

Bulletin Today

Bursa Malaysia

Index	Closing	Pts Chg	% Chg
FBM-KLCI	1,538.80	(17.13)	(1.10)
Volume: Total (mil):	3,613.37	1211.35	50.43
Total Value (RM' mil):	2,505.76	597.58	31.32
Gainers	209		
Losers	874		
Unchanged	336		

TRADE STATISTICS

Participation		Bought	Sold	Net
46.35	Institution	1,182	1,141	41
26.23	Retail	709	605	104
27.42	Foreign	614	760	(145)
100.00		2,506	2,506	

FTSE-BURSA MALAYSIA

Index	Closing	Pts Chg	% Chg
FBM 70	12,966.84	(287.73)	(2.17)
FBM 100	10,640.48	(145.45)	(1.35)
FBM Palm Oil - NC	12,832.68	(400.55)	(3.03)
FBM Smallcap	15,730.73	(382.94)	(2.38)
FBM Emas	10,953.04	(159.30)	(1.43)
FBM Fledgling	19,906.56	(265.40)	(1.32)

WORLD

Index	Closing	Pts Chg	% Chg
Dow Jones	31,730	(104)	(0.33)
Nasdaq	11,371	7	0.06
FTSE 100	7,233	(114)	(1.56)
Nikkei 225	25,749	(465)	(1.77)
Hang Seng	19,380	(444)	(2.24)
Korea Kospi	2,572	22	0.88
Singapore STI	3,165	(61)	(1.89)
Thailand SET	1,585	(29)	(1.79)
Jakarta	6,600	(216)	(3.17)
Shanghai	3,055	(4)	(0.12)
Shenzen	1,922	3	0.16

KLCI FUTURES

Index	Closing	Pts Chg	% Chg	Volume
FBM-KLCI	1,538.80	(17.13)	(1.10)	207m
FKLI - May 22	1,535.00	5.00	0.33	227
FKLI - Jun 22	1,534.50	5.50	0.36	11
FKLI - Sep 22	1,519.00	(26.00)	(1.68)	42
FKLI - Dec 22	1,526.00	4.50	0.30	2

FOREX & COMMODITIES

	Closing	Pts Chg	% Chg
CPO Futures (Jul)	6,342.00	(134.00)	(2.07)
Brent (USD/b)	108.18	0.73	0.68
Gold (USD/Ounce)	1,821.82	(30.58)	(1.65)
USD/RM	4.3927	(0.0013)	(0.03)
SGD/RM	3.1456	(0.0014)	(0.04)
JPY/RM	3.4213	0.0550	1.63

HIGHLIGHTS

- ◆ The Dow dipped 103.81 points or 0.3% to 31,730.30 but the Nasdaq inched up 6.73 points or 0.1% to 11,370.96
- ◆ PENTAMASTER CORPORATION BERHAD – 1QCY22: BUY, TP: RM4.05
- ◆ KELINGTON GROUP BHD- WINS RM80M UHP JOB IN BEIJING: BUY, TP: RM1.45
- ◆ U.S. producer prices increase in line with estimates in April
- ◆ U.S. weekly jobless claims unexpectedly inch higher
- ◆ UK GDP growth slows in 1Q2022
- ◆ Kein Hing to construct RM5.0m factory in Vietnam as part of future expansion plans
- ◆ Yinson, Plus Xnergy in JB to develop 250MW of solar projects
- ◆ Gas Malaysia's 1QCY22 net profit grows 64% Y-o-Y on higher gross profit, lower administrative expenses, JV companies' contribution
- ◆ Greatech's 1QCY22 net profit tumbles 38.0% Y-o-Y to RM28.9m despite revenue rise

THE SLANT

- ◆ Despite holding steady in the morning session, renewed selling in the afternoon session resulted in the key index tumbling below the psychological 1,550 level as market conditions turned more cautious following the Central Bank's interest rate hike. The selling was rife with losers overwhelming gainers on more than a 3-to-1 ratio as the lower liners and broader market shares also saw heavy selling. The intensified selling was also reflected in the volumes spike to above 3.0b shares for the day.
- ◆ The near-term outlook remains cautious with market players awaiting for the release of the country's 1Q2022 GDP data today that would provide a gauge on its economic direction for the rest of the year. As it is, market conditions are already frail on concerns over the state of the economy that is experiencing high inflation and supply shortages. This is leaving market sentiments guarded with the near-term direction looking uncertain. With the key index slipping below its key technical support, the downside risk has also increased, and this could see further near-term downsides. Although there could be some bouts of buying support and bargain hunting, it is unlikely to provide much solace due to the prevailing weak sentiments. The supports are now pegged at 1,533 and 1,525 points, while the resistances are at 1,545 points and the 1,550 level respectively.

- ◆ Conditions in the broader market shares will also remain unsettled heading into the long weekend. As such, their downward bias remains due to the continuing weak market sentiments. With most market players to remain on the sidelines, the buying support is also likely to stay tepid for longer.

