INTER-PACIFIC RESEARCH SDN BHD

BULLETIN TODAY

Thursday | 29 May 2025

BURSA MALAYSIA

Index	Closing	Pts Chg	% Chg
FBM-KLCI	1,523.48	(2.68)	(0.18)
Volume: Total (mil):	2,506.86	(152.52)	(5.74)
Total Value (RM' mil):	2,038.73	187.78	10.14
Gainers	435		
Losers	474		
Unchanged	504		

TRADE STATISTICS

Participation		Bought	Sold	Net
41.64	Institution	888	810	77
18.73	Retail	392	372	20
39.63	Foreign	760	856	(97)
100.00		2,039	2,039	0

FTSE-BURSA MALAYSIA

Index	Closing	Pts Chg	% Chg
FBM 70	16,306.65	83.34	0.51
FBM 100	11,161.36	0.99	0.01
FBM Palm Oil - NC	11,820.12	(163.03)	(1.36)
FBM Smallcap	15,500.54	(12.50)	(0.08)
FBM Emas	11,397.17	0.11	0.00
FBM Fledgling	17,643.37	(2.67)	(0.02)

WORLD

Index	Closing	Pts Chg	% Chg
Dow Jones	42,099	(245)	(0.58)
Nasdaq	19,101	(98)	(0.51)
FTSE 100	8,726	(52)	(0.59)
Nikkei 225	37,722	(2)	(0.00)
Hang Seng	23,258	(124)	(0.53)
Korea Kospi	2,670	33	1.25
Singapore STI	3,912	16	0.41
Thailand SET	1,161	(3)	(0.23)
Jakarta	7,176	(23)	(0.32)
Shanghai	3,340	(1)	(0.02)
Shenzhen	1,965	(6)	(0.28)

KLCI FUTURES

Index	Closing	Pts Chg	% Chg	Volume
FBM-KLCI	1,523.48	(2.68)	(0.18)	187m
FKLI – May 25	1,526.00	(1.00)	(0.07)	31,254
FKLI – Jun 25	1,522.50	(1.50)	(0.10)	30,912
FKLI – Sep 25	1,506.50	(1.50)	(0.10)	173
FKLI – Dec 25	1,512.50	(3.00)	(0.20)	46

FOREX & COMMODITIES

	Closing	Pts Chg	% Chg
CPO Futures (Aug)	3,899.00	31.00	0.80
Brent (USD/b)	64.90	0.81	1.26
Gold (USD/Ounce)	3,287.48	(13.39)	(0.41)
USD/RM	4.2245	(0.0142)	(0.34)
SGD/RM	3.2801	(0.0128)	(0.39)
JPY/RM	2.9160	(0.0203)	(0.69)

HIGHLIGHTS

- The **Dow declined 244.95 points** or 0.6% to **42,098.70** and the **Nasdaq fell 98.23 points** or 0.5% to **19,100.94**

- **AWC BHD – 3QFY25: Recommendation and TP under review**
- **D&O GREEN TECHNOLOGIES BHD – 1QCY25: NEUTRAL, TP: RM1.33**
- **GUAN CHONG BHD – 1QCY25: Recommendation and TP under review**
- **KELINGTON GROUP BHD – 1QCY25: Recommendation and TP under review**
- **NEXG BHD – 4QFY25: BUY, TP: RM0.46**
- **WELLCALL HOLDINGS BHD – 2QFY25: BUY, TP: RM1.62**

- DOSM: Malaysia's producer price index down 3.4% Y-o-Y in April, led by mining sector decline

- **Pestech** bags RM270.4m Klang Valley rail job from its major shareholder
- **Jati Tinggi** bags RM161.5m supply contract from **TNB** for Johor data centre
- **Life Water** buys Sabah-based sauces and condiments manufacturer for RM10.5m
- **CIMB**, UnionPay sign pact to expand payment access in Malaysia
- **PPB**'s 1QCY25 net profit rises 11.5% Y-o-Y, lifted by higher Wilmar contribution
- **AirAsia X**'s 1QCY25 net profit drops 37.3% Y-o-Y on higher operating expenses
- **E&O**'s 4QFY25 net profit nearly doubles Y-o-Y, boosted by JV and tax gains, lower finance costs
- **Magnum**'s 1QCY25 net profit doubles Y-o-Y on higher gaming sales, lower prize payouts, declares 2.5 sen dividend

THE SLANT

- The FBM KLCI were still on a losing streak yesterday, but the losses were milder as the key index hovered near the unchanged level for much of the day until a late selling sent the key index to a negative close. Continuing the past few sessions' theme, market players continue to shun the spate of corporate results which were largely lacklustre. This resulted in market breadth becoming mixed-to-negative and lower liner indices were also mostly in the red. Traded volumes thinned further to just 2.5b units exchanging hands.

