



AmWatch

Equity Research Team
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18 November 2020

BURSA MALAYSIA

KLCI	1,610.15 (+10.49)
52-Week Range	1,207.80 – 1,618.01
Mkt Cap (RMb)	1,763.76
Daily Volume (m shares)	16,489.31
Daily Value (RMmil)	7,994.35

TOP 5 GAINERS

	Closing Price (RM)	Chg (RM)
DLADY	37.20	0.90
PANAMY	30.84	0.84
HLBANK	17.90	0.84
AEONCR	11.12	0.52
DKSH	3.55	0.43

TOP 5 LOSERS

	Closing Price (RM)	Chg (RM)
GETS	3.11	-0.86
NESTLE	139.00	-0.70
MPI	23.58	-0.62
CARLSBG	22.50	-0.38
VITROX	14.90	-0.26

REGIONAL MARKETS

Market	Index	1D (%)	YTD (%)
KLCI	1,610.15	0.7	1.3
Singapore	2,778.55	1.1	-13.8
Thailand	1,349.81	-0.1	-14.6
Philippines	6,959.14	0.6	-11.0
Indonesia	5,529.94	0.6	-12.2
Hong Kong	26,415.09	0.1	-6.3
Korea	2,539.15	-0.2	15.5
Taiwan	13,593.01	0.3	13.3
Japan	26,014.62	0.4	10.0
Dow Jones	29,783.35	-0.6	4.4
Nasdaq	11,899.34	-0.2	32.6

ECONOMIC STATISTICS

	Close	1D (%)	YTD (%)
MYR/USD	4.1045	-0.3	0.3
OPR (%)	1.75	0.0	-41.7
BLR (% Maybank)	5.40	0.0	-18.8
NYMEX Crude oil			
US spot (US\$/barrel)	41.43	0.2	-32.1
CPO spot price (RM/tonne)	3,500.00	-0.1	16.1

STOCK FOCUS OF THE DAY

MISC (Update): Higher exposure to tanker spot rate

Hold

We maintain our HOLD rating on MISC with an unchanged sum-of-parts based fair value of RM8.50/share which implies an FY21F EV/EBITDA of 8.5x – 1 standard deviation below its 2-year average of 9.2x. Following an analyst briefing yesterday, our forecasts are maintained. While drydocking activities this year were half of 2019 levels, the LNG segment's earnings fell 32% QoQ to RM239mil from reduced charter days due to the Covid-19 lockdown.

Even though management aims to reduced exposure to spot rates, the proportion of spot to term charter for the petroleum and chemical division instead rose to 35:65 in 3QFY20 from 24:76 in 2QFY20 due to reduced lightering activities in North America

Similar to our view, management does not expect the winter season in the northern hemisphere to substantively spur tankage demand as in the previous cycles given the current glut. Nevertheless, the possibility of a severe winter could brighten prospects by ramping up short-term demand.

Interest charges have fallen by 23% QoQ to RM78mil notwithstanding flattish QoQ gross debt at RM13bil due to the sharp drop in LIBOR rates to 0.2% currently from 1.45% in March this year. MISC reported a 9MFY20 loss of RM599mil (including non-cash impairments) but still declared a dividend of 21 sen to date. We expect the group to maintain FY19 dividend of 33 sen, which translates to a 4QFY21 DPS of 12 sen.

Others:

FGV Holdings: Plantation back in the black

Hold

MISC (Results): Struggling with weak tanker market

Hold

RETAIL RESEARCH

Stocks On Radar: Innature, MMC Corporation

THEMATIC

Malaysia: Debt-for-sustainability swap to spur recovery

NEWS HIGHLIGHTS

CCM: Batu Kawan to buy 56.32% stake from PNB and Amanahraya Trustee for RM292.79mil

AirAsia: Japan unit files for bankruptcy

Top Glove: EMCO at worker dorms affects 5,700 employees

Cryptocurrency: Bitcoin hits nearly three-year peak, homes in on record

DIRECT BUSINESS TRANSACTIONS ON BURSA MALAYSIA

Stock	Quantity (’000)	Price (RM)	Turnover (RM’000)
SALCON	36,200	0.310	11,220
WIDAD	29,500	0.559	16,490
EWINT	6,270	0.419	2,630
MINETEC	5,750	0.174	1,000
EWINT-WA	5,100	0.060	306
VIZIONE	2,700	0.400	1,080
AIRASIA	1,680	0.661	1,110
KAB	1,500	1.000	1,500
LUSTER	1,500	0.200	300
BREM	625	0.800	500
RALCO	571	0.360	205

News Highlights

CCM (RM2.79)

Batu Kawan to buy 56.32% stake from PNB and Amanahraya Trustee for RM292.79mil

Batu Kawan Bhd, which controls Kuala Lumpur Kepong Bhd, has proposed to buy a 56.32% stake in Chemical Company of Malaysia Bhd (CCM) from Permodalan Nasional Bhd (PNB) for RM292.97mil cash, or RM3.10 per share. Subsequently, Batu Kawan will make a mandatory general offer (MGO) at RM3.10 per share to buy all the remaining shares in CCM.

Batu Kawan said it intends to maintain the listing status of CCM on Bursa Malaysia subsequent to the MGO. The transaction price of RM3.10 represents a premium of 11.11% over CCM's closing price of RM2.79 yesterday — the highest level in 12 years. — *The Edge CEO Morning Brief*

AirAsia (RM0.765)

Japan unit files for bankruptcy

AirAsia Group Bhd's 33%-owned associate AirAsia Japan Co Ltd (AAJ) has filed for bankruptcy proceedings yesterday. In a bourse filing, the group said AirAsia Japan made the decision due to insolvency resulting from a demand slump in travel that was induced by lockdown restrictions related to the Covid-19 pandemic. — *The Edge CEO Morning Brief*

Top Glove (RM7.00)

EMCO at worker dorms affects 5,700 employees

The 14-day enhanced movement control order (EMCO) imposed at Top Glove Corp Bhd's foreign workers dormitories in Meru, Klang, effective yesterday affects 5,700 workers and not 13,190 as reported, the company said.

In a statement, the rubber glove manufacturer said the affected workers represent about 27% of its total employees numbering 21,000. — *Bernama*

Cryptocurrency

Bitcoin hits nearly three-year peak, homes in on record

Bitcoin on Tuesday soared to its highest level since December 2017 as the asset's perceived quality as a hedge against inflation and expectations of mainstream acceptance lured institutional and retail demand. The largest cryptocurrency in terms of market capitalization climbed to US\$17,868, its highest level since 20 Dec 2017, and was last up 6.1% at US\$17,760. It hit just shy of US\$20,000 in mid-December, 2017, during a buying frenzy driven by retail investors. — *Reuters*

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