



AmWatch

Equity Research Team
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BURSA MALAYSIA

KLCI	1,451.73 (+14.97)
52-Week Range	1,207.80 – 1,694.55
Mkt Cap (RMb)	1,528.77
Daily Volume (m shares)	7,099.77
Daily Value (RMmil)	5,101.42

TOP 5 GAINERS

	Closing Price (RM)	Chg (RM)
NESTLE	139.00	1.80
PETDAG	21.52	1.22
SUPERMX	6.90	1.15
TOPGLOV	12.86	1.04
QL	9.50	1.03

TOP 5 LOSERS

	Closing Price (RM)	Chg (RM)
BAT	11.18	-0.54
DLADY	45.22	-0.26
CHINTEK	5.60	-0.25
PANAMY	31.34	-0.20
MYEG	1.30	-0.18

REGIONAL MARKETS

Market	Index	1D (%)	YTD (%)
KLCI	1,451.73	1.0	-8.6
Singapore	2,519.48	-0.4	-21.8
Thailand	1,345.11	0.7	-14.9
Philippines	5,523.78	0.5	-29.3
Indonesia	4,641.56	0.3	-26.3
Hong Kong	23,301.36	-0.4	-17.3
Korea	2,031.20	0.1	-7.6
Taiwan	11,014.66	0.2	-8.2
Japan	21,419.23	0.7	-9.5
Dow Jones	25,548.27	2.2	-10.5
Nasdaq	9,412.36	0.8	4.9

ECONOMIC STATISTICS

	Close	1D (%)	YTD (%)
MYR/USD	4.3480	-0.3	6.3
OPR (%)	2.00	0.0	-33.3
BLR (% Maybank)	5.65	0.0	-15.0
NYMEX Crude oil			
US spot (US\$/barrel)	32.81	-4.5	-46.3
CPO spot price (RM/tonne)	2,212.50	0.6	-26.6

STOCK FOCUS OF THE DAY

Sunway: 1QFY20 earnings hit by Covid-19 but outlook still positive **Buy**

We maintain our BUY call on Sunway Bhd (Sunway) with a lower FV of RM1.78 per share from RM1.81 based on SOP valuations. We cut our FY20 and FY21 net profit forecasts by 18.6% and 3.1% respectively to reflect the impact of the movement order control (MCO) and the Covid-19 pandemic, and the timing of recognition and lower construction earnings. We make no changes to our FY22 net profit forecast.

Sunway reported 1QFY20 revenue and net earnings of RM971.4mil (-13.5% YoY) and RM78.3mil (-42.6% YoY) respectively. After the distribution to holders of perpetual sukuk (RM11.9mil), core PATMI of RM66.4mil (-51.3%) came in below our and market expectations at 11% and 9% of ours and consensus full-year estimates. The lower earnings were mainly due to: (i) the MCO and Covid-19 pandemic which caused disruption in the overall business; and (ii) the adoption of MFRS 15 which resulted in lower recognition of its property development projects in China and Singapore.

While we do not see any impact of the ICPS on our FV due to the higher cost of the ICPS plus the conversion price as compared to the current share price, we reduce our FV to RM1.78 per share from RM1.81 per share as a result of our FY20–FY21 earnings revision. Despite the temporary setbacks, we believe the outlook for Sunway remains positive premised on: (i) its improving unbilled sales of RM3.2bil; (ii) stable income contribution from property investment; (iii) a robust outstanding order book of RM5.4bil; and (iv) strong growth potential in healthcare business.

Others:

Padini Holdings: 9MFY20 net profit falls 15% but meets expectations

IOI Corporation: Bunge Lodgers in the red in 3QFY20

KL Kepong: Lower manufacturing earnings

MSM Malaysia: Still in the red in 1QFY20

Buy
Hold
Sell
Sell

RETAIL RESEARCH

Stocks On Radar: Gadang Holdings, JCY International

NEWS HIGHLIGHTS

Ho Hup: Bags two ECRL work packages worth RM102mil

Privatisation: Malaysia Armed Forces Fund weighs taking Boustead private

Aviation: Boeing cutting over 12,000 US jobs, thousands more planned

Technology: Two Chinese tech firms prepare Hong Kong listings

DIRECT BUSINESS TRANSACTIONS ON BURSA MALAYSIA

Stock	Quantity (’000)	Price (RM)	Turnover (RM’000)
MUIIND	16,300	0.165	2,696
AGES	10,730	0.144	1,550
MERIDIAN	5,000	0.050	250
SERBADK	5,000	1.750	8,750
XINGHE	5,000	0.220	1,100
MATRIX	4,750	1.740	8,265
MYEG	3,190	1.479	4,718
TSRCAP	3,000	0.150	450
JAKS	1,500	0.890	1,335
ACOSTEC	1,250	0.445	556
HIBISCS	510	0.595	303
ARBB-PA	400	0.130	52
SUNSURIA	260	0.390	101
ASTRO	200	1.000	200
JTIASA	100	0.580	58

News Highlights

Ho Hup (RM0.585)

Bags two ECRL work packages worth RM102mil

Ho Hup Construction Company Bhd has bagged two contracts worth a combined RM102.49mil from China Communications Construction (ECRL) Sdn Bhd to work on the East Coast Rail Link (ECRL). Both jobs, which are for 30 months — starting June 15, 2020 — are for the construction and completion of subgrade, drainage and culvert works on Section 6 of the ECRL, according to Ho Hup's stock exchange filing yesterday. — *theedgemarkets.com*

Privatisation

Malaysia Armed Forces Fund weighs taking Boustead private

Malaysia's Armed Forces pension fund is weighing options for its controlling stake in Boustead Holdings Bhd, including taking the conglomerate private, people with knowledge of the matter said. Lembaga Tabung Angkatan Tentera, which holds a 59% stake in Boustead, has received approval for a loan to finance the deal, one of the people said. — *Bloomberg*

Aviation

Boeing cutting over 12,000 US jobs, thousands more planned

Boeing Co said on Wednesday it was eliminating more than 12,000 US jobs, including 6,770 involuntary layoffs, as the largest American planemaker restructures in the face of the coronavirus pandemic. Boeing also disclosed it plans "several thousand remaining layoffs" in coming months but did not say where those would take place. — *Reuters*

Technology

Two Chinese tech firms prepare Hong Kong listings

Two of China's most valuable US-listed companies are pushing ahead with multibillion-dollar share sales in Hong Kong, amid growing pressure from US lawmakers for greater financial scrutiny of Chinese companies. The listing plans of NetEase Inc., an online-games company, and JD.com Inc., the operator of an e-commerce website, will be reviewed on Thursday by the listing committee of Hong Kong's stock exchange, people familiar with the situation told the Wall Street Journal. — *WSJ.com*

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