

**12 Apr 2024**

# | Daily Digest

**Key indices**

	Close	Chg	% Chg
KLCI	1,554	(6)	(0.4)
FBM EMAS	11,701	(33)	(0.3)
DJIA	38,459	(2)	(0.0)
NASDAQ	16,442	272	1.7
FTSE	7,924	(37)	(0.5)
HSI	17,095	(44)	(0.3)
NIKKEI	39,443	(139)	(0.4)
STI	3,228	(10)	(0.3)
KOSPI	2,707	2	0.1

Source: Bloomberg

**Market data**

	Close	3MMA	12MMA
Volume (m)	3,463	3,921	3,479
Value (RM m)	2,064	2,771	2,268

  

	Close	Prev	% Chg
CPO	4,487	4,512	-0.6
RM/ US\$	4.75	4.75	-0.1
Crude oil (brent)	89.7	90.5	-0.8
MGS 10 yr	3.88	3.90	-0.3

Source: Bloomberg, CIMB Securities

**Relative performance**
**(CIMB Securities)**

Top gainers (%)	1M	3M	12M
SP SETIA	47	60	122
ECONPILE	27	43	103
MUHIBBAH	22	9	11
MAH SING	20	43	84
UEM SUNRISE	18	12	299
MAHB	17	25	33
E&O	16	31	168
MRCB	16	33	80
KOSSAN RUBBER I	15	1	44
BERJAYA FOOD	14	(1)	(33)

  

Top losers (%)	1M	3M	12M
AXIATA GROUP	(9)	(1)	(19)
GENM	(9)	(5)	(8)
COCO	(8)	(19)	(41)
ASTRO MALAYSIA	(8)	(18)	(58)
RCE CAPITAL	(7)	(17)	32
LOTTE CHEMICAL	(6)	(28)	(22)
PHARMANIAGA	(5)	(13)	(1)
AIRASIA X	(5)	(34)	(11)
CELCOMDIGI	(5)	(5)	(12)
FGV HOLDINGS	(4)	(1)	(13)

Source: Bloomberg

**RHB Bank Berhad – Key takeaways from virtual meeting**

Based on our recent virtual meeting update with RHB Bank Berhad (RHB), we get the sense the company is still rather cautious, hinting that it is watchful on potential asset quality stress. We **maintain** our **Hold** call and earnings forecasts for RHB with an unchanged target price of **RM5.50** based on fair P/BV of 0.7x FY24F. Upside risks are (1) better-than-expected NIM; (2) strong non-interest income. Downside risks are (1) worsening asset quality if domestic inflation picks-up; (2) elevated costs of funds.

**Aeon Credit Service (M) — FY24 broadly in-line**

ACSM's FY24 core net profit increased marginally by 1.6% yoy, held back by higher impairment losses of 27.3% yoy. Overall, this was broadly in line at 105% of our and consensus FY24F forecast. A final DPS of 14 sen was declared, bringing its full-year DPS to 42.5 sen, which is lower than our forecast of 47.7 sen (FY23: 49.5 sen). We cut our FY25-26F core net profit by 6.7-6.9% as we assumed more conservative credit cost and share of losses from associate of RM50m. Our GGM-based TP of **RM6.50** is raised 1.6%, as our lower earnings forecast is more than offset by the rollover of the valuation base to FY25F. We **downgrade** our call to **Hold** from a Buy previously, as ACSM is fairly valued.

**| News Headlines**

- Vincent Tan said to weigh taking Berjaya Food private
- Sarawak Cable sued by two creditor banks claiming RM95.5m
- Solarvest plans RM56.7 mil private placement to fund solar projects
- Cocoa price surge may increase borrowing and leverage for Guan Chong, JB Cocoa — MARC
- Govt to have mechanism to stabilise sugar supply, price in 2Q, says Armizan
- Phase 1 of Sarawak Pan Borneo Highway to be fully opened in 2Q — minister

## Newsflow

### **Vincent Tan said to weigh taking Berjaya Food private**

Malaysian tycoon Tan Sri Vincent Tan is considering taking Kuala Lumpur-listed Berjaya Food Bhd private, according to people with knowledge of the matter. Tan is in talks with banks about financing for a potential deal, said the people, asking not to be named as the matter is private. Shares of Berjaya Food, which owns 100% of Starbucks Corp's Malaysian operations, have dropped about 28% in the past year, giving it a market value of US\$229 million (RM1.09 billion). *[The Edge]*