- Near-term market conditions are likely to remain insipid due to the lingering tariff headwinds and the availability of few domestic leads that could keep market players largely on the sidelines for the time being. The ongoing corporate results reporting has been uninspiring and with the results reporting approaching its conclusion, market players will be looking for other leads to decide on their investment decisions, failing which they will continue to avoid the market for the time being. As such, the listless conditions on the FBM KLCI will persist with the downside bias also likely to remain for now. With successive technical supports giving way, the next supports are pegged at the 1,518-1,520 levels, which is followed by the 1,512-1,515 levels. On the upside, the resistances are at 1,531 points and 1,536 points respectively.

- The participation rate on the lower liners is also likely to stay thin as retail players continue to sidestep the market and this is likely to leave these stocks on their downward drift for now.

RESULTS UPDATE

- **AWC BHD – 3QFY25: Recommendation and TP under review**

FYE Mar (RM m)	3QFY25	3QFY24	YoY	2QFY25	QoQ	9MFY25	9MFY24	YoY
			%		%			%
Revenue	98.6	91.2	8.1	116.8	(15.6)	309.7	296.9	4.3
PBT	7.7	7.9	(2.5)	8.5	(10.1)	23.9	22.1	8.5
PATAMI	5.7	6.4	(11.3)	6.3	(9.0)	18.2	12.7	42.9
EPS (sen)	1.8	2.0	(13.2)	1.9	(9.0)	5.6	4.0	40.4

Y-o-Y. Revenue increased by 8.1% to RM98.6m, from RM91.2m due to improvements in the: 1) Facilities division arising from new project contribution (+4.8%), 2) Engineering division on higher project progress from the plumbing segment (+21.1%), and 3) Rail division on higher order fulfilment (+168.4%). However, PATAMI declined 11.3% to RM5.7m, from RM6.4m due to lower PBT margin contribution from the Rail and Engineering division.

Q-o-Q. Revenue declined by 15.6% to RM98.6m, from RM116.8m on softer recognition in the: 1) Facilities division (-13.4%) on lack of additional works from concession segment, 2) Environment division (-17.2%) on slower project progress in Singapore and Abu Dhabi, and 3) Engineering division (-9.7%) due to slow progress under the plumbing segment. Consequently, PATAMI declined by 9.0% to RM5.7m, from RM6.3m despite improved PBT margins (7.8%, 2QFY25: 7.3%)

Earnings below expectations. AWC's 9MFY25 earnings came in lower-than-expected, accounting for 58.3% of our FY25 PATAMI forecast, despite its revenue making up to 73.4% of our full year revenue forecasts. We are reviewing our recommendation and TP on AWC pending more information from an analyst briefing. Our last recommendation was a BUY with a TP of RM1.58, based on our SoTP-derived target price.

- **D&O GREEN TECHNOLOGIES BHD – 1QCY25: NEUTRAL, TP: RM1.33**

CYE Dec (RM m)	1QCY25	1QCY24	YoY	4QCY24	QoQ
			%		%
Revenue	240.8	273.7	(12.0)	261.9	(8.0)
PBT	0.2	13.4	(98.6)	3.5	(94.4)
PATAMI	0.4	11.3	(96.8)	2.2	(83.9)
EPS (sen)	0.0	0.8	(96.3)	0.1	(66.7)

Y-o-Y. Revenue fell 12.0% to RM240.8m in 1QCY25, from RM273.7m in the previous corresponding period, primarily due to weaker orders for automotive LED products as customer demand moderated in line with lower vehicle production among key automotive clients. Meanwhile, PATAMI tumbled to RM0.4m, from RM11.3m, marking the weakest quarterly profit in a decade. This was mainly hit by a sharp contraction in gross profit margin to 15.8%, from 21.0% previously as a result of lower capacity utilisation.

