

Bulletin Today

BURSA MALAYSIA

Index	Closing	Pts Chg	% Chg
FBM-KLCI	1,396.91	(8.02)	(0.57)
Volume: Total (mil):	2,381.94	(345.64)	(12.67)
Total Value (RM' mil):	2,010.53	136.83	7.30
Gainers	358		
Losers	466		
Unchanged	432		

TRADE STATISTICS

Participation		Bought	Sold	Net
41.57	Institution	866	805	61
25.61	Retail	541	489	52
32.82	Foreign	603	716	(113)
100.00		2,011	2,011	0

FTSE-BURSA MALAYSIA

Index	Closing	Pts Chg	% Chg
FBM 70	13,550.89	(30.73)	(0.23)
FBM 100	9,982.90	(48.71)	(0.49)
FBM Palm Oil - NC	10,742.96	(52.15)	(0.48)
FBM Smallcap	14,927.84	31.32	0.21
FBM Emas	10,279.11	(45.94)	(0.44)
FBM Fledgling	18,635.56	(8.79)	(0.05)

WORLD

Index	Closing	Pts Chg	% Chg
Dow Jones	33,043	(51)	(0.15)
Nasdaq	13,017	42	0.32
FTSE 100	7,522	(105)	(1.38)
Nikkei 225	31,328	95	0.30
Hang Seng	18,596	45	0.24
Korea Kospi	2,586	27	1.04
Singapore STI	3,188	(8)	(0.24)
Thailand SET	1,535	(6)	(0.40)
Jakarta	6,636	(45)	(0.67)
Shanghai	3,224	3	0.09
Shenzhen	2,012	10	0.49

KLCI FUTURES

Index	Closing	Pts Chg	% Chg	Volume
FBM-KLCI	1,396.91	(8.02)	(0.57)	131m
FKLI - May 23	1,391.50	(1.00)	(0.07)	14,040
FKLI - Jun 23	1,391.00	(1.00)	(0.07)	16,194
FKLI - Sep 23	1,379.50	(1.50)	(0.11)	30
FKLI - Dec 23	1,381.50	(0.50)	(0.04)	53

FOREX & COMMODITIES

	Closing	Pts Chg	% Chg
CPO Futures (Aug)	3,403.00	(143.00)	(4.03)
Brent (USD/b)	73.54	(3.53)	(4.58)
Gold (USD/Ounce)	1,959.33	16.14	0.83
USD/RM	4.6025	(0.0020)	(0.04)
SGD/RM	3.4043	0.0016	0.05
JPY/RM	3.2922	0.0139	0.42

HIGHLIGHTS

- ◆ The Dow edged down by 50.56 points or 0.15% to **33,042.78**, but the Nasdaq ended up 41.74 points or 0.32% to **13,017.43**
WELLCALL HOLDINGS BHD – 2QFY23: BUY, TP: RM1.37
OCK GROUP BHD – 1QCY23: BUY, TP: RM0.49
- ◆ U.S. consumer confidence slips in May
- ◆ Weak bank lending damps Eurozone growth prospects
- ◆ Eurozone economic confidence hits 6-month low
- ◆ Japan jobless rate falls in April
- ◆ **Pestech International's** JV bags US\$82.0m contract in Iraq
- ◆ **Vestland** unit bags RM170.0m design-and-build contract
- ◆ **MAHB** posts 2nd straight quarterly net profit in 1QCY23, sees passenger traffic reaching pre-pandemic levels by year-end
- ◆ **Press Metal** proposes higher dividend despite 33.0% Y-o-Y drop in 1QCY23 net profit
- ◆ **IOI Corp** posts 52.0% Y-o-Y decline in 3QFY23 net profit on lower plantation contribution, sees flat results in 4QFY23
- ◆ **MyEG's** net profit grew 25.2% Y-o-Y in 1QCY23 on better margins, fair value gains from investment in Agmo
- ◆ **Farm Fresh** logs weakest quarterly earnings since listing on rising input costs
- ◆ **Panasonic Malaysia's** 4QFY23 earnings down 53.4% Y-o-Y, declares 107 sen dividend

THE SLANT

- ◆ The FBM KLCI stumbled yesterday, giving up the 1,400 support in the process as the selling returned on selected heavyweight stocks to leave the key index at its lowest level in two months. Banking stocks were the big losers among the key index constituents, while in the broader market, healthcare and plantation stocks were the major losers as market breadth remained decidedly negative following a spate of generally below expectation corporate results.
- ◆ With the key index failing to preserve the psychological 1,400 level, the immediate outlook is looking increasingly fragile, and this is leaving the downside bias trend intact for the time being. This could see the key index ending the month on a weak note again as market conditions are becoming more insipid and the buying interest is still thin for the most part. Although we do not rule out some mild window dressing activities emerging that could allow the key index to retest the 1,400 level, the lack of buying is likely to keep a lid on any potential upside with the 1,400 level to remain elusive for the time being. In the meantime, the supports are now at 1,390-1,393 levels, which is near the year lows, followed by 1,385 points. Above the 1,400 level, the other hurdles are at 1,402-1,406 levels.

