

PublicInvest Research Daily

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Friday, June 24, 2016
INDICES

| | LAST CLOSE | CHG | % CHG |
|------------|------------|--------|-------|
| KLCI | 1,639.98 | 2.29 | 0.1 |
| DOW | 18,011.07 | 230.24 | 1.3 |
| S&P 500 | 2,113.32 | 27.87 | 1.3 |
| NASDAQ | 4,910.04 | 76.72 | 1.6 |
| FTSE-100 | 6,338.10 | 76.91 | 1.2 |
| SHANGHAI | 2,891.96 | -13.59 | -0.5 |
| HANG SENG | 20,868.34 | 73.22 | 0.4 |
| STI | 2,793.85 | 7.72 | 0.3 |
| NIKKEI 225 | 16,238.35 | 172.63 | 1.1 |
| JCI | 4,874.31 | -22.54 | -0.5 |

MARKET ACTIVITY

| VOL | VAL |
|----------|---------|
| 1,107.27 | 1,439.3 |

BURSA'S MARKET SHARE (%)

| | |
|---------------|-------|
| Retail | 13.9% |
| Institutional | 57.4% |
| Foreign | 28.7% |

KEY COMMODITIES

| | LAST CLOSE | CHG | % CHG |
|---------------------|------------|-------|-------|
| KLCI FUTURES (June) | 1,643.00 | 10.50 | 0.6 |
| OIL - BRENT (USD/b) | 50.91 | 1.03 | 2.1 |
| CPO FUTURE (RM/ton) | 2,384.00 | 10.00 | 0.4 |
| RUBBER (RM/kg) | 445.50 | 0.50 | 0.1 |
| GOLD (USD/Ounce) | 1,256.84 | -9.48 | -0.7 |

FOREX

| | LAST CLOSE | % CHG |
|----------|------------|-------|
| MYR/USD | 4.02 | -0.5 |
| MYR/SGD | 3.00 | -0.1 |
| YUAN/MYR | 1.64 | 0.5 |
| YEN/MYR | 26.02 | 0.5 |
| MYR/EURO | 4.56 | 0.2 |
| MYR/GBP | 5.94 | 0.4 |

TOP MOVERS IN MALAYSIA MARKET

| TOP 5 VOLUME | LAST CLOSE | VOL (m) |
|------------------|------------|---------|
| TRIVE PROPERTY B | 0.08 | 30.82 |
| HIAP TECK VENTUR | 0.25 | 27.80 |
| AIRASIA BHD | 2.66 | 27.64 |
| COMINTEL CORP BH | 0.73 | 23.39 |
| BORNEO OIL BHD | 0.15 | 21.87 |

| TOP 5 GAINERS | LAST CLOSE | RM (+) |
|------------------|------------|--------|
| UNITED PLANTATN | 27.20 | 0.68 |
| HEINEKEN MALAYSI | 15.40 | 0.42 |
| UNITED U-LI CORP | 6.86 | 0.39 |
| TENAGA NASIONAL | 14.24 | 0.24 |
| DUTCH LADY MILK | 58.00 | 0.20 |

| TOP 5 LOSERS | LAST CLOSE | RM (-) |
|------------------|------------|--------|
| FAR EAST HLDGS | 7.43 | -0.37 |
| BRIT AMER TOBACC | 49.78 | -0.22 |
| PIE INDUSTRIAL | 12.44 | -0.16 |
| KHIND HOLDINGS | 1.95 | -0.15 |
| LII HEN IND BHD | 2.99 | -0.13 |

Gainers – 305 Losers – 406 Unchanged – 383

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HIGHLIGHTS
NTPM: Improvements in FY16 (NTPM MK, Neutral, TP: RM0.88)

NTPM recorded 4QFY16 revenue of RM144.7m (+7.3% YoY), while full-year FY16 revenue was higher by 9.9% YoY to RM601.7m, accounting for 98% of our forecasts. 4QFY16 net profit was lower by 23.7% YoY to RM10.0m, though FY16 net profit stood higher at RM57.7m (+35.2% YoY). The Group saw overall improvement in margins compared to FY15 due to better product mix and continuous cost-saving initiatives to improve operational efficiency. In the medium term, contributions from NTPM's expansion into Vietnam is expected to be more visible, as we expect it to breakeven by FY18. We keep our earnings estimates and TP of RM0.88, but upgrade our call from Underperform to **Neutral** as share price has fallen recently and we view that NTPM is now trading at a fair valuation of 14x to our FY17F EPS of 6.3sen. The Group declared a final dividend of 0.80sen per share, bringing total net dividend per share for FY16 to 1.60sen.

