



AmWatch

Equity Research Team
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BURSA MALAYSIA

KLCI	1,489.20 (-13.43)
52-Week Range	1,207.80 – 1,694.55
Mkt Cap (RMb)	1,584.15
Daily Volume (m shares)	5,561.79
Daily Value (RMmil)	2,660.49

TOP 5 GAINERS

	Closing Price (RM)	Chg (RM)
CARLSBG	25.00	0.90
ZECON	0.61	0.23
RAPID	5.84	0.14
MILUX	1.83	0.13
REV	0.215	0.125

TOP 5 LOSERS

	Closing Price (RM)	Chg (RM)
F&N	31.96	-0.52
PETDAG	21.20	-0.44
BLDPLNT	5.60	-0.40
HEIM	22.52	-0.36
ALLIANZ	14.18	-0.32

REGIONAL MARKETS

Market	Index	1D (%)	YTD (%)
KLCI	1,489.20	-0.9	-6.3
Singapore	2,590.15	-1.5	-19.6
Thailand	1,325.88	-0.6	-16.1
Philippines	6,118.26	-1.1	-21.7
Indonesia	4,896.73	-1.4	-22.3
Hong Kong	24,781.58	-0.5	-12.1
Korea	2,112.37	-2.3	-3.9
Taiwan	11,660.67	0.4	-2.8
Japan	22,259.79	-1.2	-5.9
Dow Jones	25,745.60	1.2	-9.8
Nasdaq	10,017.00	1.1	11.6

ECONOMIC STATISTICS

	Close	1D (%)	YTD (%)
MYR/USD	4.2782	0.1	4.6
OPR (%)	2.00	0.0	-33.3
BLR (% Maybank)	5.65	0.0	-15.0
NYMEX Crude oil			
US spot (US\$/barrel)	38.67	2.0	-36.7
CPO spot price (RM/tonne)	2,517.00	0.4	-16.5

STOCK FOCUS OF THE DAY

Axiata Group: Unlocking Boost's value

Buy

We maintain our BUY call on Axiata Group (Axiata) with an unchanged sum-of-parts-based fair value of RM4.50/share (from an earlier RM4.90/share), which implies an FY20F EV/EBITDA of 5.3x – 1 standard deviation below its 3-year average of 6x.

According to media reports, the group's subsidiary Axiata Digital has sold a 21.9% stake in Boost Holdings S/B to Singapore-based insurance group, Great Eastern (GE), for US\$70mil (RM299mil) cash as part of its strategy to drive the rapidly-growing digital financial services (DFS) business under Axiata Digital across the region. This is the third strategic investment secured by Axiata Digital from financial industry players and the largest foreign investment to date in the Malaysian fintech. In 2018, Sumitomo invested US\$20mil (RM86mil) into the group's digital advertising business ADA while Mitsui invested up to US\$50mil (RM214mil) for a minority stake in Axiata Digital last year.

We are positive on the group's continuing strategy of unlocking its multiple assets which are currently under-appreciated by the market. Assuming an acquisition PBV of 3x (similar to Twitter's vs. Facebook's 6x and Tencent's 8x), we estimate a one-off non-core gain of RM100mil – 14% of FY20F earnings.

Others:

DRB-Hicom: A bloodbath in 1QFY20; recovery expected in 2H2020

Buy

Alliance Bank: Moderation in loan growth; higher provisions

Hold

Eco World Development: 1HFY20 net profit plunges 23.2% YoY

Hold

MBSB: Higher provisions from deterioration in staging of loans

Hold

Media Chinese: Tight cost controls to weather the storm

Hold

TH Plantations: Net gearing inches up to 215.6%

Hold

V.S. Industry: Sees a return to the black in 4Q; demand worries persist Underweight

RETAIL RESEARCH

Stocks On Radar: TSH Resources, KUB Malaysia

NEWS HIGHLIGHTS

Malaysian Economy: World Bank, IMF project larger GDP contraction in 2020

Widad: Buys UiTM Seremban 3 campus concessionaire for RM122mil

IPO: O&G outfit Reservoir Link confident of well services business viability

Airlines: France, Netherlands reach deal on €3.4bil KLM bailout

DIRECT BUSINESS TRANSACTIONS ON BURSA MALAYSIA

Stock	Quantity (’000)	Price (RM)	Turnover (RM’000)
SCOMI	233,990	0.030	7,020
ENGTEX	15,000	0.505	7,580
PMHLDG	10,000	0.155	1,550
FBBD	8,810	0.350	3,084
WIDAD	8,550	0.412	3,524
VIVOCOM	5,000	0.020	100
TROP	3,800	0.780	2,964
KAB	3,500	1.000	3,500
ILB	2,800	0.290	812
MYSCM	1,200	0.175	210
MTOUCHE	500	0.070	35
ECOFIRS	300	0.320	96
SHANG	225	4.050	911
DKLS	160	1.270	203
CABNET	62	0.185	11
SINOTOP	50	0.620	31

News Highlights

Malaysian Economy

World Bank, IMF project larger GDP contraction in 2020

The World Bank and the International Monetary Fund (IMF) have revised their 2020 Malaysia economic forecasts to account for a larger year-on-year (YoY) contraction than previously estimated as the country contends with the impact of the Covid-19 pandemic. The World Bank said in its June 2020 Malaysia Economic Monitor yesterday that Malaysia's economy, as measured by gross domestic product (GDP), is projected to contract 3.1% due to the significant impact of economic disruptions resulting from the country's movement control order (MCO) to curb the spread of the pandemic.

Meanwhile, the IMF has revised its Malaysia 2020 GDP forecast to a 3.8% YoY contraction from the previously estimated 1.7% contraction as the Covid-19 pandemic has had a more negative impact on global activity in the first half of 2020 (1H20) than anticipated. The IMF said in its June 2020 World Economic Outlook Update report on Wednesday (June 24) that global economic recovery is projected to be more gradual than previously forecast. — *The Edge Malaysia Morning CEO Brief*

Widad (RM0.48)

Buys UiTM Seremban 3 campus concessionaire for RM122mil

Widad Group Bhd is acquiring the entire stake in Inovatif Mewah Sdn Bhd (IMSB) – the owner of a concession to develop and maintain the UiTM Seremban 3 campus (US3C) – for RM122mil in cash. IMSB had in May 2010 entered into an agreement with the government and Universiti Teknologi Mara (UiTM) in relation to a 23-year concession for the rights and authority to undertake the development as well as the maintenance works for US3C. — *The Edge Malaysia Morning CEO Brief*

IPO

O&G outfit Reservoir Link confident of well services business viability

Listing an oil and gas (O&G) outfit during this highly uncertain environment, with oil prices skirting record lows just recently, probably sounds like a baffling proposition to many. But well services expert Reservoir Link Energy Bhd, which is slated to debut on Bursa Malaysia's ACE Market on July 15, is confident that its business prospects in the medium term warrants further investment for expansion. The group wants to raise RM23.42 million from its listing, of which RM10 million will be used to part-acquire well-testing equipment. Having its own equipment would help improve margins, it said. — *The Edge Malaysia Morning CEO Brief*

Airlines

France, Netherlands reach deal on €3.4bil KLM bailout

The Dutch finance minister said on Thursday the government will hold a news conference on Friday to release details of an aid package agreed by France and the Netherlands on his country's contribution to bail out Air France-KLM. Under the deal, the Dutch government would offer about €3.4bil (US\$3.8bil) in guaranteed and direct loans to KLM and appoint a trustee to its board, two of several sources with knowledge of the matter told Reuters. — *Reuters*

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