

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.

Analysts: Tai Yu Jie +603 2302 8132, Lee Meng Horng +603 2302 8115

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](#)
- ◆ [Technology, Property, and Construction : Penang: Silicon Hub Of ASEAN](#)
- ◆ [TASCO : Ground Checks: Post-Results Briefing Takeaways; BUY](#)
- ◆ [Banks : In Pursuit Of Net Zero](#)
- ◆ [UEM Sunrise : From Seeing To Envisioning; BUY](#)
- ◆ [ESG Diamonds In The Rough : Our Best Investment Ideas](#)

Other Stories

Media (NEUTRAL)

Not Out of The Woods Yet

Sector Update

Analysts: Jeffrey Tan +603 2302 8112, Cindy Lee +603 2302 8105

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

Analysts: Wan Muhammad Ammar Affan +603 2302 8103,

Loong Kok Wen CFA +603 2302 8116

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 \(18 Apr 2024\)](#)

Recent Stories

[Malaysia Morning Cuppa: 25 July 2024](#)
[AME REIT : Expanding Its Portfolio; U/G To BUY](#)

[Malaysia Morning Cuppa: 24 July 2024](#)
[Health Care Facilities & Svcs : Advancing Towards Sustainable Growth; Keep O/W](#)
[Axis REIT : A Busy Year Bearing Fruit; Maintain BUY](#)
[IOI Properties : On a Shopping Spree](#)

[Malaysia Morning Cuppa: 23 July 2024](#)
[Bursa Malaysia : Expecting Another Robust Quarter; Keep BUY](#)

[Malaysia Morning Cuppa: 22 July 2024](#)
[Regional Oil & Gas : Stay Fuelled Up; Keep OVERWEIGHT](#)

[Malaysia Morning Cuppa: 19 July 2024](#)
[Auto & Autoparts : Maintenance Shutdowns Drag TIV](#)
[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 0.75SD 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

RHB Guide to Investment Ratings

Buy:	Share price may exceed 10% over the next 12 months
Trading Buy:	Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain
Neutral:	Share price may fall within the range of +/- 10% over the next 12 months
Take Profit:	Target price has been attained. Look to accumulate at lower levels
Sell:	Share price may fall by more than 10% over the next 12 months
Not Rated:	Stock is not within regular research coverage

Investment Research Disclaimers

RHB has issued this report for information purposes only. This report is intended for circulation amongst RHB and its affiliates' clients generally or such persons as may be deemed eligible by RHB to receive this report and does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report. This report is not intended, and should not under any circumstances be construed as, an offer or a solicitation of an offer to buy or sell the securities referred to herein or any related financial instruments.

This report may further consist of, whether in whole or in part, summaries, research, compilations, extracts or analysis that has been prepared by RHB's strategic, joint venture and/or business partners. No representation or warranty (express or implied) is given as to the accuracy or completeness of such information and accordingly investors should make their own informed decisions before relying on the same.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to the applicable laws or regulations. By accepting this report, the recipient hereof (i) represents and warrants that it is lawfully able to receive this document under the laws and regulations of the jurisdiction in which it is located or other applicable laws and (ii) acknowledges and agrees to be bound by the limitations contained herein. Any failure to comply with these limitations may constitute a violation of applicable laws.

All the information contained herein is based upon publicly available information and has been obtained from sources that RHB believes to be reliable and correct at the time of issue of this report. However, such sources have not been independently verified by RHB and/or its affiliates and this report does not purport to contain all information that a prospective investor may require. The opinions expressed herein are RHB's present opinions only and are subject to change without prior notice. RHB is not under any obligation to update or keep current the information and opinions expressed herein or to provide the recipient with access to any additional information. Consequently, RHB does not guarantee, represent or warrant, expressly or impliedly, as to the adequacy, accuracy, reliability, fairness or completeness of the information and opinion contained in this report. Neither RHB (including its officers, directors, associates, connected parties, and/or employees) nor does any of its agents accept any liability for any direct, indirect or consequential losses, loss of profits and/or damages that may arise from the use or reliance of this research report and/or further communications given in relation to this report. Any such responsibility or liability is hereby expressly disclaimed.

Whilst every effort is made to ensure that statement of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable and must not be construed as a representation that the matters referred to therein will occur. Different assumptions by RHB or any other source may yield substantially different results and recommendations contained on one type of research product may differ from recommendations contained in other types of research. The performance of currencies may affect the value of, or income from, the securities or any other financial instruments referenced in this report. Holders of depositary receipts backed by the securities discussed in this report assume currency risk. Past performance is not a guide to future performance. Income from investments may fluctuate. The price or value of the investments to which this report relates, either directly or indirectly, may fall or rise against the interest of investors.

