

**18 Apr 2024**

# | Daily Digest

**Key indices**

|          | Close  | Chg   | % Chg |
|----------|--------|-------|-------|
| KLCI     | 1,540  | 5     | 0.4   |
| FBM EMAS | 11,577 | 62    | 0.5   |
| DJIA     | 37,799 | 64    | 0.2   |
| NASDAQ   | 15,865 | (20)  | (0.1) |
| FTSE     | 7,860  | 40    | 0.5   |
| HSI      | 16,252 | 3     | 0.0   |
| NIKKEI   | 37,962 | (509) | (1.3) |
| STI      | 3,155  | 10    | 0.3   |
| KOSPI    | 2,584  | (25)  | (1.0) |

Source: Bloomberg

**Market data**

|              | Close | 3MMA  | 12MMA |
|--------------|-------|-------|-------|
| Volume (m)   | 3,452 | 3,875 | 3,492 |
| Value (RM m) | 2,673 | 2,782 | 2,287 |

|                   | Close | Prev  | % Chg |
|-------------------|-------|-------|-------|
| CPO               | 4,265 | 4,308 | -1.0  |
| RM/ US\$          | 4.79  | 4.80  | -0.1  |
| Crude oil (brent) | 89.8  | 90.0  | -0.2  |
| MGS 10 yr         | 3.95  | 3.92  | 1.0   |

Source: Bloomberg, CIMB Securities

**Relative performance**
**(CIMB Securities)**

| Top gainers (%) | 1M  | 3M   | 12M  |
|-----------------|-----|------|------|
| SP SETIA        | 25  | 54   | 111  |
| BERJAYA FOOD    | 24  | 11   | (30) |
| MAH SING        | 17  | 36   | 85   |
| KOSSAN          | 14  | (1)  | 44   |
| MUHIBBAH        | 14  | 4    | 14   |
| AEON CREDIT     | 12  | 15   | 6    |
| MBM             | 11  | 9    | 27   |
| MRCB            | 11  | 23   | 84   |
| BUMI ARMADA     | 9   | 8    | (20) |
| MEGA FIRST      | 9   | 12   | 16   |
| Top losers (%)  | 1M  | 3M   | 12M  |
| GENTING (M)     | (9) | (5)  | (8)  |
| AIRASIA X       | (7) | (33) | (6)  |
| AXIATA          | (7) | (1)  | (19) |
| RCE CAPITAL     | (6) | (17) | 32   |
| CELCOMDIGI      | (5) | (4)  | (12) |
| TELEKOM         | (5) | 2    | 14   |
| PHARMANIAGA     | (5) | (13) | 1    |
| YINSON          | (4) | (10) | (18) |
| LBS BINA        | (4) | 5    | 48   |
| PAVILION REIT   | (4) | (2)  | (10) |

Source: Bloomberg

**Construction – Tapping Sarawak’s hydro potential**

We maintain our **Overweight** stance on the construction sector. In this report, we explore Sarawak’s potential to generate hydroelectric capacity from its multitude of rivers and tributaries. The Sarawak Utilities and Telecommunications Ministry has identified ten river basins that it can tap into for the development of its hydropower resources. While there are no clear-cut beneficiaries at this juncture, we note that Gamuda (Buy, TP: RM6.00) intends to finalize the Independent Power Producer (IPP) rates and offtake agreement for the RM4bn Upper Padas Hydroelectric project in Sabah by the middle of this year, with potential for the project’s scope to expand to include a water supply scheme. Additionally, there could also be offtake opportunities for Malayan Cement (Buy, TP:RM5.50), which is one of only two parties that have signed a MoU with the state government for the supply of cement.

**| News Headlines**

- HeiTech Padu seeks to raise RM23m via private placement
- Reservoir Link’s 51%-owned unit bags RM22m subcontract job for solar farm in Kulim
- Menang Corp to take up 20% stake in Indonesian healthcare JV
- Malayan Flour Mills invests RM100m in FY2024, installs milling line in Perak
- LBS Bina declares higher annual dividend of 2.7 sen
- Keyfield International’s 4Q net profit surges 72% ahead of Main Market listing

## Newsflow

### **HeiTech Padu seeks to raise RM23m via private placement**

HeiTech Padu Bhd is looking to raise up to RM22.98m via a private placement. The proceeds raised will mainly be utilised for working capital, and payment to suppliers and creditors. The placement comprises 10.12m shares or 10% of the group's enlarged share base. The group recently made headlines after securing a three-year contract valued at RM190.01m to provide maintenance and technical support services for JPJ. *[The Edge]*

