



AmInvestment Bank

AmWatch

Equity Research Team
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5 April 2021

BURSA MALAYSIA

KLCI	1,585.35 (+2.71)
52-Week Range	1,324.41 – 1,695.96
Mkt Cap (RMb)	1,827.56
Daily Volume (m shares)	6,724.39
Daily Value (RMmil)	2,972.64

TOP 5 GAINERS

	Closing Price (RM)	Chg (RM)
MPI	40.00	0.78
VITROX	16.30	0.62
KESM	12.54	0.62
UNISEM	8.25	0.43
RAPID	8.30	0.40

TOP 5 LOSERS

	Closing Price (RM)	Chg (RM)
MCOM	0.045	-0.30
F&N	30.24	-0.20
CHEETAH	2.48	-0.15
EURO	4.67	-0.13
HLFG	17.48	-0.12

REGIONAL MARKETS

Market	Index	1D (%)	YTD (%)
KLCI	1,585.35	0.2	-2.6
Singapore	3,181.68	0.5	11.9
Thailand	1,596.27	0.1	10.1
Philippines	6,443.09	-1.6	-9.8
Indonesia	6,011.46	0.4	0.5
Hong Kong	28,938.74	2.0	6.3
Korea	3,112.80	0.8	8.3
Taiwan	16,571.28	0.9	12.5
Japan	29,854.00	1.6	8.8
Dow Jones	33,153.21	0.5	8.3
Nasdaq	13,480.11	1.8	4.6

ECONOMIC STATISTICS

	Close	1D (%)	YTD (%)
MYR/USD	4.1395	-0.2	3.0
OPR (%)	1.75	0.0	0.0
BLR (% Maybank)	5.40	0.0	0.0
NYMEX Crude oil			
US spot (US\$/barrel)	61.45	3.9	26.6
CPO spot price (RM/tonne)	4,095.00	-0.4	6.4

SECTOR FOCUS OF THE DAY

Construction: MRT3 news to buoy trading sentiment

Neutral

We upgrade our weighting for the construction sector to NEUTRAL from UNDERWEIGHT following news reports over the weekend, quoting Transport Minister Datuk Seri Dr Wee Ka Siong that the government, in a recent cabinet meeting, decided to go ahead with the MRT3 project. The implementing agency Mass Rapid Transit Corporation has been given three months to update the studies on the project, including its cost and the construction will begin in 2H2021.

Given a news flow-driven, liquidity-fuelled and risk-on stock market, we believe investors are likely to react positively to the minister's statement. We nonetheless have reservations. The local political landscape remains dynamic, with a strong likelihood of the 15th general election being called immediately after the lifting of the state of emergency on 1 Aug 2021.

Given the government's fiscal constraints, the implementation model of the project may gravitate towards a public-private partnership of which the main contractor may be required to take on certain operating/commercial risk and/or participate in the funding of the project. The construction period may be prolonged to lighten the stress on the government's cash flow which means the earnings impact of the MRT3 project may not be as significant compared with the MRT1 and MRT2.

To reflect the improved trading sentiment towards construction stocks, we raise our benchmark forward target PE for large- and mid-cap contractors to 14x from 12x (except for Gamuda to 13x from 11x) and for small-cap contractors to 9x from 8x. We upgrade Sunway Construction to HOLD while maintaining HOLD for Gamuda, Hock Seng Lee and Kimlun Corp and UNDERWEIGHT for IJM Corp and Econpile. We do not have any top pick. However, for the purpose of anchoring a portfolio, we recommend Gamuda (HOLD; FV RM3.49) and Sunway Construction (HOLD; FV RM1.80).

QUICK TAKE

Plantation Sector: News flow for week 29 Mar to 2 Apr

Neutral

RETAIL RESEARCH

Stocks On Radar: HSS Engineers, MMC Corporation

NEWS HIGHLIGHTS

Covid-19: Malaysia to continue using AstraZeneca vaccine

Pharmaniaga: It's all systems go with digitalised supply chain

M&A: Rival group makes fully financed, roughly US\$680mil bid for tribune

Airlines: France, Brussels have agreed on Air France-KLM refinancing — minister

DIRECT BUSINESS TRANSACTIONS ON BURSA MALAYSIA

Stock	Quantity (‘000)	Price (RM)	Turnover (RM’000)
SYMLIFE	43,000	0.814	34,990
MMAG	27,250	0.145	3,950
CONNECT	20,000	0.220	4,400
MMIS	7,500	0.100	750
TAWIN	3,390	0.381	1,290
PARLO	1,670	0.330	551
HONGSENG	1,050	1.314	1,380
LAMBO	1,050	0.030	32
FSBM	800	0.200	160
SOLUTN	400	1.390	556
ATLAN	300	2.900	870
RAPID	191	7.801	1,490
JAG	70	0.520	36
IPMUDA	55	1.200	65
BJCORP	50	0.600	30

News Highlights

Covid-19

Malaysia to continue using AstraZeneca vaccine

Malaysia will continue to use the AstraZeneca Covid-19 vaccine as the incidences involving the vaccine are rare and thus, the benefits outweigh the risks, said Health Director-General Tan Sri Dr Noor Hisham Abdullah yesterday.

Earlier, National Covid-19 Immunisation Programme Coordinating Minister Khairy Jamaluddin said the government has prepared several backup plans, if the use of the AstraZeneca Covid-19 vaccine is postponed. — *Bernama*

Pharmaniaga (RM3.26)

It's all systems go with digitalised supply chain

Pharmaniaga Bhd has forked out about RM20mil over the last four years to fully-digitalise its logistic supply chain which has been useful in the distribution of 200,000 Sinovac Covid-19 vaccines nationwide so far.

With millions of Covid-19 doses needed in the country, group managing director Zulkarnain Md Eusope said digitalising the supply chain would potentially reduce the wastage of the vaccines. — *StarBiz*

M&A

Rival group makes fully financed, roughly US\$680mil bid for Tribune

A Maryland hotel magnate and a Swiss billionaire have made a bid for Tribune Publishing Co that the newspaper chain is expected to favour over a takeover deal it already struck with hedge fund Alden Global Capital LLC.

A special committee of Tribune's board has determined that a roughly US\$680mil, US\$18.50-a-share bid submitted late last week by Choice Hotels International Inc chairman Stewart Bainum and Hansjörg Wyss is reasonably likely to lead to a proposal that is superior to Alden's US\$635mil deal, people familiar with the matter said. That is legal deal-speak indicating Alden will likely need to raise its bid or risk losing the deal. — *WSJ.com*

Airlines

France, Brussels have agreed on Air France-KLM refinancing — minister

The French government has reached the outline of a deal with the European Commission on a state-backed refinancing package to help strengthen Air France-KLM's balance sheet, Finance Minister Bruno Le Maire said on Sunday.

Le Maire declined to comment on the amount involved. Air France-KLM, which last year received €10.4bil (US\$12.2bil) in government-backed loans, has been discussing a multi-stage recapitalisation plan to lighten the resulting debt load, sources have said. — *Reuters*

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