This report may contain comments, estimates, projections, forecasts and expressions of opinion relating to macroeconomic research published by RHB economists of which should not be considered as investment ratings/advice and/or a recommendation by such economists on any securities discussed in this report.

This report does not purport to be comprehensive or to contain all the information that a prospective investor may need in order to make an investment decision. The recipient of this report is making its own independent assessment and decisions regarding any securities or financial instruments referenced herein. Any investment discussed or recommended in this report may be unsuitable for an investor depending on the investor's specific investment objectives and financial position. The material in this report is general information intended for recipients who understand the risks of investing in financial instruments. This report does not take into account whether an investment or course of action and any associated risks are suitable for the recipient. Any recommendations contained in this report must therefore not be relied upon as investment advice based on the recipient's personal circumstances. Investors should make their own independent evaluation of the information contained herein, consider their own investment objective, financial situation and particular needs and seek their own financial, business, legal, tax and other advice regarding the appropriateness of investing in any securities or the investment strategies discussed or recommended in this report.

This report may contain forward-looking statements which are often but not always identified by the use of words such as "believe", "estimate", "intend" and "expect" and statements that an event or result "may", "will" or "might" occur or be achieved and other similar expressions. Such forward-looking statements are based on assumptions made and information currently available to RHB and are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievement to be materially different from any future results, performance or achievement, expressed or implied by such forward-looking statements. Caution should be taken with respect to such statements and recipients of this report should not place undue reliance on any such forward-looking statements. RHB expressly disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or circumstances after the date of this publication or to reflect the occurrence of unanticipated event

The use of any website to access this report electronically is done at the recipient's own risk, and it is the recipient's sole responsibility to take precautions to ensure that it is free from viruses or other items of a destructive nature. This report may also provide the addresses of, or contain hyperlinks to, websites. RHB takes no responsibility for the content contained therein. Such addresses or hyperlinks (including addresses or hyperlinks to RHB own website material) are provided solely for the recipient's convenience. The information and the content of the linked site do not in any way form part of this report. Accessing such website or following such link through the report or RHB website shall be at the recipient's own risk.

This report may contain information obtained from third parties. Third party content providers do not guarantee the accuracy, completeness, timeliness or availability of any information and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such content. Third party content providers give no express or implied warranties, including, but not limited to, any warranties of merchantability or fitness for a particular purpose or use. Third party content providers shall not be liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs) in connection with any use of their content.

The research analysts responsible for the production of this report hereby certifies that the views expressed herein accurately and exclusively reflect his or her personal views and opinions about any and all of the issuers or securities analysed in this report and were prepared independently and autonomously. The research analysts that authored this report are precluded by RHB in all circumstances from trading in the securities or other financial instruments referenced in the report, or from having an interest in the company(ies) that they cover.

The contents of this report is strictly confidential and may not be copied, reproduced, published, distributed, transmitted or passed, in whole or in part, to any other person without the prior express written consent of RHB and/or its affiliates. This report has been delivered to RHB and its affiliates' clients for information purposes only and upon the express understanding that such parties will use it only for the purposes set forth above. By electing to view or accepting a copy of this report, the recipients have agreed that they will not print, copy, videotape, record, hyperlink, download, or otherwise attempt to reproduce or re-transmit (in any form including hard copy or electronic distribution format) the contents of this report. RHB and/or its affiliates accepts no liability whatsoever for the actions of third parties in this respect.

The contents of this report are subject to copyright. Please refer to Restrictions on Distribution below for information regarding the distributors of this report. Recipients must not reproduce or disseminate any content or findings of this report without the express permission of RHB and the distributors.

The securities mentioned in this publication may not be eligible for sale in some states or countries or certain categories of investors. The recipient of this report should have regard to the laws of the recipient's place of domicile when contemplating transactions in the securities or other financial instruments referred to herein. The securities discussed in this report may not have been registered in such jurisdiction. Without prejudice to the foregoing, the recipient is to note that additional disclaimers, warnings or qualifications may apply based on geographical location of the person or entity receiving this report.

The term "RHB" shall denote, where appropriate, the relevant entity distributing or disseminating the report in the particular jurisdiction referenced below, or, in every other case, RHB Investment Bank Berhad and its affiliates, subsidiaries and related companies.

RESTRICTIONS ON DISTRIBUTION

Malaysia

This report is issued and distributed in Malaysia by RHB Investment Bank Bhd. The views and opinions in this report are our own as of the date hereof and is subject to change. If the Financial Services and Markets Act of the United Kingdom or the rules of the Financial Conduct Authority apply to a recipient, our obligations owed to such recipient therein are unaffected. RHB Investment Bank Bhd has no obligation to update its opinion or the information in this report.