Q-o-Q. Revenue also declined by 8.0%, reflecting a seasonally weaker quarter due to shorter operating days from the Lunar New Year and Hari Raya Puasa holidays, coupled with the typical seasonal slowdown in automotive demand. PATAMI dropped sharply by 83.9% on the back of lower revenue and compressed margins, though the impact was partially cushioned by foreign exchange gains arising from the appreciation of the Chinese Yuan and Euro against the USD.

Significantly below expectations. D&O's 1QCY25 revenue was broadly in line with our expectations, accounting for 21.3% of our CY25 forecasts, but PATAMI came in far below our expectations, making up only 0.7% of our previous full year forecast. The earnings shortfall was mainly attributed to lower-than-expected capacity utilisation which weighed on profit margins. Consequently, we cut our CY25/CY26 earnings estimates by 15.4%/16.7% after lowering our gross profit margin assumptions. We maintain our **NEUTRAL** recommendation on D&O with the lower **TP** of **RM1.33 (-RM0.07)** by pegging an unchanged 32.0x target PER to our rolled-over CY26F EPS.

- **GUAN CHONG BHD – 1QCY25: Recommendation and TP under review**

CYE Dec (RM m)	1QCY25	1QCY24	YoY	4QCY24	QoQ
			%		%
Revenue	4,305.9	1,870.2	>100	3,371.0	27.7
PBT	118.1	110.3	7.1	250.7	(52.9)
PATAMI	94.6	92.0	2.8	213.0	(55.6)
EPS (sen)	8.1	7.8	2.8	18.1	(55.6)

Y-o-Y. Revenue more-than-doubled to RM4.31b, from RM1.87b, attributed to the near record high cocoa products pricing, with all serving market recording significant increase in revenue, including Malaysia (+281.5%), Singapore (+81.8%), Indonesia (+80.7%) and Germany (+67.4%) markets. PAT, meanwhile, stayed mostly flattish at RM94.6m, from RM92.0m, attributable to thinner processing margins (EBIT % margin: 4.9% vs. 1QCY24: 8.9%) and increased finance cost due to higher gearing level to fulfil working capital requirements due to higher cocoa pricing.

Q-o-Q. EBIT declined by 37.3% to RM212.8m, from RM339.3m, mainly due to lower processing margins potentially resulting from less favourable combined ratio. This resulted in its PAT to come in lower at RM94.6m, from RM213.0m amid higher financing costs (+8.8%) and effective tax rate (19.9% vs. 1QCY24's 15.0%).

Within expectations. Guan Chong's 1QCY25 revenue and earnings came in line with our expectations, accounting for 38.8% and 28.0% of our CY25 full year forecasts. We are reviewing our recommendation and TP on Guan Chong pending more information from an analyst briefing. Our last recommendation was a NEUTRAL with a TP of RM4.32, based on a 15.0x target PER pegged to our CY25F EPS.

- **KELINGTON GROUP BHD – 1QCY25: Recommendation and TP under review**

CYE Dec (RM m)	1QCY25	1QCY24	YoY	4QCY24	QoQ
			%		%
Revenue	270.3	339.3	(20.3)	304.3	(11.2)
PBT	34.2	32.7	4.5	48.0	(28.7)
PATAMI	26.6	25.6	3.9	39.1	(31.9)
EPS (sen)	3.7	3.8	(2.6)	5.5	(32.9)

Y-o-Y. Revenue decreased 20.3% to RM270.3m in 1QCY25, from RM339.3m in the previous corresponding period, primarily due to a 47.4% drop in revenue from Malaysia as several major projects nearing completion led to a gradual reduction in revenue recognition, though Singapore operations posted a 7.7% increase, driven by higher contributions from Advanced Engineering projects. Despite the lower revenue, PATAMI improved marginally to RM26.6m, from RM25.6m, supported by a higher gross profit margin of 18.0%, up from 15.6% previously, benefitting from a better revenue mix, a more favourable project portfolio as well as stable contributions from the Industrial Gases segment.

