

Tuesday, 27 Feb, 2024

Earnings Season To Be Focused

Market Review

Malaysia: The FBM KLCI (-0.10%) ended lower, in line with the negative performance in the regional stock markets, dragged by Plantation, Banking and Gaming heavyweights. On the broader market, the Transportation & Logistics sector (+1.09%) was the leading sector, while the Technology sector (-1.27%) declined.

Global markets: Wall Street ended lower, as the AI rally momentum may be starting to slow down, meanwhile traders will be eyeing the upcoming consumer spending and PCE data due on Thursday. Both the European and Asian stock market ended lower, ahead of the China's manufacturing purchasing managers' index.

The Day Ahead

The FBM KLCI slid lower for the session dragged by Gaming heavyweights. Meanwhile, the US stock markets ended on a negative tone as the market is taking a cautious stance for the near term ahead of several economic data to gauge the Fed's easing cycle going forward; this week data include (i) US GDP (Wed), (ii) Core PCE (Thu), (iii) unemployment claims (Thu) and (iv) US Manufacturing PMI (Fri). Meanwhile, we expect buying support to return on the local front after several consolidation days as corporate earnings will be focused. On the commodity market, the Brent oil price hovered around USD80-83/bbl as concerns over the Red Sea persisted.

Sectors focus: YTL related companies could remain in focus as they are deemed cheap in terms based on forward valuations. Meanwhile, we like the Technology sector with the release of stronger results from D&O amid stronger demand from the automotive segment. Also, a strong set of results from PPHB could provide an upside opportunity for the Packaging industry. Still, we favour the Consumer and O&G sectors as ABLEGLOB, LAYHONG and DELEUM recorded solid growth this quarter.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI ended lower forming a 4-bar consolidation pattern. 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	39,069.24	-0.16
S&P 500	5,069.53	-0.38
NASDAQ	15,976.25	-0.13
FBM KLCI	1547.60	-0.10
FBM Small Cap	17,131.25	0.09
FBM ACE	4,845.80	-0.82
Construction	209.66	-0.11
Consumer	578.11	-0.11
Energy	936.23	0.68
Financial Services	17,319.41	-0.15
Healthcare	1938.35	-0.55
Ind Products	177.93	0.04
Plantation	7,599.69	-1.22
Property	930.33	-0.04
REITs	816.49	-0.55
Technology	64.66	-1.27
Telco & Media	616.77	1.02
Transport & Logist	978.63	1.09
Utilities	1580.21	0.26
Trading Vol (m)	3,739.88	-8.08
Trading Val (RM m)	3,120.51	-2.77
Gainers/ Losers rat		
FKLI	1550.50	0.10
FCPO (RM)	3,874.00	0.28
Brent oil (USD)	82.52	0.03
Gold (USD)	2,038.80	0.00
USD	4.7773	-0.04
GBP	6.0577	0.06
EURO	5.1823	0.26
SGD	3.5525	-0.10

Trading participation 5-day trend and value (m)

Institution	Foreign
-582.9	682.3
-99.4	

Source: Bloomberg, Bursa Market Place



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Company Brief

Petronas Chemicals Group Bhd's (PetChem) net profit for the financial year ended Dec 31, 2023 slumped 73% to RM1.69bn from RM6.32bn, against a backdrop of volatile chemicals market and interruptions at its plants. Revenue for the year dipped to RM28.67bn from RM28.95bn. For the fourth quarter, PetChem's net profit fell 76% to RM112m from RM481m on the back of revenue of RM7.21bn versus RM8.70bn. PetChem declared a dividend of 5 sen per share amounting to RM400m, payable on March 26. Total dividends for FY2023 came in at 41 sen per share, totalling RM1bn. (The Edge)

Petronas Dagangan Bhd (PetDag) said its net profit rose by 25% in the fourth quarter from a year earlier thanks to high volume growth on the back of higher demand. Net profit for the three months ended Dec 31, 2023 stood at RM180.81m compared to RM144.46m over the same period the prior year. Revenue increased by 6% year-on-year (y-o-y) to RM10.08bn from RM9.5bn. PetDag declared a dividend of 27 sen per share for the quarter under review, bringing the total dividend for the year to 80 sen per share, a slight increase from the total dividend of 76 sen per share declared in FY2022. For the full year, PetDag registered a net profit of RM943.08m, up 21.4% from the prior year's RM776.60m. Its revenue increased 2.2% to RM37.55bn from RM36.75bn. (The Edge)

United Plantations Bhd has declared a final dividend of 70 sen per share, along with a special dividend of 40 sen per share, for the financial year ended Dec 31, 2023 (FY2023), as annual net profit jumped to a new record high of RM711m. This brings total dividends for FY2023 to a record high of RM1.90 per share, up 36% from the RM1.40 paid for FY2022. The group's FY2023 record high net profit was 17% higher than the RM606m it made in FY2022, and the increase was mainly due to higher commodity prices and the group's efforts in optimising yields, with a "commendable performance recorded for the downstream segment". (The Edge)

Inari Amertron Bhd's net profit fell 7.26% y-o-y to RM86.81m in the second quarter ended Dec 31, 2023 (2QFY2024) from RM93.61m, due to set-up costs for new products and higher electricity costs. The decline more than offset the impact of higher revenue, which rose 2.89% to RM414.08m, from RM402.46m a year ago, thanks to a high loading volume in radio frequency (RF) and optoelectronics segments. Inari declared a dividend of 2.2 sen per share, bringing its 1HFY2024 payout to 4.4 sen per share, down from 4.8 sen per share a year ago. In the first half ended Dec 31, 2023 (1HFY2024), Inari's net profit fell 14.05% to RM171.79m, from RM199.86m a year ago, while revenue rose 2.38% to RM798m from RM779.46m on higher RF segment growth. (The Edge)