- ◆ Similarly, the lower liners and broader market shares could still dither due to the low market confidence. As a result, the selling spree is still likely to dominate trades and send more these stocks lower for the day.

RESULTS UPDATE

WELLCALL HOLDINGS BHD – 2QFY23: BUY, TP: RM1.37

FYE Sept (RM m)	2QFY23	2QFY22	YoY chg (%)	1QFY23	QoQ chg (%)
Revenue	50.1	43.0	16.7	52.6	(4.7)
PBT	16.9	11.3	50.0	11.8	44.0
PAT	12.8	7.9	61.6	8.1	59.1
EPS (sen)	2.6	1.6	61.6	1.6	59.1

Above expectations: Wellcall's 6MFY23 core PAT of RM22.9m, up 54.8% Y-o-Y, accounted for 60% and 66% of our previous earnings and consensus expectations respectively. The surge in its 6MFY23 earnings growth was elevated by higher sales volume, lower raw material prices, and better economies of scale. Y-o-Y, 2QFY23 PAT grew by 61.6% on higher sales volume, the absence of share losses from associate, and a lower effective tax rate. Q-o-Q, however, revenue contracted 4.7% to RM50.1m due to rescheduling of deliveries by customers during the festival season holidays, but PAT expanded 59.1%, thanks to an improved GP margin and the absence of foreign exchange losses.

We maintain our **BUY** call with a higher **TP** of **RM1.37**, based on an unchanged PER valuation target of 17.0x (+1 STDEV above its 5-year average) pegged to a higher FY23 EPS estimate.

OCK GROUP BHD – 1QCY23: BUY, TP: RM0.49

RM m	1QCY23	1QCY22	YoY chg (%)	4QCY22	QoQ chg (%)
Revenue	179.7	127.4	41.0	186.1	-3.4
PBT	15.0	11.3	32.2	13.7	9.4
PATAMI	8.6	7.4	16.7	10.0	-13.7
EPS (sen)	0.8	0.7	17.1	1.0	-13.7

Y-o-Y. Revenue jumped 41.0% to RM179.7m in 1QCY23, from RM127.4m in the same quarter last year, driven by higher revenue contributions from all segments, namely Telecommunication Network Services (TNS), Green Energy and Power Solution, Trading and M&E Engineering Services, with its core TNS segment revenue growing 35.1%. PATAMI increased by 16.7% to RM8.6m, from RM7.4m in the previous corresponding quarter, tracking the top line growth.

Q-o-Q. However, OCK's top and bottom line both declined by 3.4% and 13.7% respectively, despite recording a 9.4% growth in its pretax profit. All segments recorded a lower revenue, except for the Green Energy and Power Solution segment which improved 54.2%.

1QCY23's results were broadly in line with our expectations, with its revenue and PATAMI making up 24.2% and 20.8% of our CY23 estimates respectively. We maintain our **BUY** recommendation on OCK with the same **TP** of **RM0.49** by ascribing an unchanged target EV/EBITDA multiple of 6x to our unchanged CY23 forecast EBITDA.

GLOBAL AND ECONOMIC UPDATE

- ◆ U.S. stocks ended mixed on Tuesday as the mood turned cautious around mid-afternoon with investors awaiting the passage of the debt ceiling deal. The Dow edged down by 50.56 points or 0.15% to 33,042.78, but the Nasdaq ended up 41.74 points or 0.32% to 13,017.43. [RTT News](#)
- ◆ **U.S. consumer confidence slips in May**
Consumer confidence in the U.S. saw a modest decrease from an upwardly revised level in April. The index edged down to 102.3 in May from an upwardly revised 103.7 in April. Economists had expected the index to slip to 100.0 from the 101.3 originally reported for the previous month. [RTT News](#)
- ◆ **Weak bank lending damps Eurozone growth prospects**
Eurozone bank lending growth weakened further in April, reflecting the transmission of the European Central Bank's tight monetary policy and signaled weak economic growth. Credit to euro area residents grew at a slower pace of 1.5% in April from a year ago, while credit to general government dropped 0.9%. Lending is likely to remain extremely weak as the ECB continues raising interest rates. [RTT News](#)
- ◆ **Eurozone economic confidence hits 6-month low**
Euro area economic sentiment deteriorated to the lowest in 6 months in May, reflecting lower confidence in industry, services, and retail trade. The economic sentiment index fell to 96.5 from 99.0 in April. This was the lowest reading since November and also below economists' forecast of 98.9. The overall fall in economic confidence was due to the deterioration in confidence in industry, construction, services and particularly, retail trade. [RTT News](#)
- ◆ **Japan jobless rate falls in April**
Japan's unemployment rate declined in April. The unemployment rate dropped to a seasonally adjusted 2.6% in April, from 2.8% in the previous month. The number of workers also increased 140k from last year to 67.4m. Meanwhile, the number of unemployed rose by 20k annually to 1.9m. [RTT News](#)