Q-o-Q. Revenue declined 11.2% compared to the preceding quarter due to lower contributions from both Malaysia and Singapore, while PATAMI also dropped 31.9% with gross profit margin narrowing to 18.0% from 22.0%.

Dividend. KGB declared a first interim dividend of 2.5 sen per share for 1QCY25, higher than the 2.0 sen per share declared in 1QCY24.

Missed expectations. KGB's 1QCY25 revenue and PATAMI came in below our expectations, making up 18.6% and 18.7% of our full year forecast respectively, mainly attributed to lower-than-expected revenue recognition in Malaysia affected by timing differences. Pending more information from an analyst briefing today, we are reviewing our recommendation and TP on KGB. Our most recent recommendation was a BUY with a TP of RM4.15, which was derived from pegging an unchanged 21.0x target PER to our CY25F EPS.

- **NEXG BHD – 4QFY25: BUY, TP: RM0.46**

FYE Mar (RM m)	4QFY25	4QFY24	*YoY*	3QFY25	*QoQ*	FY25	FY24	*YoY*
			%		*%*			*%*
Revenue	103.8	115.7	*(10.3)*	97.9	*6.0*	373.5	368.3	*1.4*
PBT	53.7	48.6	*10.4*	36.4	*47.5*	151.8	122.5	*23.9*
PATAMI	43.8	38.6	*13.5*	26.9	*62.6*	115.5	92.3	*25.2*
EPS (sen)	1.6	1.4	*14.6*	1.0	*61.9*	4.2	3.3	*26.5*

Y-o-Y. 4QFY25's revenue declined by 10.3% to RM103.8m, from RM115.7m, due to lower supply of smart cards, passport and personalisation services (-RM15.5m) on lower customer demand. Despite the lower revenue, PATAMI improved by 13.5% to RM43.8m, from RM38.6m mainly due to lower operation cost supported by lower depreciation, resulting in an expansion in its PATAMI margin to 42.2%, from 33.3%.

Q-o-Q. 4QFY25's revenue also improved slightly by 6.0% to RM103.8m, from RM97.9m, with the customised solution and manufacturing segments expanding by 3.0% and 18.6% respectively. PATAMI, meanwhile, improved by 62.6% to RM43.8m, from RM26.9m.

Exceeded expectations. NEXG's FY25 results exceeded our expectations, accounting for 102.0% and 117.8% of our FY25 revenue and PATAMI forecasts respectively. The improvements were mainly supported by higher margins recorded during the quarter, supported by resilient product demand in the supply of smart card, passport and personalisation services amid a higher ASP revision for the recent contracts amid lower depreciation costs following full depreciation of printing machines which also led its net margin higher. We retain our positive view on NEXG, leveraging on its dominating capabilities in delivering secure ID documents in Malaysia. Further earnings catalyst may arise from the group's proactive expansion in the international markets, in which it plans to invest RM250 to develop new higher-security identity document production plant over 3 phases. We maintain our **BUY** recommendation with an unchanged **TP** of **RM0.46**, based on our FY26F EPS pegged to an unchanged target PER of 17.0x.

- **WELLCALL HOLDINGS BHD – 2QFY25: BUY, TP: RM1.62**

FYE Sept (RM m)	2QFY25	2QFY24	*YoY*	1QFY25	*QoQ*	1HFY25	1HFY24	*YoY*
			%		*%*			*%*
Revenue	44.1	49.1	*(10.2)*	48.7	*(9.5)*	92.7	101.5	*(8.7)*
PBT	11.1	15.3	*(27.7)*	18.1	*(38.8)*	29.2	34.1	*(14.4)*
PAT	8.2	11.8	*(30.3)*	13.3	*(38.0)*	21.5	25.5	*(15.5)*
EPS (sen)	1.7	2.4	*(30.4)*	2.7	*(38.2)*	4.3	5.1	*(15.6)*

Y-o-Y. Revenue declined 10.2% to RM44.1m in 2QFY25, from RM49.1m in the same quarter last year, primarily due to sluggish demand for low- and medium-pressure industrial rubber hoses in both export and domestic markets amid subdued global market conditions. Despite an improvement in gross profit margin, PAT dropped 30.3% to RM8.2m from RM11.8m, weighed down by the revenue contraction and an unrealised foreign exchange loss of RM1.9m, compared to a gain of RM1.0m in 2QFY24. Excluding foreign exchange movements, core PAT came in at RM9.6m.

