

# Bulletin Today

## BURSA MALAYSIA

Index	Closing	Pts Chg	% Chg
FBM-KLCI	1,404.93	1.95	0.14
Volume: Total (mil):	2,727.58	285.70	11.70
Total Value (RM' mil):	1,873.70	(402.61)	(17.69)
Gainers	376		
Losers	449		
Unchanged	446		

## TRADE STATISTICS

Participation	Bought	Sold	Net
47.95 Institution	927	870	56
29.32 Retail	561	538	23
22.73 Foreign	386	466	(79)
100.00	1,874	1,874	0

## FTSE-BURSA MALAYSIA

Index	Closing	Pts Chg	% Chg
FBM 70	13,581.62	101.62	0.75
FBM 100	10,031.61	28.98	0.29
FBM Palm Oil - NC	10,795.11	78.64	0.73
FBM Smallcap	14,896.52	12.90	0.09
FBM Emas	10,325.05	28.61	0.28
FBM Fledgling	18,644.35	17.00	0.09

## WORLD

Index	Closing	Pts Chg	% Chg
Dow Jones	33,093	329	1.00
Nasdaq	12,976	278	2.19
FTSE 100	7,627	56	0.74
Nikkei 225	31,234	317	1.03
Hang Seng	18,551	(196)	(1.04)
Korea Kospi	2,559	4	0.16
Singapore STI	3,195	(12)	(0.38)
Thailand SET	1,541	10	0.66
Jakarta	6,681	(6)	(0.09)
Shanghai	3,221	9	0.28
Shenzhen	2,002	(10)	(0.51)

## KLCI FUTURES

Index	Closing	Pts Chg	% Chg	Volume
FBM-KLCI	1,404.93	1.95	0.14	150m
FKLI - May 23	1,404.00	0.50	0.04	18,049
FKLI - Jun 23	1,401.50	1.00	0.07	17,771
FKLI - Sep 23	1,391.00	1.00	0.07	125
FKLI - Dec 23	1,391.50	0.50	0.04	15

## FOREX & COMMODITIES

	Closing	Pts Chg	% Chg
CPO Futures (Aug)	3,546.00	(13.00)	(0.37)
Brent (USD/b)	77.07	0.12	0.16
Gold (USD/Ounce)	1,943.19	(3.27)	(0.17)
USD/RM	4.6045	0.0042	0.09
SGD/RM	3.4027	(0.0010)	(0.03)
JPY/RM	3.2783	0.0058	0.18

## HIGHLIGHTS

- U.S. market is closed for the Memorial Day holiday.  
**AWC BHD – 3QFY23: BUY, TP: RM0.60**  
**D&O GREEN TECHNOLOGIES BHD – 1QCY23: NEUTRAL, TP: RM4.13**
- DOSM: Malaysia's producer price index down 3% in April 2023
- Southern Cable** inks RM44.8m battery systems contract from **TM**
- TNB's** 1QCY23 profit up 12.2% Y-o-Y on lower taxes and higher tariff surcharge
- PetChem's** 1QCY23 net profit down 74.4% Y-o-Y as product prices fall, operating costs rise
- AmBank** posts 9.2% Y-o-Y rise in 4QFY23 net profit, declares 12.3 sen dividend
- Allianz Malaysia** proposes 31.5 sen dividend as 1QCY23 net profit gains 14.8% Y-o-Y to RM172.7m
- BAT Malaysia's** 1QCY23 net profit falls 23.0% Y-o-Y on weaker demand due to higher vapour usage
- Padini** pays four sen dividend following 33.0% Y-o-Y jump in 3QFY23 net profit
- International travel upsurge sees **AAX** post 1QCY23 net profit of RM328.0m

## THE SLANT

- The FBM KLCI registered further gains in tandem with the upsides in global indices that were buoyed by the prospects of an agreement in the U.S. debt ceiling negotiations. However, market interest was still largely tepid that resulted in the key index only posting minor gains. Market breath was still negative and traded volumes only improved slightly. Nevertheless, Bursa sector indices were higher as bargain hunting emerged on some of the recent losers, with technology stocks the biggest winner.
- The calmer market conditions could encourage further near-term upsides and allow for the key index to sustain its recovery from its most recent pullback. The upsides could also provide the key index some near-term stability ahead of the last trading session of the month and to find support at above the psychological 1,400 level. With the buying interest still thin, however, the upsides could also remain modest with the key index potentially just nudging higher to the around the 1,408-1,410 levels for the time being. As it is, the ongoing results reporting season is heading to its conclusion, but they have mostly failed to provide the much-needed buying impetus and Malaysian equities are likely to continue drifting for the most part for now. Below the 1,400 support, the other support remains at 1,395 points.