### **Sarawak Cable sued by two creditor banks claiming RM95.5m**

Sarawak Cable Bhd (SCB) said the group and its wholly-owned subsidiary Universal Cable (Sarawak) Sdn Bhd have been sued by two banks over a total owed sum of RM95.53 million. The suits were filed by Hong Leong Bank Bhd (HLB) and Hong Leong Bank Islamic Bhd (HLISB) at the Kuching High Court on Monday, SCB said in a bourse filing on Tuesday. The Practice Note 17 (PN 17) group said that the suits are not expected to have any material operational impact on the group and that it is in negotiation with the banks to resolve the matter. *[The Edge]*

### **Solarvest plans RM56.7 mil private placement to fund solar projects**

Solarvest Holdings Bhd has proposed to raise up to RM56.71 million via a private placement of 6% of its enlarged share base to fund its solar power projects. The group announced in a bourse filing on Tuesday that up to 40.22 million shares will be issued to independent third parties under the proposal. The issue price will be fixed later, but the RM56.71 million estimate was based on an illustrative issue price of RM1.41, a 9.62% discount to Solarvest shares' five-day volume-weighted average price up to April 1. *[The Edge]*

### **Cocoa price surge may increase borrowing and leverage for Guan Chong, JB Cocoa — MARC**

The sharp rise in cocoa bean prices could lead to higher borrowing and leverage for cocoa grinders Guan Chong Bhd and JB Cocoa Sdn Bhd, a wholly-owned subsidiary of Singapore's JB Foods, according to MARC Ratings. In a statement on Tuesday, MARC said it has downgraded its rating on the sukuk programmes of both companies from "stable" to "negative". The rating agency said the revised rating was prompted by the significant increase in cocoa bean prices, from US\$3,835 to US\$9,193 per tonne between October 2023 and March 2024, putting considerable pressure on the working capital needs of both companies. *[The Edge]*

### **Govt to have mechanism to stabilise sugar supply, price in 2Q, says Armizan**

The government will decide on the mechanism to stabilise sugar supply and pricing in the second quarter of this year (2Q2024), said Domestic Trade and Cost of Living Minister Datuk Armizan Mohd Ali. He said one mechanism under consideration is maintaining stockpiles to ensure an uninterrupted sugar supply. For instance, the government may hold one or two months' worth of stock for Sabah, where the monthly demand averages around 4,700 tonnes. *[The Edge]*

**Phase 1 of Sarawak Pan Borneo Highway to be fully opened in 2Q — minister**

Phase 1 of the Sarawak Pan Borneo Highway (LPB) project will be fully opened in the second quarter of this year (2Q2024), said Works Minister Datuk Seri Alexander Nanta Linggi. He said that so far, work progress had reached 99%. “Phase 1 of the Sarawak LPB is expected to be fully opened in 2Q2024, except for the Lambir section (under work package 11) in Miri, which needs to be redesigned, and it is expected to be ready in 2026,” he said in a statement on Tuesday. *[The Edge]*

## Forthcoming Events

Date	Event
22 Apr 2024	International Reserves of BNM as at 15 April 2024
30 Apr 2024	Monthly Highlights & Statistics for March 2024
30 Apr 2024	Detailed Disclosure of International Reserves as at end-March 2024
8 May 2024	International Reserves of BNM as at 30 April 2024
9 May 2024	Monetary Policy Statement 3rd/2024
17 May 2024	Economic & Financial Developments in the 1st Quarter 2024
23 May 2024	International Reserves of BNM as at 15 May 2024
28-29 May 2024	Global Forum on Islamic Economics & Finance
31 May 2024	Detailed Disclosure of International Reserves as at end-April 2024
31 May 2024	Monthly Highlights & Statistics for April 2024

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Source: Bank Negara, CIMB Securities

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Buy	The stock's total return is expected to exceed 10% over the next twelve (12) months.
Hold	The stock's total return is expected to be between 0% and positive 10% over the next twelve (12) months.
Reduce	The stock's total return is expected to fall below 0% or more over the next twelve (12) months.
	<i>Note: The total expected return of a stock is defined as the sum of:</i> (a) <i>the percentage difference between the target price and the current price; and</i> (b) <i>the forward net dividend yields of the stock. Stock price targets have an investment horizon of twelve (12) months</i>
<b>Sector Rating</b>	<b>Definition</b>
Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

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