Q-o-Q. Similarly, revenue also decreased by 9.5% from the preceding quarter, while PAT contracted 38.0%, impacted mainly by unfavourable currency movements.

Dividend. Wellcall recommended a second interim dividend of 1.8 sen per share for 2QFY25 (2QFY24: 2.0 sen), bringing the total dividend for 1HFY25 to 3.8 sen (1HFY24: 4.0 sen). This represents a dividend payout ratio of approximately 88.0%.

Below expectations. Wellcall's 1HFY25 results missed our expectations with revenue and core PAT making up 40.9% and 37.0% of our previous full year estimates respectively. The earnings miss was mainly attributed to weaker-than-expected sales orders for industrial rubber hoses. Consequently, we lowered our CY25/CY26 earnings estimates by 21.2%/13.8% after trimming our sales growth assumption. Nevertheless, we maintain our BUY recommendation on Wellcall with the lower **TP** of **RM1.62 (-RM0.20)**, based on an unchanged target PER of 16.0x pegged to our rolled-over FY26F EPS.

GLOBAL AND ECONOMIC UPDATE

- After showing a lack of direction throughout much of the session, U.S. stocks moved to the downside in the latter part of the trading day on Wednesday. The major averages all moved lower late in the day partly offsetting the strong gains posted in the previous session. The Dow declined 244.95 points or 0.6% to 42,098.70 and the Nasdaq fell 98.23 points or 0.5% to 19,100. ***RTT News***

- **DOSM: Malaysia's producer price index down 3.4% Y-o-Y in April, led by mining sector decline**
  Malaysia's producer price index (PPI) continued to decline by 3.4% Y-o-Y in April with the mining sector being the main contributor. The mining sector recorded a drop of 17.8% Y-o-Y (March: -15.0% Y-o-Y) due to decreases in the extraction of crude petroleum (-19.8%) and natural gas (-11.6%). On a M-o-M basis, the PPI local production decreased by 1.0% in April, compared with a 0.6% decline in March. ***The Edge Markets***

CORPORATE NEWS

- **Pestech bags RM270.4m Klang Valley rail job from its major shareholder**
  Pestech International Bhd has secured a RM270.4m contract from its controlling shareholder Dhaya Maju Infrastructure (Asia) Sdn Bhd for Phase 2 of the Klang Valley electric double track railway project for the construction and maintenance of the infrastructure works. The project is scheduled for completion by 16 January, 2029 and the contract is expected to boost its revenue over the next four years. The contract is classified as a related party transaction with Dhaya Maju holding a 57.5% stake in Pestech following its RM160.0m subscription to Pestech's 1.33b shares. ***The Edge Markets***

- **Jati Tinggi bags RM161.5m supply contract from TNB for Johor data centre**
  Jati Tinggi Group Bhd has bagged a RM161.5m contract from **Tenaga Nasional Bhd** (TNB) to establish a bulk supply connection to a data centre in Johor. The scope of work includes the establishment of a new transmission main intake of 275 kilovolt, along with relay and retrofitting works and system reconfiguration. The contract was awarded to an unincorporated joint venture between the group’s 100%-owned subsidiary, Jati Tinggi Holding Sdn Bhd (JTH), and Idiqa Holding Sdn Bhd. The joint venture will be structured with JTH holding a 70% stake and Idiqa holding the remaining 30%. The contract will be completed within 540 days. ***The Edge Markets***