- ◆ The lower liners and broader market shares are also attempting to find some support from their recent consolidation. However, a firmer recovery could still be elusive due to the still cautious market environment that could limit the fresh buying interest.

## RESULTS UPDATE

### AWC BHD – 3QFY23: BUY, TP: RM0.60

FYE June (RM m)	3QFY23	3QFY22	YoY chg (%)	2QFY23	QoQ chg (%)
Revenue	94.9	93.8	1.2	96.3	(1.5)
PBT	8.7	12.2	(28.6)	10.1	(13.9)
PAT	8.7	10.0	(13.3)	8.0	9.3
PATAMI	4.7	7.1	(33.0)	5.7	(17.3)
EPS (sen)	1.5	2.2	(33.0)	1.8	(17.3)

**Missed exactions:** AWC's 9MFY23 earnings were below expectations, accounting for 65% of our full-year earnings. The miss was largely due to lower contribution from the facility management (FM) division on account of the increase in minimum wage, as the group is still in a dialogue with the government for the reimbursement of the higher wage cost for the concession contract. On a Y-o-Y basis, PATAMI fell to RM4.7m, down 33% due to the rise in minimum wage, adversely affecting the FM margins. On a Q-o-Q basis, PATAMI fell due to: (1) higher minimum wage, (2) lower contribution from the rail division, and (3) an increased in allowance of receivables and inventories of RM0.46m vs. RM0.14m in 2QFY23.

Pending further details on its results, we maintain our **BUY** recommendation with a **TP** of **RM0.60**, based on an SoTP valuation parameter pegged to our FY23 earnings forecast.

### D&O GREEN TECHNOLOGIES BHD – 1QCY23: NEUTRAL, TP: RM4.13

RM m	1QCY23	1QCY22	YoY chg (%)	4QCY22	QoQ chg (%)
Revenue	214.7	241.6	-11.1	247.2	-13.1
PBT	-1.2	39.2	-103.1	12.5	-109.6
PATAMI	0.9	30.5	-97.2	13.6	-93.6
EPS (sen)	0.1	2.5	-97.2	0.9	-92.6

**Y-o-Y.** Revenue continues to decline for two straight quarters and in 1QCY23, it declined by 11.1% to RM214.7m, from RM241.6m in the same quarter last year, mainly hit by an approximate 21.0% drop in sales of China-manufactured car, as well as an overhang of car inventory in China. Impacted by the weak China's automotive market, the group also posted a loss before tax of RM1.2m, against a profit of RM39.2m last year, due to the reduced gross profit margin of 15.8%, from 27.9%, combined with an increase in inventory impairment. Despite that, the group reported a PATAMI of RM0.9m, thanks to the recognition of unutilised capital allowance and reinvestment allowance from its capital expenditure.

**Q-o-Q.** Revenue decreased 13.1% following a seasonally weak quarter due to Lunar New Year holidays where China's car sales fell 33.0%. In tune with the decline in revenue, its PATAMI also dropped sharply by 93.6%.

1QCY23's earnings were significantly below our expectation. Despite the weaknesses in the global automotive market, it has shown a recovery trend in the past three months. The group is well-positioned to capitalise on the anticipated recovery in China's car sales with its expanded capacity. As such, we maintain our **NEUTRAL** recommendation on D&O with the same **TP** of **RM4.13**, by pegging an unchanged 32.0x target PER to our unchanged CY23F EPS.

## GLOBAL AND ECONOMIC UPDATE

- ◆ The U.S. market is closed for the Memorial Day holiday.
- ◆ **DOSM: Malaysia's producer price index down 3% in April 2023**  
Malaysia's producer price index (PPI) declined by 3% in April, from -2.9% in March. The PPI reduction for April was mainly due to the agriculture, forestry and fishing continuing to show a negative trend for 10 consecutive months, recording -26.0%, compared with -28.7% in March. Meanwhile, the mining sector also declined by 4.7% in April 2023 from -11.5% in the previous month, due to a decrease in the extraction of crude petroleum index of 12.5%. [The Edge Markets](#)