### **Reservoir Link's 51%-owned unit bags RM22m subcontract job for solar farm in Kulim**

Reservoir Link Energy Bhd's 51%-owned subsidiary Founder Energy Sdn Bhd (FESB) has secured a RM22m subcontract job for a 50 MW alternating current solar farm in Kulim, Kedah. Under the subcontract, FESB will supply labour, hand tools, materials and the necessary machinery and equipment for the execution and completion of EPCC. The works should commence on March 18, 2024, and are scheduled to be completed on March 31, 2025. *[The Edge]*

### **Menang Corp to take up 20% stake in Indonesian healthcare JV**

Menang Corp (M) Bhd said it had signed an agreement to acquire 20% of an Indonesian healthcare joint venture (JV) for RM4m. The company also agreed to subscribe up to 30m preference shares for RM30m in the JV, Alpro Menang Ventures Sdn Bhd. The investment presents an opportunity for the company and its subsidiaries to form a strategic partnership with ALA in venturing into the healthcare and wellness business in the thriving Indonesian market. *[The Edge]*

### **Malayan Flour Mills invests RM100m in FY2024, installs milling line in Perak**

Malayan Flour Mills Bhd (MFM) is investing a total of RM100m in the FY24, of which RM32.0m will be used to install a new milling line in Lumut. The new milling line will have the latest, more efficient, cost-effective technology. It will also raise the existing 1,800m tonnes daily capacity by another 600m tonnes. The balance of RM60.0m will be to construct and install flour silos and flour blending facilities in Mekong Flour Mills Ltd in southern Vietnam. *[The Edge]*

### **LBS Bina declares higher annual dividend of 2.7 sen**

LBS Bina Group Bhd has declared total dividends of 2.7 sen per share for the FY23, comprising a first interim dividend of 1.35 sen and a final dividend of 1.35 sen. The interim dividend will be paid on July 16, while the final dividend will be paid on Sept 2. The 2.7 sen payout for FY23 is higher than the 2.45 sen per share paid for FY22. LBS Bina's net profit rose 9.13% to RM140.27m for FY23, from RM128.54m a year earlier. *[The Edge]*

### **Keyfield International's 4Q net profit surges 72% ahead of Main Market listing**

Keyfield International Bhd reported a 72.43% surge in its 4Q net profit, driven by higher vessel utilisation and charter rates. Net profit for the 4QFY23 totalled RM22.12m, compared to RM12.83m in the same period a year earlier. Revenue grew 76.82% yoy to RM119.53m. Keyfield expects supply conditions for offshore vessels, particularly accommodation workboats to remain tight in 2024 due to a shortage of vessels to support offshore activities. *[The Edge]*

## Forthcoming Events

| Date           | Event  |
|----------------|--|
| 22 Apr 2024    | International Reserves of BNM as at 15 April 2024                  |
| 30 Apr 2024    | Monthly Highlights & Statistics for March 2024                     |
| 30 Apr 2024    | Detailed Disclosure of International Reserves as at end-March 2024 |
| 8 May 2024     | International Reserves of BNM as at 30 April 2024                  |
| 9 May 2024     | Monetary Policy Statement 3rd/2024                                 |
| 17 May 2024    | Economic & Financial Developments in the 1st Quarter 2024          |
| 23 May 2024    | International Reserves of BNM as at 15 May 2024                    |
| 28-29 May 2024 | Global Forum on Islamic Economics & Finance                        |
| 31 May 2024    | Detailed Disclosure of International Reserves as at end-April 2024 |
| 31 May 2024    | Monthly Highlights & Statistics for April 2024                     |

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Source: Bank Negara, CIMB Securities

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| <b>Stock Rating</b>  | <b>Definition</b>  |
|----------------------|--|
| <b>Buy</b>           | The stock's total return is expected to exceed 10% over the next twelve (12) months.   |
| <b>Hold</b>          | The stock's total return is expected to be between 0% and positive 10% over the next twelve (12) months.   |
| <b>Reduce</b>        | The stock's total return is expected to fall below 0% or more over the next twelve (12) months.  |
|                      | <i>Note: The total expected return of a stock is defined as the sum of:</i><br>(a) <i>the percentage difference between the target price and the current price; and</i><br>(b) <i>the forward net dividend yields of the stock. Stock price targets have an investment horizon of twelve (12) months</i> |
| <b>Sector Rating</b> | <b>Definition</b>  |
| <b>Overweight</b>    | An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.  |
| <b>Neutral</b>       | A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.   |
| <b>Underweight</b>   | An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.   |

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