

22 Mar 2024

| Daily Digest

Key indices

	Close	Chg	% Chg
KLCI	1,541	6	0.4
FBM EMAS	11,536	52	0.4
DJIA	39,512	401	1.0
NASDAQ	16,369	203	1.2
FTSE	7,834	96	1.2
HSI	16,863	320	1.9
NIKKEI	40,816	812	2.0
STI	3,214	36	1.1
KOSPI	2,755	65	2.3

Source: Bloomberg

Market data

	Close	3M	12M	MMA
Volume (m)	3,983	4,165	3,430	
Value (RM m)	2,907	2,840	2,215	

	Close	Prev	% Chg
CPO	4,365	4,343	0.5
RM/ US\$	4.71	4.74	-0.5
Crude oil (brent)	86.3	86.0	0.4
MGS 10 yr	3.88	3.89	-0.2

Source: Bloomberg, CIMB Securities

Relative performance
(CIMB Securities)

Top gainers (%)	1M	3M	12M
SP SETIA	46	54	97
ECONPILE	31	55	134
E&O	25	63	214
MAH SING	22	27	69
KPJ	16	25	57
JENTAYU	16	(25)	5
MPI	15	1	(2)
UNISEM	14	2	7
MAHB	14	16	22
MEGA FIRST	14	11	16
Top losers (%)	1M	3M	12M
ASTRO	(19)	(31)	(62)
AIRASIA X	(16)	(32)	(6)
COASTAL	(15)	(17)	(37)
PHARMANIAGA	(15)	(17)	0
CTOS DIGITAL BHD	(12)	(15)	(7)
TAN CHONG	(12)	(17)	(31)
MALAKOFF	(10)	(7)	(17)
TAKAFUL MSIA	(8)	(10)	2
TUNE PROTECT	(7)	(18)	(25)
RCE CAPITAL	(7)	(8)	47

Source: Bloomberg

Axiata Group – Edotco: Bumps in the road but still solid

We expect Edotco's FY24-25F core net profit to be hit by the sale of Edotco Myanmar, with growth resuming in FY26F. We think its capital raising exercise may be completed within the next 6-9 months, helping to illuminate its current value and pare net debt/ EBITDA substantially. We cut Axiata's FY24-26F core EPS by 4.5-5.5% due to our revised Edotco earnings forecast. However, we raised our SOP-based TP by 7% to RM3.20, after updating for Edotco's higher fair value (now on 10x EV/EBITDA). Maintain Buy on Axiata. Key re-rating catalyst: strong FY25-26F core EPS recovery.

| News Headlines

- SunCon secures RM748 mil job to build data centre in Selangor
- Ministry defends phase one of national flood warning system, says effective rate 62%
- MGB bags RM207.03 mil property development project in Sepang
- Binasat unit clinches RM58.26 mil cable systems contract from TNB
- Service tax set to weigh on marine MRO price competitiveness, say industry associations

Newsflow

SunCon secures RM748 mil job to build data centre in Selangor

Sunway Construction Group Bhd (SunCon) said it has on Thursday secured a RM747.8 million job to construct a data centre in Selangor. The group said its wholly owned unit Sunway Construction Sdn Bhd entered into a projects of services request with a US-headquartered multinational technology corporation for the job. SunCon, which announced the project in a filing with Bursa Malaysia, did not provide the name and other details of the multinational corporation [The Edge]

Ministry defends phase one of national flood warning system, says effective rate 62%

The National Flood Forecasting and Warning Programme (PRAB) Phase 1 has successfully developed hydrological data and flood warnings for use by various flood management agencies in preparation for such disasters, said the Ministry of Energy Transition and Water Transformation (Petra). In a statement on Thursday, it said that with a cost of RM129 million, the ministry through the Department of Irrigation and Drainage (JPS) has also developed infrastructure and systems for the implementation of PRAB in river basins in Terengganu, Kelantan, and Pahang. [The Edge]

MGB bags RM207.03 mil property development project in Sepang

Construction firm MGB Bhd has secured a contract worth RM207.03 million to undertake a two-phase property development project in Sepang, Selangor. MGB accepted the project via its wholly owned MGB Construction & Engineering Sdn Bhd, which had accepted the letter of award from Anuar Aziz Architect on behalf of Astana Modal Sdn Bhd. Astana Modal is an indirect subsidiary of LBS Bina Group Bhd, which is a major shareholder of MGB with a 58.65% stake, thus making the new contract a related party transaction, MGB's bourse filing showed. [The Edge]

Binasat unit clinches RM58.26 mil cable systems contract from TNB

Telecommunication support services provider Binasat Communications Bhd has bagged an RM58.26 million contract to supply and install cable systems from Tenaga Nasional Bhd (TNB). In a bourse filing on Thursday, Binasat said the contract is for the double-circuit underground cable from Pencawang Masuk Utama (PMU or substation) Titiwangsa to PMU Genting Kelang, and from PMU Genting Kelang to PMU Kampung Lanjut. [The Edge]

Service tax set to weigh on marine MRO price competitiveness, say industry associations

The introduction of the service tax on repair and maintenance is set to increase operational costs for ship repair, and maintenance, repair and overhaul (MRO) activities, while potentially weighing on domestic industry players' competitiveness on the global stage. Beginning March 1, the service tax was widened to include repair and maintenance at a rate of 8%. In a joint statement on Thursday, five marine industry stakeholders' associations said with the escalation of tax costs in Malaysia, they may be forced to revisit their pricing strategies to ensure operational sustainability. [The Edge]

Forthcoming Events

Date	Event
22 Mar 2024	International Reserves of BNM as at 15 March 2024
29 Mar 2024	Detailed Disclosure of International Reserves as at end-February 2024
29 Mar 2024	Monthly Highlights & Statistics for February 2024
5 Apr 2024	International Reserves of BNM as at 29 March 2024

Source: Bank Negara, CIMB Securities

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Buy	The stock's total return is expected to exceed 10% over the next twelve (12) months.
Hold	The stock's total return is expected to be between 0% and positive 10% over the next twelve (12) months.
Reduce	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> (a) <i>the percentage difference between the target price and the current price; and</i> (b) <i>the forward net dividend yields of the stock. Stock price targets have an investment horizon of twelve (12) months</i>
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Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
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