

Monday, 26 Feb, 2024

## Overall Sentiment Still Positive

### Market Review

**Malaysia:** The FBM KLCI (+0.23%) ended higher, in line with the positive performance in the regional stock markets, boosted by Utilities heavyweights. On the broader market, the Utilities sector (+3.14%) was the leading sector, while the Healthcare sector (-1.43%) declined, dragged by selling pressure in selected glove counters.

**Global markets:** Wall Street ended mixed, however all the 3 indices logged a winning week, as the AI-theme stocks led the positive sentiment for the week. Both the European and Asian stock market ended higher, the latter after investors assessed Chinese property prices data, which showed a slowdown in the decline rate of prices.

### The Day Ahead

The FBM KLCI ended on a positive tone last week as the results released from YTL-related were fairly above market's expectations, translating to further buying support in the Utilities sector. Meanwhile, the US stock market traded mixed for the session as the Technology sector took a breather following Nvidia's results. Several events that the market may be monitoring this week include (i) US GDP, (ii) Core PCE, (iii) unemployment claims and (iv) US Manufacturing PMI data. Closer to home, buying interest should be sustained, following last week's momentum as we enter the full-blown corporate earnings season this week. On the commodity market, the Brent oil price traded around USD81/bbl.

**Sectors focus:** Still, the traders may continue to chase into the Utilities sector as YTLs are deemed attractive in terms of their valuations. Meanwhile, we noticed the Technology sector's results were slightly positive last week, and we believe it may turn out stronger from 2Q onwards. Besides, we expect strong set results from TM may provide support towards the Telco sector. We opine that there might be more earnings surprises from the Consumer and O&G sectors on the back of normalising costs and firmer crude oil price, respectively.

### FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI rebounded from a 2-day decline. However, the technical readings on the key index were mixed, with the MACD Histogram forming a rounding top formation, while the RSI maintains above the 50 level. The resistance is envisaged around 1,560-1,570 and the support is set at 1,520-1,530.

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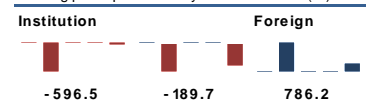
### Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	39,131.54	0.16
S&P 500	5,088.80	0.03
NASDAQ	15,996.82	-0.28
FBM KLCI	1,549.11	0.23
FBM Small Cap	17,116.34	-0.31
FBM ACE	4,885.89	-0.42
Construction	209.90	-0.36
Consumer	578.77	-0.08
Energy	929.89	-0.46
Financial Services	17,345.39	0.13
Healthcare	1,949.00	-1.43
Ind Products	177.85	-0.38
Plantation	7,247.83	-1.16
Property	930.74	0.40
REITs	821.02	0.39
Technology	65.49	-0.24
Telco & Media	610.57	-1.05
Transport & Logist	968.10	0.13
Utilities	1,576.04	3.14
Trading Vol (m)	4,068.63	9.42
Trading Val (RM m)	3,209.28	24.58

#### Gainers/ Losers rat

FKLI	1,552.00	0.23
FCPO (RM)	3,853.00	0.36
Brent oil (USD)	81.62	-2.45
Gold (USD)	2,035.40	0.54
USD	4.7773	-0.04
GBP	6.0463	0.11
EURO	5.1678	0.29
SGD	3.5507	0.30

#### Trading participation 5-day trend and value ('m)



Source: Bloomberg, Bursa Market Place



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## Company Brief

**Sime Darby Property Bhd's** net profit for the fourth quarter ended Dec 31, 2023 (4QFY2023) rose 27.25% to RM131.26m from RM103.15m a year earlier, thanks to strong topline contributions and higher profit from the property development segment. Quarterly revenue increased 5.83% to RM1.01bn from RM956.9m a year earlier. It declared a second interim dividend of 1.5 sen per share, bringing total dividends for FY2023 to 2.5 sen per share. Full-year net profit jumped 29.15% to RM407.91m from RM315.84m for FY2022, as annual revenue expanded by 25.34% to RM3.44bn from RM2.74bn. It foresees a positive FY2024 evidenced by rising sales volumes, new property launches, successful completions, as well as positive government policies and incentives. (The Edge)

**IOI Corp Bhd's** net profit for the second quarter ended Dec 31, 2023 (2QFY2024) shrank 52.9% year-on-year to RM335.4m from RM712.1m, mainly due to lower contribution from the resource-based manufacturing segment. Its revenue declined 27.46% to RM2.4bn from RM3.3bn in 2QFY2023. It declared a 4.5 sen dividend for the quarter. For the first half of FY2024, IOI's net profit dropped 27.3% to RM639.4m from RM879.6m as revenue fell 34.01% to RM4.6bn from RM6.97bn. Looking ahead, IOI said CPO price is anticipated to increase moderately to levels close to or above RM4,000 a tonne in March and April due to the anticipation of higher palm oil consumption. (The Edge)

