

Malaysia Morning Cuppa

Top Story

Texchem Resources (TEX MK, BUY, TP: MYR1.44)

Return To The Black; Still BUY

Results Review

Still BUY and MYR1.44 TP, 71% upside. 1H24 results met expectations, showing a strong rebound in the polymer engineering division and gradual improvements across other business units. We believe the worst is over, and anticipate a sustainable turnaround – driven by further volume recovery. The current valuation is appealing in view of Texchem Resources' well-established and diverse businesses with sturdy balance sheet and strong cash flow generation.

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Today's Report: [Texchem Resources : Return To The Black; Still BUY \(26 Jul 2024\)](#)

Previous Report: [Texchem Resources : Signs Of Earnings Rebound; Keep BUY \(2 May 2024\)](#)

Thematics / Ground Checks

- ◆ [YTL Power : Sneak Peek At Green DC; Keep BUY](#)
- ◆ [YTL Power : Wessex Water Visit; Keep BUY](#)
- ◆ [Net Zero Transportation : Transitioning Towards Low-Carbon Transport](#)
- ◆ [Tenaga Nasional : The Green Ad-Vantage; Keep BUY](#)
- ◆ [Real Estate : When Technology Meets Real Estate](#)
- ◆ [Construction : Malaysia DC Construction To Strengthen Job Flows](#)
- ◆ [Gamuda : Moving Pho-Ward In HCMC; Stay BUY](#)
- ◆ [RHB Top 20 Malaysia Small Cap Companies Jewels 2024](#)
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- ◆ [TASCO : Ground Checks: Post-Results Briefing Takeaways; BUY](#)
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- ◆ [UEM Sunrise : From Seeing To Envisioning; BUY](#)
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Other Stories

Media (NEUTRAL)

Not Out of The Woods Yet

Sector Update

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Today's Report: [Media : Not Out of The Woods Yet \(26 Jul 2024\)](#)

Previous Report: [Media : Testing Times \(16 Apr 2024\)](#)

Nestle (M) (NESZ MK, NEUTRAL, TP: MYR119)

Subdued Consumer Sentiment Persists

Results Review

Analyst: Soong Wei Siang +603 2302 8130

Today's Report: [Nestle \(M\) : Subdued Consumer Sentiment Persists \(26 Jul 2024\)](#)

Previous Report: [Nestle \(M\) : 1Q24 Aided By GPM Recovery \(30 Apr 2024\)](#)

IGB REIT (IGBREIT MK, NEUTRAL, TP: MYR2.12) – DOWNGRADE

Positive Outlook In The Price; D/G To NEUTRAL

Results Review

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Today's Report: [IGB REIT : Positive Outlook In The Price; D/G To NEUTRAL \(26 Jul 2024\)](#)

Previous Report: [IGB REIT : Actively Upgrading To Stay Ahead; Maintain BUY \(18 Apr 2024\)](#)

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[Axis REIT : A Busy Year Bearing Fruit; Maintain BUY](#)

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[Bursa Malaysia : Expecting Another Robust Quarter; Keep BUY](#)

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[Regional Oil & Gas : Stay Fuelled Up; Keep OVERWEIGHT](#)

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[Sunway : Need To Score a Hatrick In The Property Sector? BUY](#)

[Gamuda : A Perth-Fect Win In Western Australia; Stay BUY](#)

[Sunway Construction : Still Walking On Sunshine; BUY](#)