- **Life Water buys Sabah-based sauces and condiments manufacturer for RM10.5m**
  Life Water Bhd announced that it is acquiring Sabah-based sauces and condiments manufacturer, Twinine Sdn Bhd (TSB) for RM10.5m. The vendors, Wong Yoke Sim and Wong Khai Keong, hold 90% and 10% effective stakes respectively in TSB. The implied P/E multiple for the purchase is 10.9x, calculated based on TSB’s net profit of RM963k on revenue of RM8.5m for CY24. It also noted that the adjusted net asset value stood at RM8.5m, based on one factory and one warehouse owned by TSB. The proposed acquisition aims to expand the group’s product portfolio into the sauces and condiments segment. Additionally, it will allow the group to synergise its existing distribution network while leveraging TSB's manufacturing capabilities. Furthermore, the acquisition supports the group’s future growth plans, including the establishment of an additional factory in Kota Kinabalu Industrial Park. The acquisition will be fully funded through internal cash, and the group expects the exercise to be completed within three months. ***The Edge Markets***

- **CIMB, UnionPay sign pact to expand payment access in Malaysia**
  CIMB Bank Bhd and UnionPay International signed a pact that will expand the Chinese credit card service firm’s access and provide merchants with its proprietary security authentication services. The memorandum of understanding (MOU) is expected to improve payment services in Malaysia, particularly in high-frequency sectors such as retail, transportation, medical care and e-commerce. The partnership will further expand and deepen the access of UnionPay among CIMB merchants including selected gas stations, transportation ticket counters, major hospitals, highway toll stations, vending machines, shopping mall parking systems, and other key payment merchants. ***The Edge Markets***

- **PPB’s 1QCY25 net profit rises 11.5% Y-o-Y, lifted by higher Wilmar contribution**
  PPB Group Bhd posted an 11.5% Y-o-Y rise in net profit to RM375.8m in 1QCY25, from RM337.2m in the same period a year earlier, lifted by higher contributions from its 18.8%-owned associate Wilmar International Ltd. Pre-tax profit contribution from Wilmar increased 6.4% Y-o-Y to RM283.0m, from RM266.0m in 1QCY24. Meanwhile, quarterly revenue edged up 4.9% Y-o-Y to RM1.35b, compared with RM1.29b in 1QCY24, thanks to improvements in revenue contributions across all the group’s segments. ***The Edge Markets***

- **AirAsia X's 1QCY25 net profit drops 37.3% Y-o-Y on higher operating expenses**
  AirAsia X Bhd reported a 37.3% Y-o-Y decline in its 1QCY25 net profit to RM50.2m, from RM80.1m a year earlier, due to higher operating expenses. Its manufacturing and overhaul expenses increased to RM202.8m during the quarter, from RM125.0m a year earlier. Quarterly revenue increased 3.4% Y-o-Y to RM940.1m, from RM908.9m, which the group attributed to a 12.0% Y-o-Y growth in capacity to 1.3m seats. The airline's passenger traffic also rose 12.0% Y-o-Y to 1.1m passengers, resulting in a passenger load factor of 83%. *The Edge Markets*

- **E&O's 4QFY25 net profit nearly doubles Y-o-Y, boosted by JV and tax gains, lower finance costs**
  Eastern & Oriental Bhd's (E&O) net profit nearly doubled Y-o-Y to RM69.9m in 4QFY25, compared with RM36.5m in the previous year, mainly driven by profits from its joint ventures, a tax gain and lower finance costs. This increase came despite an 11.7% Y-o-Y decline in operating profit to RM72.7m, from RM82.3m. For the quarter, the group made a RM4.2m profit from joint ventures, compared to a RM24.3m loss a year earlier. It also had a RM1.9m deferred tax gain vs. a RM10.6m tax expense last year. Finance costs were cut in half to RM4.8m. Meanwhile, quarterly revenue also nearly doubled Y-o-Y to RM236.7m, from RM121.3m, primarily driven by the disposal of a property in the UK. *The Edge Markets*

- **Magnum's 1QCY25 net profit doubles Y-o-Y on higher gaming sales, lower prize payouts, declares 2.5 sen dividend**
  Magnum Bhd's net profit doubled Y-o-Y to RM49.8m for 1QCY25, from RM26.0m a year earlier, thanks to higher gaming sales and lower prize payouts. Quarterly revenue also increased 11.0% Y-o-Y to RM648.9m, from RM584.4m, mainly contributed by the gaming division, which saw higher sales from 4D Jackpot as a result of a long jackpot run. The group declared a first interim dividend of 2.5 sen per share, payable on 25 June, 2025, compared to 1.5 sen in 1QCY24. *The Edge Markets*

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