**Telekom Malaysia** saw its net profit more than double in 4QFY2023 to RM433.53m from RM160.18m a year ago thanks to tax credits and higher data revenue as well as lower costs. Revenue for the quarter meanwhile rose 5% year-on-year to RM3.12bn from RM2.98bn, mainly from an increase in data, internet and multimedia services, and other telecommunication services. It declared a final dividend of 15.5 sen per share. For the full-year, net profit surged 64% to RM1.87bn from RM1.14bn thanks to lower net finance cost and recognition of tax credits from unutilised tax losses. For 2024, the company is targeting "low single-digit" growth in revenue and earnings before interest and tax of between RM2.1bn and RM2.2bn. (The Edge)

**Mi Technovation Bhd's** net profit for 4QFY2023 declined 30.36% to RM11.92m, from RM 17.11m a year earlier, mainly on lower utilisation rate. Revenue for 4QFY2023 slipped 17.53% to RM96.62m from RM117.15m previously. It declared a dividend of two sen per share. For FY2023, the group said its net profit dropped 19.83% to RM55.2m from RM68.86m in FY2022, as its margins were compressed by "huge" foreign exchange losses. Full-year revenue slipped 8.61% to RM355.96m, from RM389.48m previously. Looking to FY2024, the group remained positive on the semiconductor equipment business unit's revenue contribution. (The Edge)

**Aeon Co (M) Bhd's** net profit rose 31% to RM32.58m in 4QFY2023 from RM24.91m a year earlier, thanks to higher occupancy rate, rental renewals and cost control. Quarterly revenue, however, slipped 2.68% to RM1.03bn from RM1.06bn, due to lower retail sales and a high base of comparison. For FY2023, its net profit increased by 3.24% to RM114.83m from RM111.23m. Revenue slipped 0.29% to RM4.13bn from RM4.14bn in the previous year, due to a high base of comparison last year and partial store closures for renovation. The group proposed a dividend of four sen per share for FY2023. The company raised concerns over upcoming subsidy rationalisation, hike in services tax, as well as introduction of high-value goods tax. (The Edge)

**Greotech Technology Bhd's** net profit climbed 12.8% to RM41.55m for 4QFY2023 from RM36.82m, despite its revenue falling 8.6% to RM154.64m from RM169.11m, due to lower revenue recognised from its production line system. In FY2023, the group's net profit climbed 17% to RM154.37m, as compared to RM131.89m a year ago, while its full-year revenue rose 20.6% to RM658.75m from RM546.21m a year earlier (The Edge)



**Malakoff Corp Bhd** turned to a net loss of RM357.1m in 4QFY2023 from a net profit of RM41.9m last year, dragged by the group's independent water and power producer (IWPP) associate in Bahrain. Quarterly revenue fell 23.89% to RM2.26bn, from RM2.97bn, due to lower energy payment for the Tanjung Bin power plant, as well as an absence of revenue from GB3 whose power purchase agreement expired on Dec 30, 2022. For FY2023, Malakoff reported a net loss of RM884.36m, compared with a net profit of RM255.03m in FY2022, on the back of 12.4% lower revenue of RM9.07bn. It said it is actively participating in competitive bids for solar projects initiated by the government while remaining open to potential mergers and acquisitions in the waste management and environmental solutions sector. (The Edge)

**Matrix Concepts Holdings Bhd's** net profit logged a 5.27% rise in its third quarter ended Dec 31, 2023 (3QFY2024) to RM57.24m from RM54.37m a year earlier, as gross profit margin improved due to changes in the product mix. Revenue, meanwhile, declined 18.64% to RM295.98m from RM363.81m previously, despite the absence of revenue contribution from the group's Australian and Klang Valley property development activities. For 9MFY2024, Matrix's net profit grew 22.3% to RM185.87m from RM151.98m, as revenue expanded 21.01% to RM986.76m from RM815.42m a year earlier. Moving forward, Matrix said its acquisition of the 1,382-acre land parcel within the Malaysian Vision Valley corridor will not only position the group to cater to the thriving housing demand in Seremban but also capture the spillover effect from buyers seeking alternatives to the Klang Valley market. (The Edge)

**Sports Toto Bhd's** net profit shrank 63% to RM24.22m in 2QFY2024 from RM64.86m in 2QFY2023, due to lower sales at both its lottery and luxury car businesses, as well as higher operating costs. Revenue for the quarter slipped 2.85% year-on-year to RM1.37bn from RM1.41bn. It declared a dividend of 2 sen per share. For 6MFY2024, Sports Toto's net profit dropped 38.12% to RM84.38m from RM136.35m in the same period a year ago. Half-year topline rose 4.8% to RM2.96bn from RM2.83bn previously. The company remained optimistic about its sales growth but noted that the closure of outlets in Kedah and Perlis due to state government policy will lead to the encroachment of illegal operators. (The Edge)

