

Malaysia Morning Cuppa

Top Story

Sarawak Oil Palms (SOP MK, BUY, TP: MYR3.30)

Momentum Remains Strong; Maintain BUY

Company Update

Maintain BUY, with new MYR3.30 TP from MYR3.20, 14% upside with c.3% yield. Sarawak Oil Palms' earnings should be boosted by decent FFB growth and improving downstream utilisation, albeit partially offset by slightly higher CPO unit costs. We believe the stock remains attractive, trading at 7.5x FY24F P/E vs the peer range of 7-10x P/E.

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Today's Report: [Sarawak Oil Palms : Momentum Remains Strong; Maintain BUY \(20 May 2024\)](#)

Previous Report: [Sarawak Oil Palms : Earnings Exceeded Expectations; Keep BUY \(1 Mar 2024\)](#)

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Other Story

Maxis (MAXIS MK, NEUTRAL, TP: MYR4)

1Q24: A Decent Start

Results Review

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Top BUYs

	TP (MYR)	Upside (%)	Shariah	Catalysts
AMMB (AMM MK)	5	17.4	N	<ul style="list-style-type: none"> Focus on manufacturing sector and public infrastructure projects to drive loans growth, with provisions expected to be strengthened using one-off tax credit in 3QFY24 (Mar) Near-completion of capital rebuild exercises to enable greater dividend payout from current 35-40% range Attractive valuation of 0.7x P/BV (sub-historical and peer mean) against 9% ROE
Axiata (AXIATA MK)	3.40	19.7	Y	<ul style="list-style-type: none"> Key big cap stock laggard with valuation at -1.5SD from historical EV/EBITDA mean Value unlocking from asset monetisation and balance sheet de-leveraging Earnings tailwinds from frontier markets' economic recovery and peaking US interest rates
CIMB (CIMB MK)	7.60	11.6	N	<ul style="list-style-type: none"> Continued ROE recovery, with FY23F earnings target at 10-11% (FY22: 10.2%) Asset quality issues mostly addressed, credit cost stabilising at 45-55bps (FY22: 51bps) Loan portfolio reshaping and cost take-outs bearing fruit
Dayang Enterprise (DEHB MK)	2.95	13.0	Y	<ul style="list-style-type: none"> We like DEHB as a direct beneficiary of higher maintenance, construction and modification (MCM) and hook-up commissioning (HUC) activities guidance from Petronas with additional earnings boost from its recent 3-year Asset Integrity Findings or AIF contract win. Its 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.
Gamuda (GAM MK)	6.55	17.4	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 appear bright with the group being pre-qualified for infrastructure projects in Australia easily worth >MYR10bn in total A front runner to be involved in the Bayan Lepas Light Rail Transit project (estimated cost: MYR10bn) via subsidiary SRS Consortium
Guan Chong (GUAN MK)	3.30	-9.6	Y	<ul style="list-style-type: none"> We remain bullish on Guan Chong's anticipated robust performance in FY24F, 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.
IOI Properties (IOIPG MK)	2.75	12.2	Y	<ul style="list-style-type: none"> The property investment division is expected to grow strongly with the recent opening of IOI City Mall Phase 2 and upcoming completion of IOI Central Boulevard office in Singapore Projects in Xiamen will likely benefit from China's reopening Long-term plan to REIT the property assets will be a significant value-unlocking exercise, which should benefit shareholders
Kerjaya Prospek (KPG MK)	2.15	19.4	Y	<ul style="list-style-type: none"> Steady job replenishment trends with YTD new job wins already reaching MYR1bn vs target of MYR1.3bn for FY23 Job replenishment prospects backed by ongoing developments such as the Seri Tanjung Pinang Phase 2 in Penang and Bukit Bintang City Centre A major catalyst includes securing industrial building jobs via its Samsung C&T collaboration
KKB Engineering (KKB MK)	2.02	9.8	Y	<ul style="list-style-type: none"> Poised to benefit from Sarawak-centric development projects by virtue of Sarawak Economic Development Corp's 10.7% stake in the group A front-runner for fabrication jobs for hydrogen and methanol production projects Robust capex spending could see more wellhead platform fabrication jobs for the group
Samaiden Group (SAMAIDEN MK)	1.76	30.4	N	<ul style="list-style-type: none"> Beneficiary of Malaysia's transition towards renewable energy (RE), being a diversified player in the space – solar, bioenergy and hydro Recurring income from its expanding RE assets with a current gross capacity of c.51.5MW Potential venture into the Cambodian bioenergy market from its MoU with Mong Sotheary Trading, Management Venture Asia (Cambodia), and Panna Energy
UEM Sunrise (UEMS MK)	1.60	30.1	Y	<ul style="list-style-type: none"> Johor could see a major railway infrastructure boom, especially if the Government proceeds with the Light Rail Transit and Kuala Lumpur-Singapore High Speed Rail projects Given the emphasis on the smooth movement of people and cargo by the Malaysia and Singapore Governments, we believe areas closer to the borders could be included in the Johor-Singapore Special Economic Zone UEMS remains the best proxy for Johor's multi-year growth story, as 92% of its landbank is located in Iskandar Malaysia. It also has 2,334 acres of land at Gerbang Nusajaya near the Tuas Link.
Yinson (YNS MK)	2.96	23.8	N	<ul style="list-style-type: none"> We continue to like this counter for its exponential growth trajectory (3-year CAGR of 41%) backed by maiden contributions from three upcoming vessels Monetisation of a partial stake of these projects are on the cards once they start contributing stable cash flows Global FPSO demand remains robust and Yinson is comfortable of securing another project once either of the projects reach their tail-end conversion stages.

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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
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