Thailand

This report is issued and distributed in the Kingdom of Thailand by RHB Securities (Thailand) PCL, a licensed securities company that is authorised by the Ministry of Finance, regulated by the Securities and Exchange Commission of Thailand and is a member of the Stock Exchange of Thailand. The Thai Institute of Directors Association has disclosed the Corporate Governance Report of Thai Listed Companies made pursuant to the policy of the Securities and Exchange Commission of Thailand. RHB Securities (Thailand) PCL does not endorse, confirm nor certify the result of the Corporate Governance Report of Thai Listed Companies.

Indonesia

This report is issued and distributed in Indonesia by PT RHB Sekuritas Indonesia. This research does not constitute an offering document and it should not be construed as an offer of securities in Indonesia. Any securities offered or sold, directly or indirectly, in Indonesia or to any Indonesian citizen or corporation (wherever located) or to any Indonesian resident in a manner which constitutes a public offering under Indonesian laws and regulations must comply with the prevailing Indonesian laws and regulations.

Singapore

This report is issued and distributed in Singapore by RHB Bank Berhad (through its Singapore branch) which is an exempt capital markets services entity and an exempt financial adviser regulated by the Monetary Authority of Singapore. RHB Bank Berhad (through its Singapore branch) may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, RHB Bank Berhad (through its Singapore branch) accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact RHB Bank Berhad (through its Singapore branch) in respect of any matter arising from or in connection with the report.

United States

This report was prepared by RHB is meant for distribution solely and directly to "major" U.S. institutional investors as defined under, and pursuant to, the requirements of Rule 15a-6 under the U.S. Securities and Exchange Act of 1934, as amended (the "Exchange Act") via a registered U.S. broker-dealer as appointed by RHB from time to time. Accordingly, any access to this report via Bursa Marketplace or any other Electronic Services Provider is not intended for any party other than "major" US institutional investors (via a registered U.S broker-dealer), nor shall be deemed as solicitation by RHB in any manner. RHB is not registered as a broker-dealer in the United States and currently has not appointed a U.S. broker-dealer. Additionally, RHB does not offer brokerage services to U.S. persons. Any order for the purchase or sale of all securities discussed herein must be placed with and through a registered U.S. broker-dealer as appointed by RHB from time to time as required by the Exchange Act Rule 15a-6. For avoidance of doubt, RHB reiterates that it has not appointed any U.S. broker-dealer during the issuance of this report. This report is confidential and not intended for distribution to, or use by, persons other than the recipient and its employees, agents and advisors, as applicable. Additionally, where research is distributed via Electronic Service Provider, the analysts whose names appear in this report are not registered or qualified as research analysts in the United States and are not associated persons of any registered U.S. broker-dealer as appointed by RHB from time to time and therefore may not be subject to any applicable restrictions under Financial Industry Regulatory Authority ("FINRA") rules on communications with a subject company, public appearances and personal trading. Investing in any non-U.S. securities or related financial instruments discussed in this research report may present certain risks. The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the U.S. Securities and Exchange Commission. Information on non-U.S. securities or related financial instruments may be limited. Foreign companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in the United States. The financial instruments discussed in this report may not be suitable for all investors. Transactions in foreign markets may be subject to regulations that differ from or offer less protection than those in the United States.

Please refer to the following link ([RHB Research Conflict Disclosures - Jul 2024](#)) and the Disclosure of Conflict of Interest in each of the research reports provided in this email for more details.

Kuala Lumpur	Singapore
RHB Investment Bank Bhd Level 3A, Tower One, RHB Centre Jalan Tun Razak Kuala Lumpur Malaysia Tel : +(60) 3 2302 8100 Fax : +(60) 3 2302 8134	RHB Bank Berhad (Singapore branch) 90 Cecil Street #04-00 RHB Bank Building Singapore 069531 Fax: +65 6509 0470
Jakarta	Bangkok
PT RHB Sekuritas Indonesia Revenue Tower, 11th Floor, District 8 - SCBD Jl. Jendral Sudirman Kav 52-53 Jakarta 12190 Indonesia Tel: +6221 509 39 888 Fax : +6221 509 39 777	RHB Securities (Thailand) PCL 10th Floor, Sathorn Square Office Tower 98, North Sathorn Road, Silom Bangrak, Bangkok 10500 Thailand Tel: +(66) 2 088 9999 Fax : +(66) 2 088 9799