



AmWatch

Equity Research Team
(603- 2070 2444)

2 June 2020

BURSA MALAYSIA

KLCI	1,490.14 (+16.89)
52-Week Range	1,207.80 – 1,694.55
Mkt Cap (RMb)	1,583.13
Daily Volume (m shares)	10,364.93
Daily Value (RMmil)	6,804.73

TOP 5 GAINERS

	Closing Price (RM)	Chg (RM)
TOPGLOV	15.54	2.24
NESTLE	140.00	1.00
RUBEREX	4.54	0.98
HARTA	13.18	0.64
TENAGA	11.90	0.64

TOP 5 LOSERS

	Closing Price (RM)	Chg (RM)
CARLSBG	26.18	-2.70
PETDAG	21.90	-1.58
PETGAS	18.10	-0.90
HEIM	22.40	-0.80
DLADY	44.10	-0.78

REGIONAL MARKETS

Market	Index	1D (%)	YTD (%)
KLCI	1,490.14	1.1	-6.2
Singapore	2,550.86	1.6	-20.9
Thailand	1,352.37	0.7	-14.4
Philippines	5,930.17	1.6	-24.1
Indonesia	4,753.61	0.8	-24.5
Hong Kong	23,732.52	3.4	-15.8
Korea	2,065.08	1.7	-6.0
Taiwan	11,079.02	1.3	-7.7
Japan	22,062.39	0.8	-6.7
Dow Jones	25,475.02	0.4	-10.7
Nasdaq	9,552.05	0.7	6.5

ECONOMIC STATISTICS

	Close	1D (%)	YTD (%)
MYR/USD	4.3175	-0.7	5.5
OPR (%)	2.00	0.0	-33.3
BLR (% Maybank)	5.65	0.0	-15.0
NYMEX Crude oil			
US spot (US\$/barrel)	35.44	-0.1	-42.0
CPO spot price (RM/tonne)	2,283.00	0.4	-24.3

STOCK FOCUS OF THE DAY

Guan Chong: Steady demand for normal chocolates

Buy

We maintain our BUY call on Guan Chong with a higher FV of RM3.43/share (RM3.20 previously). We increase our PE multiple from 13x to 15x, which is at a discount to its international peers. This is to reflect the higher PE for its international peers of 21x (19x previously) as well as the synergistic value that Schokinag Holdings GMBH brings to the group.

However, we are trimming our earnings forecasts to account for the adverse impact from the Covid-19 pandemic and the implementation of Living Income Differential on Ivory Coast and Ghana cocoa beans. We lower earnings forecasts by 7% for FY21F and 6% for FY22F. We also reduce our FY21F EBITDA yield assumption (after taking out contribution from Schokinag) to RM1,240–RM1,250 per MT from RM1,290/tonne.

The Covid-19 pandemic has impacted the demand for premium chocolate, which typically uses more cocoa butter ingredient. This was partly attributed to the severity of the outbreak in key markets (Europe, the US) as well as the disruption to the tourism industry, which makes up a part of high-end chocolate consumption. On the other hand, consumption of normal chocolate remained resilient.

Others:

Berjaya Food: A bitter 3QFY20 due to MCO

Banking: Stable loan growth; higher provisions

Plantation Sector: Price effect offsets lower output

Hap Seng Plant: FFB production is picking up

Hold

Neutral

Underweight

Unrated

RETAIL RESEARCH

Stocks On Radar: N2N Connect, Hextar Global

ECONOMIC REPORT

Malaysia: May PMI suggests signs of stabilisation emerging

NEWS HIGHLIGHTS

Glove: Hartalega, Top Glove among Bursa's eight largest stocks by market cap

Sasbadi Holdings: Secures RM3.9mil contract from MoE

Singapore: SIA, SilkAir reinstate flights for some destinations in June and July

US Economy: Companies issue shares at fastest rate ever, selling the rally

DIRECT BUSINESS TRANSACTIONS ON BURSA MALAYSIA

Stock	Quantity (’000)	Price (RM)	Turnover (RM’000)
VC	16,500	0.075	1,238
SERBADK	10,000	1.600	16,000
AIRPORT	8,380	4.852	40,660
AGES	7,140	0.152	1,085
TFP	3,170	0.065	206
VERTICE	2,100	0.300	630
SUNSURIA	1,960	0.601	1,178
PWROOT	1,900	2.550	4,845
G3-WA	1,500	2.100	3,150
DNEX	1,000	0.200	200
GPACKET-WB	1,000	0.350	350
MFGROUP	750	0.200	150
GPACKET	500	0.930	465
FGV	400	1.120	448
EDEN	335	0.185	62

News Highlights

Glove

Hartalega, Top Glove among Bursa's eight largest stocks by market cap

There is no love lost for glove makers Hartalega Holdings Bhd and Top Glove Corp Bhd, whose share prices continued to reach new record highs on Monday. The strong rally put the two glove manufacturers firmly at the sixth and eighth place among Malaysia's largest listed companies by market capitalisation. At sixth place, Hartalega settled at a market cap of RM44.61 billion at Monday's close, while Top Glove is ranked eighth after Maxis Bhd, with a market value of RM40.53 billion. — *theedgemarkets.com*

Sasbadi Holdings (RM0.12)

Secures RM3.9mil contract from MoE

Sasbadi Holdings Bhd's wholly-owned subsidiary, Sasbadi Sdn Bhd (SSB), has secured a RM3.9mil contract to publish, translate, print and supply of two textbook packages for Form 5 subjects from the Ministry of Education (MoE). The packages are Sains Tingkatan 5 and Science Form 5 (Science Textbook Contract) and Pendidikan Seni Visual Tahun 5 SJKC (Visual Arts Textbook Contract). "Both contracts are for the period from June 1, 2020 to May 31, 2023," the company said in a filing with Bursa Malaysia yesterday. — *Bernama*

Singapore

SIA, SilkAir reinstate flights for some destinations in June and July

Singapore Airlines (SIA) and regional wing SilkAir will reinstate certain flights in June and July, subject to regulatory approvals.

Among the reinstated scheduled services include: Adelaide, Amsterdam, Auckland, Barcelona, Brisbane, Cebu, Christchurch, Copenhagen, Hong Kong, Medan, Melbourne and Osaka, said SIA on its website. — *Channel News Asia*

US Economy

Companies issue shares at fastest rate ever, selling the rally

US public companies sold more than US\$60bil in shares in May, the biggest monthly haul ever, as they capitalized on a stock market rally fuelled by hopes that the Covid-19 pandemic is subsiding. The benchmark S&P 500 Index has risen around 40% off of recent lows, hit in late March at the height of market panic during the coronavirus outbreak, and is now roughly 10% shy of all-time highs hit in February. — *Reuters*

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