



AmWatch

Equity Research Team
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BURSA MALAYSIA

KLCI	1,435.12 (+11.15)
52-Week Range	1,207.80 – 1,694.55
Mkt Cap (RMb)	1,525.96
Daily Volume (m shares)	6,830.78
Daily Value (RMmil)	3,748.93

TOP 5 GAINERS

	Closing Price (RM)	Chg (RM)
COMFORT	2.48	0.43
HARTA	9.42	0.41
UTDPLT	27.02	0.36
PHARMA	2.22	0.34
SUPERMX	4.59	0.34

TOP 5 LOSERS

	Closing Price (RM)	Chg (RM)
NESTLE	138.60	-1.40
HEIM	23.32	-0.38
DLADY	46.06	-0.34
HLFG	13.10	-0.18
BIPORT	4.21	-0.14

REGIONAL MARKETS

Market	Index	1D (%)	YTD (%)
KLCI	1,435.12	0.8	-9.7
Singapore	2,561.94	-0.8	-20.5
Thailand	1,322.20	0.9	-16.3
Philippines	5,581.96	0.5	-28.6
Indonesia	4,545.95	-0.1	-27.8
Hong Kong	24,399.95	0.0	-13.4
Korea	1,989.64	0.5	-9.5
Taiwan	10,907.80	0.4	-9.1
Japan	20,595.15	0.8	-12.9
Dow Jones	24,575.90	1.5	-13.9
Nasdaq	9,375.78	2.1	4.5

ECONOMIC STATISTICS

	Close	1D (%)	YTD (%)
MYR/USD	4.3525	0.0	6.4
OPR (%)	2.00	0.0	-33.3
BLR (% Maybank)	5.65	0.0	-15.0
NYMEX Crude oil			
US spot (US\$/barrel)	33.79	4.0	-44.7
CPO spot price (RM/tonne)	2,187.50	2.2	-27.5

STOCK FOCUS OF THE DAY

Petronas Gas: *Lower-than-expected IBR impact*

Buy

We upgrade our call on Petronas Gas (PGas) to BUY from HOLD with a higher sum-of-parts-based (SOP) fair value of RM17.80/share (from an earlier RM15.35/share), which implies an FY20F PE of 17x. We raise PGas' FY20F–FY2F earnings by 15%–17% on gas transportation revenue assumptions as the segment's 1Q20 operating profit slid by 6% YoY vs. our estimate of a 12% decline. Also, our forecast assumptions now incorporate internal gas consumption at 6% of transportation revenues.

Hence, our FY20F gas revenue is now flattish vs. an earlier 5.6% estimated decline from the Energy Commission's (EC) gas transportation guidelines for two 3-year regulatory periods of FY20F–FY25F. The optimised replacement cost valuation being employed currently will be phased out and replaced with historical cost over these transitional periods. Overall, we now expect higher FY20F earnings vs. a 3% decline while FY23F earnings drop by a lower quantum of 4% vs. an earlier 7%.

Others:

Leong Hup International: *Improved ASP in May expected to be short-term*

Buy

Malakoff: *Affected by lower fuel margin and energy payments*

Buy

Malaysian Pacific Industries: *Weak 2HFY20 already factored in*

Buy

MMC Corporation: *Southern ports still record growth in 1QFY20*

Buy

Serba Dinamik: *Earnings momentum lowers risk profile*

Buy

Telekom Malaysia: *Streamyx repricing and rising capex*

Hold

Gent Plantations: *Boosted by positive minority interest and lower tax rate*

Sell

Petronas Chemicals: *Close correlation to precarious oil price*

Sell

Velesto Energy: *Potential expiry of multiple firm rig charters*

Sell

RETAIL RESEARCH

Stocks On Radar: *CSC Steel Holdings, Prestariang*

NEWS HIGHLIGHTS

Malaysia: *Banks remain robust in facing COVID-19 headwind — S&P*

AEON: *1Q net profit down 77% as MCO hits*

Singapore: *Travellers allowed to transit through Changi Airport from 2 Jun*

DIRECT BUSINESS TRANSACTIONS ON BURSA MALAYSIA

Stock	Quantity (’000)	Price (RM)	Turnover (RM’000)
MMAG-PA	30,430	0.145	4,412
GCB	17,000	2.668	45,350
G3	14,130	2.599	36,730
SSTEEL	11,630	0.485	5,641
DSOIC	10,000	1.290	12,900
YTLPOWR	5,000	0.675	3,375
WIDAD	2,310	0.494	1,141
ACOSTEC	1,250	0.400	500
VERTICE	1,100	0.300	330
FSBM	1,000	0.120	120
SHANG	439	4.550	1,997
GFM-WC	180	0.045	8
GPACKET-WB	150	0.475	71
PESTECH	50	0.965	48

News Highlights

Malaysia

Banks remain robust in facing COVID-19 headwind — S&P

Malaysian banks are quite robust with a clear position of strength in facing the bump of the Covid-19 crisis and are seen better placed compared with their regional peers, said S&P Global Ratings. Associate, Financial Institutions Ratings, Nancy Duan said Malaysian banks are in a position of strength, based on gross non-performing loan (NPL), as well as common equity tier 1 (CET1) ratio which compares a bank's capital against its assets. — *theedgemarkets.com*

AEON (RM1.13)

1Q net profit down 77% as MCO hits

Japanese retailer AEON Co (M) Bhd saw its net profit plunge 77.1% to RM7.47mil for the first quarter ended March 31, 2020 (1QFY20), from RM32.64mil a year earlier, on lower revenue. This resulted in lower earnings per share (EPS) of 0.53 sen for 1QFY20, compared with 2.32 sen for 1QFY19.

Revenue for the quarter fell 1.3% to RM1.19bil from RM1.21bil for 1QFY19, on lower revenue contributions from its retail business and property management services segments. — *theedgemarkets.com*

Singapore

Travellers allowed to transit through Changi Airport from 2 Jun

Singapore will gradually allow travellers to transit through Changi Airport from 2 Jun, as it prepares to ease some Covid-19 restrictions and reopen its borders. "Stringent measures" will be put in place to ensure that the passengers remain in designated facilities in the transit area and do not mix with other passengers at the airport, said the Civil Aviation Authority of Singapore (CAAS) on Wednesday (May 20). Currently, foreign passengers are only allowed to transit through Singapore if they are on repatriation flights arranged by their governments. — *Channel News Asia*

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