HEADLINES
Economy

§ **US: Sales of new homes declined in May from eight-year high.** Purchases of new homes declined in May from an eight-year high as the housing market continued to display the choppy progress that's been a hallmark of the recovery. Sales fell 6% to a 551,000 annualized pace following a 586,000 rate in April that was slower than previously estimated. (Bloomberg)

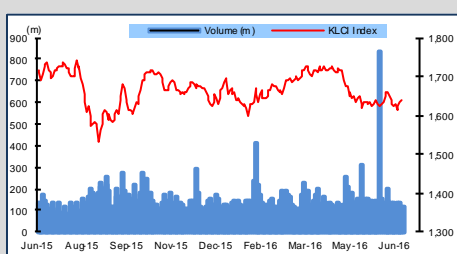
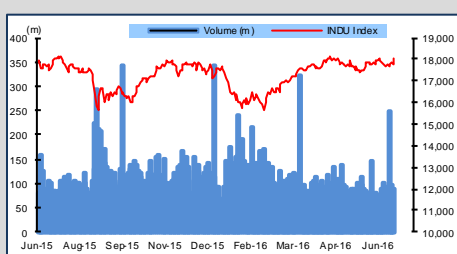
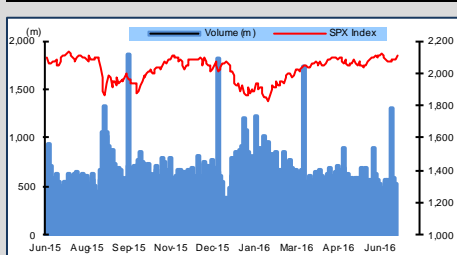
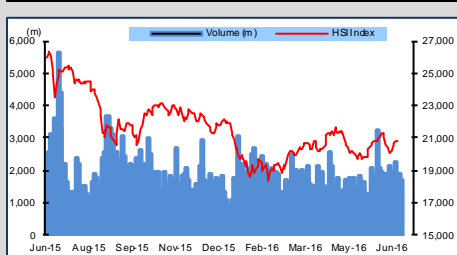
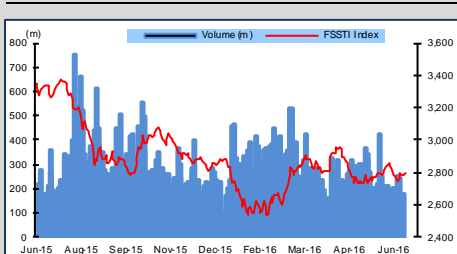
§ **US: Jobless claims, factory data point to firming economy.** The number of Americans filing for unemployment benefits fell last week to near a 43-year low, suggesting labor market resilience even though hiring slowed sharply in May. Manufacturing activity rose to a three-month high in early June. (Reuters)

§ **EU: ECB reinstates Greek waiver in boost for nation's lenders.** The ECB reinstated a waiver on Greek debt, allowing the nation's banks more access to cheaper refinancing lines but stopping short of including such bonds in quantitative easing for now. (Bloomberg)

§ **UK: Brexit could have 'enormous costs,' former ECB President says.** The results of the UK referendum to leave the EU are less than 24 hours away and those in favor of remaining continue to warn of the costs if an exit were to happen. "There are enormous costs associated short term, medium term and long term with Brexit, not only in terms of GDP losses, but also from the more political standpoint, the influence of Europe in the world," former ECB President Jean-Claude Trichet said.

