

**25 Mar 2024**

# | Daily Digest

## Key indices

	Close	Chg	% Chg
KLCI	1,542	1	0.1
FBM EMAS	11,555	19	0.2
DJIA	39,781	269	0.7
NASDAQ	16,402	32	0.2
FTSE	7,947	64	0.8
HSI	16,499	(364)	(2.2)
NIKKEI	40,888	73	0.2
STI	3,218	(2)	(0.1)
KOSPI	2,749	(6)	(0.2)

Source: Bloomberg

## Market data

	Close	3MMA	12MMA
Volume (m)	5,091	4,198	3,438
Value (RM m)	2,688	2,854	2,218

  

	Close	Prev	% Chg
CPO	4,376	4,365	0.3
RM/ US\$	4.74	4.72	0.5
Crude oil (brent)	85.6	85.8	-0.2
MGS 10 yr	3.85	3.88	-0.6

Source: Bloomberg, CIMB Securities

## Relative performance

### (CIMB Securities)

Top gainers (%)	1M	3M	12M
SP SETIA	53	61	106
ECONPILE	32	53	131
MAH SING	23	29	72
E&O	19	61	204
KPJ HEALTHCARE	18	27	61
JENTAYU	17	(27)	2
MAHB	13	17	23
MEGA FIRST	12	12	16
UEM SUNRISE	12	32	325
LBS BINA	11	19	72

  

Top losers (%)	1M	3M	12M
ASTRO MALAYSIA	(19)	(30)	(61)
AIRASIA X	(16)	(32)	(15)
CTOS DIGITAL	(13)	(14)	(10)
COASTAL	(13)	(15)	(36)
PHARMANIAGA	(12)	(14)	5
TOP GLOVE	(12)	(19)	(23)
TAN CHONG	(11)	(17)	(27)
TUNE PROTECT	(9)	(20)	(26)
STMB	(9)	(11)	0
MAXIS	(8)	(14)	(20)

Source: Bloomberg

## WCT Holdings – Change is in the air?

We **keep** our **Buy** call on WCT with an unchanged TP of **RM0.72**. We believe that the signing of a new OA between MAHB and the government may finally clear the path for the proposed SARP to take-off. Through its existing concession agreement with MAHB (via 60%-owned SSSB), we posit that WCT could emerge as a key beneficiary of the RM3.7bn redevelopment project, with potential orderbook accretion to boot.

## Yinson Holdings – 4QFY24 core EPS fell on weaker EPCIC

Yinson's 4QFY24 core net profit decreased by 20.1% qoq to RM227m. This brings FY24 core net profit to RM944m (+35.3% yoy) driven by higher EPCIC revenue, contributed by FPSO Agogo and FPSO Atlanta. This was above our expectations as we had earlier assumed zero contribution from EPCIC, though in line with consensus at 98%. Final DPS was kept at 1 sen, bringing FY24 DPS to 3 sen (FY23: 2 sen), below our forecast of 4.4 sen. Post-4QFY24 results, we raised core net profit for FY25F by 34% to incorporate the balance of EPCIC works but keep it relatively unchanged for FY26F as we have assumed no further EPCIC works on new FPSOs. Overall, we anticipate Yinson's FY25-26F core net profit to decline at a 2-year CAGR of 12%, primarily due to a drop in EPCIC contribution, partly offset by production contributions from FPSO Atlanta and Maria Quiteria. **Maintain Buy** with SOP-based TP lowered by 2% to **RM2.94**.

## | News Headlines

- Velesto bags two-year contract extension worth US\$265m from Petronas Carigali
- Maxim's 51%-owned unit to buy land near Bukit Chagar from S P Setia for RM167m cash
- EcoFirst alleges conspiracy in award of now-terminated contract to Kerjaya Prospek
- DXN sees profitable Brazil ops by 2025, may be main revenue source in next five years
- Delay in implementing targeted subsidies would cost govt RM2b a month in blanket petrol subsidies, says Rafizi
- Expensive flights become new normal on US\$5 tril green transition