AMMB Holdings Bhd said its net profit rose 22% in the third quarter from a year earlier as tax credits helped offset provisions for bad loans. Net profit for the three months ended Dec 31, 2023 was RM543.41m versus RM444.21m in the same period a year earlier. The company booked a one-off tax credit of RM537.6m as well as RM435.29m in allowances for impairment on loans, advances and financing. For the nine months ended Dec 31 (9MFY2024), AMMB's net profit rose 8.59% to RM1.39bn from RM1.28bn while allowances for impairment on loans, advances and financing jumped to RM657.34m against RM337.46m a year ago. (The Edge)

LPI Capital Bhd's net profit for the fourth quarter ended Dec 31, 2023 (4QFY2023) jumped 44% y-o-y to RM78.6m from RM54.6m, primarily due to the absence of the one-off prosperity tax that was imposed in FY2022. Revenue rose 26.5% to RM481.4m from RM380.5m in 4QFY2022, boosted mainly by its general insurance segment. The group declared a second interim dividend of 40 sen per share, up from 35 sen per share in FY2022 payable on March 20. (The Edge)



FGV Holdings Bhd's net profit fell 12-fold to RM103m in 2023 from RM1.33bn in 2022 as the group's mainstay plantation business' earnings plummeted amid lower average crude palm oil (CPO) prices. Revenue for the financial year ended Dec 31, 2023 (FY2023) dropped 24.26% to RM19.36bn from RM25.56bn in the previous year. FGV has agreed to declare a final dividend of three sen per share, involving a payout of RM109.44m, for FY2023. For the fourth quarter of FY2023, FGV saw a four-fold drop in net profit to RM71.83m from RM344.3m a year earlier, as average CPO price fell to RM3,789 per tonne versus RM4,432 previously. Quarterly revenue dropped 12.03% y-o-y to RM5.36bn from RM6.1bn. (The Edge)

D&O Green Technologies Bhd's net profit for the fourth quarter ended Dec 31, 2023 (4QFY2023) jumped 79.34% to RM24.32m from RM13.56m a year earlier, fuelled by higher revenue following a 21% jump in global car sales, as well as margin expansion. Revenue for the automotive light-emitting diode (LED) maker jumped 25.39% to RM309.97m in 4QFY2023 from RM247.2m in 4QFY2022. It proposed a first interim dividend of 0.3 sen per share for FY2023, payable on March 29. Despite the stronger fourth quarter, D&O's net profit for FY2023 fell 41.26% to RM44.14m from RM75.15m in FY2022, as margin was dragged down by ongoing capacity expansion efforts as well as finance costs. This is despite the group posting a fresh all-time high full-year revenue of RM1.02bn, up 3.42% from RM983.03m previously, on strong customer demand. (The Edge)

Syarikat Takaful Malaysia Keluarga Bhd reported a 4.76% increase in its fourth quarter net profit from a year earlier, thanks to higher contribution from its group and general takaful segment. Net profit for the quarter ended Dec 31, 2023 (4QFY2023) was up to RM70.32m or 8.4 sen per share, from RM67.12m or 8.02 sen per share a year earlier. Revenue for the quarter also increased by 4.81% y-o-y to RM1.13bn, from RM1.08bn, driven by higher overall contributions of the group takaful segment. For the full year, Takaful Malaysia's net profit jumped 22.64% to RM346.91m or 41.42 sen per share, from RM282.86m or 33.82 sen per share in FY2022. Full-year revenue also rose 15.09% to RM3.46bn, from RM3bn in the preceding year's corresponding period. (The Edge)

Cahaya Mata Sarawak Bhd's (CMS) fourth quarter net profit jumped 71.1% to RM36.25m from RM21.18m a year prior, as the group's cement segment returned to profitability. Revenue for the quarter ended Dec 31, 2023 rose 7.86% y-o-y to RM332.65m from RM308.4m. CMS has proposed a first and final dividend of 2 sen per share. For the full year, CMS' net profit more than halved to RM115.13m from RM287.13m, mainly as the group recognised a one-off gain of RM197.78m in FY2022. Full-year topline rose 18.82% to RM1.2bn from RM1.01bn in FY2022, on the back of higher contributions from its cement and oiltools divisions. (The Edge)

Allianz Malaysia Bhd's net profit rose 11.69% to RM193.69m in the fourth quarter ended Dec 31, 2023 (4QFY2023) from RM173.46m a year earlier, lifted by better contributions from its life insurance segment. Revenue for the quarter grew 13.43% to RM1.31bn from RM1.15bn. For the full FY2023, Allianz Malaysia's net profit grew 19.1% to RM730.91m from RM613.67m in the previous year, as revenue expanded 11.83% to RM4.94bn from RM4.42bn. It paid RM1.005 sen per share in dividends for the year, up from 85 sen for FY2022. (The Edge)

SKP Resources Bhd posted a 42.48% drop in its net profit to RM23.44m for its third quarter ended Dec 31, 2023 (3QFY2024) from RM40.74m a year earlier, on reduced sale orders amid softer market demand. Revenue declined 38.78% to RM453.1m from RM740.13m in 3QFY2023. For the nine-month period, SKP's net profit fell 42.05% to RM72.09m from RM124.4m in the same period of FY2023 as revenue declined 30.87% to RM1.4bn from RM2.03bn. (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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