§ **UK: Sterling hits 2016 high after poll suggests Britain staying in EU.** Sterling surged to a 2016 high against the US dollar after an opinion poll suggested Britons have voted to keep the country in the EU, a relief for investors who had feared a Brexit would trigger market uncertainty and volatility. (Reuters)

§ **China: Debt won't pose systemic risk if economic growth reasonable.** China's debt defaults will not pose a systemic risk as long as economic growth remains within a reasonable range, a state planning official said. (Reuters)

FBM KLCI

DOW JONES

S&P 500

HANG SENG

STRAITS TIMES


Source: Bloomberg, PublicInvest Research

Markets

§ **AmBank (Outperform, TP: RM5.24): Sells off entire 80% stake in AmTrustee for RM9.1m.** AMMB Holdings has divested of the group's entire 80% shareholding in AmTrustee (AmTrustee), a non-core operation, several parties, including Rockwills International Group chairman Johari Low Abdullah, for RM9.1m. The group said its subsidiaries, AmBank (M), AmInvestment Bank, AmCard Services and AmSecurities Holding SB, have disposed of their respective 20% equity stake in AmTrustee today. Aside from Johari, the other buyers are: PL Advisory Services SB, PLAS Capital SB and PLAS Equity SB. "The consideration for the disposal was arrived at on a 'willing-buyer willing seller' basis, after taking into account, inter alia, precedent transactions and financials of AmTrustee. (The Edge Markets)

§ **AirAsia (Neutral, TP: RM2.36): Writes to ministry to position LCCT2 as region's LCC hub.** AirAsia Group has officially written to Transport Minister Datuk Seri Liow Tiong Lai and his ministry to seek consideration for its request to position LCCT2 as the region's low-cost carrier hub towards establishing Kuala Lumpur as the Dubai of the East. AirAsia CEO Aireen Omar said that the airline was ever ready to collaborate and work together with Malaysia Airports Holding (MAHB) for the benefit of the local aviation industry and Malaysians. (StarBiz)

§ **AirAsia X (Neutral, TP: RM0.415): Upbeat about its new route to Tehran.** AirAsia X is confident that its new route, which took off with flight D7 776 on June 21, to Tehran, Iran, from here with three weekly flights, will be successful. "The commencement of this route is timed perfectly to complement the groups growing flight network here, where the connectivity with Asean, China and Australia is being optimised with the new destinations and frequencies that we have introduced across the short and long haul network. (Bernama)

§ **Benalec: Entire Tg Piai project gets DOE approval.** Benalec Holdings has received the green light from the Department of Environment (DOE) for all three phases of its Tanjung Piai Integrated Petroleum and Petrochemical Hub and Maritime Industrial Park (TPMIP) project in Johor. (StarBiz)

§ **Vivocom: Secures RM37.8m construction contracts.** Vivocom Intl Holdings, a telecommunication equipment installation firm whose focus began shifting last year more towards construction, has clinched two construction deals worth RM37.8m. It said its 78.6%-owned aluminium works subsidiary Neata Aluminium (M) SB bagged a RM12m contract while Neata's unit Vivocom Enterprise SB - which is Vivocom's construction arm - secured a RM25m contract on Thursday. Vivocom Enterprise was appointed as turnkey contractor for the construction of a 19-unit apartment block in Kampung Kayu Ara, Petaling Jaya. (StarBiz)

§ **Water: Air Selangor could delay capex works.** Pengurusan Air Selangor SB (Air Selangor), which has spent close to RM850m to maintain the state's water assets infrastructure since 2011, may face delays in obtaining its operating licence due to uncertainties relating to the acquisition of Syarikat Pengeluar Air Sungai Selangor SB (Splash). This, in turn, has delayed its submission of a three-year capital expenditure plan to the federal government and hence would not be able to undertake major upgrading works to improve the water infrastructure in the state. (StarBiz)

MARKET UPDATE

§ The voting has ended, the counting is underway, and now the waiting begins! With the full results set to be known between 2pm to 4pm today, Asian markets in particular could be on knife's edge in anticipation of any eventualities. Such wasn't the case overnight however as markets east and west of the Atlantic saw positive trading sessions, with both the Dow Jones Industrial Average and S&P 500 recording gains of 1.3% on stronger performances in its financial-based stocks. Incidentally, the US Federal Reserve released results of its stress test after the close of trading, showing that 33 of the nation's biggest banks (amongst which include Wells Fargo and Morgan Stanley) all having sufficient capital to weather a severe economic shock. Economic releases on the day were mixed however, with a lower-than-expected number in last week's unemployment benefit claims weighed by a decline in purchases of new homes in May as housing market data gets increasingly choppy. European equities extended gains for a fifth day running, with intense scrutiny on developments in the UK and what a possible secession may mean for the entire European Union. The country's benchmark FTSE 100 has ironically been the best performing index amongst the key markets this year, benefitting from a weakening of the Pound and a recovery in mining-related stocks. European-centric data also came out mixed for the day. Though manufacturing activity expanded at a pace faster than expected in June, growth in its services industries missed estimates. Italy (+3.7%) and Spain's (+2.1%) benchmarks led gainers, followed closely by France (+2.0%), Germany (+1.9%) and UK (+1.2%). Asian markets were mostly higher overnight, though warily so. The Hang Seng Index was up 0.4% though the Shanghai Composite Index fell 0.5%. Benchmarks in Malaysia and Singapore inched 0.1% and 0.3% higher though Indonesia's slipped 0.5%.