CORPORATE NEWS

- ◆ **Pestech International's JV bags US\$82.0m contract in Iraq**
Pestech International Bhd's joint venture with China Energy Engineering Group Tianjin Electric Power Construction Co Ltd, has secured a US\$81.8m (RM376.3m) contract from Iraq's Ministry of Electricity. The contract entails the design, manufacture, test, delivery, installation, pre-commission and commission of the project, which includes the 4 GIS substations. The project is scheduled for completion within 18 months from the date of commencement. [The Edge Markets](#)

- ◆ **Vestland unit bags RM170.0m design-and-build contract**
Vestland Bhd has bagged a RM170.0m design-and-build contract from Tafi Home & Office Sdn Bhd, bringing the group's total outstanding order book to about RM1.70b. The contract is related to a design-and-build project for small office, home office and retail units in Bandar Subang Jaya, Selangor, and the construction work shall be completed in 34 months. [The Edge Markets](#)

- ◆ **MAHB posts 2nd straight quarterly net profit in 1QCY23, sees passenger traffic reaching pre-pandemic levels by year-end**
Malaysia Airports Holdings Bhd (MAHB) posted a 2nd straight quarterly profit of RM58.2m in 1QCY23, driven by international passenger traffic that more than tripled compared with 1QCY22, as Malaysia's borders reopened from April 2022 onwards. The better profitability was also due to a decline in finance costs as compared to a year before. Quarterly revenue rose 81.2% Y-o-Y to RM1.03b in 1QCY23, from RM570.9m a year before, driven by further easing of travel protocols and further resumption of airline services and connectivity. [The Edge Markets](#)

- ◆ **Press Metal proposes higher dividend despite 33.0% Y-o-Y drop in 1QCY23 net profit**
Press Metal Aluminium Holdings Bhd's net profit fell 33.0% Y-o-Y to RM282.0m in 1QCY23, from RM421.0m a year earlier, on lower revenue and contribution by its associated companies. Quarterly revenue fell 21.7% Y-o-Y to RM3.07b from RM3.92b, mainly attributable to the softening of metal prices. Despite the drop in earnings, the group has declared a first interim dividend of 1.75 sen per share, payable on 30 June, representing a payout ratio of 51%. [The Edge Markets](#)

- ◆ **IOI Corp posts 52.0% Y-o-Y decline in 3QFY23 net profit on lower plantation contribution, sees flat results in 4QFY23**
IOI Corp Bhd's net profit declined 52.0% Y-o-Y to RM197.4m for 3QFY23, from RM411.2m a year earlier, mainly due to lower contribution from its plantation segment. Quarterly revenue fell 35.1% Y-o-Y to RM2.66b, from RM4.10b in 3QFY22. [The Edge Markets](#)

- ◆ **MyEG net profit grew 25.2% Y-o-Y in 1QCY23 on better margins, fair value gains from investment in Agmo**
MyEG Services Bhd's net profit rose 25.2% Y-o-Y to RM105.9m in 1QCY23, from RM84.6m a year ago. Quarterly revenue also increased by 7.1% Y-o-Y to RM173.2m in 1QCY23, from RM161.8m a year earlier. The group attributed the better net profit and revenue to an overall increase in revenue from its existing services with higher margins. This offset the cessation of revenue contributions from Covid-19 health screening and quarantine services. *The Edge Markets*

- ◆ **Farm Fresh logs weakest quarterly earnings since listing on rising input costs**
Farm Fresh Bhd's net profit dropped 72.4% Y-o-Y in 4QFY23 to RM4.9m from RM17.7m a year ago, despite delivering an all-time high revenue, as elevated raw material costs and foreign exchange rate fluctuation ate into its profit. This is the group's weakest quarterly earnings since its listing in March 2022. Meanwhile, quarterly revenue grew 26.0% Y-o-Y to RM161.4m from RM128.1m a year ago, led by positive Ramadan sales, school milk programme sales and sales increase from its Australian operations. *The Edge Markets*

- ◆ **Panasonic Malaysia's 4QFY23 earnings down 53.4% Y-o-Y, declares 107 sen dividend**
Panasonic Manufacturing Malaysia Bhd's net profit shrank 53.4% Y-o-Y to RM7.4m for 4QFY23, from RM15.8m a year earlier, due to lower revenue, higher operating and utilities cost, as well as lower share of profits from its associated company. Quarterly revenue fell 6.3% Y-o-Y to RM195.5m, from RM208.8m in 4QFY22, due to lower sales as the company's rice cooker and kitchen appliance businesses that were discontinued. Despite the lower earnings, the company declared a higher final dividend of 107 sen per share, compared with 68 sen a year ago. *The Edge Markets*

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