Top BUYs

	TP	Upside	Shariah	Catalysts
	(MYR)	(%)		
AMMB (AMM MK)	5.50	23.6	N	<ul style="list-style-type: none"> Focus on the manufacturing sector and public infrastructure projects to drive loan growth, while provision buffers are ample with 110% LLC (including regulatory reserves) Near-completion of capital rebuilding exercises to enable greater dividend payout ratios from the current 35-40% range – management has committed to a c.15% FY24-29F (Mar) DPS CAGR Attractive valuation of 0.7x P/BV (sub-historical and peer mean) against our 9% forecasted ROE and management's 11-12% target over the next five years
Dayang Enterprise (DEHB MK)	3.58	23.4	Y	<ul style="list-style-type: none"> We like DEHB, as it is a direct beneficiary of higher maintenance, construction and modification (MCM) and hook-up commissioning (HUC) activities – as guided by Petronas – with an extra earnings boost from its 3-year Asset Integrity Findings or AIF contract win DEHB's marine segment is also likely to benefit from stronger daily charter rates and better vessel utilisation Further contract flows are expected from the new tender for Petronas' 5-year HUC and MCM contracts
Focus Point (FOCUSP MK)	1.12	36.6	Y	<ul style="list-style-type: none"> We like FOCUSP for its industry-leading growth in the optical sector, underpinned by effective brand-building initiatives and a rising population of myopic people We expect the F&B segment to ride on the expansion of its largest customer, FamilyMart. Additional orders from existing clients, along with new customers (eg ZUS Coffee and Cotti Coffee), are expected to drive a turnaround
Gamuda (GAM MK)	9.68	23.3	Y	<ul style="list-style-type: none"> Commendable earnings visibility backed by a c.MYR27bn outstanding orderbook spread across Malaysia, Taiwan, Singapore, and Australia Job prospects are bright with the group being pre-qualified for infrastructure projects in Australia easily worth >MYR10bn in total A frontrunner to be involved in the Bayan Lepas Light Rail Transit project (estimated cost: MYR10bn) via subsidiary SRS Consortium
Guan Chong (GUAN MK)	5.10	26.9	Y	<ul style="list-style-type: none"> We remain bullish on GUAN's anticipated robust performance in FY24, driven by margin expansion (higher ratio and revenue) GUAN stands to benefit from more than just a one-off advantage stemming from securing low raw material costs early in the current environment of elevated bean prices Proactive hedging strategy aiming to safeguard margins in the forward-selling mechanisms
IHH Healthcare (IHH MK)	7.90	26.2	Y	<ul style="list-style-type: none"> Valuation is relatively cheaper vs that of competitor KPJ Healthcare. It is currently trading at 0.7SD below its historical EV/EBITDA mean of 14.5x Solid balance sheet with a net gearing ratio of 0.26x vs KPJ's 0.49x, which enabled IHH to have a greater appetite for M&A Aggressive bed count expansion over the next three years to support its organic growth
Kerjaya Prospek (KPG MK)	2.45	20.7	Y	<ul style="list-style-type: none"> Steady PAT margin of around 10%, which is considered better than that of most peers Consistent job wins – this has yet to include industrial building jobs International partner like Samsung C&T can facilitate KPG in securing more sophisticated jobs such as skyscrapers and semiconductor manufacturing facilities

Mah Sing Group (MSGB MK)	2.26	21.5	Y	<ul style="list-style-type: none"> • The recent approval of a 500MW power allocation for MSGB's Southville DC Hub is expected to significantly enhance the value of its 150-acre land earmarked for data centre projects • The company is likely to acquire more sites that are suitable for its M-series projects and industrial development. This should provide further upside to our RNAV estimate
Malayan Cement (LMC MK)	7.18	29.4	Y	<ul style="list-style-type: none"> • We are bullish on LMC's position as Malaysia's largest cement producer, given the revival of the construction sector with a huge pipeline of infrastructure projects in the country • Another re-rating catalyst would be the potential expansion into East Malaysia, which would further expand its market share
Malaysian Pacific Industries (MPI MK)	44.80	19.2	Y	<ul style="list-style-type: none"> • We believe its valuation remains relatively attractive on the back of an expected strong earnings recovery vs peers • The recovery in semiconductor sales in China is expected to swing MPI's performance in Suzhou into the black, while the cessation of Dynacraft's leadframe business should yield positive earnings • MPI also stands to benefit from the overall recovery of the semiconductor industry and reacceleration of the automotive industry in 2025
Sime Darby Property (SDPR MK)	2	25.8	Y	<ul style="list-style-type: none"> • SDPR has both landbank and a robust balance sheet to accommodate more data centre (DC) demand going forward. We believe there could be further investments from Google for subsequent phases, given the latter's investment commitment of USD2bn in Malaysia • The company's property sales are expected to surpass its target of MYR3bn again by the year's end. SDPR already raked in MYR956m in property sales in 1Q24
Tenaga Nasional (TNB MK)	16.10	15.0	Y	<ul style="list-style-type: none"> • We continue to maintain our bullish view on TNB – it should continue to undergo a further re-rating as a proxy to Malaysia's energy transition growth journey under the National Energy Transition Roadmap or NETR. The company should also continue benefitting from continuous upgrades in transmission and distribution assets, where energy demand can be anchored by the mushrooming DC developments. • The outcome of Regulatory Period 4 (2025-2027) is likely to be known by end 2024

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Neutral:	Share price may fall within the range of +/- 10% over the next 12 months
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Sell:	Share price may fall by more than 10% over the next 12 months
Not Rated:	Stock is not within regular research coverage

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