Vivocom International's subsidiaries have secured jobs worth a collective RM37.8m in Sungai Buloh and Kuala Lumpur, expected to last between 18 and 36 months. Willowglen MSC will supply, deliver, install and commission remote terminal units for transmission substations at a contract value of RM5.7m, awarded to it by SP Power Assets Ltd. Benalec Holdings has received the Department of Environment's approval to commence reclamation works for phases 2 and 3 (covering 3,487 acres) of its Tanjung Piai Integrated Petroleum and Petrochemical Hub and Maritime Industrial Park project. Sime Darby has disposed of its ownership in Hotel Equatorial Melaka to Permodalan Nasional Berhad for RM55.4m, AMMB Holding has disposed of its interest in AmTrustee to several parties for RM9.1m while Gabungan AQRS will be selling 1,140 units of affordable homes along with a 19.03 plot of leasehold land in Sepang to PR1MA Corp for RM314m.

**ECONOMIC MONITOR** (Announcements over next 7 days)

| <u>Date</u> | <u>Economic Release</u> | <u>Period</u> | <u>Consensus</u> | <u>Previous</u> |
|-------------|-------------------------------------|---------------|------------------|-----------------|
| 28-Jun-16 | US S&P/CaseShiller Home Price Index | Apr | -- | 5.15% |
| 28-Jun-16 | US Consumer Confidence Index | Jun | 93.1 | 92.6 |
| 29-Jun-16 | Euro-Zone Consumer Confidence | Jun | -- | -7.3 |
| 30-Jun-16 | Malaysia Money Supply M3 YoY | May | -- | 1.5% |
| 30-Jun-16 | US Initial Jobless Claims | 25-Jun | -- | 259K |
| 01-Jul-16 | China Manufacturing PMI | Jun | 50.1 | 50.1 |
| 01-Jul-16 | Malaysia Exports YoY | May | -- | 1.6% |
| 01-Jul-16 | Malaysia Imports YoY | May | -- | -2.3% |
| 01-Jul-16 | US Markit PMI Manufacturing | Jun | -- | 51.4 |
| 01-Jul-16 | Euro-Zone Markit PMI Manufacturing | Jun | -- | 52.6 |

CORPORATE MONITOR**COMPANY VISITS / BRIEFING**

| <u>Company</u> | <u>Date</u> | <u>Time</u> |
|----------------|-------------|-------------|
| SCGM | 24-Jun-16 | 10.30am |
| Privasia | 24-Jun-16 | 2.30pm |

RESULTS

| <u>Company</u> | <u>Financial Quarter</u> | <u>Date</u> |
|----------------|--------------------------|-------------|
|----------------|--------------------------|-------------|

IPO LISTING

| <u>Company</u> | <u>Listing Sought</u> | <u>Issue Price (RM/Share)</u> | <u>No. Of Shares</u> | | <u>Closing Application Date</u> | | <u>Listing Date</u> |
|--------------------|-----------------------|-------------------------------|----------------------|-----------------------|---------------------------------|----------------------|---------------------|
| | | | <u>Public Issue</u> | <u>Offer For Sale</u> | <u>Retail</u> | <u>Institutional</u> | |
| Dancomech Holdings | Main | RM0.75 | 24,000,000 | 16,000,000 | 12-Jul | 12-Jul | 21-Jul |

CORPORATE MONITOR

OFF-MARKET TRANSACTIONS (>1,000,000)