COMPANY UPDATE

PENTAMASTER CORPORATION BERHAD – 1QCY22: BUY, TP: RM4.05

CYE Dec (RM m)	1QCY22	1QCY21	YoY chg (%)	4QCY21	QoQ chg (%)
Revenue	146.0	115.2	26.8	122.5	19.2
PBT	33.3	26.6	25.4	33.1	0.5
PATAMI	20.4	16.1	26.9	19.7	3.8
EPS (sen)	2.9	2.3	26.9	2.8	3.8

Pentamaster's earnings came in within expectations, accounting for 97% and 90% of ours and consensus earnings respectively. We maintain our earnings estimate for CY22/23. 1QCY22 PATAMI increased 26.9% Y-o-Y to RM20.4m, underpinned by higher revenue contribution from ATE solutions unit within the automotive segment.

On Q-o-Q basis, PATAMI were marginally higher by 3.8% despite higher revenue growth of 19.2% Q-o-Q, because of pressures from key components shortages and higher logistics costs. However, we remain bullish on Pentamaster's growth prospect for CY22. We retain Pentamaster's **BUY** recommendation but lower our **TP** to **RM4.05** (-RM0.70), based on a lower target PER of 29x (from 34x) pegged to an unchanged CY22 EPS. The PER revision is due to systematic shift in valuation, where rising interest rate to combat inflation is pressuring technology growth stocks.

Kelington Group Bhd- Wins RM80m UHP job in Beijing: BUY, TP: RM1.45

Kelington Group Bhd's (KGB) subsidiary, Kelington Engineering (Shanghai) Co Ltd has clinched a 123m renminbi (about RM80m) contract to perform gas hook up work in Beijing, China. The contract was awarded by China's largest semiconductor foundry. We understand that KGB did not secure the contract during the tender process and was called up for its expertise to complete the project. KGB has previously secured several projects from China's largest semiconductor foundry.

Inclusive of this contract, the company has secured new orders amounting to RM427m so far in CY22, accounting to 62% for our orderbook replenishment target of RM650m. However, we cut our CY22 earnings estimate by 9.0% owing to slower project progression on its Sarawak contract and UPH contracts in Shanghai due to the Covid lockdown since March 2022. However, we raise CY23's earnings by 10% after fine-tuning our projected revenue recognition timeline.

We also reiterate our **BUY** recommendation but lower our **TP** to **RM1.45** (-RM0.45) based on a lower target PER of 22x (previous 27x) to our revised CY22's EPS. The PER revision is due to the systematic shift in valuation, where rising interest rate to combat inflation pressured technology growth stocks' valuation lower.

GLOBAL AND ECONOMIC UPDATE

- ◆ U.S. stocks saw substantial volatility over the course of the trading day on Thursday before ending the day little changed. The Dow dipped 103.81 points or 0.3% to 31,730.30 but the Nasdaq inched up 6.73 points or 0.1% to 11,370.96. [RTT News](#)
- ◆ **U.S. producer prices increase in line with estimates in April**
Producer prices in the U.S. increased by 0.5% M-o-M in April after surging by an upwardly revised 1.6% in March, in line with economists' estimates, according to a report released by the Labor Department. [RTT News](#)
- ◆ **U.S. weekly jobless claims unexpectedly inch higher**
The Labor Department said first-time claims for U.S. unemployment benefits unexpectedly crept up to 203,000 in the week ended May 7, an increase of 1,000 from previous week's revised level of 202,000. [RTT News](#)
- ◆ **UK GDP growth slows in 1Q2022**
The UK GDP advanced 0.8% Q-o-Q in 1Q2022 on weaker spending amid the rising cost of living, slower than the 1.3% increase in the 4Q2021 and the economists' forecast of 1.0%, according to data released by the Office for National Statistics. [RTT News](#)

CORPORATE NEWS

- ◆ **Kein Hing to construct RM5.0m factory in Vietnam as part of future expansion plans**
Kein Hing International Bhd is construction a factory worth RM5.0m in Vietnam with a total built-up of approximately 53,000 sq.ft for future expansion of manufacturing business. [The Edge Markets](#)
- ◆ **Yinson, Plus Xnergy in JB to develop 250MW of solar projects**
Yinson Holdings Bhd and Plus Xnergy Holding Sdn Bhd will jointly develop and implement commercial and industrial (C&I) rooftop solar photovoltaic (PV) projects. [The Star Business](#)
- ◆ **Gas Malaysia's 1QCY22 net profit grows 64% Y-o-Y on higher gross profit, lower administrative expenses, JV companies' contribution**
Gas Malaysia Bhd reported a Y-o-Y 64.1% increase in its 1QCY22 net profit to RM91.3m from RM55.6m a year ago, which was in line with higher average natural gas selling price in tandem with global market price, mitigated by lower volume of natural gas sold during 1QCY22. [The Edge Markets](#)

◆ **Greatech's 1QCY22 net profit tumbles 38.0% Y-o-Y to RM28.9m despite revenue rise**

Greatech Technology Bhd said its net profit for 1QCY22 tumbled 38.0% Y-o-Y to RM28.9m, due to the decline in gross profit, share grant expenses and lesser net foreign exchange gain despite its revenue rising 7.4% Y-o-Y to RM102.2m, from RM95.1m a year ago. *The Edge Markets*

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199701033506 (449005-X)
West Wing, Level 13,
Berjaya Times Square,
No.1, Jalan Imbi,
55100 Kuala Lumpur
General Line : 03-2117 1888 Fax : 03-2142 7678