



AmWatch

Equity Research Team
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25 June 2020

BURSA MALAYSIA

KLCI	1,502.63 (-4.41)
52-Week Range	1,207.80 – 1,694.55
Mkt Cap (RMb)	1,587.53
Daily Volume (m shares)	8,897.78
Daily Value (RMmil)	3,010.50

TOP 5 GAINERS

	Closing Price (RM)	Chg (RM)
HEIM	22.88	0.96
CARLSBG	24.10	0.60
VITROX	9.15	0.35
MILUX	1.70	0.31
AJI	14.98	0.28

TOP 5 LOSERS

	Closing Price (RM)	Chg (RM)
PETDAG	21.64	-1.04
NESTLE	139.30	-0.60
SUPERMX	7.12	-0.26
HAPSENG	8.55	-0.19
QL	9.19	-0.19

REGIONAL MARKETS

Market	Index	1D (%)	YTD (%)
KLCI	1,502.63	-0.3	-5.4
Singapore	2,628.62	-0.2	-18.4
Thailand	1,333.43	-1.7	-15.6
Philippines	6,188.83	-1.7	-20.8
Indonesia	4,964.74	1.8	-21.2
Hong Kong	2,4781.58	-0.5	-12.1
Korea	2,161.51	1.4	-1.6
Taiwan	11,660.67	0.4	-2.8
Japan	22,534.32	-0.1	-4.7
Dow Jones	25,445.94	-2.7	-10.8
Nasdaq	9,909.17	-2.2	10.4

ECONOMIC STATISTICS

	Close	1D (%)	YTD (%)
MYR/USD	4.2720	-0.1	4.4
OPR (%)	2.00	0.0	-33.3
BLR (% Maybank)	5.65	0.0	-15.0
NYMEX Crude oil			
US spot (US\$/barrel)	37.91	-5.9	-37.9
CPO spot price (RM/tonne)	2,507.50	0.7	-16.8

STOCK FOCUS OF THE DAY

Gamuda: 9MFY20 net profit declines 25% YoY, dividend halved **Underweight**

We cut our FY20–22F net profit forecasts by 5–6% each and reduce our FV by 6% to RM2.85 (from RM3.02) based on “sum of parts” (SOP), valuing Gamuda’s construction business at 12x revised forward earnings, in line with our benchmark forward target P/E of 12x for large-cap construction stocks. Maintain UNDERWEIGHT.

Gamuda’s 9MFY20 results missed expectations, coming in at only 73% and 63% of our full-year forecast and the full-year consensus estimates. We believe the 6-week impact from the movement control order (MCO) and conditional MCO during 3Q (Feb–Apr 2020) on Gamuda has turned out to be much more damaging than expected (and shall continue to wreak havoc until at least in 4Q (May–Jul 2020), as indicated in its current construction activities being at only 70–75% of those of the pre-MCO levels, even though the MCO has now been substantially relaxed). We have reflected this in our earnings downgrade.

It decided not to declare a second 6 sen dividend during FY20F in order to conserve cash. We therefore cut our FY20F and FY21F dividend forecasts to 6 sen and 9 sen respectively, from 12 sen previously.

Others:

Crest Builder: A soft patch in 1Q, but earnings to rebound in 2HFY20

Media Chinese: Cost savings leads to better-than-anticipated FY20

Automobile: MCO dampens May 2020 TIV, recovery expected in June **Overweight**

Buy

Hold

RETAIL RESEARCH

Stocks On Radar: VSTECS, Pecca Group

ECONOMIC REPORT

Malaysia: Deflation outlook remains

NEWS HIGHLIGHTS

Bursa Malaysia: Retail net investment soars to RM5.83bil YTD

AirAsia: Sees strong demand rebound with daily sales hitting 41,000 seats

RMCO: Social gatherings allowed from 1 July, says Ismail Sabri

US: Bayer to pay up to US\$10.9bil to settle bulk of Roundup weedkiller cancer lawsuits

DIRECT BUSINESS TRANSACTIONS ON BURSA MALAYSIA

Stock	Quantity (’000)	Price (RM)	Turnover (RM’000)
DWL-PA	55,090	0.050	2,754
AGES-PA	50,650	0.030	1,520
SERBADK	25,000	1.600	40,000
VC	25,000	0.100	2,500
CHINHIN	10,000	0.665	6,650
KAB	2,500	1.000	2,500
MYSCM	1,500	0.180	270
TROP	1,250	0.780	975
GPACKET	868	0.670	582
LYC	647	0.440	285
WELLCAL	500	0.800	400
TOMYPAK-WA	300	0.050	15
SLVEST	50	1.600	80

News Highlights

Bursa Malaysia

Retail net investment soars to RM5.83bil YTD

wooing retail investors back to the stock market had been a big challenge for Bursa Malaysia's chief executive officers for more than a decade. But the tide seems to have changed — or so it appears in recent weeks — as brisk retail trading orders choked stockbroking firms' online trading platforms, so much so that some investors were left grumbling about the loss of opportunities.

Year to date, net retail investments on Bursa have increased to RM5.83bil, compared with RM2.45bil for the whole of last year. Local institutions, on the other hand, have made a net investment of RM8.21bil. — *The Edge Malaysia Morning CEO Brief*

AirAsia (RM0.875)

Sees strong demand rebound with daily sales hitting 41,000 seats

AirAsia Group Bhd registered its highest post-hibernation sale day yesterday, with 41,000 seats sold across the group in a single day, signifying a strong rebound in demand for air travel, said the budget airline. The group's load factor averaged around 50% with AirAsia Malaysia hitting 70%, its highest load factor post-hibernation on Tuesday AirAsia said in a statement yesterday. — *The Edge Malaysia Morning CEO Brief*

RMCO

Social gatherings allowed from 1 July, says Ismail Sabri

Social gatherings including wedding receptions involving up to 250 people will be allowed from 1 July, said Senior Minister (Security Cluster) Datuk Seri Ismail Sabri Yaakob.

Engagement receptions, wedding anniversary and birthday celebrations, and religious ceremonies like tahlil, akikah and doa selamat are also allowed. "The ceremony can be held for between three and five hours and the attendance should be limited to 250 people at any one time, subject to the size of the venue," he said at a press conference on the recovery movement control order (RMCO) yesterday. — *Bernama*

US

Bayer to pay up to US\$10.9bil to settle bulk of Roundup weedkiller cancer lawsuits

Bayer AG, after more than a year of talks, agreed to pay as much as US\$10.9bil to settle close to 100,000 US lawsuits claiming that its widely-used weedkiller Roundup caused cancer, resolving litigation that has pummeled the company's share price. The German drugs and pesticides maker has come to terms with about 75% of the 125,000 filed and unfiled claims overall, it said in a statement on Wednesday of the deal to end legal disputes it inherited with its US\$63bil takeover of Monsanto in 2018. — *Reuters*

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