## Newsflow

### **Velesto bags two-year contract extension worth US\$265m from Petronas Carigali**

Velesto Energy Bhd, through its wholly-owned subsidiary Velesto Drilling Sdn Bhd (VDSB), has secured a two-year contract extension for the provision of three jack-up rigs to Petronas Carigali Sdn Bhd, for a total contract value of US\$265 million (about RM1.26 billion). In a filing with Bursa, the group announced that the notice of assignment for the jack-up rigs, being Naga 2, Naga 4 and Naga 6, began on Feb 7, 2024 and will continue until Feb 6, 2026, inclusive of the continuation from the current drilling campaign, as per their previous notices of assignment dated Jan 11, 2024, March 7, 2023 and June 2, 2023. Individually, the contract value is worth US\$73.04 million for Naga 2, US\$94.88 million for Naga 4 and US\$97.08 million for Naga 6. *[The Edge]*

### **Maxim's 51%-owned unit to buy land near Bukit Chagar from S P Setia for RM167m cash**

Maxim Global Bhd announced that its 51%-owned unit Maxim Pelangi Sdn Bhd (MPSB) is acquiring a parcel of land in Taman Maju Jaya, Johor Bahru, for RM167 million cash. Bukit Chagar — the location of the Johor-Singapore Rapid Transit System (RTS) station that is currently under construction — is in the immediate vicinity of the land purchased by MPSB, according to a bourse filing. The vendor of the 26,329 sq m freehold land in Taman Maju Jaya is Pelangi Sdn Bhd, a wholly owned subsidiary of I&P Group Sdn Bhd, which in turn is fully owned by S P Setia Bhd, the filing said. *[The Edge]*

### **EcoFirst alleges conspiracy in award of now-terminated contract to Kerjaya Prospek**

EcoFirst Consolidated Bhd is alleging that its former directors had conspired with Kerjaya Prospek Group Bhd in the award of a RM404.35 million residential development project in June last year, which was subsequently terminated in November. After the termination, Kerjaya Prospek filed a lawsuit against EcoFirst's wholly-owned unit, BCM Holdings Sdn Bhd, claiming RM20 million in termination damages. BCM subsequently filed a counterclaim against Kerjaya Prospek, while including its former chief executive officer and executive director Datuk Tiong Kwing Hee, as well as substantial shareholder Tan You Tiong as defendants. *[The Edge]*

### **DXN sees profitable Brazil ops by 2025, may be main revenue source in next five years**

Health supplement firm DXN Holdings Bhd expects its Brazil operations to turn profitable by 2025, with potential to become its main market by revenue in the next five years. Brazil's large population and the size of its economy makes it competitive when compared to other markets in South America, chief executive officer Teoh Hang Ching said at an investor briefing on Friday. The company is also present in Bolivia and Peru, which together accounts for over 40% of its annual revenue. "Brazil in the next five years will be one of our top markets because we have strong network marketing by our members," Teoh said. *[The Edge]*

### **Delay in implementing targeted subsidies would cost govt RM2b a month in blanket petrol subsidies, says Rafizi**

The government will have to bear at least RM2 billion a month for blanket petrol subsidies if it continues to delay the implementation of targeted subsidies, says Economy Minister Rafizi Ramli. He said as announced in the

last budget, the government needed to adhere to the scheduled restructuring of bulk subsidies to targeted subsidies this year. Therefore, he said the government did not intend to extend the March 31 deadline for registration and updating of information on the Central Database Hub (Padu). "It would be better if this RM2 billion (per month) was channelled in the form of assistance to (deserving) families," he said during the Padu public dialogue session here on Saturday. *[The Edge]*

### **Expensive flights become new normal on US\$5 tril green transition**

The global airline industry has long warned passengers they'll eventually have to pay some of the US\$5 trillion (RM23.42 trillion) cost of decarbonising air travel. The moment has come. Singapore's government has announced a tax on air fares to fund purchases of pricey sustainable aviation fuel, while Malaysia has authorised carriers to charge people a carbon levy from next month. In Europe, airlines this year lose one quarter of their free emissions allowance, the first in a series of reductions that's already estimated to be adding to ticket prices. "We've entered a new era," said Rico Luman, a transport, logistics and automotive economist at ING Groep NV in Amsterdam. "Flying will turn more expensive." *[The Edge]*

# Forthcoming Events

Date	Event
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
22 Apr 2024	International Reserves of BNM as at 15 April 2024

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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) the percentage difference between the target price and the current price; and (b) the forward net dividend yields of the stock. Stock price targets have an investment horizon of twelve (12) months
<b>Sector Rating</b>	<b>Definition</b>
Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

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