



# AmWatch

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20 May 2020

## BURSA MALAYSIA

KLCI	1,423.97 (+13.81)
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)
F&N	32.12	0.88
KLK	21.22	0.72
HLFG	13.28	0.46
BKAWAN	13.60	0.40
GENP	9.54	0.36

## TOP 5 LOSERS

	Closing Price (RM)	Chg (RM)
NESTLE	140.00	-0.50
GPACKET	1.02	-0.42
CHINTEK	5.50	-0.27
SUPERMX	4.25	-0.21
RUBEREX	1.69	-0.21

## REGIONAL MARKETS

Market	Index	1D (%)	YTD (%)
KLCI	1,423.97	1.0	-10.4
Singapore	2,581.33	1.7	-19.9
Thailand	1,309.95	1.8	-17.1
Philippines	5,555.85	1.4	-28.9
Indonesia	4,548.66	0.8	-27.8
Hong Kong	24,388.13	1.9	-13.5
Korea	1,980.61	2.2	-9.9
Taiwan	10,860.44	1.1	-9.5
Japan	20,433.45	1.5	-13.6
Dow Jones	24,206.86	-1.6	-15.2
Nasdaq	9,185.10	-0.5	2.4

## ECONOMIC STATISTICS

	Close	1D (%)	YTD (%)
MYR/USD	4.3533	-0.4	6.4
OPR (%)	2.00	0.0	-33.3
BLR (% Maybank)	5.65	0.0	-15.0
NYMEX Crude oil			
US spot (US\$/barrel)	32.50	2.1	-46.8
CPO spot price (RM/tonne)	2,140.50	2.7	-29.0

## STOCK FOCUS OF THE DAY

**Top Glove Corp:** *Diversified customer base a boon for selling prices* **Buy**

*We raise our recommendation on Top Glove Corporation (Top Glove) to BUY from HOLD with a higher fair value of RM12.23/share (RM6.28/share previously). Our valuation is based on 33x FY21F EPS. Our multiple is at a premium of the stock's average forward PE of 25x (pre-Covid-19).*

*We raise our earnings forecasts by 98% for FY20F, 95% for FY21F and by 20% for FY22F. This is underpinned by increased demand as the Covid-19 pandemic persists, assuming it lasts another 12 months. We estimate that Top Glove's net margins to be around 12.7% in FY20F, 11.5% in FY21F and 8.5% in FY22F.*

*We believe Top Glove is one of the largest beneficiaries of the Covid-19 pandemic due to its highly diversified customer base, which allows the company more freedom for selling price adjustments.*

### Others:

**LHIB:** *1Q net profit down 64%, but long-term outlook positive*

**Buy**

**Sunway REIT:** *9MFY20 NPI grows by 3.3%*

**Buy**

## RETAIL RESEARCH

**Stocks On Radar:** *Boilermech Holdings, Malayan Cement*

## NEWS HIGHLIGHTS

**Heineken Malaysia:** *Warns of tight cash flow in FY20*

**Hibiscus Petroleum:** *3Q net profit halves on lower revenue*

**Healthcare:** *J&J to stop selling talc-based baby powder in US, Canada*

**DIRECT BUSINESS TRANSACTIONS ON BURSA MALAYSIA**

<b>Stock</b>	<b>Quantity (’000)</b>	<b>Price (RM)</b>	<b>Turnover (RM’000)</b>
TIGER	25,000	0.095	2,375
MQTECH	23,570	0.005	118
TAGB	19,300	0.200	3,860
OCR	6,000	0.250	1,500
EKOVEST	4,800	0.580	2,784
NWP	3,590	0.100	359
MAXIS	3,000	5.320	15,960
MATRIX	2,750	1.740	4,785
OCR-WC	2,600	0.050	130
ACOSTEC	2,370	0.399	946
SUPERMX	1,980	4.200	8,316
AGES	1,940	0.155	300
GPACKET	1,070	1.299	1,390
JAG	1,000	0.060	60
BTECH	919	0.220	202
SCNWOLF	300	0.150	45
UOAEV	210	1.780	374
CAREPLS	100	0.910	91
UNIMECH	65	1.000	65

# News Highlights

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## **Heineken Malaysia (RM23.70)**

*Warns of tight cash flow in FY20*

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Heineken Malaysia Bhd posted a 7.9% increase in net profit to RM56.96mil for the first quarter ended March 31, 2020 (1QFY20), from RM52.81mil a year ago, despite a slightly lower revenue. However, the brewery's managing director Roland Bala warned that the Covid-19 pandemic will continue to pose major challenges to the company's business, despite reporting a satisfactory 1Q performance on the back of a successful Chinese New Year campaign. — [theedgemarkets.com](#)

## **Hibiscus Petroleum (RM0.605)**

*3Q net profit halves on lower revenue*

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Hibiscus Petroleum Bhd's net profit for the third quarter ended March 31, 2020 (3QFY20) declined by 48.42% year-on-year as its revenue sank. Net profit fell to RM28.47mil from RM55.18mil, while revenue retreated 22.23% to RM175.86mil from RM226.12mil. The group's earnings before interest, taxes, depreciation and amortisation (Ebitda) fell to RM94.7mil from RM115.1mil. Consequently, its earnings per share (EPS) for the quarter declined to 1.79 sen from 3.47 sen. — [theedgemarkets.com](#)

## **Healthcare**

*J&J to stop selling talc-based baby powder in US, Canada*

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Johnson & Johnson (J&J) on Tuesday announced that it would stop selling its talc-based Johnson's Baby Powder in the US and Canada, saying it was part of a broad reassessment of its consumer product portfolio prompted by the coronavirus pandemic.

The US healthcare conglomerate said it would wind down sales of the product, which makes up about 0.5% of its US consumer health business, in the coming months, but that retailers will continue to sell existing inventory. J&J faces more than 16,000 lawsuits from consumers claiming its talc products, including Johnson's Baby Powder, caused their cancer. — Reuters

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