



AmWatch

Equity Research Team
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19 May 2020

BURSA MALAYSIA

KLCI	1,410.16 (+6.72)
52-Week Range	1,207.80 – 1,694.55
Mkt Cap (RMb)	1,499.63
Daily Volume (m shares)	11,301.69
Daily Value (RMmil)	4,432.28

TOP 5 GAINERS

	Closing Price (RM)	Chg (RM)
BURSA	7.50	0.87
UTDPLT	26.40	0.84
NESTLE	140.50	0.70
TIMECOM	10.70	0.52
SUPERMX	4.46	0.49

TOP 5 LOSERS

	Closing Price (RM)	Chg (RM)
F&N	31.52	-0.18
PETGAS	15.10	-0.18
MYETFID	1.11	-0.17
SJC	0.42	-0.17
NSOP	2.36	-0.16

REGIONAL MARKETS

Market	Index	1D (%)	YTD (%)
KLCI	1,410.16	0.5	-11.2
Singapore	2,539.28	0.6	-21.2
Thailand	1,286.53	0.5	-18.6
Philippines	5,479.35	-1.1	-29.9
Indonesia	4,511.06	0.1	-28.4
Hong Kong	23,934.77	0.6	-15.1
Korea	1,937.11	0.5	-11.9
Taiwan	10,740.55	-0.7	-10.5
Japan	20,133.73	0.5	-14.9
Dow Jones	24,597.37	3.9	-13.8
Nasdaq	9,234.83	2.4	2.9

ECONOMIC STATISTICS

	Close	1D (%)	YTD (%)
MYR/USD	4.3720	0.5	6.9
OPR (%)	2.00	0.0	-33.3
BLR (% Maybank)	5.65	0.0	-15.0
NYMEX Crude oil			
US spot (US\$/barrel)	31.82	8.1	-47.9
CPO spot price (RM/tonne)	2,084.00	2.5	-30.9

STOCK FOCUS OF THE DAY

Pentamaster Corp: *More diversified revenue base cushions margin decline* **Buy**

We maintain our BUY recommendation on Pentamaster Corporation (Pentamaster) with a lower fair value of RM4.95/share (previously RM5.39/share), pegged to an unchanged FY21F PE of 23x, in line with its sector weighted average forward PE. We cut our FY20F–FY22F forecasts by 8–10% on expectations of a weaker 2QFY20 and a deferment in orders due to the Covid-19 impact.

The group has managed to diversify its revenue by customer segment which has helped to protect its overall GP margins. Pentamaster said that there is a broader customer base and wider geographical mix now, which bodes well to the group's exposure. Its latest order book is at RM230mil, with a composition that is similar to that seen in 1QFY20 and higher contribution from the automotive and consumer & industrial segments.

Pentamaster is more optimistic of a recovery in 2H as a gradual relaxation of Covid-19 containment measures globally will result in production normalization. Also, some telecommunication solutions were in the prototyping phase in 1QFY20, with mass production being delayed due to Covid-19 but management anticipates mass production to ensue in 2H. It is anticipating that demand for smart sensors would be supported in subsequent quarters.

Others:

CSC Steel Holdings: *1QFY20 weighed down by MCO*
Hartalega Holdings: *Expecting a better FY21F on Covid-19*

Buy
Underweight

QUICK TAKE

Tan Chong Motor: *Tan Chong to distribute CBU MG vehicles in Vietnam*
Underweight

RETAIL RESEARCH

Stocks On Radar: *Cahaya Mata Sarawak, Rimbunan Sawit*

NEWS HIGHLIGHTS

PetDag: *Warns of gloomy prospects after loss-making 1Q*

Mi Technovation: *1Q net profit up 50% on higher sales*

US Economy: *Auto industry returns to life after lockdown*

Hong Kong: *Chinese tech giants allowed onto Hang Seng Index under major reform*

DIRECT BUSINESS TRANSACTIONS ON BURSA MALAYSIA

Stock	Quantity (’000)	Price (RM)	Turnover (RM’000)
MYEG-C87	30,000	0.060	1,800
GPAKGET-WB	23,000	0.450	10,350
KTC	10,000	0.190	1,900
SOLID-WA	6,450	0.010	65
SOLID	5,440	0.321	1,745
XINGHE	5,000	0.130	650
GUNUNG	2,180	0.550	1,199
WIDETEC	2,010	0.499	1,004
GPACKET	1,720	0.999	1,718
AGES	1,610	0.155	250
DOLMITE	1,100	0.050	55
HIBISCS	1,000	0.643	643
CIMB	747	3.435	2,565
JFTECH	250	1.800	450
IFCAMSC	100	0.265	27
YNHPROP	100	2.687	269

News Highlights

PetDag (RM20.06)

Warns of gloomy prospects after loss-making 1Q

Petronas Dagangan Bhd (PetDag) reported its first loss-making quarter with a net loss of RM29.42 million for the first quarter ended March 31, 2020 (1QFY20), from a net profit of RM291.2 million last year. The group warned that the prolonged movement control order (MCO) period will continue taking its toll on the global economy and the group's profitability for 2QFY20. This is the first quarterly loss for PetDag since FY05. Still, PetDag declared a dividend of five sen for the quarter, payable on June 17. — *theedgemarkets.com*

Mi Technovation (RM2.24)

1Q net profit up 50% on higher sales

Mi Technovation Bhd's net profit for the first quarter ended March 31, 2020 (1QFY20) grew 49.9% to RM10.3 million, from RM6.87 million a year earlier, on higher sales revenue. The increase, the group said in a filing yesterday, was due to lower commissions payable to external sales agents, and foreign exchange (forex) gains on a stronger US dollar against the ringgit, which in turn also mitigated the impact of higher general and administrative expenses. — *theedgemarkets.com*

US Economy

Auto industry returns to life after lockdown

The Detroit Three automakers and their suppliers began restarting assembly lines on Monday after a two-month coronavirus lockdown in a slow revival of a sector that employs nearly 1 million people in the United States. General Motors Co, Ford Motor Co and Fiat Chrysler Automobile have all been preparing for weeks to reopen their North American factories in a push to restart work in an industry that accounts for about 6% of US economic activity. Investors welcomed the gradual restart, sending GM's shares up more than 9% on Monday. FCA shares rose 7.3%, while Ford's were up 6.7%. — *Reuters*

Hong Kong

Chinese tech giants allowed onto Hang Seng Index under major reform

The compiler of Hong Kong's benchmark stock index will for the first time admit companies with weighted voting rights (WVR) and those with secondary listings, as constituent stocks. The decision, announced by the Hang Seng Indexes Company on Monday after a two-month consultation, paves the way for technology giants such as Xiaomi, with its WVR structure, and Alibaba Group Holding, with its secondary listing, to be included in the index. — *SCMP.com*

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