia recouped early losses to end in the positive territory on Wednesday as bargain-hunting emerged in selected heavyweights in utilities, consumer products and services, as well as industrial products and services counters. At the closing bell, the FBM KLCI rose 11.84 points to 1,488.8 from Tuesday's closing of 1,476.96. In the region, Hong Kong's Hang Seng index gained 2.2% after rising sharply in the previous session, as investors bet that China would push ahead with reopening plans following anti-lockdown protests. China's CSI 300 added 0.1%.

TECHNICAL OUTLOOK

FBM KLCI: 1488.80 (+11.84; +0.80%)

Resistance: 1515, 1551, 1580

Support: 1485, 1455, 1430

FBM KLCI Daily Chart



The local benchmark rebounded 11.84 points to end at 1488.80 yesterday. Market breadth remained positive as gainers outpaced decliners 524 and 468. At this juncture, the FBM KLCI is anticipated to trend sideways between the 1485 and 1515 horizons in the near term, with slight bullish bias. Support levels for the index are at 1485, 1455 and 1430, while the resistance levels are at 1515, 1551 and 1580.

**ECONOMIC MONITOR** (Announcements over next 7 days)

<u>Date</u>	<u>Economic Release</u>	<u>Period</u>	<u>Consensus</u>	<u>Previous</u>
01-Dec-22	US Initial Jobless Claims	26-Nov	235K	240K
01-Dec-22	US ISM Manufacturing	Nov	49.7	50.2
01-Dec-22	Euro-Zone Unemployment Rate	Oct	6.6%	6.6%
02-Dec-22	US Unemployment Rate	Nov	3.7%	3.7%
02-Dec-22	Euro-Zone PPI YoY	Oct	31.8%	41.9%
07-Dec-22	Malaysia Foreign Reserves	30-Nov	--	USD107.5bn
07-Dec-22	China Foreign Reserves	Nov	--	USD3052.4bn
07-Dec-22	China Exports YoY	Nov	-4.5%	-0.3%
07-Dec-22	China Imports YoY	Nov	-11.1%	-0.7%

CORPORATE MONITOR**RESULTS**

<u>Company</u>	<u>Financial Quarter</u>	<u>Date</u>
Bermaz Auto	2QFY23	08 Dec 2022
Top Glove	1QFY23	14 Dec 2022

COMPANY VISITS / BRIEFING

<u>Company</u>	<u>Date</u>	<u>Time</u>
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IPO LISTING

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

CORPORATE MONITOR

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

30-Nov-2022

Company	Volume	Value (RM)	Average Price (RM)
Chin Hin Group Property	5,400,000	7,340,000	1.36
Tanco Holdings	23,500,000	8,230,000	0.35
My EG Services	3,017,600	2,670,000	0.88
Perak Transit	4,500,000	4,950,000	1.10
Econframe	3,325,000	2,990,000	0.90
Swift Haulage	4,500,000	2,020,000	0.45
Sunway	9,000,000	14,760,000	1.64
Aimflex	8,000,000	1,200,000	0.15
Berjaya Corp	24,000,000	6,000,000	0.25
Hong Seng Consolidated	8,000,000	2,000,000	0.25

ENTITLEMENTS

Company	Particulars	Gross DPS (RM)	Announcement Date	Ex- Date	Lodgement Date	Payment Date
Pensonic Holdings	Final dividend of 1.25 sen per share	0.013	28-Jul	29-Nov	30-Nov	15-Dec
Yinson Holdings	Interim dividend of 1 sen per share	0.010	22-Sep	29-Nov	30-Nov	16-Dec
Harbour-Link Group	Final dividend of 2.5 sen per share	0.025	27-Oct	29-Nov	30-Nov	28-Dec
Eupe Corp	Interim dividend of 1.8 sen per share	0.018	27-Oct	29-Nov	30-Nov	14-Dec
Maxis	3rd Interim dividend of 5 sen per share	0.050	4-Nov	29-Nov	30-Nov	22-Dec
Perusahaan Sadur Timah Malaysia PERSTIMA	Interim dividend of 10 sen per share	0.100	9-Nov	29-Nov	30-Nov	16-Dec
Petronas Gas	3rd Interim dividend of 18 sen per share	0.180	14-Nov	29-Nov	30-Nov	12-Dec
Dutch Lady Milk Industries	2nd Interim dividend of 25 sen per share	0.250	15-Nov	29-Nov	30-Nov	13-Dec
Nova Wellness Group	Final dividend of 1.25 sen per share	0.013	25-Aug	30-Nov	1-Dec	8-Dec
Kotra Industries	Final dividend of 16 sen per share	0.160	6-Oct	30-Nov	1-Dec	8-Dec
Dialog Group	Final dividend of 2.1 sen per share	0.021	17-Oct	30-Nov	1-Dec	20-Dec
AFFIN Bank	Interim dividend of 4.53 sen per share	0.045	18-Oct	30-Nov	1-Dec	29-Dec
AFFIN Bank	Special Cash dividend of 18.09 sen per share	0.181	18-Oct	30-Nov	1-Dec	29-Dec
Marco Holdings	Interim dividend of 2 sen per share	0.020	16-Nov	1-Dec	2-Dec	20-Dec
MISC	3rd Interim dividend of 7 sen per share	0.070	17-Nov	1-Dec	2-Dec	14-Dec
CWG Holdings	Final dividend of sen per share	0.005	23-Aug	2-Dec	5-Dec	23-Dec
Hexza Corp	Final dividend of sen per share	0.040	25-Oct	2-Dec	5-Dec	19-Dec

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 12 months.
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.
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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Published and printed by:

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