



AmWatch

Equity Research Team
(603- 2070 2444)

22 May 2020

BURSA MALAYSIA

KLCI	1,452.11 (+16.99)
52-Week Range	1,207.80 – 1,694.55
Mkt Cap (RMb)	1,547.34
Daily Volume (m shares)	7,324.99
Daily Value (RMmil)	4,763.52

TOP 5 GAINERS

	Closing Price (RM)	Chg (RM)
PETGAS	17.12	1.94
KOSSAN	8.63	0.93
TOPGLOV	11.66	0.86
SUPERMX	5.40	0.81
KLK	21.86	0.58

TOP 5 LOSERS

	Closing Price (RM)	Chg (RM)
NESTLE	137.50	-1.10
DLADY	45.50	-0.56
F&N	31.50	-0.54
HEIM	23.10	-0.22
TENAGA	12.24	-0.20

REGIONAL MARKETS

Market	Index	1D (%)	YTD (%)
KLCI	1,452.11	1.2	-8.6
Singapore	2,555.34	-0.3	-20.7
Thailand	1,320.69	-0.1	-16.4
Philippines	5,604.49	0.4	-28.3
Indonesia	4,545.95	-0.1	-27.8
Hong Kong	24,280.03	-0.5	-13.9
Korea	1,998.31	0.4	-9.1
Taiwan	11,008.31	0.9	-8.2
Japan	20,552.31	-0.2	-13.1
Dow Jones	24,474.12	-0.4	-14.2
Nasdaq	9,284.88	-1.0	3.5

ECONOMIC STATISTICS

	Close	1D (%)	YTD (%)
MYR/USD	4.3457	-0.2	6.2
OPR (%)	2.00	0.0	-33.3
BLR (% Maybank)	5.65	0.0	-15.0
NYMEX Crude oil			
US spot (US\$/barrel)	34.17	1.1	-44.0
CPO spot price (RM/tonne)	2,182.00	-0.3	-27.6

STOCK FOCUS OF THE DAY

Kossan Rubber: *Expecting ASP to improve further*

Buy

We maintain BUY on Kossan Rubber Industries (Kossan) with a higher FV of RM9.72. Our valuation is based on a P/E of 27x FY21F EPS. We raise our earnings forecasts by 62% for FY20F, 62% for FY21F and 9% for FY22F. This is to account for higher average selling price (ASP) and sales volume.

We increase our assumptions for ASP by 15% and for sales volume by 6% for FY20F–FY22F.

Kossan's 1QFY20 core PATAMI of RM64.2mil (+9% YoY; -1% QoQ) which made up 21% of ours and 23% of street's full-year earnings forecasts, was in line with expectations.

Glove demand arising from Covid-19 began to jump from April onwards. Kossan has received orders close to 10 months ahead of delivery with prices to be finalized 1–2 months prior to delivery. We like Kossan for its expansionary plans and efforts in improving quality and operational efficiency as well as increasing automation. Moving forward, we expect a stronger performance for the year due to the increased demand from Covid-19 pandemic further buoyed by its expansion plans.

Others:

Malayan Banking: *Earnings lifted by higher fee-based income*

Buy

MBM Resources: *1Q20 depressed by MCO; 2H20 expected to be better*

Buy

MMC Corporation: *PTP benefits from trade diversion amidst pandemic*

Buy

Sime Darby: *Improved core earnings in motor and industrial divisions*

Buy

Media Prima: *Narrower core loss YoY despite Covid-19*

Hold

Sime Darby Property: *1QFY20 core net profit falls by 68%*

Hold

Sunway Construction: *1QFY20 net profit plunges 47% YoY*

Underweight

TSH Resources: *Net gearing exceeds 100%*

Sell

RETAIL RESEARCH

Stocks On Radar: *Bursa Malaysia, MMC Corporation*

NEWS HIGHLIGHTS

Tadmax: *Expands landbank via 70% stake buy in property outfit*

Retail: *Sunway Pyramid sets up online platform for shoppers*

China: *Set to impose new Hong Kong security law*

DIRECT BUSINESS TRANSACTIONS ON BURSA MALAYSIA

Stock	Quantity (’000)	Price (RM)	Turnover (RM’000)
IKHMAS	43,700	0.028	1,208
KSL	35,900	0.580	20,820
MQTECH	19,600	0.015	294
SYF	15,000	0.135	2,025
PMHLDG	13,280	0.230	3,055
MUIPROP	10,000	0.155	1,550
XINGHE	8,750	0.080	700
HARTA	5,000	9.300	46,500
SERBADK	5,000	1.760	8,800
DOLPHIN	4,370	0.050	218
G3	3,050	2.597	7,920
GPACKET	2,600	1.100	2,860
GCB	2,500	2.750	6,875
HIAPTEK	610	0.165	101
CHGP	608	0.190	116
ACOSTEC	585	0.445	260
SHANG	542	4.500	2,440
MCLEAN	520	0.075	39
AMTEL	300	0.500	150
YNHPROP	229	2.770	634
GENM	194	2.360	457
CIMB	100	3.500	350

News Highlights

Tadmax (RM0.22)

Expands landbank via 70% stake buy in property outfit

As part of its landbank expansion, Tadmax Resources Bhd is buying a 70% stake in a firm which is in the process of acquiring a strategically located piece of land in Cheras. In an exchange filing yesterday, Tadmax said it is buying the 70% stake in property outfit Bendera Juara Sdn Bhd (BJSB) from Maxim Holdings Sdn Bhd for RM233,334.

BJSB is in the midst of acquiring a 5.73-acre land in Alam Damai, Cheras for RM64.84mil or RM260 per sq ft from Syarikat Perumahan Pegawai Kerajaan Sdn Bhd (SPPK).

SPPK is an indirect 70.09% subsidiary of S P Setia Bhd, while the remaining stake is owned by the Ministry of Finance Inc. — *theedgemarkets.com*

Retail

Sunway Pyramid sets up online platform for shoppers

Sunway Pyramid has set up an online store where customers can purchase from over 100 brands ranging from various categories such as beauty, fashion, home décor, healthcare, footwear, food and beverage, and digital lifestyle.

In a statement yesterday, it said the online store provides a safer and more secure avenue for shoppers to get their goods in time for the Hari Raya celebrations this year. In addition to the special online store campaign, Sunway Pyramid will also host a 72-hour flash sale on the website from 29 May to 1 June. — *theedgemarkets.com*

China

Set to impose new Hong Kong security law

China is set to impose new national security legislation on Hong Kong after last year's pro-democracy unrest, a Chinese official said on Thursday, drawing a warning from President Donald Trump that Washington would react "very strongly" against the attempt to gain more control over the former British colony.

Zhang Yesui, spokesman for the China's National People's Congress, said details of the legislation would be given on Friday when the parliament holds its annual session. — *Reuters*

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