



AmInvestment Bank

AmWatch

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BURSA MALAYSIA

KLCI	1,673.48 (+1.94)
52-Week Range	1,600.92 - 1,729.13
Mkt Cap (RMb)	1,708.93
Daily Volume (m shares)	1,843.15
Daily Value (RMmil)	2,340.21

TOP 5 GAINERS

	Closing Price (RM)	Chg (RM)
UTDPLT	28.00	0.50
KLK	24.34	0.24
ENRA	2.60	0.20
ALLIANZ	10.98	0.18
BLDPLNT	8.63	0.18

TOP 5 LOSERS

	Closing Price (RM)	Chg (RM)
BAT	46.04	-0.30
PETGAS	20.64	-0.24
AEONCR	15.40	-0.22
LAFMSIA	6.73	-0.17
MBMR	2.30	-0.17

REGIONAL MARKETS

Market	Index	1D	YTD
KLCI	1,673.48	0.1%	-1.1%
Singapore	3,044.08	-0.8%	5.6%
Thailand	1,572.67	-0.2%	22.1%
Philippines	7,225.91	0.0%	3.9%
Indonesia	5,353.71	0.5%	16.6%
Hong Kong	23,184.52	-0.6%	5.8%
Korea	2,071.01	-0.5%	5.6%
Taiwan	9,428.97	-0.2%	13.1%
Japan	18,914.58	-1.2%	-0.6%
Dow Jones	19,884.91	0.0%	14.1%
Nasdaq	5,636.20	-0.1%	12.6%

ECONOMIC STATISTICS

	Close	1D	YTD
RM/US\$	4.42	0.0%	-3.0%
OPR (%)	3.00	0.0%	-7.7%
BLR (% Maybank)	6.85	0.0%	0.0%
NYMEX Crude oil			
US spot (US\$/barrel)	53.54	-0.6%	43.6%
CPO spot price (RM/tonne)	3,300.00	-0.1%	50.0%

STOCK FOCUS OF THE DAY

Batu Kawan : Undervalued gem

Unrated

We believe that Batu Kawan is undervalued. Stripping out the value of Batu Kawan's (BKB) 46.6% shareholding in Kuala Lumpur Kepong (KLK) of RM12.1bil from the former's market capitalisation of RM8.3bil, it appears that the market is not attaching any value to BKB's other assets. We estimate the net asset value of BKB's chemical and property assets at RM603.6mil. At the company level, BKB has gross cash of RM294.4mil and borrowings of RM500mil. BKB is currently trading at a FY16 PE of 25.2x (ex-EI). Assuming BKB's net profit grows by a modest 10% in FY17F, the group is presently trading at a FY17F PE of 22.9x. In contrast, KLK's FY17F PE is 24.6x. As such, BKB is a slightly cheaper entry to KLK. Excluding KLK, BKB's main business activity is its chemical operations. Apart from the chemical activities, BKB is also involved in plantation and property businesses.

BKB's chemical division recorded revenue of RM417mil and pre-tax profit of RM106.7mil in FY16. The group is the largest producer of chlor-alkali chemical products in Malaysia. The group's chlor-alkali products include chlorine, caustic soda and hydrochloric acid. BKB has an annual production capacity of 116,000 tonnes of caustic soda. The group's market share is estimated at 55% to 60%. Average utilisation rate is close to 90%. BKB's chemical plants are located in Perak and Terengganu. On its own, BKB has plantation landbank of 7,758ha in East Kalimantan. BKB has planted areas of 5,278ha currently. The group is applying for HGU (Hak Guna Usaha) licence for another 2,030ha of land. The plantation division recorded revenue of RM85.4mil and pre-tax loss of RM5.7mil in FY16. BKB owns Menara KLK in Mutiara Damansara. The group is also involved in property ventures in Melbourne and Perth via equity stakes of 14.75% to 50%.

Others :

Public Bank : ROE to continue to trend lower moving forward

Hold

STOCKS ON RADAR

MKH, Hibiscus Petroleum, OCK Group, Malaysian Pacific Industries

ECONOMIC HIGHLIGHTS

UK : BOE to adopt the 'wait-and-see' attitude

Malaysia : PMI shedding some light

NEWS HIGHLIGHTS

YTL Corp : Buys Threadneedles Hotel in London

Oil & Gas Sector : Uzma to participate in Petronas' joint industry project

Airline Sector : Demand for air travel up 6.3% in 2016

DIRECT BUSINESS TRANSACTIONS ON THE KLSE

Stock	Quantity (‘000)	Price (RM)	Turnover (RM’000)
BIMB	846	4.290	3,628
FPGROUP	2,000	0.670	1,340
GASMSIA	2,000	2.650	5,300
MAGNA-WB	145	0.680	99
MENANG	500	0.800	400
NETX	3,500	0.010	35
PMETAL	50	2.010	101
SUNREIT	625	1.780	1,113
WEIDA	10,000	1.900	19,000

News Highlights

YTL Corp Bhd (RM1.52/share)

Buys Threadneedles Hotel in London

YTL Corp Bhd's hospitality arm YTL Hotels has bought its fifth property in the UK, Threadneedles Hotel in London. In a press statement, YTL Hotels said the building, its second Autograph Collection property in the country, was formerly the head offices of City and Midland Bank (from the 1880s) but the Grade-II listed Victorian building was immaculately restored to a luxury hotel in 2002 while retaining many of its historic features.

Threadneedles Hotel formed a franchise affiliation with the Autograph Collection by Marriott International in 2013. YTL Hotels said that under the new ownership and the group's decades-long relationship with Marriott International, the hotel would continue to set the benchmark in best of class standards. - *StarBiz*

Oil & Gas Sector

Uzma to participate in Petronas' joint industry project

Uzma Bhd will be participating in Petronas's first Joint Industry Project Agreement (JIP) to develop best-in-class work flows and methodology for simulating field-wide carbon dioxide enhanced oil recovery (CO2 EOR) projects. Uzma said the JIP collaboration with Heriot-Watt University, Petronas Research Sdn Bhd and Institute of Technology Petronas Sdn Bhd marked its first official large-scale venture into a new area of research and development (R & D).

The R&D project will be spearheaded by renowned Professor Kenneth Sorbie of Heriot-Watt University and supported by a team of researchers from the university and Petronas Research with Uzma being the Malaysian oil and gas (O & G) industry's sole participant. (Uzma provides O & G upstream services. - *StarBiz*

Airline Sector

Demand for air travel up 6.3% in 2016

Demand for air travel rose by 6.3% in 2016 compared to 2015 boosted by establishments of new routes by airlines and cheaper return fares, said International Air Transport Association (IATA). Its director-general/chief executive officer, Alexandre de Juniac, said connectivity increased with the establishment of over 700 new routes while a US\$44 (RM195) decrease in average return fares helped make air travel even more accessible. "As a result, a record 3.7 billion passengers flew safely to their destinations," he said in a statement on Thursday. - *StarBiz*

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