**SAM Engineering & Equipment (M) Bhd** posted a 52.81% increase in its net profit for 3QFY2024 to RM29.32m, from RM19.19m a year earlier, thanks to higher profit contribution from both its equipment and aerospace segments. Quarterly revenue grew 11.54% to RM387.28m from RM347.21m in 3QFY2023, on increased sales and forex gains. For 9MFY2024, SAM Engineering's net profit rose 18.41% to RM82.48m as compared with RM69.66m in 9MFY2023, as revenue increased slightly by 1.45% to RM1.12bn from RM1.11bn. On its outlook, the group noted that the semiconductor equipment industry is witnessing a recovery in sales, however, the fabrication utilisation was low at about 70% in the second half of 2023. (The Edge)

## Technical Focus Tracker

Technical Focus Tracker											
No.	Companies	Report Date	Report Date Share Price (RM)	Resistance 1 (RM)	Resistance 2 (RM)	Long Term Target (RM)	Support (RM)	Cut Loss (RM)	Last Price (RM)	Change in Share Price (%)	Comments
1	SDS	27-Dec	0.730	0.785	0.790	0.825	0.680	0.670	0.825	13.0%	Take profit on 21/2/2024
2	AVALAND	16-Jan	0.270	0.285	0.290	0.325	0.245	0.240	0.295	9.3%	Initiate on 16/1/2024
3	DELEUM	23-Jan	1.070	1.140	1.150	1.200	0.980	0.970	1.130	5.6%	Initiate on 23/1/2024
4	PWRWELL	26-Jan	0.255	0.275	0.280	0.290	0.240	0.230	0.270	5.9%	Initiate on 26/1/2024
5	MNHLDG	30-Jan	0.620	0.655	0.660	0.680	0.590	0.580	0.690	11.3%	Take profit on 22/2/2024
6	SPRITZER	5-Feb	2.240	2.400	2.450	2.500	2.140	2.100	2.170	-3.1%	Initiate on 5/2/2024
7	INARI	14-Feb	3.220	3.500	3.550	3.600	3.150	3.100	3.330	3.4%	Initiate on 14/2/2024
8	MBMR	19-Feb	4.660	4.950	5.000	5.100	4.450	4.400	4.600	-1.3%	Initiate on 19/2/2024



## Market Chat Tracker – 1Q24 Stock Picks

1Q24 Stock Picks											
No.	Companies	Report Date	Report Date Share Price (RM)	Resistance 1 (RM)	Resistance 2 (RM)	Long Term Target (RM)	Support (RM)	Cut Loss (RM)	Last Price (RM)	Change in Share Price (%)	Comments
1	AME	26-Dec	1.660	1.920	2.050	-	1.630	1.550	1.660	0.0%	Initiate on 26/12/2023
2	CCK	26-Dec	0.840	0.950	1.000	-	0.805	0.760	0.945	12.5%	Initiate on 26/12/2023
3	INARI	26-Dec	3.000	3.300	3.450	-	2.860	2.750	3.330	11.0%	Initiate on 26/12/2023
4	ITMAX	26-Dec	1.810	1.950	2.000	-	1.760	1.700	2.240	23.8%	Initiate on 26/12/2023
5	KSL	26-Dec	1.130	1.210	1.300	-	0.995	1.070	1.510	33.6%	Initiate on 26/12/2023
6	MYEG	26-Dec	0.815	1.000	1.080	-	0.805	0.750	0.785	-3.7%	Initiate on 26/12/2023
7	NATGATE	26-Dec	1.550	1.760	1.850	-	1.480	1.350	1.390	-10.3%	Initiate on 26/12/2023
8	OSK	26-Dec	1.230	1.300	1.350	-	1.150	1.100	1.530	24.4%	Initiate on 26/12/2023
9	PBBANK	26-Dec	4.250	4.410	4.500	-	4.170	4.060	4.480	5.4%	Initiate on 26/12/2023
10	SCGBHD	26-Dec	0.425	0.475	0.500	-	0.400	0.380	0.465	9.4%	Initiate on 26/12/2023
11	SUNCON	26-Dec	1.970	2.150	2.250	-	1.920	1.850	2.600	32.0%	Initiate on 26/12/2023
12	SWIFT	26-Dec	0.540	0.600	0.635	-	0.515	0.495	0.560	3.7%	Initiate on 26/12/2023
13	TM	26-Dec	5.560	6.000	6.250	-	5.350	5.210	5.910	6.3%	Initiate on 26/12/2023
14	WCEHB	26-Dec	0.930	1.000	1.070	-	0.880	0.820	1.010	8.6%	Initiate on 26/12/2023
Average Return										11.2%	

Technical Focus Tracker Summary	
Total recommendations	367
Total winners	217
Total losers	135
Portfolio performance (2020)	22.7%
Accuracy (2020)	53.3%
Portfolio performance (2021)	30.4%
Accuracy (2021)	66.4%
Portfolio performance (2022)	13.3%
Accuracy (2022)	62.9%
Portfolio performance (2023)	12.8%
Accuracy (2023)	49.4%
FBM KLCI (Since 30/12/2022)	3.3%
FBM Small Cap (Since 30/12/2022)	15.0%
Malaysia GDP Growth (1H23)	4.2%

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