## CORPORATE NEWS

- ◆ **Southern Cable inks RM44.8m battery systems contract from TM**  
**Southern Cable Group Bhd** has secured a letter of award from **Telekom Malaysia (TM)** to supply the battery systems for the 5G network infrastructure rollout. The contract was valued at RM44.8m for a period of 3 years beginning 1 June, 2023 until 31 May, 2026. The group will supply, deliver, install, test and commission the battery systems including its associate engineering services and accessories for TM's regional hubs in Peninsular Malaysia, Sabah and Sarawak. [The Edge Markets](#)
- ◆ **TNB's 1QCY23 profit up 12.2% Y-o-Y on lower taxes and higher tariff surcharge**  
**Tenaga Nasional Bhd's** net profit for 1QCY23 grew 12.2% Y-o-Y to RM1.0b, from RM893.1m a year ago, as higher revenue and lower taxes helped offset the higher operating and finance costs incurred. Quarterly revenue was up 3.9% Y-o-Y to RM12.63b, from RM12.15b, on higher sales of electricity with a demand growth of 0.8%. [The Edge Markets](#)

- ◆ **PetChem's 1QCY23 net profit down 74.4% Y-o-Y as product prices fall, operating costs rise**  
**Petronas Chemicals Group Bhd's** net profit for 1QCY23 fell 74.4% Y-o-Y to RM532.0m, from RM2.08b a year ago, due to a decline in average product prices, coupled with higher utility and fuel costs. There was a 13.9% Y-o-Y rise in quarterly revenue to RM7.56b vs. RM6.63b for 1QCY22, on the back of the higher sales of olefins and derivatives amid the Ringgit's weakening vs. the US dollar. *The Edge Markets*
  
- ◆ **AmBank posts 9.2% Y-o-Y rise in 4QFY23 net profit, declares 12.3 sen dividend**  
**AMMB Holdings Bhd** saw its net profit rise 9.2% Y-o-Y to RM427.9m in 4QFY23, from RM391.8m a year ago, due to increase in the group's fund based income from interest bearing assets and increase in the non-interest income. Quarterly revenue was up 3.3% Y-o-Y to RM1.16b, from RM1.12b in 4QFY22. The group declared a final dividend of 12.3 sen per share for FY23 and this brings the total dividend for the year to 18.3 sen per share, a dividend payout ratio of 35.0%. *The Edge Markets*
  
- ◆ **Allianz Malaysia proposes 31.5 sen dividend as 1QCY23 net profit gains 14.8% Y-o-Y to RM172.7m**  
**Allianz Malaysia Bhd** has posted a 14.8% Y-o-Y increase in its net profit for 1QCY23 to RM172.7m, from RM150.5m a year ago, driven by higher profit contribution from its general insurance segment. Quarterly revenue was higher by 9.2% Y-o-Y to RM1.16b, from RM1.06b in 1QCY22, due to higher insurance revenue from both the general insurance segment and life insurance segment. The group proposed a dividend of 31.5 sen per share. *The Edge Markets*
  
- ◆ **BAT Malaysia's 1QCY23 net profit falls 23.0% Y-o-Y on weaker demand due to higher vapour usage**  
**British American Tobacco (Malaysia) Bhd** posted a net profit of RM40.3m for 1QCY23, showing a decline of 23.0% Y-o-Y from RM52.3m a year earlier, as a result of a lower volume driven by an increase in vapour usage, the tobacco black market and the start of the fasting month. Quarterly revenue dropped 25.2% Y-o-Y to RM390.2m, from RM521.6m a year ago. The group declared a 1<sup>st</sup> interim dividend of 13 sen per share, payable on 26 June, 2023. *The Edge Markets*
  
- ◆ **Padini pays four sen dividend following 33.0% Y-o-Y jump in 3QFY23 net profit**  
**Padini Holdings Bhd** saw its net profit rise 33.0% Y-o-Y to RM43.4m for 3QFY23, from RM32.6m a year earlier, on higher revenue during the quarter under review. The profitability was offset by a 44.6% Y-o-Y surge in administrative expenses, and 40.9% Y-o-Y increase in selling and distribution costs. Quarterly revenue increased 38.8% Y-o-Y to RM457.2m, from RM329.3m for 3QFY22. The group declared a 4<sup>th</sup> interim dividend of 2.5 sen per share and a special dividend of 1.5 sen per share for FY23, payable on 30 June. *The Edge Markets*

◆ **International travel upsurge sees AAX post 1QCY23 net profit of RM328.0m**

**AirAsia X Bhd** posted a net profit of RM328.0m for 1QCY23, as the continued recovery in international travel saw revenue surging by over fourfold to RM548.8m, from RM113.0m a year earlier. Going forward, the group remains on track with its strategy to resume services to its core markets in line with demand, with the airline currently servicing 16 destinations with up to 83 flights weekly. [The Edge Markets](#)

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