23-Jun-2016

| <u>Company</u> | <u>Volume</u> | <u>Value (RM)</u> | <u>Average Price (RM)</u> |
|----------------------|---------------|-------------------|---------------------------|
| Meda Inc | 5,000,000 | 2,500,000 | 0.50 |
| Oriental Interest | 18,901,027 | 41,582,260 | 2.20 |
| Atta Global Group | 1,704,110 | 732,767 | 0.43 |
| CME Group | 5,000,000 | 275,000 | 0.06 |
| Kanger International | 5,460,000 | 1,638,000 | 0.30 |

ENTITLEMENTS

| <u>Company</u> | <u>Particulars</u> | <u>Gross DPS (RM)</u> | <u>Announcement Date</u> | <u>Ex-Date</u> | <u>Lodgement Date</u> | <u>Payment Date</u> |
|-----------------------------|---|-----------------------|--------------------------|----------------|-----------------------|---------------------|
| Careplus Group | 1st & final single-tier dividend 0.3sen | 0.003 | 28-Apr | 20-Jun | 23-Jun | 7-Jul |
| Mega First Corp | Final dividend 5sen T.E. | 0.050 | 19-Apr | 20-Jun | 23-Jun | 1-Jul |
| White Horse Bhd | Final T.E. dividend 5sen | 0.050 | 28-Apr | 20-Jun | 23-Jun | 007/12 |
| Chin Hin Group | First interim single-tier dividend 3% or 1.5sen | 0.015 | 30-May | 21-Jun | 24-Jun | 15-Jul |
| IJM Corp | Second interim single-tier dividend 4sen | 0.040 | 26-May | 21-Jun | 24-Jun | 15-Jul |
| IJM Corp | Special dividend single-tier 3sen | 0.030 | 26-May | 21-Jun | 24-Jun | 15-Jul |
| IJM Plantations | Interim dividend single-tier 5sen | 0.050 | 26-May | 21-Jun | 24-Jun | 13-Jul |
| Leon Fuat Bhd | Final single-tier dividend 1.5sen | 0.015 | 7-Apr | 21-Jun | 24-Jun | 22-Jul |
| Media Chinese International | Interim dividend RM0.0243 | 0.006 | 30-May | 21-Jun | 22-Jun | 13-Jul |
| MBSB | Rights issue | 1 per 1 | 9-Jun | 21-Jun | 24-Jun | 19-Jul |
| Seni Jaya Corp | Single-tier final dividend 1.0sen | 0.010 | 28-Apr | 21-Jun | 24-Jun | 15-Jul |
| DKSH Holdings Malaysia | Final single-tier dividend of 9.5sen | 0.095 | 1-Apr | 23-Jun | 27-Jun | 14-Jul |
| United U-Li Corp | 1st single-tier interim dividend 3sen | 0.030 | 7-Jun | 23-Jun | 27-Jun | 21-Jul |
| AEON Credit Service | Final dividend 29.6sen single-tier | 0.296 | 21-Jun | 24-Jun | 28-Jun | 15-Jul |
| Solution Engineering | Bonus issue of shares with warrants | | 13-Jun | 24-Jun | 28-Jun | |
| Supermax Corp | Interim single-tier dividend 4% | 0.020 | 27-May | 24-Jun | 28-Jun | 18-Jul |

T.E. - Tax Exempt



RATING CLASSIFICATION

STOCKS

| | |
|---------------------|--|
| OUTPERFORM | The stock return is expected to exceed a relevant benchmark's total of 10% or higher over the next 12 months. |
| NEUTRAL | The stock return is expected to be within +/- 10% of a relevant benchmark's return over the next 12 months. |
| UNDERPERFORM | The stock return is expected to be below a relevant benchmark's return by -10% over the next 12 months. |
| TRADING BUY | The stock return is expected to exceed a relevant benchmark's return by 5% or higher over the next 3 months but the underlying fundamentals are not strong enough to warrant an Outperform call. |
| TRADING SELL | The stock return is expected to be below a relevant benchmark's return by -5% or more over the next 3 months. |
| NOT RATED | The stock is not within regular research coverage. |

SECTOR

| | |
|--------------------|--|
| OVERWEIGHT | The sector is expected to outperform a relevant benchmark over the next 12 months. |
| NEUTRAL | The sector is expected to perform in line with a relevant benchmark over the next 12 months. |
| UNDERWEIGHT | The sector is expected to underperform a relevant benchmark over the next 12 months. |

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